

## Hypera Pharma reports Net Revenue growth of 7.9% in 3Q20, with an expansion of 32.2% of EBITDA from Continuing Operations and 29.4% of Net Income

São Paulo, October 23, 2020 – 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 third quarter of 2020. 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).

### 3Q20 Highlights

- Sell-out<sup>1</sup> growth of 7.5% in 3Q20, when compared to 3Q19
- Net Revenue of R\$1,088.5 million, or 7.9% higher than 3Q19
- EBITDA from Continuing Operations growth of 32.2% in 3Q20, when compared to 3Q19
- Net Income of R\$345.6 million, an increase of 29.4% versus 3Q19
- Cash Flow from Operations of R\$465.1 million, the highest ever recorded by the Company in a quarter
- Interest on Equity approval of R\$185.5 million, or R\$0.29 per share
- Conclusion of Buscopan and Buscofem brands acquisition

**Table 1**

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ %	9M19	% NR	9M20	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,144.9	113.5%	1,235.2	113.5%	7.9%	2,708.6	114.5%	3,348.1	113.3%	23.6%
Net Revenue	1,009.1	100.0%	1,088.5	100.0%	7.9%	2,366.2	100.0%	2,954.0	100.0%	24.8%
Gross Profit	681.3	67.5%	696.3	64.0%	2.2%	1,532.3	64.8%	1,929.6	65.3%	25.9%
SG&A (ex-Marketing and R&D)	(171.4)	-17.0%	(145.9)	-13.4%	-14.9%	(476.1)	-20.1%	(445.3)	-15.1%	-6.5%
Research & Development	(32.1)	-3.2%	(46.8)	-4.3%	45.8%	(92.4)	-3.9%	(117.0)	-4.0%	26.6%
Marketing	(258.8)	-25.7%	(202.6)	-18.6%	-21.7%	(639.3)	-27.0%	(572.3)	-19.4%	-10.5%
EBITDA from Continuing Operations	297.7	29.5%	393.5	36.1%	32.2%	981.9	41.5%	1,091.4	36.9%	11.2%
Net Income	267.2	26.5%	345.6	31.8%	29.4%	925.3	39.1%	980.3	33.2%	5.9%
Cash Flow from Operations	299.2	29.7%	465.1	42.7%	55.4%	686.4	29.0%	987.8	33.4%	43.9%

(1) Sell-out PPP 3Q20 (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price by pharmacies and chains



## Operating Scenario

**Hypera Pharma's Net Revenue grew 7.9% in 3Q20 and reached R\$1,088.5 million, the highest level ever recorded by the Company in a quarter since it started to concentrate its operations exclusively in the pharmaceutical market.** The Net Revenue growth was driven by the 7.5% increase in sell-out<sup>1</sup>, which benefited from the improved demand in Brazilian pharmaceutical retail market due to the greater flexibility of quarantine rules in several regions, which led to a gradual recovery in the number of medical appointments and to a higher flow of people at the points of sale.

**Similar and Generics** was once again the main highlight of the quarter, with double-digit sell-out growth. As in 2Q20, this performance was mainly driven by the Company's robust distribution platform. In this quarter, an agreement was also signed to explore the naming rights of Arena Corinthians for 20 years, which was renamed **Neo Química Arena**, with the objective of increasing the visibility of the Neo Química brand and contributing to the activation of other brands with the Company's main stakeholders, such as customers, sales clerks, doctors, among others.

In **Prescription Products**, the sell-out growth was mainly due to the significant recovery in dermocosmetics, whose demand was negatively affected at the beginning of the pandemic, and by the performance of **Addera D3**, **Ofolato** and **Colflex**. On the other hand, some relevant categories for Hypera Pharma, such as pediatrics, respiratory and orthopedics, are still being negatively impacted by the lower number of medical appointments due to the Covid-19 Pandemic.

In **Consumer Health**, the highlights were once again Vitamins, Supplements and Nutritionals. As in 2Q20, the Anti-Flu category, in which the Company is the leader and continues to increase its market share, showed a sharp drop in 3Q20, mainly due to the lower flow of people and the reduction of self-medication due to the Covid-19 pandemic, in addition to the higher temperatures recorded during the winter in the South and Southeast regions of Brazil.

**EBITDA from Continuing Operations grew 32.2% and Net Income 29.4% in the quarter**, despite the negative impact of Covid-19 pandemic on the demand for some categories, the devaluation of the Brazilian Real against the US Dollar and the change in the product mix in the Gross Profit. This growth is mainly due to discipline in cost and expense management with the objective of reducing the short-term negative impacts of the Covid-19 pandemic, which led lower Marketing and Administrative expenses in 3Q20.

**This growth in EBITDA from Continuing Operations contributed to the R\$165.9 million increase in Cash Flow from Operations, which reached R\$465.1 million in 3Q20, the highest amount ever recorded by Hypera Pharma in a quarter. The Company also approved the distribution of Interest on Equity of R\$185.5 million, or R\$0.29 per share, an amount 15.2% higher than that declared in 3Q19.**

In this quarter, **Hypera Pharma completed the acquisition of Buscopan and Buscofem, leaders in abdominal pain and the second largest franchise in the OTC market in Brazil**, and also advanced in the process to complete the acquisition of the Takeda brands with the issuance of R\$735.0 million in long-term debentures to pay for the acquisition, and also with the signing of the contract for the sale of the Xantinon brand. Also in 3Q20, the Company entered the final phase of the project to expand its manufacturing capacity in Anápolis, which should contribute to the production of solids and vitamins from December 2020 on.

