

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

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Hypera Pharma reports 24.7% growth in Net Revenue, with the highest levels ever recorded of EBITDA and Cash Flow from Operations

São Paulo, October 27, 2022 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the 3rd quarter of 2022. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

3Q22 Highlights

- Organic sell-out growth of 17.3%¹ in 3Q22 when compared to 3Q21
- Highest ever recorded Net Revenue of R\$2,035.8 million in the quarter, up 24.7% over 3Q21
- Non-Retail Net Revenue growth of 189.2% in 3Q22, when compared to 3Q21
- Highest ever recorded EBITDA from Continuing Operations (excl. Others) of R\$723.6 million, up 27.0% over 3Q21
- Highest ever recorded Cash Flow from Operations of R\$677.5 million in 3Q22, up 25.5% over 3Q21
- Interest on Equity approval of R\$194.8 million in 3Q22

Table 1

(R\$ million)	3Q21	% NR	3Q22	% NR	Δ %	9M21	% NR	9M22	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,865.0	114.2%	2,341.4	115.0%	25.5%	4,922.2	114.2%	6,205.5	114.4%	26.1%
Net Revenue	1,632.6	100.0%	2,035.8	100.0%	24.7%	4,310.9	100.0%	5,425.0	100.0%	25.8%
Gross Profit	1,043.5	63.9%	1,292.4	63.5%	23.8%	2,784.0	64.6%	3,439.6	63.4%	23.5%
SG&A (excl. Marketing and R&D)	(192.4)	-11.8%	(259.3)	-12.7%	34.8%	(541.3)	-12.6%	(691.3)	-12.7%	27.7%
Marketing	(275.0)	-16.8%	(326.8)	-16.1%	18.8%	(788.0)	-18.3%	(872.0)	-16.1%	10.7%
EBITDA from Continuing Operations (excl. Others)	569.6	34.9%	723.6	35.5%	27.0%	1,445.8	33.5%	1,897.7	35.0%	31.3%
Net Income from Continuing Operations	464.7	28.5%	469.7	23.1%	1.1%	1,251.8	29.0%	1,274.7	23.5%	1.8%
Cash Flow from Operations	539.9	33.1%	677.5	33.3%	25.5%	1,098.1	25.5%	1,524.3	28.1%	38.8%

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Replay: ir.hypera.com

IR contacts

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

Note: ¹ Sell-out PPP (Pharmacy Purchase Price), as informed by IQVIA, considers the average purchase price from pharmacies and chains; ²As informed by IQVIA, it excludes the infant formula segment

Operating Scenario

In 3Q22, Hypera Pharma's Net Revenue grew 24.7% and reached R\$2,035.8 million, the highest level ever recorded by the Company in a quarter. This performance was mainly driven by the organic sell-out growth of 17.3%¹, in line with the retail market performance², and by the growth in Non-Retail.

In the first 9 months of the year, organic sell-out grew 21.7%, or 4.1 percentage points above the market, as a result of the Company's initiatives to boost its sustainable growth, highlighting the acceleration in the pace of launches recently, the increase in production capacity and the investments in leading brands in the retail pharmaceutical market.

In **Prescription Products**, market share gains in the quarter were driven once again by the Power Brands³ **Nesina**, **Predsim**, **Alivium**, **Rinosoro**, **Dramin** and **Alektos**, as well as by the recent launches in central nervous system and cardiology. It is worth mentioning that the Company has around 90 products in its innovation pipeline to be launched in central nervous system and cardiology, the two main markets for prescription products in Brazil that currently have annual sell-out of over R\$20 billion, according to IQVIA.

In **Consumer Health**, the performance was benefited by the brands **Benegrip**, **Coristina-d**, **Engov**, **Polaramine** and **Eparema**. In **Skincare**, the main highlights were the recent launches and line extensions of **Mantecorp Skincare** and **Simple Organic**, while in **Similar and Generics**, the performance of the **Neo Química** brand was once again favored by the acceleration in the pace of generic launches and the expansion of production capacity.

Non-Retail contributed with R\$100.9 million to 3Q22 Net Revenue, compared to R\$34.9 million in 3Q21. This growth is the result of the initiatives implemented by the new structure dedicated to the non-retail market to leverage the growth of the Company's current portfolio in this segment, and of the additional revenue from the sales of Immunoglobulin in 3Q22.

Hypera Pharma also launched the antibiotics Cefepime, Cefuroxime and Bac-Sulfitrin in 3Q22, which were part of the Company's innovation pipeline for Non-Retail with focus on Oncology, Specialties and Biologics, and which now includes approximately 70 molecules that will support Hypera Pharma's market share and sales increase in this segment in the medium term.

This growth also contributed to Hypera Pharma's: (i) record in EBITDA from Continuing Operations, when excluding the contribution from Other Operating Revenues, of R\$723.6 million in 3Q22, with a margin of 35.5%, or 0.6 percentage point higher than 3Q21; and (ii) operating cash generation increase of 25.5% when compared to 3Q21, to R\$677.5 million, the Company's highest level ever recorded in a quarter.

The Company also approved Interest on Equity of R\$194.8 million this quarter, or R\$0.31/share, and concluded the acquisition of the know-how and the site responsible for the raw material production related to scopolamine, the main API to produce the Power Brand **Buscopan**.

Hypera Pharma continued to make significant progress in its sustainable agenda this quarter, with the creation of affinity groups to focus on gender, ethnicity, people with disabilities and LGBTQIA+, which should contribute to the constant increase of diversity and inclusion in the Company. In addition, Hypera Pharma promoted three "*Mutirões da Saúde*" (Health efforts) in the cities of São Paulo and Anápolis, which included actions focused on the prevention of diseases and adoption of a healthy lifestyle, and also held its 3rd Compliance Day, which this year focused on the importance of the Code of Ethical Conduct in the Company's daily activities.

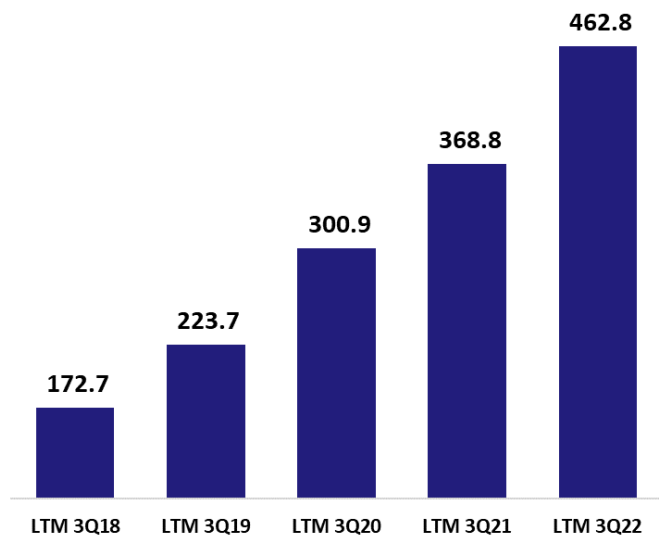
Recent initiatives focused on ESG to enhance the Company's value generation have also contributed to the Hypera Pharma's 21% score increase in the Standard & Poor's ESG ranking (DJSI) this year.

The performance presented in 9M22, the strength and resilience of the Company's portfolio of leading brands and the contribution of recent launches and acquisitions reinforce Hypera Pharma's confidence in achieving the financial targets and projections set for 2022.

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

Innovation & Launches

R&D Investments¹
(R\$ million)



Total R&D investments, including the amount capitalized as intangible assets, were R\$462.8 million in the last 12 months, or 25.5% higher than the same period of 2021.

The Freshness Index, corresponding to the percentage of Net Revenue coming from products launched in the last five years, was 25% in 3Q22. It should be noted that the Freshness Index calculation includes the contribution of the Buscopan family and the portfolio of medicines acquired from Takeda and Sanofi.

In 3Q22, Hypera Pharma launched several new products in all its business units dedicated to the pharmaceutical retail market.

In Prescription Products, the highlights were: (i) **Picbam**, the first apixaban-based drug launched in the Brazilian market after patent cliff for the prevention of venous thrombosis, whose therapeutic class presented annual sell-out, according to IQVIA, of R\$320 million; (ii) **Ondif**, for nausea prevention and treatment, whose therapeutic class

presented annual sell-out of R\$509 million in the last 12 months, according to IQVIA; and (iii) **Aviv**, for the treatment of Major Depressive Disorder (MDD).

In addition, 3Q22 marked the Company's first move in the cannabidiol market, with the launch of its first full spectrum cannabidiol-based medicine. It is worth noting that Hypera Pharma is the first major Brazilian pharmaceutical company to launch this product in Brazil.

In Consumer Health, the main highlight was **Merthiolate Cicatrix**, line extension of the Merthiolate brand to repair and renew sensitized skin, and in Skincare, the main highlights were **Episol Acqua**, line extension of the sunscreen Episol in a water-based formulation, and the new line for skin treatment **PPoeta by Bioage**, signed by Patrícia Poeta.

In Similar and Generics, the highlights were the launches of **Pantoprazol** and **Desvenlafaxine**, important molecules whose markets had sell-out higher than R\$394 million in the last 12 months, according to IQVIA, in addition to **Apixaban** and **Ondansetron**, contributing to the increase in the coverage of molecules in generics.

In **Non-Retail**, the highlights were the launches of the antibiotics **Cefepime**, **Cefuroxime** and **Bac-Sulfitrin**, whose markets currently have annual sell-out higher than R\$63 million, according to IQVIA.



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

Earnings Discussion

Income Statement

Table 2

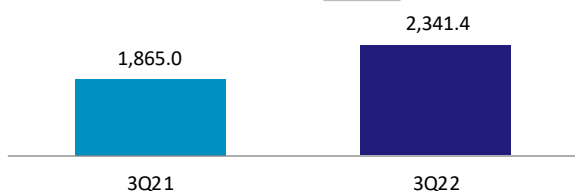
(R\$ million)	3Q21	% NR	3Q22	% NR	Δ %	9M21	% NR	9M22	% NR	Δ %
Net Revenue	1,632.6	100.0%	2,035.8	100.0%	24.7%	4,310.9	100.0%	5,425.0	100.0%	25.8%
Gross Profit	1,043.5	63.9%	1,292.4	63.5%	23.8%	2,784.0	64.6%	3,439.6	63.4%	23.5%
Marketing Expenses	(275.0)	-16.8%	(326.8)	-16.1%	18.8%	(788.0)	-18.3%	(872.0)	-16.1%	10.7%
Selling Expenses	(177.9)	-10.9%	(205.7)	-10.1%	15.6%	(481.0)	-11.2%	(578.1)	-10.7%	20.2%
General and Administrative Expenses	(58.4)	-3.6%	(82.5)	-4.1%	41.2%	(173.5)	-4.0%	(218.5)	-4.0%	26.0%
Other Operating Revenues (Expenses)	11.3	0.7%	3.7	0.2%	-67.6%	89.0	2.1%	18.5	0.3%	-79.2%
Equity in Subsidiaries	3.5	0.2%	3.0	0.1%	-15.9%	6.7	0.2%	6.7	0.1%	-0.5%
EBIT from Continuing Operations	547.0	33.5%	684.0	33.6%	25.1%	1,437.1	33.3%	1,796.1	33.1%	25.0%
Net Financial Expenses	(75.8)	-4.6%	(241.9)	-11.9%	219.1%	(189.1)	-4.4%	(625.9)	-11.5%	231.0%
Income Tax and CSLL	(6.4)	-0.4%	27.5	1.4%	-	3.7	0.1%	104.5	1.9%	2715.4%
Net Income (Loss) from Continuing Operations	464.7	28.5%	469.7	23.1%	1.1%	1,251.8	29.0%	1,274.7	23.5%	1.8%
Net Income from Discontinued Operations	(263.2)	-16.1%	(3.6)	-0.2%	-98.6%	(274.6)	-6.4%	(5.9)	-0.1%	-97.9%
Net Income (Loss)	201.6	12.3%	466.0	22.9%	131.2%	977.2	22.7%	1,268.8	23.4%	29.8%
EBITDA from Continuing Operations	580.9	35.6%	727.2	35.7%	25.2%	1,534.8	35.6%	1,916.2	35.3%	24.9%

Net Revenue

Graph 1

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

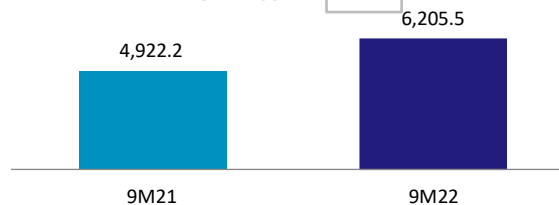
Δ 3Q22 vs 3Q21 **25.5%**



Graph 2

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

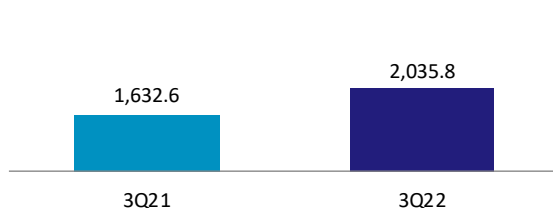
Δ 9M22 vs 9M21 **26.1%**



Graph 3

Net Revenue (R\$ mm)

Δ 3Q22 vs 3Q21 **24.7%**



Graph 4

Net Revenue (R\$ mm)

Δ 9M22 vs 9M21 **25.8%**

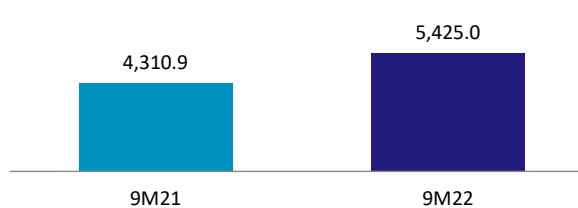


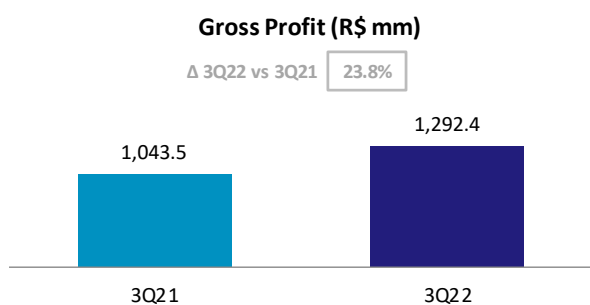
Table 3

(R\$ million)	3Q21	3Q22	Δ %	9M21	9M22	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,865.0	2,341.4	25.5%	4,922.2	6,205.5	26.1%
Promotional Discounts	(104.0)	(137.7)	32.4%	(265.8)	(337.6)	27.0%
Taxes	(128.3)	(168.0)	30.9%	(345.5)	(442.9)	28.2%
Net Revenue	1,632.6	2,035.8	24.7%	4,310.9	5,425.0	25.8%

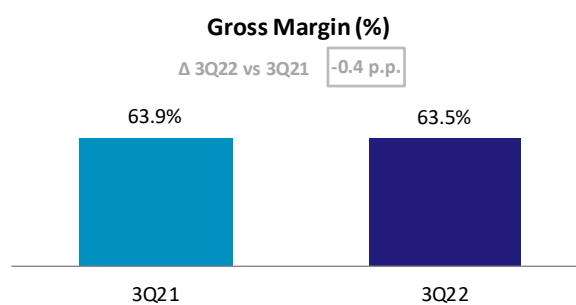
In 3Q22, Net Revenue grew 24.7% when compared to the same period of the previous year, reaching R\$2,035.8 million, highest level ever recorded by the Company in a quarter. This growth is the result of: (i) the recent increase in sell-out in all business units dedicated to the pharmaceutical retail market; (ii) the growth of the **Non-Retail** Net Revenue, which went from R\$34.9 million in 3Q21 to R\$100.9 million in 3Q22, benefited by the additional revenue from the sale of Immunoglobulin; and (iii) the contribution to the Net Revenue of R\$61.1 million from the brands acquired from Sanofi.

Gross Profit

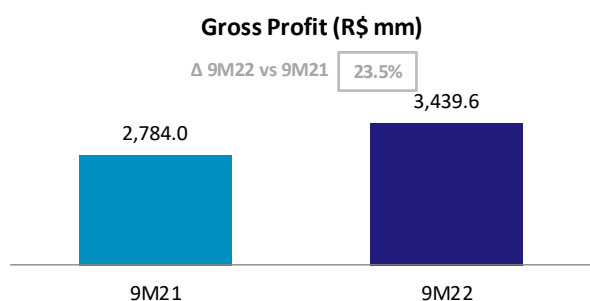
Graph 5



Graph 6



Graph 7



Graph 8

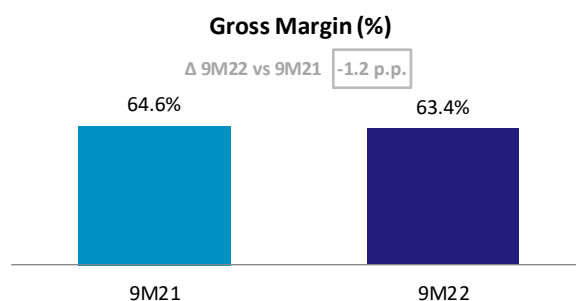


Table 4

(R\$ million)	3Q21	% NR	3Q22	% NR	Δ %	Δ p.p.	9M21	% NR	9M22	% NR	Δ %	Δ p.p.
Gross Profit	1,043.5	63.9%	1,292.4	63.5%	23.8%	-0.4 p.p.	2,784.0	64.6%	3,439.6	63.4%	23.5%	-1.2 p.p.

