

1H24 Results



Eurofarma, a multinational pharmaceutical company with Brazilian capital, present in **24 countries**, announces its results for the second quarter and first half of 2024.

The financial data provided in this document originates from the consolidated financial statements prepared in accordance with:

Standards		Issued by
CPC	Accounting Pronouncements Committee	IASB International Accounting Standards Board
IFRS	International Financial Reporting Standards	

Highlights | Consolidated Financial Indicators

Highlights (R\$ million)	2Q24	2Q23	Δ%	1H24	1H23	Δ%
Net Revenue	2,353.2	1,908.2	23.3%	5,183.8	4,339.1	19.5%
Gross Profit	1,496.9	1,226.6	22.0%	3,383.1	2,862.5	18.2%
Gross Margin	63.6%	64.3%	-0.7 p.p.	65.3%	66.0%	-0.7 p.p.
Expenses	(1,506.0)	(1,209.5)	24.5%	(2,816.3)	(2,225.6)	26.5%
% Net Revenue	64.0%	63.4%	0.6 p.p.	54.3%	51.3%	3.0 p.p.
R&D¹	178.2	133.2	33.8%	332.2	247.4	34.3%
EBITDA	72.5	100.3	-27.8%	742.3	787.9	-5.8%
EBITDA Margin	3.1%	5.3%	-2.2 p.p.	14.3%	18.2%	-3.8 p.p.
Adjusted EBITDA²	252.1	226.1	11.5%	1,064.1	1,024.3	3.9%
Adjusted EBITDA Margin	10.7%	11.8%	-1.1 p.p.	20.5%	23.6%	-3.1 p.p.
Net Income	(116.3)	(99.0)	17.4%	60.3	252.0	-76.1%
Net Margin	(4.9%)	(5.2%)	0.2 p.p.	1.2%	5.8%	-4.6 p.p.
Operating Cash Flow (OCF)	388.2	319.1	21.7%	917.8	636.3	44.2%

¹Includes the amount capitalized as intangible assets

²Adjusted by R&D

Executive Summary¹



In the first half of 2024, Eurofarma presented:

growth of
19% in net revenue

totaling
R\$5.2 billion

and Adjusted EBITDA of
R\$1.1 billion

with adjusted EBITDA margin of
21%

In the second quarter of 2024, Eurofarma continued to consolidate its operations in Latin America, advancing with important steps in Central America and the Caribbean. According to the June 2024 Close-up YTD audit, the Company maintained its leadership in drug prescription with a 9.6% market share in Brazil; and 4.5% in Latin America; remaining among the pharmaceutical companies with regional leadership.

During the period, Eurofarma completed the transaction for the acquisition of Sanofi products in the Caribbean region, more specifically Jamaica and Trinidad and Tobago, expanding its operations to a total of 21 countries in Latin America, in addition to its presence in Africa and the United States.

In June, the Company announced the relaunch of the Genfar brand in Central America, which was absent from the region between 2019 and 2023, a period that preceded the acquisition by Eurofarma. The brand is returning initially in Guatemala, Panama, Costa Rica and Honduras, with the aim of continuing to offer medications to millions of people in the region. The move is related to the strategic objective of making Genfar the generic brand of Eurofarma for all of Latin America, with the exception of the Brazilian market, where the Eurofarma brand is also consolidated in the generic segment.

Regarding Brazil, Eurofarma maintained its pioneering spirit by being the first pharmaceutical company to launch packaging with a QR Code, which gives users an information panel, access to the website and a digital version of the package leaflet to read and listen to. More modern, the new packaging focuses on experience and accessibility in both retail and institutional medicines in the Prescription, Generics, Oncology and Hospital lines. The new packaging started to arrive at pharmacies and distribution centers across the country in the last quarter. In total, Eurofarma has 3.7 thousand SKUs in the market and annually produces more than 570 million units of medications.

¹ The non-financial data included in this report, such as the *market share*, among others, are non-accounting measurements and have not been reviewed by the independent auditors.

On the sustainability front, in April, Eurofarma celebrated 18 years of the Eurofarma Institute, dedicated to transforming lives through education, to prepare, support and improve the potential of children and young people in a context of social vulnerability. With three headquarters and projects with third parties, IE has a complete infrastructure, technical and pedagogical partnerships with reference institutions such as Albert Einstein, Zerbini Foundation, Senac and Senai.

With the belief that each individual can be the protagonist of their journey, throughout their trajectory, Instituto Eurofarma has already carried out more than 155 thousand services and has already invested more than R\$170 million in social projects.

