

# Blau Farmacêutica S.A.

Interim financial information  
June 30, 2019

# Contents

|                                                               |    |
|---------------------------------------------------------------|----|
| Independent auditors' report on interim financial information | 3  |
| Balance sheets                                                | 5  |
| Statements of income                                          | 6  |
| Statements of comprehensive income                            | 7  |
| Statements of changes in shareholders' equity                 | 8  |
| Statements of cash flows                                      | 9  |
| Statements of added value                                     | 10 |
| Notes to the interim financial information                    | 11 |



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## Independent auditors' report on interim financial information

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

### Introduction

We have reviewed the interim, individual and consolidated interim financial information of Blau Farmacêutica S.A. ("Company"), contained in the Quarterly Information - ITR Form for the quarter ended June 30, 2019, which comprises the balance sheet as of June 30, 2019 and related statements of income, of comprehensive income for the 3 and 6-months period then ended, of changes in shareholders' equity and of cash flows for the quarter then ended, including the selected explanatory notes.

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

### Scope of the review

Our review was carried out in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing 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 individual and consolidated interim financial information**

Based on our review, we are not aware of any facts that would lead us to believe that the individual and consolidated interim financial information included in the quarterly information of Blau Farmacêutica S.A. referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission - CVM.

### **Other issues**

#### ***Statements of added value***

We also reviewed the individual and consolidated statements of added value for the six-month period ended on June 30, 2019, prepared by the Company's management, whose presentation in the interim financial information is required according to the standards issued by the CVM - Brazilian Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR and considered supplementary information by the IFRS, which do not require the presentation of the SAV. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, August 08, 2019

KPMG Auditores Independentes  
CRC SP014428/O-6

Cristiano Seabra Di Girolamo  
Accountant CRC BA-017826/O-4

## Blau Farmacêutica S.A.

### Balance sheets at March 31, 2019 and December 31, 2018

(In thousands of reais)

|                                             | Notes | Consolidated          |                       | Parent company        |                       |                                                   | Notes | Consolidated          |                       | Parent company        |                       |
|---------------------------------------------|-------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------------------------|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                             |       | 03/13/2019            | 12/31/2018            | 03/13/2019            | 12/31/2018            |                                                   |       | 03/13/2019            | 12/31/2018            | 03/13/2019            | 12/31/2018            |
| <b>Assets</b>                               |       |                       |                       |                       |                       | <b>Liabilities</b>                                |       |                       |                       |                       |                       |
| Cash and cash equivalents                   | 10.1  | 22.346                | 11.079                | 14.249                | 996                   | Suppliers                                         | 18    | 101.730               | 85.926                | 102.907               | 80.802                |
| Interest earnings bank deposits             | 10.2  | 91.837                | 101.865               | 89.104                | 98.859                | Loans and financing                               | 19.1  | 21.104                | 9.433                 | 20.878                | 9.088                 |
| Trade accounts receivable                   | 11    | 154.678               | 162.774               | 157.129               | 161.618               | Debentures                                        | 19.2  | 34.150                | 22.990                | 34.150                | 22.990                |
| Inventories                                 | 12    | 167.705               | 145.163               | 157.794               | 133.411               | Tax liabilities                                   |       | 1.474                 | 1.972                 | 1.005                 | 688                   |
| Recoverable taxes                           | 13    | 3.255                 | 5.547                 | 2.251                 | 3.916                 | Income tax and social contribution                | 20    | 13.405                | 16.002                | 13.308                | 16.002                |
| Other receivables                           |       | 5.527                 | 3.258                 | 3.815                 | 3.190                 | Labor obligations                                 | 21    | 14.108                | 13.712                | 13.949                | 13.481                |
|                                             |       |                       |                       |                       |                       | Other accounts payable                            | 22    | 19.150                | 23.485                | 18.416                | 22.655                |
| Total current assets                        |       | <u>445.348</u>        | <u>429.686</u>        | <u>424.342</u>        | <u>401.990</u>        | Total current liabilities                         |       | <u>205.121</u>        | <u>173.520</u>        | <u>204.613</u>        | <u>165.706</u>        |
| Judicial deposits                           |       | 5.260                 | 5.231                 | 5.260                 | 5.231                 | Loans and financing                               | 19.1  | 30.140                | 35.208                | 30.140                | 35.208                |
| Recoverable taxes                           | 13    | 16.510                | 771                   | 16.510                | 771                   | Debentures                                        | 19.2  | 146.251               | 157.500               | 146.251               | 157.500               |
| Deferred income tax and social contribution | 20    | 9.364                 | 6.546                 | 9.015                 | 6.266                 | Provisions for tax, civil and labor risks         | 23    | 4.234                 | 4.593                 | 4.234                 | 4.585                 |
| Other receivables                           |       | 3.651                 | 6.968                 | 1.327                 | 1.409                 |                                                   |       |                       |                       |                       |                       |
| Total long-term assets                      |       | <u>34.785</u>         | <u>19.516</u>         | <u>32.112</u>         | <u>13.677</u>         | Total non-current liabilities                     |       | <u>180.625</u>        | <u>197.301</u>        | <u>180.625</u>        | <u>197.293</u>        |
| Investments                                 | 14    | 15                    | 15                    | 31.136                | 34.073                | Total liabilities                                 |       | <u>385.746</u>        | <u>370.821</u>        | <u>385.238</u>        | <u>362.999</u>        |
| Biological assets                           |       | 306                   | 306                   | 306                   | 306                   | Shareholders' equity                              | 24    |                       |                       |                       |                       |
| Property, plant and equipment               | 15    | 141.833               | 135.706               | 141.400               | 135.199               | Capital                                           |       | 100.640               | 100.640               | 100.640               | 100.640               |
| Intangible assets                           | 16    | 9.239                 | 8.926                 | 1.722                 | 1.088                 | Profit reserves                                   |       | 123.792               | 123.790               | 123.792               | 123.790               |
|                                             |       | <u>151.393</u>        | <u>144.953</u>        | <u>174.564</u>        | <u>170.666</u>        | Equity valuation adjustment                       |       | (4.369)               | (4.369)               | (4.369)               | (4.369)               |
| Total non-current assets                    |       | <u>186.178</u>        | <u>164.469</u>        | <u>206.676</u>        | <u>184.343</u>        | Other comprehensive income                        |       | 353                   | 3.273                 | 353                   | 3.273                 |
|                                             |       |                       |                       |                       |                       | Retained earnings                                 |       | 25.364                | -                     | 25.364                | -                     |
|                                             |       |                       |                       |                       |                       | Total shareholders' equity                        |       | <u>245.780</u>        | <u>223.334</u>        | <u>245.780</u>        | <u>223.334</u>        |
| <b>Total assets</b>                         |       | <u><b>631.526</b></u> | <u><b>594.155</b></u> | <u><b>631.018</b></u> | <u><b>586.333</b></u> | <b>Total liabilities and shareholders' equity</b> |       | <u><b>631.526</b></u> | <u><b>594.155</b></u> | <u><b>631.018</b></u> | <u><b>586.333</b></u> |

See the accompanying notes to the interim financial information.

## Blau Farmacêutica S.A.

### Statements of income

Three-month periods ended March 31, 2019 and 2018

(In thousands of reais)

|                                                                           |       | Consolidated                              |                                           | Parent company                            |                                           |
|---------------------------------------------------------------------------|-------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                                                           | Notes | Three-month<br>period ended<br>03/31/2019 | Three-month<br>period ended<br>03/31/2018 | Three-month<br>period ended<br>03/31/2019 | Three-month<br>period ended<br>03/31/2018 |
| Net operating revenue                                                     | 25    | 188.304                                   | 151.927                                   | 183.851                                   | 150.530                                   |
| Cost of goods and products sold                                           | 26    | (110.144)                                 | (84.847)                                  | (107.741)                                 | (85.257)                                  |
| <b>Gross income</b>                                                       |       | <b>78.160</b>                             | <b>67.080</b>                             | <b>76.110</b>                             | <b>65.273</b>                             |
| Commercial expenses                                                       | 27    | (17.184)                                  | (13.760)                                  | (15.398)                                  | (12.400)                                  |
| Administrative expenses                                                   | 27    | (15.154)                                  | (15.816)                                  | (13.954)                                  | (14.928)                                  |
| Other operating revenues, net                                             |       | (1.039)                                   | 456                                       | (973)                                     | 567                                       |
| Total operating expenses, net                                             |       | (33.377)                                  | (29.120)                                  | (30.325)                                  | (26.761)                                  |
| <b>Income (loss) before financial income (loss) and taxes</b>             |       | <b>44.783</b>                             | <b>37.960</b>                             | <b>45.785</b>                             | <b>38.512</b>                             |
| Financial revenues                                                        | 28    | 1.727                                     | 1.598                                     | 1.706                                     | 1.435                                     |
| Financial expenses                                                        | 28    | (5.271)                                   | (6.683)                                   | (5.310)                                   | (6.528)                                   |
| Financial income (loss)                                                   |       | (3.544)                                   | (5.085)                                   | (3.604)                                   | (5.093)                                   |
| Profit sharing of investees accounted for under the equity method, net of | 14    | -                                         | -                                         | (1.037)                                   | (759)                                     |
| <b>Income (loss) before taxes</b>                                         |       | <b>41.239</b>                             | <b>32.875</b>                             | <b>41.144</b>                             | <b>32.660</b>                             |
| Current income tax and social contribution                                | 20    | (15.174)                                  | (12.718)                                  | (15.079)                                  | (12.668)                                  |
| Deferred income tax and social contribution                               | 20    | 2.819                                     | 2.521                                     | 2.819                                     | 2.686                                     |
| <b>Income tax and social contribution</b>                                 |       | <b>(12.355)</b>                           | <b>(10.197)</b>                           | <b>(12.260)</b>                           | <b>(9.982)</b>                            |
| <b>Net income for the period</b>                                          |       | <b>28.884</b>                             | <b>22.678</b>                             | <b>28.884</b>                             | <b>22.678</b>                             |
| Income (loss) attributed to:<br>Controlling shareholders                  |       | 28.884                                    | 22.678                                    | 28.884                                    | 22.678                                    |
| <b>Net income for the period</b>                                          |       | <b>28.884</b>                             | <b>22.678</b>                             | <b>28.884</b>                             | <b>22.678</b>                             |
| <b>Earnings per basic and diluted share</b>                               |       | <b>0,20</b>                               | <b>0,15</b>                               | <b>0,20</b>                               | <b>0,15</b>                               |

See the accompanying notes to the interim financial information.

## Blau Farmacêutica S.A.

### Statements of comprehensive income

Three-month periods ended March 31, 2019 and 2018

(In thousands of reais)

|                                                                  | Consolidated                              |                                           | Parent company                            |                                           |
|------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                                                  | Three-month<br>period ended<br>03/31/2019 | Three-month<br>period ended<br>03/31/2018 | Three-month<br>period ended<br>03/31/2019 | Three-month<br>period ended<br>03/31/2018 |
| Net income for the period                                        | 28.884                                    | 22.678                                    | 28.884                                    | 22.678                                    |
| <b>Other comprehensive income (OCI)</b>                          |                                           |                                           |                                           |                                           |
| <b>Items that will not be reclassified to profit or loss</b>     |                                           |                                           |                                           |                                           |
| Accumulated translation adjustment in subsidiaries               | (2.572)                                   | 1.084                                     | (2.572)                                   | 1.084                                     |
| <b>Total comprehensive income</b>                                | <b>26.312</b>                             | <b>23.762</b>                             | <b>26.312</b>                             | <b>23.762</b>                             |
| Comprehensive income attributable to<br>Controlling shareholders | 26.312                                    | 23.762                                    | 26.312                                    | 23.762                                    |
| <b>Total comprehensive income</b>                                | <b>26.312</b>                             | <b>23.762</b>                             | <b>26.312</b>                             | <b>23.762</b>                             |

See the accompanying notes to the interim financial information.

## Blau Farmacêutica S.A.

### Statements of changes in shareholders' equity

Three-month periods ended March 31, 2019 and 2018

(In thousands of reais)

|                                                                | Profit reserves |                |                     |                               |                             |                            |                   |                            |
|----------------------------------------------------------------|-----------------|----------------|---------------------|-------------------------------|-----------------------------|----------------------------|-------------------|----------------------------|
|                                                                | Capital         | Legal reserves | Investment reserves | Additional dividends proposed | Equity valuation adjustment | Other comprehensive income | Retained earnings | Total shareholders' equity |
| Balances at January 1, 2018                                    | 56.500          | 9.878          | -                   | 66.782                        | -                           | 5.176                      | -                 | 138.336                    |
| Comprehensive income for the year                              |                 |                |                     |                               |                             |                            |                   |                            |
| Net income for the period                                      | -               | -              | -                   | -                             | -                           | -                          | 22.678            | 22.678                     |
| Accumulated translation adjustment in subsidiaries             | -               | -              | -                   | -                             | -                           | 1.084                      | -                 | 1.084                      |
| Total comprehensive income, net of taxes                       | -               | -              | -                   | -                             | -                           | 1.084                      | 22.678            | 23.762                     |
| Transactions with shareholders and formation of reserves       |                 |                |                     |                               |                             |                            |                   |                            |
| Realization of equity valuation adjustments                    | -               | -              | -                   | -                             | -                           | (351)                      | 351               | -                          |
| Reflex equity income on dividends distributed in subsidiaries  | -               | -              | -                   | -                             | (4.369)                     | -                          | -                 | -                          |
| Interest on own capital                                        | -               | -              | -                   | -                             | -                           | -                          | (2.248)           | (2.248)                    |
| Total transactions with shareholders and formation of reserves | -               | -              | -                   | -                             | (4.369)                     | (351)                      | (1.897)           | (2.248)                    |
| Balances at March 31, 2018                                     | 56.500          | 9.878          | -                   | 66.782                        | (4.369) #                   | 5.909                      | 20.781            | 159.850                    |
| Balances at January 1, 2019                                    | 100.640         | 16.041         | 87.603              | 20.147                        | (4.369)                     | 3.273                      | -                 | 223.334                    |
| Comprehensive income for the year                              |                 |                |                     |                               |                             |                            |                   |                            |
| Net income for the period                                      | -               | -              | -                   | -                             | -                           | -                          | 28.884            | 28.884                     |
| Accumulated translation adjustment in subsidiaries             | -               | -              | -                   | -                             | -                           | (2.572)                    | -                 | (2.572)                    |
| Total comprehensive income, net of taxes                       | -               | -              | -                   | -                             | -                           | (2.572)                    | 28.884            | 26.312                     |
| Transactions with shareholders and formation of reserves       |                 |                |                     |                               |                             |                            |                   |                            |
| Realization of equity valuation adjustments                    | -               | -              | -                   | (4.369)                       | 4.369                       | (348)                      | 348               | -                          |
| Interest on own capital                                        | -               | -              | -                   | -                             | -                           | -                          | (3.866)           | (3.866)                    |
| Total transactions with shareholders and formation of reserves | -               | -              | -                   | (4.369)                       | 4.369                       | (348)                      | (3.518)           | (3.866)                    |
| Balances at March 31, 2019                                     | 100.640         | 16.041         | 87.603              | 15.778                        | -                           | 353                        | 25.365            | 245.780                    |

See the accompanying notes to the interim financial information.

