

## Hypera Pharma reports Net Revenue of R\$7,914.7 million and Operating Cash Flow growth of 17.5% in 2023

São Paulo, March 13, 2024 – Hypera S.A. (“Hypera Pharma” or “Company”; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for 2023. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 2023 Highlights

- Net Revenue growth of 4.9% in 2023
- Conversion of 87.7% of EBITDA from Continuing Operations (Ex-Others) into Cash Flow from Operations in the year
- Highest ever recorded Cash Flow from Operations in 2023, up 17.5% versus 2022
- Interest on Equity approval of R\$779.1 million (R\$1.23/share) related to the 2023 fiscal year

Table 1

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	2022	% NR	2023	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,452.8	115.6%	2,174.8	117.8%	-11.3%	8,658.3	114.7%	9,150.2	115.6%	5.7%
Net Revenue	2,121.4	100.0%	1,846.9	100.0%	-12.9%	7,546.4	100.0%	7,914.7	100.0%	4.9%
Gross Profit	1,322.0	62.3%	1,146.4	62.1%	-13.3%	4,761.5	63.1%	4,995.5	63.1%	4.9%
SG&A (excl. Marketing and R&D)	(274.2)	-12.9%	(286.6)	-15.5%	4.5%	(965.5)	-12.8%	(1,108.0)	-14.0%	14.8%
Research & Development	(54.1)	-2.5%	(40.8)	-2.2%	-24.5%	(159.4)	-2.1%	(169.5)	-2.1%	6.3%
Marketing	(302.2)	-14.2%	(292.7)	-15.8%	-3.2%	(1,174.3)	-15.6%	(1,243.0)	-15.7%	5.9%
EBITDA from Continuing Operations (excl. Others)	756.5	35.7%	606.1	32.8%	-19.9%	2,654.2	35.2%	2,733.2	34.5%	3.0%
EBITDA from Continuing Operations	735.0	34.6%	580.7	31.4%	-21.0%	2,651.1	35.1%	2,756.1	34.8%	4.0%
Cash Flow from Operations	514.5	24.3%	792.0	42.9%	54.0%	2,038.8	27.0%	2,396.0	30.3%	17.5%

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## Operating Scenario

Hypera Pharma's Net Revenue grew by 4.9% in 2023 and reached R\$7,914.7 million, mainly due to the growth in sell-out<sup>1</sup> in the retail market. This growth was lower than the Company's initial expectations for the period and the main reason for not achieving the financial projections set for 2023.

The sell-out performance was negatively impacted by: (i) the reduction of approximately 3% in sales of medicines in the Flu, Respiratory, Pain and Fever<sup>2</sup> categories, which concentrate Hypera Pharma's important Power Brands<sup>3</sup> and represent around 1/3 of the sell-out, compared to just over 10% of total pharmaceutical retail sales, reflecting the highest temperatures in the last 60 years; and (ii) by the lower level of credit granted by distributors to their clients, which contributed negatively to the inventory replenishment at medium-sized chains and independent retailers, especially in 4Q23. The market's performance in 4Q23 was atypical, with a temporary and one-off slowdown.

**On the other hand, the Company's sell-out growth in categories not related to Flu, Respiratory, Pain and Fever was approximately 12%, especially those related to off-patented chronic and preventive treatments, such as Cardiology, Central Nervous System, Ophthalmology, Women's Health, Vitamins and Probiotics.**

**It is worth noting that these categories have been positively impacted by recent launches, and that Hypera Pharma has several projects in its innovation pipeline to strengthen its operations in chronic and preventive treatments, vitamins and probiotics, whose growth estimated by IQVIA for the next 5 years is higher than the average growth expected for the total pharmaceutical retail.**

As a result, sell-out growth reached 5.7% in 2023 and Hypera Pharma ended the year with 8.5% market-share<sup>4</sup> in pharmacies and distributors, compared to 8.8% in 2022. **It is important to mention that the Company preserved its market-share in the categories in which it operates, and that the year-on-year market-share variation is exclusively the result of the difference in the importance of the categories for the Company's sell-out and for the pharmaceutical retail sales (composition of Hypera Pharma's sales mix vs. the market sales mix).** In 4Q23, sell-out growth was 3.8%, or 2.0 percentage points lower than the market growth.

The slowdown in sell-out growth in 2H23 led the Company to reduce its sales in the retail market in 4Q23 with the aim of seeking greater alignment between the annual sell-out and the annual sales growth, in line with its strategy of keeping an appropriate level of finished products inventories at its clients, which has been underway since 2019. This move resulted in a 12.9% reduction in Net Revenue in 4Q23, when compared to the same period of previous year.

The Non-Retail performance was better than the Company's initial expectations for the year and is the result of the initiatives implemented by the new business unit created in 2021 to boost the growth of the current portfolio, the increase in sales teams and the greater product availability. Hypera Pharma also has an innovation pipeline to launch 98 products in Oncology, Specialties and Biologicals, in a potential market of approximately R\$16 billion, according to IQVIA.

The growth in Net Revenue and the discipline in managing costs and expenses during the pharmaceutical market growth slowdown in 2H23 allowed Hypera Pharma to preserve the operating profitability of its businesses and increase its operating cash generation.

