

**Hypera S.A.**  
Quarterly information report  
March 31, 2024

# Content

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## Hypera Pharma reports growth of 7.6% in Net Revenue and 15.4% in Net Income from Continuing Operations

São Paulo, April 26, 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 1<sup>st</sup> 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).

### 1Q24 Highlights

- Net Revenue of R\$1,826.7 million, up 7.6% compared to the same period last year
- EBITDA from Continuing Operations of R\$647.8 million, or 10.2% higher than 1Q23
- Net Income from Continuing Operations of R\$391.5 million, or 15.4% higher than 1Q23
- Cash Flow from Operations of R\$479.2 million in 1Q24, or 58.9% higher than the same period of last year
- Interest on Equity approval of R\$184.7 million in 1Q24

**Table 1**

(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,940.2	114.3%	2,086.6	114.2%	7.5%
Net Revenue	1,698.2	100.0%	1,826.7	100.0%	7.6%
Gross Profit	1,086.1	64.0%	1,115.3	61.1%	2.7%
SG&A (excl. Marketing and R&D)	(249.1)	-14.7%	(246.6)	-13.5%	-1.0%
Research & Development	(41.1)	-2.4%	(39.7)	-2.2%	-3.4%
Marketing	(268.3)	-15.8%	(262.2)	-14.4%	-2.2%
EBITDA from Continuing Operations	587.5	34.6%	647.8	35.5%	10.2%
Net Income from Continuing Operations	339.4	20.0%	391.5	21.4%	15.4%
Cash Flow from Operations	301.5	17.8%	479.2	26.2%	58.9%

**EARNINGS CONFERENCE CALL – PORTUGUESE: 04/29/2024, 11am (Brasília) / 10am (New York)**

**Webcast:** [click here](#) / **Phone:** +55 (11) 4700-9668 **ID:** 891 5555 2097 **Passcode:** 559812

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**EARNINGS CONFERENCE CALL – ENGLISH: (Simultaneous translation): 04/29/2024, 11am (Brasília) / 10am (New York)**

**Webcast:** [click here](#) / **Phone:** +1 (720) 707-2699 **ID:** 891 5555 2097 **Passcode:** 559812

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## Operating Scenario

Hypera Pharma's Net Revenue grew 7.6% in 1Q24, compared to 1Q23, and totaled R\$1,826.7 million. Net Revenue growth was mainly driven by the recent sell-out growth in pharmaceutical retail.

The sell-out expansion is mainly the result of the positive performance in Skincare, Prescription Products and Similar in this quarter, especially in the Cardiology, Gynecology, Antispasmodics and Nausea categories.

In the quarter, sell-out growth<sup>1</sup> was 7.1%, or 2.2 percentage points lower than the market growth<sup>2</sup>. This performance was mainly due to the slower pace of growth in the categories related to Flu, Respiratory, Pain and Fever, which are more important to the Company's revenues than to the pharmaceutical retail sales. It is important to note that sales in Flu, Respiratory, Pain and Fever, which fell by approximately 3% in 2023, grew by around 2% in 1Q24.

As for the other categories, growth was approximately 10% and was once again driven by sales of products for chronic and preventive treatments. **Hypera Pharma has an innovation pipeline with 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 pharmaceutical retail market.**

The growth in Net Revenue allowed Hypera Pharma to achieve EBITDA from Continuing Operations of R\$647.8 million, or 10.2% higher than in 1Q23, with an EBITDA Margin expansion of 0.9 percentage point. Net Income from Continuing Operations was R\$391.5 million, or 15.4% higher than the same period of the previous year, with a Net Margin expansion of 1.4 percentage point.

Cash Flow from Operations was R\$479.2 million in 1Q24, or 58.9% higher than in 1Q23, the highest level ever recorded in a first quarter, helping the Company to continue investing significantly in innovation and in the expansion of its production capacity, while also preserving the remuneration of its shareholders.

The Company also declared Interest on Equity of R\$184.7 million (R\$0.29/share) during 1Q24, and created the Governance and Sustainability Committee, which aims to further strengthen aspects of corporate governance and advise the Board of Directors on defining guidelines and actions for integrating the governance, environmental and social dimensions into Hypera Pharma's strategy.

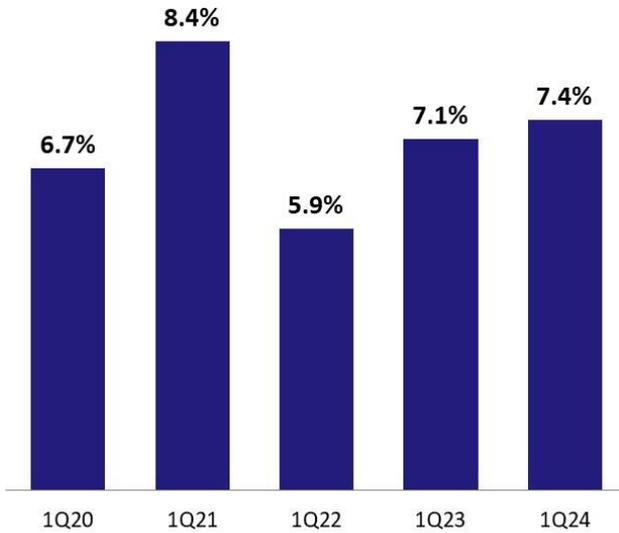
As a result, the Company now has four committees to advise the Board of Directors: the Strategy Committee, the People Committee, the Statutory Audit Committee and the Governance and Sustainability Committee. It should be noted that the Company also has a Fiscal Council, whose members were re-elected at the Annual General Meeting on April 23, 2024.

The performance reported in 1Q24, the strength and resilience of Hypera Pharma's irreplicable portfolio of leading brands and the contribution of recent launches to the sell-out growth reinforce the Company's confidence in achieving the financial projections set for 2024.

## Innovation & Launches

**Graph 1**

LTM R&D Investments (% of Net Revenue)<sup>1</sup>



Total R&D investments, including the amount capitalized as intangible assets, totaled R\$133.5 million in the quarter, or R\$593.4 million in the last 12 months.

The Freshness Index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 21% in the 1Q24.

Total investments in Research and Development amounted to 7.4% of Net Revenue over the last 12 months, demonstrating the Company's commitment to the continuous innovation of its product portfolio for pharmaceutical retail and the additional investments in R&D to develop the innovation pipeline to support growth in the Non-Retail.

**The Company strengthened its portfolio with important launches in 1Q24, especially the line extensions in Skincare and Consumer Health, and the launches in Vitamins, Respiratory and Women's and Men's Health.**

**Hypera Pharma 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 estimated average growth 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

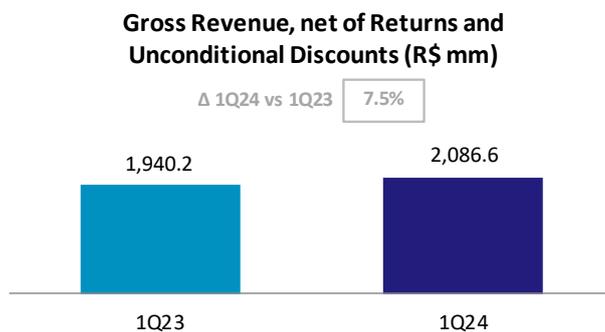
### Income Statement

Table 2

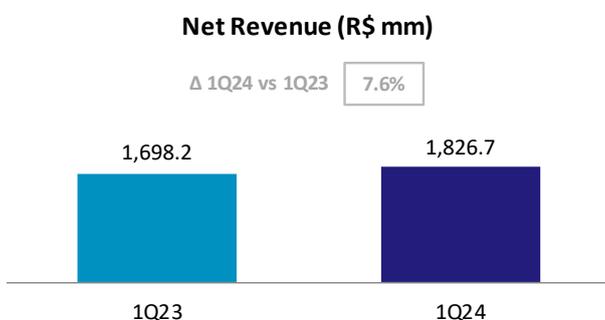
(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %
<b>Net Revenue</b>	<b>1,698.2</b>	<b>100.0%</b>	<b>1,826.7</b>	<b>100.0%</b>	<b>7.6%</b>
<b>Gross Profit</b>	<b>1,086.1</b>	<b>64.0%</b>	<b>1,115.3</b>	<b>61.1%</b>	<b>2.7%</b>
Marketing Expenses	(268.3)	-15.8%	(262.2)	-14.4%	-2.2%
Selling Expenses	(209.4)	-12.3%	(215.2)	-11.8%	2.8%
General and Administrative Expenses	(80.8)	-4.8%	(71.1)	-3.9%	-11.9%
Other Operating Revenues (Expenses)	7.2	0.4%	15.2	0.8%	109.3%
Equity in Subsidiaries	0.9	0.1%	(2.6)	-0.1%	-
<b>EBIT from Continuing Operations</b>	<b>535.8</b>	<b>31.6%</b>	<b>579.4</b>	<b>31.7%</b>	<b>8.1%</b>
Net Financial Expenses	(265.8)	-15.7%	(205.6)	-11.3%	-22.6%
Income Tax and CSLL	69.4	4.1%	17.7	1.0%	-74.4%
Net Income from Continuing Operations	339.4	20.0%	391.5	21.4%	15.4%
Net Income from Discontinued Operations	(0.2)	0.0%	(2.6)	-0.1%	1535.4%
Net Income	339.3	20.0%	388.9	21.3%	14.6%
<b>EBITDA from Continuing Operations</b>	<b>587.5</b>	<b>34.6%</b>	<b>647.8</b>	<b>35.5%</b>	<b>10.2%</b>

## Net Revenue

[Graph 2](#)



[Graph 3](#)



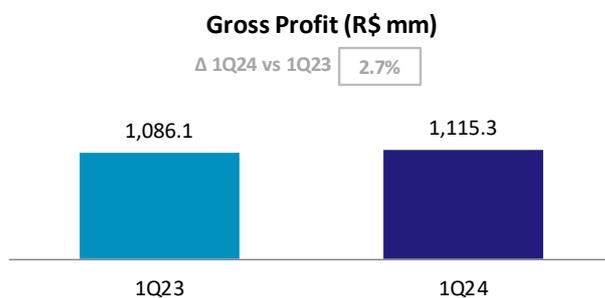
[Table 3](#)

(R\$ million)	1Q23	1Q24	Δ %
<b>Gross Revenue, net of Returns and Unconditional Discounts</b>	<b>1,940.2</b>	<b>2,086.6</b>	<b>7.5%</b>
Promotional Discounts	(102.5)	(108.6)	6.0%
Taxes	(139.5)	(151.3)	8.5%
<b>Net Revenue</b>	<b>1,698.2</b>	<b>1,826.7</b>	<b>7.6%</b>

Hypera Pharma's **Net Revenue** grew by 7.6% in 1Q24, compared to 1Q23, and reached R\$1,826.7 million, mainly driven by the sell-out growth in the pharmaceutical retail this quarter.

## Gross Profit

Graph 4



Graph 5

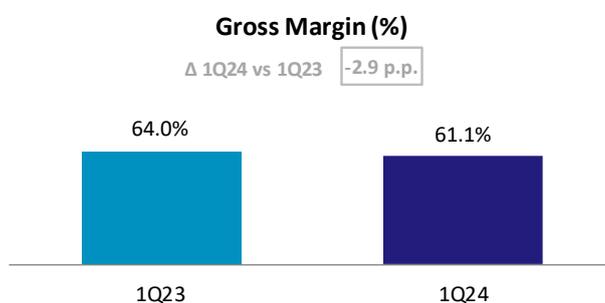


Table 4

(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %	Δ p.p.
Gross Profit	1,086.1	64.0%	1,115.3	61.1%	2.7%	-2.9 p.p.

**Gross Profit** reached R\$1,115.3 million in the quarter, with a Gross Margin of 61.1%. The variation in Gross Margin compared to 1Q23 is mainly the result of: (i) the greater idleness recorded in the quarter due to the collective vacations at the manufacturing complex of Anápolis, which in the previous year happened in 2Q23; and (ii) the negative impact of the mix of products sold compared to the same quarter last year.

## Marketing Expenses

Table 5

(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %
Marketing Expenses	(268.3)	-15.8%	(262.2)	-14.4%	-2.2%
Advertisement and Consumer Promotion	(74.0)	-4.4%	(75.6)	-4.1%	2.1%
Trade Deals	(26.6)	-1.6%	(39.2)	-2.1%	47.8%
Medical Visits, Promotions and Others	(167.7)	-9.9%	(147.4)	-8.1%	-12.1%

**Marketing Expenses** totaled R\$262.2 million in 1Q24, reducing their share of Net Revenue by 1.4 percentage point compared to 1Q23, mainly as a result of: (i) the decrease in expenses with free samples and events, considered in Medical Visits, Promotions and Others; and (ii) the dilution of expenses with Advertising and Consumer Promotion due to the greater concentration of investments in digital media, in line with the Company's strategy of promoting greater diversification of its marketing investments among Power Brands and the other brands of its portfolio.

## Selling Expenses

Table 6

(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %
Selling Expenses	(209.4)	-12.3%	(215.2)	-11.8%	2.8%
Commercial Expenses	(125.8)	-7.4%	(130.5)	-7.1%	3.7%
Freight and Logistics Expenses	(42.5)	-2.5%	(45.0)	-2.5%	5.8%
Research & Development	(41.1)	-2.4%	(39.7)	-2.2%	-3.4%

**Selling Expenses** represented 11.8% of Net Revenue in 1Q24, compared to 12.3% in 1Q23. The lower share of Selling Expenses over Net Revenue in the quarter is mainly due to the dilution of Commercial and Research and Development Expenses.

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

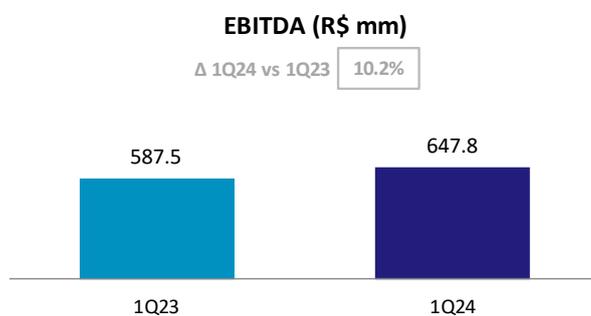
Table 7

(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %
General & Administrative Expenses	(80.8)	-4.8%	(71.1)	-3.9%	-11.9%
Other Operating Revenues (Expenses)	7.2	0.4%	15.2	0.8%	109.3%

**General and Administrative Expenses** reduced their share of Net Revenue by 0.9 percentage point in 1Q24, mainly because of the lower level of payroll expenses related to the administrative teams and the reduction in expenses with consulting services.

