

Hypera S.A.
Quarterly information report
June 30, 2023

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Hypera Pharma reports Net Revenue growth of 17.7% and reaches the highest ever recorded EBITDA from Continuing Operations of R\$790.7 million in 2Q23

São Paulo, July 27, 2023 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the 2nd quarter of 2023. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2Q23 Highlights

- Net Revenue of R\$2,231.1 million, up 17.7% versus 2Q22
- Highest ever recorded EBITDA from Continuing Operations (excl. Others) of R\$772.7 million, up 14.6% vs. 2Q22
- Cash Flow From Operations of R\$578.1 million, highest level ever recorded in a second quarter
- Interest on Equity approval of R\$194.8 million

Table 1

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,154.7	113.7%	2,549.6	114.3%	18.3%	3,864.1	114.0%	4,489.8	114.3%	16.2%
Net Revenue	1,895.6	100.0%	2,231.1	100.0%	17.7%	3,389.2	100.0%	3,929.3	100.0%	15.9%
Gross Profit	1,208.0	63.7%	1,409.2	63.2%	16.7%	2,147.2	63.4%	2,495.3	63.5%	16.2%
SG&A (excl. Marketing and R&D)	(225.3)	-11.9%	(291.8)	-13.1%	29.5%	(432.0)	-12.7%	(540.9)	-13.8%	25.2%
Research & Development	(33.9)	-1.8%	(42.5)	-1.9%	25.3%	(76.4)	-2.3%	(83.6)	-2.1%	9.4%
Marketing	(312.2)	-16.5%	(354.2)	-15.9%	13.5%	(545.2)	-16.1%	(622.5)	-15.8%	14.2%
EBITDA from Continuing Operations (excl. Others)	674.1	35.6%	772.7	34.6%	14.6%	1,174.1	34.6%	1,353.0	34.4%	15.2%
EBITDA from Continuing Operations	683.3	36.0%	790.7	35.4%	15.7%	1,188.9	35.1%	1,378.2	35.1%	15.9%
Net Income from Continuing Operations	455.5	24.0%	504.4	22.6%	10.7%	805.0	23.8%	843.8	21.5%	4.8%
Cash Flow from Operations	535.1	28.2%	578.1	25.9%	8.0%	846.8	25.0%	879.6	22.4%	3.9%

EARNINGS CONFERENCE CALL – PORTUGUESE: 07/28/2023, 11am (Brasília) / 10am (New York)

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Operating Scenario

Hypera Pharma's Net Revenue grew 17.7% in 2Q23, when compared to 2Q22, and reached R\$2,231.1 million, mainly driven by: (i) the sell-out growth of Company's important Power Brands¹; and (ii) the contribution of products launched in the last 2 years, which represented 73.8% of the Net Revenue added in the period, when compared to the same period of the previous year, with emphasis on the launches focused in gynecology, orthopedics, gastroenterology, central nervous system and cardiology, major categories in which Hypera Pharma has been strengthening its participation in the last years and has several projects in its innovation pipeline.

Sell-out growth in 2Q23 was 8.6%², or 4.7 percentage points lower than market growth³, and was affected by the strong year-on-year growth recorded in June 2022, when the Company grew 33.0% over June 2021, or 9.6 percentage points above the market growth, benefiting from its internal inventory policies for raw materials and finished products at customers that ensured the supply of its products in pharmacies during the period of more significant unavailability of medicines in Brazil.

The sell-out compounded annual growth rate for the last 2 years (CAGR 2Q23 vs. 2Q21) was 17.0% in the quarter, or 0.4 percentage point higher than the market, reflecting the acceleration in the pace of launches in the last few years and the recent investments in leading brands and in increasing the Company's production capacity.

Non-Retail contributed with R\$97.2 million to Net Revenue, reaching 54.9% growth over the same period of the previous year when excluding the revenue from the non-recurring sale of Immunoglobulin recorded mainly in 2Q22.

Net Revenue growth contributed to Hypera Pharma's: (i) highest ever recorded EBITDA from Continuing Operations of R\$790.7 million; and (ii) operating cash generation of R\$578.1 million, the highest level ever recorded by the Company in a second quarter.

Hypera Pharma also approved Interest on Equity of R\$194.8 million, or R\$0.31/share, and published its 2022 Integrated Annual Report, which presents its main highlights and initiatives in the environmental, social and economic areas.

The 2022 Integrated Annual Report, aligned with the UN Sustainable Development Goals (SDGs) and assured by an independent third party, followed the Integrated Reporting Council (IIRC) framework and GRI guidelines, and considered the global frameworks of the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD).

In 2Q23, the new composition of the Board of Directors proposed by the Company was approved at the general shareholders' meeting, and now has among its independent members **Eliana Chimenti**, partner at Machado, Meyer, Sendacz e Opice Advogados and member of the Market Arbitration Chamber, and **Mauro Cunha**, former president of the Brazilian Institute of Corporate Governance - *IBGC* and of the Association of Capital Market Investors - *Amec* and with participation in important boards of directors in Brazil for more than 20 years.

The arrival of **Eliana Chimenti** and **Mauro Cunha** is in line with Hypera Pharma's strategy of constantly looking for the evolution of the Board of Directors' governance, without losing sight of the complementary profiles and skills of its members.

Also in this quarter, the Company was once again certified by Great Place to Work as an excellent place to work in Brazil, and had a notable participation in the 20th edition of *IstoÉ Dinheiro's* ranking The Most Valuable Brands in Brazil. The ranking was prepared by TM20 Branding and Design Bridge and Partners based on 17,000 interviews and financial data provided by TradeMap, and included 20 consumer goods brands among the 50 most valuable, being 6 of which from Hypera Pharma (Neo Química, Coristina D, Benegrip, Engov, Doril and Neosaldina).

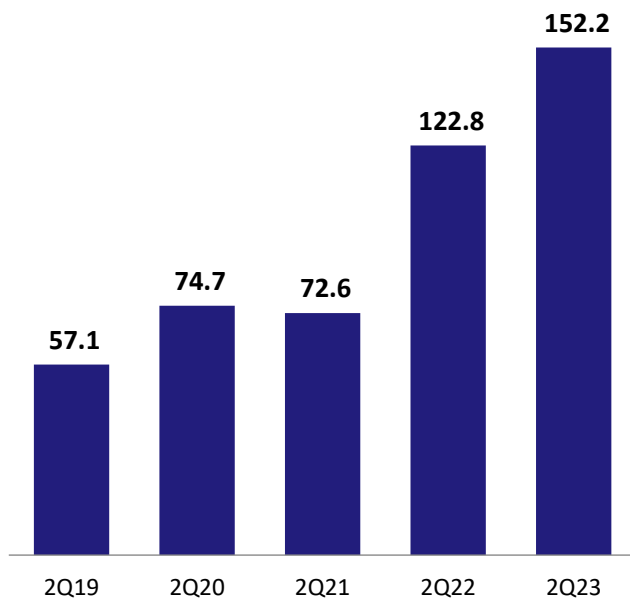
The performance presented in the first semester of the year, the strength and resilience of the Company's portfolio of leading brands and the contribution of recent launches reinforce Hypera Pharma's confidence in achieving the financial targets and projections set for 2023.

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

Innovation & Launches

Graph 1

R&D Investments (R\$ million)



Total R&D investments, including the amount capitalized as intangible assets, totaled R\$152.2 million in 2Q23, evidencing the Company's commitment to the constant innovation of its portfolio of products and additional investments in R&D to develop the innovation pipeline to support the growth in Non-Retail.

The Freshness Index², corresponding to the percentage of Net Revenue from products launched in the last five years, was 23% in the 2Q23, compared to 24% in 2Q22.

In 2Q23, the Company launched several new products in all its business units.

In Prescription Products, the main highlights were the line extensions **Bifilac Lipid**, a supplement with probiotics that contributes to cholesterol reduction, and **Bifilac Mind**, a supplement that in addition to contributing to the balance of intestinal flora, also helps to reduce the feeling of stress and anxiety.

In Consumer Health, the main highlights were **Coristina D Congest**, a decongestant and antiallergic for the treatment of common symptoms of flu, colds, rhinitis and sinusitis, **Tamarine**

Dual Fit and Maracugina Kids.

In Skincare, the highlights were the line extensions of the **Pielus** brand, and in Similar and Generics, the antiepileptic **Levetiracetam**. In Non-Retail, the main highlight was the launch of the antibiotic **Ceftriaxone**.



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; (2) Does not consider the non-recurring revenue with immunoglobulin.

Earnings Discussion

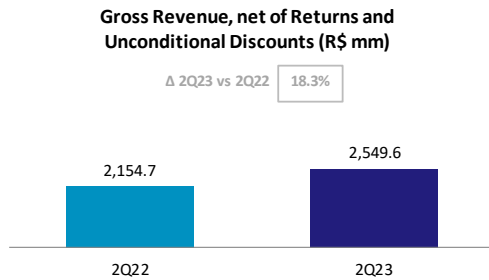
Income Statement

Table 2

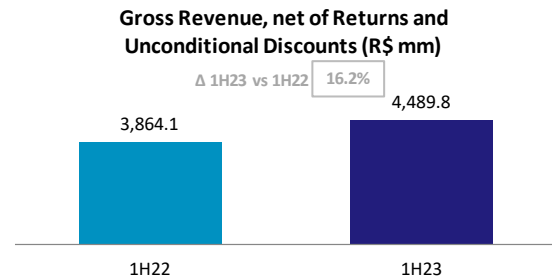
(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Net Revenue	1,895.6	100.0%	2,231.1	100.0%	17.7%	3,389.2	100.0%	3,929.3	100.0%	15.9%
Gross Profit	1,208.0	63.7%	1,409.2	63.2%	16.7%	2,147.2	63.4%	2,495.3	63.5%	16.2%
Marketing Expenses	(312.2)	-16.5%	(354.2)	-15.9%	13.5%	(545.2)	-16.1%	(622.5)	-15.8%	14.2%
Selling Expenses	(188.7)	-10.0%	(244.3)	-11.0%	29.5%	(372.4)	-11.0%	(453.7)	-11.5%	21.8%
General and Administrative Expenses	(70.5)	-3.7%	(90.0)	-4.0%	27.6%	(136.0)	-4.0%	(170.7)	-4.3%	25.5%
Other Operating Revenues (Expenses)	9.2	0.5%	18.0	0.8%	95.5%	14.8	0.4%	25.2	0.6%	70.0%
Equity in Subsidiaries	(1.8)	-0.1%	(4.5)	-0.2%	154.9%	3.7	0.1%	(3.6)	-0.1%	-
EBIT from Continuing Operations	644.0	34.0%	734.1	32.9%	14.0%	1,112.1	32.8%	1,269.9	32.3%	14.2%
Net Financial Expenses	(210.4)	-11.1%	(262.3)	-11.8%	24.7%	(384.0)	-11.3%	(528.1)	-13.4%	37.5%
Income Tax and CSLL	21.9	1.2%	32.5	1.5%	49.0%	76.9	2.3%	101.9	2.6%	32.6%
Net Income (Loss) from Continuing Operations	455.5	24.0%	504.4	22.6%	10.7%	805.0	23.8%	843.8	21.5%	4.8%
Net Income from Discontinued Operations	0.4	0.0%	(0.5)	0.0%	-	(2.2)	-0.1%	(0.6)	0.0%	-71.0%
Net Income (Loss)	455.9	24.1%	503.9	22.6%	10.5%	802.8	23.7%	843.2	21.5%	5.0%
EBITDA from Continuing Operations	683.3	36.0%	790.7	35.4%	15.7%	1,188.9	35.1%	1,378.2	35.1%	15.9%

Net Revenue

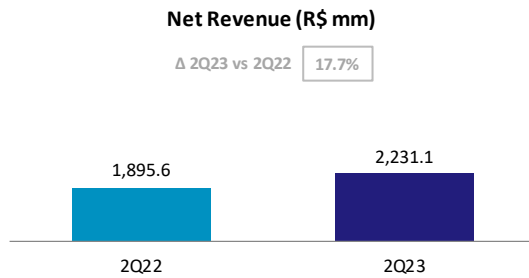
Graph 2



Graph 3



Graph 4



Graph 5

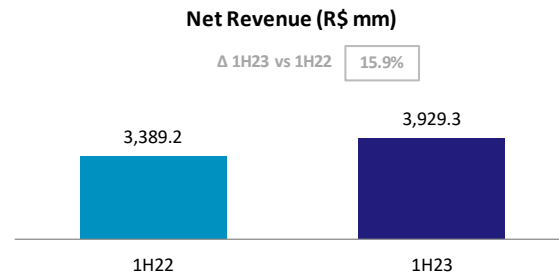


Table 3

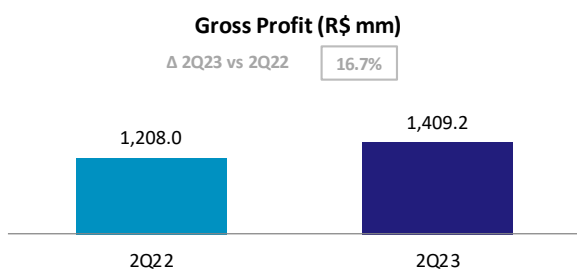
(R\$ million)	2Q22	2Q23	Δ %	1H22	1H23	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,154.7	2,549.6	18.3%	3,864.1	4,489.8	16.2%
Promotional Discounts	(106.0)	(143.0)	34.9%	(199.9)	(245.5)	22.8%
Taxes	(153.1)	(175.6)	14.7%	(275.0)	(315.1)	14.6%
Net Revenue	1,895.6	2,231.1	17.7%	3,389.2	3,929.3	15.9%

Hypera Pharma's Net Revenue grew 17.7% in 2Q23 to R\$2,231.1 million, driven primarily by the sell-out growth of the Company's main Power Brands and by the contribution of the products launched in the last 2 years.

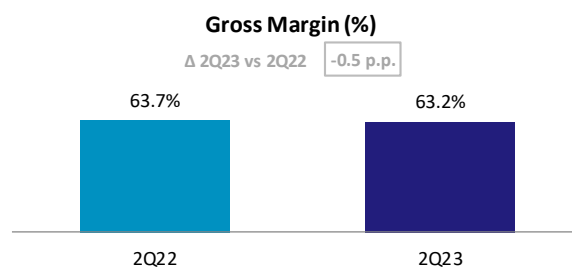
In this quarter, Non-Retail contributed with R\$97.2 million to Net Revenue, an increase of 54.9% over the same period of the previous year when excluding the revenue from the non-recurring sale of Immunoglobulin recorded mainly in 2Q22.

Gross Profit

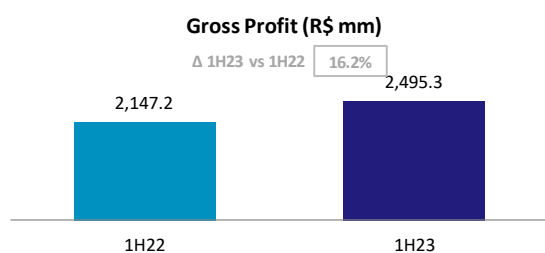
Graph 6



Graph 7



Graph 8



Graph 9

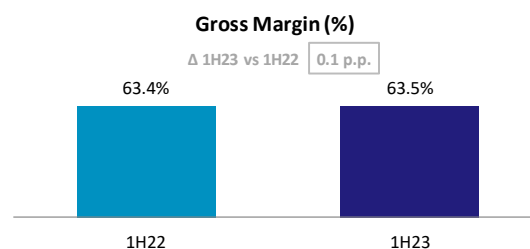


Table 4

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	Δ p.p.	1H22	% NR	1H23	% NR	Δ %	Δ p.p.
Gross Profit	1,208.0	63.7%	1,409.2	63.2%	16.7%	-0.5 p.p.	2,147.2	63.4%	2,495.3	63.5%	16.2%	0.1 p.p.

Gross Profit reached R\$1,409.2 million in 2Q23, with a Gross Margin of 63.2%. The variation in Gross Profit compared to 2Q22 is mainly a consequence of the higher idleness recorded in the quarter due to the collective vacation at the Anápolis manufacturing complex in April 2023, which contributed negatively to the Gross Profit by 0.6 percentage point.

