

Message from the Management

On the road to an increasingly global future

In 2023, we took important steps toward the goal of expanding our global footprint, guided by the mission of promoting access to health and quality of life for more people, in more geographies, and ensuring a sustainable operation that allows us to grow and share the value created with employees and society as a whole.

Faced with the challenges of and strides toward our internationalization, we defined a new, more global organizational structure, aligned with the best market practices, and launched Vision 2027 which, based on competencies and ambitions, breaks down our strategic objectives into five dimensions: results, internationalization, innovation, people, and sustainability. Cascaded to the other countries, the Vision guides our 12,600 employees and retains the entrepreneurial vision of our founder, an Italian immigrant who started his own business believing in the opportunities in Brazil for the 20th century. True to his Values, we pursue our dreams with responsibility, discipline, and passion, taking Eurofarma to new heights with each cycle.

Present in all Latin American countries, the United States, and some African countries, we are the leading corporation in prescription drugs in Latin America and we have taken a fundamental step in the region with the acquisition of Genfar. With 500 employees, a plant in Cali, and sales in Colombia, Peru, and Ecuador, Genfar will be our generic brand throughout the region, with the exception of Brazil, where Eurofarma is a consolidated brand. During the year, we integrated Genfar, Valda in Brazil, and Medimetriks in the U.S., a small platform acquired that will help us understand the largest pharmaceutical market in the world.

In a challenging year, impacted by a slowdown in growth after the pandemic, we executed strategic plans and investments in M&A, R&D, and in significantly increasing our sales force. The cash outlay is related to projections and the need for a larger team to absorb the company's launches. According to IQVIA, the main auditor in the sector, we are the second largest corporation in Latin America in terms of retail sales, with a market share of just 5%, meaning that there are still huge opportunities for growth in the region.

International operations grew by 39.3% and we gained market share in most of the countries. Global net revenue was R\$9.1 billion, with an EBITDA margin of 19.3%, up 14% over 2022. Adjusting our R&D expenses for comparison purposes, our EBITDA margin was 25.1%. With account receivable days of less than 60 days and approximately 40 days' worth of stock at major distributors, our financial cycle is one of the healthiest in the market. As in recent years, we maintained an 'AAA' rating from Fitch. Although below the historical average growth of 17%, we advanced on strategic projects that will mature over the next few years, and our international revenue, which accounted for 20% of the total, should increase significantly.

We hired almost 1,000 new sales reps in the region in 2023 and, with approximately 5,000 visiting reps, we have the largest team in Latin America, coverage, and scale to promote a broad portfolio to all medical specialties. In the OTC segment, prescription-free, we revitalized the iconic Valda brand by extending its lines and advertising, and launched the personal care brand OAZ. In animal health, through Pearson, we stood out as the company with the highest sales growth in the year.

We now have 11 plants in Latin America and a new complex is under construction in the city of Montes Claros, state of Minas Gerais. Designed to advance in a modular way, according to demand, it will support growth over the coming decades. In 2023, we produced 573 million units and, in Itapevi, where we have our largest plant, we saw gains in efficiency and costs with the expansion of capacity and record production.

We invested more than R\$680 million in innovation, the main lever for growth and the path to our own patents. We advanced on the Corporate Venture fronts, in expanding our portfolio, and in developing more complex medications. Investments in R&D totaled R\$615 million. We have 750 researchers and 350 projects in the pipeline, a 30% incremental and radical innovation. As a result of an ongoing effort, we launched more than 200 SKUs in Latin America during the year. In Brazil, we have a 9% market share of launches, a much larger share than in the total market, demonstrating our capacity for future growth.

In open innovation, a strategic pillar of digital transformation and healthcare solutions, our EurON fund has invested R\$8.2 million in 10 startups, most notably the Scrolling Therapy app. Created to support patients with Parkinson's Disease, it won the Grand Prix Pharma at the 2023 Cannes Lions International Festival. The corporate venture capital fund, Eurofarma Ventures, in biotech, is expected to invest up to US\$100 million and contribute to radical early-stage projects. The fund was created to place Eurofarma in this new and powerful global research ecosystem that will dictate therapeutic advances and the evolution of biotechnology for the benefit of health.