The Company reached Gross Profit of R\$4,995.5 million and EBITDA from Continuing Operations of R\$2,756.1 million, with Gross Margin and EBITDA Margin in line with 2022. **Cash Flow from Operations grew 17.5% to R\$2,396.0 million, the highest level ever recorded by the Company, which contributed to the maintenance of Hypera Pharma's significant investments in its business sustainable growth and to shareholders remuneration.**

**Investments in research, development and innovation amounted to R\$618.1 million, versus R\$516.7 million invested in 2022, and exceeded R\$2.0 billion in the last 5 years, with more than 440 products launched in the same period, which contributed with R\$1,725.6 million to Net Revenue in 2023.**

*Note: (1) Sell-out PPP (Pharmacy Purchase Price), as reported by IQVIA, includes the average purchase price by pharmacies and chains; (2) according to IQVIA; (3) Power Brands are brands with +R\$100 million in sales; (4) according to IQVIA, excludes Therapeutic Class Z, Infant Formulas and MECE Diagnostic Tests Market*

**Investments in the purchase of fixed assets to increase production capacity amounted to R\$554.1 million this year, including the acquisition of the Boehringer Ingelheim manufacturing facilities in Itapecerica da Serra/SP and investments to support the Non-Retail growth, such as the new innovation center, the new pilot plant and the new oncology and biological manufacturing facilities.**

It was approved the payment of Interest on Equity of R\$194.8 million (R\$0.31/share) in 4Q23, totaling R\$779.1 million (R\$1.23/share) in Interest on Equity approved throughout the year related to the 2023 fiscal year, resulting in a dividend yield of 3.6%.

**Hypera Pharma was once again acknowledged for its medium and long-term sustainability practices and commitments.** The company has been included in the London Stock Exchange's **FTSE4Good Index Series** and B3's **IDIVERSA**, which recognizes companies that meet gender and race diversity criteria. In addition, Hypera Pharma was selected for the second consecutive year to be part of B3's **Corporate Sustainability Index** ("ISE") portfolio and to be part of the **S&P Global Sustainability Yearbook**, which brought together the 22 most sustainable companies in the world in the pharmaceutical sector in 2023.

**The Company also launched two substations to increase electricity availability to produce its products and reduce direct CO<sub>2</sub> emissions by almost 20% at its manufacturing complex located in Anápolis/GO.** With this initiative, Hypera Pharma is strengthening its energy infrastructure and its commitment to combating climate change.

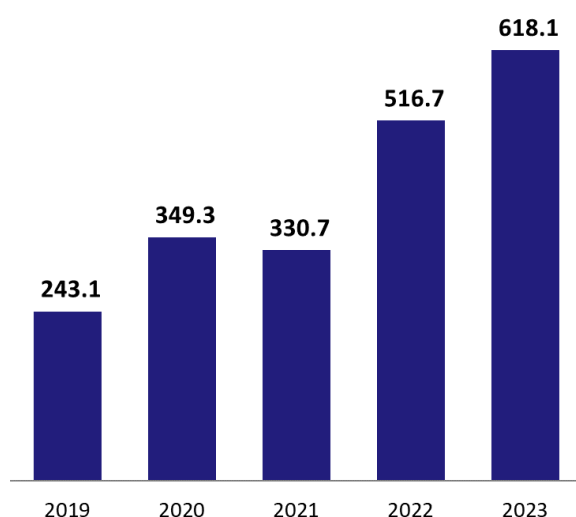
**Hypera Pharma has the key attributes to combine sustainable growth and profitability in the Brazilian pharmaceutical market. It is the only Company with a relevant footprint in all the retail market segments, present in almost 100% of points of sale with an irreplicable portfolio of leading brands, being 25 Power Brands, and with an innovation pipeline of more than 500 products to be launched in the coming years.**

**As a result, after analyzing the macroeconomic scenario and the dynamics of the segments in which it operates, the Company has published guidance for Net Revenue of around R\$8.6 billion, EBITDA from Continuing Operations of around R\$3.0 billion, and Net Income from Continuing Operations of around R\$1.85 billion.**

## Innovation & Launches

**Graph 1**

R&D Investments (R\$ million)<sup>1</sup>



Total R&D investments, including the amount capitalized as intangible assets, reached R\$618.1 million in 2023, or 19.6% higher than 2022, once again highlighting the Company's commitment to the constant innovation of its portfolio of products and the additional investments in R&D to develop the innovation pipeline to support the growth in Non-Retail.

The Freshness Index, corresponding to the percentage of Net Revenue from products launched in the last five years, was 24% in the 4Q23, compared to 23% in 4Q22.

In 2023, Hypera Pharma reinforced its portfolio of products with approximately 90 launches. In Prescription Products, the main highlights were the launches in Pain, Central Nervous System and Probiotics. In Consumer Health, the Company launched important brand extensions of its leading brands in Flu, Respiratory and Anti-Allergic categories.

In Skincare, the main highlights were the brand extensions in Sun Protection, Moisture, Antiaging and Skin Cleaning. In Similar and Generics, the Company made progress in its strategy to increase the coverage of molecules in the Central Nervous System, Cardiology and

Endocrinology, and in Non-Retail, the highlights included the launches of antibiotics and anesthetics.

**It's important to mention that the average growth of recent launches has exceeded the Company's expectations. The products launched in 2022 and 2023 contributed R\$694.5 million to the year's sales.**

*Note: (1) Considers the R&D expenses and the amount capitalized as intangible assets. Excludes the effect of the Lei do Bem and the R&D amortization.*

