Hypera S.A.

Financial Statements
December 31, 2021

Content

Management Report

In compliance with legal and Bylaws dispositions, the Management of Hypera S.A. ('Company' or 'Hypera Pharma') submits the Company's Management Report and its individual and consolidated Standard Financial Statements to its shareholders, as well as the independent auditors report, regarding the fiscal year ended December 31, 2021.

Management Statement

In 2021, Hypera Pharma concluded important stages that positioned the Company as a high performer in the Brazilian pharmaceutical market. Also in January, the Company concluded the acquisition of a selected portfolio from Takeda in Brazil, aggregating new traditional and well-established brands to its portfolio, including Neosaldina, Nesina, Nebacetin and Dramin. This acquisition also consolidated the Company's absolute leadership in the Consumer Health segment in Brazil.

The acquisition strategy continues to contribute strongly to our sustainable growth, and we expect to complete in 2022 the acquisition of 12 Sanofi brands, including the traditional AAS, Naturetti, Cepacol and Hexomedine, which we announced in July 2021.

Our initiatives for organic growth - which include improving the rate of launches, increasing capacity at our subsidiaries, and investing to support our leading brands - also proved effective, leading our sell-out demand to grow 2.1 percentage points higher than the market for the year, resulting in an organic expansion of 16.3% year-over-year in 2020, according to IQVIA.

We continue to invest in our digital transformation, and we launched in the first quarter of 2021 our omnichannel B2B platform, known as Parceiro Hypera, which offers access to innovation and special conditions for purchasing our products to our customers and points of sale in the Brazilian pharmaceutical retail. During the year, more than 12 thousand stores carried out transactions through this new sales channel.

We also reinforced our performance in themes related to the environment, social and governance (ESG). In the area of governance, we received the Women on Board certification, for the representation of women on our Board of Directors, and published the 2020 Annual Report, the first following the Global Reporting Initiative (GRI) guidelines, with a materiality study and aligned with the UN Sustainable Development Goals, which provided information on the main highlights and initiatives in the environmental, social and corporate governance spheres to enhance its value generation so that Hypera Pharma can continue connecting purposes so that people can live longer and better lives.

On the environmental front, we started our support for the Juntos pelo Araguaia project, the largest initiative to recover a hydrographic basin in the world, with actions focused on the recovery and management of water resources, in addition to mitigating the effects of climate change in the State of Goiás, where we concentrate our operations.

On the social front, aware of our involvement in confronting the Covid-19 pandemic, we donated temporary ICU beds to the community of Anápolis, in Goiás. Moreover, in the middle of the celebrations of the 20 years of the company's foundation, we donated about 20 tons of food for the campaign Natal sem Fome (Christmas without Hunger), in São Paulo, and for the Central Única das Favelas - CUFA, in Goiás. Materializing Neo Química Arena's vocation as a hub for social actions, we held the first Mutirão de Saúde Neo Química in August, focusing on the prevention of chronic diseases, among them diabetes and hypertension.

Due to the investments accomplished during the year, the acceleration of our organic growth and the launches in our portfolio, allied to the execution of our acquisition strategy, we believe that Hypera Pharma is the pharmaceutical company best prepared to capture the several growth opportunities in the Brazilian pharmaceutical market.

Key Indicators

Net Revenue reached R$5,937.4 million in 2021, a 45.2% increase when compared to the previous year. This growth is in line with the guidance set by the Company for the year and was mainly driven by the contribution of the portfolio of medicines acquired from Takeda and Buscopan, as well as by the sell-out growth in Prescription Products, Skincare and Similars and Generics.

When excluding the contribution of the portfolio of medicines acquired from Takeda and Buscopan, Net Revenue grew 15.2% in 2021, in line with the 16.3% organic sell-out growth for the period.

Gross Profit increased 44.6% when compared to last year, reaching R$3,802.9 million, with margin of 64.0% of Net Revenue, in line with the level reported in 2020. In the year, the portfolio of medicines acquired from Takeda and Buscopan contributed positively to the Gross Margin, while the devaluation of the Real against the Dollar and the mix of products sold contributed negatively.

In 2021, EBITDA from Continuing Operations reached R$2,101.7 million, or 45.9% higher than 2020, mainly driven by the 45.2% growth in Net Revenue in the period. When excluding the contribution of Other Net Operating Income and Expenses, EBITDA from Continuing Operations reached R$2,053.0 million, in line with the guidance set for the year, with margin of 34.6%, compared to 29,4% from last year.

In the year, Net Income from Continuing Operations totaled R$1,617.7 million, in line with the guidance set for the period, with an increase of 22.4% over the previous year. This performance mainly reflects the 49.2% growth of EBIT from Continuing Operations and the increase of R$248.3 million in Net Financial Expenses in the same period.

Operating Cash Flow was R$1,399.1 million in 2021, Hypera Pharma's highest level ever recorded, driven mainly by the growth in EBIT from Continuing Operations.

Macroeconomic Environment

In 2021, the world watched the gradual recovery of the economic activity as a consequence of the reopening of in person activities in several countries, in the footprint of the success of vaccination programs against the new coronavirus. In Brazil, by the end of 2021, there were already more than 140 million Brazilians with the vaccination cycle completed, or 80% of the target population, a performance higher than the average achieved by the main developed countries in the period.

This progress contributed to the World Bank's estimate, in January 2022, of a global economic growth of 5.5% in 2021, compared to a contraction of 3.4% of the global economy in 2020, the first year of the new coronavirus pandemic. In Brazil, after a 4.1% drop in 2020, the GDP pointed to a recovery in 2021, with an expansion of 5.7% in the accumulated between January and September, in comparison with the same period of the previous year, according to data from IBGE (Brazilian Institute of Geography and Statistics). In February 2022, the FGV (Getúlio Vargas Foundation) indicated an estimate of 4.7% growth for the Brazilian economy in 2021 compared to 2020.

For the fifth consecutive year, the US dollar appreciated against the Brazilian Real, increasing by 7.4% in 2021 compared to the previous year, ending the month of December quoted at R$5.58 for sale. This result was one of the factors that boosted the advance of inflation in Brazil, and the IPCA (Extended Consumer Price Index) reached 10.1% in the year, reaching the double-digit level for the first time since 2015, with a notable contribution from the higher fuel and food prices.

Given this scenario, the Central Bank of Brazil began a series of adjustments to the basic interest rate in the country, raising the Selic to 9.25% per year by the end of December 2021, from 2.0% in January. The trend would continue into early 2022, with another rise to 10.75% announced in February.

The gradual recovery of the activities in the economy and the people flow, combined with the increase in healthcare by the population observed in Brazil, contributed for the Brazilian pharmaceutical market to accelerate in 2021 in relation to 2020, reaching a growth of 14%, according to IQVIA data, with recovery of several relevant therapeutic classes, such as analgesics, anti-flu, central nervous system and ophthalmology. As a highlight, the segment of similar and generic products recorded an 18.9% expansion in this period.

Even with the uncertainties related to the Brazilian political scenario because of the presidential elections of 2022 and the new coronavirus pandemic, the Brazilian pharmaceutical market should once again show growth in the year, according to IQVIA, showing the resilience and sustainable growth characteristics of this market.

Outlook

In September 2021, IQVIA projected a 9.2% growth for the Brazilian pharmaceutical market in 2022, followed by expansions of 8.6%, 8.0% and 7.5%, respectively, for the years 2023, 2024 and 2025. Factors that contribute to such estimates are the gradual recovery of income levels, the incremental spending on medicines, directed especially to similar generics, and the changes in the Brazilian population's living habits, encouraging the demand for medicines in the country, especially those related to prevention.

In the next decades, the aging of the Brazilian population, whose population over 60 years old is expected to represent almost 30% of the total by 2050, according to IBGE data, remains as one of the main factors that may contribute positively to the growth of the Brazilian pharmaceutical market, since the consumption of medicines by this age group is higher than that of younger age groups.

Therefore, after analyzing the macroeconomic scenario and the dynamics of the markets in which it operates, the Company established the following guidances for 2022:

- **Net Revenue** around R$7,400 million
- **Adjusted EBITDA from Continuing Operations** around R$2,650 million
- **Net Income from Continuing Operations** around R$1,700 million

These projections are based on the analysis of the macroeconomic scenario and the dynamics of the markets in which the Company operates. The Adjusted EBITDA from Continued Operations excludes "Other Operating Income" and "Other Operating Expenses".

Profile and Business Units

Hypera Pharma is one of the biggest and most diversified pharmaceutical companies in Brazil and is present in all relevant segments of the sector. With leading position in diverse categories offering high quality and secure products, investing continuously in innovation and growth in a sustainable way, so that people live more and better.

With a forward-looking and innovative vision, Hypera Pharma is supported by one of the biggest and most modern pharmaceutical research centers in Brazil, in the structure of its subsidiary Brainfarma. The center is composed of a highly qualified team of professionals, including masters and doctors, for the development of medicines, dermocosmetics and health products, using high technology to pioneer the launch of new treatments in Brazil.

Headquartered in São Paulo and listed on B3's Novo Mercado since 2008, the Company operates in the following market segments:

Consumer Health: Market leader in non-prescription drugs, with iconic brands recognized by Brazilians for decades, including Apracur, Benegrip, Buscopan, Coristina D, Engov, Epocler, Estomazil, Neosaldina, among others. It also competes in nutraceuticals and vitamin supplements, with brands such as Tamarine, Vitasay, Biotônico Fontoura and Zero-Cal, a Top-of-Mind brand for 18 consecutive years. It is one of the largest media investors in Brazil, with dozens of advertising campaigns each year in traditional and digital media.

Branded Prescription: Under Mantecorp Farmasa, it is among the main brands in the Brazilian prescription pharmaceutical market, with a diversified portfolio of products and presentations in the Primary Care segment. It owns a portfolio of highly recognized drugs recommended by the medical community, with products such as Addera D3, Alektos, Dramin, Nesina, Predsim, Masxulid, Celestamie (in RX), Alivium, Colflex, Rinosoro, Ofolato (in OTX). In this segment, it combines innovation with a focus on the medical community in several therapy specialties, to guarantee new treatment options for the Brazilian population, and operates through a team of more than a thousand medical reps all over Brazil.

Similars e Generics: Over more than 60 years of history, Neo Química has consolidated its position as one of the main medicine brands in the Brazilian pharmaceutical industry. In its portfolio of more than 400 products, among generics and similars, are some of the best-selling drugs in Brazil, being present in more than 96% of pharmacies in the country. In 2019, the brand presented a new identity and a new positioning - "Your health is our vocation". In this way, it firmed its purpose of helping to ensure the right to health of all Brazilians. Neo Química believes in sports as a way to promote health and well-being and consistently invests to support sports teams and projects.

***Skincare**:* With over 40 years of history in the dermatology market, Mantecorp Skincare understands the needs of Brazilian skin and develops products with proven efficacy and unique sensory experience, with the function of protecting, recovering and improving skin health. The brand has more than 50 products and several projects under development. Thus, it stands in the DNA of the national dermatology by its commitment to scientific evidence through the most advanced tests and clinical studies, ensuring efficacy and safety of its products and bringing reliability to patients, consumers and the medical community.

Portfolio & Innovation

Hypera's total investments in Research and Development, including the amount capitalized as intangible assets, reached R$330.7 million in 2021. In the year, the Company's innovation index - corresponding to the percentage of net revenue from products launched in the last five years - reached 30%, excluding the contribution of the portfolio of medicines acquired from Takeda and Boehringer in 2021 and 2020, respectively.

Since 2018, when the Company began to focus its operations exclusively on the pharmaceutical market, several products have been launched in all of the Company's operating segments in the Brazilian pharmaceutical retail. During this period, more than R$1.1 billion was invested in Research and Development, an activity centralized in the innovation center of the Brainfarma subsidiary.

In 2021, Hypera Pharma joined the biggest therapeutic class of prescription products in Brazil, with the launch of the molecule rivaroxaban, indicated for the treatment of atrial fibrillation and deep vein thrombosis, in versions in its portfolio of Prescription Products (Vabam) and Generic. It also started to compete in the Vitamin C market, with Benegrip Imuno Energy, Benegrip Imuno Complex, and Vitamina C and Vitamina C + Zinc, in the Vitaminas Neo Química brand.

As part of the strategy to launch concepts still pioneered in Brazil, but available abroad, the Company also launched the melatonin molecule, as a nutritional supplement, in different segments of its portfolio: Melatonum (in Prescription Products); Vitasay Melatonina (in Consumer Health) and in the Vitaminas Neo Química brand.

In Consumer Health, the Company also launched the Blumel brand of natural products and the new Red Hits flavor of Engov After.

In Prescription Products, line extensions were launched such as Addera Flash, the first brand of vitamin D on film phamaceutial form in Brazil, Colflex Muscular and Colflex Hialu, and Alektos Ped, pediatric form of the patented antihistamine Alektos acquired from Takeda in 2021. New products were also launched, such as Lune SL, for the treatment of insomnia in sublingual pharmaceutical form, and Amome, for the treatment of allergic rhinitis symptoms.

In Skincare, the highlights were the extensions of the Blancy, Glycare, Reviline, Urby, and Nouve brands, in addition to Pielus MX (minoxidil), part of the protocol for the treatment of baldness.

In Generics, the company continued to expand its coverage of molecules, with highlight to the launch of Donepezil, Pregabalin, Celecoxib, Zolpidem and Quetiapine.

Investiments

In 2021, Hypera Pharma took significant steps to become the leader of the Brazilian pharmaceutical market in the upcoming years. The Company invested approximately R$2.0 billion to further strengthen its business platform.

Among these investments, it is worth highlighting the investments in media, point of sale and medical visitation, the investments made in the manufacturing complex in Anápolis to expand production capacity in solids, vitamins and injectables, and the investments in research and development to support the Company's innovation pipeline.

Acquisitions and Divestments

With a long history of growth through acquisitions, the Company concluded on January 29, 2021 the acquisition of a selected portfolio of brands in Brazil from Takeda Pharmaceuticals International AG, for USD825 million, an amount that included businesses acquired in other Latin American countries, but sold to Eurofarma Laboratórios S.A. on the same date, for USD161 million.

On January 29, 2021, the Company completed the acquisition of Simple Organic, a brand of natural, organic, and vegan cosmetics, free of animal cruelty and for all genders.

On July 13, 2021, the Company announced the acquisition of 12 prescription and over-the-counter brands from Sanofi in Brazil, Mexico and Colombia, and their respective registrations - including the analgesic AAS, the phytotherapic Naturetti and the antiseptic Cepacol - for USD190.3 million. The completion of the transaction is subject to certain conditions precedent, among them approval by competent antitrust authorities.

On October 29, 2021, the Company completed the acquisition of Bioage, a leader in high-performance dermocosmetics for professional use and home care, announced on July 8, 2021.

On November 18, 2021, the Company announced the execution of an agreement with Eurofarma for the disposal of assets related to the target portfolio of the transaction with Sanofi in Mexico and Colombia for USD51.6 million. The completion of this transaction is subject to certain conditions precedent, including closing between the Company and Sanofi.

The Company also made two additional corporate venture capital investments: (i) the acquisition of the minority stake in Consulta Remédios, the largest platform for accessing and consulting medicines information in Brazil (www.consultaremedios.com.br), completed on May 18, 2021; and (ii) the acquisition of the minority stake in the Amigo clinic management platform, completed on November 26, 2021.

Issuance of Debentures

On September, 2021, an issue of 1,000,000 non-convertible debentures was made of the 10th public issue, single series, chirographic species, with restricted distribution efforts, in the total amount of R$ 1,000,000,000.00 (one billion reais), with firm placement guarantee and unit price of R$1,000.00 (one thousand reais), with remuneration interest corresponding to 100% (one hundred percent) of the accumulated variation of the average daily rates of the DI - Interfinancial Deposits + spread of 1.45% per year and a maturity term of five years from the issue date.

The funds from these issues will be used to meet the Company's ordinary needs related to its business and for future investments.

Human Capital

Once again, Hypera Pharma was recognized in 2021 as an excellent place to work by GPTW. The Company's medical area was also recognized by Sindusfarma for having developed the best plan to combat Covid-19 in the Brazilian pharmaceutical market among its employees.

Furthermore, the Company advanced in its People pillar, implementing several initiatives in the People and Management area: Organizational Climate Committees were created and a platform was launched for the development of the Company's leadership - the School of Leaders.

The company launched a corporate program for new ideas called PLIN to improve the work environment and the development of more than 9 thousand employees. It also implemented an Award Program to celebrate the performance of its employees and awaken their pride in belonging, on three fronts: Performance, Competencies and Company´s employment period.

The company also maintains in Anápolis (GO), the CDI - Child Development Center, a day care center for employees' sons and daughters, aged between 4 months and 5 years and 11 months. There, educational practices are developed, organized so that the child gradually acquires independence and autonomy, specific for each age group.

Capital Markets

The shares issued by Hypera Pharma are traded under the ticker HYPE3 at B3's Novo Mercado – the segment of the Brazilian stock exchange with the highest corporate governance standards in the Brazilian market.

In 2021, the Company became part of the recently created IGPTW B3, which brings together companies certified as excellent places to work by the Great Place to Work (GPTW). The Company is also part of the reference portfolios of the following Brazilian stock market indexes: IBOVESPA, ICON, IGCT, ITAG, ICO2, IBXX, IVBX2, MLCX, IGC-NM, IBRA, IGC, and IGPTW.

By the end of 2021, the total number of outstanding shares issued by the Company remained 633,420,823 common shares, with 63.1% free float. HYPE3 shares ended the year at R$28.27, versus R$34.25 at the end of 2020. In the same period, the Ibovespa index, main index of the Brazilian Stock Exchange, declined 11.93%, ending the year at 104.822,4 points.

The Company has a Level I ADR (American Depositary Receipts) Program, which are traded in over-the-counter markets in the United States.

Dividends

The Company's mandatory dividend is of at least 25% of the adjusted net income, under the terms of the Brazilian Corporate Law and the Company's Bylaws, based on the consolidated financial statements after the constitution of reserves according to the law. The yearly distribution of dividends, including dividends in excess of the minimum mandatory dividend, requires approval by a majority vote of the holders of the Company's common shares and will depend on many factors, including the Company's operating results, financial condition, cash requirements, future prospects and other eventual elements deemed relevant by the Company´s Board of Directors and shareholders.

In january 2022, Hypera Pharma distributed a total amount of approximately R$779.0 million to its shareholders under the form of interest on capital (IOC), referring to fiscal year 2021.

The following table presents the history of dividend payment of the past three fiscal years:

	2019	2020	2021
Total Dividends (R$ million)	675.3	742.0	779.0
Dividends Per Share (R$)	1.07	1.17	1.23

Social Responsability

Hypera Pharma has "Social Responsibility" as one of the main pillars of its corporate actions, investing in social projects aligned with its priority Sustainable Development Goals (SDGs): Good Health and Well-Being (SDG 3), Clean Water and Sanitation (SDG 6) and Industry, Innovation and Infrastructure (SDG 9). Listed below are the Company's main initiatives carried out with and for its employees and the community surrounding its operations.

- Social Assistance:
  - *Receita do Bem*: the Company has a permanent volunteer program, with initiatives related to health issues. With the pandemic and the beginning of social distancing, the program adapted to the virtual format, promoting storytelling in hospitals, with play tutorials, benefiting children, teenagers and the elderly. 225 health kits were delivered to Hospital Cruz Azul, Instituto da Criança do Hospital das Clínicas-SP, and Projeto Amigos das Crianças, encouraging children to create games and crafts from these stories.
  - AHPAS: for the fifth consecutive year, the Company promoted among its employees a campaign to donate Christmas bags in partnership with AHPAS - Helena Piccardi Andrade Silva Association - which offers free transportation for children and adolescents undergoing cancer treatment. In 2021, 123 bags were donated to the institution.
  - Mentoria Enem: the Enem Mentoring project aims to help students from public schools who took the National High School Exam – ENEM, in search of a place at university. The iniciative brought together 28 volunteers, especialized in different areas, and resulted in 160 consultations.
- Hypera 20 anos: as part of the initiatives to celebrate Hypera Pharma's 20th anniversary, the company donated around 20 tons to the Natal sem Fome (Christmas without Hunger) campaign (SP) and to CUFA (GO). Our employees

also mobilized and donated almost 11 thousand plates of food as a way to combat the severe nutritional situation of the population during the Covid-19 pandemic.

- Instituto Horas da Vida: Mantecorp Farmasa and Mantecorp Skincare are sponsors of the project, which structures a volunteer network with doctors, with a focus on low complexity treatments.
- *Mutirão da Saúde Neo Química*: in August, Neo Química held its first health campaign at the Neo Química Arena, focusing on the prevention of chronic and silent diseases such as diabetes and hypertension, as well as nutritional assessment. A total of 600 people were attended, with the involvement of ten volunteers and partners such as the Horas da Vida Institute, CUFA and Acesso Saúde.
- *Aceleradora Vitasay Startse 5.0+*: the Vitasay50+ brand launched in 2021 the Aceleradora Vitasay Start 5.0+, the first acceleration program directed to businesses run by people over 50 years, with a focus on social innovation and the potential to change the reality of many Brazilians, in partnership with the corporate social innovation unit of Yunus Negócios Sociais, a world reference in the support and development of businesses focused on social and environmental impact.
- *Projeto De Bem com Você*: Mantecorp Skincare donated 2,700 thousand units of Epidrat Mat FPS 30 for the De Bem com Você - A Beleza contra o Câncer project, of the ABIHPEC Institute, and sponsored the skin care manual for the workshop offered to teenage girls. During the year, the Institute reached around 40 teenagers, in partnership with the Boldrini Hospital in Campinas (SP).
- *Combate ao novo coronavírus*: the Company has donated 23 temporary ICU beds to face the pandemic in Anápolis (GO) in 2021, besides having contributed, along with other partners, to keep the magnetic resonance equipment of Santa Casa de Anápolis in operation.

Environmental Management

In 2021, Hypera Pharma became a partner in the Juntos pelo Araguaia Project, the largest program for the recovery of a hydrographic basin in the world (Araguaia Basin). Together with the Espinhaço Institute and the State Department of Environment and Sustainable Development of Goiás (Semad-GO), the planting of native seedlings in degraded areas along the riverbank was started during the year, putting into practice actions to restore 230 hectares in Santa Rita do Araguaia and in Mineiros, also aiming to mitigate the impacts of climate change in the region.

In November 2021, the subsidiary Brainfarma was awarded by CREA-GO for its innovative and sustainable project for effluent treatment through an ultrafiltration process with reverse electrodialysis for reuse in cooling towers and boilers. The initiative is part of PURA - Program for Rational Use of Water.

At the end of 2021, Brainfarma created a Natural Resources Efficiency Committee (COMEF), to promote the efficient use of natural resources, including water, energy, materials (waste generation) and fossil fuels (generation of greenhouse gases - GHG), by means of actions and projects aimed at sustainable growth.

In recognition for the transparency in the information provided about the group's GHG emissions, the HYPE3 shares were listed in B3's ICO2 (Carbon Efficient Index) portfolio, with a weight of 0.506% in the index portfolio for the first four months of 2022.

More information about the performance of the Company on issues related to the environment, people, social responsibility and corporate governance can be found in the Company's Sustainability Report, available on its Investor Relations website https://ri.hypera.com.br/, including quantitative data and qualitative discussions on relevant ESG indicators.

Arbitration Panel

In accordance to the Company's by-laws, disputes and litigations regarding or related to by-laws, the Novo Mercado Rules, the Brazilian Corporations Law, the norms edited by the National Monetary Council, by the Central Bank of Brazil and by the Securities and Exchange Commission of Brazil, B3's Rules and other norms applicable to the functioning of capital markets in general must be solved by arbitration, to be conducted in the form of the Rules of the Market Arbitration Panel Rules, established by B3.

Relationship with Auditors

In compliance with CVM Instruction No. 381/2003, we inform that in fiscal year 2021, we engaged our independent auditors for services other than those related to external audit and, mainly due to due diligence services related to the acquisition of a selected portfolio of Takeda's brands in Brazil by the Company. The total compensation for such services was less than 5% of the overall compensation for external audit services fees.

The Company's policy when contracting the services of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity of services eventually rendered by independent auditors unrelated to the external audit services.

The independent auditors declared to the Company's Management that they do not have aspects of independence that could affect the independence and objectivity necessary for the performance of the external audit services.

HYPERA S.A.

São Paulo, 24 de fevereiro de 2022

Hypera Pharma grew Net Revenue by 45.2% and EBITDA from Continuing Operations by 45.9% in 2021, with organic market share gains and all the guidance set for the year being reached

São Paulo, February 24, 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 2021. 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).

4Q21 Highlights

- **Net Revenue of R$1,626.5 million in the quarter, up 43.3% over 4Q20**
- **Organic sell-out growth of 15.2%[1], or 2.5 p.p. higher than the market growth[3]**
- **Organic sell-out growth in Consumer Health more than 2 times higher than the market growth**
- **EBITDA from Continuing Operations of R$566.9 million, or 62.4% higher than 4Q20**

2021 Highlights

- **Net Revenue of R$5,937.4 million, or 45.2% higher than 2020, according to the guidance set for the period**
- **Organic sell-out growth of 16.3%[2] in the year, or 2.1 p.p. higher than market growth[3]**
- **EBITDA from Continuing Operations growth of 45.9%, in line with the guidance set for the year**
- **Net Income from Continuing Operations of R$1,617.7 million, according to the guidance set for the period**
- **Highest ever recorded Operating Cash Flow of R$1,399.1 million, or 18.3% higher than the previous year**
- **Interest on Equity Approval of R$779.0 million (R$1.23 per share), or 5% higher than in 2020**
- **Conclusion of the Takeda brands acquisition and announcement of the acquisition of 12 brands from Sanofi**
- **New structure assembled to focus on the institutional market**
- **Announcement of 2022 Guidance for Net Revenue, EBITDA and Net Income from Continuing Operations**

Table 1

(R$ million)	4Q20	% NR	4Q21	% NR	Δ %	2020	% NR	2021	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,318.4	*116.2%*	1,876.1	*115.3%*	*42.3%*	4,666.5	*114.1%*	6,798.3	*114.5%*	*45.7%*
Net Revenue	1,134.8	*100.0%*	1,626.5	*100.0%*	*43.3%*	4,088.9	*100.0%*	5,937.4	*100.0%*	*45.2%*
Gross Profit	699.7	*61.7%*	1,018.9	*62.6%*	*45.6%*	2,629.3	*64.3%*	3,802.9	*64.0%*	*44.6%*
SG&A (ex-Marketing and R&D)	(180.0)	*-15.9%*	(193.9)	*-11.9%*	*7.7%*	(625.3)	*-15.3%*	(735.1)	*-12.4%*	*17.6%*
Marketing	(214.7)	*-18.9%*	(244.7)	*-15.0%*	*13.9%*	(787.0)	*-19.2%*	(1,032.7)	*-17.4%*	*31.2%*
EBITDA from Continuing Operations	349.0	*30.8%*	566.9	*34.9%*	*62.4%*	1,440.4	*35.2%*	2,101.7	*35.4%*	*45.9%*
Net Income from Continuing Operations	324.9	*28.6%*	366.0	*22.5%*	*12.6%*	1,321.6	*32.3%*	1,617.7	*27.2%*	*22.4%*
Cash Flow from Operations	195.2	*17.2%*	301.1	*18.5%*	*54.2%*	1,183.1	*28.9%*	1,399.1	*23.6%*	*18.3%*

EARNINGS CONFERENCE CALL – PORTUGUESE: 02/25/2021, 11am (Brasília) / 9am (New York)
Webcast: click here / **Phone:** +55 11 4090-1621 (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): 02/25/2021, 11am (Brasília) / 9am (New York)
Webcast: click here / **Phone:** US Toll Free +1 412 717-9627 (code – Hypera)
Replay: +55 (11) 3193-1012 (code – 8440138#) or website **ir.hypera.com**

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Note: (1) Sell-out PPP 4Q21, as informed by IQVIA ref. Dec/2021. It does not consider the sell-out of the portfolio acquired from Takeda; (2) Sell-out PPP 2021, as informed by IQVIA ref. Dec/2021. It does not consider the sell-out of the Buscopan brands and the portfolio acquired from Takeda (3) As informed by IQVIA, it excludes the infant formula segment

Operating Scenario

Net Revenue grew 45.2% in 2021 and reached R$5,937.4 million, in line with the guidance set by the Company for the year. This performance was driven by the contribution from the portfolio of medicines acquired from Takeda and the Buscopan family, as well as the 16.3% organic sell-out[2] growth in the period, which was 2.1 percentage points higher than the market growth[2]. In 4Q21, organic sell-out grew 15.2%, or 2.5 percentage points above market growth.

