

Hypera Pharma reports Net Revenue of R\$815.0 million in 1Q20 and increases Interest on Capital to R\$185.5 million in the quarter

São Paulo, April 24, 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 first 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).

Highlights

- Double-digit sell-out growth for the fourth consecutive quarter, reaching 11.1% in 1Q20
- 30.5% EBITDA Margin in 1Q20
- Declared Interest on Capital in the quarter of R\$185.5 million in 1Q20, or 15.2% increase over 1Q19

Table 1

(R\$ million)	1Q19	% NR	1Q20	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	452.6	118.0%	911.6	111.8%	101.4%
Net Revenue	383.6	100.0%	815.0	100.0%	112.5%
Gross Profit	185.9	48.5%	543.1	66.6%	192.2%
SG&A (ex-Marketing and R&D)	(147.5)	-38.5%	(145.2)	-17.8%	-1.6%
Research & Development	(28.8)	-7.5%	(32.0)	-3.9%	11.2%
Marketing	(159.6)	-41.6%	(182.6)	-22.4%	14.4%
EBITDA from Continuing Operations	401.4	104.6%	248.7	30.5%	-38.0%
Net Income from Continuing Operations	330.8	86.2%	248.0	30.4%	-25.0%
Net Income	321.2	83.7%	238.2	29.2%	-25.8%

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



Operating Scenario

In 1Q20, Hypera Pharma's sell-out¹ grew 11.1%, reaching double-digit growth for the fourth consecutive quarter. This performance was impacted by the strong sell-out increase in Consumer Health in the beginning of March, as a result of the rush of consumers to drugstores to purchase over-the-counter drugs after the beginning of the quarantine due to the Covid-19 pandemic.

The main categories benefited by the increased demand in Consumer Health were anti-flu, painkillers, vitamins and supplements, with emphasis on the brands **Benegrip**, **Coristina d**, **Apracur**, **Doril**, **Tamarine** and **Vitasay**. In Similar and Generics, the sell-out growth was also benefited by these categories, with emphasis on the brands **Neosoro**, **Doralgina**, **Histamin**, **Neolefrin** and **Centrotabs**.

In Branded Prescription, the quarter highlights were the brands **Rinosoro**, **Predsim**, **Colflex**, **Ofolato** and especially **Addera D3**, whose sell-out growth was driven by recent studies that reinforced the importance of Vitamin D for the regulation of the immune system and risk reduction of respiratory infections with viral origin. The **Addera D3** brand, which recently debuted its first advertisement campaign on TV and digital media, had a sell-out record in March.

It is important to mention, however, that it was already possible to see the negative impact on sell-out from some categories in Branded Prescription in 1Q20, such as dermatology and pediatrics, as a result of the reduction in the number of doctor appointments in this period due to the Covid-19 pandemic.

As a result, the Company reported Net Revenue of R\$815.0 million in 1Q20 and, as a consequence of the greater discipline in the costs and expenses management, the Company preserved the EBITDA Margin from Continued Operations, which reached 30.5% in the quarter. **In 1Q20, the Company also declared Interest on Capital of R\$185.5 million, or R\$0.29 per share, an increase of 15.2% over the amount declared in 1Q19.**

The Covid-19 pandemic brought additional challenges to the day-to-day operations of Brazilian companies in the most diverse segments throughout the quarter, and for Hypera Pharma it wasn't different. **As a pharmaceutical company, Hypera Pharma must guarantee to Brazilians access to healthcare, without losing sight of the well-being preservation of its employees and communities with which it relates.**

The Company reinforced its corporate health team and started to allow the entrance of its employees and suppliers to its sites only after checking the body temperature with infrared thermometers. In addition, purchase orders of imported APIs (active pharmaceutical ingredients) from China and India have been stepped up and new hygiene measures have been adopted at the facilities and innovation center in order to ensure uninterrupted supply of medicines to the Brazilian population.

