

Hypera S.A.
Quarterly information report
June 30, 2024

Content

Management report	3
Report on review of Quarterly Information - ITR	19
Balance sheet	23
Statements of income	24
Statements of comprehensive income	26
Statements of changes in shareholders' equity	27
Statements of cash flows	28
Statements of added value	29
Notes to the quarterly information report	31

Hypera Pharma reports sell-out¹ growth of 6.3% and Cash Flow from Operations expansion of 8.0%, with Net Debt reduction in 2Q24

São Paulo, July 25, 2024 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the 2nd quarter of 2024. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2Q24 Highlights

- 6.3% sell-out¹ growth versus 2Q23
- Highest ever recorded Cash Flow from Operations for a second quarter of R\$624.2 million, up 8.0% versus 2Q23
- Reduction of 49 inventories days in the quarter, when compared to 2Q23
- Net Debt reduction of R\$164.7 million in 2Q24, when compared to 1Q24
- Interest on Equity approval of R\$184.9 million (R\$0.29/share) during 2Q24

Table 1

(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	1H23	% NR	1H24	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,549.6	114.3%	2,551.4	116.6%	0.1%	4,489.8	114.3%	4,638.1	115.5%	3.3%
Net Revenue	2,231.1	100.0%	2,188.9	100.0%	-1.9%	3,929.3	100.0%	4,015.6	100.0%	2.2%
Gross Profit	1,409.2	63.2%	1,333.5	60.9%	-5.4%	2,495.3	63.5%	2,448.8	61.0%	-1.9%
SG&A (excl. Marketing and R&D)	(291.8)	-13.1%	(305.6)	-14.0%	4.7%	(540.9)	-13.8%	(552.2)	-13.8%	2.1%
Research & Development	(42.5)	-1.9%	(45.6)	-2.1%	7.2%	(83.6)	-2.1%	(85.3)	-2.1%	2.0%
Marketing	(354.2)	-15.9%	(333.6)	-15.2%	-5.8%	(622.5)	-15.8%	(595.8)	-14.8%	-4.3%
EBITDA from Continuing Operations	790.7	35.4%	755.1	34.5%	-4.5%	1,378.2	35.1%	1,402.9	34.9%	1.8%
Net Income from Continuing Operations	504.4	22.6%	491.8	22.5%	-2.5%	843.8	21.5%	883.3	22.0%	4.7%
Cash Flow from Operations	578.1	25.9%	624.2	28.5%	8.0%	879.6	22.4%	1,103.3	27.5%	25.4%

EARNINGS CONFERENCE CALL – PORTUGUESE: 07/26/2024, 11am (Brasília) / 10am (New York)

Webcast: [click here](#) / **Phone:** +55 (11) 4700-9668 **ID:** 899 0643 6233 **Passcode:** 559812

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EARNINGS CONFERENCE CALL – ENGLISH: (Simultaneous translation): 07/26/2024, 11am (Brasília) / 10am (New York)

Webcast: [click here](#) / **Phone:** +1 (720) 707-2699 **ID:** 899 0643 6233 **Passcode:** 559812

Replay: ri.hypera.com.br/en

Note: (1) Sell-out PPP (Pharmacy Purchase Price), as reported by IQVIA, considers the average purchase price by pharmacies and chains

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Operating Scenario

Hypera Pharma's sell-out¹ grew by 6.3% in 2Q24 and was once again driven by the positive performance of chronic and preventive treatments, that continue to increase their share in the total sales and currently account for most of the Company's innovation pipeline, which currently has approximately 500 products to be launched over the next few years.

The sell-out growth was 3.9 percentage points lower than the market² growth in the quarter, due exclusively to the performance in the categories related to Flu, Respiratory, Pain and Fever, which are more relevant to Hypera Pharma's sell-out than to the pharmaceutical retail total sales, which fell by 1% compared to 2Q23, while for the pharmaceutical retail, the reduction was by 2%. **On the other hand, the Company's sell-out growth in the other categories was 12%, in line with the pharmaceutical retail growth, with highlights being the performance in Cardiology, Nausea, Women's Health, Gastroenterology and Vitamins.**

The sell-out growth helped the Company to achieve Net Revenue of R\$2,188.9 million in this quarter. Compared to the same quarter last year, Net Revenue was 1.9% lower, mainly due to the 17.7% growth recorded in 2Q23 over 2Q22, a period in which sell-out grew by 8.6%. **When comparing 2Q24 to 2Q22, Net Revenue growth was 15.5%, close to the 15.4% growth in sell-out in the same period.**

EBITDA from Continuing Operations reached R\$755.1 million, with margin of 34.5%, or 0.9 percentage point lower than 2Q23, mainly due to the reduction in Gross Margin in the period. In 1H24, the EBITDA Margin was 34.9%, in line with both 1H23 and the level implicit in the financial projections established by the Company for 2024.

Net Income from Continuing Operations was R\$491.8 million, or 2.5% lower than in 2Q23, with a Net Margin of 22.5%, in line with the Net Margin presented in the same quarter of the previous year. The Net Income from Continuing Operations reduction in a lower level than the EBITDA from Continuing Operations reduction in this quarter was mainly due to the 17.3% decrease in Net Financial Expenses.

Cash Flow from Operations grew by 8.0% to R\$624.2 million, the highest level ever recorded in a second quarter, benefiting from lower investments in working capital mainly due to the Inventories reduction, in line with Hypera Pharma's strategy of boosting the conversion of EBITDA from Continuing Operations into Cash Flow from Operations to support investments in innovation and in the expansion of production capacity.

The Company also declared Interest on Equity of R\$184.9 million during 2Q24, or R\$0.29/share, and published its 2023 Integrated Annual Report in May, which presents its main highlights and initiatives in the environmental, social and economic subjects.

The 2023 Integrated Annual Report, aligned with the UN Sustainable Development Goals (SDGs) and assured by an independent third party, once again followed the structure of the International Integrated Reporting Council (IIRC) and the GRI guidelines, and considered the global frameworks of the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD).

Still in this quarter, the Company was once again selected to be part of the London Stock Exchange's FTSE4Good Index Series, one of the most important international sustainability indexes created by the Financial Times Stock Exchange (FTSE).

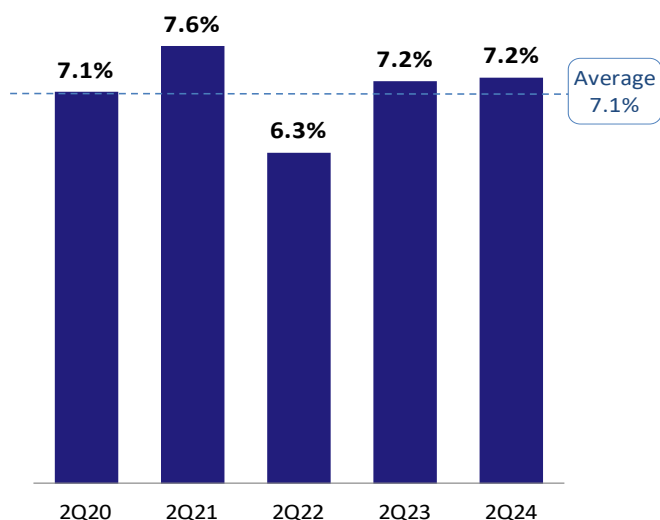
The relevant positioning in all segments of the pharmaceutical retail, the strength and resilience of the leading brands and the robustness of the innovation pipeline make Hypera Pharma the best prepared pharmaceutical industry to capture the various growth opportunities in the Brazilian pharmaceutical market.

Note: (1) Sell-out PPP (Pharmacy Purchase Price), as reported by IQVIA, includes the average purchase price by pharmacies and chains; (2) according to IQVIA, excludes Therapeutic Class Z, Infant Formulas and MECE Diagnostic Tests Market

Innovation & Launches

Graph 1

LTM R&D Investments (% of Net Revenue)¹



Total investments in R&D, including the amount capitalized as an intangible asset, represented 7.2% of Net Revenue in the last 12 months, a similar level to the same period of the previous year. In 2Q24, these investments amounted to R\$136.9 million.

The Freshness Index, which corresponds to the percentage of Net Revenue coming from products launched in the last five years, including the brands acquired from Takeda, Sanofi and Boehringer Ingelheim, was 26% in 2Q24, compared to 23% in 2Q23.

Hypera Pharma strengthened its product portfolio with important launches in 2Q24, especially the brand extensions in Skincare and Consumer Health, and the launches in Vitamins, Endocrinology, Respiratory, Cardiology and Gastroenterology.

The Company has an innovation pipeline of more than 500 products to be launched over the next few years, focusing mainly on categories related to chronic and preventive treatments, whose growth estimated by IQVIA for the next 5

years is higher than the average growth expected for the pharmaceutical retail market.

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

Earnings Discussion

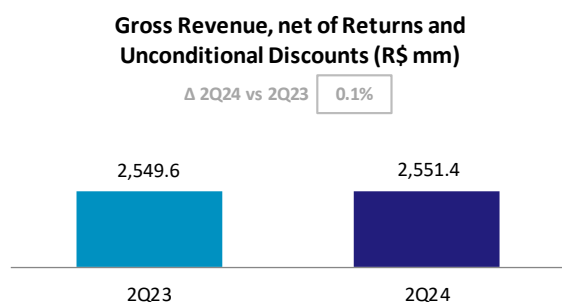
Income Statement

Table 2

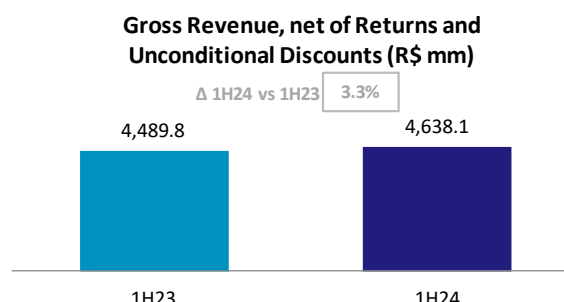
(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	1H23	% NR	1H24	% NR	Δ %
Net Revenue	2,231.1	100.0%	2,188.9	100.0%	-1.9%	3,929.3	100.0%	4,015.6	100.0%	2.2%
Gross Profit	1,409.2	63.2%	1,333.5	60.9%	-5.4%	2,495.3	63.5%	2,448.8	61.0%	-1.9%
Marketing Expenses	(354.2)	-15.9%	(333.6)	-15.2%	-5.8%	(622.5)	-15.8%	(595.8)	-14.8%	-4.3%
Selling Expenses	(244.3)	-11.0%	(254.5)	-11.6%	4.2%	(453.7)	-11.5%	(469.7)	-11.7%	3.5%
General and Administrative Expenses	(90.0)	-4.0%	(96.7)	-4.4%	7.4%	(170.7)	-4.3%	(167.8)	-4.2%	-1.7%
Other Operating Revenues (Expenses)	18.0	0.8%	40.6	1.9%	125.9%	25.2	0.6%	55.7	1.4%	121.1%
Equity in Subsidiaries	(4.5)	-0.2%	(2.2)	-0.1%	-51.9%	(3.6)	-0.1%	(4.7)	-0.1%	30.5%
EBIT from Continuing Operations	734.1	32.9%	687.2	31.4%	-6.4%	1,269.9	32.3%	1,266.6	31.5%	-0.3%
Net Financial Expenses	(262.3)	-11.8%	(217.0)	-9.9%	-17.3%	(528.1)	-13.4%	(422.6)	-10.5%	-20.0%
Income Tax and CSLL	32.5	1.5%	21.6	1.0%	-33.5%	101.9	2.6%	39.4	1.0%	-61.4%
Net Income from Continuing Operations	504.4	22.6%	491.8	22.5%	-2.5%	843.8	21.5%	883.3	22.0%	4.7%
Net Income from Discontinued Operations	(0.5)	0.0%	0.7	0.0%	-	(0.6)	0.0%	(2.0)	0.0%	203.1%
Net Income	503.9	22.6%	492.5	22.5%	-2.3%	843.2	21.5%	881.4	21.9%	4.5%
EBITDA from Continuing Operations	790.7	35.4%	755.1	34.5%	-4.5%	1,378.2	35.1%	1,402.9	34.9%	1.8%

Net Revenue

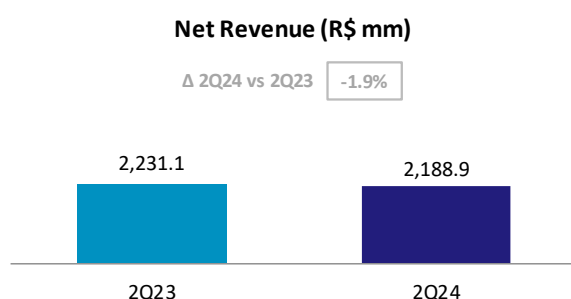
Graph 2



Graph 3



Graph 4



Graph 5

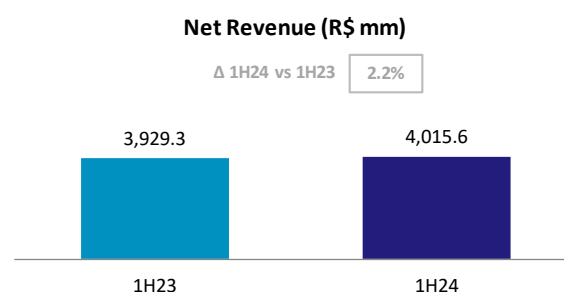


Table 3

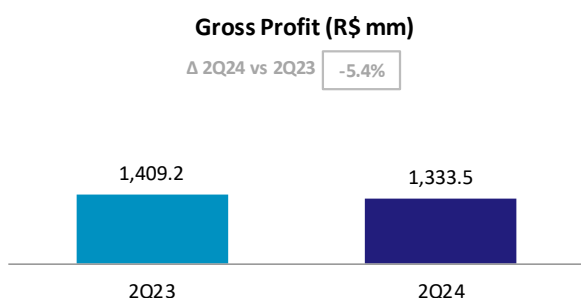
(R\$ million)	2Q23	2Q24	Δ %	1H23	1H24	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,549.6	2,551.4	0.1%	4,489.8	4,638.1	3.3%
Promotional Discounts	(143.0)	(186.8)	30.7%	(245.5)	(295.5)	20.4%
Taxes	(175.6)	(175.7)	0.1%	(315.1)	(327.0)	3.8%
Net Revenue	2,231.1	2,188.9	-1.9%	3,929.3	4,015.6	2.2%

Net Revenue totaled R\$2,188.9 million and benefited from the sell-out growth in the pharmaceutical retail in this quarter. Compared to the same quarter last year, Net Revenue was 1.9% lower, mainly due to the 17.7% growth recorded in 2Q23 over 2Q22, a period in which sell-out grew by 8.6%. **When comparing 2Q24 to 2Q22, Net Revenue growth was 15.5%, close to the 15.4% growth in sell-out in the same period.**

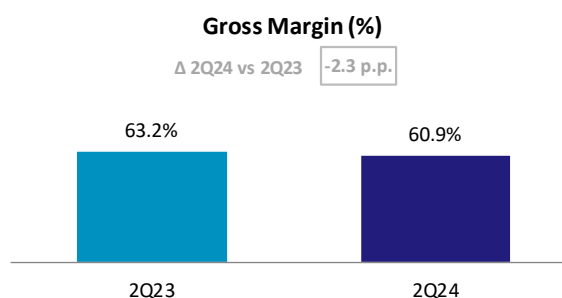
Gross Revenue, net of Returns and Unconditional Discounts, reached R\$2,551.4 million, a similar level to 2Q23. In 2Q24, the performance of Net Revenue was lower than that of Gross Revenue, net of Returns and Unconditional Discounts, due to the increase in Promotional Discounts, mainly because of the change in the mix of products sold and the increase of investments in points of sale and distribution channels to boost sell-out growth.

Gross Profit

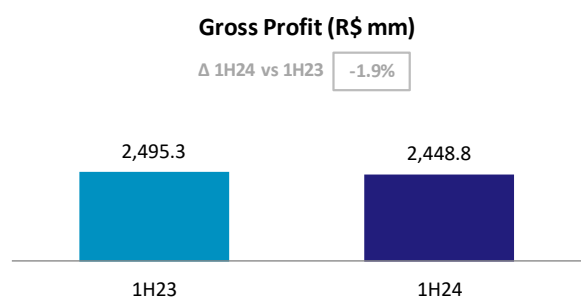
Graph 6



Graph 7



Graph 8



Graph 9

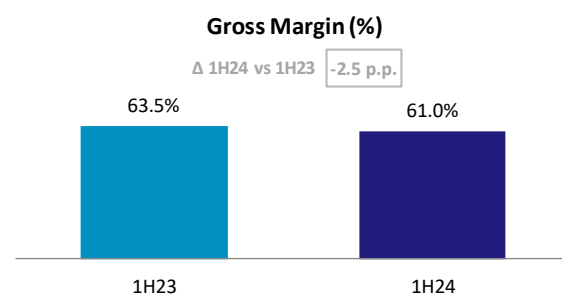


Table 4

(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	Δ p.p.	1H23	% NR	1H24	% NR	Δ %	Δ p.p.
Gross Profit	1,409.2	63.2%	1,333.5	60.9%	-5.4%	-2.3 p.p.	2,495.3	63.5%	2,448.8	61.0%	-1.9%	-2.5 p.p.

Gross Profit was R\$1,333.5 million in the quarter, with a margin of 60.9%, or 2.3 percentage points lower than in 2Q23. The reduction in Gross Margin is mainly the result of: (i) the negative impact of the mix of products sold in the quarter; (ii) the increase in Promotional Discounts; and (iii) the lower dilution of fixed costs due to the reduction in the pace of production because of the Company's initiative to reduce Inventories throughout the year.

