

## Hypera Pharma reports Net Revenue growth of 17.7% and reaches the highest ever recorded EBITDA from Continuing Operations of R\$790.7 million in 2Q23

São Paulo, July 27, 2023 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the 2<sup>nd</sup> quarter of 2023. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 2Q23 Highlights

- Net Revenue of R\$2,231.1 million, up 17.7% versus 2Q22
- Highest ever recorded EBITDA from Continuing Operations (excl. Others) of R\$772.7 million, up 14.6% vs. 2Q22
- Cash Flow From Operations of R\$578.1 million, highest level ever recorded in a second quarter
- Interest on Equity approval of R\$194.8 million

**Table 1**

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,154.7	113.7%	2,549.6	114.3%	18.3%	3,864.1	114.0%	4,489.8	114.3%	16.2%
Net Revenue	1,895.6	100.0%	2,231.1	100.0%	17.7%	3,389.2	100.0%	3,929.3	100.0%	15.9%
Gross Profit	1,208.0	63.7%	1,409.2	63.2%	16.7%	2,147.2	63.4%	2,495.3	63.5%	16.2%
SG&A (excl. Marketing and R&D)	(225.3)	-11.9%	(291.8)	-13.1%	29.5%	(432.0)	-12.7%	(540.9)	-13.8%	25.2%
Research & Development	(33.9)	-1.8%	(42.5)	-1.9%	25.3%	(76.4)	-2.3%	(83.6)	-2.1%	9.4%
Marketing	(312.2)	-16.5%	(354.2)	-15.9%	13.5%	(545.2)	-16.1%	(622.5)	-15.8%	14.2%
EBITDA from Continuing Operations (excl. Others)	674.1	35.6%	772.7	34.6%	14.6%	1,174.1	34.6%	1,353.0	34.4%	15.2%
EBITDA from Continuing Operations	683.3	36.0%	790.7	35.4%	15.7%	1,188.9	35.1%	1,378.2	35.1%	15.9%
Net Income from Continuing Operations	455.5	24.0%	504.4	22.6%	10.7%	805.0	23.8%	843.8	21.5%	4.8%
Cash Flow from Operations	535.1	28.2%	578.1	25.9%	8.0%	846.8	25.0%	879.6	22.4%	3.9%

**EARNINGS CONFERENCE CALL – PORTUGUESE: 07/28/2023, 11am (Brasília) / 10am (New York)**

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**EARNINGS CONFERENCE CALL – ENGLISH: (Simultaneous translation): 07/28/2023, 11am (Brasília) / 10am (New York)**

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## Operating Scenario

Hypera Pharma's Net Revenue grew 17.7% in 2Q23, when compared to 2Q22, and reached R\$2,231.1 million, mainly driven by: (i) the sell-out growth of Company's important Power Brands<sup>1</sup>; and (ii) the contribution of products launched in the last 2 years, which represented 73.8% of the Net Revenue added in the period, when compared to the same period of the previous year, with emphasis on the launches focused in gynecology, orthopedics, gastroenterology, central nervous system and cardiology, major categories in which Hypera Pharma has been strengthening its participation in the last years and has several projects in its innovation pipeline.

Sell-out growth in 2Q23 was 8.6%<sup>2</sup>, or 4.7 percentage points lower than market growth<sup>3</sup>, and was affected by the strong year-on-year growth recorded in June 2022, when the Company grew 33.0% over June 2021, or 9.6 percentage points above the market growth, benefiting from its internal inventory policies for raw materials and finished products at customers that ensured the supply of its products in pharmacies during the period of more significant unavailability of medicines in Brazil.

The sell-out compounded annual growth rate for the last 2 years (CAGR 2Q23 vs. 2Q21) was 17.0% in the quarter, or 0.4 percentage point higher than the market, reflecting the acceleration in the pace of launches in the last few years and the recent investments in leading brands and in increasing the Company's production capacity.

Non-Retail contributed with R\$97.2 million to Net Revenue, reaching 54.9% growth over the same period of the previous year when excluding the revenue from the non-recurring sale of Immunoglobulin recorded mainly in 2Q22.

Net Revenue growth contributed to Hypera Pharma's: (i) highest ever recorded EBITDA from Continuing Operations of R\$790.7 million; and (ii) operating cash generation of R\$578.1 million, the highest level ever recorded by the Company in a second quarter.

Hypera Pharma also approved Interest on Equity of R\$194.8 million, or R\$0.31/share, and published its 2022 Integrated Annual Report, which presents its main highlights and initiatives in the environmental, social and economic areas.

The 2022 Integrated Annual Report, aligned with the UN Sustainable Development Goals (SDGs) and assured by an independent third party, followed the Integrated Reporting Council (IIRC) framework and GRI guidelines, and considered the global frameworks of the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD).

In 2Q23, the new composition of the Board of Directors proposed by the Company was approved at the general shareholders' meeting, and now has among its independent members **Eliana Chimenti**, partner at Machado, Meyer, Sendacz e Opice Advogados and member of the Market Arbitration Chamber, and **Mauro Cunha**, former president of the Brazilian Institute of Corporate Governance - IBGC and of the Association of Capital Market Investors - Amec and with participation in important boards of directors in Brazil for more than 20 years.

The arrival of Eliana Chimenti and Mauro Cunha is in line with Hypera Pharma's strategy of constantly looking for the evolution of the Board of Directors' governance, without losing sight of the complementary profiles and skills of its members.

