

**Financial Statements
Individual and Consolidated**

Blau Farmacêutica S.A.

Year ended in December 31, 2021
with Independent Auditors' Report

Blau Farmacêutica S.A.

Individual and Consolidated Financial Statements

Year ended in December 31, 2021

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A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil

Independent auditor's report on individual and consolidated financial statements

To
The Shareholders, Board of Directors and Officers
Blau Farmacêutica S.A.
Cotia - SP

Opinion

We have audited the individual and consolidated financial statements of Blau Farmacêutica S.A. ("Company"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Company's individual and consolidated financial position as at December 31, 2021, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Assessment of impairment of goodwill

As mentioned in note 18.2, the Company has, as of December 31, 2021, significant balances of goodwill recorded (R\$143,244 thousand in the consolidated and R\$136,173 thousand in the parent company) that may present a realization risk and, consequently, a reduction of their recoverable values.

The risk arises not only from the relevance of the balances, but also from the impact of the local economic scenario in determining the growth assumptions and the discount rate used in the analysis of the provision for non-realization of goodwill, conducted by the Company, and the high degree of judgment involved in management's determination of estimates. Therefore, we consider this matter to be significant for our audit.

How our audit conducted this matter:

Our audit procedures included, among others, the evaluation of the design and implementation of the relevant controls determined by management in relation to the analysis of the recoverable amount of goodwill, in addition to the analysis of the Company's business plans and by cash generating unit, with the technical support from valuation specialists, when applicable, in the analysis and challenge of the revenue growth assumptions and the discount rate used by management in the analysis of the provision for non-realization of goodwill. Additionally, we analyzed the methodology and assumptions used by management in preparing the projections of results, we performed mathematical tests of the projections of results, analysis of consistency between the data used in the preparation of projections and the accounting data, when applicable, and we confirmed that the information used in the preparation of projections of results are derived from the Company's business plan approved by those responsible for governance. We also examined the adequacy of the Company's disclosures in this regard.

The Company's disclosures on accounting practices and balances are presented, respectively, in notes 4, 15 and 18 to the financial statements.



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Based on the result of the audit procedures carried out in the test for the recoverable amount of goodwill, which is consistent with management's assessment, we consider that the assessments and assumptions adopted by management, as well as the respective disclosures, are acceptable, in the context of the individual and consolidated financial statements taken in a whole.

Other matters

Audit and review of the corresponding amounts

The examination of the individual and consolidated financial statements as of December 31, 2020, presented for comparison purposes, was conducted under the responsibility of another independent auditor who issued an audit report without modifications, with date of February 5, 2021.

Statements of value added

The individual and consolidated statements of value added (SVA) for year ended December 31, 2021, prepared under the responsibility of Company's board of directors, and presented as supplementary information for IFRS purposes, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined in Technical Pronouncement NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Board of directors is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.



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In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that the Management Report presents material misstatements, we are required to communicate such fact. We have nothing to report in this regard.

Responsibilities of board of directors and those charged with governance for the individual and consolidated financial statements

Board of directors is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors.
- Concluded on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, February 21, 2022.

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

Marcio D. Berstecher
Accountant CRC-1SP259735/O-2

Blau Farmacêutica S.A.

Statements of financial position
 Years ended December 31, 2021 and 2020
 (In thousands of *Reais*)

	Notes	Consolidated		Individual	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets					
Cash and cash equivalents	9	51,864	70,197	45,497	65,852
Financial Investments	10	870,958	144,152	859,343	135,435
Trade accounts receivable	11	331,520	247,027	318,789	233,771
Accounts receivable from related parties	19	272	525	16,285	9,353
Inventories	12	416,848	327,494	396,560	312,030
Recoverable taxes	13	5,628	4,260	3,585	3,028
Derivative financial instruments	33	11,354	1,876	11,354	1,876
Other receivables	14	8,030	4,964	7,590	4,886
Total current assets		1,696,474	800,495	1,659,003	766,231
Recoverable taxes	13	27,782	13,763	27,782	13,763
Judicial deposits	27.2	6,578	6,016	6,578	6,016
Deferred income tax and social contribution	23	-	15,866	-	15,460
Derivative financial instruments	33	-	718	-	718
Other receivables	14	5,722	8,661	441	4,137
Investments	15	43	29	60,268	184,158
Right of use	16	9,737	1,588	9,228	855
Property, plant and equipment	17	382,898	255,727	371,095	252,539
Intangible assets	18	198,813	169,762	186,200	24,246
Total non-current assets		631,573	472,130	661,592	501,892
Total assets		2,328,047	1,272,625	2,320,595	1,268,123

	Notes	Consolidated		Individual	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Liabilities					
Suppliers	20	115,535	132,137	114,979	131,738
Related party suppliers	19	896	863	896	1,311
Loans and financing	21	41,729	15,805	39,861	15,051
Debentures	22	49,823	47,010	49,823	47,010
Taxes payable		19,654	10,756	18,295	10,423
Income and social contribution taxes payable	23	19,991	36,228	19,991	36,228
Labor obligations	24	35,549	31,404	34,866	30,558
Dividends and interest on own capital payable	25	36,882	57,206	36,882	57,206
Lease liabilities	16	2,110	1,436	1,384	487
Other accounts payable	26	20,837	30,984	20,354	29,315
Total current liabilities		343,006	363,829	337,331	359,327
Non-current liabilities					
Debentures	22	272,503	626,330	272,503	626,330
Provision for tax, civil and labor lawsuits	27	6,056	5,062	6,056	5,062
Lease Liabilities	16	8,353	381	8,353	381
Deferred income tax and social contribution	23	18,249	-	18,695	-
Other accounts payable	26	44,995	55,680	41,368	55,680
Total non-current liabilities		350,156	687,453	346,975	687,453
Equity					
Share capital		1,316,609	100,640	1,316,609	100,640
Capital reserve		-	34,562	-	34,562
Profit reserve		325,132	84,636	325,132	84,636
Equity valuation adjustments		(5,452)	1,505	(5,452)	1,505
Equity attributed to controlling shareholders	28	1,636,289	221,343	1,636,289	221,343
Share of non-controlling shareholders		(1,404)	-	-	-
Total equity		1,634,885	221,343	1,636,289	221,343
Total liabilities and equity					
		2,328,047	1,272,625	2,320,595	1,268,123

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

Blau Farmacêutica S.A.

Income statement

For the year ended December 31, 2021 and 2020

(In thousands of *Reais*)

	Notes	Consolidated		Individual	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net operating revenue	29	1,366,407	1,181,804	1,341,138	1,157,582
Cost of goods and products sold	30	(700,473)	(625,839)	(690,970)	(614,362)
Gross profit		665,934	555,965	650,168	543,220
Commercial expenses	31	(103,433)	(82,506)	(96,630)	(74,451)
Administrative expenses	31	(98,336)	(78,850)	(88,976)	(70,804)
Impairment loss on accounts receivable	31	(2,128)	(545)	(2,165)	(636)
Other operating revenue and expenses, net	31	(5,413)	(4,933)	(2,596)	(3,340)
Total operating expenses, net		(209,310)	(166,834)	(190,367)	(149,231)
Income before financial income, interest in investees and taxes		456,624	389,131	459,801	393,989
Financial revenues	32	56,845	8,184	56,765	8,053
Financial expenses	32	(31,001)	(43,674)	(30,025)	(39,950)
Financial income		25,844	(35,490)	26,740	(31,897)
Profit sharing of investees accounted for under the equity method, net of taxes	15	-	-	(4,721)	(9,495)
Income before taxes		482,468	353,641	481,820	352,597
Current income tax and social contribution	23	(124,485)	(106,308)	(122,479)	(105,263)
Deferred income tax and social contribution	23	(34,119)	6,997	(34,119)	6,996
Income tax and social contribution		(158,604)	(99,311)	(156,598)	(98,267)
Net income for the year		323,864	254,330	325,222	254,330
Income attributed to:					
Controlling shareholders	28	325,222	254,330	325,222	254,330
Non-controlling shareholders	28	(1,358)	-	-	-
		323,864	254,330	325,222	254,330
Earnings per share (in R\$)					
Basic		1.89	1.72	1.89	1.72
Diluted		1.89	1.72	1.89	1.72

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

Blau Farmacêutica S.A.

Statements of comprehensive income
 Years ended December 31, 2021 and 2020
 (In thousands of *Reais*)

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net profit for the year	323,864	254,330	325,222	254,330
Other comprehensive income				
Accumulated translation adjustments in subsidiaries	(7,003)	3,930	(6,957)	3,930
Total comprehensive income	316,861	258,260	318,265	258,260
Comprehensive income attributable to:				
Controlling shareholders	318,265	258,260	318,265	258,260
Non-controlling shareholders	(1,404)	-	-	-
Total comprehensive income	316,861	258,260	318,265	258,260

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

Blau Farmacêutica S.A.

Statements of changes in equity
Years ended December 31, 2021 and 2020
(In thousands of *Reais*)

	<u>Profit reserve</u>						Total	Non- controlling interests	Total equity
	Share capital	Capital reserve	Legal reserve	Profit reserve	Equity valuation adjustment	Retained earnings			
Balances as at January 1, 2020	100,640	3,418	20,128	143,208	(1,638)	-	265,756	-	265,756
Net profit for the year	-	-	-	-	-	254,330	254,330	-	254,330
Accumulated translation adjustments in subsidiaries	-	-	-	-	3,930	-	3,930	-	3,930
Debentures convertible into shares	-	31,144	-	-	-	-	31,144	-	31,144
Equity valuation adjustments	-	-	-	-	(787)	787	-	-	-
Interest on own capital	-	-	-	-	-	(13,258)	(1,258)	-	(13,258)
Minimum mandatory dividends	-	-	-	-	-	(52,314)	(52,314)	-	(52,314)
Additional dividends distributed – 2020	-	-	-	-	-	(128,719)	(128,719)	-	(128,719)
Additional dividends distributed – 2019	-	-	-	(140,443)	-	-	(140,443)	-	(140,443)
Equity Income (Pharma Limirio)	-	-	-	917	-	-	917	-	917
Allocation to investment reserve	-	-	-	60,826	-	(60,826)	-	-	-
Balances as at December 31, 2020	100,640	34,562	20,128	64,508	1,505	-	221,343	-	221,343
Net profit for the year	-	-	-	-	-	325,222	325,222	(1,358)	323,864
Accumulated translation adjustments in subsidiaries	-	-	-	-	(6,957)	-	(6,957)	(46)	(7,003)
Allocation to legal reserve	-	-	16,261	-	-	(16,261)	-	-	-
Debentures convertible into shares	-	(34,562)	-	-	-	-	(34,562)	-	(34,562)
Minimum mandatory dividends	-	-	-	-	-	(36,882)	(36,882)	-	(36,882)
Net interest on capital	-	-	-	-	-	(46,927)	(46,927)	-	(46,927)
Capital increase	1,260,153	-	-	-	-	-	1,260,153	-	1,260,153
IPO issue costs	(44,184)	-	-	-	-	-	(44,184)	-	(44,184)
Allocation to investment reserve	-	-	-	225,152	-	(225,152)	-	-	-
Others – Blau Goiás	-	-	-	(917)	-	-	(917)	-	(917)
Balances as at December 31, 2021	1,316,609	-	36,389	288,743	(5,452)	-	1,636,289	(1,404)	1,634,885

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

Blau Farmacêutica S.A.

Statements of cash flows – Indirect method
Years ended December 31, 2021 and 2020
(In thousands of *Reais*)

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash flows from operating activities				
Profit before taxes	482,468	353,641	481,820	352,597
Adjustments to reconcile the income for the period with cash from operating activities:				
Depreciation and amortization	20,910	17,172	19,941	13,545
Write-offs of property, plant and equipment and intangible assets	1,453	6,733	484	5,666
Write-off of right of use and lease	(322)	-	-	-
Interest on lease	328	-	278	-
Financial charges on loans and financing	77,878	1,457	7,878	1,457
Financial charges on debentures	21,530	15,401	21,530	15,401
Earnings from investments	(34,269)	(5,005)	(34,269)	(5,005)
Unrealized foreign exchange variation in loans	902	53	902	53
Unrealized gains and losses on changes in the fair value of assets	(21,156)	2,595	(21,156)	2,595
Unrealized foreign exchange variation in suppliers and customers	3,539	462	3,554	462
Equity pick-up	-	-	4,721	9,495
Provision for expected losses on trade accounts receivable	(2,128)	(545)	(2,165)	(636)
Provision for inventory losses, net	4,272	8,086	4,540	7,413
Provision for tax, civil and labor lawsuits	1,143	650	1,143	650
Monetary adjustment, judicial deposits	(471)	-	(471)	-
Other (reversals), net	-	-	-	-
	486,077	400,700	488,730	403,693
(Increase) decrease in asset accounts				
Trade accounts receivable	(83,249)	(106,328)	(90,922)	(105,912)
Inventory	(93,626)	(148,008)	(88,510)	(141,151)
Recoverable taxes	(21,158)	(16,435)	(20,132)	(18,443)
Derivative financial instruments	12,396	-	12,396	-
Other receivables	(3,517)	(7,801)	(2,291)	(8,044)
Judicial deposits	(91)	134	(91)	134
Increase (decrease) in liability accounts				
Suppliers	(18,986)	55,031	(19,694)	59,236
Labor obligations	4,145	3,694	3,762	3,211
Taxes payable	8,898	9,087	7,716	10,285
Other accounts payable	(1,962)	117,512	2,605	29,891
Cash generated from operating activities	288,927	307,586	293,569	232,900
Income tax and social contribution paid	(134,951)	(84,086)	(132,945)	(82,246)

Net cash from operating activities	153,976	223,500	160,624	150,654
Cash flows from investment activities				
Financial investments	(692,537)	13,500	(689,627)	20,081
Additions to property, plant and equipment	(148,196)	(79,589)	(130,871)	(73,374)
Payment of acquisition of equity interests	-	(58,718)	-	(58,718)
Advance for capital increase in investee	(14)	-	(32,457)	(10,572)
Additions to intangible assets	(29,576)	(91,200)	(25,006)	(14,159)
Net cash (used in) investment activities	(870,323)	(216,007)	(877,961)	(136,742)
Cash flows from financing activities				
Dividends and interest on own capital	(104,134)	(328,912)	(104,134)	(328,912)
Right of use and leases payable	(1,224)	229	(1,142)	13
Acquisition of financed equity interests	(26,026)	(10,000)	(26,026)	(10,000)
Raising of loans and financing	155,296	33,224	154,182	32,857
Raising of debentures	-	482,247	-	482,247
Capital increase	1,215,969	-	1,215,969	(3,573)
Payment of loans and financing - principal	(131,020)	(60,365)	(131,020)	(60,365)
Payment of loans and financing – interest	(7,132)	(14,073)	(7,132)	(14,073)
Payment of debentures – principal	(384,999)	(44,999)	(384,999)	(44,999)
Payment of debentures – Interest	(18,716)	(1,853)	(18,716)	(1,853)
Net cash used in financing activities	698,014	55,498	696,982	51,342
Net increase (decrease) in cash and cash equivalents	(18,333)	62,991	(20,355)	65,254
Cash and cash equivalents as at January 1	70,197	6,417	65,852	598
Effect of change in the foreign exchange rate on the balance of cash and cash equivalents	-	789	-	-
Cash and cash equivalents as at December 31	51,864	70,197	45,497	65,852
Increase (decrease) in cash and cash equivalents	(18,333)	62,991	(20,355)	65,254
Transactions not affecting cash				
Acquisition of Property, plant and equipment	32,883	2,404	32,883	2,404
Acquisition of Pharma Limirio	47,979	70,000	47,979	70,000
Increase in interest in Hemarus	3,627	-	3,627	-

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

Blau Farmacêutica S.A.