Marketing Expenses

Table 5

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Marketing Expenses	(312.2)	-16.5%	(354.2)	-15.9%	13.5%	(545.2)	-16.1%	(622.5)	-15.8%	14.2%
Advertisement and Consumer Promotion	(100.1)	-5.3%	(103.6)	-4.6%	3.5%	(166.2)	-4.9%	(177.7)	-4.5%	6.9%
Trade Deals	(43.6)	-2.3%	(52.0)	-2.3%	19.4%	(79.4)	-2.3%	(78.6)	-2.0%	-1.1%
Medical Visits, Promotions and Others	(168.4)	-8.9%	(198.6)	-8.9%	17.9%	(299.6)	-8.8%	(366.3)	-9.3%	22.2%

Marketing Expenses grew 13.5% in 2Q23 and totaled R\$354.2 million, reducing its share over Net Revenue by 0.6 percentage point, mainly as a result of the higher dilution with Advertising and Consumer Promotion Expenses, offsetting the increase in Promotional Discounts to drive sell-out growth in this quarter.

Marketing Expenses, added to Promotional Discounts, represented 22.3% of Net Revenue in 2Q23, compared to 22.1% in 2Q22.

Selling Expenses

Table 6

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Selling Expenses	(188.7)	-10.0%	(244.3)	-11.0%	29.5%	(372.4)	-11.0%	(453.7)	-11.5%	21.8%
Commercial Expenses	(115.0)	-6.1%	(150.4)	-6.7%	30.8%	(223.6)	-6.6%	(276.2)	-7.0%	23.6%
Freight and Logistics Expenses	(39.7)	-2.1%	(51.4)	-2.3%	29.3%	(72.4)	-2.1%	(93.9)	-2.4%	29.7%
Research & Development	(33.9)	-1.8%	(42.5)	-1.9%	25.3%	(76.4)	-2.3%	(83.6)	-2.1%	9.4%

Selling Expenses increased their share of Net Revenue by 1.0 percentage point, primarily due to the 30.8% growth in Commercial Expenses, mainly as a result of the increase in the B2B sales structure (*Parceiro Hypera*) in the period.

Total investments in Research and Development (R&D), including the amount capitalized as an intangible asset, represented 6.8% of Net Revenue in the quarter, or 0.3 percentage point higher than 2Q22, evidencing the Company's commitment to the constant innovation of its product portfolio and the additional investments in R&D to develop the innovation pipeline to support the Non-Retail growth. In 2Q23, the benefit from the *Lei do Bem* was R\$10.6 million, compared to R\$11.3 million in 2Q22.

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

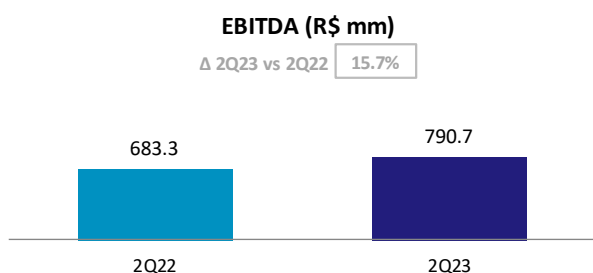
Table 7

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
General & Administrative Expenses	(70.5)	-3.7%	(90.0)	-4.0%	27.5%	(136.0)	-4.0%	(170.7)	-4.3%	25.5%
Other Operating Revenues (Expenses)	9.2	0.5%	18.0	0.8%	95.5%	14.8	0.4%	25.2	0.6%	70.0%

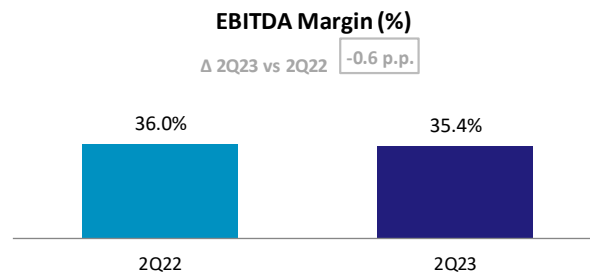
General and Administrative Expenses increased their share of Net Revenue by 0.3 percentage point in 2Q23, when compared to 2Q22, mainly as a result of the increase in administrative teams and information technology and infrastructure expenses.

EBITDA from Continuing Operations

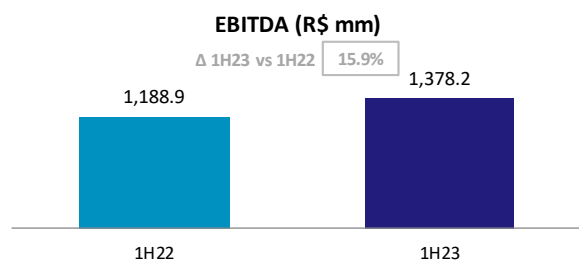
Graph 10



Graph 11



Graph 12



Graph 13

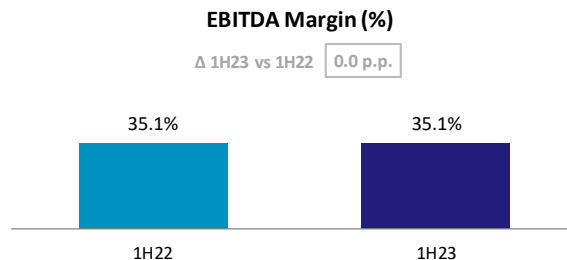


Table 8 – EBITDA from Continuing Operations

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
EBITDA from Continuing Operations	683.3	36.0%	790.7	35.4%	15.7%	1,188.9	35.1%	1,378.2	35.1%	15.9%
EBITDA from Continuing Operations (excl. Others)	674.1	35.6%	772.7	34.6%	14.6%	1,174.1	34.6%	1,353.0	34.4%	15.2%

EBITDA from Continuing Operations was R\$790.7 million in 2Q23, with a 35.4% margin. When excluding the contribution of Other Operating Revenues, EBITDA Margin from Continuing Operations was 34.6% in 2Q23, compared to 35.6% in 2Q22, mainly reflecting the lower Gross Margin and the increase in Selling Expenses as a percentage of Net Revenue.

In 1H23, EBITDA Margin from Continuing Operations, when excluding the contribution from Other Operating Revenues, was 34.4%, compared to 34.6% in 1H22.

Net Financial Expenses

Table 9

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ R\$	1H22	% NR	1H23	% NR	Δ R\$
Financial Result	(210.4)	-11.1%	(262.3)	-11.8%	(51.9)	(384.0)	-11.3%	(528.1)	-13.4%	(144.1)
Net Interest Expenses	(184.7)	-9.7%	(228.2)	-10.2%	(43.5)	(319.5)	-9.4%	(454.0)	-11.6%	(134.5)
Cost of Hedge and FX Gains (Losses)	(9.2)	-0.5%	(10.0)	-0.4%	(0.9)	(24.3)	-0.7%	(21.8)	-0.6%	2.5
Other	(16.5)	-0.9%	(24.0)	-1.1%	(7.6)	(40.2)	-1.2%	(52.3)	-1.3%	(12.1)

The Financial Result presented a negative balance of R\$262.3 million in 2Q23, compared to R\$210.4 million in 2Q22. This variation is a result of the increase in interest expenses in the period due to the Company's higher Gross Debt due to the acquisition of Sanofi's brand portfolio and the increase in the Selic rate.

Net Income

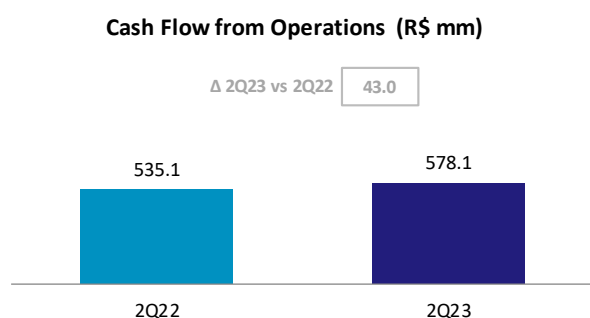
Table 10

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
EBIT from Continuing Operations	644.0	34.0%	734.1	32.9%	14.0%	1,112.1	32.8%	1,269.9	32.3%	14.2%
(-) Net Financial Expenses	(210.4)	-11.1%	(262.3)	-11.8%	24.7%	(384.0)	-11.3%	(528.1)	-13.4%	37.5%
(-) Income Tax and Social Contribution	21.9	1.2%	32.5	1.5%	49.0%	76.9	2.3%	101.9	2.6%	32.6%
Net Income from Continuing Operations	455.5	24.0%	504.4	22.6%	10.7%	805.0	23.8%	843.8	21.5%	4.8%
(+) Net Income from Discontinued Operations	0.4	0.0%	(0.5)	0.0%	-	(2.2)	-0.1%	(0.6)	0.0%	-71.0%
Net Income	455.9	24.1%	503.9	22.6%	10.5%	802.8	23.7%	843.2	21.5%	5.0%
EPS	0.72	0.00	0.79	0.00	9.8%	1.27	0.00	1.33	0.00	4.6%
EPS from Continuing Operations	0.72	0.00	0.80	0.00	10.7%	1.27	0.00	1.33	0.00	4.7%

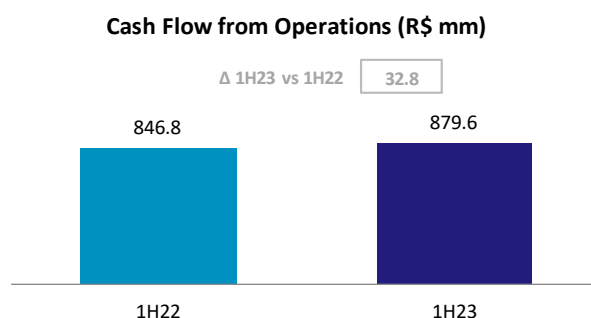
Net Income from Continuing Operations totaled R\$504.4 million in the quarter, or 10.7% higher than 2Q22. The variation in Net Income from Continuing Operations is mainly a consequence of the 14.0% growth in EBIT from Continuing Operations and the R\$51.9 million increase in Net Financial Expenses.

Cash Flow (Continuing and Discontinued Operations)

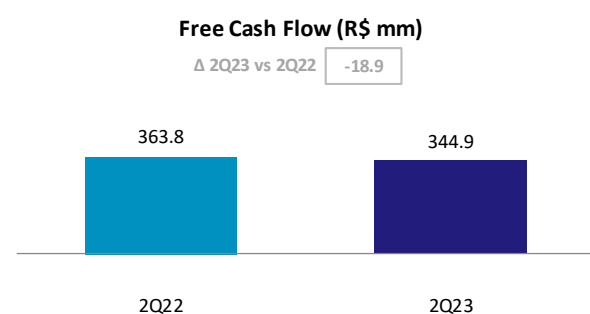
Graph 14



Graph 15



Graph 16



Graph 17

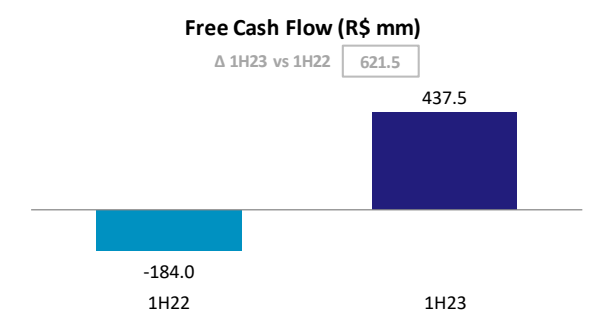


Table 11

(R\$ million)	2Q22	2Q23	1H22	1H23
Cash Flow from Operations	535.1	578.1	846.8	879.6
Capital increase in subsidiaries/associates	(2.0)	(2.4)	(6.2)	(6.6)
Purchase of Property, Plant and Equipment	(94.3)	(120.9)	(196.7)	(239.5)
Purchase of Intangible Assets	(83.8)	(92.6)	(813.7)	(177.8)
Acquisitions of Subsidiaries, Net of Cash Acquired	0.0	(16.2)	(10.0)	(16.4)
Sale of Property, Plant and Equipment	8.8	(1.1)	(4.2)	(1.9)
(=) Free Cash Flow	363.8	344.9	(184.0)	437.5

The Company's operating cash generation reached R\$578.1 million, the highest level ever recorded in a second quarter, mainly as a result of the 15.7% growth in EBITDA from Continuing Operations. Free cash flow reached R\$344.9 million, compared to R\$363.8 million in 2Q22, primarily as a result of the higher investment in property, plant and equipment to expand production capacity, including the new plants dedicated to Non-Retail.

Net Debt

Table 12

(R\$ million)	1Q23	2Q23
Loans and Financing	(8,776.8)	(9,826.3)
Notes Payable	(29.2)	(29.5)
Gross Debt	(8,806.0)	(9,855.8)
Cash and Cash Equivalents	1,087.4	2,139.5
Net Cash / (Debt)	(7,718.6)	(7,716.3)
Unrealized Gain/Loss on Debt Hedge	9.4	(38.8)
Net Cash / (Debt) After Hedge	(7,709.2)	(7,755.1)

The Company ended 2Q23 with Net Debt after Hedge of R\$7,755.1 million, compared to R\$7,709.2 million at the end of 1Q23, or 2.5x the EBITDA from Continuing Operations set in the guidance for 2023.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

(Days)						(R\$ million)	2Q22	3Q22	4Q22	1Q23	2Q23
	2Q22	3Q22	4Q22	1Q23	2Q23						
Receivables ⁽¹⁾	94	90	98	112	99	Receivables	2,160	2,238	2,532	2,320	2,691
Inventories ⁽²⁾	223	243	247	352	252	Inventories	1,701	2,009	2,196	2,394	2,302
Payables ^{(2) (3)}	(129)	(143)	(147)	(184)	(117)	Payables ⁽³⁾	(983)	(1,181)	(1,310)	(1,248)	(1,072)
Cash Conversion Cycle	188	190	198	281	234	Working Capital	2,878	3,066	3,418	3,466	3,921
						% of Annualized Net Revenue ⁽⁴⁾	38%	38%	40%	51%	44%

(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\$608.7 million (please refer to Explanatory Note 13 of the Financial Statements);

ii) **Cash effect of Income Tax and Social Contribution Losses Carryforward:** R\$2,824.0 million (please refer to Explanatory Note 22(a) of the Financial Statements).

iii) **Goodwill:** the Company has R\$1,895.7 million in goodwill to be amortized for tax purposes until August 2026, which will generate a reduction in cash disbursement for the payment of Income Taxes of R\$644.5 million.

