

Hypera S.A.
Quarterly information report
March 31, 2022

Content

Management report	3
Report on review of Quarterly Information - ITR	19
Balance sheet	23
Statements of income	24
Statements of comprehensive income	25
Statements of changes in shareholders' equity	26
Statements of cash flows	27
Statements of added value	28
Notes to the quarterly information report	29

Hypera Pharma grew Net Revenue by 27.6% and EBITDA from Continuing Operations by 39.7% in 1Q22, with organic market share gains for the 6th consecutive quarter

São Paulo, April 28, 2022 – 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 1st quarter of 2022. 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).

1Q22 Highlights

- Net Revenue of R\$1,493.6 million in the quarter, up 27.6% over 1Q21
- EBITDA from Continuing Operations of R\$505.7 million, or 39.7% higher than 1Q21
- Net Income from Continuing Operations of R\$349.5 million, an increase of 13.6% over 1Q21
- Operating Cash Flow of R\$311.8 million in the quarter, or 106.4% higher than 1Q21
- Organic sell-out growth of 21.5%¹, or 6.3p.p. higher than the market growth², according to IQVIA
- Interest on Equity approval of R\$194.8 million in 1Q22
- Conclusion of the Sanofi brands acquisition

Table 1

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,331.5	113.7%	1,709.4	114.4%	28.4%
Net Revenue	1,170.9	100.0%	1,493.6	100.0%	27.6%
Gross Profit	752.8	64.3%	939.2	62.9%	24.8%
SG&A (ex-Marketing and R&D)	(166.9)	-14.3%	(206.7)	-13.8%	23.9%
Marketing	(214.7)	-18.3%	(233.1)	-15.6%	8.6%
EBITDA from Continuing Operations	362.0	30.9%	505.7	33.9%	39.7%
Net Income from Continuing Operations	307.6	26.3%	349.5	23.4%	13.6%
Cash Flow from Operations	151.0	12.9%	311.8	20.9%	106.4%

EARNINGS CONFERENCE CALL – PORTUGUESE: 04/29/2022, 11am (Brasília) / 10am (New York)

Webcast: [click here](#) / **Phone:** +55 11 3181-8565 (code – Hypera)

Replay: +55 (11) 3193-1012 or +55 (11) 2820-4012 (code – 5476238#) or website ir.hypera.com

EARNINGS CONFERENCE CALL – ENGLISH (Simultaneous translation): 04/29/2022, 11am (Brasília) / 10am (New York)

Webcast: [click here](#) / **Phone:** US Toll Free +1 412 717-9627 | International +1 412 717-9627 (code – Hypera)

Replay: +55 (11) 3193-1012 (code – 8440138#) or website ir.hypera.com

Note: (1) Sell-out PPP 1Q22, as informed by IQVIA. It does not consider the sell-out of the portfolio acquired from Takeda in January/2021 and January/2022; (2) As informed by IQVIA, it excludes the infant formula segment

Operating Scenario

Net Revenue grew 27.6% in 1Q22 and reached R\$1,493.6 million. This performance was driven by: (i) the 21.5% organic sell-out² growth in the period, or 6.3 percentage points higher than the market growth², mainly as a consequence of the strong growth registered in the first two months of the quarter; and (ii) the contribution from the portfolio of medicines acquired from Takeda.

The organic sell-out growth above the market is a result of the Company's initiatives to boost its sustainable growth, with emphasis on the launches pace acceleration in recent years, increase in production capacity and investments behind its leading brands.

In **Prescription Products**, the performance benefited from the growth in chronic medicines, a segment in which the Company has been reinforcing its participation with several relevant launches, and by the growth of leading acute brands such as Rinosoro, Predsim, Dramin and Alivium. In **Consumer Health**, growth was driven by the leading brands in the anti-flu, analgesic and gastrointestinal categories, with Benegrip, Apracur and Engov as highlights.

In **Skincare**, the Company expanded its market share once again, benefited mainly by the important brand extensions launched recently in the Sun Protection and Rejuvenation categories, as well as by the growth of the portfolio of medicines acquired from Glenmark in early 2020. In **Similar and Generics**, the growth came from the recent acceleration in the pace of launches of new molecules in generics and the expansion of production capacity in the Anápolis manufacturing complex.

Hypera Pharma also evolved in its strategy for the **Institutional Market** and sold its first batches of immunoglobulin in 1Q22, which helped the institutional market to grow around 170% this quarter, and also started the construction of its pilot plant to support future growth.

The organic sell-out growth and the growth acceleration of the portfolio of medicines acquired from Takeda helped Hypera Pharma: (i) to expand its EBITDA Margin from Continuing Operations by 3.0 percentage points in 1Q22, to 33.9%; and (ii) to increase its operating cash generation by R\$160.7 million compared to 1Q21, to R\$311.8 million, reaching the highest level ever recorded by the Company in a first quarter.

In 1Q22, the Medicines Market Regulation Chamber (*Câmara de Regulação do Mercado de Medicamentos - CMED*) approved the price adjustment of medicines by up to 10.9%, with effect from 2Q22, which will help Hypera Pharma to offset part of the inflationary pressures registered in the last 12 months on its operating costs and expenses.

The Company also concluded the acquisition announced in 2021 of the portfolio of medicines from Sanofi in this quarter, which includes iconic Consumer Health brands such as AAS, Naturetti and Cepacol, as well as the prescription products Buclina and Hidantal, and also the sale of part of this acquired portfolio in Colombia and Mexico, reinforcing its absolute leadership in Consumer Health and its position in Prescription Products, with highlights in oral care, central nervous system and gastrointestinal categories.

The acquired Sanofi portfolio will be further strengthened from 2Q22 on by the new initiatives to increase sell-out growth and by Hypera Pharma's robust marketing, innovation and sales platform, **which is today the best platform in Brazil able to combine sustainable organic growth with acquisitions.**

Hypera Pharma has a unique portfolio of leading brands and a leading position in all segments of the pharmaceutical retail, in addition to strong investment capacity, which was evidenced in 2021, when the Company invested more than R\$2.0 billion in production capacity, innovation and marketing, more than any other Brazilian pharmaceutical industry invested in the year.

In this quarter, the Company promoted **Engov After**, **Neosaldina** and **Vitasay**, three of its main Consumer Health brands, in the largest TV entertainment program in Brazil, Big Brother Brasil. The marketing initiatives for Big Brother Brasil and its audience boosted the sales for these brands, impacted more than 100 million people and generated more than 24 thousand interactions on the Company's social networks.

Note: (1) Sell-out PPP 1Q22, as informed by IQVIA. It does not consider the sell-out of the portfolio acquired from Takeda in January/2021 and January/2022;
(2) As informed by IQVIA, it excludes the infant formula segment

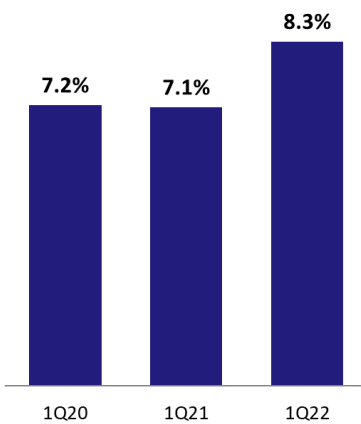
These investments and initiatives helped the Company in 1Q22 to: (i) grow organic sell-out above the market for the 6th consecutive quarter and in all of its business units dedicated to the pharmaceutical retail market; and (ii) more than double the pace of sell-out growth of the portfolio of medicines acquired from Takeda after just one year from the acquisition, being also able to capture around 90% of the integration synergies estimated with this acquisition.

The Company continued to invest in its sustainable growth, without losing sight of its commitment to cash return to shareholders. In 1Q22, the Company approved the Interest on Equity distribution of R\$194.8 million, or R\$0.31/share.

The performance presented in 1Q22, the strength and resilience of the Company's portfolio of leading brands, the contribution of the launches and the portfolio of medicines acquired from Sanofi reinforce Hypera Pharma's confidence in achieving the financial targets and projections set for 2022.

Innovation & Launches

R&D Investments on Net Revenue¹



Total R&D investments, including the amount capitalized as intangible assets, totaled R\$123.5 million in 1Q22, and corresponded to 8.3% of the Net Revenue in the period.

The innovation index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 21% in the 1Q22. It is worth mentioning that the Innovation Index includes the contribution to revenues from the portfolio of medicines acquired from Takeda and Buscopan.

In this quarter, the Company launched several products in all its business units. In Consumer Health, the main highlight was **Neosaldina Dip**, a line extension of the leading brand Neosaldina to treat headache acquired from Takeda in 2021.

The brand extensions of the Vitasay brand, such as **Vitasay A-Z Homem**, **Vitasay A-Z Mulher**, **Vitasay Vitamina D**, **Vitasay Imune D Tripla Ação**, and **Vitasay A-Z Energia**, were also highlights of 1Q22.

In Prescription Products, the highlight was **Ofolato SOP**, a supplement based on L-Methylfolate calcium associated with vitamin B6, vitamin B9, vitamin B12 and vitamin D.

In Skincare, the highlights were the line extensions of **Episol**, and in Similar and Generics, the launches of **Paroxetine**, **Minoxidil**, **Montelukast** and **Desrinite**.



Note: (1) Considers R&D expenses and the amount capitalized as an intangible asset and excludes the effect of the Lei do Bem and R&D amortizations

Earnings Discussion

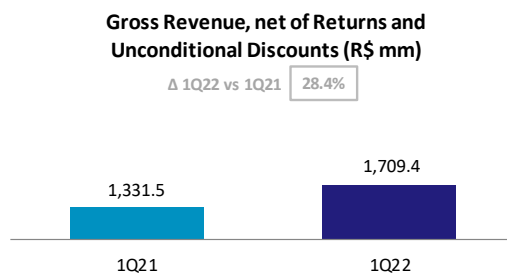
Income Statement

Table 2

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ %
Net Revenue	1,170.9	100.0%	1,493.6	100.0%	27.6%
Gross Profit	752.8	64.3%	939.2	62.9%	24.8%
Marketing Expenses	(214.7)	-18.3%	(233.1)	-15.6%	8.6%
Selling Expenses	(151.4)	-12.9%	(183.7)	-12.3%	21.3%
General and Administrative Expenses	(55.9)	-4.8%	(65.5)	-4.4%	17.2%
Other Operating Revenues (Expenses)	0.5	0.0%	5.6	0.4%	1020.5%
Equity in Subsidiaries	(0.5)	0.0%	5.5	0.4%	-
EBIT from Continuing Operations	330.8	28.3%	468.1	31.3%	41.5%
Net Financial Expenses	(41.3)	-3.5%	(173.6)	-11.6%	320.2%
Income Tax and CSLL	18.1	1.5%	55.1	3.7%	203.7%
Net Income (Loss) from Continuing Operations	307.6	26.3%	349.5	23.4%	13.6%
Net Income from Discontinued Operations	(2.5)	-0.2%	(2.6)	-0.2%	3.6%
Net Income (Loss)	305.1	26.1%	346.9	23.2%	13.7%
EBITDA from Continuing Operations	362.0	30.9%	505.7	33.9%	39.7%

Net Revenue

Graph 1



Graph 2

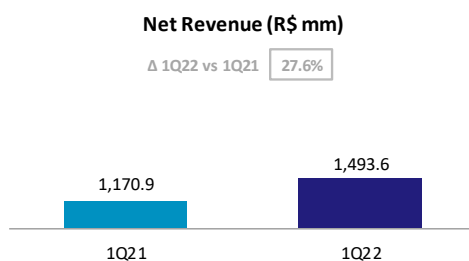


Table 3

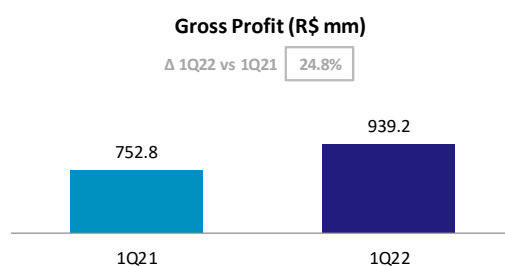
(R\$ million)	1Q21	1Q22	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,331.5	1,709.4	28.4%
Promotional Discounts	(62.6)	(94.0)	50.0%
Taxes	(98.0)	(121.9)	24.3%
Net Revenue	1,170.9	1,493.6	27.6%

The growth in Net Revenue was 27.6% in 1Q22, when compared to the same period of the previous year, and reached R\$1,493.6 million. This growth is mainly a result of: (i) the organic sell-out growth in the period, which was driven by the performance in Consumer Health, Prescription Products, Similar and Generic and Skincare; and (ii) the contribution to the Net Revenue of the portfolio of medicines acquired from Takeda since February/2021.

When excluding the contribution from the portfolio of medicines acquired from Takeda in January/2021 and January/2022, the growth in Net Revenue reached 24.5%, or 3.0 percentage points above the organic sell-out growth in the quarter.

Gross Profit

Graph 3



Graph 4

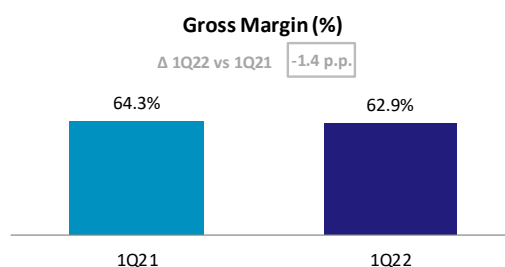


Table 4

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ %	Δ p.p.
Gross Profit	752.8	64.3%	939.2	62.9%	24.8%	-1.4 p.p.

Gross Profit reached R\$939.2 million in the quarter, with a Gross Margin of 62.9%, compared to 64.3% in 1Q21. The variation of Gross Margin is mainly the result of: (i) the devaluation of the Real against the US Dollar that affected the Cost of Goods Sold, which negatively impacted the Gross Margin; and (ii) the increase of other costs above the price increase in the period.

In order to mitigate the impact of the devaluation of the Brazilian Real against the US Dollar and to protect its operations from FX volatility, the Company: (i) updated the prices of its portfolio as of 2Q22, in line with what was authorized by the Medicines Market Regulation Chamber (*Câmara de Regulação do Mercado de Medicamentos - CMED*); and (ii) carried out foreign exchange derivatives operations (foreign exchange hedge) related to the future purchase of raw material indexed to US Dollar estimated for 2022.

Marketing Expenses

Table 5

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ %
Marketing Expenses	(214.7)	-18.3%	(233.1)	-15.6%	8.6%
Advertisement and Consumer Promotion	(59.6)	-5.1%	(66.1)	-4.4%	10.8%
Trade Deals	(33.5)	-2.9%	(35.9)	-2.4%	6.9%
Medical Visits, Promotions and Others	(121.6)	-10.4%	(131.2)	-8.8%	7.9%

Marketing Expenses reduced their share of Net Revenue by 2.7 percentage points in 1Q22, from 18.3% of Net Revenue in 1Q21 to 15.6% in 1Q22. This reduction was mainly due to the decrease in the share of Medical Visits, Promotions and Others over Net Revenue, a consequence mainly of: (i) the acceleration of sell-out and Net Revenue growth in Prescription Products; and (ii) the operational synergies from the integration of the portfolio of prescription products acquired from Takeda.

Selling Expenses

Table 6

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ %
Selling Expenses	(151.4)	-12.9%	(183.7)	-12.3%	21.3%
Commercial Expenses	(83.9)	-7.2%	(108.5)	-7.3%	29.4%
Freight and Logistics Expenses	(27.1)	-2.3%	(32.6)	-2.2%	20.4%
Research & Development	(40.4)	-3.4%	(42.5)	-2.8%	5.2%

Selling Expenses represented 12.3% of Net Revenue in the quarter, a decrease of 0.6 percentage point when compared to 1Q21. This reduction is mainly due to the dilution of Research and Development expenses in 1Q22, a result of the 27.6% growth in Net Revenue in 1Q22 when compared to 1Q21.

In the quarter, total R&D investments, including the amount capitalized as intangible assets, reached 8.3% of Net Revenue, compared to 7.1% in 1Q21, reinforcing the Company's commitment to innovation and sustainable growth.

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

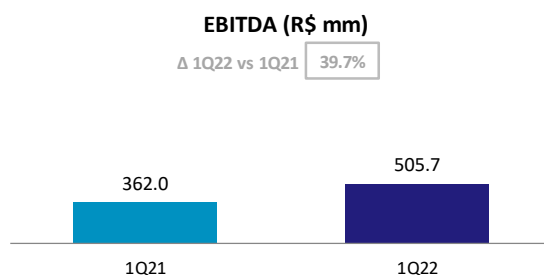
Table 7

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ %
General & Administrative Expenses	(55.9)	-4.8%	(65.5)	-4.4%	17.2%
Other Operating Revenues (Expenses)	0.5	0.0%	5.6	0.4%	1020.5%

General and Administrative Expenses reduced its participation over the Net Revenue by 0.4 percentage point in 1Q22, mainly as a result of: (i) the dilution of fixed administrative expenses due to the growth of Net Revenue of 27.6% in the quarter; and (ii) the Company's initiatives to preserve the profitability of its operations.

