

Hypera S.A.
Quarterly information report
March 31, 2023

Content

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

Hypera Pharma reports growth of 13.7% in Net Revenue and 16.2% in EBITDA from Continuing Operations in 1Q23

São Paulo, April 27, 2023 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the 1st quarter of 2023. 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 the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

1Q23 Highlights

- Net Revenue of R\$1,698.2 million, up 13.7% versus 1Q22
- Non-Retail Net Revenue growth of 34.8% in 1Q23, when compared to 1Q22
- EBITDA from Continuing Operations (excl. Others) of R\$580.3 million, or 16.1% higher 1Q22
- Interest on Equity approval of R\$194.8 million in 1Q23

Table 1

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,709.4	114.4%	1,940.2	114.3%	13.5%
Net Revenue	1,493.6	100.0%	1,698.2	100.0%	13.7%
Gross Profit	939.2	62.9%	1,086.1	64.0%	15.6%
SG&A (excl. Marketing and R&D)	(206.7)	-13.8%	(249.1)	-14.7%	20.5%
Marketing	(233.1)	-15.6%	(268.3)	-15.8%	15.1%
EBITDA from Continuing Operations (excl. Others)	500.0	33.5%	580.3	34.2%	16.1%
Net Income from Continuing Operations	349.5	23.4%	339.4	20.0%	-2.9%
Cash Flow from Operations	311.8	20.9%	301.5	17.8%	-3.3%

EARNINGS CONFERENCE CALL – PORTUGUESE: 04/28/2023, 11am (Brasília) / 10am (New York)

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Operating Scenario

Hypera Pharma's Net Revenue grew 13.7% in 1Q23, when compared to the same period of 2022, and reached R\$1,698.2 million. This growth is mainly a result of: (i) the organic growth of 9.9% in the pharmaceutical retail market, mainly driven by the recent sell-out performance; (ii) the additional contribution to Net Revenue in the quarter of R\$43.9 million from the portfolio of brands acquired from Sanofi in 2022; and (iii) the Non-Retail Market Net Revenue growth of 34.8%.

The organic sell-out growth in 1Q23 was 5.9%¹, and was negatively affected by the performance recorded in January and February, a consequence of the strong year-on-year growth recorded in this same period in 2022, when the Company grew organically 28.0% over the first two months of 2021, or 6.9 percentage points above the market, a result of the significant growth in sales of anti-flu medicines due to the increase in cases of influenza (H3N2) observed in Brazil in early 2022. **In March, the organic sell-out growth was 19.1%, a similar level recorded by the Company in 2022.**

In 1Q23, the market growth was 10.7%. **It is important to mention that the organic sell-out compound annual growth rate in the last 2 years (CAGR 1Q23 vs. 1Q21) was 14.1% in the quarter, or 0.7 percentage point higher than the market growth, mainly reflecting the acceleration in the pace of launches in the last years, the increase in production capacity and the investments in the Company's leading retail pharmaceutical brands.**

Organic sell-out growth in this quarter was benefited mainly by: (i) the Power Brands³ **Buscopan, Torsilax, Dramin, Epocler and Engov**; (ii) the line extensions of the **Vitasay** and **Vitaminas Neo Química** brands; (iii) the Skincare growth, boosted by the line extensions of the **Mantecorp Skincare** brand; and (iv) the performance of the recent launches **Ammy, Ondif, Curc** and **Picbam (Apixabana)**.

Non-Retail contributed with R\$70.9 million to Net Revenue in 1Q23, reaching a growth of 34.8% over 1Q22, with an important EBITDA margin expansion, resulting from the initiatives implemented by the new structure created in 2021 to increase Hypera Pharma's growth and profitability in this segment.

The Net Revenue performance contributed to the EBITDA from Continuing Operations growth, when excluding the contribution of Other Operating Revenues, of R\$580.3 million, or 16.1% higher than in 1Q22, with a margin of 34.2%, or 0.7 percentage point higher than the same period of the previous year.

The EBITDA Margin expansion in the quarter was mainly due to the 1.1 percentage point expansion in Gross Margin. It is worth mentioning that the Medicines Market Regulation Chamber (*Câmara de Regulação do Mercado de Medicamentos - CMED*) approved the price adjustment of medicines by up to 5.6%, with effect from 2Q23, which will help Hypera Pharma to offset part of the inflationary pressures registered in the last 12 months on its operating costs and expenses.

The Operating Cash Flow was R\$301.5 million, and was negatively impacted by the higher working capital investments, mainly due to the increase in inventories. This increase is a consequence of: (i) the strategy adopted by Hypera Pharma since the beginning of the Covid-19 pandemic to increase the internal inventories of raw materials and finished products to ensure the supply of its main products in periods of lower availability of raw materials for the production of medicines, which contributed to the Company's expansion of its market share in 2022; and (ii) the increase in the safety inventories of finished products due to the collective vacation in the manufacturing complex of Anápolis in April 2023.

With the normalization of the availability of raw materials for the production of medicines, the Company started in the end of 2022 a process to reduce the purchase of raw materials that, combined with the expected growth in sell-out and the expected launches of new products, should reduce the level of inventories in the next 12 months.

Also this quarter, the Board of Directors approved the payment of Interest on Equity of R\$194.8 million (R\$0.31/share).

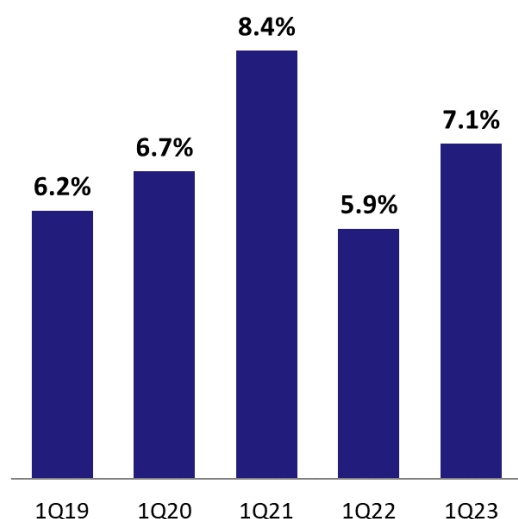
The performance presented in the first three months of the year, the strength and resilience of the Company's portfolio of leading brands and the contribution of recent launches and acquisitions reinforce Hypera Pharma's confidence in achieving the financial targets and projections set for 2023.

Note: (1) Sell-out PPP (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price by pharmacies and chains. Does not consider the sell-out of the brands acquired from Sanofi in 2022; (2) As informed by IQVIA, excludes the infant formula segment; (3) Power Brands are brands with +R\$100 million sell-out.

Innovation & Launches

Graph 1

R&D Investments on Net Revenue (LTM)¹



Total R&D investments, including the amount capitalized as intangible assets, totaled R\$158.1 million in 1Q23, or 28.1% higher than 1Q22, evidencing the Company's commitment to the constant innovation of its portfolio of products.

The Freshness Index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 24% in the 1Q23, compared to 21% in 1Q22.

It should be noted that the Freshness Index calculation includes the contribution of the portfolio of medicines acquired from Takeda, Sanofi and the Buscopan family.

In 1Q23, the Company launched several new products in all its business units.

In Prescription Products, the main highlights were **Ecoxe**, an etoricoxib-based product for pain relief and acute and chronic treatment of the signs and symptoms of osteoarthritis and rheumatoid arthritis, and **Lisador Cólica**. In addition, Hypera Pharma launched its 3rd full spectrum cannabidiol-based product.

In Consumer Health, the main highlights were the **Benetosse** syrup, for cough relief, and **Tamarine Fibras Max**, line extension of the Tamarine brand. In Skincare, the main highlights were the line extensions of the **Episol**, **Urby Men**, **Epidrat** and **Glycare** brands.

In Similar and Generics, the highlights were the launches of **Vitamina D3 Colecalciferol**, **Tramadol Hydrochloride with Paracetamol** and **Olanzapine**. In the Non-Retail Market, the highlight was the launching of the bactericide **Meropenem**.



Note: (1) Considers the R&D expenses and the amount capitalized as intangible assets. Excludes the effect of the Lei do Bem and the R&D amortization

Earnings Discussion

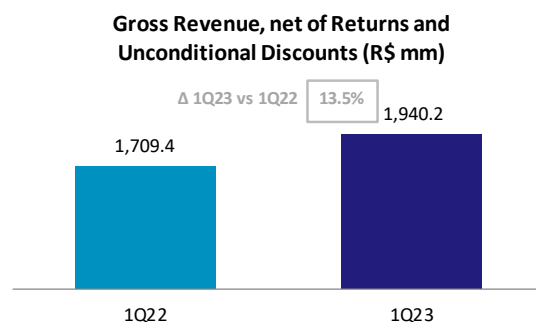
Income Statement

Table 2

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ %
Net Revenue	1,493.6	100.0%	1,698.2	100.0%	13.7%
Gross Profit	939.2	62.9%	1,086.1	64.0%	15.6%
Marketing Expenses	(233.1)	-15.6%	(268.3)	-15.8%	15.1%
Selling Expenses	(183.7)	-12.3%	(209.4)	-12.3%	14.0%
General and Administrative Expenses	(65.5)	-4.4%	(80.8)	-4.8%	23.3%
Other Operating Revenues (Expenses)	5.6	0.4%	7.2	0.4%	28.6%
Equity in Subsidiaries	5.5	0.4%	0.9	0.1%	-84.0%
EBIT from Continuing Operations	468.1	31.3%	535.8	31.6%	14.5%
Net Financial Expenses	(173.6)	-11.6%	(265.8)	-15.7%	53.1%
Income Tax and CSLL	55.1	3.7%	69.4	4.1%	26.0%
Net Income (Loss) from Continuing Operations	349.5	23.4%	339.4	20.0%	-2.9%
Net Income from Discontinued Operations	(2.6)	-0.2%	(0.2)	0.0%	-93.9%
Net Income (Loss)	346.9	23.2%	339.3	20.0%	-2.2%
EBITDA from Continuing Operations	505.7	33.9%	587.5	34.6%	16.2%

Net Revenue

Graph 2



Graph 3

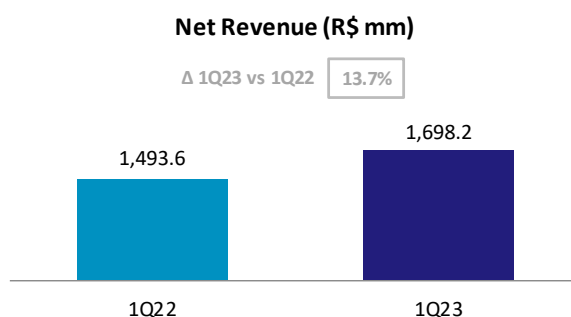


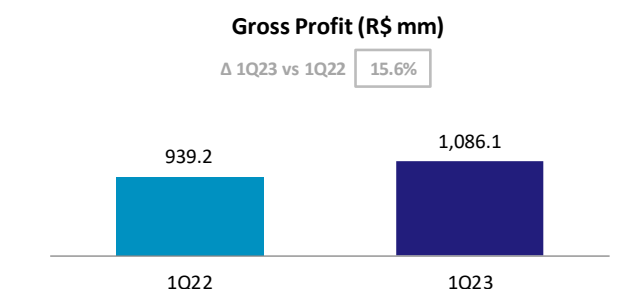
Table 3

(R\$ million)	1Q22	1Q23	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,709.4	1,940.2	13.5%
Promotional Discounts	(94.0)	(102.5)	9.1%
Taxes	(121.9)	(139.5)	14.5%
Net Revenue	1,493.6	1,698.2	13.7%

The growth in Net Revenue was 13.7% in 1Q23, when compared to the same period of the previous year, and reached R\$1,698.2 million. This growth is mainly a result of: (i) the organic growth of 9.9% in Pharmaceutical Retail Net Revenue, mainly driven by the recent sell-out performance; (ii) the additional contribution to Net Revenue of R\$43.9 million from the brands acquired from Sanofi in 2022; and (iii) the Non-Retail Market Net Revenue growth of 34.8%, which increased from R\$52.6 million in 1Q22 to R\$70.9 million in 1Q23.

Gross Profit

Graph 4



Graph 5

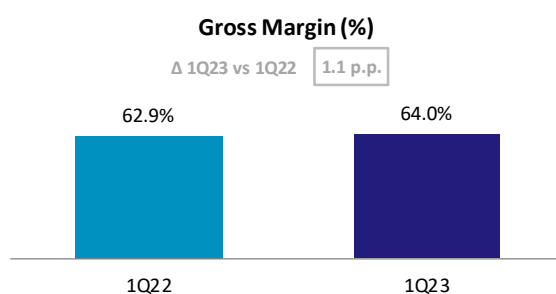


Table 4

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ %	Δ p.p.
Gross Profit	939.2	62.9%	1,086.1	64.0%	15.6%	1.1 p.p.

Gross Profit reached R\$1,086.1 million in 1Q23, with Gross Margin of 64.0%, or 1.1 percentage point higher than the same period of the previous year.

The Gross Margin growth when compared with 1Q22 is mainly a consequence of: (i) the price increase in a higher level than the cost increase in the period, which more than offset the increase in the Non-Retail Market share in the mix of products sold; (ii) the valuation of the Real against the US Dollar that affected the Cost of Goods Sold; and (iii) the lower level of growth of promotional discounts when compared to the Net Revenue growth.

Marketing Expenses

Table 5

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ %
Marketing Expenses	(233.1)	-15.6%	(268.3)	-15.8%	15.1%
Advertisement and Consumer Promotion	(66.1)	-4.4%	(74.0)	-4.4%	12.1%
Trade Deals	(35.9)	-2.4%	(26.6)	-1.6%	-25.9%
Medical Visits, Promotions and Others	(131.2)	-8.8%	(167.7)	-9.9%	27.8%

In 1Q23, **Marketing Expenses** grew 15.1%, when compared to the same period of the last year, and increased their share of Net Revenue by 0.2 percentage point, mainly due to the increase in the Medical Visits, Promotions and Others expenses, due to the higher expenses with free samples in the period, essential to drive the sell-out growth among the medical community, especially when related to recent launches.

Selling Expenses

Table 6

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ %
Selling Expenses	(183.7)	-12.3%	(209.4)	-12.3%	14.0%
Commercial Expenses	(108.5)	-7.3%	(125.8)	-7.4%	15.9%
Freight and Logistics Expenses	(32.6)	-2.2%	(42.5)	-2.5%	30.2%
Research & Development	(42.5)	-2.8%	(41.1)	-2.4%	-3.3%

Selling Expenses represented 12.3% of Net Revenue in 1Q23, the same level registered in 1Q22. Research and Development expenses reduced their share of Net Revenue by 0.4 percentage point, mainly as a result of accounting for the benefit of the Lei do Bem of R\$11.3 million in this quarter. In 1Q22, the Company did not book this benefit.

