

INDEX

ITEM 1 - PERSONS RESPONSIBLE FOR THE FORM 9

1.0 DECLARATION AND IDENTIFICATION OF PERSONS RESPONSIBLE 9

**1.2. INDIVIDUAL DECLARATION OF THE NEW CHIEF EXECUTIVE OFFICER OR INVESTOR
RELATIONS OFFICER DULY SIGNED, ATTESTING THAT: 12**

ITEM 2 – INDEPENDENT AUDITORS 13

2.1/2.2. IDENTIFICATION AND COMPENSATION OF THE AUDITORS 13

2.3 – OTHER MATERIAL INFORMATION 15

ITEM 3 - SELECTED FINANCIAL INFORMATION 16

3.1 - OTHER FINANCIAL INFORMATION 16

3.2 – NON-ACCOUNTING MEASURES 16

3.3 – EVENTS AFTER THE REPORTING PERIOD 17

3.4 - INCOME ALLOCATION POLICY 18

3.5 - DIVIDEND DISTRIBUTION AND RETAINED EARNINGS 25

**3.6 - DECLARATION OF DIVIDENDS DEBITED FROM RETAINED EARNINGS OR PROFIT
RESERVES 25**

3.7 – DEBT LEVEL 25

3.8 - LIABILITIES BY NATURE AND MATURITY 26

3.9 – OTHER MATERIAL INFORMATION 26

ITEM 4 - RISK FACTORS 27

4.1 – DESCRIPTION OF RISK FACTORS 27

4.2 – DESCRIPTION OF MARKET RISKS 42

**4.3 - NON-CONFIDENTIAL AND MATERIAL LAWSUITS AND ADMINISTRATIVE OR
ARBITRATION PROCEEDINGS 48**

**4.4 - NON-CONFIDENTIAL LAWSUITS AND ADMINISTRATIVE OR ARBITRATION
PROCEEDINGS TO WHICH THE OPPOSING PARTIES ARE MANAGERS, FORMER
MANAGERS, CONTROLLING SHAREHOLDERS, FORMER CONTROLLING SHAREHOLDERS
OR INVESTORS 58**

4.5 - MATERIAL CONFIDENTIAL LAWSUITS OR PROCEEDINGS 58

**4.6 - REPETITIVE OR CONNECTED LAWSUITS OR ADMINISTRATIVE OR ARBITRATION
PROCEEDINGS THAT ARE NON-CONFIDENTIAL AND JOINTLY RELEVANT 59**

4.7 - OTHER RELEVANT CONTINGENCIES 59

**4.8 - RULES OF THE COUNTRY OF ORIGIN AND OF THE COUNTRY WHERE SECURITIES ARE
KEPT IN CUSTODY 60**

ITEM 5 - RISK MANAGEMENT AND INTERNAL CONTROL POLICY 62

5.1 – DESCRIPTION OF THE POLICY FOR MANAGING RISK FACTORS ADOPTED BY THE ISSUER 62

5.2 – DESCRIPTION OF THE POLICY FOR MARKET RISK MANAGEMENT 65

5.3. - CONTROLS ADOPTED BY THE COMPANY TO ENSURE THE PREPARATION OF RELIABLE FINANCIAL STATEMENTS 67

5.4 – INTERNAL INTEGRITY MECHANISMS AND PROCEDURES ADOPTED BY THE COMPANY FOR PREVENTING, DETECTING AND REMEDYING MISCONDUCT, FRAUD, IRREGULARITIES AND OBSTRUCTION OF JUSTICE, DOMESTIC OR FOREIGN, INFORM:..... 71

5.5 – SIGNIFICANT CHANGES IN MAIN RISKS..... 75

5.6 – OTHER MATERIAL INFORMATION 76

ITEM 6 – HISTORY OF THE ISSUER 77

6.1 / 6.2 / 6.4 – INCORPORATION OF THE ISSUER, DURATION AND CVM REGISTRATION DATE..... 77

6.3 – BRIEF HISTORY 77

6.5 – INFORMATION ON BANKRUPTCY FILING BASED ON RELEVANT VALUE OR COURT-SUPERVISED OR OUT-OF-COURT REORGANIZATION 80

6.6. OTHER INFORMATION DEEMED MATERIAL BY THE COMPANY 80

ITEM 7 – ISSUER ACTIVITIES 81

7.1. – DESCRIPTION OF THE MAIN ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES..... 81

7.1-A – INDICATE, IF THE ISSUER IS A STATE-CONTROLLED CORPORATION:..... 84

7.2 – INFORMATION ON OPERATING SEGMENTS..... 85

7.3INFORMATION ON PRODUCTS AND SERVICES RELATED TO OPERATIONAL SEGMENTS 92

7.4 - CLIENTS RESPONSIBLE FOR MORE THAN 10% OF TOTAL NET REVENUE 104

7.6 – RELEVANT REVENUES GENERATED ABROAD..... 114

7.7IMPACTS OF FOREIGN REGULATIONS ON ACTIVITIES 114

7.8WITH REGARD TO SOCIAL AND ENVIRONMENTAL POLICIES 114

7.9OTHER INFORMATION DEEMED RELEVANT 119

ITEM 8 – EXTRAORDINARY BUSINESSES 120

8.1 INDICATE THE ACQUISITION OR DIVESTMENT OF ANY MATERIAL ASSET THAT IS NOT CONSIDERED A NORMAL OPERATION IN THE ISSUER’S BUSINESS..... 120

8.2 – INDICATE ANY SIGNIFICANT CHANGES IN HOW THE ISSUER CONDUCTS ITS

BUSINESSES	120
8.3 – IDENTIFY ANY MATERIAL AGREEMENTS SIGNED BY THE ISSUER AND ITS SUBSIDIARIES THAT ARE NOT DIRECTLY RELATED TO THEIR OPERATING ACTIVITIES .	120
8.4 – OTHER MATERIAL INFORMATION	120
ITEM 9 – MATERIAL ASSETS	121
9.1 – DESCRIPTION OF ANY NON-CURRENT ASSET IMPORTANT FOR THE EXECUTION OF THE ISSUER’S ACTIVITIES.....	121
9.2 – OTHER MATERIAL INFORMATION	128
ITEM 10 – MANAGEMENT’S COMMENTS	129
10.1 – MANAGEMENT’S COMMENTS	129
10.2 – MANAGEMENT’S COMMENTS	178
10.3 - EVENTS WITH RELEVANT EFFECTS ON THE RESULTING FINANCIAL STATEMENTS, BOTH OCCURRED AND EXPECTED TO OCCUR.....	186
10.4MANAGEMENT’S	COMMENTS
.....	191
10.5. CRITICAL ACCOUNTING POLICIES ADOPTED BY THE COMPANY	192
10.6 - RELEVANT ITEMS NOT REFLECTED IN THE FINANCIAL STATEMENTS	193
10.7.COMMENTS OF DIRECTORS ON OFF-BALANCE SHEET ITEMS	
.....	194
10.8 - MAIN ELEMENTS OF THE COMPANY’S BUSINESS PLAN	194
10.9 - OTHER FACTORS WITH MATERIAL INFLUENCE ON THE OPERATIONAL PERFORMANCE AND THAT HAVE NOT BEEN IDENTIFIED OR COMMENTED ON THE OTHER ITEMS.....	198
ITEM 11 - GUIDANCE	200
11.1 – GUIDANCE DISCLOSED AND ASSUMPTIONS	200
11.2 – MONITORING AND CHANGES IN THE GUIDANCE DISCLOSED	201
ITEM 12 – SHAREHOLDERS MEETING AND MANAGEMENT	204
12.1.DESCRPTION	OF
	MANAGEMENT
	STRUCTURE
.....	204
12.2 – RULES, POLICIES AND PRACTICES RELATED TO SHAREHOLDERS MEETINGS	215
12.3 – RULES, POLICIES AND PRACTICES RELATED TO THE BOARD OF DIRECTORS.....	221
12.4 – ARBITRATION CLAUSE – RESOLUTION OF CONFLICTS.....	222
12.5 – COMPOSITION AND PROFESSIONAL EXPERIENCE OF THE MANAGEMENT AND	

FISCAL COUNCIL	224
12.6. - PARTICIPATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OR OF THE FISCAL COUNCIL IN MEETINGS HELD BY THE RESPECTIVE BODY	248
12.8 - PERCENTAGE OF PARTICIPATION OF EACH OF THE PERSONS THAT ACTED AS MEMBER OF THE STATUTORY COMMITTEES, AUDIT COMMITTEES, RISK COMMITTEES, FINANCIAL COMMITTEES AND REMUNERATION COMMITTEE IN THE MEETINGS HELD BY THE RESPECTIVE COMMITTEE IN THE SAME PERIOD AND WHICH OCCURRED AFTER THEIR INVESTITURE	253
12.9 - EXISTENCE OF MARITAL RELATIONSHIP, CIVIL PARTNERSHIP OR FAMILY RELATIONSHIP UP TO THE 2ND DEGREE BETWEEN:	253
12.10 - RELATIONSHIP OF SUBORDINATION, RENDERING OF SERVICES OR CONTROL IN THE LAST 3 FISCAL YEARS BETWEEN ISSUER’S MANAGERS AND:	255
12.11 - AGREEMENTS, INCLUDING INSURANCE POLICIES, FOR PAYMENT OR REIMBURSEMENT OF EXPENSES BORNE BY EXECUTIVE OFFICERS AND DIRECTORS	265
12.12 – CORPORATE GOVERNANCE PRACTICES	265
12.13 – OTHER MATERIAL INFORMATION	265
ITEM 13	265
13.1 - DESCRIBE THE COMPENSATION POLICY OR PRACTICE OF THE BOARD OF DIRECTORS, OF THE STATUTORY OFFICERS AND OF THE NON-STATUTORY OFFICERS, OF THE FISCAL COUNCIL, OF THE STATUTORY COMMITTEES AND OF THE AUDIT, RISK, FINANCE AND COMPENSATION COMMITTEES	266
13.2 - TOTAL COMPENSATION OF THE BOARD OF DIRECTORS, STATUTORY OFFICERS AND FISCAL COUNCIL	274
13.3 - VARIABLE COMPENSATION OF THE BOARD OF DIRECTORS, STATUTORY OFFICERS AND FISCAL COUNCIL	280
13.4 - SHARE BASED COMPENSATION PLAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE STATUTORY BOARD, IN PLACE DURING THE LAST YEAR AND ENVISAGED FOR THE CURRENT YEAR	286
13.5 - SHARE BASED COMPENSATION OF THE BOARD OF DIRECTORS AND OF THE STATUTORY OFFICERS	324
13.6 - INFORMATION ABOUT OUTSTANDING OPTIONS HELD BY THE BOARD OF DIRECTORS AND BY THE STATUTORY OFFICERS	329
13.7 - OPTIONS EXERCISED AND SHARES DELIVERED IN RELATION TO THE BOARD OF DIRECTORS' AND THE STATUTORY OFFICERS' SHARE BASED COMPENSATION	333
13.8 - INFORMATION REQUIRED FOR UNDERSTANDING THE INFORMATION DISCLOSED IN ITEMS 13.5 TO 13.7 - PRICING METHOD OF THE VALUE OF THE SHARES AND OPTIONS ..	335
13.9 - QUANTITY OF SHARES OR QUOTAS DIRECTLY OR INDIRECTLY HELD, IN BRAZIL OR ABROAD, AND OTHER SECURITIES CONVERTIBLE INTO SHARES OR QUOTAS, ISSUED BY THE COMPANY, ITS DIRECT OR INDIRECT CONTROLLING SHAREHOLDERS, SUBSIDIARIES OR COMPANIES UNDER COMMON CONTROL BY MEMBERS OF THE BOARD OF DIRECTORS, OF THE STATUTORY OFFICERS OR OF THE FISCAL COUNCIL, GROUPED BY BODY	338

13.10 - INFORMATION REGARDING PENSION PLANS IN EFFECT GRANTED TO THE MEMBERS OF THE BOARD OF DIRECTORS AND THE STATUTORY EXECUTIVE OFFICERS	338
13.11 - MAXIMUM, MINIMUM AND AVERAGE INDIVIDUAL COMPENSATION OF THE BOARD OF DIRECTORS, THE STATUTORY OFFICERS AND THE FISCAL COUNCIL	338
13.12 - CONTRACTUAL ARRANGEMENTS, INSURANCE POLICIES OR OTHER INSTRUMENTS STRUCTURING COMPENSATION OR INDEMNIFICATION MECHANISMS FOR MANAGERS IN CASE OF REMOVAL FROM OFFICE OR RETIREMENT	341
13.13 - PERCENTAGE OF THE TOTAL COMPENSATION HELD BY MANAGERS AND MEMBERS OF THE FISCAL COUNCIL WHO ARE RELATED PARTIES OF THE CONTROLLING SHAREHOLDERS	342
13.14 - COMPENSATION OF MANAGERS AND MEMBERS OF THE FISCAL COUNCIL, GROUPED BY BODY, RECEIVED FOR ANY REASON OTHER THAN THE POSITION THEY HOLD	343
13.15 - COMPENSATION OF MANAGERS AND MEMBERS OF THE FISCAL COUNCIL RECOGNIZED IN THE RESULT OF DIRECT OR INDIRECT CONTROLLING SHAREHOLDERS OF COMPANIES UNDER THE COMMON CONTROL AND OF SUBSIDIARIES OF THE ISSUER	343
13.16 PROVIDE ANY OTHER INFORMATION THAT THE ISSUER DEEMS RELEVANT	344
ITEM 14 – HUMAN RESOURCES	344
14.1 - DESCRIPTION OF HUMAN RESOURCES	344
14.2 MATERIAL CHANGES – HUMAN RESOURCES	346
14.3 DESCRIPTION OF EMPLOYEE COMPENSATION POLICY	346
14.4 – DESCRIPTION OF RELATIONS BETWEEN THE ISSUER AND TRADE UNIONS	347
14.5 – OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER	349
ITEM 15 – CONTROL AND BUSINESS GROUP	350
15.1 / 15.2 – SHAREHOLDING POSITION	350
15.3 – CAPITAL DISTRIBUTION	352
15.4 – SHAREHOLDING CHART	352
15.5 - SHAREHOLDERS' AGREEMENT FILED AT THE ISSUER'S REGISTERED OFFICER OR TO WHICH THE CONTROLLING SHAREHOLDER IS A SIGNATORY	353
15.6 – MATERIAL CHANGES IN THE INTERESTS OF MEMBERS OF THE CONTROLLING GROUP AND MANAGERS OF THE ISSUER	357
15.7. – SIGNIFICANT CORPORATE TRANSACTIONS FOR THE COMPANY	358
15.8. – PROVIDE OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER	361

ITEM 16 – RELATED-PARTY TRANSACTIONS	362
16.1 DESCRIPTION OF THE RULES, POLICIES AND PRACTICES OF THE ISSUER REGARDING TRANSACTIONS WITH RELATED PARTIES, AS DEFINED BY THE ACCOUNTING STANDARDS ON THE ISSUE, INDICATING, IN CASE THE ISSUER ADOPTS A FORMAL POLICY, THE BODY RESPONSIBLE FOR ITS APPROVAL, DATE OF APPROVAL AND, IN CASE THE ISSUER DISCLOSES THE POLICY, THE WEBSITE WHERE THE DOCUMENT IS AVAILABLE FOR CONSULTATION	362
16.2 – INFORMATION ON RELATED-PARTY TRANSACTIONS	363
16.3 - REGARDING EACH TRANSACTION OR GROUP OF TRANSACTIONS REFERRED TO IN ITEM 16.2 ABOVE OCCURRING IN THE PAST FISCAL YEAR:	367
16.4 – PROVIDE OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER.....	367
 ITEM 17 – CAPITAL STOCK	 368
17.1 – INFORMATION ON CAPITAL STOCK	368
17.2 – CAPITAL INCREASES	368
17.3 – INFORMATION ON STOCK SPLITS, REVERSE SPLITS AND BONUS SHARES	368
17.4 – INFORMATION ON CAPITAL DECREASES	368
17.5 – OTHER MATERIAL INFORMATION	369
 ITEM 18 – SECURITIES	 370
18.1 – RIGHTS OF SHARES.....	370
18.2DESCRIPTION OF ANY RULES IN THE BYLAWS LIMITING THE RIGHT TO VOTE OF RELEVANT SHAREHOLDERS OR REQUIRING THEM TO CARRY OUT PUBLIC OFFERINGS	370
18.3DESCRIPTION OF EXCEPTIONS AND SUSPENSIVE CLAUSES RELATED TO EQUITY OR POLITICAL RIGHTS SET FORTH IN THE BYLAWS.....	372
18.4TRADING VOLUME, HIGHEST AND LOWEST PRICE OF TRADED SECURITIES	373
18.5 – DESCRIPTION OF OTHER SECURITIES ISSUED	375
18.6 – BRAZILIAN MARKETS IN WHICH THE SECURITIES ARE ACCEPTED FOR TRADING	379
18.7 – INFORMATION ON CLASS AND TYPE OF SECURITY ADMITTED FOR TRADING IN FOREIGN MARKETS	379
18.8 – SECURITIES ISSUED ABROAD	380
18.9 – PUBLIC OFFERINGS HELD BY THE COMPANY OR THIRD PARTIES, INCLUDING CONTROLLING SHAREHOLDERS AND AFFILIATES AND SUBSIDIARIES, RELATED TO THE SECURITIES OF THE COMPANY..	381
18.10 – DESCRIPTION OF ANY PUBLIC OFFERINGS.....	381
18.11 – DESCRIPTION OF PUBLIC TENDER OFFERS MADE BY THE ISSUER INVOLVING SHARES ISSUED BY THIRD PARTIES	381
18.12 – OTHER INFORMATION DEEMED MATERIAL BY THE COMPANY	381

ITEM 19 – STOCK BUYBACK PLANS / TREASURY	383
19.1 INFORMATION ON THE ISSUER'S STOCK BUYBACK PLANS	383
19.2 REGARDING THE SECURITIES HELD IN TREASURY, PROVIDE A TABLE INFORMING THE FOLLOWING FOR EACH TYPE AND CLASS:	384
19.3 PROVIDE OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER	385
ITEM 20 – TRADING POLICY	386
20.1 SECURITIES TRADING POLICY	386
20.2 OTHER INFORMATION DEEMED MATERIAL BY THE COMPANY	387
ITEM 21 – DISCLOSURE POLICY	390
21.1 DESCRIPTION OF RULES, REGULATIONS OR INTERNAL PROCEDURES RELATED TO THE DISCLOSURE OF INFORMATION	390
21.2 – DESCRIPTION OF THE POLICY ON DISCLOSURE OF MATERIAL FACT OR EVENT AND PROCEDURES RELATED TO THE MAINTENANCE OF CONFIDENTIALITY OF UNDISCLOSED MATERIAL INFORMATION	391
21.3 – MANAGERS RESPONSIBLE FOR IMPLEMENTING, MAINTAINING, ASSESSING AND OVERSEEING THE INFORMATION DISCLOSURE POLICY	394
21.4. – PROVIDE OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER	394

ITEM 1 - PERSONS RESPONSIBLE FOR THE FORM

1.0 DECLARATION AND IDENTIFICATION OF PERSONS RESPONSIBLE

Name of person responsible for form's content	Position of person responsible
Breno Toledo Pires de Oliveira	Chief Executive Officer (CEO)
Adalmario Ghovatto Satheler do Couto	Investor Relations Officer (IRO)

The above officers declare that:

- a.** they have reviewed the reference form;
- b.** all the information contained herein is in compliance with CVM Instruction 480, particularly articles 14 to 19; and
- c.** the information in the reference form offers a true, accurate and complete picture of the Company's economic and financial situation, the risks inherent to its activities and the securities it has issued.

DECLARATION OF THE CHIEF EXECUTIVE OFFICER
FOR PURPOSES OF ITEM 1.1. OF THE REFERENCE FORM

I, **BRENO TOLEDO PIRES DE OLIVEIRA**, Brazilian, married, business administrator, bearer of identity document (RG) no. 28.852.238-2, issued by SSP/SP, inscribed in the roll of individual taxpayers (CPF/MF) under no. 248.302.438-64, resident and domiciled in the City of São Paulo, State of São Paulo, with business address at Avenida Magalhães de Castro, nº 4800, 24º andar, Cj. 241, Edifício Continental Tower, Bairro Cidade Jardim, CEP 05676-120, Chief Executive Officer (CEO) of Hypera S.A. (“Company”), declares that: (i) I have reviewed the reference form of the Company (“Reference Form”); (ii) all the information contained in the Reference Form complies with Instruction 480, issued by the Securities and Exchange Commission of Brazil (CVM) on December 7, 2009, as amended, particularly articles 14 to 19; and (iii) the information in the Reference Form offers a true, accurate and complete picture of the Company’s economic and financial situation, the risks inherent to its activities and the securities it has issued.

São Paulo, May 31, 2019

BRENO TOLEDO PIRES DE OLIVEIRA

DECLARATION OF THE INVESTOR RELATIONS OFFICER
FOR PURPOSES OF ITEM 1.1. OF THE REFERENCE FORM

I, **ADALMARIO GHOVATTO SATHELER DO COUTO**, Brazilian, married, business administrator, bearer of identity document (RG) no. 27.874.283-X SSP-SP and inscribed in the roll of individual taxpayers (CPF/MF) under no. 220.622.758-46, resident and domiciled in the City of São Paulo, State of São Paulo, with business address at Avenida Magalhães de Castro, 4800, 24º andar, Cj. 241, Edifício Continental Tower, Bairro Cidade Jardim, CEP 05676-120, Investor Relations Officer of Hypera S.A. (“Company”), declares that: (i) I have reviewed the reference form of the Company (“Reference Form”); (ii) all the information contained in the Reference Form complies with Instruction 480, issued by the Securities and Exchange Commission of Brazil (CVM) on December 7, 2009, as amended, particularly articles 14 to 19; and (iii) the information in the Reference Form offers a true, accurate and complete picture of the Company’s economic and financial situation, the risks inherent to its activities and the securities it has issued.

São Paulo, May 31, 2019

ADALMARIO GHOVATTO SATHELER DO COUTO

1.2. INDIVIDUAL DECLARATION OF THE NEW CHIEF EXECUTIVE OFFICER OR INVESTOR RELATIONS OFFICER DULY SIGNED, ATTESTING THAT:

a. they have reviewed the information that was updated in the reference form after the date of their investiture

Not applicable, given that there were no changes by the Chief Executive Officer and/or Investor Relations Officer of the Company in accordance with this item.

b. all information updated in the form, pursuant to item “a” above, complies with CVM Instruction 480, particularly articles 14 and 19

Not applicable, given that there were no changes by the Chief Executive Officer and/or Investor Relations Officer of the Company in accordance with this item.

ITEM 2 – INDEPENDENT AUDITORS

2.1/2.2. IDENTIFICATION AND COMPENSATION OF THE AUDITORS

Name/Corporate Name	PricewaterhouseCoopers Auditores Independentes
CPF/CNPJ	61.562.112/0001-20
CVM Code	287-9
Auditor type	National
Date of contracting of services	6/11/2018
End of contracting of service:	-
Name of person technically in charge	Valdir Renato Coscodai
Period of services provided	4/1/2018 – present
CPF/MF	031.065.768-71
Address	Av. 136, no. 797, Salas 1005 a 1008A, Ed. New York, Setor Sul, Goiânia - GO - CEP 74093-250, Telephone (+55 62) 3270-5907, e-mail: valdir.coscodai@pwc.com
Description of services contracted	Audit of the annual financial statements and review of the quarterly financial information (ITR) of the Company and its subsidiaries Brainfarma and Cosmed.
Total compensation of independent auditors divided by service	<u>In 2018:</u> (i) Audit of Financial Statements of the Company and its subsidiaries (as from the 2nd quarter of 2018, inclusive): R\$2,222,112.04 (ii) Non-audit services and expenses related to consulting services for reviewing the risk matrix of SAP GRC: R\$170,581.40
Justification for replacement	On June 11, 2018, the engagement of the company PricewaterhouseCoopers Auditores Independentes as the independent audit firm of the Company was approved, replacing KPMG Auditores Independentes, as from the second half of fiscal year 2018, in compliance with article 31-A of CVM Instruction 308/99, as amended.
Reason given by the auditor in case of disagreement with the issuer's justification	Not applicable, since the previous auditors did not disagree with the replacement.

Name/Corporate Name	KPMG Auditores Independentes
CPF/CNPJ	57.755.217/0001-29
CVM Code	418-9
Auditor type	National
Date of contracting of services	6/4/2013
End of contracting of service:	3/31/2018
Name of person technically in charge	Wagner Bottino
Period of services provided	4/1/2013 to 3/31/2018
CPF/MF	136.032.508-50
Address	Rua Arquiteto Olavo Redig de Campos, nº 105, 8º andar, Morumbi, São Paulo, SP, Brasil, CEP: 04711-904, Telephone (5511) 3940-1500, Fax (5511) 3940-1501, e-mail: wbottino@kpmg.com.br
Description of services contracted	<p>Audit of the financial statements for the fiscal years ended December 31, 2016 and 2017 and review of the quarterly financial information (ITRs) for the periods ended March 31, June 30 and September 30, 2016 and 2017.</p> <p>In the fiscal year ended December 31, 2017, KPMG also performed procedures previously agreed upon by and between Hypera S.A. and Hygienic Disposables Brazil Participações Ltda. and by and between Hypera S.A. and Reckitt Benckiser (Brasil) Ltda. to help verify the calculation of the adjustment to prices for the sale/acquisition of the disposables and condoms business, respectively, which did not exceed 5% of the overall compensation involving fees for the independent audit services. These services were provided during a period of less than a year.</p> <p>In the fiscal year ended December 31, 2016, the independent auditors also performed procedures previously agreed upon by and between Hypermarcas S.A. and Coty Brasil Indústria e Comércio de Cosméticos Ltda. and by and between Hypermarcas and Hygienic Disposables Brazil Participações Ltda. to help verify the calculation of the adjustment to prices for the sale/acquisition of the cosmetics and disposables business, respectively, which did not exceed 5% of the overall compensation involving fees for the independent audit services. These services were provided during a period of less than a year.</p>
Total compensation of independent auditors divided by service	<p><u>In 2018:</u></p> <p>(i) Audit and reimbursement for expenses referring to the Financial Statements of the Company and its subsidiaries (up to the 1st quarter of 2018): R\$210,676.42.</p> <p>(ii) Expenses with non-audit services related to consulting for Company projects, courses and diagnosis of IFRS 9, 15 and 16: R\$344,875.92.</p>
Justification for replacement	The engagement of KPMG Auditores Independentes in 2013 aimed to comply with article 31 of CVM Instruction 308/99, which establishes that the independent audit firm must be rotated every five years, which was endorsed by the most recent audit firm of the Company, PricewaterhouseCoopers Auditores Independentes.
Reason given by the auditor in case of	Not applicable, given that the previous auditors did not disagree with the replacement.

disagreement with the issuer's justification	
--	--

2.3 – OTHER MATERIAL INFORMATION

According to the Notice to the Market dated June 11, 2018, the Board of Directors approved, in a meeting held on said date, and as recommended by the Statutory Audit Committee of the Company, the engagement of the audit firm PricewaterhouseCoopers Auditores Independentes (“PWC”) as the independent audit firm of the Company, replacing KPMG Auditores Independentes (“KPMG”), in compliance with the period of rotation envisaged in article 31 of CVM Instruction 308/99, as amended (“ICVM 308/99”). PWC began its activities in the second quarter of fiscal year 2018.

KPMG expressed its agreement with its replacement as independent audit firm of the Company, in accordance with article 28 of ICVM 308/99.

ITEM 3 - SELECTED FINANCIAL INFORMATION

3.1 - FINANCIAL INFORMATION - CONSOLIDATED

(Reais)	Fiscal year (12/31/2018)	Fiscal year (12/31/2017)	Fiscal year (12/31/2016)
Shareholders' Equity	8,267,673,352.65	7,737,757,627.67	8,708,470,462.48
Total Assets	10,556,982,729.56	10,130,437,034.38	11,384,032,169.07
Net Rev./Interim Fin. Rev./Insur. Prem. Gains	3,724,309,351.02	3.638.457.526,76	3,228,091,965.56
Gross Profit	2,665,277.810	2.711.711.521,40	2,394,838,284.57
Net Income	1,129,600,981.21	964,942,154.48	1,177,748,145.29
Number of Shares, Ex-Treasury (Units)	632,046,622	631,846,381	629,594,363
Share Book Value (Reais per Unit)	13.080797	12.243530	13.831875
Basic Earnings per Share (Reais per Share)	1.787350	1.530410	1.865070
Diluted Earnings per Share	1.76	1.51	1.83

3.2 – NON-ACCOUNTING MEASURES

The Company uses EBITDA as a non-accounting measure to calculate the economic performance of its operations, in compliance with CVM Instruction 527, of October 4, 2012, as amended, which corresponds to earnings before income tax and social contribution, plus net financial income or expense, depreciation and amortization.

In 2015, the Company started using EBITDA from Continuing Operations, which corresponds to EBITDA generated by the Medicines and Sweetener businesses (Continuing Operations). This metrics is calculated based on the result from Continuing Operations, before income tax and social contribution, plus net financial income or expense, depreciation and amortization from Continuing Operations.

EBITDA and EBITDA from Continuing Operations are not recognized by the accounting practices adopted in Brazil, International Financial Reporting Standards (IFRS) and/or Generally Accepted Accounting Principles adopted by the United States (US GAAP) and do not represent cash flow for the periods presented, should not be considered as the basis for the distribution of dividends, as an alternative to net income as an indicator of operational performance or cash flow, as an indicator of liquidity or as an indicator of performance.

Reconciliation of Adjusted EBITDA	2016	2017	2018	2017/2016 Var. (%)	2018/2017 Var. (%)
Net income	1,177.7	964.9	1,129.6	-18.1%	17.1%
(-) Net income (loss) from continuing operations	530.6	-146.5	-5.8	n.a.	n.a.
(+) Income tax and social contribution	188.3	101.9	94.5	-45.9%	-7.3%
(+) Financial income (expense)	192.1	-53.4	-0.1	n.a.	n.a.
(+) Depreciation / Amortization	64.2	72.5	88.9	12.9%	22.7%
EBITDA from Continuing Operations	1,091.8	1,232.4	1,318.7	12.9%	7.0%

3.3 – EVENTS AFTER THE REPORTING PERIOD

The information provided in this item refers to events subsequent to the reporting period for the fiscal year ended December 31, 2018, which were published on February 21, 2019.

On January 9, 2019, interest on equity was paid to the shareholders of the Company, in the amount of six hundred eleven million, nine hundred ninety-one thousand, five hundred seventy-seven reais and ninety-one centavos (R\$611,991,577.91), equivalent to ninety-seven centavos (R\$0.97) per common share, after retention of fifteen (15%) percent as Withholding Income Tax, except for shareholders that substantiate their immune or exempt status.

3.4 - INCOME ALLOCATION POLICY

	Fiscal Year ended December 31, 2018
a) rules on earnings retention	<p>Under Brazilian Corporation Law, the shareholders of the Company may, in Shareholders Meeting and as proposed by the Management, decide to retain a portion of net income to allocate to its capital expenditures. In accordance with its Bylaws, the net income will be allocated as follows: (i) before any other use, 5% is allocated to the Legal Reserve, which may not exceed 20% of the capital stock; (ii) a portion, as proposed by the management bodies, may be allocated to the Contingency Reserve, in accordance with Article 195 of Brazilian Corporation Law; (iii) a portion, as proposed by the management bodies, may be retained based on the previously approved capital budget, in accordance with Article 196 of Brazilian Corporation Law; (iv) a portion will be allocated to payment of the mandatory dividends to shareholders, as envisaged in item b(ii) below; (v) in fiscal years in which the mandatory dividend amount exceeds the realized portion of net income for the fiscal year, the Shareholders Meeting may, as proposed by the management bodies, allocate the surplus to the Unrealized Profits Reserve, subject to Article 197 of the Brazilian Corporations Law; and (vi) a portion, as proposed by the management bodies, may be allocated to the Expansion Reserve.</p> <p>The Annual and Extraordinary Shareholders Meeting of the Company held on April 24, 2019 approved the allocation of net income of the Company as follows: (i) R\$371,176,363.25 to the tax incentive reserve of the Company, in accordance with Article 195-A of Brazilian Corporation Law. With regard to the Legal Reserve of the Company, since the sum of the balance of the Legal Reserve and the balance of the Capital Reserves of the Company exceeds 30% of the Company's capital stock, the Company may, in current the fiscal year, decide not to allocate a portion of net income to the Legal Reserve.</p>
a.1) amounts of earnings retentions	<p>(i) R\$371,176,363.25 was allocated to the tax incentive reserve of the Company, in accordance with Article 195-A of the Brazilian Corporations Law.</p>

a.2) percentages in relation to total earnings declared (i) R\$371,176,363.25 allocated to the tax incentive reserve of the Company corresponds to 32.94% of the net income reported by the Company.

b) rules on distribution of dividends Under the Bylaws of the Company, its shareholders will be entitled to receive as mandatory dividends, in each fiscal year, at least 25% of net income, increased or decreased by the following amounts: (i) the amount allocated to the legal reserve; (ii) the amount allocated to the contingency reserve, and the reversal of the same reserve accrued in prior fiscal years; and (iii) amount resulting from the reversal of the Unrealized Profits Reserve accrued in prior fiscal years, in accordance with Article 202, Item II, of Brazilian Corporation Law. The Shareholders Meeting may assign to members of the Board of Directors and of the Executive Board a share in the profits, provided that the total amount does not exceed the annual compensation of the managers or 10% of the net income, whichever is the lesser, in accordance with the legal cases, forms and limits. The Board of Directors, subject to the limit defined by the Shareholders Meeting, is responsible for setting the criteria for attributing the share of profits to the managers.

The Annual and Extraordinary Shareholders Meeting held on April 24, 2019 ratified the overall amount of interest on equity already declared in the Board of Directors Meetings held on March 31, 2018, June 28, 2018, September 27, 2018 and December 18, 2018 and paid on January 9, 2019, in the amount of six hundred eleven million, nine hundred ninety-one thousand, five hundred seventy-seven reais and ninety-one centavos (R\$611,991,577.91).

c) frequency of dividend distributions The shareholders of the Company are entitled to receive dividends annually, calculated as described in item b(ii) above. Furthermore, the Board of Directors of the Company is authorized to declare interim dividends by drawing on the retained earnings or profit reserves, registered in the annual or semi-annual financial statements, which are considered an advance of the mandatory dividends. The Board of Directors of the Company also may determine the reporting of monthly or quarterly balance sheets and declare interim dividends based on the profits assessed, subject to the legal limitations, which are considered an advance on the mandatory dividends.

d) any restrictions on the distribution of dividends imposed by special legislation or regulations applicable to the issuer, as Under its Bylaws, the Company may decide not to pay dividends to its shareholders in any fiscal year, if its Board of Directors decides that such distributions are not advisable in view of the Company's financial condition.

well as contracts and court,
administrative or arbitration decisions

e) income allocation policy The Company does not have a formally approved income allocation policy.

Fiscal Year ended December 31, 2017

a) rules on earnings retention

Under Brazilian Corporation Law, the shareholders of the Company may, in Shareholders Meetings and as proposed by the Management, decide to retain a portion of net income to allocate to its capital expenditures. In accordance with its Bylaws, the net income will be allocated as follows: (i) before any other use, 5% will be allocated to the Legal Reserve, which may not exceed 20% of the capital stock; (ii) a portion, as proposed by the management bodies, may be allocated to the Contingency Reserve, in accordance with Article 195 of Brazilian Corporation Law; (iii) a portion, as proposed by the management bodies, may be retained based on the previously approved capital budget, in accordance with Article 196 of Brazilian Corporation Law; (iv) a portion will be allocated to payment of mandatory dividends to shareholders, as envisaged in item b(ii) below; (v) for fiscal years in which the mandatory dividend amount exceeds the actual profit for the fiscal year, the Shareholders Meeting may, as proposed by the management bodies, allocate the surplus to the Unrealized Profits Reserve, subject to Article 197 of Brazilian Corporation Law; and (vi) a portion, as proposed by the management bodies, may be allocated to the Expansion Reserve.

The Annual and Extraordinary Shareholders Meeting of the Company held on April 19, 2018 approved the allocation of the net income of the Company as follows: (i) R\$32,758,378.39 to the legal reserve of the Company, in accordance with Article 193 of Brazilian Corporation Law; and (ii) R\$350,885,105.71 to the tax incentive reserve of the Company, in accordance with Article 195-A of Brazilian Corporation Law.

a.1) amounts of earnings retentions

(i) R\$32,758,378.39 was allocated to the legal reserve of the Company, in accordance with Article 193 of Brazilian Corporation Law; and
(ii) R\$350,885,105.71 was allocated to the tax incentive reserve of the Company, in accordance with Article 195-A of Brazilian Corporation Law.

a.2) percentages in relation to total earnings declared

(i) R\$32,758,378.39 allocated to the legal reserve of the Company, which corresponds to 5% of the net income reported by the Company; and

(ii) R\$350,885,105.71 allocated to the tax incentive reserve of the Company, which corresponds to 36.4% of the net income reported by the Company.

b) rules on distribution of dividends

Under the Bylaws of the Company, its shareholders are entitled to receive in the form of mandatory dividends, in each fiscal year, a minimum of 25% of net income, increased or decreased by the following amounts: (i) amount allocated to the legal reserve; (ii) amount allocated to the contingency reserve, and the reversal of the same reserve constituted in previous fiscal years; and (iii) amount resulting from the reversal of the Unrealized Profits Reserve accrued in prior fiscal years, in accordance with Article 202, Item II, of Brazilian Corporation Law. The Shareholders Meeting may attributed to the members of the Board of Directors and of the Executive Board a share in the profits, provided that the total amount does not exceed the annual compensation of the managers or 10% of net income, whichever is the lesser, in accordance with all legal cases, forms and limits. The Board of Directors, subject to the limit imposed by the Shareholders Meeting, is responsible for setting the criteria for attributing the share of profits to the managers.

The Annual and Extraordinary Shareholders Meeting held on April 19, 2018 approved the overall amount of interest on equity already declared and paid, in the amount of five hundred eighty-one million, two hundred ninety-eight thousand, six hundred seventy reais and fifty-two centavos (R\$581,298,670.52), on January 9, 2018, as resolved in the Board of Directors Meeting held on December 22, 2017.

c) frequency of dividend distributions

The shareholders of the Company are entitled to receive dividends annually, calculated as described in item b(ii) above. Furthermore, the Board of Directors of the Company is authorized to declare interim dividends by drawing on the retained earnings or profit reserves, registered in the annual or semi-annual financial statements, which are considered an advance of the mandatory dividends. The Board of Directors of the Company also may determine the reporting of monthly or quarterly balance sheets and declare interim dividends based on the profits assessed, subject to the legal limitations, which are considered an advance on the mandatory dividends.

d) any restrictions on the distribution of dividends imposed by special legislation or regulations applicable to the issuer, as well as contracts and court, administrative or arbitration decisions

Under its Bylaws, the Company may decide not to pay dividends to its shareholders in any fiscal year, if its Board of Directors decides that such distributions are not advisable in view of the Company's financial condition.

e) income allocation policy The Company does not have a formally approved income allocation policy.

Fiscal Year ended December 31, 2016

a) rules on earnings retention

Under Brazilian Corporation Law, the shareholders of the Company may, in Shareholders Meetings and as proposed by the Management, decide to retain a portion of net income to allocate to its capital expenditures. In accordance with its Bylaws, the net income will be allocated as follows: (i) before any other allocation, 5% is allocated to the Legal Reserve, which may not exceed 20% of the capital stock; (ii) a portion, as proposed by the management bodies, may be allocated to the Contingency Reserve, in accordance with Article 195 of Brazilian Corporation Law; (iii) a portion, as proposed by the management bodies, may be retained based on the previously approved capital budget, in accordance with Article 196 of Brazilian Corporation Law; (iv) a portion is allocated to pay the mandatory dividends to shareholders, as envisaged in item b(ii) below; (v) for fiscal years in which the mandatory dividend amount exceeds the actual profit for the fiscal year, the Shareholders Meeting may, as proposed by the management bodies, allocate the surplus to the Unrealized Profits Reserve, subject to Article 197 of Brazilian Corporation Law; and (vi) a portion, as proposed by the management bodies, may be allocated to the Expansion Reserve.

In addition to the mandatory reserves envisaged in the legislation, the Company does not have any other reserves established in its Bylaws. The Annual and Extraordinary Shareholders Meeting of the Company held on April 19, 2017 approved the allocation of net income as follows: (i) R\$58,728,814.01 to the legal reserve of the Company, in accordance with Article 193 of Brazilian Corporation Law; and (ii) R\$414,804,875.10 to the tax incentive reserve of the Company, in accordance with Article 195-A of Brazilian Corporation Law.

a.1) amounts of earnings retentions

(i) R\$58,728,814.01 was allocated to the legal reserve of the Company, in accordance with Article 193 of Brazilian Corporation Law; and
(ii) R\$414,804,875.10 was allocated to the tax incentive reserve of the Company, in accordance with Article 195-A of Brazilian Corporation Law.

-
- a.2) percentages in relation to total earnings declared
- (i) R\$58,728,814.01 was allocated to the legal reserve of the Company, which corresponds to 5% of the net income reported by the Company; and
 - (ii) R\$414,804,875.10 was allocated to the tax incentive reserve of the Company, which corresponds to 35.3% of the net income reported by the Company.

-
- b) rules on distribution of dividends
- Under the Bylaws of the Company, its shareholders will be entitled to receive as mandatory dividends, in each fiscal year, at least 25% of the net income, including or excluding the following amounts: (i) amount destined to the legal reserve; (ii) amount destined to the contingency reserve, and the reversal of such reserve constituted in previous fiscal years; and (iii) amount resulting from reversal of the Unrealized Profits Reserve constituted in previous fiscal years, under Article 202, Item II, of Brazilian Corporation Law. The Shareholders Meeting may attribute to members of the Board of Directors and of the Executive Board a share in the profits, provided that its total amount does not exceed the annual compensation of the managers or 10% of net income, whichever is the lesser, in accordance with the cases, forms and limits established in law. The Board of Directors, subject to the limit defined by the Shareholders Meeting, is responsible for setting the criteria for defining the profit sharing for managers.

The Annual Shareholders Meeting held on April 19, 2017 approved the allocation of R\$701,042,591.02 for payment to the shareholders of the Company, and (i) R\$133,151,269.12 was paid as interim dividends on May 20, 2016, as approved at the Board of Directors Meeting held on April 28, 2016 and registered in its Minutes; (ii) R\$158,059,356.25 was paid as interim dividends on August 15, 2016, as approved at the Board of Directors Meeting held on July 22, 2016 and registered in its Minutes; (iii) R\$378,036,153.00 was paid as interim dividends on February 24, 2017, as approved at the Board of Directors Meeting held on February 10, 2017 and registered in its Minutes; and (iv) R\$31,795,812.65 was paid as extra dividends on May 2, 2017.

-
- c) frequency of dividend distributions
- The shareholders of the Company are entitled to receive dividends annually, calculated as described in item b(ii) above. In addition, the Board of Directors of the Company is authorized to declare interim dividends debited from the retained earnings or profit reserves, recorded in the annual or semi-annual financial statements, to be considered as an advance of the mandatory dividend. The Board of Directors of the Company also may determine the drawing up of monthly or quarterly balance sheets and declare interim dividends based on the profits assessed therein, subject to the legal limits, to be considered as an advance on the mandatory dividend.

-
- d) any restrictions on the distribution of dividends imposed by special legislation
- Under its Bylaws, the Company may opt not to pay dividends to its shareholders in any fiscal year if its Board of Directors resolves that such distributions are not advisable in view of the Company's financial condition.
-

or regulations applicable to the issuer, as well as contracts and court, administrative or arbitration decisions

e) income allocation policy

The Company does not have a formally approved income allocation policy.

3.5 - DIVIDEND DISTRIBUTION AND RETAINED EARNINGS

(Reais)	Fiscal year 12/31/2018	Fiscal year 12/31/2017	Fiscal year 12/31/2017
Adjusted net income	755,719,584.13	581,298,670.52	701,042,591.02
Dividends distributed as a ratio of adjusted net income	81%	100%	100%
Rate of return as a ratio of the issuer's net equity	13.66%	12.47%	13.49%
Total dividends distributed	611,991,577.91	581,298,670.52	701,042,591.02
Net income retained	514,904,369.47	383,643,484.00	473,533,689.00
Approval date of the retention	4/24/2019	4/19/2018	4/19/2017

(Reais)	Fiscal year 12/31/2018		Fiscal year 12/31/2017		Fiscal year 12/31/2016	
	Amount	Payment date	Amount	Payment date	Amount	Payment date
Dividends						
Common	-	-	-	-	133,151,269.12	5/20/2016
Common	-	-	-	-	158,059,356.25	8/15/2016
Common	-	-	-	-	378,036,153.00	2/24/2017
Common	-	-	-	-	31,795,812.65	5/2/2017
Interest on Equity						
Common	611,991,577.91	1/9/2019	581,298,670.52	1/9/2018	-	-

3.6 - DECLARATION OF DIVIDENDS DEBITED FROM RETAINED EARNINGS OR PROFIT RESERVES

For the fiscal year ended December 31, 2016, 2017 and 2018, no dividends were declared out of from retained earnings or profit reserves constituted in previous years.

3.7 – DEBT LEVEL

Fiscal Year	12/31/2018
Sum of current liabilities and noncurrent liabilities	-
Type of ratio	Another ratio
Leverage ratio	0.07044055

Description and reason for using a different ratio	<p>The ratio corresponds to the division of financial debt in the amount of R\$582,379,438.20 (composed of loans, borrowings and trade payables), recorded under the Company's current and noncurrent liabilities, as reported in its Consolidated Financial Statements for fiscal year 2018, later divided by the Net Equity reported at year-end.</p> <p>Such liabilities correspond to liabilities adjusted by interest rates and reflect the gross debt of the Company better than its total current and noncurrent liabilities, which include, for example, advances received for divestment of assets.</p>
---	--

3.8 - LIABILITIES BY NATURE AND MATURITY

Type of Liability - Loans				Fiscal year 12/31/2018	
Type of Debt	Less than a year	One to three years	Three to five years	Over five years	Total
Security Interest	33,116,125.05	54,849,819.97	55,833,171.96	65,270,901.91	209,070,018.88
Senior Bond	-	-	-	-	-
Unsecured Bond	70,715,814.34	182,614,430.39	91,853,595.12	32,606,066.97	377,789,906.82
Other Guarantees or Privileges	-	-	-	-	-
Total	103,831,939.39	237,464,250.36	147,686,767.08	97,876,968.88	586,859,925.71
Note					
This table reflects only financial debt (composed of loans, borrowings and trade payables) plus the total amount of the short legs of derivative instruments, recorded under current and noncurrent liabilities, as reported in the Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2018.					

3.9 – OTHER MATERIAL INFORMATION

The amounts described in item 3.1 above pertaining to the items "Net Rev./Interim Fin. Rev./Insur. Prem. Gains" and "Net Income (Loss)" refer exclusively to Continuing Operations, as per the Standard Financial Statements for the fiscal year ended December 31, 2018.

ITEM 4 - RISK FACTORS

4.1 – DESCRIPTION OF RISK FACTORS

(a) for the Company

We may not be able to fully implement our business strategy.

Our capacity to implement our key growth initiatives, which are part of our business strategy, depends on a series of factors, including our capacity to:

- protect and strengthen our brands and the quality and innovation of our products;
- attain sustainable rates of growth and profitability in our current markets and successfully identify opportunities in new markets;
- successfully develop new product concepts, identify new technologies and manufacture products that meet the current market demands;
- invest in operating efficiency based on the infrastructure platform already installed; and
- continue to expand our client base, focusing on growing demand for our products through our relationship with consumers and the Brazilian medical community.

We cannot guarantee that any of these objectives will be successfully and fully implemented. A critical element of our strategy is our capacity to renew and develop our portfolio of products and brands. If we fail to successfully identify market demands, if our competitors own protected intellectual property that prevents us from offering products that are attractive to our consumers or if legal requirements impose limits on the raw materials and technologies that we may use, we could encounter difficulties in manufacturing products that are attractive to our end consumers. Any impact on the development of products could have an adverse effect on our business activities, financial situation and operating result.

The Company is exposed to risks that could jeopardize its operating efficiency.

From the acquisition of inputs to the sale of products manufactured by the Company, various operating processes are required to conduct business operations. Failure to formalize these processes, their incorrect execution or any limitation of the technology adopted for them could have a direct impact on the Company's efficiency, generating costs beyond ideal levels.

The Company is subject to risks related to unethical conduct, fraud, noncompliance with rules and corruption.

The Company, like other companies of its size and with a large number of employees, is subject to the risks of fraud and other conduct which our management and risk control

system may not be effective or sufficient enough to detect and prevent, which could result in regulatory sanctions, investigations and damage to our reputation. On April 10, 2018, the Brazilian Federal Police executed a search and seizure warrant at the Company in connection with an Action for a Provisional Remedy that is under seal, related to the collaboration agreement signed by the then corporate affairs officer of the Company, as per the Material Fact notice and Notice to the Market dated June 28, 2016 and July 1, 2016, respectively. To coordinate an internal investigation into the facts of the aforementioned action, the Board of Directors of the Company decided to create an Independent Special Committee on May 23, 2018. The activities of the Independent Special Committee are currently ongoing and, once concluded, will be presented to the Board of Directors, which will assess, with the support of its specialized legal advisors, the convenience and opportunity for adopting the applicable legal measures for definitively concluding the matter, including the possible execution of agreements with the competent authorities.

In addition, any illegal acts under Law 12,846/2013, of January 29, 2014 (“Anticorruption Law”) committed individually by any manager, employee, professional, contractor, service provider or other person with professional relations with the Company, even if not authorized or known by the Management (or other managers, as the case may be) of the Company, may subject the Company to the penalties provided for in the Anticorruption Law, including the payment of significant fines. In the event of violations of this law, we cannot predict the impacts on the Company and its businesses.

Fires or other disasters could affect our production, facilities and cost structure, which could have a material adverse effect on our business activities, financial situation and operating result.

Fires, losses caused by natural disasters or environmental damages could damage or destroy our production or facilities, raw materials and inventories. Prolonged interruptions to the supply of water and electricity or shortages of gas or diesel at our industrial units could cause significant increase in our costs, which could adversely affect our business activities, financial situation and operating result. Claims may not be fully covered by our insurance policies and have an adverse material effect on us.

We believe that the identity of our brands is essential for the success of our business. If we cannot effectively use or protect any one of our brands, our business activities, financial situation and operating result could be materially and adversely affected.

We believe that our trademarks have significant value and perform an important role in maintaining and improving the competitive positioning of our products. In recent years, we have made substantial investments to improve the identity and recognition of our brands. These investments included various acquisitions and currently include the diversification of our product portfolio, including the launch of new products, expansion of existing product lines, improvement of product quality, enhancement of the presentation of our brands and packaging, promotion of advertising campaigns and promotional campaigns.

Today, we have more than 300 brands in the market, most of which are registered trademarks or in the process of registration with the National Industrial Property Institute (INPI). However, we cannot guarantee that our trademarks will not be infringed upon, that our current trademark applications will be granted by INPI or that our applications already granted will not be subject to request for nullity by third parties. Further, if the ownership of any of our trademarks is questioned in court and if the court decision is not favorable to its use or validity, we may be prohibited from continuing to commercially use it. The occurrence of any of these events could reduce the value of our brands as a whole and have a material adverse effect on our business activities, financial situation and operating result.

In addition, our brands and corporate identity could depreciate in value in the event of any problem that damages our image. Consumer buying decisions are affected by factors such as brand recognition, product quality and performance, prices and the subjective preferences of each consumer. If: (i) our marketing strategy, including advertising and promotional campaigns, is not successful; (ii) we are unable to deliver new products or technologies that meet the market's demands; (iii) we are unable to successfully manage the most opportune seasons for launching new products or the profitability of these efforts; or (iv) for other reasons, our end consumers believe our competitors' products are more appealing, our business activities, financial situation and operating result may be adversely and materially affected.

Our exposure to the volatility of costs and other events related to our inputs could have a material adverse effect on our business activities, financial situation and operating result.

The main raw materials used for manufacturing, packaging and transporting our main products are subject to considerable price fluctuations, especially inputs whose prices are denominated in foreign currency. Such fluctuations could have a material adverse effect on our business activities, financial situation and operating result. The prices of our raw materials are influenced by a series of factors over which we have little or no control, including, but not limited to, climate, agricultural production, international and national economic conditions, transportation and processing costs, government regulations and policies and the global supply-demand balance. In addition, we may not be able to pass through to our clients, in due time, the increases in input costs and other operating costs related to the production of our products, which could reduce our profit margin and have a material adverse effect on our business activities, financial situation and operating result.

Any change in our senior management and/or controlling shareholders could affect our growth capacity.

For the implementation of our business strategy, the presence of the professionals from our senior management and our controlling shareholders is essential given their vast experience in growing business organically and sustainably. The loss of these persons

could affect significantly our maturity and development. The incapacity to attract highly skilled professionals and the loss of any of our senior managers could have a material adverse effect on our business activities, financial situation and operating result.

Our financial agreements and other debt instruments include specific obligations, and nonperformance events arising from not fulfilling these obligations could have a material adverse effect on our business.

On December 31, 2018, our financial debt, which is composed of loans, financing facilities and trade payables, amounted to R\$582.0 million. Some of the financial agreements to which we are party require us to maintain certain leverage ratios and to comply with other specific obligations. Any nonperformance events under these agreements that are not cured or waived by the respective creditors could lead to these creditors declaring the early maturity of such liabilities and could result in the early maturity of other liabilities through cross-default.

Furthermore, if our assets and cash flow are not sufficient to pay in full the outstanding balance of our financial obligations, and any mismatch in the maturities or volumes of projected receivables and payables could result in our incapacity to fulfill our obligations within the stipulated period. This incapacity to fulfill our obligations could have a material adverse effect on our business.

If we are unable to adapt to the General Data Protection Law, our results could be adversely affected.

As part of our normal course of business, we handle the personal information of our customers, suppliers and professionals. On August 14, 2018, Law 13,709/18 (General Personal Data Protection Law – LGPD) was sanctioned, which provides for the protection of personal data and amends Law 12,965, of April 23, 2014 (Civil Internet Framework) and will come into force on August 14, 2020. The law provides for how an individual or legal entity governed by public or private law must handle personal data, including in digital environments, and imposes a series of measures to protect the fundamental rights of freedom and privacy and the free development of the personality of individuals. This law applies to any individual or legal entity that handles personal data, classified which the law classifies as any operation conducted involving personal data, such as collection, use, access, reproduction, processing, storage and transfer. According to the law, the administrative sanctions applicable by the National Data Protection Authority (ANPD) are: (i) warning with indication of the deadline for adoption corrective measures; (ii) simple fine of up to two per cent (2%) of the sales revenue of the legal entity governed by private law, group or conglomerate in Brazil in its most recent fiscal year, excluding taxes, limited to fifty million reais (R\$50,000,000.00) per infraction; (iii) daily fine, observing the total limit referred to in the item immediately prior; (iv) public disclosure of the violation after it is duly analyzed and confirmed; (v) blocking of the personal data involved in the violation until its normalization; (vi) elimination of the personal data involved in the infraction. We have an ongoing project for adapting our processes so that

they comply with the General Personal Data Protection Law by the time it comes into force.

The federal government has exercised and continues to exercise a significant influence over the Brazilian economy. Brazil's economic and political scenario directly affects our business activities.

Brazil's federal government ("Federal Government") frequently intervenes in the country's economy and at times changes significantly its monetary, tax and credit policies, among others, to influence the course of the economy. The measures implemented by the Federal Government to control inflation and influence other policies could be implemented in the form of control of prices and salaries, depreciation of the Brazilian real, control of funds remitted abroad, change in the policy interest rate and other measures, such as the freezing of bank accounts that occurred in 1990.

Companies operating in the pharmaceutical industry, as is our case, are highly susceptible to changes in consumer demand and price controls. The measures adopted by the Federal Government with regard to the economy could have significant effects on companies and other entities in Brazil, including us, and on market conditions and the prices of Brazilian securities. For example, the Federal Government controls price adjustments for most pharmaceutical categories in Brazil, and we cannot guarantee that such price controls will not be changed in the future. We could be adversely affected by changes in the policies of the Federal Government and other economic factors, such as:

- (i) inflation;
- (ii) economic stagnation;
- (iii) fluctuations in foreign exchange rates and depreciation in the local currency;
- (iv) changes in exchange rates;
- (v) the level of liquidity in securities market and the availability of credit in Brazil and abroad;
- (vi) political and social instability;
- (vii) price instability;
- (viii) environmental control policy; and
- (ix) other political, social and economic events in Brazil or that affect the country.

Historically, the political scenario has influenced the performance of the Brazilian economy. In this sense, political crises and scandals have undermined and continue to undermine the confidence of investors and the public in general, adversely affecting economic development and market capitalization of publicly traded companies.

Political and economic instability could adversely affect our business and operating result, as well as the price of our shares.

Uncertainty regarding the potential implementation by the Brazilian government of political or regulatory changes could lead to political and economic instability in the

country and increase volatility in the country's stock market, which could have a material adverse effect on our operating result and financial situation.

Since 2014, Brazil has been suffering an economic recession. However, the country's Gross Domestic Product (GDP) grew by 1% in 2017, after contracting by 3.6% in 2016 and by 3.8% in 2015. In December 2015, Fitch Ratings downgraded Brazil's sovereign credit rating to BB+, the first level of high-risk debt, with a negative outlook, and downgraded its rating once again, to BB, in May 2016, where it remained unchanged in 2017, although still with a negative outlook. In February 2016, Standard & Poor's also downgraded Brazil's sovereign credit rating to high-risk debt, from BB+ to BB, due to the countless political problems that weighed the economy, with such rating remaining unchanged in 2017. Finally, in February 2016, Moody's downgraded Brazil's sovereign credit rating from Baa3 to Ba2, where it remained in 2017. As a result, the main credit rating agencies all rated Brazil's sovereign credit as speculative.

Since all our net revenue is generated in Brazil, our operating result and financial condition have been, and will continue to be, affected by the growth rate of the Brazilian economy. We cannot guarantee that the GDP growth will increase or remain stable in the future. Future developments in the Brazilian economy could affect Brazil's growth rate and, consequently, the purchase of our products by our customers.

Furthermore, Brazilian markets currently are encountering higher volatility due to uncertainties related to the ongoing investigation known as Operation Car Wash being conducted by the Federal Prosecution Office (MPF) and its impact on the Brazilian economy and political environment. Members of the federal executive and legislative branches, as well as senior executives at major state-owned companies and other companies have faced charges of political corruption.

We cannot predict if such allegations will lead to greater political and economic stability or if the new charges against government officials and others will surface in the future. We also cannot anticipate the outcome of such charges or their effects on us and the Brazilian economy.

Such facts could aggravate the economic recession in Brazil and consequently adversely affect our business activities, financial condition and operating result.

Inflation and certain measures taken by the Federal Government to contain it historically have had adverse effects on the Brazilian economy and securities market. High inflation rates in the future could have a material adverse effect on our business activities, financial situation and operating result, and lower inflation rates could impact our revenue growth.

Inflation and certain measures adopted by the Federal Government to combat it have had important adverse effects on the Brazilian economy and contributed to the economic uncertainty in Brazil and to the higher volatility in the country's securities market. The measures adopted by the Federal Government to control inflation often include

maintaining an austere monetary policy with high interest rates, which restricts the availability of credit and reduces economic growth.

Annual inflation measured by the Broad Consumer Price Index (IPCA) was 6.29% in 2016, 2.95% in 2017 and 3.75% in 2018, reaching the lowest annual rate since 1998. For 2019, the National Monetary Council maintained the inflation target at 4.25% p.a., subject to negative or positive variations of up to 1.5 percentage points.

Note that the measures adopted by the Federal Government, including reducing interest rates and intervening in the foreign exchange and stock market to adjust or set the rate of the Brazilian real, could result in higher inflation. In the case of higher inflation, we may be unable to adjust the prices charge from our customer to offset increases in our cost structure, which could lead to an increase in our costs and a reduction in our net operating margins. Therefore, if Brazil registers high inflation rates in the future, our operating results could be adversely affected.

On the other hand, lower inflation rates could limit our revenue growth, since annual adjustments in the prices of medicines in Brazil are controlled by the Medicines Price Regulation Chamber (CMED) and such adjustments are subject to a formula whose main component is inflation. If inflation is low, the adjustment tends to be low, which could adversely affect our growth if such effect is not offset through stronger growth in sales volume.

The variation in interest rates could have an adverse effect on our business activities and operating results.

The Central Bank of Brazil (BACEN) sets a policy interest rate for the Brazilian financial system that takes into account the level of economic growth, the rate of inflation and other indicators. The policy interest rate (Selic) ended 2016, 2017 and 2018 at 13.75%, 7.00% and 6.5%, respectively, as stipulated by the Monetary Policy Committee (Copom). At the time, this latest rate represented the lowest historical level for the Selic, after cumulative rate cuts implemented by the monetary authority, which in turn affects other key interest rates of the economy, such as the overnight rate (CDI). Such rates impact not only our financial expenses, but also the returns of our investments, which are reflected in our financial income.

On December 31, 2018, 88.13% of our total debt (composed of loans, financing facilities and trade payables) was denominated in Brazilian real and subject to fluctuation in rates such as the CDI, the Reference Rate (TR) and the Long-Term Interest Rate (TJLP). Considering the effect from hedge positions, this percentage is 88.21%. Any increase in interest rates could raise our borrowing costs, reduce the demand for our products or affect significantly our financial expenses and operating result.

Instability in the exchange rate could have an adverse effect on the Brazilian economy, on our stock price and on our business activities, financial situation and operating result.

There is no guarantee that the Brazilian real will depreciate or appreciate against the U.S. dollar in the future. The PTAX exchange rate published by the BACEN on December 31, 2018 was R\$3.87/US\$1, representing appreciation of 19.21% against the U.S. dollar compared to the end of 2016.

The depreciation in the Brazilian real against the U.S. dollar or other foreign currencies could create inflationary pressures, since the price of imported goods generally increases and the need for austere government policies that restrict aggregate demand. The appreciation in the Brazilian real against the U.S. dollar could deteriorate the value of checking accounts and the country's balance of payments, and weigh on growth driven by exports. The potential impact of the floating exchange rate and the measures taken by the Federal Government to stabilize the Brazilian real is uncertain, including to the extent the government could intervene in the economy, for example, by implementing austerity measures. Therefore, our capacity to fund our operations by accessing international financial markets could be affected. As such, any instability in the foreign exchange rate could have a material adverse effect on our business activities, financial situation and operating result.

On December 31, 2018, our debt denominated in foreign currency or pegged to the variation in foreign currency was exclusively composed of short- and long-term loans and financing facilities denominated in foreign currency equivalent to R\$90.76 million, or 15.58% of our total debt. Such exposure is fully protected by currency hedge positions.

We cannot guarantee that we will be able to protect substantially all or any of our obligations denominated in foreign currency in the future. Fluctuations in the price of the Brazilian real in relation to the U.S. dollar could impact primarily our financial expenses and operating costs, which would have a material adverse effect on our business.

Events and the perception of risk in other countries, mainly emerging countries, could adversely affect the market value of Brazilian securities and stock prices.

The market value of securities issued by Brazilian companies is influenced to varying degrees by the economic and market conditions of other countries, including Latin American countries, emerging market countries and the United States. Although the economic scenario of these countries is significantly different from Brazil's economic scenario, investors' response to events in such other countries could adversely affect the market value of securities issued by Brazilian companies, including our shares. Crises in other emerging market economies could reduce investor interest in the securities of Brazilian companies, including our securities.

In the past, adverse economic conditions in other emerging countries have generally resulted in the outflow of investors and consequently in a reduction in foreign investment in Brazil. The financial crisis that originated in the United States in the third quarter of 2008 resulted in recessions on a global scale, with various repercussions, which had a direct or indirect adverse effect on the Brazilian stock market and economy, such as fluctuations in the price of the securities of publicly held companies, the unavailability of

credit, lower spending, a general slowdown in the global economy, instability in foreign exchange markets and inflationary pressures. In addition, financial institutions may not be willing to renew, extend or grant new credit lines at economically favorable circumstances, or even may be unable or unwilling to honor their commitments. Any of the aforementioned events could adversely affect trading in our shares and hinder our access to capital markets and the financing of our operations in the future at acceptable or absolute terms.

(b) for the controlling shareholders of the Company

The interests of our controlling shareholders could conflict with the interests of our investors.

Our controlling shareholders have the prerogative to, among other things, elect the majority of the members of our Board of Directors and to influence the results of decisions that require approval by shareholders, including related-party transactions, corporate restructurings, asset divestments and partnerships, as well as when any future dividends will be paid, subject to payment of the mandatory dividend established by Brazilian Corporation Law. Our controlling shareholders may be interested in carrying out acquisitions, asset divestments or partnerships and in seeking financing or similar transactions that could conflict with the interests of our investors, which could have a material adverse effect on our business.

(c) for the shareholders of the Company

Our shareholders may not receive dividends.

Pursuant to Brazilian Corporation Law and our Bylaws, our shareholders are entitled to a mandatory dividend of at least 25% of our annual net income, as determined and adjusted. Such adjustments to net income for the purposes of calculating the base for dividends include contributions to various reserves that effectively reduce the amount available to be paid as dividends. Despite the requirement of the mandatory dividend, we may decide not to pay dividends to our shareholders in any given fiscal year if our Board of Directors determines that such distributions are not advisable in view of our financial condition.

Furthermore, we are a party to various financial agreements and contracts related to acquisitions we have made, some of which limit our capacity to pay dividends to our shareholders in an amount above the minimum amount established by law if we do not fulfill any obligations stipulated in such agreements. We cannot guarantee that, in the future, we will be able to meet the requirements for the payment of dividends.

Raising additional funds could dilute the ownership interest of investors in the Company or may not be economically satisfactory.

We may require additional funds in the future to implement our business strategy. We may opt to raise additional funds through a public or private issue of convertible or non-

convertible bonds or shares. The raising of additional funds through the issue of shares or convertible bonds may, under the Brazilian Corporation Law, be carried out with the exclusion of the preemptive rights of our shareholders and also of the investors in our shares, and therefore could dilute the ownership interest of the investors in our shares.

We cannot ensure that additional capital will be available or that the conditions for raising capital will be economically satisfactory. Any lack of access to additional capital at satisfactory conditions or increase in interest rates could limit the growth and development of the Company, which could adversely affect its business activities, financial situation and operating result and consequently the price of its securities.

The interests of managers and, in certain cases, of our employees could be excessively linked to the price of our shares, since they could be granted stock options or subscription rights.

We have stock option plans through which the Company seeks to stimulate improvement in our management and the retention of our executives, seeking gains from their commitment to long-term results and short-term performance.

The fact that our officers and employees, as well as the officers and employees of our subsidiaries, could receive stock options or subscription rights at a strike price below the market price of our shares could lead the interests of such persons to being excessively associated with the price of our shares, which could have a negative impact on our business activities.

(d) for the subsidiaries and associate companies of the Company

The risks related to the subsidiaries and associate companies are the same as those related to the Company, as described in item (a) above.

(e) for suppliers of the Company

Some inputs required for producing some of our medicines are sourced from exclusive suppliers registered with the National Health Surveillance Agency (ANVISA), and any interruption in the supply of such inputs could affect our operating and financial performance.

Some of the medicines traded by the Company are produced from inputs sourced from exclusive suppliers registered with the National Health Surveillance Agency (“ANVISA”), the main regulatory agencies of Brazil’s pharmaceutical industry. Adverse events that could occur involving such suppliers could expose the Company to risks related to the incapacity to produce some of these medicines, which could adversely affect our operating and financial performance.

(f) for the clients of the Company

We may be held liable for incidents with consumers related to adverse reactions after the use of products manufactured by us.

The use of our products could potentially cause adverse reactions in our consumers. Incidents involving our products could have a material adverse effect on our business activities, financial situation and operating result. Lawsuits or administrative proceedings could be filed against us on the grounds that our products had suffered deterioration, tampering or contamination, that they did not have the properties advertised, that they did not include adequate information on potential side effects or on risks of interaction with other chemical substances, among other factors. Such lawsuits or proceedings could result in significant costs with the recall of our products. Any actual or potential health risks associated with our products, including negative publicity related to such risks, could lead our consumers lose confidence in the safety, efficacy and quality of our products. Even if our products are not affected by contamination, our industry could be affected by negative publicity if the products of third parties cause damages to consumers, which could result in weaker demand for our products in the affected category. Any allegation of this nature against our products could have a material adverse effect on our business activities, financial situation and operating result.

We currently depend on intermediary distributors for placing our products in the pharmaceutical and food channels, which poses commercial and operating risks and could adversely affect our operations and financial results.

Our distribution and sales structures are essential for maintaining our competitive advantage of maintaining a strong presence in Brazil's retail market, especially in certain product categories in our portfolio.

Our dependence on intermediary distributors (indirect channel) limits our capacity to place our products at establishments that are part of the pharmaceutical and food channels. The use of intermediary distributors and an outsourced logistic structure exposes us to a series of risks, including possible delays and interruptions in the delivery of our products and a loss in quality due to the improper handling of these products during transportation.

Furthermore, we cannot guarantee that our intermediary distributors will act in compliance with applicable legislation, such as, for example, with regard to the distribution of certain products only to authorized points of sale. In addition, due to the lack of agreements with our intermediary distributors, there is the possibility of them opting not to acquire our products in a given month, which would force us to find other intermediary distributors to market our products.

(g) for sectors of the economy in which the Company operates

We operate in a highly competitive industry, with competitors that range from small companies to large multinationals, which could have a material adverse effect on our business activities, financial situation and operating result.

The industry in which we operate is highly competitive and we face competition from other solid companies with a presence in both the domestic and international markets, such as EMS, Sanofi-Aventis, Aché, Eurofarma, Novartis, Bayer, among others. Furthermore, some of these companies offer a wide variety of products in the segments in which we operate, representing competition for most of our product lines.

On a global scale, some of our competitors have substantial financial and marketing resources, easier access to capital and technologies than we do, larger consumer bases and a wider variety of products offered. In addition, at various levels, our current and future competitors could be successful in certain lines of products and/or regions and have more financial resources and better marketing campaigns, with such competition potentially resulting in a loss of market share. This could force us to increase our expenses with marketing and promotions and/or to reduce the prices of our products, adapt our existing products and launch new products. The success of such measures is subject to risks, including uncertainties with regard to their acceptance and effect on consumers. Therefore, such measures may not be able to maintain or increase our market share, which could adversely affect our result.

Also, new competitors could enter our markets. Any of these factors could have a material adverse effect on our business activities, financial situation and operating result.

(h) for regulations in the industries in which the Company operates

We qualify for federal and state tax incentives, and the suspension, cancellation or nonrenewal of such incentives, as well as amendments to tax legislation, could have a material adverse effect on our business activities, financial situation and operating result.

We qualify for state tax incentives that enable us to reduce our taxes and to defer the payment of ICMS tax in certain cases. We cannot guarantee that the tax incentive programs from which we benefit will be maintained until their end date envisaged in law, that we will be able to renew or replace such incentives in the future or even that no new taxes will be created or that the rates of existing taxes levied on our products will not be increased.

In addition, if we are unable to meet the requirements of the various tax incentive programs, such as: compliance with labor, social security and environmental laws; not using cash generated through tax incentives for the distribution of dividends; annual submission of information requested by the competent authorities; and maintenance of the required liquidity and leverage levels, or if the legality of such tax incentives is questioned by third parties such as, for example, the Federal Prosecution Office, other Brazilian states or even other future public authorities, resulting in lawsuits being filed against us, our incentives could be cancelled and we could be required to pay retroactively all the incentives we used until the date of the judgment, subject to statutes of limitations. Furthermore, there is the risk of a tax reform banning, interrupting or changing the use of

tax incentives granted by the States. We cannot ensure that such incentives will be maintained.

Any suspension, early expiration or repayment of such incentives or inability to renew them, as well as amendments to tax legislation, could have a material adverse effect on our business activities, financial situation and operating result.

We are subject to the extensive legislation applicable to the Brazilian pharmaceutical and food industries, interaction with governmental authorities and changes in regulatory requirements to obtain and renew licenses, permits or registration of products, which could have a material adverse effect on our business activities, financial situation and operating result.

We are subject to many local, state and federal laws and regulations related to permissions and requirements to obtain licenses, permits or registration of products, including operating and safety standards of the Ministry of Health, the National Health Surveillance Agency (ANVISA) and state and local health departments. We also are subject to certifications of good manufacturing practices by ANVISA. The regulation of the Brazilian pharmaceutical and food industries includes rules for the approval of products and industrial units, medical promotions and visits and advertising directly to end consumers.

If we do not comply with any of our obligations to ANVISA, whether for not maintaining in effect, for not renewing permits of establishments or registrations of products or for not complying with industry legislation, we will be subject not only to the applicable civil and criminal sanctions, but also to the sanctions provided for in Law 6,437, of August 20, 1977, such as warning, fine, closure of establishments, cancelation of authorization or license, etc. Moreover, the Ministry of Health may at any time suspend the manufacturing and sale of any product subject to Law 6,360, of September 23, 1976, as amended, if there is any suspicion of the product's harmful effects on public health.

We cannot guarantee that the authorities will not change the requirements to obtain or renew licenses, permits or registration of our products or products of third parties, will not delay the issue of such licenses, permits or product registrations or will not change the requirements for the certification of good manufacturing practices. Any material change in such requirements, our inability to meet them or a delay by public authorities in issuing licenses, permits or registrations or noncompliance with the terms established by the public authorities could prevent us from manufacturing, selling and distributing a given product, cause delays in product launches or increase our costs, which could have a material adverse effect on our business activities, financial situation and operating result.

Changes in the laws and regulations applicable to the pharmaceutical sector, especially with regard to the promotion and advertising of these products, could adversely affect our Company.

The pharmaceutical industry is highly regulated. We are subject to various local, state and federal laws and regulations, including the operational and safety standards of the Ministry of Health and ANVISA. Changes to these laws and regulations could adversely affect many of our regulated operations, especially sales and marketing of pharmaceutical products, limit our existing operations, limiting the expansion of our businesses and regulating areas of our businesses that previously were unregulated, which could materially affect the profitability and operating result of the Company.

Changes in the regulation on advertisements, advertising, information and other practices involving dissemination, commercial promotion and the dispensing and sale of medicines, such as Resolution by Joint Body (RDC) 96/2008, issued by ANVISA, which created stricter rules for advertising of medicines that do not require a prescription and for dispensing and selling medicines, could adversely affect our business.

Note that ANVISA's RDC 96/2008 was questioned by the National Advertising Self-Regulation Council (CONAR). In June 2009, a favorable opinion was issued by the then General Counsel for the Federal Government, Justice José Antonio Dias Toffoli, who recommended immediate suspension or revocation of such resolution on the grounds that it was illegal and unconstitutional. The issue is still pending and RDC 96/2008 is currently in force.

A significant share of the medicines currently in the market, including ours, is subject to regulation involving the control of prices. Such control could limit our margins and capacity to pass on price increases to our clients, which could have a material adverse effect on our business activities, financial situation and operating result.

We are subject to federal legislation that imposes price controls on part of the pharmaceutical products we manufacture. Such control of prices limits any increases and inflation adjustment of the prices of such products to only once a year, subject to a cap defined based on the IPCA inflation index, a productivity factor, a factor of adjustment of relative prices among various sectors and a factor of intra-industry prices, all of which are calculated in percentages per annum. Such price controls cause a reduction in profit margins. We cannot guarantee that we will be able to maintain our profit margin in the future. We cannot ensure that the government will not change or expand such price control policy, or even create new factors or methods of calculation to establish a price cap, which could have a material adverse effect on our business activities, financial situation and operating result.

Risks related to health could adversely affect our capacity to sell our products, while the increase in the scope of governmental regulation on the safety of food or medication products could increase our costs and expenses and have a material adverse effect on our business activities, financial situation and operating result.

We are subject to risks that affect the food and pharmaceutical industries in general, including risks caused by quality problems in our products which include, but are not

limited to, contamination, deterioration, issues related to nutrition and health, complaints about product liability, product tampering, unavailability, insurance costs and potential costs with the recall of a product. In addition, we make products from hazardous chemical materials and aerosol packaging, etc. Any actual or possible health risks associated with our products, including negative publicity referring to such risks, also could lead our consumers to lose confidence in the safety and quality of our products. Even if our own products are not affected by contamination, our sector could be affected by negative publicity if third parties' products are contaminated, which could result in a reduction in the demand for our products from the affected category. Our systems for compliance with government rules may not be completely efficient to minimize the risks related to the safety of our products. Any product contamination could have a material adverse effect on our business.

Furthermore, growing regulations for food and medicine safety could increase our costs and have a material adverse effect on our business. Our production facilities and products are subject to federal, state and local rules and regulations in the food safety area, including government controls on food processing. Changes in governmental regulations on food safety could require us to make investments or to incur additional expenses to comply with the specifications required for our products. Any further restriction imposed by food or medicine safety regulations could result in additional costs and have a material adverse effect on our business.

Changes in environmental rules and regulations could have a material adverse effect on our business activities, financial situation and operating result.

Our activities are subject to far-reaching federal, state and municipal environmental legislation. Compliance with this legislation is monitored by government bodies and agencies that could impose on us administrative sanctions for noncompliance with legislation. Such sanctions could include the imposition of fines, revocation of licenses and even temporary or permanent suspension of our activities. Since environmental laws and their application have become more rigorous, the amount and time of capital spending and expenses on environmental matters could vary significantly in relation to the current estimate. The expenditures required for complying with environmental legislation could lead to a reduction in other strategic investments that we have planned and consequently to a decline in our profits. Unforeseen relevant environmental costs could have a material adverse effect on our business, operating results, financial condition or prospects.

