

Hypera S.A.
Quarterly information report
March 31, 2021

Content

Management report	3
Report on review of Quarterly Information - ITR	19
Balance sheet	22
Statements of income	23
Statements of comprehensive income	24
Statements of changes in shareholders' equity	25
Statements of cash flows	26
Statements of added value	27
Notes to the quarterly information report	28

Hypera Pharma reports Net Revenue growth of 43.7% in 1Q21, with EBITDA from Continuing Operations expansion of 45.6%

São Paulo, April 23, 2021 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the 1st quarter of 2021. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

1Q21 Highlights

- Net revenue of R\$1,170.9 million in the quarter, or 43.7% higher than 1Q20
- EBITDA from Continuing Operations of R\$362.0 million, or 45.6% higher than 1Q20
- Net Income of R\$305.1 million, an increase of 28.1% over 1Q20
- Sell-out growth of 11.5%¹ in 1Q21, or 2.0 p.p. above the market², according to IQVIA
- Interest on Equity Approval of R\$194.8 million in 1Q21, or 5% higher than 1Q20
- Completion of Takeda brands and Simple Organic acquisitions
- Acquisition of a minority stake in Consulta Remédios, 2nd investment made by Hypera Ventures

Table 1

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	911.6	111.8%	1,331.5	113.7%	46.1%
Net Revenue	815.0	100.0%	1,170.9	100.0%	43.7%
Gross Profit	543.1	66.6%	752.8	64.3%	38.6%
SG&A (ex-Marketing and R&D)	(145.2)	-17.8%	(166.9)	-14.3%	14.9%
Research & Development	(32.0)	-3.9%	(40.4)	-3.4%	26.1%
Marketing	(182.6)	-22.4%	(214.7)	-18.3%	17.6%
EBITDA from Continuing Operations	248.7	30.5%	362.0	30.9%	45.6%
Net Income from Continuing Operations	248.0	30.4%	307.6	26.3%	24.1%
Net Income	238.2	29.2%	305.1	26.1%	28.1%

EARNINGS CONFERENCE CALL – PORTUGUESE: 04/26/2021, 11am (Brasília) / 10am (New York)

Webcast: [click here](#) / **Phone:** +55 11 3181-8565 (code – Hypera)

Replay: +55 (11) 3193-1012 or +55 (11) 2820-4012 (code – 5476238#) or website ir.hypera.com

EARNINGS CONFERENCE CALL – ENGLISH (Simultaneous translation): 04/26/2021, 11am (Brasília) / 10am (New York)

Webcast: [click here](#) / **Phone:** US Toll Free +1 412 717-9627 | International +1 412 717-9627 (code – Hypera)

Replay: +55 (11) 3193-1012 (code – 8440138#) or website ir.hypera.com

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

IR contacts

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

Operating Scenario

In 1Q21, Hypera Pharma's Net Revenue grew 43.7% and reached R\$1,170.9 million. This growth was mainly driven by: (i) the contribution to Net Revenue of the portfolio of medicines acquired from Takeda and the Buscopan family, and (ii) the 11.5% organic growth in sell-out¹, or 2.0 percentage points above the market, which continued to be favored by the gradual demand improvement in the Brazilian pharmaceutical retail market observed since the second half of 2020 and by the Company's initiatives to accelerate its long-term sustainable growth. **When excluding the contribution to Net Revenues from the portfolio of medicines acquired from Takeda and the Buscopan family, Net Revenues growth reached 16.3%.**

Similar and Generics was once again the main highlight with strong double-digit growth, driven mainly by: (i) the Company's robust distribution platform; (ii) the initiatives to increase the visibility of the **Neo Química** brand; and (iii) the expansion of the production capacity of solids in the Anápolis facilities. **It is important to mention that Hypera Pharma has in its innovation pipeline important launches for this year, which should contribute to the increase of Company's coverage in generics in the pharmaceutical retail market to approximately 55% of the total molecules by the end of 2021.**

In **Prescription Products**, the performance was mainly benefited by the growth in chronic medicines, a segment in which the Company has been strengthening its participation in recent years with several relevant launches, in dermatology and in the Vitamin D market, with its leading brand Addera D-3. **This performance led to a market share expansion in Prescriptions Products for the second consecutive quarter.**

In **Consumer Health**, the highlights were the Vitamins, Supplements and Nutritionals segment, whose growth was boosted by the recent brand extensions of **Vitasay** and **Finn**, the Gastrointestinal segment, with the brands **Tamarine**, **Epocler** and **Gastrol**, and the recent launch **Maracugina Noite**.

The Company was able to expand the EBITDA from Continuing Operations Margin by 4.0 percentage points, to 30.9% in 1Q21, when excluding Other Operating Revenues, thanks to the greater discipline in the costs and expenses management and to the integration synergies from the acquired portfolios. **The Company's operating cash generation grew by 67.4% in the quarter**, when excluding the amount of R\$135.0 million of initial working capital investment related the portfolio of brands acquired from Takeda.

The Company continued to advance in its digital transformation and at the end of 1Q21 launched **Parceiro Hypera**, its omnichannel B2B platform that will allow all clients and points of sale to have access to the innovations and special conditions of the Hypera Pharma product portfolio. It is important to mention that the Company already has approximately 10% of its clients registered in the platform, and that the sales to these clients are already growing above the average.

In addition, Hypera Ventures made its second corporate venture capital investment with the acquisition of a minority stake in **Consulta Remédios**, the largest platform for accessing and consulting medicines information in Brazil (www.consultaremedios.com.br). **This movement seeks to increase the Company's proximity to its end consumers in order to understand their consumption habits aiming to boost sales and promote quality health to Brazilians.**

The Company continues to invest in its sustainable growth in order to capture the most diverse opportunities in the pharmaceutical market, without losing sight of its commitment to the remuneration of its shareholders. **In 1Q21, the Company approved Interest on Equity of R\$194.8 million referring to 1Q21 (R\$0.31/share), an increase of 5% over the amount declared in 1Q20.**

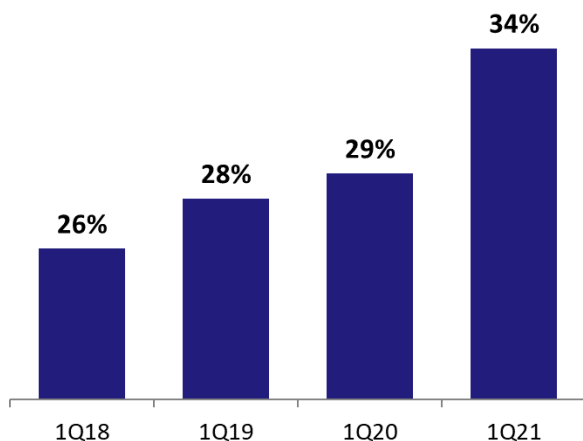
The sell-out growth observed in the last quarters, the integration of the portfolios acquired, the recent launches and the innovation pipeline with more than 350 projects put the Company in a leading position in the Brazilian pharmaceutical market.

Thus, the Company announced for 2021 **Net Revenue** guidance of around R\$5,900 million, **EBITDA from Continuing Operations** guidance of around R\$2,000 million, and **Net Income from Continuing Operations** guidance of around R\$1,550 million. For the purpose of the guidance, EBITDA from Continuing Operations did not consider any balance for "Other Operating Revenues (Expenses)".

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

Innovation & Launches

Innovation Index



Research and Development investments, including the amount capitalized as an intangible asset, totaled R\$83.7 million in 1Q21, an increase of 42.9% when compared to 1Q20. **As a percentage of Net Revenue, total investments in R&D represented 7.1% in 1Q21, compared to 7.2% in 1Q20, and already reflect the dilution of these investments due to the additional contribution to Net Revenue of the portfolio of medicines acquired from Takeda and the Buscopan family.**

The 1Q21 innovation index, corresponding to the percentage of Net Revenue from products launched in the last five years, reached 34%.

In 1Q21, the highlights were the launch of the line extensions of Neo Química Vitamins **Vitamin C** and **Vitamin C + Zinc** in dissolving tablets, **Lune SL** and **zolpidem hemitartrate SL**, for the treatment of insomnia in sublingual pharmaceutical form, and

donepezil hydrochloride for the treatment of Alzheimer's dementia.

The Company also launched **Addera D3 Flash**, the first brand of Vitamin D in Brazil on a film pharmaceutical form, **Colflex Muscular**, line extension of the Colflex brand for muscle mass recovery, and **Alektos Ped**, line extension of the patented antihistamine Alektos acquired from Takeda to be promoted with in pediatricians.



Earnings Discussion

Income Statement

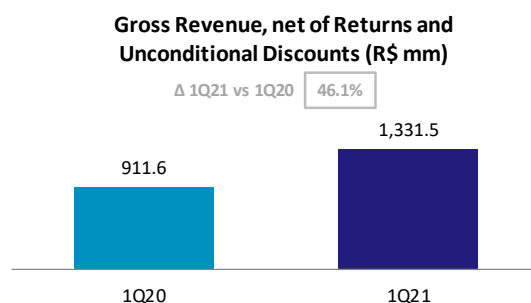
The following table is a summary of Hypera Pharma's Income Statement:

Table 2

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Net Revenue	815.0	100.0%	1,170.9	100.0%	43.7%
Gross Profit	543.1	66.6%	752.8	64.3%	38.6%
Marketing Expenses	(182.6)	-22.4%	(214.7)	-18.3%	17.6%
Selling Expenses	(127.4)	-15.6%	(151.4)	-12.9%	18.9%
General and Administrative Expenses	(49.8)	-6.1%	(55.9)	-4.8%	12.1%
Other Operating Revenues (Expenses)	29.5	3.6%	0.5	0.0%	-98.3%
Equity in Subsidiaries	5.6	0.7%	(0.5)	0.0%	-
EBIT from Continuing Operations	218.3	26.8%	330.8	28.3%	51.5%
Net Financial Expenses	12.7	1.6%	(41.3)	-3.5%	-
Income Tax and CSLL	16.9	2.1%	18.1	1.5%	7.0%
Net Income (Loss) from Continuing Operations	248.0	30.4%	307.6	26.3%	24.1%
Net Income from Discontinued Operations	(9.8)	-1.2%	(2.5)	-0.2%	-74.0%
Net Income (Loss)	238.2	29.2%	305.1	26.1%	28.1%
EBITDA from Continuing Operations	248.7	30.5%	362.0	30.9%	45.6%

Net Revenue

Graph 1



Graph 2

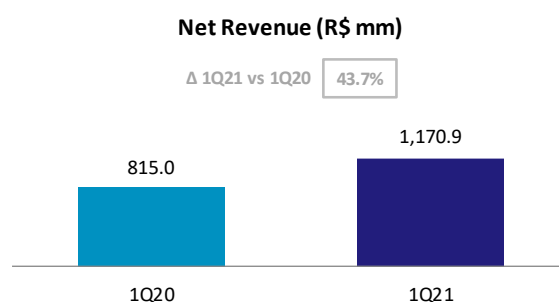


Table 3

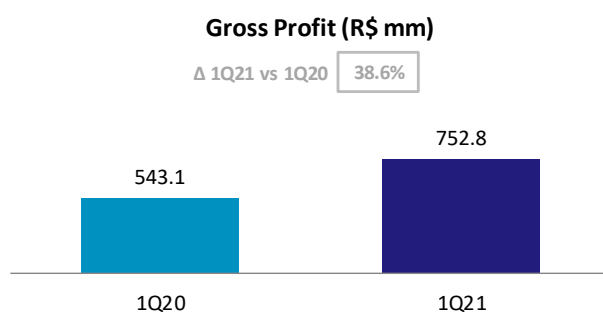
(R\$ million)	1Q20	1Q21	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	911.6	1,331.5	46.1%
Promotional Discounts	(26.1)	(62.6)	140.1%
Taxes	(70.5)	(98.0)	39.1%
Net Revenue	815.0	1,170.9	43.7%

In 1Q21, the growth of Net Revenue was 43.7% when compared to the same period of the previous year, totaling R\$1,170.9 million. This growth is mainly due to: **(i) the contribution to Net Revenue from the portfolio of medicines acquired from Takeda and the Buscopan family**; and **(ii) the increase in sell-out in the period**, which was driven by the growth in **Generics and Similar**s, chronic medicines in **Prescription Products** and vitamins, supplements and nutritionals in **Consumer Health**.

When excluding the contribution to Net Revenues from the portfolio of medicines acquired from Takeda and the Buscopan family, Net Revenues growth reached 16.3%.

Gross Profit

Graph 3



Graph 4

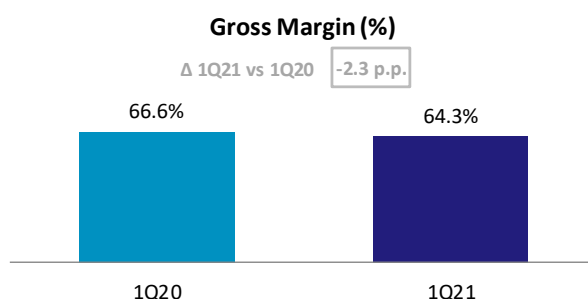


Table 4

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %	Δ p.p.
Gross Profit	543.1	66.6%	752.8	64.3%	38.6%	-2.3 p.p.

Gross Profit reached R\$752.8 million in 1Q21, with Gross Margin of 64.3%, compared to 66.6% in 1Q20. The variation in Gross Margin is mainly a consequence of the devaluation of the Brazilian Real against the US Dollar in the period, which affected negatively the Gross Margin by 1.8% percentage point.

In order to mitigate the impact of the devaluation of the Brazilian Real against the US Dollar and to protect its operations from exchange rate future volatility, the Company: (i) updated the prices of its portfolio as of 2Q21, in line with what was authorized by the Brazilian Medicines Market Regulation Chamber (*Câmara de Regulação do Mercado de Medicamentos - CMED*); and (ii) carried out foreign exchange derivatives operations (foreign exchange hedge) related to the future purchase of raw material indexed to US Dollar.

Marketing Expenses

Table 5

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Marketing Expenses	(182.6)	-22.4%	(214.7)	-18.3%	17.6%
Advertisement and Consumer Promotion	(42.6)	-5.2%	(59.6)	-5.1%	39.9%
Trade Deals	(20.5)	-2.5%	(33.5)	-2.9%	63.7%
Medical Visits, Promotions and Others	(119.5)	-14.7%	(121.6)	-10.4%	1.8%

Marketing Expenses reduced their share of Net Revenue by 4.1 percentage points in 1Q21, from 22.4% of Net Revenue in 1Q20 to 18.3% in 1Q21. This reduction was mainly due to the decrease in the share of Medical Visits, Promotions and Others over Net Revenue, a consequence mainly of: (i) the increase in medical visits and medical events held remotely since the beginning of the Covid-19 pandemic, which contributed to travel expenses reductions; (ii) the sell-out and Net Revenue growth from Prescription Products; and (iii) the operational synergies from the recent integration of the portfolio of medicines promoted with the medical community acquired from Takeda.

