

**Melissa Angelini:**

Good morning, everyone, and thank you for waiting. Welcome to the 2Q21 results conference call of Blau Farmacêutica. Today we have with us Marcelo Hahn, CEO, Douglas Rodrigues, CFO, and Melissa Angelini, Investor Relations.

I would like to remind you that we will have a Q&A session at the end of the call, and everyone is welcome to ask their questions through the chat at the webcast. Also, the webcast is being recorded and it will be available on our IR website.

Now, I would like to turn the floor to Marcelo Hahn, CEO, to begin his presentation. Marcelo. Please go ahead.

**Marcelo Hahn:**

Good morning, everyone, and thank you all for listening. It is a pleasure to be with you in our call for the 2Q results. As you already know, the 2Q was very special. It marked our IPO and Novo Mercado entrance, with a market cap of approximately R\$9 billion.

Going to slide two, we had a 15% growth of net revenues quarter over quarter. When looking at the last 12 months, which makes more sense, we had a 30% growth, which is consistent with our historical growth of the last years. It is important to highlight that we almost did not have sales to the government. If we had it, our results could have been even better.

As we always say, it is also important to highlight that we have a very robust portfolio, and it gives us the flexibility to offer products according to the market needs. Portfolio mix is relevant to increase market share in certain markets, and that way keep with the margin expansion whenever possible.

During this quarter, our market share was 30%. When we look at the top 10 products, there was a market share increase, which showed us the potential of our products. In the IQVIA hospital segment ranking, we are in the top 10 of the entire market, and we are the second largest national pharmaceutical industry in the ranking.

As some of you may have seen, Anvisa published a resolution that approved as an emergency measure the importing and commercialization of some products of covid kit. But even adding the sale of this product with the anesthetics that we observed a higher demand, the consolidated margin impact was less than 1 p.p.

When we look at the growth in terms of volume and price, in this quarter, excluding Imunoglobulina and Alfaepoetina, that volume decreased. Around 67% of the growth came from volume. This is in line with the production capacity increase of 19% in units versus the 1Q21, and the portfolio mix.

We continue to strive to address the short-term production capacity bottleneck. We also continue to invest in innovation and development of new products equivalent to 4% of our total revenue. We had five new projects submitted with Anvisa in the quarter, and four registrations approved in Latin America. We have about 30 registration requests submitted at Anvisa, including new products and renewals in different stages.

Moving to slide three, in the operational highlights, it is important to highlight some initiatives. We have already started the export our finished product with the Alfaepoetina produced in the building P400. We continue advancing with the construction of the building P210, which will have two new production lines for some products in the specialty line. It is expected to be ready for the end of the year, and operational during the 2H22.

On the building P1000, we are moving forward with the execution. We had hired a consultancy to help us to discuss the benefits with the local authorities in Pernambuco, and have already signed a contract with the company for basic services up to the earthmoving project and for all necessary licensing.

We have created a new Board that will be responsible for the execution and leadership of the work of this new project. In fact, the director started just today at the Company, and will run the entire project.

We are also making some specific improvements to expand production capacity in the sites of Cotia and Sao Paulo, in addition to adapting the site of Anapolis to the Blau standards.

Going to slide four, you can see some advances in partnership and the JV that I wanted to share with you. We also advanced with the plasma collection project in the United States. The first collection center is already operational and we have already started to collect plasma.

We are also already developing the project for the second center, which will be in North Miami. We are in the bidding process to start the works.

In addition, we closed the sale of plasma in the American market. We still sell around 70% of the production from the first and second centers over the next three years. This contract is very positive for Blau, as we are anticipating revenue even before having the FDA's greenlight for the fractionation of collected plasma.

We closed the partnership with Sinopharm, a Chinese pharmaceutical company, as we announced a short time ago, always committed to creating more products availability and being another option for the ministry. We submitted the emergency registration request to Anvisa, which has already made several demands, and we have already fulfilled several of them.

Regarding the price and quantity of the covid vaccine, it is still too premature to say anything. As previously announced, only after registration approval, we will start the negotiation process for supplies. But we know that our partner in China has the capacity to supply the market if necessary.

Now going to slide five, we also invested a lot in human capital, strengthening our team in several key areas of the Company and aligning important corporate governance issues that are constantly evolving.

As you have seen, we also increased our Board of Directors, including two new independent members, one focusing in ESG. And now we have a board made up of seven members.

As we said in the last call, all the initiatives and results presented here demonstrate the commitment and focusing of the entire team, which is to ensure our sustainable growth, with the objective to becoming the benchmark company in the health sector and continue to generate value for the shareholders.

Now, I would like to hand the floor over to Melissa Angelini, Head of IR, to comment on our operational performance. Please, Melissa.

