

## Hypera Pharma reports Net Revenue of R\$4.089 billion in 2020, up 24.1% vs. 2019, with 19.4% growth in EBITDA from Continuing Operations

São Paulo, February 26, 2021 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for 2020. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 4Q20 Highlights

- Sell-out growth of 14.6%\* in 4Q20, the highest ever recorded in a quarter by the Company, according to IQVIA
- Net revenue of R\$1,134.8 million in the quarter, or 22.2% higher than 4Q19

### 2020 Highlights

- Net revenue of R\$4,088.9 million in 2020, or 24.1% higher than 2019
- EBITDA from Continuing Operations growth of 19.4% in 2020
- Net Income from Continuing Operations of R\$1,321.6 million in the year, with an increase of 11.2% over 2019
- Higher than ever recorded Cash Flow from Continuing Operations in 2020, up 43.6% versus the previous year
- Interest on Equity of R\$742.0 million (R\$1.17 per share) in the year, or 10% higher than 2019

Table 1

(R\$ million)	4Q19	% NR	4Q20	% NR	Δ %	2019	% NR	2020	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,093.7	117.8%	1,318.4	116.2%	20.5%	3,802.4	115.4%	4,666.5	114.1%	22.7%
Net Revenue	928.6	100.0%	1,134.8	100.0%	22.2%	3,294.7	100.0%	4,088.9	100.0%	24.1%
Gross Profit	553.4	59.6%	699.7	61.7%	26.4%	2,085.7	63.3%	2,629.3	64.3%	26.1%
SG&A (ex-Marketing and R&D)	(162.7)	-17.5%	(180.0)	-15.9%	10.6%	(638.8)	-19.4%	(625.3)	-15.3%	-2.1%
Research & Development	(36.3)	-3.9%	(34.7)	-3.1%	-4.4%	(128.7)	-3.9%	(151.7)	-3.7%	17.8%
Marketing	(204.0)	-22.0%	(214.7)	-18.9%	5.2%	(843.3)	-25.6%	(787.0)	-19.2%	-6.7%
EBITDA from Continuing Operations	224.2	24.1%	349.0	30.8%	55.7%	1,206.0	36.6%	1,440.4	35.2%	19.4%
Net Income from Continuing Operations	246.7	26.6%	324.9	28.6%	31.7%	1,189.0	36.1%	1,321.6	32.3%	11.2%
Net Income	238.8	25.7%	314.9	27.7%	31.9%	1,164.0	35.3%	1,295.1	31.7%	11.3%
Cash Flow from Operations	137.5	14.8%	195.2	17.2%	42.0%	823.9	25.0%	1,183.1	28.9%	43.6%

Earnings Conference Call – PORTUGUESE: 03/01/2021, 11am (Brasília) / 9am (New York)

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Earnings Conference Call – ENGLISH (Simultaneous translation): 03/01/2021, 11am (Brasília) / 9am (New York)

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\* Sell-out PPP 4Q20 (Pharmacy Purchase Price), as informed by IQVIA, considers the drug stores and big retailers average purchase price.

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## Operating Scenario

**Hypera Pharma's Net Revenue grew 24.1% in 2020 and reached R\$4,088.9 million, in line with the guidance set for the year.** This growth is mainly due to the sell-out performance in the second half, which was favored by the expressive improvement in demand in the Brazilian pharmaceutical retail market resulting from the greater flexibility of quarantine rules due to the Covid-19 pandemic observed in the main regions of the country, which led to a gradual recovery in the number of medical appointments and to an increase in the flow of people at the points of sale. **In 4Q20, the sell-out expansion was 14.6%<sup>1</sup>, or 1.5 percentage point higher than the market growth<sup>2</sup>, the highest ever recorded by the Company in a quarter since it started to concentrate its operations exclusively in the pharmaceutical market.**

**The recent recovery in the year-over-year sell-out growth, which went from a 1.6% drop in 2Q20 to a 14.6% growth in 4Q20, showed that the most significant negative impacts on demand generation and sell-out were those already felt at the beginning of the Covid-19 pandemic, especially in 2Q20.** In the year, the Company's sell-out growth reached 8.2%, a lower than expected performance considering the estimates for 2020 from before the start of the Covid-19 pandemic, but a higher one when considering the new estimates after 2020 guidance update in 3Q20.

**Similar and Generics was the main highlight of the year, with a strong double-digit expansion of sell-out since the beginning of the Covid-19 pandemic.** This growth was favored: (i) by the Company's distribution platform, which reaches all points of sale in the country and is essential to guarantee access to healthcare for the Brazilian population; and (ii) the new initiatives to increase the visibility of the Neo Química brand, such as the 20-year naming rights agreement of Arena Corinthians, which was renamed **Neo Química Arena**.

In **Consumer Health**, the highlights of the year were Vitamins, Supplements and Nutritionals segments, favored by the recent launches and the growing increase in healthcare by the population, which was evidenced during the Covid-19 pandemic.

In **Prescription Products**, the full year performance was benefited by the market share gains in chronic medicines, a segment in which Hypera Pharma has been strengthening its participation in recent years with important launches. Some categories relevant to the Company, such as pediatrics, orthopedics and respiratory, were negatively impacted by the lower number of medical appointments in 2020, especially during the beginning of the Covid-19 pandemic. **It is worth noting, however, that these categories showed important recovery in the last quarter, also driven by the increase in the number of medical visits in the period, which contributed to the sell-out double-digit growth and market share gain in 4Q20 in Prescription Products.**

**The Company continued to reinforce its commitment to innovation and sustainable growth and increased its investments in Research and Development by 44% in 2020.** In addition, Hypera Pharma strengthened its portfolio with the acquisitions of: (i) the **Buscopan** family; (ii) important brands from Takeda, such as **Neosaldina**, **Dramin** and **Nebacetin**, and the patented **Nesina** and **Alektos**; and (iii) Glenmark's dermatological portfolio in Brazil.

