

Hypera Pharma reports Net Revenue growth of 43.7% in 1Q21, with EBITDA from Continuing Operations expansion of 45.6%

São Paulo, April 23, 2021 – 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 1st quarter of 2021. 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).

1Q21 Highlights

- Net revenue of R\$1,170.9 million in the quarter, or 43.7% higher than 1Q20
- EBITDA from Continuing Operations of R\$362.0 million, or 45.6% higher than 1Q20
- Net Income of R\$305.1 million, an increase of 28.1% over 1Q20
- Sell-out growth of 11.5%¹ in 1Q21, or 2.0 p.p. above the market², according to IQVIA
- Interest on Equity Approval of R\$194.8 million in 1Q21, or 5% higher than 1Q20
- Completion of Takeda brands and Simple Organic acquisitions
- Acquisition of a minority stake in Consulta Remédios, 2nd investment made by Hypera Ventures

Table 1

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	911.6	111.8%	1,331.5	113.7%	46.1%
Net Revenue	815.0	100.0%	1,170.9	100.0%	43.7%
Gross Profit	543.1	66.6%	752.8	64.3%	38.6%
SG&A (ex-Marketing and R&D)	(145.2)	-17.8%	(166.9)	-14.3%	14.9%
Research & Development	(32.0)	-3.9%	(40.4)	-3.4%	26.1%
Marketing	(182.6)	-22.4%	(214.7)	-18.3%	17.6%
EBITDA from Continuing Operations	248.7	30.5%	362.0	30.9%	45.6%
Net Income from Continuing Operations	248.0	30.4%	307.6	26.3%	24.1%
Net Income	238.2	29.2%	305.1	26.1%	28.1%

EARNINGS CONFERENCE CALL – PORTUGUESE: 04/26/2021, 11am (Brasília) / 10am (New York)

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Note: ¹ Sell-out PPP 1Q21 (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price pharmacies and chains. It does not consider the sell-out of the Buscopan family and the brands acquired from Takeda; ²As informed by IQVIA, it excludes the infant formula segment.

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Operating Scenario

In 1Q21, Hypera Pharma's Net Revenue grew 43.7% and reached R\$1,170.9 million. This growth was mainly driven by: (i) the contribution to Net Revenue of the portfolio of medicines acquired from Takeda and the Buscopan family, and (ii) the 11.5% organic growth in sell-out¹, or 2.0 percentage points above the market, which continued to be favored by the gradual demand improvement in the Brazilian pharmaceutical retail market observed since the second half of 2020 and by the Company's initiatives to accelerate its long-term sustainable growth. **When excluding the contribution to Net Revenues from the portfolio of medicines acquired from Takeda and the Buscopan family, Net Revenues growth reached 16.3%.**

Similar and Generics was once again the main highlight with strong double-digit growth, driven mainly by: (i) the Company's robust distribution platform; (ii) the initiatives to increase the visibility of the **Neo Química** brand; and (iii) the expansion of the production capacity of solids in the Anápolis facilities. **It is important to mention that Hypera Pharma has in its innovation pipeline important launches for this year, which should contribute to the increase of Company's coverage in generics in the pharmaceutical retail market to approximately 55% of the total molecules by the end of 2021.**

In **Prescription Products**, the performance was mainly benefited by the growth in chronic medicines, a segment in which the Company has been strengthening its participation in recent years with several relevant launches, in dermatology and in the Vitamin D market, with its leading brand Addera D-3. **This performance led to a market share expansion in Prescriptions Products for the second consecutive quarter.**

In **Consumer Health**, the highlights were the Vitamins, Supplements and Nutritionals segment, whose growth was boosted by the recent brand extensions of **Vitasay** and **Finn**, the Gastrointestinal segment, with the brands **Tamarine**, **Epocler** and **Gastrol**, and the recent launch **Maracugina Noite**.