Selling Expenses

Table 6

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Selling Expenses	(127.4)	-15.6%	(151.4)	-12.9%	18.9%
Commercial Expenses	(74.1)	-9.1%	(83.9)	-7.2%	13.3%
Freight and Logistics Expenses	(21.3)	-2.6%	(27.1)	-2.3%	27.4%
Research & Development	(32.0)	-3.9%	(40.4)	-3.4%	26.1%

Selling Expenses represented 12.9% of Net Revenue in 1Q21, a reduction of 2.7 percentage points when compared to 1Q20. This reduction is mainly due to the 1.9 percentage point decrease in the share of Commercial Expenses over Net Revenue, and already reflects the operational synergies from the recent integration of the portfolio of medicines acquired from Takeda and the Buscopan family.

In the quarter, R&D total investments, including the amount capitalized as intangible asset, grew 42.9%, reinforcing the Company's commitment to innovation and sustainable growth, even during the Covid-19 pandemic. **As a percentage of Net Revenue, total investments in R&D accounted for 7.1% in 1Q21, compared to 7.2% in 1Q20, and already reflect the dilution of these investments due to the additional contribution to the Net Revenue from the portfolio of medicines acquired from Takeda and the Buscopan family.**

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

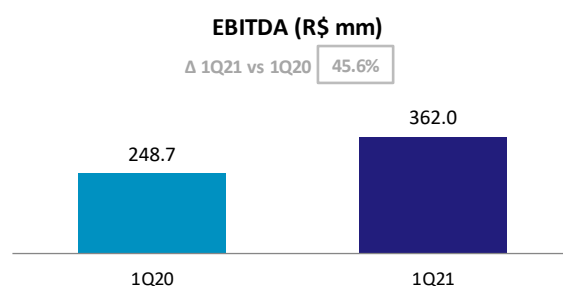
Table 7

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
General & Administrative Expenses	(49.8)	-6.1%	(55.9)	-4.8%	12.1%
Other Operating Revenues (Expenses)	29.5	3.6%	0.5	0.0%	-98.3%

General and Administrative Expenses reduced their share of Net Revenue by 1.3 percentage points in 1Q21, mainly due to: (i) the dilution of fixed expenses with the integration of the portfolio of medicines acquired from Takeda and the Buscopan family; and (ii) the Company's initiatives to preserve the profitability of its operations during the Covid-19 pandemic, such as the reduction in the number of trips and the implementation of home office for administrative teams.

EBITDA from Continuing Operations

Graph 5



Graph 6

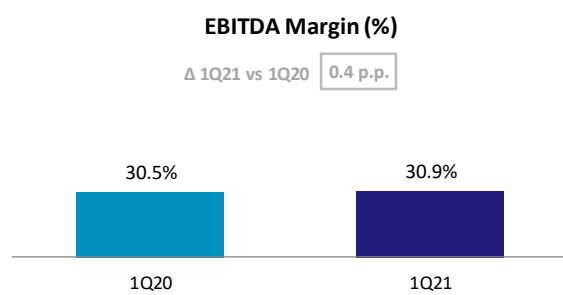


Table 8 – EBITDA from Continuing Operations

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
EBITDA from Continuing Operations	248.7	30.5%	362.0	30.9%	45.6%

EBITDA from Continuing Operations was R\$362.0 million in 1Q21, an increase of 45.6% over the previous year and margin of 30.9%. EBITDA from Continuing Operations growth is a consequence mainly of the combination of the 38.6% growth in Gross Profit and the operational synergies captured from the recent integration of the portfolio of medicines acquired from Takeda and the Buscopan family.

Net Financial Expenses

Table 9

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ R\$
Financial Result	12.7	1.6%	(41.3)	-3.5%	(54.0)
Net Interest Expenses	17.9	2.2%	(33.2)	-2.8%	(51.1)
Cost of Hedge and FX Gains (Losses)	6.3	0.8%	3.2	0.3%	(3.1)
Other	(11.5)	-1.4%	(11.3)	-1.0%	0.2

The Financial Result presented a negative balance of R\$41.3 million in 1Q21, compared to a positive balance of R\$12.7 million in 1Q20. This variation is a result of the increase in interest expenses due to the Company's greater gross debt, mainly due to the issuance of debentures to pay for the portfolio of medicines acquired from Takeda.

Net Income

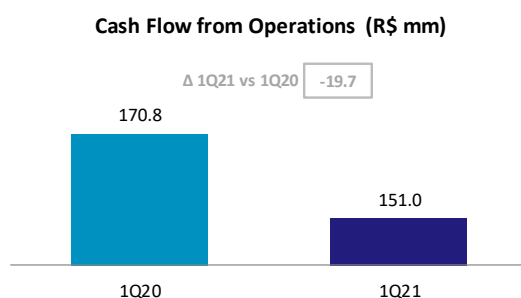
Table 10

(R\$ million)	1Q20	1Q21	Δ %
EBIT from Continuing Operations	218.3	330.8	51.5%
(-) Net Financial Expenses	12.7	(41.3)	-
(-) Income Tax and Social Contribution	16.9	18.1	7.0%
Net Income from Continuing Operations	248.0	307.6	24.1%
(+) Net Income from Discontinued Operations	(9.8)	(2.5)	-74.0%
Net Income	238.2	305.1	28.1%
EPS	0.38	0.48	27.9%
EPS from Continuing Operations	0.39	0.49	23.9%

Net Income from Continuing Operations totaled R\$307.6 million in the quarter, an increase of 24.1%. The Net Income from Continuing Operations growth is mainly due to the 51.5% growth in EBIT from Continuing Operations and the Net Financial Expenses of R\$41.3 million recorded in the quarter.

Cash Flow (Continuing and Discontinued Operations)

Graph 7



Graph 8

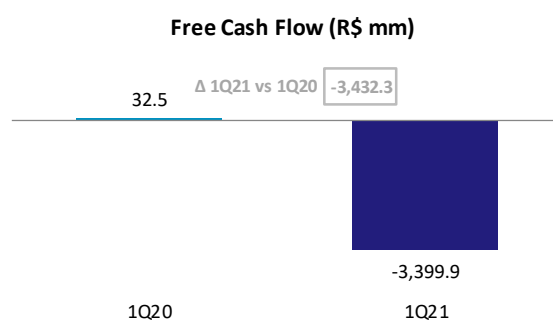


Table 11

(R\$ million)	1Q20	1Q21
Cash Flow from Operations	170.8	151.0
Purchase of Property, Plant and Equipment	(92.8)	(115.1)
Purchase of Intangible Assets	(33.1)	(46.7)
Acquisitions of Subsidiaries, Net of Cash Acquired	(13.0)	(3,543.6)
Sale of Property, Plant and Equipment	0.5	154.5
(=) Free Cash Flow	32.5	(3,399.9)

Operating Cash Flow grew 67.4% in the quarter, when excluding the amount of R\$135.0 million of initial working capital investment related to portfolio of medicines acquired from Takeda. Free Cash Flow was negative in R\$3,399.9 million, compared to a positive free cash flow of R\$32.5 million in 1Q20, mainly due to the payment for the portfolio of medicines acquired from Takeda, net of the ex-Brazil portfolio and the Xantinon brand divestments, in the amount of R\$3.3 billion.

Net Debt

Table 12

(R\$ million)	1Q21
Loans and Financing	(6,648.5)
Notes Payable	(36.4)
Gross Debt	(6,684.9)
Cash and Cash Equivalents	1,698.0
Net Cash / (Debt)	(4,986.9)
Unrealized Gain/Loss on Debt Hedge	34.0
Net Cash / (Debt) After Hedge	(4,952.9)

The Company ended 1Q21 with a Net Debt After Hedge position of R\$4,952.9 million, compared to R\$764.1 million at the end of 4Q20. The increase in Net Debt After Hedge in the quarter is mainly due to: (i) the payment of Interest on Equity declared in 2020, in the amount of R\$1.17/share; and (ii) the payment for the portfolio of medicines acquired from Takeda, net of the ex-Brazil portfolio and the Xantinon brand divestments, in the amount of R\$3.3 billion.

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 13

	1Q20	1Q21
Net Revenue	815,032	1,170,862
Cost of Goods Sold	(271,974)	(418,063)
Gross Profit	543,058	752,799
Selling and Marketing Expenses	(309,933)	(366,094)
General and Administrative Expenses	(49,835)	(55,861)
Other Operating Revenues (Expenses)	29,469	503
Equity in Subsidiaries	5,577	(529)
Operating Income Before Equity Income and Financial Result	218,336	330,818
Net Financial Expenses	12,716	(41,313)
Financial Expenses	(26,465)	(58,068)
Financial Income	39,181	16,755
Profit Before Income Tax and Social Contribution	231,052	289,505
Income Tax and Social Contribution	16,939	18,128
Net Income from Continuing Operations	247,991	307,633
Net Income from Discontinued Operations	(9,782)	(2,541)
Income for the Period	238,209	305,092
Earnings per Share – R\$	0.38	0.48

Consolidated Balance Sheet (R\$ thousand)

Table 14

Assets	31/12/2020	31/03/2021	Liabilities and Shareholders' Equity	31/12/2020	31/03/2021
Current Assets	7,899,162	5,163,125	Current Liabilities	2,628,626	2,293,081
Cash and Cash Equivalents	4,743,298	1,698,002	Suppliers	275,539	340,649
Accounts Receivables	1,564,341	1,545,777	Suppliers' Assignment of Receivables	440,256	450,297
Inventories	920,796	1,099,344	Loans and Financing	461,816	680,009
Recoverable Taxes	274,017	321,781	Salaries Payable	224,479	239,188
Financial Derivatives	85,674	81,941	Income Tax and Social Contribution	10,570	576
Other Assets	306,823	412,008	Taxes Payable	63,659	68,358
Dividends and IOC receivables	4,098	4,098	Accounts Payable	273,353	273,408
Assets Held for Sale	115	174	Dividends and IOC Payable	671,654	194,832
			Notes Payable	23,980	36,407
			Financial Derivatives	177,943	3,883
			Liabilities Held for Sale	5,377	5,474
Non-Current Assets	9,350,648	12,803,581	Non-Current Liabilities	5,380,469	6,322,897
Long Term Assets	1,217,542	1,196,317	Loans and Financing	5,051,233	5,968,457
Deferred Income Tax and Social Contribution	194,716	187,884	Deferred Income Tax and Social Contribution	46,017	64,738
Recoverable Taxes	680,495	684,534	Taxes Payable	7,651	7,452
Other Assets	342,331	322,217	Accounts Payable	69,180	78,321
Financial Derivatives	0	1,682	Provisions for Contingencies	206,388	202,570
			Financial Derivatives	0	1,359
Fixed Assets and Investments	8,133,106	11,607,264	Shareholders' Equity	9,240,715	9,350,728
Investments	34,118	33,589	Capital	4,478,126	4,478,126
Investment Properties	154,318	153,334	Capital Reserve	1,266,381	1,264,213
Property, Plants and Equipments	1,546,409	1,648,630	Equity Valuation Adjustments	(336,724)	(233,806)
Intangible Assets	6,398,261	9,771,711	Profit Reserves	3,833,210	3,833,210
			Treasury Stock	(278)	(78,953)
			Minority Ownership in Subsidiaries/Affiliates	0	1,451
			Income for the Period	0	86,487
Total Assets	17,249,810	17,966,706	Total Liabilities and Shareholders' Equity	17,249,810	17,966,706

Consolidated Cash Flow Statement (R\$ thousand)

Tabela 15

	1Q20	1Q21
Cash Flows from Operating Activities		
Income (Loss) Before Income Taxes including Discontinued Operations	217,677	285,734
Depreciation and Amortization	30,327	31,146
Asset Impairment	1,095	97
Gain on Permanent Asset Disposals	11,019	(14,287)
Equity Method	(4,604)	586
Foreign Exchange (Gains) Losses	(23,038)	(3,211)
Net Interest and Related Revenue/Expenses	10,322	44,524
Expenses Related to Share Based Remuneration	4,130	4,131
Provisions	(1,053)	16,208
Adjusted Results	245,875	364,928
Decrease (Increase) in Assets	66,443	(295,654)
Trade Accounts Receivable	150,980	(30,690)
Inventories	(53,119)	(180,421)
Recoverable Taxes	5,397	(49,226)
Judicial Deposits and Others	1,430	17,037
Other Accounts Receivable	(38,245)	(52,354)
Increase (Decrease) in Liabilities	(141,545)	81,774
Suppliers	(180,273)	42,507
Suppliers' Assignment of Receivables	85,464	10,644
Financial Derivatives	8,431	12,056
Income Tax and Social Contribution Paid	(610)	(6,882)
Taxes Payable	18,381	10,354
Salaries and Payroll Charges	(52,461)	13,284
Accounts Payable	(4,028)	12,026
Operations Interest Paid	(12,216)	(12,103)
Other Accounts Payable	(4,233)	(112)
Net Cash Provided by Operating Activities	170,773	151,048
Cash Flows from Investing Activities		
Capital Increase/Decrease in Subsidiaries/Affiliates	(100)	(202)
Acquisitions of Subsidiaries, Net of Cash Acquired	(13,000)	(3,543,631)
Acquisitions of Property, Plant and Equipment	(92,785)	(115,124)
Intangible Assets	(33,067)	(46,667)
Proceeds from the Sale of Assets with Permanent Nature	547	154,513
Interest and Others	13,104	7,535
Investment Hedge	(2,155)	46,396
Net Cash From Investing Activities	(127,456)	(3,497,180)
Cash Flows from Financing Activities		
Borrowings	595,000	1,105,000
Treasury Stock Purchase / Sale	10,894	(84,973)
Repayment of Loans - Principal	(22,825)	(21,583)
Repayment of Loans - Interest	(7,086)	(26,014)
Dividends and IOC Paid	(612,143)	(671,594)
Net Cash From Financing Activities	(36,160)	300,836
Net Increase (Decrease) in Cash and Cash Equivalents	7,157	(3,045,296)
Statement of Increase in Cash and Cash Equivalents, Net		
Cash and Cash Equivalents at the Beginning of the Period	2,246,436	4,743,298
Cash and Cash Equivalents at the End of the Period	2,253,593	1,698,002
Change in Cash and Cash Equivalent	7,157	(3,045,296)

Other Information

Cash Conversion Cycle – Continuing Operations

Table 16

(Days)	1Q20	2Q20	3Q20	4Q20	1Q21	(R\$ million)	1Q20	2Q20	3Q20	4Q20	1Q21
Receivables ⁽¹⁾	117	110	110	111	108	Receivables	1,186	1,413	1,478	1,564	1,546
Inventories ⁽²⁾	231	200	205	190	237	Inventories	697	802	892	921	1,099
Payables ⁽²⁾⁽³⁾	(133)	(139)	(164)	(148)	(170)	Payables ⁽³⁾	(403)	(556)	(715)	(716)	(791)
Cash Conversion Cycle	214	172	151	153	174	Working Capital	1,480	1,659	1,655	1,769	1,854
						% of Annualized Net Revenue ⁽⁴⁾	45%	39%	38%	39%	40%

(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 last quarter Net Revenue

Tax Credits to offset Income Tax payment

- i) Federal Recoverable Taxes: R\$839.0 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$1,729.1 million (please refer to Explanatory Note 23(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 17

(R\$ million)	1Q20	% NR	1Q21	% NR	Δ %
Net Income	238.2	29.2%	305.1	26.1%	28.1%
(+) Income Tax and CSLL	(20.5)	-2.5%	(19.4)	-1.7%	-5.7%
(+) Net Interest Expenses	(12.7)	-1.6%	41.3	3.5%	-
(+) Depreciations / Amortizations	30.3	3.7%	31.1	2.7%	2.7%
EBITDA	235.3	28.9%	358.2	30.6%	52.2%
(-) EBITDA from Discontinued Operations	13.4	1.6%	3.8	0.3%	-71.8%
Adjusted EBITDA (EBITDA from Continuing Operations)	248.7	30.5%	362.0	30.9%	45.6%

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.