The acquisition of the Buscopan family was completed at the end of 3Q20, and the acquired brands are now being benefited by Hypera Pharma's marketing and sales platform and by initiatives to increase sell-out growth at the end of 2020. **In 4Q20, the sell-out growth of the Buscopan family was 14.4%, a higher performance than what was being presented before the completion of the acquisition.**

In order to reduce the short-term negative impacts of the Covid-19 pandemic and the devaluation of the Real against the US Dollar, the Company intensified its discipline in managing costs and expenses in 2020, which led to Selling, Marketing and Administrative Expenses reduction as a percentage of Net Revenue, **contributing to the 19.4% growth in EBITDA from Continuing Operations and 11.2% in Net Income from Continuing Operations, as well as to the operating cash generation of R\$1,183.1 million in the year, the highest ever recorded by the Company in a period.**

**In 2020, Hypera Pharma also invested in several matters related to digital transformation, highlighted in:** (i) the launch of its e-commerce platform for direct sales to the final consumer **ihypera** ([www.ihypera.com.br](http://www.ihypera.com.br)) in 2Q20, with over eight thousand orders in 2020; (ii) the creation of an exclusive team focused on digital trade marketing in 3Q20 to work on the display and promotion of products on websites and apps, which contributed to the 118% growth in sales of Company products on its clients' digital channels in 4Q20; and (iii) the start of the development of a new omnichannel B2B platform, scheduled to be launched in 1Q21, so all clients and points of sale will be able to access our product portfolio special conditions.

(1) Sell-out PPP 4Q20 (Pharmacy Purchase Price), as informed by IQVIA, considers the drug stores and big retailers average purchase price; (2) As reported by IQVIA, excluding the infant formula segment

Hypera Ventures also made its first corporate venture capital investment in 4Q20 with the acquisition of a majority stake in **Simple Organic**, a digital native brand that operates in the Clean Beauty industry, using natural, organic, vegan, cruelty-free and sustainable ingredients. It is worth noting that the Company remains attentive to investment opportunities in the healthcare and well-being segments that have synergies with its businesses.

**Bionovis**, a pharmaceutical biotechnology joint venture with the participation of Hypera Pharma for research, development, production and commercialization of biopharmaceuticals in Brazil, **grew 86% in the year and reached Net Revenue of R\$945.0 million**, especially due to the performance of medicines to treat Crohn's disease, breast cancer and autoimmune diseases.

**With regard to manufacturing capacity, the Company increased its investments in 2020 in expanding the production capacity of solids and vitamins, essential for its sustainable growth in the medium and long term.**

**Hypera Pharma has also implemented several initiatives to preserve the well-being of its teams and the communities with which it relates during the Covid-19 pandemic**, such as a home office for employees who are part of the Covid-19 risk group and administrative and sales teams, provision of telemedicine service, and donation of pulmonary ventilators, medicines and Covid-19 tests for the population of Anápolis. **In addition, the Company became a signatory to the UN Global Compact, an initiative proposed by the United Nations to encourage companies to adopt corporate social responsibility and sustainability policies.**

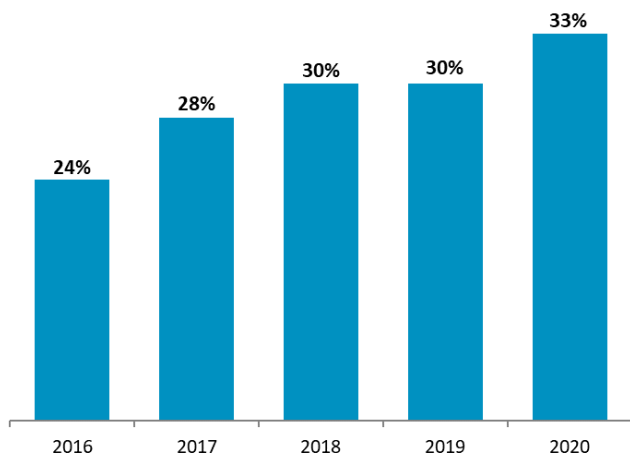
The increase in investments and the negative impact of the Covid-19 pandemic in 2020 did not change the Company's strategy to preserve the remuneration of its shareholders. **Hypera Pharma approved the distribution of Interest on Equity of R\$742.0 million in 2020, or R\$1.17 per share, an amount 10% higher than that declared in 2019.**

The Covid-19 pandemic brought additional challenges to the day-to-day operations of Brazilian companies in the most diverse segments, and for Hypera Pharma it was not different. However, the growth observed in similars, generics, medicines for chronic treatments, vitamins, supplements and nutritionals, the recovery observed in relevant categories to the Company and the growth acceleration of the pharmaceutical retail market since 2Q20 reinforced both the resilience of the Company's business, as well as the several growth opportunities that exist in the Brazilian pharmaceutical market.

Hypera Pharma will continue to invest in its sustainable growth in order to capture these opportunities, without losing sight of its commitment to shareholders remuneration. **The recent recovery of the sell-out growth, the integration of the acquisition of Takeda brands, which was already concluded in 1Q21, and the recent launches put the Company in a prominent position to seek leadership in the Brazilian pharmaceutical market in 2021.**

## Innovation & Launches

**Innovation Index**



Total investments in Research and Development, including the amount capitalized as an intangible assets, reached R\$350.2 million\* in 2020, an increase of 44% over the previous year.

The 4Q20 innovation index, corresponding to the percentage of Net Revenue from products launched in the past five years, reached 38%, the highest level ever recorded by the Company in a quarter. In the year, the innovation index was 33%.

The growth in the innovation index is mainly due to the acceleration in the pace of new product launches in recent years. Since 2018, when the Company began to focus its operations exclusively on the pharmaceutical market, more than 250 new products were launched.

In 2020, Consumer Health highlights were the line extensions **Vitasay 50+ Vitaly**, which combines Peruvian maca with guarana to improve libido and treat menopausal symptoms, **Vitasay 50+ Serenne**, a product based on tryptophan, folic acid and B3 and B6 vitamins to help improving mood and sleep quality, **Vitasay 50+ Pro-Omega 3**, which helps maintain triglyceride levels, **Engov After Berry Vibes**, with an exclusive formula for body recovery and hydration, and **Zero-Cal**, with a new presentation containing Erythritol.

In Prescription Products, the Company launched the anti-inflammatory ointment **Artrotop** and important line extensions of the brands Gestamax, Lune, Episol, Blancy and Addera D3, such as **Addera + Cabelos e Unhas**, **Addera + Energia**, **Addera + Imunidade** and **Addera + Vitaminas**.