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

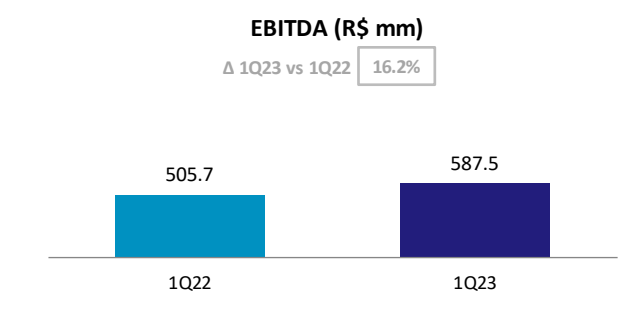
Table 7

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ %
General & Administrative Expenses	(65.5)	-4.4%	(80.8)	-4.8%	23.3%
Other Operating Revenues (Expenses)	5.6	0.4%	7.2	0.4%	28.6%

General and Administrative Expenses increased its share of Net Revenue by 0.4 percentage point in 1Q23, when compared to 1Q22, mainly reflecting the increase in the administrative teams and in the technology and infrastructure expenses.

EBITDA from Continuing Operations

Graph 6



Graph 7

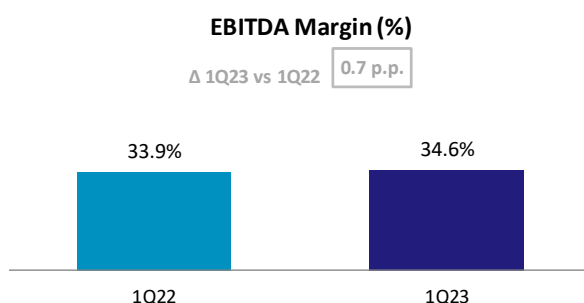


Table 8 – EBITDA from Continuing Operations

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ %
EBITDA from Continuing Operations	505.7	33.9%	587.5	34.6%	16.2%
EBITDA from Continuing Operations (excl. Others)	500.0	33.5%	580.3	34.2%	16.1%

EBITDA from Continuing Operations was R\$587.5 million in 1Q23, with 34.6% margin, or 0.7 percentage point higher than 1Q22. **When excluding the contribution of Other Operating Revenues, EBITDA From Continuing Operations presented growth of 16.1% and margin of 34.2%, compared to 33.5% in 1Q22. The EBITDA Margin expansion in the quarter was mainly due to the 1.1 percentage point growth in Gross Margin.**

Net Financial Expenses

Table 9

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ R\$
Financial Result	(173.6)	-11.6%	(265.8)	-15.7%	(92.2)
Net Interest Expenses	(134.7)	-9.0%	(225.8)	-13.3%	(91.0)
Cost of Hedge and FX Gains (Losses)	(15.1)	-1.0%	(11.8)	-0.7%	3.4
Other	(23.7)	-1.6%	(28.3)	-1.7%	(4.6)

Financial Result presented negative balance of R\$265.8 million in 1Q23, compared to R\$173.6 million in 1Q22. This variation is a consequence of the increase in interest expenses in the period, as a result of the higher gross debt of the Company since the acquisition of the brands from Sanofi and the increase in the Selic rate.

Net Income

Table 10

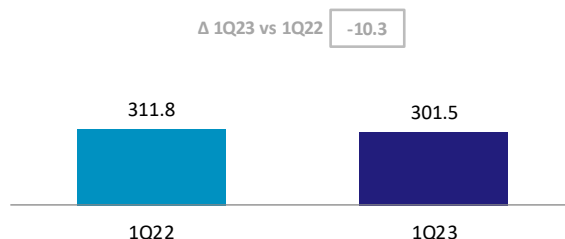
(R\$ million)	1Q22	1Q23	Δ %
EBIT from Continuing Operations	468.1	535.8	14.5%
(-) Net Financial Expenses	(173.6)	(265.8)	53.1%
(-) Income Tax and Social Contribution	55.1	69.4	26.0%
Net Income from Continuing Operations	349.5	339.4	-2.9%
(+) Net Income from Discontinued Operations	(2.6)	(0.2)	-93.9%
Net Income	346.9	339.3	-2.2%
EPS	0.55	0.53	-3.0%
EPS from Continuing Operations	0.55	0.54	-2.8%

Net Income from Continuing Operations totaled R\$339.4 million in the quarter, compared to R\$349.5 million in 1Q22. The variation in Net Income from Continuing Operations is mainly a consequence of the 14.5% growth in EBIT from Continuing Operations and the R\$92.2 million increase in Net Financial Expenses.

Cash Flow (Continuing and Discontinued Operations)

Graph 8

Cash Flow from Operations (R\$ mm)



Graph 9

Free Cash Flow (R\$ mm)

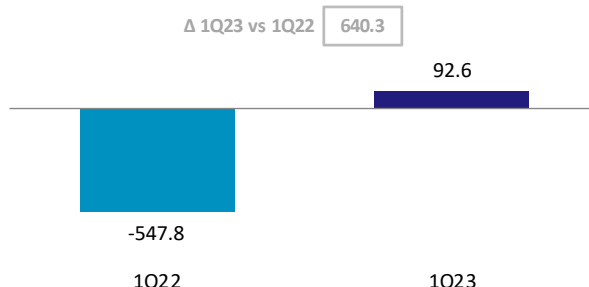


Table 11

(R\$ million)	1Q22	1Q23
Cash Flow from Operations	311.8	301.5
Capital increase in subsidiaries/associates	(4.2)	(4.3)
Purchase of Property, Plant and Equipment	(102.5)	(118.6)
Purchase of Intangible Assets	(729.9)	(85.2)
Acquisitions of Subsidiaries, Net of Cash Acquired	(10.0)	(0.2)
Sale of Property, Plant and Equipment	(13.0)	(0.8)
(=) Free Cash Flow	(547.8)	92.6

Cash Flow from Operations was R\$301.5 million in 1Q23, compared to R\$311.8 million in 1Q22. Operating cash generation for the quarter was negatively impacted by increased investments in working capital, mainly due to higher inventories.

This increase is a consequence of: (i) the strategy adopted by Hypera Pharma since the beginning of the Covid-19 pandemic to increase the internal inventories of raw materials and finished products to ensure the supply of its main products in periods of lower availability of raw materials for the production of medicines, which contributed to the Company's expansion of its market share in 2022; and (ii) the increase in the safety inventories of finished products due to the collective vacation in the manufacturing complex of Anápolis in April 2023.

Free Cash Flow was R\$92.6 million positive in 1Q23, or R\$640.4 million higher than in 1Q22. This variation is mainly due to the payment for the brands acquired from Sanofi made in 1Q22, net of the sale of the ex-Brazil portfolio.

Net Debt

Table 12

(R\$ million)	4Q22	1Q23
Loans and Financing	(9,607.6)	(8,776.8)
Notes Payable	(73.4)	(29.2)
Gross Debt	(9,681.0)	(8,806.0)
Cash and Cash Equivalents	2,862.5	1,087.4
Net Cash / (Debt)	(6,818.5)	(7,718.6)
Unrealized Gain/Loss on Debt Hedge	(17.3)	9.4
Net Cash / (Debt) After Hedge	(6,835.8)	(7,709.2)

The Company ended 1Q23 with a Net Debt After Hedge position of R\$7,709.2 million, compared to R\$6,835.8 million at the end of 4Q22. The increase in Net Debt after Hedge is mainly a consequence of the payment of the Interest on Equity declared in 2022, in the amount of R\$1.23/share, in January 2023.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

						(R\$ million)	1Q22	2Q22	3Q22	4Q22	1Q23
(Days)	1Q22	2Q22	3Q22	4Q22	1Q23						
Receivables ⁽¹⁾	104	94	90	98	112	Receivables	1,887	2,160	2,238	2,532	2,320
Inventories ⁽²⁾	249	223	243	247	352	Inventories	1,531	1,701	2,009	2,196	2,394
Payables ⁽²⁾⁽³⁾	(139)	(129)	(143)	(147)	(184)	Payables ⁽³⁾	(854)	(983)	(1,181)	(1,310)	(1,248)
Cash Conversion Cycle	214	188	190	198	281	Working Capital	2,564	2,878	3,066	3,418	3,466
						% of Annualized Net Revenue ⁽⁴⁾	43%	38%	38%	40%	51%

(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\$663.8 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$2,698.9 million (please refer to Explanatory Note 22(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 14

(R\$ million)	1Q22	% NR	1Q23	% NR	Δ %
Net Income	346.9	23.2%	339.3	20.0%	-2.2%
(+) Income Tax and CSLL	(56.4)	-3.8%	(69.5)	-4.1%	23.2%
(+) Net Interest Expenses	173.6	11.6%	265.8	15.7%	53.1%
(+) Depreciations / Amortizations	37.6	2.5%	51.7	3.0%	37.6%
EBITDA	501.7	33.6%	587.3	34.6%	17.1%
(-) EBITDA from Discontinued Operations	4.0	0.3%	0.2	0.0%	-94.0%
Adjusted EBITDA (EBITDA from Continuing Operations)	505.7	33.9%	587.5	34.6%	16.2%

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

	1Q22	1Q23
Net Revenue	1,493,550	1,698,195
Cost of Goods Sold	(554,360)	(612,086)
Gross Profit	939,190	1,086,109
Selling and Marketing Expenses	(416,766)	(477,671)
General and Administrative Expenses	(65,474)	(80,757)
Other Operating Revenues (Expenses)	5,636	7,247
Equity in Subsidiaries	5,469	875
Operating Income Before Equity Income and Financial Result	468,055	535,803
Net Financial Expenses	(173,593)	(265,785)
Financial Expenses	(229,470)	(330,510)
Financial Income	55,877	64,725
Profit Before Income Tax and Social Contribution	294,462	270,018
Income Tax and Social Contribution	55,059	69,399
Net Income from Continuing Operations	349,521	339,417
Net Income from Discontinued Operations	(2,633)	(161)
Income for the Period	346,888	339,256
Earnings per Share – R\$	0.55	0.53

Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2022	03/31/2023	Liabilities and Shareholders' Equity	12/31/2022	03/31/2023
Current Assets	8,530,120	6,906,370	Current Liabilities	5,225,194	3,522,836
Cash and Cash Equivalents	2,862,473	1,087,387	Suppliers	421,501	406,649
Accounts Receivables	2,531,789	2,320,039	Suppliers' Assignment of Receivables	888,150	841,800
Inventories	2,195,982	2,394,481	Loans and Financing	2,230,678	1,170,052
Recoverable Taxes	532,564	536,700	Salaries Payable	378,933	302,351
Financial Derivatives	10,303	1,696	Income Tax and Social Contribution	6,389	5,807
Other Assets	391,058	560,116	Taxes Payable	70,861	81,739
Dividends and IOC receivables	5,951	5,951	Accounts Payable	431,239	454,582
			Dividends and IOC Payable	677,773	195,039
			Notes Payable	68,079	23,707
			Financial Derivatives	51,591	41,110
Non-Current Assets	15,225,513	15,611,619	Non-Current Liabilities	7,874,998	8,177,966
Long Term Assets	1,159,417	1,250,343	Loans and Financing	7,376,881	7,606,703
Deferred Income Tax and Social Contribution	603,170	720,703	Deferred Income Tax and Social Contribution	206,378	228,700
Recoverable Taxes	344,013	321,628	Taxes Payable	4,179	4,065
Other Assets	188,109	196,407	Accounts Payable	128,966	179,179
Financial Derivatives	24,125	11,605	Provisions for Contingencies	153,256	153,756
			Notes Payable	5,331	5,519
			Financial Derivatives	7	44
Fixed Assets and Investments	14,066,096	14,361,276	Shareholders' Equity	10,655,441	10,817,187
Investments	131,717	137,363	Capital	4,478,126	4,478,126
Investment Properties	19,568	19,391	Capital Reserve	1,232,710	1,207,708
Biological Assets	4,799	4,961	Equity Valuation Adjustments	(244,191)	(260,962)
Property, Plants and Equipments	2,814,540	3,000,847	Profit Reserves	5,266,249	5,266,249
Intangible Assets	11,095,472	11,198,714	Treasury Stock	(87,134)	(29,508)
			Attributed to non-controlling shareholders	9,681	11,904
			Income for the Period	0	143,670
Total Assets	23,755,633	22,517,989	Total Liabilities and Shareholders' Equity	23,755,633	22,517,989

Consolidated Cash Flow Statement (R\$ thousand)

Table 17

	1Q22	1Q23
Cash Flows from Operating Activities		
Income (Loss) Before Income Taxes including Discontinued Operations	290,504	269,781
Depreciation and Amortization	37,606	51,746
Asset Impairment	365	0
Gain on Permanent Asset Disposals	412	180
Equity Method	(5,469)	(875)
Foreign Exchange (Gains) Losses	15,139	11,752
Net Interest and Related Revenue/Expenses	158,454	254,033
Expenses Related to Share Based Remuneration	5,679	6,522
Provisions	(7,583)	(13,128)
Adjusted Results	495,107	580,011
Decrease (Increase) in Assets	(165,561)	(160,907)
Trade Accounts Receivable	157,793	197,953
Inventories	(184,316)	(230,491)
Recoverable Taxes	42,303	36,799
Judicial Deposits and Others	(7,865)	(1,190)
Other Accounts Receivable	(173,476)	(163,978)
Increase (Decrease) in Liabilities	(17,772)	(117,587)
Suppliers	63,748	12,938
Suppliers' Assignment of Receivables	(12,220)	(44,392)
Financial Derivatives	(41,685)	(4,094)
Income Tax and Social Contribution Paid	(471)	(154)
Taxes Payable	(12,428)	4,621
Salaries and Payroll Charges	(30,545)	(76,563)
Accounts Payable	19,739	5,957
Operations Interest Paid	(4,287)	(11,958)
Other Accounts Payable	377	(3,942)
Net Cash Provided by Operating Activities	311,774	301,517
Cash Flows from Investing Activities		
Capital Increase/Decrease in Subsidiaries/Affiliates	(4,228)	(4,250)
Acquisitions of Subsidiaries, Net of Cash Acquired	(9,990)	(157)
Acquisitions of Property, Plant and Equipment	(102,483)	(118,555)
Intangible Assets	(729,879)	(85,155)
Proceeds from the Sale of Assets with Permanent Nature	(12,958)	(817)
Interest and Others	29,820	38,316
Investment Hedge	(140,366)	0
Net Cash From Investing Activities	(970,084)	(170,618)
Cash Flows from Financing Activities		
Borrowings	813,075	250,000
Treasury Stock Purchase / Sale	21,613	(18,321)
Repayment of Loans - Principal	(20,365)	(1,042,352)
Repayment of Loans - Interest	(129,147)	(363,658)
Dividends and IOC Paid	(704,799)	(677,503)
Loan Derivatives	(13,963)	(54,151)
Net Cash From Financing Activities	(33,586)	(1,905,985)
Net Increase (Decrease) in Cash and Cash Equivalents	(691,896)	(1,775,086)
Statement of Increase in Cash and Cash Equivalents, Net		
Cash and Cash Equivalents at the Beginning of the Period	2,287,062	2,862,473
Cash and Cash Equivalents at the End of the Period	1,595,166	1,087,387
Change in Cash and Cash Equivalent	(691,896)	(1,775,086)

(A free translation of the original in Portuguese)

Hypera S.A.
Quarterly Information (ITR) at
March 31, 2023
and report on review of
quarterly information

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Hypera S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2023, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and explanatory notes.