Our pioneering and consistent sustainability vision seeks to balance the ESG fronts and received R\$107 million in the year. In terms of diversity, we maintained gender equality in senior management and made progress in hiring women for the sales force. We are in the process of disclosing targets for other groups: race, age, LGBTQIAP+, and we highlight the avant-garde nature of our virtual sales team, which is 100% made up of people with disabilities.

On the environmental front, drugs with the +Verde (+Green) seal, which incorporate sustainability concepts, accounted for 10% of BR retail

units, above the target for the period in terms of green bond issuance. Regarding energy efficiency, we opened the Assuruá wind energy co-production park, ensuring a 100% clean energy mix in Brazil. We remain focused on reducing and neutralizing direct emissions and on finding solutions to international environmental challenges.

Social investments totaled R\$56 million in the year. Aimed at education and occupational training, the Eurofarma Institute helped 18,000 people and has a wealth of transformative stories. Lactare, a private breast milk bank, collected more than 3,000 liters of milk and benefited 1,000 premature newborns in neonatal units. In Corporate Responsibility, we support hundreds of thousands of vulnerable families throughout Latin America with donations of food and medicines.

In line with the best governance practices, we have a robust structure, including gender equity at executive level and representation of women also among the independent members of the Board of Directors, leading executives who challenge and support our decisions. Committees, audits, and an external ombudsman's office support our model, giving management agility and autonomy. Quarterly reports and increased dialogue with related parties reinforce the company's dynamics, transparency, and maturity for transformational movements.

Guided by an inspiring, ambitious, and inclusive vision, on our "100-year route" we want to follow the path of large multinational companies, going beyond what we do today. The challenge of self-perpetuation is what drives us! Along this journey, we remain confident, humble, and committed. With ethics, discipline, and excellence, we remain focused on executing our plans and meeting our objectives with quality.

Based on the Values and on an uncompromising stand that permeate our culture, we make continuous progress. Our plans are developed and executed internally. Our human capital and "Way of Being" make us unique, and our evolution is driven by the development of teams, leaders, and successors, and by generational diversity and open dialogue. For 20 years among the best places to work for, our voluntary turnover is 2.5%, and 79% of leadership positions are filled from within.

I'd like to thank everyone who shares our belief, especially our employees, an exceptional team that we have chosen to build a great future.

Thank you very much!

Maurizio Billi
Chairman of the Board

Vision 2027

Every five years, we define a new strategic planning cycle that guides our future. Launched in 2023, Vision 2027 establishes 15 macro-objectives broken down into five dimensions that ensure sustainable growth and our long-term commitments:

PEOPLE AND CULTURE

- Attract, develop, and retain the best talent
- Consolidate the "Eurofarma Way of Being"
- Make the organizational structure more global

INTERNATIONALIZATION

- Expand our presence in the United States
- Explore other geographies and business models
- Leadership in Latin America

RESULTS

- Focus on growth with sustainable profitability
- Guarantee the return on strategic investments
- Optimize operational efficiency and costs

INNOVATION

- Expand the share of exclusive products
- Develop technological healthcare solutions via open innovation
- Advance digital transformation

ESG

- Cutting-edge environmental practices
- Advance Diversity and Inclusion programs
- Strengthen governance practices

Eurofarma Group

With more than 50 years of history, Eurofarma is the first 100% Brazilian multinational pharmaceutical company and a leading prescription drug company in Brazil and Latin America. It is present in 22 countries, including operations in the United States and Africa.

As a diversified company, it operates in the main pharmaceutical segments: medical prescriptions, OTC and consumer, generics, hospital, oncology and animal health, and provides production services to third parties, Brazilian and multinational companies.

With the mission to promote access to health and quality of life, ensuring sustainable growth and creating value for employees and society, 75% of the company's revenue is dedicated to innovation projects. It has a broad product portfolio and a robust organizational structure formed by 12,600 employees, 5,000 of whom in the sales force, the largest team in Latin America. A total of 615 people hold internal leadership positions, including 41 members of the company's Executive Committee, most of them with a global scope of action.