## Earnings Discussion

### Income Statement

Table 2

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	2022	% NR	2023	% NR	Δ %
<b>Net Revenue</b>	<b>2,121.4</b>	<b>100.0%</b>	<b>1,846.9</b>	<b>100.0%</b>	<b>-12.9%</b>	<b>7,546.4</b>	<b>100.0%</b>	<b>7,914.7</b>	<b>100.0%</b>	<b>4.9%</b>
<b>Gross Profit</b>	<b>1,322.0</b>	<b>62.3%</b>	<b>1,146.4</b>	<b>62.1%</b>	<b>-13.3%</b>	<b>4,761.5</b>	<b>63.1%</b>	<b>4,995.5</b>	<b>63.1%</b>	<b>4.9%</b>
Marketing Expenses	(302.2)	-14.2%	(292.7)	-15.8%	-3.2%	(1,174.3)	-15.6%	(1,243.0)	-15.7%	5.9%
Selling Expenses	(232.4)	-11.0%	(239.2)	-13.0%	2.9%	(810.4)	-10.7%	(929.4)	-11.7%	14.7%
General and Administrative Expenses	(95.9)	-4.5%	(88.2)	-4.8%	-8.0%	(314.5)	-4.2%	(348.1)	-4.4%	10.7%
Other Operating Revenues (Expenses)	(21.5)	-1.0%	(25.3)	-1.4%	17.7%	(3.0)	0.0%	22.9	0.3%	-
Equity in Subsidiaries	16.7	0.8%	11.1	0.6%	-33.8%	23.4	0.3%	19.9	0.3%	-15.0%
<b>EBIT from Continuing Operations</b>	<b>686.6</b>	<b>32.4%</b>	<b>512.0</b>	<b>27.7%</b>	<b>-25.4%</b>	<b>2,482.8</b>	<b>32.9%</b>	<b>2,517.8</b>	<b>31.8%</b>	<b>1.4%</b>
Net Financial Expenses	(245.8)	-11.6%	(218.8)	-11.8%	-11.0%	(871.6)	-11.6%	(1,008.3)	-12.7%	15.7%
Income Tax and CSLL	(9.1)	-0.4%	14.6	0.8%	-	95.3	1.3%	141.6	1.8%	48.5%
<b>Net Income (Loss) from Continuing Operations</b>	<b>431.7</b>	<b>20.4%</b>	<b>307.8</b>	<b>16.7%</b>	<b>-28.7%</b>	<b>1,706.5</b>	<b>22.6%</b>	<b>1,651.1</b>	<b>20.9%</b>	<b>-3.2%</b>
Net Income from Discontinued Operations	(2.2)	-0.1%	0.3	0.0%	-	(8.1)	-0.1%	(0.6)	0.0%	-93.0%
<b>Net Income (Loss)</b>	<b>429.6</b>	<b>20.2%</b>	<b>308.1</b>	<b>16.7%</b>	<b>-28.3%</b>	<b>1,698.4</b>	<b>22.5%</b>	<b>1,650.6</b>	<b>20.9%</b>	<b>-2.8%</b>
<b>EBITDA from Continuing Operations</b>	<b>735.0</b>	<b>34.6%</b>	<b>580.7</b>	<b>31.4%</b>	<b>-21.0%</b>	<b>2,651.1</b>	<b>35.1%</b>	<b>2,756.1</b>	<b>34.8%</b>	<b>4.0%</b>

## Net Revenue

**Graph 2**

### Gross Revenue, net of Returns and Unconditional Discounts (R\$ mm)

Δ 4Q23 vs 4Q22 -11.3%



**Graph 3**

### Gross Revenue, net of Returns and Unconditional Discounts (R\$ mm)

Δ 2023 vs 2022 5.7%



**Graph 4**

### Net Revenue (R\$ mm)

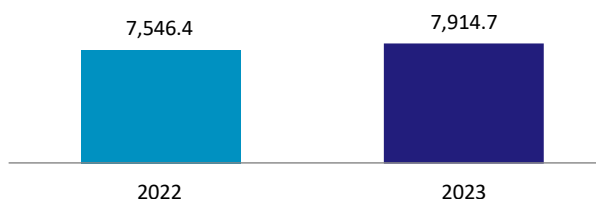
Δ 4Q23 vs 4Q22 -12.9%



**Graph 5**

### Net Revenue (R\$ mm)

Δ 2023 vs 2022 4.9%



**Table 3**

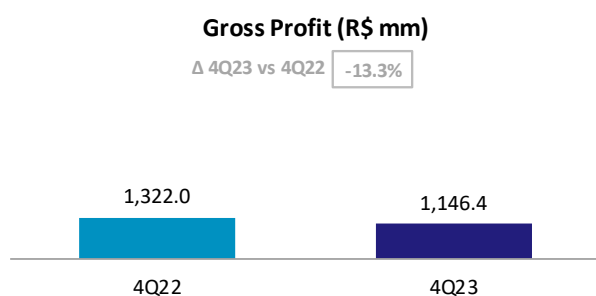
(R\$ million)	4Q22	4Q23	Δ %	2022	2023	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	2,452.8	2,174.8	-11.3%	8,658.3	9,150.2	5.7%
Promotional Discounts	(154.9)	(168.4)	8.8%	(492.5)	(591.7)	20.2%
Taxes	(176.6)	(159.4)	-9.7%	(619.5)	(643.9)	3.9%
Net Revenue	2,121.4	1,846.9	-12.9%	7,546.4	7,914.7	4.9%

Net Revenue reached R\$1,846.9 million in 4Q23, compared to R\$2,121.4 million in 4Q22. The variation in Net Revenue in 4Q23 is mainly a consequence of the 2H23 slowdown in sell-out growth, which led the Company to reduce its sales in the retail market in 4Q23 to seek greater alignment between the annual sell-out and the annual sales growth.

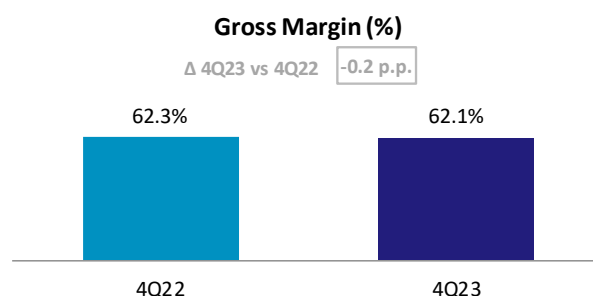
In 2023, Net Revenue grew by 4.9% to R\$7,914.7 million, mainly because of the sell-out growth in the retail market.