(A free translation of the original in Portuguese)

Hypera S.A.
Quarterly Information (ITR) at
March 31, 2021
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 March 31, 2021, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

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

Emphasis of matter - Investigation in progress

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

Other matters

Statements of value added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the quarter ended March 31, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Goiânia, April 23, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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

Hypera S.A.

Balance sheet

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Assets					Liabilities and equity				
Current assets					Current liabilities				
Cash and cash equivalents (Note 10)	1,624,376	4,646,159	1,698,002	4,743,298	Suppliers (Note 20)	629,629	588,626	340,649	275,539
Accounts receivable (Note 11)	1,544,854	1,564,207	1,545,777	1,564,341	Suppliers' assignments of receivables (Note 21)	10,040	5,013	450,297	440,256
Inventory (Note 12)	339,900	259,864	1,099,344	920,796	Loans and financing (Note 22)	642,705	424,880	680,009	461,816
Recoverable taxes (Note 13)	181,869	151,684	321,781	274,017	Salaries payable	152,132	133,609	239,188	224,479
Derivative financial instruments (Note 4(f))	33,629	79,427	81,941	85,674	Income tax and social contribution payable	-	-	576	10,570
Dividends receivable	13,046	13,046	4,098	4,098	Taxes payable (Note 24)	23,794	22,077	68,358	63,659
Other assets (Note 14)	363,352	261,343	412,008	306,823	Notes payable	36,407	23,980	36,407	23,980
	4,101,026	6,975,730	5,162,951	7,899,047	Dividends and interest payable on shareholders' equity	194,832	671,654	194,832	671,654
					Derivative financial instruments (Note 4(f))	-	149,213	3,883	177,943
Assets held for sale	174	115	174	115	Accounts payable (Note 25)	170,171	169,943	273,408	273,353
						1,859,710	2,188,995	2,287,607	2,623,249
					Liabilities held for sale	5,353	5,258	5,474	5,377
Noncurrent assets					Noncurrent liabilities				
Long-term receivables					Loans and financing (Note 22)	5,895,475	4,978,590	5,968,457	5,051,233
Deferred income tax and social contribution (Note 23)	158,008	165,913	187,884	194,716	Taxes payable (Note 24)	7,452	7,651	7,452	7,651
Recoverable taxes (Note 13)	631,539	630,126	684,534	680,495	Deferred income tax and social contribution (Note 23)	-	-	64,738	46,017
Derivative financial instruments (Note 4(f))	1,682	-	1,682	-	Provision for contingencies (Note 26)	179,076	183,516	202,570	206,388
Other assets (Note 14)	280,954	293,288	322,217	342,331	Derivative financial instruments (Note 4(f))	1,359	-	1,359	-
	1,072,183	1,089,327	1,196,317	1,217,542	Accounts payable (Note 25)	75,147	66,116	78,321	69,180
						6,158,509	5,235,873	6,322,897	5,380,469
						8,023,572	7,430,126	8,615,978	8,009,095
Investments (Note 16)	5,893,474	2,309,089	33,589	34,118	Total liabilities				
Investment properties	160,067	161,095	153,334	154,318					
Property, plant and equipment (Note 18)	140,049	130,536	1,648,630	1,546,409	Equity				
Intangible assets (Note 19)	6,005,876	6,004,949	9,771,711	6,398,261	Share capital (Note 27 (a))	4,478,126	4,478,126	4,478,126	4,478,126
	12,199,466	8,605,669	11,607,264	8,133,106	Profit reserves (Note 27)	1,264,213	1,266,381	1,264,213	1,266,381
					Equity valuation adjustments	(233,806)	(336,724)	(233,806)	(336,724)
					Profit reserves	3,833,210	3,833,210	3,833,210	3,833,210
	13,271,649	9,694,996	12,803,581	9,350,648	Treasury shares	(78,953)	(278)	(78,953)	(278)
					Retained earnings	86,487	-	86,487	-
					Equity attributable to the owners of the Parent company	9,349,277	9,240,715	9,349,277	9,240,715
					Equity attributable to noncontrolling interests				
					Noncontrolling interests in subsidiaries/associates	-	-	1,451	-
					Total equity	9,349,277	9,240,715	9,350,728	9,240,715
Total assets	17,372,849	16,670,841	17,966,706	17,249,810	Total liabilities and equity	17,372,849	16,670,841	17,966,706	17,249,810

The accompanying notes are an integral part of the financial statements.

Hypera S.A.

Statement of income
Periods ended March 31

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Continuing operations				
Net revenue (Note 28)	1,195,690	838,857	1,170,862	815,032
Cost of sales (Note 29 (a))	(499,512)	(338,415)	(418,063)	(271,974)
Gross profit	696,178	500,442	752,799	543,058
Selling and marketing expenses (Note 29 (a))	(323,316)	(280,100)	(366,094)	(309,933)
General and administrative expenses (Note 29 (a))	(39,762)	(35,611)	(55,861)	(49,835)
Other operating (expenses) income, net (Note 29 (b))	5,115	(7,025)	503	29,469
Equity accounting (Note 16 (a))	5,927	33,782	(529)	5,577
Income before financial income and expenses	344,142	211,488	330,818	218,336
Financial income (Note 29 (c))	15,295	37,944	16,755	39,181
Financial expenses (Note 29 (d))	(70,761)	(28,091)	(58,068)	(26,465)
Financial expenses, net	(55,466)	9,853	(41,313)	12,716
Income before income tax and social contribution	288,676	221,341	289,505	231,052
Income tax and social contribution (Note 23 (c))	19,214	26,650	18,128	16,939
Net income from continuing operations	307,890	247,991	307,633	247,991
Discontinued operations				
Net income from discontinued operations (Note 15)	(2,541)	(9,782)	(2,541)	(9,782)
Net income for the period	305,349	238,209	305,092	238,209
Attributable to				
Owners of the Parent company	305,349	238,209	305,349	238,209
Noncontrolling interests	-	-	(257)	-
	305,349	238,209	305,092	238,209
Earnings per share				
Basic earnings per share (in R\$)	0.48274	0.37746	0.48274	0.37746
Diluted earnings per share (in R\$)	0.47730	0.37222	0.47730	0.37222
Earnings per share - Continuing operations				
Basic earnings per share (in R\$)	0.48635	0.39296	0.48635	0.39296
Diluted earnings per share (in R\$)	0.48087	0.38750	0.48087	0.38750

The accompanying notes are an integral part of the financial statements.

Hypera S.A.**Statement of comprehensive income****Periods ended March 31**

In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Net income for the period	305,349	238,209	305,092	238,209
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	40,129	16,512	40,129	16,512
Income tax and social contribution on other comprehensive income	(13,643)	(5,614)	(13,643)	(5,614)
	<u>26,486</u>	<u>10,898</u>	<u>26,486</u>	<u>10,898</u>
Items that will not be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	115,806	-	115,806	-
Income tax and social contribution on other comprehensive income	(39,374)	-	(39,374)	-
	<u>76,432</u>	<u>-</u>	<u>76,432</u>	<u>-</u>
Other comprehensive income, net of income tax and social contribution	102,918	10,898	102,918	10,898
Comprehensive income for the period	408,267	249,107	408,010	249,107
Attributable to				
Owners of the Parent company	408,267	249,107	408,267	249,107
Noncontrolling interests	-	-	(257)	-
	<u>408,267</u>	<u>249,107</u>	<u>408,010</u>	<u>249,107</u>

The accompanying notes are an integral part of the financial statements.

Hypera S.A.

Statement of changes in equity
Period ended
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 noncontrolling interests	Total equity
	Capital	Premium on share issuance	Share purchase options	Debenture subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve	Additional dividends proposed	Retained earnings			
Balances at January 1, 2020	4,448,817	1,141,620	78,537	50,244	(34,203)	(254,994)	180,592	2,838,613	260,874	-	-	8,710,100	-	8,710,100
Share purchase options	-	-	4,131	-	-	-	-	-	-	-	-	4,131	-	4,131
Results on sales of treasury shares	-	(1,535)	-	-	-	-	-	-	-	-	-	(1,535)	-	(1,535)
Sales of shares (Note 27(b))	-	-	-	-	12,429	-	-	-	-	-	-	12,429	-	12,429
Net income for the period	-	-	-	-	-	-	-	-	-	-	238,209	238,209	-	238,209
Interest on shareholders' equity	-	-	-	-	-	-	-	-	-	-	(185,498)	(185,498)	-	(185,498)
Other comprehensive income														
Gains or losses on derivatives, net of tax	-	-	-	-	-	10,898	-	-	-	-	-	10,898	-	10,898
Balances at March 31, 2020	4,448,817	1,140,085	82,668	50,244	(21,774)	(244,096)	180,592	2,838,613	260,874	-	52,711	8,788,734	-	8,788,734
Balances at January 1, 2021	4,478,126	1,119,797	96,340	50,244	(278)	(336,724)	180,592	3,426,232	226,386	-	-	9,240,715	-	9,240,715
Adjustment of provision for returns by estimate, net of taxes	-	-	-	-	-	-	-	-	-	-	(24,091)	(24,091)	-	(24,091)
Share purchase options	-	-	4,130	-	-	-	-	-	-	-	-	4,130	-	4,130
Results on sales of treasury shares	-	(6,298)	-	-	-	-	-	-	-	-	-	(6,298)	-	(6,298)
Purchase of shares (Note 27(b))	-	-	-	-	(85,118)	-	-	-	-	-	-	(85,118)	-	(85,118)
Sales of shares (Note 27(b))	-	-	-	-	6,443	-	-	-	-	-	-	6,443	-	6,443
Net income for the period	-	-	-	-	-	-	-	-	-	-	305,349	305,349	-	305,349
Interest on shareholders' equity	-	-	-	-	-	-	-	-	-	-	(194,771)	(194,771)	-	(194,771)
Noncontrolling interests in subsidiaries/associates	-	-	-	-	-	-	-	-	-	-	-	-	1,451	1,451
Other comprehensive income														
Gains or losses on derivatives, net of tax	-	-	-	-	-	102,918	-	-	-	-	-	102,918	-	102,918
At March 31, 2021	4,478,126	1,113,499	100,470	50,244	(78,953)	(233,806)	180,592	3,426,232	226,386	-	86,487	9,349,277	1,451	9,350,728

The accompanying notes are an integral part of the financial statements.

Hypera S.A.
Statement of cash flows
Periods ended March 31
In thousands of Reais
(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	285,164	209,177	285,734	217,677
Adjustments for				
Depreciation and amortization	11,861	12,005	31,146	30,327
Impairment of assets	95	1,095	97	1,095
Results on sales of fixed assets	(13,923)	7,741	(14,287)	11,019
Equity accounting	(5,367)	(30,428)	586	(4,604)
Foreign exchange gains (losses)	(69)	(17,673)	(3,211)	(23,038)
Interest and related expenses (income)	55,535	7,820	44,524	10,322
Share-based compensation expenses	3,446	3,458	4,131	4,130
Provisions	7,287	(16,198)	16,208	(1,053)
Adjusted income	344,029	176,997	364,928	245,875
Changes in assets and liabilities				
Accounts receivable	(30,408)	151,161	(30,690)	150,980
Inventory	(75,092)	(44,721)	(180,421)	(53,119)
Taxes recoverable	(28,521)	47,842	(49,226)	5,397
Deposits with courts and others	17,314	1,084	17,037	1,430
Other accounts receivable	(51,662)	(37,378)	(52,354)	(38,245)
Suppliers	41,016	76,508	42,507	(180,273)
Suppliers' assignment of receivables	5,503	(56)	10,644	85,464
Derivative financial instruments	1,859	-	12,056	8,431
Taxes payable	1,701	11,554	10,354	18,381
Salaries/wages payable	18,522	(30,837)	13,284	(52,461)
Income tax and social contribution paid	-	(116)	(6,882)	(610)
Accounts payable	3,938	(10,226)	12,026	(4,028)
Interest	(3,553)	(1,323)	(12,103)	(12,216)
Other accounts payable	(340)	(3,933)	(112)	(4,233)
Net cash provided by operating activities	244,306	336,556	151,048	170,773
Cash flow from investment activities				
Acquisitions of subsidiaries (less net cash on acquisitions)	(3,544,857)	(13,000)	(3,543,631)	(13,000)
Capital increases in subsidiaries	(216,400)	(243,170)	(202)	(100)
Purchases of property, plant and equipment	(6,603)	(1,682)	(115,124)	(92,785)
Purchases of intangible assets	(4,705)	(5,533)	(46,667)	(33,067)
Investment hedges	46,396	(2,155)	46,396	(2,155)
Proceeds from sales of fixed assets	154,624	474	154,513	547
Interest and other	7,160	12,561	7,535	13,104
Loans receivable	(6,442)	717	-	-
Net cash provided by investment activities	(3,570,827)	(251,788)	(3,497,180)	(127,456)
Cash flow from financing activities				
Purchases of treasury shares	(85,118)	-	(85,118)	-
Sales of treasury shares	145	10,894	145	10,894
Proceeds from borrowing	1,105,000	595,000	1,105,000	595,000
Payment of loans – principal	(19,566)	(20,547)	(21,583)	(22,825)
Payment of loans – interest	(25,597)	(6,592)	(26,014)	(7,086)
Dividends paid	(671,594)	(612,143)	(671,594)	(612,143)
Loans payable	1,468	143	-	-
Net cash provided by (used in) financing activities	304,738	(33,245)	300,836	(36,160)
Net (decrease) increase in cash and cash equivalents	(3,021,783)	51,523	(3,045,296)	7,157
Cash and cash equivalents at beginning of the period	4,646,159	2,117,668	4,743,298	2,246,436
Cash and cash equivalents at end of the period	1,624,376	2,169,191	1,698,002	2,253,593
Change in cash and cash equivalents	(3,021,783)	51,523	(3,045,296)	7,157
Transactions not involving cash	14,726	2,457	35,302	10,971
Acquisition of company	12,331	-	12,331	-
Acquisitions of property, plant and equipment	2,395	2,457	22,971	10,971

The accompanying notes are an integral part of the financial statements.

