

BLAU

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1Q22 RESULTS

Results Webcast:

May 10th, 2022

10:00 am (Brasília) | 9:00 am (NY)

<http://ir.blau.com>

BLAU ON

B3: BLAU3

Price (March 31st): BRL 28.69

Total Shares: 179,393,939

Market Value: BRL 5.1B

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Cotia, May 9th, 2022. **Blau Farmacêutica, one of the main Brazilian pharmaceutical companies in the institutional segment**, announced its consolidated financial statements for the first quarter of 2022 (1Q22). This document was prepared based on the financial statements which were prepared in accordance with accounting practices adopted in Brazil, include the rules of the Securities and Exchange Commission of Brazil (CVM) 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.

1Q22 Highlights

- **Net Revenue:** totaled BRL 313 M in 1Q22, a slight decrease of 3.9% compared to 1Q21, reflecting the impact of the 80% reduction in Immunoglobulin sales in the period. Around 5% of Net Revenue came from new products, not sold in 2021.
- **Gross Profit:** reached BRL 161 M in 1Q22, with a **Margin** of 52% (-86 bps vs. 1Q21 | +963 bps vs. 4Q21).
- **EBITDA:** achieved BRL 115 M in 1Q22, with a **Margin** of 37% (-255 bps vs. 1Q21 | +1,079 bps vs. 4Q21).
- **Financial Result:** represented a Net Expense of BRL 32.2 M (vs. BRL 0.5 million in 1Q21), impacted by BRL 39.3 M (vs. BRL 5.3 M gains in 1Q21) in hedge and cash denominated in foreign currency position.
- **Net Income:** reached BRL 61 M in the period, with a **Net Margin** of 20% (-691 bps vs. 1Q21 | +699 bps vs. 4Q21). Excluding the Financial Expenses related to the hedge position mentioned above, **Net Income would reach BRL 87 M and Adjusted Net Margin would reach the level of 28%** (+243 bps vs. 1Q21 | +1,535 bps vs. 4Q21).
- **Investments in RD&I:** reached BRL 16 M in 1Q22, an increase of 14% compared to 1Q21, and represented 5% of Net Revenue for the period.
- **7 new products registered and the submission of 5 new medicines requests** considering new products and new presentations in Latin America in the quarter.
- **Earnings:** On March 21, announcement of payment of BRL 36.9 M in supplementary dividends to reach a minimum payout of 25% in the year 2021. On March 31, announcement of payment of BRL 25.0 M in interest on capital own, related to 1Q22.

<i>(BRL million)</i>	1Q22	1Q21	Δ%
Net Revenues	313	326	-4%
Gross Profit	161	171	-6%
<i>Gross Margin</i>	52%	52%	-86bps
Operational Expenses	(51)	(47)	8%
EBITDA	115	128	-10%
<i>EBITDA Margin</i>	37%	39%	-255bps
Operational Expenses	(32)	(0)	6519%
Net Income	61	86	-29%
<i>Net Margin</i>	20%	26%	-691bps
Adjusted Net Income	87	83	5%
<i>Adjusted Net Margin</i>	28%	25%	243bps
Total RD&I	(16)	(14)	14%
RD&I / NR (%)	5%	4%	79bps



Message from Management

In our first year after the IPO, we delivered robust and consistent results on all our fronts, demonstrating the Company's resilience and flexibility in this adverse market moment, marked by international geopolitical uncertainties, presidential election' eve, an increase in import costs of APIs (Active Pharmaceutical Ingredients), logistical difficulties and strong inflationary pressure.

Reinforcing the independence of Immunoglobulin and demonstrating the Company's flexibility to sell the products of our robust portfolio, **Net Revenue reached BRL 313 million in the quarter**, with around 5% coming from new products developed internally by Blau Inventta and not sold in 2021. The launch of new products has been in line with the original schedule and will further lever the Company's sales in the coming quarters.

Even with a decline in Immunoglobulin Revenue of around 80%, the **Biologicals** Unit grew by 5.5% compared to 1Q21, influenced by the good performance of other products.

The **Specialties** Unit recorded a 27.6% reduction in Revenue and was impacted by the retraction in sales of medicines that had a significant performance in 1Q21, due to the focus that some competitors had on products related to Covid, generating a one-off opportunity in that quarter. Additionally, in order to expand the contribution and performance of Blau Goiás, improvements and adjustments were made to this site, partially reducing the supply of certain medicines in the period, but expanding the supply for the next quarters. The new launches will also contribute to the Unit's performance.

The **Oncology** Unit posted a 3.1% growth in Revenue, with good performance in most of the portfolio, but was impacted by the negative performance of a chemotherapy product, which impacted by 13 p.p. the YoY Oncology Unit sales growth in 1Q22.

With activities returning to normal in the Health Segment, **Others** Unit delivered growth of more than 80% in Revenue, driven by strong sales of dermo cosmetics and retail sales.

Another important highlight is the good performance of our International Operation (ex-USA) that delivered a 92% YoY growth in 1Q21.

In the quarter, the Company's Total Expenses grew below inflation for the period, demonstrating **discipline in spending** in challenging times and a focus on **long-term growth**, through increasing investments in RD&I. We also recorded an important **recovery in Margins** compared to the fourth quarter of 2021, which would have been even higher without the negative impact of the Financial Expense related to the currency hedge and cash in foreign currency. Excluding this effect, the **Adjusted Net Margin would reach one of the highest historical levels, of 28%, with a growth of 243 bps vs. 1Q21 and 1,535 bps vs. 4Q21.**

Our business front in the United States, **Hemarus**, continues to expand. The 1st Center, in Lauderhill – Florida, is already licensed by the FDA (US Food and Drug Administration) and its collection volume continues to grow as planned – currently



at about 35% of total capacity. In the quarter, this Center recorded Revenue of BRL 3.3 million. The work on the 2nd Center, also in Florida, is expected to open in 4Q22.

In order to meet the constant market demand and expand our offer, Blau has intensified its investments in expanding its current production capacity on its 4 plants, Blau Inventta and the new Blau Log – which will be our new warehouse. Regarding these investments, we can highlight: the works at **Blau São Paulo** adding 2 new production lines, which is expected to start operating in the first half of 2023. The **P210** works are proceeding according to schedule, with conclusion scheduled for the fourth quarter of 2022 and expected to increase the production capacity of Specialties by approximately of 20%. These new lines are already in the qualification and validation process. We also started a new expansion front in **P110** – the area where the central warehouse for ingredients is located, which will be relocated to our new space, Blau Log, where 3 new product lines will be installed. **It is also worth noting that all these expansions are focused on meeting, in a short period of time, the products developed by Blau Inventta.**

Additionally, in the second quarter, we will open our **new office in São Paulo**, which will receive our entire administrative team, which is currently at the Company's Headquarters in Cotia. This space will be used to expand the area of the RD&I team and will more than double Blau Inventta's ability to analyze new projects.

