

**Interim Financial Information Individual  
and Consolidated (unaudited)**

**Blau Farmacêutica S.A.**

June 30, 2021  
with Independent Auditors' Report

# **Blau Farmacêutica S.A.**

Interim financial information (unaudited)

June 30, 2021

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

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## **Report on the review of interim financial information**

The Shareholders and Officers

**Blau Farmacêutica S.A.**

Cotia - SP

### **Introduction**

We have reviewed the interim individual and consolidated financial information of Blau Farmacêutica S.A. (the “Company”) contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2021, which comprise the statement of financial position on June 30, 2021, and the statements of profit or loss and of comprehensive income (loss) for the quarter and six-month period then ended, and the statements of changes in equity and of cash flows for the six-month period then ended, including explanatory notes.

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

### **Scope of review**

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

### **Conclusion on the individual and consolidated interim financial information**

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



## **Other matters**

### **Audit and review of the corresponding amounts**

The examination of the individual and consolidated financial statements as of December 31, 2020 and the review of individual and consolidated interim financial information for the quarter ended June 30, 2020, presented for comparison purposes, were conducted under the responsibility of another independent auditor who issued an audit and review report without modifications, with dates of February 5, 2021 and August 5, 2020, respectively.

### **Statements of value added**

The quarterly information referred to above includes the individual and consolidated statements of value added (DVA) for the six-month period ended June 30, 2021, prepared under the responsibility of the Company management and presented as supplementary information under IAS 34. These statements have been subject to review procedures performed in conjunction with the review of the quarterly information, in order to determine whether they are reconciled with the interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria defined in NBC TG 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria set forth by this Standard and consistently with the individual and consolidated interim financial information taken as a whole.

São Paulo, August 9, 2021.

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



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

## Blau Farmacêutica S.A.

Statements of financial position  
June 30, 2021 and December 31, 2020  
(In thousands of Reais - R\$)

	Note	Consolidated		Individual	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	<b>125,134</b>	70,197	<b>120,487</b>	65,852
Financial Investments	7	<b>874,258</b>	144,152	<b>867,599</b>	135,435
Trade accounts receivable	8	<b>326,439</b>	247,552	<b>322,444</b>	243,124
Inventories	9	<b>427,601</b>	327,494	<b>409,907</b>	312,030
Recoverable taxes	10	<b>2,557</b>	4,260	<b>599</b>	3,028
Other receivables	11	<b>11,171</b>	6,840	<b>8,079</b>	6,762
<b>Total current assets</b>		<b>1,767,160</b>	800,495	<b>1,729,115</b>	766,231
<b>Non-current assets</b>					
Recoverable taxes	10	<b>19,968</b>	13,763	<b>19,968</b>	13,763
Judicial deposits	23,b	<b>6,990</b>	6,016	<b>6,990</b>	6,016
Deferred income tax and social contribution	19	<b>10,971</b>	15,866	<b>10,615</b>	15,460
Other receivables	11	<b>3,582</b>	9,379	<b>646</b>	4,855
Investments	12	<b>29</b>	29	<b>197,989</b>	184,158
Biological assets		<b>306</b>	306	<b>306</b>	306
Property, plant and equipment	13	<b>328,674</b>	256,740	<b>310,294</b>	253,394
Intangible assets	14	<b>177,038</b>	170,031	<b>31,919</b>	23,940
<b>Total non-current assets</b>		<b>547,558</b>	472,130	<b>578,727</b>	501,892
<b>Total assets</b>		<b>2,314,718</b>	1,272,625	<b>2,307,842</b>	1,268,123

## Blau Farmacêutica S.A.

Statements of financial position  
June 30, 2021 and December 31, 2020  
(In thousands of Reais - R\$)

	Note	Consolidated		Individual	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Liabilities and equity					
Current liabilities					
Suppliers	16	<b>88,572</b>	133,000	<b>86,407</b>	133,049
Loans and financing	17	<b>149,884</b>	16,292	<b>148,356</b>	15,538
Debentures	18	<b>47,083</b>	47,010	<b>47,083</b>	47,010
Taxes payable		<b>13,003</b>	10,756	<b>12,965</b>	10,423
Income tax and social contribution payable	19	<b>42,925</b>	36,228	<b>41,623</b>	36,228
Labor obligations	20	<b>32,271</b>	31,404	<b>31,183</b>	30,558
Dividends and interest on own capital payable	21	<b>2,974</b>	57,206	<b>2,974</b>	57,206
Other accounts payable	22	<b>30,753</b>	31,933	<b>30,087</b>	29,315
Total current liabilities		<b>407,465</b>	363,829	<b>400,678</b>	359,327
Non-current liabilities					
Loans and financing	17	<b>729</b>	381	<b>640</b>	381
Debentures	18	<b>295,002</b>	626,330	<b>295,002</b>	626,330
Provision for tax, civil and labor lawsuits	23	<b>6,034</b>	5,062	<b>6,034</b>	5,062
Other accounts payable	22	<b>50,946</b>	55,680	<b>50,946</b>	55,680
Total non-current liabilities		<b>352,711</b>	687,453	<b>352,622</b>	687,453
Equity					
Share capital	24	<b>1,293,830</b>	100,640	<b>1,293,830</b>	100,640
Capital reserve		-	34,562	-	34,562
Profit reserve		<b>77,808</b>	84,635	<b>77,808</b>	84,635
Equity valuation adjustments		<b>(2,753)</b>	1,506	<b>(2,753)</b>	1,506
Retained earnings		<b>185,657</b>	-	<b>185,657</b>	-
Total equity		<b>1,554,542</b>	221,343	<b>1,554,542</b>	221,343
Total liabilities and equity		<b>2,314,718</b>	1,272,625	<b>2,307,842</b>	1,268,123

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

## Blau Farmacêutica S.A.

### Statements of profit or loss

For the three- and six-month periods ended June 30, 2021 and 2020

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

Notes	Consolidated				Individual				
	Six-month period ended 06/30/2021	Three-month period ended 06/30/2021	Six-month period ended 06/30/2020	Three-month period ended 06/30/2020	Six-month period ended 06/30/2021	Three-month period ended 06/30/2021	Six-month period ended 06/30/2020	Three-month period ended 06/30/2020	
Net operating revenue	25	696,891	370,763	541,153	322,121	683,246	362,511	529,693	316,322
Cost of goods and products sold	26	(331,513)	(176,270)	(295,955)	(177,257)	(326,406)	(174,186)	(292,133)	(175,961)
Gross profit		365,378	194,493	245,198	144,864	356,840	188,325	237,560	140,361
Commercial expenses	27	(50,218)	(27,156)	(34,795)	(17,450)	(46,719)	(25,452)	(30,611)	(15,169)
Administrative expenses	27	(46,124)	(22,363)	(36,212)	(19,090)	(42,583)	(20,645)	(32,393)	(16,548)
Impairment loss on accounts receivable	27	1,015	1,231	185	(468)	1,183	1,414	114	(493)
Other operating revenue (expenses), net	27	(1,322)	(1,011)	464	(741)	(2,686)	(1,686)	670	(533)
		(96,649)	(49,299)	(70,358)	(37,749)	(90,805)	(46,369)	(62,220)	(32,743)
Income before financial income, interest in investees and taxes		268,729	145,194	174,840	107,115	266,035	141,956	175,340	107,618
Financial revenues	28	8,156	(5,345)	3,195	1,857	8,124	(5,361)	3,155	1,814
Financial expenses	28	(9,626)	4,361	(39,727)	(10,732)	(9,271)	4,294	(38,696)	(10,768)
		(1,470)	(984)	(36,532)	(8,875)	(1,147)	(1,067)	(35,541)	(8,954)
Profit sharing of investees accounted for under the equity method, net of taxes	12	-	-	-	-	921	2,360	(1,954)	(746)
Income before taxes		267,259	144,210	138,308	98,240	265,809	143,249	137,845	97,918
Current income tax and social contribution	19	(76,729)	(44,146)	(33,765)	(24,549)	(75,279)	(43,185)	(33,302)	(24,227)
Deferred income tax and social contribution	19	(4,873)	(572)	617	61	(4,873)	(572)	617	61
		(81,602)	(44,718)	(33,148)	(24,488)	(80,152)	(43,757)	(32,685)	(24,166)
Net profit for the period		185,657	99,492	105,160	73,752	185,657	99,492	105,160	73,752
Income attributed to:									
Controlling shareholders		185,657	99,492	105,160	73,752	185,657	99,492	105,160	73,752
		185,657	99,492	105,160	73,752	185,657	99,492	105,160	73,752
Basic earnings per share	24	1,14	0,56	0,71	0,50	1,14	0,56	0,71	0,50
Diluted earnings per share		1,14	0,56	0,67	0,47	1,14	0,56	0,67	0,47

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

## Blau Farmacêutica S.A.

### Statements of comprehensive income

For the three- and six-month periods ended June 30, 2021 and 2020

(In thousands of Reais - R\$)

	Consolidated				Individual			
	Six-month period ended 06/30/2021	Three- month period ended 06/30/2021	Six-month period ended 06/30/2020	Three-month period ended 06/30/2020	Six-month period ended 06/30/2021	Three- month period ended 06/30/2021	Six-month period ended 06/30/2020	Three- month period ended 06/30/2020
Net profit for the period	<b>185,657</b>	<b>99,492</b>	105,160	73,752	<b>185,657</b>	<b>99,492</b>	105,160	73,752
Other comprehensive income	-	-	-	-	-	-	-	-
Accumulated translation adjustments in subsidiaries	<b>(4,258)</b>	<b>(1,751)</b>	5,741	3,234	<b>(4,258)</b>	<b>(5,470)</b>	5,741	3,234
Total comprehensive income	<b>181,399</b>	<b>97,741</b>	110,901	76,986	<b>181,399</b>	<b>94,022</b>	110,901	76,986
Comprehensive income attributed to:								
Controlling shareholders	<b>181,399</b>	<b>97,741</b>	110,901	76,986	<b>181,399</b>	<b>94,022</b>	110,901	76,986
Total comprehensive income	<b>181,399</b>	<b>97,741</b>	110,901	76,986	<b>181,399</b>	<b>94,022</b>	110,901	76,986

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

## Blau Farmacêutica S.A.

### Statements of changes in equity

For the three- and six-month periods ended June 30, 2021 and 2020

(In thousands of Reais - R\$)

	Profit reserves			Equity valuation adjustment	Retained earnings	Total equity
	Share capital	Capital reserve	Profit reserve			
Balances as at January 01, 2020	100,640	3,418	163,336	(1,638)	-	265,756
Net profit for the period	-	-	-	-	73,752	73,752
Accumulated translation adjustments in subsidiaries	-	-	-	5,741	-	5,741
Equity valuation adjustments	-	-	-	(670)	670	-
Proposed dividends	-	-	140,442	-	-	140,442
Interest on own capital	-	-	-	-	(7,056)	(7,056)
Balances as at June 30, 2020	100,640	3,418	303,778	3,433	67,366	478,635
Balances as at January 01, 2021	100,640	34,562	84,636	1,505	-	221,343
Net profit for the period	-	-	-	-	185,657	185,657
Accumulated translation adjustments in subsidiaries	-	-	-	(4,258)	-	(4,258)
Interest on own capital	-	-	(5,911)	-	-	(5,911)
Debentures convertible into shares	-	(34,562)	-	-	-	(34,562)
IPO issue costs	(66,963)	-	-	-	-	(66,963)
Capital increase	1,260,153	-	-	-	-	1,260,153
Other - Blau Goiás	-	-	(917)	-	-	(917)
Balances as at June 30, 2021	<b>1,293,830</b>	-	<b>77,808</b>	<b>(2,753)</b>	<b>185,657</b>	<b>1,554,542</b>

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

# Blau Farmacêutica S.A.

## Statements of cash flows

For the three- and six-month periods ended June 30, 2021 and 2020

(In thousands of Reais - R\$)

	Consolidated		Individual	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from operating activities				
Profit before taxes	267,259	138,308	265,809	137,845
Adjustments to reconcile the income for the period with cash from operating activities:				
Depreciation and amortization	9,831	9,108	8,941	5,450
Write-offs of property, plant and equipment and intangible assets	3,108	1,009	2,568	481
Financial charges on loans and financing	2,458	7,429	2,458	7,429
Financial charges on debentures	9,062	-	9,062	-
Earnings from investments	(6,688)	-	(6,688)	-
Unrealized foreign exchange variation in loans	(14,120)	2,037	(14,120)	2,037
Unrealized gains and losses on changes in the fair value of assets	(1,113)	-	(1,113)	-
Unrealized foreign exchange variation in suppliers and customers	1,749	4,349	1,749	4,349
Equity pick-up	-	-	(921)	1,954
Provision for expected losses on trade accounts receivable	(1,015)	185	(1,183)	(114)
Provision for inventory impairment, net	(1,462)	4,034	(1,159)	3,328
Provision for tax, civil and labor lawsuits	1,050	(365)	1,050	(365)
Other (reversals), net	-	-	-	(80)
	270,119	166,094	266,453	162,314
(Increase) decrease in asset accounts				
Trade accounts receivable	(80,723)	(124,303)	(80,988)	(125,522)
Inventory	(98,645)	(36,627)	(96,718)	(31,826)
Recoverable taxes	(7,290)	(42)	(6,416)	1,068
Other receivables	(811)	(8,692)	614	(6,342)
Judicial deposits	(974)	37	(974)	37
Increase (decrease) in liability accounts				
Suppliers	(33,326)	53,351	(35,540)	50,618
Labor obligations	867	10,204	625	9,818
Taxes payable	2,269	10,916	2,514	9,862
Other accounts payable	(11,136)	7,533	(4,899)	(3,157)
Cash generated from operating activities	40,350	78,471	44,671	66,870
Income tax and social contribution paid	(67,244)	(27,877)	(67,244)	(27,974)
Net cash from (used in) operating activities	(26,894)	50,594	(22,573)	38,896
Cash flows from investment activities				
Financial investments	(723,418)	(127,224)	(725,476)	(120,625)
Additions to property, plant and equipment	(85,247)	(37,615)	(69,574)	(29,427)
Payment of acquisition of equity interests	-	-	-	(59,121)
Advance for capital increase in investee	-	-	(18,111)	(4,490)
Additions to intangible assets	(7,550)	(66,771)	(6,814)	(7,744)
Net cash used in investment activities	(816,215)	(231,610)	(819,975)	(221,407)
Cash flows from financing activities				
Dividends and interest on own capital	(59,257)	(35,861)	(59,257)	(35,861)
Acquisition of financed equity interests	(10,000)	-	(10,000)	-
Raising of loans and financing	154,645	16,379	154,645	16,349
Raising of debentures	-	250,000	-	250,000
Receipt of loans from related parties	-	-	-	-
Capital increase	1,193,190	-	1,193,190	-
Payment of loans and financing - principal	(8,682)	(19,015)	(9,545)	(19,015)
Payment of loans and financing - interest	(361)	(1,181)	(361)	(1,181)
Payment of debentures – principal	(362,500)	(22,500)	(362,500)	(22,500)
Payment of debentures – Interest	(8,989)	(4,720)	(8,989)	(4,720)
Net cash from financing activities	898,046	183,102	897,183	183,072
Net increase (decrease) in cash and cash equivalents	54,937	2,086	54,635	561
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	-	(701)	-	-
Cash and cash equivalents as at June 30	125,134	7,802	120,487	1,159
Increase (decrease) in cash and cash equivalents	54,937	2,086	54,635	561
Transactions not affecting cash				
Acquisition of Property, plant and equipment	-	80,000	-	80,000

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

## Blau Farmacêutica S.A.

### Statements of value added

For the three- and six-month periods ended June 30, 2021 and 2020

(In thousands of Reais - R\$)

	Consolidado		Controladora	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Revenues	<b>779,649</b>	588,117	<b>760,487</b>	571,776
Sales of goods, products and services	<b>776,984</b>	582,786	<b>762,937</b>	571,327
Other (expenses) revenues, net	<b>1,650</b>	5,720	<b>(3,633)</b>	812
Estimated credit losses on trade accounts receivable	<b>1,015</b>	(389)	<b>1,183</b>	(363)
Inputs acquired from third parties	<b>(336,166)</b>	(301,519)	<b>(326,519)</b>	(293,671)
Cost of products, goods and services sold	<b>(281,009)</b>	(256,785)	<b>(275,902)</b>	(252,963)
Materials, energy, outsourced services and others	<b>(55,224)</b>	(44,751)	<b>(50,684)</b>	(40,725)
Gain (loss) of active values	<b>67</b>	17	<b>67</b>	17
Gross value added	<b>443,483</b>	286,598	<b>433,968</b>	278,105
Depreciation and amortization	<b>(9,831)</b>	(9,108)	<b>(8,941)</b>	(5,450)
Net value added produced by the Company	<b>433,652</b>	277,490	<b>425,027</b>	272,655
Value added received in transfer	<b>23,180</b>	7,628	<b>24,045</b>	7,773
Result of equity interests	-	(1,954)	<b>921</b>	(1,954)
Financial revenues	<b>23,180</b>	9,582	<b>23,124</b>	9,727
Total value added for distribution	<b>456,832</b>	285,118	<b>449,072</b>	280,428
Personnel	<b>80,637</b>	55,329	<b>75,254</b>	52,052
Direct remuneration	<b>66,131</b>	44,408	<b>61,234</b>	41,531
Benefits	<b>9,073</b>	6,860	<b>8,587</b>	6,460
FGTS	<b>5,433</b>	4,061	<b>5,433</b>	4,061
Taxes, fees and contributions	<b>164,678</b>	77,547	<b>162,678</b>	76,979
Federal	<b>106,680</b>	44,796	<b>104,828</b>	44,334
State	<b>57,128</b>	32,193	<b>56,980</b>	32,087
Municipal	<b>870</b>	558	<b>870</b>	558
Third-party capital remuneration	<b>25,860</b>	47,082	<b>25,483</b>	46,237
Interest	<b>13,809</b>	7,959	<b>13,809</b>	7,959
Financial expenses (includes foreign exchange rate variation)	<b>10,840</b>	38,155	<b>10,463</b>	37,310
Rent	<b>1,211</b>	968	<b>1,211</b>	968
Own capital remuneration	<b>185,657</b>	105,160	<b>185,657</b>	105,160
Interest on own capital	<b>5,911</b>	7,056	<b>5,911</b>	7,056
Retained earnings for the period	<b>179,746</b>	98,104	<b>179,746</b>	98,104
Total distributed value added	<b>456,832</b>	285,118	<b>449,072</b>	280,428

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements

June 30, 2021

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

### 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. 2833, 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 30, 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 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).

