

Hypera S.A.
Quarterly information report
June 30, 2022

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Hypera Pharma reports 25.8% growth in Net Revenue and 31.4% in Cash Flow from Operations in 2Q22, with organic market-share gain for the 7th consecutive quarter

São Paulo, July 28, 2022 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the 2nd quarter of 2022. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2Q22 Highlights

- Highest ever recorded sell-out growth of 25.0%¹ in 2Q22, or 6.5p.p. above the market growth²
- Net Revenue of R\$1,895.6 million in the quarter, up 25.8% over 2Q21
- Institutional Market Net Revenue growth of 157.2% in 2Q22, when compared to 2Q21
- EBITDA from Continuing Operations (excl. Others) of R\$674.1 million, or 31.0% higher than 2Q21
- Cash Flow from Operations of R\$535.1 million in 2Q22, up 31.4% over 2Q21
- Interest on Equity approval of R\$194.8 million in 2Q22

Table 1

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,725.7	114.5%	2,154.8	113.7%	24.9%	3,057.2	114.2%	3,864.1	114.0%	26.4%
Net Revenue	1,507.4	100.0%	1,895.6	100.0%	25.8%	2,678.2	100.0%	3,389.2	100.0%	26.5%
Gross Profit	987.7	65.5%	1,208.0	63.7%	22.3%	1,740.5	65.0%	2,147.2	63.4%	23.4%
SG&A (excl. Marketing and R&D)	(182.0)	-12.1%	(225.3)	-11.9%	23.8%	(348.8)	-13.0%	(432.0)	-12.7%	23.8%
Marketing	(298.3)	-19.8%	(312.2)	-16.5%	4.6%	(513.0)	-19.2%	(545.2)	-16.1%	6.3%
EBITDA from Continuing Operations (excl. Others)	514.7	34.1%	674.1	35.6%	31.0%	876.2	32.7%	1,174.1	34.6%	34.0%
Net Income from Continuing Operations	479.4	31.8%	455.5	24.0%	-5.0%	787.1	29.4%	805.0	23.8%	2.3%
Cash Flow from Operations	407.1	27.0%	535.1	28.2%	31.4%	558.2	20.8%	846.8	25.0%	51.7%

EARNINGS CONFERENCE CALL – PORTUGUESE: 7/29/2022, 11am (Brasília) / 10am (New York)

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Operating Scenario

Hypera Pharma's Net Revenue grew 25.8% in 2Q22 and reached R\$1,895.6 million. This performance was mainly driven by the 25.0%¹ organic sell-out growth, or 6.5p.p. above market growth², the highest sell-out growth ever recorded by the Company in a quarter, which was mainly favored by May and June performance.

The Company presented organic sell-out growth above the market for the 7th consecutive quarter and in all of its business units dedicated to the Brazilian pharmaceutical retail once again.

This sell-out performance is a result of the pace of launches acceleration in recent years, the increase in production capacity and the investments in the Company's unique portfolio of brands, and has also been supported by the policies of internal inventories of raw material and finished products at clients, which ensured the supply of Hypera Pharma's main products to Brazilian drugstores in this period of greater unavailability of medicines in the pharmaceutical market.

In **Consumer Health**, the market-share gain was driven by the leading brands performance in anti-flu, analgesic, gastrointestinal and antispasmodic categories, with the Power Brands³ **Buscopan**, **Benegrip**, **Neosaldina**, **Engov** and **Epocler** as the main highlights. In **Prescription Products**, the performance benefited from the Power Brands **Nesina**, **Predsim**, **Alivium**, **Rinosoro**, **Dramin** and **Alektos**, as well as from the recent launches in gynecology, orthopedics, central nervous system and cardiology.

In **Skincare**, the Company grew above the market again, boosted mainly by the recent launches and brand extensions in **Mantecorp Skincare**, the brand most prescribed by dermatologists in Brazil. Another highlight of 2Q22 was the growth of the clean-beauty brand **Simple Organic**.

The **Neo Química** brand for similar and generics was once again favored by the acceleration in the pace of launches of new molecules in generics, by the growth of the Power Brand **Neosoro** and **Vitaminas Neo Química**, and by the expansion of production capacity in the industrial complex of Anápolis. The **Institutional Market** contributed with R\$128.1 million to Net Revenue in the quarter, versus R\$49.8 million in 2Q21, mainly reflecting the additional revenue from the sale of Immunoglobulin.

The organic sell-out growth and the main Power Brands performance contributed to Hypera Pharma's: (i) EBITDA Margin from Continuing Operations expansion of 1.5 percentage point to 35.6% in 2Q22, when excluding the contribution from Other Operating Revenues; and (ii) Cash Flow from Operations growth of 31.4% when compared to 2Q21, to R\$535.1 million, reaching the highest level ever recorded by the Company in a second quarter.

This operational performance is important for the Company to continue investing in its sustainable growth to increasingly strengthen its share in the Brazilian pharmaceutical market and its leading brands, without losing sight of its commitment to shareholders remuneration and its stakeholders well-being.

In 2Q22, the Company announced the acquisition of the know-how and the site responsible for the production of raw material related to scopolamine. This acquisition: (i) will guarantee autonomy in the supply of the main raw material to produce the **Buscopan**, a reference in the Brazilian pharmaceutical market for over-the-counter (OTC) products; (ii) will contribute to increase **Buscopan's** gross margin after the internalization of the process for extracting scopolamine by Hypera Pharma; and (iii) will allow the Company to sell the scopolamine surplus to third parties, supporting the growth of Net Revenue in the medium term.

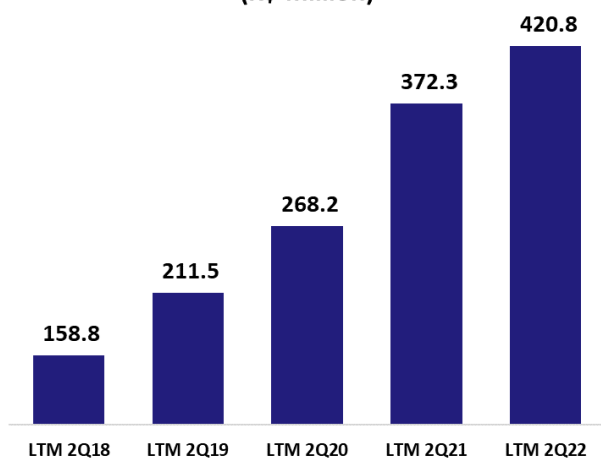
The Company also approved Interest on Equity of R\$194.8 million, or R\$0.31/share, and published its 2021 Annual Report, which presents Hypera Pharma's environmental, social and economic highlights and initiatives, including reduction of emissions and waste goals, aiming to enhance its value generation so that Hypera Pharma continues "connecting purposes so that people can live longer and better".

The performance presented in the first half of the year already places Hypera Pharma as the biggest pharmaceutical company in the Brazilian market¹. This performance, together with the strength and resilience of the Company's leading brands and the expected contribution of the launches and the brands acquired from Sanofi, reinforce Hypera Pharma's confidence in achieving its financial projections set for 2022.

Note: (1) Sell-out PPP (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price by pharmacies and chains; (2) As informed by IQVIA, excludes the infant formula segment; (3) Power Brands are brands with +R\$100 million sell-out.

Innovation & Launches

R&D Investments¹
(R\$ million)



Total investments in Research and Development (R&D), including the amount capitalized as intangible assets and the effect of Lei do Bem, were R\$122.8 million in the quarter, corresponding to 6.5% of Net Revenue.

In the last 12 months, investments in R&D reached R\$420.8 million, or 13.0% higher than the same period of the previous year, evidencing the Company's commitment to the constant innovation of its portfolio.

The Freshness Index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 27% in 2Q22, compared to 21% recorded in 1Q22. It should be noted that the Freshness Index calculation includes the contribution of the Buscopan family and the portfolio of medicines acquired from Takeda and Sanofi.

In 2Q22, Hypera Pharma launched several new products in all its business units dedicated to the pharmaceutical retail market.

The main highlights were: (i) the patented estrogen-free contraceptive **Ammy**, which marks the Company's entry into the main category of the women's health market in Brazil, with a sell-out, according to IQVIA, of R\$1.7 billion in the last 12 months; (ii) the herbal medicine based on turmeric **Curc**; (iii) **Epocler Todo Dia**, Power Brand Epocler's first line extension; (iv) the **Buscofem Hot** colic relief thermal adhesive, first line extension of the Buscofem brand launched since the completion of the acquisition in 2020; and (v) the launch of **Bilastina**, generic version of the Power Brand **Alektos**.



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 amortizations

Earnings Discussion

Income Statement

Table 2

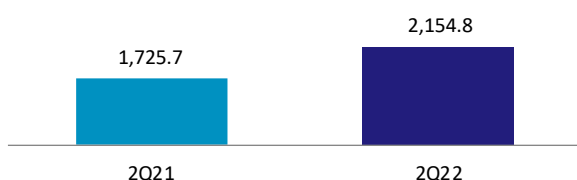
(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Net Revenue	1,507.4	100.0%	1,895.6	100.0%	25.8%	2,678.2	100.0%	3,389.2	100.0%	26.5%
Gross Profit	987.7	65.5%	1,208.0	63.7%	22.3%	1,740.5	65.0%	2,147.2	63.4%	23.4%
Marketing Expenses	(298.3)	-19.8%	(312.2)	-16.5%	4.6%	(513.0)	-19.2%	(545.2)	-16.1%	6.3%
Selling Expenses	(151.7)	-10.1%	(188.7)	-10.0%	24.4%	(303.1)	-11.3%	(372.4)	-11.0%	22.9%
General and Administrative Expenses	(59.2)	-3.9%	(70.5)	-3.7%	19.2%	(115.1)	-4.3%	(136.0)	-4.0%	18.2%
Other Operating Revenues (Expenses)	77.2	5.1%	9.2	0.5%	-88.1%	77.7	2.9%	14.8	0.4%	-80.9%
Equity in Subsidiaries	3.7	0.2%	(1.8)	-0.1%	-	3.2	0.1%	3.7	0.1%	16.6%
EBIT from Continuing Operations	559.3	37.1%	644.0	34.0%	15.1%	890.2	33.2%	1,112.1	32.8%	24.9%
Net Financial Expenses	(71.9)	-4.8%	(210.4)	-11.1%	192.4%	(113.3)	-4.2%	(384.0)	-11.3%	239.0%
Income Tax and CSLL	(8.0)	-0.5%	21.9	1.2%	-	10.2	0.4%	76.9	2.3%	657.1%
Net Income (Loss) from Continuing Operations	479.4	31.8%	455.5	24.0%	-5.0%	787.1	29.4%	805.0	23.8%	2.3%
Net Income from Discontinued Operations	(8.8)	-0.6%	0.4	0.0%	-	(11.4)	-0.4%	(2.2)	-0.1%	-80.5%
Net Income (Loss)	470.6	31.2%	455.9	24.1%	-3.1%	775.7	29.0%	802.8	23.7%	3.5%
EBITDA from Continuing Operations	591.9	39.3%	683.3	36.0%	15.4%	953.8	35.6%	1,188.9	35.1%	24.6%

Net Revenue

Graph 1

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

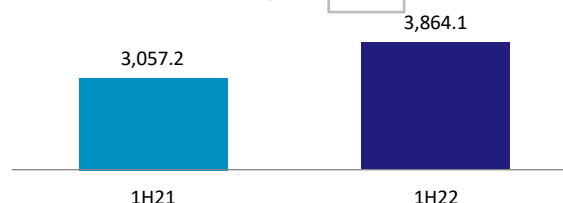
Δ 2Q22 vs 2Q21 24.9%



Graph 2

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

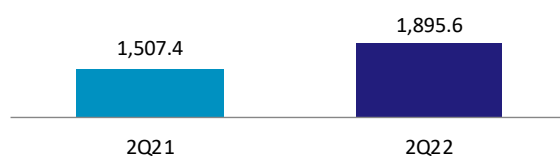
Δ 1H22 vs 1H21 26.4%



Graph 3

Net Revenue (R\$ mm)

Δ 2Q22 vs 2Q21 25.8%



Graph 4

Net Revenue (R\$ mm)

Δ 1H22 vs 1H21 26.5%

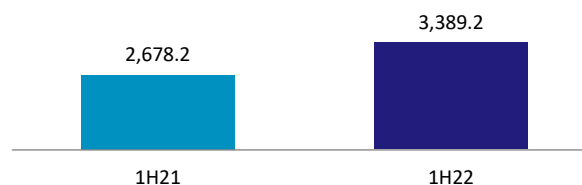


Table 3

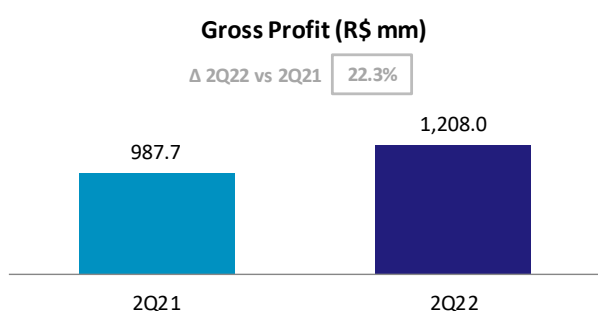
(R\$ million)	2Q21	2Q22	Δ %	1H21	1H22	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,725.7	2,154.8	24.9%	3,057.2	3,864.1	26.4%
Promotional Discounts	(99.2)	(105.9)	6.8%	(161.8)	(199.9)	23.5%
Taxes	(119.2)	(153.1)	28.5%	(217.2)	(275.0)	26.6%
Net Revenue	1,507.4	1,895.6	25.8%	2,678.2	3,389.2	26.5%

In 2Q22, Net Revenue grew 25.8% when compared to the same period of the previous year, reaching R\$1,895.6 million.

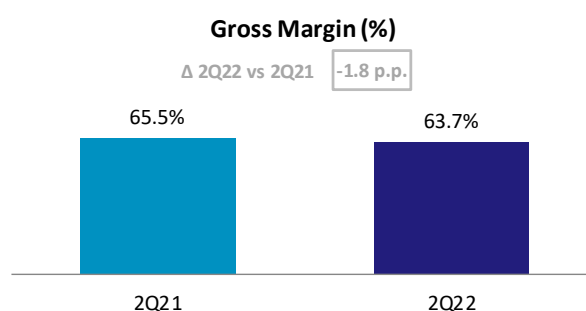
This growth is the result of: (i) the increase in sell-out in all business units dedicated to the pharmaceutical retail market in the period; (ii) the growth of the **Institutional Market's** Net Revenue, which went from R\$49.8 million in 2Q21 to R\$128.1 million in 2Q22, benefited by additional revenue from the sale of Immunoglobulin; and (iii) the contribution to the Net Revenue of R\$54.4 million from the brands acquired from Sanofi.

Gross Profit

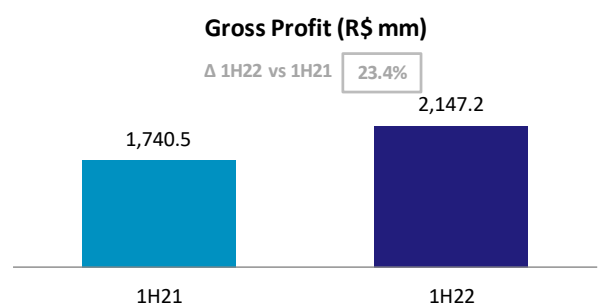
Graph 5



Graph 6



Graph 7



Graph 8

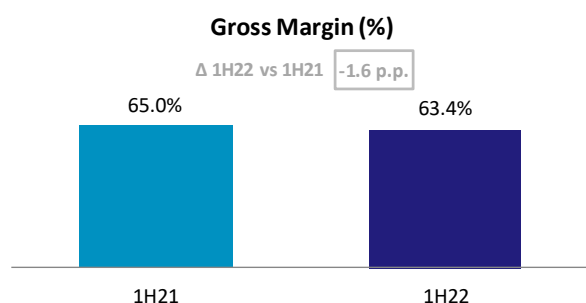


Table 4

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	Δ p.p.	1H21	% NR	1H22	% NR	Δ %	Δ p.p.
Gross Profit	987.7	65.5%	1,208.0	63.7%	22.3%	-1.8 p.p.	1,740.5	65.0%	2,147.2	63.4%	23.4%	-1.6 p.p.

