ALPARGATAS

2Q23
Earnings Release

VIDEOCONFERENCE
August 4th, 2023 | Friday

Portuguese
09:00 (BRT) | 08:00 (EDT)
With simultaneous translation into English

Zoom Access

Alpargatas Performance

ALPARGATAS REACHES NET REVENUE OF R$926M IN 2Q23

HAVAIANAS NORMALIZED NET LOSS OF -R$37M

NORMALIZED NET LOSS FROM CONTINUED OPERATIONS OF -R$43M

Volume reaches 45 million pairs vs. 57 million in 2Q22

Net revenue of R$926 million vs. R$1 billion in 2Q22

Gross profit reaches R$378 million vs. R$554 million in 2Q22

Gross margin registered 40.8% vs. 52.2% in 2Q22

Normalized EBITDA of R$5 million vs. R$178 million in 2Q22

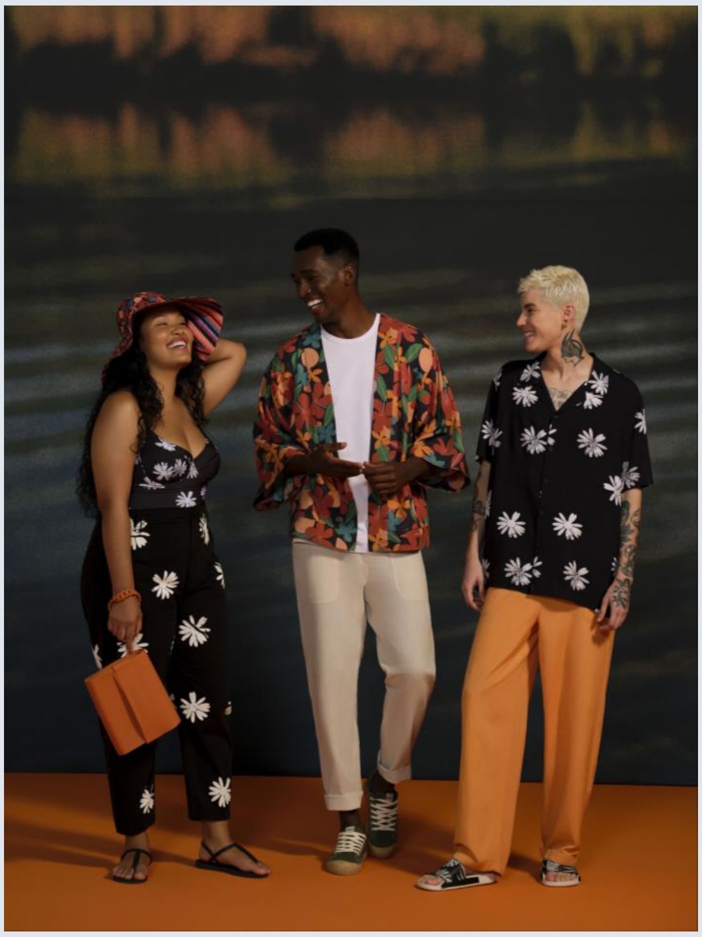
Normalized EBITDA margin reaches 0.5% vs. 16.7% in 2Q22

Normalized net loss achieved -R$43 million

Consolidated net loss of -R$53 million

Message from Management

The first half of 2023 brings the implications and developments of the same root causes identified and discussed in the last quarterly disclosures. 2Q23 specifically, reveals the consequences, above all, of the high levels of inventories in the channel, which kept the gap between the sell-in and sell-out and the resulting diseconomy of scale, in addition to the inefficiencies brought about by a higher level of expenses than desirable compared to our current sales volume. Although, on the one hand, we are confident regarding our ability to make the necessary adjustments considering these variables, on the other hand, we are aware that none of these adjustments are immediate and that, therefore, we will still feel the effects of these developments until the necessary changes have been fully implemented.



The fundamental conditions that set the basis for our business remain unshaken. The strength of our brands, the desire for our products, and our team’s passion are still the engines that keep us firm on this journey. Our brand power indicators continue to position us as one of the strongest brands in Brazil, with rates that compare with the largest global brands. Nevertheless, we know that the increase in our portfolio and operational complexity has created a challenging environment for us and brought us results that do not reflect our actual potential at all.

This quarter, we deepened our diagnosis of the original causes of the current scenario. This diagnosis undoubtedly confirmed the importance of focusing our efforts on the agendas to simplify our product portfolio and organizational structure, besides paying particular attention to efficiency and better operational coordination and reviewing the Company's processes. Rebuilding our scale and increasing our efficiency will be key to resume a cycle of expansion and profitability.

Throughout 2Q23, we started our transformation agenda, but it still does not have relevant impacts on the results we will disclose here. These first initiatives included adjustments in our production capacity, freezing some discretionary expenses, as well as some adjustments to corporate structures. These measures are being implemented as the first steps in the efficiency and profitability journey we intend to go through. However, we still do not count on the benefits of a detailed analysis of all the opportunities for centralization and process simplification that we will begin.

The diseconomies of scale arising from the reduction in volume that we have been experiencing, especially as a consequence of the gap between the sell-in and sell-out, have had very significant impacts on our profitability levels this quarter. As we have aforesaid already, our channel in Brazil needed to go through a relevant de-stocking process. Thus, in 2Q23, our sales volume continued to be pressured by an above-normal inventory level in the channel, reflected by a difference of about 13 p.p. in the sell-in performance compared to sell-out/sell-through.

If we consider a scenario in which we did not have this problem with excessive inventories in the channel and our sell-in hypothetically presented the same yoy variation of the sell-out, we would have an additional R$73 million in our EBITDA this quarter, providing concrete evidence of the importance of operational leverage as a driving force for profitability in our business.

Message from Management

This sequential sell-in drop we have been experiencing in our results since the second half of 2022 leads us to believe that the inventory in our channels is approaching more normalized levels. We estimate that this inventory volume available to customers dropped by about 10.5 million pairs in the first half of 2023. Although it is difficult to specify the duration of this cycle of inventory reductions in the channel, we have evidence that the process is ongoing and that, as the adjustment becomes complete, our sell-in performance should be more *pari-passu* with the sell-out dynamics.

The drop in sales volumes also negatively impacted the process of reducing our inventories of finished goods, and as a consequence, delaying the cost improvement curve, since we are selling mostly products produced at the end of last year, when production costs were quite high.

Due to the delay in the recovery of volumes sold with lower-cost products, the operating cost line had a significant impact this quarter, with costs reaching R$548.7 million (+8.1% yoy) and pressuring the gross margin by about 11 p.p. Our COGS was also negatively impacted by some items that we understand to be non-recurring, adding up to approximately R$34 million, mainly due to the write off of raw materials, to the continued use of third-party warehouses. And it is worth mentioning that these factors were also a result of the lower sell-in likewise, the impact of additional consultancy costs.

With the normalization of inventories in the channel, we expect the gap between our sell-out and sell-in will reduce and an acceleration in our inventory reduction process for finished goods will occur during the 2nd semester. Then this should also lead to a reduction in our COGS/pair, which will begin to reflect the industrial efficiency improvements we are implementing and the reduction in raw material costs.

Our operating expenses still do not reflect the most relevant adjustments needed to implement, although they have already shown lower yoy growth compared to 1Q23. During the last quarter, we saw a 4.8% yoy growth, considering the non-recurring positive impact of R$14.5 million related to the process of changing executive positions. The loss of efficiency was mainly explained due to the relevant growth in distribution expenses (+8.7% yoy) and G&A (+24.4% yoy).

The drop in volumes in the quarter, combined with the lower operational efficiency, resulted in an EBITDA of -R$8.3 million, which, when adjusted according to the extraordinary items in the period, reached R$4.8 million. The decrease in volumes during the quarter generated a relevant diseconomy of scale on the operation, which accounted for 60% of the drop in EBITDA/Pair vs. 2Q22.

It is worth noting that, due to the importance of the volume sold to the leverage of our operation, normalizing our sales volume to the de-stock process in the channel would reverse an EBITDA impact of approximately R$73 million, in addition to the impact of non-recurring costs and expenses mentioned above, which represent an approximate additional improvement of R$19.5 million. Considering these two effects in 2Q23, our EBITDA was R$92.5 million worse. Inventory normalization should therefore be a key variable in our margin expansion.

Continuing the process of simplification, gaining efficiencies, and improving operational processes (Rewire), we made a preliminary diagnosis of our expenses as we mapped out room for compression which should potentially reach between R$80 million and R$120 million in annualized terms, partially reflected in the SG&A and partially in expenses that are part of the COGS. The detailed map of these opportunities is being initiated and will be unfolded over the coming months, helping us identify the necessary adjustments, as well as the actual reduction potential calculations. The implementation of the actions, as well as reaping the initial benefits, should occur as early as 2024.

Message from Management

In our international operations, Europe's sales performance (-22.5% yoy) was significantly lower than the volumes planned for this quarter. Although we built the stock for the season, the problems with our logistics partner migration impacted Q1 deliveries and also had adverse effects in Q2. Due to delays, we had order cancellations adding up to 1.2 million pairs in the period, which also affected the beginning of the replenishment phase in early summer.

In addition, international sales were strongly impacted by the drop in volumes (-36.3% yoy) in the countries where we operate through distributors (Southeast Asia and Latam), which continue to suffer with a weaker sell-out than expected and, therefore, they are also implementing inventory adjustments.

In the US, despite the drop in Havaianas volumes (-13.9% yoy), we have already seen advances in our e-commerce and the operation with Amazon, in line with the expected adjustments of the product and channel portfolio strategy. At Rothy's, despite the very challenging sales scenario (-8.6% yoy), we remain focused on margin improvement measures so that we have already reached an operating level closer to breakeven. We have also focused on preserving cash so that it is used at more favorable consumption periods to leverage the company's topline with better returns on investments in marketing.