Hypera Pharma also adopted home office for all employees who are part of the risk group for Covid-19 and for the administrative, sales, medical representatives and merchandising teams, allowing promotion of products with the medical community and orders at the point of sales to be carried out only remotely. It is important to mention that part of the medical representatives and merchandising teams are on collective vacation due to the recent extension of the population quarantine.

The Company also provided telemedicine service to its employees and their families, providing assistance on any health issue, including suspicions of Covid-19, and concluded the program to immunize its employees against influenzas A and B. Finally, with the objective of reducing the flow of people at point of sales and guaranteeing access

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



to medicines, Hypera Pharma signed a partnership with the app Rappi to deliver the anti-flu product **Benegrip** with free shipping to the regions of São Paulo and Rio de Janeiro that were most impacted by the Covid-19 pandemic.

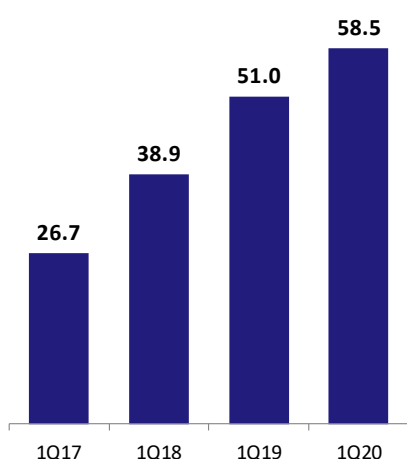
In addition to recent initiatives to preserve the employees' well-being and ensure continuity in the supply of medicines during the Covid-19 pandemic, **Hypera Pharma has chosen to further strengthen its short-term liquidity**. In view of the uncertainties and volatility of the current economic scenario, the Company reinforced its cash position on a preventive basis, by contracting loans in the amount of R\$895.0 million in March and April.

The Company also approved new issuance of long-term debentures, in the amount of R\$3.500 billion at the cost of CDI+1.5% per year to pay for the portfolio of drugs to be acquired from Takeda, estimated for 4Q20. In 1Q20, the Company approved the sale of part of this portfolio that will be acquired from Takeda in Argentina, Colombia, Ecuador, Mexico, Panama and Peru to Eurofarma for USD161.0 million, maintaining its exclusive focus on the Brazilian pharmaceutical market. With the sale of part of the portfolio to Eurofarma and the recent contracted operations of foreign exchange derivatives in March and April ("foreign exchange hedge"), the Company reduced its US Dollar exposure related to this acquisition to USD387.0 million.

Hypera Pharma continues to believe in the Brazilian pharmaceutical market, which combines resilience with growth opportunities in the most diverse segments and tends to be less impacted by the Covid-19 pandemic. The Company is the only Brazilian company with a prominent position in all segments of the pharmaceutical retail market, with leading brands, robust go-to-market platform, liquidity, strong investment and capital return to shareholders, and will continue to be committed to ensure to Brazilians access to healthcare during the Covid-19 pandemic.

Innovation & Launches

R&D* Investments (R\$ mn)



Total investments in innovation, research and development, including the amount capitalized as intangible assets, reached R\$58.5 million in 1Q20, reinforcing the Company's commitment to innovation and sustainable growth, also during the pandemic of Covid-19.

In this quarter, the Company entered into an agreement to acquire Glenmark's dermatological product portfolio in Brazil, adding the brands Adacne, Adacne Clin, Celamina, Demelan, Deriva Micro, Deriva-C Micro, Dermotil Fusid, Halobex and Tacroz to the Mantecorp Skincare portfolio.

The Company also launched 5 new products in 1Q20, such as the extensions of the leading brands in vitamin D and sunscreens **Addera D3** and **Episol**, Addera D3 in drops with 600UI and 1000UI and Episol Antiox, in addition to the launch of the anti-inflammatory ointment **Artrotop**. In Similar and Generics, Centrotabs Beauty was launched in liquid capsules for hair and nails, a new line extension of the **Centrotabs** brand.