In addition, if we fail to comply with environmental legislation, we could be subject to criminal sanctions, without prejudice to our obligation to redress any damages we may have caused. Criminal sanctions could include imprisonment of the parties found liable as well as a loss or restriction of tax incentives and the cancellation and suspension of credit facilities offered by credit institutions, which could adversely affect our revenues or even hinder the raising of capital in financial markets.

Without prejudice to the aforementioned provisions, violations of environmental legislation or of obligations imposed on us due to the licensing of our industrial

complexes, or even obligations we undertook in consent decrees or court settlements, could have a material adverse effect on our image, revenues and operating result.

(i) for foreign countries in which the Company operates

Not applicable, given that the Company does not operate in foreign countries.

(j) for social and environmental issues

We operate in segments of products whose manufacturing requires the use of potentially toxic substances, resulting in the generation of solid waste and effluents with potential contaminants. Accidents or improper handling of chemical inputs or their improper discharge in the environment could cause considerable environmental damage in the vicinity of our operational facilities and adversely affect our reputation, the perception of our brands and our operating and financial results.

We operate in the pharmaceutical industry, and our production requires the handling of controlled substances that could be toxic and polluting if we do not follow operational procedures recognized as safe or if we fail to control these processes and these chemicals are released in levels above those recommended by the regulation applicable to the external environments of production areas. Furthermore, our production processes generate solid waste or effluents with considerable potential for contamination if discharged in the environment without proper treatment or incineration by entities duly accredited for such. Despite the existence of environmental controls in our operational facilities, as required by Brazilian legislation, accidents or operational faults could result in the release of chemical inputs, pharmaceutical products, contaminated waste or effluents, causing damage to the environment and communities surrounding our facilities, which could have a material adverse effect on the Company's reputation, perception of our brands and our operating and financial results.

4.2 – DESCRIPTION OF MARKET RISKS

In the ordinary course of its business, the Company is exposed to market risks (interest rate, exchange rate, credit rate and liquidity risks) inherent to its activities and described quantitatively and qualitatively below.

The market risks are related to adverse impacts on the value of our assets and liabilities caused by changes in factors such as interest or exchange rates. Most of our activities are subject to market risks.

Exchange Rate Risk

Exchange rate risk results from the possibility of the Company sustaining losses due to changes in the exchange rates that increase mainly the amounts payable to suppliers and the amounts raised in financial markets.

On December 31, 2018, assets and liabilities denominated in foreign currency and the financial instruments that mitigate exchange risks, in quantitative form, were as follows:

On December 31, 2018			
	US\$ '000	EUR '000	R\$ '000
Liabilities			
Suppliers	11,945	-	46,377
Suppliers' assignment of receivables	40,967	-	159,063
Loans and financing	-	20,401	90,761
Derivative instruments that mitigate risks	(50,055)	(20,090)	(283,727)
Accounts Payable	489	-	1,900
Net Exposure	3,346	311	14,374

In 2018, the Company carried out transactions involving forward derivative instruments (U.S. Dollar/Real and Euro/Real) and Foreign Exchange Swaps for protection against changes in short-term liabilities denominated in foreign currency, related to the items Loans and Financing, Notes Payable, Suppliers and Supplier's Assignment of Receivables, are not used for speculative purposes, and are characterized as being financial instruments highly correlated to the liabilities to which they are linked.

Transactions involving derivative financial instruments include forward contracts and U.S. dollar/CDI *swaps*. Below is the most relevant information on the derivative financial instruments contracted by the Company in the fiscal year ended December 31, 2018:

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gains (losses)	
		Dec/2018	Dec/2017	Dec/2018	Dec/2017	Dec/2018	Dec/2017
<i>(in R\$ thousand)</i>							
Foreign currency Forward contracts		194,349	141,905	4,965	950	17,289	(33,991)
Long position	BofA, BR Partners, Bradesco, Citibank, Itaú, Morgan Stanley, Original, Safra, Santander, MUFG	205,740	141,905	4,916	950	17,209	(34,983)

Short position		(11,392)	-	49	-	80	992
Swaps		89,378	165,675	(4,480)	7,299	3,610	326,150
Long position	Itaú	89,378	165,675	(4,480)	7,299	3,610	118,849
Short position		-	-	-	-	-	207,301
Subtotal		<u>283,727</u>	<u>307,580</u>	<u>485</u>	<u>8,249</u>	<u>20,899</u>	<u>292,159</u>
<u>Interest Rate</u>							
Swaps		-	30,000	-	1,065	989	(59)
Long Position-Pre	Santander	-	30,000	-	1,065	989	(59)
Total		<u>283,727</u>	<u>337,580</u>	<u>485</u>	<u>9,314</u>	<u>21,888</u>	<u>292,100</u>

Sensitivity analysis - Exchange rate

We present below the sensitivity analysis table of financial instruments as at December 31, 2018, which includes derivatives that describe the risks that could cause material losses for the Company, with the most likely scenario (scenario I, considering a 6.60% variation in the price of the Brazilian real against the U.S. dollar, which corresponds to three standard deviations from the variation in the three months of the fourth quarter of the year), according to the evaluation made by management over a three-month horizon. We also present two other scenarios assuming 25% and 50% deterioration in the exchange rate of the Brazilian real against the U.S. dollar, respectively (scenarios II and III).

	Consolidated					
Risk	Scenario I		Scenario II		Scenario III	
<i>(in R\$ thousand)</i>			25% variation		50% variation	
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Appreciation</u>	<u>Depreciation</u>	<u>Appreciation</u>	<u>Depreciation</u>
U.S. dollar quote	3,622	4,134	2,908	4,847	1,939	5,817
Foreign currency						
Economic hedge	(18,523)	18,523	(70,175)	70,175	(140,350)	140,350
Forward contracts	(12,640)	12,640	(47,887)	47,887	(95,774)	95,774
Swap	(5,883)	5,883	(22,288)	22,288	(44,576)	44,576
Object of the economic hedge	18,638	(18,638)	70,609	(70,609)	141,219	(141,219)
Loans, financing and notes payable subject to short-term exchange rate variations	18,638	(18,638)	70,609	(70,609)	141,219	(141,219)
	<u>115</u>	<u>(115)</u>	<u>434</u>	<u>(434)</u>	<u>869</u>	<u>(869)</u>

Net effect

The sensitivity analysis presented above shows changes regarding U.S. Dollar, maintaining all other variables associated with other risks constant.

Interest Rate Risk

The interest rate risk of the Company arises from financial investments, instruments, debentures and short- and long-term loans and financing. Loans with variable rates expose the Company to interest rate risk. Meanwhile, loans at fixed rates expose the Company to the fair value risk associated with interest rates. The Company analyzes its exposure to interest rates dynamically and seeks to diversify the indexes applicable to its financial liabilities. Various scenarios are simulated considering refinancing, renewal of existing positions, financing and alternative hedges.

The exposure to interest rate risk of transactions linked to the variation in the CDI, long-term interest rate (TJLP) and reference rate (TR) is presented below:

	<u>Consolidated</u>
Loans, financing and swaps – CDI	97,150
Financing - TJLP	260,252
Financing - TR	142,169
Notes payable - CDI	18,070
Financial investments - CDI (Note 10)	<u>(1,632,296)</u>
Net Exposure	<u>(1,114,655)</u>

Sensitivity analysis - interest rate

Below are the amounts resulting from variations due to inflation adjustment and floating interest rates on our loans, financings, debentures and notes payable projected for the first quarter of 2018:

Variation Scenarios	Probable Scenario*	25% variation	50% variation
Loan – CDI	27	1,554	3,109
Financing - TJLP	122	4,541	9,083
Loan - TR	14	-	-
Notes payable - CDI	5	289	578
Financial investments	(460)	(26,117)	(52,233)
Total loss (gain)	(292)	(19,733)	(39,463)

***Assumptions of Probable Scenario**

CDI estimated at 6.43% p.a.

TR estimated at 0.01% p.a.

TJLP estimated at 7.03% p.a.

Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as from the exposure to credit of wholesale and retail clients, including outstanding accounts receivable and repurchase operations.

For banks and financial institutions, the Company has a policy of diversifying its financial investments across prime institution with top credit ratings.

The credit quality of financial assets (cash and cash equivalents) can be evaluated based on historical information on default levels:

	Consolidated	
	2018	2017
Checking account and financial investments(*)		
AAA	1,602,631	821,677
AA+	44,219	593,579
AA-	-	106,760
	<u>1,646,850</u>	<u>1,522,016</u>

The residual balance of “cash and cash equivalents” on the balance sheet substantially represents cash on hand.

(*) Source: The credit risk rating agencies Moody's, Standard & Poor's and Fitch, on the national scale, when available, otherwise on the global scale.

	Consolidated	
	2018	2017
Derivative financial assets		
AAA	6,743	9,666
AA+	-	39
A+	-	314
A-	549	-
BBB	-	113
	<u>7,292</u>	<u>10,132</u>

None of the fully performing financial assets was renegotiated in the last fiscal year and none of the loans with related parties is past-due or impaired.

Trade receivables - The credit analysis department assesses the credit quality of clients considering their financial position, payment history, publicly available information and

information obtained from credit analysis institutions (Serasa, CISP and Credinfar). Individual risk limits are determined based on regular internal monitoring.

A significant portion of the Company's sales is made to distributors, large retail chains and supermarkets with a comprehensive nationwide distribution, which mitigates the Company's consolidated credit risk. In addition, the credit analysis area uses the aforementioned controls to continually monitor and assess the Company's portfolio.

Liquidity Risks

The Company believes that the cash flows from operating activities, cash and cash equivalents and available credit facilities are sufficient to cover future financial commitments and dividends payments.

The following table analyzes the Company's financial liabilities by maturity class, based on the period they will remain on the balance sheet until the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for understanding the associated cash flows. The amounts in the table are the contracted non-discounted cash flows. These amounts do not match the amounts registered in the balance sheet, since they are estimates.

On December 31, 2018						
	Within 1	From 1 to 2	From 2 to		General	
	year	years	5 years	Over 5 years	total	
(in R\$ thousand)						
Loans and financing	103,440	98,441	369,395	113,995	685,271	
Notes payable	18,070	-	-	-	18,070	
Suppliers	198,119	-	-	-	198,119	
Suppliers' assignment of receivables	161,200	-	-	-	161,200	
Accounts payable	160,446	1,602	-	-	162,048	
Derivative financial instruments	-5,018	-	-4,792	-	-9,810	
Total	636,257	100,043	364,603	113,995	1,214,898	

One of our liquidity management practices is to periodically identify mechanisms and tools that enable us to raise funds to reverse positions that could adversely affect our liquidity.

To manage cash liquidity, we establish guidelines for disbursements and future receivables that are monitored daily by the Treasury department of the Company.

4.3 - NON-CONFIDENTIAL AND MATERIAL LAWSUITS AND ADMINISTRATIVE OR ARBITRATION PROCEEDINGS

On December 31, 2018, the Company and its subsidiaries were defendant to lawsuits and administrative proceedings of a civil, tax, labor and regulatory nature in the aggregate provisioned amount of R\$166,106,047.51, of which (i) R\$43,051,133.44 corresponded to tax contingencies; (ii) R\$12,079,378.40 to civil contingencies; (iii) R\$107,033,630.57 to labor contingencies; and (iv) R\$3,941,905.10, to administrative-regulatory contingencies.

In addition, the aforementioned amount encompasses actions involving acquired companies, against which the Company has contractual mechanisms for recovering amounts and for holding such acquired companies' salespeople liable for contingent liabilities and/or for contingent liabilities whose amounts were fully or partially provisioned by such companies in their financial statements. Accordingly, of the total provisioned amount, R\$87,675,526.54 refers exclusively to the Company and its subsidiaries, while R\$78,430,520.97 refers to the contingent liabilities of Mabesa and Mantecorp with possible and probable chances of loss ("Business Combination").

The Company opted not to accrue provisions for contingent liabilities related to acquired companies with probable chances of loss, from the period prior to the acquisition and which were not provisioned in such acquired companies' financial statements, given that, if such losses are confirmed, the Company could, as applicable, deduct such liabilities from the outstanding balance payable or seek compensation from the salespeople for losses related to the period prior to the acquisition, if the outstanding balance payable, which was pledged in guarantee, has been settled or is not sufficient to cover all contingent liabilities. Therefore, the contingent liabilities to which we are subject are guaranteed under the acquisition agreements.

The Company believes that any losses in individual lawsuits or administrative proceedings currently pending would not have a material adverse effect on our financial situation or operating results.

Tax Proceedings

On December 31, 2018, the Company and its subsidiaries were defendants in tax lawsuits and administrative proceedings in the total aggregate of R\$4,609,350,330.08, which also includes actions involving acquired companies, against which, in most cases, the Company has contractual mechanisms for the compensation and liability of the contingent liabilities by the salespeople of such companies and/or for which the amounts were provisioned for in part or full by said Companies in their financial statements. In accordance with the accounting standards, the Company accrued a total provision of R\$43,051,133.44. This amount is composed of R\$44,013.63 in probable losses, of which R\$43,007,119.81 refers to losses associated with the Business Combination.

Civil Lawsuits

On December 31, 2018, the Company and its subsidiaries were defendants in civil lawsuits in the aggregate amount of R\$527,936,470.00, which said amount including

actions involving the acquired companies, against which, in most cases, the Company has contractual mechanisms for recovering amounts and for holding such acquired companies' salespeople liable for contingent liabilities and/or contingent liabilities whose amounts were fully or partially provisioned for by such companies in their financial statements. In accordance with the accounting standards, for these contingent liabilities the Company accrued a total provision of R\$12,079,378.40, of which R\$1,779,038.10 refers to probable losses for which the Company is liable and R\$10,300,340.30 refers to expected losses from the Business Combination.

The Company opted not to accrue a provision for contingent liabilities related to lawsuits whose chances of loss are probable and for which the salespeople of the acquired company are liable, given that in such cases we have contractual mechanisms for recovering amounts and for holding the salespeople of said companies liable and/or whose amounts were fully or partially provisioned for by such companies in their financial statements.

The civil lawsuits generally involve the following matters: damages for use of products, staying of protests and nullity of instruments, collections, execution of instruments and actions involving intellectual property (use of brands and internet domains).

Labor Lawsuits

On December 31, 2018, the Company and its subsidiaries were defendants in labor lawsuits in the total amount of R\$1,004,302,586.86, which includes actions involving both the Company and its acquired companies, against which we have contractual mechanisms for recovering amounts and for holding such acquired companies' salespeople liable for contingent liabilities and/or contingent liabilities whose amounts were fully or partially provisioned for by such companies in their financial statements.

In accordance with the accounting standards, for these contingencies the Company accrued a total provision of R\$107,033,630.57, of which R\$82,381,378.28 refers to probable losses for which the Company is liable and R\$24,652,252.29 refers to the chances of loss in the Business Combination (we have R\$30,154,441.26 in court deposits, which is considered "net contingencies in court deposits," in the amount of R\$107,033,630.57).

The Company opted not to accrue a provision for contingent liabilities related to lawsuits whose chances of loss are probable and for which the salespeople of the acquired company are liable, given that in such cases we have contractual mechanisms for recovering amounts and for holding the salespeople of said companies liable and/or whose amounts were fully or partially provisioned for by such companies in their financial statements.

The labor lawsuits generally involve the following matters: payment of labor rights (severance, overtime, hazard pay and premium for unhealthy work, recognition of employment relationship, pay parity, compensation for disease and/or occupational accidents, etc.) and secondary liability.

Administrative Proceedings

On December 31, 2018, the Company and its subsidiaries were defendants in administrative proceedings before ANVISA, CMED, INMETRO, SAMEB and others, in the aggregate amount of R\$10,626,963.73, which includes actions involving the acquired companies.

The material lawsuits and administrative proceedings to which the Company is party are described below. The relevance criterion adopted by the Company considers the amount in controversy, the chances of loss and the object of the action.

Petition for Writ of Mandamus no. 0003282-11.2010.4.03.6100 (2010.61.00.003282-2)	
a. Court	5th Federal Court of Justice - São Paulo
b. Instance	Federal Regional Court - 3rd Region
c. Date of filing	02/17/2010
d. Parties	Plaintiff: Hypera Pharma Defendant: Federal Revenue Officer - Tax Administration of São Paulo
e. Amounts, assets or rights involved	R\$43,625,259.63
f. Summary of facts	Increase in the rate of contribution to Occupational Accident Insurance or Occupational Environmental Risks (SAT/RAT) under Decree 6,957/09 and definition of such contribution's rate by an establishment registered in the roll of corporate taxpayers (CNPJ). We make the payment monthly via deposit in court.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The amounts are deposited in court; therefore, in the case of loss, the Company's cash flow will not be affected.

Petition for Writ of Mandamus no. 0003489-10.2010.4.03.6100 (2010.61.00.003489-2)	
a. Court	19th Federal Court of Justice - São Paulo
b. Instance	Federal Regional Court - 3rd Region
c. Date of filing	02/18/2010
d. Parties	Plaintiff: Hypera Pharma Defendant: Federal Revenue Officer - Tax Administration of São Paulo
e. Amounts, assets or rights involved	R\$10,906,072.45
f. Summary of facts	Elimination of the application of the Accident Prevention Factor (FAP) to the rate of contribution to SAT/RAT, as envisaged in Law 6,957/09 and CNPS Resolutions 1,308 and 1,309, of 2009. We make the payment monthly via deposit in court.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The amounts are deposited in court; therefore, in the case of loss, the Company's cash flow will not be affected.

Petition for Writ of Mandamus no. 0003281-26.2010.4.03.6100 (2010.61.00.003281-0)	
a. Court	5th Federal Court of Justice - São Paulo
b. Instance	Federal Regional Court - 3rd Region
c. Date of filing	02/17/2010
d. Parties	Plaintiff: Cosmed Defendant: Federal Revenue Officer - Tax Administration of São Paulo
e. Amounts, assets or rights involved	R\$10,386,994.17
f. Summary of facts	Increase in the rate of contribution to Occupational Accident Insurance or Occupational Environmental Risks (SAT/RAT) under Decree 6,957/09 and definition of such contribution's rate by an establishment registered in the roll of corporate taxpayers (CNPJ). We make the payment monthly via deposit in court.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The amounts are deposited in court; therefore, in the case of loss, the Company's cash flow will not be affected.

Petition for Writ of Mandamus no. 0003388-70.2010.4.03.6100 (2010.61.00.003388-7)	
a. Court	13th Federal Court of Justice - São Paulo
b. Instance	Federal Regional Court - 3rd Region
c. Date of filing	02/18/2010
d. Parties	Plaintiff: Cosmed Defendant: Federal Revenue Officer - Tax Administration of São Paulo
e. Amounts, assets or rights involved	R\$15,624,330.32
f. Summary of facts	Elimination of the application of the Accident Prevention Factor (FAP) to the rate of contribution to SAT/RAT, as envisaged in Law 10.666/03, in Decree 6,957/09 and in CNPS Resolutions 1,308 and 1,309, of 2009. We make the payment monthly via deposit in court.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The amounts are deposited in court; therefore, in the case of loss, the Company's cash flow will not be affected.

Notice of infringement and imposition of fine (AIIM) no. 4.016.115-8	
a. Court	State Administrative Proceeding - São Paulo
b. Instance	Second
c. Date of filing	12/26/2012
d. Parties	Plaintiff: Finance Department (SEFAZ) of São Paulo State Defendant: Hypera S.A.
e. Amounts, assets or rights involved	R\$29,294,388.79
f. Summary of facts	Inventory difference identified in the Company's bonded warehouse without taking into consideration the inventory of the depositor.
g. Chances of loss	Possible, according to the external counsel of the Company. The changes of loss are remote according to the Company's internal lawyers.
h. Analysis of the impact in the case of loss	In case of loss, the Company will incur the impact of paying ICMS tax or of using ICMS tax credits.

Lawsuit no. 2008.34.00.000496-0	
a. Court	4th Federal Court of the Federal District – Federal Regional Court - 1st Region
b. Instance	Federal Regional Court of Brasília - Federal District
c. Date of filing	January 7, 2008
d. Parties	Plaintiff: Mantecorp Defendant: Brazilian Antitrust Agency (CADE)
e. Amounts, assets or rights involved	R\$13,860,074.22
f. Summary of facts	Fine imposed on Mantecorp and 20 other laboratories for the alleged formation of a cartel to adversely affect commerce in generic drugs. On January 8, 2008, a decision was rendered partially granting interlocutory relief, suspending the enforceability of the fine imposed by CADE because the amount of the fine was deposited in court. We filed a request for reconsideration on January 9, 2008, asking that the guarantee be replaced by a bank guarantee, which was granted later. CADE filed an answer on March 14, 2008. On December 12, 2011, the action was granted. On January 17, CADE filed appeal from final judgment. On April 17, 2015, the court published the appellate decision that upheld the annulment of the fine imposed by CADE. A Special Appeal filed by CADE is yet to be tried.
g. Chances of loss	Remote
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results.

Lawsuit no. 2009.34.00.021485-7	
a. Court	2nd Federal Court of the Federal District – Federal Regional Court - 1st Region
b. Instance	Federal Regional Court of Brasília - Federal District
c. Date of filing	June 26, 2009
d. Parties	Plaintiff: Mantecorp Defendant: Pharmaceutical Market Regulation Chamber (CMED)
e. Amounts, assets or rights involved	R\$8,487,120.15
f. Summary of facts	Fine imposed on Mantecorp for alleged distribution of the medicine Desalex at a price higher than permitted. On June 30, 2009, a court decision granted interlocutory relief, suspending the enforceability of the fine. The Federal Government filed an answer on March 14, 2008. On February 14, 2013, the court published the decision against the claims of Hypera Pharma. We filed an appeal from final judgment on July 8, 2013, which has not been tried yet.
g. Chances of loss	Probable
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results.

Lawsuit no. 0032336-15.2011.8.26.0053	
a. Court	São Paulo - State of São Paulo
b. Instance	5th Treasury Court
c. Date of filing	August 30, 2011
d. Parties	Plaintiff: São Paulo State Government Defendant: Mantecorp
e. Amounts, assets or rights involved	R\$188,697,683.00
f. Summary of facts	Request for pecuniary and pain and suffering damages caused by alleged irregularities in the distribution of medicines in 2008. The defense was filed on May 31, 2012. The case has not been tried yet.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results.

Lawsuit no. 000.7102-77.2011.403.6108	
a. Court	Bauru - State of São Paulo
b. Instance	2nd Federal Court
c. Date of filing	September 14, 2011
d. Parties	Plaintiff: Federal Prosecution Office Defendant: Hypera Pharma
e. Amounts, assets or rights involved	Invaluable
f. Summary of facts	The Federal Prosecution Office of the Judicial District of Bauru, State of São Paulo, filed a public interest civil action against the Company and several other laboratories to force them to sell medicines to the government in accordance with the rules of the Pharmaceutical Market Regulation Chamber (CMED). The Prosecution Office also requested that the laboratories be ordered to pay collective pain and suffering damages in an amount to be awarded by the Judge. The lawsuit was dismissed. The Prosecution Office filed appeal from final judgment, which has not been tried yet by the Court of Justice.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results.

Lawsuit no. 010/1.14.0023279-1	
a. Court	Caxias do Sul - State of Rio Grande do Sul
b. Instance	2nd Small Claims Treasury Court
c. Date of filing	The action was distributed on August 22, 2014
d. Parties	Plaintiff: Municipal Government of Caxias do Sul Defendant: Cosmed
e. Amounts, assets or rights involved	Invaluable
f. Summary of facts	Public interest civil action filed against the Company and many other laboratories to force them to sell medicines to the Municipal Government in accordance with the rules of the Pharmaceutical Market Regulation Chamber (CMED). The case is currently in the evidentiary stage.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results.

Lawsuit no. 2008.001.007150-1 (0007208-52.2008.8.19.0001)	
a. Court	5th Corporate Court of Rio de Janeiro - State of Rio de Janeiro
b. Instance	Second
c. Date of filing	January 11, 2008
d. Parties	Plaintiff: Johnson & Johnson (US) Defendant: Facilit Odontologica e Perfumaria Ltda. (absorbed by the Company on January 24, 2011).
e. Amounts, assets or rights involved	Not applicable
f. Summary of facts	<p>Johnson & Johnson (US) filed an ordinary action against Facilit claiming that the products Fio Dental Sanifill Premium, Fio Extrafino Sanifill Premium and Fita Dental Sanifill Premium violate the exclusive rights under patent 9805134-2, entitled "DENTAL FLOSS FEATURING IMPROVED RESISTANCE TO FRAYING AND UNRAVELLING." The action was granted, with the judge ordering that damages be set in the award. Facilit filed appeal against the trial court decision. The trial court decision was upheld, and a Special Appeal was filed in March 2016.</p> <p>On May 12, 2016, the Special Appeal was dismissed by the Court of Justice of the State of Rio de Janeiro, and an interlocutory appeal (982.266/RJ) in the Special Appeal was filed with the Superior Court of Justice.</p> <p>On October 16, 2017, such interlocutory appeal was denied by Justice Marco Buzzi and an internal appeal was filed and has not been tried yet by the 4th Court Panel.</p>
g. Chances of loss	Probable
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results. We understand that the former partners of Facilit are liable for any losses resulting from this action.

Lawsuit no. 0010230-07.2015.5.18.0081	
a. Court	1st Labor Court of Aparecida de Goiânia
b. Instance	First
c. Date of filing	February 23, 2015
d. Parties	Plaintiff: S.T.I.Q.F.M.P.A in the State of Goiás. Defendant: C.I.C.M.S.A.
e. Amounts, assets or rights involved	R\$1,241,956.00
f. Summary of facts	Cosmed, a wholly owned subsidiary of the Company, is a defendant in a labor class action filed by a trade union seeking payment of salary differences related to the night shift premium for workers at the plant in Senador Canedo, in the State of Goiás. The parties filed ordinary appeals, which have not been tried yet by the Regional Labor Court.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results.

Lawsuit no. 001376.2017.18.000/9	
a. Court	Labor Prosecution Office
b. Instance	First
c. Date of filing	August 28, 2017
d. Parties	Plaintiff: Regional Labor Attorney's Office - 18th Region (Goiânia) Defendant: Brainfarma
e. Amounts, assets or rights involved	Not applicable
f. Summary of facts	The Company is being investigated in connection with an investigation initiated by the Labor Attorney's Office of Goiânia into practices involving abusive search procedure, time clock placed far from the gate, vacation time not taken and excessive working shifts.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results.

Lawsuit no. 000310.2017.02.004/3	
a. Court	Labor Prosecution Office
b. Instance	First
c. Date of filing	August 16, 2017
d. Parties	Plaintiff: Regional Labor Attorney's Office - 2nd Region (São Paulo) Defendant: Hypera Pharma
e. Amounts, assets or rights involved	Not applicable
f. Summary of facts	The Company is being investigated for noncompliance with occupational safety and health standards.
g. Chances of loss	Possible.
h. Analysis of the impact in the case of loss	The Company believes a loss in this case would not have any material impact on the development of its activities and/or operating results.

For more information, see section 4.7 of this Reference Form.

4.3.1 - TOTAL AMOUNT PROVISIONED IN THE PROCEEDINGS DESCRIBED IN ITEM 4.3.

On December 31, 2018, the total amount provisioned in the proceedings described in item 4.3 is R\$166,106,047.51.

4.4 - NON-CONFIDENTIAL LAWSUITS AND ADMINISTRATIVE OR ARBITRATION PROCEEDINGS TO WHICH THE OPPOSING PARTIES ARE MANAGERS, FORMER MANAGERS, CONTROLLING SHAREHOLDERS, FORMER CONTROLLING SHAREHOLDERS OR INVESTORS

There are no non-confidential court, administrative or arbitration proceedings to which the Company or its subsidiaries are parties or whose opposing parties are managers or former managers, controlling shareholders or former controlling shareholders or investors of the Company or its subsidiaries.

4.4.1 - TOTAL AMOUNT PROVISIONED FOR THE LAWSUITS AND PROCEEDINGS DESCRIBED IN ITEM 4.4

Not applicable, since there are no lawsuits or proceedings described in item 4.4.

4.5 - MATERIAL CONFIDENTIAL LAWSUITS OR PROCEEDINGS

On the date hereof, there are no material confidential lawsuits or proceedings to which the Company or its subsidiaries are parties.

4.6 - REPETITIVE OR CONNECTED LAWSUITS OR ADMINISTRATIVE OR ARBITRATION PROCEEDINGS THAT ARE NON-CONFIDENTIAL AND JOINTLY RELEVANT

Labor Lawsuits

The Company is a party to 1,369 labor lawsuits. These actions were filed by former employees, third parties and trade unions, and most of their claims are based on similar legal facts and causes which, jointly, are deemed material.

Of these cases, 256 labor lawsuits have repetitive or connected objects, and they are based on similar legal facts and causes, are not under secrecy and, when considered jointly, are deemed material. These lawsuits were filed by former employees who worked in the Company's commercial department. Their common object is the payment of overtime and effects, salary differences from premiums and other amounts, and most of them are concentrated in the South region of Brazil.

On March 31, 2019, the amount in controversy in these lawsuits amounted to R\$602,341,596.50. The Company understands that losses in these lawsuits would not have a material impact on the development of its activities and/or operating results.

4.6.1 - TOTAL AMOUNT PROVISIONED FOR THE LAWSUITS OR PROCEEDINGS DESCRIBED IN ITEM 4.6

The total amount provisioned for the lawsuits or proceedings described in item 4.6 is R\$65,770,823.76.

4.7 - OTHER RELEVANT CONTINGENCIES

In August 2003, the Company entered into a consent decree with the Regional Labor Attorney's Office of Goiânia for compliance with the legal quota for persons with disabilities and rehabilitated beneficiaries of the National Institute of Social Security (INSS).

Schering Plough S.A., succeeded by Mantecorp Indústria Química e Farmacêutica S.A., which in turn was acquired and absorbed by the Company, entered into, in April 2005, a consent decree with the Regional Labor Attorney's Office of Rio de Janeiro, undertaking to refrain from treating employees who are trade union leaders in an inadequate and/or discriminatory manner compared to other employees.

In August 2007, the Company entered into a consent decree with the Regional Labor Attorney's Office of Goiânia undertaking to register in its employees' employment record book the full compensation paid to them by the Company.

In January 2013, Brainfarma, a Company subsidiary, entered into a consent decree with the Regional Labor Attorney's Office of Anápolis undertaking to comply with the limits related to working hours at the Anápolis plant. In April 2013, Brainfarma reached a settlement in an action for enforcement of consent decree, which sought compliance with the legal quota for persons with disabilities and/or rehabilitated beneficiaries of the National Institute of Social Security (INSS).

In December 2013, the Company entered into a consent decree with the Regional Labor Attorney's Office of São José do Rio Preto undertaking not to dismiss trade union leaders who hold employee tenure and not to initiate legal proceedings for investigation into gross fault against trade union leaders and representatives in the absence of factual and legal grounds.

In May 2015, Cosmed, wholly-owned subsidiary of the Company, entered into a consent decree with the Regional Labor Attorney's Office of Goiânia undertaking to comply with the legal limits on working hours of Cosmed employees and with occupational safety and health standards including, but not limited to, Regulatory Standard 12, of the Ministry of Labor and Employment.

In June 2016, Brainfarma, wholly-owned subsidiary of the Company, entered into a consent decree with the Labor Attorney's Office of Goiânia undertaking to comply with the legal limits on working hours of Brainfarma employees.

In August 2018, Brainfarma, wholly-owned subsidiary of the Company, entered into a consent decree with the Labor Attorney's Office of Anápolis undertaking to comply with occupational safety and health standards including, but not limited to, Regulatory Standard 12, of the Ministry of Labor and Employment.

4.8 - RULES OF THE COUNTRY OF ORIGIN AND OF THE COUNTRY WHERE SECURITIES ARE KEPT IN CUSTODY

(a) restrictions imposed on the exercise of political and economic rights

Not applicable to the Company, since there are no restrictions imposed on the exercise of political and economic rights.

(b) restrictions on circulation and transfer of securities

Not applicable to the Company, since there are no restrictions on the circulation and transfer of securities.

(c) events of cancellation of registration, as well as rights of holders of securities in this situation

Not applicable to the Company, since there are no events of cancellation of registration and, consequently, of rights of holders of securities in this situation.

(d) events in which the holders of securities will have preemptive right to subscribe for shares, securities backed by shares or securities convertible into shares, as well as the respective conditions for exercise of such right, or events in which such right is not guaranteed

Not applicable to the Company, since there are no

(e) other issues in the interest of investors

Not applicable to the Company, since there are no other issues in this regard.

ITEM 5 - RISK MANAGEMENT AND INTERNAL CONTROL POLICY

5.1 – DESCRIPTION OF THE POLICY FOR MANAGING RISK FACTORS ADOPTED BY THE ISSUER

(a) If the issuer has a formalized risk management policy, and, if so, describe the body that approved it and the approval date, and, if not, describe the reasons for not adopting a policy

The Company does not yet have a formalized risk management policy, however, by the Company's Annual Shareholders Meeting for 2021, such policy will be duly established to comply with the criteria of the Novo Mercado Regulations, especially its Article 32, item II.

(b) the objectives and strategies of the risk management policy, if any, including:

Although the Company does not yet have a formalized risk management policy, it has four areas that work on an integrated basis and synergically to implement improvements in the governance and controls of the main risks it identifies, as described in item 5.1(b)iii below.

i. the risks from which the Company must protect itself

The risk factors described in item 4.1 herein list and detail the main subjects on which the Company focuses its protection efforts.

ii. the protection instruments used

In line with the industry's best practices for managing corporate risks, especially the practices established by the Institute of Internal Auditors in its "Lines of Defense" model, the Company understands that risk management is part of the day-to-day routine of every employee, given that they are responsible for controlling the risks inherent to the processes they manage (1st line of defense).

Moreover, as described in the following item, there are three areas in the Company (2nd and 3rd lines of defense) whose essential role is to assist in identifying and assessing corporate risks, as well as guiding the creation and implementation of adequate internal controls and monitoring and assessing their efficiency and effectiveness.

iii. the organizational structure for risk management

The Company has the following areas that work on an integrated basis and synergically to implement improvements in the governance and controls of the main risks it identifies: Internal Audit (since late 2009), Internal Controls (since 2011) and Governance, Risks and Compliance (since June 2013 and previously simply called Compliance). In July 2016, the Statutory Audit Committee ("CAE") was created, an advisory body linked to

the Board of Directors whose objectives are to supervise the quality and integrity of the financial reports, the compliance with laws and regulations and with the bylaws, the adequacy of processes related to the Governance, Risks and Compliance areas, which are presented below, and the activities of the internal and independent auditors.

In April 2017, the Company consolidated the work of the Legal and Compliance Department, which were responsible, in December 2016, for launching the Company's "Anti-Corruption Policy," which was disseminated across the organization and its partners throughout the year. Said document has clear rules regulating the relations of all employees and partners of the Company (such as clients, suppliers and third parties) with government agents.

Moreover, to prevent fraud, the Governance, Risks and Compliance area, which is linked to the Legal and Compliance Department, began, as from 2017, to conduct due diligence of service providers that have or seek to establish a relationship with the Company.

The aforementioned areas have defined roles and responsibilities and work synergically to adequately mitigate the Company's main risks. The responsibilities of each are described as follows:

- i. Governance, Risks and Compliance* is responsible for strengthening the ethical and compliance environment with internal rules and regulations, which includes managing the Code of Ethical Conduct and the Anti-Corruption Policy, prevention and investigation tools, as well as handling cases and ethical management, managing the Company's main risks, including defining the risk matrix (identification, categorization and prioritization), definition, implementation support and monitoring of mitigating actions and risk reviews;
- ii. Internal Controls* is responsible for systemic controls and for implementing process controls, with a focus on reducing risks and separating functions, including the control of the strategies involving approvals, accesses and systemic lockdowns; and
- iii. Internal Audit* is responsible for risk prevention and detection and for evaluating the compliance of processes, including internal audit cycles, follow-up of action plans and conducting special projects.

The joint action of these areas gives the Company an integrated view of risks and of the activities to enhance governance and controls, avoid redundancies, competing activities and additional costs.

(c) the adequacy of the operational and internal control structure for verifying the effectiveness of the policy adopted

In addition to the joint efforts of the areas described above, the Company has an Ethics Committee, which is formed by the Company's Executive Officers as well as by those

responsible for the Risk Management, Audit and Internal Control areas, who meet on demand to evaluate important cases of violations of the Code of Ethical Conduct (“Code”). The Ethics Committee is responsible for: (i) analyzing situations not provided for in the Code of Ethical Conduct and defining how to proceed; (ii) clarifying doubts and providing guidance on how to act when faced with possible ethical dilemmas; (iii) analyzing situations involving violations of the Code of Ethical Conduct to recommend remedial actions; (iv) managing the communication channels of the ethical management structure; (v) leading assessments and investigations of the occurrences and reports received; (vi) annually reviewing the Code of Ethical Conduct and updating it as necessary.

Moreover, the Company maintains the Hyperescuta as a support tool for the Ethics Committee, which is a channel open to all that was made available to receive reports of situations involving violations or breaches of the Company’s Code of Ethical Conduct and its policies. This channel supports the Ethics Committee in its investigation of violations of the Code of Ethical Conduct and in taking the appropriate disciplinary measures in each case, in accordance with law and the severity of the violation.

Lastly, the objective of the CAE is to supervise the quality and integrity of the financial reports, the compliance with laws and regulations and with the bylaws, the adequacy of processes related to the Governance, Risks and Compliance areas, which are presented below, and the activities of the internal and independent auditors.

The CAE was established by the Company’s Board of Directors in a meeting held on July 22, 2016, is a standing body and is formed by at least three (3) and at most five (5) members, the majority of whom are independent members, all nominated by the Board of Directors for a unified term of office of two (2) years, always coinciding with the term of Board of Directors, and may be reelected to successive terms.

As a result of the Company’s commitment to combating corruption, the anti-corruption policy (“Anti-Corruption Policy”) was created on December 21, 2016, which establishes the rules governing relations with government workers. This policy establishes the procedures to be followed by the Company’s employees and partners (clients, suppliers, third parties, etc.) in their contacts with government agents. All employees of the Company and its third parties are subject to the Anti-Corruption Policy, who must immediately report to the Company any potential violation of such policy or of any other Company policy. The main goal of the Anti-Corruption Policy is to clarify the conduct expected by the Company and to establish that all who act on its behalf play a significant role in the ethical commitment and must: (i) rigorously comply with the established rules, leading by example; (ii) ensure that their teams are familiar with the legislation related to and the terms of the policy; (iii) ensure the objective and impartial application of the policy; (iv) exercise adequate supervision to detect any violations by any of their subordinates and superiors; and (v) take the appropriate actions when the terms of the Anti-Corruption Policy are not fulfilled.

Moreover, seeking to strengthen its Compliance and Corporate Governance bodies, in April 2017, the Company created the Legal and Compliance Executive Department. The responsibilities of the Legal and Compliance Executive Department include, but are not limited to, the following: (i) coordinating the Company's legal department, defining the legal strategies; (ii) advising the Company's management in making decisions that involve legal risks and implementing such decisions in compliance with the legal requirements in force; (iii) engaging and supervising the legal services rendered by external professionals; (iv) leading the Compliance area and supervising the corporate policies and other initiatives linked to Compliance topics; (v) reporting to the Chief Executive Officer (CEO) or to the Board of Directors any situation that exposes the Company to risk.

As such, the activities of the areas and committees, combined with the work tools and scope cited, should create the prospects for a reduction in the risks of fraud and in the risks related to the operating efficiency of processes.

5.2 – DESCRIPTION OF THE POLICY FOR MARKET RISK MANAGEMENT

(a) if the issuer has a formalized market risks management policy, and, if so, describe the body that approved it and the approval date, and, if not, describe the reasons for not adopting a policy

The Company does not have a formalized policy, but adopts practices for managing the market risks to which it is exposed.

The normal course of business of the Company and its subsidiaries results in interest rate, credit and foreign exchange risks. Our market risk management seeks to mitigate those risks without adversely affect our efficiency.

According to the adopted practices, the nature and general position of the financial risks are regularly monitored and managed to assess the financial impact on our results and cash flow. The credit limits and counterparty hedge quality also are periodically reviewed.

According to the risk management practices, the Company manages certain risks by using derivative instruments, with any speculative trading and short selling prohibited.

(b) the goals and strategies of the market risk management policy

(i) the market risks from which it seeks protection

Interest Rate Risk

The Company seeks to manage its assets and liabilities to reduce any potential negative impacts on net financial expenses that could be caused by fluctuations in interest rates. The Company's liabilities are composed of liabilities pegged to the Interbank Overnight

Rate (CDI), Reference Rate (TR) or Long-Term Interest Rate (TJLP).

Exchange Rate Risk

The Company manages its foreign exchange exposure by adopting measures to minimize any mismatches between assets and liabilities, particularly through the use of derivatives.

On December 31, 2018, the Company's total foreign exchange exposure was hedged to mitigate exchange rate risk. This position considers the net exposure of loans, suppliers and accounts receivable in foreign currency and derivative instruments.

(ii) the hedging strategy

The Company uses local derivative instruments to manage risks related to variations in exchange and interest rates. According to the accounting practices adopted in Brazil, derivative contracts are recorded in the balance sheet based on their fair market value recognized in the results, except for cases in which specific hedge criteria are included. Market value estimates are made on a specific date, usually based on market quotes (mark-to-market). Said operations are carried out to hedge against fluctuations in short-term liabilities denominated in foreign currency related to Borrowings and Financing and Securities Payable. They are not used for speculative goals and are characterized as being financial instruments highly correlated to the liabilities to which they are pegged.

(iii) the hedge instruments

Currently, the only financial instruments used by the Company are non-deliverable forwards and swaps. However, the Company continually evaluates the use of new instruments that could have greater capacity to mitigate risks.

(iv) parameters used to manage these risks

Such risks are managed through the definition of conservative strategies to protect assets. The management practices consist of actively monitoring the mismatch of rates, currencies and terms with assets and liabilities. The parameter used to manage these risks is the maturities of the Company's obligations that require cash disbursements. Obligations with the characteristics cited, that have maturities of less than one year, are eligible for entering into derivative instruments with a hedge function, swaps for variable interest rate exposures and non-deliverable forwards for fixed exposures.

The Company uses sensitivity analysis to manage the market risks of its positions. This methodology consists of constructing extreme scenarios of the market risk variables to which the Company may be exposed to determine the potential impact on its results under such market conditions. These scenarios are prepared based on historical variations and also projected economic and financial scenarios.

(v) the operations involving financial instruments with various hedge objectives and such objectives

We do not have financial instruments with various hedge objectives.

(vi) the organizational structure for controlling market risk management

The Financial Executive Department is responsible for periodically examining and reviewing the information related to risk management, including the significant policies, procedures and practices applied to the process. The Statutory Audit Committee also supervises and manages risks in general.

If cases of deviation are detected, reviews of the Company's strategies are submitted for approval to the executive board for subsequent implementation. For clarification purposes, the Company has structures and areas that are responsible for internal control processes (as described in item 5.1 herein), but said areas are not responsible for market risk management controls (mainly related to financial instruments).

(c) the adequacy of the operational and internal control structure for verifying the effectiveness of the policy adopted

Although it does not have a formalized policy for market risk management, the Company believes its structure is adequate and has sufficient internal controls to identify and mitigate these risks.

Through the multidisciplinary organizational structure, the Executive Board monitors and evaluates the adequacy of the Company's operations with the adopted policies. The Company's exposures to market risks are presented monthly by the treasury to the Executive Board, as well as its derivative positions, mark-to-market adjustments and sensitivity analyses. Compliance with the policy is assessed and actions to be taken are discussed during each presentation.

5.3. - CONTROLS ADOPTED BY THE COMPANY TO ENSURE THE PREPARATION OF RELIABLE FINANCIAL STATEMENTS

(a) main internal control practices and the level of efficiency of these controls, indicating any imperfections and the measures adopted to correct them

The Company operates in the Novo Mercado segment of B3 S.A. – Brasil, Bolsa, Balcão, a special listing category with the highest level of corporate governance, since its creation, which imposes a series of rules regarding the publication of its Financial Statements.

Furthermore, the Company has an internal audit area that conducts its work independently and is responsible for systemic controls and for implementing process controls, with a focus on reducing risks and separating functions, including control over the strategies for approval, accesses and systemic lockdowns. The results of internal audit work and actions plans are periodically reported to the Company's Board of Directors.

Currently, the Company's financial statements are audited by PricewaterhouseCoopers Auditores Independentes, which annually prepares a letter of recommendations regarding the Company's internal controls.

(b) organizational structures involved

The Company mainly has the following areas involved in the financial statements preparation process and in applying and monitoring controls to ensure the integrity of the accounting and financial information: Financial Department and accounting, tax and Internal Audit areas, as well as the Statutory Audit Committee and the Board of Directors.

In addition to the structure already described in item 5.1 herein, below are the other structures that jointly work to identify and mitigate risks related to preparing the Company's Financial Statements:

Board of Directors

Among the duties related to internal controls, the Company's Board of Directors is responsible for: establishing the general orientation of the Company's business, approving the Company's annual planning, establishing goals, targets and business plan for each operating area of the Company, supervising the management of the Officers, examining at any time the Company's books and documents, requesting information on contracts executed or to be executed and any other acts, supervising the management of the Executive Board and Officers management, selecting and removing the independent auditors.

Statutory Audit Committee

The Statutory Audit Committee is a collective advisory and guidance body directly linked to the Company's Board of Directors, and has the following duties, among other functions that may be attributed to it by the Board of Directors or by the applicable regulations:

- (a) protecting the Company's interests, within the scope of their duties;
- (b) proposing to the Company's Board of Directors the indication of independent auditors and giving an opinion on their engagement or removal, as well as giving an opinion on the engagement of the independent audit for any other service, whether related or not to the audit;
- (c) supervising the activities of the independent auditors to evaluate their independence, the quality of the services rendered and the adequacy of the services rendered to the Company;
- (d) evaluating, together with the independent auditors:

- (i) the critical accounting policies and practices adopted by the Company in its preparation and disclosure of the financial statements;
 - (ii) alternative treatments selected for the adoption of accounting principles and practices or for their application method, in accordance with the accounting practices adopted in Brazil, which have been discussed with the Company's management, and the effects arising from such treatments;
 - (iii) the adequacy of the accounting estimates and reserves and of the significant judgments used by the Company's management for preparing the financial statements;
 - (iv) the adequacy of the risk assessment methods used by the Company's management and the findings of the assessments made; and
 - (v) the difficulties encountered during the audit process, including any limitations on performing the work proposed, restrictions on access to information and disagreement with the Company's management regarding the preparation and disclosure of the financial statements and corresponding reports;
- (e) supervising and analyzing the efficiency, quality and integrity of the internal control mechanisms, with the purpose of monitoring compliance with the following provisions, among others: (a) the presentation of the financial statements, including the quarterly financial information and other interim statements; and (b) the information and measurements disclosed based on adjusted accounting data and non-accounting data, which include elements not provided for in the usual reports of the financial statements;
- (f) evaluating and monitoring, jointly with the management and the internal audit, the adequacy of the related-party transactions carried out by the Company and their respective evidence;
- (g) evaluating and monitoring the Company's risk exposures, for which it may request detailed information on policies and procedures related to: (a) management's compensation, (b) the use of the Company's assets, and (c) the expenses incurred by the Company;
- (h) verifying compliance with its recommendations and/or clarifications of its statements, including with regard to the planning of audit works;
- (i) preparing the summarized annual report, to be presented together with the financial statements, including the following information: (a) the activities performed in the period, the results and the conclusions, (b) the description of the recommendations presented to the Company's management, and (c) any situations in which there is significant divergence between the Company's management, the independent auditors and the Audit Committee with regard to the Company's financial statements;

(j) giving an opinion on the matters submitted to it by the Board of Directors, as well as on any matters it deems relevant; and

(k) ensuring that the Company maintains practical mechanisms for receiving, retaining and treating internal and external information and whistleblowing reports made to the Company, including such reports on issues involving accounting, internal controls, compliance and audits, in compliance with Article 28 of the Internal Regulations of the Audit Committee.

(c) if and how the efficiency of the internal controls is supervised by the issuer's management, indicating the positions of the persons in charge for such monitoring

The Company's internal controls regarding the preparation and disclosure of the financial statements are supervised by the Management, with the support of the Executive Officers and employees who contribute to their preparation.

As explained in item 5.1(c) herein, the Company's Ethics Committee is responsible for evaluating subjects and issues related to Governance, Risks and Compliance, etc.

Meanwhile, the objective of the Statutory Audit Committee is to supervise the quality and integrity of the financial reports, the compliance with laws and regulations and with the bylaws, the adequacy of processes related to the Governance, Risks and Compliance areas, which are presented below, and the activities of the internal and independent auditors. The members of the Audit Committee must adopt an impartial and ethical posture in the performance of their activities and, above all, with regard to the estimates presented in the Company's financial statements and to its management.

(d) deficiencies and recommendations on the internal controls included in the detailed report that are prepared and submitted by the independent auditor, in accordance with the regulations of the Securities and Exchange Commission of Brazil (CVM) involving the registration and exercise of independent audit activities

The main deficiencies and recommendations on the internal controls by the independent auditor arising from its analysis of the financial statements for fiscal year 2018 are described in the table in item (e) below and seek to improve the Company's accounting practices.

(e) comments by the executive officers on the deficiencies identified in the detailed report prepared by the independent auditor and on the corrective measures adopted

PwC, the Company's independent auditors, based on its analysis of the financial statements for the fiscal year ended December 31, 2018, submitted recommendations with regard to possible deficiencies in the internal controls. The following table shows the main deficiencies indicated by and the recommendations of the external audit, as assessed

by management, as well as: (a) the measures adopted by the Company with regard to these recommendations; and (b) management’s understanding of such recommendations.

Deficiencies Indicated	Recommendation of the External Audit	Management’s Comments
Assessment of the amount of contingent tax credits	We recommend that, as it does for liability contingencies, the company assess the amounts of all its asset contingencies, maintaining the values updated at least every quarter.	There is no control risk given that the amounts are not booked and therefore do not impact the Company’s financial statements.
Deferred Income Tax (IRPJ) and Social Contribution Tax (CSLL) – deferred tax base divergences – accessory obligations	Reconcile the controls of the tax base spreadsheet for deferred IRPJ and CSLL with the Part B balances of the Taxable Income Journal (LALUR) informed in the Tax Records (ECF).	The Company will make the adjustment in 2019.
Active IT users with improper access	Update the respective SAP System access profiles based on the duties specific to the function.	The Company rectified the improper accesses. The controls will be defined in order to review the access rights of IT employees, and assessments will be conducted of profiles that could contain authorizations inconsistent with the functions performed.
Adjustment to Present Value of clients and suppliers	Reassess the procedure in 2019 to record the Adjustment to Present Value.	The Company has calculated the numbers and found that they are insignificant. At any rate, it is in the process of reevaluating the procedures.
Lack of review control for manual entries in the SAP system	Establish periodic formal controls for reviewing and approving manual entries, considering aspects involving segregation of functions. Establish approval powers for this control.	The Company implemented the compensatory control in 2018. Automation is in the design phase with the IT area for further development of the control and approval systems for manual entries.
Lack of a formal policy for application of the Company’s cost methodology	Formalize a policy and corresponding detailed procedures that define the cost methodology used by the Company and the processes to be adopted.	The Company will review the internal cost procedure and make the necessary corrections.
Whistleblowing channel - Forwarding	We recommend the scaling matrix in the “Setup Kit” be aligned with that of Hypera’s Policy for analyzing and handling Compliance incidents.	The adequacy of the incident analysis and handling policy will be reviewed to address this point.

5.4 – INTERNAL INTEGRITY MECHANISMS AND PROCEDURES ADOPTED BY THE COMPANY FOR PREVENTING, DETECTING AND REMEDIATING MISCONDUCT, FRAUD, IRREGULARITIES AND OBSTRUCTION OF JUSTICE, DOMESTIC OR FOREIGN, INFORM:

(a) policy for preventing, detecting and remediating fraud and obstruction of justice

(i) integrity mechanisms and procedures adopted and their adequacy with regard to the profile and risks identified by the Company, informing how often risks are reevaluated and policies, procedures and practices are adapted.

On December 21, 2016, the Company’s anti-corruption policy (“Anti-Corruption Policy”) was drafted, which is reevaluated periodically and establishes clear rules on relations with any government agents. This policy establishes the procedures to be followed by the Company’s employees and partners (clients, suppliers, third parties, etc.)

in their contacts with government agents. All employees of the Company and its third parties are subject to the Anti-Corruption Policy, who must immediately report to the Company any potential violation of such policy or of any other Company policy. The main goal of the Anti-Corruption Policy is to clarify the conduct expected by the Company and to establish that all who act on its behalf play a significant role in the ethical commitment and must: (i) rigorously comply with the established rules, leading by example; (ii) ensure that their teams are familiar with the legislation related to and the terms of the policy; (iii) ensure the objective and impartial application of the policy; (iv) exercise adequate supervision to detect any violations by any of their subordinates and superiors; and (v) take the appropriate actions when the terms of the Anti-Corruption Policy are not fulfilled.

The Company also adopts the Code of Ethical Conduct, as described in item 5.4(a)(iii) and subsequent herein.

(ii) organizational structures involved in monitoring the performance and efficiency of internal integrity mechanisms and procedures, indicating their duties, if their creation was formally approved, the Company's bodies to which they report, and the mechanisms for ensuring the independence of their principals, if any

The Company's Ethics Committee, established by the Board of Directors in a meeting held on March 9, 2012, evaluates important cases of non-compliance with the Company's Code of Ethical Conduct. The Ethics Committee is responsible for: (i) analyzing situations not provided for in the Code of Ethical Conduct and defining how to proceed; (ii) clarifying any questions and providing guidance on how to act when faced with possible ethical dilemmas; (iii) analyzing situations involving violations of the Code of Ethical Conduct to recommend remedial actions; (iv) managing the communication channels of the ethical management structure; (v) leading assessments and investigations of the occurrences and reports received; (vi) annually reviewing the code and updating it as necessary.

Furthermore, the Company maintains Hyperescuta as a support tool for the Ethics Committee, which is a channel open to everyone (including third parties) that was made available to receive reports of situations involving violations of the Company's Code of Ethical Conduct and its policies. This channel supports the Ethics Committee in its investigation of violations of the Code of Ethical Conduct and in taking the appropriate disciplinary measures in each case, in accordance with law and the severity of the violation.

Seeking to strengthen its compliance and corporate governance structures, since 2017, the Company has a department responsible for the Legal and Compliance areas, which reports both to the Chief Executive Officer and to the Board of Directors. The responsibilities of the Legal and Compliance Executive Department include, but are not limited to, the following: (i) coordinating the Company's legal department, defining the legal strategies; (ii) advising the Company's management in making decisions that involve legal risks and implementing such decisions in compliance with the legal

requirements in force; (iii) engaging and supervising the legal services rendered by external professionals; and (iv) leading the Compliance area and supervising the corporate policies and other initiatives linked to Compliance topics.

Lastly, the Company's Independent Special Committee was created on April 26, 2018, by decision of the Company's Board of Directors, after the Brazilian Federal Police executed a search and seizure warrant at the Company in connection with an Action for Provisional Remedy that is under seal, related to the collaboration agreement signed by the then corporate affairs officer of the Company, as per the Material Fact notice and Notice to the Market dated June 28, 2016 and July 1, 2016, respectively. This committee was created to coordinate an internal investigation related to the facts investigated by the Action for Provisional Remedy mentioned above. The members of the Independent Committee were elected on May 23, 2018, and its work, which is ongoing, will be presented upon the conclusion of its activities to the Board of Directors so that it can consider and vote on any measures necessary.

(iii) Code of Ethical Conduct of the Company

• Code of Ethical Conduct Application

The Company's Code of Ethical Conduct is applicable to all employees of the Company and its subsidiaries (including managers and employees), third parties (clients, suppliers and partners), as well as shareholders, investors, government agents and other third parties that interact with the Company, regardless of hierarchical level.

• Training programs related to the Code of Ethical Conduct

All new Company employees undergo the Corporate Integration process organized by the Organizational Development team from the Human Resources department where, among other corporate content, lectures are given on the content of the Code of Ethical Conduct and the Anti-Corruption Policy and the Confidential Channel (hotline) is promoted by a representative from the Risk Management and Compliance team. In addition, training programs were administered in 2017 after the review of the Code of Ethical Conduct for that year, in which all Officers, Directors and Audit Board members participated. In addition, as from February 2019, all employees, both new and existing, were required to complete an e-learning training program that covered the Code of Ethical Conduct and reinforced the Confidential Channel.

Although there are no annual training programs related to the Code of Ethical Conduct, the document is available on the Company's website and every week an internal notice is sent to all Company employees, including our Management, on the topics addressed therein.

• Applicable sanctions in cases of violations of the Code of Ethical Conduct

Breaches of the Code of Ethical Conduct are analyzed by the Governance, Risks and Compliance area and, when necessary, will be submitted to the Ethics and Audit Committees. The appropriate disciplinary and contractual measures will be recommended for each case, in accordance with the governing law and the severity of the violation.

All employees and third parties have a duty to immediately report any violation of the Company's Code of Ethical Conduct and other policies, with any omission of possible violations also considered a breach of the Code of Ethical Conduct and, therefore, subject to the applicable internal disciplinary measures, including termination and the applicable legal sanctions, as applicable.

There will be no punishment for employees and third parties who report violations or suspected breaches of the guidelines established by the Company in the Code of Ethical Conduct or its internal policies, rules and procedures.

- **Body that approved the code, its approval date and, if the issuer publishes the Code of Conduct, the Internet addresses where the document can be consulted**

The Ethics Committee approved on September 15, 2011, the Company's Code of Ethical Conduct, which was last revised on April 26, 2018. The Company's Code of Ethical Conduct is duly formalized and available on its website (<https://www.hypera.com.br/ir>) and CVM website.

(b) Company's whistleblowing channels

The Company maintains Hyperescuta as a support tool of the Committee. It is a confidential and anonymous internal channel open to all stakeholders (including third parties) that is available to receive reports on situations of violations or breaches of the Company's Code of Ethical Conduct and its policies. The channel supports the Ethics Committee in its investigation of violations of the Code of Ethical Conduct and in taking the appropriate disciplinary measures in each case, in accordance with law and the severity of the violation.

In the fiscal year ended December 31, 2018, it had received 332 internal and external claims regarding the Company's Code of Ethical Conduct, all of which were investigated. To exemplify the improvements arising from such complaints, we cite: sanctions on employees (warnings, terminations and guidance), and sharing of information and recommendations for implementing operational controls to improve management and reduce risks in processes.

(c) merger, acquisition and corporate restructuring procedures to identify vulnerabilities and the risk of irregular practices at the legal entities involved

The Company only operates in joint ventures, consortiums, mergers and acquisitions after conducting a prior analysis that validates the ethical and legal compliance of the company

to be acquired or merged or the companies involved in the consortium or joint venture. Accordingly, no acquisitions or participations are executed and no consortiums or joint ventures are formed with companies whose legal compliance is not in accordance, based on reasonable analyses and assessments carried out by expert advisors, with the laws applicable to the business or that is inconsistent with the anti-corruption laws in Brazil and/or the country of the company under negotiation.

The Company adopts corporate governance practices and those recommended and/or required by laws, including those provided for in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão. A decision on the approval of all proposals for the Company's corporate transactions is submitted to the Board of Directors, pursuant to the responsibility described in the Company's Bylaws in effect, which includes mergers (including stock mergers), spin-offs, conversion or any other kind of corporate restructuring of the Company. The Company's Audit Board gives an opinion on the proposals submitted by the Board of Directors. Subsequently, the decision is taken to the Company's Shareholders Meeting, which has the power to approve capital transactions based on the proposals submitted by the Board of Directors.

Accordingly, all corporate transactions of the Company, especially those carried out with related parties, were duly submitted to the Company's decision-making bodies to which they were subject, in accordance with the rules in force.

Furthermore, in accordance with Brazilian Corporation Law, any shareholder or Director of the Company is prohibited from voting in any Shareholders Meeting or Board of Directors' meeting, and/or from engaging in any corporate transactions or deals in which have interests that conflict with those of the Company. Corporate transactions and related deals follow industry standards and are supported by the required prior assessments of their conditions and of the Company's strict interest in their realization.

Furthermore, in the case of consolidation, merger or stock merger transactions with related parties, the guidelines of CVM Opinion 35 must be followed in conjunction with CVM Instruction 565, of June 15, 2015, as amended, as well as the unrevoked section of CVM Instruction 319, of December 3, 1999, as amended.

(d) if the issuer does not have rules, policies, procedures or practices for preventing, detecting and remediating fraud and obstruction of justice, identify the reasons why the issuer has not adopted such controls.

Not applicable, since the Company has the Code of Ethical Conduct and Anti-Corruption Policy, as detailed in item 5.4 herein.

5.5 – SIGNIFICANT CHANGES IN MAIN RISKS

There were no significant changes in the main risks to which the Company is exposed or in our risk management practices in the last fiscal year.

Furthermore, the Company's envisages that there will be no significant changes in its exposure to such risks, particularly considering the risk management practices already adopted, as described in this Section 5.

5.6 – OTHER MATERIAL INFORMATION

All information deemed material and applicable to this topic has been disclosed in the previous items herein.

ITEM 6 – HISTORY OF THE ISSUER

6.1 / 6.2 / 6.4 – INCORPORATION OF THE ISSUER, DURATION AND CVM REGISTRATION DATE

Issuer Incorporation Date	12/01/2001
Issuer Incorporation Form	The company was incorporated as a limited liability company, becoming a publicly held corporation on March 26, 2007.
Country of Incorporation	Brazil
Duration	Indeterminate
CVM Registration Date	04/16/2008

6.3 – BRIEF HISTORY

The Company's started operations in December 2001, when Monte Cristalina acquired Prátika Industrial Ltda., the owner holder of the brand *Assolan*, then controlled by Unilever and operating in the personal and home care market. The Company's corporate name was subsequently changed to Assolan Industrial Ltda., in 2003, Hypermarcas Industrial Ltda., in January 2007, Hypermarcas S.A., in March 2007, and Hypera S.A., on February 07, 2018. As from the last change in corporate name, the Company adopted the corporative brand "Hypera Pharma," highlighting the new moment for the Company, which began to have an exclusive focus on the pharmaceutical industry and a solid presence in the various markets in which it operated.

For over a decade, the Company was a major player in Brazil's consumer goods industry. However, through divestments announced between 2011 and 2016, the Company sold assets and brands in the Home Care, Food, Cosmetics, Condoms and Disposable Products segments to focus exclusively on the pharmaceutical industry.

From 2006 to 2016, the Company operated in the Beauty and Personal Care segments with the brands *Éh*, *Monange*, *Paixão*, *Cenoura & Bronze*, *Bozzano* (men's care). *Biocolor* (hair coloring) and *Risqué* (nail polish), *Sanifill* and *Bitufo* (oral care) and *York* (swabs, cotton and bandages). The Company discontinued its activities in this segment in February 2016 by selling the Cosmetics business to Coty and its subsidiaries for R\$3.8 billion.

From 2009 to 2016, the Company operated in the condom segment, with the brands *Olla* and *Jontex*. The Company left this segment by selling the Condom business to Reckitt

Benckiser (Brasil) Ltda. in a transaction concluded on October 4, 2016, for R\$ 705.8 million.

The Company operated in the Home Care business until 2011 in the steel wool, synthetic sponges, laundry detergent and insecticides segments. In 2011, these businesses were sold to Flora Produtos de Higiene e Limpeza S.A. (*Assim, Mat Inset* and other brands) and Química Amparo Ltda. (*Assolan* brand).

From 2006 to 2011, the Company operated in the food sector, focusing on tomato and vegetable products, with the brands Etti and Salsaretti, among others. This business was sold to Bunge Alimentos S.A. in 2011.

From 2009 to 2017, the Company operated in the Disposable Products sector, in the disposable diapers, female hygiene products and baby wipes, incontinence products and children's soaps segments, with the brands *Pom Pom, Sapeka, Cremer-Disney* and others. On March 6, 2017, the Company discontinued its operations in this segment by selling the Disposable Products business to Ontex Group NV, for approximately R\$1.0 billion. The business, together with Cosmetics and Condoms, is part of the Company's Discontinued Operations in the fiscal years 2015 and 2016.

Since 2007, the Company operates in pharmaceuticals, becoming over its history one of Brazil's leading companies in this industry, with relevant market share in key medicine segments, including prescription drugs, non-prescription drugs, dermocosmetics, similars and generics.

The Company's current portfolio of businesses, brands and health and well-being products was formed through a series of acquisitions and product launches. The main events are described below:

Pharmaceutical Industry

The Company entered the pharmaceutical market in 2007, after acquiring DM Indústria Farmacêutica Ltda. ("DM"). DM was the vice-leader in Brazil's over-the-counter (OTC) market and the owner of brands such as *Apracur, Atroveran, Benegrip, Biotônico Fontoura, Doril, Engov, Epocler, Estomazil, Gelol, Lacto-Purga, Melhoral, Merthiolate*.

In the following year, the Company acquired Laboratório Americano de Farmacoterapia S.A. – Farmasa, which made it the leader in the OTC segment and Brazil's fifth largest laboratory at the time, according to IMS Health. The operation also marked the Company's entry into the prescription drugs segment, with brands such as *PredSim, Milgamma, Lipanon*, which marked the beginning of a stronger relationship between the Company and the medical community.

In 2009, the Company acquired Laboratório Neo Química Comércio e Indústria S.A. ("Neo Química"), significantly increasing its market share in the medicines sector. The transaction marked the Company's entry in the generic and similars segment. Under the

Company's management, the brand Neo Química evolved to become Brazil's second-largest generic and similars business, according to IQVIA data for 2018.

In 2010, the Company acquired Luper Indústria Farmacêutica Ltda., the owner of brands such as *Gastrol*, *Virilon*, *Dramavit*, *Blumel* and *Senareti*. The acquisition complemented the Company's portfolio of similar drugs and OTC products.

Lastly, in 2011, the Company acquired Mantecorp Indústria Química e Farmacêutica S.A. ("Mantecorp"), the owner of renowned brands in the dermocosmetics, prescription drugs and OTC products, such as *Coristina D*, *Polaramine*, *Celestamine*, *Diprosplan*, *Quadriderm* and *Episol*. In the same year, it also acquired the prescription drug brands *Digedrat*, *Peridal* and *Lopigrei* used by Medley Indústria Farmacêutica Ltda.

In 2012, the Company formed, jointly with Aché Laboratórios Farmacêuticos S.A., EMS Participações S.A. and União Química Farmacêutica Nacional S.A., the joint venture BIONOVIS S.A. - Companhia Brasileira de Biotecnologia Farmacêutica, focusing on biotechnology products.

After the phase of rapid expansion through acquisitions, the Company adopted a strategy focused on organic and profitable growth with operating cash generation, based on strong brands, low-cost operations and agile organization.

Under this new model, from 2011 to 2014, the Company's focused on consolidating its operating activities, which involved reducing the number of operating sites and concentrating its operations and subsidiaries in the Goiás, a state in Brazil's Midwest region. By the end of this process, the Company and its subsidiary Brainfarma Indústria Química e Farmacêutica S.A. had moved their main pharmaceutical operations to Anápolis, Goiás, one of Brazil's major pharmaceutical centers.

As from 2015, the Company focused its efforts on optimizing its execution, seeking higher efficiency in allocating resources, stronger relations with clients and consumers and better exposure of its products in retail markets.

In fiscal year 2016, after completing divestments in the Cosmetics, Disposable Products and Condoms industries, the Company completed the portfolio changeover move that it had begun in 2015, which marked the start of a new cycle in its strategic development, with its focus now exclusively on Brazil's pharmaceuticals industry.

Sweeteners

The Company's activities in the sweetener market began in 2007, with the acquisition of Finn Administradora de Marcas Ltda., the owner of the brand *Finn*. The acquisition of DM acquisition in the same year incorporated into the portfolio Zero-Cal, a top of mind brand, and Adocyl, which targets lower-income segments. The Company is the market leader in the segment, holding more than half the market in terms of both volume and value, according to Nielsen data for 2018.

6.5 – INFORMATION ON BANKRUPTCY FILING BASED ON RELEVANT VALUE OR COURT-SUPERVISED OR OUT-OF-COURT REORGANIZATION

As of the reporting date, no claim for bankruptcy and/or court-supervised or out-of-court reorganization has been filed by the Company.

6.6. OTHER INFORMATION DEEMED MATERIAL BY THE COMPANY

All information deemed material and applicable to this topic has been disclosed in the previous items.

ITEM 7 – ISSUER ACTIVITIES

7.1. – DESCRIPTION OF THE MAIN ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES

The Company operates in the most relevant segments of Brazil's pharmaceutical industry, with leadership in various therapeutic classes in the prescription drugs, non-prescription drugs, similars and generics segments. It also operates in the sweeteners segment, with market share of over 50%.

As of 2016, the Company started organizing itself into three business units, which represent the three main segments in which it operates in the medicines market: (i) *Prescription Products*, focusing on drugs prescribed by the medical community; (ii) *Consumer Health*, focused mainly on the non-prescription drugs market; and (iii) *Similar and Generics*, focused on similar and generic medicines under the brand *Neo Química*.

By the end of the fiscal year ended December 31, 2016, the Company embarked on a new cycle in its strategic development with an exclusive focus on Brazil's pharmaceutical industry, after completing the important portfolio changeover movements announced in 2015, so that: (i) its Cosmetics business was sold to Coty, as announced on November 2, 2015, for R\$3.8 billion, in a transaction concluded on February 1, 2016; (ii) its Condom business was sold to Reckitt Benckiser (Brasil) Ltda., as announced on January 26, 2016, for R\$705.8 million, in a transaction concluded on October 4, 2016; and (iii) the Disposable business was sold to Ontex, as announced on December 22, 2016, for approximately R\$1.0 billion, in a transaction concluded on March 6, 2017.

These three segments formed the Company's Discontinued Operations, which the Company opted not to present in this item, since they are not included in the operating activities in which Hypera Pharma is currently engaged.

The Company has the following corporate purposes, under the terms of its Bylaws:

- (a) commercial sale, manufacture, import and export of household cleaning and hygiene products, as well as the representation of itself and third parties in the markets;
- (b) rendering industrialization services in the consumer goods business;
- (c) commercial manufacture and sale of food and beverage products in general, as follows: (i) dairy products, cereals, fruits and other animal- and plant-based products, including concentrated juices, natural and artificial juices, pasta, biscuits and sweets; (ii) diet foodstuffs and products, including the manufacture of synthetic sweeteners and sugars, diet sweeteners, diet complements and stevia sugar; (iii) animal feed; (iv) sugar from cereals (glucose) and beets; (v) children's food; (vi) enriched special food products, food supplements and other conserved foods; (vii) manufacture, rectification, homogenization and mixing of sugarcane distilled spirit, other spirits and distilled

beverages, soft drinks, syrups and other soft drink powders; and (viii) nutritional supplements;

(d) production, processing and marketing of equipment, packages and inputs for the products listed in item “c” above, their derivative and correlated products, and for seeds, fertilizers, chemical and agricultural products;

(e) leasing and import of machinery and equipment;

(f) provision of third-party services;

(g) manufacture, transportation, storage, distribution, import and sale of personal care products, toiletries, cosmetics and fragrances;

(h) manufacture, transportation, storage, distribution, import and sale of medicines, health products (correlated) and allopathic, herbal and homeopathic pharmaceutical products for human use, import of inputs and raw materials for their manufacture, technological and scientific research for their development, commercial and marketing representation of allopathic and herbal medications;

(i) manufacture, wholesale distribution, import and export of: (i) beverages and substances for preparing beverages; (ii) herbs for infusion; (iii) products for smokers; (iv) lubricants; (v) dyeing materials; (vi) metals, including precious, crude or refined; (vii) machinery, tools, equipment and mechanical and electronic devices; (viii) musical instruments, vehicles and their parts; (ix) furniture and domestic utensils; (x) leather; (xi) plastics; (xii) construction materials, office materials; (xiii) threads and yarns, fabrics, textiles, haberdashery; (xiv) toys; (xv) apparel; (xvi) plants and (xvii) camping products;

(j) publications, publicity services, advertisement, events, management of goods, services, business, construction and representation on behalf of third parties;

(k) sale, manufacture, import and export of disinfectant products for controlling insects and rodents, chemical products, insecticides, pesticides for agriculture, devices, tools and machinery for domestic use;

(l) rendering technical support, cleaning, conservation and immunization services for furniture and buildings, treatment and processing of materials in general;

(m) manufacture, sale, import and export of plastic pants, cotton and similar diapers, disposable diapers, sanitary napkins, hospital sanitary napkins, cotton swabs and cotton for face and body hygiene;

(n) manufacture and sale of medicines for veterinary use;

(o) calibration and measurement of electronic equipment for third parties;

(p) sale of medical-surgical-hospital instruments and material;

(q) bottling and packaging activities (industrialization) on behalf of third parties,

including repackaging pharmaceutical inputs and salts and selling them;

- (r) sale, manufacture, import and export of latex products;
- (s) storage, distribution, transport, import and export of the products manufactured and sold described in items (a) to (r) above;
- (t) distribution and sale of antibiotics, vitamins, pharmaceutical inputs, chemical, biological, technological products, natural and energy products and vaccines;
- (u) packaging, repackaging and handling of inventories, in compliance with legal and sanitary criteria;
- (v) manufacture of brushes, paintbrushes and brooms;
- (w) representation of all business activities described in items (t) to (v) above under commission; and
- (x) holding interests in the capital of other companies, as shareholder or member, and holding interests in investments that have as their object the activities listed in items (a) to (w) above.

The subsidiary MY Agência de Propaganda Ltda. has as corporate purpose the: (i) commercial exploration of the activities of Advertising Agency; (ii) cinematic production of videos and television programs; (iii) film production for advertising; (iv) rendering of voiceover services; (v) rendering of audio mixing services in audiovisual production; (vi) cinematic post-production of videos and television programs; (vii) sound recording and music editing; and (viii) definition of the programming of pay-TV channels.

The subsidiary Cosmed Indústria de Cosméticos e Medicamentos S.A. has as corporate purpose the: (i) manufacture, sale, export and import of cosmetics, fragrances and personal care products, toiletries, hairdressing products, plastic products, electrical devices and chemical products; (ii) import, transportation and export related to the aforementioned purposes; (iii) manufacture and sale of apparel products and accessories in general and travel products; (iv) holding interests in other companies, as partner, member or shareholder; (v) import, transportation, export, manufacture and sale of allopathic, herbal and psychotropic medicines for human use; (vi) import, transportation and export of inputs and raw materials for their manufacture; (vii) scientific and technological research for their development; (viii) import, transportation, export and manufacture of health and correlated products; (ix) administrative office; (x) manufacture of household cleaning and care products; (xi) production of food products in general; (xii) sealed storage; (xiii) performing physical and chemical tests for third parties to verify product quality; (xiv) manufacture, sale, import and export of plastic pants, cotton and similar diapers, disposable diapers, sanitary napkins, hospital sanitary napkins, cotton swabs and cotton for face and body hygiene; (xv) sale, manufacture, import and export of latex products; (xvi) licensing of rights to use of private-label brands for third parties; (xvii) surveys of consumers; and (xviii) rendering services to third parties.

The subsidiary Brainfarma Indústria Química e Farmacêutica S.A. has as corporate purpose the: (i) manufacture and sale of pharmaceutical inputs, hygiene products and diet products; (ii) manufacture and sale of human allopathic pharmaceutical products; human homeopathic pharmaceutical products; medicines for veterinary use; cleaning products; fragrance and cosmetics products; (iii) calibration and measurement of electronic equipment for third parties; sale of medical-surgical-hospital instruments and materials; bottling and packaging activities (processing) on behalf of third parties, including repackaging pharmaceutical inputs and salts and selling them; (iv) manufacture and sale of food and beverage products, such as: production of fruit and vegetable juices; production of dairy products; production of sugar from cereals (glucose) and beets; manufacture of stevia sugar; manufacture of diet products; children's food; enriched special food products; food supplements and other conserved foods; (v) distribution of the manufactured and processed products listed in its corporate purpose: import and export; (vi) any other operations directly or indirectly related to its purpose; and (vii) holding interests in other companies, as a partner, member or shareholder.

The subsidiary Neolatina Comércio Indústria Farmacêutica S.A. has as corporate purpose the: manufacture and sale of human allopathic pharmaceutical products; human homeopathic pharmaceutical products; medicines for veterinary use; cleaning, fragrance and cosmetics products; calibration and measurement of electronic equipment for third parties; sale of medical-surgical-hospital instruments and materials; bottling and packaging activities (processing) on behalf of third parties, including repackaging pharmaceutical inputs and salts and selling them; manufacture and sale of food and beverage products, such as: production of fruit and vegetable juices; production of dairy products; production of sugar from cereals (dextrose), beets and stevia; diet products; children's food; enriched special food products, food supplements and other conserved foods; manufacture, rectification, homogenization and mixing of distilled spirits and beverages; and manufacture of sodas, soft drinks, syrups and powers for soft drinks, including the storage and distribution of the manufactured and processed products listed in its corporate purpose; import and export and holding interests in other companies.

