

Operator:

Good morning, ladies and gentlemen, and welcome to Hypera Farma's conference call, where we will discuss the earnings for the 3Q25. We have with us Mr. Breno Oliveira, CEO, and Mr. Ramon Sanches, CFO and Investor Relations Officer.

We would like to inform you that this event is being recorded, and you may watch a recording of this video on the Company's investor Relations website, ri.hipera.com.br.

We would like to inform you that all participants are in listen-only mode during the Company's presentation. After that, we will begin the questions and answer session, when further instructions will be given.

Before we continue, we would like to highlight that some of the information in this conference call may include projections and statements about future results. This information is subject to known and unknown risks and uncertainties that may make these expectations not come to pass or to substantially differ from what was expected.

We will now hand it over to Mr. Breno Oliveira, who will begin the Company's presentation. Go ahead, sir.

Breno Oliveira:

Good morning, and welcome to the 3Q25 earnings call. We are going to start on slide 3. This is the 1st quarter after concluding the working capital optimization process that was started last year, and results show that this was implemented successfully.

There was no impact to sell-out. We conserved profitability, and we had significant improvement in our operational cash generation, and we have also maintained investments and shareholder remuneration as planned last year.

Sell-out went up 8.3%, nearly 2 p.p. above the market and nearly 3 p.p. above our growth in the 2nd quarter. Our highlights were influenza medication, painkillers, gastro, cardiology, skincare, and hydration.

This acceleration in sell-out and market share gains are a result of the recent initiatives to strengthen our portfolio of leading brands, with new launches and more investments in marketing in points of sale and digital media.

We have maintained our operational profitability, reaching an EBITDA of nearly R\$760 million with a 34% margin. This level is similar to what we had before the working capital optimization process, and it is higher than last quarter's.

We reduced investments in working capital as a percentage of net revenue to 30%, the lowest in the last few years. This has been led especially by reduction in accounts receivable, which was at 58 days at the end of the quarter.

This quarter we combined sell-out growth, profitability, and strong operational cash generation, sustaining shareholder payouts, and strengthening our corporate governance, and I will go into details about that on slide 4.

We approved the IOC payments of R\$185 million, and we have updated the committees in the Company to strengthen the governance and the technical competence of these committees.

Ramon will continue with more details about this quarter's results.

Ramon Sanches:

Thank you, Breno. Good morning, everyone. We will begin on slide 5. Our net revenue went up 16% to R\$2.2 billion, a result of the combination between sell-out growth in retail and a reduction of 4% in the Non-Retail. This reflects a lower level of sales to the public market, and this improved our performance due to the optimization process concluded in the last quarter, and it was started in the 3Q24.

As I mentioned in the last call, our expectation is to combine sustainable growth of sell-out with maintaining operational profitability and thus conserving our margins. Gross margins were 61.2%, slightly higher than the 2Q25 and the 3Q24, and this was benefited by a mix in products sold, but that was not impacted by the working capital optimization strategy.

Marketing expenses came to a total of R\$367 million, the same level as the last three quarters, and it was more directed to digital media. Selling expenses were 5% lower than what was posted in the 3Q24, showing a reduction in R&D expenses, which had a positive impact by the Lei do Bem benefits, and also some synergies from the sales structure reorganization carried out in the 1st quarter.

General and administrative expenses went down to R\$85 million as a result of better efficiency in expenses with teams. Therefore, our EBITDA from continuing operations reached R\$756 million, with margin of 34%, converted into cash flow this quarter, as I will mention in the next slide.

We also reduced investments in working capital, representing 30% of our net debt at the end of the 3rd quarter. Last year, we had been investing half of our net debt into working capital. This reduction in working capital investments enabled us to achieve the highest historical level of operating cash flow, of R\$854 million, with a 16% increase over 3Q24.

We invested R\$110 million in CAPEX for the scopolamine extraction plant, that's the raw material behind the Buscopan brand, and the Itapecerica plant, which will produce the products acquired from Takeda. Intangibles were R\$55 million. This is mainly innovation, research, and development.

