



Press-release




2Q23









Financial Highlights

Once again CantuStore presents to the market strong financial and operating results. In this second quarter of 2023, we highlight, as an important step, the execution of a sales agreement for the acquisition of GripMaster, a company specializing in the OTR tire replacement industry. The transaction will contribute to strengthening CantuStore's growth avenues, reinforcing the private label strategy and investment in strengthening this tire category, increasing the Company's Market Share.

2Q23

-  Gross Revenue of **BRL 723.4 million** in Q2 2023, growing **33.2%** vs. Q2 2022;
-  Net Revenue of **BRL 579.8 million**; an increase of **28.5%** compared to Q2 2022;
-  EBITDA of **BRL 107.2 million**; growing **22.3%** YoY;
-  Net Income of **BRL 51.7 million** in Q2 2023, growing **38.7%** vs. Q2 2022;
-  **Rating Upgrade** by Fitch Ratings, reaching '**A-(bra)**', from '**BBB+(bra)**';
-  Signing of the **Gripmaster** acquisition agreement, a company with more than 17 years' experience in the **OTR** industry.

1H23

-  Gross Revenue of **BRL 1.5 billion**, growing **42.6%** compared to H1 2022;
-  Net Revenue of **BRL 1.2 billion**, an increase of **38.0%** compared to H1 2022;
-  **E-commerce** Gross Revenue of **BRL 546.5 million**, posting a growth of **33.2%** compared H1 2022;
-  EBITDA of **BRL 204.9 million**, an increase of **44.3%** compared to H1 2022;
-  **Retailer (B2B)** Revenue Growth of **71.8%** vis-à-vis H1 2022, driven by **SpeedMax**'s high performance.
-  Capitalization of **BRL 601 million** as a result of the investment agreement with **L Catterton** and raising of **BRL 375 million** through the issue of **debentures**.



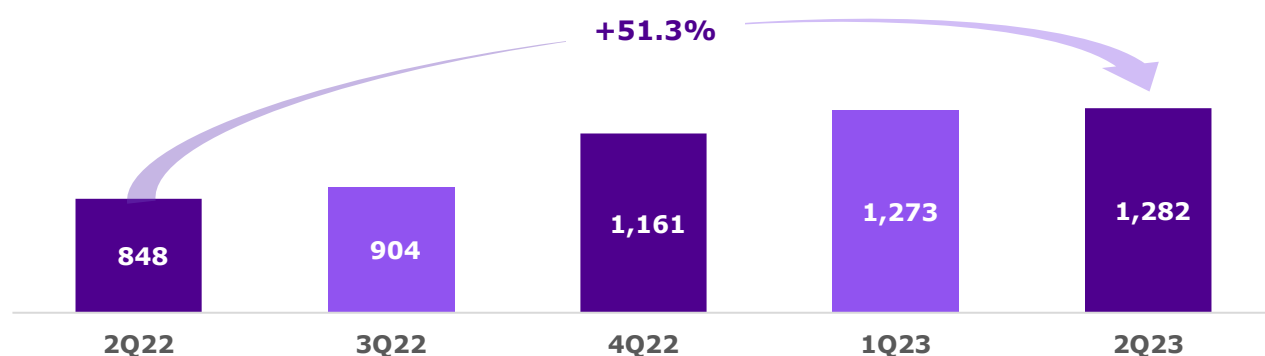
Operational Highlights

In the second quarter, the Company earned, for the second time in a row, its **GPTW** (Great Place To Work) **certification**, as a result of efforts and investments in people and organizational culture.

In line with its internalization strategy, CantuStore also expanded its territorial share through **four new branches**, located in: Santa Maria (State of Rio Grande do Sul), Rondonópolis (State of Mato Grosso), Juiz de Fora (State of Minas Gerais), and Vitória da Conquista (State of Bahia), reaching 47 national and 3 international branches.

Sales volume

(in thousands of tires)



11+
million

accesses on our
own website in
2Q23



2.5+
million

tires sold in H1 2023,
growth of **64.6%**
compared to H1 2022



36%

of revenue increase
from the sales of

Private Labels

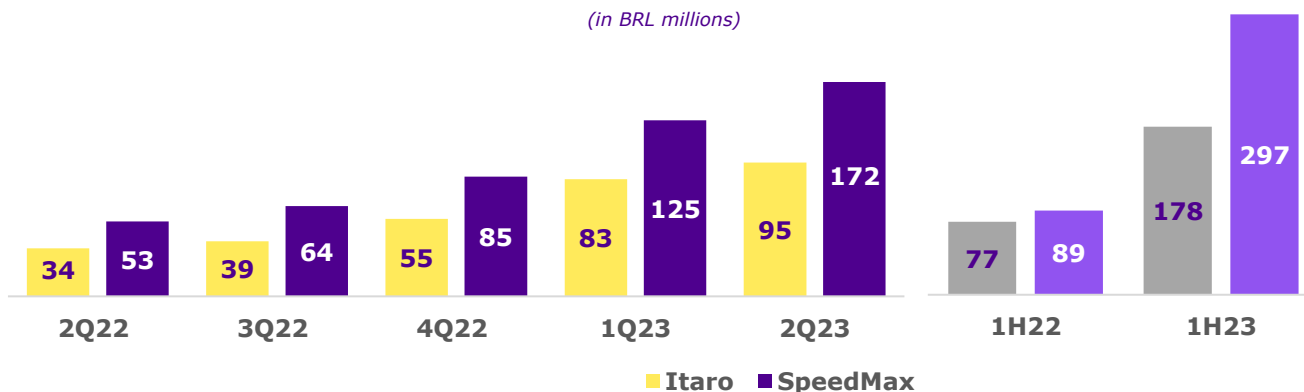


**4 new
branches**

opened in Q2
2023 and 4 others
scheduled for later
this year.

