Hypera S.A.

Financial Statements
December 31, 2024

Content

Management Report

In compliance with legal and Bylaws dispositions, the Management of Hypera S.A. ('Company' or 'Hypera Pharma') submits the Company's Management Report and its individual and consolidated Standard Financial Statements to its shareholders, as well as the independent auditors report, regarding the fiscal year ended December 31, 2024.

Management Statement

Hypera Pharma's sell-out, which corresponds to sales of the Company's products in pharmacies, distributors, clinics, public and private hospitals, grew by 9.3% in 2024 and reached R$11.0 billion, according to IQVIA, driven by growth in sales in pharmaceutical retail and the Non-Retail Market.

This performance is a consequence of: (i) the significant increase in sales of products for the Non-Retail Market, which contributed to the 25.5% growth in sell-out in this segment, a level almost 20 percentage points higher than market growth, according to IQVIA; and (ii) the investments in leading pharmaceutical retail brands.

The pharmaceutical retail sell-out growth was driven, both in the year and in the quarter, by performance in the Gynecology, Gastroenterology, VMS (vitamins, minerals and supplements), Nausea and Skin Moisturizing categories. On the other hand, products related to Flu, Respiratory, Pain and Fever, which concentrate Hypera Pharma's important Power Brands[3] and represent just over 1/3 of the sell-out, compared to just over 10% of total pharmaceutical retail sales, showed an important recovery in the second half of the year and ended the year with growth of 6%, compared to a fall of 3% in 2023.

In 2024, Hypera Pharma has once again recognized for its medium and long-term sustainable practices and commitments, and has advanced in the development of its corporate governance. The Company was once again selected to be part of the London Stock Exchange's FTSE4Good Index Series, one of the most important international sustainability indices drawn up by the Financial Times Stock Exchange (FTSE), and B3's IDIVERSA, which recognizes companies that meet gender and race diversity criteria.

For the 3rd consecutive year, Hypera Pharma is part of the B3 Corporate Sustainability Index ("ISE") portfolio and the S&P Global Sustainability Yearbook, which brought together the world's most sustainable companies in the pharmaceutical sector over the last year. It should also be noted that Hypera Pharma increased its score on the Dow Jones Sustainability Index by 10% in 2024.

In addition, with the aim of further strengthening aspects of corporate governance and advising the Board of Directors on the definition of guidelines and actions for integrating the governance, environmental and social dimensions into Hypera Pharma's strategy, the Governance and Sustainability Committee was created at the beginning of 2024. Over the course of the year, it carried out a review of the Rules of Procedure of the Board of Directors and the Advisory Committees and the Company's new Materiality study, which will inform Hypera Pharma's ESG strategy and the content of its Sustainability Reports from 2025 onwards.

More information on the actions of the Company and its subsidiaries in relation to issues related to the environment, people, social responsibility and corporate governance can be found in the Annual Sustainability Report, available on our Investor Relations website https://ri.hypera.com.br/, including quantitative data and qualitative discussions on relevant ESG indicators.

Key Indicators

Net Revenue reached R$7,442.5 million in 2024, 6.0% lower than in 2023. Net Revenue didn't keep pace with the growth in sell-out in the year due to the start of the working capital optimization process in 3Q24, which seeks to increase cash generation by reducing inventories at clients and the consequent reduction in days of accounts receivable.

Gross Profit reached R$4,381.0 million in the year, compared to R$4,995.5 million in 2023, with a reduction in Gross Margin of 12.3 percentage points. The reduction in Gross Margin in 2024 is mainly a result of the change in the mix of products sold and lower operating leverage due to the working capital optimization process started in 3Q24, which resulted in a reduction in Net Revenue in the year, mainly in Consumer Health and Prescription Products, which concentrate Hypera Pharma's Main Power Brands and which have a Gross Margin higher than the Company's average.

EBITDA from Continuing Operations was R$2,101.0 million in 2024, with an EBITDA Margin of 28.2%, compared to 34.8% in 2023. The difference in EBITDA from Continuing Operations and EBITDA Margin compared to 2023 is mainly due to the working capital optimization process that began in 3Q24 and intensified in 4Q24, which resulted in a reduction in Net Revenue and Gross Margin due to a change in the mix of products sold and lower operating leverage.

In addition, it should be noted that the Company decided not to change its main initiatives to support sustainable sell-out growth during the working capital optimization process, which resulted in an increase in marketing, sales, general and administrative expenses in the year and quarter and, consequently, an increase in the share of these expenses as a percentage of Net Revenue, contributing negatively to EBITDA from Continuing Operations and EBITDA Margin.

Net Income fell by 19.4%, mainly due to the reduction in EBIT from Continuing Operations as a result of the working capital optimization process started in 3Q24.

The Company recorded the highest ever Operating Cash Flow in 2024, even with the reduction in EBITDA from Continuing Operations due to the start of the working capital optimization process. Operating Cash Flow was R$2,539.6 million in 2024, or 6.0% higher than the previous year, and benefited mainly from the reduction in investments in working capital throughout the year.

Free Cash Flow in 2024 was 20.7% higher than in 2023 and reached R$1,760.9 million, and was mainly impacted by the lower level of investments in fixed assets in the year. The reduction in investments in fixed assets in 2024 is mainly due to the payment for the acquisition of the Boehringer Ingelheim plant in Itapecerica da Serra/SP, made in 2023.

Macroeconomic Environment

Geopolitical tensions, protectionist trade policies and still high interest rates continued to influence the global economic scenario in 2024, resulting in economic growth, according to World Bank estimates, of 2.7%, lower than the historical average of 3.7% recorded between 2000 and 2019 (pre-Covid-19 pandemic period). For 2025, the World Bank expects growth to be similar to 2024, amid new post-election agendas in the United States and more than 20 European countries.

In Brazil, the year 2024 was marked by Gross Domestic Product (GDP) growth accelerating to 3.4%, compared to 3.2% in 2023, a reduction in unemployment, an increase in inflation and a rise in the Selic interest rate in comparison, as well as important progress in structural reforms, especially the approval of the Tax Reform and the spending cut package by the Chamber of Deputies.

Inflation, as measured by the IPCA, ended 2024 at 4.83%, slightly above the upper limit of the target set by the Central Bank, which was 4.5%. In 2023, the IPCA had closed at 4.62%, indicating a slight acceleration in inflation in the last year. In response to inflationary pressures, the Central Bank raised the Selic rate to 12.25% at the end of 2024, up from 11.75% at the end of 2023, and signaled the possibility of further increases to control inflation throughout 2025.

The Central Bank also acted to reduce the volatility of the US dollar in 2024, which ended the year at R$6.18, up from R$4.85 at the end of 2023, mainly as a result of global uncertainties, the impact of domestic and foreign monetary policies and the worsening of the Brazilian fiscal scenario. The unemployment rate fell to 6.6% on average in 2024, the lowest level in the historical series, and recorded its third consecutive year of decline, driven by growth of 2.7% in the number of employees with a formal contract and 6.0% without a formal contract.

The combination of the reduction in the unemployment rate in Brazil and the constant increase in health care and the ageing of the population maintain positive prospects for the growth of the Brazilian pharmaceutical sector in 2025.

Outlook

In November 2024, IQVIA projected growth of 10.2% for the Brazilian pharmaceutical market in 2025 (including the retail and non-retail channels, in USD), followed by expansions of 8.6%, 7.9% and 7.4%, respectively, for the years 2026, 2027 and 2028.

Population ageing in Brazil is the main factor contributing to these estimates, since the consumption of medicines by people over 60 is higher than that of younger age groups. In addition to the ageing population, the increase in the incidence of diseases in the elderly due to the population's lifestyle, the potential for increased adherence to chronic therapy treatments, the number of new product launches and the adoption of new technologies all tend to contribute positively to the growth of the Brazilian pharmaceutical market.

Profile and Business Units

Hypera Pharma is one of the biggest and most diversified pharmaceutical companies in Brazil and is present in all relevant segments of the sector. With leading position in diverse categories offering high quality and secure products, it invests continuously in innovation and has been growing sustainably, so that people live more and better.

With a forward-looking and innovative vision, Hypera Pharma is supported by one of the biggest and most modern pharmaceutical research centers in Brazil, in the structure of its subsidiary Brainfarma. The center is composed of a highly qualified team of professionals, including Masters and PhD's, for the development of medicines, dermocosmetics and health products, using high technology to pioneer the launch of new treatments in Brazil.

Headquartered in São Paulo and listed on B3's *Novo Mercado* since 2008, the Company operates in the following market segments:

Consumer Health: The Company is the market leader in non-prescription medicines in Brazil with brands such as Apracur, Benegrip, Buscopan, Coristina D Pro, Engov, Epocler, Estomazil, Neosaldina, among others. It also operates in the nutraceuticals, sweeteners and vitamin supplements, with brands such as Tamarine, Biotônico Fontoura and Zero-Cal, a Top of Mind brand for 21 years in Brazil.

Prescription Products: Under the Mantecorp Farmasa umbrella brand, the Company operates in diversified medical specialties in the Primary Care segment, and is present in most of the country's main therapeutic classes with products such as Addera D3, Nesina, Dramin, Alivium, Predsim, Lisador and Rinosoro.

Similars and Generics: With the Neo Química brand, the Company stands out in the market for similar and generic medicines in Brazil. The brand is Top of Mind in generics and reaches almost every point of sale in the Brazilian pharmaceutical market, in line with the Company's Mission to promote access to health for the population.

Skincare: With the Mantecorp Skincare brand, it offers dermocosmetics recommended by dermatologists throughout Brazil, according to information from Close-Up International. It also operates in this segment with the brands Simple

Organic, of organic, vegan and animal cruelty-free products, and Bioage, focused on the professional aesthetic treatments market.

Non-Retail Market: Since 2021, the Company has also been operating in the non-retail channel, made up of public and private hospitals and clinics, which represent 40% of the total pharmaceutical market in Brazil. In this market, it sells brands such as Bac-Sulfitrin, Buscopan and Dramin injectables, as well as its first exclusive product for this channel, Hyfol (propofol), and the company's first biological drug, Hyblut, for the treatment of deep vein thrombosis and pulmonary embolism.

Portfolio & Innovation

The Company strengthened its product portfolio with more than 50 launches in 2024, in particular the line extensions of important brands in Gastroenterology, Pain, Antiallergics, Sun Protection, Nutraceuticals and Skin Cleansing in Consumer Health and Skincare, and new products in Cardiology, Central Nervous System and Respiratory System in Prescription Products. In Similars and Generics, the Company advanced in its strategy to increase the coverage of molecules in Central Nervous System, Cardiology, Endocrinology and Gastroenterology.

Investments

In 2024, the Company and its subsidiaries invested around R$2.3 billion to expand their presence in the Brazilian pharmaceutical sector, paving the way to compete for leadership in this market. This amount includes amounts invested in media, point of sale and medical visits, research and development, and in increasing production capacity. Progress was also made in creating a new innovation center, pilot plant and oncology product factory to support the Company's expansion into the Non-Retail Market.

Issuance of Debentures

On May 3, 2024, 1,500,000 non-convertible debentures of the 18th public issue were issued, in a single series, in the total amount of R$1,500 million, with a unit price of R$1,000.00 (one thousand reais) and interest corresponding to 100% (one hundred percent) of the accumulated variation of the average daily rates of the DI - Interbank Deposits + spread of 0.85% per year. The balance of the Nominal Unit Value of the Debentures will be amortized in two installments, on May 3, 2028 and May 3, 2029. The funds obtained through the Issue were used in the process of reprofiling the Company's debts.

Human Capital

n 2024, Hypera Pharma was once again recognized as one of the best employers in the world, earning the prestigious Top Employer certification, making it the only 100% Brazilian company in the pharmaceutical sector to appear on this Top Employers Institute list. In recent years, the Company has transformed its employees' working environment with innovative people management initiatives, always in line with its business strategy. Through the development of its people, the implementation of Corporate Education programs, ESG practices and the use of technology to simplify processes and increase productivity, Hypera Pharma continues to strengthen its commitment to excellence and the well-being of its team.

Last year, the Company received its third Great Place to Work certification and was ranked among the 20 best healthcare companies to work for in Brazil in the GPTW ranking.

The Corporate Education area promoted more than 30 development initiatives, impacting approximately 8,500 employees through four corporate schools:

- ***Escola de Líderes***: focused on developing leadership skills and aligning them with the Company's values.
- ***Escola do Futuro***: preparing employees for trends and innovation.
- ***Escola de Negócios***: eveloping essential skills to face business challenges, with a focus on safety, quality and high performance.
- ***Escola Técnica***: deepening technical knowledge and essential skills for job performance.

These schools offer personalized learning paths, with flexible and accessible content.

The Company also maintained its internship and trainee programs to train young professionals. The first Trainee Program, which ended in 2024, had a 100% success rate, with participants taking on positions of coordination and specialization. Also in 2024, the Holiday Internship program was launched, allowing university students to experience corporate challenges during their academic vacations.

As part of its health and well-being initiatives, the *Tem Valor* program has expanded its activities. For example, the *Recomeço Tem Valor* program, which offers support during pregnancy, childbirth and the puerperium for female employees, was extended to all units. In addition, the *Programa Saúde Emocional* was launched, with integrative therapies such as physiotherapy, acupuncture and quick massage in São Paulo. Another highlight was the relaunch of the medication access program for the field team, now in partnership with Vidalink, including training on how to use the benefit.

Diversity and Inclusion: In 2024, the Diversity Committee and the Inclusion and Diversity Program strengthened their internal initiatives with diversity groups related to gender equity, ethnicity, LGBTQIAP+, people with disabilities and generations.

Among the initiatives, the Diversity Committee supported awareness-raising projects for leaders, focusing on affirmative processes in the Internship Program, especially in the IT, Digital, People & Management and Research & Development areas. In addition, the Program prepared and disseminated booklets welcoming minority groups to promote a more inclusive and welcoming environment.

The Company has once again secured its place on B3's IDIVERSA, an index of companies listed in São Paulo that stand out for their gender and racial diversity criteria, reaffirming its commitment to inclusion, equity and diversity in the corporate environment, and on the Teva Women in Leadership Index, which selected the companies with the highest representation of women in governance bodies.

In 2024, The Company also maintained the CDI - Centro de Desenvolvimento Infantil (Child Development Center) in Anápolis (GO), a daycare center for the sons and daughters of female employees, aged between 4 months and 5 years and 11 months. There, educational practices are developed, organized so that the child gradually acquires independence and autonomy, specific to each age group.

Capital Markets

The shares issued by Hypera Pharma are traded under the ticker HYPE3 at B3’s Novo Mercado – the segment of the Brazilian stock exchange with the highest corporate governance standards in the Brazilian market.

By the end of 2024, the total number of outstanding shares issued by the Company remained 633,420,823 common shares, with around 63% of free float. HYPE3 shares ended the year at R$18.09, versus R$35.75 at the end of 2023, and the Ibovespa index, main index of the Brazilian Stock Exchange ended the year at 120,283 points, versus 134,185 points at the end of 2023.

The Company has a Level I ADR (American Depositary Receipts) Program traded in over-the-counter markets in the United States.

Dividends

The Company's mandatory dividend is of at least 25% of the adjusted net income, under the terms of the Brazilian Corporate Law and the Company's Bylaws, based on the consolidated financial statements after the constitution of reserves according to the law. The yearly distribution of dividends, including dividends more than the minimum mandatory dividend, requires approval at the Annual General Meeting by a majority vote of the shareholders of the Company's common shares and will depend on many factors, including the Company's operating results, financial condition, cash requirements, future prospects and other eventual elements deemed relevant by the Company´s Board of Directors and shareholders.

In 2024, Hypera Pharma approved the distribution of approximately R$738.9 million to shareholders, of which R$661.9 million in the form of interest on equity (IOC) and R$77.0 million in the form of dividends.

The following table indicates the dividend history approved in the last three fiscal years, including Interest on Equity:

	2022	2023	2024
Total Dividends (R$ million)	779.1	779.1	738.9
Dividends Per Share (R$)	1.23	1.23	1.17

Social Responsibility

Hypera Pharma has "Social Responsibility" as one of the main pillars of its corporate performance, investing in social projects in line with its priority Sustainable Development Goals (SDGs).

Donations: In 2024, The Company mobilized to help the population of the regions affected by the heavy rains in Rio Grande do Sul. The Company's actions totaled more than R$5 million and were earmarked for emergency support and resources for rebuilding the affected communities.

Mutirões da Saúde: Throughout the year, two mutirões da saúde were carried out in partnership with the Horas da Vida Institute, guaranteeing access to health and quality medicines for socially vulnerable people in São Paulo.

- ***Mutirão da Saúde Neo Química***: The Company's generic and similar brand promoted the Mutirão da Saúde 2024, impacting more than 300 families at the Neo Química Arena. The action included primary medical care, workshops on feminine care, including guidance on breast cancer prevention, a tour of the stadium and educational/recreational activities for children.
- ***Multirão da Saúde 2024***: through the Mantecorp Farmasa and Mantecorp Skincare brands and the Horas da Vida Institute, the task force assisted approximately 90 children and adolescents in vulnerable situations at the *Mão Amiga* School in Itapecerica da Serra (SP), providing pediatric, family health and general practice care to young people, as well as educational activities.

Instituto Horas da Vida: Mantecorp Farmasa and Mantecorp Skincare support the institution, which continues to structure a volunteer network with doctors, focusing on low-complexity treatments.

Instituto Semear: Hypera Pharma supported the actions developed by *Instituto Semear* with 10 scholarship students sponsored by The Company, who were mentored by some of our employees throughout the project. *Instituto Semear* is a non-profit organization (NGO) with the aim of offering development opportunities to young university students from low-income backgrounds, so that they remain in higher education fighting for their dreams and achieve the job of their dreams. Through Scholarships, Mentoring and Networking, the three fundamental pillars of the *Instituto Semear*, young people develop into multiplier leaders.

Receita do Bem: The Company has a corporate volunteering program, with initiatives related to health issues. In 2024, the project carried out around 30 volunteer activities, involving more than 100 of our employees in more than 220 hours of volunteering, benefiting around 280 people in different institutions, including homes for the elderly, public schools, NGOs, hospitals and children's shelters.

Environmental Pillar

In March 2024, Hypera Pharma concluded the *Juntos pelo Araguaia* Project, considered the largest watershed recovery program in the world, in partnership with the Espinhaço Institute and the Goiás State Secretariat for the Environment and Sustainable Development (Semad-GO). In total, Hypera Pharma invested around R$11 million in the implementation of Lot II of the program, which covers 230 hectares, with Forest Restoration, Soil Conservation and Integrated Social Engagement.

Over the three years, the project has received significant recognition, including the Sustainable Goiás Award and the Seriema Trophy in 2022, as well as second place as best ESG project in the 2023 Lupa de Ouro. Also aligned with water resource management, in January 2024 the company began the project to adopt spring areas, the result of cooperation for environmental recovery and preservation, through civil works to contain the soil and recover the forest, totaling an investment of approximately R$4 million.

Throughout 2024, the Natural Resources Efficiency Committee (COMEF), created in 2021 to promote the efficient use of natural resources, developed actions and projects that optimized the waste generation efficiency index, the water efficiency index and the reduction of scope 1 greenhouse gas emissions. At the Anápolis manufacturing complex, operated by the Brainfarma subsidiary, initiatives included reducing the amount of common waste sent to landfills, meeting the 2024 targets for solid waste and CO_2 emissions per unit produced, and improvements to the Energy Efficiency Program. The unit's Environmental Management System has also been consolidated as a robust and effective tool.

The Company's Program to Combat Climate Change received the Sustainable Goiás Award and the Goiás Industry Sustainability Award from FIEG.

Due to The Company's transparency in disclosing its greenhouse gas emissions, Hypera Pharma was once again included in B3's ICO2, Carbon Efficient Index. Also in 2024, The Company maintained its 'B' score in the CDP (Carbon Disclosure Project), above the global average for the pharmaceutical sector.

Relationship with Auditor

In compliance with CVM Resolution 162/22, we would like to inform you that in the 2024 financial year, The Company hired its independent auditors for work other than that related to external auditing, relating to the service of evaluating the asset valuation report of certain fixed assets, resulting from the acquisition of Boehringer Ingelheim do Brasil Química Farmacêutica Ltda, and the limited assurance of data from The Company's 2023 sustainability report. The total remuneration for these services was R$214,600, or 8.9% of the overall remuneration for external audit services.

The Company's policy on hiring the services of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity of any services provided by independent auditors unrelated to the external audit services.

The independent auditors have declared to management that they have no factors affecting the independence and objectivity required to perform the external audit services.

Arbitration Panel

In accordance to the Company's by-laws, disputes and litigations regarding or related to by-laws, the Novo Mercado Rules, the Brazilian Corporations Law, the norms edited by the National Monetary Council, by the Central Bank of Brazil and by the Securities and Exchange Commission of Brazil, B3's Rules and other norms applicable to the functioning of capital markets in general must be solved by arbitration, to be conducted in the form of the Rules of the Market Arbitration Panel Rules, established by B3.

General Information

Tax jurisdiction	Brazil
Entities that are part of the tax jurisdiction	Cosmed Indústria de Cosméticos e Medicamentos S.A., My Agência de Propaganda Ltda., Brainfarma Indústria Química e Farmacêutica S.A, Neolatina Comércio e Indústria Farmacêutica S.A., Simple Organic Beauty S.A., Mantecorp Participações S.A., Bio Brands Franchising Gestão de Marcas Ltda., Bio Scientific Indústria de Cosméticos Ltda. e Solana Agropecuária Ltda.
Activities description	Manufacture and distribution of medicines, cosmetics, perfumery, and personal care products
Number of employees at the end of 2024	10,481
2024 Net Revenues	R$7,442.5 million
2024 EBITDA	R$979.3 million
Income Tax and Social Contribution in 2024	R$355.4 million
Income Tax and Social Contribution paid in 2024	-R$7.9 million

HYPERA S.A.

São Paulo, March 20, 2025

Hypera Pharma reports Net Revenue of R$7,442.5 million and the highest ever recorded Cash Flow from Operations of R$2,539.6 million in 2024

São Paulo, March 20, 2025 – Hypera S.A. ("Hypera Pharma" or "Company"; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for 2024. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2024 Highlights

- **Total sell-out growth of 9.3%[1], with 8.1%[2] growth in the pharmaceutical retail and 25.5%[3] growth in Non-Retail**
- **Highest ever recorded Cash Flow from Operations of R$2,539.6 million, or 6.0% higher than 2023**
- **Free Cash Flow growth of 20.7% compared to the same period last year**
- **Interest on Equity and Dividends approval totaling R$738.9 million (R$1.17/share) related to the 2024 fiscal year**

Table 1

(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	2023	% NR	2024	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,174.8	*117.8%*	1,920.1	*127.1%*	*-11.7%*	9,150.2	*115.6%*	8,855.8	*119.0%*	*-3.2%*
Net Revenue	1,846.9	*100.0%*	1,511.0	*100.0%*	*-18.2%*	7,914.7	*100.0%*	7,442.5	*100.0%*	*-6.0%*
Gross Profit	1,146.4	*62.1%*	786.4	*52.0%*	*-31.4%*	4,995.5	*63.1%*	4,381.0	*58.9%*	*-12.3%*
SG&A (excl. Marketing and R&D)	(286.6)	*-15.5%*	(320.5)	*-21.2%*	*11.8%*	(1,108.0)	*-14.0%*	(1,182.2)	*-15.9%*	*6.7%*
Research & Development	(40.8)	*-2.2%*	(22.3)	*-1.5%*	*-45.5%*	(169.5)	*-2.1%*	(145.5)	*-2.0%*	*-14.1%*
Marketing	(292.7)	*-15.8%*	(383.1)	*-25.4%*	*30.9%*	(1,243.0)	*-15.7%*	(1,326.0)	*-17.8%*	*6.7%*
EBITDA from Continuing Operations	580.7	*31.4%*	136.9	*9.1%*	*-76.4%*	2,756.1	*34.8%*	2,101.0	*28.2%*	*-23.8%*
Net Income from Continuing Operations	307.8	*16.7%*	79.5	*5.3%*	*-74.2%*	1,651.1	*20.9%*	1,333.0	*17.9%*	*-19.3%*
Cash Flow from Operations	792.0	*42.9%*	698.2	*46.2%*	*-11.8%*	2,396.0	*30.3%*	2,539.6	*34.1%*	*6.0%*
Free Cash Flow	573.5	*31.0%*	431.4	*28.5%*	*-24.8%*	1,458.7	*18.4%*	1,760.8	*23.7%*	*20.7%*

EARNINGS CONFERENCE CALL – PORTUGUESE: 03/21/2025, 11am (Brasília) / 10am (New York)
Webcast: click here / **Phone:** +55 (11) 4700-9668 **ID**: 829 2669 1189 **Passcode:** 689457
Replay: ri.hypera.com.br

EARNINGS CONFERENCE CALL – ENGLISH: (Simultaneous translation): 03/21/2025, 11am (Brasília) / 10am (New York)
Webcast: click here / **Phone:** +1 (720) 707-2699 **ID**: 829 2669 1189 **Passcode:** 689457
Replay: ri.hypera.com.br/en

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Note: (1) Sell-out PPP (Pharmacy Purchase Price) and HPP (Hospital Purchase Price), as reported by IQVIA, considers the average purchase price by pharmacies, chains and hospitals; (2) In PPP, according to IQVIA; (3) In HPP, according to IQVIA

Operating Scenario

Hypera Pharma's total sell-out grew 9.3%[1] in 2024, in line with the average growth of the categories in which it operates, mainly as a consequence of: (i) the significant increase in sales of products for the Non-Retail Market, which contributed to the 25.5%[2] sell-out growth in this segment, a level almost 20 percentage points higher than the market growth; and (ii) the investments in the leading pharmaceutical retail brands. In this same period, the total market growth reached 11.7%[3], boosted mainly by the sales increase of 23.8% of patent-protected products.

The sell-out growth in the pharmaceutical retail market was driven, both in the year and in the quarter, by the performance in the VMS (vitamins, minerals and supplements), Nausea and Gynecology categories. Products related to Flu, Respiratory, Pain and Fever, which concentrate Hypera Pharma's important Power Brands[4] and represent a little more than 1/3 of the sell-out, compared to around 10% of total pharmaceutical retail sales, showed an important recovery in the second half of the year and ended 2024 with a growth of 6%, compared to a 3% decrease in 2023.

As a result, the pharmaceutical retail sell-out grew 8.1%[5] in 2024, in line with the Company's expectations for the year, and 3.3 percentage points below the market. This performance is mainly due to: (i) the lower growth in Flu, Respiratory, Pain and Fever, which are more relevant for the Company´s sales in comparison to the market; and (ii) the sales increase of 20.8% of patent-protected products.

In 4Q24, the sell-out growth in the pharmaceutical retail was 9.2%, compared to the 13.8% market growth for the same period. The market growth was benefited by the 25.1% growth in sales of patent-protected products.

It is worth noting that Hypera Pharma has important projects in its innovation pipeline to enter in molecules that will no longer be protected by patents in the coming years, as well as to reinforce its operations in several categories related to chronic and preventive treatments, whose growth estimated by IQVIA for the next 5 years is higher than the average growth expected for the pharmaceutical retail market.

Net Revenue was R$7,442.5 million and EBITDA from Continuing Operations was R$2,101.0 million in 2024. Net Revenue and EBITDA from Continuing Operations didn't keep pace with the sell-out growth in the period due to the start of the working capital optimization process in 3Q24, which seeks to increase cash generation: (i) by decreasing inventories at clients and consequently reducing the number of accounts receivable days; and (ii) by the expected increase in the Company's profitability, mainly due to the reduction in returns, discounts and discards.

It is important to mention that even with the reduction in EBITDA from Continuing Operations, the Company achieved Cash Flow from Operations of R$2,539.6 million in 2024, the highest level in its history, and increased its free cash flow generation by 20.7% in the year.

Hypera Pharma made significant and faster-than-initially-expected progress in the working capital optimization over the last quarter by defining a new commercial policy that increased the recurrence of order placements, sales and delivery of products over the months. As a result, the Company closed the 4Q24 reducing the average receivables term for new sales and is already operating with receivables term of approximately 70[6] days for the new sales made in the end of 1Q25.

The working capital optimization hasn´t had any impact on the availability of products at the points of sale and on the sell-out performance.

With the working capital optimization conclusion in 2025, the Company will bring the inventory of its products at its clients to a similar level of what is practiced today by the pharmaceutical industry in Brazil, without compromising the sell-out growth forecasted for the coming years, the remuneration of its shareholders and the investments planned in marketing, innovation and production capacity increase.

Hypera Pharma approved the payment of Interest on Equity and Dividends totaling R$738.9 million (R$1.17/share) for the 2024 fiscal year, representing a dividend yield of 6.5%, and invested more than R$2.3 billion in marketing, innovation and in the increase of its production and distribution capacity.

Investments in advertising, consumer promotion, medical visits, free samples and initiatives at the points of sale with the aim of boosting sell-out growth amounted R$1,326.0 million in 2024, and investments in Research and Development, including the amount capitalized as intangible assets, reached R$558.8 million[7].