In March 2022, we had the first major milestone of the **Pernambuco Industrial Complex (P1000)**, with the signing of the protocol of intentions that formalizes the negotiations by the State of Pernambuco and the Municipality of Cabo de Santo Agostinho. Our plan is to place the Fundamental Stone and start construction by the second half of the year.

In the period, we **invested around BRL 16 million in RD&I**, representing 5% of the Company's Net Revenue. We continue with a robust pipeline of new products that has an addressable market of around BRL 7.8 billion. In the quarter, we **submitted the request for registration of 5 new products**, 3 in Brazil, 1 in Chile and 1 in Peru, and we **obtained 7 new products registration in Latin America** (4 in Brazil, 2 in Uruguay and 1 in Chile), between new products and new presentations (SKUs). In Brazil, the 4 medicines approved by ANVISA have a total addressable market of approximately BRL 300 million. Among these approvals by Anvisa, Blau was once again a pioneer, and in February it launched the first generic of Sugamadex in Brazil, a medicine that reverses neuromuscular blockade.

ESG (Environmental, Social and Governance) initiatives are incorporated into the Company's day-to-day activities, whether in valuing human capital, complying with current regulations or protecting natural resources in our operations. Through Blau Inventta, we continue to invest in projects that aim to position Blau ahead of the market, such as the digital information package insert, augmented reality, packaging standardization, product unitization and serialization and traceability throughout the production chain, which, in addition to bringing accessibility to patients and healthcare professionals, it will also generate important savings for the Company. We continue to invest in recycling and selective collection programs, implemented in all the Company's sites. We also offset the carbon emitted by our commercial fleet and use electric trucks for distributing medicines in São Paulo city region.



Finally, in April, we celebrated the 1st year of Blau's listing on B3 and, since the IPO, we have intensified efforts in our growth drivers: expansion of production capacity, development of new products and verticalization of our main ingredients, geographic expansion and new business, seeking the Company's perpetuity and the generation of value for our shareholders. Despite our recognized trajectory of organic growth, we remain focused on M&A opportunities and reinforce our internal team in order to bring new opportunities to Blau.

We are very confident in Blau's growth in 2022, with the delivery of supply of immunoglobulin starting in April, the success of the new products that will be launched throughout the year, the expansion of our production capacity, in addition to the expansion of our market share in the Brazilian pharmaceutical market, supported by the best corporate governance and ESG practices.

#BLAUER

Marcelo Hahn, CEO and founder



About Blau Farmacêutica

Blau is a leading pharmaceutical industry in the institutional segment and a pioneer in biotechnology, with an owned brands portfolio of highly complex drugs focused on relevant segments in the industry, such as immunology, hematology, oncology, specialties, antibiotics in various classes, among others.

Blau has a continental footprint, present in 7 countries in Latin America – Brazil, Argentina, Colombia, Chile, Ecuador, Peru, Uruguay – and the United States and has a modern pharmaceutical industrial complex, composed of five industrial plants.

Portfolio Overview

Blau's portfolio is composed of proprietary products, biological and synthetic, of high complexity, for the institutional segment – hospitals, clinics and HMOs (vertical networks that have their own hospitals, clinical analysis laboratory and health insurance). The Company is divided into 4 business units: biological, oncological, specialties and others.

Biologicals

Biological products are drugs produced by biosynthesis in living cells, unlike synthetics, which are produced by chemical synthesis. Biologicals are a diverse and heterogeneous class of products that can be made using raw materials from two different origins: (i) drugs obtained from **biological material** that are extracted from microorganisms (alive, attenuated or dead), organs and tissues of origin plant or animal, cells or fluids of human or animal origin; and (ii) drugs obtained by **biotechnological procedures**, which are recombinant proteins obtained from genetically modified cells; monoclonal antibodies.

Oncology

Oncological products are composed of oral and injectable drugs of different origin, intended for the treatment of cancer, which encompass several therapeutic classes and types of treatment.

Specialties

The **Specialties** line is composed of products that are used in the hospital's daily routine, in most of the specialized treatments for infectious diseases, special treatments, among others. Includes antibiotics, muscle relaxants with therapeutic applications, injectable drugs, anesthetics, and others.

Others

The **Others** line is composed of prescription drugs, non-prescription (MIP), focused on the retail and non-retail markets, including dermo-medicines, condoms and others.



New Business

The New Business Unit encompasses two areas: (i) the Partnership Development area, which continually seeks to identify strategic partnerships for expanding the portfolio of the institutional segment, with focus on transfers of technology and local production, both of inputs and medicines; and (ii) the Research, Development & Innovation (RD&I) area – Blau Inventta located in the industrial complex in Cotia – which continuously seeks new opportunities for highly complex products in the generic and biosimilar lines.

In order to accelerate several projects, in 2Q22, we will start the second expansion of Blau Inventta, in order to increase its capacity by around 65%, from 60 to 100 simultaneous projects.

In January, Blau obtained the registration of the generic of Letrozol – a medicine used to treat breast cancer – at ANVISA, with approximately BRL 70 million of addressable market. And at the end of February, we launched Sugamadex – an anesthesia reversal – the first generic in Brazil authorized by Anvisa, with around BRL 200 million of addressable market.

In 1Q22, we submitted registration request for 5 products in Brazil and other Latin American countries, including new products and new presentations, with 3 requests in the Specialties, 1 request in the Oncology category, and 1 related to Others. This quarter we invested BRL 16 million in the RD&I area, equivalent to 5% of net sales.

In the future pipeline, we have around 50 products under development, at different stages of the process, with a total addressable market of BRL 7.8 billion, with BRL 5.4 billion from partnerships and BRL 2.5 billion from internal development. This total does not include the Covid vaccine addressable market.

The table below presents a breakdown of the market size by Business Unit according to the estimated registration date in Brazil. It is important to mention that these dates are only Company's estimates, given that registration depends on regulatory agencies, which have their own priorities, and may accelerate or delay the launch timeline. The RD&I pipeline is detailed in [appendix 4](#) at the end of this document.