## Blau Farmacêutica S.A.

### Statements of cash flows – Indirect method

Three-month periods ended March 31, 2019 and 2018

(In thousands of reais)

|                                                                                         | Consolidated                              |                                           | Parent company                            |                                           |
|-----------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                                                                         | Three-month<br>period ended<br>03/31/2019 | Three-month<br>period ended<br>03/31/2018 | Three-month<br>period ended<br>03/31/2019 | Three-month<br>period ended<br>03/31/2018 |
| <b>Cash flow from operating activities</b>                                              |                                           |                                           |                                           |                                           |
| Income (loss) before taxes                                                              | 41.239                                    | 32.875                                    | 41.144                                    | 32.660                                    |
| <b>Adjustments to reconcile income for the year with cash from operating activities</b> |                                           |                                           |                                           |                                           |
| Depreciation and amortization                                                           | 2.445                                     | 2.413                                     | 2.320                                     | 2.465                                     |
| Decreases in fixed and intangible assets                                                | 1.151                                     | 460                                       | 797                                       | 3                                         |
| Financial charges on financing                                                          | 3.754                                     | 2.325                                     | 3.754                                     | 2.324                                     |
| Unrealized exchange-rate change on loans and SWAP/MTM provision                         | (42)                                      | 1.186                                     | (43)                                      | 1.191                                     |
| Unrealized exchange-rate change on loans and trade accounts receivable                  | 4.041                                     | (217)                                     | 4.041                                     | (217)                                     |
| Equity in net income of subsidiaries                                                    | -                                         | -                                         | 1.037                                     | 759                                       |
| Provision for expected loss in trade accounts receivable                                | 1.980                                     | (90)                                      | 1.621                                     | (163)                                     |
| Provision for inventory losses, net                                                     | (47)                                      | (633)                                     | 20                                        | (625)                                     |
| Other (reversals), net                                                                  | -                                         | -                                         | 70                                        | -                                         |
| Provision for tax, civil and labor risks, net                                           | (359)                                     | 239                                       | (351)                                     | 246                                       |
|                                                                                         | <u>54.162</u>                             | <u>38.558</u>                             | <u>54.410</u>                             | <u>38.643</u>                             |
| <b>(Increase) decrease in asset accounts</b>                                            |                                           |                                           |                                           |                                           |
| Trade accounts receivable                                                               | 6.364                                     | (12.914)                                  | 3.116                                     | (12.649)                                  |
| Inventories                                                                             | (22.495)                                  | 600                                       | (24.403)                                  | 945                                       |
| Recoverable taxes                                                                       | (15.562)                                  | (142)                                     | (16.189)                                  | 51                                        |
| Other receivables                                                                       | 1.049                                     | (1.198)                                   | (543)                                     | (157)                                     |
| Judicial deposits                                                                       | (29)                                      | 91                                        | (29)                                      | (5)                                       |
| <b>Increase (decrease) in liability accounts</b>                                        |                                           |                                           |                                           |                                           |
| Suppliers                                                                               | 11.516                                    | 6.628                                     | 17.817                                    | 6.337                                     |
| Labor obligations                                                                       | 396                                       | (70)                                      | 468                                       | (27)                                      |
| Tax liabilities                                                                         | (498)                                     | 679                                       | 317                                       | 630                                       |
| Other accounts payable                                                                  | (4.335)                                   | (7.790)                                   | (4.239)                                   | (7.953)                                   |
| <b>Cash generated by operating activities</b>                                           | <u>30.568</u>                             | <u>24.442</u>                             | <u>30.724</u>                             | <u>25.815</u>                             |
| Income tax and social contribution                                                      | (15.658)                                  | (3.860)                                   | (15.658)                                  | (3.860)                                   |
| <b>Net cash from operating activities</b>                                               | <u>14.910</u>                             | <u>20.582</u>                             | <u>15.066</u>                             | <u>21.955</u>                             |
| <b>Cash flows from investment activities</b>                                            |                                           |                                           |                                           |                                           |
| Interest earnings bank deposits                                                         | 10.028                                    | -                                         | 9.755                                     | -                                         |
| Additions in property, plant and equipment                                              | (9.274)                                   | (3.631)                                   | (9.252)                                   | (3.627)                                   |
| Advance for future capital increase in investee                                         | -                                         | -                                         | (604)                                     | (2.105)                                   |
| Additions to intangible assets                                                          | (764)                                     | (50)                                      | (700)                                     | (4)                                       |
| <b>Net cash (used in) investment activities</b>                                         | <u>(10)</u>                               | <u>(3.681)</u>                            | <u>(801)</u>                              | <u>(5.736)</u>                            |
| <b>Cash flows from financing activities</b>                                             |                                           |                                           |                                           |                                           |
| Dividends and interest on own capital                                                   | (3.866)                                   | -                                         | (3.866)                                   | -                                         |
| Loans and financing                                                                     | 13.776                                    | 26.553                                    | 13.895                                    | 26.553                                    |
| Payment of loans and financing - principal                                              | (7.020)                                   | (29.901)                                  | (7.021)                                   | (29.800)                                  |
| Payment of loans and financing - interest                                               | (3.952)                                   | (2.824)                                   | (3.952)                                   | (2.823)                                   |
| <b>Net cash invested in financing activities</b>                                        | <u>(1.062)</u>                            | <u>(6.172)</u>                            | <u>(944)</u>                              | <u>(6.070)</u>                            |
| <b>Net increase in cash and cash equivalents</b>                                        | <u>13.838</u>                             | <u>10.729</u>                             | <u>13.322</u>                             | <u>10.149</u>                             |
| Cash and cash equivalents at January 1                                                  | 11.079                                    | 13.175                                    | 996                                       | 5.163                                     |
| Effect of changes in exchange rate on the balance of cash and cash equivalents          | (2.571)                                   | 610                                       | (69)                                      | -                                         |
| <b>Cash and cash equivalents at March 31</b>                                            | <u>22.346</u>                             | <u>24.514</u>                             | <u>14.249</u>                             | <u>15.312</u>                             |

See the accompanying notes to the interim financial information.

## Blau Farmacêutica S.A.

### Statements of added value

Three-month periods ended March 31, 2019 and 2018

(In thousands of reais)

|                                                          | Consolidated                              |                                           | Parent company                            |                                           |
|----------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
|                                                          | Three-month<br>period ended<br>03/31/2019 | Three-month<br>period ended<br>03/31/2018 | Three-month<br>period ended<br>03/31/2019 | Three-month<br>period ended<br>03/31/2018 |
| <b>Revenues</b>                                          | <b>198.797</b>                            | <b>159.502</b>                            | <b>193.693</b>                            | <b>157.462</b>                            |
| Sale of merchandise, products and services               | 200.011                                   | 158.911                                   | 195.558                                   | 157.514                                   |
| Other (expenses) revenues, net                           | 32                                        | 1.327                                     | (940)                                     | 679                                       |
| Provision for expected loss in trade accounts receivable | (1.247)                                   | (736)                                     | (927)                                     | (731)                                     |
| <b>Inputs acquired from third parties</b>                | <b>(112.505)</b>                          | <b>(86.206)</b>                           | <b>(108.999)</b>                          | <b>(85.618)</b>                           |
| Cost of products, goods sold and services rendered       | (95.146)                                  | (68.256)                                  | (92.742)                                  | (68.665)                                  |
| Materials, energy, outsourced services and other         | (17.358)                                  | (18.037)                                  | (16.254)                                  | (17.040)                                  |
| Gain (loss) from asset values                            | (2)                                       | 87                                        | (2)                                       | 87                                        |
| <b>Gross added value</b>                                 | <b>86.291</b>                             | <b>73.296</b>                             | <b>84.694</b>                             | <b>71.844</b>                             |
| Depreciation and amortization                            | (2.393)                                   | (2.405)                                   | (2.312)                                   | (2.353)                                   |
| <b>Net value added produced by the Company</b>           | <b>83.898</b>                             | <b>70.891</b>                             | <b>82.383</b>                             | <b>69.491</b>                             |
| <b>Added value received as transfer</b>                  | <b>2.834</b>                              | <b>839</b>                                | <b>2.643</b>                              | <b>676</b>                                |
| Income (loss) from ownership interest                    | (1.037)                                   | (759)                                     | (1.037)                                   | (759)                                     |
| Financial revenues                                       | 3.871                                     | 1.598                                     | 3.680                                     | 1.435                                     |
| <b>Total added value payable</b>                         | <b>86.732</b>                             | <b>71.730</b>                             | <b>85.024</b>                             | <b>70.167</b>                             |
| <b>Personnel</b>                                         | <b>25.350</b>                             | <b>22.601</b>                             | <b>23.899</b>                             | <b>21.427</b>                             |
| Direct remuneration                                      | 20.288                                    | 18.084                                    | 19.136                                    | 17.116                                    |
| Benefits                                                 | 3.290                                     | 3.044                                     | 2.991                                     | 2.838                                     |
| FGTS                                                     | 1.772                                     | 1.473                                     | 1.772                                     | 1.473                                     |
| <b>Taxes, duties and contributions</b>                   | <b>24.095</b>                             | <b>19.172</b>                             | <b>23.970</b>                             | <b>18.938</b>                             |
| Federal                                                  | 17.385                                    | 14.418                                    | 17.289                                    | 14.204                                    |
| State                                                    | 6.516                                     | 4.473                                     | 6.487                                     | 4.453                                     |
| Municipal                                                | 193                                       | 281                                       | 193                                       | 281                                       |
| <b>Third-party capital remuneration</b>                  | <b>8.403</b>                              | <b>7.279</b>                              | <b>8.272</b>                              | <b>7.124</b>                              |
| Interest                                                 | 3.977                                     | 3.334                                     | 3.977                                     | 3.334                                     |
| Financial expenses (incl. exchange-rate changes)         | 3.438                                     | 3.349                                     | 3.307                                     | 3.194                                     |
| Rentals                                                  | 988                                       | 596                                       | 988                                       | 596                                       |
| <b>Remuneration of own capital</b>                       | <b>28.884</b>                             | <b>22.678</b>                             | <b>28.883</b>                             | <b>22.678</b>                             |
| Dividends and interest on own capital                    | 3.867                                     | 2.248                                     | 3.867                                     | 2.248                                     |
| Retained earnings for the period                         | 25.017                                    | 20.430                                    | 25.017                                    | 20.430                                    |
| <b>Total added value paid</b>                            | <b>86.732</b>                             | <b>71.730</b>                             | <b>85.024</b>                             | <b>70.167</b>                             |

See the accompanying notes to the interim financial information.

## Notes to the interim financial information

*(In thousands of reais, unless otherwise indicated)*

### 1 Operations

Blau Farmaceutica SA ("Company") is a Brazilian pharmaceutical company incorporated as a publicly-held firm. Founded on December 8, 1987 and headquartered at Rodovia Raposo Tavares, 2.833, Km 30.5, in the city of Cotia, State of São Paulo, the Company is engaged in the production and sale of highly complex medicines, mainly hospital, with own brands in the domestic and foreign markets, as well as import, export, trading and distribution of pharmaceutical inputs.

According to Note 29, the Company's commercial activity is divided into the hospital and pharmaceutical segments, distributed into four medicine lines:

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

The production of products is substantially carried out in-house, produced in four manufacturing plants in the municipalities of Cotia and São Paulo, in the State of São Paulo.

The Company currently has, besides its head office, another six units: four located in the State of São Paulo, one in the State of Paraná and one in the State of Ceará.

The Company has a nationwide (through its own sales staff serving distributors, healthcare institutions and retailers) and international sales structure (through its subsidiaries and exports to other countries).

Its strategy is focused on sustainable growth, cost/expense control, research and development, and efficiency gains at its manufacturing plants.

### 2 List of subsidiaries

| Company                           | Country   | Ownership interest |               |
|-----------------------------------|-----------|--------------------|---------------|
|                                   |           | 06/30/2019         | 12/31/2018    |
| 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 Colombia S.A.S.***

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

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

Headquartered in the city of Montevideo, this wholly-owned subsidiary started its operations in January 2012, trading mainly pharmaceutical products produced by the Company, and has about 60 sanitary records for medicines.

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

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

### **3 Preparation basis of interim financial statements**

**a. Statement of compliance**

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

Accounting policies used in the preparation of this interim individual and consolidated financial information statements are primarily the same as those adopted in the preparation of Company's individual and consolidated financial statements, except when otherwise indicated (see Notes 6 and 9) for the year ended December 31, 2018, issued on February 25, 2019. Therefore, this interim financial information should be read together with Company's annual financial statements for the year ended December 31, 2018, comprising the whole set of notes.

On August 06, 2019, the Company's Board of Directors held a meeting and authorized the issue of the individual and consolidated interim financial information.

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

### **4 Functional and presentation currency**

The individual and consolidated interim financial information is presented in thousands of Reais, functional currency of the Company. All balances have been rounded to the nearest value, except otherwise indicated.

Regarding foreign subsidiaries, whose functional currency is other than Reais, assets and liabilities, including adjustments to fair value resulting from the acquisition, are translated into

Brazilian Reais at the exchange rate prevailing on reporting date. Foreign transactions' revenues and expenses are translated into Reais at exchange rates prevailing on transaction dates.

The differences in foreign currencies generated for the translation into the presentation currency are recognized in other comprehensive statements and included in the shareholders' equity account. However, if the subsidiary is not a wholly-subsidiary, then the corresponding portion of the translation difference is allocated to the non-controlling shareholders.

Exchange rates for translating foreign currency assets and liabilities to Brazilian reais are quoted by the Central Bank of Brazil for (sale/purchase) on the translation date and are obtained through the Central Bank of Brazil website ([www. bcb.gov.br](http://www.bcb.gov.br)).