The Company was able to expand the EBITDA from Continuing Operations Margin by 4.0 percentage points, to 30.9% in 1Q21, when excluding Other Operating Revenues, thanks to the greater discipline in the costs and expenses management and to the integration synergies from the acquired portfolios. **The Company's operating cash generation grew by 67.4% in the quarter**, when excluding the amount of R\$135.0 million of initial working capital investment related the portfolio of brands acquired from Takeda.

The Company continued to advance in its digital transformation and at the end of 1Q21 launched **Parceiro Hypera**, its omnichannel B2B platform that will allow all clients and points of sale to have access to the innovations and special conditions of the Hypera Pharma product portfolio. It is important to mention that the Company already has approximately 10% of its clients registered in the platform, and that the sales to these clients are already growing above the average.

In addition, Hypera Ventures made its second corporate venture capital investment with the acquisition of a minority stake in **Consulta Remédios**, the largest platform for accessing and consulting medicines information in Brazil (www.consultaremedios.com.br). **This movement seeks to increase the Company's proximity to its end consumers in order to understand their consumption habits aiming to boost sales and promote quality health to Brazilians.**

The Company continues to invest in its sustainable growth in order to capture the most diverse opportunities in the pharmaceutical market, without losing sight of its commitment to the remuneration of its shareholders. **In 1Q21, the Company approved Interest on Equity of R\$194.8 million referring to 1Q21 (R\$0.31/share), an increase of 5% over the amount declared in 1Q20.**

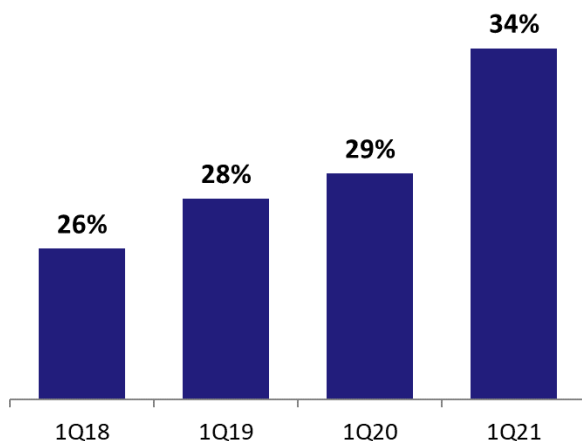
The sell-out growth observed in the last quarters, the integration of the portfolios acquired, the recent launches and the innovation pipeline with more than 350 projects put the Company in a leading position in the Brazilian pharmaceutical market.

Thus, the Company announced for 2021 **Net Revenue** guidance of around R\$5,900 million, **EBITDA from Continuing Operations** guidance of around R\$2,000 million, and **Net Income from Continuing Operations** guidance of around R\$1,550 million. For the purpose of the guidance, EBITDA from Continuing Operations did not consider any balance for "Other Operating Revenues (Expenses)".

Note: ¹ Sell-out PPP 1Q21 (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price pharmacies and chains. It does not consider the sell-out of the Buscopan family and the brands acquired from Takeda; ²As informed by IQVIA, it excludes the infant formula segment.

Innovation & Launches

Innovation Index



Research and Development investments, including the amount capitalized as an intangible asset, totaled R\$83.7 million in 1Q21, an increase of 42.9% when compared to 1Q20. **As a percentage of Net Revenue, total investments in R&D represented 7.1% in 1Q21, compared to 7.2% in 1Q20, and already reflect the dilution of these investments due to the additional contribution to Net Revenue of the portfolio of medicines acquired from Takeda and the Buscopan family.**

The 1Q21 innovation index, corresponding to the percentage of Net Revenue from products launched in the last five years, reached 34%.

In 1Q21, the highlights were the launch of the line extensions of Neo Química Vitamins **Vitamin C** and **Vitamin C + Zinc** in dissolving tablets, **Lune SL** and **zolpidem hemitartrate SL**, for the treatment of insomnia in sublingual pharmaceutical form, and

donepezil hydrochloride for the treatment of Alzheimer's dementia.

