Hypera S.A.

Quarterly information report

June 30, 2021

Content

Hypera Pharma reports Net Revenue growth of 43.5% in 2Q21, with EBITDA from Continuing Operations expansion of 31.8%

São Paulo, July 23, 2021 – Hypera S.A. ("Hypera Pharma" or "Company"; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the 2nd quarter of 2021. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2Q21 Highlights

- **Net revenue of R$1,507.4 million in the quarter, or 43.5% higher than 2Q20**
- **EBITDA from Continuing Operations of R$591.9 million, or 31.8% higher than 2Q20**
- **Net Income from Continuing Operations of R$479.4 million, an increase of 20.1% over 2Q20**
- **Organic Sell-out growth of 23.3%[1] in 2Q21, or 1.1 p.p. above the market[2], according to IQVIA**
- **Interest on Equity Approval of R$194.8 million in 2Q21, or 5% greater than 2Q20**
- **Acquisition of a portfolio of 12 medicines from Sanofi**
- **Acquisition of Bioage, a leading brand in the Brazilian aesthetics market**

Table 1

(R$ million)	2Q20	% NR	2Q21	% NR	Δ %	1H20	% NR	1H21	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,201.3	*114.4%*	1,725.7	*114.5%*	*43.7%*	2,112.9	*113.3%*	3,057.2	*114.2%*	*44.7%*
Net Revenue	1,050.5	*100.0%*	1,507.4	*100.0%*	*43.5%*	1,865.5	*100.0%*	2,678.2	*100.0%*	*43.6%*
Gross Profit	690.3	*65.7%*	987.7	*65.5%*	*43.1%*	1,233.3	*66.1%*	1,740.5	*65.0%*	*41.1%*
SG&A (ex-Marketing and R&D)	(154.2)	*-14.7%*	(182.0)	*-12.1%*	*18.0%*	(299.4)	*-16.0%*	(348.8)	*-13.0%*	*16.5%*
Marketing	(187.2)	*-17.8%*	(298.3)	*-19.8%*	*59.4%*	(369.7)	*-19.8%*	(513.0)	*-19.2%*	*38.8%*
EBITDA from Continuing Operations	449.2	*42.8%*	591.9	*39.3%*	*31.8%*	697.9	*37.4%*	953.8	*35.6%*	*36.7%*
Net Income from Continuing Operations	399.1	*38.0%*	479.4	*31.8%*	*20.1%*	647.1	*34.7%*	787.1	*29.4%*	*21.6%*
Net Income	396.4	*37.7%*	470.6	*31.2%*	*18.7%*	634.6	*34.0%*	775.7	*29.0%*	*22.2%*
Cash Flow from Operations	352.0	*33.5%*	407.1	*27.0%*	*15.7%*	522.7	*28.0%*	558.2	*20.8%*	*6.8%*

EARNINGS CONFERENCE CALL – PORTUGUESE: 7/26/2021, 11am (Brasília) / 10am (New York)
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Note: [1] Sell-out PPP 2Q21 (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price from pharmacies and chains. It does not consider the sell-out of the Buscopan family and the brands acquired from Takeda; [2]As informed by IQVIA, it excludes the infant formula segment

Operating Scenario

Hypera Pharma's Net Revenue grew 43.5% and reached R$1,507.4 million in 2Q21. This growth was mainly driven by: (i) the contribution to Net Revenue from the portfolio of medicines acquired from Takeda and the Buscopan family, and (ii) the 23.3% organic growth in sell-out[1], or 1.1 percentage point above the market. **Sell-out organic growth was higher than the market growth for the third consecutive quarter, and reflects the Company's initiatives to boost its long-term sustainable growth, with highlights including the launches acceleration in the last years, the increase in production capacity and the investments in its leading brands.**

Prescription Products was the quarter's highlight, with sell-out growth exceeding the market growth once again. The performance benefited from the growth in chronic medicines, a segment in which the Company has been strengthening its participation in recent years with several relevant launches, in dermatology and in Vitamin D, with its leading brand Addera D-3.

In Consumer Health, the main highlights were the growth in the Gastrointestinal segment, with the **Engov, Epocler, Tamarine** and **Gastrol** brands, and Vitamins, Supplements and Nutritionals, a segment that has been growing at a faster pace than the average Consumer Health growth rate in recent years and which has accelerated strongly since the beginning of the Covid-19 pandemic. **The performance of those segments helped Hypera Pharma to gain market-share in Consumer Health in this quarter.**

In Similars and Generics, growth was driven by: (i) the Company's robust distribution platform; (ii) the initiatives to increase the visibility of the **Neo Química** brand; (iii) the expansion of the production capacity; and (iv) the acceleration in the number of launches, which has been contributing to the Company's increasing coverage of generic molecules in Brazilian pharmaceutical retail.

The growth in organic sell-out and the operational synergies from the integration of the portfolio of medicines acquired from Takeda and the Buscopan brands contributed to the Company's expansion in EBITDA Margin from Continued Operations, when excluding Other Net Operating Income and Expenses, to 34.1%, and to reach free cash flow generation of R$444.9 million in 2Q21. In addition, Hypera Pharma declared Interest on Equity of R$194.8 million (R$0.31/share), an increase of 5% over the amount declared in 2Q20.

The Company will strengthen its product portfolio with two important acquisitions: (i) the 12 products from Sanofi, which include iconic Consumer Health brands such as the analgesic **AAS**, the herbal medicine **Naturetti** and the antiseptic **Cepacol**, in addition to the prescription medicines **Buclina**, for appetite stimulation, **Hidantal**, indicated for the treatment of epilepsy, among others; and (ii) **Bioage**, a leading company in the Brazilian aesthetics market, which develops and markets the largest and most complete line of high-performance dermocosmetics for professional use and home care in Brazil. **With the conclusion of these acquisitions, Hypera Pharma will reinforce its unique portfolio of leading brands in the Brazilian pharmaceutical retail market and strengthen its leadership in Consumer Health and its operations in the Dermatology, Central Nervous System and Gastrointestinal.**

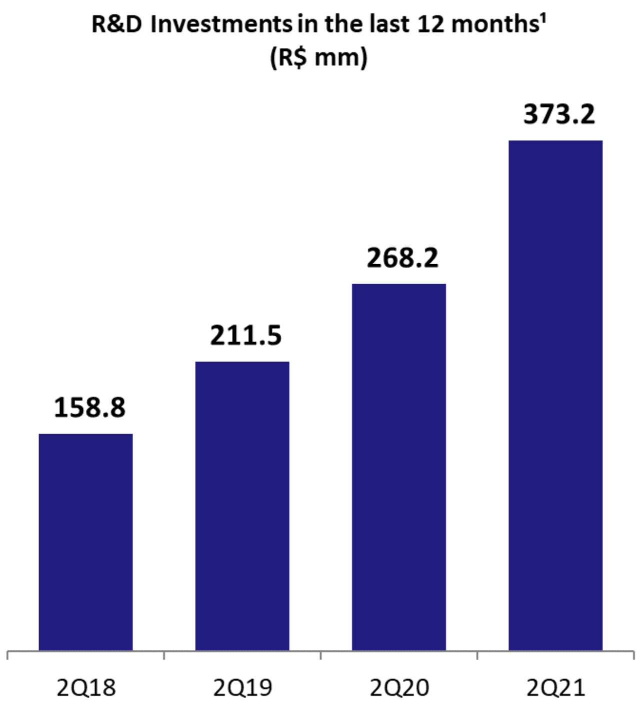
Hypera Pharma continues to invest in its sustainable growth to further strengthen its participation in the Brazilian pharmaceutical market, without losing sight of its commitment to business profitability, shareholder remuneration and the stakeholders' well-being.

In 2Q21, the Company was once again certified by Great Place to Work as an excellent place to work in Brazil and received the WOB - Women on Board certification, an initiative supported by UN Women, for the relevance of women on its Board of Directors. Hypera Pharma also published its 2020 Annual Report, the first one following the Global Reporting Initiative (GRI), with a materiality study and aligned with the UN Sustainable Development Goals, which brought information about the main highlights and initiatives in the environmental, social and corporate governance fields to enhance its value generation so that **Hypera Pharma keeps connecting purposes for people to live longer and better.**

The performance presented in 1H21, the strength and resilience of the Company's portfolio of leading brands and the contribution of the launches and the portfolio of medicines acquired from Takeda and the Buscopan brands reinforce Hypera Pharma's confidence in reaching the goals and financial projections set for 2021.

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

Innovation & Launches



Total R&D investments, including the amount capitalized as intangible assets, were R$373.2 million in the last 12 months, or 39.2% higher than the same period of the previous year.

The Freshness Index, corresponding to the percentage of Net Revenue coming from products launched in the last five years, was 25% in 2Q21, compared to 31% in 2Q20. **When excluding the portfolio of medicines acquired from Takeda and the Buscopan brands, the innovation index reached 33% in 2Q21.**

The Company launched important products this quarter to strengthen its leadership in Consumer Health, such as **Blumel**, a new line of natural products for the treatment and prevention of cold that includes expectorant syrup, nasal decongestant and a supplement to improve immunity, **Benegrip Imuno Energy** and **Benegrip Imuno Complex**, brand extensions of the leading Benegrip brand for the vitamin segment.

In Prescription Products, the highlights are the nasal spray **Amome**, for the treatment of allergic rhinitis symptoms, **Crystalvisc**, for the treatment of pain associated with osteoastritis, and the line extensions of the **Ofolato** brand and the dermocosmetic brands **Blancy, Glycare** and **Reviline.**

In Similars and Generics, the main launches were the dipyrone monohydrate **Mirador**, and the generics **Pregabalina**, for the treatment of epilepsy, and **Celecoxibe**, for the treatment of osteoarthritis and rheumatoid arthritis.

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

Income Statement

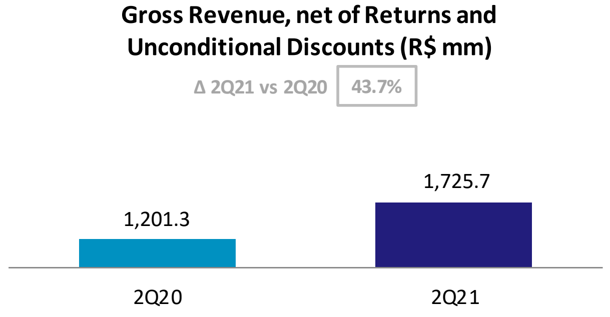
The following table is a summary of Hypera Pharma's Income Statement:

Table 2

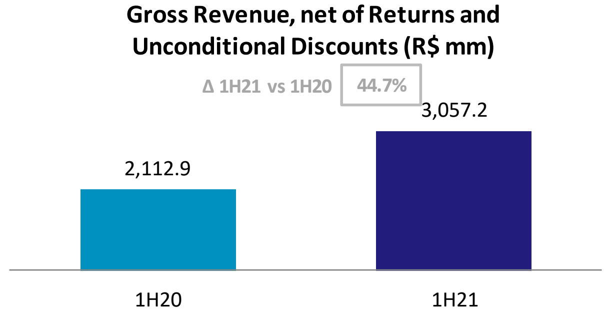
(R$ million)	2Q20	% NR	2Q21	% NR	Δ %	1H20	% NR	1H21	% NR	Δ %
Net Revenue	**1,050.5**	***100.0%***	**1,507.4**	***100.0%***	***43.5%***	**1,865.5**	***100.0%***	**2,678.2**	***100.0%***	***43.6%***
Gross Profit	**690.3**	***65.7%***	**987.7**	***65.5%***	***43.1%***	**1,233.3**	***66.1%***	**1,740.5**	***65.0%***	***41.1%***
Marketing Expenses	(187.2)	*-17.8%*	(298.3)	*-19.8%*	*59.4%*	(369.7)	*-19.8%*	(513.0)	*-19.2%*	*38.8%*
Selling Expenses	(140.6)	*-13.4%*	(151.7)	*-10.1%*	*7.9%*	(268.0)	*-14.4%*	(303.1)	*-11.3%*	*13.1%*
General and Administrative Expenses	(51.8)	*-4.9%*	(59.2)	*-3.9%*	*14.4%*	(101.6)	*-5.4%*	(115.1)	*-4.3%*	*13.3%*
Other Operating Revenues (Expenses)	106.9	*10.2%*	77.2	*5.1%*	*-27.8%*	136.3	*7.3%*	77.7	*2.9%*	*-43.0%*
Equity in Subsidiaries	0.5	*0.1%*	3.7	*0.2%*	*603.4%*	6.1	*0.3%*	3.2	*0.1%*	*-47.9%*
EBIT from Continuing Operations	**418.1**	***39.8%***	**559.3**	***37.1%***	***33.8%***	**636.4**	***34.1%***	**890.2**	***33.2%***	***39.9%***
Net Financial Expenses	(15.7)	*-1.5%*	(71.9)	*-4.8%*	*357.7%*	(3.0)	*-0.2%*	(113.3)	*-4.2%*	*3671.6%*
Income Tax and CSLL	(3.3)	*-0.3%*	(8.0)	*-0.5%*	*143.4%*	13.7	*0.7%*	10.2	*0.4%*	*-25.7%*
Net Income (Loss) from Continuing Operations	399.1	*38.0%*	479.4	*31.8%*	*20.1%*	647.1	*34.7%*	787.1	*29.4%*	*21.6%*
Net Income from Discontinued Operations	(2.7)	*-0.3%*	(8.8)	*-0.6%*	*230.4%*	(12.5)	*-0.7%*	(11.4)	*-0.4%*	*-8.7%*
Net Income (Loss)	396.4	*37.7%*	470.6	*31.2%*	*18.7%*	634.6	*34.0%*	775.7	*29.0%*	*22.2%*
EBITDA from Continuing Operations	**449.2**	***42.8%***	**591.9**	***39.3%***	***31.8%***	**697.9**	***37.4%***	**953.8**	***35.6%***	***36.7%***

Net Revenue

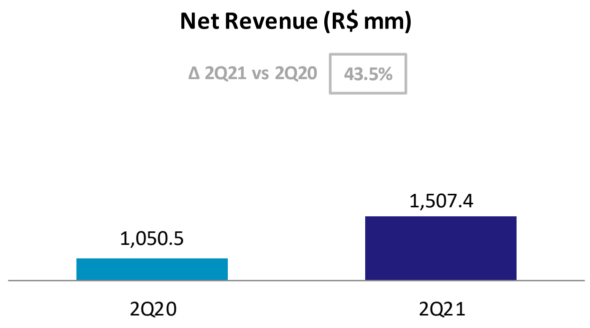
Graph 1



Graph 2



Graph 3



Graph 4

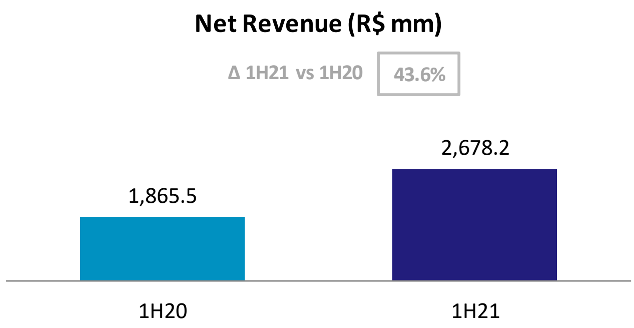


Table 3

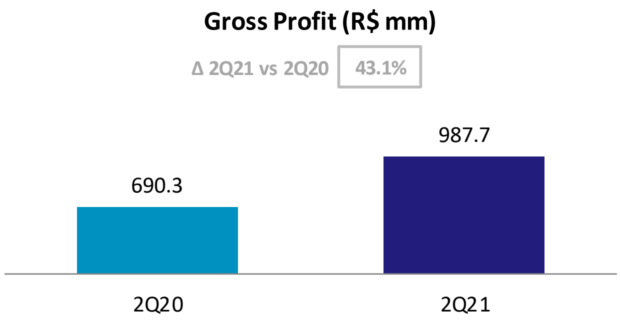
(R$ million)	2Q20	2Q21	Δ %	1H20	1H21	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	**1,201.3**	**1,725.7**	***43.7%***	**2,112.9**	**3,057.2**	***44.7%***
Promotional Discounts	(67.2)	(99.2)	*47.7%*	(93.2)	(161.8)	*73.5%*
Taxes	(83.7)	(119.2)	*42.4%*	(154.1)	(217.2)	*40.9%*
Net Revenue	**1,050.5**	**1,507.4**	***43.5%***	**1,865.5**	**2,678.2**	***43.6%***

In 2Q21, Net Revenue growth was 43.5% when compared to the same period of the previous year, totaling R$1,507.4 million. This growth is mainly due to: **(i) the contribution to Net Revenue from the portfolio of medicines acquired from Takeda and the Buscopan family**; and (ii) the increase in sell-out in the period, which was driven by the growth in **Prescription Products, Generics and Similars** and Vitamins, Supplements, Gastrointestinal and Nutritionals in **Consumer Health.**

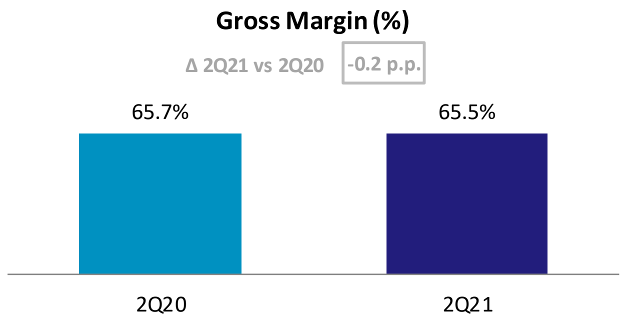
When excluding the contribution to Net Revenues from the portfolio of medicines acquired from Takeda and the Buscopan family, Net Revenues growth reached 10.0%.