EBITDA from Continuing Operations

Graph 5



Graph 6

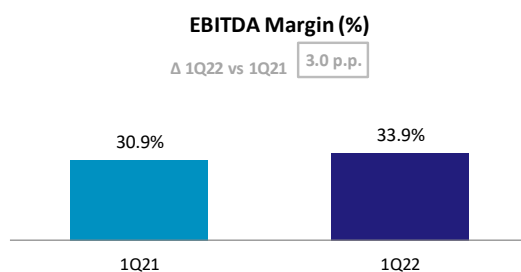


Table 8 – EBITDA from Continuing Operations

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ %
EBITDA from Continuing Operations	362.0	30.9%	505.7	33.9%	39.7%

EBITDA from Continuing Operations was R\$505.7 million in 1Q22, with 39.7% growth over the previous year and margins of 33.9%. The EBITDA from Continuing Operations growth is mainly the result of the combination of the 24.8% growth in Gross Profit and the dilution of Marketing, Selling and General and Administrative expenses.

Net Financial Expenses

Table 9

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ R\$
Financial Result	(41.3)	-3.5%	(173.6)	-11.6%	(132.3)
Net Interest Expenses	(33.2)	-2.8%	(134.7)	-9.0%	(101.5)
Cost of Hedge and FX Gains (Losses)	3.2	0.3%	(15.1)	-1.0%	(18.4)
Other	(11.3)	-1.0%	(23.7)	-1.6%	(12.4)

The Financial Result presented a negative balance of R\$173.6 million in 1Q22, compared to R\$41.3 million in 1Q21. This variation is the result of the increase in interest expenses due to the Company's higher gross debt, resulting mainly from the issuance of debentures to pay for recent acquisitions.

Net Income

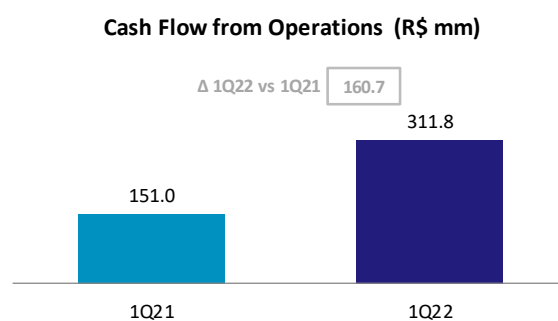
Table 10

(R\$ million)	1Q21	1Q22	Δ %
EBIT from Continuing Operations	330.8	468.1	41.5%
(-) Net Financial Expenses	(41.3)	(173.6)	320.2%
(-) Income Tax and Social Contribution	18.1	55.1	203.7%
Net Income from Continuing Operations	307.6	349.5	13.6%
(+) Net Income from Discontinued Operations	(2.5)	(2.6)	3.6%
Net Income	305.1	346.9	13.7%
EPS	0.48	0.55	13.9%
EPS from Continuing Operations	0.49	0.55	13.6%

Net Income from Continuing Operations totalled R\$349.5 million in the quarter, an increase of 13.6% over 1Q21. The variation in Net Income from Continuing Operations is mainly a consequence of the 41.5% growth in EBIT from Continuing Operations and the Net Financial Expenses of R\$173.6 million in the 1Q22.

Cash Flow (Continuing and Discontinued Operations)

Graph 7



Graph 8

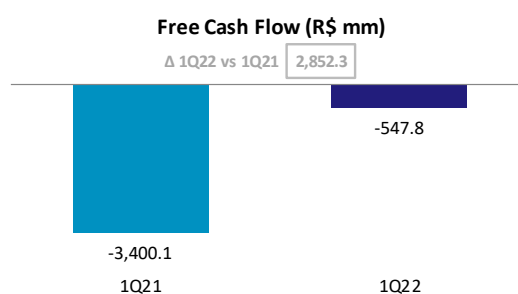


Table 11

(R\$ million)	1Q21	1Q22
Cash Flow from Operations	151.0	311.8
Capital increase in subsidiaries/associates	(0.2)	(4.2)
Purchase of Property, Plant and Equipment	(115.1)	(102.5)
Purchase of Intangible Assets	(46.7)	(729.9)
Acquisitions of Subsidiaries, Net of Cash Acquired	(3,543.6)	(10.0)
Sale of Property, Plant and Equipment	154.5	(13.0)
(=) Free Cash Flow	(3,400.1)	(547.8)

Operating Cash Flow increased by R\$160.7 million to R\$311.8 million, the highest level ever recorded by the Company in a first quarter. Free cash flow was negative in R\$547.8 million, mainly due to the payment for the portfolio of medicines acquired from Sanofi made in 1Q22, net of the sale of the ex-Brazil portion of the portfolio.

In 1Q21, free cash flow was negative by R\$3,400.1 million, mainly as a result of the payment for the portfolio of medicines acquired from Takeda, net of the sale of the ex-Brazil portion of the portfolio and the Xantinon brand, in the amount of R\$3.3 billion.

Net Debt

Table 12

(R\$ million)	1Q22
Loans and Financing	(8,199.7)
Notes Payable	(35.9)
Gross Debt	(8,235.6)
Cash and Cash Equivalents	1,595.2
Net Cash / (Debt)	(6,640.4)
Unrealized Gain/Loss on Debt Hedge	(68.8)
Net Cash / (Debt) After Hedge	(6,709.2)

The Company ended 1Q22 with a Net Debt After Hedge position of R\$6,709.2 million, compared to R\$5,143.9 million recorded at the end of 4Q21. The increase in Net Debt after Hedge was mainly due to: (i) the payment of the Interest on Equity declared in 2021, in amount of R\$1.23/share; and (ii) the payment for the portfolio of medicines acquired from Sanofi, net of the sale of the ex-Brazil portfolio.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	1Q21	2Q21	3Q21	4Q21	1Q22	(R\$ million)	1Q21	2Q21	3Q21	4Q21	1Q22
Receivables ⁽¹⁾	108	98	91	103	104	Receivables	1,546	1,796	1,807	2,039	1,887
Inventories ⁽²⁾	237	200	188	193	249	Inventories	1,099	1,153	1,230	1,303	1,531
Payables ⁽²⁾⁽³⁾	(170)	(135)	(125)	(117)	(139)	Payables ⁽³⁾	(791)	(778)	(816)	(791)	(854)
Cash Conversion Cycle	174	163	154	179	214	Working Capital	1,854	2,171	2,222	2,552	2,564
						% of Annualized Net Revenue ⁽⁴⁾	40%	36%	34%	39%	43%

(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\$910.3 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$2,081.7 million (please refer to Explanatory Note 23(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 14

(R\$ million)	1Q21	% NR	1Q22	% NR	Δ %
Net Income	305.1	26.1%	346.9	23.2%	13.7%
(+) Income Tax and CSLL	(19.4)	-1.7%	(56.4)	-3.8%	191.3%
(+) Net Interest Expenses	41.3	3.5%	173.6	11.6%	320.2%
(+) Depreciations / Amortizations	31.1	2.7%	37.6	2.5%	20.7%
EBITDA	358.2	30.6%	501.7	33.6%	40.1%
(-) EBITDA from Discontinued Operations	3.8	0.3%	4.0	0.3%	5.0%
Adjusted EBITDA (EBITDA from Continuing Operations)	362.0	30.9%	505.7	33.9%	39.7%

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.

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 15

	1Q21	1Q22
Net Revenue	1,170,862	1,493,550
Cost of Goods Sold	(418,063)	(554,360)
Gross Profit	752,799	939,190
Selling and Marketing Expenses	(366,094)	(416,766)
General and Administrative Expenses	(55,861)	(65,474)
Other Operating Revenues (Expenses)	503	5,636
Equity in Subsidiaries	(529)	5,469
Operating Income Before Equity Income and Financial Result	330,818	468,055
Net Financial Expenses	(41,313)	(173,593)
Financial Expenses	(58,068)	(229,470)
Financial Income	16,755	55,877
Profit Before Income Tax and Social Contribution	289,505	294,462
Income Tax and Social Contribution	18,128	55,059
Net Income from Continuing Operations	307,633	349,521
Net Income from Discontinued Operations	(2,541)	(2,633)
Income for the Period	305,092	346,888
Earnings per Share – R\$	0.48	0.55

Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2021	03/31/2022	Liabilities and Shareholders' Equity	12/31/2021	03/31/2022
Current Assets	6,491,633	6,067,824	Current Liabilities	2,776,526	3,521,561
Cash and Cash Equivalents	2,287,062	1,595,166	Suppliers	327,133	399,436
Accounts Receivables	2,039,474	1,887,346	Suppliers' Assignment of Receivables	463,627	454,664
Inventories	1,303,480	1,531,128	Loans and Financing	565,648	1,639,301
Recoverable Taxes	597,195	623,575	Salaries Payable	284,290	254,773
Financial Derivatives	29,305	19,166	Income Tax and Social Contribution	984	1,009
Other Assets	232,348	408,674	Taxes Payable	68,865	57,424
Dividends and IOC receivables	2,769	2,769	Accounts Payable	276,647	282,939
			Dividends and IOC Payable	704,808	194,782
			Notes Payable	36,840	27,146
			Financial Derivatives	47,684	210,087
Non-Current Assets	13,326,329	14,304,793	Non-Current Liabilities	7,207,965	6,952,648
Long Term Assets	1,097,410	1,150,728	Loans and Financing	6,795,339	6,560,354
Deferred Income Tax and Social Contribution	355,115	419,067	Deferred Income Tax and Social Contribution	73,993	67,817
Recoverable Taxes	492,676	469,945	Taxes Payable	12,495	10,444
Other Assets	249,619	261,716	Accounts Payable	99,548	114,551
			Provisions for Contingencies	193,494	186,154
			Notes Payable	8,544	8,751
			Financial Derivatives	24,552	4,577
Fixed Assets and Investments	12,228,919	13,154,065	Shareholders' Equity	9,833,471	9,898,408
Investments	111,001	120,669	Capital	4,478,126	4,478,126
Investment Properties	25,616	25,439	Capital Reserve	1,251,417	1,250,616
Property, Plants and Equipments	2,095,140	2,184,470	Equity Valuation Adjustments	(181,839)	(295,335)
Intangible Assets	9,997,162	10,823,487	Profit Reserves	4,360,237	4,360,237
			Treasury Stock	(81,350)	(54,261)
			Attributed to non-controlling shareholders	6,880	6,131
			Income for the Period	0	152,894
Total Assets	19,817,962	20,372,617	Total Liabilities and Shareholders' Equity	19,817,962	20,372,617

Consolidated Cash Flow Statement (R\$ thousand)

Tabela 17

	1Q21	1Q22
Cash Flows from Operating Activities		
Income (Loss) Before Income Taxes including Discontinued Operations	285,734	290,504
Depreciation and Amortization	31,146	37,606
Asset Impairment	97	365
Gain on Permanent Asset Disposals	(14,287)	412
Equity Method	586	(5,469)
Foreign Exchange (Gains) Losses	(3,211)	15,139
Net Interest and Related Revenue/Expenses	44,524	158,454
Expenses Related to Share Based Remuneration	4,131	5,679
Provisions	16,208	(7,583)
Adjusted Results	364,928	495,107
Decrease (Increase) in Assets	(295,654)	(165,561)
Trade Accounts Receivable	(30,690)	157,793
Inventories	(180,421)	(184,316)
Recoverable Taxes	(49,226)	42,303
Judicial Deposits and Others	17,037	(7,865)
Other Accounts Receivable	(52,354)	(173,476)
Increase (Decrease) in Liabilities	81,774	(17,772)
Suppliers	42,507	63,748
Suppliers' Assignment of Receivables	10,644	(12,220)
Financial Derivatives	12,056	(41,685)
Income Tax and Social Contribution Paid	(6,882)	(471)
Taxes Payable	10,354	(12,428)
Salaries and Payroll Charges	13,284	(30,545)
Accounts Payable	12,026	19,739
Operations Interest Paid	(12,103)	(4,287)
Other Accounts Payable	(112)	377
Net Cash Provided by Operating Activities	151,048	311,774
Cash Flows from Investing Activities		
Capital Increase/Decrease in Subsidiaries/Affiliates	(202)	(4,228)
Acquisitions of Subsidiaries, Net of Cash Acquired	(3,543,631)	(9,990)
Acquisitions of Property, Plant and Equipment	(115,124)	(102,483)
Intangible Assets	(46,667)	(729,879)
Proceeds from the Sale of Assets with Permanent Nature	154,513	(12,958)
Interest and Others	7,535	29,820
Investment Hedge	46,396	(140,366)
Net Cash From Investing Activities	(3,497,180)	(970,084)
Cash Flows from Financing Activities		
Borrowings	1,105,000	813,075
Treasury Stock Purchase / Sale	(84,973)	21,613
Repayment of Loans - Principal	(21,583)	(20,365)
Repayment of Loans - Interest	(26,014)	(129,147)
Dividends and IOC Paid	(671,594)	(704,799)
Loan Derivatives	0	(13,963)
Net Cash From Financing Activities	300,836	(33,586)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,045,296)	(691,896)
Statement of Increase in Cash and Cash Equivalents, Net		
Cash and Cash Equivalents at the Beginning of the Period	4,743,298	2,287,062
Cash and Cash Equivalents at the End of the Period	1,698,002	1,595,166
Change in Cash and Cash Equivalent	(3,045,296)	(691,896)

(A free translation of the original in Portuguese)

Hypera S.A.
Quarterly Information (ITR) at
March 31, 2022
and report on review of
quarterly information

Report on review of quarterly information

To the Board of Directors and Stockholders
Hypera S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Hypera S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2022, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Emphasis of matter - Investigation in progress

As mentioned in Note 31(a) to the Quarterly Information (ITR), due to the investigation led by the Federal Public Prosecution Office (MPF), under orientation of the Judiciary as part of the "Tira-Teima Operation", related to the Company's former Institutional Relations officer's admission to having made inappropriate payments between 2013 and 2016, the Board of Directors formed an Independent Special Committee that coordinated with the support of independent specialists an internal investigation. The investigation was concluded and indicated that proven undue payments were made by the Company, which were reimbursed by the Company's joint-controlling stockholder and by the former officer. Hypera S.A. has collaborated with the investigations conducted by the competent authorities with the support of specialized advisors and evaluates the convenience and the opportunity to resort to the legal mechanisms that are appropriate for the final conclusion of the matter, including the chances of concluding agreements with the competent authorities. At the moment, the Company's management concluded that it is unable to accurately and reliably determine the potential additional impacts resulting from the facts related to the "Tira-Teima Operation". Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the quarter ended March 31, 2022. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been

properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Goiânia, April 28, 2022

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Marcos Magnusson de Carvalho
Contador CRC 1SP215373/O-9

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at March 31, 2022

Hypera S.A.