Note: (1) Sell-out PPP (Pharmacy Purchase Price) and HPP (Hospital Purchase Price), as reported by IQVIA, considers the average purchase price by pharmacies, chains and hospitals; (2) In HPP, according to IQVIA; (3) In PPP, according to IQVIA, excludes Therapeutic Class Z, Infant Formulas and MECE Market for Diagnostic Tests; (4) Power Brands are brands with +R$100 million in sales; (5) In PPP, according to IQVIA; (6) Average receivables period for sales made in March/2025; (7) Considers the R&D expenses and the amount capitalized as intangible assets. Excludes the effect of the Lei do Bem and the R&D amortization

The Company strengthened its product portfolio with more than 50 launches in 2024, with the line extensions of important brands in Gastroenterology, Pain, Sun Protection and Skin Cleaning in Consumer Health and Skincare, and the new products in Cardiology, Central Nervous System and Respiratory in Prescription Products, being the main highlights of the year. In Similars and Generics, the Company advanced in its strategy to increase the coverage of molecules in Central Nervous System, Cardiology and Gastroenterology.

Fixed assets investments focused on increasing production capacity totaled R$427.7 million in 2024, and include investments in the new innovation center, new pilot plant and in the new oncological and biological plants to support the Non-Retail Market growth, as well as the investments on the scopolamine extraction site for the main raw material to produce Buscopan.

The Company also completed the expansion of its distribution center in Anápolis-GO that began in 2022, adding 26,500 pallet positions with inventory management and automated picking in an area of more than 4,600 square meters, which will contribute to reducing the lead time for delivery of its products and, consequently, to the process of working capital optimization.

Over the past year, Hypera Pharma was once again awarded for its medium and long-term sustainable practices and commitments, and advanced in the development of its corporate governance. The Company was once again selected to be part of the London Stock Exchange's **FTSE4Good Index Series**, one of the most important international sustainability indexes from the Financial Times Stock Exchange (FTSE), and of the B3's **IDIVERSA**, which recognizes companies that meet relevant gender and race diversity criteria.

For the 3rd consecutive year, Hypera Pharma is part of the B3 **Corporate Sustainability Index** (“ISE”) portfolio and was a highlight in the **S&P Global Sustainability Yearbook**, which brought together the world's most sustainable companies in the pharmaceutical sector over the last year. It should also be noted that Hypera Pharma increased its score on the **Dow Jones Sustainability Index** by around 10% in 2024.

In addition, with the aim of further strengthening aspects of corporate governance and advising the Board of Directors on the definition of guidelines and actions for integrating the governance, environmental and social dimensions into Hypera Pharma's strategy, the **Governance and Sustainability Committee** was created in the beginning of 2024. Over the course of the year, it conducted the review of the Board of Directors and the Advisory Committees Rules of Procedure, and the Company's new Materiality study, which will be the basis for Hypera Pharma's ESG strategy and for the content of its Sustainability Reports from 2025 onwards.

Hypera Pharma is the only pharmaceutical company with a relevant participation in all segments of the retail market and present in practically every point of sale in Brazil, with an irreplicable portfolio of leading brands. The combination of these attributes with the strength and resilience of the brand portfolio and the contribution of the innovation pipeline make the Company the pharmaceutical industry best prepared to capture the growth opportunities in the Brazilian pharmaceutical market in the coming years.

In addition, with the conclusion of the working capital optimization process scheduled for 2025, Hypera Pharma will be able to combine sustainable growth with an increase in Return on Invested Capital due to the significant reduction in investments in working capital as a percentage of Net Revenue.

Earnings Discussion

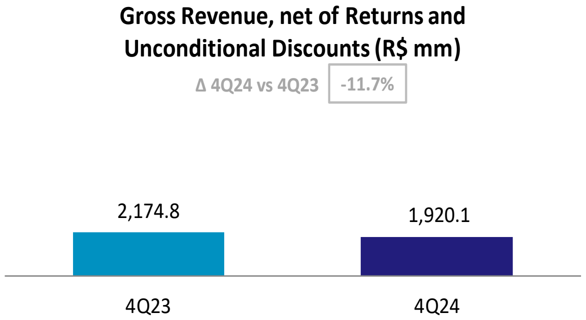
Income Statement

Table 2

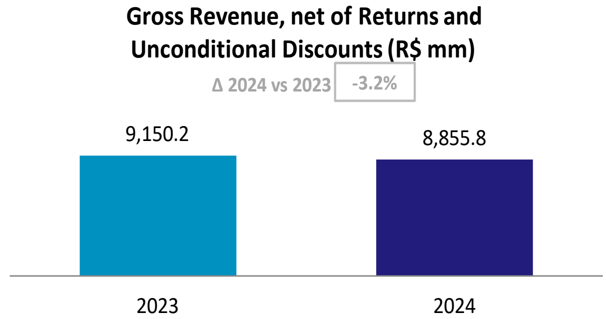
(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	2023	% NR	2024	% NR	Δ %
Net Revenue	**1,846.9**	***100.0%***	**1,511.0**	***100.0%***	***-18.2%***	**7,914.7**	***100.0%***	**7,442.5**	***100.0%***	***-6.0%***
Gross Profit	**1,146.4**	***62.1%***	**786.4**	***52.0%***	***-31.4%***	**4,995.5**	***63.1%***	**4,381.0**	***58.9%***	***-12.3%***
Marketing Expenses	(292.7)	*-15.8%*	(383.1)	*-25.4%*	*30.9%*	(1,243.0)	*-15.7%*	(1,326.0)	*-17.8%*	*6.7%*
Selling Expenses	(239.2)	*-13.0%*	(243.3)	*-16.1%*	*1.7%*	(929.4)	*-11.7%*	(962.3)	*-12.9%*	*3.5%*
General and Administrative Expenses	(88.2)	*-4.8%*	(99.4)	*-6.6%*	*12.7%*	(348.1)	*-4.4%*	(365.5)	*-4.9%*	*5.0%*
Other Operating Revenues (Expenses)	(25.3)	*-1.4%*	(9.4)	*-0.6%*	*-62.9%*	22.9	*0.3%*	68.5	*0.9%*	*199.1%*
Equity in Subsidiaries	11.1	*0.6%*	10.8	*0.7%*	*-2.1%*	19.9	*0.3%*	24.2	*0.3%*	*21.6%*
EBIT from Continuing Operations	**512.0**	***27.7%***	**62.0**	***4.1%***	***-87.9%***	**2,517.8**	***31.8%***	**1,820.0**	***24.5%***	***-27.7%***
Net Financial Expenses	(218.8)	*-11.8%*	(221.5)	*-14.7%*	*1.2%*	(1,008.3)	*-12.7%*	(840.7)	*-11.3%*	*-16.6%*
Income Tax and CSLL	14.6	*0.8%*	239.0	*15.8%*	*1541.1%*	141.6	*1.8%*	353.8	*4.8%*	*149.8%*
Net Income from Continuing Operations	307.8	*16.7%*	79.5	*5.3%*	*-74.2%*	1,651.1	*20.9%*	1,333.0	*17.9%*	*-19.3%*
Net Income from Discontinued Operations	0.3	*0.0%*	(0.6)	*0.0%*	-	(0.6)	*0.0%*	(2.1)	*0.0%*	*277.4%*
Net Income	308.1	*16.7%*	79.0	*5.2%*	*-74.4%*	1,650.6	*20.9%*	1,330.9	*17.9%*	*-19.4%*
EBITDA from Continuing Operations	**580.7**	***31.4%***	**136.9**	***9.1%***	***-76.4%***	**2,756.1**	***34.8%***	**2,101.0**	***28.2%***	***-23.8%***

Net Revenue

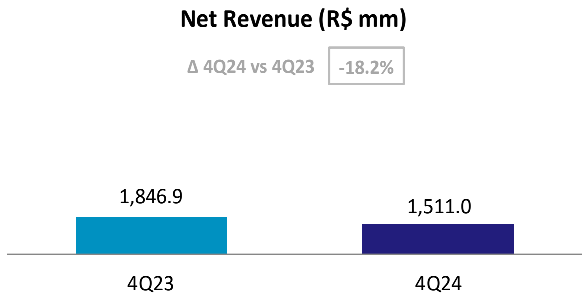
Graph 1



Graph 2



Graph 3



Graph 4

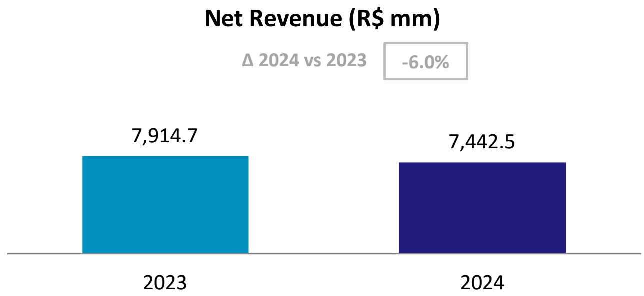


Table 3

(R$ million)	4Q23	4Q24	Δ %	2023	2024	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	**2,174.8**	**1,920.1**	***-11.7%***	**9,150.2**	**8,855.8**	***-3.2%***
Promotional Discounts	(168.4)	(258.4)	*53.4%*	(591.7)	(763.8)	*29.1%*
Taxes	(159.4)	(150.6)	*-5.5%*	(643.9)	(649.5)	*0.9%*
Net Revenue	**1,846.9**	**1,511.0**	***-18.2%***	**7,914.7**	**7,442.5**	***-6.0%***

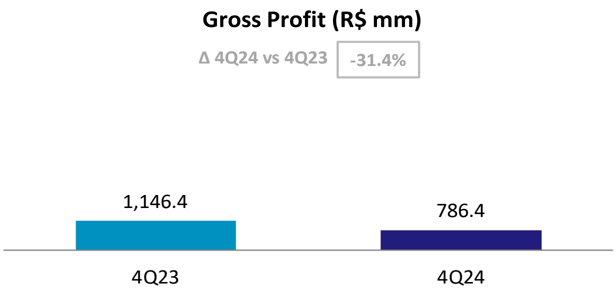
Gross Revenue, net of Returns and Unconditional Discounts, totaled R$8,855.8 million in 2024, down 3.2% versus the previous year, while Net Revenue reached R$7,442.5 million in the same period. In 4Q24, Gross Revenue, net of Returns and Unconditional Discounts and Net Revenue reached R$1,920.1 million and R$1,511.0 million, respectively.

Gross Revenue, net of Returns and Unconditional Discounts and Net Revenue didn't keep pace with the sell-out growth in the year and especially in 4Q24 due to the start of the working capital optimization process in 3Q24, which seeks to increase cash generation by decreasing inventories at clients and consequently reducing the number of accounts receivable days.

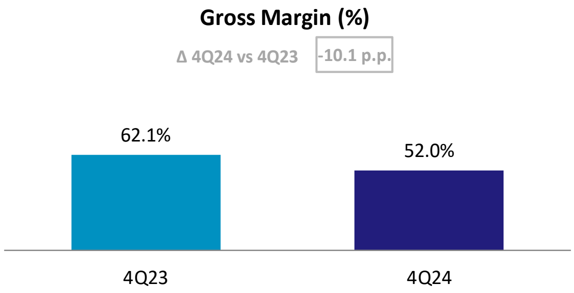
The Net Revenue decrease was higher than the Gross Revenue, net of Returns and Unconditional Discounts decrease, both in the year and in the quarter, mainly as a consequence of the higher level of Promotional Discounts to boost the sell-out growth in generics.

Gross Profit

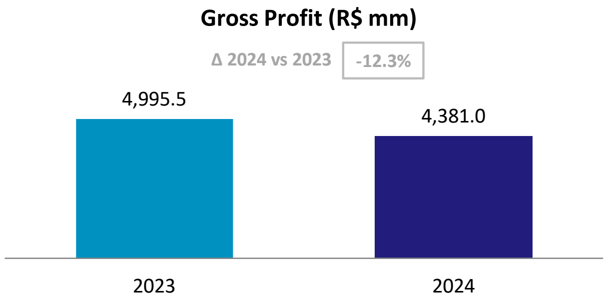
Graph 5



Graph 6



Graph 7



Graph 8

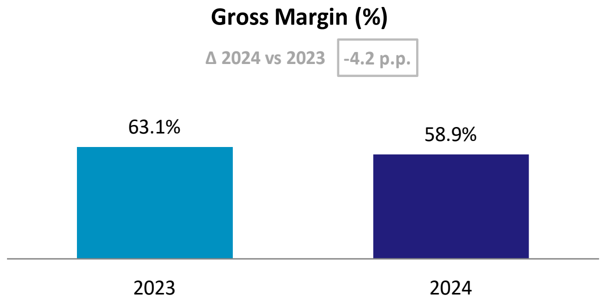


Table 4

(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	Δ p.p.	2023	% NR	2024	% NR	Δ %	Δ p.p.
Gross Profit	1,146.4	*62.1%*	786.4	*52.0%*	*-31.4%*	*-10.1 p.p.*	4,995.5	*63.1%*	4,381.0	*58.9%*	*-12.3%*	*-4.2 p.p.*

Gross Profit reached R$4,381.0 million in the year and R$786.4 million in the quarter, with a reduction in Gross Margin of 4.2 percentage points in 2024 and 10.1 percentage points in 4Q24, when compared to the same periods of the previous year.

The reduction in Gross Margin in 2024 and in 4Q24 was mainly the result of the change in the mix of products sold and the lower operating leverage due to the working capital optimization process that began in 3Q24, which resulted in a decrease in Net Revenue in the year and in the quarter, mainly in Consumer Health and Prescription Products, which concentrate Hypera Pharma's main Power Brands and which have a Gross Margin higher than the Company's average.

Marketing Expenses

Table 5

(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	2023	% NR	2024	% NR	Δ %
Marketing Expenses	(292.7)	-15.8%	(383.1)	-25.4%	30.9%	(1,243.0)	-15.7%	(1,326.0)	-17.8%	6.7%
Advertisement and Consumer Promotion	(81.9)	-4.4%	(98.5)	-6.5%	20.3%	(356.0)	-4.5%	(375.4)	-5.0%	5.4%
Trade Deals	(60.9)	-3.3%	(89.6)	-5.9%	47.2%	(219.1)	-2.8%	(239.2)	-3.2%	9.2%
Medical Visits, Promotions and Others	(149.9)	-8.1%	(195.0)	-12.9%	30.1%	(667.9)	-8.4%	(711.4)	-9.6%	6.5%

Marketing Expenses grew by 6.7% in 2024 and totaled R$1,326.0 million, in line with the sell-out growth. In 4Q24, the growth in Marketing Expenses at a higher level than the sell-out growth is mainly due to the lower expenses related to the Flu, Respiratory, Pain and Fever categories in 4Q23, a period in which the sell-out of these categories was still being negatively affected by the lower number of flu cases in Brazil.

Selling Expenses

Table 6

(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	2023	% NR	2024	% NR	Δ %
Selling Expenses	(239.2)	-13.0%	(243.3)	-16.1%	1.7%	(929.4)	-11.7%	(962.3)	-12.9%	3.5%
Commercial Expenses	(150.1)	-8.1%	(170.3)	-11.3%	13.4%	(571.2)	-7.2%	(618.5)	-8.3%	8.3%
Freight and Logistics Expenses	(48.3)	-2.6%	(50.8)	-3.4%	5.2%	(188.7)	-2.4%	(198.3)	-2.7%	5.1%
Research & Development	(40.8)	-2.2%	(22.3)	-1.5%	-45.5%	(169.5)	-2.1%	(145.5)	-2.0%	-14.1%

Selling Expenses grew by 3.5% in 2024 and by 1.7% in 4Q24, lower than the sell-out growth in both periods, mainly because of the reduction in Research and Development expenses due to the lower spending needs to maintain the current portfolio of products. In this quarter, the *Lei do Bem* benefit amounted to R$28.2 million, compared to R$8.4 million in 4Q23.

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

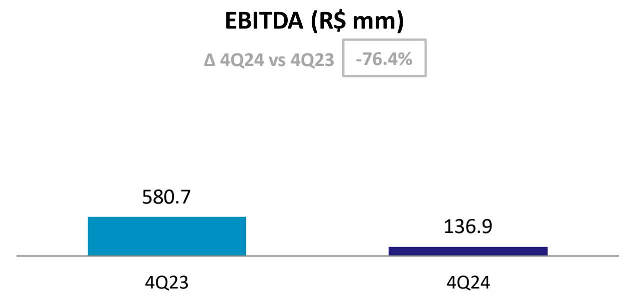
Table 7

(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	2023	% NR	2024	% NR	Δ %
General & Administrative Expenses	(88.2)	-4.8%	(99.4)	-6.6%	12.7%	(348.1)	-4.4%	(365.5)	-4.9%	5.0%
Other Operating Revenues (Expenses)	(25.3)	-1.4%	(9.4)	-0.6%	-62.9%	22.9	0.3%	68.5	0.9%	199.1%

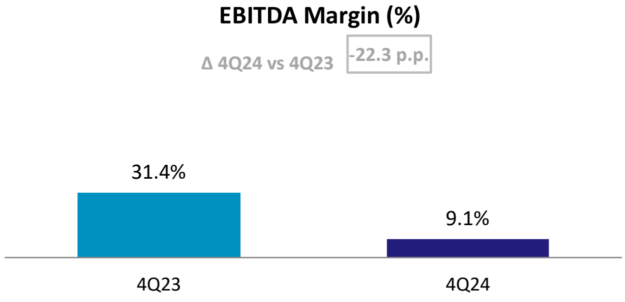
General and Administrative Expenses reached R$365.5 million in 2024, compared to R$348.1 million in 2023, and grew by 5.0%, in line with the inflation (Brazilian IPCA index) in the period.

EBITDA from Continuing Operations

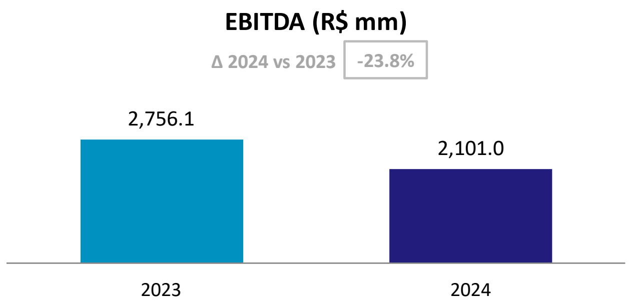
Graph 9



Graph 10



Graph 11



Graph 12

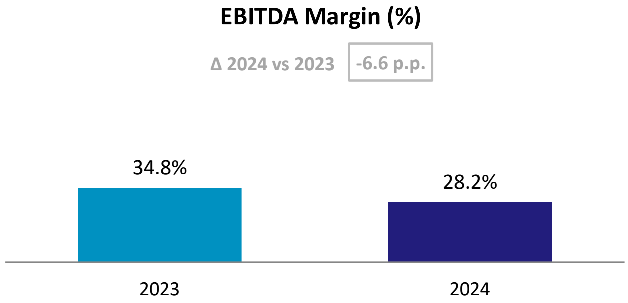


Table 8 – EBITDA from Continuing Operations

(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	2023	% NR	2024	% NR	Δ %
EBITDA from Continuing Operations	580.7	*31.4%*	136.9	*9.1%*	*-76.4%*	2,756.1	*34.8%*	2,101.0	*28.2%*	*-23.8%*

EBITDA from Continuing Operations was R$2,101.0 million in 2024, with EBITDA Margin of 28.2%, and R$136.9 million in 4Q24, with EBITDA Margin of 9.1%.

The change in EBITDA from Continuing Operations and EBITDA Margin compared to 2023 and 4Q23 is mainly due to the working capital optimization process that began in 3Q24 and intensified in 4Q24, which resulted in: (i) the reduction in Net Revenue of 6.0% for the year and 18.2% for the quarter, with the aim of decreasing inventories at clients and consequently reducing the accounts receivable days; and (ii) the lower Gross Margin due to the change in the mix of products sold and lower operating leverage.

In addition, it should be noted that the Company did not change its main initiatives to support the sustainable sell-out growth during the working capital optimization process in 2024, which resulted in an increase in marketing, sales, general and administrative expenses in the year and in the quarter, increasing the share of these expenses as a percentage of Net Revenue, contributing negatively to EBITDA from Continuing Operations and EBITDA Margin.

Net Financial Expenses

Table 9

(R$ million)	4Q23	% NR	4Q24	% NR	Δ R$	2023	% NR	2024	% NR	Δ R$
Financial Result	(218.8)	*-11.8%*	(221.5)	*-14.7%*	(2.7)	(1,008.3)	*-12.7%*	(840.7)	*-11.3%*	167.6
Net Interest Expenses	(192.3)	*-10.4%*	(170.1)	*-11.3%*	22.2	(881.6)	*-11.1%*	(699.5)	*-9.4%*	182.1
Cost of Hedge and FX Gains (Losses)	(1.4)	*-0.1%*	(22.9)	*-1.5%*	(21.6)	(28.3)	*-0.4%*	(33.5)	*-0.5%*	(5.2)
Other	(25.1)	*-1.4%*	(28.5)	*-1.9%*	(3.4)	(98.4)	*-1.2%*	(107.6)	*-1.4%*	(9.3)

The Financial Result was negative by R$840.7 million in 2024, R$167.6 million less than in 2023. This variation is the result of lower interest expenses in the period due to the lower Selic rate.

Net Income

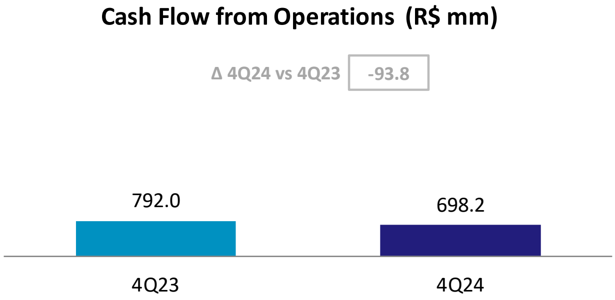
Table 10

(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	2023	% NR	2024	% NR	Δ %
EBIT from Continuing Operations	512.0	*27.7%*	62.0	4.1%	*-87.9%*	2,517.8	*31.8%*	1,820.0	24.5%	*-27.7%*
(-) Net Financial Expenses	(218.8)	*-11.8%*	(221.5)	-14.7%	*1.2%*	(1,008.3)	*-12.7%*	(840.7)	-11.3%	*-16.6%*
(-) Income Tax and Social Contribution	14.6	*0.8%*	239.0	*15.8%*	*1541.1%*	141.6	*1.8%*	353.8	*4.8%*	*149.8%*
Net Income from Continuing Operations	**307.8**	***16.7%***	**79.5**	***5.3%***	***-74.2%***	**1,651.1**	***20.9%***	**1,333.0**	***17.9%***	***-19.3%***
(+) Net Income from Discontinued Operations	0.3	*0.0%*	(0.6)	*0.0%*	-	(0.6)	*0.0%*	(2.1)	*0.0%*	*277.4%*
Net Income	**308.1**	***16.7%***	**79.0**	***5.2%***	***-74.4%***	**1,650.6**	***20.9%***	**1,330.9**	***17.9%***	***-19.4%***
EPS	**0.49**	-	**0.13**	-	***-74.1%***	**2.61**	-	**2.12**	-	***-18.7%***
EPS from Continuing Operations	**0.48**	-	**0.13**	-	***-73.7%***	**2.61**	-	**2.12**	-	***-18.6%***

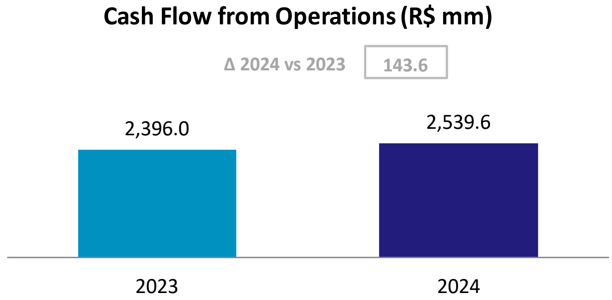
Net Income from Continuing Operations fell in the year and in the quarter because of the decrease in EBIT from Continuing Operations due to the working capital optimization process that began in 3Q24.

Cash Flow (Continuing and Discontinued Operations)

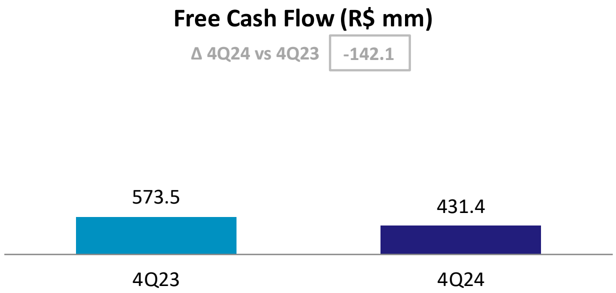
Graph 13



Graph 14



Graph 15



Graph 16

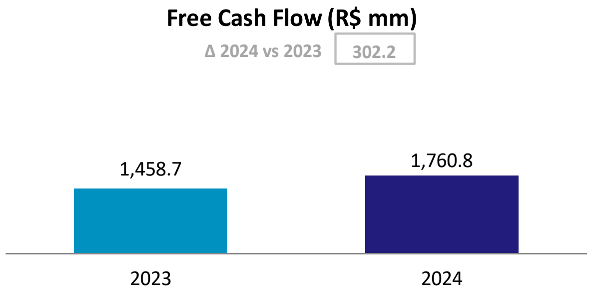


Table 11

(R$ million)	4Q23	4Q24	2023	2024
Cash Flow from Operations	792.0	698.2	2,396.0	2,539.6
Capital increase in subsidiaries/associates	(3.7)	(4.9)	(10.8)	(5.3)
Dividends Received	3.5	4.7	3.5	4.7
Purchase of Property, Plant and Equipment	(117.0)	(160.2)	(460.2)	(429.4)
Purchase of Intangible Assets	(95.2)	(104.2)	(352.5)	(342.9)
Acquisitions of Subsidiaries, Net of Cash Acquired	(4.8)	(2.3)	(115.2)	(7.6)
Sale of Property, Plant and Equipment	(1.4)	0.0	(2.1)	1.7
(=) Free Cash Flow	**573.5**	**431.4**	**1,458.7**	**1,760.8**

The Company recorded the highest ever Cash Flow from Operations in 2024 even with the reduction in EBITDA from Continuing Operations. Cash Flow from Operations was R$2,539.6 million in 2024, or 6.0% higher than 2023, and benefited mainly from the reduction in investments in working capital throughout the year.

The reduction in Cash Flow from Operations in 4Q24, when compared to the same period of the previous year, is mainly the result of the start of the working capital optimization process in 3Q24, which led to a significant reduction in EBITDA from Continuing Operations in the same period.

Free Cash Flow in 2024 was 20.7% higher than in 2023 and reached R$1,760.8 million, being impacted by the lower level of investments in fixed assets in the year due to the payment for the acquisition of the Boehringer Ingelheim plant in Itapecerica da Serra/SP made in 2023.

Net Debt

Table 12

(R$ million)	12/31/2023	12/31/2024
Loans and Financing	(9,937.8)	(9,380.0)
Notes Payable	(24.1)	(17.3)
Gross Debt	**(9,961.8)**	**(9,397.4)**
Cash and Cash Equivalents	2,580.9	1,739.3
Net Cash / (Debt)	**(7,380.9)**	**(7,658.0)**
Unrealized Gain/Loss on Debt Hedge	(27.8)	156.9
Net Cash / (Debt) After Hedge	**(7,408.7)**	**(7,501.1)**

The Company ended 2024 with Net Debt after Hedge of R$7,501.1 million, compared to R$7,408.7 million at the end of 2023.

Other Information

Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	1Q24	2Q24	3Q24	4Q24
Receivables [1]	122	116	126	119
Inventories [2]	265	203	226	241
Payables [2] [3]	(93)	(80)	(95)	(122)
Cash Conversion Cycle	**294**	**240**	**257**	**238**

(R$ million)	1Q24	2Q24	3Q24	4Q24
Receivables	2,730	3,108	2,993	2,249
Inventories	2,095	1,931	1,933	1,939
Payables [3]	(737)	(757)	(813)	(984)
Working Capital	**4,088**	**4,282**	**4,114**	**3,204**
% of Annualized Net Revenue [4]	***56%***	***49%***	***54%***	***53%***

(1) Calculated based on Continuing Operations Gross Revenue, Net of Discounts
(2) Calculated based on Continuing Operations COGS
(3) Includes Suppliers' Assignment of Receivables
(4) Annualized Net Revenue for the last 3 months

Tax Credits that offset Income Tax cash payment

i) **Federal Recoverable Taxes:** R$279.4 million (please refer to Explanatory Note 13 of the Financial Statements)

ii) **Cash effect of Income Tax and Social Contribution Losses Carryforward**: R$4,459.3 million (please refer to Explanatory Note 21(a) of the Financial Statements)

iii) **Goodwill**: the Company has R$1,081.5 million in goodwill to be amortized for tax purposes until August 2030, which will generate a reduction in cash disbursement for the payment of Income Taxes of R$367.7 million

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations Calculation

Table 14

(R$ million)	4Q23	% NR	4Q24	% NR	Δ %	2023	% NR	2024	% NR	Δ %
Net Income	308.1	*16.7%*	79.0	*5.4%*	*-74.4%*	1,650.6	*20.9%*	1,330.9	*17.9%*	*-19.4%*
(+) Income Tax and CSLL	(14.1)	*-0.8%*	(237.6)	*-15.7%*	*1579.0%*	(143.6)	*-1.8%*	(355.4)	*-4.8%*	*147.5%*
(+) Net Interest Expenses	218.8	*11.8%*	221.5	*14.7%*	*1.2%*	1,008.3	*12.7%*	840.7	*11.3%*	*-16.6%*
(+) Depreciations / Amortizations	68.7	*3.7%*	74.9	*5.0%*	*9.0%*	238.3	*3.0%*	281.1	*3.8%*	*17.9%*
EBITDA	**581.4**	***31.5%***	**137.7**	***9.3%***	***-76.3%***	**2,753.6**	***34.8%***	**2,097.3**	***28.2%***	***-23.8%***
(-) EBITDA from Discontinued Operations	(0.7)	*0.0%*	(3.0)	*-0.2%*	*327.9%*	2.5	*0.0%*	3.7	*0.1%*	***49.6%***
Adjusted EBITDA (EBITDA from Continuing Operations)	**580.7**	***31.4%***	**134.8**	***8.9%***	***-76.8%***	**2,756.1**	***34.8%***	**2,101.0**	***28.2%***	***-23.8%***

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 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, to present its performance in a way that better translates the operating cash generation potential of its business.