At Alpargatas, we implemented some cash preservation measures throughout the quarter that have already started to generate benefits. We began reducing inventories of finished goods and raw materials (-R$107.1 million vs. 1Q23), an important lever to unleash the improvement in gross margin ahead and the reduction of finished goods in our inventory, mainly in the flipflops category. We had the first months of positive net cash generation after more than a year of cash consumption. Despite this, the Company's leverage increased, not due to cash consumption effects, but as a reflection of the reduction in accumulated EBITDA in the last 12 months, based on the reasons presented, reaching 2.3x Net Debt/EBITDA. We believe that, during the 2nd semester, with the beginning of the normalization of volumes and operational improvements, we will start to observe a structural deleveraging process.

The Havaianas brand is still our pillar and remains strong. This quarter was marked by relevant recognitions. Havaianas was evaluated as the second most valuable brand in Brazil in the IstoÉ Dinheiro ranking and the third most reputable brand in Brazil in the Caliber index. The Company was recognized by stakeholders among the top 20 companies with the best ESG Reputation, according to the Merco Corporate Reputation Ranking, having risen six positions. Last month, we also released our ESG developments through our second Annual Sustainability Report.

Our structure will be able to capture the benefits of operational leverage generated by the improvement in volumes sold and the efficiency gains that will come from initiatives that have been identified and are being implemented. That is why we believe that we will have a better second half of the year than the first half and that this will be a lasting cycle of adjustments and profitability recovery. We are more focused, have clear priorities, and are gaining traction. With a more disciplined allocation of our resources and an extremely dedicated and passionate team working with the brand, we are paving the necessary foundations to return to the path of generating value for shareholders.

We remain aware of the challenges we face but are confident that we have the proper focus on initiatives to integrate operational processes and efficiency and simplification measures. We understand that this agenda is essential to pave the way for future growth cycles and the return to creating value for our shareholders.

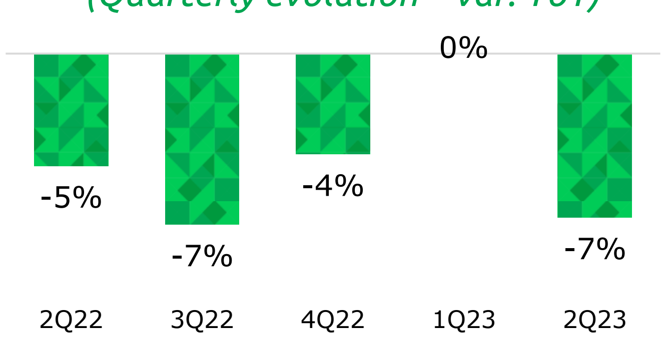
Havaianas Performance

(million pairs)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Volume	**44.9**	**56.6**	***-20.8%***	**93.1**	**112.3**	***-17.1%***
Brazil	37.1	46.0	*-19.5%*	77.7	92.8	*-16.3%*
International	7.8	10.6	*-26.7%*	15.4	19.5	*-21.1%*

(R$ million | R$/ pair)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Net Revenue	**919.2**	**1,049.9**	***-12.5%***	**1,813.4**	**1,958.2**	***-7.4%***
Brazil	538.8	616.5	*-12.6%*	1,114.1	1,182.6	*-5.8%*
International	380.4	433.4	*-12.2%*	699.3	775.6	*-9.8%*
Net Revenue / pair	**20.49**	**18.53**	***+10.6%***	**19.49**	**17.44**	***+11.7%***
Net Revenue / pair	14.53	13.40	*+8.5%*	14.34	12.74	*+12.6%*
Net Revenue / pair	48.82	40.78	*+19.7%*	45.48	39.80	*+14.3%*
Gross Profit	**378.5**	**550.3**	***-31.2%***	**763.8**	**981.2**	***-22.2%***
Gross Margin (%)	*41.2%*	*52.4%*	*-11.2pp*	*42.1%*	*50.1%*	*-8.0pp*
Brazil	148.3	247.7	*-40.1%*	351.9	453.2	*-22.3%*
Gross Margin (%)	*27.5%*	*40.2%*	*-12.6pp*	*31.6%*	*38.3%*	*-6.7pp*
International	230.2	302.6	*-23.9%*	411.9	528.0	*-22.0%*
Gross Margin (%)	*60.5%*	*69.8%*	*-9.3pp*	*58.9%*	*68.1%*	*-9.2pp*
Gross Profit / pair	**8.44**	**9.71**	***-13.1%***	**8.21**	**8.74**	***-6.1%***
Gross Profit / pair	4.00	5.38	*-25.6%*	4.53	4.88	*-7.2%*
Gross Profit / pair	29.54	28.47	*+3.8%*	26.79	27.09	*-1.1%*
EBITDA (Incl. IFRS16)	**6.8**	**178.2**	***-96.2%***	**69.1**	**344.5**	***-79.9%***
EBITDA Margin (Incl. IFRS16) (%)	*0.7%*	*17.0%*	*-16.2pp*	*3.8%*	*17.6%*	*-13.8pp*
Brazil	(4.8)	93.5	-	25.9	184.8	*-86.0%*
EBITDA Margin (Incl. IFRS16) (%)	*-0.9%*	*15.2%*	*-16.0pp*	*2.3%*	*15.6%*	*-13.3pp*
International	11.5	84.7	*-86.4%*	43.2	159.7	*-72.9%*
EBITDA Margin (Incl. IFRS16) (%)	*3.0%*	*19.5%*	*-16.5pp*	*6.2%*	*20.6%*	*-14.4pp*
EBITDA (Incl. IFRS16) / pair	**0.15**	**3.15**	***-95.2%***	**0.74**	**3.07**	***-75.8%***
Brazil	(0.13)	2.03	-	0.33	1.99	*-83.3%*
International	1.48	7.97	*-81.4%*	2.81	8.19	*-65.7%*

Sell-out Brazil

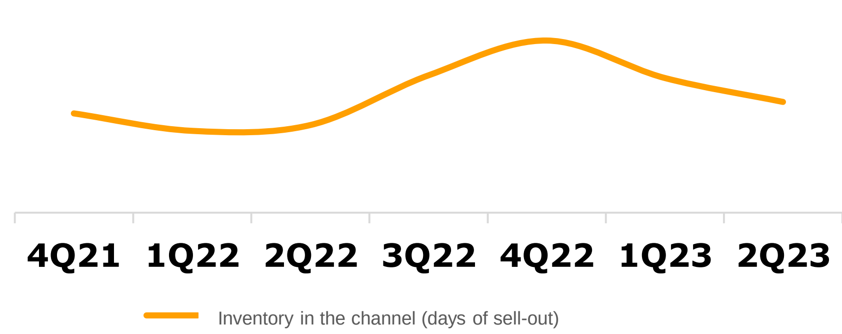
(Quarterly evolution – var. YoY)



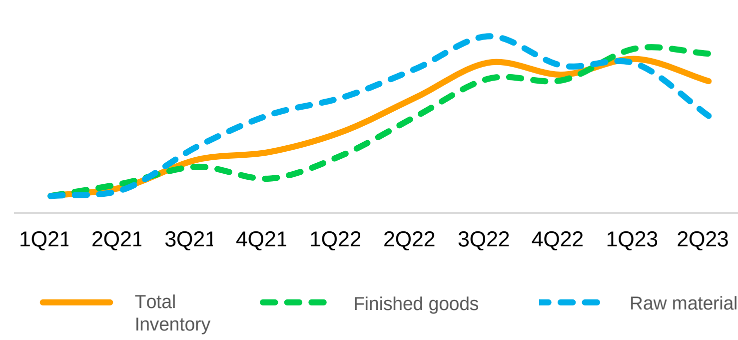
Sell-out in Brazil remains the main challenge and the factor of scale deleveraging for our operations. The -7% drop in 2Q23 reflects the ongoing challenging scenario, with products that have low adherence to the end consumer, but also reflects a level of adjustment necessary to reach normalized levels.

* *sell-out/sell-through* internal panel – NEOGRID/Scan Track

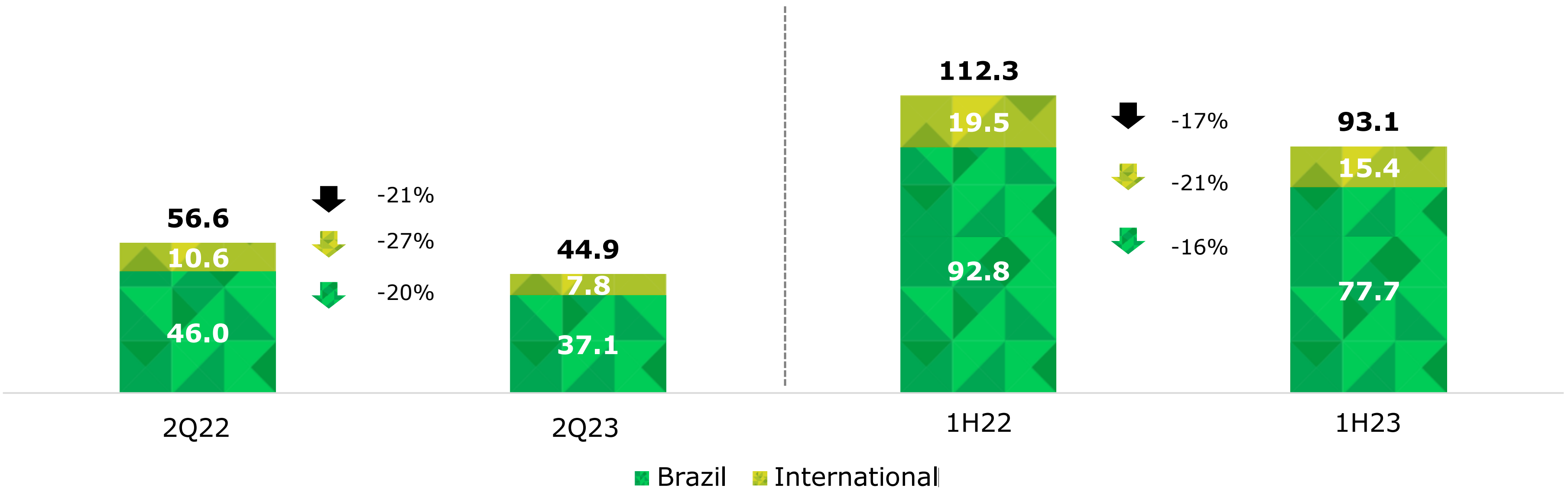
Inventory Evolution in the channel



Alpargatas Inventory Evolution (100-base)



Volume *(millions of pairs)*



44.9 million pairs were sold this quarter and 93.1 million pairs in 2023, with sales down 20.8% and 17.1% respectively.