Addressable Market

BRL M

BUSINESS UNIT	2022	2023	2024	2025
BIOLOGICALS		342	1,120	2,219
SPECIALTIES	692	1,059	890	113
ONCOLOGICALS	316	393	662	43
TOTAL PIPELINE	1,008	1,794	2,671	2,376



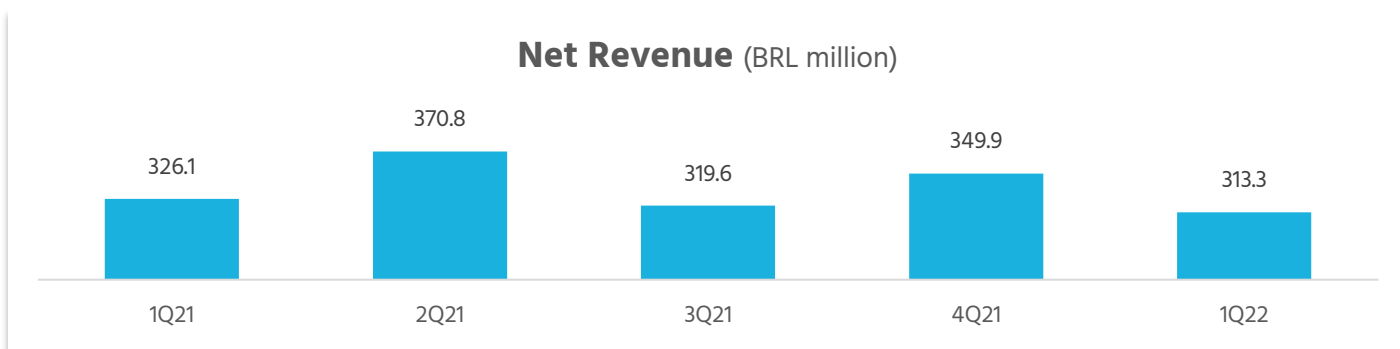
Financial Performance

Summarized Income Statement

<i>(BRL million)</i>	1Q22	% VA	1Q21	% VA	Δ%
Net Revenues	313,3	100,0%	326,1	100,0%	-3,9%
COGS	(151,9)	-48,5%	(155,2)	-47,6%	-2,2%
Gross Profit	161,5	51,5%	170,9	52,4%	-5,5%
Operational Expenses	(51,3)	-16,4%	(47,4)	-14,5%	8,3%
Sales	(15,2)	-4,8%	(13,8)	-4,2%	9,7%
General & Administrative	(26,4)	-8,4%	(23,8)	-7,3%	11,0%
Research & Development	(11,2)	-3,6%	(9,3)	-2,8%	20,8%
Others	1,4	0,5%	(0,5)	-0,2%	n.a.
Operational Expenses Total	(51,3)	-16,4%	(47,4)	-14,5%	8,3%
EBIT	110,2	35,2%	123,5	37,9%	-10,8%
Depreciation & Amortization	5,2	1,7%	4,9	1,5%	6,8%
EBITDA	115,4	36,8%	128,4	39,4%	-10,1%
Net Financial Expenses	(32,2)	-10,3%	(0,5)	-0,1%	n.a.
EBT	78,0	24,9%	123,0	37,7%	-36,6%
Income Tax and CSLL	(16,9)	-5,4%	(36,9)	-11,3%	-54,2%
Net Income	61,1	19,5%	86,2	26,4%	-29,0%



Net Revenues



In 1Q22, the Company's Net Revenue reached BRL 313 million, 3.9% down on 1Q21. For comparison purposes, it is worth noting that, in 1Q22, we recorded immunoglobulin sales 80% lower than in 1Q21, due to the lack of supplies. **By normalizing this impact, we would register a Net Revenue expansion of 13.4% vs. 1Q21.**

<i>(BRL million)</i>	1Q22	% VA	1Q21	% VA	Δ%
Net Revenues	313,3	100,0%	326,1	100,0%	-3,9%
Biologicals	175,4	56,0%	166,3	51,0%	5,5%
Specialties	90,4	28,9%	125,0	38,3%	-27,6%
Oncologicals	21,2	6,8%	20,5	6,3%	3,1%
Others	26,3	8,4%	14,4	4,4%	83,2%
Private	233,6	74,6%	256,3	78,6%	-8,9%
Public	79,7	25,4%	69,8	21,4%	14,2%

The **Biologicals** Unit increased Revenues by 5.5%, however, it suffered a negative impact due to the retraction of the global supply of immunoglobulin in the market and, to a lesser extent, the retraction of Enoxaparin, being offset by the expansion of Alfaepoetin in the period. It is worth mentioning that, as of April, we are expecting a normalization of the levels of Immunoglobulin supply in the market.

The **Specialties** Unit had a 27.6% reduction in Revenue and was impacted by the retraction in sales of products that registered an expressive performance in 1Q21, due to the focus that some competitors had on products related to Covid, generating a temporary opportunity for Blau that quarter. We also recorded the impact of the interruption of production due to the expansion and improvement works at Blau Goiás. The Blau Goiás operation is back to normal and will contribute to growth as of 2Q22. The new launches will also contribute to the Unit's performance.

The **Oncology** Unit posted a 3.1% growth in Revenue, with good performance in most of the portfolio, but was impacted by the negative performance of a chemotherapy product, which impacted by 13 p.p. the YoY Oncology Unit sales growth in 1Q22.

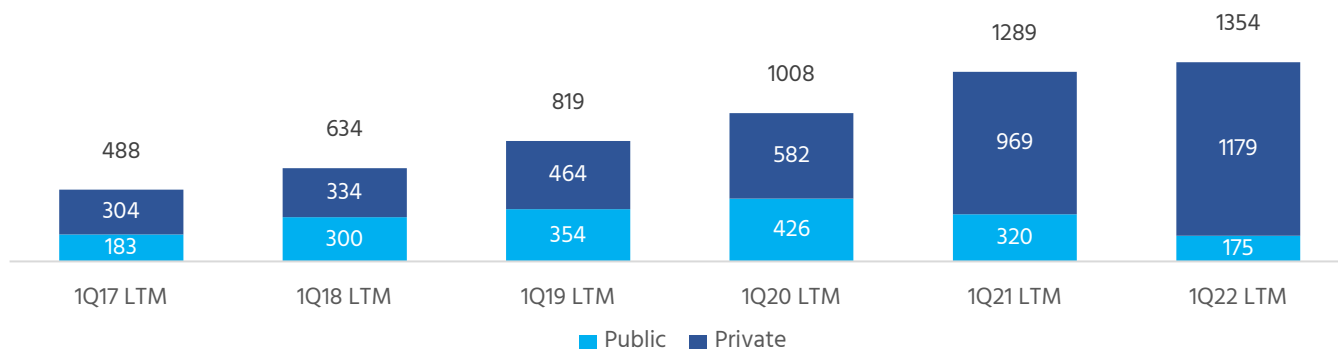
The **Others** Unit grew by 83.2% and was driven by strong sales of dermo cosmetics and retail.



