

HYPERA S.A.

A Publicly-Held Corporation

CNPJ/ME No. 02.932.074/0001-91
NIRE 35.300.353.251
CVM Code No. 21431

**MANAGEMENT’S PROPOSAL FOR THE
ORDINARY AND EXTRAORDINARY SHAREHOLDERS’ MEETING OF HYPERA S.A.
TO BE HELD ON APRIL 22ND, 2020**

Dear Sirs,

We present below the Management’s proposal for the agenda of the Ordinary and Extraordinary Shareholders’ Meeting, as per the Call Notice issued on the date hereof, to be held on April 22nd, 2020, at 02:00 p.m. (“Shareholders’ Meeting”), at the administrative offices of Hypera S.A. (“Company” or “Hypera Pharma”), located at Avenida Magalhães de Castro, 4800, 24th floor, Suite 241, Edifício Continental Tower, Cidade Jardim, in the City of São Paulo, State of São Paulo, as follows (“Proposal”).

The purpose of this Proposal is to clarify the recommendation of the Company’s Management in respect of each item on the agenda to be voted.

Yours truly,

ALVARO STAINFELD LINK
Chairman of the Board of Directors

BRENO TOLEDO PIRES DE OLIVEIRA
Chief Executive Officer (CEO)

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1. AT THE ORDINARY SHAREHOLDERS' MEETING

1.1. The management's accounts, the managerial report and the financial statements of the Company, together with the report of the independent auditors, relating to the fiscal year ended on December 31, 2019

This item refers to the approval of the Company's financial statements and annual managerial report related to the fiscal year ended on December 31, 2019 prepared by the Company's Executive Board, audited by the independent auditors PricewaterhouseCoopers Auditores Independentes ("PwC"), and approved without qualification by the Company's Board of Directors at the meeting held on March 6th, 2020. Such documents were published in the São Paulo State Official Gazette, in the March 11, 2020 edition on pages 10 - 23, and in the Valor Econômico newspaper, São Paulo and Rio de Janeiro editions, on March 11, 2020, on pages E13 – E19 and E5 – E11, respectively.

The Company's Fiscal Council and Statutory Audit Committee have issued favorable opinions on the submission of these documents to the Shareholders' Meeting for approval, pursuant to their opinion and report dated March 3rd, 2020 and March 4rd, 2020, respectively (Exhibits A and B, respectively).

PwC, in its capacity as the Company's independent auditor, in compliance with the provisions of Article 177, paragraph 3, of the Brazilian Corporate Law, and after examining the Company's books, issued an unqualified opinion approving the Company's Financial Statements published on the websites of the Company and the Brazilian Securities Commission ("CVM") on March 6th, 2020.

In addition, Exhibit C to this Proposal contains management's comments on the Company's financial condition.

Accordingly, Management recommends to the Shareholders' Meeting the approval in full of the management's accounts, the annual managerial report and the Financial Statements of the Company, together with the report of the independent auditors, relating to the fiscal year ended on December 31, 2019.

1.2. The management's proposal of capital budget for the 2020 fiscal year as approved by the Company's Board of Directors on March 6th, 2020, and disclosed in the Company's financial statements related to the fiscal year ended on December 31, 2019

The Company's investment plan for the 2020 fiscal year, duly approved by the Company's Board of Directors in the meeting held on March 6th, 2020, amounts to a total of eight hundred and twenty-one million, five hundred thousand *Reais* (R\$ 821,500,000.00) and

provides for the use of (i) the amount of profits related to the 2019 fiscal year to be retained in the amount of one hundred and seventeen million, one hundred and six thousand, one hundred and ninety-one *Reais* and forty-one cents (R\$ 117,106,191.41); (ii) the capital budget reserve's current balance, in the amount of one hundred and forty-three million, seven hundred and twenty-eight thousand and six *Reais* and twenty-two cents (R\$ 143,728,006.22); and (iii) the use of cash generated by the Company's operations during the current fiscal year and third parties funds, in the amount of five hundred and sixty million, six hundred and sixty-five thousand, eight hundred and two *Reais* and thirty-seven cents (R\$ 560,665,802.37).

Therefore, the Management proposes to the Shareholders' Meeting the approval of the capital budget for the 2020 fiscal year, as shown in Exhibit D, as part of the investments planned to meet the Company's commitments during the year ending on December 31, 2020.

1.3. The allocation of the Company's net profit related to the fiscal year ended on December 31, 2019

The Company's Management submits for your consideration its proposal for the allocation of income, in view of the fact that in the fiscal year ended on December 31, 2019 the Company, after adjustments of previous years' to be offset, as provided under International Financial Reporting Standards ("IFRS") 16, equivalent to Accounting Pronouncements Committee ("CPC") 06, verified net profit in the amount of one billion, one hundred and sixty million, four hundred and ninety-four thousand, six hundred and eight *Reais* and fifty-one cents (R\$ 1,160,494,608.51).

As of December 31, 2019, the sum of the balance of the Company's Legal Reserve and Capital Reserves exceeds 30% of the Company's capital stock, as shown in the following table:

Legal reserve	180,591,834.44
Capital reserve	1,270,400,924.77
Sum of Legal Reserve and Capital Reserve (A)	1,450,992,759.21
Balance of capital stock (B)	4,448,816,690.84
Reserves as a percentage of capital (A) : (B)	32.6%

Accordingly, pursuant to Article 193, paragraph 1, of Law No. 6.404/76, as amended (the "Brazilian Corporate Law"), the Company may, during the present fiscal year, not allocate part of net profit to the Legal Reserve. The Management proposes that the Company not to allocate any amount to the Legal Reserve, leaving the existing balance unchanged.

The Company is also entitled to apply part of net profit to offset in future fiscal years any future losses deemed likely to reduce its profit, as provided for in Article 195 of the Brazilian

Corporate Law. After analyzing the Company's prospects and investment possibilities, the Management proposes not to retain part of net profit to set up a Reserve for Contingencies.

On the other hand, Management proposes to allocate the sum of three hundred sixty-eight million, one hundred and seventeen thousand, eight hundred and ninety-one *Reais* and ninety-nine cents (R\$ 368,117,891.99) to the Tax Incentives Reserve, pursuant to Article 195-A of the Brazilian Corporate Law.

Accordingly, the adjusted net profit, pursuant to Article 202 of the Brazilian Corporate Law, amounts to seven hundred and nine-two million, three hundred and seventy-six thousand, seven hundred and sixteen *Reais* and fifty-two cents (R\$ 792,376,716.52), as shown in the following table:

Net profit*	1,160,494,608.51
Legal reserve (Article 193)	0.00
Reserve for Contingencies (Article 195)	0.00
Reversal of the Reserve for Contingencies from previous years (Article 195)	0.00
Reserve for Tax Incentives (Article 195-A)	(368,117,891.99)
Adjusted net profit (Article 202)	792,376,716.52

* *after adjustments of previous periods to be offset, as determined by the International Financial Reporting Standards ("IFRS") 16, correlated to the Accounting Pronouncements Committee ("CPC") 06.*

According to Article 36 of the Bylaws, the Company must distribute to its shareholders' mandatory dividends amounting to twenty-five percent (25%) of the adjusted net profit. In relation to the net profit regarding the fiscal year ended December 31, 2019, the amount of the mandatory dividend is one hundred and ninety-eight million, ninety-four thousand, one hundred and seventy-nine *Reais* and thirteen cents (R\$ 198,094,179.13), corresponding to R\$ 0.313900526 per share, treasury shares disregarded.

However, during the fiscal year ended on December 31, 2019, the Company distributed to shareholders' interest on equity, credited to the mandatory dividend, in a gross amount of six hundred and seventy-five million, two hundred and seventy thousand, five hundred and twenty-five *Reais* and eleven cents (R\$ 675,270,525.11), as resolved by the Board of Directors at meetings held on March 29, June 27, September 27 and December 18, 2019.

The gross amount of interest on equity declared was subject to withholding income tax at a rate of fifteen percent (15%), pursuant to the applicable law, except for shareholders proven to be exempt or immune, for whom no retention is required, and shareholders domiciled in countries or jurisdictions for which the law provides a different rate. Thus, the Company paid interest on equity to its shareholders in a net total amount of five hundred eighty-seven million, seventy-six thousand, nine hundred and forty-nine *Reais* and ninety-five cents (R\$ 587,076,949.95).

Since the net amount of interest on equity distributed exceeds the sum payable in mandatory dividends, the Company has met its obligation to distribute a minimum amount of earnings to shareholders.

In respect of the remaining balance of adjusted net profit, amounting to one hundred and seventeen million, one hundred and six thousand, one hundred and ninety-one *Reais* and forty-one cents (R\$117,106,191.41), the Management proposes it be retained to cover the 2020 capital budget referred to in item 1.2 above, pursuant to Article 196 of the Brazilian Corporate Law.

In view of the above, the Management proposes to allocate the net profit relating to the fiscal year ended on December 31, 2019, as follows:

- (i) not to allocate to the legal reserve the amount corresponding to five percent (5%) of net profit established in Article 193, paragraph 1, of the Law No. 6,404 of 1976, since the sum of the balances of the Legal Reserve and the Capital Reserve exceeds thirty percent (30%) of the Company's capital stock;
- (ii) to allocate three hundred and sixty-eight million, one hundred and seventeen thousand, eight hundred and ninety-one *Reais* and ninety-nine cents (R\$ 368,117,891.99), corresponding to thirty-one point seventy-two percent (31.72%) of net profit to the Reserve for Tax Incentives, pursuant to Article 195-A of the Law No. 6,404 of 1976;
- (iii) not to distribute additional profit, considering that interest on equity, credited to the minimum mandatory dividend, has been paid in the sum of six hundred and seventy-five million, two hundred and seventy thousand, five hundred and twenty-five *Reais* and eleven cents (R\$ 675,270,525.11), corresponding to approximately eighty-five point twenty-two percent (85.22%) of the adjusted net profit, which equals to the amount net of tax of five hundred eighty-seven million, seventy-six thousand, nine hundred and forty-nine *Reais* and ninety-five cents (R\$ 587,076,949.95), equivalent to approximately seventy-four point zero nine percent (74.09%) of the adjusted net profit, as declared to shareholders at the meetings of the Board of Directors held on March 29, June 27, September 27 and December 18, 2019, and paid on January 7th, 2020; and
- (iv) to retain the amount of one hundred and seventeen million, one hundred and six thousand, one hundred and ninety-one *Reais* and forty-one cents (R\$117,106,191.41), corresponding to approximately fourteen point seventy-eight percent (14.78%) of the adjusted net profit, to be transferred to Retained Profits, as provided for in the Company's capital budget for the 2020 fiscal year.

To make it easier to understand the Management's proposal for the allocation of net profit relating to the fiscal year ended on December 31, 2019, Exhibit E contains more detailed information, pursuant to CVM Instruction No. 481, of December 17, 2009 ("ICVM 481/09") and Appendix 9-1-II to ICVM 481/09.

The Management of the Company recommends the approval of the matters mentioned in this item.

1.4. The annual global remuneration of the Company's management for the 2020 fiscal year and of the members of the fiscal council, if established

The Management proposes the approval of global annual remuneration for the members of the Company's Executive Board and Board of Directors for the 2020 fiscal year up to forty-two million and one hundred thousand *Reais* (R\$42,100,000.00).

This amount includes the salary/fee, benefits, variable compensation (including the share-based portion) and contribution to social security, recognized in the Company's income statement, and the Board of Directors shall be responsible for allocating such amount among the Company's Directors and Officers, at a meeting of the Board to be convened for this purpose.

If the shareholders resolve to instate the Fiscal Council for the 2020 fiscal year, the remuneration of each of its members shall not be less than ten percent (10%) of the average remuneration paid to each statutory officer of the Company, excluding benefits, representation expenses and profit sharing. Accordingly, the Company's Management proposes a total amount of up to four hundred and twenty-two thousand, one hundred and fifty *Reais* and forty cents (R\$422,150.40) for the global annual remuneration of members of the Fiscal Council, if instated, to be approved at the Shareholders' Meeting in which they are elected, pursuant to Article 162, paragraph 3, of the Brazilian Corporate Law.

As required by Article 12 of ICVM 481/09, details of Management's remuneration are contained in Exhibit F.

The Company's Management recommends the approval of all the matters contained in this item 1.4, since they are in line with Company's strategy and with the interests of the Company and its Shareholders.

2. AT THE EXTRAORDINARY SHAREHOLDERS' MEETING

2.1. The creation of a new Shares Concession Plan in a Matching System

The Company's Management proposes the creation of a new Shares Concession Plan in a Matching System for the fiscal years of 2020 to 2025, for the benefit of eligible employees of the Company and the companies directly or indirectly controlled by the Company ("Matching Plan"), subject to the terms and conditions set forth in the referred Matching Plan ("Beneficiaries"). Further information on the Matching Plan are detailed Exhibit G and H to this Proposal.

The purpose of this proposal is to further align and integrate the interests of the Beneficiaries with those of the Company, adding value to Company's operations and meeting the interests of the Company and its Shareholders.

The Company's Management recommends the approval of the matter contained in this item 2.1, which represents the best human resources and compensation strategy.

We remain available for any clarifications which may be required.

Yours truly,

ALVARO STAINFELD LINK
Chairman of the Board of Directors

BRENO TOLEDO PIRES DE OLIVEIRA
Chief Executive Officer (CEO)

**EXHIBIT A
TO MANAGEMENT’S PROPOSAL**

OPINION OF THE FISCAL COUNCIL

The Fiscal Council of Hypera S.A. (“Hypera Pharma” or “Company”), in the use of the attributions conferred to it under Article 163 of the Law No. 6,404/76 (“Brazilian Corporate Law”), according to the meeting held on this date, examined the Financial Statements: Individual (controlling company) and consolidated (Company and its subsidiaries) and the respective explanatory notes, the Management Annual Report and other financial statements prepared by the Company for the fiscal year ended December 31, 2019, as well as the proposals contained therein, including the capital budget proposal for the fiscal year of 2020. Based on the analysis carried out and considering the opinion of the independent auditors PricewaterhouseCoopers Auditores Independentes (“PwC”) on this date, presented without reservations, as well as the information and clarifications provided by representatives of the Company during the year, the members of the Fiscal Council unanimously concluded, in accordance with the provisions of Article 163 of the Brazilian Corporate Law, to issue a favorably opinion on the submission of such documents and proposals for approval of the Ordinary and Extraordinary Shareholders’ Meeting of the Company, related to the fiscal year of 2019, to be held on April 22th, 2020.

São Paulo, March 03, 2020.

Marcelo Curti

Mauro Stacchini Junior

Roberto Daniel Flesch

EXHIBIT B TO MANAGEMENT'S PROPOSAL

SUMMARY ANNUAL REPORT OF THE STATUTORY AUDIT COMMITTEE

INTRODUCTION

The Statutory Audit Committee (“CAE”) of **Hypera S.A.** (“Hypera Pharma” or “Company”), set up on July 22, 2016, has as its primary responsibilities (i) to supervise the processes of internal controls and management of the risks inherent to the Company's activities; (ii) to assess the work done by the internal and external auditors; and (iii) to evaluate the quality and integrity of the financial statements.

RESPONSIBILITIES

Management is responsible for the accurate preparation of the financial statements of Hypera Pharma and for implementing and maintaining internal control and risk management systems appropriate to the size and structure of the Company. Management is also responsible to establish procedures that guarantee the quality of the preparation of the financial statements.

The Internal Audit department of the Company has the duty of assessing the key risks to which the Company is exposed and the controls used to mitigate them, and to check that the policies and procedures defined by Management are followed, including those relating to the preparation of the financial statements.

PricewaterhouseCoopers Auditores Independentes (“PwC”) is the responsible for the external audit of the individual and consolidated financial statements and must confirm that they fairly represent, in all material aspects, the equity and financial position of Hypera Pharma as at December 31, 2019, its operating performance and its cash flows for the year then ended, in accordance with the accounting practices generally accepted in Brazil and the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

In fulfilling its duties, the CAE bases its analyses and assessments on information supplied by Management, Internal Audit, the external auditors and the executives responsible for managing risks and internal controls in the different segments of the Company, also respecting the exchange of opinions and ideas between the CAE and PwC members.

CAE'S ACTIVITIES

During 2019 year and until today, the CAE together with PwC prepared a work plan related to the Company's internal controls and has held 11 meetings for the following purposes:

- i. To receive reports on the work done by the Governance, Risk and Compliance

Department and to check the compliance with the risk management policy and the updated risk map;

ii. To monitor the procedures in effect in the Company to minimize compliance risk in its operations, ensuring the efficacy of controls of adherence of Company's law, regulations and policy;

iii. To discuss and analyze the significant accounting practices used in preparing the quarterly financial statements and the annual balance sheet;

iv. To discuss points of attention or points of improvement included in the External Auditors' report relating to internal controls and accounting issues;

v. To discuss the Information Technology's and Information Security's Governance area of the Company;

vi. To analyze the results of the engagements of Compliance and Risk Management areas and to approve the planning of the activities for those areas for 2020;

vii. To analyze the results of the engagements of the Internal Audit and Internal Controls departments and to approve the planning of the activities for those areas for 2020;

viii. To acknowledge the corporate governance system implemented by the Company;

ix. To monitor the work of drafting of the quarterly information and financial statements relating to the fiscal year ended on December 31, 2019; and

x. To monitor the work done by the Company's Independent Committee during the year of 2019. For this purpose, 4 meetings were held in person with the members of the Independent Committee and external advisors. The CAE is awaiting the Independent Committee's presentation to the Company's Board of Directors, to evaluate, jointly with the Board of Directors, if there are any additional measures and procedures to be performed.

CONCLUSION

The CAE recognizes and supports the initiatives of the Company in reviewing procedures and introducing improvements in internal controls and risk management practices.

Based on the information received and activities carried out during the year, and taking due account of its responsibilities and the limitations arising from the scope of its work, the CAE considers that the individual and consolidated accounting statements of December 31, 2019, have been prepared in accordance with the accounting practices generally accepted in Brazil and the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), and therefore recommends its approval by the Board of Directors.

São Paulo, March 4th, 2020.

Ademir José Scarpin

Hugo Barreto Sodré Leal

Coordinator of the CAE

Maria Carolina Ferreira Lacerda

João Martinez Fortes Junior

**EXHIBIT C
TO THE MANAGEMENT'S PROPOSAL**

MANAGEMENT'S COMMENTS
(Item 10 of CVM Instruction No. 480/2009)

10.1 MANAGEMENT'S COMMENTS

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 2019, the Company increased its gross debt in R\$828.0 million, going from R\$582.4 million as of December 31, 2018 to R\$1,410.4 million as of December 31, 2019, corresponding to an increase of approximately 142.2%, mainly as a result of the issuance of R\$800.0 million in debentures in fourth quarter. In the comparison between the fiscal years of 2018 and 2017, the Company's gross debt was reduced by 13.8%.

