

## Hypera Pharma reports 25.8% growth in Net Revenue and 31.4% in Cash Flow from Operations in 2Q22, with organic market-share gain for the 7<sup>th</sup> consecutive quarter

São Paulo, July 28, 2022 – 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 2022. 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 International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 2Q22 Highlights

- Highest ever recorded sell-out growth of 25.0%<sup>1</sup> in 2Q22, or 6.5p.p. above the market growth<sup>2</sup>
- Net Revenue of R\$1,895.6 million in the quarter, up 25.8% over 2Q21
- Institutional Market Net Revenue growth of 157.2% in 2Q22, when compared to 2Q21
- EBITDA from Continuing Operations (excl. Others) of R\$674.1 million, or 31.0% higher than 2Q21
- Cash Flow from Operations of R\$535.1 million in 2Q22, up 31.4% over 2Q21
- Interest on Equity approval of R\$194.8 million in 2Q22

**Table 1**

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,725.7	114.5%	2,154.8	113.7%	24.9%	3,057.2	114.2%	3,864.1	114.0%	26.4%
Net Revenue	1,507.4	100.0%	1,895.6	100.0%	25.8%	2,678.2	100.0%	3,389.2	100.0%	26.5%
Gross Profit	987.7	65.5%	1,208.0	63.7%	22.3%	1,740.5	65.0%	2,147.2	63.4%	23.4%
SG&A (excl. Marketing and R&D)	(182.0)	-12.1%	(225.3)	-11.9%	23.8%	(348.8)	-13.0%	(432.0)	-12.7%	23.8%
Marketing	(298.3)	-19.8%	(312.2)	-16.5%	4.6%	(513.0)	-19.2%	(545.2)	-16.1%	6.3%
EBITDA from Continuing Operations (excl. Others)	514.7	34.1%	674.1	35.6%	31.0%	876.2	32.7%	1,174.1	34.6%	34.0%
Net Income from Continuing Operations	479.4	31.8%	455.5	24.0%	-5.0%	787.1	29.4%	805.0	23.8%	2.3%
Cash Flow from Operations	407.1	27.0%	535.1	28.2%	31.4%	558.2	20.8%	846.8	25.0%	51.7%

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*Note: <sup>1</sup> Sell-out PPP (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price from pharmacies and chains; <sup>2</sup>As informed by IQVIA, it excludes the infant formula segment*

## Operating Scenario

Hypera Pharma's Net Revenue grew 25.8% in 2Q22 and reached R\$1,895.6 million. This performance was mainly driven by the 25.0%<sup>1</sup> organic sell-out growth, or 6.5p.p. above market growth<sup>2</sup>, the highest sell-out growth ever recorded by the Company in a quarter, which was mainly favored by May and June performance.

The Company presented organic sell-out growth above the market for the 7<sup>th</sup> consecutive quarter and in all of its business units dedicated to the Brazilian pharmaceutical retail once again.

This sell-out performance is a result of the pace of launches acceleration in recent years, the increase in production capacity and the investments in the Company's unique portfolio of brands, and has also been supported by the policies of internal inventories of raw material and finished products at clients, which ensured the supply of Hypera Pharma's main products to Brazilian drugstores in this period of greater unavailability of medicines in the pharmaceutical market.

In **Consumer Health**, the market-share gain was driven by the leading brands performance in anti-flu, analgesic, gastrointestinal and antispasmodic categories, with the Power Brands<sup>3</sup> **Buscopan**, **Benegrip**, **Neosaldina**, **Engov** and **Epocler** as the main highlights. In **Prescription Products**, the performance benefited from the Power Brands **Nesina**, **Predsim**, **Alivium**, **Rinosoro**, **Dramin** and **Alektos**, as well as from the recent launches in gynecology, orthopedics, central nervous system and cardiology.

In **Skincare**, the Company grew above the market again, boosted mainly by the recent launches and brand extensions in **Mantecorp Skincare**, the brand most prescribed by dermatologists in Brazil. Another highlight of 2Q22 was the growth of the clean-beauty brand **Simple Organic**.

The **Neo Química** brand for similar and generics was once again favored by the acceleration in the pace of launches of new molecules in generics, by the growth of the Power Brand **Neosoro** and **Vitaminas Neo Química**, and by the expansion of production capacity in the industrial complex of Anápolis. The **Institutional Market** contributed with R\$128.1 million to Net Revenue in the quarter, versus R\$49.8 million in 2Q21, mainly reflecting the additional revenue from the sale of Immunoglobulin.

The organic sell-out growth and the main Power Brands performance contributed to Hypera Pharma's: (i) EBITDA Margin from Continuing Operations expansion of 1.5 percentage point to 35.6% in 2Q22, when excluding the contribution from Other Operating Revenues; and (ii) Cash Flow from Operations growth of 31.4% when compared to 2Q21, to R\$535.1 million, reaching the highest level ever recorded by the Company in a second quarter.

This operational performance is important for the Company to continue investing in its sustainable growth to increasingly strengthen its share in the Brazilian pharmaceutical market and its leading brands, without losing sight of its commitment to shareholders remuneration and its stakeholders well-being.

In 2Q22, the Company announced the acquisition of the know-how and the site responsible for the production of raw material related to scopolamine. This acquisition: (i) will guarantee autonomy in the supply of the main raw material to produce the **Buscopan**, a reference in the Brazilian pharmaceutical market for over-the-counter (OTC) products; (ii) will contribute to increase **Buscopan's** gross margin after the internalization of the process for extracting scopolamine by Hypera Pharma; and (iii) will allow the Company to sell the scopolamine surplus to third parties, supporting the growth of Net Revenue in the medium term.

