Financial Statements

Dimed S.A. Distribuidora de Medicamentos

December 31, 2021
with Independent Auditor's Report

Dimed S.A. Distribuidora de Medicamentos

Financial statements

December 31, 2021 and 2020

Contents

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

To the Management and Shareholders of
Dimed S.A. Distribuidora de Medicamentos
Eldorado do Sul - RS

Opinion

We have audited the individual and consolidated financial statements of Dimed S.A. Distribuidora de Medicamentos (the "Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2021, and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Dimed S.A. Distribuidora de Medicamentos as at December 31, 2021, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the individual and consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement of lease liabilities and right-of-use assets, in accordance with NBC TG 06 (R3) (IFRS 16)

As described in Notes 12 and 20, the Company has recorded right-of-use assets and lease liabilities for agreements covered by NBC TG 06 (R3) (IFRS 16). As at December 31, 2021, the Company recorded a balance of R$521,231 thousand for right-of-use assets in the individual and consolidated financial statements, in addition to lease liabilities of R$557,109 thousand in the individual and consolidated financial statements.

This matter was considered significant for our audit due to the materiality of the amounts involved, both in relation to the asset/liability balances and P&L for the year, as well as the uncertainties inherent in this type of calculation and the degree of judgment required that must be exercised by management in determining the significant assumptions, which include, among other, the discount rate used.

How our audit addressed this matter

Our audit procedures included, among other, the assessment of significant assumptions used related to the lease term, discount rate and consideration amounts, in addition to the calculation methodology used by the Company to measure accounting impacts; inventory analysis of the Company's lease agreements, in addition to checking the compliance of these agreements with the scope of the standard. We also tested the reasonableness of the criteria adopted by the Company for a sample of agreements randomly selected, considering the information on the agreements and their amendments, in addition to recalculate the amounts measured by the Company for these transactions. As a result of these procedures, we identified an audit adjustment related to the measurement of certain agreements, which was not recorded by management in view of its immateriality in relation to the financial statements taken as a whole.

Based on the results of the audit procedures performed, which are consistent with management’s assessment, we consider that the accounting records prepared by management for measurement of the impacts from NBC TG 06 (R3) (IFRS 16) on lease agreements, as well as the related disclosures in Notes 12 and 20, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2021, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluate if these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined under Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, the individual and consolidated statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprise the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s and its subsidiaries’ financial reporting process.

Auditor’s responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained sufficient appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries’ internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s and its subsidiaries’ ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may have identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Porto Alegre, March 24, 2022.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/F-7

Guilherme Ghidini Neto
Accountant CRC-RS 067795/O-5

Dimed S.A. Distribuidora de Medicamentos

Statements of financial position
December 31, 2021 and 2020
(In thousands of reais)

		Individual		Consolidated	
	Note	**2021**	**2020**	**2021**	**2020**
Assets					
Current assets					
Cash and cash equivalents	6	**51,590**	92,080	**54,435**	130,107
Short-term investments	6	**116,712**	305,701	**155,216**	305,701
Trade accounts receivable	7	**321,230**	280,269	**324,615**	285,753
Inventories	8	**726,350**	559,938	**739,036**	574,821
Income and social contribution taxes recoverable	9	**11,418**	4,132	**11,693**	4,396
Taxes recoverable	10	**30,352**	3,675	**35,248**	9,912
Other accounts receivable		**74,256**	65,525	**74,841**	65,812
Total current assets		**1,331,908**	1,311,320	**1,395,084**	1,376,502
Noncurrent assets					
Taxes recoverable	10	**7,895**	5,858	**7,895**	5,858
Deferred income and social contribution taxes, net	14	**35,736**	32,743	**36,846**	31,828
Judicial deposits	21	**3,411**	5,959	**3,875**	6,424
Receivables from shareholders	31	**4,700**	3,030	**3,030**	3,030
Other assets		**277**	891	**275**	891
Investments in subsidiaries	11	**64,639**	64,906	**-**	-
Other equity interests		**-**	279	**5**	284
Property, plant and equipment	12	**864,167**	714,487	**874,106**	723,688
Intangible assets	13	**59,542**	45,367	**59,944**	45,868
Total noncurrent assets		**1,040,367**	873,520	**985,976**	817,871
Total assets		**2,372,275**	2,184,840	**2,381,060**	2,194,373

	Note	Individual 2021	Individual 2020	Consolidated 2021	Consolidated 2020
Liabilities and equity					
Current liabilities					
Trade accounts payable	16	**470,117**	370,741	**464,714**	371,763
Loans and financing	17	**54,532**	53,400	**54,532**	53,400
Lease obligations	20	**134,605**	108,002	**134,605**	108,002
Tax obligations	18	**27,505**	26,558	**30,801**	29,900
Social and labor obligations		**50,483**	38,618	**51,167**	39,481
Profit sharing payable	19	**12,158**	7,024	**12,211**	7,121
Transactions with related parties	31	**-**	-	**-**	-
Loyalty program	26	**-**	-	**-**	-
Interest on equity payable	23	**5,701**	2,305	**5,701**	2,305
Advances from customers		**11,631**	8,654	**8,866**	8,824
Sundry creditors		**41,324**	53,234	**52,377**	56,928
Total current liabilities		**808,056**	668,536	**814,974**	677,724
Noncurrent liabilities					
Loans and financing	17	**79,286**	132,143	**79,286**	132,143
Lease obligations	20	**422,504**	359,447	**422,504**	359,447
Provisions	21	**16,234**	14,074	**18,101**	14,419
Total noncurrent liabilities		**518,024**	505,664	**519,891**	506,009
Equity					
Capital	23	**903,552**	897,552	**903,552**	897,552
Treasury shares	23	**(36,690)**	(16,967)	**(36,690)**	(16,967)
Capital reserve - Matching Share	23	**3,281**	611	**3,281**	611
Income reserve	23	**176,052**	129,444	**176,052**	129,444
Total equity		**1,046,195**	1,010,640	**1,046,195**	1,010,640
Total liabilities and equity		**2,372,275**	2,184,840	**2,381,060**	2,194,373

See accompanying notes.

Dimed S.A. Distribuidora de Medicamentos

Statements of profit or loss
December 31, 2021 and 2020
(In thousands of reais, except earnings per share)

		Individual		Consolidated	
	Note	2021	2020	2021	2020
Net revenue from sales and services	26	**3,218,762**	2,810,926	**3,225,408**	2,819,110
Cost of goods sold and services rendered	27	**(2,237,664)**	(1,994,718)	**(2,236,809)**	(1,995,415)
Gross profit		**981,098**	816,208	**988,599**	823,695
Selling expenses	28	**(819,831)**	(659,774)	**(826,441)**	(661,599)
General and administrative expenses	28	**(92,390)**	(71,692)	**(95,179)**	(74,100)
Other operating income (expenses), net	29	**34,180**	(2,173)	**34,550**	4,163
Equity pickup	11	**(267)**	7,101	**-**	-
		(878,308)	(726,538)	**(887,070)**	(731,536)
Operating income before finance income (costs)		**102,790**	89,670	**101,529**	92,159
Finance income (costs)					
Finance income	29	**23,556**	17,410	**25,618**	18,182
Finance costs	29	**(43,471)**	(56,876)	**(43,908)**	(57,037)
		(19,915)	(39,466)	**(18,290)**	(38,855)
Income before income and social contribution taxes		**82,875**	50,204	**83,239**	53,304
Income and social contribution taxes					
Current	15	**(6,442)**	(6,994)	**(8,831)**	(8,793)
Deferred	15	**2,993**	12,941	**5,018**	11,640
		(3,449)	5,947	**(3,813)**	2,847
Net income for the year		**79,426**	56,151	**79,426**	56,151
Basic earnings per common share		**0.53**	0.37	**0.53**	0.37
Diluted earnings per common share		**0.53**	0.37	**0.53**	0.37

See accompanying notes.

Dimed S.A. Distribuidora de Medicamentos

Statements of comprehensive income
December 31, 2021 and 2020
(In thousands of reais)

	Individual		Consolidated	
	2021	**2020**	**2021**	**2020**
Net income for the year	**79,426**	56,151	**79,426**	56,151
	79,426	56,151	**79,426**	56,151

See accompanying notes.

Dimed S.A. Distribuidora de Medicamentos

Statements of changes in equity
December 31, 2021 and 2020
(In thousands of reais)

				Income reserve					
	Capital	Treasury shares	Capital reserve stock option plan	Tax incentives	Legal reserve	For capital increase	Proposed additional dividends and interest on equity	Retained earnings	Total
Balances at December 31, 2019	410,000	-	-	75,935	8,609	17,168	12,464	-	524,176
			-						
Capital increase	502,000	-	-	-	(4,832)	(17,168)	-	-	480,000
Share issue costs	(14,448)	-	-	-	-	-	-	-	(14,448)
Dividends	-	-	-	-	-	-	(12,464)	-	(12,464)
Acquisitions of own shares	-	(20,089)	-	-	-	-	-	-	(20,089)
Net income for the year	-	-	-	-	-	-	-	56,151	56,151
Share premiums	-	1,425	-	-	-	-	-	-	1,425
Recognized options granted	-	1,697	-	-	-	-	-	-	1,697
Fair value of Matching Share plan			611	-	-	-	-	-	611
Legal reserve	-	-	-	-	1,351	-	-	(1,351)	-
Tax incentive reserve	-	-	-	29,124	-	-	-	(29,124)	-
Proposed interest on Equity (IOE)	-	-	-	-	-	-	-	(6,419)	(6,419)
			-						
Excess interest on equity	-	-		-	-	-	14,263	(14,263)	-
Reserve for capital increase	-	-	-	-	-	4,994	-	(4,994)	-
			-						
Balances at December 31, 2020	897,552	(16,967)	611	105,059	5,128	4,994	14,263	-	1,010,640
			-						
Capital increase	**6,000**	**-**	**-**	**-**	**(1,007)**	**(4,993)**	**-**	**-**	**-**
Share issue costs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(14,263)**	**-**	**(14,263)**
Acquisitions of own shares	**-**	**(20,406)**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,406)**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**79,426**	**79,426**
Share premiums	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recognized options granted	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Fair value of Matching Share plan	**-**	**-**	**2,670**	**-**	**-**	**-**	**-**	**-**	**2,670**
Disposal/transfer of shares	**-**	**683**	**-**	**-**	**-**	**-**	**-**	**-**	**683**
Legal reserve	**-**	**-**	**-**	**-**	**2,643**	**-**	**-**	**(2,643)**	**-**
Tax incentive reserve	**-**	**-**	**-**	**26,565**	**-**	**-**	**-**	**(26,565)**	**-**
Proposed interest on Equity (IOE)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(12,555)**	**(12,555)**
Excess interest on equity	**-**	**-**	**-**	**-**	**-**	**-**	**13,390**	**(13,390)**	**-**
Reserve for capital increase	**-**	**-**	**-**	**-**	**-**	**24,273**	**-**	**(24,273)**	**-**
Balances at December 31, 2021	**903,552**	**(36,690)**	**3,281**	**131,624**	**6,764**	**24,274**	**13,390**	**-**	**1,046,195**

See accompanying notes.

Dimed S.A. Distribuidora de Medicamentos

Statements of cash flows
December 31, 2021 and 2020
(In thousands of reais)

	Individual		Consolidated	
	2021	**2020**	**2021**	**2020**
Cash flow from operating activities				
Net income for the year	**79,426**	56,151	**79,426**	56,151
Adjustments:				
Depreciation/amortization of property and equipment and intangible assets	**156,724**	116,717	**157,774**	117,777
Equity pickup	**267**	(7,101)	**-**	-
Cost of property and equipment and intangible assets written off	**3,293**	2,530	**3,472**	2,536
Allowance for expected credit losses	**379**	(230)	**379**	(230)
Provision for contingent liabilities	**2,160**	6,795	**3,682**	6,706
Deferred income and social contribution taxes	**(2,993)**	(12,941)	**(5,018)**	(11,640)
Current income and social contribution taxes	**6,442**	6,994	**8,831**	8,793
Provision for inventory losses	**189**	(18)	**241**	12
Interest expense	**36,748**	36,635	**36,747**	36,635
Discounts on leases payable	**(7,384)**	(5,472)	**(7,384)**	(5,472)
Tax credits from legal proceeding	**(38,662)**	-	**(38,662)**	-
Rendering of services related to legal proceeding	**2,327**	-	**2,499**	-
Stock option plan or share subscription	**2,670**	611	**2,670**	611
Other	**(354)**	849	**(354)**	849
Changes in assets and liabilities				
Increase in trade accounts receivable	**(40,986)**	(11,896)	**(38,887)**	(8,741)
Increase/decrease in inventories	**(166,601)**	(141,940)	**(164,456)**	(145,804)
Decrease/increase in taxes recoverable	**(186)**	(3,654)	**1,293**	(9,556)
Decrease in judicial deposits	**2,548**	519	**2,549**	519
Decrease in trade accounts payable	**97,049**	68,868	**90,452**	68,608
Decrease in taxes and social contributions payable	**9,993**	4,258	**8,457**	3,923
Income and social contribution taxes paid	**(3,623)**	(6,536)	**(4,701)**	(8,211)
Increase in other groups of assets	**(6,660)**	(2,577)	**(5,435)**	(2,056)
Increase/decrease in other groups of liabilities	**(6,778)**	16,728	**(2,399)**	19,573
Net cash from (used in) operating activities	**126,669**	125,290	**131,859**	130,983
Cash flow from investing activities				
Increase/decrease in short-term investments	**188,989**	(305,701)	**150,485**	(305,701)
Acquisition of property, plant and equipment	**(108,211)**	(62,805)	**(110,045)**	(63,885)
Acquisition of intangible assets	**(25,501)**	(20,671)	**(25,535)**	(20,912)
Net cash used in investing activities	**55,277**	(389,177)	**14,905**	(390,498)
Cash flow from financing activities				
Payment of dividends and interest on equity	**(20,442)**	(18,241)	**(20,442)**	(18,241)
Intercompany loans	**-**	(15,938)	**-**	-
Acquisitions of own shares	**(20,406)**	(18,769)	**(20,406)**	(18,769)
Sale of treasury shares by exercising the stock option plan	**683**	988	**683**	988
Loans/financing (Principal) taken out	**-**	99,301	**-**	99,301
Payment of leases	**(122,463)**	(92,934)	**(122,463)**	(92,934)
Repayment of financing principal and interest	**(59,125)**	(110,269)	**(59,125)**	(110,269)
Capital increase	**-**	458,109		458,109
Net cash from (used in) financing activities	**(222,436)**	302,247	**(222,436)**	318,185
Net increase (decrease) in cash and cash equivalents	**(40,490)**	38,360	**(75,672)**	58,670
Merger of subsidiary, net of cash obtained				
Cash and cash equivalents at beginning of year	**92,080**	53,720	**130,107**	71,437
Cash and cash equivalents at end of year	**51,590**	92,080	**54,435**	130,107

See accompanying notes.

