

Hypera S.A.
Quarterly information report
September 30, 2021

Content

Management report	3
Report on review of Quarterly Information - ITR	19
Balance sheet	22
Statements of income	23
Statements of comprehensive income	25
Statements of changes in shareholders' equity	26
Statements of cash flows	27
Statements of added value	28
Notes to the quarterly information report	29

Hypera Pharma increases Net Revenue by 50.0% and EBITDA from Continuing Operations by 47.6% in 3Q21, with organic market-share¹ expansion for the fourth consecutive quarter

São Paulo, October 22, 2021 – 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 3rd quarter of 2021. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

3Q21 Highlights

- Net revenue of R\$1,632.6 million in the quarter, or 50.0% higher than 3Q20
- EBITDA from Continuing Operations of R\$580.9 million in 3Q21, or 47.6% higher than 3Q20
- Net Income from Continuing Operations of R\$464.7 million, an increase of 32.9% over 3Q20
- Organic sell-out growth of 13.7%¹ in 3Q21, or 1.4 p.p. above the market²
- Highest ever recorded Operating Cash Flow of R\$539.9 million in the quarter, versus R\$465.1 million in 3Q20
- Interest on Equity approval of R\$194.8 million in 3Q21, or 5% greater than 3Q20

Table 1

(R\$ million)	3Q20	% NR	3Q21	% NR	Δ %	9M20	% NR	9M21	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,235.2	113.5%	1,865.0	114.2%	51.0%	3,348.1	113.3%	4,922.2	114.2%	47.0%
Net Revenue	1,088.5	100.0%	1,632.6	100.0%	50.0%	2,954.0	100.0%	4,310.9	100.0%	45.9%
Gross Profit	696.3	64.0%	1,043.5	63.9%	49.9%	1,929.6	65.3%	2,784.0	64.6%	44.3%
SG&A (ex-Marketing and R&D)	(145.9)	-13.4%	(192.4)	-11.8%	31.9%	(445.3)	-15.1%	(541.3)	-12.6%	21.5%
Marketing	(202.6)	-18.6%	(275.0)	-16.8%	35.8%	(572.3)	-19.4%	(788.0)	-18.3%	37.7%
EBITDA from Continuing Operations	393.5	36.1%	580.9	35.6%	47.6%	1,091.4	36.9%	1,534.8	35.6%	40.6%
Net Income from Continuing Operations	349.6	32.1%	464.7	28.5%	32.9%	996.7	33.7%	1,251.8	29.0%	25.6%
Cash Flow from Operations	465.1	42.7%	539.9	33.1%	16.1%	987.8	33.4%	1,098.1	25.5%	11.2%

EARNINGS CONFERENCE CALL – PORTUGUESE: 10/25/2021, 11am (Brasília) / 10am (New York)

Webcast: [click here](#) / **Phone:** +55 11 4090-1621 (code – Hypera)

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

EARNINGS CONFERENCE CALL – ENGLISH (Simultaneous translation): 10/25/2021, 11am (Brasília) / 10am (New York)

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

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

Note: (1) Sell-out PPP 3Q21 (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price from pharmacies and chains. It does not consider the sell-out of the Buscopan brands and the portfolio acquired from Takeda; (2) As informed by IQVIA, it excludes the infant formula segment

IR contacts

+55 (11) 3627-4206
+55 (11) 3627-4097
ri@hypera.com.br

Operating Scenario

Hypera Pharma's Net Revenue grew 50.0% in 3Q21, mainly driven by: (i) the contribution to Net Revenue from the portfolio of medicines acquired from Takeda and the Buscopan brands, and (ii) the **13.7% organic sell-out¹ growth, or 1.4 percentage point above the market²**.

The organic sell-out growth was higher than the market for the fourth consecutive quarter, and reflects the Company's initiatives to boost its long-term sustainable growth, with highlights including the launches acceleration in the last years, the increase in production capacity and the investments in its leading brands.

Prescription Products was the highlight of the quarter, with sell-out growth exceeding the market growth once again. The performance benefited from the growth in chronic medicines, a segment in which the Company has been strengthening its participation in recent years with several important launches, and by the increase in the number of prescriptions seen throughout 2021, which has exceeded pre-pandemic levels, according to a recent IQVIA study.

In **Skincare**, a segment that has been growing faster than the pharmaceutical retail market in the past 12 months, **Hypera Pharma expanded its market-share again**, driven primarily by the growth in **Episol, Epidrat, Ivy C and Pielus** brands, which had relevant line extensions in recent quarters, and by the growth from the portfolio of medicines acquired from Glenmark in the beginning of 2020.

In **Similar and Generics**, the growth continues to be driven by: (i) the Company's robust distribution platform; (ii) the initiatives to increase the visibility of the Neo Química brand; (iii) the expansion of the production capacity; and (iv) the acceleration in the number of launches. In **Consumer Health**, a segment in which the Company is the leader with several iconic brands in the Brazilian market, the 3Q21 highlights were the Gastrointestinal, Nutritional and Antiflu categories.

The combination of the sell-out growth with the integration synergies from the portfolio of medicines acquired from Takeda and the Buscopan brands contributed to EBITDA from Continuing Operations Margin expansion, when excluding Other Operating Revenues, of 4.0 percentage points in 3Q21, to 34.9%.

The operating cash generation reached R\$539.9 million in 3Q21, the highest level ever recorded by the Company in a quarter, and has been benefited by the working capital investment reduction, which reached 34% of the annualized Net Revenue in 3Q21, versus 38% in 3Q20.

The Company also approved the Interest on Equity distribution of R\$194.8 million (R\$0.31/share), an increase of 5% over the amount declared in 3Q20.

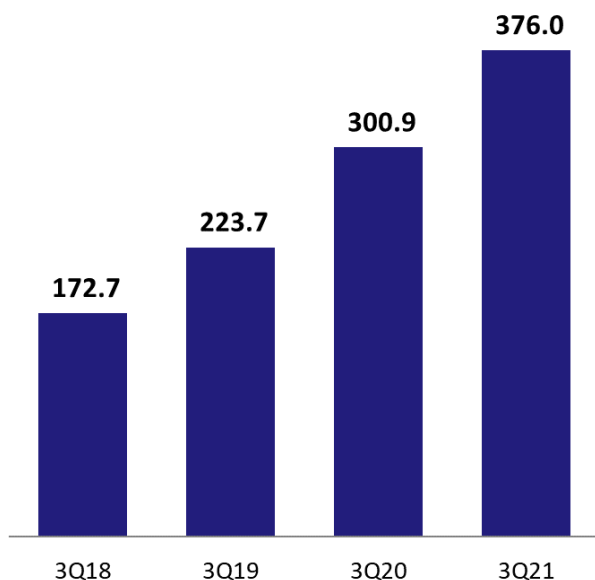
Hypera Pharma continued investing in the well-being of its stakeholders and this quarter held its first *Mutirão da Saúde* (Health Task Force) at **Neo Química Arena**, offering medical care to the residents of the São Paulo East Zone focusing on chronic and silent diseases prevention, including diabetes and hypertension measurement, as well as nutritional assessment **so people can live longer and better.**

The performance presented in the first 9 months of the year, coupled with the strength and resilience of the Company's portfolio of leading brands, the contribution of the launches and innovation pipeline, and the recent performance of the portfolio of medicines acquired from Takeda and the Buscopan brands reinforce Hypera Pharma's confidence in reaching the goals and financial projections set for 2021 and in its medium and long-term sustainable growth.

Note: (1) Sell-out PPP 3Q21 (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price from pharmacies and chains. It does not consider the sell-out of the Buscopan brands and the portfolio acquired from Takeda; (2) As informed by IQVIA, it excludes the infant formula segment

Innovation & Launches

R&D Investments in the last 12 months¹
(R\$ mm)



Total R&D investments, including the amount capitalized as intangible assets, were R\$376.0 million in the last 12 months, or 25.0% higher than the same period of the previous year.

The Freshness Index, corresponding to the percentage of Net Revenue coming from products launched in the last five years, was 24% in 3Q21. When excluding the portfolio of medicines acquired from Takeda and the Buscopan brands, the innovation index reached 31% in 3Q21.

The main recent launch was the anticoagulant **Vabam**, to treat atrial fibrillation and thrombosis, which marked the Company's entry into the largest therapeutic class of prescription products in Brazil, with a sell-out, according to IQVIA, of over R\$1.2 billion in the last 12 months, or 39% higher than the same period of 2020.

Hypera Pharma also launched **Melatonum**, **Vitasay Melatonina** and **Vitamina Neo Química Melatonina**, new options of melatonin supplements, and the line extensions **Colflex Hialu**, a type 2 collagen supplement that helps maintain joint function,

Engov After Red Hits, with an exclusive formula for body recovery and hydration, and **Addera + Muscular**. In Skincare, the highlights were **Pielus MX** (minoxidil), part of the protocol for the treatment of baldness, and the line extensions **Epidrat Calm**, **Urby Men** and **Nouve Collagen**.

recovery and hydration, and **Addera + Muscular**. In Skincare, the highlights were **Pielus MX** (minoxidil), part of the protocol for the treatment of baldness, and the line extensions **Epidrat Calm**, **Urby Men** and **Nouve Collagen**.



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

The following table is a summary of Hypera Pharma's Income Statement:

Table 2

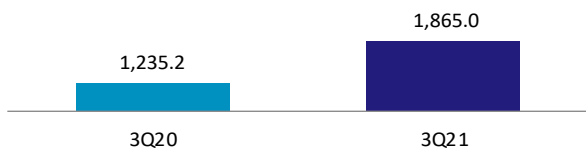
(R\$ million)	3Q20	% NR	3Q21	% NR	Δ %	9M20	% NR	9M21	% NR	Δ %
Net Revenue	1,088.5	100.0%	1,632.6	100.0%	50.0%	2,954.0	100.0%	4,310.9	100.0%	45.9%
Gross Profit	696.3	64.0%	1,043.5	63.9%	49.9%	1,929.6	65.3%	2,784.0	64.6%	44.3%
Marketing Expenses	(202.6)	-18.6%	(275.0)	-16.8%	35.8%	(572.3)	-19.4%	(788.0)	-18.3%	37.7%
Selling Expenses	(149.1)	-13.7%	(177.9)	-10.9%	19.3%	(417.1)	-14.1%	(481.0)	-11.2%	15.3%
General and Administrative Expenses	(43.6)	-4.0%	(58.4)	-3.6%	34.1%	(145.2)	-4.9%	(173.5)	-4.0%	19.5%
Other Operating Revenues (Expenses)	56.8	5.2%	11.3	0.7%	-80.1%	193.1	6.5%	89.0	2.1%	-53.9%
Equity in Subsidiaries	5.9	0.5%	3.5	0.2%	-40.0%	12.0	0.4%	6.7	0.2%	-44.0%
EBIT from Continuing Operations	363.7	33.4%	547.0	33.5%	50.4%	1,000.1	33.9%	1,437.1	33.3%	43.7%
Net Financial Expenses	(36.4)	-3.3%	(75.8)	-4.6%	108.3%	(39.4)	-1.3%	(189.1)	-4.4%	379.9%
Income Tax and CSLL	22.3	2.1%	(6.4)	-0.4%	-	36.0	1.2%	3.7	0.1%	-89.7%
Net Income (Loss) from Continuing Operations	349.6	32.1%	464.7	28.5%	32.9%	996.7	33.7%	1,251.8	29.0%	25.6%
Net Income from Discontinued Operations	(4.0)	-0.4%	(263.2)	-16.1%	6489.3%	(16.5)	-0.6%	(274.6)	-6.4%	1569.0%
Net Income (Loss)	345.6	31.8%	201.6	12.3%	-41.7%	980.3	33.2%	977.2	22.7%	-0.3%
EBITDA from Continuing Operations	393.5	36.1%	580.9	35.6%	47.6%	1,091.4	36.9%	1,534.8	35.6%	40.6%

Net Revenue

Graph 1

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

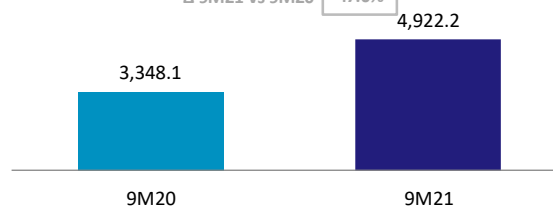
Δ 3Q21 vs 3Q20 51.0%



Graph 2

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

Δ 9M21 vs 9M20 47.0%



Graph 3

Net Revenue (R\$ mm)

Δ 3Q21 vs 3Q20 50.0%



Graph 4

Net Revenue (R\$ mm)

Δ 9M21 vs 9M20 45.9%

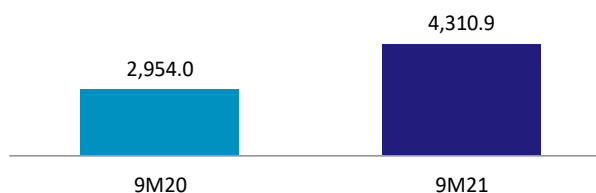


Table 3

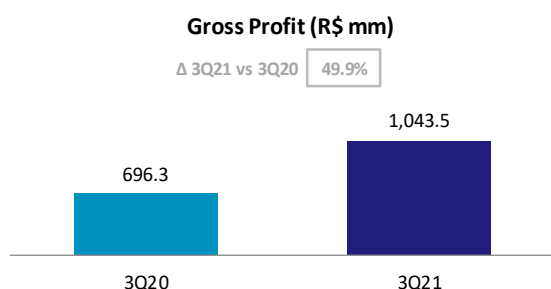
(R\$ million)	3Q20	3Q21	Δ %	9M20	9M21	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,235.2	1,865.0	51.0%	3,348.1	4,922.2	47.0%
Promotional Discounts	(56.2)	(104.0)	84.9%	(149.5)	(265.8)	77.8%
Taxes	(90.5)	(128.3)	41.9%	(244.6)	(345.5)	41.3%
Net Revenue	1,088.5	1,632.6	50.0%	2,954.0	4,310.9	45.9%

In 3Q21, Net Revenue growth was 50.0% when compared to the same period of the previous year, totaling R\$1,632.6 million. This growth is mainly due to: **(i) the contribution to Net Revenue in 3Q21 from the portfolio of medicines acquired from Takeda and the Buscopan family;** and **(ii) the increase in sell-out, which was driven by the growth in Prescription Products, Skincare, Generics and Similar and Antiflu, Gastrointestinal and Nutritionals in Consumer Health.**

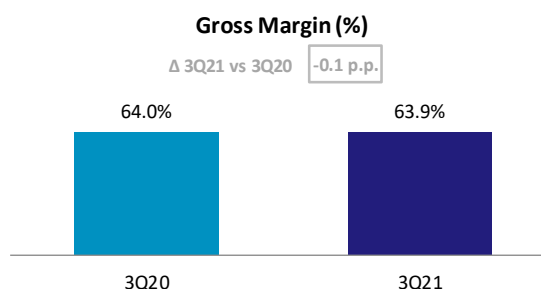
When excluding the contribution to Net Revenues from the portfolio of medicines acquired from Takeda and the Buscopan brands, Net Revenue grew 18.7%.

Gross Profit

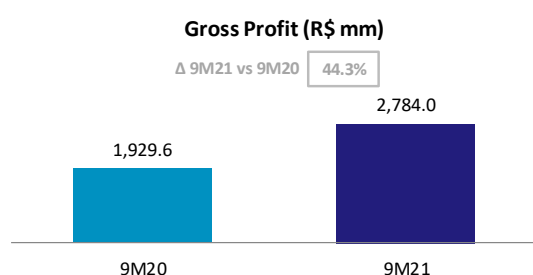
Graph 5



Graph 6



Graph 7



Graph 8

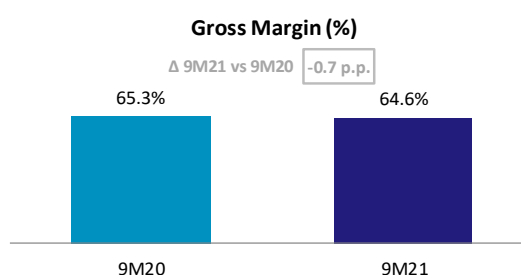


Table 4

(R\$ million)	3Q20	% NR	3Q21	% NR	Δ %	Δ p.p.	9M20	% NR	9M21	% NR	Δ %	Δ p.p.
Gross Profit	696.3	64.0%	1,043.5	63.9%	49.9%	-0.1 p.p.	1,929.6	65.3%	2,784.0	64.6%	44.3%	-0.7 p.p.

Gross Profit grew 49.9% in the quarter and reached R\$1,043.5 million in 3Q21, with Gross Margin of 63.9%, the same level registered in 3Q20. The variation in Gross Margin is mainly a due to; (i) the positive contribution of 2.5 percentage points from the portfolio of medicines acquired from Takeda and the Buscopan brands; (ii) the devaluation of the Brazilian Real against the US Dollar in the period, which negatively impacted the Gross Margin by 1.1 percentage point; (iii) the increase in commercial discounts to drive sell-out growth, which negatively impacted the Gross Margin by 0.6 percentage point; and (iv) the increase in other costs at a higher level than the increase in prices in the period.

The Company has already carried out foreign exchange derivatives operations (foreign exchange hedge) related to the future purchase of raw material indexed to the US Dollar estimated for the next 9 months in order to mitigate the impact of the devaluation of the Brazilian Real against the US Dollar and protect its operations from the exchange rate volatility.

