



viveo

The ecosystem of
solutions for the entire
health chain, which was
born with the mission
to simplify the market

EARNINGS

RELEASE

3Q21

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São Paulo, November 16, 2021. – In this release, CM Hospitalar S.A. ('Viveo' or 'the Company') reports its results for the third quarter and first nine months of 2021 ('3Q21' and '9M21'). Except where otherwise indicated, financial and operational information is presented on a consolidated basis and in accordance with the applicable Brazilian Corporate Law. The financial statements are presented in thousands of Reais (BRL '000), unless otherwise indicated, and are compared with those of the third quarter of 2020 (3Q20), or as indicated, with the Proforma results for 2020 ('3Q20 Proforma'), which indicate what the results would have been if all the acquisitions made during 2020 were included as from first day of 2020. Please note, as with the non-accounting information provided by management, the Proforma figures have not been audited.

THIRD QUARTER FINANCIAL HIGHLIGHTS

NET REVENUE	<ul style="list-style-type: none"> Net revenue: BRL 1,495.8 million 23.5% higher than in 3Q20
GROSS PROFIT	<ul style="list-style-type: none"> Net profit: BRL 266.3 million – Net margin 17.8% 65.3% higher than in 3Q20
ADJUSTED EBITDA	<ul style="list-style-type: none"> Adjusted EBITDA: BRL 118.9 million – Margin 8.2% 33.5% higher than in 3Q20
ADJUSTED NET PROFIT	<ul style="list-style-type: none"> Adjusted Net profit: BRL 80.5 mn 153.1% higher than in 3Q20
CASH CYCLE	<ul style="list-style-type: none"> Cash cycle in 3Q21: 48 days 6 days less than in 3Q20

Net Revenue and Gross Profit reported in the table above are the accounting numbers. The EBITDA and Net Profit were adjusted by non-recurring items, such as: M&A expenses, effects from the STF's decision to suspend the DIFAL collection, expenses with labor charges on phantom shares, and others.

Conference Call – 3Q21

In Portuguese with simultaneous translation

Date: 11/17/2021

Time: 10:00 a.m. (Brasilia) | 08:00 a.m. (New York)

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Code: Viveo

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MESSAGE FROM MANAGEMENT



In the third quarter of 2021 we successfully completed our IPO. Our shares began trading on August 9, on the 'Novo Mercado', under the ticker VVE03. BRL 668.6 million were raised in the primary offering and will be used in our strategy for organic and inorganic growth.

On August 16 we announced the acquisition of 100% of the shares of Profarma Specialty and Cirúrgica Mafra. The acquisition of Profarma Specialty will further accelerate the Company's development, in an integrated system of products and services capable of contributing significantly to the Brazilian health sector through a supply chain that is more efficient and sustainable for all stakeholders, from manufacturers to final clients. The acquisition of Cirúrgica Mafra will strengthen our "direct to patient" strategy and will become an important strengthening support for the Patient Support Programs (PSPs) under development by the Company.

Additionally, in order to reinforce the strategy of increasing presence in adjacent high-end markets potential, after the end of the quarter, we announced more acquisitions: On November 1st, we completed the acquisition of all the Tecno4 and Pointmed shares. Both companies are headquartered in São Paulo and operate in the importing and distribution of instruments and materials for medical, hospital, surgical and laboratories use. Even more recently, on November 12th, we signed the purchase and sale contract of 100% of the share capital of Macromed, Apijã and Laborsys – distributors for laboratories operating in the states of Goiás, Mato Grosso do Sul, Tocantins, Paraná, Santa Catarina, and São Paulo.

Parallely to the aggressive M&A movement, we continue with our schedule of activities expansion. At the end of September, 79 hospitals were using our general warehousing and transport services, and 122 industrial companies were using our transport services; one industrial company was using our 4PL services and one using our 3PL services. We were the first to offer this service also to industrial companies, strengthening the relationship with our principal suppliers.

We also recorded an important achievement for Viveo, which was obtaining the I-REC seal, certifying that 100% of the energy consumed by the Company in 2020 was from renewable sources. Last year we reduced CO₂ emissions by approximately 3,685 tons. We are very happy to be on this ESG journey, and this certification strengthens the commitment to our objectives in Sustainability. Furthermore, the Company keeps investing in other projects, such as its own 100% green fleet and returnable packaging, as already announced.

Once again, our performance reflected the assertiveness of our strategy in this quarter. On one hand, we are seeing the market demand in a movement of correction in response to the high demand at the peak of the pandemic, still below the pre-Covid level, probably reflecting a repressed demand, especially for elective surgeries, which are below the historic level. Despite that, we continue registering strong results, with our Net Revenue in 3Q21 (excluding the DIFAL effect) reaching BRL 1,443.8 million, a 19.2% growth compared to the same period in 2020, of which 13.9% was from organic growth. Year-to-date Adjusted Revenue reached BRL 4,393.8 million, with organic growth of 17.9%. The Company's Adjusted EBITDA reached BRL 118.9 million, a growth of 33.5% compared to the third quarter of 2020, and in the year-to-date reached BRL 342.4 million, with a growth of 49.3%.

At the end of October, we made our fourth nonconvertible debentures issuance of BRL 530 million, with 7-year maturity remunerated at the DI rate + 1.7% per year, to be used entirely for strengthening working capital, cash and lengthening of short-term debt. Our capital structure enables us to maintain accelerated organic and inorganic growth in the coming quarters.

We continue to work strongly for the execution of our strategy and to capture synergies with the companies acquired, which are now part of our ecosystem. We are confident that we are building the best solution for the whole of the health chain, caring for each life in a unique way, connecting all the links to simplify the health sector, while generating value for all our stakeholders.

Leonardo Byrro

Viveo CEO

EVENTS IN THE QUARTER

IPO - On August 12, 2021, Viveo reported to the market that the Restricted IPO comprised the distribution of 97,565,573 shares total, of which (i) 35,140,562 were new shares issued by the Company; and (ii) 62,425,011 were shares offered by the Vendor Stockholder (including the shares in the Supplementary Lot) at BRL 19.92 per share, for a total of BRL 1,943,506,214.16. As a result of the restricted offering conclusion, including the placement of the shares in the Supplementary Lot, 114,704,363 common shares in the Company, representing approximately 40% of its share capital, are now circulating in the market. For more details please [click here](#).

Profarma Specialty Acquisition - On August 16, 2021, Viveo reported to the market the signature of a definitive contract for the purchase of 100% of the share capital of the holding companies belonging to Profarma Distribuidora de Produtos Farmacêuticos S.A., BPL Brasil Participações Ltda., and Cannes RJ Participações S.A. – which, in turn, directly or indirectly hold the share capital of Profarma Specialty S.A., Amostra Medicamentos Hospitalares Ltda., and Íntegra Medical Consultoria S.A.