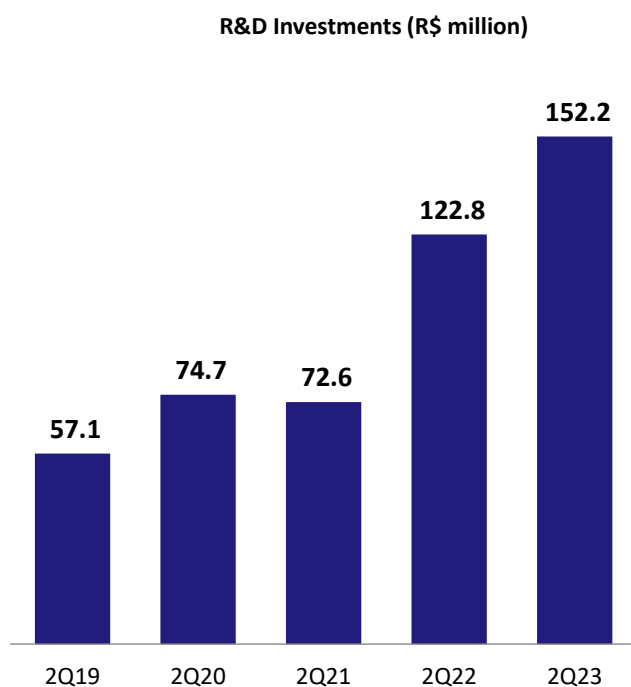
Also in this quarter, the Company was once again certified by Great Place to Work as an excellent place to work in Brazil, and had a notable participation in the 20th edition of *IstoÉ Dinheiro's* ranking The Most Valuable Brands in Brazil. The ranking was prepared by TM20 Branding and Design Bridge and Partners based on 17,000 interviews and financial data provided by TradeMap, and included 20 consumer goods brands among the 50 most valuable, being 6 of which from Hypera Pharma (Neo Química, Coristina D, Benegrip, Engov, Doril and Neosaldina).

The performance presented in the first semester of the year, the strength and resilience of the Company's portfolio of leading brands and the contribution of recent launches reinforce Hypera Pharma's confidence in achieving the financial targets and projections set for 2023.

Note: (1) Power Brands are brands with +R\$100 million sell-out; (2) Sell-out PPP (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price by pharmacies and chains; (3) As informed by IQVIA, excludes the infant formula segment

## Innovation & Launches

Graph 1



Total R&D investments, including the amount capitalized as intangible assets, totaled R\$152.2 million in 2Q23, evidencing the Company's commitment to the constant innovation of its portfolio of products and additional investments in R&D to develop the innovation pipeline to support the growth in Non-Retail.

The Freshness Index<sup>2</sup>, corresponding to the percentage of Net Revenue from products launched in the last five years, was 23% in the 2Q23, compared to 24% in 2Q22.

In 2Q23, the Company launched several new products in all its business units.

In Prescription Products, the main highlights were the line extensions **Bifilac Lipid**, a supplement with probiotics that contributes to cholesterol reduction, and **Bifilac Mind**, a supplement that in addition to contributing to the balance of intestinal flora, also helps to reduce the feeling of stress and anxiety.

In Consumer Health, the main highlights were **Coristina D Congest**, a decongestant and antiallergic for the treatment of common symptoms of flu, colds, rhinitis and sinusitis, **Tamarine**

### Dual Fit and Maracugina Kids.

In Skincare, the highlights were the line extensions of the **Pielus** brand, and in Similar and Generics, the antiepileptic **Levetiracetam**. In Non-Retail, the main highlight was the launch of the antibiotic **Ceftriaxone**.



Note: (1) Considers the R&D expenses and the amount capitalized as intangible assets. Excludes the effect of the Lei do Bem and the R&D amortization; (2) Does not consider the non-recurring revenue with immunoglobulin.

