

**Interim Financial Information
(unaudited)**

Individual and Consolidated

Blau Farmacêutica S.A.

March 31, 2021

with Independent Auditors' Report

Blau Farmacêutica S.A.

Interim Financial Information (unaudited)

March 31, 2021

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A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with NBC TG 21 and IAS 34 - Interim Financial Reporting, and with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR)

Report on the review of interim financial information

The Shareholders and Officers

Blau Farmacêutica S.A.

Cotia – SP

Introduction

We have reviewed the interim individual and consolidated financial information of Blau Farmacêutica S.A. (the "Company") contained in the Quarterly Information Form – ITR form as of March 31, 2021, which comprise the statement of financial position on March 31, 2021, and the statements of operations, of comprehensive income (loss) and the statements of changes in equity and of cash flows for the three-month period then ended, including explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with the NBC TG 21 - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international standards on review engagements (NBC TR 2410 and *ISRE 2410* - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with the NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Audit and review of the corresponding amounts

The examination of the individual and consolidated financial statements as of December 31, 2020 and the review of individual and consolidated interim financial information for the quarter ended March 31, 2020, presented for comparison purposes, were conducted under the responsibility of another independent auditor who issued an audit and review report without modifications, with dates of February 5, 2021 and April 16, 2020, respectively.

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2021, prepared under the responsibility of the Company management and presented as supplementary information under IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth by this Standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, May 10, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Márcio D. Berstecher
Accountant CRC-1SP 259735/O-2

Blau Farmacêutica S.A.

Statements of financial position
March 31, 2021 and December 31, 2020
(In thousands of *Reais* - R\$)

	Note	Consolidated		Individual	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets					
Current Assets					
Cash and cash equivalents	6	5,866	70,197	1,412	65,852
Investments	7	230,160	144,152	221,523	135,435
Trade accounts receivable	8	293,644	247,552	290,460	243,124
Inventories	9	360,540	327,494	342,683	312,030
Recoverable taxes	10	2,374	4,260	584	3,028
Other receivables	11	19,099	6,840	18,863	6,762
Total current assets		911,683	800,495	875,525	766,231
Non-current assets					
Recoverable taxes	10	20,029	13,763	20,029	13,763
Judicial deposits	23	6,119	6,016	6,119	6,016
Deferred income tax and social contribution	19	11,474	15,866	11,060	15,460
Other receivables	11	5,727	9,379	4,055	4,855
Investments	12	29	29	189,857	184,158
Biological assets		306	306	306	306
Property, plant and equipment	13	298,429	256,740	287,254	253,394
Intangible assets	14	174,606	170,031	28,132	23,940
Total non-current assets		516,719	472,130	546,812	501,892
Total assets		1,428,402	1,272,625	1,422,337	1,268,123

	Note	Consolidated		Individual	
		03/31/2021	12/31/2020	03/31/2021	12/31/2020
Liabilities and equity					
Current liabilities					
Suppliers	16	109,099	133,000	107,538	133,049
Loans and financing	17	128,078	16,292	125,946	15,538
Debentures	18	49,299	47,010	49,299	47,010
Taxes payable		15,402	10,756	15,135	10,423
Income tax and social contribution payable	19	31,509	36,228	31,016	36,228
Labor obligations	20	34,767	31,404	33,849	30,558
Dividends and interest on own capital payable	21	43,557	57,206	43,557	57,206
Other accounts payable	22	35,045	31,933	34,440	29,315
Total current liabilities		446,756	363,829	440,780	359,327
Non-current liabilities					
Loans and financing	17	512	381	423	381
Debentures	18	615,081	626,330	615,081	626,330
Provision for tax, civil and labor lawsuits	23	5,328	5,062	5,328	5,062
Other accounts payable	22	54,418	55,680	54,418	55,680
Total non-current liabilities		675,339	687,453	675,250	687,453
Equity	24				
Share capital		100,640	100,640	100,640	100,640
Capital reserve		34,562	34,562	34,562	34,562
Profit reserve		82,223	84,635	82,223	84,635
Equity valuation adjustments		2,717	1,506	2,717	1,506
Retained earnings		86,165	-	86,165	-
Total equity		306,307	221,343	306,307	221,343
Total liabilities and equity		1,428,402	1,272,625	1,422,337	1,268,123

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Blau Farmacêutica S.A.

Statements of profit or loss

For the three-month periods ended March 31, 2021 and 2020

(In thousands of *Reais* - R\$, except for basic earnings (loss) per share)

	Note	Consolidated		Individual	
		03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net operating revenue	25	326,128	219,032	320,735	213,371
Cost of goods and products sold	26	(155,243)	(118,698)	(152,220)	(116,172)
Gross profit		170,885	100,334	168,515	97,199
Commercial expenses	27	(23,062)	(17,345)	(21,267)	(15,442)
Administrative expenses	27	(23,761)	(17,122)	(21,938)	(15,845)
Impairment loss on accounts receivable	27	(216)	653	(231)	607
Other operating revenue, net	27	(311)	1,205	(1,000)	1,203
		(47,350)	(32,609)	(44,436)	(29,477)
Income before financial income, interest in investees and taxes		123,535	67,725	124,079	67,722
Financial revenues	28	13,501	1,338	13,485	1,341
Financial expenses	28	(13,987)	(28,995)	(13,565)	(27,928)
		(486)	(27,657)	(80)	(26,587)
Profit sharing of investees accounted for under the equity method, net of taxes	12	-	-	(1,439)	(1,208)
Income before taxes		123,049	40,068	122,560	39,927
Current income tax and social contribution	19	(32,583)	(9,216)	(32,094)	(9,075)
Deferred income tax and social contribution	19	(4,301)	556	(4,301)	556
		(36,884)	(8,660)	(36,395)	(8,519)
Net profit for the period		86,165	31,408	86,165	31,408
<u>Income attributed to:</u>					
Controlling shareholders		86,165	31,408	86,165	31,408
		86,165	31,408	86,165	31,408
Basic earnings per share	26	0.5822	0.2122	0.5822	0.2122
Diluted earnings per share		0.5468	0.2120	0.5468	0.2120

The accompanying notes are an integral part of these individual and consolidated interim financial statements.

Blau Farmacêutica S.A.

Statements of comprehensive income

For the three-month periods ended March 31, 2021 and 2020

(In thousands of *Reais* - R\$)

	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net profit for the period	86,165	31,408	86,165	31,408
Other comprehensive income				
Accumulated translation adjustments in subsidiaries	1,212	2,507	1,212	2,507
Total comprehensive income	87,377	33,915	87,377	33,915
Comprehensive income attributed to:				
Controlling shareholders	87,377	33,915	87,377	33,915
Total comprehensive income	87,377	33,915	87,377	33,915

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Blau Farmacêutica S.A.

Statements of changes in equity

For the three-month periods ended March 31, 2021 and 2020

(In thousands of *Reais* - R\$)

	Profit reserves			Equity valuation adjustment	Retained earnings	Total equity
	Share capital	Capital reserve	Profit reserve			
Balances as at January 01, 2020	100,640	3,418	163,336	(1,638)	-	265,756
Net profit for the period	-	-	-	-	31,408	31,408
Accumulated translation adjustments in subsidiaries	-	-	-	2,507	-	2,507
Equity valuation adjustments	-	-	-	(337)	337	-
Interest on own capital	-	-	-	-	(3,404)	(3,404)
Balances as at March 31, 2020	100,640	3,418	163,336	532	28,341	296,267
Balances as at January 01, 2021	100,640	34,562	84,636	1,505	-	221,343
Net profit for the period	-	-	-	-	86,165	86,165
Accumulated translation adjustments in subsidiaries	-	-	-	1,212	-	1,212
Interest on own capital	-	-	(2,413)	-	-	(2,413)
Balances as at March 31, 2021	100,640	34,562	82,223	2,717	86,165	306,307

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Blau Farmacêutica S.A.

Statements of cash flows

For the three-month periods ended March 31, 2021 and 2020

(In thousands of *Reais* - R\$)

	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Cash flows from operating activities				
Profit before taxes	123,049	40,068	122,560	39,927
Adjustments to reconcile the income for the period with cash from operating activities:				
Depreciation and amortization	4,874	2,690	4,418	2,413
Write-offs of property, plant and equipment and intangible assets	3,299	6,116	2,451	6116
Financial charges on loans and financing	579	2,718	579	2,718
Financial charges on debentures	4,999	-	4,999	-
Earnings from investments	(920)	(1,358)	(920)	(1,358)
Unrealized foreign exchange variation in loans	-	2,113	-	2,114
Unrealized gains and losses on changes in the fair value of assets	(12,473)	-	(12,473)	-
Unrealized foreign exchange variation in suppliers and customers	4,452	17,476	4,452	17,476
Equity pick-up	-	-	1,439	1,208
Provision for expected losses on trade accounts receivable	1,766	(653)	1,751	(607)
Provision for inventory impairment, net	(4,953)	(637)	(4,748)	(871)
Provision for tax, civil and labor lawsuits	268	(350)	268	(350)
(Increase) decrease in asset accounts				
Trade accounts receivable	(46,907)	(47,399)	(48,136)	(47,314)
Inventory	(28,093)	(16,844)	(25,905)	(14,939)
Recoverable taxes	(5,454)	2,539	(4,900)	2,762
Other receivables	3,866	(1,771)	1,172	(658)
Judicial deposits	(103)	-	(103)	-
Increase (decrease) in liability accounts				
Suppliers	(26,749)	21,340	(28,358)	18,323
Labor obligations	3,363	200	3,291	121
Taxes payable	4,737	6,383	4,712	6,025
Other accounts payable	1,487	(1,485)	3,501	(1,673)
Cash generated from (used in) operating activities	31,087	31,146	30,050	31,433
Income tax and social contribution paid	(36,228)	(21,002)	(36,228)	(20,215)
Cash generated from (used in) operating activities	(5,141)	10,144	(6,178)	11,218
Cash flows from investment activities				
Financial investments	(85,088)	30,038	(85,168)	33,266
Additions to property, plant and equipment	(46,538)	(25,250)	(38,152)	(25,159)
Acquisitions of equity interests	-	-	-	-
Advance for capital increase in investee	-	-	(5,829)	(1,200)
Additions to intangible assets	(5,455)	(2,140)	(4,326)	(1,995)
Cash generated from (used in) investment activities	(137,081)	2,648	(133,475)	4,912
Cash flows from financing activities				
Dividends and interest on own capital	(15,700)	(8,972)	(15,700)	(8,972)
Acquisition of financed equity interests	-	-	(5,000)	-
Raising of loans and financing	116,746	16,372	115,279	16,349
Receipt of loans from related parties	(5,000)	-	-	-
Payment of loans and financing - principal	(5,152)	(8,716)	(5,151)	(8,716)
Payment of loans and financing - interest	(255)	(643)	(255)	(643)
Payment of debentures - principal	(11,250)	(11,250)	(11,250)	(11,250)
Payment of debentures - interest	(2,710)	(2,481)	(2,710)	(2,483)
Cash generated from (used in) financing activities	76,679	(15,690)	75,213	(15,715)
Increase (decrease) in cash and cash equivalents	(65,543)	(2,898)	(64,440)	415
Cash and cash equivalents as at January 1	70,197	6,417	65,852	598
Effect of change in the foreign exchange rate on the balance of cash and cash equivalents	1,212	789	-	5
Cash and cash equivalents as at March 31	5,866	4,308	1,412	1,018
Increase (decrease) in cash and cash equivalents	(65,543)	(2,898)	(64,440)	415
Transactions not affecting cash				
Acquisition of property, plant and equipment	2,443	337	2,443	337

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Blau Farmacêutica S.A.

Statements of value added

For the three-month periods ended March 31, 2021 and 2020

(In thousands of *Reais* - R\$)

	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues	362,834	236,367	354,453	230,750
Sales of goods, products and services	360,719	235,217	355,281	229,556
Other (expenses) revenues, net	2,331	497	(597)	587
Estimated credit losses on trade accounts receivable	(216)	653	(231)	607
Inputs acquired from third parties	(162,543)	(120,649)	(156,780)	(116,650)
Cost of products, goods and services sold	(131,527)	(100,195)	(128,505)	(97,668)
Materials, energy, outsourced services and others	(31,016)	(20,454)	(28,275)	(18,982)
Gross value added	200,291	115,718	197,673	114,100
Depreciation and amortization	(4,855)	(2,605)	(4,418)	(2,413)
Net value added produced by the Company	195,436	113,113	193,255	111,687
Value added received in transfer	12,667	4,579	11,218	3,663
Result of equity interests	-	-	(1,439)	(1,208)
Financial revenues	12,667	4,579	12,657	4,871
Total value added for distribution	208,103	117,692	204,473	115,350
Personnel	34,060	26,182	31,434	24,794
Direct remuneration	27,238	21,177	24,834	19,981
Benefits	4,438	3,274	4,216	3,082
FGTS	2,384	1,731	2,384	1,731
Taxes, fees and contributions	74,133	27,313	73,545	27,137
Federal	48,096	13,618	47,562	13,477
State	24,888	13,383	24,834	13,348
Municipal	1,149	312	1,149	312
Third-party capital remuneration	13,745	32,789	13,329	32,011
Interest	6,485	3,461	6,485	3,461
Financial expenses (includes foreign exchange rate variation)	6,668	28,775	6,252	27,997
Rent	592	553	592	553
Own capital remuneration	86,165	31,408	86,165	31,408
Interest on own capital	2,413	3,404	2,413	3,404
Retained earnings for the period	83,752	28,004	83,752	28,004
Total distributed value added	208,103	117,692	204,473	115,350

The accompanying notes are an integral part of the individual and consolidated interim financial statements.

Blau Farmacêutica S.A.

Notes to the interim financial statements

March 31, 2021

(In thousands of *Reais*, except when otherwise indicated)

1. Operations

Blau Farmacêutica S.A. ("Company") is a Brazilian pharmaceutical company, incorporated as a publicly held corporation. Founded on December 8, 1987, it has its head office at Rodovia Raposo Tavares, No. 2833, Km 30.5, in the city of Cotia, in the State of São Paulo, and its purpose is the manufacture and commercialization of highly complex drugs, mainly hospital ones, with its own brands in the domestic and foreign markets, as well as the import, export and commercialization of pharmaceutical inputs.

As per Note 33, information by business segment, the Company's commercial activities are divided into the institutional and retail segments, and split between four business units:

- **Biologicals:** biological products are drugs produced by biosynthesis in living cells, as opposed to synthetics, which are produced by chemical synthesis. Biologicals are a diverse and heterogeneous class of products that can be produced using raw materials from two different origins: a) drugs obtained from biological material that are extracted from microorganisms (live, attenuated or dead), organs and tissues of plant or animal origin, cells or fluids of human or animal origin; b) drugs obtained by biotechnological procedures, which are recombinant proteins obtained from genetically modified cells; monoclonal antibodies.
- **Oncology:** the oncology line is made up of oral and injectable drugs of different origins, intended for treating cancer, which encompass a number of therapeutic classes and types of treatment.
- **Specialties:** the specialties line is made up of products that are used in the hospital's daily routine, in most of the specialized treatments for infectious diseases and special treatments, and others. The line includes antibiotics, muscle relaxants with therapeutic applications, injectable drugs and anesthetics, and others.
- **Others:** The Others line consists of prescription and non-prescription over-the-counter (OTC) drugs, focused on the retail and non-retail markets, including dermo-medicines, condoms, and others.

Blau's portfolio consists of highly complex biological and synthetic own brand products for the institutional segment, most of which are produced at five manufacturing units, with four being located in the State of São Paulo (three in the municipality of Cotia and one in the municipality of São Paulo) and one in the State of Goiás (in the municipality of Anápolis).

The company has its own sales structure with national coverage, catering to distributors, health institutions and retailers; and international coverage, by means of its subsidiaries located in Uruguay and Colombia and through direct exports to other countries.