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 14

(R\$ million)	2Q22	% NR	2Q23	% NR	Δ %	1H22	% NR	1H23	% NR	Δ %
Net Income	455.9	24.1%	503.9	22.6%	10.5%	802.8	23.7%	843.2	21.5%	5.0%
(+) Income Tax and CSLL	(22.0)	-1.2%	(32.8)	-1.5%	48.9%	(78.4)	-2.3%	(102.3)	-2.6%	30.4%
(+) Net Interest Expenses	210.4	11.1%	262.3	11.8%	24.7%	384.0	11.3%	528.1	13.4%	37.5%
(+) Depreciations / Amortizations	39.2	2.1%	56.5	2.5%	44.1%	76.8	2.3%	108.3	2.8%	40.9%
EBITDA	683.5	36.1%	789.9	35.4%	15.6%	1,185.2	35.0%	1,377.2	35.1%	16.2%
(-) EBITDA from Discontinued Operations	(0.2)	0.0%	0.7	0.0%	-	3.7	0.1%	1.0	0.0%	-74.0%
Adjusted EBITDA (EBITDA from Continuing Operations)	683.3	36.0%	790.7	35.4%	15.7%	1,188.9	35.1%	1,378.2	35.1%	15.9%

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

	2Q22	2Q23	1H22	1H23
Net Revenue	1,895,636	2,231,077	3,389,186	3,929,272
Cost of Goods Sold	(687,619)	(821,875)	(1,241,979)	(1,433,961)
Gross Profit	1,208,017	1,409,202	2,147,207	2,495,311
Selling and Marketing Expenses	(500,854)	(598,553)	(917,620)	(1,076,224)
General and Administrative Expenses	(70,545)	(89,981)	(136,019)	(170,738)
Other Operating Revenues (Expenses)	9,187	17,958	14,823	25,205
Equity in Subsidiaries	(1,762)	(4,491)	3,707	(3,616)
Operating Income Before Equity Income and Financial Result	644,043	734,135	1,112,098	1,269,938
Net Financial Expenses	(210,373)	(262,293)	(383,966)	(528,078)
Financial Expenses	(264,703)	(319,746)	(494,173)	(650,256)
Financial Income	54,330	57,453	110,207	122,178
Profit Before Income Tax and Social Contribution	433,670	471,842	728,132	741,860
Income Tax and Social Contribution	21,850	32,547	76,909	101,946
Net Income from Continuing Operations	455,520	504,389	805,041	843,806
Net Income from Discontinued Operations	413	(483)	(2,220)	(644)
Income for the Period	455,933	503,906	802,821	843,162
Earnings per Share – R\$	0.72	0.79	1.27	1.33

Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2022	06/30/2023	Liabilities and Shareholders' Equity	12/31/2022	06/30/2023
Current Assets	8,530,120	7,998,836	Current Liabilities	5,225,194	4,088,049
Cash and Cash Equivalents	2,862,473	2,139,488	Suppliers	421,501	364,868
Accounts Receivables	2,531,789	2,690,545	Suppliers' Assignment of Receivables	888,150	706,939
Inventories	2,195,982	2,302,390	Loans and Financing	2,230,678	1,746,628
Recoverable Taxes	532,564	512,423	Salaries Payable	378,933	378,136
Financial Derivatives	10,303	3,589	Income Tax and Social Contribution	6,389	4,169
Other Assets	391,058	344,450	Taxes Payable	70,861	87,878
Dividends and IOC receivables	5,951	5,951	Accounts Payable	431,239	345,453
			Dividends and IOC Payable	677,773	362,776
			Notes Payable	68,079	23,823
			Financial Derivatives	51,591	67,379
Non-Current Assets	15,225,513	15,811,186	Non-Current Liabilities	7,874,998	8,662,477
Long Term Assets	1,159,417	1,282,406	Loans and Financing	7,376,881	8,079,661
Deferred Income Tax and Social Contribution	603,170	803,585	Deferred Income Tax and Social Contribution	206,378	226,883
Recoverable Taxes	344,013	284,170	Taxes Payable	4,179	3,240
Other Assets	188,109	194,560	Accounts Payable	128,966	178,237
Financial Derivatives	24,125	91	Provisions for Contingencies	153,256	131,888
			Notes Payable	5,331	5,674
			Financial Derivatives	7	36,894
Fixed Assets and Investments	14,066,096	14,528,780	Shareholders' Equity	10,655,441	11,059,496
Investments	131,717	95,608	Capital	4,478,126	4,478,126
Investment Properties	19,568	19,213	Capital Reserve	1,232,710	1,171,885
Biological Assets	4,799	4,600	Equity Valuation Adjustments	(244,191)	(284,215)
Property, Plants and Equipments	2,814,540	3,107,687	Profit Reserves	5,266,249	5,266,249
Intangible Assets	11,095,472	11,301,672	Treasury Stock	(87,134)	(36,032)
			Attributed to non-controlling shareholders	9,681	11,543
			Income for the Period	0	451,940
Total Assets	23,755,633	23,810,022	Total Liabilities and Shareholders' Equity	23,755,633	23,810,022

Consolidated Cash Flow Statement (R\$ thousand)

Table 17

	2Q22	2Q23	1H22	1H23
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	433,901	471,110	724,405	740,891
Depreciation and Amortization	39,242	56,533	76,848	108,279
Asset Impairment	(960)	0	(595)	0
Gain on Permanent Asset Disposals	45,290	40,196	45,702	40,376
Equity Method	1,957	4,491	(3,512)	3,616
Foreign Exchange (Gains) Losses	9,160	10,017	24,299	21,769
Net Interest and Related Revenue/Expenses	201,213	252,276	359,667	506,309
Expenses Related to Share Based Remuneration	7,246	11,076	12,925	17,598
Provisions	18,048	2,677	10,465	(10,451)
Adjusted Results	755,097	848,376	1,250,204	1,428,387
Decrease (Increase) in Assets	(419,254)	(156,799)	(584,815)	(317,706)
Trade Accounts Receivable	(265,597)	(368,382)	(107,804)	(170,429)
Inventories	(254,505)	54,454	(438,821)	(176,037)
Recoverable Taxes	20,110	25,231	62,413	62,030
Judicial Deposits and Others	(6,402)	3,195	(14,267)	2,005
Other Accounts Receivable	87,140	128,703	(86,336)	(35,275)
Increase (Decrease) in Liabilities	199,219	(113,490)	181,447	(231,077)
Suppliers	11,114	(21,737)	74,862	(8,799)
Suppliers' Assignment of Receivables	130,421	(128,488)	118,201	(172,880)
Financial Derivatives	(57,878)	(35,953)	(99,563)	(40,047)
Income Tax and Social Contribution Paid	(71)	(1,286)	(542)	(1,440)
Taxes Payable	12,860	16,749	432	21,370
Salaries and Payroll Charges	49,718	59,448	19,173	(17,115)
Accounts Payable	6,499	(8,848)	26,238	(2,891)
Operations Interest Paid	38,291	10,691	34,004	(1,267)
Other Accounts Payable	8,265	(4,066)	8,642	(8,008)
Net Cash Provided by Operating Activities	535,062	578,087	846,836	879,604
Cash Flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	(2,000)	(2,384)	(6,228)	(6,634)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	(16,225)	(9,990)	(16,382)
Acquisitions of Property, Plant and Equipment	(94,258)	(120,949)	(196,741)	(239,504)
Intangible Assets	(83,805)	(92,603)	(813,684)	(177,758)
Proceeds from the Sale of Assets with Permanent Nature	8,754	(1,059)	(4,204)	(1,876)
Interest and Others	29,654	29,892	59,474	68,208
Investment Hedge	(9,083)	0	(149,449)	0
Net Cash From Investing Activities	(150,738)	(203,328)	(1,120,822)	(373,946)
Cash Flows from Financing Activities				
Borrowings	94,599	1,100,000	907,674	1,350,000
Treasury Stock Purchase / Sale	14,160	(37,077)	35,773	(55,398)
Repayment of Loans - Principal	(325,228)	(44,020)	(345,593)	(1,086,372)
Repayment of Loans - Interest	(238,963)	(310,545)	(368,110)	(674,203)
Dividends and IOC Paid	(24,953)	(27,032)	(729,752)	(704,535)
Loan Derivatives	0	(3,984)	(13,963)	(58,135)
Net Cash From Financing Activities	(480,385)	677,342	(513,971)	(1,228,643)
Net Increase (Decrease) in Cash and Cash Equivalents	(96,061)	1,052,101	(787,957)	(722,985)
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	1,595,166	1,087,387	2,287,062	2,862,473
Cash and Cash Equivalents at the End of the Period	1,499,105	2,139,488	1,499,105	2,139,488
Change in Cash and Cash Equivalent	(96,061)	1,052,101	(787,957)	(722,985)

(A free translation of the original in Portuguese)

Hypera S.A.
Quarterly Information (ITR) at
June 30, 2023
and report on review of
quarterly information



Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Hypera S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2023, comprising the balance sheet at that date and the statements of income and comprehensive income for the quarter and six-month period the ended, and the statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes.

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

Scope of review

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

Conclusion on the interim information

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



Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2023. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the interim accounting information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Goiânia, July 27, 2023

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 June 30, 2023

Hypera S.A.

Balance sheets In thousands of Reals

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022		June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Assets					Liabilities and equity				
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	2,069,443	2,597,837	2,139,488	2,862,473	Suppliers (Note 19)	800,283	755,614	364,868	421,501
Accounts receivable (Note 11)	2,652,368	2,501,327	2,690,545	2,531,789	Suppliers' assignment of receivables (Note 20)	48,369	39,124	706,939	888,150
Inventories (Note 12)	557,325	445,753	2,302,390	2,195,982	Loans, financing and debentures (Note 21)	1,744,730	2,224,673	1,746,628	2,230,678
Taxes recoverable (Note 13)	348,886	378,774	512,423	532,564	Salaries payable	252,807	249,674	378,136	378,933
Derivative financial instruments (Note 4(e))	-	-	3,589	10,303	Income tax and social contribution payable	-	-	4,169	6,389
Dividends receivable	68,733	68,733	5,951	5,951	Taxes payable (Note 23)	22,418	21,003	87,878	70,861
Other assets (Note 14)	230,152	277,200	344,450	391,058	Notes payable	23,823	68,079	23,823	68,079
	<u>5,926,907</u>	<u>6,269,624</u>	<u>7,998,836</u>	<u>8,530,120</u>	Dividends and interest on capital payable	362,776	677,773	362,776	677,773
					Derivative financial instruments (Note 4(e))	2,159	41,347	67,379	51,591
					Other liabilities (Note 24)	221,131	295,783	345,453	431,239
						<u>3,478,496</u>	<u>4,373,070</u>	<u>4,088,049</u>	<u>5,225,194</u>
Non-current assets					Non-current liabilities				
Long-term receivables					Loans, financing and debentures (Note 21)	8,079,502	7,376,443	8,079,661	7,376,881
Deferred income tax and social contribution (Note 22)	754,075	558,784	803,585	603,170	Taxes payable (Note 23)	201	763	3,240	4,179
Taxes recoverable (Note 13)	225,845	284,836	284,170	344,013	Deferred income tax and social contribution (Note 22)	-	-	226,883	206,378
Derivative financial instruments (Note 4(e))	-	24,087	91	24,125	Provision for contingencies (Note 25)	119,156	139,387	131,888	153,256
Other assets (Note 14)	170,325	165,844	194,560	188,109	Derivative financial instruments (Note 4(e))	36,631	-	36,894	7
	<u>1,150,245</u>	<u>1,033,551</u>	<u>1,282,406</u>	<u>1,159,417</u>	Notes payable	5,674	5,331	5,674	5,331
					Other liabilities (Note 24)	121,414	92,600	178,237	128,966
						<u>8,362,578</u>	<u>7,614,524</u>	<u>8,662,477</u>	<u>7,874,998</u>
Biological assets	-	-	4,600	4,799	Total liabilities	<u>11,841,074</u>	<u>11,987,594</u>	<u>12,750,526</u>	<u>13,100,192</u>
Investments (Note 15)	5,454,496	5,038,461	95,608	131,717	Equity				
Investment properties (Note 16)	19,213	19,568	19,213	19,568	Share capital (Note 26 (a))	4,478,126	4,478,126	4,478,126	4,478,126
Property, plant and equipment (Note 17)	276,953	213,965	3,107,687	2,814,540	Capital reserves	1,171,885	1,232,710	1,171,885	1,232,710
Intangible assets (Note 18)	10,061,213	10,058,185	11,301,672	11,095,472	Equity valuation adjustments	(284,215)	(244,191)	(284,215)	(244,191)
	<u>15,811,875</u>	<u>15,330,179</u>	<u>14,528,780</u>	<u>14,066,096</u>	Profit reserves	5,266,249	5,266,249	5,266,249	5,266,249
					Treasury shares	(36,032)	(87,134)	(36,032)	(87,134)
	<u>16,962,120</u>	<u>16,363,730</u>	<u>15,811,186</u>	<u>15,225,513</u>	Net income for the period	451,940	-	451,940	-
					Equity attributable to the owners of the parent company	<u>11,047,953</u>	<u>10,645,760</u>	<u>11,047,953</u>	<u>10,645,760</u>
					Equity attributable to non-controlling interests	-	-	11,543	9,681
					Total equity	<u>11,047,953</u>	<u>10,645,760</u>	<u>11,059,496</u>	<u>10,655,441</u>
Total assets	<u>22,889,027</u>	<u>22,633,354</u>	<u>23,810,022</u>	<u>23,755,633</u>	Total liabilities and equity	<u>22,889,027</u>	<u>22,633,354</u>	<u>23,810,022</u>	<u>23,755,633</u>

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

Hypera S.A.

Statement of income Periods ended June 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company			
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Continuing operations				
Net revenue (Note 27)	2,251,869	3,969,740	1,927,250	3,448,157
Cost of sales (Note 28(a))	<u>(1,021,567)</u>	<u>(1,840,596)</u>	<u>(888,980)</u>	<u>(1,565,909)</u>
Gross profit	<u>1,230,302</u>	<u>2,129,144</u>	<u>1,038,270</u>	<u>1,882,248</u>
Selling and marketing expenses (Note 28(a))	(532,246)	(947,698)	(461,280)	(829,249)
General and administrative expenses (Note 28(a))	(60,037)	(113,744)	(48,278)	(92,990)
Other operating income (expenses), net (Note 28(b))	7,671	(11,468)	(22,193)	(10,228)
Equity accounting (Note 15 (b))	<u>92,363</u>	<u>200,984</u>	<u>97,678</u>	<u>127,063</u>
Income before financial income and expenses	<u>738,053</u>	<u>1,257,218</u>	<u>604,197</u>	<u>1,076,844</u>
Financial income (Note 28 (c))	51,857	109,690	47,285	96,184
Financial expenses (Note 28 (d))	<u>(345,660)</u>	<u>(696,565)</u>	<u>(267,129)</u>	<u>(509,769)</u>
Financial expenses, net	<u>(293,803)</u>	<u>(586,875)</u>	<u>(219,844)</u>	<u>(413,585)</u>
Income before income tax and social contribution	<u>444,250</u>	<u>670,343</u>	<u>384,353</u>	<u>663,259</u>
Income tax and social contribution (Note 22(c))	<u>59,271</u>	<u>171,777</u>	<u>71,017</u>	<u>142,411</u>
Net income from continuing operations	<u>503,521</u>	<u>842,120</u>	<u>455,370</u>	<u>805,670</u>
Discontinued operations				
Loss from discontinued operations	<u>(483)</u>	<u>(644)</u>	<u>413</u>	<u>(2,220)</u>
Net income for the period	<u><u>503,038</u></u>	<u><u>841,476</u></u>	<u><u>455,783</u></u>	<u><u>803,450</u></u>

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

Hypera S.A.

Statement of income Periods ended June 30

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	<u>04/01/2023 to 06/30/2023</u>	<u>01/01/2023 to 06/30/2023</u>	<u>04/01/2022 to 06/30/2022</u>	<u>Consolidated 01/01/2022 to 06/30/2022</u>
Continuing operations				
Net revenue (Note 27)	2,231,077	3,929,272	1,895,636	3,389,186
Cost of sales (Note 28(a))	<u>(821,875)</u>	<u>(1,433,961)</u>	<u>(687,619)</u>	<u>(1,241,979)</u>
Gross profit	<u>1,409,202</u>	<u>2,495,311</u>	<u>1,208,017</u>	<u>2,147,207</u>
Selling and marketing expenses (Note 28(a))	(598,553)	(1,076,224)	(500,854)	(917,620)
General and administrative expenses (Note 28(a))	(89,981)	(170,738)	(70,545)	(136,019)
Other operating income (expenses), net (Note 28(b))	17,958	25,205	9,187	14,823
Equity accounting (Note 15 (b))	<u>(4,491)</u>	<u>(3,616)</u>	<u>(1,762)</u>	<u>3,707</u>
Income before financial income and expenses	<u>734,135</u>	<u>1,269,938</u>	<u>644,043</u>	<u>1,112,098</u>
Financial income (Note 28 (c))	57,453	122,178	54,330	110,207
Financial expenses (Note 28 (d))	<u>(319,746)</u>	<u>(650,256)</u>	<u>(264,703)</u>	<u>(494,173)</u>
Financial expenses, net	<u>(262,293)</u>	<u>(528,078)</u>	<u>(210,373)</u>	<u>(383,966)</u>
Income before income tax and social contribution	<u>471,842</u>	<u>741,860</u>	<u>433,670</u>	<u>728,132</u>
Income tax and social contribution (Note 22(c))	<u>32,547</u>	<u>101,946</u>	<u>21,850</u>	<u>76,909</u>
Net income from continuing operations	<u>504,389</u>	<u>843,806</u>	<u>455,520</u>	<u>805,041</u>
Discontinued operations				
Loss from discontinued operations	<u>(483)</u>	<u>(644)</u>	<u>413</u>	<u>(2,220)</u>
Net income for the period	<u>503,906</u>	<u>843,162</u>	<u>455,933</u>	<u>802,821</u>
Attributable to				
Owners of the parent company	503,038	841,476	455,783	803,450
Non-controlling interests	<u>868</u>	<u>1,686</u>	<u>150</u>	<u>(629)</u>
	<u>503,906</u>	<u>843,162</u>	<u>455,933</u>	<u>802,821</u>
Earnings per share				
Basic earnings per share (in R\$)	<u>0.79410</u>	<u>1.33098</u>	<u>0.72324</u>	<u>1.27288</u>
Diluted earnings per share (in R\$)	<u>0.78718</u>	<u>1.31981</u>	<u>0.71238</u>	<u>1.25930</u>
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	<u>0.79937</u>	<u>1.33470</u>	<u>0.72223</u>	<u>1.27480</u>
Diluted earnings per share (in R\$)	<u>0.79237</u>	<u>1.32347</u>	<u>0.71195</u>	<u>1.26179</u>

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

Hypera S.A.