## Earnings Discussion

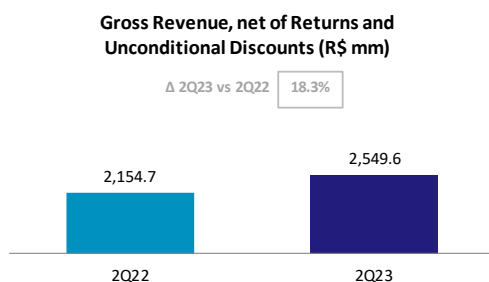
### Income Statement

Table 2

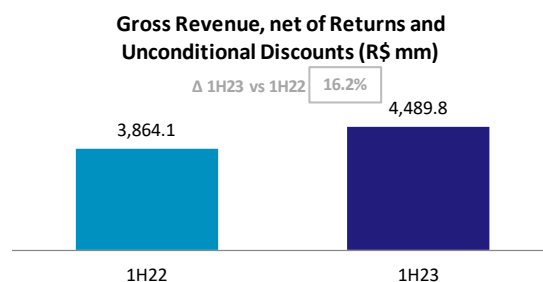
(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
<b>Net Revenue</b>	<b>1,895.6</b>	<b>100.0%</b>	<b>2,231.1</b>	<b>100.0%</b>	<b>17.7%</b>	<b>3,389.2</b>	<b>100.0%</b>	<b>3,929.3</b>	<b>100.0%</b>	<b>15.9%</b>
<b>Gross Profit</b>	<b>1,208.0</b>	<b>63.7%</b>	<b>1,409.2</b>	<b>63.2%</b>	<b>16.7%</b>	<b>2,147.2</b>	<b>63.4%</b>	<b>2,495.3</b>	<b>63.5%</b>	<b>16.2%</b>
Marketing Expenses	(312.2)	-16.5%	(354.2)	-15.9%	13.5%	(545.2)	-16.1%	(622.5)	-15.8%	14.2%
Selling Expenses	(188.7)	-10.0%	(244.3)	-11.0%	29.5%	(372.4)	-11.0%	(453.7)	-11.5%	21.8%
General and Administrative Expenses	(70.5)	-3.7%	(90.0)	-4.0%	27.6%	(136.0)	-4.0%	(170.7)	-4.3%	25.5%
Other Operating Revenues (Expenses)	9.2	0.5%	18.0	0.8%	95.5%	14.8	0.4%	25.2	0.6%	70.0%
Equity in Subsidiaries	(1.8)	-0.1%	(4.5)	-0.2%	154.9%	3.7	0.1%	(3.6)	-0.1%	-
<b>EBIT from Continuing Operations</b>	<b>644.0</b>	<b>34.0%</b>	<b>734.1</b>	<b>32.9%</b>	<b>14.0%</b>	<b>1,112.1</b>	<b>32.8%</b>	<b>1,269.9</b>	<b>32.3%</b>	<b>14.2%</b>
Net Financial Expenses	(210.4)	-11.1%	(262.3)	-11.8%	24.7%	(384.0)	-11.3%	(528.1)	-13.4%	37.5%
Income Tax and CSLL	21.9	1.2%	32.5	1.5%	49.0%	76.9	2.3%	101.9	2.6%	32.6%
<b>Net Income (Loss) from Continuing Operations</b>	<b>455.5</b>	<b>24.0%</b>	<b>504.4</b>	<b>22.6%</b>	<b>10.7%</b>	<b>805.0</b>	<b>23.8%</b>	<b>843.8</b>	<b>21.5%</b>	<b>4.8%</b>
Net Income from Discontinued Operations	0.4	0.0%	(0.5)	0.0%	-	(2.2)	-0.1%	(0.6)	0.0%	-71.0%
<b>Net Income (Loss)</b>	<b>455.9</b>	<b>24.1%</b>	<b>503.9</b>	<b>22.6%</b>	<b>10.5%</b>	<b>802.8</b>	<b>23.7%</b>	<b>843.2</b>	<b>21.5%</b>	<b>5.0%</b>
<b>EBITDA from Continuing Operations</b>	<b>683.3</b>	<b>36.0%</b>	<b>790.7</b>	<b>35.4%</b>	<b>15.7%</b>	<b>1,188.9</b>	<b>35.1%</b>	<b>1,378.2</b>	<b>35.1%</b>	<b>15.9%</b>

## Net Revenue

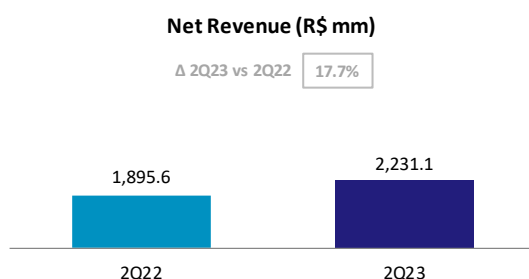
**Graph 2**



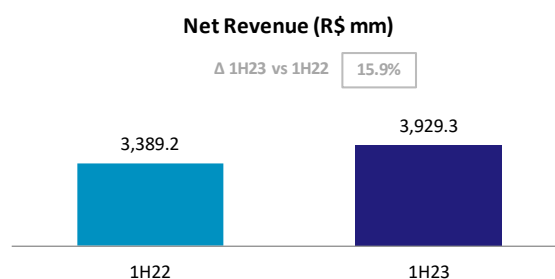
**Graph 3**



**Graph 4**



**Graph 5**



**Table 3**

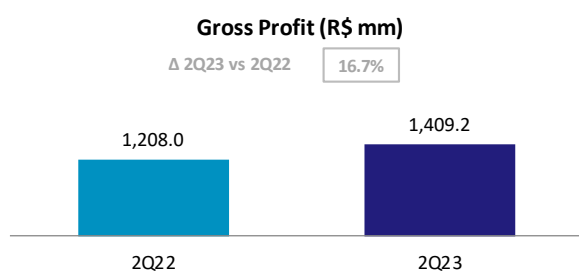
(R\$ million)	2Q22	2Q23	Δ %	1H22	1H23	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,154.7	2,549.6	18.3%	3,864.1	4,489.8	16.2%
Promotional Discounts	(106.0)	(143.0)	34.9%	(199.9)	(245.5)	22.8%
Taxes	(153.1)	(175.6)	14.7%	(275.0)	(315.1)	14.6%
Net Revenue	1,895.6	2,231.1	17.7%	3,389.2	3,929.3	15.9%

**Hypera Pharma's Net Revenue grew 17.7% in 2Q23 to R\$2,231.1 million**, driven primarily by the sell-out growth of the Company's main Power Brands and by the contribution of the products launched in the last 2 years.

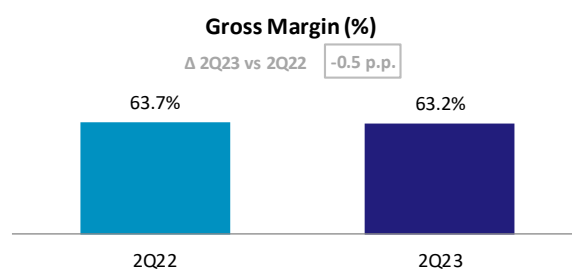
**In this quarter, Non-Retail contributed with R\$97.2 million to Net Revenue, an increase of 54.9% over the same period of the previous year when excluding the revenue from the non-recurring sale of Immunoglobulin recorded mainly in 2Q22.**

## Gross Profit

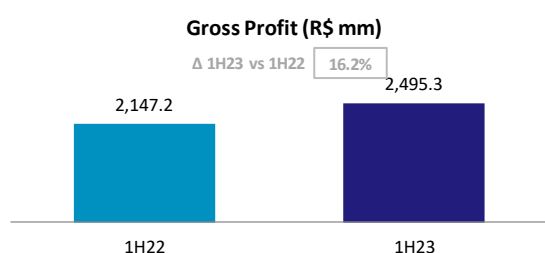
Graph 6



Graph 7



Graph 8



Graph 9

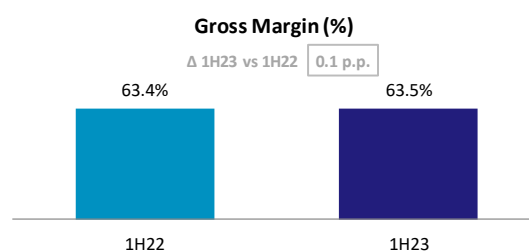


Table 4

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	Δ p.p.	1H22	% NR	1H23	% NR	Δ %	Δ p.p.
Gross Profit	1,208.0	63.7%	1,409.2	63.2%	16.7%	-0.5 p.p.	2,147.2	63.4%	2,495.3	63.5%	16.2%	0.1 p.p.