Cirúrgica Mafra Acquisition - On the same date, the company signed a share purchase agreement with CM Medicamentos Especiais Ltda., CM Campinas Medicamentos Especiais Ltda., and CMI Hospitalar Ltda. The total investment was approximately BRL 900 million, and the companies acquired by Viveo generate aggregate annual revenue of approximately BRL 1.8 billion. For more details please [click here](#).

Debentures Payment - At the end of September 2021, Viveo announced the payment of a part of the principal value (BRL 16 million) and interest (BRL 5.2 million) to holders of the first series of the First Issuance of unsecured non-convertible debentures. For more details please [click here](#).

SUBSEQUENT EVENTS

Tecno4 and Pointmed acquisitions - On October 18, 2021, the Company announced the acquisition of 100% of the shares of Tecno4 and PS Distribuidora (Pointmed). Tecno4 and Pointmed, both with head offices in São Paulo, were founded in 2000 and 2006, respectively, and operate in the import and distribution of instruments and materials for medical, hospital, surgical and laboratory use through contracts with leading manufactures in the sectors of infection control, operating theater, anesthesia, material centers, sterilization, dressing, wound management, point of care among others. For more details please [click here](#).

Debentures Issuance - On October 27, 2021, the Board of Directors approved the Fourth Issuance of non-convertible debentures, for BRL 530 million. Remuneratory interest will be paid on the nominal unit value or balance of the nominal unit value, as the case may be, at 100% of accumulated variation represented by the DI rate plus 1.70%. The principal will be amortized in 4 consecutive annual payments, after a 4-year grace period, the first payment to be made in November 2025. The net proceeds from the issue will be used entirely for working capital or lengthening of short-term debt. For more details please [click here](#).

Conclusion of Tecno4 and Pointmed acquisitions - On November 1st, 2021, Viveo announced the conclusion of the acquisitions of **FW**, **Tecno4** and **Pointmed**. For more details please [click here](#).

Macromed, Apijã and Laborsys acquisitions - On November 12, 2021, the Company announced the acquisition of 100% of the shares of **Macromed**, **Apijã** and **Laborsys**. These are 3 laboratories distributors working in the states of Goiás, Tocantins, Paraná, Santa Catarina, São Paulo, and Mato Grosso do Sul. For more details, please [click here](#).

SERVICES AGENDA

In 3Q21, Viveo once again sought to make progress also in the services agenda. At the end of September 79 hospitals were using the company's services of general warehousing and transport, and 122 companies were using the transport service; one company was using 4PL services and one company was using the 3PL services. Viveo was one of the first companies to offer this service also to industrial companies, strengthening the relationship with our principal suppliers. At the end of June, we had 38 contracted clients, and we have begun new VMI and inventory management contracts.

Further, Viveo is investing in Green Fleet and technology, improving our quality indicators in line with our commitment to an increasingly sustainable agenda. More about the Company's ESG initiatives are presented at the end of this report, in the item "Sustainability in the Business".

Inspired on state-of-the-art retail platforms, the company brought innovation and technology to the health sector, with a new project of Customer Care. With investment of approximately BRL 2 million, the project is focused on promoting agile operation for clients and consumers. The new portal has a personalized area for each client and offers rapid online service, with support from the virtual assistant Mel, who is endowed with a personality and will interact within this ecosystem. Viveo is the first health company in the production and distribution sector to develop this technology, which will cover practically all the companies of the group. As a result of all the work, the NPS indicator – metric of clients' working experience – advanced 15%, reaching 75 points.

> GROWTH INITIATIVES

Highlighting the following advances among our growth initiatives:

Hospitals and Clinics

- Increased Medical Materials Portfolio: Addition of the Parenteral Nutrition (B.Braun) and Control lines of Infection and Skin Health (Gojo/Purell);
- Public Market: 180% growth in portfolio contracts in the last 9 months.

Retail

- Strong growth in Private Label: 84% growth on FlexiCotton 9M21 pulled by commercial synergies and new projects with Cremer's customers and acceleration of sales from increase in manufacturing capacity.
- Cremer Tensors Line launch: Inspired by new consumption habits that emerged with the pandemic, like the increase of practicing physical activities, Cremer launches the Tensors category for sports and everyday protection, reinforcing the brand positioning "Para Cuidar do Viver – Living Care", and expanding its offer and presence in the main channels of pharmacies, supermarkets, retail, and e-commerce of the whole country.



MARKET

Viveo works in a health market that transacts more than BRL 223 billion annually in Brazil, according to the Company's estimates, comprised by a very wide range of health service providers (to both the private sector and public institutions), retail, services, and logistics.

According to data from IQVIA (August 2021), the non-retail drug market from January to August 2021 grew approximately 15%, totaling BRL 56.4 billion, led by the private channel. Considering the non-retail drugs on the Distribution channel, the market has remained stable in between the 2021 quarters, moving around BRL 7.7 billion per quarter.

The market for distribution of inputs to laboratories is estimated at BRL 3.5 billion. This market is also highly fragmented, now comprising more than 20,000 laboratories spread out over Brazil, according to a report by Bradesco BBI.

For the diagnostics sector, the pandemic meant a fall in demand for examinations related to the routine elective treatment. At the same time, there was a surge of growth in a previously non-existent demand, directly linked to Covid-19 diagnoses or monitoring of the disease symptoms. In 2020, the Brazilian Laboratory Diagnostics Chamber, CBDL, estimates that approximately 10.2 million Covid-19 examinations were carried out, across all methodologies. In the first half of 2021, with the progress in vaccination and the consequent fall in levels of contagion, there was a resumption of the elective routine, and a fall in examinations directly related to the pandemic. Depending on the region, these two movements are not happening at the same speed, which could result in a volume pressure in the short term, although it tends to be compensated in the medium term. This is a resilient sector, with constant growth, and one that has emerged even more strengthened after the pandemic, because it shows the importance of prior and precise diagnosis.

The market for health products, considering only the categories that Viveo manufactures through Cremer and Flexicotton with products for surgery, first aid, urinary treatment, diagnostics, sterilization, wound management, hygiene and protection, drug infusion, clinical nutrition, etc., is estimated at approximately BRL 12.2 billion. In 3Q21, we saw a lower demand for Personal Protective Equipment (PPE) due to the acceleration of vaccination, reduction of COVID cases and a convergence of the products' mix sold to a profile closer to the pre-pandemic period.

The demand in the Brazilian market is currently undergoing a process of adjustment. There is no longer the strong demand of the products' mix related to COVID-19, and the consumption of the standard products' mix also did not return to pre-pandemic levels. At the same time, there is a strong repressed demand. In hospitals and clinics, for instance, the occupation index for elective surgeries in the quarter was 75%, a lower level than in the pre-Covid period.

Over the course of 2020 and the current year, the cost of the global chain of medications and materials for health and its inputs increased significantly as a result of the pandemic, the principal causes being: (i) a rapid and exponential increase in demand for drugs, without a counterpart increase in supply, since manufacturers were not prepared for this effect; (ii) global impacts of Covid-19 on the workforce for production in factories (absenteeism), with consequent increases in costs; (iii) increase in the cost of sea freight, of the order of 10 times, which has remained at high levels until the present day; (iv) impact of the exchange rate, directly affecting the costs of finished products, and inputs; and (v) due to the urgency in meeting demand from hospitals, many international freight shipments usually made by sea were made by air, which is 5 times more expensive. All these factors caused increases in cost structures not only in Brazil but also in other countries of the world.

