

## Blau Farmacêutica reaches Net Revenues of R\$1.008 million and Net Profit of R\$203 million in the last 12 months

Cotia, April 16<sup>th</sup>, 2020 - **Blau Farmacêutica, one of the main Brazilian pharmaceutical companies in the hospital segment (Non-Retail)**, announced its consolidated financial statements for the 1<sup>st</sup> Quarter 2020 (1Q20). This document was prepared based on the financial statements as of March 31<sup>st</sup>, 2020 of Blau Farmacêutica S.A. which were prepared in accordance with accounting practices adopted in Brazil, include the rules of the *Comissão de Valores Mobiliários (CVM; Securities and Exchange Commission of Brazil)* and the pronouncements of the Brazilian Accounting Pronouncement Committee (CPC). These financial statements are in conformity with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB and were audited by independent auditors in accordance with Brazilian and international auditing standards.

### Highlights

- **Net Revenues in the last 12 months of R\$1.008 million**, 23,2% above the same period of the previous year
- **Net Income in the last 12 months of R\$203 million**, 56,6% above the same period of the previous year
- **1Q20 Net Revenue of R\$219 million**, 16,3% above the same period of the previous year
- **1Q20 Operating Expenses Dilution by 1,7p.p.**, despite the 22,1% increase in Research and Development compared to same quarter of the previous year
- **1Q20 EBITDA of R\$70 million**, 49,1% above the same period of the previous year
- **3<sup>rd</sup> Issuance of Debentures (R\$250 million; CDI+1,3%; 7 years)** on April 14<sup>th</sup>, 2020<sup>1</sup>

(R\$ million)	1Q19	%NR	1Q20	%NR	Δ%	Δ p.p.
<b>LTM Net Revenues</b>	<b>819</b>	<b>100,0%</b>	<b>1.008</b>	<b>100,0%</b>	<b>23,2%</b>	<b>-</b>
<b>LTM Net Income</b>	<b>129</b>	<b>15,8%</b>	<b>203</b>	<b>20,1%</b>	<b>56,6%</b>	<b>4,3 p.p.</b>

(R\$ million)	1Q19	%NR	1Q20	%NR	Δ%	Δ p.p.
Net Revenues	188	100,0%	219	100,0%	16,3%	-
Gross Profit	78	41,5%	100	45,8%	28,4%	4,3 p.p.
Operational Expenses	(32)	-17,2%	(34)	-15,4%	4,6%	1,7 p.p.
R&D	(5)	-2,7%	(6)	-2,8%	22,1%	-0,1 p.p.
R&D - Expenses	(5)	-2,7%	(4)	-2,0%	-13,4%	0,7 p.p.
R&D - Intangible	-	-	(2)	-0,8%	-	-
EBITDA	47	25,1%	70	32,1%	49,1%	7,1 p.p.
Net Income	29	15,3%	31	14,3%	8,7%	-1,0 p.p.

### IR Team

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<sup>1</sup> According to the Material Fact of April 14<sup>th</sup>, 2020.

## Summary

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## About Blau Farmacêutica

Blau Farmacêutica is a 100% Brazilian pharmaceutical company that has operated since 1987 and has become a multinational focused in the hospital market (Non-Retail). It specializes in the production of mostly injectable high complexity drugs and marketed under its own brands.

It has an extensive product line for the daily life of hospitals and clinics, such as biological, specialties and oncological medications, and in several therapeutic classes as hematology, nephrology, infectiology, anesthesia, among others.

It has a large sales structure with national and international coverage, exporting its medicines to Latin America and Asia. The Company is supported by about 1.100 employees in four manufacturing plants in Brazil, as well as five subsidiaries in Argentina, Chile, Colombia, Peru and Uruguay.

## Management Letter

2020 began with great prospects for Brazil's economic growth, but the world was surprised by the COVID-19 pandemic and, from one moment to another, the scenario became challenging for everyone. Despite all the restrictions, we were successful in delivering a 1<sup>st</sup> quarter with positive results. Such success reflects the investments we have made in recent years and the engagement of our team.

The beginning of the year was - as usual - a short month due to the collective vacations period and we took the opportunity to accelerate our initiatives to expand manufacturing capacity. Our biologicals plant normalized its activities in February, expanding the lyophilizates capacity in 4x and doubling the capacity of biological products. At the end of the quarter, Brazil began to suffer the most severe impacts of the pandemic and we started to implement our crisis management plan. Despite all these challenges, our industrial team – with emphasis on our production team that made a special effort during Carnival – was committed to meeting the goals set for this period and delivered the planned production volumes to meet the demand, following the WHO protection measures.