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

Scope of review

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

Conclusion on the interim information

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

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the quarter ended March 31, 2023. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Goiânia, April 27, 2023

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

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at March 31, 2023

Hypera S.A.

Balance sheet In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022		March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Assets					Liabilities and equity				
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	1,045,526	2,597,837	1,087,387	2,862,473	Suppliers (Note 19)	754,513	755,614	406,649	421,501
Accounts receivable (Note 11)	2,287,876	2,501,327	2,320,039	2,531,789	Suppliers' assignment of receivables (Note 20)	26,684	39,124	841,800	888,150
Inventories (Note 12)	581,736	445,753	2,394,481	2,195,982	Loans, financing and debentures (Note 21)	1,166,703	2,224,673	1,170,052	2,230,678
Taxes recoverable (Note 13)	370,824	378,774	536,700	532,564	Salaries payable	198,601	249,674	302,351	378,933
Derivative financial instruments (Note 4(e))	-	-	1,696	10,303	Income tax and social contribution payable	-	-	5,807	6,389
Dividends receivable	68,733	68,733	5,951	5,951	Taxes payable (Note 23)	17,761	21,003	81,739	70,861
Other assets (Note 14)	410,591	277,200	560,116	391,058	Notes payable	23,707	68,079	23,707	68,079
	<u>4,765,286</u>	<u>6,269,624</u>	<u>6,906,370</u>	<u>8,530,120</u>	Dividends and interest on capital payable	195,039	677,773	195,039	677,773
					Derivative financial instruments (Note 4(e))	2,229	41,347	41,110	51,591
					Other liabilities (Note 24)	<u>304,517</u>	<u>295,783</u>	<u>454,582</u>	<u>431,239</u>
						<u>2,689,754</u>	<u>4,373,070</u>	<u>3,522,836</u>	<u>5,225,194</u>
Non-current assets					Non-current liabilities				
Long-term receivables					Loans, financing and debentures (Note 21)	7,606,515	7,376,443	7,606,703	7,376,881
Deferred income tax and social contribution (Note 22)	673,451	558,784	720,703	603,170	Taxes payable (Note 23)	487	763	4,065	4,179
Taxes recoverable (Note 13)	261,825	284,836	321,628	344,013	Deferred income tax and social contribution (Note 22)	-	-	228,700	206,378
Derivative financial instruments (Note 4(e))	11,605	24,087	11,605	24,125	Provision for contingencies (Note 25)	141,231	139,387	153,756	153,256
Other assets (Note 14)	<u>172,362</u>	<u>165,844</u>	<u>196,407</u>	<u>188,109</u>	Derivative financial instruments (Note 4(e))	-	-	44	7
	<u>1,119,243</u>	<u>1,033,551</u>	<u>1,250,343</u>	<u>1,159,417</u>	Notes payable	5,519	5,331	5,519	5,331
					Other liabilities (Note 24)	<u>124,854</u>	<u>92,600</u>	<u>179,179</u>	<u>128,966</u>
						<u>7,878,606</u>	<u>7,614,524</u>	<u>8,177,966</u>	<u>7,874,998</u>
					Total liabilities	<u>10,568,360</u>	<u>11,987,594</u>	<u>11,700,802</u>	<u>13,100,192</u>
Biological assets	-	-	4,961	4,799	Equity				
Investments (Note 15)	5,138,980	5,038,461	137,363	131,717	Share capital (Note 26 (a))	4,478,126	4,478,126	4,478,126	4,478,126
Investment properties (Note 16)	19,391	19,568	19,391	19,568	Capital reserves	1,207,708	1,232,710	1,207,708	1,232,710
Property, plant and equipment (Note 17)	271,013	213,965	3,000,847	2,814,540	Equity valuation adjustments	(260,962)	(244,191)	(260,962)	(244,191)
Intangible assets (Note 18)	<u>10,059,730</u>	<u>10,058,185</u>	<u>11,198,714</u>	<u>11,095,472</u>	Profit reserves	5,266,249	5,266,249	5,266,249	5,266,249
	<u>15,489,114</u>	<u>15,330,179</u>	<u>14,361,276</u>	<u>14,066,096</u>	Treasury shares	(29,508)	(87,134)	(29,508)	(87,134)
					Net income for the period	<u>143,670</u>	<u>-</u>	<u>143,670</u>	<u>-</u>
	<u>16,608,357</u>	<u>16,363,730</u>	<u>15,611,619</u>	<u>15,225,513</u>	Equity attributable to the owners of the parent company	<u>10,805,283</u>	<u>10,645,760</u>	<u>10,805,283</u>	<u>10,645,760</u>
					Equity attributable to non-controlling interests	-	-	11,904	9,681
					Total equity	<u>10,805,283</u>	<u>10,645,760</u>	<u>10,817,187</u>	<u>10,655,441</u>
Total assets	<u>21,373,643</u>	<u>22,633,354</u>	<u>22,517,989</u>	<u>23,755,633</u>	Total liabilities and equity	<u>21,373,643</u>	<u>22,633,354</u>	<u>22,517,989</u>	<u>23,755,633</u>

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

Hypera S.A.

Statement of income

Periods ended March 31

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Continuing operations				
Net revenue (Note 27)	1,717,871	1,520,907	1,698,195	1,493,550
Cost of sales (Note 28(a))	(819,029)	(676,929)	(612,086)	(554,360)
Gross profit	898,842	843,978	1,086,109	939,190
Selling and marketing expenses (Note 28(a))	(415,452)	(367,969)	(477,671)	(416,766)
General and administrative expenses (Note 28(a))	(53,707)	(44,712)	(80,757)	(65,474)
Other operating income (expenses), net (Note 28(b))	(19,139)	11,965	7,247	5,636
Equity accounting (Note 15 (b))	108,621	29,385	875	5,469
Income before financial income and expenses	519,165	472,647	535,803	468,055
Financial income (Note 28 (c))	57,833	48,899	64,725	55,877
Financial expenses (Note 28 (d))	(350,905)	(242,640)	(330,510)	(229,470)
Financial expenses, net	(293,072)	(193,741)	(265,785)	(173,593)
Income before income tax and social contribution	226,093	278,906	270,018	294,462
Income tax and social contribution (Note 22(c))	112,506	71,394	69,399	55,059
Net income from continuing operations	338,599	350,300	339,417	349,521
Discontinued operations				
Loss from discontinued operations	(161)	(2,633)	(161)	(2,633)
Net income for the period	338,438	347,667	339,256	346,888
Attributable to				
Owners of the parent company			338,438	347,667
Non-controlling interests			818	(779)
			339,256	346,888
Earnings per share – Continuing operations				
Basic earnings per share (in R\$)			0.53688	0.55257
Diluted earnings per share (in R\$)			0.53263	0.54984
Earnings per share				
Basic earnings per share (in R\$)			0.53533	0.54964
Diluted earnings per share (in R\$)			0.53110	0.54692

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

Hypera S.A.

Statement of comprehensive income

Periods ended March 31

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Net income for the period	338,438	347,667	339,256	346,888
Other comprehensive income				
Items that will be reclassified to profit or loss				
Cash flow hedge – effective portion of the changes in fair value	(25,411)	(96,238)	(25,411)	(96,238)
Income tax and social contribution on other comprehensive income	8,640	32,711	8,640	32,711
	<u>(16,771)</u>	<u>(63,527)</u>	<u>(16,771)</u>	<u>(63,527)</u>
Items that will not be reclassified to profit or loss				
Cash flow hedge – effective portion of the changes in fair value	-	(47,275)	-	(47,275)
Income tax and social contribution on other comprehensive income	-	(2,694)	-	(2,694)
	<u>-</u>	<u>(49,969)</u>	<u>-</u>	<u>(49,969)</u>
Other comprehensive income, net of income tax and social contribution	<u>(16,771)</u>	<u>(113,496)</u>	<u>(16,771)</u>	<u>(113,496)</u>
Comprehensive income for the period	321,667	234,171	322,485	233,392
Attributable to				
Owners of the parent company			321,667	234,171
Non-controlling interests			818	(779)
			<u>322,485</u>	<u>233,392</u>

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

Hypera S.A.

Statement of changes in equity Periods ended March 31 In thousands of Reais

(A free translation of the original in Portuguese)

	Capital reserves					Profit reserves					Equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity
	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	Net income for the period			
Balances at January 1, 2022	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
Share purchase options	-	-	4,675	-	-	-	-	-	-	-	4,675	-	4,675
Results on sales of treasury shares	-	(5,476)	-	-	-	-	-	-	-	-	(5,476)	-	(5,476)
Sales of shares (Note 26(b))	-	-	-	-	27,089	-	-	-	-	-	27,089	-	27,089
Net income for the period	-	-	-	-	-	-	-	-	-	347,667	347,667	-	347,667
Interest on capital	-	-	-	-	-	-	-	-	-	(194,773)	(194,773)	-	(194,773)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(749)	(749)
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	(113,496)	-	-	-	-	(113,496)	-	(113,496)
Balances at March 31, 2022	4,478,126	1,085,419	114,953	50,244	(54,261)	(295,335)	180,592	3,993,329	186,316	152,894	9,892,277	6,131	9,898,408
Balances at January 1, 2023	4,478,126	1,049,560	132,906	50,244	(87,134)	(244,191)	180,592	4,955,200	130,457	-	10,645,760	9,681	10,655,441
Share purchase options	-	-	6,520	-	-	-	-	-	-	-	6,520	-	6,520
Results on sales of treasury shares	-	(31,522)	-	-	-	-	-	-	-	-	(31,522)	-	(31,522)
Sales of shares (Note 26(b))	-	-	-	-	57,626	-	-	-	-	-	57,626	-	57,626
Net income for the period	-	-	-	-	-	-	-	-	-	338,438	338,438	-	338,438
Interest on capital	-	-	-	-	-	-	-	-	-	(194,768)	(194,768)	-	(194,768)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,223	2,223
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	(16,771)	-	-	-	-	(16,771)	-	(16,771)
At March 31, 2023	4,478,126	1,018,038	139,426	50,244	(29,508)	(260,962)	180,592	4,955,200	130,457	143,670	10,805,283	11,904	10,817,187

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

Hypera S.A.

Statement of cash flows

Periods ended March 31

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cash flows from operating activities				
Income before income tax and social contribution, including discontinued operations	225,813	274,896	269,781	290,504
Adjustments				
Depreciation and amortization	19,298	14,942	51,746	37,606
Impairment of assets	-	-	-	365
Results on sales of fixed assets	(27)	857	180	412
Equity accounting	(108,706)	(29,485)	(875)	(5,469)
Foreign exchange losses	63	1,397	11,752	15,139
Interest and related expenses (income), net	293,009	192,344	254,033	158,454
Share-based compensation expenses	5,722	4,916	6,522	5,679
Provisions and other	29,580	(10,605)	(13,128)	(7,583)
Adjusted income	464,752	449,262	580,011	495,107
Changes in assets and liabilities				
Accounts receivable	199,687	154,667	197,953	157,793
Inventories	(150,980)	(27,869)	(230,491)	(184,316)
Taxes recoverable	37,436	38,438	36,799	42,303
Deposits with courts and others	(1,108)	(7,422)	(1,190)	(7,865)
Other accounts receivable	(129,255)	(154,388)	(163,978)	(173,476)
Suppliers	(1,101)	(137,258)	12,938	63,748
Suppliers' assignment of receivables	(10,213)	(3,394)	(44,392)	(12,220)
Derivative financial instruments	-	-	(4,094)	(41,685)
Accounts payable	(4,389)	17,474	5,957	19,739
Interest on transactions	(4,815)	(3,268)	(11,958)	(4,287)
Taxes payable	(3,261)	(6,504)	4,621	(12,428)
Payroll and related taxes	(51,071)	(17,254)	(76,563)	(30,545)
Income tax and social contribution paid	-	-	(154)	(471)
Other accounts payable	(3,587)	925	(3,942)	377
Net cash provided by operating activities	342,095	303,409	301,517	311,774
Cash flows from investing activities				
Acquisition of subsidiaries (less net cash on acquisition)	(157)	(9,990)	(157)	(9,990)
Capital increases in subsidiaries/associates	(7,788)	(183,831)	(4,250)	(4,228)
Purchases of property, plant and equipment	(13,729)	(2,096)	(118,555)	(102,483)
Purchases of intangible assets	(8,079)	(665,772)	(85,155)	(729,879)
Investment hedges	-	(140,091)	-	(140,366)
Proceeds from sale of fixed assets	(632)	(13,629)	(817)	(12,958)
Interest and other	34,539	25,592	38,316	29,820
Loans receivable	780	4,544	-	-
Net cash provided by (used in) investing activities	4,934	(985,273)	(170,618)	(970,084)
Cash flows from financing activities				
Purchases of treasury shares	(44,425)	-	(44,425)	-
Hedge of loans	(54,151)	(13,963)	(54,151)	(13,963)
Sales of treasury shares	26,104	21,613	26,104	21,613
Loans taken out	250,000	813,075	250,000	813,075
Payment of loans – principal	(1,039,700)	(17,864)	(1,042,352)	(20,365)
Payment of loans – interest	(361,606)	(126,800)	(363,658)	(129,147)
Dividends and interest on capital paid	(677,503)	(704,799)	(677,503)	(704,799)
Loans payable	1,941	-	-	-
Net cash used in financing activities	(1,899,340)	(28,738)	(1,905,985)	(33,586)
Net decrease in cash and cash equivalents	(1,552,311)	(710,602)	(1,775,086)	(691,896)
Cash and cash equivalents at beginning of the period	2,597,837	2,121,253	2,862,473	2,287,062
Cash and cash equivalents at end of the period	1,045,526	1,410,651	1,087,387	1,595,166
Change in cash and cash equivalents	(1,552,311)	(710,602)	(1,775,086)	(691,896)
Transactions not involving cash	991	10,931	31,263	23,426
Acquisitions of companies	-	9,990	-	9,990
Acquisitions of property, plant and equipment	991	941	31,263	13,436

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

Hypera S.A.