Balance sheets

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021		March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Assets					Liabilities and equity				
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	1,410,651	2,121,253	1,595,166	2,287,062	Suppliers (Note 20)	741,868	878,489	399,436	327,133
Accounts receivable (Note 11)	1,868,644	2,017,241	1,887,346	2,039,474	Suppliers' assignments of receivables (Note 21)	7,392	7,625	454,664	463,627
Inventory (Note 12)	344,056	324,986	1,531,128	1,303,480	Loans, financing and debentures (Note 22)	1,630,857	557,077	1,639,301	565,648
Taxes recoverable (Note 13)	450,080	458,559	623,575	597,195	Salaries payable	162,512	178,762	254,773	284,290
Derivative financial instruments (Note 4(e))	-	15,360	19,166	29,305	Income tax and social contribution payable	-	-	1,009	984
Dividends receivable	13,159	13,159	2,769	2,769	Taxes payable (Note 24)	12,764	19,251	57,424	68,865
Other assets (Note 14)	334,492	181,510	408,674	232,348	Notes payable	27,146	36,840	27,146	36,840
	<u>4,421,082</u>	<u>5,132,068</u>	<u>6,067,824</u>	<u>6,491,633</u>	Dividends and interest on capital payable	194,782	704,808	194,782	704,808
					Derivative financial instruments (Note 4(e))	68,557	27,612	210,087	47,684
					Accounts payable (Note 25)	170,994	163,102	282,939	276,647
						<u>3,016,872</u>	<u>2,573,566</u>	<u>3,521,561</u>	<u>2,776,526</u>
Non-current assets					Non-current liabilities				
Long-term receivables					Loans, financing and debentures (Note 22)	6,556,713	6,789,877	6,560,354	6,795,339
Deferred income tax and social contribution (Note 23 (a))	386,483	312,530	419,067	355,115	Taxes payable (Note 24)	1,527	1,762	10,444	12,495
Taxes recoverable (Note 13)	408,130	433,969	469,945	492,676	Deferred income tax and social contribution (Note 23(b))	-	-	67,817	73,993
Other assets (Note 14)	231,540	219,862	261,716	249,619	Provision for contingencies (Note 26)	159,618	166,711	186,154	193,494
	<u>1,026,153</u>	<u>966,361</u>	<u>1,150,728</u>	<u>1,097,410</u>	Derivative financial instruments (Note 4(e))	4,577	24,552	4,577	24,552
					Notes payable	8,751	8,544	8,751	8,544
					Accounts payable (Note 25)	94,152	80,174	114,551	99,548
						<u>6,825,338</u>	<u>7,071,620</u>	<u>6,952,648</u>	<u>7,207,965</u>
Investments (Note 16)	4,000,810	3,850,259	120,669	111,001	Total liabilities	<u>9,842,210</u>	<u>9,645,186</u>	<u>10,474,209</u>	<u>9,984,491</u>
Investment properties (Note 17)	25,439	25,616	25,439	25,616					
Property, plant and equipment (Note 18)	196,477	179,767	2,184,470	2,095,140	Equity				
Intangible assets (Note 19)	10,064,526	9,317,706	10,823,487	9,997,162	Share capital (Note 27 (a))	4,478,126	4,478,126	4,478,126	4,478,126
	<u>14,287,252</u>	<u>13,373,348</u>	<u>13,154,065</u>	<u>12,228,919</u>	Capital reserves	1,250,616	1,251,417	1,250,616	1,251,417
					Equity valuation adjustments	(295,335)	(181,839)	(295,335)	(181,839)
					Profit reserves	4,360,237	4,360,237	4,360,237	4,360,237
					Treasury shares	(54,261)	(81,350)	(54,261)	(81,350)
					Retained earnings	152,894	-	152,894	-
					Equity attributable to the owners of the parent company	<u>9,892,277</u>	<u>9,826,591</u>	<u>9,892,277</u>	<u>9,826,591</u>
					Equity attributable to noncontrolling interests	-	-	6,131	6,880
					Total equity	<u>9,892,277</u>	<u>9,826,591</u>	<u>9,898,408</u>	<u>9,833,471</u>
Total assets	<u>19,734,487</u>	<u>19,471,777</u>	<u>20,372,617</u>	<u>19,817,962</u>	Total liabilities and equity	<u>19,734,487</u>	<u>19,471,777</u>	<u>20,372,617</u>	<u>19,817,962</u>

The accompanying notes are an integral part of the quarterly information.

Hypera S.A.

Statements of income
Periods ended March 31

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Continuing operations				
Net revenue (Note 28)	1,520,907	1,195,690	1,493,550	1,170,862
Cost of sales (Note 29(a))	(676,929)	(499,512)	(554,360)	(418,063)
	843,978	696,178	939,190	752,799
Gross profit				
Selling and marketing expenses (Note 29(a))	(367,969)	(323,316)	(416,766)	(366,094)
General and administrative expenses (Note 29(a))	(44,712)	(39,762)	(65,474)	(55,861)
Other operating income, net (Note 29(b))	11,965	5,115	5,636	503
Equity accounting (Note 16 (b))	29,385	5,927	5,469	(529)
	472,647	344,142	468,055	330,818
Income before financial income and expenses				
Financial income (Note 29 (c))	48,899	15,295	55,877	16,755
Financial expenses (Note 29 (d))	(242,640)	(70,761)	(229,470)	(58,068)
	(193,741)	(55,466)	(173,593)	(41,313)
Income before income tax and social contribution	278,906	288,676	294,462	289,505
Income tax and social contribution (Note 23(c))	71,394	19,214	55,059	18,128
	350,300	307,890	349,521	307,633
Net income from continuing operations				
Discontinued operations				
Net income from discontinued operations (Note 15)	(2,633)	(2,541)	(2,633)	(2,541)
	347,667	305,349	346,888	305,092
Net income for the period				
Attributable to				
Owners of the parent company			347,667	305,349
Noncontrolling interests			(779)	(257)
			346,888	305,092
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)			0.55257	0.48635
Diluted earnings per share (in R\$)			0.54984	0.48087
Earnings per share - Total operations				
Basic earnings per share (in R\$)			0.54964	0.48274
Diluted earnings per share (in R\$)			0.54692	0.47730

The accompanying notes are an integral part of the quarterly information.

Hypera S.A.

Statement of comprehensive income
Periods ended March 31

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Net income for the period	347,667	305,349	346,888	305,092
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	96,238	40,129	96,238	40,129
Income tax and social contribution on other comprehensive income	(32,711)	(13,643)	(32,711)	(13,643)
	<u>63,527</u>	<u>26,486</u>	<u>63,527</u>	<u>26,486</u>
Items that will not be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	47,275	115,806	47,275	115,806
Income tax and social contribution on other comprehensive income	2,694	(39,374)	2,694	(39,374)
	<u>49,969</u>	<u>76,432</u>	<u>49,969</u>	<u>76,432</u>
Other comprehensive income, net of income tax and social contribution	113,496	102,918	113,496	102,918
Comprehensive income for the period	461,163	408,267	460,384	408,010
Attributable to				
Owners of the parent company			461,163	408,267
Noncontrolling interests			(779)	(257)
			<u>460,384</u>	<u>408,010</u>

The accompanying notes are an integral part of the quarterly information.

Hypera S.A.

Statement of changes in equity
In thousands of Reais

(A free translation of the original in Portuguese)

	Capital reserves					Profit reserves				Equity attributable to the owners of the parent company	Equity attributable to noncontrolling interests	Total equity	
	Capital	Premium on share issuance	Share purchase options	Debtenture subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve				Retained earnings
Balances at January 1, 2021	<u>4,478,126</u>	<u>1,119,797</u>	<u>96,340</u>	<u>50,244</u>	<u>(278)</u>	<u>(336,724)</u>	<u>180,592</u>	<u>3,426,232</u>	<u>226,386</u>	<u>-</u>	<u>9,240,715</u>	<u>-</u>	<u>9,240,715</u>
Adjustment of provision for returns by estimate, net of taxes	-	-	-	-	-	-	-	-	-	(24,091)	(24,091)	-	(24,091)
Share purchase options	-	-	4,130	-	-	-	-	-	-	-	4,130	-	4,130
Results on sales of treasury shares	-	(6,298)	-	-	-	-	-	-	-	-	(6,298)	-	(6,298)
Acquisition of shares (Note 27(b))	-	-	-	-	(85,118)	-	-	-	-	-	(85,118)	-	(85,118)
Sales of shares (Note 27(b))	-	-	-	-	6,443	-	-	-	-	-	6,443	-	6,443
Net income for the period	-	-	-	-	-	-	-	-	-	305,349	305,349	-	305,349
Interest on capital	-	-	-	-	-	-	-	-	-	(194,771)	(194,771)	-	(194,771)
Non-controlling interests in subsidiaries/associates	-	-	-	-	-	-	-	-	-	-	-	1,451	1,451
Other comprehensive income	-	-	-	-	-	102,918	-	-	-	-	102,918	-	102,918
Gains or losses on derivatives, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at March 31, 2021	<u>4,478,126</u>	<u>1,113,499</u>	<u>100,470</u>	<u>50,244</u>	<u>(78,953)</u>	<u>(233,806)</u>	<u>180,592</u>	<u>3,426,232</u>	<u>226,386</u>	<u>86,487</u>	<u>9,349,277</u>	<u>1,451</u>	<u>9,350,728</u>
Balances at January 1, 2022	<u>4,478,126</u>	<u>1,090,895</u>	<u>110,278</u>	<u>50,244</u>	<u>(81,350)</u>	<u>(181,839)</u>	<u>180,592</u>	<u>3,993,329</u>	<u>186,316</u>	<u>-</u>	<u>9,826,591</u>	<u>6,880</u>	<u>9,833,471</u>
Share purchase options	-	-	4,675	-	-	-	-	-	-	-	4,675	-	4,675
Results on sales of treasury shares	-	(5,476)	-	-	-	-	-	-	-	-	(5,476)	-	(5,476)
Sales of shares (Note 27(b))	-	-	-	-	27,089	-	-	-	-	-	27,089	-	27,089
Net income for the period	-	-	-	-	-	-	-	-	-	347,667	347,667	-	347,667
Interest on capital	-	-	-	-	-	-	-	-	-	(194,773)	(194,773)	-	(194,773)
Interest attributable to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	(749)	(749)
Other comprehensive income	-	-	-	-	-	(113,496)	-	-	-	-	(113,496)	-	(113,496)
Gains or losses on derivatives, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at March 31, 2022	<u>4,478,126</u>	<u>1,085,419</u>	<u>114,953</u>	<u>50,244</u>	<u>(54,261)</u>	<u>(295,335)</u>	<u>180,592</u>	<u>3,993,329</u>	<u>186,316</u>	<u>152,894</u>	<u>9,892,277</u>	<u>6,131</u>	<u>9,898,408</u>

The accompanying notes are an integral part of the quarterly information.

Hypera S.A.

Statement of cash flows
Periods ended March 31
In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	274,896	285,164	290,504	285,734
Adjustments for				
Depreciation and amortization	14,942	11,861	37,606	31,146
Impairment of assets	-	95	365	97
Results on sales of fixed assets	857	(13,923)	412	(14,287)
Equity accounting	(29,485)	(5,367)	(5,469)	586
Foreign exchange (gains) losses	1,397	(69)	15,139	(3,211)
Interest and related expenses (income)	192,344	55,535	158,454	44,524
Share-based compensation expenses	4,916	3,446	5,679	4,131
Provisions	(10,605)	7,287	(7,583)	16,208
Adjusted income	449,262	344,029	495,107	364,928
Changes in assets and liabilities				
Accounts receivable	154,667	(30,408)	157,793	(30,690)
Inventory	(27,869)	(75,092)	(184,316)	(180,421)
Taxes recoverable	38,438	(28,521)	42,303	(49,226)
Deposits with courts and others	(7,422)	17,314	(7,865)	17,037
Other accounts receivable	(154,388)	(51,662)	(173,476)	(52,354)
Suppliers	(137,258)	41,016	63,748	42,507
Suppliers' assignment of receivables	(3,394)	5,503	(12,220)	10,644
Derivative financial instruments	-	1,859	(41,685)	12,056
Accounts payable	17,474	3,938	19,739	12,026
Taxes payable	(6,504)	1,701	(12,428)	10,354
Salaries/wages payable	(17,254)	18,522	(30,545)	13,284
Interest	(3,268)	(3,553)	(4,287)	(12,103)
Income tax and social contribution paid	-	-	(471)	(6,882)
Other accounts payable	925	(340)	377	(112)
Net cash provided by operating activities	303,409	244,306	311,774	151,048
Cash flow from investment activities				
Acquisition of subsidiaries (less net cash on acquisition)	(9,990)	(3,544,857)	(9,990)	(3,543,631)
Capital increases in subsidiaries/associates	(183,831)	(216,400)	(4,228)	(202)
Purchases of property, plant and equipment	(2,096)	(6,603)	(102,483)	(115,124)
Purchases of intangible assets	(665,772)	(4,705)	(729,879)	(46,667)
Investment hedges	(140,091)	46,396	(140,366)	46,396
Proceeds from sale of fixed assets	(13,629)	154,624	(12,958)	154,513
Interest and other	25,592	7,160	29,820	7,535
Loans receivable	4,544	(6,442)	-	-
Net cash used in investment activities	(985,273)	(3,570,827)	(970,084)	(3,497,180)
Cash flow from financing activities				
Purchases of treasury shares	-	(85,118)	-	(85,118)
Hedge of loans	(13,963)	-	(13,963)	-
Sales of treasury shares	21,613	145	21,613	145
Proceeds from borrowings	813,075	1,105,000	813,075	1,105,000
Payment of loans - principal	(17,864)	(19,566)	(20,365)	(21,583)
Payments of loans - interest	(126,800)	(25,597)	(129,147)	(26,014)
Dividends and interest on capital paid	(704,799)	(671,594)	(704,799)	(671,594)
Loans payable	-	1,468	-	-
Net cash (used in) provided by financing activities	(28,738)	304,738	(33,586)	300,836
Net decrease in cash and cash equivalents	(710,602)	(3,021,783)	(691,896)	(3,045,296)
Cash and cash equivalents at beginning of the period	2,121,253	4,646,159	2,287,062	4,743,298
Cash and cash equivalents at end of the period	1,410,651	1,624,376	1,595,166	1,698,002
Change in cash and cash equivalents	(710,602)	(3,021,783)	(691,896)	(3,045,296)
Transactions not involving cash	10,931	14,726	23,426	35,302
Acquisition of companies	9,990	12,331	9,990	12,331
Acquisitions of property, plant and equipment	941	2,395	13,436	22,971

The accompanying notes are an integral part of the quarterly information.

Hypera S.A.

Statement of value added (*)
Periods ended March 31

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Gross revenue				
Sales of goods and products, including discontinued operations	1,591,560	1,266,845	1,615,405	1,268,891
Other income	8,127	28,583	4,536	32,402
Income related to construction of own assets	662	3,787	2,590	27,046
Allowance for doubtful accounts	654	837	311	(362)
	<u>1,601,003</u>	<u>1,300,052</u>	<u>1,622,842</u>	<u>1,327,977</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(667,378)	(520,119)	(474,798)	(381,269)
Materials, power, third-party services and others	(230,054)	(212,349)	(352,983)	(318,810)
Impairment of assets	(25,678)	(14,311)	(28,923)	(23,573)
	<u>(923,110)</u>	<u>(746,779)</u>	<u>(856,704)</u>	<u>(723,652)</u>
Gross value added	<u>677,893</u>	<u>553,273</u>	<u>766,138</u>	<u>604,325</u>
Depreciation and amortization	(14,942)	(11,861)	(37,606)	(31,146)
Net value added generated by the Company	<u>662,951</u>	<u>541,412</u>	<u>728,532</u>	<u>573,179</u>
Transfers of value added received				
Equity accounting	29,485	5,367	5,469	(586)
Financial income	48,899	15,295	55,877	16,755
	<u>78,384</u>	<u>20,662</u>	<u>61,346</u>	<u>16,169</u>
Total value added to be distributed	<u>741,335</u>	<u>562,074</u>	<u>789,878</u>	<u>589,348</u>
Distribution of value added				
Personnel and charges	172,935	162,284	299,341	277,603
Salaries and wages	146,893	134,551	247,004	224,131
Benefits	16,926	19,517	36,203	39,578
Government severance indemnity fund for employees (FGTS)	9,116	8,216	16,134	13,894
Taxes, fees and contributions	(24,419)	22,193	(92,147)	(55,927)
Federal	(53,350)	(4,510)	(30,774)	(11,666)
State	28,591	25,925	(61,954)	(45,084)
Municipal	340	778	581	823
Interest	242,558	70,598	229,325	57,869
Rentals	2,594	1,650	6,471	4,711
Capital remuneration	347,667	305,349	346,888	305,092
Interest on capital	194,773	194,771	194,773	194,771
Retained earnings	152,894	110,578	152,115	110,321
Value added distributed	<u>741,335</u>	<u>562,074</u>	<u>789,878</u>	<u>589,348</u>

(*) The statement of value added is not an integral part of the quarterly information under IFRS.

The accompanying notes are an integral part of the quarterly information.

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at March 31, 2022

Contents

1	General information	2
2	Summary of significant accounting policies	3
3	Critical accounting estimates and judgments	3
4	Financial risk management.....	3
5	Capital management	8
6	Estimate of fair value.....	9
7	Hedge accounting.....	11
8	Financial instruments by category	14
9	Credit quality of financial assets.....	16
10	Cash and cash equivalents	16
11	Accounts receivable	17
12	Inventory	17
13	Taxes recoverable.....	18
14	Other assets.....	18
15	Discontinued operations	19
16	Investments.....	19
17	Investment properties.....	21
18	Property, plant and equipment.....	21
19	Intangible assets.....	22
20	Suppliers.....	24
21	Suppliers' assignment of receivables	24
22	Loans and financing.....	25
23	Deferred income tax and social contribution.....	28
24	Taxes payable	30
25	Accounts payable	30
26	Provision for contingencies	33
27	Share capital	34
28	Revenue.....	34
29	Breakdown of the statement of income accounts	36
30	Related-party transactions	37
31	Other matters.....	39
b)	Impacts of the COVID-19 pandemic	40
32	Events after the reporting period.....	40

(A free translation of the original in Portuguese)

Notes to the quarterly information

(In thousands of Reais, unless stated otherwise)

1 General information

Hypera S.A. (“the Company”), headquartered in São Paulo - State of São Paulo (SP), is a Brazilian pharmaceuticals company and a leader in the various markets in which it operates (according to IQVIA data). Its mission is “providing access to healthcare for the Brazilian population, offering safe, high-quality products, continually investing in innovation and growing in a sustainable way, enabling people to live longer and better.”