Private Labels: Evolution of Gross Revenue

(in BRL millions)



Message from Management

We ended the first half of 2023 with important achievements for CantuStore. Our sales volume grew by 64.6% YoY: we surpassed more than 2.5 million tires sold in the period and reached a revenue of about BRL 1.5 billion. Our private labels, SpeedMax and Itaro, accounted for about 44.3% of the volume of tires and 33.0% of the Company's total revenue in the semester, validating the strategy and strength of the brands in the Brazilian aftermarket.

The results addressed herein show a strong evolution in all business lines. In the E-Commerce channel, the growth was 33.2% compared to the first half of 2022, reaching BRL 546.8 million. PneuStore, our own B2C platform, continues to become increasingly significant in revenue of the company, representing about 62.4% of on-line sales in the second quarter. In the second quarter of 2023 alone, we had more than 11 million hits to our own website and we continue to grow in all the marketplaces which we operate.

Our B2B channel, strongly driven by SpeedMax, posted outstanding results, growing 71.8% compared to the previous year. In B2Fleet, we grew by 23.1%, reaching a revenue of almost BRL 500 million in the first half. The constant training of sales staff and the recurrence in the supply brought by SpeedMax bring greater proximity and recurrence to the customers of these two channels.

In this second quarter, in line with our territorial expansion strategy, we opened four more branches in the cities of Santa Maria (State of Rio Grande do Sul), Rondonópolis (State of Mato Grosso), Juiz de Fora (State of Minas Gerais), and Vitória da Conquista (State of Bahia), reaching 47 national branches and another 3 international. We are getting closer and closer to our customers and partners, improving service level and reducing delivery time.

As an important highlight for the quarter, we entered into an agreement for the acquisition of Gripmaster, a specialist in the OTR tire replacement industry. Upon conclusion of the transaction, we will take an important step towards strengthening our own brands, internal R&D development, and consolidation in the industry.

Also, we are proud to announce that CantuStore has received the GPTW (Great Place to Work) company certification for the second time in a row, as a result of our strong organizational culture, attentive look at each other and a high potential team which does every day from CantuStore an excellent life project and place to work!

As previously mentioned, last April we received from Fitch a Rating increase from "BBB+(bra)" to "A-(bra)," reflecting our financial discipline and the reduction in the market's perception of risk in relation to the Company. Lastly, we remain confident in our strategy and vigilant about the challenges ahead, ready to deliver an even better second semester.

Vitor Leme
CFO and IRO

Operating and Financial Results

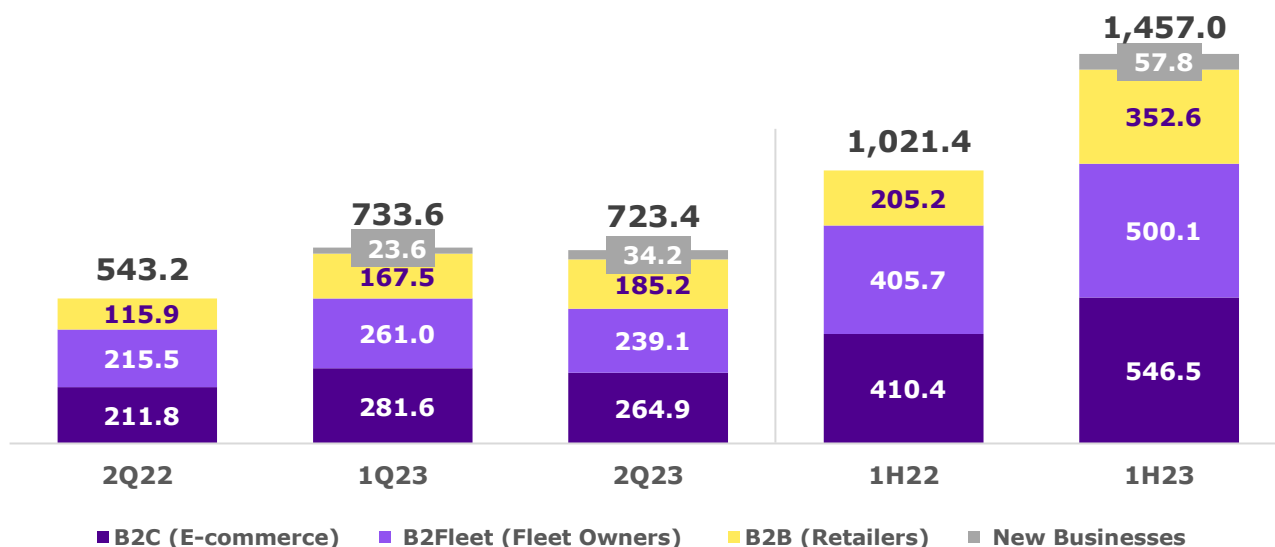
GROSS OPERATING REVENUE

In the second quarter of the year, the Company's gross revenue totaled BRL 723.4 million, R\$ 10 million below than the previous quarter. The movement is due to a virtually stable volume, even in a period of lower seasonality, but with the sale impact of a more budget tires mix, a reflection of the search for lower priced products by consumers. Compared to the same period of the previous year, revenue grew by more than 33.2%, an increase of BRL 180.2 million.