Statement of value added (*)

Periods ended March 31

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Gross revenue				
Sales of goods and products, including discontinued operations	1,797,602	1,591,560	1,837,689	1,615,405
Other income	10,187	8,127	46,159	4,536
Income related to construction of own assets	7,247	662	49,083	2,590
Allowance for doubtful accounts	(471)	654	(502)	311
	<u>1,814,565</u>	<u>1,601,003</u>	<u>1,932,429</u>	<u>1,622,842</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(813,024)	(667,378)	(512,377)	(474,798)
Materials, power, third-party services and others	(324,346)	(230,054)	(505,546)	(352,983)
Impairment of assets	(31,083)	(25,678)	(34,094)	(28,923)
	<u>(1,168,453)</u>	<u>(923,110)</u>	<u>(1,052,017)</u>	<u>(856,704)</u>
Gross value added	<u>646,112</u>	<u>677,893</u>	<u>880,412</u>	<u>766,138</u>
Depreciation and amortization	(19,298)	(14,942)	(51,746)	(37,606)
Net value added generated by the Company	<u>626,814</u>	<u>662,951</u>	<u>828,666</u>	<u>728,532</u>
Transfers of value added received				
Equity accounting	108,706	29,485	875	5,469
Finance income	57,833	48,899	64,725	55,877
	<u>166,539</u>	<u>78,384</u>	<u>65,600</u>	<u>61,346</u>
Total value added to be distributed	<u>793,353</u>	<u>741,335</u>	<u>894,266</u>	<u>789,878</u>
Distribution of value added				
Personnel and charges	191,149	172,935	363,504	299,341
Salaries and wages	157,211	146,893	294,555	247,004
Benefits	23,400	16,926	49,889	36,203
Government severance indemnity fund for employees (FGTS)	10,538	9,116	19,060	16,134
Taxes and contributions	(88,815)	(24,419)	(143,666)	(92,147)
Federal	(99,346)	(53,350)	(36,968)	(30,774)
State	10,083	28,591	(107,470)	(61,954)
Municipal	448	340	772	581
Interest	350,864	242,558	330,240	229,325
Rentals	1,717	2,594	4,932	6,471
Capital remuneration	338,438	347,667	339,256	346,888
Interest on capital	194,768	194,773	194,768	194,773
Retained earnings	143,670	152,894	144,488	152,115
Total value added distributed	<u>793,353</u>	<u>741,335</u>	<u>894,266</u>	<u>789,878</u>

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

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at March 31, 2023

Contents

1	General information	2
2	Summary of significant accounting policies	3
3	Critical accounting estimates and judgments	3
4	Financial risk management.....	3
5	Capital management	8
6	Estimate of fair value.....	9
7	Hedge accounting.....	11
8	Financial instruments by category	13
9	Credit quality of financial assets.....	15
10	Cash and cash equivalents	16
11	Accounts receivable	16
12	Inventories.....	17
13	Taxes recoverable.....	17
14	Other assets.....	18
15	Investments	18
16	Investment properties.....	19
17	Property and equipment	20
18	Intangible assets.....	21
19	Suppliers.....	22
20	Suppliers' assignment of receivables	22
21	Loans, financing and debentures	23
22	Deferred income and social contribution taxes	28
23	Taxes payable	29
24	Other payables	29
25	Provision for contingencies	31
26	Capital.....	33
27	Revenue.....	33
28	Breakdown of the statement of income accounts	34
29	Related-party transactions	35
30	Other matters.....	38
31	Events after the reporting period.....	38

Notes to the quarterly information *(In thousands of Reais, unless stated otherwise)*

1 General information

Hypera S.A. (the “Company”), headquartered in São Paulo – State of São Paulo (SP), is a Brazilian pharmaceuticals company and a leader in the various markets in which it operates.¹ 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 follows:

- a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, being present in 23 of the 30 largest therapeutic classes in the country^{1,2} with products such as Addera D3, Nesina, Dramin, Alivium, Predsim, Lisador and Rinosoro;
- 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,¹ 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 19 years in Brazil, according to Datafolha;
- d) Through the Neo Química brand, the Company is vice-leader in the Similar and Generic drugs market in Brazil.¹ The brand is present at 97% of Brazilian pharmaceutical points of sale,¹ consistent with the Company’s mission to provide access to health for the Brazilian population.

The production of goods is carried out mainly in the subsidiaries Brainfarma Indústria Química e de Medicamentos S.A. (“Brainfarma”) and Cosmed Indústria de Cosméticos e Medicamentos S.A. (“Cosmed”), in units 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 houses technologies for the development of various forms of pharmaceutical products across the six laboratories that make up the complex.

¹ IQVIA Data

² Considering CT Level 2 classification

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

2 Summary of significant accounting policies

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

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

The main accounting policies applied to the preparation of this parent company and consolidated Quarterly Information have not changed materially compared to the policies presented in the financial statements for the year ended December 31, 2022. In cases where the notes to this Quarterly Information are not presented in full this is due to redundancy of information relative to the annual financial statements. As such, this Quarterly Information should be read in conjunction with the audited Financial Statements for the year ended December 31, 2022, including the complete information in the corresponding notes.

2.1 Approval of the interim financial information

The present Quarterly Information was approved by the Company's Board of Directors on April 27, 2023.

3 Critical accounting estimates and judgments

Accounting estimates and judgments are evaluated on an ongoing basis, and are based on experience and other factors, including expectations of future events that are considered reasonable under the circumstances. The critical accounting estimates and judgments underlying this Quarterly Information have not changed relative to those published in the annual financial statements for 2022.

4 Financial risk management

There have been no changes in the financial risk factors or in the risk management policy compared to those described in the financial statements at December 31, 2022.

In the following tables, the financial data for the current period are presented on a comparative basis with the financial data at December 31, 2022.

a. Foreign exchange risk

At March 31, 2023 and December 31, 2022, the assets and liabilities denominated in foreign currencies, and the financial instruments to mitigate exchange risks, were as follows:

	Parent company					
	March 31, 2023			December 31, 2022		
	US\$ '000	EUR '000	R\$ '000	US\$ '000	EUR '000	R\$ '000
Liabilities						
Suppliers	-	-	-	178	-	938
Suppliers' assignment of receivables				-	-	-
Loans and financing	64,822	-	329,324	114,783	-	606,007
Derivative instruments to mitigate risks	(65,000)	-	(330,226)	(115,000)	-	(607,154)
Other payables	-	-	-	-	-	-
Net exposure	(178)	-	(902)	(39)	-	(209)
	Consolidated					
	March 31, 2023			December 31, 2022		
	US\$ '000	EUR '000	R\$ '000	US\$ '000	EUR '000	R\$ '000
Liabilities						
Suppliers	884	-	4,495	13,588	-	71,739
Suppliers' assignment of receivables	115,702	-	586,089	105,298	105	557,718
Loans and financing	64,822	-	329,324	114,783	-	606,007
Derivative instruments to mitigate risks	(225,665)	(398)	(1,148,666)	(291,528)	(877)	(1,544,093)
Other payables	290	2,950	17,689	358	1,291	8,880
Net exposure	(43,967)	2,552	(211,069)	(57,501)	519	(299,749)

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

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

	March 31, 2023	
	Parent company	Consolidated
Loans, financing and swaps – CDI	1,185,522	1,185,522
Financing – TLP	285,475	285,475
Debentures – CDI	6,741,266	6,741,266
Debentures – IPCA	536,983	536,983
Notes payable – CDI	12,925	12,925
Financial investments – CDI (Note 10)	(995,832)	(1,034,551)
Net exposure	7,766,339	7,727,620

c. Credit risk

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

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

d. Liquidity risk

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

Parent company

March 31, 2023					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	1,624,746	1,957,106	5,599,105	989,448	10,170,405
Loans and financing	294,289	890,481	601,313	57,129	1,843,212
Notes payable	30,020	-	-	-	30,020
Suppliers	754,513	-	-	-	754,513
Suppliers' assignment of receivables	26,684	-	-	-	26,684
Other payables	304,517	62,292	-	-	366,809
Derivative financial instruments	(22,808)	41,883	25,386	-	44,460
	<u>3,011,961</u>	<u>2,951,762</u>	<u>6,225,804</u>	<u>1,046,577</u>	<u>13,236,103</u>

December 31, 2022					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	1,626,807	1,998,955	5,730,958	688,783	10,045,503
Loans and financing	1,407,876	690,290	527,700	66,258	2,692,124
Notes payable	56,990	-	-	-	56,990
Suppliers	755,614	-	-	-	755,614
Suppliers' assignment of receivables	39,124	-	-	-	39,124
Other payables	295,783	41,517	-	-	337,300
Derivative financial instruments	50,002	9,738	(71,357)	-	(11,617)
	<u>4,232,196</u>	<u>2,740,500</u>	<u>6,187,301</u>	<u>755,041</u>	<u>13,915,038</u>

Consolidated

March 31, 2023					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	1,624,746	1,957,106	5,599,105	989,448	10,170,405
Loans and financing	297,294	890,586	601,313	57,129	1,846,322
Notes payable	30,020	-	-	-	30,020
Suppliers	406,649	-	-	-	406,649
Suppliers' assignment of receivables	841,800	-	-	-	841,800
Other payables	458,325	65,929	-	-	524,254
Derivative financial instruments	(10,535)	41,427	25,386	-	56,278
	<u>3,648,299</u>	<u>2,955,048</u>	<u>6,225,804</u>	<u>1,046,577</u>	<u>13,875,728</u>

December 31, 2022					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	1,626,807	1,998,955	5,730,958	688,783	10,045,503
Loans and financing	1,414,652	690,417	527,710	66,258	2,699,037
Notes payable	56,990	-	-	-	56,990
Suppliers	421,501	-	-	-	421,501
Suppliers' assignment of receivables	888,150	-	-	-	888,150
Other payables	431,239	25,870	-	-	457,109
Derivative financial instruments	52,524	9,738	(71,357)	-	(9,095)
	<u>4,891,863</u>	<u>2,724,980</u>	<u>6,187,311</u>	<u>755,041</u>	<u>14,559,195</u>

e. Derivatives

At March 31, 2023, the derivative instrument operations contracted by the Company totaled

R\$ 1,243,666 (at December 31, 2022 – R\$ 1,939,093) in the consolidated and R\$ 425,226 (at December 31, 2022 – R\$ 1,002,154) in the parent company. The results of the transactions not yet settled represented losses of R\$ 27,853 (at December 31, 2022 losses of R\$ 17,170) in the consolidated and gains of R\$ 9,376 (at December 31, 2022 losses of R\$ 17,260) in the parent company.

At March 31, 2023 and December 31, 2022, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
(In R\$ thousand)		Mar/23	Dec/22	Mar/23	Dec/22	Mar/23	Dec/22
Foreign currency							
Forward contracts		-	-	-	-	-	(144,616)
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantin, Citibank	-	-	-	-	-	(166,247)
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantin, Citibank	-	-	-	-	-	21,631
Swaps		330,226	607,154	11,526	(4,412)	(9,265)	(45,143)
Long position	BNP, Citibank	330,226	607,154	11,526	(4,412)	(9,265)	(45,143)
Subtotal		330,226	607,154	11,526	(4,412)	(9,265)	(189,759)
Interest rate							
Swaps		95,000	395,000	(2,150)	(12,848)	(10,985)	(13,117)
Asset Position-Pre	BNP Paribas	95,000	395,000	(2,150)	(12,848)	(10,985)	(13,117)
Total		425,226	1,002,154	9,376	(17,260)	(20,250)	(202,876)

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
(In R\$ thousand)		Mar/23	Dec/22	Mar/23	Dec/22	Mar/23	Dec/22
Foreign currency							
Forward contracts		818,440	936,939	(37,229)	90	(8,221)	(265,330)
Long position	BNP, Bradesco, BTG, Citibank, Daycoval, Itaú, Original, Safra, Votorantin	863,993	941,970	(38,325)	(159)	(8,201)	(315,978)
Short position	BNP Paribas, Citibank	(45,553)	(5,031)	1,096	249	(20)	50,648
Swaps		330,226	607,154	11,526	(4,412)	(9,265)	(45,143)
Long position	BNP, Citibank	330,226	607,154	11,526	(4,412)	(9,265)	(45,143)
Subtotal		1,148,666	1,544,093	25,703	(4,322)	(17,486)	(310,473)
Interest rate							
Swaps		95,000	395,000	(2,150)	(12,848)	(10,985)	(13,117)
Asset Position-Pre	BNP Paribas	95,000	395,000	(2,150)	(12,848)	(10,985)	(13,117)
Total		1,243,666	1,939,093	(27,853)	(17,170)	(28,471)	(323,590)

f. Methodology for calculating the fair values of derivatives

- (i) Foreign currency forward contracts are valued using the interpolation of the market rates of US Dollar futures contracts for each base date published by B3 S.A. – Brasil, Bolsa, Balcão (“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 informed by B3.

g. Sensitivity analysis

The table below presents a sensitivity analysis of the financial instruments, including derivatives that describe the risks that could result in material losses to the Company, with the most likely scenario (Scenario I, based on a fluctuation of 4.85% for the US Dollar, corresponding to three standard deviations of the fluctuation during the three months of the fourth quarter of the year) according to management’s evaluation, considering a projection period of three months, after which the next quarterly financial information containing this analysis should be released. In addition, two additional scenarios (Scenarios II and III) are stressed to show deteriorations of 25% and 50% respectively in the exchange rates between both the Brazilian Real and the US Dollar.