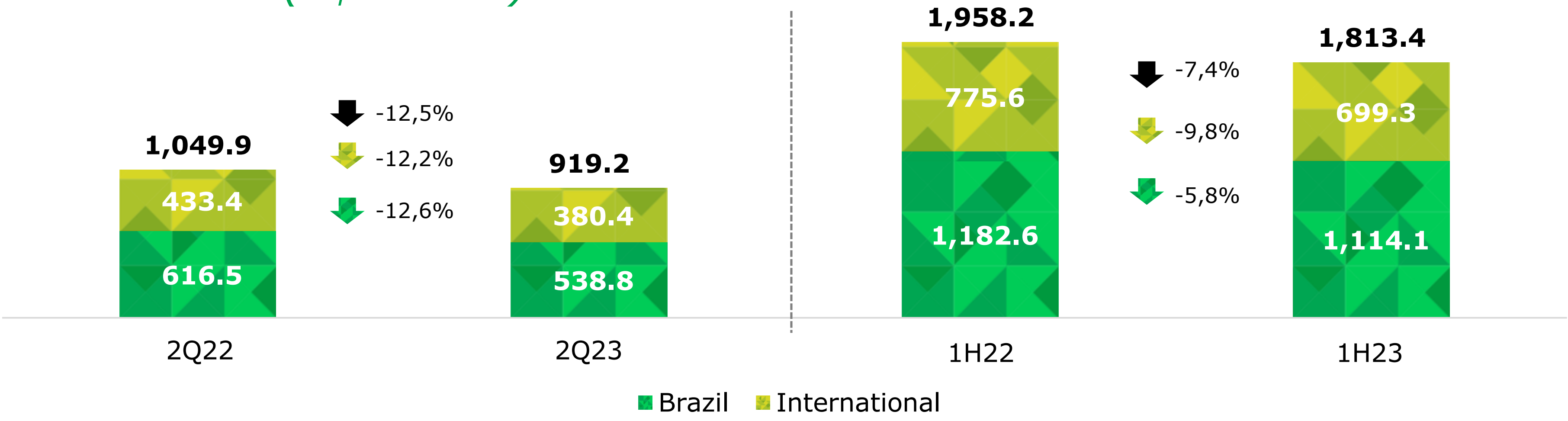
Havaianas Brasil: We sold 37.1 million pairs in 2Q23 and 77.7 million in 1H23, a 19.5% and 16.3% drop compared to the same periods in 2022. The *sell-out* drop and the normalization of inventories in the channel continue to be the main detractors for volumes in the first half of the year.

Havaianas International: Volume of 7.8 million pairs sold with a -26.7% drop compared to 2Q22. The main causes of the drop in international volumes comes from Europe and Distributor markets, respectively.

In Europe, we had -22.5% yoy volume drop due to the problems generated with the logistics partner migration process in the region and the low adherence of available stocks concerning customer orders, impacting deliveries and causing order cancellations.

In addition, we had a drop of -36.3% in the Distributor markets (APAC+LATAM) compared to 2Q22, which is mainly due to the high volume sent to APAC in the last quarters in the post-pandemic re-stocking process, which generated a lower demand from distributors for the 1H23. In LATAM, we suffered a significant negative impact in Argentina due to local import restrictions.

Net income *(R$ million)*



(R$ million | R$/ pair)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Net Revenue	**919.2**	**1,049.9**	***-12.5%***	**1,813.4**	**1,958.2**	***-7.4%***
Brazil	538.8	616.5	*-12.6%*	1,114.1	1,182.6	*-5.8%*
International	380.4	433.4	*-12.2%*	699.3	775.6	*-9.8%*
EMEA	273.8	291.8	*-6.2%*	490.8	513.3	*-4.4%*
NA&C	43.4	49.8	*-12.8%*	88.2	95.5	*-7.6%*
Distributors	63.2	91.8	*-31.2%*	120.3	166.8	*-27.9%*
Net Revenue / pair	**20.49**	**18.53**	***+10.6%***	**19.49**	**17.44**	***+11.7%***
Brazil	14.53	13.40	*+8.5%*	14.34	12.74	*+12.6%*
International	48.82	40.78	*+19.7%*	45.48	39.80	*+14.3%*

Net revenue *(constant currency)*

(R$ million | R$/ pair)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Net revenue	**919.2**	**1,057.7**	***-13.1%***	**1,813.4**	**1,951.5**	***-7.1%***
Brazil	538.8	616.5	*-12.6%*	1,114.1	1,182.6	*-5.8%*
International	380.4	441.2	*-13.8%*	699.3	769.0	*-9.1%*
EMEA	273.8	300.6	*-8.9%*	490.8	511.3	*-4.0%*
NA&C	43.4	50.1	*-13.3%*	88.2	93.8	*-6.0%*
Distributors	63.2	90.5	*-30.2%*	120.3	163.9	*-26.6%*
Net revenue / Pair	**20.49**	**18.67**	***+9.7%***	**19.49**	**17.38**	***+12.1%***
Brazil	14.53	13.40	*+8.5%*	14.34	12.74	*+12.6%*
International	48.82	41.52	*+17.6%*	45.48	39.46	*+15.3%*

Note: For comparison purposes, the constant currency criterion in reais (CC) is used. The amounts are converted into Reais considering the average exchange rate for the period in the current year. For 2Q23 and 2Q22, amounts in US$ were converted at R$4.95, and in EUR at R$5.40.

Havaianas' net revenue was impacted by the lower sales volume in the quarter and reached R$919.2 million in 2Q23, a -12.5% and -13.1% reduction in constant currency (CC) compared to 2Q22. Net revenue per pair increased 10.6% and 9.7% (CC).

Havaianas Brasil: net revenue dropped -12.6%, with an increase in the revenue per pair of +8.5%. This revenue/pair growth is due to the carry-over of last year’s price increases and to the product/channel mix effect that contributed with 1.5 p.p. of revenue per pair growth.

Havaianas International: Net revenue per pair rose 17.6% in CC this quarter. Revenue/pair growth was driven by price adjustment in Europe and 9.5% increase in revenue per pair from distributor markets. In the US, revenue/pair grew 0.7% in CC.

Cost of goods sold *(R$ million)*

(R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Cost of goods sold	**540.6**	**499.6**	***+8.2%***	**1,049.6**	**977.0**	***+7.4%***
Brazil	390.4	368.8	*+5.9%*	762.2	729.3	*+4.5%*
International	150.2	130.8	*+14.8%*	287.4	247.7	*+16.1%*
Cost of goods sold / pair	**12.05**	**8.82**	***+36.6%***	**11.28**	**8.70**	***+29.6%***
Brazil	10.53	8.01	*+31.4%*	9.81	7.86	*+24.8%*
International	19.28	12.31	*+56.6%*	18.69	12.71	*+47.1%*

During this quarter, the COGS was R$540.6 million, an increase of +8.2% compared to R$499.6 in 2Q22. In the semester, the increase was 7.4%, reaching R$1.0 billion. The COGS/pair sold this quarter still shows an increase due to the higher average cost of production in 2H22.

The COGS in Brazil was impacted by additional costs of R$34.2 million related to the write-offs of raw material, additional consultancy costs, and rent from third-party warehouses.

In the International operation, the growth of COGS/pair was mainly impacted by higher fixed storage and preparation costs, which, added to the lower volume in the quarter, had more relevant effects.