The Company also launched **Addera D3 Flash**, the first brand of Vitamin D in Brazil on a film pharmaceutical form, **Colflex Muscular**, line extension of the Colflex brand for muscle mass recovery, and **Alektos Ped**, line extension of the patented antihistamine Alektos acquired from Takeda to be promoted with in pediatricians.



Earnings Discussion

Income Statement

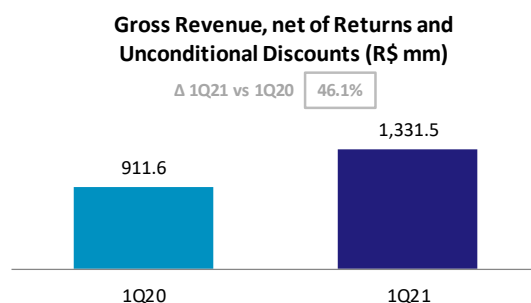
The following table is a summary of Hypera Pharma's Income Statement:

Table 2

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Net Revenue	815.0	100.0%	1,170.9	100.0%	43.7%
Gross Profit	543.1	66.6%	752.8	64.3%	38.6%
Marketing Expenses	(182.6)	-22.4%	(214.7)	-18.3%	17.6%
Selling Expenses	(127.4)	-15.6%	(151.4)	-12.9%	18.9%
General and Administrative Expenses	(49.8)	-6.1%	(55.9)	-4.8%	12.1%
Other Operating Revenues (Expenses)	29.5	3.6%	0.5	0.0%	-98.3%
Equity in Subsidiaries	5.6	0.7%	(0.5)	0.0%	-
EBIT from Continuing Operations	218.3	26.8%	330.8	28.3%	51.5%
Net Financial Expenses	12.7	1.6%	(41.3)	-3.5%	-
Income Tax and CSLL	16.9	2.1%	18.1	1.5%	7.0%
Net Income (Loss) from Continuing Operations	248.0	30.4%	307.6	26.3%	24.1%
Net Income from Discontinued Operations	(9.8)	-1.2%	(2.5)	-0.2%	-74.0%
Net Income (Loss)	238.2	29.2%	305.1	26.1%	28.1%
EBITDA from Continuing Operations	248.7	30.5%	362.0	30.9%	45.6%

Net Revenue

Graph 1



Graph 2

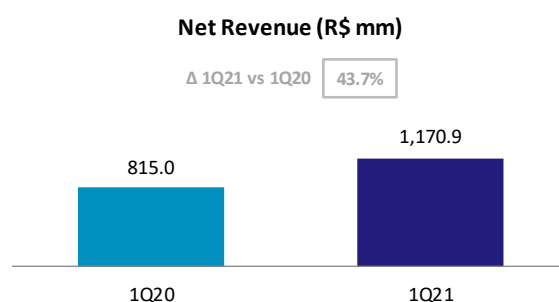


Table 3

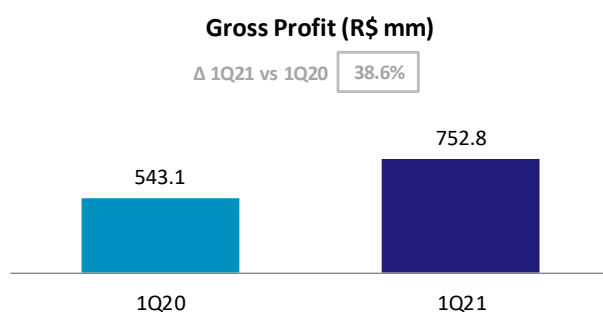
(R\$ million)	1Q20	1Q21	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	911.6	1,331.5	46.1%
Promotional Discounts	(26.1)	(62.6)	140.1%
Taxes	(70.5)	(98.0)	39.1%
Net Revenue	815.0	1,170.9	43.7%

In 1Q21, the growth of Net Revenue was 43.7% when compared to the same period of the previous year, totaling R\$1,170.9 million. This growth is mainly due to: **(i) the contribution to Net Revenue from the portfolio of medicines acquired from Takeda and the Buscopan family**; and **(ii) the increase in sell-out in the period**, which was driven by the growth in **Generics and Similar**s, chronic medicines in **Prescription Products** and vitamins, supplements and nutritionals in **Consumer Health**.

