

Medicine, Health and Well-Being

EARNINGS RELEASE

20Q22



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2Q22 Highlights

Belo Horizonte, August 11, 2022 – Instituto Hermes Pardini S.A. ("IHP"), one of Brazil's largest Diagnostic Medicine companies, announces its operating and financial results for the second quarter of 2022 (2Q22). Except where stated otherwise, information in this document is provided in local currency (real). The consolidated information of the Company is prepared in accordance with the accounting practices adopted in Brazil, based on the Brazilian Corporation Law and CVM regulations, as well as International Accounting Standard (IAS) 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

RECORD



Number of tests
41.1 million

Gross Margin
26.2%

Net Income
R\$37.6 million

Gross Revenue
R\$558.7 million

EBITDA
R\$107.6 million

Net Margin
7.2%

Gross Profit
R\$136.4 million

EBITDA margin
20.7%

ROIC ex-goodwill
38.7%

Operating Cash Flow
R\$46.6 million

Record Test
Processing

2 Message from the Management

Following are the results of the second quarter of 2022. It was precisely at the end of 2Q22 on June 30 - that we announced the most transformational M&A in the history of the Pardini Group: the business combination¹ with the Fleury Group. The companies understand that the combination of their businesses signifies an extraordinary opportunity to create value for their stakeholders by increasing the Company's competitive edge and accelerating its organic and inorganic growth. The Companies estimate that the Fleury and Hermes Pardini business combination will generate an increase in the annual EBITDA of the combined company of between R\$160 million and R\$190 million. The combined Company represents annual pro forma revenue of R\$6 billion, 487 PSC units distributed across the country, leadership in L2L and over 20,000 employees. Given its strong reputation, quality and reliability, the "Hermes Pardini" brand will be retained for at least 10 years from the effective consummation of the Business Combination, in all the units where it is currently used and will be expanded to new units that may be opened by virtue of its growth.

We once again set a new volume record in the quarter, processing 41.1 million tests in 2Q22 (+19.9% vs. 2Q21), driven by L2L from a record number of clients, thanks to market share gains in the southern and northeastern regions of Brazil, and by PSC, mainly with the rollout of the growth project in São Paulo. The acquisitions made in the last 12 months and new growth avenues also contributed significantly to this new volume record. Excluding COVID tests, growth in relation to 2Q21 was even higher (22.4%).

Despite the decline in COVID and Toxicological tests this quarter, we generated practically the same revenue as in 2Q21, due to the resumption of recurring exams, the positive effect of recent acquisitions and price adjustments. Gross revenue ex-COVID came to R\$525.9 million in 2Q22, a record, growing 16.7% from 2Q21. Excluding COVID and Toxicology, growth is even higher at 26.6%.

Gross revenue from COVID tests came to R\$32.7 million in the quarter (5.9% of consolidated sales), decreasing 70.3% from 2Q21.

Another highlight was the increase in revenue by R\$51.0 million in the quarter due to the acquisitions made in 2021: Laboratório Paulo Azevedo, Laboratório APC, IACS and Clínica Dra. Odivânia.

Gross profit decreased 26.2% in 2Q22 vs. 2Q21, affected mainly by the sharp reduction in the volume of COVID and Toxicological tests (the latter due to the creation of the periodical toxicological test, which was a requirement in 2Q21), factors that increase the Company's margin.

The same effect reflected in EBITDA, which came to R\$107.6 million in 2Q22, down 28.7% from 2Q21. EBITDA margin stood at 20.7% in 2Q22, as against 29.0% in 2Q21.

PATIENT SERVICE CENTERS (PSC)

In 2Q22, Patient Service Centers (PSC) registered 33.3% growth in gross revenue ex-COVID. Total gross revenue increased 15.6% from the same period last year. Performance of PSC ex-COVID was driven by the resumption of recurring exams (including imaging), ramp-up of new units in São Paulo and the acquisitions made since 2021. São Paulo once again performed remarkably, more than doubling its revenue in 2Q22 vs. 2Q21.

All units acquired from DaVita Serviços Médicos are already operating, with the following units opened this quarter: May: Mogi das Cruzes, Osasco, Guarulhos Esperança, Santa Cruz, Freguesia do Ó, Anália Franco, São Miguel Paulista, Tatuapé Tuiuti, Santo Amaro, Taboão da Serra, São Judas and Lapa; June: São Bernardo and Guarulhos.

The Hermes Pardini brand currently has 21 units in the state of São Paulo. Combined with IACS, the total comes to 37 units.

This means that competitors will gradually lose their accreditation to serve clients covered by the agreement with Amil signed in late 2021.

Still in São Paulo, the new units have already been accredited by clients and we are confident about expanding the accreditation to other insurers and health plans operating in the region.

As such, the number of PSC units in São Paulo at the end of 2Q22 was 600% higher than at the end of 2Q21, due to the addition of 32 units. Considering all brands, the Company ended 2Q22 with 182 units in the states of Minas Gerais, São Paulo, Goiás, Rio de Janeiro and Pará.

In Rio de Janeiro, after lengthy negotiations, we successfully re-accredited our units with the main health plan in that region, which will take effect in 3Q22.

Moving on with the capture of synergies from the new acquisitions, in 2Q22, clinical analyses were added to Clínica de Imagem Dra. Odivânia and vaccines to Laboratório Paulo Azevedo (LPA) in Pará. In LPA, the Company is also optimizing its inputs and standardizing the service and call center structure, which was incorporated in Belo Horizonte,

LAB-TO-LAB

In 2Q22, L2L registered growth in recurring revenue ex-COVID and ex-Toxicology. Excluding COVID and Toxicological tests, revenue grew 21.1%. Excluding COVID tests, gross revenue grew 5.7% in 2Q22 vs. 2Q21. Consolidated revenue decreased 11.7%. due to fewer toxicological tests, which in 2Q21 benefited from the demand created by the amendment to law that created the "periodical toxicological test", as well as the strong comparison base of COVID tests.

Recurring business was healthy, reflecting the consolidated L2L volume, which increased 14.7% in 2Q22 vs. 2Q21 - the highest in Pardini's history. Excluding COVID and Toxicological tests, growth was 18.1%.

We achieved a record number of clients for a quarter, with the average volume per client increasing significantly by 10.6% in 2Q22 compared to 2Q21.

demonstrating the continuous gain in market share, thanks to the increase in outsourced laboratory tests by our clients.

Regionally, the strategy of increasing production in strategic geographies has been leading to sharp growth in recurring businesses. In Solução (southern region), annual revenue excluding COVID and Toxicology increased by around 30%, and in Fortaleza (northeastern operation), expansion was over 27%.

The innovative revenue generating L2L fronts (Hospital Support and Pardis - Pardini Distribuidora) accounted for 6.7% of L2L gross revenue in 2Q22, up 120 bps from 1Q22.

Penetration in our client base increased, with 33% of our L2L client base making at least one purchase at Pardis.

We recently launched a new sales platform, developed in partnership with VTEX, which will enable us to implement a B2B marketplace. Soon we will have the first partner stores being opened to clients.

In Hospital Support, negotiations are in an advanced stage of contractual formalization to acquire new operations.

TOXICOLOGY

Gross revenue from Toxicological exams came to R\$22.8 million in 2Q22, down 57.3% from 2Q21, due to the strong comparison base of 2Q21, as already mentioned.