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

1. Operations - Continuation

The Company operates in the institutional segment with highly complex, mainly injectable drugs, with continuous investments in research, development and innovation, operational excellence and production capacity.

i) COVID-19

According to the Brazilian Ministry of Health, on March 11, 2020, the World Health Organization (WHO) declared a global pandemic as a result of the effects of the novel Coronavirus ("COVID 19"). On March 20, 2020, the Federal Senate enacted the Legislative Decree recognizing a state of public emergency in Brazil. The quarantine decree, prepared with the support of the Extraordinary Administrative Committee, addresses the demands of the public administration and the private sector in relation to the measures for combatting COVID-19. A new decree extended the measure until April 18, 2021.

The Company is committed, together with its employees, partners, and customers, to facing the challenges of the COVID-19 pandemic. The Company is working to be part of the solution and to make sure that it is prepared to cope with this challenge, focusing on maintaining operations with a minimal impact on customers, promoting employee well-being, and contributing to minimizing risks to the community.

The Company adopted measures designed to mitigate the effects of the COVID-19 pandemic, in line with the recommendations of the Ministry of Health, with the aim of protecting its employees and avoiding shortages in Brazil of hospital drugs from its portfolio.

An interdisciplinary crisis technical committee was set up with meetings at regular intervals for the purpose of monitoring the pandemic's evolution and comprising health professionals from different areas.

Its activity is considered to be essential by the health authorities and ever since the start of the pandemic, the Company has continued to operate regularly, with the full functioning of its production, logistics, supply chain and offices, even if temporarily and partially under a remote work regime. Up to the present, there has been no change in its production, operation and commercialization schedule, however management understands that the Company is exposed to operational and market risks related to the pandemic, mainly: (i) exchange rate variations regarding exposed assets and liabilities; (ii) possible impacts on its supply chain; and (iii) possible credit problems with customers.

The Company does not expect any significant increase in the loss estimates of its receivables portfolio, as a result of the effects of COVID 19, given the characteristics of its business and the profile of its customers.

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

1. Operations - Continuation

i) COVID-19 - Continuation

With regard to the Company's inventories, the expected realization in the face of the COVID-19 pandemic crisis is high due to the fact that 96% of products and supplies are distributed for the treatment of highly complex diseases in the institutional channel, in Oncology, Biologicals, and Specialties.

There were no significant impacts on the supply chain.

In the case of exchange rate variation, the company periodically analyzes ways of hedging against new exchange rate oscillations through financial instruments to be implemented if necessary. See details about the exposure to exchange rate risks in Note No. 29.

The Company's cash and cash equivalents as at March 31, 2021 is R\$236,026 (R\$214,349 as at December 31, 2020) and on that date current assets exceed current liabilities by R\$464,927 (R\$436,666 as at December 31, 2020), to support the ordinary course of the Company's business.

Blau reinforces its commitment to the safety and health of its employees, while maintaining its efforts for the regular production of drugs for the institutional segment that are essential to maintain life.

2. List of subsidiaries

The Company's consolidated financial statements include the parent company Blau Farmacêutica S.A. and its subsidiaries, jointly referred to as "Company" and or "Group".

Company	Country	Equity Interest	
		03/31/2021	03/31/2020
Blau Farmacêutica Colombia S.A.S.	Colombia	Direct 100%	Direct 100%
Blau Farma Uruguay S.A.	Uruguay	Direct 100%	Direct 100%
Blau Farmacêutica Chile S.p.A.	Chile	Indirect 100%	Indirect 100%
Blau Farmacêutica Peru S.A.C.	Peru	Indirect 100%	Indirect 100%
Blau Farmacêutica Argentina S.A.	Argentina	Indirect 100%	Indirect 100%
Blau Farmacêutica Goiás Ltda (formerly known as Pharma Limirio Indústria Farmacêutica Ltda.)	Brazil	Direct 100%	Direct 100%
Plex - Plasma Experts Corp.	USA	Direct 100%	Direct 100%
Hemarus Plasma-Lauderhill, LLC	USA	Indirect 51%	Indirect 51%

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

2. List of subsidiaries - Continuation

a) Blau Farmacêutica Colombia S.A.S.

This is a subsidiary with its headquarters in the city of Bogota, in Colombia, and acquired by the Company as part of its expansion policy in August 2011. It sells pharmaceutical drugs and biopharmaceutical inputs, mostly produced by the parent company. The subsidiary currently has 74 sanitary registrations of drugs. The company's main activity is importing the Company's products for distribution and sale in Colombia.

b) Blau Farma Uruguay S.A.

With its headquarters in the city of Montevideo, in Uruguay, this subsidiary's operations got underway in January 2012 to market mainly pharmaceutical products produced by the parent company. The subsidiary currently has 64 sanitary registrations of drugs. The company's main activity is importing the Company's products for distribution and sale in Uruguay.

This subsidiary represents a key part of the Company's expansion strategy into the South American market, given that it is the vehicle with equity interests in Blau Farmacêutica Peru S.A.C., Blau Farmacêutica Chile S.p.A. and Blau Farmacêutica Argentina S.A, all of which set up in 2016 and still at the pre-operating stage awaiting the drug registration process with these countries' health authorities.

c) Blau Farmacêutica Goiás Ltda. (formerly known as Pharma Limirio Indústria Farmaceutica Ltda)

Based in the city of Anápolis, in the State of Goiás, in Brazil, until it was acquired by Blau, this subsidiary operated in the provision of outsourcing services in the industrialization of injectable allopathic drugs for human use, and had Blau Farmacêutica S.A. as one of its main customers. As a result of the acquisition, starting May 15, 2020, this company became an exclusive production unit of the Company, which will enable a marked increase in its production capacity. On February 1, 2021 the subsidiary had its name changed from Pharma Limirio Indústria Farmacêutica Ltda. to Blau Farmacêutica Goiás Ltda. ("Blau Goiás"). In March 2021, the Company made a capital contribution in the amount of R\$800.

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

2. List of subsidiaries - Continuation

d) Plex - Plasma Experts Corp.

This subsidiary was incorporated on September 25, 2020, in accordance with the laws of the state of Delaware, in the United States of America, where it is based. The company was incorporated in order to consolidate new investments in that country, in the plasma collection segment. The Company subsequently acquired a 51% interest in the share capital of Hemarus Plasma-Lauderhill, LLC, a limited liability entity duly incorporated and existing under the laws of the State of Florida in the United States of America. It was set up to develop, operate and manage a blood plasma collection center. On average, a plasma collection center takes a year to become operational and requires an estimated investment of between US\$3 million and US\$5 million. In November 2020, the Company made an investment in the amount of US\$5 million to be made available over the course of 2020 and 2021. In the first quarter of 2021, the Company had made a capital contribution in the amount of R\$4,458 (equivalent to US\$820 thousand).

3. Acquisition of subsidiary

On February 21, 2020, the Company signed an Agreement for Purchase and Sale of Shares and Other Covenants with the owners of Pharma Limirio Indústria Farmacêutica Ltda. ("Pharma Limirio"), a company authorized by ANVISA – Brazilian Health Regulatory Agency, to manufacture injectable allopathic medications for human use. Its main assets, therefore, are the operating licenses, machinery and equipment and improvements to third party properties that are suitable for immediate production. Pharma Limirio also has two drugs pending sanitary registration with the aforesaid agency. On May 15, 2020, the Company concluded the acquisition process and formalized the deal acquiring 100% of the equity interest in this company's share capital.

i) Consideration transferred

The acquisition was made for the amount of one hundred and fifty-five million *Reais* (R\$150,005) with two million *Reais* (R\$2,000) as down payment, fifty-eight million *Reais* (R\$58,000) paid via bank transfer on May 15, 2020, the date of the signing of the definitive purchase and sale agreement (closing) leaving a balance of seventy million *Reais* (R\$70,000) to be paid in 14 equal and consecutive quarterly installments of five million *Reais* (R\$5,000) each, starting on the third month following the closing date. Therefore, Twenty million *Reais* (R\$20,000) remains as contingent consideration as described in item (ii) below.

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3. Acquisition of subsidiary - Continuation

ii) Contingent consideration

The acquisition agreement also provide for the amount of twenty million *Reais* (R\$20,000) as contingent consideration that will be paid if the sanitary registration is obtained from ANVISA (Brazilian Health Regulatory Agency) for two drugs. Management has estimated the fair value of the contingent consideration at ten million *Reais* (R\$10,000) based on assumptions and estimates related to success in obtaining the registration.

iii) Transaction costs

The Company incurred costs for carrying out this transaction in the amount of R\$199, recognized in the statement of profit or loss for the period under administrative expenses.

iv) Identifiable assets acquired and liabilities assumed

A study developed by an independent specialist was drafted within the timeframe allowed by CPC 15 - Business Combination (IFRS 3) to close the purchase and segregate the goodwill, dated July 31, 2020, using the financial statements as at May 15, 2020 for the allocation of the purchase price. The following table shows the fair value of the identifiable assets acquired and the liabilities assumed on the date of acquisition:

	<u>Fair value</u>
Cash and cash equivalents	235
Financial investments	9
Trade accounts receivable	782
Inventories	167
Other receivables	14
Property, plant and equipment	5,270
Intangible assets – Operating Licenses	(a) 15,937
Intangible assets – Drug Licenses	(b) 8,713
Loans and financing	(2,908)
Suppliers	(54)
Labor liabilities	(155)
Taxes liabilities	(128)
Other accounts payable	(314)
Total net identifiable assets	<u>27,568</u>

(a) Refers to the fair value of the acquired company's operating licenses, calculated based on the income approach, which takes into account assumptions such as: time to obtain licenses; revenue ramp-up curve, time to achieve EBITDA margin; discount rate; and useful life, for the calculation of the present value of estimated future cash flows discounted at a rate that reflects their level of risk.

(b) Refers to the fair value of the drugs developed by the acquired company and submitted to Anvisa for its assessment in order to obtain the sanitary registrations, calculated based on the income approach, which takes into account assumptions such as: synergy gains with the use of Blau's production capacity; time to obtain the licenses, probability of obtaining the licenses, time to achieve EBITDA margin, discount rate and useful life, for the calculation of the present value of estimated future cash flows discounted at a rate that reflects their level of risk.

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3. Acquisition of subsidiary - Continuation

v) Goodwill

Goodwill is an asset that represents the future economic benefit of other assets acquired under a business combination that are not individually identifiable and separately recognized. The goodwill recognized as a result of the acquisition was determined as follows:

Consideration transferred and to be transferred	140,005
Fair value of the identifiable net assets	(27,568)
Total goodwill	112,437

The goodwill resulting from the acquisition comes out to a total of R\$112,437, which includes the amount of the difference paid by the Company in relation to the identifiable net assets. It is mainly attributed to the increase in production capacity expected as a result of the company's integration with the Company's existing business, applying the margins used by the Company. See Note No. 14.

The aforesaid goodwill recognized may receive the tax treatment established in the applicable legislation.

vi) Revenue and income incorporated

In the period ended December 31, 2020, the Company consolidated net revenue amount R\$2,924 and in the period from May 16 to December 31, 2020 a loss of R\$(3,456), resulting from the acquisition of 100% of Pharma Limirio.

4. Basis for the preparation and presentation of the interim financial information

These individual and consolidated interim financial statements were drawn up and are being presented in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Statements and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and also based on the provisions contained in the Brazilian Corporate Law, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of quarterly information (ITR).

The individual and consolidated interim financial information presented herein were drawn up based on the accounting policies, practices and methods for calculating estimates adopted and presented in detail in the annual financial statements for the year ended December 31, 2020, and

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should therefore be read together.

5. New standards and interpretations not yet in force

New and amended standards and interpretations issued but not yet in force as at the date of issue of the Company's interim financial information are described below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they come into force.

a) Onerous contracts - cost of fulfilling a contract (amendments to CPC 25/IAS 37)

The amendments specify which costs an entity includes when determining the cost of fulfilling a contract for the purpose of determining whether or not the contract is onerous. The amendments apply to annual periods beginning on or after January 1, 2022 for contracts existing on the date on which the amendments are first applied. On the date of initial application, the cumulative effect of applying the changes is recognized as an adjustment to the opening balance in retained earnings or other elements of equity, as appropriate. Comparisons are not restated. The Company has determined that all contracts existing as at March 31, 2021 will be completed before the amendments come into force.

b) IFRS 17 - Insurance Contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts (the standard has not yet been issued by the CPC in Brazil, but will be codified as CPC 50 - Insurance Contracts and will replace CPC 11 - Insurance Contracts), a new comprehensive accounting standard for insurance contracts that includes recognition and measurement, presentation and disclosure. As soon as it comes into force, IFRS 17 (CPC 50) will replace IFRS 4 - Insurance Contracts (CPC 11), which was issued in 2005. IFRS 17 applies to all types of insurance contracts (such as life, property and casualty insurance, direct insurance, and reinsurance) regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation characteristics. There are a few scope exceptions. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurance companies. In contrast to the requirements of IFRS 4, which are largely based on local accounting policies that were in force in previous periods, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The focus of IFRS 17 is on the general model, supplemented by:

- A specific adaptation for contracts with direct participation characteristics (variable rate approach).
- A simplified approach (premium allocation approach) mainly for short-term contracts.

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5. New standards and interpretations not yet in force - Continuation

b) IFRS 17 - Continuation

IFRS 17 will come into force for periods starting on or after January 1, 2023, presentation of comparative figures being required. Earlier adoption is permitted if the entity also adopts IFRS 9 and IFRS 15 on the same date or before the initial adoption of IFRS 17. This standard does not apply to the Company.

c) Alterations in IAS 1 – Classification of liabilities as current or non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1, related to CPC 26, in such a way as to specify the requirements for classifying liabilities as current or non-current. The amendments explain:

- What is meant by a right to defer settlement;
- That the right to defer should exist at the reporting base date;
- That this classification is not affected by the likelihood of an entity exercising its right to defer;
- That only if a derivative embedded in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification;

The amendments are valid for periods beginning on or after January 1, 2023 and should be applied retrospectively. The Company is currently assessing the impact that the amendments will have on its current practice and whether or not it will be necessary to renegotiate existing loan agreements.

6. Cash and cash equivalents

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and bank deposits	5,866	70,197	1,412	65,852
	5,866	70,197	1,412	65,852

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Notes to the interim financial statements – Continuation
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6. Cash and cash equivalents - Continuation

The Company's management defines "Cash and cash equivalents" as being the Company's cash balances and checking account deposits, held with top tier financial institutions and which have immediate liquidity for use in the management of its obligations under the normal course of business.

The Company's exposure to credit risks together with a sensitivity analysis for financial assets and liabilities are disclosed in Note No. 29.

7. Financial investments

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Financial investments	230,160	144,152	221,523	135,435
	230,160	144,152	221,523	135,435

Financial investments are held primarily for the making of new investments, increasing production capacity and for the research and development of new products.

The Company's exposure to credit risks together with a sensitivity analysis for financial assets and liabilities are disclosed in Note No. 29.

8. Trade accounts receivable

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Customers in the country	282,875	236,825	282,875	236,825
Customers abroad	17,368	17,578	2,789	2,790
Related parties (Note 18)	561	525	10,409	9,353
	300,804	254,928	296,073	248,968
Provision for expected losses	(7,160)	(7,376)	(5,613)	(5,844)
Total trade accounts receivable	293,644	247,552	290,460	243,124

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Notes to the interim financial statements – Continuation
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8. Trade accounts receivable - Continuation

The increase in trade accounts receivable is related to the growth of sales in the private channel (up 17% over the previous year) with the greater supply of products to meet the demand from hospitals in this channel.

