

Quarterly Information Form (ITR)

**Dimed S.A. Distribuidora de
Medicamentos**

March 31, 2021
with Independent Auditor's Review Report

Contents**Company Information**

Composition of Capital	1
------------------------------	---

Individual Financial Statements

Statement of Financial Position - Assets	2
Statement of Financial Position - Liabilities	3
Statement of Profit or Loss	4
Statement of Comprehensive Income	5
Statement of Cash Flows	6

Statement of Changes in Equity

SCE - 01/01/2021 to 03/31/2021	7
SCE - 01/01/2020 to 03/31/2020	8
Statement of Value Added	9

Consolidated Financial Statements

Statement of Financial Position - Assets	10
Statement of Financial Position - Liabilities	11
Statement of Profit or Loss	12
Statement of Comprehensive Income	13
Statement of Cash Flows	14

Statement of Changes in Equity

SCE - 01/01/2021 to 03/31/2021	15
SCE - 01/01/2020 to 03/31/2020	16
Statement of Value Added	17
Notes to quarterly information	18

Reports and Representations

Independent auditor's review report on quarterly information	63
Officers' Representation on the Quarterly Information	65
Officers' Representation on the Independent Auditor's Review Report	66

Company Information / Composition of Capital

Number of shares (Units)	Current quarter 03/31/2021
Paid-in Capital	
Common shares	137,994,700
Preferred Shares	13,485,690
Total	151,480,390
Treasury shares	
Common shares	1,369,802
Preferred shares	0
Total	1,369,802

A free translation from Portuguese into English of individual and consolidated interim financial information prepared in Brazilian currency in accordance with NBC TG 21 – Interim Financial Reporting and IAS 34 - Interim Financial Reporting, and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Individual Financial Statements / Statement of Financial Position - Assets

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2021	Prior year 12/31/2020
1	Total Assets	2,241,520	2,184,840
1.01	Current assets	1,369,558	1,311,320
1.01.01	Cash and cash equivalents	38,022	92,080
1.01.02	Short-term investments	217,471	305,701
1.01.02.01	Short-term investments measured at fair value through profit or loss	217,471	305,701
1.01.02.01.03	Short-term investments	217,471	305,701
1.01.03	Accounts receivable	344,147	345,794
1.01.03.01	Trade accounts receivable	287,179	280,269
1.01.03.02	Other accounts receivable	56,968	65,525
1.01.04	Inventories	743,261	559,938
1.01.06	Taxes recoverable	26,657	7,807
1.01.06.01	Current taxes recoverable	26,657	7,807
1.01.06.01.01	Income and social contribution taxes recoverable	4,176	4,132
1.01.06.01.02	Other taxes recoverable	22,481	3,675
1.02	Noncurrent assets	871,962	873,520
1.02.01	Long-term receivables	45,689	48,481
1.02.01.07	Deferred taxes	29,967	32,743
1.02.01.07.01	Deferred income and social contribution taxes	29,967	32,743
1.02.01.09	Receivables from related parties	3,030	3,030
1.02.01.09.02	Receivables from subsidiaries	3,030	3,030
1.02.01.10	Other noncurrent assets	12,692	12,708
1.02.01.10.03	Other taxes recoverable	6,370	5,858
1.02.01.10.04	Judicial deposits	5,908	5,959
1.02.01.10.05	Other assets	414	891
1.02.02	Investments	64,922	65,185
1.02.02.01	Equity interests	64,922	65,185
1.02.02.01.02	Interests held in subsidiaries	64,643	64,906
1.02.02.01.04	Other investments	279	279
1.02.03	Property and equipment	713,241	714,487
1.02.03.01	Property and equipment in operation	285,334	270,864
1.02.03.02	Right of use in lease	427,907	443,623
1.02.04	Intangible assets	48,110	45,367
1.02.04.01	Intangible assets	48,110	45,367
1.02.04.01.02	Intangible assets	48,110	45,367

Individual Financial Statements / Statement of Financial Position - Liabilities**(In thousands of reais)**

Account code	Account description	Current quarter 03/31/2021	Prior year 12/31/2020
2	Total Liabilities	2,241,520	2,184,840
2.01	Current liabilities	731,173	668,536
2.01.01	Social and labor obligations	44,835	38,618
2.01.01.01	Social obligations	9,975	9,228
2.01.01.02	Labor obligations	34,860	29,390
2.01.02	Trade accounts payable	410,452	370,741
2.01.02.01	Trade accounts payable – domestic	410,452	370,741
2.01.03	Tax obligations	55,044	26,558
2.01.03.01	Federal tax obligations	6,357	5,524
2.01.03.01.01	Income and social contribution taxes payable	3,435	0
2.01.03.01.02	Other federal tax obligations	2,922	5,524
2.01.03.02	State tax obligations	48,145	20,491
2.01.03.03	Municipal tax obligations	542	543
2.01.04	Loans and financing	164,892	161,402
2.01.04.02	Debentures	54,377	53,400
2.01.04.03	Lease Financing	110,515	108,002
2.01.05	Other obligations	52,142	69,091
2.01.05.02	Other	52,142	69,091
2.01.05.02.01	Dividends and IOE payable	1,367	2,305
2.01.05.02.04	Profit sharing payable	4,120	7,024
2.01.05.02.05	Other liabilities	46,655	59,762
2.01.06	Provisions	3,808	2,126
2.01.06.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	3,808	2,126
2.01.06.01.05	Other provisions	3,808	2,126
2.02	Noncurrent liabilities	494,183	505,664
2.02.01	Loans and financing	474,588	491,590
2.02.01.02	Debentures	132,143	132,143
2.02.01.03	Lease Financing	342,445	359,447
2.02.04	Provisions	19,595	14,074
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	19,595	14,074
2.02.04.01.01	Provisions for tax contingencies	1,757	0
2.02.04.01.02	Provisions for social security and labor contingencies	11,838	6,575
2.02.04.01.04	Provisions for civil contingencies	6,000	7,499
2.03	Equity	1,016,164	1,010,640
2.03.01	Paid-in Capital	897,552	897,552
2.03.01.01	Capital	912,000	912,000
2.03.01.02	Share issue costs	-14,448	-14,448
2.03.02	Capital reserves	-29,045	-16,356
2.03.02.05	Treasury shares	-29,045	-16,356
2.03.04	Income reserves	127,376	129,444
2.03.04.01	Legal reserve	5,128	5,128
2.03.04.07	Tax incentive reserve	105,059	105,059
2.03.04.08	Proposed additional dividends	12,195	14,263
2.03.04.10	Reserve for capital increase	4,994	4,994
2.03.05	Retained earnings/accumulated losses	20,281	0

Individual Financial Statements / Statement of Profit or Loss**(In thousands of reais)**

Account code	Account description	YTD - 01/01/2021 to 03/31/2021	Prior YTD - 01/01/2020 to 03/31/2020
3.01	Revenue from sales and/or services	750,994	690,958
3.02	Costs of goods and/or services rendered	-519,768	-492,754
3.03	Gross profit	231,226	198,204
3.04	Operating income/expenses	-205,408	-169,991
3.04.01	Selling expenses	-194,358	-158,049
3.04.02	General and administrative expenses	-22,379	-15,351
3.04.04	Other operating income	11,592	2,513
3.04.06	Equity on profit/losses in credit	-263	896
3.05	Profit before finance result and taxes	25,818	28,213
3.06	Finance result	1,060	-9,493
3.06.01	Finance income	9,023	386
3.06.02	Finance expenses	-7,963	-9,879
3.07	Profit before taxes on income	26,878	18,720
3.08	Income tax and social contribution in income	-6,597	-4,202
3.08.01	Current	-3,822	-3,753
3.08.02	Deferred	-2,775	-449
3.09	Net income for the period from continuing operations	20,281	14,518
3.11	Net income for the period	20,281	14,518
3.99	Earnings per share (reais/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.13000	0.11000
3.99.01.02	Preferred shares	0.15000	0.12000
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.13000	0.11000
3.99.02.02	Preferred shares	0.15000	0.12000

Individual Financial Statements / Statement of Comprehensive Income**(In thousands of reais)**

Account code	Account description	YTD 01/01/2021 to 03/31/2021	Prior YTD - 01/01/2020 to 03/31/2020
4.01	Net income for the period	20,281	14,518
4.03	Comprehensive income for the period	20,281	14,518