## EBITDA from Continuing Operations

Graph 6



Graph 7

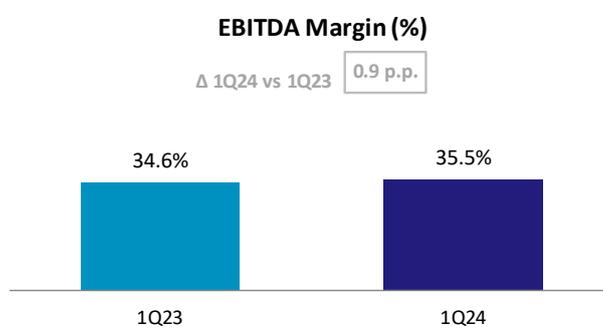


Table 8 – EBITDA from Continuing Operations

(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %
EBITDA from Continuing Operations	587.5	34.6%	647.8	35.5%	10.2%

**EBITDA from Continuing Operations** grew by 10.2% to R\$647.8 million in 1Q24, with an EBITDA Margin expansion of 0.9 percentage point, mainly because of the dilution of Marketing, Sales and General and Administrative Expenses.

## Net Financial Expenses

Table 9

(R\$ million)	1Q23	% NR	1Q24	% NR	Δ R\$
Financial Result	(265.8)	-15.7%	(205.6)	-11.3%	60.2
Net Interest Expenses	(225.8)	-13.3%	(178.0)	-9.7%	47.8
Cost of Hedge and FX Gains (Losses)	(11.8)	-0.7%	(3.3)	-0.2%	8.4
Other	(28.3)	-1.7%	(24.3)	-1.3%	4.0

The **Financial Result** was negative by R\$205.6 million in 1Q24, or R\$60.2 million lower than 1Q23. This change is the result of lower interest expenses in the period due to the lower Selic rate.

## Net Income

Table 10

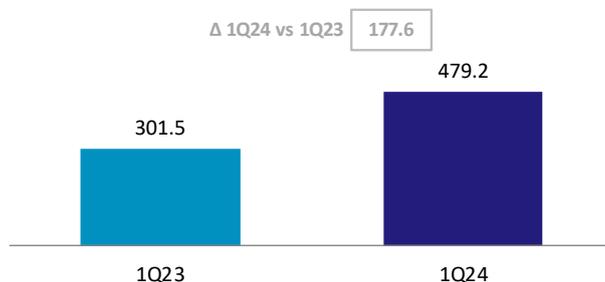
(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %
EBIT from Continuing Operations	535.8	31.6%	579.4	31.7%	8.1%
(-) Net Financial Expenses	(265.8)	-15.7%	(205.6)	-11.3%	-22.6%
(-) Income Tax and Social Contribution	69.4	4.1%	17.7	1.0%	-74.4%
<b>Net Income from Continuing Operations</b>	<b>339.4</b>	<b>20.0%</b>	<b>391.5</b>	<b>21.4%</b>	<b>15.4%</b>
(+) Net Income from Discontinued Operations	(0.2)	0.0%	(2.6)	-0.1%	1,535.4%
<b>Net Income</b>	<b>339.3</b>	<b>20.0%</b>	<b>388.9</b>	<b>21.3%</b>	<b>14.6%</b>
EPS	0.54	-	0.62	-	15.8%
EPS from Continuing Operations	0.54	-	0.62	-	16.2%

**Net Income from Continuing Operations** totaled R\$391.5 million in the quarter, 15.4% higher than in 1Q23, with an expansion of 1.4 percentage points in Net Margin. The growth in Net Income from Continuing Operations is mainly due to the 8.1% expansion in EBIT from Continuing Operations and the 22.7% reduction in Net Financial Expenses.

## Cash Flow (Continuing and Discontinued Operations)

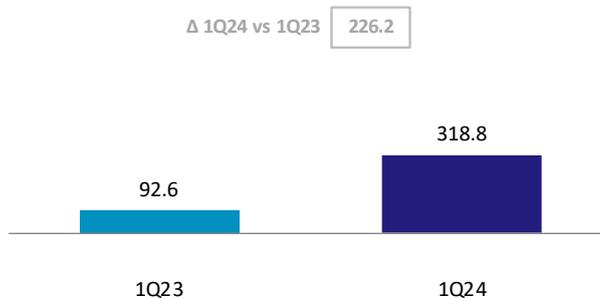
**Graph 8**

**Cash Flow from Operations (R\$ mm)**



**Graph 9**

**Free Cash Flow (R\$ mm)**



**Table 11**

(R\$ million)	1Q23	1Q24
Cash Flow from Operations	301.5	479.2
Capital increase in subsidiaries/associates	(4.3)	(0.0)
Purchase of Property, Plant and Equipment	(118.6)	(78.6)
Purchase of Intangible Assets	(85.2)	(81.8)
Acquisitions of Subsidiaries, Net of Cash Acquired	(0.2)	(0.4)
Sale of Property, Plant and Equipment	(0.8)	0.5
<b>(=) Free Cash Flow</b>	<b>92.6</b>	<b>318.8</b>

Cash Flow from Operations was R\$479.2 million in 1Q24, or 58.9% higher than 1Q23, the highest level ever recorded by the Company in a first quarter, and was positively impacted mainly by the R\$227.7 million reduction in investments in Inventories in 1Q24, compared to 1Q23, net of the variation in Suppliers and Assignment of Receivables from Suppliers, mainly as a result of the Company's strategy of reducing its internal inventories of raw materials and finished products.

The growth in Operating Cash Flow helped the Company to continue investing significantly in innovation and in the expansion of its production capacity, and to achieve free cash generation of R\$318.8 million, compared to R\$92.6 million in 1Q23.

## Net Debt

Table 12

(R\$ million)	4Q23	1Q24
Loans and Financing	(9,937.8)	(10,586.2)
Notes Payable	(24.1)	(24.4)
<b>Gross Debt</b>	<b>(9,961.8)</b>	<b>(10,610.6)</b>
Cash and Cash Equivalents	2,580.9	3,174.4
<b>Net Cash / (Debt)</b>	<b>(7,380.9)</b>	<b>(7,436.1)</b>
Unrealized Gain/Loss on Debt Hedge	(27.8)	11.1
<b>Net Cash / (Debt) After Hedge</b>	<b>(7,408.7)</b>	<b>(7,425.0)</b>

The Company ended 1Q24 with **Net Debt** after Hedge of R\$7,425.0 million, compared to R\$7,408.7 million recorded at the end of 4Q23, or 2.5x the EBITDA from Continuing Operations expected for 2024.

## Other Information

### Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	1Q23	2Q23	3Q23	4Q23	1Q24	(R\$ million)	1Q23	2Q23	3Q23	4Q23	1Q24
Receivables <sup>(1)</sup>	112	99	111	116	122	Receivables	2,320	2,691	2,896	2,642	2,730
Inventories <sup>(2)</sup>	352	252	253	282	265	Inventories	2,394	2,302	2,207	2,192	2,095
Payables <sup>(2)(3)</sup>	(184)	(117)	(110)	(108)	(93)	Payables <sup>(3)</sup>	(1,248)	(1,072)	(957)	(838)	(737)
<b>Cash Conversion Cycle</b>	<b>281</b>	<b>234</b>	<b>254</b>	<b>290</b>	<b>294</b>	<b>Working Capital</b>	<b>3,466</b>	<b>3,921</b>	<b>4,146</b>	<b>3,996</b>	<b>4,088</b>
						<b>% of Annualized Net Revenue <sup>(4)</sup></b>	<b>51%</b>	<b>44%</b>	<b>48%</b>	<b>54%</b>	<b>56%</b>

(1) Calculated based on Continuing Operations Gross Revenue, Net of Discounts

(2) Calculated based on Continuing Operations COGS

(3) Includes Suppliers' Assignment of Receivables

(4) Annualized Net Revenue for the last 3 months

### Tax Credits to offset Income Tax payment

i) **Federal Recoverable Taxes:** R\$388.7 million (please refer to Explanatory Note 13 of the Financial Statements)

ii) **Cash effect of Income Tax and Social Contribution Losses Carryforward:** R\$3,486.8 million (please refer to Explanatory Note 21(a) of the Financial Statements)

iii) **Goodwill:** the Company has R\$1,594.8 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\$542.2 million

### Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 14

(R\$ million)	1Q23	% NR	1Q24	% NR	Δ %
Net Income	339.3	20.0%	388.9	21.3%	14.6%
(+) Income Tax and CSLL	(69.5)	-4.1%	(19.1)	-1.0%	-72.5%
(+) Net Interest Expenses	265.8	15.7%	205.6	11.3%	-22.6%
(+) Depreciations / Amortizations	51.7	3.0%	68.4	3.7%	32.1%
<b>EBITDA</b>	<b>587.3</b>	<b>34.6%</b>	<b>643.7</b>	<b>35.2%</b>	<b>9.6%</b>
(-) EBITDA from Discontinued Operations	0.2	0.0%	4.0	0.2%	1,598.3%
<b>Adjusted EBITDA (EBITDA from Continuing Operations)</b>	<b>587.5</b>	<b>34.6%</b>	<b>647.8</b>	<b>35.5%</b>	<b>10.2%</b>

EBITDA is a non-accounting measure prepared by the Company and it is calculated based on net income, added by income taxes, financial expenses net of financial income, depreciation and amortization. The Adjusted EBITDA, or EBITDA from Continuing Operations, represents the EBITDA, excluding the effects related to discontinued operations that affected the Company's EBITDA. The Company uses Adjusted EBITDA, or EBITDA from Continuing Operations, as a non-accounting measure, in order to present its performance in a way that better translates the operating cash generation potential of its business.

## Disclaimer

This release contains forward-looking statements that are exclusively related to the prospects of the business, its operating and financial results, and prospects for growth. These data are merely projections and, as such, based exclusively on our management's expectations for the future of the business and its continued access to capital to fund its business plan. These forward-looking statements substantially depend on changing market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors, as well as the risks shown in our filed disclosure documents, and are therefore subject to change without prior notice.

Additional unaudited information herein reflects management's interpretation of information taken from its financial information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. No data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

Our management is not responsible for compliance or accuracy of the management financial data discussed in this report, which must be considered as for informational purposes only, and should not override the analysis of our audited consolidated financial statements or our reviewed quarterly information for purposes of a decision to invest in our stock, or for any other purpose.

## Consolidated Income Statement (R\$ thousand)

Table 15

	1Q23	1Q24
<b>Net Revenue</b>	<b>1,698,195</b>	<b>1,826,660</b>
Cost of Goods Sold	(612,086)	(711,347)
<b>Gross Profit</b>	<b>1,086,109</b>	<b>1,115,313</b>
Selling and Marketing Expenses	(477,671)	(477,403)
General and Administrative Expenses	(80,757)	(71,112)
Other Operating Revenues (Expenses)	7,247	15,165
Equity in Subsidiaries	875	(2,559)
<b>Operating Income Before Equity Income and Financial Result</b>	<b>535,803</b>	<b>579,404</b>
Net Financial Expenses	(265,785)	(205,597)
Financial Expenses	(330,510)	(286,182)
Financial Income	64,725	80,585
<b>Profit Before Income Tax and Social Contribution</b>	<b>270,018</b>	<b>373,807</b>
Income Tax and Social Contribution	69,399	17,740
<b>Net Income from Continuing Operations</b>	<b>339,417</b>	<b>391,547</b>
Net Income from Discontinued Operations	(161)	(2,633)
<b>Income for the Period</b>	<b>339,256</b>	<b>388,914</b>
<b>Earnings per Share – R\$</b>	<b>0.54</b>	<b>0.62</b>

## Consolidated Balance Sheet (R\$ thousand)

**Table 16**

Assets	12/31/2023	03/31/2024	Liabilities and Shareholders' Equity	12/31/2023	03/31/2024
<b>Current Assets</b>	<b>8,077,766</b>	<b>8,665,231</b>	<b>Current Liabilities</b>	<b>4,644,236</b>	<b>4,796,014</b>
Cash and Cash Equivalents	2,580,893	3,174,444	Suppliers	389,667	376,189
Accounts Receivables	2,642,146	2,729,910	Assignment of Receivables	448,307	361,162
Inventories	2,191,731	2,095,425	Loans, Financing and Debentures	2,120,539	2,386,149
Recoverable Taxes	446,514	397,819	Salaries Payable	442,286	286,082
Financial Derivatives	295	19,250	Income Tax and Social Contribution	3,759	4,528
Other Assets	211,392	248,383	Taxes Payable	86,565	112,523
Dividends and IOC receivables	4,795	0	Accounts Payable	418,705	411,694
			Dividends and IOC Payable	696,966	827,644
			Notes Payable	20,457	20,654
			Financial Derivatives	16,985	9,389
<b>Non-Current Assets</b>	<b>16,430,985</b>	<b>16,607,755</b>	<b>Non-Current Liabilities</b>	<b>8,346,642</b>	<b>8,754,409</b>
<b>Long Term Assets</b>	<b>1,317,883</b>	<b>1,350,178</b>	Loans, Financing and Debentures	7,817,240	8,200,071
Deferred Income Tax and Social Contribution	869,524	937,444	Deferred Income Tax and Social Contribution	175,752	201,441
Recoverable Taxes	222,666	173,288	Taxes Payable	2,805	38,744
Other Assets	213,845	228,417	Accounts Payable	180,905	168,823
Financial Derivatives	11,848	11,029	Provisions for Contingencies	127,553	131,002
			Notes Payable	3,600	3,703
			Financial Derivatives	38,787	10,625
<b>Fixed Assets and Investments</b>	<b>15,113,102</b>	<b>15,257,577</b>	<b>Shareholders' Equity</b>	<b>11,517,873</b>	<b>11,722,563</b>
Investments	120,639	122,894	Capital	4,478,126	9,047,670
Biological Assets	12,583	11,330	Capital Reserve	1,190,071	1,181,097
Property, Plants and Equipments	3,548,040	3,607,548	Equity Valuation Adjustments	(278,927)	(277,478)
Intangible Assets	11,431,840	11,515,805	Profit Reserves	6,135,131	1,565,587
			Treasury Stock	(20,277)	(13,083)
			Attributed to non-controlling shareholders	13,749	11,184
			Income for the Period	0	207,586
<b>Total Assets</b>	<b>24,508,751</b>	<b>25,272,986</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>24,508,751</b>	<b>25,272,986</b>