The public channel also shows growth (up 27% against the previous year), also as a result of the increase in demand.

a) Aging of balances of trade accounts receivable

	Consolidated					
	Private		Public		Total	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Due	234,392	199,044	43,959	40,038	278,351	239,082
Overdue						
From 1 to 30 days	2,209	3,930	2,010	640	4,219	4,570
From 31 to 60 days	537	575	1,692	457	2,229	1,032
From 61 to 180 days	707	744	8,714	1,901	9,421	2,645
More than 181 days	5,595	5,274	989	2,325	6,584	7,599
Customers	243,440	209,567	57,364	45,361	300,804	254,928
Provision for expected losses	(6,312)	(6,404)	(848)	(972)	(7,160)	(7,376)
Total	237,128	203,163	56,516	44,389	293,644	247,552

	Individual					
	Private		Public		Total	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Due	233,288	195,178	43,455	39,937	276,743	235,115
Overdue						
From 1 to 30 days	1,459	2,784	1,916	620	3,375	3,404
From 31 to 60 days	-	-	1,678	447	1,678	447
From 61 to 180 days	788	2,069	8,704	1,900	9,492	3,969
More than 181 days	3,796	3,709	989	2,324	4,785	6,033
Customers	239,331	203,740	56,742	45,228	296,073	248,968
Provision for expected losses	(4,765)	(4,872)	(848)	(972)	(5,613)	(5,844)
Total	234,566	198,868	55,894	44,256	290,460	243,124

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Notes to the interim financial statements – Continuation
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8. Trade accounts receivable - Continuation

b) Aging of balances of trade accounts receivable by segment

	Consolidated					
	Institutional		Retail		Total	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Due	260,636	225,623	17,715	13,459	278,351	239,082
Overdue						
From 1 to 30 days	3,950	4,313	269	257	4,219	4,570
From 31 to 60 days	2,087	974	142	58	2,229	1,032
From 61 to 180 days	8,821	2,496	600	149	9,421	2,645
More than 181 days	6,165	7,171	419	428	6,584	7,599
Customers	281,659	240,577	19,145	14,351	300,804	254,928
Provision for expected losses	(6,704)	(6,961)	(456)	(415)	(7,160)	(7,376)
Total	274,955	233,616	18,689	13,936	293,644	247,552

	Individual					
	Institutional		Retail		Total	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Due	259,130	221,879	17,613	13,236	276,743	235,115
Overdue						
From 1 to 30 days	3,160	3,212	215	192	3,375	3,404
From 31 to 60 days	1,572	422	106	25	1,678	447
From 61 to 180 days	8,888	3,745	604	223	9,492	3,968
More than 181 days	4,480	5,694	305	340	4,785	6,034
Customers	277,230	234,952	18,843	14,016	296,073	248,968
Provision for expected losses	(5,256)	(5,515)	(357)	(329)	(5,613)	(5,844)
Total	271,974	229,437	18,486	13,687	290,460	243,124

c) Change in the provision for expected losses

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Initial balance of provision	(7,376)	(7,992)	(5,844)	(6,551)
Provision recorded in the period	(5,308)	(27,505)	(5,279)	(27,142)
Write-offs during the period	1,982	10,976	1,982	10,976
Reversal in the period	3,542	17,074	3,528	16,802
Other write-offs not affecting profit or loss	-	71	-	71
Final balance of provision	(7,160)	(7,376)	(5,613)	(5,844)

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Notes to the interim financial statements – Continuation
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8. Trade accounts receivable - Continuation

c) Change in the provision for expected losses - Continuation

No receivables had been given as collateral for debt as at March 31, 2021 and December 31, 2020.

The changes in expected losses are based on estimates in accordance with the potential realization of receivables under the trade accounts receivables credit risk policy or the reversal of estimates of previous periods.

The Company does not expect any significant increase in its receivables portfolio regarding the provision for losses resulting from the effects caused by COVID-19, given the characteristic of its business and the profile of its customers.

9. Inventories

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Finished goods	92,631	90,487	74,050	73,981
Semi-finished goods and goods in process	58,066	68,602	58,066	68,602
Raw materials and packaging	128,773	143,259	128,773	143,259
Imports in progress	69,691	21,423	69,691	21,423
Others	26,046	23,343	25,809	23,219
Provision for impairment	(14,667)	(19,620)	(13,706)	(18,454)
Total	360,540	327,494	342,683	312,030

In the quarter ended March 31, 2021 inventories had increased by R\$33,046 in the consolidated figures and by R\$30,653 in the Parent Company's figures against the year ended December 31, 2020 (a 10% increase).

The biggest impact was on the imports in progress line, which registered an increase of R\$48,268 (225%), reflecting the strategy adopted by the Company to increase safety stock levels, bearing in mind the current pandemic scenario.

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9. Inventory - Continuation

Change in the provision for impairment of inventories

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Initial balance of the provision	(19,620)	(11,534)	(18,454)	(11,041)
Provision recorded in the period	(101)	(6,417)	(101)	(5,744)
Write-off/reversal	5,054	(1,669)	4,849	(1,669)
Final balance of the provision	(14,667)	(19,620)	(13,706)	(18,454)

The provision for impairment of inventories is calculated taking into account the maturity date of the products and also considers the expectation of their future sale. This provision is recognized in the “Cost of goods and products sold” line in the statement of profit or loss.

No inventory had been given as collateral for debt by the Company as at March 31, 2021 and December 31, 2020.

10. Recoverable taxes

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Current				
ICMS	280	303	296	299
IPI	227	192	227	192
PIS	5	405	1	402
COFINS	22	2,053	3	2,041
IVA/IRAE	1,552	1,213	-	-
Others	288	94	57	94
Total current	2,374	4,260	584	3,028
Non-current				
CIAP	12,021	8,207	12,021	8,207
PIS	1,397	993	1,397	993
COFINS	6,418	4,563	6,418	4,563
OTHERS	193	-	193	-
Total non-current	20,029	13,763	20,029	13,763
Total	22,403	18,023	20,613	16,791

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11. Other receivables

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Non deliverable forward contracts (<i>NDF</i>) (a)	14,127	2,595	14,127	2,595
Derivatives - Debentures (b)	3,391	3,391	3,391	3,391
Other advances	3,304	6,927	3,069	2,326
Other receivables	4,004	3,306	2,331	3,305
Total	24,826	16,219	22,918	11,617
Current	19,099	6,840	18,863	6,762
Non-current	5,727	9,379	4,055	4,855
Other receivables – total	24,826	16,219	22,918	11,617

- (a) This Trading Note is an integral part of the Private Instrument of Agreement for SWAP and other transactions the derivatives market and other covenants signed on 12/09/2020, with Citibank S.A. (see note 29);
- (b) Derivatives - Debentures is the fair value of the derivative embedded in convertible debentures (see notes 18 and 29).

12. Investments

	Individual	
	03/31/2021	12/31/2020
Equity interest in Blau Farmacêutica Colombia S.A.S.	27,445	26,972
Goodwill Blau Farmacêutica Colombia S.A.S.	6,801	6,801
Total Blau Farmacêutica Colombia S.A.S.	34,246	33,773
Equity interest in Blau Farma Uruguay S.A.	8,053	7,716
Goodwill Blau Farma Uruguay S.A.	271	271
Total Blau Farma Uruguay S.A.	8,324	7,987
Equity interest in Blau Goiás (formerly known as Pharma Limirio Ltda)	1,843	1,585
Surplus value of assets	24,650	24,650
Goodwill	112,437	112,437
Total Blau Goiás (formerly known as Pharma Limirio Ltda)	138,930	138,672
Equity interest in Plex - Plasma Experts Corp.	8,328	3,697
Total PLEX	8,328	3,697
Other investments	29	29
Total	189,857	184,158

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12. Investments - Continuation

Changes in investments

	Blau Colombia	Blau Uruguay	Blau Goiás	Plex	Others	Total
Balance of investments as at December 31, 2019	26,574	7,261	-	-	29	33,864
Equity valuation adjustment	786	(6,887)	(3,456)	62	-	(9,495)
Translation adjustment	6,413	(1,879)	-	62	-	4,596
Capital increase	-	9,492	-	-	-	9,492
Investments	-	-	142,128	3,573	-	145,701
Balance of investments as at December 31, 2020	33,773	7,987	138,672	3,697	29	184,158
Equity valuation adjustment	(364)	(123)	(542)	(410)	-	(1,439)
Translation adjustment	837	(78)	-	550	-	1,309
Advance for future capital increase	-	538	800	4,491	-	5,829
Balance of investments as at March 31, 2021	34,246	8,324	138,930	8,328	29	189,857

The table below shows a summary of its subsidiaries' financial information:

	03/31/2021				12/31/2020			
	Blau Colombia	Blau Uruguay	Blau Goiás	Plex	Blau Colombia	Blau Uruguay	Blau Goiás	Plex
Current assets	31,811	12,976	370	212	30,322	12,500	662	39
Non-current assets	2,461	2,380	2,622	8,116	2,061	1,561	2,930	3,658
Total assets	34,272	15,356	2,992	8,328	32,383	14,061	3,592	3,697
Current liabilities	6,059	7,878	1,060	-	5,468	6,297	2,007	-
Non-current liabilities	-	-	89	-	-	-	-	-
Equity	28,213	7,478	1,843	8,328	26,914	7,763	1,585	3,697
Total Liabilities + Equity	34,272	15,356	2,992	8,328	32,382	14,060	3,592	3,697
Operating revenue	7,348	3,365	693	-	33,360	10,394	2,858	-
Profit (loss) for the period	798	(995)	(1,817)	(410)	1,938	(6,083)	(3,456)	62

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13. Property, plant and equipment

		Consolidated				
		Balance 12/31/2019	Additions	Transfer	Write-off	Balance 03/31/2020
Cost						
Property and land		53,076	40	2,392	-	55,508
Machinery and equipment		71,896	1,303	10,536	-	83,735
Vehicles		3,362	35	-	-	3,397
Furniture and fixtures		6,234	16	43	-	6,293
Installations in use		11,895	-	69	-	11,964
IT equipment		5,393	386	19	-	5,798
Property, plant and equipment in progress		69,084	19,798	(13,059)	(185)	75,638
Advance on goods for future delivery		39,389	8,953	-	(5,931)	42,411
Others		44	-	-	-	44
Total cost		260,373	30,531	-	(6,116)	284,788
	Rate	Balance 12/31/2019	Additions	Transfer	Write-off	Balance 03/31/2020
Cumulative depreciation						
Property	4%	(4,467)	(440)	-	-	(4,907)
Machinery and equipment	10%	(44,574)	(1,418)	-	-	(45,992)
Vehicles	20%	(2,629)	(194)	-	-	(2,823)
Furniture and fixtures	10%	(4,329)	(75)	-	-	(4,404)
Installations in use	10%	(6,766)	(165)	-	-	(6,931)
IT equipment	20%	(3,574)	(187)	-	-	(3,761)
Total cumulative depreciation		(66,339)	(2,479)	-	-	(68,818)
Net property, plant and equipment		194,034	28,052	-	(6,116)	215,970

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13. Property, plant and equipment – Continuation

		Individual				
		Balance 12/31/2019	Additions	Transfer	Write-off	Balance 03/31/2020
Cost						
Property and land		53,042	-	2,392	-	55,434
Machinery and equipment		72,714	1,299	10,536	-	84,549
Vehicles		3,098	-	-	-	3,098
Furniture and fixtures		5,172	4	43	-	5,219
Installations in use		11,953	-	69	-	12,022
IT equipment		5,160	386	19	-	5,565
Property, plant and equipment in progress		68,508	19,798	(13,059)	(185)	75,062
Advance on goods for future delivery		39,399	8,953	-	(5,931)	42,421
Total cost		259,046	30,440	-	(6,116)	283,370
	Rate	Balance 12/31/2019	Additions	Transfer	Write-off	Balance 03/31/2020
Cumulative depreciation						
Property	4%	(3,877)	(439)	-	-	(4,316)
Machinery and equipment	10%	(44,811)	(1,418)	-	-	(46,229)
Vehicles	20%	(2,171)	(104)	-	-	(2,275)
Furniture and fixtures	10%	(4,198)	(64)	-	-	(4,262)
Installations in use	10%	(7,009)	(165)	-	-	(7,174)
IT equipment	20%	(3,294)	(159)	-	-	(3,453)
Total cumulative depreciation		(65,360)	(2,349)	-	-	(67,709)
Net property, plant and equipment		193,686	28,091	-	(6,116)	215,661

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
 March 31, 2021
 (In thousands of *Reais*, except when otherwise indicated)

13. Property, plant and equipment – Continuation

		Consolidated					
		Balance 12/31/2020	Additions	Transfer	Write-off	Balance 03/31/2021	
Cost							
Property and land		93,611	-	488	(44)	94,055	
Machinery and equipment		101,734	3,858	2,359	(268)	107,683	
Improvements		2,976	-	-	-	2,976	
Vehicles		3,836	3	165	(3)	4,001	
Furniture and fixtures		8,282	70	18	(12)	8,359	
Installations in use		20,971	33	1,500	-	22,504	
IT equipment		7,662	302	115	-	8,079	
Assets in use (a)		1,879	313	-	(875)	1,316	
Property, plant and equipment in progress		84,277	16,430	5,388	(2,327)	103,768	
Advance on goods for future delivery		13,268	27,974	(10,033)	(10)	31,199	
Others		44	1	-	-	44	
Total cost		338,540	48,984	-	(3,539)	383,984	
	Rate	Balance 12/31/2020	Additions	Transfer	Write-off	Balance 03/31/2021	
Cumulative depreciation							
Property		4%	(7,396)	(855)	2	-	(8,249)
Machinery and equipment		10%	(52,570)	(2,527)	(209)	22	(55,284)
Improvements		4%	(222)	(96)	-	-	(318)
Vehicles		20%	(3,125)	(160)	(4)	-	(3,289)
Furniture and fixtures		10%	(4,658)	(88)	-	-	(4,746)
Installations in use		10%	(8,420)	(396)	211	-	(8,605)
IT equipment		20%	(4,542)	(247)	-	-	(4,789)
Assets in use (a)		33%	(866)	(214)	-	805	(275)
Total cumulative depreciation			(81,799)	(4,583)	-	827	(85,555)
Net property, plant and equipment			256,740	44,401	-	(2,712)	298,429

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
 March 31, 2021
 (In thousands of *Reais*, except when otherwise indicated)

13. Property, plant and equipment – Continuation

		Individual				
		Balance 31/12/2020	Additions	Transfer	Write-off	Balance 31/03/2021
Cost						
Property and land		93,169	-	488	(14)	93,643
Machinery and equipment		102,646	3,857	2,086	(205)	108,384
Vehicles		3,491	-	165	-	3,656
Furniture and fixtures		7,137	51	12	-	7,200
Installations in use		20,360	33	296	-	20,689
IT equipment		7,227	158	115	-	7,500
Assets in use (a)		855	313	-	(9)	1,159
Property, plant and equipment in progress		83,701	16,326	5,389	(2,213)	103,203
Advance on goods for future delivery		13,279	19,857	(8,551)	(10)	24,575
Total cost		331,865	40,595	-	(2,451)	370,009
Cumulative depreciation	Taxa	Balance 31/12/20	Additions	Transfer	Write-off	Balance 31/03/21
Property	4%	(6,587)	(847)	2	-	(7,432)
Machinery and equipment	10%	(52,475)	(2,417)	(1)	-	(54,893)
Vehicles	20%	(2,615)	(123)	-	-	(2,738)
Furniture and fixtures	10%	(4,503)	(87)	-	-	(4,590)
Installations in use	10%	(8,171)	(377)	(1)	-	(8,549)
IT equipment	20%	(4,120)	(244)	-	-	(4,364)
Assets in use (a)	33%	-	(189)	-	-	(189)
Total cumulative depreciation		(78,471)	(4,284)	-	-	(82,755)
Net property, plant and equipment		253,394	36,311	-	(2,451)	287,254

(a) Assets in use are mostly vehicles for transporting goods and vehicles for the use of managers and the sales force.

Additions to property, plant and equipment are basically related to investments in the planned expansion of the Company's production capacity at its current production units and in the construction of two new production units.

The advance on goods for future delivery refer to the purchases of imported machines to be received during 2021.

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Notes to the interim financial statements – Continuation

March 31, 2021

(In thousands of *Reais*, except when otherwise indicated)

13. Property, plant and equipment – Continuation

Expenses for property, plant and equipment in progress registered an increase of R\$19,491 (Consolidated) as at March 31, 2021 against the balance as at December 31, 2020, as shown below:

This increase refers to the acquisition of equipment for the new packaging area and for the construction of a new building to increase production capacity that will be completed by the end of the year.

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Machinery and equipment being installed	82,306	68,256	82,306	68,256
Industrial expansion	21,462	16,021	20,897	15,445
Total	103,768	84,277	103,203	83,701

No property, plant and equipment had been given as collateral for debt incurred by the Company as at March 31, 2021 and December 31, 2020.