Dimed S.A. Distribuidora de Medicamentos

Statements of value added
December 31, 2021 and 2020
(In thousands of reais)

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Revenues	**3,664,947**	3,126,905	**3,677,408**	3,121,916
Sales of goods, products and services	**3,411,906**	2,934,034	**3,423,996**	2,932,519
Other income	**253,421**	192,641	**253,792**	189,167
(Reversal of) allowance for expected credit losses	**(380)**	230	**(380)**	230
Bought-in inputs	**(2,663,716)**	(2,310,805)	**(2,669,320)**	(2,294,333)
Cost of goods and products sold and services rendered	**(2,418,743)**	(2,079,352)	**(2,417,102)**	(2,065,432)
Materials, energy, third-party services and other	**(278,703)**	(231,295)	**(285,948)**	(235,009)
Loss/recovery of assets	**33,730**	(158)	**33,730**	6,108
Gross value added	**1,001,231**	816,100	**1,008,088**	827,583
Depreciation and amortization	**(156,889)**	(116,691)	**(157,940)**	(117,729)
Net value added produced by the entity	**844,342**	699,409	**850,148**	709,854
Value added received in transfer	**24,436**	24,782	**26,783**	18,730
Equity pickup	**(267)**	7,101	**-**	-
Finance income	**24,703**	17,681	**26,783**	18,730
Total value added to be distributed	**868,778**	724,191	**876,931**	728,584
Distribution of value added	**868,778**	724,191	**876,931**	728,584
Personnel	**(389,897)**	(308,199)	**(392,207)**	(309,957)
Direct compensation	**(326,918)**	(252,483)	**(328,754)**	(253,925)
Benefits	**(36,091)**	(33,277)	**(36,313)**	(33,444)
Unemployment Compensation Fund (FGTS)	**(26,888)**	(22,439)	**(27,140)**	(22,588)
Taxes, charges and contributions	**(334,818)**	(278,274)	**(341,791)**	(285,379)
Federal	**(96,274)**	(73,754)	**(101,459)**	(82,155)
State	**(231,679)**	(199,446)	**(232,777)**	(197,979)
Local	**(6,865)**	(5,074)	**(7,555)**	(5,245)
Debt remuneration	**(64,637)**	(81,567)	**(63,507)**	(77,097)
Interest	**(44,898)**	(58,196)	**(45,348)**	(58,604)
Rental	**(19,739)**	(23,371)	**(18,159)**	(18,493)
Equity remuneration	**(79,426)**	(56,151)	**(79,426)**	(56,151)
Dividends	**(25,944)**	(20,682)	**(25,944)**	(20,682)
Retained profits	**(53,482)**	(35,469)	**(53,482)**	(35,469)

See accompanying notes.

1. Operations

Dimed S.A. Distribuidora de Medicamentos or “Dimed” and its subsidiaries (jointly referred to as the “Company”), with head office in the city of Eldorado do Sul, state of Rio Grande do Sul, is primarily engaged in the sale of medicines, perfumery, personal care and beauty products, cosmetics and dermocosmetics. To support its sales, the Company has distribution centers in the states of Rio Grande do Sul, Paraná and Espírito Santo, in addition to 517 stores distributed among the states of Rio Grande do Sul, Santa Catarina, Paraná and São Paulo.

The parent company is a corporation listed on B3 S.A. - BRASIL, BOLSA, BALCÃO (ticker symbol PNVL3).

Subsidiary Laboratório Industrial Farmacêutico Lifar Ltda. operates in the industrial segment, producing a wide range of products in the cosmetics, food, medicine and outsourced production segments. It is responsible for most of the production of the own brand product line from the Company’s pharmacy chain and parent company of Empresa Lifar Distribuidora de Produtos Farmacêuticos Ltda., which is engaged in the distribution of the products produced.

Subsidiary Dimesul Gestão Imobiliária Ltda. is engaged in the purchase, sale, intermediation, subdivision, lease, rent, management and administration of own or third-party properties, with a view to centralizing and optimizing the management of the Company’s properties.

In the 12-month period, the Company opened the total of 60 stores, 22 of which in the fourth quarter of 2021. Over the year, it also closed 7 stores and 9 stores were transferred, since they had a low capacity to improve performance in a post-pandemic scenario. The Company closed the fourth quarter with a total of 517 stores in operation.

On July 22, 2020, the Company successfully carried out a Re-IPO operation amounting to R$1,037 million. The offer was 46% primary and the use of resources is subject to investment in new stores, information technology and logistics infrastructure. This project reinforces the Dimed Group’s commitment to growth and creates the conditions for this to happen on a sustainable basis, through a robust capital structure.

The issue of these individual and consolidated financial statements was authorized by the Company’s Board of Directors on March 24, 2022.

1. **Operations** (Continued)

Impacts of COVID-19

With the pandemic continuing effects on the economy and health at the beginning of 2021, in the 4Q21, the Company continued assessing the impacts of COVID-19 on its operations, maintaining the same perception of prior quarters, without identifying significant increase in the credit risk of its trade accounts receivable that could cause the reassessment of its assumptions in relation to the allowance. Regarding the impairment of its assets, the Company also detected no material adverse impact on its cash and cash equivalents, inventories and permanent assets.

The Company regularly monitors all public authorities' movements in view of the current situation of the pandemic, however, these movements did not affect the Company's sales numbers, which is showed in the financial information published in 2021. The Company follows all care protocols with the Retail and Logistics operational teams, and respects the rules of distancing within the corporate framework, where part of the team works from home, thus reducing the risks of contamination within the workspaces.

In May 2020, the IASB issued amendments to IFRS 16 - Leases referring to COVID-19-related benefits granted to lessees under lease agreements. On July 7, 2020, the Brazilian SEC (CVM), through Rule No. 859/20, approved amendments to Accounting Pronouncement CPC 06 (R2) - Leases, which is equivalent to the IFRS at issue.

As a practical expedient, the lessee may choose not to assess whether a benefit granted in a lease, related to COVID-19, is a modification of the lease agreement and thus account for the resulting changes in lease payments in profit or loss for the year. The Company applied the practical expedient to all benefits granted in lease agreements in line with the requirements of CVM Rule No. 859/20 (Note 28).

Furthermore, the Company reinforced the framework of its distribution centers, delivery stores and call center, in addition to having invested in a new distribution center in the city of São José dos Pinhais (state of Paraná), which started operations in January 2021, and having opened three more mini distribution centers in strategic markets to meet this growing demand for sales in the online format: i) Canoas (stated of Rio Grande do Sul) opened in August 2020; ii) São Paulo (state of São Paulo) opened in December 2020; and iii) Caxias do Sul (state of Rio Grande do Sul) opened in January 2021.

2. Accounting policies

Significant accounting policies used in preparing these individual and consolidated financial statements are described below. These policies have been consistently applied for all years presented.

2.1. Basis of preparation and presentation of the individual and consolidated financial statements

The Company’s individual and consolidated financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM) and the pronouncements issued by Brazil’s FASB (CPC), which comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Company management understands that all significant information related to the financial statements is disclosed and corresponds to the information used to manage the Company’s operations.

The preparation of financial statements is based on historical cost, except for financial instruments measured at fair value, as per Note 5, which require the use of certain accounting estimates that affect the balances of asset, liability and profit or loss accounts, as well as the exercise of judgment by management members in the process of applying the Company’s accounting policies. The most significant effects on the book accounts that involve the use of estimates or that require more complex judgments are disclosed in Note 3.

The Company adopted all the standards, revised standards and interpretations issued by Brazil’s FASB (CPC) and regulators that were effective at December 31, 2021.

The presentation of the individual and consolidated Statement of Value Added (SVA) is required by the Brazilian Corporation Law and by the accounting practices adopted in Brazil applicable to publicly-held companies. IFRS do not require presentation of this statement. As a result, under IFRS, this statement is presented as supplementary information, without prejudice to the set of financial statements.

(In thousands reais)

2. Accounting policies (Continued)

2.1. Basis of preparation and presentation of the individual and consolidated financial statements (Continued)

Consolidated financial statements

The consolidated financial statements include the operations of the Company and of the following subsidiaries:

Company	Activity	Direct equity interest 2021	Direct equity interest 2020
Laboratório Industrial Farmacêutico Lifar Ltda.	Production of cosmetics, food, medicines and outsourced production.	**99.99%**	99.99%
Dimesul Gestão Imobiliária Ltda.	Management and administration of own and/or third-party properties.	**99.99%**	99.99%

Company	Activity	Indirect equity interest 2021	Indirect equity interest 2020
Lifar Distribuidora de Produtos Farmacêuticos Ltda.	Pharmaceutical products distributor.	**99.97%**	99.97%

These consolidated financial statements are prepared in accordance with the consolidation practices and applicable legal provisions. The accounting practices adopted by the Subsidiary were consistently applied and are consistent with the ones adopted by the Company. Where applicable, all transactions, balances, revenues and expenses between the Subsidiary and the Company are fully eliminated from the consolidated financial statements.

The financial statement period of the subsidiaries included in the consolidation coincides with that of the Parent Company and the accounting policies have been consistently applied in the consolidated companies and are consistent with those used in prior year.

Income for the year is fully attributed to the controlling interests given that equity interest held by noncontrolling interests corresponds to 0.01% of the consolidated.

2. Accounting policies (Continued)

2.2. Presentation of segment reporting

Operational segment reporting is stated consistently with the internal report provided by key operational decision makers. The main operational decision maker, responsible for the allocation of funds and for the assessment of performance of operational segments is the Board of Directors, which is responsible for the Dimed's main strategic decisions.

2.3. Functional and presentation currency

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional currency and presentation currency.

2.4. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other highly-liquid short-term investments, originally maturing within three months, and with insignificant risk of change in value. The balance is presented net of secured accounts in the statement of cash flows.

2.5. Financial instruments

2.5.1. Classification

Dimed initially measures its financial assets or financial liabilities at fair value plus, for an item not measured at fair value, transactions costs that are directly attributable to their acquisition or issue. The classification of financial assets in accordance with CPC 48/IFRS 9 is usually based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. Trade accounts receivable without a significant financing component are initially measured at the transaction price.

2.5.2. Classification and subsequent measurement

Upon initial recognition, a financial asset is classified as measured: at amortized cost or at fair value through profit or loss, and is not reclassified subsequently to the initial recognition, except in the case of changes in the business model for the management of financial assets.

2. Accounting policies (Continued)

2.5. Financial instruments (Continued)

2.5.2. Classification and subsequent measurement (Continued)

Trade accounts receivable and debt notes issued are initially recognized at their inception date. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset is measured at amortized cost if it is maintained within a business model whose objective is to maintain financial assets in order to receive contractual cash flows and its contractual terms generate, on specific dates, cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding.

Financial liabilities were classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, is a derivative or is designated as such upon initial recognition. Other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in P&L. Any gain or loss upon derecognition is also recognized in P&L.

Financial assets are written off when the rights to receive cash flows from the investments have expired or have been transferred. In the latter case, provided that Dimed has substantially transferred all the risks and rewards of ownership of the financial asset and has neither retained control over the financial asset.

The Group derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expires. The Group also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains or losses arising from changes in fair value of financial assets measured at fair value through profit or loss are presented in the statement of profit or loss, under “Finance income (costs)”.

At the statement of financial position date, Dimed evaluates whether there is objective evidence that a financial asset or group of financial assets is impaired. The analysis to show whether accounts receivable are impaired is described in Note 2.5.4.

2. Accounting policies (Continued)

2.5. Financial instruments (Continued)

2.5.3. Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is recognized in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them on a net basis, or realize the asset and settle the liability simultaneously. Dimed reported in the statement of financial position the net amount of offsetting of contribution amounts from suppliers originally recorded in liabilities, where the Company records the receipts of funds through deposit, discounts or bonuses, and the checking account of funds recorded in assets, where the Company records notes issued against trade accounts payable, the net amount was recorded in assets under “Other accounts receivable”.

2.5.4. Impairment

Nonderivative financial assets

Financial instruments and contract assets

The Company recognizes allowances for expected credit losses on financial assets measured at amortized cost.

The Company measures the allowance for loss in an amount equal to the lifetime expected credit loss, except for debt notes with low credit risk at the statement of financial position date, which are measured as 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is significant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on the Company’s historical experience in credit assessment and considering forward-looking information.

The Company assumes that the credit risk of a financial asset has increased significantly if it is more than 90 days past due.

2. Accounting policies (Continued)

2.5. Financial instruments (Continued)

2.5.4. Impairment (Continued)

Nonderivative financial assets (Continued)

Financial instruments and contract assets (Continued)

The Company considers a financial asset to be in default when:

- It is unlikely that the debtor will fully pay its credit obligations to the Company, without resorting to actions such as the realization of the guarantee (if any); or
- The financial asset has been past due for more than 90 days.
- Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- 12-month expected credit losses are credit losses that result from possible default events within 12 months after the statement of financial position date (or in a shorter period, if the expected life of the instrument is less than 12 months).