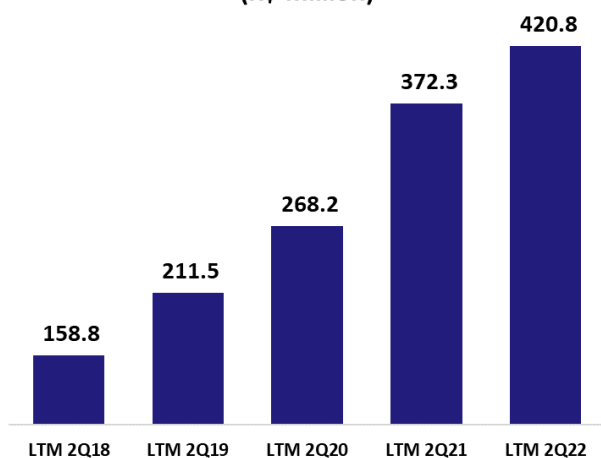
The Company also approved Interest on Equity of R\$194.8 million, or R\$0.31/share, and published its 2021 Annual Report, which presents Hypera Pharma's environmental, social and economic highlights and initiatives, including reduction of emissions and waste goals, aiming to enhance its value generation so that Hypera Pharma continues "connecting purposes so that people can live longer and better".

The performance presented in the first half of the year already places Hypera Pharma as the biggest pharmaceutical company in the Brazilian market<sup>1</sup>. This performance, together with the strength and resilience of the Company's leading brands and the expected contribution of the launches and the brands acquired from Sanofi, reinforce Hypera Pharma's confidence in achieving its financial projections set for 2022.

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

## Innovation & Launches

R&D Investments<sup>1</sup>  
(R\$ million)



Total investments in Research and Development (R&D), including the amount capitalized as intangible assets and the effect of Lei do Bem, were R\$122.8 million in the quarter, corresponding to 6.5% of Net Revenue.

In the last 12 months, investments in R&D reached R\$420.8 million, or 13.0% higher than the same period of the previous year, evidencing the Company's commitment to the constant innovation of its portfolio.

The Freshness Index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 27% in 2Q22, compared to 21% recorded in 1Q22. It should be noted that the Freshness Index calculation includes the contribution of the Buscofan family and the portfolio of medicines acquired from Takeda and Sanofi.

In 2Q22, Hypera Pharma launched several new products in all its business units dedicated to the pharmaceutical retail market.

The main highlights were: (i) the patented estrogen-free contraceptive **Ammy**, which marks the Company's entry into the main category of the women's health market in Brazil, with a sell-out, according to IQVIA, of R\$1.7 billion in the last 12 months; (ii) the herbal medicine based on turmeric **Curc**; (iii) **Epocler Todo Dia**, Power Brand Epocler's first line extension; (iv) the **Buscofem Hot** colic relief thermal adhesive, first line extension of the Buscofem brand launched since the completion of the acquisition in 2020; and (v) the launch of **Bilastina**, generic version of the Power Brand **Alektos**.



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 amortizations

## Earnings Discussion

### Income Statement

Table 2

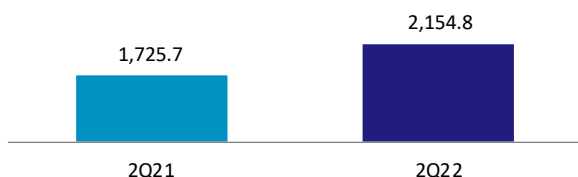
(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
<b>Net Revenue</b>	<b>1,507.4</b>	<b>100.0%</b>	<b>1,895.6</b>	<b>100.0%</b>	<b>25.8%</b>	<b>2,678.2</b>	<b>100.0%</b>	<b>3,389.2</b>	<b>100.0%</b>	<b>26.5%</b>
<b>Gross Profit</b>	<b>987.7</b>	<b>65.5%</b>	<b>1,208.0</b>	<b>63.7%</b>	<b>22.3%</b>	<b>1,740.5</b>	<b>65.0%</b>	<b>2,147.2</b>	<b>63.4%</b>	<b>23.4%</b>
Marketing Expenses	(298.3)	-19.8%	(312.2)	-16.5%	4.6%	(513.0)	-19.2%	(545.2)	-16.1%	6.3%
Selling Expenses	(151.7)	-10.1%	(188.7)	-10.0%	24.4%	(303.1)	-11.3%	(372.4)	-11.0%	22.9%
General and Administrative Expenses	(59.2)	-3.9%	(70.5)	-3.7%	19.2%	(115.1)	-4.3%	(136.0)	-4.0%	18.2%
Other Operating Revenues (Expenses)	77.2	5.1%	9.2	0.5%	-88.1%	77.7	2.9%	14.8	0.4%	-80.9%
Equity in Subsidiaries	3.7	0.2%	(1.8)	-0.1%	-	3.2	0.1%	3.7	0.1%	16.6%
<b>EBIT from Continuing Operations</b>	<b>559.3</b>	<b>37.1%</b>	<b>644.0</b>	<b>34.0%</b>	<b>15.1%</b>	<b>890.2</b>	<b>33.2%</b>	<b>1,112.1</b>	<b>32.8%</b>	<b>24.9%</b>
Net Financial Expenses	(71.9)	-4.8%	(210.4)	-11.1%	192.4%	(113.3)	-4.2%	(384.0)	-11.3%	239.0%
Income Tax and CSLL	(8.0)	-0.5%	21.9	1.2%	-	10.2	0.4%	76.9	2.3%	657.1%
<b>Net Income (Loss) from Continuing Operations</b>	<b>479.4</b>	<b>31.8%</b>	<b>455.5</b>	<b>24.0%</b>	<b>-5.0%</b>	<b>787.1</b>	<b>29.4%</b>	<b>805.0</b>	<b>23.8%</b>	<b>2.3%</b>
Net Income from Discontinued Operations	(8.8)	-0.6%	0.4	0.0%	-	(11.4)	-0.4%	(2.2)	-0.1%	-80.5%
<b>Net Income (Loss)</b>	<b>470.6</b>	<b>31.2%</b>	<b>455.9</b>	<b>24.1%</b>	<b>-3.1%</b>	<b>775.7</b>	<b>29.0%</b>	<b>802.8</b>	<b>23.7%</b>	<b>3.5%</b>
<b>EBITDA from Continuing Operations</b>	<b>591.9</b>	<b>39.3%</b>	<b>683.3</b>	<b>36.0%</b>	<b>15.4%</b>	<b>953.8</b>	<b>35.6%</b>	<b>1,188.9</b>	<b>35.1%</b>	<b>24.6%</b>

