

Blau Farmacêutica S.A.

Condensed Interim financial statements related to the quarter ended September 30, 2020

(A free translation of the original report in Portuguese, as filled with the Brazilian Securities Commission (CVM), prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board - IASB)

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Independent auditors' report on the review of condensed consolidated and individual interim financial statements

(A free translation of the original report in Portuguese, as filled with the Brazilian Securities Commission (CVM), prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board - IASB)

To the Directors and Shareholders of
Blau Farmacêutica S.A.
Cotia - SP

Introduction

We have reviewed the accompanying condensed consolidated and individual statements of financial position of Blau Farmacêutica S.A. ("Company") contained in the Quarterly Information - ITR Form as of September 30, 2020, the condensed consolidated and individual statements of profit or loss and comprehensive income for the three and nine-month periods then ended, and the condensed consolidated and individual statements of changes in equity and cash flows for the nine-month period then ended, and notes to the condensed consolidated and individual interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated and individual interim financial statements in accordance with CPC 21(R1) - Interim Financial Reporting and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on these condensed consolidated and individual interim financial statements based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and in 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 issue an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated and individual interim financial statements included in the quarterly information of Blau Farmacêutica S.A. referred to above have not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, issued by the International Accounting Standards Board - IASB and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other issues

Statements of value added

The aforementioned condensed consolidated and individual statements of value added for the nine-month period ended September 30, 2020, have been prepared under responsibility of Company's Management, and presented as supplementary information for IAS 34 purposes. 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 condensed consolidated and individual interim financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements have not been prepared, in all material respects, in accordance with the criteria set forth in this Standard and consistently with respect to the condensed consolidated and individual interim financial statements taken as a whole.

São Paulo, October 9, 2020

KPMG Auditores Independentes
CRC 2SP014428/O-6
(Original report in Portuguese signed by)
Cristiano Seabra Di Girolamo
Accountant

Blau Farmacêutica S.A.

Condensed consolidated and individual statement of financial position as at September 30, 2020 and December 31, 2019

(In thousands of reais)

		Consolidated		Individual				Consolidated		Individual	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019			09/30/2020	12/31/2019	09/30/2020	12/31/2019
Assets	Notes					Liabilities	Notes				
Cash and cash equivalents	8	9,663	6,417	1,430	598	Suppliers	18	151,348	85,240	150,817	84,657
Interest earning bank deposits	9	232,563	152,647	223,443	150,511	Loans and financing	19	36,119	29,145	34,625	28,758
Trade accounts receivable	10	273,142	140,816	279,591	136,713	Debentures	20	49,453	45,681	49,453	45,681
Inventories	11	285,996	187,572	267,556	178,292	Tax obligations		8,999	2,277	6,926	802
	12	4,983	7,930	771	4,690	Income tax and social contribution, recoverable	21	32,443	21,010	31,626	20,215
Recoverable taxes						Labor obligations	22	27,019	15,992	26,066	15,629
Other receivables	13	8,664	5,776	7,630	5,077	Dividends and interest on own capital payable	23	18,023	51,386	18,023	51,386
Total current assets		815,011	501,158	780,421	475,881	Other accounts payable	24	32,607	11,842	30,449	10,705
Recoverable taxes	12	663	663	663	663	Total current liabilities		356,011	262,573	347,985	257,833
Judicial deposits	25	5,986	6,150	5,986	6,150						
Deferred income tax and social contribution	21	11,503	9,479	11,242	9,128	Loans and financing	19	-	15,012	-	15,012
Other receivables	13	3,600	5,237	832	1,091	Debentures	20	540,334	189,083	540,334	189,083
						Provisions for tax, civil and labor risks	25	4,572	5,001	4,572	5,001
Total long-term assets		21,752	21,529	18,723	17,032	Other accounts payable	24	57,190	1,019	85,016	1,019
Investments	14	29	29	208,616	33,864	Total non-current liabilities		602,096	210,115	629,922	210,115
Biological assets		306	306	306	306						
Property, plant and equipment	15	252,428	194,035	246,979	193,686	Total liabilities		958,107	472,688	977,907	467,948
Intangible assets	16	169,733	21,387	24,014	12,935						
		422,496	215,757	479,915	240,791	Equity	26				
Total non-current assets		444,248	237,286	498,638	257,823	Capital		100,640	100,640	100,640	100,640
						Capital reserve		3,418	3,418	3,418	3,418
						Profit reserves		25,853	163,336	25,853	163,336
						Equity valuation adjustment		(377)	(1,638)	(377)	(1,638)
						Retained earnings		171,618	-	171,618	-
						Total equity		301,152	265,756	301,152	265,756
Total assets		1,259,259	738,444	1,279,059	733,704	Total liabilities and equity		1,259,259	738,444	1,279,059	733,704

See the accompanying notes to the interim financial information.

Blau Farmacêutica S.A.

Condensed consolidated and individual statement of profit or loss

Three and nine-month periods ended September 30, 2020 and 2019

(In thousands of reais)

	Notes	Consolidated				Individual			
		Nine-month period ended 09/30/2020	Three-month period ended 09/30/2020	Nine-month period ended 09/30/2019	Three-month period ended 09/30/2019	Nine-month period ended 09/30/2020	Three-month period ended 09/30/2020	Nine-month period ended 09/30/2019	Three-month period ended 09/30/2019
Net operating revenue	27	843,973	302,820	755,261	265,266	829,615	299,922	739,397	259,007
Cost of goods and products sold	28	(448,472)	(152,517)	(429,305)	(145,834)	(443,461)	(151,328)	(420,759)	(142,099)
Gross profit		395,501	150,303	325,956	119,432	386,154	148,594	318,638	116,908
Commercial expenses	29	(55,566)	(20,771)	(52,758)	(18,671)	(49,085)	(18,474)	(47,566)	(16,886)
Administrative expenses	29	(54,691)	(18,479)	(47,391)	(16,361)	(50,440)	(18,047)	(43,488)	(15,160)
Impairment loss on accounts receivable	29	(115)	(300)	(919)	479	(411)	(525)	(645)	464
Other operating revenues, net	29	(2,224)	(2,688)	(3,930)	(250)	(275)	(945)	(4,311)	(1,381)
Total operating expenses, net		(112,596)	(42,238)	(104,998)	(34,803)	(100,211)	(37,991)	(96,010)	(32,963)
Profit before net finance revenues (expenses), interest in investee and taxes		282,905	108,065	220,958	84,629	285,943	110,603	222,628	83,945
Financial revenues	30	4,646	1,451	6,180	2,880	4,564	1,409	6,059	2,946
Financial expenses	30	(42,591)	(2,864)	(21,205)	(13,416)	(41,345)	(2,649)	(21,068)	(13,280)
Net finance expenses		(37,945)	(1,413)	(15,025)	(10,536)	(36,781)	(1,240)	(15,009)	(10,334)
Profit sharing of investees accounted for under the equity method, net of	14	-	-	-	-	(4,963)	(3,009)	(2,009)	321
Profit before taxes		244,960	106,652	205,933	74,093	244,199	106,354	205,610	73,932
Current income tax and social contribution	21	(67,086)	(33,321)	(65,316)	(22,340)	(66,325)	(33,023)	(64,993)	(22,179)
Deferred income tax and social contribution	21	2,784	2,167	2,038	(297)	2,784	2,167	2,038	(297)
Income tax and social contribution		(64,302)	(31,154)	(63,278)	(22,637)	(63,541)	(30,856)	(62,955)	(22,476)
Net profit for the period		180,658	75,498	142,655	51,456	180,658	75,498	142,655	51,456
Earnings per share – basic (in Reais)		1.2207	0.5101	0.9639	0.3477				
Earnings per share – diluted (in Reais)		1.2196	0.5097	0.9631	0.3474				

See the accompanying notes to the interim financial information.

Blau Farmacêutica S.A.

Condensed consolidated and individual statement of comprehensive income

Three and nine-month periods ended September 30, 2020 and 2019

(In thousands of reais)

	Consolidated				Individual			
	Nine-month period ended 09/30/2020	Three-month period ended 09/30/2020	Nine-month period ended 09/30/2019	Three-month period ended 09/30/2019	Nine-month period ended 09/30/2020	Three-month period ended 09/30/2020	Nine-month period ended 09/30/2019	Three-month period ended 09/30/2019
Net revenue for the period	180,658	75,498	142,655	51,456	180,658	75,498	142,655	51,456
Other comprehensive income (OCI)								
Items that will not be reclassified to profit or loss								
Accumulated translation adjustment in subsidiaries	2,048	(3,693)	(2,917)	(92)	2,048	(3,693)	(2,917)	(92)
Total comprehensive income	182,706	71,805	139,738	51,364	182,706	71,805	139,738	51,364
Comprehensive income attributable to								
Controlling shareholders	182,706	71,805	139,738	51,364	182,706	71,805	139,738	51,364
Total comprehensive income	182,706	71,805	139,738	51,364	182,706	71,805	139,738	51,364

See the accompanying notes to the interim financial information.

Blau Farmacêutica S.A.

Condensed consolidated and individual statement of changes in equity

Nine-month periods ended September 30, 2020 and 2019

(In thousands of reais)

	Profit reserves					
	Capital	Capital reserve	Profit reserves	Equity valuation adjustment	Retained earning	Total equity
Balances at January 1, 2019	100,640	-	123,791	(1,096)	-	223,335
Comprehensive income for the year						
Net revenue for the period	-	-	-	-	142,655	142,655
Accumulated translation adjustment in subsidiaries	-	-	-	(2,916)	-	(2,916)
Total comprehensive income, net of taxes	-	-	-	(2,916)	142,655	139,739
Transactions with shareholders and formation of reserves						
Realization of equity valuation adjustments	-	-	(4,369)	3,335	1,034	-
Minimum compulsory dividends	-	-	(20,147)	-	-	(20,147)
Dividends to be distributed	-	-	(86,206)	-	-	(86,206)
Interest on own capital	-	-	-	-	(11,932)	(11,932)
Total transactions with shareholders and formation of reserves	-	-	(110,722)	3,335	(10,898)	(118,285)
Balances at September 30, 2019	100,640	-	13,069	(677)	131,757	244,789
Balances at January 1, 2020	100,640	3,418	163,336	(1,638)	-	265,756
Comprehensive income for the year						
Net revenue for the period	-	-	-	-	180,658	180,658
Accumulated translation adjustment in subsidiaries	-	-	-	2,048	-	2,048
Total comprehensive income, net of taxes	-	-	-	2,048	180,658	182,706
Transactions with shareholders and formation of reserves						
Proposed distribution of dividends	-	-	(140,442)	-	-	(140,442)
Realization of equity valuation adjustments	-	-	2,959	(787)	787	2,959
Interest on own capital	-	-	-	-	(9,827)	(9,827)
Total transactions with shareholders and formation of reserves	-	-	(137,483)	(787)	(9,040)	(147,310)
Balances at September 30, 2020	100,640	3,418	25,853	(377)	171,618	301,152

See the accompanying notes to the interim financial information.

Blau Farmacêutica S.A.