Parent company						
Risk	Scenario I		Scenario II		Scenario III	
<i>(In R\$ thousand)</i>			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	5.066	4.820	5.311	3.799	6.332	2.533
Foreign currency						
Economic hedge	(15,971)	15,971	(82,316)	82,316	(164,626)	164,632
Forward contracts						
Swap	(15,971)	15,971	(82,316)	82,316	(164,626)	164,632
Objects of the economic hedge	15,971	(15,971)	82,316	(82,316)	164,632	(164,626)
Loans, financing and notes payable subject to short-term exchange rate variations	15,971	(15,971)	82,316	(82,316)	164,632	(164,626)
Net effect	-	-	-	-	-	-

Consolidated						
Risk	Scenario I		Scenario II		Scenario III	
<i>(In R\$ thousand)</i>			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	5.066	4.820	5.311	3.799	6.332	2.533
Foreign currency						
Economic hedges	(57,683)	56,126	(291,111)	288,141	(580,731)	577,767
Forward contracts	(41,712)	40,155	(208,795)	205,825	(416,105)	413,135
Swap	(15,971)	15,971	(82,316)	82,316	(164,626)	164,632
Objects of the economic hedge	56,777	(56,777)	292,614	(292,614)	585,221	(585,228)
Loans, financing and notes payable subject to short-term exchange rate variations	56,777	(56,777)	292,614	(292,614)	585,221	(585,228)
Net effect	(905)	(652)	1,502	(4,473)	4,490	(7,461)

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

The scenarios for monetary variations and floating rate interest on the Company's loans, financing, debentures and notes payable projected for the second quarter of 2023 are as follows:

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	(104)	40,456	80,912
Financing – TLP	(239)	5,260	10,520
Debentures – CDI	(593)	230,046	460,091
Debentures – IPCA	(2,215)	2,806	5,611
Notes payable – CDI	(1)	441	882
Short-term investments	88	(33,983)	(67,966)
Total loss (gain)	(3,064)	245,026	490,050

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	(104)	40,456	80,912
Financing – TLP	(239)	5,260	10,520
Debentures – CDI	(593)	230,046	460,091
Debentures – IPCA	(2,215)	2,806	5,611
Notes payable – CDI	(1)	441	882
Financial investments	91	(35,291)	(70,582)
Total loss (gain)	(3,061)	243,718	487,434

***Likely scenario assumptions**

Forecast CDI of 13.64% p.a.

Forecast TLP of 7.28% p.a.

Forecast IPCA 1.67% p.a.

5 Capital management

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

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

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

The indexes of financial leverage at March 31, 2023 and December 31, 2022 may be summarized as follows:

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Total loans, financing and debentures (Note 21)	8,773,218	9,601,116	8,776,755	9,607,559
Total notes payable	29,226	73,410	29,226	73,410
Loss (gain) on financial hedge	(9,376)	17,260	(9,376)	17,260
Less: cash and cash equivalents (Note 10)	(1,045,526)	(2,597,837)	(1,087,387)	(2,862,473)
Cash and cash equivalents, net	7,747,542	7,093,949	7,709,218	6,835,756
Total equity	10,805,283	10,645,760	10,817,187	10,655,441
Adjusted equity	18,552,825	17,739,709	18,526,405	17,491,197
Net debt to adjusted equity ratio	41.8%	39.9%	41.6%	39.1%

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 21 (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 March 31, 2023, as well as the amounts measured at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	11,605	11,605
Total assets	-	11,605	11,605
Liabilities			
Derivative financial instruments	-	2,229	2,229
Total liabilities	-	2,229	2,229
	Consolidated		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	13,301	13,301
Total assets	-	13,301	13,301
Liabilities			
Derivative financial instruments	-	41,154	41,154
Total liabilities	-	41,154	41,154

The table below presents the Company's assets and liabilities at December 31, 2022, as well as the amounts stated at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	24,087	24,087
Total assets	-	24,087	24,087
Liabilities			
Derivative financial instruments	-	41,347	41,347
Total liabilities	-	41,347	41,347
	Consolidated		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	34,428	34,428
Total assets	-	34,428	34,428
Liabilities			
Derivative financial instruments	-	51,598	51,598
Total liabilities	-	51,598	51,598

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

7 Hedge accounting

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

According to the characteristics of the hedge, it is the Company's accounting policy to adopt hedge accounting, as established in CPC 38 (IAS 39). For transactions designated as subject to hedge accounting, the Company formally documents the relationship between the hedging instruments and the hedged items, including the risk management objectives and the strategy for conducting the hedge transaction, as well as the methods to be used to evaluate the effectiveness of the hedging relationship.

The Company makes a forward-looking assessment, both at the time of designation of the hedging relationship, and on a continuous basis if it is expected that the hedge instruments will be "highly effective" in offsetting changes in the fair values of the respective hedged items during the period for which the hedge is designated, and if the actual results of each hedge are within the range determined by Management.

Fair value hedges

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

Parent company					
March 31, 2023					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	224,131	2,062
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	9,510	-
Loan – 4131*	USD + spread	Fair value	94,600	100,588	157
Swap – 4131*	USD + Spread vs. % CDI	Fair value	94,600	2,017	-
Loan – 4131*	Fixed rate	Fair value	395,000	174,348	(349)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(2,150)	-
Consolidated					
March 31, 2023					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	224,131	2,062
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	9,510	-
Loan – 4131*	USD + spread	Fair value	94,600	100,588	157
Swap – 4131*	USD + Spread vs. % CDI	Fair value	94,600	2,017	-
Loan – 4131*	Fixed rate	Fair value	395,000	174,348	(349)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(2,150)	-

Parent company					
December 31, 2022					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	234,909	(4)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	15,524	-
Loan – 4131*	USD + spread	Fair value	94,600	105,275	16
Swap – 4131*	USD + Spread vs. % CDI	Fair value	94,600	8,562	-
Loan – 4131*	Fixed rate	Fair value	395,000	548,964	(398)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(12,849)	-
Loan – 4131*	USD + spread	Fair value	263,980	265,823	987
Swap – 4131*	USD + Spread vs. CDI+	Fair value	263,980	(28,498)	-
Consolidated					
December 31, 2022					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	234,909	(4)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	15,524	-
Loan – 4131*	USD + spread	Fair value	94,600	105,275	16
Swap – 4131*	USD + Spread vs. % CDI	Fair value	94,600	8,562	-
Loan – 4131*	Fixed rate	Fair value	395,000	548,964	(398)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(12,849)	-
Loan – 4131*	USD + spread	Fair value	263,980	265,823	987
Swap – 4131*	USD + Spread vs. CDI+	Fair value	263,980	(28,498)	-

* Maturity within one year

** Maturity in up to two years

The fair value cash flow hedge transaction maintained a hedging ratio of 1:1, with a weighted average rate of R\$/USD 4.7880.

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
					March 31, 2023
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
NDF Acquisition	USD vs. R\$	Cash flow	-	-	-
					Consolidated
					March 31, 2023
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	111,563	(111,563)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	111,563	(34,169)	1,235
NDF Purchases	USD vs. R\$	Cash flow	54,500	(2,386)	(2,386)
					Parent company
					December 31, 2022
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
NDF Acquisition	USD vs. R\$	Cash flow	-	-	-
					Consolidated
					December 31, 2022
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	572,335	(572,335)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	572,335	(7,389)	3,269
NDF Purchases	USD vs. R\$	Cash flow	341	9,236	9,236

(I) Maturities within one year.

8 Financial instruments by category

Parent company

					March 31, 2023
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,287,876	-	-	-	2,287,876
Financial investments (Note 10)	995,832	-	-	-	995,832
Cash and banks (Note 10)	49,694	-	-	-	49,694
Derivative financial instruments	-	-	11,605	-	11,605
Other assets	330,771	-	-	-	330,771
	3,664,173	-	11,605	-	3,675,778

	March 31, 2023			
	Amortized cost	FVTPL	FVOCI	Designated as a cash flow hedge
Financial liabilities per the balance sheet				Total
Loans, financing and debentures (Note 21)	8,773,218	-	-	-
Suppliers (Note 19)	754,513	-	-	-
Suppliers' assignment of receivables (Note 20)	26,684	-	-	-
Other payables	370,552	-	-	-
Notes payable	29,226	-	-	-
Derivative financial instruments	-	2,229	-	-
	9,954,193	2,229	-	-

	December 31, 2022			
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge
Financial assets per the balance sheet				Total
Accounts receivable (Note 11)	2,501,327	-	-	-
Financial investments (Note 10)	2,576,489	-	-	-
Cash and banks (Note 10)	21,348	-	-	-
Derivative financial instruments	-	-	24,087	-
Other assets	320,945	-	-	-
	5,420,109	-	24,087	-

	December 31, 2022			
	Amortized cost	FVTPL	FVOCI	Designated as a cash flow hedge
Financial liabilities per the balance sheet				Total
Loans, financing and debentures (Note 21)	9,601,116	-	-	-
Suppliers (Note 19)	755,614	-	-	-
Suppliers' assignment of receivables (Note 20)	39,124	-	-	-
Other payables	337,300	-	-	-
Notes payable	73,410	-	-	-
Derivative financial instruments	-	41,347	-	-
	10,806,564	41,347	-	-

Consolidated

	March 31, 2023			
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge
Financial assets per the balance sheet				Total
Accounts receivable (Note 11)	2,320,039	-	-	-
Financial investments (Note 10)	1,034,551	-	-	-
Cash and banks (Note 10)	52,836	-	-	-
Derivative financial instruments	-	1,062	10,431	1,808
Other assets	353,207	-	-	-
	3,760,633	1,062	10,431	1,808

	March 31, 2023			
	Amortized cost	FVTPL	FVOCI	Designated as a cash flow hedge
Financial liabilities per the balance sheet				Total
Loans, financing and debentures (Note 21)	8,776,755	-	-	-
Suppliers (Note 19)	406,649	-	-	-
Suppliers' assignment of receivables (Note 20)	841,800	-	-	-
Other payables	524,254	-	-	-
Notes payable	29,226	-	-	-
Derivative financial instruments	-	2,229	3,693	35,232
	10,578,684	2,229	3,693	35,232

	December 31, 2022				
				Designated as a cash flow hedge	Total
Amortized cost	FVOCI	FVTPL			
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,531,789	-	-	-	2,531,789
Financial investments (Note 10)	2,836,848	-	-	-	2,836,848
Cash and banks (Note 10)	25,625	-	-	-	25,625
Derivative financial instruments	-	-	24,087	10,341	34,428
Other assets	340,695	-	-	-	340,695
	5,734,957	-	24,087	10,341	5,769,385

	December 31, 2022				
				Designated as a cash flow hedge	Total
Amortized cost	FVTPL	FVOCI			
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 21)	9,607,559	-	-	-	9,607,559
Suppliers (Note 19)	421,501	-	-	-	421,501
Suppliers' assignment of receivables (Note 20)	888,150	-	-	-	888,150
Other payables	457,109	-	-	-	457,109
Notes payable	73,410	-	-	-	73,410
Derivative financial instruments	-	51,598	(10,246)	10,246	51,598
	11,447,729	51,598	(10,246)	10,246	11,499,327

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 as follows:

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Current accounts and financial investments (*)				
AAA	1,045,525	2,597,763	1,087,382	2,862,329
A	-	71	-	71
	<u>1,045,525</u>	<u>2,597,834</u>	<u>1,087,382</u>	<u>2,862,400</u>

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

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

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Derivative financial assets				
AAA	11,605	24,087	13,301	34,064
AA+	-	-	-	30
A-	-	-	-	334
	<u>11,605</u>	<u>24,087</u>	<u>13,301</u>	<u>34,428</u>

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

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

10 Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Cash and banks	49,694	21,348	52,836	25,625
Short-term financial investments:				
Repurchase operations	1,112	228	23,910	48,029
Bank deposit certificates (CDBs)	994,720	2,576,261	1,010,641	2,788,819
	995,832	2,576,489	1,034,551	2,836,848
	1,045,526	2,597,837	1,087,387	2,862,473

Financial investments (both repurchase operations and CDBs) have yield of between 70% and 103.5% of the CDI p.a. (at December 31, 2022 between 70% and 103.5% of the CDI p.a.), with a weighted average of 101.7% of the CDI p.a. (at December 31, 2022 – 101.8% p.a.) and are substantially liquid.

11 Accounts receivable

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Domestic customers	2,306,508	2,519,496	2,339,572	2,550,833
Foreign customers	-	-	1,957	1,982
Expected credit losses	(18,632)	(18,169)	(21,490)	(21,026)
	2,287,876	2,501,327	2,320,039	2,531,789

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

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Up to 3 months	14,628	37,947	14,461	37,947
From 3 to 6 months	13,798	9,151	13,798	9,151
Over 6 months	732	552	732	552
	29,158	47,650	28,991	47,650

The additions to and write-offs of the expected credit losses were recorded in profit or loss 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 21 (a)).

Changes to the expected credit losses for the period ended March 31, 2023 are as follows:

	Parent company	Consolidated
Balances at 12/31/2022	(18,169)	(21,026)
(Additions)/reversals, net	(463)	(514)
Disposals	-	50
Balances at 3/31/2023	(18,632)	(21,490)

12 Inventories

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Finished goods and goods for resale	619,859	480,149	851,317	621,931
Semi-finished goods	-	-	147,885	176,055
Raw material	-	-	1,365,900	1,354,599
Maintenance and supplies	116	186	173,406	164,149
Allowance for inventory losses	(38,239)	(34,582)	(144,027)	(120,752)
	581,736	445,753	2,394,481	2,195,982

The table below presents the changes in the provision:

	Parent company	Consolidated
At 12/31/2022	(34,582)	(120,752)
Additions for the period (a)	(32,971)	(57,742)
Write-offs for the period (b)	29,314	34,467
At 3/30/2023	(38,239)	(144,027)

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

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

13 Taxes recoverable

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
PIS/COFINS/IPI and others (*)	469,185	505,665	584,313	608,743
ICMS	101,144	105,407	194,501	200,361
Recoverable IRPJ and CSLL	62,320	52,538	79,514	67,473
	632,649	663,610	858,328	876,577
Current	370,824	378,774	536,700	532,564
Non-current	261,825	284,836	321,628	344,013

(*) Refers mainly to the PIS and COFINS credit, recorded in 2019 when ICMS was excluded from the calculation basis of contributions to PIS and COFINS.

14 Other assets

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Prepaid expenses (a)	228,724	85,720	272,570	127,716
Bills receivable (b)	215,056	208,283	223,781	216,349
Deposits in court (c)	110,857	107,023	129,426	124,346
Advances	21,298	34,515	127,602	108,192
Other	7,018	7,503	3,144	2,564
	<u>582,953</u>	<u>443,044</u>	<u>756,523</u>	<u>579,167</u>
Current	410,591	277,200	560,116	391,058
Non-current	172,362	165,844	196,407	188,109

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

(b) Refers mainly to shareholders' indemnity (Note 29) 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 25).