## Consolidated Cash Flow Statement (R\$ thousand)

**Table 17**

	1Q23	1Q24
<b>Cash Flows from Operating Activities</b>		
Income (Loss) Before Income Taxes including Discontinued Operations	269.781	369.782
Depreciation and Amortization	51.746	68.353
Asset Impairment	0	218
Gain on Permanent Asset Disposals	180	(1.094)
Equity Method	(875)	2.874
Foreign Exchange (Gains) Losses	11.752	3.317
Net Interest and Related Revenue/Expenses	254.033	202.280
Expenses Related to Share Based Remuneration	6.522	5.902
Provisions and Others	(13.128)	34.954
<b>Adjusted Results</b>	<b>580.011</b>	<b>686.586</b>
<b>Decrease (Increase) in Assets</b>	<b>(160.907)</b>	<b>26.131</b>
Trade Accounts Receivable	197.953	(96.345)
Inventories	(230.491)	74.106
Recoverable Taxes	36.799	98.437
Judicial Deposits and Others	(1.190)	(11.276)
Other Accounts Receivable	(163.978)	(38.791)
<b>Increase (Decrease) in Liabilities</b>	<b>(117.587)</b>	<b>(233.551)</b>
Suppliers	12.938	(21.265)
Assignment of Receivables	(44.392)	(87.146)
Financial Derivatives	(4.094)	(10.256)
Income Tax and Social Contribution Paid	(154)	(771)
Taxes Payable	4.621	61.897
Salaries and Payroll Charges	(76.563)	(156.205)
Accounts Payable	5.957	(12.412)
Operations Interest Paid	(11.958)	(2.949)
Other Accounts Payable	(3.942)	(4.444)
<b>Net Cash Provided by Operating Activities</b>	<b>301.517</b>	<b>479.166</b>
<b>Cash Flows from Investing Activities</b>		
Capital Increase/Decrease in Subsidiaries/Affiliates	(4.250)	(451)
Acquisitions of Subsidiaries, Net of Cash Acquired	(157)	0
Acquisitions of Property, Plant and Equipment	(118.555)	(78.605)
Intangible Assets	(85.155)	(81.823)
Proceeds from the Sale of Assets with Permanent Nature	(817)	490
Interest and Others	38.316	54.887
<b>Net Cash From Investing Activities</b>	<b>(170.618)</b>	<b>(105.502)</b>
<b>Cash Flows from Financing Activities</b>		
Inflow from Loans and Financing	250.000	606.000
Treasury Stock Purchase / Sale	(18.321)	(7.660)
Repayment of Loans - Principal	(1.042.352)	(53.926)
Repayment of Loans - Interest	(363.658)	(246.703)
Dividends and IOC Paid	(677.503)	(53.975)
Loan Derivatives	(54.151)	(23.849)
<b>Net Cash From Financing Activities</b>	<b>(1.905.985)</b>	<b>219.887</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1.775.086)</b>	<b>593.551</b>
<b>Statement of Increase in Cash and Cash Equivalents, Net</b>		
Cash and Cash Equivalents at the Beginning of the Period	2.862.473	2.580.893
Cash and Cash Equivalents at the End of the Period	1.087.387	3.174.444
<b>Change in Cash and Cash Equivalent</b>	<b>(1.775.086)</b>	<b>593.551</b>

(A free translation of the original in Portuguese)

**Hypera S.A.**  
**Quarterly Information (ITR) at**  
**March 31, 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 March 31, 2024, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and explanatory notes.

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

### **Scope of review**

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

### **Conclusion**

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 quarter ended March 31, 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 quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Goiânia, April 26, 2024

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 March 31, 2024

# Hypera S.A.

## Balance sheet

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
<b>Assets</b>					<b>Liabilities and equity</b>				
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	2,963,077	2,366,433	3,174,444	2,580,893	Suppliers (Note 18)	775,961	771,973	376,189	389,667
Accounts receivable (Note 11)	2,681,657	2,596,277	2,729,910	2,642,146	Suppliers' assignment of receivables (Note 19)	7,875	14,640	361,162	448,307
Inventory (Note 12)	519,340	549,064	2,095,425	2,191,731	Loans, financing and debentures (Note 20)	2,379,644	2,108,923	2,386,149	2,120,539
Taxes recoverable (Note 13)	247,382	291,117	397,819	446,514	Salaries payable	166,012	296,198	286,082	442,286
Derivative financial instruments (Note 4(e))	18,422	-	19,250	295	Income tax and social contribution payable	-	-	4,528	3,759
Dividends receivable	30,593	35,389	-	4,795	Taxes payable (Note 22)	32,597	19,981	112,523	86,565
Other assets (Note 14)	144,125	126,609	248,383	211,392	Notes payable	20,654	20,457	20,654	20,457
	<u>6,604,596</u>	<u>5,964,889</u>	<u>8,665,231</u>	<u>8,077,766</u>	Dividends and interest on capital payable	827,644	696,966	827,644	696,966
					Derivative financial instruments (Note 4(e))	7,730	859	9,389	16,985
					Other liabilities (Note 23)	285,313	293,770	411,694	418,705
						<u>4,503,430</u>	<u>4,223,767</u>	<u>4,796,014</u>	<u>4,644,236</u>
Non-current assets					Non-current liabilities				
Long-term receivables					Loans, financing and debentures (Note 20)	8,199,832	7,817,139	8,200,071	7,817,240
Deferred income tax and social contribution (Note 21)	877,306	828,826	937,444	869,524	Taxes payable (Note 22)	34,629	-	38,744	2,805
Taxes recoverable (Note 13)	118,203	165,273	173,288	222,666	Deferred income tax and social contribution (Note 21)	-	-	201,441	175,752
Derivative financial instruments (Note 4(e))	11,029	11,841	11,029	11,848	Provision for contingencies (Note 24)	119,474	115,810	131,002	127,553
Other assets (Note 14)	203,008	188,052	228,417	213,845	Derivative financial instruments (Note 4(e))	10,625	38,781	10,625	38,787
	<u>1,209,546</u>	<u>1,193,992</u>	<u>1,350,178</u>	<u>1,317,883</u>	Notes payable	3,703	3,600	3,703	3,600
					Other liabilities (Note 23)	100,830	116,388	168,823	180,905
						<u>8,469,093</u>	<u>8,091,718</u>	<u>8,754,409</u>	<u>8,346,642</u>
Biological assets	-	-	11,330	12,583	Total liabilities	<u>12,972,523</u>	<u>12,315,485</u>	<u>13,550,423</u>	<u>12,990,878</u>
Investments (Note 15)	6,512,933	6,299,087	122,894	120,639	<b>Equity</b>				
Property, plant and equipment (Note 16)	283,141	298,941	3,607,548	3,548,040	Share capital (Note 25 (a))	9,047,670	4,478,126	9,047,670	4,478,126
Intangible assets (Note 17)	10,073,686	10,062,700	11,515,805	11,431,840	Capital reserves	1,181,097	1,190,071	1,181,097	1,190,071
	<u>16,869,760</u>	<u>16,660,728</u>	<u>15,257,577</u>	<u>15,113,102</u>	Equity valuation adjustments	(277,478)	(278,927)	(277,478)	(278,927)
					Profit reserves	1,565,587	6,135,131	1,565,587	6,135,131
	<u>18,079,306</u>	<u>17,854,720</u>	<u>16,607,755</u>	<u>16,430,985</u>	Treasury shares	(13,083)	(20,277)	(13,083)	(20,277)
					Net income for the period	207,586	-	207,586	-
					<b>Equity attributable to the owners of the parent company</b>	<u>11,711,379</u>	<u>11,504,124</u>	<u>11,711,379</u>	<u>11,504,124</u>
					Equity attributable to non-controlling interests	-	-	11,184	13,749
					<b>Total equity</b>	<u>11,711,379</u>	<u>11,504,124</u>	<u>11,722,563</u>	<u>11,517,873</u>
Total assets	<u>24,683,902</u>	<u>23,819,609</u>	<u>25,272,986</u>	<u>24,508,751</u>	Total liabilities and equity	<u>24,683,902</u>	<u>23,819,609</u>	<u>25,272,986</u>	<u>24,508,751</u>

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

# Hypera S.A.

## Statement of income Quarters ended March 31

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>March 31, 2023</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Continuing operations</b>				
Net revenue (Note 26)	1,837,566	1,717,871	1,826,660	1,698,195
Cost of sales (Note 27(a))	(858,673)	(819,029)	(711,347)	(612,086)
	<b>978,893</b>	<b>898,842</b>	<b>1,115,313</b>	<b>1,086,109</b>
<b>Gross profit</b>				
Selling and marketing expenses (Note 27(a))	(401,335)	(415,452)	(477,403)	(477,671)
General and administrative expenses (Note 27(a))	(46,668)	(53,707)	(71,112)	(80,757)
Other operating income (expenses), net (Note 27(b))	20,756	(19,139)	15,165	7,247
Equity accounting (Note 15 (b))	47,802	108,621	(2,559)	875
	<b>599,448</b>	<b>519,165</b>	<b>579,404</b>	<b>535,803</b>
<b>Income before financial income and expenses</b>				
Financial income (Note 27 (c))	71,812	57,833	80,585	64,725
Financial expenses (Note 27 (d))	(318,087)	(350,905)	(286,182)	(330,510)
	<b>(246,275)</b>	<b>(293,072)</b>	<b>(205,597)</b>	<b>(265,785)</b>
<b>Financial expenses, net</b>				
<b>Income before income tax and social contribution</b>	<b>353,173</b>	<b>226,093</b>	<b>373,807</b>	<b>270,018</b>
Income tax and social contribution (Note 21(c))	41,700	112,506	17,740	69,399
	<b>394,873</b>	<b>338,599</b>	<b>391,547</b>	<b>339,417</b>
<b>Net income from continuing operations</b>				
<b>Discontinued operations</b>				
Loss from discontinued operations	(2,633)	(161)	(2,633)	(161)
	<b>392,240</b>	<b>338,438</b>	<b>388,914</b>	<b>339,256</b>
<b>Net income for the year</b>				
<b>Attributable to</b>				
Owners of the parent company			392,240	338,438
Non-controlling interests			(3,326)	818
			<b>388,914</b>	<b>339,256</b>
<b>Earnings per share</b>				
Basic earnings per share (in R\$)			0.61972	0.53533
Diluted earnings per share (in R\$)			0.61467	0.53110
<b>Earnings per share – Continuing operations</b>				
Basic earnings per share (in R\$)			0.62389	0.53688
Diluted earnings per share (in R\$)			0.61880	0.53263

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

# Hypera S.A.

## Statement of comprehensive income Quarters ended March 31

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>March 31, 2023</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Net income for the year</b>	<b>392,240</b>	<b>338,438</b>	<b>388,914</b>	<b>339,256</b>
Other comprehensive income				
<b>Items that will be reclassified to profit or loss</b>				
Cash flow hedge – effective portion of the changes in fair value	3,348	(23,283)	3,348	(23,283)
Income tax and social contribution on other comprehensive income	(1,138)	7,916	(1,138)	7,916
	<u>2,210</u>	<u>(15,367)</u>	<u>2,210</u>	<u>(15,367)</u>
<b>Other comprehensive income, net of income tax and social contribution</b>	<b>2,210</b>	<b>(15,367)</b>	<b>2,210</b>	<b>(15,367)</b>
<b>Comprehensive income for the period</b>	<b>394,450</b>	<b>323,071</b>	<b>391,124</b>	<b>323,889</b>
<b>Attributable to</b>				
Owners of the parent company			394,450	323,071
Non-controlling interests			(3,326)	818
			<u>391,124</u>	<u>323,889</u>

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

# Hypera S.A.

## Statement of changes in equity Quarters ended March 31 In thousands of Reais

(A free translation of the original in Portuguese)

	Capital reserves					Profit reserves					Equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity
	Capital	Premium on share issuance	Stock options	Debtenture subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve	Retained earnings			
<b>At January 1, 2023</b>	<b>4,478,126</b>	<b>1,049,560</b>	<b>132,906</b>	<b>50,244</b>	<b>(87,134)</b>	<b>(244,191)</b>	<b>180,592</b>	<b>4,955,200</b>	<b>130,457</b>	<b>-</b>	<b>10,645,760</b>	<b>9,681</b>	<b>10,655,441</b>
Stock options	-	-	6,520	-	-	-	-	-	-	-	6,520	-	6,520
Results of sales of treasury shares	-	(31,522)	-	-	-	-	-	-	-	-	(31,522)	-	(31,522)
Sales of shares (Note 25(b))	-	-	-	-	57,626	-	-	-	-	-	57,626	-	57,626
Goodwill on interests in subsidiaries	-	-	-	-	-	(1,404)	-	-	-	-	(1,404)	-	(1,404)
Net income for the year	-	-	-	-	-	-	-	-	-	338,438	338,438	-	338,438
Interest on capital	-	-	-	-	-	-	-	-	-	(194,768)	(194,768)	-	(194,768)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,223	2,223
<b>Other comprehensive income</b>													
Gains or losses on derivatives, net of tax	-	-	-	-	-	(15,367)	-	-	-	-	(15,367)	-	(15,367)
<b>At March 31, 2023</b>	<b>4,478,126</b>	<b>1,018,038</b>	<b>139,426</b>	<b>50,244</b>	<b>(29,508)</b>	<b>(260,962)</b>	<b>180,592</b>	<b>4,955,200</b>	<b>130,457</b>	<b>143,670</b>	<b>10,805,283</b>	<b>11,904</b>	<b>10,817,187</b>
<b>At January 1, 2024</b>	<b>4,478,126</b>	<b>978,160</b>	<b>161,667</b>	<b>50,244</b>	<b>(20,277)</b>	<b>(278,927)</b>	<b>262,990</b>	<b>5,736,784</b>	<b>135,357</b>	<b>-</b>	<b>11,504,124</b>	<b>13,749</b>	<b>11,517,873</b>
Paid-up capital	4,569,544	-	-	-	-	-	-	(4,569,544)	-	-	-	-	-
Stock options	-	(14,854)	-	-	-	-	-	-	-	-	(14,854)	-	(14,854)
Results of sales of treasury shares	-	-	5,880	-	-	-	-	-	-	-	5,880	-	5,880
Goodwill on interests in subsidiaries	-	-	-	-	-	(761)	-	-	-	-	(761)	-	(761)
Acquisitions of shares (Note 25 (b))	-	-	-	-	(20,685)	-	-	-	-	-	(20,685)	-	(20,685)
Sales of shares (Note 25(b))	-	-	-	-	27,879	-	-	-	-	-	27,879	-	27,879
Net income for the year	-	-	-	-	-	-	-	-	-	392,240	392,240	-	392,240
Interest on capital	-	-	-	-	-	-	-	-	-	(184,654)	(184,654)	-	(184,654)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,565)	(2,565)
<b>Other comprehensive income</b>													
Gains or losses on derivatives, net of tax	-	-	-	-	-	2,210	-	-	-	-	2,210	-	2,210
<b>At March 31, 2024</b>	<b>9,047,670</b>	<b>963,306</b>	<b>167,547</b>	<b>50,244</b>	<b>(13,083)</b>	<b>(277,478)</b>	<b>262,990</b>	<b>1,167,240</b>	<b>135,357</b>	<b>207,586</b>	<b>11,711,379</b>	<b>11,184</b>	<b>11,722,563</b>