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

(A free translation of the original in Portuguese)

	Capital reserves					Profit reserves				Equity attributable to the owners of the parent company	Equity attributable to non-controlling interests	Total equity	
	Capital	Premium on share issuance	Stock options	Debenture subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve				Net income for the period
Balances at January 1, 2022	<u>4,478,126</u>	<u>1,090,895</u>	<u>110,278</u>	<u>50,244</u>	<u>(81,350)</u>	<u>(181,839)</u>	<u>180,592</u>	<u>3,993,329</u>	<u>186,316</u>	<u>-</u>	<u>9,826,591</u>	<u>6,880</u>	<u>9,833,471</u>
Adjustments from prior periods	-	-	-	-	-	-	-	-	-	(11,208)	(11,208)	-	(11,208)
Stock options	-	-	11,920	-	-	-	-	-	-	-	11,920	-	11,920
Results on sales of treasury shares	-	(29,183)	-	-	-	-	-	-	-	-	(29,183)	-	(29,183)
Sales of shares (Note 28(d))	-	-	-	-	64,956	-	-	-	-	-	64,956	-	64,956
Net income for the period	-	-	-	-	-	-	-	-	-	803,450	803,450	(629)	802,821
Interest on capital	-	-	-	-	-	-	-	-	-	(389,547)	(389,547)	-	(389,547)
Non-controlling interests in subsidiaries/associates	-	-	-	-	-	-	-	-	-	-	-	29	29
Other comprehensive income	-	-	-	-	-	(68,961)	-	-	-	-	(68,961)	-	(68,961)
Gains or losses on derivatives, net of tax	-	-	-	-	-	(68,961)	-	-	-	-	(68,961)	-	(68,961)
Balances at June 30, 2022	<u>4,478,126</u>	<u>1,061,712</u>	<u>122,198</u>	<u>50,244</u>	<u>(16,394)</u>	<u>(250,800)</u>	<u>180,592</u>	<u>3,993,329</u>	<u>186,316</u>	<u>402,695</u>	<u>10,208,018</u>	<u>6,280</u>	<u>10,214,298</u>
Balances at January 1, 2023	<u>4,478,126</u>	<u>1,049,560</u>	<u>132,906</u>	<u>50,244</u>	<u>(87,134)</u>	<u>(244,191)</u>	<u>180,592</u>	<u>4,950,300</u>	<u>135,357</u>	<u>-</u>	<u>10,645,760</u>	<u>9,681</u>	<u>10,655,441</u>
Stock options	-	-	1,250	-	-	-	-	-	-	-	1,250	-	1,250
Results on sales of treasury shares	-	(62,075)	-	-	-	-	-	-	-	-	(62,075)	-	(62,075)
Acquisitions of shares (Note 26 (b))	-	-	-	-	(44,028)	-	-	-	-	-	(44,028)	-	(44,028)
Sales of shares (Note 26(b))	-	-	-	-	95,130	-	-	-	-	-	95,130	-	95,130
Goodwill on interests in subsidiaries	-	-	-	-	-	(15,577)	-	-	-	-	(15,577)	-	(15,577)
Net income for the period	-	-	-	-	-	-	-	-	-	841,476	841,476	1,686	843,162
Interest on capital	-	-	-	-	-	-	-	-	-	(389,536)	(389,536)	-	(389,536)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	176	176
Other comprehensive income	-	-	-	-	-	(24,447)	-	-	-	-	(24,447)	-	(24,447)
Gains or losses on derivatives, net of tax	-	-	-	-	-	(24,447)	-	-	-	-	(24,447)	-	(24,447)
Balances at June 30, 2023	<u>4,478,126</u>	<u>987,485</u>	<u>134,156</u>	<u>50,244</u>	<u>(36,032)</u>	<u>(284,215)</u>	<u>180,592</u>	<u>4,950,300</u>	<u>135,357</u>	<u>451,940</u>	<u>11,047,953</u>	<u>11,543</u>	<u>11,059,496</u>

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

Hypera S.A.

Statement of cash flows

Periods ended June 30

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Cash flows from operating activities				
Income before income tax and social contribution, including discontinued operations	669,665	659,560	740,891	724,405
Adjustments				
Depreciation and amortization	40,863	29,892	108,279	76,848
Impairment of assets	-	(939)	-	(595)
Results on sales of fixed assets	40,135	45,959	40,376	45,702
Equity accounting	(200,422)	(126,834)	3,616	(3,512)
Foreign exchange losses (gains)	750	(208)	21,769	24,299
Interest and related expenses (income), net	586,125	413,793	506,309	359,667
Share-based compensation expenses	15,128	11,110	17,598	12,925
Provisions and other	27,721	(2,626)	(10,451)	10,465
Adjusted income	1,179,965	1,029,707	1,428,387	1,250,204
Changes in assets and liabilities				
Accounts receivable	(162,636)	(101,672)	(170,429)	(107,804)
Inventories	(150,551)	(70,395)	(176,037)	(438,821)
Taxes recoverable	79,216	107,043	62,030	62,413
Deposits with courts and others	1,213	(12,866)	2,005	(14,267)
Other accounts receivable	(41,143)	(55,103)	(35,275)	(86,336)
Suppliers	44,669	33,513	(8,799)	74,862
Suppliers' assignment of receivables	17,252	(3,515)	(172,880)	118,201
Derivative financial instruments	-	1,062	(40,047)	(99,563)
Accounts payable	10,351	5,027	(2,891)	26,238
Interest on transactions	(11,389)	3,323	(1,267)	34,004
Taxes payable	5,724	2,509	21,370	432
Payroll and related taxes	(10,994)	21,136	(17,115)	19,173
Income tax and social contribution paid	-	-	(1,440)	(542)
Other accounts payable	(7,580)	2,321	(8,008)	8,642
Net cash provided by operating activities	954,097	962,090	879,604	846,836
Cash flows from investing activities				
Acquisition of subsidiaries (less net cash on acquisition)	(15,694)	(9,990)	(16,382)	(9,990)
Capital increases in subsidiaries/associates	(279,800)	(441,738)	(6,634)	(6,228)
Purchases of property, plant and equipment	(19,564)	(4,024)	(239,504)	(196,741)
Purchases of intangible assets	(15,751)	(677,687)	(177,758)	(813,684)
Investment hedges	-	(145,678)	-	(149,449)
Proceeds from sale of fixed assets	(1,341)	(4,655)	(1,876)	(4,204)
Interest and other	62,481	52,002	68,208	59,474
Loans receivable	4,851	3,779	-	-
Net cash used in investment activities	(264,818)	(1,227,991)	(373,946)	(1,120,822)
Cash flows from financing activities				
Purchases of treasury shares	(88,453)	-	(88,453)	-
Hedge of loans	(58,135)	(13,963)	(58,135)	(13,963)
Sales of treasury shares	33,055	35,773	33,055	35,773
Loans taken out	1,350,000	907,674	1,350,000	907,674
Payment of loans – principal	(1,079,202)	(340,727)	(1,086,372)	(345,593)
Payment of loans – interest	(669,799)	(360,290)	(674,203)	(368,110)
Dividends and interest on capital paid	(704,535)	(729,752)	(704,535)	(729,752)
Loans payable	(604)	1,851	-	-
Net cash used in financing activities	(1,217,673)	(499,434)	(1,228,643)	(513,971)
Net decrease in cash and cash equivalents	(528,394)	(765,335)	(722,985)	(787,957)
Cash and cash equivalents at beginning of the period	2,597,837	2,121,253	2,862,473	2,287,062
Cash and cash equivalents at end of the period	2,069,443	1,355,918	2,139,488	1,499,105
Change in cash and cash equivalents	(528,394)	(765,335)	(722,985)	(787,957)
Transactions not involving cash	973	11,034	27,286	50,154
Acquisitions of companies	-	9,990	-	9,990
Acquisitions of property, plant and equipment	973	1,044	27,286	40,164

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

Hypera S.A.

Statement of value added (*)

Periods ended June 31

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Gross revenue				
Sales of goods and products, including discontinued operations	4,154,219	3,611,791	4,244,332	3,664,157
Other income	9,138	(3,498)	62,687	26,581
Income related to construction of own assets	10,799	1,236	95,560	33,587
Allowance for doubtful accounts	(618)	232	(695)	(111)
	<u>4,173,538</u>	<u>3,609,761</u>	<u>4,401,884</u>	<u>3,724,214</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(1,825,190)	(1,571,533)	(1,174,296)	(1,097,378)
Materials, power, third-party services and others	(661,701)	(542,011)	(1,031,942)	(817,964)
Impairment of assets	(69,482)	(39,562)	(76,873)	(53,414)
	<u>(2,556,373)</u>	<u>(2,153,106)</u>	<u>(2,283,111)</u>	<u>(1,968,756)</u>
Gross value added	<u>1,617,165</u>	<u>1,456,655</u>	<u>2,118,773</u>	<u>1,755,458</u>
Depreciation and amortization	<u>(40,863)</u>	<u>(29,892)</u>	<u>(108,279)</u>	<u>(76,848)</u>
Net value added generated by the Company	<u>1,576,302</u>	<u>1,426,763</u>	<u>2,010,494</u>	<u>1,678,610</u>
Transfers of value added received				
Equity accounting	200,422	126,834	(3,616)	3,512
Financial income	109,690	96,184	122,178	110,207
	<u>310,112</u>	<u>223,018</u>	<u>118,562</u>	<u>113,719</u>
Total value added to be distributed	<u>1,886,414</u>	<u>1,649,781</u>	<u>2,129,056</u>	<u>1,792,329</u>
Distribution of value added				
Personnel and charges	418,370	365,957	761,382	632,597
Salaries and wages	344,124	312,322	611,601	523,734
Benefits	52,078	33,755	110,489	74,520
Government severance indemnity fund for employees (FGTS)	22,168	19,880	39,292	34,343
Taxes and contributions	(73,458)	(33,584)	(135,278)	(149,119)
Federal	(115,637)	(96,668)	22,760	(21,460)
State	41,285	62,264	(159,571)	(129,002)
Municipal	894	820	1,533	1,343
Interest	696,484	509,613	649,557	493,865
Rentals	3,542	4,345	10,233	12,165
Capital remuneration	841,476	803,450	843,162	802,821
Interest on capital	389,536	389,547	389,536	389,547
Retained earnings	451,940	413,903	453,626	413,274
Total value added distributed	<u>1,886,414</u>	<u>1,649,781</u>	<u>2,129,056</u>	<u>1,792,329</u>

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

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

(A free translation of the original in Portuguese)

Hypera S.A.

Quarterly Information (ITR)
at June 30, 2023

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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 pharmaceutical company and a leader in the various markets in which it operates¹. 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 follows:

- a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, being present in 23 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 Pro, Engov, Epocler, Estomazil and Neosaldina, among others. It also offers nutritional products, sweeteners and vitamin supplement lines, under brands such as Tamarine, 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 vice-leader in the Similar and Generic drugs market in Brazil¹. The brand is present at 97% of Brazilian pharmaceutical points of sale¹, consistent with the Company’s mission to provide access to health for the Brazilian population.

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 houses technologies for the development of various forms of pharmaceutical products across the six laboratories that make up the complex.

¹ IQVIA Data

² Considering CT Level 2 classification

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 International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) and applicable to the preparation of Quarterly Information (ITR), and is being presented consistently with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of ITR.

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 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, 2022. 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, 2022, including the complete information in the corresponding notes.

2.1 Approval of the interim financial information

The present Quarterly Information was approved by the Company's Board of Directors on July 27, 2023.

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 2022.

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, 2022.

In the following tables, the financial data for the current period are presented on a comparative basis with the financial data at December 31, 2022.

a. Foreign exchange risk

At June 30, 2023 and December 31, 2022, the assets and liabilities denominated in foreign currencies, and the financial instruments to mitigate exchange risks, were as follows:

	Parent company					
	June 30, 2023			December 31, 2022		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	15	1	77	178	-	938
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	64,968	55,268	599,960	114,783	-	606,007
Derivative instruments to mitigate risks	(65,000)	(54,473)	(593,490)	(115,000)	-	(607,154)
Other payables	-	-	-	-	-	-
Net exposure	<u>(17)</u>	<u>796</u>	<u>6,547</u>	<u>(39)</u>	<u>-</u>	<u>(209)</u>
	Consolidated					
	June 30, 2023			December 31, 2022		
	US\$ '000	EUR '000	RS '000	US\$ '000	EUR '000	RS '000
Liabilities						
Suppliers	5,913	-	28,319	13,588	-	71,739
Suppliers' assignment of receivables	87,520	-	419,142	105,298	105	557,718
Loans and financing	64,968	55,268	599,960	114,783	-	606,007
Derivative instruments to mitigate risks	(197,719)	(60,798)	(1,262,149)	(291,528)	(877)	(1,544,093)
Other payables	420	1,192	8,355	358	1,291	8,880
Net exposure	<u>(38,898)</u>	<u>(4,338)</u>	<u>(206,373)</u>	<u>(57,501)</u>	<u>519</u>	<u>(299,749)</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 rate (TLP) and reference rate (IPCA) is presented in the following table:

	June 30, 2023	
	Parent company	Consolidated
Loans, financing and swaps - CDI	1,517,236	1,517,236
Financing - TLP	266,185	266,185
Debentures - CDI	7,511,395	7,511,395
Debentures - IPCA	536,882	536,882
Notes payable - CDI	13,209	13,209
Financial investments - CDI (Note 10)	(2,023,235)	(2,084,742)
Net exposure	<u>7,821,672</u>	<u>7,760,165</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

June 30, 2023					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	2,225,804	1,881,467	5,790,291	655,647	10,553,209
Loans and financing	362,554	977,241	803,173	48,112	2,191,080
Notes payable	30,020	-	-	-	30,020
Suppliers	800,283	-	-	-	800,283
Suppliers' assignment of receivables	48,369	-	-	-	48,369
Other payables	221,131	66,680	-	-	287,811
Derivative financial instruments	44,203	(15,951)	(45,665)	-	(17,413)
	<u>3,732,364</u>	<u>2,909,437</u>	<u>6,547,799</u>	<u>703,759</u>	<u>13,893,359</u>

December 31, 2022					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	1,626,807	1,998,955	5,730,958	688,783	10,045,503
Loans and financing	1,407,876	690,290	527,700	66,258	2,692,124
Notes payable	56,990	-	-	-	56,990
Suppliers	755,614	-	-	-	755,614
Suppliers' assignment of receivables	39,124	-	-	-	39,124
Other payables	295,783	41,517	-	-	337,300
Derivative financial instruments	50,002	9,738	(71,357)	-	(11,617)
	<u>4,232,196</u>	<u>2,740,500</u>	<u>6,187,301</u>	<u>755,041</u>	<u>13,915,038</u>

Consolidated

June 30, 2023					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	2,225,804	1,881,467	5,790,291	655,647	10,553,209
Loans and financing	364,133	977,314	803,173	48,112	2,192,732
Notes payable	30,020	-	-	-	30,020
Suppliers	364,868	-	-	-	364,868
Suppliers' assignment of receivables	706,939	-	-	-	706,939
Other payables	345,453	84,113	-	-	429,566
Derivative financial instruments	110,959	(15,951)	(45,665)	-	49,344
	<u>4,148,176</u>	<u>2,926,943</u>	<u>6,547,799</u>	<u>703,759</u>	<u>14,326,678</u>

December 31, 2022					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	1,626,807	1,998,955	5,730,958	688,783	10,045,503
Loans and financing	1,414,652	690,417	527,710	66,258	2,699,037
Notes payable	56,990	-	-	-	56,990
Suppliers	421,501	-	-	-	421,501
Suppliers' assignment of receivables	888,150	-	-	-	888,150
Other payables	431,239	25,870	-	-	457,109
Derivative financial instruments	52,524	9,738	(71,357)	-	(9,095)
	<u>4,891,863</u>	<u>2,724,980</u>	<u>6,187,311</u>	<u>755,041</u>	<u>14,559,195</u>

e. Derivatives

At June 30, 2023, the derivative instrument operations contracted by the Company totaled R\$ 1,357,149 (at December 31, 2022 - R\$ 1,939,093) in the consolidated and R\$ 688,490 (at December 31, 2022 - R\$ 1,002,154) in the parent company. The results of the transactions not

yet settled represented losses of R\$ 100,593 (at December 31, 2022, losses of R\$ 17,170) in the consolidated and losses of R\$ 38,790 (at December 31, 2022, losses of R\$ 17,260) in the parent company.