15 Investments

The investments held by the Company are presented below:

Company	Date of incorporation	Country	Business	Interest in shares/quota s	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.	6/24/2002	Brazil	Pharma	91.88%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	6/24/2002	Brazil	Pharma	8.12%	Indirect
Bionovis S.A.	7/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	9/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty S.A.	4/29/2016	Brazil	Natural beauty dermo-cosmetics	58.33%	Direct
Drogarias Online Agência de Farmácias S.A.	4/16/2021	Brazil	Internet portal for medicines	22.5%	Direct
Mantecorp Participações S.A.	9/28/2016	Brazil	Holding company	100%	Direct
Bio Brands Franchising Gestão de Marcas Ltda.	8/29/2014	Brazil	Dermo-cosmetics	100%	Direct
Bio Scientific Indústria de Cosméticos Ltda.	7/13/2001	Brazil	Dermo-cosmetics	100%	Indirect
Solana Agropecuária Ltda.	11/4/1981	Brazil	Crop	100%	Indirect
Amigotech S.A.	7/2/2021	Brazil	Technology	15%	Direct
MGF Farmácia Magistral Ltda.	9/10/2020	Brazil	Pharma	100%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	Mantecorp	Bionovis	My	Other		Total
	Restated	Cost	Cost	Cost	Cost	Cost	Goodwill	
Balances at January 01, 2023	3,404,418	1,071,419	275,717	59,744	9,437	115,739	101,987	5,038,461
Capital increase	-	-	217	-	-	2,166	-	2,383
Equity accounting	85,348	18,941	735	1,174	237	2,186	-	108,621
Share of discontinued equity accounting in the investment	-	85	-	-	-	-	-	85
Stock Options/Matching/Restricted	644	81	72	-	-	-	-	797
Carrying value adjustments	(12,931)	(2,436)	-	-	-	-	-	(15,367)
Other	-	-	-	-	-	4,000	-	4,000
Balances at March 31, 2023	3,477,479	1,088,090	276,741	60,918	9,674	124,091	101,987	5,138,980

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

March 31, 2023	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	5,250,504	1,510,465	843,662	72,748	92,891
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,395,807	302,309	173,476	15,819	18,941
My Agência de Propaganda Ltda.	10,614	946	1,140	231	237
Simple Organic Beauty S.A.	37,048	8,482	23,388	1,962	1,673
Mantecorp Participações S.A.	275,968	-	-	735	735
Bio Brands Franchising Gestão de Marcas Ltda	44,594	3,834	5,764	2,311	1,616
MGF Farmácia Magistral Ltda.	680	470	290	(107)	(107)

December 31, 2022	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	5,183,405	1,502,742	3,183,569	230,436	235,034
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,393,707	313,675	669,632	66,468	69,738
My Agência de Propaganda Ltda.	9,977	540	4,560	(527)	(395)
Simple Organic Beauty S.A.	33,967	10,734	98,054	4,083	1,741
Mantecorp Participações S.A.	275,174	-	-	1,770	1,770
Bio Brands Franchising Gestão de Marcas Ltda	41,891	3,442	19,760	(4,576)	4,472
MGF Farmácia Magistral Ltda.	732	414	364	(468)	(468)

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

b. Equity accounting of the parent company

	Number of shares and quotas	Adjusted equity at March 31, 2023	Ownership %	Equity accounting at March 31, 2023	Balance of the investment at March 31, 2023	Equity accounting at March 31, 2022	Balance of the investment at December 31, 2022
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,520,813,692	1,088,090	100%	18,941	1,088,090	11,188	1,071,419
My Agência de Propaganda Ltda.	22,467,862	9,674	100%	237	9,674	(1,107)	9,437
Brainfarma Indústria Química e Farmacêutica S.A.	1,143,842,353	3,477,479	100%	85,348	3,477,479	15,878	3,404,418
Simple Organic Beauty S.A.	214,983	37,622	58.33%	976	37,622	(1,091)	34,680
Drogarias Online Agência de Farmácias S.A.	506,250	39,812	22.50%	(299)	39,812	(1,424)	40,111
Bio Brands Franchising Gestão de Marcas Ltda	41,872,454	111,037	100%	1,616	111,037	(952)	109,421
Mantecorp Participações S.A.	275,300,100	276,741	100%	735	276,741	-	275,717
Bionovis S.A.	6,000,000	243,671	25%	1,174	60,918	6,893	59,744
MGF Farmácia Magistral Ltda.	1,010,000	410	100%	(107)	1,925	-	1,832
				<u>108,621</u>	<u>5,103,298</u>	<u>29,385</u>	<u>5,006,779</u>

16 Investment properties

These properties are at fair value and refer mainly to land and facilities located in Cabo de Santo Agostinho – State of Pernambuco.

	Parent company	Consolidated
Balances at January 01, 2023	<u>19,568</u>	<u>19,568</u>
Depreciation	<u>(177)</u>	<u>(177)</u>
Balances at March 31, 2023	<u>19,391</u>	<u>19,391</u>
Total cost	57,366	57,366
Accumulated depreciation	<u>(37,975)</u>	<u>(37,975)</u>
Carrying amount	<u>19,391</u>	<u>19,391</u>

17 Property and equipment

Parent company

Own assets	Balances at January 01, 2023	Additions	Write-off	Depreciation	Transfer	Balances at March 31, 2023
Buildings and improvements	3,442	232	-	(126)	605	4,153
Machinery, equipment and facilities	75,808	669	-	(1,660)	3	74,820
Vehicles	91	-	-	(1)	-	90
Furniture and fittings	16,387	1,555	-	(260)	-	17,682
Other	3,395	27	-	(150)	-	3,272
Total in operation	99,123	2,483	-	(2,197)	608	100,017
Construction in progress	21,054	8,266	-	-	(601)	28,719
Total PP&E	120,177	10,749	-	(2,197)	7	128,736

Right-of-use assets – leases	Balances at January 01, 2023	Additions	Write-off	Amortization	Transfer	Balances at March 31, 2023
Buildings and improvements	43,486	12,488	-	(2,240)	-	53,734
Machinery, equipment and facilities	12,890	8,995	-	(2,828)	-	19,057
Vehicles	37,412	45,166	(4,716)	(8,376)	-	69,486
Right-of-use assets Total	93,788	66,649	(4,716)	(13,444)	-	142,277

Net book value	213,965	77,398	(4,716)	(15,641)	7	271,013
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Consolidated

Own assets	Balances at January 01, 2023	Additions	Write-off	Depreciation	Transfer	Balances at March 31, 2023
Land	243,195	-	-	-	-	243,195
Buildings and improvements	277,419	719	-	(3,664)	1,445	275,919
Machinery, equipment and facilities	1,512,866	43,901	-	(16,419)	16,541	1,556,889
Vehicles	1,849	8	-	(110)	-	1,747
Furniture and fittings	43,052	18,694	-	(612)	587	61,721
Other	57,437	4,922	-	(2,615)	196	59,940
Total in operation	2,135,818	68,244	-	(23,420)	18,769	2,199,411
Construction in progress (*)	554,243	75,706	-	(1,003)	(18,729)	610,217
Total PP&E	2,690,061	143,950	-	(24,423)	40	2,809,628

Right-of-use assets – leases	Balances at January 01, 2023	Additions	Write-off	Amortization	Transfer	Balances at March 31, 2023
Buildings and improvements	69,064	31,650	-	(2,806)	-	97,908
Machinery, equipment and facilities	15,295	10,334	-	(4,213)	-	21,416
Vehicles	40,120	45,434	(4,806)	(8,853)	-	71,895
Right-of-use assets Total	124,479	87,418	(4,806)	(15,872)	-	191,219

Net book value	2,814,540	231,368	(4,806)	(40,295)	40	3,000,847
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(*) Mainly represents purchases for upgrades to the Anápolis – GO plant.

18 Intangible assets

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Goodwill in non-merged companies				
Simple Organic Beauty S.A.	-	-	12,677	12,677
Bio Brands Franchising Gestão de Marcas Ltda.	-	-	43,257	43,257
Bio Scientific Indústria de Cosméticos Ltda.	-	-	-	-
Neolatina Comércio e Indústria Farmacêutica S.A.	-	-	12,204	12,204
Solana Agropecuária Ltda.	-	-	25,200	25,200
MGF Farmácia Magistral Ltda.	-	-	1,515	1,515
Goodwill on the acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Darwin Prestação de Serviços de Marketing Ltda.	2,945,156	2,945,156	2,945,156	2,945,156
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	52,614	52,614	52,614
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	<u>7,270,960</u>	<u>7,270,960</u>	<u>7,365,813</u>	<u>7,365,813</u>
Trademarks	2,710,271	2,711,098	2,731,353	2,732,180
Rights of use and software	71,864	69,509	141,766	138,874
Product development	6,262	1,921	274,149	265,571
Intangible assets in progress	373	4,697	685,633	593,034
	<u>10,059,730</u>	<u>10,058,185</u>	<u>11,198,714</u>	<u>11,095,472</u>

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

Changes in the balances

Parent company

	Balances at January 01, 2023	Additions	Write-off	Amortization	Transfer	Balances at March 31, 2023
Right of use and trademarks	2,711,098	-	-	(827)	-	2,710,271
Rights of use and software	69,509	6,032	-	(3,677)	-	71,864
Product development	1,921	-	-	(178)	4,519	6,262
Goodwill	7,270,960	-	-	-	-	7,270,960
Total in operation	<u>10,053,488</u>	<u>6,032</u>	<u>-</u>	<u>(4,682)</u>	<u>4,519</u>	<u>10,059,357</u>
Intangible assets in progress	4,697	202	-	-	(4,526)	373
Total	<u>10,058,185</u>	<u>6,234</u>	<u>-</u>	<u>(4,682)</u>	<u>(7)</u>	<u>10,059,730</u>

Consolidated

	Balances at January 01, 2023	Additions	Write-off	Amortization	Transfer	Balances at March 31, 2023
Right of use and trademarks	2,732,180	-	-	(827)	-	2,731,353
Rights of use and software	138,874	10,032	-	(7,140)	-	141,766
Product development	265,571	4,617	-	(4,494)	8,455	274,149
Goodwill	7,365,813	-	-	-	-	7,365,813
Total in operation	10,502,438	14,649	-	(12,461)	8,455	10,513,081
Intangible assets in progress	593,034	101,094	-	-	(8,495)	685,633
Total	11,095,472	115,743	-	(12,461)	(40)	11,198,714

Impairment of assets

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

In connection with the annual impairment test of these assets, which will be realized on December 31, 2023, the Company performs stress tests to demonstrate the existence of a reasonable gap indicating the need to record an impairment loss. Considering the performance of the Company's operations up to the date of approval of this quarterly information and the gap shown in the stress testing, management concluded that no impairment needs to be recorded.

19 Suppliers

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Domestic suppliers	12,716	10,713	402,154	349,762
Trade payables – foreign	-	938	4,495	71,739
Related party suppliers (Note 29(a))	741,797	743,963	-	-
	754,513	755,614	406,649	421,501

20 Suppliers' assignment of receivables

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Domestic market (drawee risk)	8,242	9,982	212,779	268,499
Foreign market (<i>forfeiting</i>)	-	-	586,089	557,718
Total suppliers' assignment of receivables	8,242	9,982	798,868	826,217
Domestic market (drawee risk)	18,442	29,142	42,932	61,933
Total service providers' assignment of receivables	18,442	29,142	42,932	61,933
Total assignment of receivables	26,684	39,124	841,800	888,150

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

At March 31, 2023, the discount rates in assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 1.12% and 1.45% with a weighted average of 1.24% p.m. (at December 31, 2022 these rates were between 1.14% and 1.55% with a weighted average of 1.24% p.m.).

At March 31, 2023, the discount rates in assignment operations entered into by the Company's suppliers with the financial institutions in the foreign market were between 3.90% and 8.70% p.a. with a weighted average of 6.45% p.a. (at December 31, 2022 these rates were between 3.01% and 9.00% p.a. with a weighted average of 5.88% p.a.).

21 Loans, financing and debentures

		Parent company		Consolidated	
			December 31,	March 31, 2023	December 31,
	Nominal rate	March 31, 2023	2022	(i)	2022
Foreign currency					
Borrowings (ii)	USD+SOFR+0.681% to 0.809% p.a.	329,324	606,007	329,324	606,007
Local currency					
Loans	CDI + 1.26% to 2.00% p.a.	872,847	1,467,586	873,333	1,469,228
FCO ⁽ⁱⁱ⁾	Fixed rate from 2.50% to 8.50% p.a.	7,323	8,369	9,798	12,422
Financing	Fixed rate from 2.50% to 8.70% p.a.	-	33	576	781
Debentures	CDI + 1.25% to 1.75% p.a.; IPCA + 6.2790% to 6.4451% p.a.	7,278,249	7,214,540	7,278,249	7,214,540
Finep	TLP from - 1.00% to 1.00% p.a.	285,475	304,581	285,475	304,581
		8,773,218	9,601,116	8,776,755	9,607,559
Current		1,166,703	2,224,673	1,170,052	2,230,678
Non-current		7,606,515	7,376,443	7,606,703	7,376,881

(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, 2022, all covenants were met. The next measurement will be made at June 30, 2023.

(ii) The amount of R\$ 1,389,566 related to principal and interest on loans, financing and debentures was amortized in the quarter.

The breakdown of long-term loans and financing at March 31, 2023, by year of maturity, is as follows:

	<u>Parent company</u>	<u>Consolidated</u>
2024	536,754	536,933
2025	355,385	355,394
2026	288,900	288,900
2027	30,666	30,666
2028	30,666	30,666
2029	28,110	28,110
	<u>1,270,481</u>	<u>1,270,669</u>

Debentures

On December 5, 2019, 80,000 non-convertible debentures of the 8th public issuance of debentures were issued, in a single series, in the amount of R\$ 800,000,000.00, with a par value of R\$ 10,000.00 and interest at 100% of the cumulative variation of the daily average rates of the Interbank Deposits (DI) plus spread of 1.25% p.a. The par value balance 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 and interest at 100% of the cumulative variation of the daily average rates of the DI plus spread of 1.50% p.a. The par value balance of debentures will be amortized in six consecutive semi-annual installments, with final maturity on April 3, 2026.

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

On September 10, 2021, 1,000,000 non-convertible debentures of the 11th public issuance were issued, in a single series, in the amount of R\$ 1,000,000,000.00, with a par value of R\$ 1,000.00 and interest at 100% of the cumulative variation of the daily average rates of the DI plus 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.

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

On August 10, 2022, 750,000 non-convertible debentures of the 13th issuance were issued for private placement, in three series, of the unsecured type, in the total amount of R\$ 750,000,000.00, which will back up the issuance of real estate receivables certificates of the 1st, 2nd and 3rd series of the 59th Issue of True Securitizadora S.A., so that 750,000 debentures were issued, with nominal unit value of R\$ 1.

- The 1st series in the amount of R\$ 200,000,000.00 and interest at 100% of the cumulative variation of the daily average rates of the DI plus spread of 0.75% p.a.

- The 2nd series in the amount of R\$ 397,641,000.00 monetarily adjusted by the Amplified Consumer Prices Index (IPCA), released by the Brazilian Institute of Geography and Statistics (IBGE) and interest corresponding to 6.2790% p.a.
- The 3rd series in the amount of R\$ 152,359,000.00 monetarily adjusted by the IPCA and interest corresponding to 6.4451% p.a.