## Net Revenue

**Graph 1**

**Gross Revenue, net of Returns and Unconditional Discounts (R\$ mm)**

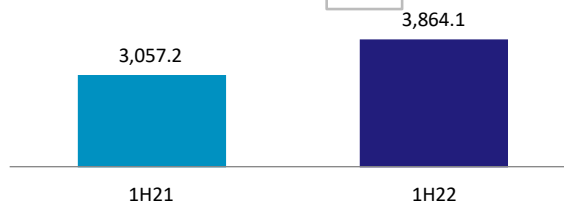
Δ 2Q22 vs 2Q21 **24.9%**



**Graph 2**

**Gross Revenue, net of Returns and Unconditional Discounts (R\$ mm)**

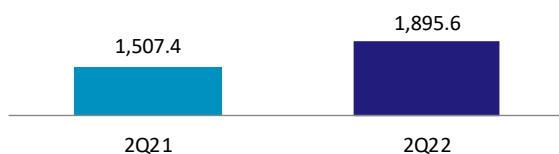
Δ 1H22 vs 1H21 **26.4%**



**Graph 3**

**Net Revenue (R\$ mm)**

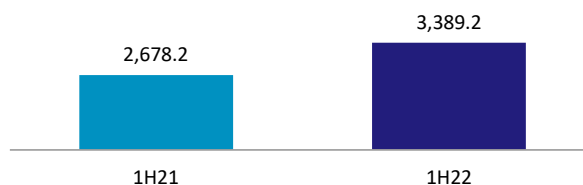
Δ 2Q22 vs 2Q21 **25.8%**



**Graph 4**

**Net Revenue (R\$ mm)**

Δ 1H22 vs 1H21 **26.5%**



**Table 3**

(R\$ million)	2Q21	2Q22	Δ %	1H21	1H22	Δ %
<b>Gross Revenue, net of Returns and Unconditional Discounts</b>	<b>1,725.7</b>	<b>2,154.8</b>	<b>24.9%</b>	<b>3,057.2</b>	<b>3,864.1</b>	<b>26.4%</b>
Promotional Discounts	(99.2)	(105.9)	6.8%	(161.8)	(199.9)	23.5%
Taxes	(119.2)	(153.1)	28.5%	(217.2)	(275.0)	26.6%
<b>Net Revenue</b>	<b>1,507.4</b>	<b>1,895.6</b>	<b>25.8%</b>	<b>2,678.2</b>	<b>3,389.2</b>	<b>26.5%</b>

**In 2Q22, Net Revenue grew 25.8% when compared to the same period of the previous year, reaching R\$1,895.6 million.**

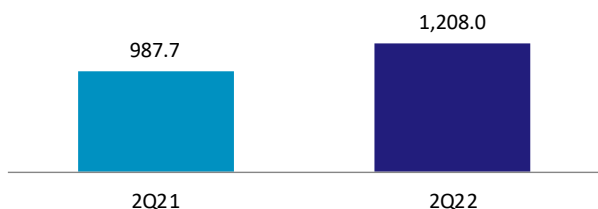
This growth is the result of: (i) the increase in sell-out in all business units dedicated to the pharmaceutical retail market in the period; (ii) the growth of the **Institutional Market's** Net Revenue, which went from R\$49.8 million in 2Q21 to R\$128.1 million in 2Q22, benefited by additional revenue from the sale of Immunoglobulin; and (iii) the contribution to the Net Revenue of R\$54.4 million from the brands acquired from Sanofi.

