

2Q21 RESULTS

Results Webcast:

August 10th

11:30am (Brasília) | 10:30 (NY)

<http://ri.blau.com>

BLAU ON

B3: BLAU3

Price (09/Aug): BRL 52.00

Total Shares: 179,393,939

Market Value: BRL 9.3B

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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%
Gross Margin	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%
EBITDA Margin	41%	35%	526bps	40%	34%	598bps	37%	34%	301bps
Net Income	99	74	35%	186	105	77%	335	214	56%
Net Margin	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%
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%
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%
Gross Profit	194.5	144.9	34.3%	365.4	245.2	49.0%	676.1	468.7	44.2%
Gross Margin	52.5%	45.0%	749 bps	52.4%	45.3%	712 bps	50.6%	45.6%	498 bps

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.
Total Operational Expenses	(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%

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%
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%
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%
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%

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%
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%
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%
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%
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%



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
Gross Debt	492.7	507.3
Cash and cash equiv.	999.4	287.7
Net Debt	(506.7)	219.7
EBITDA	500.9	354.2
Net Debt / EBITDA	-1.0x	0.6x

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%
Total CAPEX	40.8	16.9	141.7%	92.8	44.3	109.6%	140.8	109.8	28.3%



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)
Working Capital	131	107	119	116	142	178	187	219	272

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.

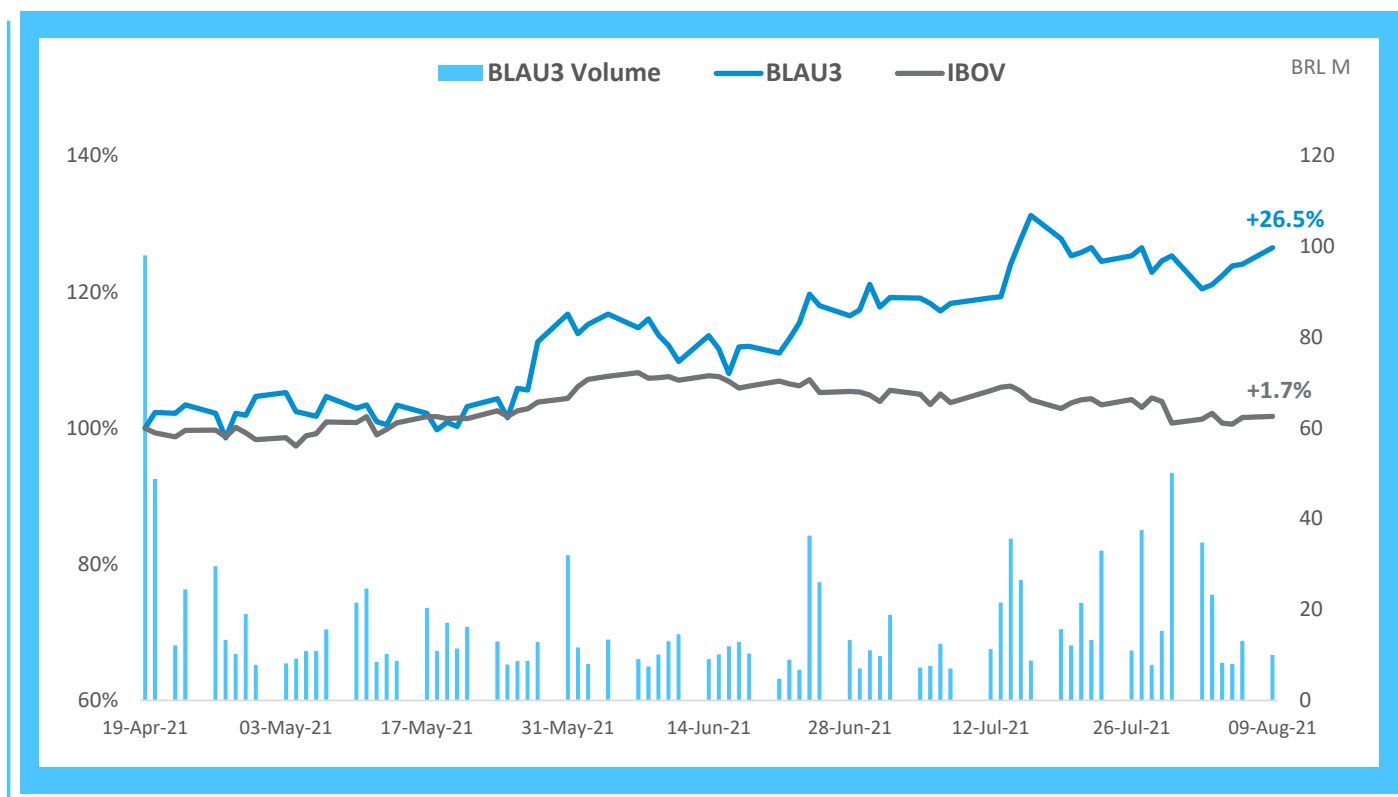
Capital Markets

Blau started trading its shares (B3: BLAU3) in B3 on April 19th, 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 9th), BLAU3 registered a 26.5% appreciation since the first trading day, on April 19th of this year.





Appendix 1 – Balance Sheet

	06/30/2021	12/31/2020
Assets		
Current Assets		
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
Total Current Assets	1,767,160	800,495
Non-Current Assets		
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
Total Non-Current Assets	547,558	472,130
Total Assets	2,314,718	1,272,625
	06/30/2021	12/31/2020
Liabilities and Shareholder's Equity		
Current Liabilities		
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
Total Current Liabilities	407,465	363,829
Non-Current Liabilities		
Loans and Financing	729	381
Debentures	295,002	626,330
Provisions for contingences	6,034	5,062
Other Accounts Payable	50,946	55,680
Total Non-Current Liabilities	352,711	687,453
Shareholder's Equity		
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	-
Total Shareholder's Equity	1,554,542	221,343
Total Liabilities and Shareholder's Equity	2,314,718	1,272,625



Appendix 2 – Income Statement

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



Appendix 3 – Cash Flow

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