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 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.

#### i) COVID-19

According to the Brazilian Ministry of Health, on March 11, 2020, the World Health Organization (WHO) declared a global pandemic as a result of the effects of the novel Coronavirus (“COVID 19”). On March 20, 2020, the Federal Senate enacted the Legislative Decree recognizing a state of public emergency in Brazil. The quarantine decree, prepared with the support of the Extraordinary Administrative Committee, addresses the demands of the public administration and the private sector in relation to the measures for combatting COVID-19. A new decree extended the measure until July 15, 2021.

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

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

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

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

## **Blau Farmacêutica S.A.**

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### **1. Operations - Continuation**

#### i) COVID-19 - Continuation

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. 29.

The Company's cash and cash equivalents as at June 30, 2021 is R\$999,392 (R\$214,349 as at December 31, 2020) and on that date current assets exceed current liabilities by R\$1,360,644 (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".

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 2. List of subsidiaries - Continuation

Company	Country	Equity Interest	
		06/30/2021	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 (formerly known as Pharma Limirio Indústria Farmacêutica Ltda.)	Brazil	Direct 100%	Direct 100%
Plex - Plasma Experts Corp.	USA	Direct 100%	Direct 100%
Hemarus Plasma-Lauderhill, LLC	USA	Indirect 51%	Indirect 51%
Hemarus Plasma – Miami Northside, LLC	USA	Indirect 51%	-

#### 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 74 sanitary registrations of drugs. The company's main activity is importing the Company's products for distribution and sale in Colombia.

#### b) Blau Farma Uruguay S.A.

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

This subsidiary represents a key part of the Company's expansion strategy into the South American market, given that it is the vehicle with equity interests in Blau Farmacêutica Peru S.A.C., Blau Farmacêutica Chile S.p.A. and Blau Farmacêutica Argentina S.A, all of which set up in 2016. The Peru and Chile subsidiaries have respectively 20 and 27 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.

In the first quarter of 2021, the Company had made a capital contribution in the amount of R\$1,538 (equivalent to ARS 12,445).

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 2. List of subsidiaries - Continuation

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

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

- d) Plex - Plasma Experts Corp.

This subsidiary was incorporated on September 25, 2020, in accordance with the laws of the state of Delaware, in the United States of America, where it is based. The company was incorporated in order to consolidate new investments in that country, in the plasma collection segment. Immediately after its incorporation, Plex Plasma acquired a 51% interest in the share capital of Hemarus Plasma-Lauderhill, LLC, and, in May 2021, a 51% interest in the share capital of Hemarus Plasma-Miami, LLC, both of which 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 US\$3 million and US\$5 million. In November 2020, the Company made an investment in the amount of US\$5 million to be made available over the course of 2020 and 2021.

In the first half of 2021, the Company had made a capital contribution in the amount of R\$11,505 (equivalent to US\$2,150) in its subsidiary Plex Plasma Experts Corp.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 3. Acquisition of subsidiary

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

i) Consideration transferred

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

ii) Contingent consideration

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

iii) Transaction costs

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 3. Acquisition of subsidiary - Continuation

#### iv) Identifiable assets acquired and liabilities assumed

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

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

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

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

#### v) Goodwill

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

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

## **Blau Farmacêutica S.A.**

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### **3. Acquisition of subsidiary - Continuation**

v) Goodwill – Continuation

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

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

vi) Revenue and income incorporated

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

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

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

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

### **5. New standards and interpretations not yet in force**

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

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

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

The amendments specify which costs an entity includes when determining the cost of fulfilling a contract for the purpose of determining whether or not the contract is onerous. The amendments apply to annual periods beginning on or after January 1, 2022 for contracts existing on the date on which the amendments are first applied. On the date of initial application, the cumulative effect of applying the changes is recognized as an adjustment to the opening balance in retained earnings or other elements of equity, as appropriate. Comparisons are not restated. The Company has determined that all contracts existing as at June 30, 2021 will be completed before the amendments come into force.

b) IFRS 17 - Insurance Contracts

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

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

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.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

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

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

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

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

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

### 6. Cash and cash equivalents

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and bank deposits	<b>125,134</b>	70,197	<b>120,487</b>	65,852
	<b>125,134</b>	70,197	<b>120,487</b>	65,852

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

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 7. Financial Investments

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Financial investments	<b>874,258</b>	144,152	<b>867,599</b>	135,435
	<b>874,258</b>	144,152	<b>867,599</b>	135,435

The Company's financial investments are held primarily for the making of new investments, increasing production capacity and for the research and development of new products.

The R\$730,106 variation against December 2020 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 CDB (Bank Deposit Certificate) transactions with an average yield of 104.1% 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.

### 8. Trade accounts receivable

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Customers in the country	<b>310,352</b>	236,825	<b>310,352</b>	236,825
Customers abroad	<b>23,611</b>	17,578	<b>6,692</b>	2,790
Related parties (Note 15)	<b>867</b>	525	<b>12,427</b>	9,353
	<b>334,830</b>	254,928	<b>329,471</b>	248,968
Expected credit losses	<b>(8,391)</b>	(7,376)	<b>(7,027)</b>	(5,844)
<b>Total trade accounts receivable</b>	<b>326,439</b>	247,552	<b>322,444</b>	243,124

The customers line item is realized at the par value of the bills and deducted from expected credit losses. Of the total amount, R\$313,078 are bills not yet due and R\$21,752 are overdue bills, corresponding to 94% and 6%, respectively.

The R\$78,887 (32%) increase 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 the Company to extend due dates in order to gain competitiveness in negotiations with private sector customers.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
 June 30, 2021  
 (In thousands of *Reais*, except when otherwise indicated)

### 8. Trade accounts receivable - Continuation

#### a) Aging of balances of trade accounts receivable

	Consolidated					
	Private		Public		Total	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Due	305,090	199,044	7,988	40,038	313,078	239,082
<b>Overdue</b>						
From 1 to 30 days	4,073	3,930	1,934	640	6,007	4,570
From 31 to 60 days	403	575	1,099	457	1,502	1,032
From 61 to 180 days	678	744	7,577	1,901	8,255	2,645
More than 181 days	5,006	5,274	982	2,325	5,988	7,599
<b>Customers</b>	<b>315,250</b>	<b>209,567</b>	<b>19,580</b>	<b>45,361</b>	<b>334,830</b>	<b>254,928</b>
Expected credit losses	(7,470)	(6,404)	(921)	(972)	(8,391)	(7,376)
<b>Total</b>	<b>307,780</b>	<b>203,163</b>	<b>18,659</b>	<b>44,389</b>	<b>326,439</b>	<b>247,552</b>

	Individual					
	Private		Public		Total	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Due	300,629	195,178	7,818	39,937	308,447	235,115
<b>Overdue</b>						
From 1 to 30 days	1,932	2,784	1,771	620	3,703	3,404
From 31 to 60 days	640	-	1,023	447	1,663	447
From 61 to 180 days	3,438	2,069	7,549	1,900	10,987	3,969
More than 181 days	3,689	3,709	982	2,324	4,671	6,033
<b>Customers</b>	<b>310,328</b>	<b>203,740</b>	<b>19,143</b>	<b>45,228</b>	<b>329,471</b>	<b>248,968</b>
Expected credit losses	(6,106)	(4,872)	(921)	(972)	(7,027)	(5,844)
<b>Total</b>	<b>304,222</b>	<b>198,868</b>	<b>18,222</b>	<b>44,256</b>	<b>322,444</b>	<b>243,124</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 8. Accounts receivable - Continuation

#### b) Aging of balances of trade accounts receivable by segment

	Consolidated					
	Institutional		Retail		Total	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Due	292,267	225,623	20,811	13,459	313,078	239,082
<b>Overdue</b>						
From 1 to 30 days	5,608	4,313	399	257	6,007	4,570
From 31 to 60 days	1,402	974	100	58	1,502	1,032
From 61 to 180 days	7,706	2,496	549	149	8,255	2,645
More than 181 days	5,590	7,171	398	428	5,988	7,599
<b>Customers</b>	<b>312,573</b>	<b>240,577</b>	<b>22,257</b>	<b>14,351</b>	<b>334,830</b>	<b>254,928</b>
Expected credit losses	(7,833)	(6,961)	(558)	(415)	(8,391)	(7,376)
<b>Total</b>	<b>304,740</b>	<b>233,616</b>	<b>21,699</b>	<b>13,936</b>	<b>326,439</b>	<b>247,552</b>

	Individual					
	Institutional		Retail		Total	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Due	287,943	221,879	20,504	13,236	308,447	235,115
<b>Overdue</b>						
From 1 to 30 days	3,457	3,212	246	192	3,703	3,404
From 31 to 60 days	1,552	422	111	25	1,663	447
From 61 to 180 days	10,257	3,745	730	224	10,987	3,969
More than 181 days	4,361	5,693	310	340	4,671	6,033
<b>Customers</b>	<b>307,570</b>	<b>234,951</b>	<b>21,901</b>	<b>14,017</b>	<b>329,471</b>	<b>248,968</b>
Expected credit losses	(6,560)	(5,515)	(467)	(329)	(7,027)	(5,844)
<b>Total</b>	<b>301,010</b>	<b>229,436</b>	<b>21,434</b>	<b>13,688</b>	<b>322,444</b>	<b>243,124</b>

#### c) Change in the expected credit losses

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Initial balance	(7,376)	(7,992)	(5,844)	(6,551)
Provision recorded in the period	(11,773)	(27,505)	(11,929)	(27,142)
Write-offs during the period	3,997	10,976	3,997	10,976
Reversal in the period	6,761	17,074	6,749	16,802
Other write-offs not affecting profit or loss	-	71	-	71
<b>Final balance</b>	<b>(8,391)</b>	<b>(7,376)</b>	<b>(7,027)</b>	<b>(5,844)</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 8. Accounts receivable - Continuation

No receivables had been given as collateral for debt as at June 30, 2021 and December 31, 2020.

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

### 9. Inventories

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Finished goods	<b>89,072</b>	90,487	<b>70,928</b>	73,981
Semi-finished goods and goods in process	<b>83,487</b>	68,602	<b>83,485</b>	68,602
Raw materials and packaging	<b>182,926</b>	143,259	<b>182,904</b>	143,259
Imports in progress	<b>58,569</b>	21,423	<b>58,569</b>	21,423
Others	<b>31,705</b>	23,343	<b>31,316</b>	23,219
Provision for impairment	<b>(18,158)</b>	(19,620)	<b>(17,295)</b>	(18,454)
<b>Total</b>	<b>427,601</b>	327,494	<b>409,907</b>	312,030

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

The 31% (R\$100,107) increase against December 31, 2020 in the inventory line item is linked to the increase in production capacity and sales volume and also reflects June 30 the strategy adopted by the Company to increase safety stock levels, bearing in mind the current pandemic scenario.

#### Change in the provision for impairment of inventories

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Initial balance of the provision	<b>(19,620)</b>	(11,534)	<b>(18,454)</b>	(11,041)
Provision recorded in the period	<b>(1,919)</b>	(6,417)	<b>(1,919)</b>	(5,744)
Write-off/reversal	<b>3,381</b>	(1,669)	<b>3,078</b>	(1,669)
<b>Final balance of the provision</b>	<b>(18,158)</b>	(19,620)	<b>(17,295)</b>	(18,454)

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 9. Inventory - Continuation

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

No inventory had been given as collateral for debt by the Company as at June 30, 2021 and December 31, 2020.

### 10. Recoverable taxes

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Current</b>				
ICMS	200	303	293	299
IPI	89	192	89	192
PIS	7	405	1	402
COFINS	31	2,053	2	2,041
IVA/IRAE	1,493	1,213	-	-
Others	737	94	214	94
<b>Total current</b>	<b>2,557</b>	<b>4,260</b>	<b>599</b>	<b>3,028</b>
<b>Non-current</b>				
CIAP	11,960	8,207	11,960	8,207
PIS	1,397	993	1,397	993
COFINS	6,418	4,563	6,418	4,563
OTHERS	193	-	193	-
<b>Total non-current</b>	<b>19,968</b>	<b>13,763</b>	<b>19,968</b>	<b>13,763</b>
<b>Total</b>	<b>22,525</b>	<b>18,023</b>	<b>20,567</b>	<b>16,791</b>

The increase in the balance of recoverable taxes (a 25% variation) against December 31, 2020 refers to acquisitions of property, plant, and equipment in the period resulting from expansions of the Cotia production units (P200 and P210).

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 11. Other receivables

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Non deliverable forward contracts ( <i>NDF</i> ) (a)	3,707	2,595	3,707	2,595
Debentures (b)	-	3,391	586	3,391
Other advances	6,719	6,927	3,041	2,326
Other receivables	4,327	3,306	1,391	3,305
<b>Total</b>	<b>14,753</b>	<b>16,219</b>	<b>8,725</b>	<b>11,617</b>
Current	11,171	6,840	8,079	6,762
Non-current	3,582	9,379	646	4,855
<b>Other receivables - total</b>	<b>14,753</b>	<b>16,219</b>	<b>8,725</b>	<b>11,617</b>

(a) This Trading Note is an integral part of the Private Instrument of Agreement for SWAP and other transactions the derivatives market and other covenants signed on 12/09/20 and 06/07/21, with Citibank S.A. (see note 29);

(b) Derivatives - Debentures is the fair value of the derivative embedded in convertible debentures (see notes 18 and 29).