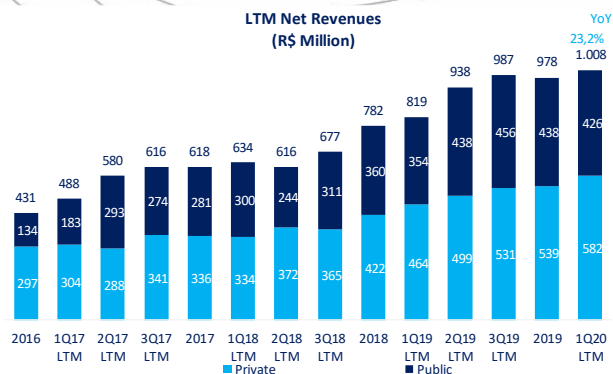
Regarding the hospital pharmaceutical market performance, although the 1<sup>st</sup> quarter 2020 data aren't yet available<sup>2</sup>, the accumulated growth up to February was 13,8%<sup>3</sup>, but with less public tenders. In fact, our commercial team noticed the lower number of electronic tenders from government agencies, in addition to lower demand for public contracts deliveries. To counterbalance, our sales team increased contacts to private clients and delivered good results. Our Net Revenues grew 16,3% over the first quarter of the previous year, of which 71,8% of total sales were to private clients with a more attractive mix for the Company.

Despite these challenges, for the first time we achieved Net Revenues in 12 months of over R\$1 billion with healthy margins and a solid balance sheet.

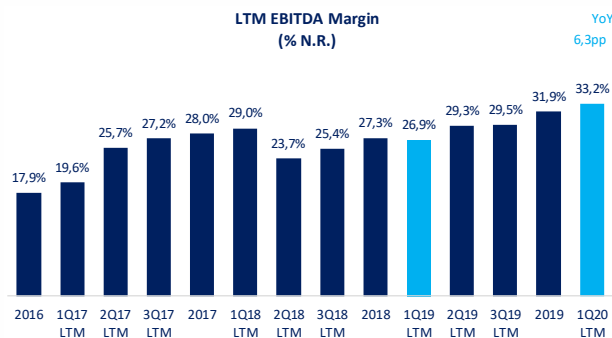
<sup>2</sup> IQVIA usually releases data for the month in question in the last days following month.

<sup>3</sup> IQVIA (February 2020, NRC, Brazilian Reais, PPP, YTD, YoY growth)

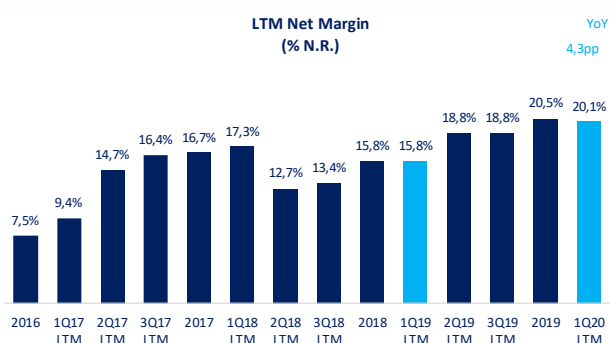
**LTM Net Revenues**  
(R\$ Million)



**LTM EBITDA Margin**  
(% N.R.)



**LTM Net Margin**  
(% N.R.)



**Net Debt**

(R\$ million)	12.31.2019	03.31.2020
Short Term	75	89
Long Term	204	188
<b>Gross Debt</b>	<b>279</b>	<b>277</b>
Cash & Investments	(159)	(130)
<b>Net Debt</b>	<b>120</b>	<b>147</b>
LTM EBITDA	311	335
<b>Leverage*</b>	<b>0,4x</b>	<b>0,4x</b>

\* Net Debt / LTM EBITDA

Throughout this quarter, we adopted several measures to mitigate the COVID-19 pandemic impacts to preserve our human capital and prevent shortages in Brazil of hospital medicines of our portfolio. Among several, I highlight:

- Creation of a Technical Multidisciplinary Crisis Committee with daily meetings to monitor the pandemic evolution
- Temporary leave of employees in risk group (over 60 years old, pre-existing diseases and pregnant)
- Vaccination campaign for employees against influenza
- Home Office
- Use of video conference tool to replace face-to-face meetings
- Medical and social assistance for our employees
- Monitoring of body temperature at the entrance to our plants
- Distribution of additional food baskets to ensure food security of employees' families
- Distribution of hygiene and cleaning products basket (masks, alcohol gel, soaps, gloves, among others)
- Alternating scales in production, breaks and meals for greater physical distance between employees
- Greater availability of alcohol gel in all facilities and reinforcement of hygiene measures
- Cancellation of internal and external events
- Cancellation of national and international trips
- Restriction to external visitors

We continue to operate regularly, with full operation of our production, logistics, supply chain and offices, albeit partially in remote work. To date, there have been no changes in our production, operation and marketing schedule, despite logistical difficulties in importing raw materials and delivering to customers. In imports, we were impacted by several cancellations of international cargo flights and international border closings, however our foreign trade team was successful in internalizing raw materials in time despite some increase in transportation cost. As for freight to customers, our logistics team guaranteed the delivery schedule for our orders even with several cancellations of domestic flights and restrictions on road freight.

About our expansion of manufacturing capacity, I take this message to update you on two fronts: new plant for biotechnological raw materials and acquisition of Pharma Limório Indústria Farmacêutica. The P-400 (internal name for the biotechnological facilities) obtained the environmental licenses from CETESB (São Paulo State Environmental Department) and we started the production of batches for the validation and stability process of the raw materials produced by this plant. On February 20 of this year, we signed the purchase intention<sup>4</sup> for Pharma Limório, which will complement our production capacity for different antibiotic classes in the Specialties business unit and reinforce our ability to execute our strategic plan. The Due Diligence process is on schedule and we hope to complete the acquisition soon.