Net Revenue

In 2Q24, Eurofarma² was one of the most prescribed laboratories in Latin America, with a 4.5%³ market share, a reflection of the consolidation of the Eurofarma brand in the Latin American market and the recognition of the quality and innovation of the products by health professionals. In Brazil, the Company continues to lead the prescription segment with a 9.6%⁴ of market share. According to IQVIA demand data (YTD, Jun/24), in 2Q24, Eurofarma was the runner-up in prescriptions and generics, achieving market share of 6.3% and 13.7%, respectively.

In the second quarter of 2024, consolidated net revenue was R\$2.4 billion, an increase of 23% compared to 2Q23, mainly influenced by the performance of the prescription and generics units; and by the performance of operations outside Brazil, which were also positively impacted by the acquisition of Genfar, adding R\$255.3 million to net revenue for the quarter.

Net revenue from Brazilian operations was R\$1.6 billion in 2Q24, 11% higher than the same period in 2023. Net revenue from operations outside Brazil grew 67% to R\$718 million, with Central America, Mexico, Colombia, Peru and Ecuador standing out. Operations outside Brazil accounted for 31% of consolidated net revenue; an increase of 8.0 p.p. compared to 2Q23. Operations of Genfar in Colombia, Ecuador and Peru accounted for 36% of total net revenue outside Brazil.

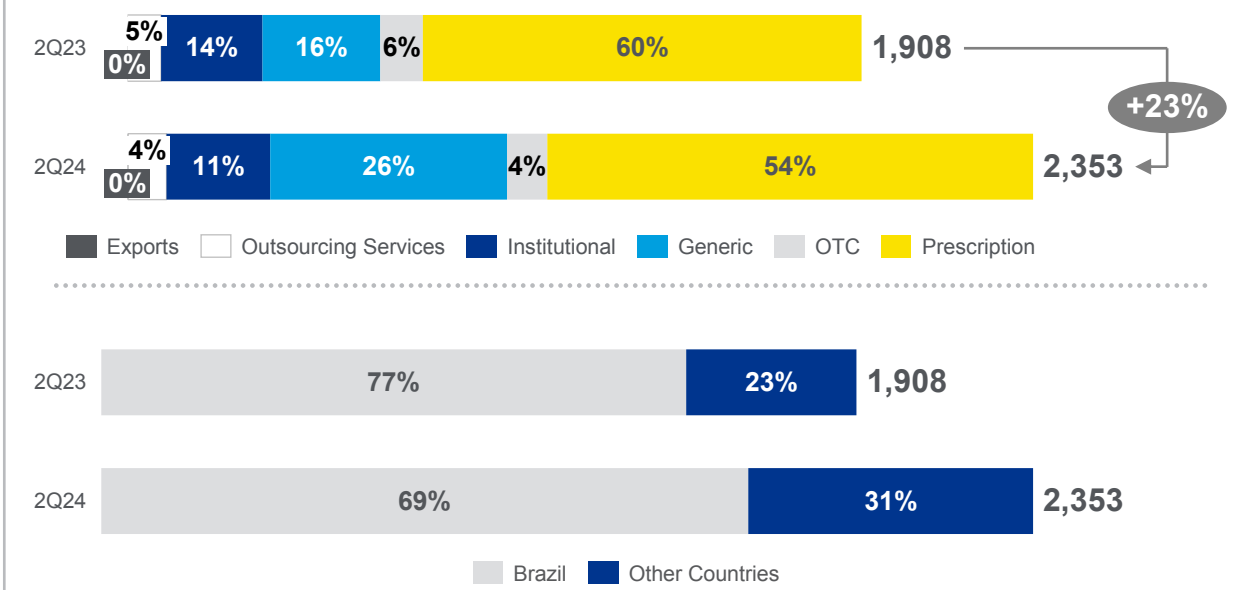
²Eurofarma Corp (Eurofarma + Momenta + Supera + Genfar).

³Close-Up Survey YTD Jun/24 (includes Brazil. Uruguay, Bolivia and Venezuela May/24).

⁴Close-Up Survey YTD Jun/24.