Bionovis S.A., an associated company of the Company, held jointly with other partners, has as corporate purpose the: (a) research, development, production, distribution and sale of products manufactured using recombinant DNA technology, genetic manipulation of cells or mass cell culture, including recombinant proteins, monoclonal antibodies, stem cells and peptides for therapeutic purposes (Biotechnology Products) for use in human medicine; (v) participation, as partner or shareholder, in other companies, simple or entrepreneurial, and in commercial enterprises of any kind, in Brazil and/or abroad; and (c) management of own assets.

7.1-A – INDICATE, IF THE ISSUER IS A STATE-CONTROLLED CORPORATION:

- a. the public interest that justified its incorporation**
- b. issuer actions to serve public policies, including universal access targets, indicating:**

- the government programs carried out in the previous fiscal year, those defined for the current fiscal year, and those planned for the coming fiscal years, the criteria adopted by the issuer to classify these actions as being developed to serve the public interest indicated in letter "a"
- for the aforementioned public policies, the investments made, costs incurred and source of funds involved – own cash generation, public transfer and financing, including funding sources and conditions
- estimate of the impacts of the aforementioned public policies on the issuer's financial performance or declaration that no analysis of the financial impact of the aforementioned public policies was carried out

c. price formation process and applicable rules for setting tariffs

Not applicable given that the Company is not a state-controlled corporation.

7.2 – INFORMATION ON OPERATING SEGMENTS

(a) Products and services sold

We describe below in more detail the products and services sold by the Company.

1. BUSINESS SEGMENT – CONTINUED OPERATIONS MEDICINES AND SWEETENERS

Our medicines business line was launched in 2007, with our entry into Over-the-Counter Drugs (“OTC Drugs”) with the acquisition of DM, and was expanded in 2008 by our entry into Medical Prescription Drugs (“RX Drugs”) with the merger of Farmasa. At the end of 2009, with the acquisition of Laboratório Neo Química, we strengthened our position in the pharmaceutical market, marked by the start of our operations in the Generics and Similar segments. From 2010 to 2011, we acquired Luper and Mantecorp, expanding our OTC Drugs, RX Drugs and Similar lines, while also entering the Dermocosmetics segment.

In 2012, the Company partnered with Aché Laboratórios Farmacêuticos S.A., EMS Participações S.A. and União Química Farmacêutica Nacional S.A. to form the joint venture BIONOVIS S.A. - Companhia Brasileira de Biotecnologia Farmacêutica, which is engaged in the development, production and sale of biotechnology products. This business is managed independently of the Company’s other product lines.

Over the course of fiscal years 2017 and 2018, Hypera Pharma expanded its coverage of the pharmaceutical market with the launch of innovative products in the three business units in which it is currently structured (*Prescription Products, Consumer Health and Generics and Similar*), raising its innovation index to 30% in 2018 from 28% in 2017 and 24.30% in 2016. The index corresponds to the percentage of annual Net Revenue derived from products launched in the last five years.

The entry into Sweeteners took place in 2007 with the acquisition of the Finn brands, from Boehringer Ingelheim and, in the same year, of the brands Zero-Cal and Adocyl from DM Farmacêutica.

Consumer Health (OTC and Sweeteners)

Our *Consumer Health* business unit centralizes our operations in the OTC Drugs and Sweeteners markets.

OTC Drugs

The OTC Drugs business line is composed of products useful in relieving small symptoms or discomfort that are easily diagnosed by consumers themselves, such as headaches, flu and colds, heartburn. etc. Such products are distributed to drugstores (pharma channel), where they are displayed in self-service areas. In Brazil, they may be advertised directly to end consumers.

The following table presents the main categories and brands that are part of the portfolio of our *Consumer Health* business unit in the OTC Drugs segment:

Product Category	Brands
Medicines for flu symptoms	Benegrip
	Benegrip Multi
	Apracur
	Coristina
	Fluviral
Painkillers	Melhoral
	Doril
	Engov
	Doril Enxaqueca
Antacid	Estomazil
	Bisuisan
	Pepto-zil
	Gastrol
Anti-allergic	Polaramine
Laxatives	Lacto-Purga
	Tamarine
	Nujol
Anxiolytics	Maracugina
Antispasmodic	Atroveran
Indisposition	Epocler
	Meticolin
Antiseptics	Merthiolate
Tonics and Vitamins	Biotônico Fontoura
	Vitasay 50+

Antirheumatic	Gelol
	Calminex
Other	Escabin

In 2018, in the Consumer Health market, the Company launched extensions of the line Doril DC 500, in the brand's painkiller line, in addition to Kids, Fibers and Probiom versions of Tamarine, a brand specializing in intestinal health, with options for herbals medicines, fibers and probiotics. In addition, it switched the Miorrelax brand, with mass media support and a presence in major drugstore chains.

Sweeteners

Hypera Pharma is the leader in Brazil's sweeteners market, with market share of over 50%, according to AC Nielsen data.

Zero-Cal is the leading brand in the Brazilian market and for 15 consecutive years is considered the top of mind brand by consumers, according to the annual survey conducted by Datafolha in 2018. It is available in the versions Sucralose drops 100ml and powder with 50 sachets, Saccharine drops 100 and 200ml, Aspartame drops 100 ml, powder 50 envelopes and Stevia 80ml and box with 50 sachets. In 2018, Zero-Cal launched, in the nutritional products market, the flavored sweeteners Zero-Cal Sabores.

The Finn brand has one of the most complete portfolios in powder and liquid versions for the most varied occasions, with presentations in the main substances of the market. It is available in the versions 100% Sucralose, 100% Stevia, Saccharine, Aspartame and Culinary.

The Adocyl brand has versions in sucralose 80ml, stevia drops 80ml and saccharine drops 100ml and 200ml.

Branded Prescription (Prescription Products)

The Prescription Products business units concentrates the Company's activities in the segments RX Drugs (restricted sale medicines that consumers only may purchase in drugstores with a doctor's prescription) Dermocosmetics and BTC Drugs (prescription-free drugs typically recommended by the medical community).

The Company holds a leading position in various therapeutic classes in these segments, with the umbrella brand Mantecorp Farmasa, for Basic Care products such as Maxsulid, Rinosoro, Cizax and Addera D3, etc., and Mantecorp Skincare, for products in the Dermocosmetics line.

RX Drugs and BTC Drugs

The following table presents the main categories and brands that are part of the portfolio of our Prescription Products business unit in the BTC and RX Drugs segments:

Product Category	Brands
Painkillers	Alivium
	Lisador

Anti-inflammatories	Maxsulid
Antilipemics	Lipanon
Muscle Relaxers	Mioflex-A
Anti-allergic	Loralerg D
	Celestamine
Anti-infectives	Gingilone
Varicose veins treatment	Flavonid
Corticosteroid	Predsim
	Celestone
	Diprosan
Inhaled Corticosteroid	Oximax
Nasal decongestant	Rinosoro
Nutraceutical	Ommax
Vitamin D	Addera D3
Sleep inducer	Lioram
Bronchodilator	Fluir
Anxiolytic	Apraz
Contraceptive	Lydian
Antidepressant	Deciprax
Painkiller and Neuroprotector	Milgamma
Ophthalmic	Softalm
	Lacrilax
	Garasone
	Pressaliv
Other	Sulbamoxy BD

In 2018, the list of Company launches in the Prescription Products market includes products that represent the Company's entry into new categories, such as Latolise (lactase, recommended for lactose intolerance, in drop and pill versions), Velunid (diosmin + hesperidin, indicated for venous insufficiency) and Novotram (tramadol hydrochloride, indicated for treatment of moderate to severe pain); or line extensions, such as Colflex Bio and Colflex Vit, collagens that expand the brand line. The gynecological line of Mantecorp Farmasa was expanded with the launch of Gestamax (omega 3) and Lubrinat (sodium hyaluronate).

Dermocosmetics

In 2011, with the acquisition of Mantecorp, we started operating in the Dermocosmetics market, which are products with cosmetic characteristics, but with active ingredients that present therapeutic properties, aimed at preventing and/or combating skin aging and therefore require prescription by a dermatologist, such as the products of Episol line: Agecare, Epidrat lift, Epidrat face and Epidrat eyes (rejuvenation), Epidrat body, Epidrat ultra, Epidrat hands and Epidrat lips (hydration), Epidrat sensi shampoo and soap (sensitive skin), Epidac Line (antiacne), Pielus shampoo (anti-dandruff), Dersab soap

(antiseptics), Blancy (skin lightener), Hidramamy and Lanidrat (mother care).

The efficacy of these products is scientifically proven through clinical studies, which also ensure their safety. The Dermocosmetics are developed especially for Brazilian skin. Mantecorp Skincare is the second-place brand in the ranking among Brazilian labs in both prescription and sales, according to IMS Health data for 2018.

In 2018, we launched in Dermocosmetics, under the brand Mantecorp Skincare, extensions of the Episol (photoprotection), Epidac (skin cleansing), Glycare (cleansing and hydration) and Pielus (anti-dandruff) lines.

Similar and Generics

Our Similar and Generics business unit centralizes our operations in the similar and generic medicines markets, in which we operate with the brand Neo Química.

Similar Medicines

Part of our medicine portfolio consists of drugs corresponding to copies of reference drugs sold under a commercial brand through a sales strategy that entails the offering of significant sales discounts to our consumers, so that distributors and drugstores are able to exploit attractive margins from these products, known as Similar medicines. In Brazil, such products must present periodic bioavailability tests for securing and renewing their registration with the regulatory agency in order to verify their interchangeability with the reference drug.

The Company is the vice-leader in the Similar market, according to IQVIA data. In this segment, we have more than 140 brands and 240 products.

In 2018, the Centrotabs vitamin supplement line was launched in our Similar portfolio to make inroads in the multivitamin market, a segment in which the Company did not yet have a significant presence. The following table presents select main brands from the similar line of Neo Química.

Product Category	Brands
Painkillers	Dorona Cafi
	Doralgina
Multivitamins	Centrotabs
Corticosteroid	Corticorten
Nasal decongestant	Neosoro
Laxatives	Senareti
Varicose veins treatment	Flavonid
Antiseptics	Asseptacare
	Citroplex
Vitamins	Centrotabs
	Virilon
Antirheumatic	Neocoflan

	Massageol
Ophthalmic	Colírio Neo Brasil
Muscle Relaxers	Miorrelax
	Torsilax
Other	Capotrimeo
	Neo Fedipina
	Neosulida
	Histamin
	Alergidex

Generic Medicines

Generic medicines are copies of reference medications sold without a trademark, with identification solely based on the name of the active ingredients used in the product. Such copies, by law, undergo periodic bioequivalence tests to secure or renew registration in order to guarantee their interchangeability with the reference drug.

The following table presents a sample of the approximately 180 products that are part of our portfolio in the generic medicines segment.

Product Category	Products
Neo Química Generics	Acyclovir
	Alprazolam
	Amoxicillin
	Atenolol
	Atorvastatin Calcium
	Azithromycin
	Bromopride
	Captopril
	Sildenafil Citrate
	Ciprofloxacin Hydrochloride
	Lidocaine Hydrochloride
	Sertraline Hydrochloride
	Dipyron Sodium
	Escitalopram
	Losartan Potassium
	Enalapril maleate
	Timolol maleate
	Metoprolol
	Naproxen Sodium
	Miconazole Nitrate
Nimesulide	
Omeprazole	
Orlistat	
Escitalopram Oxalate	
Pantoprazole	
Paracetamol	

Rifamycin
Simeticone
Tadalafil

In the generics line of *Neo Química*, in 2018, the Company launched molecules such as nitazoxanide (vermifuge), nebivolol hydrochloride (antihypertensive) and aripiprazole (for schizophrenia), which are molecules characterized by high complexity and low competition in the market.

2. BUSINESS SEGMENT – DISCONTINUED OPERATIONS

COSMETICS (BEAUTY AND PERSONAL CARE)

Considering that, on November 2, 2015, the sale of the Cosmetics business was announced, with the transaction concluded on February 1, 2016, the Company opted not to present the information required in this item related to this segment, since it is no longer part of the operating activities in which the Company is currently engaged.

DISPOSABLE PRODUCTS

Considering that, on December 22, 2016, the sale of the Disposable Products business was announced, with the transaction concluded on March 6, 2017, the Company opted not to present the information required in this item related to this segment, since it is no longer part of the operating activities in which the Company is currently engaged.

CONDOMS

Considering that, on January 29, 2016, the sale of the Condoms business was announced, with the transaction concluded on October 4, 2016, the Company opted not to present the information required in this item related to this segment, since it is no longer part of the operating activities in which the Company is currently engaged.

(b) revenue from the segment and its share of the Company's net revenue

Fiscal year ended December 31,						
	2016		2017*		2018	
Segment	Net revenue	% of total	Net revenue	% of total	Net revenue	% of total
(in R\$ thousands, except percentages)						
Continued Operations	3,228,092	68.3%	3,499,899	93.9%	3,724,309	100.0%
Discontinued Operations	1,495,030	31.7%	225,487	6.1%	-	0.0%
Total	4,723,122	100.0%	3,725,386	100.0%	3,724,309	100.0%
<i>*Amounts as restated. Further details in the Company's Financial Statements for the year ended December 31, 2018.</i>						

(a) profit or loss from the segment and its share of the Company's net income

Fiscal year ended December 31,

Segment	2016		2017		2018	
	Net income	% of total	Net income	% of total	Net income	% of total
(in R\$ thousands, except percentages)						
Continued Operations	647,173	55.0%	1,111,476	115.2%	1,135,399	100.5%
Discontinued Operations	530,575	45.0%	-146,534	-15.2%	-5,798	-0.5%
Total	1,177,748	100.0%	964,942	100.0%	1,129,601	100.0%

7.3 INFORMATION ON PRODUCTS AND SERVICES RELATED TO OPERATIONAL SEGMENTS

(a) Characteristics of production process

Below is a brief description of the production process for our main product lines in Continued Operations business segments, i.e., Pharma and Sweeteners industries.

Considering the divestments of Cosmetics, Disposable Products and Condoms businesses, the Company chose to not present herein information related to such segments, as they are no longer included in the current operating activities of Hypera Pharma.

1. BUSINESS SEGMENT – CONTINUED OPERATIONS

MEDICATIONS AND SWEETENERS

Medications

Solid medication manufacturing process begins with the sieving of raw materials, followed by adding a fluid (alcohol or water) to support mixture dilution. The mixture is then granulated and the product dried. The product is then again transformed into powder and the components not inserted into the wet mixture are added. Later, compression, coating (if necessary) and blistering/enveloping occurs. Lastly, products are placed in secondary packaging (displays or boxes) and in shipping boxes.

Semi-solid medications are made from raw materials being mixed in manufacturing tanks or mixers, followed by filling into aluminum or plastic tubes. Products are then placed in secondary packaging (boxes) and in shipping boxes.

Liquid medications are made from raw materials being mixed in manufacturing tanks (products with extracts undergo a decantation period and, subsequently, filtering) and then bottled. Lastly, products are then placed in secondary packaging (boxes) and in shipping boxes.

Sweeteners

Liquid sweeteners are made from mixing raw materials in preparation tanks. After stocking in stainless steel tanks, the mixture is sent to bottling lines. Primary packages are sanitized and, then, filling, capping and labeling happens. All produced units are coded for traceability, then automatically boxed and palletized.

Powder sweeteners are made from adding raw materials into mixers. After stocking in stainless steel tanks connected to filling lines, the mixture is transferred using gravity into packages, with a strict quantity, weight and sealing process. After being coded for traceability, packages are boxed and palletized.

2. BUSINESS SEGMENT – DISCONTINUED OPERATIONS

Cosmetics

Considering that, on November 2, 2015, the sale of the Cosmetics business was announced, with the transaction concluded on February 1, 2016, the Company opted for not presenting the information required in this item related to this segment, since it is no longer part of the Company's performed operational activities.

DISPOSABLE PRODUCTS

Considering that, on December 22, 2016, the sale of the Disposable Products business was announced, with the transaction concluded on March 6, 2017, the Company opted for not presenting the information required in this item related to this segment, since it is no longer part of the Company's performed operational activities

CONDOMS

Considering that, on January 29, 2016, the sale of the Condoms business was announced, with the transaction concluded on October 4, 2016, the Company opted for not presenting the information required in this item related to this segment, since it is no longer part of the Company's performed operational activities.

(b) characteristics of the distribution process

DISTRIBUTION OF OUR PRODUCTS

Distribution of our pharmaceutical products is conducted exclusively through the pharma channel, which involves major pharmaceutical chains, distributors and specialized wholesalers and small independent drugstores. Sweeteners are also distributed by the pharma channel, besides the food channel, which includes distributors, wholesalers, supermarkets, hypermarkets and small retailers throughout Brazil's regions.

The Company is responsible for product delivery to major retailers that are part of the pharma and food channels. The Company also uses intermediate distributors (indirect channel), which acquire the Company's products and resell them to smaller establishments that will sell them to final consumers.

Distribution through intermediate distributors (indirect channel) is the Company's main distribution method, accounting for approximately 64% of the sales from Continued Operations for the fiscal year ended December 31, 2018.

Moreover, when we distribute our products directly to establishments part of the pharma or food channels, we use a completely outsourced and highway truck fleet.

OUR SALES TEAM

Our sales team for pharmaceutical and sweetener products is broad, comprised of: (i) our own sales staff, whose employees are our own, registered as such under the Consolidation of Labor Laws ("CLT"); (ii) sales promoters, who are also our employees registered as such under the CLT; (iii) demonstrators, who are our employees registered as such under the CLT; and (iv) non-exclusive outsourced representatives, for whom compensation comes upon payment of commission.

Salespeople of our sales staff are responsible for selling our products directly to the establishments that compose the pharma and food channels, while sales promoters are responsible for resupplying our products on the shelves of the establishments that compose the pharma and food channels. Demonstrators are responsible for showcasing our products with the channels in which we operate. Outsourced representatives sell our products on a non-exclusive basis and receives a commission for sales made.

Our sales team operates in our business line and distributes our products through the food and pharma channels. It is supported by a promotion team (merchandising) and trade marketing with the goal of ensuring the best showcasing of all our products in points of sale.

With the establishment of the three business units (*Prescription Products*, *Consumer Health* and *Similar and Generics*), the segmentation of our sales team was initiated for its greater effectiveness and better development of strategies focused on products and markets in these three lines of operations, with verticalization of the sales role in each of these three business units and exclusive dedication of field teams (sales promoters and demonstrators), also combined with a more focused allocation of marketing investments.

LOGISTICS

Our logistics operation is segmented by business line in order to better seize synergies and maintain operational focus. Our logistics supports the product and information processing with nationwide coverage.

We operated with a network of outsourced, custom-service carriers. We work with regulated carriers for each segment, in compliance with the requirements of applicable regulations. Currently, transportation of our products is mostly outsourced and on-road.

We have a main distribution center for the medication business, located in Anápolis, state of Goiás, with around 25,000 square meters of built area and more than 32,000 pallet positions, in facilities with ceiling height over 20 meters.

Our distribution center is operated by its own dedicated and trained team for each role, and resources are managed in line with demand. Facilities meet Good Manufacturing Practices (GMP) requirements and operate in a SAP environment, with integrated information for greater synergies.

(c) Characteristics of the operational markets, indicating (i) share in each market; and (ii) competitive conditions in the markets.

BRIEF DESCRIPTION OF THE MARKETS OF OPERATION

1. BUSINESS SEGMENT

Medications

Classification of Medications Sold in Brazil

Pharmaceutical products sold in Brazil can be split into three main categories:

- **RX or Prescription Medications:** Include the categories of reference medications and similar drugs, for which acquisition and utilization require a medical prescription and which have, in their packaging, a stripe (red or black, as applicable) indicating such requirement. Also known as “ethical” medications.
- **Generic Medicines:** Identical or bioequivalent medications for respective reference medicinal products in the manner of dosage, efficacy, safety, potency, quality, characteristics and intended use, developed after the expiration, renunciation or patent-breaking for the reference medicine on which they are based, and using reference medication formulae. The difference is in name, manufacturer and distribution method. Generic medications are not protected by patents and must be designated by the Brazilian Nonproprietary Names (BNN) or, in its absence, by the International Nonproprietary Names (INN, adopted by the World Health Organization). Due to lower research and development and marketing costs, prices of generic medications are lower than reference medications. In Brazil, norms require that a generic medication has a price at least 35% lower than the list price of the corresponding reference medication.
- **Over-the-counter Drugs or Nonprescription Drugs:** Medications which are sold freely, not requiring the presentation of a medical prescription, used for the relief of a medical condition. This group includes drugs used for treating acute conditions that are easily self-diagnosed, such as antacids, cough, pain and flu medications. Also known as Nonprescription Medications (“MIP”).

We manufacture and commercialize medications in the three categories described above. However, from a market standpoint, we organized our portfolio according to the division presented in item 7.2 of this Reference Form: (i) Prescription Products: medicines whose demand is fostered through promotion to the medical community, including RX, OTX and Dermocosmetics Medications; (ii) Consumer Health: nonprescription medications, fostered through mass media campaigns directly to consumers, and sweeteners; and (iii) Similar and Generics: Interchangeable medications that are copies of products whose

patents already expired, sold at significant discounts in relation to the list price of their respective reference medications.

In Brazil, selling medications in retail out of pharmacies and drugstores is prohibited.

Overview – Pharmaceutical Market

The global pharmaceutical market in 2018 reached a total worth of around US\$1.2 trillion, according to IQVIA data, with annual growth of approximately 6% in the last five years. According to IQVIA analysis for 2019, this market should achieve US\$1.5 trillion in the next five years, with average growth ranging from 3% and 6% in the period between 2019 and 2023.

Latin America represents approximately 5% of the world total, and Brazil is the region’s largest medication market, according to IQVIA from February 2018, accounting for about 42% of the Latin American market.

In an analysis of March 2018, IQVIA also indicates that the Brazilian pharmaceutical market should present an average compound nominal growth of 8.2% per year from 2017 to 2022. Discounting inflation, real growth would reach 4.1% per year.

The table below shows the growth of the retail segment of the pharmaceutical industry in Latin America for the past two years:

Market size				
	LTM Feb17 ⁽²⁾	Growth %	LTM Feb18 ⁽¹⁾	Growth %
	(US\$ billion)		(US\$ billion)	
Latin America⁽¹⁾	36.0	11%	32.5	13%

⁽¹⁾ Constant dollars, with a Brazilian component at PPP (Pharmacy Purchase Price) prices.

⁽²⁾ In the twelve-month period ended in the month indicated.

Source: IQVIA, Retail Market MIDAS, LTM Feb 2018.

Retail medication sales in Brazil in 2018 grew 9.8% from 2017 in the market analyzed by IQVIA (by PPP criterion). In 2018, the Prescription Products market expanded 8.6% in the country, while the Consumer Health segment medicines grew by 8.4% in Brazilian Reais, and similar and generic medications had a joint growth of 14.0%.

The table below shows the IQVIA ranking with the 10 largest companies in Brazil’s pharmaceutical market, according to IQVIA’s Pharmacy Purchase Price (PPP) criterion:

Total Pharma Market			
Main Companies in Brazil’s Pharma Market			
Ranking #	Laboratory	Demand (in R\$ million)	Market Share % (2018)
1	NC FARMA	5,406.3	8.7
2	SANOFI	4,336.8	6.9
3	ACHÉ	4,152.1	6.6
4	HYPERA PHARMA	4,136.8	6.6
5	EUROFARMA	3,459.2	5.5

6	NOVARTIS	2,800.8	4.5
7	BAYER	1,866.4	3.0
8	GSK	1,844.8	3.0
9	PFIZER	1,485.1	2.4
10	J&J	1,470.1	2.4
	Others	31,504.3	50.4
	Overall Total	62,462.6	100.0

Source: IQVIA – PMB 18 – PPP (Pharmacy Purchase Price) Values (December 2018)

In Brazil's pharmaceutical market, the 10 largest companies concentrate 49.6% of the demand in worth, according to IQVIA data for 2018. According to the same source, the Company was ranked fourth with market share at 6.6% in 2017.

The table below shows the market share and retail demand for the largest companies in Brazil's Consumer Health market in 2018, according to IQVIA's PPP criterion:

Pharma Market			
Main Companies in Brazil's Consumer Health Market			
Ranking #	Laboratory	Demand (in R\$ million)	Market Share % (2018)
1	SANOFI	1,026.6	10.5
2	HYPERA PHARMA	996.6	10.2
3	NESTLÉ	768.3	7.9
4	GSK	594.0	6.1
5	J&J	573.5	5.9
6	DANONE	513.8	5.3
7	RECKITT BENCKISER	5481.1	4.9
8	TAKEDA PHARMA	459.0	4.7
9	PFIZER	366.2	3.7
10	BOEHRINGER	326.7	3.3
	Others	3,659.7	37.5
	Overall Total	9,765.5	100.0

The table below shows the largest companies in Brazil's Prescription Product segment, with their respective market shares, according to IQVIA's PPP criterion:

Pharma Market			
Main Companies in Brazil's Prescription Product Market			
Ranking #	Laboratory	Demand (in R\$ million)	Market Share % (2018)
1	ACHÉ	3,416.7	9.0
2	EUROFARMA	2,437.3	6.4
3	SANOFI	2,214.4	5.8
4	NOVARTIS	2,028.7	5.4

5	NC FARMA	1,601.7	4.2
6	BAYER	1,585.1	4.2
7	HYPERA PHARMA	1,512.3	4.0
8	LIBBS	1,456.2	3.8
9	BIOLAB	1,411.2	3.7
10	MSD	1,331.5	3.5
	Others	18,859.8	49.8
	Overall Total	37,855.0	100.0

Source: IQVIA – PMB 18 – PPP Values (December 2018).

The table below shows the largest companies in Brazil’s Similar and Generics segment, with their respective market shares, according to IQVIA’s PPP criterion:

Pharma Market			
Main Companies in Brazil’s Similar and Generics Market			
Ranking #	Laboratory	Demand (in R\$ million)	Market Share % (2018)
1	NC FARMA	3,691.5	24.9
2	HYPERA PHARMA	1,627.8	11.0
3	CIMED	1,223.0	8.2
4	SANOFI	1,095.8	7.4
5	EUROFARMA	1,021.8	6.9
6	TEUTO BRASILEIRO	832.0	5.6
7	NOVARTIS	725.5	4.9
8	ACHÉ	583.3	3.9
9	UNIÃO QUÍMICA	473.1	3.2
10	GEOLAB	421.0	2.8
	Others	3,147.3	21.2
	Overall Total	14,842.1	100.0

Source: IQVIA – PMB 18 – PPP Values (December 2018).

Unlike the United States and several European countries, Brazil and most Latin American countries do not have a well-developed public medication sector, nor do they have a strong policy of government subsidies and/or private health plans for acquiring medicines, which makes the distributions of the industry extremely fragmented.

The Single Health System (“SUS”), a public health system that offers free care to all Brazilian citizens, does not have the capacity to serve the population’s total demand, despite the investments made by the government.

Brazil’s private health plans – whose coverage hit only 24.2% of the Brazilian population, according to data from the Beneficiary Information System (SIB/ANS/MS, March 2019) – usually do not offer their beneficiaries medicines or subsidiaries for their purchase, withholding themselves to offering small discounts in certain drugstore chains.

The lack of such subsidies makes the consumption of medications in Brazil, as well as in other Latin American countries, to be more related to the rapid aging of the country's population and the income level of the populations. According to Brazilian Institute of Geography and Statistics (IBGE) data from 2010, around 1 million people are added annually to the population strata over 60 years of age between 2010 and 2060, with a tailing increase in demand of medications, especially those for chronic use. Considering this, we believe the pharmaceutical industry will continue to grow in the coming years.

Commercial Characteristics of the Medication Sector

The commercial chain of the medication sector is composed of three main segments: (i) the manufacturers, responsible for Medication development and production; (ii) the distributors, responsible for logistics operation and points-of-sale service; and (iii) the pharmacies, points of sale responsible for serving final consumers. Additionally, the commercialization and/or distribution of medications is also done through hospitals and clinics.

Despite the consolidation trend in distribution and retail, Brazil had about 77,000 pharmacies and drugstores, according to a March 2018 distribution study by IQVIA. According to the same source, in the twelve-months ended in March 2019, the pharmacy chains concentrated around 59.4% of sales of the channels, from 55.3% at end-2017.

Considering that medication commercialization and/or distribution outside of pharmacies and drugstores is prohibited, except for hospitals and clinics, some supermarket and hypermarkets networks are investing in their own pharmacies and drugstores, located within their facilities, but physically and legally segregated from the food channel operations.

Main Growth Factors

The main factors that influence demand growth for pharmaceutical products in Brazil are described below:

- (i) **Level of income.** Demand for medications is closely related to income and living standards, with higher per capita consumption in countries with better developed economies. Expenses tend to increase with the improvement of the living conditions of lower classes, a fact that has been occurring in Brazil in recent years.
- (ii) **Aging population (increased life expectancy).** Medicine consumption is related to age groups, increasing among older people. The increase in income levels, living conditions and health system improvements, advancements in medical treatments and the population's greater access to medications, combined to the reduction of unemployment levels, have led to a higher level of life expectancy for both men and women, especially in more developed countries. Brazil's number of inhabitants over 60 years of age, which constitutes the portion of the population that consumes the most medications, was equivalent to 10.0% of the population in 2010, and by 2020, this age group should reach 13.8% of the total, reaching 18.6% in 2030, according to IBGE estimate (Population Projection by Age, 2013), increasing to 33.7% of the population

in 2060. The increase in Brazilian populace with over 60 years will play an important role in the country's economy, especially regarding expenses on health products and medical services, due to the increase in demand for medical assistance.

- (iii) **Responsible Self-medication.** Responsible self-medication is a practice regarded as effective by the National Health Surveillance Agency (ANVISA), due to the benefits it can provide to the population. The capped income available to many Brazilian make it impossible for them to have medical appointments for the correct diagnosis and medical prescription. As such, consumers usually go to pharmacies or drugstores and describe their symptoms to the pharmacist in order to get an indication of the correct medication to be used. Responsible self-medication benefits the health system, as it can reduce expenses or direct them to critical patients. Increase in self-medication levels is also related to the inefficiency of the public health system in Brazil. Although some companies partner up with pharmacies and drugstores that offer discounted medications, the health insurance companies, in general, do not offer medications in their plans, except for SUS that supplies drugs free of charge to the low-income population. However, this demand is not fully met as SUS does not receive the required investments to cover the medication needs of all Brazilian citizens who need aid from the public health system.
- (iv) **Greater use of Generic Medications.** The introduction of generic drugs, sold at lower prices than reference medications, fosters the demand of lower income groups, significantly expanding the consumer market. It is worth noting that generic medications have shown distributors and retailers higher margins compared to those provided by reference medications.
- (v) **Expiration of Patents.** Patent expiration has a positive impact in the pharmaceutical industry in that, after losing a patent, generic and similar medications can be launched, creating more competition in the industry.
- (vi) **Introduction of new medications** Many illnesses are still misdiagnosed, inefficiently treated or lack effective therapies. Traditional research and development efforts, as well as research in new fields, such as biotechnology and genetic research, must continue to create new and more efficient compounds to fulfill patients' unmet needs. Along this line, the Company renewed its structure dedicated to innovation and reviewed processes related to the development of new products. The new innovation team is located in the Innovation Center in Barueri, state of São Paulo.
- (vii) **Government health programs.** In developing countries, governments have a decisive role in improving the health care provided to the population, establishing programs such as assisted supply of vaccines, subsidized treatment or prevention of diseases that have no known cure. In Brazil, the Federal Government maintains a program for distributing products for endemic diseases and, since 2004, the Popular Pharmacy Program, among others.
- (viii) **Better quality of life.** New medications focusing on improving the quality of life, such

as weight control drugs, nutritional supplements, contraceptive pills and erectile disfunction products emerged as a new and growing segment for the industry.

- (ix) **Increased focus on disease prevention.** Doctors and the general public are becoming increasingly aware of the benefits resulting from disease prevention, rather than just taking measures to heal them. New medications can prevent certain diseases efficiently (for example, illnesses related to diabetes, heart diseases and others), thus not requiring long and costly surgeries and hospitalizations.
- (x) **Increased use of drug therapies.** In response to the increase in health expenditure, governments and health insurance companies have adopted cost-cutting measures that encourage the use of effective therapies through medications for the treatment of diagnosed diseases, whenever possible, rather than expensive surgeries and prolonged hospitalization.

Sweeteners

In 2018, the sweeteners market's turnover was R\$468.1 million according to Nielsen data. This segment is basically composed of products based on saccharin, aspartame, stevia or sucralose, which are sugar substitutes, but with lower caloric content and recommended consumption for diabetics.

In recent years, there has been a trend in the market for changing more traditional substances, such as saccharine and aspartame, for substances the industry has more recently introduced in the market, such as stevia, but mainly sucralose, a substance from sugarcane and with good healthiness perception among consumers.

The 5 main companies operating in Brazil's sweeteners market, according to Nielsen data, are highlighted below:

Sweeteners Market			
Main Companies in Brazil's Similar and Generics Market			
Ranking #	Operator	Demand (in R\$ million)	Market Share % (2018)
1	HYPERA PHARMA	248.5	53.0
2	LÍNEA	83.0	17.7
3	WOW!	83.0	11.0
4	LIGHTSWEET	51.6	7.9
5	STEVITA	36.9	2.2
Overall Total		468.1	100.0

The Company is the market leader with the Zero-Cal, Finn and Adocyl brands, with market share at 53% of the total, according to Nielsen data.

2. BUSINESS SEGMENT – DISCONTINUED OPERATIONS

Cosmetics

Considering that, on November 2, 2015, the sale of the Cosmetics business was announced, with the transaction concluded on February 1, 2016, the Company opted for not presenting the information required in this item related to this segment, since it is no longer part of the Company's performed operational activities.

Disposable Products

Considering that, on December 22, 2016, the sale of the Disposable Products business was announced, with the transaction concluded on March 6, 2017, the Company opted for not presenting the information required in this item related to this segment, since it is no longer part of the Company's performed operational activities

Condoms

Considering that, on January 29, 2016, the sale of the Condoms business was announced, with the transaction concluded on October 4, 2016, the Company opted for not presenting the information required in this item related to this segment, since it is no longer part of the Company's performed operational activities.

Participation and competitive conditions in the markets

The market segments in which we operate are highly competitive and we face competition from other well-established companies, present both in domestic and international markets. Moreover, these companies offer a wide variety of products in the segments in which we operate, which compete with most of our product lines.

The table below describe some of our main competitors and their main brands by business lines.

Business Lines	Main Competitors	Main Brands
Medications	EMS	Expec, EMS Genéricos, Gerovital and others
	Sanofi	Dorflex, Medley, Puran T-4, Lantus, Novalgina, Bi-Profenid, Allegra and others
	Novartis	Sandoz, Galvus, Diovan, Cataflam, Sinvastacor, Exelon Patch and others
	Aché	Alenia, Artrolive, Decongex Plus, Diosmin, Biosintética, Busonid, Exodus, Tandrilax and others
	Eurofarma	Eurofarma Genéricos, Tamisa, Selene, Pondera, Astro and others
	Takeda	Neosaldina, Lozeprel, Multigrip, Buprovil, Tecta, Dramin, Cefagel, Eparema and others
	Bayer	Xarelto, Yaz, Diane, Yasmin, Microvlar, Bepantol, Flanax, Redoxon, Aspirina and others
	Pfizer	Centrum, Lipitor, Advil, Pristiq, Lyrica, Viagra, Efexor, Xalatan and others
Sweeteners	EIC do Brasil	Linea
	Gold Nutrition	Gold, Doce Menor, Assugrin

(d) potential seasonality

Raw Material Seasonality

Our main raw materials are not subject to significant seasonality.

Product Seasonality

Most of our products are not subject to seasonality. The few of our products subject to it have these sales variations offset between themselves, which results in a stability in general sales.

Among our products exposed to seasonality, we highlight our anti-flu products, which tend to be sold more in winter. On the other hand, sunscreens (dermocosmetics line) are usually sold more in summer.

(e) main inputs and raw materials, informing (i) description of the relationships kept with suppliers, including whether they are subject to government control or regulation, indicating the agencies and respective applicable law; (ii) eventual dependence on few suppliers; and (iii) eventual volatility in its prices.

Inputs and Goods

We acquire a wide variety of inputs (raw materials and packaging) to perform our activities in the business lines we operate. In general, payment for acquiring these inputs is made on a time period.

None of our raw materials represented more than 5% of the cost of products sold in the fiscal year ended December 31, 2018 (only considering Continued Operations).

Prices of inputs and raw materials we use in operations are not subject to combined conditions of significant volatility.

For a detailed description of the effects of state regulation on inputs and raw materials we acquire, see item 7.5 of this Reference Form.

Suppliers

We follow strict specifications to choose our suppliers, based not only on product quality and price, but also on the reputation and financial situation of our suppliers, securing delivery times and product availability. In addition, we uphold strict quality controls so as to ensure that materials meet specifications prior to distribution to commercialization channels.

As of the date of this Reference Form, we do not have high levels of dependence regarding products supplied by few suppliers.

For more information on state regulation over our operations, see item 7.5 of this Reference Form.

The table below lists our main suppliers. None of them represents more than 10% of the cost of products sold of the Continued Operations for the fiscal year ended December 31, 2018.

Main Suppliers (Continued Operations)

CHEMO SA
GERRESHEIMER PLÁSTICOS SÃO PAULO LTDA
GONÇALVES INDÚSTRIA GRÁFICA
EMBALAGENS ALLBOX LTDA ME
GRÁFICA E EDITORA FABERPRINT LTDA
KLOCKNER PENTAPLAST DO BRASIL LTDA
SHANGHAI AURISCO INTERNATIONAL
BIOCON LIMITED
FLEMING LABORATORIES LIMITED
IMCD BRASIL FARMACEUTICOS IMPORT

7.4 - CLIENTS RESPONSIBLE FOR MORE THAN 10% OF TOTAL NET REVENUE

(a) total revenue from the client

In fiscal year 2018, the Grupo Santa Cruz (mainly Distribuidora de Medicamentos Santa Cruz Ltda. and Panpharma Distribuidora de Medicamentos Ltda.) accounted for 20.0% of the net revenue of our Continued Operations.

In fiscal year 2018, Raia Drogasil S.A. accounted for 12% of the net revenue of the Company's Continued Operations.

There are no other clients accounting for more than 10% of our total net revenue.

(b) operating segments affected by revenue from the client

Clients cited in item (a) impact our medications and sweeteners operations.

7.5. MATERIAL EFFECTS OF GOVERNMENT REGULATIONS ON ACTIVITIES

A description follows of the main regulatory aspects impacting our business activities and lines.

NON-DURABLE CONSUMER GOODS SECTOR

Health Surveillance

According to the Constitution of Brazil (“Constitution”), the federal, state and municipal governments have the power to regulate matters related to health and sanitary surveillance

in order to eliminate, reduce and prevent health problems caused by the manufacture of products and the rendering of services related to the health of individuals. The federal government has enacted generally applicable laws and regulations, which are strengthened and complemented by the actions of states and municipalities. As such, health surveillance is carried out by federal, state and municipal authorities, who act on an integrated basis to safeguard and improve public health.

According to Federal Law 6,360 of September 23, 1976, as amended (“Law 6,360/76”) and to Presidential Decree 8,077, of August 14, 2013, companies planning to extract, produce, manufacture, process, synthesize, purify, separate, package, repackage, import, export, store, ship or distribute drugs, pharmaceutical and related healthcare inputs, toiletries, cosmetics, fragrances and household cleaning products must obtain an operating license (AFE) from the National Health Surveillance Agency (“ANVISA”), which will inspect the industrial and/or commercial process, the nature and type of the products and attest to the technical, scientific and operational capacity of the company, as well as to other applicable requirements.

ANVISA was created by Federal Law 9,782 of January 26, 1999, and operates as a special-regime autonomous government agency headquartered and with jurisdiction in the Federal District, with a nationwide presence through the coordination of ports, airports, borders and bonded warehouses. Its objective is to protect the public health by intermediating the sanitary control of the production and consumption of products and services subject to sanitary inspection, including environments, processes, inputs and technologies related thereto. ANVISA is responsible for authorizing the operation of companies producing medicines, cosmetics and healthcare products, in accordance with the guidelines of RDC 16 of April 1, 2014.

In addition to federal authorization, companies also must obtain an operating license from the respective local health authority for all industrial and/or commercial facilities that engage in the aforementioned activities.

On the date of this Reference Form, the Company has facilities that are duly authorized to operate before the applicable health surveillance authorities.

Product Registration

We are subject to regulation and inspection by ANVISA in the business lines we currently operate. Accordingly, our products from the lines sweeteners, cosmetics, healthcare, food and drugs are subject to approval by ANVISA, in accordance with governing law.

The registration of products that are subject to health regulations (foods, medicines, drugs, pharmaceutical inputs and household cleaning products) are valid for five years, and for healthcare products are valid for 10 years, nationwide, the renewal of which must be requested in the first semester of the last year of validity. In the case of health regulations applicable to food products, renewal may be requested up to 60 days prior to the end of the period. If renewal is not requested within such periods, the product’s registration/notification will be canceled.

Analysis of the product evaluation process is conducted by the applicable health agencies in accordance with the technical regulations, resolutions, ordinances and other legal instruments applicable to the product, including those applicable to labeling. ANVISA is

responsible for approving or rejecting, accompanied by due justifications, any requests made by the regulated industry (companies). ANVISA also is responsible for canceling a product's registration upon request, whether due to irregularities or error of publication.

Operating License of Facilities

All our production units are inspected and licensed by the local health authority before it issues the respective health inspection permit (operating license).

The companies of the group that produce or distribute medications, cosmetics, healthcare and food products are duly licensed before the state and/or local Health Surveillance Departments and hold the respective valid health permits.

In accordance with the applicable regulations, all companies must implement Good Manufacturing and Control Practices, which may vary depending on the product's category. As a result, we have implemented such measures across all stages of our production process. We also are required to appoint a person that is responsible for our activities and products before the regulatory authorities, who is referred to as "technician responsible."

In this respect, the Company must: (i) adopt or ensure the adoption across its production chain of procedures to ensure the control of critical aspects that could lead to risks to consumer health; (ii) maintain updated the formulas of its products, making them available to the health inspection agency upon request; (iii) report any outsourced activities involved in the production, storage and transport of products; and (iv) maintain updated the drug leaflets, labels and packaging exactly as approved by ANVISA.

On the date of this Reference Form, the Company held all applicable permits before the applicable health agencies and was in compliance with all items mentioned in the paragraph above.

Operating Permit for the Company

In addition to the registration of products before ANVISA and the licensing of facilities by the local health authorities, health regulations require manufacturers, distributors and/or importers of foods, medicines, drugs, pharmaceutical inputs and healthcare products to obtain the operating authorization issued by ANVISA to carry out such activities.

The companies in the group all have been duly authorized by ANVISA. Operating permits for medicines and cosmetics are issued for facilities called "Headquarters" and are valid for all manufacturing / distributing branches. For branches manufacturing healthcare products, authorization must be obtained by each company; in the case of food manufacturers, health authorization is not applicable in accordance with ANVISA's rules.

Companies operating without the registrations mentioned above or without the presence of a professional in responsible for technical operations, or any breach of laws and regulations relating to federal, state and municipal health laws and regulations, will result in penalties – after the due administrative proceeding – which may include warnings, fines, suspension of operations and cancellation of the permit or registration by health surveillance authorities, in accordance with Law 6,437 of August 20, 1977, as amended.

On the date of this Reference Form, we were in compliance with all ANVISA requirements, our facilities were duly authorized by the applicable health agencies to which we are subject, we had technicians responsible registered before the corresponding regional councils, and all permits and/or notifications and/or registries of our products were in force and validly issued.

On February 26, 2018, ANVISA published Resolution (“RE”) 434, which approved the renewal of the Certificate of Good Manufacturing Practices (“CBPF”) for the industrial unit of Brainfarma located in Anápolis, GO, for activities involving non-sterile solid medications and nonsterile semi-solid ones, valid through February 26, 2020. On September 10, 2018, RE 2,467 published the renewal of CBPF for sterile medications valid through September 10, 2020. The CBPF for the industrial unit of Cosmed Anápolis, GO, for activities involving non-sterile semi-solid medications and non-sterile solid medications (secondary packaging), was approved and published on September 10, 2018 through RE 2,467, and is valid through September 10, 2020.

THE MEDICINES INDUSTRY

Policy on Regulations for Monitoring Drug Prices

Today, price monitoring is governed by Law 10,742 of October 6, 2003, as amended, which reestablished drug price control mechanisms in Brazil for more than 24,000 presentations of widely used medications that did not face major competition in the market, and created the Pharmaceutical Market Regulation Chamber (“CMED”). For products deemed “less critical,” there is only the monitoring of market prices, without any stringent government control.

For each of presentation of the medications, manufacturers initially proposal a maximum price permitted for sale by the industry or distributors to pharmacies, drugstores and Government entities (“Factory Gate Price”), which is subject to prior approval by CMED. The criteria for defining the Factory Gate Price of new products and new presentations are established by CMED Resolution 02, of March 5, 2004, as amended, which takes into consideration if the product already is marketed by the manufacturer and already is available in the market. Along with the request for the Factory Gate Price of each new product and presentation, the manufacturer must submit all due documentations to CMED, which vary in accordance with the category of the process. With the introduction of the new economic regulation policy for the pharmaceutical industry, manufacturers started to comply, when adjusting and defining their prices, with the rules set forth in said law, which establishes that the industry would undergo annual price adjustments, starting in March 2004.

Each manufacturer must publish, on an annual basis, the Factory Gate List Price of each pharmaceutical product by March 31, and any price adjustments must observe the limits established by CMED for the category. The new Factory Gate Prices are valid for 12 months as of March 31 of each year. To be entitled to annual price adjustments, all laboratories are required to submit a monthly sales report (in R\$ and per unit) of their entire controlled portfolio.

Drug price adjustments are based on a model of ceiling prices based on an inflation index (IPCA), adjusted by a productivity factor and a price factor – within sectors and among sectors.

CMED is responsible for defining the criteria of composition of the adjustment factors and the therapeutic classes, whether by product, by relevant market or by group of relevant markets.

We have medications subject to monitored prices as well as others with free adjustment prices (cold medicine, painkillers, etc.) and, on the date of this Reference Form, we were strictly in compliance with all rules defined by the new economic regulation policy of the pharmaceutical market described above.

Restrictions on drug advertising and on drug marketing and promotional messages

In accordance with the Brazilian Constitution, the advertising of drugs and therapies that pose health risks is subject to legal restrictions, and must, when necessary, include a warning regarding the side effects from their use.

As a result of ANVISA's efforts to prevent irresponsible self-medication, RX Drugs and OTC Drugs are subject to different advertising rules. OTC Drugs can be advertised on television, radio, magazines and drugstores, while RX Drugs only can be advertised by healthcare professionals, on websites restricted to healthcare professionals and in specialized magazines. In view of the prohibition of the sale of OTC Drugs outside of pharmacies and drugstores, the largest supermarket and hypermarket chains have been investing in their own pharmacies and drugstores, which operate on their premises.

Note that advertising products subject to health surveillance in conflict with the legislation is considered a violation and could result, after due process, in penalties ranging from warnings, advertising prohibitions, suspension of sales and/or fines.

On December 18, 2008, ANVISA Resolution RDC 96/2008 ("RDC 96/2008") was published in the Federal Register, governing advertising, publicity, information and other practices aimed at commercially advertising or promoting medicines. Said resolution imposes various restrictions on the publicity of medicines, such as prohibition on distributing gifts, even if institutionally, and a restriction on the use of personalities and/or celebrities in drug advertising.

RDC 96/2008 came into force 180 days after its publication on July 18, 2009.

Considering the illegality of some of the provisions of ANVISA's RDC 96/2008, the Brazilian Association of the Non-Prescription Drug Manufacturers ("ABIMIP") filed, on June 5, 2009, an action seek for health authorities to be prevented from applying such Resolution to its members. An injunction declaring the unconstitutionality of Articles 5, 33, Paragraph 3, 23, 24 and 48 to 50 of the Resolution was issued. The action received an adverse ruling from the 20th Federal Court of the Federal District, although the Regional Federal Appellate Court of the 1st Region, in the records of injunction 0018630-22.2012.4.01, granted a supersedeas to the appeal of ABIMIP, staying the effects of the injunction. The TRF of the 1st Region fully accepted the appeal of the Plaintiff, reversing the decision and granting the action. The process is awaiting trial of the Special Appeal by the Superior Court of Justice and of the Extraordinary Appeal by the Federal Supreme Court, both filed by the National Health Surveillance Agency (ANVISA).

The Association of Brazilian Pharmaceutical Laboratories (ALANAC), on December 17, 2009, also filed an Ordinary Action (Process 2009.34.00.041791-9 – 7th Federal Court / Brasília) for health authorities to be prevented from applying said Resolution to its members. In this action, an interlocutory relief was granted, determining that ANVISA may not apply to the members of ALANAC any sanction from not complying with the provisions of RDC 96/2008. On June 2, 2011, the action was judged in favor of plaintiff and said Resolution was declared illegal. ANVISA appealed against the decision in 2012 and ALANAC presented its counter-arguments. On October 9, 2015, the process was referred to the office of the judge-rapporteur (Federal Appellate Judge Daniel Paes Ribeiro) to try the Appeal.

Good Pharmaceutical Practices at Pharmacies and Drugstores

On August 18, 2009, ANVISA published Resolution RDC 44/2009 (“RDC 44/2009”), which establishes Good Pharmaceutical Practices for the health control of operations, waiver and sale of products and provision of pharmaceutical services by pharmacies and drugstores, and other measures.

RDC 44/2009 was amended by RDC 41/2012, which revoked Articles 40 and 41, which prohibited the sale of non-prescription drugs in pharmacies and drugstores within areas of circulation that could be directly accessed by consumers.

Since then, pharmacies and drugstores once again were authorized to sell non-prescription drugs in general circulation areas that could be directly accessed by consumers.

Registration of Drugs, Medications and Pharmaceutical Inputs

The registration of drugs, medicine and pharmaceutical inputs, due to their characteristics related to health, medical or prophylactic effect, healing effects, palliative effects or even for diagnostic purposes, is subject to compliance with specific regulatory requirements.

Information describing drugs or medications will be assessed by the applicable body or entity of ANVISA or analyzed by the applicable control laboratory, whose findings will serve as basis for the health authority to grant or deny the registration.

The registration of drugs, medications and pharmaceutical inputs will be canceled in the event of any change in their formulas, dosage, manufacturing conditions and recommended applications and specifications contained in the leaflets, labels or advertising, without the authorization of ANVISA. Registration will be denied for medications that do not contain in their composition any substance with beneficial effects recognized from clinical and therapeutic viewpoints.

The registration of drugs and active pharmaceutical inputs is valid for five years and may be renewed successively for an equal period.

We maintain the medicines, drugs and pharmaceutical inputs we manufacture and sell duly registered with ANVISA.

We have an operating license, registered with ANVISA under no. 1.07817.7, allowing us to store, distribute, pack, ship, export, manufacture, import, repack and transport medications, at the headquarters of Cosmed, in the city of Barueri, state of São Paulo.

The Food Industry

Food Registration

All and any food manufactured, prepared, processed, stored, transported, sold or warehoused in Brazil, a definition that includes our products, must be previously registered at ANVISA, except when the regulation exempts such registration. Decree-Law 896, of October 21, 1969, as amended, establishes certain rules and standards for labeling food products, with which we strictly comply.

The Company must also officially communicate the health authority, within 30 days from the start of sale, the places where the products are being sold, whether registered or exempt from registration, and request the health surveillance agency of the state, of the Federal District or of the city to collect samples thereof for control analysis.

The Company also maintains, in accordance with the applicable rules, due registration with ANVISA of the food products it manufactures and sells.

Registration of Personal Care Products

In accordance with Federal Law 6,360/76, as amended, the registration of personal care and other similar products must be included on the list of harmless substances, prepared by a competent body of the Ministry of Health and published in the Federal Register, which should contain the specifications of each category, as well as the drugs, inputs, raw materials, coloring agents, solvents and other ingredients allowed in their production. If the registration does comply with the list mentioned above, the harmless nature of the respective formulas must be recognized through conclusive reports issued by competent authorities from the Ministry of Health.

The registry of products for personal care and other identical uses that contain medicinal substances, even if at sub-therapeutic doses, must comply with the provisions in the subsection “Registration of Drugs, Medicines and Pharmaceutical Inputs” of this Reference Form.

Personal care products may undergo changes in their formulas, provided such changes are approved by the Ministry of Health.

As of the date of this Reference Form, the personal care products we manufacture and sell are duly registered with ANVISA.

(a) Need for government authorizations to carry out activities and the history of relationship with public authorities to obtain such authorizations

Companies intending to extract, produce, manufacture, process, synthesize, purify, separate, package, repackage, import, export, store or ship drugs, pharmaceutical and inputs and healthcare products, and personal care products must obtain an operating license from ANVISA, a federal agency that will inspect the industrial process, nature and type of product and attest to the technical, scientific and operational capacity of the company, as well as to other applicable requirements.

Apart from federal authorization, companies also must obtain a license from the respective local health authority for all industrial and/or commercial establishments that manufacture or sell the abovementioned products.

Companies operating without the registrations mentioned above or without the presence of a professional responsible for the technical operations, or any breach of laws and regulations relating to federal, state and municipal health law and regulations, will result in penalties such as warnings, fines, suspension of operations and cancellation of the permit or registration by health surveillance authorities.

As of the date of this Reference Form, we were in compliance with all ANVISA standards, our facilities were duly authorized by ANVISA and other state and local health agencies to which we are subject, and the registrations of our products were in force and validly issued.

The Company holds an operating license, registered with ANVISA under no. 2.00003.8, allowing it to export, manufacture and import personal care products, at the headquarters of Cosmed, in the city of Barueri, state of São Paulo.

Goiânia, GO

The industrial complex located in the city of Goiânia, state of Goiás, is duly licensed by the applicable local health authority, through a permit for Manufacturing, Exporting and Importing Food Products valid through December 31, 2019.

(b) Environmental policy of the Company and costs incurred to comply with environmental regulations and, as applicable, with other environmental practices, including compliance with international environmental protection standards

LEGAL ASPECTS

Our activities are subject to far-reaching federal, state and municipal environmental legislation.

A violation of environmental laws and regulations could be construed as an environmental crime, affecting both our managers, who could even be arrested, and our company. It also could lead to administrative penalties, with fines of up to R\$50.0 million (applicable in two- or three-fold increases in case of recurrence) and temporary suspension of activities. Note that such sanctions are applied irrespective of any obligation to repair the degradation of the environment or to pay reparations to the affected third parties.

In civil court, environmental damages are subject to strict and joint and several liability, whether directly or indirectly. This means that the obligation to repair degradation caused could affect everyone directly or indirectly involved, with no need of evidence of fault by agents. As a consequence, when we contract third parties to conduct any intervention in our operations, such as waste disposal, we are not exempt from the liability of any environmental damages caused by such third parties.

ENVIRONMENTAL LICENSING

Brazilian environmental laws establishes that the normal course of activities considered effectively or potentially generators of pollution or that in any way cause the degradation

of the environment is subject to prior environmental licensing. This procedure is necessary both for the construction and operation of the project and for expansions. Licenses must be renewed periodically.

The authority responsible for granting licenses for projects with environmental impact at the regional and national level is the Brazilian Institute of the Environment and Renewable Resources (IBAMA). In other cases, when there is local impact, the competent authorities are the state and municipal environmental departments.

The environmental licensing process basically consists of the issue of three licenses, all with determined validity periods: preliminary license, construction license and operating license or permit. Each of these licenses is issued based on the phase of implementation of the project and its validity depends on compliance with the conditions set by the environmental licensing authority. The lack of environmental license, regardless of whether the activity is actually causing damage to the environment, is considered an environmental crime that is punishable by administrative penalties, such as federal fines of up to R\$ 10.0 million (applicable in two- or three-fold increases when recurring) and the suspension of activities.

Any delays in the issue or failure to obtain or renew such licenses from the environmental licensing agencies, as well our possible impossibility to comply with the requirements of such environmental bodies during the environmental licensing process, could hinder or even prevent, depending on the case, the installation and operation of our projects.

Environmental legislation also imposes various other obligations, including, for example, the environmentally adequate disposal of waste, control of air emissions and obtaining permits to withdraw water and release effluents.

We are subject to inspection by the applicable environmental authorities of the States of Goiás and São Paulo, where our industrial complexes are located, which include, IBAMA, the São Paulo Department of Water and Electricity (DAEE), the State of São Paulo Environmental Company (CETESB), the Department of Cities, Infrastructure and Environment (SECIMA), the Municipal Environment Agency (AMMA), the Pernambuco State Environment and Water Resources Agency (CPRH) and the Executive Environment Department (SEMA) of Cabo de Santo Agostinho, PE, the State Environment Institute (INEA), RJ.

Environmental Licensing of the Industrial Complex of Goiânia

On April 27, 2009, the Company obtained an operating permit issued by the State of Goiás Environment and Water Resources Department, which authorized the operations of the industrial complex located in the city of Goiânia, state of Goiás. On June 22, 2017, the Company obtained the License to manufacture Sweeteners, which is valid through June 22, 2023. The operating license, including expansion of the Distribution Center, was issued on June 23, 2015, and is valid through June 18, 2021.

Environmental Licensing of the Industrial Complex of Anápolis

On October 4, 2011, the Company obtained an operating permit issued by the State of Goiás Environment and Water Resources Department, which authorized the operations

of the industrial complex located in the city of Anápolis, state of Goiás, to manufacture and sell pharmaceutical products. Since 2011, the Industrial Complex of Anápolis has undergone an expansion of its activities, which were duly licensed and validated for Construction and Operation before the Cities, Infrastructure and Environment Department (SECIMA). All expansions were combined into a single Operating Permit numbered 1707-2016, valid through September 20, 2020. Additionally, the Finished Goods warehouse, corporate taxpayer ID (CNPJ) no. 02.932.074/0044-21, through Operating License 02,932,074/0044-21, valid through May 7, 2027, is licensed by said Department.

For Cosmed Anápolis, we have Operating License for the respective units, numbered 342/2017 ad valid through March 21, 2019 (CNPJ: 61.082.426/0016-02) and numbered 963/2017 valid through March 14, 2023 (CNPJ: 61.082.426/0018-74).

OUR ENVIRONMENTAL POLICY

We adopt a commitment before our main stakeholders to responsibly protect the Environment, comply with the applicable environmental practices and reduce our environmental impact, as well as to comply with or exceed the applicable laws and other requirements.

Our environmental management system covers the manufacturing operations and distribution centers. It focuses on minimizing or eliminating and, especially, controlling any significant environmental impacts, always seeking continuous improvement, while constantly maintaining our personnel trained and aware of their responsibilities with regard to the environmental safety of all processes. Guided by this principle, we monitor key environmental indicators (water, energy, effluents and generation/disposal of hazardous and non-hazardous waste), while adopting the best national and international practices. Moreover, we have a process for training and assessing suppliers of environmental services to reduce any risk involving the disposal/destruction of our waste. This enables us to map alternatives for continually improving our processes in order to prevent pollution, minimize waste and rationalize water and electricity consumption.

By working diligently to preserve the environment, and aware of our responsibilities, as demonstrated above, and to uphold Brazil's environmental legislation, our industrial complexes conduct their activities using standard operating procedures, while constantly focusing on preventing pollution based, depending the particularities, on international standards such as ISO14001 and others.

The Company does not incur relevant costs to obtain environmental authorizations to conduct its business activities from the applicable government agency, with the costs refer only to the administrative fees for issuing or renewing licenses, which are calculated in accordance with the size of the project and/or size of the area. However, the Company invests in sustainable technologies and in environmental education programs for employees, partners and the community.

The Company also invests in projects to promote the sustainability of its products, while working to reduce its impact on the regions where it operates.

In this respect, the Company annually reports and discloses its environmental results, in addition to indicators of its performance (water, electricity, solid waste, air emissions,

greenhouse gases, etc.), which demonstrates transparency and its commitment to clients, partners and shareholders.

Although the activities of our Company pose high pollution potential, by maintaining our processes safe and under control and our permits up to date, along with our transparent reports to oversight agencies, we believe that we have never had any relevant difficulty in obtaining the aforementioned government authorizations. We constantly seek to encourage and influence our partners to uphold our reputation when it comes to environmental issues.

(c) Dependence on patents, trademarks, licenses, concessions, franchises or relevant royalty contracts for the development of activities

We believe that our trademarks have significant value and perform an important role in maintaining and improving the competitive positioning of our products. In recent years, we have made substantial investments to improve the identity and recognition of our brands. These investments include various acquisitions and the diversification of our product portfolio, including the launch of new products, expansion of existing product lines, improvement of quality of our products, enhanced presentation of our brands and packaging, promotion of advertising campaigns and promotional campaigns. Today, we have more than 300 brands in the market, most of which are registered trademarks or in the process of registration with the National Industrial Property Institute (INPI).

7.6 – RELEVANT REVENUES GENERATED ABROAD

(a) revenue from clients attributed to the country in which the Company is based and its share of the Company's total net revenue

The Company does not have significant revenues generated in countries other than Brazil.

(b) revenue from clients attributed to each foreign and their share of the Company's total net revenue

Not applicable, since the Company does not have significant revenues generated in countries other than Brazil.

(c) total revenue from foreign countries and its share of the Company's total net revenue

Not applicable, since the Company does not have significant revenues generated in countries other than Brazil.

7.7 IMPACTS OF FOREIGN REGULATIONS ON ACTIVITIES

We are not subject to foreign regulations.

7.8 WITH REGARD TO SOCIAL AND ENVIRONMENTAL POLICIES

(a) If the issuer reports social and environmental information

The Company and its subsidiaries adopt programs to ensure compliance with social and environmental policies. In this respect, the Company believes that its employees and the company are integral parts of its corporate strategy, which includes various social responsibility initiatives, including:

Environmental Management

The Company understands its responsibilities and stringently follows the applicable regulations. As such, it adopts corporate policies and programs, in addition to maintaining initiatives to foster environmental education, rational use of water, monitoring of air emissions and waste management.

To reduce the environmental impacts of its operations and help preserve natural resources, the Company and its subsidiaries seek to streamline their production processes, monitor consumption indicators and promote actions to reduce and raise society's awareness of conservation. To achieve this, key environmental indicators (water, energy, effluents and generation/disposal of hazardous and non-hazardous waste) are monitored in accordance with the best national and international practices.

In fiscal year 2018, the Company listed some of the environmental management initiatives carried out by the Company and its subsidiaries:

- (i) Hypera Pharma is currently conducting a full inventory of its greenhouse gas (GHG) emissions, in accordance with the methodology of the Brazilian Program of the GHG Protocol, based on data for 2018. The indicator of emissions per unit of finished product in 2017 was 0.0296 g CO₂ and considering scopes 1 and 2, the indicators for 2018 will be compiled in 2019 for publication jointly with the GHG Protocol.
- (ii) HYPE3 stock remained a component of the Carbon Efficient Index (ICO2) of the São Paulo Stock Exchange (B3) in 2018, in recognition of the transparency of the information regarding GHG emissions. For the same reason, the Company's stock was included in the index in the third four-month period of 2018, with a weighting of 2.1%.
- (iii) Brainfarma authorized the drilling of a well as a contingency plan under the program to increase capacity and autonomy in the use of water by the operations of Anápolis. The Rational Water Use Program (PURA) enabled savings of 36,000 m³ of water, which was obtained through water reuse programs from the wastewater treatment plant (used to clean yards and water gardens) and through the project for Reuse of Waste from reverse Osmosis at the plant in Anápolis. In 2018, Brainfarma continued to promote the Recycle More Program, which includes a partnership with recyclable waste collectors from Brainfarma, GO. Over the course of 2018, a total of 159 tons of cardboard and recyclable materials were donated to the cooperatives from the recycling program implemented at the homes of the Company's employees.
- (iv) Through the Recycle More Program, in 2018 Brainfarma started the project Proper

Medicine Disposal, with the installation of ecologic collectors (made from scrap toothpaste tubes, 75% plastic and 25% aluminum) for the disposal of medicines and packaging past their due dates or not used at the homes of employees, third parties and visitors, which engaged more than 5,000 families. The action aims to minimize the impacts on human health from the lifecycle of drugs disposed of in landfills (e.g. contamination of underground water), reincorporate waste into the industrial cycle, mitigate the environmental impacts on water resources and the soil, curb the use of natural resources and increase the useful life of landfills.

- (v) Brainfarma recycled around 60% of all the waste and adopted coprocessing, which is considered a clean technique for returning the waste to the industrial cycle without any environmental liability, for 90% of the treatment and disposal of Class I waste.
- (vi) In 2018, it created the Cigarette Butts Recycling project, whereby we found a sustainable alternative for a toxic waste that was previously sent to landfills. A partner recycles the butts and removes all toxic components from the cigarette, making a cellulose paste that is sent to the art workshops of SESI (Votorantim, SP) to produce paper pulp for educational and educational purposes for K-12 students, elderly groups and persons with disabilities. Every 25 cigarette butts can make one sheet of paper.
- (vii) We participated in the Program Join Your Hands for the Future, coordinated by the Brazilian Cosmetics, Fragrances and Toiletries Industry Association (ABIHPEC). The program is being implemented and expanded in connection with the reverse logistics of packaging with nationwide coverage, aiming to meet the National Solid Waste Policy. The program supports over 4,000 members of recycle waste cooperatives. Brainfarma expanded the Project Organic Garden of the Plantar Program for Institutions in São Paulo and Goiás, reaching more than 500 children and youth in 2017, and increasing the number to more than 60,000 in 2018, through the partnership with the Goiânia Department of Education, with the donation of produce seedlings to the School Garden project.

In 2018, the Plantar Program was featured through the project “Do you have a Garden at Home?”, whereby produce seedlings are donated to all employees every quarter, aiming to raise awareness and promote the importance of a healthy diet among employees, while encouraging their contact with gardening activities. This action is aligned with the Company’s essence to take health and well-being to people through a healthy, nutrient-rich diet, thereby preventing disease.

Through the Plantar Program, we started, in 2018, the Plantar 20 Years project, which honors employees completing 20 years of service at the company (the event will recur on Brazilian Arbor Day each year – September 21) with the planting of a tree displaying a commemorative plaque with the employee’s information. In 2018, 32 trees were planted on the Company’s premises.

- (viii) In 2018, Brainfarma also maintained the environmental education program called Fale Verde, which provides regular training to employees on various topics

related to the environment and to other programs of the organization, which engaged over 3,000 employees and administered over 100 hours of training and awareness raising.

- (ix) In 2018, Brainfarma adopted the Ipiranga Environmental Park through a contract with the Municipality of Anápolis to sponsor the park's maintenance. As a result, the Company reinforces the commitment to social and environmental responsibility and to the well-being of society, while positively impacting the city, which houses its largest and most important industrial plant. With this partnership, the Department of Environment, Housing and Urban Planning is able to dedicate its efforts to other parks in the city, furthering the benefits to the population.

Social Responsibility

Below is a list of the Company's key initiatives in connection with social responsibility in fiscal year 2018:

Child Development Center – CDI: The Company hosts a daycare institution in its unit located in Anápolis, GO, for its employees' children aged zero to six. The daycare is adequately equipped to meet the needs of the children, who are served by qualified nurses and educators, and supervised by nutritionists. More than 250 employees have their children enrolled in the institution.

Volunteering:

- (i) *Receita do Bem Program:* in the second half of 2018, the Company created its own permanent volunteer program, with actions related to Health. Two initiatives were carried out in the year with around 30 volunteers.
- (ii) *AHPAS:* For the third straight year, the Company promoted a campaign among its employees for the donation of Christmas kits in partnership with the Helena Piccardi Andrade Silva Association (AHPAS), which offers free transportation for children and teenagers undergoing cancer treatment.
- (iii) *Winter Clothing Drive 2019:* the campaign collected winter items at the Company's units, which were donated to the Atados social platform.
- (iv) *Toy Drive – Children's Day:* the Company organized, for the second consecutive year, a campaign for the donation of toys to Instituto Gabi, an organization that promotes social inclusion of disadvantaged persons with disabilities.
- (v) *Benegrip – partnership with Atados:* the brand, with the slogan "Pass it forward," supported in 2018 the "Good Deeds Day," one of the biggest volunteer events in the world, which was organized in Brazil by the Atados social platform.

Benemeias - Benegrip: The brand promoted a campaign to raise funds for social organizations that support senior citizens in various regions of Brazil. Benegrip created a

“social sock,” whose sales were donated to help keep senior citizens warm. Roughly 15,000 socks were sold by the project.

Horas da Vida Institute: *Mantecorp Farmasa* and *Mantecorp Skincare* sponsor the project, which organized a network of volunteer physicians, who focused on low complexity treatments. In 2018, the project also organized, in coordination with the institute, a Health Drive during which more than 100 children and teenagers received medical treatment in a community near the Company’s headquarters in São Paulo. The event was supported by 35 volunteers from the Company.

Health and Safety

Pregnancy Program: The program offers support to employees who are expecting, with monthly workshops that provide information for a healthy pregnancy. In the month prior to birth, participants receive an infant care kit. The program is also available to the community at the Company’s Anápolis unit.

Quality of Life, Education and Social Inclusion through Sports

Quality of Life Program: Includes integration activities, social and sports events, workplace gymnastics and illness prevention initiatives.

Educational Partnerships Program: used by the Company to encourage the self-development of its employees, who benefit from 5% to 40% discounts at language schools and for college and vocational programs offered by affiliated institutions.

These initiatives, along with other topics related to environmental, social and corporate governance aspects, are described in the Company’s Management Reports and Annual Reports, which are not presented in accordance with the framework of the Global Reporting Initiative (GRI).

(b) methodology adopted for preparing this information

The gas inventory mentioned in item (a) above was prepared in accordance with the methodology of the Brazilian Program of the GHG Protocol.

(c) if the information was audited or reviewed by an independent entity

The information described in item (a) above is not audited or reviewed by an independent entity.

(d) website where this information can be found

The Company’s Management Report attached to the Financial Statements is available at <http://hypera.riweb.com.br>.

The Company’s latest Annual Report, referring to 2017, is available at:

<http://www.hyperapharma.com.br/ri>.

7.9 OTHER INFORMATION DEEMED RELEVANT

Marketing Management

Our marketing management aims to attract and retain clients across our various business lines. To achieve that, we conduct integrated and unique marketing campaigns for each product and region where we operate, which are structured and directed towards the target public of each product. We have teams dedicated to develop specific marketing strategies for each product and also for consumers, with vast experience in the field of media.

We market our products based on our knowledge of the target public, based on strategic internal guidelines, as well as through consumer research and market audits. This knowledge acquired, combined with our team's experience, enables the development and alteration of products by development committees, which include members of the marketing, research & development, production & registration areas, as applicable.

We develop materials for each type of client, channel and product, focusing on specific target publics and on supporting points of sales. In addition to these materials, campaigns and promotional actions are carried out at points of sales, which include consumer contact, gifts and raffles to attract and build loyalty among our consumers.

We also have an internal advertising agency that centralizes the creation of advertising campaigns and all our media negotiations. The agency has vast knowledge of the products from our four business lines, with direct, agile and efficient interaction with the marketing department, ensuring that campaigns developed both for TV and other media are aligned with the strategic goals of each business line and are adequately focused and tailored to each target public.

The internal agency not only is aligned with our strategic goals and has knowledge of the products and target public, but also provides us with economies of scale both in the preparation of advertising and in the negotiation of media space, with greater negotiation power for the development of video commercials. On the date of this Reference Form, we were the second largest advertiser in Brazil, based on a survey by Kantar Ibope Media (Monitor Evolution – Period: January to December 2018). In 2018, our spending on marketing, advertising and related services came to R\$355.9 million, or 9.6% of our net revenue for the fiscal year. We aired 21 campaigns from our portfolio of medications and sweeteners on TV, radio, online and print media, with 12 films produced in 2018. We also invest in out-of-home media, especially subways, trains and street clocks, with around 5,300 spaces in São Paulo, Rio de Janeiro and Salvador. In print media, we published a total of 164 pages of advertisement; in the digital world, we launched 13 new websites for the Company's brands and another 24 were updated over the year.

ITEM 8 – EXTRAORDINARY BUSINESSES

8.1 INDICATE THE ACQUISITION OR DIVESTMENT OF ANY MATERIAL ASSET THAT IS NOT CONSIDERED A NORMAL OPERATION IN THE ISSUER'S BUSINESS.

In the fiscal year ended December 31, 2016, the Company sold the Condom business to Reckitt Benckiser (Brasil) Ltda., as detailed in item 15.7, for R\$ 705.8 million. The operation was concluded on October 4, 2016, after implementation of the conditions precedent established in the Stock Purchase Agreement and Other Covenants executed on January 29, 2016.

In the fiscal year ended December 31, 2017, the Company sold the Disposable Products business to Hygienic Disposables Brazil Participações Ltda., a Brazilian subsidiary of Ontex Grupo NV, as detailed in item 15.7, for approximately R\$1.0 billion. The operation was concluded on March 6, 2017, after implementation of the conditions precedent established in the Stock Purchase Agreement and Other Covenants executed on December 22, 2016.

In the fiscal year ended December 31, 2018, the Company did not acquire or sell any other material asset that is not considered a normal operation in its business.

8.2 – INDICATE ANY SIGNIFICANT CHANGES IN HOW THE ISSUER CONDUCTS ITS BUSINESSES

In fiscal year 2018, the Company continued its strategic development cycle, focusing solely on the Brazilian pharmaceuticals market.

8.3 – IDENTIFY ANY MATERIAL AGREEMENTS SIGNED BY THE ISSUER AND ITS SUBSIDIARIES THAT ARE NOT DIRECTLY RELATED TO THEIR OPERATING ACTIVITIES

There are no material agreements entered into by the Company and its subsidiaries that are not directly related to the Company's operating activities in the last three fiscal years, except for the acquisition or sale already mentioned in items 8.1 and 15.7 of this Reference Form.

8.4 – OTHER MATERIAL INFORMATION

All information deemed material and applicable to this topic has been disclosed in previous items.

ITEM 9 – MATERIAL ASSETS

9.1 – DESCRIPTION OF ANY NON-CURRENT ASSET IMPORTANT FOR THE EXECUTION OF THE ISSUER’S ACTIVITIES

a. Property, plant and equipment, including rented or leased assets, identifying their location

Industrial Complexes

Currently, Continuing Operations (medications and food) are concentrated at 2 industrial complexes located in the cities of Goiânia and Anápolis in Goiás. The industrial units benefit from efficient logistics positioning besides being close to key consumer markets.

Moreover, the Company has a structure dedicated to innovation for internal development of new products. These industrial complexes house industrial plants containing machinery and equipment, which represent a significant portion of the Company’s property, plant and equipment described below:

Goiânia Industrial Complex, Goiás

The Company’s first industrial complex, located in the city of Goiânia in Goiás, started operations in December 2001. This complex has built area of 10,000 m² and currently produces sweeteners and functional food.

Anápolis Industrial Complex, Goiás

The industrial complex is located in the city of Anápolis in Goiás, and started operations under the Company in December 2009, with the merger of Neo Química. The complex has four industrial plants set up on land spanning 323,000 m², with built area of over 120,000 m². This complex houses the production of Consumer Health, Prescription Drugs, Dermocosmetics, Generic Drugs and Similar Drugs. Installed capacity of solids is 16.8 billion pills/year, 213 bottles/year, 107 million tubes/year, 40 million ampoules or eye-drops/year, 24 million sachets/year and 10 million hard tubes/year.

Research and Development Center in Alphaville, São Paulo

The Company has a modern innovation center – Hynova - spanning 4,825 m² of built area, which houses the pre-formulation, product development, analytical research, packaging material and documentation teams. Located in Alphaville, in the city of Barueri in São Paulo, Hynova is equipped with more than 150 state-of-the-art machines.