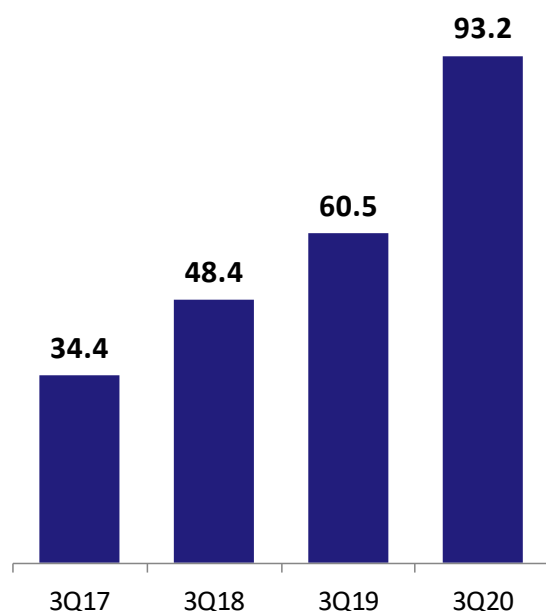
Hypera Pharma will continue to invest in its leading brands, in the innovation pipeline and in the expansion of its manufacturing capacity in order to capture growth opportunities in the most diverse categories of the Brazilian pharmaceutical market, including those that are being temporarily affected by the Covid-19 pandemic, without losing sight of its commitment to the business profitability and cash return to its shareholders. The Company will also continue to be attentive to inorganic growth opportunities and to evaluate new business models that contribute to its sustainable growth in the Brazilian pharmaceutical market.

(1) Sell out PPP (Pharmacy Purchase Price), as per IQVIA, considers the drug stores and big retailers average purchase price



## Innovation & Launches

R&D Investments\* (R\$ mm)



Total investments in Research and Development, including the amount capitalized as intangible assets, reached 8.6% of Net Revenue and totaled R\$93.2 million in 3Q20, the highest level ever invested in a quarter, reinforcing the Company's commitment to innovation and sustainable growth, also during the Covid-19 pandemic.

The 3Q20 innovation index, corresponding to the percentage of Net Revenue from products launched in the last five years, reached 33%.

The main launches of the quarter were **Vitasay 50+ Vitaly**, which combines the energy and vigor of Peruvian maca with guarana to improve libido and treat menopausal symptoms, **Vitasay 50+ Serenne**, a product based on tryptophan, folic acid and B3 and B6 vitamins to help improving mood and sleep quality, and **Vitasay 50+ Pro-Omega 3**, which helps maintaining triglyceride levels. The new line extension of the phytotherapeutic **Maracugina PI**, for the treatment of mild insomnia, nervous and anxiety disorders, and **Engov After Berry Vibes**, with an exclusive formula for body

recovery and hydration, were also highlights of this quarter.

Hypera Pharma also reinforced its **Addera D3 brand**, which is the largest vitamin brand in Brazil, according to IQVIA, with the launch of the **Addera + Cabelos and Unhas**, **Addera + Energia**, **Addera + Imunidade** and **Addera + Vitaminas** line extensions, and launched **Blancy TX**, a new line extension of the Blancy dermocosmetics brand that helps to combat blemishes, dark circles around the eyes and melasma.



Note: \*It considers R&D expenses and the amount of capitalized as intangible assets. Excludes the Lei do Bem benefit and R&D amortization in the period.



## Earnings Discussion

### Income Statement

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

**Table 2**

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ %	9M19	% NR	9M20	% NR	Δ %
<b>Net Revenue</b>	<b>1,009.1</b>	<b>100.0%</b>	<b>1,088.5</b>	<b>100.0%</b>	<b>7.9%</b>	<b>2,366.2</b>	<b>100.0%</b>	<b>2,954.0</b>	<b>100.0%</b>	<b>24.8%</b>
<b>Gross Profit</b>	<b>681.3</b>	<b>67.5%</b>	<b>696.3</b>	<b>64.0%</b>	<b>2.2%</b>	<b>1,532.3</b>	<b>64.8%</b>	<b>1,929.6</b>	<b>65.3%</b>	<b>25.9%</b>
Marketing Expenses	(258.8)	-25.7%	(202.6)	-18.6%	-21.7%	(639.3)	-27.0%	(572.3)	-19.4%	-10.5%
Selling Expenses	(148.5)	-14.7%	(149.1)	-13.7%	0.4%	(410.3)	-17.3%	(417.1)	-14.1%	1.7%
General and Administrative Expenses	(55.0)	-5.4%	(43.6)	-4.0%	-20.7%	(158.3)	-6.7%	(145.2)	-4.9%	-8.3%
Other Operational Net Expenses	45.9	4.6%	56.8	5.2%	23.6%	561.0	23.7%	193.1	6.5%	-65.6%
Equity in Subsidiaries	3.4	0.3%	5.9	0.5%	71.6%	6.6	0.3%	12.0	0.4%	81.4%
<b>EBIT from Continuing Operations</b>	<b>268.3</b>	<b>26.6%</b>	<b>363.7</b>	<b>33.4%</b>	<b>35.5%</b>	<b>892.0</b>	<b>37.7%</b>	<b>1,000.1</b>	<b>33.9%</b>	<b>12.1%</b>
Net Financial Expenses	8.9	0.9%	(36.4)	-3.3%	-	10.8	0.5%	(39.4)	-1.3%	-
Income Tax and CSLL	(6.0)	-0.6%	22.3	2.1%	-	39.4	1.7%	36.0	1.2%	-8.7%
Net Income (Loss) from Continuing Operations	271.3	26.9%	349.6	32.1%	28.9%	942.3	39.8%	996.7	33.7%	5.8%
Net Income from Discontinued Operations	(4.1)	-0.4%	(4.0)	-0.4%	-3.2%	(17.0)	-0.7%	(16.5)	-0.6%	-3.3%
Net Income (Loss)	267.2	26.5%	345.6	31.8%	29.4%	925.3	39.1%	980.3	33.2%	5.9%
<b>EBITDA from Continuing Operations</b>	<b>297.7</b>	<b>29.5%</b>	<b>393.5</b>	<b>36.1%</b>	<b>32.2%</b>	<b>981.9</b>	<b>41.5%</b>	<b>1,091.4</b>	<b>36.9%</b>	<b>11.2%</b>