## **5 Use of estimates and judgments**

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

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

### **a. Judgments**

There are no critical judgments made by the Management which will impact the individual and consolidated financial information presented in this document.

### **b. Uncertainties on assumptions and estimates**

Information on uncertainties as to assumptions and estimates as of June 30, 2019 that pose a high risk of resulting in a material adjustment in book balances of assets and liabilities in the next 12 months are included in the following notes:

**Note 8** - Provision for expected losses in trade accounts receivable - main assumptions in relation to recoverable amounts and main assumptions determining the weighted average loss rate;

**Note 9** - Provision for impairment of inventories - main assumptions in relation to recoverable values;

**Notes 11 and 13** – Goodwill in the acquisition of investments - amortization and main assumptions used in impairment test;

**Note 17** - Recognition of deferred tax assets, availability of future taxable income against which deductible temporary differences may be used.

**Note 20** – Recognition and measurement of provision for tax, civil and labor risks - main assumptions on probability and magnitude of outflows.

The Company and its subsidiaries review its estimates at each reporting date, and if changes in estimates are required, they will be recognized prospectively.

### **(i) Measurement of fair value**

A number of the Company and its subsidiaries' accounting policies and disclosures requires the

measurement of fair value, for both financial and non-financial assets and liabilities.

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

When measuring fair value of an asset or liability, the Company and its subsidiaries use market observable data as much as possible. The fair value is classified in different levels of a hierarchy based on the information (inputs) utilized on the valuation techniques in the following way.

**Level 1:** Prices quoted (not adjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

**Level 3:** Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

Additional information on the assumptions adopted in the measurement of fair values is included in Note 26 - Financial Instruments.

## **6 Changes in significant accounting policies**

### **6.1 CPC 06 (R2) - Lease**

CPC 06 (R2) introduces a single model of accounting of leases in the balance sheet to lessees. A lessee recognizes an asset of right of use that represents its right to use the leased asset and a lease liability that represents its obligation to make the lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the old standard, that is, lessors continue to classify leases as financial or operating leases.

The standard is applicable as of January 1, 2019, IFRS 16 replaces the current lease standards, including CPC 06 (IAS 17) Commercial Lease Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Complementary Aspects of Commercial Lease Operations.

With the implementation of the new IFRS 16 concept, the Company assessed whether active lease agreements transfer the right to control the use of the identified assets over a period of time or throughout the period of use. To this end, the Company evaluated whether:

- it has the right to obtain substantially all of the economic benefits from use of the identified assets;
- it has the right to direct the use of identified assets; and
- confirmed whether its lease agreements remain applicable under the new concept.

#### **a. Lease term**

IFRS 16 requires not only the assessment of the non-cancellable period of a lease, but also requires that the following points be considered together:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Company and its subsidiaries performed analyzes based on the financial statements for the last year and supplementary information, such as the new agreements entered into for the six-month period ended June 30, 2019 (service agreements and lease agreements) and have not identified the need to adjust their individual and consolidated interim accounting information.

## 7 Cash and cash equivalents and interest earning bank deposits

### 7.1 Cash and cash equivalents

|                                        | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|----------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                        | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Cash and banks                         | 3,385               | 11,079            | 49                    | 996               |
| <b>Total cash and cash equivalents</b> | <b>3,385</b>        | <b>11,079</b>     | <b>49</b>             | <b>996</b>        |

### 7.2 Interest earnings bank deposits

|                                             | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|---------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                             | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Interest earnings bank deposits             | 67,450              | 101,865           | 61,362                | 98,859            |
| <b>Total interest earning bank deposits</b> | <b>67,450</b>       | <b>101,865</b>    | <b>61,362</b>         | <b>98,859</b>     |

Interest earning bank deposits mature in the short term and are highly liquid. They are subject to an insignificant risk of change in value, with remuneration rates around 100% of CDI for investments held in high rating financial institutions.

The Company's exposure to credit and market risks is disclosed in Note 26.

## 8 Trade accounts receivable

|                                | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|--------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Domestic clients               | 244,651             | 148,388           | 244,651               | 148,388           |
| Foreign clients                | 13,564              | 20,719            | 2,753                 | 4,215             |
| Related parties (Note 17)      | 3,858               | 2,243             | 13,550                | 16,378            |
|                                | 262,073             | 171,350           | 260,954               | 168,981           |
| Provision for estimated losses | (9,974)             | (8,576)           | (8,472)               | (7,363)           |
|                                | <b>252,099</b>      | <b>162,774</b>    | <b>252,482</b>        | <b>161,618</b>    |

The 46.6% increase in the Company's sales in relation to the previous period was basically due to the increase in demand for biological products and specialties based on new contracts signed in both the public and private segments.

**a. Age of balances of trade accounts receivable**

|                                | Consolidated   |                |                |                |                |                |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                | Private        |                | Public         |                | Total          |                |
|                                | 06/30/2019     | 12/31/2018     | 06/30/2019     | 12/31/2018     | 06/30/2019     | 12/31/2018     |
| Falling due                    | 102,618        | 100,698        | 80,154         | 34,566         | 182,772        | 135,264        |
| Overdue (days)                 | 13,726         | 13,819         | 65,575         | 22,267         | 79,301         | 36,086         |
| 1-30                           | 6,414          | 4,886          | 4,322          | 6,382          | 10,736         | 11,268         |
| 31-60                          | 950            | 5,657          | 45,131         | 13,914         | 46,081         | 19,571         |
| 61-180                         | 973            | 1,499          | 12,016         | 981            | 12,989         | 2,480          |
| >181                           | 5,389          | 1,777          | 4,106          | 990            | 9,495          | 2,767          |
|                                | <u>116,344</u> | <u>114,517</u> | <u>145,729</u> | <u>56,833</u>  | <u>262,073</u> | <u>171,350</u> |
| Provision for estimated losses | <u>(5,811)</u> | <u>(4,636)</u> | <u>(4,163)</u> | <u>(3,940)</u> | <u>(9,974)</u> | <u>(8,576)</u> |
| <b>Total</b>                   | <b>110,533</b> | <b>109,881</b> | <b>141,566</b> | <b>52,893</b>  | <b>252,099</b> | <b>162,774</b> |
|                                | Parent company |                |                |                |                |                |
|                                | Private        |                | Public         |                | Total          |                |
|                                | 06/30/2019     | 12/31/2018     | 06/30/2019     | 12/31/2018     | 06/30/2019     | 12/31/2018     |
| Falling due                    | 100,289        | 98,544         | 80,049         | 34,566         | 180,338        | 133,110        |
| Overdue (days)                 | 15,077         | 13,604         | 65,539         | 22,267         | 80,616         | 35,871         |
| 1-30                           | 5,253          | 3,322          | 4,304          | 6,382          | 9,557          | 9,704          |
| 31-60                          | 3,008          | 4,999          | 45,124         | 13,914         | 48,132         | 18,913         |
| 61-180                         | 2,968          | 2,345          | 12,004         | 981            | 14,972         | 3,326          |
| >181                           | 3,848          | 2,938          | 4,107          | 990            | 7,955          | 3,928          |
|                                | <u>115,366</u> | <u>112,148</u> | <u>145,588</u> | <u>56,833</u>  | <u>260,954</u> | <u>168,981</u> |
| Provision for estimated losses | <u>(4,309)</u> | <u>(3,423)</u> | <u>(4,163)</u> | <u>(3,940)</u> | <u>(8,472)</u> | <u>(7,363)</u> |
| <b>Total</b>                   | <b>111,057</b> | <b>108,725</b> | <b>141,425</b> | <b>52,893</b>  | <b>252,482</b> | <b>161,618</b> |

**b. Changes in provision for expected losses**

|                              | Consolidated          |                       | Parent company        |                       |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | 06/30/2019            | 12/31/2018            | 06/30/2019            | 12/31/2018            |
| Opening balance of provision | (8,576)               | (6,490)               | (7,363)               | (5,470)               |
| Formation for the period     | (7,651)               | (4,660)               | (7,362)               | (4,461)               |
| Write-offs for the period    | 3,359                 | 1,683                 | 3,359                 | 1,683                 |
| Reversal for the period      | <u>2,894</u>          | <u>891</u>            | <u>2,894</u>          | <u>885</u>            |
| Closing balance of provision | <u><b>(9,974)</b></u> | <u><b>(8,576)</b></u> | <u><b>(8,472)</b></u> | <u><b>(7,363)</b></u> |

As of June 30, 2019 and December 31, 2018, the Company has no receivables pledged as debt guarantee.

## 9 Inventories

|                                            | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|--------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                            | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Finished and resale products               | 63,891              | 64,237            | 56,248                | 52,248            |
| Semi-finished and in process products      | 38,120              | 17,163            | 38,120                | 17,163            |
| Raw and packaging material                 | 68,239              | 61,992            | 66,209                | 61,992            |
| Imports in progress and advance to imports | 11,092              | 6,867             | 11,092                | 6,867             |
| Other                                      | 3,084               | 475               | 3,084                 | 475               |
| Provision for impairment                   | (9,184)             | (5,571)           | (8,830)               | (5,334)           |
| <b>Total</b>                               | <b>175,242</b>      | <b>145,163</b>    | <b>165,923</b>        | <b>133,411</b>    |

The downward movement driven by the consumption in the captions of raw materials and packaging and semi-finished materials make up the production cost of inventories of finished goods.

The increase of inventories of raw materials and semi-finished goods was made to support commercial demand.

### Changes in provision for impairment of inventories

|                                  | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|----------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                  | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Opening balance of provision     | (5,571)             | (6,536)           | (5,334)               | (6,432)           |
| Formation for the period         | (4,798)             | (6,259)           | (4,681)               | (6,126)           |
| Write-off                        | -                   | 5,276             | -                     | 5,276             |
| Reversal for the period          | 1,185               | 1,948             | 1,185                 | 1,948             |
| <b>Allowance closing balance</b> | <b>(9,184)</b>      | <b>(5,571)</b>    | <b>(8,830)</b>        | <b>(5,334)</b>    |

Provision for impairment is calculated considering products' expiry date as well as their expected future trading. Full provision is recorded for products with expired validity, as well as for those with validity expiring in up to 180 days, regardless of whether sale is expected or not.

As of the second quarter of 2019, the Company improved its controls related to the provision for impairment of inventories and included amounts arising from inventory differences and quality deviations in said provision.

Decrease in balance and reversals are included in sale cost.

On June 30, 2019 and December 31, 2018, the Company has no inventories pledged as debt guarantee.

## 10 Recoverable taxes

|                          | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|--------------------------|---------------------|-------------------|-----------------------|-------------------|
|                          | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| <b>Current</b>           |                     |                   |                       |                   |
| ICMS                     | 24,572              | 3,360             | 24,572                | 3,360             |
| IPI                      | 85                  | 98                | 85                    | 98                |
| PIS                      | 160                 | 66                | 160                   | 66                |
| COFINS                   | 711                 | 264               | 711                   | 264               |
| Other                    | 2,204               | 1,759             | 103                   | 128               |
| <b>Total current</b>     | <b>27,732</b>       | <b>5,547</b>      | <b>25,631</b>         | <b>3,916</b>      |
| <b>Non-current</b>       |                     |                   |                       |                   |
| CIAP                     | 704                 | 771               | 704                   | 771               |
| <b>Total non-current</b> | <b>704</b>          | <b>771</b>        | <b>704</b>            | <b>771</b>        |
| <b>Total</b>             | <b>28,436</b>       | <b>6,318</b>      | <b>26,335</b>         | <b>4,687</b>      |

Increase of ICMS credit on imports of products with expected short-term use according to the sales plan.

## 11 Investments

|                                                | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|------------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                                | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Interest - Blau Farmacêutica Colombia S.A.S.   | -                   | -                 | 18,495                | 18,012            |
| Goodwill - Blau Farmacêutica Colombia S.A.S.   | -                   | -                 | 6,800                 | 6,800             |
| <b>Total Blau Farmacêutica Colombia S.A.S.</b> | <b>-</b>            | <b>-</b>          | <b>25,295</b>         | <b>24,812</b>     |
| Interest - Blau Farma Uruguay S.A.             | -                   | -                 | 4,502                 | 4,452             |
| Goodwill - Blau Farma Uruguay S.A.             | -                   | -                 | 271                   | 271               |
| Advances for future capital increase           | -                   | -                 | -                     | 4,523             |
| <b>Total Blau Farma Uruguay S.A.</b>           | <b>-</b>            | <b>-</b>          | <b>4,773</b>          | <b>9,246</b>      |
| Other investments                              | 15                  | 15                | 15                    | 15                |
| <b>Total</b>                                   | <b>15</b>           | <b>15</b>         | <b>30,083</b>         | <b>34,073</b>     |

### Changes in investments

|                                                        | <b>Blau Farmacêutica Colombia S.A.S.</b> | <b>Blau Farma Uruguay S.A.</b> | <b>Total</b>   |
|--------------------------------------------------------|------------------------------------------|--------------------------------|----------------|
| <b>Balance of the investment on December 31, 2017</b>  | <b>22,981</b>                            | <b>5,139</b>                   | <b>28,120</b>  |
| Equity in net income of subsidiaries                   | 2,381                                    | (3,055)                        | (675)          |
| Unrealized profit                                      | (871)                                    | (213)                          | (1,084)        |
| <b>Total equity in net income of subsidiaries, net</b> | <b>1,510</b>                             | <b>(3,268)</b>                 | <b>(1,758)</b> |
| Equity in net income of subsidiaries included          | (4,369)                                  | -                              | (4,369)        |
| Translation adjustment                                 | 245                                      | (296)                          | (51)           |
| Advances for future capital increase                   | 4,445                                    | 7,686                          | 12,131         |
| <b>Balance of the investment on December 31, 2018</b>  | <b>24,812</b>                            | <b>9,261</b>                   | <b>34,073</b>  |
|                                                        | <b>Blau Farmacêutica Colombia S.A.S.</b> | <b>Blau Farma Uruguay S.A.</b> | <b>Total</b>   |
| <b>Balance of the investment on December 31, 2018</b>  | <b>24,812</b>                            | <b>9,261</b>                   | <b>34,073</b>  |
| Equity in net income of subsidiaries                   | (655)                                    | (1,675)                        | (2,330)        |
| Unrealized profit                                      | (2,655)                                  | (231)                          | (2,886)        |
| Realization of income                                  | 2,456                                    | 430                            | 2,886          |
| <b>Total equity in net income of subsidiaries, net</b> | <b>(854)</b>                             | <b>(1,476)</b>                 | <b>(2,330)</b> |
| Translation adjustment                                 | 1,336                                    | (4,161)                        | (2,825)        |
| Advances for future capital increase                   | -                                        | 1,165                          | 1,165          |
| <b>Balance of investment on June 30, 2019</b>          | <b>25,294</b>                            | <b>4,789</b>                   | <b>30,083</b>  |