PROPERTIES, PLANTS AND EQUIPMENT

We currently own or have leased the following properties:

Location	State	Property rights	Type of property
Goiânia	GO	Own	Industrial Plant
Anápolis	GO	Own	Industrial Plant

São Paulo	SP	Leased	Headquarters
Alphaville	SP	Leased	Industrial Plant

In general, properties, whether owned or leased, have the infrastructure required for high-quality and high-efficiency production levels the Company seeks to maintain. Moreover, such properties are well dimensioned for our current production needs as well as to meet our future capacity expansion plans. Most of the equipment and machinery used in the production process are owned.

b – Intangible assets, such as patents, trademarks, licenses, concessions, franchises and technology transfer contracts, Internet domains

Type of asset	Asset description	Duration	Events that could lead to loss of rights	Consequence of loss of rights
Trademarks	<p><u>Medications:</u> Benegrip, Doril, Lisador, Apracur, Tamarine, Atroveran, Engov, Epocler, Cristina D, Eztomazil, Neo Química Genéricos, Addera D3, Maracugina, Alivium, Doralgina and Miorrelax, among others.</p> <p><u>Food:</u> Finn, Zero-Cal, Adocyl, Vitasay and Biotônico Fontoura, among others.</p> <p><u>Cosmetics:</u> Episol, Epidrat, Ivy C, Reviline, Hydraporin and others.</p>	10 years from registration	<p>Administratively, trademark registration requests that are still under analysis by INPI can be denied and we cannot ensure that third parties (or even INPI itself) will not try to hinder previously granted trademarks (through processes to declare them void or their forfeiture, for example). Legally, even though we hold the trademarks and domain names, it cannot be guaranteed that third parties will not claim that we are violating intellectual property rights and eventually succeed. We are not aware of any proceeding related to the violation by us or by our subsidiaries of any of these intellectual property rights.</p> <p>The maintenance of trademarks and domain names is done through periodic payment of fees to competent authorities. Payment of applicable fees is also essential to avoid the cancelation of trademarks and the consequent termination of the rights of the holder.</p>	Any loss of trademarks registered by the Company would mean the end of the right for its exclusive use within Brazil. As a result, the Company would find it difficult to prevent third parties from using brands that are identical or similar to its own name, even for competing services or products. Also, once the Company cannot prove to be the rightful owner of the brands it uses, there would be a possibility of facing legal claims under criminal and civil law for improper use of trademark and violation of third-party rights.

c – Companies in which the issuer holds interest

Corporate name	Cosmed Indústria de Cosméticos e Medicamentos S.A.		
Corporate Taxpayer ID (CNPJ)	61.082.426/0001-26		
Registered office	Barueri, São Paulo		
Activities	Medications and sweeteners		
Issuer interest	100%		
Subsidiary or affiliated company?	Subsidiary		
Registered with the CVM?	No		
Book value of interest / Date	R\$ 537,013,530.40 (12/31/2018)		
Market value of interest based on the share price on the closing date of the fiscal year when said shares are traded in organized securities markets	0		
Reasons for acquisition and maintenance of said interest	Economies of scale of production, cost savings and productivity gains		
	2018	2017	2016
Appreciation or depreciation of said interest, based on book value	- 1.398142	8.003233	1.208872
Appreciation or depreciation of said interest, based on market value, as per the share price on the closing date of each fiscal year when said shares are traded in organized securities markets	0	0	0
Dividends	R\$ 58,817,543.41	R\$ 97,891,177.68	0

Corporate name	MY Agência de Propaganda Ltda.		
Corporate Taxpayer ID (CNPJ)	03.532.177/0001-27		
Sede	São Paulo/SP		
Activities	Advertising and marketing		
Issuer interest	100%		
Subsidiary or affiliated company?	Subsidiary		
Registered with the CVM?	No		
Book value of interest / Date	R\$ 8,885,060.93 / 12/31/2018		
Market value of interest based on the share price on the closing date of the fiscal year when said shares are traded in organized securities markets	0		
Reasons for acquisition and maintenance of said interest	Capture of synergies in the media area		
	2018	2017	2016
Appreciation or depreciation of said interest, based on book value	128.166580	-33.350407	12.371846
Appreciation or depreciation of said interest, based on market value, as per the share price on the closing date of each fiscal year when said shares are traded in organized securities markets	0	0	0
Dividends	0	0	0

Corporate name	Brainfarma Indústria e Farmacêutica S.A.		
Corporate Taxpayer ID (CNPJ)	05.161.069/0001-10		
Registered office	Anápolis, Goiás		
Activities	Medications segment		
Issuer interest	100%		
Subsidiary or affiliated company?	Subsidiary		
Registered with the CVM?	No		
Book value of interest / Date	R\$ 948,126,288.13 (12/31/2018)		
Market value of interest based on the share price on the closing date of the fiscal year when said shares are traded in organized securities markets	0		
Reasons for acquisition and maintenance of said interest			
	2018	2017	2016
Appreciation or depreciation of said interest, based on book value	14.877525	-5.211532	68.306690
Appreciation or depreciation of said interest, based on market value, as per the share price on the closing date of each fiscal year when said shares are traded in organized securities markets	0	0	0
Dividends	R\$ 13,351,653.89	R\$ 11,969,655.26	R\$ 27,626,347.74

Corporate name	Bionovis S.A. Companhia Brasileira de Biotecnologia Farmacêutica		
Corporate Taxpayer ID (CNPJ)	12.320.079/0001-17		
Registered office	Valinhos, São Paulo		
Activities	Experimental research and development in the fields of physical and natural sciences		
Issuer interest	25%		
Subsidiary or affiliated company?	Subsidiary		
Registered with the CVM?	No		
Book value of interest / Date	R\$ 11,562,966.32 (12/31/2018)		
Market value of interest based on the share price on the closing date of the fiscal year when said shares are traded in organized securities markets	0		
Reasons for acquisition and maintenance of said interest			
	2018	2017	2016
Appreciation or depreciation of said interest, based on book value	86.913399	86.434869	456.449449
Appreciation or depreciation of said interest, based on market value, as per the share price on the closing date of each fiscal year when said shares are traded in organized securities markets	0	0	0
Dividends	0	0	0

9.2 – OTHER MATERIAL INFORMATION

Trademarks

The Company's intellectual property is composed of its trademarks. In Brazil, ownership of a brand is acquired only through a validly granted registry issued by INPI, which is responsible for trademarks and patents, which then grants the user the exclusive and nationwide right over the brand for 10 years, which may be renewed. While the request is not approved, the filer only has an expectation of the right to use the trademarks submitted, applied to identify its products or services.

The Company and its subsidiaries hold various trademarks and applications for trademarks in Brazil in under various forms (for example, nominative trademarks, mixed trademarks, figurative and tridimensional).

Administratively (at INPI), trademark requests being analyzed by INPI may be denied. Furthermore, even in relation to trademarks already granted, it cannot be ensured that third parties (or INPI itself) will not file processes to declare such trademarks void or forfeited. Legally, even though the Company holds trademarks and the domains listed, it cannot be guaranteed that third parties will not allege that the Company is violating their intellectual property rights and eventually succeed.

Furthermore, the maintenance of trademarks takes place through the periodic payment of fees to INPI. Payment of applicable fees is also essential to avoid the cancelation of trademarks and consequent termination of the rights of holder. On the date of this Reference Form, the Company was in compliance with the payment of such fees.

Some of the requests made by the Company to register trademarks have not yet been approved by INPI due to objections filed by third parties, requests for forfeiture and suspension of applications due to pre-existing third-party proceedings. However, since the Company already holds these trademarks in other classes, the likelihood of success (in view of the actions of such third parties) is high and, even if these requests are denied or that the trademarks are declared void, it is still possible to continue using these trademarks in various activities.

Finally, the Company has four registrations granted for the corporate trademark "HYPERA" in the nominative form and five granted by INPI for the HYPERA brand in the mixed form, all in Brazil. Moreover, the Company has two requests for registering the HYPERA brand in the nominative form and two in the mixed form, which are pending a decision from the INPI. It also has three registration granted by INPI for the corporate trademark HYPERA PHARMA in the mixed form.

Patent Drawings, Patents, Contracts and Domains

The Company holds several registrations and requests registrations of patent drawings at the INPI. These patent drawings refer to drawings and configurations of products, packaging and bottles of our products.

The Company also owns several domains, notably “hyperapharma.com.br”, “alivium.com.br”, “apracur.com.br”, “hypera.com.br”, “benegrip.com.br”, “biotonicofontoura.com.br”, “polaramine.com.br”, “calminex.com.br”, “coristina.com.br”, “doril.com.br”, “finn.com.br”, “gelol.com.br”, “doralgina.com.br”, “mantecorpskincare.com.br”, with safety certificates in Brazil. We also have the following domains registered abroad: “neoquimica.com” and “neoquimicagenericos.com”.

ITEM 10 – MANAGEMENT’S COMMENTS

10.1 – MANAGEMENT’S COMMENTS

The Company has made non-significant adjustments to its financial statements related to the fiscal year ended on December 31, 2017, as a result of the voluntary review of the recognition procedure of receipts adopted by the Company, which started to consider the moment of delivery of the sold goods and not the moment of the billing.

The comparison of amounts referring to the balance sheet and income statements of 2016 originally presented and restated are presented below.

The restated amounts referred to the fiscal year of 2016, as presented below, served as basis for the explanations related to the variations between the Balance Sheet and the Income Statement between the years of 2017 and 2016 contained in this item.

Balance Sheet of the comparative year on 12/31/2016

	Consolidated		
	Originally presented	Adjustments	Restated
Current			
Assests			
Accounts receivable	1,227,872	(208,921)	1,018,951
Supplies	379,992	51,324	431,316
Other Assets	183,244	40,474	223,718
Assets held for sale	1,695,406	(24,083)	1,671,323
Other current assets	1.865.169	-	1,865,169
Current Total	5,351,683	(141,206)	5,210,477
Non-current			
Income taxes and social contributions diferred	139,906	39,824	179,730
Investiments	-	-	-
Other non-current assets	5,993,827	-	5,993,827
Total non-current	6,133,733	39,824	6,173,557

Total Assets	11,485,416	(101,382)	11,384,034
Liabilities			
Liabilities kept for sale	841,988	749	842,737
Other Current Liabilities	899,245	-	899,245
	1,741,233	749	1,741,982
Other non-current liabilities	933,581	-	933,581
Net Profit			
Profit Reserve	1,998,408	(102,131)	1,896,277
Other items of the net profit	6,812,194	-	6,812,194
	8,810,602	(102,131)	8,708,471
Total of liabilities and net equity	11,485,416	(101,382)	11,384,034

Income Statement of 12/31/2016

	Consolidated		
	(Previously disclosed)	Adjustments	(Restated)
Continued Operations			
Net Revenue	3,288,747	-60,655	3,228,092
Cost of Sold Products	-846,787	13,533	-833,254
Gross Profit	2,441,960	-47,122	2,394,838
Expenses with sales and marketing	-1,223,664	5,772	-1,217,892
Administrative and general expenses	-153,763	-	-153,763
Other (expenses) operational revenues, net	1,727	-	1,727
Equity equivalence	2721	-	2721
Results before revenues and financial expenses	1,068,981	-41,350	1,027,631

Financial revenues	261,681	-	261,681
Financial expenses	-453,814	-	-453,814
Financial Expenses, Net	-192,133	-	-192,133
Result before the income tax and social contribution	876,848	-41,350	835,498
Income tax and social contribution	-202,384	14,059	-188,325
Net Result of the continued operations	674,464	-27,291	647,173
Discontinued Operations			
Net result of discontinued operations	500,110	30,465	530,575
Net result of the year	1,174,574	3,174	1,177,748

In the fiscal year of 2018, the Company and its subsidiaries initially adopted CPC 47/IFRS 15 Revenues from Customer Contracts using the retrospective method, with initial application of the rule on the initial date (i.e., January 1st, 2018). On that account, there has been the reclassification between the lines of marketing expenses and deductions on the gross revenue in the 2017 numbers.

The comparison of amounts referring to the income statement of 2017 originally presented and restated are presented below.

The restated amounts referring to the fiscal year of 2017, as presented below, served as basis for the explanations related to the variations between the Income accounts between the years of 2018 and 2017 contained in this item.

Income Statement of 12/31/2017

	Consolidated		
	(Previously disclosed)	Adjustments	(Restated)
Continued Operations			
Net Revenue	3,638,458	138,559	3,499,899

Cost of Sold Products	-926,746	-	-926,746
Gross Profit	2,711,712	138,559	2,573,153
Expenses with sales and marketing	-1,363,816	-138,559	-1,225,257
Administrative and general expenses	-184,428	-	-184,428
Other (expenses) operational revenues, net	-6,340	-	-6,340
Equity equivalence	2,868	-	2,868
Results before revenues and financial expenses	1,159,996	-	1,159,996
Financial revenues	167,091	-	167,091
Financial expenses	-113,740	-	-113,740
Financial Expenses, Net	53,351	-	53,351
Result before the income tax and social contribution	1,213,347	-	1,213,347
Income tax and social contribution	-101,871	-	-101,871
Net Result of the continued operations	1,111,476	-	1,111,476
Discontinued Operations			
Net result of discontinued operations	-146,534	-	-146,534
Net result of the year	964,942	-	964,942

a. General Financial and Assets Conditions

The Company's Management believes that the Company presents sufficient financial and assets conditions to execute its business plan in accordance with its short, medium and long-term obligations.

At the end of the fiscal year of 2018, the Company reduced its gross debt in R\$93.6 million, going from R\$676.0 million as of December 31, 2017 to R\$582.4 million, corresponding to a drop of approximately 13.8%. In the comparison between the fiscal years of 2017 and 2016, year in which it reached the level of R\$907.6 million, the Company's gross debt was reduced by 25.5%.

The Company ended the year 2018 with R\$1,646.9 million in cash and cash equivalents, against R\$1,522.1 million accounted at the end of fiscal year of 2017 and R\$1,348.0 million reported for the end of fiscal year of 2016. The increase in the balance of cash and cash equivalents from 2017 to 2018, 2017 to 2018 was mainly a consequence of the Operational Cash Flow of R\$ 1,066.5 million, the highest ever registered by the Company, with a 14.4% increase in relation to 2017, and the payment of Interest on Net Equity in the amount of R\$581.3 million. In the comparison between 2017 and 2016, the R\$174,12 million increase in the cash and cash equivalents balances are a result primarily of the combination of the operational generation of cash of R\$932.6 million and of the capital reduction of R\$821.9 million, approved at the Company's Ordinary and Extraordinary Shareholders' Meeting held on April 19, 2017.

Therefore, the cash availability exceeded the gross debt of the Company on the closing of the last 3 fiscal years. The Company's net cash position in 2018 was of R\$1,060.1 million, R\$846.1 in 2017 and R\$792.0 million in 2016.

The Company points out that the fiscal years of 2017 e 2016 were mainly affected by the receipt of the sales of assets, equivalent to R\$2,505.1 million in the fiscal year ended December 31, 2016, and R\$764.9 in the fiscal year ended December 31, 2017, related mainly to the sale of certain operating segments of the former Consumption division of the Company, including: (i) the Cosmetics business; (ii) the Condom business; and the (iii) the Disposable Products business

Finally, it is worth noting that in the fiscal year ended December 31, 2018, the financial leverage index, correspondent to the ratio between net debt and the total capital (sum of the shareholders' equity with the net debt) was -14.8%, against 9.9% in 2016. The performance in this indicator shows the consistent evolution of the Company to a solid net cash position over the last three fiscal years.

In 2018, the Company's general liquidity index, corresponding to the division between the sum of current assets and long-term receivables, by the sum of current liabilities and non-current liabilities, was of 1.99, compared to 2.14 in 2016, highlighting the Company's ability to honor its shorts, medium and long term commitments.

Therefore, the Management believes that the Company presents comfortable liquidity indicators, which reflect the strategy of the Company of maintaining a low leveraged capital structure, without exposing it to material liquidity risks.

b. Capital Structure

The Company finances its operations through its own capital and third parties' funds. The Company's capital structure for the fiscal years ended December 31, 2016, 2017 and 2018 is described in the following table:

(Thousand of R\$)	12/31/2016	%VA	12/31/2017	%VA	31/12/2018	%VA
Third Parties' Capital ⁽¹⁾	2,675,563	23.5	2,392,678	23.6	2,289,310	21.7
Own Capital ⁽²⁾	8,708,471	76.5	7,737,759	76.4	8,267,673	78.3
Total	11,384,034	100	10,130,437	100	10,556,983	100

(1) Third Parties' Capital corresponds to the sum of Current Liabilities and Non-Current Liabilities at the end of each fiscal year;

(2) Own Capital corresponds to Shareholders' Equity at the end of each fiscal year.

The growth of 6.8% Own Capital in 2018, when compared to the fiscal year of 2017, was mainly due to the increase in Net Profit with the decrease of the Interest on Net Equity declared during 2018. This increase in the Own Capital, combined with the reduction of Third Parties' Capital resulting mainly from the lower gross indebtedness at the end of 2018, contributed to the increase of the representativeness of Own Capital in 1.9 percentage point in the fiscal year of 2018.

The reduction of Own Capital in 11.1% in 2017, when compared to the fiscal year of 2016, is mainly due to the reduction of Company's capital stock in the amount of R\$ 821.9 million, approved by the Company's Ordinary and Extraordinary Shareholders' Meeting held on April 19, 2017. The reduction of the representativeness of Own Capital was 0.1 percentage point, since the Third Parties' Capital decreased by 10.6% in the period, mainly as a result of the reduction in gross indebtedness from R\$ 907.6 million in 2016 to R\$676.0 million on December 31, 2017.

c. Ability of payment in respect of financial commitments as undertaken

The Management understands that the Company's largest resource needs are linked to (i) payment of the cost of sold products (ii) payment of bank loans and financings, including financial expenses related to them; and (iii) indirect taxes related to operational activities, such as ICMS, PIS/Cofins and IPI.

Currently, the Management understands that the Company's main source of funds is the cash generated from its operational activities. In 2018, Operational Cash Flow was R\$1,066.5 million, an increase by R\$133.9 million in relation to 2017, and up R\$184.7 million against the year 2016, proving the Company's commitment to converting its operational result into cash over the periods.

With the increase in the generation of operational cash, the Company was able to reduce its gross debt in the fiscal year of 2018, which decreased 13.8% in this period compared to the previous fiscal year. Thus, the Company's Management believes that the existing funds in cash and cash equivalents, combined with the generation of operational cash forecasted for the next periods, will be sufficient to cover its liquidity needs and honor its financial commitments in the short term.

It is important to mention, however, that the Company has a deleveraged capital structure and, if there is need of searching financing sources to honor new financial commitments, the Company may seek loans and financing from banks or issue instruments of indebtedness, for example.

d. Sources of financing used for working capital and for investments in non-current assets

Over the last 3 fiscal years, the working capital and investments in non-current assets were financed mainly by its own capital arising from operational cash flow generation, as well as working capital lines and credit from banks and transactions in the Brazilian and foreign capital markets.

The main working capital lines and credit from banks and transactions in the Brazilian and foreign capital markets used by the Company in the last 3 fiscal years are described in item 10.1.f.

e. Sources of financing used for working capital and for investments in non-current assets intended to cover liquidity deficiencies

At the moment, the Management understands that the Company does not have liquidity deficiencies and believes that its operational cash generation and the current cash position are sufficient to comply with the obligations of working capital and current liabilities.

Nevertheless, if there is a need to seek financing sources for working capital or non-current assets, the Company may seek loans and financing from banks or issue instruments of indebtedness, as well as carry out transactions in the Brazilian and foreign capital markets.

f. Levels of indebtedness and characteristics of such debts

(i) Relevant indebtedness and financing agreements

As of December 31, 2018, the loans and financings entered into by the Company accounted to R\$564.3 million, of which R\$457.8 million expire as from 2020.

The table below shows our indebtedness as of December 31, 2016, 2017 and 2018, (excluding notes payable related to the payment of acquisitions as described in item "Contractual Obligations" below):

Annual Interest Rate		Balance as of	Balance as of	Balance as of
		12/31/2016 ⁽¹⁾	12/31/2017 ⁽¹⁾	12/31/2018 ⁽¹⁾
		<i>(Thousand of R\$)</i>	<i>(Thousand of R\$)</i>	<i>(Thousand of R\$)</i>
Foreign Currency				
Loans ⁽²⁾	US\$+2.77% per year	331,304	166,637	-
Loans ⁽²⁾	EUR + 1.61% per year			90,761
National Currency				
FCO ⁽²⁾	Pre-fixed from 2.50% to 8.50% per year	79,483	68,289	57,120
Financings	Pre-fixed from 2.50% to 8.70% per year	17,879	12,183	9,780
BNDES ⁽²⁾	Pre-fixed from 3.50% to 4.50% per year	16,461	9,353	2,237
Debentures ⁽²⁾	Pre-fixed 11.30% per year	187,130	93,606	-
Finep	TJLP – 1.00% per year	74,215	161,134	262,242
Real Estate Financings	TR + 9.60% per year	153,686	145,125	142,170
Total		860,158	656,329	564,309
Current		176,110	337,813	106,548
Non-Current		684,048	318,516	457,761

(1) The table shows the balance, as of December 31, 2016, 2017 and 2018, of loans, financings and debentures whose maturity dates vary.

(2) Agreements with covenants regarding level of indebtedness and interest coverage in relation to certain financial information (EBITDA and net interest expenses), disposal, spin-off, consolidation, merger or any corporate restructuring, which, in case of occurrence, should be previously authorized by financial agents. In the occurrence of any of these events without the consent of the creditors, the outstanding balances will have their maturity accelerated. As of December 31, 2018, all covenants were complied with. The next measurement will be held on June 30, 2019.

The table below presents the schedule for repayment of loans and financings as of December 31, 2018 (excluding debentures and notes payable, being the latter related to the acquisitions as described in item “Contractual Obligations” herein below):

Fluxo de amortização em 31 de dezembro de 2018	
<i>(Thousand of R\$)</i>	
Current	
2019	106,548
Total Current	106,548
Non-Current	
2020	72,709
2021	162,623
2022	72,391
2023	68,536
2024	49,509
2025	16,002
2026	15,992
2027	-
Total Non-Current	457,761

Fluxo de amortização em 31 de dezembro de 2018	
Total Current and Non-Current	564,309

As of December 31, 2018, all loans and financings, are secured by the Company and/or its subsidiaries. These loans and financings are primarily secured by four types of collateral: (i) accounts receivable; (ii) bank surety letter; (iii) mortgage on our real estate; and (iv) pledge on our personal properties.

The main financial agreements in force as of December 31, 2018 are described below, and the Company complied and is in compliance with all restrictions existing and imposed by such contractual and financial instruments:

Debentures

1st Private Issuance of Debentures of 2nd Series

Total Amount of the Issuance: R\$549,998 million

Date of Issuance: October 15, 2010

Full Term: 8 years

Coupon: 11.3% per year

Payment of Interest: semi-annual

Maturity: October 15, 2018 (paid on October 15, 2018 with compensation interest prefixed in 11.30% per year, payable semi-annually)

Debtor Balance on 12/31/18: R\$0,00

Banco Bradesco S.A.

On December 26, 2014, the Company issued a banking credit note in favor to Banco Bradesco S.A., in the amount of R\$53.0 million, subject to the Reference Rate (TR) published by the Central Bank of Brazil and interest at the effective rate of 9.60% per year. The payment of the principal of this note shall be made in 12 annual installments, the first being paid on January 26, 2015, and the latest being due on December 26, 2026. As of December 31, 2018, the debtor balance of this note was R\$44.4 million.

The occurrence of the following events shall cause the creditor to consider the note due in advance and immediately payable: **(a)** request by the Company and/or the guarantors of any judicial or extrajudicial recovery plan to any creditor or class of creditors, whether the court approval has been requested or obtained for such plan; or if the Company and the guarantors file for a judicial recovery request, regardless of the approval of the recovery processing or its concession by the competent judge; **(b)** extinction, liquidation, dissolution, insolvency or voluntary bankruptcy, petition for bankruptcy of the Company and/or the guarantors and/or any of its parents with participation, individually or jointly, of at least 10% (ten percent) in the capital stock of the Company and/or the guarantors and their respective subsidiaries, not suppressed within the legal term; **(c)** default in payment, by the Company and/or by any of the guarantors, within 2 (two) business days after the date on which such payment becomes due, of any monetary obligation related to this Note and/or to other Bank Credit Notes; **(d)** non-compliance by the Company and/or by any of the guarantors of any non-pecuniary obligation, pursuant to the transaction documents, not cured within a maximum of fifteen (15) calendar days as from the date of receipt of a written notice, and this term shall not apply to those obligations to which an specific period of cure has been stipulated; **(e)** reduction of the Company's capital stock equal to or above 15% (fifteen percent) except if: (i) in cases of capital stock reduction carried out in order to absorb losses, in accordance with Article 173 of the Brazilian Corporations Law; or (ii) if previously authorized by the creditor; **(f)** protest of bills against the Company and/or against any of the guarantors which unit or aggregate amount exceeds R\$50,000,000.00 (fifty million Reais), updated annually by the IPCA (Consumer Price Index), unless within ten (10) business days as of the order date for the payment of the protest(s) in question of the time established for payment; if less than ten (10) working days, it has been proved: (i) the protest was made in error or acting in bad faith; (ii) the protest was canceled; or (iii) the amount was deposited in court; **(g)** failure to comply with any financial obligations and debts of the Company and/or of any of the guarantors and/or parent company with participation, individually or jointly, of at least 10.00% (ten percent) in the Company's or in the guarantors' capital stock, in single or aggregate amount equal to or greater than BRL 50,000,000.00 (fifty million Reais), updated annually by the IPCA in the local or international market, unless the Company and/or the guarantors prove, up to the third (3rd) business day following the date of its occurrence, that such default has not occurred or has been properly cured; **(h)** payment by the Company and/or the guarantors of dividends and/or interest on equity, excluding mandatory dividends by law and interest on equity imputed to mandatory dividends if they are in default with any of its financial obligations provided by this note, in other Bank Credit Note and/or in the transaction documents; **(i)**

failure to comply with any legal final decision, administrative (in this case, since the Company and/or the guarantors have not taken any judiciary action within the statutory period) and/or final arbitration award against the Company and/or guarantors in value individual or aggregate not less than R\$50,000,000.00 (fifty million Reais), updated annually by the IPCA, or equivalent amount in other currencies within the stipulated time limit for payment including violation of zoning laws, the failure to comply with urban planning guidelines or similar decisions affecting the property given as guarantee; **(j)** transformation of the Company's and/or the guarantors corporate type; **(k)** if any incorporation, share incorporation, merger, spin-off, corporate reorganization or sale of shares occurs and causes Igarapava Participações S.A. no longer being the main shareholder of the Company's current block of control; or in the event of incorporation, share incorporation, merger, spin-off, corporate reorganization or sale of shares that results in loss of the current corporate control, direct or indirect, by Igarapava Participações S.A.; **(l)** relevant change in the Company's and/or the guarantors' operating conditions, in the financial and/or operating conditions, which is proven (by a material announcement or press release by the Company pursuant CVM Instruction 358, as applicable, as well as the applicable regulations), to adversely affect the Company's and/or the guarantors' capacity to comply with its financial obligations; **(m)** non-renewal, cancellation, intervention, revocation or suspension of licenses, permits and authorizations, including environmental, which are necessary to the regular development of the Company's and the guarantors' activities, except if, within fifteen (15) days as from the date of such non-renewal, cancellation, intervention, revocation or suspension, the Company and/or the guarantors show the existence of jurisdictional provision authorizing the regular continuity of the Company's and/or guarantors' activities until the renewal or obtaining of such license or permit; **(n)** change or amendment to the Company's and/or the guarantors' corporate purpose that changes the activities they currently practice in a relevant way, or that adds to these activities new business that prevail or may represent deviations from the currently developed activities; **(o)** failure to comply with environmental legislation, so that the noncompliance materially affects the Company and/or guarantors, especially but not limited to laws and regulations related to occupational health and safety and the environment, as well the incentive of the Company and/or guarantors or controller, to prostitution, child laboring activities and/or labor activities in conditions analogous to slavery as: (i) verified by the administrative or judicial decision against the Company and/or the guarantors or controller, indicating such failure or encouragement; or (ii) the inclusion of the Company and/or the guarantors or controller in any kind of official list of companies that violate social-environmental rules, provided that, in any case, not reversed within ten (10) business days from the date of such decision or inclusion; **(p)** any statement or any of the guarantees provided by the Company and/or by the guarantors are proven to be false or misleading during the effectiveness of the transaction documents; **(q)** amendments to the Company's Bylaws, resulting in the granting of withdrawal rights to shareholders during the term of the transaction, provided that there is an effective withdrawal of shareholders representing, individually or jointly, 15% (fifteen percent) or more of the capital stock; **(r)** in the event of the chattel mortgage is to be expired, or terminated, or limited before the full payment of financial obligations, either for nullity, cancellation, termination, waiver, dispute, dissolution or for any other reason, or if the chattel mortgage becomes tactless, inappropriate and/or insufficient to ensure full payment of the financial obligations and provided that the chattel mortgage is not replaced; **(s)** in the event of total or partial expropriation of the real estate given in guarantee; **(t)** if in any way and during

the operation, the real estate given as guarantee becomes an object of promise or part of a constitution of new liens or encumbrance, permanent disposal and not resolvable or in the event of becoming an object of foreclosure or guarantees' execution, provided that the guarantee is not reinforced and/or replaced so that the outstanding balance is 100.00% (one hundred percent) guaranteed; **(u)** permanent disposal of the real estate given as guarantee and that not being solved or in case it is an object of a foreclosure or execution of guarantees in the period before the end of the second (2nd) year as from the date of disbursement under item II, paragraph 1B, Article 1 of Law No. 12,431/11; **(v)** statement of the acceleration of any of the other Bank Credit Note; **(w)** If the real estate given as guarantee has not been kept in perfect condition and safety, or in case demolition works are performed, which reduces the value of property given as collateral, provided that the guarantee is not enhanced and/or replaced so that the outstanding balance is 100,00% (one hundred percent) guaranteed; **(x)** in the event any claim, lawsuit, execution or any other measure, even if an administrative measure, is filed against the Company and/or the guarantors, affecting the chattel mortgage of the real estate given in guarantee or any other guarantee as may be provided in the scope of the offer to replace the chattel mortgage of the real estate given in guarantee; **(y)** in case the Company and/or the guarantors fail to pay in their respective due dates, taxes of any nature, over the real estate given in guarantee and since not cured within five (5) business days; **(z)** if the chattel mortgage is not be registered with the Real Estate Registry Office within thirty (30) days from the date of formal Real Estate Chattel Mortgage Agreement, given that this term will be extended for 60 (sixty) days, if necessary, provided that the Company proves to be complying with any requirements required by the Real Estate Registry Office, within the legal deadlines; and **(aa)** if the Compulsory Extraordinary Amortization is not made pursuant to the credit note.

On December 26, 2014, by means of our subsidiary Cosmed Indústria de Cosméticos e Medicamentos S.A., we issued a banking credit note in favor to Banco Bradesco S.A., in the amount of R\$54.0 million, subject to the Reference Rate (TR) published by the Central Bank of Brazil and interest at the effective rate of 9.60% per year. The payment of the principal of this note shall be held in 12 annual installments, the first being paid on January 26, 2015, and the latter being due on December 26, 2026. As of December 31, 2018, the debtor balance of this note was R\$45.1 million.

The occurrence of the following events shall cause the creditor to consider the note due in advance and immediately payable: **(a)** request by the Company, the guarantor and/or Brainfarma of any judicial or extrajudicial recovery plan to any creditor or class of creditors, whether the court approval has been requested or obtained for such plan; or if the Company, the guarantor and/or Brainfarma file for a judicial recovery request, regardless of the approval of the recovery processing or its concession by the competent judge; **(b)** extinction, liquidation, dissolution, insolvency or voluntary bankruptcy, petition for bankruptcy of the Company, the guarantors and/or Brainfarma and/or any of its parents with participation, individually or jointly, of at least 10% (ten percent) in the capital stock of the Company, the guarantor and/or Brainfarma and their respective

subsidiaries, not suppressed within the legal term; **(c)** default in payment, by the Company, the guarantor and/or Brainfarma, within 2 (two) business days after the date on which such payment becomes due, of any monetary obligation related to this Note and/or to other Bank Credit Notes; **(d)** non-compliance by the Company and/or by the guarantor and/or by Brainfarma of any non-pecuniary obligation, pursuant to the transaction documents, not cured within a maximum of fifteen (15) calendar days as from the date of receipt of a written notice, and this term shall not apply to those obligations to which an specific period of cure has been stipulated; **(e)** reduction of the guarantor's capital stock equal to or above 15% (fifteen percent) except if: (i) in cases of capital stock reduction carried out in order to absorb losses, in accordance with Article 173 of the Brazilian Corporations Law; or (ii) if previously authorized by the creditor; **(f)** protest of bills against the Company and/or against the guarantor or Brainfarma which unit or aggregate amount exceeds R\$50,000,000.00 (fifty million Reais), updated annually by the IPCA (Consumer Price Index), unless within ten (10) business days as of the order date for the payment of the protest(s) in question of the time established for payment; if less than ten (10) working days, it has been proved: (i) the protest was made in error or acting in bad faith; (ii) the protest was canceled; or (iii) the amount was deposited in court; **(g)** failure to comply with any financial obligations and debts of the Company, the guarantors and/or Brainfarma and/or parent company with participation, individually or jointly, of at least 10.00% (ten percent) in the Company's, the guarantor's and/or Brainfarma's capital stock, in single or aggregate amount equal to or greater than BRL 50,000,000.00 (fifty million Reais), updated annually by the IPCA in the local or international market, unless the Company, the guarantor and/or Brainfarma prove, up to the third (3rd) business day following the date of its occurrence, that such default has not occurred or has been properly cured; **(h)** payment by the Company, the guarantors and/or Brainfarma of dividends and/or interest on equity, excluding mandatory dividends by law and interest on equity imputed to mandatory dividends if they are in default with any of its financial obligations provided by this note, in other Bank Credit Note and/or in the transaction documents; **(i)** failure to comply with any legal final decision, administrative (in this case, since the Company, the guarantor and/or Brainfarma have not taken any judiciary action within the statutory period) and/or final arbitration award against the Company, the guarantor and/or Brainfarma in value individual or aggregate not less than R\$ 50,000,000.00 (fifty million Reais), updated annually by the IPCA, or equivalent amount in other currencies within the stipulated time limit for payment including violation of zoning laws, the failure to comply with urban planning guidelines or similar decisions affecting the property given as guarantee; **(j)** transformation of the corporate type of the Company, the guarantor and/or of Brainfarma; **(k)** if any incorporation, share incorporation, merger, spin-off, corporate reorganization or sale of shares occurs and causes Igarapava Participações S.A. no longer being the main shareholder of the Company's current block of control; or in the event of incorporation, share incorporation, merger, spin-off, corporate reorganization or sale of shares that results in loss of the current corporate control, direct or indirect, by Igarapava Participações S.A.; **(l)** relevant change in the Company's, the guarantor's and/or Brainfarma's operating conditions, in the financial and/or operating conditions, which is proven (by a material announcement or press release by the Company pursuant CVM Instruction 358, as applicable, as well as the applicable regulations), to adversely affect the Company's, the guarantor's and/or Brainfarma's capacity to comply with its financial obligations; **(m)** non-renewal, cancellation, intervention, revocation or suspension of licenses, permits and authorizations, including environmental, which are necessary

to the regular development of the Company's, the guarantor's and/or Brainfarma's activities, except if, within fifteen (15) days as from the date of such non-renewal, cancellation, intervention, revocation or suspension, the Company, the guarantor and/or Brainfarma show the existence of jurisdictional provision authorizing the regular continuity of the Company's, the guarantors' and/or Brainfarma's activities until the renewal or obtaining of such license or permit; **(n)** change or amendment to the Company's, the guarantors' and/or Brainfarma's corporate purpose that changes the activities they currently practice in a relevant way, or that adds to these activities new business that prevail or may represent deviations from the currently developed activities; **(o)** failure to comply with environmental legislation, so that the noncompliance materially affects the Company, the guarantor's and/or Brainfarma's, especially but not limited to laws and regulations related to occupational health and safety and the environment, as well the incentive of the Company, the guarantor and/or Brainfarma or controller, to prostitution, child laboring activities and/or labor activities in conditions analogous to slavery as: (i) verified by the administrative or judicial decision against the Company, the guarantor and/or Brainfarma or controller, indicating such failure or encouragement; or (ii) the inclusion of the Company, the guarantor and/or Brainfarma or controller in any kind of official list of companies that violate social-environmental rules, provided that, in any case, not reversed within ten (10) business days from the date of such decision or inclusion; **(p)** any statement or any of the guarantees provided by the Company, the guarantor and/or Brainfarma are proven to be false or misleading during the effectiveness of the transaction documents; **(q)** in the event of the chattel mortgage is to be expired, or terminated, or limited before the full payment of financial obligations, either for nullity, cancellation, termination, waiver, dispute, dissolution or for any other reason, or if the chattel mortgage becomes tactless, inappropriate and/or insufficient to ensure full payment of the financial obligations and provided that the chattel mortgage is not replaced; **(r)** in the event of total or partial expropriation of the real estate given in guarantee; **(s)** if in any way and during the operation, the real estate given as guarantee becomes an object of promise or part of a constitution of new liens or encumbrance, permanent disposal and not resolvable or in the event of becoming an object of foreclosure or guarantees' execution, provided that the guarantee is not reinforced and/or replaced so that the outstanding balance is 100.00% (one hundred percent) guaranteed; **(t)** permanent disposal of the real estate given as guarantee and that not being solved or in case it is an object of a foreclosure or execution of guarantees in the period before the end of the second (2nd) year as from the date of disbursement under item II, paragraph 1B, Article 1 of Law No. 12,431/11; **(u)** statement of the acceleration of any of the other Bank Credit Note; **(v)** If the real estate given as guarantee has not been kept in perfect condition and safety, or in case demolition works are performed, which reduces the value of property given as collateral, provided that the guarantee is not enhanced and/or replaced so that the outstanding balance is 100,00% (one hundred percent) guaranteed; **(w)** in the event any claim, lawsuit, execution or any other measure, even if an administrative measure, is filed against the Company, the guarantor and/or Brainfarma, affecting the chattel mortgage of the real estate given in guarantee or any other guarantee as may be provided in the scope of the offer to replace the chattel mortgage of the real estate given in guarantee; **(x)** in case the Company, the guarantor and/or Brainfarma fail to pay in their respective due dates, taxes of any nature, over the real estate given in guarantee and since not cured within five (5) business days; **(y)** if the chattel mortgage is not be registered with the Real Estate Registry Office within thirty (30) days from the date of formal Real Estate Chattel Mortgage

Agreement, given that this term will be extended for 60 (sixty) days, if necessary, provided that the Company proves to be complying with any requirements required by the Real Estate Registry Office, within the legal deadlines; and **(z)** if the Compulsory Extraordinary Amortization is not made pursuant to the credit note.

In December 26, 2014, by means of our subsidiary Brainfarma Indústria Química e Farmacêutica S.A., we issued a banking credit note in favor to Banco Bradesco S.A., in the amount of R\$63.0 million, subject to the Reference Rate (TR) published by the Central Bank of Brazil and interest at the effective rate of 9.60% per year. The payment of the principal of this note shall be held in 12 annual installments, the first being paid on January 26, 2015, and the latter being due on December 26, 2026. As of December 31, 2018, the debtor balance of this note was R\$52.7 million.

The occurrence of the following events shall cause the creditor to consider the note due in advance and immediately payable: **(a)** request by the Company, the guarantor and/or Cosmed of any judicial or extrajudicial recovery plan to any creditor or class of creditors, whether the court approval has been requested or obtained for such plan; or if the Company, the guarantor and/or Cosmed file for a judicial recovery request, regardless of the approval of the recovery processing or its concession by the competent judge; **(b)** extinction, liquidation, dissolution, insolvency or voluntary bankruptcy, petition for bankruptcy of the Company, the guarantors and/or Cosmed and/or any of its parents with participation, individually or jointly, of at least 10% (ten percent) in the capital stock of the Company, the guarantor and/or Cosmed and their respective subsidiaries, not suppressed within the legal term; **(c)** default in payment, by the Company, the guarantor and/or Cosmed, within 2 (two) business days after the date on which such payment becomes due, of any monetary obligation related to this Note and/or to other Bank Credit Notes; **(d)** non-compliance by the Company and/or by the guarantor and/or by Cosmed of any non-pecuniary obligation, pursuant to the transaction documents, not cured within a maximum of fifteen (15) calendar days as from the date of receipt of a written notice, and this term shall not apply to those obligations to which an specific period of cure has been stipulated; **(e)** reduction of the guarantor's capital stock equal to or above 15% (fifteen percent) except if: (i) in cases of capital stock reduction carried out in order to absorb losses, in accordance with Article 173 of the Brazilian Corporations Law; or (ii) if previously authorized by the creditor; **(f)** protest of bills against the Company and/or against the guarantor or Cosmed which unit or aggregate amount exceeds R\$50,000,000.00 (fifty million Reais), updated annually by the IPCA (Consumer Price Index), unless within ten (10) business days as of the order date for the payment of the protest(s) in question of the time established for payment; if less than ten (10) working days, it has been proved: (i) the protest was made in error or acting in bad faith; (ii) the protest was canceled; or (iii) the amount was deposited in court; **(g)**

failure to comply with any financial obligations and debts of the Company, the guarantors and/or Cosmed and/or parent company with participation, individually or jointly, of at least 10.00% (ten percent) in the Company's, the guarantor's and/or Cosmed's capital stock, in single or aggregate amount equal to or greater than BRL 50,000,000.00 (fifty million Reais), updated annually by the IPCA in the local or international market, unless the Company, the guarantor and/or Cosmed prove, up to the third (3rd) business day following the date of its occurrence, that such default has not occurred or has been properly cured; **(h)** payment by the Company, the guarantors and/or Cosmed of dividends and/or interest on equity, excluding mandatory dividends by law and interest on equity imputed to mandatory dividends if they are in default with any of its financial obligations provided by this note, in other Bank Credit Note and/or in the transaction documents; **(i)** failure to comply with any legal final decision, administrative (in this case, since the Company, the guarantor and/or Cosmed have not taken any judiciary action within the statutory period) and/or final arbitration award against the Company, the guarantor and/or Cosmed in value individual or aggregate not less than R\$ 50,000,000.00 (fifty million Reais), updated annually by the IPCA, or equivalent amount in other currencies within the stipulated time limit for payment including violation of zoning laws, the failure to comply with urban planning guidelines or similar decisions affecting the property given as guarantee; **(j)** transformation of the corporate type of the Company, the guarantor and/or of Cosmed; **(k)** if any incorporation, share incorporation, merger, spin-off, corporate reorganization or sale of shares occurs and causes Igarapava Participações S.A. no longer being the main shareholder of the Company's current block of control; or in the event of incorporation, share incorporation, merger, spin-off, corporate reorganization or sale of shares that results in loss of the current corporate control, direct or indirect, by Igarapava Participações S.A.; **(l)** relevant change in the Company's, the guarantor's and/or Cosmed's operating conditions, in the financial and/or operating conditions, which is proven (by a material announcement or press release by the Company pursuant CVM Instruction 358, as applicable, as well as the applicable regulations), to adversely affect the Company's, the guarantor's and/or Cosmed's capacity to comply with its financial obligations; **(m)** non-renewal, cancellation, intervention, revocation or suspension of licenses, permits and authorizations, including environmental, which are necessary to the regular development of the Company's, the guarantor's and/or Cosmed's activities, except if, within fifteen (15) days as from the date of such non-renewal, cancellation, intervention, revocation or suspension, the Company, the guarantor and/or Cosmed show the existence of jurisdictional provision authorizing the regular continuity of the Company's, the guarantors' and/or Cosmed's activities until the renewal or obtaining of such license or permit; **(n)** change or amendment to the Company's, the guarantors' and/or Cosmed's corporate purpose that changes the activities they currently practice in a relevant way, or that adds to these activities new business that prevail or may represent deviations from the currently developed activities; **(o)** failure to comply with environmental legislation, so that the noncompliance materially affects the Company, the guarantor's and/or Cosmed's, especially but not limited to laws and regulations related to occupational health and safety and the environment, as well the incentive of the Company, the guarantor and/or Cosmed or controller, to prostitution, child laboring activities and/or labor activities in conditions analogous to slavery as: (i) verified by the administrative or judicial decision against the Company, the guarantor and/or Cosmed or controller, indicating such failure or encouragement; or (ii) the inclusion of the Company, the guarantor and/or Cosmed or controller in any kind of official list of companies that violate

social-environmental rules, provided that, in any case, not reversed within ten (10) business days from the date of such decision or inclusion; **(p)** any statement or any of the guarantees provided by the Company, the guarantor and/or Cosmed are proven to be false or misleading during the effectiveness of the transaction documents; **(q)** in the event of the chattel mortgage is to be expired, or terminated, or limited before the full payment of financial obligations, either for nullity, cancellation, termination, waiver, dispute, dissolution or for any other reason, or if the chattel mortgage becomes tactless, inappropriate and/or insufficient to ensure full payment of the financial obligations and provided that the chattel mortgage is not replaced; **(r)** in the event of total or partial expropriation of the real estate given in guarantee; **(s)** if in any way and during the operation, the real estate given as guarantee becomes an object of promise or part of a constitution of new liens or encumbrance, permanent disposal and not resolvable or in the event of becoming an object of foreclosure or guarantees' execution, provided that the guarantee is not reinforced and/or replaced so that the outstanding balance is 100.00% (one hundred percent) guaranteed; **(t)** permanent disposal of the real estate given as guarantee and that not being solved or in case it is an object of a foreclosure or execution of guarantees in the period before the end of the second (2nd) year as from the date of disbursement under item II, paragraph 1B, Article 1 of Law No. 12,431/11; **(u)** statement of the acceleration of any of the other Bank Credit Note; **(v)** If the real estate given as guarantee has not been kept in perfect condition and safety, or in case demolition works are performed, which reduces the value of property given as collateral, provided that the guarantee is not enhanced and/or replaced so that the outstanding balance is 100,00% (one hundred percent) guaranteed; **(w)** in the event any claim, lawsuit, execution or any other measure, even if an administrative measure, is filed against the Company, the guarantor and/or Cosmed, affecting the chattel mortgage of the real estate given in guarantee or any other guarantee as may be provided in the scope of the offer to replace the chattel mortgage of the real estate given in guarantee; **(x)** in case the Company, the guarantor and/or Cosmed fail to pay in their respective due dates, taxes of any nature, over the real estate given in guarantee and since not cured within five (5) business days; **(y)** if the chattel mortgage is not be registered with the Real Estate Registry Office within thirty (30) days from the date of formal Real Estate Chattel Mortgage Agreement, given that this term will be extended for 60 (sixty) days, if necessary, provided that the Company proves to be complying with any requirements required by the Real Estate Registry Office, within the legal deadlines; and **(z)** if the Compulsory Extraordinary Amortization is not made pursuant to the credit note.

Banco do Brasil S.A.

On January 20, 2011, we issued industrial credit note in favor of Banco do Brasil S.A., in the amount of R\$30.2 million, subject to actual interest of 8.5% per year. Principal shall be repaid in 132 installments, the first one having been paid on March 31, 2013, and the last one being due February

1, 2023. This note is guaranteed by fiduciary disposal of assets in the total amount of R\$7.9 million, and the remaining debtor balance is secured by means of pledge on receivables. As of December 31, 2018, the debtor balance of this note was R\$8.5 million.

On August 03, 2011, by means of our subsidiary Brainfarma Indústria Química e Farmacêutica S.A., we issued an industrial credit note in favor of Banco do Brasil S.A., subsequently amended on September 23, 2010, in the amount of R\$55.9 million, subject to an actual interest rate of 8.5% per year. Principal shall be repaid in 132 installments, the first one having been paid on October 1st, 2012 and the last one being due and payable on September 1st, 2023. This note is guaranteed by a collateral conditional sale of assets in the aggregate amount of R\$60.6 million and 17.3% of the principal amount is secured by means of pledge on receivables. As of December 31, 2018, the debtor balance of this note was of R\$23.5 million.

On December 20, 2012, we issued a fixed facility agreement in favor of Banco do Brasil S.A., further amended on September 24, 2014, in the amount of R\$41.8 million, subject to an actual interest rate of 2.5% per year. Principal shall be repaid in 120 installments, the first one due and payable on January 1st, 2015, and the last one being due and payable on December 1st, 2024. This note is guaranteed by a collateral conditional sale of assets in the aggregate amount of R\$6.9 million, and R\$34.9 million is secured by means of pledge on receivables. As of December 31, 2018, the debtor balance of this note was of R\$25.1 million.

In connection with the foregoing agreements, Banco do Brasil may declare the acceleration of the debt, among other events, in case the Company is adjudged bankrupted or is in default of its obligations with the bank.

Financiadora de Estudos e Projetos FINEP

On July 28, 2014, we entered into a Financing Agreement with Financiadora de Estudos e Projetos - FINEP, with Cosmed Indústria de Cosméticos e Medicamentos S.A. and Brainfarma Indústria Química e Farmacêutica S.A. as Intervening and Co-Signing Parties, under which FINEP granted to the Company a loan in the amount of R\$290.7 million + interests of TJLP plus 1% per annum. On August 29, 2014, the first installment of R\$72.6 million. In October 2017, the second installment of the transaction in the amount of R\$93.0 million was disbursed. On December 06, 2018, the third and last installment was disbursed in the amount of R\$125.0 million. The disbursed amount shall be settled in 85 monthly installments after a grace period of 36 months. The first payment occurred on August 15, 2017, and the last payment is expected to occur on August 15, 2024. As of December 31, 2018, the debtor balance of this financing was R\$262.2 million.

The Bank of Tokyo-Mitsubishi UFJ, LTD.

On March 6, 2015, the Company agreed with The Bank of Tokyo-Mitsubishi UFJ, LTD. that, on July 15, 2015, they would enter into a credit agreement of US\$50.0 million, that was effectively executed, with maturity date on March 6, 2018, subject to pre-fixed interests of 2.67% p.a. until September 6, 2016 and 2.77% p.a. after such date. To eliminate the risk associated with foreign exchange variation to which this loan is exposed, the Company entered into swap transactions with Banco Tokyo Mitsubishi UFJ Brasil S/A, by means of which we are active in exchange variation plus the mentioned rates previously fixed and passive at 104.5% of CDI. The creditor may declare the acceleration of the debt, among other events, in case the Company has its bankruptcy requested or declared, or if it is adjudged bankrupted; in the event of any corporate restructuring as a result of which Igarapava Participações S.A. ceases to be the principal shareholder; if the following financial ratios are not complied with: a) Net Financial Debt/EBTIDA < 3.75x (it being understood that the EBITDA to be taken into account is the higher between: (i) the accumulated EBITDA for the preceding 12 months and (ii) the EBITDA for the precedent quarter, multiplied by 4.0); and (b) EBITDA to net interest expense equal to or higher than 2.0x. As of December 31, 2018, the debtor balance of this loan was R\$0.0.

Itaú BBA International PLC.

On August 22, 2018, the Company agreed with Itaú BBA International PLC. a loan of EUR\$20.0 million with maturity date on March 24, 2021, subject to pre-fixed interests of 1.61% p.a. To eliminate the risk associated with foreign exchange variation to which this loan is exposed, the Company entered into swap transactions with Banco Itaú BBA, by means of which we are active in exchange variation plus the mentioned rates previously fixed and passive at 106.9% of CDI. The creditor may declare the acceleration of the debt, among other events, in case the Company has its bankruptcy requested or declared, or if it is adjudged bankrupted; in the event of any corporate restructuring as a result of which Mr. João Alves de Queiroz Filho no longer participates, directly or indirectly, of the control block; or if the following financial ratios are not complied with: a) Net Financial Debt/EBTIDA < 3.75x (it being understood that the EBITDA to be taken into account is the higher between: (i) the accumulated EBITDA for the preceding 12 months and (ii) the EBITDA for the precedent quarter, multiplied by 4.0); and (b) EBITDA to net interest expense equal to or higher than 2.0x. As of December 31, 2018, the debtor balance of this loan was R\$90.7 million.

Contractual Obligation:

Notes payable

The contractual obligations as of December 31, 2018 consisted primarily of notes payable related to the acquisitions performed between 2007 and 2017, in the amount of R\$18.1 million, whose payment is expected to occur in the fiscal year of 2019.

(ii) Other long-term relationship with financial institutions

Despite the contractual obligations reported in the item (i) above, there are no other relevant long-term relationship with financial institutions.

(iii) Degree of subordination between debts (in R\$ thousand)

Fiscal Year ended on 12/31/2018					
Type of Debt	Less than one year	One to three years	Three to Five years	More than five years	Total
Secured Guarantee	33,116,125.05	54,849,819.97	55,833,171.96	65,270,901.91	209,070,018.89
Floating Charge	-	-	-	-	-
Unsecured Guarantee	70,715,814.34	182,614,430.39	91,853,595.12	32,606,066.97	37,789,906.82
Other types of Guarantee or Privilege	-	-	-	-	-
Total	103,831,939.39	237,464,250.365	147,686,767.088	97,876,968.88	586,859,925.71
Notes:					

This table only reflects financial indebtedness (comprised of loans, financings and notes payable), in addition to the total amount of the liabilities position of derivative financial liabilities (hedge), contained in current and non-current liabilities, as reported in the Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2018.

Fiscal Year ended on 12/31/2017					
Type of Debt	Less than one year	One to three years	Three to Five years	More than five years	Total
Secured Guarantee	24,547,486.77	52,319,869.78	57,103,955.74	95,625,494.94	229,596,807.23
Floating Charge	94,169,987.91	-	-	-	94,169,987.91
Type of Debt	246,063,632.78	50,587,991.33	48,364,664.02	14,514,233.00	359,530,521.13
Secured Guarantee	-	-	-	-	-
Floating Charge	364,781,107.46	102,907,861.11	105,468,619.76	110,139,727.94	683,297,316.27

Notes:

This table only reflects financial indebtedness (comprised of loans, financings and notes payable), in addition to the total amount of the liabilities position of derivative financial liabilities (hedge), contained in current and non-current liabilities, as reported in the Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2018.

Fiscal Year ended on 12/31/2016

Type of Debt	Less than one year	One to three years	Three to Five years	More than five years	Total
Secured Guarantee	26,712,166.87	49,876,246.92	54,612,405.34	124,303,954.53	255,504,773.66
Floating Charge	95,613,885.20	91,239,635.33	-	-	186,853,520.52
Type of Debt	72,005,509.42	357,575,709.44	22,695,634.56	37,600,000.00	489,876,853.41
Secured Guarantee	0	0	0	0	0
Floating Charge	194,331,561.49	498,691,591.69	77,308,039.89	161,903,954.53	932,235,147.60

Notes:

This table only reflects financial indebtedness (comprised of loans, financings and notes payable), in addition to the total amount of the liabilities position of derivative financial liabilities (hedge), contained in current and non-current liabilities, as reported in the Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2018.

In the fiscal years ended on December 31, 2016, 2017 and 2018 Company had secured guaranteed debts, floating charge and unsecured and there was no subordination degree between unsecured guaranteed debt. Thus, the secured indebtedness counts on the rights and preferences of the Law.

Please note that, the treatment of the creditors, after the realization of the assets of the Company, will be satisfied, according the law labor rights, social and tax debts, followed by secured guaranteed debt, floating charge and unsecured and (i) secured guaranteed debts have preference against the other Company's debts, up to the limit of the guaranteed asset: and (ii) floating charge debts have preference against unsecured debts.

(iv) covenants imposed to the issuer, particularly, with respect to the indebtedness limits and contracting new debt, limits for dividends distributions, asset assignment, issuance of new securities and sale of corporate control, as well as if the Company is complying with such covenants

The Company has agreements with restrictive clauses that determine maximum levels of indebtedness, leverage, interest coverage related to certain financial information (EBITDA and net interest expenses) and corporate restructuring (disposal, spin-off, consolidation or any change of corporate control), which, in case of occurrence, should be previously authorized by financial agents.

These contracts have the following default events, among others:

- Indebtedness limits: Net financial debt/EBITDA equal to or less than 3.75x, it being understood that the EBITDA to be taken into account is the higher between (i) the accumulated EBITDA for the preceding 12 months and (ii) the EBITDA for the precedent quarter, multiplied by 4.0, and/or coverage of interest (EBITDA/net interest expenses) equal to or higher than 2.0x considering the last 12 months.

- Disposal of corporate control: If there is a change or modification of the composition of the controlling shareholders group.

- Spin-off, merger or any corporate restructuring: If there is a merger, a spin-off or any corporate reorganization or sale of the Company's shareholding resulting in modification of the composition of the controlling shareholders group.

The Company has been complying with all restrictive clauses and, in the last 3 fiscal years, there was no event that generated the early maturity of its debts.

For more information on the relevant loan and financing agreements, see item f. (i) above.

g. Limits of use of the financings already contracted

We describe below the limits of the financing in force contracted by the Company in the last three fiscal years and which are in effect, as well as the percentages used in the fiscal year ended in December 31, 2018:

On July 28, 2014, the Company and its subsidiaries obtained from Financiadora de Estudos e Projetos – FINEP, a credit line in the amount of R\$290.7 million. In August 2014, R\$72.6 million, equivalent to 25.0% of the total amount, was disbursed. In October 2017, R\$93.0 million was withdrawn in the scope of this financing, or 32.0%, of the total estimated. In December 2018, the remaining R\$125.0 million, equivalent to 43% of the total amount, was disbursed.

On August 22, 2018, the Company obtained from Itaú BBA International PLC, a loan of EUR\$20.0 million with maturity date on March 24, 2021 subject to pre-fixed interests of 1.61% p.a. To eliminate the risk associated with foreign exchange variation to which this loan is exposed, the Company entered into swap transactions with Itaú BBA, by means of which we are active in exchange variation plus the mentioned rates previously fixed and passive at 106.9% of CDI.

Except for the loans described above, there is no other contracted loan agreement with open limit in the last 3 fiscal years.

h. Significant adjustments to each item of the financial statements

Comparison of between the operating results for the fiscal year ended December 31, 2018 and December 31, 2017

	Period ended December 31, 2018		Vertical and Horizontal Analysis		
	2017 (in thousand of R\$)	2018 (in thousand of R\$)	VA 2017 (% Net Revenue)	VA 2018 (% Net Revenue)	HA Variation 2018/2017

Net Revenue from sales	3,499,899	3,724,309	100.0%	100.0%	6.4%
Cost of sales	(926,746)	(1,059,032)	-26.5%	-28.4%	14.3%
Gross Profits	2,573,153	2,665,277	73.5%	71.6%	3.6%
Marketing and selling expenses	(1,225,257)	(1,299,472)	-35.0%	-34.9%	6.1%
Administrative and general expenses	(184,428)	(181,754)	-5.3%	-4.9%	-1.5%
Other Operational income (expenses), net	(6,340)	40,346	-0.2%	1.1%	-736.4%
Accrual basis	2,868	5,377	0.1%	0.1%	87.5%
Operational profit	1,159,996	1,229,774	33.1%	33.0%	6.0%
Financial expenses	(113,740)	(85,758)	-3.3%	-2.3%	-24.6%
Financial income	167,091	85,843	4.8%	2.3%	-48.6%
Earnings (loss) before Income tax and social security contributions	1,213,347	1,229,859	34.7%	33.0%	1.4%
Income tax and social contribution	(101,871)	(94,460)	-2.9%	-2.5%	-7.0%

Net income from continuing operations	1,111,476	1,135,399	31.8%	30.5%	2.2%
Net income from discontinued operations	(146,534)	(5,798)	-4.2%	-0.2%	-96,0%
Net Profit (Loss) of the fiscal year	964,942	1,129,601	27.6%	30.3%	17.1%

The table above and the following analyses refer only to Continued Operations, except for Net Income or items that explicitly mention Discontinued Operations.

Net Revenue

The Net Revenue increased by 6.4% in relation to the fiscal year of 2017. Such result arises primarily of the performance of Equivalents and Generics, driven by the performance of leading equivalent brands Neosoro, Flavonid, Doralgina and Gastrol, and by the performance of generics.

Gross profit

The Gross Profit was R\$2,665.3 million in 2018, with margin of 71.6% of Net Revenue, that is, 1.9 percentage point lower in comparison with the previous year. The decrease in Gross Margin is mainly due to the mix of products effect and price increases below the costs, which were affected more significantly in the second half of the year due to the depreciation of the Real against the US Dollar and the increase in the dollar price of some APIs (Active Pharmaceutical ingredient).

Sales and marketing expenses

	Period ended December 31, 2018	Vertical and Horizontal Analysis
--	---------------------------------------	---

	2017 (in thousand R\$)	2018 (in thousand R\$)	VA 2017 (% Net Revenue)	VA 2018 (% Net Revenue)	HA Variation 2018/2017
Marketing Expenses	(758,240)	(820,207)	-21.7%	-22.0%	8.2%
Expenditures in advertising and promotion	(346,015)	(355,984)	-9.9%	-9.6%	2.9%
Agreements, comercial amounts and others	(61,067)	(69,303)	-1.7%	-1.9%	13.5%
Medical visitation, gifts and free samples	(351,158)	(394,920)	-10.0%	-10.6%	12.5%
Commercial expenses	(467,017)	(479,265)	-13.3%	-12.9%	2.6%
Sales force	(304,095)	(318,838)	-8.7%	-8.6%	4.9%
Frights and logistics	(78,549)	(86,511)	-2.2%	-2.3%	10.1%
Research and Development	(84,373)	(73,916)	-2.4%	-2.0%	-12.4%
Total	(1,225,257)	1,299,472	35.0%	34.9%	6.1%

In 2018, marketing expenses increased by 8.2% in comparison with 2017, reaching 22.0% of the Company's net revenue (up 0.3 percentage point against 2017). This variation is a result mainly of the increase in the expenses with medical visits, promotions, gifts and samples due to the increase of the medical visits team, combined with the larger number of marketing actions in the sales points in the year.

Sales Expenses reached 12.9% of Net Revenue in 2018, down 0.4 percentage points from the previous year. This behavior was mainly due to the decrease in Research and Development expenses due to the use of the benefit of R \$ 24.3 million from the Law of Good in 2018, against R\$ 9.3 million used in 2017, mainly due to the increase in investments in innovation by the Company in 2018 to accelerate the pace of product launches.

General and Administrative Expenses and Other Operational Revenues (expenses)

	Period ended December 31, 2018		Vertical and Horizontal Analysis		
	2017 (in Thousand R\$)	2018 (in Thousand R\$)	VA 2017 (% Net Revenue)	VA 2018 (% Net Revenue)	HA Variation 2018/2017
General and administrative expenses	(184,428)	(181,754)	-5.3%	-4.9%	-1.4%
Other Operational income (expenses), net	(6,340)	40,346	-0.2%	1.1%	-
Equity Method	2,868	5,376	0.1%	0.1%	87.5%
Total	(184,428)	(181,754)	-5.3%	-4.9%	-1.5%

As a percentage of Net Revenue, General and Administrative Expenses decreased from 5.3% as of December 31, 2017, to 4.9% as of December 31, 2018, result of the initiatives to optimize infrastructure costs.

The headings of Other Operational Revenues (expenses), was positively affected by the received amount from the rental of the consumption distribution center, in addition to the compulsory loan returned by Eletrobrás in the second trimester of 2018. On the other hand, the growth of the Equity Accounting (Equity Method) is due to the result of the investement of Companhia Bionovis S.A.

Financial Income

	Period ended December 31, 2018		Vertical and Horizontal Analysis		
	2017 (in Thousand R\$)	2018 (in Thousand R\$)	VA 2017 (% Net Revenue)	VA 2018 (% Net Revenue)	HA Variation 2018/2017
Interest expenses, net	99,315	39,326	2.8%	1.1%	-60.4%
Cost of Hedge and change in the Foreign-Exchange Rate	(11,968)	(7,419)	-0.3%	-0.2%	-38.0%
Expenses with prepayment of debts	-	-	-	-	-
Others	(33,996)	(31,822)	-1.0%	-0.9%	-6.4%
Total	53,351	85	1.5%	0.0%	-99.8%

Financial result of 2018 were positive in R\$0.1 million, decreased by R\$53.3 million in relation to the prior year. This reduction is mainly related to the decrease of average net cash and of the reduction of interests expenses.

Net Income

	Period ended December 31, 2018		Vertical and Horizontal Analysis		
	2017 (in Thousand R\$)	2018 (in Thousand R\$)	VA 2017 (% Net Revenue)	VA 2018 (% Net Revenue)	HA Variation 2018/2017
Net Income from continuing operations	1,111,476	1,135,399	31.8%	30.5%	2.2%
Net income from discontinued operations	(146,534)	(5,798)	-4.2%	-0.2%	-96.0%
Net profit (loss) for the year	964,942	1,129,601	27.6%	30.3%	17.1%

In fiscal year 2018, Net Income from Continuing Operations was R\$1,135.4 million, with increase of 2.2% against the fiscal year 2017. This increase, in a lower basis of the increase of EBIT from Continued Operations is a result of de decrease of Positive Financial Result for the year.

The decrease of the Financial Result from Continuing Operations reflected the impact essentially by the lower costs with these operations in the year.

COMPARISON BETWEEN OPERATING RESULTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017, AND THOSE FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

	Period ended December 31, 2017		Vertical and Horizontal Analyses		
	2016 (thousand of R\$)	2017 (thousand of R\$)	VA 2016 (% Net Revenue)	VA 2017 (% Net Revenue)	HA Variation 2017/2016
Net revenue from sales	3,228,092	3,638,458	100.0%	100.0%	12.7%
Cost of sales	(833,254)	(926,746)	-25.8%	-25.5%	11.2%
Gross profit	2,394,838	2,711,712	74.2%	74.5%	13.2%
Sales and marketing expenses	(1,217,892)	(1,363,816)	-37.7%	-37.5%	12.0%
Administrative and general expenses	(153,763)	(184,428)	-4.8%	-5.1%	19.9%
Other operating revenues (expenses), net	1,727	(6,340)	0.1%	-0.2%	-467.1%

	Period ended December 31,2017		Vertical and Horizontal Analyses		
	2016 (thousand of R\$)	2017 (thousand of R\$)	VA 2016 (% Net Revenue)	VA 2017 (% Net Revenue)	HA Variation 2017/2016
Equity Accounting	2,721	2,868	0.1%	0.1%	5.4%
Operational profit	1,027,631	1,159,996	31.8%	31.9%	12.9%
Financial expenses	(453,814)	(113,740)	-14.1%	-3.1%	-74.9%
Financial revenues	261,681	167,091	8.1%	4.6%	-36.1%
Earnings (loss) before Income Tax and Social Contribution on Net Income (IR/CSLL)	835,498	1,213,347	25.9%	33.3%	45.2%
Income tax and social contribution	(188,325)	(101,871)	-5.8%	2.8%	45.9%
Net income from continued operations	647,173	1,111,476	20.0%	30.5%	71.7%
Net income from discontinued operations	530,575	(146,534)	16.4%	-4.0%	-127.6%
Net profit (loss) for the year	1,177,748	964,942	36.5%	26.5%	-18.1%

The table above and the following analyses refer only to Continued Operations, except for Net Income or items that expressly mention Discontinued Operations.

Net revenue

Net Revenue increased by 12.7% in relation to the prior year. That result arises especially of the performance of the Branded Prescriptions and Consumer Health. In these units, it is already possible to detect the positive effect of recent launches such as Addera D3, Alivium, Benegrip Multi and Doril Enxaqueca.

Gross profit

Gross profit was R\$2,711.7 million in 2017, with a margin of 74.5% of the Net Revenue, 0.3% higher than the previous year. The increase in the Gross Margin is due mainly to the effect of a more favorable mix related to the growth in branded products in the year of 2017.

Sales and marketing expenses

	Period ended in December 31,		Vertical and Horizontal Analyses		
	2016 (thousand of R\$)	2017 (thousand of R\$)	VA 2016 (% Net Revenue)	VA2017 (% Net Revenue)	HA Variation 2017/2016
Marketing expenses	(804,461)	(897,461)	-24.9%	-24.7%	11.6%
Expenditures in advertising and publicity	(304,232)	(346,015)	-9.4%	-9.5%	13.7%
Agreements, commercial amounts and others	(178,890)	(199,626)	-5.5%	-5.5%	11.6%

Medical visitation, promotion, gifts and free samples expenses	(321,339)	(351,546)	-10.0%	-9.7%	9.4%
Sales expenses	(413,431)	(466,629)	-12.8%	-12.8%	12.9%
Sales force	(262,509)	(303,707)	-8.1%	-8.3%	15.7%
Freight and logistics	(85,156)	(78,549)	-2.6%	-2.2%	-7.8%
Research and Development	(65,766)	(84,373)	-2.0%	-2.3%	28.3%
Total	(1,217,892)	(1,363,816)	-37.7%	-37.5%	12.0%

In 2017, marketing expenses increased 11.6% compared to 2016, reaching 24.7% of Net Revenue of the Company (0.2 percentage point lower than 2016), in line with the Company's strategy for the year.

Sales expenses reached 12.8% of Net Revenue in 2017, same percentage in relation to the previous year. This behavior was due mainly to the combination of: (i) increase in the research and development expenses, in line with the Company's strategy of intensifying its investments in innovation; and (ii) reduction of the expenses with is mainly related to the reduction of freight expenses, in nominal terms, and of freight and logistics in the period.

General and administrative expenses

	Period ended in December 31,		Vertical and Horizontal Analysis		
	2016 (thousand of R\$)	2017 (thousand of R\$)	VA 2016 (% Net Revenue)	VA2017 (% Net Revenue)	HA Variation 2017/2016
General and Administrative Expenses	(153,763)	(184,428)	-4.8%	-5.1%	19.9%
Other net operational revenues (expenses)	1,727	(6,360)	0.1%	-0.1%	-
Equity Method	2,721	2,868	0.1%	0.1%	5.4%
Total	(149,315)	(187,900)	-4.6%	-5.2%	25.8%

As a percentage of the Net Revenue, the General and Administrative Expenses increased from 4.6% in December 31, 2016 to 5.2% in December 31, 2017, mainly due to the bigger representativeness of the corporate expenses on the net revenue after the sale of Disposable Products.

The heading Other Operational Expenses has been affected in 2018 in a more relevant manner by non-recurring financing expenses. The increase in the heading of Equity Accounting (Equity Method) is related to the performance of the invested company Companhia Bionovis S.A.

Financial results

	Period ended in December 31,		Vertical and Horizontal Analysis		
	2016 (thousand of R\$)	2017 (thousand of R\$)	2016 (thousand of R\$)	2017 (thousand of R\$)	2016 (thousand of R\$)
Interest expenses, net	30,011	(99,315)	0.9%	-2.7%	-
Cost of hedge and exchange variation	(65,938)	(11,968)	2.0%	-0.3%	-81.8%
Expenses with prepayment of debts	(109,041)	-	-3.4%	-	-100.0%
Others	(47,165)	(33,996)	-1.5%	-0.9%	-27.9%
Total	(192,133)	53,351	-6.0%	1.5%	-127.8%

The Financial results were positive in R\$53.4 million in 2017, due specially to the combination of: (i) absence of expenses with prepayment of debts in this period, against R\$109.0 million accounted in 2016; (ii) reduction of the costs of hedge and exchange variation; and (iii) increase of the revenues with interest, net, related to the bigger average net cash in 2017 due to the receipt from the sales of the former division Consumption between the end of 2016 and the beginning of 2017.

Net Income

	Period ended in December 31,		Vertical and Horizontal Analysis		
	2016 (thousand of R\$)	2017 (thousand of R\$)	2016 (thousand of R\$)	2017 (thousand of R\$)	2016 (thousand of R\$)
Net Result of Continued Operations	647,173	1,111,476	20.0%	30.5%	71.7%
Net Result of Discontinued Operations	530,575	(146,534)	16.4%	-4.0%	-127.6%
Net Profit (loss) of the year	1,177,748	964,942	36.5%	26.5%	-18.1%

In fiscal year 2017, the Net Income from Continued Operations was R\$1,111.5 million, with increase of 71.7% against the fiscal year of 2016, also due to operational improvement and the positive financial result of the year. The reduction of the fiscal burden due to the tax return, on the 4th trimester of 2017, of interest on net equity, in the total amount of R\$581.3 million, paid in the first trimester of 2018, also contributed to a higher profitability.

MAIN CHANGES IN CONSOLIDATED EQUITY

Fiscal year ended December 31, 2018, compared to fiscal year ended December 31, 2017

	Fiscal Year ended on December 31,	Vertical and Horizontal Analyses
--	--------------------------------------	----------------------------------

	2017 (thousand of R\$)	2018 (thousand of R\$)	VA 2017 (% Shareholders' Equity)	VA 2018 (% Shareholders' Equity)	HA Variation 2018/2017
Assets					
Current Assets					
Cash and cash equivalents	1,522,135	1,646,869	15.0%	15.6%	8.2%
Accounts receivable	1,224,227	1,457,265	12.1%	13.8%	19.0%
Inventories	454,776	596,683	4.5%	5.7%	31.2%
Taxes recoverable	355,194	338,166	3.5%	3.2%	-4.8%
Derivative financial instruments	10,132	7,292	0.1%	0.1%	-28.0%
Dividends receivable	-	-	-	-	-
Other assets	358,136	270,648	3.5%	2.6%	-24.4%
Assets held for sale	2,941	1,330	0.0%	0.0%	-54.8%
Total Current Assets	3,927,541	4,318,253	38.8%	40.9%	9.9%
Non-Current Assets					

Deferred income tax and social contributions	30,331	27,745	0.3%	0.3%	-8.5%
Taxes recoverable	147,184	58,558	1.5%	0.6%	-60.2%
Derivative financial instruments	-	-	-	-	-
Other assets	152,821	159,796	1.5%	1.5%	4.6%
Investments	6,186	11,562	0.1%	0.1%	86.9%
Properties for investments	156,726	154,263	1.5%	1.5%	-1.1%
Other investments	564	369	0.0%	0.0%	-34.6%
Intangible assets	4,802,314	4,862,531	47.4%	46.1%	1.3%
Fixed assets	906,770	963,906	9.0%	9.1%	6.3%
Total Non-Current Assets	6,202,896	6,238,730	61.2%	59.1%	0.6%
Total Assets	10,130,437	10,556,983	100.0%	100.0%	4.2%
Liabilities					
Current Liabilities					

Suppliers	178,271	198,119	1.8%	1.9%	11.1%
Credit assignment by suppliers	124,304	161,200	1.2%	1.5%	29.7%
Loans, financing and debentures	337,813	106,548	3.3%	1.0%	-68.5%
Salaries payable	161,843	150,352	1.6%	1.4%	-7.1%
Income tax and social contribution payable	2,944	17	0.0%	0.0%	-99.4%
Taxes payable	53,919	54,250	0.5%	0.5%	0.6%
Proposed dividends and interest on shareholders' equity payable	581,299	560,295	5.7%	5.3%	-3.6%
Derivative financial instruments	818	2327	0.0%	0.0%	184.5%
Accounts payable	200,649	160,446	2.0%	1.5%	-20.0%
Notes payable	19,669	18,070	0.2%	0.2%	-8.1%
Liabilities held for sale	49,208	7,611	0.5%	0.1%	-84.5%
Total Current Liabilities	1,710,737	1,419,235	16.9%	13.4%	-17.0%

Non-Current					
Suppliers	2,348	-	0.0%	-	-
Loans, financing and debentures	318,516	457,761	3.1%	4.3%	43.7%
Taxes payable	6,773	8,941	0.1%	0.1%	32.0%
Deferred income tax and social contribution	184,418	231,185	1.8%	2.2%	25.4%
Derivative financial instruments	-	4,480	-	0.0%	-
Accounts payable	11,855	1,602	0.1%	0.0%	-86.5%
Provision for contingencies	158,031	166,106	1.6%	1.6%	5.1%
Total Non-Current Liabilities	681,941	870,075	6.7%	8.2%	27.6%
Shareholders' Equity					
Capital stock	4,448,817	4,448,817	43.9%	42.1%	0.0%
Capital reserve	1,276,978	1,285,171	12.6%	12.2%	0.6%
Profit reserve	2,279,920	2,794,824	22.5%	26.5%	22.6%

Equity appraisal adjustment	-254.975	-254,680	-2.5%	-2.4%	-0.1%
Proposed additional dividends	-	-	-	-	-
Shares in treasury	-12.981	-6,459	-0.1%	-0.1%	-50.2%
Total Shareholders' Equity	7.737.759	8,267,673	76.4%	78.3%	6.8%
Total Liabilities and Shareholders' Equity	10.130.437	10,556,983	100.0%	100.0%	4.2%

(1) Prepared pursuant to the IFRS.

Current Assets

Current Assets amounted to R\$4,318.3 million as of December 31, 2018, compared to the balance of R\$3,927.5 million as of December 31, 2017, an increase of 9.9%. This increase relates mainly to the increase in 19.0% in the Accounts Receivable and 8.2% in cash and cash equivalents. The increase in the Accounts Receivable, at a level higher than the increase in the net revenue, is due mainly to the increase in the average period of receipt. The increase in the balance of cash and cash equivalents was due mainly to the Operational Cash Flow of R\$1,066.5 million, the highest ever registered by the Company, an increase of 14.4% compared to 2017.

Non-current Assets

Non-current assets amounted to R\$6,238.7 million as of December 31, 2018, and R\$6,202.9 million as of December 31, 2017, an increase of 0.6%. At the end of the fiscal year of 2018, non-current assets accounted for 59.1% of total assets, a drop of 2.1 percentage points compared to the year ended December 31, 2017. This variation occurred despite of the increase in the Fixed Assets and it was mainly due to the drop in the heading of Taxes Recoverable because of the better use of tax credits in the period.

Current Liabilities

Current liabilities amounted to R\$1,419.2 million as of December 31, 2018, compared to the balance of R\$1,710.7 million as of December 31, 2017, a drop of 17.0%. This reduction was due mainly to the combination of (i) drop of 68.5% of the heading of Loans, Financing and Debentures, in line with the strategy of the Company to reduce its gross indebtedness in 2018; (ii) drop of 20.0% in the Accounts Payable; and (iii) drop of 84.5% in the Liabilities Held for Sale.

In percentage terms, at the end of the fiscal year of 2018, the current liabilities accounted for 13.4% of Total Liabilities and Shareholders' Equity, compared to a percentage of 16.9% in the end of the previous year.

Non-current Liabilities

Non-Current Liabilities amounted to R\$870.1 million as of December 31, 2018, compared to the balance of R\$681.9 million as of December 31, 2017, an increase of 27.6%. This increase is mainly due to the increase of 43.7% in Loans, Financing and Debentures. This increase is due to the receipt, by the Company, of R\$125.0 million of the third and last installment of the Financing Agreement between the Company and FINEP.

As a percentage of Total Liabilities and Shareholders' Equity, the Non-Current Liabilities was 8.2% in December 31, 2018, compared to the percentage of 6.7% observed in December 31, 2017.

Shareholders' Equity

Shareholders' Equity amounted to R\$8,267.7 million as of December 31, 2018, compared to the balance of R\$7,737.8 million as of December 31, 2017, an increase of 6.9%. This increase is mainly due to the increase in the capital reserves in R\$514.9 million, result of the combination of the result of the period and the interest on shareholders' equity declared over the year. In December 31, 2018, the Shareholders' Equity accounted 78.3% of the Total Liabilities and Shareholders' Equity of the Company, against 76.4% in December 31, 2017.