Hypera S.A.

Statement of value added (*)

Periods ended March 31

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Gross income				
Sales of goods and products, including discontinued operations	1,266,845	885,422	1,268,891	885,505
Other income	28,583	7,112	32,402	40,163
Income related to construction of own assets	3,787	13,571	27,046	60,112
Allowance for doubtful accounts	837	(155)	(362)	936
	<u>1,300,052</u>	<u>905,950</u>	<u>1,327,977</u>	<u>986,716</u>
Inputs acquired from third parties				
Costs of materials, goods and services sold	(520,119)	(337,561)	(381,269)	(175,350)
Materials, power, third-party services and others	(212,349)	(213,880)	(318,810)	(329,321)
Impairment of assets	(14,311)	(16,494)	(23,573)	(26,184)
	<u>(746,779)</u>	<u>(567,935)</u>	<u>(723,652)</u>	<u>(530,855)</u>
Gross value added	<u>553,273</u>	<u>338,015</u>	<u>604,325</u>	<u>455,861</u>
Depreciation and amortization	(11,861)	(12,005)	(31,146)	(30,327)
Net value added generated by the Company	<u>541,412</u>	<u>326,010</u>	<u>573,179</u>	<u>425,534</u>
Transfers of value added received				
Equity accounting	5,367	30,428	(586)	4,604
Financial income	15,295	37,944	16,755	39,181
	<u>20,662</u>	<u>68,372</u>	<u>16,169</u>	<u>43,785</u>
Total value added to be distributed	<u>562,074</u>	<u>394,382</u>	<u>589,348</u>	<u>469,319</u>
Distribution of value added				
Personnel and charges	162,284	125,921	277,603	212,019
Salaries and wages	134,551	101,505	224,131	164,616
Benefits	19,517	17,064	39,578	35,293
Government severance indemnity fund for employees (FGTS)	8,216	7,352	13,894	12,110
Taxes, fees and contributions	22,193	(534)	(55,927)	(11,943)
Federal	(4,510)	(17,364)	(11,666)	8,057
State	25,925	16,189	(45,084)	(20,696)
Municipal	778	641	823	696
Interest	70,598	28,068	57,869	26,347
Rentals	1,650	2,718	4,711	4,687
Retained earnings	305,349	238,209	305,092	238,209
Value added distributed	<u>562,074</u>	<u>394,382</u>	<u>589,348</u>	<u>469,319</u>

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

The accompanying notes are an integral part of the financial statements.

(A free translation of the original in Portuguese)

Contents

_Toc70541296

1	General information	2
2	Summary of significant accounting policies	3
3	Critical accounting estimates and judgments	3
4	Financial risk management.....	3
5	Capital management	8
6	Estimate of fair value.....	9
7	Hedge accounting.....	11
8	Financial instruments by category	14
9	Credit quality of financial assets.....	15
10	Cash and cash equivalents	16
11	Accounts receivable	17
12	Inventory	18
13	Recoverable taxes	18
14	Other assets.....	18
15	Discontinued operations	19
16	Investments.....	19
17	Investment properties.....	22
18	Property, plant and equipment.....	22
19	Intangible assets.....	23
20	Suppliers.....	25
21	Suppliers' assignment of receivables	25
22	Loans and financing.....	26
23	Deferred income tax and social contribution.....	30
24	Taxes payable	31
25	Accounts payable	32
26	Provision for contingencies	34
27	Share capital.....	35
28	Revenue.....	36
29	Breakdown of the statement of income accounts	37
30	Related party transactions	38
31	Other matters.....	41
32	Events after the reporting period.....	42

(A free translation of the original in Portuguese)

Notes to the quarterly information report

(All amounts in thousands of Reais, unless stated otherwise)

1 General information

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

The Company’s main products are:

- a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, including several of the top 30 products in Brazil, according to data from Close-Up International, including Predsim, Celestamine, Dramin, Maxsulid, Nesina, Diprospan, Mioflex-A and Addera D3. Under the brand Mantecorp Skincare, it offers dermo-cosmetics recommended by dermatologists throughout Brazil, as per information from Close-Up International;
- b) The Company is a lead supplier in the Brazilian market of prescription-free products, according to IQVIA, including brands such as Apracur, Benegrip, Buscopan, Coristina d, Engov, Epocler, Estomazil and Nosaldina, among others. It also offers nutrition products, sweeteners and vitamin supplement lines, with brands such as Tamarine, Vitasay 50+, Biotônico Fontoura and Zero-Cal, which was the Top of Mind brand for 16 years in Brazil, according to Datafolha;
- c) Through the Neo Química brand, the Company is a leader in the markets for similars/generic medicines, with the brand present in 96% of Brazilian pharmaceutical points of sale, according to IQVIA, consistent with its mission to provide access to health for the Brazilian population.

With a long history of growth through acquisitions, the Company completed on January 29, 2021 the acquisition of a selected portfolio of brands in Brazil from Takeda Pharmaceuticals International AG, for USD825 million, amount that included businesses acquired in other Latin America countries; these were then sold to Eurofarma Laboratórios S.A. on the same date, for USD161 million.

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

Products are manufactured mainly by the subsidiaries Brainfarma Indústria Química e Farmacêutica S.A. (“Brainfarma”) and Cosmed Indústria de Cosméticos e Medicamentos S.A. (“Cosmed”), located in the State of Goiás (GO). The main distribution center is in Anápolis - GO.

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

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

2 Summary of significant accounting policies

The individual and consolidated interim financial information has been prepared in accordance with CPC 21(R1) and IAS 34, issued by the 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 individual and consolidated statements of value added in the terms of technical pronouncement CPC 09 - Statement of Value Added, is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. IFRS does 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 individual and consolidated Quarterly Information have not changed materially compared to the policies presented in the financial statements for the year ended December 31, 2020. In cases where the notes to this Quarterly Information are not presented in full, due to redundancy of information relative to the annual financial statements, the respective full disclosures are presented in the notes to the annual financial statements for the year ended December 31, 2019. As such, this Quarterly Information should be read in conjunction with the audited Financial Statements for the year ended December 31, 2020, including the complete information in the corresponding notes.

2.1 Approval of the interim financial information

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

3 Critical accounting estimates and judgments

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

4 Financial risk management

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

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

a. Foreign exchange risk

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

	Parent company					
	March 31, 2021			December 31, 2020		
	US\$ '000	EUR '000	R\$ '000	US\$ '000	EUR '000	R\$ '000
Liabilities						
Suppliers	95	-	533	-	-	-
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	50,872	21,091	426,173	-	21,209	135,412
Derivative instruments to mitigate risks	(50,000)	(20,090)	(414,646)	(628,000)	(20,090)	(3,390,166)
Accounts payable	1	-	4	1	-	4
Net exposure	968	1,001	12,064	(627,999)	1,119	(3,254,750)

	Consolidated					
	March 31, 2021			December 31, 2020		
	US\$ '000	EUR '000	R\$ '000	US\$ '000	EUR '000	R\$ '000
Liabilities						
Suppliers	5,446	-	30,695	3,461	-	17,979
Suppliers' assignment of receivables	52,618	-	296,565	53,851	-	279,708
Loans and financing	50,872	21,091	426,173	-	21,209	135,412
Derivative instruments to mitigate risks	(206,596)	(20,090)	(1,297,253)	(836,925)	(20,090)	(4,475,341)
Accounts payable	466	1,057	9,600	466	1,057	9,167
Net exposure	(97,194)	2,058	(534,220)	(779,147)	2,176	(4,033,075)

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

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

	March 31, 2021	
	Parent company	Consolidated
Loans, financing and swaps – CDI	2,136,504	2,136,504
Financing - TLP	266,933	266,933
Financing - TR	40,507	129,870
Debentures - CDI	4,038,687	4,038,687
Notes payable - CDI	4,552	4,552
Financial investments – CDI	(1,574,756)	(1,643,343)
Net exposure	4,912,427	4,933,203

c. Credit risk

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

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

quality of financial assets).

d. Liquidity risk

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

Parent company

March 31, 2021					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	163,130	269,554	4,335,018	433,490	5,201,192
Loans and financing	462,221	1,557,260	736,627	71,278	2,827,386
Notes payable	36,407	-	-	-	36,407
Suppliers	629,629	-	-	-	629,629
Suppliers' assignment of receivables	10,040	-	-	-	10,040
Accounts payable	170,171	75,147	-	-	245,318
Derivative financial instruments	(28,020)	(36,667)	-	-	(64,687)
	<u>1,443,578</u>	<u>1,865,294</u>	<u>5,071,645</u>	<u>504,768</u>	<u>8,885,285</u>
December 31, 2020					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	154,073	262,843	4,363,371	433,490	5,213,777
Loans and financing	325,085	443,728	770,798	75,995	1,615,606
Notes payable	23,980	-	-	-	23,980
Suppliers	588,626	-	-	-	588,626
Suppliers' assignment of receivables	5,013	-	-	-	5,013
Accounts payable	169,943	66,116	-	-	236,059
Derivative financial instruments	68,736	-	-	-	68,736
	<u>1,335,456</u>	<u>772,687</u>	<u>5,134,169</u>	<u>509,485</u>	<u>7,751,797</u>

Consolidated

March 31, 2021					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	163,130	269,554	4,335,018	433,490	5,201,192
Loans and financing	490,508	1,583,510	792,315	88,804	2,955,137
Notes payable	36,407	-	-	-	36,407
Suppliers	340,649	-	-	-	340,649
Suppliers' assignment of receivables	499,101	-	-	-	499,101
Accounts payable	273,408	78,321	-	-	351,729
Derivative financial instruments	(60,206)	(36,667)	-	-	(96,873)
	<u>1,742,997</u>	<u>1,894,718</u>	<u>5,127,333</u>	<u>522,294</u>	<u>9,287,342</u>
December 31, 2020					
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	154,073	262,843	4,363,371	433,490	5,213,777
Loans and financing	352,514	470,412	828,427	93,521	1,744,874
Notes payable	23,980	-	-	-	23,980
Suppliers	275,539	-	-	-	275,539
Suppliers' assignment of receivables	491,802	-	-	-	491,802
Accounts payable	273,353	69,180	-	-	342,533
Derivative financial instruments	108,474	-	-	-	108,474
	<u>1,679,735</u>	<u>802,435</u>	<u>5,191,798</u>	<u>527,011</u>	<u>8,200,979</u>

e. Derivatives

At March 31, 2021, derivative instrument operations contracted by the Company totaled R\$ 1,599,253 (at December 31, 2020 - R\$ 4,475,341) in the consolidated and R\$ 714,646 (at December 31, 2020 - R\$ 3,390,166) in the parent company. The results of the transactions not yet settled represented gains of R\$ 78,831 (at December 31, 2020 losses of R\$ 92,269) in the consolidated and gains of R\$ 33,952 (at December 31, 2020 losses of R\$ 69,786) in the parent company.

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

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gain (loss)	
(In R\$ thousand)		Mar/21	Dec/20	Mar/21	Dec/20	Mar/21	Dec/20
Foreign currency							
Forward contracts		-	3,261,895	-	(99,464)	46,396	(16,346)
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantim	-	6,523,790	-	(51,199)	95,954	44,960
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim	-	(3,261,895)	-	(48,265)	(49,558)	(61,306)
Swaps		416,646	128,271	36,271	29,678	-	-
Long position	Itaú	416,646	128,271	36,271	29,678	-	-
Subtotal		416,646	3,390,166	36,271	(69,786)	46,396	(16,346)
Interest rate							
Swaps		300,000	-	(2,319)	-	-	23,395
Asset Position-Pre	Santander	300,000	-	(2,319)	-	-	23,395
Total		716,646	3,390,166	33,952	(69,786)	46,396	7,049

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gain (loss)	
(In R\$ thousand)		Mar/21	Dec/20	Mar/21	Dec/20	Mar/21	Dec/20
Foreign currency							
Forward contracts		882,607	4,347,070	44,429	(121,947)	55,134	69,893
Long position	BNP Paribas, Bradesco, BTG, Itaú, BofA, Safra, Santander, Votorantim	1,044,462	7,724,035	44,567	(73,054)	111,105	134,750
Short position	Bradesco, BTG, Itaú, BofA, Santander, Votorantim	(161,855)	(3,376,965)	(138)	(48,893)	(55,971)	(64,857)
Swaps		416,646	128,271	36,271	29,678	-	-
Long position	Itaú	416,646	128,271	36,271	29,678	-	-
Subtotal		1,299,253	4,475,341	80,700	(92,269)	55,134	69,893
Interest rate							
Swaps		300,000	-	(2,319)	-	-	23,395
Asset Position-Pre	Santander	300,000	-	(2,319)	-	-	23,395
Total		1,599,253	4,475,341	78,381	(92,269)	55,134	93,288

f. Methodology for calculating the fair values of derivatives

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

g. Sensitivity analysis

The table below presents a sensitivity analysis of the financial instruments, including derivatives that describe the risks that could cause material losses to the Company, with the most likely scenario (Scenario I, considering a fluctuation of 7.97% for the US Dollar, corresponding to three standard deviations of the fluctuation over the three months of the fourth quarter of the year) according to management's evaluation, considering a range of perception of three months, when the next quarterly financial information containing this analysis should be released. In addition, two additional scenarios (Scenarios II and III) were tested to show deteriorations of 25% and 50% respectively in the exchange rates between both the Brazilian Real and the US Dollar.