Marketing Expenses

Table 5

(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	1H23	% NR	1H24	% NR	Δ %
Marketing Expenses	(354.2)	-15.9%	(333.6)	-15.2%	-5.8%	(622.5)	-15.8%	(595.8)	-14.8%	-4.3%
Advertisement and Consumer Promotion	(103.6)	-4.6%	(95.8)	-4.4%	-7.5%	(177.7)	-4.5%	(171.4)	-4.3%	-3.5%
Trade Deals	(52.0)	-2.3%	(45.1)	-2.1%	-13.3%	(78.6)	-2.0%	(84.3)	-2.1%	7.3%
Medical Visits, Promotions and Others	(198.6)	-8.9%	(192.6)	-8.8%	-3.0%	(366.3)	-9.3%	(340.1)	-8.5%	-7.1%

Marketing Expenses represented 15.2% of Net Revenue in 2Q24, a decrease of 0.7 percentage point over the same period of the previous year, mainly due to: (i) the change in the mix of products sold, which resulted in greater dilution with Advertising and Consumer Promotion Expenses, in contrast to the increase in Promotional Discounts; and (ii) the optimization of expenses with free samples, promotional materials and events, considered in Medical Visits, Promotions and Others.

Selling Expenses

Table 6

(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	1H23	% NR	1H24	% NR	Δ %
Selling Expenses	(244.3)	-11.0%	(254.5)	-11.6%	4.2%	(453.7)	-11.5%	(469.7)	-11.7%	3.5%
Commercial Expenses	(150.4)	-6.7%	(157.1)	-7.2%	4.5%	(276.2)	-7.0%	(287.6)	-7.2%	4.1%
Freight and Logistics Expenses	(51.4)	-2.3%	(51.8)	-2.4%	0.8%	(93.9)	-2.4%	(96.8)	-2.4%	3.1%
Research & Development	(42.5)	-1.9%	(45.6)	-2.1%	7.2%	(83.6)	-2.1%	(85.3)	-2.1%	2.0%

Selling Expenses represented 11.6% of Net Revenue in the quarter, compared to 11.0% in 2Q23. In 1H24, Selling Expenses grew by 3.5%, 0.2 percentage point higher than the growth in Gross Revenue, net of Returns and Unconditional Discounts.

The higher share of Selling Expenses over Net Revenue in the quarter is mainly the result of the 4.5% growth in Commercial Expenses, a consequence of the increase in personnel costs related to sales teams, which was in line with the last 12 months inflation.

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

Table 7

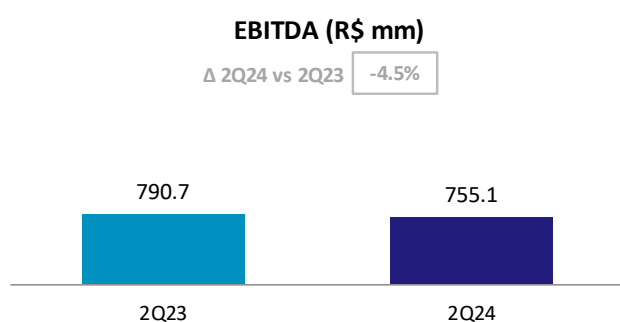
(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	1H23	% NR	1H24	% NR	Δ %
General & Administrative Expenses	(90.0)	-4.0%	(96.7)	-4.4%	7.4%	(170.7)	-4.3%	(167.8)	-4.2%	-1.7%
Other Operating Revenues (Expenses)	18.0	0.8%	40.6	1.9%	125.9%	25.2	0.6%	55.7	1.4%	121.1%

General and Administrative Expenses represented 4.4% of Net Revenue in 2Q24, an increase of 0.4 percentage point over 2Q23. In 1H24, General and Administrative Expenses reduced their share of Net Revenue by 0.1 percentage point, benefiting mainly from the lower level of personnel expenses related to administrative teams.

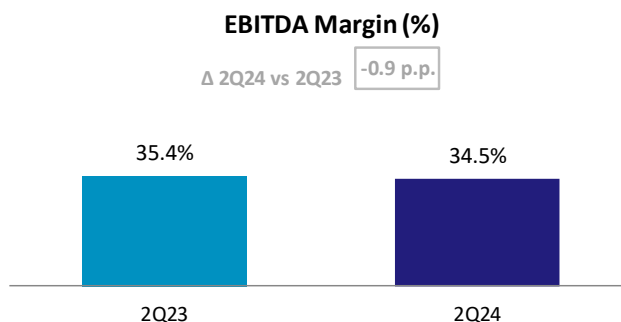
Other Operating Revenues (Expenses) increased their share of Net Revenue by 1.1 percentage point mainly as a result of higher tax credits booked this quarter, when compared to the same period last year.

EBITDA from Continuing Operations

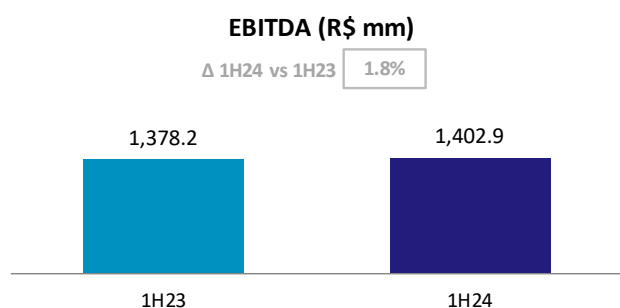
Graph 10



Graph 11



Graph 12



Graph 13

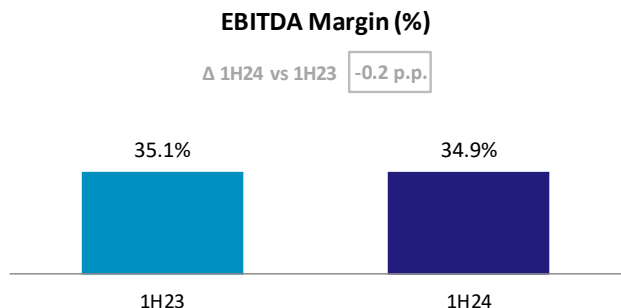


Table 8 – EBITDA from Continuing Operations

(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	1H23	% NR	1H24	% NR	Δ %
EBITDA from Continuing Operations	790.7	35.4%	755.1	34.5%	-4.5%	1,378.2	35.1%	1,402.9	34.9%	1.8%

EBITDA from Continuing Operations was R\$755.1 million, with a margin of 34.5%, compared to 35.4% in 2Q23. The difference in EBITDA from Continuing Operations Margin compared to 2Q23 is mainly due to Gross Margin reduction in the period.

In 1H24, the EBITDA Margin was 34.9%, 0.2 percentage point lower than in 1H23 and in line with the level implicit in the financial projections established by the Company for 2024.

Net Financial Expenses

Table 9

(R\$ million)	2Q23	% NR	2Q24	% NR	Δ R\$	1H23	% NR	1H24	% NR	Δ R\$
Financial Result	(262.3)	-11.8%	(217.0)	-9.9%	45.3	(528.1)	-13.4%	(422.6)	-10.5%	105.5
Net Interest Expenses	(228.2)	-10.2%	(176.9)	-8.1%	51.3	(454.0)	-11.6%	(354.9)	-8.8%	99.1
Cost of Hedge and FX Gains (Losses)	(10.0)	-0.4%	(10.0)	-0.5%	0.1	(21.8)	-0.6%	(13.3)	-0.3%	8.5
Other	(24.0)	-1.1%	(30.1)	-1.4%	(6.1)	(52.3)	-1.3%	(54.4)	-1.4%	(2.1)

The Financial Result was negative by R\$217.0 million in 2Q24, R\$45.3 million less than in 2Q23. This variation is mainly the result of the interest expenses decrease in the period due to the lower Selic rate.

Net Income

Table 10

(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	1H23	% NR	1H24	% NR	Δ %
EBIT from Continuing Operations	734.1	32.9%	687.2	31.4%	-6.4%	1,269.9	32.3%	1,266.6	31.5%	-0.3%
(-) Net Financial Expenses	(262.3)	-11.8%	(217.0)	-9.9%	-17.3%	(528.1)	-13.4%	(422.6)	-10.5%	-20.0%
(-) Income Tax and Social Contribution	32.5	1.5%	21.6	1.0%	-33.5%	101.9	2.6%	39.4	1.0%	-61.4%
Net Income from Continuing Operations	504.4	22.6%	491.8	22.5%	-2.5%	843.8	21.5%	883.3	21.9%	4.7%
(+) Net Income from Discontinued Operations	(0.5)	0.0%	0.7	0.0%	-	(0.6)	0.0%	(2.0)	0.0%	203.1%
Net Income	503.9	22.6%	492.5	22.5%	-2.3%	843.2	21.5%	881.4	21.9%	4.5%
EPS	0.79	-	0.78	-	-1.9%	1.33	0.00	1.40	0.00	5.1%
EPS from Continuing Operations	0.80	-	0.78	-	-2.7%	1.33	0.00	1.40	0.00	5.0%

Net Income from Continuing Operations reached R\$491.8 million in the quarter, 2.5% lower than in 2Q23, mainly as a result of the 6.4% reduction in EBIT from Continuing Operations and the 17.3% reduction in Net Financial Expenses.

Cash Flow (Continuing and Discontinued Operations)

Graph 14

Cash Flow from Operations (R\$ mm)

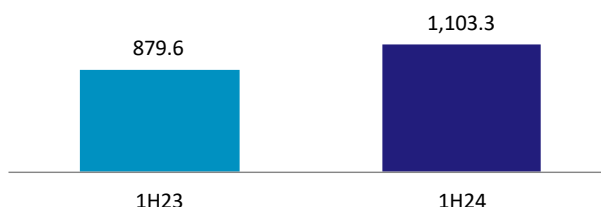
Δ 2Q24 vs 2Q23 46.1



Graph 15

Cash Flow from Operations (R\$ mm)

Δ 1H24 vs 1H23 223.7



Graph 16

Free Cash Flow (R\$ mm)

Δ 2Q24 vs 2Q23 114.0



Graph 17

Free Cash Flow (R\$ mm)

Δ 1H24 vs 1H23 340.2

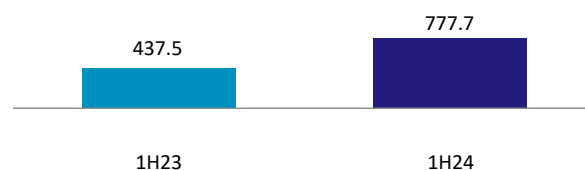


Table 11

(R\$ million)	2Q23	2Q24	1H23	1H24
Cash Flow from Operations	578.1	624.2	879.6	1,103.3
Capital increase in subsidiaries/associates	(2.4)	0.0	(6.6)	(0.5)
Purchase of Property, Plant and Equipment	(120.9)	(83.1)	(239.5)	(161.7)
Purchase of Intangible Assets	(92.6)	(77.4)	(177.8)	(159.2)
Acquisitions of Subsidiaries, Net of Cash Acquired	(16.2)	(5.3)	(16.4)	(5.3)
Sale of Property, Plant and Equipment	(1.1)	0.5	(1.9)	1.0
(=) Free Cash Flow	344.9	458.9	437.5	777.7

Cash Flow from Operations grew by 8.0% to R\$624.2 million, the highest level ever recorded in a second quarter, benefiting from lower investments in working capital mainly due to the Inventories reduction, in line with Hypera Pharma's strategy of boosting the conversion of EBITDA from Continuing Operations into Cash Flow from Operations to support investments in innovation and in the expansion of production capacity.

The growth in Cash Flow from Operations helped the Company to continue investing significantly in innovation and in expanding its production capacity, which led to a Free Cash Flow of R\$458.9 million in the quarter, R\$113.8 million higher than in 2Q23.

Net Debt

Table 12

(R\$ million)	1Q24	2Q24
Loans and Financing	(10,586.2)	(10,177.7)
Notes Payable	(24.4)	(19.3)
Gross Debt	(10,610.6)	(10,197.0)
Cash and Cash Equivalents	3,174.4	2,836.1
Net Cash / (Debt)	(7,436.1)	(7,360.9)
Unrealized Gain/Loss on Debt Hedge	11.1	100.5
Net Cash / (Debt) After Hedge	(7,425.0)	(7,260.3)

The Company ended 2Q24 with Net Debt after Hedge of R\$7,260.3 million, compared to R\$7,425.0 million recorded at the end of 1Q24, or 2.4x the EBITDA from Continuing Operations expected for 2024.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	2Q23	3Q23	4Q23	1Q24	2Q24
Receivables ⁽¹⁾	99	111	116	122	116
Inventories ⁽²⁾	252	253	282	265	203
Payables ⁽²⁾⁽³⁾	(117)	(110)	(108)	(93)	(80)
Cash Conversion Cycle	234	254	290	294	240

(R\$ million)	2Q23	3Q23	4Q23	1Q24	2Q24
Receivables	2,691	2,896	2,642	2,730	3,108
Inventories	2,302	2,207	2,192	2,095	1,931
Payables ⁽³⁾	(1,072)	(957)	(838)	(737)	(757)
Working Capital	3,921	4,146	3,996	4,088	4,282
% of Annualized Net Revenue ⁽⁴⁾	44%	48%	54%	56%	49%

(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 that offset Income Tax cash payment

i) **Federal Recoverable Taxes:** R\$350.0 million (please refer to Explanatory Note 13 of the Financial Statements)

ii) **Cash effect of Income Tax and Social Contribution Losses Carryforward:** R\$3,694.4 million (please refer to Explanatory Note 21(a) of the Financial Statements)

iii) **Goodwill:** the Company has R\$1,421.4 million in goodwill to be amortized for tax purposes until 2030, which will generate a reduction in cash disbursement for the payment of Income Taxes of R\$483.3 million

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations Calculation

Table 14

(R\$ million)	2Q23	% NR	2Q24	% NR	Δ %	1H23	% NR	1H24	% NR	Δ %
Net Income	503.9	22.6%	492.5	22.5%	-2.3%	843.2	21.5%	881.4	21.9%	4.5%
(+) Income Tax and CSLL	(32.8)	-1.5%	(21.4)	-1.0%	-34.9%	(102.3)	-2.6%	(40.5)	-1.0%	-60.4%
(+) Net Interest Expenses	262.3	11.8%	217.0	9.9%	-17.3%	528.1	13.4%	422.6	10.5%	-20.0%
(+) Depreciations / Amortizations	56.5	2.5%	68.0	3.1%	20.2%	108.3	2.8%	136.3	3.4%	25.9%
EBITDA	789.9	35.4%	756.1	34.5%	-4.3%	1,377.2	35.1%	1,399.8	34.9%	1.6%
(-) EBITDA from Discontinued Operations	0.7	0.0%	(1.0)	0.0%	-	1.0	0.0%	3.1	0.1%	216.4%
Adjusted EBITDA (EBITDA from Continuing Operations)	790.7	35.4%	755.1	34.5%	-4.5%	1,378.2	35.1%	1,402.9	34.9%	1.8%

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, 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

	2Q23	2Q24	1H23	1H24
Net Revenue	2,231,077	2,188,909	3,929,272	4,015,569
Cost of Goods Sold	(821,875)	(855,377)	(1,433,961)	(1,566,724)
Gross Profit	1,409,202	1,333,532	2,495,311	2,448,845
Selling and Marketing Expenses	(598,553)	(588,098)	(1,076,224)	(1,065,501)
General and Administrative Expenses	(89,981)	(96,665)	(170,738)	(167,777)
Other Operating Revenues (Expenses)	17,958	40,572	25,205	55,737
Equity in Subsidiaries	(4,491)	(2,159)	(3,616)	(4,718)
Operating Income Before Equity Income and Financial Result	734,135	687,182	1,269,938	1,266,586
Net Financial Expenses	(262,293)	(217,016)	(528,078)	(422,613)
Financial Expenses	(319,746)	(281,494)	(650,256)	(567,676)
Financial Income	57,453	64,478	122,178	145,063
Profit Before Income Tax and Social Contribution	471,842	470,166	741,860	843,973
Income Tax and Social Contribution	32,547	21,633	101,946	39,373
Net Income from Continuing Operations	504,389	491,799	843,806	883,346
Net Income from Discontinued Operations	(483)	681	(644)	(1,952)
Income for the Period	503,906	492,480	843,162	881,394
Earnings per Share – R\$	0.79	0.78	1.33	1.40

Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2023	06/30/2024	Liabilities and Shareholders' Equity	12/31/2023	06/30/2024
Current Assets	8,077,766	8,589,645	Current Liabilities	4,644,236	4,556,819
Cash and Cash Equivalents	2,580,893	2,836,119	Suppliers	389,667	372,927
Accounts Receivables	2,642,146	3,108,204	Assignment of Receivables	448,307	383,594
Inventories	2,191,731	1,930,647	Loans, Financing and Debentures	2,120,539	1,884,201
Recoverable Taxes	446,514	393,722	Salaries Payable	442,286	326,866
Financial Derivatives	295	88,993	Income Tax and Social Contribution	3,759	6,079
Other Assets	211,392	231,960	Taxes Payable	86,565	123,976
Dividends and IOC receivables	4,795	0	Accounts Payable	418,705	456,817
			Dividends and IOC Payable	696,966	986,729
			Notes Payable	20,457	15,513
			Financial Derivatives	16,985	117
Non-Current Assets	16,430,985	16,780,896	Non-Current Liabilities	8,346,642	8,787,471
Long Term Assets	1,317,883	1,379,393	Loans, Financing and Debentures	7,817,240	8,293,452
Deferred Income Tax and Social Contribution	869,524	1,011,750	Deferred Income Tax and Social Contribution	175,752	156,731
Recoverable Taxes	222,666	133,074	Taxes Payable	2,805	37,186
Other Assets	213,845	218,742	Accounts Payable	180,905	168,440
Financial Derivatives	11,848	15,827	Provisions for Contingencies	127,553	127,858
			Notes Payable	3,600	3,804
			Financial Derivatives	38,787	0
Fixed Assets and Investments	15,113,102	15,401,503	Shareholders' Equity	11,517,873	12,026,251
Investments	120,639	120,322	Capital	4,478,126	9,705,886
Biological Assets	12,583	9,678	Capital Reserve	1,190,071	1,178,662
Property, Plants and Equipments	3,548,040	3,668,887	Equity Valuation Adjustments	(278,927)	(255,901)
Intangible Assets	11,431,840	11,602,616	Profit Reserves	6,135,131	907,371
			Treasury Stock	(20,277)	(36,701)
			Attributed to non-controlling shareholders	13,749	11,385
			Income for the Period	0	515,549
Total Assets	24,508,751	25,370,541	Total Liabilities and Shareholders' Equity	24,508,751	25,370,541