## Gross Profit

**Graph 5**

**Gross Profit (R\$ mm)**

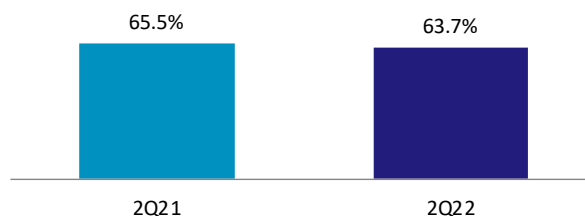
Δ 2Q22 vs 2Q21 **22.3%**



**Graph 6**

**Gross Margin (%)**

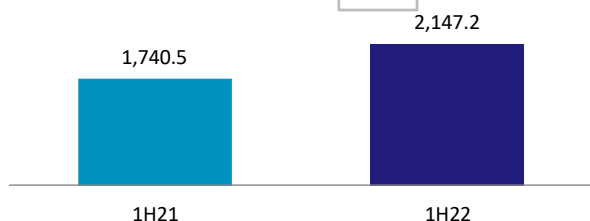
Δ 2Q22 vs 2Q21 **-1.8 p.p.**



**Graph 7**

**Gross Profit (R\$ mm)**

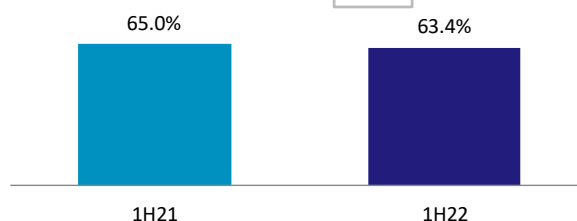
Δ 1H22 vs 1H21 **23.4%**



**Graph 8**

**Gross Margin (%)**

Δ 1H22 vs 1H21 **-1.6 p.p.**



**Table 4**

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	Δ p.p.	1H21	% NR	1H22	% NR	Δ %	Δ p.p.
Gross Profit	987.7	65.5%	1,208.0	63.7%	22.3%	-1.8 p.p.	1,740.5	65.0%	2,147.2	63.4%	23.4%	-1.6 p.p.

Gross Profit reached R\$1,208.0 million in 2Q22, with a Gross Margin of 63.7%, versus 65.5% in 2Q21. The variation of Gross Margin in the period is a consequence of the increase in the Institutional Market's share in the product mix.

It is important to mention that the impact of the higher share of the Institutional Market in the product mix does not affect the Company's EBITDA Margin in a relevant way, given the lower relevance of investments in Marketing and Sales in this market, when compared to the traditional pharmaceutical retail.

## Marketing Expenses

Table 5

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Marketing Expenses	(298.3)	-19.8%	(312.2)	-16.5%	4.6%	(513.0)	-19.2%	(545.2)	-16.1%	6.3%
Advertisement and Consumer Promotion	(100.9)	-6.7%	(100.1)	-5.3%	-0.7%	(160.5)	-6.0%	(166.2)	-4.9%	3.6%
Trade Deals	(42.8)	-2.8%	(43.6)	-2.3%	1.9%	(76.3)	-2.8%	(79.4)	-2.3%	4.1%
Medical Visits, Promotions and Others	(154.6)	-10.3%	(168.4)	-8.9%	8.9%	(276.2)	-10.3%	(299.6)	-8.8%	8.5%

The Company continues to invest in its unique portfolio of leading brands and in 2Q22 Marketing Expenses totaled R\$312.2 million, the highest level ever recorded by Hypera Pharma in a quarter.

Marketing Expenses decreased their share of Net Revenue by 3.3 percentage points in the quarter, when compared to 2Q21, mainly due to: (i) the acceleration of the sell-out growth of leading Consumer Health, Prescription Products and Skincare Power Brands; (ii) the Institutional Market Net Revenue growth; and (iii) the capture of operational synergies from the integration of the portfolio acquired from Sanofi.

## Selling Expenses

Table 6

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Selling Expenses	(151.7)	-10.1%	(188.7)	-10.0%	24.4%	(303.1)	-11.3%	(372.4)	-11.0%	22.9%
Commercial Expenses	(92.1)	-6.1%	(115.0)	-6.1%	24.9%	(176.0)	-6.6%	(223.6)	-6.6%	27.1%
Freight and Logistics Expenses	(30.7)	-2.0%	(39.7)	-2.1%	29.4%	(57.8)	-2.2%	(72.4)	-2.1%	25.2%
Research & Development	(29.0)	-1.9%	(33.9)	-1.8%	17.2%	(69.3)	-2.6%	(76.4)	-2.3%	10.2%

Selling Expenses represented 10.0% of Net Revenue in 2Q22, a level similar to that recorded in same period of the previous year.

Total investments in Research and Development (R&D), including the amount capitalized as intangible assets, represented 6.5% of Net Revenue in the quarter, or 1.7 percentage point higher than 2Q21, and already reflect the additional investments in R&D to develop the innovation pipeline to support the Institutional Market growth. In 2Q22, the benefit from Lei do Bem was R\$11.3 million, while in 2Q21 the Company did not get this benefit.

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

Table 7

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
General & Administrative Expenses	(59.2)	-3.9%	(70.5)	-3.7%	19.2%	(115.1)	-4.3%	(136.0)	-4.0%	18.2%
Other Operating Revenues (Expenses)	77.2	5.1%	9.2	0.5%	-88.1%	77.7	2.9%	14.8	0.4%	-80.9%

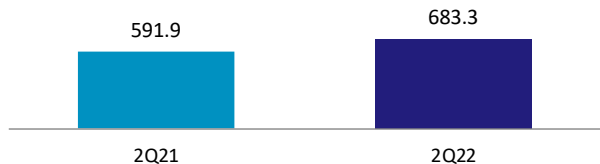
General and Administrative Expenses reduced their share of Net Revenue by 0.2 percentage point in the 2Q22, and already reflect the capture of synergies from the integration of the brands acquired from Sanofi. The variation in Other Operating Revenues is mainly the result of the accounting of tax credits recorded in 2Q21.