Condensed consolidated statements of cash flows

Nine-month periods ended September 30, 2020 and 2019

(In thousands of reais)

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Cash flow from operating activities				
Profit before taxes	244,960	205,933	244,199	205,610
Adjustments to reconcile income for the year with cash from operating activities:				
Depreciation and amortization	13,431	7,187	9,299	6,987
Decreases in fixed and intangible assets	627	7,532	16	7,167
Financial charges on financing	12,611	12,153	12,611	12,152
Unrealized exchange-rate change on loans and SWAP/MTM provision	1,821	524	1,822	524
Unrealized exchange-rate change on loans and trade accounts receivable	5,684	6,337	5,686	6,337
Equity in net income of subsidiaries	-	-	4,963	2,009
Provision for expected loss in trade accounts receivable	(115)	925	(411)	646
Provision for inventory losses, net	5,085	4,743	4,516	4,464
Other (reversals), net	-	(204)	(671)	-
Reversal of provision for tax, civil and labor risks, net	152	305	152	263
	<u>284,256</u>	<u>245,435</u>	<u>282,182</u>	<u>246,159</u>
(Increase) decrease in asset				
Trade accounts receivable	(129,688)	(31,920)	(139,944)	(32,437)
Inventories	(103,509)	(36,688)	(93,780)	(39,426)
Recoverable taxes	(1,378)	(19,957)	(406)	(18,951)
Other receivables	(1,251)	1,413	(2,294)	668
Judicial deposits	164	(919)	164	(919)
Increase (decrease) in liability				
Suppliers	54,993	27,928	55,046	34,474
Labor obligations	11,027	6,128	10,437	5,910
Tax obligations	6,722	95	6,795	116
Other accounts payable	16,170	(12,698)	(2,564)	(12,423)
Cash generated by operating activities	<u>137,507</u>	<u>178,817</u>	<u>115,636</u>	<u>183,171</u>
Income tax and social contribution	(51,328)	(54,770)	(50,589)	(54,770)
Net cash from operating activities	<u>86,179</u>	<u>124,047</u>	<u>65,047</u>	<u>128,401</u>
Cash flows from investment activities				
Interest earning bank deposits	(79,916)	(47,301)	(72,932)	(44,676)
Additions in property, plant and equipment	(67,959)	(46,318)	(59,432)	(46,279)
Acquisition of subsidiary	-	-	(58,718)	-
Advance for future capital increase in investee	-	-	(6,070)	(3,925)
Additions to intangible assets	(86,214)	(3,177)	(11,350)	(3,115)
Net cash (invested in) from investment activities	<u>(234,088)</u>	<u>(96,796)</u>	<u>(208,502)</u>	<u>(97,995)</u>
Cash flows from financing activities				
Dividends and interest on own capital	(182,158)	(17,425)	(182,158)	(17,425)
Acquisition of subsidiary - financing	-	-	(5,000)	-
Loans and financing	17,457	25,762	16,349	25,762
Funding of debentures	385,000	-	385,000	-
Payment of loans and financing - principal	(27,189)	(16,450)	(27,189)	(16,450)
Payment of loans and financing - interest	(1,480)	(2,352)	(1,480)	(2,352)
Payment of debentures - principal	(33,749)	(11,249)	(33,749)	(11,249)
Payment of debentures - Interest	(7,486)	(9,621)	(7,486)	(9,621)
Net cash generated (invested in) financing activities	<u>150,395</u>	<u>(31,335)</u>	<u>144,287</u>	<u>(31,335)</u>
Net increase in cash and cash equivalents	<u>2,486</u>	<u>(4,083)</u>	<u>832</u>	<u>(929)</u>
Cash and cash equivalents at January 1	6,417	11,079	598	996
Effect of changes in exchange rate on the balance of cash and cash equivalents	760	(2,918)	-	-
Cash and cash equivalents at June 30	<u>9,663</u>	<u>4,078</u>	<u>1,430</u>	<u>67</u>
Non-cash transactions				
Acquisition - Pharma Limirio	79,374	-	79,374	-
Acquisition - Plex - Plama Experts Corp.	-	-	27,834	-

See the accompanying notes to the interim financial information.

Blau Farmacêutica S.A.

Condensed consolidated and individual statements of value added

Nine-month periods ended September 30, 2020 and 2019

(In thousands of reais)

	Consolidated		Company	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Revenues	929,210	795,125	896,527	777,146
Sale of merchandise, products and services	929,782	796,867	897,099	781,004
Other (expenses) revenues, net	(54)	(390)	(69)	(2,779)
Provision for expected loss in trade accounts receivable	(518)	(1,352)	(503)	(1,078)
Inputs acquired from third parties	(475,571)	(453,502)	(446,803)	(440,190)
Cost of products and goods sold and services provided	(406,730)	(397,835)	(383,396)	(389,289)
Materials, energy, outsourced services and other	(68,863)	(55,292)	(63,429)	(50,526)
Gain (loss) from asset values	22	(375)	22	(375)
Gross value added	453,639	341,623	449,724	336,956
Depreciation and amortization	(10,088)	(7,229)	(9,298)	(6,985)
Net value added produced by the Company	443,551	334,394	440,426	329,971
Value added received as transfer	9,861	8,277	10,037	7,850
Equity in the earnings of subsidiaries and associated companies	(4,963)	(3,058)	(4,963)	(3,058)
Financial revenues	14,824	11,335	15,000	10,907
Total value added payable	453,412	342,671	450,463	337,818
Personnel	87,491	80,231	83,293	76,147
Direct remuneration	70,051	64,067	66,383	60,672
Benefits	10,605	9,945	10,075	9,255
FGTS	6,835	6,219	6,835	6,219
Taxes, duties and contributions	133,878	89,907	133,116	89,585
Federal	82,991	77,182	82,229	76,860
State	50,031	11,881	50,031	11,881
Municipal	856	844	856	844
Third-party capital remuneration	54,383	29,878	53,396	29,433
Interest	9,291	12,413	9,291	12,413
Financial expenses (incl. exchange-rate changes)	43,478	13,947	42,491	13,502
Rentals	1,614	3,517	1,614	3,517
Remuneration of own capital	177,660	142,655	180,658	142,655
Dividends and interest on own capital	9,827	11,932	9,827	11,932
Retained earnings for the period	167,833	130,723	170,831	130,723
Total value added paid	453,412	342,671	450,463	337,819

See the accompanying notes to the interim financial information.

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Notes to the condensed consolidated and individual interim financial statements

(In thousands of Reais, unless otherwise indicated)

1 Operations

Blau Farmacêutica S.A. (“Company” or “Blau”) is a Brazilian pharmaceutical industry publicly held company, founded on December 8, 1987 and headquartered located at Rodovia Raposo Tavares, 2.833, Km 30.5, in the city of Cotia, State of São Paulo. The Company is engaged in the production and sale of highly complex medicines, mainly products used in the hospitals, with own brands in the domestic and foreign markets, as well as import, export, trading and distribution of pharmaceutical inputs.

According to Note 33, the Company’s commercial activity is divided into hospital and pharmaceutical segments and distributed into four therapeutic lines:

- **Biological:** Medicines produced by biosynthesis in living cells, indicated for the replacement of deficient proteins in the body, such as hormones, anticoagulants, immunological drugs, among others.
- **Oncological:** Oral and injectable pharmaceutical products for cancer treatment.
- **Specialties (except oncology):** Pharmaceutical products comprising antibiotics, anesthetics and other injectables for the hospital market.
- **Other:** Comprises prescription drugs, such as dermocosmetics, antivirals/retrovirals, and condoms. This line is sold in retail and non-retail channels.

The manufacturing is mainly carried out in-house, in five manufacturing plants, three located in the municipality of Cotia, one in the municipality of São Paulo and another in Anápolis, state of Goiás.

The Company has a nationwide sales structure serving distributors, healthcare institutions and retailers; and an international structure through its subsidiaries and exports to other countries.

Focused on innovation and on high growth segments, such as biological, oncological and specialty drugs, with large portfolio of injectables needed at the hospitals, the Company also continue to invest in research and development, operational excellence, productive capacity and innovation.

(i) COVID-19

According to the Brazilian Ministry of Health, on March 11, 2020, the World Health Organization (WHO) declared a global pandemic due to the effects of the new Coronavirus (“COVID 19”). On March 20, 2020, the Federal Senate enacted the Legislative Decree that recognizes the state of public calamity in Brazil.

The Company is committed, together with employees, partners and customers, to face the challenges of the COVID-19 pandemic. The Company works to be part of the solution and to guarantee preparation in the face of this challenge, with a focus on maintaining operations with a minimum impact on customers, promoting the well-being of employees and contributing to minimize risks to the community.

The Company adopted measures to mitigate the impacts 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 medicines in its portfolio.

An interdisciplinary crisis technical committee was created, carrying out daily meetings to monitor the evolution of the pandemic, which includes different healthcare professionals.

Its activity is considered essential by the health authorities and since the beginning of the pandemic, the Company continues to operate regularly, with its production, logistics, supply chain and offices fully operational, although temporarily and partially on a remote work basis. There has been no change in the Company's production, operation and commercialization so far. However, Management understands that the Company is exposed to operating and market risks related to the pandemic, mainly: (i) exchange-rate changes on exposed assets and liabilities; (ii) any impacts on its supply chain; and (iii) potential credit problems with clients.

The Company does not expect a significant increase in the estimates of loss in its receivables portfolio due to the effects of COVID-19, considering the business model and client profile.

Regarding inventories, the expected realization considering the COVID-19 pandemic crisis is high since 96% of products and supplies are distributed for the treatment of highly complex diseases in the hospital channel, mainly in Oncology, Biologicals and Specialties.

There were no material impacts on the supply chain.

In the case of exchange-rate changes, the Company periodically analyzes the need of hedging against new exchange rate fluctuations, to be implemented if necessary. See details on exposure to foreign exchange risks in Note 31.

The Company has available cash on September 30, 2020 is R \$ 242,226 and at that date current assets exceed current liabilities by R \$ 459,000, which demonstrates significant financial strength and reserve of resources to support, even in a stress scenario, legal and operational obligations.

Blau reinforces its commitment to the safety and health of its employees, while maintaining its efforts for the regular production of hospital medicines essential to the maintenance of life.

2 List of subsidiaries

Company	Country	Ownership interest	
		09/30/2020	12/31/2019
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%
Pharma Limirio Indústria Farmacêutica Ltda.	Brazil	Direct 100%	-
Plasma Experts LLC	EUA	Direct 100%	-

a. **Blau Farmacêutica Colombia S.A.S.**

It is a subsidiary headquartered in the city of Bogotá, Colombia, acquired by the Company within its expansion policy established in August 2011. It is engaged in the trading of pharmaceutical and biopharmaceutical inputs. The subsidiary currently has about 69 drugs registrations. The company's main activity is to import the Company's products for distribution in Colombia.

b. **Blau Farma Uruguay S.A.**

Headquartered in the city of Montevideo, in Uruguay, this wholly-owned subsidiary started its operations in January 2012, trading mainly pharmaceutical products manufactured by the Company, and has about 60 drugs registrations. The company's main activity is to import the Company's products for distribution in Uruguay.

This represents an important part of the Company's policy of expanding to the South American market, since it is the vehicle holding ownership interest in Blau Farmacêutica Peru S.A.C., Blau Farmacêutica Chile S.p.A. and Blau Farmacêutica Argentina S.A, all incorporated in 2016.

The commercial operations of Blau Farmacêutica Peru S.A.C., Blau Farmacêutica Chile S.p.A. and Blau Farmacêutica Argentina S.A. have not yet started and are in the process of registering the drugs with the health authorities of these countries.

c. **Pharma Limirio Indústria Farmacêutica Ltda.**

Headquartered in the city of Anápolis, State of Goiás, Brazil, this subsidiary originally operated as a contract manufacturing organization (CMO), manufacturing injectable allopathic medicines for human use. With the recent acquisition, this subsidiary becomes an exclusive production unit of the Company, which will allow a significant increase in its production capacity.

d. **Plex – Plasma Experts Corp.**

Company incorporated on September 25, 2020, according to the laws of the state of Delaware, in the United States, where it is headquartered. Holding company to carry out joint-ventures abroad in the plasma collection segment., where the company owns 51% of HEMARUS PLASMA-LAUDERHILL, LLC, a limited liability company duly constituted on April, 06, 2020, existing under the laws of the State of Florida. The Company was created to develop, operate and manage plasma collection centers. A plasma collection center takes an average of one year to operate and has an estimated investment of US \$ 3 to 5 million.

3 Acquisition of subsidiary

On February 21, 2020, the Company signed an Agreement for the Purchase and Sale of Quotas and Other Covenants with the shareholders of Pharma Limírio Indústria Farmacêutica Ltda. ("Pharma Limírio"), a company authorized by National Health Surveillance Agency (ANVISA) to manufacture injectable allopathic medicines for human use. Therefore, its main assets are operating licenses, machinery and equipment and improvements to third-party properties suitable for immediate production. It also has two medicines in the process of obtaining the sanitary registration with ANVISA.