Gross Profit reached R\$1,292.4 million in 3Q22, with a Gross Margin of 63.5%, versus 63.9% in 3Q21. The variation of Gross Margin in the period is a consequence of the increase of Non-Retail in the mix of products sold.

Marketing Expenses

Table 5

(R\$ million)	3Q21	% NR	3Q22	% NR	Δ %	9M21	% NR	9M22	% NR	Δ %
Marketing Expenses	(275.0)	-16.8%	(326.8)	-16.1%	18.8%	(788.0)	-18.3%	(872.0)	-16.1%	10.7%
Advertisement and Consumer Promotion	(96.3)	-5.9%	(95.9)	-4.7%	-0.4%	(256.8)	-6.0%	(262.1)	-4.8%	2.1%
Trade Deals	(43.5)	-2.7%	(48.2)	-2.4%	10.7%	(119.9)	-2.8%	(127.6)	-2.4%	6.5%
Medical Visits, Promotions and Others	(135.2)	-8.3%	(182.7)	-9.0%	35.1%	(411.4)	-9.5%	(482.3)	-8.9%	17.2%

In 3Q22, Marketing Expenses grew 18.8% when compared to the same period last year and reduced their share of Net Revenue by 0.7 percentage point in the quarter. The decrease in the share of Net Revenue is mainly due to: (i) the sell-out growth acceleration in Consumer Health, Prescription Products and Skincare Power Brands; (ii) the Non-Retail Net Revenue growth; and (iii) the operational synergies from the integration of the portfolio acquired from Sanofi.

Selling Expenses

Table 6

(R\$ million)	3Q21	% NR	3Q22	% NR	Δ %	9M21	% NR	9M22	% NR	Δ %
Selling Expenses	(177.9)	-10.9%	(205.7)	-10.1%	15.6%	(481.0)	-11.2%	(578.1)	-10.7%	20.2%
Commercial Expenses	(102.3)	-6.3%	(131.2)	-6.4%	28.2%	(278.2)	-6.5%	(354.7)	-6.5%	27.5%
Freight and Logistics Expenses	(31.7)	-1.9%	(45.6)	-2.2%	43.9%	(89.5)	-2.1%	(118.0)	-2.2%	31.8%
Research & Development	(43.9)	-2.7%	(28.9)	-1.4%	-34.2%	(113.2)	-2.6%	(105.3)	-1.9%	-7.0%

Selling Expenses grew 15.6% and represented 10.1% of Net Revenue in 3Q22, a dilution of 0.8 percentage point when compared to 3Q21, resulting mainly from the reduction in Research and Development expenses in the period due to the Lei do Bem benefit of R\$21.6 million in this quarter. In 3Q21, the Company did not book this benefit.

Total Research and Development (R&D) investments, including the amount capitalized as intangible asset, reached R\$131.7 million this quarter, a 46.9% increase over 3Q21.

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

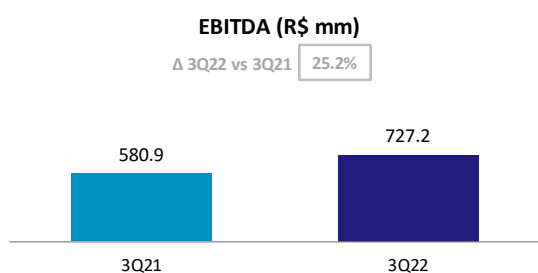
Table 7

(R\$ million)	3Q21	% NR	3Q22	% NR	Δ %	9M21	% NR	9M22	% NR	Δ %
General & Administrative Expenses	(58.4)	-3.6%	(82.5)	-4.1%	41.2%	(173.5)	-4.0%	(218.5)	-4.0%	26.0%
Other Operating Revenues (Expenses)	11.3	0.7%	3.7	0.2%	-67.6%	89.0	2.1%	18.5	0.3%	-79.2%

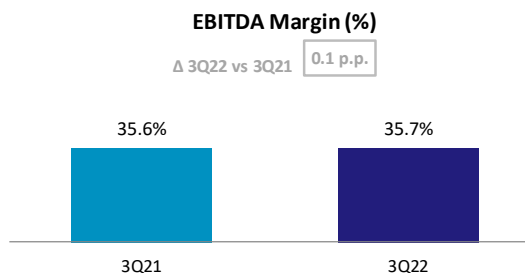
General and Administrative Expenses represented 4.1% of Net Revenue in 3Q22, in line with 9M22 and 9M21.

EBITDA from Continuing Operations

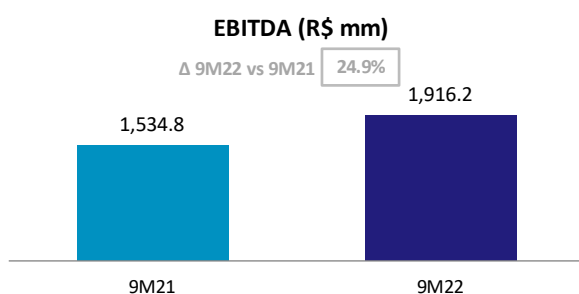
Graph 9



Graph 10



Graph 11



Graph 12

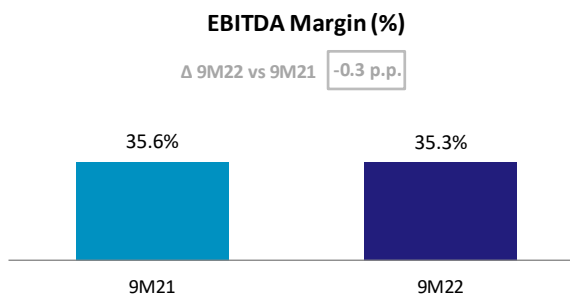


Table 8 – EBITDA from Continuing Operations

(R\$ million)	3Q21	% NR	3Q22	% NR	Δ %	9M21	% NR	9M22	% NR	Δ %
EBITDA from Continuing Operations	580.9	35.6%	727.2	35.7%	25.2%	1,534.8	35.6%	1,916.2	35.3%	24.9%
EBITDA from Continuing Operations (excl. Others)	569.6	34.9%	723.6	35.5%	27.0%	1,445.8	33.5%	1,897.7	35.0%	31.3%

EBITDA from Continuing Operations was R\$727.2 million in 3Q22, with 35.7% margin. **When excluded the contribution of Other Operating Revenues, EBITDA from Continuing Operations grew 27.0%, 35.5% margin, or 0.6 percentage point higher than 3Q21**, mainly as a result of the dilution of Marketing and Selling Expenses in the period.

Net Financial Expenses

Table 9

(R\$ million)	3Q21	% NR	3Q22	% NR	Δ R\$	9M21	% NR	9M22	% NR	Δ R\$
Financial Result	(75.8)	-4.6%	(241.9)	-11.9%	(166.1)	(189.1)	-4.4%	(625.9)	-11.5%	(436.8)
Net Interest Expenses	(69.3)	-4.2%	(195.9)	-9.6%	(126.5)	(148.4)	-3.4%	(515.3)	-9.5%	(367.0)
Cost of Hedge and FX Gains (Losses)	6.1	0.4%	(14.1)	-0.7%	(20.1)	(3.8)	-0.1%	(38.4)	-0.7%	(34.6)
Other	(6.8)	-0.4%	(32.0)	-1.6%	(25.2)	(31.1)	-0.7%	(72.2)	-1.3%	(41.0)

Financial Result presented a negative balance of R\$241.9 million in 3Q22, compared to R\$75.8 million in 3Q21. This variation is a consequence of the increase in interest expenses in the period, as a result of: (i) the higher gross debt of the Company, mainly resulting from the issuance of debentures to pay for recent acquisitions; and (ii) the increase in the Selic rate.

Net Income

Table 10

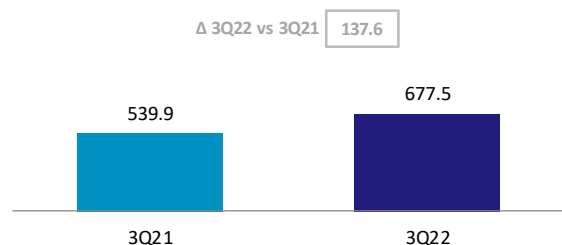
(R\$ million)	3Q21	3Q22	Δ %	9M21	9M22	Δ %
EBIT from Continuing Operations	547.0	684.0	25.1%	1,437.1	1,796.1	25.0%
(-) Net Financial Expenses	(75.8)	(241.9)	219.1%	(189.1)	(625.9)	231.0%
(-) Income Tax and Social Contribution	(6.4)	27.5	-	3.7	104.5	2715.4%
Net Income from Continuing Operations	464.7	469.7	1.1%	1,251.8	1,274.7	1.8%
(+) Net Income from Discontinued Operations	(263.2)	(3.6)	-98.6%	(274.6)	(5.9)	-97.9%
Net Income	201.6	466.0	131.2%	977.2	1,268.8	29.8%
EPS	0.32	0.73	130.3%	1.55	2.01	29.8%
EPS from Continuing Operations	0.74	0.74	0.9%	1.98	2.02	1.8%

Net Income from Continuing Operations totaled R\$469.7 million in the quarter, or 1.1% higher than 3Q21. The variation of Net Income from Continuing Operations is mainly a consequence of the 25.1% growth in EBIT of Continuing Operations and the R\$166.1 million increase in Net Financial Expenses.

Cash Flow (Continuing and Discontinued Operations)

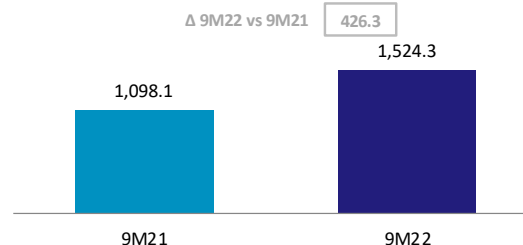
Graph 13

Cash Flow from Operations (R\$ mm)



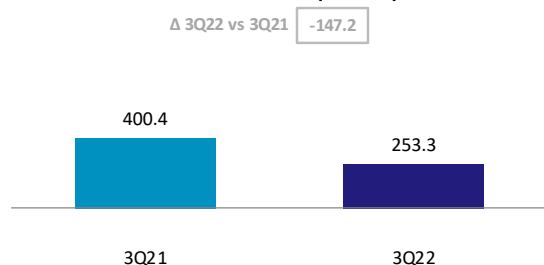
Graph 14

Cash Flow from Operations (R\$ mm)



Graph 15

Free Cash Flow (R\$ mm)



Graph 16

Free Cash Flow (R\$ mm)

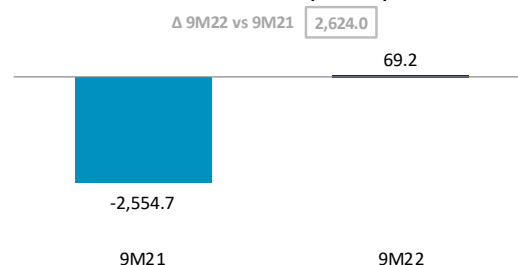


Table 11

(R\$ million)	3Q21	3Q22	9M21	9M22
Cash Flow from Operations	539.9	677.5	1,098.1	1,524.3
Capital increase in subsidiaries/associates	0.0	(4.6)	(20.4)	(10.8)
Purchase of Property, Plant and Equipment	(150.5)	(142.5)	(378.2)	(339.3)
Purchase of Intangible Assets	(50.2)	(86.6)	(146.0)	(900.3)
Acquisitions of Subsidiaries, Net of Cash Acquired	0.0	(198.5)	(3,553.5)	(208.5)
Sale of Property, Plant and Equipment	61.3	8.0	445.2	3.7
(=) Free Cash Flow	400.4	253.3	(2,554.7)	69.2

Cash Flow from Operations grew 25.5% in the quarter, in line with the EBITDA from Continuing Operations growth, and amounted R\$677.5 million, the highest level ever recorded by the Company in a quarter. This quarter, Hypera Pharma converted 93.2% of EBITDA from Continuing Operations into Cash Flow from Operations.

Free Cash Flow was R\$253.3 million in the quarter, versus R\$400.4 million in 3Q21, and was impacted in the quarter by the payment for the acquisition of the know-how and the site responsible for the raw material production related to scopolamine, the main API to produce the Power Brand **Buscopan**.

Net Debt

Table 12

(R\$ million)	3Q22
Loans and Financing	(8,850.1)
Notes Payable	(36.1)
Gross Debt	(8,886.2)
Cash and Cash Equivalents	2,218.9
Net Cash / (Debt)	(6,667.3)
Unrealized Gain/Loss on Debt Hedge	6.0
Net Cash / (Debt) After Hedge	(6,661.3)

The Company ended 3Q22 with a Net Debt After Hedge position of R\$6,661.3 million, compared to R\$6,609.9 million at the end of 2Q22, or 2.5x EBITDA from Continuing Operations from the guidance set for 2022.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

						(R\$ million)	3Q21	4Q21	1Q22	2Q22	3Q22
(Days)	3Q21	4Q21	1Q22	2Q22	3Q22						
Receivables ⁽¹⁾	91	103	104	94	90	Receivables	1,807	2,039	1,887	2,160	2,238
Inventories ⁽²⁾	188	193	249	223	243	Inventories	1,230	1,303	1,531	1,701	2,009
Payables ⁽²⁾⁽³⁾	(125)	(117)	(139)	(129)	(143)	Payables ⁽³⁾	(816)	(791)	(854)	(983)	(1,181)
Cash Conversion Cycle	154	179	214	188	190	Working Capital	2,222	2,552	2,564	2,878	3,066
						% of Annualized Net Revenue ⁽⁴⁾	34%	39%	43%	38%	38%

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

(2) Calculated based on Continuing Operations COGS

(3) Includes Suppliers' Assignment of Receivables

(4) Annualized Net Revenue for the last 3 months

Tax Credits to offset Income Tax payment

- i) Federal Recoverable Taxes: R\$820.1 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$2,407.0 million (please refer to Explanatory Note 24(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 14

(R\$ million)	3Q21	% NR	3Q22	% NR	Δ %	9M21	% NR	9M22	% NR	Δ %
Net Income	201.6	12.3%	466.0	22.9%	131.2%	977.2	22.7%	1,268.8	23.4%	29.8%
(+) Income Tax and CSLL	(128.8)	-7.9%	(29.8)	-1.5%	-76.9%	(145.0)	-3.4%	(108.2)	-2.0%	-25.4%
(+) Net Interest Expenses	75.8	4.6%	241.9	11.9%	219.1%	189.1	4.4%	625.9	11.5%	231.0%
(+) Depreciations / Amortizations	33.9	2.1%	43.2	2.1%	27.3%	97.6	2.3%	120.0	2.2%	23.0%
EBITDA	182.5	11.2%	721.3	35.4%	295.3%	1,119.0	26.0%	1,906.6	35.1%	70.4%
(-) EBITDA from Discontinued Operations	398.5	24.4%	5.9	0.3%	-98.5%	415.8	9.6%	9.6	0.2%	-97.7%
Adjusted EBITDA (EBITDA from Continuing Operations)	580.9	35.6%	727.2	35.7%	25.2%	1,534.8	35.6%	1,916.2	35.3%	24.9%

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

	3Q21	3Q22	9M21	9M22
Net Revenue	1,632,642	2,035,775	4,310,883	5,424,961
Cost of Goods Sold	(589,146)	(743,411)	(1,526,911)	(1,985,390)
Gross Profit	1,043,496	1,292,364	2,783,972	3,439,571
Selling and Marketing Expenses	(452,909)	(532,455)	(1,269,020)	(1,450,075)
General and Administrative Expenses	(58,447)	(82,527)	(173,510)	(218,546)
Other Operating Revenues (Expenses)	11,307	3,667	88,981	18,490
Equity in Subsidiaries	3,544	2,981	6,722	6,688
Operating Income Before Equity Income and Financial Result	546,991	684,030	1,437,145	1,796,128
Net Financial Expenses	(75,813)	(241,897)	(189,074)	(625,863)
Financial Expenses	(110,011)	(310,562)	(259,733)	(804,735)
Financial Income	34,198	68,665	70,659	178,872
Profit Before Income Tax and Social Contribution	471,178	442,133	1,248,071	1,170,265
Income Tax and Social Contribution	(6,448)	27,543	3,710	104,452
Net Income from Continuing Operations	464,730	469,676	1,251,781	1,274,717
Net Income from Discontinued Operations	(263,176)	(3,649)	(274,552)	(5,869)
Income for the Period	201,554	466,027	977,229	1,268,848
Earnings per Share – R\$	0.32	0.73	1.55	2.01

Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2021	09/30/2022	Liabilities and Shareholders' Equity	12/31/2021	09/30/2022
Current Assets	6,491,633	7,452,100	Current Liabilities	2,776,526	4,139,168
Cash and Cash Equivalents	2,287,062	2,218,905	Suppliers	327,133	465,278
Accounts Receivables	2,039,474	2,237,622	Suppliers' Assignment of Receivables	463,627	715,325
Inventories	1,303,480	2,009,331	Loans and Financing	565,648	1,449,610
Recoverable Taxes	597,195	549,446	Salaries Payable	284,290	380,507
Financial Derivatives	29,305	21,904	Income Tax and Social Contribution	984	8,193
Other Assets	232,348	414,892	Taxes Payable	68,865	74,049
Dividends and IOC receivables	2,769	0	Accounts Payable	276,647	449,336
			Dividends and IOC Payable	704,808	534,068
			Notes Payable	36,840	26,768
			Financial Derivatives	47,684	36,034
Non-Current Assets	13,326,329	15,096,665	Non-Current Liabilities	7,207,965	7,909,288
Long Term Assets	1,097,410	1,289,216	Loans and Financing	6,795,339	7,400,514
Deferred Income Tax and Social Contribution	355,115	572,527	Deferred Income Tax and Social Contribution	73,993	206,429
Recoverable Taxes	492,676	465,656	Taxes Payable	12,495	5,994
Other Assets	249,619	216,229	Accounts Payable	99,548	113,825
Financial Derivatives	0	34,804	Provisions for Contingencies	193,494	170,231
			Notes Payable	8,544	9,303
			Financial Derivatives	24,552	2,992
Fixed Assets and Investments²	12,228,919	13,807,449	Shareholders' Equity	9,833,471	10,500,309
Investments	111,001	120,834	Capital	4,478,126	4,478,126
Investment Properties	25,616	28,886	Capital Reserve	1,251,417	1,234,276
Biological Assets	0	4,000	Equity Valuation Adjustments	(181,839)	(242,498)
Property, Plants and Equipments	2,095,140	2,636,717	Profit Reserves	4,360,237	4,360,237
Intangible Assets	9,997,162	11,017,012	Treasury Stock	(81,350)	(10,743)
			Attributed to non-controlling shareholders	6,880	7,622
			Income for the Period	0	673,289
Total Assets	19,817,962	22,548,765	Total Liabilities and Shareholders' Equity	19,817,962	22,548,765

Consolidated Cash Flow Statement (R\$ thousand)

Table 17

	3Q21	3Q22	9M21	9M22
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	72,725	436,255	832,276	1,160,660
Depreciation and Amortization	33,931	43,198	97,614	120,046
Asset Impairment	6,028	(10,967)	(4,721)	(11,562)
Gain on Permanent Asset Disposals	398,805	17,776	401,905	63,478
Equity Method	(3,689)	(2,793)	(6,457)	(6,305)
Foreign Exchange (Gains) Losses	(6,087)	14,013	3,797	38,312
Net Interest and Related Revenue/Expenses	81,900	227,854	185,277	587,521
Expenses Related to Share Based Remuneration	7,000	5,773	17,374	18,698
Provisions	15,953	6,887	24,119	17,352
Adjusted Results	606,566	737,996	1,551,184	1,988,200
Decrease (Increase) in Assets	(99,816)	(333,698)	(608,994)	(918,513)
Trade Accounts Receivable	(12,600)	(70,056)	(289,588)	(177,860)
Inventories	(90,693)	(318,198)	(328,858)	(757,019)
Recoverable Taxes	(48,857)	12,920	(136,969)	75,333
Judicial Deposits and Others	(4,192)	(3,293)	16,594	(17,560)
Other Accounts Receivable	56,526	44,929	129,827	(41,407)
Increase (Decrease) in Liabilities	33,149	273,206	155,863	454,653
Suppliers	(23,431)	49,141	46,209	124,003
Suppliers' Assignment of Receivables	35,168	128,396	40,921	246,597
Financial Derivatives	(17,292)	(8,576)	(9,826)	(108,139)
Income Tax and Social Contribution Paid	(74)	(488)	(6,946)	(1,030)
Taxes Payable	648	4,491	15,146	4,923
Salaries and Payroll Charges	52,669	74,483	75,088	93,656
Accounts Payable	(25,291)	1,973	3,002	28,211
Operations Interest Paid	14,090	22,176	2,520	56,180
Other Accounts Payable	(3,338)	1,610	(10,251)	10,252
Net Cash Provided by Operating Activities	539,899	677,504	1,098,053	1,524,340
Cash Flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	0	(4,598)	(20,365)	(10,826)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	(198,473)	(3,553,463)	(208,463)
Acquisitions of Property, Plant and Equipment	(150,519)	(142,520)	(378,175)	(339,261)
Intangible Assets	(50,205)	(86,606)	(146,014)	(900,290)
Proceeds from the Sale of Assets with Permanent Nature	61,263	7,950	445,221	3,746
Interest and Others	18,724	38,284	35,824	97,758
Investment Hedge	(1,026)	820	45,370	(148,629)
Net Cash From Investing Activities	(121,763)	(385,143)	(3,571,602)	(1,505,965)
Cash Flows from Financing Activities				
Borrowings	1,000,000	750,000	2,221,184	1,657,674
Treasury Stock Purchase / Sale	(1)	(1)	(66,426)	35,772
Repayment of Loans - Principal	(221,263)	(26,716)	(378,191)	(372,309)
Repayment of Loans - Interest	(98,967)	(231,682)	(202,845)	(599,792)
Dividends and IOC Paid	(24,662)	(25,310)	(720,883)	(755,062)
Loan Derivatives	19,889	(38,852)	19,889	(52,815)
Net Cash From Financing Activities	674,996	427,439	872,728	(86,532)
Net Increase (Decrease) in Cash and Cash Equivalents	1,093,132	719,800	(1,600,821)	(68,157)
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	2,049,345	1,499,105	4,743,298	2,287,062
Cash and Cash Equivalents at the End of the Period	3,142,477	2,218,905	3,142,477	2,218,905
Change in Cash and Cash Equivalent	1,093,132	719,800	(1,600,821)	(68,157)

(A free translation of the original in Portuguese)

Hypera S.A.
Quarterly Information (ITR) at
September 30, 2022
and report on review of
quarterly information



(A free translation of the original in Portuguese)

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Hypera S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2022, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

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

Scope of review

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

Conclusion on the interim information

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



Hypera S.A.

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2022. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Goiânia, October 27, 2022

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

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

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Hypera S.A.

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

Hypera S.A.

Balance sheets

In thousands of Reais

(A free translation of the original in Portuguese)

Assets	Parent company		Consolidated		Liabilities and equity	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	1,999,288	2,121,253	2,218,905	2,287,062	Suppliers (Note 21)	915,135	878,489	465,278	327,133
Accounts receivable (Note 11)	2,217,377	2,017,241	2,237,622	2,039,474	Suppliers' assignments of receivables (Note 22)	8,665	7,625	715,325	463,627
Inventories (Note 12)	400,800	324,986	2,009,331	1,303,480	Loans, financing and debentures (Note 23)	1,442,782	557,077	1,449,610	565,648
Taxes recoverable (Note 13)	379,230	458,559	549,446	597,195	Salaries payable	246,462	178,762	380,507	284,290
Derivative financial instruments (Note 4(e))	-	15,360	21,904	29,305	Income tax and social contribution payable	-	-	8,193	984
Dividends receivable	-	13,159	-	2,769	Taxes payable (Note 25)	25,008	19,251	74,049	68,865
Other assets (Note 14)	293,169	181,510	414,892	232,348	Notes payable	26,768	36,840	26,768	36,840
	<u>5,289,864</u>	<u>5,132,068</u>	<u>7,452,100</u>	<u>6,491,633</u>	Dividends and interest on capital payable	534,068	704,808	534,068	704,808
					Derivative financial instruments (Note 4(e))	25,788	27,612	36,034	47,684
					Accounts payable (Note 26)	299,758	163,102	449,336	276,647
						<u>3,524,434</u>	<u>2,573,566</u>	<u>4,139,168</u>	<u>2,776,526</u>
Non-current assets					Non-current liabilities				
Long-term receivables					Loans, financing and debentures (Note 23)	7,398,491	6,789,877	7,400,514	6,795,339
Deferred income tax and social contribution (Note 24 (a))	532,544	312,530	572,527	355,115	Taxes payable (Note 25)	1,028	1,762	5,994	12,495
Taxes recoverable (Note 13)	365,167	433,969	465,656	492,676	Deferred income tax and social contribution (Note 24(b))	-	-	206,429	73,993
Derivative financial instruments (Note 4(e))	34,804	-	34,804	-	Provision for contingencies (Note 27)	143,392	166,711	170,231	193,494
Other assets (Note 14)	192,032	219,862	216,229	249,619	Derivative financial instruments (Note 4(e))	2,992	24,552	2,992	24,552
	<u>1,124,547</u>	<u>966,361</u>	<u>1,289,216</u>	<u>1,097,410</u>	Notes payable	9,303	8,544	9,303	8,544
					Accounts payable (Note 26)	90,680	80,174	113,825	99,548
						<u>7,645,886</u>	<u>7,071,620</u>	<u>7,909,288</u>	<u>7,207,965</u>
					Total liabilities	<u>11,170,320</u>	<u>9,645,186</u>	<u>12,048,456</u>	<u>9,984,491</u>
Biological assets (Note 16)	-	-	4,000	-					
Investments (Note 17)	4,970,398	3,850,259	120,834	111,001	Equity				
Investment properties (Note 18)	28,886	25,616	28,886	25,616	Share capital (Note 28 (a))	4,478,126	4,478,126	4,478,126	4,478,126
Property, plant and equipment (Note 19)	200,431	179,767	2,636,717	2,095,140	Capital reserves	1,234,276	1,251,417	1,234,276	1,251,417
Intangible assets (Note 20)	10,048,881	9,317,706	11,017,012	9,997,162	Equity valuation adjustments	(242,498)	(181,839)	(242,498)	(181,839)
	<u>15,248,596</u>	<u>13,373,348</u>	<u>13,807,449</u>	<u>12,228,919</u>	Profit reserves	4,360,237	4,360,237	4,360,237	4,360,237
					Treasury shares	(10,743)	(81,350)	(10,743)	(81,350)
	<u>16,373,143</u>	<u>14,339,709</u>	<u>15,096,665</u>	<u>13,326,329</u>	Retained earnings	673,289	-	673,289	-
					Equity attributable to the owners of the parent company	<u>10,492,687</u>	<u>9,826,591</u>	<u>10,492,687</u>	<u>9,826,591</u>
					Equity attributable to non-controlling interests	-	-	7,622	6,880
					Total equity	<u>10,492,687</u>	<u>9,826,591</u>	<u>10,500,309</u>	<u>9,833,471</u>
Total assets	<u>21,663,007</u>	<u>19,471,777</u>	<u>22,548,765</u>	<u>19,817,962</u>	Total liabilities and equity	<u>21,663,007</u>	<u>19,471,777</u>	<u>22,548,765</u>	<u>19,817,962</u>

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

Hypera S.A.

Statement of income Periods ended September 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	Parent company 01/01/2021 to 09/30/2021
Continuing operations				
Net revenue (Note 29)	2,059,299	5,507,456	1,669,472	4,397,871
Cost of sales (Note 30(a))	(962,756)	(2,528,665)	(706,490)	(1,838,073)
Gross profit	1,096,543	2,978,791	962,982	2,559,798
Selling and marketing expenses (Note 30(a))	(478,970)	(1,308,219)	(407,790)	(1,145,700)
General and administrative expenses (Note 30(a))	(57,981)	(150,971)	(41,452)	(125,174)
Other operating (expenses) income, net (Note 30(b))	(7,326)	(17,554)	26,982	120,653
Equity accounting (Note 17 (b))	109,137	236,200	14,668	36,465
Income before financial income and expenses	661,403	1,738,247	555,390	1,446,042
Financial income (Note 30 (c))	60,219	156,403	31,760	65,117
Financial expenses (Note 30 (d))	(316,588)	(826,357)	(122,920)	(280,382)
Financial expenses, net	(256,369)	(669,954)	(91,160)	(215,265)
Income before income tax and social contribution	405,034	1,068,293	464,230	1,230,777
Income tax and social contribution (Note 24(c))	63,982	206,393	650	21,584
Net income from continuing operations	469,016	1,274,686	464,880	1,252,361
Discontinued operations				
Net income from discontinued operations (Note 15)	(3,649)	(5,869)	(263,176)	(274,552)
Net income for the period	465,367	1,268,817	201,704	977,809
Earnings per share				
Basic earnings per share (in R\$)	0.73466	2.00754	0.31900	1.54688
Diluted earnings per share (in R\$)	0.72856	1.98786	0.31559	1.52907
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.74208	2.01688	0.73511	1.98031
Diluted earnings per share (in R\$)	0.73531	1.99710	0.72690	1.95750

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

Hypera S.A.

Statement of income Periods ended September 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	Consolidated 01/01/2021 to 09/30/2021
Continuing operations				
Net revenue (Note 29)	2,035,775	5,424,961	1,632,642	4,310,883
Cost of sales (Note 30(a))	(743,411)	(1,985,390)	(589,146)	(1,526,911)
Gross profit	1,292,364	3,439,571	1,043,496	2,783,972
Selling and marketing expenses (Note 30(a))	(532,455)	(1,450,075)	(452,909)	(1,269,020)
General and administrative expenses (Note 30(a))	(82,527)	(218,546)	(58,447)	(173,510)
Other operating (expenses) income, net (Note 30(b))	3,667	18,490	11,307	88,981
Equity accounting (Note 17 (b))	2,981	6,688	3,544	6,722
Income before financial income and expenses	684,030	1,796,128	546,991	1,437,145
Financial income (Note 30 (c))	68,665	178,872	34,198	70,659
Financial expenses (Note 30 (d))	(310,562)	(804,735)	(110,011)	(259,733)
Financial expenses, net	(241,897)	(625,863)	(75,813)	(189,074)
Income before income tax and social contribution	442,133	1,170,265	471,178	1,248,071
Income tax and social contribution (Note 24(c))	27,543	104,452	(6,448)	3,710
Net income from continuing operations	469,676	1,274,717	464,730	1,251,781
Discontinued operations				
Net income from discontinued operations (Note 15)	(3,649)	(5,869)	(263,176)	(274,552)
Net income for the period	466,027	1,268,848	201,554	977,229
Attributable to				
Owners of the parent company	465,367	1,268,817	201,704	977,809
Non-controlling interests	660	31	(150)	(580)
	466,027	1,268,848	201,554	977,229
Earnings per share				
Basic earnings per share (in R\$)	0.73466	2.00754	0.31900	1.54688
Diluted earnings per share (in R\$)	0.72856	1.98786	0.31559	1.52907
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.74208	2.01688	0.73511	1.98031
Diluted earnings per share (in R\$)	0.73531	1.99710	0.72690	1.95750

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

Hypera S.A.

Statement of comprehensive income Periods ended September 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Net income for the period	465,367	1,268,817	201,704	977,809
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	(12,578)	21,587	78,901	43,522
Income tax and social contribution on other comprehensive income	4,276	(7,340)	(26,826)	(14,797)
	<u>(8,302)</u>	<u>14,247</u>	<u>52,075</u>	<u>28,725</u>
Items that will not be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	-	41,885	38,378	154,184
Income tax and social contribution on other comprehensive income	-	4,527	(13,049)	(52,423)
	<u>-</u>	<u>46,412</u>	<u>25,329</u>	<u>101,761</u>
Other comprehensive income, net of income tax and social contribution	(8,302)	60,659	77,404	130,486
Comprehensive income for the period	457,065	1,329,476	279,108	1,108,295

	Consolidated			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Net income for the period	466,027	1,268,848	201,554	977,229
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	(12,578)	21,587	78,901	43,522
Income tax and social contribution on other comprehensive income	4,276	(7,340)	(26,826)	(14,797)
	<u>(8,302)</u>	<u>14,247</u>	<u>52,075</u>	<u>28,725</u>
Items that will not be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	-	41,885	38,378	154,184
Income tax and social contribution on other comprehensive income	-	4,527	(13,049)	(52,423)
	<u>-</u>	<u>46,412</u>	<u>25,329</u>	<u>101,761</u>
Other comprehensive income, net of income tax and social contribution	(8,302)	60,659	77,404	130,486
Comprehensive income for the period	457,725	1,329,507	278,958	1,107,715
Attributable to				
Owners of the parent company	457,065	1,329,476	279,108	1,108,295
Non-controlling interests	660	31	(150)	(580)
	<u>457,725</u>	<u>1,329,507</u>	<u>278,958</u>	<u>1,107,715</u>

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

Hypera S.A.