The maximum period considered in the expected credit loss estimate is the maximum contractual period during which the Company is exposed to credit risk.

Financial assets with recovery problems

At each statement of financial position date, the Company assesses whether financial assets accounted for at amortized cost have recovery problems. A financial asset has “recovery problems” when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset.

2. Accounting policies (Continued)

2.5. Financial instruments (Continued)

2.5.4. Impairment (Continued)

Financial assets with recovery problems (Continued)

Objective evidence that financial assets have had recovery problems includes the following observable data:

- Significant financial hardship faced by the issuer or borrower;
- Breach of contractual clauses, such as default or delay of more than 90 days;
- Rescheduling of an amount due to the Company in conditions that would not be accepted under regular conditions;
- High probability that the debtor will enter bankruptcy or other type of financial reorganization; or
- The extinction of an active market for such note due to financial hardship.

Presentation of the allowance for expected credit losses in the statement of financial position

The allowance for losses on financial assets measured at amortized cost is deducted from the gross book value of the assets.

Derivative financial instruments

The Company does not hold derivative financial instruments to hedge its exposure to currency and interest rate risks as of the financial statement date.

2. Accounting policies (Continued)

2.6. Trade accounts receivable

Trade accounts receivable correspond to receivables from customers for sale of goods or rendering of services in the ordinary course of Dimed's activities. All trade accounts receivable have a short term of receipt, without financing character and are consistent with market practices, classified in current assets.

Trade accounts receivable are initially recognized at fair value, less the allowance for expected credit losses (impairment), by the provision for financial discounts.

2.7. Inventories

Inventories are measured at the lower of average cost of acquisition, net of bonuses and net realizable value, including provisions for losses, if any.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.8. Contractual payments

The Company has various transactions related to commercial negotiations in the purchase of goods represented by commercial agreements whereby products can be sold together with other goods or with discounts which are, substantially, negotiations promoted by suppliers at the Company's points of sale in various forms. These negotiations are individual and different among suppliers and may have complex characteristics and nature.

Such transactions refer to financial discounts granted by laboratories, rebates for volume targets, marketing and publicity funds, disclosure of offers in own catalog, having a range of conditions and individual characteristics, such as bonuses in goods, financial contributions, reduction of purchase amounts, trade discounts, among others. The Company recognizes the gain (loss) on these commercial agreements, credited to the cost of goods sold, matched against an amount in other accounts receivable.

2. Accounting policies (Continued)

2.9. Property, plant and equipment

Property, plant and equipment items are measured at cost of acquisition, buildup or construction, less accumulated depreciation.

Costs subsequently incurred are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those items or pieces that are replaced is derecognized. All other repair and maintenance costs are posted against profit or loss for the year, as incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their costs or revalued amounts to residual values over the estimated useful life, as shown in Note 12.

Residual values and useful lives of assets are reviewed and adjusted, as appropriate, at each year end.

Gains and losses on disposals are determined by comparing P&L with the book value and are recognized in “Other operating income, net” in the statement of profit or loss.

2.10. Intangible assets

Intangible assets are represented by the lease of a commercial point, trademarks and patents and the right to use software. The amounts recorded as commercial point are the initial disbursements made by Dimed to obtain the assignment of use of a certain establishment where the branch will be located. Upon initial recognition, they are measured at acquisition cost and subsequently deducted of accumulated amortization, calculated by the straight-line method based on the economic and useful life as described in Note 13.

2.11. Impairment of nonfinancial assets

Nonfinancial assets, except deferred taxes and inventories that have specific rules for disclosure, are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized at the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For purposes of impairment test, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units (CGU)).

2. Accounting policies (Continued)

2.12. Loans and financing

Loans and financing are recognized at amortized cost. Any difference between the funds raised (net of transaction costs) and the settlement amount is recognized in the statement of profit or loss over the period in which loans are effective, using the effective interest rate method.

The rates paid upon taking out loans and financing are recognized as loan transaction costs, to the extent that it is probable that the loan is drawn down in full or in part. In this case, the rate is deferred until effective withdrawal. When there is no evidence of probability of full or partial withdrawal of the loan, the rate is capitalized as an advance payment of liquidity services and amortized over the loan period related thereto.

Loans and financing are classified as current liabilities unless Dimed has an unconditional right to defer settlement of such liability for at least 12 months after the statement of financial position date.

2.13. Provisions

Provisions are recognized when Dimed has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate has been made of the amount of the obligation.

Provisions for tax, civil and labor contingencies are recognized based on the best estimates of the risk involved. The nature of each contingency updated on the statement of financial position dates is analyzed. The amounts provisioned by the nature of contingencies are described in Note 21.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of settlement related to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenses that will be required to settle the obligation, using a time rate of money and of specific risks in the obligation.

2. Accounting policies (Continued)

2.14. Current and deferred income and social contribution taxes

Deferred income and social contribution taxes are calculated on temporary differences arising from differences between asset and liability tax bases and their carrying amounts in the financial statements.

Deferred income and social contribution tax assets are only recognized to the extent that it is probable that the future taxable profit is available, and against which the temporary differences can be used.

Deferred tax liabilities are recognized in relation to all taxable temporary differences, so that they are recognized on the differences that will result in amounts to be added in the calculation of the taxable income of future years, when the carrying amount of the asset or liability is recovered or settled.

Current and deferred income and social contribution taxes are recognized in the statement of profit or loss, except to the extent that they are related to items directly recognized in equity or in comprehensive income. In this case, tax is also recognized in equity or comprehensive income.

Current and deferred income and social contribution taxes are determined based on the tax legislation in force, or substantially in force, at the statement of financial position date of the Company and that generate taxable profit. From time to time, management assesses the positions assumed in the Company's income tax returns as for circumstances where the applicable tax legislation provides margin for interpretations and sets provisions, where applicable, based on the estimated amount payable to tax authorities.

2.15. Employee benefits

Short-term benefit obligations to employees are recognized as personnel expenses as the relevant service is provided. The liability is recognized by the amount of expected payment should the Group has a present legal or constructive obligation of paying said amount due to past services provided by the employee and the obligation may be reliably estimated.

2. Accounting policies (Continued)

2.16. Payment of dividends and interest on equity

Payment of dividends and interest on equity to Dimed's shareholders is recognized as a liability in its financial statements at year end, according to Dimed's Articles of Incorporation, which provide that at least 25% of net income for the year shall be paid out as dividends. The amounts exceeding this limit are recorded under "Excess dividends and interest on equity" in equity, as shown in Note 23.

2.17. Leases

Upon adoption of CPC 06 (R2)/IFRS 16, the Company recognized lease liabilities involving leases that had already been classified as "operating leases" under IAS 17.

The Company recognizes the lease liability and the right-of-use asset on the date the lease agreement is entered into. The Company's main agreements refer to store lease operations.

These liabilities were measured at the present value of the remaining lease payments discounted at the incremental interest rate, as described in Note 20. Company management considers as a lease component only the minimum fixed amount for purposes of measuring the lease liability. The remeasurements of lease liabilities were recognized as adjustments to the related rights-of-use assets, immediately after the initial application date.

Significant assumptions used by the Company to assess whether a contract is or contains a lease are as follows:

- The lessor cannot have a substantive right to replace the asset with an alternative asset during the lease term;
- The Company holds substantially all the economic benefits of a contract asset if it benefits from most of the benefits arising from the main product, by-product and other benefits that the asset may generate;
- The Company has the right to direct the use of the asset, managing how and for what purposes it will be used during the utilization period or when these decisions are predetermined in the contract and the Company operates the asset throughout the contract period, without the lessor having the right to change these operational instructions.

3. Significant accounting estimates and judgments

In preparing these financial statements, it is necessary to use estimates to account for certain assets, liabilities and other transactions. Therefore, the financial statements include various estimates referring to the allowance for expected credit losses, provision for inventory losses, assessment of the useful lives of property, plant and equipment, loyalty program, provisions required for contingent liabilities and determination of provisions for income tax. Since management's judgment involves determining estimates related to the likelihood of future events, actual results may differ from these estimates. The estimates considered to be more critical by management, which may have significant effects on the accounting balances, are described below:

a) Provision for inventory losses

The provision for inventory losses is estimated based on the inventories of stores and distribution centers, whose maturity dates are close to the expiration date, and deemed sufficient by management to cover the risk of loss on these inventories. These amounts are stated in Note 8. The Company monthly evaluates and writes off items that are already past due and damaged.

b) Allowance for expected credit losses

The allowance for expected credit losses is based on certain assumptions and involves management's judgment, consistent with the accounting policies disclosed in Note 2.5.4 to the financial statements as at December 31, 2021. The amounts may be found in Note 7.

c) Provisions for tax, civil and labor contingencies

The estimates to set up the provisions for contingencies are analyzed by management, based on the opinion of the Company's lawyers, where factors such as the hierarchy of laws, available case law, most recent court decisions and their relevance in the legal system are considered. The realization of these estimates may result in amounts different from those recorded in the accounts depending on the outcome of each legal or administrative proceeding.

d) Contractual payments

The estimates for the accounting recognition of negotiations for payments are based on the transactions with suppliers, consistently with the accounting practices disclosed in Note 2.8 to the financial statements as at December 31, 2021. These amounts may be verified in Note 27, under "Reimbursement of capital contribution costs".

3. Significant accounting estimates and judgments (Continued)

e) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide tax legislation as well as the long-term nature and complexity of existing contractual agreements, differences between actual results and the assumptions made, or future changes in such assumptions, could require future adjustments to tax income and expenses already recorded.

When determining current and deferred income tax, the Company takes into consideration the impact of uncertain tax positions. The Company understands that the provision for income tax is adequate based on the assessment of various factors, including interpretations of tax laws and the opinion of its legal advisors.

The Company sets up provisions, based on reliable estimates, for possible consequences from audits by tax authorities of the respective jurisdictions in which it operates. The amount of these provisions is based on various factors, such as past tax audit experience and differing interpretations of tax regulations by the taxable entity and by the competent tax authority. These different interpretations may arise in a wide range of issues, depending on the prevailing conditions in the respective domicile of the Company.

Significant judgment from management is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

The Company has ICMS tax benefits and incentives in certain states where it operates. These incentives were considered an investment grant under the terms of Complementary Law No. 160/2017. These incentives, when calculated, are allocated to the Tax Incentive Reserve (Note 22). Incentive-related resources are not distributed as dividends. In compliance with ICPC 22 (IFRIC 23) and with the support of its legal advisors, management carried out an analysis of the acceptability of the tax treatment described, and concluded that it is likely that the tax authority will accept it.

f) Discount rate of IFRS 16/CPC 06 (R2)

Estimates for determining the discount rate are based on assumptions, as described in Note 20.

4. Financial risk management

4.1. Financial risk factors

The Company's activities expose it to various financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and currency risk. The Company's global risk management program is concentrated in the unpredictability of the financial markets and aims to minimize potential adverse effects on the Company's financial performance.

Risk management is conducted by the Company's Controllership. The Controllership, through the Treasury Department, identifies, evaluates and hedges the Company against any financial risks in cooperation with the Company's operational units. The Board of Directors establishes global risk management principles, including for specific areas, such as interest rate risk, credit risk, use of nonderivative financial instruments and investment of cash surplus.

a) Market risk

Interest rate risk

The Company's interest rate risk arises from long-term borrowings and cash surplus invested in floating rate notes, such as Bank Deposit Certificates (CDBs). Borrowings and investments at variable rates expose Dimed to the cash flow interest rate risk. Borrowings and investments issued at fixed rates expose Dimed to the fair value interest rate risk. At December 31, 2021 and December 31, 2020, Dimed's borrowings and investments at variable and fixed rates were kept in Brazilian reais.

Dimed analyzes its exposure to interest rate in a dynamic manner. Scenarios are simulated, taking into consideration the refinancing, renewal of existing positions and alternative financing, as well as new investment possibilities for cash surplus. Based on these scenarios, Dimed defines a reasonable interest rate change and calculates its impact on profit or loss. The scenarios are prepared only for liabilities and assets representing key interest-bearing positions.

(In thousands reais)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

a) Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis of interest rates on financial instruments of the Company and its subsidiaries is presented below, which describes the risks that may generate significant variations, with the most probable scenario (scenario I) according to management's assessment, considering a 12-month period, followed by two other scenarios. Scenario II corresponds to a possible 25% variation in interest rates and scenario III corresponds to a 50% variation in interest rates.

Rate		Transaction	Probable scenario (Scenario I)	Scenario II (25% variation)	Scenario III (50% variation)
CDI - %	Decrease		11.25	8.44	5.63
CDI - %	Increase		11.25	14.06	16.88
		Short-term investments - fixed income	17,342	13,003	8,671
		Borrowings	15,054	18,818	22,582

b) Credit risk

Credit risk is managed on a corporate-level basis and arises from cash and cash equivalents, as well as credit exposures with customers, both legal entities and individuals, including outstanding receivables and repurchase agreements. For banks and financial institutions, only notes of entities that have compensating transactions with the Company are accepted. The Credit Analysis area assesses the customer creditworthiness, taking into consideration its financial position, past experience and other factors. Individual risk limits are established based on internal or external ratings, according to the limits determined by the Board of Directs and management. The use of credit limits is regularly monitored by management. Sales to customers of retail branches are settled in local currency, check, agreements or by means of the main credit cards existing in the market.

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

b) Credit risk (Continued)

The carrying amount of financial assets represents the maximum credit risk exposure.

Cash flow projection is carried out on a corporate-level basis through the treasury department, based on information provided by the operating units and the procurement department. The Treasury Department monitors the forecasts of the Company's liquidity requirements to ensure that it has cash sufficient to meet its operating needs. It also keeps sufficient margin of credit facilities, under repurchase agreements, available for the Company at any time, so that it does not exceed limits or breach loan agreement clauses (where applicable) in any of its credit facilities. Such projection takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal ratio targets of the statement of financial position and, if applicable, external regulatory or legal requirements - for instance, currency restrictions.

c) Liquidity risk

Any cash surplus held by the operational entities, in addition to the amount required for working capital management purposes, is managed by the treasury department, which invests the cash surplus in short-term investments, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margins as determined by the above-mentioned forecasts. At December 31, 2021, the Company recorded short-term investments amounting to R$116,712 and R$155,216 in the individual and consolidated financial statements, respectively, which generated cash inflows to manage liquidity risk.