On May 15, 2020, the Company acquired all the quotas representing the share capital of Pharma Limírio and became its sole shareholder

(i) Consideration transferred

The acquisition amount totaled R\$ 150,005 of which R\$ 2,005 as down payment, and R\$ 58,000 subtracted from the amount of the Company's debt, resulting in R\$ 55,150 paid via bank transfer as of May 15, 2020, date of signature of the final purchase and sale agreement (closing), and the remaining balance to be paid in 14 quarterly, equal and consecutive installments of R\$ 5,000 each, as of the third month following the closing date.

(ii) Contingent consideration

The acquisition contract also provides for an additional amount of R\$ 20,000 (twenty million Reais) that will be paid in case of granting of two drug registrations by ANVISA. Management estimates the chances of success in this process at 50% and recognized a liability of R\$ 10,000 (ten million of Brazilian Reais) corresponding to 50% of the debt amount, on September 30, 2020.

(iii) Costs of operation

The Company incurred costs to carry out this operation in the amount of R\$ 199, recognized in the income (loss) for the period.

(iv) Identifiable assets acquired and liabilities assumed

An analysis was conducted by an independent expert within the term allowed by CPC 15 – Business Combination to make the acquisition and segregate the goodwill, dated July 31, 2020, using the financial statements as of May 15, 2020 for the allocation of purchase price. The table below shows the breakdown of identifiable assets acquired and liabilities assumed, as well as the allocation of their fair value on that date:

	Pharma Limírio	Allocation of fair value		Fair value
		May 15, 2020		
Cash and cash equivalents	235	-		235
Interest earning bank deposits	9	-		9
Accounts receivable	782	-		782
Inventories	167	-		167
Other receivables	14	-		14
Property, plant and equipment	5,270	-		5,270
Intangible assets – Operation permits	-	15,937	(a)	15,937
Intangible assets – Licenses of medicines	-	8,713	(b)	8,713
Loans and financing	(2,908)	-		(2,908)
Suppliers	(54)	-		(54)
Labor liability	(155)	-		(155)
Tax liability	(128)	-		(128)
Other accounts payable	(314)	-		(314)
Total identifiable assets, net	2,918	24,650		27,568

(a) R\$ 15,937 – Refers to the fair value of operating licenses for the acquiree, calculated based on the income approach that considers the present value of estimated future cash flows discounted at a rate that reflects its risk level.

- (b) R\$ 8,713 – Refers to the fair value of the medicines developed by the acquiree and submitted to Anvisa to obtain the sanitary records, calculated based on the income approach that considers the present value of estimated future cash flows discounted at a rate that reflects its risk level.

(v) Goodwill

Goodwill recognized as the result of the acquisition was determined as follows:

Consideration transferred and to be transferred	150,005
Assumed net assets at book value	(2,918)
Fair value of identifiable net assets	(24,650)
Contingent consideration	(10.000)
Total goodwill	<u>112,437</u>

The goodwill from the acquisition totaled R\$ 112,437, including the difference paid by the Company in relation to identifiable and assumed net assets. It is mainly attributed to the expanded production capacity, expected in the integration of the company into the Company's existing businesses, applying the margins used by the Company. See Note 14.

This recognized goodwill may have the tax treatment provided for by the applicable legislation.

(vi) Incorporated revenues and results

In the period ended September 30, 2020, the Company consolidated the amounts of net revenue, R\$ 2,155 and R\$ (857) of loss for the period from May 16 to September 30, 2020 arising from the acquisition of 100% from Pharma Limirio.

4 Basis of accounting

a. Statement of conformity

Consolidated and individual interim financial statements have been prepared accordance to the International Financial Reporting Standards ("Interim Financial Reporting - IAS 34"), issued by the International Accounting Standards Board (IASB) and also in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement, including the supplementary standards issued by Brazilian Securities and Exchange Commission (CVM).

Except for the inclusion of the business combination accounting policy, the accounting policies used in the preparation of these condensed consolidated and individual interim financial statements are primarily the same as those adopted in the preparation of Company's consolidated and individual annual financial statements, as at and for the year ended December 31, 2019, issued on February 14, 2020. Therefore, these interim financial statements should be read together with Company's consolidated and individual annual financial statements for the year ended December 31, 2019, comprising the whole set of notes.

On October 09, 2020, the Company's Board of Directors held a meeting and authorized the issuance of condensed consolidated and individual interim financial statements.

The Management of the Company and its subsidiaries confirms that all relevant information as part the consolidated and individual financial statements and are being evidenced and correspond to those used by its Management.

a.1 Business combination

Business combinations are accounted for using the equity method, in accordance with the Purchase Price Allocation (PPA). The acquisition costs incurred are treated as an expense and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for the appropriate classification and designation according to the contractual terms, the economic circumstances and the relevant conditions on the date of the acquisition.

Any contingent consideration payable is measured at its fair value on acquisition date. If the payment is classified as an equity instrument, it is not remeasured and the liquidation is recorded in shareholders' equity. The remaining contingent consideration is remeasured at fair value on each reporting date, and subsequent changes at fair value are recorded in the shareholders' equity.

Goodwill is measured by the difference between the consideration transferred or to be transferred and the sum of the fair value of the assets and liabilities acquired and any contingent consideration.

After initial recognition, goodwill is measured at cost, net of any losses due to the non-recovery. For impairment loss testing purposes, goodwill acquired in a business combination is, since the acquisition date, allocated to each cash-generating unit that might take advantage of the business combination carried out, regardless of other assets or liabilities of the acquiree will be allocated to those units.

When goodwill is part of a cash-generating unit, and part of the operation from this unit is sold, the goodwill associated with the sold operation is included in the book value of the transaction in determining the profit or loss earned on the sale of the operation. The goodwill thus disposed is measured based on the relative amounts of the operation sold and the portion of the cash-generating unit that was maintained.

5 Functional and presentation currency

Consolidated and individual interim financial statements are being presented in Brazilian Reais (BRL), which is the functional currency of the Company. All balances have been rounded to the nearest thousand value, except otherwise indicated.

Regarding foreign subsidiaries, whose functional currency is other than Brazilian Reais, assets and liabilities, including adjustments to fair value resulting from the acquisition, are translated into Brazilian Reais at the exchange rate prevailing on reporting date.

Foreign transactions' revenues and expenses are translated into BRL at exchange rates prevailing on transaction dates.

The differences in foreign currencies generated for the translation into the presentation currency are recognized in "other comprehensive income" caption and included in the equity.

Assets and liabilities in foreign currencies are translated into BRL at the applicable exchange rate at the respective reporting dates, obtained through the website of Banco Central do Brasil (Central Bank of Brazil) - www.bcb.gov.br.

6 Use of estimates and judgments

In the preparation of this Consolidated and individual interim financial statements, Management used judgments and estimates that affect the application of accounting policies, and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis on each reporting date. If required, reviews of estimates are recognized on a prospective basis.

a. Judgments

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized in the individual and consolidated interim financial statements is included in the following notes:

- **Note 20** – Debentures – classification of the liability financial instrument as debt or equity instrument.
- **Note 3** – Acquisition of a company - determination of whether or not the Company has control over an acquired entity.

b. Uncertainties on assumptions and estimates

Information on uncertainties as to assumptions and estimates as of September 30, 2020 that pose a significant risk of resulting in a material adjustment in book balances of assets and liabilities in the next 12 months are included in the following notes:

- **Note 3** - Acquisition of subsidiary: fair value of contingent consideration) and the fair value of acquired assets and assumed liabilities, measured on a provisory basis.
- **Note 10** - Provision for expected losses in trade accounts receivable - main assumptions in relation to recoverable amounts and main assumptions determining the weighted average loss rate;
- **Note 11** - Provision for impairment of inventories - main assumptions in relation to recoverable values;
- **Note 21** - Recognition of deferred tax assets, availability of future taxable income against which deductible temporary differences may be used;
- **Note 25** – Recognition and measurement of provision for tax, civil and labor risks - main assumptions on probability and magnitude of outflows.
- **Note 27** - Revenue recognition - estimated expectation of returns.

(i) Measurement of fair value

A series of Company's accounting policies and disclosures requires the measurement of fair value, for financial and non-financial assets and liabilities.

The Company periodically reviews significant non-observable data and valuation adjustments and submits to review by Financial Executive Board. Reviews that cause material impacts are discussed in the Audit Committee and, if necessary, rectified by the Company's Board of Directors.

When measuring fair value of an asset or liability, the Company uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- **Level 1:** prices quoted (not adjusted) in active markets for identical assets and liabilities.
- **Level 2:** inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).
- **Level 3:** inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

Additional information on the assumptions adopted in the measurement of fair values is included in Note 31 - Financial Instruments.

7 New standards and interpretations not yet effective

Several new standards will become effective for the years started after January 1, 2020. The Company has not adopted these standards in the preparation of these interim financial statements.

The following changed standards and interpretations should not have a significant impact on the Company's financial statements:

- Changes in the references to the conceptual framework in IFRS standards.
- IFRS 17 - Insurance Contracts.

8 Cash and cash equivalents

	<u>Consolidated</u>		<u>Individual</u>	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and banks	<u>9,663</u>	<u>6,417</u>	<u>1,430</u>	<u>598</u>
Total cash and cash equivalents	<u>9,663</u>	<u>6,417</u>	<u>1,430</u>	<u>598</u>

Cash e cash equivalents consist of cash balances and deposits in the Company's current account, with immediate liquidity maintained to meet short-term commitments within the ordinary course of business.

The Company's exposure to credit and market risks is disclosed in Note 31.

9 Financial investments

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Financial investments	232,563	152,647	223,443	150,511
Total financial investments	232,563	152,647	223,443	150,511

Financial investments comprise short term investments, with high liquidity. They are subject to an insignificant risk of change in value, with remuneration rates around 100% of CDI.

The Company's exposure to credit and market risks is disclosed in Note 31.

These financial investments are maintained for new investments, to increase production capacity and research and development.

10 Accounts receivable

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Domestic clients	264,291	132,479	264,291	132,479
Foreign clients	15,925	15,829	3,491	2,842
Related parties (Note 17)	745	500	17,891	7,943
	<u>280,961</u>	<u>148,808</u>	<u>285,673</u>	<u>143,264</u>
Provision for expected losses	(7,819)	(7,992)	(6,082)	(6,551)
	<u>273,142</u>	<u>140,816</u>	<u>279,591</u>	<u>136,713</u>

The increase in accounts receivable from customers is related to the increase in sales in the private channel.