Sales in the private channel represented around 75% of Net Revenue in 1Q22, versus 79% in 1Q21.

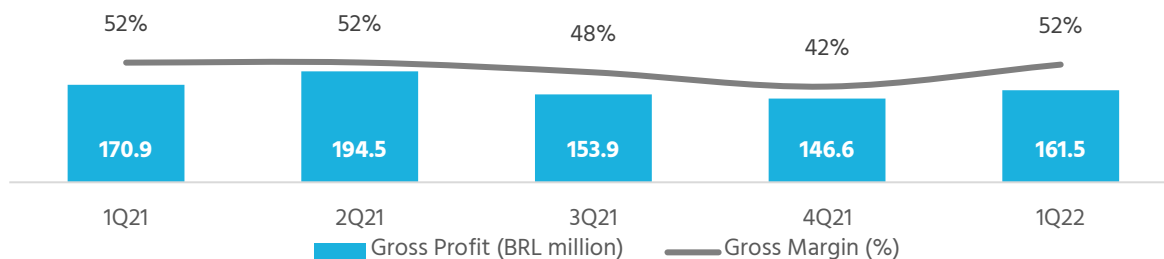
It is worth noting the strong growth in Revenue from the LTM perspective, with a 5-year CAGR of 23%.

LTM Net Revenue (BRL million) with CAGR 5Y of 23%



Gross Profit

Gross Profit (BRL million) and Margin (%)



In the quarter, the Company's Costs represented 48.5% of Net Revenue vs. 47.6% in 1Q21, impacted by sales mix and increase in imported APIs cost. It is worth noting that, in 1Q22, the Company's Total Costs did not benefit from the dollar's retraction in the period, since the inventory consumed was acquired at the average exchange rate of 2H21. As of 2Q22, the Company will benefit from the positive impacts of the appreciation of the Brazilian Real, as currently around 65% of the Company's Total Cost is denominated in foreign currency.

(BRL million)	1Q22	1Q21	Δ%
Net Revenues	313,3	326,1	-3,9%
COGS	(151,9)	(155,2)	-2,2%
Gross Profit	161,5	170,9	-5,5%
<i>Gross Margin</i>	<i>51,5%</i>	<i>52,4%</i>	<i>-86 bps</i>

Gross Profit reached BRL 161 million in the period, down 5.5% vs. 1Q21, impacted by the mix of medicines sold throughout the quarter. Gross Margin reached 51.5% in the quarter, down 0.9 p.p. compared to 1Q21, impacted by the performance of



the Specialties Unit. In comparison with 4Q21, we recorded a Gross Margin significant expansion of 9.6 p.p., already reflecting the recovery of Margin to the company's historical level.

Operating Expenses

(BRL million)	1Q22	%NR	1Q21	%NR	Δ%
Sales	(15,2)	-4,8%	(13,8)	-4,2%	9,7%
G&A	(26,4)	-8,4%	(23,8)	-7,3%	11,0%
RD&I	(11,2)	-3,6%	(9,3)	-2,8%	20,8%
Others	1,4	0,5%	(0,5)	-0,2%	n.a.
Total Operational Expenses	(51,3)	-16,4%	(47,4)	-14,5%	8,3%

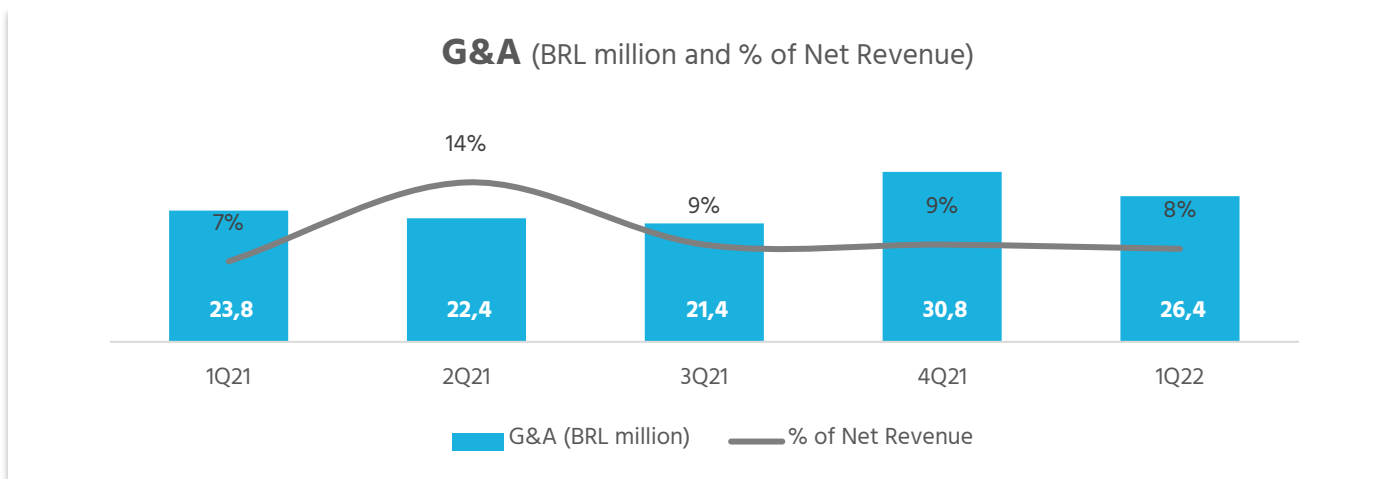
In the quarter, Operating Expenses totaled BRL 51 million, equivalent to 16.4% of Net Revenue (vs. 14.5% in 1Q21).

Selling Expenses reached BRL 15 million in the quarter – equivalent to 4.8% of Net Revenue – an expansion of 9.7% compared to 1Q21, due to the expansion of Marketing Expenses, related to the increase in the number of employees both in the Brazil and in the subsidiaries in South America. Selling Expenses represented 29.6% of OPEX in 1Q22.

General and Administrative Expenses (G&A) totaled BRL 26 million in 1Q22 – equivalent to 8.4% of Net Revenue – an 11.0% increase in the quarterly comparison, reflecting a more robust administrative structure for the implementation of the Company's strategic projects in this period post IPO, as well as expenses related to the ramp up of the 1st plasma collection center in the United States, Hemarus, in addition to inflation. G&A represented 51.4% of OPEX in the quarter.