Shown below, we highlight the variations in costs of inputs and materials used by the Company:

Inputs	Change	
	20–21 (3rd quarter)	20–21 (9 months)
Cotton	37.0%	72.2%
Cotton thread	67.2%	76.0%
TNT 50 gm	21.0%	40.0%
PVC compounds	10.3%	42.0%
Cardboard boxes	54.0%	64.0%
Plastic bags	99.0%	101.0%

Inflationary pressure impacts mainly the margin of manufactured products. The company is seeking to rebuild margins in the coming months through internal initiatives and adjustment of prices.

ABOUT viveo



Viveo is an ecosystem of products and services that connects healthcare solutions. It brings together companies operating over the range from manufacture and distribution of materials and medications to management of its clients and for patients.

Viveo's vocation is "To Care for Every Life"; and its mission is to simplify the healthcare sector, democratizing access to health through support and maintenance for each link in this chain. It comprises the following companies: Mafra Hospitalar, Tecnocold, Tecno4, PointMed, Diamantina Cremer, Daviso, FW, Byogene, Biogenetix, Vitalab, Health Log, Cremer, Flexicotton, and Far.Me, and owns the brands Cremer, Topz and Embramed.

INCOME STATEMENT

Vivo is reporting Adjusted Net Revenue and Adjusted Gross Profit after the Supreme Court decision which ruled Constitutional Amendment 87/2015, on the DIFAL collecting (differential ICMS rate legislation), to be unconstitutional.

To purge this non-recurring effect, the Company is excluding the (positive) impacts on revenue and gross profit, of BRL 52.0 million in 3Q21, and BRL 203.6 million in 9M21.

BRL '000	3Q21	3Q20	Change 3Q20/3Q21	9M21	9M20	Change 9M20/9M21
Net revenue	1,495,759	1,211,164	23.5%	4,597,448	2,980,154	54.3%
Adjusted Net revenue	1,443,759	1,211,164	19.2%	4,393,809	2,980,154	47.4%
Costs	1,229,474	(1,050,043)	17.1%	(3,756,837)	(2,552,868)	47.2%
Gross profit	266,285	161,121	65.3%	840,611	427,286	96.7%
Gross margin	17.8%	13.3%	4.5 bps	18.3%	14.3%	3.9 bps
Adjusted Gross profit	214,285	161,121	33.0%	636,972	427,286	49.1%
Adjusted Gross margin	14.8%	13.3%	1.5 bps	14.5%	14.3%	0.2 bps
General and administrative expenses	(240,922)	(93,443)	157.8%	(445,256)	(268,394)	65.9%
Selling expenses	(60,189)	(37,362)	40.1%	(146,018)	(108,784)	27.0%
General and administrative expenses	(177,777)	(62,954)	58.3%	(361,978)	(166,365)	70.6%
Impairments of assets	(420)	(214)	96.3%	(1,902)	(1,595)	19.2%
Other revenues (expenses)	(1,856)	7,087	-1,339.1%	66,910	8,350	-328.1%
Share of gain(loss) in non-consolidated investees	(680)	0	n.a.	(2,268)	0	n.a.
Non-recurring	65,038	4,490	1,348.4%	(126,428)	22,523	-661.3%
Depreciation and amortization	28,487	16,879	68.8%	73,505	47,994	53.2%
EBITDA	53,850	84,557	-36.3%	468,860	206,886	126.6%
EBITDA margin	3.6%	7.0%	-3.4 bps	10.2%	6.9%	3.3 bps
Adjusted EBITDA	118,888	89,047	33.5%	342,432	229,409	49.3%
Adjusted EBITDA margin	8.2%	7.4%	0.9 bps	7.8%	7.7%	0.1 bps
Net financial revenues (expenses)	(30,265)	(18,097)	67.2%	(53,731)	(50,283)	6.9%
Income tax and Social Contribution tax	66,157	(24,125)	-374.2%	(28,087)	(45,687)	-38.5%
Net profit	61,255	25,456	140.6%	313,537	62,922	398.3%
Adjusted Net profit	80,463	31,790	153.1%	214,214	85,589	150.3%
Adjusted Net margin ¹	5.6%	2.6%	2.9 bps	4.9%	2.9%	2.0 bps

¹ Margins calculated by dividing Adjusted EBITDA and Adjusted Net Profit by Adjusted Net Revenue.

NET REVENUE

BRL '000	3Q21	3Q20	3Q20 proforma	3Q20/Q21	Proforma 3Q20/3Q21	9M21	9M20	9M20 proforma	9M20/9M21	Proforma 9M20/9M21
Adjusted Net revenue *	1,443,759	1,211,162	1,267,921	19.2%	13.9%	4,393,809	2,980,154	3,726,941	47.4%	17.9%

* Excludes the positive effects of the DIFAL legal action (on differential ICMS tax rates), of BRL 52.0 million in 3Q21 and BRL 203.6 million in 9M21.

Viveo reports Net Revenue in 3Q21 of BRL 1,443.8 million, 19.2% higher than in 3Q20. Net revenue in 9M21 is BRL 4,393.8 million, 47.4% higher than in 9M20. These results are due to the organic growth, mainly of the laboratory and retail channels, and to the acquisitions made in 2020. Note that the results of Daviso began to be consolidated in the results of Viveo as from June 2021.

In the proforma figures, the results of the acquired companies Expressa, Biogene, Biogenex, Vitalab and Flexicotton are consolidated as from January 2020, and the results of the acquired company Daviso are consolidated since July 2020. We can thus report that organic growth from the 3Q20 proforma basis to the 3Q21 result was 13.9%, and from the 9M20 proforma result to 9M21 was 17.9%.

BRL '000	3Q21	3Q20	3Q20 proforma	3Q20/3Q21	Proforma 3Q20/3Q21	9M21	9M20	9M20 proforma	9M20/9M21	Proforma 9M20/9M21
Hospitals and clinics	1,219,295	1,077,300	1,077,300	13.2%	13.2%	3,768,960	2,659,559	3,277,731	41.7%	15.0%
Laboratories	49,920	42,653	42,653	17.0%	17.0%	172,413	84,652	112,348	103.7%	53.5%
Retail	158,503	77,006	133,764	105.8%	18.5%	401,745	204,448	297,095	96.5%	35.2%
Services	16,041	14,204	14,204	12.9%	12.9%	50,691	31,495	39,766	61.0%	27.5%
Total	1,443,759	1,211,162	1,267,921	19.2%	13.9%	4,393,809	2,980,154	3,726,941	47.4%	17.9%

The **Hospitals and Clinics channel**, which includes Expressa, acquired in June 2020, reported net revenue of BRL 1,219.3 million, 13.2% more than in 3Q20. In 9M21, Net revenue from the hospitals and clinics channel was BRL 3,769.0 million, 41.7% more than in 9M20. Organic growth (9M20 Proforma–9M21) was 15.0%.