## Gross Profit

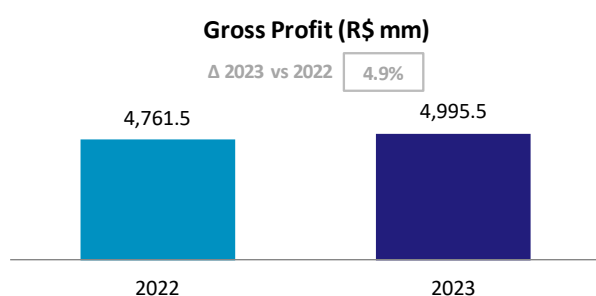
Graph 6



Graph 7



Graph 8



Graph 9

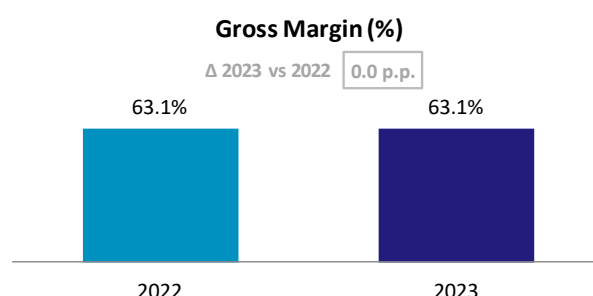


Table 4

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	Δ p.p.	2022	% NR	2023	% NR	Δ %	Δ p.p.
Gross Profit	1,322.0	62.3%	1,146.4	62.1%	-13.3%	-0.2 p.p.	4,761.5	63.1%	4,995.5	63.1%	4.9%	0.0 p.p.

Gross Profit reached R\$1,146.4 million in the quarter and R\$4,995.5 million in the year, with a Gross Margin of 62.1% and 63.1%, respectively. The maintenance of the Gross Margin levels in the year-on-year comparison, both in 4Q23 and 2023, is mainly the result of the impact of the price increases and the valuation of the Brazilian Real (BRL) against the US Dollar (USD), which offset the increase in raw material and processing costs in both periods.



## Marketing Expenses

Table 5

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	2022	% NR	2023	% NR	Δ %
Marketing Expenses	(302.2)	-14.2%	(292.7)	-15.8%	-3.2%	(1,174.3)	-15.6%	(1,243.0)	-15.7%	5.9%
Advertisement and Consumer Promotion	(88.0)	-4.1%	(81.9)	-4.4%	-6.9%	(350.1)	-4.6%	(356.0)	-4.5%	1.7%
Trade Deals	(54.6)	-2.6%	(60.9)	-3.3%	11.5%	(182.3)	-2.4%	(219.1)	-2.8%	20.2%
Medical Visits, Promotions and Others	(159.6)	-7.5%	(149.9)	-8.1%	-6.1%	(641.9)	-8.5%	(667.9)	-8.4%	4.1%

Marketing Expenses increased its share of Net Revenue by 1.6 percentage point in 4Q23, compared to the same period of previous year, because of the lower dilution of fixed marketing expenses due to lower sales to the retail market in the quarter.

In 2023, Marketing Expenses grew by 5.9% and represented 15.7% of Net Revenue, in line with 2022. The variation in Marketing Expenses in the period is the result of: (i) the higher investments in marketing at points of sale; (ii) the increase in medical visitation teams and free samples due to the recent launches of prescription products; and (iii) the reduction in expenses related to the Flu, Respiratory, Pain and Fever categories, whose performance was negatively affected by the lower number of flu cases in Brazil in 2023.

## Selling Expenses

Table 6

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	2022	% NR	2023	% NR	Δ %
Selling Expenses	(232.4)	-11.0%	(239.2)	-13.0%	2.9%	(810.4)	-10.7%	(929.4)	-11.7%	14.7%
Commercial Expenses	(132.1)	-6.2%	(150.1)	-8.1%	13.6%	(486.8)	-6.5%	(571.2)	-7.2%	17.3%
Freight and Logistics Expenses	(46.2)	-2.2%	(48.3)	-2.6%	4.5%	(164.2)	-2.2%	(188.7)	-2.4%	14.9%
Research & Development	(54.1)	-2.5%	(40.8)	-2.2%	-24.5%	(159.4)	-2.1%	(169.5)	-2.1%	6.3%

Selling Expenses increased its share of Net Revenue by 2.0 percentage points in 4Q23 and by 1.0 percentage point in 2023, compared to 4Q22 and 2022, respectively, mainly because of the lower dilution of fixed selling expenses due to the performance of Net Revenue below the Company's initial expectations for the quarter and the year.

Total investments in Research and Development (R&D), including the amount capitalized as an intangible asset, represented 7.8% of Net Revenue in the year, or 1.0 percentage point higher than 2022. In 4Q23, the benefit from Lei do Bem totaled R\$8.4 million, compared to R\$19.5 million in 4Q22.

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

Table 7

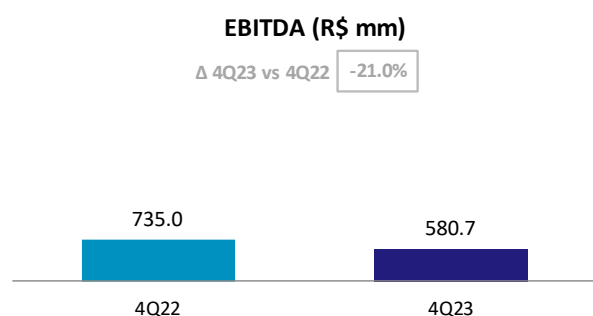
(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	2022	% NR	2023	% NR	Δ %
General & Administrative Expenses	(95.9)	-4.5%	(88.2)	-4.8%	-8.0%	(314.5)	-4.2%	(348.1)	-4.4%	10.7%
Other Operating Revenues (Expenses)	(21.5)	-1.0%	(25.3)	-1.4%	17.7%	(3.0)	0.0%	22.9	0.3%	-

General and Administrative Expenses increased its share of Net Revenue by 0.3 percentage point in 4Q23 and by 0.2 percentage point in the year, mainly reflecting the increase in the information technology and infrastructure expenses.