Statements of value added

Years ended December 31, 2021 and 2020

(In thousands of *Reais*)

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Revenues	1,508,169	1,286,443	1,487,074	1,252,946
Sales of goods, products and services	1,514,757	1,278,745	1,489,488	1,254,523
Other (expenses) revenues, net	(4,460)	8,272	(249)	(1,019)
Provision for expected losses on trade accounts receivable	(2,128)	(574)	(2,165)	(558)
Inputs acquired from third parties	(719,321)	(641,104)	(701,186)	(622,762)
Cost of products, goods and services sold	(589,688)	(541,819)	(580,186)	(530,343)
Materials, energy, outsourced services and others	(129,928)	(99,119)	(121,295)	(92,253)
Gain (loss) of active values	295	(166)	295	(166)
Gross value added	788,848	645,339	785,888	630,184
Depreciation and amortization	(20,910)	(17,172)	(19,941)	(13,545)
Net value added produced by the Company	767,938	628,167	765,947	616,639
Value added received in transfer	83,168	18,274	77,079	18,366
Equity pick-up	1,358	(9,495)	(4,721)	(9,495)
Financial revenues	81,810	27,769	81,800	27,861
Total value added for distribution	851,106	646,441	843,026	635,005
Personnel	154,000	126,522	147,847	119,914
Direct remuneration	124,390	102,126	118,900	96,308
Benefits	18,984	14,899	18,321	14,109
FGTS	10,626	9,497	10,626	9,497
Taxes, fees and contributions	314,203	200,073	311,826	198,745
Federal	205,472	129,033	203,466	127,989
State	105,626	69,888	105,255	69,604
Municipal	3,105	1,152	3,105	1,152
Third-party capital remuneration	59,039	65,516	58,131	62,016
Interest	29,611	16,072	29,611	16,072
Financial expenses (includes foreign exchange rate variation)	26,356	47,186	25,448	43,686
Rent	3,072	2,258	3,072	2,258
Own capital remuneration	323,864	254,330	325,222	254,330
Interest on own capital	46,927	13,258	46,927	13,258
Dividends	36,882	52,314	36,882	52,314
Retained earnings for the period	241,413	188,758	241,413	188,758
Share of non-controlling shareholders in retained earnings	(1,358)	-	-	-
Total value added distributed	851,106	646,441	843,026	635,005

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

1. Operations

Blau Farmacêutica S.A. (“Company” or the “Group”) is a Brazilian joint-stock pharmaceutical company, with its head office at Rodovia Raposo Tavares, No. 2.833, Km 30.5, in the city of Cotia, in the State of São Paulo, and is registered with B3 S.A. – Brasil, Bolsa, Balcão (B3) under ticker “BLAU3.”

The main business of the Company and its subsidiaries (the “Group”) is the manufacture, development, and commercialization of highly complex private label drugs for the institutional segment.

As per Note 35, information by business segment, the Company’s commercial activities are divided into the institutional and retail segments, and split between four business units:

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

Blau has a pharmaceutical industrial complex comprising five industrial plants devoted to the manufacturing of biological, biotechnological, and oncological drugs, antibiotics, injectable anesthetics, and biotechnological pharmaceutical (IFAS) inputs, including four units located in the State of São Paulo (three in the municipality of Cotia and one in the municipality of São Paulo) and one in the State of Goiás (in the municipality of Anápolis).

1. Operations - Continuation

The company has its own sales structure with national coverage, catering to distributors, health institutions and retailers; and international coverage, by means of its subsidiaries located in Uruguay and Colombia and through direct exports to other countries. Blau makes continuous investments in research, development and innovation, operational excellence and production capacity.

1.1 Merger of Blau Farmacêutica Goiás Ltda. (Blau Goiás) - September 30, 2021

On September 30, 2021, a Special Shareholders' Meeting was held and approved the proposed merger of Blau Farmacêutica Goiás Ltda. into Blau Farmacêutica S.A., which was based on the valuation report of Farmacêutica Blau Goiás' net assets as of August 31, 2021, prepared by a specialized independent expert.

Until it was acquired by the Company in May 2020, Blau Farmacêutica Goiás Ltda. originally operated in the provision of outsourcing services in the industrialization of injectable allopathic drugs for human use, and had Blau Farmacêutica S.A. as one of its main customers. After being acquired by the Group, Blau Farmacêutica Goiás Ltda. became an exclusive production unit of the Company, which enabled a marked increase in its production capacity.

The Company recorded the equity pick-up and consolidated the balances of the parent company Blau Goiás until the date of its merger. The balances of assets merged into the Company as of September 30, 2021 are stated below:

Cash and cash equivalents	4	Trade accounts payable	(102)
Financial investments	8	Lease liabilities	(239)
Inventories	560	Taxes payable	(156)
Taxes recoverable	215	Labor liabilities	(546)
Other receivable	106		
Total current assets	893	Total current liabilities	(1,043)
Other receivables	2		
Right of Use	234		
Property, plant and equipment	8,447		
Total non-current assets	8,683		
Total assets	9,576	Net assets merged	(8,533)

1.2 COVID-19

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

1. Operations—Continuation

1.2 COVID-19 - Continuation

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

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

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

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

With regard to the Company's inventories, the expected realization in the face of the COVID-19 pandemic crisis is high due to the fact that 96% of products and supplies are distributed for the treatment of highly complex diseases in the institutional channel, in Oncology, Biologicals, and Specialties. There were no significant impacts on the supply chain.

In the case of exchange rate variation, the company periodically analyzes ways of hedging against new exchange rate oscillations through financial instruments to be adhered to if necessary. See details about the exposure to exchange rate risks in Note No. 33.

The Company's cash and cash equivalents as of December 31, 2021 was R\$922,822 (R\$214,349 as at December 31, 2020) and on that date current assets exceed current liabilities by R\$1,335,468 (R\$436,666 as at December 31, 2020), to support the ordinary course of the Company's business.

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

2. List of subsidiaries

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

Company	Country	Equity Interest	
		12/31/2021	12/31/2020
Blau Farmacêutica Colombia S.A.S.	Colombia	Direct 100%	Direct 100%
Blau Farma Uruguay S.A.	Uruguay	Direct 100%	Direct 100%
Blau Farmacêutica Chile S.p.A.	Chile	Indirect 100%	Indirect 100%
Blau Farmacêutica Peru S.A.C.	Peru	Indirect 100%	Indirect 100%
Blau Farmacêutica Argentina S.A.	Argentina	Indirect 100%	Indirect 100%
Blau Farmacêutica Goiás Ltda. (i)	Brazil	-	Direct 100%
Plex - Plasma Experts Corp.	USA	Direct 100%	Direct 100%
Hemarus Plasma-Lauderhill, LLC	USA	Indirect 64.16%	Indirect 51%
Hemarus Plasma – Miami Northside, LLC	USA	Indirect 75.50%	-

(i) See note 1 item - merger of Blau Goiás.

a) Blau Farmacêutica Colombia S.A.S.

This is a subsidiary with its headquarters in the city of Bogota, in Colombia, and acquired by the Company as part of its expansion policy in August 2011. It sells pharmaceutical drugs and biopharmaceutical inputs. The drugs mostly produced by the parent company. The subsidiary currently has 70 sanitary registrations of drugs. The company's main activity is importing the Company's products for distribution and sale in Colombia.

b) Blau Farma Uruguay S.A.

With its headquarters in the city of Montevideo, in Uruguay, this subsidiary's operations got underway in January 2012 to market mainly pharmaceutical products produced by the parent company. The subsidiary currently has 72 sanitary registrations of drugs. The company's main activity is importing the Company's products for distribution and sale in Uruguay.

This subsidiary represents a key part of the Company's expansion strategy into the South American market, given that it is the vehicle with equity interests in Blau Farmacêutica Peru S.A.C., Blau Farmacêutica Chile S.p.A. and Blau Farmacêutica Argentina S.A, all of which set up in 2016. The Peru and Chile subsidiaries have respectively 20 and 29 sanitary registrations of drugs. The Argentina subsidiary is still at the pre-operating stage awaiting the drug registration process with the country's health authorities.

As of December 31, 2021, the Company had made a capital contribution in the amount of R\$5.236 (equivalent to UYU41,628).

2. List of subsidiaries - Continuation

c) Plex - Plasma Experts Corp.

This subsidiary was incorporated on September 25, 2020, in accordance with the laws of the state of Delaware, in the United States of America, where it is based. The company was incorporated in order to consolidate new investments in that country, in the plasma collection segment. Immediately after its incorporation, Plex Plasma acquired a 51% interest in the share

capital of Hemarus Plasma-Lauderhill, LLC. In May 2021, Plex Plasma Experts set up the legal entity Hemarus Plasma-Miami, LLC, in which capital Plex Plasma Experts has a 51% interest. Both are limited liability entities duly incorporated and existing under the laws of the State of Florida in the United States of America to develop, operate and manage blood plasma collection centers. On average, a plasma collection center takes a year to become operational and requires an estimated investment of between USD 3 million and USD 5 million.

In November 2020, Blau Farmacêutica S.A. authorized an investment in the amount of USD 5 million. On December 8, 2020, the Company carried out the first remittance of funds to defray the initial set-up spending in the amount of R\$3,573 (equivalent to USD 700,000), with the remaining amount was available over the course of 2021 and totaled the amount of R\$18,371 (equivalent to USD 3,408).

In September 2021, Plex Plasma increased its interest in the two companies, from 51% to 64.16% in Hemarus Lauderhill, and from 51% to 75.5% in Hemarus Plasma-Miami, LLC for the amount of R\$4,025 (USD 1,340).

3. Basis for the preparation and presentation of the financial statements

3.1 Statement of compliance declaration

The individual and consolidated financial statements were drawn up and are being presented in accordance with the accounting practices adopted in Brazil, which comprise the rules of the Brazilian Securities and Exchange Commission (“CVM”) and the pronouncements of the Accounting Pronouncements (“CPC”) and with the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (IASB), and on the provisions contained in the Brazilian Corporate Law.

The Company’s individual and consolidated financial statements were approved by the Board of Directors and authorized for publication at a meeting held on February 21, 2022.

The individual and consolidated financial statements show all the relevant information specific to the financial statements, and only such information, which is consistent with that used by Management in its management.

3.2 Statement of materiality

The Company’s Management applied technical guidance OCPC 07 - Evidencing in Disclosure of General Purpose Accounting and Financial Reports, and CVM Resolution No. 727/14, meeting the minimum requirements and, at the same time, disclosing only material information, that assist in decision-making. Therefore, all material information used in the management of the business is presented in this document.

3.3 Basis of preparation

The individual and consolidated financial statements were prepared based on historical cost, with the exception of the following material items recognized in the balance sheets measured at fair value:

- a) Non-derivative financial instruments measured at fair value through profit or loss;
- b) Derivative financial instruments are measured at fair value;
- c) Debt and equity securities are measured at fair value;
- d) Contingent payments assumed in a business combination are measured at fair value.

3.4 Going concern

Management is not aware of any material uncertainty that could generate significant doubts about its ability to continue as a going concern, even in the face of the COVID-19 pandemic (see note 1). Accordingly, the financial statements were prepared based on the going concern basis.

3.5 Functional currency and presentation currency

Items included in the financial statements are measured in *Reais* (R\$), the functional and presentation currency of the individual and consolidated financial statements, which represents the currency of the main economic environment in which the Company operates.

The functional currency of subsidiaries located abroad is the local currency of each jurisdiction where these subsidiaries operate.

Transactions in foreign currency are translated into the functional currency of the companies included in these consolidated financial statements using the exchange rates in effect on the dates of the transactions. If the subsidiary is not a wholly-owned subsidiary, the corresponding portion of the conversion difference is attributed to non-controlling shareholders.

The balances of the balance sheet accounts are translated at the exchange rate prevailing on the balance sheet dates. Exchange variation gains and losses resulting from the settlement of these transactions of monetary assets and liabilities denominated in foreign currency are recognized in an account "Cumulative translation adjustment in subsidiaries".

4. Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the acquisition date, and the remaining non-controlling interest in the acquired company. For each business combination, the acquirer measures the interest of non-controlling shareholders in the acquiree at fair value or at the proportional interest in the acquiree's identifiable net assets. Acquisition costs incurred are treated as an expense and included in administrative expenses.

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

Any contingent payment to be transferred by the acquirer will be recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent payment considered as an asset or liability will be recognized through profit or loss, except for the contingent consideration

classified as an equity instrument that is not subject to remeasurement and its subsequent settlement must be recorded in 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, less any losses due to non-recovery. For the purposes of impairment testing, goodwill acquired in a business combination is, from the date of acquisition, allocated to each of the Company's cash-generating units ("CGUs") that are expected to benefit from the business combination, regardless of whether other assets or liabilities of the acquiree are assigned to these CGUs.

In cases where the goodwill is part of a CGU and part of the operation within that unit is sold, the goodwill associated with the operation sold is included in the carrying amount of the operation in determining the profit or loss realized on the sale of the operation. The goodwill thus provided is measured based on the relative values of the operation sold and the part of the CGU that was kept.

5. Use of estimates and judgments

For the preparation of individual and consolidated financial statements, Management requires certain judgments and the use of assumptions and estimates based on experience and other factors considered material which affect the amounts of assets and liabilities and which may present results that differ from actual results.

Estimates and assumptions are continually reviewed, and such reviews are recognized in the periods in which they are reviewed and in any future periods affected. Assets and liabilities subject to estimates and assumptions include: impairment losses on accounts receivable, inventories and intangibles with an indefinite life cycle, deferred income tax and social contribution, provision for litigation and lawsuits, fair value of assets and liabilities and measurement of financial instruments.

6. New or revised pronouncements first applied in 2021

The Company and its subsidiaries applied for the first time certain rules and amendments, which are valid for annual periods beginning on or after January 1, 2021 (unless otherwise indicated). The Company and its subsidiaries decided not to early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

6.1 Amendments to CPC 06 (R2), CPC 11, CPC 38, CPC 40 (R1) and CPC 48: Reform of Benchmark Interest Rate.

The amendments to CPC Pronouncements 38 and 48 provide temporary exceptions that address the financial statement effects when an interbank certificate of deposit rate is replaced with an alternative to an almost risk-free rate. The amendments include the following practical expedients:

- A practical expedient that requires contractual changes, or changes in cash flows that are directly required by the reform, to be treated as changes in a floating interest rate, equivalent to a variation in a market rate.
- Allows reform-required changes to be made to hedging designation and documentation,

without the hedging relationship being discontinued.