When excluding the contribution to Net Revenues from the portfolio of medicines acquired from Takeda and the Buscopan family, Net Revenues growth reached 16.3%.

Gross Profit

Graph 3



Graph 4

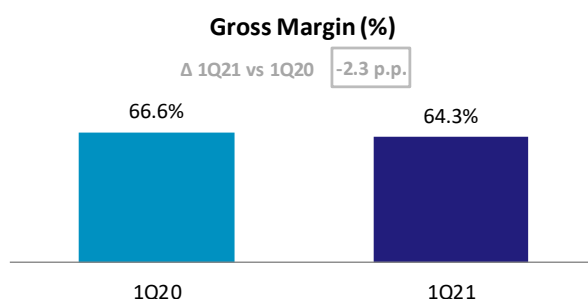


Table 4

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %	Δ p.p.
Gross Profit	543.1	66.6%	752.8	64.3%	38.6%	-2.3 p.p.

Gross Profit reached R\$752.8 million in 1Q21, with Gross Margin of 64.3%, compared to 66.6% in 1Q20. The variation in Gross Margin is mainly a consequence of the devaluation of the Brazilian Real against the US Dollar in the period, which affected negatively the Gross Margin by 1.8% percentage point.

In order to mitigate the impact of the devaluation of the Brazilian Real against the US Dollar and to protect its operations from exchange rate future volatility, the Company: (i) updated the prices of its portfolio as of 2Q21, in line with what was authorized by the Brazilian Medicines Market Regulation Chamber (*Câmara de Regulação do Mercado de Medicamentos - CMED*); and (ii) carried out foreign exchange derivatives operations (foreign exchange hedge) related to the future purchase of raw material indexed to US Dollar.

Marketing Expenses

Table 5

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Marketing Expenses	(182.6)	-22.4%	(214.7)	-18.3%	17.6%
Advertisement and Consumer Promotion	(42.6)	-5.2%	(59.6)	-5.1%	39.9%
Trade Deals	(20.5)	-2.5%	(33.5)	-2.9%	63.7%
Medical Visits, Promotions and Others	(119.5)	-14.7%	(121.6)	-10.4%	1.8%

Marketing Expenses reduced their share of Net Revenue by 4.1 percentage points in 1Q21, from 22.4% of Net Revenue in 1Q20 to 18.3% in 1Q21. This reduction was mainly due to the decrease in the share of Medical Visits, Promotions and Others over Net Revenue, a consequence mainly of: (i) the increase in medical visits and medical events held remotely since the beginning of the Covid-19 pandemic, which contributed to travel expenses reductions; (ii) the sell-out and Net Revenue growth from Prescription Products; and (iii) the operational synergies from the recent integration of the portfolio of medicines promoted with the medical community acquired from Takeda.

Selling Expenses

Table 6

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Selling Expenses	(127.4)	-15.6%	(151.4)	-12.9%	18.9%
Commercial Expenses	(74.1)	-9.1%	(83.9)	-7.2%	13.3%
Freight and Logistics Expenses	(21.3)	-2.6%	(27.1)	-2.3%	27.4%
Research & Development	(32.0)	-3.9%	(40.4)	-3.4%	26.1%

Selling Expenses represented 12.9% of Net Revenue in 1Q21, a reduction of 2.7 percentage points when compared to 1Q20. This reduction is mainly due to the 1.9 percentage point decrease in the share of Commercial Expenses over Net Revenue, and already reflects the operational synergies from the recent integration of the portfolio of medicines acquired from Takeda and the Buscopan family.