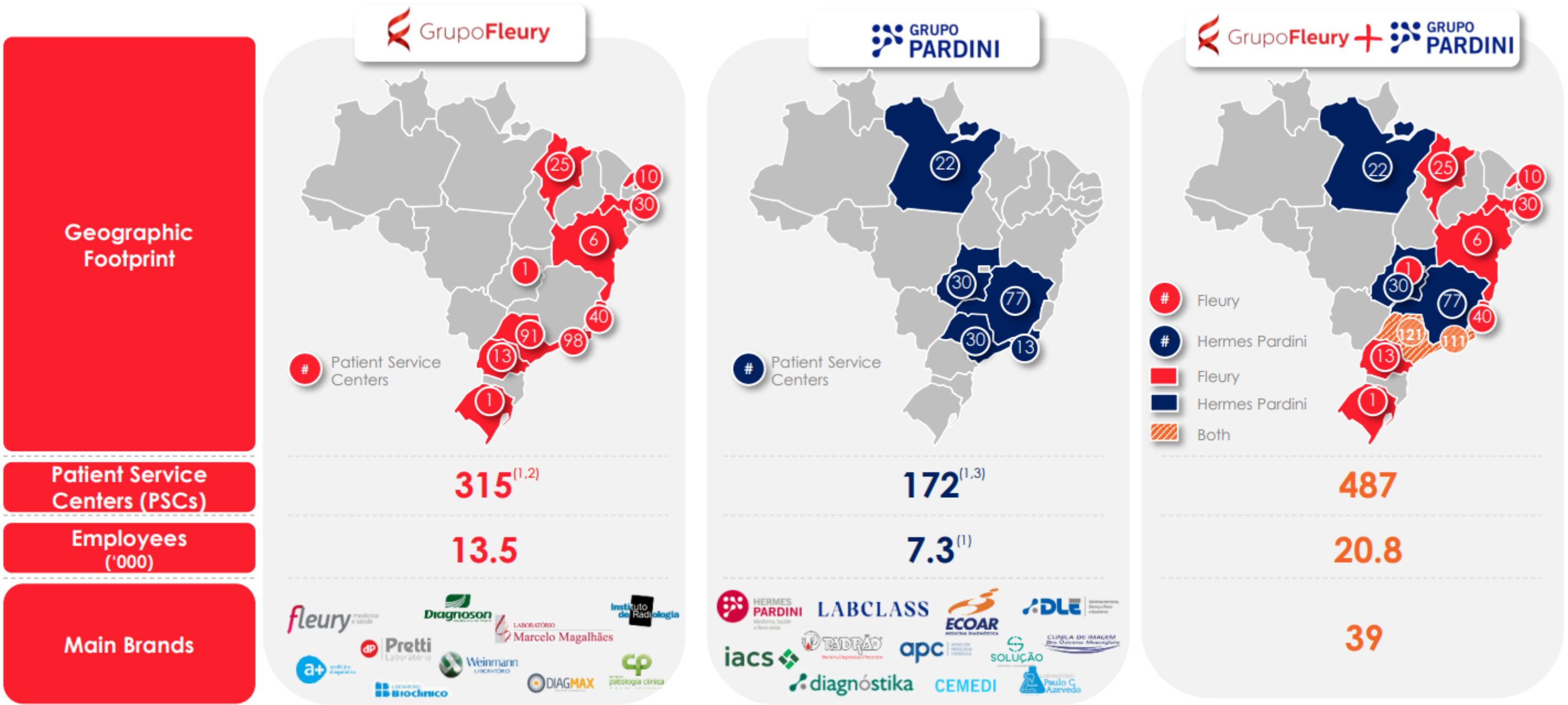
The strategic focus of the sales team on expansion resulted in market share gain in Toxicology this quarter, estimated at 160 bps.

Occupational Toxicology is currently transitioning to the Enterprise model at NTO. The transition of this specialized area will reduce costs and timeframes for test results, bringing it closer to the industrial model.

ANNOUNCEMENT OF BUSINESS COMBINATION WITH FLEURY GROUP

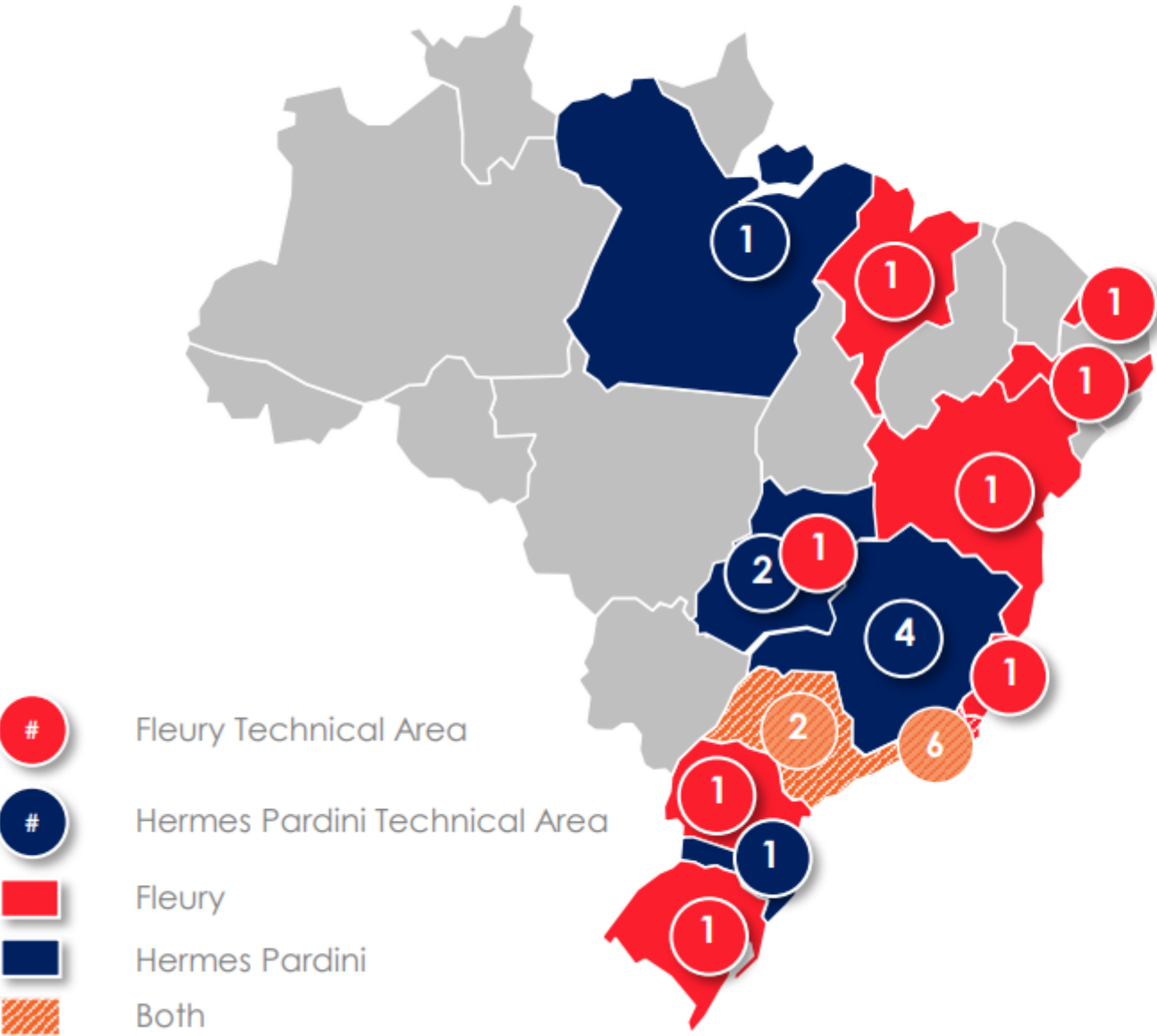
The business combination between Fleury S.A. and Instituto Hermes Pardini was announced on June 30. The companies believe that the combination of their operations represents an excellent opportunity to create value, which could result in significant gains for their shareholders through

- (i) Increased competitiveness amid the transformation of the health and diagnostic medicine sector based on:
 - a. Geographic complementarity and nationwide footprint








Geographic Footprint in Technical Areas



Combination of Technical Areas and Exams

			
Number of Technical Areas ⁽¹⁾	10	14	24
Volume of PSC and B2B Exams ⁽²⁾ (millions)	98	38	136
Exam Volume Lab-to-Lab (millions)	1	111	112

b. Robust capital structure

Key Financial Metrics (1Q22 LTM; R\$ mm)		
	Grupo Fleury	GRUPO PARDINI
Gross Revenue	4,382	2,209
Net Revenue	4,069	2,051
EBITDA ⁽¹⁾	1,132	512
EBITDA Margin ⁽¹⁾	27.8%	25.0%
Net Debt	1,545	85
Net Debt / EBITDA ⁽¹⁾	1.4x	0.2x

(ii) Reinforcement of organic and inorganic growth

The Companies estimate that the business combination will generate an increase in the annual EBITDA of the combined company ranging between R\$160 million and R\$190 million².