Risk	Scenario I		Scenario II		Parent company Scenario III	
(In R\$ thousand)			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	5.187	6.086	4.227	7.045	2.818	8.454
Foreign currency						
Economic hedge	(33,054)	33,054	(103,661)	103,661	(207,323)	207,323
Forward contracts	-	-	-	-	-	-
Swaps	(33,054)	33,054	(103,661)	103,661	(207,323)	207,323
Object of the economic hedge	33,054	(33,054)	103,661	(103,661)	207,323	(207,323)
Loans, financing and notes payable subject to short-term exchange rate variations	33,054	(33,054)	103,661	(103,661)	207,323	(207,323)
Net effect	-	-	-	-	-	-

Risk	Scenario I		Scenario II		Consolidated Scenario III	
(In R\$ thousand)			25% fluctuation		50% fluctuation	
	Appreciation	Depreciation	Appreciation	Depreciation	Appreciation	Depreciation
US Dollar quotation	5.187	6.086	4.227	7.045	2.818	8.454
Foreign currency						
Economic hedge	(243,459)	243,459	(325,788)	325,788	(651,576)	651,576
Forward contracts	(210,405)	210,405	(222,127)	222,127	(444,253)	444,253
Swaps	(33,054)	33,054	(103,661)	103,661	(207,323)	207,323
Object of the economic hedge	242,062	(242,062)	324,313	(324,313)	648,626	(648,626)
Loans, financing and notes payable subject to short-term exchange rate variations	242,062	(242,062)	324,313	(324,313)	648,626	(648,626)
Net effect	(1,397)	1,397	(1,475)	1,475	(2,950)	2,950

The sensitivity analysis presented above shows the net effect on the profit and 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 second quarter of 2021 are as follow:

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	27,015	10,789	21,579
Financing - TLP	563	2,930	5,859
Debentures - CDI	51,067	20,395	40,791
Loans – TR	4	-	-
Notes payable - CDI	58	23	46
Financial investments	(19,912)	(7,953)	(15,905)
Total loss (gain)	58,795	26,184	52,370

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	27,015	10,789	21,579
Financing - TLP	563	2,930	5,859
Debentures - CDI	51,067	20,395	40,791
Loans – TR	13	-	-
Notes payable - CDI	58	23	46
Financial investments	(20,779)	(8,299)	(16,598)
Total loss (gain)	57,937	25,838	51,677

***Likely scenario assumptions**

Forecast CDI of 3.31% p.a.
Forecast TR of 0.01% p.a.
Forecast TLP of 4.61 % p.a.

5 Capital management

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

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

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

The indexes of financial leverage at March 31, 2021 and December 31, 2019 may be summarized as follows:

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Total loans and financing (Note 22)	6,538,180	5,403,470	6,648,466	5,513,049
Total notes payable	36,407	23,980	36,407	23,980
Loss (gain) on financial hedge	(33,952)	(29,678)	(33,952)	(29,678)
Less: cash and cash equivalents (Note 10)	<u>(1,624,376)</u>	<u>(4,646,159)</u>	<u>(1,698,002)</u>	<u>(4,743,298)</u>
Cash and cash equivalents, net	<u>4,916,259</u>	<u>751,613</u>	<u>4,952,919</u>	<u>764,053</u>
Total shareholders' equity	<u>9,349,277</u>	<u>9,240,715</u>	<u>9,350,728</u>	<u>9,240,715</u>
Adjusted shareholders' equity	<u>14,265,536</u>	<u>9,992,328</u>	<u>14,303,647</u>	<u>10,004,768</u>
Net debt to adjusted equity ratio	34.5%	7.5%	34.6%	7.6%

6 Estimate of fair value

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

The Company applies the requirements of CPC 40 (R1)/IFRS 7 to financial instruments measured in the balance sheet at fair value, 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 adopted by the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for assets or liabilities that are not based on data adopted by the market (i.e. unobservable inputs) (Level 3).

The table below presents the Company's derivative instrument assets and liabilities at March 31, 2021 as well as the amounts measured at fair value:

			Parent company
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	35,311	35,311
Total assets	-	35,311	35,311
Liabilities			
Derivative financial instruments	-	1,359	1,359
Total liabilities	-	1,359	1,359
			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	83,623	83,623
Total assets	-	83,623	83,623
Liabilities			
Derivative financial instruments	-	5,242	5,242
Total liabilities	-	5,242	5,242

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

			Parent company
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	79,427	79,427
Total assets	-	79,427	79,427
Liabilities			
Derivative financial instruments	-	149,213	149,213
Total liabilities	-	149,213	149,213
			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	85,674	85,674
Total assets	-	85,674	85,674
Liabilities			
Derivative financial instruments	-	177,943	177,943
Total liabilities	-	177,943	177,943

The fair values of financial instruments not traded in active markets (e.g. derivatives) are determined using valuation techniques. These valuation techniques maximize the use of data

derived from the market, when available, and rely to the minimum extent possible on the Company's own specific estimates.

7 Hedge accounting

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

According to the characteristics of the hedge, it is the Company's accounting policy to adopt hedge accounting, as established in CPC38 (IAS 39). For operations designated for hedge accounting, the Company formally documents the relationship between the hedge instruments and the hedged items, including the risk management objectives and the strategy for conducting the hedge transaction, together with the methods to be used to evaluate the effectiveness of the hedge relationship. The Company makes a forward-looking assessment, both at the time of designation of the hedge relationship, and continuously, if it is expected that the hedge instruments will be "highly effective" in offsetting changes in the fair value of the respective hedged items during the period for which the hedge is designated, and if the actual results of each hedge are within the effectiveness range determined by Management.

Fair value hedges

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

					Parent company
					March 31, 2021
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in the income
Loan – 4131*	EUR + spread	Fair value	132,836	139,450	92
	<i>EUR + spread</i>				
Swap – 4131*	vs. % CDI	Fair value	132,836	33,629	-
Loan – 4131**	Fixed rate	Fair value	300,000	301,131	2,283
	<i>Fixed rate vs.</i>				
Swap – CDI**	CDI+	Fair value	300,000	(2,319)	-
Loan – 4131**	USD + spread	Fair value	281,810	286,723	(6,156)
	<i>USD + spread</i>				
Swap – 4131**	vs. CDI+	Fair value	281,810	2,642	-

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

					Consolidated
					March 31, 2021
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain/loss in the income
Loan – 4131*	EUR + spread	Fair value	132,836	139,450	92
	<i>EUR + spread</i>				
Swap – 4131*	vs. % CDI	Fair value	132,836	33,629	-
Loan – 4131**	Fixed rate	Fair value	300,000	301,131	2,283

Swap – CDI**	Fixed rate vs. CDI+	Fair value	300,000	(2,319)	-
Loan – 4131**	USD + spread	Fair value	281,810	286,723	(6,156)
Swap – 4131**	USD + spread vs. CDI+	Fair value	281,810	2,642	-

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

* Maturity within one year

* Maturity in up to 2 years

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

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

Cash flow hedges

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

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

Parent company					
March 31, 2021					
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain in comprehensive income
Suppliers	US\$	Cash flow	-	-	-
NDF	US\$ vs. R\$	Cash flow	-	-	-

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

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

					Consolidated
					March 31, 2021
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain in comprehensive income
Suppliers	US\$	Cash flow	328,033	(328,033)	-
NDF Suppliers*	US\$ vs. R\$	Cash flow	328,033	12,941	(1,364)
NDF Future purchase*	US\$ vs. R\$	Cash flow	403,321	26,012	26,012
NDF Capex*	US\$ vs. R\$	Cash flow	35,198	1,726	1,726

* Maturities within one year.

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

(I) Maturities within one year.

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

Cash flow hedge operations maintained the hedging ratio at 1:1 with a weighted average rate of BRL/USD 5.4996 for NDF suppliers; BRL/USD 5.3395 for NDF future purchases; and BRL/EUR 6.1933 for NDF capex.

The cash flow from these operations are stated in the note on Financial Risk Management - Liquidity Risk (Note 4 (e)).

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

8 Financial instruments by category

Parent company

March 31, 2021						
	Amortized cost	FVOCI	FVTPL	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,544,854	-	-	-	-	1,544,854
Financial investments (Note 10)	1,574,756	-	-	-	-	1,574,756
Cash and cash in banks (Note 10)	49,620	-	-	-	-	49,620
Derivative financial instruments	-	-	35,311	-	-	35,311
Other assets (Note 14)	394,042	-	-	-	-	394,042
	3,563,272	-	35,311	-	-	3,598,583

	March 31, 2021					
	FVOCI	FVTPL	Amortized cost	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	6,538,180	-	-	6,538,180
Suppliers (Note 20)	-	-	629,629	-	-	629,629
Suppliers' assignment of receivables (Note 21)	-	-	10,040	-	-	10,040
Accounts payable	-	-	169,769	-	-	169,769
Notes payable	-	-	36,407	-	-	36,407
Derivative financial instruments	-	-	1,359	-	-	1,359
	-	-	7,385,384	-	-	7,385,384

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

	December 31, 2020					
	FVOCI	FVTPL	Amortized cost	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans and financing (Note 22)	-	-	5,403,471	-	-	5,403,471
Suppliers (Note 20)	-	-	588,626	-	-	588,626
Suppliers' assignment of receivables (Note 21)	-	-	5,013	-	-	5,013
Accounts payable	-	-	242,641	-	-	242,641
Notes payable	-	-	23,980	-	-	23,980
Derivative financial instruments	149,213	-	-	-	-	149,213
	149,213	-	6,263,731	-	-	6,412,944

Consolidated

March 31, 2021						
	Amortized cost	FVOCI	FVTPL	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,545,777	-	-	-	-	1,545,777
Financial investments (Note 10)	1,643,343	-	-	-	-	1,643,343
Cash and cash in banks (Note 10)	54,659	-	-	-	-	54,659
Derivative financial instruments	-	34,842	35,311	-	13,470	83,623
Other assets (Note 14)	443,014	-	-	-	-	443,014
	3,686,793	34,842	35,311	-	13,470	3,770,416

	March 31, 2021					
	FVOCI	FVTPL	Amortized cost	Designated as a fair value hedge	Designated as a cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	6,648,466	-	-	6,648,466
Suppliers (Note 20)	-	-	340,649	-	-	340,649
Suppliers' assignment of receivables (Note 21)	-	-	450,297	-	-	450,297
Accounts payable	-	-	254,823	-	-	254,823
Notes payable	-	-	36,407	-	-	36,407
Derivative financial instruments	3,353	-	1,359	-	529	5,241
	3,353	-	7,732,001	-	529	7,735,883

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

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

9 Credit quality of financial assets

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

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Checking accounts and financial investments (*)				
AAA	1,575,020	4,560,946	1,648,645	4,658,084
AA+	49,353	85,208	49,353	85,208
A-	3	3	3	3
	<u>1,624,376</u>	<u>4,646,157</u>	<u>1,698,001</u>	<u>4,743,295</u>

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

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

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Derivative financial assets				
AAA	35,311	71,384	65,042	75,997
AA+	-	8,043	17,553	9,183
A-	-	-	1,028	494
	<u>35,311</u>	<u>79,427</u>	<u>83,623</u>	<u>85,674</u>

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

Note 4 (d) describes the credit risks arising from these financial assets.

10 Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Cash and banks	<u>49,620</u>	<u>26,431</u>	<u>54,659</u>	<u>28,201</u>
Short-term financial investments:				
Repurchase operations	205,369	16,072	216,134	19,337
Bank deposit certificates (CDBs)	<u>1,369,387</u>	<u>4,603,656</u>	<u>1,427,209</u>	<u>4,695,760</u>
	<u>1,574,756</u>	<u>4,619,728</u>	<u>1,643,343</u>	<u>4,715,097</u>
	<u>1,624,376</u>	<u>4,646,159</u>	<u>1,698,002</u>	<u>4,743,298</u>

Financial investments yield between 97% and 104% (at December 31, 2020 between 96.5% and 105.1%) of the CDI, with a weighted average of 100.4% (102.4% at December 31, 2020).

11 Accounts receivable

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Domestic customers	1,579,911	1,610,172	1,583,692	1,613,165
Expected credit losses	(35,057)	(45,965)	(37,915)	(48,824)
	<u>1,544,854</u>	<u>1,564,207</u>	<u>1,545,777</u>	<u>1,564,341</u>

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

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Up to 3 months	3,489	3,531	3,484	3,540
From three to six months	865	5,551	862	5,551
Over 6 months	6,841	3,771	6,841	3,771
	<u>11,195</u>	<u>12,853</u>	<u>11,187</u>	<u>12,862</u>

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

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

Changes to the allowance for doubtful accounts for the period ended March 31, 2021 are as follows:

	Parent company	Consolidated
Balances at 12/31/2020	(45,965)	(48,824)
(Additions)/reversals, net	362	362
Write-offs	10,546	10,547
Balances at 03/31/2021	<u>(35,057)</u>	<u>(37,915)</u>

12 Inventory

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Finished goods and goods for resale	372,729	289,536	432,764	333,613
Semi-finished goods	-	-	78,796	58,201
Raw materials	-	-	584,288	524,583
Maintenance and supplies	90	139	99,999	93,974
Allowance for inventory losses	(32,919)	(29,811)	(96,503)	(89,575)
	<u>339,900</u>	<u>259,864</u>	<u>1,099,344</u>	<u>920,796</u>

The table below presents the changes in the provision:

	Parent company	Consolidated
Balance at 12/31/2020	(29,811)	(89,575)
Additions for the period (a)	(12,944)	(21,753)
Write-offs for the period (b)	9,836	14,825
Balance at 03/31/2021	<u>(32,919)</u>	<u>(96,503)</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 Recoverable taxes

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
PIS/COFINS/IPI and others	696,357	673,105	791,745	757,810
VAT (ICMS)	89,572	83,644	167,365	151,595
Recoverable IRPJ and CSLL	27,479	25,061	47,205	45,107
	<u>813,408</u>	<u>781,810</u>	<u>1,006,315</u>	<u>954,512</u>
Current	181,869	151,684	321,781	274,017
Non-current	631,539	630,126	684,534	680,495

14 Other assets

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Prepaid expenses (a)	240,628	176,716	264,261	197,821
Bills receivable (b)	290,066	239,431	311,509	258,120
Deposits in court (c)	94,398	115,583	131,505	152,488
Advances	7,513	15,760	24,786	33,856
Related parties (Note 30)	9,578	3,078	-	-
Others	2,123	4,063	2,164	6,869
	<u>644,306</u>	<u>554,631</u>	<u>734,225</u>	<u>649,154</u>
Current	363,352	261,343	412,008	306,823
Non-current	280,954	293,288	322,217	342,331

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

15 Discontinued operations

a) Analysis of the results of discontinued operations

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Net revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
(Expenses)/income	(3,512)	(12,163)	(3,771)	(13,376)
Income before financial income and expenses	(3,512)	(12,163)	(3,771)	(13,376)
Financial expenses	-	-	-	-
Income before income tax and social contribution	(3,512)	(12,163)	(3,771)	(13,376)
Income tax and social contribution	971	2,381	1,230	3,594
Net income for the period	(2,541)	(9,782)	(2,541)	(9,782)

b) Analysis of cash flow from discontinued operations

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Cash flow from operating activities	-	(5,295)	-	(7,502)
Cash flow from investment activities	(4,132)	474	(4,299)	473
Net cash used in discontinued operations	(4,132)	(4,821)	(4,299)	(7,029)

16 Investments

The investments held by the Company are presented below:

Company	Date of incorporation	Country	Business	Interest in shares/quotas	Type of interest
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	86.22%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	13.78%	Indirect
Bionovis S.A.	07/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	09/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty Eireli	04/29/2016	Brazil	Dermocosméticos de beleza natural	58.33%	Indirect
Darwin Prestação de Serviços de Marketing Ltda.	11/29/2019	Brazil	Pharma	100%	Direct
Mantecorp Participações S.A.	09/28/2016	Brazil	Pharma	100%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	My	Bionovis	Simple Organic		Darwin		Others	Total
	Cost	Cost	Cost	Cost	Cost	Goodwill	Cost	Goodwill		
Balances at January 1, 2021	1,582,864	681,296	10,811	33,936	-	-	-	-	182	2,309,089
Capital contribution	45,850	7,500	-	-	-	-	-	-	-	53,350
Capital increase	137,650	21,400	-	-	2,382	-	-	-	-	161,432
Equity accounting	2,573	3,964	280	(529)	(361)	-	-	-	-	5,927
Share of discontinued equity accounting in the investment	(1,146)	528	-	-	-	-	-	-	-	(618)
Share-based payments	(1,595)	2,279	-	-	-	-	-	-	-	684
Equity valuation adjustment	22,434	4,051	-	-	-	-	-	-	-	26,485
Acquisition of companies (*)	-	-	-	-	12	-	490,528	-	-	490,540
Goodwill (*)	-	-	-	-	-	16,607	-	2,832,166	-	2,848,773
Others	(596)	(1,592)	-	-	-	-	-	-	-	(2,188)
Balances at March 31, 2021	1,788,034	719,426	11,091	33,407	2,033	16,607	490,528	2,832,166	182	5,893,474

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

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

March 31, 2021	Assets	Liabilities	Revenue	Income (loss)	Adjusted net income (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	3,119,871	1,052,898	537,000	(1,729)	2,573
Cosmed Indústria de Cosméticos e Medicamentos S.A.	935,642	202,088	103,747	7,473	3,964
Simple Organic Beauty Eireli	5,545	2,060	1,311	(618)	(618)
Darwin Prestação de Serviços de Marketing Ltda.	498,442	7,914	-	-	-
My Agência de Propaganda Ltda.	12,278	946	1,140	243	280

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

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

b. Share of the results of investees

	Number of shares and quotas	Adjusted shareholders' equity at March 31, 2021	Ownership %	Equity accounting at March 31, 2021	Balance of the investment at March 31, 2021	Equity accounting at March 31, 2020	Balance of the investment at December 31, 2020
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,525,000,947	719,426	100%	3,964	719,426	24,708	681,296
My Agência de Propaganda Ltda.	20,130,000	11,091	100%	280	11,091	97	10,811
Brainfarma Indústria e Farmacêutica S.A.	673,613,474	1,788,034	100%	2,573	1,788,034	3,400	1,582,864
Darwin Prestação de Serviços de Marketing Ltda.	478,320,176	3,322,694	100%	-	3,322,694	-	-
Simple Organic Beauty Eireli	127,495	18,640	58.33%	(361)	18,640	-	-
Bionovis S.A.	6,000,000	133,626	25%	(529)	33,407	5,577	33,936
				5,927	5,893,292	33,782	2,308,907

c. Business combination

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

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

At January 29, 2021

Cash	4,267,475
Total consideration in cash	4,267,475
Value of businesses sold simultaneously with the acquisition (*)	(944,781)
Net consideration of businesses sold	3,322,694
Recorded amounts of identifiable assets acquired and liabilities assumed - provisional	
Cash and cash equivalents	1,225
Property, plant and equipment	13,962
Trademarks	483,254
Other liabilities	(7,913)
Total identifiable assets	490,528
Goodwill – provisional	2,832,166

(*) At the same time as the acquisition, the sale of part of the recently acquired assets was completed, in which the portfolio of 12 prescription and OTC pharmaceutical products in Argentina, Colombia, Ecuador, Mexico, Panama and Peru to Eurofarma Laboratórios S.A. For USD 161 million, equivalent to R\$ 876 million on the transaction date, as well as the sale of Xantinon brand to União Química Farmacêutica Nacional Ltda. for R\$ 95 million.

At January 29, 2021

Purchase and sale transaction - Latin America and Xantinon operations

Purchase price of operations	(944,781)
Simultaneous sale price of operations	961,567
Net result in the operation	16,786

17 Investment properties

This balance mainly refers to leased properties, one of which is used as a distribution center rented to third parties; another is a real estate property used by Cosmed Indústria de Cosméticos e Medicamentos S.A. (a sweetener production facility). At December 31, 2020, according to a technical report prepared by an independent company, the total fair value of these properties was R\$ 273,066.

	<u>Parent company</u>	<u>Consolidated</u>
Balances at January 1, 2021	161,095	154,318
Depreciation	(1,028)	(984)
Balances at March 31, 2021	160,067	153,334
Total cost	196,621	187,774
Accumulated depreciation	(36,554)	(34,440)
Carrying amount	160,067	153,334

18 Property, plant and equipment

Parent company

	<u>Land</u>	<u>Buildings and improvements</u>	<u>Machinery, equipment and facilities</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Others</u>	<u>Total in operation</u>	<u>Construction in progress</u>	<u>Total property, plant and equipment</u>
Own assets									
Balances at January 1, 2021	7,091	3,533	42,274	113	10,813	1,350	65,174	7,562	72,736
Additions	-	-	1,406	-	431	17	1,854	4,211	6,065
Write-offs	-	-	(53)	-	-	-	(53)	-	(53)
Depreciation	-	(92)	(1,401)	(4)	(182)	(71)	(1,750)	-	(1,750)
Transfers	-	-	1,066	-	-	6	1,072	(1,072)	-
Balances at March 31, 2021	7,091	3,441	43,292	109	11,062	1,302	66,297	10,701	76,998
Right-of-use assets - leases									
Balances at January 1, 2021	-	28,129	-	29,671	-	-	57,800	-	57,800
Additions	-	3,046	-	9,670	-	-	12,716	-	12,716
Write-offs	-	-	-	(222)	-	-	(222)	-	(222)
Amortization	-	(2,233)	-	(5,010)	-	-	(7,243)	-	(7,243)
Balances at March 31, 2021	-	28,942	-	34,109	-	-	63,051	-	63,051
Total cost of own assets and right-of-use assets - leases	7,091	90,446	93,421	102,942	16,987	10,589	321,476	10,701	332,177
Total accumulated depreciation	-	(58,063)	(50,129)	(68,724)	(5,925)	(9,287)	(192,128)	-	(192,128)
Carrying amount	7,091	32,383	43,292	34,218	11,062	1,302	129,348	10,701	140,049

Consolidated

	<u>Land</u>	<u>Buildings and improvements</u>	<u>Machinery, equipment and facilities</u>	<u>Vehicles</u>	<u>Furniture and fixtures</u>	<u>Others</u>	<u>Total in operation</u>	<u>Fixed assets under construction (*)</u>	<u>Total property, plant and equipment</u>
Own assets									
Balances at January 1, 2021	20,849	238,849	931,268	854	24,621	10,479	1,226,920	251,753	1,478,673
Additions	-	43	74,591	103	883	3,020	78,640	35,778	114,418
Write-offs	-	-	(172)	-	-	(9)	(181)	-	(181)
Depreciation	-	(2,583)	(13,658)	(28)	(460)	(698)	(17,427)	-	(17,427)
Transfers	-	(156)	110,703	-	423	306	111,276	(111,276)	-
Balances at March 31, 2021	20,849	236,153	1,102,732	929	25,467	13,098	1,399,228	176,255	1,575,483

Right-of-use assets - leases

Balances at January 1, 2021	-	35,680	-	32,056	-	-	67,736	-	67,736
Additions	-	3,046	-	9,670	-	-	12,716	-	12,716
Write-offs	-	-	-	(222)	-	-	(222)	-	(222)
Amortization	-	(1,812)	-	(5,271)	-	-	(7,083)	-	(7,083)
Balances at March 31, 2021	-	36,914	-	36,233	-	-	73,147	-	73,147
Total cost of own assets and right-of-use assets - leases	20,849	408,889	1,586,533	112,814	48,784	48,859	2,226,728	176,255	2,402,983
Total accumulated depreciation	-	(135,822)	(483,801)	(75,652)	(23,317)	(35,761)	(754,353)	-	(754,353)
Carrying amount	20,849	273,067	1,102,732	37,162	25,467	13,098	1,472,375	176,255	1,648,630

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

19 Intangible assets

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Goodwill in company not merged				
Darwin Prestação de Serviços de Marketing Ltda.	-	-	2,832,166	-
Simple Organic Beauty Eireli	-	-	16,607	-
Goodwill on the acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	32,328	52,614	32,328
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	<u>4,325,804</u>	<u>4,305,518</u>	<u>7,174,577</u>	<u>4,305,518</u>
Trademarks and patents	<u>1,652,084</u>	<u>1,671,501</u>	<u>2,135,641</u>	<u>1,671,803</u>
Rights of use and software	<u>23,399</u>	<u>23,348</u>	<u>37,518</u>	<u>38,274</u>
Product development	<u>4,589</u>	<u>4,582</u>	<u>423,975</u>	<u>382,666</u>
	<u>6,005,876</u>	<u>6,004,949</u>	<u>9,771,711</u>	<u>6,398,261</u>

Goodwill is measured as the surplus of the consideration transferred over the net assets acquired, and is based mainly on the future profitability, supported by appraisal reports prepared by a specialized company, using the cash flow method discounted to present value. The discount rates used in the calculations were determined by adopting the weighted average cost of capital (WACC). For acquisitions after 2009, the consideration transferred was allocated to certain assets acquired for the business (inventory, property, plant and equipment, and trademarks, among others).

Changes in the balances

Parent company

	Right of use and trademarks	Rights of use and software	Product development	Goodwill	Total
Balances at January 1, 2021	<u>1,671,501</u>	<u>23,348</u>	<u>4,582</u>	<u>4,305,518</u>	<u>6,004,949</u>
Additions	1,696	1,257	40	-	2,993
Transfers	(20,286)	-	-	20,286	-
Amortization	<u>(827)</u>	<u>(1,206)</u>	<u>(33)</u>	<u>-</u>	<u>(2,066)</u>
Balances at March 31, 2021	<u>1,652,084</u>	<u>23,399</u>	<u>4,589</u>	<u>4,325,804</u>	<u>6,005,876</u>
Total cost	1,679,615	102,738	5,663	4,325,804	6,113,820
Accumulated amortization	<u>(27,531)</u>	<u>(79,339)</u>	<u>(1,074)</u>	<u>-</u>	<u>(107,944)</u>
Carrying amount	<u>1,652,084</u>	<u>23,399</u>	<u>4,589</u>	<u>4,325,804</u>	<u>6,005,876</u>

Consolidated

	Right of use and trademarks	Rights of use and software	Product development	Goodwill	Total
Balances at January 1, 2021	<u>1,671,803</u>	<u>38,274</u>	<u>382,666</u>	<u>4,305,518</u>	<u>6,398,261</u>
Additions (*)	484,950	2,397	43,284	2,848,773	3,379,404
Transfers	(20,286)	-	-	20,286	-
Amortization	<u>(826)</u>	<u>(3,153)</u>	<u>(1,975)</u>	<u>-</u>	<u>(5,954)</u>
Balances at March 31, 2021	<u>2,135,641</u>	<u>37,518</u>	<u>423,975</u>	<u>7,174,577</u>	<u>9,771,711</u>
Total cost	2,163,196	164,972	543,505	7,174,577	10,046,250
Accumulated amortization	<u>(27,555)</u>	<u>(127,454)</u>	<u>(119,530)</u>	<u>-</u>	<u>(274,539)</u>
Carrying amount	<u>2,135,641</u>	<u>37,518</u>	<u>423,975</u>	<u>7,174,577</u>	<u>9,771,711</u>

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

Impairment of assets

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

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

20 Suppliers

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Domestic suppliers	4,387	12,803	309,954	257,560
Foreign suppliers	533	-	30,695	17,979
Related party suppliers (Note 30 (a))	624,709	575,823	-	-
	<u>629,629</u>	<u>588,626</u>	<u>340,649</u>	<u>275,539</u>

21 Suppliers' assignment of receivables

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Local market (overdraft risk)	10,040	5,013	153,732	160,548
External market (forfaiting)	-	-	296,565	279,708
	<u>10,040</u>	<u>5,013</u>	<u>450,297</u>	<u>440,256</u>

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

At March 31, 2021, the discount rates on assignment operations carried out by the Company's suppliers with financial institutions in the domestic market were between 0.35% and 0.41% with a weighted average of 0.36% p.m. (at December 31, 2020, between 0.35% and 0.54%, with a weighted average of 0.38% p.m.)

At March 31, 2021, the discount rates on assignment operations carried out by the Company's suppliers with financial institutions in the foreign market were between 3.40% and 11.58% with a weighted average of 5.00% p.a (at December 31, 2020, these rates were between 2.52% and 11.58%, with a weighted average of 5.05% p.a.).

22 Loans and financing

	Nominal rate	Parent company		Consolidated	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Foreign currency					
Loans (i)	€ + 1.61% p.a. USD + 1.50% p.a.	426,173	135,412	426,173	135,412
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,749,267	916,050	1,749,267	916,050
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	15,690	16,736	31,987	34,783
Financing	Fixed rate from 2.50% to 8.70% p.a.	923	1,074	5,549	5,095
Debentures	CDI + 1.25% to 1.75% p.a.	4,038,687	4,015,883	4,038,687	4,015,883
Finep	TJLP from -1.00% to 1.00% p.a	266,933	278,647	266,933	278,647
Real estate financing	TR + 9.60% p.a.	40,507	39,668	129,870	127,179
		6,538,180	5,403,470	6,648,466	5,513,049
Current		642,705	424,880	680,009	461,816
Non-current		5,895,475	4,978,590	5,968,457	5,051,233

(i) Contracts with covenants regarding debt levels and the coverage of interest with respect to certain financial information (EBITDA and net interest expenses), disposals, spin-offs, mergers, amalgamations or any corporate restructuring which, if they occur, require prior approval from the financial agents. If any of these events occurs without the consent of the lenders, the outstanding balances will have their maturities accelerated. At December 31, 2020, the covenants were met. The next measurement will be made at June 30, 2021.

The breakdown of long-term loans and financing at March 31, 2021, by year of maturity, is as follows:

	Parent company	Consolidated
2022	369,150	388,250
2023	1,053,204	1,069,981
2024	527,115	539,558
2025	19,264	31,600
2026	19,263	31,590
2027	13,676	13,676
2028	13,676	13,676
2029	12,537	12,537
	<u>2,027,885</u>	<u>2,100,868</u>

Debentures

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

On April 3, 2020, 248,500 non-convertible debentures of the 9th public issuance, single series, were issued, in the amount of R\$ 2,485,000,000.00, with an interest corresponding to 100% of the cumulative variation of the daily average rates of the DI rate, plus a spread of 1.50% p.a. The

nominal unit value of debentures will be amortized in six consecutive semiannual installments, with final maturity on April 3, 2026.