Gross Profit

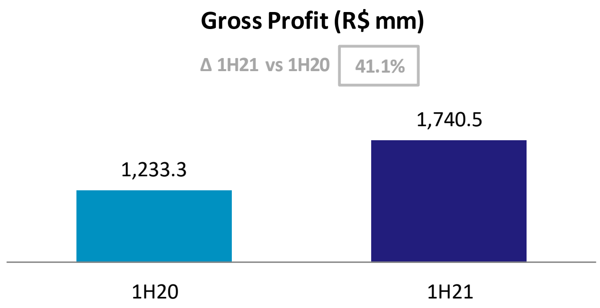
Graph 5



Graph 6



Graph 7



Graph 8

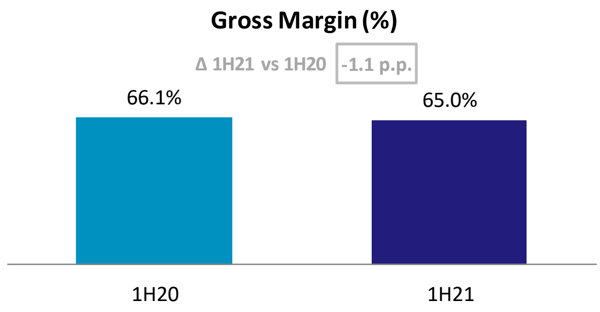


Table 4

(R$ million)	2Q20	% NR	2Q21	% NR	Δ %	Δ p.p.	1H20	% NR	1H21	% NR	Δ %	Δ p.p.
Gross Profit	690.3	*65.7%*	987.7	*65.5%*	*43.1%*	*-0.2 p.p.*	1,233.3	*66.1%*	1,740.5	*65.0%*	*41.1%*	*-1.1 p.p.*

Gross Profit reached R$987.7 million in 2Q21, with Gross Margin of 65.5%, compared to 65.7% in 2Q20. The variation in Gross Margin is mainly a due to: (i) the adjustment of drug prices as of April, in accordance with what was authorized by the Brazilian Medicines Market Regulation Chamber *(Câmara de Regulação do Mercado de Medicamentos - CMED)*; (ii) the positive contribution of 1.6 percentage point of the medicine portfolio acquired from Takeda and the Buscopan brands to the mix of products sold; and (iii) the devaluation of the Brazilian Real against the US Dollar in the period, which negatively impacted the Gross Margin by 1.5 percentage point.

In order to mitigate the impact of the devaluation of the Brazilian Real against the US Dollar and to protect its operations from the exchange rate volatility, the Company has already carried out foreign exchange derivatives operations (foreign exchange hedge) related to the future purchase of raw material indexed to the US Dollar estimated for 2021.

Marketing Expenses

Table 5

(R$ million)	2Q20	% NR	2Q21	% NR	Δ %	1H20	% NR	1H21	% NR	Δ %
Marketing Expenses	(187.2)	-17.8%	(298.3)	-19.8%	59.4%	(369.7)	-19.8%	(513.0)	-19.2%	38.8%
Advertisement and Consumer Promotion	(72.0)	-6.9%	(100.9)	-6.7%	40.0%	(114.7)	-6.1%	(160.5)	-6.0%	40.0%
Trade Deals	(24.1)	-2.3%	(42.8)	-2.8%	77.2%	(44.6)	-2.4%	(76.3)	-2.8%	71.0%
Medical Visits, Promotions and Others	(91.0)	-8.7%	(154.6)	-10.3%	70.0%	(210.4)	-11.3%	(276.2)	-10.3%	31.3%

Marketing Expenses increased their share of Net Revenue by 2.0 percentage points in the quarter, mainly due to the increase in Medical Visits, Promotions and Others versus 2Q20, when the Company had granted collective vacation to the medical visitation teams and reduced the number of free samples and events with doctors due to the beginning of the Covid-19 pandemic in Brazil.

Selling Expenses

Table 6

(R$ million)	2Q20	% NR	2Q21	% NR	Δ %	1H20	% NR	1H21	% NR	Δ %
Selling Expenses	(140.6)	-13.4%	(151.7)	-10.1%	7.9%	(268.0)	-14.4%	(303.1)	-11.3%	13.1%
Commercial Expenses	(74.6)	-7.1%	(92.1)	-6.1%	23.3%	(148.7)	-8.0%	(176.0)	-6.6%	18.3%
Freight and Logistics Expenses	(27.8)	-2.6%	(30.7)	-2.0%	10.4%	(49.1)	-2.6%	(57.8)	-2.2%	17.7%
Research & Development	(38.2)	-3.6%	(29.0)	-1.9%	-24.1%	(70.2)	-3.8%	(69.3)	-2.6%	-1.2%

Selling Expenses represented 10.1% of Net Revenue in 2Q21, a reduction of 3.3 percentage points when compared to 2Q20. This reduction is mainly due to the dilution of Commercial Expenses and investments in R&D due to the additional contribution to Net Revenue of the portfolio of medicines acquired from Takeda and the Buscopan brands.

R&D total investments, including the amount capitalized as intangible assets, represented 4.8% in 2Q21, versus 7.1% in 2Q20, mainly as a result of the dilution of these investments due to the additional contribution to the Net Revenue from the portfolio of medicines acquired from Takeda and the Buscopan brands.

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

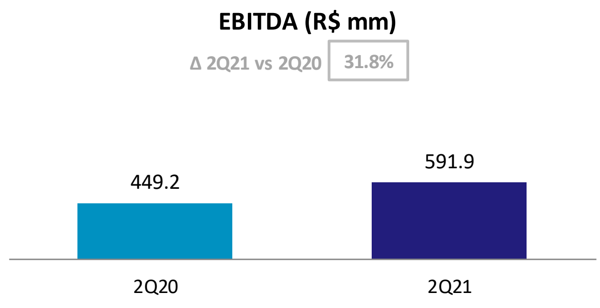
Table 7

(R$ million)	2Q20	% NR	2Q21	% NR	Δ %	1H20	% NR	1H21	% NR	Δ %
General & Administrative Expenses	(51.8)	-4.9%	(59.2)	-3.9%	14.4%	(101.6)	-5.4%	(115.1)	-4.3%	13.3%
Other Operating Revenues (Expenses)	106.9	10.2%	77.2	5.1%	-27.8%	136.3	7.3%	77.7	2.9%	-43.0%

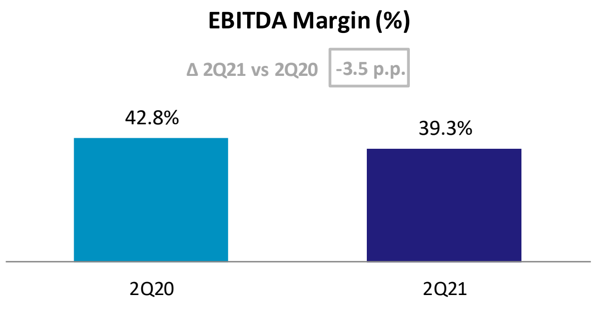
General and Administrative Expenses reduced their share of Net Revenue by 1.0 percentage point in 2Q21, mainly due to: (i) the dilution of fixed expenses with the integration of the portfolio of medicines acquired from Takeda and the Buscopan brands; and (ii) the Company's initiatives to preserve the profitability of its operations during the Covid-19 pandemic, such as the reduction in the number of trips and the implementation of home office for administrative teams.

EBITDA from Continuing Operations

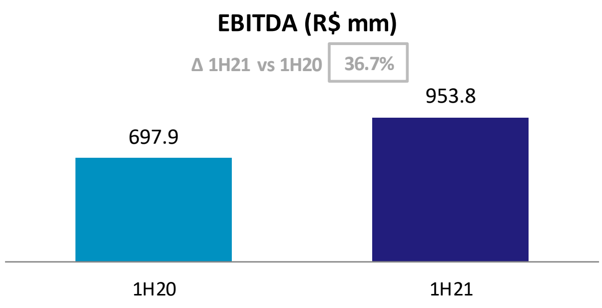
Graph 9



Graph 10



Graph 11



Graph 12

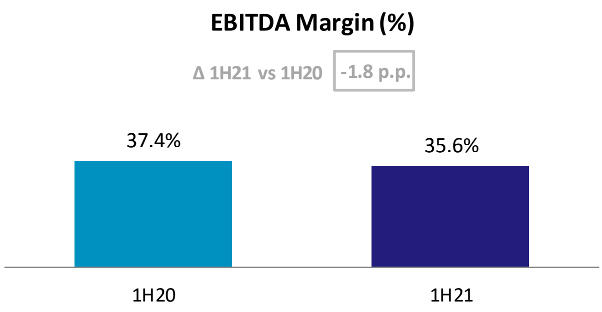


Table 8 – EBITDA from Continuing Operations

(R$ million)	2Q20	% NR	2Q21	% NR	Δ %	1H20	% NR	1H21	% NR	Δ %
EBITDA from Continuing Operations	449.2	*42.8%*	591.9	*39.3%*	*31.8%*	697.9	*37.4%*	953.8	*35.6%*	*36.7%*

EBITDA from Continuing Operations was R$591.9 million in 2Q21, an increase of 31.8% over the previous year and margin of 39.3%. When excluding the contribution of Other Net Operating Revenues (Expenses), the EBITDA Margin from Continued Operations grew 1.5 percentage point over 2Q20 and reached 34.1%, mainly due to the dilution of Selling, General and Administrative Expenses due to the integration of the portfolio of medicines acquired from Takeda and the Buscopan brands.

Net Financial Expenses

Table 9

(R$ million)	2Q20	% NR	2Q21	% NR	Δ R$	1H20	% NR	1H21	% NR	Δ R$
Financial Result	(15.7)	*-1.5%*	(71.9)	*-4.8%*	(56.2)	(3.0)	*-0.2%*	(113.3)	*-4.2%*	(110.3)
Net Interest Expenses	(8.3)	*-0.8%*	(45.8)	*-3.0%*	(37.5)	9.6	*0.5%*	(79.0)	*-3.0%*	(88.6)
Cost of Hedge and FX Gains (Losses)	(0.2)	*0.0%*	(13.1)	*-0.9%*	(12.9)	6.1	*0.3%*	(9.9)	*-0.4%*	(16.0)
Other	(7.2)	*-0.7%*	(13.0)	*-0.9%*	(5.8)	(18.7)	*-1.0%*	(24.3)	*-0.9%*	(5.6)

The Financial Result presented a negative balance of R$71.9 million in 2Q21, compared to R$15.7 million in 2Q20. This variation is a result of the increase in interest expenses due to the Company's greater gross debt, mainly due to the issuance of debentures to pay for the portfolio of medicines acquired from Takeda and the *Selic* interest rate increase.

Net Income

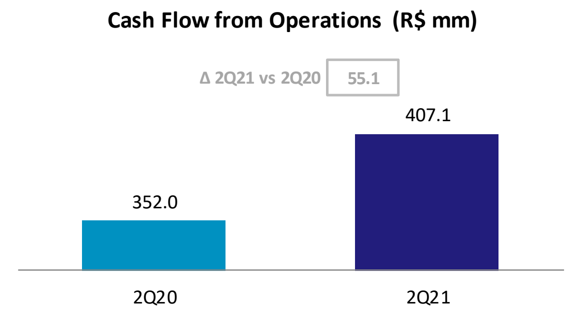
Table 10

(R$ million)	2Q20	2Q21	Δ %	1H20	1H21	Δ %
EBIT from Continuing Operations	418.1	559.3	*33.8%*	636.4	890.2	*39.9%*
(-) Net Financial Expenses	(15.7)	(71.9)	*357.7%*	(3.0)	(113.3)	*3671.6%*
(-) Income Tax and Social Contribution	(3.3)	(8.0)	*143.4%*	13.7	10.2	*-25.7%*
Net Income from Continuing Operations	**399.1**	**479.4**	***20.1%***	**647.1**	**787.1**	***21.6%***
(+) Net Income from Discontinued Operations	(2.7)	(8.8)	*230.4%*	(12.5)	(11.4)	*-8.7%*
Net Income	**396.4**	**470.6**	***18.7%***	**634.6**	**775.7**	***22.2%***
EPS	**0.63**	**0.75**	***18.7%***	**1.01**	**1.23**	***22.1%***
EPS from Continuing Operations	**0.63**	**0.76**	***20.1%***	**1.03**	**1.25**	***21.5%***

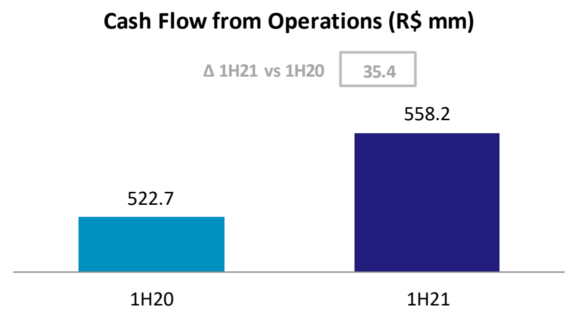
Net Income from Continuing Operations totaled R$479.4 million in the quarter, an increase of 20.1%. The change in Net Income from Continuing Operations is mainly due to the 33.8% growth in EBIT from Continuing Operations and the Net Financial Expenses growth of R$56.2 million recorded in the quarter.

Cash Flow (Continuing and Discontinued Operations)

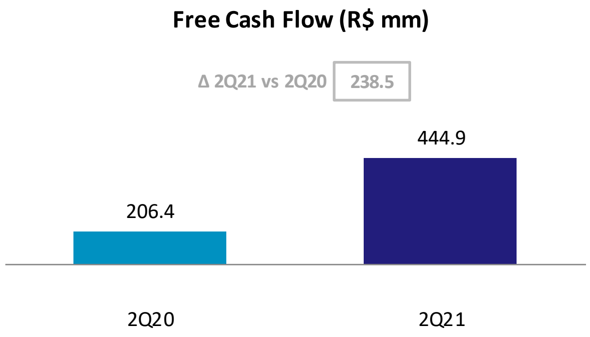
Graph 13



Graph 14



Graph 15



Graph 16

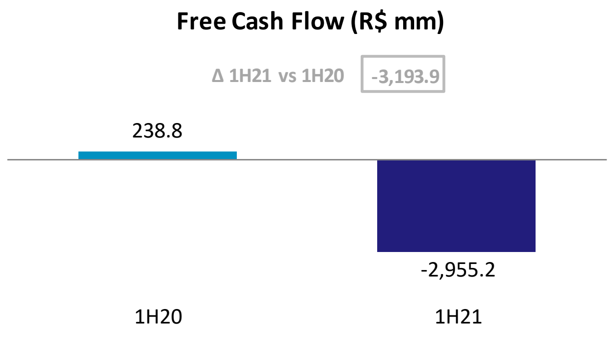


Table 11

(R$ million)	2Q20	2Q21	1H20	1H21
Cash Flow from Operations	352.0	407.1	522.7	558.2
Capital increase in subsidiaries/associates	0.0	(20.2)	(0.1)	(20.4)
Purchase of Property, Plant and Equipment	(72.4)	(112.5)	(165.2)	(227.7)
Purchase of Intangible Assets	(41.3)	(49.1)	(74.4)	(95.8)
Acquisitions of Subsidiaries, Net of Cash Acquired	(32.5)	(9.8)	(45.5)	(3,553.5)
Sale of Property, Plant and Equipment	0.6	229.4	1.1	384.0
(=) Free Cash Flow	**206.4**	**444.9**	**238.8**	**(2,955.2)**

Operating Cash Flow grew 15.7% in the quarter and reached R$407.1 million. Free Cash Flow grew 115.6%, even with the additional investments to expand the capacity in Anápolis, mainly as a result of the cash generated from the Goiânia Distribution Center sale, which was dedicated to the Company's former consumer products operation and was leased to third parties, which positively affected the Sale of Property, Plant and Equipment.