## EBITDA from Continuing Operations

**Graph 9**

**EBITDA (R\$ mm)**

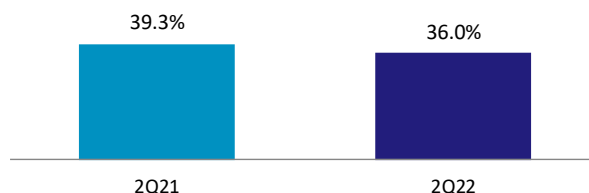
Δ 2Q22 vs 2Q21 **15.4%**



**Graph 10**

**EBITDA Margin (%)**

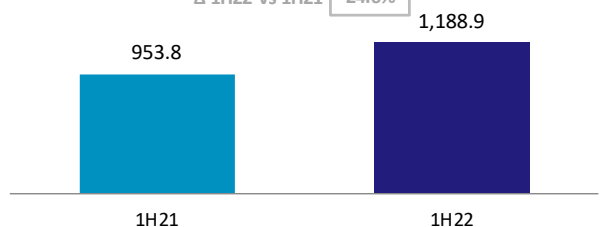
Δ 2Q22 vs 2Q21 **-3.3 p.p.**



**Graph 11**

**EBITDA (R\$ mm)**

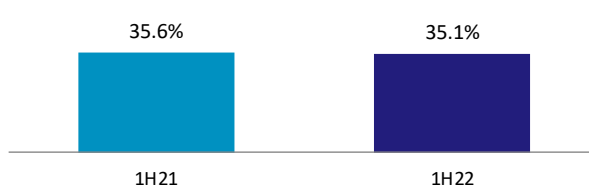
Δ 1H22 vs 1H21 **24.6%**



**Graph 12**

**EBITDA Margin (%)**

Δ 1H22 vs 1H21 **-0.5 p.p.**



**Table 8 – EBITDA from Continuing Operations**

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
EBITDA from Continuing Operations	591.9	39.3%	683.3	36.0%	15.4%	953.8	35.6%	1,188.9	35.1%	24.6%
EBITDA from Continuing Operations (excl. Others)	514.7	34.1%	674.1	35.6%	31.0%	876.2	32.7%	1,174.1	34.6%	34.0%

EBITDA from Continuing Operations was R\$683.3 million in 2Q22, with a 36.0% margin. **When excluded the contribution of Other Operating Revenues, EBITDA Margin from Continuing Operations grew 1.5 percentage point over 2Q21 and reached 35.6%**, mainly as a result of the dilution of Marketing Expenses in the period.

## Net Financial Expenses

Table 9

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ R\$	1H21	% NR	1H22	% NR	Δ R\$
Financial Result	(71.9)	-4.8%	(210.4)	-11.1%	(138.4)	(113.3)	-4.2%	(384.0)	-11.3%	(270.7)
Net Interest Expenses	(45.8)	-3.0%	(184.7)	-9.7%	(138.9)	(79.0)	-3.0%	(319.5)	-9.4%	(240.4)
Cost of Hedge and FX Gains (Losses)	(13.1)	-0.9%	(9.2)	-0.5%	3.9	(9.9)	-0.4%	(24.3)	-0.7%	(14.4)
Other	(13.0)	-0.9%	(16.5)	-0.9%	(3.5)	(24.3)	-0.9%	(40.2)	-1.2%	(15.9)

Financial Result showed negative balance of R\$210.4 million in 2Q22, versus R\$71.9 million in 2Q21. The variation is a consequence of the increase in interest expenses in the period, as a result of: (i) the higher gross debt of the Company, mainly resulting from the issuance of debentures to pay for recent acquisitions; and (ii) the increase in the Selic rate.

## Net Income

Table 10

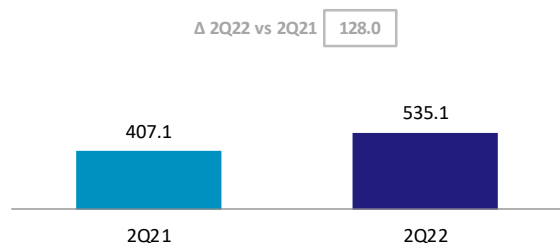
(R\$ million)	2Q21	2Q22	Δ %	1H21	1H22	Δ %
EBIT from Continuing Operations	559.3	644.0	15.1%	890.2	1,112.1	24.9%
(-) Net Financial Expenses	(71.9)	(210.4)	192.4%	(113.3)	(384.0)	239.0%
(-) Income Tax and Social Contribution	(8.0)	21.9	-	10.2	76.9	657.1%
<b>Net Income from Continuing Operations</b>	<b>479.4</b>	<b>455.5</b>	<b>-5.0%</b>	<b>787.1</b>	<b>805.0</b>	<b>2.3%</b>
(+) Net Income from Discontinued Operations	(8.8)	0.4	-	(11.4)	(2.2)	-80.5%
<b>Net Income</b>	<b>470.6</b>	<b>455.9</b>	<b>-3.1%</b>	<b>775.7</b>	<b>802.8</b>	<b>3.5%</b>
<b>EPS</b>	<b>0.75</b>	<b>0.72</b>	<b>-2.9%</b>	<b>1.23</b>	<b>1.27</b>	<b>3.7%</b>
<b>EPS from Continuing Operations</b>	<b>0.76</b>	<b>0.72</b>	<b>-4.8%</b>	<b>1.25</b>	<b>1.27</b>	<b>2.4%</b>

Net Income from Continuing Operations totaled R\$455.5 million in the quarter, or 5.0% lower than 2Q21. The variation of Net Income from Continuing Operations is mainly a consequence of the 15.1% growth in EBIT of Continuing Operations and the R\$138.4 million increase in Net Financial Expenses.