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

Debentures - Changes

	8th Public Issuance Single series	9th Public Issuance Single series	10th Public Issuance 1st and 2nd Series	Total
Balances at January 1, 2021	797,455	2,483,538	734,890	4,015,883
Financial charges	6,515	22,203	7,070	35,788
Interest paid	-	-	(12,984)	(12,984)
Balance at March 31, 2021	803,970	2,505,741	728,976	4,038,687
Current	36,828	106,121	28,148	171,097
Non-current	767,142	2,399,620	700,828	3,867,590
Unrealized transaction costs	4,517	20,470	8,542	33,529
Current	1,124	4,913	1,807	7,844
Non-current	3,393	15,557	6,735	25,685

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

	03/31/2021
2023	693,531
2024	1,387,061
2025	1,387,061
2026	399,937
	3,867,590

a. Guarantees for loans and financing at March 31, 2021

	Parent company	Consolidated
Accounts receivable – Pledged guarantees	8,791	13,836
Letters of guarantee (*)	266,933	266,933
Pledged fixed assets	48,329	152,558
	324,053	433,327

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

b. Book values and estimated fair value

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

		Consolidated		Fair value	
	Nominal rate	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Foreign currency					
Loans	€ + 1.61% p.a. USD + 1.50% p.a.	426,173	135,412	426,173	135,412
Local currency					
Loans	CDI + 1.30% to 3.60% p.a.	1,749,267	916,050	1,749,267	916,050
FCO	Fixed rate from 2.50% to 8.50% p.a.	31,987	34,783	31,987	34,782
Financing	Fixed rate from 2.50% to 8.70% p.a.	5,549	5,095	5,549	5,089
Debentures	CDI + 1.25% to 1.75% p.a.	4,038,687	4,015,883	4,037,687	4,015,883
Finep	TJLP - 1.00% to 1.00% p.a.	266,933	278,647	266,933	278,647
Real estate financing	TR + 9.60% p.a.	129,870	127,179	118,602	125,148
		6,648,466	5,513,049	6,636,198	5,511,011

The fair value of some of the current loans is equal to their book value, since the impact of the mark-to-market is not material. The fair values are based on the discounted cash flow, using a market rate of CDI + 0.25% to CDI + 1.59% p.a. (December 31, 2020 - CDI + 0.14% to CDI + 1.23% p.a.).

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

						Parent company				
	Liabilities					Derivatives (assets/liabilities) held to hedge long-term loans				
	Loans and financing	Notes payable	Taxes payable	Proposed dividends	Related parties	Leases	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Shareholders' equity	Total
Balances at January 1, 2021	5,403,470	23,980	29,728	671,654	-	56,715	(79,427)	149,213	9,240,715	15,496,048
Changes in financing cash flow										
Loans taken out	1,105,000	-	-	-	-	-	-	-	-	1,105,000
Payments of loans – principal	(12,837)	-	(263)	-	-	(6,466)	-	-	-	(19,566)
Payments of loans – interest	(24,246)	-	-	-	-	(1,351)	-	-	-	(25,597)
Purchases of treasury shares	-	-	-	-	-	-	-	-	(85,118)	(85,118)
Sales of shares	-	-	-	-	-	-	-	-	145	145
Loans payable	-	-	-	-	1,468	-	-	-	-	1,468
Dividends paid	-	-	-	(671,594)	-	-	-	-	-	(671,594)
Total changes in cash flow and financing	1,067,917	-	(263)	(671,594)	1,468	(7,817)	-	-	(84,973)	304,738
Other changes										
Write-offs	-	-	-	-	-	(217)	-	-	-	(217)
Additions	-	-	-	-	-	1,785	-	-	-	1,785
Leases	-	-	-	-	-	11,493	-	-	-	11,493
Taxes payable	-	-	1,701	-	-	-	-	-	-	1,701
Proposed dividends	-	-	-	194,772	-	-	-	-	-	194,772
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	-	4,130	4,130
Net income	-	-	-	-	-	-	-	-	305,349	305,349
Interest accrued	66,793	95	80	-	5	864	(5,637)	1,360	-	63,560
Interest on shareholders' equity	-	-	-	-	-	-	-	-	(194,771)	(194,771)
Loans - acquisition of subsidiaries	-	12,332	-	-	-	-	-	-	-	12,332
MtM- Hedge loans	-	-	-	-	-	-	3,627	-	-	3,627
Supplier hedges - interest paid	-	-	-	-	-	-	-	529	-	529
MtM - Supplier hedges	-	-	-	-	-	-	-	(1,000)	-	(1,000)
MtM - Supplier hedges	-	-	-	-	-	-	(3,157)	-	-	(3,157)
Payment/receipt Investment hedges	-	-	-	-	-	-	195,061	(148,665)	-	46,396
Equity valuation adjustments	-	-	-	-	-	-	-	-	102,918	102,918
Adjustments from prior years	-	-	-	-	-	-	-	-	(24,091)	(24,091)
Result on the sale of shares	-	-	-	-	-	-	-	-	(6,298)	(6,298)
Provision - Share purchase	-	-	-	-	-	-	-	-	6,298	6,298
Interest accrued – Acquisitions	-	-	-	-	-	-	(145,778)	(78)	-	(145,856)
Total other changes related to liabilities	66,793	12,427	1,781	194,772	5	13,925	44,116	(147,854)	193,535	379,500
At March 31, 2021	6,538,180	36,407	31,246	194,832	1,473	62,823	(35,311)	1,359	9,349,277	16,180,286

	Consolidated								
	Liabilities				Derivatives (assets/liabilities) held to hedge long-term loans				
	Loans and financing	Notes payable	Taxes payable	Proposed dividends	Leases	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Shareholders' equity	Total
Balances at January 1, 2021	5,513,049	23,980	71,310	671,654	54,242	(85,674)	177,943	9,240,715	15,667,219
Changes in financing cash flow									
Loans taken out	1,105,000	-	-	-	-	-	-	-	1,105,000
Payments of loans – principal	(14,973)	-	(263)	-	(6,347)	-	-	-	(21,583)
Payments of loans – interest	(24,508)	-	-	-	(1,506)	-	-	-	(26,014)
Purchases of treasury shares	-	-	-	-	-	-	-	(85,118)	(85,118)
Sales of shares	-	-	-	-	-	-	-	145	145
Dividends paid	-	-	-	(671,594)	-	-	-	-	(671,594)
Total changes in cash flow and financing	1,065,519	-	(263)	(671,594)	(7,853)	-	-	(84,973)	300,836
Other changes									
Write-offs	-	-	-	-	(217)	-	-	-	(217)
Additions	1,013	-	564	-	1,862	-	-	-	3,439
Leases	-	-	-	-	11,493	-	-	-	11,493
Taxes payable	-	-	4,118	-	-	-	-	-	4,118
Proposed dividends	-	-	-	194,772	-	-	-	-	194,772
Stock Options/Matching/Restricted	-	-	-	-	-	-	-	4,130	4,130
Net income	-	-	-	-	-	-	-	305,349	305,349
Interest accrued	68,885	95	81	-	1,013	(5,638)	1,359	-	65,795
Interest on shareholders' equity	-	-	-	-	-	-	-	(194,771)	(194,771)
Loans - acquisition of subsidiaries	-	12,332	-	-	-	-	-	-	12,332
MtM- Hedge loans	-	-	-	-	-	3,627	-	-	3,627
MtM - Supplier hedges	-	-	-	-	-	14,458	(15,457)	-	(999)
MtM - Supplier hedges	-	-	-	-	-	(3,157)	-	-	(3,157)
Payment/receipt Investment hedges	-	-	-	-	-	195,061	(148,665)	-	46,396
Supplier hedges - interest paid	-	-	-	-	-	(56,522)	(9,860)	-	(66,382)
Equity valuation adjustments	-	-	-	-	-	-	-	102,918	102,918
Adjustments from prior years	-	-	-	-	-	-	-	(24,091)	(24,091)
Noncontrolling interests in subsidiaries/associates	-	-	-	-	-	-	-	1,451	1,451
Result on the sale of shares	-	-	-	-	-	-	-	(6,298)	(6,298)
Provision - Share purchase	-	-	-	-	-	-	-	6,298	6,298
Interest accrued – Acquisitions	-	-	-	-	-	(145,778)	(78)	-	(145,856)
Total other changes related to liabilities	69,898	12,427	4,763	194,772	14,151	2,051	(172,701)	194,986	320,347
At March 31, 2021	6,648,466	36,407	75,810	194,832	60,540	(83,623)	5,242	9,350,728	16,288,402

23 Deferred income tax and social contribution

a. Breakdown of deferred tax assets

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

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Deferred tax assets:				
Tax losses carried forward and negative bases of CSLL	1,690,593	1,616,196	1,729,137	1,636,107
Contingencies	64,368	65,813	72,402	73,593
Expected credit losses	29,117	45,965	32,285	49,133
Allowance for losses on inventory	11,192	10,136	31,803	30,456
Other temporary differences	105,068	140,780	158,544	218,833
Total deferred tax assets	1,900,338	1,878,890	2,024,171	2,008,122
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company with the same tax authority (also recoverable against the calculation of current tax)	(1,742,330)	(1,712,977)	(1,836,287)	(1,813,406)
Remaining balance of deferred tax assets	158,008	165,913	187,884	194,716

b. Deferred tax liabilities

These consist 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 has continued to be amortized for tax purposes, but ceased to be amortized in the accounting records from January 1, 2009. This temporary difference may result in amounts being added to the calculation of the taxable income for future years when the book value of the asset is reduced (due to impairment) or settled, thus making it necessary to record a deferred tax liability.

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Goodwill	1,605,361	1,575,837	1,605,361	1,575,837
Tax debt - PIS/COFINS and others	105,473	101,540	109,545	107,710
Fair value of property, plant and equipment - business combinations	11,112	11,213	38,043	38,937
Others	20,384	24,387	148,076	136,939
Total tax debt	1,742,330	1,712,977	1,901,025	1,859,423
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company with the same tax authority (also recoverable against the current tax calculation)	(1,742,330)	(1,712,977)	(1,836,287)	(1,813,406)
Remaining balance of deferred liabilities	-	-	64,738	46,017

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

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Income before income tax and social contribution	284,939	209,177	285,767	217,677
Combined rate - %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(96,879)	(71,120)	(97,423)	(73,998)
Equity accounting	1,749	10,346	(199)	1,565
Interest on shareholders' equity	66,222	63,069	66,222	63,069
Interest/indexation in the nature of an indemnity	4,724	916	5,605	6,561
Government grants	43,024	27,884	43,833	29,676
Permanent additions/exclusions	1,345	(2,064)	1,320	(6,340)
Income tax and social contribution expenses	<u>20,185</u>	<u>29,031</u>	<u>19,358</u>	<u>20,533</u>
Current	-	-	(147)	(605)
Deferred	<u>20,185</u>	<u>29,031</u>	<u>19,505</u>	<u>21,138</u>
Discontinued operations	971	2,381	1,230	3,594
Continuing operations	<u>19,214</u>	<u>26,650</u>	<u>18,128</u>	<u>16,939</u>
	<u>20,185</u>	<u>29,031</u>	<u>19,358</u>	<u>20,533</u>
	7%	14%	7%	9%

24 Taxes payable

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
ICMS (value added tax) payable	29,417	27,851	72,264	67,275
IPI/PIS/COFINS payable	-	-	462	359
Other taxes payable	1,829	1,877	3,084	3,676
	<u>31,246</u>	<u>29,728</u>	<u>75,810</u>	<u>71,310</u>
Current	<u>23,794</u>	<u>22,077</u>	<u>68,358</u>	<u>63,659</u>
Non-current	<u>7,452</u>	<u>7,651</u>	<u>7,452</u>	<u>7,651</u>

25 Accounts payable

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Freight payable	19,518	19,595	24,266	23,655
Services provided	53,518	57,110	105,352	102,614
Advertising	23,784	21,747	23,784	21,747
Revenue to elapse	53,379	47,882	53,793	47,882
Purchases of fixed assets	7,915	10,629	34,257	43,838
Payables arising from disposal	12,410	12,410	12,410	12,410
Leases (i)	62,823	56,715	60,540	54,242
Accrued taxes on inventory losses	2,753	2,687	18,262	17,048
Others	9,218	7,284	19,065	19,097
	<u>245,318</u>	<u>236,059</u>	<u>351,729</u>	<u>342,533</u>
Current	170,171	169,943	273,408	273,353
Non-current	<u>75,147</u>	<u>66,116</u>	<u>78,321</u>	<u>69,180</u>

(i) Lease liabilities

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Current	24,937	21,280	24,541	20,802
Non-current	37,886	35,435	35,999	33,440
	<u>62,823</u>	<u>56,715</u>	<u>60,540</u>	<u>54,242</u>

Changes in lease liabilities are presented in the table below:

	Parent company	Consolidated
Balances at January 1, 2021	56,715	54,242
Payments of loans - principal	(6,466)	(6,347)
Payments of loans - interest	(1,351)	(1,506)
Additions	1,785	1,862
Write-offs	(217)	(217)
Remeasurement	11,493	11,493
Interest accrued	864	1,013
Balance at March 31, 2021	<u>62,823</u>	<u>60,540</u>

a. Maturity of installments

Leases at March 31, 2021 have the following breakdown, by year of maturity:

	Parent company	Consolidated
From 1 to 2 years	21,070	20,668
From 2 to 5 years	15,553	14,042
More than 5 years	1,263	1,289
	<u>37,886</u>	<u>35,999</u>

b. Tax rights on leases

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

	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease liability	68,330	62,823	67,186	60,540
Estimated PIS/COFINS	(3,014)	(2,609)	(2,662)	(2,147)
	<u>65,316</u>	<u>60,214</u>	<u>64,524</u>	<u>58,393</u>

c. Agreements by term and discount rate

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

Terms	Parent company	Consolidated
	Rate % p.a.	Rate % p.a.
Up to 2 years	6.40%	6.40%
From 2 to 5 years	4.42%	5.39%
More than 5 years	10.45%	12.06%

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 rates.