In compliance with CPC 45 and IFRS 12 Disclosure of Interests in Other Entities, the Company presents below the summary of the financial information of Blau Farmacéutica Colombia S.A.S. and Blau Farma Uruguay S.A.:

|                                                   | 06/30/2019                        |                         | 12/31/2018                        |                         |
|---------------------------------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
|                                                   | Blau Farmacéutica Colombia S.A.S. | Blau Farma Uruguay S.A. | Blau Farmacéutica Colombia S.A.S. | Blau Farma Uruguay S.A. |
| Current assets                                    | 25,170                            | 9,153                   | 31,441                            | 5,818                   |
| Non-current assets                                | 780                               | 398                     | 1,096                             | 6,015                   |
| <b>Total assets</b>                               | <b>25,950</b>                     | <b>9,551</b>            | <b>32,537</b>                     | <b>11,833</b>           |
| Current liabilities                               | 7,594                             | 4,951                   | 14,370                            | 2,630                   |
| Non-current liabilities                           | 40                                | -                       | 7                                 | -                       |
| Shareholders' equity                              | 18,316                            | 4,600                   | 18,160                            | 9,203                   |
| <b>Total liabilities and shareholders' equity</b> | <b>25,950</b>                     | <b>9,551</b>            | <b>32,537</b>                     | <b>11,833</b>           |
| Net operating revenue                             | 12,366                            | 3,273                   | 28,002                            | 6,383                   |
| Net income / (loss) for the year                  | (816)                             | (1,675)                 | 1,298                             | (3,055)                 |

## 12 Property, plant and equipment

|                                                        | Consolidated          |                |           |                |                       |
|--------------------------------------------------------|-----------------------|----------------|-----------|----------------|-----------------------|
|                                                        | Balance at 12/31/2017 | Additions      | Transfers | Write-off      | Balance at 12/31/2018 |
| <b>Cost</b>                                            |                       |                |           |                |                       |
| Real estate and lands                                  | 30,352                | 34             | 21,433    | -              | 51,819                |
| Machinery and equipment                                | 64,307                | 5,606          | 1,509     | (570)          | 70,852                |
| Vehicles                                               | 3,239                 | 305            | -         | (158)          | 3,386                 |
| Furniture and fixtures                                 | 5,787                 | 195            | 233       | (5)            | 6,210                 |
| Facilities in use                                      | 8,704                 | 297            | 1,016     | -              | 10,017                |
| IT equipment                                           | 3,669                 | 410            | 196       | (7)            | 4,268                 |
| Construction in progress                               | 33,597                | 18,317         | (24,387)  | (48)           | 27,479                |
| Other                                                  | 44                    | -              | -         | -              | 44                    |
| Advance of goods for future delivery                   | 924                   | 25,610         | -         | (4,685)        | 21,849                |
| <b>Total cost</b>                                      | <b>150,623</b>        | <b>50,774</b>  | <b>-</b>  | <b>(5,473)</b> | <b>195,925</b>        |
| <b>Depreciation</b>                                    |                       |                |           |                |                       |
| Real estate                                            | (976)                 | (1,661)        | -         | -              | (2,637)               |
| Machinery and equipment                                | (34,865)              | (6,376)        | -         | 205            | (41,036)              |
| Vehicles                                               | (2,040)               | (510)          | -         | 180            | (2,370)               |
| Furniture and fixtures                                 | (4,633)               | (229)          | -         | -              | (4,862)               |
| Facilities in use                                      | (5,838)               | (433)          | -         | -              | (6,271)               |
| IT equipment                                           | (2,616)               | (427)          | -         | -              | (3,043)               |
| <b>Total depreciation</b>                              | <b>(50,968)</b>       | <b>(9,636)</b> | <b>-</b>  | <b>385</b>     | <b>(60,219)</b>       |
| <b>Residual value of property, plant and equipment</b> | <b>99,655</b>         | <b>41,138</b>  | <b>-</b>  | <b>(5,087)</b> | <b>135,706</b>        |

| Parent company                                         |                          |                |           |                |                          |
|--------------------------------------------------------|--------------------------|----------------|-----------|----------------|--------------------------|
|                                                        | Balance at<br>12/31/2017 | Addition       | Transfers | Write-off      | Balance at<br>12/31/2018 |
| <b>Cost</b>                                            |                          |                |           |                |                          |
| Real estate and lands                                  | 30,352                   | -              | 21,433    | -              | 51,785                   |
| Machinery and equipment                                | 65,071                   | 5,602          | 1,509     | (502)          | 71,680                   |
| Vehicles                                               | 2,989                    | 291            | -         | (158)          | 3,122                    |
| Furniture and fixtures                                 | 4,730                    | 193            | 233       | (5)            | 5,151                    |
| Facilities in use                                      | 8,761                    | 297            | 1,016     | -              | 10,074                   |
| IT equipment                                           | 3,495                    | 367            | 196       | (4)            | 4,054                    |
| Property, plant and equipment in progress              | 33,025                   | 18,317         | (24,387)  | (48)           | 26,907                   |
| Advance of goods for future delivery                   | 933                      | 25,610         | -         | (4,685)        | 21,858                   |
| <b>Total cost</b>                                      | <b>149,356</b>           | <b>50,677</b>  | <b>-</b>  | <b>(5,402)</b> | <b>194,631</b>           |
| <b>Depreciation</b>                                    |                          |                |           |                |                          |
| Real estate                                            | (960)                    | (1,205)        | -         | -              | (2,165)                  |
| Machinery and equipment                                | (35,038)                 | (6,375)        | -         | 181            | (41,232)                 |
| Vehicles                                               | (1,662)                  | (459)          | -         | 180            | (1,941)                  |
| Furniture and fixtures                                 | (4,516)                  | (220)          | -         | -              | (4,736)                  |
| Facilities in use                                      | (6,083)                  | (433)          | -         | -              | (6,516)                  |
| IT equipment                                           | (2,467)                  | (375)          | -         | -              | (2,842)                  |
| <b>Total depreciation</b>                              | <b>(50,726)</b>          | <b>(9,067)</b> | <b>-</b>  | <b>362</b>     | <b>(59,432)</b>          |
| <b>Residual value of property, plant and equipment</b> | <b>98,630</b>            | <b>41,610</b>  | <b>-</b>  | <b>(5,041)</b> | <b>135,199</b>           |

| Consolidated                         |                          |                |           |                |                          |
|--------------------------------------|--------------------------|----------------|-----------|----------------|--------------------------|
|                                      | Balance at<br>12/31/2018 | Additions      | Transfers | Write-off      | Balance at<br>06/30/2019 |
| <b>Cost</b>                          |                          |                |           |                |                          |
| Real estate and lands                | 51,819                   | -              | -         | -              | 51,819                   |
| Machinery and equipment              | 70,852                   | 531            | 66        | -              | 71,449                   |
| Vehicles                             | 3,386                    | -              | -         | -              | 3,386                    |
| Furniture and fixtures               | 6,210                    | 19             | -         | (11)           | 6,218                    |
| Facilities in use                    | 10,017                   | 7              | -         | -              | 10,024                   |
| IT equipment                         | 4,268                    | 845            | -         | -              | 5,113                    |
| Construction in progress             | 27,479                   | 13,320         | (66)      | (347)          | 40,386                   |
| Other                                | 45                       | -              | -         | -              | 45                       |
| Advance of goods for future delivery | 21,849                   | 13,335         | -         | (2,029)        | 33,155                   |
| <b>Total cost</b>                    | <b>195,925</b>           | <b>28,058</b>  | <b>-</b>  | <b>(2,387)</b> | <b>221,595</b>           |
| <b>Depreciation</b>                  |                          |                |           |                |                          |
| Real estate                          | (2,637)                  | (924)          | -         | -              | (3,561)                  |
| Machinery and equipment              | (41,036)                 | (2,755)        | -         | -              | (43,791)                 |
| Vehicles                             | (2,370)                  | (218)          | -         | -              | (2,588)                  |
| Furniture and fixtures               | (4,862)                  | (99)           | -         | 9              | (4,952)                  |
| Facilities in use                    | (6,271)                  | (317)          | -         | -              | (6,588)                  |
| IT equipment                         | (3,043)                  | (285)          | -         | -              | (3,328)                  |
| <b>Total depreciation</b>            | <b>(60,219)</b>          | <b>(4,598)</b> | <b>-</b>  | <b>9</b>       | <b>(64,808)</b>          |

|                                                        |                |               |          |                |                |
|--------------------------------------------------------|----------------|---------------|----------|----------------|----------------|
| <b>Residual value of property, plant and equipment</b> | <b>135,706</b> | <b>23,191</b> | <b>-</b> | <b>(2,378)</b> | <b>156,787</b> |
|--------------------------------------------------------|----------------|---------------|----------|----------------|----------------|

|                                                        | Parent company           |                |           |                |                          |
|--------------------------------------------------------|--------------------------|----------------|-----------|----------------|--------------------------|
|                                                        | Balance at<br>12/31/2018 | Addition       | Transfers | Write-off      | Balance at<br>06/30/2019 |
| <b>Cost</b>                                            |                          |                |           |                |                          |
| Real estate and lands                                  | 51,785                   | -              | -         | -              | 51,785                   |
| Machinery and equipment                                | 71,680                   | 518            | 66        | -              | 72,264                   |
| Vehicles                                               | 3,122                    | -              | -         | -              | 3,122                    |
| Furniture and fixtures                                 | 5,151                    | 18             | -         | (11)           | 5,158                    |
| Facilities in use                                      | 10,074                   | 7              | -         | -              | 10,081                   |
| IT equipment                                           | 4,054                    | 826            | -         | -              | 4,880                    |
| Property, plant and equipment in progress              | 26,907                   | 13,320         | (66)      | (347)          | 39,814                   |
| Advance of goods for future delivery                   | 21,858                   | 13,335         | -         | (2,029)        | 33,164                   |
| <b>Total cost</b>                                      | <b>194,631</b>           | <b>28,025</b>  | <b>-</b>  | <b>(2,387)</b> | <b>220,268</b>           |
| <b>Depreciation</b>                                    |                          |                |           |                |                          |
| Real estate                                            | (2,165)                  | (853)          | -         | -              | (3,018)                  |
| Machinery and equipment                                | (41,232)                 | (2,755)        | -         | -              | (43,987)                 |
| Vehicles                                               | (1,941)                  | (207)          | -         | -              | (2,148)                  |
| Furniture and fixtures                                 | (4,736)                  | (97)           | -         | 9              | (4,824)                  |
| Facilities in use                                      | (6,516)                  | (317)          | -         | -              | (6,833)                  |
| IT equipment                                           | (2,842)                  | (267)          | -         | -              | (3,109)                  |
| <b>Total depreciation</b>                              | <b>(59,432)</b>          | <b>(4,496)</b> | <b>-</b>  | <b>9</b>       | <b>(63,919)</b>          |
| <b>Residual value of property, plant and equipment</b> | <b>135,199</b>           | <b>23,528</b>  | <b>-</b>  | <b>(2,378)</b> | <b>156,349</b>           |

| Property, plant and equipment in progress | Consolidated  | Parent company |
|-------------------------------------------|---------------|----------------|
| Machinery and equipment in the facility   | 2,350         | 2,350          |
| Industrial expansion                      | 27,664        | 27,664         |
| Building enlargement                      | 7,819         | 7,819          |
| Other                                     | 2,553         | 1,981          |
| <b>Total</b>                              | <b>40,386</b> | <b>39,814</b>  |

Additions to fixed assets relate basically to investments in the production capacity expansion plan at the Cotia Unit.

Advances of goods for future delivery refer to acquisitions of imported machinery expected to be received as of the second semester of 2019.

There are no fixed assets pledged as collateral for debts contracted by the Company for the current and previous years.



## 13 Intangible assets

| <b>Consolidated</b>                       |                                  |                  |                  |                  |                                  |
|-------------------------------------------|----------------------------------|------------------|------------------|------------------|----------------------------------|
| <b>Cost</b>                               | <b>Balance at<br/>12/31/2018</b> | <b>Additions</b> | <b>Transfers</b> | <b>Write-off</b> | <b>Balance at<br/>06/30/2019</b> |
| Software licenses                         | 4,084                            | 796              | -                | -                | 4,880                            |
| Brands                                    | 1,003                            | 3                | -                | (2)              | 1,004                            |
| Sanitary records                          | 878                              | -                | -                | (362)            | 516                              |
| Development of new products (ii)          | -                                | 1,495            | -                | -                | 1,495                            |
| Goodwill (i)                              | 7,071                            | -                | -                | -                | 7,071                            |
|                                           | <b>13,036</b>                    | <b>2,294</b>     | <b>-</b>         | <b>(364)</b>     | <b>14,966</b>                    |
| <b>Amortization</b>                       |                                  |                  |                  |                  |                                  |
| Software licenses                         | (3,753)                          | (131)            | -                | -                | (3,884)                          |
| Brands                                    | (23)                             | (11)             | -                | -                | (34)                             |
| Sanitary records                          | (334)                            | (50)             | -                | -                | (384)                            |
| <b>Total</b>                              | <b>(4,110)</b>                   | <b>(192)</b>     | <b>-</b>         | <b>-</b>         | <b>(4,302)</b>                   |
| <b>Residual value of intangible asset</b> | <b>8,926</b>                     | <b>2,102</b>     | <b>-</b>         | <b>(364)</b>     | <b>10,664</b>                    |

  

| <b>Parent company</b>                     |                                  |                 |                  |                  |                                  |
|-------------------------------------------|----------------------------------|-----------------|------------------|------------------|----------------------------------|
| <b>Cost</b>                               | <b>Balance at<br/>12/31/2018</b> | <b>Addition</b> | <b>Transfers</b> | <b>Write-off</b> | <b>Balance at<br/>06/30/2019</b> |
| Software licenses                         | 3,947                            | 737             | -                | -                | 4,684                            |
| Development of new products (ii)          | -                                | 1,495           | -                | -                | 1,495                            |
| Brands                                    | 877                              | -               | -                | -                | 877                              |
| <b>Total cost</b>                         | <b>4,824</b>                     | <b>2,232</b>    | <b>-</b>         | <b>-</b>         | <b>7,056</b>                     |
| <b>Amortization</b>                       |                                  |                 |                  |                  |                                  |
| Software licenses                         | (3,736)                          | (130)           | -                | -                | (3,866)                          |
| <b>Total</b>                              | <b>(3,736)</b>                   | <b>(130)</b>    | <b>-</b>         | <b>-</b>         | <b>(3,866)</b>                   |
| <b>Residual value of intangible asset</b> | <b>1,088</b>                     | <b>2,102</b>    | <b>-</b>         | <b>-</b>         | <b>3,190</b>                     |

- (i) Goodwill derives from the acquisitions of the investees Blau Farmacêutica Colombia S.A.S., in the amount of R\$ 6,800, and of Blau Farma Uruguay, in the amount of R\$ 271, which are being presented in intangible assets (Consolidated) pursuant to the accounting standard.