Marketing Expenses

Table 5

(R\$ million)	3Q20	% NR	3Q21	% NR	Δ %	9M20	% NR	9M21	% NR	Δ %
Marketing Expenses	(202.6)	-18.6%	(275.0)	-16.8%	35.8%	(572.3)	-19.4%	(788.0)	-18.3%	37.7%
Advertisement and Consumer Promotion	(59.2)	-5.4%	(96.3)	-5.9%	62.8%	(173.8)	-5.9%	(256.8)	-6.0%	47.7%
Trade Deals	(33.3)	-3.1%	(43.5)	-2.7%	30.8%	(77.9)	-2.6%	(119.9)	-2.8%	53.8%
Medical Visits, Promotions and Others	(110.1)	-10.1%	(135.2)	-8.3%	22.8%	(320.6)	-10.9%	(411.4)	-9.5%	28.3%

Marketing Expenses reduced their share of Net Revenue by 1.8 percentage point, from 18.6% of Net Revenue in 3Q20 to 16.8% in 3Q21. This reduction was mainly due to the decrease in the of Medical Visits, Promotions and Others over Net Revenues, as a consequence of: (i) the increase in medical visits and medical events carried out remotely after the beginning of the Covid-19 pandemic, which contributed to the reduction of travel expenses; (ii) the acceleration of sell-out growth and Net Revenue in Prescription Products; and (iii) the operational synergies of the integration of the prescription products portfolio acquired from Takeda.

Selling Expenses

Table 6

(R\$ million)	3Q20	% NR	3Q21	% NR	Δ %	9M20	% NR	9M21	% NR	Δ %
Selling Expenses	(149.1)	-13.7%	(177.9)	-10.9%	19.3%	(417.1)	-14.1%	(481.0)	-11.2%	15.3%
Commercial Expenses	(74.3)	-6.8%	(102.3)	-6.3%	37.6%	(223.0)	-7.6%	(278.2)	-6.5%	24.7%
Freight and Logistics Expenses	(28.0)	-2.6%	(31.7)	-1.9%	13.1%	(77.1)	-2.6%	(89.5)	-2.1%	16.1%
Research & Development	(46.8)	-4.3%	(43.9)	-2.7%	-6.2%	(117.0)	-4.0%	(113.2)	-2.6%	-3.2%

Selling Expenses represented 10.9% of Net Revenue in 3Q21, a reduction of 2.8 percentage points when compared to 3Q20. This reduction is mainly due to the 1.6 percentage point decreased in Research and Development (R&D) expenses, mainly reflecting the synergies from the integration of the brands acquired from Takeda and the Buscopan brands. **R&D total investments, including the amount capitalized as intangible assets, represented 5.9% of Net Revenues in 3Q21, versus 8.6% in 3Q20, and reached R\$252.3 million in 9M21, or 11.4% higher than the same period of the previous year.**

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

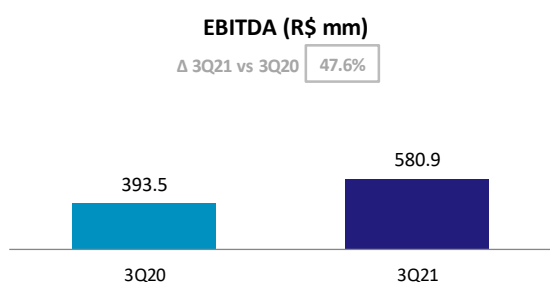
Table 7

(R\$ million)	3Q20	% NR	3Q21	% NR	Δ %	9M20	% NR	9M21	% NR	Δ %
General & Administrative Expenses	(43.6)	-4.0%	(58.4)	-3.6%	34.1%	(145.2)	-4.9%	(173.5)	-4.0%	19.5%
Other Operating Revenues (Expenses)	56.8	5.2%	11.3	0.7%	-80.1%	193.1	6.5%	89.0	2.1%	-53.9%

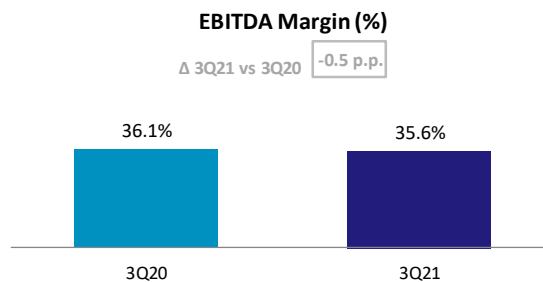
General and Administrative Expenses reduced their share of Net Revenue by 0.4 percentage point in 3Q21, mainly due to: (i) the dilution of fixed expenses with the integration of the portfolio of medicines acquired from Takeda and the Buscopan brands; and (ii) the Company's initiatives to preserve the profitability of its operations during the Covid-19 pandemic, including mainly the reduction in the number of business trips.

EBITDA from Continuing Operations

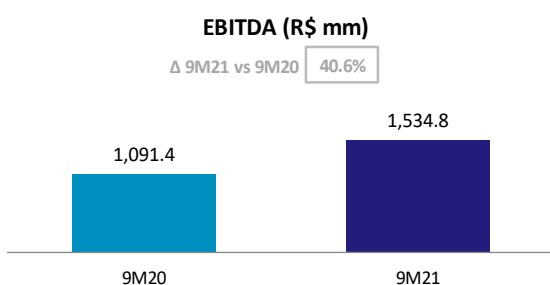
Graph 9



Graph 10



Graph 11



Graph 12

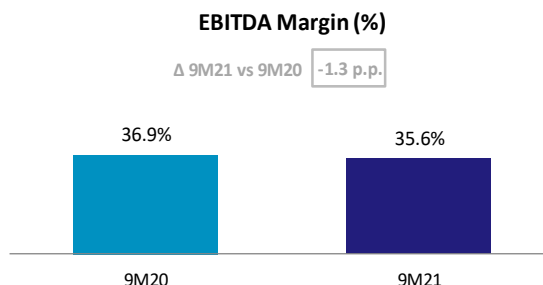


Table 8 – EBITDA from Continuing Operations

(R\$ million)	3Q20	% NR	3Q21	% NR	Δ %	9M20	% NR	9M21	% NR	Δ %
EBITDA from Continuing Operations	393.5	36.1%	580.9	35.6%	47.6%	1,091.4	36.9%	1,534.8	35.6%	40.6%

EBITDA from Continuing Operations was R\$580.9 million in 3Q21, an increase of 47.6% over the previous year, with 35.6% margin. When excluding the contribution of Other Operating Revenues (Expenses), the EBITDA Margin from Continuing Operations grew 4.0 percentage points over 3Q20 and reached 34.9%, mainly due to the dilution of Selling, General and Administrative Expenses.

Net Financial Expenses

Table 9

(R\$ million)	3Q20	% NR	3Q21	% NR	Δ R\$	9M20	% NR	9M21	% NR	Δ R\$
Financial Result	(36.4)	-3.3%	(75.8)	-4.6%	(39.4)	(39.4)	-1.3%	(189.1)	-4.4%	(149.7)
Net Interest Expenses	(20.1)	-1.8%	(69.3)	-4.2%	(49.3)	(10.5)	-0.4%	(148.4)	-3.4%	(137.9)
Cost of Hedge and FX Gains (Losses)	(0.7)	-0.1%	6.1	0.4%	6.8	5.4	0.2%	(3.8)	-0.1%	(9.2)
Other	(15.6)	-1.4%	(12.6)	-0.8%	3.0	(34.3)	-1.2%	(36.9)	-0.9%	(2.6)

The Financial Result presented a negative balance of R\$75.8 million in 3Q21, compared to R\$36.4 million in 3Q20. This variation is a result of the increase in interest expenses due to the Company's greater gross debt, mainly due to the issuance of debentures to pay for the portfolio of medicines acquired from Takeda, and the *Selic* interest rate increase.

Net Income

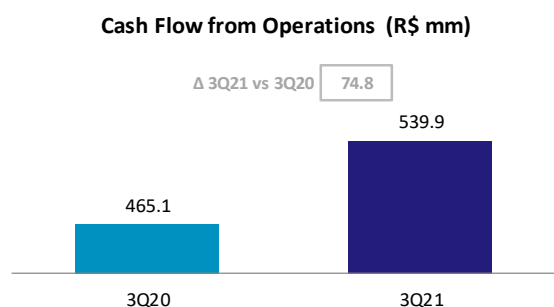
Table 10

(R\$ million)	3Q20	3Q21	Δ %	9M20	9M21	Δ %
EBIT from Continuing Operations	363.7	547.0	50.4%	1,000.1	1,437.1	43.7%
(-) Net Financial Expenses	(36.4)	(75.8)	108.3%	(39.4)	(189.1)	379.9%
(-) Income Tax and Social Contribution	22.3	(6.4)	-	36.0	3.7	-89.7%
Net Income from Continuing Operations	349.6	464.7	32.9%	996.7	1,251.8	25.6%
(+) Net Income from Discontinued Operations	(4.0)	(263.2)	6,489.3%	(16.5)	(274.6)	1569.0%
Net Income	345.6	201.6	-41.7%	980.3	977.2	-0.3%
EPS	0.55	0.32	-41.6%	1.55	1.55	-0.3%
EPS from Continuing Operations	0.55	0.74	32.9%	1.58	1.98	25.5%

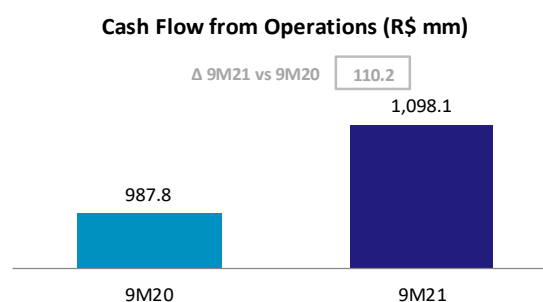
Net Income from Continuing Operations totaled R\$464.7 million in the quarter, an increase of 32.9%. The change in Net Income from Continuing Operations is mainly due to the 50.4% growth in EBIT from Continuing Operations and the Net Financial Expenses growth of R\$39.4 million. Net Income totaled R\$201.6 million, and was negatively impacted by the Net Income from Discontinuing Operations that reflected the agreement set with Ontex related to the divestment of the disposable business in 2017.

Cash Flow (Continuing and Discontinued Operations)

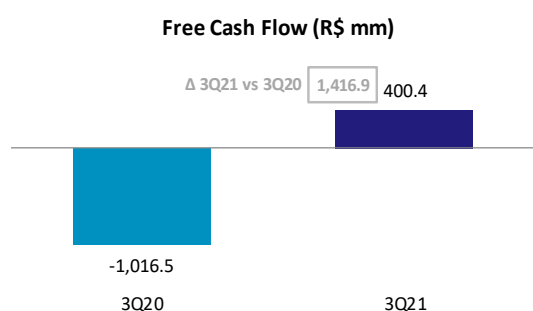
Graph 13



Graph 14



Graph 15



Graph 16

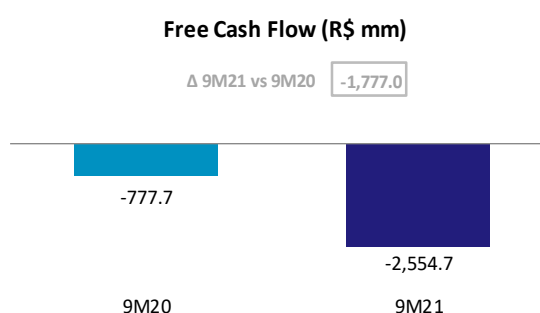


Table 11

(R\$ million)	3Q20	3Q21	9M20	9M21
Cash Flow from Operations	465.1	539.9	987.8	1,098.1
Capital increase in subsidiaries/associates	0.0	0.0	(0.1)	(20.4)
Purchase of Property, Plant and Equipment	(155.4)	(150.5)	(320.5)	(378.2)
Purchase of Intangible Assets	(1,351.7)	(50.2)	(1,426.1)	(146.0)
Acquisitions of Subsidiaries, Net of Cash Acquired	0.0	0.0	(45.5)	(3,553.5)
Sale of Property, Plant and Equipment	25.6	61.3	26.7	445.2
(=) Free Cash Flow	(1,016.5)	400.4	(777.7)	(2,554.7)

Operating Cash Flow reached R\$539.9 in 3Q21, Hypera Pharma's highest level ever recorded in a quarter, driven mainly by the growth in EBIT from Continuing Operations. Free Cash Flow totaled R\$400.4 million in the quarter, and benefited from the proceeds of part of the amount related to the Neocopan and Xantinon divestments announced in 2020.

Net Debt

Table 12

(R\$ million)	3Q21
Loans and Financing	(7,415.1)
Notes Payable	(33.6)
Gross Debt	(7,448.8)
Cash and Cash Equivalents	3,142.5
Net Cash / (Debt)	(4,306.3)
Unrealized Gain/Loss on Debt Hedge	(19.7)
Net Cash / (Debt) After Hedge	(4,326.0)

The Company ended 3Q21 with a Net Debt After Hedge position of R\$4,326.0 million, compared to R\$4.589.1 million at the end of 2Q21, and corresponded to 2.2x EBITDA from Continuing Operations considered in the guidance set for this year. The reduction of Net Debt After Hedge in the quarter is mainly due to free cash flow generation of R\$400.4 million in the quarter.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	3Q20	4Q20	1Q21	2Q21	3Q21	(R\$ million)	3Q20	4Q20	1Q21	2Q21	3Q21
Receivables ⁽¹⁾	110	111	108	98	91	Receivables	1,478	1,564	1,546	1,796	1,807
Inventories ⁽²⁾	205	190	237	200	188	Inventories	892	921	1,099	1,153	1,230
Payables ⁽²⁾⁽³⁾	(164)	(148)	(170)	(135)	(125)	Payables ⁽³⁾	(715)	(716)	(791)	(778)	(816)
Cash Conversion Cycle	151	153	174	163	154	Working Capital	1,655	1,769	1,854	2,171	2,222
						% of Annualized Net Revenue ⁽⁴⁾	38%	39%	40%	36%	34%

(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\$950.0 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$1,966.5 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)	3Q20	% NR	3Q21	% NR	Δ %	9M20	% NR	9M21	% NR	Δ %
Net Income	345.6	31.8%	201.6	12.3%	-41.7%	980.3	33.2%	977.2	22.7%	-0.3%
(+) Income Tax and CSLL	(23.8)	-2.2%	(128.8)	-7.9%	441.6%	(41.7)	-1.4%	(145.0)	-3.4%	247.5%
(+) Net Interest Expenses	36.4	3.3%	75.8	4.6%	108.3%	39.4	1.3%	189.1	4.4%	379.9%
(+) Depreciations / Amortizations	29.8	2.7%	33.9	2.1%	13.8%	91.3	3.1%	97.6	2.3%	6.9%
EBITDA	388.0	35.6%	182.5	11.2%	-53.0%	1,069.2	36.2%	1,119.0	26.0%	4.7%
(-) EBITDA from Discontinued Operations	5.4	0.5%	398.5	24.4%	7,213.8%	22.2	0.8%	415.8	9.6%	1776.4%
Adjusted EBITDA (EBITDA from Continuing Operations)	393.5	36.1%	580.9	35.6%	47.6%	1,091.4	36.9%	1,534.8	35.6%	40.6%

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

	3Q20	3Q21	9M20	9M21
Net Revenue	1,088,497	1,632,642	2,954,023	4,310,883
Cost of Goods Sold	(392,218)	(589,146)	(1,024,435)	(1,526,911)
Gross Profit	696,279	1,043,496	1,929,588	2,783,972
Selling and Marketing Expenses	(351,696)	(452,909)	(989,422)	(1,269,020)
General and Administrative Expenses	(43,575)	(58,447)	(145,175)	(173,510)
Other Operating Revenues (Expenses)	56,773	11,307	193,103	88,981
Equity in Subsidiaries	5,904	3,544	12,008	6,722
Operating Income Before Equity Income and Financial Result	363,685	546,991	1,000,102	1,437,145
Net Financial Expenses	(36,396)	(75,813)	(39,399)	(189,074)
Financial Expenses	(69,350)	(110,011)	(157,556)	(259,733)
Financial Income	32,954	34,198	118,157	70,659
Profit Before Income Tax and Social Contribution	327,289	471,178	960,703	1,248,071
Income Tax and Social Contribution	22,334	(6,448)	35,998	3,710
Net Income from Continuing Operations	349,623	464,730	996,701	1,251,781
Net Income from Discontinued Operations	(3,994)	(263,176)	(16,450)	(274,552)
Income for the Period	345,629	201,554	980,251	977,229
Earnings per Share – R\$	0.55	0.32	1.55	1.55

Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2020	09/30/2021	Liabilities and Shareholders' Equity	12/31/2020	09/30/2021
Current Assets	7,899,047	6,842,340	Current Liabilities	2,623,249	3,438,892
Cash and Cash Equivalents	4,743,298	3,142,477	Suppliers	275,539	337,172
Accounts Receivables	1,564,341	1,807,174	Suppliers' Assignment of Receivables	440,256	478,893
Inventories	920,796	1,230,423	Loans and Financing	461,816	893,381
Recoverable Taxes	274,017	336,840	Salaries Payable	224,479	312,007
Financial Derivatives	85,674	92,105	Income Tax and Social Contribution	10,570	901
Other Assets	306,823	233,321	Taxes Payable	63,659	75,767
Dividends and IOC receivables	4,098	0	Accounts Payable	273,353	763,426
			Dividends and IOC Payable	671,654	535,088
			Notes Payable	23,980	33,619
			Financial Derivatives	177,943	8,638
Non-Current Assets	9,350,763	13,210,156	Non-Current Liabilities	5,385,846	6,928,608
Long Term Assets	1,217,542	1,367,815	Loans and Financing	5,051,233	6,521,753
Deferred Income Tax and Social Contribution	194,716	313,820	Deferred Income Tax and Social Contribution	46,017	78,956
Recoverable Taxes	680,495	784,345	Taxes Payable	7,651	7,029
Other Assets	342,331	269,650	Accounts Payable	74,557	97,476
			Provisions for Contingencies	206,388	203,713
			Financial Derivatives	0	19,681
Fixed Assets and Investments	8,133,221	11,842,341	Shareholders' Equity	9,240,715	9,684,996
Investments	34,233	72,661	Capital	4,478,126	4,478,126
Investment Properties	154,318	25,794	Capital Reserve	1,266,381	1,243,916
Property, Plants and Equipments	1,546,409	1,879,184	Equity Valuation Adjustments	(336,724)	(206,238)
Intangible Assets	6,398,261	9,864,702	Profit Reserves	3,833,210	3,833,210
			Treasury Stock	(278)	(37,881)
			Attributed to non-controlling shareholders	0	4,462
			Income for the Period	0	369,401
Total Assets	17,249,810	20,052,496	Total Liabilities and Shareholders' Equity	17,249,810	20,052,496

Consolidated Cash Flow Statement (R\$ thousand)

Tabela 17

	3Q20	3Q21	9M20	9M21
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	321,841	72,725	938,543	832,276
Depreciation and Amortization	29,804	33,931	91,277	97,614
Asset Impairment	(985)	6,028	40,129	(4,721)
Gain on Permanent Asset Disposals	(24,709)	398,805	(14,445)	401,905
Equity Method	(5,801)	(3,689)	(10,856)	(6,457)
Foreign Exchange (Gains) Losses	1,348	(6,087)	(27,805)	3,797
Net Interest and Related Revenue/Expenses	35,047	81,900	67,204	185,277
Expenses Related to Share Based Remuneration	4,802	7,000	14,318	17,374
Provisions	11,462	15,953	16,884	24,119
Adjusted Results	372,809	606,566	1,115,249	1,551,184
Decrease (Increase) in Assets	(111,986)	(99,816)	(423,959)	(608,994)
Trade Accounts Receivable	(62,277)	(12,600)	(137,536)	(289,588)
Inventories	(106,773)	(90,693)	(286,994)	(328,858)
Recoverable Taxes	(552)	(48,857)	57,903	(136,969)
Judicial Deposits and Others	(30)	(4,192)	10,363	16,594
Other Accounts Receivable	57,646	56,526	(67,695)	129,827
Increase (Decrease) in Liabilities	204,289	33,149	296,559	155,863
Suppliers	53,400	(23,431)	(86,422)	46,209
Suppliers' Assignment of Receivables	99,013	35,168	297,361	40,921
Financial Derivatives	23,149	(17,292)	58,357	(9,826)
Income Tax and Social Contribution Paid	(5,308)	(74)	(9,238)	(6,946)
Taxes Payable	7,176	648	20,224	15,146
Salaries and Payroll Charges	12,432	52,669	26,836	75,088
Accounts Payable	42,709	(25,291)	66,209	3,002
Operations Interest Paid	(24,922)	14,090	(63,381)	2,520
Other Accounts Payable	(3,360)	(3,338)	(13,387)	(10,251)
Net Cash Provided by Operating Activities	465,112	539,899	987,849	1,098,053
Cash Flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	(345)	0	(445)	(20,365)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	0	(45,500)	(3,553,463)
Acquisitions of Property, Plant and Equipment	(155,393)	(150,519)	(320,545)	(378,175)
Intangible Assets	(1,351,749)	(50,205)	(1,426,114)	(146,014)
Proceeds from the Sale of Assets with Permanent Nature	25,562	61,263	26,709	445,221
Interest and Others	20,032	18,724	59,327	35,824
Investment Hedge	47,170	(1,026)	45,015	45,370
Net Cash From Investing Activities	(1,414,723)	(121,763)	(1,661,553)	(3,571,602)
Cash Flows from Financing Activities				
Capital Integralization	27,243	0	27,243	0
Borrowings	735,000	1,000,000	4,115,000	2,221,184
Treasury Stock Purchase / Sale	867	(1)	12,101	(66,426)
Repayment of Loans - Principal	(14,490)	(221,263)	(55,607)	(378,191)
Repayment of Loans - Interest	(28,733)	(98,967)	(81,227)	(202,845)
Dividends and IOC Paid	(23,204)	(24,662)	(659,269)	(720,883)
Loan Derivatives	0	19,889	0	19,889
Net Cash From Financing Activities	696,683	674,996	3,358,241	872,728
Net Increase (Decrease) in Cash and Cash Equivalents	(252,928)	1,093,132	2,684,537	(1,600,821)
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	5,183,901	2,049,345	2,246,436	4,743,298
Cash and Cash Equivalents at the End of the Period	4,930,973	3,142,477	4,930,973	3,142,477
Change in Cash and Cash Equivalent	(252,928)	1,093,132	2,684,537	(1,600,821)

(A free translation of the original in Portuguese)

Hypera S.A.
Quarterly Information (ITR) at
September 30, 2021
and report on review of
quarterly information



(A free translation of the original in Portuguese)

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 September 30, 2021, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information.

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 does 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.



Hypera S.A.

Emphasis of matter - investigation in progress

As mentioned in Note 31(a) to the Quarterly Information (ITR), as a result of the investigations conducted by the Judiciary, search and seizure warrants were issued and executed by the Federal Police in 2018, one of which related to the Company's premises, and the others for residences of certain former officers and executives of the Company. As described in the referred note, following the appointment of an Independent Investigation Committee by the Company's Board of Directors to clarify the facts, investigations identified evidence of past improper payments as well as the need to improve its systems, internal controls and compliance program. After the approval of the Board of Directors, the Company entered into an agreement with its main joint-controlling stockholder to obtain reimbursement for such improper payments. In addition to the investigations, the Company, together with its legal counsel, continues to support and collaborate with the investigations carried out by competent authorities and it is evaluating the legal ramifications for seeking a settlement with the authorities. Currently, the potential accounting effects arising from this matter cannot be reliably estimated. 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 nine-month period ended September 30, 2021. 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 interim accounting 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, October 22, 2021

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

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

Hypera S.A.

Balance sheet In thousands of Reais

Assets	Parent company		Consolidated		Liabilities and equity	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020		September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	2,937,662	4,646,159	3,142,477	4,743,298	Suppliers (Note 20)	724,777	588,626	337,172	275,539
Accounts receivable (Note 11)	1,802,604	1,564,207	1,807,174	1,564,341	Suppliers' assignments of receivables (Note 21)	11,294	5,013	478,893	440,256
Inventory (Note 12)	285,607	259,864	1,230,423	920,796	Loans and financing (Note 22)	884,323	424,880	893,381	461,816
Taxes recoverable (Note 13)	193,497	151,684	336,840	274,017	Salaries payable	192,125	133,609	312,007	224,479
Derivative financial instruments (Note 4(e))	41,060	79,427	92,105	85,674	Income tax and social contribution payable	-	-	901	10,570
Dividends receivable	-	13,046	-	4,098	Taxes payable (Note 24)	36,340	22,077	75,767	63,659
Other assets (Note 14)	193,589	261,343	233,321	306,823	Notes payable	33,619	23,980	33,619	23,980
	<u>5,454,019</u>	<u>6,975,730</u>	<u>6,842,340</u>	<u>7,899,047</u>	Dividends and interest payable on equity	535,088	671,654	535,088	671,654
					Derivative financial instruments (Note 4(e))	2,633	149,213	8,638	177,943
					Accounts payable (Note 25)	655,130	169,943	763,426	273,353
						<u>3,075,329</u>	<u>2,188,995</u>	<u>3,438,892</u>	<u>2,623,249</u>
Non-current assets					Non-current liabilities				
Long-term receivables					Loans and financing (Note 22)	6,514,251	4,978,590	6,521,753	5,051,233
Deferred income tax and social contribution (Note 23)	287,100	165,913	313,820	194,716	Taxes payable (Note 24)	7,029	7,651	7,029	7,651
Taxes recoverable (Note 13)	729,846	630,126	784,345	680,495	Deferred income tax and social contribution (Note 23)	-	-	78,956	46,017
Other assets (Note 14)	223,408	293,288	269,650	342,331	Provision for contingencies (Note 26)	177,445	183,516	203,713	206,388
	<u>1,240,354</u>	<u>1,089,327</u>	<u>1,367,815</u>	<u>1,217,542</u>	Derivative financial instruments (Note 4(e))	19,681	-	19,681	-
					Accounts payable (Note 25)	77,892	71,374	97,476	74,557
						<u>6,796,298</u>	<u>5,241,131</u>	<u>6,928,608</u>	<u>5,385,846</u>
					Total liabilities	<u>9,871,627</u>	<u>7,430,126</u>	<u>10,367,500</u>	<u>8,009,095</u>
Investments (Note 16)	3,348,802	2,309,204	72,661	34,233	Equity				
Investment properties	25,794	161,095	25,794	154,318	Share capital (Note 27 (a))	4,478,126	4,478,126	4,478,126	4,478,126
Property, plant and equipment (Note 18)	171,674	130,536	1,879,184	1,546,409	Capital reserves	1,243,916	1,266,381	1,243,916	1,266,381
Intangible assets (Note 19)	9,311,518	6,004,949	9,864,702	6,398,261	Equity valuation adjustments	(206,238)	(336,724)	(206,238)	(336,724)
	<u>12,857,788</u>	<u>8,605,784</u>	<u>11,842,341</u>	<u>8,133,221</u>	Profit reserves	3,833,210	3,833,210	3,833,210	3,833,210
					Treasury shares	(37,881)	(278)	(37,881)	(278)
	<u>14,098,142</u>	<u>9,695,111</u>	<u>13,210,156</u>	<u>9,350,763</u>	Retained earnings	369,401	-	369,401	-
					Equity attributable to the owners of the parent company	<u>9,680,534</u>	<u>9,240,715</u>	<u>9,680,534</u>	<u>9,240,715</u>
					Equity attributable to noncontrolling interests	-	-	4,462	-
					Total equity	<u>9,680,534</u>	<u>9,240,715</u>	<u>9,684,996</u>	<u>9,240,715</u>
Total assets	<u>19,552,161</u>	<u>16,670,841</u>	<u>20,052,496</u>	<u>17,249,810</u>	Total liabilities and equity	<u>19,552,161</u>	<u>16,670,841</u>	<u>20,052,496</u>	<u>17,249,810</u>

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

Hypera S.A.

Statement of income

Periods ended September 30

In thousands of Reais, unless stated otherwise

	Parent company			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Continuing operations				
Net revenue (Note 28)	1,669,472	4,397,871	1,118,181	3,035,025
Cost of sales (Note 29(a))	(706,490)	(1,838,073)	(508,318)	(1,328,942)
Gross profit	962,982	2,559,798	609,863	1,706,083
Selling and marketing expenses (Note 29(a))	(407,790)	(1,145,700)	(309,091)	(882,027)
General and administrative expenses (Note 29(a))	(41,452)	(125,174)	(29,715)	(101,275)
Other operating (expenses) income, net (Note 29(b))	26,982	120,653	66,577	194,033
Equity accounting (Note 16 (b))	14,668	36,465	17,186	59,484
Income before financial income and expenses	555,390	1,446,042	354,820	976,298
Financial income (Note 29 (c))	31,760	65,117	31,432	113,655
Financial expenses (Note 29 (d))	(122,920)	(280,382)	(65,519)	(151,957)
Financial expenses, net	(91,160)	(215,265)	(34,087)	(38,302)
Income before income tax and social contribution	464,230	1,230,777	320,733	937,996
Income tax and social contribution (Note 23(c))	650	21,584	28,890	58,705
Net income from continuing operations	464,880	1,252,361	349,623	996,701
Discontinued operations				
Net income from discontinued operations (Note 15)	(263,176)	(274,552)	(3,994)	(16,450)
Net income for the period	201,704	977,809	345,629	980,251
Earnings per share				
Basic earnings per share (in R\$)	0.31900	1.54688	0.54741	1.55254
Diluted earnings per share (in R\$)	0.31559	1.52907	0.54357	1.53580
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.73511	1.98031	0.55375	1.57860
Diluted earnings per share (in R\$)	0.72690	1.95750	0.54987	1.56157

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

Hypera S.A.

Statement of income Periods ended September 30 In thousands of Reais, unless stated otherwise

	Consolidated			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Continuing operations				
Net revenue (Note 28)	1,632,642	4,310,883	1,088,497	2,954,023
Cost of sales (Note 29(a))	(589,146)	(1,526,911)	(392,218)	(1,024,435)
Gross profit	1,043,496	2,783,972	696,279	1,929,588
Selling and marketing expenses (Note 29(a))	(452,909)	(1,269,020)	(351,696)	(989,422)
General and administrative expenses (Note 29(a))	(58,447)	(173,510)	(43,575)	(145,175)
Other operating (expenses) income, net (Note 29(b))	11,307	88,981	56,773	193,103
Equity accounting (Note 16 (b))	3,544	6,722	5,904	12,008
Income before financial income and expenses	546,991	1,437,145	363,685	1,000,102
Financial income (Note 29 (c))	34,198	70,659	32,954	118,157
Financial expenses (Note 29 (d))	(110,011)	(259,733)	(69,350)	(157,556)
Financial expenses, net	(75,813)	(189,074)	(36,396)	(39,399)
Income before income tax and social contribution	471,178	1,248,071	327,289	960,703
Income tax and social contribution (Note 23(c))	(6,448)	3,710	22,334	35,998
Net income from continuing operations	464,730	1,251,781	349,623	996,701
Discontinued operations				
Net income from discontinued operations (Note 15)	(263,176)	(274,552)	(3,994)	(16,450)
Net income for the period	201,554	977,229	345,629	980,251
Attributable to				
Owners of the parent company	201,704	977,809	345,629	980,251
Noncontrolling interests	(150)	(580)	-	-
	201,554	977,229	345,629	980,251
Earnings per share				
Basic earnings per share (in R\$)	0.31900	1.54688	0.54741	1.55254
Diluted earnings per share (in R\$)	0.31559	1.52907	0.54357	1.53580
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.73511	1.98031	0.55375	1.57860
Diluted earnings per share (in R\$)	0.72690	1.95750	0.54987	1.56157

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

Hypera S.A.

Statement of changes in equity Periods ended September 30 In thousands of Reais

	Capital reserves						Profit reserves					Equity attributable to the owners of the parent company	Equity attributable to noncontrolling interests	Total equity
	Capital	Premium on share issuance	Share purchase options	Debtore subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve	Additional dividends proposed	Retained earnings			
Balances at January 1, 2020	<u>4,448,817</u>	<u>1,141,620</u>	<u>78,537</u>	<u>50,244</u>	<u>(34,203)</u>	<u>(254,994)</u>	<u>180,592</u>	<u>2,838,613</u>	<u>260,874</u>	<u>-</u>	<u>-</u>	<u>8,710,100</u>	<u>-</u>	<u>8,710,100</u>
Capital increase	27,243	-	-	-	-	-	-	-	-	-	-	27,243	-	27,243
Share purchase options	-	-	13,021	-	-	-	-	-	-	-	-	13,021	-	13,021
Results on sales of treasury shares	-	(21,824)	-	-	-	-	-	-	-	-	-	(21,824)	-	(21,824)
Sales of shares (Note 27(b))	-	-	-	-	33,925	-	-	-	-	-	-	33,925	-	33,925
Net income for the period	-	-	-	-	-	-	-	-	-	-	980,251	980,251	-	980,251
Interest on capital (Note 27 (c))	-	-	-	-	-	-	-	-	-	-	(556,490)	(556,490)	-	(556,490)
Other comprehensive income														
Gains or losses on derivatives, net of tax	-	-	-	-	-	109,332	-	-	-	-	-	109,332	-	109,332
Balances at September 30, 2020	<u>4,476,060</u>	<u>1,119,796</u>	<u>91,558</u>	<u>50,244</u>	<u>(278)</u>	<u>(145,662)</u>	<u>180,592</u>	<u>2,838,613</u>	<u>260,874</u>	<u>-</u>	<u>423,761</u>	<u>9,295,558</u>	<u>-</u>	<u>9,295,558</u>
Balances at January 1, 2021	<u>4,478,126</u>	<u>1,119,797</u>	<u>96,340</u>	<u>50,244</u>	<u>(278)</u>	<u>(336,724)</u>	<u>180,592</u>	<u>3,426,232</u>	<u>226,386</u>	<u>-</u>	<u>-</u>	<u>9,240,715</u>	<u>-</u>	<u>9,240,715</u>
Adjustment of provision for returns by estimate, net of taxes	-	-	-	-	-	-	-	-	-	-	(24,091)	(24,091)	-	(24,091)
Share purchase options	-	-	6,358	-	-	-	-	-	-	-	-	6,358	-	6,358
Results on sales of treasury shares	-	(28,823)	-	-	-	-	-	-	-	-	-	(28,823)	-	(28,823)
Acquisition of shares (Note 27(b))	-	-	-	-	(85,118)	-	-	-	-	-	-	(85,118)	-	(85,118)
Sales of shares (Note 27(b))	-	-	-	-	47,515	-	-	-	-	-	-	47,515	-	47,515
Net income for the period	-	-	-	-	-	-	-	-	-	-	977,809	977,809	-	977,809
Interest on capital	-	-	-	-	-	-	-	-	-	-	(584,317)	(584,317)	-	(584,317)
Interest attributable to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-	4,462	4,462
Other comprehensive income														
Gains or losses on derivatives, net of tax	-	-	-	-	-	130,486	-	-	-	-	-	130,486	-	130,486
At September 30, 2021	<u>4,478,126</u>	<u>1,090,974</u>	<u>102,698</u>	<u>50,244</u>	<u>(37,881)</u>	<u>(206,238)</u>	<u>180,592</u>	<u>3,426,232</u>	<u>226,386</u>	<u>-</u>	<u>369,401</u>	<u>9,680,534</u>	<u>4,462</u>	<u>9,684,996</u>

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

Hypera S.A.