Net Debt

Table 12

(R$ million)	2Q21
Loans and Financing	(6,587.2)
Notes Payable	(34.2)
Gross Debt	**(6,621.4)**
Cash and Cash Equivalents	2,049.3
Net Cash / (Debt)	**(4,572.1)**
Unrealized Gain/Loss on Debt Hedge	(17.0)
Net Cash / (Debt) After Hedge	**(4,589.1)**

The Company ended 2Q21 with a Net Debt After Hedge position of R$4,589.1 million, compared to R$4,952.9 million at the end of 1Q21. The reduction in Net Debt After Hedge in the quarter is mainly due to free cash flow generation of R$444.9 million.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	2Q20	3Q20	4Q20	1Q21	1Q21
Receivables (1)	110	110	111	108	98
Inventories (2)	200	205	190	237	200
Payables (2) (3)	(139)	(164)	(148)	(170)	(135)
Cash Conversion Cycle	**172**	**151**	**153**	**174**	**163**

(R$ million)	2Q20	3Q20	4Q20	1Q21	1Q21
Receivables	1,413	1,478	1,564	1,546	1,796
Inventories	802	892	921	1,099	1,153
Payables (3)	(556)	(715)	(716)	(791)	(778)
Working Capital	**1,659**	**1,655**	**1,769**	**1,854**	**2,171**
% of Annualized Net Revenue (4)	***39%***	***38%***	***39%***	***40%***	***36%***

(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$886.8 million (please refer to Explanatory Note 13 of the Financial Statements);

ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R$1,740.6 million (please refer to Explanatory Note 23(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 14

(R$ million)	2Q20	% NR	2Q21	% NR	Δ %	1H20	% NR	1H21	% NR	Δ %
Net Income	396.4	*37.7%*	470.6	*31.2%*	*18.7%*	634.6	*34.0%*	775.7	*29.0%*	*22.2%*
(+) Income Tax and CSLL	2.6	*0.2%*	3.2	*0.2%*	*23.8%*	(17.9)	*-1.0%*	(16.1)	*-0.6%*	*-10.0%*
(+) Net Interest Expenses	15.7	*1.5%*	71.9	*4.8%*	*357.7%*	3.0	*0.2%*	113.3	*4.2%*	*3671.6%*
(+) Depreciations / Amortizations	31.1	*3.0%*	32.5	*2.2%*	*4.5%*	61.5	*3.3%*	63.7	*2.4%*	*3.6%*
EBITDA	**445.9**	***42.4%***	**578.3**	***38.4%***	***29.7%***	**681.2**	***36.5%***	**936.5**	***35.0%***	***37.5%***
(-) EBITDA from Discontinued Operations	3.3	*0.3%*	13.6	*0.9%*	*306.9%*	16.7	*0.9%*	17.3	*0.6%*	***3.8%***
Adjusted EBITDA (EBITDA from Continuing Operations)	**449.2**	***42.8%***	**591.9**	***39.3%***	***31.8%***	**697.9**	***37.4%***	**953.8**	***35.6%***	***36.7%***

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

	2Q20	2Q21	1H20	1H21
Net Revenue	**1,050,494**	**1,507,379**	**1,865,526**	**2,678,241**
Cost of Goods Sold	(360,243)	(519,702)	(632,217)	(937,765)
Gross Profit	**690,251**	**987,677**	**1,233,309**	**1,740,476**
Selling and Marketing Expenses	(327,793)	(450,017)	(637,726)	(816,111)
General and Administrative Expenses	(51,765)	(59,202)	(101,600)	(115,063)
Other Operating Revenues (Expenses)	106,861	77,171	136,330	77,674
Equity in Subsidiaries	527	3,707	6,104	3,178
Operating Income Before Equity Income and Financial Result	**418,081**	**559,336**	**636,417**	**890,154**
Net Financial Expenses	(15,719)	(71,948)	(3,003)	(113,261)
Financial Expenses	(61,741)	(91,654)	(88,206)	(149,722)
Financial Income	46,022	19,706	85,203	36,461
Profit Before Income Tax and Social Contribution	**402,362**	**487,388**	**633,414**	**776,893**
Income Tax and Social Contribution	(3,275)	(7,970)	13,664	10,158
Net Income from Contining Operations	**399,087**	**479,418**	**647,078**	**787,051**
Net Income from Discontinued Operations	(2,674)	(8,835)	(12,456)	(11,376)
Income for the Period	**396,413**	**470,583**	**634,622**	**775,675**
Earnings per Share – R$	**0.63**	**0.75**	**1.01**	**1.23**

Consolidated Balance Sheet (R$ thousand)

Table 16

Assets	12/31/2020	06/30/2021
Current Assets	**7,899,047**	**5,636,344**
Cash and Cash Equivalents	4,743,298	2,049,345
Accounts Receivables	1,564,341	1,795,502
Inventories	920,796	1,153,226
Recoverable Taxes	274,017	271,798
Financial Derivatives	85,674	19,680
Other Assets	306,823	342,695
Dividends and IOC receivables	4,098	4,098
Non-Current Assets	**9,350,763**	**12,918,624**
Long Term Assets	**1,217,542**	**1,254,081**
Deferred Income Tax and Social Contribution	194,716	195,694
Recoverable Taxes	680,495	784,531
Other Assets	342,331	273,856
Fixed Assets and Investments	**8,133,221**	**11,664,543**
Investments	34,233	64,947
Investment Properties	154,318	25,972
Property, Plants and Equipments	1,546,409	1,760,127
Intangible Assets	6,398,261	9,813,497
Total Assets	**17,249,810**	**18,554,968**

Liabilities and Shareholders' Equity	12/31/2020	06/30/2021
Current Liabilities	**2,623,249**	**2,923,143**
Suppliers	275,539	332,152
Suppliers' Assignment of Receivables	440,256	445,997
Loans and Financing	461,816	1,046,866
Salaries Payable	224,479	259,211
Income Tax and Social Contribution	10,570	925
Taxes Payable	63,659	72,340
Accounts Payable	273,353	290,568
Dividends and IOC Payable	671,654	364,976
Notes Payable	23,980	34,167
Financial Derivatives	177,943	75,941
Non-Current Liabilites	**5,385,846**	**6,039,552**
Loans and Financing	5,051,233	5,540,366
Deferred Income Tax and Social Contribution	46,017	49,856
Taxes Payable	7,651	7,244
Accounts Payable	74,557	99,853
Provisions for Contingencies	206,388	307,707
Financial Derivatives	0	34,526
Shareholders' Equity	**9,240,715**	**9,592,273**
Capital	4,478,126	4,478,126
Capital Reserve	1,266,381	1,243,111
Equity Valuation Adjustments	(336,724)	(283,642)
Profit Reserves	3,833,210	3,833,210
Treasury Stock	(278)	(43,948)
Attributed to non-controlling shareholders	0	2,945
Income for the Period	0	362,471
Total Liabilities and Shareholders' Equity	**17,249,810**	**18,554,968**

Consolidated Cash Flow Statement (R$ thousand)

Tabela 17

	2Q20	2Q21	1H20	1H21
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	399,025	473,817	616,702	759,551
Depreciation and Amortization	31,146	32,537	61,473	63,683
Asset Impairment	40,019	(10,846)	41,114	(10,749)
Gain on Permanent Asset Disposals	(755)	17,387	10,264	3,100
Equity Method	(451)	(3,354)	(5,055)	(2,768)
Foreign Exchange (Gains) Losses	(6,115)	13,095	(29,153)	9,884
Net Interest and Related Revenue/Expenses	21,835	58,853	32,157	103,377
Expenses Related to Share Based Remuneration	5,386	6,243	9,516	10,374
Provisions	6,475	(8,042)	5,422	8,166
Adjusted Results	**496,565**	**579,690**	**742,440**	**944,618**
Decrease (Increase) in Assets	**(378,416)**	**(213,524)**	**(311,973)**	**(509,178)**
Trade Accounts Receivable	(226,239)	(246,298)	(75,259)	(276,988)
Inventories	(127,102)	(57,744)	(180,221)	(238,165)
Recoverable Taxes	53,058	(38,886)	58,455	(88,112)
Judicial Deposits and Others	8,963	3,749	10,393	20,786
Other Accounts Receivable	(87,096)	125,655	(125,341)	73,301
Increase (Decrease) in Liabilities	**233,815**	**40,940**	**92,270**	**122,714**
Suppliers	40,451	27,133	(139,822)	69,640
Suppliers' Assignment of Receivables	112,884	(4,891)	198,348	5,753
Financial Derivatives	26,777	(4,590)	35,208	7,466
Income Tax and Social Contribution Paid	(3,320)	10	(3,930)	(6,872)
Taxes Payable	(5,333)	4,144	13,048	14,498
Salaries and Payroll Charges	66,865	9,135	14,404	22,419
Accounts Payable	27,528	16,267	23,500	28,293
Operations Interest Paid	(26,243)	533	(38,459)	(11,570)
Other Accounts Payable	(5,794)	(6,801)	(10,027)	(6,913)
Net Cash Provided by Operating Activities	**351,964**	**407,106**	**522,737**	**558,154**
Cash Flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	0	(20,163)	(100)	(20,365)
Acquisitions of Subsidiaries, Net of Cash Acquired	(32,500)	(9,832)	(45,500)	(3,553,463)
Acquisitions of Property, Plant and Equipment	(72,367)	(112,532)	(165,152)	(227,656)
Intangible Assets	(41,298)	(49,142)	(74,365)	(95,809)
Proceeds from the Sale of Assets with Permanent Nature	600	229,445	1,147	383,958
Interest and Others	26,191	9,565	39,295	17,100
Investment Hedge	0	0	(2,155)	46,396
Net Cash From Investing Activities	**(119,374)**	**47,341**	**(246,830)**	**(3,449,839)**
Cash Flows from Financing Activities				
Borrowings	2,785,000	116,184	3,380,000	1,221,184
Treasury Stock Purchase / Sale	340	18,548	11,234	(66,425)
Repayment of Loans - Principal	(18,292)	(135,345)	(41,117)	(156,928)
Repayment of Loans - Interest	(45,408)	(77,864)	(52,494)	(103,878)
Dividends and IOC Paid	(23,922)	(24,627)	(636,065)	(696,221)
Net Cash From Financing Activities	**2,697,718**	**(103,104)**	**2,661,558**	**197,732**
Net Increase (Decrease) in Cash and Cash Equivalents	**2,930,308**	**351,343**	**2,937,465**	**(2,693,953)**
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	2,253,593	1,698,002	2,246,436	4,743,298
Cash and Cash Equivalents at the End of the Period	5,183,901	2,049,345	5,183,901	2,049,345
Change in Cash and Cash Equivalent	**2,930,308**	**351,343**	**2,937,465**	**(2,693,953)**

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR) at
June 30, 2021
and report on review of
quarterly information

(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Hypera S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2021, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

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

PricewaterhouseCoopers, Av. 136, 797, Setor Sul, Cond. New York Square, 10°, Salas A-1005 a A-1008, Goiânia, GO, Brasil, 74093-250, T: +55 (62) 3270 5900, www.pwc.com.br

Emphasis of matter - Investigation in progress

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

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Goiânia, July 23, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at June 30, 2021

Hypera S.A.

Balance sheet

In thousands of Reais (A free translation of the original in Portuguese)

Assets	**Parent company June 30, 2021**	**Parent company December 31, 2020**	**Consolidated June 30, 2021**	**Consolidated December 31, 2020**
Current assets				
Cash and cash equivalents (Note 10)	1,928,233	4,646,159	2,049,345	4,743,298
Accounts receivable (Note 11)	1,792,928	1,564,207	1,795,502	1,564,341
Inventory (Note 12)	311,690	259,864	1,153,226	920,796
Taxes recoverable (Note 13)	132,494	151,684	271,798	274,017
Derivative financial instruments (Note 4(e))	17,529	79,427	19,680	85,674
Dividends receivable	4,098	13,046	4,098	4,098
Other assets (Note 14)	292,359	261,343	342,695	306,823
	4,479,331	6,975,730	5,636,344	7,899,047
Non-current assets				
Long-term receivables				
Deferred income tax and social contribution (Note 23)	164,434	165,913	195,694	194,716
Taxes recoverable (Note 13)	730,883	630,126	784,531	680,495
Other assets (Note 14)	235,498	293,288	273,856	342,331
	1,130,815	1,089,327	1,254,081	1,217,542
Investments (Note 16)	6,232,637	2,309,204	64,947	34,233
Investment properties	25,972	161,095	25,972	154,318
Property, plant and equipment (Note 18)	139,707	130,536	1,760,127	1,546,409
Intangible assets (Note 19)	6,008,140	6,004,949	9,813,497	6,398,261
	12,406,456	8,605,784	11,664,543	8,133,221
	13,537,271	9,695,111	12,918,624	9,350,763
Total assets	18,016,602	16,670,841	18,554,968	17,249,810

Liabilities and equity	**Parent company June 30, 2021**	**Parent company December 31, 2020**	**Consolidated June 30, 2021**	**Consolidated December 31, 2020**
Current liabilities				
Suppliers (Note 20)	655,350	588,626	332,152	275,539
Suppliers' assignments of receivables (Note 21)	13,074	5,013	445,997	440,256
Loans and financing (Note 22)	1,037,475	424,880	1,046,866	461,816
Salaries payable	163,181	133,609	259,211	224,479
Income tax and social contribution payable	-	-	925	10,570
Taxes payable (Note 24)	36,491	22,077	72,340	63,659
Notes payable	34,167	23,980	34,167	23,980
Dividends and interest payable on shareholders' equity	364,976	671,654	364,976	671,654
Derivative financial instruments (Note 4(e))	-	149,213	75,941	177,943
Accounts payable (Note 25)	184,645	169,943	290,568	273,353
	2,489,359	2,188,995	2,923,143	2,623,249
Non-current liabilities				
Loans and financing (Note 22)	5,530,996	4,978,590	5,540,366	5,051,233
Taxes payable (Note 24)	7,244	7,651	7,244	7,651
Deferred income tax and social contribution (Note 23)	-	-	49,856	46,017
Provision for contingencies (Note 26)	283,217	183,516	307,707	206,388
Derivative financial instruments (Note 4(e))	34,526	-	34,526	-
Accounts payable (Note 25)	81,932	71,374	99,853	74,557
	5,937,915	5,241,131	6,039,552	5,385,846
Total liabilities	8,427,274	7,430,126	8,962,695	8,009,095
Equity				
Share capital (Note 27 (a))	4,478,126	4,478,126	4,478,126	4,478,126
Capital reserves (Note 27)	1,243,111	1,266,381	1,243,111	1,266,381
Equity valuation adjustments	(283,642)	(336,724)	(283,642)	(336,724)
Profit reserves	3,833,210	3,833,210	3,833,210	3,833,210
Treasury shares	(43,948)	(278)	(43,948)	(278)
Retained earnings	362,471	-	362,471	-
Equity attributable to the owners of the parent company	9,589,328	9,240,715	9,589,328	9,240,715
Equity attributable to noncontrolling interests	-	-	2,945	-
Total equity	9,589,328	9,240,715	9,592,273	9,240,715
Total liabilities and equity	18,016,602	16,670,841	18,554,968	17,249,810

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

Hypera S.A.

Statement of income
Periods ended June 30
In thousands of Reais, unless stated otherwise (A free translation of the original in Portuguese)

				Parent company
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Continuing operations				
Net revenue (Note 28)	1,532,709	2,728,399	1,077,987	1,916,844
Cost of sales (Note 29 (a))	(632,071)	(1,131,583)	(482,209)	(820,624)
Gross profit	**900,638**	**1,596,816**	**595,778**	**1,096,220**
Selling and marketing expenses (Note 29 (a))	(414,594)	(737,910)	(292,836)	(572,936)
General and administrative expenses (Note 29 (a))	(43,960)	(83,722)	(35,949)	(71,560)
Other operating (expenses) income, net (Note 29 (b))	88,556	93,671	134,481	127,456
Equity accounting (Note 16 (b))	15,870	21,797	8,516	42,298
Income before financial income and expenses	**546,510**	**890,652**	**409,990**	**621,478**
Financial income (Note 29 (c))	18,062	33,357	44,279	82,223
Financial expenses (Note 29 (d))	(86,701)	(157,462)	(58,347)	(86,438)
Financial expenses, net	**(68,639)**	**(124,105)**	**(14,068)**	**(4,215)**
Income before income tax and social contribution	**477,871**	**766,547**	**395,922**	**617,263**
Income tax and social contribution (Note 23 (c))	1,720	20,934	3,165	29,815
Net income from continuing operations	**479,591**	**787,481**	**399,087**	**647,078**
Discontinued operations				
Net income from discontinued operations (Note 15)	(8,835)	(11,376)	(2,674)	(12,456)
Net income for the period	**470,756**	**776,105**	**396,413**	**634,622**
Earnings per share				
Basic earnings per share (in R$)	0.74514	1.22788	0.62767	1.00513
Diluted earnings per share (in R$)	0.73618	1.21348	0.62001	0.99223
Earnings per share – Continuing operations				
Basic earnings per share (in R$)	0.75885	1.24520	0.63189	1.02485
Diluted earnings per share (in R$)	0.74973	1.23060	0.62420	1.01170

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

Hypera S.A.