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)	1Q19	% NR	1Q20	% NR	Δ %
Net Revenue	383.6	100.0%	815.0	100.0%	112.5%
Gross Profit	185.9	48.5%	543.1	66.6%	192.2%
Marketing Expenses	(159.6)	-41.6%	(182.6)	-22.4%	14.4%
Selling Expenses	(124.3)	-32.4%	(127.4)	-15.6%	2.5%
General and Administrative Expenses	(52.0)	-13.6%	(49.8)	-6.1%	-4.2%
Other Operational Net Expenses	521.9	136.1%	29.5	3.6%	-94.4%
Equity in Subsidiaries	(0.4)	-0.1%	5.6	0.7%	-
EBIT from Continuing Operations	371.4	96.8%	218.3	26.8%	-41.2%
Net Financial Expenses	(1.8)	-0.5%	12.7	1.6%	-
Income Tax and CSLL	(38.8)	-10.1%	16.9	2.1%	-
Net Income (Loss) from Continuing Operations	330.8	86.2%	248.0	30.4%	-25.0%
Net Income from Discontinued Operations	(9.6)	-2.5%	(9.8)	-1.2%	1.7%
Net Income (Loss)	321.2	83.7%	238.2	29.2%	-25.8%
EBITDA from Continuing Operations	401.4	104.6%	248.7	30.5%	-38.0%

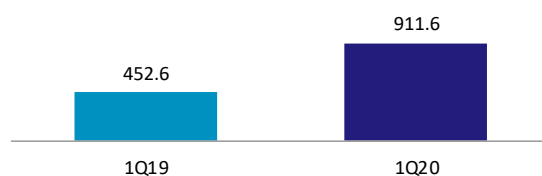


Net Revenue

Graph 1

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

Δ 1T20 vs 1T19 101.4%



Graph 2

Net Revenue (R\$ mm)

Δ 1Q20 vs 1Q19 112.5%

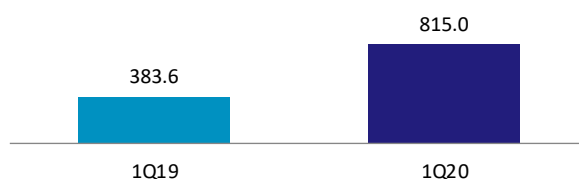


Table 3

(R\$ million)	1Q19	1Q20	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	452.6	911.6	101.4%
Promotional Discounts	(34.7)	(26.1)	-24.9%
Taxes	(34.3)	(70.5)	105.5%
Net Revenue	383.6	815.0	112.5%

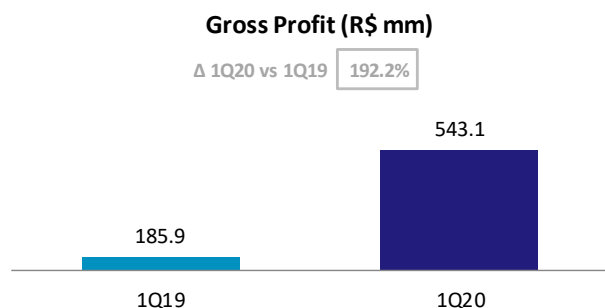
Net Revenue grew 112.5% in 1Q20, when compared to the same period of the previous year, mainly due to the reduction in sales of Prescription Products and Consumer Health in 1Q19 with the objective of reducing the inventory levels of these products in the Company's clients in that period.

In 1Q20, Net Revenue totaled R\$815.0 million, and did not capture the increase in sell-out in the last month of the quarter resulted from the rush of consumers to drugstores to purchase over-the-counter medications after the beginning of quarantine rules due to the Covid-19 pandemic, which tends to occur only in 2Q20.