Statement of cash flows Periods ended September 30 In thousands of Reais

	Parent company		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	815,559	916,951	832,276	938,543
Adjustments for				
Depreciation and amortization	37,153	36,548	97,614	91,277
Impairment of assets	(262)	9,682	(4,721)	40,129
Results on sales of fixed assets	395,126	(15,944)	401,905	(14,445)
Equity accounting	(35,085)	(55,987)	(6,457)	(10,856)
Foreign exchange gains (losses)	477	(23,396)	3,797	(27,805)
Interest and related expenses (income)	214,788	61,698	185,277	67,204
Share-based compensation expenses	14,676	11,699	17,374	14,318
Provisions	17,418	(3,831)	24,119	16,884
Adjusted income	1,459,850	937,420	1,551,184	1,115,249
Changes in assets and liabilities				
Accounts receivable	(285,659)	(136,921)	(289,588)	(137,536)
Inventory	(35,154)	(141,737)	(328,858)	(286,994)
Taxes recoverable	(126,283)	67,770	(136,969)	57,903
Deposits with courts and others	16,218	15,393	16,594	10,363
Other accounts receivable	122,915	(60,815)	129,827	(67,695)
Suppliers	136,139	210,541	46,209	(86,422)
Suppliers' assignment of receivables	8,381	15,945	40,921	297,361
Derivative financial instruments	-	-	(9,826)	58,357
Accounts payable	(8,733)	44,778	3,002	66,209
Taxes payable	14,284	4,187	15,146	20,224
Salaries/wages payable	49,066	4,375	75,088	26,836
Interest	484	1,033	2,520	(63,381)
Income tax and social contribution paid	-	(116)	(6,946)	(9,238)
Other accounts payable	(10,235)	(8,889)	(10,251)	(13,387)
Net cash provided by operating activities	1,341,273	952,964	1,098,053	987,849
Cash flow from investment activities				
Acquisition of subsidiaries (less net cash on acquisition)	(3,553,463)	(45,500)	(3,553,463)	(45,500)
Capital increases in subsidiaries	(950,100)	(386,200)	(20,365)	(445)
Purchases of property, plant and equipment	(17,848)	(8,334)	(378,175)	(320,545)
Purchases of intangible assets	(17,579)	(1,313,211)	(146,014)	(1,426,114)
Investment hedges	46,396	45,015	45,370	45,015
Proceeds from sales of fixed assets	438,336	20,056	445,221	26,709
Interest and other	33,765	57,592	35,824	59,327
Dividends received	8,948	4,664	-	-
Loans receivable	(6,166)	345	-	-
Net cash used in investment activities	(4,017,711)	(1,625,573)	(3,571,602)	(1,661,553)
Cash flow from financing activities				
Purchases of treasury shares	(85,118)	-	(85,118)	-
Hedge of loans	19,879	-	19,889	-
Sales of treasury shares	18,692	12,101	18,692	12,101
Capital contribution	-	27,243	-	27,243
Proceeds from borrowing	2,221,184	4,115,000	2,221,184	4,115,000
Payment of loans – principal	(293,986)	(49,727)	(378,191)	(55,607)
Payment of loans – interest	(191,821)	(79,620)	(202,845)	(81,227)
Dividends and interest on capital paid	(720,883)	(659,269)	(720,883)	(659,269)
Loans payable	(6)	199	-	-
Net cash provided by financing activities	967,941	3,365,927	872,728	3,358,241
Net (decrease) increase in cash and cash equivalents	(1,708,497)	2,693,318	(1,600,821)	2,684,537
Cash and cash equivalents at beginning of the period	4,646,159	2,117,668	4,743,298	2,246,436
Cash and cash equivalents at end of the period	2,937,662	4,810,986	3,142,477	4,930,973
Change in cash and cash equivalents	(1,708,497)	2,693,318	(1,600,821)	2,684,537
Transactions not involving cash	13,378	22,594	37,329	40,037
Acquisition of companies	10,000	19,500	10,000	19,500
Acquisitions of property, plant and equipment	3,378	3,094	27,329	20,537

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

Hypera S.A.

Statement of value added (*)

Periods ended September 30

In thousands of Reais

	Parent company		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Gross revenue				
Sales of goods and products, including discontinued operations	4,630,792	3,196,483	4,656,411	3,198,628
Other income	279,633	284,894	283,659	315,146
Income related to construction of own assets	6,820	15,262	173,745	155,863
Allowance for doubtful accounts	(609)	63	(609)	740
	<u>4,916,636</u>	<u>3,496,702</u>	<u>5,113,206</u>	<u>3,670,377</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(1,854,541)	(1,313,189)	(1,324,482)	(738,909)
Materials, power, third-party services and others	(1,283,084)	(650,249)	(1,745,417)	(1,035,293)
Impairment of assets	(55,284)	(75,901)	(58,984)	(119,486)
	<u>(3,192,909)</u>	<u>(2,039,339)</u>	<u>(3,128,883)</u>	<u>(1,893,688)</u>
Gross value added	<u>1,723,727</u>	<u>1,457,363</u>	<u>1,984,323</u>	<u>1,776,689</u>
Depreciation and amortization	<u>(37,153)</u>	<u>(36,548)</u>	<u>(97,614)</u>	<u>(91,277)</u>
Net value added generated by the Company	<u>1,686,574</u>	<u>1,420,815</u>	<u>1,886,709</u>	<u>1,685,412</u>
Transfers of value added received				
Equity accounting	35,085	55,987	6,457	10,856
Financial income	65,117	113,655	70,659	118,157
	<u>100,202</u>	<u>169,642</u>	<u>77,116</u>	<u>129,013</u>
Total value added to be distributed	<u>1,786,776</u>	<u>1,590,457</u>	<u>1,963,825</u>	<u>1,814,425</u>
Distribution of value added				
Personnel and charges	498,292	397,944	853,504	703,430
Salaries and wages	412,474	325,850	686,863	560,080
Benefits	59,003	49,765	121,915	105,064
Government severance indemnity fund for employees (FGTS)	26,815	22,329	44,726	38,286
Taxes, fees and contributions	25,813	55,095	(140,771)	(37,506)
Federal	(93,466)	(21,751)	(41,375)	30,652
State	117,754	75,543	(101,182)	(69,629)
Municipal	1,525	1,303	1,786	1,471
Interest	280,030	151,829	259,243	157,198
Rentals	4,832	5,338	14,620	11,052
Capital remuneration	977,809	980,251	977,229	980,251
Interest on capital	584,317	556,490	584,317	556,490
Retained earnings	393,492	423,761	392,912	423,761
Value added distributed	<u>1,786,776</u>	<u>1,590,457</u>	<u>1,963,825</u>	<u>1,814,425</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.

Contents

1	General information.....	9
2	Summary of significant accounting policies.....	10
3	Critical accounting estimates and judgments.....	11
4	Financial risk management.....	11
5	Capital management.....	16
6	Estimate of fair value.....	17
7	Hedge accounting.....	18
8	Financial instruments by category.....	21
9	Credit quality of financial assets.....	23
10	Cash and cash equivalents.....	23
11	Accounts receivable.....	24
12	Inventory.....	24
13	Taxes recoverable.....	25
14	Other assets.....	25
15	Discontinued operations.....	26
16	Investments.....	26
17	Investment properties.....	28
18	Property, plant and equipment.....	29
19	Intangible assets.....	30
20	Suppliers.....	31
21	Suppliers' assignment of receivables.....	31
22	Loans and financing.....	32
23	Deferred income tax and social contribution.....	36
24	Taxes payable.....	37
25	Accounts payable.....	38
26	Provision for contingencies.....	40
27	Share capital.....	41
28	Revenue.....	42
29	Breakdown of the statement of income accounts.....	43
30	Related-party transactions.....	45
31	Other matters.....	48

Notes to the quarterly information

(All amounts in thousands of Brazilian Reais or “R\$”, unless stated otherwise)

1 General information

Hypera S.A. (the “Company”), headquartered in São Paulo - State of São Paulo (SP), is a Brazilian pharmaceutical company and 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, so that people can live longer and better.”

The Company’s main products are the following:

- a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, including several of the top 30 products in Brazil, according to June 2021 data from Close-Up International, including Predsim, Celestamine, Dramin, Maxsulid, Nesina, Diprospan, Mioflex-A and Addera D3;
- b) Under the Mantecorp Skincare brand, the Company offers dermo-cosmetics recommended by dermatologists throughout Brazil, according to information from Close-Up International. The Company also operates in this segment with the Simple Organic brand, offering organic and vegan products free from animal cruelty;
- c) The Company is a lead supplier in the Brazilian market of 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 nutrition products, sweeteners and vitamin supplement lines, with brands such as Tamarine, Vitasay 50+, Biotônico Fontoura and Zero-Cal, which was the Top of Mind brand for 17 years in Brazil, according to Datafolha;
- d) Through the Neo Química brand, the Company is a leader in the markets for similar and generic medicines, with the brand present in 96% of Brazilian pharmaceutical points of sales, according to IQVIA of June 2021, consistent with the Company’s mission to provide access to health for the Brazilian population.

With a long history of growth through acquisitions, on January 29, 2021 the Company completed the acquisition of a selected portfolio of brands in Brazil from Takeda Pharmaceuticals International AG (“Takeda”), for 825 million United States Dollars (“USD”), an amount that included businesses acquired in other Latin America countries; these were then sold to Eurofarma Laboratórios S.A. on the same date for USD161 million.

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

On July 8, 2021, the Company announced the acquisition of Bioage, for professional aesthetic treatment. This transaction is expected to be completed in the fourth quarter of 2021, when certain conditions precedent are met and the control over the acquired operations is obtained by the Company.

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

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

The Company’s research and development activities for pharmaceuticals, dermo-cosmetics and nutritional products are concentrated at the Brainfarma innovation facility in Barueri - SP. Operating since 2017, the facility 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, 2020. 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, 2020, 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 October 22, 2021.

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 2020.

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, 2020.

In the following tables, the financial data for the current period are presented on a comparative basis with the financial data at December 31, 2020.

a. Foreign exchange risk

At September 30, 2021 and December 31, 2020, the assets and liabilities denominated in foreign currencies, and the financial instruments to mitigate exchange risks, were as follows:

	Parent company					
	September 30, 2021			December 31, 2020		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	56	-	307	-	-	-
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	48,753	-	265,444	-	21,209	135,412
Derivative instruments to mitigate risks	(190,000)	-	(1,034,493)	(628,000)	(20,090)	(3,390,166)
Accounts payable	-	-	-	1	-	4
Net exposure	<u>(141,191)</u>	<u>-</u>	<u>(768,742)</u>	<u>(627,999)</u>	<u>1,119</u>	<u>(3,254,750)</u>
	Consolidated					
	September 30, 2021			December 31, 2020		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	5,989		32,608	3,461	-	17,979
Suppliers' assignment of receivables	48,615	-	264,696	53,851	-	279,708
Loans and financing	48,753	-	265,444	-	21,209	135,412
Derivative instruments to mitigate risks	(399,626)	(12,617)	(2,255,376)	(836,925)	(20,090)	(4,475,341)
Accounts payable	174	354	3,128	466	1,057	9,167
Net exposure	<u>(296,095)</u>	<u>(12,263)</u>	<u>(1,689,500)</u>	<u>(779,147)</u>	<u>2,176</u>	<u>(4,033,075)</u>

At September 30, 2021, the Company had contracted USD 140 million in non-deliverable forwards (NDF) to hedge purchase and sale commitments signed with Sanofi, according to the material fact disclosed on July 13, 2021.

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

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

	September 30, 2021	
	Parent company	Consolidated
Loans, financing and swaps - CDI	1,957,313	1,957,313
Financing - TLP	362,240	362,240
Debentures - CDI	5,079,913	5,079,913
Notes payable - CDI	4,119	4,119
Financial investments - CDI	(2,921,056)	(3,121,723)
Net exposure	<u>4,482,529</u>	<u>4,281,862</u>

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 different ratings that are 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

	September 30, 2021				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	429,254	658,043	6,148,080	-	7,235,377
Loans and financing	593,253	1,252,742	753,370	112,239	2,711,604
Notes payable	33,619	-	-	-	33,619
Suppliers	724,777	-	-	-	724,777
Suppliers' assignment of receivables	11,294	-	-	-	11,294
Accounts payable	655,130	77,892	-	-	733,022
Derivative financial instruments	(11,122)	(40,486)	-	-	(51,608)
	<u>2,436,205</u>	<u>1,948,191</u>	<u>6,901,450</u>	<u>112,239</u>	<u>11,398,085</u>
	December 31, 2020				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	154,073	262,843	4,363,371	433,490	5,213,777
Loans and financing	325,085	443,728	770,798	75,995	1,615,606
Notes payable	23,980	-	-	-	23,980
Suppliers	588,626	-	-	-	588,626
Suppliers' assignment of receivables	5,013	-	-	-	5,013
Accounts payable	169,943	71,374	-	-	241,317
Derivative financial instruments	68,736	-	-	-	68,736
	<u>1,335,456</u>	<u>777,945</u>	<u>5,134,169</u>	<u>509,485</u>	<u>7,757,055</u>

Consolidated

	September 30, 2021				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	429,254	658,043	6,148,080	-	7,235,377
Loans and financing	602,617	1,259,783	753,591	112,239	2,728,230
Notes payable	33,619	-	-	-	33,619
Suppliers	337,172	-	-	-	337,172
Suppliers' assignment of receivables	478,893	-	-	-	478,893
Accounts payable	763,426	97,476	-	-	860,902
Derivative financial instruments	(46,521)	(40,486)	-	-	(87,007)
	<u>2,598,460</u>	<u>1,974,816</u>	<u>6,901,671</u>	<u>112,239</u>	<u>11,587,186</u>

	December 31, 2020				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	154,073	262,843	4,363,371	433,490	5,213,777
Loans and financing	352,514	470,412	828,427	93,521	1,744,874
Notes payable	23,980	-	-	-	23,980
Suppliers	275,539	-	-	-	275,539
Suppliers' assignment of receivables	440,256	-	-	-	440,256
Accounts payable	273,353	74,557	-	-	347,910
Derivative financial instruments	108,474	-	-	-	108,474
	<u>1,628,189</u>	<u>807,812</u>	<u>5,191,798</u>	<u>527,011</u>	<u>8,154,810</u>

e. Derivatives

At September 30, 2021, derivative instrument operations contracted by the Company totaled R\$ 2,555,376 (at December 31, 2020 - R\$ 4,475,341) in the consolidated and R\$ 1,334,493 (at December 31, 2020 - R\$ 3,390,166) in the parent company. The results of the transactions not yet settled represented gains of R\$ 63,786 (at December 31, 2020 losses of R\$ 92,269) in the consolidated and gains of R\$ 18,746 (at December 31, 2020 losses of R\$ 69,786) in the parent company.

At September 30, 2021 and December 31, 2020, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gains (loss)	
		Sep/21	Dec/20	Sep/21	Dec/20	Sep/21	Dec/20
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts		762,258	3,261,895	38,427	(99,464)	46,396	(16,346)
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantim	816,705	6,523,790	41,060	(51,199)	95,954	44,960
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim	(54,447)	(3,261,895)	(2,633)	(48,265)	(49,558)	(61,306)
Swaps		272,235	128,271	(6,988)	29,678	(4,187)	-
Long position	Itaú	272,235	128,271	(6,988)	29,678	(4,187)	-
Subtotal		<u>1,034,493</u>	<u>3,390,166</u>	<u>31,439</u>	<u>(69,786)</u>	<u>42,209</u>	<u>(16,346)</u>
Interest rate							
Swaps		300,000	-	(12,693)	-	3,350	-
Asset Position-Pre	BNP Paribas	300,000	-	(12,693)	-	3,350	-
Total		<u>1,334,493</u>	<u>3,390,166</u>	<u>18,746</u>	<u>(69,786)</u>	<u>45,559</u>	<u>(16,346)</u>

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gains (loss)	
		Sep/21	Dec/20	Sep/21	Dec/20	Sep/21	Dec/20
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts							
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantim	1,983,141	4,347,070	83,467	(121,947)	34,103	69,893
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim	(193,635)	(3,376,965)	(5,972)	(48,893)	(50,680)	(64,857)
Swaps		272,235	128,271	(6,988)	29,678	(4,187)	-
Long position	Itaú	272,235	128,271	(6,988)	29,678	(4,187)	-
Subtotal		2,255,376	4,475,341	76,479	(92,269)	29,916	69,893
Interest rate							
Swaps		300,000	-	(12,693)	-	3,350	-
Asset Position-Pre	BNP Paribas	300,000	-	(12,693)	-	3,350	-
Total		2,555,376	4,475,341	63,786	(92,269)	33,266	69,893

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 informed 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 cause material losses to the Company, with the most likely scenario (Scenario I, considering a fluctuation of 4.95% for the US Dollar, corresponding to three standard deviations of the fluctuation over the three months of the fourth quarter of the year) according to management's evaluation, considering a range of perception of three months, when the next quarterly financial information containing this analysis should be released. In addition, two additional scenarios (Scenarios II and III) were tested to show deteriorations of 25% and 50% respectively in the exchange rates between the Brazilian Real and the US Dollar.