- Provides a temporary exception for entities to comply with the separately identifiable requirement when a risk-free rate instrument is designated as a hedge of a risk component.

These changes did not impact the Company's individual and consolidated financial statements. The Company intends to use practical expedients in future periods if they become applicable.

6.2 Amendments to CPC 06 (R2): Covid-19-Related Benefits Granted to Lessees in Lease Agreements that go beyond June 30, 2021.

The amendments provide for concession to lessees in the application of the guidelines of CPC 06(R2) on the modification of the lease agreement, when accounting for the related benefits as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may choose not to assess whether a Covid-19-related benefit provided by the lessor is a modification of the lease. A lessee making this choice must account for any change in the lease payment resulting from the benefit granted in the lease agreement related to Covid-19 in the same way as it would account for the change applying CPC 06 (R2) if the change were not a modification of the lease agreement.

The change was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic may continue, on March 31, 2021, the CPC extended the period of application of this practical expedient to June 30, 2022. This amendment is effective for fiscal years beginning on or after January 1, 2021. However, the Group has not yet received benefits granted to lessees related to Covid-19 but plans to apply the practical expedient when available within the period of the standard.

7. New standards and interpretations not yet in force

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

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

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

7.2 IFRS 17 - Insurance Contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts (the standard has not yet been issued by the CPC in Brazil, but will be codified as CPC 50 - Insurance Contracts and will replace CPC 11 - Insurance Contracts), a new comprehensive accounting standard for insurance contracts that includes recognition and measurement, presentation and disclosure. As soon as it comes into force, IFRS 17 (CPC 50) will replace IFRS 4 - Insurance Contracts

(CPC 11), which was issued in 2005. IFRS 17 applies to all types of insurance contracts (such as life, property and casualty insurance, direct insurance, and reinsurance) regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with discretionary participation characteristics. There are a few scope exceptions. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurance companies. In contrast to the requirements of IFRS 4, which are largely based on local accounting policies that were in force in previous periods, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The focus of IFRS 17 is on the general model, supplemented by:

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

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

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

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

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

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

7.4 Amendments to IAS 8: Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 (standard related to CPC 23), in which it introduces the definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement and input techniques to develop accounting estimates.

The amendments will be effective for periods beginning on or after January 1, 2023 and will apply to changes in accounting policies and estimates that occur on or after the beginning of that period. Early adoption is permitted if disclosed.

The amendments are not expected to have a significant impact on the Company's individual and consolidated financial statements.

7.5 Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies

In February 2021, the IASB issued amendments to IAS 1 (standard related to CPC 26 (R1)) and IFRS Practice Statement 2, Making Materiality Judgments, in which it provides guides and examples to help entities apply materiality judgment to the disclosure of accounting policies. The amendments are to assist entities in disclosing the most useful accounting policies by replacing the requirement for disclosure of significant accounting policies with material accounting policies and adding guidance on how entities should apply the concept of materiality in making decisions about disclosure of accounting policies.

The amendments to IAS 1 are applicable for periods beginning on or after January 1, 2023 with early adoption permitted. Since the amendments to Practice Statement 2 provide non-mandatory guidance on applying the material definition to accounting policy information, an adoption date for this amendment is not required.

The Company is currently evaluating the impacts of these changes in the accounting policies disclosed.

8. Principal accounting policies

The principal accounting policies applied in the preparation of these individual and consolidated financial statements are described in each corresponding note, except for those below, which are related to more than one note. These practices have been applied consistently across all the years presented.

8.1 Consolidation basis

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2021. The determination of which subsidiaries are controlled by the Company and the procedures for full consolidation follow the concepts and principles established by CPC 36 (R3)/IFRS 10.

- 8.1.1 Equity method: The Company controls an entity when it is exposed to, or is entitled to, the variable returns arising from its involvement with the entity and has the ability to affect those returns by exercising its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the Company obtains control until the date on which control ceases to exist. The Company has interests only in subsidiaries.

In the individual financial statements, investments in subsidiaries are accounted for using the equity method. In accordance with the equity method, the portion attributable to the Company of the net profit or loss for the year of these investments is recorded in the parent company's statement of profit or loss under the heading "Equity income".

- 8.1.2 Consolidation: The subsidiaries' financial statements are prepared for the same reporting date as the parent company. All intergroup balances, revenue, expenses, unrealized gains and losses, arising from transactions between related parties, are fully eliminated at the time of consolidation.

Gains or losses resulting from changes in equity interest in subsidiaries, which do not result in loss of control, are recorded directly in equity.

In the consolidated financial statements, the Company fully consolidates all its subsidiaries, keeping the non-controlling interests highlighted in a specific line in equity and in the statement of profit or loss.

8.2 Currency conversion

Transactions in foreign currency, that is, any currency other than the functional currency, are converted into the functional currency of the companies included in the consolidated financial statements using the exchange rates in effect on the dates of the transactions.

The balance of balance sheet accounts are translated at the exchange rate prevailing on the balance sheet dates. Exchange variation gains and losses resulting from the settlement of these transactions and from the conversion of monetary assets and liabilities denominated in foreign currency are recognized in the statement of profit or loss for the year, under the headings “Financial income” and “Financial expenses”.

8.3 Financial instruments

8.3.1 Recognition and derecognition

Financial assets: Recognition is performed when the Company or its subsidiaries assume contractual rights to receive cash or other financial assets from contracts to which they are party.

The financial asset is derecognised when the right to receive cash linked to the financial asset expires or the risks and benefits have been substantially transferred to third parties.

Financial liabilities: Recognition is performed when the Company and/or its subsidiaries assume contractual obligations for settlement in cash or upon assumption of obligations of third parties through a contract to which they are party.

Financial liabilities are derecognised when they are settled, extinguished or when they expire. The purchase or sale of a financial asset that requires the delivery of assets within a period defined by regulation or market convention (trading under normal conditions) is recognized on the trade date, that is, on the date on which the Company and its subsidiaries undertake to buy or sell the asset.

Upon derecognition of a financial liability, the difference between the extinguished carrying amount and the consideration paid (including transferred assets that do pass through cash or assumed liabilities) is recognized in profit or loss.

8.3.2 Classification and measurement - financial asset

Financial Asset: Upon initial recognition, a financial asset is measured at fair value and, subsequently, at amortized cost, at fair value through other comprehensive income (“FVOCI”) and at fair value through profit or loss (“FVPL”).

The business model determines whether cash flows will result from receipt of contractual cash flows, sale of financial assets, or both.

- a) Financial assets classified and measured at amortized cost are maintained within a business model with the purpose of being held in order to receive contractual cash flows;
- b) Financial assets classified and measured at fair value through other comprehensive income are maintained within a business model with the purpose of being held to receive contractual cash flows and then sold;

The Company believes that except for the balance receivable from customers, which do not contain a significant financial component, a financial asset is initially measured at fair value, plus transaction costs. In general, all financial assets are subsequently measured at fair value through profit or loss.

Financial assets at FVPL	These assets are subsequently measured at fair value. Net result, including interest or dividend income, is recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on recognition is recognized in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net results are recognized in OCI. Upon derecognition, the result accumulated in OCI is reclassified to profit or loss.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and calculated in the same way as for financial assets measured at amortized cost. Remaining changes in fair value are recognized in other comprehensive income.

Financial assets designated at fair value through other comprehensive income (Equity instruments)

Upon initial recognition, the Company may irrevocably choose to classify its equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under CPC 39 - Financial Instruments: Presentation (IAS 32 - Financial Instruments: Presentation) and are not held for trading. The classification is determined by considering each instrument specifically.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are presented in the balance sheet at fair value, with net changes in fair value recognized in the statement of profit or loss. This category includes derivative instruments and listed equity investments, which the Company and its subsidiaries have not irrevocably classified at fair value through other comprehensive income. A revaluation occurs only if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset outside the fair value category through profit or loss.

8.3.3 Impairment of financial assets

Blau recognizes a provision for expected credit losses on a financial asset measured in accordance with items 4.1.2 or 4.1.2a of CPC 48 (financial asset must be measured at amortized cost and financial asset must be measured at fair value through other comprehensive results):

- a) The financial asset is held within a business model whose purpose is to hold financial assets in order to receive contractual cash flows;
- b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that constitute, exclusively, payments of principal and interest on the outstanding principal amount;

For accounts receivable, the Company applies the simplified approach to calculating expected credit losses (“ECL” - estimated losses due to past, present and future credit events), based on expected credit losses at each reporting date. The provision is determined based on (i) the historical experience of credit losses of each of the subsidiaries, observed in each group of the aging list of accounts receivable, and (ii) adjustments for specific prospective factors in case of defaulters and the economic environment. An estimated range is used based on the weighted average of losses over the last 18 months.

The Company and its subsidiaries consider a financial asset in default when internal or external information indicates that it will hardly receive the contractual amounts outstanding. A financial asset is derecognized when there is no reasonable expectation of recovery of contractual cash flows.

8.3.4 Classification and measurement – financial liability

Financial Liabilities: All financial liabilities are initially measured at fair value, and, in the case of loans, financing and debentures, net of directly attributable transaction costs. The financial liabilities of the Company and its subsidiaries include loans, financing, debentures, derivative financial instruments and suppliers.

For subsequent measurement purposes, financial liabilities are classified into two categories:

- a) Financial liabilities at fair value through profit or loss; or
- b) Financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated on initial recognition at fair value through profit or loss.

Gains and losses on trading liabilities are recognized in the statement of profit or loss.

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and financing contracted and granted are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in profit or loss when liabilities are written off, as well as through the effective interest rate amortization process. Amortized cost is calculated taking into account any premium or discount on the acquisition and fees or costs that are an integral part of the effective interest rate method. Amortization using the effective interest rate method is included as a financial expense in the statement of profit or loss.

8.3.5 Financial Instruments and Derivatives

Transactions with derivative financial instruments contracted by the Company and its subsidiaries consist of swaps and Non-Deliverable Forwards or “NDF”), which aim exclusively at hedging against foreign exchange risks associated with positions in the statement of financial position.

These instruments are classified as fair value hedges, and recorded as hedge accounting, when they effectively protect against variations in the hedged asset or liability.

Its accounting makes it possible to apply the hedge accounting methodology, with the effect of measuring its fair value in equity and its realization in profit or loss under the heading corresponding to the hedged item.

Financial instruments are measured at fair value, with changes recorded against income for the year, except when designated in cash flow hedge accounting, whose changes in fair value are recorded under “Other comprehensive income”, as per instructions - paragraph 6.4.1 item “b” of CPC 48. The Treasury area has a hedging limit for each type of exposure:

- Cash flow hedge operations must respect the maximum limit of up to 50% (fifty percent) of the exposure and maximum maturity of up to 12 months;
- Exchange Risk (other currencies): in order to avoid exposure to the volatility of non-USD currencies, operations with derivatives that represent up to 50% (fifty percent) of the Exchange Exposure of these currencies may be carried out, provided that the associated risk is in USD;

The fair value of derivative financial instruments is calculated by the Company’s treasury based on information on each contracted transaction and on the respective market information on the closing dates of the financial statements, such as interest and exchange rates.

9. Cash and cash equivalents

9.1 Accounting policy

The Company's management defines "Cash and cash equivalents" as cash at hand and bank deposits.

9.2 Composition of balances

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash and bank deposits	51,864	70,197	45,497	65,852
Total cash and cash equivalents	51,864	70,197	45,497	65,852

The Company's exposure to credit risks and a sensitivity analysis for financial assets and liabilities can be found in Note No. 33.

10. Financial investments

10.1 Accounting policy

The Company understands that financial investments include long-term, lower liquidity investments and also amounts aimed at increasing production capacity, research and development of new products.

10.2 Composition of balances

The R\$726,806 variation against December 2020 (consolidated) is linked to the going public process, which occurred in April 2021. From the amount raised, 95% were directed to highly liquid financial investments comprising Commercial Lease Bills (LAM) and CDB (Bank Deposit Certificate) transactions with an average yield of 105% of the CDI (Interbank Deposit Certificate) rate and an average maturity of 365 days, due to the projects and expected expansion of the Company as disclosed in the reference form for the offering of shares.

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Financial investments	870,958	144,152	859,343	135,435
Total Financial Investments	870,958	144,152	859,343	135,435

11. Trade accounts receivable

11.1 Accounting policy

The balances of accounts receivable correspond to amounts receivable for the sale of goods in the normal course of the activities of the Company and its subsidiaries and are initially recognized at the transaction amount, which corresponds to the sale amount, less expected credit losses, and are subsequently measured at amortized cost.

11.2 Provision for expected credit losses

It is estimated based on the risk of loss in an aging list model. The portfolio is segmented by customers: public, private and related parties.

The Company applies the approach to calculating expected credit losses (EAD- Exposure at default - Amount of the transaction exposed to credit risk) - (PD - Probability of default - Probability of the counterparty not meeting its obligations) and (LGD - Loss given defaulted - Amount not recovered in case of default) based on expected credit losses at each reporting date. The provision is determined based on:

- I. The historical experience of credit losses of each of the subsidiaries observed in each group of the aging list of accounts receivable;
- II. Adjustments for specific prospective factors in case of defaulters and/or due to economic impacts as a result of acts of God or force majeure. An estimated range is used based on the weighted average of losses over the last 18 months;

11.3 Composition of balances

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Clients - domestic	316,989	236,825	316,989	236,825
Clients - abroad	24,033	17,578	9,807	2,790
Total	341,022	254,403	326,796	239,615
Expected credit losses	(9,502)	(7,376)	(8,007)	(5,844)
Total Trade accounts receivable	331,520	247,027	318,789	233,771

Of the total amount, R\$323,717 are bills not yet due and R\$17,305 are overdue bills, corresponding to 94.93% and 5.07%, respectively.