The Company ended 2019 with R\$2,246.4 million in cash and cash equivalents, against R\$1,646.9 million at the end of 2018 and R\$1,522.1 million reported for the end of fiscal year of 2017. The increase in cash and cash equivalents from 2018 to 2019 is mainly a consequence of the free cash flow of R\$466.2 million and the issuance of R\$800.0 million in debentures in 4Q19. The increase in the balance of cash and cash equivalents from 2017 to 2018 was mainly a consequence of the Operating Cash Flow of R\$ 1,066.5 million, the highest ever registered by the Company, with a 14.4% increase in relation to 2017, net of the payment of Interest on Equity in the amount of R\$581.3 million.

Thus, the cash availability exceeded the gross debt of the Company at the end of the last 3 fiscal years. The Company's net cash position in 2019 was of R\$828.5 million, R\$1,060.1 million in 2018 and R\$846.1 in 2017.

Finally, it is worth noting that in the fiscal year ended December 31, 2019, 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 -8.7%, against -9.9% in 2017. The performance in this indicator shows the solid net cash position of the Company over the last three fiscal years.

In 2019, 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 1.76, compared to 1.78 in 2017, highlighting the Company's ability to honor its short, medium and long term commitments.

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 equity and third parties' funds. The Company's capital structure for the fiscal years ended December 31, 2017, 2018 and 2019 is described in the following table:

(Thousand of R\$)	31/12/2017	VA%	31/12/2018	VA%	31/12/2019	VA%
Third Parties' Capital ⁽¹⁾	2,392,678	23.6	2,289,310	21.7	3,209,375	26.9
Equity ⁽²⁾	7,737,759	76.4	8,267,673	78.3	8,710,100	73.1
Total	10,130,437	100	10,556,983	100	11,919,475	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 40.2% in Third Parties' Capital in 2019 is mainly related to the gross debt increase in 2019, which was affected by the issuance of debentures in the amount of R\$800.0 million, leading to an increase in the relevance of Third Parties' Capital of 5.2% in 2019.

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

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

The Management understands that the Company's main financial commitments are linked to (i) the payment of the cost of goods sold (ii) the payment of bank loans and financings, including financial expenses related to them; and (iii) the 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 operating cash flow. In 2019, Operating Cash Flow was R\$823.9 million and in 2018 it accounted for 1,066.5 million. Thus, the Company's Management believes that the existing funds in cash and cash equivalents, in the amount of R\$2,246,436 million, combined with the operating cash flow expected 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 that the Company ended 2019 with a deleveraged capital structure

and, if there is any need of searching financing sources to honor new financial commitments in the future, 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 the Company's capital arising from its operating cash flow, as well as financing lines from banks and transactions in the Brazilian and foreign capital markets.

The main financing lines 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 operating cash flow and the current cash position are sufficient to comply with working capital and current liabilities obligations.

Nevertheless, if there is any 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, 2019, the loans and financings entered into by the Company, including issued debentures, accounted to R\$1,402,605 million, of which R\$1,293,983 million expire as from 2021.

The table below shows our indebtedness as of December 31, 2017, 2018 and 2019, (excluding notes payable related to the payment of acquisitions as described in item "Contractual Obligations" below):

	Annual Interest Rate	Balance as of 12/31/2017⁽¹⁾	Balance as of 12/31/2018⁽¹⁾	Balance as of 12/31/2019⁽¹⁾
		<i>(R\$ thousand)</i>	<i>(R\$ thousand)</i>	<i>(R\$ thousand)</i>
Foreign Currency				
Loans ⁽²⁾	US\$+2.77% per year	166,637	-	-
Loans ⁽²⁾	EUR + 1.61% per year		90,761	94,487

	Annual Interest Rate	Balance as of 12/31/2017⁽¹⁾	Balance as of 12/31/2018⁽¹⁾	Balance as of 12/31/2019⁽¹⁾
National Currency				
FCO ⁽²⁾	Pre-fixed from 2.50% to 8.50% per year	68,289	57,120	45,949
Financings	Pre-fixed from 2.50% to 8.70% per year	12,183	9,780	7,389
BNDES ⁽²⁾	Pre-fixed 3.50% to 4.50% per year	9,353	2,237	-
Debentures ⁽²⁾	CDI + 125% per year	-	-	797,336
Debentures ⁽²⁾	Pré-fixed 11.30% per year	93,606	-	-
Finep	TJLP – 1.00% per year	161,134	262,242	215,919
Finep	TJLP + 1.00%	-	-	111,013
Real Estate Financings	TR + 9.60% per year	145,125	142,170	130,512
Total		656,329	564,309	1,402,605
Current		337,813	106,548	108,622
Non-current		318,516	457,761	1,293,983

(1) The table shows the balance, as of December 31, 2017, 2018 and 2019, 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, 2019, all covenants were complied with. The next measurement will be held on June 30, 2020.

The table below presents the schedule for repayment of loans and financings and debentures as of December 31, 2019 (excluding notes payable, being the latter related to the acquisitions as described in item “Contractual Obligations” herein below):

Amortization schedule in December 31st, 2019	
<i>(Thousand of R\$)</i>	
Current	
2020	108,662
Total Current	108,662
Non-Current	
2021	179,742
2022	84,993
2023	236,394
2024	382,042
2025	348,392
2026	28,382
2027	11,670
2028	11,670
2029	10,698
Total Non-Current	1,293,983
Total Current and Non-Current	1,402,695

As of December 31, 2019, all loans and financings, were 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, 2019 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 12/31/19: R\$0,00

Debentures

8th Issuance of Simple Debentures, single series

Total Amount of the Issuance: R\$800.00 million

Date of Issuance: November 28, 2019

Full Term: 6 years

Coupon: CDI+1.25% per year

Payment of Interest: semi-annual

Maturity: November 28, 2025

Debtor Balance on 12/31/19: R\$797.336 million

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, 2019, the debtor balance of this note was R\$40.7 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 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 the subsidiary Cosmed Indústria de Cosméticos e Medicamentos S.A., the Company 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, 2019, the debtor balance of this note was R\$41.5 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., the Company 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, 2019, the debtor balance of this note was R\$48.4 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, 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.

On November 28, 2019, the Company issued a debenture in favor to Banco Bradesco S.A., in the amount of R\$800.0 million, subject to the CDI+1.25% per year. The payment of the principal of this note shall be held in 5 semi-annual installments, being the first paid on November 28, 2023, and the latter being due on November 28, 2025. As of December 31, 2019, the debtor balance of this note was R\$797,336 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 by any of its affiliates, 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 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 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 their respective subsidiaries, not suppressed within the legal term; **(c)** default in payment, by the Company, within 2 (two) business days after the date on which such payment becomes due, of any monetary obligation related to this Debenture, specially to those related of the principal payment, the remuneration and any other obligation contained in the Debenture; **(d)** non-compliance by the Company 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 sent by the Fiduciary Agent to the Issuer, 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: (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 Debenture holders representing 75% (seventy five percent) of the outstanding debentures, gathered in DGM; **(f)** protest of bills against the Company and/or against any of its parents which unit or aggregate amount exceeds R\$67,000,000.00 (sixty seven million Reais), 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) presented its defense or the amount was deposited in court; (g) failure to comply with any financial obligations and debts of the Company and/or parent company, in single or aggregate amount equal to or greater than R\$67,000,000.00 (sixty seven million Reais) local or international market, unless the Company 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 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; (i) failure to comply with any legal final decision, administrative against the Company, in value individual or aggregate not less than R\$67,000,000.00 (sixty seven million Reais), or equivalent amount in other currencies within the stipulated time limit for payment; (j) assignment, by the Issuer, of any obligation related to the Debentures, unless previously approved by the simple majority of the Debenture Holders, meeting in AGD specially called for this purpose; (k) transformation of the Issuer's corporate type so that the Issuer ceases to be a corporation, pursuant to Articles 220 to 222 of the Brazilian Corporation Law; (l) if there is an incorporation, spin-off, merger, 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 with the main shareholder of the Issuer's current control block and that causes loss of the current direct or indirect corporate control; (m) material change in the Issuer's economic conditions, financial and / or operating conditions, which have been proven (upon publication of a material fact or a notice to the market by the Issuer, pursuant to CVM Instruction No. 358, of January 3, 2002, as amended ("CVM Instruction 358"), as well as in the applicable regulations), negatively affect the Issuer's ability to meet its financial obligations; (n) non-renewal, cancellation, intervention, revocation or suspension of authorizations, permits and licenses, essential for the regular exercise of the activities developed by the Issuer and / or by any of its subsidiaries, whose referred activities represent investment of the Issuer in an amount equal to or greater than 10% (ten percent) of the Issuer's consolidated billing, except if, within the period of 15 (fifteen) days from the date of such non-renewal, cancellation, intervention, revocation or suspension, the Issuer proves the existence jurisdictional provision authorizing the regular continuity of the Issuer's and / or its subsidiaries' activities, as the case may be, until the renewal or obtaining of the aforementioned license or authorization; (o) change or alteration in the Issuer's corporate purpose that significantly modifies the activities currently practiced by it, or that adds to these activities new businesses that have a prevalence or may represent deviations from the activities currently developed; (p) non-compliance by the Issuer with the following financial index, for two consecutive semesters, to be calculated always based on the Issuer's consolidated financial statements of December and June, starting with the accounting information of December 31, 2019:

“Leverage Ratio”: Net Financial Debt / EBITDA: the leverage ratio must be equal to or less than 3.75x, being considered the highest EBITDA between: (a) the accumulated EBITDA of the last 12 (twelve) months; and (b) EBITDA for the last quarter multiplied by 4.0; Where:

“Total Financial Debt”: means the debit balance of principal and interest on short and long-term loans and financing with financial institutions, including capital markets operations and third party debts (excluding the Issuer's subsidiaries) guaranteed by the Issuer and / or its subsidiaries, plus debts resulting from the acquisitions made by the Issuer and/or its subsidiaries, based on the Issuer's last Consolidated Financial Statements presented to CVM.

“Net Financial Debt”: means the Total Financial Debt, less the cash balance and short-term investments of the Issuer and its subsidiaries, based on the last Consolidated Financial Statements of the Issuer submitted to CVM.

“EBITDA”:

It means the sum of: (a) the operating result as presented in the Issuer's Consolidated Financial Statements (excluding financial income and expenses); and (b) all depreciation and amortization amounts.

(q) non-compliance, by the Issuer and/or any of its subsidiaries, of the obligations set forth in items (n) and/or (o) of Clause 5.1 of the Distribution Contract in relation to acts practiced as of the Issue Date, related to the Anticorruption laws (as defined below) and/or the Social and Environmental Laws (as defined below); (r) any of the declarations or guarantees provided by the Issuer during the term of the Debentures and/or the Distribution Agreement prove to be false or misleading; and (s) amendment to the Issuer's Bylaws, which implies granting the right of withdrawal to the Issuer's shareholders during the term of the Debentures of this Issue, provided that there is an effective withdrawal of shareholders that represent, individually or jointly, 15% (fifteen) percent) or more of the Issuer's share capital.

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, 2019, the debtor balance of this note was R\$6.5 million.

On August 03, 2011, by means of our subsidiary Brainfarma Indústria Química e Farmacêutica S.A., the Company 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, 2019, the debtor balance of

this note was of R\$18.6 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, 2019, the debtor balance of this note was of R\$20.9 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, the Company 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, 2019, the debtor balance of this financing was R\$215.9 million.

On November 14, 2019, a Financing Agreement was entered between the Company, as financed, and Financiadora de Estudos e Projetos - FINEP, 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\$338.860 million + interests of TJLP plus 1% per annum. On December 13, 2019, the first installment of R\$111.2 million was granted to the Company. There will be two more disbursements with undefined date. The disbursed amount shall be settled in 84 monthly installments after a grace period of 36 months. The first payment is scheduled for November 16th, 2022, being the last payment scheduled for November, 16th 2029. As of December 31, 2019, the debtor balance of this financing was R\$111.0 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, 2019, 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, 2019, the debtor balance of this loan was R\$94.5 million.

Contractual Obligation

Notes payable

The contractual obligations as of December 31, 2019 consisted primarily of notes payable related to the acquisitions performed between 2007 and 2017, in the amount of R\$7.8 million, whose payment is expected to occur in the fiscal year of 2020.

(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 12/31/2019					
Type of Debt	Less than one year	One to three years	Three to Five years	More than five years	Total
Secured Guarantee	27,739,862.89	86,315,860.30	69,793,188.60	-	183,848,911.79
Floating Charge	-	160,000,000.00	637,336,354.27	-	797,336,354.27
Unsecured Guarantee	63,273,667.28	250,477,155.84	77,443,622.82	45,977,145.33	437,171,591.27
Other types of Guarantee or Privilege	-	-	-	-	-
Total	91,013,530.17	496,793,016.14	784,573,165.69	45,977,145.33	1,418,356,857.33

Notes:

This table only reflects financial indebtedness, 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, 2019.

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	237,464,250.36	147,686,767.08	97,876,968.88	586,859,925.71

Notes:

This table only reflects financial indebtedness, 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	29,596,807.23
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	0	0	0	0	0
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, 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, 2017.

In the fiscal years ended on December 31, 2017, 2018 and 2019 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

Described below are 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, 2019:

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.

On November 14, 2019, the Company and its subsidiaries obtained from Financiadora de Estudos e Projetos – FINEP, a credit line in the amount of R\$338.9 million. In December 2019, R\$111.2 million, equivalent to 32.8% of the total amount, was disbursed.

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, 2019 and December 31, 2018

(R\$ million)	2019	2018	VA 19	VA 18	HA 19/18
Net Revenue	3.294,7	3.724,3	100,0%	100,0%	-11,5%
Gross Profit	2.085,7	2.665,3	63,3%	71,6%	-21,7%
Marketing Expenses	(843,3)	(820,2)	-25,6%	-22,0%	2,8%
Advertisement and Consumer Promotion	(301,0)	(356,0)	-9,1%	-9,6%	-15,5%
Trade Deals	(82,8)	(69,3)	-2,5%	-1,9%	19,4%
Medical Visits, Promotions and Others	(459,6)	(394,9)	-14,0%	-10,6%	16,4%
Selling Expenses	(558,3)	(479,3)	-16,9%	-12,9%	16,5%
Commercial Expenses	(337,4)	(318,8)	-10,2%	-8,6%	5,8%
Freight and Logistics Expenses	(92,2)	(86,5)	-2,8%	-2,3%	6,5%
Research & Development	(128,7)	(73,9)	-3,9%	-2,0%	74,1%
General and Administrative Expenses	(209,3)	(181,8)	-6,4%	-4,9%	15,1%
Other Operational Net Expenses	601,2	40,3	18,2%	1,1%	1390,2%
Equity in Subsidiaries	9,6	5,4	0,3%	0,1%	79,3%
EBIT from Continuing Operations	1.085,7	1.229,8	33,0%	33,0%	-11,7%
Net Financial Results	14,4	0,1	0,4%	0,0%	16861,2%
Financial Expenses	(81,8)	(85,8)	-2,5%	-2,3%	-4,7%
Financial Income	96,2	85,8	2,9%	2,3%	12,0%
Income Tax and CSLL	88,9	(94,5)	2,7%	-2,5%	-
Net Income (Loss) from Continuing Operations	1.189,0	1.135,4	36,1%	30,5%	4,7%

Net Income from Discontinued Operations	(24,9)	(5,8)	-0,8%	-0,2%	330,2%
Net Income (Loss)	1.164,0	1.129,6	35,3%	30,3%	3,0%

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

Net Revenue totaled R\$3,294.7 million, a 11.5% reduction when compared to 2018, mainly due to the reduction of sales of Branded Prescription and Consumer Health products during 1Q19, with the objective to reduce the clients inventory levels. Worth to mention that the Company's sales on its clients (sell-out in PPP), measured by IQVIA, showed a 10.1% growth during the year.

Gross Profit

In 2019, the Gross Profit totaled R\$2,085.7 million, with 63.3% gross margin. The reduction of the Gross Margin during the year is mainly due to the sales reduction of Consumer Health and Branded Prescription products during 1Q19 – which have higher margins – to adjust the commercial policy and inventory levels reduction at Hypera Pharma clients. Besides, the Gross Profit was negatively impacted by the Real devaluation versus the US dollar and by the increase of provisions due to inventory losses.

Marketing and Sales Expenses

Marketing Expenses increased 2.8% in 2019, and were boosted by growth of Medical Visits, Promotions and Others, expenses, which is mainly a consequence of the increase in the medical representatives' teams done on the third quarter of 2018 and third quarter of 2019, as well as the increase in the number of marketing promotions at the point of sale.

Sales Expenses totaled R\$558.3 million in 2019, versus R\$479.3 million in 2018. This increase mainly reflects the growth of Research & Development Expenses due to the investment increase in innovation to accelerate the rhythm of new products launches.

General and Administrative Expenses

General and Administrative Expenses totaled R\$209.3 million in the year. This growth, when compared to last year's growth, is mainly a consequence of the labor tax increase, in place since the beginning of 2019.

Other Operational Net Expenses and Equity in Subsidiaries

Other Operational Net Expenses was positively affected in 2019 by the favorable ruling over the exclusion of ICMS (State Tax) from the calculation basis of PIS/COFINS (Federal Tax), which amounted R\$546.4 million in first quarter of 2019, as well as the amount received from the rental of the Consumption Distribution Center during the year. On the other hand, the growth of Equity in Subsidiaries is related to the result of the invested company Bionovis S.A.

Net Financial Results

Net Financial Results in 2019 was positive in R\$14.4 million, an R\$14.3 million increase when compared to the past year. This variation is mainly due to the monetary update of the

tax credit related to the exclusion of ICMS (Interstate Tax) from the calculation basis of PIS/COFINS (Federal Tax) booked in the first quarter of 2019.

Net Profit

Net Income from Continuing Operations reached R\$1,189.0 million in the year, an increase of 4.7% in relation to the previous year. This Net Income growth, at a higher level than the EBIT from Continuing Operations, is mainly related to the reduction of the effective income tax rate due to the increase of Interest on Equity declared during 2019, that totaled R\$675.3 million, and due to the R\$91.8 million reversal of part of the tax liability from tax credits in second quarter of 2019.

Net Profit grew 3.0% during the period, and was impacted by the negative impact of discontinued operations, essentially due to the higher level of expenses of such operations during the period.