The Company’s main products are as follow:

- a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, including several of the top 30 products in Brazil, according to March 2022 data from Close-Up International, including Predsim, Celestamine, Dramin, Maxsulid, Nesina, Diprospan, Mioflex-A and Addera D3;
- b) Under the Mantecorp Skincare brand, the Company offers dermo-cosmetics recommended by dermatologists throughout Brazil, according to information from Close-Up International. The Company also operates in this segment with the Simple Organic brand, offering organic and vegan products produced without animal cruelty, and Bioage, which is focused on the professional aesthetic treatment market;
- c) The Company is a lead supplier in the Brazilian market for over-the-counter drugs, according to IQVIA, including brands such as Apracur, Benegrip, Buscopan, Coristina D, Engov, Epocler, Estomazil and Neosaldina, among others. It also offers nutritional products, sweeteners, and vitamin supplement lines, under brands such as Tamarine, Vitasay, Biotônico Fontoura and Zero-Cal, which was the Top of Mind brand for 18 years in Brazil, according to Datafolha;
- d) Through the Neo Química brand, the Company is a leader in the markets for similar and generic medicines, with the brand present in 96% of Brazilian pharmaceutical point of sales, according to IQVIA of December 2021, consistent with the Company’s mission to provide access to health for the Brazilian population.

With a long history of growth through acquisitions, on July 13, 2021, the Company announced the acquisition of twelve brands of over-the-counter and prescription drugs from Sanofi in Brazil, Mexico and Colombia., and their respective registrations – including the analgesic AAS, the herbal medicine Naturetti and the antiseptic Cepacol – for USD190.3 million. The transaction was concluded on March 31, 2022; on the same date and immediately after closing of this deal, the Company sold to Eurofarma Laboratórios S.A. the portion of this portfolio outside the country, for USD51.6 million, acquiring 10 brands established in Brazil.

Products are manufactured mainly by the subsidiaries Brainfarma Indústria Química e Farmacêutica S.A. (“Brainfarma”) and Cosmed Indústria de Cosméticos e Medicamentos S.A. (“Cosmed”), located in the State of Goiás (GO). The main distribution center is in Anápolis (GO).

The Company’s research and development activities for pharmaceuticals, dermo-cosmetics and nutritional products are concentrated at the Brainfarma innovation facility in Barueri (SP). The facility, which has been operating since 2017, houses technologies for the development of various forms of pharmaceutical products across the six laboratories that make up the complex.

The Company also operates an extensive sales and distribution structure, with national coverage. Its products are distributed throughout Brazil, either directly to retailers, or indirectly via distributors and wholesalers.

2 Summary of significant accounting policies

The parent company and consolidated interim financial information has been prepared in accordance with CPC 21 (R1) and IAS 34, issued by the International Accounting Standards Board (IASB) and applicable to the preparation of Quarterly Information (ITR), and is being presented consistently with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of ITR.

The presentation of the parent company and consolidated statements of value added in accordance with technical pronouncement CPC 09 - Statement of Value Added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. International Financial Reporting Standards (IFRS) do not require the presentation of this statement. Under IFRS, the presentation of this statement is considered supplementary information, and not part of the set of interim financial information.

The main accounting policies applied to the preparation of this parent company and consolidated Quarterly Information have not changed materially compared to the policies presented in the financial statements for the year ended December 31, 2021. In cases where the notes to this Quarterly Information are not presented in full this is due to redundancy of information relative to the annual financial statements. As such, this Quarterly Information should be read in conjunction with the audited Financial Statements for the year ended December 31, 2021, including the complete information in the corresponding notes.

2.1 Approval of the interim financial information

The present Quarterly Information was approved by the Board of Directors on April 28, 2022.

3 Critical accounting estimates and judgments

Accounting estimates and judgments are evaluated on an ongoing basis, and are based on experience and other factors, including expectations of future events that are considered reasonable under the circumstances. The critical accounting estimates and judgments underlying this Quarterly Information have not changed relative to those published in the annual financial statements for 2021.

4 Financial risk management

There have been no changes in the financial risk factors or in the risk management policy compared to those described in the financial statements at December 31, 2021.

In the following tables, the financial data for the current period are presented on a comparative basis with the financial data at December 31, 2021.

a. Foreign exchange risk

At March 31, 2022 and December 31, 2021, the assets and liabilities denominated in foreign currencies, and the financial instruments to mitigate exchange risks, were as follows:

	Parent company					
	March 31, 2022			December 31, 2021		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	140	-	666	1	-	5
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	92,200	-	437,305	47,884	-	266,764
Derivative instruments to mitigate risks	(172,200)	-	(816,745)	(190,000)	-	(1,058,509)
Accounts payable	-	-	-	-	-	-
Net exposure	<u>(79,860)</u>	<u>-</u>	<u>(378,774)</u>	<u>(142,115)</u>	<u>-</u>	<u>(791,740)</u>
	Consolidated					
	March 31, 2022			December 31, 2021		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	10,870	-	51,751	1,646	-	9,171
Suppliers' assignment of receivables	58,928	204	280,562	49,536	204	277,252
Loans and financing	92,200	-	437,305	47,884	-	266,764
Derivative instruments to mitigate risks	(360,594)	(3,409)	(1,728,196)	(365,131)	(6,070)	(2,072,471)
Accounts payable	213	472	3,876	189	371	3,373
Net exposure	<u>(198,383)</u>	<u>(2,733)</u>	<u>(954,702)</u>	<u>(265,876)</u>	<u>(5,495)</u>	<u>(1,515,911)</u>

At March 31, 2022, the Company had contracted USD 77.2 million in non-deliverable forwards (NDF) to hedge purchase and sale commitments signed with Sanofi, according to the material fact disclosed on July 13, 2021.

b. Cash flow or fair value risk associated with the interest and inflation rates

The exposure to the interest rate risk of transactions related to variations in the Interbank Deposit Certificate (CDI) rate, long-term interest rate (TJLP) and reference rate (TR) is presented in the following table:

	March 31, 2022	
	Parent company	Consolidated
Loans, financing and swaps - CDI	2,226,041	2,226,041
Financing - TLP	343,098	343,098
Debentures - CDI	5,668,523	5,668,523
Notes payable - CDI	19,898	19,898
Financial investments - CDI (Note 10)	<u>(1,373,607)</u>	<u>(1,535,616)</u>

Net exposure	6,883,953	6,721,944
--------------	-----------	-----------

c. Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions and credit exposure to wholesale and retail customers, including outstanding accounts receivable and repurchase operations.

For banks and financial institutions, the Company has a policy of diversifying its financial investments in top-tier institutions with the ratings described in Note 9 (Credit quality of financial assets).

d. Liquidity risk

The amounts disclosed in the table below represent the undiscounted future cash flow, by maturity, which includes interest to be incurred, meaning that these amounts do not match the amounts disclosed in the balance sheet.

Parent company

	March 31, 2022				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	710,482	1,358,359	5,917,168	-	7,986,009
Loans and financing	1,632,748	283,611	978,460	102,557	2,997,376
Notes payable	35,897	-	-	-	35,897
Suppliers	741,868	-	-	-	741,868
Suppliers' assignment of receivables	7,392	-	-	-	7,392
Accounts payable	194,308	-	-	-	194,308
Derivative financial instruments	68,714	12,199	(78,286)	-	2,627
	3,391,409	1,654,169	6,817,342	102,557	11,965,477

	December 31, 2021				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	596,259	1,259,933	5,288,332	-	7,144,524
Loans and financing	509,750	1,278,753	733,698	104,077	2,626,278
Notes payable	36,840	8,544	-	-	45,384
Suppliers	878,489	-	-	-	878,489
Suppliers' assignment of receivables	7,625	-	-	-	7,625
Accounts payable	197,015	-	-	-	197,015
Derivative financial instruments	47,975	(45,981)	-	-	1,994
	2,273,953	2,501,249	6,022,030	104,077	10,901,309

Consolidated

	March 31, 2022				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	710,482	1,358,359	5,917,168	-	7,986,009
Loans and financing	1,641,472	286,616	978,564	102,557	3,009,209
Notes payable	35,897	-	-	-	35,897
Suppliers	399,436	-	-	-	399,436
Suppliers' assignment of receivables	454,664	-	-	-	454,664
Accounts payable	301,643	-	-	-	301,643
Derivative financial instruments	196,693	12,199	(78,286)	-	130,606
	3,740,287	1,657,174	6,817,446	102,557	12,317,464

	December 31, 2021				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total

Debentures	596,259	1,259,933	5,288,332	-	7,144,524
Loans and financing	518,908	1,283,667	733,836	104,077	2,640,488
Notes payable	36,840	8,544	-	-	45,384
Suppliers	327,133	-	-	-	327,133
Suppliers' assignment of receivables	463,627	-	-	-	463,627
Accounts payable	307,766	-	-	-	307,766
Derivative financial instruments	58,724	(45,981)	-	-	12,743
	<u>2,309,257</u>	<u>2,506,163</u>	<u>6,022,168</u>	<u>104,077</u>	<u>10,941,665</u>

e. Derivatives

At March 31, 2022, derivative instrument operations contracted by the Company totaled R\$ 2,123,196 (at December 31, 2021 - R\$ 2,372,471) in the consolidated and R\$ 1,211,745 (at December 31, 2021 - R\$ 1,358,509) in the parent company. The results of the transactions not yet settled represented losses of R\$ 195,498 (at December 31, 2021 losses of R\$ 42,931) in the consolidated and losses of R\$ 73,134 (at December 31, 2021 losses of R\$ 36,804) in the parent company.

At March 31, 2022 and December 31, 2021, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value		Realized gain (loss)	
		Mar/22	Dec/21	Mar/22	Dec/21	Mar/22	Dec/21
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts		366,160	779,954	(4,328)	(12,252)	(140,092)	101,644
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantim, Citibank	366,160	1,559,908	(4,328)	(27,612)	(140,458)	163,527
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim, Citibank	-	(779,954)	-	15,360	366	(61,883)
Swaps		450,585	278,555	(49,439)	(5,638)	(10,633)	(4,187)
Long position	Itaú, Citi	450,585	278,555	(49,439)	(5,638)	(10,633)	(4,187)
Subtotal		816,745	1,058,509	(53,767)	(17,890)	(150,725)	97,457
Interest rate							
Swaps		395,000	300,000	(19,367)	(18,914)	(3,329)	3,350
Asset Position-Pre	BNP Paribas	395,000	300,000	(19,367)	(18,914)	(3,329)	3,350
Total		1,211,745	1,358,509	(73,134)	(36,804)	(154,054)	100,807

Consolidated

Type	Counterparties	Notional value		Fair value		Realized gain (loss)	
		Mar/22	Dec/21	Mar/22	Dec/21	Mar/22	Dec/21
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts		1,277,611	1,793,916	(126,692)	(18,378)	(182,051)	152,272
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantim, Citibank	1,487,484	2,756,975	(145,480)	(37,361)	(192,975)	222,124
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim, Citibank, Safra	(209,873)	(963,059)	18,788	18,983	10,924	(69,852)

Swaps		450,585	278,555	(49,439)	(5,639)	(10,633)	(4,187)
Long position	Itaú	450,585	278,555	(49,439)	(5,639)	(10,633)	(4,187)
Subtotal		1,728,196	2,072,471	(176,131)	(24,017)	(192,684)	148,085
Interest rate							
Swaps		395,000	300,000	(19,367)	(18,914)	(3,329)	3,350
Asset Position-Pre	BNP Paribas	395,000	300,000	(19,367)	(18,914)	(3,329)	3,350
Total		2,123,196	2,372,471	(195,498)	(42,931)	(196,013)	151,435

f. Methodology for calculating the fair values of derivatives

- (i) Foreign currency forward contracts are valued using the interpolation of the market rates of US Dollar future contracts for each base date, as informed by B3 (formerly BM&F BOVESPA).
- (ii) Swaps are valued using the interpolation of the exchange coupon market and future interbank deposit rates for each base date, as published by B3 (formerly BM&F BOVESPA).

g. Sensitivity analysis

The table below presents a sensitivity analysis of the financial instruments, including derivatives that describe the risks that could result in material losses to the Company, with the most likely scenario (Scenario I, based on a fluctuation of 4.95% for the US Dollar, corresponding to three standard deviations of the fluctuation during the three months of the fourth quarter of the year) according to management's evaluation, considering a projection period of three months, after which the next quarterly financial information containing this analysis should be released. In addition, two additional scenarios (Scenarios II and III) are stressed to show deteriorations of 25% and 50% respectively in the exchange rates between both the Brazilian Real and the US Dollar.

Risk	Parent company					
	Scenario I		Scenario II		Scenario III	
			25% fluctuation		50% fluctuation	
<i>(In R\$ thousand)</i>	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	3.946	5.540	3.557	5.929	2.372	7.115
Foreign currency						
Economic hedge	(137,131)	137,131	(204,089)	204,099	(408,188)	408,188
Forward contracts	(61,444)	61,444	(91,447)	91,448	(182,895)	182,895
Swaps	(75,687)	75,687	(112,642)	112,651	(225,293)	225,293
Object of the economic hedge	137,193	(137,193)	204,181	(204,191)	408,372	(408,372)
Loans, financing and notes payable subject to short-term exchange rate variations	137,193	(137,193)	204,181	(204,191)	408,372	(408,372)
Net effect	62	(62)	92	(92)	184	(184)

Risk	Consolidated					
	Scenario I		Scenario II		Scenario III	
			25% fluctuation		50% fluctuation	
<i>(In R\$ thousand)</i>	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	3.946	5.540	3.557	5.929	2.372	7.115
Foreign currency						
Economic hedge	(289,564)	289,564	(430,953)	430,963	(861,916)	861,916
Forward contracts	(213,877)	213,877	(318,311)	318,311	(636,623)	636,623

Swaps	(75,687)	75,687	(112,642)	112,652	(225,293)	225,293
Object of the economic hedge	290,007	(290,007)	431,612	(431,622)	863,234	(863,234)
Loans, financing and notes payable subject to short-term exchange rate variations	290,007	(290,007)	431,612	(431,622)	863,234	(863,234)
Net effect	443	(443)	659	(659)	1,318	(1,318)

The sensitivity analysis presented above shows the net effect on the profit or loss, and Scenarios II and III consider changes to the exchange rate of the Brazilian Real against the US Dollar and the Euro, holding all other risk variables constant.

The scenarios for monetary variations and floating rate interest on the Company's loans, financing, debentures and notes payable projected for the second quarter of 2022 are as follow:

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	40,980	57,154	114,307
Financing - TLP	2,393	5,215	10,430
Debentures - CDI	104,354	145,540	291,080
Notes payable - CDI	366	511	1,022
Financial investments	(25,287)	(35,267)	(70,535)
Total loss (gain)	122,806	173,153	346,304

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	40,980	57,154	114,307
Financing - TLP	2,393	5,215	10,430
Debentures - CDI	104,354	145,540	291,080
Notes payable - CDI	366	511	1,022
Financial investments	(28,270)	(39,427)	(78,854)
Total loss (gain)	119,823	168,993	337,985

***Likely scenario assumptions**

Forecast CDI of 12.30% p.a.

Forecast TLP of 6.82% p.a.

5 Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue to offer returns to its shareholders and benefits to other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital.

To maintain or adjust its capital structure, the Company can review the dividend payment policy, return capital to shareholders, or even issue new shares or sell assets, for example to reduce debt.

The Company monitors its capital based on the financial leverage ratio, which is calculated as net debt divided by total capitalization. Net debt includes total loans (including short- and long-term loans, financing, debentures, and trade notes payable, as presented in the consolidated balance sheet) less cash and cash equivalents. The total capitalization is calculated based on the sum of equity, as shown in the consolidated balance sheet, and the net debt.

The indexes of financial leverage at March 31, 2022 and December 31, 2021 may be summarized as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Total loans, financing and debentures (Note 22)	8,187,570	7,346,954	8,199,655	7,360,987
Total notes payable	35,897	45,384	35,897	45,384
Loss (gain) on financial hedge	68,806	24,552	68,806	24,552
Less: cash and cash equivalents (Note 10)	<u>(1,410,651)</u>	<u>(2,121,253)</u>	<u>(1,595,166)</u>	<u>(2,287,062)</u>
Cash and cash equivalents, net	<u>6,881,622</u>	<u>5,295,637</u>	<u>6,709,192</u>	<u>5,143,861</u>
Total equity	<u>9,892,277</u>	<u>9,826,591</u>	<u>9,898,408</u>	<u>9,833,471</u>
Adjusted equity	<u>16,773,899</u>	<u>15,122,228</u>	<u>16,607,600</u>	<u>14,977,332</u>
Net debt to adjusted equity ratio	41.0%	35.0%	40.4%	34.3%

6 Estimate of fair value

It is assumed that the balances of accounts receivable and suppliers at book value, less losses (impairment), are close to their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flow at the prevailing market interest rate available to the Company for similar financial instruments (Note 22 (b)).

The Company records its financial instruments measured in the balance sheet at fair value in accordance with CPC 40 (R1)/IFRS 7, which requires the disclosure of fair value measurements according to their level of the following fair value measurement hierarchy:

- Prices quoted (unadjusted) in active markets for similar assets and liabilities (Level 1).
- Inputs, other than quoted prices included in Level 1 that are available in the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for assets or liabilities that are not based on data adopted by the market (i.e. unobservable inputs) (Level 3).