Parent company						
Risk	Scenario I		Scenario II		Scenario III	
	(In R\$ thousand)					
			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	5.175	5.714	4.084	6.806	2.722	8.167
Foreign currency						
Economic hedge	(176,023)	176,023	(258,506)	258,506	(517,008)	517,008
Forward contracts	(162,543)	162,543	(190,446)	190,446	(380,893)	380,893
Swaps	(13,480)	13,480	(68,060)	68,060	(136,115)	136,115
Object of the economic hedge	176,123	(176,123)	258,625	(258,625)	517,244	(517,244)
Loans, financing and notes payable subject to short-term exchange rate variations	176,123	(176,123)	258,625	(258,625)	517,244	(517,244)
Net effect	100	(100)	119	(119)	236	(236)

Consolidated						
Risk	Scenario I		Scenario II		Scenario III	
	(In R\$ thousand)					
			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	5.175	5.714	4.084	6.806	2.722	8.167
Foreign currency						
Economic hedge	(435,930)	435,930	(563,032)	563,032	(1,126,059)	1,126,059
Forward contracts	(422,450)	422,450	(494,972)	494,972	(989,944)	989,944
Swaps	(13,480)	13,480	(68,060)	68,060	(136,115)	136,115
Object of the economic hedge	434,311	(434,311)	561,136	(561,136)	1,122,267	(1,122,267)
Loans, financing and notes payable subject to short-term exchange rate variations	434,311	(434,311)	561,136	(561,136)	1,122,267	(1,122,267)
Net effect	(1,619)	1,619	(1,896)	1,896	(3,792)	3,792

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 fourth quarter of 2021 are as follows.

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	43,118	23,781	47,563
Financing - TLP	1,520	4,419	8,839
Debentures - CDI	111,907	61,721	123,442
Notes payable - CDI	91	50	100
Financial investments	(64,349)	(35,491)	(70,982)
Total loss (gain)	92,287	54,480	108,962

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	43,118	23,781	47,563
Financing - TLP	1,520	4,419	8,839
Debentures - CDI	111,907	61,721	123,442
Notes payable - CDI	91	50	100
Financial investments	(68,770)	(37,929)	(75,828)
Total loss (gain)	87,866	52,042	104,116

***Likely scenario assumptions**

Forecast CDI of 17% p.a.

Forecast TLP of 5.32% 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 to reduce, for example, the level of indebtedness.

The Company monitors its capital based on the financial leverage ratio. This ratio is calculated based on the net debt divided by the total capitalization. Net debt is calculated as 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. 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 September 30, 2021 and December 31, 2020 may be summarized as follows:

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Total loans and financing (Note 22)	7,398,574	5,403,470	7,415,134	5,513,049
Total notes payable	33,619	23,980	33,619	23,980
Loss (gain) on financial hedge	19,681	(29,678)	19,681	(29,678)
Less: cash and cash equivalents (Note 10)	(2,937,662)	(4,646,159)	(3,142,477)	(4,743,298)
Cash and cash equivalents, net	4,514,212	751,613	4,325,957	764,053
Total equity	9,680,534	9,240,715	9,684,996	9,240,715
Adjusted equity	14,194,746	9,992,328	14,010,953	10,004,768
Net debt to adjusted equity ratio	31.8%	7.5%	30.9%	7.6%

6 Estimate of fair value

It is assumed that the balances of accounts receivable and suppliers at book value, less losses (impairment), are close to their fair values. The fair value of financial liabilities for disclosure purposes is 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 applies CPC 40 (R1)/IFRS 7 to financial instruments measured in the balance sheet at fair value, which requires the disclosure of the 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 adopted by the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for assets or liabilities that are not based on data adopted by the market (i.e. unobservable inputs) (Level 3).

The table below presents the Company's derivative instruments assets and liabilities at September 30, 2021, as well as the amounts measured at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	41,060	41,060
Total assets	-	41,060	41,060
Liabilities			
Derivative financial instruments	-	22,314	22,314
Total liabilities	-	22,314	22,314
	Consolidated		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	92,105	92,105
Total assets	-	92,105	92,105
Liabilities			
Derivative financial instruments	-	28,319	28,319
Total liabilities	-	28,319	28,319

The table below presents the Company's assets and liabilities at December 31, 2020, as well as the amounts stated at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	79,427	79,427
Total assets	-	79,427	79,427
Liabilities			
Derivative financial instruments	-	149,213	149,213
Total liabilities	-	149,213	149,213
			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	85,674	85,674
Total assets	-	85,674	85,674
Liabilities			
Derivative financial instruments	-	177,943	177,943
Total liabilities	-	177,943	177,943

The fair values of financial instruments not traded in active markets (e.g. derivatives) are determined using valuation techniques. These valuation techniques maximize the use of data derived from the market, when available, and rely to the minimum extent possible on the Company's own specific 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 operations designated for hedge accounting, the Company formally documents the relationship between the hedge instruments and the hedged items, including the risk management objectives and the strategy for conducting the hedge transaction, together with the methods to be used to evaluate the effectiveness of the hedge relationship. The Company makes prospective and retrospective assessments, both at the time of designation of the hedge relationship, and continuously, if it is expected that the hedge instruments will be "highly effective" in offsetting changes in the fair value 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 effectiveness range determined by Management.

Fair value hedges

Currently, the Company has fair value hedges for its transactions, so that both the hedge 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					
September 30, 2021					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in the income
Loan – 4131*	EUR + spread	Fair value	-	-	-
	<i>EUR + Spread</i>				
Swap – 4131*	vs. % CDI	Fair value	-	-	-
Loan – 4131**	Fixed rate	Fair value	300,000	301,014	2,151
	<i>Fixed rate vs.</i>				
Swap – CDI**	CDI+	Fair value	300,000	(12,693)	-
Loan – 4131**	USD + spread	Fair value	272,235	265,444	(422)
	<i>USD + Spread</i>				
Swap – 4131**	vs. CDI+	Fair value	272,235	(6,988)	-
Parent company					
December 31, 2020					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	EUR + spread	Fair value	128,271	135,412	(248)
	<i>EUR + Spread</i>				
Swap – 4131*	vs. % CDI	Fair value	128,271	29,678	-
Consolidated					
September 30, 2021					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	EUR + spread	Fair value	-	-	-
	<i>EUR + Spread</i>				
Swap – 4131*	vs. % CDI	Fair value	-	-	-
Loan – 4131**	Fixed rate	Fair value	300,000	301,014	2,151
	<i>Fixed rate vs.</i>				
Swap – CDI**	CDI+	Fair value	300,000	(12,693)	-
Loan – 4131**	USD + spread	Fair value	272,235	265,444	(422)
	<i>USD + Spread</i>				
Swap – 4131**	vs. CDI+	Fair value	272,235	(6,988)	-
Consolidated					
December 31, 2020					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in the income
Loan - 4131	EUR + spread	Fair value	128,271	135,412	(248)
	<i>EUR + Spread</i>				
Swap - 4131	vs. % CDI	Fair value	128,271	29,678	-

* Maturity within one year

* Maturity in up to two years

The fair value cash flow hedge operations maintained a hedging ratio of 1:1. The third operation had a weighted average rate of R\$/USD 5.60.

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

Cash-flow hedges

The Company has cash-flow hedges for most 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					
September 30, 2021					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	-	-	-
NDF	USD vs. R\$	Cash flow	-	-	-
NDF Acquisition*	USD vs. R\$	Cash flow	762,258	38,378	38,378

Parent company					
December 31, 2020					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	-	-	-
NDF	USD vs. R\$	Cash flow	-	-	-
NDF Acquisition (II)	USD vs. R\$	Cash flow	3,261,895	(99,460)	(99,460)

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

Consolidated					
September 30, 2021					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	290,939	(290,939)	-
NDF Suppliers*	USD vs. R\$	Cash flow	290,939	4,874	(1,570)
NDF Future purchase*	USD vs. R\$	Cash flow	756,868	35,234	35,234
NDF Acquisition	USD vs. R\$	Cash flow	762,258	38,378	38,378
NDF Capex*	USD vs. R\$	Cash flow	60,267	1,401	1,401

* Maturities within one year.

Consolidated					
December 31, 2020					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	288,802	(288,802)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	288,802	(10,596)	63
NDF Purchases (I)	USD vs. R\$	Cash flow	574,722	(10,060)	(6,075)
NDF Acquisition (II)	USD vs. R\$	Cash flow	73,226	(99,460)	(76,432)
NDF Capex (I)	USD vs. R\$	Cash flow	209,166	714	714

(I) Maturities within one year.

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

Cash-flow hedge operations maintained the hedging ratio at 1:1 with a weighted average rate of R\$/USD 5.5213 for NDF suppliers; R\$/USD 5.3249 for NDF future purchases; R\$/USD 5.1921 for NDF acquisition and R\$/EUR 6.3324 and R\$/USD 5.2502 for NDF capex.

The cash flow from these operations is stated in the Financial Risk Management - Liquidity Risk (Note 4 (d)).

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

8 Financial instruments by category

Parent company

	September 30, 2021				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	1,802,604	-	-	-	1,802,604
Financial investments (Note 10)	2,921,056	-	-	-	2,921,056
Cash and banks (Note 10)	16,606	-	-	-	16,606
Derivative financial instruments	-	41,060	-	-	41,060
Other assets (Note 14)	293,019	-	-	-	293,019
	<u>5,033,285</u>	<u>41,060</u>	<u>-</u>	<u>-</u>	<u>5,074,345</u>

	September 30, 2021				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	7,398,574	-	7,398,574
Suppliers (Note 20)	-	-	724,777	-	724,777
Suppliers' assignment of receivables (Note 21)	-	-	11,294	-	11,294
Accounts payable	-	-	683,625	-	683,625
Notes payable	-	-	33,619	-	33,619
Derivative financial instruments	2,633	19,681	-	-	22,314
	<u>2,633</u>	<u>19,681</u>	<u>8,851,889</u>	<u>-</u>	<u>8,874,203</u>

	December 31, 2020				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	1,564,207	-	-	-	1,564,207
Financial investments (Note 10)	4,619,728	-	-	-	4,619,728
Cash and cash in banks (Note 10)	26,431	-	-	-	26,431
Derivative financial instruments	-	49,753	29,674	-	79,427
Other assets (Note 14)	355,014	-	-	-	355,014
	<u>6,565,380</u>	<u>49,753</u>	<u>29,674</u>	<u>-</u>	<u>6,644,807</u>

	December 31, 2020				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans and financing (Note 22)	-	-	5,403,470	-	5,403,470
Suppliers (Note 20)	-	-	588,626	-	588,626
Suppliers' assignment of receivables (Note 21)	-	-	5,013	-	5,013
Accounts payable	-	-	178,162	-	178,162
Notes payable	-	-	23,980	-	23,980
Derivative financial instruments	149,213	-	-	-	149,213
	<u>149,213</u>	<u>-</u>	<u>6,199,251</u>	<u>-</u>	<u>6,348,464</u>

Consolidated

	September 30, 2021				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	1,807,174	-	-	-	1,807,174
Financial investments (Note 10)	3,121,723	-	-	-	3,121,723
Cash and cash in banks (Note 10)	20,754	-	-	-	20,754
Derivative financial instruments	-	85,404	-	6,701	92,105
Other assets (Note 14)	341,966	-	-	-	341,966
	<u>5,291,617</u>	<u>85,404</u>	<u>-</u>	<u>6,701</u>	<u>5,383,722</u>

	September 30, 2021				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 22)	-	-	7,415,134	-	7,415,134
Suppliers (Note 20)	-	-	337,172	-	337,172
Suppliers' assignment of receivables (Note 21)	-	-	478,893	-	478,893
Accounts payable	-	-	796,288	-	796,288
Notes payable	-	-	33,619	-	33,619
Derivative financial instruments	6,811	19,681	-	1,827	28,319
	<u>6,811</u>	<u>19,681</u>	<u>9,061,106</u>	<u>1,827</u>	<u>9,089,425</u>

	December 31, 2020				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	1,564,341	-	-	-	1,564,341
Financial investments (Note 10)	4,715,097	-	-	-	4,715,097
Cash and cash in banks (Note 10)	28,201	-	-	-	28,201
Derivative financial instruments	-	55,595	27,921	2,158	85,674
Other assets (Note 14)	410,608	-	-	-	410,608
	<u>6,718,247</u>	<u>55,595</u>	<u>27,921</u>	<u>2,158</u>	<u>6,803,921</u>

	December 31, 2020				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans and financing (Note 22)	-	-	5,513,049	-	5,513,049
Suppliers (Note 20)	-	-	275,539	-	275,539
Suppliers' assignment of receivables (Note 21)	-	-	440,256	-	440,256
Accounts payable	-	-	265,629	-	265,629
Notes payable	-	-	23,980	-	23,980
Derivative financial instruments	165,189	-	-	12,754	177,943
	<u>165,189</u>	<u>-</u>	<u>6,518,453</u>	<u>12,754</u>	<u>6,696,396</u>

9 Credit quality of financial assets

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Current accounts and financial investments (*)				
AAA	2,935,022	4,560,946	3,139,833	4,658,084
AA+	-	85,208	-	85,208
A	2,639	-	2,639	-
A-	-	3	-	3
	<u>2,937,661</u>	<u>4,646,157</u>	<u>3,142,472</u>	<u>4,743,295</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.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Derivative financial assets				
AAA	41,060	71,384	92,036	75,997
AA+	-	8,043	47	9,183
A-	-	-	22	494
	<u>41,060</u>	<u>79,427</u>	<u>92,105</u>	<u>85,674</u>

None of the 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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Cash and cash in banks	16,606	26,431	20,754	28,201
Short-term financial investments:				
Repurchase operations	99,959	16,072	100,944	19,337
Bank deposit certificates (CDBs)	2,821,097	4,603,656	3,020,779	4,695,760
	<u>2,921,056</u>	<u>4,619,728</u>	<u>3,121,723</u>	<u>4,715,097</u>
	<u>2,937,662</u>	<u>4,646,159</u>	<u>3,142,477</u>	<u>4,743,298</u>

Financial investments (both repurchase operations and CDBs) present short-term liquidity and yield between 97.5% and 103.4% (at December 31, 2020 between 96.5% and 105.1%) of the CDI, with a weighted average of 101.4% (102.4% at December 31, 2020).

11 Accounts receivable

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Domestic customers	1,819,516	1,610,172	1,826,945	1,613,165
Expected credit losses	(16,912)	(45,965)	(19,771)	(48,824)
	<u>1,802,604</u>	<u>1,564,207</u>	<u>1,807,174</u>	<u>1,564,341</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:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Up to 3 months	584	3,531	501	3,540
From 3 to 6 months	563	5,551	555	5,551
Over 6 months	2,142	3,771	2,142	3,771
	<u>3,289</u>	<u>12,853</u>	<u>3,198</u>	<u>12,862</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 recovery of the funds.

The maximum exposure to credit risk at the reporting date is equivalent to the carrying amount 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 September 30, 2021 were as follows:

	<u>Parent company</u>	<u>Consolidated</u>
Balances at 12/31/2020	(45,965)	(48,824)
(Additions)/reversals, net	(1,302)	(1,302)
Write-offs	30,355	30,355
Balances at 09/30/2021	<u>(16,912)</u>	<u>(19,771)</u>

12 Inventory

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Finished goods and goods for resale	313,014	289,536	407,856	333,613
Semi-finished goods	-	-	121,450	58,201
Raw materials	-	-	666,446	524,583
Maintenance and supplies	75	139	119,665	93,974
Allowance for inventory losses	(27,482)	(29,811)	(84,994)	(89,575)
	<u>285,607</u>	<u>259,864</u>	<u>1,230,423</u>	<u>920,796</u>

The table below presents the changes in the provision:

	Parent company	Consolidated
Balance at 12/31/2020	(29,811)	(89,575)
Additions for the period (a)	(48,048)	(61,417)
Write-offs for the period (b)	50,377	65,998
Balance at 09/30/2021	(27,482)	(84,994)

(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	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
PIS/COFINS/IPI and others (*)	806,942	673,105	904,203	757,810
VAT (ICMS)	89,840	83,644	171,155	151,595
Recoverable IRPJ and CSSL	26,561	25,061	45,827	45,107
	<u>923,343</u>	<u>781,810</u>	<u>1,121,185</u>	<u>954,512</u>
Current	<u>193,497</u>	<u>151,684</u>	<u>336,840</u>	<u>274,017</u>
Non-current	<u>729,846</u>	<u>630,126</u>	<u>784,345</u>	<u>680,495</u>

(*) The increase refers mainly to PIS and COFINS complement and review of their monetary adjustment, improperly levied on the ICMS included in billing invoices.