The table below analyzes the Company's nonderivative financial liabilities, by maturity date, corresponding to the remaining period in the statement of financial position up to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(In thousands reais)

4. Financial risk management (Continued)

4.1. Financial risk factors (Continued)

c) Liquidity risk (Continued)

	Consolidated				
	Contractual cash flow	**Within 1 year**	**From 1 to 2 years**	**From 3 to 5 years**	**Above 5 years**
At December 31, 2021					
Trade accounts payable	**464,714**	**464,714**	**-**	**-**	**-**
Leases	**557,109**	**134,605**	**124,768**	**185,690**	**112,046**
Debenture - Banco Bradesco	**145,653**	**55,683**	**21,103**	**68,867**	**-**
Total	**1,167,476**	**655,002**	**145,871**	**254,557**	**112,046**

	Consolidated				
	Contractual cash flow	**Within 1 year**	**From 1 to 2 years**	**From 3 to 5 years**	**Above 5 years**
At December 31, 2020					
Trade accounts payable	371,763	371,763	-	-	-
Leases	467,449	108,002	105,647	157,232	96,568
Debenture - Banco Bradesco	204,476	54,527	35,172	114,777	-
Total	1,043,688	534,292	140,819	272,009	96,568

4.2. Capital management

The Company’s objectives in managing its capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders as well as to maintain an optimal target capital structure to reduce the cost of capital.

To maintain or adjust its capital structure, the Company may revise the policy for payment of dividends, return capital to shareholders, issue new shares, or sell assets to reduce its indebtedness, for instance. In line with other companies in the sector, the Company monitors capital based on the financial leverage ratio. This ratio corresponds to the net debt divided by total capital. Net debt, in its turns, corresponds to total loans (including short and long-term loans, as stated in the consolidated statement of financial position), deducted from cash and cash equivalents. Total capital is calculated through the sum of equity, as stated in the consolidated statement of financial position, plus net debt.

(In thousands reais)

4. Financial risk management (Continued)

4.2. Capital management (Continued)

The Company's business strategy is to maintain its net financial indebtedness, compared to the sum of net financial debt and equity, at low levels. Financial leverage ratios at December 31, 2021 and 2020 are summarized as follows:

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Total loans (Note 17)	**133,818**	185,543	**133,818**	185,543
Less:				
Cash and cash equivalents (Note 6)	**(51,590)**	(92,080)	**(54,435)**	(130,107)
Short-term investments (Note 6)	**(116,712)**	(305,701)	**(155,216)**	(305,701)
Net debt - A	**(34,484)**	(212,238)	**(75,833)**	(250,265)
Total equity	**1,046,195**	1,010,640	**1,046,195**	1,010,640
Total capital - B	**1,011,711**	798,402	**970,362**	760,375
Ratio - % - A/B (*)	**-3.41**	-26.58	**-7.25**	-32.91

The increase in equity and consequent net debt is mainly related to the inflow of funds from the public offering of shares carried out by the Company in July 2020, as described in Note 23.a).

5. Financial instruments by category

At December 31, 2021 and 2020, financial assets are classified as follows:

	12/31/2021			
	Individual		**Consolidated**	
	Amortized cost	**Fair value through profit or loss**	**Amortized cost**	**Fair value through profit or loss**
Cash and cash equivalents	**-**	**51,590**	**-**	**54,435**
Short-term investments	**-**	**116,712**	**-**	**155,216**
Trade and other accounts receivable	**395,486**	**-**	**399,456**	**-**
	395,486	**168,302**	**399,456**	**209,651**

(In thousands reais)

5. Financial instruments by category (Continued)

	12/31/2020			
	Individual		Consolidated	
	Amortized cost	Fair value through profit or loss	Amortized cost	Fair value through profit or loss
Cash and cash equivalents	-	92,080	-	130,107
Short-term investments	-	305,701	-	305,701
Trade and other accounts receivable	330,947	-	336,431	-
	330,947	397,781	336,431	435,808

Classification of financial liabilities

	Individual		Consolidated	
	Amortized cost		Amortized cost	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Trade accounts payable	**470,117**	370,741	**464,714**	371,763
Loans and financing	**133,818**	185,543	**133,818**	185,543
Lease obligations	**559,109**	458,431	**559,109**	458,431
	1,163,044	1,014,715	**1,157,641**	1,015,737

Fair values are determined based on market price quotations, when available, or in their absence, the present value of expected cash flows. The fair values of cash and cash equivalents, trade and other accounts receivable, and trade accounts payable are equivalent to their carrying amounts.

The estimated fair value of loans and financing in the individual and consolidated financial statements as at December 31, 2021 was R$130,543, calculated at current market rates, considering their nature, term and risks, and can be compared with their carrying amount of R$133,818.

Fair value hierarchy

The Company applies CPC 40 (R1) to financial instruments, which requires the disclosure of fair value measurements based on the following hierarchy levels:

Level 1: prices quoted (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a material effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques using inputs that have a material effect on the fair value recorded that are not based on observable market data.

The Company's financial instruments are measured using the Level 2 valuation technique. There were no transfers between levels 1, 2 and 3 until December 31, 2021.

(In thousands reais)

6. Cash and cash equivalents and marketable securities

Cash and cash equivalents

	Average rate (p.a.%)	Individual 12/31/2021	Individual 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Cash on hand (retail branches)	-	**4,634**	5,164	**4,654**	5,179
Short-term bank deposits	-	**9,521**	3,116	**10,661**	5,511
Short-term investments - fixed income (*)	2.00	**37,435**	83,800	**39,120**	119,417
		51,590	92,080	**54,435**	130,107

(*) Short-term investments mostly refer to Bank Deposit Certificates (CBD) and repurchase agreements, remunerated at a CDI percentage. Information on investment liquidity is detailed in Note 4.

Marketable securities

	Average rate (p.a.%)	Individual 12/31/2021	Individual 12/31/2020	Consolidated 12/31/2021	Consolidated 12/31/2020
Financial Bills	108% of CDI	**-**	55,009	**-**	55,009
Boutique investment fund		**116,712**	250,692	**155,216**	250,692
		116,712	305,701	**155,216**	305,701

Short-term investments by type are broken down as follows:

Type	Consolidated 12/31/2021	Consolidated 12/31/2020
Investment funds	**5,364**	-
Bank Deposit Certificate (CDB)	**4,062**	2,387
Debentures	**27,880**	5,901
Time deposits with special guarantee (DPGE)	**2,102**	1,001
Financial Bills	**71,600**	105,129
Financial Treasury Bills (“LFT”)	**15,978**	154,355
National Treasury Bills (“LTN-O”)	**-**	36,928
National Treasury Notes (“LTN-O”)	**28,229**	-
	155,216	305,701

GD FIM Crédito Privado is a private credit fixed income fund under the management, administration and custody of BRAM - Bradesco Asset Management S.A. DTVM. The investment fund does not have significant financial obligations. These are limited to asset management fees, custody fees, audit fees and expenses. The fund is exclusively for the benefit of the Company and, therefore, the financial investment in the investment fund in which the Company holds an exclusive interest has been consolidated.

(In thousands reais)

7. Trade accounts receivable

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Trade accounts receivable	**67,661**	66,124	**71,046**	71,608
Accounts receivable - credit cards	**259,481**	220,032	**259,481**	220,032
Provision for financial charges	**(551)**	(905)	**(551)**	(905)
Allowance for expected credit losses	**(5,361)**	(4,982)	**(5,361)**	(4,982)
Trade accounts receivable, net	**321,230**	280,269	**324,615**	285,753

Aging list of trade accounts receivable:

	12/31/2021	12/31/2020
Falling due		
Within 30 days	**158,431**	147,547
31 to 60 days	**77,988**	69,816
61 to 90 days	**37,501**	26,242
91 to 120 days	**17,788**	14,241
121 to 150 days	**10,829**	7,795
151 to 180 days	**5,291**	4,885
Above 180 days	**4,964**	3,412
	312,792	273,938
Overdue		
Within 30 days	**3,203**	5,226
31 to 90 days	**698**	1,746
Above 90 days	**10,449**	5,246
	14,350	12,218
Provision for financial charges	**(551)**	(905)
Allowance for expected credit losses	**(5,361)**	(4,982)
Total Individual	**321,230**	280,269
Trade accounts receivable (Lifar) - Falling due	**2,708**	4,646
Trade accounts receivable (Lifar) - Overdue	**677**	838
Total Consolidated	**324,615**	285,753

Changes in provision for impairment of accounts receivable are as follows:

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Balance at beginning of period	**(4,982)**	(5,212)	**(4,982)**	(5,212)
Additional provision	**(1,703)**	(2,442)	**(1,703)**	(2,442)
Amounts written off - allowance	**1,324**	2,672	**1,324**	2,672
	(5,361)	(4,982)	**(5,361)**	(4,982)

Recognition and derecognition of the allowance for expected credit losses were recorded in the statement of profit or loss for the year as “Net losses on receivables”. The amounts charged to the allowance account are usually written off when there is no expectation of recovery of funds.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of the abovementioned receivables.

(In thousands reais)

7. Trade accounts receivable (Continued)

As regards the possible impacts of COVID-19, Dimed detected no significant risk of loss in trade receivables, since the customer portfolio comprises mostly credit card companies. Therefore, management assessed and concluded that there was no significant increase in credit risk in relation to Trade accounts receivable that could justify any adjustment in the allowance for expected credit losses, as well as the need, at this time, for any additional disclosure on the impact of the Covid-19 pandemic in relation to the Company's receivables.

8. Inventories

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Goods for resale	**720,690**	553,772	**722,775**	557,164
Finished products	**-**	-	**4,652**	4,421
Raw materials	**-**	-	**1,897**	2,649
Consumables/storeroom supplies	**6,136**	6,453	**10,361**	10,995
(-) Provision for inventory losses	**(476)**	(287)	**(649)**	(408)
	726,350	559,938	**739,036**	574,821

<u>Provision for inventory losses</u>

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Opening balance	**(287)**	(305)	**(408)**	(396)
Supplemental provision	**(1,177)**	(1,113)	**(1,506)**	(1,144)
Provision amounts written off	**988**	1,131	**1,265**	1,132
Balance at end of year	**(476)**	(287)	**(649)**	(408)

(In thousands reais)

9. Income and social contribution taxes recoverable

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Corporate Income Tax - IRPJ	**10,679**	3,953	**10,915**	4,179
Social Contribution Tax on Net Profit - CSLL	**739**	179	**778**	217
	11,418	4,132	**11,693**	4,396

The Company closed the proceeding referring to the res judicata decision on the lawsuit that challenged the exclusion of the matching ICMS credits from the IRPJ and CSLL tax bases, determining that the matching tax credits should not be included in the IRPJ and CSLL tax bases, therefore recognizing the right to the credit. Accordingly, Dimed calculated and recorded the credits in the second quarter of 2021, in the total amount of R$17,708, of which R$12,167 refer to principal and R$5,542 refer to monetary restatement. In the third and fourth quarters of 2021, part of this amount was offset, remaining recorded credits in the amount of R$4,692, of which R$3,346 refer to principal and R$1,346 refer to monetary restatement. The Company prepared the calculations supported by a specialized consulting firm.

The proceeding related to this tax credit became final and unappealable on April 23, 2021, and the Brazilian IRS (SRF) authorized it on July 2, 2021. Management expects the tax credits of parent company Dimed will be offset within 12 months.

On September 24, the Federal Supreme Court of Brazil (“STF”) ruled for the non-levy of IRPJ and CSLL on the amounts related to the Selic rate, which are received by the taxpayer due to recovery of undue tax payments. The decision is grounded on the understanding that the arrears interest and monetary restatement, due to their indemnity nature, do not reflect an equity increase, as their function is to repair the monetary losses suffered over the period of discussion of the undue tax payments. On June 8, 2010, the Company filed a lawsuit challenging the matter, which, considering its current stage, does not yet have all the necessary requirements, in light of IAS 37/CPC 25, for recording any income and social contribution tax credits.

(In thousands reais)

10. Taxes recoverable

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current				
State Value Added Tax - **ICMS**	**3,143**	2,534	**3,483**	2,813
Contribution Tax on Gross Revenue for Social Integration Program - **PIS**	**1,039**	169	**1,044**	1,221
Contribution Tax on Gross Revenue for Social Security Financing - **COFINS**	**4,788**	781	**4,813**	-
Credit relating to the exclusion of the ICMS from the PIS and COFINS tax base	**21,382**	-	**25,866**	5,629
Other	**-**	191	**42**	249
	30,352	3,675	**35,248**	9,912
Noncurrent				
State Value Added Tax - **ICMS**	**7,895**	5,858	**7,895**	5,858
	7,895	5,858	**7,895**	5,858

ICMS on PIS and COFINS tax base

In January 2021, the Company closed the proceeding referring to the res judicata decision on the lawsuits that challenged the exclusion of the ICMS from the PIS and COFINS tax base, determining that the ICMS does not make up the PIS and COFINS tax base, therefore recognizing the right to the credit. Accordingly, Dimed calculated and recorded the credits in 2021, in the total amount of R$20,954. At December 31, 2021, these credits amount to R$21,382, of which R$12,325 refer to principal and R$9,057 refer to monetary restatement. The Company prepared the calculations supported by a specialized consulting firm, based on the sales invoices for the entire year, reconciled with the information from accessory obligations.

Considering that the Company's lawsuits were filed in 2006, the amounts recoverable were calculated retrospectively to the accrual period of November 2001, since the decision of the Federal Court of Appeals of the 4th Chapter determined a 5-year statute barring period, considering that the lawsuit was filed after the effectiveness of Complementary Law No. 118/2005.