Cantu Store posted, at the end of the first half of 2023, accumulated results of around BRL 1.5 billion, growing by 42.6% vis-à-vis H1 2022. With growth in all business lines, we highlight the performance of the Retailer channel (B2B), which showed an increase of 71.7% YoY as a result of the strategy of own brands, promoting recurrence in the supply of tires to partners and resellers.

In New Businesses, the evolution of DigiTire, headquartered in Connecticut (USA), stands out, posting growth of 28.5% compared to the previous quarter.

GROSS OPERATING REVENUE



R\$ Million	1Q23	2Q23	Var QoQ (%)	1H22	1H23	Var YoY (%)
Gross Revenue (- returns)	733.6	723.4	-1.4%	1,021.4	1,457.0	42.6%
B2C (E-commerce)	281.6	264.9	-5.9%	410.4	546.5	33.2%
B2Fleet (Fleet Owners)	261.0	239.1	-8.4%	405.7	500.1	23.2%
B2B (Retailers)	167.5	185.2	10.6%	205.2	352.6	71.8%
New Businesses	23.6	34.2	44.8%	-	57.8	n.a.

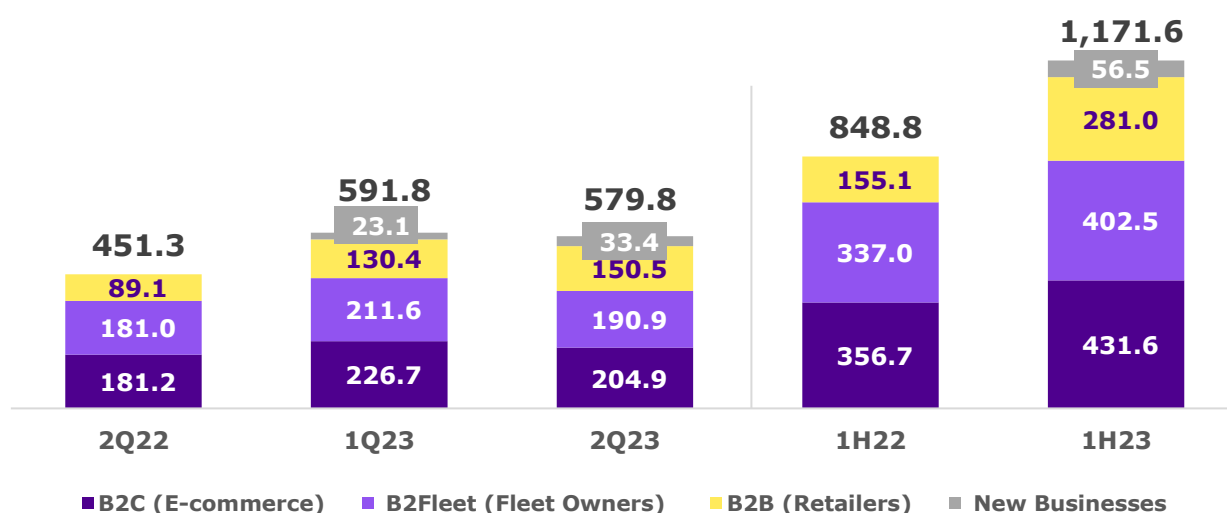
Operating and Financial Results

NET OPERATING REVENUE

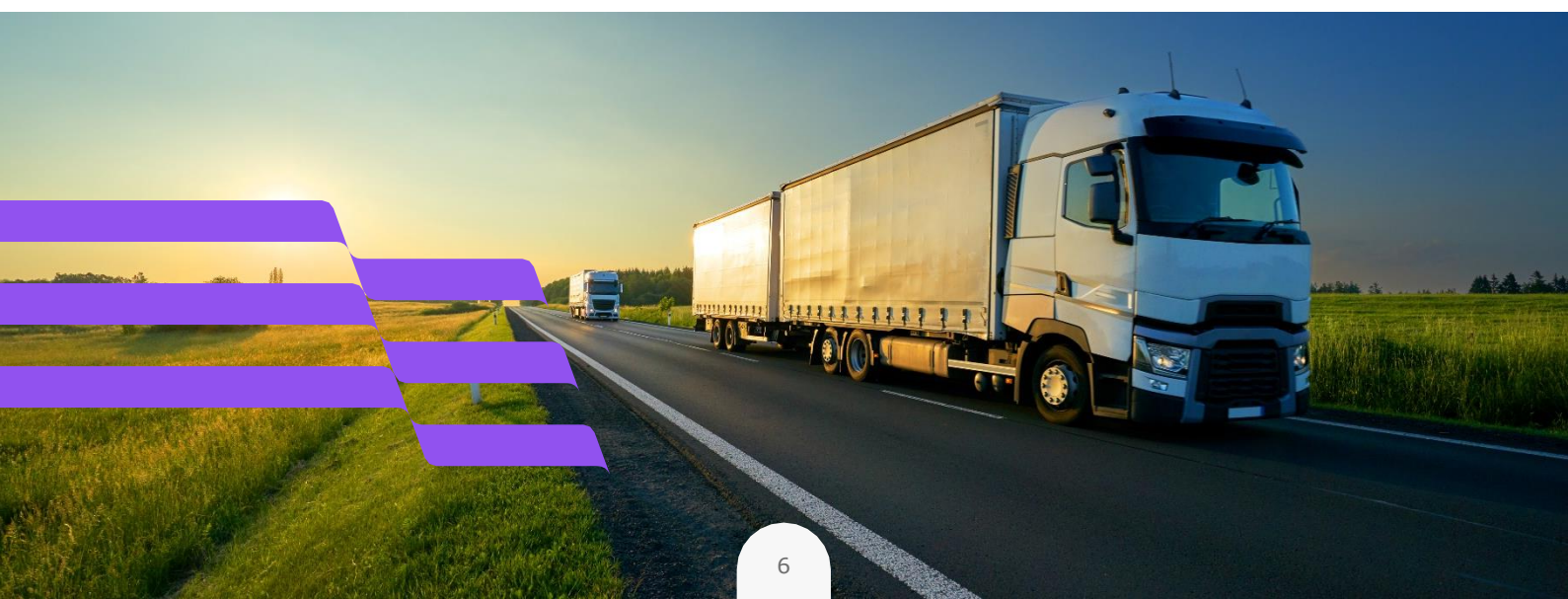