Individual Financial Statements / Statement of Cash Flows - Indirect Method**(In thousands of reais)**

Account code	Account description	YTD - 01/01/2021 to 03/31/2021	Prior YTD - 01/01/2020 to 03/31/2020
6.01	Net cash from operating activities	-67,443	4,427
6.01.01	Cash from operations	57,597	50,470
6.01.01.01	Net income for the period	20,281	14,518
6.01.01.02	Depreciation and amortization	35,925	26,567
6.01.01.03	Provision for contingent liabilities	5,521	871
6.01.01.04	Equity pickup	263	-896
6.01.01.05	Cost of permanent asset written off or sold	437	251
6.01.01.06	Allowance for doubtful accounts	770	179
6.01.01.07	Reversal of/Provision for inventory loss	-244	586
6.01.01.08	Tax credits from legal proceeding	-18,241	0
6.01.01.09	Interest expenses on loan/financing	977	0
6.01.01.10	Deferred income and social contribution taxes	2,775	449
6.01.01.11	Discounts on lease payable	-1,503	0
6.01.01.13	Interest expenses on leases	5,301	5,614
6.01.01.15	Rendering of service related to legal proceeding	1,277	0
6.01.01.17	Current income and social contribution taxes	3,822	3,753
6.01.01.20	Other	236	-1,422
6.01.02	Changes in assets and liabilities	-125,040	-46,043
6.01.02.01	Increase/decrease in trade accounts receivable	-7,567	25,882
6.01.02.02	Increase in inventories	-183,079	-61,069
6.01.02.03	Increase in trade accounts payable	38,434	18,045
6.01.02.05	Increase/decrease in taxes and social obligations payable	30,534	-2,851
6.01.02.06	Decrease/increase in judicial deposits	51	-83
6.01.02.07	Increase in other taxes recoverable	-1,122	-1,168
6.01.02.08	Decrease/increase in other groups of assets	9,034	-7,338
6.01.02.09	Decrease in other groups of liabilities	-11,325	-15,910
6.01.02.11	Income and social contribution taxes (IRPJ and CSLL) paid	0	-1,551
6.02	Net cash from investing activities	60,493	-13,784
6.02.01	Acquisition of property and equipment	-22,345	-8,137
6.02.02	Acquisition of intangible assets	-5,392	-5,647
6.02.04	Short-term investments	88,230	0
6.03	Net cash from financing activities	-47,108	76,635
6.03.01	Payment of dividends and interest on equity	-6,010	-4,402
6.03.02	Intercompany loans	0	186
6.03.03	Acquisitions of own shares	-12,689	0
6.03.04	Loans/financing (principal) taken out	0	100,000
6.03.05	Payments of lease	-28,409	-21,281
6.03.06	Repayment of principal – financing	0	-7
6.03.08	Repayment of interest - financing	0	2,139
6.05	Increase (decrease) in cash and cash equivalents	-54,058	67,278
6.05.01	Cash and cash equivalents at beginning of period	92,080	53,720
6.05.02	Cash and cash equivalents at end of period	38,022	120,998

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2021 to 03/31/2021

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	912,000	-30,804	129,444	0	0	1,010,640
5.03	Adjusted Opening Balances	912,000	-30,804	129,444	0	0	1,010,640
5.04	Capital transactions with shareholders	0	-12,689	-2,068	0	0	-14,757
5.04.04	Treasury shares acquired	0	-12,689	0	0	0	-12,689
5.04.07	Interest on equity	0	0	-2,068	0	0	-2,068
5.05	Total comprehensive income	0	0	0	20,281	0	20,281
5.05.01	Net income for the period	0	0	0	20,281	0	20,281
5.07	Closing balances	912,000	-43,493	127,376	20,281	0	1,016,164

Individual Financial Statements / Statement of Changes in Equity / SCE - 01/01/2020 to 03/31/2020**(In thousands of reais)**

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	410,000	0	114,176	0	0	524,176
5.03	Adjusted opening balances	410,000	0	114,176	0	0	524,176
5.04	Capital transactions with shareholders	0	0	-4,402	0	0	-4,402
5.04.07	Interest on equity	0	0	-4,402	0	0	-4,402
5.05	Total comprehensive income	0	0	0	14,518	0	14,518
5.05.01	Net income for the period	0	0	0	14,518	0	14,518
5.07	Closing balances	410,000	0	109,774	14,518	0	534,292

Individual Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	YTD - 01/01/2021 to 03/31/2021	Prior YTD - 01/01/2020 to 03/31/2020
7.01	Revenues	855,084	761,798
7.01.01	Sales of goods, products and services	798,706	719,406
7.01.02	Other income	57,148	42,571
7.01.04	Reversal of/Allowance for expected credit losses	-770	-179
7.02	Bought-in inputs	-647,820	-560,944
7.02.01	Costs of goods, products and services sold	-570,336	-513,302
7.02.02	Materials, energy, third-party services and other expenses	-78,028	-49,749
7.02.03	Loss/recovery of assets	544	2,107
7.03	Gross value added	207,264	200,854
7.04	Retentions	-35,981	-26,583
7.04.01	Depreciation, amortization and depletion	-35,981	-26,583
7.05	Net value added produced	171,283	174,271
7.06	Value added received in transfer	1,736	1,301
7.06.01	Equity pickup	-263	896
7.06.02	Finance income	1,999	405
7.07	Total value added to be distributed	173,019	175,572
7.08	Distribution of value added	173,019	175,572
7.08.01	Personnel	83,324	74,282
7.08.01.01	Direct compensation	69,281	61,864
7.08.01.02	Benefits	8,346	7,134
7.08.01.03	Unemployment compensation fund (FGTS)	5,697	5,284
7.08.02	Taxes, charges and contributions	63,628	67,801
7.08.02.01	Federal	25,259	23,809
7.08.02.02	State	37,390	43,135
7.08.02.03	Local	979	857
7.08.03	Debt remuneration	5,787	18,971
7.08.03.01	Interest	953	10,089
7.08.03.02	Rental	4,834	8,882
7.08.04	Equity remuneration	20,280	14,518
7.08.04.03	Retained profits/loss for the period	20,280	14,518

Consolidated Financial Statements - Statement of Financial Position - Assets

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2021	Prior year 12/31/2020
1	Total Assets	2,253,459	2,194,373
1.01	Current assets	1,436,131	1,376,502
1.01.01	Cash and cash equivalents	43,071	130,107
1.01.02	Short-term investments	250,877	305,701
1.01.02.01	Short-term investments measured at fair value through profit or loss	250,877	305,701
1.01.02.01.03	Short-term investments	250,877	305,701
1.01.03	Accounts receivable	349,812	351,565
1.01.03.01	Trade accounts receivable	292,119	285,753
1.01.03.02	Other accounts receivable	57,693	65,812
1.01.04	Inventories	759,184	574,821
1.01.06	Taxes recoverable	33,187	14,308
1.01.06.01	Current taxes recoverable	33,187	14,308
1.01.06.01.01	Income and social contribution taxes recoverable	4,443	4,396
1.01.06.01.02	Other taxes recoverable	28,744	9,912
1.02	Noncurrent assets	817,328	817,871
1.02.01	Long-term receivables	46,152	48,031
1.02.01.07	Deferred taxes	29,966	31,828
1.02.01.07.01	Deferred income and social contribution taxes	29,966	31,828
1.02.01.09	Receivables from related parties	3,030	3,030
1.02.01.09.03	Receivables from controlling interests	3,030	3,030
1.02.01.10	Other noncurrent assets	13,156	13,173
1.02.01.10.03	Other taxes recoverable	6,370	5,858
1.02.01.10.04	Judicial deposits	6,372	6,424
1.02.01.10.05	Other assets	414	891
1.02.02	Investments	284	284
1.02.02.01	Equity interests	284	284
1.02.02.01.05	Other investments	284	284
1.02.03	Property and equipment	722,310	723,688
1.02.03.01	Property and equipment in operation	294,403	280,065
1.02.03.02	Right of use in lease	427,907	443,623
1.02.04	Intangible assets	48,582	45,868
1.02.04.01	Intangible assets	48,582	45,868
1.02.04.01.02	Intangible assets	48,582	45,868