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

Prescription Products was the main highlight of the year, with sell-out growth of 20.1%, or 6.7 percentage points higher than the market growth. This 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**, **Alivium** and **Predsim**.

In Consumer Health, the main highlights of the year were the Gastrointestinal, Nutritional and Anti-flu categories, whose performance helped Hypera Pharma to expand its market share throughout the year. In 4Q21, the sell-out growth in Consumer Health was more than twice the market and was driven by the significant growth of anti-flu medicines as a result of the recent increase in influenza (H3N2) cases observed in Brazil.

In **Skincare**, **Hypera Pharma expanded its market share once again**, driven mainly by the important brand extensions from recent quarters, and by the growth of the portfolio of medicines acquired from Glenmark in early 2020. In **Similar and Generics**, the growth was benefited by the acceleration in the number of launches in generics and by the expansion of production capacity.

The sell-out growth and operational synergies from the integration of the portfolio of medicines acquired from Takeda and the Buscopan family allowed the Company to reach EBITDA from Continuing Operations of R$2,101.7 million in 2021, or 45.9% higher than 2020. **When excluding the contribution of Other Net Operating Income and Expenses, EBITDA from Continuing Operations reached R$2,053.0 million, in line with the guidance set for the year, up 70.6% versus 2020 and registered margin of 34.6%, compared to 29.4% from last year.**

This growth also helped the Company to achieve Net Income from Continuing Operations of R$1,617.7 million in the year, in line with the guidance set for the period, and to register the highest ever recorded operating cash flow of R$1,399.1 million.

In 2021, Hypera created a new structure focused on the institutional market, which already has more than 20 experienced professionals and continues to advance in the creation of a Research and Development area for the institutional market, as well as in the development of a pilot plant with more than 10 thousand square meters to support the growth expected for this market. The Company already mapped an innovation pipeline to launch over 70 molecules in the coming years in Oncology, Specialties and Biologics, in addition to the Bionovis business, in a potential market of around R$12 billion.

The Company also invested significantly to expand its production capacity in Anápolis in 2021, with emphasis on: (i) the completion of the project to increase solids production capacity by 75%; (ii) the investments to expand VMS production capacity to more than 1 billion tablets/year in 2022; and (iii) the beginning of investments to increase in 3 times the current production capacity in injectables by 2023. **The expansion of the production capacity over the last few years aims to contribute to the sell-out growth in the pharmaceutical retail market, internalize the production of Buscopan and support Hypera Pharma's entrance in the institutional market.**

In addition to the important operational and financial advances recorded in the year, the Company also made significant progress in several topics related to the sustainability of its businesses and did not lose sight of its commitment to preserving the well-being of its stakeholders.

In order to reinforce its leadership in Consumer Health and its operations in the Dermatology, Central Nervous System and Gastrointestinal categories, the Company concluded the acquisitions of **Simple Organic** and **Bioage** and announced the acquisition of 12 products from Sanofi, which comprise iconic brands of Consumer Health products such as **AAS**, **Naturetti** and **Cepacol**, in addition to prescription drugs **Buclina** and **Hidantal**. Hypera Pharma also invested more than

Note: (1) Sell-out PPP 4Q21, as informed by IQVIA ref. Dec/2021. It does not consider the sell-out of the portfolio acquired from Takeda; (2) Sell-out PPP 2021, as informed by IQVIA ref. Dec/2021. It does not consider the sell-out of the Buscopan brands and the portfolio acquired from Takeda (3) As informed by IQVIA, it excludes the infant formula segment

R$330 million in Research and Development in 2021 and launched important products in several segments of the Brazilian pharmaceutical retail market.

Hypera Pharma also took important steps in promoting its digital transformation with the launch of Parceiro Hypera in 1Q21, its B2B omnichannel platform that allows all its customers and points of sale in the pharmaceutical market to have access to the innovations and special conditions of the Hypera Pharma portfolio of products. **The Company sold around R$100 million to more than 12 thousand drugstores through Parceiro Hypera in 2021, and it is commited to its goal of exceeding R$300 million in sales through the platform in 2022.**

In 2021, Hypera Pharma was once again certified by the Great Place to Work as an excellent place to work in Brazil and **became part of B3's IGPTW index**. Additionally, the Company received the WOB – Women on Board certificate for the representation of women on its Board of Directors and presented important improvement in the main global ESG rankings, such as DJSI, MSCI and CDP.

Hypera Pharma also became part of the Juntos pelo Araguaia project to increase water availability in the Araguaia Basin through forest recovery, regeneration, densification and soil conservation actions, **supporting the minimization of the effects of climate change on the region**.

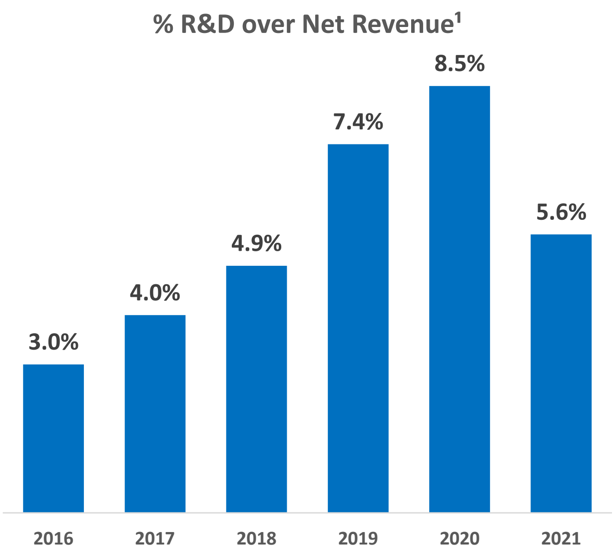
The Company continued to invest in its sustainable growth and in the well-being of its stakeholders, without losing sight of its commitment to return to its shareholders. **In 2021, the Board of Directors approved the payment of Interest on Equity of R$779.0 million (R$1.23/share), or 5% higher than in 2020.**

The year of 2021 presented very important advances for Hypera Pharma. Approximately R$2.0 billion were invested in production, innovation and promotion of its leading brands to further strengthen its business platform, more than any other Brazilian pharmaceutical industry invested in the year.

These investments also helped the Company to expand its market-share organically in 2021 and start 2022 with a strong performance. The Company estimates approximately 30% of sell-out growth in the first two months of 2022, which is above the market growth expectations for the same period, reiterating that Hypera Pharma remains the pharmaceutical industry best prepared to capture the growth opportunities in the Brazilian pharmaceutical market.

The Company also announced its 2022 guidance: Net Revenue of around R$7,400 million, EBITDA from Continuing Operations of around R$2,650 million, and Net Income from Continuing Operations of around R$1,700 million. The EBITDA from Continuing Operations guidance did not consider "Other Operating Revenues/Expenses".

Innovation & Launches



In 2021, the Company invested more than R$330.7 million in Research and Development, or 5.6% of Net Revenue, and surpassed R$1.1 billion invested since 2018, when it started to focus its operations exclusively on the Brazilian pharmaceutical market.

The innovation index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 24% in the 4Q21. **When excluding the portfolio of medicines acquired from Takeda and the Buscopan family, the innovation index reached 31% in 4Q21 and 30% in the year.**

In 2021, the Company reinforced its portfolio with several launches in all pharmaceutical retail segments.

Hypera Pharma has entered the largest therapeutic class of prescription in Brazil with the launches of **Vabam** and **Rivaroxabana**, for the treatment of atrial fibrillation and deep vein thrombosis, and also in the Vitamin C market, with the **Benegrip Immuno Energy,** the **Benegrip Immuno Complex** and **Vitaminas Neo Química Vitamina C** and **Vitamina C + Zinco.**

The Company was the first to launch the melatonin supplement in Brazil after the ANVISA approval with **Melatonum, Vitasay Melatonina** and **Vitamina Neo Química Melatonina**, and it also launched **Lune SL,** for the treatment of insomnia in sublingual pharmaceutical form, **Blumel**, a line of natural products for the treatment and prevention of cold, and **Amome,** for the treatment of symptoms of allergic rhinitis.

Hypera Pharma has also launched several line extensions of its leading brands, such as **Addera Flash**, the first brand of Vitamin D in Brazil on a film pharmaceutical form, **Colflex Muscular** and **Colflex Hialu**, **Engov After Red Hits** and **Alektos Ped**, line extension of the patented antihistamine Alektos acquired from Takeda to be promoted with pediatricians.

In Skincare, the line extensions of the **Blancy, Glycare, Reviline, Urby** and **Nouve** brands stood out, in addition to the **Pielus MX**, (minoxidil), part of the protocol for treating baldness. In generics, **Donepezil, Pregabalin, Celecoxib, Zolpidem** and **Quetiapine** were the main highlights of the year and helped the Company to increase its coverage of molecules in the pure generic market.

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

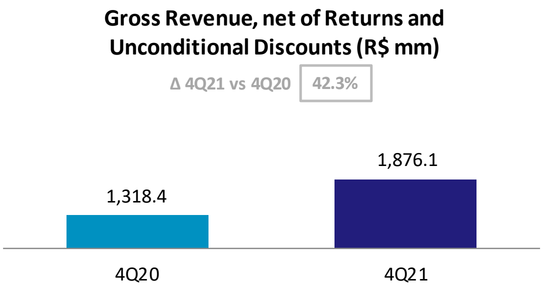
Income Statement

Table 2

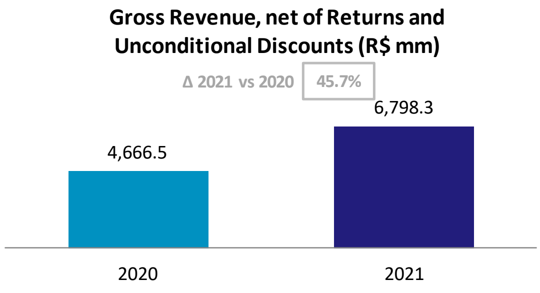
(R$ million)	4Q20	% NR	4Q21	% NR	Δ %	2020	% NR	2021	% NR	Δ %
Net Revenue	**1,134.8**	***100.0%***	**1,626.5**	***100.0%***	***43.3%***	**4,088.9**	***100.0%***	**5,937.4**	***100.0%***	***45.2%***
Gross Profit	**699.7**	***61.7%***	**1,018.9**	***62.6%***	***45.6%***	**2,629.3**	***64.3%***	**3,802.9**	***64.0%***	***44.6%***
Marketing Expenses	(214.7)	*-18.9%*	(244.7)	*-15.0%*	*13.9%*	(787.0)	*-19.2%*	(1,032.7)	*-17.4%*	*31.2%*
Selling Expenses	(151.4)	*-13.3%*	(143.3)	*-8.8%*	*-5.4%*	(568.6)	*-13.9%*	(624.2)	*-10.5%*	*9.8%*
General and Administrative Expenses	(63.2)	*-5.6%*	(64.1)	*-3.9%*	*1.4%*	(208.4)	*-5.1%*	(237.6)	*-4.0%*	*14.0%*
Other Operating Revenues (Expenses)	43.7	*3.8%*	(40.3)	*-2.5%*	-	236.8	*5.8%*	48.7	*0.8%*	*-79.4%*
Equity in Subsidiaries	4.8	*0.4%*	4.2	*0.3%*	*-12.4%*	16.8	*0.4%*	11.0	*0.2%*	*-34.9%*
EBIT from Continuing Operations	**318.8**	***28.1%***	**530.9**	***32.6%***	***66.5%***	**1,318.9**	***32.3%***	**1,968.0**	***33.1%***	***49.2%***
Net Financial Expenses	(36.0)	*-3.2%*	(134.6)	*-8.3%*	*273.6%*	(75.4)	*-1.8%*	(323.7)	*-5.5%*	*329.1%*
Income Tax and CSLL	42.2	*3.7%*	(30.3)	*-1.9%*	-	78.2	*1.9%*	(26.6)	*-0.4%*	-
Net Income (Loss) from Continuing Operations	324.9	*28.6%*	366.0	*22.5%*	*12.6%*	1,321.6	*32.3%*	1,617.7	*27.2%*	*22.4%*
Net Income from Discontinued Operations	(10.1)	*-0.9%*	(12.9)	*-0.8%*	*28.1%*	(26.5)	*-0.6%*	(287.4)	*-4.8%*	*984.2%*
Net Income (Loss)	314.9	*27.7%*	353.1	*21.7%*	*12.1%*	1,295.1	*31.7%*	1,330.3	*22.4%*	*2.7%*
EBITDA from Continuing Operations	**349.0**	***30.8%***	**566.9**	***34.9%***	***62.4%***	**1,440.4**	***35.2%***	**2,101.7**	***35.4%***	***45.9%***

Net Revenue

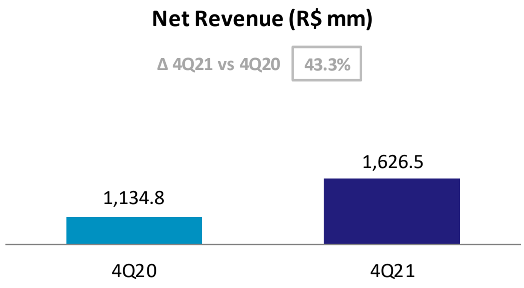
Graph 1



Graph 2



Graph 3



Graph 4

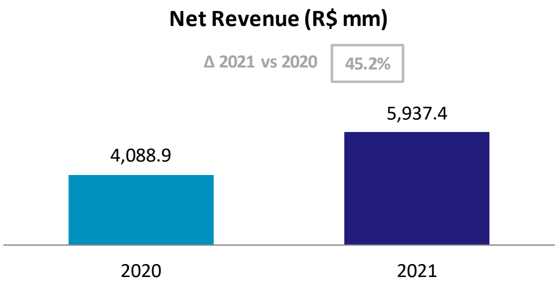


Table 3

(R$ million)	4Q20	4Q21	Δ %	2020	2021	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	**1,318.4**	**1,876.1**	***42.3%***	**4,666.5**	**6,798.3**	***45.7%***
Promotional Discounts	(84.8)	(119.8)	*41.3%*	(234.3)	(385.6)	*64.6%*
Taxes	(98.7)	(129.8)	*31.5%*	(343.3)	(475.3)	*38.5%*
Net Revenue	**1,134.8**	**1,626.5**	***43.3%***	**4,088.9**	**5,937.4**	***45.2%***

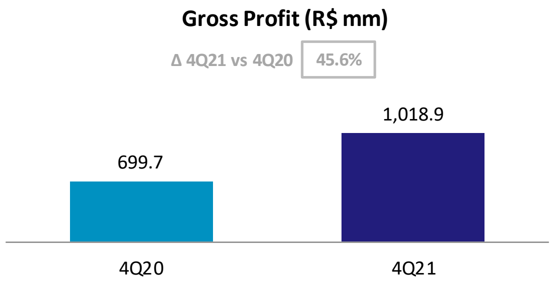
The growth in Net Revenue was 43.3% in 4Q21, when compared to the same period of the previous year, and reached R$1,626.5 million. This growth is mainly a result of the contribution to the Net Revenue in the 4Q21 of the portfolio of medicines acquired from Takeda and the growth in the quarter's sell-out. When excluding the contribution from the portfolio of medicines acquired from Takeda, the growth in Net Revenue reached 16.4% in the quarter.

In 2021, Net Revenue grew 45.2% and reached R$5,937.4 million, in line with the guidance set for the year, and was mainly driven by the contribution of the portfolio of medicines acquired from Takeda and the Buscopan family and by the sell-out growth in **Prescription Products, Skincare** and **Similars and Generics.**

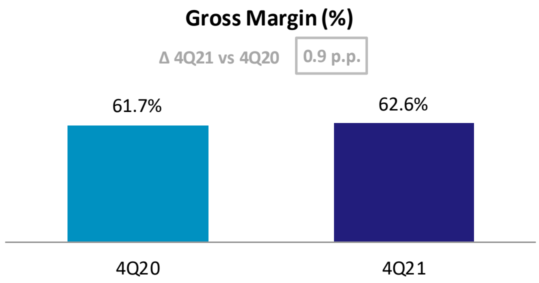
When excluding the contribution of the portfolio of medicines acquired from Takeda and the Buscopan family, the growth of Gross Revenue, net of Returns and Unconditional Discounts, reached 16.1%, and Net Revenue growth reached 15.2% in 2021, in line with the 16.3% sell-out growth in the period.

Gross Profit

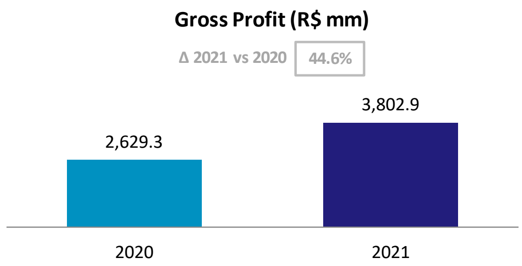
Graph 5



Graph 6



Graph 7



Graph 8

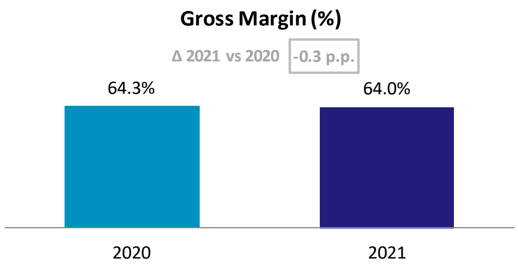


Table 4

(R$ million)	4Q20	% NR	4Q21	% NR	Δ %	Δ p.p.	2020	% NR	2021	% NR	Δ %	Δ p.p.
Gross Profit	699.7	*61.7%*	1,018.9	*62.6%*	*45.6%*	*0.9 p.p.*	2,629.3	*64.3%*	3,802.9	*64.0%*	*44.6%*	*-0.3 p.p.*

Gross Profit grew 45.6% in the quarter and reached R$1,018.9 million, with a Gross Margin of 62.6%. The variation of Gross Margin compared to 4Q20 is mainly the result of the positive contribution of the portfolio of medicines acquired from Takeda and the Buscopan family, the devaluation of the Real against the US Dollar in the period and the increase of other costs, such as raw material and freight, at a higher level than the price increase.

In 2021, **Gross Profit was R$3,802.9 million, an increase of 44.6% compared to 2020**, and Gross Margin reached 64.0%, in line with the Gross Margin level presented in 2020. In the year, the acquisitions of the portfolio of medicines from Takeda and the Buscopan contributed positively to the Gross Margin, while the devaluation of the Real against the US Dollar and the mix of products sold contributed negatively.

The Company carried out operations with foreign exchange derivatives (currency hedge) for the future purchase of raw material indexed to the US Dollar estimated until July 2022 with the objective of mitigating the impact of the devaluation of the Real against the US Dollar and hedge against currency volatility.

Marketing Expenses

Table 5

(R$ million)	4Q20	% NR	4Q21	% NR	Δ %	2020	% NR	2021	% NR	Δ %
Marketing Expenses	(214.7)	-18.9%	(244.7)	-15.0%	13.9%	(787.0)	-19.2%	(1,032.7)	-17.4%	31.2%
Advertisement and Consumer Promotion	(66.9)	-5.9%	(77.1)	-4.7%	15.2%	(240.7)	-5.9%	(333.8)	-5.6%	38.7%
Trade Deals	(34.7)	-3.1%	(40.2)	-2.5%	15.8%	(112.6)	-2.8%	(160.0)	-2.7%	42.1%
Medical Visits, Promotions and Others	(113.1)	-10.0%	(127.4)	-7.8%	12.6%	(433.7)	-10.6%	(538.8)	-9.1%	24.2%

Marketing Expenses grew 13.9% in 4Q21, when compared to the same period of the previous year. The growth of Marketing Expenses at a lower level than the growth of Net Revenue in the quarter was mainly due to the capture of synergies from the integration of the portfolio of medicines acquired from Takeda and the Buscopan family.

In 2021, Marketing Expenses exceeded the level of R$1.0 billion and grew 31.2%, reducing its share of Net Revenue by 1.8 percentage point. This reduction was mainly due to the decrease in the share of Medical Visits, Promotions and Others over Net Revenue, consequence of: (i) the acceleration of sell-out and Net Revenue growth in Prescription Products; and (ii) the operational synergies from the integration of the prescription portfolio acquired from Takeda.

Selling Expenses

Table 6

(R$ million)	4Q20	% NR	4Q21	% NR	Δ %	2020	% NR	2021	% NR	Δ %
Selling Expenses	(151.4)	-13.3%	(143.3)	-8.8%	-5.4%	(568.6)	-13.9%	(624.2)	-10.5%	9.8%
Commercial Expenses	(88.7)	-7.8%	(97.6)	-6.0%	10.1%	(311.7)	-7.6%	(375.9)	-6.3%	20.6%
Freight and Logistics Expenses	(28.1)	-2.5%	(32.2)	-2.0%	14.5%	(105.2)	-2.6%	(121.7)	-2.0%	15.6%
Research & Development	(34.7)	-3.1%	(13.5)	-0.8%	-61.1%	(151.7)	-3.7%	(126.7)	-2.1%	-16.5%

Selling Expenses decreased by 5.4% in 4Q21 and represented 8.8% of Net Revenue, reflecting mainly the reduction of expenses with Research and Development on account of additional provision for losses related to canceled innovation projects carried out in 4Q20, in the amount of R$23.9 million. In 4Q21, the benefit from Lei do Bem was R$24.5 million, compared to R$28.2 million in 4Q20.

When excluding the Lei do Bem benefit and the additional provision for losses effects in both periods, Research and Development expenses reached R$40.9 million in 4Q21, versus R$38.9 million in 4Q20.

In the year, Selling Expenses represented 10.5% of Net Revenue, a reduction of 3.4 percentage points when compared to 2020. This reduction was mainly due to the capture of synergies from the integration of the brands acquired from Takeda and the Buscopan family.

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

Table 7

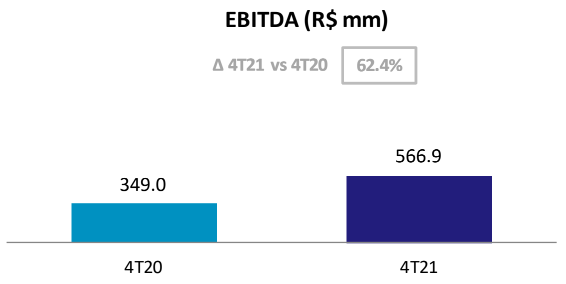
(R$ million)	4Q20	% NR	4Q21	% NR	Δ %	2020	% NR	2021	% NR	Δ %
General & Administrative Expenses	(63.2)	-5.6%	(64.1)	-3.9%	1.4%	(208.4)	-5.1%	(237.6)	-4.0%	14.0%
Other Operating Revenues (Expenses)	43.7	3.8%	(40.3)	-2.5%	-	236.8	5.8%	48.7	0.8%	-79.4%

General and Administrative Expenses grew 1.4% in the quarter and 14.0% in the year, when compared to 4Q20 and to the previous year. This growth, lower than the growth of Net Revenue in both periods, mainly due to the synergies from the integration of the brands acquired from Takeda and the Buscopan family.

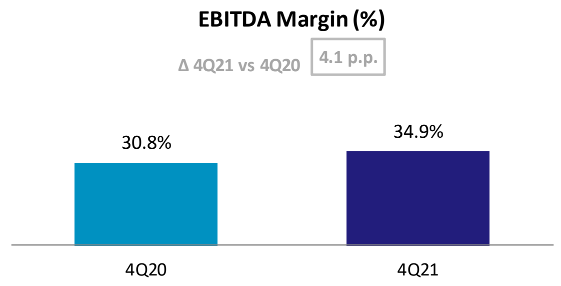
Other Operating Income showed a negative balance of R$40.3 million in 4Q21, compared to a positive balance of R$43.7 million, and were mainly impacted by the accounting of tax debts.

EBITDA from Continuing Operations

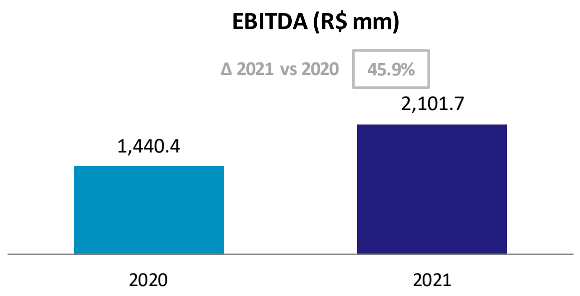
Graph 9



Graph 10



Graph 11



Graph 12

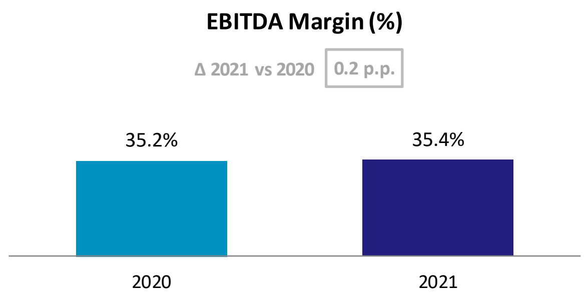


Table 8 – EBITDA from Continuing Operations

(R$ million)	4Q20	% NR	4Q21	% NR	Δ %	2020	% NR	2021	% NR	Δ %
EBITDA from Continuing Operations	349.0	*30.8%*	566.9	*34.9%*	*62.4%*	1,440.4	*35.2%*	2,101.7	*35.4%*	*45.9%*

EBITDA from Continuing Operations was R$566.9 million in 4Q21, with 34.9% margin, an increase of 4.1 percentage points over 4Q20, mainly due to the dilution of Selling, Marketing, General and Administrative Expenses.

In 2021, EBITDA from Continuing Operations reached R$2,101.7 million, or 45.9% higher than in 2020, driven mainly by the 45.2% growth in Net Revenue in the period. **When excluding the contribution of Other Operating Revenues/Expenses, EBITDA from Continuing Operations reached R$2,053.0 million, in line with the guidance set for the year, up 70.6% versus 2020 and registered margin of 34.6%, compared to 29.4% from last year.**

Net Financial Expenses

Table 9

(R$ million)	4Q20	% NR	4Q21	% NR	Δ R$	2020	% NR	2021	% NR	Δ R$
Financial Result	(36.0)	*-3.2%*	(134.6)	*-8.3%*	(98.6)	(75.4)	*-1.8%*	(323.7)	*-5.5%*	(248.2)
Net Interest Expenses	(19.5)	*-1.7%*	(113.7)	*-7.0%*	(94.3)	(29.9)	*-0.7%*	(262.1)	*-4.4%*	(232.1)
Cost of Hedge and FX Gains (Losses)	(6.6)	*-0.6%*	(4.9)	*-0.3%*	1.7	(1.2)	*0.0%*	(8.7)	*-0.1%*	(7.5)
Other	(10.0)	*-0.9%*	(15.9)	*-1.0%*	(6.0)	(44.3)	*-1.1%*	(52.8)	*-0.9%*	(8.6)

The Financial Result presented a negative balance of R$134.6 million in 4Q21 and R$323.7 million in 2021. The variation of the Financial Result in both periods is a result of the increase in interest expenses due to the Company's greater debt, mainly due to the payment for the portfolio of medicines acquired from Takeda, and the *Selic* interest rate increase.