Statement of income
Periods ended June 30
In thousands of Reais, unless stated otherwise (A free translation of the original in Portuguese)

				Consolidated
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Continuing operations				
Net revenue (Note 28)	1,507,379	2,678,241	1,050,494	1,865,526
Cost of sales (Note 29(a))	(519,702)	(937,765)	(360,243)	(632,217)
Gross profit	**987,677**	**1,740,476**	**690,251**	**1,233,309**
Selling and marketing expenses (Note 29(a))	(450,017)	(816,111)	(327,793)	(637,726)
General and administrative expenses (Note 29(a))	(59,202)	(115,063)	(51,765)	(101,600)
Other operating (expenses) income, net (Note 29(b))	77,171	77,674	106,861	136,330
Equity accounting (Note 16 (b))	3,707	3,178	527	6,104
Income before financial income and expenses	**559,336**	**890,154**	**418,081**	**636,417**
Financial income (Note 29 (c))	19,706	36,461	46,022	85,203
Financial expenses (Note 29 (d))	(91,654)	(149,722)	(61,741)	(88,206)
Financial expenses, net	**(71,948)**	**(113,261)**	**(15,719)**	**(3,003)**
Income before income tax and social contribution	**487,388**	**776,893**	**402,362**	**633,414**
Income tax and social contribution (Note 23(c))	(7,970)	10,158	(3,275)	13,664
Net income from continuing operations	**479,418**	**787,051**	**399,087**	**647,078**
Discontinued operations				
Net income from discontinued operations (Note 15)	(8,835)	(11,376)	(2,674)	(12,456)
Net income for the period	**470,583**	**775,675**	**396,413**	**634,622**
Attributable to				
Owners of the parent company	470,756	776,105	396,413	634,622
Noncontrolling interests	(173)	(430)	-	-
	470,583	**775,675**	**396,413**	**634,622**
Earnings per share				
Basic earnings per share (in R$)	0.74514	1.22788	0.62767	1.00513
Diluted earnings per share (in R$)	0.73618	1.21348	0.62001	0.99223
Earnings per share – Continuing operations				
Basic earnings per share (in R$)	0.75885	1.24520	0.63189	1.02485
Diluted earnings per share (in R$)	0.74973	1.23060	0.62420	1.01170

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

Hypera S.A.

Statement of comprehensive income
Periods ended June 30
In thousands of Reais, unless stated otherwise (A free translation of the original in Portuguese)

				Parent company
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Net income for the period	**470,756**	**776,105**	**396,413**	**634,622**
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge – effective portion of the changes in fair value	(75,508)	(35,379)	75,499	92,011
Income tax and social contribution on other comprehensive income	25,672	12,029	(25,670)	(31,284)
	(49,836)	(23,350)	49,829	60,727
Items that will not be reclassified to income				
Cash flow hedge – effective portion of the changes in fair value	-	115,806	-	-
Income tax and social contribution on other comprehensive income	-	(39,374)	-	-
	-	76,432	-	-
Other comprehensive income, net of income tax and social contribution	(49,836)	53,082	49,829	60,727
Comprehensive income for the period	**420,920**	**829,187**	**446,242**	**695,349**

				Consolidated
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Net income for the period	**470,583**	**775,675**	**396,413**	**634,622**
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge – effective portion of the changes in fair value	(75,508)	(35,379)	75,499	92,011
Income tax and social contribution on other comprehensive income	25,672	12,029	(25,670)	(31,284)
	(49,836)	(23,350)	49,829	60,727
Items that will not be reclassified to income				
Cash flow hedge – effective portion of the changes in fair value	-	115,806	-	-
Income tax and social contribution on other comprehensive income	-	(39,374)	-	-
	-	76,432	-	-
Other comprehensive income, net of income tax and social contribution	(49,836)	53,082	49,829	60,727
Comprehensive income for the period	**420,747**	**828,757**	**446,242**	**695,349**
Attributable to				
Owners of the parent company	420,920	829,187	446,242	695,349
Noncontrolling interests	(173)	(430)	-	-
	420,747	**828,757**	**446,242**	**695,349**

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

Hypera S.A.

Statement of changes in equity
Periods ended June 30
In thousands of Reais (A free translation of the original in Portuguese)

		Capital reserves					Profit reserves							
	Capital	Premium on share issuance	Share purchase options	Debenture subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve	Additional dividends proposed	Retained earnings	Equity attributable to the owners of the parent company	Equity attributable to noncontrolling interests	Total equity
Balances at January 1, 2020	**4,448,817**	**1,141,620**	**78,537**	**50,244**	**(34,203)**	**(254,994)**	**180,592**	**2,838,613**	**260,874**	**-**	**-**	**8,710,100**	**-**	**8,710,100**
Share purchase options	-	-	9,515	-	-	-	-	-	-	-	-	9,515	-	9,515
Results on sales of treasury shares	-	(17,002)	-	-	-	-	-	-	-	-	-	(17,002)	-	(17,002)
Sales of shares (Note 27(b))	-	-	-	-	28,236	-	-	-	-	-	-	28,236	-	28,236
Net income for the period	-	-	-	-	-	-	-	-	-	-	634,622	634,622	-	634,622
Interest on shareholders' equity	-	-	-	-	-	-	-	-	-	-	(370,994)	(370,994)	-	(370,994)
Other comprehensive income														
Gains or losses on derivatives, net of tax	-	-	-	-	-	60,727	-	-	-	-	-	60,727	-	60,727
Balances at June 30, 2020	**4,448,817**	**1,124,618**	**88,052**	**50,244**	**(5,967)**	**(194,267)**	**180,592**	**2,838,613**	**260,874**	**-**	**263,628**	**9,055,204**	**-**	**9,055,204**
Balances at January 1, 2021	**4,478,126**	**1,119,797**	**96,340**	**50,244**	**(278)**	**(336,724)**	**180,592**	**3,426,232**	**226,386**	**-**	**-**	**9,240,715**	**-**	**9,240,715**
Adjustment of provision for returns by estimate, net of taxes	-	-	-	-	-	-	-	-	-	-	(24,091)	(24,091)	-	(24,091)
Share purchase options	-	-	(515)		-	-	-	-	-	-	-	(515)	-	(515)
Results on sales of treasury shares	-	(22,755)	-	-	-	-	-	-	-	-	-	(22,755)	-	(22,755)
Sales of shares (Note 27(b))	-	-	-	-	(85,118)	-	-	-	-	-	-	(85,118)	-	(85,118)
Sales of shares (Note 27(b))	-	-	-	-	41,448	-	-	-	-	-	-	41,448	-	41,448
Net income for the period	-	-	-	-	-	-	-	-	-	-	776,105	776,105	-	776,105
Interest on shareholders' equity	-	-	-	-	-	-	-	-	-	-	(389,543)	(389,543)	-	(389,543)
Interest attributable to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-	2,945	2,945
Other comprehensive income														
Gains or losses on derivatives, net of tax	-	-	-	-	-	53,082	-	-	-	-	-	53,082	-	53,082
At June 30, 2021	**4,478,126**	**1,097,042**	**95,825**	**50,244**	**(43,948)**	**(283,642)**	**180,592**	**3,426,232**	**226,386**	**-**	**362,471**	**9,589,328**	**2,945**	**9,592,273**

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

Hypera S.A.

Statement of cash flows
Periods ended June 30
In thousands of Reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	749,494	601,712	759,551	616,702
Adjustments for				
Depreciation and amortization	24,487	24,772	63,683	61,473
Impairment of assets	(655)	9,993	(10,749)	41,114
Results on sales of fixed assets	(2,352)	10,451	3,100	10,264
Equity accounting	(20,840)	(38,809)	(2,768)	(5,055)
Foreign exchange gains (losses)	1,076	(24,075)	9,884	(29,153)
Interest and related expenses (income)	123,029	28,291	103,377	32,157
Share-based compensation expenses	8,963	7,864	10,374	9,516
Provisions	7,998	(14,655)	8,166	5,422
Adjusted income	891,200	605,544	944,618	742,440
Changes in assets and liabilities				
Accounts receivable	(275,055)	(74,050)	(276,988)	(75,259)
Inventory	(53,477)	(85,411)	(238,165)	(180,221)
Taxes recoverable	(75,931)	87,415	(88,112)	58,455
Deposits with courts and others	21,452	12,105	20,786	10,393
Other accounts receivable	71,224	(114,463)	73,301	(125,341)
Suppliers	66,721	168,339	69,640	(139,822)
Suppliers' assignment of receivables	7,897	3,856	5,753	198,348
Derivative financial instruments	-	-	7,466	35,208
Accounts payable	18,095	11,414	28,293	23,500
Taxes payable	14,463	4,230	14,498	13,048
Salaries/wages payable	20,251	3,983	22,419	14,404
Interest	(1,075)	(435)	(11,570)	(38,459)
Income tax and social contribution paid	-	(117)	(6,872)	(3,930)
Other accounts payable	(7,074)	(5,769)	(6,913)	(10,027)
Net cash provided by operating activities	698,691	616,641	558,154	522,737
Cash flow from investment activities				
Acquisition of subsidiaries (less net cash on acquisition)	(3,554,688)	(45,500)	(3,553,463)	(45,500)
Capital increases in subsidiaries	(583,092)	(342,000)	(20,365)	(100)
Purchases of property, plant and equipment	(11,349)	(5,837)	(227,656)	(165,152)
Purchases of intangible assets	(9,645)	(8,159)	(95,809)	(74,365)
Investment hedges	46,396	(2,155)	46,396	(2,155)
Proceeds from sales of fixed assets	384,055	974	383,958	1,147
Interest and other	16,124	38,103	17,100	39,295
Dividends received	8,948	4,664	-	-
Loans receivable	(7,262)	710	-	-
Net cash used in investment activities	(3,710,513)	(359,200)	(3,449,839)	(246,830)
Cash flow from financing activities				
Purchases of treasury shares	(85,118)	-	(85,118)	-
Sales of treasury shares	18,693	11,234	18,693	11,234
Proceeds from borrowing	1,221,184	3,380,000	1,221,184	3,380,000
Payment of loans – principal	(75,135)	(36,953)	(156,928)	(41,117)
Payment of loans – interest	(93,749)	(51,455)	(103,878)	(52,494)
Dividends and interest on capital paid	(696,221)	(636,065)	(696,221)	(636,065)
Loans payable	4,242	4,705	-	-
Net cash provided by financing activities	293,896	2,671,466	197,732	2,661,558
Net (decrease) increase in cash and cash equivalents	(2,717,926)	2,928,907	(2,693,953)	2,937,465
Cash and cash equivalents at beginning of the period	4,646,159	2,117,668	4,743,298	2,246,436
Cash and cash equivalents at end of the period	1,928,233	5,046,575	2,049,345	5,183,901
Change in cash and cash equivalents	(2,717,926)	2,928,907	(2,693,953)	2,937,465
Transactions not involving cash	**14,511**	**21,695**	**37,064**	**31,978**
Acquisition of companies	10,000	19,500	10,000	19,500
Acquisitions of property, plant and equipment	3,519	503	25,771	10,619
Acquisitions of intangible assets	992	1,692	1,293	1,859

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

Hypera S.A.

Statement of value added (*)
Periods ended June 30
In thousands of Reais (A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Gross revenue				
Sales of goods and products, including discontinued operations	2,882,431	2,018,677	2,895,428	2,019,664
Other income	219,603	193,884	115,898	231,838
Income related to construction of own assets	5,957	14,035	78,736	88,553
Allowance for doubtful accounts	(35)	166	(1,055)	1,236
	3,107,956	2,226,762	3,089,007	2,341,291
Inputs acquired from third parties				
Costs of materials, goods and services sold	(1,150,200)	(811,429)	(817,057)	(443,637)
Materials, power, third-party services and others	(598,266)	(429,927)	(749,025)	(656,371)
Impairment of assets	(34,695)	(50,108)	(27,057)	(95,131)
	(1,783,161)	(1,291,464)	(1,593,139)	(1,195,139)
Gross value added	1,324,795	935,298	1,495,868	1,146,152
Depreciation and amortization	(24,487)	(24,772)	(63,683)	(61,473)
Net value added generated by the Company	1,300,308	910,526	1,432,185	1,084,679
Transfers of value added received				
Equity accounting	20,840	38,809	2,768	5,055
Financial income	33,357	82,223	36,461	85,203
	54,197	121,032	39,229	90,258
Total value added to be distributed	1,354,505	1,031,558	1,471,414	1,174,937
Distribution of value added				
Personnel and charges	324,167	269,258	550,790	460,713
Salaries and wages	268,612	220,437	442,890	364,684
Benefits	37,904	34,340	78,629	71,543
Government severance indemnity fund for employees (FGTS)	17,651	14,481	29,271	24,486
Taxes, fees and contributions	93,901	37,422	(14,017)	(15,811)
Federal	16,928	(8,184)	49,273	31,412
State	75,821	44,636	(64,592)	(48,296)
Municipal	1,152	970	1,302	1,073
Interest	157,131	86,387	149,301	87,964
Rentals	3,201	3,869	9,665	7,449
Capital remuneration	776,105	634,622	775,675	634,622
Interest on capital	389,543	370,994	389,543	370,994
Retained earnings	386,562	263,628	386,132	263,628
Value added distributed	1,354,505	1,031,558	1,471,414	1,174,937

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

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at June 30, 2021

Contents

(A free translation of the original in Portuguese)

Notes to the quarterly information

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

1 General information

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

The Company's main products are the following:

a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, including several of the top 30 products in Brazil, according to data from Close-Up International, including Predsim, Celestamine, Dramin, Maxsulid, Nesina, Diprospan, Mioflex-A and Addera D3;

b) Under the brand Mantecorp Skincare, the Company offers dermo-cosmetics recommended by dermatologists throughout Brazil, according to information from Close-Up International;

c) The Company is a lead supplier in the Brazilian market of prescription-free products, according to IQVIA, including brands such as Apracur, Benegrip, Buscopan, Coristina d, Engov, Epocler, Estomazil and Neosaldina, among others. It also offers nutrition products, sweeteners and vitamin supplement lines, with brands such as Tamarine, Vitasay 50+, Biotônico Fontoura and Zero-Cal, which was the Top of Mind brand for 17 years in Brazil, according to Datafolha;

d) Through the Neo Química brand, the Company is a leader in the markets for similar/generic medicines, with the brand present in 96% of Brazilian pharmaceutical points of sale, according to IQVIA in June 2021, consistent with the Company's mission to provide access to health for the Brazilian population.

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

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

Products are manufactured mainly by the subsidiaries Brainfarma Indústria Química e Farmacêutica S.A. ("Brainfarma") and Cosmed Indústria de Cosméticos e Medicamentos S.A.

(“Cosmed”), located in the State of Goiás (GO). The main distribution center is in Anápolis – GO.

The Company’s research and development activities for pharmaceuticals, dermo-cosmetics and nutritional products are centered at the Brainfarma innovation facility in Barueri – SP. Operating since 2017, the facility houses technologies for the development of various forms of pharmaceutical products across the six laboratories that make up the complex.

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

2 Summary of significant accounting policies

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

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

The main accounting policies applied to the preparation of this parent company and consolidated Quarterly Information have not changed materially compared to the policies presented in the financial statements for the year ended December 31, 2020. In cases where the notes to this Quarterly Information are not presented in full this is due to redundancy of information relative to the annual financial statements. As such, this Quarterly Information should be read in conjunction with the audited Financial Statements for the year ended December 31, 2020, including the complete information in the corresponding notes.

2.1 Approval of the interim financial information

The present Quarterly Information was approved by the Board of Directors on July 23, 2021.

3 Critical accounting estimates and judgments

Accounting estimates and judgments are evaluated on an ongoing basis, and are based on experience and other factors, including expectations of future events that are considered reasonable under the circumstances. The critical accounting estimates and judgments underlying this Quarterly Information have not changed relative to those published in the annual financial statements for 2020.

4 Financial risk management

There have been no changes in the financial risk factors or in the risk management policy compared to those described in the financial statements at December 31, 2020.

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

a. Foreign exchange risk

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

						Parent company
			June 30, 2021			**December 31, 2020**
	US$ '000	**EUR '000**	**R$ '000**	**US$ '000**	**EUR '000**	**R$ '000**
Liabilities						
Suppliers	100	-	496	-	-	-
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	50,726	21,189	377,022	-	21,209	135,412
Derivative instruments to mitigate risks	(50,000)	(20,090)	(366,937)	(628,000)	(20,090)	(3,390,166)
Accounts payable	2	-	10	1	-	4
Net exposure	828	1,099	10,591	(627,999)	1,119	(3,254,750)

						Consolidated
			June 30, 2021			**December 31, 2020**
	US$ '000	**EUR '000**	**R$ '000**	**US$ '000**	**EUR '000**	**R$ '000**
Liabilities						
Suppliers	11,525	-	57,288	3,461	-	17,979
Suppliers' assignment of receivables	49,177	-	244,438	53,851	-	279,708
Loans and financing	50,726	21,189	377,022	-	21,209	135,412
Derivative instruments to mitigate risks	(309,652)	(20,090)	(1,657,564)	(836,925)	(20,090)	(4,475,341)
Accounts payable	1,382	3,256	26,322	466	1,057	9,167
Net exposure	(196,842)	4,355	(952,494)	(779,147)	2,176	(4,033,075)

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

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

		June 30, 2021
	Parent company	**Consolidated**
Loans, financing and swaps – CDI	2,162,586	2,162,586
Financing – TLP	372,673	372,673
Debentures – CDI	4,031,097	4,031,097
Notes payable – CDI	4,384	4,384
Financial investments – CDI	(1,891,067)	(2,008,712)
Net exposure	4,679,673	4,562,028

c. Credit risk

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

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

d. Liquidity risk

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

Parent company

					June 30, 2021
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	282,564	380,192	4,753,372	-	5,416,128
Loans and financing	802,312	1,211,903	778,606	121,155	2,913,976
Notes payable	33,884	-	-	-	33,884
Suppliers	655,350	-	-	-	655,350
Suppliers’ assignment of receivables	13,074	-	-	-	13,074
Accounts payable	184,645	81,932	-	-	266,577
Derivative financial instruments	(8,347)	(2,255)	-	-	(10,602)
‘	1,963,482	1,671,772	5,531,978	121,155	9,288,387

					December 31, 2020
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	154,073	262,843	4,363,371	433,490	5,213,777
Loans and financing	325,085	443,728	770,798	75,995	1,615,606
Notes payable	23,980	-	-	-	23,980
Suppliers	588,626	-	-	-	588,626
Suppliers’ assignment of receivables	5,013	-	-	-	5,013
Accounts payable	169,943	71,374	-	-	241,317
Derivative financial instruments	68,736	-	-	-	68,736
	1,335,456	777,945	5,134,169	509,485	7,757,055

Consolidated

					June 30, 2021
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	282,564	380,192	4,753,372	-	5,416,128
Loans and financing	811,871	1,219,777	780,258	121,155	2,933,061
Notes payable	33,884	-	-	-	33,884
Suppliers	332,152	-	-	-	332,152
Suppliers’ assignment of receivables	445,997	-	-	-	445,997
Accounts payable	290,568	99,853	-	-	390,421
Derivative financial instruments	93,380	(2,255)	-	-	91,125
	2,290,416	1,697,567	5,533,630	121,155	9,642,768

					December 31, 2020
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	154,073	262,843	4,363,371	433,490	5,213,777
Loans and financing	352,514	470,412	828,427	93,521	1,744,874
Notes payable	23,980	-	-	-	23,980
Suppliers	275,539	-	-	-	275,539
Suppliers’ assignment of receivables	491,802	-	-	-	491,802
Accounts payable	273,353	74,557	-	-	347,910
Derivative financial instruments	108,474	-	-	-	108,474
	1,679,735	807,812	5,191,798	527,011	8,206,356

e. Derivatives

At June 30, 2021, derivative instrument operations contracted by the Company totaled R$ 1,957,564 (at December 31, 2020 - R$ 4,475,341) in the consolidated and R$ 666,937 (at December 31, 2020 - R$ 3,390,166) in the parent company. The results of the transactions not yet settled represented losses of R$ 87,917 (at December 31, 2020 losses of R$ 92,269) in the consolidated and losses of R$ 16,997 (at December 31, 2020 losses of R$ 69,786) in the parent company.