Our **Laboratories channel**, which includes the companies acquired in 2020, which distribute analytical reagents, and Cremer Diagnóstica, which sells pre-analytic materials, provided net revenue of BRL 49.9 million in 3Q21, 17.0% higher than in 1Q20. Net revenue from the laboratories channel in 9M21 was BRL 172.4 million, 103.7% higher than in 9M20, and 53.5% higher than the proforma net revenue for 9M20. As well as the same-area natural growth, factors in the growth of the laboratories channel, when comparing 9M21 with the 9M20 proforma result, included: (i) start of the operation in Rio de Janeiro; and (ii) sale of Covid tests.

Revenue from our **Consumption channel** – materials of Cremer and Flexicotton for retail sale – including Daviso as from June – was BRL 158.5 million, 105.8% more than in 2Q20, and 18.5% more than the Proforma revenue figure for 2Q20. Net revenue from the laboratories channel in 9M21 was BRL 401.7 million, 96.5% higher than in 9M20, and 35.2% higher than the proforma net revenue for 9M20.

If the net revenue of FW, which will be consolidated as from November 1, 2021, is included, the Consumption channel (Retail) would have totaled BRL 198.8 million in 3Q21, and BRL 511.3 million in 9M21. On this basis, the Company's total net revenue would be BRL 1,484.1 million in 3Q21, and BRL 4,503.4 million in 9M21.

The **Services channel**, representing only Health Log, reports net revenue of BRL 16.0 million in 3Q21, 12.9% more than in 3Q20. We also highlight the growth of general warehousing for the hospitals market, and transport operations for the pharmaceuticals sector and medical products. Until February 2020, Health Log was an affiliated company, and became a subsidiary as from March 2020, with its results fully consolidated in the financial statements of Viveo.

The result of Far.Me is reported via equity income (share of gain/loss in non-consolidated investees).

Synergies of the M&As

Continuing execution of the synergies between companies of the ecosystem, and the quest for business strategies focused on simplification, innovation and integration of operations resulted in generation of value through leverage of operation and sales, and the corporate structure.

The table below shows only the capture of synergies in costs and general and administrative expenses of the assets acquired in 2020:

Acquired assets in 2020



Acquisition Date	June 2020	October 2020	April 2020
Expected Synergy	BRL 50,0 MM	BRL 14,3 MM	BRL 10,5 MM
Reviewed synergy	BRL 61,1	BRL 14,3 MM	BRL 9,6 MM
Captured synergy until sep/21	97%	21%	100%

Net revenue of Flexicotton was 105.7% higher than in 3Q20, and 86.0% higher year-on-year in 9M21. The laboratory companies – Biogenetix, Biogene and Vitalab – reported net revenue 14.2% higher in 3Q21 than 3Q20, and 37.5% higher in 9M21.

Despite the strong top-line growth shown above, this assumption is not considered in M&A decisions.

GROSS PROFIT

BRL '000	3Q21	3Q20	3Q20 Proforma	3Q20/3Q21	Proforma 3Q20/3Q21	9M21	9M20	9M20 Proforma	9M20/9M21	Proforma 9M20/9M21
Adjusted Gross profit	214,285	161,121	178,611	33.0%	20.0%	636,972	427,286	504,189	49.1%	26.3%
Adjusted Gross margin	14.8%	13.3%	14.1%	1.5 pp	0.8 bps.	14.5%	14.3%	13.5%	0.2 pp	1.0 bps.

Viveo reports gross profit in 3Q21 of BRL 214.3 million, 33.0% higher than in 3Q20. Gross profit in 9M21 is BRL 637.0 million, 49.1% higher than in 9M20. As well as organic growth, the acquisitions in the last 12 months (mentioned above) were factors in this growth.

In the proforma figures, the results of the acquired companies Expressa, Biogene, Biogenex, Vitalab and Flexicotton are consolidated as from January 2020, and the results of the acquired company Daviso are consolidated since July 2020. We can thus report that organic growth from the proforma 3Q20 result to 3Q21 was 20.0%, and 26.3% from proforma 9M20 to 9M21.

Adjusted Gross margin in 3Q21 was 14.8%, which is 1.5 percentage points higher than in the reported figures for 3Q20. In 9M21, gross margin was 14.5%, 0.2 bps. higher than in 9M20.

On the comparison between the proforma figures, gross margin increased by 0.8 bps. in the 3Q result, and by 1.0 bps. in the 9M result.

GENERAL AND ADMINISTRATIVE EXPENSES

BRL '000	3Q21	3Q20	3Q20–3Q21	9M21	9M20	9M20–9M21
Selling expenses	(60,189)	(37,362)	61.1%	(146,018)	(108,784)	34.2%
General and administrative expenses	(177,777)	(62,954)	182.4%	(361,978)	(166,365)	117.6%
Impairments of assets	(420)	(214)	96.3%	(1,902)	(1,595)	19.2%
Other revenues (expenses)	(1,856)	7,087	–126.2%	66,910	8,350	701.3%
Share of gain(loss) in non-consolidated investees	(680)	–	n.a.	(2,268)	–	n.a.
TOTAL EXPENSES	(240,922)	(93,443)	157.8%	(445,256)	(268,394)	65.9%
% of adjusted Net revenue	–16.7%	–7.7%	116.3%	–10.1%	–9.0%	12.5%
Non-recurring items (expenses)	117,038	4,490	2506.5%	77,211	22,523	242.8%
TOTAL EXPENSES (excl. non-recurring)	(123,884)	(88,953)	39.3%	(368,045)	(245,871)	49.7%
% of adjusted Net revenue	–8.6%	–7.3%	16.8%	–8.4%	–8.3%	1.5%

In 3Q21 the company posted BRL 240.9 million in the Expenses line, 157.8% higher than in 3Q20. Total expenses in 9M21, at BRL 445.3 million, were 65.9% higher than in 9M20.

An expense of BRL 86 million was posted in 3Q21 for payroll-related charges and expenses (INSS tax, income tax and the FGTS fund) relating to payment of the share-based compensation plan of the managers (phantom shares). The impact of this expense is distributed between Selling expenses and General and administrative expenses and influences the performance of these account lines both in 3Q21 and 9M21. It should be remembered that of the total of the plan, only 20% was paid in cash, with 80% to be delivered in shares under lock-up periods of up to 4 years. Therefore, all Viveo executives continue aligned and encouraged to the long-term growth.

The incentive plan for the executives in the form of phantom shares was approved by a General Meeting of Stockholders on April 2, 2018, and adjusted in an EGM held on September 30, 2020. On August 5, 2021, the Board approved the capital increase arising from delivery of the shares to beneficiaries of the program, in the amount of BRL 101.1 million, through issue of 5,092,854 common shares at the issue price of BRL 19.92, equivalent to payment of the remaining 80% of the shares of the award. As well as the phantom shares, the Company also has a long-term incentive plan with restricted shares, approved at the EGM of March 17, 2021, which has not yet been granted.