Gross Profit reached R\$1,208.0 million in 2Q22, with a Gross Margin of 63.7%, versus 65.5% in 2Q21. The variation of Gross Margin in the period is a consequence of the increase in the Institutional Market's share in the product mix.

It is important to mention that the impact of the higher share of the Institutional Market in the product mix does not affect the Company's EBITDA Margin in a relevant way, given the lower relevance of investments in Marketing and Sales in this market, when compared to the traditional pharmaceutical retail.

Marketing Expenses

Table 5

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Marketing Expenses	(298.3)	-19.8%	(312.2)	-16.5%	4.6%	(513.0)	-19.2%	(545.2)	-16.1%	6.3%
Advertisement and Consumer Promotion	(100.9)	-6.7%	(100.1)	-5.3%	-0.7%	(160.5)	-6.0%	(166.2)	-4.9%	3.6%
Trade Deals	(42.8)	-2.8%	(43.6)	-2.3%	1.9%	(76.3)	-2.8%	(79.4)	-2.3%	4.1%
Medical Visits, Promotions and Others	(154.6)	-10.3%	(168.4)	-8.9%	8.9%	(276.2)	-10.3%	(299.6)	-8.8%	8.5%

The Company continues to invest in its unique portfolio of leading brands and in 2Q22 Marketing Expenses totaled R\$312.2 million, the highest level ever recorded by Hypera Pharma in a quarter.

Marketing Expenses decreased their share of Net Revenue by 3.3 percentage points in the quarter, when compared to 2Q21, mainly due to: (i) the acceleration of the sell-out growth of leading Consumer Health, Prescription Products and Skincare Power Brands; (ii) the Institutional Market Net Revenue growth; and (iii) the capture of operational synergies from the integration of the portfolio acquired from Sanofi.

Selling Expenses

Table 6

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Selling Expenses	(151.7)	-10.1%	(188.7)	-10.0%	24.4%	(303.1)	-11.3%	(372.4)	-11.0%	22.9%
Commercial Expenses	(92.1)	-6.1%	(115.0)	-6.1%	24.9%	(176.0)	-6.6%	(223.6)	-6.6%	27.1%
Freight and Logistics Expenses	(30.7)	-2.0%	(39.7)	-2.1%	29.4%	(57.8)	-2.2%	(72.4)	-2.1%	25.2%
Research & Development	(29.0)	-1.9%	(33.9)	-1.8%	17.2%	(69.3)	-2.6%	(76.4)	-2.3%	10.2%

Selling Expenses represented 10.0% of Net Revenue in 2Q22, a level similar to that recorded in same period of the previous year.

Total investments in Research and Development (R&D), including the amount capitalized as intangible assets, represented 6.5% of Net Revenue in the quarter, or 1.7 percentage point higher than 2Q21, and already reflect the additional investments in R&D to develop the innovation pipeline to support the Institutional Market growth. In 2Q22, the benefit from Lei do Bem was R\$11.3 million, while in 2Q21 the Company did not get this benefit.

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

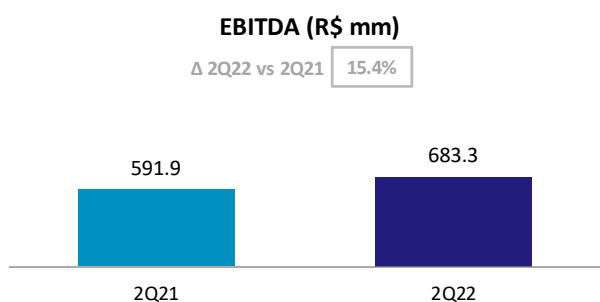
Table 7

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
General & Administrative Expenses	(59.2)	-3.9%	(70.5)	-3.7%	19.2%	(115.1)	-4.3%	(136.0)	-4.0%	18.2%
Other Operating Revenues (Expenses)	77.2	5.1%	9.2	0.5%	-88.1%	77.7	2.9%	14.8	0.4%	-80.9%

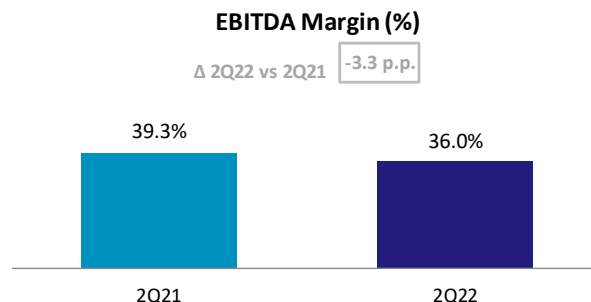
General and Administrative Expenses reduced their share of Net Revenue by 0.2 percentage point in the 2Q22, and already reflect the capture of synergies from the integration of the brands acquired from Sanofi. The variation in Other Operating Revenues is mainly the result of the accounting of tax credits recorded in 2Q21.

EBITDA from Continuing Operations

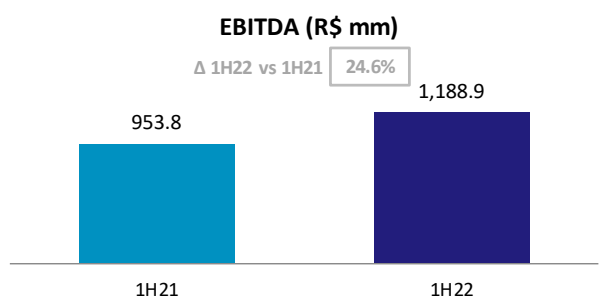
Graph 9



Graph 10



Graph 11



Graph 12

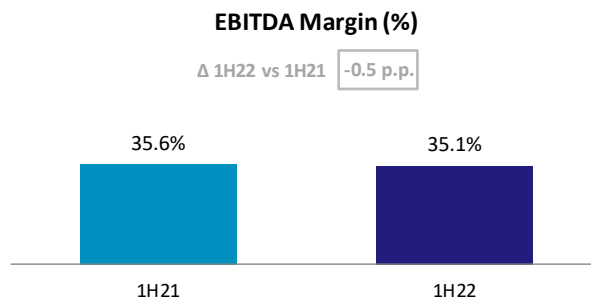


Table 8 – EBITDA from Continuing Operations

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
EBITDA from Continuing Operations	591.9	39.3%	683.3	36.0%	15.4%	953.8	35.6%	1,188.9	35.1%	24.6%
EBITDA from Continuing Operations (excl. Others)	514.7	34.1%	674.1	35.6%	31.0%	876.2	32.7%	1,174.1	34.6%	34.0%

EBITDA from Continuing Operations was R\$683.3 million in 2Q22, with a 36.0% margin. **When excluded the contribution of Other Operating Revenues, EBITDA Margin from Continuing Operations grew 1.5 percentage point over 2Q21 and reached 35.6%,** mainly as a result of the dilution of Marketing Expenses in the period.

Net Financial Expenses

Table 9

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ R\$	1H21	% NR	1H22	% NR	Δ R\$
Financial Result	(71.9)	-4.8%	(210.4)	-11.1%	(138.4)	(113.3)	-4.2%	(384.0)	-11.3%	(270.7)
Net Interest Expenses	(45.8)	-3.0%	(184.7)	-9.7%	(138.9)	(79.0)	-3.0%	(319.5)	-9.4%	(240.4)
Cost of Hedge and FX Gains (Losses)	(13.1)	-0.9%	(9.2)	-0.5%	3.9	(9.9)	-0.4%	(24.3)	-0.7%	(14.4)
Other	(13.0)	-0.9%	(16.5)	-0.9%	(3.5)	(24.3)	-0.9%	(40.2)	-1.2%	(15.9)

Financial Result showed negative balance of R\$210.4 million in 2Q22, versus R\$71.9 million in 2Q21. The variation is a consequence of the increase in interest expenses in the period, as a result of: (i) the higher gross debt of the Company, mainly resulting from the issuance of debentures to pay for recent acquisitions; and (ii) the increase in the Selic rate.

Net Income

Table 10

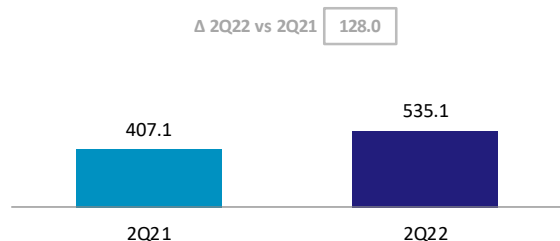
(R\$ million)	2Q21	2Q22	Δ %	1H21	1H22	Δ %
EBIT from Continuing Operations	559.3	644.0	15.1%	890.2	1,112.1	24.9%
(-) Net Financial Expenses	(71.9)	(210.4)	192.4%	(113.3)	(384.0)	239.0%
(-) Income Tax and Social Contribution	(8.0)	21.9	-	10.2	76.9	657.1%
Net Income from Continuing Operations	479.4	455.5	-5.0%	787.1	805.0	2.3%
(+) Net Income from Discontinued Operations	(8.8)	0.4	-	(11.4)	(2.2)	-80.5%
Net Income	470.6	455.9	-3.1%	775.7	802.8	3.5%
EPS	0.75	0.72	-2.9%	1.23	1.27	3.7%
EPS from Continuing Operations	0.76	0.72	-4.8%	1.25	1.27	2.4%

Net Income from Continuing Operations totaled R\$455.5 million in the quarter, or 5.0% lower than 2Q21. The variation of Net Income from Continuing Operations is mainly a consequence of the 15.1% growth in EBIT of Continuing Operations and the R\$138.4 million increase in Net Financial Expenses.

Cash Flow (Continuing and Discontinued Operations)

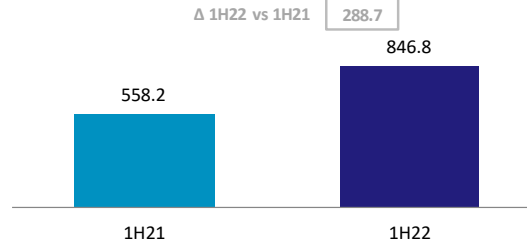
Graph 13

Cash Flow from Operations (R\$ mm)



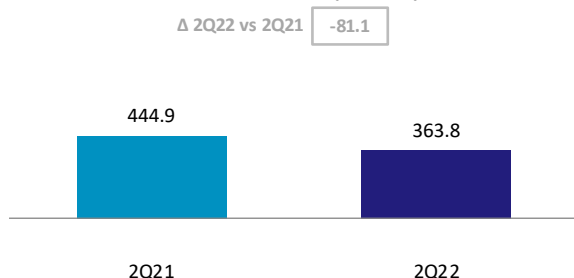
Graph 14

Cash Flow from Operations (R\$ mm)



Graph 15

Free Cash Flow (R\$ mm)



Graph 16

Free Cash Flow (R\$ mm)

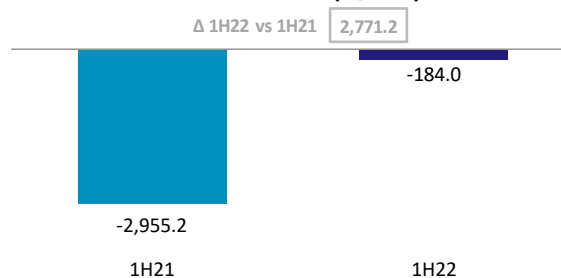


Table 11

(R\$ million)	2Q21	2Q22	1H21	1H22
Cash Flow from Operations	407.1	535.1	558.2	846.8
Capital increase in subsidiaries/associates	(20.2)	(2.0)	(20.4)	(6.2)
Purchase of Property, Plant and Equipment	(112.5)	(94.3)	(227.7)	(196.7)
Purchase of Intangible Assets	(49.1)	(83.8)	(95.8)	(813.7)
Acquisitions of Subsidiaries, Net of Cash Acquired	(9.8)	0.0	(3,553.5)	(10.0)
Sale of Property, Plant and Equipment	229.4	8.8	384.0	(4.2)
(=) Free Cash Flow	444.9	363.8	(2,955.2)	(184.0)

Cash Flow from Operations grew 31.4% in the quarter, in line with the EBITDA from Continuing Operations growth when excluding the contribution of Other Operating Revenues, **and amounted R\$535.1 million, reaching the highest level ever recorded by the Company in a second quarter**, even with the initial investment of R\$47.0 million in 2Q22 to build the working capital of the portfolio of brands acquired from Sanofi.

Free Cash Flow in 2Q22 was R\$81.1 million lower than 2Q21, as a result of cash inflows related to the sale of the Goiânia Distribution Center, which was dedicated to the Company's former consumer products operation and was leased to third parties, that positively affected the Sale of Property, Plant and Equipment in 2Q21.

Net Debt

Table 12

(R\$ million)	2Q22
Loans and Financing	(8,039.3)
Notes Payable	(34.5)
Gross Debt	(8,073.8)
Cash and Cash Equivalents	1,499.1
Net Cash / (Debt)	(6,574.7)
Unrealized Gain/Loss on Debt Hedge	(35.2)
Net Cash / (Debt) After Hedge	(6,609.9)

The Company ended 2Q22 with a Net Debt After Hedge position of R\$6,609.9 million, compared to R\$6,709.2 million in end of 1Q22, or 2.5x EBITDA from Continuing Operations set in the guidance for 2022. The reduction in Net Debt after Hedge in 2Q22 was benefited by the Free Cash Flow of R\$363.8 million from the quarter.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	2Q21	3Q21	4Q21	1Q22	2Q22	(R\$ million)	2Q21	3Q21	4Q21	1Q22	2Q22
Receivables ⁽¹⁾	98	91	103	104	94	Receivables	1,796	1,807	2,039	1,887	2,160
Inventories ⁽²⁾	200	188	193	249	223	Inventories	1,153	1,230	1,303	1,531	1,701
Payables ⁽²⁾⁽³⁾	(135)	(125)	(117)	(139)	(129)	Payables ⁽³⁾	(778)	(816)	(791)	(854)	(983)
Cash Conversion Cycle	163	154	179	214	188	Working Capital	2,171	2,222	2,552	2,564	2,878
						% of Annualized Net Revenue ⁽⁴⁾	36%	34%	39%	43%	38%

(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\$863.3 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$2,252.5 million (please refer to Explanatory Note 23(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 14

(R\$ million)	2Q21	% NR	2Q22	% NR	Δ %	1H21	% NR	1H22	% NR	Δ %
Net Income	470.6	31.2%	455.9	24.1%	-3.1%	775.7	29.0%	802.8	23.7%	3.5%
(+) Income Tax and CSLL	3.2	0.2%	(22.0)	-1.2%	-	(16.1)	-0.6%	(78.4)	-2.3%	386.3%
(+) Net Interest Expenses	71.9	4.8%	210.4	11.1%	192.4%	113.3	4.2%	384.0	11.3%	239.0%
(+) Depreciations / Amortizations	32.5	2.2%	39.2	2.1%	20.6%	63.7	2.4%	76.8	2.3%	20.7%
EBITDA	578.3	38.4%	683.5	36.1%	18.2%	936.5	35.0%	1,185.2	35.0%	26.6%
(-) EBITDA from Discontinued Operations	13.6	0.9%	(0.2)	0.0%	-	17.3	0.6%	3.7	0.1%	-78.5%
Adjusted EBITDA (EBITDA from Continuing Operations)	591.9	39.3%	683.3	36.0%	15.4%	953.8	35.6%	1,188.9	35.1%	24.6%