## Cash Flow (Continuing and Discontinued Operations)

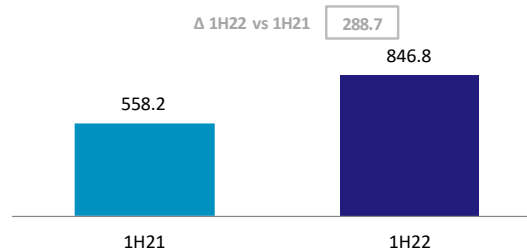
**Graph 13**

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



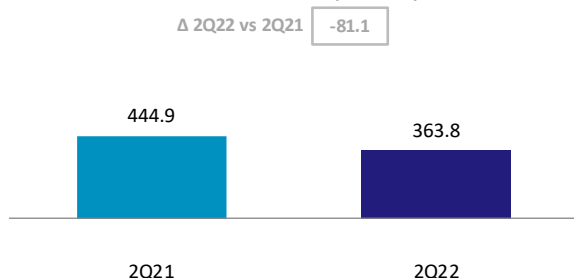
**Graph 14**

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



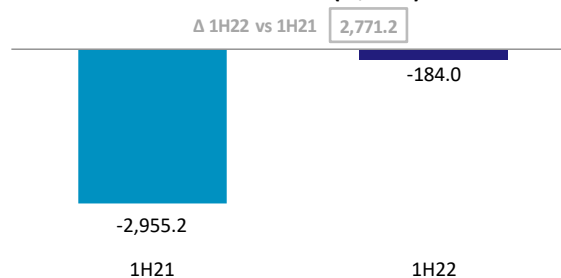
**Graph 15**

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



**Graph 16**

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



**Table 11**

(R\$ million)	2Q21	2Q22	1H21	1H22
Cash Flow from Operations	407.1	535.1	558.2	846.8
Capital increase in subsidiaries/associates	(20.2)	(2.0)	(20.4)	(6.2)
Purchase of Property, Plant and Equipment	(112.5)	(94.3)	(227.7)	(196.7)
Purchase of Intangible Assets	(49.1)	(83.8)	(95.8)	(813.7)
Acquisitions of Subsidiaries, Net of Cash Acquired	(9.8)	0.0	(3,553.5)	(10.0)
Sale of Property, Plant and Equipment	229.4	8.8	384.0	(4.2)
<b>(=) Free Cash Flow</b>	<b>444.9</b>	<b>363.8</b>	<b>(2,955.2)</b>	<b>(184.0)</b>

**Cash Flow from Operations grew 31.4% in the quarter**, in line with the EBITDA from Continuing Operations growth when excluding the contribution of Other Operating Revenues, **and amounted R\$535.1 million, reaching the highest level ever recorded by the Company in a second quarter**, even with the initial investment of R\$47.0 million in 2Q22 to build the working capital of the portfolio of brands acquired from Sanofi.

Free Cash Flow in 2Q22 was R\$81.1 million lower than 2Q21, as a result of cash inflows related to the sale of the Goiânia Distribution Center, which was dedicated to the Company's former consumer products operation and was leased to third parties, that positively affected the Sale of Property, Plant and Equipment in 2Q21.

## Net Debt

Table 12

(R\$ million)	2Q22
Loans and Financing	(8,039.3)
Notes Payable	(34.5)
<b>Gross Debt</b>	<b>(8,073.8)</b>
Cash and Cash Equivalents	1,499.1
<b>Net Cash / (Debt)</b>	<b>(6,574.7)</b>
Unrealized Gain/Loss on Debt Hedge	(35.2)
<b>Net Cash / (Debt) After Hedge</b>	<b>(6,609.9)</b>

The Company ended 2Q22 with a Net Debt After Hedge position of R\$6,609.9 million, compared to R\$6,709.2 million in end of 1Q22, or 2.5x EBITDA from Continuing Operations set in the guidance for 2022. The reduction in Net Debt after Hedge in 2Q22 was benefited by the Free Cash Flow of R\$363.8 million from the quarter.

## Other Information

### Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	2Q21	3Q21	4Q21	1Q22	2Q22	(R\$ million)	2Q21	3Q21	4Q21	1Q22	2Q22
Receivables <sup>(1)</sup>	98	91	103	104	94	Receivables	1,796	1,807	2,039	1,887	2,160
Inventories <sup>(2)</sup>	200	188	193	249	223	Inventories	1,153	1,230	1,303	1,531	1,701
Payables <sup>(2)(3)</sup>	(135)	(125)	(117)	(139)	(129)	Payables <sup>(3)</sup>	(778)	(816)	(791)	(854)	(983)
<b>Cash Conversion Cycle</b>	<b>163</b>	<b>154</b>	<b>179</b>	<b>214</b>	<b>188</b>	<b>Working Capital</b>	<b>2,171</b>	<b>2,222</b>	<b>2,552</b>	<b>2,564</b>	<b>2,878</b>
						<b>% of Annualized Net Revenue <sup>(4)</sup></b>	<b>36%</b>	<b>34%</b>	<b>39%</b>	<b>43%</b>	<b>38%</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\$863.3 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$2,252.5 million (please refer to Explanatory Note 23(a) of the Financial Statements).