Net Revenue – Business Unit

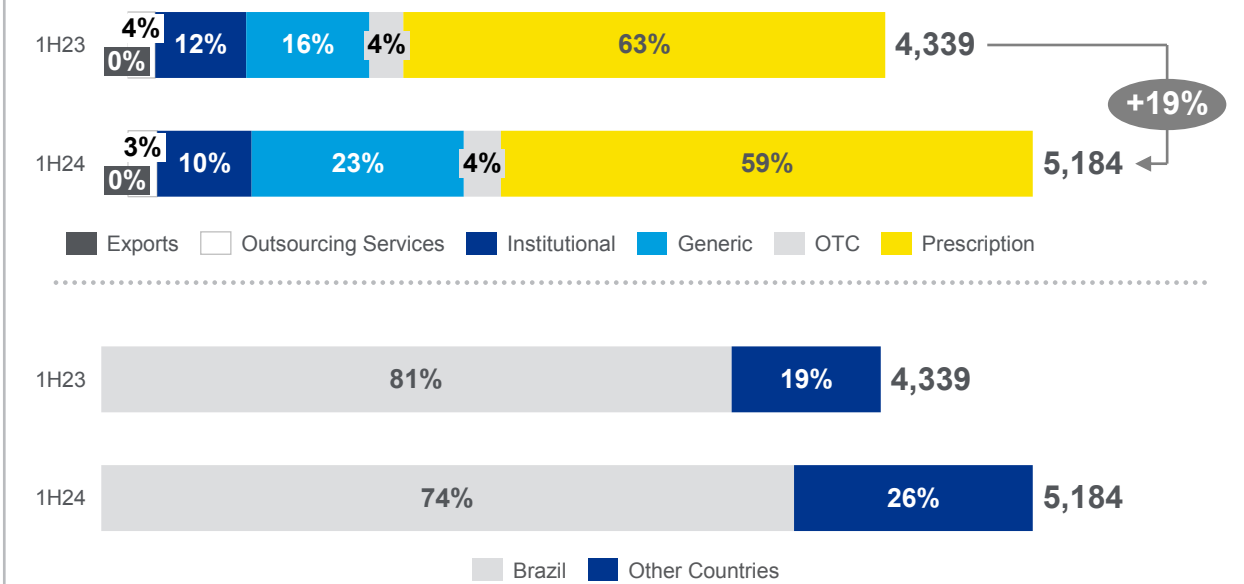
(R\$ million)



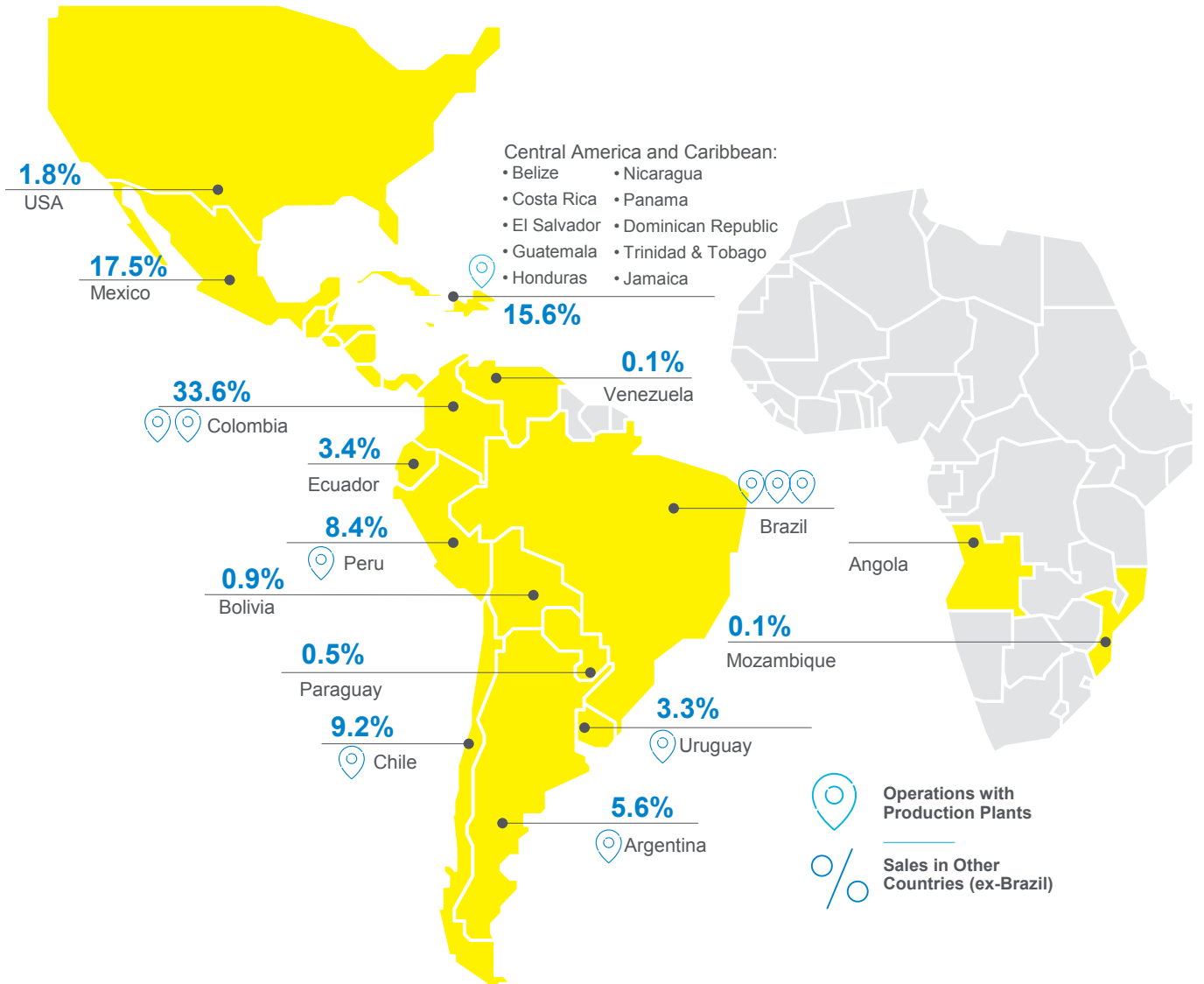
In the year-to-date of 2024, the consolidated net revenue grew 19% compared to 1H23, totaling R\$5.2 billion. Genfar added R\$470.4 million to the net revenue for the semester. In 1H24, the net revenue from operations outside Brazil grew by 60%, totaling R\$1.3 billion, representing 26% of Eurofarma's consolidated net revenue; an increase of 6.5 percentage points compared to 1H23. Specifically, 35% of this international revenue stemmed from Genfar's operations in Colombia, Ecuador, and Peru.