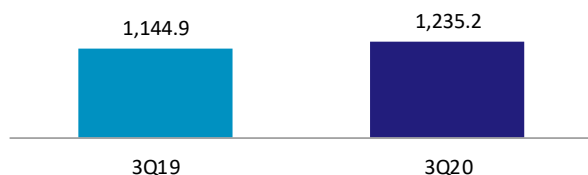


## Net Revenue

**Graph 1**

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

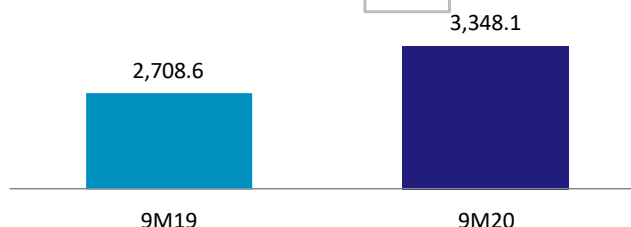
Δ 3Q20 vs 3Q19 7.9%



**Graph 2**

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

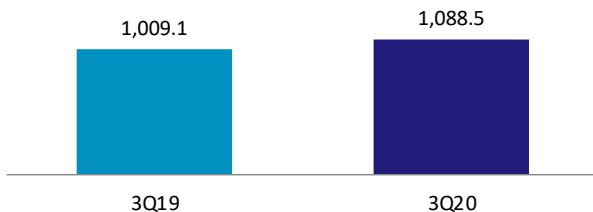
Δ 9M20 vs 9M19 23.6%



**Graph 3**

Net Revenue (R\$ mm)

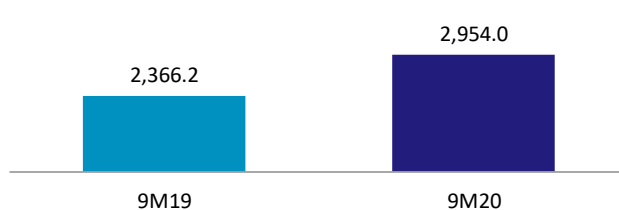
Δ 3Q20 vs 3Q19 7.9%



**Graph 4**

Net Revenue (R\$ mm)

Δ 9M20 vs 9M19 24.8%



**Table 3**

(R\$ million)	3Q19	3Q20	Δ %	9M19	9M20	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,144.9	1,235.2	7.9%	2,708.6	3,348.1	23.6%
Promotional Discounts	(62.6)	(56.2)	-10.1%	(163.7)	(149.5)	-8.7%
Taxes	(73.2)	(90.5)	23.5%	(178.8)	(244.6)	36.8%
Net Revenue	1,009.1	1,088.5	7.9%	2,366.2	2,954.0	24.8%

Net Revenue grew 7.9% in 3Q20, when compared to the same period of the previous year, and totaled R\$1,088.5 million. Buscopan and Buscofem brands, which started to contribute to the Company's results in September, added R\$13.8 million to Net Revenue in 3Q20.

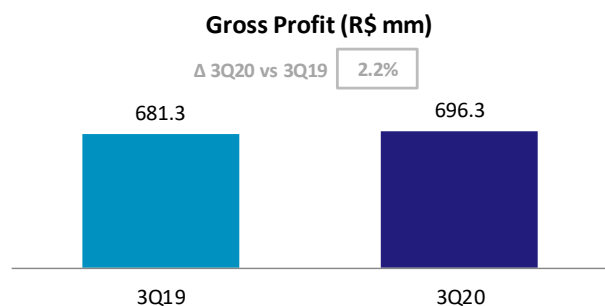
The Net Revenue expansion in the quarter was driven by the sell-out growth, mainly in **Generics and Similar**s, in chronic categories and dermatology in **Prescription Products** and in vitamins, supplements and nutritionals in **Consumer Health**.



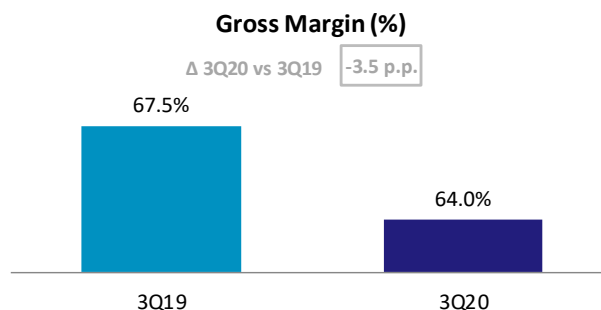


## Gross Profit

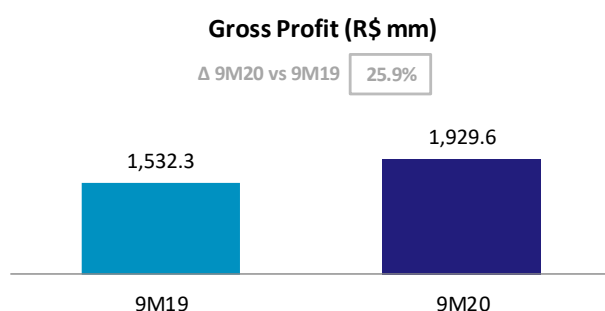
**Graph 5**



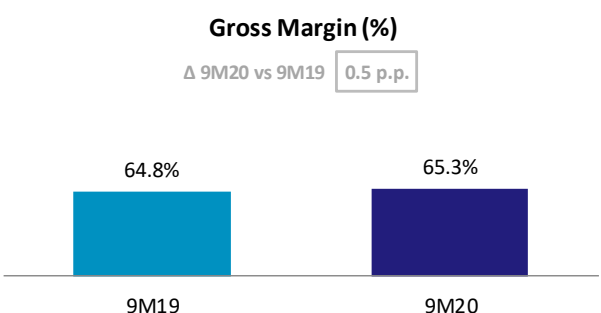
**Graph 6**



**Graph 7**



**Graph 8**



**Table 4**

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ %	Δ p.p.	9M19	% NR	9M20	% NR	Δ %	Δ p.p.
Gross Profit	681.3	67.5%	696.3	64.0%	2.2%	-3.5 p.p.	1,532.3	64.8%	1,929.6	65.3%	25.9%	0.5 p.p.