In Q2 2023, Net Revenue reached BRL 579.8 million, with an increase of 28.5% or BRL 128.6 million compared to Q2 2022, and a slight decrease of 2%, compared to the previous quarter.

In the half-year period to date, the company's net revenue was approximately BRL 1.2 billion, an increase of 38.0% compared to the same period of the previous year. These figures were mainly driven by the higher sales volume in the period: an increase of 64.6% in tires sold in H1 2023 vis-à-vis H1 2022.

NET OPERATING REVENUE



R\$ Million	1Q23	2Q23	Var QoQ (%)	1H22	1H23	Var YoY (%)
Net Revenue	591.8	579.8	-2.0%	848.8	1,171.6	38.0%
B2C (E-commerce)	226.7	204.9	-9.6%	356.7	431.6	21.0%
B2Fleet (Fleet Owners)	211.6	190.9	-9.8%	337.0	402.5	19.4%
B2B (Retailers)	130.4	150.5	15.4%	155.1	281.0	81.2%
New Businesses	23.1	33.4	44.7%	-	56.5	n.a.



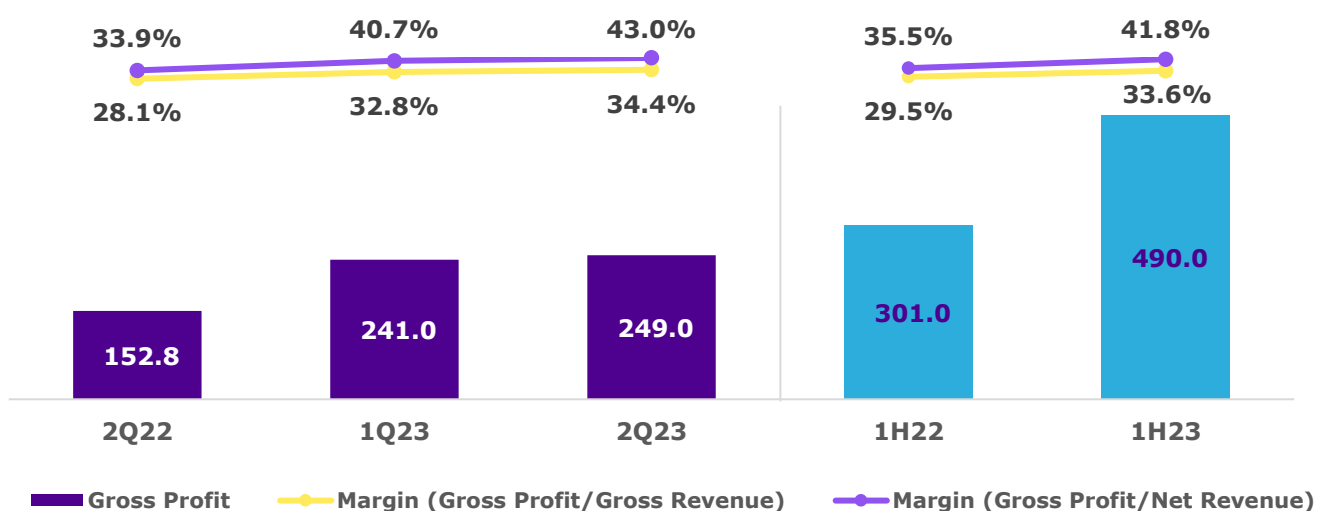
Operating and Financial Results

GROSS PROFIT AND GROSS MARGIN

Gross Profit in Q2 2023 was BRL 249.0 million, representing an increase of 3.3% or BRL 8.0 million compared to Q1 2023. Compared to Q2 2022, the increase was about 63.0% or BRL 96.2 million.