Disclaimer

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

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

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

Consolidated Income Statement (R$ thousand)

Table 15

	4Q23	4Q24	2023	2024
Net Revenue	**1,846,925**	**1,510,991**	**7,914,658**	**7,442,466**
Cost of Goods Sold	(700,503)	(724,551)	(2,919,114)	(3,061,467)
Gross Profit	**1,146,422**	**786,440**	**4,995,544**	**4,380,999**
Selling and Marketing Expenses	(531,922)	(626,432)	(2,172,415)	(2,288,299)
General and Administrative Expenses	(88,215)	(99,406)	(348,121)	(365,464)
Other Operating Revenues (Expenses)	(25,315)	(9,392)	22,910	68,533
Equity in Subsidiaries	11,064	10,828	19,893	24,181
Operating Income Before Equity Income and Financial Result	**512,034**	**62,038**	**2,517,811**	**1,819,950**
Net Financial Expenses	(218,755)	(221,481)	(1,008,336)	(840,712)
Financial Expenses	(281,998)	(277,930)	(1,255,941)	(1,112,295)
Financial Income	63,243	56,449	247,605	271,583
Profit Before Income Tax and Social Contribution	**293,279**	**(159,443)**	**1,509,475**	**979,238**
Income Tax and Social Contribution	14,561	238,955	141,638	353,762
Net Income from Contining Operations	**307,840**	**79,512**	**1,651,113**	**1,333,000**
Net Income from Discontinued Operations	279	(554)	(563)	(2,125)
Income for the Period	**308,119**	**78,958**	**1,650,550**	**1,330,875**
Earnings per Share – R$	**0.49**	**0.13**	**2.61**	**2.12**

Consolidated Balance Sheet (R$ thousand)

Table 16

Assets	12/31/2023	12/31/2024	Liabilities and Shareholders' Equity	12/31/2023	12/31/2024
Current Assets	**8,077,766**	**6,681,876**	**Current Liabilities**	**4,644,236**	**3,940,088**
Cash and Cash Equivalents	2,580,893	1,739,327	Suppliers	389,667	448,535
Accounts Receivables	2,642,146	2,249,259	Assignment of Receivables	448,307	535,607
Inventories	2,191,731	1,938,600	Loans, Financing and Debentures	2,120,539	1,393,636
Recoverable Taxes	446,514	414,561	Salaries Payable	442,286	367,523
Financial Derivatives	295	125,455	Income Tax and Social Contribution	3,759	4,609
Other Assets	211,392	209,261	Taxes Payable	86,565	108,228
Dividends and IOC receivables	4,795	5,413	Accounts Payable	418,705	409,688
			Dividends and IOC Payable	696,966	648,559
			Notes Payable	20,457	15,367
			Financial Derivatives	16,985	8,336
Non-Current Assets	**16,430,985**	**17,877,207**	**Non-Current Liabilites**	**8,346,642**	**8,517,176**
Long Term Assets	**1,317,883**	**2,043,301**	Loans, Financing and Debentures	7,817,240	7,986,405
Deferred Income Tax and Social Contribution	869,524	1,684,251	Deferred Income Tax and Social Contribution	175,752	136,824
Recoverable Taxes	222,666	65,764	Taxes Payable	2,805	32,415
Other Assets	213,845	259,291	Accounts Payable	180,905	184,070
Financial Derivatives	11,848	33,995	Provisions for Contingencies	127,553	143,580
			Notes Payable	3,600	1,959
			Financial Derivatives	38,787	31,923
Fixed Assets and Investments	**15,113,102**	**15,833,906**	**Shareholders' Equity**	**11,517,873**	**12,101,819**
Investments	120,639	144,494	Capital	4,478,126	9,705,886
Biological Assets	12,583	7,401	Capital Reserve	1,190,071	1,183,264
Property, Plants and Equipments	3,548,040	3,891,156	Equity Valuation Adjustments	(278,927)	(279,524)
Intangible Assets	11,431,840	11,790,855	Profit Reserves	6,135,131	1,509,483
			Treasury Stock	(20,277)	(22,828)
			Attributed to non-controlling shareholders	13,749	5,538
Total Assets	**24,508,751**	**24,559,083**	**Total Liabilities and Shareholders' Equity**	**24,508,751**	**24,559,083**

Consolidated Cash Flow Statement (R$ thousand)

Table 17

	4Q23	4Q24	2023	2024
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	293,970	(160,209)	1,506,986	975,514
Depreciation and Amortization	68,703	74,874	238,312	281,055
Asset Impairment	40,002	1,007	37,014	22,135
Gain on Permanent Asset Disposals	(1,592)	1,321	43,665	957
Equity Method	(10,504)	(10,689)	(20,035)	(24,578)
Foreign Exchange (Gains) Losses	1,370	22,925	28,337	33,533
Net Interest and Related Revenue/Expenses	217,385	198,556	979,999	807,179
Expenses Related to Share Based Remuneration	16,678	9,536	46,196	33,203
Provisions and Others	46,310	(96,452)	(25,939)	(222,230)
Adjusted Results	**672,322**	**40,869**	**2,834,535**	**1,906,768**
Decrease (Increase) in Assets	**337,353**	**559,672**	**160,562**	**586,439**
Trade Accounts Receivable	265,301	690,260	(116,421)	302,909
Inventories	(4,345)	(88,365)	(90,970)	80,122
Recoverable Taxes	25,446	(8,937)	154,768	228,911
Judicial Deposits and Others	1,238	(8,975)	8,532	(29,812)
Other Accounts Receivable	49,713	(24,311)	204,653	4,309
Increase (Decrease) in Liabilities	**(217,657)**	**97,657**	**(599,104)**	**46,392**
Suppliers	82,568	49,384	(10,980)	20,313
Assignment of Receivables	(195,521)	97,912	(420,151)	87,299
Financial Derivatives	(19,092)	3,279	(86,620)	(6,146)
Income Tax and Social Contribution Paid	(1,342)	(3,153)	(4,132)	(7,878)
Taxes Payable	(14,534)	(23,337)	16,288	51,873
Salaries and Payroll Charges	(37,875)	(16,196)	8,499	(28,590)
Accounts Payable	(36,852)	7,402	(120,118)	(18,755)
Operations Interest Paid	8,515	(18,618)	33,248	(55,528)
Other Accounts Payable	(3,524)	984	(15,138)	3,804
Net Cash Provided by Operating Activities	**792,018**	**698,198**	**2,395,993**	**2,539,599**
Cash Flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	(3,708)	(4,861)	(10,812)	(5,311)
Acquisitions of Subsidiaries, Net of Cash Acquired	(4,755)	(2,295)	(115,184)	(7,570)
Acquisitions of Property, Plant and Equipment	(117,027)	(160,238)	(460,183)	(429,392)
Intangible Assets	(95,191)	(104,150)	(352,530)	(342,875)
Proceeds from the Sale of Assets with Permanent Nature	(1,364)	40	(2,065)	1,739
Interest and Others	38,869	39,214	146,108	186,314
Dividends Received	3,478	4,657	3,478	4,657
Net Cash From Investing Activities	**(179,698)**	**(227,633)**	**(791,188)**	**(592,438)**
Cash Flows from Financing Activities				
Inflow from Loans and Financing	865,883	1	2,221,882	2,351,000
Treasury Stock Purchase / Sale	6,429	0	(48,968)	(42,561)
Repayment of Loans - Principal	(713,629)	(896,311)	(1,925,175)	(3,108,476)
Repayment of Loans - Interest	(378,865)	(364,907)	(1,306,450)	(1,195,001)
Dividends and IOC Paid	(27,839)	(683,076)	(759,885)	(787,286)
Loan Derivatives	(1,807)	4,430	(67,789)	(6,403)
Net Cash From Financing Activities	**(249,828)**	**(1,939,863)**	**(1,886,385)**	**(2,788,727)**
Net Increase (Decrease) in Cash and Cash Equivalents	**362,492**	**(1,469,298)**	**(281,580)**	**(841,566)**
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	2,218,401	3,208,625	2,862,473	2,580,893
Cash and Cash Equivalents at the End of the Period	2,580,893	1,739,327	2,580,893	1,739,327
Change in Cash and Cash Equivalent	**362,492**	**(1,469,298)**	**(281,580)**	**(841,566)**

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Hypera S.A.

Parent company and consolidated financial statements at December 31, 2024 and independent auditor's report

(A free translation of the original in Portuguese)

Independent auditor's report

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

Opinion

We have audited the accompanying parent company financial statements of Hypera S.A. (the "Company"), which comprise the balance sheet as at December 31, 2024 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Hypera S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2024 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

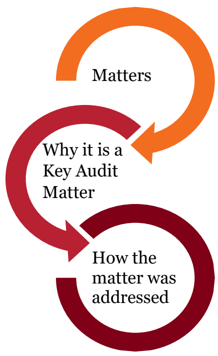
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and of the Company and its subsidiaries as at December 31, 2024, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)) (currently described as "IFRS Accounting Standards" by the IFRS Foundation).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Assessment of loss due to impairment of non-financial assets (Notes 3 and 17)	
As of December 31, 2024, the balance of goodwill on the acquisition of investments in companies and trademarks and patents amounts to R$ 10,067,893 thousand, which corresponds to approximately 41% of the total assets in the consolidated financial statements. The recoverable value of these assets was determined by value in use, whose recovery is based on projections discounted to the present value of future cash flows, with an inherently high degree of judgment. Among the assumptions that most impact projections are sales growth using existing brands and the discount rate used. This matter remained one of the key audit matters in our audit due to the relevance of the values, associated with facts such as the definition of cash-generating units and the necessary management judgments in defining assumptions.	Among other procedures, and with the support of our internal business valuation experts, we tested the mathematical accuracy of cash flow projections, as well as the consistency of the information and main assumptions used in these projections, by comparing them with the budget approved by the Board of Administration and information and data that are public and/or have limited access in the market. We also compared projections made in the previous year with the results obtained subsequently to observe the effectiveness of the projections and the model developed. We also reviewed the sensitivity analysis for the most significant assumptions, as well as reading the disclosures made in the explanatory notes. Our audit procedures demonstrated that the judgments and assumptions used by management are reasonable and the disclosures are consistent with data and information obtained.
Recoverability of deferred income tax and social contribution balance (Notes 3 and 21)	
As of December 31, 2024, the balance of deferred income tax and social contribution recorded in non-current assets, resulting from tax loss carryforwards of income tax and negative social contribution base, amounts to R$ 4,459,301 thousand in the consolidated financial statements. These deferred taxes are considered recoverable based on projections of future taxable income generation. The recoverable value of recognized deferred tax assets may vary significantly if different assumptions and projections of future taxable profits are applied, which may impact the value of the deferred income tax and social contribution balance presented in the financial statements. Furthermore, estimating the moment of realization of the income tax loss and negative basis of social contribution and their impacts on future taxation require significant judgments by the Company's management.	Our audit procedures included, among others, the understanding and testing of the processes established by the Company's management to measure the recoverable value, as well as the evaluation methodology, assumptions and data used in the calculation. We evaluate, with the support of our experts, the reasonableness of the main assumptions used to support the projection of future taxable profits, including sales growth, the impacts of tax incentives and the tax amortization of goodwill. We compared the data used in the projection with historical data and growth, sector and market projections, as well as carrying out a sensitivity analysis on the projection prepared by management. We assessed whether the projections indicated sufficient future taxable profits to realize the deferred tax assets, as well as the adequacy of the disclosures presented in the explanatory notes.

Why it is a Key Audit Matter	How the matter was addressed in the audit
For this reason and the magnitude of the values presented, we consider this matter to be significant for our audit.	Our audit procedures demonstrated that the methodology, judgments and assumptions used by the Company's management are reasonable and the disclosures are consistent with data and information obtained.
Taxes to be recovered and tax and labor contingencies (Notes 3, 13 and 24)	
Among the estimates that represent significant risk and are likely to cause material adjustments to the set of individual and consolidated financial statements in the coming years are the realization of recoverable taxes and estimates related to tax and labor contingencies. These processes are normally closed after a long period and involve not only discussions on the merits, but also complex procedural aspects depending on the legislation. Some laws and regulations present a high degree of complexity and, therefore, measurement, recognition and disclosures related to risks involve interpretation. Therefore, the decision to recognize an asset or liability and its corresponding measurement bases or, even, the disclosures in the financial statements consider an exercise of critical judgment by management, including, among others, positions of its internal and external legal advisors. For the above reasons, this topic remained one of the key audit matters in our audit.	Our audit procedures included, among others, understanding the procedures for measuring, accounting and disclosing topics in explanatory notes. With the support of our tax experts, we carried out tests and inspected the base transaction documentation and obtained confirmation of the main processes directly from the external lawyers who sponsor the cases and from the internal legal department, in order to confirm the assessment of the prognosis, the totality of information and the values involved. For certain cases, we request legal opinions from legal advisors and discuss the reasonableness of the prognoses. We noted that the criteria adopted by management to determine the taxes to be recovered, the provisions recognized and the disclosures in explanatory notes are consistent with documents received and with the position of the lawyers and the Company's Legal department.

Other matters

Statements of Value Added

The parent company and consolidated Statements of Value Added for the year ended December 31, 2024, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS Accounting Standards purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these Statements of Value Added have been properly prepared in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) (currently described as "IFRS Accounting Standards" by the IFRS Foundation), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the ability of the Company and its subsidiaries, as a whole, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries, as a whole, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries, as a whole, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries, as a whole, to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats to our independence or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Goiânia, March 20, 2025

PricewaterhouseCoopers

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2GO001774/F-2

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

(A free translation of the original Portuguese)

Hypera S.A.

Financial statements at
December 31, 2024

Hypera S.A.

Balance sheets

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

	Parent company		Consolidated	
	December 31, 2024	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Assets				
Current assets				
Cash and cash equivalents (Note 10)	1,236,461	2,366,433	1,739,327	2,580,893
Accounts receivable (Note 11)	2,208,445	2,596,277	2,249,259	2,642,146
Inventory (Note 12)	716,529	549,064	1,938,600	2,191,731
Taxes recoverable (Note 13)	228,196	291,117	414,561	446,514
Derivative financial instruments (Note 4 (f))	124,128	-	125,455	295
Dividends receivable	5,413	35,389	5,413	4,795
Other assets (Note 14)	90,588	126,609	209,261	211,392
	4,609,760	5,964,889	6,681,876	8,077,766
Non-current assets				
Long-term receivables				
Deferred income tax and social contribution (Note 21 (a))	1,277,580	828,826	1,684,251	869,524
Taxes recoverable (Note 13)	21,648	165,273	65,764	222,666
Derivative financial instruments (Note 4 (f))	33,995	11,841	33,995	11,848
Other assets (Note 14)	236,876	188,052	259,291	213,845
	1,570,099	1,193,992	2,043,301	1,317,883
Biological assets	-	-	7,401	12,583
Investments (Note 15)	7,225,197	6,299,087	144,494	120,639
Property, plant and equipment (Note 16)	290,972	298,941	3,891,156	3,548,040
Intangible assets (Note 17)	10,108,188	10,062,700	11,790,855	11,431,840
	17,624,357	16,660,728	15,833,906	15,113,102
	19,194,456	17,854,720	17,877,207	16,430,985
Total assets	23,804,216	23,819,609	24,559,083	24,508,751

	Parent company		Consolidated	
	December 31, 2024	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Liabilities and equity				
Current liabilities				
Suppliers (Note 18)	848,051	771,973	448,535	389,667
Suppliers' assignments of receivables (Note 19)	21,060	14,640	535,607	448,307
Loans, financing and debentures (Note 20)	1,381,130	2,108,923	1,393,636	2,120,539
Salaries payable	218,453	296,198	367,523	442,286
Income tax and social contribution payable	-	-	4,609	3,759
Taxes payable (Note 22)	22,462	19,981	108,228	86,565
Notes payable	15,367	20,457	15,367	20,457
Dividends and interest on capital payable	648,559	696,966	648,559	696,966
Derivative financial instruments (Note 4 (f))	8,336	859	8,336	16,985
Other liabilities (Note 23)	256,636	293,770	409,688	418,705
	3,420,054	4,223,767	3,940,088	4,644,236
Non-current liabilities				
Loans, financing and debentures (Note 20)	7,976,817	7,817,139	7,986,405	7,817,240
Taxes payable (Note 22)	27,321	-	32,415	2,805
Deferred income tax and social contribution (Note 21 (b))	-	-	136,824	175,752
Provision for contingencies (Note 24)	129,980	115,810	143,580	127,553
Derivative financial instruments (Note 4 (f))	31,923	38,781	31,923	38,787
Notes payable	1,959	3,600	1,959	3,600
Other liabilities (Note 23)	119,881	116,388	184,070	180,905
	8,287,881	8,091,718	8,517,176	8,346,642
Total liabilities	11,707,935	12,315,485	12,457,264	12,990,878
Equity				
Share capital (Note 25 (a))	9,705,886	4,478,126	9,705,886	4,478,126
Capital reserves	1,183,264	1,190,071	1,183,264	1,190,071
Equity valuation adjustments	(279,524)	(278,927)	(279,524)	(278,927)
Profit reserves	1,509,483	6,135,131	1,509,483	6,135,131
Treasury shares	(22,828)	(20,277)	(22,828)	(20,277)
Equity attributable to the owners of the parent company	12,096,281	11,504,124	12,096,281	11,504,124
Equity attributable to non-controlling interests (Note 15 (c))	-	-	5,538	13,749
Total equity	12,096,281	11,504,124	12,101,819	11,517,873
Total liabilities and equity	23,804,216	23,819,609	24,559,083	24,508,751

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

Hypera S.A.

Statement of income
Years ended December 31
In thousands of Reais, unless stated otherwise (A free translation of the original Portuguese)

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Continuing operations				
Net revenue (Note 26)	7,509,747	7,994,963	7,442,466	7,914,658
Cost of sales (Note 27 (a))	(3,750,357)	(3,728,331)	(3,061,467)	(2,919,114)
Gross profit	**3,759,390**	**4,266,632**	**4,380,999**	**4,995,544**
Selling and marketing expenses (Note 27 (a))	(2,016,113)	(1,914,619)	(2,288,299)	(2,172,415)
General and administrative expenses (Note 27 (a))	(241,351)	(232,582)	(365,464)	(348,121)
Other operating income (expenses), net (Note 27(b))	(263,279)	(198,040)	68,533	22,910
Equity accounting (Note 15 (b))	651,273	554,193	24,181	19,893
Income before financial income and expenses	**1,889,920**	**2,475,584**	**1,819,950**	**2,517,811**
Financial income (Note 27 (c))	231,119	219,098	271,583	247,605
Financial expenses (Note 27 (d))	(1,213,227)	(1,371,031)	(1,112,295)	(1,255,941)
Financial expenses, net	**(982,108)**	**(1,151,933)**	**(840,712)**	**(1,008,336)**
Income before income tax and social contribution	**907,812**	**1,323,651**	**979,238**	**1,509,475**
Income tax and social contribution (Note 21 (c))	435,303	324,872	353,762	141,638
Net income from continuing operations	**1,343,115**	**1,648,523**	**1,333,000**	**1,651,113**
Discontinued operations				
Loss from discontinued operations	(2,125)	(563)	(2,125)	(563)
Net income for the year	**1,340,990**	**1,647,960**	**1,330,875**	**1,650,550**
Attributable to				
Owners of the parent company			1,340,990	1,647,960
Non-controlling interests (Note 15 (c))			(10,115)	2,590
			1,330,875	**1,650,550**
Earnings per share				
Basic earnings per share (in R$)			2.11945	2.60564
Diluted earnings per share (in R$)			2.10222	2.58385
Earnings per share - Continuing operations				
Basic earnings per share (in R$)			2.12280	2.60653
Diluted earnings per share (in R$)			2.10556	2.58473

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

Hypera S.A.

Statement of comprehensive income
Years ended December 31
In thousands of Reais, unless stated otherwise (A free translation of the original Portuguese)

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Net income for the year	**1,340,990**	**1,647,960**	**1,330,875**	**1,650,550**
Other comprehensive income				
Items that will be reclassified to profit or loss				
Share of other comprehensive income of joint ventures	2,137	-	2,137	-
Cash flow hedge - effective portion of the changes in fair value	37,795	(27,053)	37,795	(27,053)
Income tax and social contribution on other comprehensive income	(12,850)	9,198	(12,850)	9,198
	27,082	(17,855)	27,082	(17,855)
Items that will not be reclassified to profit or loss				
Cash flow hedge - effective portion of the changes in fair value	(39,055)	-	(39,055)	-
Income tax and social contribution on other comprehensive income	13,279	-	13,279	-
	(25,776)	-	(25,776)	-
Other comprehensive income, net of income tax and social contribution	1,306	(17,855)	1,306	(17,855)
Comprehensive income for the year	**1,342,296**	**1,630,105**	**1,332,181**	**1,632,695**
Attributable to				
Owners of the parent company			1,342,296	1,630,105
Non-controlling interests			(10,115)	2,590
			1,332,181	**1,632,695**

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

Hypera S.A.

Statement of changes in equity

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

		Capital reserves					Profit reserves						
	Capital	**Premium on share issuance**	**Stock options**	**Debenture subscription bonus options**	**Treasury shares**	**Equity valuation adjustments**	**Legal reserve**	**Government grant reserve**	**Profit retention reserve**	**Retained earnings**	**Equity attributable to the owners of the parent company**	**Equity attributable to non-controlling interests**	**Total equity**
At January 1, 2023	**4,478,126**	**1,049,560**	**132,906**	**50,244**	**(87,134)**	**(244,191)**	**180,592**	**4,950,300**	**135,357**	**-**	**10,645,760**	**9,681**	**10,655,441**
Stock options	-	-	28,761	-	-	-	-	-	-	-	28,761	-	28,761
Results of sales of treasury shares	-	(71,400)	-	-	-	-	-	-	-	-	(71,400)	-	(71,400)
Goodwill on interests in subsidiaries	-	-	-	-	-	(16,881)	-	-	-	-	(16,881)	-	(16,881)
Acquisitions of shares (Note 25 (d))	-	-	-	-	(44,028)	-	-	-	-	-	(44,028)	-	(44,028)
Sales of shares (Note 25 (d))	-	-	-	-	110,885	-	-	-	-	-	110,885	-	110,885
Net income for the year	-	-	-	-	-	-	-	-	-	1,647,960	1,647,960	2,590	1,650,550
Interest on capital	-	-	-	-	-	-	-	-	-	(779,078)	(779,078)	-	(779,078)
Government grant reserve (Note 25 (i))	-	-	-	-	-	-	-	786,484	-	(786,484)	-	-	-
Legal reserve (Note 25 (i))							82,398	-	-	(82,398)	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,478	1,478
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	(17,855)	-	-	-	-	(17,855)	-	(17,855)
At December 31, 2023	**4,478,126**	**978,160**	**161,667**	**50,244**	**(20,277)**	**(278,927)**	**262,990**	**5,736,784**	**135,357**	**-**	**11,504,124**	**13,749**	**11,517,873**
At January 1, 2024	**4,478,126**	**978,160**	**161,667**	**50,244**	**(20,277)**	**(278,927)**	**262,990**	**5,736,784**	**135,357**	**-**	**11,504,124**	**13,749**	**11,517,873**
Capital contribution with government grant reserve (Note 25 (a))	5,227,760	-	-	-	-	-	-	(5,227,760)	-	-	-	-	-
Stock options	-	(40,010)	-	-	-	-	-	-	-	-	(40,010)	-	(40,010)
Results of sales of treasury shares	-	-	33,203	-	-	-	-	-	-	-	33,203	-	33,203
Goodwill on interests in subsidiaries	-	-	-	-	-	(1,903)	-	-	-	-	(1,903)	-	(1,903)
Acquisitions of treasury shares (Note 25 (d))	-	-	-	-	(55,807)	-	-	-	-	-	(55,807)	-	(55,807)
Sales of treasury shares (Note 25 (d))	-	-	-	-	53,256	-	-	-	-	-	53,256	-	53,256
Net income for the year	-	-	-	-	-	-	-	-	-	1,340,990	1,340,990	(10,115)	1,330,875
Interim dividends from profit reserves (Note 25 (i))	-	-	-	-	-	-	-	-	(76,999)	-	(76,999)		(76,999)
Legal reserve (Note 25 (i))	-	-	-	-	-	-	67,050	-	-	(67,050)	-	-	-
Capital budget reserve (Note 25 (i))	-	-	-	-	-	-	-	-	612,061	(612,061)	-		-
Interest on capital (Note 25 (i))	-	-	-	-	-	-	-	-	-	(661,879)	(661,879)	-	(661,879)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,904	1,904
Other comprehensive income													
Gains or losses on derivatives, net of tax	-	-	-	-	-	1,306	-	-	-	-	1,306	-	1,306
At December 31, 2024	**9,705,886**	**938,150**	**194,870**	**50,244**	**(22,828)**	**(279,524)**	**330,040**	**509,024**	**670,419**	**-**	**12,096,281**	**5,538**	**12,101,819**

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

Hypera S.A.

Statement of cash flow
Years ended December 31
In thousands of Reais (A free translation of the original Portuguese)

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	904,198	1,321,305	975,514	1,506,986
Adjustments				
Depreciation and amortization	97,643	89,320	281,055	238,312
Impairment of assets	277	(2,922)	22,135	37,014
Results of sales of fixed assets	1,002	43,366	957	43,665
Equity accounting	(651,493)	(554,181)	(24,578)	(20,035)
Foreign exchange losses (gains)	(5,454)	906	33,533	28,337
Interest and related expenses (income), net	987,562	1,151,027	807,179	979,999
Share-based compensation expenses	25,751	39,333	33,203	46,196
Provisions (reversals) and other	104,378	218,329	(222,230)	(25,939)
Adjusted income	1,463,864	2,306,483	1,906,768	2,834,535
Changes in assets and liabilities				
Accounts receivable	305,368	(100,665)	302,909	(116,421)
Inventory	(232,890)	(170,696)	80,122	(90,970)
Taxes recoverable	262,056	221,826	228,911	154,768
Deposits with courts and others	(40,055)	6,268	(29,812)	8,532
Other accounts receivable	37,439	172,973	4,309	204,653
Suppliers	76,069	16,360	20,313	(10,980)
Suppliers' assignments of receivables	6,420	(5,959)	87,299	(420,151)
Derivative financial instruments	-	-	(6,146)	(86,620)
Accounts payable	(22,812)	(112,485)	(18,755)	(120,118)
Taxes payable	29,802	(688)	51,873	16,288
Payroll and related taxes	(31,573)	10,781	(28,590)	8,499
Other accounts payable	8,566	(14,850)	3,804	(15,138)
Interest on transactions	(43,220)	(13,766)	(55,528)	33,248
Income tax and social contribution paid	-	-	(7,878)	(4,132)
Net cash provided by operating activities	1,819,034	2,315,582	2,539,599	2,395,993
Cash flow from investing activities				
Acquisitions of subsidiaries (less net cash upon acquisition)	(7,570)	(20,526)	(7,570)	(115,184)
Capital increases in subsidiaries/associates	(241,011)	(783,036)	(5,311)	(10,812)
Purchases of property, plant and equipment	(12,138)	(28,680)	(429,392)	(460,183)
Purchases/development of intangible assets	(75,032)	(27,139)	(342,875)	(352,530)
Proceeds from sales of fixed assets	1,225	(1,187)	1,739	(2,065)
Interest and other	160,218	130,342	186,314	146,108
Dividends received	4,657	56,392	4,657	3,478
Loans receivable	(3,074)	2,587	-	-
Net cash used in investing activities	(172,725)	(671,247)	(592,438)	(791,188)
Cash flow from financing activities				
Purchases of treasury shares	(55,807)	(88,453)	(55,807)	(88,453)
Derivative financial instruments	(6,246)	(67,789)	(6,403)	(67,789)
Sales of treasury shares	13,246	39,485	13,246	39,485
Loans taken out	2,330,000	2,210,882	2,351,000	2,221,882
Payment of loans – principal	(3,084,004)	(1,910,718)	(3,108,476)	(1,925,175)
Payment of loans – interest	(1,188,785)	(1,298,351)	(1,195,001)	(1,306,450)
Dividends and interest on capital paid	(787,286)	(759,885)	(787,286)	(759,885)
Loans payable	2,601	(910)	-	-
Net cash used in financing activities	(2,776,281)	(1,875,739)	(2,788,727)	(1,886,385)
Net increase (decrease) in cash and cash equivalents	(1,129,972)	(231,404)	(841,566)	(281,580)
Cash and cash equivalents at the beginning of the year	2,366,433	2,597,837	2,580,893	2,862,473
Cash and cash equivalents at the end of the year	1,236,461	2,366,433	1,739,327	2,580,893
Change in cash and cash equivalents	(1,129,972)	(231,404)	(841,566)	(281,580)
Transactions not involving cash	**4,788**	**5,835**	**19,334**	**24,089**
Acquisitions of property, plant and equipment	4,788	5,835	19,334	24,089

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

Hypera S.A.