### 12. Investments

	Individual and Consolidated	
	06/30/2021	12/31/2020
Equity interest in Blau Farmacêutica Colombia S.A.S.	26,552	26,972
Goodwill Blau Farmacêutica Colombia S.A.S.	6,801	6,801
<b>Total Blau Farmacêutica Colombia S.A.S.</b>	<b>33,353</b>	<b>33,773</b>
Equity interest in Blau Farma Uruguay S.A.	7,522	7,715
Goodwill Blau Farma Uruguay S.A.	271	271
<b>Total Blau Farma Uruguay S.A.</b>	<b>7,793</b>	<b>7,986</b>
Equity interest in Blau Goiás	6,367	1,585
Surplus value of assets	24,650	24,650
Goodwill	111,522	112,437
<b>Total Blau Goiás</b>	<b>142,539</b>	<b>138,672</b>
Equity interest in Plex - Plasma Experts Corp.	14,275	3,698
<b>Total PLEX</b>	<b>14,275</b>	<b>3,698</b>
<b>Other investments</b>	<b>29</b>	<b>29</b>
<b>Total</b>	<b>197,989</b>	<b>184,158</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 12. Investments - Continuation

#### Changes in investments

	Blau Colombia	Blau Uruguay	Blau Goiás	Plex	Others	Total
<b>Balance of investments as at December 31, 2019</b>	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 (a)	-	-	142,127	3,573	-	145,700
<b>Balance of investments as at December 31, 2020</b>	33,773	7,987	138,671	3,698	29	184,158
Equity valuation adjustment	2,493	(1,272)	(284)	(16)	-	921
Translation adjustment	(2,913)	(459)	-	(912)	-	(4,284)
Advance for future capital increase	-	1,537	5,069	11,505	-	18,111
Goodwill (b)	-	-	(917)	-	-	(917)
<b>Balance of investments as at June 30, 2021</b>	<b>33,353</b>	<b>7,793</b>	<b>142,539</b>	<b>14,275</b>	<b>29</b>	<b>197,989</b>

(a) Amount relating to the acquisition of Blau Goiás (formerly Pharma Limirio), as further detailed in note 3.

(b) For more information on the reduction in goodwill, see not 14 – intangible assets.

In the table below, the Company shows a summary of the financial information of Blau Farmacêutica Colombia S.A.S., Blau Farma Uruguay S.A., Blau Goiás (former Pharma Limirio) and Plex Plasma.

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

	06/30/2021				12/31/2020			
	Blau Colombia	Blau Uruguay	Blau Goiás	Plex	Blau Colombia	Blau Uruguay	Blau Goiás	Plex
Current assets	27,610	14,700	4,105	212	30,322	12,500	662	39
Non-current assets	2,017	3,760	5,732	8,116	2,061	1,561	2,930	3,658
<b>Total assets</b>	<b>29,627</b>	<b>18,460</b>	<b>9,837</b>	<b>8,328</b>	<b>32,383</b>	<b>14,061</b>	<b>3,592</b>	<b>3,697</b>
Current liabilities	3,929	10,333	3,377	31	5,468	6,297	2,007	-
Non-current liabilities	-	-	89	-	-	-	-	-
Equity	25,698	8,127	6,371	14,275	26,914	7,763	1,585	3,697
<b>Total Liabilities + Equity</b>	<b>29,627</b>	<b>18,460</b>	<b>9,837</b>	<b>14,306</b>	<b>32,382</b>	<b>14,060</b>	<b>3,592</b>	<b>3,697</b>
Operating revenue	19,068	7,236	2,946	-	33,360	10,394	2,858	-
Profit (loss) for the period	2,367	(1,228)	(1,559)	(16)	1,938	(6,083)	(3,456)	62

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 13. Property, plant and equipment

Property, plant and equipment and intangible assets are recorded at acquisition cost less accumulated depreciation or amortization. The calculation is based on the straight line method, which takes into account the estimated life cycle of the assets.

	Rate	Consolidated				06/30/2020
		12/31/2019	Additions	Transfer	Write-off	
<b>Cost</b>						
Property and land		53,076	2,978	18,665	-	74,719
Machinery and equipment		71,896	6,777	25,010	-	103,683
Vehicles		3,362	162	-	(35)	3,489
Furniture and fixtures		6,234	132	1,856	-	8,222
Installations in use		11,895	-	8,216	-	20,111
IT equipment		5,393	628	1,103	-	7,124
Property, plant and equipment in progress		69,084	24,898	(54,850)	(477)	38,655
Advance on goods for future delivery		39,389	2,040	-	-	41,429
Others		44	-	-	-	44
<b>Total cost</b>		<b>260,373</b>	<b>37,615</b>	<b>-</b>	<b>(512)</b>	<b>297,476</b>
<b>Cumulative depreciation</b>						
Property	4%	(4,467)	(1,124)	-	-	(5,591)
Machinery and equipment	10%	(44,574)	(6,254)	-	-	(50,828)
Vehicles	20%	(2,629)	(250)	-	31	(2,848)
Furniture and fixtures	10%	(4,329)	(141)	-	-	(4,470)
Installations in use	10%	(6,766)	(415)	-	-	(7,181)
IT equipment	20%	(3,574)	(471)	-	-	(4,045)
<b>Total cumulative depreciation</b>		<b>(66,339)</b>	<b>(8,655)</b>	<b>-</b>	<b>31</b>	<b>(74,963)</b>
<b>Net property, plant and equipment</b>		<b>194,034</b>	<b>28,960</b>	<b>-</b>	<b>(481)</b>	<b>222,513</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 13. Property, plant and equipment – Continuation

Cost	Rate	Individual				06/30/2020
		12/31/2019	Additions	Transfer	Write-off	
Property and land		53,042	-	18,665	-	71,707
Machinery and equipment		72,714	1,758	25,010	-	99,482
Vehicles		3,098	90	-	(35)	3,153
Furniture and fixtures		5,172	61	1,856	-	7,089
Installations in use		11,953	-	8,216	-	20,169
IT equipment		5,160	533	1,103	-	6,796
Property, plant and equipment in progress		68,508	24,898	(54,850)	(477)	38,079
Advance on goods for future delivery		39,399	2,040	-	-	41,439
<b>Total cost</b>		<b>259,046</b>	<b>29,380</b>	<b>-</b>	<b>(512)</b>	<b>287,914</b>
		<b>Balance</b>	<b>Additions</b>	<b>Transfer</b>	<b>Write-off</b>	<b>Balance</b>
	<b>Rate</b>	<b>12/31/2020</b>				<b>06/30/2021</b>
<b>Cumulative depreciation</b>						
Property	4%	(3,877)	(969)	-	-	(4,846)
Machinery and equipment	10%	(44,811)	(3,205)	-	-	(48,016)
Vehicles	20%	(2,171)	(211)	-	31	(2,351)
Furniture and fixtures	10%	(4,198)	(124)	-	-	(4,322)
Installations in use	10%	(7,009)	(413)	-	-	(7,422)
IT equipment	20%	(3,294)	(373)	-	-	(3,667)
<b>Total cumulative depreciation</b>		<b>(65,360)</b>	<b>(5,295)</b>	<b>-</b>	<b>31</b>	<b>(70,624)</b>
<b>Net property, plant and equipment</b>		<b>193,686</b>	<b>24,085</b>	<b>-</b>	<b>(481)</b>	<b>217,290</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 13. Property, plant and equipment – Continuation

	Rate	Consolidated				06/30/2021
		12/31/2020	Additions	Transfer	Write-off	
<b>Cost</b>						
Property and land		93,611	479	(5)	-	94,085
Machinery and equipment		101,734	6,471	1,738	(1,508)	108,435
Improvements		2,976	766	-	-	3,742
Vehicles		3,836	165	-	-	4,001
Furniture and fixtures		8,282	277	-	(15)	8,544
Installations in use		20,971	232	157	-	21,360
IT equipment		7,662	1,179	115	(212)	8,744
Assets in use (a)		1,879	2,319	-	(1,168)	3,030
Property, plant and equipment in progress		84,277	63,783	(3,488)	-	144,573
Advance on goods for future delivery		13,268	9,575	-	-	22,843
Others		44	-	-	-	44
<b>Total cost</b>		<b>338,540</b>	<b>85,246</b>	<b>(1,483)</b>	<b>(2,903)</b>	<b>419,401</b>
<b>Cumulative depreciation</b>						
Property	4%	(7,396)	(1,722)	2	-	(9,116)
Machinery and equipment	10%	(52,570)	(5,017)	(1)	97	(57,491)
Improvements	4%	(222)	(218)	-	-	(440)
Vehicles	20%	(3,125)	(249)	-	-	(3,374)
Furniture and fixtures	10%	(4,658)	(184)	-	14	(4,828)
Installations in use	10%	(8,420)	(780)	(1)	-	(9,201)
IT equipment	20%	(4,543)	(572)	-	210	(4,905)
Assets in use (a)	33%	(866)	(506)	-	-	(1,372)
<b>Total cumulative depreciation</b>		<b>(81,800)</b>	<b>(9,248)</b>	<b>-</b>	<b>321</b>	<b>(90,727)</b>
<b>Net property, plant and equipment</b>		<b>256,740</b>	<b>75,998</b>	<b>(1,483)</b>	<b>(2,582)</b>	<b>328,674</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 13. Property, plant and equipment – Continuation

	Rate	Individual			06/30/2021	
		12/31/2020	Additions	Transfer		Write-off
<b>Cost</b>						
Property and land		93,169	479	(5)	-	93,643
Machinery and equipment		102,646	6,245	1,738	(1,471)	109,158
Vehicles		3,491	165	-	-	3,656
Furniture and fixtures		7,137	251	-	(15)	7,373
Installations in use		20,360	232	157	-	20,749
IT equipment		7,227	1,161	115	(212)	8,291
Assets in use (a)		855	2,319	-	(1,168)	2,006
Property, plant and equipment in progress		83,701	49,146	(3,488)	-	129,360
Advance on goods for future delivery		13,278	9,575	-	-	22,853
<b>Total cost</b>		<b>331,864</b>	<b>69,573</b>	<b>(1,483)</b>	<b>(2,866)</b>	<b>397,089</b>
<b>Cumulative depreciation</b>						
Property	4%	(6,587)	(1,692)	2	-	(8,277)
Machinery and equipment	10%	(52,475)	(4,780)	(1)	74	(57,182)
Vehicles	20%	(2,615)	(249)	-	-	(2,864)
Furniture and fixtures	10%	(4,503)	(174)	-	14	(4,663)
Installations in use	10%	(8,170)	(760)	(1)	-	(8,931)
IT equipment	20%	(4,120)	(514)	-	210	(4,424)
Assets in use (a)	33%	-	(454)	-	-	(454)
<b>Total cumulative depreciation</b>		<b>(78,470)</b>	<b>(8,623)</b>	<b>-</b>	<b>298</b>	<b>(86,795)</b>
<b>Net property, plant and equipment</b>		<b>253,394</b>	<b>60,950</b>	<b>(1,483)</b>	<b>(2,568)</b>	<b>310,294</b>

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

Additions to property, plant and equipment are basically related to investments in the planned expansion of the Company's production capacity at its current production units and in the construction of two new production units (P200 and P210).

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\$93,994 (65%) refer to the acquisition of installation machinery and equipment, and R\$50,579 (34%) refer to the industrial expansion of the São Paulo, Cotia, and Goiás production units.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 13. Property, plant and equipment – Continuation

June 30	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Machinery and equipment being installed	93,994	68,256	93,994	68,256
Industrial expansion	50,579	16,021	35,366	15,445
<b>Total</b>	<b>144,573</b>	<b>84,277</b>	<b>129,360</b>	<b>83,701</b>

No property, plant and equipment had been given as collateral for debt incurred by the Company as at June 30, 2021 and December 31, 2020.

### 14. Intangible assets

	Consolidated				
	12/31/2019	Additions	Transfer	Write-off	06/30/2020
<b>Cost</b>					
Right of use of Software	5,899	2,203	-	(1,055)	7,047
Trademarks	1,008	5	-	-	1,013
Sanitary registrations	834	28	-	-	862
Development of new products	11,321	6,659	-	-	17,980
Operating license	-	16,439	-	-	16,439
New product license	-	8,755	-	-	8,755
Goodwill (a)	7,071	112,668	-	-	119,739
<b>Total Cost</b>	<b>26,133</b>	<b>146,757</b>	<b>-</b>	<b>(1,055)</b>	<b>171,835</b>
<b>Cumulative amortization</b>					
Right of use of Software	(4,295)	(353)	-	527	(4,121)
Trademarks	(33)	(40)	-	-	(73)
Sanitary registrations	(418)	(60)	-	-	(478)
<b>Total cumulative amortization</b>	<b>(4,746)</b>	<b>(453)</b>	<b>-</b>	<b>527</b>	<b>(4,672)</b>
<b>Net intangible assets</b>	<b>21,387</b>	<b>146,304</b>	<b>-</b>	<b>(528)</b>	<b>167,163</b>
	Individual				
	12/31/2019	Additions	Transfer	Write-off	06/30/2020
<b>Cost</b>					
Right of use of Software	4,724	1,086	-	-	5,810
Development of new products	11,322	6,659	-	-	17,981
Trademarks	881	-	-	-	881
<b>Total cost</b>	<b>16,927</b>	<b>7,745</b>	<b>-</b>	<b>-</b>	<b>24,672</b>
<b>Cumulative amortization</b>					
Right of use of Software	(3,992)	(155)	-	-	(4,147)
<b>Total cumulative amortization</b>	<b>(3,992)</b>	<b>(155)</b>	<b>-</b>	<b>-</b>	<b>(4,147)</b>
<b>Net intangible assets</b>	<b>12,935</b>	<b>7,590</b>	<b>-</b>	<b>-</b>	<b>20,525</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 14. Intangible assets - Continuation

	Consolidated				06/30/2021
	12/31/2020	Additions	Transfer	Write-off	
<b>Cost</b>					
Right of use of Software	7,046	720	624	(756)	7,634
Trademarks	1,038	5	-	(2)	1,041
Sanitary registrations	1,420	59	1,048	-	2,527
Development of new products	21,471	6,766	159	(20)	28,376
Goodwill (a)	144,644	-	(483)	(917)	143,244
<b>Total Cost</b>	<b>175,619</b>	<b>7,550</b>	<b>1,348</b>	<b>(1,695)</b>	<b>182,822</b>
<b>Cumulative amortization</b>					
Right of use of Software	(4,589)	(495)	-	252	(4,832)
Trademarks	(55)	(23)	-	-	(78)
Sanitary registrations	(672)	(65)	-	-	(737)
Development of new products	(137)	-	-	-	(137)
Other	(135)	-	135	-	-
<b>Total cumulative amortization</b>	<b>(5,588)</b>	<b>(583)</b>	<b>135</b>	<b>252</b>	<b>(5,784)</b>
<b>Net intangible assets</b>	<b>170,031</b>	<b>6,967</b>	<b>1,483</b>	<b>(1,443)</b>	<b>177,038</b>
	Individual				
	12/31/2020	Additions	Transfer	Write-off	06/30/2021
<b>Cost</b>					
Right of use of Software	5,964	48	1,484	-	7,496
Development of new products	21,471	6,766	2	-	28,239
Trademarks	881	-	(3)	-	878
<b>Total cost</b>	<b>28,316</b>	<b>6,814</b>	<b>1,483</b>	<b>-</b>	<b>36,613</b>
<b>Cumulative amortization</b>					
Right of use of Software	(4,376)	(318)	-	-	(4,694)
<b>Total cumulative amortization</b>	<b>(4,376)</b>	<b>(318)</b>	<b>-</b>	<b>-</b>	<b>(4,694)</b>
<b>Net intangible assets</b>	<b>23,940</b>	<b>6,496</b>	<b>1,483</b>	<b>-</b>	<b>31,919</b>

- a) The goodwill results from the acquisitions of the investees Blau Farmacêutica Colômbia S.A.S. in the amount of R\$6,800, Blau Farma Uruguay in the amount of R\$757 and Blau Goiás in the amount of R\$111,523 and R\$24,650 related to the operating license and products under development by Blau Goiás (see Note No. 3) which is shown in the consolidated figures under intangible assets, in accordance with the accounting standard. This amount cannot be amortized, but an impairment test is carried out on an annual basis.

The goodwill of Blau Goiás 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.

- b) The amortization rate used for software is 20%.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 14. Intangible assets – Continuation

#### Impairment testing – Intangible Assets

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

In the period ended June 30, 2021, the Company did not identify any other intangible assets that in management's assessment would not be capable of generating future economic benefits.

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

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

### 15. Related parties

#### a) Ultimate controlling shareholder

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

### 15. Related parties – Continuation

#### 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 for the six-month period ended June 30, 2021 and 2020, which include the statutory officers (CEO, CFO, COO, Chief Legal Officer and Chief Quality Officer) are shown below:

	Individual	
	06/30/2021	06/30/2020
Management compensation	(2,347)	(2,173)
Bonuses (a)	(8,713)	(979)
Benefits	(284)	(45)
<b>Total</b>	<b>(11,344)</b>	<b>(3,197)</b>

(a) Bonuses linked to the going public process in April 2020.