Gross profit *(R$ million)*

(R$ million | R$/ pair)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Gross Profit	**378.5**	**550.3**	***-31.2%***	**763.8**	**981.2**	***-22.2%***
Gross Margin (%)	*41.2%*	*52.4%*	*-11.2pp*	*42.1%*	*50.1%*	*-8.0pp*
Brazil	148.3	247.7	*-40.1%*	351.9	453.2	*-22.3%*
Gross Margin (%)	*27.5%*	*40.2%*	*-12.6pp*	*31.6%*	*38.3%*	*-6.7pp*
International	230.2	302.6	*-23.9%*	411.9	528.0	*-22.0%*
Gross Margin (%)	*60.5%*	*69.8%*	*-9.3pp*	*58.9%*	*68.1%*	*-9.2pp*
Gross Profit / Pair	**8.44**	**9.71**	***-13.1%***	**8.21**	**8.74**	***-6.1%***
Brazil	4.00	5.38	*-25.6%*	4.53	4.88	*-7.2%*
International	29.54	28.47	*+3.8%*	26.79	27.09	*-1.1%*

Gross profit *(constant currency)*

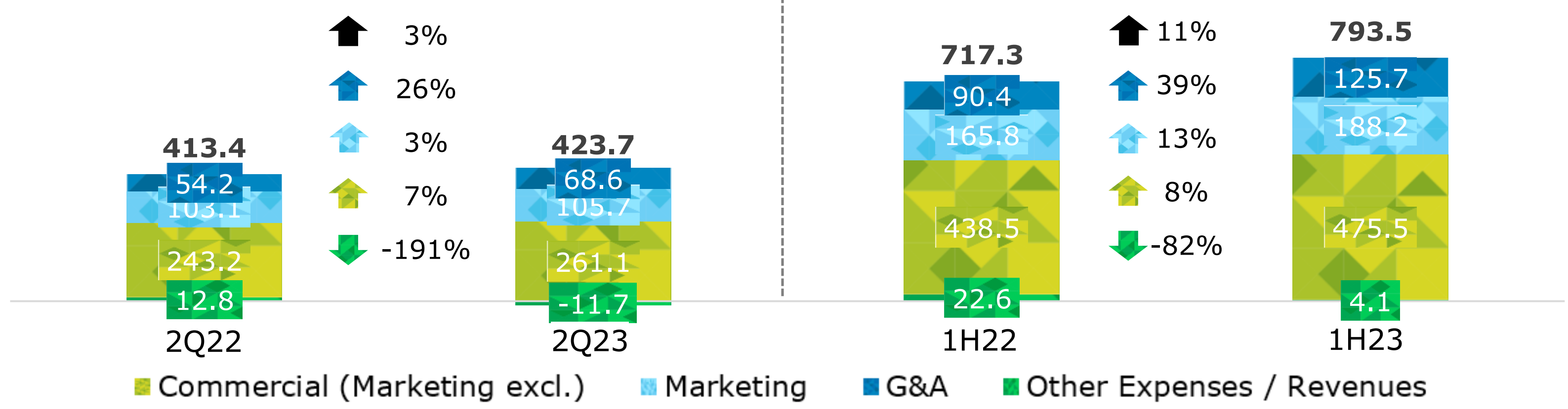
(R$ million | R$/ pair)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Gross Profit	**378.5**	**556.1**	***-31.9%***	**763.8**	**978.1**	***-21.9%***
Gross Margin (%)	*41.2%*	*52.6%*	*-11.4pp*	*42.1%*	*50.1%*	*-8.0pp*
Brazil	148.3	247.7	*-40.1%*	351.9	453.2	*-22.3%*
Gross Margin (%)	*27.5%*	*40.2%*	*-12.6pp*	*31.6%*	*38.3%*	*-6.7pp*
International	230.2	308.4	*-25.4%*	411.9	524.9	*-21.5%*
Gross Margin (%)	*60.5%*	*69.9%*	*-9.4pp*	*58.9%*	*68.3%*	*-9.4pp*
Gross Profit / Pair	**8.44**	**9.82**	***-14.0%***	**8.21**	**8.71**	***-5.8%***
Brazil	4.00	5.38	*-25.6%*	4.53	4.88	*-7.2%*
International	29.54	29.02	*+1.8%*	26.79	26.93	*-0.5%*

Havaianas' gross profit was R$378.5 million this quarter, -31.2% vs. the previous year. Total Havaianas gross margin was 41.2%, -11.2 p.p. vs. 2Q22. If we disregard the effects of additional costs, the gross margin would be 3.7 p.p. higher.

Havaianas Brasil: In Brazil, the gross margin was 27.5%, a -12.6 p.p drop. The gross profit per pair was -25.6% vs. 2Q22. If we disregard the additional costs, Brazil's gross margin would have been 33.9% and the gross profit per pair would have been R$4.92 (-8.5% vs. 2Q22).

Havaianas International: The gross margin for international operations was 60.5%, -9.4 p.p. in CC vs. 2Q22. The drop in gross margin is mainly due to the increase in the cost of production in the second half of 2022 and the increase in fixed storage costs in Europe (impact of 4.7 p.p.).

Expenses *(R$ million)*



EBITDA *(R$ million)*

(R$ million | R$/ pair)	**2Q23**	**2Q22**	**2Q23 vs. 2Q22**	**1H23**	**1H22**	**1H23 vs. 1H22**
EBITDA (Incl. IFRS16)	**6.8**	**178.2**	***-96.2%***	**69.1**	**344.5**	***-79.9%***
EBITDA Margin (Incl. IFRS16) (%)	*0.7%*	*17.0%*	*-16.2pp*	*3.8%*	*17.6%*	*-13.8pp*
Brazil	(4.8)	93.5	-	25.9	184.8	-86.0%
EBITDA Margin (Incl. IFRS16) (%)	*-0.9%*	*15.2%*	*-16.0pp*	*2.3%*	*15.6%*	*-13.3pp*
International	11.5	84.7	-86.4%	43.2	159.7	-72.9%
EBITDA Margin (Incl. IFRS16) (%)	*3.0%*	*19.5%*	*-16.5pp*	*6.2%*	*20.6%*	*-14.4pp*
EBITDA (Incl. IFRS16) / Pair	**0.15**	**3.15**	***-95.2%***	**0.74**	**3.07**	***-75.8%***
Brazil	(0.13)	2.03	-	0.33	1.99	-83.3%
International	1.48	7.97	-81.4%	2.81	8.19	-65.7%

EBITDA *(constant currency)*

(R$ million | R$/ pair)	**2Q23**	**2Q22**	**2Q23 vs. 2Q22**	**1H23**	**1H22**	**1H23 vs. 1H22**
EBITDA (Incl. IFRS16)	**6.8**	**179.8**	***-96.2%***	**69.1**	**345.5**	***-80.0%***
EBITDA Margin (Incl. IFRS16) (%)	*0.7%*	*17.0%*	*-16.3pp*	*3.8%*	*17.7%*	*-13.9pp*
Brazil	(4.8)	93.5	-	25.9	184.8	-86.0%
EBITDA Margin (Incl. IFRS16) (%)	*-0.9%*	*15.2%*	*-16.0pp*	*2.3%*	*15.6%*	*-13.3pp*
International	11.5	86.4	-86.6%	43.2	160.7	-73.1%
EBITDA Margin (Incl. IFRS16) (%)	*3.0%*	*19.6%*	*-16.5pp*	*6.2%*	*20.9%*	*-14.7pp*
EBITDA (Incl. IFRS16) / Pair	**0.15**	**3.17**	***-95.2%***	**0.74**	**3.08**	***-75.9%***
Brazil	(0.13)	2.03	-	0.33	1.99	-83.3%
International	1.48	8.13	-81.8%	2.81	8.24	-65.9%

Havaianas' total SG&A grew 2.5% vs. 2Q22, considering the non-recurring net positive effect of R$14.5 million, regarding the reversal of a provision for long-term incentives (R$33 million), net of severence costs of R$13.6 million due to changes in the executive team and an additional cost of R$4.9 million related to bad debt provision regarding one specific client's Chapter 11.

Havaianas' EBITDA reached R$6.8 million this quarter, -96.2% vs. the previous year. The EBITDA Margin was -16.2 p.p. (-16.3 p.p. in CC) compared to 2Q22.

The effect of operational deleveraging due to the drop in volume represented 60% of the EBITDA drop per pair vs. 2Q22. The remaining 40% is related to the increase in cost and expense lines. It is worth saying that when we normalize sales volumes adjusting the channel de-stocking effect, the EBITDA would be approximately R$73 million better.

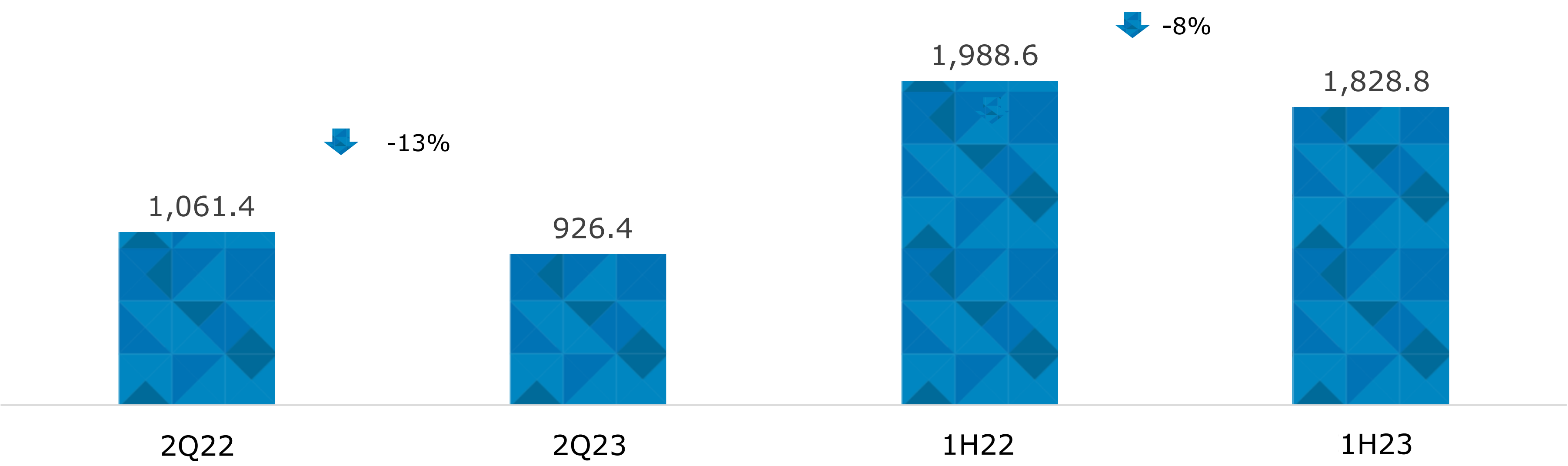
Stores
Temporary and permanent

(unit)	2Q23	2Q22
Stores	**548**	**522**
Own stores	6	7
Franchises	542	515
Stores	**444**	**385**
Own stores	46	54
Franchises	83	82
Concessions / Distributors	315	249

We ended the quarter with 992 stores, net opening of 85 vs. 2Q22, 26 in Brazil, and 59 in the International business. The growth is mainly due to the increase in distributor/concession stores internationally and franchisees in Brazil.