With 11 plants in operation, in 2023 Eurofarma produced 573 million units, in more than 2,000 products and 3,700 SKUs (presentations). The Itapevi Complex is the main production hub and houses the Eurolab research center. With a 14% growth over the previous year, it reached R\$9.1 billion in net revenue and a 25.1% adjusted EBITDA margin. Over the last 15 years, the company has grown by an average of 17%.

Eurofarma is a leading corporation in prescriptions and is among the three largest pharmaceutical companies in the region. It ranks second in generics in Brazil and, boosted by Genfar — an operation acquired from Sanofi in 2023 — the company has become a leader in the segment in Latin America.

The company is rated 'AAA' by Fitch Ratings and has been featured in leading publications for its practices in people management, sustainability, and innovation. It maintains an organizational climate with overall satisfaction close to 80% and historically reinvests its profitability in its business in order to grow organically and through acquisitions.

Eurofarma Group

BALANCE SHEETS											
on December 31, 2023 and December 31, 2022											
(In thousands of Reals)											
Assets	Controlling company		Consolidated		Liabilities	Controlling company		Consolidated		Net equity	Capital
	12/31/23	12/31/22	12/31/23	12/31/22		12/31/23	12/31/22	12/31/23	12/31/22		
Current					Current						
Cash and cash equivalents	1,297,420	152,850	1,660,644	542,437	Suppliers	551,194	530,694	612,810	765,379	Revenue reserves	2,820,623
Accounts receivable	1,293,641	1,073,899	2,015,909	1,448,136	Financial derivatives	95,224	-	95,224	-	Equity valuation adjustments	17,620
Inventory	1,377,668	1,107,078	2,320,024	1,550,580	Loans and financing	1,582,609	355,250	1,582,609	355,250	Capital reserves	(8,598)
Current tax assets	62,706	83,857	108,880	112,276	Debentures	2,407,908	216,915	2,407,908	216,915	Capital reserves	(8,598)
Recoverable income tax and social contribution	194,371	21,230	223,782	36,196	Leases payable	1,247	5,553	1,247	11,461	Equity attributable to controlling shareholders	4,033,523
Advance for future capital increase	7,958	23,216	9	9	Right-of-use leases	89,408	72,314	142,810	126,060	Non-controlling interest	-
Other receivables	53,940	59,322	101,370	87,637	Wages, provisions, and social contributions	291,179	234,963	395,805	323,735		
Total current assets	4,287,704	2,521,452	6,430,618	3,777,271	Payable income tax and social contribution	-	22,311	37,116	67,750		
Non-current					Non-current					Total net equity	4,033,523
Non-current receivables					Current tax liabilities	25,945	13,808	39,464	21,148		
Accounts receivable	5,428	-	5,428	1,381	Employee profit sharing	128,132	169,390	185,737	222,253		
Securities and marketable securities	11,462	-	40,124	29,572	Dividends payable	422,458	255,873	425,365	259,304		
Non-current tax assets	3,181	1,454	3,190	1,482	Prepayment of dividends from subsidiaries	201	201	201	201		
Deferred tax assets	83,342	32,385	236,132	145,493	Other accounts payable	92,226	82,012	264,005	119,591		
Judicial deposits	28,948	26,324	39,146	38,292	Total current liabilities	5,687,731	1,959,284	6,390,301	2,489,047		
Other receivables	-	-	473	101						Net equity	
	132,361	60,163	324,493	216,321						Capital	1,203,878
Investments	5,441,277	4,291,537	94,812	29,784						Revenue reserves	2,820,623
Fixed assets	2,197,447	1,634,831	2,578,425	1,912,974						Equity valuation adjustments	17,620
Right-of-use leases	490,733	410,951	653,362	579,477						Capital reserves	(8,598)
Intangible	1,753,801	497,127	5,231,438	3,724,045						Equity attributable to controlling shareholders	4,033,523
										Non-controlling interest	-
Total non-current assets	10,015,618	6,894,609	8,882,530	6,462,601						Total net equity	4,033,523
Total assets	14,303,322	9,416,061	15,313,148	10,239,872						Total liabilities and net equity	14,303,322