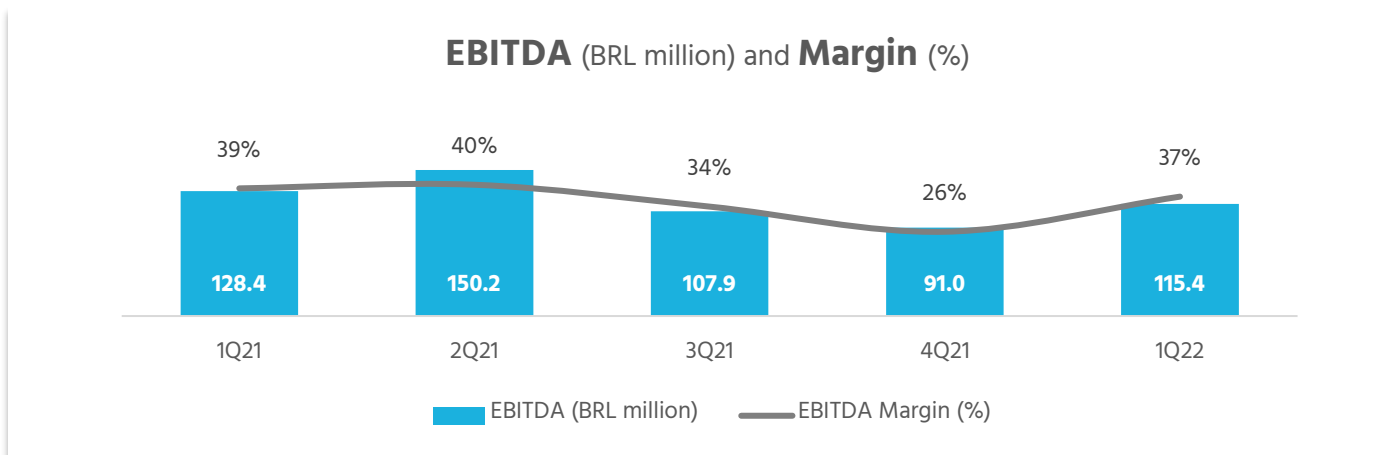
RD&I Expenses totaled BRL 11 million, equivalent to 3.6% of Net Revenue, representing a growth of 73 bps over 1Q21, in line with the strategy of continuing to strongly invest in RD&I, in order to lever the Company's future results. Blau's total investments in RD&I, both accounted for in Operating Expenses and Intangible Assets, reached BRL 16 million in the quarter, and represented 5% of Net Revenue (79 bps growth vs. 1Q21).

Others recorded a gain due to reversals of provisions made.





EBITDA



In the quarter, EBITDA totaled BRL 115 million and the EBITDA Margin reached 36.8%, representing a retraction of 2.5 p.p. compared to 1Q21, impacted by the slowdown in revenue growth, combined with the growth in Expenses, especially related to RD&I. **In comparison with 4Q21, we recorded an expansion of 10.8 p.p in the EBITDA Margin, demonstrating the strong recovery of Margin in the period.**

(BRL million)	1Q22	%NR	1Q21	%NR	Δ%
Net Income	61,1	19,5%	86,2	26,4%	-29,0%
Income Tax	(16,9)	-5,4%	(36,9)	-11,3%	-54,2%
Net financial expenses	(32,2)	-10,3%	(0,5)	-0,1%	n.a.
D&A	(5,2)	-1,7%	(4,9)	-1,5%	6,8%
EBITDA	115,4	36,8%	128,4	39,4%	-10,1%

Financial Expenses

(BRL million)	1Q22	% VA	1Q21	% VA	Δ%
Net Financial Expenses	(32,2)	-10,3%	(0,5)	-0,1%	n.a.
FX *	(23,7)	-7,6%	(7,2)	-2,2%	229,6%
Net Interest Expenses	7,9	2,5%	(5,6)	-1,7%	n.a.
Unrealized results with derivatives *	(15,6)	-5,0%	12,5	3,8%	n.a.
Others	(0,8)	-0,3%	(0,2)	-0,1%	321,5%

* Items normalized for Adjusted Net Income purposes

In the quarter, the Financial Result was an expense of BRL 32.2 million vs. BRL 0.5 million in 1Q21, reflecting the appreciation of the Real in the period, with a direct impact on the lines of (i) FX, since, as of March 31, 2022, the Company had US\$ 40 million of Cash in Dollars; and (ii) Unrealized Result with Derivatives, which reflects the mark-to-market of the contracted hedge (NDFs), at an average strike of BRL 5.41, maturing from August to November 2022.



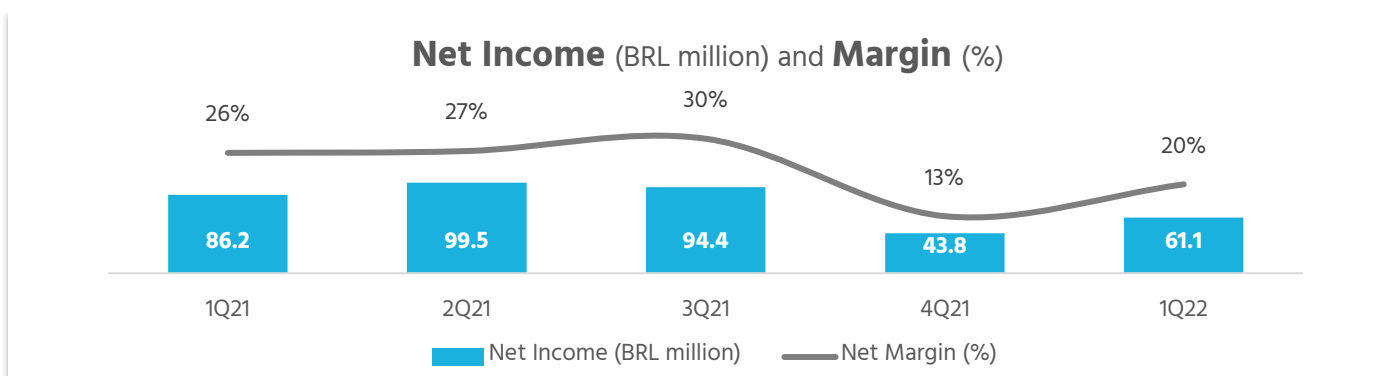
Interest Expenses were reduced due to the early amortization of debentures from the 2nd, 4th and 5th issues, through the use of part of the IPO proceeds. Thus, currently, the company holds 2 public debentures (1st and 3rd issues).