Gross Profit reached R\$696.3 million in the quarter, with a Gross Margin of 64.0%, compared to 67.5% in 3Q19.

The variation in the Gross Margin compared to 3Q19 is mainly due to: (i) the devaluation of the Brazilian Real against the US Dollar in the period, which negatively impacted the Gross Margin in 2.4 percentage points; (ii) the change in the mix of products sold, mainly due to the greater relevance of generics and similars in the composition of Net Revenue, which negatively impacted the Gross Margin in 2.1 percentage points; and (iii) the positive impact on the Gross Margin from the reduction in idleness and the lower level of commercial discounts.



## Marketing Expenses

Table 5

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ %	9M19	% NR	9M20	% NR	Δ %
Marketing Expenses	(258.8)	-25.7%	(202.6)	-18.6%	-21.7%	(639.3)	-27.0%	(572.3)	-19.4%	-10.5%
Advertisement and Consumer Promotion	(99.4)	-9.8%	(59.2)	-5.4%	-40.5%	(233.9)	-9.9%	(173.8)	-5.9%	-25.7%
Trade Deals	(23.3)	-2.3%	(33.3)	-3.1%	42.6%	(56.7)	-2.4%	(77.9)	-2.6%	37.4%
Medical Visits, Promotions and Others	(136.1)	-13.5%	(110.1)	-10.1%	-19.1%	(348.7)	-14.7%	(320.6)	-10.9%	-8.1%

Marketing Expenses represented 18.6% of Net Revenue in 3Q20 and totaled R\$202.6 million, a reduction of 21.7% over 3Q19, due to the decrease in Advertising and Consumer Promotion expenses and Medical Visits, Promotion and Others expenses, which were impacted by the Covid-19 pandemic.

The decrease in these expenses is mainly due to: (i) the reduction in advertising campaigns compared to 3Q19, when there was a greater concentration of advertising campaigns due to important launches in **Consumer Health** in that year; (ii) the increase in medical visits and medical events held remotely, which contributed to the reduction in travel expenses; and (iii) the lower number of samples.

## Selling Expenses

Table 6

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ %	9M19	% NR	9M20	% NR	Δ %
Selling Expenses	(148.5)	-14.7%	(149.1)	-13.7%	0.4%	(410.3)	-17.3%	(417.1)	-14.1%	1.7%
Commercial Expenses	(90.8)	-9.0%	(74.3)	-6.8%	-18.1%	(251.6)	-10.6%	(223.0)	-7.6%	-11.4%
Freight and Logistics Expenses	(25.7)	-2.5%	(28.0)	-2.6%	9.2%	(66.3)	-2.8%	(77.1)	-2.6%	16.4%
Research & Development	(32.1)	-3.2%	(46.8)	-4.3%	45.8%	(92.4)	-3.9%	(117.0)	-4.0%	26.6%

Selling Expenses represented 13.7% of Net Revenue, or 1.0 percentage point lower than 3Q19. The variation in Selling Expenses was mainly due to: (i) the reduction in Commercial Expenses, which were impacted by the lower variable remuneration and lower number of travels; and (ii) the increase in Research and Development investments, which represented 8.6% of Net Revenue in 3Q20 when including the amount capitalized as intangible assets.

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

Table 7

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ %	9M19	% NR	9M20	% NR	Δ %
General & Administrative Expenses	(55.0)	-5.4%	(43.6)	-4.0%	-20.7%	(158.3)	-6.7%	(145.2)	-4.9%	-8.3%
Other Operating Revenues (Expenses)	45.9	4.6%	56.8	5.2%	23.6%	561.0	23.7%	193.1	6.5%	-65.6%

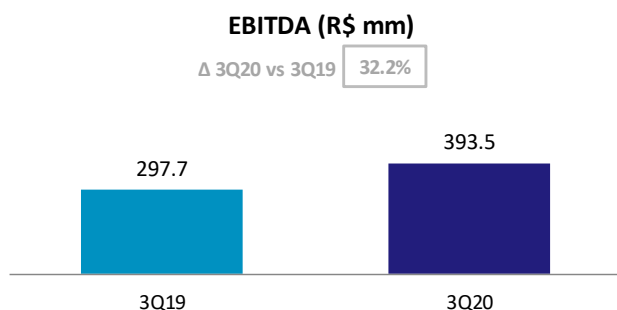
General and Administrative Expenses represented 4.0% of Net Revenue in 3Q20, compared to 5.4% in 3Q19, a consequence of the Company's initiatives to preserve the profitability of its operations during Covid-19 pandemic, such as the reduction in the number of travels and the implementation of home-office for its administrative teams.

Other Operating Revenue represented 5.2% of Net Revenue in 3Q20, or 0.6 percentage point higher than the same period of the previous year, and as in 3Q19 were impacted by the accounting for tax credits.