Consolidated Financial Statements / Statement of Financial Position - Liabilities

(In thousands of reais)

Account code	Account description	Current quarter 03/31/2021	Prior year 12/31/2020
2	Total Liabilities	2,253,459	2,194,373
2.01	Current liabilities	741,930	677,724
2.01.01	Social and labor obligations	45,709	39,481
2.01.01.01	Social obligations	10,173	9,449
2.01.01.02	Labor obligations	35,536	30,032
2.01.02	Trade accounts payable	412,075	371,763
2.01.02.01	Trade accounts payable – domestic	412,075	371,763
2.01.03	Tax obligations	57,414	29,900
2.01.03.01	Federal tax obligations	7,177	6,924
2.01.03.01.01	Income and social contribution taxes payable	3,982	725
2.01.03.01.02	Other federal tax obligations	3,195	6,199
2.01.03.02	State tax obligations	49,690	22,429
2.01.03.03	Municipal tax obligations	547	547
2.01.04	Loans and financing	164,892	161,402
2.01.04.02	Debentures	54,377	53,400
2.01.04.03	Financing through Lease	110,515	108,002
2.01.05	Other obligations	57,113	72,916
2.01.05.02	Other	57,113	72,916
2.01.05.02.01	Dividends and IOE payable	1,367	2,305
2.01.05.02.04	Profit sharing payable	4,153	7,121
2.01.05.02.05	Other liabilities	51,593	63,490
2.01.06	Provisions	4,727	2,262
2.01.06.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	4,727	2,262
2.01.06.01.05	Other provisions	4,727	2,262
2.02	Noncurrent liabilities	495,365	506,009
2.02.01	Loans and financing	474,588	491,590
2.02.01.02	Debentures	132,143	132,143
2.02.01.03	Financing through Lease	342,445	359,447
2.02.04	Provisions	20,777	14,419
2.02.04.01	Provisions for Tax, Social Security, Labor and Civil Contingencies	20,777	14,419
2.02.04.01.01	Provisions for tax contingencies	1,757	0
2.02.04.01.02	Provisions for social security and labor contingencies	13,020	6,920
2.02.04.01.04	Provisions for civil contingencies	6,000	7,499
2.03	Equity - Consolidated	1,016,164	1,010,640
2.03.01	Paid-in Capital	897,552	897,552
2.03.01.01	Capital	912,000	912,000
2.03.01.02	Share issue costs	-14,448	-14,448
2.03.02	Capital reserves	-29,045	-16,356
2.03.02.05	Treasury shares	-29,045	-16,356
2.03.04	Income reserves	127,376	129,444
2.03.04.01	Legal reserve	5,128	5,128
2.03.04.07	Tax incentive reserve	105,059	105,059
2.03.04.08	Proposed additional dividends	12,195	14,263
2.03.04.10	Reserve for capital increase	4,994	4,994
2.03.05	Retained earnings/accumulated losses	20,281	0

Consolidated Financial Statements / Statement of Profit or Loss

(In thousands of reais)

Account Code	Account description	YTD - 01/01/2021 to 03/31/2021	Prior YTD - 01/01/2020 to 03/31/2020
3.01	Revenue from sales and/or services	752,338	692,964
3.02	Cost of goods and/or services rendered	-519,264	-493,190
3.03	Gross profit	233,074	199,774
3.04	Operating income/expenses	-207,965	-171,569
3.04.01	Selling expenses	-196,312	-158,225
3.04.02	General and administrative expenses	-23,270	-15,945
3.04.04	Other operating income	11,617	2,601
3.05	Profit before finance result and taxes	25,109	28,205
3.06	Finance results	1,237	-9,410
3.06.01	Finance income	9,300	491
3.06.02	Finance expenses	-8,063	-9,901
3.07	Profit before taxes on income	26,346	18,795
3.08	Income tax and social contribution in income	-6,065	-4,277
3.08.01	Current	-4,203	-4,106
3.08.02	Deferred	-1,862	-171
3.09	Net income for the period from continuing operations	20,281	14,518
3.11	Consolidated Income (Loss) for the Period	20,281	14,518
3.11.01	Attributable to controlling interests	20,281	14,518
3.99	Earnings per share (reais / share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.13000	0.11000
3.99.01.02	Preferred shares	0.15000	0.12000
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.13000	0.11000
3.99.02.02	Preferred shares	0.15000	0.12000

Consolidated Financial Statements / Statement of Comprehensive Income

(In thousands of reais)

Account code	Account description	YTD - 01/01/2021 to 03/31/2021	Prior YTD - 01/01/2020 to 03/31/2020
4.01	Consolidated net income for the period	20,281	14,518
4.03	Consolidated comprehensive income for the period	20,281	14,518
4.03.01	Attributable to controlling interests	20,281	14,518

Consolidated Financial Statements / Statement of Cash Flows - Indirect Method

(In thousands of reais)

Account Code	Account description	YTD - 01/01/2021 to 03/31/2021	Prior YTD - 01/01/2020 to 03/31/2020
6.01	Net cash from operating activities	-66,908	6,856
6.01.01	Cash from operations	57,921	51,557
6.01.01.01	Net income for the period	20,281	14,518
6.01.01.02	Depreciation and amortization	36,192	26,823
6.01.01.03	Provision for contingent liabilities	6,358	781
6.01.01.04	Cost of permanent asset written off or sold	438	251
6.01.01.05	Allowance for doubtful accounts	770	178
6.01.01.06	Reversal of/Provision for inventory loss	-228	625
6.01.01.08	Tax credits from legal proceeding	-18,241	0
6.01.01.09	Deferred income and social contribution taxes	1,862	171
6.01.01.11	Interest expenses on loan/financing	977	0
6.01.01.12	Interest expenses on leases	5,301	5,614
6.01.01.15	Other	234	-1,510
6.01.01.17	Rendering of service related to legal proceeding	1,277	0
6.01.01.19	Current income and social contribution taxes	4,203	4,106
6.01.01.20	Discounts on lease payable	-1,503	0
6.01.02	Changes in assets and liabilities	-124,829	-44,701
6.01.02.01	Increase/decrease in trade accounts receivable	-7,023	30,117
6.01.02.02	Increase in inventories	-184,135	-62,640
6.01.02.03	Increase in trade accounts payable	39,035	18,773
6.01.02.05	Increase/decrease in taxes and social obligations payable	31,934	-4,131
6.01.02.06	Decrease/increase in judicial deposits	52	-83
6.01.02.07	Increase in other taxes recoverable	-3,365	-1,027
6.01.02.08	Decrease/increase in other groups of assets	8,596	-7,422
6.01.02.09	Increase in other groups of liabilities	-9,396	-16,179
6.01.02.11	Income and social contribution taxes (IRPJ and CSLL) paid	-527	-2,109
6.02	Net cash from investing activities	26,980	-14,059
6.02.01	Acquisition of property and equipment	-22,446	-8,306
6.02.02	Acquisition of intangible assets	-5,398	-5,753
6.02.03	Short-term investments	54,824	0
6.03	Net cash from financing activities	-47,108	76,449
6.03.01	Payment of dividends and interest on equity	-6,010	-4,402
6.03.03	Loans/financing (principal) taken out	0	100,000
6.03.04	Payment of lease	-28,409	-21,281
6.03.05	Repayment of principal – financing	0	-7
6.03.06	Acquisitions of own shares	-12,689	0
6.03.08	Repayment of interest - financing	0	2,139
6.05	Increase (decrease) in cash and cash equivalents	-87,036	69,246
6.05.01	Cash and cash equivalents at beginning of period	130,107	71,437
6.05.02	Cash and cash equivalents at end of period	43,071	140,683

Consolidated Financial Statements / Statement of Changes in Equity - SCE - 01/01/2021 to 03/31/2021

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interests	Consolidated Equity
5.01	Opening balances	912,000	-30,804	129,444	0	0	1,010,640	0	1,010,640
5.03	Adjusted Opening Balances	912,000	-30,804	129,444	0	0	1,010,640	0	1,010,640
5.04	Capital transactions with shareholders	0	-12,689	-2,068	0	0	-14,757	0	-14,757
5.04.04	Treasury shares acquired	0	-12,689	0	0	0	-12,689	0	-12,689
5.04.07	Interest on equity	0	0	-2,068	0	0	-2,068	0	-2,068
5.05	Total comprehensive income	0	0	0	20,281	0	20,281	0	20,281
5.05.01	Net income for the period	0	0	0	20,281	0	20,281	0	20,281
5.07	Closing balances	912,000	-43,493	127,376	20,281	0	1,016,164	0	1,016,164