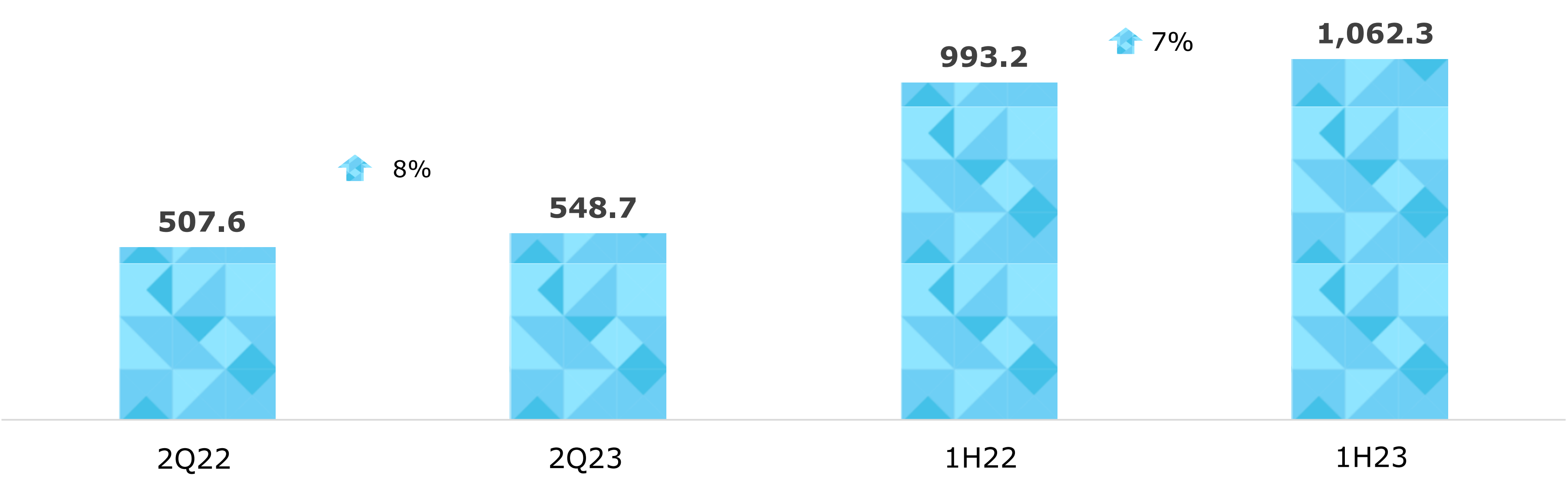
Consolidated Financial Performance

Net revenue *(R$ million)*



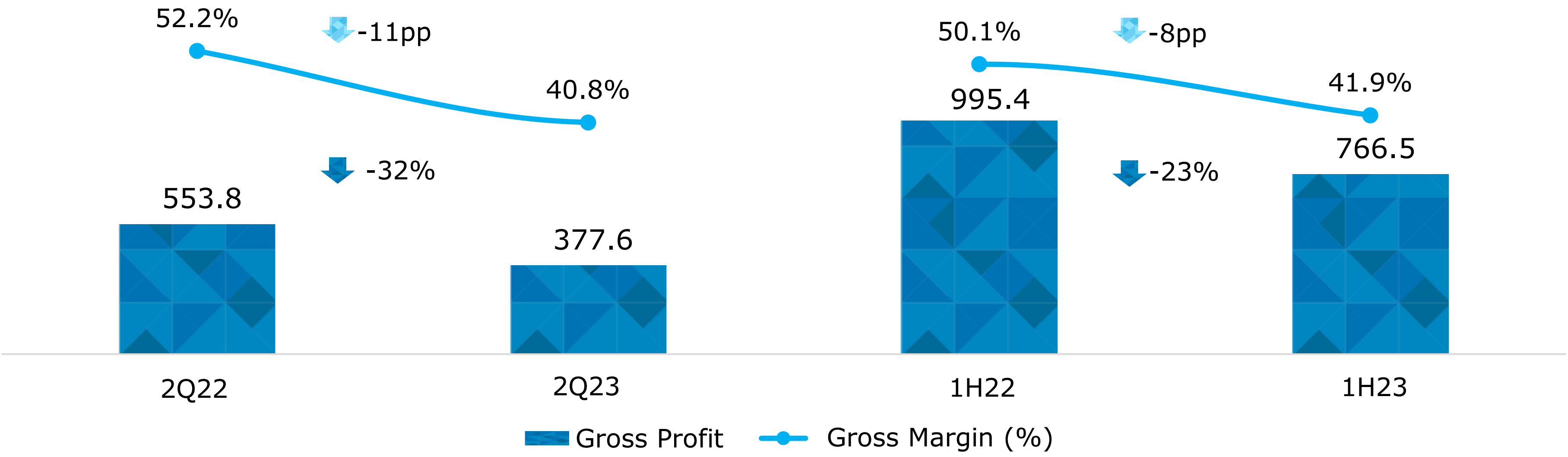
Net revenue reached R$926.4 million this quarter, -12.7% yoy. The 20.8% drop in volumes sold was the main cause of this variation.

Cost of goods sold *(R$ million)*



The cost of goods sold increased 8.1% in the annual comparison reaching R$548.7 million.

Gross profit *(R$ million) and* **gross margin** *(%)*



Gross profit reached R$377.6 million, 32% less compared to 2Q22. This drop had an impact of R$34.2 million in additional costs.

Expenses *(R$ million)*

(R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
Operating Expenses	**(436.3)**	**(416.4)**	***+4.8%***	**(1,082.7)**	**(752.0)**	***+44.0%***
Sales	(368.0)	(349.2)	*+5.4%*	(666.8)	(607.0)	*+9.9%*
General and administrative	(68.7)	(55.2)	*+24.4%*	(125.8)	(91.9)	*+36.9%*
Other operating Income (expenses), net	0.3	(12.0)	-	(290.2)	(53.1)	*+446.5%*
Extraordinary Items	**13.1**	**(0.2)**	**-**	**290.6**	**30.5**	***+852.1%***
M&A expenses	0.4	7.0	*-93.7%*	1.1	31.8	*-96.6%*
Simplification expenses	9.3	-	-	13.2	-	-
Provision for loss - A.S.A.I.C.	-	-	-	268.7	-	-
Other expenses	3.4	(7.2)	-	7.5	(1.3)	-
Operating Expenses excluding Extraordinary Items	**(423.2)**	**(416.6)**	***+1.6%***	**(792.2)**	**(721.5)**	***+9.8%***
Operating Expenses excluding Extraordinary Items (% NS)	*45.7%*	*39.3%*	*+6.4pp*	*43.3%*	*36.3%*	*+7.0pp*

The 24.4% growth in G&A was impacted by R$12.6 million related to severance costs for executive positions in 2Q23. Excluding this effect, the G&A line would have been just 1.5% yoy.

The other extraordinary items are explained by non-recurring expenses related to past M&As, simplification of the manufacturing structure and other expenses.

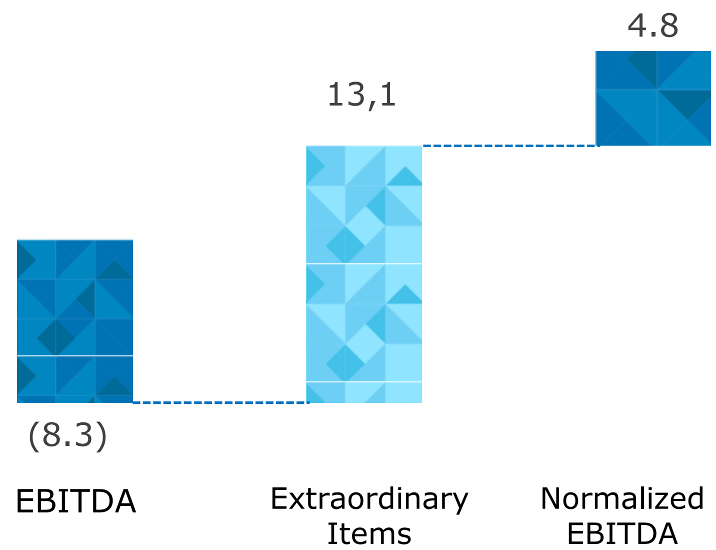
Operating expenses reached R$436.3 million, a 4.8% increase yoy. Considering the Extraordinary Items of the result, operating expenses would be R$423.2 million, an increase of only 1.6% compared to 2Q22.

EBITDA and normalized EBITDA *(R$ million)*

(R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
(=) Gross Profit	**377.6**	**553.8**	***-31.8%***	**766.5**	**995.4**	***-23.0%***
Gross Margin (%)	*40.8%*	*52.2%*	*-11.4pp*	*41.9%*	*50.1%*	*-8.1pp*
(-) Operating Expenses	**(436.3)**	**(416.4)**	***+4.8%***	**(1,082.7)**	**(752.0)**	***+44.0%***
(+) D&A	50.4	40.4	*+24.7%*	96.3	78.7	*+22.3%*
(=) EBITDA	**(8.3)**	**177.8**	**-**	**(219.9)**	**322.1**	**-**
EBITDA Margin (%)	*-0.9%*	*16.7%*	*-17.6pp*	*-12.0%*	*16.2%*	*-28.2pp*
(+) Extraordinary Items	**13.1**	**(0.2)**	**-**	**290.6**	**30.5**	***+852.1%***
(=) Normalized EBITDA	**4.8**	**177.5**	***-97.3%***	**70.6**	**352.6**	***-80.0%***
Normalized EBITDA Margin (%)	*0.5%*	*16.7%*	*-16.2pp*	*3.9%*	*17.7%*	*-13.9pp*

The Company's normalized EBITDA was R$4.8 million with an EBITDA margin of 0.5%.