14 Other assets

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Prepaid expenses (a)	111,083	176,716	134,977	197,821
Bills receivable (b)	193,702	239,431	204,885	258,120
Deposits in court (c)	99,317	115,583	137,081	152,488
Advances	10,123	15,760	24,598	33,856
Others	2,772	7,141	1,430	6,869
	<u>416,997</u>	<u>554,631</u>	<u>502,971</u>	<u>649,154</u>
Current	<u>193,589</u>	<u>261,343</u>	<u>233,321</u>	<u>306,823</u>
Non-current	<u>223,408</u>	<u>293,288</u>	<u>269,650</u>	<u>342,331</u>

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

(b) Refers mainly to shareholders indemnity, receivables from the sale of Neocopan and amounts paid of 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	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
(Expenses)/income (*)	(415,218)	(21,045)	(415,795)	(22,161)
Income before financial income and expenses	(415,218)	(21,045)	(415,795)	(22,161)
Financial expenses	-	-	-	-
Income before income tax and social contribution	(415,218)	(21,045)	(415,795)	(22,161)
Income tax and social contribution	140,666	4,595	141,243	5,711
Net income for the period	(274,552)	(16,450)	(274,552)	(16,450)

(*) Substantially Falcon/Ontex arbitration (see comments in Note 25). Considering that the divestment was recorded in prior years as Discontinued Operations, this obligation was recorded in a consistent manner.

b) Analysis of cash flow from discontinued operations

	Parent company		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Cash flow from investment activities (*)	224,444	(8,768)	230,514	(5,458)
Net cash provided by (used in) discontinued operations	224,444	(8,768)	230,514	(5,458)

(*) Substantially sale of property that was used as a distribution center for the consumer segment.

16 Investments

The investments held by the Company are presented below:

Company	Date of incorporation	Country	Business	Interest in shares/quotas	Type of interest
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	89.81%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	10.19%	Indirect
Bionovis S.A.	07/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	09/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty Eireli	04/29/2016	Brazil	Natural beauty dermo-cosmetics	58.33%	Direct
Drogarias Online Agência de Farmácias S.A.	04/16/2021	Brazil	Internet portal on medicines	22.5%	Direct
Mantecorp Participações S.A.	09/28/2016	Brazil	Pharma	100%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	My	Bionovis	Simple Organic		Darwin		Drogarias		Others	Total
	Cost	Cost	Cost	Cost	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill		
Balances at January 1, 2021	1,582,864	681,296	10,811	33,936	-	-	-	-	-	-	297	2,309,204
Capital contribution	555,950	176,700	-	-	-	-	-	-	-	-	-	732,650
Capital increase	137,650	47,800	-	-	4,715	-	-	-	5,003	-	-	195,168
Equity accounting	17,423	13,518	(239)	7,309	(813)	-	(146)	-	(587)	-	-	36,465
Share of discontinued equity accounting in the investment Stock	(1,153)	(112)	-	-	-	-	-	-	-	-	(115)	(1,380)
Option/Matching/Restricted	36	2,442	221	-	-	-	-	-	-	-	-	2,699
Equity valuation adjustment	23,063	4,312	(215)	-	-	-	-	-	-	-	-	27,160
Acquisition of companies (*)	-	-	-	-	2,345	-	490,528	-	-	-	-	492,873
Dividends receivable	-	-	-	4,097	-	-	-	-	-	-	-	4,097
Goodwill (*)	-	-	-	-	-	19,941	-	2,832,166	-	19,995	-	2,872,102
Write-off due to merger (**)	-	-	-	-	-	-	(490,382)	(2,832,166)	-	-	-	(3,322,548)
Others	(596)	(1,592)	-	-	-	-	-	-	-	-	2,500	312
Balances at September 30, 2021	2,315,237	924,364	10,578	45,342	6,247	19,941	-	-	4,416	19,995	2,682	3,348,802

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

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

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

September 30, 2021	Assets	Liabilities	Revenue	Income (loss)	Adjusted net income (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	3,619,012	1,029,438	1,749,672	9,171	17,423
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,131,772	194,046	313,218	15,622	13,518
Simple Organic Beauty Eireli	14,132	3,424	12,729	(1,392)	(1,392)
My Agência de Propaganda Ltda.	12,523	1,777	3,420	(349)	(239)

December 31, 2020	Assets	Liabilities	Revenue	Income (loss)	Adjusted net income (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	2,847,157	985,056	1,804,011	18,545	17,765
Cosmed Indústria de Cosméticos e Medicamentos S.A.	910,912	221,112	439,093	57,800	58,170
My Agência de Propaganda Ltda.	12,006	917	4,560	980	1,136

(*) This refers to the net income (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 September 30, 2021	Ownership %	Equity accounting at September 30, 2021	Balance of the investment at September 30, 2021	Equity accounting at September 30, 2020	Balance of the investment at December 31, 2020
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,279,913,186	924,364	100%	13,518	924,364	47,300	681,296
My Agência de Propaganda Ltda.	20,130,000	10,578	100%	(239)	10,578	925	10,811
Brainfarma Indústria Química e Farmacêutica S.A.	910,696,657	2,315,238	100%	17,423	2,315,238	(749)	1,582,864
Darwin Prestação de Serviços de Marketing Ltda (merged)	-	-	100%	(146)	-	-	-
Simple Organic Beauty Eireli	209,983	26,187	58.33%	(813)	26,187	-	-
Drogarias Online Agência de Farmácias S.A.	506,250	24,411	22.50%	(587)	24,411	-	-
Bionovis S.A.	6,000,000	181,369	25%	7,309	45,342	12,008	33,936
				36,465	3,346,120	59,484	2,308,907

c. Business combinations

On January 29, 2021, the Company completed the acquisition of a selected portfolio of over-the-counter (“OTC”) and prescription drugs in Latin America from Takeda Pharmaceuticals International AG (“Takeda”), including Neosaldina and Dramin, for R\$ 4,267 million on the transaction date, through the company Darwin Prestação de Serviços de Marketing Ltda., in which the sole shareholder was Takeda Pharmaceuticals International AG, which sold its total share units to Hypera S.A.

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

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

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

At January 29, 2021

Purchase and sale transaction - Latin America and Xantinon operations

Purchase price of operations	(944,781)
Simultaneous sale price of operations	961,567
Net result in the operation	16,786

17 Investment properties

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

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

	<u>Parent company</u>	<u>Consolidated</u>
Balances at January 1, 2021	161,095	154,318
Disposal	(136,600)	(129,867)
Reclassification of property, plant and equipment	2,682	2,682
Depreciation	(1,383)	(1,339)
Balances at September 30, 2021	<u>25,794</u>	<u>25,794</u>
Total cost	36,230	36,230
Accumulated depreciation	(10,436)	(10,436)
Carrying amount	<u>25,794</u>	<u>25,794</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, 2021	7,091	3,533	42,274	113	10,813	1,350	65,174	7,562	72,736
Additions	-	83	17,950	-	2,452	18	20,503	7,387	27,890
Write-off	-	-	(84)	-	(111)	(74)	(269)	-	(269)
Depreciation	-	(250)	(4,601)	(10)	(570)	(214)	(5,645)	-	(5,645)
Transfers	-	148	20,118	-	19	32	20,317	(3,483)	16,834
Transfer to investment properties	(5,058)	-	2,376	-	-	-	(2,682)	-	(2,682)
Balances at September 30, 2021	<u>2,033</u>	<u>3,514</u>	<u>78,033</u>	<u>103</u>	<u>12,603</u>	<u>1,112</u>	<u>97,398</u>	<u>11,466</u>	<u>108,864</u>
Right-of-use assets - leases									
Balances at January 1, 2021	-	28,129	-	29,671	-	-	57,800	-	57,800
Additions	-	13,732	-	19,424	-	-	33,156	-	33,156
Write-off	-	(3,662)	-	(1,056)	-	-	(4,718)	-	(4,718)
Amortization	-	(6,867)	-	(16,561)	-	-	(23,428)	-	(23,428)
Balances at September 30, 2021	<u>-</u>	<u>31,332</u>	<u>-</u>	<u>31,478</u>	<u>-</u>	<u>-</u>	<u>62,810</u>	<u>-</u>	<u>62,810</u>
Total cost of own assets and right-of-use assets - leases	2,033	97,702	131,361	111,862	18,915	10,542	372,415	11,466	383,881
Total accumulated depreciation	-	(62,856)	(53,328)	(80,281)	(6,312)	(9,430)	(212,207)	-	(212,207)
Carrying amount	<u>2,033</u>	<u>34,846</u>	<u>78,033</u>	<u>31,581</u>	<u>12,603</u>	<u>1,112</u>	<u>160,208</u>	<u>11,466</u>	<u>171,674</u>

Consolidated

	<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, 2021	20,849	238,849	931,268	854	24,621	10,479	1,226,920	251,753	1,478,673
Additions	-	386	151,867	103	3,989	4,874	161,219	206,736	367,955
Write-off	(70)	(6,664)	(6,539)	-	(114)	(107)	(13,494)	(149)	(13,643)
Depreciation	-	(7,584)	(44,020)	(93)	(1,440)	(2,187)	(55,324)	-	(55,324)
Transfers	-	2,957	214,275	-	993	595	218,820	(201,986)	16,834
Transfer to investment properties	(5,058)	-	2,376	-	-	-	(2,682)	-	(2,682)
Balances at September 30, 2021	<u>15,721</u>	<u>227,944</u>	<u>1,249,227</u>	<u>864</u>	<u>28,049</u>	<u>13,654</u>	<u>1,535,459</u>	<u>256,354</u>	<u>1,791,813</u>
Right-of-use assets - leases									
Balances at January 1, 2021	-	35,680	-	32,056	-	-	67,736	-	67,736
Additions	-	32,536	-	19,685	-	-	52,221	-	52,221
Write-off	-	(7,692)	-	(1,056)	-	-	(8,748)	-	(8,748)
Amortization	-	(6,480)	-	(17,358)	-	-	(23,838)	-	(23,838)
Balances at September 30, 2021	<u>-</u>	<u>54,044</u>	<u>-</u>	<u>33,327</u>	<u>-</u>	<u>-</u>	<u>87,371</u>	<u>-</u>	<u>87,371</u>
Total cost of own assets and right-of-use assets - leases	15,721	427,479	1,763,391	121,996	53,228	50,903	2,432,718	256,354	2,689,072
Total accumulated depreciation	-	(145,491)	(514,164)	(87,805)	(25,179)	(37,249)	(809,888)	-	(809,888)
Carrying amount	<u>15,721</u>	<u>281,988</u>	<u>1,249,227</u>	<u>34,191</u>	<u>28,049</u>	<u>13,654</u>	<u>1,622,830</u>	<u>256,354</u>	<u>1,879,184</u>

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

19 Intangible assets

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Goodwill in company not merged				
Simple Organic Beauty Eireli	-	-	19,941	-
Goodwill on the acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Darwin Prestação de Serviços de Marketing Ltda	2,945,156	-	2,945,156	-
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	32,328	52,614	32,328
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	<u>7,270,960</u>	<u>4,305,518</u>	<u>7,290,901</u>	<u>4,305,518</u>
Trademarks and patents	<u>2,001,959</u>	<u>1,671,501</u>	<u>2,002,262</u>	<u>1,671,803</u>
Rights of use and software	<u>32,364</u>	<u>23,348</u>	<u>49,793</u>	<u>38,274</u>
Product development	<u>6,235</u>	<u>4,582</u>	<u>521,746</u>	<u>382,666</u>
	<u><u>9,311,518</u></u>	<u><u>6,004,949</u></u>	<u><u>9,864,702</u></u>	<u><u>6,398,261</u></u>

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

Changes in the balances

Parent company

	<u>Right of use and trademarks</u>	<u>Right of use and software</u>	<u>Product development</u>	<u>Goodwill</u>	<u>Total</u>
Balances at January 1, 2021	<u>1,671,501</u>	<u>23,348</u>	<u>4,582</u>	<u>4,305,518</u>	<u>6,004,949</u>
Additions	484,949	13,305	136	2,832,166	3,330,556
Transfers	(152,011)	-	1,901	133,276	(16,834)
Amortization	<u>(2,480)</u>	<u>(4,289)</u>	<u>(384)</u>	-	<u>(7,153)</u>
	-	-	-	-	-
Balances at September 30, 2021	<u>2,001,959</u>	<u>32,364</u>	<u>6,235</u>	<u>7,270,960</u>	<u>9,311,518</u>
Total cost	2,031,143	114,786	7,661	7,270,960	9,424,550
Accumulated amortization	<u>(29,184)</u>	<u>(82,422)</u>	<u>(1,426)</u>	-	<u>(113,032)</u>
Carrying amount	<u>2,001,959</u>	<u>32,364</u>	<u>6,235</u>	<u>7,270,960</u>	<u>9,311,518</u>

Consolidated

	Right of use and trademarks	Right of use and software	Product development	Goodwill	Total
Balances at January 1, 2021	1,671,803	38,274	382,666	4,305,518	6,398,261
Additions (*)	484,949	20,059	132,708	2,852,107	3,489,823
Write-off	-	-	(442)	-	(442)
Impairment	-	-	10,079	-	10,079
Transfer (**)	(152,011)	-	1,901	133,276	(16,834)
Amortization	(2,479)	(8,540)	(5,166)	-	(16,185)
Balances at September 30, 2021	2,002,262	49,793	521,746	7,290,901	9,864,702
Total cost	2,031,470	182,635	644,468	7,309,636	10,168,209
Accumulated amortization	(29,208)	(132,842)	(122,722)	(18,735)	(303,507)
Carrying amount	2,002,262	49,793	521,746	7,290,901	9,864,702

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

(**) Refers mainly to the measurement of fair value of the company Darwin.

Impairment of assets

The Company annually tests the impairment of its intangible assets with indefinite useful lives, or 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	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Domestic suppliers	18,736	12,803	304,564	257,560
Foreign suppliers	307	-	32,608	17,979
Related party suppliers (Note 30(a))	705,734	575,823	-	-
	724,777	588,626	337,172	275,539

21 Suppliers' assignment of receivables

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Domestic market (overdraft risk)	11,294	5,013	214,197	160,548
Foreign market (forfeiting)	-	-	264,696	279,708
	11,294	5,013	478,893	440,256

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

At September 30, 2021, the discount rates on assignment operations carried out by the Company's suppliers with the financial institutions in the domestic market were between 0.35% and 0.75% with a weighted average of 0.53% per month ("p.m.") (at December 31, 2020, between 0.35% and 0.54%, with a weighted average of 0.38% p.m.).

At September 30, 2021, the discount rates on assignment operations carried out by the Company's suppliers with the financial institutions in the foreign market were between 3.32% and 7.20% with a weighted average of 3.99% per annum ("p.a.") (at December 31, 2020, these rates were between 2.52% and 11.58%, with a weighted average of 5.05% p.a.).

22 Loans and financing

	Nominal rate	Parent company		Consolidated	
		September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Foreign currency					
Loans (i)	EUR + 1.61% p.a.; USD + 1.50% p.a.	265,444	135,412	265,444	135,412
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,676,757	916,050	1,677,726	916,050
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	13,598	16,736	26,394	34,783
Financing	Fixed rate from 2.50% to 8.70% p.a.	622	1,074	3,417	5,095
Debentures	CDI + 1.25% to 1.75% p.a.	5,079,913	4,015,883	5,079,913	4,015,883
Finep	TJLP from - 1.00% to 1.00% p.a.	362,240	278,647	362,240	278,647
Real estate financing	TR + 9.60% p.a.	-	39,668	-	127,179
		<u>7,398,574</u>	<u>5,403,470</u>	<u>7,415,134</u>	<u>5,513,049</u>
Current		<u>884,323</u>	<u>424,880</u>	<u>893,381</u>	<u>461,816</u>
Non-current		<u>6,514,251</u>	<u>4,978,590</u>	<u>6,521,753</u>	<u>5,051,233</u>

(i) Contracts with covenants regarding debt levels and the coverage of interest with respect to certain financial information (EBITDA and net interest expenses), disposals, spin-offs, mergers, amalgamations or any 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 June 30, 2021, the covenants were met. The next measurement will be made at December 31, 2021.

The breakdown of long-term loans and financing at September 30, 2021, by year of maturity, is as follows:

	Parent company	Consolidated
2022	19,690	22,616
2023	1,067,939	1,072,389
2024	523,239	523,356
2025	29,996	30,005
2026	29,996	29,996
2027	29,996	29,996
2028	29,996	29,996
2029	27,496	27,496
	<u>1,758,348</u>	<u>1,765,850</u>

Debentures

On December 5, 2019, 80,000 non-convertible debentures of the 8th public issuance, in a single series, were issued, in the amount of R\$ 800,000,000.00, with a par value of R\$ 10,000.00 and interest corresponding to 100% of the cumulative variation in the daily average rates of the Interbank Deposits (DI) rate plus a spread of 1.25% per year. The nominal unit value of 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, in a single series, were issued, in the amount of R\$ 2,485,000,000.00, with a par value of R\$ 10,000.00 and interest corresponding to 100% of the cumulative variation of the daily average rates of the 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, in a first and second series, were issued, in the amount of R\$ 735,000,000.00, with a par value of R\$ 10,000.00 and interest corresponding to 100% of the cumulative variation of the daily average rates of the DI rate plus a spread of 1.75% p.a. The nominal unit value of debentures will be amortized in three installments, with final maturity on September 1, 2026.