Consolidated Financial Statements / Statement of Changes in Equity - SCE - 01/01/2020 to 03/31/2020

(In thousands of reais)

Account code	Account description	Paid-in capital	Capital reserves, options granted and treasury shares	Income reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interests	Equity Consolidated
5.01	Opening balances	410,000	0	114,176	0	0	524,176	0	524,176
5.03	Adjusted Opening Balances	410,000	0	114,176	0	0	524,176	0	524,176
5.04	Capital transactions with shareholders	0	0	-4,402	0	0	-4,402	0	-4,402
5.04.07	Interest on equity	0	0	-4,402	0	0	-4,402	0	-4,402
5.05	Total comprehensive income	0	0	0	14,518	0	14,518	0	14,518
5.05.01	Net income for the period	0	0	0	14,518	0	14,518	0	14,518
5.07	Closing balances	410,000	0	109,774	14,518	0	534,292	0	534,292

Consolidated Financial Statements / Statement of Value Added

(In thousands of reais)

Account code	Account description	YTD - 01/01/2021 to 03/31/2021	Prior YTD - 01/01/2020 to 03/31/2020
7.01	Revenues	852,528	762,700
7.01.01	Sales of goods, products and services	799,802	721,364
7.01.02	Other revenues	53,496	41,514
7.01.04	(Reversal of) Allowance for expected credit losses	-770	-178
7.02	Bought-in inputs	-645,878	-560,362
7.02.01	Costs of goods, products and services sold	-565,990	-512,186
7.02.02	Materials, energy, third-party services and other expenses	-80,432	-50,365
7.02.03	Loss/recovery of assets	544	2,189
7.03	Gross value added	206,650	202,338
7.04	Retentions	-36,242	-26,834
7.04.01	Depreciation, amortization and depletion	-36,242	-26,834
7.05	Net value added produced	170,408	175,504
7.06	Value added received in transfer	2,247	671
7.06.02	Finance income	2,247	671
7.07	Total value added to be distributed	172,655	176,175
7.08	Distribution of value added	172,655	176,175
7.08.01	Personnel	83,937	74,806
7.08.01.01	Direct compensation	69,731	62,271
7.08.01.02	Benefits	8,401	7,169
7.08.01.03	Unemployment compensation fund (FGTS)	5,805	5,366
7.08.02	Taxes, charges and contributions	63,818	68,734
7.08.02.01	Federal	25,775	25,011
7.08.02.02	State	36,992	42,833
7.08.02.03	Local	1,051	890
7.08.03	Debt remuneration	4,620	18,117
7.08.03.01	Interest	1,011	10,257
7.08.03.02	Rent	3,609	7,860
7.08.04	Equity remuneration	20,280	14,518
7.08.04.02	Dividends	20,280	14,518

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information
March 31, 2021
(In thousands of reais)

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 and Espírito Santo, in addition to 477 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 symbols “PNVL3” and “PNVL4”).

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. The Company is responsible for most of the production of the own brand product line from its pharmacy chain.

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.

The issue of these individual and consolidated interim financial statements was authorized by the Company’s Board of Directors on May 17, 2021.

Impacts of COVID-19

Even with the pandemic continuing effects on the economy and health, at the beginning of 2021, in the 1Q21, 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 impact the reassessment of its assumptions adopted on setting up the corresponding allowances. 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 closely monitored all government actions in view of the worsening effects of the pandemic, however these actions had no impact on the Company’s sales figures, which is shown in the reports published at the end of this quarter. The Company continues with all care protocols regarding its Retail and Logistics operational teams, as well as respecting the social distancing rules in the corporate framework, where a large part of the team is working from home, thereby reducing the risk of contamination within the workspaces.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

1. Operations (Continued)

Impacts of COVID-19 (Continued)

In the 12-month period, the Company opened 45 stores, 7 of which in the first quarter of 2021. It also elected to close/transfer 3 stores, since they had a low capacity to improve performance in a post-pandemic scenario. The Company closed the first quarter with a total of 477 stores in operation.

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 period. 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).

In order not to take risks at the service level, 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) city of Canoas, state of Rio Grande do Sul, opened in August 2020; ii) city of São Paulo, state of São Paulo, opened in December 2020; and iii) city of Caxias do Sul, state of Rio Grande do Sul, opened in January 2021.

Lastly, 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 for the coming years and creates the conditions for this to happen on a sustainable basis, through a robust capital structure.

2. Summary of significant accounting policies

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

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

2. Summary of significant accounting policies (Continued)

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

The Company's interim financial information, contained in the Quarterly Information Form (ITR), for the quarter ended March 31, 2021 was prepared and is being presented in accordance with CPC 21 (R1) - Interim Financial Reporting, issued by Brazil's Financial Accounting Standards Board - FASB ("CPC") and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR).

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

The interim financial statements were prepared by the Company to update the users on the relevant information presented for the period and should be analyzed together with the whole financial statements for the year ended December 31, 2020.

The preparation of interim 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.

In preparing these interim financial statements, the Company followed the same accounting policies and calculation methods as were applied in the individual and consolidated financial statements as at December 31, 2020. The Company adopted all standards, revised standards and interpretations issued by Brazil's FASB ("CPC"), IASB and regulators that were effective as at March 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

2. Summary of significant accounting policies (Continued)

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

Consolidated interim financial statements

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

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

These consolidated interim 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 interim 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

3. Significant accounting estimates and judgments

In preparing these interim financial statements, it is necessary to use estimates to account for certain assets, liabilities and other transactions. Therefore, the interim 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, 2020. 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, 2020. These amounts may be verified in Note 27, under "Reimbursement of capital contribution costs".

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

3. Significant accounting estimates and judgments (Continued)

e) Income taxes

There are uncertainties about the interpretation of complex tax regulations and the amount and timing of future taxable profit or loss. 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 variety of matters, depending on the conditions prevailing 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.

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

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

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

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 Controllershship. The Controllershship, 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 March 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of 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	Operation	Probable scenario (Scenario I)	Scenario II (25% variation)	Scenario III (50% variation)
CDI - % Decrease		2.75	2.06	1.38
CDI - % Increase		2.75	3.44	4.13
	Short-term investments -			
	fixed income	5,980	4,485	2,990
	Borrowings	5,129	6,411	7,694

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 Directors 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

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 operational 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 March 31, 2021, the Company had short-term investments amounting to R\$217,471 in the Individual and R\$250,877 in the consolidated financial statements, 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
 March 31, 2021
 (In thousands of 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 March 31, 2021					
Trade accounts payable	412,075	412,075	-	-	-
Leases	452,960	110,515	100,650	149,795	92,000
Debenture - Banco Bradesco	205,475	55,525	35,172	114,778	-
Total	1,070,510	578,115	135,822	264,573	92,000

	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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of 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 March 31, 2021 and December 31, 2020 are summarized as follows:

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Total loans (Note 17)	186,520	185,543	186,520	185,543
Less:				
Cash and cash equivalents (Note 6)	(38,022)	(92,080)	(43,071)	(130,107)
Short-term investments (Note 6)	(217,471)	(305,701)	(250,877)	(305,701)
Net debt - A	(68,973)	(212,238)	(107,428)	(250,265)
Total equity	1,016,164	1,010,640	1,016,164	1,010,640
Total capital - B	947,191	798,402	908,736	760,375
Ratio - % - A/B (*)	-7.28	-26.58	-11.82	-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 March 31, 2021 and December 31, 2020, financial assets are classified as follows:

	03/31/2021			
	Individual		Consolidated	
	Amortized cost	Fair value through profit or loss	Amortized cost	Fair value through profit or loss
Cash and cash equivalents	-	38,022	-	43,071
Short-term investments	-	217,471	-	250,877
Trade and other accounts receivable	344,147	-	349,812	-
	344,147	255,493	349,812	293,948

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of 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	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Trade accounts payable	410,452	370,741	412,075	371,763
Loans and financing	186,520	185,543	186,520	185,543
Lease obligations	452,960	458,431	452,960	458,431
	1,049,932	1,014,715	1,051,555	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 statements as at March 31, 2021 was R\$181,097, calculated at current market rates, considering their nature, term and risks, can be compared with their carrying amount of R\$186,520.