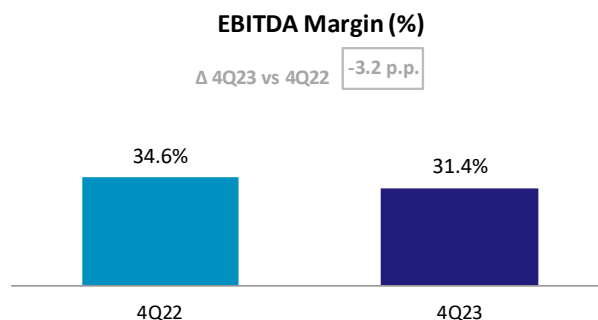


## EBITDA from Continuing Operations

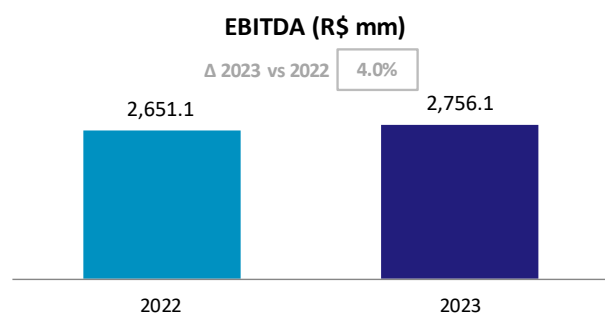
**Graph 10**



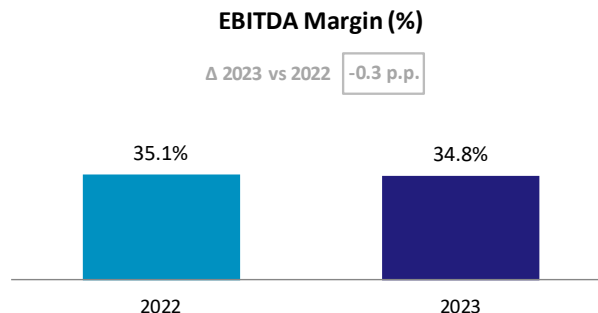
**Graph 11**



**Graph 12**



**Graph 13**



**Table 8 – EBITDA from Continuing Operations**

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	2022	% NR	2023	% NR	Δ %
EBITDA from Continuing Operations	735.0	34.6%	580.7	31.4%	-21.0%	2,651.1	35.1%	2,756.1	34.8%	4.0%
EBITDA from Continuing Operations (excl. Others)	756.5	35.7%	606.1	32.8%	-19.9%	2,654.2	35.2%	2,733.2	34.5%	3.0%

EBITDA from Continuing Operations, when excluding the contribution from Other Operating Revenues, was R\$606.1 million in 4Q23 and R\$2,733.2 million in the year, with EBITDA Margin of 32.8% and 34.5%, respectively.

The decrease in EBITDA Margin compared to 4Q22 reflects the lower dilution of operating expenses due to the sales reduction in the retail market in 4Q23, with the aim of seeking greater alignment between the annual sell-out and the annual sales growth. The EBITDA Margin variation in 2023 is mainly the result of the lower Selling Expenses dilution in the period.

## Net Financial Expenses

Table 9

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ R\$	2022	% NR	2023	% NR	Δ R\$
Financial Result	(245.8)	-11.6%	(218.8)	-11.8%	27.0	(871.6)	-11.6%	(1,008.3)	-12.7%	(136.7)
Net Interest Expenses	(219.9)	-10.4%	(192.3)	-10.4%	27.7	(735.3)	-9.7%	(881.6)	-11.1%	(146.4)
Cost of Hedge and FX Gains (Losses)	(7.1)	-0.3%	(1.4)	-0.1%	5.7	(45.5)	-0.6%	(28.3)	-0.4%	17.1
Other	(18.7)	-0.9%	(25.1)	-1.4%	(6.4)	(90.9)	-1.2%	(98.4)	-1.2%	(7.4)

The Financial Result presented a negative balance of R\$1,008.3 million in 2023, compared to R\$871.6 million in 2022. This variation is the result of the increase in interest expenses in the period, as a result of the increase in the Company's Net Debt and in the average Selic rate in the period.

## Net Income

Table 10

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	2022	% NR	2023	% NR	Δ %
EBIT from Continuing Operations	686.6	32.4%	512.0	27.7%	-25.4%	2,482.8	32.9%	2,517.8	31.8%	1.4%
(-) Net Financial Expenses	(245.8)	-11.6%	(218.8)	-11.8%	-11.0%	(871.6)	-11.6%	(1,008.3)	-12.7%	15.7%
(-) Income Tax and Social Contribution	(9.1)	-0.4%	14.6	0.8%	-	95.3	1.3%	141.6	1.8%	48.5%
<b>Net Income from Continuing Operations</b>	<b>431.7</b>	<b>20.4%</b>	<b>307.8</b>	<b>16.7%</b>	<b>-28.7%</b>	<b>1,706.5</b>	<b>22.6%</b>	<b>1,651.1</b>	<b>20.9%</b>	<b>-3.2%</b>
(+) Net Income from Discontinued Operations	(2.2)	-0.1%	0.3	0.0%	-	(8.1)	-0.1%	(0.6)	0.0%	-93.0%
<b>Net Income</b>	<b>429.6</b>	<b>20.2%</b>	<b>308.1</b>	<b>16.7%</b>	<b>-28.3%</b>	<b>1,698.4</b>	<b>22.5%</b>	<b>1,650.6</b>	<b>20.9%</b>	<b>-2.8%</b>
EPS	0.68	0.00	0.49	0.0%	-28.3%	2.68	0.00	2.61	0.0%	-2.9%
EPS from Continuing Operations	0.68	0.0%	0.48	0.0%	-29.0%	2.70	0.0%	2.61	0.0%	-3.3%

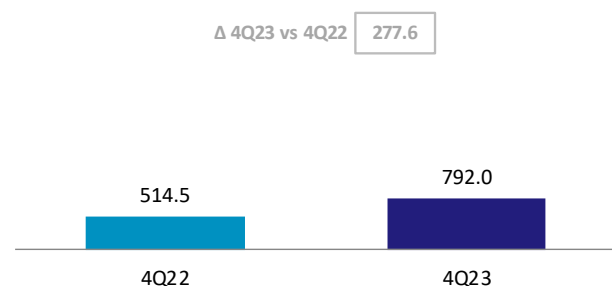
Net Income from Continuing Operations was R\$307.8 million in 4Q23 and R\$1,651.1 million in 2023. The variation in Net Income compared to 4Q22 is mainly a consequence of the decrease in EBIT from Continuing Operations, which was impacted by the reduction in sales in the retail market in the quarter with the aim of seeking greater alignment between the annual sell-out and the annual sales growth.