In Similar and Generic, in addition to the line extensions of the Neo Química vitamins launched throughout the year, it is worth noting the launch of **Equilibrisse**, to treat insomnia and anxiety disorders, in 4Q20.



Note: \*It considers R&D expenses and the amount of capitalized as intangible assets. Excludes the Lei do Bem benefit and R&D amortization in the period.

## Earnings Discussion

### Income Statement

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

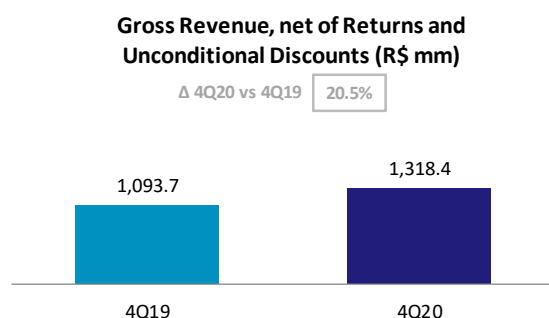
**Table 2**

(R\$ million)	4Q19	% NR	4Q20	% NR	Δ %	2019	% NR	2020	% NR	Δ %
<b>Net Revenue</b>	<b>928.6</b>	<b>100.0%</b>	<b>1,134.8</b>	<b>100.0%</b>	<b>22.2%</b>	<b>3,294.7</b>	<b>100.0%</b>	<b>4,088.9</b>	<b>100.0%</b>	<b>24.1%</b>
<b>Gross Profit</b>	<b>553.4</b>	<b>59.6%</b>	<b>699.7</b>	<b>61.7%</b>	<b>26.4%</b>	<b>2,085.7</b>	<b>63.3%</b>	<b>2,629.3</b>	<b>64.3%</b>	<b>26.1%</b>
Marketing Expenses	(204.0)	-22.0%	(214.7)	-18.9%	5.2%	(843.3)	-25.6%	(787.0)	-19.2%	-6.7%
Selling Expenses	(148.0)	-15.9%	(151.4)	-13.3%	2.3%	(558.3)	-16.9%	(568.6)	-13.9%	1.8%
General and Administrative Expenses	(51.0)	-5.5%	(63.2)	-5.6%	24.0%	(209.3)	-6.4%	(208.4)	-5.1%	-0.4%
Other Operational Net Expenses	40.2	4.3%	43.7	3.8%	8.5%	601.2	18.2%	236.8	5.8%	-60.6%
Equity in Subsidiaries	3.0	0.3%	4.8	0.4%	59.7%	9.6	0.3%	16.8	0.4%	74.6%
<b>EBIT from Continuing Operations</b>	<b>193.6</b>	<b>20.9%</b>	<b>318.8</b>	<b>28.1%</b>	<b>64.6%</b>	<b>1,085.7</b>	<b>33.0%</b>	<b>1,318.9</b>	<b>32.3%</b>	<b>21.5%</b>
Net Financial Expenses	3.6	0.4%	(36.0)	-3.2%	-	14.4	0.4%	(75.4)	-1.8%	-
Income Tax and CSLL	49.5	5.3%	42.2	3.7%	-14.7%	88.9	2.7%	78.2	1.9%	-12.1%
Net Income (Loss) from Continuing Operations	246.7	26.6%	324.9	28.6%	31.7%	1,189.0	36.1%	1,321.6	32.3%	11.2%
Net Income from Discontinued Operations	(7.9)	-0.9%	(10.1)	-0.9%	26.8%	(24.9)	-0.8%	(26.5)	-0.6%	6.3%
Net Income (Loss)	238.8	25.7%	314.9	27.7%	31.9%	1,164.0	35.3%	1,295.1	31.7%	11.3%
<b>EBITDA from Continuing Operations</b>	<b>224.2</b>	<b>24.1%</b>	<b>349.0</b>	<b>30.8%</b>	<b>55.7%</b>	<b>1,206.0</b>	<b>36.6%</b>	<b>1,440.4</b>	<b>35.2%</b>	<b>19.4%</b>

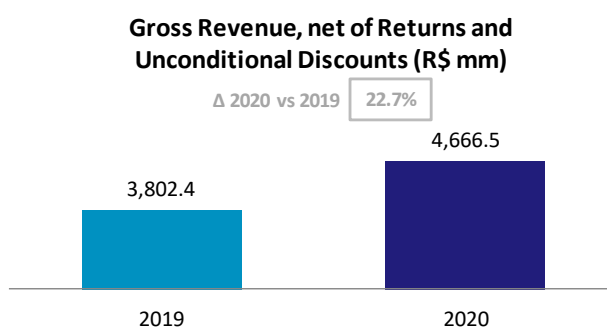


## Net Revenue

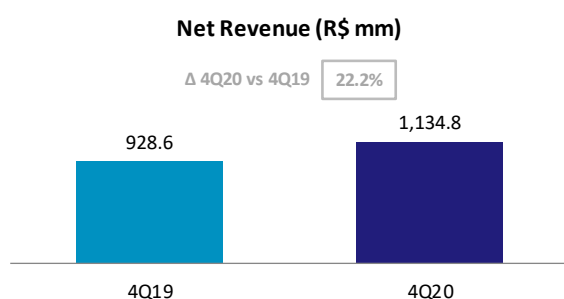
**Graph 1**



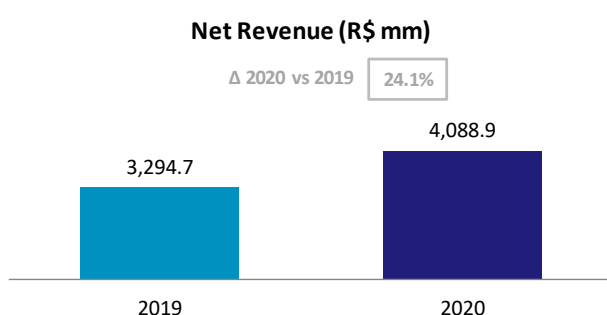
**Graph 2**



**Graph 3**



**Graph 4**



**Table 3**

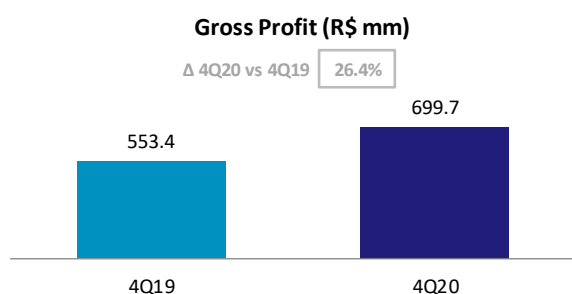
(R\$ million)	4Q19	4Q20	Δ %	2019	2020	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,093.7	1,318.4	20.5%	3,802.4	4,666.5	22.7%
Promotional Discounts	(90.3)	(84.8)	-6.1%	(254.0)	(234.3)	-7.8%
Taxes	(74.9)	(98.7)	31.8%	(253.6)	(343.3)	35.4%
<b>Net Revenue</b>	<b>928.6</b>	<b>1,134.8</b>	<b>22.2%</b>	<b>3,294.7</b>	<b>4,088.9</b>	<b>24.1%</b>