In the financial angle, despite the adverse market conditions, announced the 3<sup>rd</sup> Debentures Issuance<sup>5</sup> (R\$250 million, CDI+1,3%; maturity in 7 years). This instrument will strengthen our financial capacity to invest in a new production plant.

Finally, we reinforce our commitment to the safety and health of our employees, while at the same time making our best efforts to regularly produce hospital medicines that are essential to life maintenance. This crisis demonstrates our resilience in continuing our mission to "Make available, as widely as possible, medicines that provide better quality of life and greater longevity".

This quarter was a sequence of challenges that we overcame and was only possible with a team that is united, strong and committed to our goals.

I extend my special thanks to our employees and their families who has always supported us.

#BLAUER

Marcelo R. Hahn

CEO

## Operational and Financial Performance

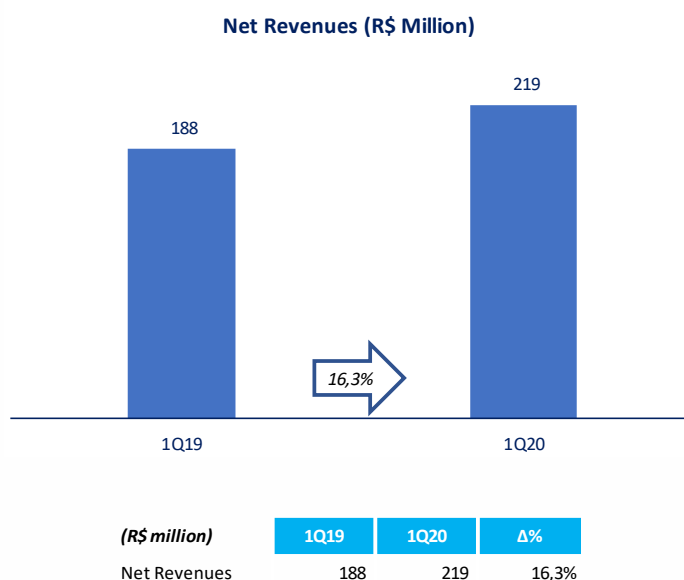
### Summarized Income Statement

(R\$ million)	1Q19	%NR	1Q20	%NR	Δ%
Net Revenues	188	100,0%	219	100,0%	16,3%
COGS	(110)	-58,5%	(119)	-54,2%	7,8%
Gross Profit	78	41,5%	100	45,8%	28,4%
Operational Expenses	(32)	-17,2%	(34)	-15,4%	4,6%
Sales	(10)	-5,4%	(13)	-5,9%	27,5%
Bad Debt Provision	(2)	-1,0%	1	0,3%	-133,6%
Research & Development	(5)	-2,7%	(4)	-2,0%	-13,4%
General & Administrative	(15)	-8,0%	(17)	-7,8%	13,0%
Others	(1)	-0,6%	1	0,6%	-216,0%
EBIT	45	23,8%	68	30,9%	51,2%
Net Financial Expenses	(4)	-1,9%	(28)	-12,6%	680,4%
EBT	41	21,9%	40	18,3%	-2,8%
Income Tax and CSLL	(12)	-6,6%	(9)	-4,0%	-29,9%
Net Income	29	15,3%	31	14,3%	8,7%

<sup>4</sup> According to the Notice to the Market of February 26<sup>th</sup>, 2020.

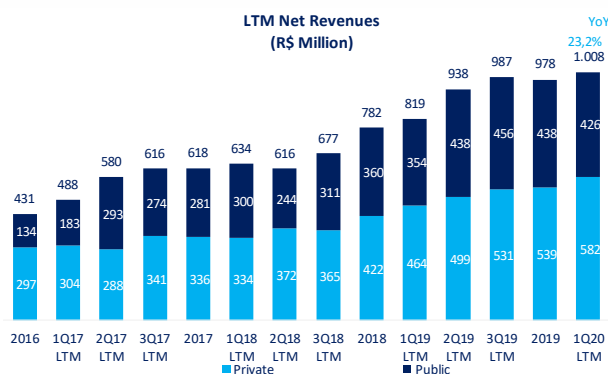
<sup>5</sup> According to the Material Fact of April 14<sup>th</sup>, 2020.

## Net Revenues



Net Revenues for 1Q20 reached R\$219 million, 16,3% above the same period of the previous year. This growth was mainly due to higher product volumes from the Specialties unit.

For a better understanding of Blau Farmacêutica's results, - as previously mentioned - it is suggested to analyze the evolution of the results over a period of 12 months, as shown below.