Statement of value added (*)
Years ended December 31

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

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Gross revenue				
Sales of goods and products, including discontinued operations	7,894,322	8,371,111	8,092,004	8,558,535
Other income	(105,286)	7,855	341,551	372,530
Income related to construction of own assets	4,787	15,996	170,342	180,274
Reversal/allowance for doubtful accounts	(1,287)	1,890	(2,868)	1,725
	7,792,536	8,396,852	8,601,029	9,113,064
Inputs acquired from third parties				
Costs of materials, goods and services sold	(3,854,045)	(3,854,391)	(2,197,695)	(2,232,438)
Materials, power, third-party services and others	(1,277,646)	(1,282,520)	(1,949,066)	(1,943,651)
Impairment of assets	(133,293)	(114,298)	(265,275)	(158,344)
	(5,264,984)	(5,251,209)	(4,412,036)	(4,334,433)
Gross value added	2,527,552	3,145,643	4,188,993	4,778,631
Depreciation and amortization	(97,643)	(89,320)	(281,055)	(238,312)
Net value added generated by the company	2,429,909	3,056,323	3,907,938	4,540,319
Transfers of value added received				
Equity accounting	651,493	554,181	24,578	20,035
Financial income	231,119	219,098	271,583	247,605
Deferred income and social contribution	436,792	326,654	355,507	152,929
	1,319,404	1,099,933	651,668	420,569
Total value added to be distributed	3,749,313	4,156,256	4,559,606	4,960,888
Distribution of value added				
Personnel and charges	918,011	889,243	1,642,082	1,609,568
Salaries and wages	749,528	734,988	1,282,480	1,290,643
Benefits	123,124	109,933	279,827	240,434
Government severance indemnity fund for employees (FGTS)	45,359	44,322	79,775	78,491
Taxes and contributions	267,237	242,003	458,053	427,003
Federal	150,705	145,154	309,300	300,489
State	114,684	95,124	144,567	122,121
Municipal	1,848	1,725	4,186	4,393
Interest	1,213,034	1,370,863	1,111,182	1,254,969
Rentals	10,041	6,187	17,414	18,798
Capital remuneration	1,340,990	1,647,960	1,330,875	1,650,550
Interest on capital	661,879	779,078	661,879	779,078
Retained earnings	679,111	868,882	679,111	868,882
Non-controlling interests	-	-	(10,115)	2,590
Total value added distributed	3,749,313	4,156,256	4,559,606	4,960,888

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

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

(A free translation of the original Portuguese)

Hypera S.A.

Financial statements
at December 31, 2024

Contents

(A free translation of the original Portuguese)

Notes to the financial statements

(Amounts given are in thousands of Reais, unless stated otherwise)

1 General information

Hypera S.A. is a Brazilian pharmaceutical company (referred to herein as the "Company"), and a leader in the various markets in which it operates.[1] Its mission consists of "providing access to healthcare for the Brazilian population, offering safe, high-quality products, continually investing in innovation and growing in a sustainable way, enabling people to live longer and better." The Company is a publicly-held company headquartered in the city of São Paulo, in the state of São Paulo. It is listed in the New Market (Novo Mercado) segment, and its shares are traded on the São Paulo stock exchange (B3 S.A. - Brasil, Bolsa e Balcão). Together with its subsidiaries, it is referred to herein as the "Group", unless otherwise explicitly stated.

The Company's main products are as follows:

a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, being present in most of the main classes of therapeutics in the country[1, 2] with products such as Addera D3, Nesina, Dramin, Alivium, Predsim, Lisador and Rinosoro;

b) Under the Mantecorp Skincare brand, the Company offers dermo-cosmetics which are recommended by dermatologists throughout Brazil, according to information from Close-Up International. The Company also operates in this segment under the Simple Organic brand, offering organic and vegan products produced without animal cruelty, as well as the Bioage brand, which is focused on the professional aesthetic treatment market;

c) The Company is a leading supplier in the Brazilian market of over-the-counter drugs,[3] including brands such as Apracur, Benegrip, Buscopan, Coristina D Pro, Engov, Epocler, Estomazil and Neosaldina, among others. It also offers lines of nutritional products, sweeteners and vitamin supplements, under brands such as Tamarine, Biotônico Fontoura and Zero-Cal, the latter of which has been the Top of Mind brand in Brazil for 21 years;[4]

d) Through the Neo Química brand, the Company is first in the Similar and Generic drugs market in Brazil.[5] The brand is Top of Mind for generic drugs,[4] and is present at almost all Brazilian pharmaceutical points of sale,[6] which is consistent with the Company's mission to provide access to health for the Brazilian population.

e) Since 2021, the Company has also been operating through the institutional channel, comprised of public and private hospitals and clinics, which represent 40% of the total pharmaceutical market in Brazil.[7] In this market, it sells brands such as injectable Bac-Sulfitrin, Buscopan and Dramin, in addition to its first product exclusive for this channel, Hyfol (propofol); and the Company's first biologic drug, Hyblut, used for treating deep vein thrombosis and pulmonary embolism.

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[1] Based on IQVIA data.
[2] Considering CT Level 2 classification.
[3] Hypera Total Pharmaceutical Market, OTC market segments, amounts in promotional retail prices.
[4] According to Datafolha.
[5] Hypera Total Pharmaceutical Market, laboratory segmentation, amounts in units.
[6] IQVIA Retail Insights MAT NOV'2024.
[7] Source: IQVIA world review Nov/24 (Data YTD Set24).

The Company's main distribution center is located in Anápolis, in the state of Goiás, and its goods production is mainly carried out by the subsidiaries Brainfarma Indústria Química Farmacêutica S.A. (“Brainfarma”) and Cosmed Indústria de Cosméticos e Medicamentos S.A. (“Cosmed”), at units located in the state of Goiás. In 2023, Brainfarma also started to hold a production unit located in Itapecerica da Serra, in the state of São Paulo.

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

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

2 Summary of material accounting policies

The material accounting policies applied to the preparation of these individual and consolidated financial statements are summarized below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

2.1. Preparation basis

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which have been measured either at their fair value through profit or loss or on a comprehensive income basis.

The preparation of financial statements requires management to use critical accounting estimates and exercise judgment when applying the Company’s accounting policies. Those areas that require greater use of judgment and have greater complexity, and those areas where assumptions and estimates are material to the financial statements, are disclosed in Note 3.

All relevant information specific to the financial statements is disclosed, and corresponds to the information used by management.

The present financial statements were approved by the Board of Directors on March 20, 2025.

a. Individual and consolidated financial statements

The individual and consolidated financial statements have been prepared and are presented in accordance with the accounting practices adopted in Brazil, including the pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (CPC), as well as in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) (currently, the "IFRS standards") and disclose all applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

b. Discontinued operations

The operations of components that were sold and/or discontinued, and that meet the criteria for presentation as discontinued operations, are disclosed in the statement of income, separately from the rest of the Company's operations, as follows:

(i) Statement of income - Income and expenses from discontinued operations, including adjustments made during the current year which are directly related to operations which were discontinued in the prior year, and gains and losses arising from the write-off of assets held for sale are presented under the single heading "Income from discontinued operations", net of the effects of income tax and social contribution.

(ii) The assets and liabilities related to discontinued operations are presented in current assets and liabilities, separately from the other assets and liabilities in the balance sheet.

c. New standards and interpretations:

(a) Changes adopted by the Company

The following amendments to standards have been adopted for the first time during the year beginning on January 1, 2024:

. **Amendment to IAS 1/CPC 26 - Presentation of Financial Statements: in accordance with IAS 1** – "Presentation of financial statements", for an entity to classify liabilities as non-current in its financial statements, it must have the right to avoid the settlement of the respective liabilities for at least twelve months from the balance sheet date. In January 2020, the IASB issued amendments to IAS 1 - "Classification of liabilities as current or non-current", which were applicable to fiscal years beginning on January 1, 2023, which determined that an entity would not have the right to avoid the settlement of a liability for at least twelve months, if, at the balance sheet date, it had not complied with the ratios provided for in any applicable covenants, even if the contractual measurement of the covenant was only required within twelve months of the balance sheet date.

Subsequently, in October 2022, a new amendment was issued to clarify that liabilities that contain covenants requiring the achievement of ratios only after the balance sheet date do not affect the classification of the liability as current or non-current. Only covenants with which the entity is required to comply up to the balance sheet date affect the classification of the liability, even if the measurement only occurs after that date.

The 2022 amendment introduces additional disclosure requirements that allow users of financial statements to understand the risks of the liability being settled within twelve months of the balance sheet date. The 2022 amendment changed the application date of the 2020 amendment, and accordingly, both amendments are effective for fiscal years beginning on or after January 1, 2024.

. **Amendment to IFRS 16/CPC 06(R2) – Leases**: the amendment issued in September 2022 provides clarification on the lease liability in a sale and leaseback transaction. In measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines the "lease payments" and the "revised lease payments" in a manner that does not result in the seller-lessee recognizing any amount of gain or loss related to the right of use that it retains. This could particularly affect sale and leaseback transactions in which lease payments include variable payments that are not dependent on an index or rate.

. **Amendment to IAS 7/CPC 03 - Statement of Cash Flow and IFRS 7/CPC 40 - Financial Instruments: Disclosure:** the amendment issued by the IASB in May 2023 introduces new disclosure requirements regarding supplier finance arrangements (SFAs) to allow investors to evaluate the effects on an entity's liabilities, cash flow and exposure to liquidity risk. Supplier finance arrangements are described in this amendment as arrangements whereby one or more financing providers offer to pay amounts that an entity owes to its suppliers, and the entity agrees to pay in accordance with the terms and conditions of the agreement on the same date, or at a later date, when the suppliers are paid. In general, such arrangements effectively provide the entity with extended payment terms, or the entity's suppliers with early receipt conditions, compared to the original maturity date of the related invoice.

The new disclosure requirements include the following primary information:

(a) The terms and conditions of the SFAs.
(b) The beginning and ending dates of the reporting period:

(i) The carrying amounts and accounts of the financial statements associated with the financial liabilities included in the SFAs.
(ii) The carrying amounts and accounts associated with the financial liabilities listed in (i) for which the suppliers have already received payment from the financing providers.
(iii) The range of maturity dates for the payment of the financial liabilities in (i) and comparable accounts payable that are not included in the aforementioned SFAs.

(c) Non-cash changes in the carrying amounts of financial liabilities in b(i).
(d) Any liquidity concentration risk with financial providers.

The IASB has provided a temporary exemption from the disclosure of comparative information in the first year of adoption of this amendment. This exemption also includes certain specific opening balances. In addition, the required disclosures are applicable only for annual periods during the first year of application.

This amendment will be effective from January 1, 2024.

The aforementioned changes had no material impacts on the Company.

(b) Amendments to new standards that are not yet effective

The following amendments to new standards were issued by the IASB but are not effective for 2024. The early adoption of standards, even though encouraged by the IASB, is not permitted in Brazil by the Brazilian Accounting Pronouncements Committee (CPC).

. **Amendments to IAS 21 - Lack of Exchangeability**: in August 2023, the IASB amended IAS 21 - The Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements, adding new requirements aimed at helping entities determine whether a currency is exchangeable into another currency and, when it is not, which spot exchange rate is to be used. Prior to these amendments, IAS 21 only established the exchange rate to be used when the lack of exchangeability was temporary. These amendments will be effective as from January 1, 2025. The Company does not expect these amendments to have a material impact on its operations or financial statements.

. **Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments:** on May 30, 2024, the IASB issued amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures, in order to answer recent practical questions and improve understanding, as well as to include new requirements applicable to companies in general and not just financial institutions.

The amendments were made to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add guidance for assessing whether a financial asset meets the 'solely payment of principal and interest' ("SPPI test") criterion, including cases of contingent events;
(c) add new disclosures for certain instruments with contractual terms that may change cash flows (such as some financial instruments with features linked to the achievement of ESG targets); and
(d) update disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

These amendments will be effective from January 1, 2026. The Company does not expect these amendments to have a material impact on its operations or financial statements.

. **Amendments to IFRS 9 and IFRS 7 – Contracts referencing nature-dependent electricity**: in December 2024, the IASB amended the requirements for applying own use and hedge accounting provided for in IFRS 9 – Financial Instruments, and added certain disclosure requirements from IFRS 7 – Financial Instruments – Disclosures, with the aim of ensuring that the financial statements appropriately present the effects of contracts referencing nature-dependent electricity (e.g. wind energy, solar energy, etc.). Therefore, they only apply to contracts that expose an entity to variability due to volatility in nature-dependent electricity.

The amendments include: (i) guidance for the entity to determine whether nature-dependent electricity contracts should be treated in accounting terms as 'own use' contracts, (ii) conditions to be considered for the application of hedge accounting (cash flow hedge) and (iii) disclosures about contractual characteristics that expose the entity to variability, contractual commitments not yet recognized (estimated cash flows) and the effects of the contracts on the entity's performance during the year.

These amendments are effective for years/periods beginning on or after January 1, 2026. The Company is in the initial process of analyzing the effects of such amendments on its financial statements, but does not expect them to result in material impacts.

. **IFRS 18 - Presentation and Disclosure in Financial Statements:** this new accounting standard will replace IAS 1 - Presentation of Financial Statements, introducing new requirements that will help achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Although IFRS 18 does not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be widespread: in particular, those related to the statement of financial performance and the provision of management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard to the Company's financial statements. From the preliminary assessment carried out, the following potential impacts were identified:

• Although the adoption of IFRS 18 will not have an impact on the Company's net income, the grouping of revenue and expense items in the statement of income into the new categories is expected to have an impact on how operating profit is calculated and disclosed.

• The line items presented in the primary financial statements may change as a result of the application of the improved principles on aggregation and disaggregation. In addition, since goodwill should be presented separately in the balance sheet, the Company will disaggregate goodwill and other intangible assets and present them separately in the balance sheet.

• The Company does not expect a significant change in the information currently disclosed in the notes, since the requirement to disclose material information remains unchanged; however, the way the information is grouped may change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required: (i) for management-defined performance measures; (ii) to break down the nature of certain expense lines presented by function in the operating category of the statement of income; and (iii) for the first year of application of IFRS 18, a reconciliation for each line of the statements of income between the amounts restated by application of IFRS 18 and the amounts previously presented by application of IAS 1.

• Regarding the statement of cash flows, there will be changes in how interest received and paid is presented. Interest paid will be presented as cash flows from financing and interest received will be presented as cash flows from investment.

The new standard is effective from January 1, 2027, with retrospective application: that is, comparative information for the year ending December 31, 2026 will be restated in accordance with IFRS 18.

. **IFRS 19 - Subsidiaries without Public Accountability: Disclosures:** issued in May 2024, this new standard allows certain eligible subsidiaries of parent entities reporting under IFRS to apply reduced disclosure requirements. This new IFRS 19 will be effective from January 1, 2027. The Company does not expect these amendments to impact its financial statements.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a significant impact on the Company's financial statements.

The Company does not expect that these amendments will have a significant impact on its financial statements.

d. Hedge accounting

IFRS 9 requires the Company and its subsidiaries to ensure that hedge accounting relationships are aligned with the Company’s risk management goals and strategies, and to apply a more qualitative, forward-looking approach to evaluating hedge effectiveness. IFRS 9 also introduced new requirements regarding the rebalancing of hedging relationships, and prohibits the voluntary termination of hedge accounting. Under this model, it is likely that a wider range of risk management strategies, particularly those related to the hedging of a risk component (other than foreign currency risk) of a non-financial item, would qualify for hedge accounting.

The Company and its subsidiaries use forward exchange contracts to hedge against the variability of cash flow arising from changes in foreign exchange rates on loans and purchases of inventory in foreign currency.

According to IFRS 9, for cash flow hedges of foreign currency risk associated with the forecast purchases of non-financial assets, the accumulated amounts in the cash flow hedge reserve and the hedge cost reserve will be included directly in the initial cost of the non-financial asset when it is recognized.

2.2. Consolidation

The following accounting policies have been applied to the preparation of the consolidated financial statements.

Investments are mainly held in subsidiaries, which are entities over which the Company has the power to determine their financial and operating policies (Note 15). The subsidiaries are fully consolidated from the date on which control is transferred to the Company. Consolidation ceases from the date on which such control ends.

The Company has investments in associates and joint ventures that are not consolidated, but which are accounted for under the equity method.

Transactions between the Company and its subsidiaries, balances and unrealized gains on transactions are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss on (impairment of) the asset being transferred. The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

2.3. Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is recorded at the amount of the consideration transferred, measured based on the fair value at the acquisition date. Costs directly attributable to the acquisition are recorded as expenses as they are incurred.

Upon purchasing a business, the Company evaluates the financial assets acquired, and the liabilities assumed in order to classify them and to allocate them according to their contractual terms, economic circumstances and the relevant conditions at the acquisition date. The assets acquired and liabilities assumed as part of a business acquisition are measured upon their initial recognition at fair value.

Goodwill is measured as the excess of the fair value of the consideration transferred and to be transferred over the net assets acquired (i.e. the identified assets acquired and the liabilities assumed).

2.4. Translation of foreign currency

a. Functional currency and presentation currency

The items included in the financial statements of each company in which the Company holds investments are measured using the currency of the main economic environment in which the Company operates (the “functional currency”). The individual and consolidated financial statements are presented in Brazilian Reais (R$), which is also the functional currency of the Company and of its investee companies, all of which are located in Brazil.

b. Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rate prevailing at the transaction date, or at the valuation date in cases where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of these transactions, and from the translation at the exchange rates in force at the end of the year of monetary assets and liabilities in foreign currencies, are recognized in the statement of income as financial income or expenses.

2.5. Cash and cash equivalents

Cash and cash equivalents are comprised of cash balances and financial investments with original maturities of three months or less from the date of investment, which are readily convertible into a known amount of cash, are subject to an immaterial risk of changes in fair value, and which are used by the Company for the management of short-term liabilities.

2.6. Classification, recognition and measurement

The Company and its subsidiaries classify their financial assets into the following categories: (a) measured at amortized cost, (b) measured at fair value through other comprehensive income, and (c) measured at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired.

Regular purchases and sales of financial assets are recognized at the trade date, which is the date on which the Company undertakes to buy or to sell the asset. Financial assets are derecognized when the rights to receive cash flow from the investments have expired or have been transferred - in the latter case, once the Company has transferred substantially all of the risks and rewards of ownership of the asset.

a. Financial assets measured at amortized cost

These are financial assets held by the Company: (i) for the purpose of receiving contractual cash flow and not for sale, with the recognition of gains or losses; and (ii) the contractual terms of which give rise, on specified dates, to cash flow at amounts that solely represent the payment of principal plus interest on the principal amount outstanding. This category includes the balances of cash and cash equivalents, accounts receivable and certain other assets. Changes in these amounts are recognized in profit or loss for the year, under “Financial income” or “Financial expenses”, depending on the results obtained.

b. Financial assets measured at fair value through other comprehensive income (FVTOCI)

These are financial assets held by the Company: (i) to receive contractual cash flow or for sale, with the recognition of gains or losses; and (ii) the contractual terms of which give rise, on specified dates, to cash flow at amounts that represent the payment of principal and interest on the principal amount outstanding.
This category is composed of hedging transactions to cover the risks associated with cash flow. The variation between the curve of a hedge instrument and its fair value is reflected in the Company’s equity, so that both the hedge instruments and the hedged items affect the income at the amount on the curve.

c. Financial assets measured at fair value through profit or loss (FVTPL)

This category covers financial assets not measured at amortized cost or at fair value through other comprehensive income. This includes the balances of derivative financial instruments, including any embedded derivatives and other securities. Changes in this category are recognized in profit or loss for the year, under “Financial income” or “Financial expenses” (depending on the results obtained) for non-derivative instruments, or in Financial Expenses for derivative instruments.

2.6.1 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet, when there is a legally enforceable right to offset the recognized amounts, and an intention either to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

2.6.2 Impairment of financial assets

The Company assesses, on a prospective basis, the expected credit losses associated with its debt securities measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in the credit risk.

For trade receivables, the Company applies the simplified approach, as permitted by IFRS 9/CPC 48, and recognizes expected losses over their useful lives from the initial recognition of the receivables.

The criteria used by the Company to determine whether there is objective evidence of an impairment loss include:

i. Material financial difficulty on the part of the issuer or obligor;
ii. A breach of contract, such as a default or delay in the payment of interest or principal;
iii. The Company, for economic or legal reasons related to financial difficulties on the part of the borrower, granting the borrower a concession that the lender would not otherwise consider;
iv. It becoming likely that the borrower will declare bankruptcy or enter into another form of financial reorganization; or
v. The disappearance of an active market for that financial asset due to financial difficulties.

The amount of any impairment loss is measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flow (excluding future credit losses that have not yet been incurred), discounted at the original rate of interest applicable to the financial assets. The carrying amount of the asset is reduced, and the amount of the loss is recognized in the statement of income. If a loan has a variable interest rate, the discount rate used to measure any loss due to impairment is the effective interest rate determined in the contract. As a practical expedient, the Company is permitted to measure impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor’s credit rating), the reversal of the previously recognized impairment loss will be recognized in the statement of income.

2.7. Derivative financial instruments and hedge activities

Fair value hedges

Initially, derivatives are recognized at their fair value at the date on which a derivative contract is entered into, and subsequently remeasured at fair value. The resulting gain or loss is accounted for in the financial results for the year.

Cash flow hedges
Hedge instruments are stated at fair value, and the hedged item is stated at the amount on the curve. The difference between the yield curve of a hedge instrument and the fair value is reflected in comprehensive income as part of the Company's equity, such that both the hedge instruments and the hedged items affect the income by the amount on the curve.

2.8. Trade accounts receivable

Trade accounts receivable are composed of amounts receivable from clients for the sale of products or the provision of services in the normal course of the Company’s activities. If their terms are one year or less, the accounts receivable are classified as current assets. Otherwise, they are presented as non-current assets.

Trade accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less a provision for impairment. In practice, they are normally recognized at the amount billed, adjusted by the amount of the provision for impairment, if necessary.

2.9. Inventory

Inventory is stated at its cost or its net realizable value, whichever is lower, and valued using the weighted average method. The cost of finished products and products in progress includes the costs of raw materials, direct labor, other direct costs and the respective direct production expenses (based on normal operating capacity), excluding borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory is presented net of allowances for losses and, in the consolidated figures, net of the elimination of unrealized profits on inventory.

2.10. Property, plant and equipment

Land and buildings consist mainly of factories and distribution centers. Property, plant and equipment are measured at their historical cost of acquisition or construction, less accumulated depreciation and any accumulated losses due to impairment. The historical cost includes all costs directly attributable to the acquisition of the items, as well as financing costs related to the acquisition of qualifying assets.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is likely that there will be a flow of future economic benefits associated with the item, and the cost of the item can be measured reliably. The carrying amounts of replaced items or parts are written off. All other repairs and maintenance are charged to income as they are incurred.

Items of property, plant and equipment are depreciated from the date on which they are available for use or, in the event of assets built in-house, from the date on which the construction is completed and the asset becomes available for use.
Land is not depreciated. The depreciation of property, plant and equipment is calculated so as to amortize the costs of the items, net of their estimated residual values, using the straight-line method, based on their estimated useful lives, as follows:

	Years
Buildings	39.2
Machinery and equipment	19.6
Vehicles	3.6
Furniture and fixtures	19.4

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying value of an asset is written down immediately to its recoverable value if the asset's carrying value is greater than its estimated recoverable amount (Note 2.12).

Gains and losses on disposals are determined by comparing the results from the assets with their carrying amounts, and are recognized as "Other net operating expenses/income" in the statement of income.

2.11. Intangible assets

a. Goodwill
Goodwill represents the difference between the fair value paid and/or payable for the purchase of a business and the net amount of the fair value of the assets and liabilities of the subsidiary purchased. Goodwill on acquisitions of subsidiaries is recorded within "Intangible Assets" in the consolidated financial statements, and as an investment in the parent company financial statements. Goodwill is tested for impairment at least annually whenever indicators of impairment are identified. Goodwill is recorded at its cost, less accumulated impairment losses. Impairment losses recognized on goodwill are not reversed. Gains and losses arising from the sale of an entity include the carrying amount of any goodwill related to the entity sold.

b. Trademarks, right of use of trademarks and licenses
Trademarks and licenses acquired separately are presented, initially, at their acquisition values.

If some part of an amount paid for a business combination is related to trademarks, they are recognized in a specific account within "Intangible Assets" and measured at their fair values on the date of acquisition. Subsequently, since trademarks have indefinite useful lives, they are tested annually to assess their recoverability.

Expenses incurred internally for the development and strengthening of a trademark are recognized as expenses.

In addition to trademarks acquired through business combinations, the Company holds rights to use trademarks for a certain period.

These assets are amortized over their average useful lives, as shown below:

	Years
Right of use of trademarks and licenses	5.1
Right of use of software	5.0

c. Software

Any software licenses acquired are capitalized based on the costs incurred to acquire the software and to make it ready for use. These costs are amortized over the software's estimated useful life of five years.

Costs associated with the maintenance of software are recognized as expenses as they are incurred.

d. Research and development of products

Spending on research is recorded directly in the statement of income as it is incurred. Development expenditure is capitalized only if: (i) the costs can be measured reliably; (ii) the product or process is technically and commercially viable; (iii) future economic benefits are likely; and (iv) the Company has an intention and necessary resources to complete the development, and either to use or to sell the asset.

Other development expenditure is recognized in the statement of income as it is incurred. After its initial recognition, the capitalized development costs are measured at cost, less accumulated amortization and any losses due to impairment.

These costs are amortized over their estimated useful life of 7.9 years.

2.12. Impairment of non-financial assets

Assets with indefinite useful lives, such as goodwill and trademarks, are not subject to amortization, and are tested annually for impairment. Assets that are subject to amortization are reviewed for indications of impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. An impairment loss is recognized at the amount by which the carrying amount of the asset exceeds its recoverable value. The latter is the higher of the asset's fair value, less selling costs, and its value in use. For the purposes of assessing impairment, the assets are grouped at the lowest level for which there is separately identifiable cash flow, i.e. Cash Generating Unit (CGU) level. In practice, the Company only has a single CGU. Non-financial assets, excluding goodwill, that have suffered impairment are subsequently reviewed for the possible reversal of the impairment at the reporting date.

Impairment losses are recognized in the statement of income. The losses recognized are initially allocated to write down any goodwill allocated, and then to reduce the carrying amounts of other assets on a *pro rata* basis.

Impairment losses related to goodwill are not reversed. With respect to other assets, losses due to impairment are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been obtained, net of depreciation or amortization, had the impairment not been recognized.

2.13. Accounts payable to suppliers

Accounts payable to suppliers are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business, and they are classified as current liabilities if payment is due within a one-year period. Otherwise, the accounts payable are presented as non-current liabilities. They are initially recognized at fair value, and are subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the amount of the respective invoice.

2.14. Suppliers' assignments of receivables

Some suppliers and service providers have the option to assign their securities, without right of recourse, to financial institutions. Under such transactions, the supplier may see a reduction in its financial costs because the financial institution takes into consideration the credit risk of the Company. The Company's accounting policy is to separate these transactions in the balance sheet as "Suppliers' assignments of receivables". However, for the Company there is no change in the nature of the transaction or in the cash flow linked to the invoices originally issued, nor any additional financial costs.

2.15. Loans, financing and debentures

These are recognized initially at fair value, net of transaction costs, and subsequently stated at amortized cost. Any differences between the amounts obtained (net of transaction costs) and the settlement amounts are recognized in the statement of income during the period in which the loans are outstanding, using the effective interest rate method.

Fees paid to financial institutions, in the form of funding costs, are deferred until the actual loan is drawn down. When there is a likelihood of the withdrawal of a part of or the entire loan, the fee is capitalized as a prepayment for liquidity services, and is amortized over the period of the respective loan.

Loans are classified as current liabilities, unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

2.16. Provisions and other liabilities, except for loans, financing and debentures

Provisions are recognized when the Company has a present legal or implicit obligation as a result of past events, it is probable that an outflow of funds will be necessary to settle the obligation, and the amounts and terms of such outflow are uncertain. Accordingly, the recognition, measurement and disclosure of provisions and of contingent liabilities take into consideration the criteria established in CPC 25.

A provision for restructuring is recognized when the Company has approved a formal, detailed restructuring plan, and the restructuring has already begun, or has already been publicly announced. Provisions are not recorded for future operating losses (Note 24).

Other liabilities are presented at their known or estimated amounts, including, when applicable, the corresponding charges, variations in exchange rates and monetary variations incurred.

2.17. Current and deferred income tax and social contribution, and other taxes recoverable

a. Current and deferred income tax and social contribution

The expenses for income tax and social contribution for the year include current and deferred taxes. Income taxes are recognized in the statement of income, except to the extent that they relate to items recognized directly in equity or in Other Comprehensive Income (“OCI”).

The current income tax and social contribution charge are calculated on the basis of the tax laws enacted or substantially enacted up to the balance sheet date. Management periodically evaluates the positions taken by the Company in its income tax returns in situations where the applicable tax regulations are open to interpretation, and establishes provisions, where appropriate, based on the estimated amounts to be paid to the tax authorities.

The current income tax and social contribution are presented net for each taxpaying entity, as liabilities whenever there are amounts payable, or as assets when the amounts paid in advance exceed the total amount due on the reporting date.

Deferred income tax and social contribution are recognized using the liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax and social contribution liabilities are not recorded in the financial statements if they arise from the initial recognition of an asset or liability as part of a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting nor the taxable income. Deferred income tax and social contribution are determined on the basis of the tax rates (and tax laws) enacted up to the balance sheet date and which are expected to apply when the respective deferred tax asset is realized, or the deferred tax liability is settled.