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

# Hypera S.A.

## Statement of cash flows Quarters ended March 31

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Cash flows from operating activities</b>				
<b>Income before income tax and social contribution, including discontinued operations</b>	349,159	225,813	369,782	269,781
<b>Adjustments</b>				
Depreciation and amortization	22,501	19,298	68,353	51,746
Impairment of assets	214	-	218	-
Results of sales of fixed assets	(1,021)	(27)	(1,094)	180
Equity accounting	(47,461)	(108,706)	2,874	(875)
Foreign exchange losses (gains)	(31)	63	3,317	11,752
Interest and related expenses (income), net	246,306	293,009	202,280	254,033
Share-based compensation expenses	4,466	5,722	5,902	6,522
Provisions (reversals) and other	39,995	29,580	34,954	(13,128)
<b>Adjusted income</b>	<b>614,128</b>	<b>464,752</b>	<b>686,586</b>	<b>580,011</b>
<b>Changes in assets and liabilities</b>				
Accounts receivable	(93,668)	199,687	(96,345)	197,953
Inventory	5,457	(150,980)	74,106	(230,491)
Taxes recoverable	101,488	37,436	98,437	36,799
Deposits with courts and others	(11,299)	(1,108)	(11,276)	(1,190)
Other accounts receivable	(20,273)	(129,255)	(38,791)	(163,978)
Suppliers	3,986	(1,101)	(21,265)	12,938
Suppliers' assignments of receivables	(6,764)	(10,213)	(87,146)	(44,392)
Derivative financial instruments	-	-	(10,256)	(4,094)
Accounts payable	(3,252)	(4,389)	(12,412)	5,957
Taxes payable	47,245	(3,261)	61,897	4,621
Payroll and related taxes	(130,187)	(51,071)	(156,205)	(76,563)
Other accounts payable	(4,304)	(3,587)	(4,444)	(3,942)
Interest on transactions	(5,151)	(4,815)	(2,949)	(11,958)
Income tax and social contribution paid	-	-	(771)	(154)
<b>Net cash provided by operating activities</b>	<b>497,406</b>	<b>342,095</b>	<b>479,166</b>	<b>301,517</b>
<b>Cash flows from investing activities</b>				
Acquisitions of subsidiaries (less net cash upon acquisition)	-	(157)	-	(157)
Capital increases in subsidiaries/associates	(159,605)	(7,788)	(451)	(4,250)
Purchases of property, plant and equipment	(3,385)	(13,729)	(78,605)	(118,555)
Purchases of intangible assets	(21,129)	(8,079)	(81,823)	(85,155)
Proceeds from sales of fixed assets	466	(632)	490	(817)
Interest and other	49,735	34,539	54,887	38,316
Loans receivable	2,159	780	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(131,759)</b>	<b>4,934</b>	<b>(105,502)</b>	<b>(170,618)</b>
<b>Cash flows from financing activities</b>				
Purchases of treasury shares	(20,685)	(44,425)	(20,685)	(44,425)
Derivative financial instruments	(23,855)	(54,151)	(23,849)	(54,151)
Sales of treasury shares	13,025	26,104	13,025	26,104
Loans taken out	600,000	250,000	606,000	250,000
Payment of loans – principal	(40,009)	(1,039,700)	(53,926)	(1,042,352)
Payment of loans – interest	(244,365)	(361,606)	(246,703)	(363,658)
Dividends and interest on capital paid	(53,975)	(677,503)	(53,975)	(677,503)
Loans payable	861	1,941	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>230,997</b>	<b>(1,899,340)</b>	<b>219,887</b>	<b>(1,905,985)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>596,644</b>	<b>(1,552,311)</b>	<b>593,551</b>	<b>(1,775,086)</b>
Cash and cash equivalents at the beginning of the period	2,366,433	2,597,837	2,580,893	2,862,473
Cash and cash equivalents at the end of the period	2,963,077	1,045,526	3,174,444	1,087,387
<b>Change in cash and cash equivalents</b>	<b>596,644</b>	<b>(1,552,311)</b>	<b>593,551</b>	<b>(1,775,086)</b>
<b>Transactions not involving cash</b>	<b>1,943</b>	<b>991</b>	<b>22,181</b>	<b>31,263</b>
Acquisitions of property, plant and equipment	1,943	991	22,181	31,263

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

# Hypera S.A.

## Statement of value added (\*)

### Quarters ended March 31

In thousands of Reais

(A free translation of the original in Portuguese)

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>March 31, 2023</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Gross revenue</b>				
Sales of goods and products, including discontinued operations	1,925,872	1,797,602	1,977,981	1,837,689
Other income	54,125	10,187	67,061	46,159
Income related to construction of own assets	2,595	7,247	25,690	49,083
Allowance for doubtful accounts	449	(471)	156	(502)
	<u>1,983,041</u>	<u>1,814,565</u>	<u>2,070,888</u>	<u>1,932,429</u>
<b>Inputs acquired from third parties</b>				
Costs of materials, goods and services sold	(823,029)	(813,024)	(536,389)	(512,377)
Materials, power, third-party services and others	(288,686)	(324,346)	(463,439)	(505,546)
Impairment of assets	(50,279)	(31,083)	(45,194)	(34,094)
	<u>(1,161,994)</u>	<u>(1,168,453)</u>	<u>(1,045,022)</u>	<u>(1,052,017)</u>
<b>Gross value added</b>	<u>821,047</u>	<u>646,112</u>	<u>1,025,866</u>	<u>880,412</u>
Depreciation and amortization	(22,501)	(19,298)	(68,353)	(51,746)
<b>Net value added generated by the Company</b>	<u>798,546</u>	<u>626,814</u>	<u>957,513</u>	<u>828,666</u>
<b>Transfers of value added received</b>				
Equity accounting	47,461	108,706	(2,874)	875
Financial income	71,812	57,833	80,585	64,725
	<u>119,273</u>	<u>166,539</u>	<u>77,711</u>	<u>65,600</u>
<b>Total value added to be distributed</b>	<u>917,819</u>	<u>793,353</u>	<u>1,035,224</u>	<u>894,266</u>
<b>Distribution of value added</b>				
Personnel and charges	189,818	191,149	351,896	363,504
Salaries and wages	154,284	157,211	273,593	294,555
Benefits	24,771	23,400	59,606	49,889
Government severance indemnity fund for employees (FGTS)	10,763	10,538	18,697	19,060
Taxes and contributions	15,948	(88,815)	4,392	(143,666)
Federal	(24,024)	(99,346)	26,439	(36,968)
State	39,492	10,083	(22,949)	(107,470)
Municipal	480	448	902	772
Interest	318,027	350,864	285,915	330,240
Rentals	1,786	1,717	4,107	4,932
Capital remuneration	392,240	338,438	388,914	339,256
Interest on capital	184,654	194,768	184,654	194,768
Retained earnings	207,586	143,670	207,586	143,670
Non-controlling interests	-	-	(3,326)	818
<b>Total value added distributed</b>	<u>917,819</u>	<u>793,353</u>	<u>1,035,224</u>	<u>894,266</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 individual and consolidated quarterly information.

(A free translation of the original in Portuguese)

# **Hypera S.A.**

Quarterly Information (ITR)  
at March 31, 2024

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## **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.<sup>1</sup> 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<sup>1,2</sup> 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 drugs,<sup>1</sup> including brands such as Apracur, Benegrip, Buscopan, Cristina 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 years;<sup>3</sup>
- d) Through the Neo Química brand, the Company is placed second in the Similar and Generic drugs market in Brazil.<sup>1</sup> The brand is Top of Mind for generic drugs,<sup>3</sup> and is present at almost all Brazilian pharmaceutical points of sale,<sup>1</sup> 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, comprised of public and private hospitals and clinics, which represent almost 40% of the total pharmaceutical market in Brazil.<sup>1</sup> 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).

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<sup>1</sup> IQVIA data.

<sup>2</sup> Considering CT Level 2 classification.

<sup>3</sup> According to Datafolha.

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. ("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), and 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 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 comparative quarter ended March 31, 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 April 26, 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 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 March 31, 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:

	<b>Parent company</b>					
	<b>March 31, 2024</b>			<b>December 31, 2023</b>		
	<b>US\$ '000</b>	<b>EUR '000</b>	<b>RS '000</b>	<b>US\$ '000</b>	<b>EUR '000</b>	<b>RS '000</b>
<b>Liabilities</b>						
Suppliers	47	-	234	172	-	834
Suppliers' assignments of receivables	-	-	-	-	-	-
Loans and financing	65,113	54,504	621,512	65,787	56,667	622,644
Derivative instruments to mitigate risks	(65,000)	(54,473)	(620,777)	(65,000)	(54,795)	(607,447)
Other payables	-	-	-	-	-	-
Net exposure	<u>160</u>	<u>31</u>	<u>969</u>	<u>959</u>	<u>1,872</u>	<u>16,031</u>
	<b>Consolidated</b>					
	<b>March 31, 2024</b>			<b>December 31, 2023</b>		
	<b>US\$ '000</b>	<b>EUR '000</b>	<b>RS '000</b>	<b>US\$ '000</b>	<b>EUR '000</b>	<b>RS '000</b>
<b>Assets</b>						
Customers	(398)	-	(1,996)	-	-	-
<b>Liabilities</b>						
Suppliers	3,909	-	19,606	5,348	-	25,961
Suppliers' assignments of receivables	21,878	-	109,727	35,233	-	171,023
Loans and financing	65,113	54,504	621,512	65,787	56,697	622,807
Derivative instruments to mitigate risks	(79,629)	(54,396)	(693,732)	(119,627)	(54,795)	(874,331)
Other payables	226	42	1,336	377	15	1,924
Net exposure	<u>11,099</u>	<u>150</u>	<u>56,453</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) and the Reference Rate (IPCA) are presented in the following table:

	<b>March 31, 2024</b>	
	<b>Parent company</b>	<b>Consolidated</b>
Loans, financing and swaps – CDI	926,532	938,063
Financing – TJLP	313,370	313,370
Debentures – CDI	2,460,425	2,460,425
Debentures – IPCA	579,611	579,611
Notes payable – CDI	9,573	9,573
Financial investments – CDI (Note 10)	(2,934,123)	(3,140,155)
Net exposure	1,355,388	1,160,887

**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**

	<b>March 31, 2024</b>				
	<b>Less than one year</b>	<b>From one to two years</b>	<b>From two to five years</b>	<b>More than five years</b>	<b>Overall total</b>
Debentures	2,159,172	2,452,200	6,054,972	833,059	11,499,403
Loans and financing	930,603	865,744	180,667	36,002	2,013,016
Notes payable	20,654	3,703	-	-	24,357
Suppliers	775,961	-	-	-	775,961
Suppliers' assignments of receivables	7,875	-	-	-	7,875
Other payables	285,313	38,254	32,200	22,973	378,740
Derivative financial instruments	(7,313)	(50,534)	-	-	(57,847)
	4,172,265	3,309,367	6,267,839	892,034	14,641,505

	<b>December 31, 2023</b>				
	<b>Less than one year</b>	<b>From one to two years</b>	<b>From two to five years</b>	<b>More than five years</b>	<b>Overall total</b>
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
	3,989,902	2,909,730	6,215,947	921,366	14,036,945

## Consolidated

	March 31, 2024				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	2,159,172	2,452,200	6,054,972	833,059	11,499,403
Loans and financing	937,388	865,744	180,667	36,002	2,019,801
Notes payable	20,654	3,703	-	-	24,357
Suppliers	376,189	-	-	-	376,189
Suppliers' assignments of receivables	361,162	-	-	-	361,162
Other payables	411,694	66,592	48,654	45,922	572,862
Derivative financial instruments	(5,981)	(50,534)	-	-	(56,515)
	<u>4,260,278</u>	<u>3,337,705</u>	<u>6,284,293</u>	<u>914,983</u>	<u>14,797,259</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 March 31, 2024, the derivative instruments contracted by the Company totaled R\$ (5,599,265) (at December 31, 2023 – R\$ (5,418,666)) in the consolidated and R\$ (5,672,220) (at December 31, 2023 – R\$ (5,685,550)) in the parent company. The results of the transactions not yet settled represented gains of R\$ 10,265 (at December 31, 2023 losses of R\$ 43,629) in the consolidated and gains of R\$ 11,096 (at December 31, 2023 losses of R\$ 27,799) in the parent company.

At March 31, 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	
		Mar/24	Dec/23	Mar/24	Dec/23	Mar/24	Dec/23
<i>(In R\$ thousand)</i>							
<b>Foreign currency</b>							
<b>Forward contracts</b>							
Long position		-	-	-	-	-	-
Short position		-	-	-	-	-	-
<b>Swaps</b>							
Long position	BNP, Citibank	620,777	607,447	205	(33,583)	(32,442)	(60,752)
<b>Subtotal</b>		<u>620,777</u>	<u>607,447</u>	<u>205</u>	<u>(33,583)</u>	<u>(32,442)</u>	<u>(60,752)</u>
<b>Interest rate</b>							
<b>Swaps – Asset Position – Fixed</b>							
Long position	BNP Paribas, Itaú, Merrill Lynch, Santander, XP Investimentos	1,000,000	1,000,000	4,086	10,251	24	(7,004)
Short position	BNP Paribas, Itaú, BOFA, XP Investimentos, Santander	(7,292,997)	(7,292,997)	6,805	(4,467)	11,480	-
<b>Total</b>		<u>(5,672,220)</u>	<u>(5,685,550)</u>	<u>11,096</u>	<u>(27,799)</u>	<u>(20,938)</u>	<u>(67,756)</u>

## Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
		Mar/24	Dec/23	Mar/24	Dec/23	Mar/24	Dec/23
<i>(In R\$ thousand)</i>							
<b>Foreign currency</b>							
<b>Forward contracts</b>		<b>72,955</b>	<b>266,884</b>	<b>(830)</b>	<b>(15,950)</b>	<b>(10,253)</b>	<b>(86,697)</b>
Long position	ABC Brasil, Banco do Brasil, BNP Paribas, Bradesco, BTG, CitiBank, Itaú, JP Morgan, Merrill Lynch, Safra, Santander, Votorantim, XP Investimentos	76,762	299,730	(990)	(16,202)	(9,963)	(91,226)
Short position	ABC Brasil, Banco do Brasil, JP Morgan, Merrill Lynch, Votorantim, XP Investimentos	(3,807)	(32,846)	160	252	(290)	4,529
<b>Swaps</b>		<b>620,777</b>	<b>607,447</b>	<b>205</b>	<b>(33,464)</b>	<b>(32,442)</b>	<b>(60,752)</b>
Long position	BNP, Citibank	620,777	607,447	205	(33,464)	(32,442)	(60,752)
<b>Subtotal</b>		<b>693,732</b>	<b>874,331</b>	<b>(625)</b>	<b>(49,414)</b>	<b>(42,695)</b>	<b>(147,449)</b>
<b>Interest rate</b>							
<b>Swaps – Asset Position – Fixed</b>		<b>(6,292,997)</b>	<b>(6,292,997)</b>	<b>10,890</b>	<b>5,785</b>	<b>11,504</b>	<b>(7,004)</b>
Long position	BNP Paribas, Itaú, Merrill Lynch, Santander, XP Investimentos	1,000,000	1,000,000	4,085	10,251	24	(7,004)
Short position	BNP Paribas, Itaú, BOFA, XP Investimentos, Santander	(7,292,997)	(7,292,997)	6,805	(4,466)	11,480	-
<b>Total</b>		<b>(5,599,265)</b>	<b>(5,418,666)</b>	<b>10,265</b>	<b>(43,629)</b>	<b>(31,191)</b>	<b>(154,453)</b>