14. Intangible Assets

	Consolidated			
	Balance 12/31/2019	Additions	Transfer	Write-off
Cost				
Right of use of Software	5,899	181	-	-
Trademarks	1,008	4	-	-
Sanitary registrations	834	140	-	-
Development of new products	11,321	1,815	-	-
Goodwill (a)	7,071	-	-	-
Total cost	26,133	2,140	-	-
Cumulative amortization				
Right of use of Software	(4,295)	(155)	-	-
Trademarks	(33)	(30)	-	-
Sanitary registrations	(418)	(27)	-	-
Total cumulative amortization	(4,746)	(212)	-	-
Net intangible assets	21,387	1,928	-	-

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
 March 31, 2021
 (In thousands of *Reais*, except when otherwise indicated)

14. Intangible Assets - Continuation

	Individual				
	Balance 12/31/2019	Additions	Transfer	Write-off	Balance 03/31/2020
Cost					
Right of use of Software	4,724	181	-	-	4,905
Development of new products	11,322	1,814	-	-	13,136
Trademarks	881	-	-	-	881
Total cost	16,927	1,995	-	-	18,922
Cumulative amortization					
Right of use of Software (b)	(3,992)	(64)	-	-	(4,056)
Total cumulative amortization	(3,992)	(64)	-	-	(4,056)
Net intangible assets	12,935	1,931	-	-	14,866

	Consolidated				
	Balance 31/12/2020	Additions	Transfer	Write-off	Balance 31/03/2021
Cost					
Right of use of Software	7,046	1,026	-	(879)	7,193
Trademarks	1,038	-	-	-	1,038
Sanitary registrations	1,420	71	-	(2)	1,489
Development of new products	21,472	4,357	-	-	25,829
Goodwill (a)	144,644	-	-	-	144,644
Total cost	175,620	5,454	-	(881)	180,193
Cumulative amortization					
Right of use of Software	(4,590)	(239)	-	293	(4,536)
Trademarks	(55)	-	-	-	(55)
Sanitary registrations	(672)	(52)	-	-	(724)
Development of new products	(137)	-	-	-	(137)
Goodwill	(135)	-	-	-	(135)
Total cumulative amortization	(5,589)	(291)	-	293	(5,587)
Net intangible assets	170,031	5,163	-	(588)	174,606

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
 March 31, 2021
 (In thousands of *Reais*, except when otherwise indicated)

14. Intangible Assets - Continuation

	Individual			
	Balance 12/31/2020	Additions	Transfer	Write-off
Cost				
Right of use of Software	5,963	-	-	-
Development of new products	21,472	4,326	-	-
Trademarks	881	-	-	-
Total cost	28,316	4,326	-	-
Cumulative amortization				
Software (b)	(4,376)	(134)	-	-
Total cumulative amortization	(4,376)	(134)	-	-
Net intangible assets	23,940	4,192	-	-

- (a) The goodwill results from the acquisitions of the investees Blau Farmacêutica Colombia S.A.S. in the amount of R\$6,800, Blau Farma Uruguay in the amount of R\$757 and Blau Goiás in the amount of R\$112,437 and R\$24,650 related to the operating license and products under development by Blau Goiás (see Note No. 3) which is shown in the consolidated figures under intangible assets, in accordance with the accounting standard. This amount cannot be amortized, but an impairment test is carried out on an annual basis.
- (b) The amortization rate used for software is 20%.

Impairment testing – Intangible Assets

The carrying amount of the Company's intangible assets is tested at each statement of financial position date for any indications of impairment. If there are any such indications, then an estimate is made of the asset's recoverable value. In the case of goodwill, the recoverable value is tested annually.

In the period ended March 31, 2021, the Company did not identify any other intangible assets that in management's assessment would not be capable of generating future economic benefits.

Based on the annual test of impairment of intangible assets, drawn up based on the projections made on the financial statements as at December 31, 2020, growth prospects at the time and monitoring of the projections and operating results during the period, no possible losses or indications of losses were identified, taking into account that the value in use is greater than the net carrying amount on the valuation date. The main assumptions used in determining the future cash flows of operations discounted to present value are as follows:

Blau Farmacêutica S.A.

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14. Intangible Assets - Continuation

	<u>Considering the basis of sales net of taxes and returns</u>
Sale of products	
Specialties line	Growth of 10% p.a.
Oncology line	Growth of 10% p.a.
Biologicals line	Growth of 14% p.a.
Operating expenses	
Fixed	Growth of 4% p.a.
Variable	Proportional to Net Revenue as of 12/31/2020
Discounted cash flow – financial cost	10.5% p.a. capitalized

15. Related parties

i) Ultimate controlling shareholder

The ultimate controlling shareholder is Mr. Marcelo Hahn, who has direct control of the Company and indirect control of the other subsidiaries, see Note No. 24 - Equity

ii) Compensation of key management personnel

The compensation of key management personnel consists of salaries and direct benefits, such as medical and dental care, meals and private pension. The Company and its subsidiaries do not provide non-cash benefits to officers, nor do they contribute to a defined benefit post-employment plan or provide any other post-employment benefits. There are no stock option policies or other long-term benefits in place in the Company.

Annual compensation of the key management personnel for the quarters ended March 31, 2021 and 2020, which include the statutory officers (CEO, CFO, COO, Chief Legal Officer and Chief Quality Officer) are shown below:

	<u>Individual</u>	
	<u>03/31/2021</u>	<u>03/31/2020</u>
Management compensation	(1,134)	(1,060)
Benefits	(146)	(99)
Total	(1,280)	(1,159)

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
 March 31, 2021
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15. Related parties - Continuation

ii) Balances and transactions with related parties

Transactions with related parties comply with the Company's current policy, which is designed to establish rules and procedures aimed at guaranteeing that all decisions where there is a potential conflict of interest are made taking into account the best interests of the Company and its shareholders.

All transactions with related parties are duly formalized via contracts and under market conditions, i.e., observing the same principles and procedures that guide negotiations conducted by the Company and its subsidiaries with independent parties.

The main balances with related parties as at March 31, 2021 and December 31, 2020 in the equity accounts, as well as the transactions in the profit or loss accounts for the quarters ended March 31, 2021 and 2020 are shown below:

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets				
Customers (Note 8)				
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	561	525	561	525
Blau Goiás (b)	-	-	186	5
Blau Farmacêutica Colombia S.A.S. (c)	-	-	3,438	3,950
Blau Farma Uruguay S.A. (d)	-	-	6,224	4,873
Position of receivables from subsidiaries	561	525	10,409	9,353
Investments (Note 12)				
Blau Farmacêutica Colombia S.A.S.	-	-	34,246	33,773
Blau Farma Uruguay S.A.	29	29	8,353	8,016
Plex - Plasm Experts Corp. (e)	-	-	8,328	3,697
Blau Goiás	-	-	138,930	138,672
Total Investments	29	29	189,857	184,158
Total assets with related parties	590	554	200,266	193,511

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Notes to the interim financial statements – Continuation
 March 31, 2021
 (In thousands of *Reais*, except when otherwise indicated)

15. Related parties - Continuation

ii) Balances and transactions with related parties - Continuation

Liabilities

Related party suppliers (Note 16)

F11 Segurança Privada Ltda. (f)	376	361	376	361
F11 Facilities Eireli (g)	532	502	532	502
Pharma Limirio Ltda. (i)	-	-	-	-
Hahn Participações (e)	-	-	-	448

Total Suppliers

908	863	908	1,311
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Dividends and interest on own capital payable (Note 21)

Minimum dividends payable	41,506	53,233	41,506	53,233
Interest on own capital	2,051	3,973	2,051	3,973

Total Dividends and interest on own capital payable

43,557	57,206	43,557	57,206
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Debentures convertible into shares (Note 18)

Symbiosis Fundo de investimento Multimerado de Crédito Privado no Exterior	309,367	336,829	309,367	336,829
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Total Debentures

309,366	336,829	309,366	336,829
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Total liabilities with related parties

353,831	394,898	353,831	395,346
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Income – gross revenue (Note nº 25) and cost of goods and products sold (Note nº 26)

	Consolidated			
	03/31/2021		03/31/2020	
	Revenue	Cost	Revenue	Cost
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	418	(342)	248	(165)
Total income from related parties	418	(342)	248	(165)
	Individual			
	03/31/2021		03/31/2020	
	Revenue	Cost	Revenue	Cost
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	418	(342)	248	(165)
Blau Farmacêutica Colombia S.A.S. (c)	3,923	(2,590)	3,577	(3,061)
Blau Farma Uruguay S.A. (d)	1,400	(1,270)	1,091	(916)
Blau Goiás (b)	692	(2,197)	-	-
Total income from related parties	6,433	(6,399)	4,916	(4,142)

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Notes to the interim financial statements – Continuation
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15. Related parties - Continuation

iii) Balances and transactions with related parties - Continuation

Income – other transactions

	Individual	
	03/31/2021	03/31/2020
F11 Segurança Privada Ltda. (f)	(1,345)	(1,261)
F11 Facilities Eireli (g)	(1,778)	(1,637)
Symbiosis Fundo de investimento Multimercado de Crédito Privado no Exterior (h)	(1,932)	(728)

- (a) The main activity of The Package Store Imp. Com. Distr. Ltda. ("The Package Store") is the sale of glass packaging to the pharmaceutical industry. The amounts billed to The Package Store are the result of the glass packaging purchased by the Company from suppliers abroad and resold to The Package Store under normal market conditions;
- (b) Blau Goiás (former Pharma Limirio Indústria Farmacêutica Ltda), a company that manufactures injectable allopathic drugs for human use, located in the city of Anápolis, in the State of Goiás. See details in Note 3;
- (c) Blau Farmacêutica Colombia S.A.S. – This refers to operations entailing the export of drugs manufactured by the Company, which are resold by the subsidiary in Colombia;
- (d) Blau Farma Uruguay S.A – This refers to operations entailing the export of drugs manufactured by the Company, which are resold by the subsidiary in Uruguay;

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Notes to the interim financial statements – Continuation

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15. Related parties - Continuation

- (e) Plex is the holding company for joint ventures in the plasma collection segment abroad. The Company owns 51% of HEMARUS PLASMA-LAUDERHILL, LLC, a limited liability company duly incorporated and existing in accordance with the laws of the State of Florida, set up to develop, operate and manage a plasma collection center;
- (f) The Company has an agreement for security services entered into in the second half of 2016 with the related company F-11 Segurança Privada Ltda;
- (g) F-11 Facilities Eireli is an individual limited liability company and provides outsourced labor services to the Company, such as cleaning and concierge services;
- (h) Symbiosis - Fundo de Investimento Multimercado de Crédito Privado no Exterior, in the capacity of debenture holder. The amount relates to interest on the debentures;

16. Suppliers

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
In the country	15,179	12,213	15,179	12,105
Abroad	93,012	119,924	91,451	119,633
Related parties (Note 15)	908	863	908	1,311
Total Suppliers	109,099	133,000	107,538	133,049

The reduction in the balance of foreign suppliers is related to the advance on foreign exchange in order to cater to strategic negotiations.

The increase in the balance of domestic suppliers is basically due to the increase in purchases aimed at supporting the growth in commercial demand.

The information regarding the Company's exposure to market and liquidity risks related to suppliers can be found in Note No. 29.

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Notes to the interim financial statements – Continuation
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17. Loans and financing

Composition of the balance of loans and financing

Modality	Average rate	Bank	Guarantee	Consolidated		Individual	
				03/31/2021	12/31/2020	03/31/2021	12/31/2020
Leases	15.09% p.a.	Safra and Bradesco	Controlling shareholder	6	12	6	12
Working capital	CDI + 1.70% p.a.	Itaú	Controlling shareholder	10,034	15,052	10,034	15,052
Working capital	USD + 1.65% p.a.	Citibank	Controlling shareholder	115,295	-	115,295	-
Working capital Uruguay	USD + 8% p.a.	Itaú	No guarantee	972	754	-	-
Vehicle leases - CPC06	-	-	No guarantee	2,283	855	1,034	855
Total				128,590	16,673	126,369	15,919
Current				128,078	16,292	125,946	15,538
Non-current				512	381	423	381
Total				128,590	16,673	126,369	15,919

The foreign currency loan and the hedge instrument related to swap transactions (Citi), which are classified as Derivatives, are accounted for at fair value

Changes in loans and financing

	Consolidated	Individual
Balance as at December 31, 2019	44,157	43,770
Loans raised with cash effect	33,224	32,857
Appropriation of interest	1,457	1,457
Payment of principal	(60,365)	(60,365)
Payment of interest	(1,853)	(1,853)
Monetary adjustment	53	53
Balance as at December 31, 2020	16,673	15,919
Loans raised	116,746	115,279
Appropriation of interest	578	578
Payment of principal	(5,152)	(5,152)
Payment of interest	(255)	(255)
Monetary adjustment	-	-
Balance as at March 31, 2021	128,590	126,369

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Notes to the interim financial statements – Continuation
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17. Loans and financing - Continuation

Scheduling of debt in relation to the balance of loans and financing

Year	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Up to March 2022	128,078	16,292	125,946	15,538
After March 2022	512	381	423	381
Total	128,590	16,673	126,369	15,919

Covenants

The Company has loan agreements with clauses that establish the circumstances under which the debt's maturity would be accelerated, such as alterations and changes to the composition of share capital the transfer or direct or indirect assignment of shareholding control, along with the merger, consolidation or spin-off of the issuer, without prior express consent from the creditor. However, none of these circumstances establishes the maintenance of financial indicators. As at March 31, 2021 and December 31, 2020, the Company was in compliance with all the early maturity clauses.

Reconciliation of changes in equity with cash flows

Reconciliation of changes in equity with cash flows from financing activities:

	Consolidated - Liabilities		
	Loans and financing	Debentures	Dividends and interest on own capital payable
			Total 12/31/2020
Cash flows from financing activities			
Dividends and interest on own capital paid	-	-	(326,923)
Loans and financing raised	33,224	482,247	-
Payments of loans and financing	(60,365)	-	-
Payments of loans and financing – interest	(1,853)	-	-
Payment of debentures - principal	-	(44,999)	-
Payment of debentures - interest	-	(14,073)	-
Net cash from (used in) financing activities	(28,994)	423,175	(326,923)

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Notes to the interim financial statements – Continuation
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17. Loans and financing - Continuation

Reconciliation of changes in equity with cash flows - Continuation

	Consolidated – Liabilities		
	Loans and financing	Debentures	Dividends and interest on own capital payable
			Total 03/31/2021
Cash flows from financing activities			
Dividends and interest on own capital paid	-	-	(15,700)
Loans and financing raised	116,746	-	116,746
Payments of loans and financing	(5,152)	-	(5,152)
Payments of loans and financing – interest	(255)	-	(255)
Payment of debentures - principal	-	(11,250)	(11,250)
Payment of debentures - interest	-	(2,710)	(2,710)
Net cash from (used in) financing activities	111,339	(13,960)	(15,700)

18. Debentures

Modality	Average rate	Guarantee	Consolidated and Individual	
			31/03/2021	31/12/2020
Debentures 1 st issue	CDI + 1.05% p.a.	Controlling shareholder	101,354	112,593
Debentures 2 nd issue	CDI + 0.45% p.a.	Controlling shareholder	76,788	76,759
Debentures 3 rd issue	CDI + 1.30% p.a.	Controlling shareholder	253,659	251,671
Debentures 4 th issue	CDI + 0.45% p.a.	Controlling shareholder	117,885	117,672
Debentures 5 th issue	CDI + 0.45% p.a.	Controlling shareholder	114,694	114,645
Total debentures			664,380	673,340
Current			49,299	47,010
Non-current			615,081	626,330
Total			664,380	673,340

The net proceeds raised by the Issuer, by means of the issue of debentures, will be earmarked for investments in studies, production capacity expansion projects, launches, research, development and innovation, as well as for general corporate use.

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18. Debentures - Continuation

The number of debentures convertible into shares is decided based on the Company's valuation on the debenture issue date and in proportion to the number of shares in terms of subscribed and paid-in capital.