Net Revenue – Business Unit

(R\$ million)



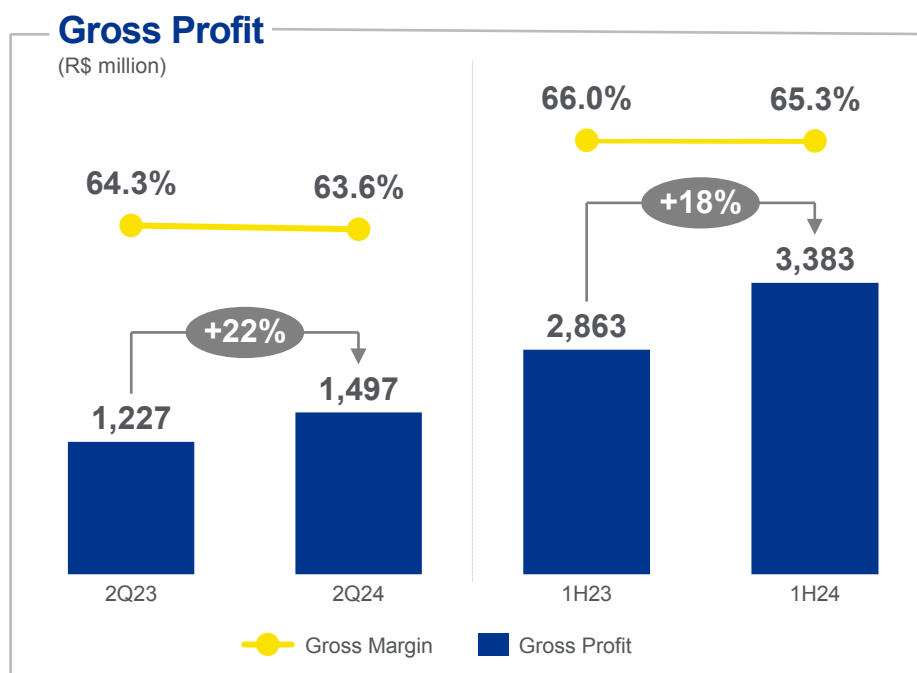
Net Revenue | Share of Sales by Country 1H24



Gross Profit

Gross profit in 2Q24 was R\$1.5 billion, an increase of 22% compared to 2Q23, with a gross margin of 63.6%, mainly due to the mix of products sold, with the generics unit having a greater share due to the acquisition of Genfar.

In 1H24, gross profit was 18% higher than in the first half of the previous year and amounted to R\$3.4 billion with a gross margin of 65.3%, a decrease of 0.7 p.p.