The sales in the public channel also increased, but in a lower pace. Growth also related to increased demand.

a. Age of balances of accounts receivable

	Consolidated					
	Private		Public		Total	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Falling due	194,092	99,631	27,453	14,180	221,545	113,811
Overdue (days):	11,400	10,664	48,016	24,333	59,416	34,997
1-30	2,590	4,222	28,182	1,879	29,772	6,101
31-60	1,043	778	6,609	10,733	6,652	11,511
61-180	2,088	730	14,199	7,002	16,287	7,732
>181	5,679	4,934	1,026	4,719	6,705	9,653
	<u>205,492</u>	<u>110,295</u>	<u>75,469</u>	<u>38,513</u>	<u>280,961</u>	<u>148,808</u>
Provision for expected losses	(6,650)	(5,737)	(1,169)	(2,255)	(7,819)	(7,992)
Total	198,842	104,558	74,300	36,258	273,142	140,816

	Individual					
	Private		Public		Total	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Falling due	197,148	96,494	27,388	14,075	224,536	110,569
Overdue (days):	13,168	8,393	47,969	24,302	61,138	32,695
1-30	2,925	3,137	27,143	1,863	30,068	5,000
31-60	78	456	5,600	10,718	5,678	11,174
61-180	6,357	1,288	14,199	7,002	20,556	8,290
>181	3,808	3,512	1,027	4,719	4,835	8,231
	210,316	104,887	75,357	38,377	285,673	143,264
Provision for expected losses	(4,913)	(4,296)	(1,169)	(2,255)	(6,082)	(6,551)
Total	205,403	100,591	74,188	36,122	279,591	136,713

b. Age of balances of accounts receivable by segment

	Consolidated					
	Hospital		Pharma		Total	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Falling due	210,608	103,824	10,937	9,987	221,545	113,811
Overdue (days):	56,483	34,399	2,933	598	59,416	34,997
1-30	28,302	5,997	1,430	104	29,772	6,101
31-60	6,324	11,314	328	197	6,652	11,511
61-180	15,483	7,600	804	132	16,287	7,732
>181	6,374	9,488	331	165	6,705	9,653
	267,091	138,223	13,870	10,585	280,961	148,808
Provision for expected losses	(7,433)	(7,424)	(386)	(568)	(7,819)	(7,992)
Total	259,658	130,799	13,484	10,017	273,142	140,816

	Individual					
	Hospital		Pharma		Total	
	930/2020	12/31/2019	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Falling due	213,451	100,866	11,085	9,703	224,536	110,569
Overdue (days)	58,118	32,207	3,018	488	61,137	32,695
1-30	28,585	5,672	1,484	85	30,068	5,757
31-60	5,398	10,570	280	161	5,678	10,731
61-180	19,541	7,100	1,015	108	20,556	7,208
>181	4,596	8,865	239	134	4,835	8,999
	271,570	133,073	14,103	10,191	285,673	143,264
Provision for expected losses	(5,782)	(6,085)	(300)	(466)	(6,082)	(6,551)
Total	265,788	126,988	13,803	9,725	279,591	136,713

c. Changes in provision for expected losses

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Opening balance of provision	(7,992)	(8,576)	(6,551)	(7,363)
Formation for the period	(20,683)	(11,667)	(20,387)	(11,388)
Write-offs for the period	8,002	6,587	8,002	6,587
Reversal for the period	12,796	4,155	12,796	4,155
Other write-offs that do not affect profit or loss.	58	-	58	-
Closing balance of provision	(7,819)	(9,501)	(6,082)	(8,009)

As of September 30, 2020, and December 31, 2019, no accounts receivable pledged as debts guarantee.

11 Inventories

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Finished goods	99,581	68,625	80,202	58,852
Semi-finished and in process products	32,430	23,208	32,430	23,208
Raw materials and packaging	127,232	89,189	127,232	89,189
Imports in progress	27,690	10,580	27,690	10,580
Other	15,682	7,504	15,559	7,504
Provision for impairment	(16,619)	(11,534)	(15,557)	(11,041)
Total	285,996	187,572	207,556	178,292

The increase in inventory balances is related to the increase in inventory levels to support commercial demand and safety stock, in addition to the exchange rate impact on the imported materials.

Changes in provision for impairment of inventories

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Opening balance of provision	(11,534)	(5,571)	(11,041)	(5,334)
Formation for the period	(4,403)	(4,868)	(3,834)	(4,589)
Write-off	(682)	125	(682)	125
Closing balance of provision	(16,619)	(10,314)	(15,557)	(9,798)

Provision for impairment of inventories is calculated considering products' expiry date as well as their expected future trading.

As of September 30, 2020, and December 31, 2019, the Company had no inventories pledged as debt guarantee.

12 Recoverable taxes

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current				
ICMS	279	4,271	279	4,271
IPI	147	41	147	41
PIS	16	40	16	40
COFINS	74	162	74	162
IR/CSLL	163		163	
IVA/IRAE (a)	3,384	2,379	-	-
Other	920	1,037	92	176
Total current	4,983	7,930	771	4,690
Non-current				
CIAP	663	663	663	663
Total non-current	663	663	663	663
Total	5,646	8,593	1,434	5,353

(a) The increase in VAT/IRAE is due to the increase in sales in Colombia and Uruguay affiliates.

13 Other receivables

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Other advances	3,630	5,478	2,648	4,778
Other receivables	8,634	5,535	5,814	1,390
Total	12,264	11,013	8,462	6,168
Current	8,664	5,776	7,630	5,077
Non-current	3,600	5,237	832	1,091
Total	12,264	11,013	8,462	6,168

14 Investments

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Interest - Blau Farmacêutica Colombia S.A.S.	-	-	24,081	19,774
Goodwill Blau Farmacêutica Colombia S.A.S.	-	-	6,800	6,800
Total Blau Farmacêutica Colombia S.A.S.	-	-	30,881	26,574
Interest - Blau Farma Uruguay S.A.	-	-	7,373	6,990
Goodwill Blau Farma Uruguay S.A.	-	-	271	271
Total Blau Farma Uruguay S.A.	-	-	7,644	7,261
Interest - Pharma Limirio Ltda.	-	-	5,141	-
Appreciation of assets	-	-	24,650	-

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Goodwill	-	-	112,437	-
Total - Pharma Limírio Ltda.	-	-	142,228	-
Other investments	29	29	29	29
Total	29	29	208,616	33,864

Changes in investments

	Blau Farmacêutica Colômbia S.A.S.	Blau Farma Uruguay S.A.	Pharma Limírio Ltda.	Plex - Plasma Experts Corp.	Outros investimentos	Total
Balance of investment at January 1, 2019	<u>24,812</u>	<u>9,246</u>	-	-	15	<u>34,073</u>
Equity in net income of subsidiaries	296	(2,305)	-	-	-	(2,009)
Translation adjustment	812	(3,873)	-	-	-	(3,061)
Advances for future capital increase	-	3,911	-	-	14	3,925
Balance of investment on September 30, 2019	<u>25,920</u>	<u>6,979</u>	-	-	29	<u>32,928</u>
Balance of investment at January 1, 2020	<u>26,574</u>	<u>7,261</u>	-	-	29	<u>33,864</u>
Equity in net income of subsidiaries	(336)	(3,763)	(856)	(8)	-	(4,963)
Translation adjustment	4,643	(1,925)	-	-	-	2,718
Advances for future capital increase	-	6,071	-	-	-	6,071
Investments (a)	-	-	143,092	27,834	-	170,926
Balance of investment on September 30, 2020	<u>30,881</u>	<u>7,644</u>	<u>142,236</u>	<u>27,826</u>	29	<u>208,616</u>

(a) Amount related to the acquisition of Pharma Limírio (see further details in note 3).

In compliance with CPC 45 and IFRS 12 Disclosure of Interest in other entities, the Company presents below the summary of the financial information of Blau Farmacêutica Colombia S.A.S. and Blau Farma Uruguay S.A. and Pharma Limírio Indústria Farmacêutica Ltda.

	09/30/2020				09/30/2019	
	Blau Farmacêutica Colombia S.A.S.	Blau Farma Uruguay S.A.	Pharma Limírio Ltda.	Plex – Plasma Experts Corp.	Blau Farmacêutica Colombia S.A.S.	Blau Farma Uruguay S.A.
Current assets	36,690	16,673	514	-	24,203	7,597
Non-current assets	1,854	3,065	5,118	27,826	774	4,177
Total assets	38,544	19,738	5,632	27,826	24,977	11,774
Current liabilities	13,766	11,914	608	-	6,219	4,846
Non-current liabilities					50	
Equity	24,778	7,824	5,024	27,826	18,708	6,928
Total liabilities and shareholders' equity	38,544	19,738	5,632	27,826	24,977	11,774
Net operating revenue	23,840	6,688	2,155	-	18,682	5,530
Net profit/(loss) for the period	904	(3,030)	(857)	(8)	(450)	(2,304)

15 Property, plant and equipment

	Consolidated				
	Balance at 12/31/2018	Additions	Transfers	Write-off	Balance at 09/30/2019
Cost					
Real estate and lands	51,819	-	-	-	51,819
Machinery and equipment	70,852	1,603	66	(1,358)	71,163
Vehicles	3,386	-	-	(24)	3,362
Furniture and fixtures	6,210	22	-	(16)	6,217
Facilities in use	10,017	7	-	-	10,024
IT equipment	4,268	976	-	-	5,244
Construction in progress	27,479	23,384	(66)	(347)	59,450
Other	45	-	-	-	45
Advance of goods for future delivery	21,849	20,325	-	(6,427)	33,747
Total cost	195,925	46,318	-	(8,172)	234,071
Accumulated depreciation					
Real estate	(2,637)	(1,366)	-	-	(4,003)
Machinery and equipment	(41,036)	(4,207)	-	966	(44,277)
Vehicles	(2,370)	(292)	-	24	(2,638)
Furniture and fixtures	(4,862)	(142)	-	14	(4,990)
Facilities in use	(6,271)	(480)	-	-	(6,751)
IT equipment	(3,043)	(447)	-	-	(3,490)
Total accumulated depreciation	(60,219)	(6,934)	-	1,004	(66,148)
Residual value of property, plant and equipment	135,706	39,384	-	(7,168)	167,922

Blau Farmacêutica S.A.
*Condensed Interim financial statements related
to the quarter ended September 30, 2020*

Individual					
	Balance at 12/31/2018	Addition	Transfers	Write-off	Balance at 09/30/2019
Cost					
Real estate and lands	51,785	-	-	-	51,785
Machinery and equipment	71,680	1,591	66	(1,358)	71,980
Vehicles	3,122	-	-	(24)	3,098
Furniture and fixtures	5,151	19	-	(16)	5,154
Facilities in use	10,074	7	-	-	10,081
IT equipment	4,054	952	-	-	5,006
Property, plant and equipment in progress	26,907	23,384	(66)	(347)	49,878
Advance of goods for future delivery	21,858	20,325	-	(6,427)	35,756
Total cost	194,631	46,279	-	(8,172)	232,738
Accumulated depreciation					
Real estate	(2,165)	(1,279)	-	-	(3,444)
Machinery and equipment	(41,232)	(4,206)	-	966	(44,472)
Vehicles	(1,941)	(278)	-	24	(2,194)
Furniture and fixtures	(4,736)	(136)	-	14	(4,858)
Facilities in use	(6,516)	(480)	-	-	(6,996)
IT equipment	(2,842)	(414)	-	-	(3,256)
Total accumulated depreciation	(59,432)	(6,793)	-	1,004	(65,221)
Residual value of property, plant and equipment	135,199	39,485	-	(7,168)	167,518
Consolidated					
	Balance at 12/31/2019	Addition	Transfers	Write-offs	Balance at 09/30/2020
Cost					
Real estate and lands	53,076	3,110	38,393	-	94,579
Machinery and equipment	71,896	7,142	26,903	-	105,941
Vehicles	3,362	501	-	(35)	3,828
Furniture and fixtures	6,234	179	1,845	(4)	8,254
Facilities in use	11,896	-	8,379	-	20,275
IT equipment	5,393	765	1,104	(9)	7,253
Property, plant and equipment in progress	69,084	46,189	(46,212)	-	69,061
Advance of goods for future delivery	39,389	12,979	(30,412)	-	21,956
Other	44	-	-	-	44
Total cost	260,374	70,865	-	(48)	331,191
Accumulated depreciation					
Real estate	(4,467)	(2,064)	-	-	(6,531)
Machinery and equipment	(44,574)	(8,287)	-	-	(52,861)
Vehicles	(2,629)	(373)	-	30	(2,972)
Furniture and fixtures	(4,329)	(236)	-	3	(4,562)
Facilities in use	(6,766)	(790)	-	-	(7,556)
IT equipment	(3,574)	(707)	-	-	(4,281)
Total accumulated depreciation	(66,339)	(12,457)	-	33	(78,763)
Property, plant and equipment, net	194,035	58,408	-	(15)	252,428

Blau Farmacêutica S.A.
*Condensed Interim financial statements related
to the quarter ended September 30, 2020*

	Individual			
	Balance at 12/31/2019	Addition	Transfers	Write-offs
Cost				
Real estate and lands	53,042	-	38,393	-
Machinery and equipment	72,714	1,966	26,902	-
Vehicles	3,098	428	-	(35)
Furniture and fixtures	5,172	109	1,845	(4)
Facilities in use	11,953	-	8,379	-
IT equipment	5,160	667	1,103	-
Property, plant and equipment in progress	68,508	46,189	(46,212)	(9)
Advance of goods for future delivery	39,399	12,978	(30,411)	-
Total cost	259,046	62,337	-	(48)
Accumulated depreciation				
Real estate	(3,877)	(1,856)	-	-
Machinery and equipment	(44,811)	(5,238)	-	-
Vehicles	(2,171)	(330)	-	30
Furniture and fixtures	(4,198)	(217)	-	2
Facilities in use	(7,009)	(788)	-	-
IT equipment	(3,294)	(599)	-	-
Total accumulated depreciation	(65,360)	(9,028)	-	32
Property, plant and equipment, net	193,686	53,309	-	(16)

Additions to fixed assets are related mainly to investments in the production capacity expansion plan in its current production units and the construction of two new production units.