In the comparison with 2022, the variation in Net Income from Continuing Operations is the result of the growth in EBIT from Continuing Operations and the R\$136.7 million increase in Net Financial Expenses.

## Cash Flow (Continuing and Discontinued Operations)

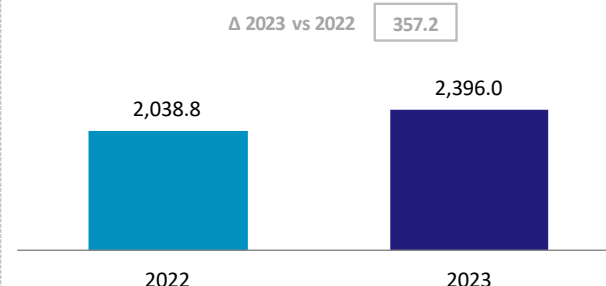
Graph 14

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



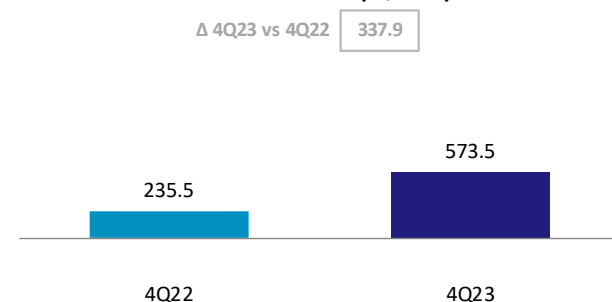
Graph 15

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



Graph 16

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



Graph 17

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

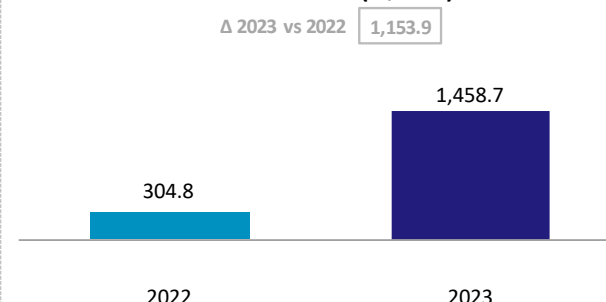


Table 11

(R\$ million)	4Q22	4Q23	2022	2023
Cash Flow from Operations	514.5	792.0	2,038.8	2,396.0
Capital increase in subsidiaries/associates	(3.8)	(3.7)	(14.7)	(10.8)
Dividends Received	2.5	3.5	2.5	3.5
Purchase of Property, Plant and Equipment	(176.3)	(117.0)	(515.5)	(460.2)
Purchase of Intangible Assets	(93.6)	(95.2)	(993.9)	(352.5)
Acquisitions of Subsidiaries, Net of Cash Acquired	(3.8)	(4.8)	(212.3)	(115.2)
Sale of Property, Plant and Equipment	(3.9)	(1.4)	(0.1)	(2.1)
<b>(=) Free Cash Flow</b>	<b>235.5</b>	<b>573.5</b>	<b>304.8</b>	<b>1,458.7</b>

Cash Flow from Operations was R\$792.0 million in the quarter and R\$2,396.0 million in the year, up 54.0% versus 4Q22 and 17.5% versus the previous year. In the year, the conversion of EBITDA from Continuing Operations, when excluding the contribution from Other Operating Revenues, into Cash Flow from Operations was 87.7%, compared to 76.9% in 2022, contributing to Hypera Pharma highest ever recorded Cash Flow from Operations.

The growth in Cash Flow from Operations, the investments in the purchase of fixed assets, including the acquisition of the Boehringer Ingelheim manufacturing facilities in Itapecerica da Serra/SP in 3Q23, and investments in research, development and innovation, resulted in a Free Cash Flow of R\$1,458.7 million in 2023. It is important to mention that the 2022 Free Cash Flow was impacted by the payments for the acquisitions of Sanofi brands and the know-how and site responsible for the production of the raw material related to scopolamine.

## Net Debt

Table 12

(R\$ million)	3Q23	4Q23
Loans and Financing	(9,839.3)	(9,937.8)
Notes Payable	(29.8)	(24.1)
<b>Gross Debt</b>	<b>(9,869.2)</b>	<b>(9,961.8)</b>
Cash and Cash Equivalents	2,218.4	2,580.9
<b>Net Cash / (Debt)</b>	<b>(7,650.8)</b>	<b>(7,380.9)</b>
Unrealized Gain/Loss on Debt Hedge	1.8	(27.8)
<b>Net Cash / (Debt) After Hedge</b>	<b>(7,649.0)</b>	<b>(7,408.7)</b>

The Company ended 2023 with Net Debt after Hedge of R\$7,408.7 million, compared to R\$7,649.0 million at the end of 3Q23, mainly because of the cash generation in the quarter.

## Other Information

### Cash Conversion Cycle – Continuing Operations

Table 13

(Days)	4Q22	1Q23	2Q23	3Q23	4Q23
Receivables <sup>(1)</sup>	98	112	99	111	116
Inventories <sup>(2)</sup>	247	352	252	253	282
Payables <sup>(2)(3)</sup>	(147)	(184)	(117)	(110)	(108)
<b>Cash Conversion Cycle</b>	<b>198</b>	<b>281</b>	<b>234</b>	<b>254</b>	<b>290</b>

(R\$ million)	4Q22	1Q23	2Q23	3Q23	4Q23
Receivables	2,532	2,320	2,691	2,896	2,642
Inventories	2,196	2,394	2,302	2,207	2,192
Payables <sup>(3)</sup>	(1,310)	(1,248)	(1,072)	(957)	(838)
<b>Working Capital</b>	<b>3,418</b>	<b>3,466</b>	<b>3,921</b>	<b>4,146</b>	<b>3,996</b>
<b>% of Annualized Net Revenue <sup>(4)</sup></b>	<b>40%</b>	<b>51%</b>	<b>44%</b>	<b>48%</b>	<b>54%</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 Net Revenue for the last 3 months