In 4Q20, Net Revenue growth was 22.2% when compared to the same period of the previous year, totaling R\$1,134.8 million. The Buscopan family added R\$85.7 million to Net Revenue in this quarter.

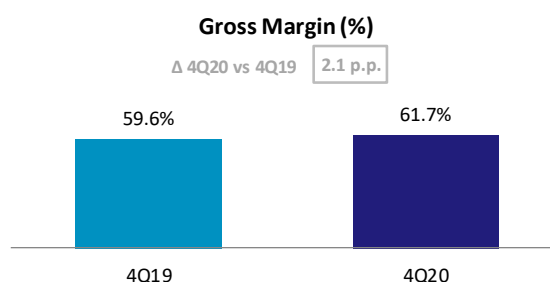
Net Revenue grew 24.1% and totaled R\$4,088.9 million in the year, in line with the guidance set by the Company for 2020. The growth of Net Revenue in 2020 is a consequence of the sell-out increase in the period, which was mainly driven by the growth in **Generics and Similar**s, chronic medicines in **Prescription Products** and vitamins, supplements and nutritionals in **Consumer Health**.

## Gross Profit

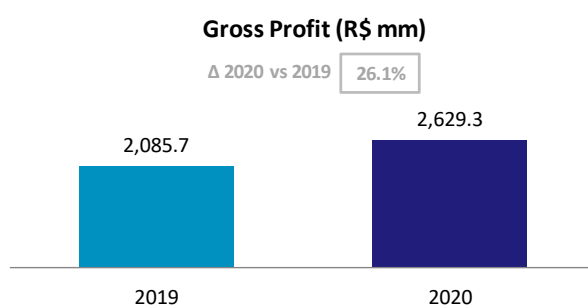
Graph 5



Graph 6



Graph 7



Graph 8

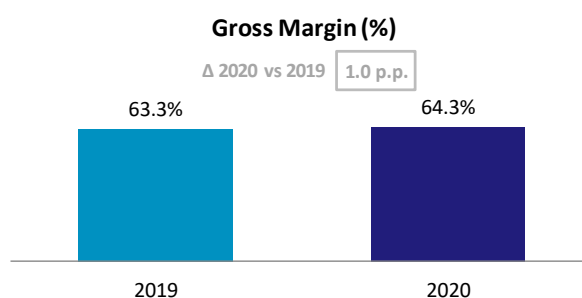


Table 4

(R\$ million)	4Q19	% NR	4Q20	% NR	Δ %	Δ p.p.	2019	% NR	2020	% NR	Δ %	Δ p.p.
Gross Profit	553.4	59.6%	699.7	61.7%	26.4%	2.1 p.p.	2,085.7	63.3%	2,629.3	64.3%	26.1%	1.0 p.p.

Gross Profit reached R\$699.7 million in 4Q20, with a Gross Margin of 61.7%, compared to 59.6% in 4Q19. The variation in the Gross Margin is mainly due to: (i) the devaluation of the Real against the Dollar in the period, which negatively affected the Gross Margin by 2.3% percentage points, (ii) the positive impact of the reduction in idleness, discards and discounts as a percentage of Net Revenue.

In 2020, Gross Profit was R\$2,629.3 million, with Gross Margin of 64.3%, or 1.0 percentage point higher than 2019 Gross Margin. The growth of the Gross Margin, even with the negative impact of 1.8 percentage point resulting from the devaluation of the Real against the US Dollar, was mainly due to the positive impact of the product mix sold in 2020, since in 1Q19 there was a reduction in sales in Consumer Health and Prescription Products to adjust the commercial policy.

## Marketing Expenses

Table 5

(R\$ million)	4Q19	% NR	4Q20	% NR	Δ %	2019	% NR	2020	% NR	Δ %
Marketing Expenses	(204.0)	-22.0%	(214.7)	-18.9%	5.2%	(843.3)	-25.6%	(787.0)	-19.2%	-6.7%
Advertisement and Consumer Promotion	(67.1)	-7.2%	(66.9)	-5.9%	-0.2%	(301.0)	-9.1%	(240.7)	-5.9%	-20.0%
Trade Deals	(26.0)	-2.8%	(34.7)	-3.1%	33.2%	(82.8)	-2.5%	(112.6)	-2.8%	36.1%
Medical Visits, Promotions and Others	(110.9)	-11.9%	(113.1)	-10.0%	2.0%	(459.6)	-14.0%	(433.7)	-10.6%	-5.6%

Marketing Expenses reduced their share of Net Revenue by 6.4 percentage points in 2020, from 25.6% of Net Revenue in 2019 to 19.2% in 2020. This reduction is a consequence of the decrease in Advertisement and Consumer Promotion expenses and Medical Visits, Promotions and Others expenses, which were impacted by the Covid-19 pandemic.

The decrease in these expenses is a result of: (i) the reduction in spending on advertising campaigns compared to 2019, mainly due to the better contractual conditions set for 2020; (ii) the increase in medical visits and medical events held remotely, which contributed to the reduction in travel expenses; and (iii) the lower number of samples.