Advances of goods for future delivery refer to acquisitions of imported machinery expected to be received throughout the year of 2020.

Expenses with industrial expansion of property, plant and equipment in progress in the amount of R\$ 69,062 as of September 30, 2020 are related to the construction of a new building, aiming to increase the production process that will start operating throughout the year of 2020, as follows:

Property, plant and equipment in progress	Consolidated	Individual
Machinery and equipment in the facility	17,770	17,770
Industrial expansion	46,441	46,441
Building enlargement	4,850	4,274
Total	69,062	68,486

No fixed asset pledged as a debt guarantee by the Company as of September 30, 2020, and December 31, 2019.

16 Intangible assets

Consolidated					
Cost	Balance at 12/31/2018	Additions	Transfers	Write-off	Balance at 09/30/2019
Software licenses	4,084	839	-	-	4,923
Brands	1,003	3	-	(2)	1,004
Sanitary records	878	-	-	(362)	516
Development of new products (ii)	-	2,336	-	-	2,336
Goodwill (i)	7,071	-	-	-	7,071
	13,036	3,178	-	(364)	15,850
Accumulated amortization					
Software licenses	(3,753)	(192)	-	-	(3,945)
Brands	(23)	(11)	-	-	(34)
Sanitary records	(334)	(50)	-	-	(384)
Total accumulated amortization	(4,110)	(253)	-	-	(4,363)
Residual value of intangible asset	8,926	2,925	-	(364)	11,487
Individual					
Cost	Balance at 12/31/2018	Addition	Transfers	Write-off	Balance at 09/30/2019
Software licenses	3,947	779	-	-	4,726
Development of new products (ii)	-	2,336	-	-	2,336
Brands	877	-	-	-	877
Total cost	4,824	3,115	-	-	7,939
Accumulated amortization					
Software licenses	(3,736)	(192)	-	-	(3,928)
Total accumulated amortization	(3,736)	(1920)	-	-	(3,928)
Residual value of intangible asset	1,088	2,923	-	-	4,011
Consolidated					
Cost	Balance at 12/31/2019	Additions	Transfers	Write-offs	Balance at 09/30/2020
Software licenses	5,899	2,037	-	(1,089)	6,847
Brands	1,008	22	-	-	1,030
Sanitary records	834	494	-	(52)	1,276
Development of new products	11,321	10,293	-	-	21,614
Goodwill (ii)	7,071	137,086	-	-	144,157
	26,133	149,932	-	(1,141)	174,924
Accumulated amortization					
Software licenses	(4,295)	(596)	-	529	(4,362)
Brands	(33)	(49)	-	-	(82)
Sanitary records	(418)	(91)	-	-	(509)
Development of new products	-	(238)	-	-	(238)
Total	(4,746)	(974)	-	529	(5,191)
Intangible assets (net)	21,387	148,958	-	(612)	169,733

Individual					
Cost	Balance at 12/31/2019	Addition	Transfers	Write-offs	Balance at 09/30/2020
Software licenses	4,724	1,087	-	-	5,911
Development of new products	11,322	10,163	-	-	21,485
Brands	881	-	-	-	881
Total cost	16,927	11,350	-	-	28,277
Accumulated amortization					
Software licenses	(3,992)	(271)	-	-	(4,263)
Total	(3,992)	(271)	-	-	(4,263)
Intangible assets (net)	12,935	11,079	-	-	24,014

- (i) Goodwill derives 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\$ 271 and Pharma Limório in the amount of R\$ 112,437, which are being presented in intangible assets as set forth in the accounting standard. This amount cannot be amortized in the accounting books; nonetheless, the impairment test is conducted yearly.

Impairment testing - Intangible assets

The book values of intangible assets of the Company are reviewed at each balance sheet date to determine if there is indication of impairment loss. If such indication exists, the asset's recoverable amount is estimated. In case of goodwill, recoverable value is tested on an annual basis.

Based on the Company's annual impairment test of intangible assets on projections made to the financial statements as of December 31, 2019, expected growth at the time and monitoring of projections and operating income during the period, it was not identified possible losses or indications of losses, since the value in use is higher than the net book value on the date of evaluation. The main assumptions used in determining operating future cash flows discounted to present value of operations are as follows:

Sale of products	Considering sales net of taxes and returns
Specialty line	Growth of 10% p.a.
Oncology line	Growth of 10% p.a.
Biological line	Growth of 14% p.a.
Operating expenses	
Fixed	Growth of 4% p.a.
Variables	Proportional to Net Revenue on 12/31/2019
FCD - Financial cost	6.5% p.a. capitalized

17 Related parties

(i) Ultimate controlling shareholder

The ultimate controlling shareholder is Mr. Marcelo Hahn, who holds the direct control of the Company and indirect control of the other subsidiaries. See Note 26.

(ii) Remuneration of key management staff

The remuneration of key management personnel is comprised by salaries and direct benefits, such as healthcare, dental, food and private pension plan. The Company and its subsidiaries do not provide non-cash benefits to directors, nor contribute to a defined post-employment benefit plan or other post-employment benefits. The Company has no stock option plan.

The annual key management personnel remuneration in the nine-month period ended September 30, 2020 and 2019, which comprises statutory directors (CEO, CFO, COO, Legal director and Quality director), is as follows:

	Individual	
	09/30/2020	09/30/2019
Management remuneration	(3,286)	(3,088)
Bonus	(979)	(993)
Benefits	(299)	(309)
Total	(4,564)	(4,390)

(iii) Balances and transactions with related parties

Transactions with related parties follow the policy in effect in the Company, which purpose is to establish rules and procedures aiming at assuring that all decisions with possible conflict of interests are made considering the interests of the Company and its shareholders.

Every transaction with related parties should be formalized in a contract and be on an arm's length condition, and the same principles and procedures that guide negotiations carried out by the Company and its subsidiaries with unrelated parties.

The main balances between related parties on September 30, 2020, and December 31, 2019 in equity accounts, as well as transactions in profit or loss accounts as of September 30, 2020 and 2019 are as follows:

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Assets				
Trade accounts receivable (note 10)				
The Package Store Imp. Com. Distr. Emb. Ltda. (b)	745	500	745	500
Blau Farmacêutica Colombia S.A.S. (c)	-	-	11,294	5,123
Blau Farma Uruguay S.A. (d)	-	-	5,852	2,320
	745	500	17,891	7,943
Investments (Note 14)				
Blau Farmacêutica Colombia S.A.S.	-	-	30,882	26,574
Blau Farma Uruguay S.A.	29	29	7,672	7,290
Plex – Plasma Experts Corp.	-	-	27,826	-
Pharma Limirio Ltda. (i)	-	-	142,236	-
	29	29	208,616	33,864
Total assets with related parties	774	529	226,507	41,807
Liabilities				
Suppliers related parties (Note 18)				
F11 Segurança Privada Ltda (f)	361	327	361	327
F11 Facilities Eireli (g)	493	408	493	408
Hahn Participações (e)	-	179	-	179

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Hahn Participações (e)	-	179	-	179
	854	914	854	914
Dividends and interest on own capital payable (Note 23)				
Minimum dividends payable	12,563	38,337	12,563	38,337
Interest on own capital	5,460	13,049	5,460	13,049
	18,023	51,386	18,023	51,386
Debentures convertible into shares (h)				
Symbiosis Fundo de investimento Multimercado de Crédito Privado no Exterior	211,671	76,582	211,930	76,582
	211,671	76,582	211,671	76,582
Total liabilities with related parties	229,694	128,882	229,694	128,882

Profit or loss - Gross revenue (Note 27) and cost of goods and products sold (Note 28)

	Consolidated			
	09/30/2020		09/30/2019	
	Revenue	Cost	Revenue	Cost
Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. (a)	-	-	9,037	(5,016)
The Package Store Imp. Com. Distr. Emb. Ltda. (b)	1,790	(909)	469	(386)
Total revenue (costs) with related parties	1,790	(909)	9,506	(5,402)
	Individual			
	09/30/2020		09/30/2019	
	Revenue	Cost	Revenue	Cost
Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. (a)	-	-	9,037	(5,016)
The Package Store Imp. Com. Distr. Emb. Ltda. (b)	1,790	(909)	469	(385)
Blau Farmacêutica Colombia S.A.S. (c)	10,291	(7,845)	6,006	(4,737)
Blau Farma Uruguay S.A. (d)	5,348	(4,296)	2,343	(2,098)
Pharma Limirio Ltda. (i)	2,155	(2,389)	-	-
Total revenue (costs) with related parties	19,584	(15,439)	17,855	(12,247)

Revenue (costs) - other operations

	Company	
	09/30/2020	09/30/2019
Hahn Participações (e)	-	(2,409)
F11 Segurança Privada Ltda. (f)	(3,801)	(3,696)
F11 Facilities Eireli (g)	(4,969)	(3,586)

The companies listed below are considered related parties because the Company's controlling shareholder holds the control thereof.

- (a) Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. ("Easy Farma") is mainly engaged in the distribution of medicines. Amounts invoiced to Easy Farma derive from sale of products at regular market conditions.

On July 1, 2019, the Company's controlling shareholder withdrew from the company and assigned for value his total interest to a non-related party, transferring all rights and obligations.

- (b) The Package Store Imp. Com. Distr. Emb.. Ltda. ("The Package Store") is mainly engaged in selling glass packaging for the pharmaceutical industry. The amounts invoiced to The Package Store derive from glass packaging bought by the Company from suppliers abroad and resold to The Package Store at regular market conditions.
- (c) Refers to export transactions of medicine manufactured by the Company and resold by subsidiary in Colombian territory.
- (d) Refers to export transactions of medicine manufactured by the Company and resold by subsidiary in Uruguayan territory.
- (e) Refers to corporate services provided by Hahn Participações Eireli to the Company during the year.
- (f) The Company has a security service agreement entered into in the second semester of 2016 with the related company F-11 Seguranças 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 reception services.
- (h) Symbiosis – Fundo de Investimento Multimercado de Crédito Privado no Exterior, as debenture holder.
- (i) Pharma Limório Indústria Farmacêutica Ltda., a company engaged in the production of injectable allopathic medicines for human use, located in the city of Anápolis, state of Goiás. See details in Note 3.
- (j) Plex Plasma Experts Corp., holding of joint ventures in the plasma collection segment. The company owns 51% of HEMARUS PLASMA-LAUDERHILL, LLC, a limited liability company duly constituted and existing under the laws of the State of Florida, formed to develop, operate and manage plasma collection centers.

18 Suppliers

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Domestic	15,478	11,355	15,478	11,355
Abroad	135,016	72,971	134,485	72,388
Related parties (Note 15)	854	914	854	914
Total suppliers	151,348	85,240	150,817	84,657

The increase in the balance of suppliers is due to the increase in purchases to support the growth of private and public market sales and bidding contracts.

The information on Company's exposure to market and liquidity risks related to suppliers is disclosed in note 31.