**Melissa Angelini:**

Thank you, Marcelo. Moving on to slide six, you can see our revenues breakdown into all our four business units. As Marcelo mentioned, we had a top line growth of 15%, with a 17% CAGR from 2019 to the 2Q21, last 12 months, as you can see there.

We continue to focus on increasing production and to supply the market. We also had higher volume from Blau Goiás. Remember, that was the acquisition that we made last year, Pharma Limírio, and with the mix we delivered this quarter, we managed to grow 19% in units versus the 1Q21. So this has also helped with the increase of our top line.

The revenues increased in almost all the business units, so specialties, oncology's and others, with the exception of biologicals. Specialty lines, when we look only specialties, was the unit that brought more top line this quarter, adding almost R\$60 million quarter over quarter. Also, when we look at the one-off demand of covid products, the ones that Marcelo mentioned, like the RDC and some others, you saw that the impact on revenues was only 5%, and the margin impact was only 40 bps.

The oncology line also had expressive growth, and it already represents 7% of the total revenues. So, this is strong performance more than offsets the biological line performance that, as expected, it was impacted by the lower volume of immuno, and also the Alfaepoetine.

The lower volume in Imunoglobulina was basically for the market context that you all know about it. And when we talk about the Alfaepoetine, it is a matter of phasing, actually. So the bids, that usually we saw Alfaepoetine through a bid, they can slide a month or so, and this can impact specific quarters. And this is exactly why we like to look at the last 12 months revenues. But the bid is about to be published this semester and we will keep you all informed.

So, moving to the next slide, on slide seven we have our gross profit and gross margin. It is very important to highlight, before going into the gross profit about our capillarity, that Marcelo also mentioned, we have a high capillarity in our segment with our market share of 30%, and of course, that helps also with the dilution of the COGS that we are also going to talk about in a second.

So, as Marcelo mentioned, us having a robust portfolio is something very important, because we can work with our portfolio in the best way for the Company and the market, and deliver a better sales mix. And this is what we saw in this quarter.

So, this quarter we had even more exposure to the private channel, with over 90% of our sales through the private channel. And we also had higher sales of domestically manufactured products, and also the dilution of COGS, as I mentioned, which brings us to the margin expansion we had.

But it is important to highlight that this margin expansion is not necessarily recurring. This is aligned with our sales mix in the sales channel, but they could change according to the demand. So, this is why we prefer, as I told you, to look at the last 12 months. And when we look at the last 12 months in terms of margin, we have a margin of around 51%.

So now I will turn the floor to Douglas, who will comment on our financial performance.

**Douglas Rodrigues:**

Thank you, Melissa. Good morning, everyone. So, moving to slide eight, the OPEX evolution, in the quarter, we can see a growth of 30%. But this is driven by the increase of our RD&I expense and the nonrecurring IPO expenses impacting this quarter.

If you consider only SG&A, the growth is 11%, lower than the sales growth, with the same trend for the year-to-date figures. It means that the Company continues to improve its operational leverage according to our business model, and keeping the pace of the investments in RD&I to increase our addressable market.

Moving to the next slide, nine, EBITDA. The growth in the current quarter is 32%, and 51% in the year-to-date. In the last 12 months, the Company reached R\$0.5 billion. This is a result of the gross margin performance and all the points that were mentioned by Marcelo and Melissa, our operation axis to increase our availability of produce, the productivity in our factories, and of course, the portfolio mix.

Next slide, the slide for the net financial expenses. The positive impact in the 2Q and also in the year-to-date figures, this is a result of FX and also the interests.

Finally, net profit, the growth of 35% in the current quarter and 76% in the year-to-date. Again, gross margin is the main contribution.

Moving to the next slide, in the final part of the presentation, let us cover CAPEX, working capital and debt. CAPEX, investments to increase our production capacity in our plants here in Sao Paulo, and also the plant in Goias, which is very far to increase our production. And also, investments in our plasma collection in the U.S. As Marcelo mentioned, we opened the first collection center and we started to do the arrangements for the next one.

In terms of working capital, you can see in this quarter they are in a higher level. This is mainly related to the growth of the sales in the private channel, and also in terms of the inventories that increased the level just to support the sales demands for the next quarter for both channels, public and private.

In terms of the debt, after the IPO, with them, amortization of the private debenture, now we just have the public debenture in our debt and short-term bank loans.

In general, the Company has a strong position, continues to generate cash to deliver results according to our business plan, and of course, the use of the IPO proceeds, as we mentioned during our IPO process.

So now let us open the Q&A session. Thank you.

**Melissa Angelini:**

There seems to be no question. So I will turn the floor to Marcelo so we can finish the call.

**Marcelo Hahn:**

Thank you, Melissa. Thank you, Douglas. Guys, thank you so much for everyone's time. As we said, we are working on all Blau's growth fronts, and we continue to be very active in prospecting for possible M&As and very focused on the execution of all our initiatives.

Thank you for the time, and have a nice day.

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