Consolidated Cash Flow Statement (R\$ thousand)

Table 17

	2Q23	2Q24	1H23	1H24
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	471,110	471,125	740,891	840,907
Depreciation and Amortization	56,533	67,958	108,279	136,311
Asset Impairment	0	0	0	218
Gain on Permanent Asset Disposals	40,196	(510)	40,376	(1,604)
Equity Method	4,491	2,019	3,616	4,893
Foreign Exchange (Gains) Losses	10,017	9,952	21,769	13,269
Net Interest and Related Revenue/Expenses	252,276	207,064	506,309	409,344
Expenses Related to Share Based Remuneration	11,076	8,839	17,598	14,741
Provisions and Others	2,677	(102,464)	(10,451)	(67,510)
Adjusted Results	848,376	663,983	1,428,387	1,350,569
Decrease (Increase) in Assets	(156,799)	(180,473)	(317,706)	(154,342)
Trade Accounts Receivable	(368,382)	(402,205)	(170,429)	(498,550)
Inventories	54,454	114,360	(176,037)	188,466
Recoverable Taxes	25,231	89,170	62,030	187,607
Judicial Deposits and Others	3,195	1,559	2,005	(9,717)
Other Accounts Receivable	128,703	16,643	(35,275)	(22,148)
Increase (Decrease) in Liabilities	(113,490)	140,655	(231,077)	(92,896)
Suppliers	(21,737)	(17,338)	(8,799)	(38,603)
Assignment of Receivables	(128,488)	22,432	(172,880)	(64,714)
Financial Derivatives	(35,953)	(151)	(40,047)	(10,407)
Income Tax and Social Contribution Paid	(1,286)	(1,424)	(1,440)	(2,195)
Taxes Payable	16,749	9,176	21,370	71,073
Salaries and Payroll Charges	59,448	86,958	(17,115)	(69,247)
Accounts Payable	(8,848)	46,004	(2,891)	33,592
Operations Interest Paid	10,691	(14,190)	(1,267)	(17,139)
Other Accounts Payable	(4,066)	9,188	(8,008)	4,744
Net Cash Provided by Operating Activities	578,087	624,165	879,604	1,103,331
Cash Flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	(2,384)	1	(6,634)	(450)
Acquisitions of Subsidiaries, Net of Cash Acquired	(16,225)	(5,275)	(16,382)	(5,275)
Acquisitions of Property, Plant and Equipment	(120,949)	(83,059)	(239,504)	(161,664)
Intangible Assets	(92,603)	(77,418)	(177,758)	(159,241)
Proceeds from the Sale of Assets with Permanent Nature	(1,059)	501	(1,876)	991
Interest and Others	29,892	43,611	68,208	98,498
Net Cash From Investing Activities	(203,328)	(121,639)	(373,946)	(227,141)
Cash Flows from Financing Activities				
Inflow from Loans and Financing	1,100,000	1,735,000	1,350,000	2,341,000
Treasury Stock Purchase / Sale	(37,077)	(34,900)	(55,398)	(42,560)
Repayment of Loans - Principal	(44,020)	(2,116,251)	(1,086,372)	(2,170,177)
Repayment of Loans - Interest	(310,545)	(410,033)	(674,203)	(656,736)
Dividends and IOC Paid	(27,032)	(25,767)	(704,535)	(79,742)
Loan Derivatives	(3,984)	11,100	(58,135)	(12,749)
Net Cash From Financing Activities	677,342	(840,851)	(1,228,643)	(620,964)
Net Increase (Decrease) in Cash and Cash Equivalents	1,052,101	(338,325)	(722,985)	255,226
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	1,087,387	3,174,444	2,862,473	2,580,893
Cash and Cash Equivalents at the End of the Period	2,139,488	2,836,119	2,139,488	2,836,119
Change in Cash and Cash Equivalent	1,052,101	(338,325)	(722,985)	255,226

(A free translation of the original in Portuguese)

Hypera S.A.
Quarterly Information (ITR) at
June 30, 2024
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 June 30, 2024, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes.

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

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently 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

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.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2024. 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, July 25, 2024

A stylized, handwritten-style signature of "PricewaterhouseCoopers" in a light blue color.

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2GO001774/F-2

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at June 30, 2024

Hypera S.A.

Balance sheets

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023		June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Assets					Liabilities and equity				
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	2,529,008	2,366,433	2,836,119	2,580,893	Suppliers (Note 18)	835,814	771,973	372,927	389,667
Accounts receivable (Note 11)	3,059,215	2,596,277	3,108,204	2,642,146	Suppliers' assignment of receivables (Note 19)	11,775	14,640	383,594	448,307
Inventory (Note 12)	467,268	549,064	1,930,647	2,191,731	Loans, financing and debentures (Note 20)	1,872,825	2,108,923	1,884,201	2,120,539
Taxes recoverable (Note 13)	238,265	291,117	393,722	446,514	Salaries payable	194,341	296,198	326,866	442,286
Derivative financial instruments (Note 4(e))	84,695	-	88,993	295	Income tax and social contribution payable	-	-	6,079	3,759
Dividends receivable	30,593	35,389	-	4,795	Taxes payable (Note 22)	34,252	19,981	123,976	86,565
Other assets (Note 14)	148,656	126,609	231,960	211,392	Notes payable	15,513	20,457	15,513	20,457
	<u>6,557,700</u>	<u>5,964,889</u>	<u>8,589,645</u>	<u>8,077,766</u>	Dividends and interest on capital payable	986,729	696,966	986,729	696,966
					Derivative financial instruments (Note 4(e))	-	859	117	16,985
					Other liabilities (Note 23)	309,629	293,770	456,817	418,705
						<u>4,260,878</u>	<u>4,223,767</u>	<u>4,556,819</u>	<u>4,644,236</u>
Non-current assets					Non-current liabilities				
Long-term receivables					Loans, financing and debentures (Note 20)	8,293,364	7,817,139	8,293,452	7,817,240
Deferred income tax and social contribution (Note 21)	907,664	828,826	1,011,750	869,524	Taxes payable (Note 22)	31,993	-	37,186	2,805
Taxes recoverable (Note 13)	80,855	165,273	133,074	222,666	Deferred income tax and social contribution (Note 21)	-	-	156,731	175,752
Derivative financial instruments (Note 4(e))	15,827	11,841	15,827	11,848	Provision for contingencies (Note 24)	117,307	115,810	127,858	127,553
Other assets (Note 14)	198,112	188,052	218,742	213,845	Derivative financial instruments (Note 4(e))	-	38,781	-	38,787
	<u>1,202,458</u>	<u>1,193,992</u>	<u>1,379,393</u>	<u>1,317,883</u>	Notes payable	3,804	3,600	3,804	3,600
					Other liabilities (Note 23)	101,922	116,388	168,440	180,905
						<u>8,548,390</u>	<u>8,091,718</u>	<u>8,787,471</u>	<u>8,346,642</u>
					Total liabilities	<u>12,809,268</u>	<u>12,315,485</u>	<u>13,344,290</u>	<u>12,990,878</u>
Biological assets	-	-	9,678	12,583					
Investments (Note 15)	6,701,984	6,299,087	120,322	120,639	Equity				
Property, plant and equipment (Note 16)	283,447	298,941	3,668,887	3,548,040	Share capital (Note 25 (a))	9,705,886	4,478,126	9,705,886	4,478,126
Intangible assets (Note 17)	10,078,545	10,062,700	11,602,616	11,431,840	Capital reserves	1,178,662	1,190,071	1,178,662	1,190,071
	<u>17,063,976</u>	<u>16,660,728</u>	<u>15,401,503</u>	<u>15,113,102</u>	Equity valuation adjustments	(255,901)	(278,927)	(255,901)	(278,927)
					Profit reserves	907,371	6,135,131	907,371	6,135,131
	<u>18,266,434</u>	<u>17,854,720</u>	<u>16,780,896</u>	<u>16,430,985</u>	Treasury shares	(36,701)	(20,277)	(36,701)	(20,277)
					Net income for the period	515,549	-	515,549	-
					Equity attributable to the owners of the parent company	<u>12,014,866</u>	<u>11,504,124</u>	<u>12,014,866</u>	<u>11,504,124</u>
					Equity attributable to non-controlling interests	-	-	11,385	13,749
					Total equity	<u>12,014,866</u>	<u>11,504,124</u>	<u>12,026,251</u>	<u>11,517,873</u>
Total assets	<u>24,824,134</u>	<u>23,819,609</u>	<u>25,370,541</u>	<u>24,508,751</u>	Total liabilities and equity	<u>24,824,134</u>	<u>23,819,609</u>	<u>25,370,541</u>	<u>24,508,751</u>

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

Hypera S.A.

Statement of income

Three- and six-month periods ended June 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company			
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Continuing operations				
Net revenue (Note 26)	2,213,381	4,050,947	2,251,869	3,969,740
Cost of sales (Note 27(a))	(1,021,693)	(1,880,366)	(1,021,567)	(1,840,596)
Gross profit	1,191,688	2,170,581	1,230,302	2,129,144
Selling and marketing expenses (Note 27(a))	(513,580)	(914,915)	(532,246)	(947,698)
General and administrative expenses (Note 27(a))	(65,293)	(111,961)	(60,037)	(113,744)
Other operating income (expenses), net (Note 27(b))	(52,470)	(31,714)	7,671	(11,468)
Equity accounting (Note 15 (b))	141,575	189,377	92,363	200,984
Income before financial income and expenses	701,920	1,301,368	738,053	1,257,218
Financial income (Note 27 (c))	55,883	127,695	51,857	109,690
Financial expenses (Note 27 (d))	(306,053)	(624,140)	(345,660)	(696,565)
Financial expenses, net	(250,170)	(496,445)	(293,803)	(586,875)
Income before income tax and social contribution	451,750	804,923	444,250	670,343
Income tax and social contribution (Note 21(c))	40,383	82,083	59,271	171,777
Net income from continuing operations	492,133	887,006	503,521	842,120
Discontinued operations				
Loss from discontinued operations	681	(1,952)	(483)	(644)
Net income for the period	492,814	885,054	503,038	841,476

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

Hypera S.A.

Statement of income

Three- and six-month periods ended June 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	Consolidated 01/01/2023 to 06/30/2023
Continuing operations				
Net revenue (Note 26)	2,188,909	4,015,569	2,231,077	3,929,272
Cost of sales (Note 27(a))	(855,377)	(1,566,724)	(821,875)	(1,433,961)
Gross profit	1,333,532	2,448,845	1,409,202	2,495,311
Selling and marketing expenses (Note 27(a))	(588,098)	(1,065,501)	(598,553)	(1,076,224)
General and administrative expenses (Note 27(a))	(96,665)	(167,777)	(89,981)	(170,738)
Other operating income (expenses), net (Note 27(b))	40,572	55,737	17,958	25,205
Equity accounting (Note 15 (b))	(2,159)	(4,718)	(4,491)	(3,616)
Income before financial income and expenses	687,182	1,266,586	734,135	1,269,938
Financial income (Note 27 (c))	64,478	145,063	57,453	122,178
Financial expenses (Note 27 (d))	(281,494)	(567,676)	(319,746)	(650,256)
Financial expenses, net	(217,016)	(422,613)	(262,293)	(528,078)
Income before income tax and social contribution	470,166	843,973	471,842	741,860
Income tax and social contribution (Note 21(c))	21,633	39,373	32,547	101,946
Net income from continuing operations	491,799	883,346	504,389	843,806
Discontinued operations				
Loss from discontinued operations	681	(1,952)	(483)	(644)
Net income for the period	492,480	881,394	503,906	843,162
Attributable to				
Owners of the parent company	492,814	885,054	503,038	841,476
Non-controlling interests	(334)	(3,660)	868	1,686
	492,480	881,394	503,906	843,162
Earnings per share				
Basic earnings per share (in R\$)	0.77905	1.39877	0.79410	1.33098
Diluted earnings per share (in R\$)	0.77306	1.38773	0.78718	1.31981
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.77796	1.40185	0.79937	1.33470
Diluted earnings per share (in R\$)	0.77200	1.39080	0.79237	1.32347

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

Hypera S.A.

Statement of comprehensive income Three- and six-month periods ended June 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company			
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Net income for the period	492,814	885,054	503,038	841,476
Other comprehensive income				
Items that will be reclassified to profit or loss				
Cash flow hedge - effective portion of the changes in fair value	33,504	36,852	(13,756)	(37,040)
Income tax and social contribution on other comprehensive income	(11,392)	(12,530)	4,676	12,593
Other comprehensive income, net of income tax and social contribution	22,112	24,322	(9,080)	(24,447)
Comprehensive income for the period	514,926	909,376	493,958	817,029

	Consolidated			
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Net income for the period	492,480	881,394	503,906	843,162
Other comprehensive income				
Items that will be reclassified to profit or loss				
Cash flow hedge - effective portion of the changes in fair value	33,504	36,852	(13,756)	(37,040)
Income tax and social contribution on other comprehensive income	(11,392)	(12,530)	4,676	12,593
Other comprehensive income, net of income tax and social contribution	22,112	24,322	(9,080)	(24,447)
Comprehensive income for the period	514,592	905,716	494,826	818,715
Attributable to				
Owners of the parent company	514,926	909,376	493,958	817,029
Non-controlling interests	(334)	(3,660)	868	1,686
	514,592	905,716	494,826	818,715

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

Hypera S.A.

Statement of changes in equity Six-month periods ended June 30 In thousands of Reais

(A free translation of the original in Portuguese)

	Capital reserves					Profit reserves					Equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity
	Capital	Premium on share issuance	Stock options	Debtenture subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve	Retained earnings			
At January 1, 2023	4,478,126	1,049,560	132,906	50,244	(87,134)	(244,191)	180,592	4,955,200	135,457	-	10,645,760	9,681	10,655,441
Stock options	-	-	1,250	-	-	-	-	-	-	-	1,250	-	1,250
Results of sales of treasury shares	-	(62,075)	-	-	-	-	-	-	-	-	(62,075)	-	(62,075)
Acquisitions of shares (Note 25 (b))	-	-	-	-	(44,028)	-	-	-	-	-	(44,028)	-	(44,028)
Sales of shares (Note 25(b))	-	-	-	-	95,130	-	-	-	-	-	95,130	-	95,130
Goodwill on interests in subsidiaries	-	-	-	-	-	(15,577)	-	-	-	-	(15,577)	-	(15,577)
Net income for the period	-	-	-	-	-	-	-	-	-	841,476	841,476	1,686	843,162
Interest on capital	-	-	-	-	-	-	-	-	-	(389,536)	(389,536)	-	(389,536)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	176	176
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	(24,447)	-	-	-	-	(24,447)	-	(24,447)
At June 30, 2023	4,478,126	987,485	134,156	50,244	(36,032)	(284,215)	180,592	4,955,200	135,457	451,940	11,047,953	11,543	11,059,496
At January 1, 2024	4,478,126	978,160	161,667	50,244	(20,277)	(278,927)	262,990	5,736,784	135,357	-	11,504,124	13,749	11,517,873
Paid-up capital	5,227,760	-	-	-	-	-	-	(5,227,760)	-	-	-	-	-
Stock options	-	(26,136)	-	-	-	-	-	-	-	-	(26,136)	-	(26,136)
Results of sales of treasury shares	-	-	14,727	-	-	-	-	-	-	-	14,727	-	14,727
Goodwill on interests in subsidiaries	-	-	-	-	-	(1,296)	-	-	-	-	(1,296)	-	(1,296)
Acquisitions of shares (Note 25 (b))	-	-	-	-	(55,807)	-	-	-	-	-	(55,807)	-	(55,807)
Sales of shares (Note 25(b))	-	-	-	-	39,383	-	-	-	-	-	39,383	-	39,383
Net income for the period	-	-	-	-	-	-	-	-	-	885,054	885,054	(3,660)	881,394
Interest on capital	-	-	-	-	-	-	-	-	-	(369,505)	(369,505)	-	(369,505)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,296	1,296
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	24,322	-	-	-	-	24,322	-	24,322
At June 30, 2024	9,705,886	952,024	176,394	50,244	(36,701)	(255,901)	262,990	509,024	135,357	515,549	12,014,866	11,385	12,026,251

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

Hypera S.A.