The perceived evolution is the result of the diversification of channels, operations in different categories, and growth of tire sales in own brands SpeedMax and Itaro.

GROSS PROFIT



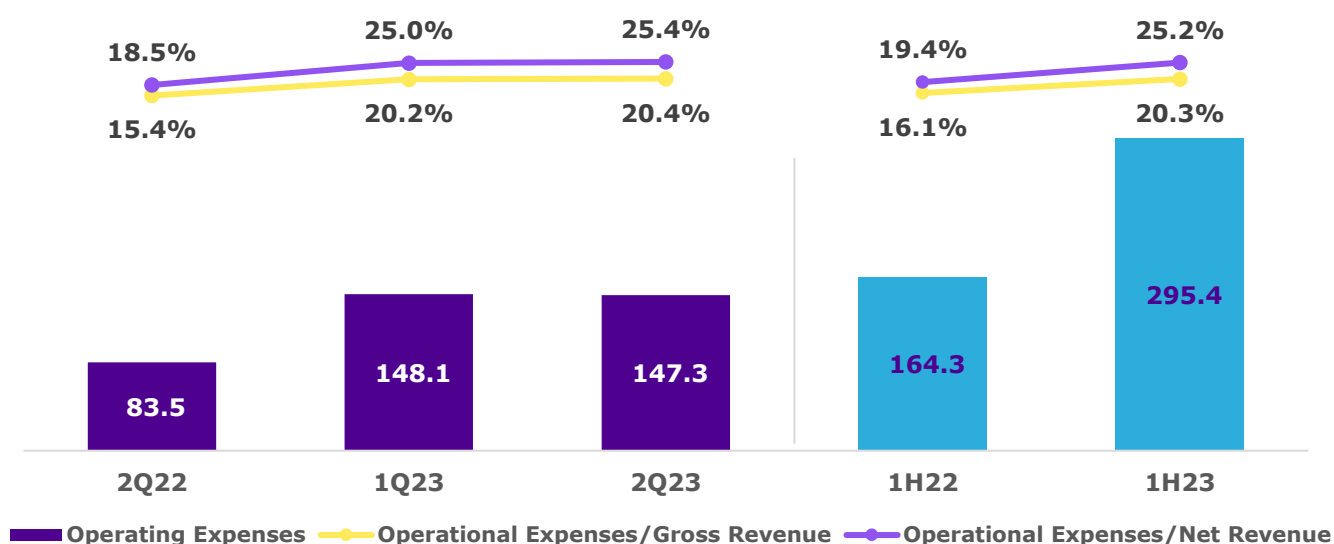
R\$ Million	1Q23	2Q23	Var QoQ (%)	1H22	1H23	Var YoY (%)
Gross Revenue (- returns)	733,6	723,4	-1,4%	1.021,6	1.457,0	42,6%
Sales tax	141,8	143,6	1,2%	172,7	285,4	65,2%
Net Revenue	591,8	579,8	-2,0%	848,9	1.171,6	38,0%
Costs of goods sold	350,8	330,8	-5,7%	548,0	681,6	24,4%
Gross Profit	241,0	249,0	3,3%	301,0	490,0	62,8%
Gross Margin	32,8%	34,4%	4,8%	29,5%	33,6%	14,2%

Operating and Financial Results

OPERATING EXPENSES

Operating Expenses in Q2 2023 totaled BRL 147.3 million, remaining in line with the immediately preceding quarter and growing by 76.4% compared to Q1 2022. Year-to-date expenses account for BRL 295.4 million, an increase of BRL 131.1 million compared to the same period in 2022, mainly reflecting the sale of tires at a lower average price, with a significant increase in sales volume. In addition, the figures also reflect continuous investments in structure, governance, systems, and people, aiming at the Company's continuous improvement.

OPERATING EXPENSES



R\$ Million	1Q23	2Q23	Var QoQ (%)	1H22	1H23	Var YoY (%)
Operating Expenses	148.1	147.3	-0.6%	164.3	295.4	79.8%
Selling	85.3	71.2	-16.5%	79.3	156.6	97.5%
General and Administrative	56.2	74.3	32.1%	82.1	130.5	59.0%
Other Operating Revenues/Expenses	6.8	1.7	-74.5%	2.9	8.6	193.3%
%Gross Revenue	20.2%	20.3%	0.4%	16.1%	20.3%	26.0%
%Net Revenue	25.0%	25.2%	0.7%	19.4%	25.2%	30.3%