In the quarter, R&D total investments, including the amount capitalized as intangible asset, grew 42.9%, reinforcing the Company's commitment to innovation and sustainable growth, even during the Covid-19 pandemic. **As a percentage of Net Revenue, total investments in R&D accounted for 7.1% in 1Q21, compared to 7.2% in 1Q20, and already reflect the dilution of these investments due to the additional contribution to the Net Revenue from the portfolio of medicines acquired from Takeda and the Buscopan family.**

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

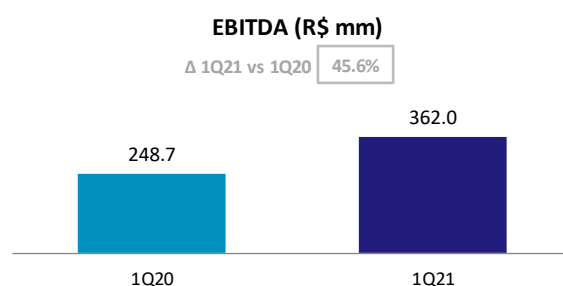
Table 7

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
General & Administrative Expenses	(49.8)	-6.1%	(55.9)	-4.8%	12.1%
Other Operating Revenues (Expenses)	29.5	3.6%	0.5	0.0%	-98.3%

General and Administrative Expenses reduced their share of Net Revenue by 1.3 percentage points in 1Q21, mainly due to: (i) the dilution of fixed expenses with the integration of the portfolio of medicines acquired from Takeda and the Buscopan family; and (ii) the Company's initiatives to preserve the profitability of its operations during the Covid-19 pandemic, such as the reduction in the number of trips and the implementation of home office for administrative teams.

EBITDA from Continuing Operations

Graph 5



Graph 6

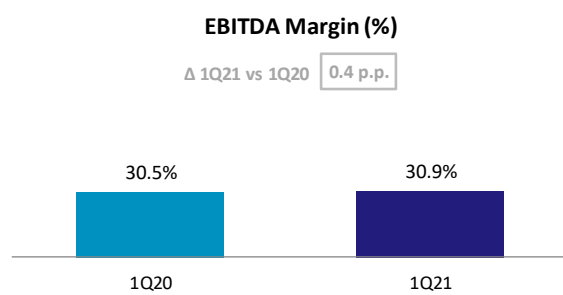


Table 8 – EBITDA from Continuing Operations

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
EBITDA from Continuing Operations	248.7	30.5%	362.0	30.9%	45.6%

EBITDA from Continuing Operations was R\$362.0 million in 1Q21, an increase of 45.6% over the previous year and margin of 30.9%. EBITDA from Continuing Operations growth is a consequence mainly of the combination of the 38.6% growth in Gross Profit and the operational synergies captured from the recent integration of the portfolio of medicines acquired from Takeda and the Buscopan family.

Net Financial Expenses

Table 9

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ R\$
Financial Result	12.7	1.6%	(41.3)	-3.5%	(54.0)
Net Interest Expenses	17.9	2.2%	(33.2)	-2.8%	(51.1)
Cost of Hedge and FX Gains (Losses)	6.3	0.8%	3.2	0.3%	(3.1)
Other	(11.5)	-1.4%	(11.3)	-1.0%	0.2

The Financial Result presented a negative balance of R\$41.3 million in 1Q21, compared to a positive balance of R\$12.7 million in 1Q20. This variation is a result of the increase in interest expenses due to the Company's greater gross debt, mainly due to the issuance of debentures to pay for the portfolio of medicines acquired from Takeda.