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

Debentures - Changes

	8th Public Issuance Single series	9th Public Issuance Single series	10th Public Issuance 1st and 2nd Series	11th Public Issuance Single series	Total
Balance at January 1, 2021	797,455	2,483,538	734,890	-	4,015,883
Total issuance amount	-	-	-	1,000,000	1,000,000
Financial charges	28,225	93,639	29,261	3,785	154,910
Interest paid	(13,829)	(42,034)	(32,766)	(2,251)	(90,880)
Balance at September 30, 2021	811,851	2,535,143	731,385	1,001,534	5,079,913
Current	65,052	181,843	73,692	3,423	324,010
Non-current	746,799	2,353,300	657,693	998,111	4,755,903
Unrealized transaction costs	4,000	18,181	7,706	2,251	32,138
Current	1,185	5,186	1,917	362	8,650
Non-current	2,815	12,995	5,789	1,889	23,488

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

	<u>September 30,</u> <u>2021</u>
2023	673,115
2024	1,346,230
2025	1,346,230
2026	1,390,328
	<u>4,755,903</u>

a. Guarantees for loans and financing at September 30, 2021

	<u>Parent</u> <u>company</u>	<u>Consolidated</u>
Accounts receivable – Pledged guarantees	6,698	10,557
Letters of guarantee (*)	362,239	362,239
Pledged fixed assets	7,522	19,524
	<u>376,459</u>	<u>392,320</u>

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

b. Carrying amounts and estimated fair values

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

	<u>Nominal rate</u>	<u>September 30,</u> <u>2021</u>	<u>Consolidated</u> <u>December 31,</u> <u>2020</u>	<u>September 30,</u> <u>2021</u>	<u>Fair value</u> <u>December 31,</u> <u>2020</u>
Foreign currency					
Loans	EUR + 1.61% p.a.; USD + 1.50% p.a.	265,444	135,412	265,444	135,412
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,677,726	916,050	1,677,726	916,050
FCO	Fixed rate from 2.50% to 8.50% p.a.	26,394	34,783	26,394	34,782
Financing	Fixed rate from 2.50% to 8.70% p.a.	3,417	5,095	3,264	5,089
Debentures	CDI + 1.25% to 1.75% p.a.	5,079,913	4,015,883	5,079,913	4,015,883
Finep	TJLP + 1.00% to 1.00% p.a.	362,240	278,647	362,240	278,647
Real estate financing	TR + 9.60% p.a.	-	127,179	-	125,148
		<u>7,415,134</u>	<u>5,513,049</u>	<u>7,414,981</u>	<u>5,511,011</u>

The fair value of some of the current loans is equal to their carrying amount, since the impact of the mark-to-market is not material. The fair values are based on the discounted cash flow, using a market rate of CDI + 0.43% to CDI + 1.68% p.a. (December 31, 2020 - CDI + 0.14% to CDI + 1.23% p.a.).

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

	Parent company								
					Liabilities	Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
Balances at January 1, 2021	5,403,470	23,980	29,728	671,654	241,317	(79,427)	149,213	9,240,715	15,680,650
Changes in cash flow from financing activities									
Hedge of loans	(4,458)	-	-	-	-	20,987	3,350	-	19,879
Loans taken out	2,221,184	-	-	-	-	-	-	-	2,221,184
Payment of loans - principal	(269,787)	(593)	(803)	-	(22,803)	-	-	-	(293,986)
Payments of loans - interest	(187,994)	-	-	-	(3,827)	-	-	-	(191,821)
Purchases of treasury shares	-	-	-	-	-	-	-	(85,118)	(85,118)
Sales of shares	-	-	-	-	-	-	-	18,692	18,692
Loans payable	-	-	-	-	(6)	-	-	-	(6)
Dividends and interest on capital paid	-	-	-	(720,883)	-	-	-	-	(720,883)
Total changes in cash flow from financing activities	1,758,945	(593)	(803)	(720,883)	(26,636)	20,987	3,350	(66,426)	967,941
Other changes									
Additions	-	-	-	-	16,514	-	-	-	16,514
Write-offs	-	-	-	-	(3,186)	-	-	-	(3,186)
Remeasurement	-	-	-	-	16,702	-	-	-	16,702
Other taxes payable	-	-	14,211	-	-	-	-	-	14,211
Other accounts payable	-	-	-	-	483,561	-	-	-	483,561
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	6,358	6,358
Net income	-	-	-	-	-	-	-	977,809	977,809
Interest accrued	236,159	232	233	-	4,750	3,612	23,692	-	268,678
Interest on capital	-	-	-	584,317	-	-	-	(584,317)	-
Loans - acquisition of subsidiaries	-	10,000	-	-	-	-	-	-	10,000
MtM - Hedge	-	-	-	-	-	11,599	(11,890)	-	(291)
Payment/receipt Investment hedges	-	-	-	-	-	195,060	(148,664)	-	46,396
Payment/receipt Supplier hedges	-	-	-	-	-	(44,590)	6,691	-	(37,899)
Interest accrued - acquisition	-	-	-	-	-	(148,301)	(78)	-	(148,379)
Equity valuation adjustments	-	-	-	-	-	-	-	130,486	130,486
Adjustments from prior years	-	-	-	-	-	-	-	(24,091)	(24,091)
Total other changes related to liabilities	236,159	10,232	14,444	584,317	518,341	17,380	(130,249)	506,245	1,756,869
At September 30, 2021	7,398,574	33,619	43,369	535,088	733,022	(41,060)	22,314	9,680,534	18,405,460

	Consolidated								
					Liabilities	Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
Balances at January 1, 2021	5,513,049	23,980	71,310	671,654	347,910	-85,674	177,943	9,240,715	15,960,887
Changes in cash flow from financing activities									
Hedge of loans	(4,458)	-	-	-	-	20,997	3,350	-	19,889
Loans taken out	2,221,184	-	-	-	-	-	-	-	2,221,184
Payment of loans - principal	(353,290)	(593)	(803)	-	(23,505)	-	-	-	(378,191)
Payments of loans - interest	(198,104)	-	-	-	(4,741)	-	-	-	(202,845)
Purchases of treasury shares	-	-	-	-	-	-	-	(85,118)	(85,118)
Sales of shares	-	-	-	-	-	-	-	18,692	18,692
Dividends and interest on capital paid	-	-	-	(720,883)	-	-	-	-	(720,883)
Total changes in cash flow from financing activities	1,665,332	(593)	(803)	(720,883)	(28,246)	20,997	3,350	(66,426)	872,728
Other changes									
Additions	969	-	229	-	34,385	-	-	-	35,583
Write-offs	-	-	-	-	(16,699)	-	-	-	(16,699)
Remeasurement	-	-	-	-	29,618	-	-	-	29,618
Other taxes payable	-	-	11,827	-	-	-	-	-	11,827
Other accounts payable	-	-	-	-	486,792	-	-	-	486,792
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	6,358	6,358
Net income	-	-	-	-	-	-	-	977,809	977,809
Interest accrued	235,784	232	233	-	7,142	3,612	23,693	-	270,696
Interest on capital	-	-	-	584,317	-	-	-	(584,317)	-
Loans - acquisition of subsidiaries	-	10,000	-	-	-	-	-	-	10,000
MtM - Hedge	-	-	-	-	-	61,853	(62,155)	-	(302)
Payment/receipt Investment hedges	-	-	-	-	-	195,059	(148,664)	-	46,395
Payment/receipt Supplier hedges	-	-	-	-	-	(139,651)	34,230	-	(105,421)
Equity valuation adjustments	-	-	-	-	-	-	-	130,486	130,486
Interest accrued - acquisition	-	-	-	-	-	(148,301)	(78)	-	(148,379)
Adjustments from prior years	-	-	-	-	-	-	-	(24,091)	(24,091)
Non-controlling interests in subsidiaries/associates	-	-	-	-	-	-	-	4,462	4,462
Total other changes related to liabilities	236,753	10,232	12,289	584,317	541,238	(27,428)	(152,974)	510,707	1,715,134
At September 30, 2021	7,415,134	33,619	82,796	535,088	860,902	(92,105)	28,319	9,684,996	18,548,749

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 future taxable income. This is based on a study of future realization, using projections of the generation of taxable income from 2021 onward. Tax losses carried forward and the negative bases of social contribution are generated mainly by the tax deductibility of goodwill from acquisitions of companies (Note 19) and the distribution of interest on capital in recent years.

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Deferred tax assets:				
Tax losses carried forward and negative bases of CSLL	1,918,769	1,616,196	1,966,516	1,636,107
Contingencies	64,639	65,813	73,359	73,593
Expected credit losses	23,007	45,965	26,176	49,133
Allowance for losses on inventory	9,344	10,136	28,898	30,456
Other temporary differences	75,447	140,780	126,159	218,833
Total deferred tax assets	2,091,206	1,878,890	2,221,108	2,008,122
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company with the same tax authority (also recoverable against the calculation of current tax)	(1,804,106)	(1,712,977)	(1,907,288)	(1,813,406)
Remaining balance of deferred tax assets	287,100	165,913	313,820	194,716

b. Deferred tax liabilities

This 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	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Goodwill	1,681,099	1,575,837	1,681,099	1,575,837
Tax debt - PIS/COFINS and others (*)	93,828	101,540	97,900	107,710
Fair value of property, plant and equipment - business combinations	17,181	11,213	42,509	38,937
Others	11,998	24,387	164,736	136,939
Total tax debt	1,804,106	1,712,977	1,986,244	1,859,423
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company with the same tax authority (also recoverable against the calculation of current tax)	(1,804,106)	(1,712,977)	(1,907,288)	(1,813,406)
Remaining balance of deferred liabilities	-	-	78,956	46,017

(*) See comment in Note 13.

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

	Parent company		Consolidated	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Income before income tax and social contribution	815,559	916,951	832,276	938,543
Combined rate - %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(277,290)	(311,763)	(282,956)	(319,033)
Equity accounting	11,929	19,036	2,195	3,691
Interest on capital declared	198,668	189,207	198,668	189,207
Interest/indexation in the nature of an indemnity (*)	48,019	36,967	49,119	44,759
Government grants	184,066	118,780	186,322	121,845
Other permanent additions/exclusions	(3,142)	11,073	(8,395)	1,240
Income tax and social contribution expenses	162,250	63,300	144,953	41,709
Current	-	-	(508)	(13,376)
Deferred	162,250	63,300	145,461	55,085
Discontinued operations	140,666	4,595	141,243	5,711
Continuing operations	21,584	58,705	3,710	35,998
	162,250	63,300	144,953	41,709
	20%	7%	17%	4%

(*) See comment in Note 13.

24 Taxes payable

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
ICMS (value added tax) payable	41,126	27,851	77,034	67,275
IPI/PIS/COFINS payable	-	-	1,153	359
Other taxes payable	2,243	1,877	4,609	3,676
	43,369	29,728	82,796	71,310
Current	36,340	22,077	75,767	63,659
Non-current	7,029	7,651	7,029	7,651

25 Accounts payable

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Freight payable	20,060	19,595	25,413	23,655
Services provided	54,825	57,110	109,576	102,614
Advertising	22,695	21,747	22,695	21,747
Revenue to elapse	41,776	47,882	41,776	47,882
Purchases of fixed assets	3,378	10,629	28,077	43,838
Payables arising from disposal	810	12,410	810	12,410
Leases (i)	64,865	56,715	80,442	54,242
Accrued taxes on inventory losses	2,401	2,687	17,609	17,048
Falcon/Ontex arbitrage (*)	500,000	-	500,000	-
Others	22,212	12,542	34,504	24,474
	<u>733,022</u>	<u>241,317</u>	<u>860,902</u>	<u>347,910</u>
Current	655,130	169,943	763,426	273,353
Non-current	<u>77,892</u>	<u>71,374</u>	<u>97,476</u>	<u>74,557</u>

(*) On September 15, 2021, the Company entered into an agreement with Falcon Distribuidora, Armazenamento e Transportes S.A. ("Falcon") and Ontex Group NV, related to the divestment of the disposables business in 2017 ("Operation"). This agreement includes the Company's obligation to pay R\$ 500 million to Falcon due to certain aspects related to the Operation that were submitted to arbitration at the International Chamber of Commerce - ICC. This Agreement will bring the arbitration process to an end. The obligation was fully settled on October 1, 2021.

(i) Lease liabilities

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Current	25,008	21,280	25,918	20,802
Non-current	39,857	35,435	54,524	33,440
	<u>64,865</u>	<u>56,715</u>	<u>80,442</u>	<u>54,242</u>

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

	Parent company	Consolidated
Balance at January 1, 2021	56,715	54,242
Payment of loans - principal	(22,803)	(23,505)
Payments of loans - interest	(3,827)	(4,741)
Additions	16,514	34,385
Write-off	(3,186)	(16,699)
Remeasurement	16,702	29,618
Interest accrued	4,750	7,142
Balance at September 30, 2021	<u>64,865</u>	<u>80,442</u>

a. Maturity of installments

Leases at September 30, 2021 have the following breakdown, by year of maturity:

	Parent company	Consolidated
From 1 to 2 years	18,930	19,938
From 2 to 5 years	18,560	22,325
More than 5 years	2,367	12,261
	<u>39,857</u>	<u>54,524</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	71,681	64,865	112,069	94,270
Estimated PIS/COFINS	(3,947)	(2,952)	(7,116)	(5,581)
	<u>67,734</u>	<u>61,913</u>	<u>104,953</u>	<u>88,689</u>

c. Agreements by term and discount rate

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

Terms	Parent company	Consolidated
	Rate % p.a.	Rate % p.a.
Up to 2 years	2.47%	2.47%
From 2 to 5 years	5.14%	5.10%
More than 5 years	8.53%	9.82%

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

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Lease liabilities				
Carrying amount - IFRS 16/CPC 06 (R2)	64,865	56,715	80,442	54,242
Flow with projected inflation	68,030	59,290	84,368	56,705
Variation	4.88%	4.54%	4.88%	4.54%
Net right of use - closing balance				
Carrying amount - IFRS 16/CPC 06 (R2)	62,810	57,800	87,371	67,736
Flow with projected inflation	65,875	60,424	91,635	70,811
Variation	4.88%	4.54%	4.88%	4.54%
	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Financial expenses				
Carrying amount - IFRS 16/CPC 06 (R2)	(2,644)	(3,476)	(3,663)	(3,911)
Flow with projected inflation	(2,773)	(3,634)	(3,842)	(4,089)
Variation	4.88%	4.54%	4.88%	4.54%
Depreciation expenses				
Carrying amount - IFRS 16/CPC 06 (R2)	(23,428)	(28,776)	(23,838)	(28,092)
Flow with projected inflation	(24,571)	(30,082)	(25,001)	(29,367)
Variation	4.88%	4.54%	4.88%	4.54%

26 Provision for contingencies

At September 30, 2021, the Company had the following provision for contingencies and corresponding deposits with courts related to contingencies:

	September 30, 2021				December 31, 2020			
	Contingencies assumed in business combination		Contingencies net of deposits in court		Contingencies assumed in business combination		Contingencies net of deposits in court	
	Forecast of likely loss	Deposits in court	Forecast of likely loss	Deposits in court	Forecast of likely loss	Deposits in court	Forecast of likely loss	Deposits in court
Civil	9,114	10,666	(59)	19,721	9,261	11,782	(57)	20,986
Labor	105,690	15,491	(17,686)	103,495	99,941	23,721	(14,750)	108,912
Tax	797	44,957	(331)	45,423	121	44,652	(365)	44,408
Administrative/other	3,398	-	(385)	3,013	3,254	834	(225)	3,863
Liability of former owners	5,793	-	-	5,793	5,347	-	-	5,347
	<u>124,792</u>	<u>71,114</u>	<u>(18,461)</u>	<u>177,445</u>	<u>117,924</u>	<u>80,989</u>	<u>(15,397)</u>	<u>183,516</u>

	September 30, 2021				December 31, 2020			
	Contingencies assumed in business combination		Contingencies net of deposits in court		Contingencies assumed in business combination		Contingencies net of deposits in court	
	Forecast of likely loss	Deposits in court	Forecast of likely loss	Deposits in court	Forecast of likely loss	Deposits in court	Forecast of likely loss	Deposits in court
Civil	9,328	10,666	(59)	19,935	9,297	11,782	(57)	21,022
Labor	115,269	15,491	(19,903)	110,857	107,995	23,721	(17,600)	114,116
Tax	801	44,957	(333)	45,425	124	44,652	(367)	44,409
Administrative/others	19,250	-	(426)	18,824	18,044	834	(225)	18,653
Liability of former owners	8,672	-	-	8,672	8,188	-	-	8,188
	<u>153,320</u>	<u>71,114</u>	<u>(20,721)</u>	<u>203,713</u>	<u>143,648</u>	<u>80,989</u>	<u>(18,249)</u>	<u>206,388</u>

Changes in contingencies

	Parent company					
	December 31, 2020	Indexation accruals	Additions	Reversals	Payments	September 30, 2021
Civil	21,043	2,120	105,287	(107,918)	(752)	19,780
Labor	123,662	9,933	14,542	(16,107)	(10,849)	121,181
Tax	44,773	308	709	-	(36)	45,754
Administrative/others	4,088	485	3	(1,178)	-	3,398
Liability of former owners	5,347	292	1,171	(1,017)	-	5,793
	<u>198,913</u>	<u>13,138</u>	<u>121,712</u>	<u>(126,220)</u>	<u>(11,637)</u>	<u>195,906</u>
Deposits in court	(15,397)	(820)	(5,825)	3,297	284	(18,461)
	<u>183,516</u>	<u>12,318</u>	<u>115,887</u>	<u>(122,923)</u>	<u>(11,353)</u>	<u>177,445</u>

	Consolidated					
	December 31, 2020	Indexation accruals	Additions	Reversals	Payments	September 30, 2021
Civil	21,079	2,122	480	(2,918)	(769)	19,994
Labor (a)	131,716	10,441	17,150	(17,124)	(11,423)	130,760
Tax (b)	44,776	309	709	-	(36)	45,758
Administrative/others	18,878	1,464	1,262	(1,181)	(1,173)	19,250
Liability of former owners (c)	8,188	428	2,384	(2,328)	-	8,672
	<u>224,637</u>	<u>14,764</u>	<u>21,985</u>	<u>(23,551)</u>	<u>(13,401)</u>	<u>224,434</u>
Deposits in court	(18,249)	(891)	(6,330)	4,446	303	(20,721)
	<u>206,388</u>	<u>13,873</u>	<u>15,655</u>	<u>(19,105)</u>	<u>(13,098)</u>	<u>203,713</u>

(a) The additions refer to 51 new labor lawsuits, and the reversals refer to 137 labor lawsuits.