Net Income

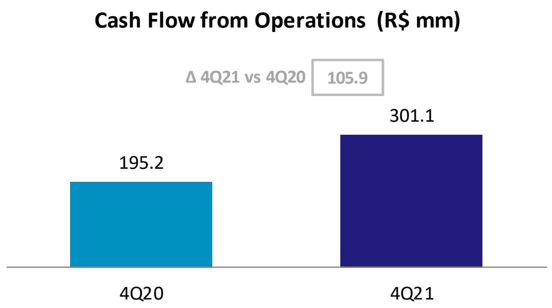
Table 10

(R$ million)	4Q20	4Q21	Δ %	2020	2021	Δ %
EBIT from Continuing Operations	318.8	530.9	*66.5%*	1,318.9	1,968.0	*49.2%*
(-) Net Financial Expenses	(36.0)	(134.6)	*273.6%*	(75.4)	(323.7)	*329.1%*
(-) Income Tax and Social Contribution	42.2	(30.3)	-	78.2	(26.6)	-
Net Income from Continuing Operations	**324.9**	**366.0**	***12.6%***	**1,321.6**	**1,617.7**	***22.4%***
(+) Net Income from Discontinued Operations	(10.1)	(12.9)	*28.1%*	(26.5)	(287.4)	*984.2%*
Net Income	**314.9**	**353.1**	***12.1%***	**1,295.1**	**1,330.3**	***2.7%***
EPS	**0.50**	**0.56**	***12.3%***	**2.05**	**2.11**	***2.6%***
EPS from Continuing Operations	**0.51**	**0.58**	***13.0%***	**2.09**	**2.56**	***22.3%***

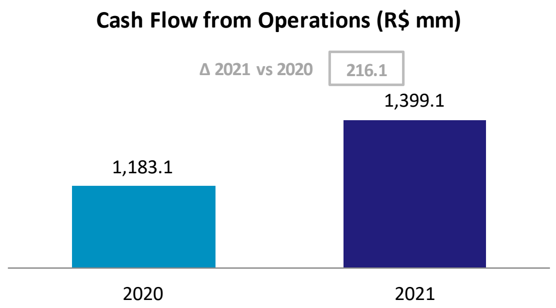
Net Income from Continuing Operations totaled R$366.0 million in the quarter, an increase of 12.6% over 4Q20. **In the year, Net Income from Continuing Operations totaled R$1,617.7 million, in line with the guidance set for the period**, and presented a growth of 22.4% over the previous year, mainly reflecting the 49.2% growth in EBIT from Continuing Operations and the increase of R$248.3 million in Net Financial Expenses.

Cash Flow (Continuing and Discontinued Operations)

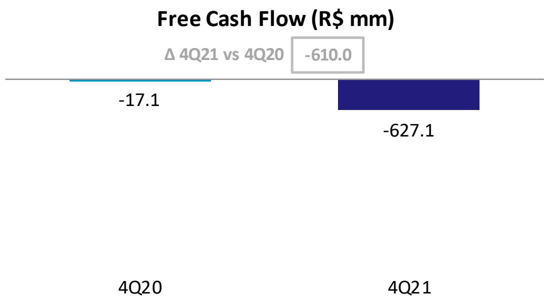
Graph 13



Graph 14



Graph 15



Graph 16

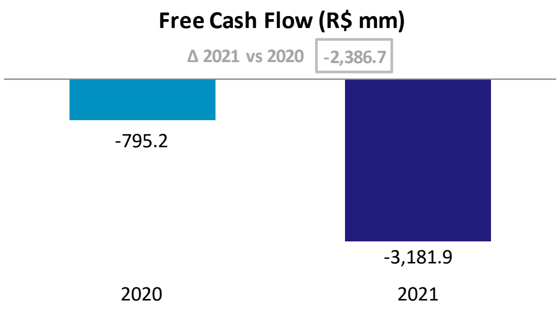


Table 11

(R$ million)	4Q20	4Q21	2020	2021
Cash Flow from Operations	195.2	301.1	1,183.1	1,399.1
Capital increase in subsidiaries/associates	0.0	(20.0)	(0.4)	(40.4)
Purchase of Property, Plant and Equipment	(126.9)	(254.5)	(447.4)	(632.7)
Purchase of Intangible Assets	(53.7)	(60.1)	(1,479.8)	(206.2)
Acquisitions of Subsidiaries, Net of Cash Acquired	0.0	(81.7)	(45.5)	(3,635.2)
Sale of Property, Plant and Equipment	(31.8)	(511.8)	(5.1)	(66.6)
(=) Free Cash Flow	**(17.1)**	**(627.1)**	**(795.2)**	**(3,181.9)**

Operating Cash Flow was R$1,399.1 million in 2021, Hypera Pharma's highest level ever recorded, driven mainly by the growth in EBIT from Continuing Operations.

The free cash flow generation was negative in R$3,181.9 million in the year, mainly as a result of the R$3.3 billion paid for the brands acquired from Takeda, net of the proceeds from the sale of the ex-Brazil portfolio and the Xantinon brand, and additional investments to expand the manufacturing capacity in Anápolis during the year. In 4Q21, Free Cash Flow was negative by R$627.1 million, mainly due to the agreement set with Ontex related to the divestment of the disposables business in 2017.

Net Debt

Table 12

(R$ million)	4Q21
Loans and Financing	(7,361.0)
Notes Payable	(45.4)
Gross Debt	**(7,406.4)**
Cash and Cash Equivalents	2,287.1
Net Cash / (Debt)	**(5,119.3)**
Unrealized Gain/Loss on Debt Hedge	(24.6)
Net Cash / (Debt) After Hedge	**(5,143.9)**

The Company ended 2021 with a Net Debt After Hedge position of R$5,143.9 million, compared to R$764.1 million at the end of 2020. The increase in Net Debt after Hedge was mainly due to the payment for the portfolio of medicines acquired from Takeda, net of the proceeds from the sale of the ex-Brazil portfolio and the Xantinon brand, in the amount of R$3.3 billion, and the agreement set with Ontex related to the divestment of the disposables business in 2017.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	4Q20	1Q21	2Q21	3Q21	4Q21
Receivables [1]	111	108	98	91	103
Inventories [2]	190	237	200	188	193
Payables [2][3]	(148)	(170)	(135)	(125)	(117)
Cash Conversion Cycle	**153**	**174**	**163**	**154**	**179**

(R$ million)	4Q20	1Q21	2Q21	3Q21	4Q21
Receivables	1,564	1,546	1,796	1,807	2,039
Inventories	921	1,099	1,153	1,230	1,303
Payables [3]	(716)	(791)	(778)	(816)	(791)
Working Capital	**1,769**	**1,854**	**2,171**	**2,222**	**2,552**
% of Annualized Net Revenue [4]	***39%***	***40%***	***36%***	***34%***	***39%***

(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 Net Revenue for the last 3 months

Tax Credits to offset Income Tax payment

i) Federal Recoverable Taxes: R$912.6 million (please refer to Explanatory Note 13 of the Financial Statements);

ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R$1,907.0 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)	4Q20	% NR	4Q21	% NR	Δ %	2020	% NR	2021	% NR	Δ %
Net Income	314.9	*27.7%*	353.1	*21.7%*	*12.1%*	1,295.1	*31.7%*	1,330.3	*22.4%*	*2.7%*
(+) Income Tax and CSLL	(47.4)	*-4.2%*	24.0	*1.5%*	-	(89.1)	*-2.2%*	(121.0)	*-2.0%*	*35.7%*
(+) Net Interest Expenses	36.0	*3.2%*	134.6	*8.3%*	*273.6%*	75.4	*1.8%*	323.7	*5.5%*	*329.1%*
(+) Depreciations / Amortizations	30.2	*2.7%*	36.1	*2.2%*	*19.4%*	121.5	*3.0%*	133.7	*2.3%*	*10.0%*
EBITDA	**333.7**	***29.4%***	**547.7**	***33.7%***	***64.2%***	**1,402.9**	***34.3%***	**1,666.7**	***28.1%***	***18.8%***
(-) EBITDA from Discontinued Operations	15.3	*1.4%*	19.2	*1.2%*	*25.3%*	37.5	*0.9%*	435.0	*7.3%*	***1060.4%***
Adjusted EBITDA (EBITDA from Continuing Operations)	**349.0**	***30.8%***	**566.9**	***34.9%***	***62.4%***	**1,440.4**	***35.2%***	**2,101.7**	***35.4%***	***45.9%***

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

	4Q20	4Q21	2020	2021
Net Revenue	**1,134,848**	**1,626,490**	**4,088,871**	**5,937,373**
Cost of Goods Sold	(435,161)	(607,576)	(1,459,596)	(2,134,487)
Gross Profit	**699,687**	**1,018,914**	**2,629,275**	**3,802,886**
Selling and Marketing Expenses	(366,159)	(387,922)	(1,355,581)	(1,656,942)
General and Administrative Expenses	(63,222)	(64,087)	(208,397)	(237,597)
Other Operating Revenues (Expenses)	43,651	(40,278)	236,754	48,703
Equity in Subsidiaries	4,825	4,229	16,833	10,951
Operating Income Before Equity Income and Financial Result	**318,782**	**530,856**	**1,318,884**	**1,968,001**
Net Financial Expenses	(36,029)	(134,598)	(75,428)	(323,672)
Financial Expenses	(64,386)	(185,373)	(221,942)	(445,106)
Financial Income	28,357	50,775	146,514	121,434
Profit Before Income Tax and Social Contribution	**282,753**	**396,258**	**1,243,456**	**1,644,329**
Income Tax and Social Contribution	42,175	(30,290)	78,173	(26,580)
Net Income from Contining Operations	**324,928**	**365,968**	**1,321,629**	**1,617,749**
Net Income from Discontinued Operations	(10,063)	(12,892)	(26,513)	(287,444)
Income for the Period	**314,865**	**353,076**	**1,295,116**	**1,330,305**
Earnings per Share – R$	**0.50**	**0.56**	**2.05**	**2.11**

Consolidated Balance Sheet (R$ thousand)

Table 16

Assets	12/31/2020	12/31/2021	Liabilities and Shareholders' Equity	12/31/2020	12/31/2021
Current Assets	**7,899,047**	**6,491,633**	**Current Liabilities**	**2,623,249**	**2,776,526**
Cash and Cash Equivalents	4,743,298	2,287,062	Suppliers	275,539	327,133
Accounts Receivables	1,564,341	2,039,474	Suppliers' Assignment of Receivables	440,256	463,627
Inventories	920,796	1,303,480	Loans and Financing	461,816	565,648
Recoverable Taxes	274,017	597,195	Salaries Payable	224,479	284,290
Financial Derivatives	85,674	29,305	Income Tax and Social Contribution	10,570	984
Other Assets	306,823	232,348	Taxes Payable	63,659	68,865
Dividends and IOC receivables	4,098	2,769	Accounts Payable	273,353	276,647
			Dividends and IOC Payable	671,654	704,808
			Notes Payable	23,980	36,840
			Financial Derivatives	177,943	47,684
Non-Current Assets	**9,350,763**	**13,326,329**	**Non-Current Liabilites**	**5,385,846**	**7,207,965**
Long Term Assets	**1,217,542**	**1,097,410**	Loans and Financing	5,051,233	6,795,339
Deferred Income Tax and Social Contribution	194,716	355,115	Deferred Income Tax and Social Contribution	46,017	73,993
Recoverable Taxes	680,495	492,676	Taxes Payable	7,651	12,495
Other Assets	342,331	249,619	Accounts Payable	74,557	99,548
			Provisions for Contingencies	206,388	193,494
			Notes Payable	0	8,544
			Financial Derivatives	0	24,552
Fixed Assets and Investments	**8,133,221**	**12,228,919**	**Shareholders' Equity**	**9,240,715**	**9,833,471**
Investments	34,233	111,001	Capital	4,478,126	4,478,126
Investment Properties	154,318	25,616	Capital Reserve	1,266,381	1,251,417
Property, Plants and Equipments	1,546,409	2,095,140	Equity Valuation Adjustments	(336,724)	(181,839)
Intangible Assets	6,398,261	9,997,162	Profit Reserves	3,833,210	4,360,237
			Treasury Stock	(278)	(81,350)
			Attributed to non-controlling shareholders	0	6,880
Total Assets	**17,249,810**	**19,817,962**	**Total Liabilities and Shareholders' Equity**	**17,249,810**	**19,817,962**

Consolidated Cash Flow Statement (R$ thousand)

Tabela 17

	4Q20	4Q21	2020	2021
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	267,424	377,053	1,205,967	1,209,329
Depreciation and Amortization	30,205	36,072	121,482	133,686
Asset Impairment	22,894	7,844	63,023	3,123
Gain on Permanent Asset Disposals	16,648	18,929	2,203	420,834
Equity Method	(4,531)	(4,109)	(15,387)	(10,566)
Foreign Exchange (Gains) Losses	6,510	4,948	(21,295)	8,745
Net Interest and Related Revenue/Expenses	29,519	129,650	96,723	314,927
Expenses Related to Share Based Remuneration	4,875	7,580	19,193	24,954
Provisions	16,170	25,879	33,054	49,998
Adjusted Results	**389,714**	**603,846**	**1,504,963**	**2,155,030**
Decrease (Increase) in Assets	**(272,229)**	**(308,484)**	**(696,188)**	**(917,478)**
Trade Accounts Receivable	(83,188)	(222,222)	(220,724)	(511,810)
Inventories	(42,251)	(76,680)	(329,245)	(405,538)
Recoverable Taxes	(57,255)	707	648	(136,262)
Judicial Deposits and Others	7,440	(13,665)	17,803	2,929
Other Accounts Receivable	(96,975)	3,376	(164,670)	133,203
Increase (Decrease) in Liabilities	**77,720**	**5,716**	**374,279**	**161,579**
Suppliers	37,385	(17,327)	(49,037)	28,882
Suppliers' Assignment of Receivables	18,877	(14,445)	316,238	26,476
Financial Derivatives	29,788	62,274	88,145	52,448
Income Tax and Social Contribution Paid	(1,507)	(100)	(10,745)	(7,046)
Taxes Payable	(5,970)	(9,337)	14,254	5,809
Salaries and Payroll Charges	(9,745)	(29,330)	17,091	45,758
Accounts Payable	46,027	2,674	112,236	5,676
Operations Interest Paid	(35,637)	(7,497)	(99,018)	(4,977)
Other Accounts Payable	(1,498)	18,804	(14,885)	8,553
Net Cash Provided by Operating Activities	**195,205**	**301,078**	**1,183,054**	**1,399,131**
Cash Flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	0	(20,000)	(445)	(40,365)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	(81,717)	(45,500)	(3,635,180)
Acquisitions of Property, Plant and Equipment	(126,866)	(254,544)	(447,411)	(632,719)
Intangible Assets	(53,690)	(60,149)	(1,479,804)	(206,163)
Proceeds from the Sale of Assets with Permanent Nature	(31,768)	(511,787)	(5,059)	(66,566)
Interest and Others	18,885	31,479	78,212	67,303
Investment Hedge	(40,121)	55,895	4,894	101,265
Net Cash From Investing Activities	**(233,560)**	**(840,823)**	**(1,895,113)**	**(4,412,425)**
Cash Flows from Financing Activities				
Capital Integralization	2,067	0	29,309	0
Borrowings	0	0	4,115,000	2,221,183
Treasury Stock Purchase / Sale	0	(43,548)	12,102	(109,974)
Repayment of Loans - Principal	(43,372)	(141,497)	(98,979)	(519,687)
Repayment of Loans - Interest	(84,810)	(105,572)	(166,037)	(308,417)
Dividends and IOC Paid	(23,205)	(25,053)	(682,474)	(745,936)
Loan Derivatives	0	0	0	19,889
Net Cash From Financing Activities	**(149,320)**	**(315,670)**	**3,208,921**	**557,058**
Net Increase (Decrease) in Cash and Cash Equivalents	**(187,675)**	**(855,415)**	**2,496,862**	**(2,456,236)**
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	4,930,973	3,142,477	2,246,436	4,743,298
Cash and Cash Equivalents at the End of the Period	4,743,298	2,287,062	4,743,298	2,287,062
Change in Cash and Cash Equivalent	**(187,675)**	**(855,415)**	**2,496,862**	**(2,456,236)**

(A free translation of the original in Portuguese)

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Hypera S.A.

Parent company and consolidated financial statements at December 31, 2021 and independent auditor's report

Independent auditor's report

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

Opinion

We have audited the accompanying parent company financial statements of Hypera S.A. (the "Company"), which comprise the balance sheet as at December 31, 2021 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Hypera S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

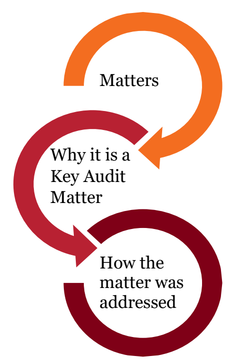
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hypera S.A. and of Hypera S.A. and its subsidiaries as at December 31, 2021, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Non-compliance with standards, laws and regulations (Note 32 (a))	
The Board of Directors formed an Independent Special Committee that coordinated with the support of independent specialists an internal investigation into the facts underlying the Company's former Institutional Relations officer's admission to having made inappropriate payments between 2013 and 2016. This matter is subject to an investigation led by the Federal Public Prosecution Office (MPF), under orientation of the Judiciary as part of the *Tira-Teima Operation*, as part of the ex-officer's plea bargain. 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. The Company has collaborated with the investigations conducted by the competent authorities with the support of specialized advisors, worked on the implementation of actions recommended by the Independent Committee 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*" identified by the Company and the Independent Committee. This issue remained one of the key audit matters in our audit because of the limitations inherent in the nature of the investigation process and which are particularly significant.	We read the minutes recording the decisions taken by the Board of Directors as a response to the allegations under the *Tira-Teima Operation*. With the support of our forensics specialists, we met with the Independent Special Committee and with the independent specialists to understand the scope, extent, methodology and the progress of the investigation. We inspected, on a sample basis, the supporting evidence collated by the investigations. We also met with the Audit Committee and the Company's management to understand the responses provided to the independent investigators and the stage of agreements with competent authorities after the Judiciary's investigation. We also obtained a representation letter from the lawyers who are accompanying the investigation. We observed the new compliance actions and controls implemented by the Company, including the whistleblowing hotline, and how cases of non-compliance with standards, laws, regulations, or the Company's policies have been handled. We believe that the disclosures in the notes to the financial statements are consistent with the information and representations received.
Taxes recoverable and tax and labor contingencies (Notes 3, 13 and 26)	
Significant tax and labor contingencies, as well as questions around the recovery of tax assets have required estimates and assumptions to be made, the extent of realization of which may cause material adjustments to future financial statements. Definitive conclusions from such proceedings can take a considerable length of time and will involve discussions involving the merits of the cases and complex procedural aspects. Interpretations of laws and regulations can be highly complex. Hence, the measurement, recognition and disclosures of the corresponding cases and the underlying compliance with laws and regulations, are subjective. Management's	Our audit procedures included, among others, obtaining an understanding of the basis of accounting and disclosures of the matters in the notes to the financial statements. With the support of our specialists, we tested and analyzed the documentation supporting the transactions and future profitability projections. We obtained confirmation for the principal cases directly from the law firms and internal legal counsel to understand the basis for their positions, the completeness of the information and agree the amounts involved. For certain proceedings, we obtained legal opinions and discussed the basis for establishing the likelihood of the outcomes.

Why it is a Key Audit Matter	How the matter was addressed in the audit
judgment, with the advice of the Company's internal and external legal counsel, is required to record assets or liabilities to establish their basis of measurement and risk-related disclosures. For these reasons, this issue remained one of the key audit matters during our audit.	We consider that the criteria used by management to record the tax assets, the provisions booked and disclosures made in the notes to the financial statements to be consistent with the documents we examined and with the positions taken by the Company's internal and external legal counsel.
Impairment assessment (Notes 3 and 19)	
Trademarks and patents and Goodwill from acquisition of investments in merged companies, of R$ 9,368,234 thousand at December 31, 2021, represents 47% of consolidated assets. The recoverability of these assets depends on the realization of future cash flow projections. Among the more significant assumptions considered in these projections are for sales growth for existing and new brands (from research and development), the investments required to implement plans and the discount rate used. This issue remained one of the key audit matters in our audit due to the significance of the amounts, associated with facts such as the definition of cash generating units and the necessary management judgments in the definition of assumptions.	Among other procedures, and with the support of our business valuation specialists, we analyzed the mathematical accuracy of the cash flow projections and tested the consistency of the information and main assumptions used to project the cash flows against the underlying information used for the budget approved by the Board of Directors and with market data. We back-tested prior-year projections to determine the effectiveness of past forecasting models used. We also reviewed the different sensitivity scenarios for the more significant assumptions and read the disclosures in the notes to the financial statements. Our audit procedures indicated that the judgments applied and assumptions used by management were reasonable, and that the disclosures were consistent with the data and information obtained.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2021, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Goiânia, February 24, 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.

Financial statements at
December 31, 2021

Hypera S.A.

Balance sheets at December 31

In thousands of Reais

(A free translation of the original in Portuguese)

Assets	**Parent company December 31, 2021**	**Parent company December 31, 2020**	**Consolidated December 31, 2021**	**Consolidated December 31, 2020**
Current assets				
Cash and cash equivalents (Note 10)	2,121,253	4,646,159	2,287,062	4,743,298
Accounts receivable (Note 11)	2,017,241	1,564,207	2,039,474	1,564,341
Inventory (Note 12)	324,986	259,864	1,303,480	920,796
Taxes recoverable (Note 13)	458,559	151,684	597,195	274,017
Derivative financial instruments (Note 4(f))	15,360	79,427	29,305	85,674
Dividends receivable	13,159	13,046	2,769	4,098
Other assets (Note 14)	181,510	261,343	232,348	306,823
	5,132,068	6,975,730	6,491,633	7,899,047
Non-current assets				
Long-term receivables				
Deferred income tax and social contribution (Note 23)	312,530	165,913	355,115	194,716
Taxes recoverable (Note 13)	433,969	630,126	492,676	680,495
Other assets (Note 14)	219,862	293,288	249,619	342,331
	966,361	1,089,327	1,097,410	1,217,542
Investments (Note 16)	3,850,259	2,309,204	111,001	34,233
Investment properties (Note 17)	25,616	161,095	25,616	154,318
Property, plant and equipment (Note 18)	179,767	130,536	2,095,140	1,546,409
Intangible assets (Note 19)	9,317,706	6,004,949	9,997,162	6,398,261
	13,373,348	8,605,784	12,228,919	8,133,221
	14,339,709	9,695,111	13,326,329	9,350,763
Total assets	19,471,777	16,670,841	19,817,962	17,249,810

Liabilities and equity	**Parent company December 31, 2021**	**Parent company December 31, 2020**	**Consolidated December 31, 2021**	**Consolidated December 31, 2020**
Current liabilities				
Suppliers (Note 20)	878,489	588,626	327,133	275,539
Suppliers' assignments of receivables (Note 21)	7,625	5,013	463,627	440,256
Loans, financing and debentures (Note 22)	557,077	424,880	565,648	461,816
Salaries payable	178,762	133,609	284,290	224,479
Income tax and social contribution payable	-	-	984	10,570
Taxes payable (Note 24)	19,251	22,077	68,865	63,659
Notes payable	36,840	23,980	36,840	23,980
Dividends and interest on capital payable	704,808	671,654	704,808	671,654
Derivative financial instruments (Note 4(f))	27,612	149,213	47,684	177,943
Accounts payable (Note 25)	163,102	169,943	276,647	273,353
	2,573,566	2,188,995	2,776,526	2,623,249
Non-current liabilities				
Loans and financing (Note 22)	6,789,877	4,978,590	6,795,339	5,051,233
Taxes payable (Note 24)	1,762	7,651	12,495	7,651
Deferred income tax and social contribution (Note 23)	-	-	73,993	46,017
Provision for contingencies (Note 26)	166,711	183,516	193,494	206,388
Derivative financial instruments (Note 4 (f))	24,552	-	24,552	-
Notes payable	8,544	-	8,544	-
Accounts payable (Note 25)	80,174	71,374	99,548	74,557
	7,071,620	5,241,131	7,207,965	5,385,846
Total liabilities	9,645,186	7,430,126	9,984,491	8,009,095
Equity				
Share capital (Note 27(a))	4,478,126	4,478,126	4,478,126	4,478,126
Capital reserves	1,251,417	1,266,381	1,251,417	1,266,381
Equity valuation adjustments	(181,839)	(336,724)	(181,839)	(336,724)
Profit reserves	4,360,237	3,833,210	4,360,237	3,833,210
Treasury shares	(81,350)	(278)	(81,350)	(278)
Equity attributable to the owners of the parent company	9,826,591	9,240,715	9,826,591	9,240,715
Equity attributable to noncontrolling interests	-	-	6,880	-
Total equity	9,826,591	9,240,715	9,833,471	9,240,715
Total liabilities and equity	19,471,777	16,670,841	19,817,962	17,249,810

The accompanying notes are an integral part of the financial statements.

Hypera S.A.

Statements of income
Years ended December 31

In thousands of Reais, unless stated otherwise (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	2020	2021	2020
Continuing operations				
Net revenue (Note 28)	6,049,795	4,200,572	5,937,373	4,088,871
Cost of sales (Note 29(a))	(2,562,684)	(1,847,690)	(2,134,487)	(1,459,596)
Gross profit	**3,487,111**	**2,352,882**	**3,802,886**	**2,629,275**
Selling and marketing expenses (Note 29(a))	(1,580,474)	(1,215,561)	(1,656,942)	(1,355,581)
General and administrative expenses (Note 29(a))	(169,391)	(148,360)	(237,597)	(208,397)
Other operating (expenses) income, net (Note 29(b))	119,157	210,528	48,703	236,754
Equity accounting (Note 16(b))	100,391	93,904	10,951	16,833
Income before financial income and expenses	**1,956,794**	**1,293,393**	**1,968,001**	**1,318,884**
Financial income (Note 29(c))	111,425	141,018	121,434	146,514
Financial expenses (Note 29(d))	(457,675)	(213,950)	(445,106)	(221,942)
Financial expenses, net	**(346,250)**	**(72,932)**	**(323,672)**	**(75,428)**
Income before income tax and social contribution	**1,610,544**	**1,220,461**	**1,644,329**	**1,243,456**
Income tax and social contribution (Note 23(c))	7,108	101,168	(26,580)	78,173
Net income from continuing operations	**1,617,652**	**1,321,629**	**1,617,749**	**1,321,629**
Discontinued operations				
Net income from discontinued operations (Note 15)	(287,444)	(26,513)	(287,444)	(26,513)
Net income for the period	**1,330,208**	**1,295,116**	**1,330,305**	**1,295,116**
Attributable to				
Owners of the parent company			1,330,208	1,295,116
Noncontrolling interests			97	-
			1,330,305	**1,295,116**
Earnings per share - Continuing operations				
Basic earnings per share (in R$)			2.55985	2.09322
Diluted earnings per share (in R$)			2.52958	2.07042
Earnings per share				
Basic earnings per share (in R$)			2.10502	2.05123
Diluted earnings per share (in R$)			2.08012	2.02888

The accompanying notes are an integral part of the financial statements.

Hypera S.A.

Statement of comprehensive income
Years ended December 31
In thousands of Reais, unless stated otherwise (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Net income for the period	**1,330,208**	**1,295,116**	**1,330,305**	**1,295,116**
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	47,599	(8,026)	47,599	(8,026)
Income tax and social contribution on other comprehensive income	(16,184)	2,729	(16,184)	2,729
	31,415	(5,297)	31,415	(5,297)
Items that will not be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	158,753	(115,807)	158,753	(115,807)
Income tax and social contribution on other comprehensive income	(35,209)	39,374	(35,209)	39,374
	123,544	(76,433)	123,544	(76,433)
Other comprehensive income, net of income tax and social contribution	154,959	(81,730)	154,959	(81,730)
Comprehensive income for the year	**1,485,167**	**1,213,386**	**1,485,264**	**1,213,386**
Attributable to				
Owners of the parent company			1,485,167	1,213,386
Noncontrolling interests			97	-
			1,485,264	**1,213,386**

The accompanying notes are an integral part of the financial statements.