Gross Profit

Graph 3



Graph 4

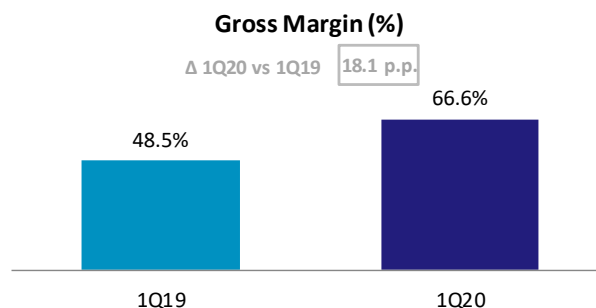


Table 4

(R\$ million)	1Q19	% NR	1Q20	% NR	Δ %	Δ p.p.
Gross Profit	185.9	48.5%	543.1	66.6%	192.2%	18.1 p.p.

Gross Profit was R\$543.1 million in 1Q20, with a Gross Margin of 66.6%, compared to 48.5% in 1Q19. The Gross Margin growth was mainly due to the product mix effect, a consequence of the lower sales of Prescription Products and Consumer Health in 1Q19, which have higher Gross Margin.

In comparison with 1Q19, Gross Margin was also positively impacted by 2.2 percentage points due to the reduction in idleness, and negatively impacted by 0.7 percentage point due to the devaluation of Real against US Dollar.



Marketing Expenses

Table 5

(R\$ million)	1Q19	% NR	1Q20	% NR	Δ %
Marketing Expenses	(159.6)	-41.6%	(182.6)	-22.4%	14.4%
Advertisement and Consumer Promotion	(48.3)	-12.6%	(42.6)	-5.2%	-11.8%
Trade Deals	(11.8)	-3.1%	(20.5)	-2.5%	74.2%
Medical Visits, Promotions and Others	(99.5)	-26.0%	(119.5)	-14.7%	20.0%

Marketing Expenses represented 22.4% of Net Revenue in 1Q20, a 14.4% increase over 1Q19, due to the growth of expenses with Medical Visits, Promotions and Others as a consequence of the increase in the medical visitation team in 3Q19. In this quarter, expenses with Advertisement and Consumer Promotion were impacted by the reduction in the number of marketing campaigns related to the Globo TV football advertising package, as a result of the suspension of football competitions due to the Covid-19 pandemic.

Selling Expenses

Table 6

(R\$ million)	1Q19	% NR	1Q20	% NR	Δ %
Selling Expenses	(124.3)	-32.4%	(127.4)	-15.6%	2.5%
Commercial Expenses	(79.0)	-20.6%	(74.1)	-9.1%	-6.2%
Freight and Logistics Expenses	(16.5)	-4.3%	(21.3)	-2.6%	28.9%
Research & Development	(28.8)	-7.5%	(32.0)	-3.9%	11.2%

Selling Expenses grew 2.5% in 1Q20, when compared to 1Q19, reflecting the increase in Freight and Logistics Expenses due to the higher sales volume in the quarter and the growth in Research and Development Expenses, a consequence of the increase in innovation investments in order to accelerate the pace of new product launches.

In the quarter, total investments in R&D, including the amount capitalized as intangible assets, reached 7.2% of Net Revenue, reinforcing the Company's commitment to innovation and sustainable growth, including during the Covid-19 pandemic.

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

Table 7

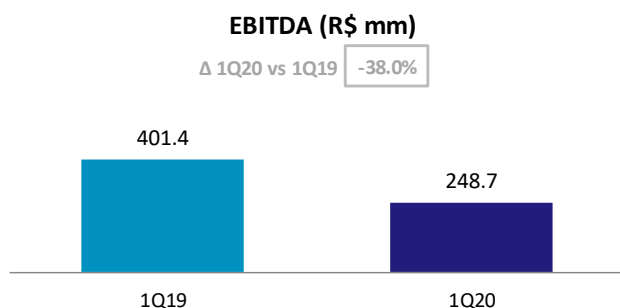
(R\$ million)	1Q19	% NR	1Q20	% NR	Δ %
General & Administrative Expenses	(52.0)	-13.6%	(49.8)	-6.1%	-4.2%
Other Operating Revenues (Expenses)	521.9	136.1%	29.5	3.6%	-94.4%

General and Administrative Expenses totaled R\$49.8 million, a 4.2% reduction over 1Q19, mainly due to the Company's recent initiatives to increase administrative efficiency in its operations. The Other Operating Revenues line was positively affected by the accounting of tax credits in the quarter.