Operating Expenses

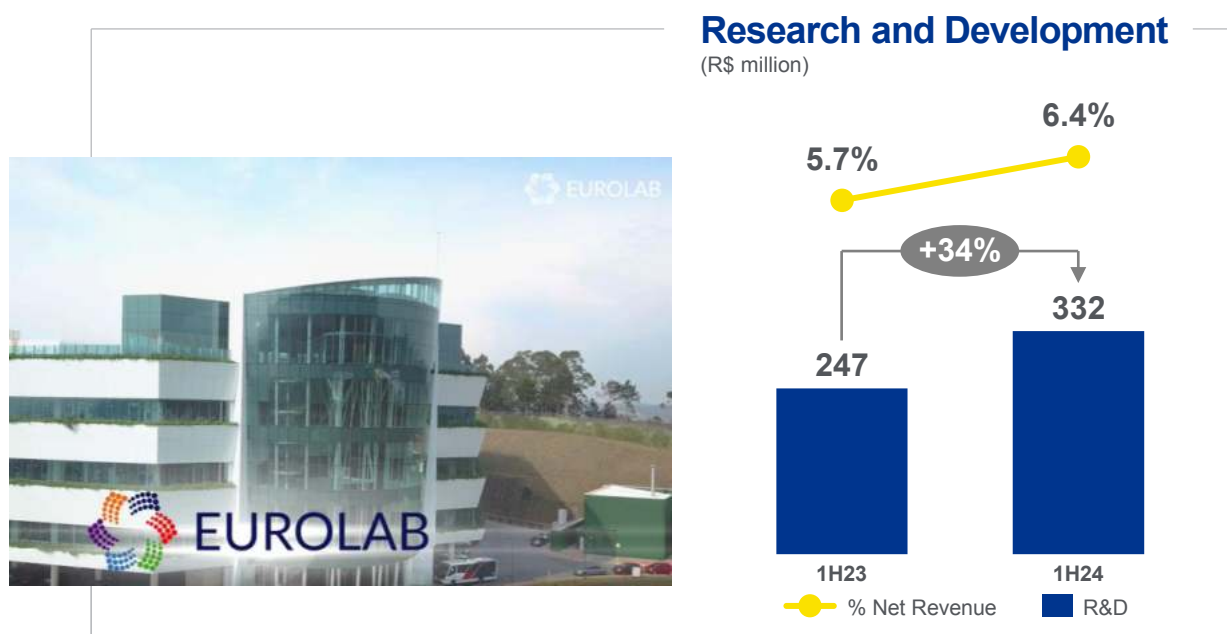
Expenses (R\$ million)	2Q24	% NR	2Q23	% NR	Δ%	1H24	% NR	1H23	% NR	Δ%
Total Expenses	(1,506)	-64%	(1,209)	-63%	24.5%	(2,816)	-54%	(2,226)	-51%	26.5%
Selling expenses	(1,062)	-45%	(857)	-45%	23.9%	(1,980)	-38%	(1,588)	-37%	24.7%
Administrative expenses	(429)	-18%	(359)	-19%	19.6%	(820)	-16%	(652)	-15%	25.9%
Impairment loss on accounts receivable	(36)	-2%	(0)	0%	-	(44)	-1%	(4)	0%	952.8%
Other revenues (expenses)	21	1%	7	0%	223.4%	28	1%	18	0%	51.9%

Operating expenses totaled R\$1.5 billion in 2Q24, 25% higher than in 2Q23, representing 64% of net revenue for the period, explained by the expansion of the sales force in Brazil and in the other countries in 2023, the increase in research and development expenses, the acquisition of Genfar in September 2023 and the impact of the judicial recovery of some clients. In 1H24, operating expenses reached R\$2.8 billion, 27% higher than 1H23, representing 54% of the net revenue for the period.

Innovation

Maintaining its pioneering spirit and the certainty that innovation is essential for growth, Eurofarma operates both in research and development and in open innovation with initiatives in (i) generics and similar products; (ii) incremental products; (iii) licenses to incorporate new products and new technologies; (iv) discovery of new molecules; and (v) Eurofarma Ventures, its own biotech fund, which operates at a very early stage of disruptive products and assets.

In the first half of 2024, total investments in R&D, including the amount capitalized as intangible assets, amounted to R\$332.2 million, 34% higher than in the same period of 2023, representing 6.4% of net revenue for the period.



In 2024, there were 75 product launches in Brazil and 127 placements in operations in other countries.

EBITDA and Adjusted EBITDA⁵

In 2Q24, EBITDA was 28% lower than in the same period in 2023 and reached R\$72 million. EBITDA adjusted for research and development expenses was R\$252 million, 11% higher than 2Q23, with an adjusted⁶ EBITDA margin of 11%, a decline of 1.1 p.p., which can be explained by the elevated level of expenses.