Operational expenses were also affected by the non-recurring items related to the M&A operations, the IPO process, and other items. At the same time these expenses were partially offset by extraordinary revenues posted under Other operational revenue, especially the reversal of provisions made to recognize the legal actions challenging the DIFAL differential ICMS tax rate system, following the decision by the Federal Supreme Court on the unconstitutionality of this charge.

Selling expenses in 3Q21 were BRL 60.2 million, or 61.1% more than in 3Q20. The increase mainly reflects phantom shares, the acquisitions made in 2020, and the increase in sales. Excluding the effect of charge labor on phantom shares, selling expenses in 3Q20 totaled BRL 52.3 million 40.1% more than in 3Q20.

General and administrative expenses in the quarter were BRL 177.8 million, or 182.4% more than in 3Q20. The increase is mainly due to higher expenses on outsourced services, charge labor on phantom shares and in personnel expenses as a result of the collective work agreement reached in 3Q21. Excluding the effect of charge labor on phantom shares, G&A expenses in 3Q21 totaled BRL 99.8 million, or 58.3% more than in 3Q20.

Depreciation and amortization totaled BRL 28.5 million in the quarter, and BRL 73.5 million in 9M21.

EBITDA AND **ADJUSTED EBITDA**

BRL '000	3Q21	3Q20	3Q20 proforma	3Q20/3Q21	Proforma 3Q20/3Q21	9M21	9M20	9M20 proforma	9M20/9M21	Proforma 9M20/9M21
EBITDA	53,850	84,557	100,350	-36.3%	-46.3%	468,860	206,886	226,775	126.6%	106.8%
EBITDA margin	3.6%	7.0%	7.9%	-3.4 bps	-4.3 bps	10.2%	6.9%	6.1%	3.3 bps	4.1 bps
Non-recurring	65,038	4,490	2,774	1,348.4%	2,244.4%	-126,428	22,523	39,974	-661.3%	-416.3%
Adjusted EBITDA	118,888	89,047	103,124	33.5%	15.3%	342,432	229,409	266,749	49.3%	28.4%
Adjusted EBITDA margin ¹	8.2%	7.4%	8.1%	0.9 bps	0.1 bps	7.8%	7.7%	7.2%	0.1 bps	0.6 bps

¹ Comprises: Adjusted EBITDA divided by Adjusted net revenue.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is not a financial measurement under BR GAAP, international accounting rules or IFRS, and should not be considered in isolation as a measure of operational revenue or an alternative to operational cash flow as a measure of liquidity. This indicator is a management monitoring instrument, presented to offer additional information on operational cash generation.

The Company's adjusted EBITDA in 3Q21 was BRL 118.9 million, 33.5% more than in 3Q20 and 15.3% compared to the proforma result. In 9M21, adjusted EBITDA totaled BRL 342.4 million, 49.3% more than in 9M20, and 28.4% higher than the proforma result. If we consider FW's EBITDA, which will be consolidated from November 1st, 2021 and Daviso's EBITDA from January to June, 2021, the Adjusted EBITDA would have totaled BRL 127.5 million in 3Q21 and BRL 374.2 million in 9M21. As a result, the EBITDA margin would have been 8.6% in 3Q21 and 8.3% in 9M21.

There was an increase in Adjusted Margin in 9M21, of 0.1 bps compared to 9M20. In comparison with the proforma numbers, there was an increase of 0.6 bps in the Adjusted EBITDA Margin in 9M21, due to organic growth revenue and synergies from acquisitions.

In 3Q21, non-recurring items totaled an expense of BRL 65.0 million, as shown:

Expenses on M&A and Consultancy	13,141	2,580	409.5%	27,299	16,655	63.9%
Escrow account	1,953	1,899	2.8%	4,420	5,173	-14.6%
ICMS legal actions (re PIS/Cofins)	226	—	n.a.	9,597	—	n.a.
ICMS – DIFAL process ¹	(36,324)	—	n.a.	(254,189)	—	n.a.
Other	83	12	585.8%	487	695	-30.0%
Phantom shares	85,959	—	0,0%	85,959	—	n.a.
Total	65,038	4,490	1,348.4%	(126,428)	22,523	-661.3%

¹ Comprises the sum of the effects on Net revenue and Other operational revenues and expenses.

M&A expenses: Contracting of consultants and advisors, and other expenditures on execution and integration of the companies acquired.

Escrow account: Net balance adjustment of the amounts relating to the Company's expenses which will be reimbursed by the vendors of the companies acquired or discounted from future payments owed by the Company to these vendors.

Legal actions on ICMS tax – on the calculation base for the PIS and Cofins taxes: an action to exclude amounts of ICMS tax (paid or payable) from the basis for calculation of the PIS and Cofins taxes.

ICMS legal actions in relation to the Difal system: as a result of these actions, there was a reversal of provisions for taxes payable under the Difal system, which had established differentiation of tax rates between Brazil's states, under Constitutional Amendment 87/2015 – which the Federal Supreme Court later ruled to be unconstitutional.

Phantom shares: shared-based compensation plan. The whole impact was accounted in 3Q21.

NET FINANCIAL REVENUES (EXPENSES)

BRL '000	3Q21	3Q20	Change, 3Q20/3Q21	9M21	9M20	Change, 9M20/9M21
Financial revenues	71,538	79,852	-10.4%	202,870	226,174	-10.3%
Financial expenses	(101,803)	(97,949)	3.9%	(256,601)	(276,457)	-7.2%
Net financial revenues (expenses)	(30,265)	(18,097)	67.2%	(53,731)	(50,283)	6.9%

For 3Q21, the Company reports net financial expenses of BRL 30.3 million, or 67.2% more than in 3Q20. For 9M21, net financial expenses were BRL 53.7 million, 6.9% more than in 9M20.

The lower financial revenues in the two periods were mainly due to lower gains on derivatives in 2021 than 2020.

The variations in financial expenses in 3Q21 mainly reflect the higher average balance of debt. In 9M21, differences in financial expenses are mainly due to lower expenses caused by foreign exchange rate variations.

Note that all the Company's debt in foreign currency is hedged in Brazilian currency (Reais).

INCOME AND SOCIAL CONTRIBUTION TAXES

The Company reports a gain of BRL 66.2 million in the Income tax and Social Contribution tax line, resulting mainly from the following factors: (i) BRL 29.2 million in corporate income tax; and (ii) Social Contribution tax recoverable, relating to the exclusion of liability on BRL 85.9 million of financial revenue arising from inflation correction previously posted, due to the decision by the Supreme Court of the unconstitutionality of application of the Selic rate (arrears interest and inflation correction) to income tax and Social Contribution, received due to undue repetition of tax claims.

In 9M21 the Income tax and Social Contribution line was BRL 28.0 million, primarily for recognition of the item posted as BRL 28.0 million under subsidy for investment.