The characteristics of the debentures are shown in the following table:

Description	1st issue	2nd issue	3rd issue	4th issue	5th issue
Issuing entity	Blau	Blau	Blau	Blau	Blau
Financial institution	Bradesco	Symbiosis	Bradesco	Symbiosis	Symbiosis
			66.7% / Itaú 33.3%		
Total value of the issue in a single series	180,000	80,000	250,000	135,000	125,000
Nature	Public	Private	Public	Private	Private
Date of issue	06/20/2018	12/12/2019	04/15/2020	06/30/2020	12/22/2020
Funding date	06/27/2018	12/30/2019	04/20/2020	07/03/2020	12/23/2020
Maturity	06/20/2023	05/12/2027	04/15/2027	06/30/2027	12/22/2027
Type	Unsecured	Unsecured	Unsecured	Unsecured	Unsecured
Identification of asset at CETIP	BLAU11	BLAU12	BLAU13	BLAU14	BLAU15
b. Effective interest rate p.a. %	105% + 100% cdi	0.45% + 100% cdi	1.30% + 100% cdi	0.45% + 100% cdi	0.45% + 100% cdi
c. Total amount of debt	101,354	76,788	253,659	117,885	114,694

Changes in the balance of debentures:

	1st Issue	2nd Issue	3rd Issue	4th Issue	5th Issue	Total
Balance in December 2019	(157,835)	(76,929)	-	-	-	(234,764)
Funds raised with cash effect	-	-	(250,000)	(117,660)	(114,587)	(482,247)
Interest paid	5,340	2,642	4,465	1,626	-	14,073
Interest accrued	(5,097)	(2,472)	(6,135)	(1,639)	(58)	(15,401)
Amortization	44,999	-	-	-	-	44,999
Balance in December 2020	(112,593)	(76,759)	(251,670)	(117,673)	(114,645)	(673,340)
Interest paid	777	445	-	796	692	2,710
Interest accrued	(788)	(474)	(1,989)	(1,008)	(741)	(5,000)
Amortization	11,250	-	-	-	-	11,250
Balance in March 2021	(101,354)	(76,788)	(253,659)	(117,885)	(114,694)	(664,380)

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18. Debentures - Continuation

Scheduling of debt in relation to the balance of debentures

Year	Consolidated and Individual	
	03/31/2021	12/31/2020
2021	49,299	47,010
2022	44,999	43,380
2023	61,253	74,503
2024	50,000	50,000
2025	50,000	50,000
2026	50,000	50,000
2027	358,829	358,447
Total	664,380	673,340

Covenants

Due to the fact that funds have been raised by means of debentures, there is a covenant clause that the Company is required to comply with. This covenant consists of a net debt / EBITDA ratio of less than 2.50x, only taking into account the year ended December 31 of each year and based on the consolidated financial statements.

Reconciliation with the statement of cash flows

The reconciliation of the changes in equity with cash flows arising from financing activities is shown in Note No. 17.

19. Income tax and social contribution payable

Current	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Income tax	23,008	26,692	22,682	26,692
Social contribution	8,501	9,536	8,334	9,536
Total	31,509	36,228	31,016	36,228

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19. Income tax and social contribution payable – Continuation

Changes in income tax and social contribution payable

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Initial balance	36,228	21,010	36,228	20,215
Provision	32,583	106,308	32,094	105,263
Compensation	(1,074)	(7,004)	(1,078)	(7,004)
Tax paid	(36,228)	(84,086)	(36,228)	(82,246)
Total	31,509	36,228	31,016	36,228

Effective rate in the parent company

Reconciliation of income tax and social contribution	Individual	
	03/31/2021	12/31/2020
Income before income tax and social contribution	122,560	352,597
Statutory rate	34%	34%
Amount of income tax and social contribution on accounting profit at the statutory rate	41,670	119,883
Additions/exclusions		
Equity pick-up	391	2,568
Temporary additions – Provisions	2,364	3,533
Interest on own capital	(820)	(4,366)
Tax incentive – ‘Lei do bem’	(1,027)	(5,149)
Tax incentive – Product development	(2,899)	(11,607)
Others	(6,378)	3,415
Total Additions/exclusions	33,301	108,277
Deductions		
Tax incentive – Workers’ Food Program (PAT)	(272)	(709)
Tax incentive – Donations made with incentives	(878)	(2,233)
Tax incentive – “Empresa Cidadã”	(51)	(48)
Exempt portion	(6)	(24)
Total deductions	(1,207)	(3,014)
Current income tax and social contribution expenses	32,094	105,263
Current income tax and social contribution	32,094	105,263
Deferred income tax and social contribution	4,301	(6,996)
Current income tax and contribution, net	36,395	98,267
Effective rate	29.70%	27.90%

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19. Income tax and social contribution payable - Continuation

Deferred income tax and social contribution

Deferred	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets				
Income tax	8,547	11,774	8,132	11,367
Social contribution	2,927	4,092	2,928	4,093
Total	11,474	15,866	11,060	15,460

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Equity valuation adjustment	-	405	-	405
Provision for inventory impairment	4,987	6,671	4,660	6,274
Provision for contingencies	1,812	1,721	1,812	1,721
Provision for expected losses	2,434	2,508	1,908	1,987
Others	2,241	4,561	2,680	5,073
Total	11,474	15,866	11,060	15,460

20. Labor related obligations

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Payroll	3,552	3,887	3,138	3,203
Social charges	2,964	3,405	2,885	3,405
Vacations	10,333	10,009	9,999	9,931
13 th Salary	2,347	-	2,294	-
Provision for profit sharing	14,072	11,718	14,072	11,718
Other accounts	1,499	2,385	1,461	2,301
Total	34,767	31,404	33,849	30,558

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21. Dividends and interest on own capital

	Consolidated and Individual	
	03/31/2021	12/31/2020
Dividends to be distributed (Note 15)	41,506	53,233
Interest on own capital to be distributed (Note 15)	2,051	3,973
Total	43,557	57,206

Changes in dividends to be distributed

	Consolidated and Individual	
	03/31/2021	12/31/2020
Initial balance	53,233	38,337
Provision	-	321,476
Dividends paid	(11,727)	(306,580)
Final balance	41,506	53,233

Changes in interest on own capital to be distributed

	Consolidated and Individual	
	03/31/2021	12/31/2020
Initial balance	3,973	13,049
Provision	2,051	11,268
Interest on own capital paid	(3,973)	(20,344)
Final balance	2,051	3,973

22. Other accounts payable

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Investments payable (a)	66,485	70,000	66,485	70,000
Advances from customers	121	102	59	57
Provision for distribution costs of products and goods sold	2,849	1,939	2,849	1,939
Other accounts payable	20,008	15,572	19,465	12,999
Total	89,463	87,613	88,858	84,995
Current	35,045	31,933	34,440	29,315
Non-current	54,418	55,680	54,418	55,680
Total	89,463	87,613	88,858	84,995

(a) Refers to the remaining amounts payable to the former owners of Blau Goiás, as per the purchase and sale agreement. See Note nº 3.

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23. Provisions for tax, civil and labor lawsuits

The Company and its subsidiaries, in the normal course of their activities, are subject to tax, civil and labor proceedings. The company's management, supported by the opinion of its legal advisors and, when applicable, based on specific opinions issued by experts, assesses the expected outcome of the proceedings in progress and determines whether or not there is a need to set up a provision for tax, civil and labor contingencies. Based on this evaluation, the following provisions have been set up:

	Consolidated and Individual			
	Labor claims	Civil claims	Anvisa proceedings	Total
Balance as at December 31, 2019	3,792	1,066	144	5,002
Net addition	2,186	168	-	2,354
New proceedings	393	-	-	393
Reclassification	605	55	-	660
Monetary adjustment	1,188	113	-	1,301
Write-off	(1,801)	(493)	-	(2,294)
Payments	(589)	-	-	(589)
Reclassification	(244)	(83)	-	(327)
Monetary adjustment	(968)	(410)	-	(1,378)
Balance as at December 31, 2020	4,177	741	144	5,062
Addition	308	327	-	635
New proceedings	107	-	-	107
Reclassification	-	287	-	287
Monetary adjustment	201	40	-	241
Write-off	(367)	(2)	-	(369)
Payments	-	(2)	-	(2)
Reclassification	(268)	-	-	(268)
Monetary correction	(99)	-	-	(99)
Balance as at March 31, 2021	4,118	1,066	144	5,328

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23. Provisions for tax, civil and labor lawsuits - Continuation

a) Claims classified by legal advisors as a possible loss

The Company and its subsidiaries are subject to other legal proceedings, and based on the assessment of the legal advisors, there is a probability of possible loss in the amount of R\$1,042 as at March 31, 2021 (R\$788 as at December 31, 2020). No provision was recognized for labor and civil risks classified as possible, according to their nature:

a) Claims classified by the legal advisors as a possible loss - Continuation

Nature	Consolidated	
	03/31/2021	12/31/2020
Labor	885	639
Civil	157	149
Total	1,042	788

b) Judicial deposits

	Balance 12/31/2019	Addition	Write-off	Balance 12/31/2020	Addition	Write-off	Balance 03/31/2021
Labo	642	-	(116)	526	10	-	536
Civil	5,508	697	(715)	5,490	93	-	5,583
Total	6,150	697	(831)	6,016	103	-	6,119

24. Equity

a) Authorized capital

Under the terms of article 5 of its Bylaws, the Company is authorized to increase its share capital by resolution of the Board of Directors, regardless of a statutory amendment, through the issue of shares, debentures convertible into shares, or subscription bonuses, up to a limit of one hundred and ninety-eight million (198,000,000) shares. It is also up to the Board of Directors to establish the conditions of the issue, including price, term and form of payment.

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24. Equity - Continuation

b) Subscribed and paid-in capital

Shareholding structure as at March 31, 2021 and December 31, 2020	Nº of shares	Capital
Marcelo Rodolfo Hahn	147,999,999	100,640
Hahn Participações Eireli	1	-
Total	148,000,000	100,640
Value per share	148,000,000	R\$0,68

c) Profit reserves

Consists of the legal reserve, the reserve for investments and proposed additional dividends.

The legal reserve is set up in accordance with the Brazilian Corporate Law, based on 5% of net income for each year until it reaches 20% of share capital.

The investment reserve is set up based on up to 75% of net income for each year, minus the amounts set aside for the legal reserve, the contingencies reserve and the tax incentive reserve as per the bylaws. The purpose of the investment reserve is to ensure sufficient funds for the expansion of the Company's activities and investments, and the balance of this reserve may not exceed share capital, either separately or together with the other profit reserves.

d) Other comprehensive income

This refers to gain and loss on the translation of the financial statements of subsidiaries domiciled abroad, as well as equity valuation adjustment to property, plant, and equipment upon initial adoption (deemed cost).

e) Profit allocation

As allowed under paragraph "c" of Article 28 combined with Article 29 of the Company's Bylaws, the balance of net income as at December 31, 2020 shown after deductions for the minimum compulsory dividends and Interest on Own Capital in the total amount of R\$188,758, was allocated to the investment reserve for future distribution.

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24. Equity - Continuation

f) Earnings per share

Earnings per share are shown by type and nature of share, in accordance with the practice in Brazil of trading and quoting shares in lots of shares.

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to the Company's shareholders by the number of shares in the period.

		Consolidated	
		03/31/2021	03/31/2020
Net income for the period	(a)	86,165	31,408
Number of common shares (thousands of shares)	(b)	148,000	148,000
Number of convertible shares (thousands of shares)	(c)	9,585	126
Basic and diluted earnings per common share	(a) / (b)	0,5822	0,2122
Diluted earnings per common share	(a) / [(b) + (c)]	0,5468	0,2120

25. Net operating revenue

	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Sales of products – domestic market	360,194	236,031	348,609	225,248
Sales of products – overseas market	1,672	1,219	1,672	1,219
Sales – related parties (Note 15)	418	248	6,433	4,916
Gross revenue	362,284	237,498	356,714	231,383
(-) Taxes (i)	(34,591)	(16,185)	(34,546)	(16,185)
(-) Discounts	(135)	(242)	(60)	(191)
(-) Returns	(1,430)	(2,039)	(1,373)	(1,636)
Total deductions from gross revenue	(36,156)	(18,466)	(35,979)	(18,012)
Net operating revenue	326,128	219,032	320,735	213,371

- (i) Sales taxes represent 10.61% of net operating revenue as at March 31, 2021 (7.39% as at March 31, 2020). This increase is related to the increase in revenues from the Specialties line and also to the increase in sales to private customers who do not enjoy tax exemption in relation to their purchases.

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25. Net operating revenue - Continuation

Net operating revenue

Net operating revenue is shown by segment in Note No. 30 and consists of the fair value of the consideration received or receivable for the sale of products and goods in the ordinary course of the Company's activities.

The Company recognizes revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity, and when control over the products is transferred, which normally occurs upon delivery of the products to the buyer, who will have total freedom over the selling price of the products and goods, and as long as there is no unfulfilled obligation and there is no permanent involvement with the goods sold or any other factor that may affect the buyer's acceptance of the goods.

Revenue is shown net of sales taxes, returns, rebates and discounts, and on a consolidated basis, net of eliminations of sales between controlled companies.

The right to recover returned goods is measured at the previous carrying amount of the inventory minus any expected costs, while the obligation to make reimbursement is recorded under other payables. The Company does not make provisions for returns of goods sold on account of the fact that it does not consider the effect to be material; however, on an annual basis management reassesses the need to make a provision for sales returns on the reporting date.

Sales discounts are only granted in the case of specific deals or events, such as slow-moving inventory items with a risk of obsolescence at the customer, in order to avoid sales return. For the retail channel, there are usual discounts based on the level of sales, and these discounts are made on the amounts payable by the customer to the Company. The Company does not make any provision for sales discounts as it does consider the amount to be material.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customer for an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company concludes, in general, that this is the principal item in its revenue contracts.

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25. Net operating revenue - Continuation

Revenue from contracts with customers – Continuation

The Company does not have any contracts with private sector customers as at March 2021 with expected realization within one year. In the case of a new contract being signed, the Company assesses contracts with customers that will be subject to revenue recognition and identifies the different goods promised in each contract and the performance obligations, if any.

In the Public channel, contracts are signed following the auctions in order to guarantee all the obligations of both parties.

Sales growth in the quarter ended March 31, 2021 is due to the increased demand in the institutional market, particularly in the specialties and biologicals line.

In relation to geographical location, net revenue in Brazil accounted for 96% and 95% of consolidated net revenue for the periods ended March 31, 2021 and March 31, 2020, respectively.

	Consolidated	
	03/31/2021	03/31/2020
Brazil	313,743	207,487
Colombia	7,348	8,266
Uruguay	3,365	2,063
Chile	628	-
Others	1,044	1,216
Total	326,128	219,032

Regarding consolidated net revenue in the period ended March 31, 2021 between public and private customers is as follows:

	Consolidated	
	03/31/2021	03/31/2020
Public	69,809	63,967
Private	256,319	155,065
Total	326,128	219,032

Net operating revenue from private customers represented 79% of total net operating revenue as at March 31, 2021, against 71% in the same period the previous year.

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25. Net operating revenue - Continuation

Revenue from contracts with customers—Continuation

As at March 31, 2021, the Company's net operating revenue from sales to the Health Ministry was R\$54,503, which represents 17% of total net operating revenue (against R\$47,047, or 22% of total net operating revenue as at March 31, 2020).

Regarding consolidated net revenue in the period ended March 31, 2021, the breakdown between the various lines of medication is as follows:

	Consolidated	
	03/31/2021	03/31/2020
Biologicals	166,250	123,961
Specialties	124,974	66,727
Oncology	20,537	13,555
Outros	14,367	14,789
Total	326,128	219,032

Much of the increase in net operating revenue seen at March 31, 2021 is due to the sales by the Specialties line, which posted 87% growth against the same period of the prior year.

a) *Performance obligations and revenue recognition policies*

Revenue is measured based on the consideration specified in the contract with the customer. The Company and its subsidiaries recognize revenue when control over the product or service is transferred to the customer.