Comparison of between the operating results for the fiscal year ended December 31, 2018 and December 31, 2017

(R\$ million)	2018	2017	VA 18	VA 17	HA 18/17
Net Revenue	3.724,3	3.499,9	100,0%	100,0%	6,4%
Gross Profit	2.665,3	2.573,2	71,6%	73,5%	3,6%
Marketing Expenses	(820,2)	(758,2)	-22,0%	-21,7%	8,2%
Advertisement and Consumer Promotion	(356,0)	(346,0)	-9,6%	-9,9%	2,9%
Trade Deals	(69,3)	(61,1)	-1,9%	-1,7%	13,5%
Medical Visits, Promotions and Others	(394,9)	(351,2)	-10,6%	-10,0%	12,5%
Selling Expenses	(479,3)	(467,0)	-12,9%	-13,3%	2,6%
Commercial Expenses	(318,8)	(304,1)	-8,6%	-8,7%	4,8%
Freight and Logistics Expenses	(86,5)	(78,5)	-2,3%	-2,2%	10,1%
Research & Development	(73,9)	(84,4)	-2,0%	-2,4%	-12,4%
General and Administrative Expenses	(181,8)	(184,4)	-4,9%	-5,3%	-1,4%
Other Operational Net Expenses	40,3	(6,3)	1,1%	-0,2%	-
Equity in Subsidiaries	5,4	2,9	0,1%	0,1%	87,5%
EBIT from Continuing Operations	1.229,8	1.160,0	33,0%	33,1%	6,0%
Net Financial Results	0,1	53,4	0,0%	1,5%	-99,8%
Financial Expenses	(85,8)	(113,7)	-2,3%	-3,2%	-24,6%
Financial Income	85,8	167,1	2,3%	4,8%	-48,6%
Income Tax and CSLL	(94,5)	(101,9)	-2,5%	-2,9%	-7,3%
Net Income (Loss) from Continuing Operations	1.135,4	1.111,5	30,5%	31,8%	2,2%
Net Income from Discontinued Operations	(5,8)	(146,5)	-0,2%	-4,2%	-96,0%
Net Income (Loss)	1.129,6	964,9	30,3%	27,6%	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 Equivalentents 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

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

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.

Other Operational Net Expenses and Equity in Subsidiaries

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. The growth of the Equity Accounting is due to the result of the investment of Companhia Bionovis S.A.

Financial Income

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 interest expenses.

Net Income

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.

MAIN CHANGES IN CONSOLIDATED EQUITY

Fiscal year ended December 31, 2019, compared to fiscal year ended December 31, 2018¹

Assets	2018 (R\$ thousand)	2019 (R\$ thousand)	VA 2018 (% Total Assets)	VA 2019 (% Total Assets)	HA Variation 2019/2018
Current Assets	4.262.416	4.737.327	40,4%	39,7%	11,1%
Cash and Cash Equivalents	1.646.869	2.246.436	15,6%	18,8%	36,4%
Accounts Receivables	1.457.265	1.313.671	13,8%	11,0%	-9,9%
Inventories	596.683	664.643	5,7%	5,6%	11,4%
Recoverable Taxes	338.166	300.826	3,2%	2,5%	-11,0%
Financial Derivatives	7.292	1.409	0,1%	0,0%	-80,7%
Other Assets	214.811	206.966	2,0%	1,7%	-3,7%
Dividends and IOC receivables	0	2.261	0,0%	0,0%	-
Assets Held for Sale	1.330	1.115	0,0%	0,0%	-16,2%

Non-Current Assets	6.294.567	7.182.148	59,6%	60,3%	14,1%
Long Term Assets	301.936	909.728	2,9%	7,6%	201,3%
Deferred Income Tax and Social Contribution	27.745	26.551	0,3%	0,2%	-4,3%
Recoverable Taxes	58.558	662.183	0,6%	5,6%	1030,8%
Other Assets	215.633	220.994	2,0%	1,9%	2,5%
Investments	5.992.631	6.272.420	56,8%	52,6%	4,7%
Investments	11.931	19.123	0,1%	0,2%	60,3%
Investment Properties	154.263	150.240	1,5%	1,3%	-2,6%
Property, Plants and Equipments	963.906	1.167.946	9,1%	9,8%	21,2%
Intangible Assets	4.862.531	4.935.111	46,1%	41,4%	1,5%
Total Assets	10.556.983	11.919.475	100,0%	100,0%	12,9%
Liabilities and Shareholders' Equity	2018 (R\$ thousand)	2019 (R\$ thousand)	VA 2018 (% Total Assets)	VA 2019 (% Total Assets)	HA Variation 2019/2018
Current Liabilities	1.414.177	1.585.308	13,4%	13,3%	12,1%
Suppliers	198.119	333.829	1,9%	2,8%	68,5%
Suppliers' Assignment of Receivables	161.200	124.019	1,5%	1,0%	-23,1%
Loans and Financing	106.548	108.622	1,0%	0,9%	1,9%
Salaries Payable	150.352	205.996	1,4%	1,7%	37,0%
Income Tax and Social Contribution	17	337	0,0%	0,0%	1882,4%
Taxes Payable	54.250	47.857	0,5%	0,4%	-11,8%
Accounts Payable	155.388	135.710	1,5%	1,1%	-12,7%
Dividends and IOC Payable	560.295	612.143	5,3%	5,1%	9,3%
Notes Payable	18.070	7.802	0,2%	0,1%	-56,8%
Financial Derivatives	2.327	3.820	0,0%	0,0%	64,2%
Liabilities Held for Sale	7.611	5.173	0,1%	0,0%	-32,0%
Non-Current Liabilities	875.133	1.624.067	8,3%	13,6%	85,6%
Loans and Financing	457.761	1.293.983	4,3%	10,9%	182,7%
Deferred Income Tax and Social Contribution	231.185	92.543	2,2%	0,8%	-60,0%
Taxes Payable	8.941	8.360	0,1%	0,1%	-6,5%
Accounts Payable	6.660	29.841	0,1%	0,3%	348,1%
Provisions for Contingencies	166.106	191.763	1,6%	1,6%	15,4%
Financial Derivatives	4.480	7.577	0,0%	0,1%	69,1%
Shareholders' Equity	8.267.673	8.710.100	78,3%	73,1%	5,4%
Capital	4.448.817	4.448.817	42,1%	37,3%	0,0%
Capital Reserve	1.285.171	1.270.401	12,2%	10,7%	-1,1%
Equity Valuation Adjustments	(254.680)	(254.994)	-2,4%	-2,1%	0,1%
Profit Reserves	2.794.824	3.280.079	26,5%	27,5%	17,4%
Treasury Stock	(6.459)	(34.203)	-0,1%	-0,3%	429,5%
Total Liabilities and Shareholders' Equity	10.556.983	11.919.475	100,0%	100,0%	12,9%

Current Assets

Current Assets amounted to R\$4,737.3 million as of December 31, 2019, compared to the balance of R\$4,262.4 million as of December 31, 2018. The Current Assets increase, despite the reduction of Accounts Receivable due to the reduction of Net Revenue during the period, was mainly due to the debenture issue during fourth quarter of R\$800.0 million, with the objective of reinforcing even more the future investment capacity of the Company. With this issuance, the Cash and Cash and Equivalents account grew 36.4%.

Non-current Assets

Non-current assets amounted to R\$7,182.1 million as of December 31, 2019, and R\$6,294.6 million as of December 31, 2018, an increase of 14.1%. At the end of the fiscal year of 2019, non-current assets accounted for 60.3% of total assets, an increase of 0.7 percentage point compared to the year ended December 31, 2018.

This variation occurred mainly due to the R\$603.6 million increase in Recoverable taxes, reflecting the accounting in 2019 of the credit related to the exclusion of ICMS of the calculation basis of PIS/COFINS, and by the 21.2% increase of Property, Plants and Equipment, a result of the additional investments for the production capacity expansion in Anápolis.

Current Liabilities

Current liabilities grew 12.1% at the end of 2019, mainly due to the 27.4% increase of Suppliers' Assignment of Receivables and 9.3% of Dividends and IOC Payable, reflecting the increase in the declared Interest on Capital in 2019. In percentage terms, at the end of the fiscal year of 2019, the current liabilities accounted for 13.3% of Total Liabilities and Shareholders' Equity, compared to a percentage of 13.4% in the end of the previous year.

Non-current Liabilities

Non-Current Liabilities amounted to R\$1,624.1 million as of December 31, 2019, compared to the balance of R\$875.1 million as of December 31, 2018, an increase of 85.6%. This increase is mainly due to the R\$836.6 million increase in Loans and Financing and Debentures, a consequence mainly of the debenture issuance in fourth quarter totaling R\$800.0 million.

As a percentage of Total Liabilities and Shareholders' Equity, the Non-Current Liabilities was 13.6% in December 31, 2019, compared to the percentage of 8.3% observed in December 31, 2018.

Shareholders' Equity

Shareholders' Equity amounted to R\$8,710.1 million as of December 31, 2019, compared to the balance of R\$8,267.7 million as of December 31, 2018, an increase of 5.4%. This increase is mainly due to the increase in the capital reserves of 17.4%, a result of the combination of the income of the period and the interest on shareholders' equity declared over the year. In December 31, 2019, the Shareholders' Equity accounted 73.1% of the Total Liabilities and Shareholders' Equity of the Company, against 78.3% in December 31, 2018.

Fiscal year ended December 31, 2018, compared to fiscal year ended December 31, 2017¹

Assets	2017 (R\$ thousand)	2018 (R\$ thousand)	VA 2017 (% Total Assets)	VA 2018 (% Total Assets)	HA Variation 2018/2017
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Current Assets	3,927.541	4.262.416	38,8%	40,4%	8,5%
Cash and Cash Equivalents	1.522.135	1.646.869	15,0%	15,6%	8,2%
Accounts Receivables	1.224.227	1.457.265	12,1%	13,8%	19,0%
Inventories	454.776	596.683	4,5%	5,7%	31,2%
Recoverable Taxes	355.194	338.166	3,5%	3,2%	-4,8%
Financial Derivatives	10.132	7.292	0,1%	0,1%	-28,0%
Other Assets	358.136	214.811	3,5%	2,0%	-40,0%
Assets Held for Sale	2.941	1.330	0,0%	0,0%	-54,8%
Non-Current Assets	6.202.896	6.294.567	61,2%	59,6%	1,5%
Long Term Assets	330.336	301.936	3,3%	2,9%	-8,6%
Deferred Income Tax and Social Contribution	30.331	27.745	0,3%	0,3%	-8,5%
Recoverable Taxes	147.184	58.558	1,5%	0,6%	-60,2%
Other Assets	152.821	215.633	1,5%	2,0%	41,1%
Investments	5.872.560	5.992.631	58,0%	56,8%	2,0%
Investments	6.186	11.931	0,1%	0,1%	92,9%
Investment Properties	156.726	154.263	1,5%	1,5%	-1,6%
Other Investments	564	0	0,0%	0,0%	-100,0%
Property, Plants and Equipments	906.770	963.906	9,0%	9,1%	6,3%
Intangible Assets	4.802.314	4.862.531	47,4%	46,1%	1,3%
Total Assets	10.130.437	10.556.983	100,0%	100,0%	4,2%
Liabilities and Shareholders' Equity	2017 (R\$ thousand)	2018 (R\$ thousand)	VA 2017 (% Total Assets)	VA 2018 (% Total Assets)	HA Variation 2018/2017
Current Liabilities	1.710.737	1.414.177	16,9%	13,4%	-17,3%
Suppliers	178.271	198.119	1,8%	1,9%	11,1%
Suppliers' Assignment of Receivables	124.304	161.200	1,2%	1,5%	29,7%
Loans and Financing	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	2.944	17	0,0%	0,0%	-99,4%
Taxes Payable	53.919	54.250	0,5%	0,5%	0,6%
Accounts Payable	200.649	155.388	2,0%	1,5%	-22,6%
Dividends and IOC Payable	581.299	560.295	5,7%	5,3%	-3,6%
Notes Payable	19.669	18.070	0,2%	0,2%	-8,1%
Financial Derivatives	818	2.327	0,0%	0,0%	184,5%
Liabilities Held for Sale	49.208	7.611	0,5%	0,1%	-84,5%
Non-Current Liabilities	681.941	875.133	6,7%	8,3%	28,3%
Loans and Financing	318.516	457.761	3,1%	4,3%	43,7%
Suppliers	2.348	0	0,0%	0,0%	-100,0%
Deferred Income Tax and Social Contribution	184.418	231.185	1,8%	2,2%	25,4%
Taxes Payable	6.773	8.941	0,1%	0,1%	32,0%
Accounts Payable	11.855	6.660	0,1%	0,1%	-43,8%
Provisions for Contingencies	158.031	166.106	1,6%	1,6%	5,1%
Financial Derivatives	0	4.480	0,0%	0,0%	-
Shareholders' Equity	7.737.759	8.267.673	76,4%	78,3%	6,8%
Capital	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%
Equity Valuation Adjustments	(254.975)	(254.680)	-2,5%	-2,4%	-0,1%
Profit Reserves	2.279.920	2.794.824	22,5%	26,5%	22,6%
Treasury Stock	(12.981)	(6.459)	-0,1%	-0,1%	-50,2%
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\$4,262.4 million as of December 31, 2018, compared to the balance of R\$3,927.5 million as of December 31, 2017, an increase of 8.5%. 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\$6,294.6 million as of December 31, 2018, and R\$6,202.9 million as of December 31, 2017, an increase of 1.5%. At the end of the fiscal year of 2018, non-current assets accounted for 59.6% of total assets, a drop of 1.6 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\$1,414.2 million as of December 31, 2018, compared to the balance of R\$1,710.7 million as of December 31, 2017, a drop of 17.3%. This reduction was due mainly to the combination of (i) drop of 68.5% of the heading of Loans and Financing, in line with the strategy of the Company to reduce its gross indebtedness in 2018; (ii) drop of 22.6% 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\$875.1 million as of December 31, 2018, compared to the balance of R\$681.9 million as of December 31, 2017, an increase of 28.3%. This increase is mainly due to the increase of 43.7% in Loans and Financing. 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 8.3% 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 6.8%. 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.

10.2. MANAGEMENT'S COMMENTS

a. Results of the Company's operations

(i) Description of any important revenue components

The gross sales of the Company are essentially denominated in *Reais* and is generated from sales of its products in Brazil. These products are sold to retailers, who in turn supply end consumers, as well as to distributors, who resell these products to points of sale of retailers that the Company does 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 controlled companies.

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 there is no continuous involvement with the sold goods.

(ii) Factors that materially affected the operational income

The pharmaceutical sector is generally affected by changes in consumer confidence and demand, and competition, seasonality and price levels.

General political and economic uncertainties in the country may have adverse effects on consumer purchasing power, the cost of the acquired products, availability of labor and merchandise, and other factors that affect us and the pharmaceutical industry in general. In periods of economic crisis, unemployment rates increase, consumers tend to purchase less merchandise, prices decrease and financing becomes more expensive.

The activities and financial and operational results may be substantially affected by

acquisitions and divestitures made by the Company, aiming at adjust its portfolio to new levels of growth and profitability. In addition to the factors above, the 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 the Company’s debt in Reais, also reflecting on the costs to contract foreign exchange hedge.

Brazilian Macroeconomic Scenario

The sales’ gross revenue is affected by the inflation, once, in general, part of the increase in the costs are transferred to the clients by means of price increases.

The exchange variation affects the financial results, the cost of the 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 the fiscal years of 2019, 2018 and 2017 was partially affected by foreign exchange volatility.

The Brazilian economy grew in 2019 for the third consecutive year, with a 1.1% expansion of the gross domestic product (GDP) with respect to the previous year, in a context of external uncertainties related mainly to the commercial dispute between the united States of America and China and the political scenario of South America, which caused the Brazilian Real to lose ground in face of the American Dollar, which ended the year in the quotation of R\$4.03.

The growth in the Brazilian economy was not accompanied by inflationary pressures, and the Amplified Consumer Price Index (IPCA) closed the year at 4.31%, within the margin of tolerance established for 2019 by the Nacional Monetary Council (CMN), allowing the Brazilian Central Bank to conduct a policy of gradual reduction of the basic interest rate, which lead the Selic rate to 4.5% per year at the end of 2019.

The Brazilian pharmaceutical market grew nominally 10.8% in 2019 in comparison with the previous year, according to IQVIA. At the end of the year, the three big market segments recorded growth in Reais – Branded Products (10.8%), Consumer Health (7.0%), Equivalents and Generics (12.9%). In terms of volume, the market growth was 4.6% in comparison with the previous year, also according to the IQVIA data.

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,		
	2017	2018	2019
GDP growth ⁽¹⁾	1.3%	1.3%	1.1%
Inflation (IPCA) ⁽²⁾	3.0%	3.8%	4.3%
CDI ⁽³⁾	9.9%	6.4%	5.9%

TJLP ⁽⁴⁾	7.1%	6.7%	6.2%
Appreciation (depreciation) of the <i>Real</i> against the U.S. dollar	1.3%	18.5%	18.5%
Exchange rate ⁽⁵⁾ at the end of as period — US\$1.00	R\$3.30	R\$3.87	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 the Company concentrates its operations since 2017 – medicines - is highly competitive. Thus, the Company faces competition from companies that are present in the national and international markets. These companies offer a variety of products that compete with the majority of the products offered by Hypera Pharma. Accordingly, the business is affected by the competition conditions, provided that the Company may need to increase its marketing and advertising expenses and/or reduce the prices of the products, adapt the existing products and launch new products to maintain its competitiveness 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 one hand, by cold medications, such as Benegrip, Coristina d, Fluviral and Apracur, for which, historically, the Company records 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. Consistent productivity gains in the industry 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 the medicines; (ii) higher average income, which increases demand for the Company’s products marketed to the upper middle income and middle income classes; and (iii) launches 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:

	2017	2018	2019
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Level 1	4.76%	2.84%	4.33%
Level 2	3.06%	2.47%	4.33%
Level 3	1.36%	2.09%	4.33%

The Company's revenues in the last three fiscal years were also affected by the increase in the sales volume of its medicines. 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	2017	2018	2019
Annual net revenue deriving from products launched in the last five years	28%	30%	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 the operational costs and expenses are based in *Reais* and adjusted by inflation. The sales revenue is also affected by inflation because the Company generally passes on part of the increases in costs to its customers through price increases. However, it is not possible to predict if the Company will be able to pass on the cost increases to its 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 2019, the gross margin was negatively affected in 8.3 percentage points. This reduction is due mainly to the mix of products effect (2.9 percentage points) and by the increase in the prices in a lower level than the increase of the costs, which were affected mainly by the increase in the provision for inventory losses (1.3 percentage points), depreciation of the Brazilian Real in face of the US Dollar (1.1 percentage point) and the increase of the payroll in effect since the beginning of 2019 (0.8 percentage point).

In 2018, the gross margin was negatively affected in 1.9 percentage point. 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 percentage points 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 turn, the financial performance is affected by the foreign exchange, interest rates and inflation in Brazil. Such indices have effects over the financial expenditures and, by extension, over the net income.