### 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 1.41% 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	4.945	5.086	3.762	6.269	2.508	7.523
<b>Foreign currency</b>						
<b>Economic hedges</b>	<b>(8,691)</b>	<b>8,691</b>	<b>(154,556)</b>	<b>154,556</b>	<b>(309,106)</b>	<b>309,112</b>
Forward contracts	-	-	-	-	-	-
Swaps	(8,691)	8,691	(154,556)	154,556	(309,106)	309,112
<b>Objects of the economic hedges</b>	<b>8,691</b>	<b>(8,691)</b>	<b>154,556</b>	<b>(154,556)</b>	<b>309,106</b>	<b>(309,112)</b>
Loans, financing and notes payable subject to short-term exchange rate variations	8,691	(8,691)	154,556	(154,556)	309,106	(309,112)
<b>Net effect</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Consolidated</b>						
Risk	Scenario I		Scenario II		Scenario III	
	(In R\$ thousand)					
			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	4.945	5.086	3.762	6.269	2.508	7.523
<b>Foreign currency</b>						
<b>Economic hedges</b>	<b>(9,698)</b>	<b>9,698</b>	<b>(172,460)</b>	<b>172,460</b>	<b>(344,914)</b>	<b>344,921</b>
Forward contracts	(1,007)	1,007	(17,904)	17,904	(35,808)	35,809
Swaps	(8,691)	8,691	(154,556)	154,556	(309,106)	309,112
<b>Objects of the economic hedges</b>	<b>9,717</b>	<b>(9,717)</b>	<b>172,802</b>	<b>(172,802)</b>	<b>345,598</b>	<b>(345,605)</b>
Loans, financing and notes payable subject to short-term exchange rate variations	9,717	(9,717)	172,802	(172,802)	345,598	(345,605)
<b>Net effect</b>	<b>19</b>	<b>(19)</b>	<b>342</b>	<b>(342)</b>	<b>684</b>	<b>(684)</b>

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 second quarter of 2024 are as follows:

### Parent company

<u>Variation scenarios</u>	<u>Likely scenario*</u>	<u>25% change</u>	<u>50% change</u>
Loans – CDI	(2,345)	24,669	49,338
Financing – TJLP	412	5,116	10,232
Debentures – CDI	(6,226)	65,509	131,018
Debentures – IPCA	705	2,391	4,782
Notes payable – CDI	(24)	255	510
Financial investments	7,425	(78,121)	(156,242)
<b>Total loss (gain)</b>	<b>(53)</b>	<b>19,819</b>	<b>39,638</b>

## Consolidated

<u>Variation scenarios</u>	<u>Likely scenario*</u>	<u>25% change</u>	<u>50% change</u>
Loans – CDI	(2,361)	24,846	49,691
Financing – TJLP	412	5,116	10,232
Debentures – CDI	(6,226)	65,509	131,018
Debentures – IPCA	705	2,391	4,782
Notes payable – CDI	(24)	255	510
Financial investments	7,946	(83,607)	(167,213)
<b>Total loss (gain)</b>	<b>452</b>	<b>14,510</b>	<b>29,020</b>

**\*Likely scenario assumptions**

Forecast CDI of 10.37% p.a.

Forecast TJLP of 6.67% p.a.

Forecast IPCA of 1.77 % p.q.

## 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 March 31, 2024 and December 31, 2023 may be summarized as follows:

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Total loans, financing and debentures (Note 20)	10,579,476	9,926,062	10,586,220	9,937,779
Total notes payable	24,357	24,057	24,357	24,057
Loss (gain) on financial hedges	(11,096)	27,799	(11,096)	27,799
Less: cash and cash equivalents (Note 10)	<u>(2,963,077)</u>	<u>(2,366,433)</u>	<u>(3,174,444)</u>	<u>(2,580,893)</u>
Debt (cash and cash equivalents), net	<u>7,629,660</u>	<u>7,611,485</u>	<u>7,425,037</u>	<u>7,408,742</u>
Total equity	<u>11,711,379</u>	<u>11,504,124</u>	<u>11,722,563</u>	<u>11,517,873</u>
Adjusted equity	<u>19,341,039</u>	<u>19,115,609</u>	<u>19,147,600</u>	<u>18,926,615</u>
Net debt to adjusted equity ratio	39.4%	39.8%	38.8%	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 March 31, 2024, as well as their fair values.

	<b>Parent company</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total balance</b>
<b>Assets</b>			
Derivative financial instruments	-	29,451	29,451
Total assets	-	29,451	29,451
<b>Liabilities</b>			
Derivative financial instruments	-	18,355	18,355
Total liabilities	-	18,355	18,355
	<b>Consolidated</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total balance</b>
<b>Assets</b>			
Derivative financial instruments	-	30,279	30,279
Total assets	-	30,279	30,279
<b>Liabilities</b>			
Derivative financial instruments	-	20,014	20,014
Total liabilities	-	20,014	20,014

The table below presents the Company's derivative instrument assets and liabilities at December 31, 2023, as well as the amounts measured at fair value.

	<b>Parent company</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total balance</b>
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
			<b>Consolidated</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Total balance</b>
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:

					<b>Parent company</b>
					<b>March 31, 2024</b>
<b>Operation</b>	<b>Index</b>	<b>Hedge type</b>	<b>Principal amount</b>	<b>Asset/(liability) balance</b>	<b>Gain (loss) in P&amp;L</b>
Loan – 4131*	USD + spread	Fair value	218,075	225,698	(2,567)
Swap – 4131*	USD + Spread vs. CDI	Fair value	218,075	7,152	-
Loan – 4131**	USD + spread	Fair value	94,600	103,596	(211)
Swap – 4131**	USD + Spread vs. CDI	Fair value	94,600	3,088	-
Loan – 4131	EUR + spread	Fair value	300,000	294,937	4,739
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	(10,035)	-
					<b>Consolidated</b>
					<b>March 31, 2024</b>
<b>Operation</b>	<b>Index</b>	<b>Hedge type</b>	<b>Principal amount</b>	<b>Asset/(liability) balance</b>	<b>Gain (loss) in P&amp;L</b>
Loan – 4131*	USD + spread	Fair value	218,075	225,698	(2,567)
Swap – CDI*	USD + Spread vs. CDI	Fair value	218,075	7,152	-
Loan – 4131**	USD + spread	Fair value	94,600	103,596	(211)
Swap – 4131**	USD + Spread vs. CDI	Fair value	94,600	3,088	-
Loan – 4131	EUR + spread	Fair value	300,000	294,937	4,739
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	(10,035)	-
					<b>Parent company</b>
					<b>December 31, 2023</b>
<b>Operation</b>	<b>Index</b>	<b>Hedge type</b>	<b>Principal amount</b>	<b>Asset/(liability) balance</b>	<b>Gain (loss) in P&amp;L</b>
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)	-

					<b>Consolidated</b>
					<b>December 31,</b>
					<b>2023</b>
<b>Operation</b>	<b>Index</b>	<b>Hedge type</b>	<b>Principal amount</b>	<b>Asset/(liability) balance</b>	<b>Gain (loss) in P&amp;L</b>
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 5.1833.

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:

<b>Parent company</b>					
<b>March 31, 2024</b>					
<b>Operation</b>	<b>Index</b>	<b>Hedge type</b>	<b>Principal amount</b>	<b>Asset/(liability) balance</b>	<b>Gain/(loss) in comprehensive income</b>
Debentures	CDI	Cash flow	500,000	500,000	39
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	(2,600)	-
Debentures	CDI	Cash flow	500,000	500,000	86
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	(1,757)	-
Debentures	CDI	Cash flow	750,000	750,000	968
Swaps	CDI+ vs Fixed Rate	Cash flow	750,000	628	-
Debentures	CDI	Cash flow	250,000	250,000	337
Swaps	CDI+ vs Fixed Rate	Cash flow	250,000	176	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	802
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(1,072)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	541
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	2,480	-
Debentures	CDI	Cash flow	800,000	800,000	249
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	2,499	-
Debentures	CDI	Cash flow	200,000	200,000	110
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	649	-
Debentures	CDI	Cash flow	550,000	550,000	282
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	1,680	-
Debentures	CDI	Cash flow	242,997	242,997	138
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	634	-
Debentures	CDI	Cash flow	500,000	500,000	1,202
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	2	-
<b>Consolidated</b>					
<b>March 31, 2024</b>					
<b>Operation</b>	<b>Index</b>	<b>Hedge type</b>	<b>Principal amount</b>	<b>Asset/(liability) balance</b>	<b>Gain/(loss) in comprehensive income</b>
Debentures	CDI	Cash flow	500,000	500,000	39
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	(2,600)	-
Debentures	CDI	Cash flow	500,000	500,000	86
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	(1,757)	-
Debentures	CDI	Cash flow	750,000	750,000	968
Swaps	CDI+ vs Fixed Rate	Cash flow	750,000	628	-
Debentures	CDI	Cash flow	250,000	250,000	337
Swaps	CDI+ vs Fixed Rate	Cash flow	250,000	176	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	802
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(1,072)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	541
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	2,480	-
Debentures	CDI	Cash flow	800,000	800,000	249
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	2,499	-
Debentures	CDI	Cash flow	200,000	200,000	110
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	649	-
Debentures	CDI	Cash flow	550,000	550,000	282
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	1,680	-
Debentures	CDI	Cash flow	242,997	242,997	138
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	634	-
Debentures	CDI	Cash flow	500,000	500,000	1,202
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	2	-
Suppliers	USD	Cash flow	14,552	(14,552)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	14,552	(830)	(254)
NDF Purchases	USD vs. R\$	Cash flow	-	-	-

<b>Parent company</b>					
<b>December 31, 2023</b>					
<b>Operation</b>	<b>Index</b>	<b>Hedge type</b>	<b>Principal amount</b>	<b>Asset/(liability) balance</b>	<b>Gain/(loss) in comprehensive income</b>
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)	-
<b>Consolidated</b>					
<b>December 31, 2023</b>					
<b>Operation</b>	<b>Index</b>	<b>Hedge type</b>	<b>Principal amount</b>	<b>Asset/(liability) balance</b>	<b>Gain/(loss) in comprehensive income</b>
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

	<b>March 31, 2024</b>				
	<b>Amortized cost</b>	<b>FVOCI</b>	<b>FVTPL</b>	<b>Designated as a cash flow hedge</b>	<b>Total</b>
<b>Financial assets as per the balance sheet</b>					
Accounts receivable (Note 11)	2,681,657	-	-	-	2,681,657
Financial investments (Note 10)	2,934,123	-	-	-	2,934,123
Cash and banks (Note 10)	28,954	-	-	-	28,954
Derivative financial instruments	-	-	20,703	8,748	29,451
Other assets	208,978	-	-	-	208,978
	<u>5,853,712</u>	<u>-</u>	<u>20,703</u>	<u>8,748</u>	<u>5,883,163</u>

	<b>March 31, 2024</b>				
	<b>Amortized cost</b>	<b>FVOCI</b>	<b>FVTPL</b>	<b>Designated as a cash flow hedge</b>	<b>Total</b>
<b>Financial liabilities as per the balance sheet</b>					
Loans, financing and debentures (Note 20)	10,579,476	-	-	-	10,579,476
Suppliers (Note 18)	775,961	-	-	-	775,961
Suppliers' assignments of receivables (Note 19)	7,875	-	-	-	7,875
Other payables	290,786	-	-	-	290,786
Notes payable	24,357	-	-	-	24,357
Derivative financial instruments	-	-	12,926	5,429	18,355
	<u>11,678,455</u>	<u>-</u>	<u>12,926</u>	<u>5,429</u>	<u>11,696,810</u>

	<b>December 31, 2023</b>				
	<b>Amortized cost</b>	<b>FVOCI</b>	<b>FVTPL</b>	<b>Designated as a cash flow hedge</b>	<b>Total</b>
<b>Financial assets as per the balance sheet</b>					
Accounts receivable (Note 11)	2,596,277	-	-	-	2,596,277
Financial investments (Note 10)	2,355,532	-	-	-	2,355,532
Cash and banks (Note 10)	10,901	-	-	-	10,901
Derivative financial instruments	-	-	11,018	823	11,841
Other assets	194,135	-	-	-	194,135
	<u>5,156,845</u>	<u>-</u>	<u>11,018</u>	<u>823</u>	<u>5,168,686</u>

	<b>December 31, 2023</b>				
	<b>Amortized cost</b>	<b>FVOCI</b>	<b>FVTPL</b>	<b>Designated as a cash flow hedge</b>	<b>Total</b>
<b>Financial liabilities as per the balance sheet</b>					
Loans, financing and debentures (Note 20)	9,926,062	-	-	-	9,926,062
Suppliers (Note 18)	771,973	-	-	-	771,973
Suppliers' assignments of receivables (Note 19)	14,640	-	-	-	14,640
Other payables	321,620	-	-	-	321,620
Notes payable	24,057	-	-	-	24,057
Derivative financial instruments	-	-	36,777	2,863	39,640
	<u>11,058,352</u>	<u>-</u>	<u>36,777</u>	<u>2,863</u>	<u>11,097,992</u>

## Consolidated

	March 31, 2024				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
<b>Financial assets as per the balance sheet</b>					
Accounts receivable (Note 11)	2,729,910	-	-	-	2,729,910
Financial investments (Note 10)	3,140,155	-	-	-	3,140,155
Cash and banks (Note 10)	34,289	-	-	-	34,289
Derivative financial instruments	-	-	20,703	9,576	30,279
Other assets	231,799	-	-	-	231,799
	<u>6,136,153</u>	<u>-</u>	<u>20,703</u>	<u>9,576</u>	<u>6,166,432</u>

	March 31, 2024				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
<b>Financial liabilities as per the balance sheet</b>					
Loans, financing and debentures (Note 20)	10,586,220	-	-	-	10,586,220
Suppliers (Note 18)	376,189	-	-	-	376,189
Suppliers' assignment of receivables (Note 19)	361,162	-	-	-	361,162
Other payables	452,565	-	-	-	452,565
Notes payable	24,357	-	-	-	24,357
Derivative financial instruments	-	-	12,926	7,088	20,014
	<u>11,800,493</u>	<u>-</u>	<u>12,926</u>	<u>7,088</u>	<u>11,820,507</u>

	December 31, 2023				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
<b>Financial assets as per the balance sheet</b>					
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
<b>Financial liabilities as per the balance sheet</b>					
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	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
<b>Current accounts and financial investments (*)</b>				
AAA	2,961,567	2,366,432	3,172,928	2,580,885
A	1,509	-	1,509	-
	2,963,076	2,366,432	3,174,437	2,580,885

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

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

	Parent company		Consolidated	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
<b>Derivative financial assets</b>				
AAA	28,823	11,841	29,582	12,021
AA+	-	-	-	122
A-	628	-	697	-
	29,451	11,841	30,279	12,143

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	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Cash and banks	28,954	10,901	34,289	30,561
Short-term investments:				
Repurchase transactions	1,944	2,062	1,944	2,062
Bank deposit certificates (CDBs)	2,932,179	2,353,470	3,138,211	2,548,270
	2,934,123	2,355,532	3,140,155	2,550,332
	2,963,077	2,366,433	3,174,444	2,580,893

Financial investments (both repurchase transactions and CDBs) have yields of between 97.5% and 109.0% of the CDI p.a. (at December 31, 2023, between 80% and 103.2% of the CDI p.a.), with a weighted average of 101.0% of the CDI p.a. (at December 31, 2023, 101.1% p.a.) and are substantially liquid.