The table below presents the Company's derivative instruments assets and liabilities at March 31, 2022, as well as the amounts measured at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	-	-
Total assets	-	-	-
Liabilities			
Derivative financial instruments	-	73,134	73,134
Total liabilities	-	73,134	73,134
	Consolidated		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	19,166	19,166
Total assets	-	19,166	19,166
Liabilities			
Derivative financial instruments	-	214,664	214,664
Total liabilities	-	214,664	214,664

The table below presents the Company's assets and liabilities at December 31, 2021, as well as the amounts stated at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	15,360	15,360
Total assets	-	15,360	15,360
Liabilities			
Derivative financial instruments	-	52,164	52,164
Total liabilities	-	52,164	52,164
	Consolidated		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	29,305	29,305
Total assets	-	29,305	29,305
Liabilities			
Derivative financial instruments	-	72,236	72,236
Total liabilities	-	72,236	72,236

The fair values of financial instruments not traded in active markets (e.g. derivatives) are determined using valuation techniques which maximize the use of data derived from the market, where available, and rely to the minimum extent possible on the Company's own estimates.

7 Hedge accounting

The Company holds derivative financial instruments to hedge its exposure to foreign currency variation and interest rate risk.

According to the characteristics of the hedge, it is the Company's accounting policy to adopt hedge accounting, as established in CPC 38 (IAS 39). For transactions designated as subject to hedge accounting, the Company formally documents the relationship between the hedging instruments and the hedged items, including the risk management objectives and the strategy for conducting the hedge transaction, as well as the methods to be used to evaluate the effectiveness of the hedging relationship. The Company makes a forward-looking assessment, both at the time of designation of the hedging relationship, and on a continuous basis if it is expected that the hedge instruments will be "highly effective" in offsetting changes in the fair values of the respective hedged items during the period for which the hedge is designated, and if the actual results of each hedge are within the range determined by Management.

Fair value hedges

Currently, the Company has fair value hedges for its transactions, so that both the hedging instruments and hedged items are stated at the fair value through profit or loss (FVTPL). Presented below are the transactions and accounting effects arising from the adoption of this practice:

					Parent company
					March 31, 2022
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131**	<i>USD + spread</i>	Fair value	218,075	199,995	(4,258)
Swap – CDI**	<i>USD + Spread vs. CDI+</i>	Fair value	218,075	(2,797)	-
Loan – 4131*	<i>USD + spread</i>	Fair value	395,000	398,597	(820)
Swap – 4131*	<i>USD + Spread vs. % CDI</i>	Fair value	395,000	(19,367)	-
Loan – 4131*	<i>USD + spread</i>	Fair value	237,150	237,310	987
Swap – 4131*	<i>USD + Spread vs. CDI+</i>	Fair value	237,150	(46,642)	-

Parent company					
December 31, 2021					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	<i>Fixed rate</i>	Fair value	300,000	306,549	(1,842)
Swap – CDI*	<i>Fixed rate vs. CDI+</i>	Fair value	300,000	306,549	(1,842)
Loan – 4131*	<i>USD + spread</i>	Fair value	278,555	266,764	(115)
Swap – 4131*	<i>USD + Spread vs. % CDI</i>	Fair value	278,555	(5,638)	-
Consolidated					
March 31, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131**	<i>USD + spread</i>	Fair value	218,075	199,995	(4,258)
Swap – CDI**	<i>USD + Spread vs. CDI+</i>	Fair value	218,075	(2,797)	-
Loan – 4131*	<i>USD + spread</i>	Fair value	395,000	398,597	(820)
Swap – 4131*	<i>USD + Spread vs. % CDI</i>	Fair value	395,000	(19,367)	-
Loan – 4131*	<i>USD + spread</i>	Fair value	237,150	237,310	987
Swap – 4131*	<i>USD + Spread vs. CDI+</i>	Fair value	237,150	(46,642)	-
Consolidated					
December 31, 2021					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	<i>Fixed rate</i>	Fair value	300,000	306,549	(1,842)
Swap – CDI*	<i>Fixed rate vs. CDI+</i>	Fair value	300,000	(18,914)	-
Loan – 4131*	<i>USD + spread</i>	Fair value	278,555	266,764	(115)
Swap – 4131*	<i>USD + Spread vs. CDI+</i>	Fair value	278,555	(5,638)	-

* Maturity within one year

* Maturity in up to two years

The fair value cash flow hedge transaction maintained a hedging ratio of 1:1. The third operation had the weighted average rate of R\$/USD 5.2429.

If a hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, closed, is exercised, or has its designation revoked, then hedge accounting is discontinued on a prospective basis. Hedged items previously recognized at fair value are recorded at amortized cost.

Cash flow hedges

The Company has cash flow hedges for most of its transactions with suppliers. Gains or losses

on the effective portion of the hedge are recognized in equity/other comprehensive income.

Presented below are the transactions and accounting effects arising from the adoption of this practice:

Parent company					
March 31, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
NDF Acquisition (i)	USD vs. R\$	Cash flow	366,160	(4,328)	(4,328)

Parent company					
December 31, 2021					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
NDF Acquisition (i)	USD vs. R\$	Cash flow	779,954	(12,251)	(12,251)

(i) NDF related to the acquisition of Sanofi's assets

Consolidated					
March 31, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	298,991	(298,991)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	298,991	(51,092)	(580)
NDF Acquisition (i)	USD vs. R\$	Cash flow	366,160	(4,329)	(4,329)
NDF Purchases	USD vs. R\$	Cash flow	596,698	(68,021)	(68,021)
NDF Capex	USD vs. R\$	Cash flow	11,156	(2,824)	(2,824)

Consolidated					
December 31, 2021					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	275,259	(275,259)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	275,259	7	(971)
NDF Acquisition (i)	USD vs. R\$	Cash flow	779,954	(12,251)	(12,251)
NDF Purchases	USD vs. R\$	Cash flow	498,446	(3,022)	(3,022)
NDF Capex	USD vs. R\$	Cash flow	28,847	229	229

(I) Maturities within one year.

(i) NDF related to the acquisition of Sanofi's assets

Cash flow hedge operations maintained a hedging ratio of 1:1 with a weighted average rate of R\$/USD 5.7969 for NDF Suppliers; R\$/USD 5.3917 for NDF Future Purchases; R\$/USD 4.7936 for NDF Acquisition and R\$/EUR 6.1897 for Capex NDFs. The cash flow from these operations is stated in the Financial Risk Management - Liquidity Risk (Note 4 (d)).

If a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, closed, or exercised, then hedge accounting is discontinued prospectively, and the hedge

accounting adjustment deferred in equity is recognized in the statement of income for the year.

8 Financial instruments by category

Parent company

	March 31, 2022				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	1,868,644	-	-	-	1,868,644
Financial investments (Note 10)	1,373,607	-	-	-	1,373,607
Cash and cash in banks (Note 10)	37,044	-	-	-	37,044
Derivative financial instruments	-	-	-	-	-
Other assets (Note 14)	310,481	-	-	-	310,481
	<u>3,589,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,589,776</u>

	March 31, 2022				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	8,187,570	-	8,187,570
Suppliers (Note 20)	-	-	741,868	-	741,868
Suppliers' assignment of receivables (Note 21)	-	-	7,392	-	7,392
Accounts payable	-	-	194,308	-	194,308
Notes payable	-	-	35,897	-	35,897
Derivative financial instruments	4,328	68,806	-	-	73,134
	<u>4,328</u>	<u>68,806</u>	<u>9,167,035</u>	<u>-</u>	<u>9,240,169</u>

	December 31, 2021				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,017,241	-	-	-	2,017,241
Financial investments (Note 10)	2,072,333	-	-	-	2,072,333
Cash and cash in banks (Note 10)	48,920	-	-	-	48,920
Derivative financial instruments	-	15,360	-	-	15,360
Other assets (Note 14)	298,350	-	-	-	298,350
	<u>4,436,844</u>	<u>15,360</u>	<u>-</u>	<u>-</u>	<u>4,452,204</u>

	December 31, 2021				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	7,346,954	-	7,346,954
Suppliers (Note 20)	-	-	878,489	-	878,489
Suppliers' assignment of receivables (Note 21)	-	-	7,625	-	7,625
Accounts payable	-	-	197,015	-	197,015
Notes payable	-	-	45,394	-	45,394
Derivative financial instruments	27,612	24,552	-	-	52,164
	<u>27,612</u>	<u>24,552</u>	<u>8,475,477</u>	<u>-</u>	<u>8,527,641</u>

Consolidated

	March 31, 2022				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	1,887,346	-	-	-	1,887,346
Financial investments (Note 10)	1,535,616	-	-	-	1,535,616
Cash and cash in banks (Note 10)	59,550	-	-	-	59,550
Derivative financial instruments	-	19,166	-	-	19,166
Other assets (Note 14)	343,465	-	-	-	343,465
	<u>3,825,977</u>	<u>19,166</u>	<u>-</u>	<u>-</u>	<u>3,845,143</u>

	March 31, 2022				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	8,199,655	-	8,199,655
Suppliers (Note 20)	-	-	399,436	-	399,436
Suppliers' assignment of receivables (Note 21)	-	-	454,664	-	454,664
Accounts payable	-	-	301,643	-	301,643
Notes payable	-	-	35,897	-	35,897
Derivative financial instruments	94,765	68,806	-	51,093	214,664
	<u>94,765</u>	<u>68,806</u>	<u>9,391,295</u>	<u>51,093</u>	<u>9,605,959</u>

	December 31, 2021				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,039,474	-	-	-	2,039,474
Financial investments (Note 10)	2,235,478	-	-	-	2,235,478
Cash and cash in banks (Note 10)	51,584	-	-	-	51,584
Derivative financial instruments	-	25,612	-	3,693	29,305
Other assets (Note 14)	324,465	-	-	-	324,465
	<u>4,651,001</u>	<u>25,612</u>	<u>-</u>	<u>3,693</u>	<u>4,680,306</u>

	December 31, 2021				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	7,360,987	-	7,360,987
Suppliers (Note 20)	-	-	327,133	-	327,133
Suppliers' assignment of receivables (Note 21)	-	-	463,627	-	463,627
Accounts payable	-	-	307,766	-	307,766
Notes payable	-	-	45,394	-	45,394
Derivative financial instruments	43,997	24,552	-	3,687	72,236
	<u>43,997</u>	<u>24,552</u>	<u>8,504,907</u>	<u>3,687</u>	<u>8,577,143</u>

9 Credit quality of financial assets

The credit quality of financial assets (cash and cash equivalents) can be evaluated using historical information on default rates:

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Current accounts and financial investments (*)				
AAA	1,410,650	2,119,629	1,595,163	2,285,438
A	-	1,623	-	1,623
	<u>1,410,650</u>	<u>2,121,252</u>	<u>1,595,163</u>	<u>2,287,061</u>

(*) Source: Moody's, Standard & Poor's and Fitch rating agencies, on a local scale when available, otherwise on a global scale.

The residual balance of “cash and cash equivalents” in the balance sheet mainly represents cash on hand.

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Derivative financial assets				
AAA	-	15,360	18,663	29,305
A-	-	-	503	-
	<u>-</u>	<u>15,360</u>	<u>19,166</u>	<u>29,305</u>

No fully performing financial assets were renegotiated in the last financial year.
None of the loans with related parties are overdue or impaired.

Note 4 (c) describes the credit risks of these financial assets.

10 Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Cash and cash in banks	37,044	48,920	59,550	51,584
Short-term financial investments:				
Repurchase operations	207	6,334	1,105	7,251
Bank deposit certificates (CDBs)	1,373,400	2,065,999	1,534,511	2,228,227
	<u>1,373,607</u>	<u>2,072,333</u>	<u>1,535,616</u>	<u>2,235,478</u>
	<u>1,410,651</u>	<u>2,121,253</u>	<u>1,595,166</u>	<u>2,287,062</u>

Financial investments (both repurchase operations and CDBs) present short-term liquidity and yield between 96.5% and 103.5% (at December 31, 2021 between 97.5% and 103.4%) of the

CDI, with a weighted average of 102.2% (101.6% at December 31, 2021).

11 Accounts receivable

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Domestic customers	1,885,240	2,034,556	1,906,800	2,059,648
Expected credit losses	(16,596)	(17,315)	(19,454)	(20,174)
	<u>1,868,644</u>	<u>2,017,241</u>	<u>1,887,346</u>	<u>2,039,474</u>

The balances of accounts receivable that are overdue but not impaired relate to a number of customers that have no recent history of default. The aging analysis of these accounts receivable is presented as follows:

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Up to 3 months	5,840	3,592	5,845	3,713
From 3 to 6 months	35	175	35	175
Over 6 months	801	965	801	965
	<u>6,676</u>	<u>4,732</u>	<u>6,681</u>	<u>4,853</u>

The additions to and write-offs of the allowance for doubtful accounts were recorded in the statement of income as "selling and marketing expenses". Amounts charged to the expected credit losses are generally written off from accounts receivable when there is no expectation of recovering the funds.

The maximum exposure to credit risk at the reporting date is equivalent to the carrying amounts of each class of receivables mentioned above. The Company holds certain notes as guarantees (Note 22 (a)).

Changes to the allowance for doubtful accounts for the period ended March 31, 2022 were as follows:

	Parent company	Consolidated
Balances at 12/31/2021	<u>(17,315)</u>	<u>(20,174)</u>
(Additions)/reversals, net	717	717
Write-offs	2	3
Balances at 03/31/2022	<u>(16,596)</u>	<u>(19,454)</u>

12 Inventory

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Finished goods and goods for resale	375,686	354,574	464,338	387,822
Semi-finished goods	-	-	133,469	111,497
Raw materials	-	-	904,691	777,381
Maintenance and supplies	337	58	131,944	127,389
Allowance for inventory losses	(31,967)	(29,646)	(103,314)	(100,609)
	<u>344,056</u>	<u>324,986</u>	<u>1,531,128</u>	<u>1,303,480</u>

The table below presents the changes in the provision:

	Parent company	Consolidated
Balance at 12/31/2021	(29,646)	(100,609)
Additions for the period (a)	(26,046)	(42,618)
Write-offs for the period (b)	23,725	39,913
Balance at 03/31/2022	(31,967)	(103,314)

(a) Refers to the addition of a provision for losses due to discontinuity, validity, quality and realization of inventory, in accordance with the policy established by the Company.

(b) Mainly composed of write-offs and reversals of products discarded by the Company and its subsidiaries.

13 Taxes recoverable

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
PIS/COFINS/IPI and others (*)	722,541	766,233	826,221	862,096
VAT (ICMS)	93,191	91,609	183,266	177,283
Recoverable IRPJ and CSSL	42,478	34,686	84,033	50,492
	<u>858,210</u>	<u>892,528</u>	<u>1,093,520</u>	<u>1,089,871</u>
Current	450,080	458,559	623,575	597,195
Non-current	408,130	433,969	469,945	492,676

(*) On March 15, 2017, the Federal Supreme Court (STF) issued a judgment on the merits of Extraordinary Appeal (“RE”) No. 574.706, with general repercussions, assuring taxpayers of the right to exclude ICMS from the calculation basis of PIS and COFINS contributions. The parent company’s lawsuit on this matter became final and unappealable on October 17, 2020, recognizing the right to exclude the ICMS from the calculation basis of PIS and COFINS contributions. The amount of the tax credit was recorded as other operating income, and also had an impact on the financial result for 2019, 2020 and 2021. On May 13, 2021, the STF judged the motions for clarification brought by the General Counsel to the National Treasury (PGFN) against the judgment of the aforementioned RE. The outcome of the STF judgment confirmed the Company’s legal interpretation and, consequently, the accounting procedures adopted for the recognition and measurement of the said tax credits in the financial statements, and therefore there is no need for any complement for the year ended December 31, 2021 in relation to the criteria adopted in previous years.

14 Other assets

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Prepaid expenses (a)	225,649	79,622	254,943	109,962
Bills receivable (b)	206,436	196,943	218,157	208,466
Deposits in court (c)	104,045	95,018	125,308	115,999
Advances	23,304	22,457	70,970	46,523
Others	6,598	7,332	1,012	1,017
	<u>566,032</u>	<u>401,372</u>	<u>670,390</u>	<u>481,967</u>
Current	334,492	181,510	408,674	232,348
Non-current	231,540	219,862	261,716	249,619

(a) Refers mainly to advance payments for advertising and publicity.

(b) Refers mainly to shareholders indemnity, receivables from the sale of Neocopan and amounts paid which were the responsibility of the former owners of the acquired businesses, to be reimbursed.

(c) Refers to deposits made as guarantees of contingencies classified as possible and remote (Note 26).