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

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gain (loss)	
(In R$ thousand)		Jun/21	Dec/20	Jun/21	Dec/20	Jun/21	Dec/20
Foreign currency							
Forward contracts		**-**	**3,261,895**	**-**	**(99,464)**	**46,396**	**(16,346)**
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantim	-	6,523,790	-	(51,199)	95,954	44,960
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim	-	(3,261,895)	-	(48,265)	(49,558)	(61,306)
Swaps		**366,937**	**128,271**	**(14,126)**	**29,678**	**-**	**-**
Long position	Itaú	366,937	128,271	(14,126)	29,678	-	-
Subtotal		**366,937**	**3,390,166**	**(14,126)**	**(69,786)**	**46,396**	**(16,346)**
Interest rate							
Swaps		**300,000**	**-**	**(2,871)**	**-**	**-**	**23,395**
Asset Position-Pre	BNP Paribas	300,000	-	(2,871)	-	-	23,395
Total		**666,937**	**3,390,166**	**(16,997)**	**(69,786)**	**46,396**	**7,049**

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gain (loss)	
(In R$ thousand)		Jun/21	Dec/20	Jun/21	Dec/20	Jun/21	Dec/20
Foreign currency							
Forward contracts		**1,290,627**	**4,347,070**	**(73,791)**	**(121,947)**	**52,421**	**69,893**
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantim	1,396,282	7,724,035	(74,783)	(73,054)	106,175	134,750
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim	(105,655)	(3,376,965)	992	(48,893)	(53,754)	(64,857)
Swaps		**366,937**	**128,271**	**(14,126)**	**29,678**	**-**	**-**
Long position	Itaú	366,937	128,271	(14,126)	29,678	-	-
Subtotal		**1,657,564**	**4,475,341**	**(87,917)**	**(92,269)**	**52,421**	**69,893**
Interest rate							
Swaps		**300,000**	**-**	**(2,871)**	**-**	**-**	**23,395**
Asset Position-Pre	BNP Paribas	300,000	-	(2,871)	-	-	23,395
Total		**1,957,564**	**4,475,341**	**(90,788)**	**(92,269)**	**52,421**	**93,288**

f. Methodology for calculating the fair values of derivatives

(i) Foreign currency forward contracts are valued using the interpolation of the market rates of US Dollar future contracts for each base date, as informed by B3 (formerly BM&F BOVESPA).

(ii) Swaps are valued using the interpolation of the exchange coupon market and future interbank deposit rates for each base date, as informed by B3 (formerly BM&F BOVESPA).

g. Sensitivity analysis

The table below presents a sensitivity analysis of the financial instruments, including derivatives that describe the risks that could cause material losses to the Company, with the most likely scenario (Scenario I, considering a fluctuation of 14.23% for the US Dollar, corresponding to three standard deviations of the fluctuation over the three months of the fourth quarter of the year) according to management's evaluation, considering a range of perception of three months, when the next quarterly financial information containing this analysis should be released. In addition, two additional scenarios (Scenarios II and III) were tested to show deteriorations of 25% and 50% respectively in the exchange rates between the Brazilian Real and the US Dollar.

						Parent company
Risk		**Scenario I**		**Scenario II**		**Scenario III**
(In R$ thousand)				**25% fluctuation**		**50% fluctuation**
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar quotation	4.263	5.678	3.728	6.213	2.485	7.456
Foreign currency						
Economic hedge	**(52,222)**	**52,222**	**(91,732)**	**91,732**	**(183,468)**	**183,468**
Forward contracts	-	-	-	-	-	-
Swaps	(52,222)	52,222	(91,732)	91,732	(183,468)	183,468
Object of the economic hedge	**52,222**	**(52,222)**	**91,732**	**(91,732)**	**183,468**	**(183,468)**
Loans, financing and notes payable subject to short-term exchange rate variations	52,222	(52,222)	91,732	(91,732)	183,468	(183,468)
Net effect	-	-	-	-	-	-

						Consolidated
Risk		**Scenario I**		**Scenario II**		**Scenario III**
(In R$ thousand)				**25% fluctuation**		**50% fluctuation**
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar quotation	4.263	5.678	3.728	6.213	2.485	7.456
Foreign currency						
Economic hedge	**(238,299)**	**238,299**	**(418,582)**	**418,582**	**(837,169)**	**837,169**
Forward contracts	(186,077)	186,077	(326,850)	326,850	(653,700)	653,700
Swaps	(52,222)	52,222	(91,732)	91,732	(183,469)	183,469
Object of the economic hedge	**235,912**	**(235,912)**	**414,388**	**(414,388)**	**828,782**	**(828,782)**
Loans, financing and notes payable subject to short-term exchange rate variations	235,912	(235,912)	414,388	(414,388)	828,782	(828,782)
Net effect	**(2,387)**	**2,387**	**(4,194)**	**4,194**	**(8,387)**	**8,387**

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

The scenarios for monetary variations and floating interest rates on the Company's loans, financing, debentures and notes payable projected for the third quarter of 2021 are as follows:

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	32,468	17,517	35,034
Financing – TLP	962	4,295	8,590
Debentures – CDI	60,521	32,652	65,304
Notes payable – CDI	66	36	71
Financial investments	(28,392)	(15,318)	(30,635)
Total loss (gain)	**65,625**	**39,182**	**78,364**

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	32,468	17,517	35,034
Financing – TLP	962	4,295	8,590
Debentures – CDI	60,521	32,652	65,304
Notes payable – CDI	66	36	71
Financial investments	(30,158)	(16,271)	(32,541)
Total loss (gain)	**63,859**	**38,229**	**76,458**

***Likely scenario assumptions**
Forecast CDI of 4.79% p.a.
Forecast TLP of 4.88% p.a.

5 Capital management

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

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

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

The indexes of financial leverage at June 30, 2021 and December 31, 2020 may be summarized as follows:

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Total loans and financing (Note 22)	6,568,471	5,403,470	6,587,232	5,513,049
Total notes payable	34,167	23,980	34,167	23,980
Loss (gain) on financial hedge	16,997	(29,678)	16,997	(29,678)
Less: cash and cash equivalents (Note 10)	(1,928,233)	(4,646,159)	(2,049,345)	(4,743,298)
Cash and cash equivalents, net	4,691,402	751,613	4,589,051	764,053
Total equity	9,589,328	9,240,715	9,592,273	9,240,715
Adjusted shareholders' equity	14,280,730	9,992,328	14,181,324	10,004,768
Net debt to adjusted equity ratio	32.9%	7.5%	32.4%	7.6%

6 Estimate of fair value

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

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

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

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

			Parent company
	Level 1	**Level 2**	**Total balance**
Assets			
Derivative financial instruments	-	17,529	17,529
Total assets	-	17,529	17,529
Liabilities			
Derivative financial instruments	-	34,526	34,526
Total liabilities	-	34,526	34,526

			Consolidated
	Level 1	**Level 2**	**Total balance**
Assets			
Derivative financial instruments	-	19,680	19,680
Total assets	-	19,680	19,680
Liabilities			
Derivative financial instruments	-	110,467	110,467
Total liabilities	-	110,467	110,467

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

			Parent company
	Level 1	**Level 2**	**Total balance**
Assets			
Derivative financial instruments	-	79,427	79,427
Total assets	-	79,427	79,427
Liabilities			
Derivative financial instruments	-	149,213	149,213
Total liabilities	-	149,213	149,213

			Consolidated
	Level 1	**Level 2**	**Total balance**
Assets			
Derivative financial instruments	-	85,674	85,674
Total assets	-	85,674	85,674
Liabilities			
Derivative financial instruments	-	177,943	177,943
Total liabilities	-	177,943	177,943

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

7 Hedge accounting

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

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

Fair value hedges

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

					Parent company
					June 30, 2021
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in the income
Loan – 4131*	EUR + spread	Fair value	118,407	124,883	15
*Swap – 4131**	*EUR + Spread vs. % CDI*	Fair value	118,407	17,526	-
Loan – 4131**	*Fixed rate*	Fair value	300,000	306,607	1,570
*Swap – CDI***	*Fixed rate vs. CDI+*	Fair value	300,000	(2,871)	-
Loan – 4131**	*USD + spread*	Fair value	248,530	252,139	(928)
*Swap – 4131***	*USD + Spread vs. CDI+*	Fair value	248,530	(31,655)	-

					Parent company
					December 31, 2020
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in the income
Loan – 4131*	EUR + spread	Fair value	128,271	135,412	(248)
*Swap – 4131**	*EUR + Spread vs. % CDI*	Fair value	128,271	29,678	-

					Consolidated
					June 30, 2021
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/loss in the income**
Loan – 4131*	EUR + spread	Fair value	118,407	124,883	15
*Swap – 4131**	*EUR + Spread vs. % CDI*	Fair value	118,407	17,526	-
Loan – 4131**	*Fixed rate*	Fair value	300,000	306,607	1,570
*Swap – CDI***	*Fixed rate vs. CDI+*	Fair value	300,000	(2,871)	-
Loan – 4131**	*USD + spread*	Fair value	248,530	252,139	(928)
*Swap – 4131***	*USD + Spread vs. CDI+*	Fair value	248,530	(31,655)	-

					Consolidated
					December 31, 2020
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/loss in the income**
Loan - 4131	EUR + spread	Fair value	128,271	135,412	(248)
Swap - 4131	*EUR + Spread vs. % CDI*	Fair value	128,271	29,678	-

* Maturity within one year
* Maturity in up to two years

The fair value cash flow hedge operations maintained a hedging ratio of 1:1. The first operation with the weighted average rate of R$/EUR 4.7287, the third option with the weighted average rate of R$/USD 5.6000.

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

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

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

					Parent company
					June 30, 2021
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain in comprehensive income**
Suppliers	USD	Cash flow	-	-	-
NDF	USD vs. R$	Cash flow	-	-	-

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

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

					Consolidated
					June 30, 2021
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain in comprehensive income**
Suppliers	USD	Cash flow	268,980	(268,980)	-
NDF Suppliers*	USD vs. R$	Cash flow	268,980	(22,361)	(1,845)
NDF Future purchase*	USD vs. R$	Cash flow	851,812	(41,007)	(37,162)
NDF Capex*	USD vs. R$	Cash flow	88,666	(4,866)	(4,866)

* Maturities within one year.

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

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

Cash flow hedge operations maintained the hedging ratio at 1:1 with a weighted average rate of R$/USD 5.5132 for NDF suppliers, R$/USD 5.3438 for NDF future purchases and R$/EUR 6.0938 for NDF capex.

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

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

8 Financial instruments by category

Parent company

						June 30, 2021
	Amortized cost	FVOCI	FVTPL	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,792,928	-	-	-	-	1,792,928
Financial investments (Note 10)	1,891,067	-	-	-	-	1,891,067
Cash and cash in banks (Note 10)	37,166	-	-	-	-	37,166
Derivative financial instruments	-	-	17,529	-	-	17,529
Other assets (Note 14)	351,849	-	-	-	-	351,849
	4,073,010	-	17,529	-	-	4,090,539

						June 30, 2021
	FVOCI	FVTPL	Amortized cost	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	6,568,471	-	-	6,568,471
Suppliers (Note 20)	-	-	655,350	-	-	655,350
Suppliers' assignment of receivables (Note 21)	-	-	13,074	-	-	13,074
Accounts payable	-	-	207,452	-	-	207,452
Notes payable	-	-	33,884	-	-	33,884
Derivative financial instruments	-	34,526	-	-	-	34,526
	-	34,526	7,478,231	-	-	7,512,757

						December 31, 2020
	Amortized cost	FVOCI	FVTPL	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,564,207	-	-	-	-	1,564,207
Financial investments (Note 10)	4,619,728	-	-	-	-	4,619,728
Cash and cash in banks (Note 10)	26,431	-	-	-	-	26,431
Derivative financial instruments	-	49,753	29,674	-	-	79,427
Other assets (Note 14)	358,092	-	-	-	-	358,092
	6,568,458	49,753	29,674	-	-	6,647,885

						December 31, 2020
	FVOCI	FVTPL	Amortized cost	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans and financing (Note 22)	-	-	5,403,470	-	-	5,403,470
Suppliers (Note 20)	-	-	588,626	-	-	588,626
Suppliers' assignment of receivables (Note 21)	-	-	5,013	-	-	5,013
Accounts payable	-	-	242,641	-	-	242,641
Notes payable	-	-	23,980	-	-	23,980
Derivative financial instruments	149,213	-	-	-	-	149,213
	149,213	-	6,263,730	-	-	6,412,943

Consolidated

	Amortized cost	FVOCI	FVTPL	Designated as a fair value hedge	Designated as a cash flow hedge	Total
						June 30, 2021
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,795,502	-	-	-	-	1,795,502
Financial investments (Note 10)	2,008,712	-	-	-	-	2,008,712
Cash and cash in banks (Note 10)	40,633	-	-	-	-	40,633
Derivative financial instruments	-	2,131	17,525	-	24	19,680
Other assets (Note 14)	397,177	-	-	-	-	397,177
	4,242,024	2,131	17,525	-	24	4,261,704

	FVOCI	FVTPL	Amortized cost	Designated as a fair value hedge	Designated as a cash flow hedge	Total
						June 30, 2021
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	6,587,232	-	-	6,587,232
Suppliers (Note 20)	-	-	332,152	-	-	332,152
Suppliers' assignment of receivables (Note 21)	-	-	445,997	-	-	445,997
Accounts payable	-	-	310,962	-	-	310,962
Notes payable	-	-	33,884	-	-	33,884
Derivative financial instruments	53,882	34,200	-	-	22,385	110,467
	53,882	34,200	7,710,227	-	22,385	7,820,694

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

	FVOCI	FVTPL	Amortized cost	Designated as a fair value hedge	Designated as a cash flow hedge	Total
						December 31, 2020
Financial liabilities per the balance sheet						
Loans and financing (Note 22)	-	-	5,513,049	-	-	5,513,049
Suppliers (Note 20)	-	-	275,539	-	-	275,539
Suppliers' assignment of receivables (Note 21)	-	-	440,256	-	-	440,256
Accounts payable	-	-	327,533	-	-	327,533
Notes payable	-	-	23,980	-	-	23,980
Derivative financial instruments	165,189	-	-	-	12,754	177,943
	165,189	-	6,580,357	-	12,754	6,758,300

9 Credit quality of financial assets

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

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current accounts and financial investments (*)				
AAA	1,928,229	4,560,946	2,049,340	4,658,084
AA+	-	85,208	-	85,208
A-	3	3	3	3
	1,928,232	4,646,157	2,049,343	4,743,295

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

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

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Derivative financial assets				
AAA	17,529	71,384	19,624	75,997
AA+	-	8,043	-	9,183
A-	-	-	56	494
	17,529	79,427	19,680	85,674

None of the fully performing financial assets were renegotiated in the last financial year. None of the loans with related parties are overdue or impaired.

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

10 Cash and cash equivalents

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Cash and cash in banks	37,166	26,431	40,633	28,201
Short-term financial investments:				
Repurchase operations	191,056	16,072	194,340	19,337
Bank deposit certificates (CDBs)	1,700,011	4,603,656	1,814,372	4,695,760
	1,891,067	4,619,728	2,008,712	4,715,097
	1,928,233	4,646,159	2,049,345	4,743,298

Financial investments yield between 95.5% and 103.4% (at December 31, 2020 between 96.5% and 105.1%) of the CDI, with a weighted average of 100.9% (102.4% at December 31, 2020).