Fiscal year ended December 31, 2017, compared to fiscal year ended December 31, 2016

	Fiscal Year ended on December 31,		Vertical and Horizontal Analyses		
	2016 (thousand of R\$)	2017 (thousand of R\$)	VA 2016 (% Shareholders' Equity)	VA 2017 (% Shareholders' Equity)	HA Variation 2017/2016
Assets					
Current Assets					
Cash and cash equivalents	1,348,008	1,522,135	11.8%	15.0%	12.9%
Accounts receivable	1,018,951	1,224,227	9.0%	12.1%	20.1%
Inventories	431,316	454,776	3.8%	4.5%	5.4%
Taxes recoverable	158,136	355,194	1.4%	3.5%	124.6%
Derivative financial instruments	361,916	10,132	3.2%	0.1%	-97.2%
Dividends receivable	-	-	-	-	-
Other assets	223,718	358,136	2.0%	3.5%	60.1%

Assets held for sale	1,671,323	2,941	14.7%	0.0%	-99.8%
Total Current Assets	5,210,477	3,927,541	45.8%	38.8%	-24.6%
Non-Current Assets					
Deferred income tax and social contributions	179,730	30,331	1.6%	0.3%	-83.1%
Taxes recoverable	75,439	147,184	0.7%	1.5%	95.1%
Derivative financial instruments	2,891	-	0.0%	-	-100%
Other assets	141,310	152,821	1.2%	1.5%	8.1%
Investments	3,318	6,186	0.0%	0.1%	86.4%
Properties for investments	60,887	156,726	0.5%	1.5%	157.4%
Other investments	564	564	0.0%	0.0%	0.0%
Intangible assets	4,765,716	4,802,314	41.9%	47.4%	0.8%
Fixed assets	943,702	906,770	8.3%	9.0%	-3.9%
Total Non-Current Assets	6,173,557	6,202,896	54.2%	61.2%	0.5%
Total Assets	11,384,034	10,130,437	100.0%	100.0%	-11.0%

Liabilities					
Current Liabilities					
Suppliers	124,901	178,271	1.1%	1.8%	42.7%
Credit assignment by suppliers	173,386	124,304	1.5%	1.2%	-28.3%
Loans, financing and debentures	176,110	337,813	1.5%	3.3%	91.8%
Salaries payable	138,386	161,843	1.2%	1.6%	17.0%
Income tax and social contribution payable	13,482	2,944	0.1%	0.0%	-78.2%
Taxes payable	42,950	53,919	0.4%	0.5%	25.5%
Proposed dividends and interest on shareholders' equity payable	10	581,299	0.0%	5.7%	5812890.0%
Derivative financial instruments	18,222	818	0.2%	0.0%	-95.5%
Accounts payable	164,396	200,649	1.4%	2.0%	22.1%
Notes payable	47,402	19,669	0.4%	0.2%	-58.5%
Liabilities held for sale	842,737	49,208	7.4%	0.5%	-94.2%

Total Current Liabilities	1,741,982	1,710,737	15.3%	16.9%	-1.8%
Non-Current					
Suppliers	-	2,348	-	0.0%	-
Loans, financing and debentures	684,048	318,516	6.0%	3.1%	-53.4%
Taxes payable	100	6,773	0.0%	0.1%	6673.0%
Deferred income tax and social contribution	56,589	184,418	0.5%	1.8%	225.9%
Derivative financial instruments	10,014	-	0.1%	-	-100%
Accounts payable	1,599	11,855	0.0%	0.1%	641.4%
Provision for contingencies	181,231	158,031	1.6%	1.6%	-12.8%
Total Non-Current Liabilities	933,581	681,941	8.2%	6.7%	-27.0%
Shareholders' Equity					
Capital stock	5,270,726	4,448,817	46.3%	43.9%	-15.6%
Capital reserve	1,457,291	1,276,978	12.8%	12.6%	-12.4%
Profit reserve	1,896,277	2,279,920	16.7%	22.5%	20.2%

Equity appraisal adjustment	(254,900)	(254,975)	-2.2%	-2.5%	0.0%
Proposed additional dividends	409,831	0	3,6%	0,0%	-100.0%
Shares in treasury	(70.754)	(12,981)	-0,6%	-0,1%	-81.7%
Total Shareholders' Equity	8,708,471	7,737,759	76,5%	76,4%	-11.1%
Total Liabilities and Shareholders' Equity	11,384,034	10,130,437	100.0%	100.0%	-11.0%

a. Prepared pursuant to the IFRS.

Current Assets

Current Assets accounted R\$ 3,927.5 million as of December 31, 2017, against R\$5,210.5 million as of December 31, 2016, representing a reduction of 24.6%. This reduction is mainly related to the sale of the Disposable Products business to Ontex, which resulted in the reduction of 99.8% of the Assets Held for Sale.

Non-current Assets

Non-Current Assets accounted R\$ 6,202.9 million as of December 31, 2017 and R\$6,173.6 million as of December 31, 2016, an increase of 0.5%. At the end of the fiscal year 2017, the Non-Current Assets represented 61.2% of total assets, with an increase of 7.0 percentage points compared to the fiscal year ended as of December 31, 2016. This variation was mainly due to the increase of the headings of intangible and Taxes Recoverable.

Additionally, the variation of the current assets also resulted in the increase of 95.1% of the heading Taxes Recoverable, mainly due to the higher balance of federal taxes recoverable in 2017, compared to the same period of the previous year.

Current Liabilities

Current Liabilities totaled R\$ 1,710.7 million as of December 31, 2017, against the balance of R\$1,741.9 million as of December 31, 2016, with reduction of 1.8%. This decrease is mainly due to the combination: (i) the amount of R\$581.3 million of interest on shareholders' equity pending in December 2017, paid in January, 2018; (ii) reduction of R\$793.5 million of Liabilities Held for Sale, related mainly to the sale of the Disposable Products to Ontex.

In percentage terms, at the end of the fiscal year 2017, Current Liabilities represented 16.9% of Total Liabilities and Shareholders' Equity, against a percentage of 15.3% at the end of the prior fiscal year.

Non-current Liabilities

Non-current Liabilities was R\$681.9 million as of December 31, 2017, against the balance of R\$933.6 million as of December 31, 2016, representing a decrease of 27.0%. This reduction is mainly related to the reduction of 53.4% of Loans, Financing and Debentures, partially due to the transfer of balances of loans and financing of the long-term to short-term.

As percentage of Total Liabilities and Shareholders' Equity, Non-Current Liabilities was 6.7% as of December 31, 2017, 1.5 percentage point inferior to the year of 2016.

Shareholders' Equity

Shareholders' Equity accounted R\$7,737.8 million as of December 31, 2017 against a balance of R\$8,708.5 million in the same period of the previous year, which represents a reduction of 11.1%. This reduction reflects mainly the capital reduction of R\$821.9 million carried out in 2017 by the Company. In December 31, 2017, the Shareholders' Equity represented 76.4% of the total Liabilities and Shareholders' Equity of the Company, against 76.5% in December 31, 2016.

10.2 – MANAGEMENT'S COMMENTS

a. Results of our operations

(i) Description of any important revenue components

Almost all of the gross sales (above 99.0% for the fiscal years ended as of December 31, 2016, 2017 and 2018) is denominated in *Reais* and is generated from sales of our products in Brazil. Our products are sold to retailers, who in turn supply end consumers, as well as to distributors, who resells our products to points of sale of retailers that we do not supply directly.

Revenues include the fair value of consideration received or receivable from the trading of products and goods in the usual course of our business. Revenues are shown net of taxes, returns, rebates and discounts in the consolidated figures, net of sales between subsidiaries.

The Company recognizes revenues when their value can be accurately measured, when future economic benefits are likely to flow to the entity, and when specific criteria have been fulfilled for each activity of the Company. The Company bases its estimates on historical results, taking into account the type of customer, the type of transaction and the particularities of each sale.

Revenues from sales of products and goods

Sales of products and goods are recognized when the risks and benefits inherent to the products are substantially transferred to the buyer; the acceptance terms have been agreed; and the buyer has accepted the products in accordance with the sales agreement, and the Company's continuous involvement with the goods sold ceased to exist.

(ii) Factors that materially affected the operational income

The pharmaceutical sector is also affected by changes in consumer confidence and demand, competition, seasonality and price levels.

Political and economic uncertainties could have adverse effects on consumer purchasing power, the cost of products, availability of labor and merchandise, and other factors that affect us and the pharmaceutical industry in general. In periods of economic downturn, unemployment rates increase, consumers tend to purchase less merchandise, prices decrease and financing becomes more expensive.

The activities and financial and operating results may be substantially affected by acquisitions and divestitures made by the Company, aiming at adjust our portfolio to new levels of growth and profitability. In addition to the factors above, our activities and financial results are also affected by the level of interest rates in Brazil, mainly CDI, TJLP and TR, which are the main indexes of our debt in *Reais*, also reflecting on our costs to contract foreign exchange hedge.

Brazilian Macroeconomic Scenario

The sales' gross revenue is affected by the inflation, once, in general, part of the costs are transferred to our clients by means of price increases.

The exchange variation affects the financial results, the cost of our imported supplies, the depreciation or appreciation of the Brazilian currency before the American dollar, and, therefore, the gross profit, with reflexes over the operational performance of the Company. The gross margin volatility recorded in 2018, 2017 and 2016 was partially affected by foreign exchange volatility.

In the year 2018, the Brazilian economic scenario was stable, even in view of the continuous volatility in the political environment. In 2018 the Brazilian currency suffered more variation against the US dollar when compared to the previous year, which closed the year at R\$3.87 for sale.

The inflation increased throughout 2018, and the Amplified Consumer Price Index (IPCA) closed the year at 3.75%, below the center of the margin defined as official target. The drop of inflation was one of the reasons that made the Central Bank of Brazil maintain a policy of reduction of the basic interest rate, and Selic closed the year at 6.5% at the end of December, the lowest level in history.

Despite the increase in the IPCA, which is one of the main components of the formula that regulates the annual adjustment of prices of medications in Brazil, the domestic pharmaceutical market showed its resilience by maintaining a growth pace compatible with the history of the industry. In 2018, nominal expansion of the sector was 8.2% compared to 2017.

The table below sets forth GDP growth, inflation, interest rates and U.S. dollar exchange rate for the periods indicated:

	Fiscal year ended as of December 31,		
	2016	2017	2018
GDP growth ⁽¹⁾	-3.3%	1.1%	1.1%
Inflation (IPCA) ⁽²⁾	6.3%	3.0%	3.8%

CDI ⁽³⁾	13.6%	9.9%	6.4%
TJLP ⁽⁴⁾	7.5%	7.1%	6.7%
Appreciation (depreciation) of the <i>Real</i> against the U.S. dollar	-16.4%	1.3%	18.5%
Exchange rate ⁽⁵⁾ at the end of as period — US\$1.00	R\$3.25	R\$3.30	R\$3.87

Sources: FGV, Central Bank, IBGE and CETIP.

⁽¹⁾ Calculated in accordance with new methodology adopted by the IBGE.

⁽²⁾ Broad Consumer Price Index - IPCA, disclosed monthly by IBGE.

⁽³⁾ The CDI rate is the average of interbank overnight rates in Brazil registered and settled in the Clearinghouse for Custody and Settlement (Câmara de Custódia e Liquidação), or CETIP, system.

⁽⁴⁾ The TJLP is the long-term interest rate published quarterly by the Central Bank. The amounts shown are the average for the period indicated.

⁽⁵⁾ PTAX rate, disclosed daily by the Central Bank of Brazil, at the closing of the year, for purchase.

Competition

The segment in which we concentrate our operations as from 2017 – medicines - is highly competitive. Thus, we face competition from companies that are present in the national and international markets. These companies offer a variety of products in the segment in which we operate that competes with a majority of our products. Accordingly, competition affects our business, and we may need to increase our marketing and advertising expenses and/or reduce the prices of our products, adapt existing products and launch new products to remain competitive in the market.

Seasonality

Certain products are affected by seasonality. However, in general, these products tend to offset each other's sales insofar as the slow season for one product will be offset by the peak season of another one. In general, this offsetting results in relative stability in our gross sales. The Company's management believes that this may be exemplified by, on the one hand, our cold medications, such as Benegrip, Coristina d, Fluviral and Apracur, for which, historically, we record higher sales during the winter, and, on the other hand, Episol sunscreen, of Mantecorp Skincare product line, which usually has a higher demand during the summer.

Prices

Prices in the industry are characterized by gradual increases overtime, mainly due to the following two factors: (i) increases in production costs and (ii) increased demand for higher value added products as a result of increases in consumer purchasing power. Productivity gains in the industry over time have allowed manufacturers to avoid passing on all cost increases to consumers. Productivity gains in the industry over time have allowed manufacturers to avoid passing on all cost increases to consumers.

In addition, pursuant to legislation applicable to the pharmaceutical industry, the government controls prices in Brazil for the vast majority of medications available in the market. For a few medications considered to be "less critical" by the ANVISA, such as phytotherapics and the like, the Brazilian government merely monitors market prices but does not carry out rigid controls.

The Company's management believes that consumer prices will continue to gradually increase and companies will continue to make productivity gains, which will allow them to avoid passing on to end consumers the full amount of cost increases

Demand

The Company has a broad portfolio of diversified brands and products with an established demand in different levels, with attractive profitability and growth potential. The demand is influenced by various factors, including: (i) the aging of the population, which increases demand for our pharmaceutical products; (ii) higher average income, which increases demand for our products marketed to the upper middle income and middle income classes; and (iii) the introduction of new products.

b. Variations in revenues attributable to changes in prices, exchange rates, inflation, changes in volume and introduction of new

products and services

In the last three fiscal years, the Company’s revenues were directly affected by changes in volume of sales, changes in prices as well as by the introduction of new products in its portfolio in its major market – medications.

Annually, the revenues deriving from the medicine sector are affected by price readjustments controlled by the federal government, which affect the top prices capable of being practiced in the market. Such increases are allowed counting from March 31 of each year and are based on the IPCA, adjusted by a productivity factor, by a portion of intra sector relative price adjustment factor and a portion of inter sector relative price factor, as annually defined by the Drug Market Regulation Chamber (Câmara de Regulação do Mercado de Medicamentos – CMED).

Therewith, the price readjustments of medicines are staggered in three levels, in accordance with the market concentration in each therapeutic class, which is calculated based on the Herfindahl-Hirschmann Index (IHH). Since 2015, the level 1 reunites classes with no evidences of market concentration (with $IHH < 1,500$); level 2, classes in which there is moderated market concentration ($1500 < IHH < 2,500$); finally, level 3, classes in which there is strong market concentration ($IHH > 2,500$). Until 2014, the levels were defined accordingly with penetration of generic drugs in therapeutic classes in such levels: higher than or equal to 20% to level 1; equal to or higher than 15%, but lower than 20% to level 2; lower than 15% to level 3.

The table below appoints the maximum level adjustments of prices allowed in the last three years by CMED in each level of readjustment:

	2016	2017	2018
Level 1	12.5%	4.76%	2.84%
Level 2	12.5%	3.06%	2.47%
Level 3	12.5%	1.36%	2.09%

The Company’s revenues in the last three fiscal years were also affected by the increase in the sales volume of pharmaceutical drugs. The Company’s revenue is also affected by the launch of new products. In particular, the medicines, the percentage of Net Revenue deriving from

launched products in the last five years – corresponding to the innovation index of this industry – is rising in the last three years, as shown in the table below.

Medicines	2016	2017	2018
Annual net revenue deriving from products launched in the last five years	24%	28%	30%

The foreign exchange rates have no direct impact in the Company’s revenue increase since there is no relevant revenue in foreign currency, but there is an indirect reflex over costs and inflation, which incorporates the increase of input costs in dollar and it is afterwards passed through to the prices.

c. The impact of inflation, of the variation of prices of the main inputs and products, of the foreign exchange and of the interest rates in our operational and financial income, if relevant

The financial performance may be affected by inflation, because a significant portion of our operational costs and expenses are based in *Reais* and adjusted for inflation. The sales revenue is also affected by inflation because we generally pass on part of the increases in costs to our customers through price increases. However, we cannot predict if we will be able to pass on the cost increases to our customers in the future.

Part of the costs derive from imported inputs, whose prices in *Reais* float according to changes in the foreign exchange rates. During the last three fiscal years, the Company’s operating income was negatively affected due to rise in such costs. Such effect, however, was partially compensated in the net profit because of more efficiency regarding selling, marketing, general and administrative expenses.

In 2018, the gross margin was negatively affected in 1.9%. This reduction is due mainly to the mix of products effect and by the increase in the prices in level inferior to the increase of the costs, which were affected in a more relevant manner in the second half of the year by the depreciation of the *Real* against the US dollar and by the increase in the price in dollar of some APIs (Active Pharmaceutical Ingredient) used in the manufacture process of the products.

In 2017, the increase by 0.3% in the gross margin was chiefly due to the improvement in the Company’s product sales mix, while the variation in costs of imported inputs was not significant for the behavior of the gross margin.

In the fiscal year 2016, there was a retraction of 0.6% in Gross Margin, mainly due to the increases of costs of imported inputs.

In turn, our financial performance is affected by the foreign exchange, interest rates and inflation in Brazil. Such indices have effects over our financial expenditures and, by extension, over our net income.

In the last three fiscal years, the Company has carried out a process of deleveraging, by reducing its gross debt, including the component of its financial liabilities denominated in US dollar. Accordingly, in 2016, the Company repurchased the total remaining balance of its Bonds outstanding in the market. First, until March 2016, the Company repurchased an amount of Bonds equal to the total amount of US\$272.5 million, in face value, or 87.3% of the total market circulation until such date. In a second phase, in April of the same year, the Company repurchased the total Bonds outstanding in the market, equivalent to around US\$39.5 million. In 2017, the Company reduced its exposure to loans denominated in foreign currency from R\$331.3 million to R\$166.6 million.

Therewith, the Company’s financial performance in the last three fiscal years was affected by interest rates in Brazil, since: 1) a relevant part of the debentures, loans and financing contracts is adjusted by indices such as CDI, TJLP and TR; and 2) the financial resources that comprises of our cash and equivalents are mostly invested at rates indexed with CDI. The interest rate variance, therefore, affects the interest expenses and the financial revenue, generating effects over the net financial expenses and, consequently, over the net income.

The table below classifies our indebtedness in accordance with variable indices applied over the principal amount at the end of the last three fiscal years. The amount in foreign currency is hedged by financial derivatives, whose costs are indexed with CDI, which is also used to restate our cash investments, shown in the table below, as well as the Company’s net exposure to the group of indicators presented in the table below:

Fiscal year ended December 31,		
2016	2017	2018

	Value	VA%	Value	VA%	Value	VA%
Loans, financing contracts and swaps CDI	331,470	57.30%	157,970	32.6%	97,150	18.77%
Loans TJLP	74,215	12.60%	161,134	33.3%	260,252	50.28%
Loans TR	153,686	26.60%	145,125	30.0%	142,169	27.46%
Notes payable CDI	20,458	3.50%	19,669	4.1%	18,070	3.49%
Total Indebtedness	578,196	100.00%	483,898	100.0%	517,641	100.00%
Cash investments	(1,324,488)	-229.10%	(1,512,413)	-312.5%	(1,632,296)	-315.33%
Net exposure	(746,202)	-129.10%	(1,028,515)	-212.5%	(1,114,655)	-215.33%

As of 2016, with the reduction of Hypera Pharma's gross debt, mainly due to the prepayment of the 5th, 6th and 7th public issuances of debentures of the Company and the 1st Public Issuance of Debentures of Brainfarma, and the repurchase of the remaining portion of *Bond*, the net exposure of the Company indicated the reduction of its risk linked to interest rates.

10.3 - EVENTS WITH RELEVANT EFFECTS ON THE RESULTING FINANCIAL STATEMENTS, BOTH OCCURRED AND EXPECTED TO OCCUR

a. Introduction or disinvestment of operational segments

In 2018 there has been no introduction or disinvestment of operational segment.

Relating to the fiscal years of 2016 and 2017, in accordance with Technical Pronouncement CPC 31 – which governs the recording of non-current assets kept (or offered) for sale and the presentation and disclosure of the effects of the discontinued operations – the accounting statements segregate going-concern operations from discontinued operations, and these latter are presented solely by their net effects in the income balance sheet. In addition, the assets and liabilities related to discontinued operations are presented as assets and current liabilities separately from other assets and balance sheet liabilities equity.

As from the fiscal year of 2015, the Company began to report as Discontinued Operations: (a) its Cosmetics business, sold to Coty for R\$3.8 billion in a transaction announced on November 2, 2015 and completed in February 1, 2016; (b) its Condoms business, whose sale to Reckitt Benckiser was announced on January 29, 2016 and concluded on October 4, 2016 for the total amount of R\$705.8 million; and (c) its business of Disposable Products, sold to Ontex for the total of R\$1.0 billion, in a deal announced on December 22, 2016, and concluded on March 6, 2017.

Below are described the effects of the resulting reclassifications of Discontinued Operations on the Company’s Balance Sheet accounts, in thousands of *Reais* in 2016, 2017 and 2018:

	Consolidated December 31, 2016	Consolidated December 31, 2017	Consolidated December 31, 2018
Accounts receivable	379,637	-	-

Inventories	256,992	-	-
Recoverable taxes	197,298	-	-
Derivative financial instruments	71	32	-
Other assets	48,612	-	-
Deferred income tax and social contribution	17,424	-	-
Recoverable taxes (non-current)	31,350	-	-
Other assets (non-current)	-	-	-
Investments	-	2,909	1,330
Fixed Assets	415,558	-	-
Intangible Assets	324,181	-	-
Total assets held for sale	1,671,323	2,941	1,330
Accounts payable to suppliers	170,851	219	-
Supplier's assignment of receivables	119,394	1,701	-

Taxes payable	7,144	-	-
Derivative financial instruments (liabilities)	4,850	12	-
Salaries payable	14,777	-	-
Taxes payable (non-current)	7,181	-	-
Accounts payable	146,798	47,276	7,611
Deferred income tax and social contribution	371,742	-	-
Total liabilities held for sale	842,737	49,208	7,611

See below the effects of the Discontinued Operations on the Company's income accounts, in thousands of *Reais*, in 2016, 2017 and 2018:

	Consolidated December 31, 2016	Consolidated December 31, 2017	Consolidated December 31, 2018
Net revenues from sales	1,495,030	225,487	-
Cost of goods sold	(929,117)	(152,466)	-

Gross profit	565,913	73,021	-
(Expenses)/revenues	(833,518)	(70,891)	6,932
Income from disposal	1,066,126	(211,530)	(11,877)
Income before financial revenues and expenses	798,521	(209,400)	(4,945)
Financial expenses	(21,472)	(5,685)	(62)
Income before income tax and social contribution	777,049	(215,085)	(5,007)
Income tax and social contribution	(246,474)	68,551	(791)
Net income for the year	530,575	(146,534)	(5,798)

Finally, as of 2017, with the sale of Cosmetics, Condoms and Disposable Products business, the Company became a pure pharmaceutical company, present in the main market segments, with attractive mid and long-term growth potential.

b. Constitution, acquisition or sale of equity interests

In the opinion of the Management, the acquisition of companies might be an alternative strategy which creates value for the shareholders. In this context, since the Company's incorporation, we have made different acquisitions that have added to our portfolio brands and products with attractive development potential, as well as production capacity, people with expertise in our business segments and a wide network of relationships with the distribution channel.

Regarding the sale of corporate interest, see item 10.1 (a) about the sale of corporate interest in the companies which composed the operational segments sold by the Company.

In 2018, there has been no incorporation, acquisition or sale of equity interests.

In 2017, the Company completed the divestment of its former Consumer business, with the sale of its Disposable Products operations to Ontex for the acquisition price of approximately R\$1.0 billion, as announced in December of the previous year. This transaction was a milestone in our transformation into an exclusively focused on Brazil's pharmaceutical market.

In 2016, the Company sold its cosmetics manufacturing and trading business to Coty for R\$3.8 billion, including the Bozzano, Biocolor, Monange, Risqué, Paixão, and Cenoura Bronze brands, among others. Additionally, the Company sold its condoms business to Reckitt Benckiser (Brasil) Ltda. for R\$675 million, including the Jontex, Olla and Lovetex brands.

c. Unusual events and transactions

There are no unusual events or transactions performed by the Company

10.4 MANAGEMENT'S COMMENTS

a. Significant changes in accounting standards

In the fiscal year of 2018, the Company and controlled companies initially adopted the CPC 47/IFRS 15 Revenues from Customer Contracts using the retrospective method, pursuant to CPC 23 and the CPC 48/IFRS 9 Financing Instruments as from January 1st, 2018, using the method of cumulative effect, with the initial application of the rule on the initial date (i.e, January 1st, 2018).

In the fiscal years of 2016 and 2017, the Company did not make significant changes in the accounting practices.

b. Significant effects of the changes in accounting practices

The effect of the adoption in 2018 of the CPC 48/IFRS 9 mentioned in item 10.4.a above involved mainly the reclassification of the commercial agreements, of the heading sale expenses, to the heading of deduction of sales in the income statement of the fiscal year, increase of the losses by impairment recognized in financing assets; and increase of the provision for client's devolutions.

c. Qualifications and emphasis present in the auditor's report

In the last three fiscal years, no qualifications were made in the reports of our auditors.

10.5. CRITICAL ACCOUNTING POLICIES ADOPTED BY THE COMPANY

Judgement, estimates and assumptions

The preparation of Company's financial statements requires the Management to make estimates and assumptions regarding the future, based on estimates and assumptions with significant risk, and probability of causing relevant adjustment to the book values of assets and liabilities in future fiscal years. In the Company's accounting policies, the Management adopted the following judgments, estimates or assumptions:

Useful life of trademarks

In view of the business strategy and investments made, including advertising and promotion for strengthening and perpetuation of the trademarks, management believes that an estimate of predictable limit for useful life of trademarks may prove not adequate. Accordingly, trademarks are not amortized, but rather, tested for impairment, so as to assure that their accounting values do not exceed their realization values.

Estimated loss (impairment) on goodwill and trademarks and patents

The Company tests possible losses (impairment) on goodwill and trademarks and patents, according to the accounting policy presented in the note of its Standardized Financial Statements. The recoverable values of Cash Generating Units (UGCs) have been determined based on calculations of value in use made using estimates.

Realization of deferred taxes

The realization of deferred income tax credits is evaluated based on technical studies approved by the Board of Directors based on the budget planning.

Contingent Liabilities

Based on the information of the legal advisors for the creation of provision in amount considered enough to cover the losses expected with the lawsuits in course, updated until the dates of the balance sheets. However, due to the procedural progress of the lawsuits, the classification of the probability of loss may not be definitive until the conclusion of the lawsuits.

10.6 - RELEVANT ITEMS NOT REFLECTED IN THE FINANCIAL STATEMENTS

a. Off-balance sheet assets and liabilities directly or indirectly owned by the company

There are no off-balance sheet assets and liabilities directly or indirectly owned by the Company.

b. Other off-balance sheet items

There are no other off-balance sheet items owned by the Company.

10.7. COMMENTS OF DIRECTORS ON OFF-BALANCE SHEET ITEMS

- a. How do those items affect or how are they likely to affect the company's revenues, expenses, operational result, financial expenses and other items of its financial statements**

Not applicable, given there are no off-balance sheet items directly or indirectly owned by the Company.

- b. Nature and purpose of the transaction**

Not applicable, given there are no off-balance sheet items directly or indirectly owned by the Company.

- c. Nature and amount of the obligations undertaken and rights generated for the benefit of the company by such transactions**

Not applicable, given there are no off-balance sheet items directly or indirectly owned by the Company.

10.8 - MAIN ELEMENTS OF THE COMPANY'S BUSINESS PLAN

- a. Investments**

- (i) Quantitative and qualitative description of investments in course and forecasted investments**

In 2017, the Company invested R\$157.6 million in fixed assets, including costs related to the construction of its new innovation center, the Hynova (approximately R\$70 million), segregation of the Disposable Products business (transferred to Ontex in March 2017), and R\$54.2 million in the purchase of intangibles, basically related to the development of new products.

The Hynova was one of the main investments made recently by the Company. The facilities of Hynova include laboratories for research and development of medications, dermocosmetics and nutraceuticals, among other health products, with more than 7.5 thousand square meters of area, where the employees, working in a concept of open innovation with partners and research institutions, seek to develop new products and also to deeply understand Brazilian consumers and health professionals, with the purpose of increasing productivity and have more assertive launchings.

In the fiscal year of 2018, the Company invested R\$127.8 million in fixed assets and R\$91.1 million in the purchase of intangibles, basically related to the development of new products.

For the fiscal year of 2019, with the purpose of attending to its investments' plan for this year, the Company forecasts making investments in new products, modernization and expansion and informatics for modernization, in the total amount of R\$570 million, pursuant to the capital budget proposed by the Management for the approval in the Shareholders' Meeting to be held in April, 2019, according to the table below:

INVESTMENT PLAN	R\$ (Thousand)
Investment in new products	175,000
Investment in modernization and expansion	375,000
Investments in informatics for modernization	20,000
TOTAL	570,000

SOURCES	R\$ (thousand)
Earned income referring to the fiscal year of 2018	143,728
Company's own resources (generated with operational activity)	426,272
TOTAL	570,000

The Company understands that the investments in innovation to support its pipeline of development of new products will continue to be a part of its strategy of growth in the pharmaceutical market.

(ii) Investment financing source

The financing source of capital investments that are usually made in the Company's industrial complexes and distribution centers or subsidiaries tends to be the Company's operational cash flow generation and, when applicable and possible, development credit facilities with attractive interest rates compared to market standards.

(iii) Relevant disinvestments in course and forecasted disinvestments

The company holds for sale a property for investment corresponding to the former Distribution Center of the Consumer business disposed of by the Company between 2015 and 2017. Such property is recorded in the Balance Sheet as of December 31, 2018 for a cost value of approximately R\$154.3 million and fair value of R\$255.0 million.

The Company does not have other relevant disinvestments in course or forecasted for 2019 besides the Distribution Center mentioned above.

b. Acquisition of plants, equipment, patents and other assets which shall affect materially the productive capacity of the company

With the purpose of meeting the growing demand for its products in Brazil, the Company forecasts making investments in equipment with the goal of expanding its productive capacity, as well as continuous investments in research and development to support its strategy of launching new products.

c. New products and services: (i) description of already disclosed researches in course; (ii) aggregate amounts spent in research for the development of new products or services; (iii) already disclosed projects in course; and (iv) aggregate amounts spent in the development of new products or services

Beginning 2017, the Company now counts on a new structure dedicated to innovation. For internal development of new products, the Company is supported by Hynova, a research and development center which includes some 200 professionals, including some 30 holding master and PhD degrees.

In 2018, the total investments in research and development by the Company, including the amount capitalized as fixed asset, have reached 4.9% of its Net Earnings, against 4.0% in 2017.

Over the year of 2018, the Company launched 70 new products, chiefly focused on the branded products segments (Branded Prescription and Consumer Health) and ended the year with more than 330 projects in its innovation pipeline, with approximately 60% related to the Branded Prescriptions, chiefly focused in the cardiology, respiratory, central nervous system and gastrointestinal.

Currently, the Company also searches for partnerships in order to have access to technologies and products developed by third parties that may be included in its portfolio, accelerating the pace of rollouts in several segments in which it operates. To this end, it has a Business Development team that seeks technology transfer, co-development of products, licensing and other possible types of partnership, under an open innovation model. This team presents the Company as an ideal partner or partner of choice to third parties, given its scale, professional management and expertise in marketing, sales and low-cost operations.

10.9 - OTHER FACTORS WITH MATERIAL INFLUENCE ON THE OPERATIONAL PERFORMANCE AND THAT HAVE NOT BEEN IDENTIFIED OR COMMENTED ON THE OTHER ITEMS

The Company presents hereunder the information related to the costs with marketing, sponsorship and partnerships in the financials years ended on December 31, 2017 and December 31, 2018, as well as the criteria used by the Company for the allocation of resources for such costs and the results obtained in relation with the costs of marketing.

(In thousands of BRL/RS)	December 31, 2017	December 31, 2018
Costs with advertising and publicity	(346,015)	(355,984)

Agreement, Funds and Others	(61,067)	(69,303)
Medical Visits, Promotions, Gifts and Samples	(351,158)	(394,920)
Marketing's costs	(758,240)	(820,207)

Criteria for the Allocation of Resources

The allocation of marketing investments, including mass media, trade marketing and medical visits, is discretionary and determined annually in the process for the preparation of the budget for such year. The analysis of data regarding demand, qualitative surveys of market trends, as well as the schedule of new product launches and the renewal of well-established brands in the Company's portfolio.

The Company also takes into consideration the level of competitiveness of the competitors and the profitability expected for each product line.

The Company is the second biggest investor in advertising media in Brazil, in accordance with the latest ranking of Kantar Ibope Media (regarding the period from January to December 2018), in line with its strategy to generate end-demand and reach a solid competitive position in dozens of product categories in which it is present in the drugs and sweeteners markets.

Results

In the fiscal year 2018, investments of R\$355.9 million were made in advertising and publicity, among other, that is, 9.6% of Net Revenue in the year. This amount was 2,9% above the investment made in the previous year.

The Company controls an in-house advertising agency, MY Agência de Propaganda Ltda., which in 2018, ranked 2nd among the largest advertising agencies in Brazil, according to Kantar Ibope Media.

MY agency centralizes the management and development of advertising campaigns and social media regarding the Company's brands, and negotiates the purchase of media spaces. The agency also holds a studio for production of movies and recording.

The professionals of MY Agência are very familiar with the brands of the Company, which results in direct and efficient interaction with the Marketing teams, which ensures the alignment between communication and the strategic purposes of each line of business.

ITEM 11 - GUIDANCE

11.1 – GUIDANCE DISCLOSED AND ASSUMPTIONS

(a) purpose of guidance

The Company currently discloses guidance for Net Income.

(b) guidance period and period of validity of guidance

The guidance mentioned in item 11.1(d) of this Reference Form was projected for 2019.

(c) underlying assumptions for the guidance, indicating which can be influenced by the Company's management and which cannot be controlled by it

The guidance for Net Income for 2019, as per the Material Fact notice of February 21, 2019, was based on an analysis of the macroeconomic scenario and the dynamics of the markets where the Company operates.

This guidance merely reflects the perception of the Company's Management on factors that could affect its performance and is, therefore, subject to risks and uncertainties. All assumptions considered in the guidance are subject to external factors that are beyond the Company management's control (see section 10.2 of this Reference Form, which discusses the main factors that could affect the Company's operations and financial

condition). Therefore, if there is any change in the assumptions that significantly affects the guidance disclosed, the Company may revise it downwards or upwards in accordance with the new expectations.

(d) values of indicators for which guidance was disclosed

Indicator for which guidance is disclosed	Guidance
Net Income	Around R\$ 1,225 million in 2019

Note that the guidance in this Form merely represents an estimate and, under no circumstance, may be construed as a promise of performance by the Company and/or its managers, and that the actual results recorded by the Company in 2019 may not correspond to those projected in this guidance.

11.2 – MONITORING AND CHANGES IN THE GUIDANCE DISCLOSED

(a) inform which are being replaced with new guidance in this Reference Form and which ones are being repeated

As per the Material Fact notice of February 21, 2019, the Company started disclosing Net Income guidance for 2019, at around R\$ 1,225 million. This guidance does not replace any previous guidance disclosed by the Company for fiscal year 2019.

(b) with regard to guidance related to previous periods, compare the projected data with the actual performance of indicators, clearly showing the reasons for deviations from the guidance

2016

For 2016, the Company announced guidance of EBITDA from Continuing Operations of around R\$ 1.1 billion, through a Material Fact notice released on December 7, 2015. Actually, the Company recorded, as per its financial statements for the fiscal year ended December 31, 2016, EBITDA from Continuing Operations of R\$ 1,133.1 million, within the estimate announced for the year.

EBITDA from Continuing Operations was in line with the guidance for 2016 and increased 19.2% from the previous year. The result reflects the 11.2% growth in Net Revenue, combined with operational improvements, with a reduction in marketing, selling, general and administrative expenses in the year.

2017

For 2017, the Company announced a guidance of EBITDA from Continuing Operations of around R\$ 1.2 billion, through a Material Fact notice released on February 17, 2017. Actually, the Company recorded, as per its financial statements for the fiscal year ended December 31, 2017, EBITDA from Continuing Operations of R\$ 1,232.5 million, within the estimate announced for the year.

EBITDA from Continuing Operations was in line with the guidance for 2017 and was 12.9% higher than in the previous year. The result was primarily due to the 12.7% growth in Net Revenue, mainly driven by the performance of branded products in the Prescription Products and Consumer Health business units.

2018

For 2018, the Company announced, through a Material Fact notice on February 23, 2018, a guidance of EBITDA from Continuing Operations of around R\$ 1,350 million and Net Income from Continuing Operations of around R\$ 1,100 million.

Actually, the Company recorded, as per its financial statements for the fiscal year ended December 31, 2018, EBITDA from Continuing Operations of R\$ 1,318.7 million and Net Income of R\$ 1,135.4 million, within the estimate announced for the year. The performance was mainly driven by higher net revenue of the Company, the dilution of Selling, General and Administrative Expenses and by Other Operating Income in the period.

(c) with regard to the guidance related to current periods, inform whether the guidance remains valid on the date of submission of this Reference Form and, when applicable, explain why it was abandoned or replaced

The Company announced, for the fiscal year ending December 31, 2019, a guidance of Net Income of around R\$ 1,225 million, as per the Material Fact notice of February 21, 2019 and item 11.1(d) of this Reference Form, which has not been revised since and remains valid.

ITEM 12 – SHAREHOLDERS MEETING AND MANAGEMENT

12.1. DESCRIPTION OF MANAGEMENT STRUCTURE

- (a) Responsibilities of the board of directors and permanent bodies and committees reporting to the board of directors, indicating:
- i. whether they have their own charter and, if yes, the body responsible for approval, date of approval and, if the Company discloses these charters, the websites where these documents can be accessed.
 - ii. whether the Company has an audit committee established pursuant to the bylaws and, if yes, its key responsibilities and way of functioning, and whether it complies with the respective CVM regulations.
 - iii. how the board of directors assesses the work of independent auditors, indicating whether the Company has a policy to engage non-audit services from the independent auditor, informing the body responsible for approving the policy, the date of approval and, if the Company discloses the policy, the websites where the document can be accessed.

BOARD OF DIRECTORS

According to Article 19 of the Company's Bylaws, the Board of Directors of the Company must be composed of at least nine (9) and not more than eleven (11) members, elected and removed by the Shareholders Meeting, including one Chairman, all of them shareholders or otherwise, with unified term of office of two (2) years, with reelection allowed. At least two (2), or twenty percent (20%) of the Board of Directors, whichever is higher, will be Independent Directors, as defined in the Novo Mercado Rules. When, as a result of compliance with this percentage, the number of directors results in a fraction, it shall be rounded to the immediate highest number.

As described in Article 21 of the Company's Bylaws, the Board of Directors must ordinarily meet once every three (3) months and, extraordinarily, whenever necessary, upon a call from the Chairman through registered mail, personal delivery, email or fax sent to other directors at least three (3) business days prior to the meetings. The quorum for holding Board of Directors meetings must be six (6) members, with decisions taken by majority vote of members attending the meeting.

In addition to other responsibilities established in the Company's Bylaws, the Board of Directors must:

- a. determine the general guidelines of the Company's businesses;
- b. approve the Company's annual plan, establishing objectives, targets and business plans for each area in which the Company operates;
- c. elect and remove the Company's Executive Officers and determine their responsibilities and inspect their management activities, as well as examine, at any time, the Company's books and documents, request information on agreements signed or in negotiations and any other acts;
- d. approve the Charter of the Board of Directors and the Board of Executive Officers, which establishes the administrative and functional structure in accordance with Novo Mercado Rules;
- e. deliberate on the issue of shares of the Company, as well as reduce or remove preemptive rights, in accordance with Article 6 of the Company's Bylaws.
- f. call the Annual Shareholders Meeting and, whenever necessary, the Extraordinary Shareholders Meeting, and establish in which situations the period for the call should be extended, in accordance with Article 13, Paragraph 1 of the Company's Bylaws;
- g. express prior opinion on the Management Report, management accounts, financial statements for the fiscal year and examine the monthly trial balances;
- h. analyze the Company's quarterly results and deliberate on the distribution of interim dividends pursuant to the Company's Bylaws and the law;
- i. determine inspections, audit or examination of accounts of the subsidiaries or affiliates of the Company;
- j. select, inspect and remove independent auditors and other advisors of the Company;
- k. without prejudice to applicable legal provisions, deliberate on the issue of simple, non-convertible unsecured debentures and the issue of convertible debentures, within the authorized capital established in Article 5 of the Company's Bylaws;
- l. exercise other legal or other responsibilities established by the Shareholders Meeting;
- m. deliberate on the acquisition of shares issued by the Company for cancellation or for holding in treasury and, in the latter case, deliberate on possible sale;
- n. approve any acquisition, sale or encumbrance of the Company's assets or rights, whose amount, considering individually or totally, is greater than or equal to forty million reais (R\$40,000,000.00);

- o. approve the provision of guarantees for liabilities not owed by the Company's subsidiaries, whose amount is greater than or equal to fifty million reais (R\$50,000,000.00);
- p. grant stock options to the Company's managers or employees, without preemptive rights to shareholders, subject to the plan approved by the Shareholders Meeting;
- q. deliberate on any transaction or successive transactions in one (1) year whose amount is greater than or equal to five million reais (R\$5,000,000.00) between the Company and (i) its controlling shareholders, (ii) any individual, including spouse and relatives to the third degree, or legal entity that holds, directly or indirectly, the control of Company's legal entity controlling shareholders, or (iii) any legal entity in which any of the controlling shareholders, including spouse and relatives to the third degree, directly or indirectly hold any ownership interest. Regardless of the amount involved, all transactions between the Company and the persons referred to above must be conducted in accordance with the terms and conditions practiced in the market. Any member of the Company's Board of Directors can require an independent evaluation of any transaction established in this item;
- r. determine the distribution among Directors and Executive Officers, individually, of a portion of management compensation, when fixed as an overall amount by the Shareholders Meeting;
- s. deliberate, *ad referendum* the Shareholders Meeting, on the proposed profit sharing for Company's managers;
- t. approve any financial transaction that results in debt for the Company, with any financial or similar institution, in an amount equal to or higher than one hundred million reais (R\$100,000,000.00);
- u. approve any decisions related to acquisition, disposal, encumbrance and waiver of the Company's industrial property items, including domain names, brands and patents, except for decisions related to their simple exploration, which will be taken by the Board of Executive Officers;
- v. to express opinion in favor or against any public tender offer for the Company's shares, based on a prior justified report, within fifteen (15) days after the publication of the call notice of the public tender offer, which must address at least, (i) the appropriateness and timing of the public tender offer regarding the interests of all shareholders and in relation to the liquidity of the securities held by them; (ii) the repercussions of the public tender offer on the Company's interests; (iii) the strategic plans disclosed by the offeror in relation to the Company; and (iv) other points that the Board of Directors considers pertinent, as well as information required by applicable CVM rules;
- w. prepare the Company's internal policy on the disclosure of information to the market;
- x. decide on the payment or credit of interest on equity to shareholders in accordance with applicable laws;

- y. request, at any time, the examination of any matter related to the businesses of the Company and its subsidiaries that are not under the sole responsibility of the Shareholders Meeting, not included in the above items, and take a decision on it to be mandatorily executed by the Board of Executive Officers;
- z. issue a report and provide opinion on the structure, functions and powers of the Company's Board of Executive Officers;
- aa. issue a report on any proposal of the Board of Executive Officers to the Shareholders Meeting;
- bb. approve the proposal to be submitted and examined by the Shareholders Meeting, related to any amendments to the Bylaws of the Company or its subsidiaries;
- cc. approve the proposals to be submitted and examined by the Shareholders Meeting regarding the merger (including merger of shares), spin-off, conversion or any other form of corporate restructuring of the Company or its subsidiaries; and
- dd. resolve on issues not mentioned in the Company's Bylaws or in the Novo Mercado Rules and exercise other responsibilities that the law or Bylaws do not grant to any other body of the Company.

Moreover, the Chairman of the Board of Directors is solely responsible for:

- a. exercising the casting vote in case of tie in any vote;
- b. acting as the link between the Board of Directors and the Board of Executive Officers of the Company, including, but not limited to, for purposes information flow across the Company;
- c. acting as the link between the Board of Directors and the committees of the Company, when established and/or convened, including, but not limited to, for purposes of information flow across the Company;
- d. coordinating the work of the Company's committees, when established and/or convened, including, but not limited to, for purposes of information flow across the Company;
- e. ensuring the effective and sound performance of the Board of Directors;
- f. ensuring the effectiveness of the monitoring and evaluation system of the Board of Executive Officers and the Board of Directors;
- g. ensuring that the activities of the Board of Directors are aligned with the interests of the Company, its shareholders and other stakeholders;
- h. organizing and coordinating, with collaboration from other members of the Board of Directors, the agenda of meetings, also hearing, as applicable, the Chief Executive Officer (CEO) and other Executive Officers;

- i. ensuring that the Executive Officers receive complete and timely information on the items included in the agenda of the Board of Directors meetings;
- j. proposing to the Board of Directors the annual budget of the Board of Directors, including for hiring external professionals, to be submitted to the Shareholders Meeting for deliberation; and
- k. proposing to the Board of Directors the annual calendar of meetings of the Board of Directors (and committees, when established and/or convened).

Although the Company does not have a formalized policy to hire non-audit services from the independent auditor, the Board of Directors is responsible for selecting, inspecting and removing independent auditors and other advisors of the Company. For the purposes of this evaluation, the Board of Directors is aided by the Audit Committee established by the Bylaws, whose responsibilities include proposing to the Board of Directors of the Company, the independent auditors and providing opinion on hiring or removing them, as well as on hiring an independent auditor for any non-audit service, in addition to supervising the activities of independent auditors in order to evaluate their autonomy, the quality of services rendered and the adequacy of services provided to the Company.

Currently, the Board of Directors of Company does not have a specific charter that establishes its responsibilities, powers and rules of functioning, but the Company will prepare this document by the Annual Shareholders Meeting to be held in 2021, in compliance with Novo Mercado rules.

AUDIT COMMITTEE ESTABLISHED BY THE BYLAWS

The Audit Committee was created through a decision of the Board of Directors Meeting held on July 22, 2016 and was included in the Bylaws after approval by the Annual and Extraordinary Shareholders Meeting held on April 19, 2017.

According to Article 33 of the Company's Bylaws, the Audit Committee established by the Bylaws is permanent and will have at least three (3) and no more than five (5) members, the majority of them independent members, all indicated by the Board of Directors for a unified term of office of two (2) years, always coinciding with the term of office of the Board of Directors. Reelection for successive terms of office is allowed, not exceeding ten (10) consecutive years.

The Audit Committee established by the Bylaws has its own charter, approved by the Board of Directors on April 26, 2019, a copy of which is filed at the registered office of the Company.

The Statutory Audit Committee is responsible for, among other functions assigned to it by the Board of Directors or applicable regulations, pursuant to Article 14 of its Charter:

- a. striving for the interests of the Company within the scope of its duties;
- b. proposing to the Board of Directors of the Company, names of independent auditors and providing opinion on hiring or removing them, as well as providing opinion on hiring independent audit for any other service, whether or not related to audit;
- c. supervising the activities of independent auditors in order to evaluate their autonomy, the quality of services provided and the adequacy of services provided to the Company;
- d. evaluating, together with the independent auditors:
 - i. the critical accounting policies and practices adopted by the Company in preparing and disclosing its financial statements;
 - ii. alternative treatments selected for the adoption of accounting principles and practices or regarding their method of application, as per the accounting practices adopted in Brazil, which were discussed with Company management, and the effects arising from these treatments;
 - iii. adequacy of accounting estimates and reserves and significant judgments used by the Company management while preparing the financial statements;
 - iv. adequacy of the risk evaluation methods used by the Company management and the results of evaluations made; and
 - v. difficulties faced during the audit process, including the limitation in performing the tasks proposed, restrictions in access to information and disagreement with the Company management regarding the preparation and disclosure of financial statements and corresponding reports;
- e. supervising and analyzing the effectiveness, quality and integrity of internal control mechanisms with the purpose of monitoring the compliance with the following provisions, among others:
 - i. the presentation of the financial statements, including quarterly financial information and other interim statements; and

- ii. information and measurements disclosed based on adjusted accounting data and non-accounting data, which include elements not envisaged in the usual reporting framework of the financial statements;
- f. evaluating and monitoring, together with management and internal audit, the adequacy of related-party transactions conducted by the Company and their respective evidence;
- g. evaluating and monitoring the Company's risk exposures and also requesting detailed information on policies and procedures related to:
 - i. management compensation;
 - ii. use of Company's assets; and
 - iii. expenses incurred by the Company;
- h. verifying compliance with its recommendations and/or clarifications to its reports, including in relation to the planning of audit work;
- i. preparing the summarized annual report to be presented together with the financial statements, containing the following information:
 - i. activities performed in the period, results and conclusions,
 - ii. the description of the recommendations made to the Company management, and
 - iii. any situations in which there is significant divergence between the Company management, the independent auditors and the Audit Committee in relation to the Company's financial statements;
- j. providing opinion on matters submitted to it by the Board of Directors as well as on matters it deems relevant; and
- k. ensuring that the Company maintains practical mechanisms to receive, retain and treat internal or external information and complaints, including those on issues involving accounting, internal controls, compliance and audit, in compliance with Article 28 of the Charter of the Audit Committee.

Additionally, pursuant to Article 11 of the Charter of the Audit Committee, the Coordinator of the Audit Committee is solely responsible for:

- a) representing, organizing and coordinating the activities of the Audit Committee;
- b) ensuring the proper functioning and performance of the committee;
- c) calling, organizing and presiding over Audit Committee meetings, appointing a Secretary, who must be a member of the Audit Committee, or a lawyer, and will prepare the minutes of meetings;
- d) complying with and ensuring compliance with the Charter;
- e) ensuring the effectiveness of the monitoring and assessment system, by the Audit Committee or its members, of issues pertinent to the

functioning of the Audit Committee;

- f) proposing the annual calendar of meetings, as well as organizing and coordinating the agenda of meetings, hearing other members of the Audit Committee and the Board of Directors, in addition to ensuring that the information necessary for discussing the items on the agenda are sent to Audit Committee members on a timely basis;
- g) calling on behalf of the Audit Committee, executive officers, executives, internal and external employees of the Company, who have information on the items on the agenda or whose area is related to these matters, to participate in the meetings;
- h) representing the Audit Committee in its dealings with the Board of Directors, Board of Executive Officers, the GRC area, external audit, Audit Board and internal committees of the Company, signing, whenever necessary, the letters, invitations and reports forwarded to them;
- i) forwarding the Audit Committee's recommendations to the Chairman of the Board of Directors and/or Chief Executive Officer of the Company;
- j) meeting the Board of Directors at least once every quarter accompanied by other members of the Audit Committee, whenever deemed necessary; and
- k) participating in the Annual Shareholders Meeting of the Company accompanied by other members of the Audit Committee, whenever deemed necessary.

ETHICS COMMITTEE

The Company's Ethics Committee was created on March 9, 2012, through a resolution of the Board of Directors.

The Ethics Committee is responsible for managing and analyzing, in an impartial and serene manner, issues related to the Company's Code of Ethics.

STRATEGY AND MANAGEMENT COMMITTEE

The Company's Strategy and Management Committee was created on April 26, 2018, through a resolution of the Board of Directors.

The Strategy and Management Committee is responsible for monitoring the Company's strategies and management on a fortnightly basis.

INDEPENDENT SPECIAL COMMITTEE

The Company's Independent Special Committee was created on April 26, 2018, through a resolution of the Board of Directors after a search and seizure operation conducted by the Federal Police based on an action for a provisional remedy closed to the public, regarding the collaboration

agreement signed by the then institutional relations officer of the Company, as per the Material Fact notice and Notice to the Market disclosed on June 28, 2016 and July 1, 2016, respectively. This committee was created to coordinate an internal investigation relating to the facts investigated by the action for provisional remedy mentioned above. Members of the Independent Committee were elected on May 23, 2018 and its work, currently in progress, will be presented upon conclusion of its activities, to the Board of Directors, which will evaluate, with support from its specialized legal advisors, the appropriateness of adopting applicable legal mechanisms to arrive at the definitive conclusion on the issue, including possible agreements with competent authorities.

(b) in relation to members of the board of executive officers established by the bylaws, their responsibilities and individual powers, indicating if the board of executive officers has its own Charter and, if it does, the body responsible for its approval, date of approval and, if the Company discloses it, the websites where the document can be accessed.

BOARD OF EXECUTIVE OFFICERS

According to Article 24 of the Company's Bylaws, the Board of Executive Officers of the Company is composed of at least three (3) and not more than six (6) members, with term of office of three (3) years, with reelection allowed, including one (1) Chief Executive Officer (CEO), one (1) Investor Relations Officer and the remaining without specific designation; all shareholders or otherwise, residing in Brazil, elected and removed at any time by the Board of Directors.

According to Article 26, paragraph one, of the Bylaws, the Board of Executive Officers will meet whenever necessary and the meeting must be held with the presence of majority of its members. All decisions at the meetings, duly convened, will be taken by majority of those present.

In accordance with Article 27 of the Bylaws, the responsibilities and powers of the Board of Executive Officers are established by law and by the Company's Bylaws, subject to the decisions taken by the Shareholders Meeting and the Board of Directors to ensure the regular functioning of the Company. Its key responsibilities are:

- (a)** to resolve on conducting the business as per the guidelines determined by the Board of Directors, organizing general development plans for the Company;
- (b)** to clear doubts and disagreements arising in the exercise of responsibilities of its members and grant them authorizations;

- (c) to authorize the creation, transfer and closure of branches, facilities, offices, warehouses and any other establishments of the Company, anywhere in Brazil or abroad;
- (d) to present on a quarterly basis to the Board of Directors, a detailed trial balance of the Company and its subsidiaries;
- (e) to present annually to the Board of Directors, the Management Report and Management Accounts, accompanied by the independent auditors' report, as well as the proposed distribution of profits of the previous year;
- (f) to comply with and ensure compliance with the Company's Bylaws, as well as ensure the execution of the decisions taken by the Shareholders Meetings and the Board of Directors.
- (g) to represent the Company before federal, state and local government authorities, government agencies, government-owned companies and any other government bodies;
- (h) to approve any acquisition, purchase, sale or encumbrance of the Company's assets or rights, in compliance with item "n", Article 23 of the Company's Bylaws;
- (i) to approve the provision of guarantees of obligations other than those of the Company's subsidiaries, pursuant to item "o" of Article 23 of the Company's Bylaws; and
- (j) to approve any financial transaction that results in debt for the Company, with any financial or similar institution, in compliance with item "t" of Article 23 of the Company's Bylaws.

The Board of Executive Officers does not have its own Charter.

(c) date of establishment of audit board, if it is not permanent, informing whether it has its own Charter and, if yes, indicating the date of approval by the audit board and, if the issuer discloses the Charter, the websites where the document can be accessed.

AUDIT BOARD

According to Article 32 of the Company's Bylaws, the Company's Audit Board must have three (3) members and an equal number of alternates under the conditions and with the responsibilities envisaged in law.

The Audit Board is not permanent and is set up only upon a request from shareholders in accordance with law. Without prejudice to the powers established by law, when set up, the Audit Board must:

- a) inspect, by any of its members, management actions and verify compliance with its legal and statutory duties;
- b) provide opinion on the annual management report, including in its report any additional information it deems necessary or useful for deliberation at the Shareholders Meeting;
- c) provide opinion on the proposals of management bodies to be submitted to the Shareholders Meeting, related to change in capital, issue of debentures or subscription warrants, investment plans or capital budgets, distribution of dividends, transformation, merger, consolidation or spin-off;
- d) report errors, frauds or crimes that any of its members become aware of to the management bodies and, if they fail to take the necessary measures to protect the Company's interests, to the Shareholders Meeting and suggest useful measures to the Company;
- e) call the Annual Shareholders Meeting if management bodies delay calling the meeting by more than one (1) month, and the extraordinary Shareholders Meeting whenever there are serious or urgent reasons, including in the meeting agenda the issues it deems necessary;
- f) analyze at least on a quarterly basis the trial balance and other financial statements periodically prepared by the Company;
- g) examine the financial statements for the fiscal year and provide an opinion on them; and
- h) exercise these responsibilities, during liquidation, considering the special provisions regulating it.

The Audit Board was established on April 24, 2019, through a resolution of the Annual and Extraordinary Shareholders Meeting and will remain functioning until the Annual Shareholders Meeting that approves the accounts for the fiscal year ending December 31, 2019.

Although the Company's Audit Board does not have specific Charter that describes its responsibilities, powers and rules of functioning, the Company will prepare the document before the Annual Shareholders Meeting to be held in 2021, in compliance with Novo Mercado rules.

(d) mechanisms for performance appraisal of the board of directors and each body or committee that reports to the board of directors,

informing, if so:

- i. the frequency of appraisal and its scope, indicating whether it is made only in relation to the body or if it also includes the individual appraisal of its members**
- ii. methodology adopted and main criteria used in the appraisal**
- iii. how the appraisal results are used by the issuer to improve the functioning of the body; and**
- iv. whether any external consulting or advisory services were hired**

On the date of this Reference Form, the Company does not have mechanisms for performance appraisal of the Board of Directors or its advisory committees, whether as a body or its members individually.

However, these mechanisms will be duly created by the Annual Shareholders Meeting of 2021 in order to comply with the Novo Mercado Rules, especially Article 18, inclusive.

12.2 – RULES, POLICIES AND PRACTICES RELATED TO SHAREHOLDERS MEETINGS

(a) call notice periods

Under Brazilian Corporations Law, all Shareholders Meetings must be called through three (3) notices in the State Register of the state in which the Company's is headquartered, that is, the State of São Paulo, and in mass circulation newspaper, which in the Company's case, is *Valor Econômico*.

According to Article 13 of the Company's Bylaws, the first call must be made at least fifteen (15) days before the Shareholders Meeting, and the second call must be made at least eight (8) days in advance. Shareholders Meetings must be held in accordance with the Brazilian Corporations Law and presided over by the Chairman of the Board of Directors, who will appoint the secretary. The Shareholders Meeting that will deliberate on canceling our registration as a publicly held company or on transactions that, due to their complexity, require a longer period to be studied and analyzed by shareholders, must be called at least thirty (30) days in advance. The Securities and Exchange Commission of Brazil (CVM) may,

however, at the request of any shareholder and after consulting our Company, under certain circumstances, postpone the date of the Shareholders Meeting to be held in up to thirty (30) days after the call notice.

(b) powers and responsibilities

The Annual Shareholders Meeting will be held annually, within the first four months of the year. It shall:

- i.** take cognizance of management accounts, examine, discuss and deliberate on the financial statements;
- ii.** deliberate on the allocation of net income from the year and distribution of dividends;
- iii.** elect and remove members of the Board of Directors; and
- iv.** elect and remove the members of the Audit Board.

Without prejudice to other matters envisaged in law, the following actions will depend on approval of the Shareholders Meeting:

- i.** any capital increase of the Company (except for capitalization of reserves or within the authorized capital or as required by law), stock split or reverse stock split, redemption of shares to cancel or hold them in treasury;
- ii.** fixing the compensation of members of the Board of Directors and Board of Executive Officers, as well as the compensation of members of the Audit Board, when established;
- iii.** amendments to the Bylaws of the Company;
- iv.** bonus shares;
- v.** establishment of stock option plan for management, employees or individuals providing services to the Company or its subsidiary, as well as management and employees of other entities under its control;
- vi.** change in the number of members of the Board of Directors or reduction in the responsibilities of the Board of Directors;
- vii.** consolidation, spin-off, merger or conversion into a new type of company;
- viii.** authorization for Company management to file for voluntary bankruptcy or court-supervised or out-of-court reorganization of the Company;
- ix.** liquidation or dissolution of the Company;
- x.** execution of any assignment for the benefit of any insolvent creditors of the Company;
- xi.** delisting from the Novo Mercado segment of B3 S.A. – Brasil, Bolsa, Balcão;

- xii. any change in the corporate purpose;
- xiii. any change in the Company's dividend policy;
- xiv. choice of specialized company responsible for preparing the stock valuation report of the Company, in case of cancellation of its registration as a publicly traded company or delisting from Novo Mercado, in accordance with Chapter VIII of the Company's Bylaws, from a list of three companies indicated by the Board of Directors;
- xv. providing the characteristics of the nominee to the Board of Directors as independent director, in compliance with Article 19 of the Company's Bylaws; and
- xvi. deliberation on any matter submitted to it by the Board of Directors.

(c) physical and electronic addresses in which the documents related to the shareholders meeting will be made available for analysis

The documents are available: (i) at the administrative office of the Company located at Av. Magalhães de Castro, 4800 - 24° andar, Edifício Continental Tower, Bairro Cidade Jardim - CEP 05502-001, São Paulo/SP; (ii) on the Company's website: hypera.com.br/ir and (ii) on the website of the Securities and Exchange Commission of Brazil: <http://www.cvm.gov.br>

(d) identification and management of conflicts of interest

Pursuant to law, conflicts of interest are identified and managed by the Chairman of the Board of Directors by analyzing the objective and counterparties to any agreement causing the conflict of interests.

(e) proxy solicitation by management for exercise of voting rights

The Company allows management to request powers of attorney provided the representative is validly appointed and that the proxy instrument contains the voting decision.

(f) formalities necessary to accept proxy instruments granted by shareholders, indicating if the Company requires or waives authentication of signature, notarization, consularization and sworn translation and if the Company accepts proxy instruments granted

by shareholders through electronic means

To be represented at the Shareholders Meeting by a proxy, Shareholders must send to the Company the proxy granted in accordance with Article 126, Paragraph 1 of the Brazilian Corporations Law and applicable legislation, with special powers and authentication of signature, as well as the identity document and individual taxpayer ID (CPF) of the proxy, and, in case of legal entity or fund, authenticated copies of identity document and the minutes of election of legal representative(s) who signed the proxy proving the representation powers, accompanied by the following documents:

- (i) in case of legal entity: authenticated copies of articles of incorporation or bylaws, minutes of election of the Board of Directors (if any) and minutes of election of the Board of Executive Officers that include the election of legal representative(s) at the meeting;
- (ii) in case of individual: authenticated copies of identity document and individual taxpayer ID of the shareholder; and
- (iii) in case of investment fund: authenticated copies of the charter of the fund and bylaws or articles of incorporation of the fund manager, as well as the minutes of election of legal representative(s) attending the meeting.

Shareholder documents issued abroad from countries that are signatories to the Apostille Convention must be affixed to the apostille as per specific regulations, while shareholder documents issued in countries that are not signatories to the Apostille Convention must have their signatures authenticated by notary public and submitted to legalization in the Brazilian Consulate. In both situations, the documents must be translated by a sworn translator duly registered in the Commercial Registry and then registered in the appropriate Registry of Deeds and Documents, in accordance with applicable laws.

(g) formalities required for accepting absentee ballots when sent directly to the company, stating whether the issuer requires or waives authentication of signature, notarization or consularization

Shareholders who choose to exercise their absentee voting right must send the ballot directly to the Company at Av. Magalhães de Castro, 4800 - 24º andar, Edifício Continental Tower, Bairro Cidade Jardim - CEP 05502-001, São Paulo/SP, to the attention of the Investor Relations Officer or to the Company e-mail, ri@hypera.com.br, the following documents:

- (i) absentee ballot related to the shareholders meeting, duly completed, initialed in all pages and with signature authenticated;
- (ii) proof or latest statement of book-entry shares, indicating the shareholding position in the Company;
- (iii) authenticated copy of the following documents:
 - individuals: identity document and individual taxpayer ID (CPF) of the shareholder;
 - legal entities: articles of incorporation, articles of organization or bylaws, minutes of election of the Board of Directors (if any) and minutes of election of the Board of Executive Officers that include the election of legal representative(s) at the meeting; and
 - investment funds: charter of the fund and bylaws or articles of incorporation of the fund manager, as well as the minutes of the election of legal representative(s) attending the meeting.

The following documents will be accepted provided they have a photo: Brazilian Identity Card (RG), Foreigner ID (RNE), Driver's License (CNH), Passport or officially recognized professional association membership cards.

After receiving the absentee ballots and the respective documentation, the Company will, within three (3) days, confirm to the shareholder the receipt of absentee ballot and whether the accompanying documents are sufficient to consider the shareholder's vote valid or if the shareholder has to rectify or resend the ballot or documents, describing the necessary procedures and timeframes for regularization, in accordance with Article 21-U of CVM Instruction 481/09.

Shareholder documents issued abroad in countries that are signatories to the Apostille Convention must be affixed to the apostille as per specific regulations, while shareholder documents issued abroad in countries that are not signatories to the Apostille Convention must have their signatures authenticated by notary public and submitted to legalization at the Brazilian Consulate. In both situations, the documents must be translated by a sworn translator duly registered with the Commercial Registry and then registered in an appropriate Registry of Deeds and Documents in accordance with applicable laws.

(a) whether the company has an electronic system for receiving absentee ballots or for remote participation

The Company does not have an electronic system for receiving absentee ballots or enabling remote participation in its shareholders meetings. For more information on the address and means for sending absentee ballots to the Company, please read the information available in item 12.2 (g) of this Reference Form.

(h) whether instructions for shareholders or groups of shareholders include proposals for voting, slates or candidates for positions on the board of directors and the audit board on the absentee ballot

According to Article 21-L CVM Instruction 481/09, if shareholders want to include any items on the agenda or candidates to the board of directors or audit board in the absentee ballot, said proposals must be mailed to the Company's administrative office located at Av. Magalhães de Castro, 4800 - 24º andar, Edifício Continental Tower, Bairro Cidade Jardim - CEP 05502-001, São Paulo/SP, to the attention of the Investor Relations Department, together with the documents pertinent to the proposal (including information mentioned in Article 21-M, of CVM Instruction 481/09) and the identification and participation details of the shareholder, within the timeframes and as per the procedures established in the regulations in force, or to the Company's email, ri@hypera.com.br, within the timeframes established by the regulations in force.

The Company reiterates that such inclusions can be made only at the Annual and/or Extraordinary Shareholders Meetings, as applicable, called to elect the members of the Audit Board or the Board of Directors, when the election is due to vacancy of majority of the seats, vacancy on the board that was elected by cumulative voting or to fill positions dedicated to the separate election referred to in Articles 141, Paragraph 4, and 239 of Law 6,404/76.

(i) maintenance of forums and websites to receive and share shareholders' comments on meeting agenda

The Company does not maintain forums and websites to receive and share shareholders' comments on meeting agenda. In any case, the Company has a relationship channel for analysts and shareholders, through the email ri@hypera.com.br, used to clarify doubts and obtain any information related to the Company.

(j) other information required for remote participation and the exercise of absentee ballot rights

In addition to the possibility of voting remotely by sending the absentee ballot directly to the Company, shareholders can send instructions for filling the absentee ballot to third parties tasked with collecting and sending instructions for filling absentee ballots, namely:

- (i) custody agents of the shareholder, if shares are held in custody or in the central depository; or
- (ii) Banco Bradesco S.A., as the financial institution engaged by the Company to provide bookkeeping services for its securities, if the shares are held in the central depository.

The Company does not broadcast live the video and/or audio of shareholders meetings.

12.3 – RULES, POLICIES AND PRACTICES RELATED TO THE BOARD OF DIRECTORS

Article 19 of the Company's Bylaws states that the Board of Directors of the Company will have at least nine (9) and not more than eleven (11) members, one of them being the Chairman, all shareholders or otherwise, with unified term of office of two (2) years, reelection being allowed. Of the members of the Board of Directors, at least two (2) or twenty percent (20%), whichever is higher, will be Independent Directors, as defined in the Novo Mercado Rules. When, as a result of compliance with this percentage, the number of directors results in a fraction, it shall be rounded to the immediate highest integer.

(a) number of meetings

In the fiscal year of 2018, sixteen (16) Board of Directors meetings were held, of which five (5) were ordinary and the remaining extraordinary meetings.

All Board of Directors meetings have the presence of at least one (1) executive officer of the Company established by the Bylaws.

(b) any provisions in shareholders' agreement that place restrictions or conditions for the exercise of voting rights by directors

As per the Shareholders' Agreement of the Company, originally executed between Igarapava Participações S.A. (“Igarapava”), Maiorem S.A. de C.V. and Claudio Bergamo dos Santos (together referred to as “Parties”), as amended on March 16, 2016, October 24, 2016 and July 26, 2017 (the last amendment formalizing the inclusion of João Alves de Queiroz Filho and Alvaro Stainfeld Link in the Shareholders' Agreement of the Company in place of Igarapava, which ceased to be a party to the Shareholders' Agreement), at least two (2) days before any Board of Directors Meeting, the Parties must hold a preliminary meeting to decide the votes to be cast by the Directors appointed by them on each of the matters submitted to discussion at the respective meeting of the Board of Directors. Decisions taken at the preliminary meeting require the yes vote of Parties representing sixty percent (60%) of total shares of the controlling block, except if qualified quorum is required. For further information on the Shareholders' Agreement, see item 15.5 of this Reference Form.

(c) rules to identify and manage conflicts of interest

In compliance with the Brazilian Corporations Law and Paragraph 2 of Article 19 of the Company's Bylaws, all the members of the Company's Board of Directors are prohibited from participating and voting in any Shareholders Meeting or Board of Directors Meeting, or from working in any transaction or business if they have conflict of interest with the Company.

(d) whether the Company has policy for nominating and filling positions on the board of directors formally approved, informing, if so (i) the body responsible for approval, date of approval and, if the Company discloses this policy, the websites where these documents can be accessed; and (ii) main characteristics of the policy, including the rules related to the process of nominating members to the board of directors, the composition of the body and the selection of its members

The Company does not have any policy for nominating and filling positions of the board of directors formally approved.

However, this policy will be duly prepared by the Annual Shareholders Meeting of 2021 in order to comply with the Novo Mercado Rules, especially Article 32, item II.

12.4 – ARBITRATION CLAUSE – RESOLUTION OF CONFLICTS

Article 52 of the Company's Bylaws establishes the following: The Company, its shareholders, executive officers, directors and members of the Audit Board, both sitting and alternate, if any, undertake to settle exclusively through arbitration at the Market Arbitration Chamber, as per its regulations, any and all disputes that may arise between them that are related to or arise from their condition as issuer, shareholders, officers, directors and members of the Audit Board, in particular, arising from the provisions of Federal Law 6,385/76, the Brazilian Corporations Law, the Company's bylaws, the rules published by the National Monetary Council (CMN), the Central Bank of Brazil and the Securities and Exchange Commission of Brazil (CVM), as well as other rules applicable to capital markets in general, the Novo Mercado Rules, other regulations of B3 S.A. – Brasil, Bolsa, Balcão, and the Novo Mercado Membership Agreement.

12.5 – COMPOSITION AND PROFESSIONAL EXPERIENCE OF THE MANAGEMENT AND FISCAL COUNCIL

BOARD OF DIRECTORS

Name:	Álvaro Stainfeld Link	Individuals Taxpayers' Register (CPF)/Passport:	233.482.808-42
Date of birth:	07/29/1970	Occupation:	Accountant
Position:	Chairman of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member of the Statutory Audit Committee and the Strategy and Management Committee	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	No	Term of office:	Until AUG/2021
Independence criteria:	-	Consecutive terms of office:	4
Professional experience:			
<p>Mr. Alvaro Stainfeld Link is a member of the Board of Directors of the Company since 2014. Mr Alvaro is currently a member of the Board of Directors of Universo Online S.A and manager of MC Capital Group, since 2002. He held various positions at Goldman Sachs & Co, including the position of Vice President of Investment Banking in New York, participating in various mergers and acquisitions, public debt and equity issues, and private investment transactions. Mr. Stainfeld holds a degree in accounting from Universidad de la Republica, Uruguay. He has MBA by the Graduate School of Business, at Stanford University. Except for the Company itself, none of the companies described above is part of the same economic group as the Company, nor is it controlled by a Company's shareholder that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.</p>			
Management positions in other companies or third sector organizations:			
Mr. Alvaro is member of the board of directors of Universo Online SA. and manager of MC Capital Group Limited. Mr. Alvaro does not hold any			

management positions in third sector organizations.

Statement of no conviction:

He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.

Name:	Bernardo Malpica Hernández	Individuals Taxpayers' Register (CPF)/Passport:	060.627.487-13
Date of birth:	01/27/1966	Occupation:	Business Administrator
Position:	Member of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member of the Strategy and Management Committee	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	No	Term of office:	Until AUG/2021
Independence criteria:	-	Consecutive terms of office:	9
Professional experience:			
<p>Mr. Bernardo has been a member of the Company's Board of Directors since 2007. Since 2004, Mr. Bernardo has been a Partner in Praemia, SC, a Mexican investment bank. From 2001 to 2003, he was responsible for mergers and acquisitions at ING Bank, Mexico. Prior to joining the group, Mr. Bernardo served as financial advisor at Artikos, an ecommerce joint venture between Banamex and Commerce One, between 2000 and 2001. From 1996 to 2000, he served as an Investment Bank Officer at the Serfin Exchange Operator, where he was responsible for public share offerings. Mr. Bernardo holds a bachelor's degree in Business Administration from Universidad Iberoamericana in Mexico City in 1990, and completed his MBA at Kellogg Graduate School of Management at Northwestern University in 1993. Except for the Company itself, none of the companies described above is part of the same economic group as the Company, nor is it controlled by a Company's shareholder that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.</p>			
Management positions in other companies or third sector organizations:			
Mr. Bernardo does not hold management positions in other companies and/or third sector organizations.			
Statement of No Conviction:			

He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.

Name:	Breno Toledo Pires de Oliveira	Individuals Taxpayers' Register (CPF)/Passport:	248.302.438-64
Date of birth:	10/03/1975	Occupation:	Business Administrator
Position:	Member of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Chief Executive Officer (CEO), member of the Ethics and Strategy and Management Committees.	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	No	Term of office:	Until AUG/2021
Independence criteria:	-	Consecutive terms of office:	1

Professional experience:

Mr. Breno currently holds the position of Chief Executive Officer (CEO), member of the Board of Directors, member of the Ethics Committee, member of the Remuneration Committee, member of the People and Management Committee and member of the Strategy and Management Committee of the Company. Mr. Breno holds a bachelor's degree from Fundação Getúlio Vargas and an MBA from the University of Chicago. He started his career at Banco Bozano, Simonsen in 1997 and since then has held various positions in the financial area, including asset management and investment analysis. Mr. Breno started his activities in the group in 2004 and started working at Hypera Pharma in 2008 as financial planning officer. Since then, Mr. Breno has actively participated in the areas of mergers and acquisitions, treasury and finance. Except for the Company itself, none of the companies described above is part of the same economic group as the Company, nor is it controlled by a Company's shareholder that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.

Management positions in other companies or third sector organizations:
Mr. Breno does not hold management positions in companies and/or third sector organizations.
Statement of No Conviction:
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.

Name:	David Coury Neto	Individuals Taxpayers' Register (CPF)/Passport:	007.930.428-10
Date of birth:	05/03/1955	Occupation:	Businessman
Position:	Independent Member of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	Yes	Term of office:	Until AUG/2021
Independence criteria:	<i>Novo Mercado</i> Listing Regulation	Consecutive terms of office:	5

Professional experience:

Mr. Coury Neto has been an independent member of the Board of Directors since 2011. He has a degree in Economics and Administration from Faculdade de Administração Dom Pedro II and has been President of Indústria de Alimentos Almanara since 1972, whose activities encompass the participation and direction of the business. Such company does not belong to the same economic group as the Company, nor is controlled by a shareholder

of the Company that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.
Management positions in other companies or third sector organizations:
Mr. David is the chief executive officer of Indústria de Alimentos Almanara and does not hold any management position in third sector organizations.
Statement of No Conviction:
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.

Name:	Esteban Malpica Fomperosa	Individuals Taxpayers' Register (CPF)/Passport:	060.627.497-95
Date of birth:	07/16/1949	Occupation:	Public accountant
Position:	Member of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	No	Term of office:	Until AUG/2021
Independence criteria:	-	Consecutive terms of office:	9

Professional experience:

Mr. Esteban has been a member of the Company's Board of Directors since 2007. Since 2004, Mr. Esteban is Managing Partner of Praemia SC, a Mexican investment bank. Mr. Esteban is a director of important companies in Mexico, such as El Puerto de Liverpool, S.A.B. de CV; Kimberly Clark of Mexico, S.A.B. de CV; and Empresas ICA, S.A.B. de C.V. Between 1995 and 2001, he was Executive Vice - President of the Banamex - Accival S.A. de C.V. Financial Group. From 1992 to 1995 he was Vice - President of the Mexican Stock Exchange and Chairman of the Board of Directors of Mexico Equity & Income Fund. From 1978 to 1995 he worked at Acciones y Valores de México, a securities broker, as General Officer, Corporate Finance Officer, Stock Analysis Officer and Sales Officer. Mr. Esteban graduated in 1971 in accounting from Universidad Iberoamericana of Mexico City, and later completed an MBA at University of Notre Dame in 1974. Except for the Company itself, none of the companies described above is part of the same economic group as the Company, nor is it controlled by a Company's shareholder that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company. Mr. Malpica Hernández does not hold management positions in companies and/or third sector organizations.

Management positions in other companies or third sector organizations:

Mr. Esteban is director of important companies in Mexico, such as El Puerto de Liverpool, S.A.B. de CV; Kimberly Clark of Mexico, S.A.B. de CV; and Empresas ICA, S.A.B. de C.V. Mr. Esteban does not hold management positions in third sector organizations.

Statement of No Conviction:

He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.