Statement of changes in equity

In thousands of Reais (A free translation of the original in Portuguese)

		Capital reserves					Profit reserves						
	Capital	Premium on share issuance	Share purchase options	Debenture subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve	Retained earnings	Equity attributable to the owners of the parent company	Equity attributable to noncontrolling interests	Total equity
Balances at January 1, 2020	**4,448,817**	**1,141,620**	**78,537**	**50,244**	**(34,203)**	**(254,994)**	**180,592**	**2,838,613**	**260,874**	**-**	**8,710,100**	**-**	**8,710,100**
Capital increase	29,309	-	-	-	-	-	-	-	-	-	29,309	-	29,309
Share purchase options	-	-	17,803	-	-	-	-	-	-	-	17,803	-	17,803
Results on sales of treasury shares	-	(21,823)	-	-	-	-	-	-	-		(21,823)	-	(21,823)
Sale of shares (Note 27(d))	-	-	-	-	33,925	-	-	-	-	-	33,925	-	33,925
Net income for the year	-	-	-	-	-	-	-	-	-	1,295,116	1,295,116	-	1,295,116
Government grant reserve (Note 27(f))	-	-	-	-	-	-	-	587,619	-	(587,619)	-	-	-
Interest on capital (Note 27(i))	-	-	-	-	-	-	-	-	-	(741,985)	(741,985)	-	(741,985)
Reversal of capital budget reserve (Note 27(i))	-	-	-	-	-	-	-	-	(34,488)	34,488	-	-	-
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	(81,730)	-	-	-	-	(81,730)	-	(81,730)
Balances at December 31, 2020	**4,478,126**	**1,119,797**	**96,340**	**50,244**	**(278)**	**(336,724)**	**180,592**	**3,426,232**	**226,386**	**-**	**9,240,715**	**-**	**9,240,715**
Balances at January 1, 2021	**4,478,126**	**1,119,797**	**96,340**	**50,244**	**(278)**	**(336,724)**	**180,592**	**3,426,232**	**226,386**	**-**	**9,240,715**	**-**	**9,240,715**
Adjustment of provision for returns by estimate, net of taxes	-	-	-	-	-	-	-	-	-	(24,091)	(24,091)	-	(24,091)
Share purchase options	-	-	13,938	-	-	-	-	-	-	-	13,938	-	13,938
Gains or losses from investments in associates/subsidiaries	-	-	-	-	-	(75)	-	-	-	-	(75)	-	(75)
Results on sales of treasury shares	-	(28,902)	-	-	-	-	-	-	-	-	(28,902)	-	(28,902)
Acquisition of shares (Note 27(d))	-		-	-	(128,666)	-	-	-	-	-	(128,666)	-	(128,666)
Sales of shares (Note 27(d))	-	- -	-	-	47,594	-	-	-	-	-	47,594	-	47,594
Net income for the year	-	-	-	-	-	-	-	-	-	1,330,208	1,330,208	-	1,330,208
Government grant reserve (Note 27(f))	-	-	-	-	-	-	-	567,097	-	(567,097)	-	-	-
Interest on capital (Note 27(i))	-	-	-	-	-	-	-	-	-	(779,090)	(779,090)	-	(779,090)
Reversal of capital budget reserve (Note 27(i))	-	-	-	-	-	-	-	-	(40,070)	40,070	-	-	-
Interest attributable to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	6,880	6,880
Other comprehensive income											-		-
Gains or losses on derivatives, net of tax	-	-	-	-	-	154,960	-	-	-	-	154,960	-	154,960
Balances at December 31, 2021	**4,478,126**	**1,090,895**	**110,278**	**50,244**	**(81,350)**	**(181,839)**	**180,592**	**3,993,329**	**186,316**	**-**	**9,826,591**	**6,880**	**9,833,471**

The accompanying notes are an integral part of the financial statements.

Hypera S.A.

Statement of cash flows
Years ended December 31
In thousands of Reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	2020	2021	2020
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	1,175,924	1,184,135	1,209,329	1,205,967
Adjustments for				
Depreciation and amortization	51,397	47,738	133,686	121,482
Impairment of assets	275	8,679	3,123	63,023
Results on sales of fixed assets	414,633	490	420,834	2,203
Equity accounting	(99,265)	(90,038)	(10,566)	(15,387)
Foreign exchange (gains) losses	320	(23,540)	8,745	(21,295)
Interest and related expenses (income)	345,930	96,472	314,927	96,723
Share-based compensation expenses	20,979	15,637	24,954	19,193
Provisions	29,852	8,561	49,998	33,054
Adjusted income	1,940,045	1,248,134	2,155,030	1,504,963
Changes in assets and liabilities				
Accounts receivable	(502,238)	(220,494)	(511,810)	(220,724)
Inventory	(79,863)	(195,283)	(405,538)	(329,245)
Taxes recoverable	(104,469)	60,786	(136,262)	648
Deposits with courts and others	3,536	24,443	2,929	17,803
Other accounts receivable	141,905	(144,519)	133,203	(164,670)
Suppliers	289,864	244,266	28,882	(49,037)
Suppliers' assignment of receivables	5,157	4,722	26,476	316,238
Derivative financial instruments	50	-	52,448	88,145
Accounts payable	(15,302)	81,112	5,676	112,236
Taxes payable	1,745	(9,648)	5,809	14,254
Salaries/wages payable	35,703	5,720	45,758	17,091
Interest and exchange gains/losses of the transaction	2,157	892	(4,977)	(99,018)
Income tax and social contribution paid	-	(116)	(7,046)	(10,745)
Other accounts payable	(10,815)	(10,580)	8,553	(14,885)
Net cash provided by operating activities	1,707,475	1,089,435	1,399,131	1,183,054
Cash flow from investment activities				
Acquisition of subsidiaries (less net cash on acquisition)	(3,636,573)	(45,500)	(3,635,180)	(45,500)
Capital increases in subsidiaries/associates	(1,302,042)	(493,200)	(40,365)	(445)
Purchases of property, plant and equipment	(22,537)	(11,001)	(632,719)	(447,411)
Purchases of intangible assets	(27,030)	(1,319,318)	(206,163)	(1,479,804)
Investment hedges	101,594	4,894	101,265	4,894
Proceeds from sale of fixed assets	(73,512)	(11,405)	(66,566)	(5,059)
Interest and other	62,639	75,982	67,303	78,212
Dividends received	8,948	4,664	-	-
Loans receivable	(11,167)	(2,356)	-	-
Net cash used in investment activities	(4,899,680)	(1,797,240)	(4,412,425)	(1,895,113)
Cash flow from financing activities				
Purchases of treasury shares	(128,666)	-	(128,666)	-
Hedge of loans	19,876	-	19,889	-
Sales of treasury shares	18,692	12,102	18,692	12,102
Capital contribution	-	29,309	-	29,309
Proceeds from borrowings	2,221,183	4,115,000	2,221,183	4,115,000
Payment of loans – principal	(420,948)	(74,977)	(519,687)	(98,979)
Payment of loans – interest	(296,897)	(162,664)	(308,417)	(166,037)
Dividends and interest on capital paid	(745,936)	(682,474)	(745,936)	(682,474)
Loans payable	(5)	-	-	-
Net cash provided by financing activities	667,299	3,236,296	557,058	3,208,921
Net (decrease) increase in cash and cash equivalents	(2,524,906)	2,528,491	(2,456,236)	2,496,862
Cash and cash equivalents at beginning of year	4,646,159	2,117,668	4,743,298	2,246,436
Cash and cash equivalents at end of year	2,121,253	4,646,159	2,287,062	4,743,298
Change in cash and cash equivalents	(2,524,906)	2,528,491	(2,456,236)	2,496,862
Transactions not involving cash	**11,699**	**30,129**	**32,300**	**70,849**
Acquisition of companies	9,990	19,500	9,990	19,500
Acquisitions of property, plant and equipment	1,709	10,629	22,310	51,349

The accompanying notes are an integral part of the financial statements.

Hypera S.A.

Statement of value added (*)
Years ended December 31
In thousands of Reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2021	2020	2021	2020
Gross revenue				
Sales of goods and products, including discontinued operations	6,358,107	4,428,933	6,412,713	4,432,169
Other income	294,362	311,748	299,271	358,894
Income related to construction of own assets	7,150	18,758	319,884	228,149
Allowance for doubtful accounts	(1,634)	147	(1,634)	888
	6,657,985	4,759,586	7,030,234	5,020,100
Inputs acquired from third parties				
Costs of materials, goods and services sold	(2,586,603)	(1,845,059)	(2,389,029)	(1,085,793)
Materials, power, third-party services and others	(1,616,968)	(891,167)	(1,758,176)	(1,385,216)
Impairment of assets	(68,496)	(92,282)	(93,406)	(171,903)
	(4,272,067)	(2,828,508)	(4,240,611)	(2,642,912)
Gross value added	2,385,918	1,931,078	2,789,623	2,377,188
Depreciation and amortization	(51,397)	(47,738)	(133,686)	(121,482)
Net value added generated by the Company	2,334,521	1,883,340	2,655,937	2,255,706
Transfers of value added received				
Equity accounting	99,265	90,038	10,566	15,387
Financial income	111,425	141,018	121,434	146,514
	210,690	231,056	132,000	161,901
Total value added to be distributed	2,545,211	2,114,396	2,787,937	2,417,607
Distribution of value added				
Personnel and charges	654,303	561,057	1,134,113	982,720
Salaries and wages	552,723	464,943	930,808	793,043
Benefits	65,874	65,870	143,413	138,059
Government severance indemnity fund for employees (FGTS)	35,706	30,244	59,892	51,618
Taxes, fees and contributions	96,421	37,672	(140,934)	(96,477)
Federal	(59,886)	(64,551)	2,738	364
State	154,410	100,604	(146,010)	(98,696)
Municipal	1,897	1,619	2,338	1,855
Interest	457,287	213,735	444,427	221,448
Rentals	6,992	6,816	20,026	14,800
Capital remuneration	1,330,208	1,295,116	1,330,305	1,295,116
Interest on capital	779,090	741,985	779,090	741,985
Retained earnings	551,118	553,131	551,215	553,131
Value added distributed	2,545,211	2,114,396	2,787,937	2,417,607

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

The accompanying notes are an integral part of the financial statements.

(A free translation of the original in Portuguese)

Hypera S.A.

Financial statements
at December 31, 2021

Contents

(A free translation of the original in Portuguese)

Notes to the financial statements
(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 June 2021 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) Under 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 pharmaceuticals points of sale, according to IQVIA in June 2021, in line with the Company's mission to provide access to health for the Brazilian population.

On August 31, 2020, the Company had already completed the purchase of the family of Buscopan brands from Boehringer Ingelheim, announced in December 2019, for a purchase price of R$1.3 billion.

With a long history of growth through acquisitions, on January 29, 2021 the Company completed the acquisition of a selected portfolio of brands in Brazil from Takeda Pharmaceuticals International AG ("Takeda") for 825 million United States Dollars ("USD"), an amount that included businesses acquired in other Latin America countries which were then sold to Eurofarma Laboratórios S.A. on the same date for USD161 million. The Company has analyzed the transaction and concluded that it constitutes a business combination, as detailed in Note 16(c).

On October 29, 2021, the Company completed the acquisition of Bioage, announced on July 8, 2021. The Company has analyzed the transaction and concluded that it constitutes a business combination, as detailed in Note 16(c).

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 completion of the transaction is also subject to certain conditions precedent, including approval by the competent antitrust authorities.

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 main accounting policies applied to the preparation of these individual and consolidated financial statements are set out below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

2.1. Preparation basis

The financial statements have been prepared on a historical costs basis, except for certain financial assets and liabilities, which have been measured either at fair value through profit or loss or on a comprehensive income basis.

The preparation of financial statements requires management to use critical accounting estimates and exercise judgment when applying the Company's accounting policies Those areas that require a greater level of judgment and have greater complexity, and areas where assumptions and estimates are material to the financial statements, are disclosed in Note 3.

All relevant information specific to the financial statements is being disclosed, and corresponds to the information used by Management.

The present financial statements were approved by the Board of Directors on February 24, 2022.

a. Individual and consolidated financial statements

The individual and consolidated financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

b. Discontinued operations

Discontinued operations related to subsidiaries that have been sold, discontinued or classified as held for sale are disclosed in the financial statements, separately from the rest of the Company's operations:

(i) Statement of income - Income and expenses from discontinued operations, including adjustments in the current year which are directly related to operations which were discontinued in the prior year, and gains and losses arising from the write-off of assets held for sale are presented under the single heading "Income from discontinued operations" net of the effects of income tax and social contribution.

(ii) The assets and liabilities related to discontinued operations are presented in current assets and liabilities, separately from other assets and liabilities in the balance sheet.

The detailed description of these discontinued operations is presented in Note 15.

c. New standards and interpretations which are not yet effective

Changes adopted by the Company

The following changes to standards were adopted for the first time for the year beginning on January 1, 2021:

Reform of IBOR - Phase 2: amendments to IFRS 9/CPC 48, IAS 39/CPC 38 and IFRS 7/CPC 40 - "Financial instruments", to IFRS 16/CPC 06(R2) - Leases, and to IFRS 4/CPC 11 "Insurance Contracts". Phase 2 of the Reform of IBOR includes the following temporary exceptions from the application of these standards, which have been adopted by the Group, with respect to:

(i) **Contractual cash flow of financial assets and liabilities:** changes in the basis for determining the contractual cash flow are allowed without resulting in the derecognition of the contract and, consequently, without any immediate effect in the form of a gain or loss in the statement of income, provided that they are directly related to the reform of the reference interest rate and the substitution of the interest rate, and that the new basis is considered economically equivalent to the previous one.

(ii) **Hedging relationships**: the formal designation of the hedging relationship should be changed solely in order to designate the alternative reference rate as a hedged risk, to change the description of the hedged item, and/or to change the description of the hedging instrument. This change in the formal designation of the hedging relationship does not constitute a discontinuation of the hedging relationship, or the beginning of a new hedging relationship, and therefore has no immediate effect on the profit or loss for the year.

Benefits Related to Covid-19 Granted to Leaseholders Under Lease Agreements: amendments to IFRS 16/CPC 06(R2) "Leases" extending to June 30, 2022 the practical expedient for the recognition of lease payment reductions obtained by the Company directly in profit or loss for the year rather than as a modification of the respective contract.

The abovementioned changes had no material impacts on the Company.

Amendments to new standards that are not yet effective
The following amendments to new standards were issued by the IASB but are not effective for 2021. The early adoption of standards, although encouraged by the IASB, is not permitted in Brazil by the Accounting Pronouncements Committee (CPC).

- **Amendment to IAS 16 - "Property, plant and equipment":** in May 2020, IASB issued an amendment prohibiting an entity from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the asset is being prepared for its intended use. Such revenue, as well as the related costs, must be recognized in profit or loss. The effective date for applying this amendment is January 1, 2022.

- **Amendment to IAS 37 - "Provisions, Contingent Liabilities and Contingent Assets":** in May 2020, the IASB issued this amendment resolving that, for the purposes of assessing whether a contract is onerous, the cost of fulfilling the contract shall include the incremental costs of fulfilling the contract as well as an allocation of other costs directly related to its fulfillment. The effective date for applying this amendment is January 1, 2022.

- **Changes to IFRS 3 - "Business combinations":** issued in May 2020 with the objective of replacing the references in the former version of the conceptual framework with the most recent version. This amendment to IFRS 3 will be effective from January 1, 2022.

- **Annual improvements - 2018-2020 cycle**: in May 2020, the IASB issued the following amendments as part of the process of annual improvement, applicable from January 1, 2022:

(i) **IFRS 9 - "Financial Instruments":** clarifies which rates should be included in the 10% test for the derecognition of financial liabilities.

(ii) **IFRS 16 - "Leases":** amendment of example 13 to exclude the example of lessor payments related to leasehold improvements.

(iii) **IFRS 1 - "First-time adoption of the International Financial Reporting Standards":** simplifies the application of the standard by a subsidiary adopting IFRS for the first time after the adoption by its parent company for the measurement of accumulated foreign exchange gains (losses).

(iv) **IAS 41 - "Biological Assets":** eliminates the requirement to exclude cash flow from taxation from the measurement of the fair value of biological assets and agricultural produce, aligning the fair value measurement requirements in IAS 41 with those of other IFRS standards.

- **Amendment to IAS 1 - "Presentation of Financial Statements":** issued in May 2020, with the objective of clarifying that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the period. The classification is not affected by the entity's expectations, or by events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what is meant by "settlement" of a liability under IAS 1. The amendments to IAS 1 will be effective from January 1, 2023.

- **Amendment to IAS 1 and IFRS Practice Statement 2 – “Disclosure of Accounting Policies”:** in February 2021, the IASB issued a new amendment to IAS 1 on the disclosure of "material" rather than "significant" accounting policies. The amendments define "material accounting policy information" and explain how to identify it. It also clarifies that immaterial accounting policy information need not be disclosed, but that if it is, it must not obscure material accounting information. In order to support this amendment, the IASB also amended IFRS Practice Statement 2 – “Making Materiality Judgments" to include guidance on how to apply the concept of materiality to accounting policy disclosures. This amendment will be effective from January 1, 2023.

- **Amendment to IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”:** The amendment issued in February 2021 clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates, since changes in estimates are applied prospectively to future transactions and other future events, while changes in policies are generally applied retrospectively to prior transactions and other prior events, as well as to the current period. This amendment will be effective from January 1, 2023.

- **Amendment to IAS 12 – “Income Taxes”:** The amendment issued in May 2021 requires entities to recognize deferred tax on transactions that, upon initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This typically applies to lease transactions (right-of-use assets and lease liabilities) and decommissioning and restoration obligations, for example, and will require the recognition of additional deferred tax assets and liabilities. This amendment will be effective from January 1, 2023.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a significant impact on the Company's financial statements.

Hedge accounting
IFRS 9 requires the Company and its subsidiaries to ensure that hedge accounting relationships are aligned with the Company’s risk management goals and strategies, and to apply a more qualitative, forward-looking approach to evaluating hedge effectiveness. IFRS 9 also introduces new requirements regarding the rebalancing of hedging relationships, and prohibits the voluntary termination of hedge accounting. Under the new model, it is likely that a wider range of risk management strategies, particularly those related to the hedging of a risk component (other than foreign currency risk) of a non-financial item, can qualify for hedge accounting.

The Company and its subsidiaries use forward exchange contracts to hedge against the variability of cash flow arising from changes in foreign exchange rates on loans and purchases of inventory in foreign currency.

In accordance with IAS 39, for all cash flow hedges, the accumulated amounts in the cash flow hedge reserves are reclassified to the statement of income for the same period within which the expected cash flow of the hedged object affected the results. However, according to IFRS 9, for cash flow hedges for the foreign currency risk associated with the purchases forecast for non-financial assets, the accumulated amounts in the cash flow hedge reserve and the hedge cost reserve will be included directly in the initial cost of the non-financial asset when it is recognized.

2.2. Consolidation

The following accounting policies are applied to the preparation of the consolidated financial statements.

Investments are mainly held in subsidiaries, which are entities over which the Company has the power to determine financial and operating policies (Note 16). The subsidiaries are fully consolidated as from the date on which control is transferred to the Company. Consolidation ceases from the date on which such control ends.

The Company has investments in associates and joint ventures that are not consolidated, but are accounted for under the equity method according to CPC 18/IAS 28 and CPC 19/IFRS 11.

Transactions between the Company and its subsidiaries, balances and unrealized gains on transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss on (impairment of) the transferred asset. The accounting policies of the subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

2.3. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is recorded at the amount of the consideration transferred, measured based on the fair value at the acquisition date. Costs directly attributable to the acquisition are recorded as expenses as they are incurred.

Upon purchasing a business, the Company evaluates the financial assets and liabilities assumed in order to classify them, and to allocate them according to the contractual terms, the economic circumstances and the relevant conditions at the acquisition date. Assets acquired and liabilities assumed as part of a business acquisition are measured upon their initial recognition at fair values.

Goodwill is measured as the excess between the fair values of the consideration transferred and the net assets acquired (identified assets acquired and liabilities assumed).

2.4. Translation of foreign currency

a. Functional currency and presentation currency

The items included in the financial statements of each company in which the Company holds investments are measured using the currency of the main economic environment in which the Company operates (the "functional currency"). The individual and consolidated financial statements are presented in Brazilian Reais (R$), which is also the functional currency of the Company and of its investee companies, all of which are located in Brazil.

b. Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing as at the transaction date, or the valuation date where items are remeasured. Foreign exchange gains and losses resulting from the settlement of these transactions and from translation at the exchange rates in force at the end of the year, referring to monetary assets and liabilities in foreign currencies, are recognized in the statement of income as financial income or expenses.

2.5. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and financial investments with original maturities of three months or less from the date of investment, which are readily convertible into a known amount of cash, are subject to an immaterial risk of changes in fair value, and are used by the Company for the management of short-term liabilities.

2.6. Classification, recognition and measurement

The Company and its subsidiaries classify its financial assets into the following categories: (a) measured at amortized cost, (b) measured at fair value through other comprehensive income, and (c) measured at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired.

Regular purchases and sales of financial assets are recognized as at the trade date, which is the date on which the Company undertakes to buy or to sell the asset. Financial assets are derecognized when the rights to receive cash flow from the investments have expired or have been transferred - in the latter case, as long as the Company has transferred substantially all of the risks and rewards of ownership of the asset.

a. Financial assets measured at amortized cost

These are financial assets held by the Company: (i) to receive contractual cash flow and not for sale, with the recognition of gains or losses; and (ii) the contractual terms of which give rise, on specified dates, to cash flow at amounts that represent solely the payment of principal and interest on the principal amount outstanding. This category includes the balances of cash and cash equivalents, accounts receivable and certain other assets. Changes in these amounts are recognized in the profit or loss for the year, under Financial income or Financial expenses, depending on the results obtained.

b. Financial assets measured at fair value through other comprehensive income (FVTOCI)

These are financial assets held by the Company: (i) to receive contractual cash flow or for sale, with the recognition of gains or losses; and (ii) the contractual terms of which give rise, on specified dates, to cash flow at amounts that represent solely the payment of principal and interest on the principal amount outstanding.

This category is comprised of hedging transactions to cover the risks associated with cash flow. The variation between the curve of the hedge instrument and its fair value is reflected in the Company’s equity, so that both the hedge instruments and the hedged items affect the income at the amount on the curve.

c. Financial assets measured at fair value through profit or loss (FVTPL)

This category includes financial assets not measured at amortized cost or at fair value through other comprehensive income. This includes the balances of derivative financial instruments, including any embedded derivatives and other securities. Changes in this category are recognized in profit or loss for the year, under Financial Income or Financial Expenses (depending on the results obtained) for non-derivative instruments, or in Financial expenses for derivative instruments.

2.6.1 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet, when there is a legally enforceable right to offset the recognized amounts, and an intention to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

2.6.2 Impairment of financial assets

The Company assesses, on a prospective basis, the expected credit losses associated with debt securities measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk.

For trade receivables, the Company applies the simplified approach, as permitted by IFRS 9/CPC 48, and recognizes expected losses over the useful life from the initial recognition of the receivables.

The criteria used by the Company to determine whether there is objective evidence of an impairment loss include:

(i) Material financial difficulty on the part of the issuer or obligor;

(ii) A breach of contract, such as a default or delay in the payment of interest or principal;

(iii) The Company, for economic or legal reasons related to the financial difficulty of the borrower, granting the borrower a concession that the lender would not otherwise consider;

(iv) It becomes likely that the borrower will declare bankruptcy or enter into another financial reorganization; or

(v) The disappearance of an active market for that financial asset due to financial difficulties.

The amount of the impairment loss is measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flow (excluding future credit losses that have yet not been incurred), discounted at the original rate of interest applicable to the financial assets. The carrying amount of the asset is reduced, and the amount of the loss is recognized in the statement of income. If a loan has a variable interest rate, the discount rate used to measure any loss due to impairment is the effective interest rate determined under the contract. As a practical expedient, the Company is permitted to measure impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss will be recognized in the statement of income.

2.7. Derivative financial instruments and hedge activities

Fair value hedges

Initially, derivatives are recognized at their fair value as at the date on which a derivative contract is entered into, and subsequently remeasured at fair value. The resulting gain or loss is accounted for in the financial results the year.

Cash flow hedges
Hedge instruments are stated at fair value, and the hedged item is stated at the amount on the curve. The difference between the yield curve of the hedge instrument and the fair value is reflected in comprehensive income within the Company's equity, such that both the hedge instruments and the hedged items affect the income by the amount on the curve.

2.8. Trade accounts receivable
Trade accounts receivable are comprised of amounts receivable from clients for the sale of products or for the provision of services in the normal course of the Company’s activities. If their terms are one year or less, the accounts receivable are classified as current assets. Otherwise, they are presented in non-current assets.

Trade accounts receivable are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest rate method, less a provision for impairment. In practice, they are normally recognized at the amount billed, adjusted by the provision for impairment, if necessary.

2.9. Inventory
Inventory is stated at its cost or its net realizable value, whichever is lower. The weighted average method is used for the valuation of inventory. The cost of finished products and products in progress includes the costs of raw materials, direct labor, other direct costs and the respective direct production expenses (based on normal operating capacity), excluding borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory is presented net of allowances for losses and, in the consolidated figures, net of eliminations of the unrealized profit on inventory.

2.10. Intangible assets

a. Goodwill
Goodwill represents the difference between the fair value paid and/or payable for the purchase of a business and the net amount of the fair value of the assets and liabilities of the subsidiary purchased. Goodwill from acquisitions of subsidiaries is recorded within Intangible Assets in the consolidated financial statements, and as an investment in the parent company financial statements. Goodwill is tested annually to assess whether there is evidence of losses (impairment). Goodwill is recorded at its cost value less accumulated impairment losses. Impairment losses recognized on goodwill are not reversed. Gains and losses arising from the sale of an entity include the carrying amount of goodwill related to the entity sold.

b. Trademarks, right-of-use of trademarks and licenses
Trademarks and licenses acquired separately are presented, initially, at the acquisition value.

If part of an amount paid in a business combination is related to trademarks, they are recognized in a specific account within Intangible Assets and measured at their fair value at the date of acquisition. Subsequently, since the trademarks have indefinite useful lives, they are tested annually to assess their recoverability.

Expenses incurred internally for the development and strengthening of a trademark are recognized as expenses.

In addition to trademarks acquired as part of a business combination, the Company holds right-of-use of trademarks with fixed useful lives.

These assets are amortized over their average useful lives, as shown below:

	Years
Right-of-use of trademarks and licenses	4.9
Operating licenses	2.5

c. *Software*

Software licenses acquired are capitalized based on the costs incurred to acquire the software and make it ready for use. These costs are amortized over their estimated useful life of five years.

The costs associated with the maintenance of software are recognized as expenses as they are incurred.

d. *Research and development of products*

Spending on research is recorded directly in the statement of income as it is incurred. Development expenditure is capitalized only if: (i) the development costs can be measured reliably; (ii) the product or process is technically and commercially viable; (iii) future economic benefits are likely; and (iv) the Company has the intention and sufficient resources to complete the development and either to use or to sell the asset.

Other development expenditure is recognized in the statement of income as it is incurred. After initial recognition, the capitalized development costs are measured at cost, less accumulated amortization and any losses due to impairment.

These costs are amortized over their estimated useful life of 14.1 years.

2.11. Property, plant and equipment

Land and buildings consist mainly of factories and distribution centers. Property, plant and equipment are measured at their historical cost of acquisition or construction, less accumulated depreciation and any accumulated losses due to impairment. The historical cost includes costs directly attributable to the acquisition of the items, and financing costs related to the acquisition of qualifying assets.

Subsequent costs are included in the carrying amount of the asset, or recognized as a separate asset, as appropriate, only when it is likely that there will be a flow of future economic benefits associated with the item, and the cost of the item can be measured reliably. The carrying amounts of replaced items or parts are written off. All other repairs and maintenance are charged to income as they are incurred.

Items of property, plant and equipment are depreciated from the date on which they are available for use or, in the event of assets built in-house, from the date on which the construction is completed and the asset becomes available for use.

Land is not depreciated. The depreciation of property, plant and equipment is calculated to amortize the costs of the items, net of their estimated residual values, using the straight-line method, based on their estimated useful lives, as follow:

	Years
Buildings	23.5
Machinery and equipment	16.3
Vehicles	8.6
Furniture and fixtures	18.8

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each financial year.