## Selling Expenses

Table 6

(R\$ million)	4Q19	% NR	4Q20	% NR	Δ %	2019	% NR	2020	% NR	Δ %
Selling Expenses	(148.0)	-15.9%	(151.4)	-13.3%	2.3%	(558.3)	-16.9%	(568.6)	-13.9%	1.8%
Commercial Expenses	(85.8)	-9.2%	(88.7)	-7.8%	3.3%	(337.4)	-10.2%	(311.7)	-7.6%	-7.6%
Freight and Logistics Expenses	(25.9)	-2.8%	(28.1)	-2.5%	8.4%	(92.2)	-2.8%	(105.2)	-2.6%	14.2%
Research & Development	(36.3)	-3.9%	(34.7)	-3.1%	-4.4%	(128.7)	-3.9%	(151.7)	-3.7%	17.8%

Selling Expenses represented 13.9% of Net Revenue in 2020, a reduction of 3.0 percentage points when compared to 2019. The variation in Selling Expenses was mainly due to the reduction in selling expenses, which were impacted by the lower variable remuneration and lower number of travels due to the Covid-19 pandemic throughout the year.

In 2020, total investments in Research and Development, including the amount capitalized as an intangible asset, grew 44% and totaled R\$350.2 million. In 4Q20, the Lei do Bem benefit was R\$28.2 million, compared to R\$2.7 million in 4Q19.

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

Table 7

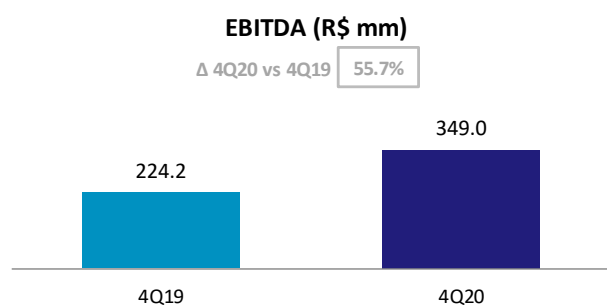
(R\$ million)	4Q19	% NR	4Q20	% NR	Δ %	2019	% NR	2020	% NR	Δ %
General & Administrative Expenses	(51.0)	-5.5%	(63.2)	-5.6%	24.0%	(209.3)	-6.4%	(208.4)	-5.1%	-0.4%
Other Operating Revenues (Expenses)	40.2	4.3%	43.7	3.8%	8.5%	601.2	18.2%	236.8	5.8%	-60.6%

General and Administrative Expenses reduced their share of Net Revenue by 1.3 percentage points in 2020, as a result of the Company's initiatives to preserve the profitability of its operations during the Covid-19 pandemic throughout the year, such as the reduction in number of trips and the implementation of home-office for administrative teams. Other Operating Revenues totaled R\$43.7 million in 4Q20 and R\$236.8 million in the year, and were mainly impacted by accounting for tax credits.

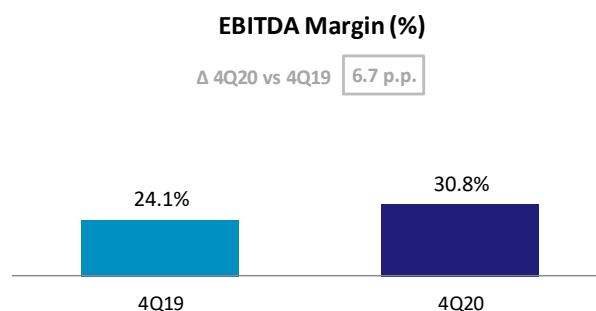


## EBITDA from Continuing Operations

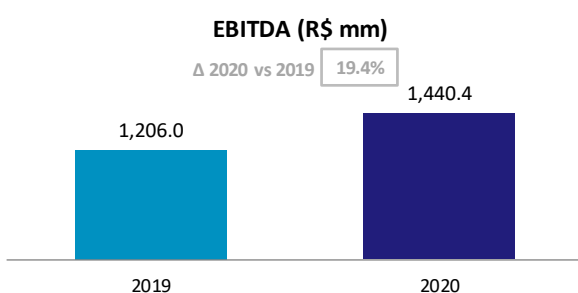
**Graph 9**



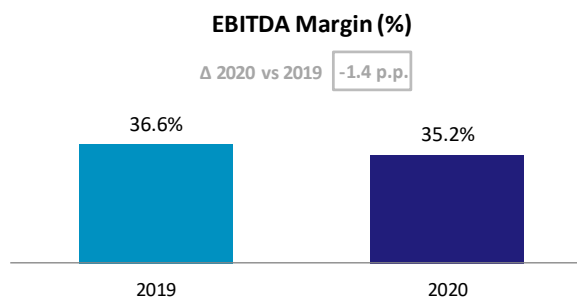
**Graph 10**



**Graph 11**



**Graph 12**



**Table 8 – EBITDA from Continuing Operations Reconciliation**

(R\$ million)	4Q19	% NR	4Q20	% NR	Δ %	2019	% NR	2020	% NR	Δ %
EBITDA from Continuing Operations	224.2	24.1%	349.0	30.8%	55.7%	1,206.0	36.6%	1,440.4	35.2%	19.4%

EBITDA from Continuing Operations was R\$1,440.4 million in 2020, with a 19.4% growth over the previous year and a 35.2% margin. The EBITDA from Continuing Operations growth is mainly due to Gross Profit growth and Marketing Expenses reduction in the period.

## Net Financial Expenses

Table 9

(R\$ million)	4Q19	% NR	4Q20	% NR	Δ R\$	2019	% NR	2020	% NR	Δ R\$
Financial Result	3.6	0.4%	(36.0)	-3.2%	(39.6)	14.4	0.4%	(75.4)	-1.8%	(89.8)
Net Interest Expenses	13.9	1.5%	(19.5)	-1.7%	(33.3)	52.5	1.6%	(29.9)	-0.7%	(82.5)
Cost of Hedge and FX Gains (Losses)	(1.9)	-0.2%	(6.6)	-0.6%	(4.7)	(5.6)	-0.2%	(1.2)	0.0%	4.4
Other	(8.3)	-0.9%	(10.0)	-0.9%	(1.7)	(32.5)	-1.0%	(44.3)	-1.1%	(11.8)

The Financial Result presented a negative balance of R\$75.4 million in 2020, compared to a positive balance of R\$14.4 million in 2019. This variation is mainly due to the increase in interest expenses due to the higher gross debt of the Company, mainly due to the issuance of debentures to pay for the acquisition of the Buscopan family and the portfolio from Takeda.