Operating and Financial Results

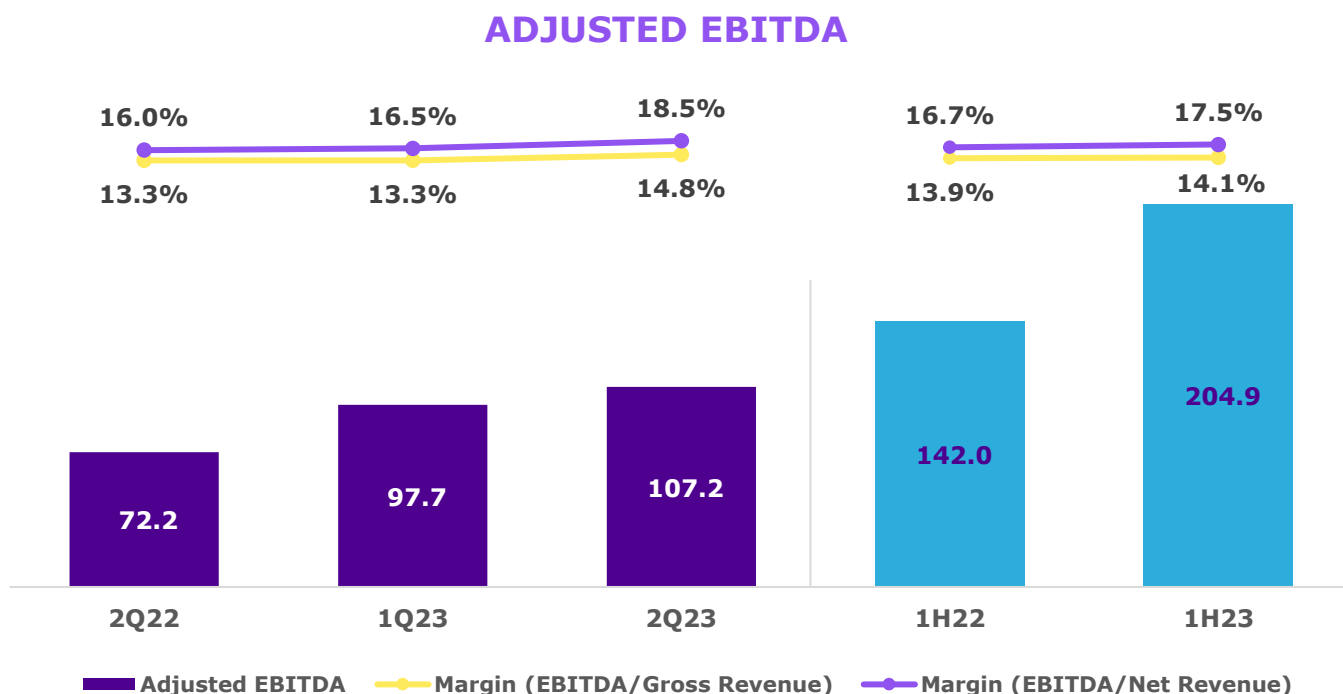
EBITDA

In the second quarter of 2023, Cantu Store's EBITDA was BRL 107.2 million, an increase of 9.7% compared to the first quarter and 22.3% compared to Q2 2022. In the half-year period to date, EBITDA reached BRL 204.8 million, growing by BRL 47.4 million or by 30.1% compared to the same period of the previous year, proving the strength and operational evolution of the Company reflected in the healthy maintenance of margins.

R\$ Million	1Q23	2Q23	Var QoQ (%)	1H22	1H23	Var YoY (%)
(=) Gross Profit	241.0	249.0	3.3%	301.0	490.0	62.8%
(-) Operating Expenses	143.3	141.8	-1.0%	143.5	285.1	98.7%
(=) EBITDA	97.7	107.2	9.7%	157.5	204.9	30.1%

Adjusted EBITDA

For the purpose of maintaining the comparability of the numbers, the Company presents below the adjusted EBITDA history of the data addressed herein, as well as the adjustments made. It should be noted that, for the results of the first half of 2023, there were no adjustments. In the second quarter of 2022, the reversal adjustment of the provision for contingencies stands out, amounting to BRL 15.5 million, according to the table.



R\$ Million	1Q23	2Q23	Var QoQ (%)	1H22	1H23	Var YoY (%)
EBITDA	97,7	107,2	9,7%	157,4	204,9	30,1%
(+) Adjustments	-	-	n.a.	15,5	-	n.a.
(=) Adjusted EBITDA	97,7	107,2	9,7%	142,0	204,9	44,3%

Note: The adjustment shown in H1 2022 column refers to the reversal of the provision for contingencies that occurred in the second quarter of 2022.