Statement of cash flows Six-month periods ended June 30

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated
	June 30, 2024	June 30, 2023	June 30, 2023
Cash flows from operating activities			
Income before income tax and social contribution, including discontinued operations	801,850	669,665	840,907
Adjustments			
Depreciation and amortization	47,165	40,863	136,311
Impairment of assets	214	-	218
Results of sales of fixed assets	(1,267)	40,135	(1,604)
Equity accounting	(189,211)	(200,422)	4,893
Foreign exchange losses (gains)	(1,538)	750	13,269
Interest and related expenses (income), net	497,983	586,125	409,344
Share-based compensation expenses	11,354	15,128	14,741
Provisions (reversals) and other	32,490	27,721	(67,510)
Adjusted income	1,199,040	1,179,965	1,350,569
Changes in assets and liabilities			
Accounts receivable	(495,990)	(162,636)	(498,550)
Inventory	38,249	(150,551)	188,466
Taxes recoverable	169,284	79,216	187,607
Deposits with courts and others	(19,845)	1,213	(9,717)
Other accounts receivable	(16,872)	(41,143)	(22,148)
Suppliers	63,771	44,669	(38,603)
Suppliers' assignments of receivables	(2,865)	17,252	(64,714)
Derivative financial instruments	-	-	(10,407)
Accounts payable	21,725	10,351	33,592
Taxes payable	45,096	5,724	71,073
Payroll and related taxes	(55,685)	(10,994)	(69,247)
Other accounts payable	10,363	(7,580)	4,744
Interest on transactions	(16,477)	(11,389)	(17,139)
Income tax and social contribution paid	-	-	(2,195)
Net cash provided by operating activities	939,794	954,097	1,103,331
Cash flows from investing activities			
Acquisitions of subsidiaries (less net cash upon acquisition)	(5,275)	(15,694)	(5,275)
Capital increases in subsidiaries/associates	(205,707)	(279,800)	(450)
Purchases of property, plant and equipment	(5,120)	(19,564)	(161,664)
Purchases of intangible assets	(31,987)	(15,751)	(159,241)
Proceeds from sales of fixed assets	742	(1,341)	991
Interest and other	88,264	62,481	98,498
Loans receivable	(6,652)	4,851	-
Net cash used in investing activities	(165,735)	(264,818)	(227,141)
Cash flows from financing activities			
Purchases of treasury shares	(55,807)	(88,453)	(55,807)
Derivative financial instruments	(12,592)	(58,135)	(12,749)
Sales of treasury shares	13,247	33,055	13,247
Loans taken out	2,330,000	1,350,000	2,341,000
Payment of loans – principal	(2,152,931)	(1,079,202)	(2,170,177)
Payment of loans – interest	(652,678)	(669,799)	(656,736)
Dividends and interest on capital paid	(79,742)	(704,535)	(79,742)
Loans payable	(981)	(604)	-
Net cash used in financing activities	(611,484)	(1,217,673)	(620,964)
Net increase (decrease) in cash and cash equivalents	162,575	(528,394)	255,226
Cash and cash equivalents at the beginning of the period	2,366,433	2,597,837	2,580,893
Cash and cash equivalents at the end of the period	2,529,008	2,069,443	2,836,119
Change in cash and cash equivalents	162,575	(528,394)	255,226
Transactions not involving cash	2,769	973	20,144
Acquisitions of property, plant and equipment	2,769	973	20,144

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

Hypera S.A.

Statement of value added (*) Six-month periods ended June 30 In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Gross revenue				
Sales of goods and products, including discontinued operations	4,244,241	4,154,219	4,342,601	4,244,332
Other income	55,378	9,138	183,591	62,687
Income related to construction of own assets	3,320	10,799	69,241	95,560
Allowance for doubtful accounts	(194)	(618)	(682)	(695)
	<u>4,302,745</u>	<u>4,173,538</u>	<u>4,594,751</u>	<u>4,401,884</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(1,912,275)	(1,912,618)	(1,157,686)	(1,128,410)
Materials, power, third-party services and others	(576,832)	(566,417)	(905,276)	(860,912)
Impairment of assets	(75,552)	(69,482)	(102,530)	(76,873)
	<u>(2,564,659)</u>	<u>(2,548,517)</u>	<u>(2,165,492)</u>	<u>(2,066,195)</u>
Gross value added	<u>1,738,086</u>	<u>1,625,021</u>	<u>2,429,259</u>	<u>2,335,689</u>
Depreciation and amortization	(47,165)	(40,863)	(136,311)	(108,279)
Net value added generated by the Company	<u>1,690,921</u>	<u>1,584,158</u>	<u>2,292,948</u>	<u>2,227,410</u>
Transfers of value added received				
Equity accounting	189,211	200,422	(4,893)	(3,616)
Financial income	127,695	109,690	145,063	122,178
Deferred income tax and social contribution	83,203	171,812	38,333	107,451
	<u>400,109</u>	<u>481,924</u>	<u>178,503</u>	<u>226,013</u>
Total value added to be distributed	<u>2,091,030</u>	<u>2,066,082</u>	<u>2,471,451</u>	<u>2,453,423</u>
Distribution of value added				
Personnel and charges	436,100	418,370	781,973	761,382
Salaries and wages	354,651	344,124	608,931	611,601
Benefits	58,854	52,078	133,832	110,489
Government severance indemnity fund for employees (FGTS)	22,595	22,168	39,210	39,292
Taxes and contributions	141,973	106,643	232,953	189,924
Federal	75,065	72,073	143,521	141,196
State	65,973	33,676	87,517	47,195
Municipal	935	894	1,915	1,533
Interest	624,056	696,484	567,148	649,557
Rentals	3,847	3,109	7,983	9,398
Capital remuneration	885,054	841,476	881,394	843,162
Interest on capital	369,505	389,536	369,505	389,536
Retained earnings	515,549	451,940	515,549	451,940
Non-controlling interests	-	-	(3,660)	1,686
Total value added distributed	<u>2,091,030</u>	<u>2,066,082</u>	<u>2,471,451</u>	<u>2,453,423</u>

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

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at June 30, 2024

Contents

1	General information	2
2	Summary of material accounting policies	3
3	Critical accounting estimates and judgments	3
4	Financial risk management.....	4
5	Capital management.....	9
6	Estimate of fair value	10
7	Hedge accounting.....	11
8	Financial instruments by category.....	15
9	Credit quality of financial assets	17
10	Cash and cash equivalents.....	18
11	Accounts receivable	18
12	Inventory	19
13	Taxes recoverable.....	19
14	Other assets	20
15	Investments.....	20
16	Property, plant and equipment.....	21
17	Intangible assets	22
18	Suppliers.....	24
19	Suppliers' assignments of receivables.....	24
20	Loans, financing and debentures	25
21	Deferred income and social contribution.....	30
22	Taxes payable.....	31
23	Other payables.....	31
24	Provision for contingencies	34
25	Share capital	35
26	Revenue.....	36
27	Breakdown of the statement of income accounts	37
28	Related-party transactions	40
29	Other matters.....	42
30	Events after the reporting period	42

Notes to the individual and consolidated quarterly information

(In thousands of Reais, unless stated otherwise)

1 General information

Hypera S.A. (the "Company") is a Brazilian pharmaceutical company and a leader in the various markets in which it operates.¹ Its mission consists of "providing access to healthcare for the Brazilian population, offering safe, high-quality products, continually investing in innovation and growing in a sustainable way, enabling people to live longer and better". The Company is a publicly-held company headquartered in the city of São Paulo, state of São Paulo (SP), Brazil. It is listed in the New Market (Novo Mercado) segment and its shares are traded on the São Paulo stock exchange (B3 S.A. – Brasil, Bolsa, Balcão – "B3"). Together with its subsidiaries, it is referred to herein as the "Group".

The Company's main products are as follows:

- a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, being present in most of the main classes of therapeutics in the country^{1/2} with products such as Addera D3, Nesina, Dramin, Alivium, Predsim, Lisador and Rinosoro;
- b) Under the Mantecorp Skincare brand, the Company offers dermo-cosmetics which are recommended by dermatologists throughout Brazil, according to information from Close-Up International. The Company also operates in this segment with the Simple Organic brand, offering organic and vegan products produced without animal cruelty, and Bioage, which is focused on the professional aesthetic treatment market;
- c) The Company is a leading supplier in the Brazilian market for over-the-counter drugs¹, including brands such as Apracur, Benegrip, Buscopan, Coristina D Pro, Engov, Epocler, Estomazil and Neosaldina, among others. It also offers lines of nutritional products, sweeteners and vitamin supplements, under brands such as Tamarine, Biotônico Fontoura and Zero-Cal, the latter of which has been the Top of Mind brand in Brazil for 20 years³;
- d) Through the Neo Química brand, the Company is placed second in the Similar and Generic drugs market in Brazil¹. The brand is Top of Mind for generic drugs³, and is present at almost all Brazilian pharmaceutical points of sale¹, which is consistent with the Company's mission to provide access to health for the Brazilian population.
- e) Since 2021, the Company has also been operating through the institutional channel, comprising public and private hospitals and clinics, which represent almost 40% of the total pharmaceutical market in Brazil.¹ In this market, it sells brands such as injectable Bac-Sulfitrin, Buscopan and Dramin, in addition to its first product exclusive for this channel, Hyfol (propofol).

The Company's main distribution center is located in Anápolis, state of Goiás (GO), and the goods production is mainly carried out by the subsidiaries Brainfarma Indústria Química Farmacêutica S.A. ("Brainfarma") and Cosmed Indústria de Cosméticos e Medicamentos S.A.

¹ IQVIA data.

² Considering CT Level 2 classification.

³ According to Datafolha.

(“Cosmed”), at units located in the state of GO. In 2023, Brainfarma also started to hold a production unit located in Itapecerica da Serra, state of SP.

The Company’s research and development activities for pharmaceuticals, dermo-cosmetics and nutritional products are concentrated at the Brainfarma innovation facility in Barueri (SP), which 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.

2 Summary of material accounting policies

The individual and consolidated interim financial information has been prepared in accordance with CPC 21 (R1) and International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) and applicable to the preparation of Quarterly Information (ITR), is being presented consistently with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of ITR, and discloses all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

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

The material accounting policies applied to the preparation of this individual and consolidated interim financial information are consistent with those applied and disclosed in accompanying Note 2 to the Company’s audited financial statements for the year ended December 31, 2023, as well as with those applied for the six-month comparative period ended June 30, 2023, except for standards and amendments effective as from January 1, 2024.

The effects of the other amendments to the financial reporting standards effective as from January 1, 2024 on the Company’s individual and consolidated interim financial information were not material.

2.1 Approval of the interim financial information

The present Quarterly Information was approved by the Company’s Board of Directors on July 25, 2024.

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 to be reasonable under the circumstances. The critical accounting estimates and judgments underlying this Quarterly Information have not changed relative to those published in the annual audited financial statements for 2023.

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, 2023.

In the following tables, the financial data for the current period are presented on a comparative basis with the financial data at December 31, 2023.

a. Foreign exchange risk

At June 30, 2024 and December 31, 2023, the assets and liabilities denominated in foreign currencies, and the financial instruments used to mitigate the associated exchange risks, were as follows:

	Parent company					
	June 30, 2024			December 31, 2023		
	US\$ '000	EUR '000	R\$ '000	US\$ '000	EUR '000	R\$ '000
Liabilities						
Suppliers	457	-	2,642	172	-	834
Suppliers' assignments of receivables	-	-	-	-	-	-
Loans and financing	65,066	55,221	695,143	65,787	56,667	622,644
Derivative instruments to mitigate risks	(65,000)	(54,473)	(690,288)	(65,000)	(54,795)	(607,447)
Other payables	-	-	-	-	-	-
Net exposure	<u>523</u>	<u>748</u>	<u>7,497</u>	<u>959</u>	<u>1,872</u>	<u>16,031</u>
Consolidated						
	June 30, 2024			December 31, 2023		
	US\$ '000	EUR '000	R\$ '000	US\$ '000	EUR '000	R\$ '000
Assets						
Customers	(693)	-	(4,007)	-	-	-
Liabilities						
Suppliers	3,174	-	18,345	5,348	-	25,961
Suppliers' assignments of receivables	23,971	-	134,115	35,233	-	171,023
Loans and financing	65,066	55,221	695,143	65,787	56,697	622,807
Derivative instruments to mitigate risks	(73,644)	(54,473)	(738,651)	(119,627)	(54,795)	(874,331)
Other payables	261	40	1,526	377	15	1,924
Net exposure	<u>18,135</u>	<u>788</u>	<u>106,471</u>	<u>(12,882)</u>	<u>1,917</u>	<u>(52,616)</u>

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

The levels of exposure to interest rate risk on transactions related to variations in the Interbank Deposit Certificate (CDI) rate, the Long-term Interest Rate (TJLP), the Reference Rate (TR) and the Amplified Consumer Price Index (IPCA) are presented in the following table:

	June 30, 2024	
	Parent company	Consolidated
Loans, financing and swaps – CDI	960,342	971,734
Financing – TJLP	288,904	288,904
Financing – TR	224,804	224,804
Debentures – CDI	2,866,421	2,866,421
Debentures - IPCA	595,311	595,311
Notes payable – CDI	9,808	9,808
Financial investments – CDI (Note 10)	(2,504,098)	(2,808,726)
Net exposure	2,441,492	2,148,256

c. Credit risk

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

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

d. Liquidity risk

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

Parent company

	June 30, 2024				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	1,622,042	1,466,524	7,544,491	861,992	11,495,049
Loans and financing	1,022,940	780,462	264,768	211,143	2,279,313
Notes payable	15,513	3,804	-	-	19,317
Suppliers	835,814	-	-	-	835,814
Suppliers' assignments of receivables	11,775	-	-	-	11,775
Other payables	309,629	39,225	33,265	21,972	404,091
Derivative financial instruments	(65,190)	(77,793)	-	-	(142,983)
	<u>3,752,523</u>	<u>2,212,222</u>	<u>7,842,524</u>	<u>1,095,107</u>	<u>14,902,376</u>

	December 31, 2023				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	2,114,021	2,377,538	5,326,521	847,067	10,665,147
Loans and financing	755,060	462,331	873,611	50,188	2,141,190
Notes payable	20,457	3,600	-	-	24,057
Suppliers	771,973	-	-	-	771,973
Suppliers' assignments of receivables	14,640	-	-	-	14,640
Other payables	293,770	57,526	27,447	24,111	402,854
Derivative financial instruments	19,981	8,735	(11,632)	-	17,084
	<u>3,989,902</u>	<u>2,909,730</u>	<u>6,215,947</u>	<u>921,366</u>	<u>14,036,945</u>

Consolidated

	June 30, 2024				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	1,622,042	1,466,524	7,544,491	861,992	11,495,049
Loans and financing	1,029,745	780,462	264,768	211,143	2,286,118
Notes payable	15,513	3,804	-	-	19,317
Suppliers	372,927	-	-	-	372,927
Suppliers' assignments of receivables	383,594	-	-	-	383,594
Other payables	456,817	68,234	49,581	42,912	617,544
Derivative financial instruments	(69,516)	(77,793)	-	-	(147,309)
	<u>3,811,122</u>	<u>2,241,231</u>	<u>7,858,840</u>	<u>1,116,047</u>	<u>15,027,240</u>

	December 31, 2023				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	2,114,021	2,377,538	5,326,521	847,067	10,665,147
Loans and financing	761,384	462,341	873,611	50,188	2,147,524
Notes payable	20,457	3,600	-	-	24,057
Suppliers	389,667	-	-	-	389,667
Suppliers' assignments of receivables	448,307	-	-	-	448,307
Other payables	418,705	85,889	43,218	44,246	592,058
Derivative financial instruments	694	8,736	(11,632)	-	(2,202)
	<u>4,153,235</u>	<u>2,938,104</u>	<u>6,231,718</u>	<u>941,501</u>	<u>14,264,558</u>

e. Derivatives

At June 30, 2024, the derivative instruments contracted by the Company totaled R\$ (4,422,346) (at December 31, 2023 – R\$ (5,418,666)) in the consolidated and R\$ (4,470,709) (at December 31, 2023 – R\$ (5,685,550)) in the parent company. The results of the transactions not yet settled represented gains of R\$ 104,703 (at December 31, 2023 losses of R\$ 43,629) in the consolidated and gains of R\$ 100,522 (at December 31, 2023 losses of R\$ 27,799) in the parent company.

At June 30, 2024 and December 31, 2023, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
		Jun/24	Dec/23	Jun/24	Dec/23	Jun/24	Dec/23
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts							
Long position		-	-	-	-	-	-
Short position		-	-	-	-	-	-
Swaps		690,288	607,447	63,487	(33,583)	(34,713)	(60,752)
Long position	BNP, Citibank	690,288	607,447	63,487	(33,583)	(34,713)	(60,752)
Subtotal		<u>690,288</u>	<u>607,447</u>	<u>63,487</u>	<u>(33,583)</u>	<u>(34,713)</u>	<u>(60,752)</u>
Interest rate							
Swaps – Asset Position – Fixed							
Long position	BNP Paribas, Itaú, Merrill Lynch, Santander, XP Investimentos	(5,160,997)	(6,292,997)	37,035	5,784	28,696	(7,004)
Short position	BNP Paribas, Itaú, BOFA, XP Investimentos, Santander	1,000,000	1,000,000	2,825	10,251	24	(7,004)
Total		<u>(4,470,709)</u>	<u>(5,685,550)</u>	<u>100,522</u>	<u>(27,799)</u>	<u>(6,017)</u>	<u>(67,756)</u>