Net Income

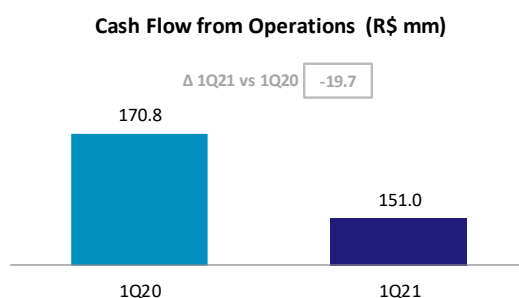
Table 10

(R\$ million)	1Q20	1Q21	Δ %
EBIT from Continuing Operations	218.3	330.8	51.5%
(-) Net Financial Expenses	12.7	(41.3)	-
(-) Income Tax and Social Contribution	16.9	18.1	7.0%
Net Income from Continuing Operations	248.0	307.6	24.1%
(+) Net Income from Discontinued Operations	(9.8)	(2.5)	-74.0%
Net Income	238.2	305.1	28.1%
EPS	0.38	0.48	27.9%
EPS from Continuing Operations	0.39	0.49	23.9%

Net Income from Continuing Operations totaled R\$307.6 million in the quarter, an increase of 24.1%. The Net Income from Continuing Operations growth is mainly due to the 51.5% growth in EBIT from Continuing Operations and the Net Financial Expenses of R\$41.3 million recorded in the quarter.

Cash Flow (Continuing and Discontinued Operations)

Graph 7



Graph 8

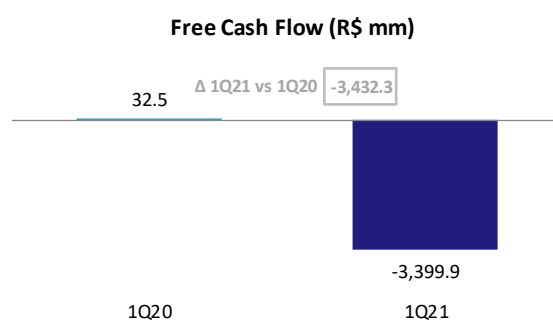


Table 11

(R\$ million)	1Q20	1Q21
Cash Flow from Operations	170.8	151.0
Purchase of Property, Plant and Equipment	(92.8)	(115.1)
Purchase of Intangible Assets	(33.1)	(46.7)
Acquisitions of Subsidiaries, Net of Cash Acquired	(13.0)	(3,543.6)
Sale of Property, Plant and Equipment	0.5	154.5
(=) Free Cash Flow	32.5	(3,399.9)

Operating Cash Flow grew 67.4% in the quarter, when excluding the amount of R\$135.0 million of initial working capital investment related to portfolio of medicines acquired from Takeda. Free Cash Flow was negative in R\$3,399.9 million, compared to a positive free cash flow of R\$32.5 million in 1Q20, mainly due to the payment for the portfolio of medicines acquired from Takeda, net of the ex-Brazil portfolio and the Xantinon brand divestments, in the amount of R\$3.3 billion.

Net Debt

Table 12

(R\$ million)	1Q21
Loans and Financing	(6,648.5)
Notes Payable	(36.4)
Gross Debt	(6,684.9)
Cash and Cash Equivalents	1,698.0
Net Cash / (Debt)	(4,986.9)
Unrealized Gain/Loss on Debt Hedge	34.0
Net Cash / (Debt) After Hedge	(4,952.9)

The Company ended 1Q21 with a Net Debt After Hedge position of R\$4,952.9 million, compared to R\$764.1 million at the end of 4Q20. The increase in Net Debt After Hedge in the quarter is mainly due to: (i) the payment of Interest on Equity declared in 2020, in the amount of R\$1.17/share; and (ii) the payment for the portfolio of medicines acquired from Takeda, net of the ex-Brazil portfolio and the Xantinon brand divestments, in the amount of R\$3.3 billion.