The carrying value of an asset is written down immediately to its recoverable value if the asset's carrying value is greater than its estimated recoverable value (Note 2.12).

Gains and losses on disposals are determined by comparing the results from the assets with their carrying amounts, and are recognized as “Other net operating expenses/income” in the statement of income.

2.12. Impairment of non-financial assets

Assets with indefinite useful lives, such as goodwill and trademarks, are not subject to amortization, and are tested annually for impairment. Assets that are subject to amortization are reviewed for indications of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized at the amount by which the carrying amount of the asset exceeds its recoverable value. The latter is the higher of the asset's fair value less selling costs and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow - Cash Generating Unit (CGU) level. In practice, the Company only has one CGU. Non-financial assets, excluding goodwill, that have suffered impairment are subsequently reviewed to analyze the possible reversal of the impairment as at the reporting date.

Impairment losses are recognized in the statement of income. The losses recognized are initially allocated to write down any goodwill allocated, and then to reduce the carrying amounts of other assets on a *pro rata* basis.

Impairment losses related to goodwill are not reversed. With respect to the other assets, losses due to impairment are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been obtained, net of depreciation or amortization, if the impairment had not been recognized.

2.13. Assets and liabilities held for sale

The non-current assets and liabilities held for sale are classified as such if it is highly likely that they will be recovered primarily through sale rather than their continued use.

The assets, or the group of assets held for sale, are generally valued at the lower of the carrying amount and the fair value less selling expenses. Any impairment loss on a group of assets held for sale is initially allocated to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, with the exception that no losses should be allocated to inventory, financial assets, deferred tax assets, assets related to employee benefits and investment property, which continue to be measured in accordance with the Company’s other accounting policies. Impairment losses calculated upon the initial classification as held for sale, and gains and losses on subsequent remeasurement are recognized in the statement of income as Discontinued Operations.

Assets once classified as held for sale, intangible or PP&E are not depreciated or amortized.

2.14. Investment property

Investment property is measured using the cost method.

Land is not depreciated. The depreciation of other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

	Years
Buildings	50.0
Machinery and equipment	30.5
Other	5.8

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each financial year.

Gains and losses on the disposal of an investment property (calculated as the difference between the net amount received and the carrying amount of the item) are recognized in profit or loss.

2.15. Accounts payable to suppliers

Accounts payable to suppliers are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business, and they are classified as current liabilities if payment is due within a one year period. Otherwise, the accounts payable are presented as non-current liabilities. They are initially recognized at fair value, and are subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the corresponding invoice.

2.16. Suppliers' assignment of receivables

Some suppliers have the option to assign their securities, without right of recourse, to financial institutions. Under such a transaction, the supplier may see a decrease in its financial costs, because the financial institution takes into consideration the credit risk of the Company. The Company's accounting policy is to separate these transactions in the balance sheet as an Assignment of Receivables, although, for the Company, there is no change in the type of the transaction or in the cash flow amounts linked to the invoices originally issued.

2.17. Loans, financing and debentures

These are recognized initially at fair value, net of transaction costs, and subsequently stated at amortized cost. Any differences between the amounts obtained (net of transaction costs) and the settlement amounts is recognized in the statement of income during the period in which the loans are outstanding, using the effective interest rate method.

Fees paid to financial institutions, in the form of funding costs, are deferred until the actual loan is drawn down. When there is a likelihood of the withdrawal of a part of or the entire loan, the fee is capitalized as a prepayment for liquidity services, and amortized over the period of the respective loan.

Loans are classified as current liabilities, unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

2.18. Provision and other liabilities, except for loans, financing and debentures

Provisions are recognized when the Company has a present legal or implicit obligation as a result of past events, and it is probable that an outflow of funds will be necessary to settle the obligation, and the amounts and terms are uncertain. Accordingly, the recognition, measurement and disclosure of the provision and of contingent liabilities take into consideration the criteria established in CPC 25.

A provision for restructuring is recognized when the Company has approved a formal, detailed restructuring plan, and the restructuring has already begun, or has already been publicly announced. Provisions are not recorded for future operating losses (Note 25).

The other liabilities are presented at known or estimated amounts, including, when applicable, the corresponding charges, variations in exchange rates and the monetary variations incurred. The notes payable, indexed by exchange variations and without interest rates, are accounted for at their present values in accordance with CPC 12.

2.19. Current and deferred income tax and social contribution and other taxes recoverable

a. *Current and deferred income tax and social contribution*

The expenses for income tax and social contribution for the year include current and deferred taxes. Income taxes are recognized in the statement of income, except to the extent that they relate to items recognized directly in equity or Other Comprehensive Income ("OCI").

The current income tax and social contribution charge are calculated on the basis of the tax laws enacted or substantially enacted up to the balance sheet date. Management periodically evaluates the positions taken by the Company in the income tax returns in situations in which the applicable tax regulations give rise to interpretation, and establishes provisions, where appropriate, based on the estimated amounts to be paid to the tax authorities.

The current income tax and social contribution are presented net per taxpaying entity, in liabilities whenever there are amounts payable, or in assets when the amounts paid in advance exceed the total due on the reporting date.

Deferred income tax and social contribution are recognized using the liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax and social contribution are not recorded in the financial statements if they arise from the initial recognition of an asset or liability as part of a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting income nor the taxable income. Deferred income tax and social contribution are determined using tax rates (and tax laws) enacted up to the balance sheet date and which should apply when the respective deferred tax asset is realized, or the deferred tax liability is settled.

Deferred income tax and social contribution assets are recognized only to the extent that the future taxable profit will be available against which the temporary differences can be used.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Current and deferred income and social contribution taxes are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R$ 240 thousand in the 12 month period for income tax, and 9% on taxable income for the social contribution on net income. These rates take into consideration the offsetting of income tax and social contribution losses, which is limited to 30% of taxable income.

b. Recoverable taxes

These refer to the recoverable PIS, COFINS, IPI and ICMS. The assets are constituted when there is a legally enforceable right, and an intention to offset them against the calculation of current taxes, or even when there is the right to receive a refund from the tax authorities.

2.20. Employee benefits

a. Share-based compensation

The fair value, at the grant date, of share-based payment agreements granted to employees and to the executive board is recognized within personnel expenses, with a corresponding increase in equity, during the period when the employees unconditionally acquire the right to the respective premiums. The amount recognized within expenses is adjusted to reflect the earned proportion of such premiums, where it is expected that the service and performance conditions will be met, in such a way that the final expense recognized is based on the number of premiums that actually meet the conditions of service, and the performance as at the date of acquisition (the vesting date).

The amounts received, net of any directly attributable transaction costs, are credited in the share capital (face value), or the sales prices of Treasury shares once the options are exercised.

b. Profit sharing

The Company recognizes a liability and an expense for profit sharing arrangements, based on criteria that also consider the profit attributable to shareholders after certain adjustments. The Company recognizes a provision when it is contractually obliged to do so, or when there is a past practice that has created a constructive obligation.

c. Short-term employee benefits

Obligations to offer short-term benefits to employees are recognized as personnel expenses as the corresponding services are provided. The liability is recognized at the amount that is expected to be paid if the Company has a legal or constructive present obligation to pay this amount as a result of past services provided by the employees, where the amount of the obligation can be estimated reliably.

2.21. Share capital

Common shares are classified in equity. Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction from the proceeds, net of taxes.

Treasury shares

The Company can purchase its own shares in return for payment, including any directly attributable incremental costs (net of tax effects), discounted from the equity attributable to the Company's shareholders, until the shares are canceled or reissued. When these shares are subsequently reissued, any amount received, net of any directly attributable additional transaction costs and the respective effects of income tax and social contribution, is included in the equity attributable to the Company’s shareholders. Gains or losses resulting from the transactions are presented as capital reserves.

2.22. Government grants

Government grants are recognized when there is reasonable certainty that the benefits will be received, and all of the related conditions will be satisfied. When the benefit refers to an expense, this is recognized as revenue over the period of the benefit, in a systematic way in proportion to the costs the benefit of which is intended to be offset.

The Company has an ICMS tax incentive granted by the government of the State of Goiás, which takes the form of a Granted Credit. Based on the Special Regime Agreement entered with the Goiás State Finance Department, this credit is to be recorded as a deduction from the ICMS payable.

The effects of this calculation are recognized in profit or loss in the line item "Sales deductions", and the credit is made monthly based on the issuance of the invoices taxed by ICMS.

These benefits, at the year-end, are allocated to the government grant reserve.

The Company considers the conditions and obligations it must fulfill.

2.23. Revenue from sales of products and goods

Revenue represents the fair value of the consideration received or receivable for the trading of products in the Company's normal course of activities. Revenue is shown net of taxes, returns, rebates and discounts, in the consolidated financial statements, after eliminating sales between subsidiaries.

The Company recognizes revenue when its amount can be measured reliably, it is probable that future economic benefits will flow to the entity, and when control over the products has been transferred, that is, when the products are delivered to the buyer, who receives total control over the sales channels and prices for products and goods, since the Company has no continuing involvement with the goods sold, or another factor that could affect the acceptance of the products by the buyer.

2.24. Leases

At the beginning of each agreement, the Company assesses whether the arrangement is or contains a lease.

An agreement is or contains a lease if the agreement transfers the right to control the use of an identified asset for a substantial period of time in exchange for a consideration. To assess whether an agreement transfers the right to control the use of an identified asset, the Company uses the definition of lease set out in CPC 06 (R2)/IFRS 16.

The Company recognizes a right-of-use asset and a lease liability at the beginning of the lease term. The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, adjusted by any lease payments made through the commencement date, plus any initial direct costs and estimated restoration costs.

The right-of-use-asset is subsequently amortized on a straight-line basis over the shorter of the useful life of the asset or the lease term. If the Company is reasonably sure that it will exercise a purchase option, the right-of-use asset is amortized over the useful life of the underlying asset. The average amortization periods of right-of-use assets are set out below:

	Years
Buildings	4.1
Vehicles	3.0

The lease liability is initially measured at the present value of the lease payments that have not been made up to the commencement date, discounted using the interest rate implicit in the lease or, if this rate cannot be readily determined, at the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost, using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or a rate, if: (i) there is a change in the amount that is expected to be paid based on the guaranteed residual value; or (ii) if the Company changes its assessment of whether it will exercise a purchase, extension or termination option, or whether there is any revised fixed in-substance lease payment.

2.25. Earnings per share

The Company calculates the earnings per share using the weighted average number of total common shares outstanding during the period, corresponding to the results in accordance with technical pronouncement CPC 41 - "Earnings per Share".

The diluted earnings per share are calculated based on the net profit attributable to the holders of common shares and the weighted average number of common shares outstanding after the adjustments for all potential dilutive common shares.

2.26. Distribution of dividends and interest on capital

The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements at the end of the year, based on the Company's bylaws.

The Board of Directors may declare interim dividends based on the existence of profit reserves in the last balance sheet. In addition, dividends can be paid using the profit earned based on the Company's quarterly information. These quarterly interim dividends cannot exceed the amounts in the capital reserve accounts. Any payment of interim dividends is offset against the mandatory distributions for the year during which the interim dividends have been paid. In addition, the Board of Directors may also decide to pay or credit interest on capital to the shareholders, calculated based on the clauses in the relevant law, which is considered an advance payment on the minimum dividend.

2.27. Statements of added value

The Company has prepared individual and consolidated statements of added value in compliance with technical pronouncement CPC 09 – "Statement of Added Value", and these are presented as an integral part of the financial statements, in accordance with the accounting practices applicable in Brazil for publicly-held companies, while for IFRS they are presented as additional financial information.

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.

Based on assumptions, the Company makes estimates regarding the future. By definition, the resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that pose a significant risk, with a probability of leading to material adjustments to the carrying amounts of assets and liabilities in subsequent years, are as described below.

a. Estimated loss on (impairment of) non-financial assets

The Company tests possible losses (impairment) in the goodwill, trademarks and patents line items, in accordance with the accounting policy presented in Note 2.12. Management identified the existence of a single CGU and a single business segment (Note 28), the recoverable amount of which was determined on the basis of the calculation of the value in use based on estimates (Notes 18 and 19).

b. Useful life of trademarks and items of property, plant and equipment

Given the business strategy and the investments made, including advertising and publicity to strengthen and sustain trademarks, it is management's assessment that the estimated useful lives of trademarks may not be adequate. For this reason, trademarks are not amortized, but are tested for impairment to ensure that their carrying amounts do not exceed their realizable values.

The useful lives of items of property, plant and equipment are reviewed annually based on a report prepared internally by the Company's own specialists. There were no material changes in the depreciation recorded, and no need was identified to change the useful lives used (Note 18).

c. Recognition, measurement and realization of tax credits

The Company has taxes recoverable and gains from a final and unappealable decision on a lawsuit, authorizing the recovery of PIS and COFINS levied on the ICMS included in invoices.

The balance of tax credits, calculated based on court decisions indicating that the credit is equivalent to the amounts of invoices, takes into consideration various estimates involving the period covered by the lawsuit, reliability of the measurement and the alternatives available for their settlement (Note 13).

d. Contingencies

Note 26 presents information on the liabilities and contingencies to which the Company is exposed in the course of its business.

Determining the likelihood of a favorable outcome in lawsuits in progress, as well as estimating the expected probable losses requires the use of critical judgment by management, since it depends on future events that are not under the Company's control. The evolution of these lawsuits in the various relevant spheres may have outcomes different to those expected by management and its internal and external legal counsel, and any changes in judicial trends or new case law may result in significant changes to the estimates.

4 Financial risk management

a. Financial risk factors

The Company's activities expose it to various financial risks: market risk including currency risk, fair value risk, interest rate risk, cash flow risk, price risk, credit risk and liquidity risk.

The Company has a risk management policy which requires the diversification of transactions and counterparties. Under the terms of this policy, the nature and general position of the financial risks are regularly monitored and managed in order to evaluate the results and the financial impact on cash flow. The credit limits and the quality of the hedges of counterparties are also reviewed periodically.

Under this policy, market risks are hedged when this is considered necessary to support the corporate strategy, or when it is necessary to maintain the level of financial flexibility. The Financial Board examines and revises the information related to risk management, including significant policies, procedures and practices applied to risk management.

According to the risk management policy, which prohibits speculative negotiations and short sales, the Company manages some of its risk using derivative instruments.

b. *Foreign exchange risk*

Foreign exchange risk arises from the possibility of the Company incurring losses due to fluctuations in exchange rates, increasing the amounts of liabilities related to funds raised in the market.

At December 31, 2021 and 2020, the assets and liabilities denominated in foreign currencies, and the financial instruments used to mitigate exchange risks, were as follow:

			Parent company			
			2021			**2020**
	USD ‘000	**EUR ‘000**	**R$ ‘000**	**USD ‘000**	**EUR ‘000**	**R$ ‘000**
Liabilities						
Suppliers	1	-	5	-	-	-
Suppliers’ assignment of receivables	-	-	-	-	-	-
Loans and financing	47,884	-	266,764	-	21,209	135,412
Derivative instruments to mitigate risks	(190,000)	-	(1,058,509)	(628,000)	(20,090)	(3,390,166)
Accounts payable	-	-	-	1	-	4
Net exposure	(142,115)	-	(791,740)	(627,999)	1,119	(3,254,750)

			Consolidated			
			2021			**2020**
	USD ‘000	**EUR ‘000**	**R$ ‘000**	**USD ‘000**	**EUR ‘000**	**R$ ‘000**
Liabilities						
Suppliers	1,646	-	9,171	3,461	-	17,979
Suppliers’ assignment of receivables	49,536	204	277,252	53,851	-	279,708
Loans and financing	47,884	-	266,764	-	21,209	135,412
Derivative instruments to mitigate risks	(365,131)	(6,070)	(2,072,471)	(836,925)	(20,090)	(4,475,341)
Accounts payable	189	371	3,373	466	1,057	9,167
Net exposure	(265,876)	(5,495)	(1,515,911)	(779,147)	2,176	(4,033,075)

At December 31, 2021, the Company has contracted USD 140 million in Non-Deliverable Forward (NDF) to hedge purchase and sale commitments signed with Sanofi, according to the material fact disclosed on July 13, 2021.

c. *Cash flow or fair value risk associated with interest rates*

The Company’s interest rate risk arises from financial investments, securities, debentures and short and long-term loans and financing. Loans issued at variable rates expose the Company to interest rate risk. Loans issued at fixed rates expose the Company to fair value risk associated with changes in interest rates.

The Company analyzes its exposure to interest rates dynamically, and seeks to diversify the indices of its financial liabilities. As part of this analysis various scenarios are simulated, taking into consideration refinancing, the renewal of existing positions and alternative financing and hedging possibilities.

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

	2021	
	Parent company	**Consolidated**
Loan, financing and swaps - CDI	1,902,821	1,902,821
Financing – TLP	352,331	352,331
Debentures – CDI	5,097,637	5,097,637
Notes payable – CDI	19,394	19,394
Financial investments CDI (Note 10)	(2,072,333)	(2,235,478)
Net exposure	5,299,850	5,136,705

d. *Credit risk*

Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposure to wholesale and retail customers, including outstanding accounts receivable.

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).

For customers, the credit analysis department assesses the credit quality by taking into account their financial position, payment history, publicly available information and information obtained from credit analysis institutions (Serasa, CISP and Credinfar). Individual risk limits are determined based on periodic internal monitoring.

A significant portion of the Company's sales are made to large retail chains and distributors with widespread distribution networks in Brazil, which mitigates the Company's consolidated credit risk. Additionally, the credit analysis department uses the aforementioned controls for the continuous monitoring and assessment of the Company's portfolio. For details of the analysis of the due dates, see Note 11.

e. *Liquidity risk*

The Company believes the cash flow from operating activities, cash and cash equivalents and available lines of credit to be sufficient to fund the financial commitments and payments of dividends in the future.

The table below analyzes the Company's financial liabilities per maturity bracket, corresponding to the remaining period from the balance sheet date to the contractual date of maturity. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for understanding the related cash flow. The amounts disclosed in the table represent contracted non-discounted cash flow, and do not match the balance sheet amounts, as they are estimates only.

Parent company

					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	163,102	80,174	-	-	243,276
Derivative financial instruments	47,975	(45,981)	-	-	1,994
	2,240,040	2,581,423	6,022,030	104,077	10,947,570

					2020
	Less than one year	**From one to two years**	**From two to five years**	**More than five years**	**Overall total**
Debentures	154,073	262,843	4,363,371	433,490	5,213,777
Loans and financing	325,085	443,728	770,798	75,995	1,615,606
Notes payable	23,980	-	-	-	23,980
Suppliers	588,626	-	-	-	588,626
Suppliers' assignment of receivables	5,013	-	-	-	5,013
Accounts payable	169,943	71,374	-	-	241,317
Derivative financial instruments	68,736	-	-	-	68,736
	1,335,456	777,945	5,134,169	509,485	7,757,055

Consolidated

					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	276,647	99,548	-	-	376,195
Derivative financial instruments	58,724	(45,981)	-	-	12,743
	2,278,138	2,605,711	6,022,168	104,077	11,010,094

					2020
	Less than one year	**From one to two years**	**From two to five years**	**More than five years**	**Overall total**
Debentures	154,073	262,843	4,363,371	433,490	5,213,777
Loans and financing	352,514	470,412	828,427	93,521	1,744,874
Notes payable	23,980	-	-	-	23,980
Suppliers	275,539	-	-	-	275,539
Suppliers' assignment of receivables	440,256	-	-	-	440,256
Accounts payable	273,353	74,557	-	-	347,910
Derivative financial instruments	108,474	-	-	-	108,474
	1,628,189	807,812	5,191,798	527,011	8,154,810

f. Derivatives

In 2021 transactions were conducted involving currency forward derivative financial instruments, (US Dollar vs. Brazilian Real) and foreign exchange rate swaps.

These outstanding transactions were conducted to hedge against fluctuations in liabilities denominated in foreign currency related to loans, financing and suppliers. These instruments are not used for speculative purposes, and are characterized as financial instruments with a high correlation with the liabilities to which they are linked (sensitivity analysis in item (h) below).

At December 31, 2021, the derivative instrument operations contracted by the Company totaled

R$ 2,372,471 (at December 31, 2020 - R$ 4,475,341) in the consolidated and R$ 1,358,509 (at December 31, 2020 - R$ 3,390,166) in the parent company. The results of the transactions not yet settled represented losses of R$ 42,931 (at December 31, 2020 losses of R$ 92,269) in the consolidated and losses of R$ 36,804 (at December 31, 2020 losses of R$ 69,786) in the parent company.

At December 31, 2021 and 2020, these transactions can be summarized as follows:

Parent company

Type	**Counterparties**	**Notional value**		**Fair value receivable (payable)**		**Realized gain (loss)**	
(In R$ thousand)		**Dec/21**	**Dec/20**	**Dec/21**	**Dec/20**	**Dec/21**	**Dec/20**
Foreign currency							
Forward contracts		**779,954**	**3,261,895**	**(12,252)**	**(99,464)**	**101,644**	**(16,346)**
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantin, Citibank	1,559,908	6,523,790	(27,612)	(51,199)	163,527	44,960
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim, Citibank	(779,954)	(3,261,895)	15,360	(48,265)	(61,883)	(61,306)
Swaps		**278,555**	**128,271**	**(5,638)**	**29,678**	**(4,187)**	**-**
Long position	Itaú	278,555	128,271	(5,638)	29,678	(4,187)	-
Subtotal		**1,058,509**	**3,390,166**	**(17,890)**	**(69,786)**	**97,457**	**(16,346)**
Interest rate							
Swaps		**300,000**	**-**	**(18,914)**	**-**	**3,350**	**23,395**
Asset Position-Pre	BNP Paribas	300,000	-	(18,914)	-	3,350	-
	Santander	-	-	-	-	-	23,395
Total		**1,358,509**	**3,390,166**	**(36,804)**	**(69,786)**	**100,807**	**7,049**

Consolidated

Type	**Counterparties**	**Notional value**		**Fair value receivable (payable)**		**Realized gain (loss)**	
(In R$ thousand)		**Dec/21**	**Dec/20**	**Dec/21**	**Dec/20**	**Dec/21**	**Dec/20**
Foreign currency							
Forward contracts		**1,793,916**	**4,347,070**	**(18,378)**	**(121,947)**	**152,272**	**69,893**
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantin, Citibank	2,756,975	7,724,035	(37,361)	(73,054)	222,124	134,750
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim, Citibank, Safra	(963,059)	(3,376,965)	18,983	(48,893)	(69,852)	(64,857)
Swaps		**278,555**	**128,271**	**(5,639)**	**29,678**	**(4,187)**	**-**
Long position	Itaú	278,555	128,271	(5,639)	29,678	(4,187)	-
Subtotal		**2,072,471**	**4,475,341**	**(24,017)**	**(92,269)**	**148,085**	**69,893**
Interest rate							
Swaps		**300,000**	**-**	**(18,914)**	**-**	**3,350**	**23,395**
Asset Position-Pre	BNP Paribas	300,000	-	(18,914)	-	3,350	-
	Santander	-	-	-	-	-	23,395
Total		**2,372,471**	**4,475,341**	**(42,931)**	**(92,269)**	**151,435**	**93,288**

g. *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 futures contracts for each base date published 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).

h. *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 4.43% for the US Dollar, corresponding to three standard deviations of the fluctuations 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 at deteriorations of 25% and 50% respectively in the exchange rates between the Brazilian Real and the US Dollar.

Parent company

Risk	**Scenario I**		**Scenario II**		**Scenario III**	
(In R$ thousand)			**25% fluctuation**		**50% fluctuation**	
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar quotation	5.324	5.818	4.178	6.964	2.786	8.357
Foreign currency						
Economic hedges	**(172,468)**	**172,468**	**(264,438)**	**264,438**	**(528,871)**	**528,876**
Forward contracts	(160,113)	160,113	(194,798)	194,798	(389,596)	389,596
Swaps	(12,355)	12,355	(69,640)	69,640	(139,275)	139,280
Objects of the economic hedge	**172,624**	**(172,624)**	**264,629**	**(264,629)**	**529,252**	**(529,257)**
Loans, financing and notes payable subject to short-term exchange rate variations	172,624	(172,624)	264,629	(264,629)	529,252	(529,257)
Net effect	**156**	**(156)**	**191**	**(191)**	**381**	**(381)**

Consolidated

Risk	**Scenario I**		**Scenario II**		**Scenario III**	
(In R$ thousand)			**25% fluctuation**		**50% fluctuation**	
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar quotation	5.324	5.818	4.178	6.964	2.786	8.357
Foreign currency						
Economic hedge	**(380,385)**	**380,385**	**(517,397)**	**517,397**	**(1,034,789)**	**1,034,794**
Forward contracts	(368,030)	368,030	(447,757)	447,757	(895,514)	895,514
Swaps	(12,355)	12,355	(69,640)	69,640	(139,275)	139,280
Object of the economic hedge	**380,060**	**(380,060)**	**517,001**	**(517,001)**	**1,033,998**	**(1,034,003)**
Loans, financing and notes payable subject to short-term exchange rate variations	380,060	(380,060)	517,001	(517,001)	1,033,998	(1,034,003)
Net effect	**(325)**	**325**	**(396)**	**396**	**(791)**	**791**

The sensitivity analysis presented above considers changes to the exchange rate of the Brazilian Real against the US Dollar, 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 first quarter of 2022 are as follow:

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	46,497	36,296	72,593
Financing - TLP	2,542	4,686	9,372
Debentures - CDI	124,564	97,237	194,475
Notes payable - CDI	474	370	740
Financial investments	(50,639)	(39,530)	(79,059)
Total loss (gain)	**123,438**	**99,059**	**198,121**

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	46,497	36,296	72,593
Financing - TLP	2,542	4,686	9,372
Debentures - CDI	124,564	97,237	194,475
Notes payable - CDI	474	370	740
Financial investments	(54,625)	(42,642)	(85,283)
Total loss (gain)	**119,452**	**95,947**	**191,897**

***Likely scenario assumptions**
Forecast CDI of 10.26% p.a.
Forecast TLP of 6.08% 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 December 31, 2021 and 2020 may be summarized as follows:

	Parent company		Consolidated	
	2021	2020	2021	2020
Total loans, financing and debentures (Note 22)	7,346,954	5,403,470	7,360,987	5,513,049
Total notes payable	45,384	23,980	45,384	23,980
Loss (gain) on financial hedge	24,552	(29,678)	24,552	(29,678)
Less: cash and cash equivalents (Note 10)	(2,121,253)	(4,646,159)	(2,287,062)	(4,743,298)
Cash and cash equivalents, net	5,295,637	751,613	5,143,861	764,053
Total equity	9,826,591	9,240,715	9,833,471	9,240,715
Adjusted equity	15,122,228	9,992,328	14,977,332	10,004,768
Net debt to adjusted equity ratio	35.0%	7.5%	34.3%	7.6%

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 available in the market (i.e. unobservable inputs) (Level 3).

The table below presents the Company's derivative instruments assets and liabilities at December 31, 2021, as well as the amounts measured 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 table below presents the Company's assets and liabilities measured at fair value at December 31, 2020, as well as the financial instruments not measured at fair value but for which the disclosure of fair value is required.

			Parent company
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	79,427	79,427
Total assets	-	79,427	79,427
Liabilities			
Derivative financial instruments	-	149,213	149,213
Total liabilities	-	149,213	149,213

			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	85,674	85,674
Total assets	-	85,674	85,674
Liabilities			
Derivative financial instruments	-	177,943	177,943
Total liabilities	-	177,943	177,943

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 hedging 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.

In 2021, as part of the prospective effectiveness assessment, and considering the aspects of Phase 2 of the reference interest rate reform described in Note 2.1(c), Management carried out an analysis of the economic relationship of its hedge accounting structures, and identified no material impacts on the hedge relationships, nor any ineffectiveness related directly to the reform. The end of the exemptions from the requirement to assess the effectiveness of Phase 1 hedging relationships, with recognition in the profit or loss for the year of the ineffective portion resulting from the change in the reference rate is being monitored by management in order to identify when the uncertainty is no longer present (that is, when the contractual replacement of the rate is complete or when the hedging relationship is discontinued).