Deferred income tax and social contribution assets are recognized only to the extent that future taxable profits will be available against which the temporary differences can be used.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity.
Current and deferred income and social contribution taxes are calculated at a rate of 15%, plus a surcharge of 10% on any taxable income in excess of R$ 240 thousand in the 12-month period for income tax, and 9% for the social contribution on net income. These rates take into consideration the offsetting of income tax and social contribution losses, which is limited to 30% of the taxable income.

b. Recoverable taxes

These refer to recoverable PIS, COFINS, IPI and ICMS. Assets are constituted when there is a legally enforceable right and an intention to offset them against the calculation of current taxes, or when there is a right to receive a refund from the tax authorities.

2.18. Employee benefits

a. Share-based compensation expenses

The fair value, at the grant date, of share-based payment agreements granted to employees and to the executive board is recognized within personnel expenses, with a corresponding increase in equity, during the period when the employees unconditionally acquire the right to receive the respective premiums. The amount recognized within expenses is adjusted to reflect the earned proportion of such premiums, where it is expected that the services and performance conditions will be met, in such a way that the final expenses recognized are based on the number of premiums that actually meet the conditions of service, and on the performance at the date of acquisition (the vesting date).

The amounts received, net of any directly attributable transaction costs, are credited in the share capital (face value), or in the sales prices of Treasury shares once the options are exercised.

b. Profit sharing

The Company recognizes a liability and an expense for profit sharing arrangements based on criteria that also consider the profit attributable to the shareholders after certain adjustments. The Company recognizes a provision where it is contractually obliged to do so, or when there is a past practice that has created a constructive obligation.

c. Short-term employee benefits

Obligations to offer short-term benefits to employees are recognized as personnel expenses as the corresponding services are provided. The liability is recognized at the amount that is expected to be paid if the Company has a legal or constructive present obligation to pay this amount as a result of the past services provided by the employees, where the amount of the respective obligation can be estimated reliably.

2.19. Share capital

Common shares are classified in equity. Incremental costs directly attributable to the issue of new shares or options are presented in equity as a deduction from the proceeds, net of taxes.

Treasury shares

The Company can purchase its own shares in return for a payment, including any directly attributable incremental costs (net of tax effects) as a discount on the equity attributable to the Company's shareholders, until such time as the shares are canceled or reissued. When these shares are subsequently reissued, any amount received, net of any directly attributable additional transaction costs and the respective income tax and social contribution effects, is included in the equity attributable to the Company's shareholders. Gains or losses resulting from the transactions are presented as capital reserves.

2.20. Government grants

Government grants are recognized when there is reasonable certainty that the benefits will be received, and that all of the related conditions will be satisfied. When the benefit refers to an expense, it is recognized as revenue over the period of the benefit, in a systematic manner and in proportion to the costs which the benefit is intended to offset.

The Company has been granted an ICMS tax incentive by the government of the State of Goiás, which takes the form of a "Granted Credit". Based on the Special Regime Agreement entered into with the Goiás State Finance Department, this credit is to be recorded as a deduction from the ICMS payable.

The effects of this calculation are recognized in profit or loss in the line item "Sales deductions", and the credit is made monthly based on the issuance of invoices which are subject to ICMS.

The Company considers the conditions and obligations it is required to fulfill.

2.21. Revenue from sales of products and goods

Revenue represents the fair value of the consideration received or receivable for the trading of products in the normal course of the Company's activities. Revenue is shown net of taxes, returns, rebates and discounts, in the consolidated financial statements, after eliminating sales between subsidiaries.

The Company recognizes revenue when its amount can be measured reliably, it is probable that future economic benefits will flow to the entity, and at the time when control over the products has been transferred: that is, when the products are delivered to the buyer, who gains full control over the sales channels and prices for the products and goods, since the Company has no continuing involvement with the goods sold, or there are no other factors that could affect the acceptance of the products by the buyer.

2.22. Leases

At the beginning of each agreement, the Company assesses whether the arrangement is or contains a lease.

An agreement is or contains a lease if the agreement transfers the right to control the use of an identified asset for a substantial period of time in exchange for a consideration. To assess whether an agreement transfers the right to control the use of an identified asset, the Company uses the definition of a lease set out in CPC 06 (R2)/IFRS 16.

The Company recognizes a right-of-use asset and a lease liability at the beginning of the lease term. Each right-of-use asset is initially measured at cost, which is comprised of the initial measurement of the lease liability, adjusted for any lease payments made through the commencement date, plus any initial direct costs and estimated restoration costs.

The right-of-use-asset is subsequently amortized on a straight-line basis over the shorter of the useful life of the asset or the lease term. If the Company is reasonably sure that it will exercise a purchase option, the right-of-use asset is amortized over the useful life of the underlying asset. The average amortization periods for right-of-use assets are set out below:

	Years
Buildings	5.0
Vehicles	3.0
Equipment	5.0

The lease liability is initially measured at the present value of the lease payments that have not been made up to the commencement date, discounted using the interest rate implicit in the lease agreement or, if this rate cannot be readily determined, at the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost, using the effective interest method. It is remeasured whenever there is a change in the future lease payments arising from a change in an index or a rate, if: (i) there is a change in the amount that is expected to be paid based on the guaranteed residual value; or (ii) the Company changes its assessment of whether it will exercise a purchase, extension or termination option, or of whether there are any revised fixed in-substance lease payments.

2.23. Earnings per share

The Company calculates the earnings per share using the weighted average number of total common shares outstanding during the period, which correspond to the results in accordance with Technical Pronouncement CPC 41 - "Earnings per Share".

The diluted earnings per share are calculated based on the net profit attributable to the holders of common shares, and on the weighted average number of common shares outstanding after adjustments for all potential dilutive common shares.

2.24. Distribution of dividends and interest on capital

The distribution of dividends to the Company's shareholders is recognized as a liability in the financial statements at the end of the year, based on the Company's bylaws.
The Board of Directors may declare interim dividends based on the existence or not of profit reserves in the last balance sheet. In addition, dividends may also be paid using the profit figures based on the Company's quarterly information, but these quarterly interim dividends cannot exceed the amounts in the capital reserve accounts. Any payment of interim dividends is offset against the mandatory distributions for the year in which the interim dividends are paid. In addition, the Board of Directors may also decide to pay or credit interest on capital to the shareholders, calculated based on the clauses in the relevant law, which is considered an advance on the payment of the minimum dividend.

2.25. Statements of added value

The preparation of individual and consolidated statements of value added is required by Brazilian corporate legislation and by the accounting practices adopted in Brazil applicable to listed companies. The statement of value added was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". IFRS does not require the presentation of such a statement, and thus under IFRS, this statement is considered supplementary information.

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.

Based on assumptions, the Company makes estimates regarding the future. By definition, the resulting accounting estimates will seldom equal the related actual results. Those estimates and assumptions that pose a significant risk, with a probability of leading to material adjustments to the carrying amounts of assets and liabilities in subsequent years, are as described below.

a. Estimated loss on (impairment of) non-financial assets

The Company tests for possible losses (impairment) in the goodwill, trademarks and patents line items, based on the accounting policy presented in Note 2.12. Management identified the existence of a single CGU and a single business segment (Note 26), the recoverable amount of which was determined on the basis of the calculation of the value in use, which in turn is based on estimates (Notes 16 and 17).

b. Useful lives of trademarks and items of property, plant and equipment

Given the business strategy and the investments made, including advertising and publicity to strengthen and sustain trademarks, it is management's assessment that the estimated useful lives of trademarks may not be adequate. For this reason, trademarks are not amortized, but are tested for impairment to ensure that their carrying amounts do not exceed their realizable values.

The useful lives of items of property, plant and equipment are reviewed annually, based on a report prepared internally by the Company's own specialists. There were no material changes to the depreciation recorded, and no need was identified to change the useful life assumptions used (Note 16).

c. Contingencies

Note 24 presents information on the liabilities and contingencies to which the Company is exposed in the course of its business.

Determining the likelihood of favorable outcomes of lawsuits in progress, as well as estimating expected probable losses, requires the use of critical judgment by management, since it depends on future events that are not under the Company's control. The progress of these lawsuits in the various relevant spheres may have outcomes different from those expected by management or by its internal and external legal counsel, and any changes in judicial trends or new case law may result in significant changes to these estimates.

d. Recoverability of the balance of deferred income tax and social contribution

The recoverable amounts of the recognized deferred tax assets may vary significantly if different assumptions and data regarding projections of future taxable income are applied, which may affect the balance of deferred income tax and social contribution recorded in the financial statements. In addition, the estimated time required for the realization of income tax and social contribution losses and temporary differences and their impacts on future taxation require the use of significant judgment by the Company's management.

There are no tax impacts or repercussions in the text, and this matter refers solely to the recoverability of deferred taxes, not to their quality.

4 Financial risk management

a. Financial risk factors

The Company's activities expose it to various financial risks: market risk (including currency risk), fair value risk, interest rate risk, cash flow risk, price risk, credit risk and liquidity risk.

The Company has a risk management policy which requires it to diversify its transactions and counterparties. Under the terms of this policy, the nature and general positions of the financial risks are regularly monitored and managed in order to evaluate the results and the financial impact on cash flow. The credit limits and the quality of the hedges of counterparties are also reviewed periodically.

Under this policy, market risks are hedged when this is considered necessary to support the corporate strategy, or to ensure the maintenance of financial flexibility. The Financial Board examines and revises information related to risk management, including significant policies, procedures and practices applied to risk management.

The Company manages some of its risk using derivative instruments, while remaining in line with the risk management policy, which prohibits speculative negotiations and short sales.

b. *Foreign exchange risk*

Foreign exchange risk arises from the possibility of the Company incurring losses due to fluctuations in exchange rates, increasing the balances of liabilities related to funds raised in the market.

At December 31, 2024 and 2023, the assets and liabilities denominated in foreign currencies, and the financial instruments used to mitigate the associated exchange risks, were as follows:

						Parent company
			2024			2023
	USD ‘000	EUR ‘000	R$ ‘000	USD ‘000	EUR ‘000	R$ ‘000
Liabilities						
Suppliers	218	-	1,371	172	-	834
Suppliers’ assignments of receivables	-	-	-	-	-	-
Loans and financing	65,896	56,701	770,296	65,787	56,667	622,644
Derivative instruments to mitigate risks	(65,000)	(54,473)	(750,494)	(65,000)	(54,795)	(607,447)
Other payables	-	-	-	-	-	-
Net exposure	1,114	2,228	21,173	959	1,872	16,031

						Consolidated
			2024			2023
	USD ‘000	EUR ‘000	R$ ‘000	USD ‘000	EUR ‘000	R$ ‘000
Assets						
Customers	(445)	-	(2,795)	-	-	-
Liabilities						
Suppliers	8,197	-	50,670	5,348	-	25,961
Suppliers’ assignments of receivables	33,708	-	208,345	35,233	-	171,023
Loans and financing	65,896	56,701	770,296	65,787	56,697	622,807
Derivative instruments to mitigate risks	(66,234)	(54,473)	(758,124)	(119,627)	(54,795)	(874,331)
Other payables	58	42	589	377	15	1,924
Net exposure	41,180	2,270	268,981	(12,882)	1,917	(52,616)

c. *Cash flow or fair value risk associated with interest and inflation rates*

The Company’s interest rate risk arises from financial investments, securities, debentures, short and long-term loans, and financing. Loans issued at variable rates expose the Company to interest rate risk. Loans issued at fixed rates expose the Company to fair value risk associated with changes in interest rates.

The Company analyzes its exposure to interest rates dynamically, and seeks to diversify the indices of its financial liabilities. As part of this analysis, various scenarios are simulated, taking into consideration refinancing, the renewal of existing positions and alternative financing and hedging possibilities.

The levels of exposure to interest rate risk on transactions related to variations in the Interbank Deposit Certificate (CDI) rate, the Long-term Interest Rate (TJLP), the Reference Rate (TR) and the Amplified Consumer Price Index (IPCA) are presented in the following table:

	2024	
	Parent company	**Consolidated**
Loans, financing and swaps - CDI	965,143	987,227
Financing – TJLP	256,465	256,465
Financing – TR	225,704	225,704
Debentures – CDI	3,514,809	3,514,809
Debentures – IPCA	609,028	609,028
Notes payable – CDI	6,197	6,197
Financial investments – CDI (Note 10)	(1,184,575)	(1,680,746)
Net exposure	4,392,771	3,918,684

d. Credit risk

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

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

The credit analysis department assesses credit quality by taking into account customers' financial position, payment history, publicly available information and information obtained from credit analysis institutions (Serasa, CISP and Credinfar). Individual risk limits are determined based on regular internal monitoring.

A significant portion of the Company's sales is made to large retail chains and distributors with broad distribution networks in Brazil, which mitigates the Company's consolidated credit risk. Additionally, the credit analysis department uses the aforementioned controls for the continuous monitoring and assessment of the Company's portfolio. For details of the analysis of the due dates, see Note 11.

e. Liquidity risk

The Company believes that the cash flow from operating activities, cash and cash equivalents, and the available lines of credit are sufficient to fund its financial commitments and dividend payments in the future.

Parent company

					2024
	Less than one year	**From one to two years**	**From two to five years**	**More than five years**	**Overall total**
Debentures	2,285,067	2,069,841	6,549,970	296,026	11,200,904
Loans and financing	450,792	809,622	278,887	182,642	1,721,943
Notes payable	17,326	-	-	-	17,326
Suppliers	848,051				848,051
Suppliers' assignments of receivables	21,060	-	-	-	21,060
Other payables	205,085	39,388	38,699	20,103	303,275
Derivative financial instruments	(98,310)	(19,197)	-	-	(117,507)
	3,729,071	2,899,654	6,867,556	498,771	13,995,052

					2023
	Less than one year	**From one to two years**	**From two to five years**	**More than five years**	**Overall total**
Debentures	2,114,021	2,377,538	5,326,521	847,067	10,665,147
Loans and financing	755,060	462,331	873,611	50,188	2,141,190
Notes payable	20,457	3,600	-	-	24,057
Suppliers	771,973	-	-	-	771,973
Suppliers' assignments of receivables	14,640	-	-	-	14,640
Other payables	217,286	57,527	27,447	24,111	326,371
Derivative financial instruments	19,981	8,735	(11,632)	-	17,084
	3,913,418	2,909,731	6,215,947	921,366	13,960,462

Consolidated

					2024
	Less than one year	**From one to two years**	**From two to five years**	**More than five years**	**Overall total**
Debentures	2,285,067	2,069,841	6,549,970	296,026	11,200,904
Loans and financing	464,461	820,900	278,887	182,642	1,746,890
Notes payable	17,326	-	-	-	17,326
Suppliers	448,535	-	-	-	448,535
Suppliers' assignments of receivables	535,607	-	-	-	535,607
Other payables	336,773	67,872	56,359	37,898	498,902
Derivative financial instruments	(99,702)	(19,197)	-	-	(118,899)
	3,988,067	2,939,416	6,885,216	516,566	14,329,265

					2023
	Less than one year	**From one to two years**	**From two to five years**	**More than five years**	**Overall total**
Debentures	2,114,021	2,377,538	5,326,521	847,067	10,665,147
Loans and financing	761,384	462,341	873,611	50,188	2,147,524
Notes payable	20,457	3,600	-	-	24,057
Suppliers	389,667	-	-	-	389,667
Suppliers' assignments of receivables	448,307	-	-	-	448,307
Other payables	328,319	85,889	43,218	44,246	501,672
Derivative financial instruments	694	8,736	(11,632)	-	(2,202)
	4,062,849	2,938,104	6,231,718	941,501	14,174,172

f. Derivatives

In 2024, the Company had transactions involving currency forward derivative financial instruments (US Dollar vs. Brazilian Real), foreign exchange rate, interest rate and equity swaps.

These outstanding transactions were conducted to hedge against fluctuations in liabilities denominated in foreign currencies relating to loans, financing and suppliers. These instruments were not used for speculative purposes, and are characterized as financial instruments with a high correlation with the liabilities to which they are linked (see the sensitivity analysis in item (h) below).

At December 31, 2024, the derivative instruments contracted by the Company totaled R$ (2,776,952) in the consolidated financial statements (2023 - R$ (5,418,666)) and R$ (2,784,582) in the parent company (2023 - (R$ 5,685,550)). The results of the transactions not yet settled in the year ended December 31, 2024, represented gains of R$ 119,191 (2023 - losses of R$ 43,629) in the consolidated financial statements, and gains of R$ 117,864 (2023 - losses of R$ 27,799) in the parent company.

At December 31, 2024 and 2023, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
(In R$ thousand)		**Dec/24**	**Dec/23**	**Dec/24**	**Dec/23**	**Dec/24**	**Dec/23**
Foreign currency							
Forward contracts		**-**	**-**	**-**	**-**	-	**-**
Long position		-	-	-	-	-	-
Short position		-	-	-	-	-	-
Swaps		**750,494**	**607,447**	**119,958**	**(33,583)**	**(40,317)**	**(60,752)**
Long position	BNP, Citibank	750,494	607,447	119,958	(33,583)	(40,317)	(60,752)
Subtotal		**750,494**	**607,447**	**119,958**	**(33,583)**	**(40,317)**	**(60,752)**
Interest rate							
Swaps – Asset Position – Fixed		**(3,660,997)**	**(6,292,997)**	**36,960**	**5,784**	**43,369**	**(7,004)**
Long position	BNP Paribas, Itaú, Merril Lynch, Santander, XP Investimentos	1,000,000	1,000,000	(1,205)	10,251	2,195	(7,004)
Short position	BNP Paribas, Itaú, BOFA, XP Investimentos, Santander	(4,660,997)	(7,292,997)	38,165	(4,467)	41,174	-
Equity Swap		**125,921**	**-**	**(39,054)**	**-**	**-**	**-**
Long position	BNP Paribas, Itaú, Merril Lynch, Santander, XP Investimentos	125,921	-	(39,054)	-	-	-
Total		**(2,784,582)**	**(5,685,550)**	**117,864**	**(27,799)**	**3,052**	**(67,756)**

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Gain (loss) realized	
(In R$ thousand)		**Dec/24**	**Dec/23**	**Dec/24**	**Dec/23**	**Dec/24**	**Dec/23**
Foreign currency							
Forward contracts		**7,630**	**266,884**	**1,327**	**(15,950)**	**(6,144)**	**(86,697)**
Long position	ABC Brasil, Banco do Brasil, BNP Paribas, Bradesco, BTG, CitiBank, Itaú, JP Morgan, Merril Lynch, Safra, Santander, Votorantim, XP Investimentos	7,630	299,730	1,327	(16,202)	(5,796)	(91,226)
Short position	ABC Brasil, Banco do Brasil, JP Morgan, Merril Lynch, Votorantim, XP Investimentos	-	(32,846)	-	252	(348)	4,529
Swaps		**750,494**	**607,447**	**119,958**	**(33,464)**	**(40,317)**	**(60,752)**
Long position	BNP, Citibank	750,494	607,447	119,958	(33,464)	(40,317)	(60,752)
Subtotal		**758,124**	**874,331**	**121,285**	**(49,414)**	**(46,461)**	**(147,449)**
Interest rate							
Swaps – Asset Position – Fixed		**(3,660,997)**	**(6,292,997)**	**36,960**	**5,785**	**43,369**	**(7,004)**
Long position	BNP Paribas, Itaú, Merril Lynch, Santander, XP Investimentos	1,000,000	1,000,000	(1,205)	10,251	2,195	(7,004)
Short position	BNP Paribas, Itaú, BOFA, XP Investimentos, Santander	(4,660,997)	(7,292,997)	38,165	(4,466)	41,174	-
Equity Swap		**125,921**	**-**	**(39,054)**	**-**	**-**	**-**
Long position		125,921	-	(39,054)	-	-	-
Total		**(2,776,952)**	**(5,418,666)**	**119,191**	**(43,629)**	**(3,092)**	**(154,453)**

g. Methodology for calculating the fair values of derivatives

(i) Foreign currency forward contracts are valued using the interpolations of the market rates of US Dollar futures contracts for each base date published by B3 S.A. – Brasil, Bolsa, Balcão ("B3") (formerly BM&F BOVESPA).

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

h. Sensitivity analysis

The table below presents a sensitivity analysis of the financial instruments, including derivatives that describe the risks that could result in material losses for the Company, with the most likely scenario (Scenario I, based on a fluctuation of 10.46% for the US Dollar, corresponding to three standard deviations of the fluctuation during the three months of the fourth quarter of the year) according to management's evaluation, considering a projection period of three months, after which the next quarterly financial information containing this analysis should be released. In addition, two additional scenarios (Scenarios II and III) are presented, showing deteriorations of 25% and 50%, respectively, in the exchange rates between the Brazilian Real and the US Dollar.

						Parent company
Risk		**Scenario I**		**Scenario II**		**Scenario III**
(In R$ thousand)				**25% fluctuation**		**50% fluctuation**
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar quotation	5.544	6.840	4.644	7.740	3.096	9.289
Foreign currency						
Economic hedges	**(78,760)**	**78,760**	**(188,167)**	**188,167**	**(376,328)**	**376,335**
Forward contracts	-	-	-	-	-	-
Swaps	(78,760)	78,760	(188,167)	188,167	(376,328)	376,335
Objects of the economic hedge	**78,760**	**(78,760)**	**188,167**	**(188,167)**	**376,328**	**(376,335)**
Net effect	-	-	-	-	-	-

						Consolidated
Risk		**Scenario I**		**Scenario II**		**Scenario III**
(In R$ thousand)				**25% fluctuation**		**50% fluctuation**
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar quotation	5.544	6.840	4.644	7.740	3.096	9.289
Foreign currency						
Economic hedges	**(79,555)**	**79,555**	**(190,066)**	**190,066**	**(380,127)**	**380,134**
Forward contracts	(795)	795	(1,899)	1,899	(3,799)	3,799
Swaps	(78,760)	78,760	(188,167)	188,167	(376,328)	376,335
Objects of the economic hedge	**79,560**	**(79,560)**	**190,078**	**(190,078)**	**380,150**	**(380,157)**
Net effect	**5**	**(5)**	**12**	**(12)**	**23**	**(23)**

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

The scenarios for monetary variations and the floating interest rates on the Company's loans, financing, debentures and notes payable projected for the first quarter of 2025 are as follows:

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	8,520	29,316	58,632
Financing – TJLP	1,289	4,764	9,528
Debentures – CDI	31,027	106,762	213,525
Debentures – IPCA	3,030	2,253	4,507
Financing – TR	2,418	457	914
Notes payable – CDI	55	188	376
Financial investments	(10,457)	(35,981)	(71,963)
Total loss (gain)	**35,882**	**107,759**	**215,519**

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans – CDI	8,715	29,987	59,974
Financing – TJLP	1,289	4,764	9,528
Debentures – CDI	31,027	106,762	213,525
Debentures – IPCA	3,030	2,253	4,507
Financing – TR	2,418	457	914
Notes payable – CDI	55	188	376
Financial investments	(14,837)	(51,053)	(102,105)
Total loss (gain)	**31,697**	**93,358**	**186,719**

***Likely scenario assumptions**
Forecast CDI of 13.14% p.a.
Forecast TJLP of 7.97 % p.a.
Forecast IPCA of 1.98 % p.q.
Forecast TR of 1.89% p.a.

5 Capital management

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

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

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

The indices of financial leverage at December 31, 2024 and 2023 may be summarized as follows:

	Parent company		Consolidated	
	2024	2023	2024	2023
Total loans, financing and debentures (Note 20)	9,357,947	9,926,062	9,380,041	9,937,779
Total notes payable	17,326	24,057	17,326	24,057
Loss (gain) on financial hedge	(156,918)	27,799	(156,918)	27,799
Less: cash and cash equivalents (Note 10)	(1,236,461)	(2,366,433)	(1,739,327)	(2,580,893)
Debt (cash and cash equivalents), net	7,981,894	7,611,485	7,501,122	7,408,742
Total equity	12,096,281	11,504,124	12,101,819	11,517,873
Adjusted equity	20,078,175	19,115,609	19,602,941	18,926,615
Net debt to adjusted equity ratio	39.8%	39.8%	38.3%	39.1%

6 Estimate of fair value

It is assumed that the balances of accounts receivable and suppliers at their book values, less losses (impairment), approximate their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flow at the prevailing market interest rate available to the Company for similar financial instruments (Note 20 (b)).

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

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

The table below presents the Company's derivative instrument assets and liabilities at December 31, 2024, as well as their fair values.

			Parent company
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	158,123	158,123
Total assets	-	158,123	158,123
Liabilities			
Derivative financial instruments	-	40,259	40,259
Total liabilities	-	40,259	40,259

			Consolidated
	Level 1	Level 2	Total balance
Assets			
Derivative financial instruments	-	159,450	159,450
Total assets	-	159,450	159,450
Liabilities			
Derivative financial instruments	-	40,259	40,259
Total liabilities	-	40,259	40,259

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

			Parent company
	Level 1	**Level 2**	**Total balance**
Assets			
Derivative financial instruments	-	11,841	11,841
Total assets	-	11,841	11,841
Liabilities			
Derivative financial instruments	-	39,640	39,640
Total liabilities	-	39,640	39,640

			Consolidated
	Level 1	**Level 2**	**Total balance**
Assets			
Derivative financial instruments	-	12,143	12,143
Total assets	-	12,143	12,143
Liabilities			
Derivative financial instruments	-	55,772	55,772
Total liabilities	-	55,772	55,772

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

7 Hedge accounting

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

Based on the characteristics of the hedges, it is the Company's accounting policy to adopt hedge accounting as established in CPC 38 (IAS 39). For transactions designated as subject to hedge accounting, the Company formally documents the economic relationship between the hedging instruments and the hedged items, including the risk management objectives and the strategy for conducting the hedging transaction, as well as the methods to be used to evaluate the effectiveness of the hedging relationship.

The Company makes forward-looking and retrospective assessments, both at the time of designation of the hedging relationship, and on a continuous basis if it is expected that the hedge instruments will be "highly effective" in offsetting changes in the fair values of the respective hedged items during the period for which the hedge is designated, and if the actual results of each hedge are within the range determined by management.

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

In 2024, as part of the prospective effectiveness assessment, and considering the aspects of Phase 2 of the reference interest rate reform described in Note 2.1(c), management carried out an analysis of the economic relationships of its hedge accounting structures, and identified no material impacts on the hedging relationships, nor any ineffectiveness as a direct result of the reform. The end of the exemptions from the requirement to assess the effectiveness of the Phase 1 hedging relationships, with recognition in profit or loss for the year of the ineffective portion resulting from the change in the reference rate, is being monitored by management in order to identify when such uncertainty is no longer present (that is, when the contractual replacement of the rate is complete or when the hedging relationship is discontinued).

Fair value hedges

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

					Parent company
					2024
Operation	**Index**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain (loss) in P&L**
Loan – 4131*	USD + spread	Fair value	218,075	282,748	(104)
Swap – 4131*	USD + Spread vs. CDI	Fair value	218,075	57,924	-
Loan – 4131*	USD + spread	Fair value	94,600	125,367	117
Swap – 4131*	USD + Spread vs. CDI	Fair value	94,600	28,039	-
Loan – 4131	EUR + spread	Fair value	300,000	363,005	28
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	33,995	-

					Consolidated
					2024
Operation	**Index**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain (loss) in P&L**
Loan – 4131*	USD + spread	Fair value	218,075	282,748	(104)
Swap – CDI*	USD + Spread vs. CDI	Fair value	218,075	57,924	-
Loan – 4131**	USD + spread	Fair value	94,600	125,367	117
Swap – 4131*	USD + Spread vs. CDI	Fair value	94,600	28,039	-
Loan – 4131	EUR + spread	Fair value	300,000	363,005	28
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	33,995	-

					Parent company
					2023
Operation	**Index**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain (loss) in P&L**
Loan – 4131**	USD + spread	Fair value	218,075	222,403	2,549
Swap – 4131	USD + Spread vs. CDI	Fair value	218,075	(3,315)	-
Loan – 4131**	USD + spread	Fair value	94,600	98,577	55
Swap – 4131**	USD + Spread vs. CDI	Fair value	94,600	767	-
Loan – 4131	EUR + spread	Fair value	300,000	303,490	(969)
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	(31,626)	-

					Consolidated
					2023
Operation	**Index**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain (loss) in P&L**
Loan – 4131**	USD + spread	Fair value	218,075	222,403	2,549
Swap – 4131	USD + Spread vs. CDI	Fair value	218,075	(3,315)	-
Loan – 4131**	USD + spread	Fair value	94,600	98,577	55
Swap – 4131**	USD + Spread vs. CDI	Fair value	94,600	767	-
Loan – 4131	EUR + spread	Fair value	300,000	303,490	(969)
Swap – 4131	EUR + Spread vs CDI	Fair value	300,000	(31,626)	-

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

The fair value cash flow hedge transaction maintained a hedging ratio of 1:1, with a weighted average rate of R$/USD 4.8104 and R$/EUR 5.5073.