## Net Income

Table 10

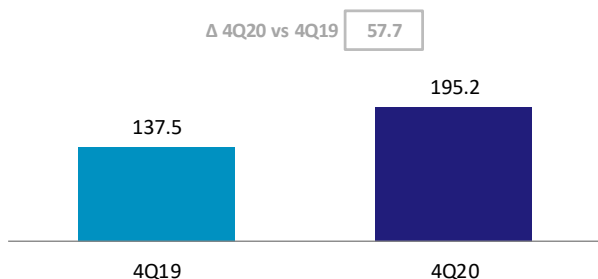
(R\$ million)	4Q19	4Q20	Δ %	2019	2020	Δ %
EBIT from Continuing Operations	193.6	318.8	64.6%	1,085.7	1,318.9	21.5%
(-) Net Financial Expenses	3.6	(36.0)	-	14.4	(75.4)	-
(-) Income Tax and Social Contribution	49.5	42.2	-14.7%	88.9	78.2	-12.1%
<b>Net Income from Continuing Operations</b>	<b>246.7</b>	<b>324.9</b>	<b>31.7%</b>	<b>1,189.0</b>	<b>1,321.6</b>	<b>11.2%</b>
(+) Net Income from Discontinued Operations	(7.9)	(10.1)	26.8%	(24.9)	(26.5)	6.3%
<b>Net Income</b>	<b>238.8</b>	<b>314.9</b>	<b>31.9%</b>	<b>1,164.0</b>	<b>1,295.1</b>	<b>11.3%</b>
EPS	0.38	0.50	31.3%	1.84	2.05	11.2%
EPS from Continuing Operations	0.39	0.51	31.1%	1.88	2.09	11.1%

Net Income from Continuing Operations totaled R\$1,321.6 million in the year, an increase of 11.2%, in line with the guidance established by the Company for the period. This evolution in Net Income from Continuing Operations is mainly due to the 21.5% growth in EBIT from Continuing Operations.

## Cash Flow (Continuing and Discontinued Operations)

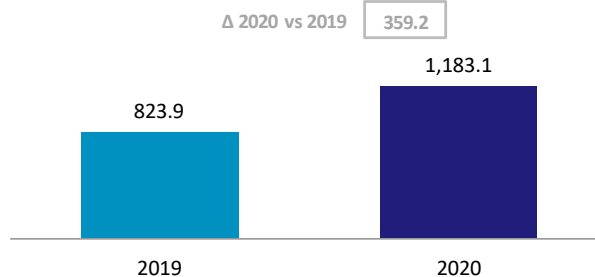
Graph 13

### Cash Flow from Operations (R\$ mm)



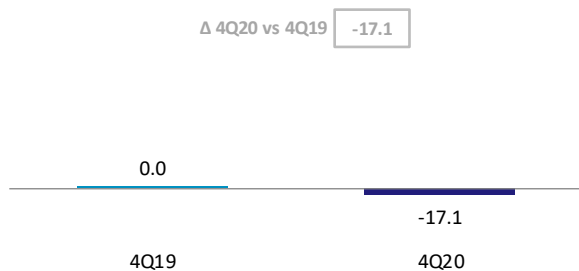
Graph 14

### Cash Flow from Operations (R\$ mm)



Graph 15

### Free Cash Flow (R\$ mm)



Graph 16

### Free Cash Flow (R\$ mm)

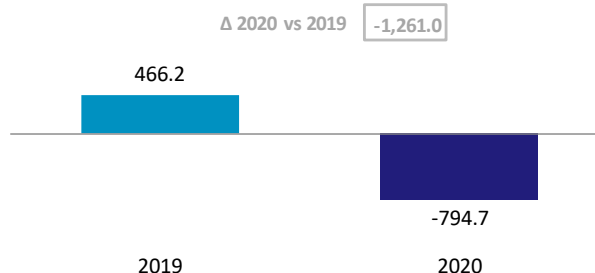


Table 11

(R\$ million)	4Q19	4Q20	2019	2020
Cash Flow from Operations	137.5	195.2	823.9	1,183.1
Purchase of Property, Plant and Equipment	(101.2)	(126.9)	(246.0)	(447.4)
Purchase of Intangible Assets	(36.8)	(53.7)	(115.7)	(1,479.8)
Acquisitions of Subsidiaries, Net of Cash Acquired	0.0	0.0	0.0	(45.5)
Sale of Property, Plant and Equipment	0.5	(31.8)	4.0	(5.1)
(=) Free Cash Flow	0.0	(17.1)	466.2	(794.7)

**Cash Flow From Operations was R\$1,183.1 million in 2020, the highest ever recorded by Hypera Pharma, and was mainly a consequence of the growth in the Company's operating result in the period.**

Free Cash Flow was negative by R\$794.7 million, mainly due to the payment of R\$1.3 billion for the acquisition of the Buscopan family in 3Q20 and the additional investments to expand the manufacturing capacity in Anápolis carried out throughout the year.

## Net Debt

Table 12

(R\$ million)	4Q20
Loans and Financing	(5,513.0)
Notes Payable	(24.0)
<b>Gross Debt</b>	<b>(5,537.0)</b>
Cash and Cash Equivalents	4,743.3
<b>Net Cash / (Debt)</b>	<b>(793.7)</b>
Unrealized Gain/Loss on Debt Hedge	29.7
<b>Net Cash / (Debt) After Hedge</b>	<b>(764.1)</b>
Interest on Capital	(671.6)
<b>Pro-forma Net Cash / (Debt) After Interest on Capital</b>	<b>(1,435.6)</b>

The Company ended 2020 with a Net Debt position of R\$764.1 million, or R\$1,435.6 million when considering the payment of Interest on Equity made in January 2021. The Company went from Net Cash at the end of 2019 to Net Debt at the end of 2020 mainly due to the payment of R\$1.3 billion for the Buscopan family acquisition made in 3Q20 and the additional investments to expand the industrial capacity in Anápolis carried out throughout the year.