The R\$84,493 (34.20%) variation against December 31, 2020 is linked to a demand increase occurred in the first half of the year, as well as to the strategy adopted by

11. Trade accounts receivable – Continuation (sic)

the Company to increase sales in the private sector, which resulted in an extension of due dates.

a) Aging of balances of trade accounts receivable

	Consolidated					
	Private		Public		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020

Due	303,048	198,517	20,669	40,039	323,717	238,556
Overdue	13,665	10,523	3,640	5,324	17,305	15,847
From 1 to 30 days	5,109	3,930	868	641	5,977	4,571
From 31 to 60 days	1,256	575	570	457	1,826	1,032
From 61 to 180 days	2,134	744	543	1,901	2,677	2,645
More than 181 days	5,166	5,274	1,659	2,325	6,825	7,599
Customers	316,713	209,040	24,309	45,363	341,022	254,403
Expected credit losses	(8,397)	(6,404)	(1,105)	(972)	(9,502)	(7,376)
Total	308,316	202,636	23,204	44,391	331,520	247,027

	Individual					
	Private		Public		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Due	295,722	188,583	20,597	39,937	316,319	228,520
Overdue	7,080	5,804	3,397	5,291	10,477	11,095
From 1 to 30 days	2,846	2,079	741	620	3,587	2,699
From 31 to 60 days	197	-	454	447	651	447
From 61 to 180 days	206	16	543	1,900	749	1,916
More than 181 days	3,831	3,709	1,659	2,324	5,490	6,033
Customers	302,802	194,387	23,994	45,228	326,796	239,615
Expected credit losses	(6,902)	(4,872)	(1,105)	(972)	(8,007)	(5,844)
Total	295,900	189,515	22,889	44,256	318,789	233,771

11. Trade accounts receivable - Continuation

b) Aging of balances of trade accounts receivable by segment

	Consolidated					
	Institutional		Retail		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Due	300,534	225,127	23,182	13,429	323,716	238,556
Overdue	16,065	14,955	1,241	892	17,306	15,847
From 1 to 30 days	5,549	4,314	428	257	5,977	4,571
From 31 to 60 days	1,695	974	131	58	1,826	1,032
From 61 to 180 days	2,485	2,496	192	149	2,677	2,645
More than 181 days	6,336	7,171	490	428	6,826	7,599
Customers	316,599	240,082	24,423	14,321	341,022	254,403
Expected credit losses	(8,822)	(6,961)	(680)	(415)	(9,502)	(7,376)
Total	307,777	233,121	23,743	13,906	331,520	247,027

	Individual					
	Institutional		Retail		Total	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Due	293,667	215,656	22,652	12,864	316,319	228,520
Overdue	9,726	10,470	751	625	10,477	11,095
From 1 to 30 days	3,330	2,547	257	152	3,587	2,699
From 31 to 60 days	604	422	47	25	651	447
From 61 to 180 days	695	1,808	54	108	749	1,916
More than 181 days	5,097	5,693	393	340	5,490	6,033
Customers	303,393	226,126	23,403	13,489	326,796	239,615
Expected credit losses	(7,434)	(5,515)	(573)	(329)	(8,007)	(5,844)
Total	295,959	220,611	22,830	13,160	318,789	233,771

11. Trade accounts receivable - Continuation

c) Change in the expected credit losses

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

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Initial balance	(7,376)	(7,992)	(5,844)	(6,551)
Provision recorded in the period	(31,436)	(27,505)	(31,359)	(27,142)
Write-offs during the period	9,366	10,976	9,358	10,976
Reversal in the period	19,942	17,074	19,836	16,802
Other write-offs not affecting profit or loss	2	71	2	71
Final balance	(9,502)	(7,376)	(8,007)	(5,844)

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

12. Inventories

12.1 Accounting policy

Inventories are measured at acquisition cost, including non-recoverable taxes, transportation costs, and other costs necessary to bring inventories to their current conditions and are valued at weighted average cost.

Inventories are reduced to their recoverable value through loss estimation. The methodology includes obsolete products, products with negative margins and slow turnover, products with an expired shelf life or close to expiration date, and products outside quality parameters.

12.2 Composition of balances

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Finished goods	101,172	90,487	80,173	73,981
Semi-finished goods and goods in process	61,636	68,602	61,399	68,602
Raw materials and packaging	168,253	143,259	168,151	143,259
Imports in progress	80,544	21,423	80,544	21,423
Others	29,135	23,343	28,727	23,219
Provision for impairment	(23,892)	(19,620)	(22,994)	(18,454)
Blau Goiás merger	-	-	560	-
Total	416,848	327,494	396,560	312,030

12. Inventories – Continuation

The main impact on variation of inventory balances relative to December 31, 2021 is the higher level of strategic input inventories at the biological products BU to meet the demand from government and private sector channels, and part of the increase in volume was offset by a cost

decrease in purchase negotiations and temporary tax exemptions. Another less significant impact is the increase in balances of research and development inputs.

a) Change in the provision for impairment of inventories

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Initial balance	(19,620)	(11,534)	(18,454)	(11,041)
Provision recorded in the period	(18,027)	(6,417)	(17,397)	(5,744)
Write-off	13,755	(1,669)	12,857	(1,669)
Final balance	(23,892)	(19,620)	(22,994)	(18,454)

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

13. Recoverable taxes

13.1 Accounting policy

The Company records tax credits whenever it has a legal, documentary and factual understanding of such credits that allow their recognition, including the realization estimate.

ICMS, IPI, PIS AND COFINS RECOVERABLE: These accounts are intended to hold, respectively, the outstanding balance of ICMS (tax on operations related to the circulation of goods and on the provision of interstate and intercity transport and communication services), IPI (tax on industrialized products), PIS (social integration program) and COFINS (contribution to the financing of Social Security). Due to the tax system of these taxes, every month tax debts for sales are offset by credits that can be used for purchases, leaving a balance payable or recoverable, depending on the volume of such purchases and sales.

According to the calculation, the balances result in “payable”, when they appear in current liabilities, and when the amount of the purchases with right to credit exceeds the sales with debit recorded in the same period, and generate balances to be recovered, in which case they must appear in this account under current assets. Their balances are monthly reconciled with those of the respective tax books, and the applicable accounting adjustments are made.

13.2 Composition of balances

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current				
ICMS	317	303	317	299
IPI	174	192	174	192
PIS	452	405	452	402
COFINS	1,966	2,053	1,966	2,041
IVA/IRAE	1,855	1,213	-	-
Others	864	94	676	94
Total current	5,628	4,260	3,585	3,028
Non-current				
CIAP	15,641	8,207	15,641	8,207

PIS	2,101	993	2,101	993
COFINS	9,847	4,563	9,847	4,563
OTHERS	193	-	193	-
Total non-current	27,782	13,763	27,782	13,763
Total	33,410	18,023	31,367	16,791

13.3 Expected realization

The expected realization of ICMS is based on the projection of operations and growth, operational management, ICMS legislation in each state and generation of debts for consumption of these credits per operation.

The ICMS credit realization plan is monitored periodically in order to ensure compliance with the established assumptions, as well as their reassessment according to business events, allowing for a better performance of credit realization.

Below is the expected realization of the Company's recoverable taxes:

Expected realization	Consolidated	Individual
2022	9,492	7,448
2023	23,442	23,442
2024	-	-
2025	476	477
Total	33,410	31,367

The increase in the balance of recoverable taxes (a 85.37% variation) against December 31, 2020 refers to acquisitions of property, plant, and equipment in the period in connection with expansions of the Cotia production units. Another factor contributing to the change is the recognition of the amount of credit calculated based on the effect of the ICMS on the PIS and COFINS tax basis at R\$1,832.

14. Other receivables

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Debentures (a)	-	3,391	-	3,391
Advance to suppliers	4,575	1,850	4,382	1,803
advance for employees	1,451	932	1,449	932
Other receivables	830	2,979	807	982
Other credits	6,896	4,473	1,393	1,915
Total	13,752	13,625	8,031	9,023
Current	8,030	4,964	7,590	4,886
Non-current	5,722	8,661	441	4,137
Other receivables – total	13,752	13,625	8,031	9,023

(a) Refers to the fair value of the derivative embedded in convertible debentures (see notes 22 and 33).

15. Investments

15.1 Accounting policy

Subsidiaries are all entities over which operations Blau Farmacêutica has, directly or indirectly, control. Control is defined by the decision-making power that the Company has over significant operating and financial activities in its investees:

- I. Power in relation to the investee (i.e., existing rights that grant it the current ability to direct the relevant activities of the investee;
- II. Exposure or right to variable returns arising from its involvement with the investee; and
- III. The ability to use its power over the investee to affect the amount of its returns.

The subsidiaries' financial statements are included in the consolidated financial statements from the date that control was acquired.

When a subsidiary loses control, the consolidation of the subsidiary's financial statements is interrupted. Resulting gains or losses, including any amount received on the disposal of an investment, are recognized in profit or loss for the year when control is lost.

Investments in subsidiaries and affiliates, in the parent company's individual financial statements, are recorded using the equity method. Under this method, interest on investments is recognized in the balance sheet at cost, and is periodically adjusted by the amount corresponding to participation in their net results, as a contra-entry to equity income and other changes in net assets acquired.

The participations may also be adjusted by recognizing losses due to impairment. Dividends received from these companies are recorded as a reduction in the amount of investments.

15.2 Composition of Balances

	Individual and Consolidated	
	12/31/2021	12/31/2020
Equity interest in Blau Farmacêutica Colombia S.A.S.	28,957	26,972

Goodwill Blau Farmacéutica Colombia S.A.S.	6,801	6,801
Total Blau Farmacéutica Colombia S.A.S.	35,758	33,773
Equity interest in Blau Farma Uruguay S.A.	9,546	7,715
Goodwill Blau Farma Uruguay S.A.	271	271
Total Blau Farmacéutica Uruguay S.A.	9,817	7,986
Equity interest in Blau Goiás	-	1,585
Surplus value of assets	-	24,650
Goodwill	-	112,437
Total Blau Farmacéutica Goiás	-	138,672
Equity interest in Plex - Plasma Experts Corp.	14,650	3,698
Total PLEX	14,650	3,698
Other investments	43	29
Total	60,268	184,158

15.3 Changes in investments

	Blau Colômbia	Blau Uruguai	Blau Goiás	Plex Plasma	Other investments	Total
Balance of investments as at December 31, 2019	26,574	7,261	-	-	29	33,864
Equity valuation adjustment	786	(6,887)	(3,456)	62	-	(9,495)
Translation adjustment	6,413	(1,879)	-	63	-	4,597
Capital increase	-	9,492	-	-	-	9,492
Investments	-	-	142,127	3,573	-	145,700
Balance of investments as at December 31, 2020	33,773	7,987	138,671	3,698	29	184,158
Equity valuation adjustment	4,534	(3,954)	(2,801)	(2,500)	-	(4,721)
Translation adjustment	(2,549)	548	-	(4,920)	-	(6,921)
Capital increase	-	5,236	8,835	18,372	14	32,457
Blau Goiás merger	-	-	(144,705)	-	-	(144,705)
Balance of investments as at December 31, 2021	35,758	9,817	-	14,650	43	60,268

- (i) Merger balances refer to investment, surplus value and goodwill of R\$8,533, R\$24,650 and R\$111,523, respectively. The goodwill incorporated by Blau Matriz was transferred to the Intangible Assets subgroup, in a specific account, and will be annually tested for impairment (as per CPC 01 – Impairment of Assets). The surplus value was recorded according to the asset from which it originated, in the “Sanitary Registrations” item of intangible assets.

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

	12/31/2021			12/31/2020			
	Blau Colômbia	Blau Uruguai	Plex Plasma	Blau Colômbia	Blau Uruguai	Blau Goiás	Plex Plasma
Current assets	34,009	16,723	2,174	30,322	12,500	662	39
Non-current assets	2,141	6,603	14,837	2,060	1,560	2,930	3,658
Total assets	36,150	23,326	17,011	32,382	14,060	3,592	3,697
Current liabilities	7,302	14,250	138	5,468	6,297	2,007	-
Non-current liabilities	-	-	3,627	-	-	-	-
Equity	28,848	9,076	13,246	26,914	7,763	1,585	3,697

Total Liabilities + Equity	36,150	23,326	17,011	32,382	14,060	3,592	3,697
Operating revenue	35,579	15,420	1,706	33,360	10,394	2,858	-
Profit (loss) for the year	4,614	(3,929)	-2,499	1,938	(6,083)	(3,456)	62

16. Right of use and lease liability

16.1 Accounting Policy

Technical accounting pronouncement “CPC 06(R2) – Leases” introduced a single model of accounting for leases on the balance sheet for lessees. The standard determines that all leases and their corresponding contractual rights and obligations must be recognized in the balance sheet. Also according to the standard, leases with a contractual term of less than 12 months and whose underlying asset is of low value are exempt from recognition. Agreements for an indefinite term and those in which the consideration is based on variable amounts are also outside the scope of the standard. For leases exempt or outside the scope of the standard. The Company does not have short-term leases (or leases whose lease term is equal to or less than 12 months from the commencement date and which is not an alternative to purchase). The Company low value asset recognition grant application. to low-value leases. Long-term asset leases of low value are recognized as an expense using the straight-line lease method, when applicable.

The pronouncement also made changes to Covid-19-related benefits granted to lessees under lease agreements that were intended to apply through June 30, 2021, but as the impact of the Covid-19 pandemic may continue, the CPC extended the application period of this practical expedient to June 30, 2022. This change is effective for fiscal years beginning on, or after, January 1, 2021. However, the Company received benefits granted to lessees related to Covid-19, and therefore it understands the change had no impact.

For each lease agreement, the Company recognizes a right-of-use asset and a lease liability.

- I. Right of use: The right-of-use asset is recognized on the commencement date of the lease, that is, on the date on which the underlying asset is available for use by the Company. Initially, the right-of-use asset is measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for any new remeasurement of the lease liability. Depreciation is calculated using the straight-line method, considering the shortest period between the lease term and the estimated useful life of the assets.

Below, the average amortization period of the right-of-use asset:

Class Denomination	Life cycle to be Used (in years)
Buildings	10
Vehicles	3

- II. Lease Liabilities: The lease liability comprises the present value of the payments to be made during the term of the contract. Lease payments include fixed or essentially fixed payments, which would be minimum payments agreed with the lessor. When calculating the lease

liability, the Company used its incremental borrowing rate, which was nominally applied to discount the payment flows. Interest on the lease liability and the depreciation of the right-of-use asset are recognized in the statement of profit or loss over the lease term.

- III. Low value lease: The Company chose not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including information technology (“IT”) equipment. In these cases, the lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

16.2 Composition of balances:

a) Composition of balances and variation - Right of use:

	Consolidated	Individual
Balance December 31, 2019	659	-
Additions / remeasurement	1,876	855
Write-off	(549)	-
Depreciation	(398)	-
Balance December 31, 2020	1,588	855
Additions / remeasurement	10,210	9,503
Write-off	(346)	(9)
Depreciation	(1,715)	(1,355)
Merger	-	234
Balance December 31, 2021	9,737	9,228

b) Composition of balances and variation - Lease liabilities:

	Consolidated	Individual
Balance December 31, 2019	690	-
Additions / remeasurement	1,984	868
Write-off	(690)	-
Payment of principal	(167)	-
Payment of interest	(65)	-
Interest incurred	65	-
Balance December 31, 2020	1,817	868
Additions / remeasurement	10,364	9,516
Write-off	(668)	(9)
Payment of principal	(1,261)	(1,088)
Payment of interest	(117)	(67)
Interest incurred	328	278
Merger	-	239
Balance December 31, 2021	10,463	9,737
Current	2,110	1,384
Non-current	8,353	8,353

c) **Lease liability maturity schedule - recognized in non-current liabilities:**

Year	<u>Consolidated</u>		<u>Individual</u>	
	<u>Gross Flow</u>		<u>Gross Flow</u>	
2023	1,456		1,456	
2024	1,116		1,116	
2025	867		867	
2026	867		867	
2027	867		867	
More than 5 years	3,18		3,18	
Total	8,353		8,353	

d) **Potential right to PIS and COFINS recoverable:** The Company has the potential right to PIS and COFINS recoverable embedded in the consideration for the leases. In the measurement of cash flows from leases, tax credits were not shown separately.

e) **Additional information (actual cash flow x inflated cash flow)**

Although the accounting methodology used by the Company is in line with the rule set forth in IFRS 16/CPC06(R2), it generates distortions in the information to be provided due to the mismatch between cash flow and present value, given the current reality of long-term interest rates in the Brazilian economic environment. Accordingly, the Company recalculated amounts for depreciation and financial charges for the total term of the active contracts on December 31, 2021, based on a future cash flow that incorporates inflation expectation (nominal flow).