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Lease liabilities				
Carrying amount - IFRS 16/ CPC 06 (R2)	62,823	56,715	60,540	54,242
Flow with projected inflation	65,650	59,290	63,264	56,705
Variation	4.50%	4.54%	4.50%	4.54%
Net rights-of-use - closing balance				
Carrying amount - IFRS 16/ CPC 06 (R2)	63,051	57,800	73,147	67,736
Flow with projected inflation	65,888	60,424	76,439	70,811
Variation	4.50%	4.54%	4.50%	4.54%
	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Financial expenses				
Carrying amount - IFRS 16/ CPC 06 (R2)	(864)	(3,476)	(962)	(3,911)
Flow with projected inflation	(903)	(3,634)	(1,005)	(4,089)
Variation	4.50%	4.54%	4.50%	4.54%
Depreciation expenses				
Carrying amount - IFRS 16/ CPC 06 (R2)	(7,244)	(28,776)	(7,082)	(28,092)
Flow with projected inflation	(7,570)	(30,082)	(7,401)	(29,367)
Variation	4.50%	4.54%	4.50%	4.54%

26 Provision for contingencies

At March 31, 2021, the Company had the following provision for contingencies and corresponding deposits with courts related to contingencies:

	March 31, 2021				Parent company December 31, 2020			
	Forecast of likely loss	Contingencies assumed in business combinations	Deposits in court	Contingencies net of court deposits	Forecast of likely loss	Contingencies assumed in business combinations	Deposits in court	Contingencies net of court deposits
Civil	9,311	10,755	(58)	20,008	9,261	11,782	(57)	20,986
Labor	100,974	19,160	(15,091)	105,043	99,941	23,721	(14,750)	108,912
Tax	124	44,712	(365)	44,471	121	44,652	(365)	44,408
Administrative/other	3,412	870	(236)	4,046	3,254	834	(225)	3,863
Liability of former owners	5,508	-	-	5,508	5,347	-	-	5,347
	<u>119,329</u>	<u>75,497</u>	<u>(15,750)</u>	<u>179,076</u>	<u>117,924</u>	<u>80,989</u>	<u>(15,397)</u>	<u>183,516</u>

	March 31, 2021				Consolidated December 31, 2020			
	Forecast of likely loss	Contingencies assumed in business combinations	Deposits in court	Contingencies net of court deposits	Forecast of likely loss	Contingencies assumed in business combinations	Deposits in court	Contingencies net of court deposits
Civil	9,425	10,755	(58)	20,122	9,297	11,782	(57)	21,022
Labor	110,532	19,160	(18,025)	111,667	107,995	23,721	(17,600)	114,116
Tax	127	44,712	(367)	44,472	124	44,652	(367)	44,409
Administrative/other	17,428	870	(236)	18,062	18,044	834	(225)	18,653
Liability of former owners	8,247	-	-	8,247	8,188	-	-	8,188
	<u>145,759</u>	<u>75,497</u>	<u>(18,686)</u>	<u>202,570</u>	<u>143,648</u>	<u>80,989</u>	<u>(18,249)</u>	<u>206,388</u>

Changes in contingencies

	Parent company				
	December 31, 2020	Indexation accruals	Additions	Reversals	Payments
Civil	21,043	358	7	(1,190)	(152)
Labor	123,662	3,751	1,222	(3,635)	(4,866)
Tax	44,773	63	-	-	-
Administrative/other	4,088	194	-	-	-
Liability of former owners	5,347	103	133	(75)	-
	<u>198,913</u>	<u>4,469</u>	<u>1,362</u>	<u>(4,900)</u>	<u>(5,018)</u>
Deposits in court	(15,397)	(252)	(415)	231	83
	<u>183,516</u>	<u>4,217</u>	<u>947</u>	<u>(4,669)</u>	<u>(4,935)</u>

	Consolidated				
	December 31, 2020	Indexation accruals	Additions	Reversals	Payments
Civil	21,079	359	84	(1,190)	(152)
Labor	131,716	3,903	2,986	(3,874)	(5,039)
Tax (a)	44,776	63	-	-	-
Administrative/other (b)	18,878	443	150	-	(1,173)
Liability of former owners (c)	8,188	131	133	(205)	-
	<u>224,637</u>	<u>4,899</u>	<u>3,353</u>	<u>(5,269)</u>	<u>(6,364)</u>
Deposits in court	(18,249)	(290)	(516)	271	98
	<u>206,388</u>	<u>4,609</u>	<u>2,837</u>	<u>(4,998)</u>	<u>(6,266)</u>

(a) The additions refer to seven new labor lawsuits, and the reversals refer to 48 labor lawsuits.

(b) Mainly related to the payment of ICMS on imports of goods arising from the acquisition of Mabesa and Mantecorp.

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

Possible contingencies

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

	Parent company		Consolidated	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	57,082	46,703	58,356	47,868
Labor	459,878	465,091	479,462	483,452
Tax	129,629	128,102	164,372	162,747
Administrative/other	3,001	2,865	3,650	3,486
Liability of former owners	473,379	469,830	629,801	625,976
	<u>1,122,969</u>	<u>1,112,591</u>	<u>1,335,641</u>	<u>1,323,529</u>

27 Share capital

a. Share capital

On March 31, 2021, the Company was authorized to increase its share capital up to the limit of R\$ 5,500,000.00, in accordance with a provisions of its bylaws and a decision of the Board of Directors at the Special General Meeting on January 24, 2011.

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

b. Treasury shares

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

	Number	Amount
Balance at 12/31/2020	<u>9,476</u>	<u>278</u>
Acquisition in the period	2,700,000	85,118
Sales in the period	(204,748)	(6,443)
Balance at 03/31/2021	<u>2,504,728</u>	<u>78,953</u>

c. Interest on shareholders' equity

On March 23, 2021, the Board of Directors approved the payment of interest on shareholders' equity to the Company's shareholders, in the amount of R\$ 194,711.

28 Revenue

The reconciliation of gross and net revenue is as follows:

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Gross revenue from products	1,386,529	992,584	1,388,162	992,667
Returns	(22,158)	(32,163)	(22,177)	(32,163)
Unconditional discounts	(34,464)	(48,916)	(34,464)	(48,916)
Net revenue from returns and unconditional discounts	1,329,907	911,505	1,331,521	911,588
Promotional discounts	(63,062)	(26,083)	(62,630)	(26,083)
Taxes	(71,155)	(46,565)	(98,029)	(70,473)
Net revenue	1,195,690	838,857	1,170,862	815,032

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

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

29 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Cost of sales	(499,512)	(338,415)	(418,063)	(271,974)
Raw materials	-	-	(186,912)	(134,337)
Packaging materials	-	-	(66,231)	(53,679)
Labor	-	-	(102,121)	(88,279)
Depreciation and amortization expenses	-	-	(14,172)	(14,079)
Resale	(485,296)	(323,016)	(297,273)	(36,864)
Losses on inventory	(14,216)	(15,399)	(23,573)	(26,185)
Changes in inventory/others	-	-	272,219	81,449
Selling and marketing expenses	(323,316)	(280,100)	(366,094)	(309,933)
Marketing expenses	(216,018)	(191,061)	(214,720)	(182,569)
Advertising and consumer promotion	(59,164)	(42,661)	(58,518)	(41,684)
Trade deals	(33,538)	(20,489)	(33,538)	(20,489)
Market surveys and others	(1,090)	(935)	(1,090)	(935)
Medical visits, promotions, gifts and samples	(122,226)	(126,976)	(121,574)	(119,461)
Selling expenses	(107,298)	(89,039)	(151,374)	(127,364)
Sales force	(63,298)	(51,814)	(64,371)	(52,960)
Freight and logistics expenses	(25,129)	(18,249)	(27,096)	(21,276)
Research and development	(4,251)	(2,037)	(40,381)	(32,018)
Depreciation and amortization expenses	(7,053)	(7,328)	(10,975)	(11,095)
Other expenses	(7,567)	(9,611)	(8,551)	(10,015)
General and administrative expenses	(39,762)	(35,611)	(55,861)	(49,835)
Salaries/wages payable	(23,957)	(22,917)	(35,429)	(33,240)
Lawyers, advisors and auditors	(12,144)	(9,400)	(14,137)	(10,689)
Depreciation and amortization expenses	(2,818)	(2,302)	(5,068)	(4,192)
Other expenses	(843)	(992)	(1,227)	(1,714)

b. Other operating (expenses) income, net

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Potential gains (losses)	(1,237)	(9,532)	(4,123)	29,367
Depreciation of investment properties	(931)	(961)	(931)	(961)
Rental income	5,076	5,847	4,474	5,202
Civil and labor contingencies	2,207	(2,379)	1,083	(4,139)
	5,115	(7,025)	503	29,469

c. Financial income

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Interest income	5,976	5,909	6,955	6,422
Income from financial investments and others	9,319	15,317	9,800	16,041
Exchange variations (gains on derivative transactions)	-	16,718	-	16,718
	<u>15,295</u>	<u>37,944</u>	<u>16,755</u>	<u>39,181</u>

d. Financial expenses

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Interest on financing	(3,629)	(4,431)	(5,761)	(6,958)
Interest on loans	(20,946)	(2,048)	(8,722)	(2,048)
Interest on notes payable	(95)	(149)	(95)	(149)
Indexation accruals on contingencies	(4,366)	(4,094)	(4,768)	(4,884)
REFIS (financing of tax liabilities)	(81)	(97)	(81)	(97)
Debentures	(34,180)	(10,866)	(34,180)	(10,866)
Interest and commission on letters of guarantee	(1,109)	(1,168)	(1,113)	(1,169)
Bank expenses, discounts granted and others	(5,457)	(5,304)	(5,407)	(5,408)
Cost of hedges and exchange variations on loans	57	971	57	971
Cost of hedges and exchange variations on suppliers	12	(17)	3,154	5,328
Reversals of present value adjustments	(864)	(869)	(962)	(1,009)
Others	(103)	(19)	(190)	(176)
	<u>(70,761)</u>	<u>(28,091)</u>	<u>(58,068)</u>	<u>(26,465)</u>

30 Related-party transactions

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

Transactions and balances

The main asset and liability balances, as well as the transactions between related parties that impacted the results for the year, arise from transactions with the Company and its subsidiaries, which management considers 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 in the market.

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

- The rental agreement with Brainfarma Indústria Química Farmacêutica S.A. is indexed to the IGPM-FGV, and the maturity date is May 2, 2025, but may be extended as agreed between the parties.
- The rental agreement with Cosmed Indústria de Cosméticos e Medicamentos S.A. (Sweetener production facility) is indexed to the IGPM - FGV index of April 1, 2019 and the maturity date is March 31, 2027, but may be extended as agreed between the parties.

a. In assets and liabilities

							Parent company
							March 31, 2021
Companies	Other amounts receivable	Loans receivable	Shareholder indemnity	Suppliers	Accounts payable	Other amounts payable	Loans payable
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	-	-	(95,209)	-	(1,473)	-
My Agência Propaganda Ltda.	4	-	-	(17)	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	1,659	-	-	(529,483)	(9,837)	-	-
Darwin Prestação de Serviços de Marketing Ltda.	-	7,914	-	-	-	-	-
João Alves de Queiros Filho	-	-	142,983	-	-	-	-
Total	1,663	7,914	142,983	(624,709)	(9,837)	(1,473)	-

							Consolidated
							March 31, 2021
Companies	Other amounts receivable	Loans receivable	Shareholder indemnity	Suppliers	Accounts payable	Other amounts payable	Loans payable
João Alves de Queiros Filho	-	-	154,965	-	-	-	-
Total	-	-	154,965	-	-	-	-

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

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

b. Income for the period

Parent company								
March 31, 2021								
	Transactions					Other (expenses)/ income	Interest on loans	
Companies	Purchases of goods/products	Rental income	Shareholder indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(103,746)	651	-	-	-	-	-	-
My - Agência Propaganda Ltda.	-	51	-	(1,140)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(536,678)	-	-	-	(524)	-	(110)	57
TV Serra Dourada Ltda.	-	-	-	(745)	-	-	-	-
João Alves de Queiros Filho	-	-	-	-	-	-	-	2,059
	<u>(640,424)</u>	<u>702</u>	<u>-</u>	<u>(1,885)</u>	<u>(524)</u>	<u>-</u>	<u>(110)</u>	<u>2,116</u>
Consolidated								
March 31, 2021								
	Transactions					Other (expenses)/ income	Interest on loans	
Companies	Purchases of goods/product s	Rental income	Shareholder indemnity	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
TV Serra Dourada Ltda.	-	-	-	(745)	-	-	-	-
João Alves de Queiros Filho	-	-	-	-	-	-	-	2,110
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(745)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,110</u>
Parent company								
March 31, 2020								
	Transactions					Other (expenses)/income	Interest on loans	
Companies	Purchases of goods/products	Rental income		Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(100,454)	628		-	-	-	-	-
My - Agência Propaganda Ltda.	-	51		(1,140)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(324,072)	-		-	(547)	-	(74)	-
	<u>(424,526)</u>	<u>679</u>		<u>1,140</u>	<u>(547)</u>	<u>-</u>	<u>(74)</u>	<u>-</u>
Consolidated								
March 31, 2020								
	Transactions					Other (expenses)/income	Interest on loans	
Companies	Purchases of goods/products	Rental income		Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	-		-	-	-	-	-
My - Agência Propaganda Ltda.	-	-		-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	-		-	-	-	-	-
	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

c. Compensation of key management personnel

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

	Parent company		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Salaries and other short-term benefits	4,660	4,348	4,660	4,348
Board members' fees	1,337	1,337	1,337	1,337
Share-based payments	1,244	1,937	1,244	1,937
	<u>7,241</u>	<u>7,622</u>	<u>7,241</u>	<u>7,622</u>

31 Other matters

a) Internal Investigation

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

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

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

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

Concurrently, and in addition to the work of the Independent Committee, the Company, based on the advice of its legal counsel, continues to support and collaborate with the investigations conducted by the relevant authorities. The Company’s Management is committed to implementing the recommended measures, and will assess, together with its legal counsel, the

legal ramifications of seeking a settlement with the authorities. The potential accounting effects arising from Operation “Tira-Teima” are being investigated by the Company and the Independent Committee, and cannot be reliably estimated at this time.

b) Impacts of the COVID-19 pandemic

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

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

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

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

32 Events after the reporting period

On April 8, 2021, the Company entered into an Irrevocable and Irreversible Purchase and Sale of Property Agreement and Other Covenants (“Agreement”) with Newport Logística Fundo de Investimento Imobiliário, for the sale, by the Company, of a property located in Goiânia (State of Goiás - GO), for R\$ 231,463,907.51. The property sold hosted the Distribution Center (“DC”) of Goiânia, was dedicated to the former operation of the Company’s consumer products, and was leased to third parties, in addition to being used by part of the Company’s administrative operations; it also included the factory of the subsidiary Cosmed. The facilities of the Company’s administrative operations, as well as the land of the factory of the subsidiary Cosmed, will be leased.

The sale of the Goiânia DC is in line with the strategy of Hypera Pharma of concentrating its capital allocation in initiatives that foster its sustainable growth in the Brazilian pharmaceutical market, and the funds raised with this sale will be used mainly to finance the Company’s expansion project of the manufacturing capacity in Anápolis. The completion of the Goiânia DC sale is contingent on certain prior conditions set forth in the Agreement and the Company will ensure the market remains informed about significant information regarding this matter.

* * *