10. Taxes recoverable (Continued)

ICMS on PIS and COFINS tax base (Continued)

With regard to the ICMS to be excluded, the decision recognizes that “the plaintiff may exclude from the PIS and COFINS tax base the ICMS recorded in the sales invoices of its establishment, in order to, once adjusted the new tax base, determine the amounts unduly paid”.

In the last quarter of 2020, subsidiary LIFAR was also awarded a res judicata decision on the proceeding to exclude the ICMS from the PIS and COFINS tax base, based on the ICMS recorded in sales invoices, therefore, the amount of R$5,850 was determined and recorded in 2020. At December 31, 2021, these credits amount to R$4,484.

Continuing with the necessary steps to offset the overpaid tax amounts, the Company and its subsidiary LIFAR carried out the protocol of their administrative procedures for prior eligibility with the Brazilian Internal Revenue Service (“RFB”), which were granted in 2021.

Management expects Dimed and its subsidiary LIFAR's tax credits to be offset in up to 12 months.

(In thousands of reais)

11. Investments in subsidiaries

The Company's investments are accounted for in the Parent Company by the equity method, and are shown below:

	12/31/2021							
	Capital	**Units of interest held (unit)**	**(%) Equity interest**	**Equity**	**Net income (loss) for the year**	**Opening balance at January 1**	**Equity pickup**	**Total investments**
Laboratório Industrial Farmacêutico Lifar Ltda.	**500**	**499,999**	**99.99%**	**27,905**	**(3,042)**	**29,538**	**(2,788)**	**26,750**
Dimesul Gestão Imobiliária Ltda.	**8,978**	**19,999**	**99.99%**	**37,890**	**2,520**	**35,368**	**2,521**	**37,889**
						64,906	**(267)**	**64,639**

	12/31/2020							
	Capital	**Units of interest held (unit)**	**(%) Equity interest**	**Equity**	**Net income for the period**	**Opening balance at January 1**	**Equity pickup**	**Total investments**
Laboratório Industrial Farmacêutico Lifar Ltda.	500	499,999	99.99%	30,947	4,712	25,000	4,538	29,538
Dimesul Gestão Imobiliária Ltda.	8,978	19,999	99.99%	35,369	2,563	32,805	2,563	35,368
						57,805	7,101	64,906

(In thousands of reais)

11. Investment in subsidiaries (Continued)

Information related to the subsidiaries is shown below:

	12/31/2021			
Subsidiaries - 2021	**Control**	**Total assets**	**Total liabilities**	**Equity**
Laboratório Industrial Farmacêutico Lifar Ltda.	**Direct equity interest**	**39,677**	**11,772**	**27,905**
Lifar Distribuidora de Produtos Farmacêuticos Ltda.	**Indirect equity interest**	**12,550**	**4,489**	**8,062**
Dimesul Gestão Imobiliária Ltda.	**Direct equity interest**	**41,983**	**4,094**	**37,890**

	12/31/2020			
Subsidiaries - 2020	**Control**	**Total assets**	**Total liabilities**	**Equity**
Laboratório Industrial Farmacêutico Lifar Ltda.	Direct equity interest	38,237	7,290	30,947
Lifar Distribuidora de Produtos Farmacêuticos Ltda.	Indirect equity interest	10,405	5,180	5,225
Dimesul Gestão Imobiliária Ltda.	Direct equity interest	35,726	357	35,369

(In thousands of reais)

12. Property, plant and equipment

a) Summary of changes in property, plant and equipment (Individual)

The property, plant and equipment balance comprises own and leased assets. Leased properties are included in “Right of use”.

Individual	Properties	Machinery and equipment	Furniture and fixtures	Facilities	Computers and peripherals	Vehicles	Improvements	Right of use	Total
Balance at December 31, 2020									
Cost	77,991	48,464	37,290	100,049	54,171	7,949	94,921	589,702	1,010,537
Accumulated depreciation	(7,220)	(11,440)	(18,293)	(44,775)	(38,362)	(2,014)	(27,867)	(146,079)	(296,050)
Net book balance	70,771	37,024	18,997	55,274	15,809	5,935	67,054	443,623	714,487
At December 31, 2021									
Opening balance	**70,771**	**37,024**	**18,997**	**55,274**	**15,809**	**5,935**	**67,054**	**443,623**	**714,487**
Acquisitions	**6**	**10,644**	**6,071**	**25,359**	**10,632**	**-**	**55,499**	**190,429**	**298,640**
Write-offs	**-**	**(291)**	**(326)**	**(1,155)**	**(71)**	**-**	**(1,334)**	**(269)**	**(3,446)**
Depreciation	**(1,152)**	**(3,399)**	**(3,233)**	**(9,632)**	**(6,674)**	**(485)**	**(8,387)**	**(112,552)**	**(145,514)**
Transfers	**(1,339)**	**(16)**	**-**	**-**	**16**	**-**	**1,339**	**-**	**-**
Net book balance	**68,286**	**43,962**	**21,509**	**69,846**	**19,712**	**5,450**	**114,171**	**521,231**	**864,167**
Balance at December 31, 2021									
Cost	**76,658**	**60,572**	**40,388**	**120,950**	**63,309**	**7,860**	**148,943**	**782,922**	**1,301,602**
Accumulated depreciation	**(8,372)**	**(16,610)**	**(18,879)**	**(51,104)**	**(43,597)**	**(2,410)**	**(34,772)**	**(261,691)**	**(437,435)**
Net book balance	**68,286**	**43,962**	**21,509**	**69,846**	**19,712**	**5,450**	**114,171**	**521,231**	**864,167**

(In thousands of reais)

12. Property, plant and equipment (Continued)

b) Summary of changes in property, plant and equipment (Consolidated)

Consolidated	Properties	Machinery and equipment	Furniture and fixtures	Facilities	Computers and peripherals	Vehicles	Improvements	Right of use	Total
Balance at December 31, 2020									
Cost	83,962	54,567	37,895	103,855	54,722	8,027	99,169	589,702	1,031,899
Accumulated depreciation	(10,773)	(14,558)	(18,738)	(47,005)	(38,792)	(2,092)	(30,174)	(146,079)	(308,211)
Net book balance	73,189	40,009	19,157	56,850	15,930	5,935	68,995	443,623	723,688
At December 31, 2021									
Opening balance	**73,189**	**40,009**	**19,157**	**56,850**	**15,930**	**5,935**	**68,995**	**443,623**	**723,688**
Acquisitions	**288**	**11,399**	**6,084**	**25,517**	**10,665**	**-**	**56,092**	**190,429**	**300,474**
Write-offs	**(38)**	**(296)**	**(326)**	**(1,290)**	**(71)**	**-**	**(1,335)**	**(269)**	**(3,625)**
Depreciation	**(1,172)**	**(3,694)**	**(3,262)**	**(9,962)**	**(6,724)**	**(485)**	**(8,580)**	**(112,552)**	**(146,431)**
Transfers	**(1,339)**	**(16)**	**-**	**-**	**16**	**-**	**1,339**	**-**	**-**
Net book balance	**70,928**	**47,402**	**21,653**	**71,115**	**19,816**	**5,450**	**116,511**	**521,231**	**874,106**
Balance at December 31, 2021									
Cost	**82,848**	**67,345**	**41,006**	**124,547**	**63,894**	**7,938**	**153,784**	**782,922**	**1,324,284**
Accumulated depreciation	**(11,920)**	**(19,943)**	**(19,353)**	**(53,432)**	**(44,078)**	**(2,488)**	**(37,273)**	**(261,691)**	**(450,178)**
Net book balance	**70,928**	**47,402**	**21,653**	**71,115**	**19,816**	**5,450**	**116,511**	**521,231**	**874,106**

(In thousands of reais)

12. Property, plant and equipment (Continued)

c) Other information

The Company detected no indication that assets could be recorded at an amount above their recoverable amount.

The weighted average depreciation rates of property, plant and equipment are as follows:

	Average depreciation rate (% p.a.)	
	2021	**2020**
Properties	**1.7**	1.7
Machinery and equipment	**6**	6
Furniture and fixtures	**9**	9
Facilities	**10**	10
Computers and peripherals	**25**	25
Vehicles	**20**	20
Improvements	**7**	7

Breakdown of right of use		**Individual and Consolidated**
Description	**Useful life (years)**	**12/31/2021**
Properties	2 to 17	**520,001**
Vehicles	2 to 3	**1,230**
Total		**521,231**

(In thousands of reais)

13. Intangible assets

a) Summary of changes in intangible assets (Individual)

Individual	Goodwill	Software	Trademarks e formulas	Total
Balance at December 31, 2020				
Cost	24,677	64,701	361	89,739
Accumulated amortization	(16,756)	(27,603)	(13)	(44,372)
Net book balance	7,921	37,098	348	45,367
At January 1, 2021				
Opening balance	**7,921**	**37,098**	**348**	**45,367**
Acquisitions	**1,110**	**24,391**	**-**	**25,501**
Write-offs	**(100)**	**(16)**	**-**	**(116)**
Amortization	**(1,662)**	**(9,548)**	**-**	**(11,210)**
Net book balance	**7,269**	**51,925**	**348**	**59,542**
At December 31, 2021				
Cost	**25,341**	**89,792**	**361**	**115,494**
Accumulated amortization	**(18,072)**	**(37,867)**	**(13)**	**(55,952)**
Net book balance	**7,269**	**51,925**	**348**	**59,542**

b) Summary of changes in intangible assets (Consolidated)

Consolidated	Goodwill	Software	Trademarks e formulas	Total
Balance at December 31, 2020				
Cost	24,677	65,517	514	90,708
Accumulated amortization	(16,756)	(27,918)	(166)	(44,840)
Net book balance	7,921	37,599	348	45,868
At January 1, 2021				
Opening balance	**7,921**	**37,599**	**348**	**45,868**
Acquisitions	**1,110**	**24,425**	**-**	**25,535**
Write-offs	**(100)**	**(16)**	**-**	**(116)**
Amortization	**(1,661)**	**(9,682)**	**-**	**(11,343)**
Net book balance	**7,270**	**52,326**	**348**	**59,944**
At December 31, 2021				
Cost	**25,342**	**90,641**	**513**	**116,496**
Accumulated amortization	**(18,072)**	**(38,315)**	**(165)**	**(56,552)**
Net book balance	**7,270**	**52,326**	**348**	**59,944**

(In thousands of reais)

13. Intangible assets (Continued)

c) Other information

The Company detected no indication that assets could be recorded at an amount above their recoverable amount.

The weighted average amortization rates of intangible assets are as follows:

	Average amortization rate (% p.a.)	
	2021	**2020**
Goodwill	**25**	25
Software	**18**	18
Trademarks e formulas	**10**	10

14. Deferred income and social contribution taxes, net

Deferred income and social contribution taxes are calculated on the corresponding temporary differences between the tax bases of assets and liabilities and their carrying amounts recorded in the financial statements. The applicable tax rates, currently defined for calculation of deferred taxes, are 25% for income tax and 9% for social contribution tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to offset temporary differences, based on projections of future profit or loss and based on internal assumptions and future economic scenarios that could be subject to changes.

(In thousands of reais)

14. Deferred income and social contribution taxes, net (Continued)

	Individual		Consolidated	
Temporary additions	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Provision for inventory losses	**476**	287	**483**	408
Provision for labor indemnities	**9,326**	6,575	**9,326**	6,920
Provision for civil contingencies	**6,000**	7,499	**6,000**	7,499
Provision for profit sharing	**12,990**	-	**12,990**	-
Provision for tax contingencies	**908**	-	**908**	-
Allowance for expected credit losses	**5,361**	4,982	**5,361**	4,982
Provision for financial discount	**552**	905	**551**	905
Provision for credit card fee	**5,179**	-	**5,179**	-
Provision for premium - employees	**600**	-	**600**	-
Net effect of depreciation and interest (IFRS 16) with lease payment	**33,260**	19,693	**33,260**	19,693
Fair value - matching shares	**2,670**	-	**2,670**	-
Provision for adjustment of market value of investments	**-**	176	**-**	176
Provision for collective bargaining	**1,220**	651	**1,220**	651
Provision for professional fees	**1,020**	2,126	**1,026**	2,262
Total tax base	**79,562**	42,894	**79,574**	43,496
Income tax at the rate of 25%	**19,890**	10,723	**19,893**	9,634
Income tax on tax loss	**11,723**	13,817	**13,230**	14,221
Social contribution tax at the rate of 9%	**7,162**	3,860	**7,162**	3,469
Social contribution tax on social contribution tax loss	**4,947**	5,676	**5,505**	5,837
Total deferred tax assets	**43,722**	34,076	**45,790**	33,161
Temporary exclusions				
Exclusion of ICMS from the PIS and COFINS tax base	**19,788**	-	**22,604**	4,956
Adjustments due to leases	**3,701**	3,921	**3,701**	3,921
Total tax base	**23,489**	3,921	**26,305**	8,877
Income tax at the rate of 25%	**5,872**	980	**6,576**	980
Social contribution tax at the rate of 9%	**2,114**	353	**2,368**	353
Total deferred tax liabilities	**7,986**	1,333	**8,944**	1,333
Total deferred taxes, net	**35,736**	32,743	**36,846**	31,828

The Company and its subsidiary LIFAR will subject to the IRPJ and CSLL taxation the PIS and COFINS credits arising from the proceedings to exclude the ICMS from the PIS and COFINS tax base, on which a res judicata decision has been awarded, to the extent that they are the subject of requests for offsetting. Accordingly, a deferred liability was recognized on the amounts that will be realized as the referred to offsets occur, in the amounts of R$19,788 and R$22,604 in the Individual and Consolidated financial statements, respectively.