Fair value hedges
Currently, the Company has fair value hedges for its transactions, so both the hedging instruments and hedged items are stated at fair value through profit or loss (FVTPL). The transactions and accounting effects arising from the adoption of this practice are set out in the following table:

					Parent company
					2021
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	*Fixed rate*	Fair value	300,000	306,549	(1,842)
*Swap – CDI**	*Fixed rate vs. CDI+*	Fair value	300,000	306,549	(1,842)
Loan – 4131*	USD + *spread*	Fair value	278,555	266,764	(115)
*Swap – 4131**	USD + *Spread* vs. *% CDI*	Fair value	278,555	(5,638)	-

					Parent company
					2020
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131	*EUR + spread*	Fair value	128,271	135,412	(248)
Swap – 4131	*EUR + Spread vs. % CDI*	Fair value	128,271	29,678	-

* Maturity in 2023.

					Consolidated
					2021
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	*Fixed rate*	Fair value	300,000	306,549	(1,842)
*Swap – CDI**	*Fixed rate vs. CDI+*	Fair value	300,000	(18,914)	-
Loan – 4131*	*USD + spread*	Fair value	278,555	266,764	(115)
*Swap – 4131**	*USD + Spread vs. CDI+*	Fair value	278,555	(5,638)	-

					Consolidated
					2020
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131	EUR + *spread*	Fair value	128,271	135,412	(248)
Swap – 4131	*EUR + Spread vs. % CDI*	Fair value	128,271	29,678	-

* Maturity in 2023.

The fair value cash flow hedge transaction maintained a hedging ratio of 1:1, with a weighted average rate of R$/USD 5.60.

If a hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, is 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
					2021
Transaction	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)

					Parent company
					2020
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
NDF Acquisition (II)	USD vs. R$	Cash flow	3,261,895	(99,460)	(99,460)

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

(II) The NDF Acquisition transaction was completed in January 2021, with the closing of the acquisition of Takeda's portfolio.

					Consolidated
					2021
Operation	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

					Consolidated
					2020
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	288,802	(288,802)	-
NDF Suppliers (I)	USD vs. R$	Cash flow	288,802	(10,596)	63
NDF Purchases (I)	USD vs. R$	Cash flow	574,722	(10,060)	(6,075)
NDF Acquisition (II)	USD vs. R$	Cash flow	73,226	(99,460)	(76,432)
NDF Capex (I)	USD vs. R$	Cash flow	209,166	714	714

(I) Maturities within one year.
(i) NDF related to the acquisition of Sanofi's assets
(II) The NDF Acquisition transaction was completed in January 2021, with the closing of the acquisition of Takeda's portfolio.

Cash flow hedge operations maintained a hedging ratio of 1:1 with a weighted average rate of R$/USD 5.8082 and R$/EUR 6.5770 for NDF Suppliers; R$/USD 5.7339 for NDF Future

Purchases; R$/USD 5.6967 for NDF Acquisition and R$/USD 6.4273 and R$/EUR 5.5690 for Capex NDFs. The cash flow from these operations is stated in Financial Risk Management - Liquidity Risk (Note 4 (e)).

If a hedging instrument no longer meets the hedge accounting criteria, 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

						2021
	Amortized cost	FVOCI	FVTPL	Designated as a fair value hedge	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
	4,436,844	15,360	-	-	-	4,452,204

						2021
	FVOCI	FVTPL	Amortized cost	Designated as a fair value hedge	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
	27,612	24,552	8,475,477	-	-	8,527,641

						2020
	Amortized cost	FVOCI	FVTPL	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,564,207	-	-	-	-	1,564,207
Financial investments (Note 10)	4,619,728	-	-	-	-	4,619,728
Cash and cash in banks (Note 10)	26,431	-	-	-	-	26,431
Derivative financial instruments	-	49,753	29,674	-	-	79,427
Other assets (Note 14)	355,014	-	-	-	-	355,014
	6,565,380	49,753	29,674	-	-	6,644,807

						2020
	FVOCI	**FVTPL**	**Amortized cost**	**Designated as a fair value hedge**	**Designated as a cash flow hedge**	**Total**
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	5,403,470	-	-	5,403,470
Suppliers (Note 20)	-	-	588,626	-	-	588,626
Suppliers' assignment of receivables (Note 21)	-	-	5,013	-	-	5,013
Accounts payable	-	-	178,162	-	-	178,162
Notes payable	-	-	23,980	-	-	23,980
Derivative financial instruments	149,213	-	-	-	-	149,213
	149,213	-	6,199,251	-	-	6,348,464

Consolidated

						2021
	Amortized cost	**FVOCI**	**FVTPL**	**Designated as a fair value hedge**	**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
	4,651,001	25,612	-	-	3,693	4,680,306

						2021
	FVOCI	**FVTPL**	**Amortized cost**	**Designated as a fair value hedge**	**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
	43,997	24,552	8,504,907	-	3,687	8,577,143

						2020
	Amortized cost	**FVOCI**	**FVTPL**	**Designated as a fair value hedge**	**Designated as a cash flow hedge**	**Total**
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,564,341	-	-	-	-	1,564,341
Financial investments (Note 10)	4,715,097	-	-	-	-	4,715,097
Cash and cash in banks (Note 10)	28,201	-	-	-	-	28,201
Derivative financial instruments	-	55,595	27,921	-	2,158	85,674
Other assets (Note 14)	410,608	-	-	-	-	410,608
	6,718,247	55,595	27,921	-	2,158	6,803,921

						2020
	FVOCI	**FVTPL**	**Amortized cost**	**Designated as a fair value hedge**	**Designated as a cash flow hedge**	**Total**
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	5,513,049	-	-	5,513,049
Suppliers (Note 20)	-	-	275,539	-	-	275,539
Suppliers' assignment of receivables (Note 21)	-	-	440,256	-	-	440,256
Accounts payable	-	-	265,629	-	-	265,629
Notes payable	-	-	23,980	-	-	23,980
Derivative financial instruments	165,189	-	-	-	12,754	177,943
	165,189	-	6,518,453	-	12,754	6,696,396

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	
	2021	**2020**	**2021**	**2020**
Current accounts and financial investments (*)				
AAA	2,119,629	4,560,946	2,285,438	4,658,084
AA+	-	85,208	-	85,208
A	1,623	-	1,623	-
A-	-	3	-	3
	2,121,252	4,646,157	2,287,061	4,743,295

(*) 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	
	2021	**2020**	**2021**	**2020**
Derivative financial assets				
AAA	15,360	71,384	29,305	75,997
AA+	-	8,043	-	9,183
A-	-	-	-	494
	15,360	79,427	29,305	85,674

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 (d) describes the credit risks of these financial assets.

10 Cash and cash equivalents

	Parent company		Consolidated	
	2021	2020	2021	2020
Cash and cash in banks	48,920	26,431	51,584	28,201
Short-term financial investments:				
Repurchase operations	6,334	16,072	7,251	19,337
Bank deposit certificates (CDBs)	2,065,999	4,603,656	2,228,227	4,695,760
	2,072,333	4,619,728	2,235,478	4,715,097
	2,121,253	4,646,159	2,287,062	4,743,298

Financial investments yield between 97.5% and 103.4% (at December 31, 2020 between 96.5% and 105.1%) of the CDI, with a weighted average of 101.6% (102.4% at December 31, 2020).

11 Accounts receivable

	Parent company		Consolidated	
	2021	2020	2021	2020
Domestic customers	2,034,556	1,610,172	2,059,648	1,613,165
Expected credit losses	(17,315)	(45,965)	(20,174)	(48,824)
	2,017,241	1,564,207	2,039,474	1,564,341

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

	Parent company		Consolidated	
	2021	2020	2021	2020
Up to 3 months	3,592	3,531	3,713	3,540
From 3 to 6 months	175	5,551	175	5,551
Over 6 months	965	3,771	965	3,771
	4,732	12,853	4,853	12,862

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 year ended December 31, 2021 are as follow:

	Parent company	Consolidated
Balances at 12/21/2020	(45,965)	(48,824)
(Additions)/reversals, net	(2,326)	(2,326)
Write-offs	30,976	30,976
Balances at 12/31/2021	(17,315)	(20,174)

12 Inventory

	Parent company		Consolidated	
	2021	2020	2021	2020
Finished goods and goods for resale	354,574	289,536	387,822	333,613
Semi-finished goods	-	-	111,497	58,201
Raw materials	-	-	777,381	524,583
Maintenance and supplies	58	139	127,389	93,974
Allowance for inventory losses	(29,646)	(29,811)	(100,609)	(89,575)
	324,986	259,864	1,303,480	920,796

The table below presents the changes in the provision:

	Parent company	Consolidated
Balance at 12/31/2020	(29,811)	(89,575)
Additions for the year (a)	(62,405)	(92,249)
Write-offs for the year (b)	62,570	81,215
Balance at 12/31/2021	(29,646)	(100,609)

(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	
	2021	2020	2021	2020
PIS/COFINS/IPI and others (*)	766,233	673,105	862,096	757,810
VAT (ICMS)	91,609	83,644	177,283	151,595
Recoverable IRPJ and CSSL	34,686	25,061	50,492	45,107
	892,528	781,810	1,089,871	954,512
Current	458,559	151,684	597,195	274,017
Non-current	433,969	630,126	492,676	680,495

(*) 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	
	2021	2020	2021	2020
Prepaid expenses (a)	79,622	176,716	109,962	197,821
Bills receivable (b)	196,943	239,431	208,466	258,120
Deposits in court (c)	95,018	115,583	115,999	152,488
Advances	22,457	15,760	46,523	33,856
Others	7,332	7,141	1,017	6,869
	401,372	554,631	481,967	649,154
Current	181,510	261,343	232,348	306,823
Non-current	219,862	293,288	249,619	342,331

(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

Refer to sales or discontinuation of business that occurred in previous years, with balances and, mainly, expenses for the corresponding closing of discussions.

a) Analysis of the results of discontinued operations

	Parent company		Consolidated	
	2021	2020	2021	2020
Net revenue	-	-	-	
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
(Expenses)/income (*)	(434,621)	(36,326)	(435,000)	(37,488)
Income before financial income and expenses	**(434,621)**	**(36,326)**	**(435,000)**	**(37,488)**
Financial expenses	-	-	-	-
Income before income tax and social contribution	**(434,621)**	**(36,326)**	**(435,000)**	**(37,488)**
Income tax and social contribution	147,177	9,813	147,556	10,975
Net income for the year	**(287,444)**	**(26,513)**	**(287,444)**	**(26,513)**

(*) Substantially relates to the Falcon/Ontex arbitration; on September 15, 2021, the Company entered into an agreement (the "Agreement") with Falcon Distribuidora, Armazenamento e Transportes S.A. ("Falcon") and Ontex Group NV, related to the divestment of the disposables business in 2017 (the "Operation"). This agreement includes the Company's obligation to pay R$ 500 million to Falcon due to certain aspects of the Operation which were submitted to arbitration at the International Chamber of Commerce (ICC). The Agreement will bring the arbitration process to an end. The obligation was fully settled on October 1, 2021. Considering that the divestment was recorded in prior years as Discontinued Operations, this obligation was recorded in a consistent manner.

b) Analysis of the cash flow used in discontinued operations

	Parent company		Consolidated	
	2021	2020	2021	2020
Cash flow from investment activities (*)	(286,962)	(28,693)	(281,012)	(23,807)
Net cash used in discontinued operations	**(286,962)**	**(28,693)**	**(281,012)**	**(23,807)**

(*) Substantially relates to the settlement of an arbitration with Falcon Distribuidora, Armazenamento e Transportes S.A. ("Falcon") and Ontex Group NV and the sale of a property that was used as a distribution center for the consumer segment.

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	90.39%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	9.61%	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 for 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		Darwin		Drogaria		Bio Brands			
	Cost	Cost	Cost	Cost	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Others	Total
Balances at January 1, 2021	1,582,864	681,296	10,811	33,936	-	-	-	-	-	-	-	-	297	2,309,204
Capital contribution	871,287	176,700	-	-	-	-	-	-	20,000	-	12,500	-	-	1,080,487
Capital increase	137,650	47,800	-	-	4,715	-	-	-	5,003	-	-	-	-	195,168
Equity accounting	76,831	13,777	(1,238)	11,766	134	-	(146)	-	(815)	-	82	-	-	100,391
Share of discontinued equity accounting in the investment	(474)	(541)	-	-	-	-	-	-	-	-	-	-	(115)	(1,130)
Stock Options/Matching/Restricted	1,284	2,365	328	-	-	-	-	-	-	-	-	-	-	3,977
Equity valuation adjustments	25,785	4,281	(215)	-	-	-	-	-	-	-	-	-	-	29,851
Acquisition of companies (*)	-	-	-	-	4,784		490,528	-	-	-	11,966	-	-	507,278
Dividends receivable	(6,924)	(3,465)	-	1,329	-	-	-	-	-	-	-	-	-	(9,060)
Goodwill (*)	-	-	-	-	-	21,598	-	2,832,166	-	19,995	-	65,569	-	2,939,328
Write-offs due to mergers (**)	-	-	-	-	-	-	(490,382)	(2,832,166)	-	-	-	-	-	(3,322,548)
Others	(595)	(1,592)	-	-	-	-	-	-	-	-	-	-	19,500	17,313
Balances at December 31, 2021	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

(*) Refers mainly to the portfolio acquired from Takeda, which is within the measurement period provided in CPC 15 – "Business Combination" (R1).

(**) On August 31, 2021, Darwin Prestação de Serviços de Marketing Ltda. ("Darwin") was merged into Hypera S.A., without increasing the capital of the Company, since all quotas of Darwin are held by the Company and, consequently, the equity of Darwin is already reflected in the Company's assets.

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:

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.	1,130,264	197,356	442,839	14,590	13,777
My Agência de Propaganda Ltda	12,180	2,361	4,560	(1,382)	(1,238)
Simple Organic Beauty Eireli	22,963	6,452	31,386	231	134
Bio Brands Franchising Gestão de Marcas Ltda	27,221	2,673	2,909	81	429

2020	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	2,847,157	985,056	1,804,011	18,545	17,765
Cosmed Indústria de Cosméticos e Medicamentos S.A.	910,912	221,112	439,093	57,800	58,170
My Agência de Propaganda Ltda.	12,006	917	4,560	980	1,136

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

b. Share of the results of investees

	Number of shares and quotas	Adjusted equity at December 31, 2021	Ownership %	Equity accounting at December 31, 2021	Balance of the investment at December 31, 2021	Equity accounting at December 31, 2020	Balance of the investment at December 31, 2020
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,279,913,186	920,621	100%	13,777	920,621	58,170	681,296
My Agência de Propaganda Ltda.	20,130,000	9,686	100%	(1,238)	9,686	1,136	10,811
Brainfarma Indústria Química e Farmacêutica S.A.	965,360,943	2,687,708	100%	76,831	2,687,708	17,765	1,582,864
Darwin Prestação de Serviços de Marketing Ltda (merged)	-	-	100%	(146)	-	-	-
Simple Organic Beauty Eireli	209,983	31,231	58.33%	134	31,231	-	-
Drogarias Online Agência de Farmácias S.A.	506,250	44,183	22.50%	(815)	44,183	-	-
Bio Brands Franchising Gestão de Marcas Ltda	21,872,454	90,117	100%	82	90,117	-	
Bionovis S.A.	6,000,000	199,198	25%	11,766	47,031	16,833	33,936
				100,391	3,830,577	93,904	2,308,907

c. Business combinations

Takeda Acquisition

On January 29, 2021, the Company completed the acquisition of a selected portfolio of over-the-counter (OTC) and prescription drugs in Latin America from Takeda Pharmaceuticals International AG ("Takeda"), including Neosaldina and Dramin, for R$ 4.3 billion on the transaction date, through the company Darwin Prestação de Serviços de Marketing Ltda. Darwin's sole shareholder was Takeda Pharmaceuticals International AG, which sold its total share to Hypera S.A. The Company has analyzed the transaction and concluded that it represents a business combination.

At January 29, 2021	
Cash	4,267,475
Total consideration in cash	**4,267,475**
Value of businesses sold simultaneously with the acquisition (*)	(944,781)
Net consideration of businesses sold	**3,322,694**
Fair values of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,225
Property, plant and equipment	30,796
Trademarks	351,529
Product development	1,901
Other liabilities	(7,913)
Total identifiable assets	**377,538**
Goodwill	**2,945,156**

(*) At the same time as the acquisition, the sale of some of the recently acquired assets, including a portfolio of 12 prescription and OTC pharmaceutical products in Argentina, Colombia, Ecuador, Mexico, Panama and Peru was sold to Eurofarma Laboratórios S.A. for USD 161 million, equivalent to R$ 867 million on the transaction date, as well as the sale of Xantinon brand to União Química Farmacêutica Nacional Ltda. for R$ 95 million, were completed.

At January 29, 2021

Purchase and sale transaction - Latin America and Xantinon operations	
Purchase price of operations	(944,781)
Simultaneous sale price of operations	961,567
Net result in the operation	**16,786**

Acquisition of Bioage
On October 29, 2021, the acquisition by the Company of the total capital of Bio Brands Franchising Gestão de Marcas Ltda. and Bio Scientific Indústria de Cosméticos Ltda. ("Bioage") was concluded at a total amount of R$ 77.5 million on the transaction date.

Regarding the fair values of the assets, liabilities, receivables, possible contingent considerations, and the total amount of goodwill due to the expected future profitability, among others, the Company made a provisional accounting treatment, and is currently in the final calculation period set out in CPC 15 – "Business Combinations" (R1), which may not exceed one year from the date of acquisition, during which the acquirer will be able to adjust the amounts recognized during the measurement phase for the identifiable assets acquired and the liabilities assumed, to reflect their respective fair values as at the acquisition date.

At October 29, 2021	
Cash	77,535
Total consideration in cash	**77,535**
Fair values of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	204
Accounts receivable	3,409
Other assets	3,480
Investments	7,616
Property, plant and equipment	24
Software	222
Other liabilities	(2,538)
Total identifiable assets	**12,417**
Goodwill - provisional	**65,118**

17 Investment properties

"Investment properties" refers mainly to a property located in Cabo de Santo Agostinho – State of Pernambuco (PE). At December 31, 2020, according to a technical report prepared by an independent company, the fair value of the property was R$ 23,124.

The property that was used as a distribution center for the consumer segment was sold in May 2021 for R$ 231,464.

	Parent company	Consolidated
Balances at January 1, 2020	157,955	150,240
Transfers	21,798	21,798
Write-offs	(14,612)	(13,855)
Depreciation	(4,046)	(3,865)
Balances at December 31, 2020	161,095	154,318
Total cost	196,622	187,773
Accumulated depreciation	(35,527)	(33,455)
Carrying amount	161,095	154,318
Balances at January 1, 2021	161,095	154,318
Write-offs	(136,600)	(129,867)
Reclassification of property, plant and equipment	2,682	2,682
Depreciation	(1,561)	(1,517)
Balances at December 31, 2021	25,616	25,616
Total cost	62,704	62,704
Accumulated depreciation	(37,088)	(37,088)
Carrying amount	25,616	25,616

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, 2020	7,091	22,990	38,716	140	9,388	9,546	87,871	5,545	93,416
Additions	-	661	9,004	-	2,474	143	12,282	5,877	18,159
Write-off	-	-	(427)	-	(391)	(7,839)	(8,657)	-	(8,657)
Depreciation	-	(1,118)	(5,710)	(27)	(670)	(859)	(8,384)	-	(8,384)
Transfers to investment properties	-	(19,105)	(3,052)	-	-	359	(21,798)	-	(21,798)
Transfers	-	105	3,743	-	12	-	3,860	(3,860)	-
Balances at December 31, 2020	7,091	3,533	42,274	113	10,813	1,350	65,174	7,562	72,736
Right-of-use assets - leases									
Balances at January 1, 2020	-	17,670	-	17,981	-	-	35,651	-	35,651
Additions	-	18,673	-	34,937	-	-	53,610	-	53,610
Write-off	-	-	-	(2,685)	-	-	(2,685)	-	(2,685)
Amortization	-	(8,214)	-	(20,562)	-	-	(28,776)	-	(28,776)
Balances at December 31, 2020	-	28,129	-	29,671	-	-	57,800	-	57,800
Total cost of own assets and right-of-use assets - leases	7,091	87,401	91,001	93,493	16,555	10,582	306,123	7,562	313,685
Total accumulated depreciation	-	(55,739)	(48,727)	(63,709)	(5,742)	(9,232)	(183,149)	-	(183,149)
Carrying amount at December 31, 2020	7,091	31,662	42,274	29,784	10,813	1,350	122,974	7,562	130,536
Balances at January 1, 2021	7,091	3,533	42,274	113	10,813	1,350	65,174	7,562	72,736
Additions	-	83	20,129	-	3,258	132	23,602	7,785	31,387
Write-offs	-	-	(90)	-	(117)	(100)	(307)	-	(307)
Depreciation	-	(355)	(6,265)	(13)	(775)	(287)	(7,695)	-	(7,695)
Transfers to investment properties	(5,058)	-	2,376	-	-	-	(2,682)	-	(2,682)
Transfers	-	255	21,117	-	20	32	21,424	(4,590)	16,834
Balances at December 31, 2021	2,033	3,516	79,541	100	13,199	1,127	99,516	10,757	110,273
Right-of-use assets - leases									
Balances at January 1, 2021	-	28,129	-	29,671	-	-	57,800	-	57,800
Additions	-	20,470	-	29,269	-	-	49,739	-	49,739
Write-offs	-	(3,662)	-	(1,833)	-	-	(5,495)	-	(5,495)
Amortization	-	(9,625)	-	(22,925)	-	-	(32,550)	-	(32,550)
Balances at December 31, 2021	-	35,312	-	34,182	-	-	69,494	-	69,494
Total cost of own assets and right-of-use assets - leases	2,033	104,546	134,532	120,929	19,716	10,631	392,387	10,757	403,144
Total accumulated depreciation	-	(65,718)	(54,991)	(86,647)	(6,517)	(9,504)	(223,377)	-	(223,377)
Carrying amount at December 31, 2021	2,033	38,828	79,541	34,282	13,199	1,127	169,010	10,757	179,767

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, 2020	20,849	277,248	669,034	241	22,549	18,241	1,008,162	119,999	1,128,161
Additions	-	671	210,700	719	4,093	2,112	218,295	242,383	460,678
Write-off	-	(12,321)	(5,723)	-	(500)	(7,811)	(26,355)	(233)	(26,588)
Depreciation	-	(11,016)	(45,943)	(106)	(1,725)	(2,990)	(61,780)	-	(61,780)
Transfer to investment properties	-	(19,105)	(3,052)	-	-	359	(21,798)	-	(21,798)
Transfers	-	3,372	106,252	-	204	568	110,396	(110,396)	-
Balances at December 31, 2020	20,849	238,849	931,268	854	24,621	10,479	1,226,920	251,753	1,478,673
Right-of-use assets - leases									
Balances at January 1, 2020	-	20,678	-	19,107	-	-	39,785	-	39,785
Additions	-	21,238	-	38,427	-	-	59,665	-	59,665
Write-off	-	-	-	(3,622)	-	-	(3,622)	-	(3,622)
Amortization	-	(6,236)	-	(21,856)	-	-	(28,092)	-	(28,092)
Balances at December 31, 2020	-	35,680	-	32,056	-	-	67,736	-	67,736
Total cost of own assets and right-of-use assets - leases	20,849	405,956	1,401,411	103,263	48,360	45,541	2,025,380	251,753	2,277,133
Total accumulated depreciation	-	(131,427)	(470,143)	(70,353)	(23,739)	(35,062)	(730,724)	-	(730,724)
Carrying amount at December 31, 2020	20,849	274,529	931,268	32,910	24,621	10,479	1,294,656	251,753	1,546,409
Balances at January 1, 2021	20,849	238,849	931,268	854	24,621	10,479	1,226,920	251,753	1,478,673
Additions	17,063	874	266,508	103	6,319	17,615	308,482	299,182	607,664
Write-off	(68)	(6,665)	(16,770)	(1)	(164)	(178)	(23,846)	(149)	(23,995)
Depreciation	-	(10,171)	(60,050)	(122)	(1,952)	(2,882)	(75,177)	-	(75,177)
Transfers to investment properties	(5,058)	-	2,376	-	-	-	(2,682)	-	(2,682)
Transfers	-	3,140	231,709	-	1,138	1,257	237,244	(220,410)	16,834
Balances at December 31, 2021	32,786	226,027	1,355,041	834	29,962	26,291	1,670,941	330,376	2,001,317
Right-of-use assets - leases									
Balances at January 1, 2021	-	35,680	-	32,056	-	-	67,736	-	67,736
Additions	-	39,274	-	29,991	-	-	69,265	-	69,265
Write-off	-	(7,691)	-	(2,256)	-	-	(9,947)	-	(9,947)
Amortization	-	(9,239)	-	(23,992)	-	-	(33,231)	-	(33,231)
Balances at December 31, 2021	-	58,024	-	35,799	-	-	93,823	-	93,823
Total cost of own assets and right-of-use assets - leases	32,786	434,888	1,885,234	131,101	55,653	64,236	2,603,898	330,376	2,934,274
Total accumulated depreciation	-	(150,837)	(530,193)	(94,468)	(25,691)	(37,945)	(839,134)	-	(839,134)
Carrying amount at December 31, 2021	32,786	284,051	1,355,041	36,633	29,962	26,291	1,764,764	330,376	2,095,140

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

19 Intangible assets

	Parent company		Consolidated	
	2021	2020	2021	2020
Goodwill in non-merged companies				
Simple Organic Beauty Eireli	-	-	21,598	-
Bio Brands Franchising Gestão de Marcas Ltda	-	-	65,569	-
Bio Scientific Indústria de Cosméticos Ltda	-	-	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	-
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	32,328	52,614	32,328
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
	7,270,960	4,305,518	7,366,788	4,305,518
Trademarks and patents	2,001,133	1,671,501	2,001,446	1,671,803
Rights of use and software	39,508	23,348	60,057	38,274
Product development	6,105	4,582	568,871	382,666
	9,317,706	6,004,949	9,997,162	6,398,261

Goodwill is measured as the surplus of the consideration transferred for a company over the net assets acquired, and is based mainly on 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	Rights of use and software	Product development	Goodwill	Total
Balances at January 1, 2020	337,222	16,531	12,873	4,273,190	4,639,816
Additions	1,337,585	11,245	384	32,328	1,381,542
Write-off	-	-	(8,479)	-	(8,479)
Amortization	(3,306)	(4,428)	(196)	-	(7,930)
Balances at December 31, 2020	1,671,501	23,348	4,582	4,305,518	6,004,949
Total cost	1,698,205	101,481	5,623	4,305,518	6,110,827
Accumulated amortization	(26,704)	(78,133)	(1,041)	-	(105,878)
Balances at January 1, 2021	1,671,501	23,348	4,582	4,305,518	6,004,949
Additions	353,225	22,561	136	2,963,891	3,339,813
Transfers	(20,286)	-	1,901	1,551	(16,834)
Amortization	(3,307)	(6,401)	(514)	-	(10,222)
Balances at December 31, 2021	2,001,133	39,508	6,105	7,270,960	9,317,706
Total cost	2,031,144	124,043	7,660	7,270,960	9,433,807
Accumulated amortization	(30,011)	(84,535)	(1,555)	-	(116,101)
Carrying amount	2,001,133	39,508	6,105	7,270,960	9,317,706

Consolidated

	Right of use and trademarks	Rights of use and software	Product development	Goodwill	Total
Balances at January 1, 2020	337,525	37,702	286,694	4,273,190	4,935,111
Additions (*)	1,337,585	18,747	169,524	32,328	1,558,184
Write-off	-	(151)	(65,165)	-	(65,316)
Amortization	(3,307)	(18,024)	(8,387)	-	(29,718)
Balances at December 31, 2020	1,671,803	38,274	382,666	4,305,518	6,398,261
Total cost	1,698,531	162,575	500,221	4,305,518	6,666,845
Accumulated amortization	(26,728)	(124,301)	(117,555)	-	(268,584)
Balances at January 1, 2021	1,671,803	38,274	382,666	4,305,518	6,398,261
Additions (*)	484,960	33,770	203,496	2,927,994	3,650,220
Write-off	-	-	(11,514)	-	(11,514)
Transfer (**)	(152,011)	-	1,901	133,276	(16,834)
Amortization	(3,306)	(11,987)	(7,678)	-	(22,971)
Balances at December 31, 2021	2,001,446	60,057	568,871	7,366,788	9,997,162
Total cost	2,031,481	196,345	694,104	7,366,788	10,288,718
Accumulated amortization	(30,035)	(136,288)	(125,233)	-	(291,556)
Carrying amount	2,001,446	60,057	568,871	7,366,788	9,997,162

(*) Refers mainly to the portfolio acquired from Takeda, which is within the measurement period provided in CPC 15 – "Business Combinations" (R1).
(**) Refers mainly to the measurement of fair value of the company Darwin.