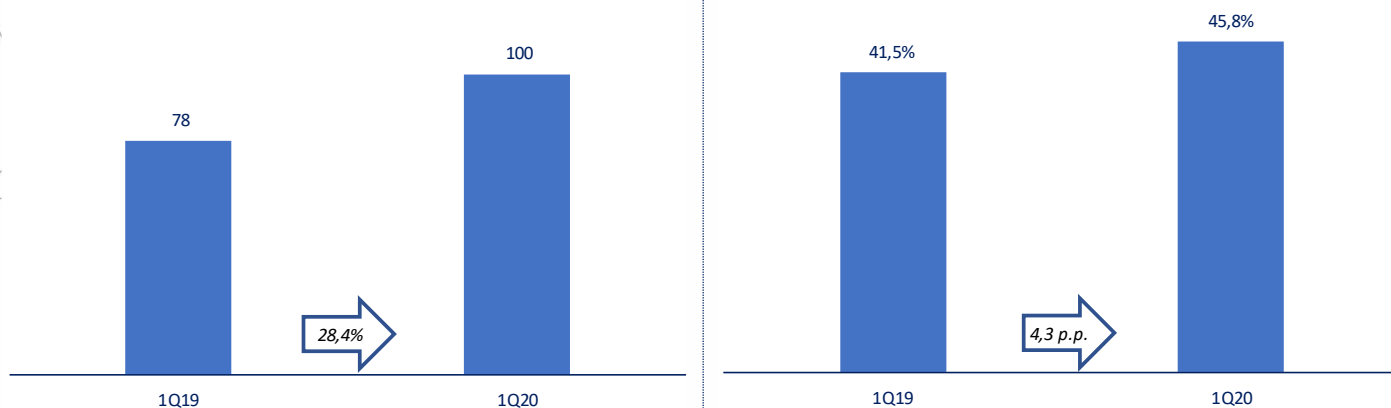
Net Revenues for the last 12 months ended March 31, 2020 reached R\$ 1.008 million, 23,2% above the same period last year. This behavior reflects growth across all Company's business units (Biological, Specialties, Oncology and Others) with emphasis on Specialties.

Regarding sales channels, there is a marked and sustainable growth in the private channel (25,4% YoY) compared to the public (20,3% YoY) during the last 12 months ended March 31, 2020.

## Gross Profit

Gross Profit (R\$ Million)

Gross Margin (% N.R.)



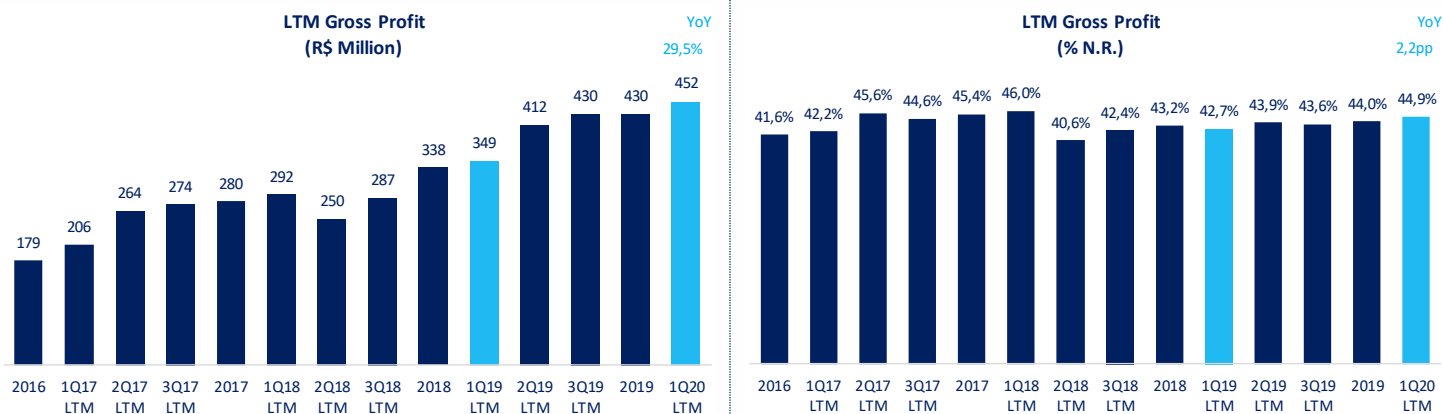
(R\$ million)

Gross Profit

1Q19	%NR	1Q20	%NR	Δ%
78	41,5%	100	45,8%	28,4%

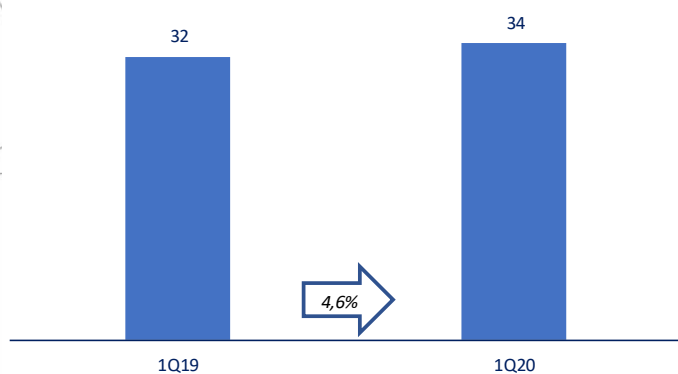
1Q20 Gross profit was R\$100 million, 28,4% above the same period last year, and gross margin of 45,8%, 4,3p.p. above the same quarter last year. The observed gross margin expansion is mainly a consequence of a product mix with higher margins (highlight to the Specialties unit) and higher prices.