Cash flow hedges
The Company has cash flow hedges of most of its transactions with suppliers, and of its debt flow swaps. Gains or losses on the effective portions of these 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
					2024
Operation	**Index**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/(loss) in comprehensive income**
Debentures	CDI	Cash flow	500,000	500,000	3,743
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	1,182	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	5,271
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	7,564	-
Debentures	CDI	Cash flow	368,000	368,000	3551
Swaps	CDI+ vs Fixed Rate	Cash flow	368,000	3,719	-
Debentures	CDI	Cash flow	800,000	800,000	8,442
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	9,789	-
Debentures	CDI	Cash flow	200,000	200,000	1,748
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	2,218	-
Debentures	CDI	Cash flow	550,000	550,000	4,885
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	6,061	-
Debentures	CDI	Cash flow	242,997	242,997	2,003
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	2,468	-
Swaps	HYPE3 vs CDI+	Cash flow	125,921	(39,054)	(39,054)

					Consolidated
					2024
Operation	**Index**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/(loss) in comprehensive income**
Debentures	CDI	Cash flow	500,000	500,000	3,743
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	1,182	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	5,271
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	7,564	-
Debentures	CDI	Cash flow	368,000	368,000	3551
Swaps	CDI+ vs Fixed Rate	Cash flow	368,000	3,719	-
Debentures	CDI	Cash flow	800,000	800,000	8,442
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	9,789	-
Debentures	CDI	Cash flow	200,000	200,000	1,748
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	2,218	-
Debentures	CDI	Cash flow	550,000	550,000	4,885
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	6,061	-
Debentures	CDI	Cash flow	242,997	242,997	2,003
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	2,468	-
Suppliers	USD	Cash flow	1,234	(1,234)	-
NDF Suppliers (I)	USD vs. R$	Cash flow	1,234	4,167	(21)
Swaps	HYPE3 vs CDI+	Cash flow	125,921	(39,054)	(39,054)

					Parent company
					2023
Operation	**Index**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/(loss) in comprehensive income**
Debentures	CDI	Cash flow	500,000	500,000	(25)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	342	-
Debentures	CDI	Cash flow	500,000	500,000	(84)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	482	-
Debentures	CDI	Cash flow	750,000	750,000	1,052
Swaps	CDI+ vs Fixed Rate	Cash flow	750,000	(626)	-
Debentures	CDI	Cash flow	250,000	250,000	331
Swaps	CDI+ vs Fixed Rate	Cash flow	250,000	(194)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	1,446
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(791)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	1,248
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(644)	-
Debentures	CDI	Cash flow	800,000	800,000	805
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	(305)	-
Debentures	CDI	Cash flow	200,000	200,000	135
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	(9)	-
Debentures	CDI	Cash flow	550,000	550,000	470
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	(128)	-
Debentures	CDI	Cash flow	242,997	242,997	274
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	(126)	-
Debentures	CDI	Cash flow	500,000	500,000	260
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	(38)	-

					Consolidated
					2023
Operation	**Index**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/(loss) in comprehensive income**
Debentures	CDI	Cash flow	500,000	500,000	(25)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	342	-
Debentures	CDI	Cash flow	500,000	500,000	(84)
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	482	-
Debentures	CDI	Cash flow	750,000	750,000	1,052
Swaps	CDI+ vs Fixed Rate	Cash flow	750,000	(626)	-
Debentures	CDI	Cash flow	250,000	250,000	331
Swaps	CDI+ vs Fixed Rate	Cash flow	250,000	(194)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	1,446
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(791)	-
Debentures	CDI	Cash flow	1,000,000	1,000,000	1,248
Swaps	CDI+ vs Fixed Rate	Cash flow	1,000,000	(644)	-
Debentures	CDI	Cash flow	800,000	800,000	805
Swaps	CDI+ vs Fixed Rate	Cash flow	800,000	(305)	-
Debentures	CDI	Cash flow	200,000	200,000	135
Swaps	CDI+ vs Fixed Rate	Cash flow	200,000	(9)	-
Debentures	CDI	Cash flow	550,000	550,000	470
Swaps	CDI+ vs Fixed Rate	Cash flow	550,000	(128)	-
Debentures	CDI	Cash flow	242,997	242,997	274
Swaps	CDI+ vs Fixed Rate	Cash flow	242,997	(126)	-
Debentures	CDI	Cash flow	500,000	500,000	260
Swaps	CDI+ vs Fixed Rate	Cash flow	500,000	(38)	-
Suppliers	USD	Cash flow	35,949	(35,949)	-
NDF Suppliers (I)	USD vs. R$	Cash flow	35,949	(14,501)	489
NDF Purchases	USD vs. R$	Cash flow	19,000	(1,448)	(1,448)

(I) Maturities within one year.

Cash flow hedge operations maintained a hedging ratio of 1:1 with a weighted average rate of R$/USD 5.0935. The cash flow from these operations is stated in Financial Risk Management - Liquidity Risk (Note 4 (e)).

8 Financial instruments by category

Parent company

					2024
	Amortized cost	**FVOCI**	**FVTPL**	**Designated as a cash flow hedge**	**Total**
Financial assets as per the balance sheet					
Accounts receivable (Note 11)	2,208,445	-	-	-	2,208,445
Financial investments (Note 10)	1,184,575	-	-	-	1,184,575
Cash and banks (Note 10)	51,886	-	-	-	51,886
Derivative financial instruments	-	-	125,122	33,001	158,123
Other assets	249,483	-	-	-	249,483
	3,694,389	-	125,122	33,001	3,852,512

					2024
	Amortized cost	**FVOCI**	**FVTPL**	**Designated as a cash flow hedge**	**Total**
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 20)	9,357,947	-	-	-	9,357,947
Suppliers (Note 18)	848,051	-	-	-	848,051
Suppliers' assignments of receivables (Note 19)	21,060	-	-	-	21,060
Other payables	303,274	-	-	-	303,274
Notes payable	17,326	-	-	-	17,326
Derivative financial instruments	-	-	1,205	39,054	40,259
.	10,547,658	-	1,205	39,054	10,587,917

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

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

Consolidated

	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
					2024
Financial assets as per the balance sheet					
Accounts receivable (Note 11)	2,249,259	-	-	-	2,249,259
Financial investments (Note 10)	1,680,746	-	-	-	1,680,746
Cash and banks (Note 10)	58,581	-	-	-	58,581
Derivative financial instruments	-	-	125,122	34,328	159,450
Other assets	264,397	-	-	-	264,397
	4,252,983	-	125,122	34,328	4,412,433

	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
					2024
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 20)	9,380,041	-	-	-	9,380,041
Suppliers (Note 18)	448,535	-	-	-	448,535
Suppliers' assignments of receivables (Note 19)	535,607	-	-	-	535,607
Other payables	498,903	-	-	-	498,903
Notes payable	17,326	-	-	-	17,326
Derivative financial instruments	-	-	1,205	39,054	40,259
	10,880,412	-	1,205	39,054	10,920,671

	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
					2023
Financial assets per the balance sheet					
Accounts receivable (Note 11)	2,642,146	-	-	-	2,642,146
Financial investments (Note 10)	2,550,332	-	-	-	2,550,332
Cash and banks (Note 10)	30,561	-	-	-	30,561
Derivative financial instruments	-	-	11,018	1,125	12,143
Other assets	218,539	-	-	-	218,539
	5,441,578	-	11,018	1,125	5,453,721

	Amortized cost	FVOCI	FVTPL	Designated as a cash flow hedge	Total
					2023
Financial liabilities per the balance sheet					
Loans, financing and debentures (Note 20)	9,937,779	-	-	-	9,937,779
Suppliers (Note 18)	389,667	-	-	-	389,667
Suppliers' assignments of receivables (Note 19)	448,307	-	-	-	448,307
Other payables	477,712	-	-	-	477,712
Notes payable	24,057	-	-	-	24,057
Derivative financial instruments	-	-	39,520	16,252	55,772
	11,277,522	-	39,520	16,252	11,333,294

9 Credit quality of financial assets

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

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Current accounts and financial investments (*)				
AAA	1,236,461	2,366,432	1,739,316	2,580,885
	1,236,461	2,366,432	1,739,316	2,580,885

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

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

	Parent company		Consolidated	
	2024	2023	2024	2023
Derivative financial assets				
AAA	158,123	11,841	159,450	12,021
AA+	-	-	-	122
	158,123	11,841	159,450	12,143

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

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

10 Cash and cash equivalents

	Parent company		Consolidated	
	2024	2023	2024	2023
Cash and banks	51,886	10,901	58,581	30,561
Short-term investments:				
Repurchase transactions	23,137	2,062	23,136	2,062
Bank deposit certificates (CDBs)	1,161,438	2,353,470	1,657,610	2,548,270
	1,184,575	2,355,532	1,680,746	2,550,332
	1,236,461	2,366,433	1,739,327	2,580,893

Financial investments (both repurchase transactions and CDBs) have yields between 97.0% and 102.0% of the CDI p.a. (at December 31, 2023, between 80% and 103.2% of the CDI p.a.), with a weighted average of 99.7% of the CDI p.a. (at December 31, 2023, 101.1% p.a.) and are substantially liquid.

11 Accounts receivable

	Parent company		Consolidated	
	2024	2023	2024	2023
Domestic customers	2,229,462	2,616,023	2,277,429	2,664,750
Foreign customers	-	-	2,795	-
Expected credit losses	(21,017)	(19,746)	(30,965)	(22,604)
	2,208,445	2,596,277	2,249,259	2,642,146

The amounts of accounts receivable that are overdue but not impaired correspond to a number of independent customers with no recent history of default, and/or who are involved in negotiations in progress with a high probability of success. The aging analysis of these accounts receivable is as follows:

	Parent company		Consolidated	
	2024	2023	2024	2023
Up to 3 months	5,306	4,514	5,313	4,408
From 3 to 6 months	3,291	118	3,291	118
Over 6 months	7,002	1,820	7,002	1,820
	15,599	6,452	15,606	6,346

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

The maximum exposure to credit risk at the reporting date is equivalent to the carrying amount of each class of receivables mentioned above.

Changes to the expected credit losses for the year ended December 31, 2024 are as follows:

	Parent company	Consolidated
Balances at 12/31/2023	(19,746)	(22,604)
(Additions)/reversals, net	(1,271)	(8,361)
Balances at 12/31/2024	(21,017)	(30,965)

12 Inventory

	Parent company		Consolidated	
	2024	2023	2024	2023
Finished goods and goods for resale	758,182	604,903	839,187	887,751
Semi-finished goods	-	-	143,969	145,356
Raw materials	-	-	1,023,530	1,137,761
Maintenance and supplies	122	171	186,976	203,919
Provision for inventory losses	(41,775)	(56,010)	(255,062)	(183,056)
	716,529	549,064	1,938,600	2,191,731

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

	Parent company	Consolidated
At 12/31/2023	(56,010)	(183,056)
Additions for the year (a)	(120,748)	(234,270)
Write-offs for the year (b)	134,983	162,264
At 12/31/2024	(41,775)	(255,062)

(a) Refers to expected inventory losses due to the discontinuation, validity, quality and realization of inventory, in accordance with the policies established by the Company.

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

13 Taxes recoverable

	Parent company		Consolidated	
	2024	2023	2024	2023
PIS/COFINS/IPI and others	58,278	276,857	157,245	378,389
ICMS	107,516	102,969	200,907	186,631
Recoverable IRPJ and CSLL	84,050	76,564	122,173	104,160
	249,844	456,390	480,325	669,180
Current	228,196	291,117	414,561	446,514
Non-current	21,648	165,273	65,764	222,666

14 Other assets

	Parent company		Consolidated	
	2024	2023	2024	2023
Prepaid expenses (a)	60,823	67,306	113,693	100,828
Bills receivable	95,241	64,966	100,535	68,962
Deposits in court (b)	148,116	129,169	163,862	149,577
Advances	15,995	48,446	88,249	103,345
Other	7,289	4,774	2,213	2,525
	327,464	314,661	468,552	425,237
Current	90,588	126,609	209,261	211,392
Non-current	236,876	188,052	259,291	213,845

(a) Refers mainly to advance payments for advertising and publicity.
(b) Refers to deposits made as guarantees of contingencies.

15 Investments

The investments held by the Company are presented below:

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	93.50%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	6.50%	Indirect
Bionovis S.A.	07/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	09/15/1966	Brazil	Pharma	100%	Indirect
Simple Organic Beauty S.A.	04/29/2016	Brazil	Natural beauty dermo-cosmetics	64.93%	Direct
Mantecorp Participações S.A.	09/28/2016	Brazil	Holding company	100%	Direct
Bio Brands Franchising Gestão de Marcas Ltda.	08/29/2014	Brazil	Dermo-cosmetics	100%	Direct
Bio Scientific Indústria de Cosméticos Ltda.	07/13/2001	Brazil	Dermo-cosmetics	100%	Indirect
Solana Agropecuária Ltda.	11/04/1981	Brazil	Crop	100%	Indirect
Amigotech S.A.	07/02/2021	Brazil	Technology	15%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	Mantecorp	Bionovis	My	Other		
	Cost	Cost	Cost	Cost	Cost	Cost	Goodwill	Total
Balances at January 1, 2024	4,499,835	1,189,210	323,920	80,477	10,440	130,361	64,844	6,299,087
Capital increase	194,613	-	-	4,658	-	39,838	-	239,109
Equity accounting	539,925	117,941	2,511	24,181	307	(33,592)	-	651,273
Share of discontinued equity accounting for investments	180	(144)	-	-	-	124	-	160
Stock options/matching/restricted	6,546	356	192	-	-	330	-	7,424
Equity value adjustments	456	1,026	31	2,137	-	(3)	-	3,647
Dividends and interest on capital receivable	29,740	854	-	(6,097)	-	-	-	24,497
Balances at December 31, 2024	5,271,295	1,309,243	326,654	105,356	10,747	137,058	64,844	7,225,197

	Brainfarma	Cosmed	Mantecorp	Bionovis	My	Other		
	Cost	**Cost**	**Cost**	**Cost**	**Cost**	**Cost**	**Goodwill**	**Total**
Balances at January 1, 2023	3,404,418	1,071,419	275,717	59,744	9,437	115,772	101,954	5,038,461
Capital increase	735,986	19,362	217	3,478	-	22,298	-	781,341
Equity accounting	389,790	98,513	47,726	20,191	1,003	(3,030)	-	554,193
Share of discontinued equity accounting for investments	(129)	561	-	-	-	(444)	-	(12)
Stock options/matching/restricted	3,766	40	260	-	-	548	-	4,614
Equity value adjustments	(12,263)	(1,693)	-	-	-	-	-	(13,956)
Write-off	-	-	-	-	-	(4,783)	(37,110)	(41,893)
Dividends and interest on capital receivable	(21,733)	1,008	-	(2,936)	-	-	-	(23,661)
Balances at 12/31/2023	4,499,835	1,189,210	323,920	80,477	10,440	130,361	64,844	6,299,087

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

2024	**Assets**	**Liabilities**	**Revenue**	**Profit (loss)**	**Adjusted profit (loss) (*)**
Brainfarma Indústria Química e Farmacêutica S.A.	6,573,558	1,122,740	3,502,527	504,292	577,472
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,545,694	248,519	688,588	110,523	117,941
My Agência de Propaganda Ltda.	11,923	1,190	3,840	307	307
Simple Organic Beauty S.A.	75,053	59,262	119,053	(33,199)	(29,871)
Mantecorp Participações S.A.	331,048	-	-	6,848	2,511
Bio Brands Franchising Gestão de Marcas Ltda.	85,377	12,550	28,995	(11,337)	(14,197)

2023	**Assets**	**Liabilities**	**Revenue**	**Profit (loss)**	**Adjusted profit (loss) (*)**
Brainfarma Indústria Química e Farmacêutica S.A.	5,853,941	1,141,325	3,402,455	328,729	416,888
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,371,728	187,311	692,519	85,666	98,513
My Agência de Propaganda Ltda.	11,455	1,029	4,560	988	1,003
Simple Organic Beauty S.A.	68,290	24,725	161,165	11,688	6,271
Mantecorp Participações S.A.	323,978	-	-	47,726	47,726
Bio Brands Franchising Gestão de Marcas Ltda.	52,884	5,564	20,123	(286)	(3,065)

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

b. Equity accounting by the Parent Company

	Number of shares and quotas	**Adjusted equity at December 31, 2024**	**Ownership %**	**Equity accounting at December 31, 2024**	**Balance of the investment at December 31, 2024**	**Equity accounting at December 31, 2023**	**Balance of the investment at December 31, 2023**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	2,662,160,135	1,309,243	100%	117,941	1,309,243	98,513	1,189,210
My Agência de Propaganda Ltda.	22,467,862	10,747	100%	307	10,747	1,003	10,440
Brainfarma Indústria Química e Farmacêutica S.A.	1,334,826,628	5,637,749	93.50%	539,925	5,271,295	389,790	4,499,835
Simple Organic Beauty S.A.	142,833	46,270	64.93%	(19,395)	30,043	4,072	45,915
Drogarias Online Agência de Farmácias S.A.	-	-	-	-	-	(298)	-
Bio Brands Franchising Gestão de Marcas Ltda.	72,272,454	137,954	100%	(14,197)	137,954	(3,065)	115,509
Mantecorp Participações S.A.	275,300,100	326,654	100%	2,511	326,654	47,726	323,920
Bionovis S.A. (*)	24,881,265	446,010	25%	24,181	105,356	20,191	80,477
MGF Farmácia Magistral Ltda.	-		-	-	-	(282)	-
				651,273	7,191,292	557,650	6,265,306

(*) in the consolidated refers to the Equity Accounting of Bionovis.

c. Non-controlling interests

	Equity		Profit or loss	
	2024	2023	2024	2023
Simple Organic Beauty S.A.	5,538	13,749	(10,115)	2,590

16 Property, plant and equipment

Parent company

Own assets	Balances at January 1, 2024	Additions	Write-off	Depreciation	Transfer	Balances at December 31, 2024
Land	4,990	-	-	-	-	4,990
Buildings and improvements	11,070	116	-	(2,381)	9,080	17,885
Machinery, equipment and facilities	73,337	2,635	(261)	(5,742)	616	70,585
Vehicles	93	-	-	-	-	93
Furniture and fixtures	20,574	7,074	-	(1,298)	-	26,350
Other	2,671	147	-	(602)	-	2,216
Total in operation	112,735	9,972	(261)	(10,023)	9,696	122,119
Construction in progress	31,615	7,663	-	-	(9,662)	29,616
Property, plant and equipment	144,350	17,635	(261)	(10,023)	34	151,735

Right-of-use assets - leases	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at December 31, 2024
Buildings and improvements	57,487	898	-	(11,588)	-	46,797
Machinery, equipment and facilities	19,726	13,486	(72)	(12,299)	-	20,841
Vehicles	77,378	56,093	(19,061)	(42,811)	-	71,599
Leases	154,591	70,477	(19,133)	(66,698)	-	139,237
Total PP&E	298,941	88,112	(19,394)	(76,721)	34	290,972

Own assets	Balances at January 1, 2023	Additions	Write-off	Depreciation	Transfer	Balances at December 31, 2023
Land	-	5,058	(68)	-	-	4,990
Buildings and improvements	3,442	383	-	(1,574)	8,819	11,070
Machinery, equipment and facilities	75,808	4,000	(132)	(6,463)	124	73,337
Vehicles	91	-	(1)	(3)	6	93
Furniture and fixtures	16,387	5,390	(35)	(1,188)	20	20,574
Other	3,395	44	(116)	(650)	(2)	2,671
Total in operation	99,123	14,875	(352)	(9,878)	8,967	112,735
Construction in progress	21,054	19,573	-	-	(9,012)	31,615
Property, plant and equipment	120,177	34,448	(352)	(9,878)	(45)	144,350

Right-of-use assets - leases	Balances at January 1, 2023	Additions	Write-off	Amortization	Transfer	Balances at December 31, 2023
Buildings and improvements	43,486	51,494	(26,230)	(11,263)	-	57,487
Machinery, equipment and facilities	12,890	20,265	(4,197)	(9,232)	-	19,726
Vehicles	37,412	94,633	(17,109)	(37,558)	-	77,378
Leases	93,788	166,392	(47,536)	(58,053)	-	154,591
Total PP&E	213,965	200,840	(47,888)	(67,931)	(45)	298,941

Consolidated

Own assets	Balances at January 1, 2024	Additions	Write-off	Depreciation	Transfer	Balances at December 31, 2024
Land	262,969	28,000	-	-	-	290,969
Buildings and improvements	421,682	1,652	-	(20,501)	130,899	533,732
Machinery, equipment and facilities	1,757,439	146,410	(9,693)	(82,329)	230,937	2,042,764
Vehicles	2,709	1	(195)	(615)	-	1,900
Furniture and fixtures	95,330	11,806	(2)	(2,893)	(51,341)	52,900
Other	78,022	22,108	(196)	(21,119)	2,067	80,882
Total in operation	2,618,151	209,977	(10,086)	(127,457)	312,562	3,003,147
Construction in progress	719,678	289,730	(2,557)	(1,333)	(312,285)	693,233
Property, plant and equipment	3,337,829	499,707	(12,643)	(128,790)	277	3,696,380

Right-of-use assets - leases	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at December 31, 2024
Buildings and improvements	101,922	8,202	-	(16,522)	-	93,602
Machinery, equipment and facilities	22,359	15,542	(91)	(14,021)	-	23,789
Vehicles	85,930	57,921	(19,593)	(46,873)	-	77,385
Leases	210,211	81,665	(19,684)	(77,416)	-	194,776
Total PP&E	3,548,040	581,372	(32,327)	(206,206)	277	3,891,156

Own assets	Balances at January 1, 2023	Additions	Write-off	Depreciation	Transfer	Balances at December 31, 2023
Land	243,195	19,882	(68)	-	(40)	262,969
Buildings and improvements	277,419	129,300	-	(20,839)	35,802	421,682
Machinery, equipment and facilities	1,512,866	256,355	(738)	(71,126)	60,082	1,757,439
Vehicles	1,849	1,683	(10)	(813)	-	2,709
Furniture and fixtures	43,052	54,428	(35)	(2,693)	578	95,330
Other	57,437	40,471	(115)	(14,599)	(5,172)	78,022
Total in operation	2,135,818	502,119	(966)	(110,070)	91,250	2,618,151
Construction in progress	554,243	257,397	(606)	-	(91,356)	719,678
Property, plant and equipment	2,690,061	759,516	(1,572)	(110,070)	(106)	3,337,829

Right-of-use assets - leases	Balances at January 1, 2023	Additions	Write-off	Amortization	Transfer	Balances at December 31, 2023
Buildings and improvements	69,064	73,518	(26,230)	(14,430)	-	101,922
Machinery, equipment and facilities	15,295	23,657	(4,785)	(11,808)	-	22,359
Vehicles	40,120	105,918	(19,973)	(40,135)	-	85,930
Leases	124,479	203,093	(50,988)	(66,373)	-	210,211
Total PP&E	2,814,540	962,609	(52,560)	(176,443)	(106)	3,548,040

17 Intangible assets

a) Balance composition

	Parent company		Consolidated	
	2024	2023	2024	2023
Goodwill in non-merged companies				
Simple Organic Beauty S.A.	-	-	13,912	12,677
Bio Brands Franchising Gestão de Marcas Ltda.	-	-	43,257	43,257
Neolatina Comércio e Indústria Farmacêutica S.A.	-	-	12,204	12,204
Goodwill on acquisitions of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Darwin Prestação de Serviços de Marketing Ltda.	2,945,156	2,945,156	2,945,156	2,945,156
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	52,614	52,614	52,614	52,614
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	7,270,960	7,270,960	7,340,333	7,339,098
Trademarks and patents	2,706,484	2,707,791	2,727,560	2,728,871
Rights of use and software	99,169	74,452	175,011	152,522
Product development	5,443	5,701	358,449	372,792
Intangible assets in progress	26,132	3,796	1,189,502	838,557
	10,108,188	10,062,700	11,790,855	11,431,840

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

b) Changes to the balances

Parent company

	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at December 31, 2024
Rights of use and trademarks	2,707,791	2,000	-	(3,307)	-	2,706,484
Rights of use of software	74,452	49,185	-	(24,434)	(34)	99,169
Product development	5,701	500	-	(758)	-	5,443
Goodwill	7,270,960	-	-	-	-	7,270,960
Total in operation	10,058,904	51,685	-	(28,499)	(34)	10,082,056
Intangible assets in progress	3,796	22,336	-	-	-	26,132
Total	10,062,700	74,021	-	(28,499)	(34)	10,108,188

	Balances at January 1, 2023	Additions	Write-off	Amortization	Transfer	Balances at December 31, 2023
Rights of use and trademarks	2,711,098	-	-	(3,307)	-	2,707,791
Rights of use of software	69,509	25,948	-	(21,005)	-	74,452
Product development	1,921	26	-	(764)	4,518	5,701
Goodwill	7,270,960	-	-	-	-	7,270,960
Total in operation	10,053,488	25,974	-	(25,076)	4,518	10,058,904
Intangible assets in progress	4,697	3,625	-	-	(4,526)	3,796
Total	10,058,185	29,599	-	(25,076)	(8)	10,062,700

Consolidated

	Balances at January 1, 2024	Additions	Write-off	Amortization	Transfer	Balances at December 31, 2024
Rights of use and trademarks	2,728,871	2,000	-	(3,311)	-	2,727,560
Rights of use of software	152,522	65,238	-	(42,411)	(338)	175,011
Product development	304,299	13,781	(5,539)	(24,282)	70,190	358,449
Goodwill	7,339,098	1,235	-	-	-	7,340,333
Total in operation	10,524,790	82,254	(5,539)	(70,004)	69,852	10,601,353
Intangible assets in progress	907,050	358,817	(5,638)	(598)	(70,129)	1,189,502
Total	11,431,840	441,071	(11,177)	(70,602)	(277)	11,790,855

	Balances at January 1, 2023	Additions	Write-off	Amortization	Transfer	Balances at December 31, 2023
Rights of use and trademarks	2,732,180	-	-	(3,309)	-	2,728,871
Rights of use of software	138,874	51,100	(869)	(36,675)	92	152,522
Product development	265,571	89,665	(1,158)	(19,097)	37,811	372,792
Goodwill	7,365,813	-	(26,715)	-	-	7,339,098
Total in operation	10,502,438	140,765	(28,742)	(59,081)	37,903	10,593,283
Intangible assets in progress	593,034	322,218	(38,844)	-	(37,851)	838,557
Total	11,095,472	462,983	(67,586)	(59,081)	52	11,431,840

Impairment of assets

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

Long-lived non-financial assets subject to amortization are reviewed whenever there are indications that the carrying amount will not be recovered.

The recoverable amount is determined as the higher of an asset's value in use and its fair value less selling costs. In this context, the recoverable amounts were determined by the Company based on calculations of the value in use. These calculations use cash flow projections for a period of ten years based on financial budgets approved by management for the next year, which foresee sales growth from existing brands, new brands arising from acquisitions, and research and development, with corresponding investments required to implement the respective plans. The amounts of cash flow subsequent to the five-year period were extrapolated based on estimated rates of growth which do not exceed the average growth rate defined for the initial period of five years.

The projections consider operating margins defined in compliance with: (i) the Company’s historical performance; (ii) future expectations regarding business evolution; and (iii) the weighted average rates of growth in line with sectoral forecasts for each line of business. In the context of recoverability testing, the discount rate before tax was reviewed through an interactive calculation based on the discount rate after tax. A discount rate of 11.32%, in statutory terms and after tax, was calculated based on the WACC, which corresponds to a pre-tax rate of 13.69%.

The testing results did not identify a recoverable amount lower than the accounting balance, meaning that no impairment loss needed to be recognized.

The identification of asset impairment is based on certain key assumptions, as described above, which are influenced by the market conditions prevailing at the time when impairment testing occurs, and accordingly it is not possible to determine whether impairment losses will occur in the future, and if so, whether they will be material.

A sensitivity analysis was conducted to enable an understanding of the impacts of variations on the following testing results: (i) growth in sales volumes; (ii) changes in margins; (iii) investment amounts; and (iv) discount rates. This complementary sensitivity analysis did not identify any factors that could impact the recoverability of the assets.

18 Suppliers

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Domestic suppliers	11,130	8,551	397,865	363,706
Foreign suppliers	1,371	834	50,670	25,961
Related-party suppliers (Note 29(a))	835,550	762,588	-	-
	848,051	771,973	448,535	389,667

19 Suppliers' assignments of receivables

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Domestic market (drawee risk)	11,652	7,667	287,694	248,556
Foreign market (forfaiting)	-	-	208,345	171,023
Total suppliers' assignments of receivables	11,652	7,667	496,039	419,579
Total service providers' assignments of receivables	9,408	6,973	39,568	28,728
Total assignments of receivables	21,060	14,640	535,607	448,307

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

At December 31, 2024, the discount rates for assignment operations entered into by the Company's suppliers with financial institutions in the domestic market were between 0.86% and 1.48%, with a weighted average of 1.01% p.m. (at December 31, 2023, these rates were between 1.00% and 1.23%, with a weighted average of 1.13% p.m.).

At December 31, 2024, the discount rates in assignment operations entered into between the Company's suppliers and financial institutions in the foreign market were between 5.12% and 7.55%, with a weighted average of 6.38% p.a. (at December 31, 2023, these rates were between 6.78% and 8.88% p.a., with a weighted average of 7.76% p.a.).
Therefore, this operation does not alter the amounts, nature or timing of the liability (including terms, prices and conditions previously agreed) and does not affect the Company with any financial charges being taken over by the financial institution when conducting a thorough analysis of suppliers by category. No guarantees are pledged by the Company.

Moreover, the payments made by the Company represent purchases of goods and services, are directly related to the suppliers' invoices, and do not affect its cash flow. Accordingly, the Company continues to recognize operating suppliers in the statement of cash flow.