NET PROFIT AND ADJUSTED NET PROFIT

BRL '000	3Q21	3Q20	Change, 3Q20– 3Q21	9M21	9M20	Change, 9M20– 9M21
Net profit	61,255	25,456	140.6%	313,537	62,922	398.3%
Adjustments to EBITDA*	42,925	2,964	1,348.4%	(83,442)	14,865	-661.3%
Amortization of goodwill – M&As*	5,491	3,370	62.9%	13,328	7,802	70.8%
Excess income and Soc. Contr. taxes demanded (–)	(29,208)	–	n.a.	(29,208)	–	n.a.
Adjusted net profit	80,463	31,790	153.1%	214,214	85,589	150.3%
Adjusted net margin	5.6%	2.6%	2.9 bps	4.9%	2.9%	2.0 bps

* After deduction of the standard 34% aggregate rate of income tax + Social Contribution tax.

¹ Comprises: Adjusted net profit divided by Adjusted net revenue.

Net profit in the period was BRL 61.3 million. Adjusted net profit, at BRL 80.5 million, was 153.1% higher than in 2Q20.

Net profit was adjusted by the same non-recurring expenses used to adjust EBITDA, net of income tax and Social Contribution at the rate of 34%, and also by the effects relating to the undue repeated tax claims explained above. In 3Q21, adjusted net margin was 5.6%, 2.9 bps. higher than in 3Q20. Adjusted net margin in 9M21 was 4.9%, 2.0 bps. higher than in 9M20, and adjusted net profit was BRL 214.2 million.

BALANCE SHEET

ASSETS	Sep. 30 2021	Dec. 31 2020	Change
Cash and cash equivalents	1,706,890	937,334	82.1%
Cash investments	0	97,500	-100.0%
Accounts receivable from clients	967,186	978,549	-1.2%
Inventories	877,120	715,925	22.5%
Taxes recoverable	217,402	80,380	170.5%
Right of reimbursement	1,998	1,998	0.0%
Derivatives	6,830	11,737	-41.8%
Other assets	108,802	46,423	134.4%
Related party transactions	7,963	449	1,673.5%
Total, Current assets	3,894,191	2,870,295	35.7%
Accounts receivable from clients	9,851	9,155	7.6%
Taxes recoverable	62,761	152,433	-58.8%
Escrow deposits	187,906	280,589	-33.0%
Deferred tax assets	111,137	38,927	185.5%
Right of reimbursement	1,093	1,093	0.0%
Other assets	1,274	890	43.1%
Investments	2,473	4,397	-43.8%
Property, plant and equipment	238,182	223,035	6.8%
Intangible assets	1,060,887	880,392	20.5%
Right to use of assets	121,905	134,013	-9.0%
Total, non-current assets	1,797,469	1,724,924	4.2%
Total assets	5,691,660	4,595,219	23.9%

LIABILITIES	Sep. 30 2021	Dec. 31 2020	Change
Suppliers	858,761	955,882	-10.2%
Suppliers – reverse factoring	42,599	64,763	-34.2%
Tax obligations	41,591	0	n.a.
Loans and financings	188,257	599,285	-68.6%
Debentures	78,625	135,175	-41.8%
Salaries and related payroll costs payable	91,887	77,494	18.6%
Taxes payable by installments	3,145	63,200	-95.0%
Advances from clients	15,188	14,925	1.8%
Dividends payable	11,693	49,081	-76.2%
Leasing liabilities	52,481	50,785	3.3%
Provisions	3,537	2,551	38.7%
Due to former stockholders of subsidiary	88,647	0	n.a.
Suppliers – related parties	6,870	0	n.a.
Obligations under acquisitions	12,000	0	n.a.
Other liabilities	66,813	51,459	29.8%
Total, current liabilities	1,562,094	2,064,600	-24.3%
Loans and financings	302,667	164,362	84.1%
Debentures	999,621	247,011	304.7%
Obligations under acquisitions	378,475	362,231	4.5%
Taxes payable by installments	12,276	13,107	-6.3%
Deferred taxes	49,897	29,271	70.5%
Provisions	47,701	336,290	-85.8%
Leasing liabilities	90,583	101,125	-10.4%
Derivatives	7,322	0	n.a.
Tax legal action – passthrough	68,900	0	n.a.
Other liabilities	46	76,194	-99.9%
Total, non-current liabilities	1,957,488	1,329,591	47.2%
Share capital	1,771,044	979,957	80.7%
Capital reserves	-201,950	-30,963	552.2%
Profit reserves	602,984	252,034	139.2%
Total stockholders' equity	2,172,078	1,201,028	80.9%
Total liabilities + Stockholders' equity	5,691,660	4,595,219	23.9%

Assets

Current assets on September 30, 2021, were BRL 3,894.2 million, 35.7% higher than on December 31, 2020. Non-current assets on September 30, 2021, were BRL 1,797.5 million, 4.2% higher.

Main factors were:

- A higher cash position, mainly from operational cash flow and funding raised in the period.
- Increase in the Other assets line, primarily arising from advances to suppliers, and also amounts from the company Daviso, acquired in June 2021.

Liabilities

Current liabilities on September 31, 2020, were BRL 1,562.1 million, 24.3% lower than on December 31, 2020. Non-current liabilities were BRL 1,957.5 million, 43.5% higher than on December 31, 2020.

The increase mainly reflects the higher Loans and financings line as a result of the funding raised in the period.

Stockholders' equity at the end of September was BRL 2,172.1 million, up 80.9% from December 30, 2020, mainly reflecting the capital increase and the higher profit reserves.

Loans, financings and debentures

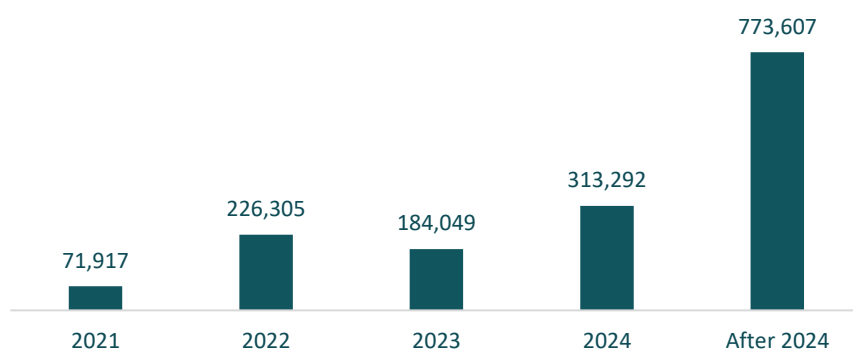
The Company's gross debt on September 30, 2021, was BRL 1,569.2 million, BRL 423.3 million greater than on December 31, 2020, mainly due to issuance of the Third Debenture Issue, for BRL 800 million. This financing contributed to the increase in Cash and cash equivalents, which totaled BRL 1,706.9 million at the end of September. Thus, at the close of 3Q21 Viveo held net cash of BRL 137.7 million, compared to net debt of BRL 208.5 million at the end of 2020. If the balance of derivative instruments on those dates is also considered, Net cash on September 30, 2021, was BRL 137.2 million, and the position on December 31, 2020, was net debt of BRL 99.3 million.