The Company's lease agreements have their payment flows substantially indexed to inflation rates and to safeguard the reliable representation and comply with CVM guidelines set forth in its CVM Circular Letter No. 2/2019, liability balances stated without inflation and effectively accounted for, as well as the estimate of inflated balances are provided.

The inflated flow was measured at the present value of lease payments expected until the end of each contract, incorporated into projected future inflation and discounted at the incremental financing rate, i.e., the nominal interest rate.

	<u>Consolidated</u>		<u>Individual</u>	
	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Actual flow				
Lease Liabilities	10,791	1,882	10,015	868
Interest	(328)	(65)	(278)	-
	10,463	1,817	9,737	868
Inflated flow				
Lease Liabilities	11,107	1,905	10,308	879

Interest	<u>(338)</u>	<u>(66)</u>	<u>(286)</u>	<u>-</u>
	<u>10,769</u>	<u>1,839</u>	<u>10,022</u>	<u>879</u>

17. Property, plant and equipment

17.1 Accounting Policy

Property, plant and equipment is measured at acquisition and/or construction cost, plus interest capitalized during the construction period, when applicable for cases of qualifying assets, considering:

- a) that its purchase price is increased by import taxes and non-refundable taxes on purchase, after deducting trade discounts and rebates;
- b) any costs directly attributable to bringing the asset to the location and condition required for it function in the manner intended by management;

After recognition as an asset, the property, plant and equipment item is presented at cost less any accumulated depreciation and impairment losses, when applicable.

Asset life cycles and depreciation methods are reviewed at the end of each period and adjusted prospectively. The weighted depreciation rates that express the life cycle of property, plant and equipment, respectively, are distributed as follows:

I. Life cycle by asset class

Class Denomination	Life Cycle to be Used (in years)
Buildings	25
Machines and equipment.	10
Facilities	10
Furnitures and fixtures	10
Vehicles	5
IT Equipment	5

There was no significant change in the weighted average life cycle compared to the previous year.

II. Impairment

At each balance sheet date, the Company and its subsidiaries assess whether there is any indication that an asset may be impaired. In case any such indication exists, or when an annual impairment testing of an asset is required, the Company and its subsidiaries estimate the asset's recoverable value.

As of December 31, no indications of possible losses in property, plant and equipment were

identified, given that there were no significant technology changes in fixed assets that may adversely affect or accelerate the useful life of the assets.

17.2 (sic) Property, plant and equipment – Continuation

17.2 Composition of Balances

		Consolidated								
		Balance 12/31/19	Additions	Transfer	Write-off	Balance 12/31/20	Additions	Transfer	Write-off	Balance 12/31/2021
Cost										
Property and land		53,076	408	40,127	-	93,611	11,111	1,425	-	106,147
Machinery and equipment		71,896	2,164	28,344	(670)	101,734	10,277	1,715	(1,510)	112,216
Improvements		-	2,976	-	-	2,976	766	-	-	3,742
Vehicles		3,362	510	-	(35)	3,837	1,118	-	(35)	4,920
Furniture and fixtures		6,234	207	1,854	(13)	8,282	692	-	(16)	8,958
Installations in use		11,895	668	8,407	-	20,970	330	788	-	22,088
IT equipment		5,393	1,187	1,098	(16)	7,662	1,579	138	(258)	9,121
Property, plant and equipment in progress (b)		69,084	42,798	(24,742)	(2,864)	84,276	115,337	(5,549)	-	194,064
Advance on goods for future delivery		39,389	28,967	(55,088)	-	13,268	7,746	-	-	21,014
Others		44	-	-	-	44	-	-	-	44
Total cost		260,373	79,885	-	(3,598)	336,660	148,956	(1,483)	(1,819)	482,314
Cumulative depreciation										
	Rate	Balance 12/31/19	Additions	Transfer	Write-off	Balance 12/31/20	Additions	Transfer	Write-off	Balance 12/31/2021
Property	4%	(4,467)	(2,929)	-	-	(7,396)	(3,170)	2	-	(10,564)
Machinery and equipment	10%	(44,574)	(8,277)	-	281	(52,570)	(11,601)	22	98	(64,051)
Improvements		-	(222)	-	-	(222)	(486)	-	-	(708)
Vehicles	20%	(2,629)	(526)	-	30	(3,125)	(452)	-	43	(3,534)
Furniture and fixtures	10%	(4,329)	(335)	-	6	(4,658)	(406)	-	(2)	(5,066)
Installations in use	10%	(6,766)	(1,654)	-	-	(8,420)	(1,618)	(1)	-	(10,039)
IT equipment	20%	(3,574)	(970)	-	2	(4,542)	(1,141)	(23)	252	(5,454)
Total cumulative depreciation		(66,339)	(14,913)	-	319	(80,933)	(18,874)	-	391	(99,416)
Net property, plant and equipment		194,034	64,972	-	(3,279)	255,727	130,082	(1,483)	(1,428)	382,898

		Individual							
Balance 12/31/2019	Additions	Transfer	Write-off	Balance 12/31/20	Additions	Merge r	Transfer	Write-off	Balance 12/31/21

Cost										
Property and land	53,042	-	40,127	-	93,169	1,572	3,250	1,425	-	99,416
Improvements	-	-	-	-	-	-	766	-	-	766
Machinery and equipment	72,714	1,608	28,344	(20)	102,646	9,842	4,875	1,715	(1,473)	117,605
Vehicles	3,098	428	-	(35)	3,491	1,118	-	-	(35)	4,574
Furniture and fixtures	5,172	124	1,854	(13)	7,137	325	111	-	(16)	7,557
Facilities in use	11,953	-	8,407	-	20,360	330	389	788	-	21,867
IT equipment	5,160	985	1,098	(16)	7,227	1,457	161	138	(212)	8,771
Property, plant and equipment in progress	68,510	42,798	(24,742)	(2,864)	83,702	111,160	2,668	(5,549)	-	191,981
Advance on goods for future delivery	39,399	28,967	(55,088)	-	13,278	5,067	2,679	-	-	21,024
Total cost	259,048	74,910	-	(2,948)	331,010	130,871	14,899	(1,483)	(1,736)	473,561

	Rate	Balance 12/31/20	Additions	Transfer	Write-off	Balance 12/31/2020	Additions	Merger	Transfer	Write-off	Balance 12/31/21
Cumulative depreciation											
Property Improvements	4%	(3,877)	(2,710)	-	-	(6,587)	(3,071)	-	2	-	(9,656)
Machinery and equipment	4%	-	-	-	-	-	(134)	(2,656)	-	-	(2,790)
Vehicles	10%	(44,811)	(7,676)	-	12	(52,475)	(11,186)	(3,401)	22	75	(66,965)
Furniture and fixtures	20%	(2,171)	(474)	-	30	(2,615)	(452)	-	-	35	(3,032)
Facilities in use	10%	(4,198)	(311)	-	6	(4,503)	(345)	(26)	-	15	(4,859)
IT equipment	10%	(7,009)	(1,162)	-	-	(8,171)	(1,588)	(306)	(1)	-	(10,066)
	20%	(3,294)	(828)	-	2	(4,120)	(1,102)	(63)	(23)	210	(5,098)
Total cumulative depreciation		(65,360)	(13,161)	-	50	(78,471)	(17,878)	(6,452)	-	335	(102,466)
Net property, plant and equipment		193,688	61,749	-	(2,898)	252,539	112,993	8,447	(1,483)	(1,401)	371,095

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

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

Below we disclose the breakdown of property, plant and equipment in progress. Of the balance, R\$127,994 (66%) refer to the acquisition of installation machinery and equipment, and R\$66,070 (34%) refer to the industrial expansion of the São Paulo, Cotia, and Goiás production units. Completion is expected by the end of 2023.

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Machinery and equipment being installed	127,994	68,256	127,994	68,256
Industrial expansion	66,070	16,020	63,987	15,446
Total	194,064	84,276	191,981	83,702

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

18. Intangible Assets

18.1 Accounting Policy

Intangible assets acquired separately are measured upon initial recognition at cost. The cost of intangible assets acquired in a business combination corresponds to the fair value on the acquisition date. After initial recognition, intangible assets are recorded at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding new product development costs, are not capitalized and related expenses are reflected in income for the period in which they are incurred.

The main classes of intangibles are detailed below:

- a) **Goodwill:** The initial recognition of goodwill occurs, in the individual financial statements in the group of "investments" and in the consolidated financial statements in the group of "intangible assets", by the difference between the fair value of the consideration paid and the fair value of net assets acquired. Annually, or whenever there are indications of recovery uncertainties, intangible assets with indefinite useful lives are subject to impairment tests. Goodwill is recorded at cost less accumulated impairment losses. Impairment losses recognized on goodwill are not reversible;
- b) **Trademarks:** Trademarks and licenses acquired separately are initially stated at acquisition amount. If part of the amount paid in a business combination relates to trademarks, they are recognized in a specific account of the Intangible Assets group and measured at their fair value on the acquisition date. Subsequently, the trademarks, since they have an indefinite life cycle, are tested annually to verify their recoverable value. Expenses incurred internally

for the development and strengthening of trademarks are recognized as an expense in the statement of profit or loss;

- c) Sanitary registrations: Expenses for sanitary registrations are capitalized only if the costs incurred for the registrations can be measured reliably and if the Company has the intention and sufficient resources to complete the registration, start manufacturing and marketing the product. Other expenses for sanitary registrations are recognized in profit or loss as incurred. After initial recognition, capitalized expenses for sanitary registrations are measured at cost, less accumulated amortization, as from approval of the registration and entry into production line, and any impairment loss;
- d) Research and development: research and development expenditures are capitalized only if the development costs can be measured reliably, if the product or process is technically and commercially viable, if future economic benefits are probable, and if the Company intends to provide sufficient funds to complete development and use or sell the asset. Other development expenses are recognized in profit or loss as incurred. After initial recognition, capitalized development costs are measured at cost, less accumulated amortization as from entry into production line, and any impairment loss;
- e) Software: Expenses for the acquisition and implementation of business management systems are capitalized as intangible assets when the asset is identified, when there is evidence of generation of future economic benefits and when the asset is controlled by the Company and its subsidiaries, considering its economic feasibility and technology. Software development expenses recognized as assets are amortized using the straight-line method over their estimated useful life. Expenses related to software maintenance are recognized in profit or loss for the year when incurred;

Except for goodwill, trademarks and patents, intangible assets are amortized on a straight-line basis and amortization is recognized in profit or loss over the estimated life cycles of the assets, as of the date on which they are available for use.

I. The estimated life cycles are as follows:

Class Denomination	Life cycle to be Used (in years)
Softwares	5
Development of new products	5
Sanitary Registrations	4

18.2 Composition of Balances

	Consolidated							Balance 12/31/21
	Balance 12/31/19	Additions	Write-off	Balance 12/31/20	Additions	Transfer	Write-off	
Cost								
Software	5,899	1,383	(1,099)	6,183	841	624	-	7,648
Trademarks	1,008	30	-	1,038	5	-	(10)	1,033
Sanitary registrations	834	721	(135)	1,420	712	1,048	(85)	3,095
Development of new products	11,627	12,918	(2,768)	21,777	28,018	159	-	49,954
Goodwill (a)	7,071	137,573	-	144,644	-	(483)	(917)	143,244
Total Cost	26,439	152,625	(4,002)	175,062	29,576	1,348	(1,012)	204,974
Cumulative amortization								
Software	(4,602)	(248)	549	(4,301)	(969)	-	-	(5,270)
Sanitary registrations	(417)	(255)	-	(672)	(92)	-	60	(704)
Development of new products	-	(137)	-	(137)	-	-	-	(137)
Other	(33)	(157)	-	(190)	(5)	135	10	(50)
Total cumulative amortization	(5,052)	(797)	549	(5,300)	(1,066)	135	70	(6,161)
Net intangible assets	21,387	151,828	(3,453)	169,762	28,510	1,483	(942)	198,813
	Individual							
	Balance 12/31/19	Additions	Write-off	Balance 12/31/20	Additions	Merger	Transfer	Balance 12/31/21
Cost								
Software	4,724	1,240	-	5,964	123	-	1,483	7,570
Trademarks	881	-	-	881	-	-	-	881
Sanitary registrations	-	-	-	-	500	-	-	500
Development of new products	11,627	12,918	(2,768)	21,777	24,383	-	-	46,160
Goodwill	-	-	-	-	-	136,173	-	136,173
Total cost	17,232	14,158	(2,768)	28,622	25,006	136,173	1,483	191,284
Cumulative amortization								
Software	(3,991)	(385)	-	(4,376)	(700)	-	-	(5,076)
Sanitary Registrations	-	-	-	-	(8)	-	-	(8)
Total cumulative amortization	(3,991)	(385)	-	(4,376)	(708)	-	-	(5,084)
Net intangible assets	13,241	13,773	(2,768)	24,246	24,298	136,173	1,483	186,200

- a) The goodwill results from the acquisitions of the investees Blau Farmacêutica Colômbia S.A.S. in the amount of R\$6,800 and Blau Farma Uruguai in the amount of R\$271. and Blau Farmacêutica Goiás in the amount of R\$111,523 and R\$24,650 related to the operating license and products under development by Blau Goiás

- b) The company completed on September 30, 2021 the merger of Blau Farmacêutica Goiás Ltda., a company acquired by the Group in May 2020. The balance refers to goodwill that was initially recognized at R\$112,437. An amount of R\$917 relating to liabilities not identified upon initial recognition of goodwill was found during the measurement period, which was recorded by the Company resulting in a final goodwill of R\$111,523 and R\$24,650 related to the operating license and products under development and the goodwill of Blau Goiás. This amount cannot be amortized, but an impairment test is carried out on an annual basis.

18.3 Impairment testing

The Company and its subsidiaries assess, at each statement of financial position date, whether there is an indication that an asset may be impaired. If there is any indication, or when the annual impairment test of an asset is necessary, the Company and its subsidiaries estimate the asset's recoverable value. The recoverable value of an asset is the higher of the fair value of an asset or CGU minus disposal costs and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of other assets or groups of assets. When the carrying amount of an asset or the CGU exceeds its recoverable value, the asset is considered impaired and is written off to its recoverable value.

In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital of the subsidiary in which the CGU operates, and that reflects the current perceptions of market participants.

The Company bases its calculation of impairment on the most recent quotes and projection calculations, which are prepared separately for each of the cash-generating units of the Company and its subsidiaries to which the individual assets are allocated. These quotes and projection calculations typically cover a five-year period.