## 11 Accounts receivable

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Domestic customers	2,700,962	2,616,023	2,751,470	2,664,750
Foreign customers	-	-	1,996	-
Expected credit losses	(19,305)	(19,746)	(23,556)	(22,604)
	<u>2,681,657</u>	<u>2,596,277</u>	<u>2,729,910</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:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Up to 3 months	24,135	4,514	24,219	4,408
From 3 to 6 months	1,138	118	1,008	118
Over 6 months	2,660	1,820	2,660	1,820
	<u>27,933</u>	<u>6,452</u>	<u>27,887</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 March 31, 2024 are as follows:

	<b>Parent company</b>	<b>Consolidated</b>
Balances at 12/31/2023	(19,746)	(22,604)
(Additions)/reversals, net	441	(963)
Disposals	-	11
Balances at 03/31/2024	<u>(19,305)</u>	<u>(23,556)</u>

## 12 Inventory

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Finished goods and goods for resale	580,645	604,903	831,941	887,751
Semi-finished goods	-	-	170,468	145,356
Raw materials	3	-	1,062,886	1,137,761
Maintenance and supplies	87	171	203,153	203,919
Provision for inventory losses	(61,395)	(56,010)	(173,023)	(183,056)
	<u>519,340</u>	<u>549,064</u>	<u>2,095,425</u>	<u>2,191,731</u>

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

	<u>Parent company</u>	<u>Consolidated</u>
At 12/31/2023	(56,010)	(183,056)
Additions for the period (a)	(48,137)	(39,818)
Write-offs for the period (b)	42,752	49,851
At 03/31/2024	<u>(61,395)</u>	<u>(173,023)</u>

(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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
PIS/COFINS/IPI and others (*)	192,587	276,857	291,855	378,389
ICMS	101,327	102,969	182,398	186,631
Recoverable IRPJ and CSLL	71,671	76,564	96,854	104,160
	<u>365,585</u>	<u>456,390</u>	<u>571,107</u>	<u>669,180</u>
Current	247,382	291,117	397,819	446,514
Non-current	118,203	165,273	173,288	222,666

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

### 14 Other assets

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Prepaid expenses (a)	104,212	67,306	139,343	100,828
Bills receivable	66,238	64,966	68,315	68,962
Escrow deposits (b)	142,740	129,169	163,484	149,577
Advances	31,651	48,446	103,446	103,345
Other	2,292	4,774	2,212	2,525
	<u>347,133</u>	<u>314,661</u>	<u>476,800</u>	<u>425,237</u>
Current	144,125	126,609	248,383	211,392
Non-current	203,008	188,052	228,417	213,845

(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:

<u>Company</u>	<u>Date of incorporation</u>	<u>Country</u>	<u>Business</u>	<u>Interest in shares/quotas</u>	<u>Type of interest</u>
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

	<u>Brainfarma</u>	<u>Cosmed</u>	<u>Mantecorp</u>	<u>Bionovis</u>	<u>My</u>	<u>Other</u>		<u>Total</u>
	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Goodwill</u>	
Balances at January 1, 2024	4,499,835	1,189,210	323,920	80,477	10,440	130,328	64,877	6,299,087
Capital increase	153,435	-	-	-	-	5,409	-	158,844
Equity accounting	41,055	20,511	1,630	(2,559)	17	(12,852)	-	47,802
Share of discontinued equity accounting for the investment	-	(24)	-	-	-	(432)	-	(456)
Stock options/matching/restricted	1,166	93	87	-	-	68	-	1,414
Equity value adjustments	1,262	185	-	-	-	-	-	1,447
Dividends receivable	-	-	-	4,795	-	-	-	4,795
Balances at March 31, 2024	4,696,753	1,209,975	325,637	82,713	10,457	122,521	64,877	6,512,933

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:

<u>March 31, 2024</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit (loss)</u>	<u>Adjusted profit (loss) (*)</u>
Brainfarma Indústria Química e Farmacêutica S.A.	5,915,121	1,027,238	742,861	19,236	43,910
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,380,697	179,133	134,868	16,870	20,511
My Agência de Propaganda Ltda.	11,624	1,182	960	16	17
Simple Organic Beauty S.A.	71,381	39,488	37,438	(13,841)	(9,740)
Mantecorp Participações S.A.	327,302	-	-	3,236	1,630
Bio Brands Franchising Gestão de Marcas Ltda.	53,304	7,463	4,971	(5,748)	(6,528)

<u>December 31, 2023</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit (loss)</u>	<u>Adjusted profit (loss) (*)</u>
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 March 31, 2024	Ownership %	Equity accounting at March 31, 2024	Balance of the investment at March 31, 2024	Equity accounting at March 31, 2023	Balance of the investment at December 31, 2023
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,662,160,135	1,209,975	100%	20,511	1,209,975	18,941	1,189,210
My Agência de Propaganda Ltda.	22,467,862	10,457	100%	17	10,457	237	10,440
Brainfarma Indústria Química e Farmacêutica S.A.	1,427,649,825	5,023,264	93.50%	41,055	4,696,752	85,348	4,499,835
Simple Organic Beauty S.A.	217,983	63,145	64.93%	(6,324)	41,000	976	45,915
Drogarias Online Agência de Farmácias S.A.	-	-	-	-	-	(299)	-
Bio Brands Franchising Gestão de Marcas Ltda.	57,272,454	113,049	100%	(6,528)	113,049	1,616	115,509
Mantecorp Participações S.A.	275,300,100	327,243	100%	1,630	325,637	735	323,920
Bionovis S.A.	24,000,000	330,856	25%	(2,559)	82,714	1,174	80,477
MGF Farmácia Magistral Ltda.	-	-	-	-	-	(107)	-
				<u>47,802</u>	<u>6,479,584</u>	<u>108,621</u>	<u>6,265,306</u>

## 16 Property, plant and equipment

### Parent company

Own assets	Balances at January 1, 2024	Additions	Write-off	Depreciation	Transfer	Balances at March 31, 2024
Land	4,990	-	-	-	-	4,990
Buildings and improvements	11,070	-	-	(561)	15	10,524
Machinery, equipment and facilities	73,337	24	(34)	(1,489)	9	71,847
Vehicles	93	-	-	-	-	93
Furniture and fixtures	20,574	781	-	(323)	-	21,032
Other	2,671	-	-	(166)	-	2,505
<b>Total in operation</b>	<u>112,735</u>	<u>805</u>	<u>(34)</u>	<u>(2,539)</u>	<u>24</u>	<u>110,991</u>
Construction in progress	31,615	3,498	-	-	(8)	35,105
<b>Total PP&amp;E</b>	<u>144,350</u>	<u>4,303</u>	<u>(34)</u>	<u>(2,539)</u>	<u>16</u>	<u>146,096</u>

Right-of-use assets - leases	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at March 31, 2024
Buildings and improvements	57,487	88	-	(2,417)	-	55,158
Machinery, equipment and facilities	19,726	1,597	-	(2,230)	-	19,093
Vehicles	77,378	1,327	(6,140)	(9,771)	-	62,794
<b>Total right-of-use assets</b>	<u>154,591</u>	<u>3,012</u>	<u>(6,140)</u>	<u>(14,418)</u>	<u>-</u>	<u>137,045</u>
<b>Net book value</b>	<u>298,941</u>	<u>7,315</u>	<u>(6,174)</u>	<u>(16,957)</u>	<u>16</u>	<u>283,141</u>

## Consolidated

<b>Own assets</b>	<b>Balances at January 1, 2024</b>	<b>Additions</b>	<b>Write-off</b>	<b>Depreciation</b>	<b>Transfer</b>	<b>Balances at March 31, 2024</b>
Land	262,969	-	-	-	-	262,969
Buildings and improvements	421,682	6,998	-	(7,460)	207	421,427
Machinery, equipment and facilities	1,757,439	53,450	(123)	(20,872)	24,303	1,814,197
Vehicles	2,709	-	-	(263)	-	2,446
Furniture and fixtures	95,330	2,529	-	(733)	113	97,239
Other	78,022	7,026	-	(4,648)	1,959	82,359
<b>Total in operation</b>	<b>2,618,151</b>	<b>70,003</b>	<b>(123)</b>	<b>(33,976)</b>	<b>26,582</b>	<b>2,680,637</b>
Construction in progress (*)	719,678	41,681	-	-	(26,356)	735,003
<b>Total PP&amp;E</b>	<b>3,337,829</b>	<b>111,684</b>	<b>(123)</b>	<b>(33,976)</b>	<b>226</b>	<b>3,415,640</b>

<b>Right-of-use assets - leases</b>	<b>Balances at January 1, 2024</b>	<b>Additions</b>	<b>Write-off</b>	<b>Amortization</b>	<b>Transfer</b>	<b>Balances at March 31, 2024</b>
Buildings and improvements	101,922	88	-	(3,432)	-	98,578
Machinery, equipment and facilities	22,359	2,401	-	(2,777)	-	21,983
Vehicles	85,930	2,501	(6,286)	(10,798)	-	71,347
<b>Total right-of-use assets</b>	<b>210,211</b>	<b>4,990</b>	<b>(6,286)</b>	<b>(17,007)</b>	<b>-</b>	<b>191,908</b>
<b>Net book value</b>	<b>3,548,040</b>	<b>116,674</b>	<b>(6,409)</b>	<b>(50,983)</b>	<b>226</b>	<b>3,607,548</b>

(\*) Mainly represents purchases for upgrades to the Anápolis – GO plant.

## 17 Intangible assets

### a) Balance composition

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Goodwill in non-merged companies</b>				
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
<b>Goodwill on acquisitions of investments in merged companies</b>				
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
	<b>7,270,960</b>	<b>7,270,960</b>	<b>7,339,098</b>	<b>7,339,098</b>
Trademarks and patents	2,706,964	2,707,791	2,728,040	2,728,871
Rights of use and software	73,377	74,452	148,862	152,522
Product development	6,005	5,701	302,241	372,792
Intangible assets in progress	16,380	3,796	997,564	838,557
	<b>10,073,686</b>	<b>10,062,700</b>	<b>11,515,805</b>	<b>11,431,840</b>

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**

	<b>Balances at January 1, 2024</b>	<b>Additions</b>	<b>Write-off</b>	<b>Amortization</b>	<b>Transfer</b>	<b>Balances at March 31, 2024</b>
Rights of use and trademarks	2,707,791	-	-	(827)	-	2,706,964
Rights of use and software	74,452	4,823	-	(5,882)	(16)	73,377
Product development	5,701	500	-	(196)	-	6,005
Goodwill	7,270,960	-	-	-	-	7,270,960
<b>Total in operation</b>	<b>10,058,904</b>	<b>5,323</b>	<b>-</b>	<b>(6,905)</b>	<b>(16)</b>	<b>10,057,306</b>
Intangible assets in progress	3,796	12,584	-	-	-	16,380
<b>Total</b>	<b>10,062,700</b>	<b>17,907</b>	<b>-</b>	<b>(6,905)</b>	<b>(16)</b>	<b>10,073,686</b>

**Consolidated**

	<b>Balances at January 1, 2024</b>	<b>Additions</b>	<b>Write-off</b>	<b>Amortization</b>	<b>Transfer</b>	<b>Balances at March 31, 2024</b>
Rights of use and trademarks	2,728,871	-	-	(831)	-	2,728,040
Rights of use and software	152,522	6,864	-	(10,298)	(226)	148,862
Product development	304,299	3,246	-	(5,304)	-	302,241
Goodwill	7,339,098	-	-	-	-	7,339,098
<b>Total in operation</b>	<b>10,524,790</b>	<b>10,110</b>	<b>-</b>	<b>(16,433)</b>	<b>(226)</b>	<b>10,518,241</b>
Intangible assets in progress	907,050	90,514	-	-	-	997,564
<b>Total</b>	<b>11,431,840</b>	<b>100,624</b>	<b>-</b>	<b>(16,433)</b>	<b>(226)</b>	<b>11,515,805</b>

**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

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Domestic suppliers	10,989	8,551	356,583	363,706
Foreign suppliers	234	834	19,606	25,961
Related-party suppliers (Note 28(a))	764,738	762,588	-	-
	<u>775,961</u>	<u>771,973</u>	<u>376,189</u>	<u>389,667</u>

## 19 Suppliers' assignments of receivables

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Domestic market (drawee risk)	4,400	7,667	228,889	248,556
Foreign market (forfaiting)	-	-	109,727	171,023
Total suppliers' assignments of receivables	<u>4,400</u>	<u>7,667</u>	<u>338,616</u>	<u>419,579</u>
Total service providers' assignments of receivables	<u>3,475</u>	<u>6,973</u>	<u>22,546</u>	<u>28,728</u>
Total assignments of receivables	<u>7,875</u>	<u>14,640</u>	<u>361,162</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 March 31, 2024, the discount rates for assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 0.79% and 1.20% with a weighted average of 1.07% 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 March 31, 2024, the discount rates in assignment operations entered into between the Company's suppliers and financial institutions in the foreign market were between 6.43% and 8.88% p.a. with a weighted average of 7.47% 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	
		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
<b>Foreign currency</b>					
Loans (i)	USD + SOFR + 0.681% to 0.809% p.a.	621,512	622,644	621,512	622,807
<b>Local currency</b>					
Loans	CDI + 1.20% to 2.00% p.a. Fixed rate from 2.50% to 8.50% p.a.	808,423	820,385	815,065	831,806
FCO (i) and (ii)		3,139	4,185	3,139	4,185
Financing (ii)	Fixed rate from 2.50% to 8.70% p.a.	-	-	102	133
Debentures (ii) and (iii)	CDI + 1.25% to 2.20% p.a.; IPCA + 6.2790% to 6.4451% p.a.	8,833,032	8,141,237	8,833,032	8,141,237
Fund for Financing of Studies and Projects (FINEP)	TJLP from - 1.00% to 1.00% p.a.	313,370	337,611	313,370	337,611
		<u>10,579,476</u>	<u>9,926,062</u>	<u>10,586,220</u>	<u>9,937,779</u>
Current		<u>2,379,644</u>	<u>2,108,923</u>	<u>2,386,149</u>	<u>2,120,539</u>
Non-current		<u>8,199,832</u>	<u>7,817,139</u>	<u>8,200,071</u>	<u>7,817,240</u>

(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 June 30, 2024.