#### c) Balances and transactions with related parties

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

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

The main balances with related parties as at June 30, 2021 and December 31, 2020 in the equity accounts, as well as the transactions in the profit or loss accounts for the six-month periods ended June 30, 2021 and 2020 are shown below:

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 15. Related parties - Continuation

#### c) Balances and transactions with related parties - Continuation

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Assets</b>				
<b>Customers (Note 8)</b>				
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	867	525	867	525
Blau Goiás (b)	-	-	1,775	5
Blau Farmacêutica Colombia S.A.S. (c)	-	-	981	3,950
Blau Farma Uruguay S.A. (d)	-	-	8,804	4,873
<b>Position of receivables from subsidiaries</b>	<b>867</b>	<b>525</b>	<b>12,427</b>	<b>9,353</b>
<b>Investments (Note 12)</b>				
Blau Farmacêutica Colombia S.A.S.	-	-	33,350	33,773
Blau Farma Uruguay S.A.	29	29	7,821	8,016
Plex - Plasm Experts Corp. (e)	-	-	14,275	3,697
Blau Goiás	-	-	142,543	138,672
<b>Total Investments</b>	<b>29</b>	<b>29</b>	<b>197,989</b>	<b>184,158</b>
<b>Total assets with related parties</b>	<b>896</b>	<b>554</b>	<b>210,416</b>	<b>193,511</b>
<b>Liabilities</b>				
<b>Related party suppliers (Note 16)</b>				
F11 Segurança Privada Ltda. (f)	376	361	376	361
F11 Facilities Eireli (g)	535	502	535	502
Blau Goiás Ltda. (b)	-	-	676	-
Hahn Participações	-	-	-	448
<b>Total Suppliers</b>	<b>911</b>	<b>863</b>	<b>1,587</b>	<b>1,311</b>
<b>Dividends and interest on own capital payable (Note 21)</b>				
Minimum dividends payable	-	53,233	-	53,233
Interest on own capital	2,974	3,973	2,974	3,973
<b>Total Dividends and interest on own capital payable</b>	<b>2,974</b>	<b>57,206</b>	<b>2,974</b>	<b>57,206</b>
<b>Debentures convertible into shares (Note 18)</b>				
Symbiosis Fundo de investimento Multimercado de Crédito Privado no Exterior	-	336,829	-	336,829
<b>Total Debentures</b>	<b>-</b>	<b>336,829</b>	<b>-</b>	<b>336,829</b>
<b>Total liabilities with related parties</b>	<b>3,885</b>	<b>394,898</b>	<b>4,561</b>	<b>395,346</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 15. Related parties - Continuation

#### c) Balances and transactions with related parties - Continuation

*Income - gross revenue (Note n° 25) and cost of goods and products sold (Note n° 26)*

	Consolidated			
	06/30/2021		06/30/2020	
	Revenue	Cost	Revenue	Cost
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	1,063	(877)	1,079	(532)
<b>Total income from related parties</b>	<b>1,063</b>	<b>(877)</b>	<b>1,079</b>	<b>(532)</b>
	Individual			
	06/30/2021		06/30/2020	
	Revenue	Cost	Revenue	Cost
The Package Store Imp. Com. Distr. Emb. Ltda. (a)	1,063	(877)	1,065	(532)
Blau Farmacêutica Colombia S.A.S. (c)	7,370	(5,316)	6,605	(5,502)
Blau Farma Uruguay S.A. (d)	5,337	(4,329)	2,826	(2,317)
Blau Goiás (b)	2,899	(4,480)	1,468	(32)
<b>Total income from related parties</b>	<b>16,669</b>	<b>(15,002)</b>	<b>11,964</b>	<b>(8,383)</b>

*Income - other transactions*

	Individual	
	06/30/2021	06/30/2020
F11 Segurança Privada Ltda. (f)	(2,711)	(2,537)
F11 Facilities Eireli (g)	(3,574)	(3,271)
Symbiosis Fundo de investimento Multimercado de Crédito Privado no Exterior (h)	(2,919)	-

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 15. Related parties - Continuation

#### c) Balances and transactions with related parties - Continuation

- (e) Plex is the holding company for joint ventures in the plasma collection segment abroad. The Company owns 51% of Hemarus Plasma-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;

### 16. Suppliers

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
In the country	21,356	12,213	20,444	12,105
Abroad	66,305	119,924	64,376	119,633
Related parties (Note 15)	911	863	1,587	1,311
<b>Total Suppliers</b>	<b>88,572</b>	<b>133,000</b>	<b>86,407</b>	<b>133,049</b>

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

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

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

### 17. Loans and financing

#### Composition of the balance of loans and financing

Modality	Average rate	Bank	Guarantee	Consolidated		Individual	
				06/30/2021	12/31/2020	06/30/2021	12/31/2020
Leases	15.09% p.a.	Safra and Bradesco	Controlling shareholder	-	12	-	12
Working capital	CDI + 1.70% p.a.	Itaú	Controlling shareholder	5,024	15,052	5,024	15,052
Working capital	USD + 1.65% p.a.	Citibank	Controlling shareholder	142,306	-	142,306	-
Working capital Uruguay	USD + 8% p.a.	Itaú	No guarantee	624	754	-	-
Vehicle leases - CPC06	-	-	No guarantee	2,659	855	1,666	855
<b>Total</b>				<b>150,613</b>	<b>16,673</b>	<b>148,996</b>	<b>15,919</b>
Current				149,884	16,292	148,356	15,538
Non-current				729	381	640	381
<b>Total</b>				<b>150,613</b>	<b>16,673</b>	<b>148,996</b>	<b>15,919</b>

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

#### Changes in loans and financing

	Consolidated	Individual
<b>Balance as at December 31, 2019</b>	44,157	43,770
Loans raised with cash effect	33,224	32,857
Appropriation of interest	1,457	1,457
Payment of principal	(60,365)	(60,365)
Payment of interest	(1,853)	(1,853)
Monetary adjustment	53	53
<b>Balance as at December 31, 2020</b>	16,673	15,919
Loans raised	154,645	154,645
Appropriation of interest	2,458	2,458
Payment of principal	(8,682)	(9,545)
Payment of interest	(361)	(361)
Monetary adjustment	(14,120)	(14,120)
<b>Balance as at June 30, 2021</b>	<b>150,613</b>	<b>148,996</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
 June 30, 2021  
 (In thousands of *Reais*, except when otherwise indicated)

### 17. Loans and financing - Continuation

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

Year	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Up to June 2022	149,884	16,292	148,356	15,538
After June 2022	729	381	640	381
<b>Total</b>	<b>150,613</b>	<b>16,673</b>	<b>148,996</b>	<b>15,919</b>

#### 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 June 30, 2021 and December 31, 2020, the Company was in compliance with all the early maturity clauses.

#### Reconciliation of changes in equity with cash flows

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

	Consolidated – Liabilities			Total 12/31/2020
	Loans and financing	Debentures	Dividends and interest on own capital payable	
<b>Cash flows from financing activities</b>				
Dividends and interest on own capital paid	-	-	(326,923)	(326,923)
Loans and financing raised	33,224	482,247	-	515,471
Payments of loans and financing	(60,365)	-	-	(60,365)
Payments of loans and financing – interest	(1,853)	-	-	(1,853)
Payment of debentures - principal	-	(44,999)	-	(44,999)
Payment of debentures - interest	-	(14,073)	-	(14,073)
<b>Net cash from (used in) financing activities</b>	<b>(28,994)</b>	<b>423,175</b>	<b>(326,923)</b>	<b>67,258</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 17. Loans and financing - Continuation

	<b>Consolidated – Liabilities</b>			<b>Total 06/30/2021</b>
	<b>Loans and financing</b>	<b>Debentures</b>	<b>Dividends and interest on own capital payable</b>	
<b>Cash flows from financing activities</b>				
Dividends and interest on own capital paid	-	-	(59,257)	(59,257)
Loans and financing raised	154,645	-	-	154,645
Payments of loans and financing	(8,682)	-	-	(8,682)
Payments of loans and financing – interest	(361)	-	-	(361)
Payment of debentures - principal	-	(362,500)	-	(362,500)
Payment of debentures – Interest	-	(8,989)	-	(8,989)
<b>Net cash from (used in) financing activities</b>	<b>145,602</b>	<b>(371,489)</b>	<b>(59,257)</b>	<b>(285,144)</b>

### 18. Debentures

<b>Modality</b>	<b>Average rate</b>	<b>Guarantee</b>	<b>Consolidated and Individual</b>	
			<b>06/30/2021</b>	<b>12/31/2020</b>
Debentures 1 <sup>st</sup> issue	CDI + 1.05% p.a.	Controlling shareholder	<b>89,818</b>	112,593
Debentures 2 <sup>nd</sup> issue	CDI + 0.45% p.a.	Controlling shareholder	-	76,759
Debentures 3 <sup>rd</sup> issue	CDI + 1.30% p.a.	Controlling shareholder	<b>252,267</b>	251,671
Debentures 4 <sup>th</sup> issue	CDI + 0.45% p.a.	Controlling shareholder	-	117,672
Debentures 5 <sup>th</sup> issue	CDI + 0.45% p.a.	Controlling shareholder	-	114,645
<b>Total debentures</b>			<b>342,085</b>	673,340
Current			<b>47,083</b>	47,010
Non-current			<b>295,002</b>	626,330
<b>Total</b>			<b>342,085</b>	673,340

The net proceeds raised by the Issuer, 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\$331,255 against December 31, 2020.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

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### 18. Debentures - Continuation

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>b. Effective interest rate p.a. %</b>	1.05% +	0.45% +	1.30% +	0.45% +	0.45% +
	100% cdi	100% cdi	100% cdi	100% cdi	100% cdi
<b>c. Total amount of debt</b>	89,818	-	(252,267)	-	-

Changes in the balance of debentures:

	1st Issue	2nd Issue	3rd Issue	4th Issue	5th Issue	Total
<b>Balance in December 2019</b>	(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
<b>Balance in December 2020</b>	(112,593)	(76,759)	(251,671)	(117,672)	(114,645)	(673,340)
Reclassification (a)	-	(3,418)	-	(17,341)	(10,412)	(31,171)
Interest paid	1,747	796	4,075	1,208	1,163	8,989
Interest accrued	(1,472)	(619)	(4,671)	(1,194)	(1,106)	(9,062)
Amortization	22,500	80,000	-	135,000	125,000	362,500
<b>Balance in June 2021</b>	(89,818)	-	(252,267)	-	-	(342,085)

(a) 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.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
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### 18. Debentures - Continuation

#### Scheduling of debt in relation to the balance of debentures

<u>Period</u>	<u>Consolidated and Individual 06/30/2021</u>
Jul/21 to Jun/22	47,083
Jul/22 to Jun/23	95,002
Jul/23 to Jun/24	50,000
Jul/24 to Jun/25	50,000
Jul/25 to Jun/26	50,000
Jul/26 to Jun/27	50,000
<b>Total</b>	<b>342,085</b>

#### 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.

### 19. Income tax and social contribution payable

<u>Current</u>	<u>Consolidated</u>		<u>Individual</u>	
	<u>06/30/2021</u>	<u>12/31/2020</u>	<u>06/30/2021</u>	<u>12/31/2020</u>
Income tax	31,357	26,692	30,400	26,692
Social contribution	11,568	9,536	11,223	9,536
<b>Total</b>	<b>42,925</b>	<b>36,228</b>	<b>41,623</b>	<b>36,228</b>

#### Changes in income tax and social contribution payable

	<u>Consolidated</u>		<u>Individual</u>	
	<u>06/30/2021</u>	<u>12/31/2020</u>	<u>06/30/2021</u>	<u>12/31/2020</u>
Initial balance	36,228	21,010	36,228	20,215
Provision	76,729	106,308	75,279	105,263
Compensation	(2,788)	(7,004)	(2,640)	(7,004)
Tax paid	(67,244)	(84,086)	(67,244)	(82,246)
<b>Total</b>	<b>42,925</b>	<b>36,228</b>	<b>41,623</b>	<b>36,228</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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### 19. Income tax and social contribution payable – Continuation

Effective rate in the parent company

	<b>Individual</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>
<b>Reconciliation of income tax and social contribution</b>		
Income before income tax and social contribution	<b>265,808</b>	352,597
Statutory rate	<b>34%</b>	34%
<b>Amount of income tax and social contribution on accounting profit at the statutory rate</b>	<b>90,375</b>	119,883
<b>Additions/exclusions</b>		
Equity pick-up	<b>(313)</b>	2,568
Temporary – Provisions	<b>(4,845)</b>	5,926
Interest on own capital	<b>(2,010)</b>	(4,366)
Tax incentive – ‘Lei do bem’	<b>(2,607)</b>	(5,149)
Tax incentive – Product development	<b>(3,733)</b>	(11,607)
Others	<b>899</b>	1,022
<b>Total Additions/exclusions</b>	<b>77,766</b>	108,277
<b>Deductions</b>		
Tax incentive – Workers’ Food Program (PAT)	<b>(574)</b>	(709)
Tax incentive – Donations made with incentives	<b>(1,726)</b>	(2,233)
Tax incentive – “Empresa Cidadã”	<b>(175)</b>	(48)
Exempt portion	<b>(12)</b>	(24)
<b>Total deductions</b>	<b>(2,487)</b>	(3,014)
<b>Current income tax and social contribution expenses</b>	<b>75,279</b>	105,263
Current income tax and social contribution	<b>75,279</b>	105,263
Deferred income tax and social contribution	<b>4,873</b>	(6,996)
<b>Current income tax and contribution, net</b>	<b>80,152</b>	98,267
<b>Effective rate</b>	<b>30.15%</b>	27.90%



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Notes to the interim financial statements (Continuation)  
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### 21. Dividends and interest on own capital

	Consolidated and Individual	
	06/30/2021	12/31/2020
Dividends to be distributed	-	53,233
Interest on own capital to be distributed (Note 15)	2,974	3,973
<b>Total</b>	<b>2,974</b>	<b>57,206</b>

#### Changes in dividends to be distributed

	Consolidated and Individual	
	06/30/2021	12/31/2020
Initial balance	53,233	38,337
Provision	-	321,476
Dividends paid	(53,233)	(306,580)
<b>Final balance</b>	<b>-</b>	<b>53,233</b>

#### Changes in interest on own capital to be distributed

	Consolidated and Individual	
	06/30/2021	12/31/2020
Initial balance	3,973	13,049
Provision	5,025	11,268
Interest on own capital paid	(6,024)	(20,344)
<b>Final balance</b>	<b>2,974</b>	<b>3,973</b>

### 22. Other accounts payable

	Consolidated		Individual	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Investments payable (a)	62,056	70,000	62,056	70,000
Advances from customers	871	102	776	57
Provision for distribution costs of products and goods sold	3,092	1,939	3,092	1,939
Other accounts payable	15,680	15,572	15,109	12,999
<b>Total</b>	<b>81,699</b>	<b>87,613</b>	<b>81,033</b>	<b>84,995</b>
Current	30,753	31,933	30,087	29,315
Non-current	50,946	55,680	50,946	55,680
<b>Total</b>	<b>81,699</b>	<b>87,613</b>	<b>81,033</b>	<b>84,995</b>

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 23. Provisions for tax, civil and labor lawsuits

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

	Consolidated and Individual			Total
	Labor claims	Civil claims	Anvisa proceedings	
<b>Balance as at December 31, 2019</b>	3,792	1,066	144	5,002
<b>Net addition</b>	2,186	168	-	2,354
New proceedings	393	-	-	393
Reclassification	605	55	-	660
Monetary adjustment	1,188	113	-	1,301
<b>Write-off</b>	(1,801)	(493)	-	(2,294)
Payments	(589)	-	-	(589)
Reclassification	(244)	(83)	-	(327)
Monetary adjustment	(968)	(410)	-	(1,378)
<b>Balance as at December 31, 2020</b>	4,177	741	144	5,062
<b>Addition</b>	1,334	382	-	1,716
New proceedings	836	-	-	836
Reclassification	-	287	-	287
Monetary adjustment	498	95	-	593
<b>Write-off</b>	(701)	(43)	-	(744)
Payments	(76)	(2)	-	(78)
Reclassification	(366)	(41)	-	(407)
Monetary correction	(259)	-	-	(259)
<b>Balance as at June 30, 2021</b>	<b>4,810</b>	<b>1,080</b>	<b>144</b>	<b>6,034</b>

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\$829 as at June 30, 2021 (R\$788 as at December 31, 2020). No provision was recognized for labor and civil risks classified as possible, according to their nature:

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

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

Nature	Consolidated	
	06/30/2021	12/31/2020
Labor	669	639
Civil	160	149
<b>Total</b>	<b>829</b>	<b>788</b>

#### b) Judicial deposits

	12/31/19	Addition	Write-off	12/31/20	Addition	Write-off	06/30/21
Labor	642	43	(116)	569	22	-	591
Civil	5,508	697	(758)	5,447	952	-	6,399
<b>Total</b>	<b>6,150</b>	<b>740</b>	<b>(874)</b>	<b>6,016</b>	<b>974</b>	<b>-</b>	<b>6,990</b>

### 24. Equity

#### a) Capital Stock

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
June 30, 2021	1,293,830	179,393,939
December 31, 2020	100,640	148,000

The subscribed and paid-in Capital stock of the Company was R\$1,293,830 as at June 30, 2021 (R\$100,640 as at December 31, 2020) and was represented by 148,000,000 thousand registered book-entry common shares with no par value. For the first six months of 2021, the following capital increases occurred:

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
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### 24. Equity – Continuation

#### b) Subscribed and paid-in capital – Continuation

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

(\*) 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.”