The projections consider operating margins defined in compliance with: (i) the Company's historical performance; (ii) future expectations of business evolution; and (iii) weighted average growth rates in line with sectoral forecasts for the market in which it operates. Within the context of impairment testing, the rate of discounts before taxes was reconciled through an interactive calculation, promptly becoming the discount rate after taxes. Accordingly, the 12.27% discount rate, in nominal terms and after taxes, was calculated using the WACC (weighted average cost of capital) methodology and corresponds to a rate of 11.50%.

Impairment losses are recognized in the statement of profit or loss in expense categories that are consistent with the function of the impaired asset.

Goodwill is tested for impairment annually on December 31 and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by evaluating the recoverable value of each group of CGU. When the recoverable value of the CGU is lower than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite life cycles are tested for impairment annually on December 31 at the CGU (group) level, as appropriate, and when circumstances indicate that the carrying amount may be impaired.

- a) Goodwill arising from expected future profitability of acquired companies and intangible assets with an indefinite life cycle were allocated to the CGU groups, see below:

Trademarks and Patents	Goodwill	Total
-------------------------------	-----------------	--------------

	2021	2020	2021	2020	2021	2020
Blau Farmacêutica Goiás	-	-	136,173	137,438	136,173	137,438
Blau Farmacêutica Colômbia	-	-	6,800	6,800	6,800	6,800
Blau Farmacêutica Uruguai	-	-	271	271	271	271
Blau Farmacêutica S/A	983	983	-	-	983	983
Total	983	983	143,244	144,509	144,227	145,492

The amount recoverable is analyzed by the Company per Cash Generating Unit (CGU). Each CGU is subject to a technical and commercial feasibility study and forecasts for 5-year cash flows discounted to present value at a rate of 11.50% per year (10.50% in 2020), prepared based on estimates of sales volume, prices and production costs based on financial analyses and trends in the market segment where the Company operates.

Based on the annual test of impairment of intangible assets, drawn up based on the projections made on the financial statements as at December 31, 2021, growth prospects at the time and monitoring of the projections and operating results during the period, no possible losses or indications of losses were identified, taking into account that the value in use is greater than the net carrying amount on the valuation date.

19. Related parties

19.1 Accounting policy

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

All transactions with related parties are duly formalized via contracts and under market conditions, i.e., observing the same principles and procedures that guide negotiations conducted by the Company and its subsidiaries with independent parties, except for issued debentures, whose interest applied is below market rates. Transactions between related parties or with a potential conflict of interest must be approved by the Company's Board of Directors, in accordance with policy.

a) Shareholding composition

The Company's shareholding structure is distributed as follows: the main shareholder is Mr. Marcelo Rodolfo Hahn, who has 82.50% of the capital stock of the Company and the remaining 17.50% is held by several other shareholders.

b) Compensation of key management personnel

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

Annual compensation of the key management personnel as of December 31, 2021, which include the statutory officers (CEO, CFO, COO, Chief Legal Officer, Chief Investor Relations and Chief Quality Officer) is shown below:

	Individual	
	12/31/2021	12/31/2020
Management compensation	(4,826)	(4,399)
Bonuses (i)	(9,552)	(1,721)
Benefits	(580)	(412)
Total	(14,958)	(6,532)

(i) Bonuses linked to the going public process in April 2021.

19. Related parties - Continuation

c) Balances and transactions with related parties

The main balances with related parties as of December 31, 2021 and December 31, 2020 in the equity accounts, as well as the transactions in the profit or loss accounts are shown

below:

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets				
Customers				
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	272	525	272	525
Blau Goias Ltda. (b)	-	-	-	5
Blau Farmacéutica Colombia S.A.S. (c)	-	-	4,931	3,950
Blau Farma Uruguay S.A. (d)	-	-	11,082	4,873
Position of receivables from subsidiaries	272	525	16,285	9,353
Investments (Note 15)				
Blau Farmacéutica Colombia S.A.S.	-	-	35,758	33,773
Blau Farma Uruguay S.A.	43	29	9,860	8,016
Plex - Plasm Experts Corp. (e)	-	-	14,650	3,697
Blau Goias Ltda. (b)	-	-	-	138,672
Total Investments	43	29	60,268	184,158
Total assets with related parties	315	554	76,553	193,511
Liabilities				
Related party suppliers				
F11 Segurança Privada Ltda. (f)	369	361	369	361
F11 Facilities Eireli (g)	527	502	527	502
Hahn Participações (e)	-	-	-	448
Total Suppliers	896	863	896	1,311
Dividends and interest on own capital payable (Note 24)				
Minimum dividends payable	-	53,233	-	53,233
Interest on own capital	-	3,973	-	3,973
Total Dividends and interest on own capital payable	-	57,206	-	57,206
Debentures convertible into shares (Note 21)				
Symbiosis Fundo de investimento Multimercado de Crédito Privado no Exterior (h)	-	336,829	-	336,829
Total Debentures	-	336,829	-	336,829
Total liabilities with related parties	896	394,898	896	395,346

19. Related parties - Continuation

c) Balances and transactions with related parties - Continuation

Income – gross revenue (Note n° 29) and cost of goods and products sold.

	Consolidated			
	12/31/2021		12/31/2020	
	Revenue	Cost	Revenue	Cost
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	1,843	1,424	2,181	(1,214)
Total income from related parties	1,843	1,424	2,181	(1,214)

	Individual			
	12/31/2021		12/31/2020	
	Revenue	Cost	Revenue	Cost
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	1,843	1,424	2,181	(1,214)
Blau Farmacêutica Colômbia S.A.S. (c)	16,343	-	2,858	(2,413)
Blau Farma Uruguai S.A. (d)	11,093	-	11,595	(8,543)
Blau Farmacêutica Goiás Ltda. (b)	-	-	7,937	(6,118)
Total income from related parties	29,279	1,424	24,571	(18,288)

Income – other transactions

	Individual	
	12/31/2021	12/31/2020
F11 Segurança Privada Ltda. (f)	5,760	5,509
F11 Facilities Eireli (g)	7,603	7,132
Symbiosis Fundo de investimento Multimercado de Crédito Privado no Exterior (h)	2,919	-
	16,282	12,641

- (a) The main activity of The Package Store Imp. Com. Distr. Ltda. ("The Package Store") is the sale of glass packaging to the pharmaceutical industry. The amounts billed to The Package Store are the result of the glass packaging purchased by the Company from suppliers abroad and resold to The Package Store under normal market conditions;
- (b) Blau Farmacêutica Goiás Ltda. (former Pharma Limirio Indústria Farmacêutica Ltda), a company that manufactures injectable allopathic drugs for human use, located in the city of Anápolis, in the State of Goiás. See details in Note 1, item (i);
- (c) Blau Farmacêutica Colômbia S.A.S. – This refers to operations entailing the export of drugs manufactured by the Company, which are resold by the subsidiary in Colombia;
- (d) Blau Farma Uruguai S.A – This refers to operations entailing the export of drugs manufactured by the Company, which are resold by the subsidiary in Uruguay;
- (e) Plex is the holding company for joint ventures in the plasma collection segment abroad. The Company owns 64.16% of Hemarus Plasma-Luderhill, LLC and of Hemarus Plasma-Miami, LLC, both of which are limited liability companies duly incorporated and existing in accordance with the laws of the State of Florida, set up to develop, operate and manage a plasma collection center;
- (f) The Company has an agreement for security services entered into in the second half of 2016 with the related company F-11 Segurança Privada Ltda;
- (g) F-11 Facilities Eireli is an individual limited liability company and provides outsourced labor services to the Company, such as cleaning and concierge services;
- (h) Symbiosis - Fundo de Investimento Multimercado de Crédito Privado no Exterior, in the capacity of debenture holder. The amount relates to interest on the debentures;

20. Suppliers

20.1 Accounting Policy

Accounts payable to suppliers are obligations to pay for goods or services that were acquired from suppliers in the normal course of business, being classified in current liabilities if payment is due within up to one year. Otherwise, accounts payable are shown in non-current liabilities. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are normally recognized at the amount of the corresponding invoice.

20.2 Composition of balances

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
In the country	24,694	12,213	24,694	12,105
Abroad	90,841	119,924	90,285	119,633
Total Suppliers	115,535	132,137	114,979	131,738

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

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

The information regarding the Company's exposure to market and liquidity risks related to suppliers can be found in Note No. 33.

21. Loans and financing

21.1 Accounting Policy

Loans, financing and debentures are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the settlement amount is recognized in the statement of profit or loss during the period in which the loans are outstanding, using the effective interest rate method.

Loans are classified in current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

21.2 Composition of the balance of loans and financing

Modality	Average rate	Bank	Guarantee	Consolidated		Individual	
				12/31/2021	12/31/2020	12/31/2021	12/31/2020
Working capital	CDI + 1.70% p.a.	Itaú	Controlling shareholder	-	15,051	-	15,051
Working capital	1.65% p.a.	Citibank	Controlling shareholder	39,861	-	39,861	-
Working capital Uruguay	USD + 8% p.a.	Itaú	No guarantee	1,868	754	-	-
Total				41,729	15,805	39,861	15,051

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

a) Changes in loans and financing

	Consolidated	Individual
Balance as at December 31, 2019	44,157	43,770
Loans raised with cash effect	32,266	31,899
Appropriation of interest	1,431	1,457
Payment of principal	(60,381)	(60,381)
Payment of interest	(1,721)	(1,747)
Monetary adjustment	53	53
Balance as at December 31, 2020	15,805	15,051
Loans raised	155,296	154,182
Appropriation of interest	7,878	7,878
Payment of principal	(131,020)	(131,020)
Payment of interest	(7,132)	(7,132)
Monetary adjustment	902	902
Balance as at December 31, 2021	41,729	39,861

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

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020

Year				
Up to December 2022	41,729	15,805	39,861	15,051
Total	41,729	15,805	39,861	15,051

c) Covenants

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

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

	Consolidated – Liabilities		
	Loans and financing	Debentures	Total 12/31/2020
Cash flows from financing activities			
Loans and financing raised	32,266	482,247	514,513
Payments of loans and financing	(60,381)	-	(60,381)
Payments of loans and financing – interest	(1,721)	-	(1,721)
Payment of debentures - principal	-	(44,999)	(44,999)
Payment of debentures - interest	-	(14,072)	(14,072)
Net cash from (used in) financing activities	(29,836)	423,176	393,340

	Consolidated – Liabilities		
	Loans and financing	Debentures	Total 12/31/2021
Cash flows from financing activities			
Loans and financing raised	155,296	-	155,296
Payments of loans and financing	(131,020)	-	(131,020)
Payments of loans and financing – interest	(7,132)	-	(7,132)
Payment of debentures - principal	-	(384,999)	(384,999)
Payment of debentures – Interest	-	(18,716)	(18,716)
Net cash from (used in) financing activities	17,144	(403,715)	(386,571)

22. Debentures

Modality	Average rate	Guarantee	Consolidated and Individual	
			12/31/2021	12/31/2020
Debentures 1 st issue	CDI + 1.05% p.a.	Controlling shareholder	67,738	112,593
Debentures 2 nd issue	CDI + 0.45% p.a.	Controlling shareholder	-	76,759
Debentures 3 rd issue	CDI + 1.30% p.a.	Controlling shareholder	254,588	251,671
Debentures 4 th issue	CDI + 0.45% p.a.	Controlling shareholder	-	117,672
Debentures 5 th issue	CDI + 0.45% p.a.	Controlling shareholder	-	114,645
Total debentures			322,326	673,340
Current			49,823	47,010
Non-current			272,503	626,330

Total

322,326

673,340

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

On April 19, 2021, Blau Farmacêutica completed its global offering of common shares and used a portion of the proceeds to advance the maturity of the debentures of its second, fourth, and fifth issues, as disclosed in the reference form for the offering of shares, which is why the balance was reduced by R\$338,350 against December 31, 2020.

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

Description	1st issue	2nd issue	3rd issue	4th issue	5th issue
Issuing entity	Blau	Blau	Blau	Blau	Blau
Financial institution	Bradesco	Symbiosis	Bradesco 66.7% Itaú 33.3%	Symbiosis	Symbiosis
Total value of the issue in a single series	180,000	80,000	250,000	135,000	125,000
Nature	Public	Private	Public	Private	Private
Date of issue	06/20/2018	12/12/2019	04/15/2020	06/30/2020	12/22/2020
Funding date	06/27/2018	12/30/2019	04/20/2020	07/03/2020	12/23/2020
Maturity	06/20/2023	05/12/2027	04/15/2027	06/30/2027	12/22/2027
Type	Unsecured	Unsecured	Unsecured	Unsecured	Unsecured
Identification of asset at CETIP	BLAU11	BLAU12	BLAU13	BLAU14	BLAU15
b. Effective interest rate p.a. %	1.05% + 100% CDI	0.45% + 100% CDI	1.30% + 100% CDI	0.45% + 100% CDI	0.45% + 100% CDI
c. Total amount of debt	(67,738)	-	(254,588)	-	-

22. Debentures - Continuation

a) Changes in the balance of debentures

	1st Issue	2nd Issue	3rd Issue	4th Issue	5th Issue	Total
Balance in December 2019	(157,835)	(76,929)	-	-	-	(234,764)
Funds raised with cash effect	-	-	(250,000)	(117,660)	(114,587)	(482,247)
Interest paid	5,340	2,642	4,464	1,626	-	14,072
Interest accrued	(5,097)	(2,472)	(6,135)	(1,638)	(58)	(15,400)
Amortization	44,999	-	-	-	-	44,999
Balance in December 2020	(112,593)	(76,759)	(251,671)	(117,672)	(114,645)	(673,340)
Reclassification (j)	-	(3,418)	-	(17,341)	(10,412)	(31,171)
Interest paid	4,431	796	11,120	1,207	1,163	18,717
Interest accrued	(4,575)	(619)	(14,037)	(1,194)	(1,106)	(21,531)
Amortization	44,999	80,000	-	135,000	125,000	384,999
Balance in December 2021	(67,738)	-	(254,588)	-	-	(322,326)

- (i) Reclassification refers to debentures convertible into shares recorded in the Company's assets at R\$3,390 and in equity at R\$34,562 to accelerate the debentures of its second, fourth, and fifth issues.

b) Scheduling of debt in relation to the balance of debentures

Period	Consolidated and Individual
	12/31/2021
11/01/2021 to 12/31/2022	49,823
11/01/2022 to 12/31/2023	72,503
11/01/2023 to 12/31/2024	50,000
11/01/2024 to 12/31/2025	50,000
11/01/2025 to 12/31/2026	50,000
11/01/2026 to 12/31/2027	50,000
Total	322,326

c) Covenants

Due to the fact that funds have been raised by means of debentures, certain covenants are provided to be complied with by the Company. The financial ratio consists of a net debt / EBITDA ratio of less than 2.50x, only taking into account the year ended December 31 of each year and based on the consolidated financial statements.

23. Income tax and social contribution payable

23.1 Accounting Policy

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities based on the tax rates and laws used to calculate the amount, which are those that have been enacted or substantially enacted at the statement of financial position date in countries where the Company operates and generates taxable income.

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of R\$240 for income tax and 9% on taxable income for social contribution on net profit. The offset of tax losses is taken into consideration, limited to 30% of annual taxable income. Taxable income reflects pre-tax income adjusted for non-taxable and non-deductible items (temporary and permanent items).