In 3Q21 a total of BRL 113.1 million was paid in interest and principal on loans, financings, and debentures.

In the maturities profile, at the end of 3Q21 83.0% of the Company's debt had maturities in the long term, and average tenor of the debt was 4.7 years. On the same date, 84.4% of the debt was contracted in Brazilian currency, and the portion in foreign currency was fully hedged with financial instruments converting balances to Reais. In 3Q21, the average cost of the Company's debt was the CDI rate plus 2.49% per year.

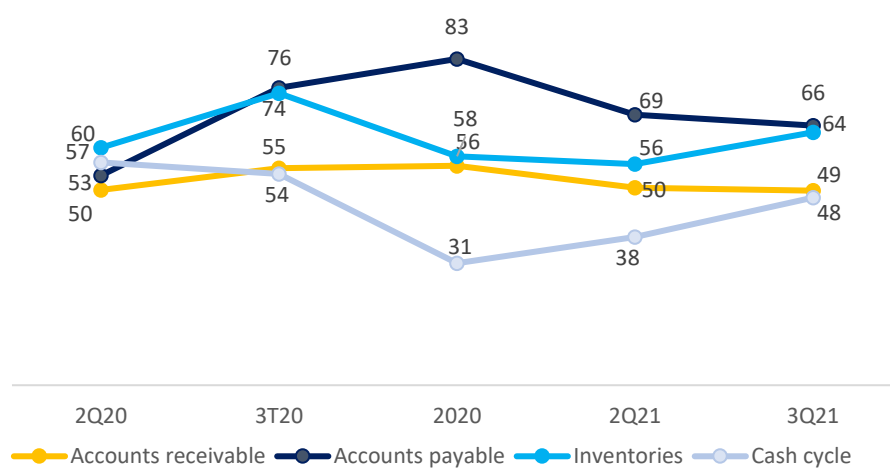
Loans and financings (BRL million)	Sep. 30, 2021	Dec. 31, 2020	Change
Cash and cash equivalents	1,706.9	1,034.8	64.9%
Loans and financings	490.9	763.6	-35.7%
Debentures	1,078.3	382.2	182.1%
Derivative financial instruments	0.5	(11.7)	-104.3%
Net debt (cash)	(137.2)	99.3	-238.2%

Debt amortization timetable – BRL million



CASH CYCLE

The cash cycle in 3Q21 was 48 days, 6 days less than in 3Q20, and 10 days more than in 2Q21, pulled by the increase in inventories.

Cash cycle (days) ¹

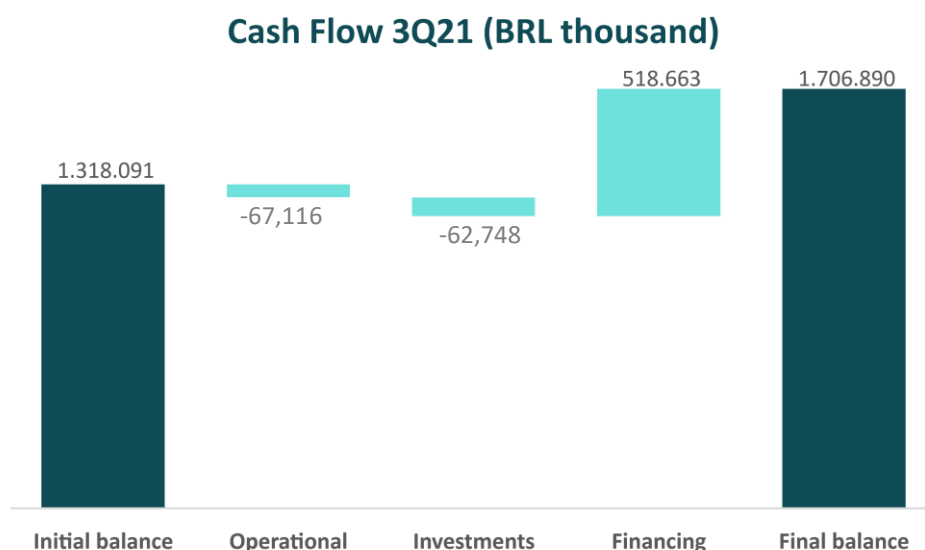
¹ This considers the proforma numbers for 3Q20, 2020 and 3Q21.

CASH FLOW

The final cash position at the end of 3Q21 was BRL 1,706.9 million, an increase of BRL 388.8 million from the balance at the start of the period. Of this amount, BRL 67.1 million was consumed by operational activities, of which BRL 41.8 million were generated by operations. The main impacts in this line were: (a) phantom shares in the total amount of BRL 111.3 million, of which BRL 86 million related to charges and BRL 25.4 million to phantom shares, partially offset by (b) positive effect of the Difal of BRL 52.0 million; (ii) BRL 51.1 million consumed by changes in assets and liabilities, mainly due to the increase in inventory due to the post-Covid transition period and (iii) consumption of BRL 10.4 million in interest payments on financing and taxes.

Investment activities consumed BRL 62.7 million, particularly for disbursement of M&A operations and in the acquisition of new equipment.

Meanwhile, financing activities generated inflow of BRL 518.7 million. Of this amount, BRL 655.8 million referred to the capital increase as a result of share issues already deducted from bank commissions, and BRL 100.0 million to loans, partially offset by the payment of loans and debentures totaling BRL 202.6 million and the payment of phantom shares in the amount of BRL 25.4 million.



SUSTAINABILITY IN THE BUSINESS

Based on the company's vocation to "Care for Every Life", Viveo carried out an in-depth study on how to develop its work in terms of ESG and is investing BRL 20 million in initiatives aiming to have cleaner energy supply, and actions that contribute to the environment and to the whole of society.

As well as these objectives, the study mapped 12 main themes, under four key pillars of policy, related to the whole organization and its stakeholders – including: Honest Management, Human Development, Eco-Efficiency, and Solutions for Sustainability.

Green Fleet Innovation

Viveo is also investing in a green fleet. It has acquired four fully electrical trucks from JAC Motors, which are being manufactured and will arrive in the coming months. Over the next 3 years, Viveo will replace the whole of its fleet that makes 'last mile' deliveries in greater São Paulo with electric vehicles. An equivalent diesel vehicle issues 600 grams of CO₂ per kilometer into the atmosphere, while the emission from an electric vehicle is zero.



For its whole sales fleet, Viveo has signed a sustainability partnership with the company Movida. In this initiative, emissions of greenhouse gases are neutralized in the rental contracts through planting of native trees in the biodiversity corridor of the Araguaia River, one of the world's largest nature corridors.