(b) Mainly related to the payment of ICMS on imports of goods arising from the acquisition of Mabesa and Mantecorp.

(c) The additions refer to lawsuits that are the liability of the former owners. In these cases, the Company recognizes an obligation to pay 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 the legal advisors, as well as the legal aspects, do not require the recording of a provision, either because the expectation of loss is classified as possible, or through the exclusion of a liability arising from a contractual agreement.

	Parent company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	60,967	46,703	63,041	47,868
Labor	452,184	465,091	467,501	483,452
Tax	133,138	128,102	165,322	162,747
Administrative/others	2,846	2,865	3,216	3,486
Liability of former owners	487,145	469,830	641,878	625,976
	<u>1,136,280</u>	<u>1,112,591</u>	<u>1,340,958</u>	<u>1,323,529</u>

27 Share capital

a. Share capital

On September 30, 2021, the Company was authorized to increase its share capital up to the limit of R\$5,500,000.00, in accordance with a provision of its bylaws and a decision of the Board of Directors at the Special General Meeting on January 24, 2011.

The share capital at September 30, 2021 was R\$4,478,126 (R\$ 4,478,126 at December 31, 2020), represented by 633,420,823 common shares (633,420,823 at December 31, 2020).

b. Treasury shares

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

	Number	Amount
Balance at 12/31/2020	9,476	278
Acquisition in the period	2,700,000	85,118
Sales in the period	(1,507,734)	(47,515)
Balance at 09/30/2021	<u>1,201,742</u>	<u>37,881</u>

c. Interest on capital

On March 23, 2021, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 194,771.

On June 28, 2021, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 194,772.

On September 22, 2021, 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:

	07/01/2021		01/01/2021		07/01/2020		01/01/2020	
	to	09/30/2021	to	09/30/2021	to	09/30/2020	to	09/30/2020
								Parent company
Gross revenue from products	1,937,764	5,086,579	1,299,513	3,568,445				
Returns	(27,582)	(64,680)	(23,025)	(79,220)				
Unconditional discounts	(56,218)	(120,875)	(41,182)	(141,843)				
Net revenue from returns and unconditional discounts	1,853,964	4,901,024	1,235,306	3,347,382				
Promotional discounts	(105,602)	(270,232)	(57,500)	(150,899)				
Taxes	(78,890)	(232,921)	(59,625)	(161,458)				
Net revenue	1,669,472	4,397,871	1,118,181	3,035,025				
								Consolidated
Gross revenue from products	1,950,015	5,109,688	1,299,411	3,569,173				
Returns	(27,804)	(64,989)	(23,025)	(79,220)				
Unconditional discounts	(57,253)	(122,524)	(41,182)	(141,843)				
Net revenue from returns and unconditional discounts	1,864,958	4,922,175	1,235,204	3,348,110				
Promotional discounts	(103,975)	(265,765)	(56,241)	(149,482)				
Taxes	(128,341)	(345,527)	(90,466)	(244,605)				
Net revenue	1,632,642	4,310,883	1,088,497	2,954,023				

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 the single sell-out structure.

In addition, decisions on the resources to be allocated are not related to business segments, but are made individually for each product to be launched, resulting in assessments of the general performance of the operating results across all product portfolios.

29 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Cost of sales	(706,490)	(1,838,073)	(508,318)	(1,328,942)
Raw materials	-	-	-	-
Packaging materials	-	-	-	-
Labor	-	-	-	-
Depreciation and amortization expenses	-	-	-	-
Resale	(686,295)	(1,782,527)	(482,215)	(1,262,723)
Losses on inventory	(20,195)	(55,546)	(26,103)	(66,219)
Changes in inventory/others	-	-	-	-
Selling and marketing expenses	(407,790)	(1,145,700)	(309,091)	(882,027)
Marketing expenses	(282,031)	(795,145)	(211,341)	(597,541)
Advertising and consumer promotion	(93,115)	(250,776)	(58,438)	(171,810)
Trade deals	(43,542)	(119,861)	(33,286)	(77,916)
Market surveys and others	(2,658)	(6,213)	(1,658)	(4,896)
Medical visits, promotions, gifts and samples	(142,716)	(418,295)	(117,959)	(342,919)
Selling expenses	(125,759)	(350,555)	(97,750)	(284,486)
Sales force	(75,655)	(207,068)	(54,007)	(162,453)
Freight and logistics expenses	(28,941)	(82,536)	(24,849)	(67,701)
Research and development	(3,578)	(11,849)	(2,701)	(7,424)
Depreciation and amortization expenses	(7,420)	(22,415)	(7,292)	(22,039)
Other expenses	(10,165)	(26,687)	(8,901)	(24,869)
General and administrative expenses	(41,452)	(125,174)	(29,715)	(101,275)
Salaries/wages payable	(28,686)	(76,583)	(14,066)	(62,581)
Lawyers, advisors and auditors	(8,810)	(37,329)	(8,878)	(25,279)
Depreciation and amortization expenses	(3,538)	(9,453)	(2,385)	(7,685)
Other expenses	(418)	(1,809)	(4,386)	(5,730)
	Consolidated			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Cost of sales	(589,146)	(1,526,911)	(392,218)	(1,024,435)
Raw materials	(222,759)	(591,541)	(178,250)	(463,245)
Packaging materials	(87,294)	(232,378)	(77,378)	(192,731)
Labor	(117,804)	(334,880)	(108,576)	(296,989)
Depreciation and amortization expenses	(15,434)	(43,771)	(14,035)	(42,463)
Resale	(275,475)	(797,415)	(66,118)	(145,889)
Losses on inventory	(26,300)	(63,437)	(25,029)	(80,560)
Changes in inventory/others	155,920	536,511	77,168	197,442
Selling and marketing expenses	(452,909)	(1,269,020)	(351,696)	(989,422)
Marketing expenses	(275,040)	(788,047)	(202,561)	(572,285)
Advertising and consumer promotion	(93,621)	(250,552)	(57,460)	(168,877)
Trade deals	(43,542)	(119,861)	(33,286)	(77,916)
Market surveys and others	(2,658)	(6,213)	(1,694)	(4,932)
Medical visits, promotions, gifts and samples	(135,219)	(411,421)	(110,121)	(320,560)
Selling expenses	(177,869)	(480,973)	(149,135)	(417,137)
Sales force	(78,506)	(212,365)	(54,790)	(165,230)
Freight and logistics expenses	(31,712)	(89,516)	(28,028)	(77,125)
Research and development	(43,878)	(113,219)	(46,774)	(116,969)
Depreciation and amortization expenses	(12,195)	(35,626)	(10,240)	(31,844)
Other expenses	(11,578)	(30,247)	(9,303)	(25,969)
General and administrative expenses	(58,447)	(173,510)	(43,575)	(145,175)
Salaries/wages payable	(40,546)	(109,960)	(28,353)	(98,437)
Lawyers, advisors and auditors	(11,225)	(43,926)	(10,493)	(30,114)
Depreciation and amortization expenses	(6,152)	(16,829)	(4,590)	(13,839)
Other expenses	(524)	(2,795)	(139)	(2,785)

b. Other operating (expenses) income, net

	Parent company			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Potential gains (losses) (*)	27,111	114,661	66,847	191,008
Depreciation of investment properties	(183)	(1,388)	(939)	(3,131)
Rental income	-	5,657	4,490	14,828
Civil and labor contingencies	54	1,723	(3,821)	(8,672)
	<u>26,982</u>	<u>120,653</u>	<u>66,577</u>	<u>194,033</u>
	Consolidated			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Potential gains (losses) (*)	13,339	87,124	57,811	193,194
Depreciation of investment properties	(151)	(1,388)	(939)	(3,131)
Rental income	-	4,846	3,819	12,856
Civil and labor contingencies	(1,881)	(1,601)	(3,918)	(9,816)
	<u>11,307</u>	<u>88,981</u>	<u>56,773</u>	<u>193,103</u>

(*) See comment in Note 13.

c. Financial income

	Parent company			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Interest income	8,440	21,479	7,354	18,663
Income from financial investments and others	23,320	43,638	24,730	72,665
Exchange variation (gains on derivative transactions)	-	-	(652)	22,327
	<u>31,760</u>	<u>65,117</u>	<u>31,432</u>	<u>113,655</u>
	Consolidated			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Interest income	9,458	24,316	7,955	20,677
Income from financial investments and others	24,740	46,343	25,651	75,157
Exchange variation (gains on derivative transactions)	-	-	(652)	22,323
	<u>34,198</u>	<u>70,659</u>	<u>32,954</u>	<u>118,157</u>

d. Financial expenses

	Parent company			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Interest on financing	(5,928)	(12,065)	(4,739)	(12,856)
Interest on loans	(35,303)	(81,380)	(12,964)	(29,830)
Interest on notes payable	(45)	(232)	(113)	(335)
Indexation accruals on contingencies	(4,688)	(12,846)	(3,006)	(9,300)
REFIS (financing of tax liabilities)	(74)	(233)	(90)	(281)
Debentures	(69,144)	(149,661)	(31,400)	(74,876)
Interest and commission on letters of guarantee	(1,656)	(3,855)	(1,109)	(2,802)
Bank expenses and others	(5,727)	(16,676)	(11,108)	(19,983)
Cost of hedges and exchange variations on loans	617	(478)	5	1,204
Cost of hedge and exchange variation on suppliers and customers	(19)	-	(33)	(135)
Reversals of present value adjustments	(913)	(2,644)	(868)	(2,644)
Others	(40)	(312)	(94)	(119)
	<u>(122,920)</u>	<u>(280,382)</u>	<u>(65,519)</u>	<u>(151,957)</u>
	Consolidated			
	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021	07/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020
Interest on financing	(6,229)	(10,173)	(7,307)	(20,484)
Interest on loans	(26,338)	(54,754)	(12,964)	(29,830)
Interest on notes payable	(45)	(232)	(113)	(335)
Indexation accruals on contingencies	(5,267)	(14,337)	(3,298)	(10,558)
REFIS (financing of tax liabilities)	(74)	(233)	(90)	(281)
Debentures	(69,144)	(149,661)	(31,400)	(74,876)
Interest and commission on letters of guarantee	(1,684)	(3,964)	(1,135)	(2,830)
Bank expenses and others	(5,792)	(18,230)	(11,224)	(20,334)
Cost of hedges and exchange variations on loans	617	(478)	5	1,204
Cost of hedge and exchange variation on suppliers and customers	5,470	(3,319)	(739)	4,190
Reversals of present value adjustments	(1,383)	(3,663)	(941)	(2,973)
Others	(142)	(689)	(144)	(449)
	<u>(110,011)</u>	<u>(259,733)</u>	<u>(69,350)</u>	<u>(157,556)</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, whose 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 the 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 with the Company and its subsidiaries, which management considers as having 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 in 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
							September 30, 2021
Related parties	Other amounts receivable	Loans receivable	Shareholders indemnity	Suppliers	Accounts payable	Other amounts payable	Loans payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	365	-	-	(705,425)	-	-	-
My Agência Propaganda Ltda.	10	-	-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	996	16	-	(309)	(8,746)	-	-
João Alves de Queiroz Filho	-	-	96,006	-	-	-	-
Total	1,371	16	96,006	(705,734)	(8,746)	-	-
							Consolidated
							September 30, 2021
Related parties	Other amounts receivable	Loans receivable	Shareholders indemnity	Suppliers	Accounts payable	Other amounts payable	Loans payable
João Alves de Queiroz Filho	-	-	104,134	-	-	-	-
Total	-	-	104,134	-	-	-	-
							Parent company
							December 31, 2020
Related parties	Other amounts receivable	Loans receivable	Shareholders indemnity	Suppliers	Accounts payable	Other amounts payable	Loans payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	455	-	-	(91,680)	-	-	-
My Agência Propaganda Ltda.	3	-	-	(17)	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	2,620	-	-	(484,126)	(9,407)	-	-
João Alves de Queiroz Filho	-	-	140,925	-	-	-	-
Total	3,078	-	140,925	(575,823)	(9,407)	-	-
							Consolidated
							December 31, 2020
Related parties	Other amounts receivable	Loans receivable	Shareholders indemnity	Suppliers	Accounts payable	Other amounts payable	Loans payable
João Alves de Queiroz Filho	-	-	152,855	-	-	-	-
Total	-	-	152,855	-	-	-	-

b. Income for the period

Parent company								
September 30, 2021								
	Transactions		Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Shareholders indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Related parties								
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(310,891)	875	-	-	-	-	-	1
My - Agência Propaganda Ltda.	-	153	-	(3,420)	-	-	-	-
TV Serra Dourada Ltda.	-	-	-	(1,976)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,728,267)	-	-	-	(1,572)	-	(310)	57
João Alves de Queiroz Filho	-	-	-	-	-	-	-	2,353
	<u>(2,039,158)</u>	<u>1,028</u>	<u>-</u>	<u>(5,396)</u>	<u>(1,572)</u>	<u>-</u>	<u>(310)</u>	<u>2,411</u>
Consolidated								
September 30, 2021								
	Transactions		Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Shareholders indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Related parties								
TV Serra Dourada Ltda.	-	-	-	(1,976)	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	2,518
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,518</u>
Parent company								
September 30, 2020								
	Transactions		Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Shareholders indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Related parties								
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(324,456)	1,977	-	-	-	-	-	-
My - Agência Propaganda Ltda.	-	153	-	(3,420)	-	-	-	-
TV Serra Dourada Ltda.	-	-	-	-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,250,674)	-	-	-	(1,954)	-	(310)	-
João Alves de Queiroz Filho	-	-	140,285	-	-	-	-	1,333
	<u>(1,575,130)</u>	<u>2,130</u>	<u>140,285</u>	<u>(3,420)</u>	<u>(1,954)</u>	<u>-</u>	<u>(310)</u>	<u>1,333</u>
Consolidated								
September 30, 2020								
	Transactions		Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Shareholders indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Related parties								
João Alves de Queiroz Filho	-	-	149,491	-	-	-	-	1,088
	<u>-</u>	<u>-</u>	<u>149,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,088</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	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Salaries and other short-term benefits	13,457	13,032	13,457	13,032
Board members' fees	4,010	4,118	4,010	4,118
Share-based payments	7,596	6,312	7,596	6,312
	<u>25,063</u>	<u>23,462</u>	<u>25,063</u>	<u>23,462</u>

31 Other matters

a) Internal Investigation

The Board of Directors set up a Special Independent Committee (the “Independent Committee”) to coordinate an independent investigation of the facts underlying the investigation conducted by the Federal Prosecution Service (MPF) called Operation “Tira-Teima”. The details were notified to the market in the Material Fact dated April 10, 2018 and in the Notice to the Market dated April 20, 2018. The Independent Committee has since: (a) defined the scope of the independent investigation; (b) hired independent advisors, in the form of a law firm and a leading audit firm; (c) made presentations on the progress of the work to the Independent Auditors and the Audit Committee; and (d) presented its recommendations to the Audit Committee and the Board of Directors.

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. The Board of Directors instructed that the recommendations made by the Independent Committee be assessed and implemented to improve the Company’s internal systems, controls and Compliance program.

Up to May 25, 2020, the internal investigation confirmed improper payments of R\$ 110,557 million, in addition to the R\$ 33,195 million identified relating to a Transaction Agreement entered into with Mr. Nelson José de Mello, for which this former officer has acknowledged his obligation to indemnify the Company, as reported in the Material Fact of June 28, 2016.

Following the negotiation with the main co-controlling shareholder of the Company, carried out by an independent tripartite committee, 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 considered that it was in the best interests of the Company and its shareholders, without assuming responsibility, to pay the Company the remaining balance of the improper payments of R\$ 110,557 million, subject to interest at the SELIC rate. This payment is being made in four equal and successive installments, the first of which was paid on the date of the Payment Agreement, with the rest to be paid on the same dates in subsequent years.

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

b) Impacts of the COVID-19 pandemic

To date, the Company’s operations have not been significantly impacted by the COVID-19 pandemic. The Company’s operating segment 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 within normal productivity levels.

Management believes that 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 is continuing to monitor and evaluate any actions which may be required.

* * *