At June 30, 2023 and December 31, 2022, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
		Jun/23	Dec/22	Jun/23	Dec/22	Jun/23	Dec/22
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts		-	-	-	-	-	(144,616)
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantin, Citibank	-	-	-	-	-	(166,247)
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantin, Citibank	-	-	-	-	-	21,631
Swaps		593,490	607,154	(36,641)	(4,412)	(47,150)	(45,143)
Long position	BNP, Citibank	593,490	607,154	(36,641)	(4,412)	(47,150)	(45,143)
Subtotal		593,490	607,154	(36,641)	(4,412)	(47,150)	(189,759)
Interest rate							
Swaps		95,000	395,000	(2,149)	(12,848)	(10,985)	(13,117)
Asset Position-Pre	BNP Paribas	95,000	395,000	(2,149)	(12,848)	(10,985)	(13,117)
Total		688,490	1,002,154	(38,790)	(17,260)	(58,135)	(202,876)

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
		Jun/23	Dec/22	Jun/23	Dec/22	Jun/23	Dec/22
<i>(In R\$ thousand)</i>							
Foreign currency							
Forward contracts		668,659	936,939	(61,802)	90	(40,062)	(265,330)
Long position	BNP, Bradesco, BTG, Citibank, Daycoval, Itaú, Original, Safra, Votorantin	783,003	941,970	(65,280)	(159)	(43,109)	(315,978)
Short position	BNP Paribas, Citibank	(114,344)	(5,031)	3,478	249	3,047	50,648
Swaps		593,490	607,154	(36,642)	(4,412)	(47,150)	(45,143)
Long position	BNP, Citibank	593,490	607,154	(36,642)	(4,412)	(47,150)	(45,143)
Subtotal		1,262,149	1,544,093	(98,444)	(4,322)	(87,212)	(310,473)
Interest rate							
Swaps		95,000	395,000	(2,149)	(12,848)	(10,985)	(13,117)
Asset Position-Pre	BNP Paribas	95,000	395,000	(2,149)	(12,848)	(10,985)	(13,117)
Total		1,357,149	1,939,093	(100,593)	(17,170)	(98,197)	(323,590)

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 futures contracts for each base date published by B3 S.A. – Brasil, Bolsa, Balcão (“B3”) (formerly BM&F BOVESPA).

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

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 5.75% 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	
	<i>(In R\$ thousand)</i>					
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Appreciation</u>	<u>25% fluctuation Depreciation</u>	<u>Appreciation</u>	<u>50% fluctuation Depreciation</u>
US Dollar quotation	4.514	5.064	3.592	5.986	2.395	7.184
Foreign currency						
Economic hedge	(68,507)	68,507	(297,949)	297,949	(595,887)	595,898
Forward contracts						
Swap	(68,507)	68,507	(297,949)	297,949	(595,887)	595,898
Objects of the economic hedge	68,507	(68,507)	297,949	(297,949)	595,887	(595,898)
Loans, financing and notes payable subject to short-term exchange rate variations	68,507	(68,507)	297,949	(297,949)	595,887	(595,898)
Net effect	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Consolidated						
Risk	Scenario I		Scenario II		Scenario III	
	<i>(In R\$ thousand)</i>					
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Appreciation</u>	<u>25% fluctuation Depreciation</u>	<u>Appreciation</u>	<u>50% fluctuation Depreciation</u>
US Dollar quotation	4.514	5.064	3.592	5.986	2.395	7.184
Foreign currency						
Economic hedges	(143,004)	143,004	(493,736)	493,736	(987,459)	987,471
Forward contracts	(74,497)	74,497	(195,787)	195,787	(391,572)	391,573
Swap	(68,507)	68,507	(297,949)	297,949	(595,887)	595,898
Objects of the economic hedge	143,662	(143,662)	495,464	(495,464)	990,916	(990,928)
Loans, financing and notes payable subject to short-term exchange rate variations	143,662	(143,662)	495,464	(495,464)	990,916	(990,928)
Net effect	<u><u>658</u></u>	<u><u>(658)</u></u>	<u><u>1,728</u></u>	<u><u>(1,728)</u></u>	<u><u>3,457</u></u>	<u><u>(3,457)</u></u>

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

The scenarios for monetary variations and floating interest rates on the Company's loans, financing, debentures and notes payable projected for the third quarter of 2023 are as follows:

Parent company

<u>Variation scenarios</u>	<u>Likely scenario*</u>	<u>25% change</u>	<u>50% change</u>
Loans - CDI	(4,005)	51,776	103,551
Financing - TLP	(695)	4,845	9,689
Debentures - CDI	(19,828)	256,326	512,653
Debentures - IPCA	(2,396)	1,570	3,141
Notes payable - CDI	(35)	451	901
Financial investments	5,341	(69,043)	(138,086)
Total loss (gain)	(21,618)	245,925	491,849

Consolidated

<u>Variation scenarios</u>	<u>Likely scenario*</u>	<u>25% change</u>	<u>50% change</u>
Loans - CDI	(4,005)	51,776	103,551
Financing - TLP	(695)	4,845	9,689
Debentures - CDI	(19,828)	256,326	512,653
Debentures - IPCA	(2,396)	1,570	3,141
Notes payable - CDI	(35)	451	901
Financial investments	5,503	(71,142)	(142,284)
Total loss (gain)	(21,456)	243,826	487,651

*Likely scenario assumptions
Forecast CDI of 13.35% p.a.
Forecast TLP of 7.00% p.a.
Forecast IPCA 0.72% p.a.

5 Capital management

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

To maintain or adjust its capital structure, the Company can review the dividend payment policy, return capital to shareholders, or even issue new shares or sell assets, 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 June 30, 2023 and December 31, 2022 may be summarized as follows:

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Total loans, financing and debentures (Note 21)	9,824,232	9,601,116	9,826,289	9,607,559
Total notes payable	29,497	73,410	29,497	73,410
Loss (gain) on financial hedge	38,790	17,260	38,790	17,260
Less: cash and cash equivalents (Note 10)	<u>(2,069,443)</u>	<u>(2,597,837)</u>	<u>(2,139,488)</u>	<u>(2,862,473)</u>
Cash and cash equivalents, net	<u>7,823,076</u>	<u>7,093,949</u>	<u>7,755,088</u>	<u>6,835,756</u>
Total equity	<u>11,047,953</u>	<u>10,645,760</u>	<u>11,059,496</u>	<u>10,655,441</u>
Adjusted equity	<u>18,871,029</u>	<u>17,739,709</u>	<u>18,814,584</u>	<u>17,491,197</u>
Net debt to adjusted equity ratio	41.5%	39.9%	41.2%	39.1%

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 21 (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 available in the market (i.e. unobservable inputs) (Level 3).

The table below presents the Company's derivative instrument assets and liabilities at June 30, 2023, as well as the amounts measured at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	-	-
Total assets	-	-	-
Liabilities			
Derivative financial instruments	-	38,790	38,790
Total liabilities	-	38,790	38,790
			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	3,680	3,680
Total assets	-	3,680	3,680
Liabilities			
Derivative financial instruments	-	104,273	104,273
Total liabilities	-	104,273	104,273

The table below presents the Company's assets and liabilities at December 31, 2022, as well as the amounts stated at fair value.

	Parent company		
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	24,087	24,087
Total assets	-	24,087	24,087
Liabilities			
Derivative financial instruments	-	41,347	41,347
Total liabilities	-	41,347	41,347
			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	34,428	34,428
Total assets	-	34,428	34,428
Liabilities			
Derivative financial instruments	-	51,598	51,598
Total liabilities	-	51,598	51,598

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

7 Hedge accounting

The Company holds derivative financial instruments to hedge its exposure to foreign currency 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. Presented below are the transactions and accounting effects arising from the adoption of this practice:

					Parent company
					June 30, 2023
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	217,696	(2,564)
Swap – 4131**	USD + Spread vs. CDI+	Fair value	218,075	(9,650)	-
Loan – 4131**	USD + spread	Fair value	94,600	97,176	(930)
Swap – 4131**	USD + Spread vs. % CDI	Fair value	94,600	(1,891)	-
Loan – 4131	EUR + spread	Fair value	300,000	288,823	(2,982)
Swap – 4131	EUR + Spread vs. % CDI	Fair value	300,000	(25,100)	-
Loan – 4131*	Fixed rate	Fair value	95,000	100,641	186
Swap – 4131*	Fixed rate vs. CDI+	Fair value	95,000	(2,149)	-

Consolidated					
June 30, 2023					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	217,696	(2,564)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	(9,650)	-
Loan – 4131**	USD + spread	Fair value	94,600	97,176	(930)
Swap – 4131**	USD + Spread vs. % CDI	Fair value	94,600	(1,891)	-
Loan – 4131	EUR + spread	Fair value	300,000	288,823	(2,982)
Swap – 4131	EUR + Spread vs. % CDI	Fair value	300,000	(25,100)	-
Loan – 4131*	Fixed rate	Fair value	95,000	100,641	186
Swap – 4131*	Fixed rate vs. CDI+	Fair value	95,000	(2,149)	-
Parent company					
December 31, 2022					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	234,909	(4)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	15,524	-
Loan – 4131*	USD + spread	Fair value	94,600	105,275	16
Swap – 4131*	USD + Spread vs. % CDI	Fair value	94,600	8,562	-
Loan – 4131*	Fixed rate	Fair value	395,000	548,964	(398)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(12,849)	-
Loan – 4131*	USD + spread	Fair value	263,980	265,823	987
Swap – 4131*	USD + Spread vs. CDI+	Fair value	263,980	(28,498)	-
Consolidated					
December 31, 2022					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain (loss) in P&L
Loan – 4131**	USD + spread	Fair value	218,075	234,909	(4)
Swap – CDI**	USD + Spread vs. CDI+	Fair value	218,075	15,524	-
Loan – 4131*	USD + spread	Fair value	94,600	105,275	16
Swap – 4131*	USD + Spread vs. % CDI	Fair value	94,600	8,562	-
Loan – 4131*	Fixed rate	Fair value	395,000	548,964	(398)
Swap – 4131*	Fixed rate vs. CDI+	Fair value	395,000	(12,849)	-
Loan – 4131*	USD + spread	Fair value	263,980	265,823	987
Swap – 4131*	USD + Spread vs. CDI+	Fair value	263,980	(28,498)	-

* Maturity within one year

** Maturity in up to two years

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

If a hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, is closed, is exercised, or has its designation revoked, then hedge accounting is discontinued on a prospective basis. Hedged items 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					
June 30, 2023					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
NDF Acquisition	USD vs. R\$	Cash flow	-	-	-
Consolidated					
June 30, 2023					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	96,544	(96,544)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	96,544	(51,358)	(54)
NDF Purchases	USD vs. R\$	Cash flow	42,500	(10,444)	(10,444)
Parent company					
December 31, 2022					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
NDF Acquisition	USD vs. R\$	Cash flow	-	-	-
Consolidated					
December 31, 2022					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in comprehensive income
Suppliers	USD	Cash flow	572,335	(572,335)	-
NDF Suppliers (I)	USD vs. R\$	Cash flow	572,335	(7,389)	3,269
NDF Purchases	USD vs. R\$	Cash flow	341	9,236	9,236

(I) Maturities within one year.

8 Financial instruments by category

Parent company

	June 30, 2023				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,652,368	-	-	-	2,652,368
Financial investments (Note 10)	2,023,235	-	-	-	2,023,235
Cash and banks (Note 10)	46,208	-	-	-	46,208
Derivative financial instruments	-	-	-	-	-
Other assets	178,311	-	-	-	178,311
	<u>4,900,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,900,122</u>

	June 30, 2023				
	Amortized cost	FVTPL	FVOCI	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 21)	9,824,232	-	-	-	9,824,232
Suppliers (Note 19)	800,283	-	-	-	800,283
Suppliers' assignment of receivables (Note 20)	48,369	-	-	-	48,369
Other payables	287,811	-	-	-	287,811
Notes payable	29,497	-	-	-	29,497
Derivative financial instruments	-	38,790	-	-	38,790
	<u>10,990,192</u>	<u>38,790</u>	<u>-</u>	<u>-</u>	<u>11,028,982</u>

	December 31, 2022				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,501,327	-	-	-	2,501,327
Financial investments (Note 10)	2,576,489	-	-	-	2,576,489
Cash and banks (Note 10)	21,348	-	-	-	21,348
Derivative financial instruments	-	-	24,087	-	24,087
Other assets	320,945	-	-	-	320,945
	<u>5,420,109</u>	<u>-</u>	<u>24,087</u>	<u>-</u>	<u>5,444,196</u>

	December 31, 2022				
	Amortized cost	FVTPL	FVOCI	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 21)	9,601,116	-	-	-	9,601,116
Suppliers (Note 19)	755,614	-	-	-	755,614
Suppliers' assignment of receivables (Note 20)	39,124	-	-	-	39,124
Other payables	337,300	-	-	-	337,300
Notes payable	73,410	-	-	-	73,410
Derivative financial instruments	-	41,347	-	-	41,347
	<u>10,806,564</u>	<u>41,347</u>	<u>-</u>	<u>-</u>	<u>10,847,911</u>

Consolidated

	June 30, 2023				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,690,545	-	-	-	2,690,545
Financial investments (Note 10)	2,084,742	-	-	-	2,084,742
Cash and banks (Note 10)	54,746	-	-	-	54,746
Derivative financial instruments	-	830	-	2,850	3,680
Other assets	200,380	-	-	-	200,380
	<u>5,030,413</u>	<u>830</u>	<u>-</u>	<u>2,850</u>	<u>5,034,093</u>

	June 30, 2023				
	Amortized cost	FVTPL	FVOCI	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 21)	9,826,289	-	-	-	9,826,289
Suppliers (Note 19)	364,868	-	-	-	364,868
Suppliers' assignment of receivables (Note 20)	706,939	-	-	-	706,939
Other payables	429,566	-	-	-	429,566
Notes payable	29,497	-	-	-	29,497
Derivative financial instruments	-	38,791	11,275	54,207	104,273
	<u>11,357,159</u>	<u>38,791</u>	<u>11,275</u>	<u>54,207</u>	<u>11,461,432</u>

	December 31, 2022				
	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,531,789	-	-	-	2,531,789
Financial investments (Note 10)	2,836,848	-	-	-	2,836,848
Cash and banks (Note 10)	25,625	-	-	-	25,625
Derivative financial instruments	-	-	24,087	10,341	34,428
Other assets	340,695	-	-	-	340,695
	<u>5,734,957</u>	<u>-</u>	<u>24,087</u>	<u>10,341</u>	<u>5,769,385</u>

	December 31, 2022				
	Amortized cost	FVTPL	FVOCI	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 21)	9,607,559	-	-	-	9,607,559
Suppliers (Note 19)	421,501	-	-	-	421,501
Suppliers' assignment of receivables (Note 20)	888,150	-	-	-	888,150
Other payables	457,109	-	-	-	457,109
Notes payable	73,410	-	-	-	73,410
Derivative financial instruments	-	51,598	(10,246)	10,246	51,598
	<u>11,447,729</u>	<u>51,598</u>	<u>(10,246)</u>	<u>10,246</u>	<u>11,499,327</u>

9 Credit quality of financial assets

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

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Current accounts and financial investments (*)				
AAA	2,069,443	2,597,763	2,139,483	2,862,329
A	-	71	-	71
	2,069,443	2,597,834	2,139,483	2,862,400

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

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

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Derivative financial assets				
AAA	-	24,087	3,589	34,064
AA+	-	-	91	30
A-	-	-	-	334
	-	24,087	3,680	34,428

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	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Cash and banks	46,208	21,348	54,746	25,625
Short-term investments:				
Repurchase operations	4,268	228	4,674	48,029
Bank deposit certificates (CDBs)	2,018,967	2,576,261	2,080,068	2,788,819
	2,023,235	2,576,489	2,084,742	2,836,848
	2,069,443	2,597,837	2,139,488	2,862,473

Financial investments (both repurchase operations and CDBs) have yield of between 50% and 103.3% of the CDI p.a. (at December 31, 2022, between 70% and 103.5% of the CDI p.a.), with a weighted average of 102.2% of the CDI p.a. (at December 31, 2022, 101.8% p.a.) and are substantially liquid.