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

	2Q21	2Q22	1H21	1H22
Net Revenue	1,507,379	1,895,636	2,678,241	3,389,186
Cost of Goods Sold	(519,702)	(687,619)	(937,765)	(1,241,979)
Gross Profit	987,677	1,208,017	1,740,476	2,147,207
Selling and Marketing Expenses	(450,017)	(500,854)	(816,111)	(917,620)
General and Administrative Expenses	(59,202)	(70,545)	(115,063)	(136,019)
Other Operating Revenues (Expenses)	77,171	9,187	77,674	14,823
Equity in Subsidiaries	3,707	(1,762)	3,178	3,707
Operating Income Before Equity Income and Financial Result	559,336	644,043	890,154	1,112,098
Net Financial Expenses	(71,948)	(210,373)	(113,261)	(383,966)
Financial Expenses	(91,654)	(264,703)	(149,722)	(494,173)
Financial Income	19,706	54,330	36,461	110,207
Profit Before Income Tax and Social Contribution	487,388	433,670	776,893	728,132
Income Tax and Social Contribution	(7,970)	21,850	10,158	76,909
Net Income from Continuing Operations	479,418	455,520	787,051	805,041
Net Income from Discontinued Operations	(8,835)	413	(11,376)	(2,220)
Income for the Period	470,583	455,933	775,675	802,821
Earnings per Share – R\$	0.75	0.72	1.23	1.27

Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2021	06/30/2022	Liabilities and Shareholders' Equity	12/31/2021	06/30/2022
Current Assets	6,491,633	6,408,422	Current Liabilities	2,776,526	3,618,168
Cash and Cash Equivalents	2,287,062	1,499,105	Suppliers	327,133	396,416
Accounts Receivables	2,039,474	2,159,881	Suppliers' Assignment of Receivables	463,627	586,641
Inventories	1,303,480	1,701,394	Loans and Financing	565,648	1,369,016
Recoverable Taxes	597,195	558,774	Salaries Payable	284,290	304,484
Financial Derivatives	29,305	28,337	Income Tax and Social Contribution	984	1,340
Other Assets	232,348	460,824	Taxes Payable	68,865	70,034
Dividends and IOC receivables	2,769	107	Accounts Payable	276,647	424,855
			Dividends and IOC Payable	704,808	364,603
			Notes Payable	36,840	25,530
			Financial Derivatives	47,684	75,249
Non-Current Assets	13,326,329	14,508,325	Non-Current Liabilities	7,207,965	7,084,281
Long Term Assets	1,097,410	1,224,673	Loans and Financing	6,795,339	6,670,237
Deferred Income Tax and Social Contribution	355,115	497,677	Deferred Income Tax and Social Contribution	73,993	101,346
Recoverable Taxes	492,676	490,492	Taxes Payable	12,495	6,240
Other Assets	249,619	217,490	Accounts Payable	99,548	112,619
Financial Derivatives	0	19,014	Provisions for Contingencies	193,494	181,357
			Notes Payable	8,544	9,005
			Financial Derivatives	24,552	3,477
Fixed Assets and Investments	12,228,919	13,283,652	Shareholders' Equity	9,833,471	10,214,298
Investments	111,001	112,166	Capital	4,478,126	4,478,126
Investment Properties	25,616	25,261	Capital Reserve	1,251,417	1,234,154
Property, Plants and Equipments	2,095,140	2,276,605	Equity Valuation Adjustments	(181,839)	(250,800)
Intangible Assets	9,997,162	10,869,620	Profit Reserves	4,360,237	4,360,237
			Treasury Stock	(81,350)	(16,394)
			Attributed to non-controlling shareholders	6,880	6,280
			Income for the Period	0	402,695
Total Assets	19,817,962	20,916,747	Total Liabilities and Shareholders' Equity	19,817,962	20,916,747

Consolidated Cash Flow Statement (R\$ thousand)

Table 17

	2Q21	2Q22	1H21	1H22
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	473,817	433,901	759,551	724,405
Depreciation and Amortization	32,537	39,242	63,683	76,848
Asset Impairment	(10,846)	(960)	(10,749)	(595)
Gain on Permanent Asset Disposals	17,387	45,290	3,100	45,702
Equity Method	(3,354)	1,957	(2,768)	(3,512)
Foreign Exchange (Gains) Losses	13,095	9,160	9,884	24,299
Net Interest and Related Revenue/Expenses	58,853	201,213	103,377	359,667
Expenses Related to Share Based Remuneration	6,243	7,246	10,374	12,925
Provisions	(8,042)	18,048	8,166	10,465
Adjusted Results	579,690	755,097	944,618	1,250,204
Decrease (Increase) in Assets	(213,524)	(419,254)	(509,178)	(584,815)
Trade Accounts Receivable	(246,298)	(265,597)	(276,988)	(107,804)
Inventories	(57,744)	(254,505)	(238,165)	(438,821)
Recoverable Taxes	(38,886)	20,110	(88,112)	62,413
Judicial Deposits and Others	3,749	(6,402)	20,786	(14,267)
Other Accounts Receivable	125,655	87,140	73,301	(86,336)
Increase (Decrease) in Liabilities	40,940	199,219	122,714	181,447
Suppliers	27,133	11,114	69,640	74,862
Suppliers' Assignment of Receivables	(4,891)	130,421	5,753	118,201
Financial Derivatives	(4,590)	(57,878)	7,466	(99,563)
Income Tax and Social Contribution Paid	10	(71)	(6,872)	(542)
Taxes Payable	4,144	12,860	14,498	432
Salaries and Payroll Charges	9,135	49,718	22,419	19,173
Accounts Payable	16,267	6,499	28,293	26,238
Operations Interest Paid	533	38,291	(11,570)	34,004
Other Accounts Payable	(6,801)	8,265	(6,913)	8,642
Net Cash Provided by Operating Activities	407,106	535,062	558,154	846,836
Cash Flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	(20,163)	(2,000)	(20,365)	(6,228)
Acquisitions of Subsidiaries, Net of Cash Acquired	(9,832)	0	(3,553,463)	(9,990)
Acquisitions of Property, Plant and Equipment	(112,532)	(94,258)	(227,656)	(196,741)
Intangible Assets	(49,142)	(83,805)	(95,809)	(813,684)
Proceeds from the Sale of Assets with Permanent Nature	229,445	8,754	383,958	(4,204)
Interest and Others	9,565	29,654	17,100	59,474
Investment Hedge	0	(9,083)	46,396	(149,449)
Net Cash From Investing Activities	47,341	(150,738)	(3,449,839)	(1,120,822)
Cash Flows from Financing Activities				
Borrowings	116,184	94,599	1,221,184	907,674
Treasury Stock Purchase / Sale	18,548	14,160	(66,425)	35,773
Repayment of Loans - Principal	(135,345)	(325,228)	(156,928)	(345,593)
Repayment of Loans - Interest	(77,864)	(238,963)	(103,878)	(368,110)
Dividends and IOC Paid	(24,627)	(24,953)	(696,221)	(729,752)
Loan Derivatives	0	0	0	(13,963)
Net Cash From Financing Activities	(103,104)	(480,385)	197,732	(513,971)
Net Increase (Decrease) in Cash and Cash Equivalents	351,343	(96,061)	(2,693,953)	(787,957)
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	1,698,002	1,595,166	4,743,298	2,287,062
Cash and Cash Equivalents at the End of the Period	2,049,345	1,499,105	2,049,345	1,499,105
Change in Cash and Cash Equivalent	351,343	(96,061)	(2,693,953)	(787,957)

(A free translation of the original in Portuguese)

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

Report on review of quarterly information

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

Introduction

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

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

Scope of review

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

Conclusion on the interim information

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

Emphasis of matter - Investigation in progress

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

Other matters

Statements of value added

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

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

Goiânia, April 28, 2022

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

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

(A free translation of the original in Portuguese)

Hypera S.A.

**Quarterly Information (ITR)
at June 30, 2022**

Hypera S.A.

Balance sheets

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Assets					Liabilities and equity				
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	1,355,918	2,121,253	1,499,105	2,287,062	Suppliers (Note 20)	912,004	878,489	396,416	327,133
Accounts receivable (Note 11)	2,131,921	2,017,241	2,159,881	2,039,474	Suppliers' assignments of receivables (Note 21)	8,665	7,625	586,641	463,627
Inventories (Note 12)	370,359	324,986	1,701,394	1,303,480	Loans, financing and debentures (Note 22)	1,361,383	557,077	1,369,016	565,648
Taxes recoverable (Note 13)	404,237	458,559	558,774	597,195	Salaries payable	200,903	178,762	304,484	284,290
Derivative financial instruments (Note 4(e))	-	15,360	28,337	29,305	Income tax and social contribution payable	-	-	1,340	984
Dividends receivable	9,380	13,159	107	2,769	Taxes payable (Note 24)	21,795	19,251	70,034	68,865
Other assets (Note 14)	372,129	181,510	460,824	232,348	Notes payable	25,530	36,840	25,530	36,840
	4,643,944	5,132,068	6,408,422	6,491,633	Dividends and interest on capital payable	364,603	704,808	364,603	704,808
					Derivative financial instruments (Note 4(e))	50,613	27,612	75,249	47,684
					Accounts payable (Note 25)	271,314	163,102	424,855	276,647
						3,216,810	2,573,566	3,618,168	2,776,526
Non-current assets					Non-current liabilities				
Long-term receivables					Loans, financing and debentures (Note 22)	6,667,965	6,789,877	6,670,237	6,795,339
Deferred income tax and social contribution (Note 23 (a))	460,516	312,530	497,677	355,115	Taxes payable (Note 24)	1,282	1,762	6,240	12,495
Taxes recoverable (Note 13)	388,395	433,969	490,492	492,676	Deferred income tax and social contribution (Note 23(b))	-	-	101,346	73,993
Derivative financial instruments (Note 4(e))	18,889	-	19,014	-	Provision for contingencies (Note 26)	153,611	166,711	181,357	193,494
Other assets (Note 14)	195,534	219,862	217,490	249,619	Derivative financial instruments (Note 4(e))	3,477	24,552	3,477	24,552
	1,063,334	966,361	1,224,673	1,097,410	Notes payable	9,005	8,544	9,005	8,544
					Accounts payable (Note 25)	90,288	80,174	112,619	99,548
						6,925,628	7,071,620	7,084,281	7,207,965
					Total liabilities	10,142,438	9,645,186	10,702,449	9,984,491
Investments (Note 16)	4,390,638	3,850,259	112,166	111,001	Equity				
Investment properties (Note 17)	25,261	25,616	25,261	25,616	Share capital (Note 27 (a))	4,478,126	4,478,126	4,478,126	4,478,126
Property, plant and equipment (Note 18)	194,710	179,767	2,276,605	2,095,140	Capital reserves	1,234,154	1,251,417	1,234,154	1,251,417
Intangible assets (Note 19)	10,032,569	9,317,706	10,869,620	9,997,162	Equity valuation adjustments	(250,800)	(181,839)	(250,800)	(181,839)
	14,643,178	13,373,348	13,283,652	12,228,919	Profit reserves	4,360,237	4,360,237	4,360,237	4,360,237
					Treasury shares	(16,394)	(81,350)	(16,394)	(81,350)
	15,706,512	14,339,709	14,508,325	13,326,329	Retained earnings	402,695	-	402,695	-
					Equity attributable to the owners of the parent company	10,208,018	9,826,591	10,208,018	9,826,591
					Equity attributable to non-controlling interests	-	-	6,280	6,880
					Total equity	10,208,018	9,826,591	10,214,298	9,833,471
Total assets	20,350,456	19,471,777	20,916,747	19,817,962	Total liabilities and equity	20,350,456	19,471,777	20,916,747	19,817,962

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

Hypera S.A.

Statement of income Periods ended June 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Continuing operations				
Net revenue (Note 28)	1,927,250	3,448,157	1,532,709	2,728,399
Cost of sales (Note 29(a))	(888,980)	(1,565,909)	(632,071)	(1,131,583)
Gross profit	1,038,270	1,882,248	900,638	1,596,816
Selling and marketing expenses (Note 29(a))	(461,280)	(829,249)	(414,594)	(737,910)
General and administrative expenses (Note 29(a))	(48,278)	(92,990)	(43,960)	(83,722)
Other operating (expenses) income, net (Note 29(b))	(22,193)	(10,228)	88,556	93,671
Equity accounting (Note 16 (b))	97,678	127,063	15,870	21,797
Income before financial income and expenses	604,197	1,076,844	546,510	890,652
Financial income (Note 29 (c))	47,285	96,184	18,062	33,357
Financial expenses (Note 29 (d))	(267,129)	(509,769)	(86,701)	(157,462)
Financial expenses, net	(219,844)	(413,585)	(68,639)	(124,105)
Income before income tax and social contribution	384,353	663,259	477,871	766,547
Income tax and social contribution (Note 23(c))	71,017	142,411	1,720	20,934
Net income from continuing operations	455,370	805,670	479,591	787,481
Discontinued operations				
Net income from discontinued operations (Note 15)	413	(2,220)	(8,835)	(11,376)
Net income for the period	455,783	803,450	470,756	776,105
Earnings per share				
Basic earnings per share (in R\$)	0.72324	1.27288	0.74514	1.22788
Diluted earnings per share (in R\$)	0.71238	1.25930	0.73618	1.21348
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.72223	1.27480	0.75885	1.24520
Diluted earnings per share (in R\$)	0.71195	1.26179	0.74973	1.23060

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

Hypera S.A.

Statement of income Periods ended June 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Consolidated			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Continuing operations				
Net revenue (Note 28)	1,895,636	3,389,186	1,507,379	2,678,241
Cost of sales (Note 29(a))	(687,619)	(1,241,979)	(519,702)	(937,765)
Gross profit	1,208,017	2,147,207	987,677	1,740,476
Selling and marketing expenses (Note 29(a))	(500,854)	(917,620)	(450,017)	(816,111)
General and administrative expenses (Note 29(a))	(70,545)	(136,019)	(59,202)	(115,063)
Other operating (expenses) income, net (Note 29(b))	9,187	14,823	77,171	77,674
Equity accounting (Note 16 (b))	(1,762)	3,707	3,707	3,178
Income before financial income and expenses	644,043	1,112,098	559,336	890,154
Financial income (Note 29 (c))	54,330	110,207	19,706	36,461
Financial expenses (Note 29 (d))	(264,703)	(494,173)	(91,654)	(149,722)
Financial expenses, net	(210,373)	(383,966)	(71,948)	(113,261)
Income before income tax and social contribution	433,670	728,132	487,388	776,893
Income tax and social contribution (Note 23(c))	21,850	76,909	(7,970)	10,158
Net income from continuing operations	455,520	805,041	479,418	787,051
Discontinued operations				
Net income from discontinued operations (Note 15)	413	(2,220)	(8,835)	(11,376)
Net income for the period	455,933	802,821	470,583	775,675
Attributable to				
Owners of the parent company	455,783	803,450	470,756	776,105
Non-controlling interests	150	(629)	(173)	(430)
	455,933	802,821	470,583	775,675
Earnings per share				
Basic earnings per share (in R\$)	0.72324	1.27288	0.74514	1.22788
Diluted earnings per share (in R\$)	0.71238	1.25930	0.73618	1.21348
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.72223	1.27480	0.75885	1.24520
Diluted earnings per share (in R\$)	0.71195	1.26179	0.74973	1.23060

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

Hypera S.A.