The notes below provide information regarding the nature and period of fulfillment of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

i) *Nature and period of fulfillment of performance obligations, including significant payment terms*

Customers receive control of the products when the goods are delivered and accepted on their premises. Invoices are issued at that time. Payment terms depend on the segment and the contract signed, and can vary from 30 to 90 days;

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25. Net operating revenue - Continuation

Revenue from contracts with customers— Continuation

a) *Performance obligations and revenue recognition policies—Continuation*

ii) Revenue recognition policy

Revenue is recognized when products are delivered to and accepted by customers on their premises.

For contracts where the customer is allowed to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of accumulated revenue recognized will not occur.

The Company reassesses its expectation of sales returns on the statement of financial position date, updating the amounts of assets and liabilities.

26. Cost of goods and products sold

	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Raw materials and packaging	(122,342)	(96,115)	(121,518)	(93,589)
Workforce	(7,253)	(4,847)	(6,649)	(4,847)
Depreciation and amortization	(1,714)	(1,169)	(1,584)	(1,169)
Other manufacturing expenses	(23,934)	(16,567)	(22,469)	(16,567)
Total cost of sales	(155,243)	(118,698)	(152,220)	(116,172)

For the quarter ended March 31, 2021, costs of goods and products sold increased by R\$36,545 (consolidated) and by R\$36,048 (individual) against the period ended March 31, 2020 (a 31% increase).

The increase in the value of inventory was due to the import of inputs to meet the growing commercial demand. However, there was an increase in inventory turnover in the Finished Product and Raw Material accounts, due to sales growth.

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27. Operating expenses by category

	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Sales expenses	(13,812)	(12,921)	(12,017)	(11,018)
Research and development expenses	(9,250)	(4,424)	(9,250)	(4,424)
Total commercial expenses	(23,062)	(17,345)	(21,267)	(15,442)
Expected loss due to impairment of trade receivables	-216	653	-231	607
Administrative expenses	(23,761)	(17,122)	(21,938)	(15,845)
Other operating revenue, net	(311)	1,205	(1,000)	1,203
Total expenses	(47,350)	(32,609)	(44,436)	(29,477)

a) Expenses by type

	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Personnel	(22,258)	(15,878)	(20,565)	(15,686)
Specialized services	(6,392)	(5,176)	(7,627)	(5,114)
Marketing	(2,497)	(2,314)	(2,465)	(2,314)
Freight	(2,623)	(1,487)	(2,571)	(1,376)
Materials	(2,572)	(1,460)	(2,572)	(1,460)
Depreciation	(3,122)	(1,305)	(2,813)	(1,244)
General	(7,886)	(4,989)	(5,823)	(2,283)
Total operating expenses	(47,350)	(32,609)	(44,436)	(29,477)

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28. Net financial expenses

	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Interest received	981	1,331	967	1,334
Unrealized gains on derivatives (a)	12,473	-	12,473	-
Discounts obtained	47	7	45	7
Total financial revenues	13,501	1,338	13,485	1,341
Foreign exchange variation (b)	(7,180)	(24,681)	(6,912)	(23,663)
Interest incurred	(6,128)	(3,292)	(6,072)	(3,281)
Tax on financial operations	(333)	(51)	(333)	(51)
Bank commissions and expenses	(113)	(100)	(80)	(71)
Discounts granted	(66)	(9)	-	-
Others	(167)	(862)	(168)	(862)
Total financial expenses	(13,987)	(28,995)	(13,565)	(27,928)
Total net financial income	(486)	(27,657)	(80)	(26,587)

(a) Traded on the over-the-counter market with the purpose of establishing, in advance, an exchange rate at a future date. On the maturity date, settlement is made at the difference between the forward rate contracted and the market rate defined as reference, with the variation being attributed to the positive result. For further information see note 29;

(c) Loss from foreign exchange variation on foreign suppliers decreased due to the protections in place. For further information see note 29;

29. Financial instruments

The financial instruments of the Company and its subsidiaries are substantially the same and therefore the Company only presents the consolidated information.

a) Accounting classification and fair values

The table below shows the carrying amounts and the fair values of financial assets and liabilities, including their fair value hierarchy levels. It does not include fair value information for financial assets and liabilities that are not measured at fair value, if the carrying amount reasonably approaches fair value.

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29. Financial instruments - Continuation

a) Accounting classification and fair values - Continuation

	Consolidated 03/31/2021						
	Fair value through profit or loss	Amortized cost	Total	Fair value			
				Level 1	Level 2	Level 3	Total
Cash and cash equivalents, and financial investments	230,160	5,866	236,026	236,026	-	-	236,026
Trade accounts receivable	-	293,644	293,644	293,644	-	-	293,644
Other receivables	17,518	7,308	24,826	7,308	14,127	3,391	24,826
	247,678	306,818	554,496	536,978	14,127	3,391	554,496
	Consolidated 03/31/2021						
	Fair value through profit or loss	Amortized cost	Total	Fair value			
				Level 1	Level 2	Level 3	Total
Suppliers	-	109,099	109,099	-	109,099	-	109,099
Loans, financing and debentures	-	792,970	792,970	-	792,970	-	792,970
Other accounts payable	89,463	-	89,463	-	89,463	-	89,463
	89,463	902,069	991,532	-	991,532	-	991,532
	Consolidated 12/31/2020						
	Fair value through profit or loss	Amortized cost	Total	Fair value			
				Level 1	Level 2	Level 3	Total
Cash and cash equivalents, and financial investments	144,152	70,197	214,349	214,349	-	-	214,349
Trade accounts receivable	-	247,552	247,552	247,552	-	-	247,552
Other receivables	5,986	10,233	16,219	10,233	2,595	3,391	16,219
	150,138	327,982	478,120	472,134	2,595	3,391	478,120
	Consolidated 12/31/2020						
	Fair value through profit or loss	Amortized cost	Total	Fair value			
				Level 1	Level 2	Level 3	Total
Suppliers	-	133,000	133,000	-	133,000	-	133,000
Loans, financing and debentures	-	690,013	690,013	-	690,013	-	690,013
Other accounts payable	87,613	-	87,613	-	87,613	-	87,613
	87,613	823,013	910,626	-	910,626	-	910,626

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

29. Financial instruments - Continuation

b) Fair Value Measurement

i) *Valuation Techniques and Significant Unobservable Inputs*

The table below presents the valuation technique used in Level 2 fair value measurement, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Assumptions
Forward exchange contracts and interest rate SWAPS	Market approach: the market approach takes into account the amounts that would be received from the sale of an asset under analysis. It reflects the market's perception of the value of a given asset.	The fair values are based on quotations from brokers. Similar contracts are traded in active markets and the quotes reflect current transactions of similar instruments.
Liabilities from the acquisition of subsidiaries - contingent consideration	Fair value estimated based on management's estimate of the realization of payment, based on knowledge of processes for registration of new drugs in progress at ANVISA. Obtaining the registrations will result in payment of the contingent obligation.	Estimate of success in obtaining ANVISA registrations. Management's estimate directly determined the fair value applied to the amount payable, and the same estimate determined the value of the intangible assets related to the aforesaid ANVISA registrations.

c) Financial risk management

The Company and its subsidiaries are exposed to the following risks resulting from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

i) *Credit risk*

Credit risk is the risk that the Company and its subsidiaries will incur financial losses if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. This risk mainly results from the trade accounts receivable and financial instruments of the Company and its subsidiaries.

The carrying amount of financial assets represents the maximum credit exposure.

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

29. Financial instruments - Continuation

c) Financial risk management—Continuation

i) *Credit risks*—Continuation

Trade accounts and other receivables

The exposure of the Company and its subsidiaries to credit risk is mainly influenced by each customer's individual characteristics. However, management also takes into account factors that may influence the credit risk of its customer base, including the risk of default of the industry and country in which the customer operates.

As at March 31, 2021 and December 31, 2020, the maximum exposure to credit risk was as follows:

	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Cash and cash equivalents	5,866	70,197	1,412	65,852
Financial investments	230,160	144,152	221,523	135,435
Trade accounts receivable	293,644	247,552	290,460	243,124
Other receivables	24,826	16,219	22,918	11,617
Total	554,496	478,120	536,313	456,028

ii) *Liquidity risk*

Liquidity risk is the risk that the Company and its subsidiaries may have difficulty to meet obligations associated with their financial liabilities settled in cash or another financial asset. The approach of the Company and its subsidiaries to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations when due, both under normal conditions as well as under stress conditions, without incurring unacceptable losses or risking any damage to their reputation.

The Company and its subsidiaries monitor the expected level of cash receipts from 'Trade accounts and other receivables' together with the expected cash outflows related to 'Suppliers and other accounts payable'.

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Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

29. Financial instruments - Continuation

c) Financial risk management - Continuation

ii) *Liquidity risks* - Continuation

Exposure to liquidity risk

The contractual maturities of financial liabilities at the reporting date are shown below.

	Consolidated – 03/31/2021		
	Up to 1 year	Up to 5 years	Accounting total
Trade	109,099	-	109,099
Loans and financing	128,078	512	128,590
Debentures	49,299	615,081	664,380
Other accounts payable	35,045	54,418	89,463
Total	321,521	670,011	991,532

	Consolidated – 12/31/2020		
	Up to 1 year	Up to 5 years	Accounting total
Suppliers	133,000	-	133,000
Loans and financing	16,292	381	16,673
Debentures	47,010	626,330	673,340
Other accounts payable	31,933	55,680	87,613
Total	228,235	682,391	910,626

iii) *Market risks*

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the income of the Company and its subsidiaries or the value of their financial instruments. The objective of market risk management is to manage and control this type of exposure, keeping it within acceptable parameters.

In order to manage market risks, the Company and its subsidiaries use derivatives.

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

29. Financial instruments - Continuation

c) Financial risk management - Continuation

iii) *Market risks* - Continuation

Foreign exchange risk

The Company and its subsidiaries are exposed to foreign exchange risk as a result of differences between the currencies in which sales, purchases, and loans are denominated and the respective functional currencies of the Company's entities. The functional currencies of the Company and its subsidiaries are basically the Brazilian Real (R\$), the Colombian Peso (COP) and the Uruguayan Peso (UYU). The currencies in which the Company's and its subsidiaries' transactions are primarily denominated are: BRL, USD, COP and UYU.

In general, loans are denominated in currencies equivalent to the cash flows generated by the business operations of the Company and its subsidiaries, primarily in BRL, but also in USD.

The Company designates the spot element of the forward exchange contracts in order to hedge its currency risk, applying a hedge ratio of 1:1. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are accounted for separately as hedging cost, which is recognized in equity in the hedging cost reserve. The Company's policy is that the critical terms of the forward exchange contracts are in alignment with the hedged items.

The Company determines the existence of an economic relationship between the hedging instrument and the hedged item based on the currency, amount and timing of the respective cash flows. The Company also makes an assessment as to whether or not the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in the cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the Group's and the counterparties' own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- the changes in the timing of hedged transactions

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
 March 31, 2021
 (In thousands of *Reais*, except when otherwise indicated)

29. Financial instruments - Continuation

c) Financial risk management – Continuation

iii) *Market risks* - Continuation

Foreign exchange risk

The Company entered into foreign exchange futures contracts (NDF) for the purchase of U.S. dollars (USD) in the amount of twenty-eight thousand dollars (USD28,000) in December 2020 with maturities as follows:

NDF Contracts	Currency	Maturity	Contracted Amount USD	Contracted Rate	03/31/2021
Purchase	USD	10/18/2021	7,000	5.0385	35,270
Purchase	USD	11/17/2021	7,000	5.0385	35,270
Purchase	USD	12/15/2021	7,000	5.0385	35,270
Purchase	USD	01/14/2022	7,000	5.0385	35,270
Total			<u>28,000</u>		<u>141,080</u>

Exposure to foreign exchange risk

A summary of the Company's and its subsidiaries' exposure to foreign exchange risk, as reported to management, is shown below:

	Consolidated 03/31/2021		Consolidated 12/31/2020	
	USD thousand	<i>Reais</i>	USD thousand	<i>Reais</i>
Trade accounts receivable	3,048	17,368	3,383	17,578
Suppliers	(16,326)	(93,012)	(23,077)	(119,924)
Loans and financing	(20,160)	(114,856)	-	-
Net exposure to expected transactions	(33,438)	(190,500)	(19,694)	(102,346)
Non deliverable forward (NDF) contracts	28,000	141,080	28,000	141,080
Net exposure	(5,438)	(49,420)	8,306	38,734

Blau Farmacêutica S.A.

Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

29. Financial instruments - Continuation

c) Financial risk management – Continuation

iii) *Market risks* - Continuation

Sensitivity analysis of foreign exchange risk

A reasonably possible appreciation (depreciation) of the US dollar versus all other currencies would have affected the measurement of financial instruments denominated in foreign currency and affected equity and net income by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact from estimated sales and purchases.

For sensitivity analysis purposes, we start off from the realized basis, where the closing dollar rate was R\$5.6967 and we considered two increase scenarios, one of 25% and the other of 50%.

	Consolidated 03/31/2021				
	Exposure in R\$	Scenario I 25%	Scenario II 50%	Scenario I (25%)	Scenario II (50%)
Transactions					
Trade accounts receivable	17,368	21,710	26,052	(21,710)	(26,052)
Suppliers	(93,012)	(116,265)	(139,518)	116,265	139,518
Loans and financing	(114,856)	(143,570)	(172,284)	143,570	172,284
Effect on net income		(47,625)	(95,250)	47,625	95,250

The liability for the financial instruments is recognized as loans and financing, in the short term, and the gain or loss is recognized in the net financial income group.

Income related to derivative financial instruments

The liability the financial instruments is recognized as loans and financing, in the short term, and the gain or loss is recognized in the net financial income group.

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Notes to the interim financial statements – Continuation
March 31, 2021
(In thousands of *Reais*, except when otherwise indicated)

29. Financial instruments - Continuation

c) Financial risk management – Continuation

iii) *Market risks* - Continuation

Sensitivity analysis of changes in interest rates

The Company and its subsidiaries carried out a sensitivity analysis of the main risks to which their financial instruments are exposed. For the sensitivity analysis of changes in interest rates, management used a scenario based on the same rates used at the statement of financial position closing date. Scenarios I and II were estimated with an additional appreciation of 25% and 50% respectively, of the rates in the realized scenario.

The following table shows the possible impacts on income under the hypothesis of the respective scenarios presented:

	Consolidated 03/31/2021				
	Exposure in R\$	Scenario I 25%	Scenario II 50%	Scenario I - 25%	Scenario II -50%
Operation					
Financial investments	230,160	287,700	345,240	(287,700)	(345,240)
Debentures	(664,380)	(830,475)	(996,570)	830,475	996,570
Loans and financing	(128,590)	(160,738)	(192,885)	160,738	192,885
Effect on net income	-	(140,703)	(281,406)	140,703	281,405

30. Information by business segment

The Company's segmentation is based on the commercial strategy found in the pharmaceutical market and as presented to the main internal decision maker, which is the Company's Board of Directors, as well as the performance assessment of each business unit, segregated as follows:

- Institutional – the business segment consisting of drugs applied in specific treatments in public and private hospitals and clinics, with a broad portfolio of biological, oncology, and specialties products, among others.
- Retail - the business segment that caters to the pharmaceutical retail channel, which consists of a less varied portfolio.

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Notes to the interim financial statements – Continuation
 March 31, 2021
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30. Information by business segment

Information regarding the results of each reportable segment is shown below. Performance is assessed based on the result of the segment before income tax and social contribution, as it is management's opinion that this information is more relevant in assessing the results of the respective segments for comparability with other entities operating in the same industry.