## Disclaimer

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

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

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

## Consolidated Income Statement (R\$ thousand)

Table 13

	4Q19	4Q20	2019	2020
<b>Net Revenue</b>	<b>928,591</b>	<b>1,134,848</b>	<b>3,294,749</b>	<b>4,088,871</b>
Cost of Goods Sold	(375,194)	(435,161)	(1,209,057)	(1,459,596)
<b>Gross Profit</b>	<b>553,397</b>	<b>699,687</b>	<b>2,085,692</b>	<b>2,629,275</b>
Selling and Marketing Expenses	(352,032)	(366,159)	(1,401,629)	(1,355,581)
General and Administrative Expenses	(50,987)	(63,222)	(209,262)	(208,397)
Other Operating Income (Expenses)	40,230	43,651	601,234	236,754
Equity in Subsidiaries	3,021	4,825	9,639	16,833
<b>Operating Income Before Equity Income and Financial Result</b>	<b>193,629</b>	<b>318,782</b>	<b>1,085,674</b>	<b>1,318,884</b>
Net Financial Expenses	3,603	(36,029)	14,417	(75,428)
Financial Expenses	(22,064)	(64,386)	(81,752)	(221,942)
Financial Income	25,667	28,357	96,169	146,514
<b>Profit Before Income Tax and Social Contribution</b>	<b>197,232</b>	<b>282,753</b>	<b>1,100,091</b>	<b>1,243,456</b>
Income Tax and Social Contribution	49,462	42,175	88,894	78,173
<b>Net Income from Continuing Operations</b>	<b>246,694</b>	<b>324,928</b>	<b>1,188,985</b>	<b>1,321,629</b>
Net Income from Discontinued Operations	(7,937)	(10,063)	(24,945)	(26,513)
<b>Income for the Period</b>	<b>238,757</b>	<b>314,865</b>	<b>1,164,040</b>	<b>1,295,116</b>
<b>Earnings per Share – R\$</b>	<b>0.38</b>	<b>0.50</b>	<b>1.84</b>	<b>2.05</b>



## Consolidated Balance Sheet (R\$ thousand)

Table 14

Assets	31/12/2019	31/12/2020	Liabilities and Shareholders' Equity	31/12/2019	31/12/2020
<b>Current Assets</b>	<b>4,737,327</b>	<b>7,899,162</b>	<b>Current Liabilities</b>	<b>1,585,308</b>	<b>2,628,626</b>
Cash and Cash Equivalents	2,246,436	4,743,298	Suppliers	333,829	275,539
Accounts Receivables	1,313,671	1,564,341	Suppliers' Assignment of Receivables	124,019	440,256
Inventories	664,643	920,796	Loans and Financing	108,622	461,816
Recoverable Taxes	300,826	274,017	Salaries Payable	205,996	224,479
Financial Derivatives	1,409	85,674	Income Tax and Social Contribution	337	10,570
Other Assets	206,966	306,823	Taxes Payable	47,857	63,659
Dividends and IOC receivables	2,261	4,098	Accounts Payable	135,710	273,353
Assets Held for Sale	1,115	115	Dividends and IOC Payable	612,143	671,654
			Notes Payable	7,802	23,980
			Financial Derivatives	3,820	177,943
			Liabilities Held for Sale	5,173	5,377
<b>Non-Current Assets</b>	<b>7,182,148</b>	<b>9,350,648</b>	<b>Non-Current Liabilities</b>	<b>1,624,067</b>	<b>5,380,469</b>
<b>Long Term Assets</b>	<b>909,728</b>	<b>1,217,542</b>	Loans and Financing	1,293,983	5,051,233
Deferred Income Tax and Social Contribution	26,551	194,716	Deferred Income Tax and Social Contribution	92,543	46,017
Recoverable Taxes	662,183	680,495	Taxes Payable	8,360	7,651
Other Assets	220,994	342,331	Accounts Payable	29,841	69,180
			Provisions for Contingencies	191,763	206,388
			Financial Derivatives	7,577	0
<b>Fixed Assets and Investments</b>	<b>6,272,420</b>	<b>8,133,106</b>	<b>Shareholders' Equity</b>	<b>8,710,100</b>	<b>9,240,715</b>
Investments	19,123	34,118	Capital	4,448,817	4,478,126
Investment Properties	150,240	154,318	Capital Reserve	1,270,401	1,266,381
Property, Plants and Equipments	1,167,946	1,546,409	Equity Valuation Adjustments	(254,994)	(336,724)
Intangible Assets	4,935,111	6,398,261	Profit Reserves	3,280,079	3,833,210
			Treasury Stock	(34,203)	(278)
<b>Total Assets</b>	<b>11,919,475</b>	<b>17,249,810</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>11,919,475</b>	<b>17,249,810</b>