Name:	Flair José Carrilho	Individuals Taxpayers' Register (CPF)/Passport:	188.121.559-87
Date of birth:	12/19/1947	Occupation:	Physician
Position:	Independent Member of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	Yes	Term of office:	Until AUG/2021
Independence criteria:	<i>Novo Mercado</i> Listing Regulation	Consecutive terms of office:	0
Professional experience:			
<p>Mr. Flair is Head of the Department of Gastroenterology at FMUSP, head professor at the University of São Paulo and head of the Subject of Clinical Gastroenterology at the Department of Gastroenterology at the Medical School of USP and head of the Division of Gastroenterology and Clinical Hepatology at Hospital das Clínicas of FMUSP. Mr. Flair graduated in Medicine from Universidade Estadual de Londrina (1973), completed his medical residency in Gastroenterology at Universidad Autonoma de Barcelona, was a <i>research fellow</i> in Hepatology at Universitat de Barcelona, holds a Master's degree in Clinical Gastroenterology from the Universidade de São Paulo (1987) and a PhD in Clinical Gastroenterology from the Universidade de São Paulo (1993). Post-Doctoral Recognition (<i>Livre-Docência</i>) in Gastroenterology from the Universidade de São Paulo (2000). He was President of the Steering Council of the Central Institute of Hospital das Clínicas in the period of 2006-2014. None of the companies described above is part of the same economic group as the Company, nor is it controlled by a shareholder of the Company that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.</p>			
Management positions in other companies or third sector organizations:			
Mr. Flair does not hold management positions in other companies and/or third sector organizations.			

Statement of No Conviction:

He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.

Name:	Hugo Barreto Sodr� Leal	Individuals Taxpayers' Register (CPF)/Passport:	776.936.805-78
Date of birth:	03/15/1976	Occupation:	Lawyer
Position:	Member of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member of the Statutory Audit Committee	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	No	Term of office:	Until AUG/2021
Independence criteria:	-	Consecutive terms of office:	0
Professional experience:			

Mr. Hugo holds a bachelor's degree in law from the School of Law of Universidade Federal da Bahia (UFBA), is a specialist in Tax Law from the Instituto Brasileiro de Estudos Tributários (IBET), Master of Tax Law from Pontifícia Universidade Católica de São Paulo (PUC)/SP and Master of International Tax Law from the New York University School of Law (NYU). Since 2011, Mr. Hugo is partner at Cescon, Barriou, Flesch & Barreto Sociedade de Advogados. Except for the Company itself, none of the companies described above is part of the same economic group as the Company, nor is it controlled by a Company's shareholder that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.

Management positions in other companies or third sector organizations:

Mr. Hugo does not hold management positions in other companies and/or third sector organizations.

Statement of No Conviction:

He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.

Name:	Luciana Cavaleiro Fleischner Alves de Queiroz	Individuals Taxpayers' Register (CPF)/Passport:	179.594.798-52
Date of birth:	06/05/1974	Occupation:	Food Engineer
Position:	Member of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member of the Strategy and Management Committee	Election date:	04/24/2019
		Date of investiture:	04/24/2019

Independent Member:	No	Term of office:	Until AUG/2021
Independence criteria:	-	Consecutive terms of office:	9
Professional experience:			
<p>Ms. Luciana is a member of the Company's Board of Directors since 2008. She graduated in Food Engineering from Escola de Engenharia Mauá, and began her career in 1996 as a food engineer in Arisco. In 1998, she joined Goldman Sachs as a Mergers & Acquisitions (M&A) intern. In 1998, she returned to Arisco, in the position of Planning Manager. In 2000, she participated in the process of selling Arisco to Bestfoods. After the sale, she worked as Product Manager at Bestfoods and later at Unilever. In 2002, she went to Monte Cristalina, in the position of Planning Manager, having engaged in the area of acquisitions of the company. Later, she took over the Finance and Treasury department of Monte Cristalina, where she is currently responsible for the management and control of financial assets. Except for the Company itself, none of the companies described above are part of the same economic group as the Company. Monte Cristalina is and Arisco was controlled by a shareholder of the Company that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.</p>			
Management positions in other companies or third sector organizations:			
Mr.Luciana does not hold management positions in other companies and/or third sector organizations.			
Statement of No Conviction:			
<p>She declares that she has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended her or rendering her unfit for any professional or commercial activity.</p>			

Name:	Maria Carolina Ferreira Lacerda	Individuals Taxpayers' Register (CPF)/Passport:	151.686.438-76
Date of birth:	08/21/1972	Occupation:	Economist
Position:	Independent Member of the Board of Directors	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member and Financial Specialist of the Statutory Audit Committee	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	Yes	Term of office:	Until AUG/2021
Independence criteria:	<i>Novo Mercado</i> Listing Regulation	Consecutive terms of office:	2
Professional experience:			
<p>Mrs. Lacerda is an economist graduated from FEA-USP with specialization in capital markets from École Supérieure de Commerce de Rouen and an MBA from Columbia University, and has completed a course for Directors by IBGC. She has worked for more than 20 years at financial institutions such as UBS, Merrill Lynch, Deutsche Bank, Unibanco, Bear Stearns and ING Barings in capital markets, credit and mergers and acquisitions. She was director of Anbima - Associação Brasileira das Entidades dos Mercados Financeiros e de Capitais, representative of CNF - Confederação Nacional das Instituições Financeiras and member of the Advisory Board of the BM&FBovespa Listing Chamber. Except for the Company itself, none of the companies described above is part of the same economic group as the Company, nor is it controlled by a Company's shareholder that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.</p>			
Management positions in other companies or third sector organizations:			
Mrs. Carolina does not hold management positions in other companies and/or third sector organizations.			
Statement of No Conviction:			

She declares that she has not been subject, for the last 5 years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended her or rendering her unfit for any professional or commercial activity.

STATUTORY OFFICERS

Name:	Adalmario Ghovatto Satheler do Couto	Individuals Taxpayers' Register (CPF)/Passport:	220.622.758-46
Date of birth:	06/09/1981	Occupation:	Business Administrator
Position:	Investor Relations Officer (IRO)	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member of the Ethics and Strategy and Management Committees	Election date:	04/26/2019
		Date of investiture:	04/26/2019
Independent Member:	-	Term of office:	1 st Board of Directors' Meeting after the 2022 Ordinary Shareholders Meeting
Independence criteria:	-	Consecutive terms of office:	1
Professional experience:			
<p>Mr. Adalmario is the CFO, IRO and Business Development Officer of Hypera Pharma. Before joining the Company in 2016, Mr. Adalmario worked as Portfolio Manager in New York for more than 10 years, having worked previously for companies such as Brasilpar and HSBC Bank in Brazil. Mr. Adalmario holds a bachelor degree in Business Administration from Fundação Getúlio Vargas (FGV-SP) and is a CFA charter holder from the CFA Institute.</p>			
Statement of No Conviction:			
<p>He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.</p>			

Name:	Breno Toledo Pires de Oliveira	Individuals Taxpayers' Register (CPF)/Passport:	248.302.438-64
Date of birth:	10/03/1975	Occupation:	Business Administrator
Position:	Chief Executive Officer (CEO)	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member of the Board of Directors, of the Ethics Committee and Strategy and Management Committee.	Election date:	04/26/2019
		Date of investiture:	04/26/2019
Independent Member:	-	Term of office:	1 st Board of Directors' Meeting after AUG/22
Independence criteria:	-	Consecutive terms of office:	3
Professional experience:			
<p>Mr. Breno currently holds the position of Chief Executive Officer (CEO), member of the Board of Directors, member of the Ethics Committee, member of the Remuneration Committee, member of the People and Management Committee and member of the Strategy and Management Committee of the Company. Mr. Breno holds a bachelor's degree from Fundação Getúlio Vargas and an MBA from the University of Chicago. He started his career at Banco Bozano, Simonsen in 1997 and since then has held various positions in the financial area, including asset management and investment analysis. Mr. Breno started his activities in the group in 2004 and started working at Hypera Pharma in 2008 as financial planning officer. Since then, Mr. Breno has actively participated in the areas of mergers and acquisitions, treasury and finance. Except for the Company itself, none of the companies described above is part of the same economic group as the Company, nor is it controlled by a Company's shareholder that holds, directly or indirectly, a stake equal to or greater than 5% of the same class or type of security issued by the Company.</p>			
Statement of No Conviction:			
<p>He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.</p>			

Name:	Luiz Eduardo Sales Clavis	Individuals Taxpayers' Register (CPF)/Passport:	752.605.656-49
Date of birth:	06/26/1971	Occupation:	Engineer
Position:	Officer	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member of the Strategy and Management Committee and member of the Ethics Committee	Election date:	04/26/2019
		Date of investiture:	04/26/2019
Independent Member:	-	Term of office:	1 st Board of Directors' Meeting after AUG/22
Independence criteria:	-	Consecutive terms of office:	0
Professional experience:			
<p>Mr. Luiz is the Commercial and Marketing Vice President since April 2018. Previously, between January 2017 and April 2018, he held the position of General Director of the company's Consumer Health business unit. He joined the Company in 2012 as a Sales Executive of the former Consumer Division and became the President Director of this division between January and December 2016. Mr. Luiz studied civil engineering at Universidade Federal de Minas Gerais (UFMG) and holds MBAs by Fundação Getúlio Vargas, Kellogg and Ibmec.</p>			
Statement of No Conviction:			
<p>He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.</p>			

Name:	Rafael Vito Batista	Individuals Taxpayers' Register (CPF)/Passport:	341.590.658-21
Date of birth:	10/31/1985	Occupation:	Engineer
Position:	Officer	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	N/A	Election date:	10/25/2019
		Date of investiture:	10/25/2019
Independent Member:	N/A	Term of office:	1 st Board of Directors' Meeting after AUG/22
Independence criteria:	N/A	Consecutive terms of office:	0
Professional experience:			
Mr. Rafael Vito Batista holds a bachelor's degree in engineering from Centro Universitário do Instituto Mauá de Tecnologia with an MBA from Fundação Getúlio Vargas and has over twelve years of professional experience in the financial market, having worked for renowned banks such as Banco Santander and Banco Votorantim.			
Statement of No Conviction:			
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.			

Name:	Vivian Karina Trujillo Angiolucci	Individuals Taxpayers' Register (CPF)/Passport:	290.160.738-17
Date of birth:	10/12/1980	Occupation:	Engineer
Position:	Officer	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	Member of the Ethics Committee	Election date:	04/26/2019
		Date of investiture:	04/26/2019
Independent Member:	-	Term of office:	1 st Board of Directors' Meeting after AUG/22
Independence criteria:	-	Consecutive terms of office:	1
Professional experience:			
<p>Ms. Vivian joined the Company in 2013 as Strategic Planning Director, having led later the Generics and Similar Business Unit and served as the Company's Chief Operating Officer. Ms. Vivian is currently the Executive Officer responsible for Strategic Projects at Hypera. Ms. Vivian was an associate principal at McKinsey & Co., holds a degree in Production Engineering from the Turin Polytechnic School in Italy and an MBA from Harvard Business School.</p>			
Statement of No Conviction:			
<p>She declares that she has not been subject, for the last 5 years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended her or rendering her unfit for any professional or commercial activity.</p>			

FISCAL COUNCIL

Name:	Marcelo Curti	Individuals Taxpayers' Register (CPF)/Passport:	036.305.588-60
Date of birth:	01/09/1962	Occupation:	Economist
Position:	Sitting Member of the Fiscal Council	Elected by controlling shareholder:	No
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	-	Term of office:	Until AUG/2020
Independence criteria:	-	Consecutive terms of office:	6
Professional experience:			
<p>Mr. Marcelo is a sitting member of the Company's Fiscal Council since 2013. He is an economist from Fundação Armando Álvares Penteado (FAAP), with a post-graduate degree in business administration also from FAAP. He is the Managing Partner of Rio Branco Consultores Associados since July 2009 and of Maiol Assessoria em Gestão Empresarial since 2003. He was a member of the Fiscal Council of Duke Energy International, Geração Paranapanema SA (operator and administrator of the Jurumirim, Chavantes, Salto Grande, Canoas I and II, Capivara, Taquaruçu and Rosana - installed along the Paranapanema River) since 2009. He was a Statutory Officer of Banco Safra, from 2007 to 2008, being responsible for Planning and Control, with the main objective of calculating and evaluating the results of the Bank's products and services. Mr. Marcelo was member of the Executive Committee of Banco J. Safra and Statutory Director responsible for the management of several areas from 2003 to 2006.</p>			
Statement of No Conviction:			
<p>He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.</p>			

Name:	Edgard Massao Raffaelli	Individuals Taxpayers' Register (CPF)/Passport:	050.889.138-85
Date of birth:	03/11/1963	Occupation:	Business Administrator
Position:	Alternate Member of the Fiscal Council	Elected by controlling shareholder:	No
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	-	Term of office:	Until AUG/2020
Independence criteria:	-	Consecutive terms of office:	6
Professional experience:			
Mr. Edgard is an alternate member of the Company's Fiscal Council since 2013. He holds a bachelor's degree from Fundação Getúlio Vargas (FGV, 1988) and was a contributing professor at the Instituto Educacional Oswaldo Quirino from 2003 to 2007. He has been a partner at Rio Branco Consultores Associados since July 2009 and worked for Banco Safra S.A. as Manager of the International Controller division (1994 to 1998), Manager of the Planning and Investment Management division (1998 to 2003) and Superintendent of the Secretary of the Executive Committee (2003 to 2009).			
Statement of No Conviction:			
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.			

Name:	Roberto Daniel Flesch	Individuals Taxpayers' Register (CPF)/Passport:	101.039.058-98
Date of birth:	08/07/1969	Occupation:	Business Administrator
Position:	Sitting Member of the Fiscal Council	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	-	Term of office:	Until AUG/2020
Independence criteria:	-	Consecutive terms of office:	3
Professional experience:			
Mr. Roberto Daniel is a sitting member of the Company's Fiscal Council since 2016. He graduated from Faculdade de Economia e Administração of the University of São Paulo (FEA-USP) and holds a master's degree in Business Administration from the São Paulo School of Management - Fundação Getúlio Vargas (EAESP-FGV). Mr. Roberto Daniel is Founding Partner and Managing Director of Agita Brasil Marketing Professional and Executive Director of the Indústria de Chaves Gold Ltda..			
Statement of No Conviction:			
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.			

Name:	Rodrigo Aparecido Leme de Oliveira	Individuals Taxpayers' Register (CPF)/Passport:	319.880.958-40
Date of birth:	11/17/1983	Occupation:	Accountant
Position:	Alternate Member of the Fiscal Council	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	-	Term of office:	Until AUG/2020
Independence criteria:	-	Consecutive terms of office:	2
Professional experience:			
Mr. Rodrigo is an alternate member of the Company's Fiscal Council since 2017. He is an accountant graduate from Universidade Anchieta, and a partner of Actual Contabilidade Ltda., being responsible for its operational area. He was the Accounting Manager of ACES Contabilidade Industrial Ltda. from 2007 to 2009, and Controller at Said do Brasil Ltda. from 2009 to 2014.			
Statement of No Conviction:			
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.			

Name:	Mauro Stacchini Junior	Individuals Taxpayers' Register (CPF)/Passport:	034.993.118-60
Date of birth:	02/20/1958	Occupation:	Accountant
Position:	Sitting Member of the Fiscal Council	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	-	Term of office:	Until AUG/2020
Independence criteria:	-	Consecutive terms of office:	3
Professional experience:			
<p>Mr. Mauro is a sitting member of the Company's Fiscal Council since 2016. He is an accountant graduate from Faculdade de Economia e Administração of the University of São Paulo (FEA-USP), having attended continuous education programs at Fundação Getúlio Vargas in Controllership and Marketing. Admitted to the Regional Accounting Council of São Paulo, he worked in tax consulting at Arthur Young Auditores Independentes, in the controlling area of Sandoz S.A. and as Financial Director of Datalógica Sistemas Ltda.. He is a partner of Actual Consultoria Ltda. since 1987 and Actual Perícias Ltda. since 2005. He has been a judicial expert for the São Paulo Court of Justice since the 1980s, especially in civil and tax.</p>			
Statement of No Conviction:			
<p>He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.</p>			

Name:	Luiz Alexandre Tumolo	Individuals Taxpayers' Register (CPF)/Passport:	091.234.368-08
Date of birth:	02/04/1968	Occupation:	Accountant
Position:	Alternate Member of the Fiscal Council	Elected by controlling shareholder:	Yes
Other positions and functions exercised in the issuer:	-	Election date:	04/24/2019
		Date of investiture:	04/24/2019
Independent Member:	-	Term of office:	Until AUG/2020
Independence criteria:	-	Consecutive terms of office:	3
Professional experience:			
<p>Mr. Luiz is an alternate member of the Company's Fiscal Council since 2016. He is an accountant graduate from Faculdades Metropolitanas Unidas de São Paulo and admitted to the Regional Accounting Council of São Paulo under the number 1SP175.079/O-5. He worked as an accountant at KPMG from 1987 to 1994 in the auditing area of medium and large companies. He is partner of Actual Consultoria Ltda. since 1995 and Actual Perícias Ltda. since 2005. He served as a judicial expert for the São Paulo Court of Justice, especially in civil courts, since 1995.</p>			
Statement of No Conviction:			
<p>He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.</p>			

12.6. - PARTICIPATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OR OF THE FISCAL COUNCIL IN MEETINGS HELD BY THE RESPECTIVE BODY

Board of Directors	
Director	% participation of the member after investiture
Álvaro Stainfeld Link	100%
Bernardo Malpica Hernández	100%
Breno Toledo Pires de	100%
David Coury Neto	100%
Esteban Malpica Fomperosa	100%
Flair José Carrilho	100%
Hugo Barreto Sodré Leal	100%
Luciana Cavalheiro	100%
Maria Carolina Ferreira	100%

Fiscal Council	
Director	% participation of the member after investiture
Marcelo Curti	100%
Roberto Daniel Flesch	100%
Mauro Stacchini Junior	100%
Edgard Massao Raffaelli	100%
Luiz Alexandre Tumolo	100%
Rodrigo Aparecido Leme de Oliveira	100%

12.7 - COMPOSITION OF STATUTORY COMMITTEES AND OF THE AUDIT, FINANCIAL AND REMUNERATION COMMITTEES
STATUTORY AUDIT COMMITTEE

Name:	João Martinez Fortes Junior	Individuals Taxpayers' Register (CPF)/Passport:	060.190.948-80
Date of birth:	04/14/1962	Occupation:	Accountant
Position:	Member and Financial Specialist of the Statutory Audit Committee	Election date:	04/26/2019
Other positions and functions exercised in the issuer:	-	Date of investiture:	04/26/2019
		Term of office:	2 Years
Independent Member:	-	Consecutive terms of office:	2
Professional experience:			
Mr. João is member of the Statutory Audit Committee since 2016. He holds a bachelor's degree in accounting and a post-graduate degree in financial management from Fundação Getúlio Vargas (FGV) and he is currently partner and member of the Board of Directors of Taxweb S.A., as well as a member of the Board of Directors and the Investment Committee of Cassis Capital Private Equity, alternate member of the Board of Directors of Raia Drogasil S.A. and member of the Fiscal Council of Coteminas S.A., Springs S.A. and Santanese S.A..			
Statement of No Conviction:			
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.			

Name:	Ademir José Scarpin	Individuals Taxpayers' Register (CPF)/Passport:	479.407.518-91
Date of birth:	03/02/1951	Occupation:	Accountant
Position:	Member and Financial Specialist of the Statutory Audit Committee	Election date:	04/26/2019
Other positions and functions exercised in the issuer:	-	Date of investiture:	04/26/2019
		Term of office:	2 Years
Independent Member:	-	Consecutive terms of office:	2
Professional experience:			
Mr. Ademir is member of the Statutory Audit Committee since 2016. He holds a degree from Fundação Getúlio Vargas (FGV) and in accounting from Faculdade de Ciências Contábeis Paulo Eiró, he worked as Financial Officer at Engeform Construções e Comércio Ltda., Controller Director of Telecom S.A. and Vicunha Group. Currently, Mr. Ademir is also member of the Fiscal Council of Tiisa Infraestrutura e Investimentos S.A., Investco S.A., Transnordestina Logística S.A. and Esporte Clube Pinheiros, as well as member of the Statutory Audit Committee of JHSF Participações S.A..			
Statement of No Conviction:			
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.			

Name:	Hugo Barreto Sodré Leal	Individuals Taxpayers' Register (CPF)/Passport:	776.936.805-78
Date of birth:	03/15/1976	Occupation:	Lawyer
Position:	Member of the Statutory Audit Committee	Election date:	04/26/2019
Other positions and functions exercised in the issuer:	Member of the Board of Directors	Date of investiture:	04/26/2019
		Term of office:	2 Years
Independent Member:	-	Consecutive terms of office:	0
Professional experience:			
Mr. Ademir is member of the Statutory Audit Committee since 2016. He holds a degree from Fundação Getúlio Vargas (FGV) and in accounting from Faculdade de Ciências Contábeis Paulo Eiró, he worked as Financial Officer at Engeform Construções e Comércio Ltda., Controller Director of Telecom S.A. and Vicunha Group. Currently, Mr. Ademir is also member of the Fiscal Council of Tiisa Infraestrutura e Investimentos S.A., Investco S.A., Transnordestina Logística S.A. and Esporte Clube Pinheiros, as well as member of the Statutory Audit Committee of JHSF Participações S.A..			
Statement of No Conviction:			
He declares that he has not been subject, for the last five years, to any (i) criminal conviction, even if not final and unappealable; (ii) or conviction in a CVM administrative proceeding, even if not final and unappealable; or (iii) any final and unappealable judicial or administrative conviction which has suspended him or rendering him unfit for any professional or commercial activity.			

Name:	Hugo Barreto Sodré Leal	Individuals Taxpayers' Register (CPF)/Passport:	151.686.438-76
Date of birth:	08/21/1972	Occupation:	Economist
Position:	Member and Financial Specialist of the Statutory Audit Committee	Election date:	04/26/2019
Other positions and functions exercised in the issuer:	Member of the Board of Directors	Date of investiture:	04/26/2019
		Term of office:	2 Years
Independent Member:	-	Consecutive terms of office:	0
Professional experience:			
See item 12.6			
Statement of No Conviction:			
See item 12.6			

12.8 - PERCENTAGE OF PARTICIPATION OF EACH OF THE PERSONS THAT ACTED AS MEMBER OF THE STATUTORY COMMITTEES, AUDIT COMMITTEES, RISK COMMITTEES, FINANCIAL COMMITTEES AND REMUNERATION COMMITTEE IN THE MEETINGS HELD BY THE RESPECTIVE COMMITTEE IN THE SAME PERIOD AND WHICH OCCURRED AFTER THEIR INVESTITURE

Audit Committee	
Member	% participation of the member after investiture
Ademir José Scarpin	100%
Hugo Barreto Sodré Leal	0%
João Martinez Fontes Júnior	100%
Maria Carolina Ferreira	0%

12.9 - EXISTENCE OF MARITAL RELATIONSHIP, CIVIL PARTNERSHIP OR FAMILY RELATIONSHIP UP TO THE 2ND DEGREE BETWEEN:

a. Company's managers.

Not applicable to the Company due to the non-existence of marital relationship, civil partnership or family relationships.

b. (i) Company's managers and (ii) managers of direct or indirect controlled companies of the Company

Not applicable to the Company due to the non-existence of marital relationship, civil partnership or family relationships.

c. (i) managers of the Company or its direct or indirect subsidiaries and (ii) direct or indirect controlling shareholders of the Company

Mrs. Luciana Cavalleiro Fleischner Alves de Queiroz is daughter of Mr. João Alves de Queiroz Filho, member of the controlling shareholder of the Company, and Mr. Hugo Barreto Sodré Leal is his son-in-law.

d. (i) Company's managers and (ii) managers of direct and indirect subsidiaries of the Company

Not applicable to the Company due to the non-existence of marital relationship, civil partnership or family relationships.

12.10 - RELATIONSHIP OF SUBORDINATION, RENDERING OF SERVICES OR CONTROL IN THE LAST 3 FISCAL YEARS BETWEEN ISSUER’S MANAGERS AND:

a. company controlled, directly or indirectly, by the issuer, except for those in which the issuer holds, directly or indirectly, the entire capital stock

b. direct or indirect controlling shareholder

c. if relevant, supplier, customer, debtor or creditor of the issuer, its subsidiary controlling shareholders or subsidiaries of any of these parties

2018

Manager:	Álvaro Stainfeld Link	Related Person:	João Alves de Queiroz Filho
Individual Taxpayers’ Register (CPF):	233.482.808-42	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	575.794.908-20
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Consulting and financial management services on behalf of the equity of one of the controlling shareholders of the Company.
Type of manager’s relationship with the related person:	Service Provider	Type of related person:	Direct Controlling Shareholder
Note:	Mr. Álvaro Stainfeld provided consulting and financial management services on behalf of one of the controlling shareholders of the Company, Mr. João Alves de Queiroz Filho		

Manager:	Esteban Malpica Fomperosa	Related Person:	Maiorem S.A. de C.V.
Individual Taxpayers' Register (CPF):	060.627.497-95	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	08.841.475/0001-12
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlling Shareholder
Note:			

Manager:	Bernardo Malpica Hernández	Related Person:	Maiorem S.A. de C.V.
Individual Taxpayers' Register (CPF):	060.627.487-13	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	08.841.475/0001-12
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors

Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlling Shareholder
Note:			

Manager:	Vivian Karina Trujillo Angiolucci	Related Person:	Bionovis S.A. – Companhia Brasileira de Biotecnologia Farmacêutica
Individual Taxpayers' Register (CPF):	290.160.738-17	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	12.320.079/0001-17
Title/Position at the Issuer:	Chief Financial Officer (CFO)	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlled Company
Note:	Jointly Controlled Company		

Manager:	Breno Toledo Pires de Oliveira	Related Person:	Bionovis S.A. – Companhia Brasileira de
----------	--------------------------------	-----------------	---

			Biotecnologia Farmacêutica
Individual Taxpayers' Register (CPF):	248.302.438-64	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	12.320.079/0001-17
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlled Company
Note:	Jointly Controlled Company		

2017

Manager:	Álvaro Stainfeld Link	Related Person:	João Alves de Queiroz Filho
Individual Taxpayers' Register (CPF):	233.482.808-42	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	575.794.908-20

Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Consulting and financial management services on behalf of the equity of one of the controlling shareholders of the Company.
Type of manager's relationship with the related person:	Service Provider	Type of related person:	Direct Controlling Shareholder
Note:	Mr. Álvaro Stainfeld provided consulting and financial management services on behalf of the equity of one of the controlling shareholders of the Company, Mr. João Alves de Queiroz Filho		

Manager:	Esteban Malpica Fomperosa	Related Person:	Maiorem S.A. de C.V.
Individual Taxpayers' Register (CPF):	060.627.497-95	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	08.841.475/0001-12
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlling Shareholder
Note:			

Manager:	Bernardo Malpica Hernández	Related Person:	Maiorem S.A. de C.V.
Individual Taxpayers' Register (CPF):	060.627.487-13	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	08.841.475/0001-12
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlling Shareholder
Note:			

Manager:	Breno Toledo Pires de Oliveira	Related Person:	Bionovis S.A. – Companhia Brasileira de Biotecnologia Farmacêutica
Individual Taxpayers' Register (CPF):	248.302.438-64	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	12.320.079/0001-17

Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlled Company
Note:	Jointly Controlled Company		

2016

Manager:	Álvaro Stainfeld Link	Related Person:	João Alves de Queiroz Filho
Individual Taxpayers' Register (CPF):	233.482.808-42	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	575.794.908-20
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Consulting and financial management services on behalf of the equity of one of the controlling shareholders of the Company.
Type of manager's relationship with the related	Service Provider	Type of related person:	Direct Controlling Shareholder

person:			
Note:	Mr. Álvaro Stainfeld provided consulting and financial management services on behalf of the equity of one of the controlling shareholders of the Company, Mr. João Alves de Queiroz Filho		

Manager:	Esteban Malpica Fomperosa	Related Person:	Maiorem S.A. de C.V.
Individual Taxpayers' Register (CPF):	060.627.497-95	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	08.841.475/0001-12
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlling Shareholder
Note:			

Manager:	Bernardo Malpica Hernández	Related Person:	Maiorem S.A. de C.V.
Individual Taxpayers'	060.627.487-13	Corporate Taxpayer/Individual	08.841.475/0001-12

Register (CPF):		Taxpayer Register No. (CNPJ/CPF):	
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlling Shareholder
Note:			

Manager:	Breno Toledo Pires de Oliveira	Related Person:	Bionovis S.A. – Companhia Brasileira de Biotecnologia Farmacêutica
Individual Taxpayers' Register (CPF):	248.302.438-64	Corporate Taxpayer/Individual Taxpayer Register No. (CNPJ/CPF):	12.320.079/0001-17
Title/Position at the Issuer:	Member of the Board of Directors	Title/Position on the Related Person:	Member of the Board of Directors
Type of manager's relationship with the related person:	Subordination	Type of related person:	Direct Controlled Company

Note:

Jointly Controlled Company

12.11 - AGREEMENTS, INCLUDING INSURANCE POLICIES, FOR PAYMENT OR REIMBURSEMENT OF EXPENSES BORNE BY EXECUTIVE OFFICERS AND DIRECTORS

The Company has the Directors and Officers Liability Insurance (D&O) policy for members of the Board of Directors, Board of Executive Officers, members of bodies and committees established by the Bylaws, as well as employees of the Company and its subsidiaries (“Insured”), issued by Chubb Seguros Brasil, with maximum coverage amount of R\$80,000,000.00, valid up to June 12, 2019 and total premium paid in the amount of R\$293,379.34, with worldwide coverage.

The policy covers capital market complaints against the company arising from damages caused by an Insured person individually and/or the Company, as well as freeze of assets/online attachment of the Insured, complaints resulting from errors and omissions in provision or services when piercing the corporate veil and tax liability, among others. Intentional damages are not included in D&O insurance coverage.

Currently, the Company does not have indemnity agreements signed by its executive officers and directors.

12.12 – CORPORATE GOVERNANCE PRACTICES

Item revoked by ICVM 586/2017.

12.13 – OTHER MATERIAL INFORMATION

Regarding shareholders meetings, the following table shows the shareholders meetings of the Company held in the last three fiscal years:

	2016	2017	2018	
	Annual and Extraordinary Shareholders Meetings	Annual and Extraordinary Shareholders Meetings	Annual Shareholders Meetings	Annual and Extraordinary Shareholders Meetings
Date	April 14, 2016	April 19, 2017	February 7, 2018	April 19, 2018
On 2 nd call	No	No	No	No
Quorum	74.55%	71.67%	70.35%	78.9

ITEM 13

13.1 - DESCRIBE THE COMPENSATION POLICY OR PRACTICE OF THE BOARD OF DIRECTORS, OF THE STATUTORY OFFICERS AND OF THE NON-STATUTORY OFFICERS, OF THE FISCAL COUNCIL, OF THE STATUTORY COMMITTEES AND OF THE AUDIT, RISK, FINANCE AND COMPENSATION COMMITTEES

(a) objectives of the compensation policy and practice informing whether the compensation policy was formally approved, the body responsible for its approval, date of approval and, in case the issuer discloses the policy, internet address where the document may be viewed.

The Company seeks to adequately reward its officer's skills and responsibilities, by means of the adoption of an adequate compensation practice, aligned with the markets standards, for its statutory officers, members of the Board of Directors, its committees and Fiscal Council, that is focused on the growth of the individual and collective amounts. The compensation of the officers is made up of a base salary and, depending on their position, bonuses (which may be by means of participation in the Company's results and/or compensation based on the Company's shares).

The Company has no compensation policy formally approved, however, until the Shareholders' Meeting of the Company of 2021, such policy will be implemented according to the criteria of the Novo Mercado Regulations of B3, particularly its article 32, item I.

(b) composition of the compensation, indicating:

(i) description of the compensation elements and each one's objectives

Board of Directors

The members of the Board of Directors are entitled to a fixed monthly compensation, with no distinctions among the members. The purpose of such compensation is to properly compensate the directors for services provided and for the participation in meetings of the Company's Board of Directors.

This basic compensation includes 12 annual installments, equal for all members. The compensation of the Board of Directors reflects market practices, especially those verified in similar companies (pharmaceuticals), also taking into consideration the duties and responsibilities of such directors.

Statutory Officers and Non-Statutory Officers

The compensation of the members of the Statutory and Non-Statutory Officers is composed of the following elements:

- a) Fixed monthly compensation: includes a fixed monthly salary comprised of 13 monthly payments as direct compensation for services provided, in line with market practices, as well as for the executive's individual performance, experience, education and knowledge (for more information, see item 13.1 b III, Fixed Compensation).
- b) Benefits: intended to supplement the benefits of the official social security and offer greater security to Statutory and Non-Statutory Executive Officers, allowing them to focus on the performance of their respective functions. The benefits granted are: medical plan and life insurance. The benefits aim at guaranteeing competitiveness in the compensation practices with the purpose of offering an attractive compensation package to retain key officers, as well as consistency with market's standards for performance of similar functions (for more information, see item 13.1 b III. Benefits).
- c) Variable compensation: comprises participation in the Company's earnings, long-term incentive plans, annual bonus and eventual extraordinary rewards, with the purpose of encouraging the improvement in management and retaining the executive officers aiming at achieving gains through commitment to long-term results and short-term performance. In addition, the share-based compensation plans are intended to allow the Company to obtain and retain the services of top executive officers, by offering them, as additional advantage, the possibility to become shareholders of the Company, under the terms and conditions provided for in the share-based compensation plans, so as to establish a long-term strategy for valuation of the Company and its securities.

Fiscal Council

The maximum global compensation of the Fiscal Council members is annually fixed by the Ordinary Shareholders Meeting which elects them, observed that there is no forecast of any kind of any variable compensation, postemployment benefits or benefits for cessation of office, or share-based compensation for those members. The Fiscal Council's compensation will be ten percent (10%) of the average compensation attributed to each executive officer in the respective year, not including the benefits and other amounts as provided in Article 162, paragraph 3 of the Brazilian Corporation Law. The aforementioned compensation is aimed at maintaining the balance in relation to the

market’s general practice, besides considering the professional’s time dedication, the business complexity, the experience and the required qualification to the job.

Committees

- *Statutory Audit Committee (“CAE”)*

The members of the CAE are entitled to a fixed monthly compensation, with no direct or indirect benefits, as determined by the Board of Directors, taking into consideration, under the terms of the Company’s Bylaws, their responsibilities, the time spent on their duties, their skills and professional reputation and the value of their services in the market. The purpose of compensation of the members of CAE is to maintain a balance in relation to the overall market practice.

- *Ethics Committee*

The members of the Ethics Committee are not entitled to additional compensation for participation in these committees, since they are officers or employees of the Company.

- *Strategy and Management Committee*

The members of the Strategy and Management Committee are not entitled to additional compensation for participation in these committees, since they are officers or employees of the Company.

(ii) in relation to the last 3 years, what is each element’s percentage share of the total compensation

Year 2018				
Component of Compensation	Board of Directors	Fiscal Council	Statutory Officers	CAE
Fixed compensation	100%	100%	30%	100%
Benefits	0%	0%	1%	0%
Variable compensation	0%	0%	47%	0%
Long-Term Incentive Plan	0%	0%	22%	0%
TOTAL	100%	100%	100%	100%

Year 2017				
Component of Compensation	Board of Directors	Fiscal Council	Statutory Executive Board	CAE
Fixed compensation	100%	100%	19%	100%
Benefits	0%	0%	1%	0%
Variable compensation	0%	0%	78%	0%
Long-Term Incentive Plan	0%	0%	3%	0%
TOTAL	100%	100%	100%	100%

Year 2016				
Component of Compensation	Board of Directors	Fiscal Council	Statutory Officers	CAE
Fixed compensation	100%	100%	22%	100%
Benefits	0%	0%	1%	0%
Variable compensation	0%	0%	76%	0%
Long-Term Incentive Plan	0%	0%	1%	0%
TOTAL	100%	100%	100%	100%

(iii) methodology for calculation and adjustment of each component of compensation

Fixed monthly compensation

Management compensation elements are defined in accordance with market standards for professionals with similar experience in companies in the same, according to their size and market relevance, and are adjusted based on the compensation standards of such companies. The Company periodically requests market research to ensure that the Company is in line with the best market practices, through renowned specialized

consultancies, which evaluate all compensation components, ensuring the determination of the degree of competitiveness of the compensation and supporting the Company in the analysis and evaluation of adjustments that may be necessary.

The fixed monthly compensation of the members of the Statutory and Non-Statutory Officers is adjusted on an annual basis under the collective bargaining agreement, in addition to any increases at regular intervals due to individual merit.

For readjustments in the officers' fixed compensation are also taking into account the following:

- a) market data for positions with similar responsibilities, as obtained from salary surveys, so as to determine its competitiveness and evaluate any need to adjust any of the compensation components.
- b) performance of the executive officers in their respective areas of responsibility;
- c) the executive officer's experience and seniority in the function held; and
- d) other factors, such as potential for succession, retention risk and skills.

Benefits

Benefits are established and readjusted based on the market practice, in accordance with the market data obtained from salary surveys mentioned above.

Variable Compensation

This amount refers to the earning sharing to be distributed annually to the Statutory and Non-Statutory Officers, subject to the achievement of EBITDA, sales revenues and individual goals assigned to the executive officers, as defined by the Chief Executive Officer and by the Board of Directors for the year, respected the amounts approved in the General Meeting.

In relation to the long-term incentive plans, the Board of Directors establishes the number of shares to be granted to each executive officer, as the variable compensation plan described in item 13.4 below.

(iv) reasons that explain the make-up of compensation

The reasons for the make-up of the compensation are to stimulate improvement on the part of our management and encourage our executives to remain with the company, with a view to obtaining gains from their commitment to the long-term results and the short-term performance.

(v) the existence of unpaid members and the reason for this fact

As of the date hereof, there are no members of the Statutory and Non-Statutory Officers, Board of Directors, Fiscal Council and Committees of the Company who are unpaid by the Company.

(c) main performance indicators which are taken into account in the determination of each component of compensation

We take into consideration the scope of the following operational and financial indicators and metrics of the Company in order to assemble the compensation of the Company's executives, including among others: (i) profitability metrics (EBITDA nominal); (ii) sales revenue; and (iii) individual goals assigned to the executive officer, which take into account factors inherent to each function, such as, for example, level of the position held, tasks performed, among others.

(d) how compensation is structured so as to reflect the evolution of the performance indicators

The variable portion of the Statutory and Non-Statutory Officers' compensation is linked to the Company's performance during the period concerned, and is affected by the achievement of the performance goals detailed in item 13.1(c). Therefore, the amounts to be paid to our managers by way of bonuses, sharing in the Company's profits, or compensation based on our shares, depend on the Company's progress and on the achievement of officers' individual goals.

In each fiscal year, these goals and objectives are reviewed to support the results expected by the Company in its business plan for that period.

The members of the Board of Directors and the Fiscal Council receive only fixed compensation, therefore without direct effects of performance indicators.

(e) how the compensation policy or practice is aligned with the company's short-term, medium-term and long-term interests

The compensation format described in this item is designed to encourage employees to seek the best profitability for the investments and projects developed by the Company, in such a way as to align their interests with those of the Company.

From a short-term perspective, the Company seeks to achieve this alignment by means of salaries and a benefits-package that are compatible with the market.

Over the medium-term, the Company try to achieve this alignment by means of the payment of bonuses and sharing in the Company's earnings to certain specific employees.

Over the long-term, the Company seek to retain qualified professionals by means of the granting of compensation based on shares to members of Management.

(f) existence of compensation supported by subsidiaries, controlled companies or direct or indirect controlling companies

There is no compensation supported by the Company's subsidiaries, controlled companies or direct or indirect controlling companies.

(g) existence of any compensation or benefit linked to the occurrence of certain corporate events, such as the divestiture of our corporate control

Under the terms of Plan II and Plan III, as defined in item 13.4 below, in the case of any transactions that result in the transfer of share control of the Company or in its exit from B3's Novo Mercado, the Board of Directors may decide that the options granted: (i) have their grace periods brought forward, so that they can be exercised immediately; or (ii) are reimbursed by the Company, in such a way that the Beneficiary receives payment in cash or the equivalent in shares of the amount to which he/she would be entitled under the terms of the respective Program.

Similarly, under the terms of the Restricted Shares Plan, as defined in item 13.4 below, in the case of dissolution, transformation, incorporation, merger, spin-off, divestiture or any transaction which qualifies as transfer of control of the Company, or in the case of the Company ceasing to have its shares accepted for trading on B3's Novo Mercado, at the sole discretion of the Board of Directors, (i) the Restricted Shares of the Programs in effect, at the discretion of the Board of Directors, may have their grace periods brought forward for a certain period, in order that they can immediately be received by the Beneficiary, and that after the aforementioned period, this Restricted Shares Plan will terminate and all rights to acquire the Restricted Shares will expire without the right to indemnification; (ii) this Restricted Share Plan may be adopted by the successor company, subject to approval at the latter's general meeting; (iii) the Company may reimburse the Beneficiary by means of payment in cash of the value of the Restricted Shares to which the Beneficiary would be entitled; or (iv) the Board of Directors may, at its discretion, organize a combination of the assumptions set out in sub-items (i), (ii) and (iii) described above.

Lastly, under the Matching Plan regime, as defined in item 13.4 below, if the Company engages in corporate reorganization transactions, such as transformation, incorporation, merger, spin-off and incorporation of shares, as well as divestiture of assets of any whatsoever nature, including equity stakes in subsidiaries, the Board of Directors or the

responsible Committee, as the case may be, may, at its discretion and bearing in mind the characteristics of the intended transaction, decide, without prejudice to other measures: (a) to maintain the Matching Shares not yet acquired during their term of validity; (b) to substitute the Company's Matching Shares for shares, quotas or other securities issued by the Company's successor company; or (c) to anticipate the grace period, in order to ensure the inclusion of the corresponding shares in the transaction in question.

(h) practices and procedures adopted by the board of directors to define the individual compensation of the board of directors and the executive board, indicating:

i bodies and committees of the issuer that take part in the decision process, identifying how they participate

It is incumbent on the Board of Directors to establish the assumptions for the annual adjustment to Management's compensation, as well as to approve such adjustments, with due regard for the overall annual compensation established by the shareholders at the Annual General Meeting.

In addition to the benefits described in item 13.1 of this Reference Form, the Company's Board of Directors may approve the granting of other benefits to the Managers. Regarding the Officers' variable compensation, it is established on the basis of the annual budget proposed by the Board of Directors.

Pursuant to the Company's Bylaws, determination of the compensation of the managers is the responsibility of the Shareholders' Meeting, individually or globally. In the latter case, it is the responsibility of the Board of Directors to allocate compensation among the directors and officers. Additionally, the Shareholders' Meeting may assign to Managers a share of the profits, with due regard for the applicable legal limits and the provisions of the Bylaws.

ii. criteria and methodology used to establish the individual compensation, indicating whether studies are carried out to check market practices, and if so, the criteria for comparison and the scope of such studies.

The individual compensation amounts paid by the Company to its Managers are annually checked against the market through salary survey, so that its competitiveness can be determined and therefore assess whether any adjustment should be made to any

compensation component, other than the performance of these executives in their respective areas of responsibilities.

The salary survey is conducted by renowned specialist consulting firms, which assess all compensation components (Fixed Salary, Long-term and Short-term Variable Salary, Benefits), thus ensuring determination of the competitiveness level of total compensation and supporting the Company in analyzing and assessing any adjustments required.

To this end, the Company seeks to establish the individual compensation of its managers based on the compensation paid by companies of the same size and level, and for the most part in the same sector of activity as that of the Company (Pharmaceuticals) and also by its main competitors, so as to account for the particularities of the market against Company's business units.

iii. how frequently and on what basis the board of directors assesses the adequacy of the issuer's compensation policy

The compensation for members of the Management is annually assessed by the Board of Directors and at the Company's Annual General Meeting, based on the Company's targets, objectives and performance.

13.2 - TOTAL COMPENSATION OF THE BOARD OF DIRECTORS, STATUTORY OFFICERS AND FISCAL COUNCIL

Compensation envisaged for the year to be ended 12/31/2019 - Annual Amounts				
	Board of Directors	Statutory Officers	Fiscal Council	Total
Total number of members*	9.00	5.67	3.00	17.67
Number of compensated members**	9.00	5.67	3.00	17.67
Annual fixed compensation				
Salary or wage compensation	2,790,000.00	7,546,245.98	399,507.14	10,735,753.12

Direct and indirect benefits	0.00	579,236.38	0.00	579,236.38
Participations on committees	0.00	0.00	0.00	0.00
Others	558,000.00	2,716,648.55	79,901.43	3,354,549.98
Description other fixed compensation	Social charges	Social charges	Social Charges	
Variable compensation				
Bonus	0,00	7,080,000.00	0.00	7,080,000.00
Profit sharing	0,00	9,206,736.00	0.00	9,206,736.00
Participation in meetings	0,00	0.00	0.00	0.00
Commissions	0,00	0.00	0.00	0.00
Others	0,00	0.00	0.00	0.00
Description other variable compensation	0	0	0	0
Post- employment	0,00	0.00	0.00	0.00
Termination of job position	0,00	0.00	0.00	0.00
Share-based, including options	0,00	9,501,329.54	0.00	9,501,329.54
Total compensation	3,348,000.00	36,630,196.45	479,408.57	40,457,605.02

Compensation envisaged for the year ended 12/31/2018 - Annual Amounts

	Board of Directors	Statutory Officers	Fiscal Council	Total
Total number of members*	9.33	4.67	3.00	17.00
Number of compensated members**	9.33	4.67	3.00	17.00
Annual fixed compensation				
Salary or wage compensation	560,000.00	5,586,759.73	351,792.00	6,498,551.73
Direct and indirect benefits	0.00	375,742.44	0.00	375,742.44
Participations on committees	0.00	0.00	0.00	0.00
Others	112,000.00	1,887,344.93	70,358.40	2,069,703.33
Description other fixed compensation	Social charges	Social charges	Social charges	-
Variable compensation				
Bonus	0.00	3,448,275.86	0.00	3,448,275.86
Profit sharing	0.00	5,765,216.81	0.00	5,765,216.81
Participation in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Others	0.00	2,741,379.31	0.00	2,741,379.31
Description other variable compensation	-	The amount "Others" refers to a performance award R\$1.5M) and to the social charges related to the bonus	-	-
Post- employment	0.00	0.00	0.00	0.00

Termination of job position	0.00	0.00	0.00	0.00
Share-based, including options	0.00	5,445,411.77	0.00	5,445,411.77
Total compensation	672,000.00	25,250,130.85	422,150.40	26,344,281.25

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

Total compensation for the year ended 12/31/2017 - Annual Amounts				
	Board of Directors	Statutory Officers	Fiscal Council	Total
Total number of members*	10.00	5.25	3.00	18.25
Number of compensated members**	10.00	5.25	3.00	18.25
Annual fixed compensation				
Salary or wage compensation	585,000.00	7,583,924.51	373,616.13	8,542,540.64
Direct and indirect benefits	0.00	392,346.45	0.00	392,346.45
Participations on committees	0.00	0.00	0.00	0.00
Others	117,000.00	2,627,716.40	74,723.23	2,819,439.63
Description other fixed compensation	Social Charges	Social Charges	Social Charges	

Variable compensation				
Bonus	0.00	7,976,774.00	0.00	7,976,774.00
Profit sharing	0.00	8,833,196.83	0.00	8,833,196.83
Participation in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Others	0.00	26,500,000.00	0.00	26,500,000.00
Description other variable compensation		The amount "Others" includes R\$26,500,000.00 in relation to the Potential Bonus in relation to the finalization of the sale of the Condom Business and the Disposable Products Business.		
Post- employment	0.00	0.00	0.00	0.00
Termination of job position	0.00	0.00	0.00	0.00
Share-based, including options	0.00	1,742,000.00	0.00	1,742,000.00
Total compensation	702,000.00	55,655,958.19	448,339.36	56,806,297.55

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

Total compensation for the year ended 12/31/2016 - Annual Amounts				
	Board of Directors	Statutory Officers	Fiscal Council	Total

Total number of members*	12.41	6.25	3.00	21.66
Number of compensated members**	12.41	6.25	3.00	21.66
Annual fixed compensation				
Salary or wage compensation	561,116.19	9,473,577.86	234,854.46	10,269,548.51
Direct and indirect benefits	0.00	583,741.32	0.00	583,741.32
Participations on committees	0.00	0.00	0.00	0.00
Others	112,223.20	2,916,208.25	46,970.89	3,075,402.34
Description other fixed compensation	Social Charges	Social Charges	Social Charges	-
Variable compensation				
Bonus	0.00	14,863,730.26	0.00	14,863,730.26
Profit sharing	0.00	0.00	0.00	0.00
Participation in meetings	0.00	0.00	0.00	0.00
Commissions	0.00	0.00	0.00	0.00
Others	0.00	28,863,340.00	0.00	28,863,340.00
Description of other variable compensation		The amount "Others" includes R\$28,863,340.00 in relation to the Potential Bonus in relation to the finalization of the		-

		sale of the equity stake in Novitá.		
Post-employment	0.00	0.00	0.00	0.00
Termination of job Position	0.00	0.00	0.00	0.00
Share- based, including options	0.00	514,000.00	0.00	514,000.00
Total compensation	673,339.39	57,214,597.69	281,825.35	58,169,762.43

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

13.3 - VARIABLE COMPENSATION OF THE BOARD OF DIRECTORS, STATUTORY OFFICERS AND FISCAL COUNCIL

Variable compensation - Year to be ended on 12/31/2019				
	Board of Directors	Statutory Officers	Fiscal Council	Total
Total number of members*	9.00	5.67	3.00	17.67
Number of compensated members**	0.00	5.67	0.00	5.67
Bonus				
Minimum amount envisaged in the compensation plan	N.A.	R\$ 0.00	N.A.	R\$ 0.00

Maximum amount envisaged in the compensation plan	N.A.	R\$7,080,000.00	N.A.	R\$7,080,000.00
Amount envisaged in the compensation plan, if the targets were met	N.A.	R\$7,080,000.00	N.A.	R\$7,080,000.00
Profit sharing				
Minimum amount envisaged in the compensation plan	N.A.	R\$0.00	N.A.	R\$0.00
Maximum amount envisaged in the compensation plan	N.A.	R\$9,206,736.00	N.A.	R\$9,206,736.00
Amount envisaged in the compensation plan, if the targets were met	N.A.	R\$9,206,736.00	N.A.	R\$9,206,736.00

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

*****Note:** The amounts shown in the above table are free of charges.

Variable compensation - Year ended 12/31/2018				
	Board of Directors	Statutory Officers	Fiscal Council	Total
Total number of members*	9.33	4.67	3.00	17.00

Number of compensated members**	0.00	4.67	0.00	4.67
Bonus				
Minimum amount envisaged in the compensation plan	N.A.	R\$ 0.00	N.A.	R\$ 0.00
Maximum amount envisaged in the compensation plan	N.A.	R\$ 6,281,627.20	N.A.	R\$ 6,281,627.20
Amount envisaged in the compensation plan, if the targets were met	N.A.	R\$ 6,281,627.20	N.A.	R\$ 6,281,627.20
Amount effectively recognized in the year's result	N.A.	4,948,275.86	N.A.	4,948,275.86
Profit sharing				
Minimum amount envisaged in the compensation plan	N.A.	R\$ 3,096,427.43	N.A.	R\$ 3,096,427.43
Maximum amount envisaged in the compensation plan	N.A.	R\$ 11,955,176.44	N.A.	R\$ 11,955,176.44
Amount envisaged in the compensation plan, if the targets were met	N.A.	R\$ 11,955,176.44	N.A.	R\$ 11,955,176.44
Amount effectively recognized in the year's result	N.A.	R\$ 5,765,216.81	N.A.	R\$ 5,765,216.81

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

*****Note:** The amounts shown in the above table are free of charges.

Variable compensation - Year ended 12/31/2017				
	Board of Directors	Statutory Officers	Fiscal Council	Total
Total number of members*	10.00	5.25	3.00	18.25
Number of compensated members**	0.00	5.25	0.00	5.25
Bonus				
Minimum amount envisaged in the compensation plan	N.A.	R\$ 3,861,847.39	N.A.	R\$ 3,861,847.39
Maximum amount envisaged in the compensation plan	N.A.	R\$ 11,033,849.69	N.A.	R\$ 11,033,849.6
Amount envisaged in the compensation plan, if the targets were met	N.A.	R\$ 11,033,849.69	N.A.	R\$ 11,033,849.69
Amount effectively recognized in the year's result	N.A.	R\$34,476,774.00	N.A.	R\$34,476,774.00
Profit sharing				

Minimum amount envisaged in the compensation plan	N.A.	R\$ 3,449,871.25	N.A.	R\$ 3,449,871.25
Maximum amount envisaged in the compensation plan	N.A.	R\$ 9,789,173.31	N.A.	R\$ 9,789,173.31
Amount envisaged in the compensation plan, if the targets were met	N.A.	R\$ 9,789,173.31	N.A.	R\$ 9,789,173.31
Amount effectively recognized in the year's result	N.A.	R\$8,833,196.83	N.A.	R\$8,833,196.83

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

*****Note:** The amounts shown in the above table are free of charges.

Variable compensation - Year ended 12/31/2016				
	Board of Directors	Statutory Officers	Fiscal Council	Total
Total number of members*	10.83	6.33	3.00	20.17
Number of compensated members**	0	6.33	0	6.33
Bonus				
Minimum amount envisaged in the	N.A.	R\$ 2,990,845.57	N.A.	R\$ 2,990,845.57

compensation plan				
Maximum amount envisaged in the compensation plan	N.A.	R\$ 17,467,236.23	N.A.	R\$ 17,467,236.23
Amount envisaged in the compensation plan, if the targets were met	N.A.	R\$ 17,467,236.23	N.A.	R\$ 17,467,236.23
Amount effectively recognized in the year's result	N.A.	R\$43,727,070.26	N.A.	R\$43,727,070.26
Profit sharing				
Minimum amount envisaged in the compensation plan	N.A.	0.00	N.A.	0.00
Maximum amount envisaged in the compensation plan	N.A.	0.00	N.A.	0.00
Amount envisaged in the compensation plan, if the targets were met	N.A.	0.00	N.A.	0.00
Amount effectively recognized in	N.A.	0.00	N.A.	0.00

the year's result				
-------------------	--	--	--	--

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

*****Note:** The amounts shown in the above table are free of charges.

The Company makes it clear that in the past three fiscal years there wasn't and that currently is no forecast for payment of earning sharing or bonuses for the members of the Board of Directors or Fiscal Council.

13.4 - SHARE BASED COMPENSATION PLAN OF THE BOARD OF DIRECTORS AND THE EXECUTIVE STATUTORY BOARD, IN PLACE DURING THE LAST YEAR AND ENVISAGED FOR THE CURRENT YEAR

A. GENERAL TERMS AND CONDITIONS

On December 29, 2008, the Extraordinary General Meeting approved the creation of a stock option plan for the Company ("Plan II"). On October 10, 2011, the Extraordinary General Meeting approved the creation of another stock option plan for the Company ("Plan III", and in conjunction with Plan II, the "Plans").

In the event that the call option of the Company is exercised, the Board of Directors should approve the issue of new shares, within the authorized capital limit or, if previously authorized by the CVM, authorize the divestiture of shares held in treasury. If the exercise of the stock option occurs by means of the issue of new shares, there will be an increase in the Company's capital stock and the shareholders will not have right of preference to subscribe for such shares, as provided for in the Brazilian Corporate Law and our bylaws, and, therefore, their respective stakes in our capital stock will be diluted.

The shareholders will not have right of preference in the granting or exercise of stock options under the terms of the Plans, as provided in article 171, paragraph 3, of the Brazilian Corporate Law.

The shares acquired as a result of the exercise of the purchase option under the terms of the Plans will retain all rights relevant to their type, except in the case of any provision to

the contrary established by the Company's Board of Directors. However, no beneficiary will have any of the rights and privileges of shareholders until such time their option is duly exercised, under the terms of the Plans and the respective option agreement.

The Plans provide that the options for the acquisition of shares may be terminated or have their terms and conditions of exercise modified in the case of the termination, due to dismissal or termination of service agreement, resignation or removal from office, retirement, disability or death, of their respective holder.

Under the Plans, the Board of Directors may periodically create Stock Option Programs ("Programs"), in which the following shall be defined: (i) Plan III Beneficiaries; (ii) the total number of Company shares subject to grant and, eventually, the division into lots; (iii) the strike price; (iv) any goals related to the performance of employees, managers or the Company, in order to establish objective criteria for the election of Plan Beneficiaries and the determination of the number of options; and (v) such other rules as it deems necessary.

The specific terms for each plan, as well as the description of the grants made are described below.

Plan II

Plan II is directed to the officers, employees and service providers of the Company or of companies under its control indicated by the Company's Board of Directors or Committee, if existing ("Plan II Beneficiaries").

Under the terms of Plan II, the Beneficiaries of Plan II may be granted stock options up to the limit of 3% of the total shares of our capital stock at the time of granting, taking into account for this purpose, the options granted under the scope of Plan I. It is worth clarifying that there were no other programs or options in force under the Plan I in December 31, 2018.

The issue price or purchase price, if the Company opts to use treasury shares, of the shares to be acquired by the Beneficiaries of Plan II as a result of exercising the options, will be equivalent to the arithmetic average of the 20 trading sessions immediately prior to the date of granting the option. The exercise price may be monetarily restated based on the variation of a price index to be determined by the Board of Directors or by the Committee, as the case may be, plus interest, based on a rate possibly determined by the Board of Directors or by the Committee. In addition, the Committee or the Board of Directors, as the case may be, may provide,

when determining the strike price for each program, an adjustment of up to 10%, for more or for less. In exceptional and properly substantiated cases, the Committee or the Board of Directors, as the case may be, may define adjustments of higher percentages.

On December 29, 2008, the Company's Board of Directors approved the 2008 Stock Option Program, which was amended on February 6, 2009 and March 28, 2013 ("2008 Program"). The beneficiaries of the 2008 Program are certain of the Company's officers and employees, who, taking into account the effects of the stock split approved at the Company's General Meeting of December 30, 2009, may acquire up to 8,800,000 shares or 2.22% of our capital stock at the time of the grant, in the individual proportions established by the Option Agreement. The option's strike price is one of R\$10.72 per share (R\$5.32 per share, taking into account the effects of the stock split approved at the Company's General Meeting of December 30, 2009), equivalent to the arithmetic average of the 20 trading sessions immediately prior to November 1, 2008, monetarily restated in accordance with the IPCA (Broad Consumer Price Index), from the date of granting until the date of effective payment. The strike price will be paid in cash at the time of the subscription or purchase of the shares resulting from the exercise of the option.

Under the scope of the 2008 Program, a number of options were exercised which led to an increase in the Company's capital in the total sum of R\$26,869,982.70, by means of the issue of 4,328,926 new shares.

On December 17, 2009, the Company's Board of Directors approved the 2009 Stock Option Program, which was amended on March 28, 2013 ("2009 Program"). The beneficiaries of the 2009 Program are certain of the Company's officers and employees, who, taking into account the effects of the stock split approved at the Company's General Meeting of December 30, 2009, may acquire up to 2,800,000 shares or 0.58% of our capital stock at the time of the grant, in the individual proportions established by the Option Agreement. The option's strike price is one of R\$34.11 per share (R\$17.06 per share, taking into account the effects of the share split approved at the Company's General Meeting of December 30, 2009), equivalent to the arithmetic average of the 20 trading sessions immediately prior to December 17, 2009 and less 10%. The strike price will be paid in cash at the time of the subscription or purchase of the shares resulting from the exercise of the option.

Under the scope of the 2009 Program, a number of options were exercised which led to an increase in the Company's capital, on April 4, 2011, in the total sum of

R\$367,311.95, by means of the issue of 20,017 new shares at the subscription price of R\$18.35.

On August 6, 2010, the Company's Board of Directors approved the 2010 Stock Option Program, which was amended on March 28, 2013 ("2010 Program"). The beneficiaries of the 2010 Program are certain of the Company's officers and employees, who may acquire up to 2,150,000 shares or 0.40% of our capital stock at the time of the grant, in the individual proportions established by the Option Agreement. The option's strike price is one of R\$20.21 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to August 6, 2010. The strike price will be paid in cash at the time of the subscription or purchase of shares resulting from the exercise of the option.

On February 2, 2011, the Company's Board of Directors approved the 2011 Stock Option Program, which was amended on March 28, 2013 ("2011 Program"). The beneficiaries of the 2011 Program are certain of the Company's officers and employees, who may acquire up to 3,700,000 shares or 0.59% of the Company's capital stock at the time of the grant, in the individual proportions established by the Option Agreement. The option's strike price is one of R\$19.26 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to January 31, 2011 and less 10%. The strike price will be paid in cash at the time of the subscription or purchase of the shares resulting from the exercise of the option.

Under all the Programs, the option may be exercised by the beneficiaries in the following way: (i) up to 10% after November 1, 2008 (2008 Program only); (ii) up to 20% one year after being granted; (iii) up to 40% two years after being granted; (iv) up to 60% three years after being granted; (v) up to 80% four years after being granted; and (vi) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 (thirty) days from the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 (thirty) days from the disclosure of the results of the Company's operations for the third quarter of the current year.

Except for the 1st lot of shares of the 2008 Program, the grace period for the exercise of which ended on November 1, 2008, the Beneficiaries of Plan II should allocate at least 50% of the Bonus to subscribe for or acquire shares resulting from call options which can be acquired, under penalty of extinction of all the options which can be exercised from the annual lot of the corresponding year. If the Beneficiaries of Plan II have exercised options with their own resources, the number of shares acquired

may be deducted from the number of shares required to reach the minimum Bonus allocation percentage. In the event that the Beneficiary of Plan II has acquired the Company's shares in the market, with his/her own resources, the number of shares acquired may be deducted from the number of shares required to comply with the Bonus allocation obligation.

All of the shares subscribed for and/or acquired by the Beneficiaries of Plan II will be unavailable for divestiture for a period of one year after the end of the exercise period. The Company will have a right of preference to acquire the shares that the Beneficiary of Plan II intends to sell, assign, transfer or otherwise dispose of, including in any event of termination of the employment agreement between the Beneficiary of Plan II and the Company.

In the event of any transactions that result in the transfer of share control of the Company, or in the case of the Company's shares cease to be accepted for trading on the B3's Novo Mercado, the options issued in the context of Plan II, at the discretion of the Board of Directors: may (i) have their grace periods brought forward, for a certain period, so that they can be exercised immediately by the Beneficiary of Plan II; (ii) may be transferred to the successor company, (iii) may be reimbursed by the Company and with the beneficiary receiving the payment in cash or the equivalent in shares of the amount that he/she would be entitled under Plan II, given that, the possible dismissal, without due cause, of a beneficiary holding Plan II options, within the period of up to two years from the date of a transaction which represented a change in the control of the Company will result in the right to exercise the options that he/she holds being brought forward.

In Plan II, on this date, taking into account the effects of the stock split approved at the Company's General Meeting of December 30, 2009, in relation to the statutory officers, there were (i) under the scope of the 2009 Program, taking into account the options already exercised, 500,000 options for the purchase or subscription of common shares issued by the Company at a strike price of R\$17.06 plus adjustment by the IPCA, all of which were capable of being exercised; (ii) under the scope of the 2010 Program, taking into account the options already exercised, 500,000 options for the purchase or subscription of common shares issued by the Company at a strike price of R\$20.21 plus adjustment by the IPCA, all of which were capable of being exercised; and (iii) under the 2011 Program, taking into account the options already exercised, 1,233,892 options for the purchase or subscription of common shares issued by the Company at a strike price of R\$19.26 plus adjustment by the IPCA, all of which were capable of being exercised.

Plan III

Plan III is aimed at the officers, employees and service providers of the Company indicated by the Company's Board of Directors, as recommended by the Company's Executive Board ("Plan III Beneficiaries").

Under the terms of Plan III, the Beneficiaries of Plan III may be granted subscription and/or acquisition rights over a number of shares that do not exceed, together with the grants made in the context of Plan II, the dilution percentage of 5.0% of the total shares of the Company's capital stock, without considering, in this total, the effect of any possible dilution resulting from the exercise of all the options granted and not exercised, and discounting the options extinguished and not exercised under Plan III or under any another stock option plan approved by the Company's shareholders.

The issue price or purchase price, if the Company chooses to use treasury shares to deal with the exercise of the options, of the shares to be acquired by the Beneficiaries of Plan III Beneficiaries as a result of exercising the options, will be equivalent to the arithmetic average of the 20 trading sessions immediately prior to the date of granting the option.

In the event of dissolution, transformation, incorporation, merger, spin-off, divestiture or any transaction which qualifies as transfer of control of the Company, or in the case of the Company ceasing to have its shares accepted for trading on B3's Novo Mercado, the options issued within the scope of Plan II, at the discretion of the Board of Directors: (i) may have their grace periods brought forward for a certain period, so that they can immediately be exercised by the Beneficiary of Plan III, given that after the aforementioned period, Plan III will come to an end and all options not exercised shall expire without any right to indemnification; (ii) may be transferred to the successor company, if this is provided for in a plan approved by the latter company's shareholders in a general meeting; (iii) may be reimbursed by the Company with the Beneficiary receiving payment in cash or the equivalent in shares of the amount to which he/she would be entitled under the respective Program; or (iv) the Board of Directors may, at its discretion, organize a combination of the assumptions set out in items (i), (ii) and (iii).

Under the scope of Plan III, on December 26, 2011, the Company's Board of Directors approved the Stock Option Program for the year 2011, which was amended on March 28, 2013 ("Program 2011-A"). The beneficiaries of the 2011-A Program are certain of the Company's executive officers and employees, who may acquire up to 12,000,000 shares, corresponding to 1.91% of the Company's capital stock at the

time of the grant, in the individual proportions established by the Option Agreement. The option's strike price is one of R\$8.60 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to the date of granting the option.

On May 3, 2013, the Company's Board of Directors approved the 2013 Stock Purchase Option Program ("2013 Program"). The beneficiaries of the 2013 Program are certain of the Company's executive officers and employees, who may acquire up to 1,350,000 shares or 0.16% of our capital stock at the time of the grant, in the individual proportions established by the Option Agreement. The option's strike price is one of R\$15.62 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to May 3, 2013. The strike price will be paid in cash at the time of the subscription or purchase of shares resulting from the exercise of the option.

On February 21, 2014, the Company's Board of Directors approved the 2014 Stock Purchase Option Program ("2014 Program"). The beneficiaries of the 2014 Program are certain of the Company's non-statutory executive officers and employees, who may acquire up to 450,000 shares or 0.07% of our capital stock at the time of the grant, in the individual proportions established by the Option Agreement. The option's strike price is one of R\$15.34 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to February 21, 2014. The strike price will be paid in cash at the time of the subscription or purchase of shares resulting from the exercise of the option.

On December 30, 2014, the Company's Board of Directors approved the 2014-A Stock Purchase Option Program ("2014-A Program"). The beneficiaries of the 2014-A Program are certain of the Company's non-statutory executive officers and employees, who may acquire up to 650,000 shares or 0.102% of our capital stock at the time of the grant, in the individual proportions established by the Option Agreement. The option's strike price is one of R\$16.48 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to December 30, 2014. The strike price will be paid in cash at the time of the subscription or purchase of shares resulting from the exercise of the option.

In all Programs, the options may always be exercised: (i) within thirty (30) days from the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within thirty (30) days of the disclosure of the results of the Company's operations for the third quarter of the current year.

The options may be exercised by the Beneficiaries of Plan III in the following way for all the Programs: (i) up to 20% of the options in the first year after the granting of the options; (ii) up to 40% of the options in the 2nd year after the granting of the options; up to 60% of the options in the 3rd year after the granting of the options; (vi) up to 80% of the options in the 4th year after the granting of the options; and (v) up to 100% of the options in the 5th year after the granting of the options.

A portion corresponding to 50% of the shares subscribed for and/or acquired by the Beneficiary, including those acquired with his/her own resources, after deducting the shares sold by the Beneficiary as a form of payment for the options exercised by him/her, will be unavailable for divestiture for a period of 1 (one) year after the date of their exercise. The Company will have a right of preference for the acquisition of shares that the Beneficiary intends to sell, assign, transfer or otherwise dispose of, including in any event of termination of the employment contract between the beneficiary and the Company. The amount per share to be paid by the Company to the Beneficiary will be equivalent to the closing value of the share on the date on which the Beneficiary communicates his/her interest in selling.

In Plan III, as at this date, under the scope of the 2017 Program, taking into account the options already exercised, there were 120,000 options for the purchase or subscription of common shares issued by the Company at a strike price of R\$28.93. The 2014 and 2014-A Programs did not have statutory executive officers during the last three years.

Restricted Share Granting Plan

Are considered potential beneficiaries of the Restricted Share Granting Plan, approved on April 14, 2016, amended on April 19, 2018 and on April 24, 2019 (“Restricted Shares Plan”), all officers, employees and service providers of the Company, as well as other companies that are or may come under the direct or indirect control of the Company, whether domestic or foreign (“Eligible Employees”), on whose behalf the Company may grant rights to receive one or more nominative, book-entry common shares with no par value issued by the Company (“Restricted Shares”), under the terms of the Restricted Shares Plan, the respective Restricted Shares Programs (as defined below) and the Grant Agreements (as defined in the Restricted Share Plan) (“Beneficiaries of the Restricted Shares Plan”).

Under the scope of the Restricted Shares Plan, the Board of Directors may create, on an annual basis, a program for the granting of restricted shares, in which the following will be defined: (i) the Beneficiaries of the Restricted Shares Plan; (ii) the

total number of Restricted Shares to be granted and, potentially, the division into lots; (iii) any conditions to be complied with in connection with the acquisition of rights related to the Restricted Shares, as well as the imposition of restrictions upon their transfer; and (iv) any other rules that it deems necessary.

The Company's Board of Directors approved the Restricted Shares Program on December 29, 2017, under the scope of the Restricted Shares Plan, as amended on May 25, 2018. On February 21, 2019, the Board of Directors approved the Restricted Shares Grant Program for the fiscal year 2019, ("A – 2019 Program"), and, on April 26, 2019, the Restricted Shares Plan ("2019 Restricted Shares Program jointly with the other programs mentioned"). The beneficiaries of the Restricted Shares Programs are the Eligible Employees from among the Company's managers, employees and service providers of the Company and/or of other companies that are or may come under the direct or indirect control of the Company, provided that have (i) exhibited an exceptional performance over and above what is ordinarily expected; (ii) demonstrated extraordinary motivation and potential for the development of increasingly complex and long-term activities in the Company and who are highly qualified; or (iii) were recently hired by the Company.

Subject to the adjustments provided in the Restricted Shares, rights may be granted for the receipt of a maximum number of Restricted Shares that does not exceed, together with the grants made under the context of Plans II and III, the dilution percentage of 6.0% of the total shares of the Company's capital stock.

Without prejudice to the other terms and conditions established in the respective Grant Agreements, except for the Restricted Shares Program approved on April 26, 2019, which provides that 100% (one hundred percent) of the Restricted Shares will be transferred to the Beneficiary after the 5th anniversary of the Grant Date and to the extent that the Beneficiary remains an employee of the Company throughout this period, the rights of the Beneficiaries of the Restricted Shares Plan to receive the Restricted Shares will only be fully acquired, to the extent that the beneficiary remains continuously bound to the Company as a manager or employee for the entire period between the date of the meeting of the Board of Directors that approved the respective Restricted Shares Program and the fourth anniversary of the aforesaid date. In addition to the supplementary provisions contained in the grant agreements, the following grace periods will be observed under the scope of the Restricted Shares Programs:

End of the Grace Period	Percentage of Restricted Shares to be transferred
After the 1st anniversary following the Grant Date	25%
After the 2nd anniversary following the Grant Date	25%
After the 3rd anniversary following the Grant Date	25%
After the 4th anniversary following the Grant Date	25%

For the purpose of complying with the receipt of the Restricted Shares under the terms of the Restricted Shares Plan, the Company, subject to the law and the applicable regulations, will transfer shares held in treasury, by means of a private operation, under the terms of CVM Instruction 567.

Alternatively, if at any date of acquisition of the rights related to the Restricted Shares, the Company does not have sufficient treasury shares to comply with the Restricted Shares' receipt by the respective Beneficiaries of the Restricted Shares Plan, it may elect to make the payment related to the Restricted Shares in cash, taking into account that the reference price of the Restricted Shares, for cash payment purposes, will correspond to the average closing price of the Company's shares in B3 during the 30 trading sessions prior to each date of acquisition of the rights related to the Restricted Shares.

Shares Concession Plan in a Matching System for the Year 2017

Below the description of the Shares Concession Plan in a Matching System for the Year 2017, approved on April 19, 2017, and ratified in April 19, 2018 ("2017 Matching Plan").

The potential beneficiaries of the 2017 Matching Plan are all Company employees or the equivalent, for legal or tax purposes, who hold CEO or executive officer positions, as specified in Attachment I to the Company's Profit Sharing Program,

which was signed on November 29, 2016 (“PPR 2017”), excluding employees eligible for other profit sharing programs and those who perform external activities (“Beneficiaries of the 2017 Matching Plan”). Similarly, all the employees or the equivalent of the subsidiaries that are directly or indirectly controlled by the Company may also be elected as Beneficiaries of the 2017 Matching Plan, in which case the same rules regarding the use of PPR 2017 or of bonus by result conferred by the subsidiaries that are directly or indirectly controlled by the Company, are applicable (“Performance Bonus”).

Notwithstanding the description given above, under the scope of the 2017 Matching Plan, shares issued by the Company may be granted, provided that, together with the grants made under the scope of the Plans and of the Restricted Shares Plan, they do not exceed the dilution percentage of 6.0% of the total shares of the Company’s capital stock on the date of creation of the 2017 Matching Plan.

In order to be eligible to receive the Matching Shares, each Beneficiary of the 2017 Matching Plan should opt to receive at least fifty percent (50%) of his/her variable compensation, obtained under the scope of the 2017 PPR and the Performance Bonus, in shares issued by the Company, taking into account the respective quantity net of tax (“Acquired Shares”), being entitled to receive the Matching Shares in a defined amount based on the perceived portion of the variable compensation in Acquired Shares, subject to the terms and conditions set forth in each program and in accordance with the rules established in the 2017 Matching Plan.

The 2017 Matching Plan provides that each Beneficiary of the 2017 Matching Plan receives Matching Shares in accordance with the following criteria:

- (a) In the event that the Beneficiary of the 2017 Matching Plan chooses to receive between fifty percent (50%) and ninety-nine point ninety-nine percent (99.99%) of his/her 2017 PPR or Performance Bonus, as the case may be, in the form of Acquired Shares, the respective Beneficiary of the 2017 Matching Plan will be granted one-half (0.5) of a share for each one (1) Acquired Share (excluding any possible fractions that may result from the calculation); or

- (b) In the event that the Beneficiary of the 2017 Matching Plan elects to receive one hundred percent (100%) of his/her 2017 PPR or Performance Bonus, as the case may be, in the form of Acquired Shares, the respective Beneficiary of the

2017 Matching Plan will be granted one (1) share for every one (1) Acquired Share.

On February 23, 2018, the Company’s Board of Directors approved the Share Concession Program under the Company’s Matching System Program for the year 2017 (“2017 Matching Program”). Without prejudice to the other terms of the 2017 Matching Program, the 2017 Matching Plan and the participation agreements entered into between the Company and each of the Beneficiaries of the 2017 Matching Plan, under the scope of the 2017 Matching Program the following procedures and deadlines will be observed:

Conditions			
Acquisitions of the Matching Shares ¹	Permanence with the Company ²	Minimum Portfolio Percentage ¹	Minimum Portfolio Term ²
25%	0 months	100%	12 months
25%	12 months	75%	24 months
25%	24 months	50%	36 months
25%	36 months	25%	48 months

¹ In relation to the total of Acquired Shares.

² Counted from the date of payment of PPR 2017.

The conditions shown in the table above, namely: (i) permanence with the Company for the minimum periods established in the table above; and (ii) the minimum percentage maintained in the portfolio during the periods established in the table above, are cumulative and the Beneficiary of the 2017 Matching Plan will only acquire the Matching Shares when he/she meets all of the conditions, in which case the Company will be obliged to make the transfer of the percentage of Matching Shares indicated in the table above, under the terms of the respective participation agreement.

Shares Concession Program under the Matching Plan for the years 2018 and 2019

The Shares Concession Plan under the Matching Plan for the years 2018 and 2019 approved on April 19, 2018 and amended on April 24, 2019, at the respective, Annual Ordinary and Extraordinary General Meetings of the Company (“2018/2019 Matching Plan”). The potential beneficiaries of the 2018/2019 Matching Plan are all Company employees or the equivalent, for legal or tax purposes, who hold CEO or executive officer positions, as specified in Attachment I to the Company’s Profit Sharing Program, which was signed on November 27, 2017 (“PPR 2018”), and the Company’s Profit Sharing Program to be executed to establish the profit sharing amount to be assigned to each eligible employee for the year 2019, including any amendments thereto (“PPR 2019” and, together with PPR 2018, “PPR”), excluding employees eligible for other profit sharing programs and those who perform external activities (“Beneficiaries of the 2018/2019 Matching Plan”). Similarly, all the employees or the equivalent of the subsidiaries that are directly or indirectly controlled by the Company may also be elected as Beneficiaries of the 2018/2019 Matching Plan, in which case the same rules regarding the use of PPR or of bonus by result conferred by the subsidiaries that are directly or indirectly controlled by the Company are applicable (“Performance Bonus”).