15 Discontinued operations

a) Analysis of the results of discontinued operations

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Net revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
(Expenses)/income	(4,009)	(3,512)	(3,958)	(3,771)
Income before financial income and expenses	(4,009)	(3,512)	(3,958)	(3,771)
Financial expenses	-	-	-	-
Income before income tax and social contribution	(4,009)	(3,512)	(3,958)	(3,771)
Income tax and social contribution	1,376	971	1,325	1,230
Net income for the period	(2,633)	(2,541)	(2,633)	(2,541)

b) Analysis of cash flow used in discontinued operations

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cash flow from investment activities	(13,594)	(4,132)	(13,594)	(4,299)
Net cash used in discontinued operations	(13,594)	(4,132)	(13,594)	(4,299)

16 Investments

The investments held by the Company are presented below:

Company	Date of incorporation	Country	Business	Interest in shares/quotas	Type of interest
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	91.88%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	8.12%	Indirect
Bionovis S.A.	07/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	09/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty S.A.	04/29/2016	Brazil	Natural beauty dermo-cosmetics	58.33%	Direct
Drogarias Online Agência de Farmácias S.A.	04/16/2021	Brazil	Internet portal on medicines	22.5%	Direct
Mantecorp Participações S.A.	09/28/2016	Brazil	Pharma	100%	Direct
Bio Brands Franchising Gestão de Marcas Ltda.	08/29/2014	Brazil	Dermo-cosmetics	100%	Direct
Bio Scientific Indústria de Cosméticos Ltda.	07/13/2001	Brazil	Dermo-cosmetics	100%	Indirect
Amigotech S.A.	07/02/2021	Brazil	Technology	15%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	My	Bionovis	Simple Organic		Drogaria		Bio Brands		Others	Total
	Cost	Cost	Cost	Cost	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill		
Balances at January 1, 2022	2,687,708	920,621	9,686	47,031	9,633	21,598	24,188	19,995	24,548	65,569	19,682	3,850,259
Capital contribution	135,484	-	-	-	41	-	11,676	-	-	-	-	147,201
Capital increase	32,600	-	-	-	-	-	-	-	-	-	-	32,600
Equity accounting	15,878	11,188	(1,107)	6,893	(1,091)	-	(1,424)	-	(952)	-	-	29,385
Share of discontinued equity accounting in the investment	-	100	-	-	-	-	-	-	-	-	-	100
Stock Options/Matching/Restricted	788	(162)	136	-	-	-	-	-	-	-	-	762
Equity valuation adjustments	(48,869)	(14,628)	-	-	-	-	-	-	-	-	-	(63,497)
Others	-	-	-	-	-	-	-	-	-	-	4,000	4,000
Balances at March 31, 2022	2,823,589	917,119	8,715	53,924	8,583	21,598	34,440	19,995	23,596	65,569	23,682	4,000,810

The table below shows the Company's share of the profits (losses) of its main direct subsidiaries, as well as its share of their total assets and liabilities:

March 31, 2022	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	4,213,311	1,126,036	603,507	(1,683)	15,878
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,156,790	235,897	124,619	2,775	11,188
My Agência de Propaganda Ltda.	11,540	2,726	1,140	(1,142)	(1,107)
Simple Organic Beauty S.A.	18,325	3,613	7,877	(1,870)	(1,870)
Bio Brands Franchising Gestão de Marcas Ltda	37,734	2,460	3,420	(952)	(952)

December 31, 2021	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	3,984,066	1,010,269	2,526,705	81,854	76,831
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,129,659	196,750	442,839	14,590	13,777
My Agência de Propaganda Ltda	12,180	2,361	4,560	(1,382)	(1,238)
Simple Organic Beauty S.A.	22,963	6,452	31,386	231	134
Bio Brands Franchising Gestão de Marcas Ltda	27,221	2,673	2,909	81	429

(*) This refers to the profit (loss) for the period, adjusted for transactions between the investor and its investees.

b. Share of the results of investees

	Number of shares and quotas	Adjusted equity at March 31, 2022	Ownership %	Equity accounting at March 31, 2022	Balance of the investment at March 31, 2022	Equity accounting at March 31, 2021	Balance of the investment at December 31, 2021
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,279,913,186	917,119	100%	11,188	917,119	3,964	920,621
My Agência de Propaganda Ltda.	20,130,000	8,715	100%	(1,107)	8,715	280	9,686
Brainfarma Indústria Química e Farmacêutica S.A.	1,143,842,352	2,823,589	100%	15,878	2,823,589	2,573	2,687,708
Simple Organic Beauty S.A.	210,983	30,181	58.33%	(1,091)	30,181	(361)	31,231
Drogarias Online Agência de Farmácias S.A.	506,250	54,435	22.50%	(1,424)	54,435	-	44,183
Bio Brands Franchising Gestão de Marcas Ltda	21,872,454	89,165	100%	(952)	89,165	-	90,117
Bionovis S.A.	6,000,000	215,695	25%	6,893	53,924	(529)	47,031
				<u>29,385</u>	<u>3,977,128</u>	<u>5,927</u>	<u>3,830,577</u>

17 Investment properties

“Investment properties” refers mainly to a property located in Cabo de Santo Agostinho – State of Pernambuco (PE). According to a technical report prepared by an independent company, the fair value of the property was R\$ 23,124.

	Parent company	Consolidated
Balances at January 1, 2022	<u>25,616</u>	<u>25,616</u>
Depreciation	<u>(177)</u>	<u>(177)</u>
Balances at March 31, 2022	<u>25,439</u>	<u>25,439</u>
Total cost	62,704	62,704
Accumulated depreciation	<u>(37,265)</u>	<u>(37,265)</u>
Carrying amount	<u>25,439</u>	<u>25,439</u>

18 Property, plant and equipment

Parent company

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Construction in progress	Total property, plant and equipment
Own assets									
Balances at January 1, 2022	<u>2,033</u>	<u>3,516</u>	<u>79,541</u>	<u>100</u>	<u>13,199</u>	<u>1,127</u>	<u>99,516</u>	<u>10,757</u>	<u>110,273</u>
Additions	-	-	239	-	312	-	551	1,355	1,906
Write-off	-	-	-	-	-	(1)	(1)	-	(1)
Depreciation	-	(275)	(1,524)	(2)	(206)	(75)	(2,082)	-	(2,082)
Transfers	-	-	321	-	-	-	321	(321)	-
Balances at March 31, 2022	<u>2,033</u>	<u>3,241</u>	<u>78,577</u>	<u>98</u>	<u>13,305</u>	<u>1,051</u>	<u>98,305</u>	<u>11,791</u>	<u>110,096</u>
Right-of-use assets - leases									
Balances at January 1, 2022	<u>-</u>	<u>35,312</u>	<u>-</u>	<u>34,182</u>	<u>-</u>	<u>-</u>	<u>69,494</u>	<u>-</u>	<u>69,494</u>
Additions	-	32,991	-	18,982	-	-	51,973	-	51,973
Write-off	-	(16,072)	-	(9,673)	-	-	(25,745)	-	(25,745)
Amortization	-	(2,471)	-	(6,870)	-	-	(9,341)	-	(9,341)
Balances at March 31, 2022	<u>-</u>	<u>49,760</u>	<u>-</u>	<u>36,621</u>	<u>-</u>	<u>-</u>	<u>86,381</u>	<u>-</u>	<u>86,381</u>
Total cost of own assets and right-of-use assets - leases	2,033	65,726	86,365	66,529	14,285	1,414	236,352	11,791	248,143
Total accumulated depreciation	-	(12,725)	(7,788)	(29,810)	(980)	(363)	(51,666)	-	(51,666)
Carrying amount	<u>2,033</u>	<u>53,001</u>	<u>78,577</u>	<u>36,719</u>	<u>13,305</u>	<u>1,051</u>	<u>184,686</u>	<u>11,791</u>	<u>196,477</u>

Consolidated

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Construction in progress (*)	Total property, plant and equipment
Own assets									
Balances at January 1, 2022	32,786	226,027	1,355,041	834	29,962	26,291	1,670,941	330,376	2,001,317
Additions	880	100	63,527	-	1,231	12,650	78,388	13,640	92,028
Write-off	-	-	(43)	-	-	(1)	(44)	-	(44)
Depreciation	-	(2,766)	(15,726)	(29)	(524)	(898)	(19,943)	-	(19,943)
Transfers	-	2,123	6,042	-	104	3,271	11,540	(11,540)	-
Balances at March 31, 2022	33,666	225,484	1,408,841	805	30,773	41,313	1,740,882	332,476	2,073,358
Right-of-use assets - leases									
Balances at January 1, 2022	-	58,024	-	35,799	-	-	93,823	-	93,823
Additions	-	33,091	-	20,636	-	-	53,727	-	53,727
Write-off	-	(16,072)	-	(9,719)	-	-	(25,791)	-	(25,791)
Amortization	-	(3,370)	-	(7,277)	-	-	(10,647)	-	(10,647)
Balances at March 31, 2022	-	71,673	-	39,439	-	-	111,112	-	111,112
Total cost of own assets and right-of-use assets - leases	33,666	454,130	1,954,760	142,017	56,989	80,155	2,721,717	332,476	3,054,193
Total accumulated depreciation	-	(156,973)	(545,919)	(101,773)	(26,216)	(38,842)	(869,723)	-	(869,723)
Carrying amount	33,666	297,157	1,408,841	40,244	30,773	41,313	1,851,994	332,476	2,184,470

(*) Mainly represent purchases for upgrades to the Anápolis-GO plant.

19 Intangible assets

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Goodwill in non-merged companies				
Simple Organic Beauty S.A.	-	-	12,678	21,598
Bio Brands Franchising Gestão de Marcas Ltda	-	-	65,569	65,569
Bio Scientific Indústria de Cosméticos Ltda	-	-	8,661	8,661
Goodwill on the acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Darwin Prestação de Serviços de Marketing Ltda	2,945,156	2,945,156	2,945,156	2,945,156
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	52,614	52,614	52,614
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	<u>7,270,960</u>	<u>7,270,960</u>	<u>7,357,868</u>	<u>7,366,788</u>
Trademarks and patents	<u>2,747,669</u>	<u>2,001,133</u>	<u>2,756,902</u>	<u>2,001,446</u>
Rights of use and software	<u>39,755</u>	<u>39,508</u>	<u>61,893</u>	<u>60,057</u>
Product development	<u>6,142</u>	<u>6,105</u>	<u>646,824</u>	<u>568,871</u>
	<u>10,064,526</u>	<u>9,317,706</u>	<u>10,823,487</u>	<u>9,997,162</u>

Goodwill is measured as the surplus of the consideration transferred over the net assets acquired, and is based mainly on the future profitability, supported by appraisal reports prepared by a specialized company, using the cash flow method discounted to present value. The discount rates used in the calculations were determined by adopting the weighted average cost of capital (WACC).

Changes in the balances

Parent company

	Right of use and trademarks	Right of use and software	Product development	Goodwill	Total
Balances at January 1, 2022	2,001,133	39,508	6,105	7,270,960	9,317,706
Additions	747,363	2,985	165	-	750,513
Amortization	(827)	(2,738)	(128)	-	(3,693)
Balances at March 31, 2022	2,747,669	39,755	6,142	7,270,960	10,064,526
Total cost	2,778,507	127,028	7,825	7,270,960	10,184,320
Accumulated amortization	(30,838)	(87,273)	(1,683)	-	(119,794)
Carrying amount	2,747,669	39,755	6,142	7,270,960	10,064,526

Consolidated

	Right of use and trademarks	Right of use and software	Product development	Goodwill	Total
Balances at January 1, 2022	2,001,446	60,057	568,871	7,366,788	9,997,162
Additions (*)	747,363	6,045	80,965	-	834,373
Transfers	8,920	-	-	(8,920)	-
Amortization	(827)	(4,209)	(3,012)	-	(8,048)
Balances at March 31, 2022	2,756,902	61,893	646,824	7,357,868	10,823,487
Total cost	2,787,764	202,400	775,069	7,357,868	11,123,101
Accumulated amortization	(30,862)	(140,507)	(128,245)	-	(299,614)
Carrying amount	2,756,902	61,893	646,824	7,357,868	10,823,487

(*) mainly refers to brands acquired from Sanofi.

Impairment of assets

The Company tests the impairment of its intangible assets with indefinite useful lives on an annual basis, or more often when there are indications that the value may not be recoverable. These assets mainly represent the portion of goodwill for expected future income and trademarks arising from business combinations.

In connection with the annual impairment test of these assets, the Company performs stress tests to demonstrate the existence of a reasonable gap indicating the need to record an impairment loss. Considering the performance of the Company's operations up to the date of approval of this quarterly information and the gap shown in the stress testing, management concluded that no impairment needs to be recorded.

20 Suppliers

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Domestic suppliers	42,783	88,141	347,685	317,962
Foreign suppliers	666	5	51,751	9,171
Related party suppliers (Note 30(a))	698,419	790,343	-	-
	<u>741,868</u>	<u>878,489</u>	<u>399,436</u>	<u>327,133</u>

21 Suppliers' assignment of receivables

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Domestic market (overdraft risk)	7,392	7,625	174,102	186,375
Foreign market (forfaiting)	-	-	280,562	277,252
	<u>7,392</u>	<u>7,625</u>	<u>454,664</u>	<u>463,627</u>

Some suppliers have the option to assign Company's receivables, without right of recourse, to financial institutions. As part of these transactions, the supplier may see a decrease in its financial costs, due to the financial institution taking into consideration the credit risk of the buyer.

At March 31, 2022, the discount rates on assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 0.50% and 1.14% with a weighted average of 0.98% per month ("p.m"). At December 31, 2021, these rates were between 0.35% and 1.09%, with a weighted average of 0.75% p.m..

At March 31, 2022, the discount rates on assignment operations entered into by the Company's suppliers with financial institutions in the foreign market were between 2.95% and 7.84%, with a weighted average of 3.63% per annum ("p.a."). At December 31, 2021, these rates were between 2.95% and 7.84%, with a weighted average of 3.84% p.a..

22 Loans and financing

	Nominal rate	Parent company		Consolidated	
		March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Foreign currency					
Loans (i)	EUR + 1.61% p.a. ; ; USD + 1.50% p.a.; USD + SOFR +0.809%	437,305	266,764	437,305	266,764
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,726,795	1,617,198	1,727,601	1,617,795
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	11,507	12,553	20,808	23,603
Financing	Fixed rate from 2.50% to 8.70% p.a.	342	471	2,320	2,857
Debentures	CDI + 1.25% to 1.75% p.a.	5,668,523	5,097,637	5,668,523	5,097,637
Finep	TJLP from - 1.00% to 1.00% p.a.	343,098	352,331	343,098	352,331
		<u>8,187,570</u>	<u>7,346,954</u>	<u>8,199,655</u>	<u>7,360,987</u>
Current		<u>1,630,857</u>	<u>557,077</u>	<u>1,639,301</u>	<u>565,648</u>
Non-current		<u>6,556,713</u>	<u>6,789,877</u>	<u>6,560,354</u>	<u>6,795,339</u>

(i) Contracts with covenants regarding debt levels and the coverage of interest with respect to certain financial information (EBITDA and net interest expenses), disposals, spin-offs, mergers, amalgamations or any other forms of corporate restructuring which, if they occur, require prior approval from the financial agents. If any of these events occurs without the consent of the lenders, the outstanding balances will have their maturities accelerated. At December 31, 2021, all covenants were met. The next measurement will be made at June 30, 2022.

The breakdown of long-term loans and financing at March 31, 2022, by year of maturity, is as follows:

	Parent company	Consolidated
2023	143,622	147,152
2024	558,141	558,243
2025	240,663	240,672
2026	29,273	29,273
2027	29,273	29,273
2028	29,273	29,273
2029	26,835	26,835
	<u>1,057,080</u>	<u>1,060,721</u>

Debentures

On December 5, 2019, 80,000 non-convertible debentures of the 8th public issuance of debentures were issued, in a single series, in the amount of R\$ 800,000,000.00, with a par value of R\$ 10,000.00, at an interest rate corresponding to 100% of the cumulative variation in the daily average Interbank Deposits (DI) rate plus a spread of 1.25% per year. The nominal unit value of the debentures will be amortized in five consecutive semi-annual installments, with final maturity on November 28, 2025.

On April 3, 2020, 248,500 non-convertible debentures of the 9th public issuance of debentures were issued, in a single series, in the amount of R\$ 2,485,000,000.00, with a par value of R\$ 10,000.00, at an interest rate corresponding to 100% of the cumulative variation of the daily average DI rate, plus a spread of 1.50% p.a. The nominal unit value of debentures will be amortized in six consecutive semi-annual installments, with final maturity on April 3, 2026.

On September 1, 2020, 73,500 non-convertible debentures of the 10th public issuance were issued, in a first and second series, in the amount of R\$ 735,000,000.00, with a par value of R\$ 10,000.00 and interest at 100% of the cumulative variation of the daily average DI rate plus a spread of 1.75% p.a. The nominal unit value of debentures will be amortized in three consecutive installments, with final maturity on September 1, 2026.

On September 10, 2021, 1,000,000 non-convertible debentures of the 11th public issuance were issued, in a single series, in the amount of R\$ 1,000,000,000.00, with a par value of R\$ 1,000.00 and interest at 100% of the cumulative variation of the daily average DI rate plus a spread of 1.45% p.a. The nominal unit value of debentures will be amortized in a single installment, with final maturity on September 9, 2026.