(In thousands of reais)

14. Deferred income and social contribution taxes, net (Continued)

Based on the Company's projections of future taxable profit and considering the history of realization of assets that generated the income and social contribution tax balance, the estimated realization schedule is as follows:

	12/31/2021	
	Individual	**Consolidated**
2021	**21,861**	**22,895**
2022	**5,466**	**5,723**
2023	**5,465**	**5,724**
2024	**5,465**	**5,724**
2025	**5,465**	**5,724**
	43,722	**45,790**

15. Reconciliation of income and social contribution taxes

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Income before income and social contribution taxes	**82,875**	50,204	**83,239**	53,304
Combined tax rate	**34%**	34%	**34%**	34%
Tax expense at nominal rate	**(28,178)**	(17,069)	**(28,302)**	(18,123)
Other nondeductible expenses	**(63)**	(1,478)	**(171)**	(1,622)
Managing officers' profit sharing	**(873)**	(1,205)	**(873)**	(1,205)
Interest on Equity - Benefit	**8,821**	7,032	**8,821**	7,032
Equity pickup	**(91)**	2,414	**-**	-
Tax incentives - Culture - Benefit	**25**	136	**25**	136
Tax incentives - Worker's Meal Program (PAT)	**117**	128	**117**	150
Tax incentives - investment grant - Previously unused Matching credit	**3,846**	15,246	**3,846**	15,246
Income and social contribution taxes on previously unused matching credit	**4,137**	-	**4,137**	-
Tax incentives - investment grant - Other credits	**3,939**	-	**3,939**	-
Reversal of the effect of the taxable profit based on accounting records regime on the subsidiary using the taxable profit based on a percentage of gross revenue regime	**-**	-	**(1,184)**	1,081
Taxation under the taxable profit based on a percentage of gross revenue regime using gross revenue for the tax base	**-**	-	**961**	(615)
Tax incentives - Technological innovation - Benefit	**4,953**	719	**4,953**	719
Effect of the portion exempt from the 10% surtax of income tax - benefit	**(82)**	24	**(82)**	48
	(3,449)	5,947	**(3,813)**	2,847
Income and social contribution taxes in profit or loss for the period				
Current income and social contribution taxes	**(6,442)**	(6,994)	**(8,831)**	(8,793)
Deferred income and social contribution taxes	**2,993**	12,941	**5,018**	11,640
Income and social contribution taxes in profit or loss for the period	**(3,449)**	5,947	**(3,813)**	2,847
Effective rate	**4.2%**	-11.8%	**4.6%**	-5.3%

(In thousands of reais)

16. Trade accounts payable

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Trade accounts payable - local	**464,014**	369,150	**464,714**	371,763
Trade accounts payable - related parties	**6,103**	1,591	**-**	-
Total	**470,117**	370,741	**464,714**	371,763

17. Loans and financing

	Rate range (% p.a.)	Individual		Consolidated	
		12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Local currency					
Debenture - Banco Bradesco	109% of the CDI	**133,818**	185,543	**133,818**	185,543
		133,818	185,543	**133,818**	185,543
Current		**54,532**	53,400	**54,532**	53,400
Noncurrent		**79,286**	132,143	**79,286**	132,143

Management monitors the forecasts for the Company’s liquidity requirements to ensure it has sufficient cash to meet its operating needs. The global limits of credit facilities granted to the Company are in amounts sufficient to not generate the risk of exceeding such limits or of breaching loan agreement clauses. This forecast takes into consideration the Company’s debt financing plans. The Company has debentures with contractual clauses that require maintaining financial ratios on a quarterly basis as summarized below:

17.1. Debt Service Coverage Ratio (“DSCR”) higher than or equal to 1.2 (one and two tenths)

Where: “DSCR” means the division of Adjusted EBITDA (as defined below) by the Debt Service; and “Debt Service” means finance costs for the last twelve (12) months calculated under the accrual basis of accounting, on a consolidated basis, by the Issuer, i.e. (a) interest on bank debts (net of income from short-term investments), (b) portion that has an impact on cash from monetary and foreign exchange difference on interest of debt arrangements, (c) interest paid to Debentures and other marketable securities issued in the financial and capital markets, both international and domestic (net of income from investments in marketable securities or in government securities and corporate bonds of any nature), (d) finance costs with cash impact on intercompany loans recorded in liabilities (net of finance income with cash impact received from intercompany loans recorded in assets), as well as (e) the amount effectively disbursed relating to liabilities from derivative transactions hedging debts (net of amounts effectively received in connection with assets from derivative transactions hedging debts).

17. Loans and financing (Continued)

17.2. Adjusted Net Financial Debt/Adjusted EBITDA ratio, according to the calculation method described below, not exceeding 2.5 (two and five tenths)

Where: for the calculation of Adjusted EBITDA, the accumulated performance for the last 12 months from the statements closing date, to be measured based on the consolidated statements of financial position for March, June, September and December of each year, shall be considered. For the purposes of this item, the following shall apply: “Adjusted Net Financial Debt” is the sum of amounts corresponding to (i) short-term bank loans; (ii) short-term debentures; (iii) long-term bank loans; (iv) long-term debentures; (v) long-term loans; (vi) short-term bank leases; (vii) long-term bank leases; (viii) accounts payable or receivable in connection with derivative transactions, in the event of less cash equivalents, cash/short-term investments and securities; and also (ix) all intercompany loans recorded in assets and liabilities, between group companies, either associates or not; “Adjusted EBITDA”, as provided for in CVM Ruling No. 527 of October 4, 2012, as amended; and “Net Financial Debt/Adjusted EBITDA” is Adjusted Net Financial Debt divided by Adjusted EBITDA.

The Company is compliant with all such clauses at December 31, 2021.

The loan agreements in force also have non-financial early maturity clauses, the most relevant of which are described below:

- Default on debts and/or other contracts with the financial institutions that granted credit facilities;
- Enforcement of a court order or out-of-court order that may affect Dimed's ability to pay;
- Transfer of debt to third parties, without the approval of the financial institution that granted the credit facility;
- Changes in Dimed's business purpose or changes in corporate control without the financial institution’s formal acceptance and agreement to maintain contracts.

The Company is compliant with all such clauses at December 31, 2021.

(In thousands of reais)

17. Loans and financing (Continued)

17.2. Adjusted Net Financial Debt/Adjusted EBITDA ratio, according to the calculation method described below, not exceeding 2.5 (two and five tenths) - Continued

The table below shows additional information on cash flow from financing activities:

	Individual and Consolidated			
	Finance lease	Loans, financing and debentures	Interest on equity payable	Total
Balances at December 31, 2020	467,449	185,543	2,305	655,297
Changes in cash	**(122,464)**	**(59,126)**	**(20,442)**	**(202,032)**
Payment of IOE	**-**	**-**	**(20,442)**	**(20,442)**
Leases paid	**(122,464)**	**-**	**-**	**(122,464)**
Payment of loans and financing	**-**	**(59,126)**	**-**	**(59,126)**
Non-cash changes	**212,124**	**7,401**	**23,838**	**243,363**
Remeasurement of contracts, new contracts and write-offs - IFRS 16	**190,161**	**-**	**-**	**190,161**
IOE recognized in the period	**-**	**-**	**23,838**	**23,838**
Discount on leased properties	**(7,384)**	**-**	**-**	**(7,384)**
Interest recognized in the period	**29,347**	**7,401**	**-**	**36,748**
Balances at December 31, 2021	**557,109**	**133,818**	**5,701**	**696,628**

The balances of loans and financing at December 31, 2021 and 2020 are presented at amortized cost. The aging list of loans and financing is presented in Note 4.1 (c) Liquidity risk.

18. Tax obligations

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Corporate Income Tax (IRPJ)	**-**	-	**437**	511
Social Contribution Tax on Net Profit (CSLL)	**-**	-	**234**	214
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	**114**	120	**174**	184
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	**548**	560	**826**	762
Withholding Income Tax (IRRF)	**5,224**	4,314	**5,291**	4,348
State Value-Added Tax (ICMS)	**20,247**	20,491	**22,018**	22,429
Other obligations	**1,372**	1,073	**1,821**	1,452
Total	**27,505**	26,558	**30,801**	29,900

(In thousands of reais)

18. Tax obligations (Continued)

Optional Taxation Regime of the ICMS Tax Substitution ("ROT ST")

Through Decree No. 55521 of September 30, 2020, published in the Rio Grande do Sul State Official Gazette ("DOE/RS") on October 1, 2020, the Optional Taxation Regime of the ICMS Tax Substitution ("ROT ST") was established and included in article 25-E of ICMS Regulation ("RICMS/RS"), replacing the adjustment of the withholding tax by tax substitution (Definitiveness RS), applicable to shipment operations intended for the final consumer of that state, whenever the goods have been covered by the tax substitution regime. This regulation became effective as of January 1, 2021 and applies to any taxpayer, regardless of its revenue (the previous decree limited its adhesion to taxpayers with revenue up to R$78 million).

In accordance with the rules inherent to ROT ST 2021, the Rio Grande do Sul state determined that these companies should carry out an inventory taking of goods subject to the tax substitution regime, existing at December 31, 2020, and calculate the amount of the matching tax and reverse/pay it in three equal and consecutive installments, of their monthly ICMS calculation, as provided for in article 25 E, paragraph 3, letters "a" and "b" of the ICMS Regulation (RICMS/RS).

The amounts determined by Dimed based on the inventory taking of its retail operations existing at December 31, 2020 totaled R$51,360, which were paid to the state government in accordance with the provisions of said Decree, in three equal and consecutive installments, maturing on March 20, April 20 and May 20, 2021.

19. Profit sharing payable

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Bonus - Executive Board	**3,441**	2,844	**3,441**	2,844
Profit sharing - employees	**8,717**	4,180	**8,770**	4,277
Total	**12,158**	7,024	**12,211**	7,121

20. Lease obligations

The Company has obligations arising from lease agreements relating to equipment (telephone exchange and storage*)* and aircraft, and this asset shall be acquired at the end of the agreement at its residual value. Lease liabilities are guaranteed by assignment in trust of the leased asset.

(In thousands of reais)

20. Lease liabilities (Continued)

	Individual and Consolidated		
	Within 1 year	From 1 to 5 years	Total
At December 31, 2021			
Leases	**1,454**	**1,164**	**2,618**
At December 31, 2020			
Leases	1,453	2,680	4,133

Changes in the Company's lease liability balance through December 31, 2021 were as follows:

	Individual and Consolidated		
	Properties	Vehicles	Total
Balance at December 31, 2020	462,716	600	463,316
Remeasurement of contracts, new contracts and write-offs	**188,468**	**1,693**	**190,161**
Interest	**29,251**	**96**	**29,347**
Discounts obtained	**(7,384)**	**-**	**(7,384)**
Payment of lease	**(119,853)**	**(1,096)**	**(120,949)**
Balance at December 31, 2021	**553,198**	**1,293**	**554,491**
Current	**132,649**	**502**	**133,151**
Noncurrent	**420,550**	**790**	**421,340**

The nominal discount rate adopted by the Company was between 5% and 6.99% for store and vehicle lease agreements. The Company applied the simplified retrospective approach and, at the time of transition, lease liabilities are measured at the present value of the remaining payments, discounted at the incremental borrowing rate. Initially, the Company measured the right to use the assets at an amount equivalent to the lease liability, and used the practical expedient that allows lessees to exclude initial direct costs from the measurement of the right-of-use asset on the date of initial application.

In compliance with CVM Memorandum Circular No. 02/2019 and CPC 06 (R2)/IFRS 16, explained by the fact that the Company did not apply the nominal flow methodology due to the IFRS 16 prohibition of future inflation projection, companies shall present minimum inputs for users of financial statements to reach this information. Accordingly, the Company decided to disclose the minimum inputs below for users to reach that information. Inputs are:

(In thousands of reais)

20. Lease liabilities (Continued)

- Nominal average discount rate applied - between 5% and 9.97% p.a.; and
- Inflation component to be used in projecting the flows (Extended Consumer Price Index - IPCA, based on National Treasury Notes - NTN-B) - 3.6% p.a.

21. Provisions

The Company is a party to civil, labor and tax claims, in administrative and legal proceedings. Where applicable, claims are supported by judicial deposits. Provisions for any losses arising from these proceedings are estimated and restated by management, supported by the opinion of its external and internal legal advisors.

The proceedings assessed as possible or probable losses, in the opinion of the Company's legal advisors, at December 31, 2021 and 2020, are presented below. Provisions are recognized for proceedings assessed as probable losses, as follows:

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Civil	**6,000**	7,499	**6,000**	7,499
Labor and tax	**10,234**	6,575	**12,101**	6,920
Noncurrent	**16,234**	14,074	**18,101**	14,419
Judicial deposits	**3,411**	5,959	**3,875**	6,424

Changes in provisions for civil, labor and tax claims are shown in the table below:

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Civil, labor and tax				
Balance at beginning of year	**14,074**	7,279	**14,419**	7,713
New provisions	**12,514**	13,851	**15,865**	13,851
Write-off due to payment	**(3,666)**	(1,402)	**(3,666)**	(1,402)
Reversal	**(6,688)**	(5,654)	**(8,517)**	(5,743)
Closing balance	**16,234**	14,074	**18,101**	14,419

21. Provisions (Continued)

a) Civil

At December 31, 2021, the Company was a party to 123 civil lawsuits assessed as possible losses, with an estimated value of approximately R$46,786 million in the individual and consolidated financial statements (approximately R$40 million in the individual and consolidated financial statements at December 31, 2020). Of this amount, the most significant lawsuit subject matter is Law No. 10209/2001 (Toll Allowance Law). Such lawsuit is pending judgment by the Federal Supreme Court of Brazil (STF), and is currently undergoing legal investigation at the source, with an estimated total amount of approximately R$51,616, and loss estimated at R$43,735.

b) Labor

In the provision for labor claims, the most recurrent lawsuits arise from challenges regarding overtime and salary differences. At December 31, 2021, the Company had 568 possible-loss labor lawsuits in the consolidated financial statements, estimated at R$20,823, of which 553 lawsuits in the amount of R$20,272 correspond to parent company's lawsuits (R$24,347 in Individual and R$24,834 in Consolidated at December 31, 2020).

c) Tax

At December 31, 2021, the Company was a party to 287 tax lawsuits assessed as possible losses, with an estimated value at approximately R$36 million (approximately R$36 at December 31, 2020) in the individual and consolidated financial statements.