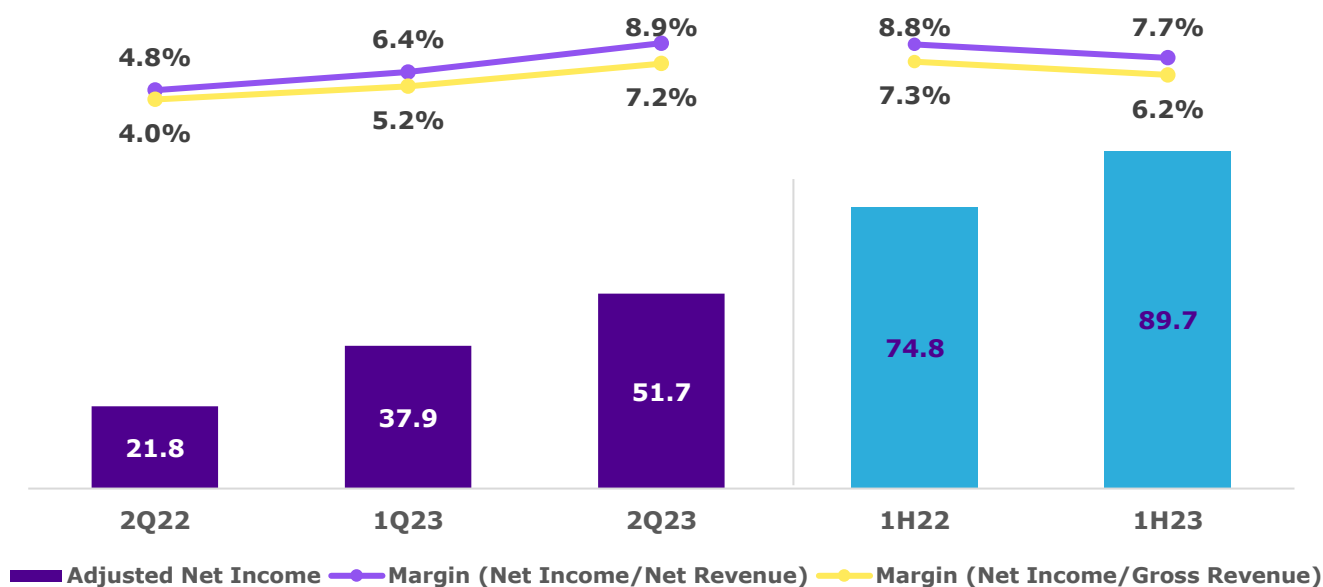
Operating and Financial Results

NET INCOME

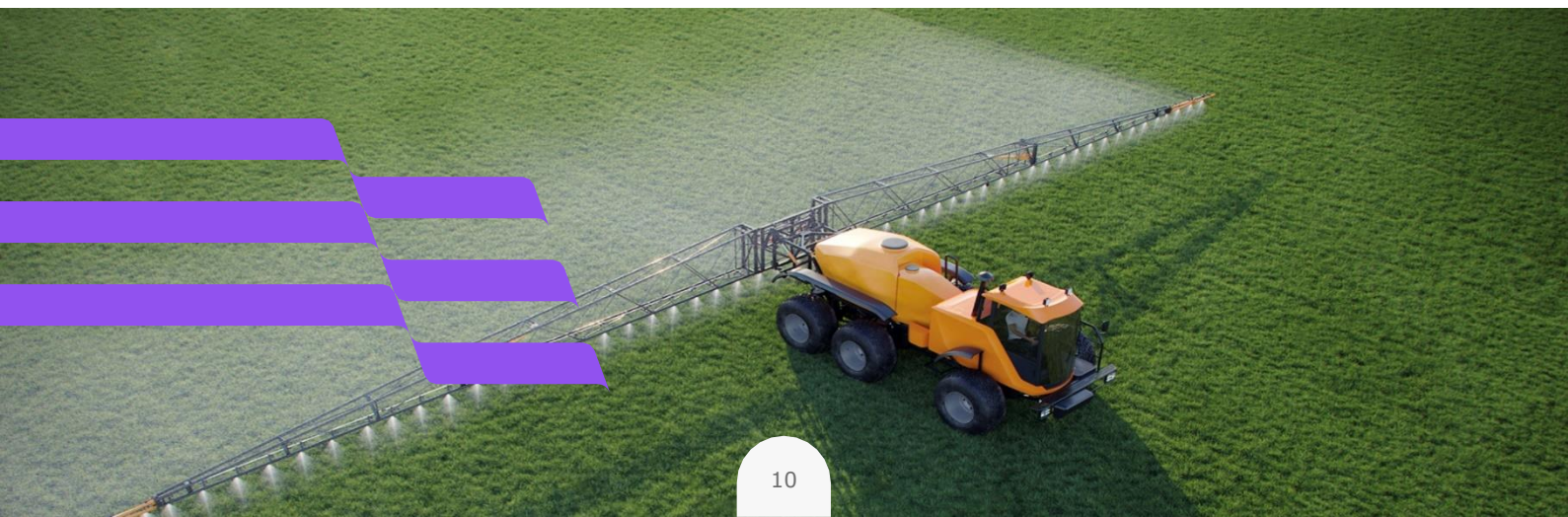
In this quarter, the Company's Net Income was BRL 51.7 million, without the need for adjustments, an increase of 36.5% compared to the immediately previous quarter, and about 137.2% compared to the same period in 2022. The maintenance of net margins also reflects the Company's efforts to reduce debts, mitigating the effects of the increase in the interest rate in recent periods.

The quarter-to-date profit was BRL 89.7 million, representing an increase of 19.8% over the adjusted H1 2022.

NET INCOME



R\$ Million	1T23	2Q23	Var QoQ (%)	1H22	1H23	Var YoY (%)
(=) Net Income	37,9	51,7	36,5%	90,3	89,6	-0,7%
(-) Untimely Events	-	-	n.a.	15,5	-	n.a.
(=) Adjusted Net Income	37,9	51,7	36,5%	74,8	89,7	19,8%