The Company has carried out, from 2016 to 2018, a process of deleveraging, by reducing its gross debt, including the component of its financial liabilities denominated in US dollar. In 2017, the Company reduced its exposure to loans denominated in foreign currency from R\$331.3 million to R\$166.6 million. On August 22, 2018, the Company contracted a loan of EUR20.0 million due in March 24, 2021, subject to pre fixed interest of 1.61% per year. To eliminate the risk associated with the exchange variation related to this contract, the Company contracted swaps with Banco Itaú BBA, in which we remain active in exchange variation plus pre fixed rates and passives of 106.9% of the CDI. On December 31, 2019, the debt balance of this loan was R\$94.5 million.

In addition, 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 the Company's 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:

	2017		2018		2019	
	Value	VA%	Value	VA%	Value	VA%
Loans, financing contracts and swaps CDI	157,970	32.6%	97,150	18.77%	900,708	65.9%
Loans TJLP	161,134	33.3%	260,252	50.28%	326,932	23.9%

Loans TR	145,125	30.0%	142,169	27.46%	130,512	9.6%
Notes payable CDI	19,669	4.1%	18,070	3.49%	7,802	0.6%
Total Indebtedness	483,898	100.0%	517,641	100.00%	1,365,954	100.00%
Cash investments	-1,512,413	- 312.5%	-1,632,296	-315.33%	-2,233,113	-163.5%
Net exposure	-1,028,515	- 212.5%	-1,114,655	-215.33%	-867,159	-63.5%

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 and 2019 there was 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 2017, 2018 and 2019:

	Consolidated December 31, 2017	Consolidated December 31, 2018	Consolidated December 31, 2019
Total assets held for sale	2,941	1,330	1,115

Total liabilities held for sale	49,208	7,611	5,173
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See below the effects of the Discontinued Operations on the Company's income accounts, in thousands of *Reais*, in 2017, 2018 and 2019:

	Consolidated December 31, 2017	Consolidated December 31, 2018	Consolidated December 31, 2019
Net revenues from sales	225,487	-	-
Cost of goods sold	(152,466)	-	-
Gross profit	73,021	-	-
(Expenses)/revenues	(70,891)	6,932	(37,480)
Income from disposal	(211,530)	(11,877)	-
Income before financial revenues and expenses	(209,400)	(4,945)	(37,480)
Financial expensas	(5,685)	(62)	-
Income before income tax and social contribution	(215,085)	(5,007)	(37,480)
Income tax and social contribution	68,551	(791)	12,535
Net income for the year	(146,534)	(5,798)	(24,945)

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 and 2019, 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.

c. Unusual events and transactions

In 2019, 2018 and 2017 there were no unusual events or transactions performed by the Company beside the ones already mentioned on item 10.3.b.

10.4 MANAGEMENT'S COMMENTS

a. Significant changes in accounting standards

In the fiscal year of 2019, the Company adopted the CPC 06/IFRS 16 Leases (leasing), using the cumulative effect method, with the initial application of the rule on the initial date (i.e., January 1st, 2019).

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 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.

The effect of CPC 06/IFRS 16 Leases resulted in the booking of R\$50,583 million of right of use assets, and of R\$55,955 million leasing liabilities and an adjustment of the accumulated earnings balance of R\$3,546 million in January 1st, 2019.

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.

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.

In 2019, the investments in fixed assets totaled R\$242.0 million, mainly reflecting the beginning of the project to expand the production capacity in the Anápolis plant complex to support the volume growth expected by the Company for the next years. The intangible acquisition related to the development of new products reached R\$116.0 million, showing the Company's strategy the intensifying its new product launches.

For the fiscal year of 2020, 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\$821.0 million,

pursuant to the capital budget proposed by the Management for the approval in the Shareholders' Meeting to be held in April, 2020, according to the table below:

INVESTMENT PLAN	R\$ (Thousand)
Investment in new products	256,600
Investment in modernization and expansion	534,300
Investments in informatics for modernization	30,600
TOTAL	821,500

SOURCES	R\$ (thousand)
Retained Earnings	
Retained Earnings referring to 2019 fiscal year	117,106
Reserve balance for the capital budget	143,728
Company's own resources (generated with operational activity)/Third Parties	560,666
TOTAL	821,500

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, 2019 for a cost value of approximately R\$150.2 million and fair value of R\$255.0 million.

The Company does not have other relevant disinvestments in course or forecasted for 2020 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

Since 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 more than 300 professionals, including master and PhD degrees.

In 2019, the total investments in research and development by the Company, including the amount capitalized as fixed asset, have reached 7.4% of its Net Revenue, versus 4.9% in 2018. Over the year of 2019, the Company launched 95 new products, chiefly focused on the branded products segments (Branded Prescription and Consumer Health) and ended the year with more than 390 projects in its innovation pipeline.

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, 2018 and December 31, 2019, 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, 2018	December 31, 2019
Costs with advertising and publicity	(356.0)	(301.0)
Agreement, Funds and Others	(69.3)	(82.8)
Medical Visits, Promotions, Gifts and Samples	(394.9)	(459.6)

Marketing's costs	(820.2)	(843.3)
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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.

Results

In the fiscal year 2019, investments of R\$301.0 million were made in advertising and publicity, among other, that is, 9.1% of Net Revenue in the year. This amount was 15.5% below the investment made in the previous year.

The Company controls an in-house advertising agency, MY Agência de Propaganda Ltda. MY agency centralizes the management and development of advertising campaigns and social media regarding the Company's brands, and also 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.

* * *

**EXHIBIT D
TO THE MANAGEMENT'S PROPOSAL**

**CAPITAL BUDGET PROPOSAL
FOR THE FISCAL YEAR OF 2020**

Pursuant to the provisions of the article 196 of the Law No. 6,404/76, as amended ("Brazilian Corporate Law"), the Management of **Hypera S.A.** ("Hypera Pharma" or "Company") proposes to the Shareholder's Meeting the approval of this capital budget proposal for the fiscal year 2020.

The proposed allocation of net profit for the 2019 fiscal year of the Company contained in the Company's Financial Statements, in order to meet its 2020 investment plan, provides that, after the legal adjustments established in the Brazilian Corporate Law, profits will be retained in the amount of R\$ 117,106,191.41 (one hundred and seventeen million, one hundred and six thousand, one hundred and ninety-one Reais and forty-one cents) allocated to the capital budget reserve, which will be added to this reserve's current balance, in the amount of R\$ 143,728,006.22 (one hundred and forty-three million, seven hundred and twenty-eight thousand and six Reais and twenty-two cents).

The approved investment plan provides the use of (i) the amount of profits related to the fiscal year of 2019 to be retained; (ii) the capital budget reserve's current balance; (iii) Company's own funds generated by the Company's operational activities during the fiscal year; and (iv) third parties funds, as described below:

Investment Plan	R\$ (thousand)
Investments in new products	256,600
Investments in modernization and expansion	534,300
Investments in information technology for modernization	30,600
TOTAL	821,500

SOURCES	R\$ (thousand)
Retained earnings	
Retained earnings relating to the fiscal year of 2019	117,106
Balance of capital budget reserve	143,728
Company's own resources (generated with operational activity)/ third parties	560,666
TOTAL	821,500

São Paulo, March 6th, 2020.

Sincerely,

The Board of Officers

**EXHIBIT E
TO THE MANAGEMENT'S PROPOSAL**

**INFORMATION ON ALLOCATION OF INCOME AS REQUIRED BY CVM
INSTRUCTION No. 481/2009**

ALLOCATION OF NET PROFIT

1. Please inform the net profit of the fiscal year

	R\$
Net profit of the fiscal year*	1,160,494,608.51

**after adjustment for previous periods to be offset as determined by IFRS 16 correlated to CPC 06.*

2. Please inform the aggregate amount and the value per share of the dividends, including pre-paid dividends and interest on shareholders' equity already declared

	R\$
Interest on shareholders' equity (gross)	675,270,525.11
Interest on shareholders' equity (gross) per share	1.07

3. Please inform the percentage of the distributed net profit of the fiscal year

The percentage of net profit of the fiscal year, after adjustment for previous periods to be offset, as determined by IFRS 16 correlated to CPC 06, distributed as interest on equity is fifty-eight point two percent (58.2%).

4. Please inform the aggregate amount and the value per share of dividends distributed based on net profits of previous fiscal years

Not applicable. There are no dividends distributed based upon net profits of prior fiscal years.

5. Please inform, after deducting the pre-paid dividends and interest on equity already declared:

a. The gross amount of dividends and interest on shareholders' equity, on a segregated basis, per share of each type and class

Not applicable, since there will be no distribution in addition to interest on equity already declared and paid.

b. The form and term of payment of dividends and interest on shareholders'

equity

Not applicable, since there will be no distribution in addition to interest on equity already declared and paid.

c. Eventual monetary adjustment and interest on the dividends and interest on shareholders' equity

Not applicable, since there will be no distribution in addition to interest on equity already declared and paid.

d. Date of the declaration of the payment of dividends and interest on shareholders' equity considered for purposes of identification of the shareholders entitled to receive them

Not applicable, since there will be no distribution in addition to interest on equity already declared and paid.

6. In case there has been any declaration of dividends or interest on equity based on profits determined in semiannual balance sheets or in shorter periods

a. Please inform the amount of the dividends or interest on shareholders' equity already declared

	R\$
Interest on shareholders' equity (gross)	675,270,525.11
Interest on shareholders' equity (gross) per share	1.07

b. Please inform the date of the respective payments

Description	Resolution Date	Payment Date	Gross Amount per share	Total gross amount (R\$)
Interest on shareholders' equity	03/29/2019	01/07/2020	0.25472	160,994,915.55
Interest on shareholders' equity	06/27/2019	01/07/2020	0.25562	161,279,119.79
Interest on shareholders' equity	09/27/2019	01/07/2020	0.25537	160,998,808.91
Interest on shareholders' equity	12/18/2019	01/07/2020	0.30424	191,997,680.86

7. Please provide a comparative table indicating the following values per share of each type and class:

a. Net profit for the year and the previous three (3) fiscal years

	2019**	2018*	2017
Net profit of the fiscal year - R\$ thousand	1,160,495	1,126,896	964,942
Profit per share R\$	1.84	1.79	1.53

**after adjustment for previous periods to be offset, as determined by IFRS 15 correlated to CPC 47, and IFRS 9 correlated to CPC 48.*

*** after adjustment for previous periods to be offset, as determined by IFRS 16 correlated to CPC 06*

b. Dividends and interest on shareholders' equity distributed in the previous three (3) fiscal years

	2019	2018	2017
Dividends and interest on shareholders' equity distributed - R\$ thousand	675,271	611,992	581,299
Dividends and interest on shareholders' equity per share R\$	1.07	0.97	0.92

8. If there is a profit allocation to the legal reserve

a. Please identify the amount allocated to the legal reserve

Not applicable, considering that the balance of the legal reserve plus the amount of the Company's capital reserves exceeds thirty percent (30%) of its capital stock, the Company is not required to allocate profits to the legal reserve, pursuant to paragraph 1st of Article 193 of the Brazilian Corporate Law. Accordingly, the Management proposes that the Company should not allocate any amount to the Legal Reserve.

b. Please provide details on the method of calculation of the legal reserve

Not applicable, since the Management proposes that the Company should not allocate any amount to the Legal Reserve, pursuant to article 193, paragraph 1st, of the Brazilian Corporate Law.

9. In case the Company has preferred shares entitled to fixed or minimum dividends

a. Please describe the manner of calculation of fixed or minimum dividends

Not applicable, as the Company has no preferred shares.

b. Please inform whether the profit of the fiscal year is sufficient to satisfy the full payment of the fixed or minimum dividends

Not applicable, as the Company has no preferred shares.

c. Please identify if any eventually unpaid portion is cumulative

Not applicable, as the Company has no preferred shares.

d. Please identify the total amount of the fixed or minimum dividends to be paid to each class of preferred shares

Not applicable, as the Company has no preferred shares.

e. Please identify fixed or minimum dividends to be paid per preferred share of each class

Not applicable, as the Company has no preferred shares.

10. In respect of the mandatory dividend

a. Please describe the form of calculation provided in the Bylaws

In accordance with article 36 of the Company's Bylaws, the Company is required to pay to the shareholders dividends equivalent to twenty-five percent (25%) of its adjusted net profit of the fiscal year, as transcribed below:

“Article 36: The shareholders shall be entitled to receive as a mandatory dividend for each fiscal year twenty-five percent (25%) of the net profit of the fiscal year, as reduced or increased by the following amounts: (a) amounts allocated to the legal reserve; (b) amounts allocated to the contingency reserve (Article 35, item “b”), and amounts reversed from allocations thereto made in previous fiscal years; and (c) amounts resulting from allocations to the Unrealized Profit Reserve made in previous fiscal years, pursuant to Article 202, item II of the Brazilian Corporate Law.”

Accordingly, considering that the Company's capital stock is represented only by common shares, the mandatory dividend per share is computed by dividing the amount equivalent to 25% of the Company's net profit of the fiscal year, after the adjustments determined by law, by the number of common shares issued by the Company, disregarding the shares held in treasury.

b. Please inform whether it is being fully paid

The mandatory dividend is being fully paid, in the form of interest on equity, subject to the exclusion of its calculation of the net profit to be allocated to the tax incentive reserve, pursuant to Article 195-A of the Brazilian Corporate Law.

c. Please inform amount possibly retained

Not applicable, as no mandatory dividend will be retained.

11. If there is any retention of the mandatory dividend on account of the financial condition of the Company

a. Please inform the amount of the retention

Not applicable, as no mandatory dividend will be retained.

b. Please describe, in detailed manner, the financial condition of the Company, including aspects related to the analysis of liquidity, working capital and positive cash flows

Not applicable, as no mandatory dividend will be retained.

c. Please justify any retention of dividends

Not applicable, as no mandatory dividend will be retained.

12. If there is allocation of income to contingency reserve

a. Please identify the amount allocated to the reserve

Not applicable, as there will be no allocation of income to the contingency reserve.

b. Please identify any loss deemed probable and its cause

Not applicable, as there will be no allocation of income to the contingency reserve.

c. Please explain why the loss was considered probable

Not applicable, as there will be no allocation of income to the contingency reserve.

d. Please justify the constitution of the reserve

Not applicable, as there will be no allocation of income to the contingency reserve.

13. If there is allocation of income to the unrealized profit reserve

a. Please inform the amount allocated to the unrealized profit reserve

Not applicable, as there will be no allocation to the unrealized profit reserve.

b. Please inform the nature of the unrealized profits giving rise to the reserve

Not applicable, as there will be no allocation to the unrealized profit reserve.

14. If there is allocation of income to bylaws' reserves

a. Please describe the bylaws clauses providing for the reserve

Not applicable, as there will be no allocation of income to bylaws reserves.

b. Please identify the amount allocated to the reserve

Not applicable, as there will be no allocation of income to bylaws reserves.

c. Please describe how such amount was calculated

Not applicable, as there will be no allocation of income to bylaws reserves.

15. If there is retained earnings provided for in capital budget

a. Please identify the amount of the retention

The Management proposes the retention of the remaining adjusted net profit, in the amount of one hundred and seventeen million, one hundred and six thousand, one hundred and ninety-one *Reais* and forty-one cents (R\$117,106,191.41) for fulfilment

of the 202 capital budget in accordance with article 196 of the Brazilian Corporate Law.

b. Please provide a copy of the capital budget

A copy of the capital budget is provided as Exhibit D to this Proposal.

16. If there is allocation of income to the tax incentives reserve

a. Please inform the amount allocated to the reserve

The Managements proposes the allocation of three hundred and sixty-eight million, one hundred and seventeen thousand, eight hundred and ninety-one Reais and ninety-nine cents (R\$368,117,891.99), corresponding to thirty-one point seven percent (31.7%) of the net profit of the fiscal year, after adjustments for previous periods to be offset as determined by IFRS 16 correlated to CPC 06, to the Company's tax incentive reserve, under the terms of Article 195-A of the Brazilian Corporate Law.

b. Please explain the nature of the allocation

It refers to credits granted under Law 17.442/11-GO

**EXHIBIT F
TO MANAGEMENT'S PROPOSAL**

MANAGEMENT'S COMPENSATION

(Item 13 of CVM Instruction 480/2009)

13.1. DESCRIBE THE COMPENSATION POLICY OR PRACTICE OF THE BOARD OF DIRECTORS, OF THE STATUTORY EXECUTIVE BOARD AND OF THE NON-STATUTORY EXECUTIVE BOARD, 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 Management's skills and responsibilities, by means of the adoption of a suitable compensation practice in line with market standards for statutory executive officers, members of the Board of Directors and its advisory committees, and members of the Fiscal Council, focused on the growth of the individual and collective values. The Management's compensation is made up of a base salary and, depending on their position, bonuses (which may be by means of profit sharing 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 members of the Board of Directors for services provided and for the participation in meetings of the Company's Board of Directors. This base compensation consists of 12 annual installments, equal for all members. The compensation of the Board of Directors reflects market practices, particularly those verified in companies of the same type (pharmaceutical), while also taking into account the duties and responsibilities of such managers.

Statutory Executive Board and Non-Statutory Executive Board

The compensation of the members of the Statutory and Non-Statutory Executive Board 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 to guarantee competitiveness of the compensation practices with the purpose of offering an attractive compensation package to retain key executives 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 profit sharing in the Company's earnings, long-term incentive plans and/or 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 aggregate compensation of the Fiscal Council members is annually set by the Shareholders' Meeting that elects them, provided that there is no provision of variable compensation of any kind, postemployment benefits or benefits for cessation of office, or share-based compensation for such members. The compensation of members of the Fiscal Council members is 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, while considering the expected time dedicated by each professional, the complexity of the business, and the experience and qualifications required for performing their position.

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*

Given that the members of the Ethics Committee are managers or employees of the Company, they are not entitled to any additional compensation for their participation in this committee.

- *Strategy and Management Committee*

Given that members of the Strategy and Management Committee are managers or employees of the Company, they are not entitled to any additional compensation for their participation in this committee.

(ii) in relation to the last 3 years, what is each element's percentage share of the total compensation

Year 2019				
Component of Compensation	Board of Directors	Fiscal Council	Statutory Executive Board	CAE
Fixed compensation	100%	100%	32%	100%
Benefits	0%	0%	1%	0%
Variable compensation	0%	0%	29%	0%
Long-Term Incentive Plan	0%	0%	38%	0%
TOTAL	100%	100%	100%	100%

Year 2018				
Component of Compensation	Board of Directors	Fiscal Council	Statutory Executive Board	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%

(iii) methodology for calculation and adjustment of each component of compensation

Fixed monthly compensation

The components of management's compensation are determined based on market standards for professionals having similar experience in companies of the same industry as the Company (pharmaceuticals), according to their size and relevance in the market, provided that such compensation is readjusted based on the compensation standards of such industry. The Company periodically orders market surveys to ensure it is in line with the best practices in the market, by means of renowned specialist consulting firms that assess of all the components of the compensation, guaranteeing the ascertainment of the degree of competitiveness of the compensation and providing support for the Company in its analysis

and evaluation of adjustments deemed necessary.