Statement of changes in equity

Periods ended September 30

In thousands of Reais

(A free translation of the original in Portuguese)

	Capital reserves					Profit reserves				Equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity	
	Capital	Premium on share issuance	Share purchase options	Debt subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve				Retained earnings
Balances at January 1, 2021	4,478,126	1,119,797	96,340	50,244	(278)	(336,724)	180,592	3,426,232	226,386	-	9,240,715	-	9,240,715
Recognition of provision for returns by estimate	-	-	-	-	-	-	-	-	-	(24,091)	(24,091)	-	(24,091)
Share purchase options	-	-	6,358	-	-	-	-	-	-	-	6,358	-	6,358
Results on sales of treasury shares	-	(28,823)	-	-	-	-	-	-	-	-	(28,823)	-	(28,823)
Acquisition of shares (Note 28(d))	-	-	-	-	(85,118)	-	-	-	-	-	(85,118)	-	(85,118)
Sales of shares (Note 28(d))	-	-	-	-	47,515	-	-	-	-	-	47,515	-	47,515
Retained earnings	-	-	-	-	-	-	-	-	977,809	-	977,809	-	977,809
Interest on capital	-	-	-	-	-	-	-	-	(584,317)	-	(584,317)	-	(584,317)
Non-controlling interests in subsidiaries/associates	-	-	-	-	-	-	-	-	-	-	-	4,462	4,462
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	130,486	-	-	-	-	130,486	-	130,486
Balances at September 30, 2021	4,478,126	1,090,974	102,698	50,244	(37,881)	(206,238)	180,592	3,426,232	226,386	369,401	9,680,534	4,462	9,684,996
Balances at January 1, 2022	4,478,126	1,090,895	110,278	50,244	(81,350)	(181,839)	180,592	3,993,329	186,316	-	9,826,591	6,880	9,833,471
Adjustments from prior years	-	-	-	-	-	-	-	-	-	(11,208)	(11,208)	-	(11,208)
Share purchase options	-	-	17,674	-	-	-	-	-	-	-	17,674	-	17,674
Results on sales of treasury shares	-	(34,815)	-	-	-	-	-	-	-	-	(34,815)	-	(34,815)
Sales of shares (Note 28(d))	-	-	-	-	70,607	-	-	-	-	-	70,607	-	70,607
Retained earnings	-	-	-	-	-	-	-	-	1,268,817	-	1,268,817	32	1,268,849
Interest on capital	-	-	-	-	-	-	-	-	(584,320)	-	(584,320)	-	(584,320)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	710	710
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	(60,659)	-	-	-	-	(60,659)	-	(60,659)
Balances at September 30, 2022	4,478,126	1,056,080	127,952	50,244	(10,743)	(242,498)	180,592	3,993,329	186,316	673,289	10,492,687	7,622	10,500,309

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

Hypera S.A.

Statement of cash flows Periods ended September 30

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	1,058,168	815,559	1,160,660	832,276
Adjustments				
Depreciation and amortization	45,547	37,153	120,046	97,614
Impairment of assets	(1,791)	(262)	(11,562)	(4,721)
Results on sales of fixed assets	63,793	395,126	63,478	401,905
Equity accounting	(236,871)	(35,085)	(6,305)	(6,457)
Foreign exchange (gains) losses	(337)	477	38,312	3,797
Interest and related expenses (income), net	670,291	214,788	587,521	185,277
Share-based compensation expenses	16,030	14,676	18,698	17,374
Provisions	(1,152)	17,418	17,352	24,119
Adjusted income	1,613,678	1,459,850	1,988,200	1,551,184
Changes in assets and liabilities				
Accounts receivable	(179,481)	(285,659)	(177,860)	(289,588)
Inventory	(109,267)	(35,154)	(757,019)	(328,858)
Taxes recoverable	157,574	(126,283)	75,333	(136,969)
Deposits with courts and others	(16,208)	16,218	(17,560)	16,594
Other accounts receivable	20,061	122,915	(41,407)	129,827
Suppliers	36,643	136,139	124,003	46,209
Suppliers' assignment of receivables	(3,544)	8,381	246,597	40,921
Derivative financial instruments	1,062	-	(108,139)	(9,826)
Accounts payable	1,012	(8,733)	28,211	3,002
Taxes payable	5,702	14,284	4,923	15,146
Salaries/wages payable	66,695	49,066	93,656	75,088
Interest	3,094	484	56,180	2,520
Income tax and social contribution paid	-	-	(1,030)	(6,946)
Other accounts payable	4,707	(10,235)	10,252	(10,251)
Net cash provided by operating activities	1,601,728	1,341,273	1,524,340	1,098,053
Cash flow from investment activities				
Acquisition of subsidiaries (less net cash on acquisition)	(10,125)	(3,553,463)	(208,463)	(3,553,463)
Capital increases in subsidiaries/associates	(900,369)	(950,100)	(10,826)	(20,365)
Purchases of property, plant and equipment	(4,808)	(17,848)	(339,261)	(378,175)
Purchases of intangible assets	(697,314)	(17,579)	(900,290)	(146,014)
Investment hedges	(145,678)	46,396	(148,629)	45,370
Proceeds from sale of fixed assets	2,340	438,336	3,746	445,221
Interest and other	86,126	33,765	97,758	35,824
Dividends received	9,274	8,948	-	-
Loans receivable	5,953	(6,166)	-	-
Net cash used in investment activities	(1,654,601)	(4,017,711)	(1,505,965)	(3,571,602)
Cash flow from financing activities				
Purchases of treasury shares	-	(85,118)	-	(85,118)
Hedge of loans	(52,815)	19,879	(52,815)	19,889
Sales of treasury shares	35,772	18,692	35,772	18,692
Loans taken out	1,657,674	2,221,184	1,657,674	2,221,184
Payment of loans – principal	(364,024)	(293,986)	(372,309)	(378,191)
Payment of loans – interest	(591,558)	(191,821)	(599,792)	(202,845)
Dividends and interest on capital paid	(755,061)	(720,883)	(755,062)	(720,883)
Loans payable	920	(6)	-	-
Net cash (used in) provided by financing activities	(69,092)	967,941	(86,532)	872,728
Net decrease in cash and cash equivalents	(121,965)	(1,708,497)	(68,157)	(1,600,821)
Cash and cash equivalents at beginning of the period	2,121,253	4,646,159	2,287,062	4,743,298
Cash and cash equivalents at end of the period	1,999,288	2,937,662	2,218,905	3,142,477
Change in cash and cash equivalents	(121,965)	(1,708,497)	(68,157)	(1,600,821)
Transactions not involving cash	2,541	13,378	25,190	37,329
Acquisition of companies	965	10,000	558	10,000
Acquisitions of property, plant and equipment	1,576	3,378	24,632	27,329

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

Hypera S.A.

Statement of value added (*) Periods ended September 30

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Gross revenue				
Sales of goods and products, including discontinued operations	5,768,930	4,630,792	5,867,899	4,656,411
Other income	(7,745)	279,633	25,879	283,659
Income related to construction of own assets	2,295	6,820	111,040	173,745
Allowance for doubtful accounts	(93)	(609)	(434)	(609)
	<u>5,763,387</u>	<u>4,916,636</u>	<u>6,004,384</u>	<u>5,113,206</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(2,545,812)	(1,854,541)	(1,810,011)	(1,324,482)
Materials, power, third-party services and others	(853,717)	(1,283,084)	(1,317,056)	(1,745,417)
Impairment of assets	(58,316)	(55,284)	(68,596)	(58,984)
	<u>(3,457,845)</u>	<u>(3,192,909)</u>	<u>(3,195,663)</u>	<u>(3,128,883)</u>
Gross value added	<u>2,305,542</u>	<u>1,723,727</u>	<u>2,808,721</u>	<u>1,984,323</u>
Depreciation and amortization	(45,547)	(37,153)	(120,046)	(97,614)
Net value added generated by the Company	<u>2,259,995</u>	<u>1,686,574</u>	<u>2,688,675</u>	<u>1,886,709</u>
Transfers of value added received				
Equity accounting	236,871	35,085	6,305	6,457
Finance income	156,403	65,117	178,872	70,659
	<u>393,274</u>	<u>100,202</u>	<u>185,177</u>	<u>77,116</u>
Total value added to be distributed	<u>2,653,269</u>	<u>1,786,776</u>	<u>2,873,852</u>	<u>1,963,825</u>
Distribution of value added				
Personnel and charges	573,528	498,292	998,841	853,504
Salaries and wages	487,608	412,474	821,604	686,863
Benefits	54,583	59,003	123,218	121,915
Government severance indemnity fund for employees (FGTS)	31,337	26,815	54,019	44,726
Taxes, fees and contributions	(22,471)	25,813	(215,877)	(140,771)
Federal	(121,545)	(93,466)	6,703	(41,375)
State	97,843	117,754	(224,951)	(101,182)
Municipal	1,231	1,525	2,371	1,786
Interest	826,173	280,030	804,268	259,243
Rentals	7,222	4,832	17,772	14,620
Capital remuneration	1,268,817	977,809	1,268,848	977,229
Interest on capital	584,320	584,317	584,320	584,317
Retained earnings	684,497	393,492	684,528	392,912
Value added distributed	<u>2,653,269</u>	<u>1,786,776</u>	<u>2,873,852</u>	<u>1,963,825</u>

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

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at September 30, 2022

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

1 General information

Hypera S.A. (“the Company”), headquartered in São Paulo - State of São Paulo (SP), is a Brazilian pharmaceuticals company and a leader in the various markets in which it operates.¹ Its mission is “providing access to healthcare for the Brazilian population, offering safe, high-quality products, continually investing in innovation and growing in a sustainable way, enabling people to live longer and better.”

The Company’s main products are as follow:

- a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, being present in 24 of the 30 largest therapeutic classes in the country^{1/2} with products such as Addera D3, Nesina, Dramin, Alivium , Predsim, Lisador and Rinosoro;
- b) Under the Mantecorp Skincare brand, the Company offers dermo-cosmetics recommended by dermatologists throughout Brazil, according to information from Close-Up International. The Company also operates in this segment with the Simple Organic brand, offering organic and vegan products produced without animal cruelty, and Bioage, which is focused on the professional aesthetic treatment market;
- c) The Company is a lead supplier in the Brazilian market for over-the-counter drugs¹, including brands such as Apracur, Benegrip, Buscopan, Coristina D, Engov, Epocler, Estomazil and Neosaldina, among others. It also offers nutritional products, sweeteners, and vitamin supplement lines, under brands such as Tamarine, Vitasay, Biotônico Fontoura and Zero-Cal, which was the Top of Mind brand for 19 years in Brazil, according to Datafolha;
- d) Through the Neo Química brand, the Company is a leader in the markets for similar and generic medicines¹, with the brand present in 97% of Brazilian pharmaceutical point of sales¹, consistent with the Company’s mission to provide access to health for the Brazilian population.

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

On September 1, 2022, Neolatina Comércio e Indústria Farmacêutica, a subsidiary of Mantercop Participações S.A., which is a subsidiary of the Company, concluded a transaction with Boehringer Ingelheim do Brasil Química e Farmacêutica Ltda. for the acquisition of the

¹ IQVIA Data

² Considering CT Level 2 classification

company responsible for the production and know-how of the raw material scopolamine, the active ingredient of the drug Buscopan, for the total amount of R\$200.8 million, as announced by the Company on May 10, 2022.

The production of goods is carried out mainly in the subsidiaries Brainfarma Indústria Química e de Medicamentos S.A. (“Brainfarma”) and Cosmed Indústria de Cosméticos e Medicamentos S.A. (“Cosmed”), in units located in the State of Goiás (GO). The main distribution center is in Anápolis (GO).

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

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

2 Summary of significant accounting policies

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

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

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

2.1 Approval of the interim financial information

The present Quarterly Information was approved by the Board of Directors on October 27, 2022.

3 Critical accounting estimates and judgments

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

4 Financial risk management

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

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

a. Foreign exchange risk

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

	Parent company					
	September 30, 2022			December 31, 2021		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	7	-	36	1	-	5
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	113,719	-	615,904	47,884	-	266,764
Derivative instruments to mitigate risks	(115,000)	-	(622,840)	(190,000)	-	(1,058,509)
Accounts payable	-	-	-	-	-	-
Net exposure	<u>(1,274)</u>	<u>-</u>	<u>(6,900)</u>	<u>(142,115)</u>	<u>-</u>	<u>(791,740)</u>
	Consolidated					
	September 30, 2022			December 31, 2021		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	19,392	-	105,153	1,646	-	9,171
Suppliers' assignment of receivables	85,044	105	461,157	49,536	204	277,252
Loans and financing	113,719	-	615,904	47,884	-	266,764
Derivative instruments to mitigate risks	(248,613)	(1,260)	(1,353,176)	(365,131)	(6,070)	(2,072,471)
Accounts payable	511	1,573	10,942	189	371	3,373
Net exposure	<u>(29,947)</u>	<u>418</u>	<u>(160,020)</u>	<u>(265,876)</u>	<u>(5,495)</u>	<u>(1,515,911)</u>

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

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

	September 30, 2022	
	Parent company	Consolidated
Loans, financing and swaps - CDI	2,020,377	2,020,377
Financing - TLP	320,861	320,861
Debentures - CDI	5,938,220	5,938,220
Debentures - IPCA	536,095	536,095
Notes payable - CDI	18,804	18,804
Financial investments - CDI (Note 10)	(1,992,136)	(2,208,308)
Net exposure	<u>6,842,221</u>	<u>6,626,049</u>

c. Credit risk

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

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

d. Liquidity risk

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

Parent company

	September 30, 2022				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	910,043	1,933,685	5,391,989	799,329	9,035,046
Loans and financing	1,319,492	285,553	1,046,631	75,529	2,727,205
Notes payable	34,763	-	-	-	34,763
Suppliers	915,135	-	-	-	915,135
Suppliers' assignment of receivables	8,665	-	-	-	8,665
Accounts payable	299,758	36,497	-	-	336,255
Derivative financial instruments	(41,033)	(11,493)	110,989	0	58,463
	<u>3,446,823</u>	<u>2,244,242</u>	<u>6,549,609</u>	<u>874,858</u>	<u>13,115,532</u>

	December 31, 2021				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	596,259	1,259,933	5,288,332	-	7,144,524
Loans and financing	509,750	1,278,753	733,698	104,077	2,626,278
Notes payable	36,840	8,544	-	-	45,384
Suppliers	878,489	-	-	-	878,489
Suppliers' assignment of receivables	7,625	-	-	-	7,625
Accounts payable	197,015	-	-	-	197,015
Derivative financial instruments	47,975	(45,981)	-	-	1,994
	<u>2,273,953</u>	<u>2,501,249</u>	<u>6,022,030</u>	<u>104,077</u>	<u>10,901,309</u>

Consolidated

	September 30, 2022				
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	910,043	1,933,685	5,391,989	799,329	9,035,046
Loans and financing	1,326,533	285,733	1,046,672	75,529	2,734,467
Notes payable	34,763	-	-	-	34,763
Suppliers	465,278	-	-	-	465,278
Suppliers' assignment of receivables	715,325	-	-	-	715,325
Accounts payable	449,336	21,048	-	-	470,384
Derivative financial instruments	(51,521)	(11,493)	110,989	-	47,975
	<u>3,849,757</u>	<u>2,228,973</u>	<u>6,549,650</u>	<u>874,858</u>	<u>13,503,238</u>

	December 31, 2021				Overall total
	Less than one year	From one to two years	From two to five years	More than five years	
Debentures	596,259	1,259,933	5,288,332	-	7,144,524
Loans and financing	518,908	1,283,667	733,836	104,077	2,640,488
Notes payable	36,840	8,544	-	-	45,384
Suppliers	327,133	-	-	-	327,133
Suppliers' assignment of receivables	463,627	-	-	-	463,627
Accounts payable	307,766	-	-	-	307,766
Derivative financial instruments	58,724	(45,981)	-	-	12,743
	<u>2,309,257</u>	<u>2,506,163</u>	<u>6,022,168</u>	<u>104,077</u>	<u>10,941,665</u>

e. Derivatives

At September 30, 2022, derivative instrument operations contracted by the Company totaled R\$ 1,748,176 (at December 31, 2021 - R\$ 2,372,471) in the consolidated and R\$ 1,017,840 (at December 31, 2021 - R\$ 1,358,509) in the parent company. The results of the transactions not yet settled represented gains of R\$ 17,682 (at December 31, 2021 losses of R\$ 42,931) in the consolidated and gains of R\$ 6,024 (at December 31, 2021 losses of R\$ 36,804) in the parent company.