Operating and Financial Results

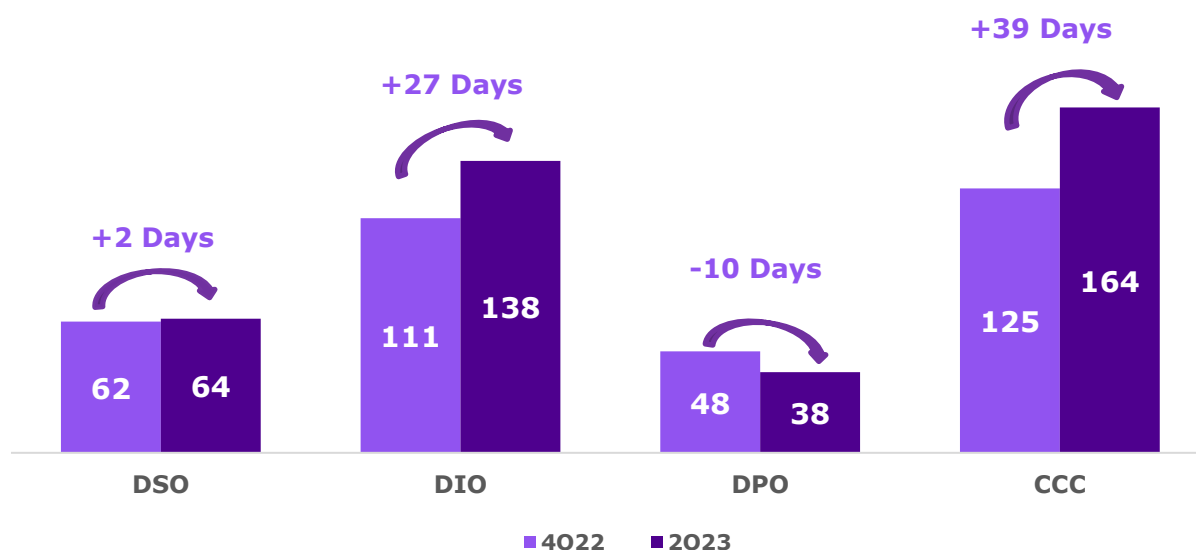
WORKING CAPITAL

Management continues to focus efforts on the Cash Conversion Cycle, with a view to extending its terms with suppliers, reducing customer receipt terms and, as a result, the need for working capital.

The investment strategy in the own brands SpeedMax and Itaro allows the optimization of the Company's stock, which begins to increase its levels at this time of year in preparation for periods of high seasonality, such as vacations and Black Friday, as represented below.

The Company's cash generation in the first half of the year was BRL 189.3 million due, in short, to the financing activities and the capital increase arising from the investment agreement in the first quarter.

Cash Conversion Cycle (days)



	2Q22	2Q23	Var (%)	4Q22	2Q23	Var (%)
Working Capital	617.0	980.3	58.9%	750.7	980.3	30.6%
(+) Receivables	360.1	524.5	45.6%	464.8	524.5	12.8%
(+) Inventory	378.6	620.1	63.8%	512.0	620.1	21.1%
(-) Payables	121.7	164.3	35.0%	226.1	164.3	-27.3%

Operating and Financial Results

NET DEBT

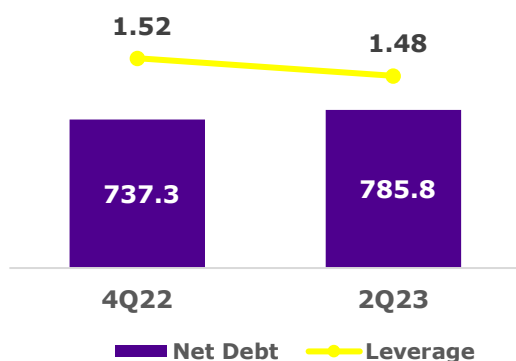
Leverage levels by the end of the second quarter of 2023 remained healthy against the Company's growing EBITDA generation, remaining virtually stable compared to the previous quarter, at 1.48x.

Cantu Store ended the half-year period with net debt of BRL 785.8 million and a cash and cash equivalents position of BRL 212.9 million, ensuring predictability regarding cash coverage for repayments in the coming periods.

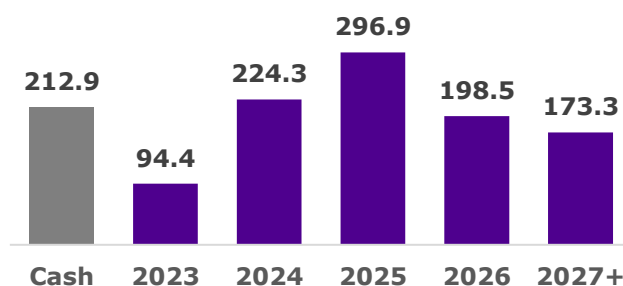
With the funds obtained through the issuance of debentures in the first half of the year, the Company made a prepayment of about BRL 100 million over the first half of 2023, reducing pressure on cash flow for the coming periods.

In addition, as already mentioned in the previous quarter, we emphasize the amount of BRL 250 million not yet paid that will enter the Company's cash by the end of the year, as a result of the investment agreement with L Catterton.

NET DEBT AND LEVERAGE



AMORTIZATION SCHEDULE



R\$ Million	4Q22	2Q23	Var (%)
(+) Short Term	270.6	221.9	-18.0%
(+) Long Term	490.3	776.8	58.5%
(=) Gross Debt	760.8	998.7	31.3%
(-) Cash	23.6	212.9	803.8%
Net Debt	737.3	785.8	6.6%
EBITDA LTM	484.9	532.0	9.7%