Packaging Replacement

Another strategy already approved is the replacement of expanded polystyrene ('Isopor') and coolants currently used in highway transport of drugs and vaccines by the Viveo logistics operator Health Log. This Viveo company has more than 90,000 m² of distribution centers, and a fleet of more than 200 vehicles with wide coverage in Brazil and provides storage and transport services for the whole of the healthcare chain. Viveo will replace these packagings with returnable packagings manufactured with Phase Change Material (PCM) technology, thus contributing to reduction of wastes in the healthcare sector. The Company estimates that the substitution will reduce generation of solid wastes by more than 10 tons per year.

Renewable energy

In line with this strategy, one of Viveo's areas of focus is reduction of greenhouse gases. For this purpose, it is investing in energy generation technologies based on a renewable fuel: biomass. Adopting new technology, Viveo will replace fossil fuels with biomass from eucalyptus wood originating from reforestation. With this investment, the company intends to achieve 95% of its heat generation from renewable sources in all its production units in 2022. Already, 93.4% of the electricity used by the Group comes from renewable sources, through contracts in Brazil's wholesale electricity Free Market.

The I-REC Seal

Viveo was awarded the I-REC seal, recognized worldwide, certifying that 100% of the energy consumed by the company in 2020 was from renewable sources. In last year alone, CO₂ emissions were reduced by approximately 3,685 tons. The certification is an important step for the Company and underlines its commitment to ESG.

Signatories of the Better Cotton Initiative

As one more of these pioneering initiatives in the healthcare sector, Viveo has also become a signatory to the Better Cotton Initiative (BCI), a multi-sector governance group promoting improvements in standards of agriculture and cotton lint cultivation practices. The BCI also provides assurance in important social issues of the production chain, such as employment-law rights, gender equality and prevention of slave and child labor. All the cotton lint acquired by Viveo comes from BCI-certified plantations. With this, the Company provides greater transparency for the whole of the production chain, and reaffirms its care and concern for the whole of the ecosystem. As a signatory of the initiative, Viveo will be able to pass through credits received from its clients.

Communities

Viveo is also committed to mobilization, engagement, and contribution to support development of health entities in vulnerable communities. Last year the entire first week of the company's production of masks and alcohol gel was donated to health institutions to assist in the combat of Covid-19, as well as support for the crisis in Manaus, and other donations.

CAPITAL MARKETS

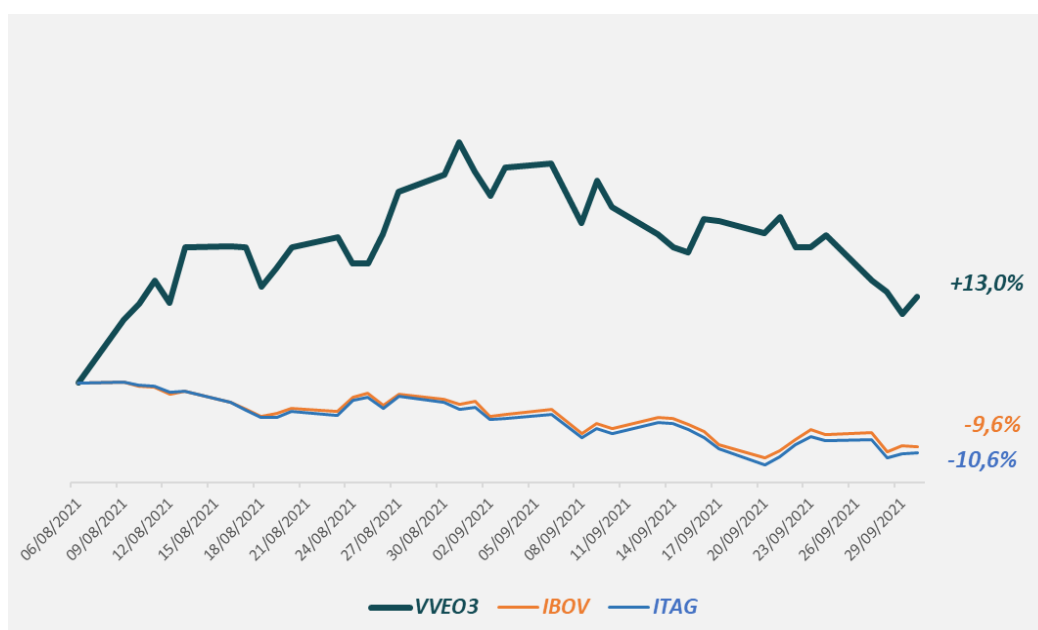
Listed on the Novo Mercado of the B3, the segment for companies with the highest levels of corporate governance, the shares of Viveo (VVEO3) are included in the portfolios of the IGEX, IGNM and ITAG indices – the first two of these are for companies with high levels of governance, and the ITAG is for shares with differentiated tag-along rights.

In the first months of trading after the IPO, from August 6 to September 30, 2021, the price of the company's shares (VVEO3) rose by 13.0%, while in the same period, the Bovespa index fell 9.6%, and the ITAG fell 10.6%.

A total of 36,406 trades were made in 3Q21, involving approximately 286.1 million common shares. At the end of the period average daily trading on the B3 was BRL 11,471,533.

	VVEO3	Market value	Trading volume
August 6, 2021	BRL 19.92	BRL 5.69 billion	129,170,000
September 30, 2021	BRL 22.51	BRL 6.44 billion	103,880,000

VVEO3 vs. IBOV and ITAG
Aug. 6, 2021, to Sep. 30, 2021



GLOSSARY

3PL: Outsourced logistics operator.

4PL: Supply chain manager.

CD: Distribution center.

Consumption: sales of health products by the pharmacies, supermarkets, and other retail channels to customers and patients.

Cash cycle: Time between payment of suppliers and receipt of amounts from the sale of the products.

Elective surgeries: Programmed surgeries that are not considered to be urgent, and for which the doctor schedules date and time, according to the available schedules of the hospital and the most appropriate timing.

Crossdocking: A distribution system in which, when a product is purchased on the site, it is sent to a distribution system or warehouse which sends it to the client using an organized redistribution system.

D2P: Direct to Patient.

EBITDA: Earnings before interest, taxes, depreciation, and amortization.

EPI: Individual protection equipment, which includes all items of protection used individually by workers to protect them from any risk that the work environment may present to their health.

Escrow account: Adjustment to the net balance of the amounts relating to the expenses of the Company, which will be reimbursed by the vendors of the companies acquired or discounted from future payments owed by the Company to these vendors.

ESG: Environmental, social and governance – generally used to assess environmental social and governance practices of a company.

M&A: Mergers and Acquisitions.

MIPs: Non-prescription medications, also known as OTC or ‘Over-the-counter’.

Non-retail: The institutional market segment, comprising sales to institutions such as hospitals, clinics, doctors, and insurance companies, where more complex medications are used which require greater care in consumption and application such as, for example, oncology medication.

One-stop-shop: An online or physical environment in which the consumer can make purchases of various items in a single place.

Pre-analytics portfolio: Products used in collection and handling of samples.

SKU: Stock keeping unit.

Start-up: A company at initial phase, which has an innovative business proposition with high growth potential.

VMI: Vendor Managed Inventory – inventory jointly managed by a group of suppliers and clients.