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

Parent company

Type	Counterparties	Notional value		Fair value		Realized gain (loss)	
		Sept/22	Dec/21	Sept/22	Dec/21	Sept/22	Dec/21
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts		-	779,954	-	(12,252)	(144,616)	101,644
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantin, Citibank	-	1,559,908	-	(27,612)	(166,247)	163,527
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantin, Citibank	-	(779,954)	-	15,360	21,631	(61,883)
Swaps		622,840	278,555	19,323	(5,638)	(39,698)	(4,187)
Long position	Itaú, Citi	622,840	278,555	19,323	(5,638)	(39,698)	(4,187)
Subtotal		<u>622,840</u>	<u>1,058,509</u>	<u>19,323</u>	<u>(17,890)</u>	<u>(184,314)</u>	<u>97,457</u>
Interest rate							
Swaps		395,000	300,000	(13,299)	(18,914)	(13,117)	3,350
Asset Position-Pre	BNP Paribas	395,000	300,000	(13,299)	(18,914)	(13,117)	3,350
Total		<u>1,017,840</u>	<u>1,358,509</u>	<u>6,024</u>	<u>(36,804)</u>	<u>(197,431)</u>	<u>100,807</u>

Consolidated

<u>Type</u>	<u>Counterparties</u>	<u>Notional value</u>		<u>Fair value receivable (payable)</u>		<u>Realized gain (loss)</u>	
		<u>Sept/22</u>	<u>Dec/21</u>	<u>Sept/22</u>	<u>Dec/21</u>	<u>Sept/22</u>	<u>Dec/21</u>
<i>(In R\$ thousand)</i>							
<u>Foreign currency</u>							
<u>Forward contracts</u>							
		730,336	1,793,916	11,658	(18,378)	(257,811)	152,272
Long position	BNP Paribas, Bradesco, BTG, Citibank, Daycoval, Itaú, BofA, Original, Safra, Santander, Votorantim	739,767	2,756,975	11,778	(37,361)	(308,412)	222,124
Short position	BNP Paribas, BTG, Citibank, Daycoval, Original	(9,431)	(963,059)	(120)	18,983	50,601	(69,852)
Swaps		622,840	278,555	19,323	(5,639)	(39,698)	(4,187)
Long position	Itaú Citibank	622,840	278,555	19,323	(5,639)	(39,698)	(4,187)
Subtotal		1,353,176	2,072,471	30,981	(24,017)	(297,509)	148,085
<u>Interest rate</u>							
Swaps		395,000	300,000	(13,299)	(18,914)	(13,117)	3,350
Asset Position-Pre	BNP Paribas	395,000	300,000	(13,299)	(18,914)	(13,117)	3,350
Total		1,748,176	2,372,471	17,682	(42,931)	(310,626)	151,435

f. Methodology for calculating the fair values of derivatives

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

g. Sensitivity analysis

The table below presents a sensitivity analysis of the financial instruments, including derivatives that describe the risks that could result in material losses to the Company, with the most likely scenario (Scenario I, based on a fluctuation of 19.71% for the US Dollar, corresponding to three standard deviations of the fluctuation during the three months of the fourth quarter of the year) according to management's evaluation, considering a projection period of three months, after which the next quarterly financial information containing this analysis should be released. In addition, two additional scenarios (Scenarios II and III) are stressed to show deteriorations of 25% and 50% respectively in the exchange rates between both the Brazilian Real and the US Dollar.

Parent company						
Risk	Scenario I		Scenario II		Scenario III	
	(In R\$ thousand)					
			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	4.349	6.483	4.062	6.770	2.708	8.124
Foreign currency						
Economic hedge	(122,751)	122,751	(155,710)	155,710	(311,420)	311,420
Forward contracts	-	-	-	-	-	-
Swaps	(122,751)	122,751	(155,710)	155,710	(311,420)	311,420
Object of the economic hedge	122,751	(122,751)	155,710	(155,710)	311,420	(311,420)
Loans, financing and notes payable subject to short-term exchange rate variations	122,751	(122,751)	155,710	(155,710)	311,420	(311,420)
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	4.349	6.483	4.062	6.770	2.708	8.124
Foreign currency						
Economic hedge	(255,974)	255,974	(324,704)	324,704	(649,409)	649,409
Forward contracts	(133,223)	133,223	(168,994)	168,994	(337,989)	337,989
Swaps	(122,751)	122,751	(155,710)	155,710	(311,420)	311,420
Object of the economic hedge	258,069	(258,069)	327,361	(327,361)	654,723	(654,723)
Loans, financing and notes payable subject to short-term exchange rate variations	258,069	(258,069)	327,361	(327,361)	654,723	(654,723)
Net effect	2,095	(2,095)	2,657	(2,657)	5,314	(5,314)

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

The scenarios for monetary variations and floating interest rates on the Company's loans, financing, debentures and notes payable projected for the fourth quarter of 2022 are as follows.

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	4,321	67,972	135,945
Financing - TLP	570	5,623	11,246
Debentures - CDI	12,699	199,783	399,566
Debentures - IPCA	11,328	(1,770)	(3,540)
Notes payable - CDI	40	633	1,265
Financial investments	(4,260)	(67,022)	(134,045)
Total loss (gain)	24,698	205,219	410,437

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	4,321	67,972	135,945
Financing - TLP	570	5,623	11,246
Debentures - CDI	12,699	199,783	399,566
Debentures - IPCA	11,328	(1,770)	(3,540)
Notes payable - CDI	40	633	1,265
Financial investments	(4,722)	(74,295)	(148,590)
Total loss (gain)	24,236	197,946	395,892

***Likely scenario assumptions**

Forecast CDI of 13.70% p.a.

Forecast TLP of 7.20% p.a.

Forecast IPCA of 0.76% p.q.

5 Capital management

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

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

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

The indexes of financial leverage at September 30, 2022 and December 31, 2021 may be summarized as follows:

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Total loans, financing and debentures (Note 23)	8,841,273	7,346,954	8,850,124	7,360,987
Total notes payable	36,071	45,384	36,071	45,384
Loss (gain) on financial hedge	(6,024)	24,552	(6,024)	24,552
Less: cash and cash equivalents (Note 10)	(1,999,288)	(2,121,253)	(2,218,905)	(2,287,062)
Cash and cash equivalents, net	6,872,032	5,295,637	6,661,266	5,143,861
Total equity	10,492,687	9,826,591	10,500,309	9,833,471
Adjusted equity	17,364,719	15,122,228	17,161,575	14,977,332
Net debt to adjusted equity ratio	39.57%	35.0%	38.82%	34.3%

6 Estimate of fair value

It is assumed that the balances of accounts receivable and suppliers at book value, less losses (impairment), are close to their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flow at the prevailing market interest rate available to the Company for similar financial instruments (Note 23 (b)).

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

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

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

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	34,804	34,804
Total assets	-	34,804	34,804
Liabilities			
Derivative financial instruments	-	28,780	28,780
Total liabilities	-	28,780	28,780
			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	56,708	56,708
Total assets	-	56,708	56,708
Liabilities			
Derivative financial instruments	-	39,026	39,026
Total liabilities	-	39,026	39,026

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

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

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

7 Hedge accounting

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

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

Fair value hedges

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

Parent company					
September 30, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131**	USD + spread	Fair value	218,075	235,468	(4)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	26,786	-
Loan – 4131*	USD + spread	Fair value	94,600	109,435	16
Swap – 4131*	USD + Spread vs. % CDI	Fair value	94,600	8,018	-
Loan – 4131*	Fixed rate	Fair value	395,000	544,410	(398)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(13,299)	-
Loan – 4131*	USD + spread	Fair value	270,800	271,001	987
Swap – 4131*	USD + Spread vs. CDI+	Fair value	270,800	(15,481)	-

Parent company					
December 31, 2021					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	<i>Fixed rate</i>	Fair value	300,000	306,549	(1,842)
<i>Swap – CDI*</i>	<i>Fixed rate vs. CDI+</i>	Fair value	300,000	306,549	(1,842)
Loan – 4131*	USD + <i>spread</i>	Fair value	278,555	266,764	(115)
<i>Swap – 4131*</i>	USD + <i>Spread vs. % CDI</i>	Fair value	278,555	(5,638)	-

Consolidated					
September 30, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131**	USD + spread	Fair value	218,075	235,468	(4)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	26,786	-
Loan – 4131*	USD + spread	Fair value	94,600	109,435	16
Swap – 4131*	USD + Spread vs. % CDI	Fair value	94,600	8,018	-
Loan – 4131*	Fixed rate	Fair value	395,000	544,410	(398)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(13,299)	-
Loan – 4131*	USD + spread	Fair value	270,800	271,001	987
Swap – 4131*	USD + Spread vs. CDI+	Fair value	270,800	(15,481)	-

Consolidated					
December 31, 2021					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in the income
Loan – 4131*	<i>Fixed rate</i>	Fair value	300,000	306,549	(1,842)
Swap – CDI*	<i>Fixed rate vs. CDI+</i>	Fair value	300,000	(18,914)	-
Loan – 4131*	<i>USD + spread</i>	Fair value	278,555	266,764	(115)
Swap – 4131*	<i>USD + Spread vs. CDI+</i>	Fair value	278,555	(5,638)	-

* Maturity within one year

* Maturity in up to two years

The fair value cash flow hedge transaction maintained a hedging ratio of 1:1. The third operation with the weighted average rate of R\$/USD 5.157.

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

Cash flow hedges

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

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

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

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

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

Consolidated					
September 30, 2022					
Transaction	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	511,577	(511,577)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	511,577	2,177	1,105
NDF Acquisition (i)	USD vs. R\$	Cash flow	-	-	-
NDF Purchases	USD vs. R\$	Cash flow	208,061	10,868	10,068
NDF Capex	USD vs. R\$	Cash flow	10,832	1,109	1,109

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

(I) Maturities within one year.

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

Cash flow hedge operations maintained the hedging ratio at 1:1 with a weighted average rate of BRL/USD 5.4793 for NDF suppliers, BRL/USD 5.2264 for NDF future purchases and BRL/USD 5.0333 for Capex NDFs. The cash flow from these operations is stated in the Financial Risk Management - Liquidity Risk (Note 4 (d)).

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

8 Financial instruments by category

Parent company

	September 30, 2022				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,217,377	-	-	-	2,217,377
Financial investments (Note 10)	1,992,136	-	-	-	1,992,136
Cash and cash in banks (Note 10)	7,152	-	-	-	7,152
Derivative financial instruments	-	-	34,804	-	34,804
Other assets	345,626	-	-	-	345,626
	<u>4,562,291</u>	<u>-</u>	<u>34,804</u>	<u>-</u>	<u>4,597,095</u>

	September 30, 2022				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 23)	-	-	8,841,273	-	8,841,273
Suppliers (Note 21)	-	-	915,135	-	915,135
Suppliers' assignment of receivables (Note 22)	-	-	8,665	-	8,665
Accounts payable	-	-	336,255	-	336,255
Notes payable	-	-	36,071	-	36,071
Derivative financial instruments	-	28,780	-	-	28,780
	<u>-</u>	<u>28,780</u>	<u>10,137,399</u>	<u>-</u>	<u>10,166,179</u>

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

	December 31, 2021				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 23)	-	-	7,346,954	-	7,346,954
Suppliers (Note 21)	-	-	878,489	-	878,489
Suppliers' assignment of receivables (Note 22)	-	-	7,625	-	7,625
Accounts payable	-	-	197,015	-	197,015
Notes payable	-	-	45,394	-	45,394
Derivative financial instruments	27,612	24,552	-	-	52,164
	<u>27,612</u>	<u>24,552</u>	<u>8,475,477</u>	<u>-</u>	<u>8,527,641</u>

Consolidated

	September 30, 2022				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,237,622	-	-	-	2,237,622
Financial investments (Note 10)	2,208,308	-	-	-	2,208,308
Cash and cash in banks (Note 10)	10,597	-	-	-	10,597
Derivative financial instruments	-	-	34,806	21,902	56,708
Other assets	372,390	-	-	-	372,390
	<u>4,828,917</u>	<u>-</u>	<u>34,806</u>	<u>21,902</u>	<u>4,885,625</u>

	September 30, 2022				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 23)	-	-	8,850,124	-	8,850,124
Suppliers (Note 21)	-	-	465,278	-	465,278
Suppliers' assignment of receivables (Note 22)	-	-	715,325	-	715,325
Accounts payable	-	-	470,384	-	470,384
Notes payable	-	-	36,071	-	36,071
Derivative financial instruments	-	28,780	-	10,246	39,026
	<u>-</u>	<u>28,780</u>	<u>10,537,182</u>	<u>10,246</u>	<u>10,576,208</u>

	December 31, 2021				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,039,474	-	-	-	2,039,474
Financial investments (Note 10)	2,235,478	-	-	-	2,235,478
Cash and cash in banks (Note 10)	51,584	-	-	-	51,584
Derivative financial instruments	-	25,612	-	3,693	29,305
Other assets	324,465	-	-	-	324,465
	<u>4,651,001</u>	<u>25,612</u>	<u>-</u>	<u>3,693</u>	<u>4,680,306</u>

	December 31, 2021				
	FVOCI	FVTPL	Amortized cost	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 23)	-	-	7,360,987	-	7,360,987
Suppliers (Note 21)	-	-	327,133	-	327,133
Suppliers' assignment of receivables (Note 22)	-	-	463,627	-	463,627
Accounts payable	-	-	307,766	-	307,766
Notes payable	-	-	45,394	-	45,394
Derivative financial instruments	43,997	24,552	-	3,687	72,236
	<u>43,997</u>	<u>24,552</u>	<u>8,504,907</u>	<u>3,687</u>	<u>8,577,143</u>

9 Credit quality of financial assets

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Current accounts and financial investments (*)				
AAA	1,999,286	2,119,629	2,218,901	2,285,438
A	-	1,623	-	1,623
	<u>1,999,286</u>	<u>2,121,252</u>	<u>2,218,901</u>	<u>2,287,061</u>

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

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Derivative financial assets				
AAA	34,804	15,360	56,589	29,305
AA+	-	-	70	-
A-	-	-	49	-
	<u>34,804</u>	<u>15,360</u>	<u>56,708</u>	<u>29,305</u>

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

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

10 Cash and cash equivalents

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Cash and cash in banks	7,152	48,920	10,597	51,584
Short-term financial investments:				
Repurchase operations	222	6,334	907	7,251
Bank deposit certificates (CDBs)	1,991,914	2,065,999	2,207,401	2,228,227
	<u>1,992,136</u>	<u>2,072,333</u>	<u>2,208,308</u>	<u>2,235,478</u>
	<u>1,999,288</u>	<u>2,121,253</u>	<u>2,218,905</u>	<u>2,287,062</u>

Financial investments (both repurchase operations and CDBs) present short-term liquidity and yield between 96.5% and 103.5% (at December 31, 2021 between 97.5% and 103.4%) of the CDI, with a weighted average of 102.4% (101.6% at December 31, 2021).

11 Accounts receivable

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Domestic customers	2,234,568	2,034,556	2,257,655	2,059,648
Expected credit losses	(17,191)	(17,315)	(20,033)	(20,174)
	<u>2,217,377</u>	<u>2,017,241</u>	<u>2,237,622</u>	<u>2,039,474</u>

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Up to 3 months	22,462	3,592	22,407	3,713
From 3 to 6 months	283	175	283	175
Over 6 months	206	965	206	965
	<u>22,951</u>	<u>4,732</u>	<u>22,896</u>	<u>4,853</u>

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

The maximum exposure to credit risk at the reporting date is equivalent to the carrying amounts of each class of receivables mentioned above. The Company holds certain notes as guarantees (Note 23 (a)).

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

	Parent company	Consolidated
Balances at 12/31/2021	<u>(17,315)</u>	<u>(20,174)</u>
(Additions)/reversals, net	(30)	5
Write-offs	154	136
Balances at 09/30/2022	<u>(17,191)</u>	<u>(20,033)</u>

12 Inventory

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Finished goods and goods for resale	432,355	354,574	581,775	387,822
Semi-finished goods	-	-	170,056	111,497
Raw materials	-	-	1,227,645	777,381
Maintenance and supplies	123	58	150,709	127,389
Allowance for inventory losses	(31,678)	(29,646)	(120,854)	(100,609)
	<u>400,800</u>	<u>324,986</u>	<u>2,009,331</u>	<u>1,303,480</u>

The table below presents the changes in the provision:

	Parent company	Consolidated
Balance at 12/31/2021	(29,646)	(100,609)
Additions for the period (a)	(57,381)	(109,770)
Write-offs for the period (b)	55,349	89,525
Balance at 09/30/2022	(31,678)	(120,854)

(a) Refers to the addition of a provision for losses due to discontinuity, validity, quality and realization of inventory, in accordance with the policy established by the Company.