19 Loans and financing

Breakdown of balance of loans and financing

Description	Average rate	Bank	Guarantee	Consolidated		Individual	
				09/30/2020	12/31/2019	09/30/2020	12/31/2019
ACC	US\$ + 2.26% p.a.	Santander and BB	Controlling shareholder's surety	14,511	8,352	14,511	8,352
Lease	14.91% p.a.	Safra and Bradesco	Controlling shareholder's surety	45	210	45	210
Working capital	CDI + 1.70% p.a.	Itaú	Controlling shareholder's surety	20,069	35,207	20,069	35,207
Working capital - Uruguay	USD + 3.25% p.a.	Itaú	Without guarantee	1,494	388	-	-
Total				36,119	44,157	34,625	43,770
Current				36,119	29,145	34,625	28,758
Non-current				-	15,012	-	15,012
Total				36,119	44,157	34,625	43,770

Changes in loans and financing

	Consolidated	Individual
Balance at December 31, 2018	44,641	44,296
Funding with cash effect	25,762	25,761
Interest appropriation	2,384	2,384
Payment of principal	(16,449)	(16,449)
Interest payment	(2,352)	(2,352)
Inflation adjustment	524	524
Balance at September 30, 2019	54,510	54,164
Balance at December 31, 2019	44,157	43,770
Funding	17,457	16,349
Interest appropriation	1,353	1,353
Payment of principal	(27,189)	(27,189)
Interest payment	(1,480)	(1,480)
Inflation adjustment	1,821	1,822
Balance at September 30, 2020	36,119	34,625

Debt scheduling related to balance of loans and financing

	Consolidated	Individual
Year	09/30/2020	09/30/2020
2020	36,119	34,625
Total	36,119	34,625

Covenants

The Company has loan agreements with provisions for circumstances in which the debt would mature in advance, such as change and modification of breakdown of capital, or in case there is any change, transfer or the direct or indirect transfer of corporate/shareholding control, or the takeover, merger or spin-off of the issuer, without the prior express consent from the creditor. However, none determines the maintenance of financial indicators. As of September 30, 2020, and December 31, 2019, the Company is in compliance with early maturity covenants.

Reconciliation of equity changes with cash flows from financing activities:

	Liabilities			Total
	Loans and financing	Debentures	Dividends and interest on own capital payable	09/30/2019
Cash flows from financing activities				
Dividends and interest on own capital paid	-	-	(17,425)	(17,425)
Loans and financing	25,762	-	-	25,762
Payments of loans and financing	(16,450)	-	-	(16,450)
Payment of loans and financing - interest	(2,352)	-	-	(2,352)
Payment of debentures - principal	-	(11,249)	-	(11,249)
Payment of debentures - Interest	-	(9,621)	-	(9,621)
Net cash (invested in) financing activities	6,960	(20,870)	(17,425)	(31,335)
	Liabilities			Total
	Loans and financing	Debentures	Dividends and interest on own capital payable	09/30/2020
Cash flows from financing activities				
Dividends and interest on own capital paid	-	-	(182,158)	(182,158)
Loans and financing	17,457	385,000	-	402,457
Payments of loans and financing	(27,189)	-	-	(27,189)
Payment of loans and financing - interest	(1,480)	-	-	(1,480)
Payment of debentures - principal	-	(33,749)	-	(33,749)
Payment of debentures - Interest	-	(7,486)	-	(7,486)
Net cash (invested in) financing activities	(11,212)	343,765	(182,158)	150,935

20 Debentures

Breakdown of balance of debentures

			Consolidated and Individual	
Description	Average rate	Guarantee	09/30/2020	12/31/2019
Debentures - 1st issue	CDI + 1.05% p.a.	Controlling shareholder's surety	123,852	157,835
Debentures - 2nd issue	CDI + 0.45% p.a.	Controlling shareholder's surety	76,671	76,929
Debentures - 3rd issue	CDI + 1.30% p.a.	Controlling shareholder's surety	254,264	-
Debentures - 4rd issue	CDI + 0.45% p.a.	Controlling shareholder's surety	135,000	-
Total debentures			589,787	234,764
Current			49,453	45,681
Non-current			540,334	189,083
Total			589,787	234,764

The Company issued 180 million simple debentures in the 1st issue, at the nominal unit value of R \$ 1.00 (one Real), which are not convertible into shares of unsecured type, on June 20, 2018, with a maturity of 20 From June 2023, the payment will be in monthly and successive installments, in the amount of R \$ 180,000, with the payment of the principal beginning on July 20, 2019. The issuing settlement bank and the bookkeeper is Banco Bradesco S.A..

On December 12, 2019, the Company issued 80 million debentures convertible into shares, in 2nd (second) issue, at the unit value of R\$ 1,000,00 (one thousand BRL), single series, of the unsecured type, with subordinated payment, in the total principal amount of R\$ 80,000, for private distribution of the Company, with Symbiosis Fundo de Investimento Multimercado Crédito Privado no Exterior, as debenture holder.

The remuneration interest was calculated since the issue date will be paid on a quarterly basis, the interest calculated and not paid during the debentures effective period will be added to the debentures' debt balance.

The term of the debentures will be 7 (seven) years from the date of issue, expiring, therefore, on December 12, 2026.

The destination of these funds raised will be for investments in analyses, projects for expansion of production capacity, launches, research and development of our products, in addition to general corporate purposes.

On April 15, 2020, the Company carried out the 3rd (third) issue of 250 million simple unsecured Company's debentures, not convertible into shares, with additional personal guarantee, in a single series, for public distribution with par value of R\$ 1.00 each ("Unit par value") totaling R\$ 250,000.

The maturity will occur at the end of seven-year term from the issuance date, thus on April 15, 2027. The settling bank and bookkeeping agent is Banco Bradesco S.A.

The remuneration interest corresponding to 100% of the accumulated changes in the daily average rates of the DI – Interbank Deposits ("DI Rate"), plus an exponential spread of 1.30% per annum.

The net proceeds obtained by the Company with the restricted offer will be invested in a new plant to be located in the Southeast or Northeast of Brazil, as provided in the Deed of Issue.

On July 3, 2020, the Company received funds from the 4th (fourth) issuance of debentures convertible into shares, in a single series, of unsecured type, issued in 135 million debentures with subordinated payment, in the total principal amount of R\$ 135,000 for private distribution, entered into between the Company and Symbiosis Fundo de Investimento Multimercado Crédito Privado Investimento Abroad as debenture holder and Banco Bradesco S.A. as a settlement bank and bookkeeper. The term of the debentures will be 7 (seven) years from the date of issue, expiring, therefore, on June 30, 2027.

The net resources raised by the Issuer, through the Issuance, will be used for investments in studies, projects to expand production capacity, launches, research and development, in addition to general corporate uses.

Changes in debentures

	Consolidated and Individual
Balance at December 31, 2018	180,490
Funding with cash effect	-
Interest appropriation	9,768
Payment of principal	(11,249)
Interest payment	(9,620)
Inflation adjustment	-
Balance at September 30, 2019	169,389
Balance at December 31, 2019	234,764
Funding with cash effect	385,000
Interest appropriation	11,258
Payment of principal	(33,749)
Interest payment	(7,486)
Balance at September 30, 2020	589,787

Debt scheduling related to balance of debentures

	Consolidated and Individual
	09/30/2020
Year:	
2020	49,453
2021	45,000
2022	80,334
2023	50,000
2024	50,000
2025	50,000
2026	265,000
Total	589,787

Covenants

There is a covenant to be met by the Company, due to the issuance of debentures
This covenant consists of net debt / EBITDA ratio of less than 2.50x, considered only for the
years ending December 31 of each year and based on the consolidated financial statements.

Reconciliation of statement of cash flows

See the reconciliation of equity changes with cash flows from financing activities in Note 19.

21 Income tax and social contribution payable

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current				
Income tax	24,054	15,723	23,237	14,928
Social contribution	8,389	5,287	8,389	5,287
Total	32,443	21,010	31,626	20,215

Changes in income tax and social contribution payable

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Opening balance	21,010	16,002	20,215	16,002
Provision	67,086	65,317	66,325	64,993
Offsetting	(4,325)	(8,299)	(4,325)	(8,299)
Tax paid	(51,328)	(54,770)	(50,589)	(54,770)
Total	32,443	18,250	31,626	17,926

Effective rate in the Company

	Individual	
	09/30/2020	09/30/2019
Reconciliation of income tax and social contribution		
Income (loss) before income tax and social contribution	244,199	205,610
Statutory rate	34.0%	34.0%
Amount of income tax and social contribution on the accounting profit at the statutory rate	83,028	69,908
Additions/Exclusions		
Equity in net income of subsidiaries	1,022	1,006
Provisions	1,708	3,075
Interest on own capital	(3,200)	(4,057)
Income (loss) from taxable sale	-	(151)
'Lei do Bem'	(11,573)	(2,260)
Product development	(3,456)	-
Other	934	(397)
	68,464	67,125
Deductions		
PAT	(564)	(281)
Donations made with incentives	(1,542)	(1,832)
Empresa Cidadã	(15)	-
Exempt installment	(18)	(18)
Total deductions	(2,139)	(2,132)
Expenses with income tax and social contribution - current	66,325	64,993
Difference between DRE vs. Reconciliation of effective rate		
Current income tax and social contribution	66,325	64,993
Current income tax and deferred social contribution	(2,784)	(2,038)
Current income tax and social contribution, net	63,541	62,955
Effective rate	26,0%	30,6%

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Deferred assets				
Assets				
Income tax	8,527	7,063	8,266	6,712
Social contribution	2,976	2,416	2,976	2,416
Subtotal	11,503	9,479	11,242	9,128
Total - Assets, net	11,503	9,479	11,242	9,128

Changes in deferred income tax and social contribution

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Opening balance	9,479	6,546	9,128	6,266
Income tax and social contribution on equity valuation adjustment	405	532	405	532
Income tax and social contribution on inventory losses	1,535	1,705	1,535	1,705
Income tax and social contribution on provision for contingencies	(146)	89	(146)	89
IR/CS on PECLD (Expected losses from doubtful accounts)	128	592	128	592
Income and social contribution on other	102	(676)	192	(736)
Total – assets	11,503	8,788	11,242	8,447

22 Labor obligations

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Salaries	3,888	3,096	3,082	2,797
Charges	6,293	3,032	6,293	3,032
Vacation	9,702	7,891	9,619	7,827
13th Salary	5,625	-	5,625	-
Other accounts	1,511	1,973	1,447	1,973
Total	27,019	15,992	26,066	15,629

23 Dividends and interest on own capital

	Consolidated and Individual	
	09/30/2020	12/31/2019
Dividends payable (Note 17)	12,563	38,337
Interest on own capital to be distributed (Note 17)	5,460	13,049
Total	18,023	51,386

Changes in dividends to be distributed

	Consolidated and Individual	
	09/30/2020	09/30/2019
Opening balance	38,337	4,632
Provision	140,442	106,354
Dividends paid	(166,216)	(19,543)
Closing balance	12,563	91,443

Changes in interest on own capital to be distributed

	Consolidated and Individual	
	09/30/2020	09/30/2019
Opening balance	13,049	9,126
Provision	8,353	10,142
Interest on own capital paid	(15,942)	(9,126)
Closing balance	5,460	10,142

24 Other accounts payable

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Advances from clients	75	153	31	104
Investments to pay (a)	75,008	-	75,000	-
Investments to pay (b)	-	-	27,834	-
Other accounts payable	14,714	12,708	12,600	11,620
Total	89,797	12,861	115,465	11,724
Current	32,607	11,842	30,449	10,705
Non-current	57,190	1,019	85,016	1,019
Total	89,797	12,861	115,465	11,724

- (a) Refers to amounts payable for Pharma Limirio former shareholders, according to purchase and sale agreement. See note 3.
- (b) Refers to amounts payable resulting from the constitution of Plex Plasma Experts Corp. in the amount of US\$ 5 million.