### Impairment testing - Intangible assets

The Company evaluated the recovery of the book value of goodwill on December 31, 2018, using the “value in use” concept, by means of discounted cash flow models by means of an estimate of each Cash Generating Unit (“CGU”), representing the tangible and intangible assets recorded in parent company that generated a goodwill.

The process for determining the CGU recovery based on the value in use involves the use of assumptions, judgments and estimates on cash flows, such as revenue growth rates, costs and expenses, investment estimates and future working capital and discount rates. The assumptions of projections of growth, cash flow and future cash flows are based on Management's best estimates, as well as on comparable market data, economic conditions during the economic life of the set of assets that provide the generation of cash flows. Future cash flows were discounted based on the rate representing the capital cost.

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

|                             |                                                   |
|-----------------------------|---------------------------------------------------|
| <b>Sale of products</b>     | <b>Considering sales net of taxes and returns</b> |
| Hospital line               | Growth of 10% p.a.                                |
| Oncology line               | Growth of 10% p.a.                                |
| Biological line             | Growth of 14% p.a.                                |
| <b>Operating expenses</b>   |                                                   |
| Fixed                       | Growth of 4% p.a.                                 |
| Variables                   | Proportional to Net Revenue on 12/31/2018         |
| <b>FCD - Financial cost</b> | 6.5% p.a. capitalized                             |

On December 31, 2018, the Company assessed whether there was any indication that its assets at the end of their useful lives might be damaged or devalued, and concluded that there is no impairment indication.

## 14 Related parties

### *i. Ultimate parent company*

The ultimate controlling shareholder is Mr. Marcelo Hahn, who holds the control of the Company and other subsidiaries (see Note 21).

### ***Remuneration of key management personnel***

The remuneration of key management personnel comprises salaries and direct benefits, such as healthcare, dental and food assistance. The Company and its subsidiaries do not provide non-cash benefits to directors, nor contribute to a defined post-employment benefit plan. The Company and its subsidiaries have no Company's stock option policies.

The annual key management personnel remuneration is as follows:

|                | <b>Parent company</b> |                       |
|----------------|-----------------------|-----------------------|
|                | <b>06/30/2019</b>     | <b>06/30/2018</b>     |
| Directors' fee | (2,017)               | (2,212)               |
| <b>Total</b>   | <b><u>(2,017)</u></b> | <b><u>(2,212)</u></b> |

***Balances and transactions with related parties***

Transactions with related parties are duly formalized through contract or other equivalent instrument - for example, purchase order when it refers to commercial transactions - and consider the same principles and procedures that guide negotiations made by the Company and its subsidiaries with independent parties.

The main balances between related parties in equity accounts, as well as transactions in income (loss) accounts are as follows:

|                                                                             | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|-----------------------------------------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                                                             | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| <b>Current assets</b>                                                       |                     |                   |                       |                   |
| <b>Trade accounts receivable (note 8)</b>                                   |                     |                   |                       |                   |
| Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. (a) | 3,735               | 2,127             | 3,735                 | 2,127             |
| The Package Store Imp. Com. Distr. Emb. Ltda. (b)                           | 123                 | 116               | 123                   | 116               |
| Blau Farmacêutica Colombia S.A.S. (c)                                       | -                   | -                 | 6,766                 | 12,477            |
| Blau Farma Uruguay S.A. (d)                                                 | -                   | -                 | 2,926                 | 1,658             |
|                                                                             | <u>3,858</u>        | <u>2,243</u>      | <u>13,550</u>         | <u>16,378</u>     |
| <b>Position of securities receivable from subsidiaries</b>                  |                     |                   |                       |                   |
|                                                                             | <u>3,858</u>        | <u>2,243</u>      | <u>13,550</u>         | <u>16,378</u>     |
| <b>Investments in ownership interest (Note 11)</b>                          |                     |                   |                       |                   |
| AFAC Blau Farma Uruguay S.A. (d)                                            | -                   | -                 | -                     | 4,523             |
| Blau Farmacêutica Colombia S.A.S.                                           | -                   | -                 | 25,294                | 24,812            |
| Blau Farma Uruguay S.A.                                                     | -                   | -                 | 4,789                 | 4,738             |
|                                                                             | <u>-</u>            | <u>-</u>          | <u>30,083</u>         | <u>34,073</u>     |
| <b>Total non-current</b>                                                    | <u>-</u>            | <u>-</u>          | <u>30,083</u>         | <u>34,073</u>     |
| <b>Total assets with related parties</b>                                    | <u>3,858</u>        | <u>2,243</u>      | <u>43,633</u>         | <u>50,451</u>     |
| <b>Current liabilities</b>                                                  |                     |                   |                       |                   |
| <b>Suppliers, related parties (note 15)</b>                                 |                     |                   |                       |                   |
| Blau Farmacêutica Colombia S.A.S. (c)                                       | -                   | -                 | -                     | 883               |
| Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. (a) | 15                  | -                 | 15                    | -                 |
| F11 Segurança Privada Ltda. (f)                                             | 348                 | -                 | 348                   | -                 |
| F11 Facilities Eireli (g)                                                   | 390                 | -                 | 390                   | -                 |
| Hahn Participações (e)                                                      | 1,034               | -                 | 1,034                 | -                 |
|                                                                             | <u>1,787</u>        | <u>-</u>          | <u>1,787</u>          | <u>883</u>        |

|                                                        | Consolidated  |               | Parent company |               |
|--------------------------------------------------------|---------------|---------------|----------------|---------------|
|                                                        | 06/30/2019    | 12/31/2018    | 06/30/2019     | 12/31/2018    |
| <b>Dividends and interest on own capital (Note 19)</b> |               |               |                |               |
| Minimum dividends payable                              | 14,097        | 4,632         | 14,097         | 4,632         |
| Interest on own capital                                | 6,551         | 9,126         | 6,551          | 9,126         |
| <b>Total other accounts payable</b>                    | <b>22,435</b> | <b>13,758</b> | <b>22,435</b>  | <b>14,641</b> |

**Income (loss) - gross revenue (Note 22) and cost of goods and products sold (Note 23)**

|                                                                             | Consolidated |                |               |                |
|-----------------------------------------------------------------------------|--------------|----------------|---------------|----------------|
|                                                                             | 06/30/2019   |                | 06/30/2018    |                |
|                                                                             | Revenue      | Cost           | Revenue       | Cost           |
| Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. (a) | 8,681        | (4,080)        | 10,253        | (5,912)        |
| The Package Store Imp. Com. Distr. Emb. Ltda. (b)                           | 294          | (149)          | 804           | (457)          |
| <b>Total income (loss) with related parties</b>                             | <b>8,975</b> | <b>(4,229)</b> | <b>11,057</b> | <b>(6,369)</b> |

|                                                                             | Parent company |                |               |                 |
|-----------------------------------------------------------------------------|----------------|----------------|---------------|-----------------|
|                                                                             | 06/30/2019     |                | 06/30/2018    |                 |
|                                                                             | Revenue        | Cost           | Revenue       | Cost            |
| Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. (a) | 8,681          | (4,080)        | 10,253        | (5,912)         |
| The Package Store Imp. Com. Distr. Emb. Ltda. (b)                           | 294            | (149)          | 804           | (457)           |
| Blau Farmacêutica Colombia S.A.S. (c)                                       | 4,643          | (3,582)        | 5,961         | (5,537)         |
| Blau Farma Uruguay S.A. (d)                                                 | 1,391          | (1,292)        | 2,271         | (2,521)         |
| <b>Total income (loss) with related parties</b>                             | <b>15,009</b>  | <b>(9,103)</b> | <b>19,289</b> | <b>(14,427)</b> |

**Income (loss) - other operations**

|                                                                         | Parent company |            |
|-------------------------------------------------------------------------|----------------|------------|
|                                                                         | 06/30/2019     | 06/30/2018 |
| Hahn Participações (e)                                                  | (1,034)        | -          |
| F11 Segurança Privada Ltda. (f)                                         | (2,538)        | (1,873)    |
| F11 Facilities Eireli (g)                                               | (2,316)        | -          |
| Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. | -              | -          |

- (a) Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda. is mainly engaged in the Distribution of Medicines. Amounts invoiced to Easy Farma derive from sale of medicaments at regular market conditions. On May 17, 2018, the company named Kollimed - Comércio de Material Médico Hospitalar Ltda becomes Easy Farma Comércio de Medicamentos e Materiais Médicos Especiais Ltda.

- (b) The Package Store Imp. Com. Distr. Emb. Ltda. is mainly engaged in selling glass packaging for the pharmaceutical industry. The amounts invoiced to The Package Store derive from glass packaging bought by the Company from suppliers abroad and resold to The Package Store at regular market conditions.
- (c) Refers to export transactions of medicine manufactured by the Company and resold by subsidiary in Colombian territory.
- (d) Refers to export transactions of medicine manufactured by the Company and resold by subsidiary in Uruguayan territory.
- (e) Refers to the services provided by Hahn Participações Eireli regarding the lease of a land with monthly payments of R\$ 179 and a term of 12 months.
- (f) The Company has a security service agreement entered into in the second semester of 2016 with the related company F-11 Seguranças Privada Ltda.
- (g) F-11 Facilities Eireli is an individual limited liability company and provides outsourced labor services to the Company, such as cleaning and concierge services.

## 15 Suppliers

|                           | Consolidated   |               | Parent company |               |
|---------------------------|----------------|---------------|----------------|---------------|
|                           | 06/30/2019     | 12/31/2018    | 06/30/2019     | 12/31/2018    |
| Domestic                  | 10,960         | 8,640         | 10,960         | 8,640         |
| Abroad                    | 111,723        | 77,286        | 111,788        | 71,279        |
| Related parties (Note 14) | 1,787          | -             | 1,787          | 883           |
| <b>Total suppliers</b>    | <b>124,470</b> | <b>85,926</b> | <b>124,535</b> | <b>80,802</b> |

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

## 16 Loans, financing and debentures

### 16.1 Loans and financing

#### *Breakdown of balance of loans and financing*

| Description               | Average rate      | Bank               | Guarantee                  | Consolidated  |               | Parent company |               |
|---------------------------|-------------------|--------------------|----------------------------|---------------|---------------|----------------|---------------|
|                           |                   |                    |                            | 06/30/2019    | 12/31/2018    | 06/30/2019     | 12/31/2018    |
| ACC                       | US\$ + 4.02% p.a. | Santander          | CEO's consent              | 8,508         | 8,013         | 8,508          | 8,013         |
| Lease                     | 13.93% p.a.       | Safra and Bradesco | CEO's consent              | 353           | 528           | 353            | 528           |
| Working capital           | CDI + 4.78% p.a.  | Safra              | 30% of Private receivables | -             | 490           | -              | 490           |
| Working capital           | CDI + 1.70% p.a.  | Itaú               | CEO's consent              | 35,264        | 35,610        | 35,264         | 35,265        |
| Working capital - Uruguay | 3.25% p.a.        | Itaú               | Without guarantee          | 381           | -             | -              | -             |
| <b>Total</b>              |                   |                    |                            | <b>44,506</b> | <b>44,641</b> | <b>44,125</b>  | <b>44,296</b> |
| Current                   |                   |                    |                            | 19,418        | 9,433         | 19,037         | 9,088         |
| Non-current               |                   |                    |                            | 25,088        | 35,208        | 25,088         | 35,208        |
| <b>Total</b>              |                   |                    |                            | <b>44,506</b> | <b>44,641</b> | <b>44,125</b>  | <b>44,296</b> |

#### *Changes in loans and financing*

|                                     | <b>Consolidated</b> | <b>Parent company</b> |
|-------------------------------------|---------------------|-----------------------|
| <b>Balance at 1st January 2018</b>  | <b>103,917</b>      | <b>103,512</b>        |
| Funding with cash effect            | 46,275              | 46,275                |
| Interest appropriation              | 6,781               | 6,781                 |
| Payment of principal                | (104,860)           | (104,800)             |
| Interest payment                    | (7,485)             | (7,485)               |
| Inflation adjustment                | 13                  | 13                    |
| <b>Balance at December 31, 2018</b> | <b>44,641</b>       | <b>44,296</b>         |
| <b>Balance at December 31, 2018</b> | <b>44,641</b>       | <b>44,296</b>         |
| Funding with cash effect            | 13,931              | 13,895                |
| Interest appropriation              | 1,551               | 1,551                 |
| Payment of principal                | (13,427)            | (13,427)              |
| Interest payment                    | (1,584)             | (1,584)               |
| Inflation adjustment                | (606)               | (606)                 |
| <b>Balance at June 30, 2019</b>     | <b>44,506</b>       | <b>44,125</b>         |

***Debt scheduling related to balance of loans and financing***

|              | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|--------------|---------------------|-------------------|-----------------------|-------------------|
|              | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| <b>Year</b>  |                     |                   |                       |                   |
| 2019         | 3,551               | 9,433             | 3,170                 | 9,088             |
| 2020         | 25,943              | 20,196            | 25,943                | 20,196            |
| 2021         | 15,012              | 15,012            | 15,012                | 15,012            |
| <b>Total</b> | <b>44,506</b>       | <b>44,641</b>     | <b>44,125</b>         | <b>44,296</b>     |

## 16.2 Debentures

***Breakdown of balance of debentures***

| Description             | Average rate     | Guarantee     | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|-------------------------|------------------|---------------|---------------------|-------------------|-----------------------|-------------------|
|                         |                  |               | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Debentures              | CDI + 1.05% p.a. | CEO's consent | 180,438             | 180,490           | 180,438               | 180,490           |
| <b>Total debentures</b> |                  |               | <b>180,438</b>      | <b>180,490</b>    | <b>180,438</b>        | <b>180,490</b>    |
| Current                 |                  |               | 45,437              | 22,990            | 45,437                | 22,990            |
| Non-current             |                  |               | 135,001             | 157,500           | 135,001               | 157,500           |
| <b>Total</b>            |                  |               | <b>180,438</b>      | <b>180,490</b>    | <b>180,438</b>        | <b>180,490</b>    |

The Company issued debentures non-convertible into shares in the second quarter of 2018 in the amount of R\$ 180 million, maturing in 5 years.