Gross Profit reached R\$1,409.2 million in 2Q23, with a Gross Margin of 63.2%. The variation in Gross Profit compared to 2Q22 is mainly a consequence of the higher idleness recorded in the quarter due to the collective vacation at the Anápolis manufacturing complex in April 2023, which contributed negatively to the Gross Profit by 0.6 percentage point.



## Marketing Expenses

Table 5

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Marketing Expenses	(312.2)	-16.5%	(354.2)	-15.9%	13.5%	(545.2)	-16.1%	(622.5)	-15.8%	14.2%
Advertisement and Consumer Promotion	(100.1)	-5.3%	(103.6)	-4.6%	3.5%	(166.2)	-4.9%	(177.7)	-4.5%	6.9%
Trade Deals	(43.6)	-2.3%	(52.0)	-2.3%	19.4%	(79.4)	-2.3%	(78.6)	-2.0%	-1.1%
Medical Visits, Promotions and Others	(168.4)	-8.9%	(198.6)	-8.9%	17.9%	(299.6)	-8.8%	(366.3)	-9.3%	22.2%

Marketing Expenses grew 13.5% in 2Q23 and totaled R\$354.2 million, reducing its share over Net Revenue by 0.6 percentage point, mainly as a result of the higher dilution with Advertising and Consumer Promotion Expenses, offsetting the increase in Promotional Discounts to drive sell-out growth in this quarter.

Marketing Expenses, added to Promotional Discounts, represented 22.3% of Net Revenue in 2Q23, compared to 22.1% in 2Q22.

## Selling Expenses

Table 6

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Selling Expenses	(188.7)	-10.0%	(244.3)	-11.0%	29.5%	(372.4)	-11.0%	(453.7)	-11.5%	21.8%
Commercial Expenses	(115.0)	-6.1%	(150.4)	-6.7%	30.8%	(223.6)	-6.6%	(276.2)	-7.0%	23.6%
Freight and Logistics Expenses	(39.7)	-2.1%	(51.4)	-2.3%	29.3%	(72.4)	-2.1%	(93.9)	-2.4%	29.7%
Research & Development	(33.9)	-1.8%	(42.5)	-1.9%	25.3%	(76.4)	-2.3%	(83.6)	-2.1%	9.4%

Selling Expenses increased their share of Net Revenue by 1.0 percentage point, primarily due to the 30.8% growth in Commercial Expenses, mainly as a result of the increase in the B2B sales structure (*Parceiro Hypera*) in the period.

Total investments in Research and Development (R&D), including the amount capitalized as an intangible asset, represented 6.8% of Net Revenue in the quarter, or 0.3 percentage point higher than 2Q22, evidencing the Company's commitment to the constant innovation of its product portfolio and the additional investments in R&D to develop the innovation pipeline to support the Non-Retail growth. In 2Q23, the benefit from the *Lei do Bem* was R\$10.6 million, compared to R\$11.3 million in 2Q22.

## General and Administrative Expenses & Other Operating Revenues / Expenses, Net

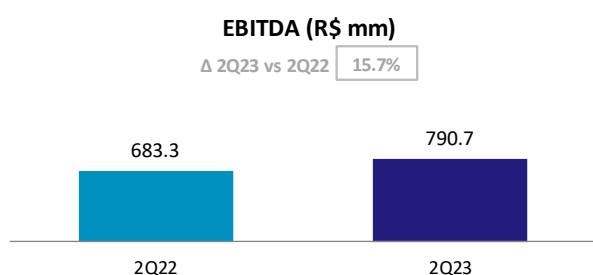
Table 7

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
General & Administrative Expenses	(70.5)	-3.7%	(90.0)	-4.0%	27.5%	(136.0)	-4.0%	(170.7)	-4.3%	25.5%
Other Operating Revenues (Expenses)	9.2	0.5%	18.0	0.8%	95.5%	14.8	0.4%	25.2	0.6%	70.0%

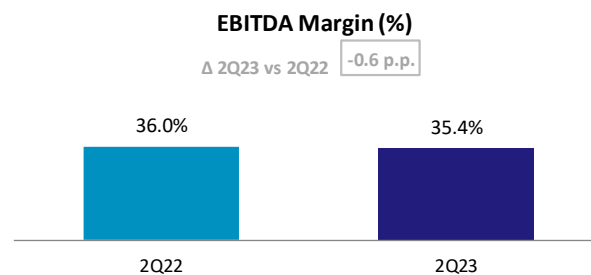
General and Administrative Expenses increased their share of Net Revenue by 0.3 percentage point in 2Q23, when compared to 2Q22, mainly as a result of the increase in administrative teams and information technology and infrastructure expenses.