25 Provisions for tax, civil and labor risks

The Company and its subsidiaries, in the ordinary course of their operations, are subject to tax, civil and labor lawsuits. The Management, based on its legal advisors' opinion and, whenever applicable, grounded on specific opinion issued by experts, assesses the expectation of the outcome of the proceeding in course and determines the need or not for forming a provision for tax, civil and labor risks. Based on this assessment, the following provisions were made:

Consolidated

	Labor proceedings	Civil lawsuits	Regulatory Proceedings	Total
Balance at December 31, 2018	3,689	712	192	4,593
Addition	103	354	(49)	408
New lawsuits	438	418	-	856
Reclassification	212	-	-	212
Inflation adjustment	934	217	-	1,151
Write-off	(1,481)	(281)	(49)	(1,811)
Balance at December 31, 2019	3,792	1,066	143	5,001
Addition	(27)	(402)	-	(429)
New lawsuits	393	-	-	393
Reclassification	-	16	-	16
Inflation adjustment	1,050	74	-	1,124
Write-off	(1,470)	(492)	-	(1,962)
Balance at September 30, 2020	3,765	664	143	4,572

Company

	Labor lawsuits	Civil lawsuits	Regulatory Proceedings	Total
Balance at December 31, 2018	3,658	736	192	4,585
Addition	109	355	(49)	415
New lawsuits	444	418	-	862
Reclassification	212	-	-	212
Inflation adjustment	934	217	-	1,151
Write-off	(1,481)	(280)	(49)	(1,810)
Balance at December 31, 2019	3,767	1,091	143	5,001
Addition	(27)	(402)	-	(429)
New lawsuits	393	-	-	393
Reclassification	-	16	-	16
Inflation adjustment	1,050	74	-	1,124
Write-off	(1,470)	(492)	-	(1,962)
Balance at September 30, 2020	3,740	689	143	4,572

The main lawsuits refer to labor claims, but the Company does not expect a material outflow of funds as the result of said lawsuits.

a. Causes classified as a possible loss by the legal advisors

The Company and its subsidiaries are subject to other lawsuits evaluated by legal advisors as having a possible loss in the amount of R\$ 659 as of September 30, 2020 (R\$ 527 as of December 31, 2019). No provision was recognized for labor and civil risks and classified as possible, according to their nature:

Nature	Consolidated	
	09/30/2020	12/31/2019
Labor	503	412
Civil	156	115
Total	659	527

b. Judicial deposits

	12/31/2019	Addition	Write-off	09/30/2020
Labor	642	-	-	642
Civil	5,508	-	164	5,344
Total	6,150	-	164	5,986

26 Equity

a. Authorized capital

Under the terms of article 5 of its Bylaws, the Company is authorized to increase its capital by means of resolution of Board of Directors, regardless of any amendment to its bylaws, by means of issue of shares, debentures convertible into shares or subscription bonus, up to the limit of 198,000,000 shares. The Board of Directors is also responsible for establishing the conditions for the share issue, including price and time frame for payment.

b. Subscribed and paid-in capital

Shareholding structure as of September 30, 2020 and 2019	Number 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 reserve

Comprised by the legal reserve, investment reserve and additional dividends proposed.

The legal reserve is formed in conformity with Brazilian Corporation Law, on the basis of 5% of the net income of each year until it reaches 20% of the capital.

The investment reserve is formed based on up to 75% of the net income for each year, net of amounts allocated to legal reserve, reserve for contingencies reserve and tax incentive reserve as Bylaws. The investment reserve is intended to ensure sufficient funds for the expansion of the Company's activities and investments, and the balance of the reserve may not exceed the capital, either alone or in conjunction with other profit reserves.

d. Other comprehensive income

Refer to the gain and loss on the translation of the financial statements of subsidiaries domiciled abroad, and equity valuation adjustment of fixed assets in first-time adoption (deemed cost).

e. Proposed allocation of net profit in 2020

As of April 7, 2020, the allocation of income for the year ended on December 31, 2019 was approved. From this amount, the amount equivalent to the percentage allocated to the legal reserve was deducted, totaling R\$ 4,087, as well as that corresponding to the minimum mandatory dividends, amounting to R\$ 49,038, and R\$ 13,048 corresponds to Interest on Own Capital (JCP) for year 2019.

f. Earnings per share

Earnings per share are presented by type and nature of share. Such presentation is in accordance with the practice of trading and quoting shares in lots adopted in Brazil.

Basic and diluted

Basic and diluted earnings per share are calculated by dividing profit attributable to company shareholders by the number of shares of the period.

		Consolidated	
		09/30/2020	09/30/2019
Net profit for the period	(a)	180,658	142,655
Quantity of common shares (thousands of shares)	(b)	148,000	148,000
Quantity of convertible shares (thousands of shares)	©		
Basic earnings per share	(a) / (b)	1.2207	0.9639
Diluted earnings per share	(a) / [(b) +(c)]	1,2196	0.9639

27 Net operating revenue

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Sales of goods - domestic market	910,831	791,610	876,619	766,798
Sales of products - Foreign market	4,635	5,686	4,635	5,686
Sales - Related parties (Note 17)	1,790	11,282	20,113	19,630
Gross revenue	917,256	808,578	901,367	792,114
(-) Taxes	(67,484)	(41,606)	(67,484)	(41,606)
(-) Discounts	(490)	(371)	(287)	(104)
(-) Returns	(5,309)	(11,340)	(3,981)	(11,007)
	(73,283)	(53,317)	(71,752)	(52,717)

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net revenue	<u>843,973</u>	<u>755,261</u>	<u>829,615</u>	<u>739,397</u>

Net operating revenue is presented by segment in Note 33.

Sales growth compared to the semester ended September 30, 2020 is related with increase in demand in the Hospital market, mainly in the specialties line

Regarding geographical location, net revenue in Brazil represents 96% of consolidated net revenue for periods ended September 30, 2020 and 2019.

	Consolidated	
	09/30/2020	09/30/2019
Brazil	809,358	725,021
Colombia	23,840	18,682
Peru	-	642
Uruguay	6,688	5,530
Chile	2,921	1,809
Other	1,166	3,577
Total	843,973	755,261

Regarding the distribution of consolidated net revenue in the period ended September 30, 2020 between public and private customers we have the following:

	Consolidated	
	09/30/2020	09/30/2019
Public	233,827	348,570
Private	610,146	406,691
Total	843,973	755,261

On September 30, 2020, the Company's net operating revenue from sales to the Ministry of Health was R\$ 187,162, which represented 22.2% of its total net operating revenue.

In relation to the distribution of consolidated net revenue in the period ended September 30, 2020 among segment, we have the following:

	Consolidated	
	09/30/2020	09/30/2019
Biological	476,176	507,992
Specialties	278,714	153,297
Oncology	39,655	36,154
Others	49,428	57,819
Total	843,973	755,261

28 Cost of goods and products sold

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Raw material and packaging	(379,119)	(370,244)	(376,509)	(361,698)
LABOR	(15,875)	(12,715)	(14,925)	(12,715)
Depreciation and amortization	(4,056)	(3,586)	(3,832)	(3,586)
Other manufacturing expenses	(49,422)	(42,760)	(48,195)	(42,760)
Total cost of sales	(448,472)	(429,305)	(443,461)	(420,759)

From the total cost amount, R\$ 909 (consolidated) and R\$ 13,062 (company) are related to transactions with related parties in the period ended September 30, 2020 and R\$ 5,401 (consolidated) and R\$ 12,236 (company) in the period from September 30, 2019, as Note 17.

The increase in costs is related to the increase in volume, sales mix and exchange rate variation.

29 Operating expenses per category

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Sales expenses	(39,520)	(39,070)	(33,038)	(33,878)
R&D expenses	(16,047)	(13,688)	(16,047)	(13,688)
Total commercial expenses	(55,566)	(52,758)	(49,085)	(47,566)
Impairment loss on accounts receivable	(115)	(919)	(411)	(645)
Administrative expenses	(54,691)	(47,391)	(50,440)	(43,488)
Other net operating revenues	(2,224)	(3,930)	(275)	(4,311)
Total expenses	(112,596)	(104,998)	(100,211)	(96,010)

a. Expenses per nature

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Personnel	(54,605)	(49,405)	(49,798)	(44,989)
Specialized services	(14,847)	(9,509)	(14,679)	(9,055)
Marketing	(2,734)	(6,242)	(2,618)	(6,138)
Freight	(6,461)	(5,300)	(6,318)	(5,153)
General	(31,725)	(34,542)	(26,798)	(30,675)
Total operating expenses	(112,596)	(104,998)	(100,211)	(96,010)

30 Net financial expenses

	Consolidated		Individual	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Interest received	4,338	4,693	4,256	4,574
Discounts obtained	308	1,487	308	1,485
Total financial revenue	4,646	6,180	4,564	6,059
Exchange rate change (a)	(31,129)	(8,381)	(30,184)	(8,375)
Interest accrual	(9,015)	(11,908)	(8,921)	(11,864)
IOF	(97)	(108)	(97)	(108)
Commissions and bank expenses	(413)	(326)	(273)	(239)
Discounts granted	(70)	(29)	-	(29)
Other	(1,870)	(453)	(1,870)	(453)
Total financial expense	(42,591)	(21,205)	(41,345)	(21,068)
Total net financial income (loss)	(37,945)	(15,025)	(36,781)	(15,009)

- (a) High exchange-rate changes for the period due to the increase in exchange rates and increased imports of inputs to supply the growing demand.

31 Financial instruments

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

a. Accounting classification and fair values

The following table shows the book and fair values of financial assets and liabilities, including their fair value classifications. It does not include information on the fair value of financial assets and liabilities not measured at fair value if the book value is a reasonable approximation of fair value.

Consolidated 09/30/2020						
	Fair value through profit or loss	Amortized cost	Total	Fair value		
				Level 1	Level 2	Level 3
Cash and cash equivalents and interest earning bank deposits	232,563	9,663	242,226	232,563	-	-
Trade accounts receivable	-	273,142	273,142	-	-	-
Other receivables	-	12,264	12,264	-	-	-
	232,563	295,069	527,632	232,563	-	-
Consolidated 09/30/2020						
	Fair value through profit or loss	Amortized cost	Total	Fair value		
				Level 1	Level 2	Level 3
Suppliers	-	151,348	151,348	-	-	-
Loans, financing and debentures	211,671	414,235	625,906	-	211,671	-
Other accounts payable	10,000	89,797	89,797	-	10,000	-
	221,671	655,380	867,051	-	221,671	-

Consolidated 12/31/2019						
	Fair value through profit or loss	Amortized cost	Total	Fair value		
				Level 1	Level 2	Level 3
Cash and cash equivalents and interest earning bank deposits	152,647	6,417	159,064	152,647	-	-
Trade accounts receivable	-	140,816	140,816	-	-	-
Other receivables	-	11,013	11,013	-	-	-
	152,647	158,246	310,893	152,647	-	-

Consolidated 12/31/2019						
	Fair value through profit or loss	Amortized cost	Total	Fair value		
				Level 1	Level 2	Level 3
Suppliers	-	85,240	85,240	-	-	-
Loans, financing and debentures	76,929	201,992	278,921	-	76,929	-
Other accounts payable	-	12,861	12,861	-	-	-
	76,929	300,093	377,022	-	76,929	-

b. Measurement of fair value

(i) Valuation techniques and significant unobservable inputs

Table below presents valuation technique used for fair value measurement of Level 2, as well as significant non-observable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Assumptions
Forward exchange agreements and interest rate swaps	Market approach: the market approach considers 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.	Fair values are based on quotes from brokers. Similar contracts are negotiated in active markets and the quotes reflect current transactions of similar instruments.
Liabilities for acquisitions of subsidiaries - contingent considerations	Fair value estimated based on the Management's estimate of payment, based on knowledge of the new medicine registration processes in progress at ANVISA. Obtaining the records will result in the contingent payment obligation.	Estimated success in obtaining the records at ANVISA. Management's estimate directly determined the fair value applied to the value of the amount payable, and the same estimate determined the value of the intangible asset related to said records at ANVISA.

c. Financial risk management

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

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

(i) Credit risks

Credit risk is the risk of the Company and its subsidiaries incurring financial losses due to a client or financial instrument counterparty fails to comply with contract obligations. Such risk is mainly due to trade accounts receivable, and financial instruments of the Company and its subsidiaries.