EBITDA from Continuing Operations

Graph 5



Graph 6

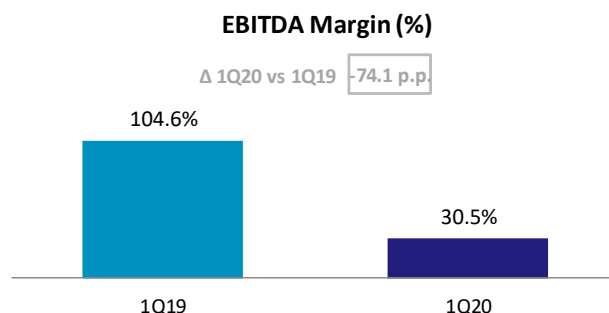


Table 8 – EBITDA from Continuing Operations Reconciliation

(R\$ million)	1Q19	% NR	1Q20	% NR	Δ %
EBITDA from Continuing Operations	401.4	104.6%	248.7	30.5%	-38.0%

EBITDA from Continuing Operations was R\$248.7 million in 1Q20, with margin of 30.5%. This EBITDA Margin performance is mainly a result of the Gross Margin increase and the greater discipline in managing expenses in 1Q20 due to the Covid-19 pandemic, which led, for example, to a reduction in promotional discounts, in the number of marketing campaigns related to the Globo TV football advertisement package and in travel expenses for the field and administrative teams.



Net Financial Expenses

Table 9

(R\$ million)	1Q19	% NR	1Q20	% NR	Δ R\$
Financial Result	(1.8)	-0.5%	12.7	1.6%	14.5
Net Interest Expenses	7.7	2.0%	17.9	2.2%	10.2
Cost of Hedge and FX Gains (Losses)	(1.0)	-0.3%	6.3	0.8%	7.3
Other	(8.5)	-2.2%	(11.5)	-1.4%	(3.0)

The Financial Result presented positive balance of R\$12.7 million in 1Q20, versus a negative balance of R\$1.8 million in 1Q19. This variation is mainly due to the increase in the monetary restatement of tax credits and the gain from derivative operations to reduce the Company's FX exposure related to the payment for the acquisition of Takeda's portfolio.

Net Income

Table 10

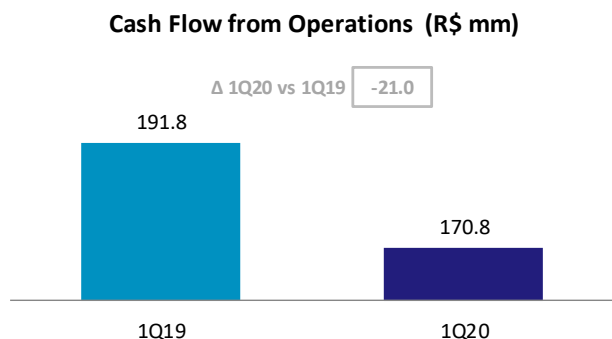
(R\$ million)	1Q19	1Q20	Δ %
EBIT from Continuing Operations	371.4	218.3	-41.2%
(-) Net Financial Expenses	(1.8)	12.7	-
(-) Income Tax and Social Contribution	(38.8)	16.9	-
Net Income from Continuing Operations	330.8	248.0	-25.0%
(+) Net Income from Discontinued Operations	(9.6)	(9.8)	1.7%
Net Income	321.2	238.2	-25.8%
EPS	0.51	0.38	-25.7%
EPS from Continuing Operations	0.52	0.39	-24.9%

Net Income totaled R\$238.2 million in 1Q20, and was benefited by the reduction in the effective income tax rate due to the declaration of Interest on Equity in 1Q20, in the amount of R\$185.5 million, which was 15.2% higher than the declared amount in 1Q19.