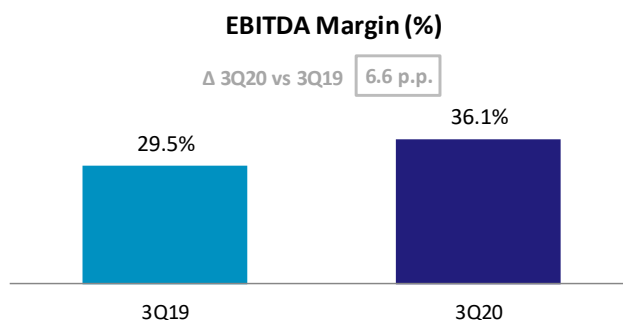


## EBITDA from Continuing Operations

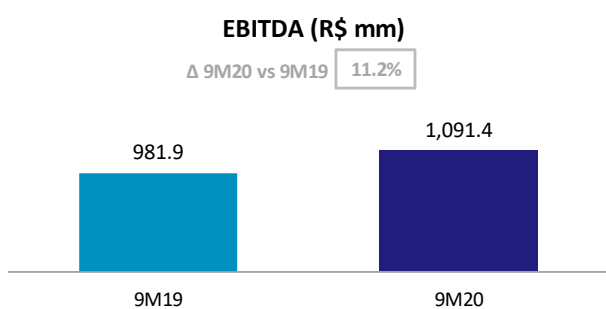
**Graph 9**



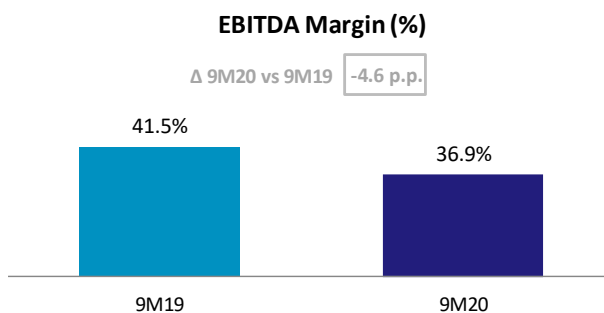
**Graph 10**



**Graph 11**



**Graph 12**



**Table 8 – EBITDA from Continuing Operations Reconciliation**

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ %	9M19	% NR	9M20	% NR	Δ %
EBITDA from Continuing Operations	297.7	29.5%	393.5	36.1%	32.2%	981.9	41.5%	1,091.4	36.9%	11.2%

EBITDA from Continuing Operations reached R\$393.5 million in 3Q20, an increase of 32.2% over 3Q19, mainly due to the reduction in Marketing and Administrative Expenses in the quarter.





## Net Financial Expenses

Table 9

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ R\$	9M19	% NR	9M20	% NR	Δ R\$
Financial Result	8.9	0.9%	(36.4)	-3.3%	(45.3)	10.8	0.5%	(39.4)	-1.3%	(50.2)
Net Interest Expenses	16.1	1.6%	(20.1)	-1.8%	(36.2)	38.7	1.6%	(16.1)	-0.5%	(54.8)
Cost of Hedge and FX Gains (Losses)	(1.0)	-0.1%	(0.7)	-0.1%	0.3	(3.7)	-0.2%	5.4	0.2%	9.1
Other	(6.1)	-0.6%	(15.6)	-1.4%	(9.5)	(24.2)	-1.0%	(34.3)	-1.2%	(10.2)

The Financial Result presented a negative balance of R\$36.4 million in 3Q20, compared to a positive balance of R\$8.9 million in 3Q19. This variation is mainly due to the increase in interest expenses due to the higher gross debts, mainly due to the issuance of debentures to pay for the acquisition of Buscopan and Buscofem brands and the portfolio of medicines to be acquired from Takeda.

## Net Income

Table 10

(R\$ million)	3Q19	3Q20	Δ %	9M19	9M20	Δ %
EBIT from Continuing Operations	268.3	363.7	35.5%	892.0	1,000.1	12.1%
(-) Net Financial Expenses	8.9	(36.4)	-	10.8	(39.4)	-
(-) Income Tax and Social Contribution	(6.0)	22.3	-	39.4	36.0	-8.7%
<b>Net Income from Continuing Operations</b>	<b>271.3</b>	<b>349.6</b>	<b>28.9%</b>	<b>942.3</b>	<b>996.7</b>	<b>5.8%</b>
(+) Net Income from Discontinued Operations	(4.1)	(4.0)	-3.2%	(17.0)	(16.5)	-3.3%
<b>Net Income</b>	<b>267.2</b>	<b>345.6</b>	<b>29.4%</b>	<b>925.3</b>	<b>980.3</b>	<b>5.9%</b>
<b>EPS</b>	<b>0.42</b>	<b>0.55</b>	<b>29.0%</b>	<b>1.47</b>	<b>1.55</b>	<b>5.9%</b>
<b>EPS from Continuing Operations</b>	<b>0.43</b>	<b>0.55</b>	<b>28.5%</b>	<b>1.49</b>	<b>1.58</b>	<b>5.7%</b>

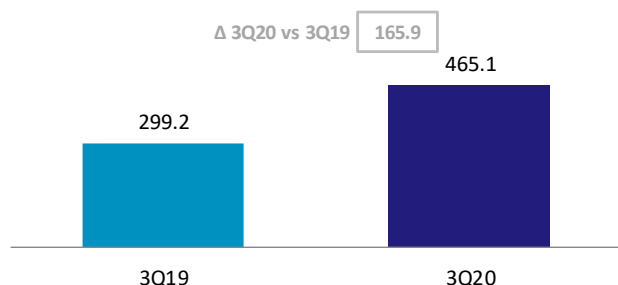
Net Income totaled R\$345.6 million in 3Q20, an increase of 29.4% over 3Q19, mainly benefiting from the 35.5% growth in EBIT from Continuing Operations.