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 13

	1Q20	1Q21
Net Revenue	815,032	1,170,862
Cost of Goods Sold	(271,974)	(418,063)
Gross Profit	543,058	752,799
Selling and Marketing Expenses	(309,933)	(366,094)
General and Administrative Expenses	(49,835)	(55,861)
Other Operating Revenues (Expenses)	29,469	503
Equity in Subsidiaries	5,577	(529)
Operating Income Before Equity Income and Financial Result	218,336	330,818
Net Financial Expenses	12,716	(41,313)
Financial Expenses	(26,465)	(58,068)
Financial Income	39,181	16,755
Profit Before Income Tax and Social Contribution	231,052	289,505
Income Tax and Social Contribution	16,939	18,128
Net Income from Continuing Operations	247,991	307,633
Net Income from Discontinued Operations	(9,782)	(2,541)
Income for the Period	238,209	305,092
Earnings per Share – R\$	0.38	0.48

Consolidated Balance Sheet (R\$ thousand)

Table 14

Assets	31/12/2020	31/03/2021	Liabilities and Shareholders' Equity	31/12/2020	31/03/2021
Current Assets	7,899,162	5,163,125	Current Liabilities	2,628,626	2,293,081
Cash and Cash Equivalents	4,743,298	1,698,002	Suppliers	275,539	340,649
Accounts Receivables	1,564,341	1,545,777	Suppliers' Assignment of Receivables	440,256	450,297
Inventories	920,796	1,099,344	Loans and Financing	461,816	680,009
Recoverable Taxes	274,017	321,781	Salaries Payable	224,479	239,188
Financial Derivatives	85,674	81,941	Income Tax and Social Contribution	10,570	576
Other Assets	306,823	412,008	Taxes Payable	63,659	68,358
Dividends and IOC receivables	4,098	4,098	Accounts Payable	273,353	273,408
Assets Held for Sale	115	174	Dividends and IOC Payable	671,654	194,832
			Notes Payable	23,980	36,407
			Financial Derivatives	177,943	3,883
			Liabilities Held for Sale	5,377	5,474
Non-Current Assets	9,350,648	12,803,581	Non-Current Liabilities	5,380,469	6,322,897
Long Term Assets	1,217,542	1,196,317	Loans and Financing	5,051,233	5,968,457
Deferred Income Tax and Social Contribution	194,716	187,884	Deferred Income Tax and Social Contribution	46,017	64,738
Recoverable Taxes	680,495	684,534	Taxes Payable	7,651	7,452
Other Assets	342,331	322,217	Accounts Payable	69,180	78,321
Financial Derivatives	0	1,682	Provisions for Contingencies	206,388	202,570
			Financial Derivatives	0	1,359
Fixed Assets and Investments	8,133,106	11,607,264	Shareholders' Equity	9,240,715	9,350,728
Investments	34,118	33,589	Capital	4,478,126	4,478,126
Investment Properties	154,318	153,334	Capital Reserve	1,266,381	1,264,213
Property, Plants and Equipments	1,546,409	1,648,630	Equity Valuation Adjustments	(336,724)	(233,806)
Intangible Assets	6,398,261	9,771,711	Profit Reserves	3,833,210	3,833,210
			Treasury Stock	(278)	(78,953)
			Minority Ownership in Subsidiaries/Affiliates	0	1,451
			Income for the Period	0	86,487
Total Assets	17,249,810	17,966,706	Total Liabilities and Shareholders' Equity	17,249,810	17,966,706

Consolidated Cash Flow Statement (R\$ thousand)