#### 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 Interest on Own Capital in the total amount of R\$188,758, was allocated to the investment reserve for future distribution.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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### 24. Equity - Continuation

#### f) Earnings per share

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

#### *Basic and diluted*

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

		<u>Individual</u>	
		<u>06/30/2021</u>	<u>06/30/2020</u>
Net income for the period	(a)	<b>185,657</b>	105,160
Weighted average number of common shares (thousands of shares)	(b)	<b>163,015</b>	148,000
Number of convertible shares (thousands of shares)	(c)	-	9,585
<b>Basic and diluted earnings per common share</b>	<b>(a) / (b)</b>	<b>1.1389</b>	1.7184
<b>Diluted earnings per common share</b>	<b>(a) / [(b) + (c)]</b>	<b>1.1389</b>	1.6139

### 25. Net operating revenue

	<u>Consolidated</u>		<u>Individual</u>	
	<u>06/30/2021</u>	<u>06/30/2020</u>	<u>06/30/2021</u>	<u>06/30/2020</u>
Sales of products – domestic market	771,128	583,974	741,192	560,831
Sales of products – overseas market	8,357	2,358	8,357	2,358
Sales – related parties (Note 15)	1,063	1,079	16,669	11,964
<b>Gross revenue</b>	<b>780,548</b>	587,411	<b>766,218</b>	575,153
(-) Taxes (a)	<b>(80,093)</b>	(41,634)	<b>(79,691)</b>	(41,634)
(-) Discounts	<b>(295)</b>	(426)	<b>(114)</b>	(278)
(-) Returns	<b>(3,269)</b>	(4,198)	<b>(3,167)</b>	(3,548)
<b>Total deductions from gross revenue</b>	<b>(83,657)</b>	(46,258)	<b>(82,972)</b>	(45,460)
<b>Net operating revenue</b>	<b>696,891</b>	541,153	<b>683,246</b>	529,693

(a) Sales taxes represent 12.61% of net operating revenue as at June 30, 2021 (8.55% as at June 30, 2020). This increase is related to the increase in revenues from the Specialties line and also to the increase in sales to private customers who do not enjoy tax exemption in relation to their purchases.

## **Blau Farmacêutica S.A.**

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### **25. Net operating revenue - Continuation**

#### Net operating revenue

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

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

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

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

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

#### Revenue from Contracts with Customers

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

### 25. Net operating revenue - Continuation

#### Revenue from contracts with customers – Continuation

The Company does not have any contracts with private sector customers as at June 2021 with expected realization within one year. In the case of a new contract being signed, the Company assesses contracts with customers that will be subject to revenue recognition and

identifies the different goods promised in each contract and the performance obligations, if any.

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

Sales growth in the June 30 first six months of 2021 is due to the increased demand in the private segment institutional market, particularly in the specialties and biologicals line.

In relation to geographical location, net revenue in Brazil accounted for 95% of the Company's consolidated net revenue in June 2021 and 96% of consolidated net revenue in June 2020.

	<b>Consolidated</b>	
	<b>06/30/2021</b>	<b>06/30/2020</b>
Brazil	<b>662,229</b>	519,372
Colombia	<b>19,068</b>	15,427
Uruguay	<b>7,236</b>	3,996
Chile	<b>5,717</b>	842
Others	<b>2,641</b>	1,516
<b>Total</b>	<b>696,891</b>	541,153

Regarding consolidated net revenue in the period ended June 30, 2021 between public and private customers is as follows:

	<b>Consolidated</b>	
	<b>06/30/2021</b>	<b>06/30/2020</b>
Public	<b>94,776</b>	165,650
Private	<b>602,115</b>	375,503
<b>Total</b>	<b>696,891</b>	541,153

Revenue from private customers represented 86% of total net operating revenue as at June 30, 2021, against 69% in the same period the previous year.

As at June 30, 2021, the Company's net operating revenue from sales to the Health Ministry was R\$132,714, which represents 25% of total net operating revenue (against R\$67,233, or 10% as at June 30, 2020).

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

### 25. Net operating revenue - Continuation

#### Revenue from contracts with customers--Continuation

Regarding consolidated net revenue in the period ended June 30, 2021, the breakdown between the various lines of medication is as follows:

	Consolidated	
	06/30/2021	06/30/2020
Biologicals	319,507	307,642
Specialties	289,163	171,761
Oncology	46,566	31,097
Outros	41,655	30,653
<b>Total</b>	<b>696,891</b>	<b>541,153</b>

Much of the increase in net operating revenue seen at June 30, 2021 is due to the sales by the Specialties and oncological drugs lines, which posted 41% and 33% growth, respectively, against the same period of the prior year.

a) *Performance obligations and revenue recognition policies*

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

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

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

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

b) *Performance obligations and revenue recognition policies*

i) *Revenue recognition policy*

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

### 25. Net operating revenue - Continuation

b) Performance obligations and revenue recognition policies – Continuation

ii) Revenue recognition policy – Continuation

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

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

### 26. Cost of goods and products sold

	Consolidated		Individual	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Raw materials and packaging	(268,089)	(250,335)	(266,707)	(246,513)
Workforce	(14,834)	(9,997)	(13,651)	(9,997)
Depreciation and amortization	(3,400)	(2,507)	(3,113)	(2,507)
Other manufacturing expenses	(45,190)	(33,116)	(42,935)	(33,116)
<b>Total cost of sales</b>	<b>(331,513)</b>	<b>(295,955)</b>	<b>(326,406)</b>	<b>(292,133)</b>

As at June 31 (sic), 2021, costs of goods and products sold increased by R\$35,558 (consolidated) and by R\$34,273 (individual) against the period ended June 30, 2020 (a 12% increase).

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

### 27. Operating expenses by category

	Consolidated		Individual	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Sales expenses	(29,466)	(25,999)	(25,967)	(21,815)
Research and development expenses	(20,752)	(8,796)	(20,752)	(8,796)
<b>Total commercial expenses</b>	<b>(50,218)</b>	<b>(34,795)</b>	<b>(46,719)</b>	<b>(30,611)</b>
Expected loss due to impairment of trade receivables	1,015	185	1,183	114
Administrative expenses	(46,124)	(36,212)	(42,583)	(32,393)
<b>Other operating revenue, net</b>	<b>(1,322)</b>	<b>464</b>	<b>(2,686)</b>	<b>670</b>
<b>Total expenses</b>	<b>(96,649)</b>	<b>(70,358)</b>	<b>(90,805)</b>	<b>(62,220)</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 27. Operating expenses by category – Continuation

a) Expenses by type

	Consolidated		Individual	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Personnel	(54,667)	(34,329)	(51,250)	(30,973)
Specialized services	(5,010)	(9,995)	(4,832)	(9,886)
Marketing	(5,435)	(2,506)	(5,376)	(2,424)
Freight	(5,602)	(4,038)	(5,483)	(3,945)
Materials	(5,492)	(1,490)	(5,475)	(1,490)
Depreciation	(6,432)	(2,907)	(5,828)	(2,408)
General	(14,011)	(15,093)	(12,561)	(11,094)
<b>Total operating expenses</b>	<b>(96,649)</b>	<b>(70,358)</b>	<b>(90,805)</b>	<b>(62,220)</b>

### 28. Net financial expenses

	Consolidated		Individual	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Interest received	6,830	3,130	6,802	3,089
Unrealized gains on derivatives	1,113	-	1,113	-
Discounts obtained	213	65	209	66
<b>Total financial revenues</b>	<b>8,156</b>	<b>3,195</b>	<b>8,124</b>	<b>3,155</b>
Foreign exchange variation (a)	5,090	(29,939)	5,191	(29,087)
Interest incurred	(11,836)	(7,689)	(11,756)	(7,623)
Tax on financial operations	(1,839)	(72)	(1,838)	(72)
Bank commissions and expenses	(260)	(249)	(197)	(161)
Discounts granted	(108)	(25)	-	-
Others	(673)	(1,753)	(671)	(1,753)
<b>Total financial expenses</b>	<b>(9,626)</b>	<b>(39,727)</b>	<b>(9,271)</b>	<b>(38,696)</b>
<b>Total net financial income</b>	<b>(1,470)</b>	<b>(36,532)</b>	<b>(1,147)</b>	<b>(35,541)</b>

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

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### 29. Financial instruments

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

#### a) Accounting classification and fair values

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

	Consolidated 06/30/2021						
	Fair value through profit or loss	Amortized cost	Total	Fair value			Total
				Level 1	Level 2	Level 3	
Cash and cash equivalents, and financial investments	874,258	125,134	999,392	999,392	-	-	999,392
Trade accounts receivable	-	326,439	326,439	326,439	-	-	326,439
Other receivables	3,307	11,046	14,753	11,046	3,707	-	14,753
<b>Total</b>	<b>877,965</b>	<b>462,619</b>	<b>1,340,584</b>	<b>1,336,877</b>	<b>3,707</b>	<b>-</b>	<b>1,340,584</b>

	Consolidated 06/30/2021						
	Fair value through profit or loss	Amortized cost	Total	Fair value			Total
				Level 1	Level 2	Level 3	
Suppliers	-	88,572	88,572	-	88,572	-	88,572
Loans, financing and debentures	-	492,698	492,698	-	492,698	-	492,698
Other accounts payable	81,699	-	81,699	-	81,699	-	81,699
	<b>81,699</b>	<b>581,270</b>	<b>662,969</b>	<b>-</b>	<b>662,969</b>	<b>-</b>	<b>662,969</b>

	Consolidated 12/31/2020						
	Fair value through profit or loss	Amortized cost	Total	Fair value			Total
				Level 1	Level 2	Level 3	
Cash and cash equivalents, and financial investments	144,152	70,197	214,349	214,349	-	-	214,349
Trade accounts receivable	-	247,552	247,552	247,552	-	-	247,552
Other receivables	5,986	10,233	16,219	10,233	2,595	3,391	16,219
	<b>150,138</b>	<b>327,982</b>	<b>478,120</b>	<b>472,134</b>	<b>2,595</b>	<b>3,391</b>	<b>478,120</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
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### 29. Financial instruments - Continuation

#### a) Accounting classification and fair values - Continuation

	Consolidated 12/31/2020						
	Fair value through profit or loss	Amortized cost	Total	Fair value			Total
Level 1				Level 2	Level 3		
Suppliers	-	133,000	133,000	-	133,000	-	133,000
Loans, financing and debentures	-	690,013	690,013	-	690,013	-	690,013
Other accounts payable	87,613	-	87,613	-	87,613	-	87,613
	87,613	823,013	910,626	-	910,626	-	910,626

#### b) Fair Value Measurement

##### i) *Valuation Techniques and Significant Unobservable Inputs*

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

##### Financial instruments measured at fair value

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

#### c) Financial risk management

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

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
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### 29. Financial instruments - Continuation

#### c) Financial risk management—Continuation

- 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

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 June 30, 2021 and December 31, 2020, the maximum exposure to credit risk was as follows:

	<b>Consolidated</b>		<b>Individual</b>	
	<b>06/30/2021</b>	<b>12/31/2020</b>	<b>06/30/2021</b>	<b>12/31/2020</b>
Cash and cash equivalents	<b>125,134</b>	70,197	<b>120,487</b>	65,852
Financial investments	<b>874,258</b>	144,152	<b>867,599</b>	135,435
Trade accounts receivable	<b>326,439</b>	247,552	<b>322,444</b>	243,124
Other receivables	<b>14,753</b>	16,219	<b>8,725</b>	11,617
<b>Total</b>	<b>1,340,584</b>	478,120	<b>1,319,255</b>	456,028

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
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### 29. Financial instruments – Continuation

#### c) Financial risk management – Continuation

##### 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.

	Consolidated – 06/30/2021		
	Up to 1 year	Up to 5 years	Accounting total
Trade	88,572	-	88,572
Loans and financing	149,884	729	150,613
Debentures	47,083	295,002	342,085
Other accounts payable	30,753	50,946	81,699
<b>Total</b>	<b>316,292</b>	<b>346,677</b>	<b>662,969</b>

	Consolidated – 12/31/2020		
	Up to 1 year	Up to 5 years	Accounting total
Suppliers	133,000	-	133,000
Loans and financing	16,292	381	16,673
Debentures	47,010	626,330	673,340
Other accounts payable	43,651	55,680	99,331
<b>Total</b>	<b>43,651</b>	<b>682,391</b>	<b>922,344</b>

## Blau Farmacêutica S.A.

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

### 29. Financial instruments - Continuation

#### c) Financial risk management – Continuation

##### 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.

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

### 29. Financial instruments – Continuation

#### c) Financial risk management – Continuation

##### iii) *Market risks* – Continuation

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

##### Foreign exchange risk

The Company entered into foreign exchange futures contracts (NDF) for the purchase of U.S. dollars (USD) in the amount of forty-four thousand dollars (USD44,000) with the following maturities:

<u>NDF Contracts</u>	<u>Currency</u>	<u>Maturity</u>	<u>Contracted Amount USD</u>	<u>Contracted Rate</u>	<u>06/30/2021</u>
Purchase	USD	10/18/2021	7,000	5.0385	35,270
Purchase	USD	11/17/2021	7,000	5.0385	35,270
Purchase	USD	12/15/2021	7,000	5.0385	35,270
Purchase	USD	01/14/2022	7,000	5.0385	35,270
Purchase	USD	01/08/2022	4,000	5.3570	21,428
Purchase	USD	01/09/2022	4,000	5.3925	21,570
Purchase	USD	03/10/2022	4,000	5.4280	21,711
Purchase	USD	01/11/2022	4,000	5.4680	21,871
<b>Total</b>			<b>44,000</b>		<b>227,660</b>

##### 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:

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

### 29. Financial instruments - Continuation

#### c) Financial risk management – Continuation

##### iii) *Market risks* - Continuation

##### *Exposure to foreign exchange risk* – Continuation

	Consolidated 06/30/2021		Consolidated 12/31/2020	
	USD thousand	<i>Reais</i>	USD thousand	<i>Reais</i>
Trade accounts receivable	4,720	23,611	3,383	17,578
Suppliers	(13,255)	(66,305)	(23,077)	(119,924)
<b>Net exposure to expected transactions</b>	<b>(8,535)</b>	<b>(42,694)</b>	(19,694)	(102,346)
Non deliverable forward ( <i>NDF</i> ) contracts	44,000	227,660	28,000	141,080
<b>Net exposure</b>	<b>35,465</b>	<b>184,966</b>	8,306	38,734

##### *Sensitivity analysis of foreign exchange risk*

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

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

	Consolidated 06/30/2021				
	Exposure in R\$	Scenario I 25%	Scenario II 50%	Scenario I (25%)	Scenario II (50%)
<b>Transactions</b>					
Trade accounts receivable	23,611	29,514	35,417	(29,514)	(35,417)
Suppliers	(66,305)	(82,881)	99,458)	82,881	99,458
<b>Effect on net income</b>		<b>(10,673)</b>	<b>(21,347)</b>	10,673	21,347

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
June 30, 2021  
(In thousands of *Reais*, except when otherwise indicated)

### 29. Financial instruments - Continuation

#### c) Financial risk management – Continuation

##### iii) *Market risks* - Continuation

##### Sensitivity analysis of foreign exchange risk – Continuation

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

##### Income related to derivative financial instruments

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

##### Sensitivity analysis of changes in interest rates

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

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

	Consolidated 06/30/2021				
Exposure in R\$	Scenario I 25%	Scenario II 50%	Scenario I - 25%	Scenario II - 50%	
<b>Operation</b>					
Financial investments	874,258	1,092,823	1,311,387	(1,092,823)	(1,311,387)
Debentures	(342,085)	(427,606)	(513,128)	427,606	513,128
Loans and financing	(150,613)	(188,266)	(225,920)	188,266	225,920
<b>Effect on net income</b>		95,391	190,779	(95,391)	(190,779)