Notwithstanding the description given above, under the scope of the 2018/2019 Matching Plan, shares issued by the Company may be granted, provided that, together with the grants made under the scope of the Plans, the Restricted Shares Program and the 2017 Matching Plan, they do not exceed the dilution percentage of 6.0% of the total shares of the Company’s capital stock on the date of creation of the 2018/2019 Matching Plan.

In order to be eligible to the Matching Shares, each Beneficiary of the 2018/2019 Matching Plan should opt to receive at least fifty percent (50%) of his/her variable compensation, obtained under the scope of the PPR or the Performance Bonus, as applicable, in shares issued by the Company. Taking into account the respective quantity net of tax (“Acquired Shares”), being entitled to receive the Matching Shares in a defined amount based on the perceived portion of the variable compensation in Acquired Shares, subject to the terms and conditions set forth in each program and in accordance with the rules established in the 2018/2019 Matching Plan.

The 2018/2019 Matching Plan provides that each Beneficiary of the 2018/2019 Matching Plan receives the Matching Shares in accordance with the following criteria:

(a) In the event that the Beneficiary of the 2018/2019 Matching Plan chooses to receive between fifty percent (50%) and ninety-nine point ninety-nine percent (99.99%) of his/her PPR or Performance Bonus, as the case may be, in the form of Acquired Shares, the respective Beneficiary of the 2017 Matching Plan will be granted one half (0.5) of a share for each one (1) Acquired Share (excluding any possible fractions that may result from the calculation); or

(b) In the event that the Beneficiary of the 2018/2019 Matching Plan chooses to receive one hundred percent (100%) of his/her PPR or Performance Bonus, as the case may be, in the form of Acquired Shares, the respective Beneficiary of the 2018/2019 Matching Plan will be granted one (1) share for every one (1) Acquired Share.

On February 21, 2019, the Company's Board of Directors approved the Matching Shares Concession Program for the fiscal years 2018 and 2019 ("Matching Program 2018/2019"). Without prejudice to the other terms of the 2018/2019 Matching Program, the 2018/2019 Matching Plan and the participation agreements to be signed between the Company and each of the Beneficiaries of the 2018/2019 Matching Plan, under the scope of the 2018/2019 Matching Program the following procedures and deadlines will be observed:

Conditions			
Acquisitions of the Matching Shares ¹	Permanence with the Company ²	Minimum Portfolio Percentage ¹	Minimum Portfolio Term ²
25%	0 months	100%	12 months
25%	12 months	75%	24 months
25%	24 months	50%	36 months
25%	36 months	25%	48 months

¹ In relation to the total of Acquired Shares.

² Counted from the date of payment of PPR.

The conditions shown in the table above, namely: (i) permanence with the Company for the minimum periods established in the table above; and (ii) the minimum percentage maintained in the portfolio during the periods established in the table above, are cumulative and the Beneficiary of the 2018/2019 Matching Plan will only

acquire the Matching Shares when he/she meets all of the conditions, in which case the Company will be obliged to make the transfer of the percentage of Matching Shares indicated in the table above, under the terms of the respective participation agreement.

B. MAIN OBJECTIVES OF THE PLANS

The purpose of Plan II and Plan III is to attract and retain the executives of the Company and of its direct or indirect subsidiaries, giving the Company's managers, employees and service providers the opportunity to become shareholders in the Company, achieving, as a result of this, a greater alignment of the interests of these managers, employees and service providers with the shareholders' interests and the sharing of the capital market risks.

The Restricted Shares Plan is designed to attract and retain the executives of the Company and of its direct and indirect subsidiaries, whether domestic or foreign, giving the Company's managers, employees and service providers the opportunity to become shareholders in the Company, achieving, as a result of this, a greater alignment of the interests of these managers, employees and service providers with the shareholders' interests. In this way, by means of the creation of the Restricted Shares Plan, the Company aims to achieve the development of its social objectives and meet its shareholders' interests.

The 2017 Matching Plan aims to allow, under the scope of and as an alternative form of effecting payment of the PPR 2017 or Performance Bonus, the Beneficiaries of the 2017 Matching Plan, provided that certain terms and conditions are observed, have the opportunity to become shareholders in the Company, thereby promoting a greater alignment and integration of their interests with those of the Company, together with the sharing of capital market risks. By enabling the Beneficiaries of the 2017 Matching Plan to become shareholders in the Company, the hope is to retain their talents and align their objectives with those of the Company. This model also makes it possible to share the Company's risks and gains, by means of the appreciation of the shares acquired under the scope of the 2017 Matching Plan.

The 2018/2019 Matching Plan aims to allow, under the scope and as alternative way of implementing the PPR or Performance Bonus payment, the 2018/2019 Matching Plan Beneficiaries, subject to certain terms and conditions, to have the opportunity to become

shareholders of the Company, consequently promoting increased alignment and integration of their interests with the Company's interests and the sharing of the capital market risks. By enabling the 2018/2019 Matching Plan Beneficiaries to become shareholders in the Company, it is expected that talents may be retained and to that their objectives are aligned with those of the Company. Also, by means of this model, the sharing of the Company's risks and gains is achieved, by means of valuation of the shares acquired under the 2018/2019 *Matching Plan*.

C. HOW THE PLANS CONTRIBUTE TO THOSE OBJECTIVES

See item B above. By means of the Plans, the Restricted Shares Plan, the 2017 Matching Plan and the 2018/2019 Matching Plan, the Company seeks to achieve its shareholders' interests.

D. HOW THE PLANS FIT INTO THE COMPANY'S COMPENSATION POLICY

The Company has a practice of valuing employees' individual merit, based on the achievement of operational and financial goals and on individual performance. The Plans, the Restricted Shares Plan, the 2017 Matching Plan and the 2018/2019 Matching Plan fit in the practice of using compensation as a long-term incentive and are instruments that encourage good individual performance and a commitment to the business goals.

E. HOW THE PLANS ALIGN THE INTERESTS OF THE MANAGERS AND THE COMPANY OVER THE SHORT, MEDIUM AND LONG TERM

The Plans, the Restricted Shares Plan and the 2017 Matching Plan align the interests of managers, the Company and shareholders by means of benefits in accordance with the performance of the Company's shares. Our objective by means of the Plans, the Restricted Shares Plan, the 2017 Matching Plan and the 2018/2019 Matching Plan is to stimulate the improvement in our management and encourage our executives and employees to remain with the company, with a view to obtaining gains from the commitment to the long-term results and the short-term performance. Moreover, the Plans, the Restricted Shares Plan, the 2017 Matching Plan and the 2018/2019 Matching Plan are designed to enable the Company to obtain and retain the services of senior executives, offering these executives, as an additional advantage, the opportunity to become shareholders in the company, under

the terms and conditions set forth in the Plans, the Restricted Shares Plan, the 2017 Matching Plan and the 2018/2019 Matching Plan.

F. MAXIMUM NUMBER OF SHARES AFFECTED

Up to 3% of the total shares of the Company's capital stock for Plan II, without taking into account, in this total, the effect of any potential dilution resulting from the exercise of all the options granted and not exercised.

Up to 5% of the total shares of the Company's capital stock for Plan III, without taking into account, in this total, the effect of any potential dilution resulting from the exercise of all the options granted and not exercised, and disregarding the options extinguished and not exercised under the scope of Plan III or of any other stock option plan approved by the Company's shareholders.

With respect to the Restricted Shares Plan, rights may be granted to receive a maximum number of Restricted Shares, provided that together with the grants made in the context of the Plans, this does not exceed the dilution percentage of 6.0% of the total shares of the Company's capital stock.

Under the scope of the 2017 Matching Plan, shares issued by the Company may be granted, provided that, together with the grants made in the context of the Plans and the Restricted Shares Plan, this does not exceed the 6.0% dilution percentage of the total shares of the Company's capital stock on the date of creation of the 2017 Matching Plan. For the purpose of calculating the aforementioned six percent (6.0%) dilution percentage, those options which have been extinguished and were not exercised under the scope of any of the Company's stock option plans or restricted shares granting plan, along with those shares not granted under the 2017 Matching Plan, will be discounted.

Lastly, under the scope of the 2018/2019 Matching Plan, the Company may grant shares issued by it, which shall not exceed, together with the granting within the context of the Plans, the Restricted Shares Plan and the 2017 Matching Plant, the dilution rate of 6.0% of the total shares of the Company's capital as of the date of creation of the 2018/2019 Matching Program. For purposes of calculation of the aforementioned dilution rate of six percent (6.0%), options expired and not exercised under any stock options plan or restricted shares grant plan, and shares not granted under the matching plans, including the 2018/2019 Matching Plan, shall be deducted.

G. MAXIMUM NUMBER OF OPTIONS TO BE AWARDED

Since each option under the Plans will assure the Beneficiary the right to purchase one (1) share issued by the Company, the amount of options granted will be subject to the limit set forth in section “f” above.

Not applicable to the Restricted Shares Plan, the 2017 Matching Plan and the 2018/2019 Matching Program because, in these cases, the long-term incentive tool comprises the granting of shares, and therefore, there are no options to be granted.

H. CONDITIONS FOR ACQUISITION OF SHARES

Plan II

The options granted under the 2008 Program may be exercised in the following way:

Grace Period (from the granting of the options)	Percentage of shares capable of being acquired by means of the exercise of the options
November 1, 2008	Up to 10%
1st year	Up to 20%
2nd year	Up to 40%
3rd year	Up to 60%
4th year	Up to 80%
5th year	Up to 100%

The options granted under the terms of the 2009 Program may be exercised in the following way:

Grace Period (from the granting of the options)	Percentage of shares capable of being acquired by means of the exercise of the options
December 17, 2009	0%
1st year	Up to 20%
2nd year	Up to 40%
3rd year	Up to 60%
4th year	Up to 80%
5th year	Up to 100%

The options granted under the 2010 Program may be exercised in the following way:

Grace Period (from the granting of the options)	Percentage of shares capable of being acquired by means of the exercise of the options
August 6, 2010	0%
1st year	Up to 20%
2nd year	Up to 40%
3rd year	Up to 60%
4th year	Up to 80%
5th year	Up to 100%

The options granted under the 2011 Program may be exercised in the following way:

Grace Period (from the granting of the options)	Percentage of shares capable of being acquired by means of the exercise of the options
February 1, 2011	0%
1st year	Up to 20%
2nd year	Up to 40%
3rd year	Up to 60%
4th year	Up to 80%
5th year	Up to 100%

The annual lots may always be exercised: (i) within 30 days from the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days from the disclosure of the results of the Company's operations for the third quarter of the current year ("Annual Lots").

Except in relation to the 1st Annual Lot to be exercised by the Beneficiaries of Plan II under the scope of the 2008 Program (referring to the grace period of November 1, 2008), the Beneficiaries of Plan II, of all the programs approved under the scope of Plan II, are required to allocate at least 50% of their Bonus, net of income tax and other charges levied, for the subscription or acquisition of shares resulting from the options that are capable of being acquired, under penalty of extinction of all the options that are capable of being exercised in the annual lot of the corresponding year.

If the Beneficiaries of Plan II have exercised options with their own resources up to one year prior to payment of the Bonus, the number of shares acquired by means of such resources will be deducted from the number of shares required to reach the minimum Bonus allocation percentage. This number of shares will be deducted from the total number of options that are capable of being exercised from the annual lot of the corresponding year.

In the event that the Beneficiary of Plan II has acquired the Company's shares in the market, with his/her own resources, the number of shares acquired may be deducted from the number of shares required to reach the mandatory bonus allocation percentage, at the discretion of the Board of Directors or the Committee, as the case may be. This number of shares will be deducted from the total number of options that are capable of being exercised in the period in question.

The Annual Lots can be exercised up until the final and extinguishing deadline of 10 years from the date of each Program.

Plan III

The options granted under the 2011-A Program, 2013 Program, 2014 Program and 2014-A and 2017 Program may be exercised in the following way:

Grace Period (from the granting of the options)	Percentage of Shares capable of being acquired through the exercise of options
1st year	Up to 20%
2nd year	Up to 40%
3rd year	Up to 60%
4th year	Up to 80%
5th year	Up to 100%

The options may always be exercised: (i) within 30 days from the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days from the disclosure of the results of the Company's operations for the third quarter of the current year ("Annual Lots").

The Annual Lots can be exercised up until the final and extinguishing deadline of 8 years from the date of each Program.

Restricted Shares Plan

For the Restricted Shares Program under the Restricted Shares Plan approved by the Company's Board of Directors on December 29, 2017, and amended in May 25, 2018; On February 21, ("2019-A Program"), without prejudice to the other terms and conditions established in the respective Granting Agreements, the rights of the Beneficiaries of the Restricted Shares Plan to receive the Restricted Shares will only be fully acquired, to the extent that the Beneficiary of the Restricted Shares Plan remains continuously bound to the Company as a manager, employee or service provider, for the entire period between the date of granting and the following dates, in the proportions mentioned below:

- (i) twenty five percent (25%) of the restricted shares after the first anniversary of the grant date;
- (ii) twenty five percent (25%) of the restricted shares after the 2nd anniversary of the grant date;
- (iii) twenty five percent (25%) of the restricted shares after the 3rd anniversary of the grant date; and
- (iv) the remaining twenty five percent (25%) of the restricted shares after the 4th anniversary of the grant date.

Regarding the Restricted Shares Program under the Restricted Shares Plan, approved by the Board of Directors on April 26, 2019, after the 5th anniversary of the Grant Date and to the extent that the Beneficiary remains linked to the Company throughout as well as to other companies that are or may be under the direct or indirect control of the Company, whether domestic or foreign, as an employee, officer or service provider, without prejudice to the additional provisions contained in the Plan and in the Granting Agreements to be signed between the Company and each Beneficiary, one hundred per cent (100%) of the Restricted Shares will be transferred to the Beneficiary.

2017 Matching Plan

On February 23, 2018, the Company's Board of Directors approved the 2017 Matching Program. Without prejudice to the other terms of the 2017 Matching Program, of the 2017 Matching Plan and of the participation agreements between the Company and each of the Beneficiaries of the 2017 Matching Plan, under the scope of the 2017 Matching Program the following procedures and deadlines will be observed:

Conditions

Acquisitions of the Matching Shares ¹	Permanence with the Company ²	Minimum Portfolio Percentage ¹	Minimum Portfolio Term ²
25%	0 months	100%	12 months
25%	12 months	75%	24 months
25%	24 months	50%	36 months
25%	36 months	25%	48 months

¹ In relation to the total of Acquired Shares.

² Counted from the date of payment of PPR 2017.

The conditions shown in the table above, namely: (i) permanence with the Company for the minimum periods established in the table above; and (ii) the minimum percentage maintained in the portfolio during the periods established in the table above, are cumulative and the Beneficiary of the 2017 Matching Plan will only acquire the Matching Shares when he/she meets all of the conditions, in which case the Company will be obliged to make the transfer of the percentage of Matching Shares indicated in the table above, under the terms of the respective participation agreement.

2018/2019 Matching Program

On February 21, 2019, the Company's Board of Directors approved the 2018/2019 Matching Program. Without prejudice to the other terms of the 2018/2019 Matching Program, the 2018/2019 Matching Plan and the participation agreements to be signed between the Company and each of the Beneficiaries of the 2018/2019 Matching Plan, under the scope of the 2018/2019 Matching Program the following procedures and deadlines will be observed:

Conditions			
Acquisitions of the Matching Shares ¹	Permanence with the Company ²	Minimum Portfolio Percentage ¹	Minimum Portfolio Term ²
25%	0 months	100%	12 months
25%	12 months	75%	24 months
25%	24 months	50%	36 months
25%	36 months	25%	48 months

¹ In relation to the total of Acquired Shares.

² Counted from the date of payment of PPR.

The conditions shown in the table above, namely: (i) permanence with the Company for the minimum periods established in the table above; and (ii) the minimum percentage maintained in the portfolio during the periods established in the table above, are cumulative and the Beneficiary of the 2018/2019 Matching Plan will only acquire the Matching Shares when he/she meets all of the conditions, in which case the Company will be obliged to make the transfer of the percentage of Matching Shares indicated in the table above, under the terms of the respective participation agreement.

I. CRITERIA FOR SETTING THE ACQUISITION OR STRIKE PRICE

Plan II: If the Company opts to use treasury shares to deal with the exercise of the options, the issue price or purchase price of the shares to be acquired by the Beneficiaries of Plan II as a result of the exercise of the options will be equivalent to (i) to the arithmetic average of the 20 trading sessions immediately prior to the date for the 2008, 2009 and 2010 Programs; and (ii) the arithmetic average of the 20 trading sessions immediately prior to the date of granting the option and adjusted by a 10% reduction, for the 2011 Program. The strike price may be monetarily restated based on the variation of a price index to be determined by the Board of Directors or by the Committee, as the case may be, plus interest, based on a rate potentially determined by the Board of Directors or by the Committee.

Plan III: The issue price or purchase price, if the Company chooses to use treasury shares to deal with the exercise of the options, of the shares to be acquired by the Beneficiaries of Plan III as a result of exercising the options, will be equivalent to the arithmetic average of the 20 trading sessions immediately prior to the date of granting the option.

Restricted Shares Plan: There is no issue price or purchase price for the exercise of the right to receive the Restricted Shares, as the Beneficiary of the Restricted Shares Plan does not provide any monetary consideration to receive the Restricted Shares granted to him/her under the scope of this plan.

2017 Matching Plan: There is no issue price or purchase price related to the exercise of the right to receive the Matching Shares. However, in order to enter the Matching Program, each Beneficiary of the 2017 Matching Plan should opt to receive at least fifty

percent (50%) of his/her variable compensation obtained under the scope of PPR 2017, or, in the absence thereof, of the Performance Bonus, in the form of Acquired Shares, being therefore entitled to receive the Matching Shares. The 2017 Matching Plan provides that each Beneficiary of the 2017 Matching Plan receives Matching Shares in accordance with the following criteria:

- (a) In the event that the Beneficiary of the 2017 Matching Plan chooses to receive between fifty percent (50%) and ninety-nine point ninety-nine percent (99.99%) of his/her 2017 PPR or Performance Bonus, as the case may be, in the form of Acquired Shares, the respective Beneficiary of the 2017 Matching Plan will be granted one-half (0.5) of a share for each one (1) Acquired Share (excluding any possible fractions that may result from the calculation); or
- (b) In the event that the Beneficiary of the 2017 Matching Plan elects to receive 100% (one hundred percent) of his/her 2017 PPR or Performance Bonus, as the case may be, in the form of Acquired Shares, the respective Beneficiary of the 2017 Matching Plan will be granted 1 (one) share for every 1 (one) Acquired Share.

2018/2019 Matching Plan: There is no issue price or purchase price related to the exercise of the right to receive the Matching Shares. However, in order to enter the 2018/2019 Matching Program, each Beneficiary of the 2018/2019 Matching Plan shall opt to receive at least fifty percent (50%) of their variable compensation payable under the PPR or, in the absence thereof, of the Performance Bonus in Acquired Shares, being entitled to receive the Matching Shares. The 2018/2019 Matching Plan provides that each 2018/2019 Matching Plan Beneficiary shall receive Matching Shares according to the following criteria:

- (a) In the event that a Beneficiary of the 2018/2019 Matching Plan opts to receive between fifty percent (50%) and ninety-nine point ninety-nine percent (99.99%) of their PPR or Performance Bonus, as the case may be, in Acquired Shares, then such 2018/2019 Matching Plan Beneficiary will be granted half (0.5) a share for every one (1) Acquired Share (disregarding any fractions arising from the calculation); or
- (b) In the event that the Beneficiary of the 2018/2019 Matching Plan opts to receive a hundred percent (100%) of their 2018/2019 PPR or Performance Bonus, as the case may be, in Acquired Shares, such 2018/2019 Matching Plan Beneficiary will be granted one (1) share for every one (1) Acquired Share.

J. CRITERIA FOR SETTING THE EXERCISE PERIOD

Plan II:

2008 Program: the option may be exercised in the following way: (i) up to 10% after November 1, 2008; (ii) up to 20% one year after being granted; (iii) up to 40% two years after being granted; (iv) up to 60% three years after being granted; (v) up to 80% four years after being granted; and (vi) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 days of the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days of the disclosure of the Company's results of operations for the third quarter of the current year.

2009 Program: the option may be exercised in the following way: (i) 0% after December 17, 2009; (ii) up to 20% one year after being granted; (iii) up to 40% two years after being granted; (iv) up to 60% three years after being granted; (v) up to 80% four years after being granted; and (vi) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 days of the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days of the disclosure of the Company's results of operations for the third quarter of the current year.

2010 Program: the option may be exercised in the following way: (i) 0% after August 06, 2010; (ii) up to 20% one year after being granted; (iii) up to 40% two years after being granted; (iv) up to 60% three years after being granted; (v) up to 80% four years after being granted; and (vi) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 days of the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days of the disclosure of the Company's results of operations for the third quarter of the current year.

2011 Program: the option may be exercised in the following way: (i) 0% after February 01, 2011; (ii) up to 20% one year after being granted; (iii) up to 40% two years after being granted; (iv) up to 60% three years after being granted; (v) up to 80% four years after being granted; and (vi) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 days of the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days of the disclosure of the Company's results of operations for the third quarter of the current year.

Plan III:

2011 Program: the option may be exercised in the following way: (i) up to 20% one year after being granted; (ii) up to 40% two years after being granted; (iii) up to 60% three years after being granted; (iv) up to 80% four years after being granted; and (v) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 days of the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days of the disclosure of the Company's results of operations for the third quarter of the current year.

2013 Program: the option may be exercised in the following way: (i) up to 20% one year after being granted; (ii) up to 40% two years after being granted; (iii) up to 60% three years after being granted; (iv) up to 80% four years after being granted; and (v) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 days of the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days of the disclosure of the Company's results of operations for the third quarter of the current year.

2014 Program: the option may be exercised in the following way: (i) up to 20% one year after being granted; (ii) up to 40% two years after being granted; (iii) up to 60% three years after being granted; (iv) up to 80% four years after being granted; and (v) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 days of the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days of the disclosure of the Company's results of operations for the third quarter of the current year.

2017 Program: the option may be exercised in the following way: (i) up to 20% one year after being granted; (ii) up to 40% two years after being granted; (iii) up to 60% three years after being granted; (iv) up to 80% four years after being granted; and (v) up to 100% five years after being granted. The annual lots may always be exercised: (i) within 30 days of the disclosure of the results of the Company's operations for the first quarter of the current year; or (ii) within 30 days of the disclosure of the Company's results of operations for the third quarter of the current year.

Restricted Shares Plan: The rights of the Beneficiaries to receive the Restricted Shares will only be fully acquired, to the extent that the Beneficiary remains continuously bound to the Company as a manager, employee or service provider, for the entire period between the date of granting and the dates and proportions determined by the Board of Directors under each program.

2017 Matching Plan: Under the scope of the 2017 Matching Program the following procedures and deadlines will be observed:

Conditions			
Acquisitions of the Matching Shares ¹	Permanence with the Company ²	Minimum Portfolio Percentage ¹	Minimum Portfolio Term ²
25%	0 months	100%	12 months
25%	12 months	75%	24 months
25%	24 months	50%	36 months
25%	36 months	25%	48 months

¹ In relation to the total of Acquired Shares.

² Counted from the date of payment of PPR 2017.

The conditions shown in the table above, namely: (i) permanence with the Company for the minimum periods established in the table above; and (ii) the minimum percentage maintained in the portfolio during the periods established in the table above, are cumulative and the Beneficiary of the 2017 Matching Plan will only acquire the Matching Shares when he/she meets all of the conditions, in which case the Company will be obliged to make the transfer of the percentage of Matching Shares indicated in the table above, under the terms of the respective participation agreement.

2018/2019 Matching Plan: Under the scope of the 2018/2019 Matching Program the following procedures and deadlines will be observed:

Conditions			
Acquisitions of the Matching Shares ¹	Permanence with the Company ²	Minimum Portfolio Percentage ¹	Minimum Portfolio Term ²
25%	0 months	100%	12 months
25%	12 months	75%	24 months
25%	24 months	50%	36 months
25%	36 months	25%	48 months

The conditions shown in the table above, namely: (i) permanence with the Company for the minimum periods established in the table above; and (ii) the minimum percentage maintained in the portfolio during the periods established in the table above, are cumulative and the Beneficiary of the 2018/2019 Matching Plan will only acquire the

Matching Shares when he/she meets all of the conditions, in which case the Company will be obliged to make the transfer of the percentage of Matching Shares indicated in the table above, under the terms of the respective participation agreement.

K. FORM OF SETTLEMENT

Plan II: Settlement of the exercise of Plan II's stock options, for any whatsoever Program, should be made by means of cash payment, at the time of the subscription or purchase of the shares resulting from the exercise of the option.

Plan III: Settlement of the exercise of Plan III's stock options, should be made by means of cash payment, at the time of the subscription or purchase of the shares resulting from the exercise of the option.

Restricted Shares Plan: The Company will not grant stock options under the Restricted Shares Plan. Matching for Beneficiaries of the Matching Plan 2017 will take place through the use of the shares issued by the Company that are in treasury.

2017 Matching Plan: Purchase options will not be granted by the Company under the scope of the 2017 Matching Plan, bearing in mind that it is a matching plan that encompasses the granting of shares to the beneficiaries by the Company, subject to certain terms and conditions in the 2017 Matching Plan and in each program, including the 2017 Matching Program. The granting of Matching Shares to the Beneficiaries of the 2017 Matching Plan will take place by means of the use of shares issued by the Company which are held in treasury.

2018/2019 Matching Plan: The Company will not grant stock options under the 2018/2019 Matching Plan because it is a matching plan that comprises the Company's granting of shares to beneficiaries, subject to certain terms and conditions set forth in the 2018/2019 Matching Plan and in each program, including the 2018/2019 Matching Program. The Matching Shares will be grant to the 2018/2019 Matching Plan Beneficiaries upon use of treasury shares issued by the Company.

L. RESTRICTIONS ON THE TRANSFER OF SHARES

Plans

The Board of Directors or the Committee (as is the case) may impose conditions precedent and/or terms for the exercise of the options, as well as impose restrictions on the transfer and divestiture of shares issued by the Company subscribed for and/or acquired by the Beneficiaries under the scope of Plans, and may also reserve the right for the Company to buyback options or rights of preference in the case of divestiture by the Beneficiary of the shares, up until the end of the term and/or compliance with the conditions established. The minimum period during which the shares will be unavailable that may be established in each Program shall never exceed five years from the date of acquisition or subscription of the shares. The Beneficiary should undertake not to encumber the shares nor to put in place over them any encumbrance that may prevent the performance of the provisions in the Plans.

Restricted Shares Plan

The Board of Directors may impose conditions precedent and/or terms for the receipt of the Restricted Shares, as well as impose restrictions upon the transfer and divestiture of shares issued by the Company under the scope of the Restricted Shares Plan.

2017 Matching Program

Under the scope of the 2017 Matching Program, no Lock-up period is applicable to the Acquired Shares and Matching Shares.

2018/2019 Matching Program

Under the scope of the 2018/2019 Matching Program, no Lock-up period is applicable to the Acquired Shares and Matching Shares.

M. CRITERIA AND EVENTS WHICH, WHEN VERIFIED, SHALL RESULT IN THE PLANS' SUSPENSION, ALTERATION OR EXTINCTION

Plan II:

If the Company's shares are increased or decreased in number, as a result of share bonuses, reverse stock splits or stock splits, appropriate adjustments will be made in the number of shares subject to the granting of options not exercised. Any adjustments to the options will be made without changing the total value of the options not exercised, but with an adjustment corresponding to the Strike Price. No fraction of shares will be sold or issued under the scope of Plan II or any of these adjustments.

In the case of dissolution, transformation, incorporation, merger, spin-off, divestiture or any transaction which qualifies as transfer of control of the Company, or in the case of the Company ceasing to have its shares accepted for trading on B3's Novo Mercado, the options of the Programs which are in effect, at the discretion of the Board of Directors or the Committee, as the case may be: (i) may have their grace periods brought forward for a certain period, so that they can immediately be exercised by the Beneficiary of Plan II, and that after the aforementioned period Plan II will terminate and all options not exercised will lapse without any right to indemnification; (ii) may be transferred to the successor company, if this is provided for in a plan approved by the latter's general meeting; (iii) may be reimbursed by the Company and the Beneficiary of Plan II will receive payment in cash or the equivalent in shares of the amount to which he/she would be entitled under the terms of the respective Program; or (iv) the Board of Directors or Committee may, at its discretion, organize a combination of the assumptions set out in sub-items (i), (ii) and (iii) described above.

Plan III:

If the Company's shares are increased or decreased in number, as a result of share bonuses, reverse stock splits or stock splits, appropriate adjustments will be made in the number of shares subject to the granting of options not exercised and in the Strike Price. No fraction of shares will be sold or issued under the scope of Plan III or any of these adjustments.

In the case of dissolution, transformation, incorporation, merger, spin-off, divestiture or any transaction which qualifies as transfer of control of the Company, or in the case of the Company ceasing to have its shares accepted for trading on B3's Novo Mercado, the options of the Programs which are in effect, at the discretion of the Board of Directors or the Committee, as the case may be: (i) may have their grace periods brought forward for a certain period, so that they can immediately be exercised by the Beneficiary of Plan III, and that after the aforementioned period Plan III will terminate and all options not exercised will lapse without any right to indemnification; (ii) may be transferred to the successor company, if this is provided for in a plan approved by the latter's general meeting; (iii) may be reimbursed by the Company and the Beneficiary of Plan III will receive payment in cash or the equivalent in shares of the amount to which he/she would be entitled under the terms of the respective Program; or (iv) the Board of Directors or Committee may, at its discretion, organize a combination of the assumptions set out in sub-items (i), (ii) and (iii) described above.

Restricted Shares Plan:

It will be up to the Shareholders' Meeting shall approve and therefore amend, suspend or extinguish the Restricted Shares Plan. In addition, among the factors that may cause the amendment or termination of the Restricted Shares Plan, is the occurrence of factors that cause a serious change in the economic scenario and which may threaten the Company's financial situation.

Additionally, in the event of dissolution, transformation, incorporation, merger, spin-off, divestiture or any transaction which qualifies as transfer of control of the Company, or in the case of the Company ceasing to have its shares accepted for trading on B3's Novo Mercado, at the sole discretion of the Board of Directors or the Committee, as the case may be: (i) the Restricted Shares of the Programs in effect, at the discretion of the Board of Directors, may have their grace periods brought forward for a certain period, so that they can immediately be received by the Beneficiary, and that after the aforementioned period the Restricted Share Plan will terminate and all rights to acquire the Restricted Shares will expire without any right to indemnification; (ii) the Restricted Shares Plan may be adopted by the successor company, subject to the approval of this at the latter's general meeting; (iii) the Company may reimburse the Beneficiary by means of payment in cash of the value of the Restricted Shares to which the Beneficiary would be entitled; or (iv) the Board of Directors may, at its discretion, organize a combination of the assumptions set out in sub-items (i), (ii) and (iii) described on this paragraph.

2017 Matching Plan:

It is up to the General Meeting to approve and therefore amend, suspend or extinguish the 2017 Matching Plan. All and any amendments to the 2017 Matching Plan, proposed by the Board of Directors, should be submitted to the General Meeting for approval, and once approved, may only affect the shares the right to receive which is being granted. Among the motives that may cause the amendment or termination of the Plan, is the occurrence of factors that cause a serious change in the economic scenario and which jeopardize the Company's financial situation.

However, in the event of any alteration in the number, type and class of the Company's shares, as a result of a reverse stock split, a stock split, stock bonuses, as well as in cases of conversion of shares from one kind or class into another, or of conversion into shares of other securities issued by the Company, the necessary adjustments should be made in the plans and programs that have already been established, particularly in relation to the number of shares and their type or class, for the purpose of avoiding

distortions and losses to the Company or to the Beneficiaries of the 2017 Matching Plan.

2018/2019 Matching Plan:

It is up to the Shareholders' Meeting to approve and therefore amend, suspend or extinguish the 2018/2019 Matching Plan. All and any amendments to the Plan proposed by the Board of Directors should be submitted to the General Meeting for approval, and once approved, may only affect the shares the right to receive which is being granted.

Among the motives that may cause the amendment or termination of the Plan, is the occurrence of factors that cause a serious change in the economic scenario and which jeopardize the Company's financial situation.

However, in the event of any alteration in the number, type and class of the Company's shares, as a result of a reverse stock split, a stock split, stock bonuses, as well as in cases of conversion of shares from one kind or class into another, or of conversion into shares of other securities issued by the Company, the necessary adjustments should be made in the plans and programs that have already been established, particularly in relation to the number of shares and their type or class, for the purpose of avoiding distortions and losses to the Company or to the Beneficiaries of the 2018/2019 Matching Plan.

N. EFFECTS OF THE MANAGER'S DEPARTURE FROM THE COMPANY'S BODIES ON HIS/HER RIGHTS SET FORTH IN THE SHARE-BASED COMPENSATION PLAN

Plan II:

In the event of termination of the Plan II Beneficiary's employment contract for just cause, all options that have not been exercised will lapse without indemnification, no matter whether or not the grace periods have ended. Moreover, the restriction on the divestiture of shares will remain in force, with the Company being able to exercise an option to repurchase these shares.

When the employment contract of the Beneficiary of Plan II is terminated without due cause, resignation request or voluntary resignation or retirement, except in the case of the Plan II Beneficiary remaining as a Member of the Company's Board of Directors, the following provisions will be observed: (i) those options the initial grace periods of which have not yet expired will expire without indemnification; (ii) those options the initial grace periods of which have expired may be exercised within the space of 90 days from the event that caused the termination of the Beneficiary of Plan II's employment contract or term of office, or until the end of the timeframe for the options to be exercised, if the timeframe is one of less than 90 days; and (iii) the restriction period for the divestiture of the shares will remain in force, with the Company being able to exercise an option to repurchase these shares.

In the event of termination of the Plan II Beneficiary's employment contract or term of office, without due cause, within the space of two years in the event of the dissolution, transformation, incorporation, merger, spin-off, divestiture or any transaction which qualifies as transfer of the Company's share control, the Beneficiary of Plan II will be entitled, without any need for the prior consent of the Company's Board of Directors or Committee, to have the grace periods for the options of the programs in effect, brought forward for a period of 30 days, counting from the termination of the employment contract or term of office, so that they can immediately be exercised by the Beneficiary of Plan II, and after this period all options not exercised will lapse without any right to compensation.

If the Beneficiary of Plan II becomes permanently disabled for the performance of his/her function in the Company, the rights resulting from all the options will be brought forward and may be exercised for a period of one year counting from the date of the event that caused the permanent disability.

In the event of the death of the Beneficiary of Plan II, the rights resulting from all the options will be brought forward and will be extended to the Beneficiary's heirs and successors who will be able to exercise the options for whichever is longer, a period of one year from the date of death and 90 days from the date of completion of probate.

Those shares that are subscribed under the above terms will be free and cleared for sale at any whatsoever time, provided that the Company's right of preference and possible repurchase option are respected.

Plan III:

In the event of termination of the Plan III Beneficiary's employment contract for just cause, all options that have not been exercised will lapse without indemnification, no matter whether or not the grace periods have ended. Moreover, the restriction on the divestiture of shares will remain in force, and the Company will be able to exercise an option to repurchase these shares.

When the employment contract of the Beneficiary of Plan III is terminated without due cause, resignation request or voluntary resignation or retirement, except in the case of the Plan III Beneficiary remaining as a Member of the Company's Board of Directors, the following provisions will be observed: (i) those options the initial grace periods of which have not yet expired will expire without indemnification; (ii) those options the initial grace periods of which have expired may be exercised within the space of 30 days from the event that caused the termination of the Beneficiary of Plan III's employment contract or term of office, or until the end of the timeframe for the options to be exercised, if the timeframe is one of less than 30 days; and (iii) the restriction period for the divestiture of the shares will remain in force, with the Company being able to exercise an option to repurchase these shares.

In the event of termination of the Plan III Beneficiary's employment contract or term of office, without due cause, within the space of 12 months from the dissolution, transformation, incorporation, merger, spin-off, divestiture or any transaction which qualifies as transfer of the Company's share control, the Beneficiary of Plan III will be entitled, without any need for prior consent from the Company's Board of Directors or Committee, to have the grace periods for the options of the programs in effect, brought forward, so that they can immediately be exercised by the Beneficiary of Plan III, and after this period all options not exercised will lapse without any right to compensation.

If the Beneficiary of Plan III becomes permanently disabled for the performance of his/her function in the Company, the rights resulting from all the options will be brought forward and may be exercised for a period of one year counting from the date of the event that caused the permanent disability.

In the event of the death of the Beneficiary of Plan III, the rights resulting from all the options will be brought forward and will be extended to the Beneficiary's heirs and successors who will be able to exercise the options for a period of 12 months from the date of death.

Those shares that are subscribed under the above terms will be free and cleared for sale at any whatsoever time, provided that the Company's right of preference and possible repurchase option are respected.

Restricted Shares Plan

Unless decided to the contrary by the Board of Directors at the time of approval of the Restricted Shares Plan Program, in the event of termination of the Beneficiary's employment contract without due cause, except in the case of the Beneficiary remaining as a Member of the Company's Board of Directors, the following provisions will be observed:

- (i) the Beneficiary's right to receive the Restricted Shares that have not been Not Fully Acquired will expire without indemnification; and
- (ii) in the event that the grace period provided for in the Restricted Shares Plan has already elapsed, but the Restricted Shares have not yet been received by the Beneficiary, they will be transferred to the Beneficiary without any whatsoever restriction.

Unless decided to the contrary by the Board of Directors at the time of approval of the Restricted Shares Plan Program, in the event of termination of the Beneficiary's employment contract as a result of a request for resignation or voluntary resignation or retirement, except in the case of the Beneficiary remaining as a Member of the Company's Board of Directors, the following provisions will be observed:

- (i) the Beneficiary's right to receive the Restricted Shares that have not been Not Fully Acquired (as defined in the Restricted Shares Plan) will expire without indemnification; and
- (ii) in the event that the grace period provided for in the Restricted Shares Plan has already elapsed, but the Restricted Shares have not yet been received by the Beneficiary, they will be transferred to the Beneficiary without any whatsoever restriction.

In the event of termination due to the Beneficiary's permanent disability, the Restricted Shares that have not yet been Not Fully Acquired may be fully acquired within the space of 12 months from the date of the event that caused the permanent disability, regardless of the grace period provided for in the Restricted Shares Plan, by the Beneficiary or his/her legal representative (trustee), upon presentation to the Company of the respective

proof of the concession of retirement benefit due to permanent disability issued by the INSS (National Social Security Institute) and proof of termination of the employment contract. The Board of Directors may, at its sole discretion, extend the aforementioned deadline.

In the event of termination due to the Beneficiary's death, the Restricted Shares that have not yet been Fully Acquired may be fully received by the Beneficiary's heirs and successors, after the Beneficiary's death, upon submission to the Company of the proper documentation of the Beneficiary's probate within the space of 12 months from the date of death, regardless of the grace period provided for in the Restricted Shares Plan. The Board of Directors may, at its sole discretion, extend the aforementioned deadline.

2017 Matching Plan:

Under the terms of the 2017 Matching Program, if the Beneficiary of the 2017 Matching Plan, at any time during the respective agreement's period of effectiveness, leaves the Company due to:

(a) dismissal or termination request, except if the Beneficiary of the 2017 Matching Plan continues to have an employment relationship with the Company and/or its subsidiaries: (i) those rights not yet exercisable or subject to a term on the date of his/her dismissal or termination of the contract will automatically be legally terminated, regardless of prior notice or indemnification, unless the Board of Directors decides to anticipate the grace period in relation to the totality or part of such rights; and (ii) those rights which are already exercisable on the date of his/her dismissal or termination of the respective agreement, may be exercised provided the minimum portfolio maintenance percentage is observed under the terms of the 2017 Matching Program, after which such rights will automatically be legally terminated in full, regardless of prior notice or notification, and without the right to any indemnification;

(b) dismissal for due cause, or removal from his/her position for breach of a manager's obligations and duties or for breach of the respective contract, all rights which are already exercisable or not, on the date of his/her departure or termination of the contract, will automatically be legally terminated, in full, regardless of prior notice or notification, and without the right to any indemnification;

(c) dismissal without just cause, or removal from his/her position without breach of a manager's obligations and duties: (i) those rights which not yet exercisable or

subject to a term on the date of his/her dismissal or termination of the contract, will automatically be legally terminated, in full, regardless of prior notice or indemnification, unless the Board of Directors decides to anticipate the grace period in relation to the totality or part of such rights; and (ii) those rights which are already exercisable on the date of his/her dismissal or termination of the respective agreement, may be exercised provided the minimum portfolio maintenance percentage is observed under the terms of the 2017 Matching Program, after which the aforesaid rights will automatically be legally terminated in full, regardless of prior notice or notification, and without the right to any indemnification;

(d) retirement: (i) any right not yet exercisable or subject to terms under the relevant Participation Agreement as of the date of their withdrawal shall be automatically, irrespective of prior notice or communication, and with no right to indemnification, unless the Board of Directors resolves to bring forward the grace period on all or any part of such rights; and (ii) any rights already exercisable under the Participation Agreement as of the date of their withdrawal will have their grace period brought forward, and the Beneficiary may exercise the relevant rights, provided that they shall do so within a period of twelve (12) months of the date of retirement, following which such rights shall be automatically extinguished by operation of law, irrespective of prior notice or communication, and with no right to any indemnification; and

(e) death or permanent disability, or otherwise in the event of change in the shareholding control of the Company, then the rights not yet exercisable on the date of their death, the date of the event giving cause to the permanent disability or the date of a change in the Company's shareholding control, shall have the respective grace periods brought forward and be exercised on the date of withdrawal, of the event giving cause to the permanent disability or the date of a change in the Company's shareholding control, provided that the relevant minimum portfolio condition set forth in the Matching Program shall have been met by the Matching Program Beneficiary by the time of the event.

2018/2019 Matching Plan:

Under the terms of the 2018/2019 Matching Program, if the Beneficiary of the 2018/2019 Matching Plan, at any time during the period of effectiveness of the respective participation agreement, leaves the Company due to:

(a) termination or resignation from office, unless the 2018/2019 Matching Plan Beneficiary maintains an employment contract with the Company and/or its

subsidiaries: (i) any rights not yet exercisable or subject to a term on the date of their resignation or termination will be automatically legally terminated, regardless of prior notice or indemnification, except if the Board of Directors or the committee, as applicable, resolves to anticipate the grace period on the totality or part of such rights; and (ii) the rights already exercisable on the date of their resignation or termination may be exercised if the minimum portfolio retention percentage under the 2018/2019 Matching Program is met, whereupon such rights shall be automatically legally terminated, regardless of prior notice or communication, and without any indemnification;

(b) termination with cause or removal from office for breaching the duties and responsibilities of a manager or for breaching the respective agreement, then all rights already exercisable or not yet exercisable on the date of their removal or contract termination shall be automatically legally terminated, regardless of prior notice or communication, and without any right to indemnification;

(c) termination without cause or removal from office without breach of the duties and responsibilities of a manager: (i) the rights not yet exercisable or subject to a term on the date of their withdrawal or contract termination will be automatically legally terminated, regardless of prior notice or indemnification, except if the Board of Directors resolves to anticipate the grace period on the totality or part of such rights; and (ii) any rights already exercisable on the date of their withdrawal or contract termination may be exercised if the minimum portfolio retention percentage under the 2018/2019 Matching Program is met, whereupon such rights shall be automatically extinguished by operation of law, irrespective of prior notice or communication, and no right to any indemnification;

(d) retirement: (i) any rights not yet exercisable or subject to terms under the respective Participation Agreement as of the date of their withdrawal shall be automatically legally terminated, regardless of prior notice or communication, and with no right to any indemnification, except if the Board of Directors or the Committee, as the case may be, resolves to anticipate the grace period on the totality or part of such rights; and (ii) any rights already exercisable under the Participation Agreement as of the date of their withdrawal will have their vesting period brought forward, and the Beneficiary may exercise the relevant rights, provided that they shall do so within a period of twelve (12) months of the date of retirement, following which such rights shall be

automatically legally terminated, regardless of prior notice or communication, and with no right to any indemnification; and

(e) death or permanent disability, or even in the case of a change in the Company's share control, those rights not exercisable on the date of death or of the event that causes the permanent disability or the change in the Company's share control, will have their grace periods anticipated, and will be exercised on the date of dismissal, or of the event that causes permanent disability or the change in the Company's share control, provided that the respective minimum portfolio percentage indicated in the 2018/2019 Matching Program has been observed by the Beneficiary of the 2018/2019 Matching Program up until the occurrence of the event.

13.5 - SHARE BASED COMPENSATION OF THE BOARD OF DIRECTORS AND OF THE STATUTORY OFFICERS

	Expected share-based compensation for the current year (2019)	
	Statutory Officers	Board of Directors
Total number of members*	5.67	9.00
Number of compensated members**	5.67	0.00
Average weighted strike price		
Of the outstanding options at the start of the year	27.97	N.A.
Of the options forfeited during the year	0.00	N.A.
Of the options exercised during the year	0.00	N.A.
Of the options that expired during the year	0.00	N.A.
Potential dilution in the case of all the options granted being exercised	0.20%	N.A.

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of compensated members corresponds to each body's annual average number of members for whom share-based compensation was recognized in the income statement, calculated on a monthly basis.

	Share-based compensation year 2018	
	Statutory Officers	Board of Directors
Total number of members*	4.67	9.33
Number of compensated members**	4.67	0.00
Average weighted strike price		
Of the outstanding options at the start of the year	26.32	N.A.
Of the options forfeited during the year	0.00	N.A.
Of the options exercised during the year	0.00	N.A.
Of the options that expired during the year	0.00	N.A.
Potential dilution in the case of all the options granted being exercised	0.45%	N.A.

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of compensated members corresponds to each body's annual average number of members for whom share-based compensation was recognized in the income statement, calculated on a monthly basis.

	Share based compensation for the year ended December 31, 2017	
	Statutory Officers	Board of Directors
Total number of members*	5.25	10.00
Number of compensated members**	5.25	-
Average weighted strike price		
Of the outstanding options at the start of the year	14.66	N.A.
Of the options forfeited during the year	0.00	N.A.

Of the options exercised during the year	R\$8.38	N.A.
Of the options that expired during the year	0	N.A.
Potential dilution in the case of all the options granted being exercised	1.10%	N.A.

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of compensated members corresponds to each body's annual average number of members for whom share-based compensation was recognized in the income statement, calculated on a monthly basis.

	Share-based compensation - year 2016	
	Statutory Officers	Board of Directors
Total number of members*	6.33	10.83
Number of compensated members**	6.33	0.00-
Average weighted strike price		
Of the outstanding options at the start of the year	15.39	N.A.
Of the options forfeited during the year	0.00	N.A.
Of the options exercised during the year	0.00	N.A.
Of the options that expired during the year	0.00	N.A.
Potential dilution in the case of all the options granted being exercised	1.30%	N.A.

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of compensated members corresponds to each body's annual average number of members for whom share-based compensation was recognized in the income statement, calculated on a monthly basis.

With regard to the 2013 Program - Plan III, the Company began to have statutory executive officers associated with this program in the years ended December 31, 2016 and December 31, 2017, providing all the information requested in the table below.

	2013 Program – Plan III	
Granting of stock options	Statutory Officers	Board of Directors
Date of granting	05/03/2013	N/A
Number of options granted	150,000	N/A
Time period for the options to be capable of being exercised	(i) 0% after 05/03/2013; (ii) up to 20% one year after the granting date; (iii) up to 40% two years after the granting date; (iv) up to 60% three years after the granting date; (v) up to 80% four years after the granting date; and (vi) up to 100% five years after the granting date.	N/A
Deadline for the exercise of the options	03/02/2021	N/A
Period of restriction on transfer of shares	12 months after each exercise period	N/A
Fair value of the options of the date of each granting	R\$1.096	N/A

With regard to the programs below, during the last three years, as well as in the current year, there were not, nor will there be any Company stock options granted to the members of its Statutory Officers, since all the options of the aforesaid programs were granted on the granting date shown in the tables below. However, bearing in mind that these programs are still in effect and for the purpose of providing the most complete information possible, we present below the information in relation to regarding such programs below, as applicable.

	2011 Program – Plan III	
Granting of stock options	Statutory Officers	Board of Directors
Date of granting	12/26/2011	N/A
Number of options granted	6,713,133	N/A

Time period for the options to be capable of being exercised	(i) 0% after 12/26/2011; (ii) up to 20% one year after the granting date; (iii) up to 40% two years after the granting date; (iv) up to 60% three years after the granting date; (v) up to 80% four years after the granting date; and (vi) up to 100% five years after the granting date.	N/A
Deadline for the exercise of the options	12/26/2019	N/A
Period of restriction on transfer of shares	12 months after each exercise period	N/A
Fair value of the options of the date of each granting	R\$1.67	N/A

	2011 Program – Plan II	
Granting of stock options	Statutory Officers	Board of Directors
Date of granting	02/01/2011	N/A
Number of options granted	2,807,416	N/A
Time period for the options to be capable of being exercised	(i) 0% after 02/01/2011; (ii) up to 20% one year after the granting date; (iii) up to 40% two years after the granting date; (iv) up to 60% three years after the granting date; (v) up to 80% four years after the granting date; and (vi) up to 100% five years after the granting date.	N/A
Deadline for the exercise of the options	02/01/2021	N/A
Period of restriction on transfer of shares	12 months after each exercise period	N/A
Fair value of the options of the date of each granting	R\$2.64	N/A

	2010 Program – Plan II	
Granting of stock options	Statutory Officers	Board of Directors
Date of granting	08/06/2010	N/A

Number of options granted	500,000	N/A
Time period for the options to be capable of being exercised	(i) 0% on 08/06/2010; (ii) up to 20% one year after the granting date; (iii) up to 40% two years after the granting date; (iv) up to 60% three years after the granting date; (v) up to 80% four years after the granting date; and (vi) up to 100% five years after the granting date.	N/A
Deadline for the exercise of the options	08/06/2020	N/A
Period of restriction on transfer of shares	12 months after each exercise period	N/A
Fair value of the options of the date of each granting	R\$5.46	N/A

	2009 Program – Plan II	
Granting of stock options	Statutory Officers	Board of Directors
Date of granting	12/17/2009	N/A
Number of options granted	1,200,000	N/A
Time period for the options to be capable of being exercised	(i) 0% after 12/17/2009; (ii) up to 20% one year after the granting date; (iii) up to 40% two years after the granting date; (iv) up to 60% three years after the granting date; (v) up to 80% four years after the granting date; and (vi) up to 100% five years after the granting date.	N/A
Deadline for the exercise of the options	12/17/2019	N/A
Period of restriction on transfer of shares	12 months after each exercise period	N/A
Fair value of the options of the date of each granting	R\$5.15	N/A

13.6 - INFORMATION ABOUT OUTSTANDING OPTIONS HELD BY THE BOARD OF DIRECTORS AND BY THE STATUTORY OFFICERS

It is important to highlight that there are no statutory executive officers or members of the board of directors who are associated with the 2009 Program, Plan II, the 2014

Program and the 2014-A Program of Plan III, which is why the Company does not present the information required under this item for such programs.

Options outstanding at the end of the fiscal year ended December 31, 2018:

Year ended on December 31, 2018		
2017 PROGRAM – PLAN III	Statutory Officers	Board of Directors
Number of members*	4.67	9.33
Number of compensated members**	2.33	0.00
Options not yet capable of being exercised		
Quantity	480,000	-
Date on which they will become capable of being exercised	Apr-19, Apr-20, Apr-21 and Apr-22	-
Deadline for the exercise of the options	04/11/2025	-
Period of restriction on transfer of the shares	12 months after each exercise period	-
Weighted average strike price	R\$28.93	-
Fair value of the options on the last day of the year	10.67	-
Options capable of being exercised		
Quantity	120,000	-
Deadline for the exercise of the options	04/11/2025	-
Period of restriction on transfer of the shares	12 months after each exercise period	-
Weighted average strike price	R\$28.93	-
Fair value of the options on the last day of the year	R\$10.67	-
Fair value of the total options on the last day of the year	R\$6,402,000.00	-

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members bound by a share plan, calculated on a monthly basis.

Year ended on December 31, 2018

2013 PROGRAM – PLAN III	Statutory Officers	Board of Directors
Number of members*	4.67	9.33
Number of paid members**	0.67	0.00
Options not yet exercisable		
Quantity	-	-
Date as of which exercisable	-	-
Option exercise deadline	05/01/2021	-
Lock-up period	12 months after each exercise deadline	-
Weighted average strike price	R\$15.62	-
Fair value of options on the last day of the year	R\$16.25	-
Exercisable options		
Quantity	30,000	-
Option exercise deadline	05/01/2021	-
Lock-up period	12 months after each exercise deadline	-
Weighted average strike price	R\$15.62	-
Fair value of options on the last day of the year	R\$ 16.25	-
Total fair value of options on the last day of the year	R\$487,500.00	-

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of members corresponds to each body's annual average number of members bound by a share plan, calculated on a monthly basis.

Year ended on December 31, 2018		
2011 PROGRAM – PLAN II	Statutory Officers	Board of Directors
Number of members*	4.67	9.33
Number of paid members**	2.00	0.00
Options not yet exercisable		
Quantity	0	-
Date as of which exercisable	N.A.	-
Option exercise deadline	02/01/2021	-
Lock-up period	12 months after each exercise deadline	-
Weighted average strike price	25.54	-
Fair value of options on the last day of the year	R\$9.55	-
Exercisable options		
Quantity	151,529	-
Option exercise deadline	02/01/2021	-
Lock-up period	12 months after each exercise deadline	-
Weighted average strike price	25.54	-
Fair value of options on the last day of the year	R\$ 9.55	-
Total fair value of options on the last day of the year	R\$1,447,101.95	-

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of paid members corresponds to the annual average number of members bound by the option plan, calculated on a monthly basis.

Year ended on December 31, 2018		
2010 PROGRAM – PLAN II	Statutory Officers	Board of Directors
Number of members*	4.67	9.33
Number of compensated members**	2.00	0.00
Options not yet capable of being exercised		
Quantity	0	-
Date on which they will become capable of being exercised	N/A	-
Deadline for the exercise of the options	08/06/2020	-
Period of restriction on transfer of the shares	12 months after each exercise period	-
Weighted average strike price	R\$28.18	-
Fair value of the options on the last day of the year	R\$6.87	-

Options capable of being exercised		
Quantity	500,000	-
Deadline for the exercise of the options	08/06/2020	-
Period of restriction on transfer of the shares	12 months after each exercise period	-
Weighted average strike price	R\$28.18	-
Fair value of the options on the last day of the year	R\$6.87	-
Fair value of the total options on the last day of the year	R\$3,435,000	-

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of paid members corresponds to the annual average number of members bound by the option plan, calculated on a monthly basis.

13.7 - OPTIONS EXERCISED AND SHARES DELIVERED IN RELATION TO THE BOARD OF DIRECTORS' AND THE STATUTORY OFFICERS' SHARE BASED COMPENSATION

Options exercised – Fiscal year ended December 31, 2018		
	Board of Directors	Statutory Officers
Number of members*	9.33	4.67
Number of remunerated members**	0.00	4.67
Options exercised		
Number of shares	N/A	0.00
Weighted average strike price	N/A	0.00
Difference between the strike price and the market value of shares related to the options exercised.	N/A	0.00
Shares delivered		
Number of shares delivered	N/A	0.00
Weighted average acquisition price	N/A	0.00
Difference between the acquisition value and the market value of the shares acquired	N/A	0.00

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of paid members corresponds to the annual average number of members bound by the plan, calculated on a monthly basis.

Options exercised - Year ended December 31, 2017		
	Board of Directors	Statutory Officers
Number of members*	10.00	5.25
Number of compensated members**	0.00	5.25
Options exercised		
Number of shares .	N/A	4,636,757
Weighted average strike price	N/A	8.79
Difference between the strike price and the market value of shares related to the options exercised	N/A	19.93
Shares delivered		
Number of shares delivered	N/A	0
Weighted average acquisition price	N/A	0
Difference between the acquisition value and the market value of the shares acquired	N/A	0

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of paid members corresponds to the annual average number of members bound by the plan, calculated on a monthly basis.

Options Exercised - Year ended on December 31, 2016		
	Board of Directors	Statutory Officers
Number of members*	12.41	6.33
Number of paid members**	0.00	6.335
Options exercised		
Number of shares	N.A.	-
Weighted average strike price	N.A.	-
Difference between the strike price and the market value of shares related to the options exercised	N.A.	
Shares delivered		
Number of shares delivered	N.A.	0

Weighted average acquisition price	N.A.	0
Difference between the acquisition value and the market value of the shares Acquired	N.A.	0

***Note:** Each body's number of members corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** Each body's number of paid members corresponds to the annual average number of members bound by the plans, calculated on a monthly basis.

13.8 - INFORMATION REQUIRED FOR UNDERSTANDING THE INFORMATION DISCLOSED IN ITEMS 13.5 TO 13.7 - PRICING METHOD OF THE VALUE OF THE SHARES AND OPTIONS

(a) pricing model

In order to calculate the fair value of the options granted, the Company took into account the following assumptions:

- a) the options are exercised on the vesting dates, particularly given the compulsory allocation of the executives' bonuses to purchase shares issued by the Company;
- b) indifference as to the distribution of dividends (since the strike price is adjusted by possible distributions, the payment or non-payment of dividends by the Company does not influence the calculation of the fair value of the options granted);
- c) valuation of the options according to market parameters on the date of each agreement with the plan's beneficiaries; and
- d) reduction of 1.5% a year of options to be exercised taking into account possible termination of beneficiaries.

Therefore, the valuation used was based on the Black & Scholes model..

(b) data and assumptions used in the pricing model, including the weighted average share price, the exercise price, the expected volatility, the option's life term, the expected dividends and the risk-free interest rate

Plano II 2009	
Grant Date:	12/17/2009
Share price	17.06
Strike Price	23.97
Expected volatility	27.61%
The option's life term	10 years
Expected dividends	0
Risk-free interest rate	6.54%

Plano II 2010	
Grant Date:	08/06/2010
Share price	20.21
Strike Price	28.27
Expected volatility	27.61%
The option's life term	10 years
Expected dividends	0
Risk-free interest rate	7.02%

Plano II 2011	
Grant Date:	02/01/2011
Share price	19.26
Strike Price	25.62
Expected volatility	27.61%

The option's life term	10 years
Expected dividends	0
Risk-free interest rate	7.44%

Plano III 2011	
Grant Date:	12/26/2011
Share price	8.6
Strike Price	8.6
Expected volatility	27.61%
The option's life term	8 years
Expected dividends	3.21%
Risk-free interest rate	6.55%

Plano III 2017	
Grant Date:	04/01/2017
Share price	28.93
Strike Price	28.93
Expected volatility	27.61%
The option's life term	8 years
Expected dividends	3.21%
Risk-free interest rate	9.15%

(c) **the method used and the assumptions made to incorporate the expected**

effects of early exercise

Not applicable, since there is no early exercise in any of the share-based compensation plans named in section 13.4.

(d) method of determining the expected volatility

The expected volatility is calculated based on the use of the annualized standard deviation of the natural logarithms of the monthly variations of the last twelve months of the Company's share price.

(e) if any other of the option's characteristics was incorporated in the measurement of its fair value

Not applicable, since none of the option's other characteristics are incorporated in the measurement.

13.9 - QUANTITY OF SHARES OR QUOTAS DIRECTLY OR INDIRECTLY HELD, IN BRAZIL OR ABROAD, AND OTHER SECURITIES CONVERTIBLE INTO SHARES OR QUOTAS, ISSUED BY THE COMPANY, ITS DIRECT OR INDIRECT CONTROLLING SHAREHOLDERS, SUBSIDIARIES OR COMPANIES UNDER COMMON CONTROL BY MEMBERS OF THE BOARD OF DIRECTORS, OF THE STATUTORY OFFICERS OR OF THE FISCAL COUNCIL, GROUPED BY BODY

Body	Common shares in Hypera S.A.	Common shares in Maiorem	Common shares in Monte Cristalina
Board of Directors	1,007,626 ⁽¹⁾	270,609	1
Management	149,502	-	-
Fiscal Council	200	-	-

(1) Takes into account the shares of the managers who are also the Company's controlling shareholders.

13.10 - INFORMATION REGARDING PENSION PLANS IN EFFECT GRANTED TO THE MEMBERS OF THE BOARD OF DIRECTORS AND THE STATUTORY EXECUTIVE OFFICERS

There are no pension plans in effect granted to the members of the Company's Board of Directors or Statutory Officers.

13.11 - MAXIMUM, MINIMUM AND AVERAGE INDIVIDUAL COMPENSATION OF THE BOARD OF DIRECTORS, THE STATUTORY OFFICERS AND THE FISCAL COUNCIL

12/31/2018	Statutory Officers	Board of Directors	Fiscal Council
Number of members*	4.67	9.33	3.00
Number of remunerated members**	4.67	9.33	3.00
Value of the highest individual compensation (Reais)***	8,060,225.25	72,000.00	140,716.80
Value of the lowest individual compensation (Reais)****	2,347,588.09	72,000.00	140,716.80
Average value of individual compensation (Reais) (total compensation divided by the number of remunerated members)	5,410,742.33	72,000.00	140,716.80

***Note:** The number of members of each body corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** The number of members of each body corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

*****Note:** The amounts described in the indicated line in the table above were calculated without excluding members, considering all compensations recognized in the income statement of the fiscal year.

******Note:** The calculation of the amounts described in the line indicated in the table above only takes into account members of Management who exercised their positions during the 12 months of the year (from January to December). In the calculation of the lowest individual compensation, 8 members of the Board of Directors and 3 members of the Statutory Officers were considered.

*******Note:** The values in the table above take into account social charges.

12/31/2017	Statutory Officers	Board of Directors	Fiscal Council
Number of members*	5.25	10.00	3.00
Number of compensated members**	5.25	10.00	3.00
Value of the highest individual compensation (Reais)***	42,625,651.00	70,200.00	149,446.45
Value of the lowest individual compensation (Reais)****	1,626,156.00	70,200.00	149,446.45
Average value of individual compensation	10,601,134.89	70,200.00	149,446.45

(Reais) (total compensation divided by the number of compensated members)			
--	--	--	--

***Note:** The number of members of each body corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** The number of members of each body corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

*****Note:** The amounts described in the indicated line in the table above were calculated without excluding members, considering all compensations recognized in the income statement of the fiscal year. The member of Management to whom the amount indicated in the table above refers exercised the relevant position during the 12 months of the fiscal year.

******Note:** The calculation of the amounts described in the line indicated in the table above only takes into account members of Management who exercised their positions during the 12 months of the year (from January to December). In the calculation of the lowest individual compensation, 9 members of the Board of Directors and 4 members of the Statutory Officers were considered.

*******Note:** The values in the table above take into account social charges.

12/31/2016	Statutory Officers	Board of Directors	Fiscal Council
Number of members*	6.33	10.83	3.00
Number of compensated members**	6.33	10.83	3.00
Value of the highest individual compensation (Reais)***	26,093,258.00	87,858.07	93,941.78
Value of the lowest individual compensation (Reais)****	2,670,124.00	38,400.00	93,941.78
Average value of individual compensation (Reais) (total compensation divided by the number of compensated members)	9,033,883.85	62,154.41	93,941.78

***Note:** The number of members of each body corresponds to each body's annual average number of members, calculated on a monthly basis.

****Note:** The number of members of each body corresponds to each body's annual average number of members for whom compensation was recognized in the income statement, calculated on a monthly basis.

*****Note:** The amounts described in the indicated line in the table above were calculated without excluding members, considering all compensations recognized in the income statement of the fiscal year. The member of Management to whom the amount indicated in the table above refers to exercised the relevant position during the 12 months of the year.

******Note:** The calculation of the amounts described in the line indicated in the table above only takes into account members of Management who exercised their positions during the 12 months of the year (from January to December). In the calculation of the smallest individual compensation, 9 members of the Board of Directors and 5 members of the Statutory Officers were considered.

*******Note:** The values in the table above take into account social charges.

13.12 - CONTRACTUAL ARRANGEMENTS, INSURANCE POLICIES OR OTHER INSTRUMENTS STRUCTURING COMPENSATION OR INDEMNIFICATION MECHANISMS FOR MANAGERS IN CASE OF REMOVAL FROM OFFICE OR RETIREMENT

Under the terms of Plan II, when the Beneficiary of Plan II's employment contract is terminated without due cause, on account of resignation request or voluntary resignation or retirement, except in the case where the Plan II Beneficiary remains as a Member of the Company's Board of Directors, the following provisions will be observed: (i) those options with the initial grace periods not yet expired will expire without indemnification; (ii) those options with the initial grace periods expired may be exercised within the term of 90 days from the event that caused the termination of the Beneficiary of Plan II's employment contract or term of office, or until the end of the term for the options to be exercised, if the remaining term is inferior to 90 days; and (iii) the restriction period for the sale of the shares will remain in force, and the Company will be able to exercise an option to repurchase these shares.

Additionally, under the terms of Plan III, when the Beneficiary of Plan III's employment contract is terminated without due cause, on account of resignation request or voluntary resignation or retirement, except in the case where the Plan III Beneficiary remains as a Member of the Company's Board of Directors, the following provisions will be observed: (i) those options with the initial grace periods not yet expired will expire without indemnification; (ii) those options the initial grace periods expired may be exercised within the term of 30 days from the event that caused the termination of the Beneficiary

of Plan III's employment contract or term of office, or until the end of the term for the options to be exercised, if the remaining term is inferior to 90 days; and (iii) the restriction period for the sale of the shares will remain in force, and the Company will be able to exercise an option to repurchase these shares.

Pursuant to the Restricted Shares Plan, unless decided to the contrary by the Board of Directors at the time of approval of the Restricted Shares Plan Program, when the Beneficiary's employment contract is terminated without due cause, on account of resignation request or voluntary resignation or retirement, except in the case of the Beneficiary remaining as a Member of the Company's Board of Directors, the following provisions will be observed: (i) the Beneficiary's right to receive the Restricted Shares that have not been Fully Acquired will expire without indemnification; and (ii) in the event that the grace period provided for in the Restricted Shares Plan has already elapsed, but the Restricted Shares have not yet been received by the Beneficiary, the aforesaid shares will be transferred to the Beneficiary without any restriction.

The effects of the withdrawal of the managers of the Company's bodies, under the scope of the 2017 Matching Plan and the 2018/2019 Matching Plan, are described in item 13.4 (n).

The Company's managers are covered by a Directors' and Officers' (D&O) Liability Insurance policy as described in item 12.11 of this Reference Form.

Lastly, the Company does not have any contractual arrangements with its managers, such as agreements with non-competition clauses and non-solicitation clauses that provide for the payment of compensation by the Company to the manager when he/she leaves the position that they held at the Company, or any indemnity commitment contemplating payment or reimbursement of expenses incurred by the Company's managers.

13.13 - PERCENTAGE OF THE TOTAL COMPENSATION HELD BY MANAGERS AND MEMBERS OF THE FISCAL COUNCIL WHO ARE RELATED PARTIES OF THE CONTROLLING SHAREHOLDERS

BODY	2018	2017	2016
Board of Directors	0.91%	73.03%	60.46%
Statutory Officers	0.00%	0.00%	0.00%
Fiscal Council	0.00%	0.00%	0.00%

13.14 - COMPENSATION OF MANAGERS AND MEMBERS OF THE FISCAL COUNCIL, GROUPED BY BODY, RECEIVED FOR ANY REASON OTHER THAN THE POSITION THEY HOLD

In relation to the last three fiscal years, there are no amounts recognized in the Company's results as compensation for members of the Company's Board of Directors, Statutory Officers, committees or Fiscal Council for any reason other than the position they hold in the Company.

13.15 - COMPENSATION OF MANAGERS AND MEMBERS OF THE FISCAL COUNCIL RECOGNIZED IN THE RESULT OF DIRECT OR INDIRECT CONTROLLING SHAREHOLDERS OF COMPANIES UNDER THE COMMON CONTROL AND OF SUBSIDIARIES OF THE ISSUER

YEAR 2018				
Compensation received while holding office at issuer				
	Board of Directors	Statutory Officers	Fiscal Council	Total
Direct and indirect controlling shareholders	R\$0.00	R\$ 0.00	R\$ 0.00	R\$0.00
Subsidiaries	R\$0.00	R\$432,000.00	R\$ 0.00	R\$432,000.00
Companies under common control	R\$0.00	R\$ 0.00	R\$ 0.00	R\$0.00

YEAR 2017				
compensation received while holding office at issuer				
	Board of Directors	Statutory Officers	Fiscal Council	Total
Direct and indirect controlling shareholders	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Subsidiaries	R\$0.00	R\$696,000.00	R\$0.00	R\$696,000.00

Companies under common control	R\$0.00	R\$0.00	R\$0.00	R\$0.00
--------------------------------	---------	---------	---------	---------

13.16 PROVIDE ANY OTHER INFORMATION THAT THE ISSUER DEEMS RELEVANT

All the information relevant and pertinent to this topic has been disclosed in the above items.

ITEM 14 – HUMAN RESOURCES

14.1 - DESCRIPTION OF HUMAN RESOURCES

(a) number of employees (total, by groups based on activity and geographical location)

On December 31, 2018, the Company had 7,089 employees, of which 2,616 in operations and 4,473 in administrative and sales areas.

The following table shows the number of employees in the fiscal years ended December 31, 2016, 2017 and 2018, broken down by administrative (positions related to the Company’s business management, such as finance, legal, marketing and accounting departments, among others) and sales functions, and by operational functions (positions related to Company’s operating activities, such as logistics and manufacturing, among others).

	2016	2017	2018
Administrative and Sales	3,647	3,080	4,473
Operations	5,140	3,433	2,616
Total number of employees	8,787	6,513	7,089

The following table shows the number of employees by geographical location of our industrial complexes.

Industrial Complexes (IC), Distribution Centers (DC) and Offices (OF)	2016	2017	2018
--	------	------	------

Goiás (IC)	4,857	3,585	4,152
Goiás (CD)	1,441	744	235
São Paulo (CI)	368	0	0
São Paulo (DC)	35	59	54
São Paulo (OF)	2063	2,113	2,635
Rio de Janeiro (IC)	0	0	0
Rio de Janeiro (DC)	2	0	0
Minas Gerais (DC)	21	12	13
Minas Gerais (IC)	0	0	0
Pernambuco (IC)	0	0	0
Total number of employees	8,787	6,513	7,089

(b) number of outsourced employees (total, by groups based on activity and geographical location)

On December 31, 2018, we had 1,097 outsourced employees, distributed by activities performed in our facilities, as shown in the following table:

	Concierge and security	Cleaning and conservation	Dining hall	Reception	Maintenance	Other	Total
São Paulo	14	32	6	4	0	65	121
Goiás	90	329	74	9	38	423	963
Minas Gerais	1	3	0	0	0	0	4
Pernambuco	8	1	0	0	0	0	8
Total	113	365	80	13	38	488	1,097

On December 31, 2017, we had 531 outsourced employees, distributed by activities performed in our facilities, as shown in the following table:

	Concierge and security	Cleaning and conservation	Dining hall	Reception	Maintenance	Other	Total
São Paulo	7	34	0	2	0	0	43
Goiás	71	297	74	8	24	2	476
Rio de Janeiro	0	1	0	0	0	0	1
Minas Gerais	0	4	0	0	0	0	4
Pernambuco	4	0	0	0	0	1	5
Paraná	1	0	0	0	0	1	2
Total	83	336	74	10	24	4	531

On December 31, 2016, we had 544 outsourced employees, distributed by activities performed in our facilities, as shown in the following table:

	Concierge and security	Cleaning and conservation	Dining hall	Other	Total
São Paulo	12	54	8	0	74
Goiás	98	314	44	0	456
Rio de Janeiro	0	1	0	0	1
Minas Gerais	0	6	0	0	6
Pernambuco	4	0	0	1	5
Paraná	1	0	0	1	2
Total	115	375	52	2	544

(c) turnover ratio

The Company's monthly average turnover rate was 1.85%, 2.56% and 2.9% in the fiscal years ended December 31, 2018, 2017 and 2016, respectively.

14.2 MATERIAL CHANGES – HUMAN RESOURCES

Between 2016 and 2018, headcount was reduced by 19.3%, mainly due to the conclusion of the divestments carried out by the Company in 2017.

14.3 DESCRIPTION OF EMPLOYEE COMPENSATION POLICY

(a) salary and variable compensation policy

For further information on the salary and variable compensation practice, see item 13.4 of this Reference Form.

(b) benefits policy

Employee benefits are granted in accordance with market practices (which are monitored periodically) and in accordance with the collective bargaining agreement of each location in which we operate.

(c) characteristics of share-based compensation plans of non-management employees

Regarding share-based compensation plans of employees of the Company and its subsidiaries, other than management, employees are entitled to the following Plans: (i) Plan II; (ii) Plan III; (iii) Restricted Shares Plan; (iv) Matching Shares Plan for Fiscal Year 2017; and (v) Matching Shares Plan for Fiscal Years 2018 and 2019. These plans are described in item 13 of this Reference Form.

14.4 – DESCRIPTION OF RELATIONS BETWEEN THE ISSUER AND TRADE UNIONS

The Company's employees are linked to the following trade unions: Union of Food Industry Workers of the State of Goiás; Union of Chemical and Pharmaceutical and Plastics Industries Workers of the State of Goiás; Union of Retail Workers of the State of Goiás; Union of Chemical and Pharmaceutical Industries Workers of the State of Goiás; Union of Retail Workers of Anápolis; Union of Commerce Employees of São Paulo; Union of Employees of Autonomous Agents in Retail and Accounting Firms of São Paulo; Union of Retail and Wholesale Workers of Contagem; Union of Retail Workers of Franco da Rocha – São Paulo; Union of Medicine Salespeople of São Paulo; Union of Medicine Salespeople of Rio de Janeiro; Union of Publicists and Advertising Agents of São Paulo.

The Company Management believes that it maintains healthy relations with trade unions representing its employees.

Collective Labor Standards

The Company has collective labor agreements and conventions applicable to workers at all industrial units, whose terms vary according to the plant but in general address topics such as salary adjustments, work hours, meal periods and rest breaks. There was no suspension of operations or loss due to strikes.

Collective Bargaining Agreement

Goiânia/GO – DC

In March 2018, the Company signed a collective bargaining agreement with the Union of Food Processing Workers of the State of Goiás, which is applicable to employees (except interns) at the industrial complex located in the city of Goiânia in Goiás. The agreement is valid from January 1, 2018 to December 31, 2018.

Goiânia/GO – Field

In March 2018, the Company signed a Collective Bargaining Agreement with the Union of Retail Workers of the State of Goiás, which is applicable to employees (except interns) at our logistics complex located in Goiânia. The agreement is valid from April 1, 2018 to March 31, 2019.

Goiânia/GO – ADM

In July 2018, the Company signed a Collective Bargaining Agreement with the Union of Chemical and Pharmaceutical and Plastics Industries Workers of the State of Goiás, which is applicable to employees (except interns) at our industrial complex in Goiânia. The agreement is valid from April 1, 2018 to March 31, 2019.

Anápolis/GO – DC

In June 2018, the Company signed a Collective Bargaining Agreement with the Union of Retail Workers of Anápolis, which is applicable to employees (except employees with fixed-term contract, interns and temporary workers) at the logistics complex in the city of Anápolis in Goiás. The agreement is valid from June 1, 2018 to May 31, 2019. The Company also signed a Compensatory Time agreement in this unit valid from June 4, 2018 to July 3, 2019 and a collective bargaining agreement that establishes rules for the implementation of a profit sharing program of the Company.

Anápolis/GO – Plant

In July 2018, the Company signed a Collective Bargaining Agreement with the Union of Chemical and Pharmaceutical Industries Workers of the City of Anápolis – State of Goiás, which is applicable to employees (except interns) at our industrial complex in Anápolis Goiás. The agreement is valid from May 1, 2018 to April 30, 2019. The Company also signed three other Collective Bargaining Agreements with the same Union, regarding Compensatory Time for the unit, valid from May 1, 2017 to April 30, 2019, the 6 on 2 Shift Schedule in special areas, valid from June 1, 2017 to April 30, 2019, and the rules on implementation of a profit sharing program in the Company.

São Paulo/SP – CJCC (Administrative)

In October 2018, the Company signed a Collective Bargaining Agreement with the Union of Commerce Employees of São Paulo, which is applicable to administrative employees at the Hypera CJCC unit in São Paulo. The agreement is valid from October 1, 2018 to September 30, 2019.

The Company also signed a collective bargaining agreement for this unit that establishes the rules on the implementation of a profit sharing program in the Company.

São Paulo/SP - Hynova

In October 2018, the Company signed a Collective Bargaining Agreement with the Union of Employees of Autonomous Agents of Commerce and Companies of Advisory, Investigation, Information and Surveys and Accounting Services Companies in the State of São Paulo, which is applicable to employees at the Hynova unit in the city of Alphaville – Barueri, in São Paulo. The agreement is valid from August 1, 2018 to July 31, 2019.

The Company also signed a collective bargaining agreement for this unit that establishes the rules on the implementation of a profit sharing program in the Company.

São Paulo/SP – CJCC (Sales Force)

In April 2018, the Company signed a Collective Bargaining Agreement with the Union of Medicine Salespeople of São Paulo, which is applicable to sales employees at the Hypera Pharma CJCC unit in São Paulo. The agreement is valid from April 1, 2019 to March 31, 2020.

São Paulo – (Branch office)

In May 2018, the Company signed a Collective Bargaining Agreement with the Union of Publicists, Advertising Agents and Advertising Companies Employees of the State of São Paulo, which is applicable to employees of My Agência, located in the city of São Paulo. The agreement is valid from April 1, 2018 to March 31, 2019.