Statement of comprehensive income Periods ended June 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Net income for the period	455,783	803,450	470,756	776,105
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	(62,073)	34,165	(75,508)	(35,379)
Income tax and social contribution on other comprehensive income	21,095	(11,616)	25,672	12,029
	<u>(40,978)</u>	<u>22,549</u>	<u>(49,836)</u>	<u>(23,350)</u>
Items that will not be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	(5,390)	41,885	-	115,806
Income tax and social contribution on other comprehensive income	1,833	4,527	-	(39,374)
	<u>(3,557)</u>	<u>46,412</u>	<u>-</u>	<u>76,432</u>
Other comprehensive income, net of income tax and social contribution	(44,535)	68,961	(49,836)	53,082
Comprehensive income for the period	411,248	872,411	420,920	829,187

	Consolidated			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Net income for the period	455,933	802,821	470,583	775,675
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	(62,073)	34,165	(75,508)	(35,379)
Income tax and social contribution on other comprehensive income	21,095	(11,616)	25,672	12,029
	<u>(40,978)</u>	<u>22,549</u>	<u>(49,836)</u>	<u>(23,350)</u>
Items that will not be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	(5,390)	41,885	-	115,806
Income tax and social contribution on other comprehensive income	1,833	4,527	-	(39,374)
	<u>(3,557)</u>	<u>46,412</u>	<u>-</u>	<u>76,432</u>
Other comprehensive income, net of income tax and social contribution	(44,535)	68,961	(49,836)	53,082
Comprehensive income for the period	411,398	871,782	420,747	828,757
Attributable to				
Owners of the parent company	411,248	872,411	420,920	829,187
Non-controlling interests	150	(629)	(173)	(430)
	<u>411,398</u>	<u>871,782</u>	<u>420,747</u>	<u>828,757</u>

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

Hypera S.A.

Statement of changes in equity

Periods ended June 30

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	Debt subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve	Retained earnings			
Balances at January 1, 2021	4,478,126	1,119,797	96,340	50,244	(278)	(336,724)	180,592	3,426,232	226,386	-	9,240,715	-	9,240,715
Recognition of provision for returns by estimate	-	-	-	-	-	-	-	-	-	(24,091)	(24,091)	-	(24,091)
Share purchase options	-	-	(515)	-	-	-	-	-	-	-	(515)	-	(515)
Results on sales of treasury shares	-	(22,755)	-	-	-	-	-	-	-	-	(22,755)	-	(22,755)
Acquisition of shares (Note 27(d))	-	-	-	-	(85,118)	-	-	-	-	-	(85,118)	-	(85,118)
Sales of shares (Note 27(d))	-	-	-	-	41,448	-	-	-	-	-	41,448	-	41,448
Net income for the period	-	-	-	-	-	-	-	-	-	776,105	776,105	-	776,105
Interest on capital	-	-	-	-	-	-	-	-	-	(389,543)	(389,543)	-	(389,543)
Non-controlling interests in subsidiaries/associates	-	-	-	-	-	-	-	-	-	-	-	2,945	2,945
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	53,082	-	-	-	-	53,082	-	53,082
At June 30, 2021	4,478,126	1,097,042	95,825	50,244	(43,948)	(283,642)	180,592	3,426,232	226,386	362,471	9,589,328	2,945	9,592,273
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
Adjustments from prior years	-	-	-	-	-	-	-	-	-	(11,208)	(11,208)	-	(11,208)
Share purchase options	-	-	11,920	-	-	-	-	-	-	-	11,920	-	11,920
Results on sales of treasury shares	-	(29,183)	-	-	-	-	-	-	-	-	(29,183)	-	(29,183)
Sales of shares (Note 27(d))	-	-	-	-	64,956	-	-	-	-	-	64,956	-	64,956
Net income for the period	-	-	-	-	-	-	-	-	-	803,450	803,450	(629)	802,821
Interest on capital	-	-	-	-	-	-	-	-	-	(389,547)	(389,547)	-	(389,547)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	29	29
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	(68,961)	-	-	-	-	(68,961)	-	(68,961)
Balances at June 30, 2022	4,478,126	1,061,712	122,198	50,244	(16,394)	(250,800)	180,592	3,993,329	186,316	402,695	10,208,018	6,280	10,214,298

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

Hypera S.A.

Statement of cash flows Periods ended June 30

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	659,560	749,494	724,405	759,551
Adjustments				
Depreciation and amortization	29,892	24,487	76,848	63,683
Impairment of assets	(939)	(655)	(595)	(10,749)
Results on sales of fixed assets	45,959	(2,352)	45,702	3,100
Equity accounting	(126,834)	(20,840)	(3,512)	(2,768)
Foreign exchange (gains) losses	(208)	1,076	24,299	9,884
Interest and related expenses (income), net	413,793	123,029	359,667	103,377
Share-based compensation expenses	11,110	8,963	12,925	10,374
Provisions	(2,626)	7,998	10,465	8,166
Adjusted income	1,029,707	891,200	1,250,204	944,618
Changes in assets and liabilities				
Accounts receivable	(101,672)	(275,055)	(107,804)	(276,988)
Inventory	(70,395)	(53,477)	(438,821)	(238,165)
Taxes recoverable	107,043	(75,931)	62,413	(88,112)
Deposits with courts and others	(12,866)	21,452	(14,267)	20,786
Other accounts receivable	(55,103)	71,224	(86,336)	73,301
Suppliers	33,513	66,721	74,862	69,640
Suppliers' assignment of receivables	(3,515)	7,897	118,201	5,753
Derivative financial instruments	1,062	-	(99,563)	7,466
Accounts payable	5,027	18,095	26,238	28,293
Taxes payable	2,509	14,463	432	14,498
Salaries/wages payable	21,136	20,251	19,173	22,419
Interest	3,323	(1,075)	34,004	(11,570)
Income tax and social contribution paid	-	-	(542)	(6,872)
Other accounts payable	2,321	(7,074)	8,642	(6,913)
Net cash provided by operating activities	962,090	698,691	846,836	558,154
Cash flow from investment activities				
Acquisition of subsidiaries (less net cash on acquisition)	(9,990)	(3,554,688)	(9,990)	(3,553,463)
Capital increases in subsidiaries/associates	(441,738)	(583,092)	(6,228)	(20,365)
Purchases of property, plant and equipment	(4,024)	(11,349)	(196,741)	(227,656)
Purchases of intangible assets	(677,687)	(9,645)	(813,684)	(95,809)
Investment hedges	(145,678)	46,396	(149,449)	46,396
Proceeds from sale of fixed assets	(4,655)	384,055	(4,204)	383,958
Interest and other	52,002	16,124	59,474	17,100
Dividends received	-	8,948	-	-
Loans receivable	3,779	(7,262)	-	-
Net cash used in investment activities	(1,227,991)	(3,710,513)	(1,120,822)	(3,449,839)
Cash flow from financing activities				
Purchases of treasury shares	-	(85,118)	-	(85,118)
Hedge of loans	(13,963)	-	(13,963)	-
Sales of treasury shares	35,773	18,693	35,773	18,693
Loans taken out	907,674	1,221,184	907,674	1,221,184
Payment of loans – principal	(340,727)	(75,135)	(345,593)	(156,928)
Payment of loans – interest	(360,290)	(93,749)	(368,110)	(103,878)
Dividends and interest on capital paid	(729,752)	(696,221)	(729,752)	(696,221)
Loans payable	1,851	4,242	-	-
Net cash (used in) provided by financing activities	(499,434)	293,896	(513,971)	197,732
Net decrease in cash and cash equivalents	(765,335)	(2,717,926)	(787,957)	(2,693,953)
Cash and cash equivalents at beginning of the period	2,121,253	4,646,159	2,287,062	4,743,298
Cash and cash equivalents at end of the period	1,355,918	1,928,233	1,499,105	2,049,345
Change in cash and cash equivalents	(765,335)	(2,717,926)	(787,957)	(2,693,953)
Transactions not involving cash	11,034	14,511	50,154	37,064
Acquisition of companies	9,990	10,000	9,990	10,000
Acquisitions of property, plant and equipment	1,044	3,519	40,164	25,771
Acquisitions of intangible assets	-	992	-	1,293

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

Hypera S.A.

Statement of value added (*)

Periods ended June 30

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Gross revenue				
Sales of goods and products, including discontinued operations	3,611,791	2,882,431	3,664,157	2,895,428
Other income	(3,498)	219,603	26,581	115,898
Income related to construction of own assets	1,236	5,957	33,587	78,736
Allowance for doubtful accounts	232	(35)	(111)	(1,055)
	<u>3,609,761</u>	<u>3,107,956</u>	<u>3,724,214</u>	<u>3,089,007</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(1,571,533)	(1,150,200)	(1,097,378)	(817,057)
Materials, power, third-party services and others	(542,011)	(598,266)	(817,964)	(749,025)
Impairment of assets	(39,562)	(34,695)	(53,414)	(27,057)
	<u>(2,153,106)</u>	<u>(1,783,161)</u>	<u>(1,968,756)</u>	<u>(1,593,139)</u>
Gross value added	<u>1,456,655</u>	<u>1,324,795</u>	<u>1,755,458</u>	<u>1,495,868</u>
Depreciation and amortization	<u>(29,892)</u>	<u>(24,487)</u>	<u>(76,848)</u>	<u>(63,683)</u>
Net value added generated by the Company	<u>1,426,763</u>	<u>1,300,308</u>	<u>1,678,610</u>	<u>1,432,185</u>
Transfers of value added received				
Equity accounting	126,834	20,840	3,512	2,768
Finance income	96,184	33,357	110,207	36,461
	<u>223,018</u>	<u>54,197</u>	<u>113,719</u>	<u>39,229</u>
Total value added to be distributed	<u>1,649,781</u>	<u>1,354,505</u>	<u>1,792,329</u>	<u>1,471,414</u>
Distribution of value added				
Personnel and charges	365,957	324,167	632,597	550,790
Salaries and wages	312,322	268,612	523,734	442,890
Benefits	33,755	37,904	74,520	78,629
Government severance indemnity fund for employees (FGTS)	19,880	17,651	34,343	29,271
Taxes, fees and contributions	(33,584)	93,901	(149,119)	(14,017)
Federal	(96,668)	16,928	(21,460)	49,273
State	62,264	75,821	(129,002)	(64,592)
Municipal	820	1,152	1,343	1,302
Interest	509,613	157,131	493,865	149,301
Rentals	4,345	3,201	12,165	9,665
Capital remuneration	803,450	776,105	802,821	775,675
Interest on capital	389,547	389,543	389,547	389,543
Retained earnings	413,903	386,562	413,274	386,132
Value added distributed	<u>1,649,781</u>	<u>1,354,505</u>	<u>1,792,329</u>	<u>1,471,414</u>

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

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR) at June 30, 2022

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(A free translation of the original in Portuguese)

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

1 General information

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

The Company’s main products are as follow:

- a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, including the top 40 products in Brazil, according to June 2022 data from IQVIA, 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, according to IQVIA, including brands such as Apracur, Benegrip, Buscopan, Coristina D, Engov, Epocler, Estomazil and Neosaldina, among others. It also offers nutritional products, sweeteners, and vitamin supplement lines, under brands such as Tamarine, Vitasay, Biotônico Fontoura and Zero-Cal, which was the Top of Mind brand for 18 years in Brazil, according to Datafolha;
- d) Through the Neo Química brand, the Company is a leader in the markets for similar and generic medicines, with the brand present in 92% of Brazilian pharmaceutical point of sales, according to IQVIA of June 2022, consistent with the Company’s mission to provide access to health for the Brazilian population.

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

The production of goods is carried out mainly in the subsidiaries Brainfarma Indústria Química e Farmacêutica S.A. (“Brainfarma”) and Cosmed Indústria de Cosméticos e Medicamentos S.A.

("Cosmed"), in units located in the State of Goiás. ("Cosmed"). The main distribution center is in Anápolis (GO).

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

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

2 Summary of significant accounting policies

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

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

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

2.1 Approval of the interim financial information

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

3 Critical accounting estimates and judgments

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

4 Financial risk management

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

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

a. Foreign exchange risk

At June 30, 2022 and December 31, 2021, the assets and liabilities denominated in foreign currencies, and the financial instruments to mitigate exchange risks, were as follows:

	Parent company					
	June 30, 2022			December 31, 2021		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	33	3	173	1	-	5
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	111,985	-	588,820	47,884	-	266,764
Derivative instruments to mitigate risks	(114,999)	-	(604,670)	(190,000)	-	(1,058,509)
Accounts payable	-	-	-	-	-	-
Net exposure	(2,981)	3	(15,677)	(142,115)	-	(791,740)

	Consolidated					
	June 30, 2022			December 31, 2021		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	8,020	-	42,168	1,646	-	9,171
Suppliers' assignment of receivables	70,275	105	370,089	49,536	204	277,252
Loans and financing	111,985	-	588,820	47,884	-	266,764
Derivative instruments to mitigate risks	(252,048)	(2,513)	(1,430,436)	(365,131)	(6,070)	(2,072,471)
Accounts payable	62	1,524	8,506	189	371	3,373
Net exposure	(61,706)	(884)	(420,853)	(265,876)	(5,495)	(1,515,911)

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

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

	June 30, 2022	
	Parent company	Consolidated
Loans, financing and swaps - CDI	2,011,281	2,011,281
Financing - TLP	331,895	331,895
Debentures - CDI	5,679,336	5,679,336
Notes payable - CDI	18,763	18,763
Financial investments - CDI (Note 10)	(1,325,442)	(1,462,664)
Net exposure	6,715,833	6,578,611

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

					June 30, 2022
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	801,233	1,945,385	5,291,920	-	8,038,538
Loans and financing	1,321,623	297,525	1,131,016	92,377	2,842,541
Notes payable	34,763	-	-	-	34,763
Suppliers	912,004	-	-	-	912,004
Suppliers' assignment of receivables	8,665	-	-	-	8,665
Accounts payable	271,314	33,331	-	-	304,645
Derivative financial instruments	56,396	15,015	(95,624)	-	(24,213)
	<u>3,405,998</u>	<u>2,291,256</u>	<u>6,327,312</u>	<u>92,377</u>	<u>12,116,943</u>
					December 31, 2021
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	596,259	1,259,933	5,288,332	-	7,144,524
Loans and financing	509,750	1,278,753	733,698	104,077	2,626,278
Notes payable	36,840	8,544	-	-	45,384
Suppliers	878,489	-	-	-	878,489
Suppliers' assignment of receivables	7,625	-	-	-	7,625
Accounts payable	197,015	-	-	-	197,015
Derivative financial instruments	47,975	(45,981)	-	-	1,994
	<u>2,273,953</u>	<u>2,501,249</u>	<u>6,022,030</u>	<u>104,077</u>	<u>10,901,309</u>

Consolidated

					June 30, 2022
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	801,233	1,945,385	5,291,920	-	8,038,538
Loans and financing	1,329,496	299,104	1,131,089	92,377	2,852,066
Notes payable	34,763	-	-	-	34,763
Suppliers	396,416	-	-	-	396,416
Suppliers' assignment of receivables	586,641	-	-	-	586,641
Accounts payable	424,855	30,349	-	-	455,204
Derivative financial instruments	55,416	15,015	(95,624)	-	(25,193)
	<u>3,628,820</u>	<u>2,289,853</u>	<u>6,327,385</u>	<u>92,377</u>	<u>12,338,435</u>
					December 31, 2021
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	596,259	1,259,933	5,288,332	-	7,144,524
Loans and financing	518,908	1,283,667	733,836	104,077	2,640,488
Notes payable	36,840	8,544	-	-	45,384
Suppliers	327,133	-	-	-	327,133
Suppliers' assignment of receivables	463,627	-	-	-	463,627
Accounts payable	307,766	-	-	-	307,766
Derivative financial instruments	58,724	(45,981)	-	-	12,743
	<u>2,309,257</u>	<u>2,506,163</u>	<u>6,022,168</u>	<u>104,077</u>	<u>10,941,665</u>

e. Derivatives

At June 30, 2022, derivative instrument operations contracted by the Company totaled R\$ 1,825,436 (at December 31, 2021 - R\$ 2,372,471) in the consolidated and R\$ 999,670 (at December 31, 2021 - R\$ 1,358,509) in the parent company. The results of the transactions not yet settled represented losses of R\$ 31,375 (at December 31, 2021 losses of R\$ 42,931) in the consolidated and losses of R\$ 35,201 (at December 31, 2021 losses of R\$ 36,804) in the parent company.