20 Loans, financing and debentures

		Parent company		Consolidated	
	Nominal rate	**2024**	**2023**	**2024**	**2023**
Foreign currency					
Loans (i)	USD+SOFR+0.681% to 0.809% p.a.	770,296	622,644	770,296	622,807
Local currency					
Loans	CDI + 1.26% to 2.00% p.a.	320,648	820,385	342,731	831,806
FCO (i) and (ii)	Fixed rate of 2.50% p.a.	-	4,185	-	4,185
Financing (ii)	Fixed rate of 6.00% p.a.	-	-	10	133
BNDES	TR + 2.2% p.a.	96,174	-	96,174	-
Debentures (ii) and (iii)	CDI + 0.85% to 2.20% p.a.; IPCA + 6.2790% to 6.4451% p.a.	7,784,834	8,141,237	7,784,834	8,141,237
Finep	TJLP from + 1.00% p.a.; TR + 3.3% p.a.	385,995	337,611	385,996	337,611
		9,357,947	9,926,062	9,380,041	9,937,779
Current		1,381,130	2,108,923	1,393,636	2,120,539
Non-current		7,976,817	7,817,139	7,986,405	7,817,240

(i) Contracts with covenants regarding debt levels and the coverage of interest payments with respect to certain financial information (EBITDA and net interest expenses), disposals, spin-offs, mergers, amalgamations or any other forms of corporate restructuring which, if they occur, require prior approval from the financial agents. If any of these events occurs without the consent of the lenders, the outstanding balances will have their maturities accelerated. As at December 31, 2024, all of the applicable covenants were met. The next measurement will be carried out on June 30, 2025.

(ii) An amount of R$ 4,303,477 related to principal and interest on loans, financing and debentures was amortized during the year.

(iii) The amount of the accounting balance of debentures considers the amounts of their related swaps.

The breakdown of long-term loans and financing at December 31, 2024, by year of maturity, is as follows:

	Parent company	**Consolidated**
2026	744,616	754,204
2027	71,509	71,509
2028	71,509	71,509
2029	67,444	67,444
2030	22,723	22,723
2031	22,723	22,723
2032	22,723	22,723
2033	64,855	64,855
	1,088,102	1,097,690

Debentures

On December 5, 2019, 80,000 non-convertible debentures of the eighth public issuance of debentures were issued, in a single series, in the amount of R$ 800,000, with a par value of R$ 10 and interest at 100% of the cumulative variations of the daily average Interbank Deposit (DI) rate, plus a spread of 1.25% p.a. The nominal unit value of the debentures will be amortized in five consecutive semi-annual installments, with final maturity on November 28, 2025.
On April 3, 2020, 248,500 non-convertible debentures were issued as part of the ninth public issuance of debentures, in a single series, in the amount of R$ 2,485,000, with a par value of R$ 10, and interest at 100% of the cumulative variations of the daily average DI rate, plus a spread of 1.50% p.a. The nominal unit value of the debentures will be amortized in six consecutive semi-annual installments, with final maturity on April 3, 2026.

On September 1, 2020, 73,500 non-convertible debentures were issued as part of the tenth public issuance of debentures, in a first and second series, in the amount of R$ 735,000, with a par value of R$ 10 and interest at 100% of the cumulative variations of the daily average DI rate, plus a spread of 1.75% p.a. The nominal unit value of the debentures was to be amortized in three consecutive installments as from September 1, 2023, with final maturity on September 1, 2025; however, on May 23, 2024, the Company settled the full amount early.

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

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

On August 10, 2022, 750,000 non-convertible debentures were issued as part of the 13th issuance of debentures for private placement, in three series, of the unsecured type, in the total amount of R$ 750,000, which will back up the issuance of real estate receivables certificates of the first, second and third series of the 59th Issue of True Securitizadora S.A., meaning that 750,000 debentures were issued, with a nominal unit value of R$ 1.

- The first series in the amount of R$ 200,000 and with interest at 100% of the cumulative variations of the daily average DI rate, plus a spread of 0.75% p.a.
- The second series in the amount of R$ 397,641, monetarily adjusted by the Amplified Consumer Price Index (IPCA) released by the Brazilian Institute of Geography and Statistics (IBGE) and with interest at a rate of 6.2790% p.a.
- The third series in the amount of R$ 152,359 monetarily adjusted by the IPCA and with interest at a rate of 6.4451% p.a.

The balance of the nominal unit values of the first, second and third series debentures will be amortized in a single installment, and the series will be settled on August 16, 2027, August 15, 2029 and August 15, 2032, respectively.

On December 23, 2022, 750,000 non-convertible debentures were issued as part of the 14th public issuance of debentures, in a first and second series, in the amount of R$ 750,000, with a par value of R$ 1 and interest at 100% of the cumulative variations of the daily average DI rate, plus a spread of 1.35% p.a. The nominal unit value of the debentures will be amortized in two consecutive installments, first on December 14, 2026, and second on December 14, 2027.

On April 24, 2023, 800,000 non-convertible debentures were issued as part of the 15th public issuance of debentures, in a single series, in the amount of R$ 800,000, with a par value of R$ 1 and interest at 100% of the cumulative variations of the daily average DI rate, plus a spread of 2.20% p.a. The nominal unit value of the debentures will be amortized in two installments, with final maturity on April 25, 2028.

On October 10, 2023, 750,000 non-convertible debentures were issued as part of the 16th public issuance of debentures, in a single series, in the amount of R$ 750,000, with a par value of R$ 1 and interest at 100% of the cumulative variations of the daily average DI rate, plus a spread of 1.35% p.a. The nominal unit value of the debentures will be amortized in two installments, with final maturity on October 10, 2028.

On January 3, 2024, the Company carried out the 17th issuance of non-convertible simple debentures, of the unsecured type, in a single series, for public distribution, with automatic registration of distribution (“Issuance”), totaling R$ 600,000, with a firm guarantee of placement of the total debentures issued, with interest corresponding to 100% of the accumulated variations of the daily average DI rate, plus a spread of 1.30% p.a. The nominal unit value of the debentures will be amortized in two consecutive installments, first on December 15, 2027, and second on December 15, 2028.

On May 23, 2024, the Company carried out the 18th issuance of non-convertible simple debentures, of the unsecured type, in a single series, for public distribution, with automatic registration of distribution (“Issuance”), totaling R$ 1,500,000, with a firm guarantee of placement of the total debentures issued, with interest corresponding to 100% of the accumulated variations of the daily average DI rate, plus a spread of 0.85% p.a. The nominal unit value of the debentures will be amortized in two installments, first on May 3, 2028, and second on May 3, 2029.

Debentures – Changes

	8th Public Issuance Single series	9th Public Issuance Single series	10th Public Issuance Single series	11th Public Issuance Single series	12th Public Issuance Single series	13th Public Issuance 1st, 2nd and 3rd Series	14th Public Issuance 1st and 2nd Series	15th Public Issuance Single series	16th Public Issuance Single series	17th Public Issuance Single series	18th Public Issuance Single series	Total
At January 1, 2024	646,112	2,130,100	682,460	1,038,729	526,372	783,840	750,419	815,827	767,378	-	-	8,141,237
Total issuance amount	-	-	-	-	-	-	-	-	-	600,000	1,500,000	2,100,000
Costs to be incurred	-	-	-	-	-	-	-	-	-	(2,702)	(1,844)	(4,546)
Financial charges	63,827	156,540	37,705	121,297	60,933	90,683	90,638	103,684	90,115	71,544	103,328	990,294
Principal amortization	(160,000)	(1,257,000)	(656,665)	-	-	-	-	-	-	-	-	(2,073,665)
Interest paid	(226,851)	(402,444)	(63,500)	(123,619)	(63,371)	(60,373)	(89,977)	(104,298)	(89,625)	(67,950)	(76,478)	(1,368,486)
At December 31, 2024	323,088	627,196	-	1,036,407	523,934	814,150	751,080	815,213	767,868	600,892	1,525,006	7,784,834
Current	323,088	423,474	-	36,882	24,373	20,015	2,798	17,327	19,329	2,519	26,314	896,119
Non-current	-	203,722	-	999,525	499,561	794,135	748,282	797,886	748,539	598,373	1,498,692	6,888,715
Unrealized transaction costs	366	1,236	-	1,098	791	15,719	2,741	3,080	1,982	2,155	1,661	30,829
Current	366	1,092	-	623	352	2,630	1,023	966	520	528	354	8,454
Non-current	-	144	-	475	439	13,089	1,718	2,114	1,462	1,627	1,307	22,375

Note: accounting changes do not consider the amounts of swaps

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

	December 31, 2024
2026	1,577,388
2027	2,143,915
2028	1,821,745
2029	1,180,910
2030	54,919
2031	54,919
2032	54,919
	6,888,715

a. Guarantees for loans and financing at December 31, 2024

	Parent company	Consolidated
Letters of guarantee (*)	482,169	482,169
Pledged fixed assets	-	10
	482,169	482,179

(*) Letter of guarantee for the loan from FINEP (Contract 0034/19 and 2170/23) and BNDES (Contract 23.2.0368.1).

b. Carrying amounts and estimated fair values

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

		Consolidated		Fair value	
	Nominal rate	**2024**	**2023**	**2024**	**2023**
Foreign currency					
Loans	USD+SOFR+0.681% to 0.809% p.a.	770,296	622,807	770,296	622,807
Local currency					
Loans	CDI + 1.26% to 2.00% p.a.	342,731	831,806	342,731	831,806
FCO	Fixed rate of 2.50% p.a.		4,185		4,185
Financing	Fixed rate of 6.00% p.a.	10	133	10	130
BNDES	TR + 2.2% p.a.	96,174	-	96,174	-
Debentures	CDI + 0.85% to 2.20% p.a.; IPCA + 6.2790% to 6.4451% p.a.	7,784,834	8,141,237	7,784,834	8,141,237
Finep	TJLP from + 1.00% p.a.; TR + 3.3% p.a.	385,996	337,611	385,996	337,611
		9,380,041	9,937,779	9,380,041	9,937,776

The fair values of some current loans are equal to their carrying amounts, since the impact of marking-to-market is not material. The fair values are based on the discounted cash flow, using a market rate ranging from CDI + 0.72% to CDI + 2.56% p.a. (December 31, 2023 – CDI + 0.48% to CDI + 1.92% p.a.).

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

								Parent company
				Liabilities	**Derivatives (assets/ liabilities)**			
	Loans and financing	**Notes payable**	**Dividends and interest on capital payable**	**Other liabilities**	**Derivative financial instruments (assets)**	**Derivative financial instruments (liabilities)**	**Equity**	**Total**
At January 1, 2024	**9,926,062**	**24,057**	**696,966**	**410,158**	**(11,841)**	**39,640**	**11,504,124**	**22,589,166**
Changes in cash flow from financing activities								
Hedges of loans	-	-	-	-	33,022	(39,268)	-	(6,246)
Loans taken out	2,330,000	-	-	-	-	-	-	2,330,000
Payments of loans - principal	(3,014,349)	(2,425)	-	(67,230)	-	-	-	(3,084,004)
Payments of loans - interest	(1,170,537)	-	-	(18,248)	-	-	-	(1,188,785)
Purchases of shares	-	-	-	-	-	-	(55,807)	(55,807)
Sales of shares	-	-	-	-	-	-	13,246	13,246
Loans payable	-	-	-	2,601	-	-	-	2,601
Dividends paid	-	-	(787,286)	-	-	-	-	(787,286)
Total changes in cash flow from financing activities	**(1,854,886)**	**(2,425)**	**(787,286)**	**(82,877)**	**33,022**	**(39,268)**	**(42,561)**	**(2,776,281)**
Other changes								
Write-off	-	-	-	(19,741)	-	-	-	(19,741)
Additions	-	-	-	41,773	-	-	-	41,773
Leases	-	-	-	39,691	-	-	-	39,691
Proposed dividends	-	-	738,879	-	-	-	-	738,879
Stock options/matching/restricted	-	-	-	-	-	-	33,203	33,203
Accrued interest	1,286,771	969	-	11,721	(179,304)	39,887	-	1,160,044
Loans - acquisitions of subsidiaries	-	(5,275)	-	-	-	-	-	(5,275)
Interest on capital	-	-	-	-	-	-	(661,879)	(661,879)
Reversal of capital budget reserve	-	-	-	-	-	-	(76,999)	(76,999)
Net income for the period	-	-	-	-	-	-	1,340,990	1,340,990
Equity valuation adjustments	-	-	-	-	-	-	(597)	(597)
Other payables	-	-	-	(24,208)	-	-	-	(24,208)
Total other changes related to liabilities	**1,286,771**	**(4,306)**	**738,879**	**49,236**	**(179,304)**	**39,887**	**634,718**	**2,565,881**
At December 31, 2024	**9,357,947**	**17,326**	**648,559**	**376,517**	**(158,123)**	**40,259**	**12,096,281**	**22,378,766**

Consolidated

	Liabilities				Derivatives (assets/ liabilities)			
	Loans and financing	**Notes payable**	**Dividends and interest on capital payable**	**Other liabilities**	**Derivative financial instruments (assets)**	**Derivative financial instruments (liabilities)**	**Equity**	**Total**
At January 1, 2024	**9,937,779**	**24,057**	**696,966**	**599,610**	**(12,143)**	**55,772**	**11,517,873**	**22,819,914**
Changes in cash flow from financing activities								
Hedges of loans	-	-	-	-	34,422	(40,825)	-	(6,403)
Loans taken out	2,351,000	-	-	-	-	-	-	2,351,000
Payments of loans - principal	(3,025,529)	(2,425)	-	(80,522)	-	-	-	(3,108,476)
Payments of loans - interest	(1,171,413)	-	-	(23,588)	-	-	-	(1,195,001)
Purchases of shares	-	-	-	-	-	-	(55,807)	(55,807)
Sales of shares	-	-	-	-	-	-	13,246	13,246
Dividends paid	-	-	(787,286)	-	-	-	-	(787,286)
Total changes in cash flow from financing activities	**(1,845,942)**	**(2,425)**	**(787,286)**	**(104,110)**	**34,422**	**(40,825)**	**(42,561)**	**(2,788,727)**
Other changes								
Write-off	-	-	-	(20,275)	-	-	-	(20,275)
Additions	-	-	-	46,524	-	-	-	46,524
Leases	-	-	-	47,200	-	-	-	47,200
Proposed dividends	-	-	738,879	-	-	-	-	738,879
Stock options/matching/restricted	-	-	-	-	-	-	33,203	33,203
Accrued interest	1,288,204	969	-	20,549	(179,304)	40,164	-	1,170,582
Loans - acquisitions of subsidiaries	-	(5,275)	-	-	-	-	-	(5,275)
Interest on capital	-	-	-	-	-	-	(661,879)	(661,879)
Reversal of capital budget reserve	-	-	-	-	-	-	(76,999)	(76,999)
Net income for the period	-	-	-	-	-	-	1,340,990	1,340,990
FVA - Supplier hedges	-	-	-	-	(59)	-	-	(59)
Supplier hedges - interest paid	-	-	-	-	(2,366)	(14,852)	-	(17,218)
Equity valuation adjustments	-	-	-	-	-	-	(597)	(597)
Other payables	-	-	-	4,260	-	-	-	4,260
Interest attributable to non-controlling interests	-	-	-	-	-	-	(8,211)	(8,211)
Total other changes related to liabilities	**1,288,204**	**(4,306)**	**738,879**	**98,258**	**(181,729)**	**25,312**	**626,507**	**2,591,125**
At December 31, 2024	**9,380,041**	**17,326**	**648,559**	**593,758**	**(159,450)**	**40,259**	**12,101,819**	**22,622,312**

Parent company

	Liabilities					Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	**Notes payable**	**Taxes payable**	**Dividends and interest on capital payable**	**Other liabilities**	**Derivative financial instruments (assets)**	**Derivative financial instruments (liabilities)**	**Equity**	**Total**
At January 1, 2023	**9,601,116**	**73,410**	**21,766**	**677,773**	**390,290**	**(24,087)**	**41,347**	**10,645,760**	**21,427,375**
Changes in cash flow from financing activities									
Hedges of loans	-	-	-	-	-	(16,671)	(51,118)	-	(67,789)
Loans taken out	2,210,882	-	-	-	-	-	-	-	2,210,882
Payments of loans - principal	(1,849,075)	(275)	(1,197)	-	(60,171)	-	-	-	(1,910,718)
Payments of loans - interest	(1,275,932)	-	-	-	(22,419)	-	-	-	(1,298,351)
Purchases of shares	-	(44,425)	-	-	-	-	-	(44,028)	(88,453)
Sales of shares	-	-	-	-	-	-	-	39,485	39,485
Loans payable	-	-	-	-	(910)	-	-	-	(910)
Dividends paid	-	-	-	(759,885)	-	-	-	-	(759,885)
Total changes in cash flow from financing activities	**(914,125)**	**(44,700)**	**(1,197)**	**(759,885)**	**(83,500)**	**(16,671)**	**(51,118)**	**(4,543)**	**(1,875,739)**
Other changes									
Additions	-	-	-	-	27,470	-	-	-	27,470
Leases	-	-	-	-	124,725	-	-	-	124,725
Taxes payable	-	-	(688)	-	-	-	-	-	(688)
Proposed dividends	-	-	-	779,078	-	-	-	-	779,078
Stock options/matching/restricted	-	-	-	-	-	-	-	28,761	28,761
Accrued interest	1,239,071	1,483	100	-	(3,768)	28,917	49,411	-	1,315,214
Interest on capital	-	-	-	-	-	-	-	(779,078)	(779,078)
Net income for the period	-	-	-	-	-	-	-	1,647,960	1,647,960
Loans - acquisitions of subsidiaries	-	(6,136)	-	-	-	-	-	-	(6,136)
Equity valuation adjustments	-	-	-	-	-	-	-	(34,736)	(34,736)
Other payables	-	-	-	-	(45,059)	-	-	-	(45,059)
Total other changes related to liabilities	**1,239,071**	**(4,653)**	**(588)**	**779,078**	**103,368**	**28,917**	**49,411**	**862,907**	**3,057,511**
At December 31, 2023	**9,926,062**	**24,057**	**19,981**	**696,966**	**410,158**	**(11,841)**	**39,640**	**11,504,124**	**22,609,147**

Consolidated

	Liabilities					Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	**Notes payable**	**Taxes payable**	**Dividends and interest on capital payable**	**Other liabilities**	**Derivative financial instruments (assets)**	**Derivative financial instruments (liabilities)**	**Equity**	**Total**
At January 1, 2023	**9,607,559**	**73,410**	**75,040**	**677,773**	**560,205**	**(34,428)**	**51,598**	**10,655,441**	**21,666,598**
Changes in cash flow from financing activities									
Hedges of loans	-	-	-	-	-	(16,671)	(51,118)	-	(67,789)
Loans taken out	2,221,882	-	-	-	-	-	-	-	2,221,882
Payments of loans - principal	(1,845,718)	(275)	(1,139)	-	(78,043)	-	-	-	(1,925,175)
Payments of loans - interest	(1,276,556)	-	(1,657)	-	(28,237)	-	-	-	(1,306,450)
Purchases of shares	-	(44,425)	-	-	-	-	-	(44,028)	(88,453)
Sales of shares	-	-	-	-	-	-	-	39,485	39,485
Dividends paid	-	-	-	(759,885)	-	-	-	-	(759,885)
Total changes in cash flow from financing activities	**(900,392)**	**(44,700)**	**(2,796)**	**(759,885)**	**(106,280)**	**(16,671)**	**(51,118)**	**(4,543)**	**(1,886,385)**
Other changes									
Additions	-	-	-	-	19,196	-	-	-	19,196
Leases	-	-	-	-	183,533	-	-	-	183,533
Taxes payable	-	-	15,797	-	-	-	-	-	15,797
Proposed dividends	-	-	-	779,078	-	-	-	-	779,078
Stock options/matching/restricted	-	-	-	-	-	-	-	28,761	28,761
Accrued interest	1,230,612	1,483	1,329	-	423	60,247	17,863	-	1,311,957
Interest on capital	-	-	-	-	-	-	-	(779,078)	(779,078)
Net income for the period	-	-	-	-	-	-	-	1,647,960	1,647,960
Loans - acquisitions of subsidiaries	-	(6,136)	-	-	-	-	-	-	(6,136)
FVA - Supplier hedges	-	-	-	-	-	(454)	-	-	(454)
Supplier hedges - interest paid	-	-	-	-	-	(20,837)	37,429	-	16,592
Equity valuation adjustments	-	-	-	-	-	-	-	(34,736)	(34,736)
Other payables	-	-	-	-	(57,467)	-	-	-	(57,467)
Interest attributable to non-controlling interests	-	-	-	-	-	-	-	4,068	4,068
Total other changes related to liabilities	**1,230,612**	**(4,653)**	**17,126**	**779,078**	**145,685**	**38,956**	**55,292**	**866,975**	**3,129,071**
At December 31, 2023	**9,937,779**	**24,057**	**89,370**	**696,966**	**599,610**	**(12,143)**	**55,772**	**11,517,873**	**22,909,284**

21 Deferred income and social contribution

a. Breakdown of deferred tax assets

Deferred tax assets include tax losses carried forward, negative bases of social contribution, and temporary differences. These assets are recognized in proportion to the likelihood of realization of the related tax benefit against the future taxable income. This is based on a study of future realization, using projections of the generation of taxable income from 2025 onward. Tax losses carried forward, and negative bases of social contribution are mainly the result of the tax deductibility of goodwill arising from acquisitions of companies (Note 17), the distribution of interest on capital, and the constitution of grants for investments.

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Deferred tax assets:				
Tax losses carried forward and negative CSLL bases	3,899,627	3,118,255	4,459,301	3,221,488
Contingencies	51,099	43,590	61,037	54,966
Expected credit losses	27,492	27,143	30,660	30,311
Other temporary differences	114,108	201,337	295,169	380,010
Total deferred tax assets	4,092,326	3,390,325	4,846,167	3,686,775
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company to the same tax authority (also recoverable against the calculation of current tax)	(2,814,746)	(2,561,499)	(3,161,916)	(2,817,251)
Remaining balance of deferred tax assets	1,277,580	828,826	1,684,251	869,524

b. Deferred tax liabilities

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

	Parent company		Consolidated	
	2024	2023	2024	2023
Goodwill	2,784,694	2,534,620	2,784,694	2,534,620
Fair value of property, plant and equipment - business combinations	177	3,160	71,331	76,919
Other	29,875	23,719	442,715	381,464
Total tax debt	2,814,746	2,561,499	3,298,740	2,993,003
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company to the same tax authority (also recoverable against the calculation of current tax)	(2,814,746)	(2,561,499)	(3,161,916)	(2,817,251)
Remaining balance of deferred liabilities	-	-	136,824	175,752

c. Reconciliation of income tax and social contribution expenses

	Parent company		Consolidated	
	2024	2023	2024	2023
Profit before income tax and social contribution	904,198	1,321,305	975,514	1,506,986
Combined rate – %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(307,427)	(449,244)	(331,459)	(512,303)
Equity accounting	224,134	191,067	8,344	6,812
Government grants	317,997	348,458	472,857	365,576
Interest on capital declared	225,039	264,886	225,039	264,886
Interest/indexation in the nature of an indemnity	1,632	7,117	2,542	8,195
Other permanent additions/exclusions	(24,583)	(35,630)	(21,961)	10,398
Income tax and social contribution income (expenses)	436,792	326,654	355,362	143,564
Current	-	-	(145)	(9,365)
Deferred	436,792	326,654	355,507	152,929
Discontinued operations	1,489	1,782	1,600	1,926
Continuing operations	435,303	324,872	353,762	141,638
	436,792	326,654	355,362	143,564
	48%	25%	36%	9%

22 Taxes payable

	Parent company		Consolidated	
	2024	2023	2024	2023
ICMS (value added tax) payable	7,729	17,746	62,125	66,120
IPI/PIS/COFINS payable	1,031	608	28,828	17,623
Other taxes payable	41,023	1,627	49,690	5,627
	49,783	19,981	140,643	89,370
Current	22,462	19,981	108,228	86,565
Non-current	27,321	-	32,415	2,805

23 Other payables

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Freight payable	24,584	25,069	33,400	33,094
Services provided	57,502	42,505	105,581	95,362
Commercial agreements and advertising	39,110	45,182	40,224	45,182
Revenue to elapse	27,047	30,115	28,599	31,522
Purchases of fixed assets	4,788	5,835	45,412	23,954
Leases (i)	151,594	163,628	207,665	217,777
Accrued taxes on inventory losses	1,865	2,402	18,213	15,623
Other	70,027	95,422	114,664	137,096
	376,517	410,158	593,758	599,610
Current	256,636	293,770	409,688	418,705
Non-current	119,881	116,388	184,070	180,905

(i) Lease liabilities

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Current	58,155	59,294	71,564	68,384
Non-current	93,439	104,334	136,101	149,393
	151,594	163,628	207,665	217,777

Lease liabilities refer mainly to vehicles and real estate. The changes in lease liabilities are presented in the table below:

	Parent company	**Consolidated**
At January 1, 2024	163,628	217,777
Payments of leases – principal	(67,230)	(80,522)
Payments of leases – interest	(18,248)	(23,588)
Write-off	(19,741)	(20,275)
Additions	41,773	46,524
Remeasurement	39,691	47,200
Accrued interest	11,721	20,549
At December 31, 2024	151,594	207,665

a. Maturity of installments

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

	Parent company	**Consolidated**
Up to 2 years	34,637	41,846
2 to 5 years	38,699	56,358
More than 5 years	20,103	37,897
	93,439	136,101

b. *Tax rights on leases*

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

	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease liability	160,398	151,594	225,570	207,665
Estimated PIS/COFINS	(6,658)	(4,587)	(12,028)	(8,492)
	153,740	147,007	213,542	199,173

c. *Agreements by term and discount rate*

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

	Parent company	Consolidated
Terms	**Rate % p.a.**	**Rate % p.a.**
From 2 to 5 years	11.92%	11.83%
More than 5 years	11.44%	11.27%

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

	Parent company		Consolidated	
	2024	2023	2024	2023
Lease liabilities				
Carrying amount - IFRS/CPC 06 (R2)	151,594	163,628	207,610	217,777
Flow with projected inflation	161,266	173,380	220,856	230,757
Variation	6.38%	5.96%	6.38%	5.96%
Net right of use – closing balance				
Carrying amount - IFRS/CPC 06 (R2)	139,237	154,591	194,776	210,211
Flow with projected inflation	148,120	163,805	207,203	222,740
Variation	6.38%	5.96%	6.38%	5.96%

	Parent company		Consolidated	
	2024	2023	2024	2023
Financial expenses				
Carrying amount - IFRS/CPC 06 (R2)	(16,679)	(16,956)	(23,090)	(22,357)
Flow with projected inflation	(17,743)	(17,967)	(24,563)	(23,689)
Variation	6.38%	5.96%	6.38%	5.96%
Depreciation expenses				
Carrying amount - IFRS/CPC 06 (R2)	(66,698)	(58,053)	(77,416)	(66,373)
Flow with projected inflation	(70,953)	(61,513)	(82,355)	(70,329)
Variation	6.38%	5.96%	6.38%	5.96%

24 Provision for contingencies

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

	Parent company							
	2024				2023			
	Forecast of likely loss	Contingencies assumed in business combinations	Escrow deposits	Contingencies net of escrow deposits	Forecast of likely loss	Contingencies assumed in business combinations	Escrow deposits	Contingencies net of escrow deposits
Civil	960	12,456	-	13,416	1,019	11,911	-	12,930
Labor	71,880	1	-	71,881	82,604	1	-	82,605
Tax	50,887	11,728	(49,184)	13,431	19,244	11,262	(17,667)	12,839
Administrative/other	2,380	-	-	2,380	2,164	-	-	2,164
Liabilities of former owners	28,872	-	-	28,872	5,272	-	-	5,272
	154,979	24,185	(49,184)	129,980	110,303	23,174	(17,667)	115,810

	Consolidated							
	2024				2023			
	Forecast of likely loss	Contingencies assumed in business combinations	Escrow deposits	Contingencies net of escrow deposits	Forecast of likely loss	Contingencies assumed in business combinations	Escrow deposits	Contingencies net of escrow deposits
Civil	1,037	12,456	-	13,493	1,806	11,911	-	13,717
Labor	75,567	1	-	75,568	85,867	1	-	85,868
Tax	72,596	11,728	(70,032)	14,292	44,742	11,262	(42,512)	13,492
Administrative/other	6,213	-	-	6,213	6,085	-	-	6,085
Liabilities of former owners	34,014	-	-	34,014	8,391	-	-	8,391
	189,427	24,185	(70,032)	143,580	146,891	23,174	(42,512)	127,553

Changes in contingencies

	Parent company					
	2023	Indexation accruals	Additions	Reversals	Payments	2024
Civil	12,930	780	1,369	(1,371)	(292)	13,416
Labor	82,605	7,124	17,077	(17,342)	(17,583)	71,881
Tax	30,506	2,429	32,642	(2,819)	(143)	62,615
Administrative/other	2,164	289	184	(257)	-	2,380
Liabilities of former owners	5,272	627	24,182	(1,209)	-	28,872
	133,477	11,249	75,454	(22,998)	(18,018)	179,164
Escrow deposits	(17,667)	(1,157)	(30,360)	-	-	(49,184)
	115,810	10,092	45,094	(22,998)	(18,018)	129,980

	Consolidated					
	2023	Indexation accruals	Additions	Reversals	Payments	2024
Civil	13,717	826	1,385	(2,143)	(292)	13,493
Labor (a)	85,868	7,358	18,367	(18,159)	(17,866)	75,568
Tax	56,004	3,569	32,937	(8,043)	(143)	84,324
Administrative/other	6,085	640	224	(659)	(77)	6,213
Liabilities of former owners (b)	8,391	1,006	26,924	(2,307)	-	34,014
	170,065	13,399	79,837	(31,311)	(18,378)	213,612
Escrow deposits	(42,512)	(2,384)	(30,360)	5,224	-	(70,032)
	127,553	11,015	49,477	(26,087)	(18,378)	143,580

(a) The additions refer to 155 new labor lawsuits, while the reversals refer to 169 labor lawsuits and the payments refer to 66 labor lawsuits.