11 Accounts receivable

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Domestic customers	2,671,145	2,519,496	2,710,250	2,550,833
Foreign customers	-	-	1,931	1,982
Expected credit losses	(18,777)	(18,169)	(21,636)	(21,026)
	<u>2,652,368</u>	<u>2,501,327</u>	<u>2,690,545</u>	<u>2,531,789</u>

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

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Up to 3 months	4,641	37,947	4,689	37,947
From 3 to 6 months	24,353	9,151	24,353	9,151
Over 6 months	14,554	552	14,554	552
	<u>43,548</u>	<u>47,650</u>	<u>43,596</u>	<u>47,650</u>

The additions to and write-offs of the expected credit losses were recorded in profit or loss as “selling and marketing expenses”. Amounts charged to 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 21 (a)).

Changes to the expected credit losses for the period ended June 30,2023 are as follows:

	Parent company	Consolidated
Balances at 12/31/2022	(18,169)	(21,026)
(Additions)/reversals, net	(608)	(686)
Disposals	-	76
Balances at 06/30/2023	<u>(18,777)</u>	<u>(21,636)</u>

12 Inventories

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Finished goods and goods for resale	611,962	480,149	806,981	621,931
Semi-finished goods	-	-	199,150	176,055
Raw materials	-	-	1,289,100	1,354,599
Maintenance and supplies	126	186	178,295	164,149
Allowance for inventory losses	(54,763)	(34,582)	(171,136)	(120,752)
	<u>557,325</u>	<u>445,753</u>	<u>2,302,390</u>	<u>2,195,982</u>

The table below presents the changes in the provision:

	<u>Parent company</u>	<u>Consolidated</u>
At 12/31/2022	(34,582)	(120,752)
Additions for the period (a)	(73,041)	(119,798)
Write-offs for the period (b)	52,860	69,414
At 06/30/2023	<u>(54,763)</u>	<u>(171,136)</u>

(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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
PIS/COFINS/IPI and others (*)	414,062	505,665	525,461	608,743
ICMS	96,507	105,407	187,907	200,361
Recoverable IRPJ and CSLL	64,162	52,538	83,225	67,473
	<u>574,731</u>	<u>663,610</u>	<u>796,593</u>	<u>876,577</u>
Current	348,886	378,774	512,423	532,564
Non-current	<u>225,845</u>	<u>284,836</u>	<u>284,170</u>	<u>344,013</u>

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

14 Other assets

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Prepaid expenses (a)	180,852	85,720	218,802	127,716
Bills receivable (b)	62,450	208,283	66,572	216,349
Deposits in court (c)	115,073	107,023	133,808	124,346
Advances	39,052	34,515	117,431	108,192
Other	3,050	7,503	2,397	2,564
	<u>400,477</u>	<u>443,044</u>	<u>539,010</u>	<u>579,167</u>
Current	230,152	277,200	344,450	391,058
Non-current	<u>170,325</u>	<u>165,844</u>	<u>194,560</u>	<u>188,109</u>

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

(b) On April 20, 2023, the principal amount referring to the Leniency Agreement (R\$ 100,000) was settled (Note 24).

(c) Refers to deposits made as guarantees of contingencies classified as possible and remote (Note 25).

15 Investments

The investments held by the Company are presented below:

<u>Company</u>	<u>Date of incorporation</u>	<u>Country</u>	<u>Business</u>	<u>Interest in shares/quotas</u>	<u>Type of interest</u>
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	91.88%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	8.12%	Indirect
Bionovis S.A.	07/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	09/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty S.A.	04/29/2016	Brazil	Natural beauty dermo-cosmetics	64.93%	Direct
Mantecorp Participações S.A.	09/28/2016	Brazil	Holding company	100%	Direct
Bio Brands Franchising Gestão de Marcas Ltda	08/29/2014	Brazil	Dermo-cosmetics	100%	Direct
Bio Scientific Indústria de Cosméticos Ltda.	07/13/2001	Brazil	Dermo-cosmetics	100%	Indirect
Solana Agropecuária Ltda.	11/04/1981	Brazil	Crop	100%	Indirect
Amigotech S.A.	07/02/2021	Brazil	Technology	15%	Direct
MGF Farmácia Magistral Ltda.	09/10/2020	Brazil	Pharma	100%	Direct

a. Changes in the parent company's investments

	<u>Brainfarma</u>	<u>Cosmed</u>	<u>Mantecorp</u>	<u>Bionovis</u>	<u>My</u>	<u>Other</u>		<u>Total</u>
	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Cost</u>	<u>Goodwill</u>	
Balances at January 1, 2023	<u>3,404,418</u>	<u>1,071,419</u>	<u>275,717</u>	<u>59,744</u>	<u>9,437</u>	<u>115,739</u>	<u>101,987</u>	<u>5,038,461</u>
Capital increase	240,606	19,362	217	-	-	19,439	-	279,624
Equity accounting	160,334	38,335	3,462	(3,318)	480	1,691	-	200,984
Share of discontinued equity accounting in the investment	-	(562)	-	-	-	-	-	(562)
Stock Options/Matching/Restricted	5	45	100	-	-	100	-	250
Carrying value adjustments	(20,866)	(3,580)	-	-	-	-	-	(24,446)
Write-off	-	-	-	-	-	(4,220)	(35,595)	(39,815)
Balances at June 30, 2023	<u>3,784,497</u>	<u>1,125,019</u>	<u>279,496</u>	<u>56,426</u>	<u>9,917</u>	<u>132,749</u>	<u>66,392</u>	<u>5,454,496</u>

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

<u>June 30, 2023</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit (loss)</u>	<u>Adjusted profit (loss) (*)</u>
Brainfarma Indústria Química e Farmacêutica S.A.	5,403,257	1,368,591	1,730,179	136,162	174,504
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,362,928	238,636	368,101	28,433	38,335
My Agência de Propaganda Ltda.	11,010	1,102	2,280	471	135
Simple Organic Beauty S.A.	47,596	14,683	67,390	4,755	2,734
Mantecorp Participações S.A.	279,554	-	-	3,462	3,462
Bio Brands Franchising Gestão de Marcas Ltda	51,389	3,649	10,464	902	(488)
MGF Farmácia Magistral Ltda.	968	510	1,001	(259)	(259)

<u>December 31, 2022</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit (loss)</u>	<u>Adjusted profit (loss) (*)</u>
Brainfarma Indústria Química e Farmacêutica S.A.	5,183,405	1,502,742	3,183,569	230,436	235,034
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,393,707	313,675	669,632	66,468	69,738
My Agência de Propaganda Ltda.	9,977	540	4,560	(527)	(395)
Simple Organic Beauty S.A.	33,967	10,734	98,054	4,083	1,741
Mantecorp Participações S.A.	275,174	-	-	1,770	1,770
Bio Brands Franchising Gestão de Marcas Ltda	41,891	3,442	19,760	(4,576)	4,472
MGF Farmácia Magistral Ltda.	732	414	364	(468)	(468)

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

b. Equity accounting of the parent company

	Number of shares and quotas	Adjusted equity at June 30, 2023	Ownership %	Equity accounting at June 30, 2023	Balance of the investment at June 30, 2023	Equity accounting at June 30, 2022	Balance of the investment at December 31, 2022
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,520,813,6	1,125,019	100%	38,335	1,125,019	26,954	1,071,419
My Agência de Propaganda Ltda.	92	9,917	100%	480	9,917	(932)	9,437
Brainfarma Indústria Química e Farmacêutica S.A.	22,467,862	3,784,497	100%	160,334	3,784,497	95,854	3,404,418
Simple Organic Beauty S.A.	1,143,842,3	42,163	64.93%	2,734	42,163	(1,187)	34,680
Drogarias Online Agência de Farmácias S.A.	53	-	22.50%	(296)	-	(1,746)	40,111
Bio Brands Franchising Gestão de Marcas Ltda	214,983	117,323	100%	(488)	117,323	2,667	109,421
Mantecorp Participações S.A.	506,250	279,496	100%	3,462	279,496	-	275,717
Bionovis S.A.	49,872,454	225,705	25%	(3,318)	56,426	5,453	59,744
MGF Farmácia Magistral Ltda.	275,300,100	1,973	100%	(259)	1,973	-	1,832
	6,000,000			200,984	5,416,814	127,063	5,006,779
	1,010,000						

16 Investment properties

These properties are at fair value and refer mainly to land and facilities located in Cabo de Santo Agostinho – State of Pernambuco.

	Parent company	Consolidated
Balances at January 1, 2023	19,568	19,568
Depreciation	(355)	(355)
Balances at June 30, 2023	19,213	19,213
Total cost	57,366	57,366
Accumulated depreciation	(38,153)	(38,153)
Carrying amount	19,213	19,213

17 Property and equipment

Parent company

Own assets	Balances at January 1, 2023	Additions	Write-off	Depreciation	Transfer	Balances at June 30, 2023
Buildings and improvements	3,442	374	-	(442)	8,768	12,142
Machinery, equipment and facilities	75,808	1,250	-	(3,326)	125	73,857
Vehicles	91	-	-	(2)	-	89
Furniture and fittings	16,387	2,995	-	(564)	20	18,838
Other	3,395	27	(115)	(317)	3	2,993
Total in operation	99,123	4,646	(115)	(4,651)	8,916	107,919
Construction in progress	21,054	12,682	-	-	(8,908)	24,828
Total PP&E	120,177	17,328	(115)	(4,651)	8	132,747

Right-of-use assets - leases	Balances at January 1, 2023	Additions	Write-off	Amortization	Transfer	Balances at June 30, 2023
Buildings and improvements	43,486	12,661	-	(4,739)	-	51,408
Machinery, equipment and facilities	12,890	8,995	-	(4,448)	-	17,437
Vehicles	37,412	65,808	(10,672)	(17,187)	-	75,361
Right-of-use assets Total	93,788	87,464	(10,672)	(26,374)	-	144,206
Net book value	213,965	104,792	(10,787)	(31,025)	8	276,953

Consolidated

Own assets	Balances at January 1, 2023	Additions	Write- off	Depreciation	Transfer	Balances at June 30, 2023
Land	243,195	-	-	-	-	243,195
Buildings and improvements	277,419	3,291	-	(9,449)	30,750	302,011
Machinery, equipment and facilities	1,512,866	83,520	(35)	(33,922)	23,472	1,585,901
Vehicles	1,849	80	-	(223)	-	1,706
Furniture and fittings	43,052	38,517	-	(1,288)	607	80,888
Other	57,437	10,147	(115)	(6,183)	287	61,573
Total in operation	2,135,818	135,555	(150)	(51,065)	55,116	2,275,274
Construction in progress (*)	554,243	137,948	-	-	(55,981)	636,210
Total PP&E	2,690,061	273,503	(150)	(51,065)	(865)	2,911,484

Right-of-use assets - leases	Balances at January 1, 2023	Additions	Write- off	Amortization	Transfer	Balances at June 30, 2023
Buildings and improvements	69,064	34,618	-	(5,957)	-	97,725
Machinery, equipment and facilities	15,295	10,334	-	(6,143)	-	19,486
Vehicles	40,120	67,937	(10,892)	(18,173)	-	78,992
Right-of-use assets Total	124,479	112,889	(10,892)	(30,273)	-	196,203

Net book value	2,814,540	386,392	(11,042)	(81,338)	(865)	3,107,687
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(*) Mainly represents purchases for upgrades to the Anápolis-GO plant.

18 Intangible assets

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Goodwill in non-merged companies				
Simple Organic Beauty S.A.	-	-	12,677	12,677
Bio Brands Franchising Gestão de Marcas Ltda.	-	-	43,257	43,257
Bio Scientific Indústria de Cosméticos Ltda.	-	-	-	-
Neolatina Comércio e Indústria Farmacêutica S.A.	-	-	12,204	12,204
Solana Agropecuária Ltda.	-	-	25,200	25,200
MGF Farmácia Magistral Ltda.	-	-	1,515	1,515
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
	7,270,960	7,270,960	7,365,813	7,365,813
Trademarks	2,709,445	2,711,098	2,730,527	2,732,180
Rights of use and software	73,847	69,509	150,827	138,874
Product development	6,061	1,921	275,277	265,571
Intangible assets in progress	900	4,697	779,228	593,034
	10,061,213	10,058,185	11,301,672	11,095,472

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, 2023	Additions	Write-off	Amortization	Transfer	Balances at June 30, 2023
Right of use and trademarks	2,711,098	-	-	(1,653)	-	2,709,445
Rights of use and software	69,509	13,238	-	(8,900)	-	73,847
Product development	1,921	-	-	(378)	4,518	6,061
Goodwill	7,270,960	-	-	-	-	7,270,960
Total in operation	10,053,488	13,238	-	(10,931)	4,518	10,060,313
Intangible assets in progress	4,697	729	-	-	(4,526)	900
Total	10,058,185	13,967	-	(10,931)	(8)	10,061,213

Consolidated

	Balances at January 1, 2023	Additions	Write-off	Amortization	Transfer	Balances at June 30, 2023
Right of use and trademarks	2,732,180	-	-	(1,653)	-	2,730,527
Rights of use and software	138,874	27,253	-	(16,205)	905	150,827
Product development	265,571	8,648	-	(8,867)	9,925	275,277
Goodwill	7,365,813	-	-	-	-	7,365,813
Total in operation	10,502,438	35,901	-	(26,725)	10,830	10,522,444
Intangible assets in progress	593,034	196,159	-	-	(9,965)	779,228
Total	11,095,472	232,060	-	(26,725)	865	11,301,672

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, which will be realized on December 31, 2023, 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.

19 Suppliers

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Domestic suppliers	9,256	10,713	336,549	349,762
Trade payables - foreign	77	938	28,319	71,739
Related party suppliers (Note 29(a))	790,950	743,963	-	-
	800,283	755,614	364,868	421,501

20 Suppliers' assignment of receivables

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Domestic market (drawee risk)	9,394	9,982	222,346	268,499
Foreign market (<i>forfeiting</i>)	-	-	419,142	557,718
Total suppliers' assignment of receivables	9,394	9,982	641,488	826,217
Domestic market (drawee risk)	38,975	29,142	65,451	61,933
Total service providers' assignment of receivables	38,975	29,142	65,451	61,933
Total assignment of receivables	48,369	39,124	706,939	888,150

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

At June 30, 2023, the discount rates in assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 1.19% and 1.43% with a weighted average of 1.25% p.m. (at December 31, 2022, these rates were between 1.14% and 1.55% with a weighted average of 1.24% p.m.).

At June 30, 2023, the discount rates in assignment operations entered into by the Company's suppliers with the financial institutions in the foreign market were between 5.24% and 8.88% p.a. with a weighted average of 6.96% p.a. (at December 31, 2022, these rates were between 3.01% and 9.00% p.a. with a weighted average of 5.88% p.a.).

21 Loans, financing and debentures

	Nominal rate	Parent company		Consolidated	
		June 30, 2023	December 31, 2022	June 30, 2023 (i)	December 31, 2022
Foreign currency					
Borrowings (ii)	USD+SOFR+0.681% to 0.809% p.a.	599,960	606,007	599,960	606,007
Local currency					
Loans	CDI + 1.20% to 2.00% p.a.	903,533	1,467,586	903,957	1,469,228
FCO ⁽ⁱⁱ⁾	Fixed rate from 2.50% to 8.50% p.a.	6,277	8,369	7,514	12,422
Financing	Fixed rate from 2.50% to 8.70% p.a.	-	33	396	781
Debentures	CDI + 1.25% to 2.20% p.a.; IPCA + 6.2790% to 6.4451% p.a.	8,048,277	7,214,540	8,048,277	7,214,540
Finep	TLP from - 1.00% to 1.00% p.a.	266,185	304,581	266,185	304,581
		<u>9,824,232</u>	<u>9,601,116</u>	<u>9,826,289</u>	<u>9,607,559</u>
Current		<u>1,744,730</u>	<u>2,224,673</u>	<u>1,746,628</u>	<u>2,230,678</u>
Non-current		<u>8,079,502</u>	<u>7,376,443</u>	<u>8,079,661</u>	<u>7,376,881</u>

(ii) The amount of R\$ 1,710,476 related to principal and interest on loans, financing and debentures was amortized in the six-month period.

(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 December 31, 2022, all covenants were met. The next measurement will be made at December 31, 2023.