In 1Q22, Financial Income is related to the amount collected in the IPO, which was allocated to highly liquid financial investments such as CDBs with an average yield of 105.3% of the CDI.

Income tax and social contribution

In the quarter, Income Tax and Social Contribution reached BRL 16.9 million, compared to BRL 36.9 million in 1Q21. In 2022, we recorded an effective rate of 21.6% against 30.0% in 2021, reflecting the greater use of tax benefits such as investments in RD&I (Lei do Bem) and distribution of interest on equity related to 1Q22 results.

Net Income



Due to the negative effect of the exchange rate variation in the period, we ended the quarter with a Net Income of BRL 61 million and a Net Margin of 19.5%, representing a reduction of 6.9 p.p. in annual variation and an expansion of 7.0 p.p. compared to 4Q21. Excluding this negative impact from our hedges (since the positive effect on our Gross Profit did not impact the first quarter), we would have recorded **an Adjusted Net Income of BRL 87 million with an Adjusted Net Margin of 27.8%, an increase of 2.4 p.p. in the annual variation and of 15.4 p.p. compared to 4Q21.**

(BRL million)	1Q22	% VA	1Q21	% VA	Δ%
EBIT	110,2	35,2%	123,5	37,9%	-10,8%
Net Financial Expenses	(32,2)	-10,3%	(0,5)	-0,1%	n.a.
EBT	78,0	24,9%	123,0	37,7%	-36,6%
Income Tax and CSLL	(16,9)	-5,4%	(36,9)	-11,3%	-54,2%
Net Income	61,1	19,5%	86,2	26,4%	-29,0%
Adjustments in Financial Results after Taxes	25,9	8,3%	(3,5)	-1,1%	-841,7%
Adjusted Net Income	87,1	27,8%	82,7	25,3%	5,3%



Indebtedness

At the end of March 2022, the Company's Gross Debt consisted mainly of 2 public issuances of debentures, with the banks Bradesco and Itaú. At the end of 1Q22, the average cost of Total Debt considering debentures, loans and financing reached CDI + 1.09%.

Considering the IPO proceeds, the Company increased its Cash and Investments to BRL 819 million, leading to a Net Cash position of BRL 500 million at the end of 1Q22.

(BRL million)	03/31/2022	03/31/2021
Short Term	58,1	177,4
Long Term	261,3	615,6
Gross Debt	319,4	793,0
Cash and cash equivalents	819,3	236,0
Net Debt	(499,9)	556,9
LTM EBITDA	464,5	464,3
Net Debt / EBITDA	-1,1x	1,2x

CAPEX

In the quarter, CAPEX reached BRL 33 million, corresponding to BRL 28 million of PP&E CAPEX (8.8% of Net Revenue) and BRL 5 million of Intangible CAPEX (1.7% of revenue).

PP&E CAPEX refers to the P210 works to increase capacity and construction works of the 2nd plasma collection center; the acquisition of equipment to modernize the plants; improvement of production processes in Cotia and São Paulo, in addition to adjustments in production lines at Blau Goiás.

Intangible CAPEX refers mainly to investments in the development of new products, in addition to software and sanitary records.

The investments are in line with our strategic plan for expanding production capacity, automation and the development of new products.

(BRL million)	1Q22	1Q21	Δ%
Intangible CAPEX	5,2	5,5	-3,9%
PP&E CAPEX	27,6	46,5	-40,6%
Total CAPEX	32,9	52,0	-36,8%



Cash Flow

(BRL million)	1Q22	1Q21	Δ%
Working Capital	77,2	101,7	-24,1%
Operating Cash Flow	(5,5)	(4,2)	29,3%
Investment Cash Flow	(32,9)	(52,0)	-36,8%
Net Cash Flow	(38,3)	(56,2)	-31,8%
Financing Cash Flow	(65,2)	76,7	n.a.
Increase (Decrease) in Cash and ST Investments	(103,5)	20,5	n.a.

Proforma cash flow: some items were reclassified to better present the Company's total liquidity. The groups may not be comparable with the totals presented in our financial statements. The increase and decrease in cash are a result of the variation in cash lines and short-term investments in the Balance Sheet.

During 1Q22, Operating Activities consumed BRL 5,5 million, compared to operating cash consumption of BRL 4,2 million in 1Q21. In addition, the amount in working capital increased by BRL 77 million in this quarter, compared to the increase of BRL 102 million in 1Q21.

In 1Q22, Investment Activities consumed BRL 33 million, compared to BRL 52 million in 1Q21. The variation is essentially due to the higher CAPEX of fixed assets in 1Q21 arising from the construction stage of P210.

In the quarter, cash consumed by Financing Activities reached BRL 65 million, compared to the generation of BRL 77 million in 1Q21, due to the partial amortization of principal and payment of interest on loans and financing and 1st issue of debentures.

Below, we present the evolution of working capital in days:

(days)	1Q21	2Q21	3Q21	4Q21	1Q22
Account receivables (DSO)	82	88	77	87	99
Inventories (DIO)	196	233	234	214	221
Suppliers (DPO)	(59)	(48)	(36)	(60)	(45)

The DSO was 99 days vs. 87 days in 4Q21 and 82 days in 1Q21. The increase in relation to previous quarters is due to the concentration of sales in March, according to the seasonality of the beginning of the year.

DIO stood at 221 days vs. 214 days in 4Q21 and 196 days in 1Q21. The maintenance of the level of days of inventory in relation to 4Q21 is due to the Company's purchase of ingredients necessary for the production of new medicines, that will be launched throughout this year.

The DPO was 45 days vs. 60 days in 4Q21 and 59 days in 1Q21. This variation is a reflection of strategic negotiations and anticipation of some payments to international suppliers based on the scenario of the Dollar and Euro depreciated in relation to the Real.



In nominal terms, the Company's Working Capital was BRL 712 million compared to BRL 632 million in 4Q21 and BRL 545 million in 1Q21.

ESG (Environmental, Social and Governance) Information

Blau remains focused on its commitment to the best environmental, social and governance practices, always based on global sustainability pillars. Among other projects on the Company's ESG agenda, we highlight the investment in recycling programs – such as blisters and plastic cups – and the selective collection implemented in all the company's plants. Also, in partnership with Black Jaguar Foundation, we neutralized around 2.8 tons of CO₂ from July to December 2021 emitted by Blau's commercial fleet.