 LTM Gross Profit  
(R\$ Million)

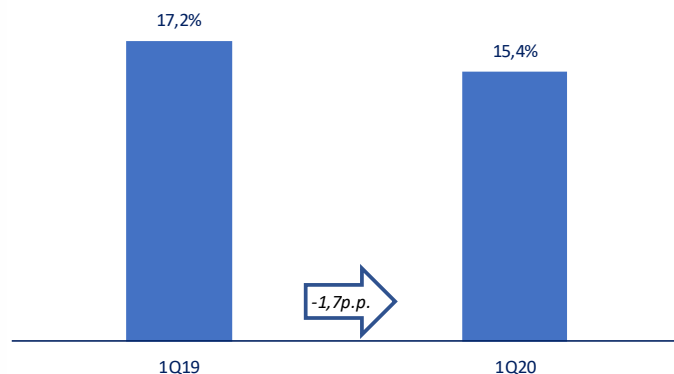
 LTM Gross Profit  
(% N.R.)


## Operational Expenses

Operational Expenses (R\$ Million)



Operational Expenses (% N.R.)



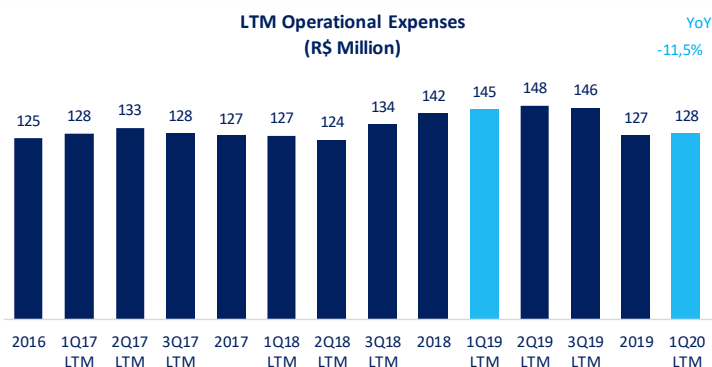
(R\$ million)

Operational Expenses

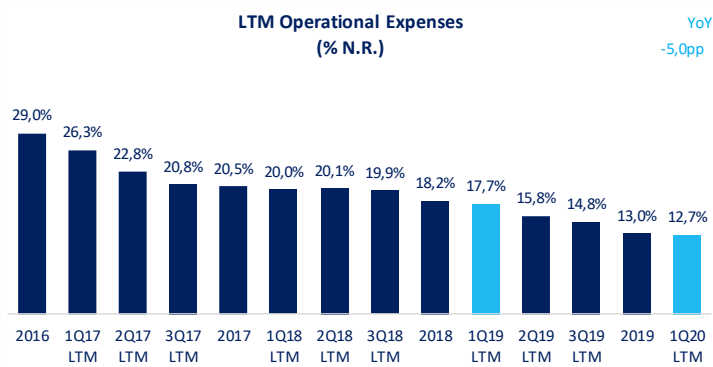
	1Q19	%NR	1Q20	%NR	Δ%
Operational Expenses	(32)	-17,2%	(34)	-15,4%	4,6%
Sales	(10)	-5,4%	(13)	-5,9%	27,5%
Bad Debt Provision	(2)	-1,0%	1	0,3%	-133,6%
R&D	(5)	-2,7%	(4)	-2,0%	-13,4%
General and Administrative	(15)	-8,0%	(17)	-7,8%	13,0%

1Q20 Operating Expenses increased 4,6% compared to the same period of the previous year and diluted 1,7p.p. against Net Revenues.

LTM Operational Expenses  
(R\$ Million)

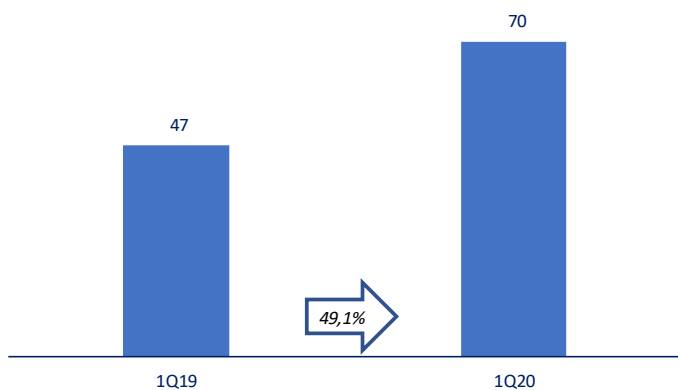


LTM Operational Expenses  
(% N.R.)

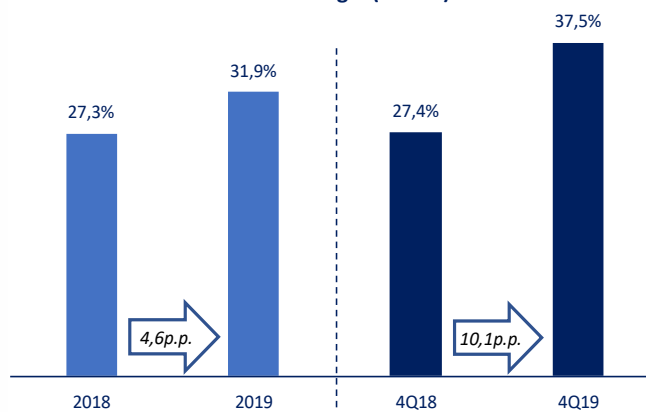


## EBITDA

EBITDA (R\$ Million)



EBITDA Margin (% N.R.)