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 March 31, 2021.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

6. Cash and cash equivalents and marketable securities

Cash and cash equivalents

	Average rate (p.a.%)	Individual		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash on hand (retail branches)	-	3,093	5,164	3,119	5,179
Short-term bank deposits	-	22,230	3,116	27,253	5,511
Short-term investments - fixed income (*)	2.00	12,699	83,800	12,699	119,417
		38,022	92,080	43,071	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		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Financial Bills	110.3% of CDI	-	55,009	-	55,009
Boutique investment fund		217,471	250,692	217,471	250,692
Fixed-income investment funds - private credit		-	-	33,406	-
		217,471	305,701	250,877	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. This investment fund has no significant financial obligations, which 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.

7. Trade accounts receivable

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Trade accounts receivable	66,343	66,124	71,283	71,608
Accounts receivable - credit cards	227,379	220,032	227,379	220,032
Provision for financial charges	(791)	(905)	(791)	(905)
Allowance for expected credit losses	(5,752)	(4,982)	(5,752)	(4,982)
Trade accounts receivable, net	287,179	280,269	292,119	285,753

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
 March 31, 2021
 (In thousands of reais)

7. Trade accounts receivable (Continued)

Aging list of trade accounts receivable:

	03/31/2021	12/31/2020
Falling due		
Within 30 days	154,799	147,547
31 to 60 days	63,360	69,816
61 to 90 days	30,592	26,242
91 to 120 days	15,785	14,241
121 to 150 days	8,960	7,795
151 to 180 days	5,001	4,885
Above 180 days	2,747	3,412
	281,244	273,938
Overdue		
Within 30 days	5,020	5,226
31 to 90 days	2,362	1,746
Over 90 days	5,096	5,246
	12,478	12,218
Provision for financial charges	(791)	(905)
Allowance for expected credit losses	(5,752)	(4,982)
Total Individual	287,179	280,269
Trade accounts receivable (Lifar) - Falling due	4,237	4,646
Trade accounts receivable (Lifar) - Overdue	703	838
Total Consolidated	292,119	285,753

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

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Balance at beginning of period	(4,982)	(5,212)	(4,982)	(5,212)
Additional provision	(1,008)	(2,442)	(1,008)	(2,442)
Amounts written off of provision	238	2,672	238	2,672
	(5,752)	(4,982)	(5,752)	(4,982)

Recognition and derecognition of the allowance for accounts receivable were recorded in 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

7. Trade accounts receivable (Continued)

As regards the possible impacts of COVID-19, we 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	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Goods for resale	736,561	553,772	740,446	557,164
Finished goods	-	-	4,392	4,421
Raw materials	-	-	2,629	2,649
Consumables/storeroom supplies	6,743	6,453	11,897	10,995
(-) Provision for inventory losses	(43)	(287)	(180)	(408)
	743,261	559,938	759,184	574,821

Provision for inventory losses

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Opening balance	(287)	(305)	(408)	(396)
Additional provision	(132)	(1,113)	(148)	(1,144)
Amounts written off of provision	376	1,131	376	1,132
Balance at end of year	(43)	(287)	(180)	(408)

9. Income and social contribution taxes recoverable

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Corporate Income Tax - IRPJ	3,997	3,953	4,225	4,179
Social Contribution Tax on Net Profit - CSLL	179	179	218	217
	4,176	4,132	4,443	4,396

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
 March 31, 2021
 (In thousands of reais)

10. Taxes recoverable

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Current				
State Value Added Tax - ICMS	2,706	2,534	2,979	2,813
Contribution Tax on Gross Revenue for Social Integration Program – PIS	237	169	251	178
Contribution Tax on Gross Revenue for Social Security Financing – COFINS	1,094	781	1,162	822
Withholding Income Tax – IRRF	191	191	191	191
Federal Value Added Tax - IPI	-	-	41	41
Service Tax – ISS	-	-	17	17
Credit relating to the exclusion of the ICMS from the PIS and COFINS tax base	18,241	-	24,091	5,850
Other	12	-	12	-
	22,481	3,675	28,744	9,912
Noncurrent				
State Value Added Tax - ICMS	6,370	5,858	6,370	5,858
	6,370	5,858	6,370	5,858

ICMS in 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 the first quarter of 2021, in the total amount of R\$18,241, of which R\$10,777 refer to principal and R\$7,464 refer to monetary restatement. The Company prepared the calculations supported by a specialized consulting firm, based on the sales invoices for the entire period, 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.

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".

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

10. Taxes recoverable (Continued)

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, of which R\$3,377 refer to principal and R\$2,473 refer to monetary restatement, was determined and recorded in 2020.

ICMS in PIS and COFINS tax base (Continued)

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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

11. Investments in subsidiaries

Investments in subsidiaries are as follows:

	03/31/2021							
	Capital	Units of interest held (unit)	(%) Equity interest	Equity	Net income for the period	Opening balance at January 1	Equity pickup	Total investment
Laboratório Industrial Farmacêutico Lifar Ltda.	500	499,999	99.99%	30,131	(816)	29,538	(947)	28,591
Dimesul Gestão Imobiliária Ltda.	8,978	19,999	99.99%	36,052	684	35,368	684	36,052
						<u>64,906</u>	<u>(263)</u>	<u>64,643</u>

	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 investment
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
						<u>57,805</u>	<u>7,101</u>	<u>64,906</u>

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

12. Property, Plant and Equipment (PPE)

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 January 1, 2021									
Opening balance	70,771	37,024	18,997	55,274	15,809	5,935	67,054	443,623	714,487
Acquisitions	-	3,357	1,417	2,872	2,814	-	11,885	10,122	32,467
Write-offs	-	(59)	(83)	(127)	(7)	-	(159)	-	(435)
Depreciation	(288)	(717)	(774)	(2,238)	(1,585)	(121)	(1,717)	(25,838)	(33,278)
Transfer	(1,339)	(16)	-	-	16	-	1,339	-	-
Net book balance	69,144	39,589	19,557	55,781	17,047	5,814	78,402	427,907	713,241
Balance at March 31, 2021									
Cost	76,652	51,660	38,462	102,537	56,879	7,949	107,817	599,824	1,041,780
Accumulated depreciation	(7,508)	(12,071)	(18,905)	(46,756)	(39,832)	(2,135)	(29,415)	(171,917)	(328,539)
Net book balance	69,144	39,589	19,557	55,781	17,047	5,814	78,402	427,907	713,241

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

12. Property, Plant and Equipment (PPE) - 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 January 1, 2021									
Opening balance	73,189	40,009	19,157	56,850	15,930	5,935	68,995	443,623	723,688
Acquisitions	32	3,362	1,417	2,872	2,814	-	11,949	10,122	32,568
Write-offs	-	(59)	(83)	(127)	(7)	-	(160)	-	(436)
Depreciation	(293)	(792)	(782)	(2,326)	(1,596)	(121)	(1,762)	(25,838)	(33,510)
Transfer	(1,339)	(16)	-	-	16	-	1,339	-	-
Net book balance	71,589	42,504	19,709	57,269	17,157	5,814	80,361	427,907	722,310
Balance at March 31, 2021									
Cost	82,655	57,768	39,067	106,344	57,430	8,027	112,129	599,824	1,063,244
Accumulated depreciation	(11,066)	(15,264)	(19,358)	(49,075)	(40,273)	(2,213)	(31,768)	(171,917)	(340,934)
Net book balance	71,589	42,504	19,709	57,269	17,157	5,814	80,361	427,907	722,310

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

12. Property, Plant and Equipment (PPE) - 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)	03/31/2021
Properties	2 to 17	427,181
Vehicles	2 to 3	726
Total		427,907

Changes in right of use		Individual and Consolidated
Balance at December 31, 2020		443,623
(+) Remeasurement of contracts and new contracts		10,122
(-) Depreciation		(25,838)
Balance at March 31, 2021		427,907