We also concluded the 20th debenture issuance, in the amount of R\$1 billion, with a term of 5 years and the lowest historical spread, CDI+0.75%. We allocated the proceeds from the issue to the early redemption of the 11th and 12th issues, which had higher spreads, allowing for a reduction in costs and an extension of the average debt maturity.

With that, the Company's total cash generation was R\$660 million, which reduced our net debt to R\$7.3 million, or 2.4x our annualized EBITDA for the quarter.

Now we will hand it over to Breno for his closing remarks.

Breno Oliveira:

Thank you, Ramon. What we saw this quarter was a good summary of our long-term strategy. Growth with profitability and strong operational cash generation.

We accelerated our retail sell-out, growing nearly 2 p.p. above the current market, and we increased our investments in leading brands without compromising our profitability.

We also reached the highest operational cash flow in our history. We have many opportunities to grow sustainably on the short and medium term, extending our leading brands and launching products in new markets, including those that will no longer be exclusive, such as semaglutide.

Our pipeline for the next years has several products across all of our business categories. They are selected carefully in order to maximize value generation for our shareholders.

We are the only company that has a leading position across all segments in the pharmaceutical industry. And with our leading brands and our innovation pipeline, we are well positioned to capture growth opportunities in the medium and long terms.

Thank you, and we will now continue with the questions and answer session.

Questions and Answer Session

Mauricio Cepeda, Morgan Stanley:

Good morning. Thank you for taking my question. We have a few questions about the future. Semaglutide is nearly having its patent expired, and I know that this will be an important moment for you as a competitor in the generics market.

So I would just like to ask a few things about how competitive you believe this market will be. We know that Anvisa gave some registration priority to local production, and you are licensed for that. So, are they considering other stages in the production, and have you received a position from Anvisa about that?

Also, one of the concerns we have seen for semaglutide globally is the production bottleneck. It seems to have many bottlenecks, the pen, the purification stage. So do you have any confidence in this supply from your licensor, and do you think there could be bottlenecks in the purification stage and in the production of the pen? And if there is a shortage in the industry, can the original price of the generics be higher? Thank you.

Breno Oliveira:

Hi Cepeda, considering some points in your question, just one clarification. We are not trying to license it. We have a partnership, but the product is ours. The registration belongs to Hypera, and we have a third party manufacturing it for us. This is different from licensing.

Also, we do not intend to place this in the generics market. Our goal is to have a brand, to have a branded product. We would have medical visitation teams. So there is space for better margins than just having a generic approach.

Considering availability, we do not have any indications from our partners that amounts will be limited. In fact, we have been talking about these amounts for initial requests, and there's no indication that this would not be met.

I think the timing for the patent expiring is good because Brazil will be one of the first countries in which the patent will be expired. So production could happen here in Brazil. If this happened in other developed countries, I think that could be an issue.

Concerning the priority queue, I am not going to go into details, but we want to launch it as soon as the patent breaks. We believe that the first players to launch will have a competitive advantage, and that will be significant, especially in the beginning, because the market will be less competitive. And also, they will be able to establish their brands. In the future, when there will be more competitors, they will have a stronger brand position because of that.

As you know, this is a big market. We have the GLP-1 market, and the most recent figures are around R\$10 billion per year. So, semaglutide is about half of that 8%. So there was never such a big opportunity than what we will have, and we are working to launch a product as soon as the patent expires.

There are many risks, especially timing, registration, but we are confident that we have a very strong dossier, and we believe that we will have approval to sell after the patent expires.

Robert Ford, Bank of America:

Hello, and congratulations on your results. There are several other molecules whose patents will expire next year. What are you thinking about the rest of the pipeline for 2026? Thank you.

Breno Oliveira:

Hi Bob, yes, this is a great opportunity. Semaglutide is a major opportunity for Hypera and for new entrants, but like you said, there are other products. We are trying to develop new projects that were started three or four years ago.