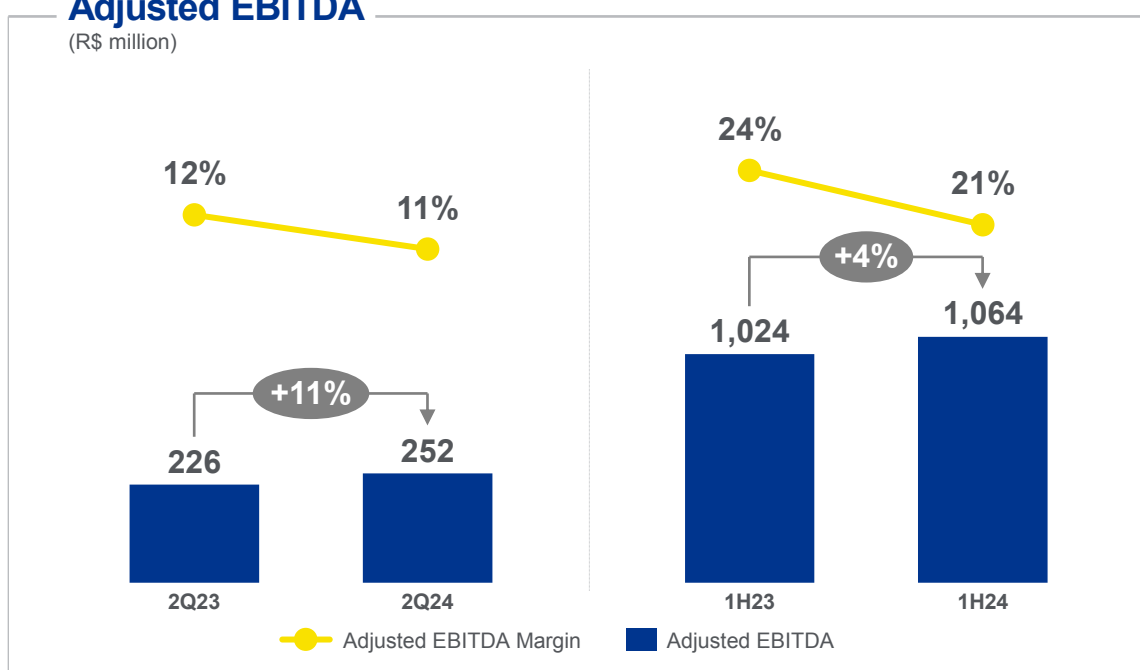
EBITDA adjusted for research and development expenses in 1H24 totaled R\$1.1 billion, an increase of 4% compared to the same period in 2023, with an adjusted EBITDA margin of 21%, a decrease of 3.1 p.p. explained mainly by the higher level of expenses resulting from the expansion of the sales force and the impact of the judicial recovery of some clients.

⁵ EBITDA and Adjusted EBITDA represent non-accounting (unrevised) metrics formulated by the Company. They comprise net income for the period, inclusive of income taxes, net financial expenses, financial income, depreciation, and amortization.

⁶ The adjusted EBITDA margin is calculated by dividing adjusted EBITDA by net revenue (Non-GAAP), accounting for R&D expenses

Adjusted EBITDA

(R\$ million)



EBITDA Reconciliation (R\$ million)	2Q24	2Q23	Δ%	1H24	1H23	Δ%
Net income	(116.3)	(99.0)	17.4%	60.3	252.0	-76.1%
Income tax and CSSL	(91.3)	(39.8)	129.2%	45.8	97.4	-53.0%
Net financial result	197.8	154.2	28.2%	459.1	284.6	61.3%
Depreciation and amortization	82.3	84.9	-3.1%	177.0	154.0	15.0%
EBITDA	72.5	100.3	-27.8%	742.3	787.9	-5.8%
EBITDA Margin	3.1%	5.3%	-2.2 p.p.	14.3%	18.2%	-3.8 p.p.
R&D Expenses	179.7	125.8	42.8%	321.8	236.4	36.1%
Adjusted EBITDA	252.1	226.1	11.5%	1,064.1	1,024.3	3.9%
Adjusted EBITDA Margin	10.7%	11.8%	-1.1 p.p.	20.5%	23.6%	-3.1 p.p.

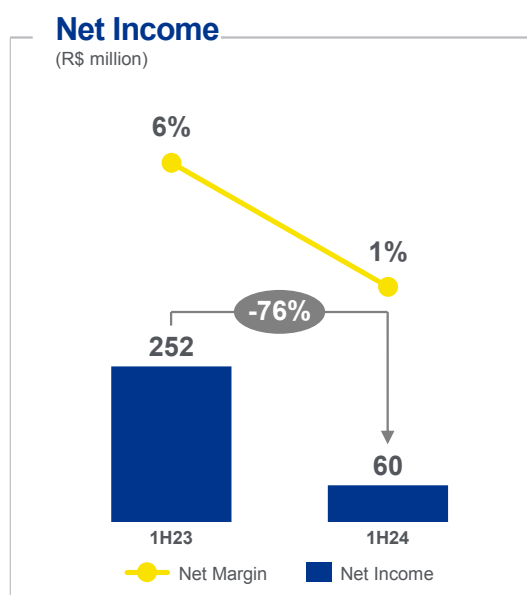
Financial Result

The net financial result for 2Q24 was an expense of R\$198 million compared to an expense of R\$154 million in 2Q23. In 1H24, the financial result was an expense of R\$459 million, explained by higher interest expenses due to the increase in the company's indebtedness.