The results were impacted by the lower volume sold in the quarter, in addition to additional pressures on operating costs and expenses.



Reconciliation of EBITDA *(R$ million)*
According to CVM No. 156

(R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
(=) Net income from continuing operations	**(53.1)**	**48.2**	**-**	**(252.8)**	**160.3**	**-**
(-) Income Tax / Social Contribution	(44.8)	32.2	-	(154.9)	51.9	-
(+) Financial Result	32.8	6.8	+385.1%	54.5	(78.1)	-
(+) D&A	50.4	40.4	*+24.7%*	96.3	78.7	*+22.3%*
(+) Equity Income	6.4	50.2	*-87.3%*	36.9	109.3	*-66.2%*
(=) EBITDA	**(8.3)**	**177.8**	**-**	**(219.9)**	**322.1**	**-**
(+) Extraordinary Items	13.1	(0.2)	-	290.6	30.5	*+852.1%*
(=) Normalized EBITDA	**4.8**	**177.5**	***-97.3%***	**70.6**	**352.6**	***-80.0%***
Normalized EBITDA Margin (%)	*0.5%*	*16.7%*	*-16.2pp*	*3.9%*	*17.7%*	*-13.9pp*

Net Income *(R$ million)*

Consolidated net losses in the period was -R$53.1 million. By excluding the effect of the Extraordinary Items, the normalized net loss would be –R$43.4 million. Havaianas' normalized net income was -R$37.0 million vs. R$113.5 million in 2Q22.

The net financial result was -R$32.8 million. The increase in financial expenses is due to the higher leverage and increase in CDI impacting the average cost of debt.

The Equity Income result was -R$6.4 million, due to:
i) recognition of 49.2% of Rothy's net income in 2Q23, equivalent to R$2.2 million;
ii) profit adjustments from the previous year, representing a loss of -R$4.2 million;
iii) effect of the amortization of purchase price allocation (PPA) of -R$4.0 million, and;
iv) The -R$0.3 million effect of the dilution of Alpargatas' share at Rothy's due to *stock option* exercised by Rothy's executives.

(R$ million)	**2Q23**	**2Q22**	**2Q23 vs. 2Q22**	**1H23**	**1H22**	**1H23 vs. 1H22**
(=) EBIT	**(58.7)**	**137.3**	**-**	**(316.2)**	**243.4**	**-**
(+) Financial Result	**(32.8)**	**(6.8)**	***+385.1%***	**(54.5)**	**78.1**	**-**
Financial income	16.0	31.5	*-49.2%*	44.2	68.5	*-35.5%*
Financial expenses	(40.9)	(28.4)	*+44.1%*	(88.4)	(42.7)	*+107.1%*
Hedge Operations	-	54.9	-	-	(193.0)	-
Exchange variation	(7.9)	(64.8)	*-87.8%*	(10.3)	245.3	-
(=) EBT	**(91.5)**	**130.6**	**-**	**(370.7)**	**321.5**	**-**
(-) Income Tax / Social Contribution	**44.8**	**(32.2)**	**-**	**154.9**	**(51.9)**	**-**
(+) Equity Income	**(6.4)**	**(50.2)**	***-87.3%***	**(36.9)**	**(109.3)**	***-66.2%***
Net Income (49.2% from Rothy's)	2.2	(21.8)	-	(21.6)	(50.8)	*-57.4%*
Last year results's adjustment	(4.2)	-	-	(4.2)	-	-
Amortization of capital gain	(4.0)	(28.4)	*-86.0%*	(8.2)	(58.6)	*-86.0%*
Share dilution (Stock Option)	(0.3)	-	-	(2.8)	-	-
(=) Net income from continuing operations	**(53.1)**	**48.2**	**-**	**(252.8)**	**160.3**	**-**
(+) Extraordinary Items after Income Tax	**9.7**	**14.7**	***-34.0%***	**194.4**	**(17.8)**	**-**
(=) Normalized Net Income	**(43.4)**	**63.3**	**-**	**(58.4)**	**143.5**	**-**
(-) Equity Income	**(6.4)**	**(50.2)**	***-87.3%***	**(36.9)**	**(109.3)**	***-66.2%***
(=) Havaianas Normalized Net Income	**(37.0)**	**113.5**	**-**	**(21.5)**	**252.8**	**-**

Working capital *(in R$ million and in days of net sales*)*

Inventory

(R$ milllion)	2Q22	3T22	4T22	1T23	2Q23	Δ 2Q22	Δ 1T23
Inventories	**1,272.7**	**1,439.9**	**1,381.6**	**1,457.2**	**1,350.1**	**77.4**	**-107.1**
in days of NS	*115*	*127*	*121*	*128*	*123*	*8*	*-5*
Finished goods	696.0	803.0	798.4	888.3	873.7	177.7	-14.6
in days of NS	*63*	*71*	*70*	*78*	*79*	*16*	*1*
Products in process	75.8	80.7	77.3	59.5	56.4	-19.3	-3.1
in days of NS	*7*	*7*	*7*	*5*	*5*	*-2*	*0*
Raw material and others	500.9	556.2	506.0	509.4	420.0	-80.9	-89.3
in days of NS	*45*	*49*	*44*	*45*	*38*	*-7*	*-7*

Accounts Receivable

(R$ milllion)	2Q22	3T22	4T22	1T23	2Q23	Δ 2Q22	Δ 1T23
Gross of anticipation	**984.5**	**978.4**	**1,111.7**	**930.5**	**768.3**	**-216.2**	**-162.2**
in days of NS	*89*	*86*	*97*	*82*	*70*	*-19*	*-12*
Anticipation of receivables	138.0	100.0	-	-	-	-138.0	0
Net of Anticipation of Receivables	846.5	878.4	1,111.7	930.5	768.3	-78.2	-162.2
in days of NS	*76*	*77*	*97*	*82*	*70*	*-7*	*-12*

Suppliers

(R$ milllion)	2Q22	3T22	4T22	1T23	2Q23	Δ 2Q22	Δ 1T23
Total Suppliers	**772.5**	**867.8**	**917.3**	**643.6**	**508.3**	**-264.2**	**-135.3**
in days of NS	*70*	*76*	*80*	*57*	*46*	*-24*	*-10*
Suppliers	584.1	618.2	699.9	451.0	376.8	-207.3	-74.3
Forfaiting	188.5	249.6	217.3	192.5	131.5	-56.9	-61.0

Note: Net Revenue for the last twelve months

The cash generation of R$134.0 million related to the change in *core* working capital accounts in 2Q23 is due to:

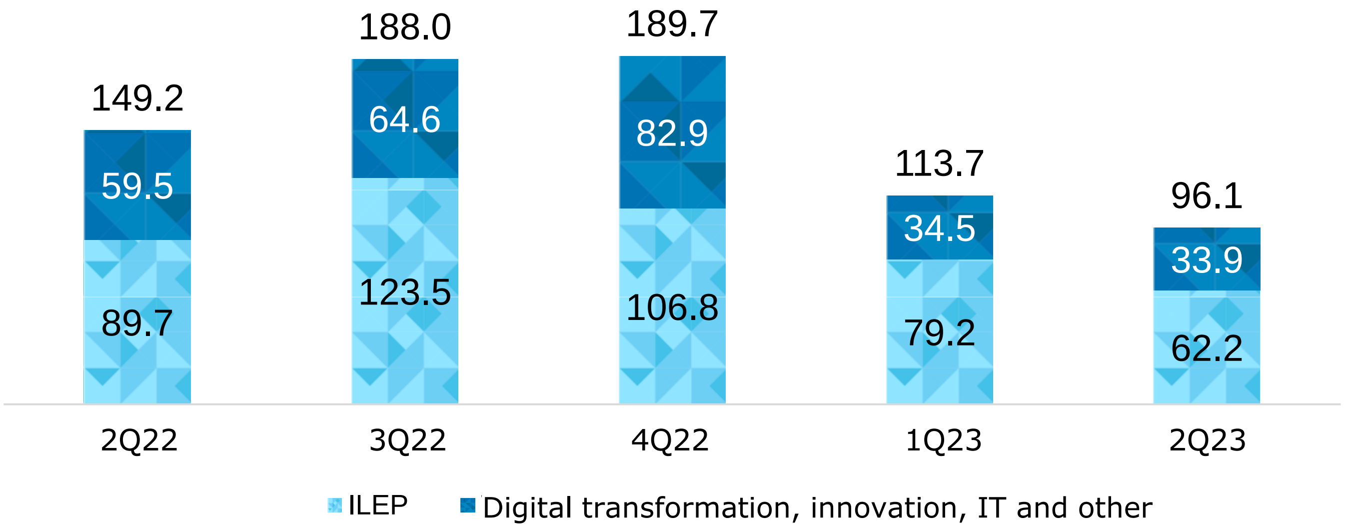
(i) A variation of -R$107.1 million in inventories vs. 1Q23, mainly due to the reduction of R$14.6 million in inventories of finished goods and a reduction of -R$89.3 in the raw materials inventory. The days of sales of finished goods increased by 16 days of revenue compared to 2Q22 due to the lower volume of pairs sold in the quarter. The days of sales of total inventories increased by 8 days.

(ii) A reduction of R$162.2 million in accounts receivable vs. 1Q23. Compared to 2Q22, we reduced the days of sales by 19 days.

(iii) Reduction of R$135.3 million of suppliers vs. 1Q23. This drop also reflects the reduction in purchases of raw materials, in line with expectations of reducing inventories and lower production volumes this quarter. The suppliers days of sales had a 24-day drop vs. 2Q22.