## EBITDA from Continuing Operations

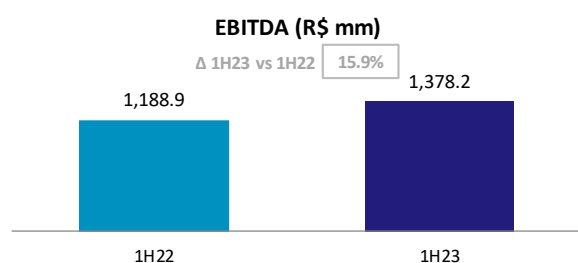
**Graph 10**



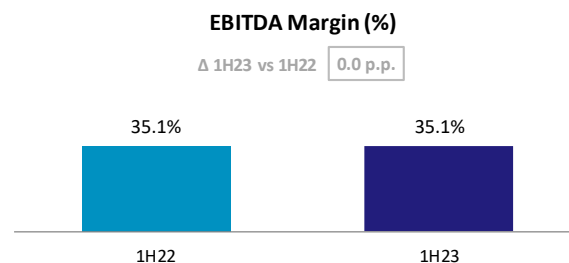
**Graph 11**



**Graph 12**



**Graph 13**



**Table 8 – EBITDA from Continuing Operations**

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
EBITDA from Continuing Operations	683.3	36.0%	790.7	35.4%	15.7%	1,188.9	35.1%	1,378.2	35.1%	15.9%
EBITDA from Continuing Operations (excl. Others)	674.1	35.6%	772.7	34.6%	14.6%	1,174.1	34.6%	1,353.0	34.4%	15.2%

EBITDA from Continuing Operations was R\$790.7 million in 2Q23, with a 35.4% margin. When excluding the contribution of Other Operating Revenues, EBITDA Margin from Continuing Operations was 34.6% in 2Q23, compared to 35.6% in 2Q22, mainly reflecting the lower Gross Margin and the increase in Selling Expenses as a percentage of Net Revenue.

**In 1H23, EBITDA Margin from Continuing Operations, when excluding the contribution from Other Operating Revenues, was 34.4%, compared to 34.6% in 1H22.**



## Net Financial Expenses

Table 9

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ R\$	1H22	% NR	1H23	% NR	Δ R\$
Financial Result	(210.4)	-11.1%	(262.3)	-11.8%	(51.9)	(384.0)	-11.3%	(528.1)	-13.4%	(144.1)
Net Interest Expenses	(184.7)	-9.7%	(228.2)	-10.2%	(43.5)	(319.5)	-9.4%	(454.0)	-11.6%	(134.5)
Cost of Hedge and FX Gains (Losses)	(9.2)	-0.5%	(10.0)	-0.4%	(0.9)	(24.3)	-0.7%	(21.8)	-0.6%	2.5
Other	(16.5)	-0.9%	(24.0)	-1.1%	(7.6)	(40.2)	-1.2%	(52.3)	-1.3%	(12.1)

The Financial Result presented a negative balance of R\$262.3 million in 2Q23, compared to R\$210.4 million in 2Q22. This variation is a result of the increase in interest expenses in the period due to the Company's higher Gross Debt due to the acquisition of Sanofi's brand portfolio and the increase in the Selic rate.

## Net Income

Table 10

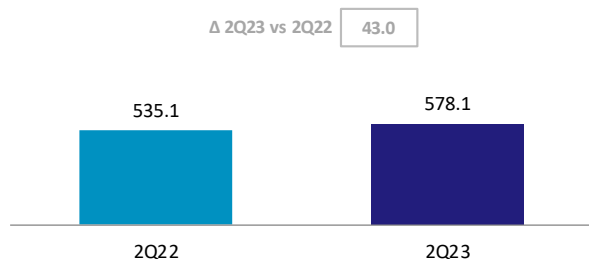
(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
EBIT from Continuing Operations	644.0	34.0%	734.1	32.9%	14.0%	1,112.1	32.8%	1,269.9	32.3%	14.2%
(-) Net Financial Expenses	(210.4)	-11.1%	(262.3)	-11.8%	24.7%	(384.0)	-11.3%	(528.1)	-13.4%	37.5%
(-) Income Tax and Social Contribution	21.9	1.2%	32.5	1.5%	49.0%	76.9	2.3%	101.9	2.6%	32.6%
<b>Net Income from Continuing Operations</b>	<b>455.5</b>	<b>24.0%</b>	<b>504.4</b>	<b>22.6%</b>	<b>10.7%</b>	<b>805.0</b>	<b>23.8%</b>	<b>843.8</b>	<b>21.5%</b>	<b>4.8%</b>
(+) Net Income from Discontinued Operations	0.4	0.0%	(0.5)	0.0%	-	(2.2)	-0.1%	(0.6)	0.0%	-71.0%
<b>Net Income</b>	<b>455.9</b>	<b>24.1%</b>	<b>503.9</b>	<b>22.6%</b>	<b>10.5%</b>	<b>802.8</b>	<b>23.7%</b>	<b>843.2</b>	<b>21.5%</b>	<b>5.0%</b>
<b>EPS</b>	<b>0.72</b>	<b>0.00</b>	<b>0.79</b>	<b>0.0%</b>	<b>9.8%</b>	<b>1.27</b>	<b>0.00</b>	<b>1.33</b>	<b>0.0%</b>	<b>4.6%</b>
<b>EPS from Continuing Operations</b>	<b>0.72</b>	<b>0.0%</b>	<b>0.80</b>	<b>0.0%</b>	<b>10.7%</b>	<b>1.27</b>	<b>0.0%</b>	<b>1.33</b>	<b>0.0%</b>	<b>4.7%</b>

Net Income from Continuing Operations totaled R\$504.4 million in the quarter, or 10.7% higher than 2Q22. The variation in Net Income from Continuing Operations is mainly a consequence of the 14.0% growth in EBIT from Continuing Operations and the R\$51.9 million increase in Net Financial Expenses.