Contagem/MG – (DC)

In September 2018, the Company signed a Collective Bargaining Agreement with the Union of Retail and Wholesale Workers of Contagem, which is applicable to employees at the Distribution Center in the city of Contagem in Minas Gerais. The agreement is valid from July 1, 2018 to June 30, 2019.

Cajamar/SP – (DC)

In July 2017, the Company signed a Collective Bargaining Agreement with the Union of Retail Workers of Franco da Rocha and Region, which is applicable to employees at the Distribution Center in the city of Cajamar, valid from July 1, 2017 to June 30, 2018.

The Company also signed a collective bargaining agreement for this unit that establishes the rules on the implementation of a profit sharing program in the Company.

14.5 – OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER

All information deemed material and pertaining to this topic has been disclosed in previous items.

ITEM 15 – CONTROL AND BUSINESS GROUP

15.1 / 15.2 – SHAREHOLDING POSITION

(a) NAME	(b) NATIONALITY	(c) CPF/CNPJ	(d) COMMON	(e) %COMMON	(g) Participate in Shareholders Agreement?	Shareholder residing abroad?	Proxy or legal representative in Brazil	CPF/CNPJ of legal representative	Date of last change
TREASURY SHARES	N/A	N/A	1,164,957	0.184%	No	N/A	N/A	N/A	12/10/2019
Alvaro Stainfeld Link	Uruguay	233.482.808-42	749,614	0.119%	Yes	Yes			7/26/2017
Capital International	USA	N/A	31,637,602	5.004%	No	Yes			12/11/2019
Capital World Investors	USA	N/A	33,106,518	5.236%	No	Yes			12/11/2019
Cláudio Bergamo dos Santos	Brazil	101.110.688-43	5,889,154	0.931%	Yes	No	N/A	N/A	11/25/2019
João Alves de Queiroz Filho	Brazil	575.794.908-20	135,426,898	21.420%	Yes	No	N/A	N/A	7/26/2017
Maiorem S.A. de C.V.	Mexico	08.841.475/0001-12	93,371,780	14.768%	Yes	Yes			5/17/2013
OTHER	N/A	N/A	330,891,537	52.337%	No	N/A	N/A	N/A	23/12/2019
			632,238,060	100.00%					

(a) NAME	(b) NATIONALITY	(c) CPF/CNPJ	(d) COMMON	(d) COMMON	(d) PREFERRED	(d) %PREFERRED
-------------	--------------------	-----------------	---------------	---------------	------------------	-------------------

Maiorem S.A. de C.V.	Mexico	08.841.475/0001-12	2,269,296	100%	-	0%
Alfredo Harp Helú	Mexico	N/A	541,152	23.850%	0	0.000%
Esteban Malpica Fomperosa	Mexico	060.627.497-95	270,609	11.920%	0	0.000%
Roberto Hernández Ramírez	Mexico	N/A	901,920	39.740%	0	0.000%
Familia de José G. Aguilera Medrano	Mexico	N/A	541,152	23.850%	0	0.000%
Other		N/A	14,463	0.640%	0	0.000%

15.3 – CAPITAL DISTRIBUTION

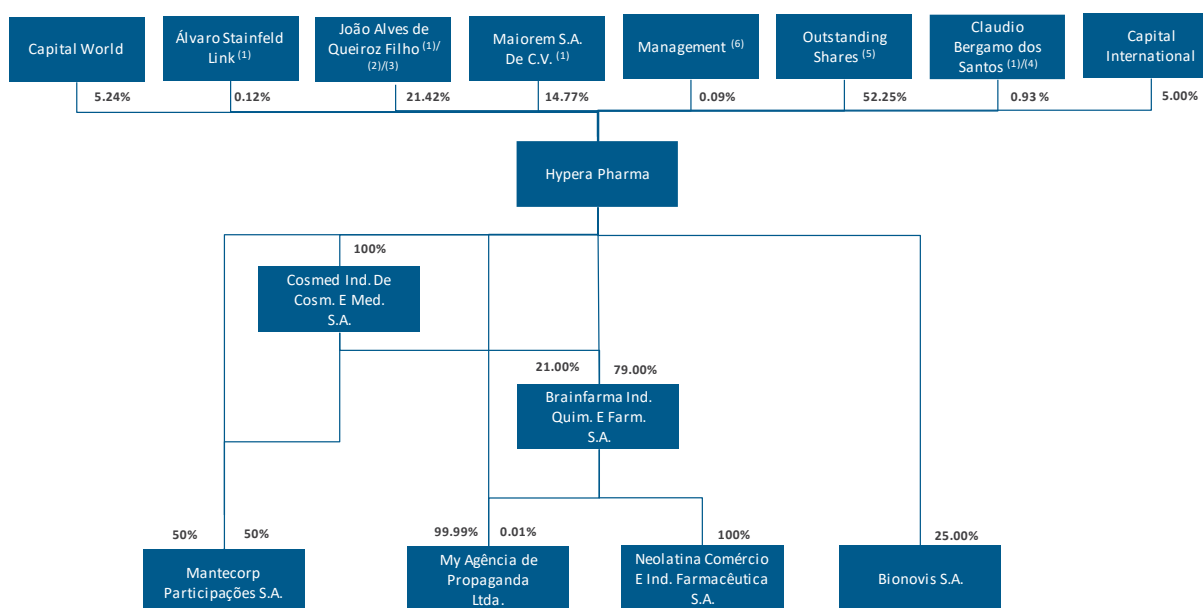
Date of last meeting	4/24/2019
Number of individual shareholders (units)	27,999
Number of legal entity shareholders (units)	152
Number of institutional investors (units)	1,192

Outstanding shares

Outstanding shares correspond to all the shares of the issuer except those held by the controlling shareholder and persons related thereto or by managers of the issuer and treasury shares.

Number of common shares (units):	408,309,110	64.581545%
Number of preferred shares (units)	0	0.0%
Total	408,309,110	64.581545%

15.4 – SHAREHOLDING CHART



⁽¹⁾ Controlling shareholders, signatories to the Shareholders' Agreement of the Company, as amended, as described in 15.5 of this Reference Form.

⁽²⁾ On December 31, 2019, 7,333,333 shares issued by the Company are leased and hence were registered under free-float shares.

⁽³⁾ Of all the shares issued by the Company held by Mr. João Alves de Queiroz Filho, 126,546,896 shares

are linked to the Shareholders' Agreement of the Company.

⁽⁴⁾ Of all the shares issued by the Company held by Mr. Claudio Bergamo dos Santos, 1,523,458 shares are linked to the Shareholders' Agreement of the Company.

⁽⁵⁾ Outstanding shares, excluding the shareholders Capital International Investors and Capital World Investors.

⁽⁶⁾ Excluding the shares held by Messrs. João Alves de Queiroz Filho and Claudio Bergamo dos Santos.

⁽⁷⁾ Interest held by different investment funds or portfolios.

The chart above does not include shares held in treasury by the Company. For further information on treasury shares, see items 15.1/2, 19.2 and 19.3 of this Reference Form.

15.5 - SHAREHOLDERS' AGREEMENT FILED AT THE ISSUER'S REGISTERED OFFICER OR TO WHICH THE CONTROLLING SHAREHOLDER IS A SIGNATORY

(a) Parties

On June 23, 2010, Igarapava Participações S.A. ("Igarapava"), Maiorem S.A. de C.V. ("Maiorem"), Marcelo Henrique Limírio Gonçalves ("Marcelo Henrique"), Cleonice Barbosa Limírio Gonçalves ("Cleonice"), Marcelo Henrique Limírio Gonçalves Filho ("Marcelo Filho"), Luana Barbosa Limírio Gonçalves de Sant'anna Braga ("Luana" and, together with Marcelo Henrique, Cleonice and Marcelo Filho, referred to as "Gonçalves Family"), Nelson José de Mello ("Nelson") and Claudio Bergamo dos Santos ("Claudio") (hereinafter jointly referred to as "Parties," or each of them as "Party") signed a shareholders' agreement ("Shareholders' Agreement") in accordance with and for the purposes of Article 118 of Federal Law 6,404, of December 15, 1976, as amended ("Brazilian Corporations Law").

On March 16, 2016, the Parties signed the first Amendment to the Shareholders' Agreement by which Nelson withdrew from said agreement and his shares are no longer linked to the Company's controlling block. Other provisions of the Shareholders' Agreement were not altered. Said amendment is filed in our registered office.

On October 24, 2016, the Parties signed the Second Amendment to the Shareholders' Agreement by which the Gonçalves Family withdrew from the Company's Controlling Block and hence its shares are no longer linked to the Company. Other provisions of the Shareholders' Agreement were not altered. Said amendment is filed in our registered office.

On July 26, 2017, João Alves de Queiroz Filho ("JAQF"), Álvaro Stainfeld Link ("Álvaro"), Maiorem, Claudio and the Company, the latter as intervening-consenting party, signed the Third Amendment to Shareholders' Agreement by which JAQF and Álvaro became signatories to the Shareholders' Agreement in place of Igarapava, which withdrew from the Shareholders' Agreement due to a reduction in its capital, which resulted in the transfer of Company shares

previously held by Igarapava to its then shareholders JAQF and Álvaro. Other provisions of the Shareholders' Agreement were not altered. Said amendment is filed in our registered office.

Below is a description of the current shareholders who are signatories to the Shareholders' Agreement:

João Alves de Queiroz Filho

Brazilian, legally separated, industrialist, bearer of Identity Document (RG) no. 5.545.330-2, issued by SSP/SP, inscribed in the individual taxpayers register (CPF/MF) under no. 575.794.908-20, resident and domiciled in the city and state of São Paulo.

Maiorem S.A. de C.V.

Maiorem is a corporation constituted under the laws of Mexico, headquartered in the City of Mexico, Cordoba 8, Col. Roma Norte, D.F. 06700, whose corporate purpose includes, among others, managing companies or legal entities of any nature and holding interest in other companies. It acquired an interest in our company on June 1, 2007.

Claudio Bergamo dos Santos

Brazilian, married, business administrator, bearer of Identity Document (RG) no. 8.765.296-1 SSP/SP, inscribed in the individual taxpayers register (CPF/MF) under no. 101.110.688-43, resident and domiciled in the city and state of São Paulo.

Álvaro Stainfeld Link

Uruguayan, married, accountant, inscribed in the individual taxpayers register (CPF/MF) under no. 233.482.808-42, resident and domiciled in New York City, State of New York, in the United States of America.

This Shareholders' Agreement is the only one in effect related to the Company's shares.

(b) execution date

The Shareholders' Agreement was signed on June 23, 2010 and amended on March 16, 2016, October 24, 2016 and July 26, 2017.

(c) duration

The Shareholders' Agreement has duration of ten (10) years, automatically renewed for equal periods if none of the Parties notifies the other Parties in writing six (6) months in advance of their decision to not renew it.

(d) description of clauses related to the exercise of voting rights and control

The Shareholders' Agreement includes, among other provisions typical to this type of document, the rules for the exercise of voting rights linked to the Shareholders' Agreement, the election of members to our Board of Directors, as well as the transfer of and the exercise of preemptive rights in the transfer of shares linked to the Shareholders' Agreement.

In accordance with the Shareholders' Agreement, the shares bound to it are all common shares with voting rights issued by the Company and owned by the Parties to the Shareholders' Agreement, as well as: (i) additional shares issued by the Company as a result of split, distribution or bonus issues; (ii) subscription rights related to these shares; and (iii) securities that ensure the right to Company shares or are convertible into them, all considered as "Controlling Block Shares" for the purposes of Shareholders' Agreement. No other share, except those included in the description above, acquired by the Parties directly on the stock exchange or by any third parties, or through the exercise of preemptive right by any Party, directly or indirectly, or in relation to any subscription of new shares, will be considered a Controlling Block Share. Additionally, any Controlling Block Share transferred to third parties by any Party, respecting the restrictions established in the Shareholders' Agreement, must automatically be excluded from the Shareholders' Agreement.

The Parties must always vote as a block, jointly exercising control of the Company. The Parties will have the power to decide any matters attributed to the shareholders meeting by the Brazilian Corporations Law, the Company's Bylaws or the Shareholders' Agreement. Except in special cases established in the Brazilian Corporations Law, any resolutions of shareholders meetings will be approved by majority vote of those attending the meetings.

As such, as per the Shareholders' Agreement, the Parties undertake to: (a) employ their best efforts to attend all shareholders meetings; and (b) exercise their rights in accordance with the Shareholders' Agreement in order to: (i) maximize our value in the long term, as per the principles established in the commercial and business plan; and (ii) always pursue the highest levels of efficiency, productivity, competitiveness and profitability.

Shareholders meetings will be called by the Board of Directors of the Company whenever appropriate or necessary, or by a request of shareholders in the situations specified in Article 123 of the Brazilian Corporations Law.

The Parties must hold preliminary meetings ("Preliminary Shareholders Meeting"), to be called by any of the shareholders, the Chairman or Vice Chairman of the Board of Directors of the Company, at least four (4) and not later than six (6) days before the date of any shareholders meeting, in order to decide on the vote to be rendered by all Parties at said meeting. Decisions

taken in these meetings will require the affirmative vote of Parties representing at least sixty percent (60%) of the Controlling Block Shares, except in cases of qualified forum required by the Shareholders' Agreement.

Claudio and Álvaro must always exercise their voting right jointly with JAQF, i.e., they cannot render votes individually. JAQF (jointly with Claudio and Álvaro) and Maiorem will each have the right to appoint a representative to attend the Preliminary Shareholders Meeting, who will be replaced at any moment by that who appointed them. Each shareholder can also invite two observers.

(e) description of clauses related to the nomination of managers, members of committees established by the bylaws or persons taking up managerial positions

The Shareholders' Agreement provides for the appointment of members of the Company's Board of Directors, which will have at least nine (9) and not more than eleven (11) members, as follows: (i) three (3) members appointed by JAQF, one of whom is the Chairman; (ii) two (2) members appointed by Maiorem; and (iii) two (2) members elected under the Brazilian Corporations Law and the Novo Mercado Rules of B3 S.A. – Brasil, Bolsa, Balcão, and at least two (2) of the total members must be Independent Directors. Members of the Board of Directors will have term of office of one year and reelection is allowed. Shareholders may also appoint an alternate for each Director.

If, for any reason, including the case when non-controlling shareholders exercise their rights under Article 141 of the Brazilian Corporations Law, the Parties cannot appoint the number of Directors as mentioned above, each Party will have the right to appoint, among the Directors to be appointed by the Parties, excluding Independent Directors, the number of directors proportionate to their ownership interest in Controlling Block Shares.

In accordance with the Shareholders' Agreement, the Company will have a Board of Executive Officers composed of at least three (3) and not more than five (5) Executive Officers. All Executive Officers will be elected for a term of three (3) years, with reelection allowed.

The Shareholders' Agreement does not provide for the appointment of members of committees established by the Bylaws or persons taking up managerial positions.

(f) description of clauses related to the transfer of shares and the preemptive right to acquire them

The Shareholders' Agreement also establishes the rules on the partial or total transfer of Controlling Block Shares, such as preemptive rights to other parties in case of their disposal.

The preemptive rights will be exercised in proportion to the ownership interest in the total number of Controlling Block Shares, excluding Controlling Block Shares held by the offeror.

The offer for the exercise of preemptive rights will be made through a written notice, with a copy to the chairman of the Board of Directors, in the following cases: (i) the offering Party receives a firm offer in good faith from any third party; or (ii) the offering Party intends to exclude the offered shares from the controlling block and the Shareholders' Agreement. The transfer of shares offered to any third party that is not a signatory to the Shareholders' Agreement will neither result in the transfer of any rights established in the Shareholders' Agreement nor allow the adhesion of any third party to the Shareholders' Agreement.

The notice of offer mentioned above must consider the market value and the shareholders to whom the offer is made must express in writing their interest in exercising their preemptive rights within fifteen days. If the Parties are not interested in exercising this right, the offering shareholders will have ninety (90) days to complete the sale to third parties.

Any Party holding ten percent (10%) or less of the total number of the Controlling Block Shares will be automatically excluded from the Shareholders' Agreement. Note that regarding said percentage, JAQF, Álvaro and Claudio will be considered one sole block.

(g) description of clauses that restrict or bind the right to vote of members of the board of directors or other inspection and control bodies

At least two (2) days before any meeting of the board of directors, the Parties must hold a preliminary meeting (“Preliminary Meeting of the Board of Directors”) to decide on the votes to be rendered by the Directors appointed by these Parties on each of the matters submitted to discussion at the respective meeting of the board of directors. Decisions taken at the preliminary meeting require votes of Parties representing sixty (60%) of the total controlling block shares, except if qualified quorum is required.

Shareholders must determine their voting instructions regarding the items on the agenda of the Board of Directors Meeting. Accordingly, all Directors indicated by the Shareholders must act and/or vote, as applicable, based on the same opinion (i.e., as a block) at the Board of Directors Meeting, strictly in compliance with the voting instruction given, for all purposes and effects, in accordance with Article 118 of the Brazilian Corporations Law.

15.6 – MATERIAL CHANGES IN THE INTERESTS OF MEMBERS OF THE CONTROLLING GROUP AND MANAGERS OF THE ISSUER

As described in item 15.5(a), on March 16, 2016, the First Amendment to the Shareholders' Agreement between the Parties was executed, through which Mr. Nelson José de Mello withdrew from the agreement and his shares were excluded from the Company's controlling block.

As described in item 15.5(a), on October 24, 2016, the Second Amendment to Shareholders' Agreement between the Parties was executed, through which Gonçalves Family withdrew from the agreement and its shares were excluded from the Company's controlling block.

As described in item 15.5(a) of this Reference Form, on July 26, 2017, the Third Amendment to Shareholders' Agreement of the Company was executed, through which João Alves de Queiroz Filho and Álvaro Stainfeld Link joined the Shareholders' Agreement, replacing Igarapava, which is no longer a signatory to this Shareholders' Agreement.

15.7. – SIGNIFICANT CORPORATE TRANSACTIONS FOR THE COMPANY

I. Sale of Condoms Business to Reckitt Benckiser (Brasil) Ltda. and Nances Holdings S.A.

a. Event:

On January 29, 2016, the Company signed a Stock Sale Agreement and Other Covenants with Reckitt Benckiser (Brasil) Ltda. ("RB") and Nances Holdings S.A. ("Nances"), the Company's non-operational subsidiary ("Agreement"), to sell the condoms business ("Condoms Business") of the Company and its subsidiaries ("Operation").

The Operation was concluded on October 4, 2016.

b. Main Conditions of the Business

The acquisition price of the Condoms Business paid by RB was R\$705.8 million, of which R\$135.0 million was paid as down payment on January 29, 2016, and the balance of R\$570.8 million was paid upon the closing of the Operation.

The Condoms Business includes brands such as Jontex, Olla and Lovetex.

For the purposes of the Operation, the Company conducted a corporate reorganization approved by its Board of Directors on September 15, 2016, through which certain assets and liabilities

amounting to approximately R\$53.0 million were transferred to Nances' capital. Subsequently, the total shares of Nances were sold to RB.

The Operation was approved and ratified by Brazil's antitrust agency CADE on September 14, 2016.

- c. **Companies Involved:** The Company, Nances and RB.
- d. **Effects of the operation on the shareholding structure, especially on the interest held by the controlling shareholder, by shareholders holding over 5% of the capital stock and by managers of the issuer:** After the completion, this operation did not affect the Company's ownership structure.
- e. **Ownership structure before and after the Operation:** There were no effects on the Company's ownership structure with the completion of the Operation.

II. Sale of Disposable Products Business to Ontex Group NV.

a. **Event:**

On December 22, 2016, the Company signed a Stock Sale Agreement and Other Covenants with Cosmed Indústria de Cosméticos e Medicamentos S.A., Active Indústria de Cosméticos S.A., Falcon Distribuidora, Armazenamento e Transportes S.A. and Ontex Group NV ("Ontex") ("Agreement"), to sell the disposable products business ("Disposable Products Business") of the Company and some of its subsidiaries ("Operation").

The Operation was concluded on March 6, 2017.

b. **Main Conditions of the Business:**

The acquisition price of the Condoms Business paid by Ontex was approximately R\$1.0 billion, which was paid upon the closing of the Operation.

The Disposable Products Business includes brands such as Pom Pom, Cremer and Sapeka and Bigfral.

- c. **Companies Involved:** The Company and Ontex.
- d. **Effects of the operation on the ownership structure, especially on the interest held by the controlling shareholder, by shareholders holding over 5% of the capital stock and by managers of the issuer:** After the completion, this operation did not affect the Company's ownership structure.

- e. **Ownership structure before and after the Operation:** There were no effects on the Company's ownership structure with the completion of the Operation.

III. Reduction in Igarapava's capital stock.

a. Event:

On May 9, 2017, the extraordinary shareholders meeting of Igarapava Participações S.A. (“Igarapava”) approved the reduction in capital stock of the company as it is considered excessive in relation to its corporate purpose. After the sixty (60)-day period for creditors and third parties to express any disagreement, this capital reduction was ratified on July 26, 2017.

b. Main Conditions of the Business:

With the capital reduction in Igarapava, João Alves de Queiroz Filho and Álvaro Stainfeld Link, shareholders of Igarapava, received as capital reimbursement all the shares issued by the Company held by Igarapava, as follows: (i) JAQF received 126,546,896 shares; and (ii) Álvaro received 749,614 shares.

- c. **Companies Involved:** the Company and Igarapava.

d. Effects of the operation on the ownership structure, especially on the interest held by the controlling shareholder, by shareholders holding over 5% of the capital stock and by managers of the issuer:

As a result of the capital reduction in Igarapava, the Company shares previously held by Igarapava (127,296,510 shares, representing approximately 20.13% of the Company's capital stock) were transferred to João Alves de Queiroz Filho (126,546,896 shares, representing approximately 20.02% of the Company's capital stock, without considering the shares already held by it) and Álvaro Stainfeld Link (749,614 shares, representing approximately 0.12% of the Company's capital stock).

Note that the purpose of said operation was not to change the controlling block in the Company or its management structure, since the Company shares previously held by Igarapava were transferred to the shareholders of Igarapava and hence the Company's indirect shareholders are now, after said operation, the Company's direct shareholders.

e. Ownership structure before and after the Operation:

Company	Before		After	
	Common shares	% Capital stock	Common shares	% Capital stock

Igarapava	127,296,510	20.13	0	0
João Alves de Queiroz Filho	0	0	135,426,898	21.42
Álvaro Stainfeld Link	0	0	749,614	0.12
Maiorem S.A. de C.V.	93,371,780	14.77	93,371,780	14.77
Claudio Bergamo dos Santos	1,523,458	0.24	4,823,460	0.76
Votorantim AGEM	34,535,686	5.46	34,535,686	5.46
BlackRock	31,833,448	5.04	31,833,448	5.04
Capital World Investors	34,506,175	5.46	34,506,175	5.46
Treasury shares	7,528,005	1.19	250,479	0.04
Free-float shares	292,560,684	46.27	296,191,663	46.85
Management	9,082,314	1.44	548,857	0.08
Total	632,238,060	100.00	632,238,060	100.00

15.8. – PROVIDE OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER

All the information deemed material and applicable to this topic has been disclosed in previous items.

ITEM 16 – RELATED-PARTY TRANSACTIONS

16.1 DESCRIPTION OF THE RULES, POLICIES AND PRACTICES OF THE ISSUER REGARDING TRANSACTIONS WITH RELATED PARTIES, AS DEFINED BY THE ACCOUNTING STANDARDS ON THE ISSUE, INDICATING, IN CASE THE ISSUER ADOPTS A FORMAL POLICY, THE BODY RESPONSIBLE FOR ITS APPROVAL, DATE OF APPROVAL AND, IN CASE THE ISSUER DISCLOSES THE POLICY, THE WEBSITE WHERE THE DOCUMENT IS AVAILABLE FOR CONSULTATION

Federal Law 6,404 of December 15, 1976, as amended (“Brazilian Corporations Law”) prohibits directors and executive officers from: (i) conducting any free act using company assets against the interests of the company; (ii) receiving, by virtue of their position, any type of personal benefit, directly or indirectly, from third parties without authorization granted under the Bylaws or by the shareholders meeting; and (iii) interfere in any company transaction in which their interests are conflicting with those of the company, or in decisions other directors take in that regard.

In accordance with item (q), Article 23 of the Company’s Bylaws, the Board of Directors is responsible for approving any transaction or successive transactions within one (1) year in the overall amount equal to or greater than five million reais (R\$5,000,000.00) between the Company and (i) its controlling shareholders; (ii) any individual, including spouse and relatives up to the third degree, or legal entity that holds, directly or indirectly, control of the Company’s parent companies; or (iii) any legal entity in which any of the controlling shareholders, including spouse and relatives up to the third degree, hold directly or indirectly any ownership interest. Regardless of the amount involved, all transactions between the Company and persons referred to above will be conducted on an arm’s length basis. Any member of the Company’s Board of Directors can request an independent evaluation of any transaction mentioned above.

As per Article 32 of the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão, particularly item IV, the Company must prepare and disclose a Policy on Related-Party Transactions, which the Company is currently preparing and will disclose in a timely manner by the Annual Shareholders Meeting of the Company to be held in 2021, including: (i) the criteria to be observed when conducting transactions with related parties; (ii) the procedures to help identify individual situations that may involve conflict of interests and, consequently, determine the voting impediment with regards to shareholders or managers of the Company; (iii) the procedures and those responsible for identifying the related parties and for classifying operations as related-party transactions; and (iv) listing of approval authorities for related-party transactions, depending on the amounts involved and other relevant criteria.

Moreover, CVM Instruction 480 of December 7, 2009, as amended, sets specific rules for disclosure of related-party transactions in Article 30, item XXXIII. In addition, CVM’s Guidance Update 35 also sets the guidelines and precedents for determining transactions of merger, consolidation and incorporation of shares among related parties.

The main balances of assets and liabilities on December 31, 2018, 2017 and 2016, as well as transactions that influenced the result of fiscal years, related to related-party transactions, result mainly from transactions involving the Company and its subsidiaries, which Management believes were carried out on an arm's length basis for the respective nature of the transaction.

Moreover, in the last three fiscal years, the Company executed related-party transactions, which do not currently impact or will impact in the future its operating results and financial position negatively and which were carried out on an arm's length basis for the respective nature of the transaction.

16.2 – INFORMATION ON RELATED-PARTY TRANSACTIONS

Related Party	TV Serra Dourada Ltda.
Transaction date	3/1/2007
Amount involved	R\$7,800,000.00
Outstanding balance	R\$700,000.00
Amount	R\$7,800,000.00
Duration	February 27, 2020
Loan or other type of debt	NO
Interest rate	0.000000
Relationship with issuer	Affiliated company
Object of the contract	Property lease for commercial purposes, Bloco "C", 1 st floor of the property located at Rua Castorina Bittencourt Alves, n° 349, Qd. C-20, Lt. 01-E, Jardim Goiás, Goiânia-GO.
Issuer position	Brainfarma is the lessee
Guarantee and insurance	Not envisaged in the agreement
Rescission or dissolution	The agreement may be rescinded at any time, without burden on the parties, upon written notice by one party to the other 30 days in advance.

Related Party	TV Serra Dourada Ltda.
Transaction date	1/1/2015
Amount involved	Various transactions, as follows: 2015: 22,504,087.79 2016: 26,400,945.25 2017: 26,402,805.28 2018: 2,001,820.49
Outstanding balance	Not foreseen
Amount	-
Duration	Indefinite
Loan or other type of debt	NO
Interest rate	0.000000
Relationship with issuer	Affiliated company
Object of the contract	Amount to be paid by the Company to the affiliated company for the provision of advertising services.
Issuer position	The Company is the principal.
Guarantee and insurance	Not foreseen.
Rescission or dissolution	Not foreseen.

Related Party	Megatelecom Telecomunicações S.A.
Transaction date	8/26/2015
Amount involved	R\$ 256,000.00
Outstanding balance	R\$ 0.00
Amount	R\$ 256,000.00
Duration	until 10/17/2018

Loan or other type of debt	NO
Interest rate	0.000000
Relationship with issuer	Affiliated company
Object of the contract	Provision of public internet access in the city of São Paulo. Contract amended on 12/15/2015 and 12/6/2017
Issuer position	The Company is the principal.
Guarantee and insurance	Not foreseen.
Rescission or dissolution	Agreement rescinded on 10/17/2018.

Related Party	Megatelecom Telecomunicações S.A.
Transaction date	8/5/2016
Amount involved	R\$ 62,500.00
Outstanding balance	R\$ 0.00
Amount	R\$ 62,500.00
Duration	26 months
Loan or other type of debt	NO
Interest rate	0.000000
Relationship with issuer	Affiliated company
Object of the contract	Installation of Internet and provision of IP link services to the Company's office in the city of Barueri, SP.
Issuer position	The Company is the principal.
Guarantee and insurance	Not foreseen.
Rescission or dissolution	Agreement rescinded on 10/17/2018.

Related Party	Universo Online S.A.
Transaction date	1/1/2018
Amount involved	R\$ 9,062,689.95
Outstanding balance	R\$ 0.00
Amount	R\$ 9,062,689.95
Duration	12/31/2018
Loan or other type of debt	NO
Interest rate	0.000000
Relationship with issuer	Affiliated company
Object of the contract	Provision of media package delivery services.
Issuer position	The Company is the principal.
Guarantee and insurance	Not foreseen.
Rescission or dissolution	Not foreseen.

Related Party	Universo Online S.A.
Transaction date	1/29/2018
Amount involved	R\$ 7,000,000.00
Outstanding balance	R\$ 0.00
Amount	R\$ 7,000,000.00
Duration	December 2018
Loan or other type of debt	NO
Interest rate	0.000000
Relationship with issuer	Affiliated company
Object of the contract	Provision of services related to the UOL Trading Desk project

Issuer position	The Company is the principal.
Guarantee and insurance	Not foreseen.
Rescission or dissolution	Not foreseen.

16.3 - REGARDING EACH TRANSACTION OR GROUP OF TRANSACTIONS REFERRED TO IN ITEM 16.2 ABOVE OCCURRING IN THE PAST FISCAL YEAR:

(a) identify the measures taken to deal with conflicts of interest

The Company adopts corporate governance practices and those recommended and/or required by law, including those established in the Novo Mercado Regulations of B3 S.A. – Brasil, Bolsa, Balcão. All decisions regarding the Company’s operations are submitted to the Board of Directors, Board of Executive Officers and Audit Board, in accordance with the Bylaws of the Company. Therefore, all Company transactions, especially those involving related parties, were duly submitted to the company’s decision-making bodies to which they were subordinated, in accordance with applicable rules. Furthermore, in compliance with Brazilian Corporations Law, all members of the Company’s Board of Directors are prohibited from voting at any shareholders’ meeting or Board of Directors meeting, or from working on any transaction or business in case they have conflict of interest with the Company. Transactions and businesses with our related parties follow market standards and are based on prior analysis of their conditions and in the strict interest of the Company in any transaction.

Finally, the Company confirms that all related-party transactions are conducted on an arm’s length basis and with adequate compensation, as informed in item 16.1 herein.

(b) declare the strictly arm’s length nature of the conditions agreed upon or the adequate compensatory payment

Regarding the set of transactions mentioned in item 16.2 of this Reference Form, such related-party transactions took into consideration criteria such as best price, term, synergy gain, technical capacity and financial charges compatible with customary market practices. In this regard, the arm’s length nature of the transactions can be evidenced by the terms and conditions of the agreements described in item 16.2 of this Reference Form.

16.4 – PROVIDE OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER

All information deemed material and pertaining to this topic has been disclosed in the previous items.

ITEM 17 – CAPITAL STOCK

17.1 – INFORMATION ON CAPITAL STOCK

Type of capital	Date of authorization or approval	Capital (in R\$)	Payment term	Number of common shares (units)	Number of preferred shares (units)	Total number of shares (units)
Issued capital	4/19/2017	4,448,816,690.84		632,238,060	0	632,238,060
Subscribed capital	4/19/2017	4,448,816,690.84		632,238,060	0	632,238,060
Paid-in capital	4/19/2017	4,448,816,690.84		632,238,060	0	632,238,060
Authorized capital	4/24/2017	5,500,000,000.00		0	0	0

17.2 – CAPITAL INCREASES

Not applicable, since there was no capital increase in the Company in the last three (3) fiscal years.

17.3 – INFORMATION ON STOCK SPLITS, REVERSE SPLITS AND BONUS SHARES

There were no stock splits, reverse splits or bonus shares in the last three (3) fiscal years.

17.4 – INFORMATION ON CAPITAL DECREASES

Date of reduction	6/22/2017
Date of approval	4/19/2017
Total reduction amount	R\$ 821,909,478.00
Common shares (units)	0
Preferred shares (units)	0
Total shares (units)	0
Reduction / Previous capital	15.59385600
Amount reimbursed per share	R\$ 1.30

Form of reimbursement	Cash reimbursement to shareholders
Reason for reduction	Due to the Company's restructuring process, the capital was reduced so that it is not considered excessive compared to its corporate purpose.

17.5 – OTHER MATERIAL INFORMATION

The reduction in the Company's capital approved on April 19, 2017 by the Annual and Extraordinary Shareholders Meeting was registered with the Commercial Registry of the State of São Paulo on June 28, 2017 and became effective on June 22, 2017, 60 days after the publication of the minutes of the Annual and Extraordinary Shareholders Meeting that approved the reduction.

As announced by the Company through a material fact notice on June 20, 2017, the reimbursed amount related to the capital reduction above was R\$1.300515236 per share, paid in domestic currency on July 3, 2017.

Moreover, all information deemed material and pertaining to this topic has been disclosed in the previous items.

ITEM 18 – SECURITIES

18.1 – RIGHTS OF SHARES

Type of share or SDC	Common
Tag-along rights	100.000000
Right to dividends	In accordance with Article 36 of the Company’s Bylaws, the minimum mandatory dividends correspond to 25% of the net income from the fiscal year, net of any amounts related to the legal reserve, reserve for contingencies or unrealized profit reserve.
Voting rights	Full
Convertibility	No
Right to reimbursement of capital	Yes
Description of the characteristics of reimbursement of capital	In case of exercise of withdrawal rights, our shareholders will be entitled to receive the book value of their shares based on the latest balance sheet approved by the Shareholders Meeting of the Company. If, however, the decision entitling shareholders to such withdrawal rights took place more than sixty (60) days after the latest approved balance sheet, shareholders may request, along with the reimbursement, the preparation of a special balance sheet that complies with said timeframe to determine the book value of their shares. In that case, we must immediately pay eighty percent (80%) of the reimbursed amount calculated based on the last balance sheet approved by our shareholders and the balance within one hundred twenty (120) days from the date of approval by the Shareholders Meeting.
Trading restrictions	No
Conditions for changing the rights assured by these securities	In accordance with Brazilian Corporations Law, neither the Bylaws nor the Shareholders Meetings of corporations may deprive shareholders of the following rights: (i) right to a share of the company’s profits; (ii) right to receive, in proportion to their equity interest, any remaining assets in case of liquidation of the company; (iii) preemptive rights to the subscription of shares, convertible debentures or subscription warrants, except in specific cases established in the Brazilian Corporations Law; (iv) right to inspect, in accordance with the Brazilian Corporations Laws, the management of the company’s businesses; (v) right to vote in shareholders meetings; and (vi) right to withdraw from the Company in the cases set forth in the Brazilian Corporations Law.
Possibility of redemption	According to Article 7, item “a” of the Company’s Bylaws, any redemption of shares for cancelation or maintenance in treasury will depend on approval of the Shareholders Meeting.

18.2 DESCRIPTION OF ANY RULES IN THE BYLAWS LIMITING THE RIGHT TO VOTE OF RELEVANT SHAREHOLDERS OR REQUIRING THEM TO CARRY OUT PUBLIC OFFERINGS

The sale of controlling interest of the Company, directly or indirectly, whether through a single operation or through successive operations, should be contracted under the

condition precedent or subsequent that the acquirer of the controlling interest undertakes to hold a public tender offer for the other shares of other shareholders of the Company, observing the conditions and timeframes set forth in applicable laws and Novo Mercado Regulations so as to ensure them equitable treatment in relation to the seller of the Controlling Interest.

In this regard, the public tender offer mentioned above will also be required: (i) in cases of onerous assignment of rights to subscribe to shares and other securities or rights related to convertible securities or securities entitling to the subscription of the latter that may result in the sale of control of the Company; and (ii) in case of sale of control of the company(ies) holding control over the Company, in which case the selling controlling shareholder will be required to declare to B3 S.A. – Brasil, Bolsa, Balcão (“B3”) the amount attributed to the Company in said sale and attach documentary evidence.

In accordance with our Bylaws, those who already own Company shares and acquire controlling interest in the Company through a private share purchase agreement signed with the controlling shareholder involving any number of shares must: (i) hold a public tender offer for the shares of other shareholders of the Company, at least at the economic value of the shares, determined in a valuation report, observing, in both cases, the conditions established by law and the Novo Mercado Regulations of B3; (ii) pay shareholders from whom it purchased shares on the stock exchange in the 6 months prior to the date of sale of control, the difference between the price paid to the selling controlling shareholder and the price paid on the stock exchange for the Company shares in this period, duly restated at the IGP-M/FGV inflation rate up to the payment date; and (iii) take the applicable measures to recompose the minimum free float of 25% of the Company’s shares within 6 months from the acquisition of control of the Company.

Furthermore, if the Company decides to delist from the Novo Mercado segment, whether for its shares to trade outside Novo Mercado or due to corporate restructuring in which the resulting company is not admitted for trading on Novo Mercado within 120 days from the date of the Shareholders Meeting that approved said operation, the shareholders who hold the controlling interest in the Company must hold a public tender offer for the shares held by other shareholders of the Company at least for the economic value of the shares determined in a valuation report, in accordance with Article 49 of the Company’s Bylaws, observing, in both cases, the conditions established in law and by Novo Mercado Regulations.

In case of fragmented control: (i) in case of approval, by the Shareholders Meeting, of the cancelation of the Company’s registration as a publicly held company, the public tender offer must be conducted by the Company itself, in which case the Company may only acquire shares held by shareholders who voted for the cancelation of registration at the Shareholders Meeting after acquiring the shares of other shareholders who did not vote in favor of said decision and who accepted said public tender offer; and (ii) in case of approval, by the Shareholders Meeting, of the delisting of the Company from the Novo Mercado segment, whether to list for trading outside Novo Mercado or due to corporate restructuring, in accordance with Article 45 of the Company’s Bylaws, the public tender

offer must be conducted by the shareholders who voted for the approval of said decision at the Shareholders Meeting.

Additionally, in case of fragmented control and delisting of the Company from Novo Mercado arising from the breach of any obligation under the Novo Mercado Regulations: (i) if the breach results from a decision of the Shareholders Meeting, the public tender offer must be conducted by the shareholders who voted for approval of the decision that implied said breach; and (ii) if the breach results from an act or fact caused by the management of the Company, the managers of the Company must call a Shareholders Meeting to decide on how to remedy said breach of the obligations under the Novo Mercado Regulations or, if applicable, decide on delisting the Company from Novo Mercado.

Finally, as of the date the control of the Company is considered to be fragmented, any acquiring shareholder that reaches, directly or indirectly, an equity interest in outstanding shares equal to or greater than 5% of the Company's capital and who wishes to acquire more outstanding shares must: (i) conduct each new acquisition on B3, given that private negotiations or over-the-counter trading are prohibited; (ii) prior to each new acquisition, give a written notice to the Company's Investor Relations Officer about the number of outstanding shares they wish to acquire, at least 3 business days prior to the date of the new acquisition of shares, always in compliance with applicable laws, particularly the rules of the Securities and Exchange Commission of Brazil (CVM) and applicable rules of B3. If the acquiring shareholder fails to meet such obligations, the Board of Directors of the Company will call an extraordinary shareholders meeting, in which the acquiring shareholders will not be allowed to vote, to deliberate on the suspension of the rights of the acquiring shareholder, in accordance with Article 120 of Brazilian Corporations Law, without prejudice to the liability of the acquiring shareholder for any losses and damages caused to other shareholders as a result of the breach of the obligations mentioned above.

18.3 DESCRIPTION OF EXCEPTIONS AND SUSPENSIVE CLAUSES RELATED TO EQUITY OR POLITICAL RIGHTS SET FORTH IN THE BYLAWS

There are no exceptions or suspensive clauses related to equity or political rights set forth in the Company's Bylaws

18.4 TRADING VOLUME, HIGHEST AND LOWEST PRICE OF TRADED SECURITIES

Fiscal Year ended December 31, 2018

Quarter	Security	Type	Class	Market	Administrative entity	Financial trading volume (R\$)	Average daily price (R\$)	Highest price (R\$)	Lowest price (R\$)	Quote form
3/31/2018	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	3,646,278,675	36.22	37.67	34.52	R\$ per Unit
6/30/2018	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	5,261,842,300	30.30	36.69	25.85	R\$ per Unit
9/30/2018	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	2,826,019,683	28.10	29.05	26.7	R\$ per Unit
12/31/2018	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	3,412,067,588	30.47	32.19	28.25	R\$ per Unit

Fiscal Year ended December 31, 2017

Quarter	Security	Type	Class	Market	Administrative entity	Financial trading volume (R\$)	Average daily price (R\$)	Highest price (R\$)	Lowest price (R\$)	Quote form
3/31/2017	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	5,095,097,194	27.72	29.32	26.03	R\$ per Unit
6/30/2017	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	5,033,516,319	29.60	31.47	27.75	R\$ per Unit
9/30/2017	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	4,111,126,752	29.77	33.67	27.30	R\$ per Unit
12/31/2017	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	3,982,425,725	34.13	36.70	32.00	R\$ per Unit

Fiscal Year ended December 31, 2016

Quarter	Security	Type	Class	Market	Administrative entity	Financial trading volume (R\$)	Average daily price (R\$)	Highest price (R\$)	Lowest price (R\$)	Quote form
3/31/2016	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	4,142,810,912	24.34	28.51	20.55	R\$ per Unit
6/30/2016	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	4,821,287,021	28.89	31.53	22.25	R\$ per Unit
9/30/2016	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	4,634,039,685	26.64	28.20	23.70	R\$ per Unit
12/31/2016	Shares	Common		Stock Exchange	B3 S.A. – Brasil, Bolsa, Balcão	4,823,285,777	26.23	29.08	24.21	R\$ per Unit

18.5 – DESCRIPTION OF OTHER SECURITIES ISSUED

Securities Identification	8th Issue of Simple Debentures
Quantity	80.000
Overall face value	R\$800.000.000,00
Issue date	November 28, 2019
Outstanding balance on the closing date of the last fiscal year	Not applicable
Restrictions on circulation	<p>Yes.</p> <p>The Debentures may only be negotiated between qualified investors after ninety (90) days from each subscription or acquisition by the professional investor, subject to the provisions of articles 13 and 15, paragraph 1, of CVM Instruction 476, subject to compliance with Company's obligations under article 17 of CVM Instruction 476; and also observing the applicable legal and regulatory provisions, except for the lot that is firmly guaranteed to be placed by the lead coordinator at the time of subscription, observing, in the subsequent negotiation, the limits and conditions set forth in articles 2 and 3 of CVM Instruction 476.</p>
Convertibility	No
Possibility of redemption	<p>(i) Redemption hypotheses:</p> <p>Partial Optional Early Amortization or Full Optional Early Redemption</p> <p>The Company may, at its sole discretion, from the 25th (twenty-fifth) month following the Issue date, that is, from November 29, 2021, including: (i) the partial optional early amortization of the Debentures, limited to ninety-five percent (95%) of the Debenture Unit Nominal Value or the Debentures Unit Nominal Value balance, as the case may be (“Optional Optional Partial Early Amortization”); or (ii) the optional early redemption of all Debentures, with the consequent cancellation of such Debentures (“Full Optional Early Redemption”). The partial optional early redemption or total optional early redemption of the Debentures will not be accepted.</p> <p>The amount to be paid to Debenture Holders as a result of Partial Optional Early Redemption or Full Optional Early Redemption shall be equivalent to the portion of the Nominal Unit Value (or the balance of the Unit Nominal Value, as applicable) to be amortized or Unit Nominal Value (or Unit Nominal Amount, as applicable) to be redeemed, as applicable, plus: (i) Compensation calculated pro rata temporis from the first Debentures Payment Date (or immediately preceding Compensation Payment Date, as applicable)) by the date of the Partial Optional Early Redemption or the Total Optional Early Redemption, as applicable and the default charges, if</p>

	<p>applicable; and (ii) the Early Redemption Premium or Partial Optional Amortization (as defined below), as set forth below, which will be paid simultaneously for payment of the Full Optional Early Redemption or Partial Optional Amortization, as applicable (“Optional Amortization Amount” and “Early Redemption Amount” as applicable). The Company will be due to the Debenture Holders to pay the premium corresponding to the percentages indicated in the table below, on the Optional Amortization Amount and the Early Redemption Amount, if the Total Optional Early Redemption is performed in each of the periods listed in the table below. (“Early Redemption Award or Partial Optional Amortization”):</p> <table border="1" data-bbox="646 779 1348 1120"> <thead> <tr> <th>Period from Issue to Expiration Date</th> <th>Premium</th> </tr> </thead> <tbody> <tr> <td>From November 29, 2021 (inclusive) until November 28, 2022 (inclusive)</td> <td>1.20% flat</td> </tr> <tr> <td>From November 29, 2022 (inclusive) until November 28, 2023 (inclusive)</td> <td>1.00% flat</td> </tr> <tr> <td>From November 29, 2023 (inclusive) until November 28, 2024 (inclusive)</td> <td>0.80% flat</td> </tr> <tr> <td>From and including November 29, 2024 until Expiration Date (exclusive)</td> <td>0.55% flat</td> </tr> </tbody> </table> <p>Early Redemption Offer</p> <p>The Company may, at any time, from the Issue Date, offer the early redemption of the Debentures, with the consequent cancellation of the Debentures redeemed, which shall be addressed to all Debenture Holders, to accept the early redemption of the Debentures held by them in accordance with the terms and conditions set forth in the Deed (“Full Early Redemption Offer”). The amount to be paid in respect of each of the Debentures nominated by their respective holders in adherence to the Total Early Redemption Offer will be equivalent to the Unit Face Value or balance of the Unit Face Value of the Debentures, as applicable, plus Remuneration, calculated pro rata temporis from the first Payment Date or the immediately preceding Remuneration Payment Date, as the case may be, to the actual payment date, and early redemption premium, if any, which may not be negative.</p> <p>(ii) Formula for calculating redemption value See above</p>	Period from Issue to Expiration Date	Premium	From November 29, 2021 (inclusive) until November 28, 2022 (inclusive)	1.20% flat	From November 29, 2022 (inclusive) until November 28, 2023 (inclusive)	1.00% flat	From November 29, 2023 (inclusive) until November 28, 2024 (inclusive)	0.80% flat	From and including November 29, 2024 until Expiration Date (exclusive)	0.55% flat
Period from Issue to Expiration Date	Premium										
From November 29, 2021 (inclusive) until November 28, 2022 (inclusive)	1.20% flat										
From November 29, 2022 (inclusive) until November 28, 2023 (inclusive)	1.00% flat										
From November 29, 2023 (inclusive) until November 28, 2024 (inclusive)	0.80% flat										
From and including November 29, 2024 until Expiration Date (exclusive)	0.55% flat										
<p>When the securities are of debt</p>	<p>(i) Maturity, including the conditions of early maturity:</p> <p>(ii) The Debentures will have a term of 6 (six) years from the Issue Date, therefore maturing on November 28, 2025, except in the</p>										

	<p>event of early maturity due to the occurrence of one of the Default Events. and early redemption provided for in the Issue Deed. Debentures may be declared due in advance and the trustee may demand the immediate payment by the Issuer of the Unit Face Value or balance of the Unit Face Value of the Debentures, as applicable, plus Remuneration, calculated pro rata temporis, from the first Date. Payment or the last Remuneration Payment Date, as the case may be, up to the date of its effective payment, in the event of any Default Event, which includes, among other things: (i) the Company's request and / or by any of its subsidiaries, any judicial or extrajudicial reorganization plan to any creditor or class of creditors, regardless of whether the plan has been requested or obtained from the court; or if the Company enters into court with a request for judicial recovery, regardless of whether the recovery processing is granted or granted by the competent court; (ii) reduction of the Company's capital stock equal to or greater than fifteen percent (15%), except as provided in the Deed of Issue; (iii) payment by the Company of dividends and / or interest on equity, except as provided in the Deed of Issue; (iv) if the Issuer is merged, split, merged or reorganized pursuant to the Deed of Issue.</p> <p>(iii) Interest: The Unit Face Value or balance of the Unit Face Value of the Debentures will not be monetarily restated. The Nominal Unit Value or balance of the Unit Nominal Value, as the case may be, will bear interest corresponding to 100% (one hundred percent) of the cumulative variation of the average daily rates of one-day Interbank Deposits, expressed over as a percentage per year, basis 252 (two hundred and fifty-two) business days, calculated and disclosed daily by B3 SA - Brasil, Bolsa, Balcão, in the daily newsletter available on its website on the world wide web (http://www.b3.com.br), exponentially increased by a spread (surcharge) of 1.25% (one whole and twenty five hundredths percent) to the base year 252 (two hundred and fifty two) business days (“Remuneration”), calculated exponentially and cumulatively pro rata temporis for business days elapsed from the first Payment Date or the immediately preceding Remuneration Payment Date, as the case may be, and paid at the end of each Cap Period, according to the formula set forth in the Deed of Issue.</p> <p>(iv) Guarantee and, if real, description of the object property: Not applicable</p>
--	---

	<p>(v) In the absence of collateral, if the credit is unsecured or subordinated</p> <p>The debentures are simple, non-convertible, unsecured, single series, for public distribution, with restricted placement efforts pursuant to CVM Instruction 476 of January 16, 2009, as amended, and other applicable legal and regulatory provisions.</p> <p>(vi) Any restrictions imposed on the issuer regarding:</p> <p>(a) The distribution of dividends: early maturity if there is payment by the Company of dividends and/or Interest on Equity, except dividends required by law and interest on equity attributed to mandatory dividends, if it is in arrears with respect to the fulfillment of any of its financial obligations expected in the Issuance Deed.</p> <p>(b) The disposal of certain assets: Not applicable</p> <p>(c) To contract new debt: Not applicable</p> <p>(d) The issuance of new securities: Not applicable</p> <p>(e) Corporate transactions involving the issuer, it's controlling shareholders or subsidiaries: early maturity if there is a merger, spin-off, corporate reorganization or sale of equity interest that results in the non-prevalence of Mr. João Alves de Queiroz or his successors directly or indirectly as the main shareholder of the Issuer's current control block and entails loss of current direct or indirect corporate control.</p> <p>(vii) The fiduciary, indicating the main terms of the contract:</p> <p>The fiduciary agent chosen was PENTÁGONO S.A. SECURITIES DISTRIBUTOR and information on their remuneration, replacement, among others are described in the Issuance Deed. On the date of execution of the Issuance Deed, the fiduciary agent stated, for the purposes of article 6 of CVM Instruction 583, that it does not provide services of trustee and/or banknote agent in other securities issued by the Company, of a related company, subsidiary, parent company or member of the same economic group.</p>
--	---

<p>Conditions for alteration of rights guaranteed by those securities</p>	<p>In the deliberations that have the purpose of altering characteristics of the Debentures, which are: (i) Remuneration; (ii) the Remuneration payment dates; (iii) the amounts and amortization dates of the Debentures; (iv) due date; (v) quorums for deliberation of the Debenture Holders General Meeting; and (vi) hypotheses of early maturity will depend on the approval of at least 80% (eighty percent) of the Total Outstanding Debentures. Decisions regarding other matters, including waiver or temporary forgiveness, must be approved by at least seventy-five percent (75%) of the Outstanding Debentures.</p>
<p>Other relevant features</p>	<p>The Remuneration corresponding to each Capitalization Period will be due semiannually, as of the Issue Date, on the 28th of May and November of each year, with the first remuneration payment date on May 28, 2020 and the last date on the Expiration Date.</p> <p>The balance of the Debentures Unit Nominal Value will be amortized in 5 (five) semi-annual and consecutive installments, always on the 28th of May and November of each year, and the first installment will be amortized at the end of the 48th (forty-eighth) month from the Issue Date, that is, November 28, 2023 and the last installment will be amortized on the Expiration Date.</p>

18.6 – BRAZILIAN MARKETS IN WHICH THE SECURITIES ARE ACCEPTED FOR TRADING

The Company's shares are traded on the São Paulo Stock Exchange (B3 S.A. – Brasil, Bolsa, Balcão) under the code HYPE3.

18.7 – INFORMATION ON CLASS AND TYPE OF SECURITY ADMITTED FOR TRADING IN FOREIGN MARKETS

In April 2016, the Company repurchased all the bonds previously placed in international markets to qualified foreign institutional investors in accordance with regulation 144A ("Securities Act"), as decided by the Extraordinary Shareholders Meeting of the Company held on April 4, 2011.

The Company also sponsors the American Depositary Receipts ("ADRs") Level 1 program, approved by CVM on March 29, 2010 and by the Securities and Exchange Commission ("SEC") on April 29, 2010 ("Program"). Information on this Program is presented below:

a. country

United States of America.

b. market

Unorganized over-the-counter market.

c. administrative entity in which the securities are admitted for trading

Not applicable.

d. date of admission for trading

May 26, 2010.

e. if any, indicate the trading segment

Not applicable.

f. date of beginning of listing on the trading segment

May 26, 2010.

g. percentage of trading volume abroad in relation to total trading volume by class and type in the last fiscal year

Not applicable.

h. if any, proportion of deposit certificates abroad in relation to each type and class of shares

one (1) ADR corresponds to one (1) common share issued by the Company.

i. if any, indicate the stock transfer agent

J.P. Morgan Chase Bank.

j. if any, indicate the custodian bank

Itaú Unibanco S.A.

18.8 – SECURITIES ISSUED ABROAD

Security	American Depositary Receipts (ADR)
Security identification	Level 1 American Depositary Receipts
Issue date	5/26/2010 (launch of the program)
Number (Units)	8,391,911 (on December 31, 2018)
Total amount (R\$)	R\$252,993,458.49 (on December 31, 2018)
Outstanding balance on the closing date of the last fiscal year	Not applicable.
Trading restriction	No
Convertibility	No
Possibility of redemption	No

Characteristics of securities	<p>On February 3, 2010, the Board of Directors of the Company approved the American Depositary Receipts Level I program, which was approved by CVM on March 29, 2010 and by the Securities and Exchange Commission (SEC) on April 29, 2010 (“<u>Program</u>”). The Program aims to expand access for investors, especially those domiciled abroad, and to increase the liquidity of our shares. For that purpose, the custodian will be Itaú Unibanco S.A. and the stock transfer agent in the United States will be JPMorgan Chase Bank N.A. Each Depositary Receipt corresponds to one common share issued by the Company and will be traded on the over-the-counter market under the code “HYPMY” and CUSIP no. 44915J 10 0. Approval of the Program did not imply the issue of new shares or any change in the capital of the Company. Strictly speaking, ADRs are issued or canceled by the stock transfer agent abroad, having as underlying securities the shares issued by the Company in Brazil.</p>
--------------------------------------	---

18.9 – PUBLIC OFFERINGS HELD BY THE COMPANY OR THIRD PARTIES, INCLUDING CONTROLLING SHAREHOLDERS AND AFFILIATES AND SUBSIDIARIES, RELATED TO THE SECURITIES OF THE COMPANY

No public offers were held by the Company or third parties for the securities issued by the Company in the last 3 fiscal years.

18.10 – DESCRIPTION OF ANY PUBLIC OFFERINGS

Not applicable, since the Company did not hold any public offer for its securities in the last 3 fiscal years.

18.11 – DESCRIPTION OF PUBLIC TENDER OFFERS MADE BY THE ISSUER INVOLVING SHARES ISSUED BY THIRD PARTIES

Until the date of this Reference Form, the Company did not carry out any public tender offer to acquire shares issued by third parties.

18.12 – OTHER INFORMATION DEEMED MATERIAL BY THE COMPANY

Characteristics of securities:

On February 3, 2010, the Board of Directors of the Company approved the American Depositary Receipts Level I program, which was approved by CVM on March 29, 2010 and by the Securities and Exchange Commission (SEC) on April 29, 2010 (“Program”). The Program aims to expand access to investors, especially those domiciled abroad, and to increase the liquidity of our shares. For that purpose, the custodian will be Itaú Unibanco S.A. and the stock transfer agent in the United States will be JPMorgan Chase Bank N.A. Each Depositary Receipt corresponds to one common share issued by the Company and will be traded on the over-the-counter market under the code “HYPMY” and CUSIP no. 44915J 10 0. Approval of the Program did not imply the issue of new shares or any change in the capital of the Company.

Strictly speaking, ADRs are issued or canceled by the stock transfer agent abroad, having as underlying securities the shares issued by the Company in Brazil.

ITEM 19 – STOCK BUYBACK PLANS / TREASURY

19.1 INFORMATION ON THE ISSUER’S STOCK BUYBACK PLANS

Date of resolution	3/8/2017
Buyback period	3/8/2017 to 9/8/2018
Reserves and profits available for repurchase	R\$1,796,377.00
Type	Common
Class	10,000,000
% of free float	2.6%
Number of shares acquired and approved (Units)	8,766,400
PMP	30.06
Price factor	R\$ per Unit
% acquired	87.664400%
Other characteristics:	

The Board of Directors, at a meeting held on March 8, 2017, approved the acquisition of up to 10,000,000 common shares issued by the Company, representing up to 2.59% of outstanding shares, without any capital reduction, to be held in treasury, canceled and/or later sold, and to be used, particularly, to meet the Company's Stock Option Plans.

The acquisition of shares would use the funds in the capital reserve and profit reserve (excluding the legal reserve and the tax incentive reserve) and from retained earnings available in accordance with the financial statements related to the quarter ended December 31, 2016, up to the amount of reserves available on said balance sheet, in the amount of R\$1,796,377.00.

The buyback transactions were carried out during 18 months at market prices and were intermediated by the following financial institutions: (i) Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários, headquartered in the city of São Paulo, state of São Paulo, at Rua Leopoldo Couto de Magalhães Jr. 700 – 10º and. (parte), Itaim Bibi, CEP 04,542-000, (ii) Bradesco S.A. CTVM, headquartered in the city of São Paulo, state of São Paulo, at Av. Paulista, 1,450 – 7º andar, Bela Vista, (iii) Votorantim CTVM Ltda. headquartered in the city of São Paulo, state of São Paulo, at Avenida das Nações Unidas, 14,171, 14º andar, CEP 04794-000, (iv) Itaú Corretora de Valores S.A. headquartered in the city of São Paulo, state of São Paulo, at Av. Brig. Faria Lima, 3,400 – 10º andar; and (v) XP Investimentos CCTVM S.A. with address at Avenida das Américas, 3434, Bloco 7, 2º andar, Rio de Janeiro – RJ.

19.2 REGARDING THE SECURITIES HELD IN TREASURY, PROVIDE A TABLE INFORMING THE FOLLOWING FOR EACH TYPE AND CLASS:

- a. initial number**
- b. number acquired**
- c. weighted average acquisition price**
- d. number sold**
- e. weighted average sale price**
- f. number canceled**
- g. final number**
- h. percentage in relation to the free float of the same class and type**

	2018		2017		2016	
	Number Common (Units)	Weighted Average Price (R\$)	Number Common (Units)	Weighted Average Price (R\$)	Number Common (Units)	Weighted Average Price (R\$)
Opening balance	391,679	-	2,643,697	-	635	-
Acquisition	120,000	35.66	9,744,400	29.58	3,912,000	26.78

Sale	320,241	36.54	11,996,418	13.77	1,268,938	13.44
Cancelation	0	-	0	-	0	-
Closing balance	191,438	-	391,679	-	2,643,652	-
Percentage in relation to the free float of the same class and type	N/A	0.05%	N/A	0.10%	N/A	0.65%

19.3 PROVIDE OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER

On January 08th, 2020, the Company held in treasury 1,164,957 common shares issued by the Company.

ITEM 20 – TRADING POLICY

20.1 SECURITIES TRADING POLICY

Approval date	4/26/2019
Body responsible for approving the policy	Board of Directors of the Company
Persons bound by the policy:	<ul style="list-style-type: none"> (i) the Company; (ii) Controlling Shareholders; (iii) Managers; (iv) Members of the Audit Board, when installed, or any other technical or advisory body; (v) Company employees with access to insider information; and (vi) Any person who, by virtue of their position, function or employment with the Company, or with its subsidiaries, has expressly adhered to the Securities Trading Policy of the Company.
Main characteristics	<p>Trading on the Company’s securities is prohibited for the following:</p> <ul style="list-style-type: none"> (i) whoever has knowledge of information regarding a Material Fact or Event, knowing that it is information that still has not been disclosed to the market, especially to those with whom the Company has commercial, professional or trust relations, such as independent auditors, securities analysts, advisors and institutions in the distribution system, who are tasked with examining the disclosure of information prior to trading on the Securities or other instruments referenced to them; (ii) controlling shareholders and managers of the Company, in case of any ongoing acquisition or disposal of shares issued by the Company, by the Company itself, by its subsidiaries or joint ventures, or if any option or mandate had been granted for that purpose. Such trading by the Company shall always occur on Mondays, Tuesdays, Thursdays and/or Fridays (except if these days match the other prohibitions in this policy), and the Controlling Shareholders and Managers are authorized to trade on Securities only on Wednesdays (except if such days match the other prohibitions herein); and in case the windows for exercising the options granted as part of stock option plans previously approved by the Company’s shareholders meeting are open; and (iii) when there is an intention to conduct any merger, total or partial spin-off, consolidation, transformation or corporate restructuring of the Company. <p>Note that this policy will be duly revised by the Annual Shareholders Meeting of the Company to be held in 2021 in order to comply with the requirements of Novo Mercado Regulations of October 2017, particularly Article 36.</p> <p>For further information, see item 20.2 of this Reference Form.</p>

<p>Blackout periods and description of oversight procedures</p>	<p>Persons Bound by the Policy must expressly consent to comply with the Trading Policy by signing the Instrument of Consent and must not trade on Securities during blackout periods for one or more types of Securities: (i) by virtue of applicable regulations, including those set forth in items 3.2 to 3.8 of the Company’s Trading Policy; or (ii) due to a decision in writing from the Investor Relations Officer (“<u>Blackout Periods</u>”). The Investor Relations Officer will not be required to inform the reasons for establishing Blackout Periods when such periods are determined in writing and extraordinarily by the Investor Relations Officer.</p> <p>Persons Bound by the Policy may not trade on the Company’s Securities: (i) even after the disclosure of the Material Fact or Event, if such trading is likely to affect the terms of the respective deals mentioned in said Material Fact or Event, in detriment to the shareholders of the Company or the Company itself, with the Investors Relations Officer being responsible for establishing such additional restriction; and (ii) within fifteen (15) days prior to the publication of the quarterly (ITR) or annual (DFP) financial statements of the Company, with the blackout periods ending on the date of disclosure and/or publication of said statements. However, note that the above restrictions do not apply in case of trading arising from any Individual Investment Plan duly approved by the Company, in accordance with Paragraph 3, Article 15-A of CVM Instruction 358.</p> <p>For more information, see item 20.2.</p>
<p>Where the policy is available</p>	<p>At the Company’s headquarters and on the following websites: http://www.hypera.com.br/ir www.cvm.gov.br</p>

20.2 OTHER INFORMATION DEEMED MATERIAL BY THE COMPANY

<p>Main characteristics</p>	<p>Additionally, the Board of Directors cannot approve the acquisition or sale by the Company of securities issued by it until the public disclosure, as applicable, through the publication of a notice of Material Fact or Event, of information related to: (i) the execution of any agreement or contract for the transfer of controlling interest in the Company; (ii) the grant of any option or mandate to transfer the controlling interest in the Company; and/or (ii) the existence of any intention to conduct any merger, total or partial spin-off, consolidation, transformation or corporate restructuring involving the Company. Furthermore, if, after the approval of a share repurchase program, any fact that falls into any of the above hypotheses occurs, the Company will immediately suspend any transaction with Securities issued by it until the disclosure of the respective Material Fact or Event.</p> <p>The prohibitions outlined in the Securities Trading Policy of the Company also apply to trading carried out by Persons Bound by the</p>
------------------------------------	--

Policy, including trades conducted through: (i) any company controlled by Persons Bound by the Policy; (ii) third parties with whom the Persons Bound by the Policy have signed any agreement for the management of a securities portfolio or fiduciary transaction (trust); and/or (iii) Related Persons or any other persons having knowledge of any insider information through any of the Persons Bound by the Policy, knowing that such insider information has not yet been made public. Note that trading carried out by investment funds and/or clubs whose shareholders include Persons Bound by the Policy will not be deemed indirect trading and therefore not subject to the prohibitions set forth in the Securities Trading Policy, provided: (i) such investment funds and/or clubs are not exclusive; and (ii) the trading decisions of the investment fund and/or club manager may not, in any manner whatsoever, be influenced by their respective shareholders.

The restrictions to trading on securities established in the Company's Securities Trading Policy do not apply to the Persons Bound by the Policy in the following situations: (i) in the situations described in Clauses 3.2.1, 3.2.1.1. and 3.7.1 of such policy, trading by Persons Bound by the Policy according to the procedures in Article 15-A of CVM Instruction 358 and Clause 3.9.1 of the Trading Policy; (ii) in the situations described in Clause 3.2.1, the acquisition of shares that are held in treasury, through private trading, resulting from the exercise of stock options in connection with stock option plans approved at the shareholders meeting, or in relation to grants of shares to Managers, Employees with Access to Insider Information, as part of the compensation approved in a shareholders meeting; and (iii) in the situation specified in Clause 3.3.1, the trading performed by Persons Bound by the Policy, according to the procedures in Article 15-A of CVM Instruction 358 and Clause 3.9.1.

Persons Bound by the Policy (except the Company itself) may formalize Individual Investment Plans, which may: (i) allow trading of shares issued by the Company during the periods provided in items 3.2.1, 3.2.1.1 and 3.7.1 of the Trading Policy of the Company, provided: (a) they are formalized in writing before the Investor Relations Officer prior to any trading; (b) they irrevocably and irreversibly establish the dates and the amounts or number of transactions to be performed by the participants; (c) they provide a minimum term of six (6) months for the plan, any changes and cancellation to become effective; and they are valid for a period equal to or longer than one (1) year; and (ii) allow the trading on shares issued by the Company during the periods provided in item 3.3.1 of the Company's Information Disclosure Policy, provided the Company has approved a timetable establishing specific dates for the disclosure of quarterly (ITR) and annual financial statements; and that they bind the participants to return to the Company any losses avoided or profits

	<p>earned on the trading of shares issued by the Company, resulting from any change in the ITR and DFP disclosure dates, calculated using reasonable criteria established in the plan itself.</p>
<p>Blackout periods and description of oversight procedures</p>	<p>Except in the situations described in Clause 3.4.1 of the Securities Trading Policy of the Company, Former Managers who have left the Company’s management prior to the publication of any Material Fact or Event related to any transaction or fact commenced during their term may not trade on Securities: (i) for six (6) months after their exit; or (ii) within six (6) months of their exit, until the disclosure, by the Company, of the Material Fact or Event to the market. Additionally, in case of item (ii) above, if trading on the Company’s securities after the disclosure of Material Fact or Event may interfere with the agreed conditions for such businesses, harming the Company or its shareholders, to be evaluated by the Investor Relations Officer, the Former Managers may not trade on the Securities for the period established in item (i) above.</p> <p>Participants of Individual Investment Plans are prohibited from: (i) simultaneously holding more than one valid Investment Plan at any time; (ii) conducting any transactions that cancel or mitigate the economic effects of transactions to be established by the Individual Investment Plan; and (iii) filing them during any period in which they become personally aware of any Material Fact or Event not yet made public and within fifteen (15) days from the disclosure of ITR and DFP financial statements.</p> <p>Without prejudice to the penalties established in applicable laws, to be applied by competent authorities in case of breach of the terms and procedures set forth in the Securities Trading Policy of the Company, the Investors Relations Officer will take all applicable disciplinary measures within the internal scope of the Company, after consulting the Governance, Risks and Compliance Department and the Board of Directors. Disciplinary measures may include, among others, removal from office or dismissal of the person in case of severe breach (provided that, if the breach is perpetrated by related persons, including spouses, partners, dependents and entities controlled by Persons Bound by the Policy, such penalty shall apply to the Related Person to whom the person Bound by the Company is related). If the appropriate measure is included among the powers of the shareholders meeting as per the Bylaws, the Board of Directors must call the meeting to deliberate on the matter.</p>

ITEM 21 – DISCLOSURE POLICY

21.1 DESCRIPTION OF RULES, REGULATIONS OR INTERNAL PROCEDURES RELATED TO THE DISCLOSURE OF INFORMATION

In accordance with applicable laws and regulations, particularly CVM Instruction 358, the Board of Directors, at the meeting held on November 1, 2013, approved the Policy on Disclosure of Material Fact or Event (“Disclosure Policy”).

Said Disclosure Policy establishes the practices for disclosure and use of information to be observed by the controlling shareholders, managers, members of the Audit Board, if and when installed, and any bodies with technical and advisory functions, as well as by anyone who, by virtue of their position or function in the Company, may have knowledge of information related to a Material Fact or Event of the Company.

In addition to the Disclosure Policy and in accordance with securities laws, the Company must inform CVM and B3 of any Material Fact or Event pertaining to the Company’s businesses. CVM Instruction 358 regulates the disclosure and use of information on Material Fact or Event related to publicly held companies, as follows: (i) it establishes the concept of material fact, which includes any decision by controlling shareholders, decision of the Shareholders Meeting or management bodies of publicly held companies, or any other political, administrative, technical, business, economic or financial fact or event that occurred or is related to the Company’s businesses, which may significantly influence (a) the price of securities; (b) investors’ decision to buy, sell or hold such securities; and (c) investors’ decision to exercise any rights inherent to the status of holder of securities issued by the Company; (ii) it provides examples of potential material facts or events, including, among others, the execution of an agreement or contract for transfer of controlling interest in the Company, inclusion or exclusion of a partner that has with the company any form of operational, financial, technological or administrative collaboration or agreement, merger, consolidation or spin-off involving the company or its affiliates; (iii) it requires the Investor Relations Officer, controlling shareholders, executive officers, members of the Audit Board and any body with technical or advisory functions to communicate any material fact to the CVM; (iv) it requires the simultaneous disclosure of a material fact across all markets where the Company’s shares are traded; (v) it requires the acquirer of controlling interest in a publicly held company to disclose a material fact notice, including whether or not they intend to cancel the company’s registry as a publicly held company within one (1) year from the acquisition; (vi) it establishes the rules related to the disclosure of acquisition or sale of material equity interest in publicly held companies; and (vii) it restricts the use of insider information.

Note that this policy will be duly revised by the Annual Shareholders Meeting of the Company to be held in 2021, in order to comply with the requirements of the Novo Mercado Regulations of October 2017, particularly Article 32, item V.

The full Disclosure Policy is available on the Company's Investor Relations website (<http://hypera.riweb.com.br>), and on the website of the Securities and Exchange Commission of Brazil – CVM (www.cvm.gov.br).

21.2 – DESCRIPTION OF THE POLICY ON DISCLOSURE OF MATERIAL FACT OR EVENT AND PROCEDURES RELATED TO THE MAINTENANCE OF CONFIDENTIALITY OF UNDISCLOSED MATERIAL INFORMATION

On November 1, 2013, the Board of Directors of the Company approved the Policy on Disclosure of Material Fact or Event adopted by the Company ("Disclosure Policy").

The Disclosure Policy is based on the following objectives and principles:

- (i) to provide shareholders and investors with complete information;
- (ii) to ensure broad and prompt disclosure of any fact or event;
- (iii) to provide every shareholder and investor with equitable access to public information about the Company;
- (iv) to safeguard the confidential nature of any non-disclosed material fact or event;
- (v) to collaborate for the stability and development of the Brazilian capital markets;
- and
- (vi) to consolidate good corporate governance practices in the Company.

The disclosure of any Material Fact or Event to the Securities and Exchange Commission of Brazil ("CVM") and to Market Entities through adequate institutional communication channels, as well as the adoption of other measures set forth herein are the responsibility of the Investor Relations Officer, who must keep the contents of the fact or event confidential at all times.

The Material Fact or Event must be disclosed through (i) the publication in large circulation newspapers ordinarily used by the Company for this purpose and (ii) publication of such information in content at least identical to that submitted to the CVM and Market Entities, at <http://hypera.riweb.com.br>.

In the event of disclosure of a Material Fact or Event through any means of communication, including press releases or in meetings with trade association, investors, analysts or a select audience, either in Brazil or abroad, the Investor Relations Officer must simultaneously disclose such information to the market, in accordance with the Disclosure Policy.

The direct and indirect controlling shareholders, executive officers, members of the Board of Directors, Audit Board and any other corporate body having technical or advisory duties established by the Bylaws, managers and employees, subsidiaries and/or joint ventures and their respective controlling shareholders, members of their management and their technical or advisory bodies, service providers and other professionals that have expressly consented to comply with the Disclosure Policy and are bound to observe the rules therein, and who have knowledge of any information pertaining to a Material Fact

or Event, are responsible for communicating such information to the Investor Relations Officer and making sure that the Investor Relations Officer has taken the measures described in the Disclosure Policy regarding the disclosure of such information. If such person notices the failure by the Investor Relations Officer to comply with his/her duty of communication and disclosure, and provided that the maintenance of the confidentiality of such Material Fact or Event has not been required, such person must immediately communicate such Material Fact or Event directly to the CVM so as to exempt themselves from any liability imposed by applicable rules in case of failure to disclose.

Disclosure of a Material Fact or Event will, as a rule, be made simultaneously to the CVM and to Market Entities prior to the start or after close of trading in such Market Entities. In exceptional cases, when the Material Fact or Event must be disclosed during business hours, the Company may request, always simultaneously the Brazilian and foreign Market Entities to suspend trading on its securities for the time required to disseminate such information.

Under exceptional circumstances, Material Facts or Events may not be disclosed if the Company's controlling shareholder or Board of Directors believes that such disclosure will jeopardize the legitimate interests of the Company, in which case, the proceedings set forth in the Disclosure Policy must be adopted to safeguard the confidentiality of such information. However, there are cases when the Investor Relations Officer must immediately release the fact or event kept confidential:

- (i) when the information has become known to third parties unrelated to the Company and to the transaction that is the object of such material fact or event;
- (ii) if there are enough signs and well-founded fears that the confidentiality of such material fact or event has been breached; or
- (iii) if there is any atypical fluctuation in the price or trading volume of securities issued by the Company or those referenced to them.

The following procedures are recommended to keep the confidentiality of a Material Fact or Event:

- (i) disclose any confidential information on a strictly need-to-know basis;
- (ii) not discuss any confidential information in the presence of third parties who are not aware of it, even when it may be reasonably expected that such third party will not infer the meaning of the discussion;
- (iii) not discuss any confidential information in conference calls in which there is no guarantee as to who is actually participating;

(iv) keep all documents of any nature related to any confidential information, including personal handwritten notes, in a safe box, a locked cabinet or cabinet file to which only persons authorized to know such information may have access;

(v) always protect with password, any electronic documents and files related to any confidential information;

(vi) internally circulate documents containing confidential information in sealed envelopes, which must always be delivered directly to the addressee;

(vii) not send any document containing confidential information by fax, except when it is certain that only the person authorized to know such information will have access to the receiving device; and

(viii) without prejudice to the liability of whoever is transmitting any confidential information, to require any third party outside the Company who must know any confidential information to sign a non-disclosure agreement, which must specify the nature of such information and contain a statement by the third party acknowledging the confidential nature of any such information and undertaking neither to disclose it to anyone else nor to trade on securities issued by the Company prior to the disclosure of the information to the market.

The Investor Relations Officer is responsible for ensuring, in view of the disclosure of any Material Fact or Event, compliance with the Disclosure Policy and immediately report any breach thereof to the Board of Directors.

The Disclosure Policy may be amended by a decision of the Board of Directors in the following cases:

(i) when expressly required by the CVM;

(ii) as a result of changes in applicable laws and regulations, to the extent necessary to implement the necessary amendments; or

(iii) when the Board of Directors finds it necessary to amend such policy due to processes to assess the effectiveness of the procedures adopted.

Finally, without prejudice to applicable penalties established in applicable laws to be imposed by competent authorities, in case of breach of the terms and procedures established in the Disclosure Policy, the Investor Relations Officer must take the appropriate disciplinary measures within the internal scope of the Company, after consulting the members of the Board of Directors or their respective alternates. Such disciplinary measures may include removal from office or dismissal of the person in case of severe violation. If the appropriate measure is included among the powers of the

shareholders meeting, the Board of Directors must call the meeting to deliberate on the matter.

The Disclosure Policy is available at the Company's headquarters and on the following websites: <http://hypera.com.br/ir> and <http://www.cvm.gov.br/>

21.3 – MANAGERS RESPONSIBLE FOR IMPLEMENTING, MAINTAINING, ASSESSING AND OVERSEEING THE INFORMATION DISCLOSURE POLICY

According to the Company's Policy on Disclosure of Material Fact or Event, the Investor Relations Officer of the Company is primarily responsible for implementing, maintaining, assessing and overseeing compliance with the Information Disclosure Policy. In case of omission by the Investor Relations Officer, the controlling shareholder, managers, members of the Audit Board or any other employee that may have access to the information will be responsible for directly disclosing the information to the Securities and Exchange Commission of Brazil (CVM).

21.4. – PROVIDE OTHER INFORMATION DEEMED MATERIAL BY THE ISSUER

All information deemed material and applicable to this topic has been disclosed in the previous items.