At June 30, 2022 and December 31, 2021, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gains (loss)	
(In R\$ thousand)		Jun/22	Dec/21	Jun/22	Dec/21	Jun/22	Dec/21
Foreign currency							
Forward contracts		-	779,954	-	(12,252)	(144,615)	101,644
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantin, Citibank	-	1,559,908	-	(27,612)	(166,246)	163,527
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantin, Citibank	-	(779,954)	-	15,360	21,631	(61,883)
Swaps		604,670	278,555	(11,868)	(5,638)	-	(4,187)
Long position	Itaú, Citi	604,670	278,555	(11,868)	(5,638)	-	(4,187)
Subtotal		604,670	1,058,509	(11,868)	(17,890)	(144,615)	97,457
Interest rate							
Swaps		395,000	300,000	(23,333)	(18,914)	-	3,350
Asset Position-Pre	BNP Paribas	395,000	300,000	(23,333)	(18,914)	-	3,350
Total		999,670	1,358,509	(35,201)	(36,804)	(144,615)	100,807

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gains (loss)	
(In R\$ thousand)		Jun/22	Dec/21	Jun/22	Dec/21	Jun/22	Dec/21
Foreign currency							
Forward contracts		825,766	1,793,916	3,826	(18,378)	(249,245)	152,272
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantin, Citibank	831,182	2,756,975	3,976	(37,361)	(300,031)	222,124
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantin, Citibank, Safra	(5,416)	(963,059)	(150)	18,983	50,786	(69,852)
Swaps		604,670	278,555	(11,868)	(5,639)	-	(4,187)
Long position	Itaú	604,670	278,555	(11,868)	(5,639)	-	(4,187)
Subtotal		1,430,436	2,072,471	(8,042)	(24,017)	(249,245)	148,085
Interest rate							
Swaps		395,000	300,000	(23,333)	(18,914)	-	3,350
Asset Position-Pre	BNP Paribas	395,000	300,000	(23,333)	(18,914)	-	3,350
Total		1,825,436	2,372,471	(31,375)	(42,931)	(249,245)	151,435

f. Methodology for calculating the fair values of derivatives

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

g. Sensitivity analysis

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

Parent company						
Risk	Scenario I		Scenario II		Scenario III	
(In R\$ thousand)			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	4.674	5.842	3.944	6.573	2.629	7.887
Foreign currency						
Economic hedge	(29,180)	29,180	(65,725)	65,725	(131,450)	131,450
Forward contracts	-	-	-	-	-	-
Swaps	(29,180)	29,180	(65,725)	65,725	(131,450)	131,450
Object of the economic hedge	29,180	(29,180)	65,725	(65,725)	131,450	(131,450)
Loans, financing and notes payable subject to short-term exchange rate variations	29,180	(29,180)	65,725	(65,725)	131,450	(131,450)
Net effect	-	-	-	-	-	-
Consolidated						
Risk	Scenario I		Scenario II		Scenario III	
(In R\$ thousand)			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	4.674	5.842	3.944	6.573	2.629	7.887
Foreign currency						
Economic hedge	(113,127)	113,127	(254,798)	254,798	(509,596)	509,596
Forward contracts	(83,947)	83,947	(189,073)	189,073	(378,146)	378,146
Swaps	(29,180)	29,180	(65,725)	65,725	(131,450)	131,450
Object of the economic hedge	113,836	(113,836)	256,396	(256,396)	512,792	(512,792)
Loans, financing and notes payable subject to short-term exchange rate variations	113,836	(113,836)	256,396	(256,396)	512,792	(512,792)
Net effect	709	(709)	1,598	(1,598)	3,196	(3,196)

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 interest rates on the Company's loans, financing, debentures and notes payable projected for the third quarter of 2022 are as follows:

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	18,973	62,199	124,398
Financing - TLP	590	5,659	11,318
Debentures - CDI	53,574	175,633	351,267
Notes payable - CDI	177	580	1,160
Financial investments	(12,503)	(40,989)	(81,979)
Total loss (gain)	60,811	203,082	406,164

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	18,973	62,199	124,398
Financing - TLP	590	5,659	11,318
Debentures - CDI	53,574	175,633	351,267
Notes payable - CDI	177	580	1,160
Financial investments	(13,797)	(45,233)	(90,466)
Total loss (gain)	59,517	198,838	397,677

*Likely scenario assumptions

Forecast CDI of 13.43% p.a.

Forecast TLP of 7.01% 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 June 30, 2022 and December 31, 2021 may be summarized as follows:

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Total loans, financing and debentures (Note 22)	8,029,348	7,346,954	8,039,253	7,360,987
Total notes payable	34,535	45,384	34,535	45,384
Loss (gain) on financial hedge	35,201	24,552	35,201	24,552
Less: cash and cash equivalents (Note 10)	(1,355,918)	(2,121,253)	(1,499,105)	(2,287,062)
Cash and cash equivalents, net	6,743,166	5,295,637	6,609,884	5,143,861
Total equity	10,208,018	9,826,591	10,214,298	9,833,471
Adjusted equity	16,951,184	15,122,228	16,824,182	14,977,332
Net debt to adjusted equity ratio	39.78%	35.0%	39.29%	34.3%

6 Estimate of fair value

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

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

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

The table below presents the Company's derivative instrument assets and liabilities at June 30, 2022, as well as the amounts measured at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	18,889	18,889
Total assets	-	18,889	18,889
Liabilities			
Derivative financial instruments	-	54,090	54,090
Total liabilities	-	54,090	54,090
	Consolidated		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	47,351	47,351
Total assets	-	47,351	47,351
Liabilities			
Derivative financial instruments	-	78,726	78,726
Total liabilities	-	78,726	78,726

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

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

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

7 Hedge accounting

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

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

Fair value hedges

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

					Parent company
					June 30, 2022
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131**	USD + spread	Fair value	218,075	218,740	(4)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	12,025	-
Loan – 4131*	USD + spread	Fair value	94,600	105,380	16
Swap – 4131*	USD + Spread vs. % CDI+	Fair value	94,600	6,864	-
Loan – 4131*	Fixed rate	Fair value	395,000	532,731	(398)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(23,333)	-
Loan – 4131*	USD + spread	Fair value	262,900	264,700	987
Swap – 4131*	USD + Spread vs. CDI+	Fair value	262,900	(30,756)	-

Parent company					
December 31, 2021					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	Fixed rate	Fair value	300,000	306,549	(1,842)
Swap – CDI*	Fixed rate vs. CDI+	Fair value	300,000	306,549	(1,842)
Loan – 4131*	USD + spread	Fair value	278,555	266,764	(115)
Swap – 4131*	USD + Spread vs. % CDI+	Fair value	278,555	(5,638)	-
Consolidated					
June 30, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131**	USD + spread	Fair value	218,075	218,740	(4)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	12,025	-
Loan – 4131*	USD + spread	Fair value	94,600	105,380	16
Swap – 4131*	USD + Spread vs. % CDI+	Fair value	94,600	6,864	-
Loan – 4131*	Fixed rate	Fair value	395,000	532,731	(398)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(23,333)	-
Loan – 4131*	USD + spread	Fair value	262,900	264,700	987
Swap – 4131*	USD + Spread vs. CDI+	Fair value	262,900	(30,756)	-
Consolidated					
December 31, 2021					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	Fixed rate	Fair value	300,000	306,549	(1,842)
Swap – CDI*	Fixed rate vs. CDI+	Fair value	300,000	(18,914)	-
Loan – 4131*	USD + spread	Fair value	278,555	266,764	(115)
Swap – 4131*	USD + Spread vs. CDI+	Fair value	278,555	(5,638)	-

* Maturity within one year

* Maturity in up to two years

The fair value cash flow hedge transaction maintained a hedging ratio of 1:1. The third operation with the weighted average rate of R\$/USD 5.1537.

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

Cash flow hedges

The Company has cash flow hedges for most of its transactions with suppliers. Gains or losses on the effective portion of the hedge are recognized in equity/other comprehensive income.

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

Parent company					
June 30, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
NDF Acquisition (i)	USD vs. R\$	Cash flow	-	-	-

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

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

Consolidated					
June 30, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	373,208	(373,208)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	373,208	(13,300)	670
NDF Acquisition (i)	USD vs. R\$	Cash flow	-	-	-
NDF Purchases	USD vs. R\$	Cash flow	539,818	14,803	14,803
NDF Capex	USD vs. R\$	Cash flow	38,657	2,203	2,203

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

(I) Maturities within one year.

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

Cash flow hedge operations maintained the hedging ratio at 1:1 with a weighted average rate of BRL/USD 5.6410 for NDF suppliers, BRL/USD 5.1477 for NDF future purchases and BRL/EUR 4.9889 for Capex NDFs. The cash flow from these operations is stated in the Financial Risk Management - Liquidity Risk (Note 4 (d)).

If a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, closed, or exercised, then hedge accounting is discontinued prospectively, and the hedge accounting adjustment deferred in equity is recognized in the statement of income for the year.

8 Financial instruments by category

Parent company

	June 30, 2022			
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge
Financial assets per the balance sheet				
Accounts receivable (Note 11)	2,131,921	-	-	-
Financial investments (Note 10)	1,325,442	-	-	-
Cash and cash in banks (Note 10)	30,476	-	-	-
Derivative financial instruments	-	-	18,889	-
Other assets (Note 14)	352,105	-	-	-
	<u>3,839,944</u>	<u>-</u>	<u>18,889</u>	<u>-</u>
				<u>3,858,833</u>

	June 30, 2022			
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge
Financial liabilities per the balance sheet				
Loans, financing and debentures (Note 22)	-	-	8,029,348	-
Suppliers (Note 20)	-	-	912,004	-
Suppliers' assignment of receivables (Note 21)	-	-	8,665	-
Accounts payable	-	-	304,645	-
Notes payable	-	-	34,535	-
Derivative financial instruments	-	54,090	-	-
	<u>-</u>	<u>54,090</u>	<u>9,289,197</u>	<u>-</u>
				<u>9,343,287</u>

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

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

Consolidated

	June 30, 2022			
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge
Financial assets per the balance sheet				Total
Accounts receivable (Note 11)	2,159,881	-	-	-
Financial investments (Note 10)	1,462,664	-	-	-
Cash and cash in banks (Note 10)	36,441	-	-	-
Derivative financial instruments	-	20,993	18,889	7,469
Other assets (Note 14)	374,328	-	-	-
	4,033,314	20,993	18,889	7,469
				4,080,665

	June 30, 2022			
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge
Financial liabilities per the balance sheet				Total
Loans, financing and debentures (Note 22)	-	-	8,039,253	-
Suppliers (Note 20)	-	-	396,416	-
Suppliers' assignment of receivables (Note 21)	-	-	586,641	-
Accounts payable	-	-	455,204	-
Notes payable	-	-	34,535	-
Derivative financial instruments	3,866	54,090	-	20,770
	3,866	54,090	9,512,049	20,770
				9,590,775

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

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

9 Credit quality of financial assets

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

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Current accounts and financial investments (*)				
AAA	1,355,918	2,119,629	1,499,102	2,285,438
A	-	1,623	-	1,623
	<u>1,355,918</u>	<u>2,121,252</u>	<u>1,499,102</u>	<u>2,287,061</u>

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

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

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Derivative financial assets				
AAA	18,889	15,360	47,283	29,305
A-	-	-	68	-
	<u>18,889</u>	<u>15,360</u>	<u>47,351</u>	<u>29,305</u>

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

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

10 Cash and cash equivalents

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Cash and cash in banks	30,476	48,920	36,441	51,584
Short-term financial investments:				
Repurchase operations	264	6,334	1,060	7,251
Bank deposit certificates (CDBs)	1,325,178	2,065,999	1,461,604	2,228,227
	<u>1,325,442</u>	<u>2,072,333</u>	<u>1,462,664</u>	<u>2,235,478</u>
	<u>1,355,918</u>	<u>2,121,253</u>	<u>1,499,105</u>	<u>2,287,062</u>

Financial investments (both repurchase operations and CDBs) present short-term liquidity and yield between 96.5% and 103.5% (at December 31, 2021 between 97.5% and 103.4%) of the CDI, with a weighted average of 102.2% (101.6% at December 31, 2021).

11 Accounts receivable

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Domestic customers	2,148,790	2,034,556	2,179,608	2,059,648
Expected credit losses	(16,869)	(17,315)	(19,727)	(20,174)
	<u>2,131,921</u>	<u>2,017,241</u>	<u>2,159,881</u>	<u>2,039,474</u>

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

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Up to 3 months	2,175	3,592	2,170	3,713
From 3 to 6 months	190	175	194	175
Over 6 months	452	965	452	965
	<u>2,817</u>	<u>4,732</u>	<u>2,816</u>	<u>4,853</u>

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

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

Changes to the allowance for doubtful accounts for the period ended June 30, 2022 are as follows:

	Parent company	Consolidated
Balances at 12/31/2021	(17,315)	(20,174)
(Additions)/reversals, net	294	(111)
Write-offs	152	558
Balances at 06/30/2022	<u>(16,869)</u>	<u>(19,727)</u>

12 Inventory

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Finished goods and goods for resale	408,817	354,574	510,748	387,822
Semi-finished goods	-	-	139,616	111,497
Raw materials	-	-	1,030,991	777,381
Maintenance and supplies	319	58	141,927	127,389
Allowance for inventory losses	(38,777)	(29,646)	(121,888)	(100,609)
	<u>370,359</u>	<u>324,986</u>	<u>1,701,394</u>	<u>1,303,480</u>

The table below presents the changes in the provision:

	Parent company	Consolidated
Balance at 12/31/2021	(29,646)	(100,609)
Additions for the period (a)	(44,902)	(83,904)
Write-offs for the period (b)	35,771	62,625
Balance at 06/30/2022	(38,777)	(121,888)

- (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	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
PIS/COFINS/IPI and others (*)	658,978	766,233	806,141	862,096
VAT (ICMS)	94,427	91,609	185,942	177,283
Recoverable IRPJ and CSSL	39,227	34,686	57,183	50,492
	<u>792,632</u>	<u>892,528</u>	<u>1,049,266</u>	<u>1,089,871</u>
Current	404,237	458,559	558,774	597,195
Non-current	<u>388,395</u>	<u>433,969</u>	<u>490,492</u>	<u>492,676</u>

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

14 Other assets

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Prepaid expenses (a)	168,218	79,622	206,659	109,962
Bills receivable (b)	249,078	196,943	256,834	208,466
Deposits in court (c)	100,417	95,018	117,494	115,999
Advances	46,084	22,457	96,344	46,523
Others	3,866	7,332	983	1,017
	<u>567,663</u>	<u>401,372</u>	<u>678,314</u>	<u>481,967</u>
Current	372,129	181,510	460,824	232,348
Non-current	<u>195,534</u>	<u>219,862</u>	<u>217,490</u>	<u>249,619</u>

- (a) Refers mainly to advance payments for advertising and publicity.
(b) Refers mainly to shareholders indemnity (Note 31), receivables from the sale of Neocopan and amounts paid which were the responsibility of the former owners of the acquired businesses, to be reimbursed.
(c) Refers to deposits made as guarantees of contingencies classified as possible and remote (Note 26).