We have some impacts from Anvisa because their approval times are a bit longer than when the business cases were created, but we are making a big effort with Anvisa, with the new directors and the new head so that that can be reduced.

So we hope that this line will be reduced and that we can launch things beforehand. But there are products like the daplaglifozin and other major products that we will have an opportunity to use. Their patents have either been recently expired or will expire very soon.

And also, it's important to say that our pipeline is not limited to medications whose patents have expired. There are many other products that we can invest in, that we have invested in the past.

One example is the over-the-counter muscle pain market. So we invested R\$1 billion into Neosaldina Muscular and it's doing very well, according to our plans here. We also went into the probiotics market, which has over R\$400 million with NeoGermina and

Tamarine Germina. These are also doing very well, but this takes time to mature. The cough market, we are already working in, but we should start with a new molecule with a R\$400 million market.

So these are many other markets, just as examples that have no patents, where we have been investing with line extensions. There's one more major market for medical prescriptions for vitamin B12. This is a big market where there are no patents and we are also working hard to go into it. So our R&D has several fronts. Business development, we are looking at patent breaks, of course, but we are also looking at major markets in Brazil that have not, where we do not work yet.

So we are going to start hearing the results from these investments and we will start to understand the results of these investments.

Gustavo Miele, Goldman Sachs:

Thank you for that presentation. I would like to talk about two things with you. So, considering sell-out, when we talk about this market, we know that this was a tougher winter this year, hospital occupation rates were higher. Is that reflected in your operations? We see that influenza medication has performed better this quarter, but how relevant was it this year versus the last few years? I think that will allow us to understand the sell-out effect this quarter.

Also, if I could ask about October, I know that it's still early, but if you are seeing sell-out rates similar to what we saw in the 3rd quarter and if the winter has impacted it.

Also, I have a question about the Lei do Bem and why it was higher this quarter, R\$38 million. I am just trying to understand the concept. Maybe this can be a good reference for the 4th quarter. Thank you.

Breno Oliveira:

I will answer your first question and Ramon will answer the second one. So, about sell-out for the 3rd quarter, the winter has been a bit tougher this year than the last two years, but I would not say it's higher than average.

The growth in the 2nd quarter was higher, it was about 20%. But on the other hand, painkillers had a lower growth in the 2nd quarter. So, our biggest over-the-counter categories grew about 7%.

So, growth was about 7% and we were able to gain market share across all of these categories. So, it's hard to foresee, but we still see an impact from the temperature variation, it's also impacting October. And growth has been in line in October. As you said, these are still preliminary figures, but we have been seeing growth levels similar to what we had in the 3rd quarter.

Ramon will answer your second question.

Ramon Sanches:

Considering the Lei do Bem, we did have a higher rate this 3rd quarter. This benefit depends on three main factors. First, expenses with innovation, and second, the real

income for this period. So, the real income was higher this quarter, which has resulted in this higher benefit.

But the figure of R\$38 million that we have disclosed here is the amount we expect for the year as a whole. So, in the fourth quarter, we should not have this benefit; if we do, it will be something smaller. So this level, $\frac{1}{4}$ of this amount, approximately R\$10 million per quarter, is a more regular level than we usually see, in line with what we have in the historical data, and this higher amount was specific to the third quarter due to the factors I mentioned.

Lucca Marquezini, Itaú BBA:

Thank you for taking our questions. We have two. First, about cash generation. So, looking towards the future, I would like to ask if it makes sense to consider a drop considering IOC payments. That's my first question.

And also, I have a question about the Non-Retail. There was a drop due to lower level of sales. I would like to know if this is a one-off or if we should expect that for the next quarters. Thank you.

Ramon Sanches:

Lucca, I will take the first question and Breno will take the second, about the Non-Retail. Regarding cash generation for the quarter, it was quite high indeed. This quarter, we fully captured the benefit of the working capital adjustment and also saw an improvement in suppliers.