22. Deferred revenues - grant/investments

In December 2011, the Company received public land in the urban area of the municipality of Eldorado do Sul, in Rio Grande do Sul state, as donation. This land has 50,000 square meters and is intended for the construction of a new Distribution Center. Based on the guidance of CPC 07, the grant received was classified as a non-monetary asset, based on the fair value recorded in books, and was initially recognized at R$5,026 in property, plant and equipment at December 31, 2011. Based on this criterion, this grant was recognized with a temporary matching entry in liabilities, considering that the economic benefits are deferred to the time of its use and are contingent on the Company complying with the obligations provided for by Municipal Law No. 3067 of December 13, 2011. The main commitments made with the municipality are the following: return of ICMS, to be calculated as from the beginning of activities, hiring of 270 direct employees and 25 indirect employees, and the transfer of licensing of its fleet. At the end of the five-year period, if the Company fails to return the amounts, the total amount of the incentives granted shall be paid to the local government, restated by reference to the Extended Consumer Price Index (IPCA) disclosed by the Brazilian Institute of Geography and Statistics (IBGE).

22. Deferred revenues - grant/investments (Continued)

In the second quarter of 2014, ten thousand square meters were added to the public land donated in this municipality, recorded in that period at fair value, i.e. R$1,000, under property, plant and equipment. This supplementary grant was recorded based on the same accounting criteria adopted for the initial recognition of the original grant. At December 31, 2018, the Company recognized the remaining amount of the grant, i.e. R$1,226.

In 2017, Supplementary Law No. 160/17 was approved and it is intended to promote important changes regarding tax benefits granted unilaterally by the Brazilian states. New rules were established for the classification of these tax benefits as “investment grants”, thus exempting them from PIS, COFINS, IRPJ and CSLL. In 2021, the amount of R$11,310 (R$44,841 at December 31, 2020) was recognized in the statement of profit or loss regarding ICMS matching credit grant.

23. Equity

a) Capital

At the Special General Meeting held on March 20, 2020, the shareholders approved the proposal of splitting all existing shares issued by the Company, both common and preferred shares, with each one (1) existing share corresponding to thirty (30) shares. Consequently, the Company’s capital is now represented by 121,994,700 common shares and 13,485,690 preferred shares.

At the Special General Meeting held on July 17, 2020, capital increase from R$410,000 to R$432,000 was approved, through capitalization of part of the Legal Reserve, in the amount of R$4,832, and part of Reserve for capital increase, in the amount of R$17,168, without issue of new shares.

On July 22, 2020, as a result of the Follow-on operation carried out by the Company, capital was increased by R$480,000. Accordingly, at December 31, 2020, the Company’s capital amounted to R$912,000 (R$897,552 net of share issue costs) fully paid in (R$410,000 at December 31, 2019), represented by 137,994,700 common shares and 13,485,690 preferred shares, all of the same class and with no par value.

23. Equity (Continued)

a) Capital (Continued)

At the Annual and Special General Meeting held on April 30, 2021, the shareholders approved, respectively, the managing officers' accounts, the management report, the financial statements and the independent auditor's report for the year ended December 31, 2020, and the capital increase, from R$912,000 to R$918,000 (R$903,552, net of share issue costs), through the capitalization of a portion of the Legal Reserve, in the amount of R$1,007 and of the Reserve for capital increase, in the amount of R$4,993, without issuing new shares.

At the Special General Preferred Shareholders' Meeting held on May 24, 2021, conversion of all the Company's preferred shares was approved.

The period during which the Company's preferred shareholders could request the conversion of preferred shares held by them into common shares, in the proportion of 0.8 (eight tenths) of a common share for each 1 (one) converted preferred share, ended June 14, 2021 ("Voluntary Conversion"). Under the Voluntary Conversion, on June 23, 2021, the shareholders of 5,514,545 preferred, registered, book-entry shares with no par value, equivalent to 40.8918% of total preferred shares issued by the Company at the time, requested the conversion of their shares into 4,411,636 common, registered, book-entry shares with no par value issued by the Company. This operation was conducted on July 7, 2021, and the Company's capital then comprised 142,406,336 common shares and 7,971,145 preferred shares. Each common share entitles the holder thereof to one vote at the General Meetings.

On July 26, 2021, the period for preferred shareholders to exercise the right to withdraw from the resolution at the special general preferred shareholders' meeting, held on May 24, 2021, ended. At the end of the period of withdrawal rights, on August 4, 2021, the Company converted ("Compulsory Conversion") all of its preferred shares, and its capital then comprised 150,377,481 common shares only. Each common share entitles the holder thereof to one vote at the General Meetings.

(In thousands of reais)

23. Equity (Continued)

b) Treasury shares

At the Board of Directors' Meeting held on August 13, 2020, the creation of a Share Buyback Program issued by the Company was approved, without reducing capital. At the Board of Directors' Meeting held on August 16, 2021, the Company approved the renewal of its Share Buyback Plan. The program is valid from August 17, 2021 to August 16, 2022, with a maximum repurchase limit of 2,000,000 (two million) common shares. The information was disclosed to the Market on August 17, 2021, through a Material News Release. The purposes of the Share Buyback Program are to maximize the generation of value for shareholders, based on an adequate capital structure combined with the growth of results and earnings from shares, as well as enabling the implementation of long-term incentive plans, through which executive officers will receive shares issued by the Company (see Note 24 - Incentive plan in connection with shares).

At December 31, the Company had 1,849,157 treasury shares (757,202 at December 31, 2020) whose cost value is R$36,690 (R$16,967 at December 31, 2020). The share market price at December 31, 2021 is R$13.32 (R$21.80 at December 31, 2020).

Changes in treasury shares are as follows:

	Individual	
	Common Shares	**R$**
Balance at 12/31/2020	(757,202)	(16,967)
Acquisition of shares	**(1,119,500)**	**(20,406)**
Write-off of assets	**27,545**	**683**
Balance at 12/31/2021	**(1,849,157)**	**(36,690)**

	Share price		
	Minimum	**Maximum**	**Average cost**
From 01/01/2020 to 12/31/2020	17.89	32.00	23.81
From 01/01/2021 to 12/31/2021	**11.98**	**22.94**	**17.79**

23. Equity (Continued)

c) Income reserves

i) *Reserve for future capital increase*

The purpose of this reserve is to increase Dimed's investments in working capital for expansion projects, as provided for in article 24, clause "c", of Dimed's Articles of Incorporation. The use of the balance of this reserve was approved by the shareholders at the Annual General Meeting held on July 17, 2020. In 2021, the balance of this reserve was fully used to pay in the capital, as mentioned in item b) above.

ii) *Legal reserve*

The legal reserve is set up at 5% of net income for each year, under the terms of Law No. 6404/76, article 193, capped at 20% of the capital.

iii) *Dividends and interest on equity additional to those proposed*

This reserve is recognized in relation to dividends exceeding the mandatory minimum dividends of 25%, as provided for by law and approved by the shareholders.

iv) *Compensation paid to shareholders*

In accordance with the provisions of Dimed's Articles of Incorporation, the mandatory minimum dividend is 25% on net income for the year, considering the adjustments provided for in the corporation law.

On August 6, 2021, the Company resolved on the payment of interest on equity to its shareholders in the amount of R$6,000, effectively paying, until December 31, 2021, the amount of R$5,946 (net of income tax equivalent to R$5,275), which was credited on August 31, 2021, based on the shareholding position of August 20, 2021.

(In thousands of reais)

23. Equity (Continued)

iv) *Compensation paid to shareholders* (Continued)

On December 17, 2021, the Company decided to distribute R$20,000 to be paid in 3 (three) installments, respectively on 03/31/2022, 04/29/2022 and 05/31/2022. The total amount distributed by the Company, approved on December 17, 2021, also comprises the remaining amount of R$55, referring to the distribution approved on August 6, 2021.

From the resolution on August 6, 2021, the unit value per share, net of IRRF, was R$0.03 per common share. On December 17, 2021, the unit value per share, net of IRRF, was R$0.114453201. The dividend proposed, including the portion of interest on equity, is calculated as follows:

	Individual	
	2021	**2020**
Net income for the year	**79,426**	56,151
Set up of legal reserve	**(2,643)**	(1,351)
Investment reserve	**(26,565)**	(29,124)
Calculation basis of mandatory minimum dividends	**50,218**	25,676
Mandatory minimum dividend - 25%	**12,555**	6,419
Proposed dividend in excess of mandatory minimum dividend	**13,390**	14,263
Total dividends proposed by management	**25,945**	20,682
Withholding Income Tax (IRRF) on IOE	**(3,035)**	(2,369)
Compensation net of IRRF	**22,910**	18,313

The resolved amount of interest on equity as well as the value per share are described below:

Proceeds	Event	Approval	Base date	Payment	Amount (R$ thousand)	Amount per common registered share
IOE	BDM	08/06/2021	08/20/2021	08/31/2021	5,947	0.039899591
IOE - 1st portion	BDM	12/17/2021	12/17/2021	03/31/2022	6,666	0.044883608
IOE - 2nd portion	BDM	12/17/2021	12/17/2021	04/29/2022	6,666	0.044883608
IOE - 3rd portion	BDM	12/17/2021	12/17/2021	05/31/2022	6,666	0.044883608
Total					**25,944**	**0.174550415**

d) Capital reserves

This is set up and matched against the expenses with the stock option plan granted by the Company to its managing officers and employees (Note 24).

24. Incentive plan in connection with shares - Individual

Matching Shares

At the Special General Meeting held on September 8, 2020, the shareholders approved the creation of the Incentive Plan in connection with the Company's shares ("Dimed's Matching Shares Plan" or "Plan").

The purpose of the Company's Share-Based Incentive Plan is to rule the possibility of granting incentives in connection with the Company's common shares to managing officers and employees with whom it has employment or statutory relationship, aimed at: (i) increasing the capacity to attract talent; (ii) reinforcing the culture of sustainable performance and the search for the development of managing officers and employees, aligning their personal and professional interests with those of the shareholders; and (iii) enabling the Company to retain its professionals, offering them, as an additional advantage and incentive, the opportunity to become shareholders. The shares granted as an incentive under the Dimed's Matching Shares Plan may not exceed the maximum limit of 3% of the shares of the Company's subscribed and paid-in capital.

Beneficiaries will be granted the right to receive, free of charge, the maximum proportion of up to four (4) and minimum of one (1) Matching Share for each common share of the Company, acquired under the Plan ("Own Shares"), up to the limit established in their respective Private Share Granting Instruments and Adhesion to Dimed's Matching Shares Plan, provided that certain conditions are met.

Matching Shares will be subject to a progressive Vesting Period of four years, during which the beneficiary must maintain his/her relationship with the Company. The Vesting Period will start on the grant date and within this period the Matching Shares will become Mature Matching Shares and will be liquidated to the beneficiaries on the dates specified below:

Anniversary	Mature Matching Shares
1st anniversary of the Grant Date	-
2nd anniversary of the Grant Date	1/3 (one third) of the total Matching Shares
3rd anniversary of the Grant Date	1/3 (one third) of the total Matching Shares
4th anniversary of the Grant Date	1/3 (one third) of the total Matching Shares

Upon execution of the grant agreement, the beneficiary must expressly authorize the blocking of the negotiation and encumbrance of the "Own Shares" acquired, during the Vesting period, in the records of the depositary institution of the Company's book-entry shares.

24. Incentive plan in connection with shares - Individual (Continued)

Matching Shares (Continued)

In September 2020, 69,802 “Own Shares” and 200,376 “Matching Shares” were granted to the Plan’s participants, and until March 31, 2021, 66,382 “Own Shares” had been subscribed. There were no new changes through December 31, 2021.

At the Board of Directors’ meeting held on April 20, 2021, the creation of Dimed’s second Matching Shares plan was approved, under the same conditions as the first program. On July 9, 2021, share transfer orders were formalized, with the adhesion of 27,545 “Own Shares”; 22,000 Book-entry Shares; 4,423 shares not yet transferred and R$169,094 “Matching Shares”.

In 2021, the Company recognized R$2,670 (R$611 in 2020) as the fair value of the Matching Shares program, matched against the groups of selling (R$2,344) and administrative (R$326) expenses.

25. Earnings per share

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the Company’s shareholders by the weighted average number of common shares issued during the year, excluding common shares purchased by the Company and held as treasury shares.

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares, to assume the conversion of all dilutive potential common shares.

At the Special General Meeting held on March 20, 2020, the proposal for the split of all existing shares issued by the Company was approved, both for common and preferred shares, in which 1 (one) existing share now corresponds to 30 (thirty) shares.

(In thousands of reais)

25. Earnings (loss) per shares (Continued)

b) Diluted (Continued)

As required by IAS 33/CPC 41, the number of shares used to calculate earnings (loss) per share for the current period and the comparative period were affected by the referred to share split.