INCOME STATEMENTS				
Period ended December 31, 2023 and 2022				
(In thousands of Reals)				
	Controlling company		Consolidated	
	12/31/23	12/31/22	12/31/23	12/31/22
Net revenue	6,588,181	5,994,101	9,120,676	8,006,280
Cost of Goods Sold	(2,411,947)	(2,175,043)	(3,076,381)	(2,720,798)
Gross income	4,176,234	3,819,058	6,044,295	5,285,482
Sales expenses	(2,207,050)	(1,749,848)	(3,264,006)	(2,536,574)
Administrative expenses	(859,385)	(686,481)	(1,385,745)	(1,014,927)
Expected impairment of accounts receivable	(11,619)	(726)	(13,625)	(1,243)
Other revenues	64,752	31,379	80,824	43,613
Other expenses	(19,309)	(7,662)	(20,737)	(7,762)
Income before net financial expenses and taxes	1,143,623	1,405,720	1,441,006	1,768,589
Financial income	293,834	121,623	344,873	175,928
Financial expenses	(1,000,742)	(447,911)	(1,043,123)	(472,568)
Financial expenses, net	(706,908)	(326,288)	(698,250)	(296,640)
Income from equity accounting	164,368	203,389	(4,327)	(4,729)
Income before income tax and social contribution	601,083	1,282,821	738,429	1,467,220
Current income tax and social contribution	(226)	(237,080)	(146,209)	(261,383)
Deferred income tax and social contribution	42,591	(11,236)	57,478	(104,790)
Net income for the period	643,448	934,505	649,698	1,001,047
Income attributable to:				
Controlling shareholders			643,448	934,505
Non-controlling shareholders			6,250	66,542
Basic and diluted earnings per share				
Primary earnings per share			0.6515	0.9463
Fully-diluted earnings per share			0.6515	0.9463

RECONCILIATION OF EBITDA - CONSOLIDATED			
(In thousands of Reals)			
	2023	2022	Var %
Net Income	649,698	1,001,047	-35.1%
(+) Income tax and social contribution	88,731	466,173	-81.0%
(+) Financial Result	698,250	296,640	135.4%
(+) Depreciation and Amortization	320,399	227,742	40.7%
EBITDA	1,757,078	1,991,602	-11.8%
EBITDA % Net Revenue	19.3%	24.9%	-5.6 p.p.
Adjusted EBITDA*	2,293,657	2,366,374	-3.1%
EBITDA % Net Revenue	25.1%	29.6%	-4.4 p.p.

* Adjusted for R&D expenses of R\$ 536,679 in 2023 and R\$ 374,772 in 2022.

R\$ 9.1 billion
in net revenue

25.1%
adjusted EBITDA margin

17%
average growth over the last 15 years

93% of employees
say they are proud to work at Eurofarma

182,700
baskets of food staples donated

R\$ 23 million
million in humanitarian aid

R\$ 1 million+
for the neonatal ICU neuromonitoring program

3,000+
liters from the Lactare milk bank, helping more than 1.000 babies

R\$ 11 million+
in medicine donations

20 years
among the best companies to work for

R\$ 21 million
invested in the Eurofarma Institute.
18,000+ acts of assistance

350+
projects in the pipeline

573 million
units produced

14%
growth

R\$ 680 million
total investment in innovation

79%
of leadership positions filled from within

R\$ 107 million
invested in sustainability

Leader
in medical prescriptions in Brazil and Latin America

90%
of waste sent for co-processing (energy recovery)

42 million
units of products with the +Verde (+Green) seal

Age Friendly Employer™ Certification
for the operations in Brazil and Latin America

Acquisition
of Genfar's operations in Colombia

People & ESG
Committee
Ethics Committee

Global Compliance
& Corporate Integrity structure

Executive Board
with independent members and Multidisciplinary Committees

Independent and confidential
Ombudsman Channel

Distribution of Added Value (DVA) Consolidated:
R\$ 5.9 billion

IR website with quarterly reports

'AAA' rating
from Fitch Ratings

R\$ 51 million
invested in the environment

100% renewable energy
mix in Brazil

100%
electric trucks, and sales fleet running on flex-fuel, 99% ethanol

35%
reduction in the water indicator, with improved performance in water eco-efficiency

RESULTS AND GOVERNANCE

SOCIAL

ENVIRONMENTAL

ETHICS

ESG

ESG

ESG

ESG

ESG

ESG

ESG

ESG

ESG