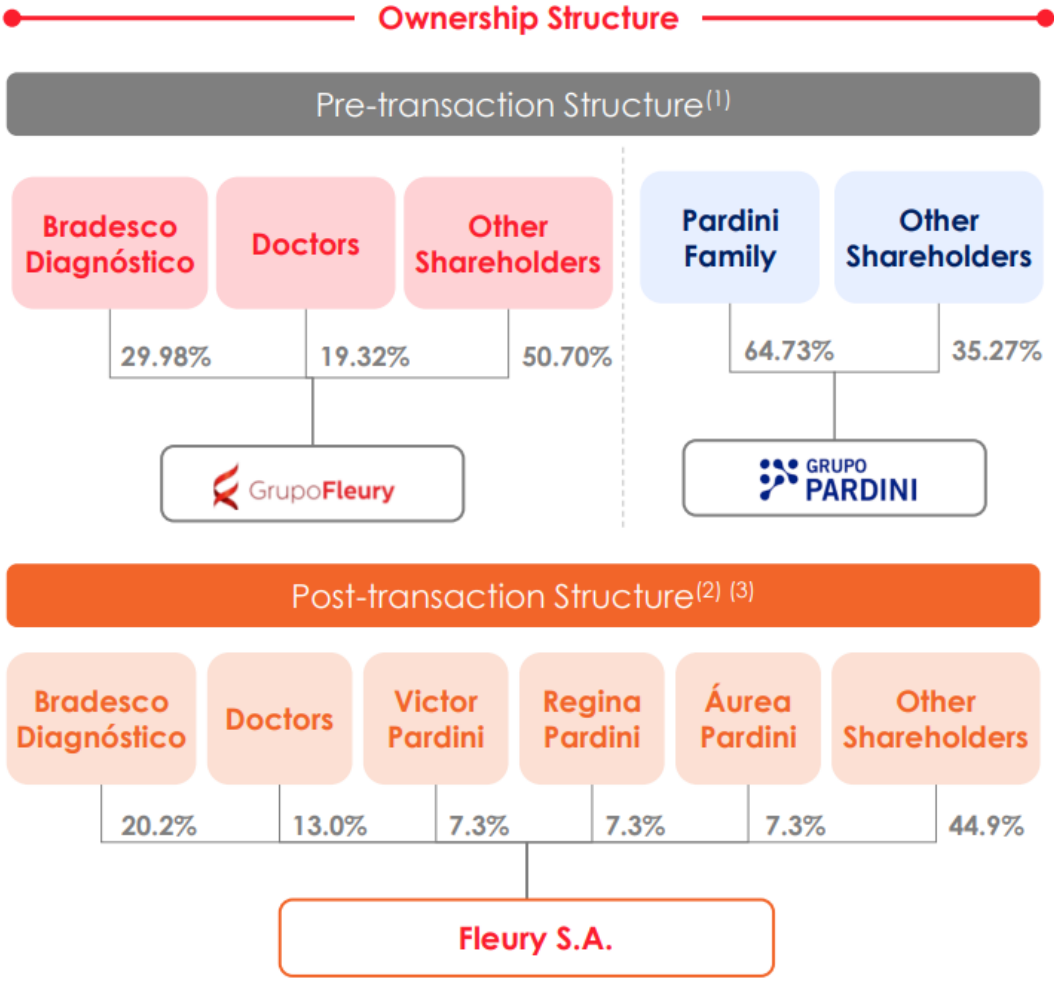
Implementation of the Operation will result in:

- (i) Ownership by Fleury of all the shares issued by Hermes Pardini
- (ii) Receipt of the following by all Hermes Pardini shareholders for each PARD3 share:
 - a. R\$2.15, adjusted by the CDI rate, from the date of corporate approval by Hermes Pardini to the closing date of the combination.
 - b. 1.213 common shares of Fleury, subject to the adjustments envisaged in the Agreement and Plan of Merger.

² This estimate is not a guarantee of future performance and involves risks and uncertainties, which, being based on assumptions, depend on future events that may not materialize.

c. Support from their principal shareholders

d. Adequate organizational structure



HEALTH INNOVATIONS

MONKEYPOX

With the purpose of bringing health to everyone who needs it, wherever they are, the Pardini Group has innovated once again and is offering a test that can identify the monkeypox infection. The test is offered by all labs of the Group and initially only through at-home collections. It will also be made available at the over 6,000 partner labs and hospitals. Similar to the COVID-19 test, the monkeypox test is a PCR test.

Based on samples of skin lesions, it identifies the DNA molecule of the pathogen, with specificity and sensitivity of almost 100%. For the exam, two tubes with samples of two different lesions are collected and results are ready in four calendar days. In addition to guiding medical care for patients, the test also enables generation of data for public health authorities in exercising epidemiological control. The World Health Organization has classified the monkeypox outbreak as a global public health emergency.

AWARDS

100 MOST INFLUENTIAL IN HEALTH

The 100 Most Influential People in Health 2022 award honors business people, researchers, executives and government authorities who made a difference in the Brazilian health segment over the last 12 months. They are selected by the Healthcare Management magazine, which elects them from an open vote and a market survey carried out by the editorial council of the Mídia Group, responsible for the largest events in the health sector in Brazil.

Dr. Roberto Santoro, CEO of the Pardini Group, was among those honored for his successful trajectory at the Company and his impactful work for the well-being of society. For Roberto, in practice, this recognition of Diagnostic Medicine means that proper research, development, collection, logistics, processing and issue of each exam impacts millions of people, who feel assured of correct diagnosis in order to take the necessary self-care measures.

VALOR INOVAÇÃO AWARDS

Innovation is in the DNA of the Pardini Group. Since 2017, the Group has been considered one of Brazil's five most innovative health service providers. And with immense pride, we received this recognition once again in 2022. The Brazil Valor Inovação awards compiles its ranking based on five pillars of the innovation chain: intention to innovate, effort to execute the innovation, results obtained, market assessment and generation of knowledge. "Innovation is in the DNA of the Pardini Group and this award is the product of investments in an open innovation model, partnerships with research centers and startups, and the participation of all internal areas."

TOP OF MIND 2022

Whether for a routine or for a specialized test, for a COVID-19 test or just to stay up-to-date with vaccines, the Hermes Pardini lab, a Pardini Group company, is on top of mind of the people of Minas Gerais. For yet another year, the Pardini Group is among the most successful brands in Minas Gerais, elected at the 27th Top of Mind awards, in the Clinical Analysis Lab segment. A market leader in the state, the lab won the Excellence category and ranked 2nd among the brands considered Top of Top of Mind in 2022, the topmost category.

Means that over 50% of the respondents remembered the Hermes Pardini brand when asked: "What is the first brand that comes to your mind when talking of Clinical Analysis Labs?" Top of Mind is an award instituted by Mercado Comum magazine that recognizes successful brands in Minas Gerais based on an opinion survey carried out in the 30 largest cities of the state.

100 MOST INNOVATIVE COMPANIES IN USING IT

The 100 Most Innovative Companies in Using IT award, organized annually by IT Mídia, analyzes the innovation scenario at Brazil's largest companies and honors those with the best initiatives the previous year.

The Pardini Group was among the 100 Brazilian companies selected, figuring in the top 5 Health ranking (field of activity), for the development and execution of Precision Care and Enterprise Digital initiatives.

AACC AWARDS

The Annual Scientific Meeting & Clinical Lab Expo (AACC) is held in the U.S. to reward young researchers for their work submitted to the world's largest clinical analysis congress.

This year, our R&D coordinator, Danielle Zauli, was nominated at the AACC for the Molecular Pathology Division's Young Investigator Award!

In 2022, the Pardini Group submitted 22 scientific papers to AACC, one of which won recognition, in Molecular Pathology, entitled: "Evaluation of next-generation sequencing (NGS) panels to detect genetic biomarkers related to PARP inhibitors sensitivity."

This paper evaluated NGS genetic panels to detect specific biomarkers that could expand the access of patients diagnosed with prostate and ovarian cancer to more accurate treatment.

AACC promotes excellence in clinical laboratory science through awards for scientific papers and recognition programs. Every year, a group of academic specialists revises the abstracts submitted to the congress and selects a few for the awards.

"We have more than 20 papers approved in different areas: Analytical Chemistry, Infectious Diseases, Bioinformatics and Personalized Medicine. This award is the recognition of work done by an engaged, united and deeply committed team. Receiving such a valuable recognition demonstrates that we are on the right path," said Danielle Zauli, R&D coordinator of the Pardini Group.