15 Discontinued operations

a) Analysis of the results of discontinued operations

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
(Expenses)/income	(3,699)	(17,053)	(3,726)	(17,342)
Income before financial income and expenses	(3,699)	(17,053)	(3,726)	(17,342)
Financial expenses	-	-	-	-
Income before income tax and social contribution	(3,699)	(17,053)	(3,726)	(17,342)
Income tax and social contribution	1,479	5,677	1,506	5,966
Net income for the period	(2,220)	(11,376)	(2,220)	(11,376)

b) Analysis of cash flow used in discontinued operations

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Cash flow from investment activities	(13,662)	225,717	(13,745)	225,459
Net cash used in provided by financing activities	(13,662)	225,717	(13,745)	225,459

16 Investments

The investments held by the Company are presented below:

Company	Date of incorporation	Country	Business	Interest in shares/quotas	Type of interest
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	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 on medicines	22.5%	Direct
Mantecorp Participações S.A.	9/28/2016	Brazil	Pharma	100%	Direct
Bio Brands Franchising Gestão de Marcas Ltda.	8/29/2014	Brazil	Dermo-cosmetics	100%	Direct
Bio Scientific Indústria de Cosméticos Ltda.	July 13, 2001	Brazil	Dermo-cosmetics	100%	Indirect
Amigotech S.A.	7/2/2021	Brazil	Technology	15%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	My	Bionovis	Simple Organic		Drogaria		Bio Brands		Others	Total
	Cost	Cost	Cost	Cost	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill		
Balances at January 1, 2022	2,687,708	920,621	9,686	47,031	9,633	21,598	24,188	19,995	24,548	65,569	19,682	3,850,259
Capital contribution	328,531	56,000	-	-	41	-	-	-	18,505	-	-	403,077
Capital increase	32,600	-	-	-	-	-	-	-	-	-	-	32,600
Equity accounting	95,854	26,954	(932)	5,453	(1,187)	-	(1,746)	-	1,581	1,086	-	127,063
Share of discontinued equity accounting in the investment	(155)	(73)	-	-	-	-	-	-	-	-	-	(228)
Dividends receivable	1,116	-	-	2,663	-	-	-	-	-	-	-	3,779
Stock Options/Matching/Restricted	1,684	(54)	90	-	-	-	-	-	96	-	-	1,816
Equity valuation adjustments	(18,308)	(4,212)	-	-	-	-	-	-	-	-	-	(22,520)
Equity valuation adjustments from prior periods	-	-	-	(11,208)	-	-	-	-	-	-	-	(11,208)
Others	-	-	-	-	-	-	-	-	-	-	6,000	6,000
Balances at June 30, 2022	3,129,030	999,236	8,844	43,939	8,487	21,598	22,442	19,995	44,730	66,655	25,682	4,390,638

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:

June 30, 2022	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	4,612,723	1,212,440	1,404,270	82,827	104,325
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,261,575	255,120	291,240	21,810	26,954
My Agência de Propaganda Ltda.	9,555	646	2,280	(999)	(932)
Simple Organic Beauty S.A.	19,252	4,180	18,738	(1,510)	(2,035)
Bio Brands Franchising Gestão de Marcas Ltda.	47,387	2,658	8,661	1,580	2,667

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

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

b. Share of the results of investees

	Number of shares and quotas	Adjusted equity at June 30, 2022	Ownership %	Equity accounting at June 30, 2022	Balance of the investment at June 30, 2022	Equity accounting at June 30, 2021	Balance of the investment at December 31, 2021
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,425,983,153	999,236	100%	26,954	999,236	8,874	920,621
My Agência de Propaganda Ltda.	20,130,000	8,844	100%	(932)	8,844	544	9,686
Brainfarma Indústria Química e Farmacêutica S.A.	1,143,842,352	3,129,030	100%	95,854	3,129,030	9,803	2,687,708
Simple Organic Beauty S.A.	210,983	30,085	58.33%	(1,187)	30,085	(602)	31,231
Drogarias Online Agência de Farmácias S.A.	506,250	42,437	22.50%	(1,746)	42,437	(73)	44,183
Bio Brands Franchising Gestão de Marcas Ltda.	41,872,454	111,385	100%	2,667	111,385	-	90,117
Bionovis S.A.	6,000,000	175,756	25%	5,453	43,939	3,251	47,031
				127,063	4,364,956	21,797	3,830,577

17 Investment properties

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

	<u>Parent company</u>	<u>Consolidated</u>
Balances at January 1, 2022	<u>25,616</u>	<u>25,616</u>
Depreciation	<u>(355)</u>	<u>(355)</u>
Balances at June 30, 2022	<u>25,261</u>	<u>25,261</u>
Total cost	62,704	62,704
Accumulated depreciation	<u>(37,443)</u>	<u>(37,443)</u>
Carrying amount	<u>25,261</u>	<u>25,261</u>

18 Property, plant and equipment

Parent company

	<u>Land</u>	<u>Buildings and improvements</u>	<u>Machinery, equipment and facilities</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Others</u>	<u>Total in operation</u>	<u>Construction in progress</u>	<u>Total property, plant and equipment</u>
Own assets									
Balances at January 1, 2022	2,033	3,516	79,541	100	13,199	1,127	99,516	10,757	110,273
Additions	-	23	872	-	979	25	1,899	2,169	4,068
Write-off	-	-	-	-	-	(1)	(1)	-	(1)
Depreciation	-	(364)	(3,176)	(5)	(455)	(150)	(4,150)	-	(4,150)
Transfers	-	232	472	-	-	-	704	(704)	-
Balances at June 30, 2022	2,033	3,407	77,709	95	13,723	1,001	97,968	12,222	110,190
Right-of-use assets - leases									
Balances at January 1, 2022	-	35,312	-	34,182	-	-	69,494	-	69,494
Additions	-	33,224	-	30,171	-	-	63,395	-	63,395
Write-off	-	(16,071)	-	(13,928)	-	-	(29,999)	-	(29,999)
Amortization	-	(4,820)	-	(13,550)	-	-	(18,370)	-	(18,370)
Balances at June 30, 2022	-	47,645	-	36,875	-	-	84,520	-	84,520
Total cost of own assets and right-of-use assets - leases	2,033	66,215	87,149	73,464	14,953	1,439	245,253	12,222	257,475
Total accumulated depreciation	-	(15,163)	(9,440)	(36,494)	(1,230)	(438)	(62,765)	-	(62,765)
Carrying amount	2,033	51,052	77,709	36,970	13,723	1,001	182,488	12,222	194,710

Consolidated

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Construction in progress (*)	Total property, plant and equipment
Own assets									
Balances at January 1, 2022	32,786	226,027	1,355,041	834	29,962	26,291	1,670,941	330,376	2,001,317
Additions	880	127	129,146	-	2,321	20,455	152,929	51,270	204,199
Write-off	-	-	(54)	-	-	(1)	(55)	-	(55)
Depreciation	-	(5,713)	(31,540)	(55)	(1,095)	(2,047)	(40,450)	-	(40,450)
Transfers	-	47,504	(9,117)	-	154	4,703	43,244	(43,244)	-
Balances at June 30, 2022	33,666	267,945	1,443,476	779	31,342	49,401	1,826,609	338,402	2,165,011
Right-of-use assets - leases									
Balances at January 1, 2022	-	58,024	-	35,799	-	-	93,823	-	93,823
Additions	-	35,902	-	32,273	-	-	68,175	-	68,175
Write-off	-	(16,072)	-	(14,235)	-	-	(30,307)	-	(30,307)
Amortization	-	(5,740)	-	(14,357)	-	-	(20,097)	-	(20,097)
Balances at June 30, 2022	-	72,114	-	39,480	-	-	111,594	-	111,594
Total cost of own assets and right-of-use assets - leases	33,666	351,511	1,475,016	54,671	32,437	51,448	1,998,749	338,402	2,337,151
Total accumulated depreciation	-	(11,452)	(31,540)	(14,412)	(1,095)	(2,047)	(60,546)	-	(60,546)
Carrying amount	33,666	340,059	1,443,476	40,259	31,342	49,401	1,938,203	338,402	2,276,605

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

19 Intangible assets

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Goodwill in non-merged companies				
Simple Organic Beauty S.A.	-	-	12,677	21,598
Bio Brands Franchising Gestão de Marcas Ltda	-	-	66,655	65,569
Bio Scientific Indústria de Cosméticos Ltda.	-	-	8,661	8,661
Goodwill on the acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Darwin Prestação de Serviços de Marketing Ltda.	2,945,156	2,945,156	2,945,156	2,945,156
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	52,614	52,614	52,614
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	<u>7,270,960</u>	<u>7,270,960</u>	<u>7,358,953</u>	<u>7,366,788</u>
Trademarks and patents	<u>2,712,751</u>	<u>2,001,133</u>	<u>2,721,524</u>	<u>2,001,446</u>
Rights of use and software	<u>42,257</u>	<u>39,508</u>	<u>68,041</u>	<u>60,057</u>
Product development	<u>6,601</u>	<u>6,105</u>	<u>721,102</u>	<u>568,871</u>
	<u>10,032,569</u>	<u>9,317,706</u>	<u>10,869,620</u>	<u>9,997,162</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

	Right of use and trademarks	Right of use and software	Product development	Goodwill	Total
Balances at January 1, 2022	2,001,133	39,508	6,105	7,270,960	9,317,706
Additions	713,271	8,382	752	-	722,405
Amortization	(1,653)	(5,633)	(256)	-	(7,542)
Balances at June 30, 2022	2,712,751	42,257	6,601	7,270,960	10,032,569
Total cost	2,744,415	132,425	8,412	7,270,960	10,156,212
Accumulated amortization	(31,664)	(90,168)	(1,811)	-	(123,643)
Carrying amount	2,712,751	42,257	6,601	7,270,960	10,032,569

Consolidated

	Right of use and trademarks	Right of use and software	Product development	Goodwill	Total
Balances at January 1, 2022	2,001,446	60,057	568,871	7,366,788	9,997,162
Additions (*)	713,272	16,625	158,538	1,085	889,520
Transfers	8,920	-	-	(8,920)	-
Amortization	(2,114)	(8,641)	(6,307)	-	(17,062)
Balances at June 30, 2022	2,721,524	68,041	721,102	7,358,953	10,869,620
Total cost	2,753,672	212,980	852,642	7,358,953	11,178,247
Accumulated amortization	(32,148)	(144,939)	(131,540)	-	(308,627)
Carrying amount	2,721,524	68,041	721,102	7,358,953	10,869,620

(*) mainly refers to brands acquired from Sanofi.

Impairment of assets

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

In connection with the annual impairment test of these assets, the Company performs stress tests to demonstrate the existence of a reasonable gap indicating the need to record an impairment loss. Considering the performance of the Company's operations up to the date of approval of

this quarterly information and the gap shown in the stress testing, management concluded that no impairment needs to be recorded.

20 Suppliers

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Domestic suppliers	16,058	88,141	354,248	317,962
Foreign suppliers	173	5	42,168	9,171
Related party suppliers (Note 30(a))	895,773	790,343	-	-
	<u>912,004</u>	<u>878,489</u>	<u>396,416</u>	<u>327,133</u>

21 Suppliers' assignment of receivables

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Domestic market (overdraft risk)	8,665	7,625	216,552	186,375
Foreign market (forfaiting)	-	-	370,089	277,252
	<u>8,665</u>	<u>7,625</u>	<u>586,641</u>	<u>463,627</u>

Some suppliers have the option to assign receivables from the Company, 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 June 30, 2022, the discount rates on assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 0.65% and 1.22% with a weighted average of 1.12% per month ("p.m"). At December 31, 2021, these rates were between 0.35% and 1.09%, with a weighted average of 0.75% p.m.

At June 30, 2022, the discount rates on assignment operations entered into by the Company's suppliers with financial institutions in the foreign market were between 2.83% and 5.83%, with a weighted average of 3.77% per annum ("p.a."). At December 31, 2021, these rates were between 2.95% and 7.84%, with a weighted average of 3.84% p.a.

22 Loans and financing

		Parent company		Consolidated	
	Nominal rate	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Foreign currency					
Loans (i)	EUR + 1.61% p.a.; USD + 1.50% p.a.; USD + SOFR +0.809%	588,820	266,764	588,820	266,764
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,418,606	1,617,198	1,419,360	1,617,795
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	10,460	12,553	18,010	23,603
Financing	Fixed rate from 2.50% to 8.70% p.a.	231	471	1,832	2,857
Debentures	CDI + 1.25% to 1.75% p.a.	5,679,336	5,097,637	5,679,336	5,097,637
Finep	TJLP from - 1.00% to 1.00% p.a.	331,895	352,331	331,895	352,331
		8,029,348	7,346,954	8,039,253	7,360,987
Current		1,361,383	557,077	1,369,016	565,648
Non-current		6,667,965	6,789,877	6,670,237	6,795,339

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

The breakdown of long-term loans and financing at June 30, 2022, by year of maturity, is as follows:

	Parent company	Consolidated
2023	135,952	138,129
2024	552,148	552,236
2025	367,455	367,462
2026	28,221	28,221
2027	28,221	28,221
2028	28,220	28,220
2029	25,868	25,868
	<u>1,166,085</u>	<u>1,168,357</u>

Debentures

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

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

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

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

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

Debentures - Changes

	8th Public Issuance Single series	9th Public Issuance Single series	10th Public Issuance 1st and 2nd Series	11th Public Issuance Single series	12th Public Issuance Single series	Total
Balance at January 1, 2022	803,600	2,521,825	748,752	1,023,460	-	5,097,637
Total issuance amount	-	-	-	-	500,000	500,000
Costs to be incurred	-	-	-	-	(1,540)	(1,540)
Financial charges	48,833	155,174	47,023	61,407	25,573	338,010
Interest paid	(46,213)	(127,387)	(34,696)	(46,475)	-	(254,771)
Balance at June 30, 2022	806,220	2,549,612	761,079	1,038,392	524,033	5,679,336
Current	8,102	73,521	30,343	40,249	25,241	177,456
Non-current	798,118	2,476,091	730,736	998,143	498,792	5,501,880
Unrealized transaction costs	3,147	14,451	6,334	2,302	1,452	27,686
Current	1,265	5,542	2,069	446	245	9,567
Non-current	1,882	8,909	4,265	1,856	1,207	18,119

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

	June 30, 2022
2023	718,452
2024	1,436,905
2025	1,436,905
2026	1,410,825
2027	498,793
	5,501,880

a. Guarantees for loans and financing at June 30, 2022

	Parent company	Consolidated
Accounts receivable – Pledged guarantees	4,608	7,281
Letters of guarantee (*)	343,097	343,097
Pledged fixed assets	7,241	15,846
	<u>354,946</u>	<u>366,224</u>

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

b. Carrying amounts and estimated fair values

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

		Consolidated		Fair value	
		June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Foreign currency	Nominal rate				
Loans	EUR + 1.61% p.a.; USD + 1.50% p.a.; USD + SOFR + 0.809%	588,820	266,764	588,820	266,764
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,419,360	1,617,795	1,419,360	1,617,795
FCO	Fixed rate from 2.50% to 8.50% p.a.	18,010	23,603	18,010	23,603
Financing	Fixed rate from 2.50% to 8.70% p.a.	1,832	2,857	1,696	2,700
Debentures	CDI + 1.25% to 1.75% p.a.	5,679,336	5,097,637	5,679,336	5,097,637
Finep	TJLP + 1.00% to 1.00% p.a.	331,895	352,331	331,895	352,331
		<u>8,039,253</u>	<u>7,360,987</u>	<u>8,039,117</u>	<u>7,360,830</u>

The fair value of some of the current loans is equal to their carrying amount, since the impact of the mark-to-market is not material. The fair values are based on the discounted cash flows, using a CDI market rate + 0.65% to CDI + 1.95% p.a. (December 31, 2021 - CDI + 0.56% to CDI + 1.65% p.a.).