(ii) An amount of R\$ 300,629 related to principal and interest on loans, financing and debentures was amortized during the quarter.

(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 March 31, 2024, by year of maturity, is as follows:

	Parent company	Consolidated
2025	153,611	153,850
2026	619,923	619,923
2027	45,987	45,987
2028	45,986	45,986
2029	42,154	42,154
	<u>907,661</u>	<u>907,900</u>

### Debentures

On December 5, 2019, 80,000 non-convertible debentures of the 8<sup>th</sup> 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 9<sup>th</sup> 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. 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 10<sup>th</sup> 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.

On September 10, 2021, 1,000,000 non-convertible debentures were issued as part of the 11<sup>th</sup> 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 12<sup>th</sup> 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 13<sup>th</sup> 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 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> series of the 59<sup>th</sup> Issue of True Securitizadora S.A., meaning that 750,000 debentures were issued, with a nominal unit value of R\$ 1.

- The 1<sup>st</sup> 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 2<sup>nd</sup> 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 3<sup>rd</sup> 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 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> 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 14<sup>th</sup> 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 15<sup>th</sup> 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 16<sup>th</sup> 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 17<sup>th</sup> 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.

### Debentures – Changes

	8 <sup>th</sup> Public Issuance	9 <sup>th</sup> Public Issuance	10 <sup>th</sup> Public Issuance	11 <sup>th</sup> Public Issuance	12 <sup>th</sup> Public Issuance	13 <sup>th</sup> Public Issuance	14 <sup>th</sup> Public Issuance	15 <sup>th</sup> Public Issuance	16 <sup>th</sup> Public Issuance	17 <sup>th</sup> Public Issuance	Total
	Single series	Single series	1 <sup>st</sup> and 2 <sup>nd</sup> Series	Single series	Single series	1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> Series	1 <sup>st</sup> and 2 <sup>nd</sup> Series	Single series	Single series	Single series	
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	-	-	-	-	-	-	-	-	-	598,048	598,048
Financial charges	19,222	65,101	20,995	30,692	15,245	24,835	22,448	26,119	22,850	17,798	265,305
Interest paid	-	-	(43,136)	(64,297)	(33,730)	(30,395)	-	-	-	-	(171,558)
At March 31, 2024	665,334	2,195,201	660,319	1,005,124	507,887	778,280	772,867	841,946	790,228	615,846	8,833,032
Current	345,560	953,747	82,801	6,046	18,514	4,573	25,561	44,729	41,992	17,338	1,540,861
Non-current	319,774	1,241,454	577,518	999,078	489,373	773,707	747,306	797,217	748,236	598,508	7,292,171
Unrealized transaction costs	974	4,958	2,720	1,464	990	16,960	3,472	3,636	2,222	1,855	39,251
Current	748	3,415	1,905	542	304	2,357	777	853	458	363	11,722
Non-current	226	1,543	815	922	686	14,603	2,695	2,783	1,764	1,492	27,529

Note: Accounting changes do not consider the amounts of swaps.

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

	March 31, 2024
2025	1,714,989
2026	1,412,896
2027	2,515,637
2028	1,071,980
2029	417,225
2030	53,148
2031	53,148
2032	53,148
	<u>7,292,171</u>

**a. Guarantees for loans and financing at March 31, 2024**

	<u>Parent company</u>	<u>Consolidated</u>
Letters of guarantee (*)	313,370	313,370
Pledged fixed assets	3,138	3,241
	<u>316,508</u>	<u>316,611</u>

(\*) Letters of guarantee for the loan from FINEP (Contract 0799/13).

**b. Carrying amounts and estimated fair values**

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

	<u>Nominal rate</u>	<u>Consolidated</u>		<u>Fair value</u>	
		<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<b>Foreign currency</b>					
Loans	USD + SOFR + 0.681% to 0.809% p.a.	621,512	622,807	621,512	622,807
<b>Local currency</b>					
Loans	CDI + 1.20% to 2.00% p.a.	815,065	831,806	815,065	831,806
FCO	Fixed rate from 2.50% to 8.50% p.a.	3,139	4,185	3,139	4,185
Financing	Fixed rate from 3.50% to 8.70% p.a.	102	133	98	130
Debentures	CDI + 1.25% to 2.20% p.a.; IPCA + 6.2790% to 6.4451% p.a.	8,833,032	8,141,237	8,833,032	8,141,237
Fund for Financing of Studies and Projects (FINEP)	TJLP - 1.00% to 1.00% p.a.	313,370	337,611	313,370	337,611
		<u>10,586,220</u>	<u>9,937,779</u>	<u>10,586,216</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)		Equity	Total
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Other liabilities	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)		
<b>At January 1, 2024</b>	<b>9,926,062</b>	<b>24,057</b>	<b>19,981</b>	<b>696,966</b>	<b>410,158</b>	<b>(11,841)</b>	<b>39,640</b>	<b>11,504,124</b>	<b>22,609,147</b>
<b>Changes in cash flow from financing activities</b>									
Hedges of loans	-	-	-	-	-	(5,523)	(18,332)	-	(23,855)
Loans taken out	600,000	-	-	-	-	-	-	-	600,000
Payments of loans – principal	(25,684)	-	-	-	(14,325)	-	-	-	(40,009)
Payments of loans – interest	(238,026)	-	-	-	(6,339)	-	-	-	(244,365)
Purchases of shares	-	-	-	-	-	-	-	(20,685)	(20,685)
Sales of shares	-	-	-	-	-	-	-	13,025	13,025
Loans payable	-	-	-	-	861	-	-	-	861
Dividends paid	-	-	-	(53,975)	-	-	-	-	(53,975)
<b>Total changes in cash flow from financing activities</b>	<b>336,290</b>	<b>-</b>	<b>-</b>	<b>(53,975)</b>	<b>(19,803)</b>	<b>(5,523)</b>	<b>(18,332)</b>	<b>(7,660)</b>	<b>230,997</b>
<b>Other changes</b>									
Write-off	-	-	-	-	(7,312)	-	-	-	(7,312)
Additions	-	-	-	-	387	-	-	-	387
Leases	-	-	-	-	5,022	-	-	-	5,022
Taxes payable	-	-	47,548	-	-	-	-	-	47,548
Proposed dividends	-	-	-	184,653	-	-	-	-	184,653
Stock options/matching/restricted	-	-	-	-	-	-	-	5,880	5,880
Accrued interest	317,124	300	(303)	-	4,289	(12,087)	(2,953)	-	306,370
Interest on capital	-	-	-	-	-	-	-	(184,654)	(184,654)
Net income for the period	-	-	-	-	-	-	-	392,240	392,240
Equity valuation adjustments	-	-	-	-	-	-	-	1,449	1,449
Other payables	-	-	-	-	(6,598)	-	-	-	(6,598)
<b>Total other changes related to liabilities</b>	<b>317,124</b>	<b>300</b>	<b>47,245</b>	<b>184,653</b>	<b>(4,212)</b>	<b>(12,087)</b>	<b>(2,953)</b>	<b>214,915</b>	<b>744,985</b>
<b>At March 31, 2024</b>	<b>10,579,476</b>	<b>24,357</b>	<b>67,226</b>	<b>827,644</b>	<b>386,143</b>	<b>(29,451)</b>	<b>18,355</b>	<b>11,711,379</b>	<b>23,585,129</b>

	Consolidated								
					Liabilities	Derivatives (assets/ liabilities)		Equity	Total
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Other liabilities	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)		
<b>At January 1, 2024</b>	<b>9,937,779</b>	<b>24,057</b>	<b>89,370</b>	<b>696,966</b>	<b>599,610</b>	<b>(12,143)</b>	<b>55,772</b>	<b>11,517,873</b>	<b>22,909,284</b>
<b>Changes in cash flow from financing activities</b>									
Hedges of loans	-	-	-	-	-	(5,523)	(18,326)	-	(23,849)
Loans taken out	606,000	-	-	-	-	-	-	-	606,000
Payments of loans – principal	(36,425)	-	-	-	(17,501)	-	-	-	(53,926)
Payments of loans – interest	(237,891)	-	(353)	-	(8,459)	-	-	-	(246,703)
Purchases of shares	-	-	-	-	-	-	-	(20,685)	(20,685)
Sales of shares	-	-	-	-	-	-	-	13,025	13,025
Dividends paid	-	-	-	(53,975)	-	-	-	-	(53,975)
<b>Total changes in cash flow from financing activities</b>	<b>331,684</b>	<b>-</b>	<b>(353)</b>	<b>(53,975)</b>	<b>(25,960)</b>	<b>(5,523)</b>	<b>(18,326)</b>	<b>(7,660)</b>	<b>219,887</b>
<b>Other changes</b>									
Write-off	-	-	-	-	(7,517)	-	-	-	(7,517)
Additions	-	-	-	-	824	-	-	-	824
Leases	-	-	-	-	13,239	-	-	-	13,239
Taxes payable	-	-	66,884	-	-	-	-	-	66,884
Proposed dividends	-	-	-	184,653	-	-	-	-	184,653
Stock options/matching/restricted	-	-	-	-	-	-	-	5,880	5,880
Accrued interest	316,757	300	(4,634)	-	5,988	(11,088)	(3,838)	-	303,485
Interest on capital	-	-	-	-	-	-	-	(184,654)	(184,654)
Net income for the period	-	-	-	-	-	-	-	392,240	392,240
FAV – Supplier hedges	-	-	-	-	-	(59)	-	-	(59)
Supplier hedges – interest paid	-	-	-	-	-	(1,466)	(13,594)	-	(15,060)
Equity valuation adjustments	-	-	-	-	-	-	-	1,449	1,449
Other payables	-	-	-	-	(5,667)	-	-	-	(5,667)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	(2,565)	(2,565)
<b>Total other changes related to liabilities</b>	<b>316,757</b>	<b>300</b>	<b>62,250</b>	<b>184,653</b>	<b>6,867</b>	<b>(12,613)</b>	<b>(17,432)</b>	<b>212,350</b>	<b>753,132</b>
<b>At March 31, 2024</b>	<b>10,586,220</b>	<b>24,357</b>	<b>151,267</b>	<b>827,644</b>	<b>580,517</b>	<b>(30,279)</b>	<b>20,014</b>	<b>11,722,563</b>	<b>23,882,303</b>

## 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.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<b>Deferred tax assets:</b>				
Tax losses carried forward and negative CSLL bases	3,358,409	3,118,255	3,486,797	3,221,488
Contingencies	44,987	43,590	56,385	54,966
Expected credit losses	26,960	27,143	30,128	30,311
Other temporary differences	81,636	201,337	243,673	380,010
	<u>3,511,992</u>	<u>3,390,325</u>	<u>3,816,983</u>	<u>3,686,775</u>
(-) 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)	(2,634,686)	(2,561,499)	(2,879,539)	(2,817,251)
<b>Remaining balance of deferred tax assets</b>	<u>877,306</u>	<u>828,826</u>	<u>937,444</u>	<u>869,524</u>

### 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.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Goodwill	2,604,421	2,534,620	2,604,421	2,534,620
Fair value of property, plant and equipment – business combinations	2,252	3,160	75,337	76,919
Other	28,013	23,719	401,222	381,464
Total tax debt	<u>2,634,686</u>	<u>2,561,499</u>	<u>3,080,980</u>	<u>2,993,003</u>
(-) 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)	(2,634,686)	(2,561,499)	(2,879,539)	(2,817,251)
<b>Remaining balance of deferred liabilities</b>	<u>-</u>	<u>-</u>	<u>201,441</u>	<u>175,752</u>

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

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>March 31, 2023</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Profit before income tax and social contribution</b>	349,159	225,813	369,782	269,781
Combined rate – %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(118,714)	(76,781)	(125,704)	(89,881)
Equity accounting	16,955	37,258	(977)	(424)
Government grants	70,502	88,562	70,767	93,446
Interest on capital declared	62,782	66,221	62,782	66,221
Interest/indexation in the nature of an indemnity	475	2,384	675	2,672
Other permanent additions/exclusions	11,079	(5,018)	11,588	(2,559)
Income tax and social contribution income (expenses)	<u>43,079</u>	<u>112,626</u>	<u>19,131</u>	<u>69,475</u>
Current	-	-	4,335	(348)
Deferred	43,079	112,626	14,796	69,823
Discontinued operations	1,379	120	1,391	76
Continuing operations	41,700	112,506	17,740	69,399
	<u>43,079</u>	<u>112,626</u>	<u>19,131</u>	<u>69,475</u>
	12%	50%	5%	26%

**22 Taxes payable**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
ICMS (value added tax) payable	18,963	17,746	74,162	66,120
IPI/PIS/COFINS payable	551	608	25,503	17,623
Other taxes payable	47,712	1,627	51,602	5,627
	<u>67,226</u>	<u>19,981</u>	<u>151,267</u>	<u>89,370</u>
Current	32,597	19,981	112,523	86,565
Non-current	34,629	-	38,744	2,805

**23 Other payables**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Freight payable	22,821	25,069	29,860	33,094
Services provided	47,533	42,505	91,290	95,362
Commercial agreements and advertising	46,988	45,182	47,058	45,182
Revenue to elapse	32,639	30,115	33,869	31,522
Purchases of fixed assets	2,388	5,835	30,650	23,954
Lease liabilities (i)	145,350	163,628	204,351	217,777
Accrued taxes on inventory losses	2,640	2,402	14,559	15,623
Other	85,784	95,422	128,880	137,096
	<u>386,143</u>	<u>410,158</u>	<u>580,517</u>	<u>599,610</u>
Current	285,313	293,770	411,694	418,705
Non-current	100,830	116,388	168,823	180,905

**(i) Lease liabilities**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Current	56,674	59,294	67,644	68,384
Non-current	88,676	104,334	136,707	149,393
	<u>145,350</u>	<u>163,628</u>	<u>204,351</u>	<u>217,777</u>

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

	<b>Parent company</b>	<b>Consolidated</b>
At January 1, 2024	163,628	217,777
Payments of leases – principal	(14,325)	(17,501)
Payments of leases – interest	(6,339)	(8,459)
Write-off	(7,312)	(7,517)
Additions	387	824
Remeasurement	5,022	13,239
Accrued interest	4,289	5,988
At March 31, 2024	<u>145,350</u>	<u>204,351</u>

**a. Maturity of installments**

Leases at March 31, 2024 can be broken down by year of maturity as follows:

	<b>Parent company</b>	<b>Consolidated</b>
Up to 2 years	33,503	42,131
2 to 5 years	32,200	48,654
More than 5 years	22,973	45,922
	<u>88,676</u>	<u>136,707</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:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>Nominal</b>	<b>Adjusted to present value</b>	<b>Nominal</b>	<b>Adjusted to present value</b>
Lease liability	158,641	145,350	234,302	204,351
Estimated PIS/COFINS	(7,748)	(5,291)	(13,840)	(9,607)
	<u>150,893</u>	<u>140,059</u>	<u>220,462</u>	<u>194,744</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:

<b>Terms</b>	<b>Parent company</b>	<b>Consolidated</b>
	<b>Rate % p.a.</b>	<b>Rate % p.a.</b>
Up to 2 years	12.78%	12.78%
From 2 to 5 years	11.92%	11.60%
More than 5 years	11.29%	11.29%

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.