The balance of the nominal unit value of the 1st, 2nd and 3rd Series Debentures will be amortized in a single installment, and each of the series will be settled respectively on August 16, 2027, August 15, 2029 and August 15, 2032.

On December 23, 2022, 750,000 non-convertible debentures of the 14th public issuance were issued, first and second series, in the amount of R\$ 750,000,000.00, with par value of R\$ 1,000.00 and interest at 100% of the cumulative variation of the daily average rates of the DI plus spread of 1.35% p.a. The nominal unit value of the debentures will be amortized in two installments, with final maturity on December 23, 2027.

Debentures – Changes

	8 th Public Issuance	9 th Public Issuance	10 th Public Issuance 1 st and 2 nd Series	11 th Public Issuance	12 th Public Issuance Single series	13 th Public Issuance 1 st , 2 nd and 3 rd Série	14 th Public Issuance 1 st and 2 nd Series	Total
At January 01, 2023	808,713	2,562,339	765,715	1,042,841	528,738	757,691	748,503	7,214,540
Finance charges	28,796	93,407	27,882	36,497	18,206	28,843	26,935	260,566
Interest paid	-	-	(54,020)	(72,556)	(70,281)	-	-	(196,857)
At March 31, 2023	837,509	2,655,746	739,577	1,006,782	476,663	786,534	775,438	7,278,249
Current	198,492	589,799	85,673	8,225	10,316	21,000	28,710	942,215
Non-current	639,017	2,065,947	653,904	998,557	466,347	765,534	746,728	6,336,034
Unrealized transaction costs	2,200	10,271	4,778	1,967	1,270	18,716	3,904	43,106
Current	1,217	5,265	2,033	487	269	2,336	634	12,241
Non-current	983	5,006	2,745	1,480	1,001	16,380	3,270	30,865

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

	March 31, 2023
2024	1,221,427
2025	1,724,173
2026	1,411,686
2027	1,441,766
2028	-
2029	388,287
2030	49,565
2031	49,565
2032	49,565
	6,336,034

a. Guarantees for loans and financing at March 31, 2023

	Parent company	Consolidated
Accounts receivable – Pledged guarantees	424	852
Letters of guarantee (*)	285,475	285,475
Pledged fixed assets	6,899	9,522
	<u>292,798</u>	<u>295,849</u>

(*) Letter of guarantee for the loan from Finep (Contract 0799/13).

b. Carrying amounts and estimated fair values

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

		Consolidated		Fair value	
	Nominal rate	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Foreign currency					
Loans	USD+SOFR+0.681% to 0.809% p.a.	329,324	606,007	329,324	606,007
Local currency					
Loans	CDI + 1.26% to 3.00% p.a.	873,333	1,469,228	873,333	1,455,567
FCO	Fixed rate from 2.50% to 8.50% p.a.	9,798	12,422	9,798	12,422
Financing	Fixed rate from 2.50% to 8.70% p.a.	576	781	556	870
Debentures	CDI + 1.25% to 1.75% p.a.; IPCA+6.2790% to 6.4451% p.a.	7,278,249	7,214,540	7,278,249	7,214,585
Finep	TLP - 1.00% to 1.00% p.a.	285,475	304,581	285,475	304,581
		<u>8,776,755</u>	<u>9,607,559</u>	<u>8,776,735</u>	<u>9,594,032</u>

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 + 0.61% to CDI + 2.20% p.a. (December 31, 2022 - CDI + 0.63% to CDI + 1.92% 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	Other liabilities	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
At January 01, 2023	9,601,116	73,410	21,766	677,773	388,383	(24,087)	41,347	10,645,760	21,427,375
Changes in cash flow from financing activities									
Hedges of loans	-	-	-	-	-	(9,265)	(44,886)	-	(54,151)
Loans taken out	250,000	-	-	-	-	-	-	-	250,000
Payment of loans – principal	(1,033,576)	-	(298)	-	(5,826)	-	-	-	(1,039,700)
Payments of loans – interest	(352,891)	-	-	-	(8,715)	-	-	-	(361,606)
Purchases of shares	-	(44,425)	-	-	-	-	-	-	(44,425)
Sales of shares	-	-	-	-	-	-	-	26,104	26,104
Intragroup loan payable	-	-	-	-	1,941	-	-	-	1,941
Dividends paid	-	-	-	(677,503)	-	-	-	-	(677,503)
Total changes in cash flow from financing activities	(1,136,467)	(44,425)	(298)	(677,503)	(12,600)	(9,265)	(44,886)	26,104	(1,899,340)
Other changes									
Write-off	-	-	-	-	(3,001)	-	-	-	(3,001)
Additions	-	-	-	-	33,813	-	-	-	33,813
Leases	-	-	-	-	29,836	-	-	-	29,836
Taxes payable	-	-	(3,261)	-	-	-	-	-	(3,261)
Proposed dividends	-	-	-	194,769	-	-	-	-	194,769
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	6,520	6,520
Accrued interest	308,569	398	41	-	3,917	21,747	5,768	-	340,440
Interest on capital	-	-	-	-	-	-	-	(194,768)	(194,768)
Net income for the period	-	-	-	-	-	-	-	338,438	338,438
Loans – acquisitions of subsidiaries	-	(157)	-	-	-	-	-	-	(157)
Equity valuation adjustments	-	-	-	-	-	-	-	(16,771)	(16,771)
Other payables	-	-	-	-	(10,977)	-	-	-	(10,977)
Total other changes related to liabilities	308,569	241	(3,220)	194,769	53,588	21,747	5,768	133,419	714,881
At March 31, 2023	8,773,218	29,226	18,248	195,039	429,371	(11,605)	2,229	10,805,283	20,242,916

								Consolidated	
					Liabilities	Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Other liabilities	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
At January 01, 2023	9,607,559	73,410	75,040	677,773	560,205	(34,428)	51,598	10,655,441	21,666,598
Changes in cash flow from financing activities									
Hedges of loans	-	-	-	-	-	(9,265)	(44,886)	-	(54,151)
Loans taken out	250,000	-	-	-	-	-	-	-	250,000
Payment of loans – principal	(1,035,440)	-	(298)	-	(6,614)	-	-	-	(1,042,352)
Payments of loans – interest	(354,126)	-	(329)	-	(9,203)	-	-	-	(363,658)
Purchases of shares	-	(44,425)	-	-	-	-	-	-	(44,425)
Sales of shares	-	-	-	-	-	-	-	26,104	26,104
Dividends paid	-	-	-	(677,503)	-	-	-	-	(677,503)
Total changes in cash flow from financing activities	(1,139,566)	(44,425)	(627)	(677,503)	(15,817)	(9,265)	(44,886)	26,104	(1,905,985)
Other changes									
Write-off	-	-	-	-	(3,071)	-	-	-	(3,071)
Additions	-	-	-	-	33,385	-	-	-	33,385
Leases	-	-	-	-	49,337	-	-	-	49,337
Taxes payable	-	-	11,317	-	-	-	-	-	11,317
Proposed dividends	-	-	-	194,769	-	-	-	-	194,769
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	6,520	6,520
Accrued interest	308,762	398	74	-	5,126	21,747	5,768	-	341,875
Interest on capital	-	-	-	-	-	-	-	(194,768)	(194,768)
Net income for the period	-	-	-	-	-	-	-	338,438	338,438
Loans – acquisitions of subsidiaries	-	(157)	-	-	-	-	-	(157)	-
MtM – Hedge loans	-	-	-	-	-	23,639	(23,690)	-	(51)
MtM – Supplier hedges	-	-	-	-	-	(14,994)	52,364	-	37,370
Equity valuation adjustments	-	-	-	-	-	-	-	(16,771)	(16,771)
Other payables	-	-	-	-	4,596	-	-	-	4,596
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	2,223	2,223
Total other changes related to liabilities	308,762	241	11,391	194,769	89,373	30,392	34,442	135,642	805,012
At March 31, 2023	8,776,755	29,226	85,804	195,039	633,761	(13,301)	41,154	10,817,187	20,565,625

22 Deferred income and social contribution taxes

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 18) and the distribution of interest on capital and the constitution of grant for investments.

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Deferred tax assets:				
Tax losses carried forward and negative CSLL bases	2,681,261	2,467,208	2,698,881	2,484,489
Contingencies	57,610	56,886	69,414	69,410
Allowance for expected credit losses	26,724	26,472	29,892	29,640
Other temporary differences	139,331	158,563	254,350	271,211
Total deferred tax assets	2,904,926	2,709,129	3,052,537	2,854,750
(-) 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)	(2,231,475)	(2,150,345)	(2,331,834)	(2,251,580)
Remaining balance of deferred tax assets	673,451	558,784	720,703	603,170

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	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Goodwill	2,196,656	2,117,064	2,196,656	2,117,064
Fair value of property, plant and equipment – business combinations	15,504	15,972	37,458	45,454
Other	19,315	17,309	326,420	295,440
Total tax debt	2,231,475	2,150,345	2,560,534	2,457,958
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company to the same tax authority (also recoverable against the calculation of current tax)	(2,231,475)	(2,150,345)	(2,331,834)	(2,251,580)
Remaining balance of deferred liabilities	-	-	228,700	206,378

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

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Profit before income tax and social contribution	225,813	274,896	269,781	290,504
Combined rate – %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(76,781)	(93,465)	(89,881)	(100,011)
Equity accounting	37,258	10,025	(424)	2,360
Government grants	88,562	78,116	93,446	78,814
Interest on capital declared	66,221	66,222	66,221	66,222
Interest/indexation in the nature of an indemnity	2,384	3,001	2,672	3,246
Other permanent additions/exclusions	(5,018)	8,871	(2,559)	5,753
Income tax and social contribution expenses	<u>112,626</u>	<u>72,770</u>	<u>69,475</u>	<u>56,384</u>
Current	-	-	(348)	(571)
Deferred	<u>112,626</u>	<u>72,770</u>	<u>69,823</u>	<u>56,955</u>
Discontinued operations	120	1,376	76	1,325
Continuing operations	<u>112,506</u>	<u>71,394</u>	<u>69,399</u>	<u>55,059</u>
	<u>112,626</u>	<u>72,770</u>	<u>69,475</u>	<u>56,384</u>
	50%	26%	26%	19%

23 Taxes payable

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
ICMS (value added tax) payable	16,135	19,400	61,936	65,695
IPI/PIS/COFINS payable	568	664	19,479	5,001
Other taxes payable	1,545	1,702	4,389	4,344
	<u>18,248</u>	<u>21,766</u>	<u>85,804</u>	<u>75,040</u>
Current	17,761	21,003	81,739	70,861
Non-current	<u>487</u>	<u>763</u>	<u>4,065</u>	<u>4,179</u>

24 Other payables

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Freight payable	24,527	25,237	35,387	34,207
Services provided	28,651	39,470	85,075	88,444
Advertising	11,723	24,314	11,723	24,314
Revenue to elapse	47,120	36,374	48,270	37,080
Purchases of fixed assets	1,056	7,095	37,207	38,404
Leases (i)	147,815	97,791	189,865	120,905
Leniency Agreement (*)	107,440	104,280	107,440	104,280
Accrued taxes on inventory losses	-	-	8,158	21,771
Other	61,039	53,822	110,636	90,800
	<u>429,371</u>	<u>388,383</u>	<u>633,761</u>	<u>560,205</u>
Current	304,517	295,783	454,582	431,239
Non-current	<u>124,854</u>	<u>92,600</u>	<u>179,179</u>	<u>128,966</u>

(*) Refers to the Leniency Agreement, to be reimbursed by the shareholder (see Notes 14 and 29).

(i) Lease liabilities

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Current	44,811	29,333	50,438	33,399
Non-current	103,004	68,458	139,427	87,506
	<u>147,815</u>	<u>97,791</u>	<u>189,865</u>	<u>120,905</u>

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

	Parent company	Consolidated
At January 01, 2023	97,791	120,905
Payment of loans – principal	(5,826)	(6,614)
Payments of loans – interest	(8,715)	(9,203)
Additions	33,813	33,385
Write-offs	(3,001)	(3,071)
Remeasurement	29,836	49,337
Accrued interest	3,917	5,126
At March 31, 2023	<u>147,815</u>	<u>189,865</u>

a. Maturity of installments

Leases at March 31, 2023 have the following breakdown, by year of maturity:

	Parent company	Consolidated
Between 1 and 2 years	36,943	39,972
2 to 5 years	47,696	60,962
More than 5 years	18,365	38,493
	<u>103,004</u>	<u>139,427</u>

b. Tax rights on leases

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

	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease liability	176,517	147,815	247,680	189,865
Estimated PIS/COFINS	(7,152)	(5,104)	(12,298)	(8,433)
	<u>169,365</u>	<u>142,711</u>	<u>235,382</u>	<u>181,432</u>

c. Agreements by term and discount rate

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

	<u>Parent company</u>	<u>Consolidated</u>
<u>Terms</u>	<u>Rate % p.a.</u>	<u>Rate % p.a.</u>
Up to 2 years	12.68%	12.68%
From 2 to 5 years	11.04%	11.24%
More than 5 years	10.96%	11.18%

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.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities				
Carrying amount – IFRS/CPC 06 (R2)	147,815	97,791	189,865	120,904
Flow with projected inflation	156,625	102,358	201,181	126,550
Variation	5.96%	4.67%	5.96%	4.67%
Net right of use – closing balance				
Carrying amount – IFRS/CPC 06 (R2)	142,277	93,788	191,219	124,479
Flow with projected inflation	150,757	98,168	202,616	130,292
Variation	5.96%	4.67%	5.96%	4.67%

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Financial expenses				
Carrying amount – IFRS/CPC 06 (R2)	(3,917)	(9,988)	(5,126)	(12,564)
Flow with projected inflation	(4,150)	(10,454)	(5,432)	(13,151)
Variation	5.96%	4.67%	5.96%	4.67%
Depreciation expenses				
Carrying amount – IFRS/CPC 06 (R2)	(15,641)	(40,708)	(40,295)	(44,482)
Flow with projected inflation	(16,573)	(42,609)	(42,697)	(46,559)
Variation	5.96%	4.67%	5.96%	4.67%

25 Provision for contingencies

At March 31, 2023, the Company had the following provision for contingencies and corresponding deposits with courts related to contingencies:

	<u>Parent company</u>				<u>Parent company</u>			
	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Forecast of likely loss</u>	<u>Contingencies assumed in business combinations</u>	<u>Deposits with courts</u>	<u>Contingencies net of deposits with courts</u>	<u>Forecast of likely loss</u>	<u>Contingencies assumed in business combinations</u>	<u>Deposits with courts</u>	<u>Contingencies net of deposits with courts</u>
Civil	1,066	11,426	-	12,492	773	11,208	-	11,981
Labor	100,756	736	(16,841)	84,651	100,409	61	(16,296)	84,174
Tax	16,964	34,985	(16,477)	35,472	16,421	34,941	(15,943)	35,419
Administrative/other	3,277	231	(200)	3,308	3,277	224	(193)	3,308
Liabilities of former owners	5,308	-	-	5,308	4,505	-	-	4,505
	<u>127,371</u>	<u>47,378</u>	<u>(33,518)</u>	<u>141,231</u>	<u>125,385</u>	<u>46,434</u>	<u>(32,432)</u>	<u>139,387</u>
	<u>Consolidated</u>							

	March 31, 2023				December 31, 2022			
	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts
Civil	1,157	11,426	-	12,583	834	11,208	-	12,042
Labor	105,121	736	(17,950)	87,907	105,378	61	(17,774)	87,665
Tax	42,743	34,985	(41,619)	36,109	41,597	34,941	(40,850)	35,688
Administrative/other	7,838	231	(243)	7,826	9,919	224	(237)	9,906
Liabilities of former owners	9,331	-	-	9,331	7,955	-	-	7,955
	<u>166,190</u>	<u>47,378</u>	<u>(59,812)</u>	<u>153,756</u>	<u>165,683</u>	<u>46,434</u>	<u>(58,861)</u>	<u>153,256</u>

Changes in contingencies

	Parent company					
	December 31, 2022	Indexation accruals	Additions	Reversals	Payments	March 31, 2023
Civil	11,981	244	334	(67)	-	12,492
Labor	100,470	2,818	5,116	(1,783)	(5,129)	101,492
Tax	51,362	587	-	-	-	51,949
Administrative/other	3,501	108	-	(101)	-	3,508
Liabilities of former owners	4,505	107	1,284	(477)	(111)	5,308
	<u>171,819</u>	<u>3,864</u>	<u>6,734</u>	<u>(2,428)</u>	<u>(5,240)</u>	<u>174,749</u>
Escrow deposits	(32,432)	(953)	(1,048)	85	830	(33,518)
	<u>139,387</u>	<u>2,911</u>	<u>5,686</u>	<u>(2,343)</u>	<u>(4,410)</u>	<u>141,231</u>

	Consolidated					
	December 31, 2022	Indexation accruals	Additions	Reversals	Payments	March 31, 2023
Civil	12,042	250	358	(67)	-	12,583
Labor (a)	105,439	2,935	5,604	(2,786)	(5,335)	105,857
Tax	76,538	1,190	-	-	-	77,728
Administrative/other	10,143	230	10	(2,314)	-	8,069
Liabilities of former owners (b)	7,955	201	1,764	(478)	(111)	9,331
	<u>212,117</u>	<u>4,806</u>	<u>7,736</u>	<u>(5,645)</u>	<u>(5,446)</u>	<u>213,568</u>
Escrow deposits	(58,861)	(1,781)	(1,429)	722	1,537	(59,812)
	<u>153,256</u>	<u>3,025</u>	<u>6,307</u>	<u>(4,923)</u>	<u>(3,909)</u>	<u>153,756</u>

(a) The additions refer to 53 new labor lawsuits, the reversals refer to 41 labor lawsuits and the payments refer to 41 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 records an asset to be reimbursed by the former owners when the contingency is paid.

Possible contingencies

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

	Parent company		Consolidated	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	44,469	59,780	47,088	62,330
Labor	358,269	365,620	368,550	379,142
Tax	111,359	107,823	128,525	124,563
Administrative/other	1,667	1,618	2,467	2,386
Liabilities of former owners	380,338	374,321	545,046	537,235
	<u>896,102</u>	<u>909,162</u>	<u>1,091,676</u>	<u>1,105,656</u>

26 Capital

a. Share capital

On March 31, 2023, the Company was authorized to increase its share capital up to the limit of R\$ 5,500,000.00, in accordance with a provision of its bylaws and a decision by the Board of Directors at the Special General Meeting on January 24, 2011.

The share capital at March 31, 2023 was R\$ 4,478,126 (R\$ 4,478,126 at December 31, 2022), represented by 633,420,823 common shares (633,420,823 at December 31, 2022).

b. Treasury shares

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

	Number	Amount
At 12/31/2022	<u>1,523,351</u>	<u>87,134</u>
Sales in the period	<u>(868,928)</u>	<u>(57,626)</u>
At 3/31/2023	<u>654,423</u>	<u>29,508</u>

c. Interest on capital

On March 24, 2023, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 194,768.

27 Revenue

The reconciliation between gross and net revenue is as follows:

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Gross revenue from products	1,979,857	1,761,849	2,025,144	1,786,354
Returns	(25,152)	(15,524)	(26,126)	(15,712)
Unconditional discounts	<u>(54,111)</u>	<u>(60,181)</u>	<u>(58,820)</u>	<u>(61,276)</u>
Net revenue from returns and unconditional discounts	<u>1,900,594</u>	<u>1,686,144</u>	<u>1,940,198</u>	<u>1,709,366</u>
Promotional discounts	(102,992)	(94,584)	(102,509)	(93,962)
Taxes	<u>(79,731)</u>	<u>(70,653)</u>	<u>(139,494)</u>	<u>(121,854)</u>
Net revenue	<u>1,717,871</u>	<u>1,520,907</u>	<u>1,698,195</u>	<u>1,493,550</u>

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

In addition, decisions on the resources to be allocated are not made by 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.

28 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Cost of sales	(819,029)	(676,929)	(612,086)	(554,360)
Raw materials	-	-	(282,195)	(232,746)
Packaging materials	-	-	(123,041)	(97,107)
Labor	-	-	(149,281)	(117,971)
Depreciation and amortization expenses	-	-	(18,992)	(15,393)
Resale	(787,946)	(651,251)	(185,553)	(121,700)
Losses on inventory	(31,083)	(25,678)	(34,094)	(28,559)
Changes in inventory/others	-	-	181,070	59,116
Selling and marketing expenses	(415,452)	(367,969)	(477,671)	(416,766)
Marketing expenses	(263,252)	(234,721)	(268,281)	(233,088)
Advertising and consumer promotion	(68,908)	(63,765)	(72,193)	(65,467)
Trade deals	(26,551)	(35,852)	(26,551)	(35,852)
Market surveys and others	(1,851)	(594)	(1,851)	(594)
Medical visits, promotions, gifts and samples	(165,942)	(134,510)	(167,686)	(131,175)
Selling expenses	(152,200)	(133,248)	(209,390)	(183,678)
Sales force	(88,344)	(77,914)	(91,602)	(81,796)
Freight and logistics expenses	(36,364)	(29,364)	(42,507)	(32,637)
Research and development	(6,126)	(6,797)	(41,082)	(42,497)
Depreciation and amortization expenses	(10,610)	(8,827)	(21,646)	(14,546)
Other expenses	(10,756)	(10,346)	(12,553)	(12,202)
General and administrative expenses	(53,707)	(44,712)	(80,757)	(65,474)
Payroll and related taxes	(29,379)	(28,578)	(46,721)	(41,381)
Services, lawyers, advisors and auditors	(18,113)	(11,940)	(21,446)	(15,380)
Depreciation and amortization expenses	(5,138)	(4,054)	(10,575)	(7,433)
Other expenses	(1,077)	(140)	(2,015)	(1,280)

b. Other operating (expenses) income, net

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Potential gains (losses)	(15,416)	2,301	8,647	(4,405)
Depreciation and amortization expenses	(582)	(286)	(506)	(207)
Civil and labor contingencies	(3,141)	9,950	(894)	10,248
	(19,139)	11,965	7,247	5,636

c. Financial income

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest income	14,982	15,352	17,316	16,610
Income from financial investments and others	42,851	33,547	47,409	39,267
	<u>57,833</u>	<u>48,899</u>	<u>64,725</u>	<u>55,877</u>

d. Financial expenses

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest on financing	(5,406)	(7,648)	(5,477)	(7,878)
Interest on borrowings	(64,041)	(59,910)	(64,150)	(59,922)
Interest on notes payable	(398)	(503)	(398)	(503)
Indexation accruals on contingencies	(3,757)	(3,683)	(4,605)	(4,437)
REFIS (financing of tax liabilities)	(42)	(63)	(42)	(63)
Debentures	(256,794)	(151,503)	(256,794)	(151,503)
Interest and commission on letters of guarantee	(740)	(1,657)	(742)	(1,663)
Bank expenses, discounts granted and others	(15,376)	(15,220)	(15,298)	(17,146)
Cost of hedges and exchange variations on loans	(76)	(299)	(76)	(299)
Cost of hedges and exchange variations on suppliers	12	(1,098)	(11,677)	(14,840)
Reversals of present value adjustments	(3,917)	(1,605)	(5,126)	(2,010)
Capitalized interest	890	594	37,113	30,916
Other	(1,260)	(45)	(3,238)	(122)
	<u>(350,905)</u>	<u>(242,640)</u>	<u>(330,510)</u>	<u>(229,470)</u>

29 Related-party transactions

The Company is a publicly traded company with its shares traded on the 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. In assets and liabilities

					Parent company
					March 31, 2023
Related parties	Other amounts receivable	Shareholders' indemnity	Suppliers	Accounts payable	Other amounts payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	-	(135,177)	-	(3,849)
My Agência Propaganda Ltda.	-	-	-	-	-
Brainfarma Ind. Quím. e Farmacêutica S.A.	4,816	-	(606,620)	-	-
Megatelecom Telecommunications S.A.	37	-	-	(82)	-
Bio Scientific Indústria de Cosméticos Ltda.	-	-	-	-	-
Solana Agropecuária Ltda.	42	-	-	-	-
João Alves de Queiroz Filho	-	163,354	-	-	-
Total	4,895	163,354	(741,797)	(82)	(3,849)

					Consolidated
					March 31, 2023
Related parties	Other amounts receivable	Shareholders' indemnity	Suppliers	Accounts payable	Other amounts payable
Megatelecom Telecommunications S.A.	37	-	-	(102)	-
João Alves de Queiroz Filho	-	168,089	-	-	-
Total	37	168,089	-	(102)	-

					Parent company
					December 31, 2022
Related parties	Other amounts receivable	Shareholders' indemnity	Suppliers	Accounts payable	Other amounts payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	-	(104,605)	-	(1,908)
My Agência Propaganda Ltda.	5	-	-	-	-
Brainfarma Ind. Quím. e Farmacêutica S.A.	5,634	-	(639,351)	-	-
Megatelecom Telecommunications S.A.	20	-	-	(74)	-
Bio Scientific Indústria de Cosméticos Ltda.	-	-	(7)	-	-
Solana Agropecuária Ltda.	-	-	-	-	-
João Alves de Queiroz Filho	-	158,258	-	-	-
Total	5,659	158,258	(743,963)	(74)	(1,908)

					Consolidated
					December 31, 2022
Related parties	Other amounts receivable	Shareholders' indemnity	Suppliers	Accounts payable	Other amounts payable
Megatelecom Telecommunications S.A.	20	-	-	(94)	-
João Alves de Queiroz Filho	-	162,829	-	-	-
Total	20	162,829	-	(94)	-

b. In income for the period

								Parent company
								March 31, 2023
Related parties	Transactions		Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(173,473)	-	-	-	-	(2,523)	-	-
My - Agência Propaganda Ltda.	-	-	(1,140)	-	-	-	-	-
TV Serra Dourada Ltda.	-	-	(480)	-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(843,180)	-	-	-	-	(17,646)	-	-
Megatelecom Telecommunications S.A.	-	104	-	-	(121)	-	-	-
Bio Scientific Indústria de Cosméticos Ltda.	(115)	-	-	-	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	1,487
	<u>(1,016,768)</u>	<u>104</u>	<u>(1,620)</u>	<u>-</u>	<u>(121)</u>	<u>(20,169)</u>	<u>-</u>	<u>1,487</u>

								Consolidated
								March 31, 2023
Related parties	Transactions		Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial expenses	Financial income
TV Serra Dourada Ltda.	-	-	(480)	-	-	-	-	-
Megatelecom Telecommunications S.A.	-	104	-	-	(151)	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	1,613
	<u>-</u>	<u>104</u>	<u>(480)</u>	<u>-</u>	<u>(151)</u>	<u>-</u>	<u>-</u>	<u>1,613</u>

								Parent company
								March 31, 2022
Related parties	Transactions		Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial income	Financial expenses
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(124,619)	-	-	-	-	(1,965)	-	-
My - Agência Propaganda Ltda.	-	-	(1,140)	-	-	-	-	-
TV Serra Dourada Ltda.	-	-	(60)	-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(575,475)	-	-	-	-	(13,320)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	2,094	-
	<u>(700,094)</u>	<u>-</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>(15,285)</u>	<u>2,094</u>	<u>-</u>

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

c. Compensation of key management personnel

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

	Parent company		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Salaries and other short-term benefits	4,723	4,652	4,723	4,652
Board members' fees	1,440	1,114	1,440	1,114
Share-based payments	2,604	3,203	2,604	3,203
	<u>8,767</u>	<u>8,969</u>	<u>8,767</u>	<u>8,969</u>

30 Other matters

Accounting impacts related to climate change

With a view to reducing the socio-environmental impacts of the operation, the Company maintains its manufacturing plants in controlled and industrial locations. Among the main risks monitored and controlled are the handling of products and generation of hazardous waste; water consumption and effluent generation; and the emission of Greenhouse Gases (GHG). The Company follows the best corporate governance practices recommended by the Brazilian Institute of Corporate Governance (IBGC), considering accountability, transparency, equity and corporate responsibility, fundamental values for its business, and all its actions are disclosed in Company's official communication channels duly assured by independent auditors. According to the Company's assessment, it did not generate accounting impacts.

31 Events after the reporting period

a. Borrowings

On April 5, 2023, the Company obtained a loan in the amount of EUR 54,473,459 at an interest rate of 5.3701% p.a., maturing on March 31, 2026, from Banco BNP Paribas Paris. The loan was hedged at the interest rate of CDI+1.79% in the amount of R\$ 300,000.

b. Issuance of debentures

On April 18, 2023, a meeting of the Company's Board of Directors approved the Company's 15th issue of simple debentures, non-convertible, of the unsecured type, in a single series, for public distribution, under the rite of automatic registration of distribution, ("Debentures" and "Issuance", respectively), pursuant to CVM Resolution 160, of July 13, 2022, as amended, so that 800,000 Debentures will be issued, with a par value of R\$ 1,000.00, for a total amount of R\$ 800,000, with a maturity of five years, as of April 25, 2023.

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