Tabela 15

	1Q20	1Q21
Cash Flows from Operating Activities		
Income (Loss) Before Income Taxes including Discontinued Operations	217,677	285,734
Depreciation and Amortization	30,327	31,146
Asset Impairment	1,095	97
Gain on Permanent Asset Disposals	11,019	(14,287)
Equity Method	(4,604)	586
Foreign Exchange (Gains) Losses	(23,038)	(3,211)
Net Interest and Related Revenue/Expenses	10,322	44,524
Expenses Related to Share Based Remuneration	4,130	4,131
Provisions	(1,053)	16,208
Adjusted Results	245,875	364,928
Decrease (Increase) in Assets	66,443	(295,654)
Trade Accounts Receivable	150,980	(30,690)
Inventories	(53,119)	(180,421)
Recoverable Taxes	5,397	(49,226)
Judicial Deposits and Others	1,430	17,037
Other Accounts Receivable	(38,245)	(52,354)
Increase (Decrease) in Liabilities	(141,545)	81,774
Suppliers	(180,273)	42,507
Suppliers' Assignment of Receivables	85,464	10,644
Financial Derivatives	8,431	12,056
Income Tax and Social Contribution Paid	(610)	(6,882)
Taxes Payable	18,381	10,354
Salaries and Payroll Charges	(52,461)	13,284
Accounts Payable	(4,028)	12,026
Operations Interest Paid	(12,216)	(12,103)
Other Accounts Payable	(4,233)	(112)
Net Cash Provided by Operating Activities	170,773	151,048
Cash Flows from Investing Activities		
Capital Increase/Decrease in Subsidiaries/Affiliates	(100)	(202)
Acquisitions of Subsidiaries, Net of Cash Acquired	(13,000)	(3,543,631)
Acquisitions of Property, Plant and Equipment	(92,785)	(115,124)
Intangible Assets	(33,067)	(46,667)
Proceeds from the Sale of Assets with Permanent Nature	547	154,513
Interest and Others	13,104	7,535
Investment Hedge	(2,155)	46,396
Net Cash From Investing Activities	(127,456)	(3,497,180)
Cash Flows from Financing Activities		
Borrowings	595,000	1,105,000
Treasury Stock Purchase / Sale	10,894	(84,973)
Repayment of Loans - Principal	(22,825)	(21,583)
Repayment of Loans - Interest	(7,086)	(26,014)
Dividends and IOC Paid	(612,143)	(671,594)
Net Cash From Financing Activities	(36,160)	300,836
Net Increase (Decrease) in Cash and Cash Equivalents	7,157	(3,045,296)
Statement of Increase in Cash and Cash Equivalents, Net		
Cash and Cash Equivalents at the Beginning of the Period	2,246,436	4,743,298
Cash and Cash Equivalents at the End of the Period	2,253,593	1,698,002
Change in Cash and Cash Equivalent	7,157	(3,045,296)

Other Information

Cash Conversion Cycle – Continuing Operations

Table 16

(Days)	1Q20	2Q20	3Q20	4Q20	1Q21	(R\$ million)	1Q20	2Q20	3Q20	4Q20	1Q21
Receivables ⁽¹⁾	117	110	110	111	108	Receivables	1,186	1,413	1,478	1,564	1,546
Inventories ⁽²⁾	231	200	205	190	237	Inventories	697	802	892	921	1,099
Payables ⁽²⁾⁽³⁾	(133)	(139)	(164)	(148)	(170)	Payables ⁽³⁾	(403)	(556)	(715)	(716)	(791)
Cash Conversion Cycle	214	172	151	153	174	Working Capital	1,480	1,659	1,655	1,769	1,854
						% of Annualized Net Revenue ⁽⁴⁾	45%	39%	38%	39%	40%

(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 last quarter Net Revenue

Tax Credits to offset Income Tax payment

- i) Federal Recoverable Taxes: R\$839.0 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$1,729.1 million (please refer to Explanatory Note 23(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 17

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Net Income	238.2	29.2%	305.1	26.1%	28.1%
(+) Income Tax and CSLL	(20.5)	-2.5%	(19.4)	-1.7%	-5.7%
(+) Net Interest Expenses	(12.7)	-1.6%	41.3	3.5%	-
(+) Depreciations / Amortizations	30.3	3.7%	31.1	2.7%	2.7%
EBITDA	235.3	28.9%	358.2	30.6%	52.2%
(-) EBITDA from Discontinued Operations	13.4	1.6%	3.8	0.3%	-71.8%
Adjusted EBITDA (EBITDA from Continuing Operations)	248.7	30.5%	362.0	30.9%	45.6%

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.