On February 4, 2022, 500,000 non-convertible debentures of the 12th public issuance were issued, in a single series, in the amount of R\$ 500,000,000.00, with a par value of R\$ 1,000.00, and interest at 100% of the cumulative variation in the daily average DI rate plus a spread of 1.50% per year. The nominal unit value of debentures will be amortized in a single installment, with final maturity on February 4, 2027.

Debentures - Changes

	8th Public Issuance	9th Public Issuance	10th Public Issuance	11th Public Issuance	12th Public Issuance	Total
	Single series	Single series	1st and 2nd Series	Single series	Single series	
Balance at January 1, 2022	803,600	2,521,825	748,752	1,023,460	-	5,097,637
Total issuance amount	-	-	-	-	500,000	500,000
Financial charges	22,380	72,330	21,733	28,344	7,270	152,057
Interest paid	-	-	(34,696)	(46,475)	-	(81,171)
Balance at March 31, 2022	<u>825,980</u>	<u>2,594,155</u>	<u>735,789</u>	<u>1,005,329</u>	<u>507,270</u>	<u>5,668,523</u>
Current	<u>28,165</u>	<u>119,365</u>	<u>5,539</u>	<u>7,286</u>	<u>8,535</u>	<u>168,890</u>
Non-current	<u>797,815</u>	<u>2,474,790</u>	<u>730,250</u>	<u>998,043</u>	<u>498,735</u>	<u>5,499,633</u>
Unrealized transaction costs	<u>3,423</u>	<u>15,639</u>	<u>6,773</u>	<u>2,397</u>	<u>1,508</u>	<u>29,740</u>
Current	<u>1,238</u>	<u>5,429</u>	<u>2,023</u>	<u>440</u>	<u>243</u>	<u>9,373</u>
Non-current	<u>2,185</u>	<u>10,210</u>	<u>4,750</u>	<u>1,957</u>	<u>1,265</u>	<u>20,367</u>

Long-term amounts of debentures have the following breakdown, by year of maturity:

	<u>March 31,</u> <u>2022</u>
2023	718,078
2024	1,436,156
2025	1,436,156
2026	1,410,508
2027	498,735
	<u>5,499,633</u>

a. Guarantees for loans and financing at March 31, 2022

	<u>Parent</u> <u>company</u>	<u>Consolidated</u>
Accounts receivable – Pledged guarantees	4,608	7,281
Letters of guarantee (*)	343,097	343,097
Pledged fixed assets	7,241	15,836
	<u>354,946</u>	<u>366,214</u>

(*) Letter of guarantee for the loan from FINEP (Contract No. 0799/13).

b. Carrying amounts and estimated fair values

The carrying amounts and estimated fair values of loans, financing and debentures are as follows:

	<u>Nominal rate</u>	<u>Consolidated</u> <u>December 31,</u> <u>2021</u>	<u>Consolidated</u> <u>December 31,</u> <u>2021</u>	<u>Fair value</u> <u>December 31,</u> <u>2021</u>
		<u>March 31, 2022</u>	<u>March 31, 2022</u>	<u>March 31, 2022</u>
Foreign currency				
Loans	EUR + 1.61% p.a. ; ; USD + 1.50% p.a.; USD + SOFR + 0.809%	437,305	266,764	437,305
Local currency				
Loans	CDI + 1.30% to 3.60% p.a.	1,727,601	1,617,795	1,617,795
FCO	Fixed rate from 2.50% to 8.50% p.a.	20,808	23,603	20,808
Financing	Fixed rate from 2.50% to 8.70% p.a.	2,320	2,857	2,126
Debentures	CDI + 1.25% to 1.75% p.a.	5,668,523	5,097,637	5,668,545
Finep	TJLP + 1.00% to 1.00% p.a.	343,098	352,331	343,098
		<u>8,199,655</u>	<u>7,360,987</u>	<u>8,199,483</u>
				<u>7,360,830</u>

The fair value of some of the current loans is equal to their carrying amount, since the impact of the mark-to-market is not material. The fair values are based on the discounted cash flow, using a market rate of CDI + 0.60% to CDI + 1.75% p.a. (December 31, 2021 - CDI + 0.56% to CDI + 1.65% p.a.).

c. Reconciliation of changes in equity with cash flow from financing activities

	Parent company									
					Liabilities		Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total	
Balances at January 1, 2022	7,346,954	45,384	21,013	704,808	243,276	(15,360)	52,164	9,826,591	18,224,830	
Changes in cash flow from financing activities										
Hedge of loans	-	-	-	-	-	(10,633)	(3,330)	-	(13,963)	
Loans taken out	813,075	-	-	-	-	-	-	-	813,075	
Payment of loans - principal	(12,818)	-	(281)	-	(4,765)	-	-	-	(17,864)	
Payments of loans - interest	(125,456)	-	-	-	(1,344)	-	-	-	(126,800)	
Gain (loss) on the sale of shares	-	-	-	-	-	-	-	21,613	21,613	
Dividends paid	-	-	-	(704,799)	-	-	-	-	(704,799)	
Total changes in cash flow from financing activities	674,801	-	(281)	(704,799)	(6,109)	(10,633)	(3,330)	21,613	(28,738)	
Other changes										
Write-off	-	-	-	-	(29,062)	-	-	-	(29,062)	
Additions	-	-	-	-	46,096	-	-	-	46,096	
Leases	-	-	-	-	2,778	-	-	-	2,778	
Taxes payable	-	-	(6,504)	-	-	-	-	-	(6,504)	
Proposed dividends	-	-	-	194,773	-	-	-	-	194,773	
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	4,675	4,675	
Income for the period	-	-	-	-	-	-	-	347,667	347,667	
Interest on capital	-	-	-	-	-	-	-	(194,773)	(194,773)	
Interest accrued	165,815	503	63	-	1,605	-	59,236	-	227,222	
Loans - acquisition of subsidiaries	-	(9,990)	-	-	-	-	-	-	(9,990)	
MtM- Hedge loans	-	-	-	-	-	-	(55,503)	-	(55,503)	
Supplier hedges - interest paid	-	-	-	-	-	(4,529)	(78,110)	-	(82,639)	
MtM - Supplier hedges	-	-	-	-	-	10,633	39,182	-	49,815	
MtM - Supplier hedges	-	-	-	-	-	4,668	-	-	4,668	
Payment/receipt of investment hedges	-	-	-	-	-	20,494	-	-	20,494	
Equity valuation adjustments	-	-	-	-	-	-	-	(113,496)	(113,496)	
Other accounts payable	-	-	-	-	6,562	-	-	-	6,562	
Interest accrued - Acquisitions	-	-	-	-	-	(5,273)	59,495	-	54,222	
Total other changes related to liabilities	165,815	(9,487)	(6,441)	194,773	27,979	25,993	24,300	44,073	467,005	
Balances at March 31, 2022	8,187,570	35,897	14,291	194,782	265,146	-	73,134	9,892,277	18,663,097	

	Consolidated									
					Liabilities		Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total	
Balances at January 1, 2022	7,360,987	45,384	81,360	704,808	376,195	(29,305)	72,236	9,833,471	18,445,136	
Changes in cash flow from financing activities										
Hedge of loans	-	-	-	-	-	(10,634)	(3,329)	-	(13,963)	
Loans taken out	813,075	-	-	-	-	-	-	-	813,075	
Payment of loans - principal	(14,933)	-	(280)	-	(5,152)	-	-	-	(20,365)	
Payments of loans - interest	(127,393)	-	-	-	(1,754)	-	-	-	(129,147)	
Gain (loss) on the sale of shares	-	-	-	-	-	-	-	21,613	21,613	
Dividends paid	-	-	-	(704,799)	-	-	-	-	(704,799)	
Total changes in cash flow from financing activities	670,749	-	(280)	(704,799)	(6,906)	(10,634)	(3,329)	21,613	(33,586)	
Other changes										
Write-offs	-	-	-	-	(29,112)	-	-	-	(29,112)	
Additions	-	-	-	-	47,681	-	-	-	47,681	
Leases	-	-	-	-	3,149	-	-	-	3,149	
Taxes payable	-	-	(13,275)	-	-	-	-	-	(13,275)	
Proposed dividends	-	-	-	194,773	-	-	-	-	194,773	
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	4,675	4,675	
Income for the period	-	-	-	-	-	-	-	347,667	347,667	
Interest on capital	-	-	-	-	-	-	-	(194,773)	(194,773)	
Interest accrued	167,919	503	63	-	2,011	-	59,236	-	229,732	
Loans - acquisition of subsidiaries	-	(9,990)	-	-	-	-	-	-	(9,990)	
MtM- Hedge loans	-	-	-	-	-	-	(55,503)	-	(55,503)	
MtM - Supplier hedges	-	-	-	-	-	18,218	31,599	-	49,817	
MtM - Supplier hedges	-	-	-	-	-	4,668	-	-	4,668	
Payment/receipt of investment hedges	-	-	-	-	-	20,494	-	-	20,494	
Supplier hedges - interest paid	-	-	-	-	-	(17,334)	50,931	-	33,597	
Equity valuation adjustments	-	-	-	-	-	-	-	(113,496)	(113,496)	
Other accounts payable	-	-	-	-	4,472	-	-	-	4,472	
Interest attributable to non-controlling interests	-	-	-	-	-	(5,273)	59,494	(749)	53,472	
Total other changes related to liabilities	167,919	(9,487)	(13,212)	194,773	28,201	20,773	145,757	43,324	578,048	
Balances at March 31, 2022	8,199,655	35,897	67,868	194,782	397,490	(19,166)	214,664	9,898,408	18,989,598	

23 Deferred income tax and social contribution

a. Breakdown of deferred tax assets

Deferred tax assets include tax losses carried forward, negative bases of social contribution and temporary differences. These assets are recognized in proportion to the likelihood of realization of the related tax benefit against the future taxable income. This is based on a study of future realization, using projections of the generation of taxable income from 2022 onward. Tax losses carried forward, and negative social contribution bases, are mainly generated by the tax deductibility of goodwill from acquisitions of companies (Note 19) and the distribution of interest on capital and the constitution of grant for investments.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Deferred tax assets:				
Tax losses carried forward and negative CSLL bases	2,051,291	1,884,878	2,081,709	1,906,988
Contingencies	61,142	65,522	75,830	80,351
Expected credit losses	23,019	23,195	20,496	26,364
Other temporary differences	121,431	129,199	225,427	231,781
Total deferred tax assets	<u>2,256,883</u>	<u>2,102,794</u>	<u>2,403,462</u>	<u>2,245,484</u>
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company to the same tax authority (also recoverable against the calculation of current tax)	(1,870,400)	(1,790,264)	(1,984,395)	(1,890,369)
Remaining balance of deferred tax assets	<u>386,483</u>	<u>312,530</u>	<u>419,067</u>	<u>355,115</u>

b. Deferred tax liabilities

This balance consists mainly of deferred income tax and social contribution tax liabilities, arising from temporary differences between the tax basis of goodwill and its book value in the balance sheet, as the goodwill continues to be amortized for tax purposes, but ceased to be amortized in the accounting records from January 1, 2009. This temporary difference may result in amounts being added to the calculation of the taxable income for future years when the book value of the asset is reduced (due to impairment) or settled, thus making it necessary to record a deferred tax liability.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Goodwill	1,840,282	1,760,691	1,840,282	1,760,691
Fair value of property, plant and equipment - business combinations	16,777	17,047	40,516	41,600
Others	13,341	12,526	171,414	162,071
Total tax debt	<u>1,870,400</u>	<u>1,790,264</u>	<u>2,052,212</u>	<u>1,964,362</u>
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company with the same tax authority (also recoverable against the calculation of current tax)	(1,870,400)	(1,790,264)	(1,984,395)	(1,890,369)
Remaining balance of deferred liabilities	<u>-</u>	<u>-</u>	<u>67,817</u>	<u>73,993</u>

c. Reconciliation of income tax and social contribution expenses – continuing and discontinued operations

<u>Parent company</u>	<u>Consolidated</u>
-----------------------	---------------------

	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Income before income tax and social contribution	274,896	284,164	290,504	285,734
Combined rate - %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(93,465)	(96,879)	(100,011)	(97,423)
Equity accounting	10,025	1,749	2,360	(199)
Interest on capital declared	66,222	66,222	66,222	66,222
Interest/indexation in the nature of an indemnity	3,001	4,724	3,246	5,605
Government grants	78,116	43,024	78,814	43,833
Other permanent additions/exclusions	8,871	1,345	5,753	1,320
Income tax and social contribution expenses	72,770	20,185	56,384	19,358
Current	-	-	(571)	(147)
Deferred	72,770	20,185	56,955	19,505
Discontinued operations	1,376	971	1,325	1,230
Continuing operations	71,394	19,214	55,059	18,128
	72,770	20,185	56,384	19,358
	26%	7%	19%	7%

24 Taxes payable

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
ICMS (value added tax) payable	12,224	13,584	61,245	66,053
IPI/PIS/COFINS payable	407	3,634	2,241	6,085
Other taxes payable	1,660	3,795	4,382	9,222
	14,291	21,013	67,868	81,360
Current	12,764	19,251	57,424	68,865
Non-current	1,527	1,762	10,444	12,495

25 Accounts payable

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Freight payable	21,486	19,014	28,148	24,759
Services provided	49,913	62,185	104,658	116,827
Advertising	20,130	17,871	20,130	17,871
Revenue to elapse	50,406	38,252	50,406	38,252
Purchases of fixed assets	1,169	1,774	17,318	22,339
Leases (i)	88,712	73,403	105,688	88,805
Accrued taxes on inventory losses	2,649	2,251	20,816	20,518
Others	30,681	28,526	50,326	46,824
	265,146	243,276	397,490	376,195
Current	170,994	163,102	282,939	276,647
Non-current	94,152	80,174	114,551	99,548

(i) Lease liabilities

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021

Current	28,157	29,118	29,707	30,109
Non-current	60,555	44,286	75,981	58,696
	<u>88,712</u>	<u>73,404</u>	<u>105,688</u>	<u>88,805</u>

The changes in lease liabilities are presented in the table below:

	<u>Parent company</u>	<u>Consolidated</u>
Balance at January 1, 2022	73,404	88,805
Payment of loans - principal	(4,765)	(5,152)
Payments of loans - interest	(1,344)	(1,754)
Additions	46,096	47,741
Write-off	(29,062)	(29,112)
Remeasurement	2,778	3,149
Interest accrued	1,605	2,011
Balance at March 31, 2022	<u>88,712</u>	<u>105,688</u>

a. Maturity of installments

Leases at March 31, 2022 have the following breakdown, by year of maturity:

	<u>Parent company</u>	<u>Consolidated</u>
From 1 to 2 years	17,622	18,825
From 2 to 5 years	21,841	27,113
More than 5 years	21,092	30,043
	<u>60,555</u>	<u>75,981</u>

b. Tax rights on leases

The table below shows the potential rights to PIS/COFINS recoverable embedded in the lease payments, based on the periods provided for payment:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Nominal</u>	<u>Adjusted to present value</u>	<u>Nominal</u>	<u>Adjusted to present value</u>
Lease liability	115,641	88,712	117,903	105,688
Estimated PIS/COFINS	(6,068)	(3,921)	(8,967)	(5,998)
	<u>109,573</u>	<u>84,791</u>	<u>108,936</u>	<u>99,690</u>

c. Agreements by term and discount rate

The Company estimated the discount rates, based on the risk-free interest rates available in the Brazilian market for agreements with similar terms. The table below shows the rates used, taking into consideration the lease terms:

Terms	Parent company	Consolidated
	Rate % p.a.	Rate % p.a.
Up to 2 years	12.10%	12.10%
From 2 to 5 years	8.14%	8.26%
More than 5 years	8.53%	10.63%

The table below shows the comparative balances of the lease liability, right of use, financial expenses and depreciation, considering the effects of the future inflation rate projected in the flows of the lease agreements, discounted at the nominal rate.