Roberto Santoro Meirelles

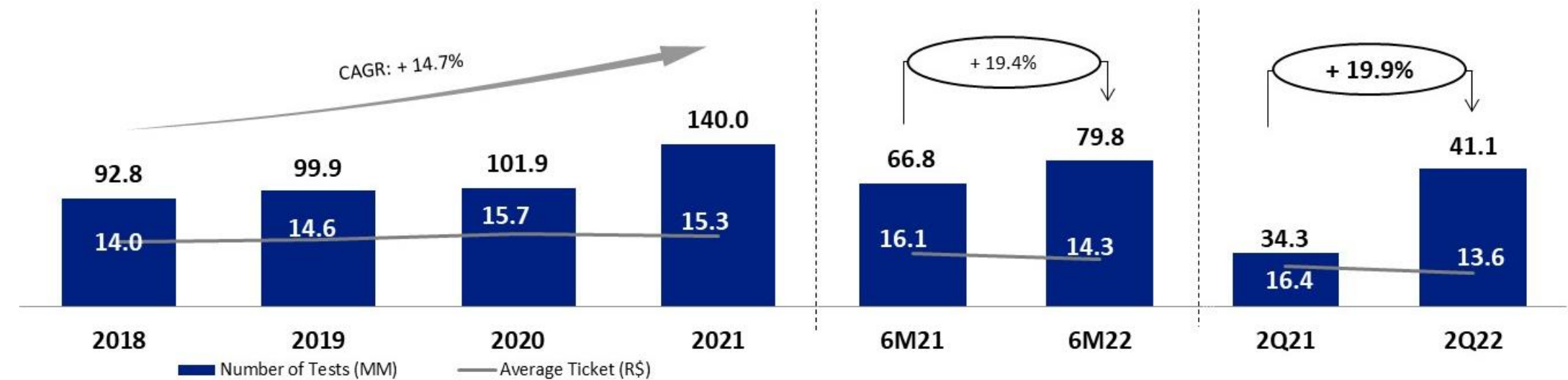
CEO

3 Income Statement

3.1 Number of Tests and Average Ticket

In 2Q22, the record number of clients in L2L and the execution in PSC of the growth project in São Paulo, resulted in the highest quarterly volume of tests processed in the history of Pardini (41.1 million), as reflected in the 22.4% growth (excluding COVID) in 2Q22 compared to 2Q21. Including COVID tests, volume growth was 19.9% compared to 2Q21. COVID tests were their lowest ever in April. In the quarter, 0.3 million COVID tests were processed.

Number of tests (million) and average ticket (R\$/test)



Number of tests, excluding intercompany transactions.

In the L2L collection channel, we registered a new record. In 2Q22, recurring operations increased (ex-COVID) in the Personalized Medicine, Anatomy and Hospital Support businesses.

Once again, average volume per client in L2L increased, up 10.6% in 2Q22 vs. 2Q21.

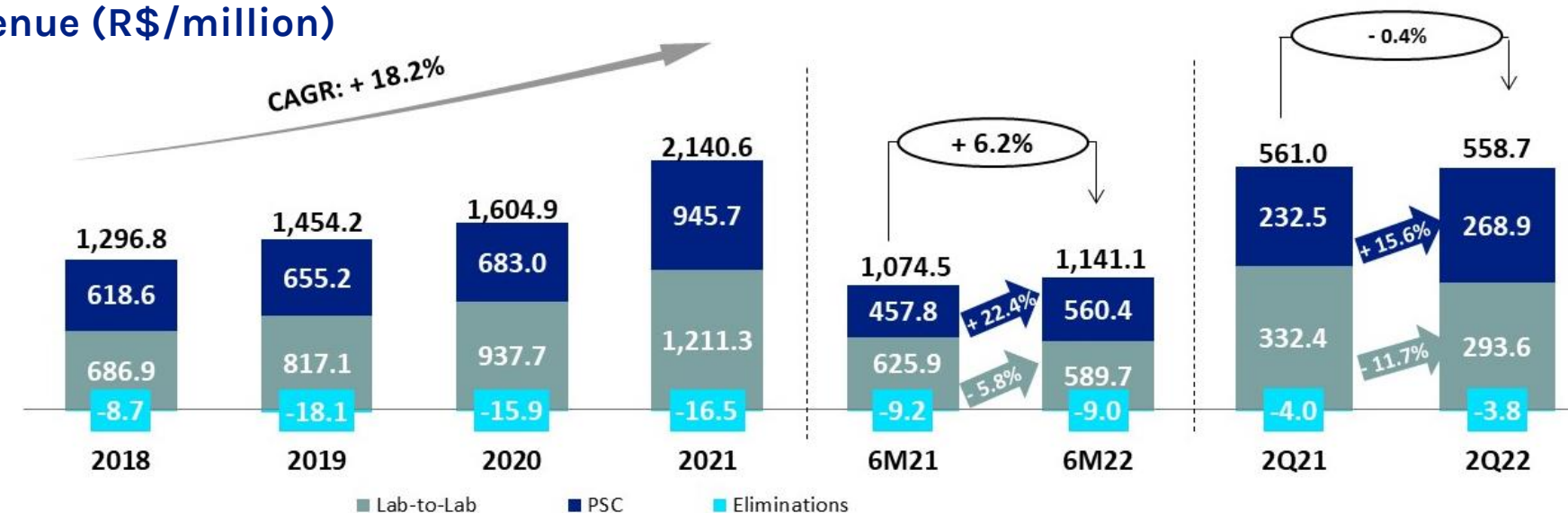
In the PSC collection channel, it is worth highlighting the significant triple-digit volume growth in São Paulo during 2Q22, despite excluding COVID, leveraged by the new agreement with Amil, which came into effect in late 2021, and the opening of new units. On a consolidated basis, all regions delivered growth excluding COVID.

Clinical analyses posted double-digit growth in the period, excluding COVID tests.

Average ticket continued the trend of 2Q22, decreasing 16.9% to R\$13.6 in 2Q22 (R\$16.4 in 2Q21), largely due to the lower share of COVID and Toxicological tests in revenues.

3.2 Gross Revenue

Gross Revenue (R\$/million)



Eliminations refer mainly to intercompany transactions and are excluded while calculating gross revenue.

Gross revenue ex-COVID came to R\$525.9 million in 2Q22, a new record, growing 16.7% from 2Q21. Excluding COVID and Toxicology, growth is even higher at 26.6%. Consolidated gross revenue came to R\$558.7 million, remaining practically stable in relation to 2Q21.

Gross revenue from COVID tests came to R\$32.7 million in the quarter (5.9% of consolidated sales), decreasing 69% from 2Q21.

Another highlight was the increase in revenue by R\$51.0 million in the quarter due to the acquisitions made in 2021: Laboratório Paulo Azevedo, Laboratório APC, IACS and Clínica Dra. Odivânia.

In 2Q22, Patient Service Centers (PSC) registered 15.6% growth in total gross revenue year on year. Excluding COVID-19 tests, growth was 33.3%.

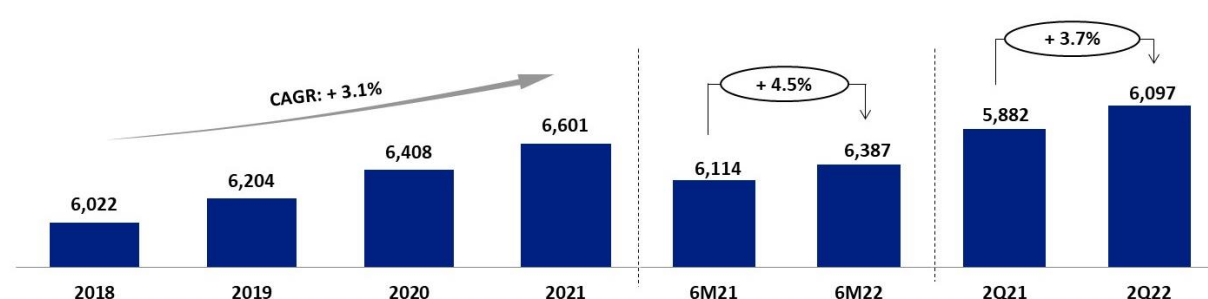
The greatest positive PSC highlight was São Paulo, which contributed to the record revenue in the quarter due to the increase in the number of units, which went from five in 2Q21 to 37 in 2Q22.