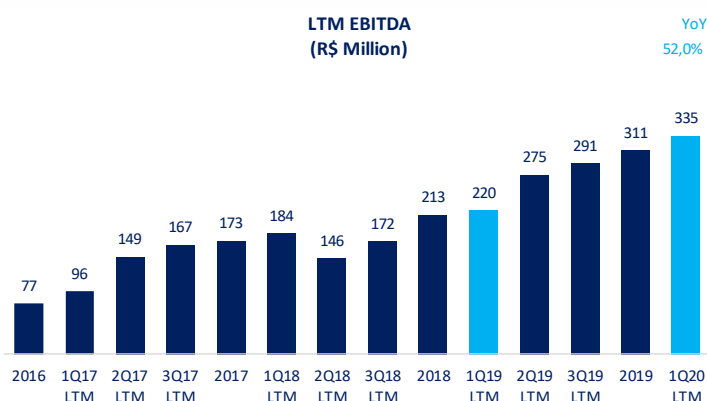


(R\$ million)

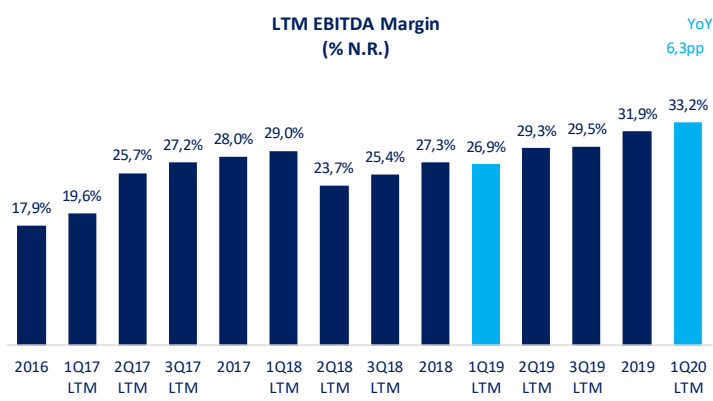
	1Q19	%NR	1Q20	%NR	Δ%
EBIT	45	23,8%	68	30,9%	51,2%
Net Financial Expenses	(4)	-1,9%	(28)	-12,6%	680,4%
EBT	41	21,9%	40	18,3%	-2,8%
Income Tax and CSLL	(12)	-6,6%	(9)	-4,0%	-29,9%
Net Income	29	15,3%	31	14,3%	8,7%

1Q20 EBITDA reached R\$70 million with a margin of 32,1%, which represents a growth of 49,1% over the same period last year and a margin expansion of 7,1p.p.. The observed effect is mainly due to the increase in revenues, higher gross margin and dilution of operating expenses.

LTM EBITDA  
(R\$ Million)



LTM EBITDA Margin  
(% N.R.)

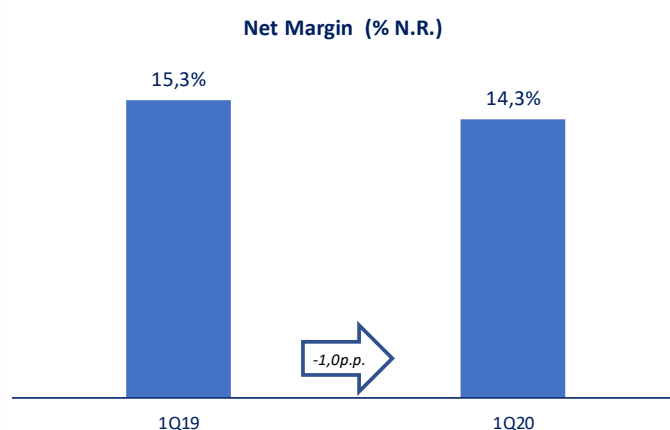
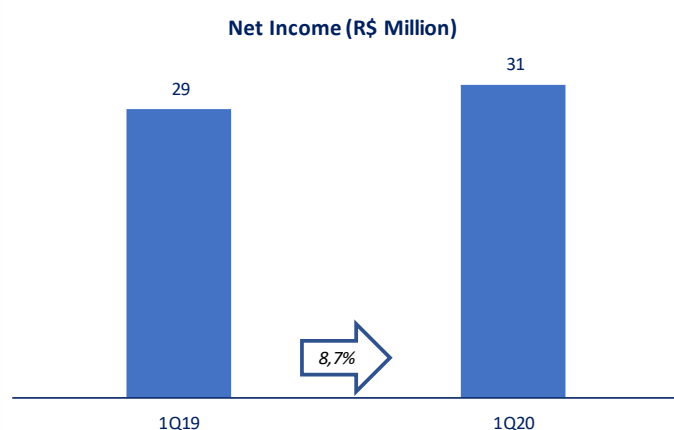