Statements of profit or loss by segment

	Institutional			
	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net revenue	305,372	203,574	300,322	198,194
Cost of goods and products sold (i)	(145,363)	(110,321)	(142,532)	(107,909)
Gross profit	160,009	93,253	157,790	90,285
Operating expenses	(44,045)	(31,428)	(40,671)	(28,515)
Other operating revenue	(291)	1,120	(936)	1,117
Financial income	(455)	(25,705)	(75)	(24,696)
Equity accounting income	-	-	(1,266)	(1,122)
Income before taxes	115,218	37,240	114,842	37,069
	Retail			
	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Net revenue	20,756	15,458	20,413	15,177
Cost of goods and products sold (i)	(9,880)	(8,377)	(9,688)	(8,263)
Gross profit	10,876	7,081	10,725	6,914
Operating expenses (ii)	(2,994)	(2,386)	(2,765)	(2,165)
Other operating revenue	(20)	85	(64)	86
Financial income	(31)	(1,952)	(5)	(1,891)
Equity accounting income	-	-	(173)	(86)
Income before taxes	7,831	2,828	7,718	2,858

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Notes to the interim financial statements – Continuation
 March 31, 2021
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30. Information by segment of the business – Continuation

(i) Cost of goods and products sold

Institutional	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Raw materials and packaging	(114,556)	(89,332)	(113,784)	(86,985)
Workforce	(6,792)	(4,505)	(6,226)	(4,505)
Depreciation and amortization	(1,603)	(1,086)	(1,484)	(1,086)
Other manufacturing expenses	(22,412)	(15,398)	(21,038)	(15,333)
Total cost of sales	(145,363)	(110,321)	(142,532)	(107,909)

Retail	Consolidated		Individual	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Raw materials and packaging	(7,786)	(6,783)	(7,734)	(6,605)
Workforce	(462)	(342)	(423)	(342)
Depreciation and amortization	(109)	(83)	(101)	(83)
Other manufacturing expenses	(1,523)	(1,169)	(1,430)	(1,233)
Total cost of sales	(9,880)	(8,377)	(9,688)	(8,263)

(ii) Operating expenses

Institutional	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Sales	(12,933)	(12,010)	(11,252)	(10,240)
Research and development	(8,661)	(4,111)	(8,661)	(4,112)
Total commercial expenses	(21,594)	(16,121)	(19,913)	(14,352)
Expected loss from impairment of accounts receivable	(202)	607	(216)	564
Administrative expenses	(22,249)	(15,914)	(20,542)	(14,727)
Total expenses	(44,045)	(31,428)	(40,671)	(28,515)

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Notes to the interim financial statements – Continuation
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30. Information by business segment – Continuation

(ii) Operating expenses – Continuation

Retail	Individual		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Sales	(879)	(912)	(765)	(778)
Research and development	(589)	(312)	(589)	(312)
Total commercial expenses	(1,468)	(1,224)	(1,354)	(1,090)
Expected loss from impairment of accounts receivable	(14)	46	(15)	43
Administrative expenses	(1,512)	(1,208)	(1,396)	(1,118)
Total expenses	(2,994)	(2,386)	(2,765)	(2,165)

a) Statement of financial position accounts by segment

Institutional	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets				
Trade accounts receivable	281,659	240,577	277,229	234,953
Provision for expected losses	(6,704)	(6,961)	(5,256)	(5,515)
Inventories	351,766	327,610	334,146	311,880
Provision for impairment	(13,734)	(18,480)	(12,834)	(17,415)
Total assets	612,987	542,746	593,285	523,903
Suppliers	102,155	125,513	100,694	125,559
Total liabilities	102,155	125,513	100,694	125,559

Retail	Consolidated		Individual	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Assets				
Trade accounts receivable	19,145	14,351	18,844	14,015
Provision for expected losses	(456)	(415)	(357)	(329)
Inventories	23,441	19,504	22,243	18,604
Provision for impairment	(933)	(1,140)	(872)	(1,039)
Total assets	41,197	32,300	39,858	31,251
Suppliers	6,944	7,487	6,844	7,490
Total liabilities	6,944	7,487	6,844	7,490

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Notes to the interim financial statements – Continuation
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31. Subsequent events

On April 15, 2021 the Company concluded its global offering of twenty-seven million, two hundred and ninety-nine thousand and seventy-eight (27,299,078) registered, book-entry common shares with no par value. The initial offering price was R\$40.14 per share. The shares are traded on the São Paulo Stock Exchange - B3, under the ticker symbol “BLAU3”.

Also on April 15, 2021, upon decision of the Annual Shareholders’ Meeting, the allocation of profits from the year ended December 31, 2020 was approved. No deduction was made for the amount equivalent to the percentage intended for the legal reserve, as the amount of this reserve had already reached twenty percent (20%) of the share capital, under the terms of article 193 of Law No. 6.404/76 and article 28, “a” of the Bylaws. Deductions were made to net income for the amounts corresponding to the minimum compulsory dividends and Interest on Own Capital (JCP), in the amount of R\$52,313 and R\$11,268, respectively. In addition, at the same meeting approval was given for the distribution of additional dividends regarding income for the year 2020 in the amount of R\$128,719.

On May 06, 2021, in accordance with the planned use of proceeds from the IPO, the Company settled the 3 private issues of convertible debentures (the 2nd, 4th and 5th issues) with Symbiosis fund, in the total amount of R\$341.2 million; only the non-convertible public debentures remain the Company’s indebtedness table, as of the second quarter of 2021.

* * *

Marcelo Rodolfo Hahn
Chief Executive Officer

Douglas Leandro Rodrigues
Accountant CRC-1SP208620/O-1
Chief Financial Officer and Investor Relations Officer

Darcio Siqueira Zarpellon
Controllership Manager

**EARNINGS
RELEASE
1Q21**

BLAU
B3 LISTED NM



Results Webcast:

May 11th

10:30 (NY time) | 11:30 (Brasília time)

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FARMACÊUTICA
Innovating from Brazil to the world.



Blau starts a new growth cycle in its history and delivers results in line with the business plan

Cotia, May 10th, 2021. **Blau Farmacêutica, one of the main Brazilian pharmaceutical companies in the institutional segment,** announced its consolidated financial statements for 1Q21. 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.

Highlights 1Q21

- **Net revenues** totaled BRL 326M in 1Q21, growth of 49% vs. 1Q20, positively impacted by specialties.
- **Gross profit** came to BRL 171M, a growth of 70% vs. 1Q20. **Gross margin** of 52%.
- **EBITDA** grew 82% vs. 1Q20, totaling BRL 128M in 1Q21. **EBITDA Margin** of 39%, expansion of 722 bps.
- Net income reached BRL 86M in 1Q21, 174% higher than 1Q20, and net margin of 26%.
- **PD&I investments** totaled BRL 14M in 1Q21, equivalent to 4% of net revenues.
- **Good Manufacturing Practices Certification** of Anvisa to the production plant of biotechnological APIs with **4 APIs approved**.
- **Three new products** registered in the region and **eight new registrations submitted** in the quarter.

Price (05/10): BRL 42.30

Market value: BRL 7.4B

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(R\$ million)

	1Q21	1Q20	Δ%	1Q21 LTM	1Q20 LTM	Δ%
Net Revenues	326	219	49%	1,289	1,008	28%
Gross Profit	171	100	70%	627	452	39%
Gross Margin	52%	46%	659bps	49%	45%	375bps
Operational Expenses	(47)	(33)	45%	(182)	(56)	223%
EBITDA	128	70	82%	464	335	39%
EBITDA Margin	39%	32%	722bps	36%	33%	284bps
Net Income	86	31	174%	309	203	52%
Net Margin	26%	14%	1208bps	24%	20%	387bps
Total RD&I	(14)	(6)	118%	(49)	(24)	100%
Total RD&I	4%	3%	131bps	4%	2%	136bps



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About Blau Farmacêutica

Blau is a leading pharmaceutical industry in the institutional segment and a pioneer in biotechnology, with a proprietary 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 6 countries in Latin America and the United States and has a modern pharmaceutical industrial complex, composed of four industrial plants, with cutting-edge technology, dedicated to the production of biological, biotechnological, oncological, antibiotic, anesthetic drugs injectables and biotechnological ingredients.

Message from Management

In line with our pillar of growth of installed capacity, the Company reached a new level of productive capacity, with a significant increase in volume. We continue to evolve, with double-digit growth, which reflects the product mix, sales channel and operating leverage, which translates into margin expansion, both for top line and bottom line.

We remain well positioned to meet the needs of the market and capture opportunities to expand the margin of according to our model of business and operational agility.

This quarter's net revenues reached BRL 326m, with growth of 49% when compared to 1Q20. Revenue for the last twelve months (LTM 1Q21) totaled BRL 1.3B, with growth of 28% compared to LTM 1Q20.

We had a strong demand for two anesthetic products in the quarter, which represented around 2% of total revenue and which contributed about 1 pp to the Company's consolidated gross margin.

We are focused on executing the Company's growth strategy, we continue to invest in innovation, in human capital and recurring investments in our operations. We invested 4% of the Company's net revenues in the development of new products, reinforcing our strategy of new businesses, both with internal development as well as with the expansion of the portfolio with existing partners and the search for new partners and innovative products.

In the quarter, we obtained the registration of 3 products, in addition to the continuous effort of regulatory monitoring of existing products, with post-registrations, new IFAs, among others, and we submitted 8 new orders of registrations to Anvisa.

In addition to the focus on the Company's medium and long-term projects to expand capacity, our recurring investments in expanding production capacity have led us to increase the volume of various products, especially injectable products. In this quarter, we followed the trend of the last three quarters and gradually we were able to increase the supply of medicines.

In the pillar of verticalization of IFAs, in this quarter we obtained the certificate of Good Practices of Manufacturing from Anvisa for the P400 - plant for the production of biotechnological IFAs, in line with our strategy of becoming independent throughout the production chain of strategic products for the Company.



Also in April, we successfully concluded the Company's IPO, with the listing of our shares in B3's Novo Mercado. The success of the IPO resulted in a fundraising of BRL 1.2B, which will be used in the coming years to address the various growth fronts of Blau that we mentioned above.

The results obtained in this quarter demonstrate that we remain aligned with the strategic plan, focused on continuing with our sustainable growth with the objective of making us the company of reference in the health sector, being the largest and most modern pharmaceutical industry of biotechnology and specialties of the Latin America, with a broad portfolio to meet the growing demand for health, and continue to generate shareholder value.

#BLAUER

Marcelo Hahn
CEO



Portfolio Overview

Blau's portfolio is composed of proprietary products, biological and synthetic, of high complexity, for the institutional segment.

The portfolio consists of medicines for the main therapeutic areas of the hospital products market, including infectious diseases, oncology, hematology, nephrology and specialties, with great potential for consumption growth.

The Company is divided into 4 business units: biological, cancer, 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: a) 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; b) drugs obtained by biotechnological procedures, which are recombinant proteins obtained from genetically modified cells; monoclonal antibodies.

Oncology

The oncology line is 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

Others is made up 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 transfers of technology and local production, both of inputs and medicines; and (ii) the Research, Development & Innovation (RD&I) area, which continuously seeks new opportunities for highly complex products in the branded generic line.



Blau Inventta - our new RD&I center - located in the industrial complex in Cotia, houses the RD&I activities for synthetic and biotechnological products, and has state-of-the-art equipment for project continuity and agility.

This new center has quintupled the capacity for product development; and we also installed a pilot plant for oncology products, which brought great agility in the process of developing new products, since we have the facility to develop products without having to negotiate with the productive plant space on the production line for development tests. This year we are working on the second expansion of Blau Inventta, which will allow us to accelerate several product development projects.

In 1Q21, 8 new registration requests were filed, 5 of which in the biological category and 3 in the oncology category. This quarter we invested approximately BRL 14m in the RD&I area, equivalent to 4% of net revenue.

Subsequents Events

On April 19, 2021, we started trading Blau's shares in B3, under the ticker BLAU3. For more details on the transaction, see the section "Capital Markets".

During the month of April, we also contracted Credit Suisse as a market maker, to assist in the liquidity of the paper.

On May 6, 2021, following the IPO funds allocation plan, we paid for the 3 private issues of convertible debentures (2nd, 4th and 5th issues) with the Symbiosis fund, for a total of BRL 341.2M; remaining non-convertible public debentures, within the Company's indebtedness, as of 2Q21, in addition to other financing contracts.



Operational and Financial Performance

Summarized Income Statement

(R\$ million)	1Q21	% VA	1Q20	% VA	Δ%	1Q21 LTM	% VA	1Q20 LTM	% VA	Δ%
Net Revenues	326.1	100.0%	219.0	100.0%	48.9%	1,288.9	100.0%	1,008.2	100.0%	27.8%
COGS	(155.2)	-47.6%	(118.7)	-54.2%	30.8%	(662.4)	-51.4%	(556.0)	-55.1%	19.1%
Gross Profit	170.9	52.4%	100.3	45.8%	70.3%	626.5	48.6%	452.2	44.9%	38.5%
Operational Expenses	(47.0)	-14.4%	(33.8)	-15.4%	39.1%	(175.1)	-13.6%	(128.5)	-12.7%	36.3%
Sales	(13.8)	-4.2%	(12.9)	-5.9%	6.9%	(54.9)	-4.3%	(55.5)	-5.5%	-1.2%
Bad Debt Provision	(23.8)	-7.3%	(17.1)	-7.8%	38.8%	(85.5)	-6.6%	(64.5)	-6.4%	32.6%
Research & Development	(9.3)	-2.8%	(4.4)	-2.0%	109.1%	(33.4)	-2.6%	(11.3)	-1.1%	196.0%
General & Administrative	(0.2)	-0.1%	0.7	0.3%	-133.1%	(1.4)	-0.1%	2.8	0.3%	n.a
Other	(0.3)	-0.1%	1.2	0.6%	-125.8%	(6.4)	-0.5%	0.7	0.1%	n.a
Operational Expenses Total	(47.4)	-14.5%	(32.6)	-14.9%	45.2%	(181.6)	-14.1%	(56.2)	-5.6%	223.1%
EBIT	123.5	37.9%	67.7	30.9%	82.4%	444.9	34.5%	324.4	32.2%	37.2%
Depreciation & Amortization	4.9	1.5%	2.7	1.2%	80.4%	19.3	1.5%	10.2	1.0%	90.1%
EBITDA	128.4	39.4%	70.4	32.1%	82.3%	464.3	36.0%	334.6	33.2%	38.8%
Net Financial Expenses	(0.5)	-0.1%	(27.7)	-12.6%	-98.2%	(8.3)	-0.6%	(39.2)	-3.9%	-78.8%
EBT	123.0	37.7%	40.1	18.3%	207.1%	436.6	33.9%	285.2	28.3%	53.1%
Income Tax and CSLL	(36.9)	-11.3%	(8.7)	-4.0%	325.9%	(127.5)	-9.9%	(82.4)	-8.2%	54.7%
Net Income	86.2	26.4%	31.4	14.3%	174.3%	309.1	24.0%	202.8	20.1%	52.4%

Net Revenues

1Q21 net revenue totaled BRL 326.1M, 48.9% higher than 1Q20. This growth was impacted especially by specialties. In this quarter, we also had a greater demand for two anesthetic products, which contributed with a total of BRL 6.4M in total net revenue (equivalent to 2% of total net revenue).

In 1Q21 LTM, revenue reached BRL 1.3B, 27.8% above the same period in the previous year, maintaining the level of historical growth.

The Specialty business unit was the one that grew the most, both in the quarter and in the last twelve months, positively impacted by the line of non-beta-lactam and anesthetics in general.

The Others line is impacted by the decrease in aesthetic procedures, both in the quarter and in LTM.

(R\$ million)	1Q21	% VA	1Q20	% VA	Δ%	1Q21 LTM	% VA	1Q20 LTM	% VA	Δ%
Net Revenues	326.1	100.0%	219.0	100.0%	48.9%	1,288.9	100.0%	1,008.2	100.0%	27.8%
Biologicals	166.3	51.0%	124.0	56.6%	34.1%	685.8	53.2%	654.1	64.9%	4.9%
Specialties	125.0	38.3%	66.7	30.5%	87.3%	466.2	36.2%	235.8	23.4%	97.7%
Oncologicals	20.5	6.3%	13.6	6.2%	51.5%	66.0	5.1%	48.9	4.8%	35.1%
Others	14.4	4.4%	14.8	6.8%	-2.9%	70.8	5.5%	69.5	6.9%	1.9%
Private	256.3	78.6%	155.1	70.8%	65.3%	969.1	75.2%	580.1	57.5%	67.1%
Public	69.8	21.4%	64.0	29.2%	9.1%	319.9	24.8%	428.2	42.5%	-25.3%



Gross Profit

COGS represented 48% of net revenue in 1Q21 vs. 54% of revenue in 1Q20. The dilution is mainly due to the increase in net revenue.