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
(In R\$ thousand)		Jun/24	Dec/23	Jun/24	Dec/23	Jun/24	Dec/23
Foreign currency							
Forward contracts		48,363	266,884	4,181	(15,950)	(10,391)	(86,697)
Long position	ABC Brasil, Banco do Brasil, BNP Paribas, Bradesco, BTG, CitiBank, Itaú, JP Morgan, Merrill Lynch, Safra, Santander, Votorantim, XP Investimentos	50,710	299,730	4,298	(16,202)	(10,140)	(91,226)
Short position	ABC Brasil, Banco do Brasil, JP Morgan, Merrill Lynch, Votorantim, XP Investimentos	(2,347)	(32,846)	(117)	252	(251)	4,529
Swaps		690,288	607,447	63,487	(33,464)	(34,713)	(60,752)
Long position	BNP, Citibank	690,288	607,447	63,487	(33,464)	(34,713)	(60,752)
Subtotal		738,651	874,331	67,668	(49,414)	(45,104)	(147,449)
Interest rate							
Swaps – Asset Position – Fixed		(5,160,997)	(6,292,997)	37,035	5,785	28,696	(7,004)
Long position	BNP Paribas, Itaú, Merrill Lynch, Santander, XP Investimentos	1,000,000	1,000,000	2,825	10,251	24	(7,004)
Short position	BNP Paribas, Itaú, BOFA, XP Investimentos, Santander	(6,160,997)	(7,292,997)	34,210	(4,466)	28,672	-
Total		(4,422,346)	(5,418,666)	104,703	(43,629)	(16,408)	(154,453)

f. Methodology for calculating the fair values of derivatives

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

g. Sensitivity analysis

The table below presents a sensitivity analysis of the financial instruments, including derivatives that describe the risks that could result in material losses for the Company, with the most likely scenario (Scenario I, based on a fluctuation of 5.89% for the US Dollar, corresponding to three standard deviations of the fluctuation during the three months of the third quarter of the year) according to management's evaluation, considering a projection period of three months, after which the next quarterly financial information containing this analysis should be released. In addition, two additional scenarios (Scenarios II and III) are presented 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	5.250	5.940	4.196	6.994	2.797	8.392
Foreign currency						
Economic hedges	(40,498)	40,498	(171,863)	171,863	(343,726)	343,726
Forward contracts	-	-	-	-	-	-
Swaps	(40,498)	40,498	(171,863)	171,863	(343,726)	343,726
Objects of the economic hedges	40,498	(40,498)	171,863	(171,863)	343,726	(343,726)
Loans, financing and notes payable subject to short-term exchange rate variations	40,498	(40,498)	171,863	(171,863)	343,726	(343,726)
Net effect	-	-	-	-	-	-
Consolidated						
Risk	Scenario I		Scenario II		Scenario III	
(In R\$ thousand)			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	5.250	5.940	4.196	6.994	2.797	8.392
Foreign currency						
Economic hedges	(43,408)	43,408	(183,670)	183,670	(367,341)	367,341
Forward contracts	(2,910)	2,910	(11,807)	11,807	(23,615)	23,615
Swaps	(40,498)	40,498	(171,863)	171,863	(343,726)	343,726
Objects of the economic hedges	43,478	(43,478)	183,954	(183,954)	367,908	(367,908)
Loans, financing and notes payable subject to short-term exchange rate variations	43,478	(43,478)	183,954	(183,954)	367,908	(367,908)
Net effect	70	(70)	284	(284)	567	(567)

The sensitivity analysis presented above shows the net effect on the profit or loss, considering 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 the floating interest rates on the Company's loans, financing and notes payable projected for the third quarter of 2024 are as follows:

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	783	24,969	49,938
Financing – TJLP	650	4,817	9,635
Debentures – CDI	2,337	74,527	149,054
Debentures - IPCA	(3,481)	1,563	3,125
Financing – TR	(356)	596	1,191
Notes payable – CDI	8	255	510
Financial investments	(2,041)	(65,107)	(130,213)
Total loss (gain)	(2,100)	41,620	83,240

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	792	25,265	50,530
Financing - TJLP	650	4,817	9,635
Debentures - CDI	2,337	74,527	149,054
Debentures - IPCA	(3,481)	1,563	3,125
Financing - TR	(356)	596	1,191
Notes payable - CDI	8	255	510
Financial investments	(2,290)	(73,027)	(146,054)
Total loss (gain)	(2,340)	33,996	67,991

***Likely scenario assumptions**

Forecast CDI of 10.49% p.a.

Forecast TJLP of 6.91 % p.a.

Forecast IPCA of 0.46 % p.q.

Forecast TR of 0.90% 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 may review the dividend payment policy, return capital to shareholders, or even issue new shares or sell assets, for example to reduce debt.

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

The indices of financial leverage at June 30, 2024 and December 31, 2023 may be summarized as follows:

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Total loans, financing and debentures (Note 20)	10,166,189	9,926,062	10,177,653	9,937,779
Total notes payable	19,317	24,057	19,317	24,057
Loss (gain) on financial hedges	(100,522)	27,799	(100,522)	27,799
Less: cash and cash equivalents (Note 10)	(2,529,008)	(2,366,433)	(2,836,119)	(2,580,893)
Debt (cash and cash equivalents), net	7,555,976	7,611,485	7,260,329	7,408,742
Total equity	12,014,866	11,504,124	12,026,251	11,517,873
Adjusted equity	19,570,842	19,115,609	19,286,580	18,926,615
Net debt to adjusted equity ratio	38.6%	39.8%	37.6%	39.1%

6 Estimate of fair value

It is assumed that the balances of accounts receivable and suppliers at their book values, less losses (impairment), approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flow at the prevailing market interest rate available to the Company for similar financial instruments (Note 20 (b)).

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

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

The table below presents the Company's derivative instrument assets and liabilities at June 30, 2024, as well as their fair values.

		Parent company		
		Level 1	Level 2	Total balance
Assets				
	Derivative financial instruments	-	100,522	100,522
	Total assets	-	100,522	100,522
Liabilities				
	Derivative financial instruments	-	-	-
	Total liabilities	-	-	-
		Consolidated		
		Level 1	Level 2	Total balance
Assets				
	Derivative financial instruments	-	104,820	104,820
	Total assets	-	104,820	104,820
Liabilities				
	Derivative financial instruments	-	117	117
	Total liabilities	-	117	117

The table below presents the Company's assets and liabilities at December 31, 2023, as well as their fair values.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	11,841	11,841
Total assets	-	11,841	11,841
Liabilities			
Derivative financial instruments	-	39,640	39,640
Total liabilities	-	39,640	39,640
	Consolidated		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	12,143	12,143
Total assets	-	12,143	12,143
Liabilities			
Derivative financial instruments	-	55,772	55,772
Total liabilities	-	55,772	55,772

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

7 Hedge accounting

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

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

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

Fair value hedges

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

Parent company					
June 30, 2024					
Operation	Index	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131 *	USD + spread	Fair value	218,075	256,441	(419)
Swap – 4131 *	USD + Spread vs. CDI	Fair value	218,075	30,963	-
Loan – 4131 *	USD + spread	Fair value	94,600	113,618	104
Swap – 4131 *	USD + Spread vs. CDI	Fair value	94,600	16,107	-
Loan – 4131	EUR + spread	Fair value	300,000	331,113	5,558
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	15,827	-
Consolidated					
June 30, 2024					
Operation	Index	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L

Loan – 4131 *	USD + spread	Fair value	218,075	256,441	(419)
Swap – CDI *	USD + Spread vs. CDI	Fair value	218,075	30,963	-
Loan – 4131 **	USD + spread	Fair value	94,600	113,618	104
Swap – 4131 *	USD + Spread vs. CDI	Fair value	94,600	16,107	-
Loan – 4131	EUR + spread	Fair value	300,000	331,113	5,558
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	15,827	-

Parent company					
December 31, 2023					
Operation	Index	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131 **	USD + spread	Fair value	218,075	222,403	2,549
Swap – 4131	USD + Spread vs. CDI	Fair value	218,075	(3,315)	-
Loan – 4131 **	USD + spread	Fair value	94,600	98,577	55
Swap – 4131 **	USD + Spread vs. CDI	Fair value	94,600	767	-
Loan – 4131	EUR + spread	Fair value	300,000	303,490	(969)
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	(31,626)	-

Consolidated					
December 31, 2023					
Operation	Index	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	222,403	2,549
Swap – 4131	USD + Spread vs. CDI	Fair value	218,075	(3,315)	-
Loan – 4131**	USD + spread	Fair value	94,600	98,577	55
Swap – 4131**	USD + Spread vs. CDI	Fair value	94,600	767	-
Loan – 4131	EUR + spread	Fair value	300,000	303,490	(969)
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	(31,626)	-

* Maturity within one year

** Maturity in up to two years

The fair value cash flow hedge transaction maintained a hedging ratio of 1:1, with a weighted average rate of R\$/USD 4.8104 and R\$/EUR 5.5073.

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

Cash flow hedges

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

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

Parent company					
June 30, 2024					
Operation	Index	Hedge type	Principal amount	Asset/(liability) balance	Gain/(loss) in comprehensive income
Debentures	CDI	Cash flow	500,000	500,000	(3,413)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	647	-
Debentures	CDI	Cash flow	750,000	750,000	(2,035)
Swaps	CDI+ vs Fixed Rate	Cash flow	750,000	1,421	-
Debentures	CDI	Cash flow	250,000	250,000	(513)
Swaps	CDI+ vs Fixed Rate	Cash flow	250,000	334	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	(6,250)
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	7,058	-
Debentures	CDI	Cash flow	368,000	368,000	(2,767)
Swaps	CDI+ vs Fixed Rate	Cash flow	368,000	2,978	-
Debentures	CDI	Cash flow	800,000	800,000	(6,777)
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	7,197	-
Debentures	CDI	Cash flow	200,000	200,000	(1,538)
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	1,772	-
Debentures	CDI	Cash flow	550,000	550,000	(4,269)
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	4,792	-
Debentures	CDI	Cash flow	242,997	242,997	(1,815)
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	1,991	-
Debentures	CDI	Cash flow	500,000	500,000	198
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	1,116	-

Consolidated					
June 30, 2024					
Operation	Index	Hedge type	Principal amount	Asset/(liability) balance	Gain/(loss) in comprehensive income
Debentures	CDI	Cash flow	500,000	500,000	(3,413)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	647	-
Debentures	CDI	Cash flow	750,000	750,000	(2,035)
Swaps	CDI+ vs Fixed Rate	Cash flow	750,000	1,421	-
Debentures	CDI	Cash flow	250,000	250,000	(513)
Swaps	CDI+ vs Fixed Rate	Cash flow	250,000	334	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	(6,250)
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	7,058	-
Debentures	CDI	Cash flow	368,000	368,000	(2,767)
Swaps	CDI+ vs Fixed Rate	Cash flow	368,000	2,978	-
Debentures	CDI	Cash flow	800,000	800,000	(6,777)
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	7,197	-
Debentures	CDI	Cash flow	200,000	200,000	(1,538)
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	1,772	-
Debentures	CDI	Cash flow	550,000	550,000	(4,269)
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	4,792	-
Debentures	CDI	Cash flow	242,997	242,997	(1,815)
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	1,991	-
Debentures	CDI	Cash flow	500,000	500,000	198
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	1,116	-
Suppliers	USD	Cash flow	8,644	(8,644)	-
NDF Suppliers	USD vs. R\$	Cash flow	8,644	4,167	176
(I)					

Parent company					
December 31, 2023					
Operation	Index	Hedge type	Principal amount	Asset/(liability) balance	Gain/(loss) in comprehensive income
Debentures	CDI	Cash flow	500,000	500,000	(25)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	342	-
Debentures	CDI	Cash flow	500,000	500,000	(84)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	482	-
Debentures	CDI	Cash flow	750,000	750,000	1,052
Swaps	CDI+ vs Fixed Rate	Cash flow	750,000	(626)	-
Debentures	CDI	Cash flow	250,000	250,000	331
Swaps	CDI+ vs Fixed Rate	Cash flow	250,000	(194)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	1,446
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(791)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	1,248
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(644)	-
Debentures	CDI	Cash flow	800,000	800,000	805
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	(305)	-
Debentures	CDI	Cash flow	200,000	200,000	135
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	(9)	-
Debentures	CDI	Cash flow	550,000	550,000	470
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	(128)	-
Debentures	CDI	Cash flow	242,997	242,997	274
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	(126)	-
Debentures	CDI	Cash flow	500,000	500,000	260
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	(38)	-

					Consolidated
					December 31,
					2023
Operation	Index	Hedge type	Principal amount	Asset/(liability) balance	Gain/(loss) in comprehensive income
Debentures	CDI	Cash flow	500,000	500,000	(25)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	342	-
Debentures	CDI	Cash flow	500,000	500,000	(84)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	482	-
Debentures	CDI	Cash flow	750,000	750,000	1,052
Swaps	CDI+ vs Fixed Rate	Cash flow	750,000	(626)	-
Debentures	CDI	Cash flow	250,000	250,000	331
Swaps	CDI+ vs Fixed Rate	Cash flow	250,000	(194)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	1,446
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(791)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	1,248
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(644)	-
Debentures	CDI	Cash flow	800,000	800,000	805
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	(305)	-
Debentures	CDI	Cash flow	200,000	200,000	135
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	(9)	-
Debentures	CDI	Cash flow	550,000	550,000	470
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	(128)	-
Debentures	CDI	Cash flow	242,997	242,997	274
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	(126)	-
Debentures	CDI	Cash flow	500,000	500,000	260
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	(38)	-
Suppliers	USD	Cash flow	35,949	(35,949)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	35,949	(14,501)	489
NDF Purchases	USD vs. R\$	Cash flow	19,000	(1,448)	(1,448)

(I) Maturities within one year.

8 Financial instruments by category

Parent company

					June 30, 2024
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets as per the balance sheet					
Accounts receivable (Note 11)	3,059,215	-	-	-	3,059,215
Financial investments (Note 10)	2,504,098	-	-	-	2,504,098
Cash and banks (Note 10)	24,910	-	-	-	24,910
Derivative financial instruments	-	-	71,218	29,304	100,522
Other assets	212,941	-	-	-	212,941
	<u>5,801,164</u>	<u>-</u>	<u>71,218</u>	<u>29,304</u>	<u>5,901,686</u>
					June 30, 2024
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial liabilities as per the balance sheet					
Loans, financing and debentures (Note 20)	10,166,189	-	-	-	10,166,189
Suppliers (Note 18)	835,814	-	-	-	835,814
Suppliers' assignments of receivables (Note 19)	11,775	-	-	-	11,775
Other payables	494,345	-	-	-	494,345
Notes payable	19,317	-	-	-	19,317
Derivative financial instruments	-	-	-	-	-
	<u>11,527,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,527,440</u>

	December 31, 2023			
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge
Financial assets as per the balance sheet				Total
Accounts receivable (Note 11)	2,596,277	-	-	-
Financial investments (Note 10)	2,355,532	-	-	-
Cash and banks (Note 10)	10,901	-	-	-
Derivative financial instruments	-	-	11,018	823
Other assets	194,135	-	-	-
	<u>5,156,845</u>	<u>-</u>	<u>11,018</u>	<u>823</u>
				<u>5,168,686</u>

	December 31, 2023			
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge
Financial liabilities as per the balance sheet				Total
Loans, financing and debentures (Note 20)	9,926,062	-	-	-
Suppliers (Note 18)	771,973	-	-	-
Suppliers' assignments of receivables (Note 19)	14,640	-	-	-
Other payables	321,620	-	-	-
Notes payable	24,057	-	-	-
Derivative financial instruments	-	-	36,777	2,863
	<u>11,058,352</u>	<u>-</u>	<u>36,777</u>	<u>2,863</u>
				<u>11,097,992</u>

Consolidated

	June 30, 2024			
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge
Financial assets as per the balance sheet				Total
Accounts receivable (Note 11)	3,108,204	-	-	-
Financial investments (Note 10)	2,808,726	-	-	-
Cash and banks (Note 10)	27,393	-	-	-
Derivative financial instruments	-	-	71,218	33,602
Other assets	222,491	-	-	-
	<u>6,166,814</u>	<u>-</u>	<u>71,218</u>	<u>33,602</u>
				<u>6,271,634</u>

	June 30, 2024			
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge
Financial liabilities as per the balance sheet				Total
Loans, financing and debentures (Note 20)	10,177,653	-	-	-
Suppliers (Note 18)	372,927	-	-	-
Suppliers' assignment of receivables (Note 19)	383,594	-	-	-
Other payables	494,345	-	-	-
Notes payable	19,317	-	-	-
Derivative financial instruments	-	-	-	117
	<u>11,447,836</u>	<u>-</u>	<u>-</u>	<u>117</u>
				<u>11,447,953</u>

	December 31, 2023				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets as per the balance sheet					
Accounts receivable (Note 11)	2,642,146	-	-	-	2,642,146
Financial investments (Note 10)	2,550,332	-	-	-	2,550,332
Cash and banks (Note 10)	30,561	-	-	-	30,561
Derivative financial instruments	-	-	11,018	1,125	12,143
Other assets	218,539	-	-	-	218,539
	<u>5,441,578</u>	<u>-</u>	<u>11,018</u>	<u>1,125</u>	<u>5,453,721</u>

	December 31, 2023				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial liabilities as per the balance sheet					
Loans, financing and debentures (Note 20)	9,937,779	-	-	-	9,937,779
Suppliers (Note 18)	389,667	-	-	-	389,667
Suppliers' assignment of receivables (Note 19)	448,307	-	-	-	448,307
Other payables	477,712	-	-	-	477,712
Notes payable	24,057	-	-	-	24,057
Derivative financial instruments	-	-	39,520	16,252	55,772
	<u>11,277,522</u>	<u>-</u>	<u>39,520</u>	<u>16,252</u>	<u>11,333,294</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, as follows:

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Current accounts and financial investments (*)				
AAA	2,529,007	2,366,432	2,836,115	2,580,885
	<u>2,529,007</u>	<u>2,366,432</u>	<u>2,836,115</u>	<u>2,580,885</u>

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

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

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Derivative financial assets				
AAA	99,101	11,841	103,303	12,021
AA+	-	-	-	122
AA	1,421	-	1,517	-
	<u>100,522</u>	<u>11,841</u>	<u>104,820</u>	<u>12,143</u>

No fully performing financial assets were renegotiated during the last financial year.
None of the loans with related parties are overdue or impaired.
Note 4 (c) describes the credit risks of these financial assets.

10 Cash and cash equivalents

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Cash and banks	24,910	10,901	27,393	30,561
Short-term investments:				
Repurchase transactions	29,362	2,062	29,362	2,062
Bank deposit certificates (CDBs)	2,474,736	2,353,470	2,779,364	2,548,270
	<u>2,504,098</u>	<u>2,355,532</u>	<u>2,808,726</u>	<u>2,550,332</u>
	<u>2,529,008</u>	<u>2,366,433</u>	<u>2,836,119</u>	<u>2,580,893</u>

Financial investments (both repurchase transactions and CDBs) have yields of between 97% and 109% of the CDI p.a. (at December 31, 2023, between 80% and 103.2% of the CDI p.a.), with a weighted average of 100.7% of the CDI p.a. (at December 31, 2023, 101.1% p.a.) and are substantially liquid.