The Company also planted more than a thousand seedlings at its Operational Headquarters, in Cotia, and is acquiring an area of 21,000 m² with around 10,500 trees, and the potential to neutralize more than 1,500 tons of CO₂ per year.

In line with the growth of the sustainable agenda, since 2021, the Company has invested in the acquisition of electric vehicles for its own fleet. In this first phase of the project, 85% of vehicle trips are focused on the collection of raw materials and transfers between plants. In the next phase, the strategy is to expand volumes with a focus on customer deliveries. With the new investments, Blau's estimate is to eliminate approximately 21.0 tons of CO₂ per year that are currently emitted in cargo deliveries.

We also highlight the new sustainability and ESG report, which will be released in 2Q22.



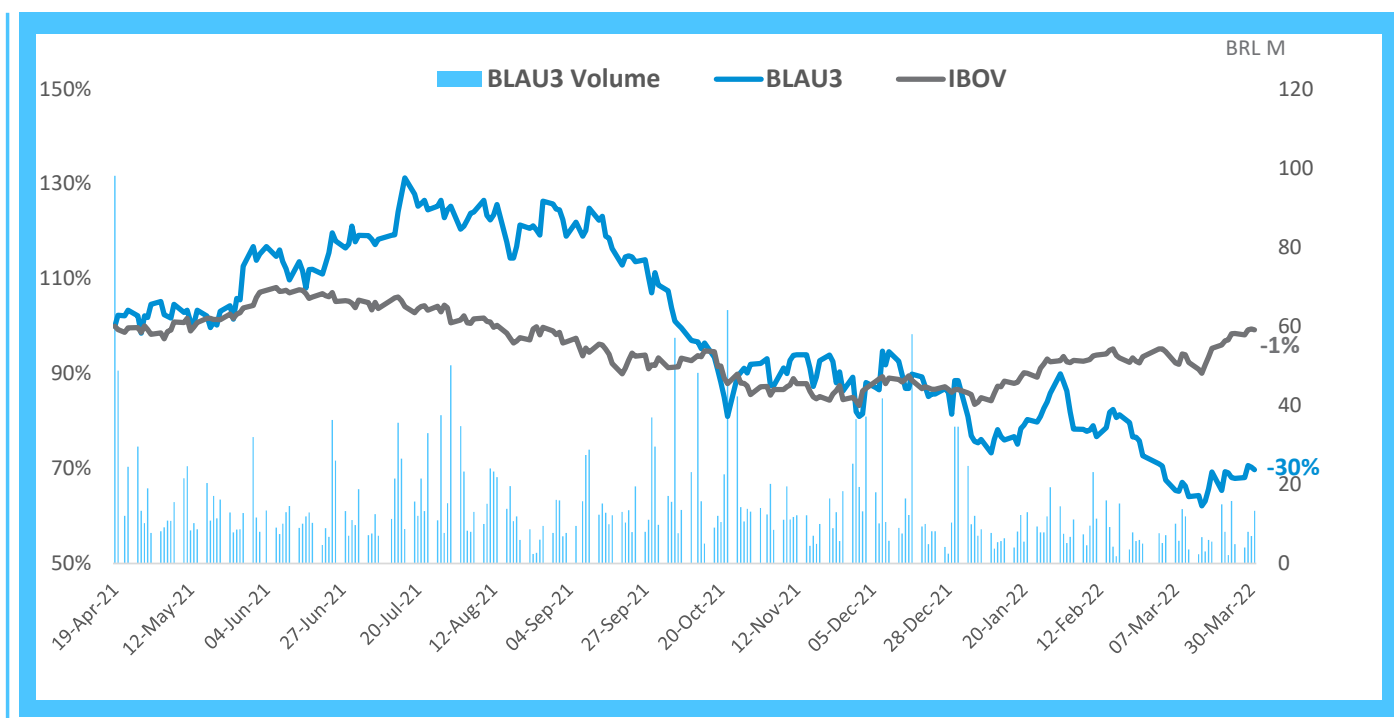
Capital Markets

On April 19, 2021, Blau started trading its shares on B3 under the ticker BLAU3, after carrying out an Initial Public Offering (IPO), with adhesion to the Novo Mercado listing segment, in line with the continuous search by the highest standards of corporate governance. The transaction reached approximately BRL 1.2 billion in 100% primary funds, at a price per share of BRL 40.14, resulting in a free float of 17.5% and a total of 179,393,939 common shares.

Since going public until the end of the first quarter 2022, the shares registered an ADTV of BRL 15 million. In the period, the Company's shares presented a variation of -30% vs. -1% of the IBOV.

At the end of March, the Company's shareholder base consisted of: Local Institutions (34.4%), Foreign Institutional (58.8%) and Individuals (6.8%), which had doubled their share since the IPO.

From May to September 2022, our shares will continue to be part of the Small Cap Index ("SMLL"), Consumption Index ("ICON"), Trade Corporate Governance Index ("IGCT") and Brasil Amplo Index ("IBrA"), prepared and published by B3 S.A. – Brazil, Stock Exchange, Counter.





Appendix 1 – Balance Sheet

	Consolidated	
	03/31/2022	12/31/2021
Assets		
Cash and cash equivalents	206,099	51,864
Financial Investments	613,210	870,958
Trade accounts receivable	369,706	331,520
Accounts receivable from related parties	1,330	272
Inventories	428,292	416,848
Taxes recoverable	14,116	5,628
Derivative financial instruments	-	11,354
Other receivables	8,001	8,030
Total current assets	1,640,754	1,696,474
Taxes recoverable	28,898	27,782
Judicial deposits	6,646	6,578
Other receivables	1,260	5,722
Investments	43	43
Right of use	9,511	9,737
Property, plant and equipment	406,364	382,898
Intangible assets	203,700	198,813
Total non-current assets	656,422	631,573
Total assets	2,297,176	2,328,047
	Consolidated	
	03/31/2022	12/31/2021
Liabilities		
Trade accounts payable	86,507	115,535
Related party suppliers	1,132	896
Loans and financing	1,449	41,729
Debentures	56,677	49,823
Taxes payable	17,191	19,654
Income and social contribution taxes payable	14,486	19,991
Labor obligations	38,693	35,549
Dividends and interest on own capital payable	58,095	36,882
Leases payable	2,009	2,110
Derivative financial instruments	6,450	-
Other accounts payable	20,174	20,837
Total current liabilities	302,863	343,006
Debentures	261,253	272,503
Tax liabilities	9,711	7,939
Provision for tax, civil and labor lawsuits	5,782	6,056
Leases payable	8,488	8,353
Deferred income and social contribution taxes	17,134	18,249
Other accounts payable	30,361	37,056
Total non-current liabilities	332,729	350,156
Equity		
Share capital	1,316,609	1,316,609
Profit reserve	300,176	325,132
Retained earnings	61,487	-
Equity valuation adjustments	(14,945)	(5,452)
Equity attributed to controlling shareholders	1,663,301	1,636,289
Share of non-controlling shareholders	(1,717)	(1,404)
Total equity	1,661,584	1,634,885
Total liabilities and equity	2,297,176	2,328,047