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

	Parent company									
	Liabilities					Derivatives (assets/liabilities) held to hedge long-term loans				
	Loans, financing and debentures	Notes payable	Taxes payable	Dividends and interest on capital payable	Related parties	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
Balances at January 1, 2022	7,346,954	45,384	21,013	704,808	-	243,276	(15,360)	52,164	9,826,591	18,224,830
Changes in cash flow from financing activities										
Hedge of loans	-	-	-	-	-	-	(10,633)	(3,330)	-	(13,963)
Loans taken out	907,674	-	-	-	-	-	-	-	-	907,674
Payment of loans - principal	(325,630)	(1,919)	(568)	-	-	(12,610)	-	-	-	(340,727)
Payments of loans - interest	(354,275)	(3,760)	-	-	-	(2,255)	-	-	-	(360,290)
Gain (loss) on the sale of shares	-	-	-	-	-	-	-	-	35,773	35,773
Loans payable	-	-	-	-	1,851	-	-	-	-	1,851
Dividends paid	-	-	-	(729,752)	-	-	-	-	-	(729,752)
Total changes in cash flow from financing activities	227,769	(5,679)	(568)	(729,752)	1,851	(14,865)	(10,633)	(3,330)	35,773	(499,434)
Other changes										
Write-off	-	-	-	-	-	(34,604)	-	-	-	(34,604)
Additions	-	-	-	-	-	55,553	-	-	-	55,553
Leases	-	-	-	-	-	3,349	-	-	-	3,349
Taxes payable	-	-	2,509	-	-	-	-	-	-	2,509
Proposed dividends	-	-	-	389,547	-	-	-	-	-	389,547
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	-	11,920	11,920
Income for the period	-	-	-	-	-	-	-	-	803,450	803,450
Interest on capital	-	-	-	-	-	-	-	-	(389,547)	(389,547)
Interest accrued	454,625	4,820	123	-	-	3,884	(43,749)	69,128	-	488,831
Loans - acquisition of subsidiaries	-	(9,990)	-	-	-	-	-	-	-	(9,990)
MtM- Hedge loans	-	-	-	-	-	-	24,860	(80,111)	-	(55,251)
Supplier hedges - interest paid	-	-	-	-	-	-	(5,718)	(118,859)	-	(124,577)
MtM - Supplier hedges	-	-	-	-	-	-	10,633	34,662	-	45,295
MtM - Hedge option	-	-	-	-	-	-	9,188	-	-	9,188
Payment/receipt of investment hedges	-	-	-	-	-	-	56,846	-	-	56,846
Adjustments from prior periods	-	-	-	-	-	-	-	-	(11,208)	(11,208)
Equity valuation adjustments	-	-	-	-	-	-	-	-	(68,961)	(68,961)
Other accounts payable	-	-	-	-	-	105,009	-	-	-	105,009
Interest accrued - Acquisitions	-	-	-	-	-	-	(44,956)	100,436	-	55,480
Total other changes related to liabilities	454,625	(5,170)	2,632	389,547	-	133,191	7,104	5,256	345,654	1,332,839
Balances at June 30, 2022	8,029,348	34,535	23,077	364,603	1,851	361,602	(18,889)	54,090	10,208,018	19,058,235

Hypera S.A.
Quarterly Information (ITR) at June 30, 2022

								Consolidated	
					Liabilities	Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans, financing and debenture	Notes payable	Taxes payable	Dividends and interest on capital payable	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
Balances at January 1, 2022	7,360,987	45,384	81,360	704,808	376,195	(29,305)	72,236	9,833,471	18,445,136
Changes in cash flow from financing activities									
Hedge of loans	-	-	-	-	-	(10,633)	(3,330)	-	(13,963)
Loans taken out	907,674	-	-	-	-	-	-	-	907,674
Payment of loans - principal	(330,107)	(1,919)	(568)	-	(12,999)	-	-	-	(345,593)
Payments of loans - interest	(360,928)	(3,760)	-	-	(3,422)	-	-	-	(368,110)
Gain (loss) on the sale of shares	-	-	-	-	-	-	-	35,773	35,773
Dividends paid	-	-	-	(729,752)	-	-	-	-	(729,752)
Total changes in cash flow from financing activities	216,639	(5,679)	(568)	(729,752)	(16,421)	(10,633)	(3,330)	35,773	(513,971)
Other changes									
Write-off	-	-	-	-	(34,919)	-	-	-	(34,919)
Additions	-	-	-	-	57,267	-	-	-	57,267
Leases	-	-	-	-	6,274	-	-	-	6,274
Taxes payable	-	-	(4,641)	-	-	-	-	-	(4,641)
Proposed dividends	-	-	-	389,547	-	-	-	-	389,547
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	11,920	11,920
Income for the period	-	-	-	-	-	-	-	803,450	803,450
Interest on capital	-	-	-	-	-	-	-	(389,547)	(389,547)
Interest accrued	461,627	4,820	123	-	5,058	(43,749)	69,128	-	497,007
Loans - acquisition of subsidiaries	-	(9,990)	-	-	-	-	-	-	(9,990)
MtM- Hedge loans	-	-	-	-	-	24,860	(80,111)	-	(55,251)
MtM - Supplier hedges	-	-	-	-	-	42,590	(1,718)	-	40,872
MtM -Hedge option	-	-	-	-	-	9,188	-	-	9,188
Payment/receipt Investment hedges	-	-	-	-	-	56,845	-	-	56,845
Supplier hedges - interest paid	-	-	-	-	-	(52,191)	(77,915)	-	(130,106)
Adjustments from prior periods	-	-	-	-	-	-	-	(11,208)	(11,208)
Equity valuation adjustments	-	-	-	-	-	-	-	(68,961)	(68,961)
Other accounts payable	-	-	-	-	144,020	-	-	-	144,020
Interest accrued - Acquisitions	-	-	-	-	-	(44,956)	100,436	-	55,480
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	(600)	(600)
Total other changes related to liabilities	461,627	(5,170)	(4,518)	389,547	177,700	(7,413)	9,820	345,054	1,366,647
Balances at June 30, 2022	8,039,253	34,535	76,274	364,603	537,474	(47,351)	78,726	10,214,298	19,297,812

23 Deferred income tax and social contribution

a. Breakdown of deferred tax assets

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

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Deferred tax assets:				
Tax losses carried forward and negative CSLL bases	2,229,649	1,884,878	2,252,498	1,906,988
Contingencies	61,628	65,522	78,593	80,351
Expected credit losses	23,189	23,195	24,043	26,364
Other temporary differences	134,749	129,199	225,807	231,781
Total deferred tax assets	2,449,215	2,102,794	2,580,941	2,245,484
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company to the same tax authority (also recoverable against the calculation of current tax)	(1,988,699)	(1,790,264)	(2,083,264)	(1,890,369)
Remaining balance of deferred tax assets	460,516	312,530	497,677	355,115

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	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Goodwill	1,957,881	1,760,691	1,957,881	1,760,691
Fair value of property, plant and equipment - business combinations	16,615	17,047	39,863	41,600
Others	14,203	12,526	186,866	162,071
Total tax debt	1,988,699	1,790,264	2,184,610	1,964,362
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company with the same tax authority (also recoverable against the calculation of current tax)	(1,988,699)	(1,790,264)	(2,083,264)	(1,890,369)
Remaining balance of deferred liabilities	-	-	101,346	73,993

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

	Parent company		Consolidated	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Income before income tax and social contribution	659,560	749,494	724,405	759,551
Combined rate - %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(224,251)	(254,829)	(245,936)	(258,224)
Equity accounting	43,123	7,087	1,194	939
Government grants	171,499	114,687	172,894	116,270
Interest on capital declared	132,446	132,445	132,446	132,445
Interest/indexation in the nature of an indemnity	5,990	32,401	6,506	33,378
Other permanent additions/exclusions	15,083	(5,180)	11,311	(8,684)
Income tax and social contribution expenses	143,890	26,611	78,415	16,124
Current	-	-	(995)	(271)
Deferred	143,890	26,611	79,410	16,395
Discontinued operations	1,479	5,677	1,506	5,966
Continuing operations	142,411	20,934	76,909	10,158
	143,890	26,611	78,415	16,124
	22%	4%	11%	2%

24 Taxes payable

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
ICMS (value added tax) payable	20,557	13,584	68,649	66,053
IPI/PIS/COFINS payable	875	3,634	3,009	6,085
Other taxes payable	1,645	3,795	4,616	9,222
	23,077	21,013	76,274	81,360
Current	21,795	19,251	70,034	68,865
Non-current	1,282	1,762	6,240	12,495

25 Accounts payable

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Freight payable	25,194	19,014	34,063	24,759
Services provided	54,164	62,185	122,593	116,827
Advertising	16,376	17,871	16,376	17,871
Revenue to elapse	44,539	38,252	44,539	38,252
Purchases of fixed assets	1,044	1,774	41,281	22,339
Leases (i)	86,721	73,404	106,064	88,805
Leniency agreement (*)	100,000	-	100,000	-
Accrued taxes on inventory losses	-	2,251	21,506	20,518
Others	33,564	28,525	51,052	46,824
	361,602	243,276	537,474	376,195
Current	271,314	163,102	424,855	276,647
Non-current	90,288	80,174	112,619	99,548

(*) Refers to the Leniency Agreement, to be reimbursed by the shareholder (see Notes 14 and 31).

(i) Lease liabilities

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Current	26,799	29,118	28,749	30,109
Non-current	59,922	44,286	77,315	58,696
	<u>86,721</u>	<u>73,404</u>	<u>106,064</u>	<u>88,805</u>

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

	Parent company	Consolidated
Balance at January 1, 2022	73,404	88,805
Payment of loans - principal	(12,610)	(12,999)
Payments of loans - interest	(2,255)	(3,422)
Additions	55,553	57,267
Write-off	(34,604)	(34,919)
Remeasurement	3,349	6,274
Interest accrued	3,884	5,058
Balance at June 30, 2022	<u>86,721</u>	<u>106,064</u>

a. Maturity of installments

Leases at June 30, 2022 have the following breakdown, by year of maturity:

	Parent company	Consolidated
From 1 to 2 years	18,409	19,813
From 2 to 5 years	21,159	27,714
More than 5 years	20,354	29,788
	<u>59,922</u>	<u>77,315</u>

b. Tax rights on leases

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

	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease liability	115,641	86,721	117,903	106,064
Estimated PIS/COFINS	(6,622)	(4,526)	(9,028)	(6,113)
	<u>109,019</u>	<u>82,195</u>	<u>108,875</u>	<u>99,951</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	12.11%	12.11%
From 2 to 5 years	9.49%	9.68%
More than 5 years	10.95%	10.66%

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 022</u>	<u>December 31, 2021</u>
Lease liabilities				
Carrying amount - IFRS/CPC 06 (R2)	86,721	73,404	106,064	88,805
Flow with projected inflation	91,560	77,015	111,982	93,174
Variation	5.58%	4.92%	5.58%	4.92%
Net right of use - closing balance				
Carrying amount - IFRS/CPC 06 (R2)	84,520	69,494	111,594	93,823
Flow with projected inflation	89,236	72,913	117,821	98,439
Variation	5.58%	4.92%	5.58%	4.92%
	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Financial expenses				
Carrying amount - IFRS/CPC 06 (R2)	(3,885)	(3,855)	(4,834)	(5,334)
Flow with projected inflation	(4,102)	(4,045)	(5,104)	(5,596)
Variation	5.58%	4.92%	5.58%	4.92%
Depreciation expenses				
Carrying amount - IFRS/CPC 06 (R2)	(18,370)	(32,550)	(20,097)	(33,231)
Flow with projected inflation	(19,395)	(34,151)	(21,218)	(34,866)
Variation	5.58%	4.92%	5.58%	4.92%

26 Provision for contingencies

At June 30, 2022, the Company had the following provision for contingencies and corresponding deposits with courts related to contingencies:

Parent company								
June 30, 2022				December 31, 2021				
	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts
Civil	10,000	10,773	(62)	20,711	9,307	10,399	(60)	19,646
Labor	96,372	9,933	(17,621)	88,684	104,787	15,585	(16,873)	103,499
Tax	16,120	34,408	(15,036)	35,492	14,745	34,343	(14,272)	34,816
Administrative/others	3,654	-	(431)	3,223	3,547	-	(401)	3,146
Liability of former owners	5,501	-	-	5,501	5,604	-	-	5,604
	131,647	55,114	(33,150)	153,611	137,990	60,327	(31,606)	166,711

Consolidated								
June 30, 2022				December 31, 2021				
	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies assumed in business combinations	Deposits with courts	Contingencies net of deposits with courts
Civil	10,131	10,773	(62)	20,842	9,409	10,399	(60)	19,748
Labor	104,779	9,933	(19,716)	94,996	114,684	15,585	(19,522)	110,747
Tax	39,844	34,408	(38,141)	36,111	31,879	34,343	(31,406)	34,816
Administrative/others	21,288	-	(476)	20,812	20,028	-	(443)	19,585
Liability of former owners	8,596	-	-	8,596	8,598	-	-	8,598
	184,638	55,114	(58,395)	181,357	184,598	60,327	(51,431)	193,494

Changes in contingencies

Parent company						
	December 31, 2021	Indexation accruals	Additions	Reversals	Payments	June 30, 2022
Civil	19,706	822	259	-	(14)	20,773
Labor	120,372	6,359	7,763	(14,341)	(13,848)	106,305
Tax	49,088	839	601	-	-	50,528
Administrative/others	3,547	287	202	-	(382)	3,654
Liability of former owners	5,604	216	1,981	(1,244)	(1,056)	5,501
	<u>198,317</u>	<u>8,523</u>	<u>10,806</u>	<u>(15,585)</u>	<u>(15,300)</u>	<u>186,761</u>
Deposits with courts	(31,606)	(1,090)	(10,121)	3,951	5,716	(33,150)
	<u>166,711</u>	<u>7,433</u>	<u>685</u>	<u>(11,634)</u>	<u>(9,584)</u>	<u>153,611</u>

Consolidated						
	December 31, 2021	Indexation accruals	Additions	Reversals	Payments	June 30, 2022
Civil	19,808	824	315	-	(43)	20,904
Labor (a)	130,269	6,749	8,387	(15,601)	(15,092)	114,712
Tax	66,222	1,586	6,444	-	-	74,252
Administrative/others	20,028	1,304	528	-	(572)	21,288
Liability of former owners (b)	8,598	349	2,551	(1,289)	(1,613)	8,596
	<u>244,925</u>	<u>10,812</u>	<u>18,225</u>	<u>(16,890)</u>	<u>(17,320)</u>	<u>239,752</u>
Deposits with courts	(51,431)	(1,895)	(15,869)	4,163	6,637	(58,395)
	<u>193,494</u>	<u>8,917</u>	<u>2,356</u>	<u>(12,727)</u>	<u>(10,683)</u>	<u>181,357</u>

(a) The additions refer to 51 new labor lawsuits, and the reversals refer to 78 labor lawsuits and the payments refer to 69 labor lawsuits.