In 2Q22, L2L registered growth in recurring revenue ex-COVID and ex-Toxicology. Excluding COVID and Toxicological tests, revenue grew 21.1%. Excluding COVID tests, gross revenue grew 5.7% in 2Q22 vs. 2Q21. Consolidated revenue decreased 11.7%.

Other growth drivers, such as Hospital Support and Pardis Distribuidora, also contributed to this growth.



Number of clients (revenue generators in the period)

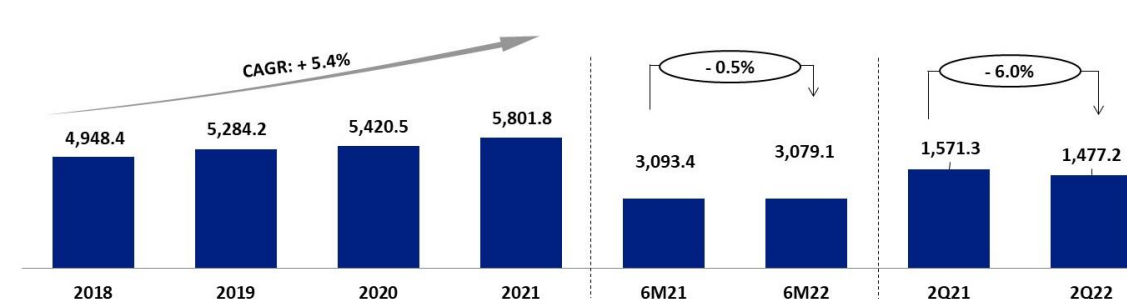


Considering only Lab-to-Lab clients of the Hermes Pardini brand

Driven by the focus on boosting our capacity to generate business with our partner labs, we once again reported recurring growth in the number of L2L clients year on year. In 2Q22, we had 6,097 revenue generating clients, up 3.7% from 2Q21 and a record for a quarter. In addition, the number of clients reached a record 6,269 clients in June 2022.



Gross revenue by store (R\$ '000)



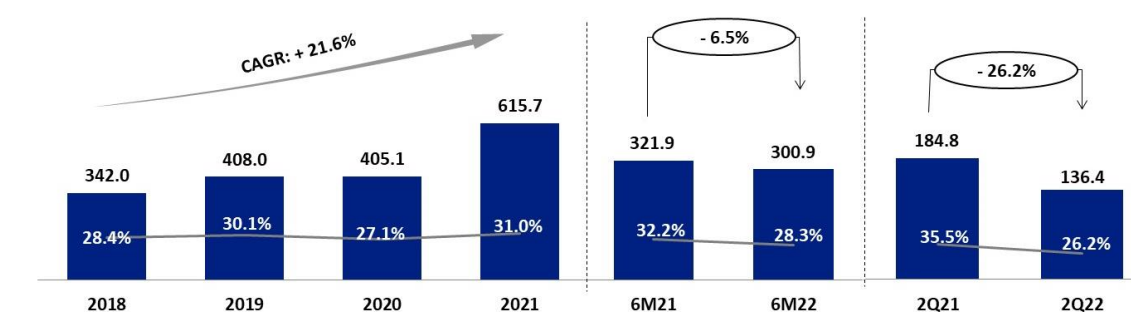
Gross revenue in the period / number of stores generating revenue in the period

In 2Q22, gross revenue per store (PSC) decreased 6.0% from 2Q21, to R\$1,477.2 thousand, mainly due to the opening of 17 new units in São Paulo during the quarter.

After the acquisitions made in 2021, the Company had 182 PSCs at the end of 2Q22, as PAR against 148 units in 2Q21, an increase of 16%.

3.3 Gross Profit

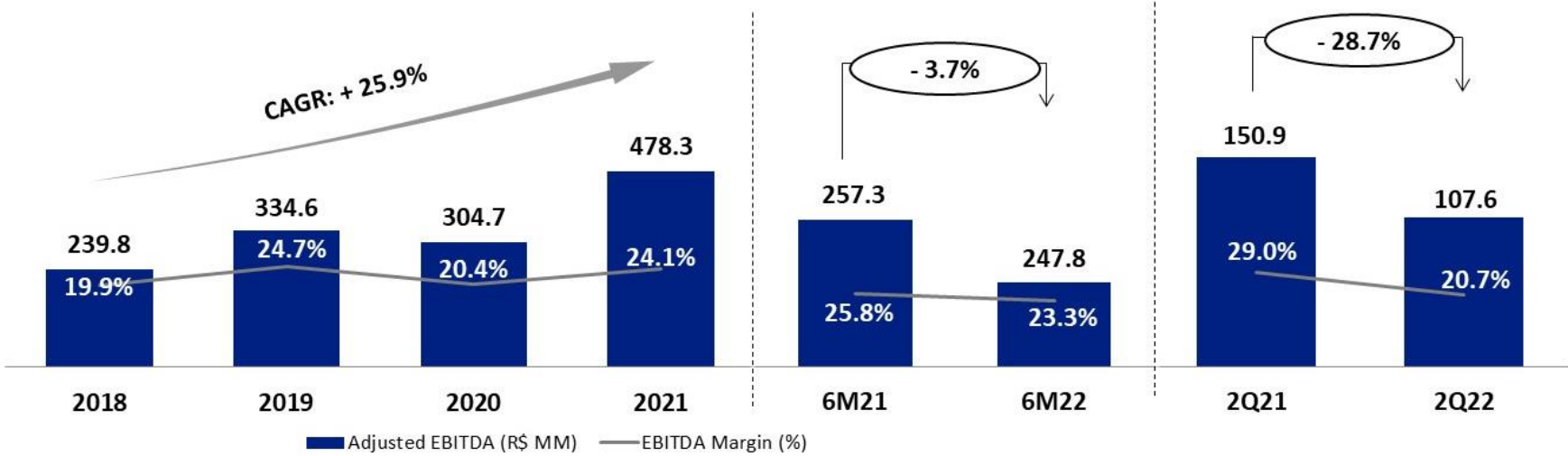
Gross profit (R\$ MM) and gross margin (%)



Gross profit declined 26.2% in 2Q22 compared to 2Q21, positively impacted by: (i) the absorption of fixed costs with the resumption of recurring tests; (ii) acquisitions (M&As) and opening of new units, which added volume and revenue; (iii) pass-through of costs at L2L and PSC in the initial months of 2022; and negatively impacted by: (i) the higher funding costs due to inflation, especially in rent and logistics (impact of fuel prices); (ii) the increase in funding costs due to the new units in São Paulo; (iii) the reduction in COVID and Toxicological tests compared to 2Q21; (iv) salary adjustments due to labor agreements executed in 3Q21. As such, gross margin decreased 930 bps in 2Q22 compared to 2Q21.

3.4 EBITDA

EBITDA (R\$ million) and EBITDA margin (%)



EBITDA came to R\$107.6 million in 2Q22, down 28.7% from 2Q21. EBITDA margin stood at 20.7% in 2Q22, as against 29.0% in 2Q21. The decrease in margin was mainly due to the decline in COVID and Toxicological tests and higher fixed costs with funding in a scenario of annual double-digit inflation.

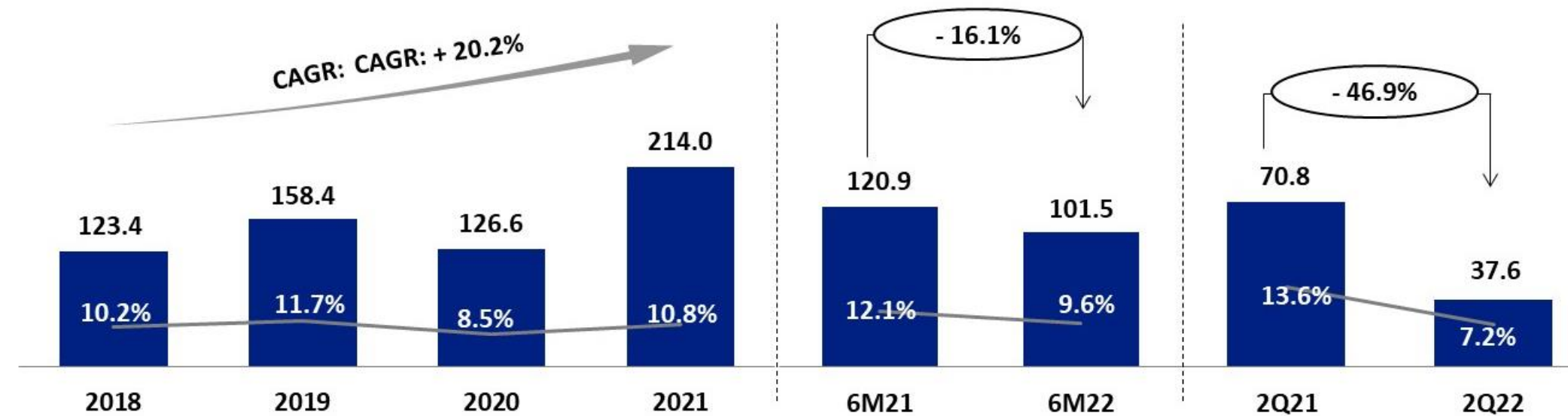
Operating expenses (selling, general and administrative and others) as a percentage of net revenue were 12.4% in 2Q22, as against 12.0% in 2Q21. The increase was mainly driven by higher IT expenses and the incorporation of structures resulting from recent acquisitions (LPA, APC, IACS, Clínica Dra. Odivânia and São Paulo units), partially offset by lower personnel expenses.