Financial Result (R\$ million)	2Q24	2Q23	Δ%	1H24	1H23	Δ%
Net Financial Result	(197.8)	(154.2)	28.2%	(459.1)	(284.6)	61.3%
Financial Revenue	245.1	194.9	25.8%	304.8	248.4	22.7%
Financial Expenses	(442.9)	(349.2)	26.9%	(763.9)	(533.0)	43.3%

Net income

As a result of the factors explained above, net income for 1H24 reached R\$60 million, with a net margin of 1.2%.



Indebtedness

Indebtedness (R\$ million)	Jun-24	Mar-24	Δ%
Gross Debt	8,470.6	8,547.6	-0.9%
Short term	1,168.1	2,154.1	-45.8%
Long term	7,302.5	6,393.5	14.2%
Cash and Cash Equivalents	1,815.6	2,064.0	-12.0%
Net Debt	6,655.0	6,483.6	2.6%
EBITDA (LTM)	1,711.4	1,739.3	-1.6%
Net Debt / EBITDA (LTM)	3.89x	3.73x	4.3%

As of June 30, 2024, the Company's gross debt amounted to R\$8.5 billion and net debt was R\$6.7 billion. The Company ended the second quarter of 2024 with leverage measured by the net debt/EBITDA ratio of 3.89x compared to 3.73x in March 2024. Considering Genfar's EBITDA for the last 12 months, leverage was 3.84x.

Cash Conversion Cycle

Cash Conversion Cycle (days)	2Q23	3Q23	4Q23	1Q24	2Q24	2Q24 w/o Genfar
Cash Conversion Cycle	204	262	278	227	243	238
Receivables	54	72	80	72	69	62
Inventories	223	277	271	213	231	229
Payables	(73)	(87)	(73)	(58)	(56)	(53)
Cash Conversion Cycle (R\$ million)	2Q23	3Q23	4Q23	1Q24	2Q24	2Q24 w/o Genfar
Working Capital	2,537.7	3,323.0	3,711.9	3,895.1	3,724.6	3,240.7
Receivables	1,304.9	1,764.2	2,015.9	2,267.3	1,978.8	1,627.0
Inventories	1,833.1	2,274.0	2,320.0	2,233.3	2,309.6	2,094.5
Payables	(600.3)	(715.2)	(624.1)	(605.5)	(563.8)	(480.8)
% Net Revenue (LTM)	29.9%	38.1%	40.7%	40.9%	37.4%	33.9%

In 2Q24, working capital amounted to R\$3.7 billion, corresponding to 37% of net revenue over the last 12 months. The completion of the Genfar acquisition at the end of September 2023 represented additional working capital of R\$484 million in 2Q24. Excluding the impact of the acquisition, working capital was R\$3.2 billion, corresponding to 34% of net revenue.

The financial cycle⁷ was 243 days, a deterioration of 16 days compared to 1Q24 explained, mainly, due to the increase in days of inventory resulting from the lower sales volume in the quarter.

⁷The financial cycle is the cash conversion cycle calculated by adding up accounts receivable, inventories and suppliers.

Annex I — Consolidated Income Statement

Consolidated Income Statement (R\$ million)	2Q24	2Q23	Δ%	1H24	1H23	Δ%
Net revenue	2,353.2	1,908.2	23.3%	5,183.8	4,339.1	19.5%
Cost of goods sold	(856.3)	(681.6)	25.6%	(1,800.7)	(1,476.6)	21.9%
Gross profit	1,496.9	1,226.6	22.0%	3,383.1	2,862.5	18.2%
Expenses	(1,506.0)	(1,209.5)	24.5%	(2,816.3)	(2,225.6)	26.5%
Selling expenses	(1,062.2)	(857.0)	23.9%	(1,980.2)	(1,588.1)	24.7%
Administrative expenses	(429.2)	(358.8)	19.6%	(820.4)	(651.8)	25.9%
Impairment loss on accounts receivable	(36.0)	(0.3)	-	(43.8)	(4.2)	-
Other revenues (expenses)	21.4	6.6	223.4%	28.1	18.5	51.9%
Operating income before financial result	(9.2)	17.1	-	566.8	637.0	-11.0%
Net financial result	(197.8)	(154.2)	28.2%	(459.1)	(284.6)	61.3%
Financial expenses	(442.9)	(349.2)	26.9%	(763.9)	(533.0)	43.3%
Financial revenue	245.1	194.9	25.8%	304.8	248.4	22.7%
Results from equity-accounted investees	(0.6)	(1.7)	-64.3%	(1.5)	(3.0)	-49.4%
Income before income tax and social contribution	(207.6)	(138.9)	49.5%	106.2	349.3	-69.6%
Income tax and social contribution	91.3	39.8	129.2%	(45.8)	(97.4)	-53.0%
Net income	(116.3)	(99.0)	17.4%	60.3	252.0	-76.1%