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(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	292	5,100	-	5,392
Write-offs	-	(2)	-	(2)
Amortization	(377)	(2,270)	-	(2,647)
Net book balance	7,836	39,926	348	48,110
At March 31, 2021				
Cost	24,805	69,799	361	94,965
Accumulated amortization	(16,969)	(29,873)	(13)	(46,855)
Net book balance	7,836	39,926	348	48,110

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	513	90,707
Accumulated amortization	(16,756)	(27,918)	(165)	(44,839)
Net book balance	7,921	37,599	348	45,868
At January 1, 2021				
Opening balance	7,921	37,599	348	45,868
Acquisitions	292	5,106	-	5,398
Write-offs	-	(2)	-	(2)
Amortization	(377)	(2,305)	-	(2,682)
Net book balance	7,836	40,398	348	48,582
At March 31, 2021				
Cost	24,805	70,620	513	95,938
Accumulated amortization	(16,969)	(30,222)	(165)	(47,356)
Net book balance	7,836	40,398	348	48,582

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(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 interim 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

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

Temporary additions	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Provision for inventory losses	43	287	180	408
Provision for labor indemnities	11,838	6,575	13,020	6,920
Provision for civil contingencies	6,000	7,499	6,000	7,499
Provision for profit sharing	1,436	-	1,469	-
Provisions for tax proceedings	1,757	-	1,757	-
Reversal of expected credit losses	5,752	4,982	5,752	4,982
Provision for financial discount	791	905	791	905
Provision for credit card fee	1,600	-	1,600	-
Provision for premium - employees	666	-	666	-
Net effect of depreciation and interest (IFRS 16) with lease payment	21,304	19,693	21,304	19,693
Exclusion of ICMS from the PIS and COFINS tax base	(18,241)	-	(23,197)	(4,956)
Deferred revenue - Loyalty program	-	-	-	-
Provision for adjustment of market value of investments	176	176	176	176
Provision for collective bargaining	1,202	651	1,202	651
Provision for professional fees	5,085	2,126	6,004	2,262
Total tax base	39,409	42,894	36,724	38,540
Income tax at the rate of 25%	9,852	10,723	9,181	9,634
Income tax on tax loss	12,589	13,817	13,170	14,221
Social contribution tax at the rate of 9%	3,547	3,860	3,305	3,469
Social contribution tax on social contribution tax loss	5,234	5,676	5,565	5,837
Total deferred tax assets	31,222	34,076	31,221	33,161
Temporary exclusions				
Adjustments due to leases	3,691	3,921	3,691	3,921
Total tax base	3,691	3,921	3,691	3,921
Income tax at the rate of 25%	923	980	923	980
Social contribution tax at the rate of 9%	332	353	332	353
Total deferred tax liabilities	1,255	1,333	1,255	1,333
Total deferred taxes, net	29,967	32,743	29,966	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\$18,241 and R\$23,197 in the Individual and Consolidated interim financial statements, respectively.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
 March 31, 2021
 (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:

	03/31/2021	
	Individual	Consolidated
2020	15,614	15,613
2021	3,902	3,902
2022	3,902	3,902
2023	3,902	3,902
2024	3,902	3,902
	31,222	31,221

15. Reconciliation of income and social contribution taxes

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Income before income and social contribution taxes	26,878	18,720	26,346	18,795
Combined tax rate	34%	34%	34%	34%
Tax expense at nominal rate	(9,139)	(6,365)	(8,958)	(6,390)
Other nondeductible expenses	200	9	266	178
Equity pickup	(89)	305	-	-
Tax incentives - Culture - Benefit	-	75	-	75
Tax incentives - Worker's Meal Program (PAT)	69	68	75	68
Tax incentives - investment grant – matching credit	1,178	1,357	1,178	1,357
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	-	-	258	230
Taxation under the taxable profit based on a percentage of gross revenue regime using gross revenue for the tax base	-	-	(75)	(150)
Tax incentives - Technological innovation - Benefit	1,178	343	1,178	343
Effect of the portion exempt from the 10% surtax of income tax - benefit	6	6	13	12
	(6,597)	(4,202)	(6,065)	(4,277)
Income and social contribution taxes in profit or loss for the period				
Current income and social contribution taxes	(3,822)	(3,753)	(4,203)	(4,106)
Deferred income and social contribution taxes	(2,775)	(449)	(1,862)	(171)
Income and social contribution taxes in profit or loss for the period	(6,597)	(4,202)	(6,065)	(4,277)
Effective rate	24.5%	22.4%	23.0%	22.8%

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

16. Trade accounts payable

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Domestic trade accounts payable	409,266	369,150	412,075	371,763
Trade accounts payable - related parties	1,186	1,591	-	-
Total	410,452	370,741	412,075	371,763

17. Loans and financing

	Rate range (% p.a.)	Individual		Consolidated	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Local currency					
Debenture - Banco Bradesco	109% of the CDI	186,520	185,543	186,520	185,543
		186,520	185,543	186,520	185,543
Current		54,377	53,400	54,377	53,400
Noncurrent		132,143	132,143	132,143	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:

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

17. Loans and financing (Continued)

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

Meaning: “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).

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

Meanings: 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 March 31, 2021.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

17. Loans and financing (Continued)

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 March 31, 2021.

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

	Individual and Consolidated			Total
	Finance lease	Loans, financing and debentures	Interest on equity payable	
Balance at December 31, 2020	467,449	185,543	2,305	655,297
Changes in cash	(28,409)	-	(6,010)	(34,419)
Payment of IOE	-	-	(6,010)	(6,010)
Leases paid	(28,409)	-	-	(28,409)
Non-cash changes	13,920	977	5,072	19,969
Remeasurement of contracts and new contracts - IFRS 16	10,122	-	-	10,122
IOE recognized in the period	-	-	5,072	5,072
Discount on leased properties	(1,503)	-	-	(1,503)
Interest recognized in the period	5,301	977	-	6,278
Balance at March 31, 2021	452,960	186,520	1,367	640,847

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
 March 31, 2021
 (In thousands of reais)

17. Loans and financing (Continued)

The balances of loans and financing at March 31, 2021 and December 31, 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	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Corporate Income Tax (IRPJ)	2,404	-	2,792	511
Social Contribution Tax on Net Profit (CSLL)	1,031	-	1,190	214
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	115	120	149	184
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	606	560	647	762
Withholding Income Tax (IRRF)	1,732	4,314	1,757	4,348
State Value-Added Tax (ICMS)	48,145	20,491	49,690	22,429
Other obligations	1,011	1,073	1,189	1,452
Total	55,044	26,558	57,414	29,900

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 will be 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
 March 31, 2021
 (In thousands of reais)

19. Profit sharing payable

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Bonus - Executive Board	2,844	2,844	2,844	2,844
Profit sharing - employees	1,276	4,180	1,309	4,277
Total	4,120	7,024	4,153	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.

	Individual and Consolidated		
	Less than 1 year	From 1 to 5 years	Total
At March 31, 2021			
Leases	1,453	2,295	3,748
At December 31, 2020			
Leases	1,453	2,680	4,133

As of January 1, 2019, the Company has been accounting for lease agreement obligations by period of time, during the lease term, in accordance with the requirements of CPC 06 (R2)/IFRS 16. These leases were previously classified as operating leases in accordance with CPC 06 (R1)/IAS 17, and refer to property and vehicle lease agreements.