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

Possible contingencies

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

	Parent company		Consolidated	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	65,777	62,052	67,999	64,184
Labor	418,968	442,333	426,612	451,170
Tax	100,340	121,016	116,253	136,400
Administrative/others	3,119	2,892	3,866	3,401
Liability of former owners	503,008	491,074	663,011	647,170
	<u>1,091,212</u>	<u>1,119,367</u>	<u>1,277,741</u>	<u>1,302,325</u>

27 Share capital

a. Share capital

On June 30, 2022, the Company was authorized to increase its share capital up to the limit of R\$ 5,500,000.00, in accordance with a provision of its bylaws and a decision by the Board of Directors at the Special General Meeting on January 24, 2011.

The share capital at June 30, 2022 was R\$ 4,478,126 (R\$ 4,478,126 at December 31, 2021), represented by 633,420,823 common shares (633,420,823 at December 31, 2021).

b. Treasury shares

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

	Number	Amount
Balance at 12/31/2021	<u>2,699,242</u>	<u>81,350</u>
Acquisition in the period	-	-
Sales in the period	<u>(2,155,279)</u>	<u>(64,956)</u>
Balance at 06/30/2022	<u>543,963</u>	<u>16,394</u>

c. Interest on capital

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

On June 22, 2022, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 194,774.

28 Revenue

The reconciliation of gross and net revenue is as follows:

			Parent company	
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Gross revenue from products	2,175,338	3,937,187	1,762,286	3,148,815
Returns	(18,775)	(34,299)	(14,940)	(37,098)
Unconditional discounts	(28,574)	(88,755)	(30,193)	(64,657)
Net revenue from returns and unconditional discounts	<u>2,127,989</u>	<u>3,814,133</u>	<u>1,717,153</u>	<u>3,047,060</u>
Promotional discounts	(107,758)	(202,342)	(101,568)	(164,630)
Taxes	(92,981)	(163,634)	(82,876)	(154,031)
Net revenue	<u>1,927,250</u>	<u>3,448,157</u>	<u>1,532,709</u>	<u>2,728,399</u>

			Consolidated	
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Gross revenue from products	2,206,078	3,992,432	1,771,511	3,159,673
Returns	(19,339)	(35,051)	(15,008)	(37,185)
Unconditional discounts	(32,018)	(93,294)	(30,807)	(65,271)
Net revenue from returns and unconditional discounts	<u>2,154,721</u>	<u>3,864,087</u>	<u>1,725,696</u>	<u>3,057,217</u>
Promotional discounts	(105,968)	(199,930)	(99,160)	(161,790)
Taxes	(153,117)	(274,971)	(119,157)	(217,186)
Net revenue	<u>1,895,636</u>	<u>3,389,186</u>	<u>1,507,379</u>	<u>2,678,241</u>

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

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

29 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Cost of sales	(888,980)	(1,565,909)	(632,071)	(1,131,583)
Raw materials	-	-	-	-
Packaging materials	-	-	-	-
Labor	-	-	-	-
Depreciation and amortization expenses	-	-	-	-
Resale	(874,157)	(1,525,408)	(610,936)	(1,096,232)
Losses on inventory	(14,823)	(40,501)	(21,135)	(35,351)
Changes in inventory/others	-	-	-	-
Selling and marketing expenses	(461,280)	(829,249)	(414,594)	(737,910)
Marketing expenses	(316,328)	(551,049)	(297,096)	(513,114)
Advertising and consumer promotion	(94,823)	(158,588)	(98,497)	(157,661)
Trade deals	(43,576)	(79,428)	(42,781)	(76,319)
Market surveys and others	(4,088)	(4,682)	(2,465)	(3,555)
Medical visits, promotions, gifts and samples	(173,841)	(308,351)	(153,353)	(275,579)
Selling expenses	(144,952)	(278,200)	(117,498)	(224,796)
Sales force	(84,504)	(162,418)	(68,115)	(131,413)
Freight and logistics expenses	(34,658)	(64,022)	(28,466)	(53,595)
Research and development	(5,121)	(11,918)	(4,020)	(8,271)
Depreciation and amortization expenses	(8,654)	(17,481)	(7,942)	(14,995)
Other expenses	(12,015)	(22,361)	(8,955)	(16,522)
General and administrative expenses	(48,278)	(92,990)	(43,960)	(83,722)
Salaries/wages payable	(27,673)	(56,251)	(23,940)	(47,897)
Services, lawyers, advisors and auditors	(16,094)	(28,034)	(16,375)	(28,519)
Depreciation and amortization expenses	(3,904)	(7,958)	(3,097)	(5,915)
Other expenses	(607)	(747)	(548)	(1,391)

	Consolidated			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Cost of sales	(687,619)	(1,241,979)	(519,702)	(937,765)
Raw materials	(265,334)	(498,081)	(181,870)	(368,782)
Packaging materials	(101,915)	(199,022)	(78,853)	(145,084)
Labor	(134,396)	(252,367)	(114,955)	(217,076)
Depreciation and amortization expenses	(15,944)	(31,337)	(14,165)	(28,337)
Resale	(173,038)	(294,738)	(105,198)	(208,386)
Losses on inventory	(25,451)	(54,010)	(13,564)	(37,137)
Changes in inventory/others	28,459	87,576	(11,097)	67,037
Selling and marketing expenses	(500,854)	(917,620)	(450,017)	(816,111)
Marketing expenses	(312,151)	(545,239)	(298,287)	(513,007)
Advertising and consumer promotion	(96,055)	(161,522)	(98,413)	(156,931)
Trade deals	(43,576)	(79,428)	(42,781)	(76,319)
Market surveys and others	(4,088)	(4,682)	(2,465)	(3,555)
Medical visits, promotions, gifts and samples	(168,432)	(299,607)	(154,628)	(276,202)
Selling expenses	(188,703)	(372,381)	(151,730)	(303,104)
Sales force	(86,627)	(168,423)	(69,488)	(133,859)
Freight and logistics expenses	(39,746)	(72,383)	(30,708)	(57,804)
Research and development	(33,930)	(76,427)	(28,960)	(69,341)
Depreciation and amortization expenses	(15,520)	(30,066)	(12,456)	(23,431)
Other expenses	(12,880)	(25,082)	(10,118)	(18,669)
General and administrative expenses	(70,545)	(136,019)	(59,202)	(115,063)
Salaries/wages payable	(42,226)	(83,607)	(33,985)	(69,414)
Services, lawyers, advisors and auditors	(19,858)	(35,238)	(18,564)	(32,701)
Depreciation and amortization expenses	(7,261)	(14,694)	(5,609)	(10,677)
Other expenses	(1,200)	(2,480)	(1,044)	(2,271)

b. Other operating (expenses) income, net

	Parent company			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Potential gains (losses)	(22,409)	(20,108)	88,787	87,550
Depreciation of investment properties	(567)	(853)	(274)	(1,205)
Rental income	-	-	581	5,657
Civil and labor contingencies	783	10,733	(538)	1,669
	<u>(22,193)</u>	<u>(10,228)</u>	<u>88,556</u>	<u>93,671</u>

	Consolidated			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Potential gains (losses)	9,162	4,726	77,908	73,785
Depreciation of investment properties	(491)	(698)	(306)	(1,237)
Rental income	30	61	372	4,846
Civil and labor contingencies	486	10,734	(803)	280
	<u>9,187</u>	<u>14,823</u>	<u>77,171</u>	<u>77,674</u>

c. Financial income

	Parent company			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Interest income	15,291	30,643	7,063	13,039
Income from financial investments and others	31,994	65,541	10,999	20,318
	<u>47,285</u>	<u>96,184</u>	<u>18,062</u>	<u>33,357</u>
	Consolidated			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Interest income	17,986	34,596	7,903	14,858
Income from financial investments and others	36,344	75,611	11,803	21,603
	<u>54,330</u>	<u>110,207</u>	<u>19,706</u>	<u>36,461</u>

d. Financial expenses

	Parent company			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Interest on financing	(5,745)	(13,393)	(2,508)	(6,137)
Interest on loans	(65,235)	(124,551)	(25,131)	(46,077)
Interest on notes payable	(557)	(1,060)	(92)	(187)
Indexation accruals on contingencies	(4,624)	(8,307)	(3,792)	(8,158)
REFIS (financing of tax liabilities)	(60)	(123)	(78)	(159)
Debentures	(182,362)	(333,865)	(46,337)	(80,517)
Interest and commission on letters of guarantee	(1,352)	(3,009)	(1,090)	(2,199)
Bank expenses, discounts granted and others	(6,405)	(21,625)	(5,492)	(10,949)
Cost of hedges and exchange variations on loans	446	147	(1,152)	(1,095)
Cost of hedge and exchange variation on suppliers and customers	1,159	61	7	19
Reversals of present value adjustments	(2,280)	(3,885)	(867)	(1,731)
Others	(114)	(159)	(169)	(272)
	<u>(267,129)</u>	<u>(509,769)</u>	<u>(86,701)</u>	<u>(157,462)</u>
	Consolidated			
	4/1/2022 to 6/30/2022	1/1/2022 to 6/30/2022	4/1/2021 to 6/30/2021	1/1/2021 to 6/30/2021
Interest on financing	(5,935)	(13,813)	1,817	(3,944)
Interest on loans	(48,795)	(77,801)	(19,694)	(28,416)
Interest on notes payable	(557)	(1,060)	(92)	(187)
Indexation accruals on contingencies	(6,026)	(10,463)	(4,302)	(9,070)
REFIS (financing of tax liabilities)	(60)	(123)	(78)	(159)
Debentures	(182,362)	(333,865)	(46,337)	(80,517)
Interest and commission on letters of guarantee	(1,356)	(3,019)	(1,167)	(2,280)
Bank expenses and others	(7,346)	(24,492)	(7,031)	(12,438)
Cost of hedges and exchange variations on loans	446	147	(1,152)	(1,095)
Cost of hedge and exchange variation on suppliers and customers	(9,607)	(24,447)	(11,943)	(8,789)
Reversals of present value adjustments	(2,824)	(4,834)	(1,318)	(2,280)
Others	(281)	(403)	(357)	(547)
	<u>(264,703)</u>	<u>(494,173)</u>	<u>(91,654)</u>	<u>(149,722)</u>

30 Related-party transactions

The Company is a publicly traded company with its shares traded on the São Paulo Stock Exchange - B3, under a shareholders' agreement entered into on June 23, 2010, and subsequently amended on March 16, 2016, October 24, 2016, July 26, 2017 and June 9, 2020. The main signatories are: Mr. João Alves de Queiroz Filho, holding 21.38% of the Company's capital, and Maiorem S.A. de C.V., holding 14.74%. The 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, as well as the transactions between related parties that impacted the results for the year, arise from transactions between the Company and its subsidiaries, which management considers to have been conducted under normal market conditions and within normal timeframes for the respective types of transactions.

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

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

Trading transactions involving the sale and purchase of products, raw materials, the contracting of services and rentals, as well as financial transactions involving loans and fundraising between group companies, are presented as follows:

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

a. In assets and liabilities

Parent company					
June 30, 2022					
Related parties	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Loans payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	-	(156,559)	-	-
My Agência Propaganda Ltda.	4	-	-	-	-
Brainfarma Ind. Quím. e Farmacêutica S.A.	2,606	-	(739,214)	(7,064)	-
Megatelecom Telecommunications S.A.	20	-	-	(79)	-
João Alves de Queiroz Filho	-	151,046	-	-	-
Total	2,630	151,046	(895,773)	(7,143)	-

Consolidated					
June 30, 2022					
Related parties	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Loans payable
Megatelecom Telecommunications S.A.	20	-	-	(101)	-
João Alves de Queiroz Filho	-	155,368	-	-	-
Total	20	155,368	-	(101)	-

					Parent company
					December 31, 2021
Related parties	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Loans payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	533	-	(123,547)	-	(1)
My Agência Propaganda Ltda.	11	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	5,845	-	(666,796)	(8,192)	-
Megatelecom Telecommunications S.A.	16	-	-	(65)	-
João Alves de Queiroz Filho	-	97,414	-	-	-
Total	6,405	97,414	(790,343)	(8,257)	(1)

					Consolidated
					December 31, 2021
Related parties	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Loans payable
Megatelecom Telecommunications S.A.	16	-	-	(85)	-
João Alves de Queiroz Filho	-	105,662	-	-	-
Total	16	105,662	-	(85)	-

b. In income for the period

							Parent company
							June 30, 2022
Related parties	Transactions		Other (expenses)/income			Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(163,359)	-	-	-	-	-	-
My - Agência Propaganda Ltda.	-	102	(2,280)	-	-	-	-
TV Serra Dourada Ltda.	-	-	(440)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(769,618)	-	-	(1,048)	(161)	-	-
Megatelecom Telecommunications S.A.	-	184	-	-	(218)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	3,817
	(932,977)	286	(2,720)	(1,048)	(379)	-	3,817

							Consolidated
							June 30, 2022
Related parties	Transactions		Other (expenses)/income			Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
TV Serra Dourada Ltda.	-	-	(440)	-	-	-	-
Megatelecom Telecommunications S.A.	-	184	-	-	(280)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	4,140
	-	184	(440)	-	(280)	-	4,140

							Parent company
							June 30, 2021
Related parties	Transactions		Other (expenses)/income			Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(193,047)	876	-	-	-	-	-
My - Agência Propaganda Ltda.	-	102	(2,280)	-	-	-	-
TV Serra Dourada Ltda.	-	-	(1,237)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,112,438)	-	-	(1,048)	-	(207)	57
Megatelecom Telecommunications S.A.	-	215	-	-	(65)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	1,334
	(1,305,485)	1,193	(3,517)	(1,048)	(65)	(207)	1,391

							Consolidated
							June 30, 2021
	Transactions		Other (expenses)/income			Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Related parties							
TV Serra Dourada Ltda.	-	-	(1,237)	-	-	-	-
Megatelecom Telecommunications S.A.	-	215	-	-	(85)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	1,447
	<u>-</u>	<u>215</u>	<u>(1,237)</u>	<u>-</u>	<u>(85)</u>	<u>-</u>	<u>1,447</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	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Salaries and other short-term benefits	9,122	9,105	9,122	9,105
Board members' fees	2,381	2,673	2,381	2,673
Share-based payments	5,064	4,471	5,064	4,471
	<u>16,567</u>	<u>16,249</u>	<u>16,567</u>	<u>16,249</u>

31 Other matters

a) Internal Investigation

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

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

In addition, the Company informed the market through a Material Fact disclosed on May 31, 2022 that it entered into a leniency agreement with the Office of the Federal Comptroller General and undertook to (i) pay approximately R\$ 110 million ("Agreement Amount"); and (ii) continue to comply with the development plan of its Integrity Program, to be monitored for eighteen months by the Office of the Federal Comptroller General. This Leniency Agreement did not change the Company's operational, tax and regulatory aspects.

The Company also informed on the same date that the Agreement Amount will be fully supported by the Company's shareholder, Mr. João Alves de Queiroz Filho, as indicated in the related party transactions form disclosed to the market on the same date.

b) Impacts of the COVID-19 pandemic

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

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

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

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

32 Events after the reporting period

On July 15, 2022, the Company decided to carry out the 13th issue of simple debentures, not convertible into shares, in three series, unsecured, for private placement, in the total amount of R\$750,000,000.00 ("Issue" and "Debentures", respectively), 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 will be issued, with a unit nominal value of R\$1 (one thousand reais). The applicable interest rate and the quantity of Debentures to be allocated in each of the three series of the Issue will be defined upon completion of the Bookbuilding Procedure.

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