## Cash Flow (Continuing and Discontinued Operations)

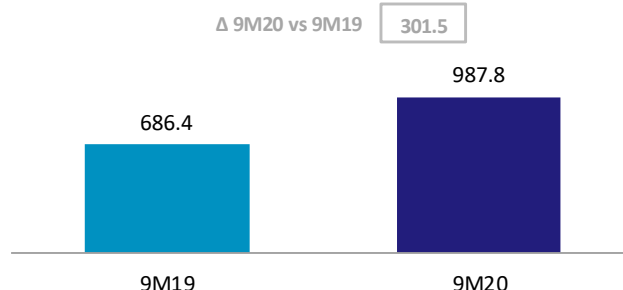
**Graph 13**

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



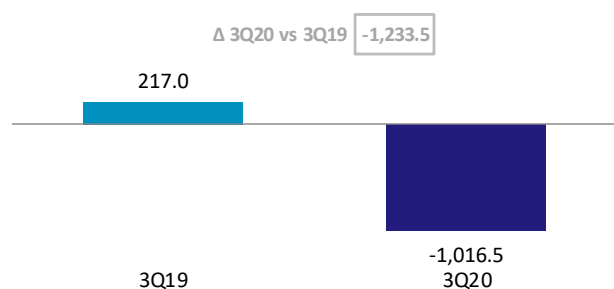
**Graph 14**

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



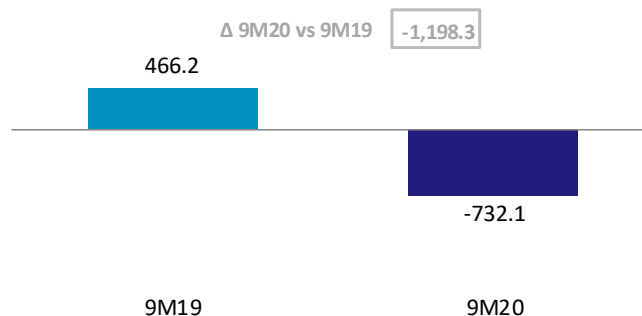
**Graph 15**

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



**Graph 16**

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



**Table 11**

(R\$ million)	3Q19	3Q20	9M19	9M20
Cash Flow from Operations	299.2	465.1	686.4	987.8
Purchase of Property, Plant and Equipment	(55.0)	(155.4)	(144.8)	(320.5)
Purchase of Intangible Assets	(29.9)	(1,351.7)	(78.9)	(1,426.1)
Sale of Property, Plant and Equipment	2.7	25.6	3.5	26.7
<b>(=) Free Cash Flow</b>	<b>217.0</b>	<b>(1,016.5)</b>	<b>466.2</b>	<b>(732.1)</b>

Cash Flow from Operations was R\$165.9 million higher than 3Q19 and reached R\$465.1 million in 3Q20, the highest amount ever recorded by Hypera Pharma in a quarter, and reflected mainly the growth of operating income in the period.

Free Cash Flow was negative by R\$1,016.5 million in 3Q20, mainly due to the payment of R\$1.3 billion for the acquisition of Buscopan and Buscofem and additional investments to expand manufacturing capacity in Anápolis.



## Net Debt

**Table 12**

(R\$ million)	3Q20
Loans and Financing	(5,574.5)
Notes Payable	(27.6)
<b>Gross Debt</b>	<b>(5,602.0)</b>
Cash and Cash Equivalents	4,931.0
<b>Net Cash / (Debt)</b>	<b>(671.1)</b>
Unrealized Gain/Loss on Debt Hedge	33.7
<b>Net Cash / (Debt) After Hedge</b>	<b>(637.3)</b>

The Company went from a Net Cash position in 2Q20 of R\$369.8 million to a Net Debt position in 3Q20 of R\$637.3 million, mainly due to the payment of R\$1.3 billion for the acquisition of Buscopan and Buscofem brands in the quarter. In 3Q20, the Company issued long-term debentures to pay for the portfolio of medicines to be acquired from Takeda, in the amount of R\$735.0 million.



## Investor Relations Agenda

### Earnings Conference Call

	Portuguese	English
<b>Date:</b>	October 26, 2020	October 26, 2020
<b>Time:</b>	11:00 (Brasília) 10:00 (New York)	11:00 (Brasília) 10:00 (New York)
<b>Phone:</b>	+55 (11) 3181-8565	+1 (412) 717-9627
<b>Code:</b>	Hypera	Hypera
<b>Webcast:</b>	<a href="#">Click here</a>	<a href="#">Click here</a>
<b>Replay:</b>	+55 (11) 3193-1012	+55 (11) 3193-1012
<b>Replay Code:</b>	5476238#	8440138#

### Contact Information

Phone: +55 (11) 3627-4206  
 Email: [ir@hypera.com.br](mailto:ir@hypera.com.br)  
 Website: [www.hypera.com.br/ir](http://www.hypera.com.br/ir)

**Table 13**

Date	Event
<b>17-19 Nov</b>	Jefferies Virtual Global Healthcare Conference
<b>17-20 Nov</b>	Bradesco BBI 10th Virtual CEO Forum
<b>03 Dec</b>	J.P. Morgan Conference Brazil Opportunities
<b>07-08 Jan</b>	Morgan Stanley Virtual 13th Annual Latin America Executive Conference
<b>11-14 Jan</b>	39th Annual J.P. Morgan Healthcare Conference