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

13 Taxes recoverable

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
PIS/COFINS/IPI and others (*)	606,405	766,233	759,766	862,096
VAT (ICMS)	98,749	91,609	194,983	177,283
Recoverable IRPJ and CSSL	39,243	34,686	60,353	50,492
	<u>744,397</u>	<u>892,528</u>	<u>1,015,102</u>	<u>1,089,871</u>
Current	<u>379,230</u>	<u>458,559</u>	<u>549,446</u>	<u>597,195</u>
Non-current	<u>365,167</u>	<u>433,969</u>	<u>465,656</u>	<u>492,676</u>

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

14 Other assets

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Prepaid expenses (a)	105,823	79,622	142,539	109,962
Bills receivable (b)	240,848	196,943	249,633	208,466
Deposits in court (c)	104,342	95,018	122,757	115,999
Advances	32,492	22,457	114,351	46,523
Others	1,696	7,332	1,841	1,017
	<u>485,201</u>	<u>401,372</u>	<u>631,121</u>	<u>481,967</u>
Current	<u>293,169</u>	<u>181,510</u>	<u>414,892</u>	<u>232,348</u>
Non-current	<u>192,032</u>	<u>219,862</u>	<u>216,229</u>	<u>249,619</u>

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

(b) Refers mainly to shareholders indemnity (Note 32) and amounts paid which were the responsibility of the former owners of the acquired businesses, to be reimbursed.

(c) Refers to deposits made as guarantees of contingencies classified as possible and remote (Note 27).

15 Discontinued operations

a) Analysis of the results of discontinued operations

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Net revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
(Expenses)/income	(10,128)	(415,218)	(9,608)	(415,795)
Income before financial income and expenses	(10,128)	(415,218)	(9,608)	(415,795)
Financial expenses	-	-	-	-
Income before income tax and social contribution	(10,128)	(415,218)	(9,608)	(415,795)
Income tax and social contribution	4,259	140,666	3,739	141,243
Net income for the period	(5,869)	(274,552)	(5,869)	(274,552)

b) Analysis of cash flow used in discontinued operations

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Cash flow from investment activities	(15,788)	224,444	(15,788)	230,514
Net cash used in provided by financing activities	(15,788)	224,444	(15,788)	230,514

16 Biological assets

Consolidated

<u>Biological assets</u>	<u>Balances at January 1, 2022</u>	<u>Additions</u>	<u>Depletion</u>	<u>Balances at September 30, 2022</u>
Duboísia	-	4,226	(226)	4,000
Carrying amount	-	4,226	(226)	4,000

17 Investments

The investments held by the Company are presented below:

<u>Company</u>	<u>Date of incorporation</u>	<u>Country</u>	<u>Business</u>	<u>Interest in shares/quotas</u>	<u>Type of interest</u>
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/ 2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	91.88%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	6/24/2002	Brazil	Pharma	8.12%	Indirect
Bionovis S.A.	7/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	9/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty S.A.	4/29/2016	Brazil	Natural beauty dermo-cosmetics	58.33%	Direct
Drogarias Online Agência de Farmácias S.A.	4/16/2021	Brazil	Internet portal on medicines	22.5%	Direct
Mantecorp Participações S.A.	9/28/2016	Brazil	Holding	100%	Direct
Bio Brands Franchising Gestão de Marcas Ltda.	8/29/2014	Brazil	Dermo-cosmetics	100%	Direct
Bio Scientific Indústria de Cosméticos Ltda.	J7/13/2001	Brazil	Dermo-cosmetics	100%	Indirect
Solana Agropecuária Ltda.	11/4/1981	Brazil	Crop	100%	Indirect
Amigotech S.A.	7/02/2021	Brazil	Technology	15%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	My	Bionovis	Simple Organic		Drogarias Online		Bio Brands		Mantecorp	Others	Total
	Cost	Cost	Cost	Cost	Cost	Goodwill	Cost	Goodwill	Cost	Goodwill	Cost		
Balances at January 1, 2022	2,687,708	920,621	9,686	47,031	9,633	21,598	8,588	35,595	43,184	46,933	-	19,682	3,850,259
Capital contribution	482,317	95,342	-	-	993	-	-	-	18,505	-	259,500	-	856,657
Capital increase	32,600	-	-	-	-	-	-	-	-	-	-	-	32,600
Equity accounting	172,822	53,817	(656)	9,899	(430)	-	(3,211)	-	3,956	-	3	-	236,200
Share of discontinued equity accounting in the investment	(152)	823	-	-	-	-	-	-	-	-	-	-	671
Dividends receivable	1,116	-	-	2,769	-	-	-	-	-	-	-	-	3,885
Stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Options/Matching/Restricted	2,390	28	135	-	-	-	-	-	96	-	-	-	2,649
Equity valuation adjustments	(7,132)	(5,705)	-	-	-	-	-	-	-	-	-	-	(12,837)
Equity valuation adjustments from prior periods	-	-	-	(11,208)	-	-	-	-	-	-	-	-	(11,208)
Others	-	-	-	-	-	-	-	-	22	-	-	11,500	11,522
Balances at September 30, 2022	3,371,669	1,064,926	9,165	48,491	10,196	21,598	5,377	35,595	65,763	46,933	259,503	31,182	4,970,398

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

	Assets	Liabilities	Revenue	Profit (loss)	Adjusted profit (loss) (*)
September 30, 2022					
Brainfarma Indústria Química e Farmacêutica S.A.	5,037,409	1,378,731	2,249,529	174,505	172,822
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,367,480	293,415	476,800	51,488	53,817
My Agência de Propaganda Ltda.	9,824	627	3,420	(756)	(656)
Simple Organic Beauty S.A.	24,595	6,304	45,516	75	(737)
Mantecorp Participações S.A.	272,904	13,400	-	4	3
Bio Brands Franchising Gestão de Marcas Ltda.	40,935	3,753	15,779	(5,787)	3,956
December 31, 2021					
Brainfarma Indústria Química e Farmacêutica S.A.	3,984,066	1,010,269	2,526,705	81,854	76,831
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,129,659	196,750	442,839	14,590	13,777
My Agência de Propaganda Ltda.	12,180	2,361	4,560	(1,382)	(1,238)
Simple Organic Beauty S.A.	22,963	6,452	31,386	231	134
Bio Brands Franchising Gestão de Marcas Ltda.	27,221	2,673	2,909	81	429

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

b. Share of the results of investees

	Number of shares and quotas	Adjusted equity at September 30, 2022	Ownership %	Equity accounting at September 30, 2022	Balance of the investment at September 30, 2022	Equity accounting at September 30, 2021	Balance of the investment at December 31, 2021
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,425,983,153	1,064,926	100%	53,817	1,064,926	13,518	920,621
My Agência de Propaganda Ltda.	20,130,000	9,165	100%	(656)	9,165	(239)	9,686
Brainfarma Indústria Química e Farmacêutica S.A.	1,143,842,352	3,371,669	100%	172,822	3,371,669	17,423	2,687,708
Simple Organic Beauty S.A.	212,983	31,794	58.33%	(430)	31,794	(813)	31,231
Drogarias Online Agência de Farmácias S.A.	506,250	40,972	22.50%	(3,211)	40,972	-	44,183
Bio Brands Franchising Gestão de Marcas Ltda.	41,872,454	112,696	100%	3,956	112,696	(587)	90,117
Mantecorp Participações S.A.	272,900,100	259,503	100%	3	259,503	-	-
Bionovis S.A.	6,000,000	193,538	25%	9,899	48,491	7,309	47,031
				236,200	4,939,216	36,611	3,830,577

c. Business combinations

Solana Acquisition

On September 1, 2022, the acquisition by Neolatina Comércio e Indústria Farmacêutica S.A. was concluded (a subsidiary of the Company), of the business responsible for the production of raw material related to scopolamine, active ingredient of the drug Buscopan, for the total amount of R\$200.3 million, through Solana Agropecuária Ltda., whose only shareholder was Boehringer Ingelheim do Brasil Química e Farmacêutica Ltda. The Company has analyzed the transaction and concluded that it represents a business combination.

Currently, the Company continues to identify the assets acquired and liabilities assumed in the combination, as well as measuring their fair values to determine the goodwill for the transaction. As at September 30, 2022, the preliminary composition of items and amounts were as follows:

On September 1, 2022	
Amount paid in cash	200,356
Total consideration in cash	200,356
Provisional fair values of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	2,424
Inventory	6,080
Property, plant and equipment	236,841
Other assets	2,674
Deferred income tax and social contribution	(68,789)
Other liabilities	(4,074)
Total identifiable assets	175,156
Goodwill – provisional	25,200

18 Investment properties

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

	<u>Parent company</u>	<u>Consolidated</u>
Balances at January 1, 2022	25,616	25,616
Reclassification of property, plant and equipment	3,803	3,803
Depreciation	(533)	(533)
Balances at September 30, 2022	28,886	28,886
Total cost	66,506	66,506
Accumulated depreciation	(37,620)	(37,620)
Carrying amount	28,886	28,886

19 Property, plant and equipment

Parent company

Own assets	Balances at January 1, 2022	Additions	Write- off	Depreciation	Transfers	Balances at September 30, 2022
Land	2,033	-	-	-	-	2,033
Buildings and improvements	3,516	27	-	(475)	607	3,675
Machinery, equipment and facilities	79,541	1,459	(25)	(4,914)	734	76,795
Vehicles	100	-	-	(7)	-	93
Furniture and fixtures	13,199	2,997	-	(697)	-	15,499
Others	1,127	46	(1)	(222)	-	950
Total in operation	99,516	4,529	(26)	(6,315)	1,341	99,045
Construction in progress	10,757	3,761	-	-	(1,721)	12,797
Total property, plant and equipment	110,273	8,290	(26)	(6,315)	(380)	111,842

Right-of-use assets - leases	Balances at January 1, 2022	Additions	Write- off	Amortization	Transfers	Balances at September 30, 2022
Buildings and improvements	35,312	33,683	(16,072)	(7,128)	-	45,795
Vehicles	34,182	45,528	(16,238)	(20,678)	-	42,794
Total leases	69,494	79,211	(32,310)	(27,806)	-	88,589
Carrying amount	179,767	87,501	(32,336)	(34,121)	(380)	200,431

Consolidated

Own assets	Balances at January 1, 2022	Additions	Write- off	Depreciation	Transfers	Balances at September 30, 2022
Land	32,786	215,956	-	-	-	248,742
Buildings and improvements	226,027	12,678	-	(10,033)	48,578	277,250
Machinery, equipment and facilities	1,355,041	184,066	(179)	(47,420)	(6,647)	1,484,861
Vehicles	834	1,357	-	(182)	-	2,009
Furniture and fixtures	29,962	12,800	-	(1,667)	274	41,369
Others	26,291	25,373	(7)	(4,261)	4,062	51,458
Total in operation	1,670,941	452,230	(186)	(63,563)	46,267	2,105,689
Construction in progress (*)	330,376	131,469	-	-	(46,651)	415,194
Total property, plant and equipment	2,001,317	583,699	(186)	(63,563)	(384)	2,520,883

Right-of-use assets - leases	Balances at January 1, 2022	Additions	Write- off	Amortization	Transfers	Balances at September 30, 2022
Buildings and improvements	58,024	36,361	(16,072)	(8,135)	-	70,178
Vehicles	35,799	48,412	(16,593)	(21,962)	-	45,656
Total leases	93,823	84,773	(32,665)	(30,097)	-	115,834
Carrying amount	2,095,140	668,472	(32,851)	(93,660)	(384)	2,636,717

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

20 Intangible assets

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Goodwill in non-merged companies				
Simple Organic Beauty S.A.	-	-	12,677	21,598
Bio Brands Franchising Gestão de Marcas Ltda.	-	-	46,933	65,569
Bio Scientific Indústria de Cosméticos Ltda.	-	-	-	8,661
Neolatina Comércio e Indústria Farmacêutica S.A.	-	-	12,204	-
Solana Agropecuária Ltda.	-	-	25,200	-
Goodwill on the acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Darwin Prestação de Serviços de Marketing Ltda.	2,945,156	2,945,156	2,945,156	2,945,156
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	52,614	52,614	52,614
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	<u>7,270,960</u>	<u>7,270,960</u>	<u>7,367,974</u>	<u>7,366,788</u>
Trademarks and patents	<u>2,711,925</u>	<u>2,001,133</u>	<u>2,733,007</u>	<u>2,001,446</u>
Rights of use and software	<u>59,415</u>	<u>39,508</u>	<u>117,857</u>	<u>60,057</u>
Product development	<u>6,581</u>	<u>6,105</u>	<u>798,174</u>	<u>568,871</u>
	<u><u>10,048,881</u></u>	<u><u>9,317,706</u></u>	<u><u>11,017,012</u></u>	<u><u>9,997,162</u></u>

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

Changes in the balances

Parent company

	Balances at January 1, 2022	Additions	Amortization	Transfers	Balances at September 30, 2022
Right of use and trademarks	2,001,133	713,272	(2,480)	-	2,711,925
Rights of use and software	39,508	28,195	(8,668)	380	59,415
Product development	6,105	861	(385)	-	6,581
Goodwill	7,270,960	-	-	-	7,270,960
Total	<u>9,317,706</u>	<u>742,328</u>	<u>(11,533)</u>	<u>380</u>	<u>10,048,881</u>

Consolidated

	Balances at January 1, 2022	Additions (*)	Amortization	Transfers	Balances at September 30, 2022
Right of use and trademarks	2,001,446	725,582	(2,941)	8,920	2,733,007
Rights of use and software	60,057	71,166	(13,746)	380	117,857
Product development	568,871	239,826	(10,527)	4	798,174
Goodwill	7,366,788	10,106	-	(8,920)	7,367,974
Total	<u>9,997,162</u>	<u>1,046,680</u>	<u>(27,214)</u>	<u>384</u>	<u>11,017,012</u>

(*) mainly refers to brands acquired from Sanofi.

Impairment of assets

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

In connection with the annual impairment test of these assets, that will be made at December 31, 2022, 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.

21 Suppliers

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Domestic suppliers	12,758	88,141	360,125	317,962
Foreign suppliers	36	5	105,153	9,171
Related party suppliers (Note 31(a))	902,341	790,343	-	-
	<u>915,135</u>	<u>878,489</u>	<u>465,278</u>	<u>327,133</u>

22 Suppliers' assignment of receivables

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Domestic market (overdraft risk)	8,665	7,625	254,168	186,375
Foreign market (forfaiting)	-	-	461,157	277,252
	<u>8,665</u>	<u>7,625</u>	<u>715,325</u>	<u>463,627</u>

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

At September 30, 2022, the discount rates on assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 0.98% and 1.26% with a weighted average of 1.18% per month ("p.m"). At December 31, 2021, these rates were between 0.35% and 1.09%, with a weighted average of 0.75% p.m.

At September 30, 2022, the discount rates on assignment operations entered into by the Company's suppliers with financial institutions in the foreign market were between 2.83% and 8.33%, with a weighted average of 4.81% per annum ("p.a."). At December 31, 2021, these rates were between 2.95% and 7.84%, with a weighted average of 3.84% p.a.

23 Loans and financing

	Nominal rate	Parent company		Consolidated	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Foreign currency					
Loans (i)	EUR + 1.61% p.a.; USD + 1.50% p.a.; USD + SOFR +0.809%	615,904	266,764	615,904	266,764
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,420,647	1,617,198	1,422,670	1,617,795
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	9,414	12,553	15,215	23,603
Financing	Fixed rate from 2.50% to 8.70% p.a.	132	471	1,159	2,857
Debentures	CDI + 1.25% to 1.75% p.a.;	6,474,315	5,097,637	6,474,315	5,097,637
Finep	IPCA + 6.2790% to 6.4451% p.a. TJLP from - 1.00% to 1.00% p.a.	320,861	352,331	320,861	352,331
		<u>8,841,273</u>	<u>7,346,954</u>	<u>8,850,124</u>	<u>7,360,987</u>
Current		<u>1,442,782</u>	<u>557,077</u>	<u>1,449,610</u>	<u>565,648</u>
Non-current		<u>7,398,491</u>	<u>6,789,877</u>	<u>7,400,514</u>	<u>6,795,339</u>

(i) Contracts with covenants regarding debt levels and the coverage of interest with respect to certain financial information (EBITDA and net interest expenses), disposals, spin-offs, mergers, amalgamations or any other forms of corporate restructuring which, if they occur, require prior approval from the financial agents. If any of these events occurs without the consent of the lenders, the outstanding balances will have their maturities accelerated. At June 30, 2022, all covenants were met. The next measurement will be made at December 31, 2022.