***Changes in debentures***

|                                     | <b>Consolidated</b> | <b>Parent company</b> |
|-------------------------------------|---------------------|-----------------------|
| <b>Balance at 1st January 2018</b>  | -                   | -                     |
| Funding with cash effect            | 180,000             | 180,000               |
| Interest appropriation              | 6,822               | 6,822                 |
| Payment of principal                | -                   | -                     |
| Interest payment                    | (6,331)             | (6,331)               |
| Inflation adjustment                | -                   | -                     |
| <b>Balance at December 31, 2018</b> | <b>180,490</b>      | <b>180,490</b>        |
|                                     | <b>Consolidated</b> | <b>Parent company</b> |
| <b>Balance at December 31, 2018</b> | <b>180,490</b>      | <b>180,490</b>        |
| Funding with cash effect            | -                   | -                     |
| Interest appropriation              | 6,386               | 6,386                 |
| Payment of principal                | -                   | -                     |
| Interest payment                    | (6,438)             | (6,438)               |
| Inflation adjustment                | -                   | -                     |
| <b>Balance at June 30, 2019</b>     | <b>180,438</b>      | <b>180,438</b>        |

***Debt scheduling related to balance of debentures***

|              | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|--------------|---------------------|-------------------|-----------------------|-------------------|
| <b>Year</b>  | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| 2019         | 22,938              | 22,990            | 22,938                | 22,990            |
| 2020         | 44,999              | 44,999            | 44,999                | 44,999            |
| 2021         | 44,999              | 44,999            | 44,999                | 44,999            |
| 2022         | 44,999              | 44,999            | 44,999                | 44,999            |
| 2023         | 22,503              | 22,503            | 22,503                | 22,503            |
| <b>Total</b> | <b>180,438</b>      | <b>180,490</b>    | <b>180,438</b>        | <b>180,490</b>    |

Due to the raising of funds with debenture issues, there is a covenant to be met by the Company.

This covenant consists of net debt / EBITDA ratio of less than 2.50x, considered only for the years ending December 31 of each year and based on the consolidated financial statements.

As shown below, the Company is in compliance with the covenants:

|                            | <b>12/31/2018</b> |
|----------------------------|-------------------|
| Loans and financing        | 225,131           |
| Cash and investments       | (112,944)         |
| <b>Net indebtedness</b>    | <b>112,187</b>    |
| LTM EBITDA                 | 213,256           |
| <b>EBITDA LTM leverage</b> | <b>0.5x</b>       |

## **17 Income tax and social contribution**

| <b>Current</b>      | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|---------------------|---------------------|-------------------|-----------------------|-------------------|
|                     | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Income tax          | 19,628              | 11,891            | 19,465                | 11,891            |
| Social contribution | 7,116               | 4,111             | 7,116                 | 4,111             |
| <b>Total</b>        | <b>26,744</b>       | <b>16,002</b>     | <b>26,581</b>         | <b>16,002</b>     |

### Changes in income and social contribution taxes payable

|                 | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|-----------------|---------------------|-------------------|-----------------------|-------------------|
|                 | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Opening balance | 16,002              | 6,742             | 16,002                | 6,742             |
| Provision       | 42,976              | 59,916            | 42,813                | 58,834            |
| Interest        | -                   | 68                | -                     | 68                |
| Offsetting      | (3,189)             | (15,608)          | (3,189)               | (14,527)          |
| Tax paid        | (29,045)            | (35,116)          | (29,045)              | (35,115)          |
| <b>Total</b>    | <b>26,744</b>       | <b>16,002</b>     | <b>26,581</b>         | <b>16,002</b>     |

### Effective rate in the parent company

|                                                                                             | <b>Parent company</b> |                   |
|---------------------------------------------------------------------------------------------|-----------------------|-------------------|
|                                                                                             | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| <b>Reconciliation of income tax/social contribution</b>                                     |                       |                   |
| Income before income tax and social contribution                                            | 131,678               | 53,878            |
| Statutory rate                                                                              | 34%                   | 34%               |
| Amount of income tax and social contribution on the accounting profit at the statutory rate | 44,771                | 18,319            |
| <b>Additions/Exclusions</b>                                                                 |                       |                   |
| Equity in net income of subsidiaries                                                        | 792                   | 282               |
| Provisions                                                                                  | 2,574                 | 523               |
| Interest on own capital                                                                     | (2,622)               | (4,406)           |
| Income (loss) from taxable sale                                                             | (307)                 | 7,061             |
| 'Lei do Bem'                                                                                | (1,480)               | (1,973)           |
| Other                                                                                       | 400                   | (461)             |
|                                                                                             | <b>44,128</b>         | <b>19,345</b>     |
| <b>Deductions</b>                                                                           |                       |                   |
| PAT                                                                                         | (186)                 | (193)             |
| Donations made with incentives                                                              | (1,117)               | (200)             |
| Exempt installment                                                                          | (11)                  | (12)              |
| <b>Total deductions</b>                                                                     | <b>(1,314)</b>        | <b>(405)</b>      |
| <b>Current income tax and social contribution expenses</b>                                  | <b>42,814</b>         | <b>18,940</b>     |
| <b>Difference between DRE vs. Reconciliation of effective rate</b>                          |                       |                   |
| Current income tax and social contribution                                                  | 42,814                | 18,940            |
| Current income tax and deferred social contribution                                         | (2,335)               | (2,751)           |
| <b>Current income tax and social contribution, net</b>                                      | <b>40,479</b>         | <b>16,189</b>     |
| <b>Effective rate</b>                                                                       | <b>30.7%</b>          | <b>30.0%</b>      |

| <b>Deferred assets</b>     | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|----------------------------|---------------------|-------------------|-----------------------|-------------------|
|                            | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| <b>Liabilities</b>         |                     |                   |                       |                   |
| Income tax                 | (555)               | (817)             | (555)                 | (817)             |
| Social contribution        | (200)               | (294)             | (200)                 | (294)             |
| <b>Subtotal</b>            | <b>(755)</b>        | <b>(1,111)</b>    | <b>(755)</b>          | <b>(1,111)</b>    |
| <b>Assets</b>              |                     |                   |                       |                   |
| Income tax                 | 7,221               | 5,704             | 6,880                 | 5,424             |
| Social contribution        | 2,476               | 1,953             | 2,476                 | 1,953             |
| <b>Subtotal</b>            | <b>9,697</b>        | <b>7,657</b>      | <b>9,356</b>          | <b>7,377</b>      |
| <b>Total - Assets, net</b> | <b>8,942</b>        | <b>6,546</b>      | <b>8,601</b>          | <b>6,266</b>      |

### Changes in deferred income tax and social contribution

|                                                                   | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|-------------------------------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                                                   | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Opening balance                                                   | 6,546               | 1,953             | 6,266                 | 1,953             |
| Income tax and social contribution on equity valuation adjustment | 356                 | 718               | 356                   | 718               |
| Income tax and social contribution on inventory losses            | 1,188               | (373)             | 1,188                 | (373)             |
| Income tax and social contribution on provision for contingencies | (201)               | 2,742             | (201)                 | 2,742             |
| IR/CS on allowance for doubtful accounts                          | 394                 | 707               | 394                   | 707               |
| Income and social contribution on other                           | 659                 | 799               | 598                   | 519               |
| <b>Total – assets</b>                                             | <b>8,942</b>        | <b>6,546</b>      | <b>8,601</b>          | <b>6,266</b>      |

## 18 Labor obligations

|                | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|----------------|---------------------|-------------------|-----------------------|-------------------|
|                | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Salaries       | 2,698               | 2,670             | 2,365                 | 2,505             |
| Charges        | 2,251               | 2,663             | 2,251                 | 2,663             |
| Vacation       | 8,018               | 6,772             | 7,950                 | 6,706             |
| 13th salaries  | 3,240               | -                 | 3,240                 | -                 |
| Other accounts | 1,124               | 1,607             | 1,124                 | 1,607             |
| <b>Total</b>   | <b>17,331</b>       | <b>13,712</b>     | <b>16,930</b>         | <b>13,481</b>     |

## 19 Other accounts payable

|                                                     | Consolidated  |               | Parent company |               |
|-----------------------------------------------------|---------------|---------------|----------------|---------------|
|                                                     | 06/30/2019    | 12/31/2018    | 06/30/2019     | 12/31/2018    |
| Advances from clients                               | 551           | 510           | 509            | 468           |
| Dividends payable (Note 17)                         | 14,097        | 4,632         | 14,097         | 4,632         |
| Interest on own capital to be distributed (Note 17) | 6,551         | 9,126         | 6,551          | 9,126         |
| Other accounts payable                              | 12,746        | 9,217         | 13,379         | 8,429         |
| <b>Total</b>                                        | <b>35,093</b> | <b>23,485</b> | <b>34,536</b>  | <b>22,655</b> |
| Current                                             | 33,945        | 23,485        | 33,388         | 22,655        |
| Non-current                                         | 1,148         | -             | 1,148          | -             |
| <b>Total</b>                                        | <b>35,093</b> | <b>23,485</b> | <b>34,536</b>  | <b>22,655</b> |

## 20 Provisions for tax, civil and labor risks

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

### Consolidated

|                                     | Labor lawsuits | Civil lawsuits | ANVISA Proceedings | Total          |
|-------------------------------------|----------------|----------------|--------------------|----------------|
| <b>Balance at January 1, 2018</b>   | <b>3,920</b>   | <b>540</b>     | <b>164</b>         | <b>4,624</b>   |
| <b>Addition</b>                     | <b>880</b>     | <b>203</b>     | <b>80</b>          | <b>1,163</b>   |
| New lawsuits                        | 880            | -              | 80                 | 960            |
| Reclassification                    | -              | 97             | -                  | 97             |
| Inflation adjustment                | -              | 106            | -                  | 106            |
| <b>Write-off</b>                    | <b>(1,110)</b> | <b>(31)</b>    | <b>(52)</b>        | <b>(1,193)</b> |
| Reversal                            | -              | -              | -                  | -              |
| Payment                             | (280)          | (5)            | (52)               | (337)          |
| Reclassification                    | (502)          | -              | -                  | (502)          |
| Inflation adjustment                | (328)          | (26)           | -                  | (354)          |
| <b>Balance at December 31, 2018</b> | <b>3,689</b>   | <b>712</b>     | <b>192</b>         | <b>4,593</b>   |
| <b>Addition</b>                     | <b>523</b>     | <b>160</b>     | <b>-</b>           | <b>683</b>     |
| New lawsuits                        | 129            | 39             | -                  | 168            |
| Reclassification                    | 167            | -              | -                  | 167            |
| Inflation adjustment                | 227            | 121            | -                  | 348            |
| <b>Write-off</b>                    | <b>(989)</b>   | <b>(206)</b>   | <b>(48)</b>        | <b>(1,243)</b> |
| Reversal                            | -              | -              | -                  | -              |
| Payment                             | (886)          | (206)          | (48)               | (1,140)        |
| Reclassification                    | (51)           | -              | -                  | (51)           |
| Inflation adjustment                | (52)           | -              | -                  | (52)           |

|                          |       |     |     |       |
|--------------------------|-------|-----|-----|-------|
| Balance at June 30, 2019 | 3,223 | 666 | 144 | 4,033 |
|--------------------------|-------|-----|-----|-------|

## Parent company

|                              | Labor lawsuits | Civil lawsuits | ANVISA<br>Proceedings | Total   |
|------------------------------|----------------|----------------|-----------------------|---------|
| Balance at January 01, 2018  | 3,888          | 565            | 164                   | 4,617   |
| Addition                     | 880            | 203            | 80                    | 1,163   |
| New lawsuits                 | 880            | -              | 80                    | 960     |
| Reclassification             | -              | 97             | -                     | 97      |
| Inflation adjustment         | -              | 106            | -                     | 106     |
| Write-off                    | (1,110)        | (31)           | (52)                  | (1,194) |
| Reversal                     | -              | -              | -                     | -       |
| Payment                      | (280)          | (5)            | (52)                  | (338)   |
| Reclassification             | (502)          | -              | -                     | (502)   |
| Inflation adjustment         | (328)          | (26)           | -                     | (354)   |
| Balance at December 31, 2018 | 3,658          | 736            | 192                   | 4,585   |
| Addition                     | 523            | 123            | -                     | 646     |
| New lawsuits                 | 129            | -              | -                     | 129     |
| Reclassification             | 167            | -              | -                     | 167     |
| Inflation adjustment         | 227            | 123            | -                     | 350     |
| Write-off                    | (984)          | (206)          | (48)                  | (1,238) |
| Reversal                     | -              | -              | -                     | -       |
| Payment                      | (886)          | (206)          | (48)                  | (1,140) |
| Reclassification             | (44)           | -              | -                     | (44)    |
| Inflation adjustment         | (54)           | -              | -                     | (54)    |
| Balance at June 30, 2019     | 3,197          | 653            | 144                   | 3,994   |

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

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

The Company and its subsidiaries are subject to other lawsuits evaluated by legal advisors as having a possible loss in the amount of R\$ 2,003 as of June 30, 2019 (R\$ 2,004 as of December 31, 2018). No provision was recognized for labor and civil risks and classified as possible, according to their nature:

| Nature | 06/30/2019 | 12/31/2018 |
|--------|------------|------------|
| Labor  | 579        | 628        |
| Civil  | 1,424      | 1,376      |
| Total  | 2,003      | 2,004      |

## 21 Shareholders' equity

### a. **Authorized capital**

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

the share issue, including price and time frame for payment.

**b. Subscribed and paid-in capital**

Pursuant to the term for the transfer of shares of the capital, on February 28, 2018 Mr. Marcelo Hahn, transferred one (1) share to Hahn Participações Eireli. Ultimate parent company is still Mr. Marcelo Hahn, who holds exclusive shareholding interest in the Group.