11 Accounts receivable

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Domestic customers	3,079,164	2,616,023	3,128,117	2,664,750
Foreign customers	-	-	4,007	-
Expected credit losses	(19,949)	(19,746)	(23,920)	(22,604)
	<u>3,059,215</u>	<u>2,596,277</u>	<u>3,108,204</u>	<u>2,642,146</u>

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

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Up to 3 months	12,100	4,514	12,100	4,408
From 3 to 6 months	1,061	118	1,061	118
Over 6 months	3,094	1,820	3,094	1,820
	<u>16,255</u>	<u>6,452</u>	<u>16,255</u>	<u>6,346</u>

The additions to and write-offs of the expected credit losses were recorded in profit or loss as “selling and marketing expenses”. Amounts charged to expected credit losses are generally written off from accounts receivable when there is no expectation of recovering the funds.

The maximum exposure to credit risk at the reporting date is equivalent to the carrying amount of each class of receivables mentioned above. The Company holds certain notes as guarantees (Note 20 (a)).

Changes to the expected credit losses for the quarter ended June 30, 2024 are as follows:

	Parent company	Consolidated
Balances at 12/31/2023	(19,746)	(22,604)
(Additions)/reversals, net	(203)	(1,316)
Balances at 06/30/2024	(19,949)	(23,920)

12 Inventory

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Finished goods and goods for resale	528,064	604,903	758,924	887,751
Semi-finished goods	-	-	120,994	145,356
Raw materials	-	-	1,045,452	1,137,761
Maintenance and supplies	104	171	198,715	203,919
Provision for inventory losses	(60,900)	(56,010)	(193,438)	(183,056)
	<u>467,268</u>	<u>549,064</u>	<u>1,930,647</u>	<u>2,191,731</u>

The table below presents the changes in the provision for inventory losses:

	Parent company	Consolidated
At 12/31/2023	(56,010)	(183,056)
Additions for the period (a)	(66,417)	(90,714)
Write-offs for the period (b)	61,527	80,332
At 06/30/2024	(60,900)	(193,438)

(a) Refers to expected inventory losses due to discontinuation, validity, quality and realization of inventory, in accordance with the policies established by the Company.

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

13 Taxes recoverable

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
PIS/COFINS/IPI and others	130,027	276,857	227,596	378,389
ICMS	102,608	102,969	176,812	186,631
Recoverable IRPJ and CSLL	86,485	76,564	122,388	104,160
	<u>319,120</u>	<u>456,390</u>	<u>526,796</u>	<u>669,180</u>
Current	<u>238,265</u>	<u>291,117</u>	<u>393,722</u>	<u>446,514</u>
Non-current	<u>80,855</u>	<u>165,273</u>	<u>133,074</u>	<u>222,666</u>

14 Other assets

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Prepaid expenses (a)	99,193	67,306	135,044	100,828
Bills receivable	66,677	64,966	69,999	68,962
Escrow deposits (b)	136,560	129,169	152,492	149,577
Advances	33,003	48,446	90,780	103,345
Other	11,335	4,774	2,387	2,525
	<u>346,768</u>	<u>314,661</u>	<u>450,702</u>	<u>425,237</u>
Current	148,656	126,609	231,960	211,392
Non-current	<u>198,112</u>	<u>188,052</u>	<u>218,742</u>	<u>213,845</u>

- (a) Refers mainly to advance payments for advertising and publicity.
(b) Refers to deposits made as guarantees of contingencies.

15 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	93.50%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	6.50%	Indirect
Bionovis S.A.	07/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	09/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty S.A.	04/29/2016	Brazil	Natural beauty dermo-cosmetics	64.93%	Direct
Mantecorp Participações S.A.	09/28/2016	Brazil	Holding company	100%	Direct
Bio Brands Franchising Gestão de Marcas Ltda.	08/29/2014	Brazil	Dermo-cosmetics	100%	Direct
Bio Scientific Indústria de Cosméticos Ltda.	07/13/2001	Brazil	Dermo-cosmetics	100%	Indirect
Solana Agropecuária Ltda.	11/04/1981	Brazil	Crop	100%	Indirect
Amigotech S.A.	07/02/2021	Brazil	Technology	15%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	Mantecorp	Bionovis	My	Other		
	Cost	Cost	Cost	Cost	Cost	Cost	Goodwill	Total
Balances at January 1, 2024	<u>4,499,835</u>	<u>1,189,210</u>	<u>323,920</u>	<u>80,477</u>	<u>10,440</u>	<u>130,328</u>	<u>64,877</u>	<u>6,299,087</u>
Capital increase	194,612	-	-	-	-	9,799	-	204,411
Equity accounting	130,464	75,426	4,136	(4,718)	115	(16,046)	-	189,377
Share of discontinued equity accounting for the investment	180	29	-	-	-	(432)	-	(223)
Stock options/matching/restricted	2,851	233	134	-	-	156	-	3,374
Equity value adjustments	1,004	159	-	-	-	-	-	1,163
Dividends receivable	-	-	-	4,795	-	-	-	4,795
Balances at June 30, 2024	<u>4,828,946</u>	<u>1,265,057</u>	<u>328,190</u>	<u>80,554</u>	<u>10,555</u>	<u>123,805</u>	<u>64,877</u>	<u>6,701,984</u>

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

June 30, 2024	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	5,996,381	1,002,734	1,618,931	82,297	139,537
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,446,545	190,210	300,845	71,526	75,426
My Agência de Propaganda Ltda.	11,750	1,211	1,920	113	115
Simple Organic Beauty S.A.	73,145	40,680	60,605	(14,794)	(10,951)
Mantecorp Participações S.A.	330,793	-	-	6,682	4,136
Bio Brands Franchising Gestão de Marcas Ltda.	56,955	9,371	11,136	(7,493)	(8,936)

December 31, 2023	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	5,853,941	1,141,325	3,402,455	328,729	416,888
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,371,728	187,311	692,519	85,666	98,513
My Agência de Propaganda Ltda.	11,455	1,029	4,560	988	1,003
Simple Organic Beauty S.A.	68,290	24,725	161,165	11,688	6,271
Mantecorp Participações S.A.	323,978	-	-	47,726	47,726
Bio Brands Franchising Gestão de Marcas Ltda.	52,884	5,564	20,123	(286)	(3,065)

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

b. Equity accounting by the parent company

	Number of shares and quotas	Adjusted equity at June 30, 2024	Ownership %	Equity accounting at June 30, 2024	Balance of the investment at June 30, 2024	Equity accounting at June 30, 2023	Balance of the investment at December 31, 2023
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,662,160,135	1,265,057	100%	75,426	1,265,057	38,335	1,189,210
My Agência de Propaganda Ltda.	22,467,862	10,555	100%	115	10,555	480	10,440
Brainfarma Indústria Química e Farmacêutica S.A.	1,334,826,628	5,164,648	93.50%	130,464	4,828,946	160,334	4,499,835
Simple Organic Beauty S.A.	142,184	63,459	64.93%	(7,110)	41,204	2,734	45,915
Drogarias Online Agência de Farmácias S.A.	-	-	-	-	-	(296)	-
Bio Brands Franchising Gestão de Marcas Ltda.	60,272,454	114,129	100%	(8,936)	114,129	(488)	115,509
Mantecorp Participações S.A.	275,300,100	328,190	100%	4,136	328,190	3,462	323,920
Bionovis S.A.	24,881,265	322,216	25%	(4,718)	80,554	(3,318)	80,477
MGF Farmácia Magistral Ltda.	-	-	-	-	-	(259)	-
				189,377	6,668,635	200,984	6,265,306

16 Property, plant and equipment

Parent company

Own assets	Balances at January 1, 2024	Additions	Write-off	Depreciation	Transfer	Balances at June 30, 2024
Land	4,990	-	-	-	-	4,990
Buildings and improvements	11,070	-	-	(1,130)	879	10,819
Machinery, equipment and facilities	73,337	564	(41)	(2,926)	10	70,944
Vehicles	93	-	-	-	-	93
Furniture and fixtures	20,574	1,458	-	(647)	-	21,385
Other	2,671	47	-	(318)	-	2,400
Total in operation	112,735	2,069	(41)	(5,021)	889	110,631
Construction in progress	31,615	5,158	-	-	(872)	35,901
Property, plant and equipment	144,350	7,227	(41)	(5,021)	17	146,532

Right-of-use assets - leases	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at June 30, 2024
Buildings and improvements	57,487	307	-	(5,463)	-	52,331
Machinery, equipment and facilities	19,726	1,597	(72)	(4,420)	-	16,831
Vehicles	77,378	24,824	(13,712)	(20,737)	-	67,753
Leases	154,591	26,728	(13,784)	(30,620)	-	136,915
Total PP&E	298,941	33,955	(13,825)	(35,641)	17	283,447

Consolidated

Own assets	Balances at January 1, 2024	Additions	Write-off	Depreciation	Transfer	Balances at June 30, 2024
Land	262,969	-	-	-	-	262,969
Buildings and improvements	421,682	498	-	(9,649)	5,173	417,704
Machinery, equipment and facilities	1,757,439	82,646	(958)	(40,494)	53,498	1,852,131
Vehicles	2,709	-	(195)	(407)	-	2,107
Furniture and fixtures	95,330	4,142	-	(1,475)	192	98,189
Other	78,022	12,286	(196)	(10,014)	1,961	82,059
Total in operation	2,618,151	99,572	(1,349)	(62,039)	60,824	2,715,159
Construction in progress	719,678	100,311	-	-	(60,596)	759,393
Property, plant and equipment	3,337,829	199,883	(1,349)	(62,039)	228	3,474,552

Right-of-use assets - leases	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at June 30, 2024
Buildings and improvements	101,922	6,039	-	(8,437)	-	99,524
Machinery, equipment and facilities	22,359	2,401	(91)	(5,246)	-	19,423
Vehicles	85,930	26,238	(14,076)	(22,704)	-	75,388
Leases	210,211	34,678	(14,167)	(36,387)	-	194,335
Total PP&E	3,548,040	234,561	(15,516)	(98,426)	228	3,668,887

17 Intangible assets

a) Balance composition

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Goodwill in non-merged companies				
Simple Organic Beauty S.A.	-	-	12,677	12,677
Bio Brands Franchising Gestão de Marcas Ltda.	-	-	43,257	43,257
Neolatina Comércio e Indústria Farmacêutica S.A.	-	-	12,204	12,204
Goodwill on acquisitions of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Darwin Prestação de Serviços de Marketing Ltda.	2,945,156	2,945,156	2,945,156	2,945,156
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	52,614	52,614	52,614
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	7,270,960	7,270,960	7,339,098	7,339,098
Trademarks and patents	2,706,138	2,707,791	2,727,214	2,728,871
Rights of use and software	77,308	74,452	151,217	152,522
Product development	5,814	5,701	329,834	372,792
Intangible assets in progress	18,325	3,796	1,055,253	838,557
	10,078,545	10,062,700	11,602,616	11,431,840

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

b) Changes to the balances

Parent company

	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at June 30, 2024
Rights of use and trademarks	2,707,791	-	-	(1,653)	-	2,706,138
Rights of use and software	74,452	14,745	-	(11,872)	(17)	77,308
Product development	5,701	500	-	(387)	-	5,814
Goodwill	7,270,960	-	-	-	-	7,270,960
Total in operation	10,058,904	15,245	-	(13,912)	(17)	10,060,220
Intangible assets in progress	3,796	14,529	-	-	-	18,325
Total	10,062,700	29,774	-	(13,912)	(17)	10,078,545

Consolidated

	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at June 30, 2024
Rights of use and trademarks	2,728,871	-	-	(1,657)	-	2,727,214
Rights of use and software	152,522	19,721	-	(20,798)	(228)	151,217
Product development	304,299	6,530	-	(11,225)	30,230	329,834
Goodwill	7,339,098	-	-	-	-	7,339,098
Total in operation	10,524,790	26,251	-	(33,680)	30,002	10,547,363
Intangible assets in progress	907,050	178,557	(124)	-	(30,230)	1,055,253
Total	11,431,840	204,808	(124)	(33,680)	(228)	11,602,616

c) Impairment of assets

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

In connection with the annual impairment test of these assets, which will be realized on December 31, 2024, 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 there is no indication of impairment that requires additional testing.

18 Suppliers

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Domestic suppliers	15,346	8,551	354,582	363,706
Foreign suppliers	2,642	834	18,345	25,961
Related-party suppliers (Note 28(a))	817,826	762,588	-	-
	<u>835,814</u>	<u>771,973</u>	<u>372,927</u>	<u>389,667</u>

19 Suppliers' assignments of receivables

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Domestic market (drawee risk)	5,151	7,667	224,407	248,556
Foreign market (forfaiting)	-	-	134,115	171,023
Total suppliers' assignments of receivables	<u>5,151</u>	<u>7,667</u>	<u>358,522</u>	<u>419,579</u>
Total service providers' assignments of receivables	<u>6,624</u>	<u>6,973</u>	<u>25,072</u>	<u>28,728</u>
Total assignments of receivables	<u>11,775</u>	<u>14,640</u>	<u>383,594</u>	<u>448,307</u>

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

At June 30, 2024, the discount rates for assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 0.87% and 1.57% with a weighted average of 0.99% p.m. (at December 31, 2023, these rates were between 1.00% and 1.23% with a weighted average of 1.13% p.m.).

At June 30, 2024, the discount rates in assignment operations entered into between the Company's suppliers and financial institutions in the foreign market were between 6.39% and 7.99% p.a. with a weighted average of 7.05% p.a. (at December 31, 2023, these rates were between 6.78% and 8.88% p.a. with a weighted average of 7.76% p.a.).

Therefore, this operation does not alter the amounts, nature or timing of the liability (including terms, prices and conditions previously agreed) and does not affect the Company with any financial charges adopted by the financial institution when conducting a thorough analysis of suppliers by category. No guarantees are pledged by the Company.

Moreover, the payments made by the Company represent purchases of goods and services, are directly related to the suppliers' invoices and do not affect its cash flows. Accordingly, the Company continues to recognize operating suppliers in the statement of cash flows.

20 Loans, financing and debentures

	Nominal rate	Parent company		Consolidated	
		June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Foreign currency					
Loans (i)	USD+SOFR+0.681% to 0.809% p.a.	695,143	622,644	695,143	622,807
Local currency					
Loans	CDI + 1.20% to 2.00% p.a.	832,517	820,385	843,909	831,806
FCO (i) and (ii)	Fixed rate of 2.50% p.a.	2,092	4,185	2,092	4,185
Financing (ii)	Fixed rate from 3.50% to 8.70% p.a.	-	-	72	133
BNDES	TR + 2.2% p.a.	95,406	-	95,406	-
Debentures (ii) and (iii)	CDI + 0.85% to 2.20% p.a.; IPCA + 6.2790% to 6.4451% p.a.	8,122,729	8,141,237	8,122,729	8,141,237
Fund for Financing of Studies and Projects (FINEP)	TJLP from - 1.00% to 1.00% p.a.; TR + 3.3% p.a.	418,302	337,611	418,302	337,611
		10,166,189	9,926,062	10,177,653	9,937,779
Current		1,872,825	2,108,923	1,884,201	2,120,539
Non-current		8,293,364	7,817,139	8,293,452	7,817,240

(i) Contracts with covenants regarding debt levels and the coverage of interest payments with respect to certain financial information (EBITDA and net interest expenses), disposals, spin-offs, mergers, amalgamations or any other forms of corporate restructuring which, if they occur, require prior approval from the financial agents. If any of these events occurs without the consent of the lenders, the outstanding balances will have their maturities accelerated. As at December 31, 2023, all of the applicable covenants were met. The next measurement will be carried out on December 31, 2024.

(ii) An amount of R\$ 2,773,564 related to principal and interest on loans, financing and debentures was amortized in the six-month period.

(iii) The amount of the accounting balance of debentures considers the amounts of their related swaps.

The breakdown of long-term loans and financing at June 30, 2024, by year of maturity, is as follows:

	Parent company	Consolidated
2025	69,424	69,512
2026	680,621	680,621
2027	63,919	63,919
2028	63,919	63,919
2029	60,287	60,287
2030	20,339	20,339
2031	20,339	20,339
2032	20,339	20,339
2033	58,165	58,165
	<u>1,057,352</u>	<u>1,057,440</u>

Debentures

On December 5, 2019, 80,000 non-convertible debentures of the 8th public issuance of debentures were issued, in a single series, in the amount of R\$ 800,000, with a par value of R\$ 10 and interest at 100% of the cumulative variations of the daily average Interbank Deposit (DI) rate plus a spread of 1.25% p.a. The nominal unit value of the debentures will be amortized in five consecutive semi-annual installments as from November 28, 2023, with final maturity on November 28, 2025.

On April 3, 2020, 248,500 non-convertible debentures were issued as part of the 9th public issuance of debentures, in a single series, in the amount of R\$ 2,485,000, with a par value of R\$ 10, and interest at 100% of the cumulative variations of the daily average DI rate, plus a spread of 1.50% p.a. On May 23, 2024, the Company made a partial early amortization in the amount of R\$ 843,000. The nominal unit value of the debentures will be amortized in six consecutive semi-annual installments, with final maturity on April 3, 2026.

On September 1, 2020, 73,500 non-convertible debentures were issued as part of the 10th public issuance of debentures, in a first and second series, in the amount of R\$ 735,000, with a par value of R\$ 10 and interest at 100% of the cumulative variations of the daily average DI rate plus a spread of 1.75% p.a. The nominal unit value of the debentures will be amortized in three consecutive installments as from September 1, 2023, with final maturity on September 1, 2025; however, on May 23, 2024, the Company settled the full amount early.

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

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

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

- The 1st series in the amount of R\$ 200,000 and with interest at 100% of the cumulative variations of the daily average DI rate plus a spread of 0.75% p.a.
- The 2nd series in the amount of R\$ 397,641, monetarily adjusted by the Amplified Consumer Price Index (IPCA) released by the Brazilian Institute of Geography and Statistics (IBGE) and interest at a rate of 6.2790% p.a.
- The 3rd series in the amount of R\$ 152,359 monetarily adjusted by the IPCA and with interest at a rate of 6.4451% p.a.