Deferred taxes represent tax debits and credits on temporary differences between the tax base and the accounting base of assets and liabilities on accumulated tax losses. Deferred tax assets and liabilities are classified as “non-current” as required by CPC 32 - Income Taxes.

Current tax and deferred tax are recognized in profit or loss unless they relate to the business combination or to items directly recognized in equity or other comprehensive income.

23.2 Composition of balances

Current	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Income tax	13,917	26,692	13,917	26,692
Social contribution	6,074	9,536	6,074	9,536
Total	19,991	36,228	19,991	36,228

a) Changes in income tax and social contribution payable

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Initial balance	36,228	21,010	36,228	20,215
Provision	124,485	106,308	122,479	105,263
Compensation	(5,771)	(7,004)	(5,771)	(7,004)
Tax paid	(134,951)	(84,086)	(132,945)	(82,246)
Total	19,991	36,228	19,991	36,228

b) Effective rate in the parent company

Reconciliation of income tax and social contribution	Individual	
	12/31//2021	12/31/2020
Income before income tax and social contribution	481,820	352,597
Statutory rate	34.00%	34.00%

Amount of income tax and social contribution on accounting profit at the statutory rate	163,819	119,883
Non-taxable permanent differences	2,559	3,415
Equity pick-up	1,569	2,568
Interest on own capital	(15,956)	(4,366)
Tax incentive – ‘Lei do bem’	(8,425)	(5,149)
Tax incentive – Product development	-	(11,607)
Others	13,032	(6,477)
IR/CS Effective Expense	156,598	98,267
IR/CS Effective Rate (%)	32.50%	27.87%

Current income tax and social contribution expenses

Current income tax and social contribution	(122,479)	(105,263)
Deferred income tax and social contribution	(34,119)	6,996
Current income tax and contribution, net	(156,598)	(98,267)

c) Deferred income tax and social contribution

ASSETS	Consolidated		Individual	
	2021	2020	2021	2020
Equity valuation adjustment	-	405	-	405
Provision for inventory impairment	8,123	6,275	7,818	6,275
Provision for contingencies	2,059	1,721	2,059	1,721
Provision for expected losses	1,715	709	1,258	709
Provision for distribution costs of goods and products sold	719	659	719	659
Others	6,077	9,903	6,393	9,497
Total non-current assets	18,693	19,672	18,247	19,266
Opening balance of deferred assets	(19,671)	(9,655)	(19,265)	(9,304)
Change in income for the year	(978)	10,017	(1,018)	9,962

LIABILITIES	Consolidado		Controladora	
	2021	2020	2021	2020
Derivatives	(4,261)	(882)	(4,261)	(882)
Development of new products	(26,615)	-	(26,615)	-
Goodwill deductibility	(1,896)	-	(1,896)	-
Capitalization of interest on loans	(3,979)	-	(3,979)	-
Others	(191)	(2,924)	(191)	(2,924)
Total non-current liabilities	(36,942)	(3,806)	(36,942)	(3,806)
Initial balance of deferred liabilities	3,805	175	(3,805)	175
Change in income for the year	(33,137)	(3,631)	(33,137)	(3,631)

Unrealized inventory abroad deferred income	(4)	611	36	665
Variation in deferred income tax and social contribution in income for the year	(34,119)	6,997	(34,119)	6,996

	Consolidated		Individual	
	2021	2020	2021	2020
Total non-current assets	18,693	19,672	18,247	19,266
Total non-current liabilities	(36,942)	(3,806)	(36,942)	(3,806)
Income tax and social contribution payable	(18,249)	15,866	(18,695)	15,460

The Company, based on the expectation of generating future taxable income, determined in a technical study approved by Management, recognized tax credits on temporary differences. The carrying amount of deferred assets is reviewed annually by the Company.

Based on assessments of the generation of future taxable income, the Company estimates that these tax credits will be recovered in the following years:

Deferred Estimate	<u>2022</u>
2022	16,187
2023 to 2026	<u>2,506</u>
	18,693

Estimates of recovery of tax credits were based on projections of taxable income, taking into account various financial and business assumptions considered at the end of 2021. Consequently, these estimates are subject to not being materialized in the future, given the uncertainties inherent in these predictions.

24. Labor related obligations

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Payroll	4,692	3,887	4,089	3,203
Social charges	4,267	3,405	4,267	3,405
Vacations	13,620	10,009	13,540	9,931
Provision for profit sharing	9,672	11,718	9,672	11,718
Other accounts	3,298	2,385	3,298	2,301
Total	35,549	31,404	34,866	30,558

25. Dividends and interest on own capital

25.1 Accounting Policy

- a) Dividends: The distribution of dividends to the Company's shareholders is recognized as a liability, based on the minimum mandatory dividends defined in the bylaws, which establish the minimum payment of 25% of net income for the year, after offsetting the interim dividends that have been declared during the year, since dividends can be paid out of income earned based on the Company's quarterly information and may also be offset against the net amount of interest on equity. The Bylaws provide for the declaration and distribution of interim dividends, upon resolution of the Board of Directors.
- b) Net Interest on capital: Interest on own capital, paid or credited, is originally recorded in profit or loss as a financial expense, being later reversed in the calculation of net income for the year and shown as allocation of retained earnings in the statement of changes in equity, as interest on equity on own capital, paid or payable, according to the essence of the operation.

25.2 Composition of balances

	Consolidated and Individual	
	12/31/2021	12/31/2020
Net Income for the Year	325,222	254,330
(-) Creation of the Legal Reserve (5%)	(16,261)	-
Dividend calculation basis	308,961	254,330
Mandatory minimum dividend, according to statutory provision (25%)	77,240	63,583
Mandatory minimum dividend	36,882	52,314
Additional proposed dividend	-	268,162
Interest on own capital proposed	46,927	13,258
Withholding income tax on interest on own capital	(6,569)	(1,990)
Remuneration net of withholding income tax (b)	77,240	332,744
% distributed over the dividend calculation base (b ÷ a)	25%	130.83%
Amount in excess of the mandatory minimum dividend	-	269,162

25.3 Variation of balances

Variation of obligations with dividends and interest on own capital

	Consolidated and Individual	
	12/31/2021	12/31/2020
Initial balance	57,206	51,385
Additions	83,809	334,733
Payments	(104,133)	(328,912)
Final balance	36,882	57,206

26. Other accounts payable

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Investments payable (a)	51,606	70,000	47,979	70,000
Advances from customers	341	102	284	57
Provision for distribution costs of products and goods sold	2,116	1,939	2,116	1,939
Other accounts payable	11,770	14,623	11,343	12,999
Total	65,833	86,664	61,722	84,995
Current	20,838	30,984	20,354	29,315
Non-current	44,995	55,680	41,368	55,680
Total	65,833	86,664	61,722	84,995

- (a) Refers to the remaining amounts payable (R\$47,979) to the former owners of Blau Goiás (acquisition closed in May 2020), as per the purchase and sale agreement and the remaining amount payable on the increase in Plex Plasma's interest in Hemarus Plasma Launderhill and Hemarus Plasma-Miami (R\$3,627). For more information, see Note 2, item (c).

27. Provisions for tax, civil and labor lawsuits

27.1 Accounting Police

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

Provisions are recognized when the Company and its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of funds will be required to settle the obligation, and it is possible to make a reliable estimate of the amount of that obligation. The expense related to a potential provision is recorded in profit or loss for the year, net of any reimbursement. For cases of success fees, it is the policy of the Company and its subsidiaries to make a provision at the time the fees are incurred, that is, upon the cases become final and unappealable.

27.2 Composition of Balances

Based on this evaluation, the following provisions have been set up:

	Consolidated and Individual			
	Labor claims	Civil claims	Anvisa proceedings	Total
Balance as at December 31, 2019	3,792	1,066	144	5,002
Net addition	2,186	168	-	2,354
New proceedings	393	-	-	393
Reclassification	605	55	-	660
Monetary adjustment	1,188	113	-	1,301
Write-off	(1,801)	(493)	-	(2,294)
Reversal	-	-	-	-
Payments	(589)	-	-	(589)
Reclassification	(244)	(83)	-	(327)
Monetary adjustment	(968)	(410)	-	(1,378)
Balance as at December 31, 2020	4,177	741	144	5,062
Addition	2,562	488	-	3,050
New proceedings	1,336	-	-	1,336
Reclassification	62	287	-	349
Monetary adjustment	1,164	201	-	1,365
Write-off	(2,013)	(43)	-	(2,056)
Payments	(147)	(2)	-	(149)
Reclassification	(552)	(41)	-	(593)
Monetary correction	(1,314)	-	-	(1,314)
Balance as at December 31, 2021	4,726	1,186	144	6,056

a) Claims classified by legal advisors as a possible loss

The Company and its subsidiaries are subject to other legal proceedings, and based on the assessment of the legal advisors, there is a probability of possible loss in the amount of R\$684 as of December 31, 2021 (R\$788 as at December 31, 2020). No provision was recognized for labor and civil risks classified as possible, according to their nature:

Nature	Consolidated	
	12/31/2021	12/31/2020
Labor	509	639
Civil	175	149
Total	684	788

b) Judicial deposits

They represent restricted assets of the Company and its subsidiaries and are related to the amounts deposited and kept in court until the resolution of the related disputes. Therefore, provisions for lawsuits are presented in accordance with the amounts of the lawsuits, and do not consider the balances of escrow deposits, given that the conditions required to show them net with the provision do not exist.

Balance 12/31/19	Monetary Adjustment	Write-off	Balance 12/31/20	Addition	Monetary Adjustment	Balance 12/31/21
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Labor	642	43	(116)	569	-	35	604
Civil	5,508	697	(758)	5,447	91	436	5,974
Total	6,150	740	(874)	6,016	91	471	6,578

28. Equity

a) Capital Stock

The Company's capital stock comprises 100% of common, registered, book-entry shares with no par value.

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

b) Subscribed and paid-in capital

Shareholding structure	Amount of the capital stock	Common shares
December 31, 2021	1,316,609	179,393,939
December 31, 2020	100,640	148,000

The subscribed and paid-in capital stock of the Company was R\$1,316,609 as at December 31, 2021 (R\$100,640 as at December 31, 2020) and was represented by 179,393,939 registered book-entry common shares with no par value. During the year of 2021, the following capital increases occurred:

Date (*)	Amount	No. of shares
04/15/2021	1,095,785	27,299,078
05/19/2021	164,368	4,094,861
Total	1,260,153	31,393,939

(*) Capital increase resulting from the completion of the public offering of registered book-entry common shares with no par value. The shares were traded on B3 – Brasil, Bolsa, Balcão – B3 under ticker “BLAU3.” Costs of this offering totaled R\$44,184, which are classified as a reduction to equity, in “IPO issue costs”, net of taxes, pursuant to technical pronouncement CPC 08 (R1).

c) Profit reserves

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

The investment reserve is set up based on up to 75% of net income for each year, minus the amounts set aside for the legal reserve, the contingencies reserve and the tax incentive reserve as per the bylaws. The purpose of the investment reserve is to ensure sufficient funds for the

expansion of the Company's activities and investments, and the balance of this reserve may not exceed share capital, either separately or together with the other profit reserves.

d) Other comprehensive income

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

e) Profit allocation

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

f) Earnings per share

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

Basic and diluted

For 2020, basic earnings per share were calculated by dividing the profit attributable to the Company's shareholders by the number of shares for the period. In 2021, considering the IPO, diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding.

	Consolidated	
	12/31/2021	12/31/2020
Net income for the year	323,864	254,330
Number of common shares (thousands of shares)	179,394	148,000
Number of convertible shares (thousands of shares)	-	9,585
Basic and diluted earnings per common share	1,8917	1,7184
Diluted earnings per common share	1,8917	1,6139

29. Net operating revenue

29.1 Composition of Balances

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Sales of products – domestic market	1,503,262	1,275,474	1,449,998	1,226,850
Sales of products – overseas market	21,168	8,451	21,168	8,451
Sales – related parties (Note 18)	1,843	2,181	29,279	24,571

Gross revenue	1,526,273	1,286,106	1,500,445	1,259,872
(-) Taxes	(148,349)	(96,940)	(148,349)	(96,940)
(-) Discounts	(799)	(974)	(495)	(608)
(-) Returns	(10,718)	(6,388)	(10,463)	(4,742)
Total deductions from gross revenue	(159,866)	(104,302)	(159,307)	(102,290)
Net operating revenue	1,366,407	1,181,804	1,341,138	1,157,582

29.2 Accounting policy

a) Net operating revenue

Net operating revenue is shown by segment in Note No. 35 and consists of the fair value of the consideration received or receivable for the sale of products and goods in the ordinary course of the Company's activities.

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

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

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

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

b) Revenue from Contracts with Customers

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

The Company does not have any contracts with private sector customers as at December 2021 with expected realization within one year. In the case of a new contract being signed, the Company

assesses contracts with customers that will be subject to revenue recognition and identifies the different goods promised in each contract and the performance obligations, if any.

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

Sales growth for December 2021 is due to the increased demand in the private segment institutional market, particularly in the specialties and oncology lines.

In relation to geographical location, net revenue in Brazil accounted for 94.72% of the Company's consolidated net revenue in December 2021 (95.58% in 2020).

	Consolidated	
	12/31/2021	12/31/2020
Brazil	1,294,240	1,129,597
Colombia	35,579	33,360
Uruguay	15,420	10,394
Chile	12,458	4,586
Others	8,710	3,867
Total	1,366,407	1,181,804

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

	Consolidated	
	12/31/2021	12/31/2020
Public	164,697	314,008
Private	1,201,710	867,796
Total	1,366,407	1,181,804

Revenue from private customers represented 87.95% of total net operating revenue as of December 31, 2021 (73.43% in 2020).

As of December 31, 2021, the Company's net operating revenue from sales to the Health Ministry was R\$111,287 which represents 8.14% of total net operating revenue (R\$255,926, or 21.66% as of 2020).

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

	Consolidated	
	12/31/2021	12/31/2020
Biologicals	682,767	642,543
Specialties	500,778	408,861
Oncology	84,448	59,127
Outros	98,414	71,273
Total	1,366,407	1,181,804

Much of the increase in net operating revenue seen at December 31, 2021 is due to the sales by the specialties and oncological drugs lines, which posted 22.48% and 42.82% growth, respectively, against the same period of the prior year.

c) *Performance obligations and revenue recognition policies*

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

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

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

Customers receive control of the products when the goods are delivered and accepted on their premises. Invoices are issued at that time. Payment terms depend on the segment and the contract signed, and can vary from 30 to 120 days;

ii) *Revenue recognition policy*

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

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

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

30. Cost of goods and products sold

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Raw materials and packaging	(579,128)	(533,383)	(569,625)	(521,906)
Workforce	(26,012)	(20,876)	(26,012)	(20,876)
Depreciation and amortization	(6,542)	(5,511)	(6,542)	(5,511)
Other manufacturing expenses	(88,791)	(66,069)	(88,791)	(66,069)
Total cost of sales	(700,473)	(625,839)	(690,970)	(614,362)

As of December 31, 2021, costs of goods and products sold increased by R\$74,634 on consolidated (an 11.93% increase) and by R\$76,608 on Individual against the period ended December 31, 2020 (an 12.47% increase).