11 Accounts receivable

	Parent company		Consolidated	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Domestic customers	1,809,861	1,610,172	1,815,294	1,613,165
Expected credit losses	(16,933)	(45,965)	(19,792)	(48,824)
	1,792,928	1,564,207	1,795,502	1,564,341

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

	Parent company		Consolidated	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Up to 3 months	2,383	3,531	2,126	3,540
From 3 to 6 months	62	5,551	57	5,551
Over 6 months	4,755	3,771	4,755	3,771
	7,200	12,853	6,938	12,862

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

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

Changes to the allowance for doubtful accounts for the period ended June 30, 2021 are as follows:

	Parent company	**Consolidated**
Balances at 12/31/2020	(45,965)	(48,824)
(Additions)/reversals, net	(1,055)	(1,055)
Write-offs	30,087	30,087
Balances at 06/30/2021	(16,933)	(19,792)

12 Inventory

	Parent company		Consolidated	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Finished goods and goods for resale	337,122	289,536	386,071	333,613
Semi-finished goods	-	-	103,317	58,201
Raw materials	-	-	631,442	524,583
Maintenance and supplies	100	139	110,223	93,974
Allowance for inventory losses	(25,532)	(29,811)	(77,827)	(89,575)
	311,690	259,864	1,153,226	920,796

The table below presents the changes in the provision:

	Parent company	Consolidated
Balance at 12/31/2020	(29,811)	(89,575)
Additions for the period (a)	(32,043)	(37,606)
Write-offs for the period (b)	36,322	49,354
Balance at 06/30/2021	(25,532)	(77,827)

(a) Refers to the addition of a provision for losses due to discontinuity, validity, quality and realization of inventory, in accordance with the policy established by the Company.
(b) Mainly composed of write-offs and reversals of products discarded by the Company and its subsidiaries.

13 Taxes recoverable

	Parent company		Consolidated	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
PIS/COFINS/IPI and others (*)	758,282	673,105	851,479	757,810
VAT (ICMS)	89,138	83,644	169,574	151,595
Recoverable IRPJ and CSSL	15,957	25,061	35,276	45,107
	863,377	781,810	1,056,329	954,512
Current	132,494	151,684	271,798	274,017
Non-current	730,883	630,126	784,531	680,495

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

14 Other assets

	Parent company		Consolidated	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Prepaid expenses (a)	166,166	176,716	192,003	197,821
Bills receivable (b)	245,169	239,431	263,466	258,120
Deposits in court (c)	96,284	115,583	133,711	152,488
Advances	8,665	15,760	26,157	33,856
Others	11,573	7,141	1,214	6,869
	527,857	554,631	616,551	649,154
Current	292,359	261,343	342,695	306,823
Non-current	235,498	293,288	273,856	342,331

(a) Refers mainly to advance payments for advertising and publicity.
(b) Refers mainly to shareholders' indemnity, receivables from the sale of Xantinon and Neocopan and contingencies of acquired companies, where the responsibility lies with the former owners, to be reimbursed.
(c) Refers to deposits made as guarantees of contingent liabilities (Note 26).

15 Discontinued operations

a) Analysis of the results of discontinued operations

	Parent company		Consolidated	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Net revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	**-**	**-**	**-**	**-**
(Expenses)/income	(17,053)	(15,551)	(17,342)	(16,712)
Income before financial income and expenses	**(17,053)**	**(15,551)**	**(17,342)**	**(16,712)**
Financial expenses	-	-	-	-
Income before income tax and social contribution	**(17,053)**	**(15,551)**	**(17,342)**	**(16,712)**
Income tax and social contribution	5,677	3,095	5,966	4,256
Net income for the period	**(11,376)**	**(12,456)**	**(11,376)**	**(12,456)**

b) Analysis of cash flow from discontinued operations

	Parent company		Consolidated	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Cash flow from investment activities	225,717	(5,956)	225,459	(7,896)
Net cash provided by (used in) discontinued operations	**225,717**	**(5,956)**	**225,459**	**(7,896)**

16 Investments

The investments held by the Company are presented below:

Company	Date of incorporation	Country	Business	Interest in shares/quotas	Type of interest
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	88.28%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	11.72%	Indirect
Bionovis S.A.	07/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	09/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty Eireli	04/29/2016	Brazil	Natural beauty dermo-cosmetics	58.33%	Direct
Darwin Prestação de Serviços de Marketing Ltda.	11/29/2019	Brazil	Pharma	100%	Direct
Drogarias Online Agência de Farmácias S.A.	04/16/2021	Brazil	Internet portal on medicines	22.5%	Direct
Mantecorp Participações S.A.	09/28/2016	Brazil	Pharma	100%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	My	Bionovis	Simple Organic		Darwin		Drogarias Online			
	Cost	Cost	Cost	Cost	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Others	Total
Balances at January 1, 2021	1,582,864	681,296	10,811	33,936	-	-	-	-	-	-	297	2,309,204
Capital contribution	344,142	42,600	-	-	-	-	-	-	-	-	-	386,742
Capital increase	137,650	30,700	-	-	4,715	-	-	-	5,004	-	-	178,069
Equity accounting	9,803	8,874	544	3,251	(602)	-	-	-	(73)	-	-	21,797
Share of discontinued equity accounting in the investment	(356)	(603)	-	-	-	-	-	-	-	-	-	(959)
Stock Option/Matching/Restricted	(889)	2,300	-	-	-	-	-	-	-	-	-	1,411
Equity valuation adjustment	(15,864)	(8,836)	(214)	-	-	-	-	-	-	-	-	(24,914)
Acquisition of companies (*)	-	-	-	-	12		490,528	-	-	-	-	490,540
Goodwill (*)	-	-	-	-	-	18,274	-	2,832,166	-	19,995	-	2,870,435
Other	(596)	(1,592)	-	-	-	-	-	-	-	-	2,500	312
Balances at June 30, 2021	2,056,754	754,739	11,141	37,187	4,125	18,274	490,528	2,832,166	4,931	19,995	2,797	6,232,637

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

The table below shows the Company's interest in the earnings of its main direct subsidiaries, as well as in their total assets and liabilities:

June 30, 2021	Assets	Liabilities	Revenue	Income (loss)	Adjusted net income (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	3,352,023	1,017,471	1,118,303	11,103	9,803
Cosmed Indústria de Cosméticos e Medicamentos S.A.	951,465	183,749	193,513	10,102	8,874
Simple Organic Beauty Eireli	9,827	2,745	6,086	(1,032)	(1,032)
Darwin Prestação de Serviços de Marketing Ltda.	498,442	7,914	-	-	-
My Agência de Propaganda Ltda.	12,556	1,212	2,280	470	544

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

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

b. Share of the results of investees

	Number of shares and quotas	Adjusted shareholders' equity at June 30, 2021	Ownership %	Equity accounting at June 30, 2021	Balance of the investment at June 30, 2021	Equity accounting at June 30, 2020	Balance of the investment at December 31, 2020
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,525,000,947	754,739	100%	8,874	754,739	36,681	681,296
My Agência de Propaganda Ltda.	20,130,000	11,141	100%	544	11,141	504	10,811
Brainfarma Indústria Química e Farmacêutica S.A.	791,766,822	2,056,754	100%	9,803	2,056,754	(991)	1,582,864
Darwin Prestação de Serviços de Marketing Ltda	478,320,176	3,322,694	100%	-	3,322,694	-	-
Simple Organic Beauty Eireli	209,983	22,399	58.33%	(602)	22,399	-	-
Drogarias Online Agência de Farmácias S.A.	506,250	24,926	22.50%	(73)	24,926	-	-
Bionovis S.A.	6,000,000	148,749	25%	3,251	37,187	6,104	33,936
				21,797	6,229,840	42,298	2,308,907

c. Business combinations

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

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

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

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

At January 29, 2021	
Purchase and sale transaction – Latin America and Xantinon operations	
Purchase price of operations	(944,781)
Simultaneous sale price of operations	961,567
Net result in the operation	**16,786**

17 Investment properties

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

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

	Parent company	Consolidated
Balances at January 1, 2021	161,095	154,318
Disposal	(136,600)	(129,867)
Reclassification of property, plant and equipment	2,682	2,682
Depreciation	(1,205)	(1,161)
Balances at June 30, 2021	25,972	25,972
Total cost	36,231	36,231
Accumulated depreciation	(10,259)	(10,259)
Carrying amount	25,972	25,972

18 Property, plant and equipment

Parent company

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Construction in progress	Total property, plant and equipment
Own assets									
Balances at January 1, 2021	7,091	3,533	42,274	113	10,813	1,350	65,174	7,562	72,736
Additions	-	84	2,809	-	1,358	18	4,269	6,366	10,635
Write-off	-	-	(63)	-	(111)	(5)	(179)	-	(179)
Depreciation	-	(152)	(2,940)	(8)	(366)	(143)	(3,609)	-	(3,609)
Transfers	-	-	1,872	-	19	4	1,895	(1,895)	-
Transfer to investment properties	(5,058)	-	2,376	-	-	-	(2,682)	-	(2,682)
Balances at June 30, 2021	2,033	3,465	46,328	105	11,713	1,224	64,868	12,033	76,901
Right-of-use assets – leases									
Balances at January 1, 2021	-	28,129	-	29,671	-	-	57,800	-	57,800
Additions	-	13,613	-	11,409	-	-	25,022	-	25,022
Write-off	-	(3,661)	-	(755)	-	-	(4,416)	-	(4,416)
Amortization	-	(4,559)	-	(11,041)	-	-	(15,600)	-	(15,600)
Balances at June 30, 2021	-	33,522	-	29,284	-	-	62,806	-	62,806
Total cost of own assets and right-of-use assets – leases	2,033	97,437	97,995	104,147	17,821	10,583	330,016	12,033	342,049
Total accumulated depreciation	-	(60,450)	(51,667)	(74,758)	(6,108)	(9,359)	(202,342)	-	(202,342)
Carrying amount	2,033	36,987	46,328	29,389	11,713	1,224	127,674	12,033	139,707

Consolidated

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Construction in progress (*)	Total property, plant and equipment
Own assets									
Balances at January 1, 2021	20,849	238,849	931,268	854	24,621	10,479	1,226,920	251,753	1,478,673
Additions	-	139	107,337	103	2,376	3,713	113,668	109,335	223,003
Write-off	(68)	(6,665)	(426)	-	(111)	(25)	(7,295)	(148)	(7,443)
Depreciation	-	(4,923)	(28,299)	(61)	(930)	(1,386)	(35,599)	-	(35,599)
Transfers	-	2,519	140,770	-	392	502	144,183	(127,349)	16,834
Transfer to investment properties	(5,058)	-	2,376	-	-	-	(2,682)	-	(2,682)
Balances at June 30, 2021	15,723	229,919	1,153,026	896	26,348	13,283	1,439,195	233,591	1,672,786

Right-of-use assets - leases									
Balances at January 1, 2021	-	35,680	-	32,056	-	-	67,736	-	67,736
Additions	-	32,417	-	11,410	-	-	43,827	-	43,827
Write-off	-	(7,692)	-	(755)	-	-	(8,447)	-	(8,447)
Amortization	-	(4,218)	-	(11,557)	-	-	(15,775)	-	(15,775)
Balances at June 30, 2021	-	56,187	-	31,154	-	-	87,341	-	87,341
Total cost of own assets and right-of-use assets – leases	15,723	295,247	1,181,325	43,668	27,278	14,669	1,577,910	233,591	1,811,501
Total accumulated depreciation	-	(9,141)	(28,299)	(11,618)	(930)	(1,386)	(51,374)	-	(51,374)
Carrying amount	15,723	286,106	1,153,026	32,050	26,348	13,283	1,526,536	233,591	1,760,127

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

19 Intangible assets

	Parent company		**Consolidated**	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Goodwill in company not merged				
Darwin Prestação de Serviços de Marketing Ltda	-	-	2,945,156	-
Simple Organic Beauty Eireli	-	-	18,274	-
Goodwill on the acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa – Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	32,328	52,614	32,328
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	4,325,804	4,305,518	7,289,234	4,305,518
Trademarks and patents	1,651,258	1,671,501	2,003,089	1,671,803
Rights of use and software	26,485	23,348	42,487	38,274
Product development	4,593	4,582	478,687	382,666
	6,008,140	6,004,949	9,813,497	6,398,261

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

Changes in the balances

Parent company

	Right of use and trademarks	Right of use and software	Product development	Goodwill	Total
Balances at January 1, 2021	1,671,501	23,348	4,582	4,305,518	6,004,949
Additions	1,696	5,645	77	-	7,418
Transfers	(20,286)	-	-	20,286	-
Amortization	(1,653)	(2,508)	(66)	-	(4,227)
Balances at June 30, 2021	1,651,258	26,485	4,593	4,325,804	6,008,140
Total cost	1,679,615	107,126	5,701	4,325,804	6,118,246
Accumulated amortization	(28,357)	(80,641)	(1,108)	-	(110,106)
Carrying amount	1,651,258	26,485	4,593	4,325,804	6,008,140

Consolidated

	Right of use and trademarks	Right of use and software	Product development	Goodwill	Total
Balances at January 1, 2021	1,671,803	38,274	382,666	4,305,518	6,398,261
Additions (*)	484,950	9,783	86,896	2,848,773	3,430,402
Write-off	-	-	(22)	1,667	1,645
Impairment	-	-	10,079	-	10,079
Transfer (**)	(152,011)	-	1,901	133,276	(16,834)
Amortization	(1,653)	(5,570)	(2,833)	-	(10,056)
Balances at June 30, 2021	2,003,089	42,487	478,687	7,289,234	9,813,497
Total cost	2,031,470	172,359	599,075	7,289,234	10,092,138
Accumulated amortization	(28,381)	(129,872)	(120,388)	-	(278,641)
Carrying amount	2,003,089	42,487	478,687	7,289,234	9,813,497

(*) Refers mainly to the portfolio acquired from Takeda, which is within the measurement period provided in CPC 15 – Business Combination (R1).
(**) Refers mainly to the measurement of fair value of the company Darwin.

Impairment of assets

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

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

20 Suppliers

	Parent company		Consolidated	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Domestic suppliers	7,676	12,803	274,864	257,560
Foreign suppliers	496	-	57,288	17,979
Related party suppliers (Note 30(a))	647,178	575,823	-	-
	655,350	588,626	332,152	275,539

21 Suppliers' assignment of receivables

	Parent company		Consolidated	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Local market (overdraft risk)	13,074	5,013	201,559	160,548
External market (forfaiting)	-	-	244,438	279,708
	13,074	5,013	445,997	440,256

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

At June 30, 2021, the discount rates on assignment operations carried out by the Company's suppliers with the financial institutions in the domestic market were between 0.35% and 0.57% with a weighted average of 0.39% per month ("p.m.") (at December 31, 2020, between 0.35% and 0.54%, with a weighted average of 0.38% p.m.).

At June 30, 2021, the discount rates on assignment operations carried out by the Company's suppliers with the financial institutions in the foreign market were between 3.39% and 12.88% with a weighted average of 4.28% per annum ("p.a.") (at December 31, 2020, these rates were between 2.52% and 11.58%, with a weighted average of 5.05% p.a.).

22 Loans and financing

		Parent company		Consolidated	
	Nominal rate	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Foreign currency					
Loans (i)	EUR + 1.61% p.a. ; USD + 1.50% p.a.	377,022	135,412	377,022	135,412
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,772,263	916,050	1,773,276	916,050
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	14,643	16,736	29,188	34,783
Financing	Fixed rate from 2.50% to 8.70% p.a.	773	1,074	3,976	5,095
Debentures	CDI + 1.25% to 1.75% p.a.	4,031,097	4,015,883	4,031,097	4,015,883
Finep	TJLP from - 1.00% to 1.00% p.a.	372,673	278,647	372,673	278,647
Real estate financing	TR + 9.60% p.a.	-	39,668	-	127,179
		6,568,471	5,403,470	6,587,232	5,513,049
Current		1,037,475	424,880	1,046,866	461,816
Non-current		5,530,996	4,978,590	5,540,366	5,051,233

(i) Contracts with covenants regarding debt levels and the coverage of interest with respect to certain financial information (EBITDA and net interest expenses), disposals, spin-offs, mergers, amalgamations or any corporate restructuring which, if they occur, require prior approval from the financial agents. If any of these events occurs without the consent of the lenders, the outstanding balances will have their maturities accelerated. At June 30, 2021, the covenants were met. The next measurement will be made at December 31, 2021.

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

	Parent company	**Consolidated**
2022	38,816	43,610
2023	1,042,481	1,046,930
2024	542,229	542,345
2025	28,997	29,006
2026	28,996	28,996
2027	28,996	28,996
2028	28,996	28,996
2029	26,580	26,582
	1,766,091	1,775,461

Debentures

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

On April 3, 2020, 248,500 non-convertible debentures of the 9th public issuance, in a single series, were issued, in the amount of R$ 2,485,000,000.00, with a par value of R$ 10,000.00, and interest corresponding to 100% of the cumulative variation of the daily average rates of the

DI rate, plus a spread of 1.50% p.a. The nominal unit value of debentures will be amortized in six consecutive semi-annual installments, with final maturity on April 3, 2026.