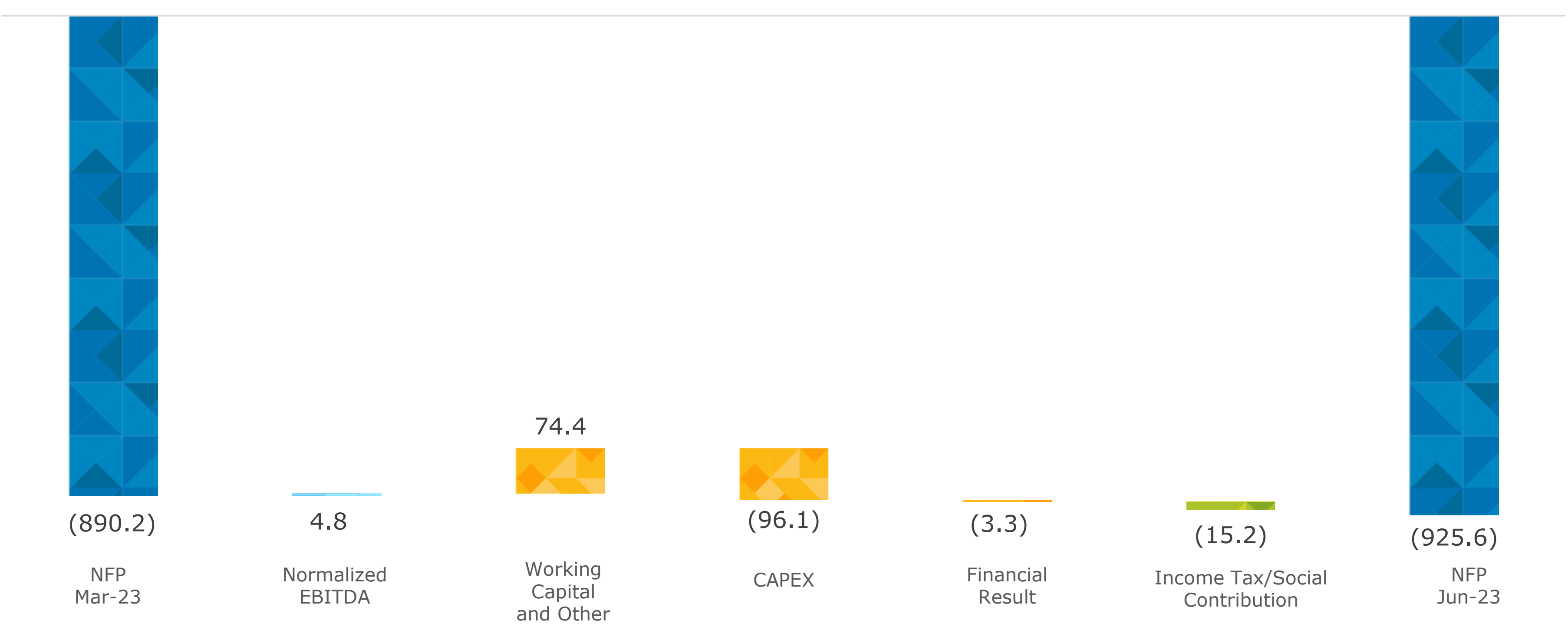
[1]In the Forfait operation, suppliers transfer the right to receive securities to the Bank in exchange for the early receipt of the security. The Bank, in turn, becomes the creditor of the operation and Alpargatas settles the security on the same date originally agreed upon with its supplier, without changing the terms, prices, and conditions previously established with the supplier. Such operation does not generate financial expenses for Alpargatas.

CAPEX *(R$ million)*



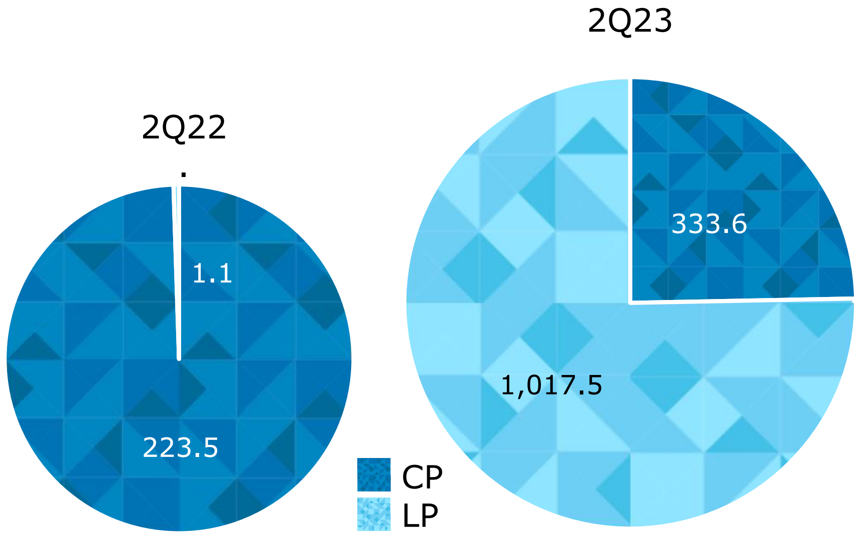
In 2Q23, R$96.1 million were invested, among which: (i) R$62.2 million went to the Manufacturing and Logistics Excellence Program ("ILEP"), which aims to expand production capacity, gain industrial efficiency and improve the level of service; and (ii) R$33.9 million were invested in digital transformation, innovation, IT and other investments.

Net financial position *(R$ million)*



We closed 2Q23 with a negative net financial position of R$925.6 million, representing a reduction of R$35.4 million vs. 1Q22, an important slowdown in cash consumption compared to –R$277.9 million observed in 1Q23 vs 4Q22. The improvement is mainly due to the variation of working capital and others of R$74.4 million, as well as the lower CAPEX of R$96.1 million in the period.

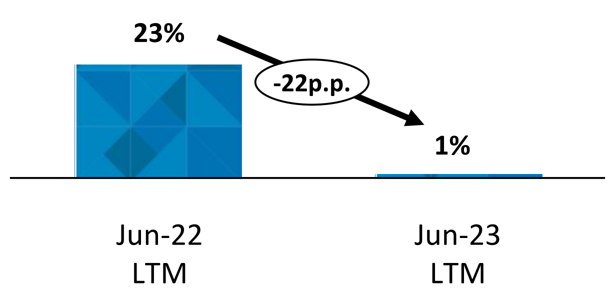
Debt and leverage *(R$ million)*



(R$ milllion)	2Q23	2Q22
Loans and Financing	**1,351.1**	**224.6**
Short Term	333.6	223.5
Long Term	1,017.5	1.1
Cash and Investments	**425.5**	**282.4**
Cash and cash equivalents	91.7	137.9
Short Term	322.6	135.2
Long Term	11.2	9.3
Net Debt	**925.6**	**(57.8)**
Normalized EBITDA (LTM)	**407.1**	**721.2**
Net Debt / Normalized EBITDA	**2.3**	**(0.1)**

Return on Capital Employed (ROCE)

ROCE* reached 1% in the 12-month period which ended in Jun/23, -22 p.p. vs. the 12-month period which ended in Jun/22.



* **Calculation methodology**

Reported net income excluding financial results, divided by the average in the last 12 months of capital employed, adjusted by:
(i) Gains related to PIS / COFINS; and
(ii) Extraordinary Items

Rothy's

Rothy's achieved net revenue of US$53.6 million with a reduction of -8.6% yoy. On the other hand, the gross margin increased 7.3 p.p., mainly benefiting from the structural change in the freight modality, which became more relevant for sea freight.

Total SG&A was 16.6% lower than in the previous year, adding up to US$33.7 million. The reduction came from Marketing and G&A lines.

The EBITDA showed a positive result of US$1.3 million in the quarter, a positive evolution of US$7.4 million vs. 2Q22.

The focus to improve profitability of the operation, to mitigate the demand environment that remains challenging, has been effective and translated into a net income of US$1.0 million in the quarter.

2Q23

(US$ million)	2T23	2T22	2T23 vs. 2T22	1S23	1S22	1S23 vs. 1S22
(=) Net Sales	**53.6**	**58.6**	***-8.6%***	**84.8**	**90.8**	***-6.6%***
(-) COGS	**(20.5)**	**(26.7)**	***-23.3%***	**(34.5)**	**(41.9)**	***-17.8%***
(=) Gross Profit	**33.0**	**31.9**	***+3.7%***	**50.3**	**48.9**	***+3.0%***
Gross Margin (%)	*61.7%*	*54.4%*	*+7.3pp*	*59.4%*	*53.8%*	*+5.6pp*
(-) Operational Expenses	**(33.7)**	**(40.4)**	***-16.6%***	**(61.4)**	**(68.2)**	***-9.9%***
(=) EBIT	**(0.6)**	**(8.5)**	***-92.7%***	**(11.1)**	**(19.3)**	***-42.7%***
(+) D&A	**1.9**	**1.7**	***+14.3%***	**3.6**	**3.1**	***+17.8%***
(=) EBITDA	**1.3**	**(6.4)**	**-**	**(7.4)**	**(15.8)**	***-52.8%***
EBITDA Margin (%)	*2.5%*	*-10.9%*	*+13.3pp*	*-8.8%*	*-17.4%*	*+8.6pp*
(=) Net Income	**1.0**	**(8.9)**	**-**	**(8.4)**	**(19.9)**	***-58.1%***
Net Margin (%)	*1.9%*	*-15.2%*	*+17.0pp*	*-9.8%*	*-21.9%*	*+12.1pp*
Stores	16	13	*+3*	16	13	*+3*
Same Store Sales	-2.0%	58.3%	*-60.3pp*	0.0%	87.2%	*-87.2pp*
Contribution of physical stores to Revenue (%)	12.8%	9.0%	*+3.8pp*	12.7%	8.3%	*+4.4pp*
Recurring customers' contribution to Revenue (%)	62.0%	53.3%	*+8.6pp*	60.0%	52.5%	*+7.5pp*
Marketing & Stores expenses (US$ million)	17.8	24.9	*-28.7%*	30.5	39.0	*-22.0%*