	12/31/2021	
	Common shares	**Total**
Denominator		
Total weighted average number of shares	**151,028,925**	**151,028,925**
Weighted number of treasury shares	**(1,437,899)**	**(1,437,899)**
Weighted average number of outstanding shares	**149,591,026**	**149,591,026**
% of shares in relation to the total number	**100%**	**100%**
Numerator		
Net income attributable to each class of share	**79,426,519**	**79,426,519**
Weighted average number of outstanding shares	**149,591,026**	
Basic earnings per share (R$)	**0.53**	
Numerator		
Net income attributable to each class of share	**79,426,519**	**79,426,519**
Weighted average number of outstanding shares	**149,591,026**	
Weighted average number of matching shares	**318,835**	
Diluted earnings per share (R$)	**0.53**	

	12/31/2020		
	Common shares	**Preferred shares**	**Total**
Denominator			
Total weighted average number of shares	137,994,700	13,485,690	151,480,390
Weighted number of treasury shares	(162,865)	-	(162,865)
Weighted average number of outstanding shares	137,831,835	13,485,690	151,317,525
% of shares in relation to the total number	91.09%	8.91%	100.00%
Numerator			
Net income attributable to each class of share	50,693,344	5,457,027	56,150,371
Weighted average number of outstanding shares	137,831,835	13,485,690	
Basic earnings per share (R$)	0.37	0.40	
Numerator			
Net income attributable to each class of share	50,693,344	5,457,027	56,150,371
Weighted average number of outstanding shares	138,032,211	13,485,690	
Diluted earnings per share (R$)	0.37	0.40	

(In thousands of reais)

25. Earnings (loss) per shares (Continued)

Migration to the Novo Mercado (B3)

Throughout 2021, the Company made progress in its commitment to shareholders, to raise its Corporate Governance standard to the highest level at B3 (Brasil, Bolsa, Balcão). The migration process to the Novo Mercado was completed and shares began to be traded at this level on September 24, 2021. The process was started at the beginning of the year, upon approval of the conversion of preferred shares into common shares, effective on August 3, 2021, date on which the Company became holder of common shares only. The Company also continued with other changes to comply with the necessary requirements, such as the creation of internal committees, amendment to the Company's by-laws and the election of independent members in the Board of Directors.

26. Revenues

The Company's revenue derives mainly from the resale of drugs and personal care and beauty products.

Reconciliation between gross revenues for tax purposes and the revenues stated in the statement of profit or loss for the period is as follows:

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Gross sales of products and services	**3,453,057**	2,970,699	**3,466,681**	2,987,128
Sales taxes	**(193,144)**	(123,108)	**(198,588)**	(129,793)
Returns and unconditional discounts	**(41,151)**	(36,747)	**(42,685)**	(38,307)
Loyalty program	**-**	82	**-**	82
Net revenue	**3,218,762**	2,810,926	**3,225,408**	2,819,110

27. Cost of goods sold and services rendered

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Cost of goods sold	**(2,436,301)**	(2,158,426)	**(2,411,210)**	(2,133,852)
Cost of sales	**-**	-	**(24,236)**	(25,271)
Reimbursement of capital contribution costs	**217,229**	178,252	**217,229**	178,252
Revenue - campaign funds	**1,655**	2,143	**1,655**	2,143
Taxes on funds	**(20,247)**	(16,687)	**(20,247)**	(16,687)
	(2,237,664)	(1,994,718)	**(2,236,809)**	(1,995,415)

(In thousands of reais)

27. Cost of goods sold and services rendered (Continued)

The amounts reimbursed by suppliers relating to lease of properties, promotional funds and advertising and publicity expenses are deducted from cost of sales, and the average period for reimbursement is 30 to 60 days. Such reimbursement is recognized when the contractual conditions are likely to be met.

28. Expenses by nature

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Selling expenses				
Personnel and third-party service expenses	**(451,239)**	(363,187)	**(453,375)**	(365,150)
Lease expenses	**(30,300)**	(30,917)	**(29,265)**	(28,624)
Discount on leased properties (*)	**7,384**	5,472	**7,384**	5,472
Freight expenses	**(42,512)**	(40,737)	**(43,033)**	(41,339)
Credit card fees	**(34,174)**	(27,165)	**(34,174)**	(27,165)
Advertising	**(19,688)**	(17,215)	**(19,883)**	(17,535)
Utilities and services	**(28,407)**	(24,568)	**(28,467)**	(24,634)
Depreciation and amortization expenses	**(150,163)**	(111,344)	**(150,224)**	(111,407)
Employee profit sharing	**(9,738)**	(3,284)	**(9,827)**	(3,378)
Managing officers' profit sharing	**(5,211)**	(4,346)	**(5,211)**	(4,346)
Maintenance expenses	**(7,646)**	(4,906)	**(7,651)**	(4,931)
Consumables	**(13,892)**	(10,774)	**(14,005)**	(10,875)
Travel and sales representation expenses	**(1,948)**	(1,749)	**(1,953)**	(1,785)
Packaging materials	**(7,746)**	(4,966)	**(7,746)**	(4,966)
Inventory losses	**(14,714)**	(11,861)	**(16,758)**	(11,861)
Other selling expenses	**(9,837)**	(8,227)	**(12,253)**	(9,075)
	(819,831)	(659,774)	**(826,441)**	(661,599)

	Individual		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
General and administrative expenses				
Personnel and third-party service expenses	**(60,592)**	(48,303)	**(62,778)**	(50,263)
Lease expenses	**(510)**	(305)	**(365)**	(309)
Utilities and services	**(1,393)**	(575)	**(1,475)**	(611)
Depreciation and amortization expenses	**(6,726)**	(5,347)	**(6,930)**	(5,515)
Employees' profit sharing	**(3,252)**	(2,003)	**(3,252)**	(2,002)
Managing officers' profit sharing	**(587)**	(472)	**(587)**	(472)
Bank expenses	**(1,427)**	(1,320)	**(1,440)**	(1,329)
Management personnel compensation	**(5,078)**	(4,997)	**(5,078)**	(4,997)
Maintenance expenses	**(6,454)**	(4,426)	**(6,560)**	(4,442)
Consumables	**(427)**	(277)	**(475)**	(319)
Other administrative expenses	**(5,944)**	(3,667)	**(6,239)**	(3,841)
	(92,390)	(71,692)	**(95,179)**	(74,100)

(*) Given the COVID-19 pandemic, the Company obtained specific discounts on payments related to expenses with the rent of certain properties, classified as leases, according to accounting pronouncement No. 16/2020, amending CPC 06 (R2). There were no changes in the term of these contracts, so there was no need to remeasure these lease agreements.

(In thousands of reais)

29. Other operating income (expenses)

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Additional revenue	**1,187**	597	**1,487**	619
Revenue from property lease	**105**	278	**105**	278
Credit recovery	**8,738**	3,556	**8,738**	4,011
Reimbursement of cash difference	**252**	216	**252**	216
Cost of disposal of PPE	**(2,766)**	(1,848)	**(2,742)**	(1,853)
Other provisions	**-**	(4,956)	**-**	(4,956)
Other operating income (expenses)	**(92)**	(16)	**(46)**	(3)
Recovery of tax credits (*)	**26,756**	-	**26,756**	5,851
	34,180	(2,173)	**34,550**	4,163

(*) Refers to credits in connection with the proceeding related to the ICMS exclusion from the PIS/COFINS tax base recognized in the first quarter, and credits in connection with the proceeding related to the ICMS matching credit exclusion from the IRPJ and CSLL tax base recognized in the second quarter. Further details in Notes 9 and 10.

(**) Refers to the Incentive Plan in connection with the Company's shares, created in September 2020, aimed at regulating the possibility of granting incentives in connection with common shares issued by the Company to managing officers and employees who maintain employment relationship or administrative position. Additional information is disclosed in Note 24.

30. Finance income and costs

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Finance income				
Interest on assets	**7,229**	577	**7,247**	583
Monetary variations	**-**	-	**25**	-
Fair value of derivatives financial instruments	**-**	11,862	**-**	11,989
Short-term investment yield	**7,520**	4,842	**9,387**	5,468
Financial discounts obtained	**896**	400	**917**	415
Taxes on finance income	**(1,147)**	(271)	**(1,165)**	(273)
Monetary restatement of tax credits (*)	**9,058**	-	**9,207**	-
	23,556	17,410	**25,618**	18,182

(*) Refers to monetary restatement on credits in connection with the proceeding related to the ICMS exclusion from the PIS/COFINS tax base recognized in the first quarter, and monetary restatement on credits in connection with the proceeding related to the ICMS matching credit exclusion from the IRPJ and CSLL tax base recognized in the second quarter. Further details in Notes 9 and 10.

	Individual		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Finance costs				
Interest on financing	**(7,401)**	(8,751)	**(7,401)**	(8,751)
Interest expenses	**(371)**	(118)	**(376)**	(156)
Financing charges	**(245)**	(289)	**(245)**	(289)
Discounts granted/bonus	**(4,654)**	(6,222)	**(4,838)**	(6,593)
Monetary variation	**(6)**	(13,241)	**(8)**	(13,244)
Interest on lease	**(29,347)**	(26,402)	**(29,347)**	(26,402)
Other finance costs	**(1,447)**	(1,853)	**(1,693)**	(1,602)
	(43,471)	(56,876)	**(43,908)**	(57,037)

(In thousands of reais)

31. Transactions with related parties

a) Balances and transactions

The total amounts of transactions carried out by Dimed, through December 31, 2021, with related parties are described below:

	Dimesul Gestão Imobiliária Ltda.		Laboratório Industrial e Farmacêutico Lifar Ltda.	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Trade accounts payable	**-**	-	**6,103**	1,591
Related parties - intercompany loan receivable	**-**	-	**(1,670)**	-

	Dimesul Gestão Imobiliária Ltda.		Laboratório Industrial e Farmacêutico Lifar Ltda.	
	12/31/2021	**12/31/2020**	**12/31/2021**	**30/12/2020**
Purchase of goods and services	**-**	-	**44,156**	45,742
Revenue from services rendered	**2,046**	2,616	**153**	-
Finance costs	**-**	408	**-**	-

	Accounts receivable from shareholders	
	12/31/2021	**12/31/2020**
Share issue costs (secondary offering)	**3,030**	3,030

Sales transactions between related parties are conducted at amounts agreed by and between the companies, with days sales/payable outstanding of 30 days. The balance of the intercompany loan agreement is restated monthly at the benchmark rate of the Central Bank of Brazil (SELIC).

b) Key management personnel compensation

The table below contains information on key management personnel compensation (individual):

	Individual	
	12/31/2021	**12/31/2020**
Fixed compensation	**5,078**	4,997
Social charges	**1,422**	1,399
Equity interest	**5,799**	4,818
Total	**12,299**	11,214

(In thousands of reais)

31. Transactions with related parties (Continued)

b) Key management personnel compensation (Continued)

These amounts are stated under “General and administrative expenses” in the statement of profit or loss and are detailed in Note 28. Management is also part of the Incentive Plan in connection with the Company’s shares, created to regulate the possibility of granting incentives through common shares issued by the Company.

Managing officers were granted the right to receive, free of charge, the proportion of three (3) and four (4) Matching Share for each common share of the Company, acquired under the Plan (“Own Shares”), for which a fair value of R$2,308 was recorded in 2021, up to the limit established in their respective Private Share Granting Instruments and Adhesion to Dimed's Matching Shares Plan, provided that certain conditions are met. Additional information can be found in Note 24.

32. Insurance coverage

The Company has insurance policies that consider the nature and degree of risks involved. At December 31, 2021, the Company and its subsidiaries had insurance coverage for vehicles, fire, civil liability, cargo transportation and aircraft, among others. The insurance coverage sufficiency is under the responsibility of Company management that considers it adequate to cover losses, if any. The Maximum Indemnification Limits for the main insurance policies are as follows:

Policies	Amounts in R$ thousands
Vehicle	FIPE Table + Property Damage + Personal Injury
Fire	R$529,445
Civil liability	R$31,200
Transportation	R$1,000 per transport
Aircraft	R$12,725*
Civil liability - aircraft	R$111,610*

(*) Policy issued in US Dollar, amount translated at the average rate (dollar) of December 31, 2021 (R$5.5805).

33. Segment reporting

Segment reporting is presented based on the management reports used by the Board of Directors, the board responsible for the Company’s strategic decision-making, to manage the business. The Company’s segments are divided into Retail, Wholesale and Corporate, which include all administrative expenses, as well as finance income (costs).

33. Segment reporting (Continued)

The Retail segment has 517 stores that sell more than 15,000 items among drugs and personal care and beauty products, whereas the Wholesale segment is one of the main distributors of drugs in Brazil and also the pioneer in the country in its segment. Lastly, the Corporate segment includes Wholesale and Retail, as well as subsidiary Lifar (Laboratório Farmacêutico Lifar Ltda.). In addition to adding divisions of cosmetics, drugs and food, Lifar is responsible for the production of major brands in Brazil, as well as products of its own brand Panvel. Subsidiary Dimesul is engaged in the purchase, sale, intermediation, subdivision, lease, rent, management and administration of own or third-party properties, with a view to centralizing and optimizing the management of the Company’s properties.

(In thousands of reais)

33. Segment reporting (Continued)

	Retail		Wholesale		Corporate		Dimed S.A.	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Continuing operations								
Net revenue from sales and services	**2,981,712**	2,578,796	**243,696**	240,314	**-**	-	**3,225,408**	2,819,110
Cost of goods sold and services rendered	**(2,031,236)**	(1,789,457)	**(205,573)**	(205,958)	**-**	-	**(2,236,809)**	(1,995,415)
Gross profit	**950,476**	789,339	**38,123**	34,356	**-**	-	**988,599**	823,695
Selling expenses	-	-	-	-	**(826,441)**	(661,599)	**(826,441)**	(661,599)
Other operating income (expenses), net	-	-	-	-	**34,550**	3,932	**34,550**	3,932
Administrative expenses	-	-	-	-	**(95,179)**	(74,100)	**(95,179)**	(74,100)
Net gains on receivables	-	-	-	-	**-**	231	**-**	231
Operating income before finance income (costs)	**950,476**	789,339	**38,123**	34,356	**(887,070)**	(731,536)	**101,529**	92,159
Finance income (costs)	-	-	-	-	**(18,290)**	(38,855)	**(18,290)**	(38,855)
Finance income	-	-	-	-	**25,618**	18,182	**25,618**	18,182
Finance costs	-	-	-	-	**(43,908)**	(57,037)	**(43,908)**	(57,037)
Operating income before income and social contribution taxes	**950,476**	789,339	**38,123**	34,356	**(905,360)**	(770,391)	**83,239**	53,304
Current	-	-	-	-	**(8,831)**	(16,087)	**(8,831)**	(16,087)
Deferred	-	-	-	-	**5,018**	18,934	**5,018**	18,934
Net income for the year	**950,476**	789,339	**38,123**	34,356	**(909,173)**	(767,544)	**79,426**	56,151