Impairment of assets

The Company tests the impairment of its intangible assets with indefinite useful lives on an annual basis, or more often where 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.

Long-lived assets subject to amortization are reviewed whenever there are indications that the carrying amount will not be recovered.

The recoverable amount is determined as the higher of its value in use and its fair value less selling costs. In this context, the recoverable amounts were determined by the Company based on calculations of the value in use. These calculations use cash flow projections for a period of five years based on financial budgets approved by management for the next year, which foresee sales growth from existing brands, new brands arising from acquisitions, and research and development, with corresponding investments necessary to implement the respective plans. The amounts of cash flow subsequent to the five-year period were extrapolated based on estimated rates of growth which do not exceed the average growth rate defined for the initial period of five years.

The projections consider operating margins defined in compliance with: (i) the Company's historical performance; (ii) future expectations regarding business evolution; and (iii) weighted average rates of growth in line with sectoral forecasts for each line of business. In the context of recoverability testing, the discount rate before tax was reviewed through an interactive calculation based on the discount rate after tax. The discount rate of 11.61%, in statutory terms and after tax, was calculated based on the WACC, which corresponds to a pre-tax rate of 12.20%.

The testing result did not determine an impairment amount lower than the accounting balance, meaning that no impairment loss needed to be recognized.

The identification of asset impairment is based on certain key assumptions, as described above, which are influenced by the market conditions prevailing at the time when impairment testing occurs, and accordingly it is not possible to determine whether impairment losses will occur in the future, and if so whether they will be material.

A sensitivity analysis was conducted to understand the impact of variations in the following on the testing results: (i) growth in sales volumes; (ii) changes in margins; (iii) investment amounts; and (iv) discount rates. This complementary sensitivity analysis did not identify any factors that could impact the conclusions regarding the recoverability of the assets.

20 Suppliers

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Domestic suppliers	88,141	12,803	317,962	257,560
Foreign suppliers	5	-	9,171	17,979
Related party suppliers (Note 31(a))	790,343	575,823	-	-
	878,489	588,626	327,133	275,539

21 Suppliers' assignment of receivables

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Domestic market (overdraft risk)	7,625	5,013	186,375	160,548
Foreign market (_forfaiting_)	-	-	277,252	279,708
	7,625	5,013	463,627	440,256

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 December 31, 2021, the discount rates on assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 0.35% and 1.09%, with a weighted average of 0.75% per month ("p.m."). At December 31, 2020, these rates were between 0.35% and 0.54%, with a weighted average of 0.38% p.m..

At December 31, 2021, 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 3.84% per annum ("p.a."). At December 31, 2020, these rates were between 2.52% and 11.58%, with a weighted average of 5.05% p.a..

22 Loans, financing and debentures

		Parent company		Consolidated	
	Nominal rate	2021	2020	2021	2020
Foreign currency					
Loans (i)	EUR + 1.61% p.a.; USD + 1.50% p.a.	266,764	135,412	266,764	135,412
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,617,198	916,050	1,617,795	916,050
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	12,553	16,736	23,603	34,783
Financing	Fixed rate from 2.50% to 8.70% p.a.	471	1,074	2,857	5,095
Debentures	CDI + 1.25% to 1.75% p.a.	5,097,637	4,015,883	5,097,637	4,015,883
Finep	TJLP from - 1.00% to 1.00% p.a.	352,331	278,647	352,331	278,647
Real estate financing	TR + 9.60% p.a.	-	39,668	-	127,179
		7,346,954	5,403,470	7,360,987	5,513,049
Current		557,077	424,880	565,648	461,816
Non-current		6,789,877	4,978,590	6,795,339	5,051,233

(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 December 31, 2021, by year of maturity, is as follows:

	Parent company	Consolidated
2023	1,077,965	1,083,301
2024	564,064	564,181
2025	30,347	30,356
2026	30,347	30,347
2027	30,347	30,347
2028	30,347	30,347
2029	27,818	27,818
	1,791,235	1,796,697

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 Deposit (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 the 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 the 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 the debentures will be amortized in a single installment, with final maturity on September 9, 2026.

Debentures - Changes

	8th Public Issuance Single series	9th Public Issuance Single series	10th Public Issuance 1st and 2nd Series	11th Public Issuance Single series	Total
Balance at January 1, 2021	797,455	2,483,538	734,890	-	4,015,883
Total issuance amount	-	-	-	1,000,000	1,000,000
Financial charges	45,900	150,157	46,628	26,084	268,769
Interest paid	(39,755)	(111,870)	(32,766)	(2,624)	(187,015)
Balance at December 31, 2021	803,600	2,521,825	748,752	1,023,460	5,097,637
Current	6,083	48,386	18,999	25,527	98,995
Non-current	797,517	2,473,439	729,753	997,933	4,998,642
Unrealized transaction costs	3,699	16,876	7,223	2,496	30,294
Current	1,216	5,315	1,976	429	8,936
Non-current	2,483	11,561	5,247	2,067	21,358

The breakdown of the long-term amounts of debentures by year of maturity is as follows:

	December 31, 2021
2023	717,694
2024	1,435,388
2025	1,435,388
2026	1,410,172
	4,998,642

a. Guarantees for loans and financing at December 31, 2021

	Parent company	Consolidated
Accounts receivable – Pledged guarantees	5,653	8,920
Letters of guarantee (*)	352,331	352,331
Pledged fixed assets	7,371	17,541
	365,355	378,792

(*) 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 follow:

		Consolidated		Fair value	
	Nominal rate	2021	2020	2021	2020
Foreign currency					
Loans	EUR + 1.61% p.a.; USD + 1.50% p.a.	266,764	135,412	266,764	135,412
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,617,795	916,050	1,617,795	916,050
FCO	Fixed rate from 2.50% to 8.50% p.a.	23,603	34,783	23,603	34,782
Financing	Fixed rate from 2.50% to 8.70% p.a.	2,857	5,095	2,700	5,089
Debentures	CDI + 1.25% to 1.75% p.a.	5,097,637	4,015,883	5,097,637	4,015,883
Finep	TJLP + 1.00% to 1.00% p.a.	352,331	278,647	352,331	278,647
Real estate financing	TR + 9.60% p.a.	-	127,179	-	125,148
		7,360,987	5,513,049	7,360,830	5,511,011

The fair values of some current loans are equal to their carrying amounts, since the impact of marking-to-market is not material. The fair values are based on the discounted cash flow, using a market rate ranging from CDI + 0.56% to CDI + 1.65% p.a. (December 31, 2020 - CDI + 0.14% to CDI + 1.23% 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	Related parties	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
Balances at January 1, 2021	**5,403,470**	**23,980**	**29,728**	**671,654**	**-**	**241,317**	**(79,427)**	**149,213**	**9,240,715**	**15,680,650**
Changes in cash flow from financing activities										
Hedges of loans	(4,458)	-	-	-	-	-	20,984	3,350	-	19,876
Loans taken out	2,221,183	-	-	-	-	-	-	-	-	2,221,183
Payment of loans - principal	(379,643)	(593)	(10,841)	-	-	(29,871)	-	-	-	(420,948)
Payments of loans - interest	(291,282)	-	-	-	-	(5,615)	-	-	-	(296,897)
Purchases of treasury shares	-	-	-		-	-	-	-	(128,666)	(128,666)
Sales of treasury shares	-	-	-	-	-	-	-	-	18,692	18,692
Loans payable	-	-	-	-	(5)	-	-	-	-	(5)
Dividends and interest on capital paid	-	-	-	(745,936)	-	-	-	-	-	(745,936)
Total changes in cash flow from financing activities	**1,545,800**	**(593)**	**(10,841)**	**(745,936)**	**(5)**	**(35,486)**	**20,984**	**3,350**	**(109,974)**	**667,299**
Other changes										
Write-offs	-	-	-	-	-	(3,918)	-	-	-	(3,918)
Additions	-	-	-	-	-	25,751	-	-	-	25,751
Leases	-	-	-	-	-	26,482	-	-	-	26,482
Taxes payable	-	-	14,843	-	-	-	-	-	-	14,843
Proposed dividends	-	-	-	779,090	-	-	-	-	-	779,090
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	-	13,938	13,938
Gains or losses on investments in associates/subsidiaries	-	-	-	-	-	-	-	-	(75)	(75)
Government grants reserve	-	-	-	-	-	-	-	-	567,097	567,097
Reversal of capital budget reserve	-	-	-	-	-	-	-	-	(40,070)	(40,070)
Interest accrued	397,684	-	(12,717)	-	5	-	(5,273)	37,035	-	416,734
Loans - acquisitions of subsidiaries	-	21,490	-	-	-	-	-	-	-	21,490
MtM- Hedge loans	-	-	-	-	-	-	8,384	(12,483)	-	(4,099)
Supplier hedges - interest paid	-	-	-	-	-	-	(74,360)	7,245	-	(67,115)
MtM - Supplier hedges	-	-	-	-	-	-	-	(11,138)	-	(11,138)
Payment/receipt of investment hedges	-	-	-	-	-	-	262,633	(148,665)	-	113,968
Equity valuation adjustments	-	-	-	-	-	-	-	-	154,960	154,960
Other accounts payable	-	-	-	-	-	(14,729)	-	-		(14,729)
Interest accrued – Acquisitions	-	507	-	-	-	3,859	(148,301)	27,607	-	(116,328)
Total other changes related to liabilities	**397,684**	**21,997**	**2,126**	**779,090**	**5**	**37,445**	**43,083**	**(100,399)**	**695,850**	**1,876,881**
At December 31, 2021	**7,346,954**	**45,384**	**21,013**	**704,808**	**-**	**243,276**	**(15,360)**	**52,164**	**9,826,591**	**18,224,830**

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, 2021	**5,513,049**	**23,980**	**71,310**	**671,654**	**347,910**	**(85,674)**	**177,943**	**9,240,715**	**15,960,887**
Changes in cash flow from financing activities									
Hedge of loans	(4,458)	-	-	-	-	20,984	3,350	-	19,876
Loans taken out	2,221,183	-	-	-	-	-	-	-	2,221,183
Payment of loans - principal	(477,032)	(593)	(10,841)	-	(31,221)	-	-	-	(519,687)
Payments of loans - interest	(301,480)			-	(6,937)	-	-	-	(308,417)
Purchases of treasury shares	-	-	-	-	-	-	-	(128,666)	(128,666)
Sales of treasury shares	-	-	-	-	-	-	-	18,692	18,692
Dividends and interest on capital paid	-	-	-	(745,936)	-	-	-	-	(745,936)
Total changes in cash flow from financing activities	**1,438,213**	**(593)**	**(10,841)**	**(745,936)**	**(38,158)**	**20,984**	**3,350**	**(109,974)**	**557,045**
Other changes									
Write-offs	-	-	-	-	(4,353)	-	-	-	(4,353)
Additions	12,626	-	135	-	29,578	-	-	-	42,339
Leases	-	-	-	-	42,157	-	-	-	42,157
Taxes payable	-	-	43,145	-	-	-	-	-	43,145
Proposed dividends	-	-	-	779,090	-	-	-	-	779,090
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	13,938	13,938
Gains or losses on investments in associates/subsidiaries	-	-	-	-	-	-	-	(75)	(75)
Government grants reserve	-		-	-	-	-	-	567,097	567,097
Reversal of capital budget reserve	-		-	-	-	-	-	(40,070)	(40,070)
Interest accrued	397,099	507	(22,389)	-	-	(5,273)	37,034	-	406,978
Loans - acquisitions of subsidiaries	-	21,490	-	-	-	-	-	-	21,490
MtM - Hedge loans	-	-	-	-	-	8,384	(12,483)	-	(4,099)
MtM - Supplier hedges	-	-	-	-	-	54,441	(63,789)	-	(9,348)
Payment/receipt of investment hedges	-	-	-	-	-	262,633	(148,665)	-	113,968
Supplier hedges - interest paid	-	-	-	-	-	(136,499)	51,239	-	(85,260)
Equity valuation adjustments	-	-	-	-	-	-	-	154,960	154,960
Other accounts payable	-	-	-	-	(6,278)	-	-	-	(6,278)
Interest accrued – Acquisitions	-	-	-	-	5,339	(148,301)	27,607	-	(115,355)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	6,880	6,880
Total other changes related to liabilities	**409,725**	**21,997**	**20,891**	**779,090**	**66,443**	**35,385**	**(109,057)**	**702,730**	**1,927,204**
At December 31, 2021	**7,360,987**	**45,384**	**81,360**	**704,808**	**376,195**	**(29,305)**	**72,236**	**9,833,471**	**18,445,136**

Parent company

	Loans and financing	Notes payable	Taxes payable	Proposed dividends	Related parties	Liabilities Leases	Derivatives (assets/liabilities) held to hedge long-term loans Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
Balances at January 1, 2020	**1,282,052**	**7,802**	**40,000**	**612,143**	**-**	**32,193**	**-**	**7,577**	**8,710,100**	**10,691,867**
Changes in cash flow from financing activities										
Loans taken out	4,115,000	-	-	-	-	-	-	-	-	4,115,000
Payment of loans - principal	(58,608)	(3,684)	(1,007)	-	-	(11,678)	-	-	-	(74,977)
Payments of loans - interest	(158,168)	-	-	-	-	(4,496)	-	-	-	(162,664)
Capital increases	-	-	-	-	-	-	-	-	29,309	29,309
Sales of treasury shares	-	-	-	-	-	-	-	-	12,102	12,102
Dividends and interest on capital paid	-	-	-	(682,474)	-	-	-	-	-	(682,474)
Total changes in cash flow from financing activities	**3,898,224**	**(3,684)**	**(1,007)**	**(682,474)**	**-**	**(16,174)**	**-**	**-**	**41,411**	**3,236,296**
Other changes										
Write-offs	-	-	-	-	-	(1,914)	-	-	-	(1,914)
Additions	-	-	-	-	-	37,562	-	-	-	37,562
Leases	-	-	-	-	-	1,617	-	-	-	1,617
Taxes payable	-	-	(9,633)	-	-	-	-	-	-	(9,633)
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	-	17,803	17,803
Interest accrued	223,194	362	368	-	-	3,431	(32,288)	(4,816)	-	190,251
Interest on capital	-	-	-	741,985	-	-	-	-	-	741,985
Loans - acquisitions of subsidiaries	-	19,500	-	-	-	-	-	-	-	19,500
MtM- Hedge loans	-	-	-	-	-	-	288,945	(2,761)	-	286,184
Supplier hedges - interest paid	-	-	-	-	-	-	-	(272,415)	-	(272,415)
MtM - Supplier hedges	-	-	-	-	-	-	(502,583)	625,662	-	123,079
Payment/receipt of investment hedges	-	-	-	-	-	-	195,011	(204,034)	-	(9,023)
Government grants reserve	-	-	-	-	-	-	-	-	587,619	587,619
Reversal of capital budget reserve	-	-	-	-	-	-	-	-	(34,488)	(34,488)
Equity valuation adjustments	-	-	-	-	-	-	-	-	(81,730)	(81,730)
Interest accrued – Acquisitions	-	-	-	-	-	-	(5,476)	-	-	(5,476)
Interest accrued – Options	-	-	-	-	-	-	(23,036)	-	-	(23,036)
Total other changes related to liabilities	**223,194**	**19,862**	**(9,265)**	**741,985**	**-**	**40,696**	**(79,427)**	**141,636**	**489,204**	**1,567,885**
At December 31, 2020	**5,403,470**	**23,980**	**29,728**	**671,654**	**-**	**56,715**	**(79,427)**	**149,213**	**9,240,715**	**15,496,048**

Consolidated

	Loans and financing	Notes payable	Taxes payable	Proposed dividends	Liabilities Leases	Derivatives (assets/liabilities) held to hedge long-term loans Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
Balances at January 1, 2020	**1,402,605**	**7,802**	**56,217**	**612,143**	**37,864**	**(1,409)**	**11,397**	**8,710,100**	**10,836,719**
Changes in cash flow from financing activities									
Loans taken out	4,115,000	-		-	-	-	-	-	4,115,000
Payment of loans - principal	(83,036)	(3,684)	(1,007)	-	(11,252)	-	-	-	(98,979)
Payments of loans - interest	(161,689)	-	-	-	(4,348)	-	-	-	(166,037)
Capital increases	-	-	-	-	-	-	-	29,309	29,309
Sales of treasury shares	-	-	-	-	-	-	-	12,102	12,102
Dividends and interest on capital paid	-	-	-	(682,474)	-	-	-	-	(682,474)
Total changes in cash flow from financing activities	**3,870,275**	**(3,684)**	**(1,007)**	**(682,474)**	**(15,600)**	**-**	**-**	**41,411**	**3,208,921**
Other changes									
Write-offs	-	-	-	-	(2,242)	-	-	-	(2,242)
Additions	-	-	-	-	40,117	-	-	-	40,117
Leases	-	-	-	-	(9,821)	-	-	-	(9,821)
Taxes payable	-	-	15,732	-	-	-	-	-	15,732
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	17,803	17,803
Interest accrued	240,169	362	368	-	3,924	(32,288)	(4,816)	-	207,719
Interest on capital	-	-	-	741,985	-	-	-	-	741,985
Loans - acquisitions of subsidiaries	-	19,500	-	-	-	-	-	-	19,500
MtM- Hedge loans	-	-	-	-	-	288,944	(2,761)	-	286,183
MtM - Supplier hedges	-	-	-	-	-	19,637	(292,051)	-	(272,414)
Payment/receipt of investment hedges	-	-	-	-	-	195,011	(204,033)	-	(9,022)
Supplier hedges - interest paid	-	-	-	-	-	(527,057)	670,207	-	143,150
Government grants reserve	-	-	-	-	-	-	-	587,619	587,619
Reversal of capital budget reserve	-	-	-	-	-	-	-	(34,488)	(34,488)
Equity valuation adjustments	-	-	-	-	-	-	-	(81,730)	(81,730)
Interest accrued – Acquisitions	-	-	-	-	-	(5,476)	-	-	(5,476)
Interest accrued – Options	-	-	-	-	-	(23,036)	-	-	(23,036)
Total other changes related to liabilities	**240,169**	**19,862**	**16,100**	**741,985**	**31,978**	**(84,265)**	**166,546**	**489,204**	**1,621,579**
At December 31, 2020	**5,513,049**	**23,980**	**71,310**	**671,654**	**54,242**	**(85,674)**	**177,943**	**9,240,715**	**15,667,219**

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 arising from acquisitions of companies (Note 19) and the distribution of interest on capital in recent years.

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Deferred tax assets:				
Tax losses carried forward and negative CSLL bases	1,884,878	1,616,196	1,906,988	1,636,107
Contingencies	65,522	65,813	80,351	73,593
Expected credit losses	23,195	45,965	26,364	49,133
Other temporary differences	129,199	150,916	231,781	249,289
Total deferred tax assets	2,102,794	1,878,890	2,245,484	2,008,122
(-) 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)	(1,790,264)	(1,712,977)	(1,890,369)	(1,813,406)
Remaining balance of deferred tax assets	312,530	165,913	355,115	194,716

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.

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Goodwill	1,760,691	1,575,837	1,760,691	1,575,837
Tax debt - PIS/COFINS and others	-	101,540	4,072	107,710
Fair value of property, plant and equipment - business combinations	17,047	11,213	41,600	38,937
Others	12,526	24,387	157,999	136,939
Total tax debt	1,790,264	1,712,977	1,964,362	1,859,423
(-) 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)	(1,790,264)	(1,712,977)	(1,890,369)	(1,813,406)
Remaining balance of deferred liabilities	-	-	73,993	46,017

c. Reconciliation of income tax and social contribution expenses

	Parent company		Consolidated	
	2021	2020	2021	2020
Income before income tax and social contribution	1,175,924	1,184,135	1,209,329	1,205,967
Combined rate - %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(399,814)	(402,606)	(411,640)	(409,932)
Equity accounting	33,750	30,613	3,593	5,231
Interest on capital declared	264,891	252,275	264,891	252,275
Interest/indexation in the nature of an indemnity	50,785	37,662	52,085	48,643
Government grants	192,813	170,719	192,813	174,731
Permanent additions/exclusions	11,860	22,318	19,234	18,200
Income tax and social contribution expenses	154,285	110,981	120,976	89,148
Current	-	-	(986)	(17,403)
Deferred	154,285	110,981	121,962	106,551
Discontinued operations	147,177	9,813	147,556	10,975
Continuing operations	7,108	101,168	(26,580)	78,173
	154,285	110,981	120,976	89,148
	13%	9%	10%	7%

24 Taxes payable

	Parent company		Consolidated	
	2021	2020	2021	2020
ICMS (value added tax) payable	13,584	27,851	66,053	67,275
IPI/PIS/COFINS payable	3,634	-	6,085	359
Other taxes payable	3,795	1,877	9,222	3,676
	21,013	29,728	81,360	71,310
Current	19,251	22,077	68,865	63,659
Non-current	1,762	7,651	12,495	7,651

25 Accounts payable

	Parent company		Consolidated	
	2021	2020	2021	2020
Freight payable	19,014	19,595	24,759	23,655
Services provided	62,185	57,110	116,827	102,614
Advertising	17,871	21,747	17,871	21,747
Revenue to elapse	38,252	47,882	38,252	47,882
Purchases of fixed assets	1,774	10,629	22,339	43,838
Payables arising from disposal	810	12,410	810	12,410
Leases (i)	73,403	56,715	88,805	54,242
Accrued taxes on inventory losses	2,251	2,687	20,518	17,048
Others	27,716	12,542	46,014	24,474
	243,276	241,317	376,195	347,910
Current	163,102	169,943	276,647	273,353
Non-current	80,174	71,374	99,548	74,557

(i) Lease liabilities

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Current	29,118	21,280	30,109	20,802
Non-current	44,286	35,435	58,696	33,440
	73,404	56,715	88,805	54,242

Lease liabilities refer mainly to vehicles and real estate. The changes in lease liabilities are presented in the table below:

	Parent company	**Consolidated**
Balance at January 1, 2021	56,715	54,242
Payment of loans - principal	(29,871)	(31,221)
Payments of loans - interest	(5,615)	(6,937)
Additions	25,751	29,578
Write-off	(3,918)	(4,353)
Remeasurement	26,482	42,157
Interest accrued	3,860	5,339
Balance at December 31, 2021	73,404	88,805

a. ***Maturity of installments***

Leases at December 31, 2021 have the following breakdown, by year of maturity:

	Parent company	**Consolidated**
Up to 2 years	20,320	21,112
From 2 to 5 years	21,809	25,985
More than 5 years	2,157	11,599
	44,286	58,696

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 set out for payment:

	Parent company		Consolidated	
	Nominal	**Adjusted to present value**	**Nominal**	**Adjusted to present value**
Lease liability	82,315	73,404	106,073	88,805
Estimated PIS/COFINS	(3,947)	(3,405)	(6,094)	(4,708)
	78,368	69,999	99,979	84,097

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:

	Parent company	Consolidated
Terms	**Rate % p.a.**	**Rate % p.a.**
Up to 2 years	6.26%	6.26%
From 2 to 5 years	6.01%	6.01%
More than 5 years	8.53%	8.53%

The table below shows the comparative balances of the lease liability, rights 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	
	2021	**2020**	**2021**	**2020**
Lease liabilities				
Carrying amount - IFRS 16/CPC 06 (R2)	73,404	56,715	88,805	54,242
Flow with projected inflation	77,015	59,290	93,174	56,705
Variation	4.92%	4.54%	4.92%	4.54%
Net right of use - closing balance				
Carrying amount - IFRS 16/CPC 06 (R2)	69,494	57,800	93,823	67,736
Flow with projected inflation	72,913	60,424	98,439	70,811
Variation	4.92%	4.54%	4.92%	4.54%

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Financial expenses				
Carrying amount - IFRS 16/CPC 06 (R2)	(3,855)	(3,476)	(5,334)	(3,911)
Flow with projected inflation	(4,045)	(3,634)	(5,596)	(4,089)
Variation	4.92%	4.54%	4.92%	4.54%
Depreciation expenses				
Carrying amount - IFRS 16/CPC 06 (R2)	32,550	(28,776)	33,231	(28,092)
Flow with projected inflation	34,151	(30,082)	34,866	(29,367)
Variation	4.92%	4.54%	4.92%	4.54%

26 Provision for contingencies

At December 31, 2021, the Company had the following provisions for contingencies, and corresponding deposits with the courts related to contingencies:

								Parent company
				2021				2020
	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts	Forecast of likely losses	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts
Civil	9,307	10,399	(60)	19,646	9,261	11,782	(57)	20,986
Labor	104,787	15,585	(16,873)	103,499	99,941	23,721	(14,750)	108,912
Tax	14,745	34,343	(14,272)	34,816	121	44,652	(365)	44,408
Administrative/others	3,547	-	(401)	3,146	3,254	834	(225)	3,863
Liabilities of former owners	5,604	-	-	5,604	5,347	-	-	5,347
	137,990	60,327	(31,606)	166,711	117,924	80,989	(15,397)	183,516

								Consolidated
				2021				2020
	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts	Forecast of likely losses	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts
Civil	9,409	10,399	(60)	19,748	9,297	11,782	(57)	21,022
Labor	114,684	15,585	(19,522)	110,747	107,995	23,721	(17,600)	114,116
Tax	31,879	34,343	(31,406)	34,816	124	44,652	(367)	44,409
Administrative/other	20,028	-	(443)	19,585	18,044	834	(225)	18,653
Liabilities of former owners	8,598	-	-	8,598	8,188	-	-	8,188
	184,598	60,327	(51,431)	193,494	143,648	80,989	(18,249)	206,388

Changes in contingencies

						Parent company
	2020	Indexation accruals	Additions	Reversals	Payments	2021
Civil	21,043	2,487	467	(3,523)	(768)	19,706
Labor	123,662	14,205	18,536	(19,498)	(16,533)	120,372
Tax	44,773	337	14,651	(10,637)	(36)	49,088
Administrative/others	4,088	622	15	(1,178)	-	3,547
Liabilities of former owners	5,347	393	1,171	(1,307)	-	5,604
	198,913	18,044	34,840	(36,143)	(17,337)	198,317
Deposits with courts	(15,397)	(1,313)	(18,852)	3,672	284	(31,606)
	183,516	16,731	15,988	(32,471)	(17,053)	166,711

						Consolidated
	2020	Indexation accruals	Additions	Reversals	Payments	2021
Civil	21,079	2,540	480	(3,523)	(768)	19,808
Labor (a)	131,716	14,847	21,822	(21,044)	(17,072)	130,269
Tax	44,776	337	31,784	(10,639)	(36)	66,222
Administrative/others	18,878	2,137	1,367	(1,181)	(1,173)	20,028
Liabilities of former owners (b)	8,188	644	2,384	(2,618)	-	8,598
	224,637	20,505	57,837	(39,005)	(19,049)	244,925
Deposits with courts	(18,249)	(2,184)	(36,648)	5,347	303	(51,431)
	206,388	18,321	21,189	(33,658)	(18,746)	193,494

(a) The additions refer to 83 new labor lawsuits, and the reversals refer to 190 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.

a. Judicial claims which are the responsibility of the Company, assumed in the course of business combinations

Summary of the main contingencies:

	Labor/Civil/Administrative and Other		Tax		
	Probable	Possible	Probable	Possible	Total
Mabesa	-	-	-	6,938	6,938
Mantecorp	25,354	630	629	26,776	53,389
	25,354	630	629	33,714	60,327

Upon the acquisitions of Mabesa and Mantecorp, the Company assumed some of their contingencies. In addition to the provision for probable losses, the Company also recorded provisions for possible losses, as required by CPC 15 (R1) – "Business Combinations", at their fair value.