The fixed monthly compensation of the members of the Statutory and Non-Statutory Executive Board is adjusted on an annual basis under the collective bargaining agreement, in addition to any periodical increases due to individual merit.

For the readjustments of the management's fixed compensation, the following factors are also considered:

- a) market data for positions with similar responsibilities, 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 position held; and
- d) other factors, such as potential for succession, retention risks and skills.

Benefits

The benefits are established and readjusted based on the market practice, in accordance with the market data obtained from the aforementioned market surveys.

Variable Compensation

The amount relating to the profit sharing to be annually distributed to the Statutory and Non-Statutory Executive Officers is subject to the achievement of Net Income, EBITDA, sales revenues, sell-out and individual goals assigned to the executive officers, as defined by the Chief Executive Officer and by the Board of Directors for the year, subject to the amounts approved by the Shareholders' Meeting.

In relation to the long-term incentive plans, the Board of Directors sets the number of shares to be granted to each executive officer according to the variable compensation plans set forth in item 13.4 below.

(iv) reasons that explain the composition of the compensation

The reasons for the composition of the compensation are to stimulate the improvement and permanence of our management, aiming to obtain gains for their commitment to the long-term results and the short-term performance.

(v) the existence of unpaid members and the reason for this fact

On the date hereof, there are no members of the Statutory and Non-Statutory Executive Board and of the Board of Directors, the Fiscal Council and committees of the Company who are not paid by the Company.

(c) main performance indicators which are taken into account in the determination

of each component of the compensation

We take into consideration the scope of the following operational and financial indicators and metrics of the Company to compose the compensation of the Company's executives, including among others: (i) Net Income, EBITDA, sales revenue, sell-out and individual goals assigned to the executive officer, which take into account factors inherent to each position, such as, for example, level of the position held, tasks performed, among others.

(d) how the compensation is structured so as to reflect the evolution of the performance indicators

The variable portion of Statutory and Non-Statutory Executive Boards' compensation is linked to the Company's performance during the period in question, 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, profit sharing, or compensation based on shares, depend on the Company's progress and on the achievement of managers' individual goals.

Each year, such targets and goals are reviewed in order to support the results expected by the Company in its business plan for that relevant period.

The members of the Board of Directors and Fiscal Council are paid only fixed compensation, which is therefore not subject to any 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 incentive 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 benefit-package that are compatible with the market.

Over the medium-term, the Company aims to achieve this alignment by means of the payment of bonuses and profit sharing to certain employees.

Over the long-term, the Company seeks 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, sale or any transaction which qualifies as transfer of the share control of the Company, or in the case the Company ceases 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, so that they can immediately be received by the Beneficiary, provided that after the aforementioned period, this Restricted Shares Plan will be terminated and all the 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 shareholders' meeting of the successor company; (iii) the Company may reimburse the Beneficiary by means of the payment in cash of the amount of the Restricted Shares to which the Beneficiary would be entitled; or (iv) the Board of Directors may, at its discretion, promote a combination of the scenarios set out in the sub-items (i), (ii) and (iii) described above.

Lastly, under the Matching Plan, 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, the Board of Directors or the Committee, as the case may be, may, at its discretion and taking into consideration 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

The Board of Directors is responsible for establishing the assumptions for the annual readjustment of the Management's compensation and for approving such readjustments, with due regard for the annual compensation limit established by the shareholders at the Ordinary Shareholders' Meeting.

In addition to the benefits described in item 13.1.a above, the Company's Board of Directors may approve the concession of other benefits to the managers. Regarding the Officers' variable compensation, it is established in accordance with the annual budget proposed by the Board of Directors of the Company.

Pursuant to the Company’s Bylaws, the determination of the compensation of the managers is responsibility of the Shareholders’ Meeting, individually or globally. In the latter case, it is the responsibility of the Board of Directors to allocate the compensation among the members of the Board of 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 in the establishment of the individual compensation, indicating whether studies are carried out to verify 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 compared with the market through salary surveys, as to assess its competitiveness and verify if any adjustments in any of the compensation components are necessary, other than the performance of these executives in their respective areas of responsibilities.

The salary survey is conducted annually by renowned specialized consulting firms, which assess all compensation components (Fixed Salary, Long-term and Short-term Variable Salary, Benefits), thus ensuring the assessment of the competitiveness level of the total compensation and supporting the Company in its analysis and assessments of 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 mainly in the same sector of activity of the Company (Pharmaceuticals) and also by its main competitors, so as to account for the particularities of the market in face of the 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 assessment of the compensation of the members of the Management is conducted annually by the Board of Directors and in the Shareholders’ Meeting of the Company, based on the Company’s goals, objectives and performance.

13.2. TOTAL COMPENSATION OF THE BOARD OF DIRECTORS, STATUTORY EXECUTIVE BOARD AND FISCAL COUNCIL

Compensation envisaged for the fiscal year to be ended 12/31/2020 - Annual Amounts				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Total number of members*	9.00	5.00	3.00	17.00
Number of compensated members **	9.00	5.00	3.00	17.00
Annual fixed compensation				
Salary or wage compensation	R\$3,240,000.00	R\$6,856,364.64	R\$351,792.00	R\$10,448,156.64
Direct and indirect benefits	R\$0.00	R\$579,236.00	R\$0.00	R\$579,236.00

Participations on committees	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Others	R\$648,000.00	R\$2,468,291.27	R\$70,358.40	R\$3,186,649.67
Description other fixed compensation	Payroll Charges	Payroll Charges	Payroll Charges	-
Variable compensation				
Bonus	-	R\$6,868,741.00	-	R\$6,868,741.00
Profit sharing	-	R\$9,130,276.82	-	R\$9,130,276.82
Participation in meetings	-	-	-	R\$0.00
Commissions	-	-	-	R\$0.00
Others	-	-	-	R\$0.00
Description other variable compensation	-	-	-	R\$0.00
Post- employment	-	-	-	R\$0.00
Termination of job position	-	-	-	R\$0.00
Share-based, including options	-	R\$12,286,940.00	-	R\$12,286,940.00
Total compensation	R\$3,888,000.00	R\$38,189,849.73	R\$422,150.40	R\$42,500,000.13

Total Compensation for the fiscal year ended 12/31/2019 - Annual Amounts				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Total number of members*	9.00	5.50	3.00	17.50
Number of compensated members **	9.00	5.50	3.00	17.50
Annual fixed compensation				
Salary or wage compensation	R\$2,790,000.00	R\$6,763,834.41	R\$368,936.42	R\$9,922,770.83
Direct and indirect benefits	R\$0.00	R\$403,108.39	R\$0.00	R\$403,108.39
Participations on committees	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Others	R\$558,000.00	R\$2,703,494.37	R\$73,787.28	R\$3,335,281.65
Description other fixed compensation	Payroll Charges	Payroll Charges	Payroll Charges	
Variable compensation				
Bonus	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Profit sharing	R\$0.00	R\$8,705,561.35	R\$0.00	R\$8,705,561.35
Participation in meetings	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Commissions	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Others	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Description other variable compensation				
Post- employment	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Termination of job position	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Share-based, including options	R\$0.00	R\$11,286,939.56	R\$0.00	R\$11,286,939.56
Total compensation	R\$3,348,000.00	R\$29,862,938.07	R\$442,723.71	R\$33,653,661.78

***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 fiscal year ended 12/31/2018 - Annual Amounts				
	Board of Directors	Statutory Executive Board	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	R\$560,000.00	R\$5,586,759.73	R\$351,792.00	R\$6,498,551.73
Direct and indirect benefits	R\$0.00	R\$375,742.44	R\$0.00	R\$375,742.44
Participations on committees	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Others	R\$112,000.00	R\$1,887,344.93	R\$70,358.40	R\$2,069,703.33
Description other fixed compensation	Payroll charges	Payroll charges	Payroll charges	
Variable compensation				
Bonus	R\$0.00	R\$3,448,275.86	R\$0.00	R\$3,448,275.86
Profit sharing	R\$0.00	R\$5,765,216.81	R\$0.00	R\$5,765,216.81
Participation in meetings	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Commissions	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Others	R\$0.00	R\$2,741,379.31	R\$0.00	R\$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	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Termination of job position	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Share-based, including options	R\$0.00	R\$5,445,411.77	R\$0.00	R\$5,445,411.77
Total compensation	R\$672,000.00	R\$25,250,130.85	R\$422,150.40	R\$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 fiscal year ended 12/31/2017 - Annual Amounts				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
	10.00	5.25	3.00	18.25
Total number of members*	10.00	5.25	3.00	18.25
Number of compensated members**				
Annual fixed compensation				
Salary or wage compensation	R\$585,000.00	R\$7,583,924.51	R\$373,616.13	R\$8,542,540.64
Direct and indirect benefits	R\$0.00	R\$392,346.45	R\$0.00	R\$392,346.45
Participations on committees	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Others	R\$117,000.00	R\$2,627,716.40	R\$74,723.23	R\$2,819,439.63

Total compensation for the fiscal year ended 12/31/2017 - Annual Amounts				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Others	Payroll charges	Payroll charges	Payroll charges	
Description other fixed compensation				
Variable compensation	R\$0.00	R\$7,976,774.00	R\$0.00	R\$7,976,774.00
Bonus	R\$0.00	R\$8,833,196.83	R\$0.00	R\$8,833,196.83
Profit sharing	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Participation in meetings	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Commissions	R\$0.00	R\$26,500,000.00	R\$0.00	R\$26,500,000.00
Others		The amount "Others" includes R\$26,500,000.00 in relation to the Eventual Bonus in relation to the conclusion of the sale of the Condom Business and the Disposable Products Business.		
Description other variable compensation	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Post-employment	R\$0.00	R\$0.00	R\$0.00	R\$0.00
Termination of job position	R\$0.00	R\$1,742,000.00	R\$0.00	R\$1,742,000.00
Share-based, including options	R\$702,000.00	R\$55,655,958.19	R\$448,339.36	R\$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.

13.3. VARIABLE COMPENSATION OF THE BOARD OF DIRECTORS, STATUTORY EXECUTIVE BOARD AND FISCAL COUNCIL

	Variable compensation for the fiscal year to be ended 12/31/2020			
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Total number of members*	9.00	5.00	3.00	17.00
Number of compensated members**	0.00	5.00	0.00	5.00
Bonus				
Minimum amount envisaged in the compensation plan	N.A.	-	N.A.	R\$0.00
Maximum amount envisaged in the compensation plan	N.A.	-	N.A.	R\$0.00
Amount envisaged in the compensation plan, if the targets are met	N.A.	-	N.A.	R\$0.00
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\$9,130,276.82	N.A.	R\$9,130,276.82
Amount envisaged in the compensation plan, if the targets are met	N.A.	R\$9,130,276.82	N.A.	R\$9,130,276.82

***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 for the Fiscal Year ended 12/31/2019			
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Total number of members*	9.00	5.50	3.00	17.50
Number of compensated members**	0.00	5.50	0.00	5.50
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
Amount effectively recognized in the year's result	N.A.	R\$0.00	N.A.	R\$0.00
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 are met	N.A.	R\$9,206,736.00	N.A.	R\$9,206,736.00
Amount effectively recognized in the year's result	N.A.	R\$8,705,561.35	N.A.	R\$8,705,561.35

***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 for the Fiscal Year ended 12/31/2018

	Board of Directors	Statutory Executive Board	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.	R\$4,948,275.86	N.A.	R\$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 for the Fiscal Year ended 12/31/2017			
	Board of Directors	Statutory Executive Board	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\$ 11,033,849.69
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.

The Company clarifies that in the past three fiscal years there was not and that currently there is no forecast for the payment of profit 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 FISCAL YEAR AND SET FORTH FOR THE CURRENT FISCAL YEAR

A. General Terms and Conditions

Stock Option Plan

On December 29, 2008, the Company's Extraordinary Shareholders' Meeting approved the creation of a stock option plan for the Company ("Plan II"). On October 10, 2011, the Extraordinary Shareholders' Meeting approved the creation of another stock option plan for the Company ("Plan III", and jointly with Plan II, the "Plans").

In the event that the Company's stock option is exercised, the Board of Directors shall approve the issuance of new shares, within the authorized capital limit or, if previously authorized by CVM, authorize the sale of shares held in treasury. If the exercise of the stock option occurs by means of the issuance of new shares, there will be an increase in the Company's capital stock and the shareholders will not have preemptive rights in the subscription of such shares, as provided for in the Brazilian Corporation Law and our Bylaws, and, therefore, their respective stakes in our capital stock will be diluted.

The Shareholders will not have preemptive rights in the granting or exercise of stock options under the terms of the Plans, as provided in article 171, paragraph 3rd, of the Brazilian Corporation Law.

The shares acquired as a result of the exercise of the stock option under the terms of the Plans will maintain all rights correspondent to their type, except if any provision to the

contrary is established by the Company's Board of Directors. However, no beneficiary will have any of the rights and privileges of our shareholders until 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 case of termination, due to dismissal or termination of the services agreement, resignation or removal from office, retirement, disability or death, of their respective holder.

Under the scope of the Plans, the Board of Directors may, from time to time, create Stock Option Programs ("Programs"), in which the following will be defined: (i) the Beneficiaries of Plan III; (ii) the total number of the Company's shares being granted and, perhaps, the division into lots; (iii) the exercise price; (iv) any goals related to the performance of the employees, the managers or the Company, in order to establish objective criteria for the election of Plan Beneficiaries and determine the number of options; and (v) any other rules that deemed necessary.

The specific terms for each plan, as well as the description of the grants made are described below.

Plan II

Plan II is aimed at managers, employees and service providers of the Company or of companies under its control indicated by the Company's Board of Directors or Committee, if any ("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 the 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, 2019.

The issuance 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 the exercise of the options will be equivalent to the arithmetic average of the 20 trading sessions immediately prior to the date of the granting of the option. The exercise price may be monetarily adjusted 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 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 exercise price for each program, an adjustment of up to 10%, for more or for less. In exceptional and duly reasoned cases, the Committee or the Board of Directors, as the case may be, may define adjustments in higher percentages.

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 exercise

price is R\$20.21 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to August 6, 2010. The exercise 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 our capital stock at the time of the grant, in the individual proportions established by the Option Agreement. The option's exercise price is R\$19.26 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to January 31, 2011 less 10%. The exercise 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 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 counted from the disclosure of the results of the Company's operations for the first quarter of the current fiscal year; or (ii) within 30 (thirty) days counted from the disclosure of the results of the Company's operations for the third quarter of the current fiscal year.

The Beneficiaries of Plan II shall allocate at least 50% of the Bonus to subscribe for or acquire shares resulting from stock options which can be acquired, under penalty of extinction of all the options which can be exercised from the annual lot of the corresponding fiscal 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 sale for a period of one year after the end of the exercise period. The Company will have preemptive rights in the acquisition of 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 under 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 so that the beneficiary receives the payment in cash or the equivalent in shares of the amount that he/she would be entitled under Plan II, provided that, the any dismissal, without just cause (*justa causa*), of a beneficiary holding Plan II stock options, within the period of

up to two years from the date of the transaction which represented a change in the control of the Company will result in the anticipation of the right to exercise the options that he/she holds.

In Plan II, on this date, (i) under the scope of the 2010 Program, taking into account the options already exercised, 415,000 (including non-statutory executive officers) options for the purchase or subscription of common shares issued by the Company at an exercise price of R\$20.21 plus adjustment by the IPCA, all of which could be exercised; and (iii) under the 2011 Program, taking into account the options already exercised, 1,025,405 (including non-statutory executive officers) stock options for the purchase or subscription of common shares issued by the Company at an exercise price of R\$19.26 plus adjustment by the IPCA, all of which could be exercised.

Plan III

Plan III is directed to managers, 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, jointly with the grants made in the context of Plan II, the dilution percentage of 6.0% 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 issuance 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 exercise of the options, will be equivalent to the arithmetic average of the 20 trading sessions immediately prior to the date of the granting of the option.

In the event of dissolution, transformation, incorporation, merger, spin-off, sale or any transaction which qualifies as transfer of control of the Company, or in case the Company ceases 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 be immediately exercised by the Beneficiary of Plan III, provided that after the aforementioned period, Plan III will be terminated and all options not exercised shall expire without any right to indemnification; (ii) may be transferred to the successor company, if so provided for in a plan approved by the successor company's shareholders in a shareholders' meeting; (iii) may be reimbursed by the Company so that the Beneficiary receives the 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, promote a combination of the scenarios set out in items (i), (ii) and (iii).

On May 3, 2013, the Board of Directors approved the 2013 Stock 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 exercise price is R\$15.62 per share, equivalent to the arithmetic average of the 20 trading sessions immediately prior to May 3, 2013. The exercise price will be paid in cash at the time of the subscription or purchase of shares resulting from the exercise of the option.

On April 11, 2017, the Board of Directors approved the 2017 Stock Option Program (“2017 Program”). In Plan III, on this date, under the scope of the 2017 Program, taking into account the options already exercised, there were 240,000 stock options for the purchase or subscription of common shares issued by the Company at an exercise price of R\$28.93. The 2014 and 2014-A Programs did not have statutory executive officers during the last three fiscal years.

In all Programs, the options may always be exercised: (i) within thirty (30) days counted from the disclosure of the results of the Company’s operations for the first quarter of the current fiscal year; or (ii) within thirty (30) days counted of the disclosure of the results of the Company’s operations for the third quarter of the current fiscal 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 sale for a period of 1 (one) year after the date of their exercise. The Company will have preemptive rights 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.

Restricted Share Granting Plan

To be considered as potential beneficiaries of the Restricted Share Plan, approved on April 14, 2016 and amended on April 19, 2018 and April 24, 2019 (“Restricted Shares Plan”) are all managers, 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 deemed necessary.