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 30. Information by business segment

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

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

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) Statements of profit or loss by segment

	<b>Institutional</b>			
	<b>Consolidated</b>		<b>Individual</b>	
	<b>06/30/2021</b>	<b>06/30/2020</b>	<b>06/30/2021</b>	<b>06/30/2020</b>
Net revenue	<b>650,566</b>	514,437	<b>637,828</b>	503,543
Cost of goods and products sold (i)	<b>(309,476)</b>	(281,344)	<b>(304,709)</b>	(277,711)
<b>Gross Profit</b>	<b>341,090</b>	233,093	<b>333,119</b>	225,832
Operating expenses	<b>(88,990)</b>	(67,326)	<b>(82,261)</b>	(59,785)
Other operating revenue	<b>(1,234)</b>	441	<b>(2,507)</b>	637
Financial income	<b>(1,372)</b>	(34,728)	<b>(1,071)</b>	(33,786)
Equity accounting income	-	-	<b>860</b>	(1,858)
<b>Income before taxes</b>	<b>249,494</b>	131,480	<b>248,140</b>	131,040
	<b>Retail</b>			
	<b>Consolidated</b>		<b>Individual</b>	
	<b>06/30/2021</b>	<b>06/30/2020</b>	<b>06/30/2021</b>	<b>06/30/2020</b>
Net revenue	<b>46,325</b>	26,716	<b>45,418</b>	26,150
Cost of goods and products sold (i)	<b>(22,037)</b>	(14,611)	<b>(21,697)</b>	(14,422)
<b>Gross profit</b>	<b>24,288</b>	12,105	<b>23,721</b>	11,728
Operating expenses (ii)	<b>(6,337)</b>	(3,496)	<b>(5,858)</b>	(3,105)
Other operating revenue	<b>(88)</b>	23	<b>(179)</b>	33
Financial income	<b>(98)</b>	(1,804)	<b>(76)</b>	(1,755)
Equity accounting income	-	-	<b>61</b>	(96)
<b>Income before taxes</b>	<b>17,765</b>	6,828	<b>17,669</b>	6,805

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)

June 30, 2021

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

### 30. Information by business segment --Continuation

(i) Costs of goods and products sold

Institutional	Consolidated		Individual	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Raw materials and packaging	(250,268)	(237,976)	(248,978)	(234,343)
Workforce	(13,848)	(9,504)	(12,743)	(9,504)
Depreciation and amortization	(3,174)	(2,384)	(2,906)	(2,384)
Other manufacturing expenses	(42,186)	(31,480)	(40,081)	(31,480)
<b>Total cost of sales</b>	<b>(309,476)</b>	<b>(281,344)</b>	<b>(304,708)</b>	<b>(277,711)</b>
<b>Retail</b>				
Raw materials and packaging	(17,821)	(12,358)	(17,729)	(12,169)
Workforce	(986)	(494)	(907)	(494)
Depreciation and amortization	(226)	(124)	(207)	(124)
Other manufacturing expenses	(3,004)	(1,635)	(2,855)	(1,635)
<b>Total cost of sales</b>	<b>(22,037)</b>	<b>(14,611)</b>	<b>(21,698)</b>	<b>(14,422)</b>

(ii) Operating expenses

Institutional	Consolidated		Individual	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Sales	(27,508)	(24,716)	(24,241)	(20,738)
Research and development	(19,373)	(8,361)	(19,373)	(8,361)
<b>Total commercial expenses</b>	<b>(46,881)</b>	<b>(33,077)</b>	<b>(43,614)</b>	<b>(29,099)</b>
Expected loss from impairment of accounts receivable	948	176	1,104	108
Administrative expenses	(43,057)	(34,425)	(39,752)	(30,795)
<b>Total expenses</b>	<b>(88,990)</b>	<b>(67,150)</b>	<b>(82,262)</b>	<b>(59,678)</b>
<b>Retail</b>				
Sales	(1,959)	(1,274)	(1,726)	(1,071)
Research and development	(1,379)	(434)	(1,379)	(434)
<b>Total commercial expenses</b>	<b>(3,338)</b>	<b>(1,708)</b>	<b>(3,105)</b>	<b>(1,505)</b>
Expected loss from impairment of accounts receivable	67	9	79	6
Administrative expenses	(3,066)	(1,788)	(2,832)	(1,599)
<b>Total expenses</b>	<b>(6,337)</b>	<b>(3,487)</b>	<b>(5,858)</b>	<b>(3,098)</b>

## Blau Farmacêutica S.A.

Notes to the interim financial statements (Continuation)  
 June 30, 2021  
 (In thousands of *Reais*, except when otherwise indicated)

### 30. Information by business segment – Continuation

#### b) Statement of financial position accounts by segment

	Institutional	Consolidated		Individual	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
<b>Assets</b>					
Trade accounts receivable		312,573	240,577	307,570	234,953
Provision for expected losses		(7,833)	(6,961)	(6,560)	(5,515)
Inventories		399,177	327,574	382,659	311,880
Provision for impairment		(16,951)	(18,516)	(16,145)	(17,415)
<b>Total assets</b>		<b>686,966</b>	<b>542,674</b>	<b>667,524</b>	<b>523,903</b>
Suppliers		82,684	125,513	80,663	125,559
<b>Total liabilities</b>		<b>82,684</b>	<b>125,513</b>	<b>80,663</b>	<b>125,559</b>
<b>Assets</b>					
<b>Retail</b>					
Trade accounts receivable		22,257	14,351	21,901	14,015
Provision for expected losses		(558)	(415)	(467)	(329)
Inventories		28,424	19,540	27,248	18,604
Provision for impairment		(1,207)	(1,140)	(1,150)	(1,039)
<b>Total assets</b>		<b>48,916</b>	<b>32,336</b>	<b>47,532</b>	<b>31,251</b>
Suppliers		5,888	7,487	5,744	7,490
<b>Total liabilities</b>		<b>5,888</b>	<b>7,487</b>	<b>5,744</b>	<b>7,490</b>

### 31. Subsequent events

On July 30, a Special Shareholders' Meeting of the Company was held, which resolved, among other things, to appoint two new members to the Board of Directors – Andrea Destri and Simone Petroni – for a unified term of office until the Shareholders' Meeting for the fiscal year ending December 31, 2022.

## **Blau Farmacêutica S.A.**

Notes to the interim financial statements (Continuation)

June 30, 2021

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

\* \* \*

Marcelo Rodolfo Hahn  
Chief Executive Officer

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

Darcio Siqueira Zarpellon  
Controllership Manager

# BLAU

B3 LISTED NM

## 2Q21 RESULTS

### Results Webcast:

August 10th

11:30am (Brasília) | 10:30 am (NY)

<http://ir.blau.com>

**BLAU ON**

**B3: BLAU3**

**Price (09/Aug):** BRL 52.00

**Total Shares:** 179,393,939

**Market Value:** BRL 9.3B

### IR CONTACTS

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### WEBSITE

<http://ir.blau.com>





Cotia, August 9th, 2021. **Blau Farmacêutica, one of the main Brazilian pharmaceutical companies in the institutional segment,** announced its consolidated financial statements for the second quarter of 2021 (2Q21) and six months of 2021 (6M21). This document was prepared based on the financial statements which were prepared in accordance with accounting practices adopted in Brazil, include the rules of the Securities and Exchange Commission of Brazil (CVM) and the pronouncements of the Brazilian Accounting Pronouncement Committee (CPC). These financial statements are in conformity with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB and were audited by independent auditors in accordance with Brazilian and international auditing standards.

## 2Q21 Highlights

- **Net revenues** totaled BRL 371M in 2Q21, 15% growth vs. 2Q20, positively impacted by specialties.
- **Gross profit** came to BRL 194M, 34% growth vs. 2Q20. **Gross margin** of 52% in 2Q21, with an increase of 749bps vs. 2Q20.
- **EBITDA** grew 32% vs. 2Q20, totaling BRL 150M in 2Q21. **EBITDA Margin** of 41%, expansion of 526 bps.
- **Net income** reached BRL 99M in 2Q21, 35% higher than 2Q20, and **net margin** of 27%.
- **RD&I investments** totaled BRL 14M in 2Q21, equivalent to 4% of net revenues.
- Beginning of **plasma collection** in the United States.
- **Four new products** registered in the region and **five registrations** submitted to Anvisa in the quarter.
- **Shares' accumulated appreciation** of 27% since the IPO until August 9th.

## 6M21 Highlights

- **Net revenue** reached BRL 697M in 6M21, a 29% growth compared to 6M20.
- **Gross profit** achieved BRL 365M, 49% higher than 6M20. **Gross margin** was 52% in 6M21, an increase of 712bps vs. 6M20.
- **EBITDA** increased 51% vs. 6M20 to BRL279M in 6M21. **EBITDA margin** was 40%, an expansion of 598bps vs. 6M20.
- In 6M21, **net income** was BRL 186M, with a **net margin** of 27%, 721bps higher than 6M20.
- In 6M21, the company doubled its **RD&I investments** vs. 6M20, totaling BRL 28M.

(R\$ million)	2Q21	2Q20	Δ%	6M21	6M20	Δ%	2Q21 LTM	2Q20 LTM	Δ%
Net Revenues	371	322	15%	697	541	29%	1,338	1,029	30%
Gross Profit	194	145	34%	365	245	49%	676	469	44%
<i>Gross Margin</i>	52%	45%	749bps	52%	45%	712bps	51%	46%	498bps
Operational Expense:	(49)	(38)	31%	(97)	(70)	37%	(193)	(129)	50%
EBITDA	150	114	32%	279	184	51%	501	354	41%
<i>EBITDA Margin</i>	41%	35%	526bps	40%	34%	598bps	37%	34%	301bps
Net Income	99	74	35%	186	105	77%	335	214	56%
<i>Net Margin</i>	27%	23%	394bps	27%	19%	721bps	25%	21%	421bps
Total RD&I	(14)	(9)	51%	(28)	(14)	102%	(54)	(28)	91%
RD&I / NR (%)	4%	3%	90bps	4%	3%	143bps	4%	3%	127bps



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## About Blau Farmacêutica

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

Blau has a continental footprint, present in 6 countries in Latin America and the United States and has a modern pharmaceutical industrial complex, composed of four industrial plants, with cutting-edge technology, dedicated to the production of biological, biotechnological, oncological, antibiotic, anesthetic drugs injectables and biotechnological ingredients.

## Message from Management

We continue to evolve, with **double-digit growth**, which reflects the product mix, sales channel and operating leverage, which translates into margin expansion, both for top line and bottom line.

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

This quarter's net revenues reached BRL 371M, a **15% growth** when compared to 2Q20. Revenue for the last twelve months (LTM 2Q21) totaled BRL 1.3B, 30% growth compared to LTM 2Q20. We remain aligned to our growth pace and focused on performance enhance, expand productive capacity and supply the market.

As mentioned in the last release, Anvisa authorized to import medicines identified as priority for use in health services, for an extraordinary and temporary period, pursuant to Covid-19. With that, it was possible to meet the strong demand for two anesthetic and two Covid kit products, which represented around 5% of total revenue and which contributed with less than 1 pp to the Company's consolidated gross margin in the quarter.

We continued to advance with the plasma collection Project in the United States. We got all the licenses, inaugurated the first center in Florida, and started collecting plasma. We have also already set the venue of the second plasma center and now we are working on the project. We also achieved our first plasma sale in the US market.

We also made progress with the works on the P210, which will bring packaging production and productive capacity addition in our Specialties business unit. And, we are following P1000 project's schedule in Pernambuco, we also have already hired a consultancy to support us in capturing all the potential benefits of this project, and also hired a company to carry out topography, drilling and earthworks projects.

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

In the APIs' verticalization pillar, this quarter, we began to export the finished product with the API produced in the P400.



We are focused on executing the Company's growth strategy, we continue to invest in innovation, in human capital and recurring investments in our operations. During the quarter, **we invested 4% of the Company's net revenues** in the development of new products, and in the semester, we doubled investments in RD&I compared to the same period of 2020, reinforcing our strategy of new businesses, both with internal development as well as with the expansion of the portfolio with existing partners and the search for new partners and innovative products.

In the quarter, we obtained the **registration of 4 products in Latin America**, in addition to the continuous effort of regulatory monitoring of existing products, with post-registrations, new APIs, among others, and we submitted **5 new orders of registrations** to Anvisa. We also entered into a partnership for the Covid-19 vaccine, which has already been submitted to Anvisa's analysis.

It is worth mentioning that we remain aligned with the strategic plan, focused on continuing Company's sustainable growth with the objective **to transform us into the health's sector reference**, being the largest and most modern pharmaceutical industry of biotechnology and specialties of the Latin America, with a broad portfolio to meet the growing demand for health, and continue to generate shareholder value.

#BLAUER

Marcelo Hahn  
CEO



## **Portfolio Overview**

Blau's portfolio is composed of proprietary products, biological and synthetic, of high complexity, for the institutional segment - hospitals, clinics and HMOs (vertical networks that have their own hospitals, clinical analysis laboratory and health insurance).

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

The Company is divided into 4 business units: biological, oncologicals, specialties and others.

### ***Biologicals***

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

### ***Oncology***

The oncology line is composed of oral and injectable drugs of different origin, intended for the treatment of cancer, which encompass several therapeutic classes and types of treatment.

### ***Specialties***

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

### ***Others***

Others is made up of prescription drugs, non-prescription (MIP), focused on the retail and non-retail markets, including dermo-medicines, condoms and others.

## **New Business**

The New Business unit encompasses two areas: (i) the Partnership Development area, which continually seeks to identify strategic partnerships for expanding the portfolio of the institutional segment, with transfers of technology and local production, both of inputs and medicines; and (ii) the Research, Development & Innovation (RD&I) area, which continuously seeks new opportunities for highly complex products in the branded generic line.



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

This year we are working on the second expansion of Blau Inventta, which will allow us to accelerate the development of several product projects.

In 2Q21, 5 registration requests were submitted, between new products and new presentations, 2 of which are specialties and 3 in the oncology category. This quarter we invested approximately BRL 14m in the RD&I area, equivalent to 4% of net revenue.

We entered into a cooperation agreement with Sinopharm, for the registration of the Covid-19 vaccine. The request was submitted to Anvisa in July as an emergency registration.

### **Subsequents Events**

On June 28th, the company announced the distribution of Interest on Equity in the total gross amount of BRL 3,499,178.22 (three million, four hundred and ninety-nine thousand, one hundred and seventy-eight reais and twenty-two cents) which payment was made on July 15th, 2021.

On July 30th, the Company held its Extraordinary General Meeting and deliberated, among others, on the election of two new members of the Board of Directors: Andrea Destri and Simone Agra.

Ms. Andréa Destri holds a business administration degree from Faculdade Nuno Lisboa, having also completed MBAs in human resources and administration, certificated by IBGC, ESPM, ICI USA Zurich Blue Academy and USA ABN Academy. She currently serves as a member of the IBGC People Commission, and member of the Board of Directors of Business Professional Women SP, with an executive position at FriendsBee, having already been in charge of Human Resources at Scania Brasil, Zurich Seguros, as well as an executive position at Banco Santander, Banco Real and Star One.

Ms. Simone Agra has a degree in business administration from Universidade Presbiteriana Mackenzie, having also completed MBAs in Management, Marketing and Corporate Governance, certificated as a Board Member by the IBGC. Currently, she participates as an effective member of the Audit and Risk Committee and member of the Strategy Committee of Hospital Alemão Oswaldo Cruz and Independent Advisor of B2B Synthesis, having already served in the Board of Directors of ABIMED (Brazilian Association of High Technology Industry for Health Products), also served in the management committee of the Edwards Foundation and as an officer on Edwards Lifesciences, Allergan Pharmaceuticals and BD – Becton Dickinson.

Thus, the Company's Board of Directors now has 7 members, 3 of which are independent members.