Annex II - Consolidated Balance Sheet

Consolidated Balance Sheet (R\$ million)	Jun-24	Dec-23	Δ%
Assets	16,340	15,313	6.7%
Current	6,590	6,431	2.5%
Cash and cash equivalents	1,816	1,661	9.3%
Accounts receivable	1,979	2,016	-1.8%
Inventories	2,310	2,320	-0.4%
Current tax asset	114	109	4.8%
Taxes recoverable	292	224	30.5%
AFAC	0.00	0.01	-100.0%
Other receivables	80	101	-21.0%
Non-current	9,750	8,883	9.8%
Accounts receivable	4.8	5.4	-11.7%
Derivative financial instruments	137.7	-	-
AFAC	0.0	-	-
Marketable securities	51	40	26.0%
Current tax asset	3	3	-5.4%
Deferred tax asset	292	236	23.5%
Judicial deposits	42	39	7.2%
Other receivables	14.2	0.5	-
Investments	116	95	22.1%
Property, plant and equipment	2,954	2,578	14.6%
Right of use of assets	697	653	6.7%
Intangible assets	5,439	5,231	4.0%
Liabilities and Shareholders' equity	16,340	15,313	6.7%
Current	3,590	6,390	-43.8%
Suppliers	828	813	1.9%
Derivative financial instruments	79	95	-17.1%
Borrowings	830	1,583	-47.5%
Debentures	259	2,408	-89.2%
Lease	0	1	-
Right of use of assets	156	143	9.2%
Payroll and related charges	484	396	22.2%
Income tax and social contribution payable	28	37	-24.5%
Taxes payable	45	39	13.2%
Profit sharing (employees)	164	186	-11.6%
Dividends	423	425	-0.5%
Dividends prepayment (subsidiaries)	0.0	0.2	-100.0%
Other payables	294	264	11.2%
Non-current	8,246	4,816	71.2%
Derivative financial instruments	0	44	-
Loans and financing	3,111	2,355	32.1%
Debentures	4,329	1,693	155.8%
Right of use of assets	571	538	6.1%
Taxes payable	15	8	95.3%
Provision for contingencies	137	103	33.0%
Other payables	83	76	9.2%
Shareholders' equity	4,505	4,107	9.7%
Equity	1,204	1,204	0.0%
Profit reserve	2,882	2,821	2.2%
Retained earnings	0	0	-
Currency translation adjustments	394	18	-
Capital reserve	(8.6)	(8.6)	0.0%
Non-controlling interest	34	73	-54.2%

Annex III - Consolidated Cash Flow

Consolidated Cash Flow (R\$ million)	2Q24	2Q23	Δ%	1H24	1H23	Δ%
Cash flow generated from operating activities	388	319	21.7%	918	636	44.2%
Adjusted result	176	191	-8.0%	888	918	-3.3%
Changes in operating assets and liabilities	284	214	32.5%	177	(90)	-
Income tax and social contribution paid	(71)	(86)	-17.3%	(147)	(192)	-23.3%
Cash flow (used) generated in investing activities	(263)	(648)	-59.4%	(480)	(830)	-42.1%
Investment acquisition	(17)	(28)	-41.3%	(21)	(37)	-42.5%
Acquisition of bonds and securities	0	(5)	-	0	(5)	-
Acquisition of fixed and intangible assets	(244)	(614)	-60.2%	(457)	(788)	-42.0%
Acquisition of titles and marketable securities	(2)	0	-	(2)	0	-
Cash flow (used) generated in financing activities	(405)	2,009	-	(367)	2,513	-
Net Loans and Financing	(390)	2,022	-	(335)	2,539	-
Dividends and interest on equity	(16)	(13)	20.1%	(32)	(26)	22.4%
Exchange variation on cash of foreign subsidiaries	32	(13)	-	84	(19)	-
Increase (decrease) in cash and cash equivalents	(248)	1,668	-	155	2,300	-93.3%
Cash and cash equivalents at the beginning of the period	2,064	1,175	75.6%	1,661	542	206.1%
Cash and cash equivalents at the end of the period	1,816	2,843	-36.1%	1,816	2,843	-36.1%

Statement by the Directors

In accordance with paragraph 1 (VI) of article 27 of CVM instruction No. 80 on March 29, 2022, the Company's Board of Directors declares that it has reviewed, discussed and agreed with the Company's quarterly information and with the independent auditors' report on the Company's quarterly information, individual and consolidated, issued on August 14, 2024, referring to the quarter ended June 30, 2024.

Relationship with Auditors

Following CVM Resolution No. 162/2003, the Company informs that in the quarter ended June 30, 2024 it did not hire independent auditors for work other than that related to the external audit.

The Company's policy when contracting independent auditing services ensures that there is no conflict of interest, loss of independence or objectivity of services eventually provided by independent auditors not related to external auditing services.



Relações com Investidores

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