On December 29, 2017, the Board of Directors approved the Restricted Shares Program 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 Program for the fiscal year of 2019 (“2019-A Program”) and, on April 26, 2019, the Restricted Shares Program was approved (“2019-B Program”) and, jointly with the other aforementioned programs, the “Restricted Shares Programs”). 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 they 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 for in the Restricted Shares Plan, 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 a hundred percent (100%) of the Restricted Shares will be transferred to the Beneficiary after the 4th or 5th after the Grant Date and to the extent that the Beneficiary remains in the Company throughout that 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 grant date 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 (except for the 2019-B Program, as aforesaid):

End of the Grace Period	Percentage of Restricted Shares to be transferred
After the 1 st anniversary following the Grant Date	25%
After the 2 nd anniversary following the Grant Date	25%
After the 3 rd anniversary following the Grant Date	25%
After the 4 th 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 applicable law and the 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 Fiscal Year of 2017, approved on April 19, 2017, and reratified 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 Exhibit 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 for the receipt of the Matching Shares, each Beneficiary of the 2017 Matching Plan shall 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 amount 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 fiscal year of 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 Plan in a Matching System for the fiscal years of 2018 and 2019

The Shares Concession Plan in a Matching System for the fiscal years of 2018 and 2019 was approved on April 19, 2018 and amended on April 24, 2019 at the respective Ordinary and Extraordinary Shareholders’ 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 chairman or executive officer positions, as specified in Exhibit I of 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 of 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 receipt of the Matching Shares, each Beneficiary of the 2018/2019 Matching Plan shall 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 amount 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 2018/2019 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 Board of Directors approved the Company’s Shares Concession Program in a Matching System for the Fiscal Years of 2018 and 2019 (“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.

Shares Concession Plan in a Matching System for the fiscal years of 2020 to 2025

The creation of the Shares Concession Plan in a Matching System for the fiscal years of 2020 to 2025 will be resolved at the Extraordinary and Ordinary Shareholders' Meeting of the Company to be held on April 22, 2020 ("2020/2025 Matching Plan"). The potential beneficiaries of the 2020/2025 Matching Plan are all the Company's employees or the equivalent, for legal or tax purposes, who hold chairman or executive officer positions, managers or others as elected by the Company's Board of Directors specified in Exhibit I of the Company's Profit Sharing Program ("PPR"), excluding employees eligible for other profit sharing programs and those who perform external activities ("Beneficiaries of the 2020/2025 Matching Plan"). Similarly, all the employees or the equivalent, as elected by the Company's Board of Directors, who hold chairman or executive officer positions, managers or others, of the subsidiaries directly or indirectly controlled by the Company may also be elected as Beneficiaries of the 2020/2025 Matching Plan, in which case the same rules regarding the use of PPR or of bonus by result conferred by the subsidiaries directly or indirectly controlled by the Company are applicable ("Performance Bonus").

Notwithstanding the above, under the scope of the 2020/2025 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, the 2017 Matching Plan, and the 2018/2019 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 2020/2025 Matching Plan.

In order to be eligible to receive the Matching Shares, each Beneficiary of the 2020/2025 Matching Plan shall 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 amount 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 2020/2025 Matching Plan.

The 2020/2025 Matching Plan provides that each Beneficiary of the 2020/2025 Matching Plan receives the Matching Shares in accordance with the following criteria:

(a) In the event that the Beneficiary of the 2020/2025 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 2020/2025 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 2020/2025 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 2020/2025 Matching Plan will be granted one (1) share for every one (1) Acquired Share.

The Board of Directors will create one or more Shares Concession Program in a Matching System for the Fiscal Years of 2020 to 2025, which will establish, considering the assumptions under the 2020/2025 Matching Plan, (a) the Beneficiaries; (b) the total number of Company’s Matching Shares that will be granted to the Beneficiaries; (c) the additional terms and conditions for granting the Matching Shares; and (d) any other related provisions.

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 controlled companies, giving the Company's managers, employees and service providers the opportunity to become shareholders in the Company, achieving, as a result, 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 aims 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 receive Company' shares, 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 valorizing of the shares acquired under the 2018/2019 *Matching Plan*.

The 2020/2025 Matching Plan aims to allow, under the scope and as alternative way of implementing the PPR or Performance Bonus payment, the 2020/2025 Matching Plan Beneficiaries, subject to certain terms and conditions, to have the opportunity to receive Company' shares, 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 2020/2025 Matching Plan Beneficiaries to become shareholders of the Company, it is expected that talents may be retained and to align their objectives with those of the Company. Also, through this model, the sharing of the Company's risks and gains is achieved, by means of valorizing the shares acquired under the 2020/2025 *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, the 2018/2019 Matching Plan and the 2020/2025 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, the 2018/2019 Matching Plan and the 2020/2025 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, the 2017 Matching Plan, the 2018/2019 Matching Plan and the 2020/2025 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, the 2018/2019 Matching Plan, and the 2020/2025 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, the 2018/2019 Matching Plan, and the 2020/2025 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, the 2018/2019 Matching Plan, and the 2020/2025 Matching Plan.

F. Maximum Number of Shares Encompassed

Up to 6% of the total shares of the Company's capital stock for the Plans, 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.

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 Plan, the dilution rate of 6.0% of the total shares of the Company's capital stock 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.

Lastly, under the scope of the 2020/2025 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, the 2017 Matching Plan and the 2018/2019 Matching Plan, the dilution rate of 6.0% of the total shares of the Company’s capital stock as of the date of creation of the 2020/2025 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 shall be deducted.

G. Maximum Number of Options to be Granted

Since each option under the Plans assures 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, the 2018/2019 Matching Program, and the 2020/2025 Matching Plan 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 2010 Program may be exercised in the following way:

Grace Period (from the granting of the options)	Percentage of shares that may be acquired upon the exercise of the options
August 6, 2010	0%
1 st year	Up to 20%
2 nd year	Up to 40%
3 rd year	Up to 60%
4 th year	Up to 80%
5 th 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 that may be acquired upon the exercise of the options
February 1, 2011	0%
1 st year	Up to 20%
2 nd year	Up to 40%
3 rd year	Up to 60%
4 th year	Up to 80%

5 th year	Up to 100%
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The annual lots may always be exercised: (i) within 30 days counted from the disclosure of the results of the Company's operations for the first quarter of the current fiscal year; or (ii) within 30 days counted from the disclosure of the results of the Company's operations for the third quarter of the current fiscal 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 2013 Program and the 2017 Program may be exercised in the following way:

Grace Period (from the granting of the options)	Percentage of Shares that may be acquired upon the exercise of options
1 st year	Up to 20%
2 nd year	Up to 40%
3 rd year	Up to 60%
4 th year	Up to 80%
5 th year	Up to 100%

The options may always be exercised: (i) within 30 days counted from the disclosure of the results of the Company's operations for the first quarter of the current fiscal year; or (ii) within 30 days counted from the disclosure of the results of the Company's operations for the third quarter of the current fiscal 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 Programs within the scope of the Restricted Shares Plan approved by the Board of Directors on December 29, 2017 (as amended on May 25, 2018); on February 21, 2019 (“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 the granting and the following dates, in the proportions mentioned below:

- (i) twenty five percent (25%) of the restricted shares after the 1st anniversary of the granting date;
- (ii) twenty five percent (25%) of the restricted shares after the 2nd anniversary of the granting date;
- (iii) twenty five percent (25%) of the restricted shares after the 3rd anniversary of the granting date; and
- (iv) the remaining twenty five percent (25%) of the restricted shares after the 4th anniversary of the granting date.

With respect to the Restricted Shares Program within the scope of the Restricted Shares Plan, as approved by the Board of Directors on April 26, 2019, after the 4th or 5th anniversary of the Granting Date and to the extent that the Beneficiary maintains a relationship with the Company throughout that period, as well as with other companies that are or may come under the direct or indirect control of the Company, whether domestic or foreign, as an employee, manager or service provider, without prejudice to the supplementary provisions set forth in the Plan and the Grant Agreements to be signed by and between the Company and each of the Beneficiaries, a hundred percent (100%) of the Restricted Shares will be transferred to the Beneficiary.

2017 Matching Plan

On February 23, 2018, the 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 signed 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 in 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 in 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.

2020/2025 Matching Program

The Board of Directors will create one or more Shares Concession Programs in a Matching System for the Fiscal Years of 2020 to 2025, which will establish, considering the assumptions under the 2020/2025 Matching Plan, (a) the Beneficiaries; (b) the total number of Company's Matching Shares that will be granted to the Beneficiaries; (c) the

additional terms and conditions for granting the Matching Shares; and (d) any other related provisions.

I. Criteria for Setting the Acquisition or Strike Price

Plan II: If the Company chooses to use treasury shares to deal with the exercise of the options, the issuance 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 2010 Programs; and (ii) the arithmetic average of the 20 trading sessions immediately prior to the date of granting of the option and adjusted by a 10% reduction, for the 2011 Program. The exercise price may be monetarily adjusted 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 determined by the Board of Directors or by the Committee.

Plan III: If the Company chooses to use treasury shares to deal with the exercise of the options, the issuance price or purchase price of the shares to be acquired by the Beneficiaries of Plan III as a result of exercise of 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 issuance 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 issuance price or purchase price related to the exercise of the right to receive the Matching Shares. However, in order to enter the 2017 Matching Program, each Beneficiary of the 2017 Matching Plan shall 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 issuance 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.

2020/2025 Matching Plan: There is no issuance price or purchase price related to the exercise of the right to receive the Matching Shares. However, in order to enter the 2020/2025 Matching Program, each Beneficiary of the 2020/2025 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 2020/2025 Matching Plan provides that each 2020/2025 Matching Plan Beneficiary shall receive Matching Shares according to the following criteria:

- (a) In the event that a Beneficiary of the 2020/2025 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 2020/2025 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 2020/2025 Matching Plan opts to receive a hundred percent (100%) of their PPR or Performance Bonus, as the case may be, in Acquired Shares, such 2020/2025 Matching Plan Beneficiary will be granted one (1) share for every one (1) Acquired Share.

J. Criteria for Setting the Exercise Period

Plan II:

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 counted from disclosure of the results of the Company's operations for the first quarter of the current fiscal year; or (ii) within 30 days counted from the disclosure of the Company's results of operations for the third quarter of the current fiscal 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 counted from the disclosure of the results of the Company's operations for the first quarter of the current fiscal year; or (ii) within 30 days counted from the disclosure of the Company's results of operations for the third quarter of the current fiscal year.

Plan III:

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 counted from the disclosure of the results of the Company's operations for the first quarter of the current fiscal year; or (ii) within 30 days counted from the disclosure of the Company's results of operations for the third quarter of the current fiscal 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 counted from the disclosure of the results of the Company's operations for the first quarter of the current fiscal year; or (ii) within 30 days counted from the disclosure of the Company's results of operations for the third quarter of the current fiscal 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 such dates and in the proportions as may be determined by the Board of Directors within the scope of 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 in 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

¹ In relation to the total of Acquired Shares.

² Counted from the PPR payment date.

The conditions shown in the table above, namely: (i) permanence in 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.

2020/2025 Matching Plan: the procedures and terms to be established in the Programs to be created by the Company's Board of Directors shall be complied with under the 2020/2025 Matching Plan.

K. Form of Settlement

Plan II: The settlement of the exercise of Plan II's stock options, for any Program, shall 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: The settlement of the exercise of Plan III's stock options, shall 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: No stock options will be granted by the Company under the Restricted Shares Plan.

2017 Matching Plan: The Company will not grant stock options under the scope of the 2017 Matching Plan, given it is a matching plan that comprises the granting of shares to the beneficiaries by the Company, subject to certain terms and conditions provided for 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, given it is a matching plan that comprises the granting of shares to beneficiaries by the Company, subject to certain terms and conditions provided for in the 2018/2019 Matching Plan and in each program, including the 2018/2019 Matching Program. The granting of Matching Shares to the Beneficiaries of the 2018/2019 Matching Plan will take place by means of the use of shares issued by the Company which are held in treasury.

2020/2025 Matching Plan: The Company will not grant stock options under the 2020/2025 Matching Plan, since it is a matching plan that comprises the granting of shares to beneficiaries by the Company, subject to certain terms and conditions provided for in the 2020/2025 Matching Plan and in each program, including the 2020/2025 Matching Program. The granting of Matching Shares to the Beneficiaries of the 2020/2025 Matching Plan will take place by means of the use of shares issued by the Company which are held in treasury.

L. Restrictions on the Transfer of Shares

Plans

The Board of Directors or the Committee (as the case may be) may impose terms and/or conditions precedent for the exercise of the options, as well as impose restrictions on the transfer and sale of shares issued by the Company subscribed for and/or acquired by the Beneficiaries under the scope of the Plans, and may also reserve the right for the Company to buyback options or preemptive rights in the case of sale 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 shall undertake not to encumber the shares nor to impose any liens over the shares that may prevent the performance of the provisions of the Plans.

Restricted Shares Plan

The Board of Directors may impose terms and/or conditions precedent for the receipt of the Restricted Shares, as well as impose restrictions upon the transfer and sale 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 to the 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 to the Matching Shares.

2020/2025 Matching Program

Under the scope of the 2020/2025 Matching Program, no lock-up period is applicable to the Acquired Shares and to the 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 amount of the options not exercised, but with an adjustment corresponding to the Exercise 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, sale or any transaction which qualifies as transfer of control of the Company, or in case the Company ceases 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 be extinguished without any right to indemnification; (ii) may be transferred to the successor company, if so provided for in a plan approved by the successor company's shareholders' 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, promote a combination of the scenarios set out in the 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 Exercise 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, sale or any transaction which qualifies as transfer of control of the Company, or in case the Company ceases 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 be extinguished without any right to indemnification; (ii) may be transferred to the successor company, if so provided for in a plan approved by the successor company's shareholders' 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, promote a combination of the scenarios set out in the sub-items (i), (ii) and (iii) described above.

Restricted Shares Plan:

The Shareholders' Meeting shall be responsible for approving and therefore amending, suspending or extinguishing 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 significant change in the economic scenario and which may compromise the Company's financial situation.

Additionally, in the event of dissolution, transformation, incorporation, merger, spin-off, sale or any transaction which qualifies as transfer of control of the Company, or in case the Company ceases 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, if so approved in a plan by the successor company's shareholders' 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, promote a combination of the scenarios set out in sub-items (i), (ii) and (iii) described in this paragraph.

2017 Matching Plan:

The Shareholders' Meeting shall be responsible for approving and therefore amending, suspending or extinguishing the 2017 Matching Plan. All and any amendments to the 2017 Matching Plan, proposed by the Board of Directors, shall be submitted to the Shareholders' Meeting for approval, and once approved, may only affect the shares whose right to receive is being granted. Among the factors that may cause the amendment or termination of the Restricted Shares Plan, is the occurrence of factors that cause a significant change in the economic scenario and which may compromise 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 type or class into another, or of conversion into shares of other securities issued by the Company, the necessary adjustments shall 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:

The Shareholders' Meeting shall be responsible for approving and therefore amending, suspending or extinguishing the 2018/2019 Matching Plan. All and any amendments to the 2018/2019 Matching Plan proposed by the Board of Directors shall be submitted to the Shareholders' Meeting for approval, and once approved, may only affect the shares whose right to receive is being granted.

Among the factors that may cause the amendment or termination of the Restricted Shares Plan, is the occurrence of factors that cause a significant change in the economic scenario and which may compromise 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 type or class into another, or of conversion into shares of other securities issued by the Company, the necessary adjustments shall 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.

2020/2025 Matching Plan:

The Shareholders' Meeting shall be responsible for approving and therefore amending, suspending or extinguishing the 2020/2025 Matching Plan. Any and all amendments to the 2020/2025 Matching Plan proposed by the Board of Directors shall be submitted to the Shareholders' Meeting for approval, and once approved, may only affect the shares whose right to receive is being granted.

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 (*justa causa*), all options that have not been exercised will expire without indemnification, regardless on whether or not the grace periods have ended. Moreover, the restriction on the sale of shares will remain in effect, provided that the Company may exercise an option to repurchase these shares.

When the employment contract of the Beneficiary of Plan II is terminated without just cause (*justa causa*), 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 whose initial grace periods have not yet expired will expire without indemnification; (ii) those options whose initial grace periods have expired may be exercised within the term of 90 days counted 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 exercise of the options, if the remaining term is less than 90 days; and (iii) the restriction period for the sale of the shares will remain in effect, provided that the Company may 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 just cause (*justa causa*), within two years of the event of the dissolution, transformation, incorporation, merger, spin-off, sale 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 expire without any right to indemnification.

If the Beneficiary of Plan II becomes permanently disabled for the performance of his/her position in the Company, the rights resulting from all the options will be brought forward and may be exercised for a period of one year counted 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 between the period of one year counted from the date of the death and 90 days counted from the date of completion of the probate.

The shares subscribed under the terms above will be free and cleared for sale at any time, provided that the Company's shall have preemptive rights and possible repurchase option.

Plan III:

In the event of termination of the Plan III Beneficiary's employment contract for just cause (*justa causa*), all options that have not been exercised will expire without indemnification, regardless on whether or not the grace periods have ended. Moreover, the restriction on the sale of shares will remain in force, and the Company may exercise an option to repurchase these shares.

When the employment contract of the Beneficiary of Plan III is terminated without just cause (*justa causa*), resignation request or voluntary resignation or retirement, except in case the Plan III Beneficiary remains as a Member of the Company's Board of Directors, the following provisions will be observed: (i) those options whose initial grace periods have not yet expired will expire without indemnification; (ii) those options whose initial grace periods have expired may be exercised within 30 days counted 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 less than 30 days; and (iii) the restriction period for the sale of the shares will remain in effect, and the Company may 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 just cause (*justa causa*), within 12 months counted from the dissolution, transformation, incorporation, merger, spin-off, sale 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 expire without any right to indemnification.

If the Beneficiary of Plan III becomes permanently disabled for the performance of his/her position in the Company, the rights resulting from all the options will be brought forward and may be exercised for a period of one year counted 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 counted from the date of the death.

The shares subscribed under the terms above will be free and cleared for sale at any time, provided that the Company's shall have preemptive rights and possible repurchase option.

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 just cause (*justa causa*), except in case the Beneficiary remains 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 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 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 case the Beneficiary remains 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 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 restriction.

In the event of termination due to the Beneficiary's permanent disability, the Restricted Shares Not Fully Acquired may be fully acquired within 12 months counted 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 term.

In the event of termination due to the Beneficiary's death, the Restricted Shares Not 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 12 months counted from the date of the 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 term.

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) resignation request or resignation from office, 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 just cause (*justa causa*), 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 dismissal 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 (*justa causa*), or removal from his/her position without breach of a manager's obligations and duties: (i) those rights which are 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 termination shall be automatically, regardless of prior notice or communication, and with no right to indemnification, unless the Board of Directors decides to anticipate 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 termination 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 will automatically be legally terminated in full, 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 share control of the Company, 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 share control, shall have the respective grace periods brought forward and be exercised on the date of termination, 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 2017 Matching Program shall have been met by the 2017 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) resignation request or resignation from office, except if the 2018/2019 Matching Plan Beneficiary continues to have an employment relationship 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, decides 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, after which such rights shall be automatically legally terminated, regardless of prior notice or communication, and without any indemnification;

(b) termination with just cause (*justa causa*) or removal from office for breaching the duties and responsibilities of a manager or for breaching the respective agreement, 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 just cause (*justa causa*) 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 or the committee, as the case may be, decides to anticipate the grace period on the totality or part of such rights; and (ii) any rights already exercisable on the date of their

termination or contract termination may be exercised if the minimum portfolio retention percentage under the 2018/2019 Matching Program is met, after which such rights will be automatically legally terminated, 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 decides 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 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 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.