## Operational and Financial Performance

### Summarized Income Statement

(R\$ million)	2Q21	% VA	2Q20	% VA	Δ%	6M21	% VA	6M20	% VA	Δ%	2Q21 LTM	% VA	2Q20 LTM	% VA	Δ%
Net Revenues	370.8	100.0%	322.1	100.0%	15.1%	696.9	100.0%	541.2	100.0%	28.8%	1,337.5	100.0%	1,028.7	100.0%	30.0%
COGS	(176.3)	-47.5%	(177.3)	-55.0%	-0.6%	(331.5)	-47.6%	(296.0)	-54.7%	12.0%	(661.4)	-49.4%	(559.9)	-54.4%	18.1%
Gross Profit	194.5	52.5%	144.9	45.0%	34.3%	365.4	52.4%	245.2	45.3%	49.0%	676.1	50.6%	468.7	45.6%	44.2%
Operational Expenses	(48.3)	-13.0%	(37.0)	-11.5%	30.5%	(95.3)	-13.7%	(70.8)	-13.1%	34.6%	(186.5)	-13.9%	(131.3)	-12.8%	42.0%
Sales	(15.7)	-4.2%	(13.1)	-4.1%	19.7%	(29.5)	-4.2%	(26.0)	-4.8%	13.3%	(57.4)	-4.3%	(53.9)	-5.2%	6.6%
General & Administrative	(22.4)	-6.0%	(19.1)	-5.9%	17.1%	(46.1)	-6.6%	(36.2)	-6.7%	27.4%	(88.8)	-6.6%	(67.7)	-6.6%	31.1%
Research & Development	(11.5)	-3.1%	(4.4)	-1.4%	163.1%	(20.8)	-3.0%	(8.8)	-1.6%	135.9%	(40.5)	-3.0%	(11.5)	-1.1%	252.2%
Bad Debt Provision	1.2	0.3%	(0.5)	-0.1%	n.a.	1.0	0.1%	0.2	0.0%	448.6%	0.2	0.0%	1.8	0.2%	-90.4%
Other	(1.0)	-0.3%	(0.7)	-0.2%	n.a.	(1.3)	-0.2%	0.5	0.1%	n.a.	(6.6)	-0.5%	2.6	0.2%	n.a.
Operational Expenses Total	(49.3)	-13.3%	(37.7)	-11.7%	30.6%	(96.6)	-13.9%	(70.4)	-13.0%	37.4%	(193.1)	-14.4%	(128.8)	-12.5%	50.0%
EBIT	145.2	39.2%	107.1	33.3%	35.5%	268.7	38.6%	174.8	32.3%	53.7%	483.0	36.1%	340.0	33.1%	42.1%
Depreciation & Amortization	5.0	1.3%	6.4	2.0%	-22.5%	9.8	1.4%	9.1	1.7%	7.9%	17.9	1.3%	14.2	1.4%	25.6%
EBITDA	150.2	40.5%	113.5	35.2%	32.3%	278.6	40.0%	183.9	34.0%	51.4%	500.9	37.5%	354.2	34.4%	41.4%
Net Financial Expenses	(1.0)	-0.3%	(8.9)	-2.8%	-88.9%	(1.5)	-0.2%	(36.5)	-6.8%	-96.0%	(0.4)	0.0%	(47.2)	-4.6%	-99.1%
EBT	144.2	38.9%	98.2	30.5%	46.8%	267.3	38.4%	138.3	25.6%	93.2%	482.6	36.1%	292.8	28.5%	64.8%
Income Tax and CSLL	(44.7)	-12.1%	(24.5)	-7.6%	82.6%	(81.6)	-11.7%	(33.1)	-6.1%	146.2%	(147.8)	-11.0%	(78.6)	-7.6%	87.9%
Net Income	99.5	26.8%	73.8	22.9%	34.9%	185.7	26.6%	105.2	19.4%	76.5%	334.8	25.0%	214.2	20.8%	56.3%

### Net Revenues

2Q21 net revenue totaled BRL 370.8M, 15.1% higher than 2Q20. This growth was mainly impacted by specialties. In this quarter, we also had higher sale for some products (anesthetic and covid kit), which represented around 5% of total revenue.

For the six months of 2021, revenues were BRL696.9M 28.8% higher than 6M20. And in 2Q21 LTM, revenue reached BRL 1.3B, 30.0% above the same period in the previous year, also mainly impacted by Specialties.

Biologicals were basically impacted by the lower availability of Imunoglobulina and the demand phasing for Alfaepoetina.

The specialties business unit had a positive performance in all periods, positively impacted by the non-beta-lactam and anesthetic in general.

Oncological also presented consistent growth, and already represents 7% of total revenue in 2Q21.

Others was negatively impacted by Botulim's performance and positively by the COVID kit products, authorized by Anvisa's RDC.

Private channel sales recorded 93% of total revenue in the quarter, reflecting the Company's strategy and the postponement of some auctions.

(R\$ million)	2Q21	% VA	2Q20	% VA	Δ%	6M21	% VA	6M20	% VA	Δ%	2Q21 LTM	% VA	2Q20 LTM	% VA	Δ%
<b>Net Revenues</b>	<b>370.8</b>	<b>100.0%</b>	<b>322.1</b>	<b>100.0%</b>	<b>15.1%</b>	<b>696.9</b>	<b>100.0%</b>	<b>541.2</b>	<b>100.0%</b>	<b>28.8%</b>	<b>1,337.5</b>	<b>100.0%</b>	<b>1,028.7</b>	<b>100.0%</b>	<b>30.0%</b>
Biologicals	153.3	41.3%	186.5	57.9%	-17.8%	319.5	45.8%	309.4	57.2%	3.3%	652.6	48.8%	624.8	60.7%	4.5%
Specialties	164.2	44.3%	105.4	32.7%	55.8%	289.2	41.5%	173.1	32.0%	67.1%	525.0	39.2%	282.7	27.5%	85.7%
Oncologicals	26.0	7.0%	13.9	4.3%	87.2%	46.6	6.7%	27.5	5.1%	69.0%	78.1	5.8%	49.4	4.8%	58.3%
Others	27.3	7.4%	16.3	5.1%	67.1%	41.7	6.0%	31.1	5.8%	33.9%	81.8	6.1%	71.8	7.0%	13.9%
Private	345.8	93.3%	220.8	68.6%	56.6%	602.1	86.4%	375.9	69.5%	60.2%	1,094.0	81.8%	652.9	63.5%	67.6%
Public	25.0	6.7%	101.3	31.4%	-75.3%	94.8	13.6%	165.3	30.5%	-42.6%	243.5	18.2%	375.8	36.5%	-35.2%



## Gross Profit

COGS represented 47.5% of net revenue in 2Q21 vs. 55.0% of revenue in 2Q20. The dilution is mainly due to the increase in net revenue.

In 2Q21, gross profit was BRL 194.5M, an increase of 34.3% vs. 2Q20, impacted by the increase in revenue and dilution of COGS. The gross margin reached 52.5%, with an expansion of 749 bps. The continuous improvement in margin over the past quarters is the result of increased sales in the private channel and product mix, with higher sales of products produced domestically. The Covid kit had an impact of around 40 bps on consolidated gross margin.

(R\$ million)	2Q21	2Q20	Δ%	6M21	6M20	Δ%	2Q21 LTM	2Q20 LTM	Δ%
Net Revenues	370.8	322.1	15.1%	696.9	541.2	28.8%	1,337.5	1,028.7	30.0%
COGS	(176.3)	(177.3)	-0.6%	(331.5)	(296.0)	12.0%	(661.4)	(559.9)	18.1%
<b>Gross Profit</b>	<b>194.5</b>	<b>144.9</b>	<b>34.3%</b>	<b>365.4</b>	<b>245.2</b>	<b>49.0%</b>	<b>676.1</b>	<b>468.7</b>	<b>44.2%</b>
<i>Gross Margin</i>	<i>52.5%</i>	<i>45.0%</i>	<i>749 bps</i>	<i>52.4%</i>	<i>45.3%</i>	<i>712 bps</i>	<i>50.6%</i>	<i>45.6%</i>	<i>498 bps</i>

## Operating Expenses

In 2Q21, operating expenses totaled BRL 49.3M, equivalent to 13.3% of net revenue. The increase is mainly due to RD&I investments. SG&A only (excluding expenses related to the IPO) are in line to the 2Q20, including IPO expenses in 2Q21.

(R\$ million)	2Q21	%NR	2Q20	%NR	Δ%	6M21	%NR	6M20	%NR	Δ%	2Q21 LTM	%NR	2Q20 LTM	%NR	Δ%
Sales	(15.7)	-4.2%	(13.1)	-4.1%	19.7%	(29.5)	-4.2%	(26.0)	-4.8%	13.3%	(57.4)	-4.3%	(53.9)	-5.2%	6.6%
G&A	(22.4)	-6.0%	(19.1)	-5.9%	17.1%	(46.1)	-6.6%	(36.2)	-6.7%	27.4%	(88.8)	-6.6%	(67.7)	-6.6%	31.1%
RD&I	(11.5)	-3.1%	(4.4)	-1.4%	163.1%	(20.8)	-3.0%	(8.8)	-1.6%	135.9%	(40.5)	-3.0%	(11.5)	-1.1%	252.2%
Others	0.2	0.3%	(1.2)	-0.1%	n.a.	(0.3)	0.1%	0.6	0.0%	n.a.	(6.4)	0.0%	1.8	0.2%	n.a.
<b>Total Operational Expenses</b>	<b>(49.3)</b>	<b>-13.3%</b>	<b>(37.7)</b>	<b>-11.7%</b>	<b>30.6%</b>	<b>(96.6)</b>	<b>-13.9%</b>	<b>(70.4)</b>	<b>-13.0%</b>	<b>37.4%</b>	<b>(193.1)</b>	<b>-14.4%</b>	<b>(128.8)</b>	<b>-12.5%</b>	<b>50.0%</b>

Sales and marketing expenses came to BRL 15.7M (4.2% of net revenues in 2Q21), in line with the same quarter last year. Sales and marketing expenses represented 31.8% of total OPEX.

G&A expenses totaled BRL 22.4M (6.0% of net revenues in 2Q21), in line with the 2Q20, and represented 45.4% of OPEX. It is noteworthy that the total expenses include all expenses related to the IPO. When excluded, we have a 54 bps dilution.

RD&I expenses totaled BRL 11.5M in 2Q21 (3.1% of net revenues), an increase of 174 bps vs. 2Q20, due to the continuity of our strategy of future investment in pipeline. When looking at the expenses of RD&I (both expense and fixed assets), the total investment was BRL 14M in the quarter (4% of net revenue), which represented a growth of 51% vs. 2Q20.



## EBITDA

2Q21 EBITDA came to BRL 150.2M, growth of 32.3% when compared with BRL 113.5M in 2Q20.

2Q21 EBITDA margin of 40.5%, with an expansion of 526 bps Q.o.Q., related to sales channel (higher sales in the private channel) and a better product mix.

6M21 EBITDA totaled BRL 278.6M and margin of 40.0%, corresponding to a 598 bps expansion versus the same period last year.

In 2Q21 LTM, EBITDA reached BRL 500.9M, an increase of 41.4% vs. 2Q20 LTM and margin of 37.5%, an expansion of 301 bps.

(R\$ million)	2Q21	%NR	2Q20	%NR	Δ%	6M21	%NR	6M20	%NR	Δ%	2Q21 LTM	%NR	2Q20 LTM	%NR	Δ%
<b>Net Income</b>	<b>99.5</b>	<b>26.8%</b>	<b>73.8</b>	<b>22.9%</b>	<b>34.9%</b>	<b>185.7</b>	<b>26.6%</b>	<b>105.2</b>	<b>19.4%</b>	<b>76.5%</b>	<b>334.8</b>	<b>25.0%</b>	<b>214.2</b>	<b>20.8%</b>	<b>56.3%</b>
Income Tax	(44.7)	-12.1%	(24.5)	-7.6%	82.6%	(81.6)	-11.7%	(33.1)	-6.1%	146.2%	(147.8)	-11.0%	(78.6)	-7.6%	87.9%
Net financial expenses	(1.0)	-0.3%	(8.9)	-2.8%	-88.9%	(1.5)	-0.2%	(36.5)	-6.8%	-96.0%	(0.4)	0.0%	(47.2)	-4.6%	-99.1%
D&A	5.0	1.3%	6.4	2.0%	-22.5%	9.8	1.4%	9.1	1.7%	7.9%	17.9	1.3%	14.2	1.4%	25.6%
<b>EBITDA</b>	<b>150.2</b>	<b>40.5%</b>	<b>113.5</b>	<b>35.2%</b>	<b>32.3%</b>	<b>278.6</b>	<b>40.0%</b>	<b>183.9</b>	<b>34.0%</b>	<b>51.4%</b>	<b>500.9</b>	<b>37.5%</b>	<b>354.2</b>	<b>34.4%</b>	<b>41.4%</b>

## Financial Expenses

2Q21 financial result was a loss of BRL 1.0M vs. a loss of BRL 8.9M in 2Q20. This improvement is mainly due to the FX variation during the period (gain of BRL 12.3M in 2Q21 vs. a loss of BRL 5.3M in 2Q20).

Net interest expenses also reduced due to the early redemption of debentures of the 2nd, 4th and 5th issues. Remaining active only the 2 public debentures (1st and 3rd issues).

Unrealized results with derivatives are due to the hedge hired at the end of 2020, with an exchange rate of BRL 5.0385, and due at the end of 2021.

(R\$ million)	2Q21	% VA	2Q20	% VA	Δ%	6M21	% VA	6M20	% VA	Δ%	2Q21 LTM	% VA	2Q20 LTM	% VA	Δ%
<b>Net Financial Expenses</b>	<b>(1.0)</b>	<b>-0.3%</b>	<b>(8.9)</b>	<b>-2.8%</b>	<b>-88.9%</b>	<b>(1.5)</b>	<b>-0.2%</b>	<b>(36.5)</b>	<b>-6.8%</b>	<b>-96.0%</b>	<b>(0.4)</b>	<b>0.0%</b>	<b>(47.2)</b>	<b>-4.6%</b>	<b>-99.1%</b>
FX	12.3	3.3%	(5.3)	-1.6%	n.a.	5.1	0.7%	(29.9)	-5.5%	n.a.	10.3	0.8%	(37.0)	-3.6%	n.a.
Net Interest Expenses	(1.5)	-0.4%	(2.8)	-0.9%	-45.4%	(7.1)	-1.0%	(4.9)	-0.9%	45.6%	(13.7)	-1.0%	(9.3)	-0.9%	47.4%
Unrealized results with derivatives	(11.4)	-3.1%	-	0.0%	-	1.1	0.2%	-	0.0%	-	3.7	0.3%	-	0.0%	-
Others	(0.4)	-0.1%	(0.8)	-0.3%	-55.0%	(0.6)	-0.1%	(1.7)	-0.3%	-66.8%	(0.7)	-0.1%	(0.8)	-0.1%	-16.5%

## Net Income

2Q21 net income totaled BRL 99.5M, an increase of 34.9% Q.o.Q. Net margin came to 26.8%, an expansion of 394 bps Q.o.Q.

This growth was mainly driven by the increase of 35.5% in the operating profit, reflecting the solidity of our operations.

2Q21 LTM net income came to BRL 334.8M, 56.3% higher than 2Q20 LTM, and net margin of 25.0%.

(R\$ million)	2Q21	% VA	2Q20	% VA	Δ%	6M21	% VA	6M20	% VA	Δ%	2Q21 LTM	% VA	2Q20 LTM	% VA	Δ%
<b>EBIT</b>	<b>145.2</b>	<b>39.2%</b>	<b>107.1</b>	<b>33.3%</b>	<b>35.5%</b>	<b>268.7</b>	<b>38.6%</b>	<b>174.8</b>	<b>32.3%</b>	<b>53.7%</b>	<b>483.0</b>	<b>36.1%</b>	<b>340.0</b>	<b>33.1%</b>	<b>42.1%</b>
Net Financial Expenses	(1.0)	-0.3%	(8.9)	-2.8%	-88.9%	(1.5)	-0.2%	(36.5)	-6.8%	-96.0%	(0.4)	0.0%	(47.2)	-4.6%	-99.1%
<b>EBT</b>	<b>144.2</b>	<b>38.9%</b>	<b>98.2</b>	<b>30.5%</b>	<b>46.8%</b>	<b>267.3</b>	<b>38.4%</b>	<b>138.3</b>	<b>25.6%</b>	<b>93.2%</b>	<b>482.6</b>	<b>36.1%</b>	<b>292.8</b>	<b>28.5%</b>	<b>64.8%</b>
Income Tax and CSLL	(44.7)	-12.1%	(24.5)	-7.6%	82.6%	(81.6)	-11.7%	(33.1)	-6.1%	146.2%	(147.8)	-11.0%	(78.6)	-7.6%	87.9%
<b>Net Income</b>	<b>99.5</b>	<b>26.8%</b>	<b>73.8</b>	<b>22.9%</b>	<b>34.9%</b>	<b>185.7</b>	<b>26.6%</b>	<b>105.2</b>	<b>19.4%</b>	<b>76.5%</b>	<b>334.8</b>	<b>25.0%</b>	<b>214.2</b>	<b>20.8%</b>	<b>56.3%</b>



### Indebtedness

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

The three private issue debentures were fully amortized in month of May, remaining only the two public issue debentures, with an average cost of CDI + 1.01%.