### Tax Credits that offset Income Tax cash payment

i) **Federal Recoverable Taxes:** R\$482.5 million (please refer to Explanatory Note 13 of the Financial Statements)

ii) **Cash effect of Income Tax and Social Contribution Losses Carryforward:** R\$3,221.5 million (please refer to Explanatory Note 21(a) of the Financial Statements)

iii) **Goodwill:** the Company has R\$1,791.4 million in goodwill to be amortized for tax purposes until August 2026, which will generate a reduction in cash disbursement for the payment of Income Taxes of R\$609.1 million

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

Table 14

(R\$ million)	4Q22	% NR	4Q23	% NR	Δ %	2022	% NR	2023	% NR	Δ %
Net Income	429.6	20.2%	308.1	16.7%	-28.3%	1,698.4	22.5%	1,650.6	20.9%	-2.8%
(+) Income Tax and CSLL	7.6	0.4%	(14.1)	-0.8%	-	(100.6)	-1.3%	(143.6)	-1.8%	42.7%
(+) Net Interest Expenses	245.8	11.6%	218.8	11.8%	-11.0%	871.6	11.6%	1,008.3	12.7%	15.7%
(+) Depreciations / Amortizations	49.1	2.3%	68.7	3.7%	40.1%	169.1	2.2%	238.3	3.0%	40.9%
<b>EBITDA</b>	<b>732.0</b>	<b>34.5%</b>	<b>581.4</b>	<b>31.5%</b>	<b>-20.6%</b>	<b>2,638.6</b>	<b>35.0%</b>	<b>2,753.6</b>	<b>34.8%</b>	<b>4.4%</b>
(-) EBITDA from Discontinued Operations	3.0	0.1%	(0.7)	0.0%	-	12.6	0.2%	2.5	0.0%	-80.2%
<b>Adjusted EBITDA (EBITDA from Continuing Operations)</b>	<b>735.0</b>	<b>34.6%</b>	<b>580.7</b>	<b>31.4%</b>	<b>-21.0%</b>	<b>2,651.1</b>	<b>35.1%</b>	<b>2,756.1</b>	<b>34.8%</b>	<b>4.0%</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, 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

	4Q22	4Q23	2022	2023
<b>Net Revenue</b>	<b>2,121,394</b>	<b>1,846,925</b>	<b>7,546,355</b>	<b>7,914,658</b>
Cost of Goods Sold	(799,441)	(700,503)	(2,784,831)	(2,919,114)
<b>Gross Profit</b>	<b>1,321,953</b>	<b>1,146,422</b>	<b>4,761,524</b>	<b>4,995,544</b>
Selling and Marketing Expenses	(534,640)	(531,922)	(1,984,715)	(2,172,415)
General and Administrative Expenses	(95,914)	(88,215)	(314,460)	(348,121)
Other Operating Revenues (Expenses)	(21,499)	(25,315)	(3,009)	22,910
Equity in Subsidiaries	16,723	11,064	23,411	19,893
<b>Operating Income Before Equity Income and Financial Result</b>	<b>686,623</b>	<b>512,034</b>	<b>2,482,751</b>	<b>2,517,811</b>
Net Financial Expenses	(245,784)	(218,755)	(871,647)	(1,008,336)
Financial Expenses	(317,952)	(281,998)	(1,122,687)	(1,255,941)
Financial Income	72,168	63,243	251,040	247,605
<b>Profit Before Income Tax and Social Contribution</b>	<b>440,839</b>	<b>293,279</b>	<b>1,611,104</b>	<b>1,509,475</b>
Income Tax and Social Contribution	(9,104)	14,561	95,348	141,638
<b>Net Income from Continuing Operations</b>	<b>431,735</b>	<b>307,840</b>	<b>1,706,452</b>	<b>1,651,113</b>
Net Income from Discontinued Operations	(2,184)	279	(8,053)	(563)
<b>Income for the Period</b>	<b>429,551</b>	<b>308,119</b>	<b>1,698,399</b>	<b>1,650,550</b>
<b>Earnings per Share – R\$</b>	<b>0.68</b>	<b>0.49</b>	<b>2.68</b>	<b>2.61</b>



## Consolidated Balance Sheet (R\$ thousand)

Table 16

Assets	12/31/2022	12/31/2023	Liabilities and Shareholders' Equity	12/31/2022	12/31/2023
<b>Current Assets</b>	<b>8,530,120</b>	<b>8,077,766</b>	<b>Current Liabilities</b>	<b>5,225,194</b>	<b>4,644,236</b>
Cash and Cash Equivalents	2,862,473	2,580,893	Suppliers	421,501	389,667
Accounts Receivables	2,531,789	2,642,146	Assignment of Receivables	888,150	448,307
Inventories	2,195,982	2,191,731	Loans, Financing and Debentures	2,230,678	2,120,539
Recoverable Taxes	532,564	446,514	Salaries Payable	378,933	442,286
Financial Derivatives	10,303	295	Income Tax and Social Contribution	6,389	3,759
Other Assets	391,058	211,392	Taxes Payable	70,861	86,565
Dividends and IOC receivables	5,951	4,795	Accounts Payable	431,239	418,705
			Dividends and IOC Payable	677,773	696,966
			Notes Payable	68,079	20,457
			Financial Derivatives	51,591	16,985
<b>Non-Current Assets</b>	<b>15,225,513</b>	<b>16,430,985</b>	<b>Non-Current Liabilities</b>	<b>7,874,998</b>	<b>8,346,642</b>
<b>Long Term Assets</b>	<b>1,159,417</b>	<b>1,317,883</b>	Loans, Financing and Debentures	7,376,881	7,817,240
Deferred Income Tax and Social Contribution	603,170	869,524	Deferred Income Tax and Social Contribution	206,378	175,752
Recoverable Taxes	344,013	222,666	Taxes Payable	4,179	2,805
Other Assets	188,109	213,845	Accounts Payable	128,966	180,905
Financial Derivatives	24,125	11,848	Provisions for Contingencies	153,256	127,553
			Notes Payable	5,331	3,600
			Financial Derivatives	7	38,787
<b>Fixed Assets and Investments</b>	<b>14,066,096</b>	<b>15,113,102</b>	<b>Shareholders' Equity</b>	<b>10,655,441</b>	<b>11,517,873</b>
Investments	131,717	120,639	Capital	4,478,126	4,478,126
Investment Properties	19,568	0	Capital Reserve	1,232,710	1,190,071
Biological Assets	4,799	12,583	Equity Valuation Adjustments	(244,191)	(278,927)
Property, Plants and Equipments	2,814,540	3,548,040	Profit Reserves	5,266,249	6,135,131
Intangible Assets	11,095,472	11,431,840	Treasury Stock	(87,134)	(20,277)
			Attributed to non-controlling shareholders	9,681	13,749
<b>Total Assets</b>	<b>23,755,633</b>	<b>24,508,751</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>23,755,633</b>	<b>24,508,751</b>