Cash Flow (Continuing and Discontinued Operations)

Graph 7



Graph 8

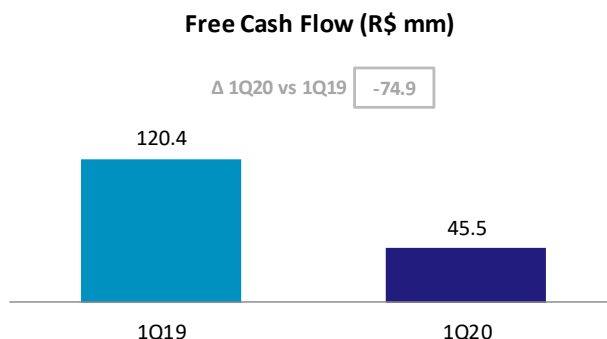


Table 11

(R\$ million)	1Q19	1Q20
Cash Flow from Operations	191.8	170.8
Purchase of Property, Plant and Equipment	(48.5)	(92.8)
Purchase of Intangible Assets	(23.4)	(33.1)
Sale of Property, Plant and Equipment	0.5	0.5
(=) Free Cash Flow	120.4	45.5

Cash Flow from Operations was R\$170.8 million in 1Q20, a reduction of R\$21.0 million over 1Q19, mainly due to the reduction in the period's income, adjusted for items that did not affect cash. Free Cash Flow decreased by R\$74.9 million, as a result of additional investments to expand the plant in Anápolis and in Research and Development.



Net Debt

Table 12

(R\$ million)	1Q20
Loans and Financing	(2,023.0)
Notes Payable	(8.0)
Gross Debt	(2,031.0)
Cash and Cash Equivalents	2,253.6
Net Cash / (Debt)	222.6
Unrealized Gain/Loss on Debt Hedge	18.2
Net Cash / (Debt) After Hedge	240.8

Net Cash position ended the quarter at R\$240.8 million, versus R\$216.3 million at the end of 4Q19. The Company reinforced its cash position on a preventive basis in view of the uncertainties and volatility of the current economic scenario due to the Covid-19 pandemic by contracting loans in the amount of R\$595.0 million in 1Q20, to be paid in 2021.



Investor Relations Agenda

Earnings Conference Call

	Portuguese	English
Date:	April 27, 2020	April 27, 2020
Time:	11:00 (Brasília) 10:00 (New York)	11:00 (Brasília) 10:00 (New York)
Phone:	+55 (11) 2188-0155	+1 (646) 843-6054
Code:	Hypera Pharma	Hypera Pharma
Webcast:	Click here	Click here
Replay:	+55 (11) 2188-0400	+55 (11) 2188-0400
Replay Code:	Hypera Pharma	Hypera Pharma

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Disclaimer

This release contains forward-looking statements that are exclusively related to the prospects of the business, its operating and financial results, and prospects for growth. These data are merely projections and, as such, based exclusively on our management's expectations for the future of the business and its continued access to capital to fund its business plan. These forward-looking statements substantially depend on changing market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors, as well as the risks shown in our filed disclosure documents, and are therefore subject to change without prior notice.

Additional unaudited information herein reflects management's interpretation of information taken from its financial information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. No data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

Our management is not responsible for compliance or accuracy of the management financial data discussed in this report, which must be considered as for informational purposes only, and should not override the analysis of our audited consolidated financial statements or our reviewed quarterly information for purposes of a decision to invest in our stock, or for any other purpose.