The breakdown of long-term loans and financing at June 30, 2023, by year of maturity, is as follows:

	Parent company	Consolidated
2024	528,505	528,657
2025	336,166	336,173
2026	568,609	568,609
2027	29,392	29,392
2028	29,392	29,392
2029	26,942	26,942
	<u>1,519,006</u>	<u>1,519,165</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 and interest at 100% of the cumulative variation of the daily average rates of the Interbank Deposits (DI) plus spread of 1.25% p.a. 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, and interest at 100% of the cumulative variation of the daily average rates of the

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

On September 1, 2020, 73,500 non-convertible debentures of the 10th public issuance of debentures 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 rates of the DI plus spread of 1.75% p.a. The nominal unit value of the 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 of debentures 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 rates of the DI plus spread of 1.45% p.a. The nominal unit value of the debentures will be amortized in a single installment, with final maturity on September 9, 2026.

On February 4, 2022, 500,000 non-convertible debentures of the 12th public issuance of debentures 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 rates of the DI plus a spread of 1.50% p.a. The nominal unit value of the debentures will be amortized in a single installment, with final maturity on February 4, 2027.

On August 10, 2022, 750,000 non-convertible debentures of the 13th issuance were issued for private placement, in three series, of the unsecured type, in the total amount of R\$ 750,000,000.00, which will back up the issuance of real estate receivables certificates of the 1st, 2nd and 3rd series of the 59th Issue of True Securitizadora S.A., so that 750,000 debentures were issued, with nominal unit value of R\$ 1.

- The 1st series in the amount of R\$200,000,000.00 and interest at 100% of the cumulative variation of the daily average rates of the DI plus spread of 0.75% p.a.
- The 2nd series in the amount of R\$ 397,641,000.00 monetarily adjusted by the Amplified Consumer Prices Index (IPCA), released by the Brazilian Institute of Geography and Statistics (IBGE) and interest corresponding to 6.2790% p.a.
- The 3rd series in the amount of R\$ 152,359,000.00 monetarily adjusted by the IPCA and interest corresponding to 6.4451% p.a.

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

On December 23, 2022, 750,000 non-convertible debentures of the 14th public issuance of debentures were issued, first and second series, in the amount of R\$ 750,000,000.00, with par value of R\$ 1,000.00 and interest at 100% of the cumulative variation of the daily average rates of the DI plus spread of 1.35% p.a. The nominal unit value of the debentures will be amortized in two installments, with final maturity on December 23, 2027.

On May 5, 2023, 800,000 non-convertible debentures of the 15th 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\$ 1,000.00 and interest at 100% of the cumulative variation of the daily average DI rate plus a spread of 2.20% p.a. The nominal unit value of the debentures will be amortized in two installments, with final maturity on April 25, 2028.

Debentures - Changes

	8 th Public Issuance	9 th Public Issuance	10 th Public Issuance 1 st and 2 nd	11 th Public Issuance	12 th Public Issuance	13 th Public Issuance 1 st , 2 nd and 3 rd Série	14 th Public Issuance 1 st and 2 nd Series	15 th Public Issuance Single series	Total
	Single series	Single series	Series	Single series	Single series				
Balances at January 1, 2023	808,713	2,562,339	765,715	1,042,841	528,738	757,691	748,503	-	7,214,540
Total issuance amount	-	-	-	-	-	-	-	800,000	800,000
Costs to be incurred	-	-	-	-	-	-	-	(4,220)	(4,220)
Finance charges	57,435	182,193	55,116	72,197	36,258	50,241	53,575	18,827	525,842
Interest paid	(57,690)	(182,461)	(54,020)	(72,557)	(37,626)	(32,655)	(50,876)	-	(487,885)
At June 30, 2023	808,458	2,562,071	766,811	1,042,481	527,370	775,277	751,202	814,607	8,048,277
Current	329,189	909,511	112,381	43,957	28,283	41,673	4,794	17,993	1,487,781
Non-current	479,269	1,652,560	654,430	998,524	499,087	733,604	746,408	796,614	6,560,496
Unrealized transaction costs	1,858	8,786	4,202	1,830	1,193	18,155	3,864	4,145	44,033
Current	1,126	4,791	1,983	498	278	2,404	272	759	12,111
Non-current	732	3,995	2,219	1,332	915	15,751	3,592	3,386	31,922

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

	June 30, 2023
2024	976,816
2025	1,479,036
2026	1,329,202
2027	1,840,252
2028	398,307
2029	388,206
2030	49,559
2031	49,559
2032	49,559
	<u>6,560,496</u>

a. Guarantees for loans and financing at June 30, 2023

	Parent company	Consolidated
Accounts receivable – Pledged guarantees	-	214
Letters of guarantee (*)	266,185	266,185
Pledged fixed assets	6,277	7,695
	<u>272,462</u>	<u>274,094</u>

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

b. Carrying amounts and estimated fair values

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

	Nominal rate	Consolidated		Fair value	
		June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Foreign currency					
Loans	USD+SOFR+0.681% to 0.809% p.a.	599,960	606,007	599,960	606,007
Local currency					
Loans	CDI + 1.26% to 3.00% p.a.	903,957	1,469,228	903,977	1,455,567
FCO	Fixed rate from 2.50% to 8.50% p.a.	7,514	12,422	7,514	12,422
Financing	Fixed rate from 2.50% to 8.70% p.a.	396	781	384	870
Debentures	CDI + 1.25% to 1.75% p.a.; IPCA + 6.2790% to 6.4451% p.a.	8,048,277	7,214,540	8,048,277	7,214,585
Finep	TLP + 1.00% to 1.00% p.a.	266,185	304,581	266,185	304,581
		<u>9,826,289</u>	<u>9,607,559</u>	<u>9,826,297</u>	<u>9,594,032</u>

The fair values of some current loans are equal to their carrying amounts, since the impact of marking-to-market is not material. The fair values are based on the discounted cash flow, using a market rate ranging from CDI + 0.55% to CDI + 1.82% p.a. (December 31, 2022 - CDI + 0.63% to CDI + 1.92% 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 and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Other liabilities	Derivative financial instruments (assets)			Derivative financial instruments (liabilities)
At January 1, 2023	9,601,116	73,410	21,766	677,773	390,290	(24,087)	41,347	10,645,760	21,427,375
Changes in cash flow from financing activities									
Hedges of loans	-	-	-	-	-	(9,265)	(48,870)	-	(58,135)
Loans taken out	1,350,000	-	-	-	-	-	-	-	1,350,000
Payment of loans - principal	(1,047,948)	-	(595)	-	(30,659)	-	-	-	(1,079,202)
Payments of loans - interest	(662,369)	-	-	-	(7,430)	-	-	-	(669,799)
Purchases of shares	-	(44,425)	-	-	-	-	-	(44,028)	(88,453)
Sales of shares	-	-	-	-	-	-	-	33,055	33,055
Intragroup loan payable	-	-	-	-	(604)	-	-	-	(604)
Dividends paid	-	-	-	(704,535)	-	-	-	-	(704,535)
Total changes in cash flow from financing activities	(360,317)	(44,425)	(595)	(704,535)	(38,693)	(9,265)	(48,870)	(10,973)	(1,217,673)
Other changes									
Additions	-	-	-	-	19,846	-	-	-	19,846
Leases	-	-	-	-	63,648	-	-	-	63,648
Taxes payable	-	-	1,378	-	-	-	-	-	1,378
Proposed dividends	-	-	-	389,538	-	-	-	-	389,538
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	1,250	1,250
Accrued interest	583,433	804	70	-	7,940	33,352	46,313	-	671,912
Interest on capital	-	-	-	-	-	-	-	(389,536)	(389,536)
Net income for the period	-	-	-	-	-	-	-	841,476	841,476
Loans - acquisitions of subsidiaries	-	(292)	-	-	-	-	-	-	(292)
Equity valuation adjustments	-	-	-	-	-	-	-	(40,024)	(40,024)
Other payables	-	-	-	-	(100,486)	-	-	-	(100,486)
Total other changes related to liabilities	583,433	512	1,448	389,538	(9,052)	33,352	46,313	413,166	1,458,710
At June 30, 2023	9,824,232	29,497	22,619	362,776	342,545	-	38,790	11,047,953	21,668,412

								Consolidated	
					Liabilities	Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	Notes payable	Taxes payable	Dividends and interest on capital payable	Other liabilities	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Equity	Total
At January 1, 2023	9,607,559	73,410	75,040	677,773	560,205	(34,428)	51,598	10,655,441	21,666,598
Changes in cash flow from financing activities									
Hedges of loans	-	-	-	-	-	(9,265)	(48,870)	-	(58,135)
Loans taken out	1,350,000	-	-	-	-	-	-	-	1,350,000
Payment of loans - principal	(1,051,371)	-	(595)	-	(34,406)	-	-	-	(1,086,372)
Payments of loans - interest	(663,439)	-	(689)	-	(10,075)	-	-	-	(674,203)
Purchases of shares	-	(44,425)	-	-	-	-	-	(44,028)	(88,453)
Sales of shares	-	-	-	-	-	-	-	33,055	33,055
Dividends paid	-	-	-	(704,535)	-	-	-	-	(704,535)
Total changes in cash flow from financing activities	(364,810)	(44,425)	(1,284)	(704,535)	(44,481)	(9,265)	(48,870)	(10,973)	(1,228,643)
Other changes									
Additions	-	-	-	-	11,055	-	-	-	11,055
Leases	-	-	-	-	98,017	-	-	-	98,017
Taxes payable	-	-	17,020	-	-	-	-	-	17,020
Proposed dividends	-	-	-	389,538	-	-	-	-	389,538
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	1,250	1,250
Accrued interest	583,540	804	342	-	10,295	59,928	19,738	-	674,647
Interest on capital	-	(292)	-	-	-	-	-	(389,536)	(389,828)
Net income for the period	-	-	-	-	-	-	-	841,476	841,476
MtM - Supplier hedges	-	-	-	-	-	(355)	-	-	(355)
Supplier hedges - interest paid	-	-	-	-	-	(19,560)	81,807	-	62,247
Equity valuation adjustments	-	-	-	-	-	-	-	(40,024)	(40,024)
Other payables	-	-	-	-	(111,401)	-	-	-	(111,401)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	1,862	1,862
Total other changes related to liabilities	583,540	512	17,362	389,538	7,966	40,013	101,545	415,028	1,555,504
At June 30, 2023	9,826,289	29,497	91,118	362,776	523,690	(3,680)	104,273	11,059,496	21,993,459

22 Deferred income and social contribution taxes

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 bases of social contribution are mainly generated by the tax deductibility of goodwill arising from acquisitions of companies (Note 18) and the distribution of interest on capital and the constitution of grant for investments.

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Deferred tax assets:				
Tax losses carried forward and negative CSLL bases	2,807,263	2,467,208	2,823,969	2,484,489
Contingencies	49,470	56,886	61,494	69,410
Expected credit losses	26,850	26,472	30,018	29,640
Other temporary differences	183,213	158,563	325,690	271,211
Total deferred tax assets	3,066,796	2,709,129	3,241,171	2,854,750
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company to the same tax authority (also recoverable against the calculation of current tax)	(2,312,721)	(2,150,345)	(2,437,586)	(2,251,580)
Remaining balance of deferred tax assets	754,075	558,784	803,585	603,170

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, and 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Goodwill	2,276,248	2,117,064	2,276,248	2,117,064
Fair value of property, plant and equipment - business combinations	14,876	15,972	36,415	45,454
Other	21,597	17,309	351,806	295,440
Total tax debt	<u>2,312,721</u>	<u>2,150,345</u>	<u>2,664,469</u>	<u>2,457,958</u>
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company to the same tax authority (also recoverable against the calculation of current tax)	<u>(2,312,721)</u>	<u>(2,150,345)</u>	<u>(2,437,586)</u>	<u>(2,251,580)</u>
Remaining balance of deferred liabilities	<u>-</u>	<u>-</u>	<u>226,883</u>	<u>206,378</u>

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Profit before income tax and social contribution	669,665	659,560	740,891	724,405
Combined rate - %	<u>34%</u>	<u>34%</u>	<u>34%</u>	<u>34%</u>
Income tax and social contribution expenses at the combined rate	(227,686)	(224,251)	(251,479)	(245,936)
Equity accounting	68,729	43,123	(1,229)	1,194
Government grants	194,207	171,499	205,495	172,894
Interest on capital declared	132,443	132,446	132,443	132,446
Interest/indexation in the nature of an indemnity	4,936	5,990	5,555	6,506
Other permanent additions/exclusions	(817)	15,083	11,486	11,311
Income tax and social contribution expenses	<u>171,812</u>	<u>143,890</u>	<u>102,271</u>	<u>78,415</u>
Current	-	-	(5,180)	(995)
Deferred	<u>171,812</u>	<u>143,890</u>	<u>107,451</u>	<u>79,410</u>
Discontinued operations	35	1,479	325	1,506
Continuing operations	<u>171,777</u>	<u>142,411</u>	<u>101,946</u>	<u>76,909</u>
	<u>171,812</u>	<u>143,890</u>	<u>102,271</u>	<u>78,415</u>
	26%	22%	14%	11%

23 Taxes payable

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
ICMS (value added tax) payable	20,517	19,400	68,029	65,695
IPI/PIS/COFINS payable	592	664	18,976	5,001
Other taxes payable	1,510	1,702	4,113	4,344
	<u>22,619</u>	<u>21,766</u>	<u>91,118</u>	<u>75,040</u>
Current	<u>22,418</u>	<u>21,003</u>	<u>87,878</u>	<u>70,861</u>
Non-current	<u>201</u>	<u>763</u>	<u>3,240</u>	<u>4,179</u>

24 Other payables

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Freight payable	25,170	25,237	33,377	34,207
Services provided	13,895	39,470	62,670	88,444
Advertising	37,177	24,314	37,177	24,314
Revenue to elapse	43,382	36,374	43,878	37,080
Purchases of fixed assets	973	7,095	32,439	38,404
Leases (i)	151,136	97,791	195,791	120,905
Leniency agreement (*)	8,513	104,280	8,513	104,280
Accrued taxes on inventory losses	-	-	11,505	21,771
Other	62,299	53,822	98,340	90,800
	<u>342,545</u>	<u>388,383</u>	<u>523,690</u>	<u>560,205</u>
Current	<u>221,131</u>	<u>295,783</u>	<u>345,453</u>	<u>431,239</u>
Non-current	<u>121,414</u>	<u>92,600</u>	<u>178,237</u>	<u>128,966</u>

(a) On April 20, 2023, the principal amount referring to the Leniency Agreement (R\$ 100,000) was settled (Note 14).