## Financial Expenses

(R\$ million)	1Q19	%NR	1Q20	%NR	Δ%
<b>Net Financial Expenses</b>	<b>(4)</b>	<b>-1,9%</b>	<b>(28)</b>	<b>-12,6%</b>	<b>680,4%</b>
Fx Variation	(1)	-0,6%	(25)	-11,3%	2049,9%
Net Interest Expenses	(2)	-1,1%	(2)	-0,9%	-6,3%
Others	(0)	-0,2%	(1)	-0,5%	233,9%

1Q20 Financial Expenses were approximately R\$28 million, or 12,6% of Net Revenues, above the Company's track record, explained mainly by Foreign Exchange variation expenses. This behavior was a consequence of the rapid depreciation of the local currency (29,0%<sup>6</sup>) during the first quarter of 2020, mainly due to the COVID-19 pandemic.

## Net Income

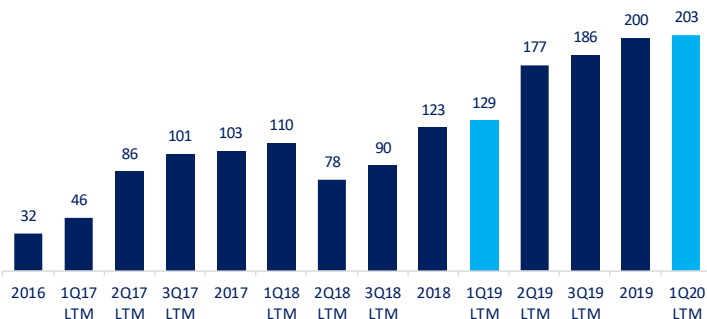


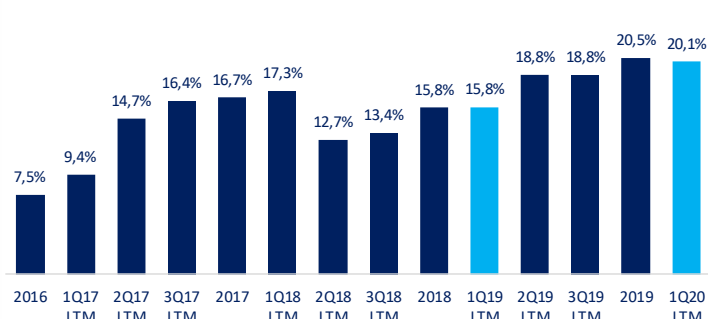
(R\$ million)	1Q19	%NR	1Q20	%NR	Δ%
EBIT	45	23,8%	68	30,9%	51,2%
Net Financial Expenses	(4)	-1,9%	(28)	-12,6%	680,4%
EBT	41	21,9%	40	18,3%	-2,8%
Income Tax and CSLL	(12)	-6,6%	(9)	-4,0%	-29,9%
<b>Net Income</b>	<b>29</b>	<b>15,3%</b>	<b>31</b>	<b>14,3%</b>	<b>8,7%</b>

1Q20 Net Income reached R\$31 million with a 14,3% margin, which represented an increase of 8,7% in value and a 1,0% margin contraction compared to the same period last year.

<sup>6</sup> PTAX 31/dez/2019: R\$4,03; PTAX 31/mar/2020: R\$5,20 ([www.bacen.gov.br](http://www.bacen.gov.br); 08/apr/2020)

**LTM Net Income**  
 (R\$ Million)

 YoY  
 56,6%

**LTM Net Margin**  
 (% N.R.)

 YoY  
 4,3pp


## Net Debt

(R\$ million)	12.31.2019	03.31.2020
Short Term	75	89
Long Term	204	188
<b>Gross Debt</b>	<b>279</b>	<b>277</b>
Cash & Investments	(159)	(130)
<b>Net Debt</b>	<b>120</b>	<b>147</b>
LTM EBITDA	311	335
<b>Leverage*</b>	<b>0,4x</b>	<b>0,4x</b>

\*Net Debt / LTM EBITDA

2020	2021	2022	2023	2024	2025	2026	2027 ->
89	55	45	11	-	-	77	-

The Company's leverage remained stable compared to the end of last year.

The Company has financing instruments that must respect debt limits (Covenants). The main features are:

- Leverage ratio below 2,5x Net Debt / EBITDA
- Measurement only at the end of the year