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

Debentures – Changes

	8th Public Issuance Single series	9th Public Issuance Single series	10th Public Issuance 1st and 2nd Series	Total
Balance at January 1, 2021	797,455	2,483,538	734,890	4,015,883
Financial charges	15,555	52,044	16,462	84,061
Interest paid	(13,829)	(42,034)	(12,984)	(68,847)
Balance at June 30, 2021	799,181	2,493,548	738,368	4,031,097
Current	58,008	168,511	39,673	266,192
Non-current	741,173	2,325,037	698,695	3,764,905
Unrealized transaction costs	4,235	19,260	8,098	31,593
Current	1,155	5,054	1,873	8,082
Non-current	3,080	14,206	6,225	23,511

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

	June 30, 2021
2023	675,480
2024	1,350,959
2025	1,350,959
2026	387,507
	3,764,905

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

	Parent company	Consolidated
Accounts receivable – Pledged guarantees	7,744	12,195
Letters of guarantee (*)	372,674	372,674
Pledged fixed assets	7,672	20,969
	388,090	405,838

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

b. Book values and estimated fair value

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

		Consolidated		Fair value	
	Nominal rate	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Foreign currency					
Loans	EUR + 1.61% p.a. USD + 1.50% p.a.	377,022	135,412	377,022	135,412
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,773,276	916,050	1,773,276	916,050
FCO	Fixed rate from 2.50% to 8.50% p.a.	29,188	34,783	29,188	34,782
Financing	Fixed rate from 2.50% to 8.70% p.a.	3,976	5,095	3,855	5,089
Debentures	CDI + 1.25% to 1.75% p.a.	4,031,097	4,015,883	4,031,097	4,015,883
Finep	TJLP + 1.00% to 1.00% p.a.	372,673	278,647	372,673	278,647
Real estate financing	TR + 9.60% p.a.	-	127,179	-	125,148
		6,587,232	5,513,049	6,587,111	5,511,011

The fair value of some of the current loans is equal to their book value, since the impact of the mark-to-market is not material. The fair values are based on the discounted cash flow, using a market rate of CDI + 0.32% to CDI + 1.36% p.a. (December 31, 2020 - CDI + 0.14% to CDI + 1.23% p.a.).

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

					Liabilities	Derivatives (assets/liabilities) held to hedge long-term loans			Parent company
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
Balances at January 1, 2021	**5,403,470**	**23,980**	**29,728**	**671,654**	**241,317**	**(79,427)**	**149,213**	**9,240,715**	**15,680,650**
Changes in financing cash flow									
Loans taken out	1,221,184	-	-	-	-	-	-	-	1,221,184
Payment of loans – principal	(60,692)	-	(531)	-	(13,912)	-	-	-	(75,135)
Payments of loans – interest	(91,153)	-	-	-	(2,596)	-	-	-	(93,749)
Purchases of treasury shares	-	-	-	-	-	-	-	(85,118)	(85,118)
Sales of shares	-	-	-	-	-	-	-	18,693	18,693
Loans payable	-	-	-	-	4,242	-	-	-	4,242
Dividends paid	-	-	-	(696,221)	-	-	-	-	(696,221)
Total changes in cash flows and financing	**1,069,339**	**-**	**(531)**	**(696,221)**	**(12,266)**	**-**	**-**	**(66,425)**	**293,896**
Other changes									
Additions	-	-	-	-	8,132	-	-	-	8,132
Write-offs	-	-	-	-	(2,843)	-	-	-	(2,843)
Remeasurement	-	-	-	-	16,793	-	-	-	16,793
Taxes payable	-	-	14,379	-	13,709	-	-	-	28,088
Other accounts payable									
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	(515)	(515)
Net income	-	-	-	-	-	-	-	776,105	776,105
Interest accrued	95,662	187	159	-	1,731	9,000	38,954	-	145,693
interest on shareholders' equity	-	-	-	389,543	-	-	-	(389,543)	-
Loans – acquisition of subsidiaries	-	10,000	-	-	4	-	-	-	10,004
MtM – Hedge	-	-	-	-	-	3,615	(4,898)	-	(1,283)
Payment/receipt Investment hedges	-	-	-	-	-	195,061	(148,665)	-	46,396
Equity valuation adjustments	-	-	-	-	-	-	-	53,082	53,082
Adjustments from prior years	-	-	-	-	-	-	-	(24,091)	(24,091)
Interest accrued – acquisition	-	-	-	-	-	(145,778)	(78)	-	(145,856)
Total other changes related to liabilities	**95,662**	**10,187**	**14,538**	**389,543**	**37,526**	**61,898**	**(114,687)**	**415,038**	**909,705**
At June 30, 2021	**6,568,471**	**34,167**	**43,735**	**364,976**	**266,577**	**(17,529)**	**34,526**	**9,589,328**	**16,884,251**

Consolidated

	Liabilities					Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	**Notes payable**	**Taxes payable**	**Dividends and interest on capital payable**	**Accounts payable**	**Derivative financial instruments (assets)**	**Derivative financial instruments (liabilities)**	**Equity**	**Total**
Balances at January 1, 2021	**5,513,049**	**23,980**	**71,310**	**671,654**	**347,910**	**(85,674)**	**177,943**	**9,240,715**	**15,960,887**
Changes in financing cash flow									
Loans taken out	1,221,184	-	-	-	-	-	-	-	1,221,184
Payment of loans – principal	(142,286)	-	(531)	-	(14,111)	-	-	-	(156,928)
Payments of loans – interest	(100,842)	-	-	-	(3,036)	-	-	-	(103,878)
Purchases of treasury shares	-	-	-	-	-	-	-	(85,118)	(85,118)
Sales of shares	-	-	-	-	-	-	-	18,693	18,693
Dividends paid	-	-	-	(696,221)	-	-	-	-	(696,221)
Total changes in cash flows and financing	**978,056**	**-**	**(531)**	**(696,221)**	**(17,147)**	**-**	**-**	**(66,425)**	**197,732**
Other changes									
Additions	-	-	-	-	25,807	-	-	-	25,807
Write-offs	-	-	-	-	(2,843)	-	-	-	(2,843)
Remeasurement	-	-	-	-	17,232	-	-	-	17,232
Other taxes payable	-	-	8,646	-	-	-	-	-	8,646
Other accounts payable					17,183				17,183
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	(515)	(515)
Net income	-	-	-	-	-	-	-	776,105	776,105
Interest accrued	96,127	187	159	-	2,279	(52,285)	145,417	-	191,884
Interest on shareholders' equity	-	-	-	389,543	-	-	-	(389,543)	-
Loans – acquisition of subsidiaries	-	10,000	-	-	-	-	-	-	10,000
MtM – Hedge	-	-	-	-	-	30,537	(31,742)	-	(1,205)
Payment/receipt Investment hedges	-	-	-	-	-	195,061	(148,665)	-	46,396
Payment/receipt Supplier hedges	-	-	-	-	-	38,459	(32,408)	-	6,051
Equity valuation adjustments	-	-	-	-	-	-	-	53,082	53,082
Adjustments from prior years	-	-	-	-	-	-	-	(24,091)	(24,091)
Interest attributable to noncontrolling interests	-	-	-	-	-	-	-	2,945	2,945
Interest accrued – acquisition	-	-	-	-	-	(145,778)	(78)	-	(145,856)
Total other changes related to liabilities	**96,127**	**10,187**	**8,805**	**389,543**	**59,658**	**65,994**	**(67,476)**	**417,983**	**980,821**
At June 30, 2021	**6,587,232**	**34,167**	**79,584**	**364,976**	**390,421**	**(19,680)**	**110,467**	**9,592,273**	**17,139,440**

23 Deferred income tax and social contribution

a. Breakdown of deferred tax assets

Deferred tax assets include tax losses carried forward, negative social contribution bases and temporary differences. These assets are recognized in proportion to the likelihood of realization of the related tax benefit against future taxable income. This is based on a study of future realization, using projections of the generation of taxable income from 2021 onward. Tax losses carried forward and the negative bases of social contribution are generated mainly by the tax deductibility of goodwill from acquisitions of companies (Note 19) and the distribution of interest on shareholders' equity in recent years.

	Parent company		Consolidated	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Deferred tax assets:				
Tax losses carried forward and negative bases of CSLL	1,705,463	1,616,196	1,740,589	1,636,107
Contingencies	99,441	65,813	107,723	73,593
Expected credit losses	22,968	45,965	26,136	49,133
Allowance for losses on inventory	8,681	10,136	26,461	30,456
Other temporary differences	93,042	140,780	172,287	218,833
Total deferred tax assets	1,929,595	1,878,890	2,073,196	2,008,122
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company with the same tax authority (also recoverable against the calculation of current tax)	(1,765,161)	(1,712,977)	(1,877,502)	(1,813,406)
Remaining balance of deferred tax assets	164,434	165,913	195,694	194,716

b. Deferred tax liabilities

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

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Goodwill	1,634,885	1,575,837	1,634,885	1,575,837
Tax debt – PIS/COFINS and others (*)	107,900	101,540	111,973	107,710
Fair value of property, plant and equipment – business combinations	11,011	11,213	37,142	38,937
Others	11,365	24,387	143,358	136,939
Total tax debt	1,765,161	1,712,977	1,927,358	1,859,423
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company with the same tax authority (also recoverable against the calculation of current tax)	(1,765,161)	(1,712,977)	(1,877,502)	(1,813,406)
Remaining balance of deferred liabilities	-	-	49,856	46,017

(*) see comment in Note 13.

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

	Parent company		Consolidated	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Income before income tax and social contribution	749,494	601,712	759,551	616,702
Combined rate – %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(254,829)	(204,582)	(258,224)	(209,643)
Equity accounting	7,087	13,195	939	1,829
Interest on shareholders' equity	132,445	126,138	132,445	126,138
Interest/indexation in the nature of an indemnity (*)	32,401	33,615	33,378	41,350
Government grants	114,687	75,991	116,270	77,784
Permanent additions/exclusions	(5,180)	(11,447)	(8,684)	(19,538)
Income tax and social contribution expenses	26,611	32,910	16,124	17,920
Current	-	-	(271)	(6,890)
Deferred	26,611	32,910	16,395	24,810
Discontinued operations	5,677	3,095	5,966	4,256
Continuing operations	20,934	29,815	10,158	13,664
	26,611	32,910	16,124	17,920
	4%	5%	2%	3%

(*) See comment in note 13.

24 Taxes payable

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
ICMS (value added tax) payable	41,709	27,851	75,487	67,275
IPI/PIS/COFINS payable	-	-	835	359
Other taxes payable	2,026	1,877	3,262	3,676
	43,735	29,728	79,584	71,310
Current	36,491	22,077	72,340	63,659
Non-current	7,244	7,651	7,244	7,651

25 Accounts payable

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Freight payable	21,279	19,595	26,494	23,655
Services provided	66,409	57,110	120,510	102,614
Advertising	31,276	21,747	31,276	21,747
Revenue to elapse	47,413	47,882	47,413	47,882
Purchases of fixed assets	7,024	10,629	33,609	43,838
Payables arising from disposal	12,410	12,410	12,410	12,410
Leases (i)	64,020	56,715	79,570	54,242
Accrued taxes on inventory losses	2,149	2,687	16,262	17,048
Others	14,597	12,542	22,877	24,474
	266,577	241,317	390,421	347,910
Current	184,645	169,943	290,568	273,353
Non-current	81,932	71,374	99,853	74,557

(i) Lease liabilities

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Current	23,553	21,280	24,339	20,802
Non-current	40,467	35,435	55,231	33,440
	64,020	56,715	79,570	54,242

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

	Parent company	Consolidated
Balance at January 1, 2021	56,715	54,242
Payment of loans – principal	(14,111)	(14,111)
Payments of loans – interest	(2,596)	(3,037)
Additions	8,132	25,807
Write-off	(2,843)	(2,843)
Remeasurement	16,992	17,232
Interest accrued	1,731	2,280
Balance at June 30, 2021	64,020	79,570

a. *Maturity of installments*

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

	Parent company	Consolidated
From 1 to 2 years	18,842	19,826
From 2 to 5 years	19,192	22,627
More than 5 years	2,433	12,778
	40,467	55,231

b. *Tax rights on leases*

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

	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease liability	68,924	64,020	93,746	79,570
Estimated PIS/COFINS	(3,947)	(3,121)	(5,759)	(4,413)
	64,977	60,899	87,987	75,157

c. *Agreements by term and discount rate*

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

	Parent company	Consolidated
Terms	**Rate % p.a.**	**Rate % p.a.**
Up to 2 years	3.56%	3.56%
From 2 to 5 years	5.28%	5.23%
More than 5 years	8.53%	10.21%

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

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Lease liabilities				
Carrying amount – IFRS 16/CPC 06 (R2)	64,020	56,715	79,570	54,242
Flow with projected inflation	67,106	59,290	83,405	56,705
Variation	4.82%	4.54%	4.82%	4.54%
Net rights-of-use – closing balance				
Carrying amount – IFRS 16/CPC 06 (R2)	62,806	57,800	87,341	67,736
Flow with projected inflation	65,833	60,424	91,551	70,811
Variation	4.82%	4.54%	4.82%	4.54%

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Financial expenses				
Carrying amount – IFRS 16/CPC 06 (R2)	(867)	(3,476)	(907)	(3,911)
Flow with projected inflation	(909)	(3,634)	(951)	(4,089)
Variation	4.82%	4.54%	4.82%	4.54%
Depreciation expenses				
Carrying amount – IFRS 16/CPC 06 (R2)	(15,600)	(28,776)	(15,775)	(28,092)
Flow with projected inflation	(16,352)	(30,082)	(16,535)	(29,367)
Variation	4.82%	4.54%	4.82%	4.54%

26 Provision for contingencies

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

								Parent company
				June 30, 2021				December 31, 2020
	Forecast of likely loss	Contingencies assumed in business combination	Deposits in court	Contingencies net of court deposits	Forecast of likely loss	Contingencies assumed in business combination	Deposits in court	Contingencies net of court deposits
Civil	113,748	10,428	(58)	124,118	9,261	11,782	(57)	20,986
Labor	101,571	17,369	(14,182)	104,758	99,941	23,721	(14,750)	108,912
Tax	121	44,812	(366)	44,567	121	44,652	(365)	44,408
Administrative/other	3,527	898	(244)	4,181	3,254	834	(225)	3,863
Liability of former owners	5,593	-	-	5,593	5,347	-	-	5,347
	224,560	73,507	(14,850)	283,217	117,924	80,989	(15,397)	183,516

								Consolidated
				June 30, 2021				December 31, 2020
	Forecast of likely loss	Contingencies assumed in business combination	Deposits in court	Contingencies net of court deposits	Forecast of likely loss	Contingencies assumed in business combination	Deposits in court	Contingencies net of court deposits
Civil	113,878	10,428	(58)	124,248	9,297	11,782	(57)	21,022
Labor	111,411	17,369	(17,491)	111,289	107,995	23,721	(17,600)	114,116
Tax	124	44,812	(368)	44,568	124	44,652	(367)	44,409
Administrative/other	17,914	898	(284)	18,528	18,044	834	(225)	18,653
Liability of former owners	9,074	-	-	9,074	8,188	-	-	8,188
	252,401	73,507	(18,201)	307,707	143,648	80,989	(18,249)	206,388

Changes in contingencies

						Parent company
	December 31, 2020	Indexation accruals	Additions	Reversals	Payments	June 30, 2021
Civil	21,043	701	105,101	(1,917)	(752)	124,176
Labor	123,662	6,957	6,637	(11,124)	(7,192)	118,940
Tax	44,773	163	-	(3)	-	44,933
Administrative/other	4,088	337	-	-	-	4,425
Liability of former owners	5,347	184	558	(496)	-	5,593
	198,913	8,342	112,296	(13,540)	(7,944)	298,067
Deposits in court	(15,397)	(457)	(1,567)	2,299	272	(14,850)
	183,516	7,885	110,729	(11,241)	(7,672)	283,217

						Consolidated
	December 31, 2020	Indexation accruals	Additions	Reversals	Payments	June 30, 2021
Civil (a)	21,079	702	105,211	(1,918)	(768)	124,306
Labor (b)	131,716	7,288	8,708	(11,476)	(7,456)	128,780
Tax (c)	44,776	163	-	(3)	-	44,936
Administrative/other	18,878	917	192	-	(1,175)	18,812
Liability of former owners (d)	8,188	260	1,771	(1,145)	-	9,074
	224,637	9,330	115,882	(14,542)	(9,399)	325,908
Deposits in court	(18,249)	(538)	(2,049)	2,348	287	(18,201)
	206,388	8,792	113,833	(12,194)	(9,112)	307,707

(a) The addition refers mainly to certain contingencies of discontinued operations, related to the arbitration with Falcon Distribuidora, Armazenamento e Transportes S.A., before the International Chamber of Commerce (ICC).
(b) The additions refer to 25 new labor lawsuits, and the reversals refer to 97 labor lawsuits.
(c) Mainly related to the payment of ICMS on imports of goods arising from the acquisition of Mabesa and Mantecorp.
(d) The additions refer to lawsuits that are the liability of the former owners. In these cases, the Company recognizes an obligation to pay lawsuits, and also records an asset, to be reimbursed by the former owners when the contingency is paid.