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Lease liabilities				
Carrying amount - IFRS 16/CPC 06 (R2)	88,712	73,403	105,688	88,805
Flow with projected inflation	93,520	77,015	111,416	93,174
Variation	5.42%	4.92%	5.42%	4.92%
Net right of use - closing balance				
Carrying amount - IFRS 16/CPC 06 (R2)	86,381	69,494	111,112	93,823
Flow with projected inflation	91,063	72,913	117,134	98,439
Variation	5.42%	4.92%	5.42%	4.92%
	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Financial expenses				
Carrying amount - IFRS 16/CPC 06 (R2)	(1,605)	(3,855)	(2,010)	(5,334)
Flow with projected inflation	(1,692)	(4,045)	(2,119)	(5,596)
Variation	5.42%	4.92%	5.42%	4.92%
Depreciation expenses				
Carrying amount - IFRS 16/CPC 06 (R2)	(9,341)	(32,550)	(10,647)	(33,231)
Flow with projected inflation	(9,847)	(34,151)	(11,224)	(34,866)
Variation	5.42%	4.92%	5.42%	4.92%

26 Provision for contingencies

At March 31, 2022, the Company had the following provision for contingencies and corresponding deposits with courts related to contingencies:

	Parent company							
	March 31, 2022				December 31, 2021			
	Forecast of likely loss	Contingencies assumed in business combination	Deposits with courts	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts
Civil	9,523	10,566	(61)	20,028	9,307	10,399	(60)	19,646
Labor	96,246	10,178	(12,159)	94,265	104,787	15,585	(16,873)	103,499
Tax	15,069	34,372	(14,408)	35,033	14,745	34,343	(14,272)	34,816
Administrative/others	3,875	-	(409)	3,466	3,547	-	(401)	3,146
Liability of former owners	6,826	-	-	6,826	5,604	-	-	5,604
	<u>131,539</u>	<u>55,116</u>	<u>(27,037)</u>	<u>159,618</u>	<u>137,990</u>	<u>60,327</u>	<u>(31,606)</u>	<u>166,711</u>

	Consolidated							
	March 31, 2022				December 31, 2021			
	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts
Civil	9,655	10,566	(61)	20,160	9,409	10,399	(60)	19,748
Labor	105,050	10,178	(14,573)	100,655	114,684	15,585	(19,522)	110,747
Tax	32,334	34,372	(31,673)	35,033	31,879	34,343	(31,406)	34,816
Administrative/other	20,873	-	(409)	20,464	20,028	-	(443)	19,585
Liability of former owners	9,842	-	-	9,842	8,598	-	-	8,598
	<u>177,754</u>	<u>55,116</u>	<u>(46,716)</u>	<u>186,154</u>	<u>184,598</u>	<u>60,327</u>	<u>(51,431)</u>	<u>193,494</u>

Changes in contingencies

	Parent company					
	December 31, 2021	Indexation accruals	Additions	Reversals	Payments	March 31, 2022
	Civil	19,706	373	24	-	(14)
Labor	120,372	3,016	3,785	(14,066)	(6,683)	106,424
Tax	49,088	168	185	-	-	49,441
Administrative/others	3,547	126	202	-	-	3,875
Liability of former owners	5,604	114	1,695	-	(587)	6,826
	<u>198,317</u>	<u>3,797</u>	<u>5,891</u>	<u>(14,066)</u>	<u>(7,284)</u>	<u>186,655</u>
Deposits with courts	<u>(31,606)</u>	<u>(273)</u>	<u>(1,902)</u>	<u>3,240</u>	<u>3,504</u>	<u>(27,037)</u>
	<u>166,711</u>	<u>3,524</u>	<u>3,989</u>	<u>(10,826)</u>	<u>(3,780)</u>	<u>159,618</u>

	Consolidated					
	December 31, 2021	Indexation accruals	Additions	Reversals	Payments	March 31, 2022
	Civil	19,808	374	53	-	(14)
Labor (a)	130,269	3,205	3,975	(15,115)	(7,106)	115,228
Tax	66,222	299	185	-	-	66,706
Administrative/others	20,028	559	331	-	(45)	20,873
Liability of former owners (b)	8,598	167	2,265	(45)	(1,143)	9,842
	<u>244,925</u>	<u>4,604</u>	<u>6,809</u>	<u>(15,160)</u>	<u>(8,308)</u>	<u>232,870</u>
Deposits with courts	<u>(51,431)</u>	<u>(425)</u>	<u>(2,071)</u>	<u>3,408</u>	<u>3,803</u>	<u>(46,716)</u>
	<u>193,494</u>	<u>4,179</u>	<u>4,738</u>	<u>(11,752)</u>	<u>(4,505)</u>	<u>186,154</u>

(a) The additions refer to 31 new labor lawsuits, and the reversals refer to 40 labor lawsuits and the payments refer to 84 labor lawsuits.

(b) The additions refer to lawsuits that are the responsibility of the former owners. In these cases, the Company recognizes an obligation to settle lawsuits, and also records an asset, to be reimbursed by the former owners when the contingency is paid.

Possible contingencies

The Company and its subsidiaries are involved in labor, civil, tax and regulatory lawsuits where the current evaluation of the likelihood of success, based on the advice of legal counsel, as well as the legal characteristics, do not require a provision to be recorded, either because the expectation of loss is classified as possible, or due to the exclusion of liability arising from a contractual agreement.

	Parent company		Consolidated	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	63,782	62,052	65,902	64,184
Labor	438,702	442,333	447,214	451,170
Tax	122,304	121,016	137,791	136,400
Administrative/others	2,992	2,892	3,611	3,401
Liability of former owners	467,509	491,074	625,347	647,170
	<u>1,095,289</u>	<u>1,119,367</u>	<u>1,279,865</u>	<u>1,302,325</u>

27 Share capital

a. Share capital

On March 31, 2022, the Company was authorized to increase its share capital up to the limit of R\$ 5,500,000.00, in accordance with a provision of its bylaws and a decision by the Board of Directors at the Special General Meeting on January 24, 2011.

The share capital at March 31, 2022 was R\$ 4,478,126 (R\$ 4,478,126 at December 31, 2021), represented by 633,420,823 common shares (633,420,823 at December 31, 2020).

b. Treasury shares

The changes in the number of treasury shares were as shown in the table below:

	Number	Amount
Balance at 12/31/2021	<u>2,699,242</u>	<u>81,350</u>
Acquisition in the period	-	-
Sales in the period	<u>(898,834)</u>	<u>(27,089)</u>
Balance at 03/31/2022	<u>1,800,408</u>	<u>54,261</u>

c. Interest on capital

On March 23, 2022, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 194,773.

28 Revenue

The reconciliation of gross and net revenue is as follows:

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Gross revenue from products	1,761,849	1,386,529	1,786,354	1,388,162
Returns	(15,524)	(22,158)	(15,712)	(22,177)
Unconditional discounts	(60,181)	(34,464)	(61,276)	(34,464)
Net revenue from returns and unconditional discounts	<u>1,686,144</u>	<u>1,329,907</u>	<u>1,709,366</u>	<u>1,331,521</u>
Promotional discounts	(94,584)	(63,062)	(93,962)	(62,630)
Taxes	(70,653)	(71,155)	(121,854)	(98,029)
Net revenue	<u><u>1,520,907</u></u>	<u><u>1,195,690</u></u>	<u><u>1,493,550</u></u>	<u><u>1,170,862</u></u>

The Company does not present its revenue disaggregated by product, since essentially: (a) the nature and the economic risk factors of the products are similar; (b) there are no significant distinctions between consumers and customers; (c) the Company operates only in the Brazilian market; and (d) the presentations to investors mentioning different types of products only reflect different go-to-market models. Therefore, the Company optimizes synergies between these different models, leveraging a single sell-out structure.

In addition, decisions on the resources to be allocated are not made by to business segment, but rather individually for each product to be launched, resulting in assessments of the general performance of the operating results across all products in the portfolio.

29 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Cost of sales	(676,929)	(499,512)	(554,360)	(418,063)
Raw materials	-	-	(232,746)	(186,912)
Packaging materials	-	-	(97,107)	(66,231)
Labor	-	-	(117,971)	(102,121)
Depreciation and amortization expenses	-	-	(15,393)	(14,172)
Resale	(651,251)	(485,296)	(121,700)	(103,188)
Losses on inventory	(25,678)	(14,216)	(28,559)	(23,573)
Changes in inventory/others	-	-	59,116	78,134
Selling and marketing expenses	(367,969)	(323,316)	(416,766)	(366,094)
Marketing expenses	(234,721)	(216,018)	(233,088)	(214,720)
Advertising and consumer promotion	(63,765)	(59,164)	(65,467)	(58,518)
Trade deals	(35,852)	(33,538)	(35,852)	(33,538)
Market surveys and others	(594)	(1,090)	(594)	(1,090)
Medical visits, promotions, gifts and samples	(134,510)	(122,226)	(131,175)	(121,574)
Selling expenses	(133,248)	(107,298)	(183,678)	(151,374)
Sales force	(77,914)	(63,298)	(81,796)	(64,371)
Freight and logistics expenses	(29,364)	(25,129)	(32,637)	(27,096)
Research and development	(6,797)	(4,251)	(42,497)	(40,381)
Depreciation and amortization expenses	(8,827)	(7,053)	(14,546)	(10,975)
Other expenses	(10,346)	(7,567)	(12,202)	(8,551)
General and administrative expenses	(44,712)	(39,762)	(65,474)	(55,861)
Salaries/wages payable	(28,578)	(23,957)	(41,381)	(35,429)
Services, lawyers, advisors and auditors	(11,940)	(12,144)	(15,380)	(14,137)
Depreciation and amortization expenses	(4,054)	(2,818)	(7,433)	(5,068)
Other expenses	(140)	(843)	(1,280)	(1,227)

b. Other operating (expenses) income, net

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Potential gains (losses)	2,301	(1,237)	(4,405)	(4,123)
Depreciation of investment properties	(286)	(931)	(207)	(931)
Rental income	-	5,076	-	4,474
Civil and labor contingencies	9,950	2,207	10,248	1,083
	11,965	5,115	5,636	503

c. Financial income

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest income	15,352	5,976	16,610	6,955
Income from financial investments and others	33,547	9,319	39,267	9,800
	48,899	15,295	55,877	16,755

d. Financial expenses

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Interest on financing	(7,648)	(3,629)	(7,878)	(5,761)
Interest on loans	(59,316)	(20,946)	(29,006)	(8,722)
Interest on notes payable	(503)	(95)	(503)	(95)
Indexation accruals on contingencies	(3,683)	(4,366)	(4,437)	(4,768)
REFIS (financing of tax liabilities)	(63)	(81)	(63)	(81)
Debentures	(151,503)	(34,180)	(151,503)	(34,180)
Interest and commission on letters of guarantee	(1,657)	(1,109)	(1,663)	(1,113)
Bank expenses, discounts granted and others	(15,220)	(5,457)	(17,146)	(5,407)
Cost of hedges and exchange variations on loans	(299)	57	(299)	57
Cost of hedges and exchange variations on suppliers	(1,098)	12	(14,840)	3,154
Reversals of present value adjustments	(1,605)	(864)	(2,010)	(962)
Others	(45)	(103)	(122)	(190)
	(242,640)	(70,761)	(229,470)	(58,068)

30 Related-party transactions

The Company is a publicly traded company with its shares traded on the São Paulo Stock Exchange - B3, under a shareholders' agreement entered into on June 23, 2010, and subsequently amended on March 16, 2016, October 24, 2016, July 26, 2017 and June 9, 2020. The main signatories are: Mr. João Alves de Queiroz Filho, holding 21.38% of the Company's capital, and Maiorem S.A. de C.V., holding 14.74%. The others signatories to the Shareholders' Agreement hold 0.12% of the Company's share capital, and the remaining 63.76% of shares are held by various smaller shareholders.

Transactions and balances

The main asset and liability balances, as well as the transactions between related parties that impacted the results for the year, arise from transactions between the Company and its subsidiaries, which management considers to have been conducted under normal market conditions and within normal timeframes for the respective types of transactions.

Loans with related parties are indexed to the CDI, plus a spread.

In commercial relationships with related parties, prices are established based on the characteristics and nature of the transactions. In this case, both Cosmed and Brainfarma manufacture and sell almost all their entire production to Hypera for sale to the market.

Trading transactions involving the sale and purchase of products, raw materials, the contracting

of services and rentals, as well as financial transactions involving loans and fundraising between group companies, are presented as follows:

- The rental agreement with Brainfarma Indústria Química Farmacêutica S.A. is indexed to the IGPM-FGV, and the maturity date is May 2, 2025, which may be extended as agreed between the parties.

a. In assets and liabilities

Parent company					
March 31, 2022					
	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Loans payable
Related parties					
Cosmed Indústria de Cosméticos e Medicamentos S.A.	287	-	(119,517)	-	-
My Agência Propaganda Ltda.	11	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	1,546	-	(578,902)	-	-
João Alves de Queiroz Filho	-	99,508	-	-	-
Total	1,844	99,508	(698,419)	-	-
Consolidated					
March 31, 2022					
	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Loans payable
Related parties					
João Alves de Queiroz Filho	-	107,933	-	-	-
Total	-	107,933	-	-	-
Parent company					
December 31, 2021					
	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Loans payable
Related parties					
Cosmed Indústria de Cosméticos e Medicamentos S.A.	533	-	(123,547)	-	(1)
My Agência Propaganda Ltda.	11	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	5,845	-	(666,796)	(8,192)	-
João Alves de Queiroz Filho	-	97,414	-	-	-
Total	6,389	97,414	(790,343)	(8,192)	(1)
Consolidated					
December 31, 2021					
	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Loans payable
Related parties					
João Alves de Queiroz Filho	-	105,662	-	-	-
Total	-	105,662	-	-	-

b. In income for the period

Parent company						
March 31, 2022						
	Transactions		Other (expenses)/income		Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Financial expenses	Financial income
Related parties						
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(124,619)	-	-	-	-	-
My - Agência Propaganda Ltda.	-	-	(1,140)	-	-	-
TV Serra Dourada Ltda.	-	-	(60)	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(575,475)	-	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	2,094
	(700,094)	-	(1,200)	-	-	2,094

Consolidated						
March 31, 2022						
	Transactions		Other (expenses)/income		Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Financial expenses	Financial income
Related parties						
TV Serra Dourada Ltda.	-	-	(60)	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	2,271
	-	-	(60)	-	-	2,271

Parent company						
March 31, 2021						
	Transactions		Other (expenses)/income		Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Financial expenses	Financial income
Related parties						
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(103,746)	651	-	-	-	-
My - Agência Propaganda Ltda.	-	51	(1,140)	-	-	-
TV Serra Dourada Ltda.	(536,678)	-	-	(524)	(110)	57
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	-	(745)	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	2,059
	(640,424)	702	(1,885)	(524)	(110)	2,116

Consolidated						
March 31, 2021						
	Transactions		Other (expenses)/income		Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Financial expenses	Financial income
Related parties						
TV Serra Dourada Ltda.	-	-	(745)	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	2,110
	-	-	(745)	-	-	2,110

c. Compensation of key management personnel

Key management personnel include the members of the Board of Directors, Supervisory Board, Audit Committee and Statutory Directors. The compensation paid or payable to key management personnel is as follows:

	Parent company		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Salaries and other short-term benefits	4,652	4,660	4,652	4,660
Board members' fees	1,114	1,337	1,114	1,337
Share-based payments	3,203	1,244	3,203	1,244
	8,969	7,241	8,969	7,241

31 Other matters

a) Internal Investigation

On May 25, 2020, as reported in the Material Fact published on the same date, the Board of Directors was informed of the current status of the internal investigation related to Operation “Tira-Teima”, which confirmed evidence of improper payments made by the Company in the amount of R\$110.6 million, in addition to the R\$33.2 million that was the subject of a Transaction Instrument entered into with a former manager of the Company in 2016.

Following the negotiation with the main co-controlling shareholder of the Company, the Board of Directors approved, on May 25, 2020, the execution of a payment agreement with Mr. João Alves de Queiroz Filho (“the Payment Agreement”). Mr. João Alves de Queiroz Filho considering that it was in the best interests of the Company and its shareholders, agreed to pay the Company the R\$110.6 million, in four equal and successive installments, subject to interest at the SELIC rate.

The Company, based on the advice of its legal counsel, continues to support and collaborate with the investigations conducted by the relevant authorities. The Company’s Management is committed to implementing the recommended measures, and will assess, together with its legal counsel, the legal ramifications of seeking a settlement with the authorities. The potential accounting effects arising from Operation “Tira-Teima” are being investigated by the Company and the Independent Committee, and cannot be reliably estimated at this time.

b) Impacts of the COVID-19 pandemic

To date, the Company's operations have not been significantly impacted by the COVID-19 pandemic. The Company’s operates in a segment which is considered essential, and therefore its operations have not been interrupted. However, it is complying with municipal and/or state legislation at all of its industrial units, which are located in Anápolis and Goiânia in Goiás State.

Strong supply chain management has ensured that inventory levels remain normal and capable of maintaining productive capacity within normal limits, with no interruption of supply inputs. In relation to the Company's receivables, the pharmaceuticals sector has not experienced an increase in defaults, or a lengthening of maturities, and accordingly there has been no impact on these receivables to date.

The Company’s IT tools have proven effective and, based on management guidance, employees are continuing to work at normal productivity levels.

Management believe they are taking all appropriate measures to prevent the spread of COVID-19, as well as to ensure business continuity during the pandemic. Although the Company’s operations have not been significantly affected to date, management is unable to estimate or predict the occurrence of future events related to the COVID-19 pandemic that could have an impact on the Company, but continue to monitor and evaluate any actions which may be required.

32 Events after the reporting period

On April 1, 2022, the Company obtained a loan from Banco Citibank S.A. in the amount of USD 20,000 at an interest rate of SOFR+0.681% per year, which matures on April 11, 2025. The loan was hedged by CDI interest rate+1.50% in the amount of R\$ 94,600.

* * *