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

	Parent company	Consolidated
2023	133,566	135,508
2024	546,164	546,239
2025	376,289	376,295
2026	27,183	27,183
2027	27,183	27,183
2028	27,183	27,183
2029	24,917	24,917
	<u>1,162,485</u>	<u>1,164,508</u>

Debentures

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

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

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

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

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

On August 10, 2022 the company issued 750,000 non-convertible debentures of the 13th issue for private placement, in three series, unsecured, for private placement, in the total amount of R\$ 750,000,000.00, which will back the issuance of real estate receivables certificates of the 1st, 2nd and 3rd series of the 59th Issue of True Securitizadora S.A., so that 750,000 Debentures will be issued, with a unit face value of R\$1. The 1st series in the amount of R\$200,000,000.00 with remuneration interest corresponding to 100% of the cumulative variation of the daily average DI rate plus a spread of 0.75% p.a. The 2nd series in the amount of R\$ 397,641,000.00 updated monetarily by the Extended National Consumer Price Index (IPCA), disclosed by the Brazilian Institute of Geography and Statistics (IBGE) and remuneration interest corresponding to 6.2790% p.a. The 3rd series in the amount of R\$ 152,359,000.00 updated monetarily by the Extended National Consumer Price Index (IPCA), disclosed by the Brazilian Institute of Geography and Statistics (IBGE) and remuneration interest corresponding to 6.4451% p.a.

The balance of the Unit Par Value Debentures of the 1st, 2nd and 3rd Series will be amortized in a single installment, and each of the series will be paid off respectively on August 16, 2027, August 15, 2029 and August 15, 2032.

Debentures - Changes

	8th Public Issuance Single series	9th Public Issuance Single series	10th Public Issuance 1st and 2nd Series	11th Public Issuance Single series	12th Public Issuance Single series	13th Public Issuance 1st, 2nd and 3rd Series	Total
Balance at January 1, 2022	803,600	2,521,825	748,752	1,023,460	-	-	5,097,637
Total issuance amount	-	-	-	-	500,000	750,000	1,250,000
Costs to be incurred	-	-	-	-	(1,540)	(20,694)	(22,234)
Financial charges	78,626	251,672	75,926	99,347	44,360	8,785	558,716
Interest paid	(46,213)	(127,387)	(86,937)	(116,514)	(32,753)	-	(409,804)
Balance at September 30, 2022	836,013	2,646,110	737,741	1,006,293	510,067	738,091	6,474,315
Current	37,557	168,495	6,447	8,016	11,202	6,592	238,309
Non-current	798,456	2,477,615	731,294	998,277	498,865	731,499	6,236,006
Unrealized transaction costs	2,815	12,976	5,785	2,184	1,390	19,786	44,936
Current	1,271	5,591	2,079	461	255	2,194	11,851
Non-current	1,544	7,385	3,706	1,723	1,135	17,592	33,085

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

	September 30, 2022
2023	718,632
2024	1,437,772
2025	1,437,772
2026	1,411,213
2027	694,270
2028	-
2029	387,922
2030	49,475
2031	49,475
2032	49,475
	<u>6,236,006</u>

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

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

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

b. Carrying amounts and estimated fair values

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

	Nominal rate	Consolidated		Fair value	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Foreign currency					
Loans	EUR + 1.61% p.a.; USD + 1.50% p.a.; USD + SOFR +0.809%	615,904	266,764	615,904	266,764
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,422,670	1,617,795	1,422,670	1,617,795
FCO	Fixed rate from 2.50% to 8.50% p.a.	15,215	23,603	15,216	23,603
Financing	Fixed rate from 2.50% to 8.70% p.a.	1,159	2,857	1,304	2,700
Debentures	CDI + 1.25% to 1.75% p.a.; IPCA + 6.2790% to 6.4451% p.a.	6,474,315	5,097,637	6,474,315	5,097,637
Finep	TJLP + 1.00% to 1.00% p.a.	320,861	352,331	320,861	352,331
		<u>8,850,124</u>	<u>7,360,987</u>	<u>8,850,270</u>	<u>7,360,830</u>

The fair value of some of the current loans is equal to their carrying amount, since the impact of the mark-to-market is not material. The fair values are based on the discounted cash flow, using a market rate of CDI + 0.62% to CDI + +1.79% p.a. (December 31, 2021 - CDI + 0.56% to CDI + 1.65% p.a.).

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

									Parent company		
						Liabilities		Derivatives (assets/liabilities) held to hedge long-term loans		Equity	Total
	Loans, financing and debentures	Notes payable	Taxes payable	Dividends and interest on capital payable	Related parties	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)			
Balances at January 1, 2022	7,346,954	45,384	21,013	704,808	-	243,276	(15,360)	52,164	9,826,591	18,224,830	
Changes in cash flow from financing activities											
Hedge of loans	-	-	-	-	-	-	(23,394)	(29,421)	-	(52,815)	
Loans taken out	1,657,674	-	-	-	-	-	-	-	-	1,657,674	
Payment of loans - principal	(338,440)	(2,448)	(856)	-	-	(22,280)	-	-	-	(364,024)	
Payments of loans - interest	(584,806)	(3,760)	-	-	-	(2,992)	-	-	-	(591,558)	
Gain (loss) on the sale of shares	-	-	-	-	-	-	-	-	35,772	35,772	
Loans payable	-	-	-	-	920	-	-	-	-	920	
Dividends paid	-	-	-	(755,061)	-	-	-	-	-	(755,061)	
Total changes in cash flow from financing activities	734,428	(6,208)	(856)	(755,061)	920	(25,272)	(23,394)	(29,421)	35,772	(69,092)	
Other changes											
Write-off	-	-	-	-	-	(37,729)	-	-	-	(37,729)	
Additions	-	-	-	-	-	68,662	-	-	-	68,662	
Leases	-	-	-	-	-	4,185	-	-	-	4,185	
Taxes payable	-	-	5,702	-	-	-	-	-	-	5,702	
Proposed dividends	-	-	-	584,321	-	-	-	-	-	584,321	
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	-	17,694	17,694	
Income for the period	-	-	-	-	-	-	-	-	1,268,817	1,268,817	
Interest on capital	-	-	-	-	-	-	-	-	(584,320)	(584,320)	
Interest accrued	759,891	5,385	177	-	-	7,583	(46,903)	69,910	-	796,043	
Loans - acquisition of subsidiaries	-	(8,490)	-	-	-	-	-	-	-	(8,490)	
MtM- Hedge loans	-	-	-	-	-	-	24,860	(80,111)	-	(55,251)	
Supplier hedges - interest paid	-	-	-	-	-	-	(5,718)	(118,859)	-	(124,577)	
MtM - Supplier hedges	-	-	-	-	-	-	19,821	34,662	-	54,483	
Payment/receipt of investment hedges	-	-	-	-	-	-	56,846	-	-	56,846	
Adjustments from prior periods	-	-	-	-	-	-	-	-	(11,208)	(11,208)	
Equity valuation adjustments	-	-	-	-	-	-	-	-	(60,659)	(60,659)	
Other accounts payable	-	-	-	-	-	129,733	-	-	-	129,733	
Interest accrued - Acquisitions	-	-	-	-	-	-	(44,956)	100,435	-	55,479	
Total other changes related to liabilities	759,891	(3,105)	5,879	584,321	-	172,434	3,950	6,037	630,324	2,159,731	
Balances at September 30, 2022	8,841,273	36,071	26,036	534,068	920	390,438	(34,804)	28,780	10,492,687	20,315,469	

									Consolidated		
						Liabilities		Derivatives (assets/liabilities) held to hedge long-term loans		Equity	Total
	Loans, financing and debentures	Notes payable	Taxes payable	Dividends and interest on capital payable	Accounts payable	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)				
Balances at January 1, 2022	7,360,987	45,384	81,360	704,808	376,195	(29,305)	72,236	9,833,471	18,445,136		
Changes in cash flow from financing activities											
Hedge of loans	-	-	-	-	-	(23,394)	(29,421)	-	(52,815)		
Loans taken out	1,657,674	-	-	-	-	-	-	-	1,657,674		
Payment of loans - principal	(346,179)	(2,448)	(856)	-	(22,826)	-	-	-	(372,309)		
Payments of loans - interest	(585,903)	(3,760)	(5,703)	-	(4,426)	-	-	-	(599,792)		
Gain (loss) on the sale of shares	-	-	-	-	-	-	-	35,772	35,772		
Dividends paid	-	-	-	(755,062)	-	-	-	-	(755,062)		
Total changes in cash flow from financing activities	725,592	(6,208)	(6,559)	(755,062)	(27,252)	(23,394)	(29,421)	35,772	(86,532)		
Other changes											
Write-off	-	-	-	-	(38,093)	-	-	-	(38,093)		
Additions	-	-	-	-	70,786	-	-	-	70,786		
Leases	-	-	-	-	9,469	-	-	-	9,469		
Taxes payable	-	-	(638)	-	-	-	-	-	(638)		
Proposed dividends	-	-	-	584,322	-	-	-	-	584,322		
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	17,694	17,694		
Income for the period	-	-	-	-	-	-	-	1,268,817	1,268,817		
Interest on capital	-	-	-	-	-	-	-	(584,320)	(584,320)		
Interest accrued	763,545	5,385	5,880	-	8,111	(46,903)	69,910	-	805,928		
Loans - acquisition of subsidiaries	-	(8,490)	-	-	-	-	-	-	(8,490)		
MtM- Hedge loans	-	-	-	-	-	24,860	(80,111)	-	(55,251)		
MtM - Supplier hedges	-	-	-	-	-	56,941	(6,881)	-	50,060		
Payment/receipt Investment hedges	-	-	-	-	-	56,846	-	-	56,846		
Supplier hedges - interest paid	-	-	-	-	-	(50,797)	(87,142)	-	(137,939)		
Adjustments from prior periods	-	-	-	-	-	-	-	(11,208)	(11,208)		
Equity valuation adjustments	-	-	-	-	-	-	-	(60,659)	(60,659)		
Other accounts payable	-	-	-	-	163,945	-	-	-	163,945		
Interest accrued - Acquisitions	-	-	-	-	-	(44,956)	100,435	-	55,479		
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	742	742		
Total other changes related to liabilities	763,545	(3,105)	5,242	584,322	214,218	(4,009)	(3,789)	631,066	2,187,490		
Balances at September 30, 2022	8,850,124	36,071	80,043	534,068	563,161	(56,708)	39,026	10,500,309	20,546,094		

24 Deferred income tax and social contribution

a. Breakdown of deferred tax assets

Deferred tax assets include tax losses carried forward, negative bases of social contribution and temporary differences. These assets are recognized in proportion to the likelihood of realization of the related tax benefit against the future taxable income. This is based on a study of future realization, using projections of the generation of taxable income from 2022 onward. Tax losses carried forward, and negative social contribution bases, are mainly generated by the tax deductibility of goodwill from acquisitions of companies (Note 20) and the distribution of interest on capital and the constitution of grant for investments.

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Deferred tax assets:				
Tax losses carried forward and negative CSLL bases	2,385,866	1,884,878	2,407,006	1,906,988
Contingencies	58,601	65,522	75,150	80,351
Expected credit losses	23,397	23,195	26,565	26,364
Other temporary differences	134,391	129,199	218,877	231,781
	<u>2,602,255</u>	<u>2,102,794</u>	<u>2,727,598</u>	<u>2,245,484</u>
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company to the same tax authority (also recoverable against the calculation of current tax)	<u>(2,069,711)</u>	<u>(1,790,264)</u>	<u>(2,155,071)</u>	<u>(1,890,369)</u>
Remaining balance of deferred tax assets	<u>532,544</u>	<u>312,530</u>	<u>572,527</u>	<u>355,115</u>

b. Deferred tax liabilities

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Goodwill	2,037,472	1,760,691	2,037,472	1,760,691
Fair value of property, plant and equipment - business combinations	16,440	17,047	46,362	41,600
Others	15,799	12,526	277,666	162,071
Total tax debt	<u>2,069,711</u>	<u>1,790,264</u>	<u>2,361,500</u>	<u>1,964,362</u>
(-) 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)	<u>(2,069,711)</u>	<u>(1,790,264)</u>	<u>(2,155,071)</u>	<u>(1,890,369)</u>
Remaining balance of deferred liabilities	<u>-</u>	<u>-</u>	<u>206,429</u>	<u>73,993</u>

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Income before income tax and social contribution	1,058,168	815,559	1,160,660	832,276
Combined rate - %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(359,776)	(277,290)	(394,234)	(282,956)
Equity accounting	80,535	11,929	1,926	2,195
Government grants	268,794	184,066	271,482	186,322
Interest on capital declared	198,670	198,668	198,670	198,668
Interest/indexation in the nature of an indemnity	9,217	48,019	10,171	49,119
Other permanent additions/exclusions	13,212	(3,142)	20,176	(8,395)
Income tax and social contribution expenses	<u>210,652</u>	<u>162,250</u>	<u>108,191</u>	<u>144,953</u>
Current	-	-	(8,474)	(508)
Deferred	<u>210,652</u>	<u>162,250</u>	<u>116,665</u>	<u>145,461</u>
Discontinued operations	4,259	140,666	3,739	141,243
Continuing operations	<u>206,393</u>	<u>21,584</u>	<u>104,452</u>	<u>3,710</u>
	<u>210,652</u>	<u>162,250</u>	<u>108,191</u>	<u>144,953</u>
	20%	20%	9%	17%

25 Taxes payable

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
ICMS (value added tax) payable	23,747	13,584	72,738	66,053
IPI/PIS/COFINS payable	679	3,634	3,246	6,085
Other taxes payable	1,610	3,795	4,059	9,222
	<u>26,036</u>	<u>21,013</u>	<u>80,043</u>	<u>81,360</u>
Current	<u>25,008</u>	<u>19,251</u>	<u>74,049</u>	<u>68,865</u>
Non-current	<u>1,028</u>	<u>1,762</u>	<u>5,994</u>	<u>12,495</u>

26 Accounts payable

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Freight payable	24,069	19,014	33,420	24,759
Services provided	65,148	62,185	137,961	116,827
Advertising	13,252	17,871	13,252	17,871
Revenue to elapse	38,934	38,252	39,640	38,252
Purchases of fixed assets	18,680	1,774	41,760	22,339
Leases (i)	90,833	73,404	111,826	88,805
Leniency agreement (*)	101,170	-	101,170	-
Accrued taxes on inventory losses	-	2,251	22,252	20,518
Others	38,352	28,525	61,880	46,824
	<u>390,438</u>	<u>243,276</u>	<u>563,161</u>	<u>376,195</u>
Current	<u>299,758</u>	<u>163,102</u>	<u>449,336</u>	<u>276,647</u>
Non-current	<u>90,680</u>	<u>80,174</u>	<u>113,825</u>	<u>99,548</u>

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

(i) Lease liabilities

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Current	27,375	29,118	31,023	30,109
Non-current	63,458	44,286	80,803	58,696
	<u>90,833</u>	<u>73,404</u>	<u>111,826</u>	<u>88,805</u>

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

	<u>Parent company</u>	<u>Consolidated</u>
Balance at January 1, 2022	73,404	88,805
Payment of loans - principal	(22,280)	(22,826)
Payments of loans - interest	(2,992)	(4,426)
Additions	68,662	70,786
Write-off	(37,729)	(38,093)
Remeasurement	4,185	9,469
Interest accrued	7,583	8,111
Balance at September 30, 2022	<u>90,833</u>	<u>111,826</u>

a. Maturity of installments

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

	<u>Parent company</u>	<u>Consolidated</u>
From 1 to 2 years	22,257	23,802
From 2 to 5 years	21,728	28,632
More than 5 years	19,473	28,369
	<u>63,458</u>	<u>80,803</u>

b. Tax rights on leases

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>Nominal</u>	<u>Adjusted to present value</u>	<u>Nominal</u>	<u>Adjusted to present value</u>
Lease liability	117,769	90,833	146,936	111,826
Estimated PIS/COFINS	(6,144)	(4,229)	(8,399)	(5,742)
	<u>111,625</u>	<u>86,604</u>	<u>138,537</u>	<u>106,084</u>

c. Agreements by term and discount rate

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

Terms	Parent company	Consolidated
	Rate % p.a.	Rate % p.a.
Up to 2 years	12.13%	12.13%
From 2 to 5 years	10.89%	11.12%
More than 5 years	10.95%	10.64%

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

	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Lease liabilities				
Carrying amount - IFRS/CPC 06 (R2)	90,833	73,404	111,826	88,805
Flow with projected inflation	91,977	77,015	113,235	93,174
Variation	1.26%	4.92%	1.26%	4.92%
Net right of use - closing balance				
Carrying amount - IFRS/CPC 06 (R2)	88,589	69,494	115,834	93,823
Flow with projected inflation	89,705	72,913	117,294	98,439
Variation	1.26%	4.92%	1.26%	4.92%
	Parent company		Consolidated	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Financial expenses				
Carrying amount - IFRS/CPC 06 (R2)	(6,364)	(3,855)	(8,062)	(5,334)
Flow with projected inflation	(6,444)	(4,045)	(8,164)	(5,596)
Variation	1.26%	4.92%	1.26%	4.92%
Depreciation expenses				
Carrying amount - IFRS/CPC 06 (R2)	(32,310)	(32,550)	(32,665)	(33,231)
Flow with projected inflation	(32,717)	(34,151)	(33,077)	(34,866)
Variation	1.26%	4.92%	1.26%	4.92%