Selling expenses decreased R\$0.2 million, in nominal terms, compared to 2Q21.

R\$ MM	2Q21	2Q22	Variation	6M21	6M22	Variation
Net Income	70.8	37.6	-46.9%	120.9	101.5	-16.1%
Financial Result	19.3	22.1	14.2%	28.3	39.2	38.6%
Depreciation and amortization	28.3	35.5	25.4%	55.9	70.3	25.6%
Income tax and social contribut	32.4	12.3	-61.9%	52.1	36.8	-29.3%
EBITDA	150.9	107.6	-28.7%	257.3	247.8	-3.7%
margin (%)	29.0%	20.7%	- 829 bps	25.8%	23.3%	- 245 bps

3.5 Net income

Net Income (R\$ million) and margin (%)



Net income came to R\$37.6 million in 2Q22, down 46.9% from 2Q21, due to the operational factors mentioned above. Net margin in 2Q22 was 7.2%, down 640 bps. Our effective income tax/social contribution rate in 2Q22 was 24.7%, compared to 31.4% in 2Q21.

Compared to 2Q21, certain events impacted net income:

- Increase in financial expenses, largely due to interest on loans and financing;
- Decrease in effective income tax/social contribution rate, mainly due to the higher tax deduction related to the interest on equity declared in the period.

4 Debt and Cash Flow

4.1 Debt

R\$ MM	2Q21	2Q22	Variation
Gross Financial Debt	320.6	214.2	-33.2%
Cash and cash equivalents*	198.8	38.8	-80.5%
Net Financial Debt	121.8	175.4	44.0%
Net Financial Debt / EBITDA LTM	0.3x	0.4x	46.4%
EBITDA LTM / Net Financial Result LTM	8.0	6.4	-19.8%

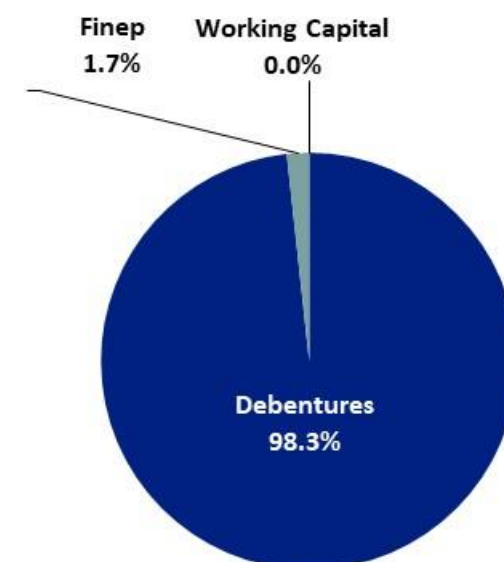
*Includes financial investments

The Company ended 2Q22 with net debt of R\$175.4 million, which represents a leverage ratio (Net Debt / EBITDA LTM) of 0.4x.

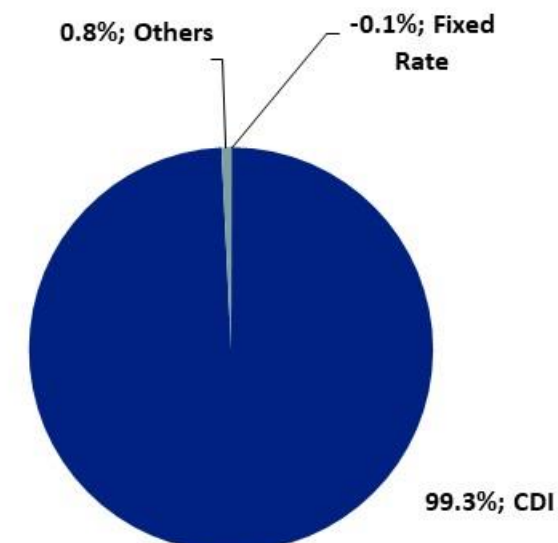
The debenture issue in December 2018 (principal amount of R\$210.5 million) jointly accounts for 98.3% of the Company's total gross debt in 2Q22, with 99.3% of total gross debt indexed to the CDI rate.

The chart below shows the repayment schedule of loans and financing at the end of 2Q22.

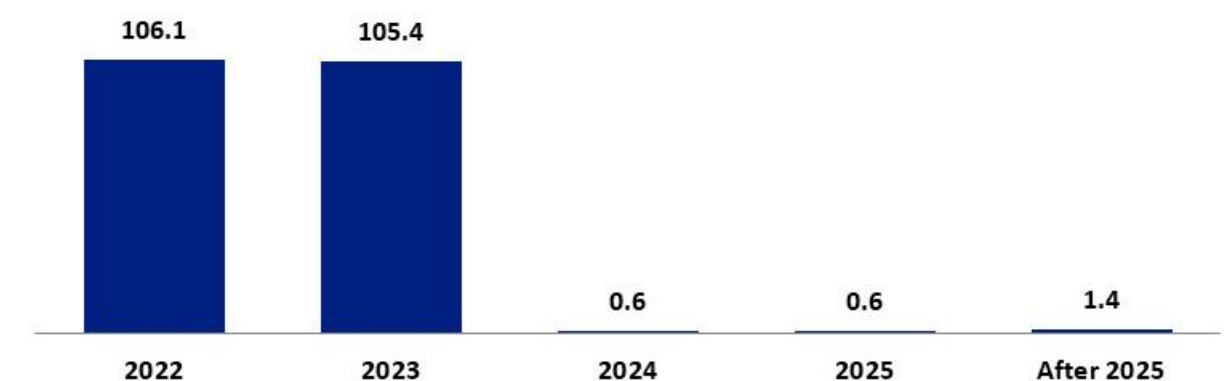
Type of Gross Financial Debt - 2Q22
(100% = R\$214.2 MM)



Gross Financial Debt Index - 2Q22 (100% = R\$214.2 MM)



Debt amortization schedule (R\$ million)