## Consolidated Cash Flow Statement (R\$ thousand)

Tabela 15

	4Q19	4Q20	2019	2020
<b>Cash Flows from Operating Activities</b>				
Income (Loss) Before Income Taxes including Discontinued Operations	184,916	267,424	1,062,612	1,205,967
Depreciation and Amortization	30,567	30,205	120,373	121,482
Asset Impairment	13,763	22,894	15,628	63,023
Gain on Permanent Asset Disposals	12,274	16,648	38,826	2,203
Equity Method	(3,568)	(4,531)	(12,077)	(15,387)
Foreign Exchange (Gains) Losses	1,916	6,510	5,514	(21,295)
Net Interest and Related Revenue/Expenses	(5,519)	29,519	(19,931)	96,723
Expenses Related to Share Based Remuneration	8,512	4,875	24,408	19,193
Provisions	16,538	16,170	69,379	33,054
<b>Adjusted Results</b>	<b>259,399</b>	<b>389,714</b>	<b>1,304,732</b>	<b>1,504,963</b>
<b>Decrease (Increase) in Assets</b>	<b>(148,331)</b>	<b>(272,229)</b>	<b>(528,717)</b>	<b>(696,188)</b>
Trade Accounts Receivable	(78,519)	(83,188)	148,973	(220,724)
Inventories	(8,435)	(42,251)	(127,468)	(329,245)
Recoverable Taxes	(24,276)	(57,255)	(544,312)	648
Judicial Deposits and Others	(345)	7,440	(3,368)	17,803
Other Accounts Receivable	(36,756)	(96,975)	(2,542)	(164,670)
<b>Increase (Decrease) in Liabilities</b>	<b>26,415</b>	<b>77,720</b>	<b>47,867</b>	<b>374,279</b>
Suppliers	77,573	37,385	144,663	(49,037)
Suppliers' Assignment of Receivables	(9,265)	18,877	(37,182)	316,238
Financial Derivatives	5,678	29,788	12,435	88,145
Income Tax and Social Contribution Paid	(5,033)	(1,507)	(15,871)	(10,745)
Taxes Payable	(5,082)	(5,970)	(5,880)	14,254
Salaries and Payroll Charges	(14,896)	(9,745)	36,119	17,091
Accounts Payable	(13,815)	46,027	(50,627)	112,236
Operations Interest Paid	(4,700)	(35,637)	(14,605)	(99,018)
Other Accounts Payable	(4,045)	(1,498)	(21,185)	(14,885)
<b>Net Cash Provided by Operating Activities</b>	<b>137,483</b>	<b>195,205</b>	<b>823,882</b>	<b>1,183,054</b>
<b>Cash Flows from Investing Activities</b>				
Capital Increase/Decrease in Subsidiaries/Affiliates	0	0	(1,000)	(445)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	0	0	(45,500)
Acquisitions of Property, Plant and Equipment	(101,181)	(126,866)	(245,955)	(447,411)
Intangible Assets	(36,799)	(53,690)	(115,671)	(1,479,804)
Proceeds from the Sale of Assets with Permanent Nature	508	(31,768)	3,978	(5,059)
Interest and Others	13,336	18,885	52,120	78,212
Investment Hedge	0	(40,121)	0	4,894
<b>Net Cash From Investing Activities</b>	<b>(124,136)</b>	<b>(233,560)</b>	<b>(306,528)</b>	<b>(1,895,113)</b>
<b>Cash Flows from Financing Activities</b>				
Capital Integralization	0	2,066	0	29,309
Borrowings	904,850	0	904,850	4,115,000
Treasury Stock Purchase / Sale	15,406	1	(47,850)	12,102
Repayment of Loans - Principal	(46,008)	(43,372)	(123,395)	(98,979)
Repayment of Loans - Interest	(7,632)	(84,810)	(27,970)	(166,037)
Dividends and IOC Paid	(20,594)	(23,205)	(623,422)	(682,474)
<b>Net Cash From Financing Activities</b>	<b>846,022</b>	<b>(149,320)</b>	<b>82,213</b>	<b>3,208,921</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>859,369</b>	<b>(187,675)</b>	<b>599,567</b>	<b>2,496,862</b>
<b>Statement of Increase in Cash and Cash Equivalents, Net</b>				
Cash and Cash Equivalents at the Beginning of the Period	1,387,067	4,930,973	1,646,869	2,246,436
Cash and Cash Equivalents at the End of the Period	2,246,436	4,743,298	2,246,436	4,743,298
<b>Change in Cash and Cash Equivalent</b>	<b>859,369</b>	<b>(187,675)</b>	<b>599,567</b>	<b>2,496,862</b>

## Other Information

### Cash Conversion Cycle – Continuing Operations

Table 16

(Days)	4Q19	1Q20	2Q20	3Q20	4Q20	(R\$ million)	4Q19	1Q20	2Q20	3Q20	4Q20
Receivables <sup>(1)</sup>	114	117	110	110	111	Receivables	1,314	1,186	1,413	1,478	1,564
Inventories <sup>(2)</sup>	159	231	200	205	190	Inventories	665	697	802	892	921
Payables <sup>(2)(3)</sup>	(110)	(133)	(139)	(164)	(148)	Payables <sup>(3)</sup>	(458)	(403)	(556)	(715)	(716)
<b>Cash Conversion Cycle</b>	<b>164</b>	<b>214</b>	<b>172</b>	<b>151</b>	<b>153</b>	<b>Working Capital</b>	<b>1,520</b>	<b>1,480</b>	<b>1,659</b>	<b>1,655</b>	<b>1,769</b>
						<b>% of Annualized Net Revenue <sup>(4)</sup></b>	<b>41%</b>	<b>45%</b>	<b>39%</b>	<b>38%</b>	<b>39%</b>

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

(2) Calculated based on Continuing Operations COGS

(3) Includes Suppliers' Assignment of Receivables

(4) Annualized last quarter Net Revenue

### Tax Credits to offset Income Tax payment

- i) Federal Recoverable Taxes: R\$802.9 million (please refer to Explanatory Note 13 of the Financial Statements);
- ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R\$1,636.1 million (please refer to Explanatory Note 23(a) of the Financial Statements).

### Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 17

(R\$ million)	4Q19	% NR	4Q20	% NR	Δ %	2019	% NR	2020	% NR	Δ %
Net Income	238.8	25.7%	314.9	27.7%	31.9%	1,164.0	35.3%	1,295.1	31.7%	11.3%
(+) Income Tax and CSLL	(53.8)	-5.8%	(47.4)	-4.2%	-11.9%	(101.4)	-3.1%	(89.1)	-2.2%	-12.1%
(+) Net Interest Expenses	(3.6)	-0.4%	36.0	3.2%	-	(14.4)	-0.4%	75.4	1.8%	-
(+) Depreciations / Amortizations	30.6	3.3%	30.2	2.7%	-1.2%	120.4	3.7%	121.5	3.0%	0.9%
<b>EBITDA</b>	<b>211.9</b>	<b>22.8%</b>	<b>333.7</b>	<b>29.4%</b>	<b>57.5%</b>	<b>1,168.6</b>	<b>35.5%</b>	<b>1,402.9</b>	<b>34.3%</b>	<b>20.1%</b>
(-) EBITDA from Discontinued Operations	12.3	1.3%	15.3	1.4%	24.4%	37.5	1.1%	37.5	0.9%	0.0%
<b>Adjusted EBITDA (EBITDA from Continuing Operations)</b>	<b>224.2</b>	<b>24.1%</b>	<b>349.0</b>	<b>30.8%</b>	<b>55.7%</b>	<b>1,206.0</b>	<b>36.6%</b>	<b>1,440.4</b>	<b>35.2%</b>	<b>19.4%</b>

EBITDA is a non-accounting measure prepared by the Company and it is calculated based on net income, added by income taxes, financial expenses net of financial income, depreciation and amortization. The Adjusted EBITDA, or EBITDA from Continuing Operations, represents the EBITDA, excluding the effects related to discontinued operations that affected the Company's EBITDA. The Company uses Adjusted EBITDA, or EBITDA from Continuing Operations, as a non-accounting measure, in order to present its performance in a way that better translates the operating cash generation potential of its business.