Blau values the discipline of its capital structure and with the proceeds from the IPO, the Company raised its cash and equivalents to BRL 999.4M, leading to a net cash position of BRL 506.7M at the end of 2Q21, which makes us comfortable to accelerate our expansion strategy.

(R\$ million)	06/30/2021	06/30/2020
Short Term	197.0	85.8
Long Term	295.7	421.6
<b>Gross Debt</b>	<b>492.7</b>	<b>507.3</b>
Cash and cash equiv.	999.4	287.7
<b>Net Debt</b>	<b>(506.7)</b>	<b>219.7</b>
EBITDA	500.9	354.2
<b>Net Debt / EBITDA</b>	<b>-1.0x</b>	<b>0.6x</b>

### CAPEX

Total CAPEX in 2Q21 was BRL 40.8M corresponding to BRL 38.7M of fixed assets CAPEX and BRL 2.1M of intangible assets CAPEX.

Fixed assets CAPEX refers to the acquisition of equipment to modernize our productive lines; increased capacity for the P210, productive expansion in several other lines; and equipment for the new expansion of the RD&I and maintenance center.

Intangible assets CAPEX mainly referred to investments in new product development, in addition to software and health registrations.

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

(R\$ million)	2Q21	2Q20	Δ%	6M21	6M20	Δ%	2Q21 LTM	2Q20 LTM	Δ%
Intangible CAPEX	2.1	4.5	-53.6%	7.6	6.7	13.4%	13.8	17.8	-22.5%
PP&E CAPEX	38.7	12.4	213.0%	85.2	37.6	126.6%	127.0	91.9	38.1%
<b>Total CAPEX</b>	<b>40.8</b>	<b>16.9</b>	<b>141.7%</b>	<b>92.8</b>	<b>44.3</b>	<b>109.6%</b>	<b>140.8</b>	<b>109.8</b>	<b>28.3%</b>



## Cash Flow

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

(days)	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Account receivables (DSO)	97	71	52	68	94	92	75	82	88
Inventories (DIO)	120	115	123	133	142	182	188	196	233
Suppliers (DPO)	(85)	(78)	(56)	(86)	(93)	(97)	(77)	(59)	(48)
<b>Working Capital</b>	<b>131</b>	<b>107</b>	<b>119</b>	<b>116</b>	<b>142</b>	<b>178</b>	<b>187</b>	<b>219</b>	<b>272</b>

DSO stood at 88 days vs. 82 days in 1Q21 and 94 days in 2Q20. The increase in relation to 1Q21 is mainly due to the increase in revenue in the private channel.

DIO came to 233 days vs. 196 days in 1Q21 and 142 days in 2Q20. The increase is related to higher inventory we are carrying to meet the Company's need and safety inventory, sales increase, higher Company's productive capacity and the phasing of some sales.

DPO stood at 48 days vs. 59 days in 1Q21 and 93 days in 2Q20. This variation is due to the anticipation of some payments.

The cash conversion cycle was 272 days in 2Q21 (+54 days vs. 1Q21). The increase is mainly due to the higher investment in inventory in the period, supported by the increase in productive capacity and the expansion of coverage of products with high demand. We also invested more in safety stock to ensure supplies during the pandemic.

## ESG (Environmental, Social and Governance) Information

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

We increased our Board of Directors to 7 members, 3 of which are independent members and 1 of them ESG focused.

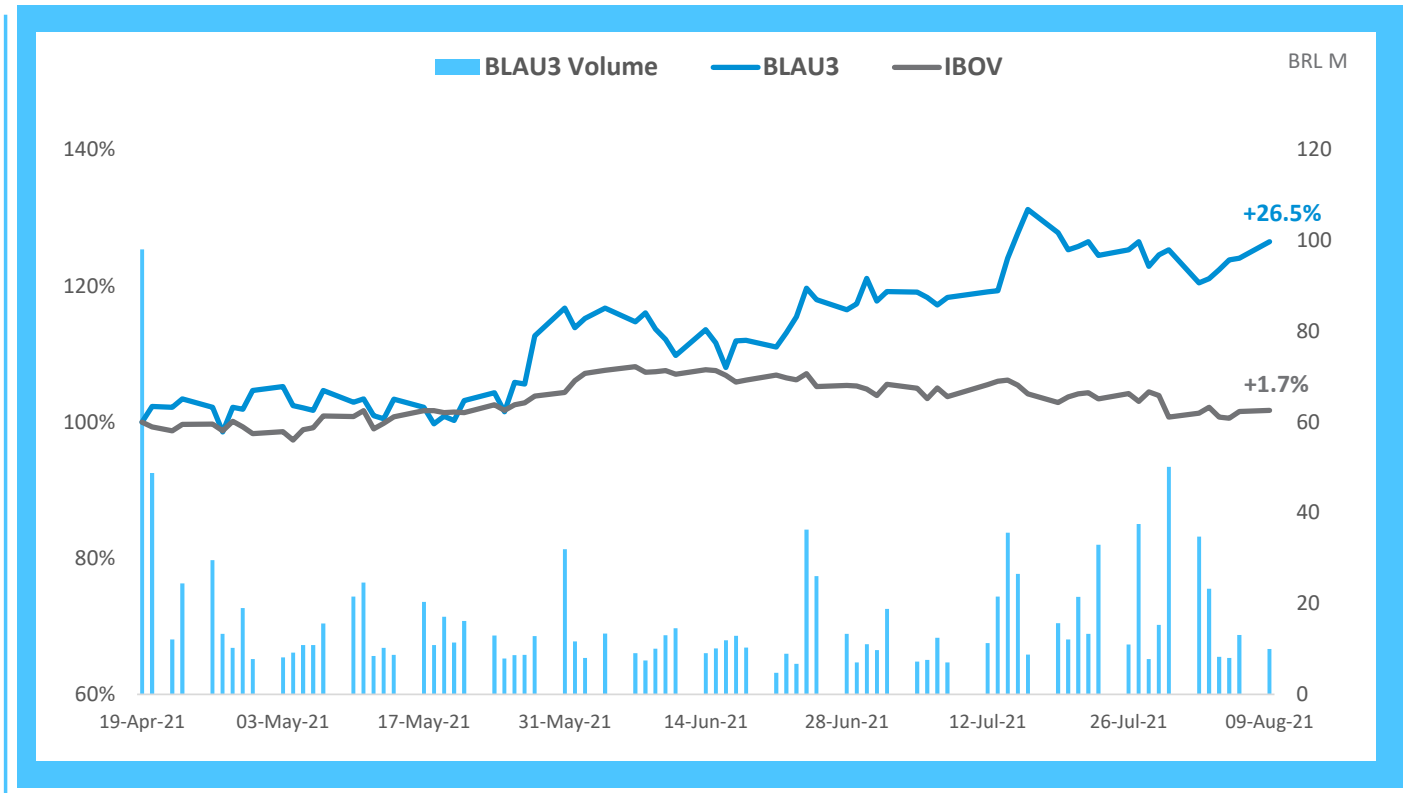
## Capital Markets

Blau started trading its shares (B3: BLAU3) in B3 on April 19<sup>th</sup>, 2021, after an Initial Public Offering (IPO) joining the Novo Mercado listing segment, in line with the continuous search for the highest standards of corporate governance.

The operation handled a total of BRL 1.26B in 100% primary resources, at the price per share of BRL 40.14, resulting in a free float of 17.5% and total shares of 179,393,939.



As of today (August 9<sup>th</sup>), BLAU3 registered a 26.5% appreciation since the first trading day, on April 19<sup>th</sup> of this year.





**Appendix 1 – Balance Sheet**

	<u>06/30/2021</u>	<u>12/31/2020</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	125,134	70,197
Short-Term Investments	874,258	144,152
Accounts receivable	326,439	247,552
Inventories	427,601	327,494
Recoverable Taxes	2,557	4,260
Other Assets	11,171	6,840
<b>Total Current Assets</b>	<b>1,767,160</b>	<b>800,495</b>
<b>Non-Current Assets</b>		
Recoverable Taxes	19,968	13,763
Judicial Deposits	6,990	6,016
Deferred Income Tax and Social Contribution	10,971	15,866
Other Assets	3,582	9,379
Investments	29	29
Biological Assets	306	306
Property, Plants and Equipments	328,674	256,740
Intangible	177,038	170,031
<b>Total Non-Current Assets</b>	<b>547,558</b>	<b>472,130</b>
<b>Total Assets</b>	<b>2,314,718</b>	<b>1,272,625</b>
	<u>06/30/2021</u>	<u>12/31/2020</u>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current Liabilities</b>		
Suppliers	88,572	133,000
Loans and Financing	149,884	16,292
Debentures	47,083	47,010
Fiscal Obligations	13,003	10,756
Income Tax and Social Contribution	42,925	36,228
Labor Obligations	32,271	31,404
Dividends and Income on Equity to be paid	2,974	57,206
Other Accounts Payable	30,753	31,933
<b>Total Current Liabilities</b>	<b>407,465</b>	<b>363,829</b>
<b>Non-Current Liabilities</b>		
Loans and Financing	729	381
Debentures	295,002	626,330
Provisions for contingences	6,034	5,062
Other Accounts Payable	50,946	55,680
<b>Total Non-Current Liabilities</b>	<b>352,711</b>	<b>687,453</b>
<b>Shareholder's Equity</b>		
Capital	1,293,830	100,640
Capital Reserves	-	34,562
Profit Reserves	77,808	84,635
Other Comprehensive Income	(2,753)	1,506
Accumulated Profit	185,657	-
<b>Total Shareholder's Equity</b>	<b>1,554,542</b>	<b>221,343</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,314,718</b>	<b>1,272,625</b>



**Appendix 2 – Income Statement**

	2Q21	2Q20	6M21	6M20
Net Revenues	<b>370,763</b>	322,121	<b>696,891</b>	541,153
Cost of Goods Sold	<b>(176,270)</b>	(177,257)	<b>(331,513)</b>	(295,955)
Gross Profit	<b>194,493</b>	144,864	<b>365,378</b>	245,198
Commercial Expenses	<b>(27,156)</b>	(17,450)	<b>(50,218)</b>	(34,795)
Administrative Expenses	<b>(22,363)</b>	(19,090)	<b>(46,124)</b>	(36,212)
Expected loss due to impairment of accounts receivable	<b>1,231</b>	(468)	<b>1,015</b>	185
Others operating revenues, net	<b>(1,011)</b>	(741)	<b>(1,322)</b>	464
	<b>(49,299)</b>	(37,749)	<b>(96,649)</b>	(70,358)
Income before financial income, interest in investees and taxes	<b>145,194</b>	107,115	<b>268,729</b>	174,840
Financial Revenues	<b>(5,345)</b>	1,857	<b>8,156</b>	3,195
Financial Expenses	<b>4,361</b>	(10,732)	<b>(9,626)</b>	(39,727)
Financial Results	<b>(984)</b>	(8,875)	<b>(1,470)</b>	(36,532)
Income before Taxes	<b>144,210</b>	98,240	<b>267,259</b>	138,308
Current Income Tax and CSLL	<b>(44,146)</b>	(24,549)	<b>(76,729)</b>	(33,765)
Deferred Income Tax and CSLL	<b>(572)</b>	61	<b>(4,873)</b>	617
Total Income Tax and CSLL	<b>(44,718)</b>	(24,488)	<b>(81,602)</b>	(33,148)
<b>Net Income</b>	<b>99,492</b>	73,752	<b>185,657</b>	105,160
Result attributed to:				
Controlling shareholders	<b>99,492</b>	73,752	<b>185,657</b>	105,160
Earnings per Share basic	<b>0.56</b>	0.50	<b>1.14</b>	0.71
Earnings per Share diluted	<b>0.56</b>	0.47	<b>1.14</b>	0.67



**Appendix 3 – Cash Flow**

	<b>6M21</b>	<b>6M20</b>
Cash Flow from Operating Activities		
Income (Loss) Before Taxes	<b>267,259</b>	138,308
Adjustments to reconcile income for the year to coming cash of operational activities:		
Depreciation and Amortization	<b>9,831</b>	9,108
P,P&E and Intangible Assets Write-off	<b>3,108</b>	1,009
Financial Charges on Loans	<b>2,458</b>	7,429
Financial Charges on debentures	<b>9,062</b>	-
Gains on Short Term Investments	<b>(6,688)</b>	-
Unrealized Fx Variation on Loans	<b>(14,120)</b>	2,037
Unrealized gains and losses on changes in Assets' fair value	<b>(1,113)</b>	-
Fx Variation on Suppliers and Clients	<b>1,749</b>	4,349
Doubtful Accounts Provisions	<b>(1,015)</b>	185
Inventories Provisions, net	<b>(1,462)</b>	4,034
Provision for tax, civil and labor risks, net	<b>1,050</b>	(365)
	<b>270,119</b>	166,094
Increase (Decrease) in Assets		
Accounts Receivables	<b>(80,723)</b>	(124,303)
Inventories	<b>(98,645)</b>	(36,627)
Recoverable Taxes	<b>(7,290)</b>	(42)
Other Credits	<b>(811)</b>	(8,692)
Judicial Deposits	<b>(974)</b>	37
Increase (Decrease) in Liabilities		
Suppliers	<b>(33,326)</b>	53,351
Labor Charges	<b>867</b>	10,204
Tax Charges	<b>2,269</b>	10,916
Other liabilities	<b>(11,136)</b>	7,533
Cash generated by (invested in) operating activities	<b>40,350</b>	78,471
Paid Income Taxes CSLL	<b>(67,244)</b>	(27,877)
Net Cash Flow Provided (Used) by Operating Activities	<b>(26,894)</b>	50,594
Cash Flow from Investing Activities		
Short Term Investments	<b>(723,418)</b>	(127,224)
Acquisitions of Property, Plant and Equipment	<b>(85,247)</b>	(37,615)
Intangible Aquisitions	<b>(7,550)</b>	(66,771)
Net Cash Used in Investing Activities	<b>(816,215)</b>	(231,610)
Cash Flow from Financing Activities		
Dividends and Interest on Capital	<b>(59,257)</b>	(35,861)
Acquisition of financed Holdings	<b>(10,000)</b>	-
Loan and Financing Funding	<b>154,645</b>	16,379
Debentures Funding	<b>-</b>	250,000
Capital Increase	<b>1,193,190</b>	-
Payment of Loans and Financing - principal	<b>(8,682)</b>	(19,015)
Payment of Loans and Financing - interest	<b>(361)</b>	(1,181)
Payment of debentures – principal	<b>(362,500)</b>	(22,500)
Payment of debentures – interest	<b>(8,989)</b>	(4,720)
Net Cash Provided (Used) In Financing Activities	<b>898,046</b>	183,102
Net Increase (Decrease) in Cash and Cash Equivalents	<b>54,937</b>	2,086
Cash and Equivalents at the Beginning of the Period (January 1 <sup>st</sup> )	<b>70,197</b>	6,417
Fx Effect on Cash and Cash Equivalents	<b>-</b>	(701)
Cash and Equivalents at the End of the Period (June 30 <sup>th</sup> )	<b>125,134</b>	7,802
Net Increase (Decrease) in Cash and Cash Equivalents	<b>54,937</b>	2,086
Non-cash transactions		
Acquisition of property, plant and equipment	<b>-</b>	80,000



#### **Appendix 4 – Disclaimer**

This release contains forward-looking statements that are exclusively related to the prospects of the business, its operating and financial results, and prospects for growth. These data are merely projections and, as such, based exclusively on our management's expectations for the future of the business and its continued access to capital to fund its business plan. These forward-looking statements substantially depend on changing market conditions, government regulations, competitive pressures, the performance of the Brazilian economy and the industry, among other factors, as well as the risks shown in our filed disclosure documents, and are therefore subject to change without prior notice.

In addition, unaudited information herein reflects management's interpretation of information taken from its financial information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional points and data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. In data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

Our management is not responsible for compliance or accuracy of the management financial data discussed in this report, which must be considered as for informational purposes only, and should not override the analysis of our audited consolidated financial statements or our reviewed quarterly information for purposes of a decision to invest in our stock, or for any other purpose.