27 Provision for contingencies

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

	September 30, 2022				December 31, 2021			
	Contingencies assumed in business combinations		Deposits with courts	Contingencies net of deposits with courts	Contingencies assumed in business combinations		Deposits with courts	Contingencies net of deposits with courts
	Forecast of likely loss				Forecast of likely loss			
Civil	691	10,994	-	11,685	9,307	10,399	(60)	19,646
Labor	95,654	10,127	(18,172)	87,609	104,787	15,585	(16,873)	103,499
Tax	16,714	34,449	(15,616)	35,547	14,745	34,343	(14,272)	34,816
Administrative/others	3,726	-	(434)	3,292	3,547	-	(401)	3,146
Liability of former owners	5,259	-	-	5,259	5,604	-	-	5,604
	<u>122,044</u>	<u>55,570</u>	<u>(34,222)</u>	<u>143,392</u>	<u>137,990</u>	<u>60,327</u>	<u>(31,606)</u>	<u>166,711</u>

	September 30, 2022				December 31, 2021			
	Contingencies assumed in business combinations		Deposits with courts	Contingencies net of deposits with courts	Contingencies assumed in business combinations		Deposits with courts	Contingencies net of deposits with courts
	Forecast of likely loss				Forecast of likely loss			
Civil	752	10,994	-	11,746	9,409	10,399	(60)	19,748
Labor	101,838	10,127	(20,043)	91,922	114,684	15,585	(19,522)	110,747
Tax	41,295	34,449	(38,721)	37,023	31,879	34,343	(31,406)	34,816
Administrative/others	21,577	-	(478)	21,099	20,028	-	(443)	19,585
Liability of former owners	8,441	-	-	8,441	8,598	-	-	8,598
	<u>173,903</u>	<u>55,570</u>	<u>(59,242)</u>	<u>170,231</u>	<u>184,598</u>	<u>60,327</u>	<u>(51,431)</u>	<u>193,494</u>

Changes in contingencies

	Parent company					
	December 31, 2021	Indexation accruals	Additions	Reversals	Payments	September 30, 2022
Civil	19,706	1,167	409	(66)	(9,531)	11,685
Labor	120,372	9,033	11,475	(16,191)	(18,908)	105,781
Tax	49,088	1,474	601	-	-	51,163
Administrative/others	3,547	319	243	-	(383)	3,726
Liability of former owners	5,604	556	1,981	(1,244)	(1,638)	5,259
	<u>198,317</u>	<u>12,549</u>	<u>14,709</u>	<u>(17,501)</u>	<u>(30,460)</u>	<u>177,614</u>
Deposits with courts	(31,606)	(1,954)	(10,519)	3,981	5,876	(34,222)
	<u>166,711</u>	<u>10,595</u>	<u>4,190</u>	<u>(13,520)</u>	<u>(24,584)</u>	<u>143,392</u>

	Consolidated					
	December 31, 2021	Indexation accruals	Additions	Reversals	Payments	September 30, 2022
Civil	19,808	1,170	454	(123)	(9,563)	11,746
Labor (a)	130,269	9,527	12,427	(17,568)	(22,690)	111,965
Tax	66,222	2,808	6,714	-	-	75,744
Administrative/others	20,028	1,432	830	-	(713)	21,577
Liability of former owners (b)	8,598	775	2,551	(1,289)	(2,194)	8,441
	<u>244,925</u>	<u>15,712</u>	<u>22,976</u>	<u>(18,980)</u>	<u>(35,160)</u>	<u>229,473</u>
Deposits with courts	(51,431)	(2,774)	(15,869)	4,163	6,669	(59,242)
	<u>193,494</u>	<u>12,938</u>	<u>7,107</u>	<u>(14,817)</u>	<u>(28,491)</u>	<u>170,231</u>

(a) The additions refer to 74 new labor lawsuits, and the reversals refer to 98 labor lawsuits and the payments refer to 124 labor lawsuits.

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

Possible contingencies

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	<u>Possible loss</u>	<u>Possible loss</u>	<u>Possible loss</u>	<u>Possible loss</u>
Civil	57,194	62,052	59,043	64,184
Labor	384,946	442,333	392,046	451,170
Tax	104,096	121,016	120,420	136,400
Administrative/others	3,074	2,892	3,822	3,401
Liability of former owners	368,431	491,074	529,040	647,170
	<u>917,741</u>	<u>1,119,367</u>	<u>1,104,371</u>	<u>1,302,325</u>

28 Share capital

a. Share capital

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

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

b. Treasury shares

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

	<u>Number</u>	<u>Amount</u>
Balance at 12/31/2021	2,699,242	81,350
Acquisition in the period	-	-
Sales in the period	(2,342,779)	(70,607)
Balance at 09/30/2022	<u>356,463</u>	<u>10,743</u>

c. Interest on capital

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

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

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

29 Revenue

The reconciliation of gross and net revenue is as follows:

	Parent company			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Gross revenue from products	2,335,966	6,273,153	1,937,764	5,086,579
Returns	(20,041)	(54,340)	(27,582)	(64,680)
Unconditional discounts	(21,669)	(110,424)	(56,218)	(120,875)
Net revenue from returns and unconditional discounts	<u>2,294,256</u>	<u>6,108,389</u>	<u>1,853,964</u>	<u>4,901,024</u>
Promotional discounts	(137,117)	(339,459)	(105,602)	(270,232)
Taxes	(97,840)	(261,474)	(78,890)	(232,921)
Net revenue	<u><u>2,059,299</u></u>	<u><u>5,507,456</u></u>	<u><u>1,669,472</u></u>	<u><u>4,397,871</u></u>
				Consolidated
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Gross revenue from products	2,391,600	6,384,032	1,950,015	5,109,688
Returns	(20,491)	(55,542)	(27,804)	(64,989)
Unconditional discounts	(29,680)	(122,974)	(57,253)	(122,524)
Net revenue from returns and unconditional discounts	<u>2,341,429</u>	<u>6,205,516</u>	<u>1,864,958</u>	<u>4,922,175</u>
Promotional discounts	(137,687)	(337,617)	(103,975)	(265,765)
Taxes	(167,967)	(442,938)	(128,341)	(345,527)
Net revenue	<u><u>2,035,775</u></u>	<u><u>5,424,961</u></u>	<u><u>1,632,642</u></u>	<u><u>4,310,883</u></u>

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

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

30 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Cost of sales	(962,756)	(2,528,665)	(706,490)	(1,838,073)
Raw materials	-	-	-	-
Packaging materials	-	-	-	-
Labor	-	-	-	-
Depreciation and amortization expenses	-	-	-	-
Resale	(943,151)	(2,468,559)	(686,295)	(1,782,527)
Losses on inventory	(19,605)	(60,106)	(20,195)	(55,546)
Changes in inventory/others	-	-	-	-
Selling and marketing expenses	(478,970)	(1,308,219)	(407,790)	(1,145,700)
Marketing expenses	(318,398)	(869,447)	(282,031)	(795,145)
Advertising and consumer promotion	(89,194)	(247,782)	(93,115)	(250,776)
Trade deals	(48,196)	(127,624)	(43,542)	(119,861)
Market surveys and others	(2,939)	(7,621)	(2,658)	(6,213)
Medical visits, promotions, gifts and samples	(178,069)	(486,420)	(142,716)	(418,295)
Selling expenses	(160,572)	(438,772)	(125,759)	(350,555)
Sales force	(93,949)	(256,367)	(75,655)	(207,068)
Freight and logistics expenses	(39,150)	(103,172)	(28,941)	(82,536)
Research and development	(5,803)	(17,721)	(3,578)	(11,849)
Depreciation and amortization expenses	(9,068)	(26,549)	(7,420)	(22,415)
Other expenses	(12,602)	(34,963)	(10,165)	(26,687)
General and administrative expenses	(57,981)	(150,971)	(41,452)	(125,174)
Salaries/wages payable	(32,835)	(89,086)	(28,686)	(76,583)
Services, lawyers, advisors and auditors	(19,211)	(47,245)	(8,810)	(37,329)
Depreciation and amortization expenses	(4,097)	(12,055)	(3,538)	(9,453)
Other expenses	(1,838)	(2,585)	(418)	(1,809)

	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	Consolidated 01/01/2021 to 09/30/2021
Cost of sales	(743,411)	(1,985,390)	(589,146)	(1,526,911)
Raw materials	(273,328)	(771,409)	(222,759)	(591,541)
Packaging materials	(113,639)	(312,661)	(87,294)	(232,378)
Labor	(141,532)	(393,899)	(117,804)	(334,880)
Depreciation and amortization expenses	(17,826)	(49,163)	(15,434)	(43,771)
Resale	(193,693)	(488,431)	(132,697)	(341,083)
Losses on inventory	(25,276)	(79,286)	(26,300)	(63,437)
Changes in inventory/others	21,883	109,459	13,142	80,179
Selling and marketing expenses	(532,455)	(1,450,075)	(452,909)	(1,269,020)
Marketing expenses	(326,785)	(872,024)	(275,040)	(788,047)
Advertising and consumer promotion	(92,974)	(254,496)	(93,621)	(250,552)
Trade deals	(48,196)	(127,624)	(43,542)	(119,861)
Market surveys and others	(2,939)	(7,621)	(2,658)	(6,213)
Medical visits, promotions, gifts and samples	(182,676)	(482,283)	(135,219)	(411,421)
Selling expenses	(205,670)	(578,051)	(177,869)	(480,973)
Sales force	(98,213)	(266,636)	(78,506)	(212,365)
Freight and logistics expenses	(45,633)	(118,016)	(31,712)	(89,516)
Research and development	(28,877)	(105,304)	(43,878)	(113,219)
Depreciation and amortization expenses	(16,902)	(46,968)	(12,195)	(35,626)
Other expenses	(16,045)	(41,127)	(11,578)	(30,247)
General and administrative expenses	(82,527)	(218,546)	(58,447)	(173,510)
Salaries/wages payable	(49,100)	(132,707)	(40,546)	(109,960)
Services, lawyers, advisors and auditors	(23,450)	(58,688)	(11,225)	(43,926)
Depreciation and amortization expenses	(7,874)	(22,568)	(6,152)	(16,829)
Other expenses	(2,103)	(4,583)	(524)	(2,795)

b. Other operating (expenses) income, net

	Parent company			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Potential gains (losses)	(4,726)	(24,834)	27,111	114,661
Depreciation of investment properties	(646)	(1,499)	(183)	(1,388)
Rental income	-	-	-	5,657
Civil and labor contingencies	(1,954)	8,779	54	1,723
	<u>(7,326)</u>	<u>(17,554)</u>	<u>26,982</u>	<u>120,653</u>
	Consolidated			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Potential gains (losses)	5,759	10,485	13,339	87,124
Depreciation of investment properties	(569)	(1,267)	(151)	(1,388)
Rental income	31	92	-	4,846
Civil and labor contingencies	(1,554)	9,180	(1,881)	(1,601)
	<u>3,667</u>	<u>18,490</u>	<u>11,307</u>	<u>88,981</u>

c. Finance income

	Parent company			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Interest income	16,164	46,807	8,440	21,479
Income from financial investments and others	44,055	109,596	23,320	43,638
	<u>60,219</u>	<u>156,403</u>	<u>31,760</u>	<u>65,117</u>
	Consolidated			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Interest income	18,762	53,358	9,458	24,316
Income from financial investments and others	49,903	125,514	24,740	46,343
	<u>68,665</u>	<u>178,872</u>	<u>34,198</u>	<u>70,659</u>

d. Financial expenses

	Parent company			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Interest on financing	(5,802)	(19,195)	(5,928)	(12,065)
Interest on loans	(72,840)	(197,391)	(35,303)	(81,380)
Interest on notes payable	(565)	(1,625)	(45)	(232)
Indexation accruals on contingencies	(3,686)	(11,993)	(4,688)	(12,846)
REFIS (financing of tax liabilities)	(54)	(177)	(74)	(233)
Debentures	(204,871)	(538,736)	(69,144)	(149,661)
Interest and commission on letters of guarantee	(1,524)	(4,533)	(1,656)	(3,855)
Bank expenses, discounts granted and others	(24,897)	(46,522)	(5,727)	(16,676)
Cost of hedges and exchange variations on loans	145	292	617	(478)
Cost of hedge and exchange variation on suppliers and customers	(15)	46	(19)	-
Reversals of present value adjustments	(2,479)	(6,364)	(913)	(2,644)
Others	-	(159)	(40)	(312)
	<u>(316,588)</u>	<u>(826,357)</u>	<u>(122,920)</u>	<u>(280,382)</u>
	Consolidated			
	07/01/2022 to 09/30/2022	01/01/2022 to 09/30/2022	07/01/2021 to 09/30/2021	01/01/2021 to 09/30/2021
Interest on financing	(5,947)	(19,760)	(6,229)	(10,173)
Interest on loans	(51,535)	(129,336)	(26,338)	(54,754)
Interest on notes payable	(565)	(1,625)	(45)	(232)
Indexation accruals on contingencies	(4,474)	(14,937)	(5,267)	(14,337)
REFIS (financing of tax liabilities)	(54)	(177)	(74)	(233)
Debentures	(204,871)	(538,736)	(69,144)	(149,661)
Interest and commission on letters of guarantee	(1,554)	(4,573)	(1,684)	(3,964)
Bank expenses and others	(24,129)	(48,621)	(5,792)	(18,230)
Cost of hedges and exchange variations on loans	145	292	617	(478)
Cost of hedge and exchange variation on suppliers and customers	(14,207)	(38,654)	5,470	(3,319)
Reversals of present value adjustments	(3,228)	(8,062)	(1,383)	(3,663)
Others	(143)	(546)	(142)	(689)
	<u>(310,562)</u>	<u>(804,735)</u>	<u>(110,011)</u>	<u>(259,733)</u>

31 Related-party transactions

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

Transactions and balances

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

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

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

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

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

a. In assets and liabilities

					Parent company
					September 30, 2022
Related parties	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Other amounts payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	-	(161,014)	-	(920)
My Agência Propaganda Ltda.	4	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	432	-	(741,327)	(6,943)	-
Megatelecom Telecommunications S.A.	20	-	-	(81)	-
João Alves de Queiroz Filho	-	153,707	-	-	-
Total	456	153,707	(902,341)	(6,574)	(920)

					Consolidated
					September 30, 2022
Related parties	Other amounts receivable	Shareholders indemnity	Suppliers	Accounts payable	Other amounts payable
Megatelecom Telecommunications S.A.	20	-	-	(92)	-
João Alves de Queiroz Filho	-	158,156	-	-	-
Total	20	158,156	-	(92)	-

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

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

b. In income for the period

Parent company							
September 30, 2022							
Related parties	Transactions		Other (expenses)/income			Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Finance income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(473,719)	-	-	-	-	-	-
My - Agência Propaganda Ltda.	-	153	(3,429)	-	-	-	-
TV Serra Dourada Ltda.	-	-	(1,031)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(2,204,297)	-	-	(1,572)	-	(234)	-
Megatelecom Telecommunications S.A.	-	272	-	-	(341)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	5,308
	(2,678,016)	425	(4,460)	(1,572)	(341)	(234)	5,308

Consolidated							
September 30, 2022							
Related parties	Transactions		Other (expenses)/income			Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Finance income
TV Serra Dourada Ltda.	-	-	(1,031)	-	-	-	-
Megatelecom Telecommunications S.A.	-	272	-	-	(435)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	5,758
	-	272	(1,031)	-	(435)	-	5,758

Parent company							
September 30, 2021							
Related parties	Transactions		Other (expenses)/income			Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Finance income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(310,891)	875	-	-	-	-	1
My - Agência Propaganda Ltda.	-	153	(3,420)	-	-	-	-
TV Serra Dourada Ltda.	-	-	(1,976)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,728,267)	-	-	(1,572)	-	(310)	57
Megatelecom Telecommunications S.A.	-	114	-	-	(109)	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	2,353
	(2,039,158)	1,142	(5,396)	(1,572)	(109)	(310)	2,411

	Consolidated					
	September 30, 2021					
	Transactions		Other (expenses)/income			Interest
Related parties	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses
TV Serra Dourada Ltda.	-	-	(1,976)	-	-	-
Megatelecom Telecommunications S.A.	-	114	-	-	(139)	-
João Alves de Queiroz Filho	-	-	-	-	-	2,518
	<u>-</u>	<u>114</u>	<u>(1,976)</u>	<u>-</u>	<u>(139)</u>	<u>2,518</u>

c. Compensation of key management personnel

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

	Parent company		Consolidated	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Salaries and other short-term benefits	12,477	13,457	12,477	13,457
Board members' fees	3,727	4,010	3,727	4,010
Share-based payments	7,599	7,596	7,599	7,596
	<u>23,803</u>	<u>25,063</u>	<u>23,803</u>	<u>25,063</u>

32 Other matters

a) Internal Investigation

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

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

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

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

b) Impacts of the COVID-19 pandemic

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

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

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

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

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