## Balance Sheet

(R\$ thousand)	12.31.2019	03.31.2020		12.31.2019	03.31.2020
<b>Assets</b>			<b>Liabilities and Shareholder's Equity</b>		
<b>Current Assets</b>	<b>501.158</b>	<b>535.873</b>	<b>Current liabilities</b>	<b>262.573</b>	<b>310.097</b>
Cash and Cash Equivalents	159.064	130.119	Suppliers	85.240	132.138
Accounts Receivables	140.816	191.668	Loans and Financing	74.826	89.195
Inventories	187.572	205.053	Taxes Payable	2.277	8.664
Recoverable Taxes	7.930	4.136	Income Tax and Social Contribution	21.010	7.939
Other Assets	5.776	4.897	Labour	15.992	16.192
<b>Non-Current Assets</b>	<b>237.286</b>	<b>264.208</b>	Other Accounts Payable	63.228	55.969
Long Term Assets	21.529	24.586	<b>Non-Current Liabilities</b>	<b>210.115</b>	<b>193.715</b>
Judicial Deposits	6.150	6.150	Loans and Financing	204.095	187.839
Recoverable Taxes	663	633	Other Deferred Liabilities	1.019	1.225
Deferred Income Tax and Social Contribution	9.479	9.916	Provisions for Contingencies	5.001	4.651
Other Assets	5.237	7.887			
Property, Plants and Equipments	215.757	239.622	<b>Shareholders' Equity</b>	<b>265.756</b>	<b>296.269</b>
Investments	29	29	Capital	100.640	100.640
Biologic Assets	306	306	Accumulated Profit	-	28.342
Property, Plant and Equipment	194.035	215.972	Profit Reserve	163.336	163.336
Intangible Assets	21.387	23.315	Other Comprehensive Income	(1.638)	533
			Capital Reserve	3.418	3.418
<b>Total Assets</b>	<b>738.444</b>	<b>800.081</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>738.444</b>	<b>800.081</b>

## Income Statement

(R\$ thousand)	1Q19	%NR	1Q20	%NR
<b>Net Revenues</b>	<b>188.304</b>	<b>100,0%</b>	<b>219.032</b>	<b>100,0%</b>
Cost of Goods Sold	(110.144)	-58,5%	(118.698)	-54,2%
<b>Gross Profit</b>	<b>78.160</b>	<b>41,5%</b>	<b>100.334</b>	<b>45,8%</b>
Operational Expenses	(32.338)	-17,2%	(33.814)	-15,4%
Commercial Expenses	(17.184)	-9,1%	(16.692)	-7,6%
Administrative Expenses	(15.154)	-8,0%	(17.122)	-7,8%
Others	(1.039)	-0,6%	1.205	0,6%
<b>EBIT</b>	<b>44.783</b>	<b>23,8%</b>	<b>67.725</b>	<b>30,9%</b>
Net Financial Expenses	(3.544)	-1,9%	(27.657)	-12,6%
Financial Revenues	1.727	0,9%	1.338	0,6%
Financial Expenses	(5.271)	-2,8%	(28.995)	-13,2%
<b>EBT</b>	<b>41.239</b>	<b>21,9%</b>	<b>40.068</b>	<b>18,3%</b>
Income Tax and CSLL	(12.355)	-6,6%	(8.660)	-4,0%
<b>Net Income</b>	<b>28.884</b>	<b>15,3%</b>	<b>31.408</b>	<b>14,3%</b>

## Cash Flow Statement

(R\$ thousand)	1Q19	1Q20
<b>Cash Flows from Operating Activities</b>		
Income (Loss) Before Taxes	41.239	40.068
Depreciation and Amortization	2.445	2.690
P,P&E and Intangible Assets Write-off	1.151	6.116
Financial Charges on Loans	3.754	2.718
Fx Variation on Loans and Provision of SWAP / MTM	(42)	2.113
Fx Variation on Suppliers and Clients	4.041	17.476
Doubtful Accounts	1.941	(653)
Inventories Provisions	(47)	(637)
Others	-	-
Provisions for Contingencies	(359)	(350)
<b>Adjusted Results</b>	<b>54.123</b>	<b>69.541</b>
<b>Decrease (Increase) in Assets</b>	<b>(30.634)</b>	<b>(63.475)</b>
Trade Accounts Receivable	6.403	(47.399)
Inventories	(22.495)	(16.844)
Recoverable Taxes	(15.562)	2.539
Other Credits	1.049	(1.771)
Judicial Deposits and Others	(29)	-
<b>Increase (Decrease) in Liabilities</b>	<b>7.079</b>	<b>26.438</b>
Suppliers	11.516	21.340
Labor Charges	396	200
Tax Charges	(498)	6.383
Other Accounts Payable	(4.335)	(1.485)
<b>Cash Provided by Operating Activities</b>	<b>30.568</b>	<b>32.504</b>
Paid Income Taxes CSLL	(15.658)	(21.002)
<b>Net Cash Flow Provided by Operating Activities</b>	<b>14.910</b>	<b>11.502</b>
<b>Cash flows from Investing Activities</b>		
Acquisitions of Property, Plant and Equipment	(9.274)	(25.250)
Intangible Aquisitions	(764)	(2.140)
<b>Net Cash Used in Investing Activities</b>	<b>(10.038)</b>	<b>(27.390)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends and Interest Over Capital	(3.866)	(8.972)
Loans and Financing	13.776	16.372
Repayment of Loans - Principal	(7.020)	(19.966)
Repayment of Loans - Interest	(3.952)	(3.124)
<b>Net Cash Used In Financing Activities</b>	<b>(1.062)</b>	<b>(15.690)</b>
<b>Cash Variation</b>	<b>3.810</b>	<b>(31.578)</b>
<b>Beginning of the Period</b>	<b>112.945</b>	<b>159.065</b>
Fx Effect on Cash and Cash Equivalents	(2.571)	2.632
<b>End of The Period</b>	<b>114.184</b>	<b>130.119</b>

**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.

In addition, 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 points and 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.