4.2

Free Cash Flow

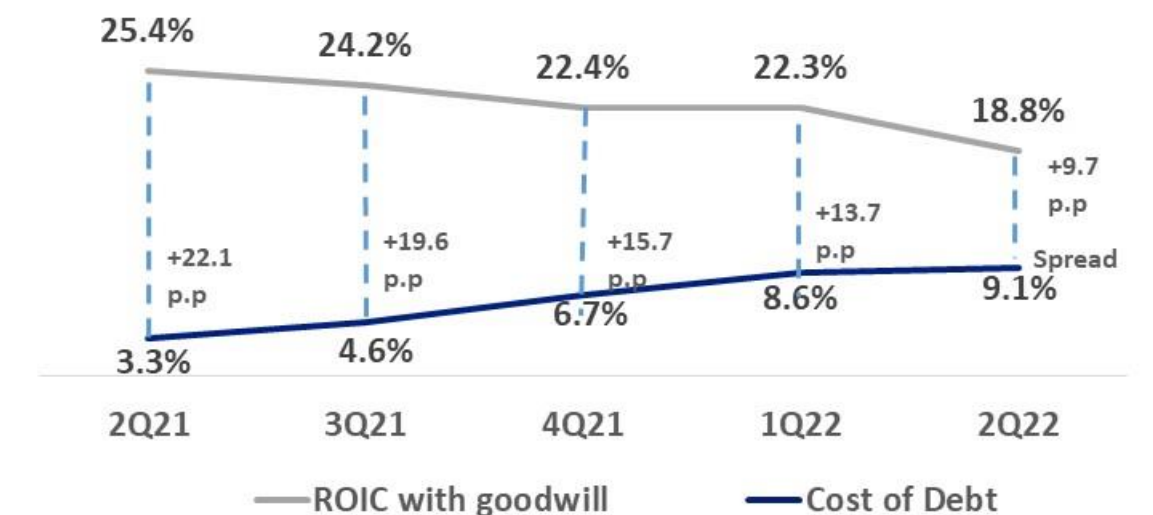
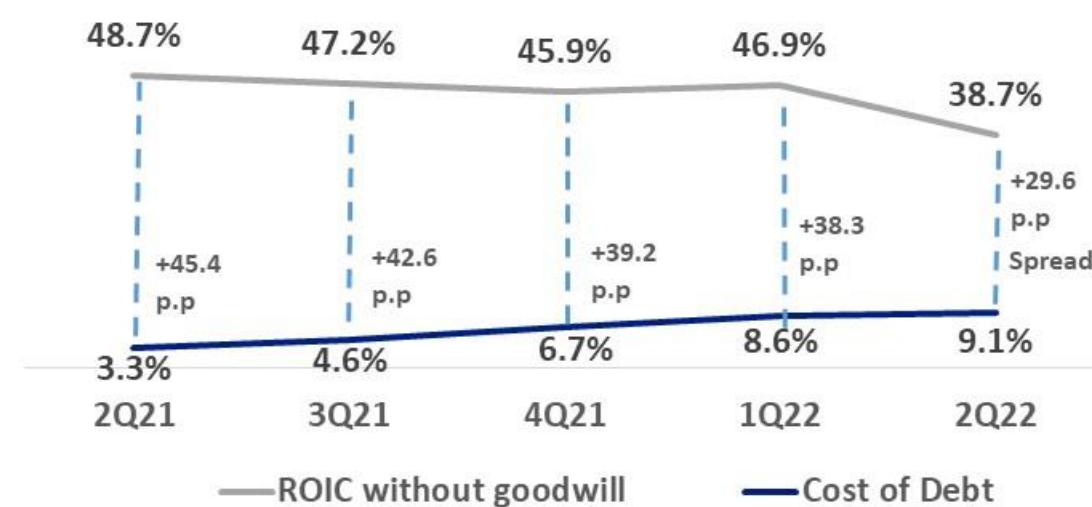
R\$ MM	2018	2019	2020	2021	6M21	6M22	Variation	2Q21	2Q22	Variation
EBITDA (A)	239.8	334.6	304.7	478.3	257.3	247.8	-3.7%	150.9	107.6	-28.7%
Items not affecting cash / Non-recurrent	(0.4)	1.1	20.2	37.4	19.9	16.6	-16.3%	12.0	6.7	-44.4%
Δ Working Capital:	(35.1)	(45.9)	(59.8)	(5.8)	(58.1)	(111.1)	-91.5%	(41.2)	(30.0)	27.3%
Income tax and Social Contribution, Interest on borrowings and Other Pay	(37.9)	(28.2)	(21.7)	(66.8)	(34.4)	(62.6)	-81.9%	(22.8)	(37.8)	-65.6%
Operating Cash Flow (B)	166.4	261.6	243.5	443.1	184.7	90.7	-50.9%	98.9	46.6	-52.9%
Investing Activities:	(57.0)	(95.2)	(203.1)	52.2	117.4	(101.0)	-186.0%	25.6	(64.8)	-353.5%
Acquisition of investments, fixed assets and others	(57.0)	(95.2)	(68.9)	(92.6)	(27.4)	(101.0)	-268.9%	(17.6)	(64.8)	-269.1%
Other investing activities	0.0	0.0	(134.2)	144.8	144.8	0.0	-100.0%	43.1	0.0	-100.0%
Free Cash Flow before Acquisitions	109.4	166.5	40.3	495.3	302.1	(10.3)	-103.4%	124.5	(18.3)	-114.7%
Acquisition of Minorities Stakes	(27.9)	(61.0)	(70.6)	(135.2)	(60.7)	(41.6)	31.4%	(50.7)	(41.6)	17.9%
Free Cash Flow	81.6	105.4	(30.3)	360.1	241.4	(52.0)	-121.5%	73.8	(59.9)	-181.2%
Financing Activities:	(100.8)	(116.5)	33.1	(230.4)	(174.9)	(171.2)	2.1%	(137.0)	(152.5)	-11.3%
Dividends and Interest on Own Capital Distribution	(42.7)	(60.2)	(38.3)	(36.3)	(17.1)	(33.1)	-93.5%	(17.1)	(33.1)	-93.5%
Other financing activities	(58.2)	(56.4)	71.4	(194.1)	(157.8)	(138.1)	12.5%	(119.9)	(119.4)	0.4%
Changes in cash and cash equivalents	(19.3)	(11.1)	2.8	129.6	66.4	(223.2)	-435.9%	(63.2)	(212.4)	-236.0%
Conversion (operating cash flow/Adjusted EBITDA) - (B/A)	69.4%	78.2%	79.9%	92.6%	71.8%	36.6%	-3,519 bps	65.6%	43.3%	-2,230 bps

5 Return on Invested Capital (ROIC)

ROIC excluding goodwill was 38.7% in 2Q22:

Consolidated (R\$ MM)	2Q21	3Q21	4Q21	1Q22	2Q22
EBIT LTM	366.0	369.8	359.1	385.8	335.3
Effective Tax Rate LTM	26.6%	28.6%	27.9%	27.8%	25.8%
NOPAT [EBIT LTM x (1 - Effective Tax Rate LTM)]	268.6	263.9	258.9	278.7	248.9
Average Invested Capital	551.5	559.1	564.0	593.8	643.5
ROIC without goodwill	48.7%	47.2%	45.9%	46.9%	38.7%
ROIC with goodwill	25.4%	24.2%	22.4%	22.3%	18.8%

The charts show the spread between ROIC (with and without goodwill) and the cost of debt after taxes, considering a rate of 34.0%:



Maintenance of
ROIC at record
levels

Instituto Hermes Pardini S.A.

Balance Sheet

All amounts in thousands of reais

Assets	Consolidated	
	06/30/2022	12/31/2021
Current Assets		
Cash and cash equivalents	38,765	261,953
Financial investments	0	0
Trade receivables	445,209	376,164
Inventories	57,250	57,889
Taxes recoverable	58,021	32,657
Restricted financial investments	8,473	7,798
	<u>26,455</u>	<u>23,799</u>
Total current assets	<u>634,173</u>	<u>760,260</u>
Other current assets		
Non-current assets		
Long-term receivables:		
Trade receivables	3,634	1,506
Deposits in court	2,749	2,463
Deferred income tax and social contribution	27,840	33,790
Restricted financial investments	10,211	14,416
Other non-current assets	<u>4,612</u>	<u>5,007</u>
Total long-term receivables	<u>49,046</u>	<u>57,182</u>
Property and equipment	338,063	297,880
Intangible	921,791	884,042
Right of Use	308,893	310,853
	<u>1,617,793</u>	<u>1,549,957</u>
Total non-current assets		
Total assets	<u>2,251,966</u>	<u>2,310,217</u>
	<u>2,376,189</u>	

Liabilities and equity	Consolidated	
	06/30/2022	12/31/2021
Current Liabilities		
Trade payables	209,841	219,343
Tax, social security and labor obligations	110,435	119,589
Financial Leases	65,915	57,149
Debentures and borrowings	106,281	218,644
Taxes payables in installments	7,229	7,982
Interest on own capital and dividends payable	15,526	19,233
Liabilities for purchase of investments	65,613	76,041
Other current liabilities	<u>7,898</u>	<u>8,398</u>
Total current liabilities	<u>588,738</u>	<u>726,379</u>
Non-current liabilities		
Financial Leases	266,851	273,357
Debentures and borrowings	107,871	107,587
Taxes payables in installments	14,505	16,459
Provision for risks	16,720	18,286
Deferred income tax and social contribution	87,772	76,707
Liabilities for purchase of investments	223,906	217,914
Other non-current liabilities	<u>399</u>	<u>467</u>
Total non-current liabilities	<u>718,024</u>	<u>710,777</u>
Total liabilities	<u>1,306,762</u>	<u>1,437,156</u>
Equity		
Share capital	593,776	425,457
Share Issue Costs	-8,913	-8,913
Share buyback	-93,624	-93,624
Capital reserves	53,948	53,948
Carrying value adjustments	-30,334	-30,100
Profit reserves	356,584	524,903
Resultado do exercício	72,205	
Retained earnings	<u>0</u>	<u>0</u>
Equity attributable to the owners of the parent	<u>943,642</u>	<u>871,671</u>
Non-controlling interests	<u>1,562</u>	<u>1,390</u>
Total equity	<u>945,204</u>	<u>873,061</u>
Total liabilities and equity	<u>2,251,966</u>	<u>2,310,217</u>

Instituto Hermes Pardini S.A.