Consolidated Income Statement (R\$ thousand)

Table 13

	1Q19	1Q20
Net Revenue	383,578	815,032
Cost of Goods Sold	(197,711)	(271,974)
Gross Profit	185,867	543,058
Selling and Marketing Expenses	(283,891)	(309,933)
General and Administrative Expenses	(52,009)	(49,835)
Other Operating Income (Expenses)	521,902	29,469
Equity in Subsidiaries	(433)	5,577
Operating Income Before Equity Income and Financial Result	371,436	218,336
Net Financial Expenses	(1,803)	12,716
Financial Expenses	(20,847)	(26,465)
Financial Income	19,044	39,181
Profit Before Income Tax and Social Contribution	369,633	231,052
Income Tax and Social Contribution	(38,828)	16,939
Net Income from Continuing Operations	330,805	247,991
Net Income from Discontinued Operations	(9,623)	(9,782)
Income for the Period	321,182	238,209
Earnings per Share – R\$	0.51	0.38



Consolidated Balance Sheet (R\$ thousand)

Table 14

Assets	31/12/2019	31/03/2020	Liabilities and Shareholders' Equity	31/12/2019	31/03/2020
Current Assets	4,737,327	4,719,381	Current Liabilities	1,585,308	1,579,890
Cash and Cash Equivalents	2,246,436	2,253,593	Suppliers	333,829	193,650
Accounts Receivables	1,313,671	1,186,027	Suppliers' Assignment of Receivables	124,019	209,482
Inventories	664,643	697,114	Loans and Financing	108,622	618,537
Recoverable Taxes	300,826	251,453	Salaries Payable	205,996	153,536
Financial Derivatives	1,409	81,226	Income Tax and Social Contribution	337	1,040
Other Assets	206,966	247,465	Taxes Payable	47,857	66,709
Dividends and IOC receivables	2,261	2,261	Accounts Payable	135,710	136,855
Assets Held for Sale	1,115	242	Dividends and IOC Payable	612,143	185,498
			Notes Payable	7,802	7,952
			Financial Derivatives	3,820	338
			Liabilities Held for Sale	5,173	6,293
Non-Current Assets	7,182,148	7,384,099	Non-Current Liabilities	1,624,067	1,734,856
Long Term Assets	909,728	992,175	Loans and Financing	1,293,983	1,404,489
Deferred Income Tax and Social Contribution	26,551	34,519	Deferred Income Tax and Social Contribution	92,543	85,923
Recoverable Taxes	662,183	712,560	Taxes Payable	8,360	8,195
Other Assets	220,994	226,916	Accounts Payable	29,841	41,078
Financial Derivatives	0	18,180	Provisions for Contingencies	191,763	195,171
			Financial Derivatives	7,577	0
Investments	6,272,420	6,391,924	Shareholders' Equity	8,710,100	8,788,734
Investments	19,123	37,701	Capital	4,448,817	4,448,817
Investment Properties	150,240	149,238	Capital Reserve	1,270,401	1,272,997
Property, Plants and Equipments	1,167,946	1,247,960	Equity Valuation Adjustments	(254,994)	(244,096)
Intangible Assets	4,935,111	4,957,025	Profit Reserves	3,280,079	3,280,079
			Treasury Stock	(34,203)	(21,774)
			Income for the Period	0	52,711
Total Assets	11,919,475	12,103,480	Total Liabilities and Shareholders' Equity	11,919,475	12,103,480



Consolidated Cash Flow Statement (R\$ thousand)