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

	Individual and Consolidated		
	Properties	Vehicles	Total
Balance at December 31, 2020	462,716	600	463,316
Remeasurement of contracts and new contracts	9,704	418	10,122
Interest	5,290	12	5,302
Discounts obtained	(1,503)	-	(1,503)
Payment of lease	(27,718)	(307)	(28,025)
Balance at March 31, 2021	448,489	723	449,212
Current	108,609	453	109,062
Noncurrent	339,880	270	340,150

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

20. Lease liabilities (Continued)

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 interim financial statements to reach this information. Accordingly, the Company decided to disclose the minimum inputs below for users to reach that information. Inputs are:

- Nominal average discount rate applied - between 5% and 6.99% p.a.; and
- Inflation component to be used in projecting the flows (Extended Consumer Price Index (IPCA) based on National Treasury Notes (NTN-B) used upon first-time adoption) - 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 considered as possible or probable losses, in the opinion of the Company's legal advisors, at March 31, 2021 and December 31, 2020, are presented below. Provisions are recognized for proceedings assessed as probable losses, as follows:

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Civil	7,757	7,499	7,757	7,499
Labor	11,838	6,575	13,020	6,920
Noncurrent	19,595	14,074	20,777	14,419
Judicial deposits	5,908	5,959	6,372	6,424

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

21. Provisions (Continued)

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

	Individual		Consolidated	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Civil and labor				
Balance at beginning of year	14,074	7,279	14,419	7,713
New provisions	6,631	13,851	7,468	13,851
Write-off due to payment	(591)	(1,402)	(591)	(1,402)
Reversal	(519)	(5,654)	(519)	(5,743)
Closing balance	19,595	14,074	20,777	14,419

a) Civil

At March 31, 2021, the Company was a party to 78 civil lawsuits assessed as possible losses, estimated at R\$25,203 in the individual and consolidated interim financial statements. 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\$48 million.

b) Labor

The most recurring labor claims involve overtime and salary differences. At March 31, 2021, the Company was a party to 366 labor lawsuits assessed as possible losses, estimated at R\$20,277 in the individual interim financial statements and 375 labor lawsuits assessed as possible losses, estimated at R\$20,415 in the consolidated interim financial statements (R\$24,347 in the individual and R\$24,834 in the consolidated interim financial statements at December 31, 2020).

c) Tax expenses

At March 31, 2021, the Company was a party to approximately 122 tax lawsuits assessed as possible losses, at an estimated amount of R\$36 million (R\$36 at December 31, 2020) in the individual and consolidated interim financial statements. There are no tax lawsuits assessed as probable loss, therefore no amount was provisioned.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

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).

In the second quarter of 2014, 10,000 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. The purpose of this law is to solve the issue involving fines imposed by the states and to define future ICMS-related incentives. New rules were established for the classification of these tax benefits as "investment grants", thus exempting them from PIS, COFINS, IRPJ and CSLL. This Law offers opportunities and gains to companies that have already used, are using or intend to use ICMS tax incentives in the future. In 2021, R\$3,466 (R\$44,841 at December 31, 2020) were recognized in the statement of profit or loss.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

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.

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 external audit report for the fiscal year ending December 31, 2020 and the capital increase, from R\$912,000 to R\$918,000, 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 issue of new shares.

Preferred shares have the following characteristics and advantages: a) are entitled to receive dividends per preferred share that are ten percent (10%) higher than the dividends attributed to each common share; b) have the right to participate, on the same terms attributed to common shares, in distributions of shares or of any other securities issued by the Company, including in the event of incorporation of capital reserves; (c) have priority in reimbursement of capital in the event of liquidation of the Company; d) preferred shares, whatever their form, shall not have voting rights at General Meetings; however, they will acquire this right in case the dividend provided for in article 24, letter "b" of the Articles of Incorporation of Dimed S.A., is not paid to their holders in three (3) consecutive years; and e) preferred shares cannot be redeemed and are not convertible into common shares. Each common share entitles the holder thereof to one vote at the General Meetings.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(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, and up to 2,000,000 (two million) common shares and 240,000 (two hundred and forty thousand) preferred shares may be acquired.

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 March 31, 2021, the Company has 1,369,802 treasury shares (766,234 at December 31, 2020) whose cost value is R\$29,045 (R\$16,356 at December 31, 2020). The share market price at March 31, 2021 is R\$19.24 (R\$21.80 at December 31, 2020).

Changes in treasury shares are as follows:

	Individual	
	Common shares	R\$
Balance at 12/31/2020	(766,234)	(16,356)
Acquisition of shares	(603,568)	(12,689)
Balance at 03/31/2021	(1,369,802)	(29,045)

	Share price		
	Minimum	Maximum	Average cost
At 12/31/2020	17.89	32.00	23.81
At 03/31/2021	17.73	22.99	20.07

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

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 2020, the balance of this reserve was fully used to pay in the capital, as mentioned in item b) above. In 2020, the amount of R\$4,994 was allocated to reserve for capital increase

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.

24. Incentive plan in connection with shares - Individual

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

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

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

The Incentive Plan in connection with the Company's shares aims to regulate 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, aiming 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.

Matching Shares

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 (4) 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
3 rd anniversary of the Grant Date	1/3 (one third) of the total Matching Shares
4 th 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.

In September 2020, 69,760 "Own Shares" and 200,376 "Matching Shares" were granted to the Plan's participants, and until March 31, 2021, 69,802 "Own Shares" had been subscribed.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

5. 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.

As mentioned above, the Special General Meeting held on March 20, 2020 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.

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.

	03/31/2021		
	Common registered shares	Preferred registered shares	Total
Denominator			
Total weighted average number of shares	137,994,700	13,485,690	151,480,390
Weighted number of treasury shares	(1,158,473)	-	(1,158,473)
Weighted average number of outstanding shares	136,836,227	13,485,690	150,321,917
% of shares in relation to the total number	91.03%	8.97%	100.00%
Numerator			
Net income attributable to each class of shares (R\$)	18,296,560	1,983,509	20,280,069
Weighted average number of outstanding shares	136,836,227	13,485,690	
Basic earnings per share (R\$)	<u>0.13</u>	<u>0.15</u>	
Numerator			
Net income attributable to each class of shares (R\$)	18,296,560	1,983,509	20,280,069
Weighted average number of outstanding shares	137,994,700	13,485,690	
Diluted earnings per share (R\$)	<u>0.13</u>	<u>0.15</u>	

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

25. Earnings (loss) per shares (Continued)

b) Diluted (Continued)

	12/31/2020		
	Common registered shares	Preferred registered 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 shares (R\$)	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 shares (R\$)	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	

Preferred shares are entitled to dividends 10% higher than those attributed to common shares.

26. Revenues

The Company's revenue derives mainly from the resale of drugs and personal care and beauty products at its own stores or at third-party stores, exclusively in the local market, focusing on the Southern region of Brazil.

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

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Gross sales of goods and services	808,660	726,880	811,830	729,956
Sales taxes	(47,713)	(28,447)	(49,177)	(29,201)
Returns and unconditional discounts	(9,953)	(7,548)	(10,315)	(7,864)
Loyalty program	-	73	-	73
Net revenue	750,994	690,958	752,338	692,964

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

27. Cost of goods sold and services rendered

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cost of goods sold	(559,104)	(531,388)	(552,731)	(525,932)
Cost of products sold	-	-	(5,869)	(5,892)
Reimbursement of capital contribution costs	42,913	42,154	42,913	42,154
Revenue - campaign funds	432	418	432	418
Taxes on funds	(4,009)	(3,938)	(4,009)	(3,938)
	(519,768)	(492,754)	(519,264)	(493,190)

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 at the time the contractual conditions are likely to be met.

28. Expenses by nature

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Selling expenses				
Personnel and third-party service expenses	(101,390)	(87,247)	(101,889)	(87,735)
Lease expenses	(6,287)	(9,419)	(5,795)	(8,846)
Discount on leased properties (*)	1,503	-	1,503	-
Freight expenses	(10,604)	(8,222)	(10,702)	(8,354)
Credit card fees	(7,678)	(6,365)	(7,678)	(6,365)
Advertising	(4,216)	(3,633)	(4,267)	(3,768)
Utilities and services	(8,114)	(7,872)	(8,137)	(7,888)
Depreciation and amortization expenses	(34,385)	(25,137)	(34,401)	(25,152)
Employee profit sharing	(1,249)	(636)	(1,282)	(636)
Maintenance expenses	(1,806)	(933)	(1,807)	(936)
Consumables	(3,208)	(2,515)	(3,224)	(2,538)
Travel and sales representation expenses	(462)	(391)	(465)	(412)
Packaging materials	(1,661)	(1,154)	(1,661)	(1,154)
Inventory losses	(3,239)	(2,442)	(3,249)	(2,449)
Other selling expenses	(11,562)	(2,083)	(13,258)	(1,992)
	(194,358)	(158,049)	(196,312)	(158,225)

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

28. Expenses by nature and function (Continued)

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
General and administrative expenses				
Personnel and third-party service expenses	(15,224)	(10,431)	(15,904)	(10,917)
Lease expenses	(117)	(63)	(119)	(64)
Utilities and services	(351)	(30)	(371)	(40)
Depreciation and amortization expenses	(1,595)	(1,447)	(1,662)	(1,486)
Employee profit sharing	(187)	(55)	(187)	(55)
Bank expenses	(454)	(432)	(456)	(433)
Management personnel compensation	(1,205)	(1,209)	(1,205)	(1,209)
Maintenance expenses	(1,633)	(1,038)	(1,656)	(1,041)
Consumables	(114)	(43)	(136)	(50)
Other administrative expenses	(1,499)	(603)	(1,574)	(650)
	(22,379)	(15,351)	(23,270)	(15,945)

(*) 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.