Income Statement *(R$ million)*

(R$ million)	2Q23	2Q22	2Q23 vs. 2Q22	1H23	1H22	1H23 vs. 1H22
(=) Net sales	**926.4**	**1,061.4**	***-12.7%***	**1,828.8**	**1,988.6**	***-8.0%***
(-) Cost of sales	(548.7)	(507.6)	*+8.1%*	(1,062.3)	(993.2)	*+7.0%*
(=) Gross Profit	**377.6**	**553.8**	***-31.8%***	**766.5**	**995.4**	***-23.0%***
Gross Margin (%)	*40.8%*	*52.2%*	*-11.4pp*	*41.9%*	*50.1%*	*-8.1pp*
(-) Operating Expenses	(436.3)	(416.4)	*+4.8%*	(1,082.7)	(752.0)	*+44.0%*
Selling	(368.0)	(349.2)	*+5.4%*	(666.8)	(607.0)	*+9.9%*
General and administrative	(68.7)	(55.2)	*+24.4%*	(125.8)	(91.9)	*+36.9%*
Other operating Income (expenses), net	0.3	(12.0)	-	(290.2)	(53.1)	*+446.5%*
(=) EBIT	**(58.7)**	**137.3**	**-**	**(316.2)**	**243.4**	**-**
(+) Financial Result	(32.8)	(6.8)	*+385.1%*	(54.5)	78.1	-
Financial income	16.0	31.5	*-49.2%*	44.2	68.5	*-35.5%*
Financial expenses	(40.9)	(28.4)	*+44.1%*	(88.4)	(42.7)	*+107.1%*
Hedge Operations	-	54.9	-	-	(193.0)	-
Exchange variation	(7.9)	(64.8)	*-87.8%*	(10.3)	245.3	-
(=) EBT	**(91.5)**	**130.6**	**-**	**(370.7)**	**321.5**	**-**
(-) Income Tax / Social Contribution	44.8	(32.2)	-	154.9	(51.9)	-
(=) Net income continuing op. (Exc. Equity Accounting)	**(46.7)**	**98.4**	**-**	**(215.9)**	**269.7**	**-**
(+) Net result from discontinued operations	-	15.6	-	-	(75.7)	-
(+) Equity accounting	(6.4)	(50.2)	*-87.3%*	(36.9)	(109.3)	*-66.2%*
Net Income (49.2% from Rothy's)	2.2	(21.8)	-	(21.6)	(50.8)	*-57.4%*
Last year results's adjustment	(4.2)	-	-	(4.2)	-	-
Amortization of capital gain	(4.0)	(28.4)	*-86.0%*	(8.2)	(58.6)	*-86.0%*
Share dilution (Stock Option)	(0.3)	-	-	(2.8)	-	-
PPA Adjustment	-	-	-	-	-	-
(=) Net Income	**(53.1)**	**63.8**	**-**	**(252.8)**	**84.6**	**-**
Net Margin (%)	*-5.7%*	*6.0%*	*-11.7pp*	*-13.8%*	*4.3%*	*-18.1pp*

Note: Osklen is accounted for as an operation that has been discontinued

Balance Sheet *(R$ million)*

ASSETS	30/06/2023	31/12/2022	LIABILITIES AND NET EQUITY	30/06/2023	31/12/2022
CURRENT			**CURRENT**		
Cash and cash equivalents	414.3	647.5	Suppliers	376.8	699.9
Accounts receivable from clients	768.3	1,111.7	Forfait	131.5	217.3
Inventories	1,350.1	1,381.6	Loans and debts	333.6	256.2
Tax receivables	189.1	356.2	Lease liability	35.5	30.2
Prepaid expenses	44.0	44.3	Tax liabilities	33.2	43.6
Accounts receivable on sale of subsidiary	45.7	130.8	Long-term incentive plan	4.0	5.3
Other credits	112.2	101.4	Provisions and other liabilities	140.0	137.7
Total current assets	**2,923.7**	**3,773.4**	Labor and social security obligations	107.6	95.4
			Provision for tax, civil and labor contingencies	4.1	6.6
			Interests on capital and payable dividends	2.5	2.5
			Total current liabilities	**1,168.8**	**1,494.8**
NONCURRENT			**NONCURRENT**		
Financial investments	11.2	15.4	Loans and debts	1,017.5	1,019.1
Accounts receivable from clients	0.0	0.0	Lease liability	163.7	121.5
Accounts receivable on sale of subsidiary	45.7	218.6	Deferred income tax and social contribution	0.4	0.5
Taxes receivable	241.8	92.3	Provision for tax, civil and labor contingencies	7.8	7.7
Deferred income tax and social contributions	225.6	53.2	Long-term incentive plan	3.1	5.3
Court deposits	36.1	31.6	Accounts payable on sale of subsidiary	76.6	74.3
Other credits	15.9	16.7	Other obligations	17.7	16.8
Long-term assets			**Total noncurrent liabilities**	**1,286.8**	**1,245.2**
Investments					
Subsidiaries and related companies	2,076.9	2,283.3	**NET EQUITY**		
Others	0.1	0.2	Share Capital	3,967.1	3,967.1
Fixed assets	1,387.1	1,280.0	Capital reserves	148.7	165.5
Right-of-use asset	191.2	147.2	Revenue reserve	1,553.7	1,806.1
Intangible	611.4	587.6	Equity valuation adjustment	(359.7)	(180.6)
Total noncurrent assets	**4,843.0**	**4,726.3**	**Assigned shareholders' equity to controlling shareholders**	**5,309.9**	**5,758.1**
			Non-controlling shareholders' stake in net equity of subsidiaries	1.2	1.7
			Total net equity	**5,311.1**	**5,759.8**
TOTAL ASSETS	**7,766.7**	**8,499.7**	**TOTAL LIABILITIES AND NET EQUITY**	**7,766.7**	**8,499.7**

DCF *(R$ million)*

(R$ million)	1H23	1H22
Net cash generated (consumed) in operations	**(87.0)**	**(447.9)**
Adjustments to reconcile net income for the year from continued operation the net cash generated by operating activities	**104.2**	**343.6**
Net income for the year from continued operations	(252.8)	160.3
Depreciation and amortization	74.6	60.3
Income (loss) from sale/write-off of property, plant and equipment	3.5	1.4
Equity income from subsidiaries	36.9	109.3
Interest, inflation adjustment, exchange-rate changes, and adjustment at fair value	89.6	(261.8)
Provision for labor, civil and tax contingencies	7.1	8.1
Income tax and social contribution - current and deferred	(154.9)	51.9
Inventory losses - provision for inventory and inventory adjustment	30.1	7.8
Provision for expected loss on accounts receivable	8.4	2.6
(Gain) loss from fair value of derivative financial instruments	-	193.0
Inflation adjustment of judicial deposits and tax credits	(10.2)	(9.4)
Provision for loss in property, plant and equipment/intangible asset - impairment	-	(4.6)
Other provisions	0.2	(1.8)
Provision for interest - IFRS 16	7.8	4.7
Depreciation from right-of-use - IFRS 16	21.7	18.5
Income (loss) on write-off of right-of-use - IFRS 16	(0.4)	(1.4)
Provision for long-term incentive plan	(26.2)	4.8
Provision for loss of accounts receivable on the sale of a subsidiary	268.7	-
Decrease (increase) in assets and liabilities	**(107.0)**	**(547.7)**
Trade accounts receivable	293.8	(109.3)
Inventories	(11.8)	(300.5)
Prepaid expenses	(0.9)	(2.3)
Recoverable taxes	9.0	(7.8)
Suppliers	(306.4)	(43.3)
Drawee risk	(85.8)	(48.2)
Tax liabilities	(16.6)	9.8
Labor and social security obligations	13.1	(24.6)
Contingencies	(9.5)	(9.7)
Net cash generated (consumed) in Discontinued Operations	-	(1.7)
Other	8.2	(10.3)
Cash generated (consumed) in operations	**(2.7)**	**(204.1)**
Payments of income tax and social contribution	(8.1)	(39.0)
Derivative payments	-	(193.0)
Payment of charges, loans and debts	(68.4)	(7.2)
Payment of lease interest - IFRS 16	(7.8)	(4.7)
Net cash (used) in investment activities	**(204.6)**	**(2,406.2)**
Acquisition of property, plant and equipment and intangible assets	(209.9)	(323.2)
Cash investments	(13.7)	(4.4)
Redemption of interest earning bank deposits	18.9	8.9
Net cash consumed by Discontinued Operations	-	(1.0)
Payment for the acquisition of companies (Rothy's & Ioasys)	-	(2,086.4)
Net cash generated by (used in) financing activities	**62.1**	**2,552.5**
Borrowings and debts	101.8	149.0
Payment of loans and debts - Principal	(27.3)	(28.9)
Payment of interest on own capital and dividends	(0.0)	(10.8)
Payment of principal from lease - IFRS 16	(17.6)	(15.4)
Sale of treasury stock	5.3	7.4
Restricted stock offer, net of offer costs	-	2451.2
Effect in exchange rate change on cash and cash equivalents	**(3.7)**	**(8.4)**
Decrease in cash and cash equivalents	**(233.2)**	**(310.1)**
Opening balance of cash and cash equivalents	**647.5**	**583.2**
Closing balance of cash and cash equivalents	**414.3**	**273.1**