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

Table 14

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Net Income	470.6	31.2%	455.9	24.1%	-3.1%	775.7	29.0%	802.8	23.7%	3.5%
(+) Income Tax and CSLL	3.2	0.2%	(22.0)	-1.2%	-	(16.1)	-0.6%	(78.4)	-2.3%	386.3%
(+) Net Interest Expenses	71.9	4.8%	210.4	11.1%	192.4%	113.3	4.2%	384.0	11.3%	239.0%
(+) Depreciations / Amortizations	32.5	2.2%	39.2	2.1%	20.6%	63.7	2.4%	76.8	2.3%	20.7%
<b>EBITDA</b>	<b>578.3</b>	<b>38.4%</b>	<b>683.5</b>	<b>36.1%</b>	<b>18.2%</b>	<b>936.5</b>	<b>35.0%</b>	<b>1,185.2</b>	<b>35.0%</b>	<b>26.6%</b>
(-) EBITDA from Discontinued Operations	13.6	0.9%	(0.2)	0.0%	-	17.3	0.6%	3.7	0.1%	-78.5%
<b>Adjusted EBITDA (EBITDA from Continuing Operations)</b>	<b>591.9</b>	<b>39.3%</b>	<b>683.3</b>	<b>36.0%</b>	<b>15.4%</b>	<b>953.8</b>	<b>35.6%</b>	<b>1,188.9</b>	<b>35.1%</b>	<b>24.6%</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**

	2Q21	2Q22	1H21	1H22
<b>Net Revenue</b>	<b>1,507,379</b>	<b>1,895,636</b>	<b>2,678,241</b>	<b>3,389,186</b>
Cost of Goods Sold	(519,702)	(687,619)	(937,765)	(1,241,979)
<b>Gross Profit</b>	<b>987,677</b>	<b>1,208,017</b>	<b>1,740,476</b>	<b>2,147,207</b>
Selling and Marketing Expenses	(450,017)	(500,854)	(816,111)	(917,620)
General and Administrative Expenses	(59,202)	(70,545)	(115,063)	(136,019)
Other Operating Revenues (Expenses)	77,171	9,187	77,674	14,823
Equity in Subsidiaries	3,707	(1,762)	3,178	3,707
<b>Operating Income Before Equity Income and Financial Result</b>	<b>559,336</b>	<b>644,043</b>	<b>890,154</b>	<b>1,112,098</b>
Net Financial Expenses	(71,948)	(210,373)	(113,261)	(383,966)
Financial Expenses	(91,654)	(264,703)	(149,722)	(494,173)
Financial Income	19,706	54,330	36,461	110,207
<b>Profit Before Income Tax and Social Contribution</b>	<b>487,388</b>	<b>433,670</b>	<b>776,893</b>	<b>728,132</b>
Income Tax and Social Contribution	(7,970)	21,850	10,158	76,909
<b>Net Income from Continuing Operations</b>	<b>479,418</b>	<b>455,520</b>	<b>787,051</b>	<b>805,041</b>
Net Income from Discontinued Operations	(8,835)	413	(11,376)	(2,220)
<b>Income for the Period</b>	<b>470,583</b>	<b>455,933</b>	<b>775,675</b>	<b>802,821</b>
<b>Earnings per Share – R\$</b>	<b>0.75</b>	<b>0.72</b>	<b>1.23</b>	<b>1.27</b>

## Consolidated Balance Sheet (R\$ thousand)

**Table 16**

Assets	12/31/2021	06/30/2022	Liabilities and Shareholders' Equity	12/31/2021	06/30/2022
<b>Current Assets</b>	<b>6,491,633</b>	<b>6,408,422</b>	<b>Current Liabilities</b>	<b>2,776,526</b>	<b>3,618,168</b>
Cash and Cash Equivalents	2,287,062	1,499,105	Suppliers	327,133	396,416
Accounts Receivables	2,039,474	2,159,881	Suppliers' Assignment of Receivables	463,627	586,641
Inventories	1,303,480	1,701,394	Loans and Financing	565,648	1,369,016
Recoverable Taxes	597,195	558,774	Salaries Payable	284,290	304,484
Financial Derivatives	29,305	28,337	Income Tax and Social Contribution	984	1,340
Other Assets	232,348	460,824	Taxes Payable	68,865	70,034
Dividends and IOC receivables	2,769	107	Accounts Payable	276,647	424,855
			Dividends and IOC Payable	704,808	364,603
			Notes Payable	36,840	25,530
			Financial Derivatives	47,684	75,249
<b>Non-Current Assets</b>	<b>13,326,329</b>	<b>14,508,325</b>	<b>Non-Current Liabilities</b>	<b>7,207,965</b>	<b>7,084,281</b>
<b>Long Term Assets</b>	<b>1,097,410</b>	<b>1,224,673</b>	Loans and Financing	6,795,339	6,670,237
Deferred Income Tax and Social Contribution	355,115	497,677	Deferred Income Tax and Social Contribution	73,993	101,346
Recoverable Taxes	492,676	490,492	Taxes Payable	12,495	6,240
Other Assets	249,619	217,490	Accounts Payable	99,548	112,619
Financial Derivatives	0	19,014	Provisions for Contingencies	193,494	181,357
			Notes Payable	8,544	9,005
			Financial Derivatives	24,552	3,477
<b>Fixed Assets and Investments<sup>(1)</sup></b>	<b>12,228,919</b>	<b>13,283,652</b>	<b>Shareholders' Equity</b>	<b>9,833,471</b>	<b>10,214,298</b>
Investments	111,001	112,166	Capital	4,478,126	4,478,126
Investment Properties	25,616	25,261	Capital Reserve	1,251,417	1,234,154
Property, Plants and Equipments	2,095,140	2,276,605	Equity Valuation Adjustments	(181,839)	(250,800)
Intangible Assets	9,997,162	10,869,620	Profit Reserves	4,360,237	4,360,237
			Treasury Stock	(81,350)	(16,394)
			Attributed to non-controlling shareholders	6,880	6,280
			Income for the Period	0	402,695
<b>Total Assets</b>	<b>19,817,962</b>	<b>20,916,747</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>19,817,962</b>	<b>20,916,747</b>