## 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 14

	3Q19	3Q20	9M19	9M20
<b>Net Revenue</b>	<b>1,009,123</b>	<b>1,088,497</b>	<b>2,366,158</b>	<b>2,954,023</b>
Cost of Goods Sold	(327,820)	(392,218)	(833,863)	(1,024,435)
<b>Gross Profit</b>	<b>681,303</b>	<b>696,279</b>	<b>1,532,295</b>	<b>1,929,588</b>
Selling and Marketing Expenses	(407,390)	(351,696)	(1,049,597)	(989,422)
General and Administrative Expenses	(54,961)	(43,575)	(158,275)	(145,175)
Other Operating Income (Expenses)	45,932	56,773	561,004	193,103
Equity in Subsidiaries	3,440	5,904	6,618	12,008
<b>Operating Income Before Equity Income and Financial Result</b>	<b>268,324</b>	<b>363,685</b>	<b>892,045</b>	<b>1,000,102</b>
Net Financial Expenses	8,938	(36,396)	10,814	(39,399)
Financial Expenses	(17,643)	(69,350)	(59,688)	(157,556)
Financial Income	26,581	32,954	70,502	118,157
<b>Profit Before Income Tax and Social Contribution</b>	<b>277,262</b>	<b>327,289</b>	<b>902,859</b>	<b>960,703</b>
Income Tax and Social Contribution	(5,981)	22,334	39,432	35,998
<b>Net Income from Continuing Operations</b>	<b>271,281</b>	<b>349,623</b>	<b>942,291</b>	<b>996,701</b>
Net Income from Discontinued Operations	(4,125)	(3,994)	(17,008)	(16,450)
<b>Income for the Period</b>	<b>267,156</b>	<b>345,629</b>	<b>925,283</b>	<b>980,251</b>
<b>Earnings per Share – R\$</b>	<b>0.42</b>	<b>0.55</b>	<b>1.47</b>	<b>1.55</b>



## Consolidated Balance Sheet (R\$ thousand)

Table 15

Assets	31/12/2019	30/09/2020	Liabilities and Shareholders' Equity	31/12/2019	30/09/2020
<b>Current Assets</b>	<b>4,737,327</b>	<b>8,040,839</b>	<b>Current Liabilities</b>	<b>1,585,308</b>	<b>2,262,247</b>
Cash and Cash Equivalents	2,246,436	4,930,973	Suppliers	333,829	283,184
Accounts Receivables	1,313,671	1,477,877	Suppliers' Assignment of Receivables	124,019	431,599
Inventories	664,643	891,740	Loans and Financing	108,622	406,256
Recoverable Taxes	300,826	252,664	Salaries Payable	205,996	234,132
Financial Derivatives	1,409	277,592	Income Tax and Social Contribution	337	4,428
Other Assets	206,966	209,585	Taxes Payable	47,857	62,740
Dividends and IOC receivables	2,261	0	Accounts Payable	135,710	228,050
Assets Held for Sale	1,115	408	Dividends and IOC Payable	612,143	509,368
			Notes Payable	7,802	27,591
			Financial Derivatives	3,820	68,496
<b>Non-Current Assets</b>	<b>7,182,148</b>	<b>9,030,478</b>	<b>Non-Current Liabilities</b>	<b>1,624,067</b>	<b>5,513,512</b>
<b>Long Term Assets</b>	<b>909,728</b>	<b>1,121,622</b>	Loans and Financing	1,293,983	5,168,197
Deferred Income Tax and Social Contribution	26,551	39,460	Deferred Income Tax and Social Contribution	92,543	92,808
Recoverable Taxes	662,183	737,669	Taxes Payable	8,360	7,840
Other Assets	220,994	344,493	Accounts Payable	29,841	41,919
			Provisions for Contingencies	191,763	202,748
			Financial Derivatives	7,577	0
<b>Fixed Assets and Investments</b>	<b>6,272,420</b>	<b>7,908,856</b>	<b>Shareholders' Equity</b>	<b>8,710,100</b>	<b>9,295,558</b>
Investments	19,123	33,392	Capital	4,448,817	4,476,060
Investment Properties	150,240	154,596	Capital Reserve	1,270,401	1,261,598
Property, Plants and Equipments	1,167,946	1,419,774	Equity Valuation Adjustments	(254,994)	(145,662)
Intangible Assets	4,935,111	6,301,094	Profit Reserves	3,280,079	3,280,079
			Treasury Stock	(34,203)	(278)
			Income for the Period	0	423,761
<b>Total Assets</b>	<b>11,919,475</b>	<b>17,071,317</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>11,919,475</b>	<b>17,071,317</b>