The book value of financial assets classified as loans and receivables represents the maximum credit exposure.

Accounts receivable and other receivables

The exposure of the Company and its subsidiaries to credit risk is influenced, mainly, by the individual characteristics of each client. However, management also considers other factors that may influence the credit risk of its client base, including the risk of non-payment of the industry and of the country in which the client operates.

The maximum exposure to credit risk was as follows as of September 30, 2020 and December 31, 2019:

	Consolidated		Individual	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and cash equivalents	9,663	6,417	1,430	598
Interest earning bank deposits	232,563	152,647	223,443	150,511
Clients	273,142	140,816	279,591	136,713
Other receivables	12,264	11,013	8,462	6,168
Total	527,632	310,893	512,926	293,990

(ii) Liquidity risks

Liquidity risk is the risk of the Company and its subsidiaries encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The approach of the Company and its subsidiaries in liquidity is to guarantee, as much as possible, that will always have sufficient liquidity to perform their obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with a risk of sully the reputation of the Company and its subsidiaries.

The Company and its subsidiaries monitor expected level of cash inflows deriving from 'Accounts receivable and other receivables' as well as expected cash outflows related to 'Accounts payable and other accounts payable'.

Exposure to liquidity risk

We present below the contractual maturities of financial liabilities on the date of the financial information.

Consolidated – 09/30/2020			
	Up to 1 year	Up to 5 years	Total account amount
Suppliers	151,348	-	151,348
Loans and financing	36,119	-	36,119
Debentures	49,453	540,334	593,205
Other accounts payable	32,607	57,190	89,797
Total	269,527	597,524	870,469

Consolidated – 12/31/2019			
	Up to 1 year	Up to 5 years	Total contábil
Suppliers	85,240	-	85,240
Loans and financing	29,145	15,012	44,157
Debentures	45,681	189,083	234,764
Other accounts payable	11,842	1,019	12,861
Total	171,908	205,114	377,022

(iii) *Market risks*

Market risk is the risk on market prices changes, such as foreign exchange and interest rates that will impact the gains of the Company and its subsidiaries or the value of its financial instruments. The objective of market risk management is to manage and control such exposures, within acceptable parameters.

The Company and its subsidiaries use derivatives to manage market risks.

Foreign exchange risk

The Company and its subsidiaries are exposed to foreign exchange risk deriving from differences between currencies in which sales 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 (BRL), the Colombian Peso (COP) and the Uruguayan Peso (UYU). The currencies in which the transactions of the Company and its subsidiaries are primarily denominated are as follows: BRL, USD, COP and UYU.

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

Foreign exchange risk exposure

A summary of the foreign exchange risk exposure of the Company and its subsidiaries, as reported to management, is as follows:

	Consolidated 09/30/2020		Consolidated 12/31/2019	
	USD thou.	Reais	USD thou.	Reais
Trade accounts receivable	2,823	15,925	3,927	15,829
Suppliers	(23,936)	(135,016)	(17,849)	(71,944)
Loans and financing	(2,546)	(14,364)	(2,039)	(8,219)
Net exposure to forecasted transactions	(23,659)	(133,455)	(15,961)	(64,334)
Net exposure	(23,659)	(133,455)	(15,961)	(64,334)

Sensitivity analysis at foreign exchange risk

A reasonably possible appreciation (devaluation) of USD dollar would have affected measurement of financial instruments denominated in foreign currency and affected shareholders' equity and income (loss) at amounts shown below. The analysis considers that all the remaining variables, especially interest rates, will be constant and any impact in forecast of sales and purchase will be ignored.

For the purpose of the sensitivity analysis, we started from the realized basis, where the closing dollar was R\$ 5.6407 and consider two scenarios of appreciation, one of 25% and the other of 50%.

	Consolidated 09/30/2020				
	Exposure in R\$	Scenario I - 25%	Scenario II - 50%	Scenario I (25%)	Scenario II (50%)
Operation					
Trade accounts receivable	15.925	19.907	23.888	(19.907)	(23.888)
Suppliers	(135.016)	(168.770)	(202.524)	168.770	202.524
Loans and financing	(14.364)	(17.955)	(21.546)	17.955	21.546
Effect on income (loss)	-	(33.364)	(66.728)	33.364	66.728

As of September 30, 2020, the Company is exposed to foreign exchange risk for asset and liability items denominated in foreign currency, as foreign clients in the amount of R\$ 15,925, suppliers in the amount of R\$ 135,016, and loans in the amount of R\$ 14,364.

Income (loss) from derivative financial instruments

Financial instruments are recognized as loans and financing in the short-term, and gains or losses in group of net financial income.

Sensitivity analysis of changes in the interest rates

The Company and its subsidiaries did a sensitivity analysis of main risks to which its financial instruments are exposed. For the sensitivity analysis of changes in interest rates, Management considered the scenario carried out with the same rates used on closing date of financial position. Scenarios II and III were estimated as an additional devaluation of 25% and 50%, respectively, for rates in the realized scenario.

The table below shows possible impacts on results for each of the scenarios:

Consolidated 09/30/2020					
	Exposure in R\$	Scenario I 25%	Scenario II 50%	Scenario I (25%)	Scenario II (50%)
Operation					
Interest earning bank deposits	232,563	290,704	348,845	(290,704)	(348,845)
Debentures	(589,787)	(737,234)	(884,680)	737,234	884,680
Loans and financing	(36,119)	(45,149)	(54,179)	45,149	54,179
Effect on income (loss)	-	(99,190)	(198,380)	99,190	(198,380)

32 Leases

The Company leases vehicles in the form of financial leases, with purchase options provided for in the respective agreements. Effectiveness period of contracts is between 2 and 3 years and total R\$ 37. On January 27, 2018, the Company entered into a new financial lease agreement for a refrigerated truck for a term of 3 years, in the total amount of R\$ 17.

The contracts will be finalized in the short term, with a closing date in June 2021.

33 Business segment reporting

The Company's segment breakdown is based on the commercial strategy specifically for the pharmaceutical market. It is presented to the main internal decision maker, which is the Company's Board of Directors, as well as the performance evaluation of each business unit, segregated as follows:

- **Hospital** - Business division comprised of products used for specific treatments in hospitals and clinics, public or private, with a broad portfolio of biological, oncology and specialty products, among others.
- **Pharma** - Business division that serves the pharmaceutical retail channel, composed of a less diversified portfolio.

Information referring to each reporting segment results are as follows: Performance is evaluated based on the segment's income (loss) before income tax and social contribution, as Management believes that this information is more relevant for the evaluation of results from respective segments to compare with other entities that operate in this industry:

a. Statements of income by segment

	Consolidated		Individual	
	Hospital		Hospital	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net revenue	802,321	704,554	788,671	689,753
Cost of goods and products sold	<u>(426,339)</u>	<u>(400,482)</u>	<u>(421,575)</u>	<u>(392,510)</u>
Gross income	375,982	304,072	367,096	297,245
Operating expenses	(104,925)	(94,283)	(95,004)	(85,543)
Other operating revenues	(2,114)	(3,666)	(261)	(4,022)
Financial income (loss)	(36,072)	(14,016)	(34,966)	(14,001)
Profit sharing under the equity method	-	-	(4,718)	(1,874)
Income (loss) before taxes	232,872	192,107	232,147	191,806
	Consolidated		Individual	
	Pharma		Pharma	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net revenue	41,652	50,707	40,944	49,642
Cost of goods and products sold (i)	<u>(22,133)</u>	<u>(28,823)</u>	<u>(21,886)</u>	<u>(28,249)</u>
Gross income	19,519	21,884	19,058	21,393
Operating expenses (ii)	(5,447)	(6,785)	(4,932)	(6,156)
Other operating revenues	(110)	(264)	(14)	(289)
Financial income (loss)	(1,873)	(1,009)	(1,815)	(1,008)
Profit sharing under the equity method	-	-	(245)	(135)
Income (loss) before taxes	12,089	13,826	12,052	13,804
(i) Cost of goods and products sold				
	Consolidated		Individual	
Hospital	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Raw material and packaging	(360,408)	(345,386)	(357,927)	(337,414)
LABOR	(15,092)	(11,862)	(14,188)	(11,862)
Depreciation and amortization	(3,856)	(3,345)	(3,643)	(3,345)
Other manufacturing expenses	<u>(47,983)</u>	<u>(39,889)</u>	<u>(45,817)</u>	<u>(39,889)</u>
Total cost of sales	(426,339)	(400,482)	(421,575)	(392,510)
	Consolidated		Individual	
Pharma	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Raw material and packaging	(18,711)	(24,857)	(18,582)	(24,284)
LABOR	(783)	(854)	(737)	(854)
Depreciation and amortization	(200)	(241)	(189)	(241)
Other manufacturing expenses	<u>(2,439)</u>	<u>(2,871)</u>	<u>(2,378)</u>	<u>(2,871)</u>
Total cost of sales	(22,133)	(28,823)	(21,886)	(28,249)

(ii) Operating expenses

	<u>Consolidated</u>		<u>Individual</u>	
Hospital	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Sales	(37,679)	(37,305)	(31,799)	(32,206)
R&D	<u>(15,254)</u>	<u>(12,769)</u>	<u>(15,255)</u>	<u>(12,769)</u>
Total commercial expenses	<u>(52,933)</u>	<u>(50,074)</u>	<u>(47,053)</u>	<u>(44,974)</u>
Administrative	<u>(51,992)</u>	<u>(44,209)</u>	<u>(47,951)</u>	<u>(40,569)</u>
Total expenses	<u>(104,925)</u>	<u>(94,283)</u>	<u>(95,004)</u>	<u>(85,543)</u>
	<u>Consolidated</u>		<u>Individual</u>	
Pharma	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Sales	(1,956)	(2,685)	(1,651)	(2,318)
R&D	<u>(792)</u>	<u>(919)</u>	<u>(792)</u>	<u>(919)</u>
Total commercial expenses	<u>(2,748)</u>	<u>(3,604)</u>	<u>(2,443)</u>	<u>(3,237)</u>
Administrative	<u>(2,699)</u>	<u>(3,182)</u>	<u>(2,489)</u>	<u>(2,920)</u>
Total expenses	<u>(5,447)</u>	<u>(6,786)</u>	<u>(4,932)</u>	<u>(6,157)</u>

b. Financial position accounts per segment

	<u>Consolidated</u>		<u>Individual</u>	
	<u>Hospital</u>		<u>Hospital</u>	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Assets				
Trade accounts receivable	256,188	138,223	260,485	133,074
Provision for expected losses	(7,130)	(7,424)	(5,546)	(6,085)
Inventories	276,106	184,943	258,323	175,865
Provision for impairment	<u>(15,326)</u>	<u>(10,714)</u>	<u>(14,358)</u>	<u>(10,256)</u>
Total assets	509,838	305,029	498,905	292,598
Suppliers	<u>138,004</u>	<u>79,177</u>	<u>137,519</u>	<u>78,635</u>
Total liabilities	<u>138,004</u>	<u>79,177</u>	<u>137,519</u>	<u>78,635</u>

Blau Farmacêutica S.A.
*Condensed Interim financial statements related
to the quarter ended September 30, 2020*

	Consolidated		Individual	
	Pharma		Pharma	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Assets				
Trade accounts receivable	24,773	10,584	25,188	10,190
Provision for expected losses	(689)	(567)	(536)	(466)
Inventories	26,698	14,163	24,979	13,468
Provision for impairment	(1,482)	(820)	(1,388)	(785)
Total assets	49,300	23,360	48,243	22,407
Suppliers	13,344	6,063	13,298	6,022
Total liabilities	13,344	6,063	13,298	6,022

* * *

Marcelo Rodolfo Hahn
Chief Executive Officer

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

Patricia Zuccarelli Mina
Controllership Manager