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

Table 17

	2Q21	2Q22	1H21	1H22
<b>Cash Flows from Operating Activities</b>				
Income (Loss) Before Income Taxes including Discontinued Operations	473,817	433,901	759,551	724,405
Depreciation and Amortization	32,537	39,242	63,683	76,848
Asset Impairment	(10,846)	(960)	(10,749)	(595)
Gain on Permanent Asset Disposals	17,387	45,290	3,100	45,702
Equity Method	(3,354)	1,957	(2,768)	(3,512)
Foreign Exchange (Gains) Losses	13,095	9,160	9,884	24,299
Net Interest and Related Revenue/Expenses	58,853	201,213	103,377	359,667
Expenses Related to Share Based Remuneration	6,243	7,246	10,374	12,925
Provisions	(8,042)	18,048	8,166	10,465
<b>Adjusted Results</b>	<b>579,690</b>	<b>755,097</b>	<b>944,618</b>	<b>1,250,204</b>
<b>Decrease (Increase) in Assets</b>	<b>(213,524)</b>	<b>(419,254)</b>	<b>(509,178)</b>	<b>(584,815)</b>
Trade Accounts Receivable	(246,298)	(265,597)	(276,988)	(107,804)
Inventories	(57,744)	(254,505)	(238,165)	(438,821)
Recoverable Taxes	(38,886)	20,110	(88,112)	62,413
Judicial Deposits and Others	3,749	(6,402)	20,786	(14,267)
Other Accounts Receivable	125,655	87,140	73,301	(86,336)
<b>Increase (Decrease) in Liabilities</b>	<b>40,940</b>	<b>199,219</b>	<b>122,714</b>	<b>181,447</b>
Suppliers	27,133	11,114	69,640	74,862
Suppliers' Assignment of Receivables	(4,891)	130,421	5,753	118,201
Financial Derivatives	(4,590)	(57,878)	7,466	(99,563)
Income Tax and Social Contribution Paid	10	(71)	(6,872)	(542)
Taxes Payable	4,144	12,860	14,498	432
Salaries and Payroll Charges	9,135	49,718	22,419	19,173
Accounts Payable	16,267	6,499	28,293	26,238
Operations Interest Paid	533	38,291	(11,570)	34,004
Other Accounts Payable	(6,801)	8,265	(6,913)	8,642
<b>Net Cash Provided by Operating Activities</b>	<b>407,106</b>	<b>535,062</b>	<b>558,154</b>	<b>846,836</b>
<b>Cash Flows from Investing Activities</b>				
Capital Increase/Decrease in Subsidiaries/Affiliates	(20,163)	(2,000)	(20,365)	(6,228)
Acquisitions of Subsidiaries, Net of Cash Acquired	(9,832)	0	(3,553,463)	(9,990)
Acquisitions of Property, Plant and Equipment	(112,532)	(94,258)	(227,656)	(196,741)
Intangible Assets	(49,142)	(83,805)	(95,809)	(813,684)
Proceeds from the Sale of Assets with Permanent Nature	229,445	8,754	383,958	(4,204)
Interest and Others	9,565	29,654	17,100	59,474
Investment Hedge	0	(9,083)	46,396	(149,449)
<b>Net Cash From Investing Activities</b>	<b>47,341</b>	<b>(150,738)</b>	<b>(3,449,839)</b>	<b>(1,120,822)</b>
<b>Cash Flows from Financing Activities</b>				
Borrowings	116,184	94,599	1,221,184	907,674
Treasury Stock Purchase / Sale	18,548	14,160	(66,425)	35,773
Repayment of Loans - Principal	(135,345)	(325,228)	(156,928)	(345,593)
Repayment of Loans - Interest	(77,864)	(238,963)	(103,878)	(368,110)
Dividends and IOC Paid	(24,627)	(24,953)	(696,221)	(729,752)
Loan Derivatives	0	0	0	(13,963)
<b>Net Cash From Financing Activities</b>	<b>(103,104)</b>	<b>(480,385)</b>	<b>197,732</b>	<b>(513,971)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>351,343</b>	<b>(96,061)</b>	<b>(2,693,953)</b>	<b>(787,957)</b>
<b>Statement of Increase in Cash and Cash Equivalents, Net</b>				
Cash and Cash Equivalents at the Beginning of the Period	1,698,002	1,595,166	4,743,298	2,287,062
Cash and Cash Equivalents at the End of the Period	2,049,345	1,499,105	2,049,345	1,499,105
<b>Change in Cash and Cash Equivalent</b>	<b>351,343</b>	<b>(96,061)</b>	<b>(2,693,953)</b>	<b>(787,957)</b>