In 1Q21, gross profit was BRL 170.9M, an increase of 70.3% vs. 1Q20, impacted by the increase in revenue and dilution of COGS by 659 bps quarter on quarter. Excluding the two products mentioned above, gross profit for the period was BRL 165.5m, equivalent to an impact of 60 bps on the consolidated gross margin.

The gross margin reached 52.4%, with an expansion of 659.0 bps. The continuous improvement in margin over the past quarters is the result of increased sales in the private channel and product mix, with higher sales of products produced domestically.

(R\$ million)	1Q21	1Q20	Δ%	1Q21 LTM	1Q20 LTM	Δ%
Net Revenues	326.1	219.0	48.9%	1,288.9	1,008.2	27.8%
COGS	(155.2)	(118.7)	30.8%	(662.4)	(556.0)	19.1%
Gross Profit	170.9	100.3	70.3%	626.5	452.2	38.5%
Gross Margin	52.4%	45.8%	659.0 bps	48.6%	44.9%	375.4 bps

Operating Expenses

In 1Q21, operating expenses totaled BRL 47.4m, equivalent to 14.5% of net revenue, with a dilution of expenses of 37 bps vs. 1Q20. The improvement is mainly due to the operational leverage generated by the sales growth, combined with the continuous industrial automation projects.

(R\$ million)	1Q21	%NR	1Q20	%NR	Δ%
Operational Expenses	(47.0)	-14.4%	(33.8)	-15.4%	39.1%
Sales	(13.8)	-4.2%	(12.9)	-5.9%	6.9%
G&A	(23.8)	-7.3%	(17.1)	-7.8%	38.8%
RD&I	(9.3)	-2.8%	(4.4)	-2.0%	109.1%
Bad debt provision	(0.2)	-0.1%	0.7	0.3%	-133.1%
Others	(0.3)	-0.1%	1.2	0.6%	-125.8%
Total Operational Expenses	(47.4)	-14.5%	(32.6)	-14.9%	45.2%

Sales and marketing expenses came to BRL 13.8M (4.2% of net revenues in 1Q21), with 166 bps dilution due to the increase of revenue. Sales and marketing expenses represented 30.1% of total OPEX.

G&A expenses totaled BRL 23.8M (7.3% of net revenues in 1Q21), with dilution of 53 bps vs. 1Q20.

RD&I expenses totaled BRL 9.3M in 1Q21 (2.8% of net revenues), an increase of 82 bps vs. 1Q20, due to the continuity of our strategy of future investment in pipeline. When looking at the expenses of RD&I (both expense and fixed assets), the total investment was BRL 14M in the quarter (4.3% of net revenue), which represented a growth of 420% vs. 1Q20.



EBITDA

1Q21 EBITDA came to BRL 128.4M, growth of 82.3% when compared with BRL 70.4M in 1Q20.

1Q21 EBITDA margin of 39.4%, with an expansion of 722 bps Q.o.Q., related with a better product mix, sales channel and pre-increase from CMED.

In 1Q21 LTM, EBITDA reached BRL 464.3M, an increase of 38.8% vs. 1Q20 LTM and margin of 36.0%, an expansion of 283.5 bps.

(R\$ million)	1Q21	%NR	1Q20	%NR	Δ%	1Q21 LTM	%NR	1Q20 LTM	%NR	Δ%
Net Income	86.2	26.4%	31.4	14.3%	174.3%	309.1	24.0%	202.8	20.1%	52.4%
Income Tax	(36.9)	-11.3%	(8.7)	-4.0%	325.9%	(127.5)	-9.9%	(82.4)	-8.2%	54.7%
Net financial expenses	(0.5)	-0.1%	(27.7)	-12.6%	-98.2%	(8.3)	-0.6%	(39.2)	-3.9%	-78.8%
D&A	4.9	1.5%	2.7	1.2%	80.4%	19.3	1.5%	10.2	1.0%	90.1%
EBITDA	128.4	39.4%	70.4	32.1%	82.3%	464.3	36.0%	334.6	33.2%	38.8%

Financial Expenses

1Q21 financial result was a loss of BRL 0.5M vs. a loss of 27.7M in 1Q20. This decrease is mainly due to the FX of the period (BRL 7.2M in 1Q21 vs. 24.7M in 1Q20).

Net interest expenses also increased driven by the debentures issued during 2020 and 2021.

Unrealized results with derivatives are due to the hedge hired at the end of 2020, with an exchange rate of BRL 5.03, and due at the end of 2021.

(R\$ million)	1Q21	% VA	1Q20	% VA	Δ%
Net Financial Expenses	(0.5)	-0.1%	(27.7)	-12.6%	-98.2%
FX	(7.2)	-2.2%	(24.7)	-11.3%	-70.9%
Net Interest Expenses	(5.6)	-1.7%	(2.1)	-1.0%	164.8%
Unrealized results with derivatives	12.5	3.8%	-	0.0%	-
Others	(0.2)	-0.1%	(0.9)	-0.4%	-78.5%

Net Income

1Q21 net income totaled BRL 86.2M, an increase of 174.3% Q.o.Q. Net margin came to 26.4%, an expansion of 1210 bps Q.o.Q.

The growth was mainly driven by the increase of 82.4% in the operating profit, reflecting the solidity of our operations.

1Q21 LTM net income came to BRL 444.9M, 37.2% higher than 1Q20 LTM, in line with the historical growth of past quarters.

The net income of the period is impacted by the IPO non-recurring expenses in the amount of BRL 3.5M.

(R\$ million)	1Q21	% VA	1Q20	% VA	Δ%	1Q21	% VA	1Q20	% VA	Δ%
EBIT	123.5	37.9%	67.7	30.9%	82.4%	444.9	34.5%	324.4	32.2%	37.2%
Net Financial Expenses	(0.5)	-0.1%	(27.7)	-12.6%	-98.2%	(8.3)	-0.6%	(39.2)	-3.9%	-78.8%
EBT	123.0	37.7%	40.1	18.3%	207.1%	436.6	33.9%	285.2	28.3%	53.1%
Income Tax and CSLL	(36.9)	-11.3%	(8.7)	-4.0%	325.9%	(127.5)	-9.9%	(82.4)	-8.2%	54.7%
Net Income	86.2	26.4%	31.4	14.3%	174.3%	309.1	24.0%	202.8	20.1%	52.4%



Indebtedness

The Company's debt is mainly composed by the issue of 5 issues of debentures, of which two are public issues (Bradesco and Itaú) - with an average cost of CDI + 1.21%, and three are private issues (Symbiosis fund).

Gross debt, at the end of 1Q21, totaled BRL 793.0M. The increase compared to 1Q20 reflects the issuance of debentures that occurred after the first quarter of last year.

Net debt ended 1Q21 at BRL 556.9M, with leverage of 1.2x (net debt / EBITDA LTM).

(R\$ million)	03/31/2021	03/31/2020
Short Term	177.4	89.2
Long Term	615.6	187.8
Gross Debt	793.0	277.0
Cash and cash equiv.	236.0	130.1
Net Debt	556.9	146.9
EBITDA	464.3	334.6
Net Debt / EBITDA	1.2	0.4

The three debentures of private issue were fully amortized in month of May, leaving only the two debentures of public issue, with an average cost of CDI + 1.01%. The cost was also positively impacted by the IPO, as we had a covenant of rate reduction after the offer was completed.

CAPEX

CAPEX for fixed assets in 1Q21 was BRL 49.0M, an increase of 60.4% vs. 1Q20, referring to the acquisition of equipment to modernize the plants; increased capacity for the P210, productive expansion in several other lines; and equipment for the new expansion of the RD&I and maintenance center.

CAPEX for intangible assets in 1Q21 was BRL 5.4M, 153.4% higher than 1Q20, mainly related to investments in new product development (BRL 4.3M), in addition to software and health records.

(R\$ million)	1Q21	1Q20	Δ%
Intangible CAPEX	5.4	2.1	153.4%
PP&E CAPEX	49.0	30.5	60.4%
Total CAPEX	54.4	32.7	66.5%



Cash Flow

The cash flow is mainly impacted by the working capital, detailed below:

(days)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Account receivables (Net reven	68	97	71	52	68	94	92	75	82
Inventories (cogs)	129	120	115	123	133	142	182	188	196
Suppliers (cogs)	(78)	(85)	(78)	(56)	(86)	(93)	(97)	(77)	(59)
Working Capital	119	131	107	119	116	142	178	187	219

DSO stood at 82 days vs. 75 days in 4Q20 and 68 days in 1Q20. This increase is mainly due to the increase in revenue in the private channel.

DIO came to 196 days vs. 188 days in 4Q20 and 133 days in 1Q20. The increase is related to higher inventory we are carrying to meet the Company's need and safety inventory.

DPO stood at 59 days vs. 77 days in 4Q20 and 86 days in 1Q20. The improvement is due to the anticipation of some payments.

The cash conversion cycle was 219 days in 1Q21 (+32 days vs. 4Q20), mainly impacted by the higher investment in inventory. We also invested more in safety stock to ensure supplies during the pandemic.

ESG (Environmental, Social and Governance) Information

We continue to focus on our commitment to ESG and to follow the global pillars of sustainability to ensure alignment with our corporate strategy, and to further improve our social, environmental and governance practices.

The Company has always followed good practices and monitors its ESG indices, and we reiterate its commitment to ethics, governance, social inclusion, concern for the environment and the communities where we operate.

In 1Q21, we moved forward with the ESG project internally. We started a project with specialized consultancy for the implementation of the first sustainability report of the Company, in which we mapped key themes, to define our materiality matrix, which will direct our efforts on the ESG agenda, and will give the necessary direction so that we continue with the process of validation of all indicators in accordance with international standards.

We also published our first report on sustainability, following the GRI indicators. Visit the IR website to see the full report (ri.blau.com - Sustainability).

Capital Markets

Blau started trading its shares (B3: BLAU3) in B3 on April 19, 2021, after an Initial Public Offering (IPO).

Blau joined the Novo Mercado listing segment, in line with the continuous search for the highest standards of corporate governance.



The operation handled a total of BRL 1.2B in 100% primary resources, at the price per share of BRL 40.14, resulting in a free float of 15.6%.

The funds will be used to carry out our business plan, in particular for: (i) expansion of productive capacity and verticalization of strategic inputs; (ii) investments in plasma collection centers in the United States; (iii) payment of the remainder of the acquisition of Pharma Limirio (currently Blau Farmacêutica Goiás); and (iv) the prepayment of debentures for the 2nd, 4th and 5th issues.

Until May 7, BLAU3 registered an increase of 7.1% since the first trading day, on April 19 of this year.



Appendix 1 – Balance Sheet

	03/31/2021	12/31/2020
Assets		
Current Assets		
Cash and Cash Equivalents	5,866	70,197
Short-Term Investments	230,160	144,152
Accounts receivable	293,644	247,552
Inventories	360,540	327,494
Recoverable Taxes	2,374	4,260
Other Assets	19,099	6,840
Total Current Assets	911,683	800,495
Non-Current Assets		
Recoverable Taxes	20,029	13,763
Judicial Deposits	6,119	6,016
Deferred Income Tax and Social Contribution	11,474	15,866
Other Assets	5,727	9,379
Property, Plants and Equipments	29	29
Biological Assets	306	306
Property, Plants and Equipments	298,429	256,740
Intangible	174,606	170,031
Total Non-Current Assets	516,719	472,130
Total Assets	1,428,402	1,272,625
Liabilities and Shareholders Equity	03/31/2021	31/12/2020
Current Liabilities		
Suppliers	109,099	133,000
Loans and Financing	128,078	16,292
Debentures	49,299	47,010
Fiscal Obligations	15,402	10,756
Income Tax and Social Contribution	31,509	36,228
Labor Obligations	34,767	31,404
Dividends and Income on Equity to be paid	43,557	57,206
Other Accounts Payable	35,045	31,933
Total Current Liabilities	446,756	363,829
Non-Current Liabilities		
Loans and Financing	512	381
Debentures	615,081	626,330
Provisions for contingences	5,328	5,062
Other Accounts Payable	54,418	55,680
Total Non-Current Liabilities	675,339	687,453
Shareholders' Equity		
Capital	100,640	100,640
Capital Reserves	34,562	34,562
Profit Reserves	82,223	84,635
Other Comprehensive Income	2,717	1,506
Accumulated Profit	86,165	-
Total Shareholders' Equity	306,307	221,343
Total Liabilities and Shareholders Equity	1,428,402	1,272,625



Appendix 2 – Income Statement

	03/31/2021	03/31/2020
Net Revenues	326,128	219,032
Cost of Goods Sold	(155,243)	(118,698)
Gross Profit	170,885	100,334
Operational Expenses	(23,062)	(17,345)
Commercial Expenses	(23,761)	(17,122)
Administrative Expenses	(216)	653
Others	(311)	1,205
Total Expenses	(47,350)	(32,609)
Income before financial income, interest in investees and taxes	123,535	67,725
Financial Revenues	13,501	1,338
Financial Expenses	(13,987)	(28,995)
Financial Results	(486)	(27,657)
Income before Taxes	123,049	40,068
Current Income Tax and CSLL	(32,583)	(9,216)
Deferred Income Tax and CSLL	(4,301)	556
Total Income Tax and CSLL	(36,884)	(8,660)
Net Income	86,165	31,408
Result attributed to:		
Controlling shareholders	86,165	31,408
Basic EPS	0.5822	0.2122
Diluted EPS	0.5468	0.2120



Appendix 3 – Cash Flow

	03/31/2021	03/31/2020
Cash Flow from Operating Activities		
Income (Loss) Before Taxes	123,049	40,068
Depreciation and Amortization	4,874	2,690
P,P&E and Intangible Assets Write-off	3,299	6,116
Financial Charges on Loans	579	2,718
Financial Charges on debentures	4,999	-
Gains on Short Term Investments	(920)	(1,358)
Unrealized Fx Variation on Loans	-	2,113
Unrealized gains and losses on changes in Assets' fair value	(12,473)	-
Fx Variation on Suppliers and Clients	4,452	17,476
Doubtful Accounts	1,766	(653)
Inventories Provisions, net	(4,953)	(637)
Provision for tax, civil and labor risks, net	268	(350)
Increase (Decrease) in Assets		
Accounts Receivables	(46,907)	(47,399)
Inventories	(28,093)	(16,844)
Recoverable Taxes	(5,454)	2,539
Other Credits	3,866	(1,771)
Judicial Deposits	(103)	-
Increase (Decrease) in Liabilities		
Suppliers	(26,749)	21,340
Labor Charges	3,363	200
Tax Charges	4,737	6,383
Other liabilities	1,487	(1,485)
Cash generated by (invested in) operating activities	31,087	31,146
Paid Income Taxes CSLL	(36,228)	(21,002)
Net Cash Flow Provided (Used) by Operating Activities	(5,141)	10,144
Cash Flow from Investing Activities		
Short Term Investments	(85,088)	30,038
Acquisitions of Property, Plant and Equipment	(46,538)	(25,250)
Intangible Aquisitions	(5,455)	(2,140)
Net Cash Used in Investing Activities	(137,081)	2,648
Cash Flow from Financing Activities		
Dividends and Interest on Capital	(15,700)	(8,972)
Loan and Financing Funding	116,746	16,372
Receipt of loans from related parties	(5,000)	-
Payment of Loans and Financing - principal	(5,152)	(8,716)
Payment of Loans and Financing - interest	(255)	(643)
Payment of debentures – principal	(11,250)	(11,250)
Payment of debentures – juros	(2,710)	(2,481)
Net Cash Provided (Used) In Financing Activities	76,679	(15,690)
Net Increase (Decrease) in Cash and Cash Equivalents	(65,543)	(2,898)
Cash and Equivalents at the Beginning of the Period	70,197	6,417
Fx Effect on Cash and Cash Equivalents	1,212	789
Cash and Equivalents at the End of the Period	5,866	4,308
Net Increase (Decrease) in Cash and Cash Equivalents	(65,543)	(2,898)
Non-cash transactions		
Acquisition of property, plant and equipment	2,443	337



Appendix 4 – 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.