The amounts of possible and probable losses with reference to business combinations is estimated at R$ 60,327, with R$ 15,585 referring to labor lawsuits, R$10,399 to civil lawsuits, R$34,343 to tax lawsuits

(i) Civil

There are eight lawsuits, arising from the acquisition of Mantecorp Indústria Química, where the expected loss on the business combination is estimated at R$ 10,399.

On June 26, 2009, the Medicine Market Chamber (CMED) imposed a fine of R$ 10,364 on Mantecorp for alleged irregular increases in the price of the medicine Desalex. This fine is being challenged in court. Based on the advice of external legal counsel, the likelihood of loss is deemed probable.

(ii) Labor

There are 111 labor lawsuits, of which 26 arose from the acquisition of Mabesa, 47 from the acquisition of Mantecorp Logística and 38 from the acquisition of Mantecorp Indústria Química, where the fair value in the business combination was estimated at R$ 23,721.

(iii) Fiscal and tax

There are approximately fiscal and tax 154 lawsuits related mainly to the payment of ICMS on imports of goods, of which 89 arose from the acquisition of Mabesa, another 18 from the acquisition of Mantecorp Logística, and 47 from the acquisition of Mantecorp Indústria Química, where the fair value of the business combination was estimated at R$ 34,343.

b. 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	
	2021	2020	2021	2020
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	62,052	46,703	64,184	47,868
Labor	442,333	465,091	451,170	483,452
Tax	121,016	128,102	136,400	162,747
Administrative/others	2,892	2,865	3,401	3,486
Liabilities of former owners	491,074	469,830	647,170	625,976
	1,119,367	1,112,591	1,302,325	1,323,529

(i) Civil

In 2009, the Federal Public Prosecutor of the Judicial District of Bauru, State of São Paulo, filed a public civil action against the Company and several other laboratories, to force them to sell medicines to the Public Administration in accordance with the rules of CMED. The prosecution also requested that the laboratories be sentenced to pay collective punitive damages at amounts to be fixed by the court.

A decision determined the process to be extinguished, and currently it is awaiting a hearing on an appeal brought by the public prosecutor. The amount involved cannot be estimated and, according to the advice of external legal counsel, the probability of loss is possible.

In 2014, the city of Caxias do Sul filed a public civil action against the Company and several other laboratories, to force them to sell medicines to the Municipality in accordance with the rules of CMED. The lawsuit is currently in the fact-finding phase. The amount involved cannot be estimated and, according to the advice of external legal counsel, the probability of loss is possible.

In 2020, the city of Londrina filed a public civil action against the Company and several other laboratories, to force them to sell medicines to the Municipality in accordance with the rules of CMED. The lawsuit is in its initial phase. The amount involved cannot be estimated and, according to the advice of external legal counsel, the probability of loss is possible.

(ii) Labor

The Company and its subsidiaries are parties to legal proceedings in labor cases, with regard to the liability of the Company, its subsidiaries and/or the selling partners of the acquired and merged companies, where the possible liability of the Company and/or its subsidiaries is estimated at R$ 451,170 (R$ 483,452 on December 31, 2020).

These proceedings involve claims for overtime, wage and salary differences, compensation due to occupational diseases and/or accidents, health hazard allowances or allowances for hazardous work, and recognition of employment relationships, among other claims.

A total of 85 labor proceedings arose from the acquisition of Mantecorp Logística Distribuição e Comércio S.A. and Mantecorp Indústria Química e Farmacêutica S.A, representing a possible loss to the Company of R$ 36,167 (R$ 39,391 on December 31, 2020), discussing compensation due to occupational diseases and/or accidents, employment relationships and consequent payment of labor charges, wage and salary differences, overtime and effects and tenure, among other claims.

(iii) Fiscal and tax

The Company and its subsidiary Cosmed are seeking through Writs of Security on: (i) the repeal of the increase in the rate of contribution to the SAT/RAT by Decree No. 6,957/09; and (ii) the definition of the rate for each site of the Company enrolled on its own behalf with the CNPJ. Given the existence of divergent jurisprudence at the Superior Court of Justice on a portion of these claims, the Company and its legal advisors qualify as representing a risk of possible loss in the amount of R$ 67,234, where there is no risk of future disbursement, since a deposit for the entire amount of the case has been made with the court. The process is awaiting an examination of admissibility by the Vice Chairmanship of the Federal Regional Court of the 3rd Region due to the lodging of special and extraordinary appeals by the Company. Due to the STF jurisprudence enacted in ADI 4,397, the Company amended the probability of loss for lawsuits discussing the removal of the application of the FAP to the rate of contribution to the SAT/RAT from possible to probable, resulting in an increase in its provisions in the amount of R$ 31,076. There is no risk of future disbursement, since a deposit for the entire value of the case has been made with the court.

The Company, supported by internal and external experts, believes that all procedures adopted regarding the assessment of its taxes are in accordance with the legislation in force, applicable to the case, and accepted by the courts. However, as these are matters are highly subjective, it is possible that this assessment will change in the future due to factors beyond the Company's control, such as changes in the case law or tax regulations, and it is possible that the administrative authorities will not agree with one or more of these positions.

(iv) Contingencies of acquired companies for which responsibility lies with the former owners

The State of São Paulo filed a public civil action against the Company for the payment of an indemnity for the alleged illegal sale of medicines by Mantecorp in 2008. The amount involved was assessed at R$ 226,913, and based on the advice of external legal counsel, the chance of loss is deemed possible. The lawsuit is currently in the fact-finding phase.

When applicable, the Company makes payments in these lawsuits, and then seeks reimbursement from the former owners (Note 14).

27 Share capital and reserves

a. *Share capital*

On December 31, 2021, 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 December 31, 2021 was R$ 4,478,126 (R$ 4,478,126 at December 31, 2020), represented by 633,420,823 common shares (633,420,823 at December 31, 2020).

b. *Premium on issuance of shares*

This reserve is formed upon the issue of shares, and refers to the portion of the issue price of shares with no nominal value which exceeds the amount used for the formation of capital.

c. *Share-based payments*

(i) Share purchase options
The goal of the share purchase option plans is attracting and retaining Company executives. These option plans represent a percentage of dilution of up to 6% of the total share capital.

Share-based payment transactions may occur between the Company and its subsidiaries.

Option pricing model

For the calculation of the fair value of the options granted, the Company considered the following assumptions:

- The options are exercised on the closing dates of each vesting period, especially given the requirement for the allocation of executives' bonuses to purchase shares issued by the Company.
- Indifference with respect to the distribution of dividends given that the exercise price is adjusted for potential distributions.
- Evaluation of options in accordance with market parameters as at the date of each contract, together with the beneficiaries of the plan.
- Allocation of a reduction of 1.5% per annum in the options to be exercised to reflect the potential for the dismissal of beneficiaries.

The valuation method was therefore based on the Black-Scholes pricing model for simple European options, using the SELIC rate and the historical monthly volatility based on the dates of the contracts with the beneficiaries.

The EGMs from December 29, 2008 and October 10, 2011 approved Plans II and III, which comprise the Stock Option Programs, that were also approved later at the Board of Directors' Meeting held on the following dates:

Board of Directors' Meeting – BDM	
	Plan II
2009 Program	December 17, 2009
2010 Program	August 6, 2010
2011 Program	February 2, 2011
	Plan III
2011 Program	December 26, 2011
2013 Program	May 3, 2013
2014 Program	February 21, 2014
2014-A Program	December 30, 2014
2017 Program	April 11, 2017

The vesting period is 1 year for up to 20% of options granted, 2 years for up to 40%, 3 years for up to 60%, 4 years for up to 80%, and 5 years for up to 100%.

Total options granted

The dilution percentage eventually submitted to the current shareholders based on the exercise of all of the outstanding options as at December 31, 2021 was 4.12% for the Plans and Programs detailed below:

										Consolidated
										At 12/31/2021
Plan	Program	Grace Period	Original exercise price	Corrected exercise price	Granted	Exercised	Canceled	Outstanding contracts	Fair unit value on the date of grant (in Reais)	Total estimated cost
Plan II	2010	08/06/2011	20.21	28.41	520,000	50,000	330,000	140,000	3.51	492
Plan II	2010	08/06/2012	20.21	28.41	520,000	95,000	270,000	155,000	4.38	679
Plan II	2010	08/06/2013	20.21	28.41	640,000	90,000	390,000	160,000	5.22	835
Plan II	2010	08/06/2014	20.21	28.41	460,000	90,000	210,000	160,000	6.02	964
Plan II	2010	08/06/2015	20.21	28.41	460,000	90,000	210,000	160,000	6.79	1,086
					2,600,000	**415,000**	**1,410,000**	**775,000**		**4,056**
Plan II	2011	02/01/2012	19.26	25.54	740,000	421,552	280,565	37,883	0.95	36
Plan II	2011	02/01/2013	19.26	25.54	740,002	421,554	280,566	37,882	1.75	66
Plan II	2011	02/01/2014	19.26	25.54	759,482	421,554	300,046	37,882	2.52	95
Plan II	2011	02/01/2015	19.26	25.54	730,258	421,554	270,822	37,882	3.26	124
Plan II	2011	02/01/2016	19.26	25.54	730,258	421,554	270,822	37,882	3.98	151
					3,700,000	**2,107,768**	**1,402,821**	**189,411**		**472**
Plan III	2017	04/01/2018	28.93	28.93	525,000	140,000	45,000	340,000	2.39	813
Plan III	2017	04/01/2019	28.93	28.93	525,000	22,000	55,000	448,000	3.78	1,693
Plan III	2017	04/01/2020	28.93	28.93	525,000	10,000	55,000	460,000	4.82	2,216
Plan III	2017	04/01/2021	28.93	28.93	525,000	-	65,000	460,000	5.53	2,543
Plan III	2017	04/01/2022	28.93	28.93	525,000	-	65,000	460,000	5.91	2,720
					2,625,000	**172,000**	**285,000**	**2,168,000**		**9,985**
Total Stock Option					**8,925,000**	**2,694,768**	**3,097,821**	**3,132,411**		**14,513**

										Consolidated
										At 12/31/2020
Plan	Program	Grace Period	Original exercise price	Corrected exercise price	Granted	Exercised	Canceled	Outstanding contracts	Fair unit value on the date of grant (in Reais)	Total estimated cost
Plan II	2010	08/06/2011	20.21	28.41	520,000	50,000	330,000	140,000	3.51	492
Plan II	2010	08/06/2012	20.21	28.41	520,000	95,000	270,000	155,000	4.38	679
Plan II	2010	08/06/2013	20.21	28.41	640,000	90,000	390,000	160,000	5.22	835
Plan II	2010	08/06/2014	20.21	28.41	460,000	90,000	210,000	160,000	6.02	964
Plan II	2010	08/06/2015	20.21	28.41	460,000	90,000	210,000	160,000	6.79	1,086
					2,600,000	**415,000**	**1,410,000**	**775,000**		**4,056**
Plan II	2011	02/01/2012	19.26	25.54	740,000	421,552	280,565	37,883	0.95	36
Plan II	2011	02/01/2013	19.26	25.54	740,002	421,554	280,566	37,882	1.75	66
Plan II	2011	02/01/2014	19.26	25.54	759,482	421,554	300,046	37,882	2.52	95
Plan II	2011	02/01/2015	19.26	25.54	730,258	421,554	270,822	37,882	3.26	124
Plan II	2011	02/01/2016	19.26	25.54	730,258	421,554	270,822	37,882	3.98	151
					3,700,000	**2,107,768**	**1,402,821**	**189,411**		**472**
Plan III	2017	04/01/2018	28.93	28.93	525,000	10,000	45,000	470,000	2.39	1,124
Plan III	2017	04/01/2019	28.93	28.93	525,000	10,000	45,000	470,000	3.78	1,776
Plan III	2017	04/01/2020	28.93	28.93	525,000	10,000	45,000	470,000	4.82	2,264
Plan III	2017	04/01/2021	28.93	28.93	525,000	-	55,000	470,000	5.53	2,598
Plan III	2017	04/01/2022	28.93	28.93	525,000	-	55,000	470,000	5.91	2,779
					2,625,000	**30,000**	**245,000**	**2,350,000**		**10,541**
Total Stock Option					**8,925,000**	**2,552,768**	**3,057,821**	**3,314,411**		**15,069**

(ii) Share granting plan in a matching scheme

At a meeting of the Board of Directors of the Company, Stock Option Programs (on February 23, 2018, February 23, 2019 and March 23, 2021) based on a Matching regime were approved, with the aim to allow, within the scope of and as an alternative form of implementation of payment of PPR 2017, PPR 2018, PPR 2019 and PPR 2020 to 2025, or a bonus based on the results of the Company and its subsidiaries, directly or indirectly (the "Performance Bonus").

The vesting period is of 1 year for up to 25% of the options granted, 2 years for up to 50%, 3 years for up to 75%, 4 years for up to 100%, with the obligation to make a minimum allocation of 50% of the net annual bonus to the officers participating in the Company's stock options plan.

The objective is for the beneficiaries, as defined below, to have the opportunity to become shareholders of the Company, in accordance with certain defined terms and conditions, thereby enhancing the alignment and integration of their interests with the interests of the Company, and giving them a share of capital market risks.

The 2017 Matching Plan Program has a total estimated cost of R$ 11,493, representing four tranches per year, starting in 2019, with a total estimated amount of 314,546 shares

The 2018 Matching Plan Program has a total estimated cost of R$ 5,674, representing four tranches per year, starting in 2020, with a total estimated amount of 211,887 shares

The 2019 Matching Plan Program has a total estimated cost of R$ 11,044, representing four tranches per year, starting in 2021, with a total estimated amount of 317,816 shares

The 2020 Matching Plan Program has a total estimated cost of R$ 14,560, representing four tranches per year, starting in 2022, with a total estimated amount of 458,164 shares

The 2021 Matching Plan Program has a total estimated cost of R$ 27,306, representing four tranches per year, starting in 2023, with a total estimated amount of 758,502 shares

(iii) Restricted Stock Option Plan

At the EGMs held on April 14, 2016 and amended on April 19, 2018 and April 24, 2019, a Restricted Stock Option Plan was approved, to allow the granting of rights to Restricted Shares to eligible employees selected by the Board of Directors or the Committee, in order to attract and retain the Company's executives.

The 2018 Grant of Restricted Shares Program, representing four tranches per year, starting 2019, has an estimated cost of R$ 38,117, with a total estimated amount of 1,470,000 shares.

The 2019 Grant of Restricted Shares Program, representing four tranches per year, starting 2020, has an estimated cost of R$ 33,646, with a total estimated amount of 1,315,000 shares.

The 2019 Grant of Restricted Shares Program, representing a single tranche, expected for 2023, has an estimated cost of R$ 1,010, with a total estimated amount of 49,000 shares.

The 2019 Grant of Restricted Shares Program, representing a single tranche, expected for 2024, has an estimated cost of R$ 8,574, with a total estimated amount of 416,000 shares.

The 2020 Grant of Restricted Shares Program, representing four tranches per year, starting 2021, has an estimated cost of R$ 3,666, with a total estimated amount of 125,000 shares.

The 2021 Grant of Restricted Shares Program, representing four tranches per year, starting 2022, has an estimated cost of R$ 28,759, with a total estimated amount of 1,000,000 shares.

d. ***Treasury shares***

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

	Number	Amount
Balance at 12/31/2020	9,476	278
Acquisition in the period	4,200,000	128,666
Sales in the period	(1,510,234)	(47,594)
Balance at 12/31/2021	2,699,242	81,350

e. ***Legal reserve***

The legal reserve is established annually by allocating 5% of the net income for the year, and may not exceed 20% of the share capital. The purpose of the legal reserve is to preserve capital and may only be used to offset losses.

f. ***Tax incentive reserve***

Established in accordance with Article 195-A of the Brazilian corporation law (amended by Law 11,638 in 2007), this reserve receives a portion of tax incentives recognized in income for the financial year, in a tax deduction account, and is paid from retained earnings, meaning that it is not part of the calculation base of the minimum mandatory dividend.

g. ***Statutory reserve***

This is established in accordance with the terms of Article 194 of the Brazilian corporation law and provided for in Article 44, sole paragraph, of the Company's bylaws.

h. ***Profit retention reserve***

Formed or reversed in accordance with Article 196 of the Brazilian corporation law and established in Article 44 of the Company's bylaws.

i. ***Proposal regarding the distribution of income***

Management`s proposal for the distribution of dividends for 2021 is as follows:

	2021
Net income for the year	1,330,208
Portion of prior period adjustments	(24,091)
Income to be allocated	**1,306,117**
Constitution of Government grant reserve	(567,097)
Reversal of capital budget reserve (profit retention reserve)	40,070
Basis for the calculation of the dividends	**779,090**
Interest on shareholders' equity (I)	(779,090)

I. At the Board of Directors' meetings, the distribution of interest on equity to the Company's shareholders was approved, and this was paid on January 7, 2022, as shown in the table below:

Dates	Amount
03/23/2021	194,771
06/28/2021	194,772
09/22/2021	194,774
12/21/2021	194,773
	779,090

j. Equity valuation adjustment

The company recognizes in this line item the change in the acquisition value of equity-settled companies and gains or losses on cash flow hedge transactions. For foreign exchange gains or losses, the accumulated effect will be reversed to the result for the year as a gain or loss only in the event of the sale or disposal of the investment. Cash flow hedge transactions will be transferred to profit or loss if an ineffective portion is identified, or upon the termination of the hedging relationship.

28 Revenue

The reconciliation between gross and net revenue is as follows:

	Parent company		Consolidated	
	2021	**2020**	**2021**	**2020**
Gross revenue from products	7,026,436	4,974,972	7,082,811	4,975,748
Returns	(94,226)	(117,556)	(95,117)	(117,601)
Unconditional discounts	(182,212)	(191,684)	(189,404)	(191,684)
Net revenue from returns and unconditional discounts	6,749,998	4,665,732	6,798,290	4,666,463
Promotional discounts	(391,891)	(236,799)	(385,577)	(234,294)
Taxes	(308,312)	(228,361)	(475,340)	(343,298)
Net revenue	6,049,795	4,200,572	5,937,373	4,088,871

The Company does not present its revenue disaggregated by product line, 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	
	2021	2020	2021	2020
Cost of sales	(2,562,684)	(1,847,690)	(2,134,487)	(1,459,596)
Raw materials	-	-	(773,930)	(618,988)
Packaging materials	-	-	(313,188)	(257,621)
Labor	-	-	(463,223)	(399,479)
Depreciation and amortization expenses	-	-	(59,179)	(56,692)
Resale	(2,494,464)	(1,764,087)	(475,776)	(143,889)
Losses on inventory	(68,220)	(83,603)	(90,531)	(109,080)
Changes in inventory/others	-	-	41,340	126,153
Selling and marketing expenses	(1,580,474)	(1,215,561)	(1,656,942)	(1,355,581)
Marketing expenses	(1,044,619)	(818,064)	(1,032,708)	(787,012)
Advertising and consumer promotion	(324,388)	(238,098)	(325,511)	(234,187)
Trade deals	(160,035)	(112,616)	(160,035)	(112,616)
Market surveys and others	(8,321)	(6,490)	(8,321)	(6,522)
Medical visits, promotions, gifts and samples	(551,875)	(460,860)	(538,841)	(433,687)
Selling expenses	(535,855)	(397,497)	(624,234)	(568,569)
Sales force	(273,244)	(230,079)	(280,780)	(233,802)
Freight and logistics expenses	(111,504)	(92,335)	(121,677)	(105,213)
Research and development	(80,755)	(12,320)	(126,693)	(151,651)
Depreciation and amortization expenses	(30,979)	(29,043)	(49,200)	(42,484)
Other expenses	(39,373)	(33,720)	(45,884)	(35,419)
General and administrative expenses	(169,391)	(148,360)	(237,597)	(208,397)
Salaries/wages payable	(100,383)	(93,828)	(146,487)	(141,967)
Lawyers, advisors and auditors	(53,824)	(37,111)	(63,797)	(43,998)
Depreciation and amortization expenses	(13,408)	(9,948)	(23,687)	(18,240)
Other expenses	(1,776)	(7,473)	(3,626)	(4,192)

b. Other operating (expenses) income, net

	Parent company		Consolidated	
	2021	2020	2021	2020
Potential gains (losses)	115,503	207,458	50,869	237,284
Depreciation of investment properties	(1,620)	(4,066)	(1,620)	(4,066)
Rental income	5,657	19,318	4,888	16,675
Civil and labor contingencies	(383)	(12,182)	(5,434)	(13,139)
	119,157	210,528	48,703	236,754

c. Financial income

	Parent company		Consolidated	
	2021	2020	2021	2020
Interest income	32,098	24,492	35,934	26,879
Income from financial investments and others	79,327	94,148	85,500	97,257
Exchange variations (gains on derivative transactions)	-	22,378	-	22,378
	111,425	141,018	121,434	146,514

d. Financial expenses

	Parent company		Consolidated	
	2021	2020	2021	2020
Interest on financing	(18,685)	(19,242)	(17,055)	(35,942)
Interest on loans	(124,860)	(40,712)	(98,695)	(26,650)
Interest on notes payable	(507)	(362)	(507)	(362)
Indexation accruals on contingencies	(17,651)	(13,518)	(19,861)	(15,170)
REFIS (financing of tax liabilities)	(302)	(368)	(302)	(368)
Debentures	(261,302)	(108,923)	(261,302)	(108,923)
Interest and commission on letters of guarantee	(5,545)	(4,183)	(5,659)	(4,214)
Bank expenses, discounts granted and others	(23,163)	(24,137)	(25,626)	(24,614)
Cost of hedges and exchange variations on loans	(325)	1,311	(325)	1,311
Cost of hedges and exchange variations on suppliers and customers	5	(150)	(8,420)	(2,522)
Reversals of present value adjustments	(3,855)	(3,476)	(5,334)	(3,911)
Others	(1,485)	(190)	(2,020)	(577)
	(457,675)	(213,950)	(445,106)	(221,942)

30 Earnings per share

a. Basic

The basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as Treasury shares.

	2021			2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit attributable to the Company's shareholders	1,617,749	(287,444)	1,330,305	1,321,629	(26,513)	1,295,116
Weighted average number of shares held by shareholders (thousands)	631,969	631,969	631,969	631,385	631,385	631,385
Basic earnings per share	2.55985	(0.45484)	2.10502	2.09322	(0.04199)	2.05123

b. Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding, in order to assume the conversion of all potentially dilutive common shares. The potential shares are deemed dilutive when, and only when, their conversion into shares decreases the earnings per share, or increases the loss per share from continuing operations.

	2021			2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit						
Profit attributable to the Company's shareholders	1,617,749	(287,444)	1,330,305	1,321,629	(26,513)	1,295,116
Weighted average number of common shares held by shareholders (thousands)	631,969	631,969	631,969	631,385	631,385	631,385
Adjustments for						
Share-based payments (thousands) (I)	7,564	7,564	7,564	6,955	6,955	6,955
Weighted average number of common shares for diluted earnings per share (thousands)	639,532	639,532	639,532	638,339	638,339	638,339
Diluted earnings per share	2.52958	(0.44946)	2.08012	2.07042	(0.04153)	2.02888

(I) Breakdown of amounts of share-based payments:

	2021
Stock option	3,132
Estimated value Matching Plan	1,848
Restricted Plan	2,584
	7,564

31 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 other 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, and 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, with a maturity date of May 2, 2025, which may be extended as agreed between the parties.

a.1. In assets and liabilities

							Parent company
							2021
Related parties	**Other amounts receivable**	**Loans receivable**	**Shareholders' indemnity**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
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
							2021
Related parties	**Other amounts receivable**	**Loans receivable**	**Shareholders' indemnity**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
João Alves de Queiroz Filho	-	-	105,662	-	-	-	-
Total	**-**	**-**	**105,662**	**-**	**-**	**-**	**-**

							Parent company
							2020
Related parties	**Other amounts receivable**	**Loans receivable**	**Shareholders' indemnity**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	455	-	-	(91,680)	-	-	-
My Agência Propaganda Ltda.	3	-	-	(17)	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	2,620	-	-	(484,126)	(9,407)	-	-
João Alves de Queiroz Filho	-	-	140,925	-	-	-	-
Total	**3,078**	**-**	**140,925**	**(575,823)**	**(9,407)**	**-**	**-**

							Consolidated
							2020
Related parties	**Other amounts receivable**	**Loans receivable**	**Shareholders' indemnity**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
João Alves de Queiroz Filho	-	-	152,855	-	-	-	-
Total	**-**	**-**	**152,855**	**-**	**-**	**-**	**-**

a.2. In income for the year

								Parent company
								2021
	Transactions		**Other (expenses)/income**				**Interest**	
Companies	**Purchases of goods/ products**	**Rental income**	**Shareholders' indemnity**	**Advertising**	**Lease amortization**	**Services provided**	**Financial expenses**	**Financial income**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(440,508)	876	-	-	-	-	-	1
My - Agência Propaganda Ltda.	-	204	-	(4,560)	-	-	-	-
TV Serra Dourada Ltda.				(2,508)				
Brainfarma Ind. Quim. e Farmacêutica S.A.	(2,426,933)	-	-	-	(2,096)	-	(401)	57
João Alves de Queiroz Filho	-	-	-	-	-	-	-	2,872
	(2,867,441)	**1,080**	**-**	**(7,068)**	**(2,096)**	**-**	**(401)**	**2,930**

								Consolidated
								2021
	Transactions		**Other (expenses)/income**				**Interest**	
Related parties	**Purchases of goods/ products**	**Rental income**	**Shareholders' indemnity**	**Advertising**	**Lease amortization**	**Services provided**	**Financial expenses**	**Financial income**
TV Serra Dourada Ltda.	-	-	-	(2,508)	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	3,115
	-	**-**	**-**	**(2,508)**	**-**	**-**	**-**	**3,115**

	Parent company							
								2020
	Transactions		Other (expenses)/income					Interest
Companies	Purchases of goods/ products	Rental income	Shareholders' indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(424,737)	-	-	-	-	-	-	-
My - Agência Propaganda Ltda.	-	-	-	(4,560)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,788,197)	2,878	-	-	(2,399)	-	(424)	-
João Alves de Queiroz Filho	-	-	185,269	-	-	-	-	1,973
	(2,212,934)	**2,878**	**185,269**	**(4,560)**	**(2,399)**	**-**	**(424)**	**1,973**

	Consolidated							
								2020
	Transactions		Other (expenses)/income					Interest
Companies	Purchases of goods/ products	Rental income	Shareholders' indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
João Alves de Queiroz Filho	-	-	200,987	-	-	-	-	2,115
	-	**-**	**200,987**	**-**	**-**	**-**	**-**	**2,115**

b. 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	
	2021	2020	2021	2020
Salaries and other short term benefits	21,424	18,399	21,424	18,399
Board members' fees	5,347	5,455	5,347	5,455
Share-based payments	10,705	8,317	10,705	8,317
	37,476	32,171	37,476	32,171

32 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 amounting to 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 amount of 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 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 to the supply of 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 are 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.

33 Events after the reporting period

a) Issuance of debentures

On January 26, 2022, the Board of Directors' meeting approved the 12th issuance of simple, nonconvertible, unsecured debentures, in a single series, for public distribution with restricted efforts by the Company, pursuant to CVM Instruction 476, of January 16, 2009, as amended. 500,000 debentures will be issued, with a nominal unit value of R$1,000, totaling R$500,000 and with a maturity term of 5 (five) years from February 4, 2022.

b) Loan agreements

On January 3, 2022, the Company obtained a loan from Banco BNP Paribas Brasil S.A. in the amount of R$ 95,000 at an interest rate of 12.03%, which matures on December 29, 2023.