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

Table 17

	4Q22	4Q23	2022	2023
<b>Cash Flows from Operating Activities</b>				
Income (Loss) Before Income Taxes including Discontinued Operations	437,162	293,970	1,597,822	1,506,986
Depreciation and Amortization	49,055	68,703	169,101	238,312
Asset Impairment	27,325	40,002	15,763	37,014
Gain on Permanent Asset Disposals	(2,332)	(1,592)	61,146	43,665
Equity Method	(16,622)	(10,504)	(22,927)	(20,035)
Foreign Exchange (Gains) Losses	7,104	1,370	45,416	28,337
Net Interest and Related Revenue/Expenses	238,679	217,385	826,200	979,999
Expenses Related to Share Based Remuneration	6,177	16,678	24,875	46,196
Provisions and Others	(8,745)	46,310	8,607	(25,939)
<b>Adjusted Results</b>	<b>737,803</b>	<b>672,322</b>	<b>2,726,003</b>	<b>2,834,535</b>
<b>Decrease (Increase) in Assets</b>	<b>(321,005)</b>	<b>337,353</b>	<b>(1,239,518)</b>	<b>160,562</b>
Trade Accounts Receivable	(293,505)	265,301	(471,365)	(116,421)
Inventories	(204,636)	(4,345)	(961,655)	(90,970)
Recoverable Taxes	120,027	25,446	195,360	154,768
Judicial Deposits and Others	2,523	1,238	(15,037)	8,532
Other Accounts Receivable	54,586	49,713	13,179	204,653
<b>Increase (Decrease) in Liabilities</b>	<b>97,655</b>	<b>(217,657)</b>	<b>552,308</b>	<b>(599,104)</b>
Suppliers	(32,330)	82,568	91,673	(10,980)
Assignment of Receivables	172,998	(195,521)	419,595	(420,151)
Financial Derivatives	(7,523)	(19,092)	(115,662)	(86,620)
Income Tax and Social Contribution Paid	(4,920)	(1,342)	(5,950)	(4,132)
Taxes Payable	(4,587)	(14,534)	336	16,288
Salaries and Payroll Charges	(2,590)	(37,875)	91,066	8,499
Accounts Payable	(10,021)	(36,852)	18,190	(120,118)
Operations Interest Paid	(10,918)	8,515	45,262	33,248
Other Accounts Payable	(2,454)	(3,524)	7,798	(15,138)
<b>Net Cash Provided by Operating Activities</b>	<b>514,453</b>	<b>792,018</b>	<b>2,038,793</b>	<b>2,395,993</b>
<b>Cash Flows from Investing Activities</b>				
Capital Increase/Decrease in Subsidiaries/Affiliates	(3,847)	(3,708)	(14,673)	(10,812)
Acquisitions of Subsidiaries, Net of Cash Acquired	(3,804)	(4,755)	(212,267)	(115,184)
Acquisitions of Property, Plant and Equipment	(176,287)	(117,027)	(515,548)	(460,183)
Intangible Assets	(93,618)	(95,191)	(993,908)	(352,530)
Proceeds from the Sale of Assets with Permanent Nature	(3,885)	(1,364)	(139)	(2,065)
Interest and Others	42,536	38,869	140,294	146,108
Dividends Received	2,533	3,478	2,533	3,478
Investment Hedge	0	0	(148,629)	0
<b>Net Cash From Investing Activities</b>	<b>(236,372)</b>	<b>(179,698)</b>	<b>(1,742,337)</b>	<b>(791,188)</b>
<b>Cash Flows from Financing Activities</b>				
Inflow from Loans and Financing	762,144	865,883	2,419,817	2,221,882
Treasury Stock Purchase / Sale	(38,466)	6,429	(2,694)	(48,968)
Repayment of Loans - Principal	(37,243)	(713,629)	(409,551)	(1,925,175)
Repayment of Loans - Interest	(267,446)	(378,865)	(867,238)	(1,306,450)
Dividends and IOC Paid	(51,146)	(27,839)	(806,208)	(759,885)
Loan Derivatives	(2,356)	(1,807)	(55,171)	(67,789)
<b>Net Cash From Financing Activities</b>	<b>365,487</b>	<b>(249,828)</b>	<b>278,955</b>	<b>(1,886,385)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>643,568</b>	<b>362,492</b>	<b>575,411</b>	<b>(281,580)</b>
<b>Statement of Increase in Cash and Cash Equivalents, Net</b>				
Cash and Cash Equivalents at the Beginning of the Period	2,218,905	2,218,401	2,287,062	2,862,473
Cash and Cash Equivalents at the End of the Period	2,862,473	2,580,893	2,862,473	2,580,893
<b>Change in Cash and Cash Equivalent</b>	<b>643,568</b>	<b>362,492</b>	<b>575,411</b>	<b>(281,580)</b>