2020/2025 Matching Plan:

In the events of termination of a Beneficiary with or without cause, resignation or dismissal, retirement, permanent disability or death, or in case of the Company's change of control, the rights granted to such Beneficiary in accordance with the Plan may be terminated or modified, provided that if, at any time during the 2020/2025 Matching Plan, the Beneficiary:

(a) is dismissed or has his/her services agreement with the Company terminated according to his/her free will, resigning from his/her employment, resigning from his/her office as a manager or having his/her services agreement terminated, except if the Beneficiary continues with the employment relationship with the Company and/or its Controlled Companies: (i) the rights that are not yet exercisable or that are subject to a term on the date of his/her dismissal or termination of agreement shall be automatically terminated, pursuant to law, regardless of a prior notice or indemnity, unless the Board of Directors or the Committee, as the case may be, resolves on the acceleration of the grace period of a portion or the totality of such rights; and (ii) the rights that are already exercisable in accordance with the respective Participation Agreement on the date of his/her dismissal or termination of agreement may be exercised, in accordance with the minimum percentage of maintenance in the portfolio defined in each Program, after such rights have been automatically terminated, pursuant to law, regardless of a prior notice or notification, without any right to indemnity.

(b) is dismissed or has his/her services agreement with the Company terminated according to the Company's will, by a dismissal for cause or removal from office for

breaching the duties and attributions of a manager or for breaching the respective agreement, all rights that are already exercisable or that are not yet exercisable, on the date of his/her dismissal or termination of agreement, shall be automatically terminated, pursuant to law, regardless of a prior notice or notification, without any right to indemnity;

(c) is dismissed or has his/her services agreement with the Company terminated by will of the Company, without breach of contractual obligations, by means of dismissal without cause or removal from office without breach of the duties and attributions of a manager: (i) the rights that are not yet exercisable or that are subject to a term on the date of his/her dismissal or termination of agreement shall be automatically terminated, pursuant to law, regardless of a prior notice or indemnity, unless the Board of Directors or the Committee, as the case may be, resolves on the acceleration of the grace period for a portion or the totality of such rights; and (ii) the rights that are already exercisable in accordance with the respective Participation Agreement on the date of his/her dismissal or termination of agreement may be exercised, in accordance with the minimum percentage of maintenance in the portfolio defined in each Program, after such rights have been automatically terminated, pursuant to law, regardless of a prior notice or notification, without any right to indemnity;

(d) is dismissed from the Company for retirement: (i) the rights that are not yet exercisable or that are subject to a term on the date of his/her dismissal shall be automatically terminated, pursuant to law, regardless of a prior notice or notification, and without any right to indemnity, unless the Board of Directors or the Committee, as the case may be, resolves on the acceleration of the grace period for a portion or the totality of such rights; and (ii) the rights that are already exercisable on the date of his/her dismissal shall have their grace period accelerated, the Beneficiary being allowed to exercise the respective right, provided that the respective minimum portfolio condition indicated in the Program is complied with by the Beneficiary until the occurrence of the event;

(e) is dismissed or has his/her services agreement with the Company terminated by death or permanent disability, or even in case of a change in the Company's controlling interest, the rights that are not yet exercisable in accordance with the respective Participation Agreement, on the date of his/her death, the date of the event giving cause to the permanent disability or the date of a change in the Company's controlling interest, shall have the respective grace periods accelerated and be exercised on the date of dismissal, date of the event giving cause to the permanent disability or the date of a change in the Company's controlling interest, provided that the respective minimum portfolio condition indicated in the Program is complied with by the Beneficiary until the occurrence of the event.

13.5. SHARES BASED COMPENSATION OF THE BOARD OF DIRECTORS AND OF THE STATUTORY EXECUTIVE BOARD - UPDATE

	Expected shares-based compensation for the current fiscal year (2020)	
	Statutory Executive Board	Board of Directors
Total number of members*	5.0	9.00
Number of remunerated members**	5.0	0.00

Average weighted strike price		
Of the outstanding options at the start of the year	28.32	N.A.
Of the options forfeited during the year	0	N.A.
Of the options exercised during the year	0	N.A.
Of the options that expired during the year	0	N.A.
Potential dilution in the event of the exercise of all options granted	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 remunerated members corresponds to each body's annual average number of members for whom shares based compensation was recognized in the fiscal year results, calculated on a monthly basis.

	Share-based compensation - fiscal year of 2019	
	Statutory Executive Board	Board of Directors
Total number of members*	5.50	9.00
Number of remunerated members**	5.50	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	15.62	N.A.
Of the options that expired during the year	0.00	N.A.
Potential dilution in the event of the exercise of all options granted	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 remunerated members corresponds to each body's annual average number of members for whom shares based compensation was recognized in the fiscal year results, calculated on a monthly basis.

	Share based compensation - fiscal year of 2018	
	Statutory Executive Board	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	N.A.
Potential dilution in the event of the exercise of all options granted	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 remunerated members corresponds to each body's annual average number of members for whom shares based compensation was recognized in the fiscal year results, calculated on a monthly basis.

	Share based compensation - fiscal year of 2017	
	Statutory Executive Board	Board of Directors
Total number of members*	5.25	10.00
Number of compensated members**	5.25	0.00
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	8.38	N.A.
Of the options that expired during the year	0	N.A.
Potential dilution in the event of the exercise of all options granted	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 remunerated members corresponds to each body's annual average number of members for whom shares based compensation was recognized in the fiscal year results, calculated on a monthly basis.

In relation to the 2013 Program - Plan III, the Company began to have statutory executive officers associated with this program in the fiscal years ended on December 31, 2016 and on December 31, 2017, providing all the information requested in the table below.

Granting of stock options	2013 Program – Plan III	
	Statutory Executive Board	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	05/03/2021	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

In relation to the programs below, during the last three fiscal years, as well as in the current fiscal year, there were not, nor will there be any stock options of the Company granted to the members of its Statutory Executive Board, since all the options of the aforesaid programs were granted on the granting date indicated in the tables below. However, considering that those 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.

Granting of stock options	2011 Program – Plan III	
	Statutory Executive Board	Board of Directors
Date of granting	12/26/2011	N/A
Number of options granted	6,713,133	N/A
Period for the options to become exercisable	(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	N/A

	the granting date.	
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 Executive Board	Board of Directors
Date of granting	02/01/2011	N/A
Number of options granted	2,807,416	N/A
Period for the options to become exercisable	(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 Executive Board	Board of Directors
Date of granting	08/06/2010	N/A
Number of options granted	500,000	N/A
Period for the options to become exercisable	(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 Executive Board	Board of Directors
Date of granting	12/17/2009	N/A
Number of options granted	1,200,000	N/A
Period for the options to become exercisable	(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 EXECUTIVE BOARD

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.

Outstanding Options at the end of the fiscal year ended on December 31, 2019:

2017 PROGRAM – PLAN III	2019	
	Statutory Executive Board	Board of Directors
Total Number of members*	5.50	9.00
Number of remunerated members**	2.83	0.00
Options not yet exercisable		
Quantity	360,000	-
Date on which they will become exercisable	Apr-20, Apr-21, Apr-22	-
Deadline for the exercise of the options	04/11/2025	-
Period of restriction on the transfer of 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 fiscal year	R\$ 10.03	-
Exercisable Options		
Quantity	240,000	-
Deadline for the exercise of the options	04/11/2025	-
Period of restriction on the transfer of 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 fiscal year	R\$ 10.03	-
Fair value of the total options on the last day of the fiscal year	R\$ 6,020,906	-

***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 remunerated members corresponds to each body's annual average number of members bound by the options plan, calculated on a monthly basis.

2013 PROGRAM – PLAN III	2019	
	Statutory Executive Board	Board of Directors
Total number of members*	5.50	9.00
Number of paid members**	1.00	0.00
Options not yet exercisable		
Quantity	0	-
Date on which they will become exercisable	-	-
Deadline for the exercise of the options	05/03/2021	-
Period of restriction on the transfer of shares	12 months after each exercise deadline	-
Weighted average strike price	R\$15.62	-

Fair value of options on the last day of the fiscal year	R\$20.46	-
Exercisable options		
Quantity	0	-
Deadline for the exercise of the options	05/03/2021	-
Period of restriction on the transfer of shares	12 months after each exercise deadline	-
Weighted average strike price	R\$ 15.62	-
Fair value of the options on the last day of the fiscal year	R\$ 20.46	-
Fair value of the total options on the last day of the fiscal year	R\$ 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 remunerated members corresponds to each body's annual average number of members bound by a share plan, calculated on a monthly basis.

2011 PROGRAM – PLAN II	2019	
	Statutory Executive Board	Board of Directors
Total number of members*	5.50	9.00
Number of paid members**	1.83	0.00
Options not yet exercisable		
Quantity	0	-
Date on which they will become exercisable	N.A.	-
Deadline for the exercise of the options	02/01/2021	-
Period of restriction on the transfer of shares	12 months after each exercise deadline	-
Weighted average strike price	R\$ 25.59	-
Fair value of options on the last day of the fiscal year	R\$ 11.41	-
Exercisable options		
Quantity	151,529	-
Deadline for the exercise of the options	44,228	-
Period of restriction on the transfer of shares	12 months after each exercise deadline	-
Weighted average strike price	R\$ 25.59	-
Fair value of the options on the last day of the fiscal year	R\$ 11.41	-
Fair value of the total options on the last day of the fiscal year	R\$ 1,728,285	-

***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 remunerated members corresponds to the annual average number of members bound by the options plan, calculated on a monthly basis.

2010 PROGRAM – PLAN II	2019	
	Statutory Executive Board	Board of Directors
Total number of members*	5.50	9.00
Number of paid members**	1.83	0.00
Options not yet exercisable		
Quantity	0	0
Date on which they will become exercisable	N/A	N/A
Deadline for the exercise of the options	08/01/2020	08/01/2020
Period of restriction on the transfer of shares	12 months after each exercise period	12 months after each exercise period
Weighted average strike price	R\$ 28.33	R\$ 28.33

Fair value of options on the last day of the fiscal year	R\$ 8.24	R\$ 8.24
Exercisable options		
Quantity	500,000	500,000
Deadline for the exercise of the options	08/01/2020	08/01/2020
Period of restriction on the transfer of shares	12 months after each exercise period	12 months after each exercise period
Weighted average strike price	R\$ 28.33	R\$ 28.33
Fair value of the options on the last day of the fiscal year	R\$ 8.24	R\$ 8.24
Fair value of the total options on the last day of the fiscal year	R\$ 4,119,168	R\$ 4,119,168

***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 remunerated members corresponds to the annual average number of members bound by the options plan, calculated on a monthly basis.

13.7 OPTIONS EXERCISED AND SHARES DELIVERED IN RELATION TO THE BOARD OF DIRECTORS' AND THE STATUTORY EXECUTIVE BOARD'S SHARE BASED COMPENSATION

Options exercised – Fiscal year ended on December 31, 2019		
	Board of Directors	Statutory Executive Board
Number of members*	9	5.50
Number of remunerated members**	0	5.50
Options exercised		
Number of shares	N/A	30,000.00
Weighted average strike price	N/A	15.62
Difference between the strike price and the market value of shares related to the options exercised.	N/A	12.46
Shares delivered		
Number of shares delivered	N/A	172,837.00
Weighted average acquisition price	N/A	26.87
Difference between the acquisition value and the market value of the shares acquired	N/A	R\$1.89 (May/2019) and R\$ 3,23 (June/2019)

***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 remunerated members corresponds to the annual average number of members bound by the plan, calculated on a monthly basis.

Options exercised – Fiscal Year ended on December 31, 2018		
	Board of Directors	Statutory Executive Board
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 remunerated members corresponds to the annual average number of members bound by the plan, calculated on a monthly basis.

Options Exercised – Fiscal Year ended on December 31, 2017		
	Board of Directors	Statutory Executive Board
Number of members*	10.00	5.25
Number of paid 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.

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 in the purchase of 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 considering possible dismissal 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

2010 Plan II	
Grant Date	08/06/2010
Share price	20.21
Strike Price	28.33
Expected volatility	5.69%
Option's life term	10 years
Expected dividends	0
Risk-free interest rate	4.36%

2011 Plan II	
Grant Date	02/01/2011
Share price	19.26
Strike Price	25.59
Expected volatility	5.69%
Option's life term	10 years
Expected dividends	0
Risk-free interest rate	4.62%

2013 Plan III	
Grant Date	05/03/2013
Share price	15.62
Strike Price	15.62
Expected volatility	5.69%
Option's life term	8 years
Expected dividends	2.92%
Risk-free interest rate	4.79%

2017 Plan III	
Grant Date	04/11/2017
Share price	28.93
Strike Price	28.93
Expected volatility	5.69%
Option's life term	8 years
Expected dividends	2.92%
Risk-free interest rate	6.48%

(c) 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 EXECUTIVE BOARD OR OF THE FISCAL COUNCIL, GROUPED BY BODY

Body	Common shares in Hypera S.A.	Common shares in Maiorem
Board of Directors	1,087,390	270,609
Executive Board	234,469	0
Fiscal Council	200	0

⁽¹⁾ Considers 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 Executive Officers.

13.11. MAXIMUM, MINIMUM AND AVERAGE INDIVIDUAL COMPENSATION OF THE BOARD OF DIRECTORS, THE STATUTORY EXECUTIVE BOARD AND THE FISCAL COUNCIL

12/31/2019	Statutory Executive Board	Board of Directors	Fiscal Council
Number of members*	5.50	9.00	3.00
Number of remunerated members**	5.50	9.00	3.00
Value of the highest individual compensation (Reais)***	11,384,766.85	372,000.00	147,574.57
Value of the lowest individual compensation (Reais)****	3,912,674.09	372,000.00	147,574.57

Average value of individual compensation (Reais) (total compensation divided by the number of remunerated members)	5,429,625.10	372,000.00	147,574.57
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***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 fiscal year results, 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 Company's fiscal year result.

******Note:** The calculation of the amounts described in the line indicated in the table above only takes into account Management members who exercised their positions during the 12 months of the fiscal year (from January to December). In the calculation of the lowest individual compensation, 7 members of the Board of Directors and 3 members of the Statutory Executive Board were considered.

*******Note:** The values in the table above take into account social charges.

12/31/2018	Statutory Executive Board	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 compensated 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 fiscal year results, 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 Company's fiscal year results.

******Note:** The calculation of the amounts described in the line indicated in the table above only takes into account Management members who exercised their positions during the 12 months of the fiscal year (from January to December). In the calculation of the lowest individual compensation, 7 members of the Board of Directors and 3 members of the Statutory Executive Board were considered.

*******Note:** The values in the table above take into account social charges.

12/31/2017	Statutory Executive Board	Board of Directors	Fiscal Council
Number of members*	5.25	10.00	3.00
Number of remunerated 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 (Reais) (total compensation divided by the number of compensated members)	10,601,134.89	70,200.00	149,446.45

***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 fiscal year results, 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 Company's fiscal year result. The amount indicated refers to members who 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 Management members who exercised their positions during the 12 months of the fiscal year (from January to December). In the calculation of the smallest individual compensation, 9 members of the Board of Directors and 4 members of the Statutory Executive Board 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 just cause (*justa causa*), 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 shall 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 just cause (*justa causa*), 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 shall be observed: (i) those options with initial grace periods not yet expired will expire without indemnification; (ii) those options with 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 30 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 otherwise decided 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 just cause (*justa causa*), 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 shall be observed: (i) the Beneficiary's right to receive the Restricted Shares 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, the aforesaid shares shall 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, the 2018/2019 Matching Plan and the 2020/2025 Matching Plan, are described in item 13.4 (n).

The Company's managers are covered by a Directors' and Officers' Liability Insurance policy (D&O), according to the information provided in section 12.11 of the Reference Form.

Lastly, the Company does not have any contractual arrangements with its managers, such as, for example, 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, nor 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	2019	2018	2017
Board of Directors	22.22%	0.91%	73.03%
Statutory Executive Board	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 Executive Board, 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

FISCAL YEAR OF 2019				
Compensation received due to the exercise of its position at issuer				
	Board of Directors	Statutory Executive Board	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\$ 0.00	R\$ 0.00	R\$ 0.00
Companies under common control	R\$ 0.00	R\$ 0.00	R\$ 0.00	R\$ 0.00

FISCAL YEAR OF 2018				
Compensation received due to the exercise of its position at issuer				
	Board of Directors	Statutory Executive Board	Fiscal Council	Total
Direct and indirect controlling	R\$ 0.00	R\$ 0.00	R\$ 0.00	R\$ 0.00

shareholders				
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

FISCAL YEAR OF 2017				
Compensation received due to the exercise of its position at issuer				
	Board of Directors	Statutory Executive Board	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 have been disclosed in the items above.

EXHIBIT G TO MANAGEMENT'S PROPOSAL

PROPOSAL OF SHARES CONCESSION PLAN IN A MATCHING SYSTEM **(as provided for by Article 13 of ICVM 481/09 and with the information indicated in Exhibit 13 to ICVM 481/09)**

1. Proposed Plan

This is a proposal for the creation of a shares concession plan in a matching system for the fiscal years of 2020 to 2025, for the benefit of employees of the Company and companies directly or indirectly controlled by the Company ("Matching Plan"), eligible in accordance with the criteria and conditions provided for in the Matching Plan, pursuant to the copy of the Matching Plan provided in Exhibit H of this Proposal.

For clarity purposes, the main characteristics of the Matching Plan, as well as its justification and estimated expenses, in accordance with ICVM 481/09, are transcribed below.

2. Main characteristics of the proposed plan, identifying:

a. Potential Beneficiaries

All employees or similar of the Company, for legal or tax purposes, who hold positions as chairman, in the executive board, in the management or other positions to be specified by the Board of Directors in Exhibit I to each Company's Profit Sharing Program ("PPR"), excluding those employees who are eligible to other profit sharing programs and those who perform outside activities ("Beneficiaries"), may be elected as beneficiaries of the Matching Plan.

All employees or similar who hold positions as chairman, in the executive board, in management or other positions to be specified by the Board of Directors in the companies directly or indirectly controlled by the Company ("Controlled Companies") may be also elected as beneficiaries of the Matching Plan, in which case the same rules for with respect to the use of the PPR or result bonus granted by the Controlled Companies ("Performance Bonus") shall apply.

b. Maximum number of options to be granted

No stock purchase options shall be granted by the Company in the scope of the Matching Plan, given that it is a matching plan that encompasses the granting of shares to the Beneficiaries by the Company, with due regard for certain terms and conditions established in the Matching Plan and in each Program.

c. Maximum number of shares encompassed by the plan

The total number of shares to be granted to the Beneficiaries pursuant to the Matching Plan (“Matching Shares”) shall be subsequently defined by the Board of Directors by means of creation of one or more Shares Concession Program in a Matching System of the Company (“Programs”).