Table 15

	1Q19	1Q20
Cash Flows from Operating Activities		
Income (Loss) Before Income Taxes including Discontinued Operations	355,081	217,677
Depreciation and Amortization	29,940	30,327
Asset Impairment	0	1,095
Gain on Permanent Asset Disposals	15,494	11,019
Equity Method	(85)	(4,604)
Foreign Exchange (Gains) Losses	1,013	(23,038)
Net Interest and Related Revenue/Expenses	790	10,322
Expenses Related to Share Based Remuneration	2,960	4,130
Provisions	25,046	(1,053)
Adjusted Results	430,239	245,875
Decrease (Increase) in Assets	(158,040)	66,443
Trade Accounts Receivable	478,492	150,980
Inventories	(74,556)	(53,119)
Recoverable Taxes	(528,921)	5,397
Judicial Deposits and Others	(3,080)	1,430
Other Accounts Receivable	(29,975)	(38,245)
Increase (Decrease) in Liabilities	(80,381)	(141,545)
Suppliers	(46,193)	(180,273)
Suppliers' Assignment of Receivables	(15,379)	85,464
Financial Derivatives	1,863	8,431
Income Tax and Social Contribution Paid	(2,241)	(610)
Taxes Payable	(2,174)	18,381
Salaries and Payroll Charges	15,837	(52,461)
Accounts Payable	(21,514)	(4,028)
Operations Interest Paid	(7,320)	(12,216)
Other Accounts Payable	(3,260)	(4,233)
Net Cash Provided by Operating Activities	191,818	170,773
Cash flows from Investing Activities		
Capital Increase/Decrease in Subsidiaries/Affiliates	0	(100)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	(13,000)
Acquisitions of Property, Plant and Equipment	(48,457)	(92,785)
Intangible Assets	(23,438)	(33,067)
Proceeds from the Sale of Assets with Permanent Nature	451	547
Interest and Others	12,031	13,104
Investment Hedge	0	(2,155)
Net Cash Used in Investing Activities	(59,413)	(127,456)
Cash Flows from Financing Activities		
Borrowings	0	595,000
Repayment of Loans - Principal	(22,558)	(22,825)
Repayment of Loans - Interest	(6,910)	(7,086)
Dividends Paid	(560,275)	(612,143)
Receipt for disposed treasury shares	0	10,894
Net Cash Used in Financing Activities	(589,743)	(36,160)
Net Increase (Decrease) in Cash and Cash Equivalents	(457,338)	7,157
Statement of Increase in Cash and Cash Equivalents, Net		
Cash and Cash Equivalents at the Beginning of the Period	1,646,869	2,246,436
Cash and Cash Equivalents at the End of the Period	1,189,531	2,253,593
Change in Cash and Cash Equivalent	(457,338)	7,157



Other Information

Cash Conversion Cycle – Continuing Operations

Table 16

(Days)	1Q19	2Q19	3Q19	4Q19	1Q20	(R\$ million)	1Q19	2Q19	3Q19	4Q19	1Q20
Receivables ⁽¹⁾	197	95	99	114	117	Receivables	979	1,133	1,234	1,314	1,186
Inventories ⁽²⁾	302	191	183	159	231	Inventories	664	655	667	665	697
Payables ⁽²⁾⁽³⁾	(134)	(92)	(110)	(110)	(133)	Payables ⁽³⁾	(294)	(316)	(399)	(458)	(403)
Cash Conversion Cycle	366	194	173	164	214	Working Capital	1,350	1,472	1,502	1,520	1,480
						% of Annualized Net Revenue ⁽⁴⁾	88%	38%	37%	41%	45%

(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\$813.6 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$1,535.9 million (please refer to Explanatory Note 23(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 17

(R\$ million)	1Q19	% NR	1Q20	% NR	Δ %
Net Income	321.2	83.7%	238.2	29.2%	-25.8%
(+) Income Tax and CSLL	33.9	8.8%	(20.5)	-2.5%	-
(+) Net Interest Expenses	1.8	0.5%	(12.7)	-1.6%	-
(+) Depreciations / Amortizations	29.9	7.8%	30.3	3.7%	1.3%
EBITDA	386.8	100.8%	235.3	28.9%	-39.2%
(-) EBITDA from Discontinued Operations	14.6	3.8%	13.4	1.6%	-8.1%
Adjusted EBITDA (EBITDA from Continuing Operations)	401.4	104.6%	248.7	30.5%	-38.0%

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.