## Cash Flow (Continuing and Discontinued Operations)

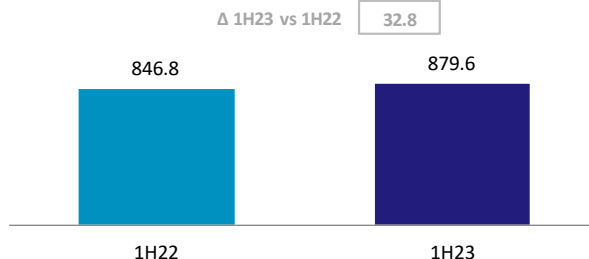
**Graph 14**

### Cash Flow from Operations (R\$ mm)



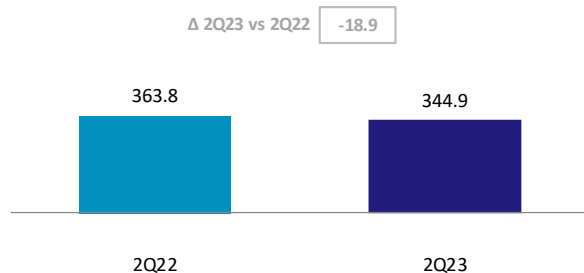
**Graph 15**

### Cash Flow from Operations (R\$ mm)



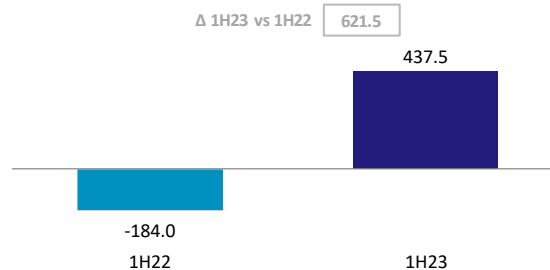
**Graph 16**

### Free Cash Flow (R\$ mm)



**Graph 17**

### Free Cash Flow (R\$ mm)



**Table 11**

(R\$ million)	2Q22	2Q23	1H22	1H23
Cash Flow from Operations	535.1	578.1	846.8	879.6
Capital increase in subsidiaries/associates	(2.0)	(2.4)	(6.2)	(6.6)
Purchase of Property, Plant and Equipment	(94.3)	(120.9)	(196.7)	(239.5)
Purchase of Intangible Assets	(83.8)	(92.6)	(813.7)	(177.8)
Acquisitions of Subsidiaries, Net of Cash Acquired	0.0	(16.2)	(10.0)	(16.4)
Sale of Property, Plant and Equipment	8.8	(1.1)	(4.2)	(1.9)
(=) Free Cash Flow	363.8	344.9	(184.0)	437.5

The Company's operating cash generation reached R\$578.1 million, the highest level ever recorded in a second quarter, mainly as a result of the 15.7% growth in EBITDA from Continuing Operations. Free cash flow reached R\$344.9 million, compared to R\$363.8 million in 2Q22, primarily as a result of the higher investment in property, plant and equipment to expand production capacity, including the new plants dedicated to Non-Retail.

## Net Debt

Table 12

(R\$ million)	1Q23	2Q23
Loans and Financing	(8,776.8)	(9,826.3)
Notes Payable	(29.2)	(29.5)
<b>Gross Debt</b>	<b>(8,806.0)</b>	<b>(9,855.8)</b>
Cash and Cash Equivalents	1,087.4	2,139.5
<b>Net Cash / (Debt)</b>	<b>(7,718.6)</b>	<b>(7,716.3)</b>
Unrealized Gain/Loss on Debt Hedge	9.4	(38.8)
<b>Net Cash / (Debt) After Hedge</b>	<b>(7,709.2)</b>	<b>(7,755.1)</b>

The Company ended 2Q23 with Net Debt after Hedge of R\$7,755.1 million, compared to R\$7,709.2 million at the end of 1Q23, or 2.5x the EBITDA from Continuing Operations set in the guidance for 2023.

## Other Information

### Cash Conversion Cycle – Continuing Operations

**Table 13**

						(R\$ million)	2Q22	3Q22	4Q22	1Q23	2Q23
(Days)	2Q22	3Q22	4Q22	1Q23	2Q23	Receivables	2,160	2,238	2,532	2,320	2,691
Receivables <sup>(1)</sup>	94	90	98	112	99	Inventories	1,701	2,009	2,196	2,394	2,302
Inventories <sup>(2)</sup>	223	243	247	352	252	Payables <sup>(3)</sup>	(983)	(1,181)	(1,310)	(1,248)	(1,072)
Payables <sup>(2) (3)</sup>	(129)	(143)	(147)	(184)	(117)	<b>Working Capital</b>	<b>2,878</b>	<b>3,066</b>	<b>3,418</b>	<b>3,466</b>	<b>3,921</b>
<b>Cash Conversion Cycle</b>	<b>188</b>	<b>190</b>	<b>198</b>	<b>281</b>	<b>234</b>	<b>% of Annualized Net Revenue <sup>(4)</sup></b>	<b>38%</b>	<b>38%</b>	<b>40%</b>	<b>51%</b>	<b>44%</b>

(1) Calculated based on Continuing Operations Gross Revenue, Net of Discounts

(2) Calculated based on Continuing Operations COGS

(3) Includes Suppliers' Assignment of Receivables

(4) Annualized Net Revenue for the last 3 months

### Tax Credits to offset Income Tax payment

i) **Federal Recoverable Taxes:** R\$608.7 million (please refer to Explanatory Note 13 of the Financial Statements);

ii) **Cash effect of Income Tax and Social Contribution Losses Carryforward:** R\$2,824.0 million (please refer to Explanatory Note 22(a) of the Financial Statements).

iii) **Goodwill:** the Company has R\$1,895.7 million in goodwill to be amortized for tax purposes until August 2026, which will generate a reduction in cash disbursement for the payment of Income Taxes of R\$644.5 million.

### Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

**Table 14**

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Net Income	455.9	24.1%	503.9	22.6%	10.5%	802.8	23.7%	843.2	21.5%	5.0%
(+) Income Tax and CSLL	(22.0)	-1.2%	(32.8)	-1.5%	48.9%	(78.4)	-2.3%	(102.3)	-2.6%	30.4%
(+) Net Interest Expenses	210.4	11.1%	262.3	11.8%	24.7%	384.0	11.3%	528.1	13.4%	37.5%
(+) Depreciations / Amortizations	39.2	2.1%	56.5	2.5%	44.1%	76.8	2.3%	108.3	2.8%	40.9%
<b>EBITDA</b>	<b>683.5</b>	<b>36.1%</b>	<b>789.9</b>	<b>35.4%</b>	<b>15.6%</b>	<b>1,185.2</b>	<b>35.0%</b>	<b>1,377.2</b>	<b>35.1%</b>	<b>16.2%</b>
(-) EBITDA from Discontinued Operations	(0.2)	0.0%	0.7	0.0%	-	3.7	0.1%	1.0	0.0%	-74.0%
<b>Adjusted EBITDA (EBITDA from Continuing Operations)</b>	<b>683.3</b>	<b>36.0%</b>	<b>790.7</b>	<b>35.4%</b>	<b>15.7%</b>	<b>1,188.9</b>	<b>35.1%</b>	<b>1,378.2</b>	<b>35.1%</b>	<b>15.9%</b>

EBITDA is a non-accounting measure prepared by the Company and it is calculated based on net income, added by income taxes, financial expenses net of financial income, depreciation and amortization. The Adjusted EBITDA, or EBITDA from Continuing Operations, represents the EBITDA, excluding the effects related to discontinued operations that affected the Company's EBITDA. The Company uses Adjusted EBITDA, or EBITDA from Continuing Operations, as a non-accounting measure, in order to present its performance in a way that better translates the operating cash generation potential of its business.

## Disclaimer

This release contains forward-looking statements that are exclusively related to the prospects of the business, its operating and financial results, and prospects for growth. These data are merely projections and, as such, based exclusively on our management's expectations for the future of the business and its continued access to capital to fund its business plan. These forward-looking statements substantially depend on changing market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors, as well as the risks shown in our filed disclosure documents, and are therefore subject to change without prior notice.

Additional unaudited information herein reflects management's interpretation of information taken from its financial information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. No data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

Our management is not responsible for compliance or accuracy of the management financial data discussed in this report, which must be considered as for informational purposes only, and should not override the analysis of our audited consolidated financial statements or our reviewed quarterly information for purposes of a decision to invest in our stock, or for any other purpose.

## Consolidated Income Statement (R\$ thousand)

Table 15

	2Q22	2Q23	1H22	1H23
Net Revenue	1,895,636	2,231,077	3,389,186	3,929,272
Cost of Goods Sold	(687,619)	(821,875)	(1,241,979)	(1,433,961)
Gross Profit	1,208,017	1,409,202	2,147,207	2,495,311
Selling and Marketing Expenses	(500,854)	(598,553)	(917,620)	(1,076,224)
General and Administrative Expenses	(70,545)	(89,981)	(136,019)	(170,738)
Other Operating Revenues (Expenses)	9,187	17,958	14,823	25,205
Equity in Subsidiaries	(1,762)	(4,491)	3,707	(3,616)
Operating Income Before Equity Income and Financial Result	644,043	734,135	1,112,098	1,269,938
Net Financial Expenses	(210,373)	(262,293)	(383,966)	(528,078)
Financial Expenses	(264,703)	(319,746)	(494,173)	(650,256)
Financial Income	54,330	57,453	110,207	122,178
Profit Before Income Tax and Social Contribution	433,670	471,842	728,132	741,860
Income Tax and Social Contribution	21,850	32,547	76,909	101,946
Net Income from Continuing Operations	455,520	504,389	805,041	843,806
Net Income from Discontinued Operations	413	(483)	(2,220)	(644)
Income for the Period	455,933	503,906	802,821	843,162
Earnings per Share – R\$	0.72	0.79	1.27	1.33



## Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2022	06/30/2023	Liabilities and Shareholders' Equity	12/31/2022	06/30/2023
<b>Current Assets</b>	<b>8,530,120</b>	<b>7,998,836</b>	<b>Current Liabilities</b>	<b>5,225,194</b>	<b>4,088,049</b>
Cash and Cash Equivalents	2,862,473	2,139,488	Suppliers	421,501	364,868
Accounts Receivables	2,531,789	2,690,545	Suppliers' Assignment of Receivables	888,150	706,939
Inventories	2,195,982	2,302,390	Loans and Financing	2,230,678	1,746,628
Recoverable Taxes	532,564	512,423	Salaries Payable	378,933	378,136
Financial Derivatives	10,303	3,589	Income Tax and Social Contribution	6,389	4,169
Other Assets	391,058	344,450	Taxes Payable	70,861	87,878
Dividends and IOC receivables	5,951	5,951	Accounts Payable	431,239	345,453
			Dividends and IOC Payable	677,773	362,776
			Notes Payable	68,079	23,823
			Financial Derivatives	51,591	67,379
<b>Non-Current Assets</b>	<b>15,225,513</b>	<b>15,811,186</b>	<b>Non-Current Liabilities</b>	<b>7,874,998</b>	<b>8,662,477</b>
<b>Long Term Assets</b>	<b>1,159,417</b>	<b>1,282,406</b>	Loans and Financing	7,376,881	8,079,661
Deferred Income Tax and Social Contribution	603,170	803,585	Deferred Income Tax and Social Contribution	206,378	226,883
Recoverable Taxes	344,013	284,170	Taxes Payable	4,179	3,240
Other Assets	188,109	194,560	Accounts Payable	128,966	178,237
Financial Derivatives	24,125	91	Provisions for Contingencies	153,256	131,888
			Notes Payable	5,331	5,674
			Financial Derivatives	7	36,894
<b>Fixed Assets and Investments</b>	<b>14,066,096</b>	<b>14,528,780</b>	<b>Shareholders' Equity</b>	<b>10,655,441</b>	<b>11,059,496</b>
Investments	131,717	95,608	Capital	4,478,126	4,478,126
Investment Properties	19,568	19,213	Capital Reserve	1,232,710	1,171,885
Biological Assets	4,799	4,600	Equity Valuation Adjustments	(244,191)	(284,215)
Property, Plants and Equipments	2,814,540	3,107,687	Profit Reserves	5,266,249	5,266,249
Intangible Assets	11,095,472	11,301,672	Treasury Stock	(87,134)	(36,032)
			Attributed to non-controlling shareholders	9,681	11,543
			Income for the Period	0	451,940
<b>Total Assets</b>	<b>23,755,633</b>	<b>23,810,022</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>23,755,633</b>	<b>23,810,022</b>