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

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

consecutive installments, the first of which on December 14, 2026 and the second on December 14, 2027.

On April 24, 2023, 800,000 non-convertible debentures were issued as part of the 15th public issuance of debentures, in a single series, in the amount of R\$ 800,000, with a par value of R\$ 1 and interest at 100% of the cumulative variations of the daily average DI rate plus a spread of 2.20% p.a. The nominal unit value of the debentures will be amortized in two installments, with final maturity on April 25, 2028.

On October 10, 2023, 750,000 non-convertible debentures were issued as part of the 16th public issuance of debentures, in a single series, in the amount of R\$ 750,000, with a par value of R\$ 1 and interest at 100% of the cumulative variations of the daily average DI rate plus a spread of 1.35% p.a. The nominal unit value of the debentures will be amortized in two installments, with final maturity on October 10, 2028.

On January 3, 2024, the Company carried out the 17th issuance of non-convertible simple debentures, of the unsecured type, in a single series, for public distribution, with automatic registration of distribution ("Issuance"), totaling R\$ 600,000, with a firm guarantee of placement of the total debentures issued, with interest corresponding to 100% of the accumulated variations of the daily average DI rate plus a spread of 1.30% p.a. The nominal unit value of the debentures will be amortized in two consecutive installments, the first of which on December 15, 2027 and the second on December 15, 2028.

On May 23, 2024, the Company carried out the 18th issuance of non-convertible simple debentures, of the unsecured type, in a single series, for public distribution, with automatic registration of distribution ("Issuance"), totaling R\$ 1,500,000, with a firm guarantee of placement of the total debentures issued, with interest corresponding to 100% of the accumulated variations of the daily average DI rate plus a spread of 0.85% p.a. The nominal unit value of the debentures will be amortized in two consecutive installments, the first of which on May 3, 2028 and the second on May 3, 2029.

Debentures - Changes

	8 th Public Issuance Single series	9 th Public Issuance Single series	10 th Public Issuance Single series	11 th Public Issuance Single series	12 th Public Issuance Single series	13 th Public Issuance 1 st , 2 nd and 3 rd Series	14 th Public Issuance 1 st and 2 nd Series	15 th Public Issuance Single series	16 th Public Issuance Single series	17 th Public Issuance Single series	18 th Public Issuance Single series	Total
At January 1, 2024	646,112	2,130,100	682,460	1,038,729	526,372	783,840	750,419	815,827	767,378	-	-	8,141,237
Total issuance amount	-	-	-	-	-	-	-	-	-	600,000	1,500,000	2,100,000
Costs to be incurred	-	-	-	-	-	-	-	-	-	(2,702)	(1,728)	(4,430)
Financial charges	36,406	111,655	37,707	59,983	30,124	46,346	44,863	50,185	45,495	35,277	16,742	514,783
Principal amortization	(160,000)	(1,257,001)	(656,667)	-	-	-	-	-	-	-	-	(2,073,668)
Interest paid	(38,356)	(149,955)	(63,500)	(64,297)	(33,730)	(30,395)	(44,739)	(51,975)	(46,044)	(32,202)	-	(555,193)
At June 30, 2024	484,162	834,799	-	1,034,415	522,766	799,791	750,543	814,037	766,829	600,373	1,515,014	8,122,729
Current	324,277	428,110	-	35,198	23,376	19,195	2,754	16,614	18,616	2,176	16,401	886,717
Non-current	159,885	406,689	-	999,217	499,390	780,596	747,789	797,423	748,213	598,197	1,498,613	7,236,012
Unrealized transaction costs	741	2,126	-	1,352	928	16,294	3,145	3,459	2,192	2,376	1,698	34,311
Current	626	1,573	-	568	318	2,385	933	883	483	493	314	8,576
Non-current	115	553	-	784	610	13,909	2,212	2,576	1,709	1,883	1,384	25,735

Note: accounting changes do not consider the amounts of swaps

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

	June 30, 2024
2025	363,228
2026	1,576,455
2027	2,142,693
2028	1,821,224
2029	1,171,222
2030	53,730
2031	53,730
2032	53,730
	<u>7,236,012</u>

a. Guarantees for loans and financing at June 30, 2024

	Parent company	Consolidated
Letters of guarantee (*)	513,708	513,708
Pledged fixed assets	2,092	2,164
	<u>515,800</u>	<u>515,872</u>

(*) Letters of guarantee for the loan from FINEP (Contract 0799/13, 0034/19 and 2170/23) and BNDES (Contract 23.2.0368.1).

b. Carrying amounts and estimated fair values

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

		Consolidated		Fair value	
		June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Foreign currency	Nominal rate				
Loans	USD+SOFR+0.681% to 0.809% p.a.	695,143	622,807	695,143	622,807
Local currency					
Loans	CDI + 1.20% to 2.00% p.a.	843,909	831,806	843,908	831,806
FCO	Fixed rate from 2.50% to 8.50% p.a.	2,092	4,185	2,092	4,185
Financing	Fixed rate from 3.50% to 8.70% p.a.	72	133	71	130
BNDES	TR + 2.2% p.a.;	95,406	-	95,406	-
	CDI + 1.25% to 2.20% p.a.;				
Debentures	IPCA + 6.2790% to 6.4451% p.a.	8,122,729	8,141,237	8,122,729	8,141,237
Fund for Financing of Studies and Projects (FINEP)	TJLP - 1.00% to 1.00% p.a.	418,302	337,611	418,302	337,611
	TR + 3.3% p.a.	<u>10,177,653</u>	<u>9,937,779</u>	<u>10,177,651</u>	<u>9,937,776</u>

The fair values of some current loans are equal to their carrying amounts, since the impact of marking-to-market is not material. The fair values are based on the discounted cash flow, using a market rate ranging from CDI + 0.47% to CDI + 1.68% p.a. (December 31, 2023 – CDI + 0.48% to CDI + 1.92% p.a.).

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

	Parent company							
	Liabilities			Derivatives (assets/ liabilities)				
	Loans and financing	Notes payable	Dividends and interest on capital payable	Other liabilities	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
At January 1, 2024	9,926,062	24,057	696,966	410,158	(11,841)	39,640	11,504,124	22,589,166
Changes in cash flow from financing activities								
Hedges of loans	-	-	-	-	26,723	(39,315)	-	(12,592)
Loans taken out	2,330,000	-	-	-	-	-	-	2,330,000
Payments of loans - principal	(2,125,286)	-	-	(27,645)	-	-	-	(2,152,931)
Payments of loans - interest	(638,396)	-	-	(14,282)	-	-	-	(652,678)
Purchases of shares	-	-	-	-	-	-	(55,807)	(55,807)
Sales of shares	-	-	-	-	-	-	13,247	13,247
Loans payable	-	-	-	(981)	-	-	-	(981)
Dividends paid	-	-	(79,742)	-	-	-	-	(79,742)
Total changes in cash flow from financing activities	(433,682)	-	(79,742)	(42,908)	26,723	(39,315)	(42,560)	(611,484)
Other changes								
Write-off	-	-	-	(12,235)	-	-	-	(12,235)
Additions	-	-	-	9,101	-	-	-	9,101
Leases	-	-	-	24,726	-	-	-	24,726
Proposed dividends	-	-	369,505	-	-	-	-	369,505
Stock options/matching/restricted	-	-	-	-	-	-	14,727	14,727
Accrued interest	673,809	535	-	3,818	(115,404)	(325)	-	562,433
Loans - acquisitions of subsidiaries	-	(5,275)	-	-	-	-	-	(5,275)
Interest on capital	-	-	-	-	-	-	(369,505)	(369,505)
Net income for the period	-	-	-	-	-	-	885,054	885,054
Equity valuation adjustments	-	-	-	-	-	-	23,026	23,026
Other payables	-	-	-	18,891	-	-	-	18,891
Total other changes related to liabilities	673,809	(4,740)	369,505	44,301	(115,404)	(325)	553,302	1,520,448
At June 30, 2024	10,166,189	19,317	986,729	411,551	(100,522)	-	12,014,866	23,498,130

	Consolidated							
	Liabilities			Derivatives (assets/ liabilities)				
	Loans and financing	Notes payable	Dividends and interest on capital payable	Other liabilities	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
At January 1, 2024	9,937,779	24,057	696,966	599,610	(12,143)	55,772	11,517,873	22,819,914
Changes in cash flow from financing activities								
Hedges of loans	-	-	-	-	28,123	(40,872)	-	(12,749)
Loans taken out	2,341,000	-	-	-	-	-	-	2,341,000
Payments of loans - principal	(2,134,851)	-	-	(35,326)	-	-	-	(2,170,177)
Payments of loans - interest	(638,713)	-	-	(18,023)	-	-	-	(656,736)
Purchases of shares	-	-	-	-	-	-	(55,807)	(55,807)
Sales of shares	-	-	-	-	-	-	13,247	13,247
Dividends paid	-	-	(79,742)	-	-	-	-	(79,742)
Total changes in cash flow from financing activities	(432,564)	-	(79,742)	(53,349)	28,123	(40,872)	(42,560)	(620,964)
Other changes								
Write-off	-	-	-	(12,543)	-	-	-	(12,543)
Additions	-	-	-	9,539	-	-	-	9,539
Leases	-	-	-	34,875	-	-	-	34,875
Proposed dividends	-	-	369,505	-	-	-	-	369,505
Stock options/matching/restricted	-	-	-	-	-	-	14,727	14,727
Accrued interest	672,438	535	-	8,114	(115,404)	(48)	-	565,635
Loans - acquisitions of subsidiaries	-	(5,275)	-	-	-	-	-	(5,275)
Interest on capital	-	-	-	-	-	-	(369,505)	(369,505)
Net income for the period	-	-	-	-	-	-	885,054	885,054
FAV - Supplier hedges	-	-	-	-	(59)	-	-	(59)
Supplier hedges - interest paid	-	-	-	-	(5,337)	(14,735)	-	(20,072)
Equity valuation adjustments	-	-	-	-	-	-	23,026	23,026
Other payables	-	-	-	39,011	-	-	-	39,011
Interest attributable to non-controlling interests	-	-	-	-	-	-	(2,364)	(2,364)
Total other changes related to liabilities	672,438	(4,740)	369,505	78,996	(120,800)	(14,783)	550,938	1,531,554
At June 30, 2024	10,177,653	19,317	986,729	625,257	(104,820)	117	12,026,251	23,730,504

21 Deferred income and social contribution

a. Breakdown of deferred tax assets

Deferred tax assets include tax losses carried forward, negative bases of social contribution and temporary differences. These assets are recognized in proportion to the likelihood of realization of the related tax benefit against the future taxable income. This is based on a study of future realization, using projections of the generation of taxable income from 2024 onward. Tax losses carried forward and negative bases of social contribution are mainly the result of the tax deductibility of goodwill arising from acquisitions of companies (Note 17), the distribution of interest on capital and the constitution of grants for investments.

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Deferred tax assets:				
Tax losses carried forward and negative CSLL bases	3,446,095	3,118,255	3,694,447	3,221,488
Contingencies	50,248	43,590	59,661	54,966
Expected credit losses	27,241	27,143	30,410	30,311
Other temporary differences	88,739	201,337	234,430	380,010
Total deferred tax assets	3,612,323	3,390,325	4,018,948	3,686,775
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company to the same tax authority (also recoverable against the calculation of current tax)	(2,704,659)	(2,561,499)	(3,007,198)	(2,817,251)
Remaining balance of deferred tax assets	907,664	828,826	1,011,750	869,524

b. Deferred tax liabilities

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

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Goodwill	2,665,609	2,534,620	2,665,609	2,534,620
Fair value of property, plant and equipment - business combinations	1,551	3,160	74,025	76,919
Other	37,499	23,719	424,295	381,464
Total tax debt	2,704,659	2,561,499	3,163,929	2,993,003
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company to the same tax authority (also recoverable against the calculation of current tax)	(2,704,659)	(2,561,499)	(3,007,198)	(2,817,251)
Remaining balance of deferred liabilities	-	-	156,731	175,752

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

	Parent company		Consolidated	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Profit before income tax and social contribution	801,850	669,665	840,907	740,891
Combined rate – %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(272,629)	(227,686)	(285,824)	(251,479)
Equity accounting	65,762	68,729	(1,664)	(1,229)
Government grants	174,267	194,207	217,921	206,071
Interest on capital declared	125,632	132,443	125,632	132,443
Interest/indexation in the nature of an indemnity	856	4,936	1,247	5,555
Other permanent additions/exclusions	(10,685)	(817)	(16,826)	10,910
Income tax and social contribution income (expenses)	<u>83,203</u>	<u>171,812</u>	<u>40,486</u>	<u>102,271</u>
Current	-	-	2,153	(5,180)
Deferred	<u>83,203</u>	<u>171,812</u>	<u>38,333</u>	<u>107,451</u>
Discontinued operations	1,120	35	1,113	325
Continuing operations	<u>82,083</u>	<u>171,777</u>	<u>39,373</u>	<u>101,946</u>
	<u>83,203</u>	<u>171,812</u>	<u>40,486</u>	<u>102,271</u>
	10%	26%	5%	14%

22 Taxes payable

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
ICMS (value added tax) payable	20,671	17,746	74,486	66,120
IPI/PIS/COFINS payable	355	608	35,776	17,623
Other taxes payable	45,219	1,627	50,900	5,627
	<u>66,245</u>	<u>19,981</u>	<u>161,162</u>	<u>89,370</u>
Current	34,252	19,981	123,976	86,565
Non-current	<u>31,993</u>	<u>-</u>	<u>37,186</u>	<u>2,805</u>

23 Other payables

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Freight payable	26,944	25,069	35,517	33,094
Services provided	60,479	42,505	118,737	95,362
Commercial agreements and advertising	59,955	45,182	60,025	45,182
Revenue to elapse	33,445	30,115	34,473	31,522
Purchases of fixed assets	3,193	5,835	29,243	23,954
Lease liabilities (i)	147,111	163,628	204,413	217,777
Accrued taxes on inventory losses	2,617	2,402	16,775	15,623
Other	77,807	95,422	126,074	137,096
	<u>411,551</u>	<u>410,158</u>	<u>625,257</u>	<u>599,610</u>
Current	309,629	293,770	456,817	418,705
Non-current	<u>101,922</u>	<u>116,388</u>	<u>168,440</u>	<u>180,905</u>

(i) Lease liabilities

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Current	57,401	59,294	68,642	68,384
Non-current	89,710	104,334	135,771	149,393
	<u>147,111</u>	<u>163,628</u>	<u>204,413</u>	<u>217,777</u>

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

	Parent company	Consolidated
At January 1, 2024	163,628	217,777
Payments of leases – principal	(27,645)	(35,326)
Payments of leases – interest	(14,282)	(18,023)
Write-off	(12,235)	(12,543)
Additions	9,101	9,539
Remeasurement	24,726	34,875
Accrued interest	3,818	8,114
At June 30, 2024	<u>147,111</u>	<u>204,413</u>

a. Maturity of installments

Leases at June 30, 2024 can be broken down by year of maturity as follows:

	Parent company	Consolidated
Up to 2 years	34,474	43,278
2 to 5 years	33,265	49,581
More than 5 years	21,971	42,912
	<u>89,710</u>	<u>135,771</u>

b. Tax rights on leases

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

	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease liability	158,641	147,111	234,302	204,413
Estimated PIS/COFINS	(7,415)	(5,088)	(13,381)	(9,341)
	<u>151,226</u>	<u>142,023</u>	<u>220,921</u>	<u>195,072</u>

c. Agreements by term and discount rate

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

	<u>Parent company</u>	<u>Consolidated</u>
Terms	Rate % p.a.	Rate % p.a.
Up to 2 years	12.78%	12.78%
From 2 to 5 years	11.36%	11.29%
More than 5 years	11.62%	11.26%

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Lease liabilities				
Carrying amount – IFRS/CPC 06 (R2)	147,111	163,628	204,413	217,777
Flow with projected inflation	156,099	173,380	216,903	230,757
Variation	6.11%	5.96%	6.11%	5.96%
Net right of use – closing balance				
Carrying amount – IFRS/CPC 06 (R2)	136,915	154,591	194,335	210,211
Flow with projected inflation	145,281	163,805	206,209	222,740
Variation	6.11%	5.96%	6.11%	5.96%

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Financial expenses				
Carrying amount – IFRS/CPC 06 (R2)	(8,353)	(16,956)	(11,680)	(22,357)
Flow with projected inflation	(8,863)	(17,967)	(12,394)	(23,689)
Variation	6.11%	5.96%	6.11%	5.96%
Depreciation expenses				
Carrying amount – IFRS/CPC 06 (R2)	(30,620)	(58,053)	(36,387)	(66,373)
Flow with projected inflation	(32,491)	(61,513)	(38,610)	(70,329)
Variation	6.11%	5.96%	6.11%	5.96%

24 Provision for contingencies

At June 30, 2024, the Company had the following provisions for contingencies, and corresponding deposits with the courts related to these contingencies:

	Parent company				Parent company			
	June 30, 2024				December 31, 2023			
	Forecast of likely loss	Contingencies assumed in business combinations	Escrow deposits	Contingencies net of escrow deposits	Forecast of likely loss	Contingencies assumed in business combinations	Escrow deposits	Contingencies net of escrow deposits
Civil	1,443	12,178	-	13,621	1,019	11,911	-	12,930
Labor	80,667	1	-	80,668	82,604	1	-	82,605
Tax	39,825	11,536	(35,359)	16,002	19,244	11,262	(17,667)	12,839
Administrative/other	2,140	-	-	2,140	2,164	-	-	2,164
Liabilities of former owners	4,876	-	-	4,876	5,272	-	-	5,272
	<u>128,951</u>	<u>23,715</u>	<u>(35,359)</u>	<u>117,307</u>	<u>110,303</u>	<u>23,174</u>	<u>(17,667)</u>	<u>115,810</u>

	Consolidated				Consolidated			
	June 30, 2024				December 31, 2023			
	Forecast of likely loss	Contingencies assumed in business combinations	Escrow deposits	Contingencies net of escrow deposits	Forecast of likely loss	Contingencies assumed in business combinations	Escrow deposits	Contingencies net of escrow deposits
Civil	1,535	12,178	-	13,713	1,806	11,911	-	13,717
Labor	83,526	1	-	83,527	85,867	1	-	85,868
Tax	60,801	11,536	(55,671)	16,666	44,742	11,262	(42,512)	13,492
Administrative/other	5,973	-	-	5,973	6,085	-	-	6,085
Liabilities of former owners	7,979	-	-	7,979	8,391	-	-	8,391
	<u>159,814</u>	<u>23,715</u>	<u>(55,671)</u>	<u>127,858</u>	<u>146,891</u>	<u>23,174</u>	<u>(42,512)</u>	<u>127,553</u>

Changes in contingencies

	Parent company				
	December 31, 2023	Indexation accruals	Additions	Reversals	Payments
Civil	12,930	459	1,320	(802)	(286)
Labor	82,605	4,023	9,180	(6,294)	(8,846)
Tax	30,506	1,235	19,690	(70)	-
Administrative/other	2,164	147	-	(171)	-
Liabilities of former owners	5,272	274	-	(670)	-
	<u>133,477</u>	<u>6,138</u>	<u>30,190</u>	<u>(8,007)</u>	<u>(9,132)</u>
Escrow deposits	(17,667)	(578)	(17,114)	-	-
	<u>115,810</u>	<u>5,560</u>	<u>13,076</u>	<u>(8,007)</u>	<u>(9,132)</u>

	Consolidated				
	December 31, 2023	Indexation accruals	Additions	Reversals	Payments
Civil	13,717	503	1,337	(1,558)	(286)
Labor (a)	85,868	4,134	9,556	(7,022)	(9,009)
Tax	56,004	1,872	19,755	(5,294)	-
Administrative/other	6,085	348	-	(460)	-
Liabilities of former owners (b)	8,391	420	163	(995)	-
	<u>170,065</u>	<u>7,277</u>	<u>30,811</u>	<u>(15,329)</u>	<u>(9,295)</u>
Escrow deposits	(42,512)	(1,269)	(17,114)	5,224	-
	<u>127,553</u>	<u>6,008</u>	<u>13,697</u>	<u>(10,105)</u>	<u>(9,295)</u>

(a) The additions refer to 67 new labor lawsuits, while the reversals refer to 94 labor lawsuits and the payments refer to 39 labor lawsuits.