On June 11, 2018, the Company's capital was increased by R\$ 44,140, totaling a subscribed and paid-up capital of R\$ 100,640, divided into 148,000,000 common and normative shares. Such increase was made through a non-cash transaction in which the dividends proposed to shareholders were used.

After those changes, the updated shareholding structure is as follows:

| <b>Shareholders 06/30/2019</b> | <b>Number of<br/>shares</b> | <b>Capital</b>  |
|--------------------------------|-----------------------------|-----------------|
| Marcelo Rodolfo Hahn           | 147,999,999                 | 100,640         |
| Hahn Participações Eireli      | 1                           | -               |
| <b>Total</b>                   | <b>148,000,000</b>          | <b>100,640</b>  |
| <b>Value per share</b>         | <b>148,000,000</b>          | <b>R\$ 0.68</b> |
| <b>Shareholders 12/31/2018</b> | <b>Number of<br/>shares</b> | <b>Capital</b>  |
| Marcelo Rodolfo Hahn           | 147,999,999                 | 100,640         |
| Hahn Participações Eireli      | 1                           | -               |
| <b>Total</b>                   | <b>148,000,000</b>          | <b>100,640</b>  |
| <b>Value per share</b>         | <b>148,000,000</b>          | <b>R\$ 0.68</b> |

**c. Profit reserve**

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

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

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

**d. Other comprehensive income**

Refer to the gain and loss on the translation of the financial statements of subsidiaries domiciled abroad, and the revaluation adjustment in the initial adoption (deemed cost).

**e. Profit distribution**

On April 24, 2019, the Company approved the appropriation of earnings for the year ended December 31, 2018 in the amount of R\$ 123,253, as defined in article 191 of Law No. 6,404/76, and after the deductions provided for in article 189 of the same law, legal reserve of R\$ 6,163, minimum mandatory dividends of R\$ 29,273, which is composed of Interest on Own Capital of R\$ 9,126 which, added to the amount of R\$ 20,147, results in the percentage established in the Company's bylaws to be paid to the shareholder in 2019.

**f. Earnings per share**

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

**Basic and diluted**

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

The Company does not have dilutive instruments, such as instruments convertible into shares, options or subscription warrants.

|                                                    |                  | <b>Consolidated</b> |                   |
|----------------------------------------------------|------------------|---------------------|-------------------|
|                                                    |                  | <b>06/30/2019</b>   | <b>06/30/2018</b> |
| Net income for the period                          | (a)              | 91,199              | 37,690            |
| Quantity of common shares (thousands of shares)    | (b)              | <u>148,000</u>      | <u>148,000</u>    |
| <b>Basic and diluted earnings per common share</b> | <b>(a) / (b)</b> | <b>0.62</b>         | <b>0.25</b>       |

**22 Net operating revenue**

|                                                 | <b>Consolidated</b>   |                       | <b>Parent company</b> |                       |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                 | <b>06/30/2019</b>     | <b>06/30/2018</b>     | <b>06/30/2019</b>     | <b>06/30/2018</b>     |
| Revenue from sale of products - Domestic market | 515,714               | 340,324               | 499,648               | 325,108               |
| Revenue from sale of products - Foreign market  | 2,976                 | 6,616                 | 2,976                 | 6,616                 |
| Net sales with related parties                  | <u>8,975</u>          | <u>11,057</u>         | <u>15,009</u>         | <u>19,289</u>         |
|                                                 | <u>527,665</u>        | <u>357,997</u>        | <u>517,633</u>        | <u>351,013</u>        |
| ( - ) Taxes                                     | (27,492)              | (17,156)              | (27,492)              | (17,156)              |
| ( - ) Discounts                                 | (313)                 | (112)                 | (117)                 | -                     |
| ( - ) Returns                                   | <u>(9,865)</u>        | <u>(6,557)</u>        | <u>(9,634)</u>        | <u>(6,472)</u>        |
|                                                 | <u>(37,670)</u>       | <u>(23,825)</u>       | <u>(37,243)</u>       | <u>(23,628)</u>       |
| <b>Total</b>                                    | <b><u>489,995</u></b> | <b><u>334,172</u></b> | <b><u>480,390</u></b> | <b><u>327,385</u></b> |

Net operating revenue is presented by segment in Note 29.

The 46.6% growth in the Biological and Specialty lines was the result of increased demand in the Private and Public markets.

In relation to geographical location, net revenue in Brazil represents 96% of consolidated net revenue for periods ended June 30, 2019 and 2018.

|              | <b>Consolidated</b> |                   |
|--------------|---------------------|-------------------|
|              | <b>06/30/2019</b>   | <b>06/30/2018</b> |
| Brazil       | 471,380             | 316,498           |
| Colombia     | 12,366              | 9,332             |
| Peru         | 490                 | 4,453             |
| Uruguay      | 3,273               | 2,270             |
| Chile        | 1,111               | 1,155             |
| Other        | 1,375               | 464               |
| <b>Total</b> | <b>489,995</b>      | <b>334,172</b>    |

## 23 Cost of goods and products sold

|                                                | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|------------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                                | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| Cost of materials (raw material and packaging) | (244,107)           | (161,884)         | (239,295)             | (159,904)         |
| LABOR                                          | (7,628)             | (8,102)           | (7,628)               | (8,102)           |
| Depreciation and amortization                  | (2,367)             | (2,763)           | (2,367)               | (2,763)           |
| Other manufacturing expenses                   | (29,369)            | (28,297)          | (29,370)              | (28,297)          |
| <b>Total cost of sales</b>                     | <b>(283,471)</b>    | <b>(201,046)</b>  | <b>(278,660)</b>      | <b>(199,066)</b>  |

Out of total cost amount, R\$ 9,103 is related to transactions with related parties in the six-month period ended June 30, 2019 and R\$ 14,427 in the six-month period ended June 30, 2018, as Note 14.

The evolution of costs of goods sold for the period is in line with the increase in sales.

## 24 Operating expenses per category

|                                        | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|----------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                        | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| Sales expenses                         | (24,832)            | (22,013)          | (21,425)              | (19,361)          |
| R&D expenses                           | (9,255)             | (5,801)           | (9,255)               | (5,801)           |
| Total commercial expenses              | (34,087)            | (27,814)          | (30,680)              | (25,162)          |
| Impairment loss on accounts receivable | (1,398)             | (627)             | (1,109)               | (427)             |
| Administrative expenses                | (31,030)            | (32,758)          | (28,328)              | (30,882)          |
| <b>Total expenses</b>                  | <b>(66,515)</b>     | <b>(61,199)</b>   | <b>(60,117)</b>       | <b>(56,471)</b>   |

|  | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|--|---------------------|-------------------|-----------------------|-------------------|
|  | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |

|                                 |                 |                 |                 |                 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| Personnel                       | (34,615)        | (31,529)        | (31,658)        | (28,620)        |
| Specialized services            | (6,031)         | (6,232)         | (5,705)         | (6,006)         |
| Marketing                       | (4,163)         | (4,574)         | (4,120)         | (4,516)         |
| Freight                         | (3,460)         | (2,805)         | (3,357)         | (2,708)         |
| General                         | (18,246)        | (16,059)        | (15,277)        | (14,621)        |
| <b>Total operating expenses</b> | <b>(66,515)</b> | <b>(61,199)</b> | <b>(60,117)</b> | <b>(56,471)</b> |

#### Net financial expenses

|                                          | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                          | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| Interest received                        | 3,019               | 182               | 2,832                 | 182               |
| Discounts obtained                       | 281                 | 752               | 281                   | 104               |
| <b>Total financial revenue</b>           | <b>3,300</b>        | <b>934</b>        | <b>3,113</b>          | <b>286</b>        |
| Exchange-rate change                     | 604                 | (14,856)          | 412                   | (14,217)          |
| Interest paid                            | (7,845)             | (5,740)           | (7,652)               | (5,740)           |
| Loss from SWAP operations                | -                   | 821               | -                     | 821               |
| IOF                                      | (70)                | (888)             | (70)                  | (888)             |
| Commissions and bank expenses            | (161)               | (416)             | (161)                 | (416)             |
| Discounts granted                        | (17)                | (76)              | (17)                  | (76)              |
| Other                                    | (300)               | (140)             | (300)                 | (140)             |
| <b>Total financial expense</b>           | <b>(7,789)</b>      | <b>(21,295)</b>   | <b>(7,788)</b>        | <b>(20,656)</b>   |
| <b>Total net financial income (loss)</b> | <b>(4,489)</b>      | <b>(20,361)</b>   | <b>(4,675)</b>        | <b>(20,370)</b>   |

## 25 Financial instruments

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

**a. Accounting classification and fair values**

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

| Consolidated 06/30/2019                                      |                                         |                   |                |          |                |          |
|--------------------------------------------------------------|-----------------------------------------|-------------------|----------------|----------|----------------|----------|
|                                                              | Fair value<br>through profit<br>or loss | Amortized<br>cost | Fair value     |          |                |          |
|                                                              |                                         |                   | Total          | Level 1  | Level 2        | Level 3  |
| Cash and cash equivalents and interest earning bank deposits | 70,835                                  | -                 | 70,835         | -        | 70,835         | -        |
| Trade accounts receivable                                    | -                                       | 252,099           | 252,099        | -        | 252,099        | -        |
| Other receivables                                            | -                                       | 9,109             | 9,109          | -        | 9,109          | -        |
|                                                              | <u>70,835</u>                           | <u>261,208</u>    | <u>332,043</u> | <u>-</u> | <u>332,043</u> | <u>-</u> |
| Fair value                                                   |                                         |                   |                |          |                |          |
|                                                              | Fair value<br>through profit<br>or loss | Amortized<br>cost | Total          | Level 1  | Level 2        | Level 3  |
| Suppliers                                                    | -                                       | 124,470           | 124,470        | -        | 124,470        | -        |
| Loans, financing and debentures                              | -                                       | 224,944           | 224,944        | -        | 224,944        | -        |
| Other accounts payable                                       | -                                       | 33,845            | 33,945         | -        | 33,945         | -        |
|                                                              | <u>-</u>                                | <u>383,259</u>    | <u>383,359</u> | <u>-</u> | <u>383,359</u> | <u>-</u> |
| Consolidated 12/31/2018                                      |                                         |                   |                |          |                |          |
|                                                              | Fair value<br>through profit<br>or loss | Amortized<br>cost | Fair value     |          |                |          |
|                                                              |                                         |                   | Total          | Level 1  | Level 2        | Level 3  |
| Cash and cash equivalents and interest earning bank deposits | 112,944                                 | -                 | 112,944        | -        | 112,944        | -        |
| Trade accounts receivable                                    | -                                       | 162,774           | 162,774        | -        | 162,774        | -        |
| Other receivables                                            | -                                       | 10,226            | 10,226         | -        | 10,226         | -        |
|                                                              | <u>112,944</u>                          | <u>173,000</u>    | <u>285,944</u> | <u>-</u> | <u>285,944</u> | <u>-</u> |
| Fair value                                                   |                                         |                   |                |          |                |          |
|                                                              | Fair value<br>through profit<br>or loss | Amortized<br>cost | Total          | Level 1  | Level 2        | Level 3  |
| Suppliers                                                    | -                                       | 85,926            | 85,926         | -        | 85,926         | -        |
| Loans, financing and debentures                              | -                                       | 225,131           | 225,131        | -        | 225,131        | -        |
| Other accounts payable                                       | -                                       | 23,485            | 23,485         | -        | 23,485         | -        |
|                                                              | <u>-</u>                                | <u>334,970</u>    | <u>334,542</u> | <u>-</u> | <u>334,542</u> | <u>-</u> |

**b. Measurement of fair value**

***Valuation techniques and significant non-observable inputs***

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

*Financial instruments measured at fair value*

| Type                                                | Valuation technique                                                                                                                                                                               | Significant non-observable inputs | Relationship between significant non-observable inputs and measurement of fair value |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------|
| Forward exchange agreements and interest rate swaps | Market comparison technique: Fair values are based on quotes from brokers. Similar contracts are negotiated in active markets and the quotes reflect current transactions of similar instruments. | Not applicable.                   | Not applicable.                                                                      |

**c. Financial risk management**

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

Credit risk;

Liquidity risk, and

Market risk.

***i. Credit risks***

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

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

*Accounts receivable and other receivables*

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

The maximum exposure to credit risk was as follows as of June 30, 2019 and December 31, 2018:

|                                 | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|---------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                 | <b>06/30/2019</b>   | <b>12/31/2018</b> | <b>06/30/2019</b>     | <b>12/31/2018</b> |
| Cash and cash equivalents       | 3,385               | 11,079            | 49                    | 996               |
| Interest earnings bank deposits | 67,450              | 101,865           | 61,362                | 98,859            |
| Trade accounts receivable       | 252,099             | 162,774           | 252,482               | 161,618           |
| Other receivables               | 9,109               | 10,226            | 5,289                 | 4,599             |
| <b>Total</b>                    | <b>332,043</b>      | <b>285,944</b>    | <b>319,182</b>        | <b>266,072</b>    |

#### *Cash and cash equivalents*

The Company and its subsidiaries held “Cash and cash equivalents” and “Interest earning bank deposits” in the amount of R\$ 70,835 as of June 30, 2019 (R\$ 112,944 as of December 31, 2018). ‘Cash and cash equivalents’ and ‘interest earning bank deposits’ are maintained with prime line banks and financial institutions.

#### **ii. Liquidity risks**

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

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

#### *Exposure to liquidity risk*

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

|                        | <b>Consolidated – 06/30/2019</b> |                      |                             |                               |
|------------------------|----------------------------------|----------------------|-----------------------------|-------------------------------|
|                        | <b>Up to 1 year</b>              | <b>Up to 5 years</b> | <b>Total account amount</b> | <b>Total contractual flow</b> |
| Suppliers              | 124,470                          | -                    | 124,470                     | 124,470                       |
| Loans and financing    | 19,418                           | 25,088               | 44,506                      | 44,506                        |
| Debentures             | 45,437                           | 135,001              | 180,438                     | 180,438                       |
| Other accounts payable | 33,945                           | -                    | 33,945                      | 33,945                        |
| <b>Total</b>           | <b>223,270</b>                   | <b>160,089</b>       | <b>383,359</b>              | <b>383,359</b>                |

| Consolidated – 12/31/2018 |                 |                  |                         |                              |
|---------------------------|-----------------|------------------|-------------------------|------------------------------|
|                           | Up to 1<br>year | Up to 5<br>years | Total account<br>amount | Total<br>contractual<br>flow |
| Suppliers                 | 85,926          | -                | 85,926                  | 85,926                       |
| Loans and financing       | 9,433           | 35,208           | 44,641                  | 44,641                       |
| Debentures                | 22,990          | 157,500          | 180,490                 | 180,490                      |
| Other accounts payable    | 23,485          | -                | 23,485                  | 23,485                       |
| <b>Total</b>              | <b>141,834</b>  | <b>192,708</b>   | <b>334,542</b>          | <b>334,542</b>               |

**iii. Market risks**

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

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

*Foreign exchange risk*

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

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

With respect to other monetary assets and liabilities denominated in foreign currency, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to cover short-term mismatches.