## Consolidated Cash Flow Statement (R\$ thousand)

Table 17

	2Q22	2Q23	1H22	1H23
<b>Cash Flows from Operating Activities</b>				
Income (Loss) Before Income Taxes including Discontinued Operations	433,901	471,110	724,405	740,891
Depreciation and Amortization	39,242	56,533	76,848	108,279
Asset Impairment	(960)	0	(595)	0
Gain on Permanent Asset Disposals	45,290	40,196	45,702	40,376
Equity Method	1,957	4,491	(3,512)	3,616
Foreign Exchange (Gains) Losses	9,160	10,017	24,299	21,769
Net Interest and Related Revenue/Expenses	201,213	252,276	359,667	506,309
Expenses Related to Share Based Remuneration	7,246	11,076	12,925	17,598
Provisions	18,048	2,677	10,465	(10,451)
<b>Adjusted Results</b>	<b>755,097</b>	<b>848,376</b>	<b>1,250,204</b>	<b>1,428,387</b>
<b>Decrease (Increase) in Assets</b>	<b>(419,254)</b>	<b>(156,799)</b>	<b>(584,815)</b>	<b>(317,706)</b>
Trade Accounts Receivable	(265,597)	(368,382)	(107,804)	(170,429)
Inventories	(254,505)	54,454	(438,821)	(176,037)
Recoverable Taxes	20,110	25,231	62,413	62,030
Judicial Deposits and Others	(6,402)	3,195	(14,267)	2,005
Other Accounts Receivable	87,140	128,703	(86,336)	(35,275)
<b>Increase (Decrease) in Liabilities</b>	<b>199,219</b>	<b>(113,490)</b>	<b>181,447</b>	<b>(231,077)</b>
Suppliers	11,114	(21,737)	74,862	(8,799)
Suppliers' Assignment of Receivables	130,421	(128,488)	118,201	(172,880)
Financial Derivatives	(57,878)	(35,953)	(99,563)	(40,047)
Income Tax and Social Contribution Paid	(71)	(1,286)	(542)	(1,440)
Taxes Payable	12,860	16,749	432	21,370
Salaries and Payroll Charges	49,718	59,448	19,173	(17,115)
Accounts Payable	6,499	(8,848)	26,238	(2,891)
Operations Interest Paid	38,291	10,691	34,004	(1,267)
Other Accounts Payable	8,265	(4,066)	8,642	(8,008)
<b>Net Cash Provided by Operating Activities</b>	<b>535,062</b>	<b>578,087</b>	<b>846,836</b>	<b>879,604</b>
<b>Cash Flows from Investing Activities</b>				
Capital Increase/Decrease in Subsidiaries/Affiliates	(2,000)	(2,384)	(6,228)	(6,634)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	(16,225)	(9,990)	(16,382)
Acquisitions of Property, Plant and Equipment	(94,258)	(120,949)	(196,741)	(239,504)
Intangible Assets	(83,805)	(92,603)	(813,684)	(177,758)
Proceeds from the Sale of Assets with Permanent Nature	8,754	(1,059)	(4,204)	(1,876)
Interest and Others	29,654	29,892	59,474	68,208
Investment Hedge	(9,083)	0	(149,449)	0
<b>Net Cash From Investing Activities</b>	<b>(150,738)</b>	<b>(203,328)</b>	<b>(1,120,822)</b>	<b>(373,946)</b>
<b>Cash Flows from Financing Activities</b>				
Borrowings	94,599	1,100,000	907,674	1,350,000
Treasury Stock Purchase / Sale	14,160	(37,077)	35,773	(55,398)
Repayment of Loans - Principal	(325,228)	(44,020)	(345,593)	(1,086,372)
Repayment of Loans - Interest	(238,963)	(310,545)	(368,110)	(674,203)
Dividends and IOC Paid	(24,953)	(27,032)	(729,752)	(704,535)
Loan Derivatives	0	(3,984)	(13,963)	(58,135)
<b>Net Cash From Financing Activities</b>	<b>(480,385)</b>	<b>677,342</b>	<b>(513,971)</b>	<b>(1,228,643)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(96,061)</b>	<b>1,052,101</b>	<b>(787,957)</b>	<b>(722,985)</b>
<b>Statement of Increase in Cash and Cash Equivalents, Net</b>				
Cash and Cash Equivalents at the Beginning of the Period	1,595,166	1,087,387	2,287,062	2,862,473
Cash and Cash Equivalents at the End of the Period	1,499,105	2,139,488	1,499,105	2,139,488
<b>Change in Cash and Cash Equivalent</b>	<b>(96,061)</b>	<b>1,052,101</b>	<b>(787,957)</b>	<b>(722,985)</b>