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

a. Judicial claims which are the Company's responsibility, assumed during business combinations

Summary of the main contingencies:

	Labor/Civil/Administrative and Other		Tax		
	Probable	**Possible**	**Probable**	**Possible**	**Total**
Mabesa	-	-	-	7,335	7,335
Mantecorp	12,456	1	-	4,393	16,850
	12,456	1	-	11,728	24,185

Upon the acquisitions of Mabesa and Mantecorp, the Company assumed some of their contingencies. In addition to the provision for probable losses, the Company also recorded provisions for possible losses, as required by CPC 15 (R1) - "Business Combinations", at their fair value.
The amounts of the possible and probable losses of these lawsuits arising from Business Combinations are described below:

(i) Civil

One lawsuit, arising from the acquisition of Mantecorp Indústria Química, has an expected loss estimated at R$ 12,456.

On June 26, 2009, the Medicine Market Chamber (CMED) imposed a fine of R$ 12,456 on Mantecorp for alleged irregular increases in the price of the medicine Desalex. This fine is being challenged in court. Based on the advice of external legal counsel, the loss is deemed probable.

(ii) Labor

One lawsuit, arising from the acquisition of Mantecorp Indústria Química, has a fair value estimated at R$ 1.

(iii) Tax

There are seven tax lawsuits which are mainly related to the payment of ICMS on imports of goods, of which five arose from the acquisition of Mabesa and two arose from the acquisition of Mantecorp Indústria Química, with a combined fair value estimated at R$ 11,728.

b. Possible contingencies

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

	Parent company		Consolidated	
	2024	2023	2024	2023
	Possible loss	Possible loss	Possible loss	Possible loss
Civil	47,896	45,033	48,331	46,454
Labor	238,677	239,122	261,116	253,249
Tax	106,285	136,951	131,437	154,955
Administrative/other	4,326	825	5,745	1,532
Liabilities of former owners	300,283	399,141	495,563	589,305
	697,467	821,072	942,192	1,045,495

(i) Civil

In 2009, the Federal Public Prosecutor of the Judicial District of Bauru, State of São Paulo, filed a public civil action against the Company and several other laboratories, to force them to sell medicines to the public administration in accordance with the rules of CMED. The prosecution also requested that the laboratories be sentenced to pay collective punitive damages at amounts to be fixed by the court.

A judicial decision was issued for the process to be extinguished, which is currently awaiting a hearing on an appeal brought by the public prosecutor. The amount involved cannot be estimated and, according to the advice of external legal counsel, loss is possible.

In 2014, the city of Caxias do Sul filed a public civil action against the Company and several other laboratories, to force them to sell medicines to the municipality in accordance with the rules of CMED. The lawsuit is currently in the fact-finding phase. The amount involved cannot be estimated and, according to the advice of external legal counsel,
loss is possible.

In 2020, the city of Londrina filed a public civil action against the Company and several other laboratories, to force them to sell medicines to the municipality in accordance with the rules of CMED. The lawsuit is in its initial phase. The amount involved cannot be estimated and, according to the advice of external legal counsel, loss is possible.

(ii) Labor

The Company and its subsidiaries are parties to legal proceedings in labor lawsuits against acquired and merged companies, where the possible loss to which the Company and/or its subsidiaries are exposed is estimated at R$ 261,116 (R$ 253,249 at December 31, 2023).

These proceedings involve claims for overtime, wage and salary differences, compensation due to occupational diseases and/or accidents, health hazard allowances or allowances for hazardous work, and the recognition of employment relationships, among other claims.

A total of 12 labor proceedings arose from the acquisition of Mantecorp Logística Distribuição e Comércio S.A. and Mantecorp Indústria Química e Farmacêutica S.A., representing a possible loss to the Company of R$ 10,196 (R$ 13,911 at December 31, 2023), involving compensation due to occupational diseases and/or accidents, employment relationships and the consequent payment of labor charges, wage and salary differences, overtime effects and tenure, among other claims.

(iii) Tax

The Company and its subsidiary Cosmed are seeking through Writs of Security: (i) the repeal of the increase in the rate of contribution to the SAT/RAT by Decree No. 6,957/09; and (ii) the definition of the rate for each site of the Company which is enrolled on its own behalf with the CNPJ. Given the divergent jurisprudence at the Superior Court of Justice on a portion of these claims, the Company and its legal advisors qualify it as representing a risk of possible loss in the amount of R$ 98,748, but with no risk of further disbursement, since a deposit for the entire amount of the case has been made with the court. The process is awaiting an examination of admissibility by the Vice-Chairman of the Federal Regional Court of the 3rd Region due to the lodging of special and extraordinary appeals by the Company. Due to the jurisprudence at the STF enacted in ADI 4,397, the Company amended the probability of loss for lawsuits discussing the removal of the application of the FAP to the rate of contribution to the SAT/RAT from “possible” to “probable”, resulting in an increase in its provisions in the amount of R$ 39,079. There is no risk of further disbursement, since a deposit for the entire value of the case has been made with the court.

The Company, supported by internal and external experts, believes that all procedures adopted for the assessment of its taxes are in accordance with the legislation in force, applicable to the case, and accepted by the courts. However, as these are matters are highly subjective, it is possible that this assessment will change in the future due to factors beyond the Company’s control, such as changes to the case law or the tax regulations, and it is possible that the administrative authorities will not agree with one or more of these positions.

(iv) Contingencies of acquired companies which are the responsibility of the former owners

The State of São Paulo filed a public civil action against the Company for the payment of an indemnity for the alleged illegal sale of medicines by Mantecorp in 2008. The amount involved was assessed at R$ 276,333, and based on the advice of external legal counsel, loss is deemed possible. The lawsuit is currently in the appeal phase.

Where applicable, the Company makes payments in these lawsuits, and then pursues reimbursement from the former owners (Note 14).

25 Share capital and reserves

a. Share capital

At December 31, 2024, the Company was authorized to increase its share capital up to the limit of R$ 11,920,694, in accordance with a provision of its bylaws and a decision by the Board of Directors at the Special General Meeting on April 23, 2024.

The share capital at December 31, 2024 was R$ 9,705,886 (at December 31, 2023 - R$ 4,478,126), represented by 633,420,823 common shares (at December 31, 2023 - 633,420,823).

b. Premium on share issuance

This reserve is formed upon the issue of shares, and refers to the portion of the issue price of shares with no nominal value, which exceeds the amount used to make up the capital.

c. Share-based payments

The main goals of the share purchase option plans are attracting, retaining and engaging the Company's executives, ensuring that essential talents remain motivated and committed, and aligning the interests of executives with those of shareholders, thus promoting a shared vision and common objectives.

(i) Share purchase options

The share purchase option plan grants the beneficiary the right, without obligation, to acquire lots of shares in the Company at predefined prices and terms. For each program, the number of shares that can be granted is defined, taking into account the percentage of capital dilution approved. The options may be exercised by beneficiaries after the end of the vesting period, according to the defined period and the effective date of each program. In order to calculate the fair value of the options granted, the Company uses the Black & Scholes model, using the Selic rate and the historical annual volatility based on the date of the contracts with the beneficiaries.

The Extraordinary General Meeting of October 10, 2011 approved Plan III, which comprises the Stock Option Programs, which were also later approved at the Board of Directors' Meetings held on the following dates:

- **2017 Program:** April 11, 2017
- **2023 Program:** December 28, 2022

Total options granted

The dilution percentage that was eventually submitted to the current shareholders based on the exercise of all of the outstanding options at December 31, 2024 was 0.44% for the plans and programs detailed below:

										Consolidated
										At 12/31/2024
Plan	**Program**	**Vesting period**	**Original exercise price**	**Adjusted exercise price**	**Granted**	**Exercised**	**Canceled**	**Outstanding contracts**	**Fair unit value on the grant date (in Reais)**	**Total estimated cost**
Plan III	2017	04/01/18	28.93	28.93	525,000	447,530	50,000	27,470	2.39	66
Plan III	2017	04/01/19	28.93	28.93	525,000	430,000	55,000	40,000	3.78	151
Plan III	2017	04/01/20	28.93	28.93	525,000	395,000	55,000	75,000	4.82	361
Plan III	2017	04/01/21	28.93	28.93	525,000	296,145	65,000	163,855	5.53	906
Plan III	2017	04/01/22	28.93	28.93	525,000	245,000	65,000	215,000	5.91	1,271
					2,625,000	**1,813,675**	**290,000**	**521,325**		**2,755**
Plan III	2023	04/11/25	38.72	38.72	585,000	-	-	585,000	7.54	4,411
Plan III	2023	04/11/26	38.72	38.72	832,500	-	-	832,500	9.49	7,900
Plan III	2023	04/11/27	38.72	38.72	832,500	-	-	832,500	10.98	9,141
					2,250,000	**-**	**-**	**2,250,000**		**21,452**
Total Stock Options					**4,875,000**	**1,813,675**	**290,000**	**2,771,325**		**24,207**

										Consolidated
										At 12/31/2023
Plan	**Program**	**Vesting period**	**Original exercise price**	**Adjusted exercise price**	**Granted**	**Exercised**	**Canceled**	**Outstanding contracts**	**Fair unit value on the grant date (in Reais)**	**Total estimated cost**
Plan III	2017	04/01/18	28.93	28.93	525,000	447,530	50,000	27,470	2.39	66
Plan III	2017	04/01/19	28.93	28.93	525,000	430,000	55,000	40,000	3.78	151
Plan III	2017	04/01/20	28.93	28.93	525,000	395,000	55,000	75,000	4.82	361
Plan III	2017	04/01/21	28.93	28.93	525,000	296,145	65,000	163,855	5.53	906
Plan III	2017	04/01/22	28.93	28.93	525,000	245,000	65,000	215,000	5.91	1,271
					2,625,000	**1,813,675**	**290,000**	**521,325**		**2,755**
Plan III	2023	04/11/25	38.72	38.72	585,000	-	-	585,000	7.54	4,411
Plan III	2023	04/11/26	38.72	38.72	832,500	-	-	832,500	9.49	7,900
Plan III	2023	04/11/27	38.72	38.72	832,500	-	-	832,500	10.98	9,141
					2,250,000	**-**	**-**	**2,250,000**		**21,452**
Total Stock Options					**4,875,000**	**1,813,675**	**290,000**	**2,771,325**		**24,207**

(ii) Share grant plan based on a matching regime

The share grant plan under a matching regime offers eligible employees the opportunity to invest between 50% and 100% of the net value of the bonus or the Profit Sharing Program (PPR) in the acquisition of shares in the Company, with a match in shares. This match is subject to a vesting period, during which the beneficiary should maintain possession of the acquired shares.

The objective is for the beneficiaries, as defined below, to have the opportunity to become shareholders of the Company, in accordance with certain defined terms and conditions, thereby enhancing the alignment and integration of their interests with the interests of the Company, and giving them a share of capital market risks.

The share grant plan under a matching regime for 2018 and 2019 was approved at the Ordinary and Extraordinary General Meeting on April 19, 2018, and the share grant plan under a matching regime for 2020 and 2025 was approved at the Ordinary and Extraordinary General Meeting on April 22, 2020. The programs were approved at the Board of Directors Meeting on the following dates:

Share grant plan based on a matching regime	
2018 and 2019 Programs	February 21, 2019
2020 and 2025 Programs	March 23, 2021

Total matching shares granted:

The vesting period to receive a matching share is one year for up to 25% of options granted, two years for up to 50%, three years for up to 75%, and four years for up to 100%.

The 2019 Matching Plan Program has a total estimated cost of R$ 11,044,176, representing four tranches per year, starting in 2021, with a total estimated amount of 317,818 shares.

The 2020 Matching Plan Program has a total estimated cost of R$ 14,560,452, representing four tranches per year, starting in 2022, with a total estimated amount of 458,164 shares.

The 2021 Matching Plan Program has a total estimated cost of R$ 21,294,836, representing four tranches per year, starting in 2023, with a total estimated amount of 616,884 shares.

The 2022 Matching Plan Program has a total estimated cost of R$ 25,797,636, representing four tranches per year, starting in 2024, with a total estimated amount of 576,646 shares.

The 2023 Matching Plan Program has a total estimated cost of R$ 13,110,151, representing four tranches per year, starting in 2025, with a total estimated amount of 391,231 shares.

(iii) Restricted stock option plan

This plan involves the future granting of shares to elected employees, in accordance with the program rules and compliance with an established vesting period.

The restricted stock option plan was approved at an Extraordinary General Meeting on April 14, 2016, and amended on April 19, 2018 and April 24, 2019. The programs were approved at the Board of Directors Meeting on the following dates:

Restricted Stock Option Plan	
2019-B Program	April 26, 2019
2020 Program	July 24, 2020
2021 Program	February 26, 2021
2022 Program	January 31, 2022
2023 Program	December 28, 2022

The 2019 Grant of Restricted Shares Program, representing a single tranche, transferred in 2024, has an estimated cost of R$ 8,161,560, with a total estimated amount of 396,000 shares.

The 2020 Grant of Restricted Shares Program, representing four tranches per year, starting 2021, has an estimated cost of R$ 3,666,250, with a total estimated amount of 125,000 shares.

The 2021 Grant of Restricted Shares Program, representing four tranches per year, starting 2022, has an estimated cost of R$ 29,044,000, with a total estimated amount of 1,010,000 shares.

The 2022 Grant of Restricted Shares Program, representing four tranches per year, starting 2023, has an estimated cost of R$ 10,582,800, with a total estimated amount of 300,000 shares.

The 2023 Grant of Restricted Shares Program, representing three tranches per year, starting 2025, has an estimated cost of R$ 40,166,709, with a total estimated amount of 1,227,500 shares.

d. Treasury shares

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

	Number	Amount
At 12/31/2023	512,303	20,277
Acquisition in the year	1,750,000	55,807
Sales in the year	(1,538,749)	(53,256)
At 12/31/2024	723,554	22,828

e. Legal reserve

The legal reserve is established annually by allocating 5% of the net income for the year, and may not exceed 20% of the share capital. The purpose of the legal reserve is to preserve capital, and it may only be used to offset losses.

f. Tax incentive reserve

Established in accordance with Article 195-A of the Brazilian corporation law (amended by Law 11,638 in 2007), this reserve receives a portion of tax incentives recognized in income for the financial year, in a tax deduction account, and is paid from retained earnings, meaning that it is not part of the basis for the calculation of the minimum mandatory dividend.

g. Statutory reserve

This is established in accordance with the terms of Article 194 of the Brazilian corporation law and provided for in the sole paragraph of Article 44 of the Company’s bylaws.

h. Profit retention reserve

Formed or reversed in accordance with Article 196 of the Brazilian corporation law and established in Article 44 of the Company's bylaws.

i. Proposal regarding the distribution of income

Management`s proposal for the distribution of dividends for 2024 is as follows:

	2024
Net income for the year	1,340,990
Income to be allocated	**1,340,990**
Legal reserve	(67,051)
Basis for the calculation of the dividends	**1,273,939**
Capital budget reserve	(612,060)
Interest on shareholders' equity (I)	(661,879)

I. At the Board of Directors' meetings, the distribution of interest on capital and dividends from profit reserves to the Company's shareholders was approved; this will be paid up to December 31, 2025, as shown in the table below:

Dates		**Amount**
January 29, 2024	JSCP	61,553
February 19, 2024	JSCP	61,553
March 13, 2024	JSCP	61,547
April 18, 2024	JSCP	61,551
May 20, 2024	JSCP	61,549
June 18, 2024	JSCP	61,752
July 19, 2024	JSCP	61,791
September 18, 2024	JSCP	123,588
December 23, 2024	JSCP	106,995
December 23, 2024	Interim dividends from profit reserves	76,999
		738,878

j. Equity value adjustments

The Company recognizes in this line item the changes in the acquisition value of equity-settled companies, and the gains or losses on cash flow hedge transactions. For foreign exchange gains or losses, the accumulated effects will be reversed to the result for the year as a gain or loss only in the event of the sale or disposal of the investment. Cash flow hedge transactions will be transferred to profit or loss if an ineffective portion is identified, or upon the termination of the hedging relationship.

26 Revenue

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

	Parent company		Consolidated	
	2024	2023	2024	2023
Gross revenue from products	9,089,645	9,306,673	9,294,558	9,558,522
Returns	(161,980)	(116,161)	(163,773)	(120,417)
Unconditional discounts	(269,174)	(226,657)	(274,987)	(287,856)
Net revenue from returns and unconditional discounts	8,658,491	8,963,855	8,855,798	9,150,249
Promotional discounts	(764,169)	(592,744)	(763,794)	(591,714)
Taxes	(384,575)	(376,148)	(649,538)	(643,877)
Net revenue	7,509,747	7,994,963	7,442,466	7,914,658

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

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

27 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company		Consolidated	
	2024	2023	2024	2023
Cost of sales	(3,750,357)	(3,728,331)	(3,061,467)	(2,919,114)
Raw materials	-	-	(944,264)	(1,033,674)
Packaging materials	-	-	(436,427)	(468,547)
Labor	-	-	(608,727)	(615,502)
Depreciation and amortization expenses	-	-	(106,322)	(86,396)
Resale	(3,617,342)	(3,611,112)	(682,175)	(723,176)
Losses on inventory	(133,015)	(117,219)	(243,140)	(121,595)
Changes in inventory/others	-	-	(40,412)	129,776
Selling and marketing expenses	(2,016,113)	(1,914,619)	(2,288,299)	(2,172,415)
Marketing expenses	(1,296,052)	(1,226,014)	(1,325,998)	(1,243,011)
Advertising and consumer promotion	(340,045)	(327,693)	(364,558)	(345,536)
Trade deals	(239,237)	(219,146)	(239,201)	(219,079)
Market surveys and others	(10,838)	(10,459)	(10,838)	(10,459)
Medical visits, promotions, gifts and samples	(705,932)	(668,716)	(711,401)	(667,937)
Selling expenses	(720,061)	(688,605)	(962,301)	(929,404)
Sales force	(396,966)	(385,900)	(419,276)	(402,326)
Freight and logistics expenses	(167,318)	(161,936)	(198,317)	(188,725)
Research and development	(23,322)	(25,864)	(145,526)	(169,506)
Depreciation and amortization expenses	(53,607)	(48,187)	(106,221)	(92,199)
Other expenses	(78,848)	(66,718)	(92,961)	(76,648)
General and administrative expenses	(241,351)	(232,582)	(365,464)	(348,121)
Payroll and related taxes	(143,605)	(138,992)	(218,108)	(212,084)
Services, lawyers, advisors and auditors	(55,008)	(65,808)	(70,867)	(78,297)
Depreciation and amortization expenses	(28,887)	(25,738)	(58,071)	(51,680)
Other expenses	(13,851)	(2,044)	(18,418)	(6,060)

b. Other operating (expenses) income, net

	Parent company		Consolidated	
	2024	2023	2024	2023
Potential gains (losses)	(256,236)	(189,353)	84,572	35,720
Depreciation and amortization expenses	(1,157)	(1,664)	(10,337)	(7,932)
Civil and labor contingencies	(5,886)	(7,023)	(5,702)	(4,878)
	(263,279)	(198,040)	68,533	22,910

c. Financial income

	Parent company		Consolidated	
	2024	2023	2024	2023
Interest income	28,329	50,580	35,147	58,718
Income from financial investments and others	202,790	168,518	236,436	188,887
	231,119	219,098	271,583	247,605

d. Financial expenses

	Parent company		Consolidated	
	2024	2023	2024	2023
Interest on financing	(27,289)	(19,973)	(27,293)	(20,098)
Interest on borrowing	(160,863)	(199,285)	(162,227)	(199,711)
Interest on notes payable	(874)	(1,340)	(874)	(1,340)
Indexation accruals on contingencies	(10,622)	(12,669)	(12,393)	(15,058)
REFIS (financing of tax liabilities)	(63)	(100)	(76)	(100)
Debentures	(938,881)	(1,063,681)	(938,881)	(1,063,681)
Interest and commission on letters of guarantee	(4,549)	(5,011)	(4,587)	(5,093)
Bank expenses, discounts granted and others	(60,670)	(52,561)	(61,131)	(53,337)
Cost of hedges and exchange variations on loans	5,636	(895)	5,428	(780)
Cost of hedges and exchange variations on suppliers and customers	(182)	(11)	(38,961)	(27,557)
Reversals of present value adjustments	(16,679)	(16,956)	(23,090)	(22,357)
Capitalized interest	5,420	3,531	162,815	160,774
Other	(3,611)	(2,080)	(11,025)	(7,603)
	(1,213,227)	(1,371,031)	(1,112,295)	(1,255,941)

28 Earnings per share

a. Basic

The basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as Treasury shares.

	2024			2023		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit attributable to the Company's shareholders	1,343,115	(2,125)	1,340,990	1,648,523	(563)	1,647,960
Weighted average number of common shares held by shareholders (thousands)	632,708	632,708	632,708	632,460	632,460	632,460
Basic earnings per share	2.12280	(0.00336)	2.11945	2.60653	(0.00089)	2.60564

b. Diluted

The diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding, in order to assume the conversion of all potentially dilutive potential common shares. The potential shares are deemed dilutive when, and only when, their conversion into shares decreases the earnings per share or increases the loss per share from continuing operations.

	2024			2023		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit						
Profit attributable to the Company's shareholders	1,343,115	(2,125)	1,340,990	1,648,523	(563)	1,647,960
Weighted average number of common shares held by shareholders (thousands)	632,708	632,708	632,708	632,460	632,460	632,460
Adjustments for						
Share-based payments (thousands) (I)	5,183	5,183	5,183	5,333	5,333	5,333
Weighted average number of common shares for diluted earnings per share (thousands)	637,891	637,891	637,891	637,793	637,793	637,793
Diluted earnings per share	2.10556	(0.00333)	2.10222	2.58473	(0.00088)	2.58385

(I) Breakdown of amounts of share-based payments:

	2024
Stock option	521
Estimated Matching Plan value	2,967
Restricted Plan	1,695
	5,183

29 Related-party transactions

The Company is a publicly traded company with its shares traded on the B3, under a shareholders' agreement entered into on June 23, 2010, and subsequently amended on March 16, 2016, October 24, 2016, July 26, 2017, and June 9, 2020. The main signatories are: Mr. João Alves de Queiroz Filho, holding 21.38% of the Company's capital, and Maiorem S.A. de C.V., holding 14.74%. In addition to his participation, Mr. João Alves de Queiroz Filho is a party to financial settlement derivative financial instruments, which provide him with an additional exposure of 5.06% of the Company's capital. The other signatories to the shareholders' agreement hold 0.12% of the Company's share capital, and the remaining 58.70% of the shares are held by various smaller shareholders.

Transactions and balances

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

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

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

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

a.1. In assets and liabilities

				Parent company
				2024
Related parties	**Other amounts receivable**	**Suppliers**	**Accounts payable**	**Other amounts payable**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	(152,007)	-	(3,599)
My Agência Propaganda Ltda.	23	(320)	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	5,864	(683,189)	-	(1,034)
Megatelecom Telecomunicações S.A.	32	-	(114)	-
Bio Brands Franchising Gestão de Marcas Ltda.	239	-	-	-
Simple Organic Beauty S.A.	-	(34)	-	-
Total	**6,158**	**(835,550)**	**(114)**	**(4,633)**

				Consolidated
				2024
Related parties	**Other amounts receivable**	**Suppliers**	**Accounts payable**	**Other amounts payable**
Megatelecom Telecomunicações S.A.	32	-	(187)	-
Total	**32**	**-**	**(187)**	**-**

				Parent company
				December 31, 2023
Related parties	**Other amounts receivable**	**Suppliers**	**Accounts payable**	**Other amounts payable**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	(117,705)	-	(998)
My Agência Propaganda Ltda.	8	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	3,045	(644,883)	(2,476)	-
Megatelecom Telecomunicações S.A.	31	-	(90)	-
Total	**3,084**	**(762,588)**	**(2,566)**	**(998)**

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

a.2. In income for the year

								Parent company
								2024
	Transactions		**Other (expenses)/income**				**Interest**	
Related parties	**Purchases of goods/products**	**Rental income**	**Advertising**	**Lease amortization**	**Services provided**	**Shared expenses**	**Financial expenses**	**Financial income**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(688,135)	-	-	-	-	(10,888)	-	-
My Agência de Propaganda Ltda.	-	215	(3,841)	-	-	-	-	-
Simple Voices Ltda	-	-	(100)	-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(3,480,371)	634	-	(2,328)	-	(76,034)	-	-
Megatelecom Telecomunicações S.A.	-	440		-	(510)	-	-	-
Bio Scientific Indústria de Cosméticos Ltda.	(23,586)	-		-	-	-	-	-
Simple Organic Beauty S.A	(4,456)	-	-	-	-	-	(101)	-
	(4,196,548)	**1,289**	**(3,941)**	**(2,328)**	**(510)**	**(86,922)**	**(101)**	**-**

								Consolidated
								2024
	Transactions		**Other (expenses)/income**				**Interest**	
Related parties	**Purchases of goods/products**	**Rental income**	**Advertising**	**Lease amortization**	**Services provided**	**Shared expenses**	**Financial expenses**	**Financial income**
Megatelecom Telecomunicações S.A.	-	440	-	-	(773)	-	-	-
	-	**440**	**-**	**-**	**(773)**	**-**	**-**	**-**

Related parties	Transactions		Other (expenses)/income					Interest
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial expenses	Financial income
								Parent company 2023
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(691,989)	-	-	-	-	(10,741)	-	-
My Agência de Propaganda Ltda.	-	215	(4,560)	-	-	-	-	-
TV Serra Dourada Ltda.	-	-	(529)	-	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(3,401,794)	-	-	(2,334)	-	(75,511)	(203)	-
Megatelecom Telecomunicações S.A.	-	428	-	-	(473)	-	-	-
Bio Scientific Indústria de Cosméticos Ltda.	(253)	-	-	-	-	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	9,502
	(4,094,036)	**643**	**(5,089)**	**(2,334)**	**(473)**	**(86,252)**	**(203)**	**9,502**

Related parties	Transactions		Other (expenses)/income					Interest
	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Shared expenses	Financial expenses	Financial income
								Consolidated 2023
TV Serra Dourada Ltda.	-	-	(529)	-	-	-	-	-
Megatelecom Telecomunicações S.A.	-	428	-	-	(593)	-	-	-
João Alves de Queiroz Filho	-	-	-	-	-	-	-	9,900
	-	**428**	**(529)**	**-**	**(593)**	**-**	**-**	**9,900**

b. Compensation of key management personnel

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

	Parent company		Consolidated	
	2024	**2023**	**2024**	**2023**
Salaries and other short-term benefits	14,985	12,924	14,985	12,924
Board members' fees	6,600	5,768	6,600	5,768
Share-based payments	12,361	12,431	12,361	12,431
	33,946	31,123	33,946	31,123

The amounts for 2024 are an estimate.

30 Other matters

Accounting impacts related to climate change

The Company maintains manufacturing plants in controlled and industrial locations and, on an annual basis, publishes its greenhouse gas inventory, taking robust measures to reduce its intensity of direct CO2-equivalent emissions. Among the main risks monitored at these plants regarding climate issues, the most notable is the interruption of production due to extreme drought, even though the plants are installed in locations free from water stress and flooding, with water reuse systems, in addition to artesian wells. In addition, damage to facilities may occur in the event of rain and strong winds caused by extreme events. The risks of disruptions in the supply of inputs are mitigated by strengthening the supply chain, including alternatives for supply. As a preventive measure, control to reduce water and solid waste levels is prioritized, in addition to periodic action to monitor the main environmental indicators with the Natural Resource Efficiency Committee.

Reform of Tax on Consumption

On December 20, 2023, Constitutional Amendment 132 was enacted, establishing the Tax Reform (the "Reform") for taxes on consumption. Some matters, including the rates of new taxes, are still pending regulation through complementary laws. Complementary bills 68 and 108 were introduced by the government to address the matter. Complementary bill 68 was approved by Congress, while complementary bill 108 was approved by the Federal House of Representatives and awaits consideration by the Senate.

The Reform model is based on a VAT ("dual VAT") divided into two jurisdictions, one federal (Contribution on Goods and Services (CBS)) and the other sub-national (Tax on Goods and Services (IBS)), which will replace the existing taxes PIS, COFINS, ICMS and ISS.

A Selective Tax ("IS") was also created, under federal jurisdiction, which will be levied on the production, extraction, sale or import of goods and services which are harmful to health and the environment, under the terms of the complementary laws.

There will be a transition period from 2024 to 2032, during which the two tax systems – old and new – will coexist. The impacts of the Reform on the calculation of the abovementioned taxes, from the beginning of the transition period, will only be fully known upon the conclusion of the regulation of the outstanding matters by the complementary laws. Consequently, the Reform did not result in any impacts on the financial statements at December 31, 2024.

31 Events after the reporting period

On January 7, 2025, at a meeting of the Company's Board of Directors, the Company's 19^{th} issue of debentures, non-convertible, of the unsecured type, in a single series, for public distribution, with automatic registration of distribution, ("Debentures" and "Issue", respectively) was approved, pursuant to CVM Resolution No. 160, of July 13, 2022, as amended, so that 530,000 debentures will be issued, with a par value of R$ 1,000.00, for a total amount of R$ 530,000, with a maturity of five years, from the issue date, i.e., January 15, 2025. The debentures are entitled to a remuneration equivalent to 100% of the accumulated variation of the daily average rates of the DI – Interbank Deposits of one day, "over extragroup", increased exponentially by spread (surcharge) of 0.90% for the base year of 252 business days. The funds obtained through the issue will be used for the total early redemption or partial extraordinary amortization of the Company's 11^{th} debenture issue.

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