Statement of income - six-month period ended June 30

All amounts in thousands of reais

	Consolidated		Consolidated	
	2Q22	2Q21	6M22	6M21
Net Service Revenues	520,022	520,665	1,062,282	998,160
Cost of Services Rendered	-383,660	-335,879	-761,364	-676,283
Gross Profit	136,362	184,786	300,918	321,877
Operating income (expenses)				
Selling expenses	-29,316	-31,398	-57,931	-59,457
General, administrative and other expenses	-29,014	-25,065	-56,357	-48,316
Other operating income (expenses), net	-5,981	-5,761	-9,103	-12,783
Profit before financial income (expenses)	72,051	122,562	177,527	201,321
Financial Result				
Financial Income	6,234	3,691	14,974	7,223
Financial Costs	-27,781	-23,802	-53,711	-36,333
Foreign exchange variations, net	-536	771	-459	827
Profit before income tax and social contribution	49,968	103,222	138,331	173,038
Income tax and social contribution				
Current	-9,211	-32,924	-19,805	-46,700
Deferred	-3,119	542	-17,014	-5,392
	-12,330	-32,382	-36,819	-52,092
Profit for the period	37,638	70,840	101,512	120,946
Profit for the period attributable to:				
Owners of the parent	37,534	70,797	101,340	120,854
Non-controlling interests	104	43	172	92
	37,638	70,840	101,512	120,946

Instituto Hermes Pardini S.A.

Statement of changes in equity

All amounts in thousands of reais

	Share capital			Capital reserves			Carrying value adjustments	Retained earnings	Equity attributable to the owners of the parent	Non-controlling interests	Consolidated equity
	Subscribed	Share Issue Costs	Share buyback	Special reserve for goodwill on merger	Legal reserves	Profit retention reserve					
At December 31, 2020	425,457	-8,913	-73,830	53,948	45,613	320,736	-29,631		733,380	1,051	734,431
Profit for the period								120,854	120,854	92	120,946
Realization of deemed cost through depreciation							-234	234			0
Share Buyback			-19,794						-19,794		-19,794
Capital Increase											
Share-based incentive plan											
Reserva Legal											
Dividendos mínimos obrigatórios										-83	-83
Interest on Own Capital											
Destinação para reserva de retenção de lucros								-17,009	-17,009		-17,009
At June 30, 2021	<u>425,457</u>	<u>-8,913</u>	<u>-93,624</u>	<u>53,948</u>	<u>45,613</u>	<u>320,736</u>	<u>-29,865</u>	<u>104,079</u>	<u>817,431</u>	<u>1,060</u>	<u>818,491</u>
At December 31, 2021	425,457	-8,913	-93,624	53,948	56,292	468,611	-30,100		871,671	1,390	873,061
Profit for the period								101,340	101,340	172	101,512
Realization of deemed cost through depreciation							-234	234			
Share Buyback											
Reserva Legal											
Dividendos mínimos obrigatórios											
Aumento de capital social	168,319					-168,319					
Interest on Own Capital								-29,369	-29,369		-29,369
Destinação para reserva de retenção de lucros											
At June 30, 2022	<u>593,776</u>	<u>-8,913</u>	<u>-93,624</u>	<u>53,948</u>	<u>56,292</u>	<u>300,292</u>	<u>-30,334</u>	<u>72,205</u>	<u>943,642</u>	<u>1,562</u>	<u>945,204</u>

Instituto Hermes Pardini S.A.

Statement of cash flows - six-month period ended June 30

All amounts in thousands of reais

	Consolidated		Consolidated	
	2Q22	2Q21	6M22	6M21
Cash flows from operating activities:				
Profit for the period	37,638	70,840	101,512	120,946
Adjustments to reconcile net income and cash and cash equivalents provided by operating activities:				
Income tax and social contribution expenses	12,330	32,382	36,819	52,092
Estimated impairment loss (reversal) on trade receivables	1,093	1,483	2,162	3,074
Estimated impairment loss (reversal) for disallowances	810	2,849	2,198	7,097
Depreciation and amortization	35,512	28,317	70,261	55,933
Write-off of property and equipment, intangible assets, and leases	239	6,793	357	6,026
Interest expense on borrowings and installment payments and loan agreements	15,076	9,988	31,732	19,921
Provision (reversal of provision) for tax, civil and labor risks	-477	568	-941	868
Restatement of liabilities for purchase of investments	7,384	7,481	14,285	7,247
Profit (loss) on derivative financial instruments	0	1,042	0	775
Discounts on renegotiation of intallment debts and borrowings	0	0	0	-17
Stock Option Plan Expenses	489	571	1,006	1,179
Cost of issue of debentures at premium	69	69	138	138
Debts recovered through acquisition of investment	-201	-387	-210	-666
Variação cambial, líquida	536	-771	459	-827
Perda de Estoque	3,764	1,698	4,656	3,355
	<u>114.262</u>	<u>162.923</u>	<u>264.434</u>	<u>277.141</u>
Changes in operating assets and liabilities:				
Trade receivables	-15,126	-28,021	-59,478	-45,554
Inventories	4,648	-288	-4,017	8,618
Taxes recoverable	-13,444	939	-25,364	888
Other assets	-2,098	-2,168	-2,742	-1,036
Deposits in court	-112	-32	-286	-193
Trade payables	-12,343	-32,724	-11,179	-32,187
Tax, social security and labor obligations	10,100	12,888	-7,508	6,028
Other liabilities	-1,586	8,215	-568	5,386
Cash from operating activities	<u>84,301</u>	<u>121,732</u>	<u>153,292</u>	<u>219,091</u>
Other cash flows from operating activities:				
Payment of interest on borrowings, loan agreements, installment payments, and leases	-34,352	-11,869	-39,005	-15,245
Payment of tax, labor, and civil claims	-439	-433	-625	-651
Income tax and social contribution paid during the period	-2,960	-10,496	-22,975	-18,528
Net cash flows provided by operating activities	<u>46,550</u>	<u>98,934</u>	<u>90,687</u>	<u>184,667</u>
Cash flows from investing activities:				
Settlement of liabilities for purchase of investments	-39,266	0	-39,266	-9,023
Payment of interest on purchase of investments' obligations	-2,373	0	-2,373	-1,008
Acquisition of subsidiaries, net of acquired cash	0	-50,695	0	-50,695
Acquisition of property and equipment and intangible assets	-64,813	-17,562	-101,035	-27,389
Financial investments	0	43,130	0	144,835
Cash Flow used in investing activities	<u>-106,452</u>	<u>-25,127</u>	<u>-142,674</u>	<u>56,720</u>
Cash flows from financing activities:				
Purchase/sale of treasury shares	0	0	0	-19,794
Borrowings:				
- Proceeds from borrowings	0	0	560	0
- Amortization	-100,162	-103,951	-100,324	-106,659
Installments:				
- Amortization	-888	-1,075	-1,796	-1,997
Financial Leases:				
- Amortization	-18,398	-14,918	-36,565	-29,398
Dividend and interest on capital	-33,076	-17,092	-33,076	-17,092
Net cash used in financing activities	<u>-152,524</u>	<u>-137,036</u>	<u>-171,201</u>	<u>-174,940</u>
Increase (decrease) in cash and cash equivalents	<u>-212,426</u>	<u>-63,229</u>	<u>-223,188</u>	<u>66,447</u>
Changes in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period	251,191	261,982	261,953	132,306
Cash and cash equivalents at the end of the period	<u>38,765</u>	<u>198,753</u>	<u>38,765</u>	<u>198,753</u>
Increase (decrease) in cash and cash equivalents	<u>-212,426</u>	<u>-63,229</u>	<u>-223,188</u>	<u>66,447</u>