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

Table 16

	3Q19	3Q20	9M19	9M20
<b>Cash Flows from Operating Activities</b>				
Income (Loss) Before Income Taxes including Discontinued Operations	270,422	321,841	877,696	938,543
Depreciation and Amortization	29,354	29,804	89,806	91,277
Asset Impairment	(863)	(985)	1,865	40,129
Gain on Permanent Asset Disposals	9,004	(24,709)	26,552	(14,445)
Equity Method	(4,470)	(5,801)	(8,509)	(10,856)
Foreign Exchange (Gains) Losses	943	1,348	3,598	(27,805)
Net Interest and Related Revenue/Expenses	(9,881)	35,047	(14,412)	67,204
Expenses Related to Share Based Remuneration	6,890	4,802	15,896	14,318
Provisions	189	11,462	52,841	16,884
<b>Adjusted Results</b>	<b>301,588</b>	<b>372,809</b>	<b>1,045,333</b>	<b>1,115,249</b>
<b>Decrease (Increase) in Assets</b>	<b>(90,956)</b>	<b>(111,986)</b>	<b>(380,386)</b>	<b>(423,959)</b>
Trade Accounts Receivable	(103,057)	(62,277)	227,492	(137,536)
Inventories	(28,727)	(106,773)	(119,033)	(286,994)
Recoverable Taxes	(5,643)	(552)	(520,036)	57,903
Judicial Deposits and Others	(7)	(30)	(3,023)	10,363
Other Accounts Receivable	46,478	57,646	34,214	(67,695)
<b>Increase (Decrease) in Liabilities</b>	<b>88,603</b>	<b>204,289</b>	<b>21,452</b>	<b>296,559</b>
Suppliers	72,431	53,400	67,090	(86,422)
Suppliers' Assignment of Receivables	707	99,013	(27,917)	297,361
Financial Derivatives	3,639	23,149	6,757	58,357
Income Tax and Social Contribution Paid	(4,526)	(5,308)	(10,838)	(9,238)
Taxes Payable	(620)	7,176	(798)	20,224
Salaries and Payroll Charges	34,563	12,432	51,015	26,836
Accounts Payable	(12,215)	42,709	(36,812)	66,209
Operations Interest Paid	(1,272)	(24,922)	(9,905)	(63,381)
Other Accounts Payable	(4,104)	(3,360)	(17,140)	(13,387)
<b>Net Cash Provided by Operating Activities</b>	<b>299,235</b>	<b>465,112</b>	<b>686,399</b>	<b>987,849</b>
<b>Cash flows from Investing Activities</b>				
Capital Increase/Decrease in Subsidiaries/Affiliates	0	(345)	(1,000)	(445)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	0	0	(45,500)
Acquisitions of Property, Plant and Equipment	(55,009)	(155,393)	(144,774)	(320,545)
Intangible Assets	(29,894)	(1,351,749)	(78,872)	(1,426,114)
Proceeds from the Sale of Assets with Permanent Nature	2,707	25,562	3,470	26,709
Interest and Others	13,964	20,032	38,784	59,327
Investment Hedge	0	47,170	0	45,015
<b>Net Cash Used in Investing Activities</b>	<b>(68,232)</b>	<b>(1,414,723)</b>	<b>(182,392)</b>	<b>(1,661,553)</b>
<b>Cash Flows from Financing Activities</b>				
Capital Integralization	0	27,243	0	27,243
Borrowings	0	735,000	0	4,115,000
Treasury Stock Purchase / Sale	(21,248)	867	(63,256)	12,101
Repayment of Loans - Principal	(22,414)	(14,490)	(77,387)	(55,607)
Repayment of Loans - Interest	(6,786)	(28,733)	(20,338)	(81,227)
Dividends and IOC Paid	(21,077)	(23,204)	(602,828)	(659,269)
<b>Net Cash Used in Financing Activities</b>	<b>(71,525)</b>	<b>696,683</b>	<b>(763,809)</b>	<b>3,358,241</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>159,478</b>	<b>(252,928)</b>	<b>(259,802)</b>	<b>2,684,537</b>
<b>Statement of Increase in Cash and Cash Equivalents, Net</b>				
Cash and Cash Equivalents at the Beginning of the Period	1,227,589	5,183,901	1,646,869	2,246,436
Cash and Cash Equivalents at the End of the Period	1,387,067	4,930,973	1,387,067	4,930,973
<b>Change in Cash and Cash Equivalent</b>	<b>159,478</b>	<b>(252,928)</b>	<b>(259,802)</b>	<b>2,684,537</b>



## Other Information

### Cash Conversion Cycle – Continuing Operations

Table 17

(Days)	3Q19	4Q19	1Q20	2Q20	3Q20	(R\$ million)	3Q19	4Q19	1Q20	2Q20	3Q20
Receivables <sup>(1)</sup>	99	114	117	110	110	Receivables	1,234	1,314	1,186	1,413	1,478
Inventories <sup>(2)</sup>	183	159	231	200	205	Inventories	667	665	697	802	892
Payables <sup>(2)(3)</sup>	(110)	(110)	(133)	(139)	(164)	Payables <sup>(3)</sup>	(399)	(458)	(403)	(556)	(715)
<b>Cash Conversion Cycle</b>	<b>173</b>	<b>164</b>	<b>214</b>	<b>172</b>	<b>151</b>	<b>Working Capital</b>	<b>1,502</b>	<b>1,520</b>	<b>1,480</b>	<b>1,659</b>	<b>1,655</b>
<b>% of Annualized Net Revenue <sup>(4)</sup></b>							<b>37%</b>	<b>41%</b>	<b>45%</b>	<b>39%</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 last quarter Net Revenue

### Tax Credits to offset Income Tax payment

i) Federal Recoverable Taxes: R\$841.0 million (please refer to Explanatory Note 13 of the Financial Statements);

ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$1,577.9 million (please refer to Explanatory Note 23(a) of the Financial Statements).

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

Table 18

(R\$ million)	3Q19	% NR	3Q20	% NR	Δ %	9M19	% NR	9M20	% NR	Δ %
Net Income	267.2	26.5%	345.6	31.8%	29.4%	925.3	39.1%	980.3	33.2%	5.9%
(+) Income Tax and CSLL	3.3	0.3%	(23.8)	-2.2%	-	(47.6)	-2.0%	(41.7)	-1.4%	-12.3%
(+) Net Interest Expenses	(8.9)	-0.9%	36.4	3.3%	-	(10.8)	-0.5%	39.4	1.3%	-
(+) Depreciations / Amortizations	29.4	2.9%	29.8	2.7%	1.5%	89.8	3.8%	91.3	3.1%	1.6%
<b>EBITDA</b>	<b>290.8</b>	<b>28.8%</b>	<b>388.0</b>	<b>35.6%</b>	<b>33.4%</b>	<b>956.7</b>	<b>40.4%</b>	<b>1,069.2</b>	<b>36.2%</b>	<b>11.8%</b>
(-) EBITDA from Discontinued Operations	6.8	0.7%	5.4	0.5%	-20.3%	25.2	1.1%	22.2	0.8%	-11.9%
<b>Adjusted EBITDA (EBITDA from Continuing Operations)</b>	<b>297.7</b>	<b>29.5%</b>	<b>393.5</b>	<b>36.1%</b>	<b>32.2%</b>	<b>981.9</b>	<b>41.5%</b>	<b>1,091.5</b>	<b>36.9%</b>	<b>11.2%</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.