29. Other operating income (expense)

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Additional revenue	230	136	255	139
Revenue from property lease	66	65	66	65
Credit recovery	867	2,537	867	2,619
Reimbursement of cash difference	62	58	62	58
Cost of disposal of PPE	(384)	(262)	(384)	(265)
Other operating income (expense)	(26)	(21)	(26)	(15)
Recovery of tax credits (*)	10,777	-	10,777	-
	11,592	2,513	11,617	2,601

(*) This refers to credits related to the proceeding that excludes the ICMS from the PIS/COFINS tax base recognized in the quarter. Additional information is disclosed in Note 10.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

30. Finance income and costs

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Finance income				
Interest on assets	115	107	144	109
Monetary variations	-	-	24	11
Short-term investment yield	1,598	247	1,821	338
Financial discounts obtained	286	52	288	52
Taxes on finance income	(440)	(20)	(441)	(19)
Monetary restatement of tax credits (*)	7,464	-	7,464	-
	9,023	386	9,300	491

(*) This refers to the monetary restatement of credits related to the proceeding that excludes the ICMS from the PIS/COFINS tax base recognized in the quarter. Additional information is disclosed in Note 10.

	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Finance costs				
Interest on financing	(977)	(2,140)	(977)	(2,140)
Interest expenses	(49)	(40)	(50)	(47)
Financing charges	(50)	(98)	(50)	(98)
Discounts granted	(1,198)	(1,493)	(1,253)	(1,540)
Interest on lease	(5,302)	(5,614)	(5,302)	(5,614)
Other finance costs	(387)	(494)	(431)	(462)
	(7,963)	(9,879)	(8,063)	(9,901)

31. Transactions with related parties

a) Balances and transactions

The amounts of transactions conducted between Dimed and its related parties by March 31, 2021 are summarized below:

	Dimesul Gestão Imobiliária Ltda.		Laboratório Industrial e Farmacêutico Lifar Ltda.	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Trade accounts payable	-	-	1,186	1,591
Related parties - loan	-	-	-	-
	Dimesul Gestão Imobiliária Ltda.		Laboratório Industrial e Farmacêutico Lifar Ltda.	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Purchase of goods and services	-	-	11,980	7,781
Revenue from services rendered	638	642	-	-
Finance costs	-	163	-	-

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
March 31, 2021
(In thousands of reais)

31. Transactions with related parties (Continued)

a) Balances and transactions (Continued)

	Accounts receivable from shareholders	
	03/31/2021	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	
	03/31/2021	03/31/2020
Fixed compensation	1,205	1,209
Social charges	337	338
Total	1,542	1,547

These amounts are stated under "General and administrative expenses" in the statement of profit or loss and are detailed in Note 28.

32. Insurance coverage

The Company has insurance policies that consider the nature and degree of risks involved. At March 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. Below is the Maximum Indemnification Limit for the main insurance policies:

Policies	Amounts in R\$ thousands
Vehicle	FIPE Table + Property Damage + Personal Injury
Fire	R\$450,345
Civil liability	R\$31,200
Transportation	R\$1,000 per transportation
Aircraft	R\$12,969 (*)
Civil liability - aircraft	R\$113,934 (*)

Policy issued in US Dollar, amount translated at the average rate (dollar) of 03/31/2021 (R\$5.6967).

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)

March 31, 2021

(In thousands of reais)

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).

The Retail segment has 477 stores that sell more than 15 thousand items among drugs and personal care and beauty products, while the Wholesale segment is one of the main distributors of drugs in Brazil and also the pioneer of the country in its segment. The Corporate segment, in addition to including Retail and Wholesale, counts on subsidiary Lifar, a division for the development and manufacturing of cosmetics, drugs and food which, in addition to being responsible for the production of products for major brands in Brazil and abroad, also manufactures Panvel's own brand. This segment also counts on subsidiary Dimesul that 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.

Dimed S.A. Distribuidora de Medicamentos

Notes to quarterly information (Continued)
 March 31, 2021
 (In thousands of reais)

33. Segment reporting (Continued)

	Retail		Wholesale		Corporate		Dimed S.A.	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Continuing operations								
Net revenue from sales and services	689,098	632,316	63,240	60,648	-	-	752,338	692,964
Cost of goods sold and services rendered	(466,386)	(440,971)	(52,878)	(52,219)	-	-	(519,264)	(493,190)
Gross profit	222,712	191,345	10,362	8,429	-	-	233,074	199,774
Selling expenses	-	-	-	-	(196,312)	(158,225)	(196,312)	(158,225)
Other operating income (expenses), net	-	-	-	-	11,617	2,601	11,617	2,601
Administrative expenses	-	-	-	-	(23,270)	(15,945)	(23,270)	(15,945)
Operating income before finance income (costs)	222,712	191,345	10,362	8,429	(207,965)	(171,569)	25,109	28,205
Finance income (costs)	-	-	-	-	1,237	(9,410)	1,237	(9,410)
Finance income	-	-	-	-	9,300	491	9,300	491
Finance costs	-	-	-	-	(8,063)	(9,901)	(8,063)	(9,901)
Operating income before income and social contribution taxes	222,712	191,345	10,362	8,429	(206,728)	(180,979)	26,346	18,795
Current	-	-	-	-	(1,988)	(4,106)	(1,988)	(4,106)
Deferred	-	-	-	-	(4,077)	(171)	(4,077)	(171)
Net income for the year	222,712	191,345	10,362	8,429	(212,793)	(185,256)	20,281	14,518

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

Independent auditor's review report on quarterly information

To the
Shareholders, Board of Directors and Officers of
Dimed S.A. Distribuidora de Medicamentos
Eldorado do Sul - RS

Introduction

We have reviewed the individual and consolidated interim financial information of Dimed S.A. Distribuidora de Medicamentos (the "Company"), contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2021, which comprise the statement of financial position as at March 31, 2021 and the related statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2021, prepared under Company's Management responsibility and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with the criteria defined in referred to Standard and consistently with the overall individual and consolidated interim financial information taken as a whole.

Porto Alegre, May 17, 2021.

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

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

Reports and Representations / Officers' Representation on the Quarterly Information

OFFICERS' REPRESENTATION ON QUARTERLY INFORMATION

In accordance with item VI of paragraph 1, article 25 of CVM Ruling No. 480 of December 7, 2009, the Executive Board's members of Dimed S.A. Distribuidora de Medicamentos, undersigned, represent that they reviewed, discussed and agreed with the information contained in the Company's Quarterly Information for the quarter ended March 31, 2021.

Eldorado do Sul, Rio Grande do Sul state, May 17, 2021

Julio Ricardo Mottin Neto - CEO

Roberto Coimbra Santos - Executive Officer

Antônio Carlos Tocchetto Napp - Chief Investor Relations and Financial Officer

Reports and Representations / Officers' Representation on the Independent Auditor's Review Report

OFFICERS' REPRESENTATION ON THE INDEPENDENT AUDITOR'S REVIEW REPORT

In accordance with item V of paragraph 1, article 25 of CVM Ruling No. 480 of December 7, 2009, the Executive Board's members of Dimed S.A. Distribuidora de Medicamentos, undersigned, represent that they reviewed, discussed and agreed with the information contained in the Company's Independent Auditor's Review Report on Quarterly Information for the quarter ended March 31, 2021.

Eldorado do Sul, Rio Grande do Sul state, May 17, 2021

Julio Ricardo Mottin Neto - CEO

Roberto Coimbra Santos - Executive Officer

Antônio Carlos Tocchetto Napp - Chief Investor Relations and Financial Officer