(i) Lease liabilities

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Current	49,281	29,333	55,366	33,399
Non-current	101,855	68,458	140,425	87,506
	<u>151,136</u>	<u>97,791</u>	<u>195,791</u>	<u>120,905</u>

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

	Parent company	Consolidated
At January 1, 2023	<u>97,791</u>	<u>120,905</u>
Payment of loans - principal	(30,659)	(34,406)
Payments of loans - interest	(7,430)	(10,075)
Additions	19,846	11,055
Remeasurement	63,648	98,017
Accrued interest	7,940	10,295
At June 30, 2023	<u>151,136</u>	<u>195,791</u>

a. Maturity of installments

Leases at June 30, 2023 have the following breakdown, by year of maturity:

	Parent company	Consolidated
1 to 2 years	28,650	31,200
2 to 5 years	54,803	69,585
More than 5 years	18,402	39,640
	<u>101,855</u>	<u>140,425</u>

b. Tax rights on leases

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

	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease liability	178,554	151,136	251,463	195,791
Estimated PIS/COFINS	(6,850)	(4,923)	(12,987)	(9,141)
	171,704	146,213	238,476	186,650

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	12.72%	12.72%
From 2 to 5 years	12.19%	12.14%
More than 5 years	10.95%	11.17%

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

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Lease liabilities				
Carrying amount - IFRS/CPC 06 (R2)	151,136	97,791	195,791	120,904
Flow with projected inflation	160,144	102,358	207,460	126,550
Variation	5.96%	4.67%	5.96%	4.67%
Net right of use - closing balance				
Carrying amount - IFRS/CPC 06 (R2)	144,206	93,788	196,203	124,479
Flow with projected inflation	152,801	98,168	207,897	130,292
Variation	5.96%	4.67%	5.96%	4.67%
	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Financial expenses				
Carrying amount - IFRS/CPC 06 (R2)	(7,940)	(9,988)	(10,296)	(12,564)
Flow with projected inflation	(8,413)	(10,454)	(10,910)	(13,151)
Variation	5.96%	4.67%	5.96%	4.67%
Depreciation expenses				
Carrying amount - IFRS/CPC 06 (R2)	(26,374)	(40,708)	(30,273)	(44,482)
Flow with projected inflation	(27,946)	(42,609)	(32,077)	(46,559)
Variation	5.96%	4.67%	5.96%	4.67%

25 Provision for contingencies

At June 30, 2023, the Company had the following provision for contingencies and corresponding deposits with courts related to contingencies:

	June 30, 2023				December 31, 2022			
	Contingencies assumed in business combinations		Escrow deposits		Contingencies assumed in business combinations		Escrow deposits	
	Forecast of likely loss	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies net of deposits with courts
Civil	1,065	11,603	-	12,668	773	11,208	-	11,981
Labor	95,354	683	(14,999)	81,038	100,409	61	(16,296)	84,174
Tax	18,374	15,057	(16,477)	16,954	16,421	34,941	(15,943)	35,419
Administrative/other	3,365	-	-	3,365	3,277	224	(193)	3,308
Liabilities of former owners	5,131	-	-	5,131	4,505	-	-	4,505
	<u>123,289</u>	<u>27,343</u>	<u>(31,476)</u>	<u>119,156</u>	<u>125,385</u>	<u>46,434</u>	<u>(32,432)</u>	<u>139,387</u>

	June 30, 2023				December 31, 2022			
	Contingencies assumed in business combinations		Escrow deposits		Contingencies assumed in business combinations		Escrow deposits	
	Forecast of likely loss	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies net of deposits with courts	Forecast of likely loss	Contingencies net of deposits with courts
Civil	1,142	11,603	-	12,745	834	11,208	-	12,042
Labor	99,728	683	(16,641)	83,770	105,378	61	(17,774)	87,665
Tax	45,017	15,057	(41,619)	18,455	41,597	34,941	(40,850)	35,688
Administrative/other	7,710	-	(46)	7,664	9,919	224	(237)	9,906
Liabilities of former owners	9,254	-	-	9,254	7,955	-	-	7,955
	<u>162,851</u>	<u>27,343</u>	<u>(58,306)</u>	<u>131,888</u>	<u>165,683</u>	<u>46,434</u>	<u>(58,861)</u>	<u>153,256</u>

Changes in contingencies

	Parent company					
	December 31, 2022	Indexation accruals	Additions	Reversals	Payments	June 30, 2023
Civil	11,981	487	423	(106)	(117)	12,668
Labor	100,470	5,372	10,464	(7,924)	(12,345)	96,037
Tax	51,362	1,177	857	(19,965)	-	33,431
Administrative/other	3,501	196	-	(100)	(232)	3,365
Liabilities of former owners	4,505	229	1,288	(559)	(332)	5,131
	<u>171,819</u>	<u>7,461</u>	<u>13,032</u>	<u>(28,654)</u>	<u>(13,026)</u>	<u>150,632</u>
Escrow deposits	(32,432)	(1,120)	(3,090)	945	4,221	(31,476)
	<u>139,387</u>	<u>6,341</u>	<u>9,942</u>	<u>(27,709)</u>	<u>(8,805)</u>	<u>119,156</u>

	Consolidated					
	December 31, 2022	Indexation accruals	Additions	Reversals	Payments	June 30, 2023
Civil	12,042	496	447	(106)	(134)	12,745
Labor (a)	105,439	5,580	12,564	(8,981)	(14,191)	100,411
Tax	76,538	2,440	1,061	(19,965)	-	60,074
Administrative/other	10,143	416	196	(2,314)	(731)	7,710
Liabilities of former owners (b)	7,955	425	1,816	(561)	(381)	9,254
	<u>212,117</u>	<u>9,357</u>	<u>16,084</u>	<u>(31,927)</u>	<u>(15,437)</u>	<u>190,194</u>
Escrow deposits	(58,861)	(1,960)	(4,110)	1,591	5,034	(58,306)
	<u>153,256</u>	<u>7,397</u>	<u>11,974</u>	<u>(30,336)</u>	<u>(10,403)</u>	<u>131,888</u>

(a) The additions refer to 91 new labor lawsuits, the reversals refer to 81 labor lawsuits and the payments refer to 82 labor lawsuits.

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

Possible contingencies

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

	Parent company		Consolidated	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	44,382	59,780	46,396	62,330
Labor	298,201	365,620	306,001	379,142
Tax	133,511	107,823	151,139	124,563
Administrative/other	1,620	1,618	2,450	2,386
Liabilities of former owners	386,949	374,321	553,979	537,235
	<u>864,663</u>	<u>909,162</u>	<u>1,059,965</u>	<u>1,105,656</u>

26 Capital

a. Share capital

On June 30, 2023, 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 June 30, 2023 was R\$ 4,478,126 (R\$ 4,478,126 at December 31, 2022), represented by 633,420,823 common shares (633,420,823 at December 31, 2022).

b. Treasury shares

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

	Number	Amount
At 12/31/2022	1,523,351	87,134
Acquisition in the period	1,150,000	44,028
Sales in the period	(1,763,019)	(95,130)
At 06/30/2023	<u>910,332</u>	<u>36,032</u>

c. Interest on capital

On March 24, 2023, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 194,768.

On June 23, 2023, the Board of Directors approved the payment of interest on capital to the Company's shareholders, in the amount of R\$ 194,768.

27 Revenue

The reconciliation between gross and net revenue is as follows:

			Parent company	
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Gross revenue from products	2,579,460	4,559,317	2,175,338	3,937,187
Returns	(29,613)	(54,765)	(18,775)	(34,299)
Unconditional discounts	(49,714)	(103,825)	(28,574)	(88,755)
Net revenue from returns and unconditional discounts	<u>2,500,133</u>	<u>4,400,727</u>	<u>2,127,989</u>	<u>3,814,133</u>
Promotional discounts	(143,516)	(246,508)	(107,758)	(202,342)
Taxes	(104,748)	(184,479)	(92,981)	(163,634)
Net revenue	<u>2,251,869</u>	<u>3,969,740</u>	<u>1,927,250</u>	<u>3,448,157</u>
			Consolidated	
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Gross revenue from products	2,647,717	4,672,861	2,206,078	3,992,432
Returns	(30,251)	(56,377)	(19,339)	(35,051)
Unconditional discounts	(67,849)	(126,669)	(32,018)	(93,294)
Net revenue from returns and unconditional discounts	<u>2,549,617</u>	<u>4,489,815</u>	<u>2,154,721</u>	<u>3,864,087</u>
Promotional discounts	(142,974)	(245,483)	(105,968)	(199,930)
Taxes	(175,566)	(315,060)	(153,117)	(274,971)
Net revenue	<u>2,231,077</u>	<u>3,929,272</u>	<u>1,895,636</u>	<u>3,389,186</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 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.

General and administrative expenses	(89,981)	(170,738)	(70,545)	(136,019)
Payroll and related taxes	(56,106)	(102,827)	(42,226)	(83,607)
Services, lawyers, advisors and auditors	(19,752)	(41,198)	(19,858)	(35,238)
Depreciation and amortization expenses	(12,080)	(22,655)	(7,261)	(14,694)
Other expenses	(2,043)	(4,058)	(1,200)	(2,480)

b. Other operating (expenses) income, net

			Parent company	
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Potential gains (losses)	10,502	(4,914)	(22,409)	(20,108)
Depreciation and amortization expenses	(458)	(1,040)	(567)	(853)
Civil and labor contingencies	(2,373)	(5,514)	783	10,733
	<u>7,671</u>	<u>(11,468)</u>	<u>(22,193)</u>	<u>(10,228)</u>

			Consolidated	
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Potential gains (losses)	20,765	29,412	9,192	4,787
Depreciation and amortization expenses	(383)	(889)	(491)	(698)
Civil and labor contingencies	(2,424)	(3,318)	486	10,734
	<u>17,958</u>	<u>25,205</u>	<u>9,187</u>	<u>14,823</u>

c. Financial income

			Parent company	
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Interest income	15,539	30,521	15,291	30,643
Income from financial investments and others	36,318	79,169	31,994	65,541
	<u>51,857</u>	<u>109,690</u>	<u>47,285</u>	<u>96,184</u>

			Consolidated	
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Interest income	18,548	35,864	17,986	34,596
Income from financial investments and others	38,905	86,314	36,344	75,611
	<u>57,453</u>	<u>122,178</u>	<u>54,330</u>	<u>110,207</u>

d. Financial expenses

			Parent company	
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Interest on financing	(5,111)	(10,517)	(5,745)	(13,393)
Interest on borrowings	(55,718)	(119,759)	(65,544)	(125,454)
Interest on notes payable	(284)	(682)	(557)	(1,060)
Indexation accruals on contingencies	(3,475)	(7,232)	(4,624)	(8,307)
REFIS (financing of tax liabilities)	(28)	(70)	(60)	(123)
Debentures	(261,970)	(518,764)	(182,362)	(333,865)
Interest and commission on letters of guarantee	(1,877)	(2,617)	(1,352)	(3,009)
Bank expenses, discounts granted and others	(13,108)	(28,484)	(6,405)	(21,625)
Cost of hedges and exchange variations on loans	(681)	(757)	446	147
Cost of hedges and exchange variations on suppliers	(5)	7	1,159	61
Reversals of present value adjustments	(4,023)	(7,940)	(2,280)	(3,885)
Capitalized interest	891	1,781	309	903
Other	(271)	(1,531)	(114)	(159)
	<u>(345,660)</u>	<u>(696,565)</u>	<u>(267,129)</u>	<u>(509,769)</u>

			Consolidated	
	04/01/2023 to 06/30/2023	01/01/2023 to 06/30/2023	04/01/2022 to 06/30/2022	01/01/2022 to 06/30/2022
Interest on financing	(5,150)	(10,627)	(5,935)	(13,813)
Interest on borrowings	(55,725)	(119,875)	(65,552)	(125,474)
Interest on notes payable	(284)	(682)	(557)	(1,060)
Indexation accruals on contingencies	(4,328)	(8,932)	(6,026)	(10,463)
REFIS (financing of tax liabilities)	(28)	(70)	(60)	(123)
Debentures	(261,970)	(518,764)	(182,362)	(333,865)
Interest and commission on letters of guarantee	(1,908)	(2,650)	(1,356)	(3,019)
Bank expenses, discounts granted and others	(12,978)	(28,276)	(7,346)	(24,492)
Cost of hedges and exchange variations on loans	(681)	(757)	446	147
Cost of hedges and exchange variations on suppliers	(9,335)	(21,012)	(9,607)	(24,447)
Reversals of present value adjustments	(5,170)	(10,296)	(2,824)	(4,834)
Capitalized interest	39,367	76,480	16,757	47,673
Other	(1,556)	(4,795)	(281)	(403)
	<u>(319,746)</u>	<u>(650,256)</u>	<u>(264,703)</u>	<u>(494,173)</u>

29 Related-party transactions

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

Transactions and balances

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

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

In commercial relationships with related parties, prices are established based on the characteristics and nature of 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, with a maturity date of May 2, 2025, which may be extended as agreed between the parties.

a. In assets and liabilities

					Parent company
					June 30, 2023
Related parties	Other amounts receivable	Shareholders' indemnity	Suppliers	Accounts payable	Other amounts payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	745	-	(141,267)	-	-
My Agência Propaganda Ltda.	1	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	-	(649,683)	(4,739)	(919)
Megatelecom Telecommunications S.A.	36	-	-	(85)	-
Bio Brands Franchising Gestão de Marcas Ltda	-	-	-	-	(385)
Solana Agropecuária Ltda.	42	-	-	-	-
João Alves de Queiroz Filho	-	8,513	-	-	-
Total	824	8,513	(790,950)	(4,824)	(1,304)

					Consolidated
					June 30, 2023
Related parties	Other amounts receivable	Shareholders' indemnity	Suppliers	Accounts payable	Other amounts payable
Megatelecom Telecommunications S.A.	36	-	-	(186)	-
João Alves de Queiroz Filho	-	8,513	-	-	-
Total	36	8,513	-	(186)	-

					Parent company
					December 31, 2022
Related parties	Other amounts receivable	Shareholders' indemnity	Suppliers	Accounts payable	Other amounts payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	-	(104,605)	-	(1,908)
My Agência Propaganda Ltda.	5	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	5,634	-	(639,351)	-	-
Megatelecom Telecommunications S.A.	20	-	-	(74)	-
Bio Scientific Indústria de Cosméticos Ltda.	-	-	(7)	-	-
Solana Agropecuária Ltda.	-	-	-	-	-
João Alves de Queiroz Filho	-	158,258	-	-	-
Total	5,659	158,258	(743,963)	(74)	(1,908)

					Consolidated
					December 31, 2022
Related parties	Other amounts receivable	Shareholders' indemnity	Suppliers	Accounts payable	Other amounts payable
Megatelecom Telecommunications S.A.	20	-	-	(94)	-
João Alves de Queiroz Filho	-	162,829	-	-	-
Total	20	162,829	-	(94)	-

b. In income for the period

							Parent company	
							June 30, 2023	
Related parties	Transactions			Other (expenses)/income			Interest	
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(368,098)	-	-	-	-	(5,301)	-	-
My - Agência Propaganda Ltda.	-	108	(2,280)	-	-	-	-	-
TV Serra Dourada Ltda.	-	-	(529)	-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(1,729,684)	-	-	(1,167)	-	(36,814)	(113)	-
Megatelecom Telecommunications S.A.	-	214	-	-	(238)	-	-	-
Bio Scientific Indústria de Cosméticos Ltda.	(127)	-	-	-	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	8,932
	(2,097,909)	322	(2,809)	(1,167)	(238)	(42,115)	(113)	8,932

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

								Parent company	
								June 30, 2022	
Related parties	Transactions			Other (expenses)/income			Interest		
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial income	Financial expenses	
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(163,359)	-	-	-	-	(4,174)	-	-	
My - Agência Propaganda Ltda.	-	102	(2,280)	-	-	-	-	-	
TV Serra Dourada Ltda.	-	-	(440)	-	-	-	-	-	
Brainfarma Ind. Quím. e Farmacêutica S.A.	(769,618)	-	-	(1,048)	(161)	(28,605)	-	-	
Megatelecom Telecommunications S.A.	-	184	-	-	(218)	-	-	-	
João Alves de Queiroz Filho	-	-	-	-	-	-	-	3,817	
	<u>(932,977)</u>	<u>286</u>	<u>(2,720)</u>	<u>(1,048)</u>	<u>(379)</u>	<u>(32,779)</u>	<u>-</u>	<u>3,817</u>	

								Consolidated	
								June 30, 2022	
Related parties	Transactions			Other (expenses)/income			Interest		
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial income	Financial expenses	
TV Serra Dourada Ltda.	-	-	(440)	-	-	-	-	-	
Megatelecom Telecommunications S.A.	-	184	-	-	(280)	-	-	-	
João Alves de Queiroz Filho	-	-	-	-	-	-	-	4,140	
	<u>-</u>	<u>184</u>	<u>(440)</u>	<u>-</u>	<u>(280)</u>	<u>-</u>	<u>-</u>	<u>4,140</u>	

c. Compensation of key management personnel

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

	Parent company		Consolidated	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Salaries and other short-term benefits	9,653	9,122	9,653	9,122
Board members' fees	2,888	2,381	2,888	2,381
Share-based payments	6,108	5,064	6,108	5,064
	<u>18,649</u>	<u>16,567</u>	<u>18,649</u>	<u>16,567</u>

30 Other matters

Accounting impacts related to climate change

With a view to reducing the socio-environmental impacts of the operation, the Company maintains its manufacturing plants in controlled and industrial locations. Among the main risks monitored and controlled are the handling of products and generation of hazardous waste; water consumption and effluent generation; and the emission of greenhouse gases (GHG). The Company follows the best corporate governance practices recommended by the Brazilian Institute of Corporate Governance (IBGC), considering accountability, transparency, equity and corporate responsibility, fundamental values for its business, and all its actions are disclosed in Company's official communication channels duly assured by independent auditors. According to the Company's assessment, it did not generate accounting impacts.

31 Events after the reporting period

On July 5, 2023, Brainfarma Industria Química e Farmacêutica S.A. (the Company's subsidiary) acquired a business for the manufacturing of the medicine Buscopan, for R\$ 95,683,532.04, mainly comprising land, buildings, machinery, equipment, inventories and certain labor provisions related to the transferred employees, as well as manufacturing know-how.

* * *