The increase in total cost of goods sold resulted from the increase in net operating revenue.

31. Operating expenses by category

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Sales expenses	(51,315)	(53,969)	(44,513)	(45,914)
Research and development expenses	(52,118)	(28,537)	(52,117)	(28,537)
Total commercial expenses	(103,433)	(82,506)	(96,630)	(74,451)
Expected loss due to impairment of trade receivables	(2,128)	(545)	(2,165)	(636)
Administrative expenses	(98,336)	(78,850)	(88,976)	(70,804)
Other operating revenue, net	(5,413)	(4,933)	(2,596)	(3,340)
Total expenses	(209,310)	(166,834)	(190,367)	(149,231)

a) Expenses by type

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Personnel	(103,460)	(81,052)	(96,911)	(74,017)
Specialized services	(13,630)	(19,314)	(13,624)	(19,314)
Marketing	(9,257)	(10,058)	(9,152)	(9,907)
Freight	(7,202)	(9,207)	(7,008)	(8,975)
Materials	(23,003)	(10,417)	(23,003)	(10,417)
Depreciation	(14,147)	(8,516)	(13,465)	(8,031)
General	(38,611)	(28,270)	(27,204)	(18,570)
Total operating expenses	(209,310)	(166,834)	(190,367)	(149,231)

32. Net financial result

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Interest received	34,951	5,228	34,877	5,097
Unrealized gains on derivatives	21,156	2,595	21,156	2,595
Discounts obtained	738	361	732	361
Total financial revenues	56,845	8,184	56,765	8,053
Foreign exchange variation (a)	1,230	(24,769)	1,808	(21,859)
Interest incurred	(26,796)	(15,318)	(26,710)	(14,879)
Tax on financial operations	(1,878)	(815)	(1,878)	(815)
Bank commissions and expenses	(520)	(558)	(395)	(365)
Discounts granted	(208)	(196)	(19)	(13)
Others	(2,829)	(2,018)	(2,831)	(2,019)
Total financial expenses	(31,001)	(43,674)	(30,025)	(39,950)
Total net financial income	25,844	(35,490)	26,740	(31,897)

(a) Traded on the over-the-counter market with the purpose of establishing, in advance, an exchange rate at a future date. On the maturity date, settlement is made at the difference between the forward rate contracted and the market rate defined as reference, with the variation being attributed to the positive result. For further information see note 32;

33. Financial instruments

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

a) Accounting classification and fair values

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

	Note	Classification by Category	Fair value hierarchy	Accounting balance		Fair value	
				12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash and Cash Equivalents							
Cash and Cash Equivalents	8	Amortized cost	Level 1	51,864	70,197	-	-
Financial investments	9	Fair value through profit or loss	Level 1	870,958	144,152	870,958	144,152
Trade accounts							
Trade accounts	10	Amortized cost	Level 1	331,520	247,027	-	-
Related parties trade accounts	18	Amortized cost	Level 1	272	525	-	-
Derivative financial instruments							
Swap		Fair value through profit or loss	Level 2	(1,179)	-	(1,179)	-
NDF		Fair value through profit or loss	Level 2	12,534	2,595	12,534	2,595
Other credits							
Other credits	13	Amortized cost	Level 1	13,752	13,625	-	-
Suppliers							
Suppliers	19	Amortized cost	Level 2	116,431	133,000	-	-
Related party suppliers	18	Amortized cost	Level 2	-	-	-	-
Financing							
Loans and financing	20	Amortized cost	Level 2	2,769	15,805	-	-
Loans and financing foreign currency	20	Amortized cost	Level 2	38,960	-	-	-
Leases payable	15	Amortized cost	Level 2	902	-	902	-
Swap	32	Fair value through profit or loss	Level 2	10,463	1,817	-	-

Debentures	21	Amortized cost	Level 2	322,326	673,340	-	-
Other accounts payable	25	Amortized cost	Level 1	65,833	86,664	65,833	86,664

a) Fair Value Measurement

i) *Valuation Techniques and Significant Unobservable Inputs*

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

Financial instruments measured at fair value

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

b) Financial risk management

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

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

i) **Credit risk**

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

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

Trade accounts and other receivables

33. Financial instruments—Continuation

b) Financial risk management - Continuation

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

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

	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash and cash equivalents	51,864	70,197	45,497	65,852
Financial investments	870,958	144,152	859,343	135,435
Trade accounts receivable	331,792	247,552	335,074	243,124
Derivative financial instruments	13,713	2,594	13,713	2,594
Other receivables	13,752	13,625	8,031	9,023
Total	1,282,079	478,120	1,261,658	456,028

ii) *Liquidity risk*

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

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

Exposure to liquidity risk

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

33. Financial instruments—Continuation

b) Financial risk management - Continuation

	Consolidated – 12/31/2021		
	Up to 1 year	Up to 5 years	Accounting total
Trade	116,431	-	116,431
Loans and financing	43,741	-	43,741
Debentures	49,823	272,503	322,326
Lease liabilities	2,110	8,353	10,463
Other accounts payable	20,838	44,995	65,833
Total	232,943	325,851	558,794

	Consolidated – 12/31/2020		
	Up to 1 year	Up to 5 years	Accounting total
Suppliers	133,000	-	133,000
Loans and financing	15,805	-	15,805
Debentures	47,010	626,330	673,340
Lease liabilities	1,436	381	1,817
Other accounts payable	30,984	55,680	86,664
Total	228,235	682,391	910,626

iii) **Market risks**

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

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

Foreign exchange risk

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

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

The Company designates the spot element of the forward exchange contracts in order to hedge its currency risk, applying a hedge ratio of 1:1. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are accounted for separately as hedging cost, which is recognized in equity in the hedging cost

reserve. The Company's policy is that the critical terms of the forward exchange contracts are in alignment with the hedged items.

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

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

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

Exposure to foreign exchange risk

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

	Consolidated 12/31/2021		Consolidated 12/31/2020	
	USD thousand	Reais	USD thousand	Reais
Trade accounts receivable	4,307	24,033	3,383	17,578
Suppliers	(16,278)	(90,841)	(23,077)	(119,924)
Loans and financing	(7,839)	(43,741)	-	-
Net exposure to expected transactions	(19,810)	(110,549)	(19,694)	(102,346)
Non deliverable forward (NDF) contracts	23,000	137,091	28,000	141,080
Net exposure	3,190	26,542	8,306	38,734

Sensitivity analysis

Pursuant to CVM Instruction No. 475, of December 17, 2008, the Company, in addition to the provisions of item 40 of CPC 40 (R1) – Financial Instruments: Disclosure, discloses a sensitivity analysis chart for each type of market risk considered material by Management, originated by financial instruments, to which the Company is exposed at the statement of financial position date, including all operations with derivative financial instruments.

Dollar-linked transactions: A reasonably possible appreciation (depreciation) of the US dollar versus all other currencies would have affected the measurement of financial instruments denominated in foreign currency and affected equity and net income by the amounts shown below.

For sensitivity analysis purposes, we start off from the realized basis, where the closing dollar rate was R\$5.5805 and we considered two increase and decrease scenarios, according to the forecasts established in the FOCUS table for the coming periods.

Consolidated 12/31/2021					
	Risk	Exposure in R\$	Scenario I	Scenario II	Scenario III
Transactions					
Trade accounts receivable	USD	24,033	24,117	23,256	22,825
NDF	USD	12,534	12,578	12,129	11,904
Swap	USD	(1,179)	(1,183)	(1,141)	(1,120)
Effect on net income		11,355	40	(367)	(571)

The Company has NDFs for the purchase of US dollar (USD) in the total amount of USD 23,000 (twenty-three million dollars). The Company estimates for scenario I the dollar at 5.60/USD, for scenario II the dollar at 5.40/USD and for scenario III the dollar at 5.30/USD.

NDFs	Currency	Term	Contracted amount USD	Contracted rate	12/31/21
Purchase	USD	01/14/2022	7,000	5.0385	35,270
Purchase	USD	08/01/2022	4,000	5.3570	21,428
Purchase	USD	09/01/2022	4,000	5.3925	21,570
Purchase	USD	10/03/2022	4,000	5.4280	21,711
Purchase	USD	11/01/2022	4,000	5.4680	21,871
Total			23,000		121,850

Income related to derivative financial instruments

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

Operations linked to CDI and IPCA: An appreciation (depreciation) would have affected the measurement of the Company's financial assets and liabilities and affected equity and profit or loss by the amounts shown below.

For sensitivity analysis purposes, we started from the closing basis, with CDI and IPCA, respectively at 9.25% and 10.06%, and considered two scenarios of increase and decrease, according to the forecasts established for in the FOCUS table.

Consolidated 12/31/2021					
	Risk	Exposure in R\$	Scenario I	Scenario II	Scenario III
Operation					

Financial investments	CDI	870,958	1,082,813	753,261	659,103
Debentures	CDI	322,326	400,730	278,768	243,922
Loans and financing	CDI	41,729	51,879	36,090	31,579
Lease payable	IPCA	10,463	10,989	10,820	10,777
Effect on net income		374,518	89,080	(48,840)	(88,240)

The Company estimates the following probable scenarios: For scenario I, considering the next period of contracts, CDI at 24.32% and IPCA at 5.03%, for scenario II, CDI at -13.51% and IPCA at 3.41% and for scenario III, CDI at -13.51% and IPCA at -24.32%.

34. Insurance Coverage

34.1 Accounting policy

The Company and its subsidiaries adopt an insurance policy that mainly considers the concentration of risks and their materiality, taking into account the nature of their activities and the guidance of their insurance advisors.

Insurance coverage, as of December 31, 2021, is as follows:

Insured goods	Covered risks	Coverage amount
Industrial complex and administrative sites	Any material damage to buildings, facilities, inventories and machinery and equipment.	345,330,000
Vehicles	Fire, theft and collision of vehicles insured by the Company and its subsidiaries.	18,083,000
Loss of profits	Non-realization of profits resulting from material damage to facilities, buildings and production machinery and equipment.	200,000,000
Transport	Damage to goods in transit.	8,050,000
Civil liability	Protection against errors or claims in the exercise of professional activity that affects third parties.	30,000,000

35. Information by business segment

35.1 Accounting policy

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

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

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

a) Income statement by segment

	Consolidated Institutional		Individual Institutional	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net revenue	1,268,555	1,115,276	1,245,096	1,092,417
Cost of goods and products sold (i)	(650,310)	(590,608)	(641,488)	(579,777)
Gross Profit	618,245	524,668	603,608	512,640
Operating expenses	(189,295)	(152,787)	(174,324)	(137,679)
Other operating revenue	(5,025)	(4,118)	(2,410)	(3,512)
Financial income	24,314	(33,491)	25,147	(30,100)
Equity accounting income	-	-	(4,383)	(8,960)
Income before taxes	448,239	334,272	447,638	332,389
	Consolidated Retail		Individual Retail	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Net revenue	97,852	66,528	96,042	65,165
Cost of goods and products sold (i)	(50,163)	(35,231)	(49,482)	(34,585)
Gross Profit	47,689	31,297	46,560	30,580

Operating expenses (ii)	(14,601)	(9,114)	(13,447)	(8,213)
Other operating revenue	(388)	(278)	(186)	(188)
Financial income	1,876	(1,998)	1,940	(1,796)
Equity accounting income	-	-	(338)	(535)
Income before taxes	34,576	19,907	34,529	19,848

(i) Costs of goods and products sold

Institutional	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Raw materials and packaging	(537,655)	(503,357)	(528,833)	(492,526)
Workforce	(24,149)	(19,702)	(24,149)	(19,702)
Depreciation and amortization	(6,074)	(5,201)	(6,074)	(5,201)
Other manufacturing expenses	(82,432)	(62,349)	(82,432)	(62,349)
Total cost of sales	(650,310)	(590,609)	(641,488)	(579,778)

Retail	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Raw materials and packaging	(41,473)	(30,026)	(40,792)	(29,380)
Workforce	(1,863)	(1,175)	(1,863)	(1,175)
Depreciation and amortization	(468)	(310)	(468)	(310)
Other manufacturing expenses	(6,359)	(3,719)	(6,359)	(3,719)
Total cost of sales	(50,163)	(35,230)	(49,482)	(34,584)

(ii) Operating expenses

Institutional	Consolidated		Individual	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Sales	(47,640)	(51,445)	(41,325)	(43,930)
Research and development	(48,386)	(26,930)	(48,385)	(26,930)
Total commercial expenses	(96,026)	(78,375)	(89,710)	(70,860)
Expected loss from impairment of accounts receivable	(1,975)	(506)	(2,011)	(590)
Administrative expenses	(91,294)	(74,411)	(82,603)	(66,818)
Total expenses	(189,295)	(153,292)	(174,324)	(138,268)

Retail	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Sales	(3,675)	(3,070)	(3,188)	(2,620)
Research and development	(3,732)	(1,606)	(3,732)	(1,606)
Total commercial expenses	(7,407)	(4,676)	(6,920)	(4,226)

Expected loss from impairment of accounts receivable	(153)	(39)	(154)	(46)
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Administrative expenses	(7,041)	(4,439)	(6,373)	(3,986)
Total expenses	(14,601)	(9,154)	(13,447)	(8,258)

35. Information by business segment - Continuation

b) Statement of financial position accounts by segment

	Consolidated Institutional		Individual Institutional	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets				
Trade accounts receivable	316,853	240,577	318,512	234,953
Credit losses	(8,822)	(6,961)	(7,434)	(5,515)
Inventories	409,177	327,574	389,508	311,880
Provision for impairment	(22,181)	(18,516)	(21,347)	(17,415)
Total assets	695,027	542,674	679,239	523,903
Suppliers	108,093	125,513	107,577	125,559
Total liabilities	108,093	125,513	107,577	125,559
Consolidated Retail				
Individual Retail				
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Assets				
Trade accounts receivable	24,441	14,351	24,569	14,015
Expected credit losses	(680)	(415)	(573)	(329)
Inventories	31,563	19,540	30,046	18,604
Provision for impairment	(1,711)	(1,140)	(1,647)	(1,039)
Total assets	53,613	32,336	52,395	31,251
Suppliers	8,338	7,487	8,298	7,490
Total liabilities	8,338	7,487	8,298	7,490

36. Subsequent event

On January of 2022 the members of the Board of Directors authorized the investment of up to US\$7,000,000 (seven million United States dollars) to carry out investments in the subsidiary PLEX – Plasma Experts Corp., a joint-stock company duly organized under the laws of the State of Delaware, United States of America, headquartered at 1813 N. Franklin Street, Wilmington, Country of New Castle, Delaware, Postal Code 19899, of which the Company holds an interest of 100% (one hundred percent) of the share capital, and whose remittances may take place during the 2022 fiscal year.

* * *

Marcelo Rodolfo Hahn
Chief Executive Officer

Rogério Ferreira
Chief Financial and Investor Relations Officer

Dárcio Siqueira Zarpellon
Controller CRC – 1SP216891/O-9