### *Foreign exchange risk exposure*

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

|                                         | <b>Consolidated 06/30/2019</b> |                  | <b>Consolidated 12/31/2018</b> |                 |
|-----------------------------------------|--------------------------------|------------------|--------------------------------|-----------------|
|                                         | <b>USD thou.</b>               | <b>Reais</b>     | <b>USD thou.</b>               | <b>Reais</b>    |
| Trade accounts receivable               | 606                            | 2,324            | 4,544                          | 20,719          |
| Suppliers                               | (29,719)                       | (113,891)        | (18,657)                       | (77,286)        |
| Loans and financing                     | (2,197)                        | (8,419)          | (2,041)                        | (8,013)         |
| Net exposure to forecasted transactions | <b>(31,310)</b>                | <b>(119,986)</b> | <b>(16,154)</b>                | <b>(65,580)</b> |
| Net exposure                            | <b>(31,310)</b>                | <b>(119,986)</b> | <b>(16,154)</b>                | <b>(65,580)</b> |

### *Sensitivity analysis at foreign exchange risk*

A reasonably possible appreciation (devaluation) of US dollar on June 30, would have affected measurement of financial instruments denominated in foreign currency and affected shareholders' equity and income (loss) at amounts shown below. The analysis considers that all the remaining variables, especially interest rates, will be constant and any impact in forecast of sales and purchase will be ignored.

For the purpose of the sensitivity analysis, we started from the realized base, where the closing dollar was R\$ 3.8322 and consider two scenarios of appreciation, one of 25% and the other of 50%.

|                           | <b>Consolidated 06/30/2019</b> |                         |                          |
|---------------------------|--------------------------------|-------------------------|--------------------------|
|                           | <b>Exposure in R\$</b>         | <b>Scenario I (25%)</b> | <b>Scenario II (50%)</b> |
| <b>Operation</b>          |                                |                         |                          |
| Trade accounts receivable | 2,324                          | 2,905                   | 3,486                    |
| Suppliers                 | (113,891)                      | (142,363)               | (170,836)                |
| Loans and financing       | (8,419)                        | (10,524)                | (12,629)                 |

As of December 31, 2018, the Company is exposed to foreign exchange risk for asset and liability items denominated in foreign currency, as foreign clients in the amount of R\$ 2,324, suppliers in the amount of R\$ 113,891, and loans in the amount of R\$ 8,419.

### *Income from derivative financial instruments*

| <b>Derivative financial instruments</b> | <b>06/30/2019</b> | <b>12/31/2018</b> |
|-----------------------------------------|-------------------|-------------------|
| Net gains (losses) from SWAP operations | -                 | 266               |
| Net Effect (MtM) from SWAP operations   | -                 | (1,087)           |
| <b>Total</b>                            | <b>-</b>          | <b>(821)</b>      |

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

*Sensitivity analysis of changes in the interest rates*

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

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

| <b>Consolidated 06/30/2019</b>  |                            |                             |                              |
|---------------------------------|----------------------------|-----------------------------|------------------------------|
|                                 | <b>Exposure in<br/>R\$</b> | <b>Scenario I<br/>(25%)</b> | <b>Scenario II<br/>(50%)</b> |
| <b>Operation</b>                |                            |                             |                              |
| Interest earnings bank deposits | 67,450                     | 84,313                      | 101,175                      |
| Loans and financing             | <u>224,944</u>             | <u>281,180</u>              | <u>337,416</u>               |

## 26 Firm commitments

The Company has construction contracts signed with third parties, companies specializing in engineering and construction, to carry out the construction work on a warehouse for the storage of raw materials, which is expected to be completed in the first semester of 2019. See further details in Note 12 under the caption Construction in progress (building extension).

## 27 Leases

The Company leases vehicles in the form of financial leases, with purchase options provided for in the respective agreements. Effectiveness period of contracts is between 2 and 3 years and total R\$ 317. On January 27, 2018, the Company entered into a new finance lease agreement for a refrigerated truck for a term of 3 years, in the total amount of R\$ 121.

The amount of liabilities from these leases as of June 30, 2019 and December 31, 2018 is R\$ 352 and R\$ 528, respectively.

## 28 Business segment reporting

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

**Hospital** - Business division composed of medicines used for specific treatments in hospitals and clinics, public or private, with a broad portfolio of biological, oncology and specialty products, among others.

**Pharma** - Business division that serves the pharmaceutical retail channel, composed of a less diversified portfolio.

Information referring to each reporting segment results are as follows: Performance is evaluated based on the segment's income (loss) before income tax and social contribution, as Management

believes that this information is more relevant for the evaluation of results from respective segments to compare with other entities that operate in this industry:

**a. Statements of income by segment**

|                                        | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|----------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                        | <b>Hospital</b>     |                   | <b>Hospital</b>       |                   |
|                                        | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| Net revenues                           | 460,607             | 318,710           | 451,579               | 312,237           |
| Cost of goods and products sold        | (266,470)           | (191,744)         | (261,947)             | (189,856)         |
| <b>Gross income</b>                    | <b>194,138</b>      | <b>126,967</b>    | <b>189,632</b>        | <b>122,382</b>    |
| Operating expenses                     | (62,526)            | (58,367)          | (56,511)              | (53,858)          |
| Other operating revenues               | (3,447)             | 2545              | (2,754)               | 1,916             |
| Financial income (loss)                | (4,221)             | (19,419)          | (4,396)               | (19,428)          |
| Profit sharing under the equity method | -                   | -                 | (2,190)               | 373               |
| <b>Income (loss) before taxes</b>      | <b>123,944</b>      | <b>51,725</b>     | <b>123,781</b>        | <b>51,385</b>     |

  

|                                        | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|----------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                        | <b>Pharma</b>       |                   | <b>Pharma</b>         |                   |
|                                        | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| Net revenues                           | 29,388              | 15,462            | 28,811                | 15,148            |
| Cost of goods and products sold        | (17,001)            | (9,302)           | (16,713)              | (9,210)           |
| <b>Gross income</b>                    | <b>12,386</b>       | <b>6,160</b>      | <b>12,099</b>         | <b>5,937</b>      |
| Operating expenses                     | (3,989)             | (2,832)           | (3,606)               | (2,613)           |
| Other operating revenues               | (233)               | 123               | (176)                 | 93                |
| Financial income (loss)                | (268)               | (942)             | (280)                 | (942)             |
| Profit sharing under the equity method | -                   | -                 | (140)                 | 18                |
| <b>Income (loss) before taxes</b>      | <b>7,896</b>        | <b>2,509</b>      | <b>7,897</b>          | <b>2,493</b>      |

|                                        | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|----------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                        | <b>Total</b>        |                   | <b>Total</b>          |                   |
|                                        | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| Net revenues                           | 489,995             | 334,172           | 480,390               | 327,385           |
| Cost of goods and products sold (i)    | (283,471)           | (201,046)         | (278,660)             | (199,066)         |
| <b>Gross income</b>                    | <b>206,524</b>      | <b>133,126</b>    | <b>201,730</b>        | <b>128,319</b>    |
| Operating expenses (ii)                | (66,515)            | (61,199)          | (60,117)              | (56,471)          |
| Other operating revenues               | (3,680)             | 2,668             | (2,930)               | 2,009             |
| Financial income (loss)                | (4,489)             | (20,361)          | (4,675)               | (20,370)          |
| Profit sharing under the equity method | -                   | -                 | (2,330)               | 391               |
| <b>Income (loss) before taxes</b>      | <b>131,840</b>      | <b>54,234</b>     | <b>131,678</b>        | <b>53,878</b>     |

(i) **Cost of goods and products sold**

| <b>Hospital</b>                                | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|------------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                                | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| Cost of materials (raw material and packaging) | (229,465)           | (154,394)         | (224,943)             | (152,505)         |
| LABOR                                          | (7,171)             | (7,727)           | (7,171)               | (7,727)           |
| Depreciation and amortization                  | (2,225)             | (2,635)           | (2,225)               | (2,635)           |
| Other manufacturing expenses                   | (27,609)            | (26,988)          | (27,609)              | (26,988)          |
| <b>Total cost of sales</b>                     | <b>(266,470)</b>    | <b>(191,744)</b>  | <b>(261,947)</b>      | <b>(189,856)</b>  |

| <b>Pharma</b>                                  | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|------------------------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                                | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| Cost of materials (raw material and packaging) | (14,640)            | (7,490)           | (14,352)              | (7,399)           |
| LABOR                                          | (458)               | (375)             | (458)                 | (375)             |
| Depreciation and amortization                  | (142)               | (128)             | (142)                 | (128)             |
| Other manufacturing expenses                   | (1,761)             | (1,309)           | (1,761)               | (1,309)           |
| <b>Total cost of sales</b>                     | <b>(17,001)</b>     | <b>(9,302)</b>    | <b>(16,713)</b>       | <b>(9,210)</b>    |

(ii) **Operating expenses**

| <b>Hospital</b>                  | <b>Consolidated</b>    |                        | <b>Parent company</b>  |                        |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                  | <b>06/30/2019</b>      | <b>06/30/2018</b>      | <b>06/30/2019</b>      | <b>06/30/2018</b>      |
| Sales expenses                   | (24,657)               | (17,320)               | (21,182)               | (14,600)               |
| R&D expenses                     | <u>(8,700)</u>         | <u>(5,532)</u>         | <u>(8,700)</u>         | <u>(5,532)</u>         |
| <b>Total commercial expenses</b> | <b><u>(33,357)</u></b> | <b><u>(22,852)</u></b> | <b><u>(29,882)</u></b> | <b><u>(20,132)</u></b> |
| Administrative expenses          | <u>(29,169)</u>        | <u>(35,515)</u>        | <u>(26,629)</u>        | <u>(33,726)</u>        |
| <b>Total expenses</b>            | <b><u>(62,526)</u></b> | <b><u>(58,367)</u></b> | <b><u>(56,511)</u></b> | <b><u>(53,858)</u></b> |
| <b>Pharma</b>                    |                        |                        |                        |                        |
|                                  | <b>Consolidated</b>    |                        | <b>Parent company</b>  |                        |
|                                  | <b>06/30/2019</b>      | <b>06/30/2018</b>      | <b>06/30/2019</b>      | <b>06/30/2018</b>      |
| Sales expenses                   | (1,573)                | (840)                  | (1,351)                | (708)                  |
| R&D expenses                     | <u>(555)</u>           | <u>(269)</u>           | <u>(556)</u>           | <u>(268)</u>           |
| <b>Total commercial expenses</b> | <b><u>(2,128)</u></b>  | <b><u>(1,109)</u></b>  | <b><u>(1,907)</u></b>  | <b><u>(977)</u></b>    |
| Administrative expenses          | <u>(1,861)</u>         | <u>(1,723)</u>         | <u>(1,699)</u>         | <u>(1,636)</u>         |
| <b>Total expenses</b>            | <b><u>(3,989)</u></b>  | <b><u>(2,832)</u></b>  | <b><u>(3,606)</u></b>  | <b><u>(2,613)</u></b>  |

**b. Balance sheet accounts per segment**

|                                | <b>Consolidated</b>   |                       | <b>Parent company</b> |                       |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                | <b>Hospital</b>       |                       | <b>Hospital</b>       |                       |
|                                | <b>06/30/2019</b>     | <b>06/30/2018</b>     | <b>06/30/2019</b>     | <b>06/30/2018</b>     |
| <b>Assets</b>                  |                       |                       |                       |                       |
| Trade accounts receivable      | 246,355               | 133,687               | 245,303               | 130,851               |
| Provision for estimated losses | (9,376)               | (6,785)               | (7,964)               | (5,624)               |
| Inventories                    | 173,365               | 126,455               | 164,272               | 118,445               |
| Provision for impairment       | <u>(8,633)</u>        | <u>(4,758)</u>        | <u>(8,300)</u>        | <u>(4,678)</u>        |
| <b>Total Assets</b>            | <b>401,711</b>        | <b>248,600</b>        | <b>393,311</b>        | <b>238,994</b>        |
| Suppliers                      | <u>117,005</u>        | <u>102,892</u>        | <u>117,066</u>        | <u>102,185</u>        |
| <b>Total liabilities</b>       | <b><u>117,005</u></b> | <b><u>102,892</u></b> | <b><u>117,066</u></b> | <b><u>102,185</u></b> |

|                                | <b>Consolidated</b> |                   | <b>Parent company</b> |                   |
|--------------------------------|---------------------|-------------------|-----------------------|-------------------|
|                                | <b>Pharma</b>       |                   | <b>Pharma</b>         |                   |
|                                | <b>06/30/2019</b>   | <b>06/30/2018</b> | <b>06/30/2019</b>     | <b>06/30/2018</b> |
| <b>Assets</b>                  |                     |                   |                       |                   |
| Trade accounts receivable      | 15,718              | 6,486             | 15,651                | 6,348             |
| Provision for estimated losses | (598)               | (329)             | (508)                 | (273)             |
| Inventories                    | 11,061              | 6,135             | 10,481                | 5,746             |
| Provision for impairment       | (551)               | (231)             | (530)                 | (227)             |
| <b>Total Assets</b>            | <b>25,630</b>       | <b>12,060</b>     | <b>25,094</b>         | <b>11,594</b>     |
| Suppliers                      | 7,465               | 4,992             | 7,469                 | 4,957             |
| <b>Total liabilities</b>       | <b>7,465</b>        | <b>4,992</b>      | <b>7,469</b>          | <b>4,957</b>      |

\* \* \*

Marcelo Rodolfo Hahn  
CEO

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

Patricia Zuccarelli Mina  
Controllership Manager