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

Possible contingencies

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

	Parent company		Consolidated	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	46,264	45,033	47,873	46,454
Labor	225,492	239,122	235,536	253,249
Tax	138,090	136,951	156,573	154,955
Administrative/other	760	825	1,595	1,532
Liabilities of former owners	405,662	399,141	565,784	589,305
	<u>816,268</u>	<u>821,072</u>	<u>1,007,361</u>	<u>1,045,495</u>

25 Share capital

a. Share capital

At June 30, 2024, the Company was authorized to increase its share capital up to the limit of R\$ 11,920,694, in accordance with a provision of its bylaws and a decision by the Board of Directors at the Special General Meeting on April 23, 2024.

The share capital at June 30, 2024 was R\$ 9,705,886 (at December 31, 2023 – R\$ 4,478,126), represented by 633,420,823 common shares (at December 31, 2023 – 633,420,823).

b. Treasury shares

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

	Number	Amount
At 12/31/2023	<u>512,303</u>	<u>20,277</u>
Acquisitions during the period	1,750,000	55,807
Sales during the period	(1,098,999)	(39,383)
At 06/30/2024	<u>1,163,304</u>	<u>36,701</u>

c. Interest on capital

On January 29, 2024, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 61,552.

On February 19, 2024, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 61,552.

On March 13, 2024, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 61,547.

On April 18, 2024, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 61,552.

On May 20, 2024, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 61,549.

On June 18, 2024, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 61,753.

26 Revenue

The reconciliation between the gross and net revenue is as follows:

			Parent company	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Gross revenue from products	2,577,731	4,723,171	2,579,460	4,559,317
Returns	(37,791)	(68,784)	(29,613)	(54,765)
Unconditional discounts	(34,890)	(116,454)	(49,714)	(103,825)
Net revenue from returns and unconditional discounts	2,505,050	4,537,933	2,500,133	4,400,727
Promotional discounts	(186,681)	(293,692)	(143,516)	(246,508)
Taxes	(104,988)	(193,294)	(104,748)	(184,479)
Net revenue	2,213,381	4,050,947	2,251,869	3,969,740
			Consolidated	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Gross revenue from products	2,622,482	4,827,920	2,647,717	4,672,861
Returns	(38,146)	(69,632)	(30,251)	(56,377)
Unconditional discounts	(32,906)	(120,232)	(67,849)	(126,669)
Net revenue from returns and unconditional discounts	2,551,430	4,638,056	2,549,617	4,489,815
Promotional discounts	(186,810)	(295,455)	(142,974)	(245,483)
Taxes	(175,711)	(327,032)	(175,566)	(315,060)
Net revenue	2,188,909	4,015,569	2,231,077	3,929,272

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

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

27 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

			Parent company	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Cost of sales	(1,021,693)	(1,880,366)	(1,021,567)	(1,840,596)
Raw materials	-	-	-	-
Packaging materials	-	-	-	-
Labor	-	-	-	-
Depreciation and amortization expenses	-	-	-	-
Resale	(996,421)	(1,805,029)	(983,168)	(1,771,114)
Losses on inventory	(25,272)	(75,337)	(38,399)	(69,482)
Changes in inventory/others	-	-	-	-
Selling and marketing expenses	(513,580)	(914,915)	(532,246)	(947,698)
Marketing expenses	(328,019)	(578,322)	(350,534)	(613,786)
Advertising and consumer promotion	(88,552)	(156,413)	(95,462)	(164,370)
Trade deals	(45,085)	(84,358)	(52,012)	(78,563)
Market surveys and others	(2,621)	(3,794)	(2,762)	(4,613)
Medical visits, promotions, gifts and samples	(191,761)	(333,757)	(200,298)	(366,240)
Selling expenses	(185,561)	(336,593)	(181,712)	(333,912)
Sales force	(105,875)	(187,029)	(101,928)	(190,272)
Freight and logistics expenses	(43,609)	(81,499)	(42,686)	(79,050)
Research and development	(5,788)	(9,759)	(6,995)	(13,121)
Depreciation and amortization expenses	(14,304)	(26,895)	(11,904)	(22,514)
Other expenses	(15,985)	(31,411)	(18,199)	(28,955)
General and administrative expenses	(65,293)	(111,961)	(60,037)	(113,744)
Payroll and related taxes	(41,044)	(67,387)	(36,854)	(66,233)
Services, lawyers, advisors and auditors	(14,058)	(24,735)	(16,387)	(34,500)
Depreciation and amortization expenses	(6,995)	(13,473)	(5,938)	(11,076)
Other expenses	(3,196)	(6,366)	(858)	(1,935)

			Consolidated	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Cost of sales	(855,377)	(1,566,724)	(821,875)	(1,433,961)
Raw materials	(239,210)	(446,184)	(261,773)	(543,968)
Packaging materials	(118,663)	(210,044)	(110,980)	(234,021)
Labor	(150,341)	(286,136)	(160,053)	(309,334)
Depreciation and amortization expenses	(26,177)	(52,114)	(21,554)	(40,546)
Resale	(166,987)	(341,304)	(182,906)	(368,459)
Losses on inventory	(57,336)	(102,312)	(42,779)	(76,873)
Changes in inventory/others	(96,663)	(128,630)	(41,830)	139,240
Selling and marketing expenses	(588,098)	(1,065,501)	(598,553)	(1,076,224)
Marketing expenses	(333,572)	(595,819)	(354,219)	(622,500)
Advertising and consumer promotion	(93,228)	(167,619)	(100,877)	(173,070)
Trade deals	(45,083)	(84,331)	(52,012)	(78,563)
Market surveys and others	(2,621)	(3,794)	(2,762)	(4,613)
Medical visits, promotions, gifts and samples	(192,640)	(340,075)	(198,568)	(366,254)
Selling expenses	(254,526)	(469,682)	(244,334)	(453,724)
Sales force	(111,169)	(198,494)	(106,391)	(197,993)
Freight and logistics expenses	(51,800)	(96,772)	(51,383)	(93,890)
Research and development	(45,599)	(85,300)	(42,525)	(83,607)
Depreciation and amortization expenses	(26,467)	(51,044)	(22,490)	(44,136)
Other expenses	(19,491)	(38,072)	(21,545)	(34,098)
General and administrative expenses	(96,665)	(167,777)	(89,981)	(170,738)
Payroll and related taxes	(60,705)	(100,954)	(56,106)	(102,827)
Services, lawyers, advisors and auditors	(17,876)	(31,751)	(19,752)	(41,198)
Depreciation and amortization expenses	(14,038)	(27,527)	(12,080)	(22,655)
Other expenses	(4,046)	(7,545)	(2,043)	(4,058)

b. Other operating (expenses) income, net

			Parent company	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Potential gains (losses)	(50,699)	(28,868)	10,502	(4,914)
Depreciation and amortization expenses	(296)	(598)	(458)	(1,040)
Civil and labor contingencies	(1,475)	(2,248)	(2,373)	(5,514)
	(52,470)	(31,714)	7,671	(11,468)
			Consolidated	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Potential gains (losses) (*)	42,392	62,361	20,765	29,412
Depreciation and amortization expenses	(1,249)	(5,573)	(383)	(889)
Civil and labor contingencies	(571)	(1,051)	(2,424)	(3,318)
	40,572	55,737	17,958	25,205

(*) Refers mainly to income tax and social contribution credits from prior periods.

c. Financial income

			Parent company	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Interest income	7,430	15,592	15,539	30,521
Income from financial investments and others	48,453	112,103	36,318	79,169
	<u>55,883</u>	<u>127,695</u>	<u>51,857</u>	<u>109,690</u>
			Consolidated	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Interest income	9,260	19,369	18,548	35,864
Income from financial investments and others	55,218	125,694	38,905	86,314
	<u>64,478</u>	<u>145,063</u>	<u>57,453</u>	<u>122,178</u>

d. Financial expenses

			Parent company	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Interest on financing	(6,628)	(12,350)	(5,111)	(10,517)
Interest on borrowings	(41,829)	(85,408)	(55,718)	(119,759)
Interest on notes payable	(235)	(439)	(284)	(682)
Indexation accruals on contingencies	(3,222)	(5,862)	(3,475)	(7,232)
REFIS (financing of tax liabilities)	(4)	(20)	(28)	(70)
Debentures	(232,764)	(480,812)	(261,970)	(518,764)
Interest and commission on letters of guarantee	(1,223)	(2,075)	(1,877)	(2,617)
Bank expenses, discounts granted and others	(17,786)	(31,630)	(13,108)	(28,484)
Cost of hedges and exchange variations on loans	1,590	1,721	(681)	(757)
Cost of hedges and exchange variations on suppliers	(83)	(183)	(5)	7
Reversals of present value adjustments	(4,064)	(8,353)	(4,023)	(7,940)
Capitalized interest	1,410	2,537	891	1,781
Other	(1,215)	(1,266)	(271)	(1,531)
	<u>(306,053)</u>	<u>(624,140)</u>	<u>(345,660)</u>	<u>(696,565)</u>
			Consolidated	
	04/01/2024 to 06/30/2024	01/01/2024 to 06/30/2024	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023
Interest on financing	(6,629)	(12,353)	(5,150)	(10,627)
Interest on borrowings	(41,682)	(85,709)	(55,725)	(119,875)
Interest on notes payable	(235)	(439)	(284)	(682)
Indexation accruals on contingencies	(3,715)	(6,857)	(4,328)	(8,932)
REFIS (financing of tax liabilities)	(4)	(20)	(28)	(70)
Debentures	(232,764)	(480,812)	(261,970)	(518,764)
Interest and commission on letters of guarantee	(1,237)	(2,098)	(1,908)	(2,650)
Bank expenses, discounts granted and others	(17,900)	(31,924)	(12,978)	(28,276)
Cost of hedges and exchange variations on loans	1,590	1,513	(681)	(757)
Cost of hedges and exchange variations on suppliers	(11,541)	(14,782)	(9,335)	(21,012)
Reversals of present value adjustments	(5,692)	(11,680)	(5,170)	(10,296)
Capitalized interest	41,137	81,464	39,367	76,480
Other	(2,822)	(3,979)	(1,556)	(4,795)
	<u>(281,494)</u>	<u>(567,676)</u>	<u>(319,746)</u>	<u>(650,256)</u>

28 Related-party transactions

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

Transactions and balances

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

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

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

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

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

a. In assets and liabilities

Parent company				
June 30, 2024				
Related parties	Other amounts receivable	Suppliers	Accounts payable	Other amounts payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,010	(131,767)	-	-
My Agência Propaganda Ltda.	2	-	-	-
Brainfarma Ind. Quím. e Farmacêutica S.A.	8,390	(683,822)	-	(2,315)
Megatelecom Telecomunicações S.A.	38	-	(121)	-
Bio Brands Franchising Gestão de Marcas Ltda.	301	(2,237)	-	-
Neolatina Comércio e Indústria Farmacêutica Ltda	-	-	-	(17)
Total	9,741	(817,826)	(121)	(2,332)

Consolidated				
June 30, 2024				
Related parties	Other amounts receivable	Suppliers	Accounts payable	Other amounts payable
Megatelecom Telecomunicações S.A.	38	-	(194)	-
Total	38	-	(194)	-

				Parent company
				December 31, 2023
Related parties	Other amounts receivable	Suppliers	Accounts payable	Other amounts payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	(117,705)	-	(998)
My Agência Propaganda Ltda.	8	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	3,045	(644,883)	(2,476)	-
Megatelecom Telecomunicações S.A.	31	-	(90)	-
Total	3,084	(762,588)	(2,566)	(998)

				Consolidated
				December 31, 2023
Related parties	Other amounts receivable	Suppliers	Accounts payable	Other amounts payable
Megatelecom Telecomunicações S.A.	31	-	(133)	-
Total	31	-	(133)	-

b. In income for the period

							Parent company
							June 30, 2024
Related parties	Transactions		Other (expenses)/income				Interest
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(300,837)	-	-	-	-	(4,813)	-
My Agência de Propaganda Ltda.	-	108	(1,920)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,616,505)	317	-	(1,167)	-	(34,055)	-
Megatelecom Telecomunicações S.A.	-	219	-	-	(272)	-	-
	(1,917,342)	644	(1,920)	(1,167)	(272)	(38,868)	(64)

							Consolidated
							June 30, 2024
Related parties	Transactions		Other (expenses)/income				Interest
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial income
Megatelecom Telecomunicações S.A.	-	219	-	-	(419)	-	-
	-	219	-	-	(419)	-	-

							Parent company
							June 30, 2023
Related parties	Transactions		Other (expenses)/income				Interest
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(368,098)	-	-	-	-	(5,301)	-
My Agência de Propaganda Ltda.	-	108	(2,280)	-	-	-	-
TV Serra Dourada Ltda.	-	-	(529)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,729,684)	-	-	(1,167)	-	(36,814)	-
Megatelecom Telecomunicações S.A.	-	214	-	-	(238)	-	-
Bio Scientific Indústria de Cosméticos Ltda.	(127)	-	-	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	8,932
	(2,097,909)	322	(2,809)	(1,167)	(238)	(42,115)	8,932

							Consolidated
							June 30, 2023
Related parties	Transactions		Other (expenses)/income				Interest
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial income
TV Serra Dourada Ltda.	-	-	(529)	-	-	-	-
Megatelecom Telecomunicações S.A.	-	214	-	-	(298)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	9,330
	-	214	(529)	-	(298)	-	9,330

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 was as follows:

	Parent company		Consolidated	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Salaries and other short-term benefits	10,557	9,653	10,557	9,653
Board members' fees	3,090	2,888	3,090	2,888
Share-based payments	6,463	6,108	6,463	6,108
	<u>20,110</u>	<u>18,649</u>	<u>20,110</u>	<u>18,649</u>

29 Other matters

Accounting impacts related to climate change

The Company maintains manufacturing plants in controlled and industrial locations. Among the main risks monitored at these plants are those related to the handling of products; the generation of hazardous waste; water consumption; effluent generation; and the emission of Greenhouse Gases (GHG). According to the Company's assessment, there are no accounting impacts related to climate issues.

Reform of Tax on Consumption

On December 20, 2023, Constitutional Amendment 132 was enacted, establishing the Tax Reform (the "Reform") for taxes on consumption. Some matters, including the rates of new taxes, are still pending regulation through Complementary Laws, which shall be submitted for the evaluation of the National Congress within 180 days.

The Reform model is based on a VAT ("dual VAT") divided into two jurisdictions, one federal (Contribution on Goods and Services (CBS)) and the other sub-national (Tax on Goods and Services (IBS)), which will replace the existing taxes PIS, COFINS, ICMS and ISS.

A Selective Tax ("IS") was also created, under federal jurisdiction, which will be levied on the production, extraction, sale or import of goods and services which are harmful to health and the environment, under the terms of the Complementary Laws.

There will be a transition period from 2024 to 2032, during which the two tax systems – old and new – will coexist. The impacts of the Reform on the calculation of the abovementioned taxes, from the beginning of the transition period, will only be fully known upon the conclusion of the regulation of the outstanding matters by the Complementary Laws. Consequently, the Reform did not result in any impact on the financial statements at June 30, 2024.

30 Events after the reporting period

Interest on capital

On July 19, 2024, the Board of Directors approved the distribution of interest on capital of R\$ 0.09767 per common share, equivalent to a total gross amount of R\$ 61,791.