Possible contingencies

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

	Parent company		Consolidated	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
	Possible loss	Possible loss	Possible loss	Possible loss
Civil (a)	161,128	46,703	162,263	47,868
Labor	468,403	465,091	484,815	483,452
Tax	131,080	128,102	163,377	162,747
Administrative/other	3,104	2,865	3,865	3,486
Liability of former owners	476,683	469,830	632,633	625,976
	1,240,398	1,112,591	1,446,953	1,323,529

(a) The increase refers mainly to certain portion of the discontinued operations contingencies, related to the arbitration with Falcon Distribuidora, Armazenamento e Transportes S.A., before the ICC.

27 Share capital

a. Share capital

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

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

b. Treasury shares

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

	Number	Amount
Balance at 12/31/2020	9,476	278
Acquisition in the period	2,700,000	85,118
Sales in the period	(1,315,234)	(41,448)
Balance at 06/30/2021	1,394,242	43,948

c. Interest on shareholders' equity

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

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

28 Revenue

The reconciliation of gross and net revenue is as follows:

				Parent company
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Gross revenue from products	1,762,286	3,148,815	1,276,348	2,268,932
Returns	(14,940)	(37,098)	(24,032)	(56,195)
Unconditional discounts	(30,193)	(64,657)	(51,745)	(100,661)
Net revenue from returns and unconditional discounts	1,717,153	3,047,060	1,200,571	2,112,076
Promotional discounts	(101,568)	(164,630)	(67,316)	(93,399)
Taxes	(82,876)	(154,031)	(55,268)	(101,833)
Net revenue	1,532,709	2,728,399	1,077,987	1,916,844

				Consolidated
	04/01/2021 to 06/30/2021	01/01/2021 to 06/30/2021	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020
Gross revenue from products	1,771,511	3,159,673	1,277,095	2,269,762
Returns	(15,008)	(37,185)	(24,032)	(56,195)
Unconditional discounts	(30,807)	(65,271)	(51,745)	(100,661)
Net revenue from returns and unconditional discounts	1,725,696	3,057,217	1,201,318	2,112,906
Promotional discounts	(99,160)	(161,790)	(67,158)	(93,241)
Taxes	(119,157)	(217,186)	(83,666)	(154,139)
Net revenue	1,507,379	2,678,241	1,050,494	1,865,526

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

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

29 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

				Parent company
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Cost of sales	(632,071)	(1,131,583)	(482,209)	(820,624)
Raw materials	-	-	-	-
Packaging materials	-	-	-	-
Labor	-	-	-	-
Depreciation and amortization expenses	-	-	-	-
Resale	(610,936)	(1,096,232)	(457,492)	(780,508)
Losses on inventory	(21,135)	(35,351)	(24,717)	(40,116)
Changes in inventory/others	-	-	-	-
Selling and marketing expenses	(414,594)	(737,910)	(292,836)	(572,936)
Marketing expenses	(297,096)	(513,114)	(195,139)	(386,200)
Advertising and consumer promotion	(98,497)	(157,661)	(70,711)	(113,372)
Trade deals	(42,781)	(76,319)	(24,141)	(44,630)
Market surveys and others	(2,465)	(3,555)	(2,303)	(3,238)
Medical visits, promotions, gifts and samples	(153,353)	(275,579)	(97,984)	(224,960)
Selling expenses	(117,498)	(224,796)	(97,697)	(186,736)
Sales force	(68,115)	(131,413)	(56,632)	(108,446)
Freight and logistics expenses	(28,466)	(53,595)	(24,603)	(42,852)
Research and development	(4,020)	(8,271)	(2,686)	(4,723)
Depreciation and amortization expenses	(7,942)	(14,995)	(7,419)	(14,747)
Other expenses	(8,955)	(16,522)	(6,357)	(15,968)
General and administrative expenses	(43,960)	(83,722)	(35,949)	(71,560)
Salaries/wages payable	(23,940)	(47,897)	(25,598)	(48,515)
Lawyers, advisors and auditors	(16,375)	(28,519)	(7,001)	(16,401)
Depreciation and amortization expenses	(3,097)	(5,915)	(2,998)	(5,300)
Other expenses	(548)	(1,391)	(352)	(1,344)

				Consolidated
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Cost of sales	(519,702)	(937,765)	(360,243)	(632,217)
Raw materials	(181,870)	(368,782)	(150,658)	(284,995)
Packaging materials	(78,853)	(145,084)	(61,674)	(115,353)
Labor	(114,955)	(217,076)	(100,134)	(188,413)

Depreciation and amortization expenses	(14,165)	(28,337)	(14,689)	(28,428)
Resale	(224,667)	(521,940)	(42,907)	(79,771)
Losses on inventory	(13,564)	(37,137)	(29,346)	(55,531)
Changes in inventory/others	108,372	380,591	39,165	120,274
Selling and marketing expenses	(450,017)	(816,111)	(327,793)	(637,726)
Marketing expenses	(298,287)	(513,007)	(187,155)	(369,724)
Advertising and consumer promotion	(98,413)	(156,931)	(69,733)	(111,417)
Trade deals	(42,781)	(76,319)	(24,141)	(44,630)
Market surveys and others	(2,465)	(3,555)	(2,303)	(3,238)
Medical visits, promotions, gifts and samples	(154,628)	(276,202)	(90,978)	(210,439)
Selling expenses	(151,730)	(303,104)	(140,638)	(268,002)
Sales force	(69,488)	(133,859)	(57,480)	(110,440)
Freight and logistics expenses	(30,708)	(57,804)	(27,821)	(49,097)
Research and development	(28,960)	(69,341)	(38,177)	(70,195)
Depreciation and amortization expenses	(12,456)	(23,431)	(10,509)	(21,604)
Other expenses	(10,118)	(18,669)	(6,651)	(16,666)
General and administrative expenses	(59,202)	(115,063)	(51,765)	(101,600)
Salaries/wages payable	(33,985)	(69,414)	(36,844)	(70,084)
Lawyers, advisors and auditors	(18,564)	(32,701)	(8,932)	(19,621)
Depreciation and amortization expenses	(5,609)	(10,677)	(5,057)	(9,249)
Other expenses	(1,044)	(2,271)	(932)	(2,646)

b. Other operating (expenses) income, net

				Parent company
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Potential gains (losses) (*)	88,787	87,550	133,693	124,161
Depreciation of investment properties	(274)	(1,205)	(1,231)	(2,192)
Rental income	581	5,657	4,491	10,338
Civil and labor contingencies	(538)	1,669	(2,472)	(4,851)
	88,556	93,671	134,481	127,456

				Consolidated
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Potential gains (losses) (*)	77,908	73,785	106,016	135,383
Depreciation of investment properties	(306)	(1,237)	(1,231)	(2,192)
Rental income	372	4,846	3,835	9,037
Civil and labor contingencies	(803)	280	(1,759)	(5,898)
	77,171	77,674	106,861	136,330

(*) See comment in Note 13.

c. Financial income

				Parent company
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Interest income	7,063	13,039	5,400	11,309
Income from financial investments and others	10,999	20,318	32,618	47,935
Exchange variation (gains on derivative transactions)	-	-	6,261	22,979
	18,062	33,357	44,279	82,223

				Consolidated
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Interest income	7,903	14,858	6,300	12,722
Income from financial investments and others	11,803	21,603	33,462	49,506
Exchange variation (gains on derivative transactions)	-	-	6,260	22,975
	19,706	36,461	46,022	85,203

d. Financial expenses

				Parent company
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Interest on financing	(2,508)	(6,137)	(3,686)	(8,117)
Interest on loans	(25,131)	(46,077)	(14,818)	(16,866)
Interest on notes payable	(92)	(187)	(73)	(222)
Indexation accruals on contingencies	(3,792)	(8,158)	(2,200)	(6,294)
REFIS (financing of tax liabilities)	(78)	(159)	(94)	(191)
Debentures	(46,337)	(80,517)	(32,610)	(43,476)
Interest and commission on letters of guarantee	(1,090)	(2,199)	(525)	(1,693)
Bank expenses and others	(5,492)	(10,949)	(3,571)	(8,875)
Cost of hedges and exchange variations on loans	(1,152)	(1,095)	228	1,199
Cost of hedge and exchange variation on suppliers and customers	7	19	(85)	(102)
Reversals of present value adjustments	(867)	(1,731)	(907)	(1,776)
Others	(169)	(272)	(6)	(25)
	(86,701)	(157,462)	(58,347)	(86,438)

				Consolidated
	04/01/2021 to 06/30/2021	**01/01/2021 to 06/30/2021**	**04/01/2020 to 06/30/2020**	**01/01/2020 to 06/30/2020**
Interest on financing	1,817	(3,944)	(6,219)	(13,177)
Interest on loans	(19,694)	(28,416)	(14,818)	(16,866)
Interest on notes payable	(92)	(187)	(73)	(222)
Indexation accruals on contingencies	(4,302)	(9,070)	(2,377)	(7,260)
REFIS (financing of tax liabilities)	(78)	(159)	(94)	(191)
Debentures	(46,337)	(80,517)	(32,610)	(43,476)
Interest and commission on letters of guarantee	(1,167)	(2,280)	(526)	(1,695)
Bank expenses and others	(7,031)	(12,438)	(3,702)	(9,110)
Cost of hedges and exchange variations on loans	(1,152)	(1,095)	228	1,199
Cost of hedge and exchange variation on suppliers and customers	(11,943)	(8,789)	(399)	4,929
Reversals of present value adjustments	(1,318)	(2,280)	(1,023)	(2,032)
Other	(357)	(547)	(128)	(305)
	(91,654)	(149,722)	(61,741)	(88,206)

30 Related-party transactions

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

Transactions and balances

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

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

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

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

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

a. In assets and liabilities

							Parent company
							June 30, 2021
Companies	**Other amounts receivable**	**Loans receivable**	**Shareholder indemnity**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,482	-	-	(83,774)	-	-	-
My Agência Propaganda Ltda.	-	-	-	(17)	-	(125)	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	-	-	(563,387)	(9,294)	(2,115)	(2,006)
Darwin Prestação de Serviços de Marketing Ltda	-	7,914	-	-	-	-	-
João Alves de Queiroz Filho	-	-	94,987	-	-	-	-
Total	**2,482**	**7,914**	**94,987**	**(647,178)**	**(9,294)**	**(2,240)**	**(2,006)**

							Consolidated
							June 30, 2021
Companies	**Other amounts receivable**	**Loans receivable**	**Shareholder indemnity**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
João Alves de Queiroz Filho	-	-	103,029	-	-	-	-
Total	**-**	**-**	**103,029**	**-**	**-**	**-**	**-**

							Parent company
							December 31, 2020
Companies	Other amounts receivable	Loans receivable	Shareholder indemnity	Suppliers	Accounts payable	Other amounts payable	Loans payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	455	-	-	(91,680)	-	-	-
My Agência Propaganda Ltda.	3	-	-	(17)	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	2,620	-	-	(484,126)	(9,407)	-	-
João Alves de Queiroz Filho	-	-	140,925	-	-	-	-
Total	**3,078**	**-**	**140,925**	**(575,823)**	**(9,407)**	**-**	**-**

							Consolidated
							December 31, 2020
Companies	Other amounts receivable	Loans receivable	Shareholder indemnity	Suppliers	Accounts payable	Other amounts payable	Loans payable
João Alves de Queiroz Filho	-	-	152,855	-	-	-	-
Total	**-**	**-**	**152,855**	**-**	**-**	**-**	**-**

b. Income for the period

								Parent company
								June 30, 2021
	Transactions		Other (expenses)/income				Interest	
Companies	Purchases of goods/products	Rental income	Shareholder indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(193,047)	876	-	-	-	-	-	-
My - Agência Propaganda Ltda.	-	102	-	(2,280)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,112,438)	-	-	-	(1,048)	-	(207)	57
TV Serra Dourada Ltda.	-	-	-	(1,237)	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	1,334
	(1,305,485)	**978**	**-**	**(3,517)**	(1,048)	**-**	**(207)**	**1,391**

								Consolidated
								June 30, 2021
	Transactions		Other (expenses)/income				Interest	
Companies	Purchases of goods/products	Rental income	Shareholder indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
TV Serra Dourada Ltda.	-	-	-	(1,237)	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	1,447
	-	**-**	**-**	**(1,237)**	**-**	**-**	**-**	**1,447**

								Parent company
								June 30, 2020
	Transactions		Other (expenses)/income				Interest	
Companies	Purchases of goods/products	Rental income	Shareholder indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(206,642)	1,303	-	-	-	-	-	-
My - Agência Propaganda Ltda.	-	102	-	(2,280)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(768,488)	-	-	-	(1,407)	-	(172)	-
Universo Online S.A.	-	-	-	(4,000)	-	-	-	-
João Alves de Queiroz Filho	-	-	185,269	-	-	-	-	625
	(975,130)	1,405	185,269	(6,280)	(1,407)	-	(172)	625

								Consolidated
								June 30, 2020
	Transactions		Other (expenses)/income				Interest	
Companies	Purchases of goods/products	Rental income	Shareholder indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Universo Online S.A.	-	-	-	(4,000)	-	-	-	-
João Alves de Queiroz Filho	-	-	197,426	-	-	-	-	666
	-	-	197,426	(4,000)	-	-	-	666

c. Compensation of key management personnel

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

	Parent company		Consolidated	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Salaries and other short-term benefits	9,105	8,664	9,105	8,664
Board members' fees	2,673	2,781	2,673	2,781
Share-based payments	4,471	4,271	4,471	4,271
	16,249	15,716	16,249	15,716

31 Other matters

a) Internal Investigation

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

On May 25, 2020, as reported in the Material Fact published on the same date, the Board of Directors was informed of the current status of the internal investigation related to Operation "Tira-Teima", which confirmed evidence of improper payments made by the Company. The Board of Directors instructed that the recommendations made by the Independent Committee be assessed and implemented to improve the Company's internal systems, controls and Compliance program.

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

Following the negotiation with the main co-controlling shareholder of the Company, carried out by an independent tripartite committee, the Board of Directors approved, on May 25, 2020, the execution of a payment agreement with Mr. João Alves de Queiroz Filho (the "Payment Agreement"). Mr. João Alves de Queiroz Filho considered that it was in the best interests of the Company and its shareholders, without assuming responsibility, to pay the Company the remaining balance of the improper payments of R$ 110,557 million, subject to interest at the SELIC rate. This payment is being made in four equal and successive installments, the first of which was paid on the date of the Payment Agreement, with the rest to be paid on the same dates in subsequent years.

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

b) Impacts of the COVID-19 pandemic

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

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

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

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

32 Events after the reporting period

a) Acquisition of Bioage

On July 8, 2021, the Company entered into a Purchase and Sale of Share Units Agreement and Other Covenants for the acquisition of the total capital of *Bio Brands Franchising Gestão de Marcas Ltda.* and *Bio Scientific Indústria de Cosméticos Ltda.* (together "Bioage"), for R$ 85.1 million.

Bioage develops and sells the largest and most complete line of high-performance dermo-cosmetics for professional and home care use in Brazil; it is the leader in the Brazilian aesthetics market and recorded gross billing of approximately R$ 80 million in 2020. Bioage uses cruelty-free and sustainable ingredients in the manufacture of its products and currently counts on a direct-to-consumer platform and 55 regional franchisees to drive its sales and contribute to the loyalty of health and skin care professionals in Brazil.

The acquisition of Bioage is in line with the Company's strategic objective of strengthening its presence in the skincare Brazilian market through innovative products and brands which are complementary to its current business and have great potential for growth, and it will also allow the arrival of Hypera Pharma in the Brazilian aesthetics channel.

The Acquisition is subject to certain conditions precedent, established in the Purchase and Sale Agreement, which include the approval by the antitrust authorities.

b) Acquisition of Sanofi Assets
On July 13, 2021, the Company entered into an agreement with Sanofi for the acquisition of 12 brands of OTC and prescription drugs in Brazil, Mexico and Colombia for USD190.3 million ("Transaction").

The products to be acquired include, in the Consumer Health segment in Brazil, the painkiller AAS, the herbal medicine Naturetti and the antiseptic Cepacol, in addition to the prescription drugs Buclina, to stimulate the appetite, and Hidantal, indicated in the treatment of epilepsy, among others. Brazil represented approximately 67% of net revenue of this portfolio in 2020. The Transaction is in accordance with the Company's strategy of strengthening its presence in the Brazilian market through products with great potential for growth. With the conclusion of this acquisition, the Company will increase its performance in the categories of Consumer Health and Prescription Products, mainly directed to the central nervous system and gastrointestinal tract.

The products to be acquired will also benefit from the Company's solid business platform, which currently counts on the most modern innovation center and the largest manufacturing complex in Latin America, in addition to a distribution that reaches 96% of the points of sale in Brazil, which will contribute to drive growth in these markets.

The Company and Sanofi will sign a manufacturing and supply agreement in connection with the Transaction whereby Sanofi will continue to supply products to the Company for up to three years. The Transaction is also subject to certain conditions precedent, including the approval by the competent antitrust authorities.

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