For the 4th quarter, looking at cash flow from operations, we do not expect a decline; we still expect growth in cash flow from operations. Regarding free cash flow, total cash, total cash generation, in fact, it will be slightly lower due to the payment of dividends, as you mentioned, the payment of IOC that the Company makes throughout the 4th quarter.

Breno will answer the second question.

Breno Oliveira:

Considering the Non-Retail, we saw a deceleration in the market because of the performance of the government, and this also impacted several national companies, not only ours.

But we have been seeking short-term alternatives to minimize this effect. We are trying to be more competitive in prices for some specific molecules that we have the prediction capacity for, where we have some idle capacity, and a potential of generating profits, even being more aggressive commercially. But that's for the short term.

For the medium and long term, our Non-Retail focus is the private market. So, increasing our participation in the private market through development, our medication pipeline. We have had four or five launches that are performing according to what was foreseen, reaching market shares of 5%, 10% across the categories that we recently entered into.

So, over time, growth in the Non-Retail will be much more in the private than the public market, and in more strategic categories in the future, such as oncological and biological drugs. We are starting to see the first products in those categories in 2026.

Leandro Bastos, Citi:

Good morning. Thank you. I have two questions. First, I would like to ask about R&D. You mentioned the effects from the Lei do Bem, but we see investments in R&D and intangibles very similar to what we had in 2022. So, I would like to ask about the pipeline opportunities and so on, if you are running at an optimal R&D level or if we should expect any accelerations in the future. That's the first point.

My second question is, we saw high discounts this quarter, still a bit above sell-out. So, I would like to get an update on that competitive dynamics and the Company's strategy in the commercial side. Thank you.

Breno Oliveira:

Leandro, I will take the first question and Ramon will answer the second one. About the R&D level, we think that the current level, although nominally it is not growing, it's at an optimal level. So, basically, revenue has been going up. Our R&D has been working deeply on that, on sales, the full team is still working, and one of the things we learned in the last few years is to focus on more relevant projects.

We are also looking at this from a marketing context. A new product's success is not only a function of R&D. We have to do the launch plan with investments in media, working with clients to position these products as soon as we can. And on the prescription side, the medical promotion, so that these medications are promoted in a relevant way. And so that will lead to an increase in sales.

So our pipeline has not changed. We see some moments, depending on the phase, where you have a higher investment, especially when we have pilot batches and clinical studies, it varies, but also in the number of projects, this is at the same level still.

Ramon will answer the second part of your question.

Ramon Sanches:

Leandro. To answer your second question, this increase in the discounts is related to a variation in the product mix. We had above average sales in generics and similars, and we do not expect a huge variation from that level for the next quarters.

Samuel Alves, BTG Pactual:

We have two questions, both of them are related to working capital, which was more positive this quarter. The first question is about CAPEX. We noticed there was a drop of 11% when you look at CAPEX as PP&E and Intangibles year on year. So if you could talk about the seasonal pattern for this CAPEX for the rest of the year, if we should expect an acceleration, and the executed versus the budgeted for the rest of the year. That's my question about CAPEX.

Secondly, the Company had robust cash generation this quarter, and the supplier's line was very helpful at doing that. We saw an improvement year on year and quarter on quarter. It's more to understand if there was any credit assignment, if there was any unexpected factor this quarter that ended up helping cash generation a little more. That's it. Thank you very much.

Ramon Sanches:

First, about CAPEX, this was aligned with what we expected in our budget for the quarter, and it's a level that is very similar to what we expect to see.

To answer your second question on suppliers, we started buying inputs in a more normalized way after this working capital adjustment, so more aligned with the sell-out rate.

When we reduced inventory and channels, we also reduced some purchases that we did not need, and these purchases were concentrated in inputs with shorter terms. So as we go back to the normal sell-out level, we have longer terms. This impact came from the mix, and this will benefit our cash flow for this quarter specifically.

There were no changes in this credit assignment. If you look at the levels, it did not change that much, so we did not change it. This impact is coming from a change in mix quarter to quarter.

Operator:

Thank you. This concludes the Company's questions and answers session. We would like to thank everyone for participating and wish you a good day.

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