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Lease liabilities</b>				
Carrying amount – IFRS/CPC 06 (R2)	145,350	163,628	204,351	217,777
Flow with projected inflation	153,984	173,380	216,489	230,757
Variation	5.94%	5.96%	5.94%	5.96%
<b>Net right of use – closing balance</b>				
Carrying amount – IFRS/CPC 06 (R2)	137,045	154,591	191,908	210,211
Flow with projected inflation	145,185	163,805	203,307	222,740
Variation	5.94%	5.96%	5.94%	5.96%
<b>Financial expenses</b>				
Carrying amount – IFRS/CPC 06 (R2)	(4,289)	(16,956)	(5,988)	(22,357)
Flow with projected inflation	(4,544)	(17,967)	(6,344)	(23,689)
Variation	5.94%	5.96%	5.94%	5.96%
<b>Depreciation expenses</b>				
Carrying amount – IFRS/CPC 06 (R2)	(14,418)	(58,053)	(17,007)	(66,373)
Flow with projected inflation	(15,274)	(61,513)	(18,017)	(70,329)
Variation	5.94%	5.96%	5.94%	5.96%

## 24 Provision for contingencies

At March 31, 2024, the Company had the following provisions for contingencies, and corresponding deposits with the courts related to these contingencies:

	March 31, 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	1,063	11,866	-	12,929	1,019	11,911	-	12,930
Labor	83,477	1	-	83,478	82,604	1	-	82,605
Tax	22,327	11,506	(17,921)	15,912	19,244	(17,667)	-	12,839
Administrative/other	2,074	-	-	2,074	2,164	-	-	2,164
Liabilities of former owners	5,081	-	-	5,081	5,272	-	-	5,272
	<u>114,022</u>	<u>23,373</u>	<u>(17,921)</u>	<u>119,474</u>	<u>110,303</u>	<u>23,174</u>	<u>(17,667)</u>	<u>115,810</u>

	March 31, 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	1,838	11,866	-	13,704	1,806	11,911	-	13,717
Labor	86,548	1	-	86,549	85,867	1	-	85,868
Tax	48,137	11,506	(43,072)	16,571	44,742	(42,512)	-	13,492
Administrative/other	6,027	-	-	6,027	6,085	-	-	6,085
Liabilities of former owners	8,151	-	-	8,151	8,391	-	-	8,391
	<u>150,701</u>	<u>23,373</u>	<u>(43,072)</u>	<u>131,002</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	March 31, 2024
Civil	12,930	107	694	(802)	-	12,929
Labor	82,605	2,065	6,709	(3,481)	(4,420)	83,478
Tax	30,506	387	3,010	(70)	-	33,833
Administrative/other	2,164	81	-	(171)	-	2,074
Liabilities of former owners	5,272	94	-	(285)	-	5,081
	<u>133,477</u>	<u>2,734</u>	<u>10,413</u>	<u>(4,809)</u>	<u>(4,420)</u>	<u>137,395</u>
Escrow deposits	(17,667)	(254)	-	-	-	(17,921)
	<u>115,810</u>	<u>2,480</u>	<u>10,413</u>	<u>(4,809)</u>	<u>(4,420)</u>	<u>119,474</u>

	Consolidated					
	December 31, 2023	Indexation accruals	Additions	Reversals	Payments	March 31, 2024
Civil	13,717	118	701	(832)	-	13,704
Labor (a)	85,868	2,122	6,859	(3,797)	(4,503)	86,549
Tax	56,004	699	3,010	(70)	-	59,643
Administrative/other	6,085	203	-	(261)	-	6,027
Liabilities of former owners (b)	8,391	170	49	(459)	-	8,151
	<u>170,065</u>	<u>3,312</u>	<u>10,619</u>	<u>(5,419)</u>	<u>(4,503)</u>	<u>174,074</u>
Escrow deposits	(42,512)	(560)	-	-	-	(43,072)
	<u>127,553</u>	<u>2,752</u>	<u>10,619</u>	<u>(5,419)</u>	<u>(4,503)</u>	<u>131,002</u>

(a) The additions refer to 29 new labor lawsuits, while the reversals refer to 68 labor lawsuits and the payments refer to 14 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.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	<u>Possible loss</u>	<u>Possible loss</u>	<u>Possible loss</u>	<u>Possible loss</u>
Civil	48,116	45,033	50,055	46,454
Labor	227,185	239,122	236,753	253,249
Tax	135,325	136,951	153,571	154,955
Administrative/other	733	825	1,469	1,532
Liabilities of former owners	398,759	399,141	591,057	589,305
	<u>810,118</u>	<u>821,072</u>	<u>1,032,905</u>	<u>1,045,495</u>

## 25 Share capital

### a. Share capital

On March 31, 2024, the Company was authorized to increase its share capital up to the limit of R\$ 11,112,278, in accordance with a provision of its bylaws and a decision by the Board of Directors at the Special General Meeting on February 21, 2024.

The share capital at March 31, 2024 was R\$ 9,047,670 (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:

	<u>Number</u>	<u>Amount</u>
At 12/31/2023	512,303	20,277
Acquisitions during the period	610,000	20,685
Sales during the period	(758,616)	(27,879)
At 03/31/2024	<u>363,687</u>	<u>13,083</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.

## 26 Revenue

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

	Parent company		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Gross revenue from products	2,145,440	1,979,857	2,205,438	2,025,144
Returns	(30,993)	(25,152)	(31,486)	(26,126)
Unconditional discounts	(81,564)	(54,111)	(87,326)	(58,820)
Net revenue from returns and unconditional discounts	2,032,883	1,900,594	2,086,626	1,940,198
Promotional discounts	(107,011)	(102,992)	(108,645)	(102,509)
Taxes	(88,306)	(79,731)	(151,321)	(139,494)
Net revenue	1,837,566	1,717,871	1,826,660	1,698,195

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 of the products in the portfolio.

## 27 Breakdown of the statement of income accounts

### a. Operating expenses and cost of sales

	Parent company		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Cost of sales	(858,673)	(819,029)	(711,347)	(612,086)
Raw materials	-	-	(206,974)	(282,195)
Packaging materials	-	-	(91,381)	(123,041)
Labor	-	-	(135,795)	(149,281)
Depreciation and amortization expenses	-	-	(25,937)	(18,992)
Resale	(808,608)	(787,946)	(174,317)	(185,553)
Losses on inventory	(50,065)	(31,083)	(44,976)	(34,094)
Changes in inventory/others	-	-	(31,967)	181,070
Selling and marketing expenses	(401,335)	(415,452)	(477,403)	(477,671)
Marketing expenses	(250,303)	(263,252)	(262,247)	(268,281)
Advertising and consumer promotion	(67,861)	(68,908)	(74,391)	(72,193)
Trade deals	(39,273)	(26,551)	(39,248)	(26,551)
Market surveys and others	(1,173)	(1,851)	(1,173)	(1,851)
Medical visits, promotions, gifts and samples	(141,996)	(165,942)	(147,435)	(167,686)
Selling expenses	(151,032)	(152,200)	(215,156)	(209,390)
Sales force	(81,154)	(88,344)	(87,325)	(91,602)
Freight and logistics expenses	(37,890)	(36,364)	(44,972)	(42,507)
Research and development	(3,971)	(6,126)	(39,701)	(41,082)
Depreciation and amortization expenses	(12,591)	(10,610)	(24,577)	(21,646)
Other expenses	(15,426)	(10,756)	(18,581)	(12,553)
General and administrative expenses	(46,668)	(53,707)	(71,112)	(80,757)
Payroll and related taxes	(26,343)	(29,379)	(40,249)	(46,721)
Services, lawyers, advisors and auditors	(10,677)	(18,113)	(13,875)	(21,446)
Depreciation and amortization expenses	(6,478)	(5,138)	(13,489)	(10,575)
Other expenses	(3,170)	(1,077)	(3,499)	(2,015)

### b. Other operating (expenses) income, net

	Parent company		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Potential gains (losses)	21,831	(15,416)	19,969	8,647
Depreciation and amortization expenses	(302)	(582)	(4,324)	(506)
Civil and labor contingencies	(773)	(3,141)	(480)	(894)
	20,756	(19,139)	15,165	7,247

### c. Financial income

	Parent company		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Interest income	8,162	14,982	10,109	17,316
Income from financial investments and others	63,650	42,851	70,476	47,409
	71,812	57,833	80,585	64,725

#### d. Financial expenses

	Parent company		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Interest on financing	(5,722)	(5,406)	(5,724)	(5,477)
Interest on borrowings	(43,579)	(64,041)	(44,027)	(64,150)
Interest on notes payable	(204)	(398)	(204)	(398)
Indexation accruals on contingencies	(2,640)	(3,757)	(3,142)	(4,605)
REFIS (financing of tax liabilities)	(16)	(42)	(16)	(42)
Debentures	(248,048)	(256,794)	(248,048)	(256,794)
Interest and commission on letters of guarantee	(852)	(740)	(861)	(742)
Bank expenses, discounts granted and others	(13,844)	(15,376)	(14,024)	(15,298)
Cost of hedges and exchange variations on loans	131	(76)	(77)	(76)
Cost of hedges and exchange variations on suppliers	(100)	12	(3,241)	(11,677)
Reversals of present value adjustments	(4,289)	(3,917)	(5,988)	(5,126)
Capitalized interest	1,127	890	40,327	37,113
Other	(51)	(1,260)	(1,157)	(3,238)
	(318,087)	(350,905)	(286,182)	(330,510)

## 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 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**

				<b>Parent company</b>
				<b>March 31, 2024</b>
<b>Related parties</b>	<b>Other amounts receivable</b>	<b>Suppliers</b>	<b>Accounts payable</b>	<b>Other amounts payable</b>
Cosmed Indústria de Cosméticos e Medicamentos S.A.	448	(124,597)	-	-
My Agência Propaganda Ltda.	9	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	(640,141)	(2,931)	(1,859)
Megatelecom Telecomunicações S.A.	38	-	(92)	-
Bio Brands Franchising Gestão de Marcas Ltda.	301	-	-	-
Solana Agropecuária Ltda.	134	-	-	-
<b>Total</b>	<b>930</b>	<b>(764,738)</b>	<b>(3,023)</b>	<b>(1,859)</b>

				<b>Consolidated</b>
				<b>March 31, 2024</b>
<b>Related parties</b>	<b>Other amounts receivable</b>	<b>Suppliers</b>	<b>Accounts payable</b>	<b>Other amounts payable</b>
Megatelecom Telecomunicações S.A.	38	-	(136)	-
<b>Total</b>	<b>38</b>	<b>-</b>	<b>(136)</b>	<b>-</b>

				<b>Parent company</b>
				<b>December 31, 2023</b>
<b>Related parties</b>	<b>Other amounts receivable</b>	<b>Suppliers</b>	<b>Accounts payable</b>	<b>Other amounts payable</b>
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)	-
<b>Total</b>	<b>3,084</b>	<b>(762,588)</b>	<b>(2,566)</b>	<b>(998)</b>

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

**b. In income for the period**

	Parent company							March 31, 2024	
	Transactions			Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial expenses	Financial income	
Related parties									
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(134,861)	-	-	-	-	(2,055)	-	-	
My Agência de Propaganda Ltda.	-	54	(960)	-	-	-	-	-	
Brainfarma Ind. Quim. e Farmacêutica S.A.	(740,442)	158	-	(584)	-	(14,469)	(35)	-	
Megatelecom Telecomunicações S.A.	-	107	-	-	(136)	-	-	-	
	<u>(875,303)</u>	<u>319</u>	<u>(960)</u>	<u>(584)</u>	<u>(136)</u>	<u>(16,524)</u>	<u>(35)</u>	<u>-</u>	

	Consolidated							March 31, 2024	
	Transactions			Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial expenses	Financial income	
Related parties									
Megatelecom Telecomunicações S.A.	-	107	-	-	(209)	-	-	-	
	<u>-</u>	<u>107</u>	<u>-</u>	<u>-</u>	<u>(209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	

	Parent company							March 31, 2023	
	Transactions			Other (expenses)/income				Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial expenses	Financial income	
Related parties									
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(173,473)	-	-	-	-	(2,523)	-	-	
My Agência de Propaganda Ltda.	-	54	(1,140)	-	-	-	-	-	
TV Serra Dourada Ltda.	-	-	(480)	-	-	-	-	-	
Brainfarma Ind. Quim. e Farmacêutica S.A.	(843,180)	-	-	(584)	-	(17,646)	(59)	-	
Megatelecom Telecomunicações S.A.	-	104	-	-	(121)	-	-	-	
Bio Scientific Indústria de Cosméticos Ltda.	(115)	-	-	-	-	-	-	-	
João Alves de Queiroz Filho	-	-	-	-	-	-	-	1,487	
	<u>(1,016,768)</u>	<u>158</u>	<u>(1,620)</u>	<u>(584)</u>	<u>(121)</u>	<u>(20,169)</u>	<u>(59)</u>	<u>1,487</u>	

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

**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	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Salaries and other short-term benefits	5,042	4,723	5,042	4,723
Board members' fees	1,440	1,440	1,440	1,440
Share-based payments	3,154	2,604	3,154	2,604
	<u>9,636</u>	<u>8,767</u>	<u>9,636</u>	<u>8,767</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 impacts on the financial statements at March 31, 2024.

## 30 Events after the reporting period

### **a. Interest on capital**

On April 18, 2024, the Board of Directors approved the distribution of interest on capital of R\$ 0.09725 per common share, equivalent to a total gross amount of R\$ 61,551.

### **b. Capital increase**

On April 23, 2024, the Extraordinary General Meeting approved:

- (i) An increase in the Company's capital of R\$ 658,215, through the capitalization of a portion of the Tax incentive reserve in the same amount, without the issue of new shares by the Company, so that the Company's capital will increase from the current R\$ 9,047,670 to R\$ 9,705,885.
- (ii) An increase in the limit of the Company's authorized capital, from the current R\$ 11,112,278 to R\$ 11,920,693, through the amendment to the First Paragraph of Article 5 of the Company's bylaws, as indicated in the management's proposal.

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