Appendix 2 – Income Statement

	Consolidated	
	03/31/2022	03/31/2021
Net operating revenue	313,342	326,128
Cost of goods and products sold	(151,856)	(155,243)
Gross profit	161,486	170,885
Selling expenses	(27,144)	(23,062)
Administrative expenses	(26,382)	(23,761)
Impairment loss on accounts receivable	813	(216)
Other operating revenues and expenses, net	1,417	(311)
Total operating expenses, net	(51,296)	(47,350)
Income before financial income, interest in investees and taxes	110,190	123,535
Financial revenues	17,094	13,501
Financial expenses	(49,261)	(13,987)
Financial income	(32,167)	(486)
Income before taxes	78,023	123,049
Current income tax and social contribution	(17,213)	(32,583)
Deferred income tax and social contribution	337	(4,301)
Income tax and social contribution	(16,876)	(36,884)
Net income for the period	61,147	86,165
Income attributed to:		
Controlling shareholders	61,461	86,165
Non-controlling shareholders	(314)	-
	61,147	86,165
Earnings per share (in R\$)		
Basic	0.34	0.58
Diluted	0.34	0.58



Appendix 3 – Cash Flow

	Consolidated	
	03/31/2022	03/31/2021
Cash flows from operating activities		
Profit before taxes	78,023	123,049
Adjustments to reconcile income for the period with cash from operating activities:		
Depreciation and amortization	5,205	4,874
Write-offs of property, plant and equipment and intangible assets	(8)	3,299
Interest on leases	209	-
Financial charges on loans and financing	33	579
Financial charges on debentures	8,535	4,999
Earnings from investments	(16,418)	(920)
Unrealized foreign exchange variation in loans	(391)	-
Unrealized gains and losses on changes in fair value of assets	15,598	(12,473)
Unrealized foreign exchange variation in trade accounts payable and receivable	(505)	4,452
Equity pick-up	-	-
Provision for expected losses on trade accounts receivable	813	1,766
Provision (reversal) for inventory impairment, net	(2,609)	(4,953)
Provision for tax, civil and labor lawsuits	(274)	268
Monetary adjustment, judicial deposits	(159)	-
	88,052	124,940
(Increase) decrease in asset accounts		
Trade accounts receivable	(43,349)	(46,907)
Inventory	(8,835)	(28,093)
Taxes recoverable	(12,331)	(5,454)
Derivative financial instruments	2,206	-
Other receivables	4,491	3,866
Judicial deposits	91	(103)
Increase (decrease) in liability accounts		
Trade accounts payable	(24,995)	(26,749)
Labor obligations	3,144	3,363
Taxes payable	(1,470)	4,737
Other accounts payable	(8,887)	1,487
Cash from operating activities		31,087
Income tax and social contribution paid	(19,991)	(36,228)
Net cash from operating activities	(21,874)	(5,141)
Cash flows from investing activities		
Financial investments	274,166	(85,088)
Additions to property, plant and equipment	(27,621)	(46,538)
Additions to intangible assets	(5,241)	(5,455)
Net cash from (used in) investing activities	241,304	(137,081)
Cash flows from financing activities		
Dividends and interest on own capital	-	(15,700)
Right of use and leases payable	(637)	-
Acquisition of financed equity interests	(11,705)	(5,000)
Raising of loans and financing	-	116,746
Payment of loans and financing – principal	(39,091)	(5,152)
Payment of loans and financing – interest	(831)	(255)
Payment of debentures – principal	(11,250)	(11,250)
Payment of debentures – Interest	(1,681)	(2,710)
Net cash used in financing activities	(65,195)	76,679
Net increase (decrease) in cash and cash equivalents	154,235	(65,543)
Cash and cash equivalents as of January 1	51,864	70,197
Effect of change in the foreign exchange rate on the balance of cash and cash equivalents	-	1,212
Cash and cash equivalents as of March 31	206,099	5,866
Increase (decrease) in cash and cash equivalents	154,235	(65,543)
Transactions not affecting cash		
Acquisition of Property, plant and equipment	4,935	2,443
Acquisition of Pharma Limirio	43,682	-
Increase in interest in Hemarus	1,279	-
	49,896	2,443



Appendix 4 – Pipeline

BRL M

Product	Business Unit	2022	2023	2024	2025
Product 1	Specialties	485			
Product 2	Specialties	143			
Product 3	Oncologicals	127			
Product 4	Oncologicals	102			
Product 5	Oncologicals	67			
Product 6	Specialties	49			
Product 7	Oncologicals	19			
Product 8	Specialties	14			
Product 9	Specialties		916		
Product 10	Biologicals		342		
Product 11	Specialties		122		
Product 12	Oncologicals		106		
Product 13	Oncologicals		104		
Product 14	Oncologicals		89		
Product 15	Oncologicals		70		
Product 16	Oncologicals		24		
Product 17	Specialties		21		
Product 18	Biologicals			695	
Product 19	Oncologicals			241	
Product 20	Biologicals			212	
Product 21	Oncologicals			199	
Product 22	Specialties			165	
Product 23	Biologicals			134	
Product 24	Oncologicals			102	
Product 25	Specialties			99	
Product 26	Oncologicals			95	
Product 27	Specialties			92	
Product 28	Specialties			90	
Product 29	Specialties			90	
Product 30	Specialties			79	
Product 31	Biologicals			79	
Product 32	Specialties			70	
Product 33	Specialties			61	
Product 34	Specialties			53	
Product 35	Specialties			52	
Product 36	Specialties			38	
Product 37	Oncologicals			25	
Product 38	Biologicals				1,045
Product 39	Biologicals				728
Product 40	Biologicals				371
Product 41	Biologicals				75
Product 42	Specialties				50
Product 43	Specialties				26
Product 44	Specialties				23
Product 45	Oncologicals				22
Product 46	Specialties				14
Product 47	Oncologicals				12
Product 48	Oncologicals				9
TOTAL PIPELINE		1,008	1,794	2,671	2,376



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. In 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.