Notwithstanding the provisions in the paragraph above, the shares issued by the Company may be granted as part of the Matching Plan, but shall not exceed, jointly with the shares granted in the context of other options and restricted shares granting plans in force, the dilution percentage of six percent (6.0%) of the total shares of the Company’s capital stock on the date of creation of the Matching Plan.

For purposes of calculation of the aforementioned dilution percentage of six percent (6.0%), options expired and not exercised under any stock purchase option plan or Restricted Share Granting Plan of the Company, as well as the shares not granted under shares concession plan in a matching system, including the Matching Plan, shall be deducted.

d. Conditions for acquisition

The Board of Directors shall create one or more Programs, in which the following shall be defined, considering the assumptions established in the Matching Plan:

- (a) the Beneficiaries;
- (b) the total number of Company’s Matching Shares to be granted to the Beneficiaries;
- (c) additional terms and conditions for granting of Matching Shares;
- (d) any other related provisions.

Without prejudice to the terms and conditions to be established in each Program, in order to be eligible to receive the Matching Shares, each Beneficiary shall choose to receive at least fifty percent (50%) of his or her variable remuneration earned under the PPR or, in its absence, under the Performance Bonus, in shares issued by the Company, considering the respective amount net of taxes (“Acquired Shares”), being entitled to receive the Matching Shares in a quantity defined based on the received portion of the variable remuneration in Acquired Shares, subject to the terms and conditions established in each Program and in accordance with the rules established in the Matching Plan.

The calculation of the quantity of Acquired Shares to be received by each Beneficiary shall take into account the amount corresponding to the average quotation of the Company's shares of the same type as those to which the Acquired Shares are referenced at B3 S.A – Brasil Bolsa e Balcão, weighted by the trade volume during the period of twenty (20) trade sessions immediately before the date of actual receipt of the Acquired Shares.

The actual concession of the Matching Shares shall take place upon execution of agreements of participation in the Programs, which shall provide for the assignment and transfer of shares between the Company and the Beneficiaries, which shall specify, without prejudice to any other conditions established by the Board of Directors: (i) the quantity of Acquired Shares to be assigned and transferred; (ii) the terms and conditions for acquisition of the rights attached to the shares issued by the Company; and (iii) any restrictions to the shares issued by the Company and acquired under the Matching Plan ("Participation Agreements").

e. detailed criteria for setting the exercise price

As described above, no stock purchase options shall be granted by the Company under the Matching Plan, given that it is a matching plan that encompasses the concession of shares to the Beneficiaries by the Company, with due regard for certain terms and conditions established in the Matching Plan and in each Program, and for that reason, no criteria for setting exercise price was defined under the Matching Plan.

The Matching Plan establishes that each Beneficiary shall receive Matching Shares in accordance with the following criteria:

(a) If the Beneficiary chooses to receive fifty percent (50%) and ninety-nine and ninety-nine hundredths percent (99.99%) of his or her PPR or Performance Bonus, as the case may be, in Acquired Shares, the respective Beneficiary shall be granted a half (0.5) share for each one (1) Acquired Share (any roundings shall be made above); or

(b) If the Beneficiary chooses to receive one hundred percent (100%) of his or her PPR or Performance Bonus, as the case may be, in Acquired Shares, then the respective Beneficiary shall be granted one (1) share for each one (1) Acquired Share.

f. Criteria for setting the exercise term

Without prejudice to the other terms and conditions to be defined in each Program, the acquisition of the Matching Shares is subject to the Beneficiary's permanence in the

Company, as well as to the maintenance of the minimum portfolio of Acquired Shares, as shown below:

Acquisition of Matching Shares	Conditions		
	Permanence in the Company	Minimum Portfolio Percentage	Minimum Portfolio Term
25%	0 month	100%	12 months
25%	12 months	75%	24 months
25%	24 months	50%	36 months
25%	36 months	25%	48 months

g. Options settlement method

As described above, no stock purchase options shall be granted by the Company under the Matching Plan, given that it is a matching plan that encompasses the concession of shares to the Beneficiaries by the Company, with due regard for certain terms and conditions established in the Matching Plan and in each Program. The concession of Matching Shares to the Beneficiaries shall be made using shares issued by the Company and held in treasury.

h. Criteria and events the occurrence of which shall give rise to suspension, modification or termination of the plan

The Matching Plan may be terminated at any time by decision of the Company’s Board of Directors or of General Shareholders Meeting. Without prejudice to any provision to the contrary established in the Matching Plan or Participation Agreements, the right to receive the Matching Shares not attributed to the Beneficiaries yet shall be automatically terminated in the following events: (a) upon mutual termination of the Participation Agreement; or (b) if the Company is dissolved, liquidated, enters into judicial restructuring or if its bankruptcy is ruled. The Chief Investor Relations Officer may request suspension of the concession of the Matching Shares upon the occurrence of any situations which, under the applicable law or regulations, restrict or prevent the trade of shares by the Beneficiaries.

3. Justification for the proposed plan:

a. Main objectives of the plan

The objective of the Matching Plan is to enable the Beneficiaries, as part of and as a form

of alternative implementation of payment of the PPR or, in its absence, the Performance Bonus, and with due regard for certain terms and conditions, to have the opportunity to receive shares issued by the Company, consequently promoting increased alignment and integration of their interests with the Company's interests and the sharing of the capital market risks.

b. How the plan helps attain these objectives

By enabling the Beneficiaries to become Company's shareholders, it is expected to retain talents and to align their objectives 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 the valorization of the acquired shares under the Matching Plan.

c. How the plan is inserted in the company's compensation policy

The Matching Plan is part of the strategy of retention of the managers and employees of the Company and its controlled companies, with their commitment to generate value to the Company and its shareholders.

d. How the plan is aligned with the interests of the beneficiaries and the company in the short, medium and long term

The Matching Plan is in line with the Company's strategy and satisfies the interests of the Company and its Shareholders.

4. Company's estimated expenses arising out of the plan, in accordance with the accounting rules in that regard:

The Company's estimated expenses arising out of the Matching Plan in relation to the fiscal year of 2020, in accordance with the accounting rules, are approximately ten million, eight hundred and sixty-four thousand, ninety-four Reais) (R\$10,864,094.00), except that the actual expense shall depend on the adhesion of Beneficiaries to the matching system, which shall have a direct influence on the quantity of granted shares.

* * *

**EXHIBIT H
TO MANAGEMENT'S PROPOSAL**

COPY OF THE SHARES CONCESSION PLAN IN A MATCHING SYSTEM

**SHARES CONCESSION PLAN IN A MATCHING SYSTEM FOR THE FISCAL
YEARS OF 2020 TO 2025**

This Shares Concession Plan in a Matching System for the Fiscal Years of 2020 to 2025 of **HYPERA S.A.** (“**Company**”), approved by the Company’s General Ordinary and Extraordinary Meeting held on April 22, 2020 (“**Plan**”), under the terms of article 17, item (e), of its Bylaws, sets forth the general conditions for (i) the concession of shares issued by the Company within the scope of the Company’s Profit Sharing Program (“**PPR**”) of the respective years, to establish the value of the profit sharing to be attributed to each eligible employees and similar workers in such fiscal years, including occasional amendments; and (ii) the performance bonus, in the absence of the PPR, granted by the companies directly or indirectly controlled by the Company (“**Performance Bonus**”).

1 PURPOSES OF THE PLAN

The purpose of this Plan is to allow that, within the scope and as an alternative method of payment of amounts in the context of the PPR or, in its absence, the Performance Bonus, the Beneficiaries, as defined below, provided that certain terms and conditions are met, have the opportunity to receive shares issued by the Company, thus enabling a better alignment and integration of their interests with those of the Company and the sharing of the risks inherent in the capital market.

2 ELIGIBLE BENEFICIARIES

2.1 May be elected as beneficiaries of this Plan all employees of the Company, for legal or tax purposes, who hold positions as chairman, in the executive board, in management or other positions, as indicated by the Board of Directors in Exhibit I for each PPR, except for the employees eligible for other profit sharing programs (as provided for in item 2.2 below) (“**Beneficiaries**”).

2.2 Also, all employees or similar workers holding positions as chairman, in the executive board, in management or other positions of the companies directly or indirectly controlled by the Company (“**Controlled Companies**”) may be elected as beneficiaries of

this Plan, being, in this case, applicable the same rules regarding the use of the PPR and the Performance Bonus, as applicable.

3 MANAGEMENT OF THE PLAN

3.1 This Plan shall be managed by the Company's Board of Directors ("Board of Directors"), which may, under the restrictions provided for in law, create a special committee to support it in the management of the Plan ("Committee").

3.2 The Board of Directors or the Committee, as the case may be, shall be vested with general powers, under the terms of this Plan and the applicable legal and regulatory provisions, to organize and manage this Plan and grant the shares issued by the Company under the matching system, as a result of the Beneficiaries' decision to wholly or partially receive the funds earned within the scope of the PPR or, in its absence, the Performance Bonus, in shares issued by the Company ("Matching Shares"), including powers to establish the rules applicable to omitted cases and Beneficiaries' eligibility.

3.3 Notwithstanding the provisions set forth in item 3.2 above, no decision made by the Board of Directors or by the Committee, as the case may be, except for the adjustments permitted by this Plan, may: (i) increase the total limit of the Matching Shares that may be granted beyond the limit expressly set forth in this Plan, as provided for in item 6 below; or (ii) without the Beneficiary's consent, change in a way that damages any rights or aggravates obligations of any nature existing, with respect to the Matching Shares granted.

3.4 When performing its function, the Board of Directors or the Committee, as the case may be, shall be subject to the limits established in the law, the regulation of the Brazilian Securities Commission (CVM) and this Plan only, it being hereby clarified that the Board of Directors or the Committee, as the case may be, may apply a different treatment to the managers and employees of the Company or those of its Controlled Companies that are in a similar situation, not being required by any rule of isonomy or analogy the extension of the conditions to all it may deem applicable only to one or a few.

3.5 The resolutions taken by the Board of Directors or the Committee, as the case may be, are binding to the Company and its Controlled Companies, with respect to all matters related to this Plan.

3.6 The Board of Directors or the Committee, as the case may be, may extraordinarily, authorize expressly and formally, in specific cases, the exemption from the obligations set forth in the Plan and the Programs, as provided for in item 5.5 below.

4 PROGRAMS

4.1 The Board of Directors shall create one or more Shares Concession Programs in a Matching System of the Company (“Programs”), in which, considering the premises established in this Plan, the following shall be defined: (a) the Beneficiaries; (b) the Company’s total number of Matching Shares to be granted to the Beneficiaries; (c) the terms and conditions for the concession of Matching Shares; and (d) any other related provisions.

5 GRANT OF MATCHING SHARES

5.1 Without prejudice to the other terms and conditions to be set forth in each Program, under the terms of item 4.1 above, in order to be eligible to receive Matching Shares, each Beneficiary shall opt to receive at least fifty percent (50%) of the respective variable compensation earned in the scope of the PPR or, in its absence, the Performance Bonus, in shares issued by the Company, considering the respective net amount free of taxes (“Acquired Shares”), being entitled to receive Matching Shares in an amount defined according to the portion received from the variable compensation in Acquired Shares, in accordance with the relations established in item 7 below, subject to the terms and conditions provided in each Program and in accordance with the rules established in this Plan.

5.2 For the purposes of the calculation of the amount of Acquired Shares to be received by each Beneficiary, it shall be taken into consideration the amount corresponding to the average quote of the Company’s shares that are similar to those according to which the Acquired Shares are referred at B3 S.A. – Brasil, Bolsa, Balcão, weighted by the trading volume during the period of twenty (20) trading sessions immediately prior to the effective date of receipt of the Acquired Shares.

5.3 The effective grant of the benefit shall occur upon the entering into of the Program participation agreements, which shall provide for the assignment and transfer of shares between the Company and the Beneficiaries as well as specify, without prejudice to the other conditions determined by the Board of Directors or the Committee, as the case may be, the following: (i) the number of the Company’s Acquired Shares to be assigned and transferred; (ii) the terms and conditions for the acquisition of the rights linked to the shares issued by the Company in the scope of this Plan; and (iii) any restrictions on the shares issued by the Company and acquired within the scope of this Plan (“Participation Agreement”).

5.4 The Board of Directors or the Committee, as the case may be, may impose terms and/or conditions on the grant, and impose restrictions to the transfer of Acquired Shares or Matching Shares, as well as may reserve repurchase options and/or preemptive rights for the

Company in case a Beneficiary disposes of such shares.

5.5 The Participation Agreements shall be individually prepared for each Beneficiary, being the Board of Directors or the Committee, as the case may be, able to establish different terms and conditions for each Participation Agreement, without the need to apply any rule of isonomy or analogy among the Beneficiaries, even if such Beneficiaries are in similar or identical situations.

5.6 The Acquired Shares and the Matching Shares granted under the terms of this Plan, the PPR and the Performance Bonus are neither related nor linked to the Beneficiaries' compensation and shall neither replace nor complement such compensation.

5.7 Without prejudice to any provision on the contrary set forth in the Plan or in the Participation Agreements, the right to receive Matching Shares not yet attributed to the Beneficiaries shall be automatically terminated in the following cases:

- (a) upon termination of the Participation Agreement; or
- (b) upon the Company's dissolution, liquidation, court-supervised reorganization or adjudication of bankruptcy.

5.8 No share issued by the Company shall be delivered to the Beneficiary unless all legal and regulatory requirements (including, with respect to this Plan, the Programs, the PPR or other internal rules of the Company) have been fully met.

5.9 The Beneficiary shall be only vested with the rights and privileges inherent to the condition of a shareholder only as from the effective date of receipt of the shares.

6 SHARES SUBJECT TO THE PLAN

6.1 Shares issued by the Company may be granted in the scope of this Plan, which shall not exceed, jointly with the shares granted in the context of other options and restricted shares granting plans in force, the dilution percentage of six percent (6.0%) of the total shares of the Company's capital stock on the date of creation of this Plan.

6.2 For purposes of calculation of the aforementioned dilution percentage of six percent (6.0%) in item 6.1 above, the following shall be discounted (i) options expired and not exercised; and/or (ii) shares effectively delivered; in both cases, under any stock purchase option plan or Restricted Share Granting Plan of the Company.

6.3 For the purposes of complying with the Plan and the Programs, the Company shall sell the shares held in treasury, as provided in item 5.3 above.

6.4 The Investor Relations Officer may request the suspension of the concession of Matching Shares whenever situations that, under the terms of the law or regulation in force, restrict or impede the negotiation of shares by Beneficiaries are verified.

7 MATCHING

7.1 Each Beneficiary shall receive Matching Shares in accordance with the following criteria:

(a) If the Beneficiary chooses to receive fifty percent (50%) and ninety-nine and ninety-nine hundredths percent (99.99%) of his or her PPR or Performance Bonus, as the case may be, in Acquired Shares, the respective Beneficiary shall be granted a half (0.5) share for each one (1) Acquired Share (any round-ups being made to the next whole number); or

(b) If the Beneficiary chooses to receive one hundred percent (100%) of his or her PPR or Performance Bonus, as the case may be, in Acquired Shares, then the respective Beneficiary shall be granted one (1) share for each one (1) Acquired Share.

8 CASES OF DISMISSAL FROM THE COMPANY AND THEIR EFFECTS

8.1 In case of a Beneficiary's dismissal, with or without cause, resignation or removal from office, retirement, permanent disability or death, or even in case of a change in the Company's controlling interest, the rights granted to such a Beneficiary in accordance with the Plan may be terminated or modified, as provided for in item 8.2 below.

8.2 If, at any time during the effectiveness of this Plan, the Beneficiary:

(f) is dismissed or has his/her services agreement with the Company terminated according to his/her free will, resigning from his/her employment, resigning from his/her office as a manager or having his/her services agreement terminated, except if the Beneficiary continues with the employment relationship with the Company and/or its Controlled Companies: (i) the rights that are not yet exercisable or that are subject to a term on the date of his/her dismissal or termination of agreement shall be automatically terminated, pursuant to law, regardless of a prior notice or indemnity, unless the Board of Directors or the Committee, as the case may be, resolves on the acceleration of the grace period of a portion or the totality of such rights; and (ii) the rights that are already exercisable

in accordance with the respective Participation Agreement on the date of his/her dismissal or termination of agreement may be exercised, in accordance with the minimum percentage of maintenance in the portfolio defined in each Program, after such rights have been automatically terminated, pursuant to law, regardless of a prior notice or notification, without any right to indemnity.

(g) is dismissed or has his/her services agreement with the Company terminated according to the Company's will, by a dismissal for cause or removal from office for breaching the duties and attributions of a manager or for breaching the respective agreement, all rights that are already exercisable or that are not yet exercisable, on the date of his/her dismissal or termination of agreement, shall be automatically terminated, pursuant to law, regardless of a prior notice or notification, without any right to indemnity;

(h) is dismissed or has his/her services agreement with the Company terminated by will of the Company, without breach of contractual obligations, by means of dismissal without cause or removal from office without breach of the duties and attributions of a manager: (i) the rights that are not yet exercisable or that are subject to a term on the date of his/her dismissal or termination of agreement shall be automatically terminated, pursuant to law, regardless of a prior notice or indemnity, unless the Board of Directors or the Committee, as the case may be, resolves on the acceleration of the grace period for a portion or the totality of such rights; and (ii) the rights that are already exercisable in accordance with the respective Participation Agreement on the date of his/her dismissal or termination of agreement may be exercised, in accordance with the minimum percentage of maintenance in the portfolio defined in each Program, after such rights have been automatically terminated, pursuant to law, regardless of a prior notice or notification, without any right to indemnity;

(i) is dismissed from the Company for retirement: (i) the rights that are not yet exercisable or that are subject to a term on the date of his/her dismissal shall be automatically terminated, pursuant to law, regardless of a prior notice or notification, and without any right to indemnity, unless the Board of Directors or the Committee, as the case may be, resolves on the acceleration of the grace period for a portion or the totality of such rights; and (ii) the rights that are already exercisable on the date of his/her dismissal shall have their grace period accelerated, the Beneficiary being allowed to exercise the respective right, provided that the respective minimum portfolio condition indicated in the Program is complied with by the Beneficiary until the occurrence of the event;

(j) is dismissed or has his/her services agreement with the Company terminated by death or permanent disability, or even in case of a change in the Company's controlling

interest, the rights that are not yet exercisable in accordance with the respective Participation Agreement, on the date of his/her death, the date of the event giving cause to the permanent disability or the date of a change in the Company's controlling interest, shall have the respective grace periods accelerated and be exercised on the date of dismissal, date of the event giving cause to the permanent disability or the date of a change in the Company's controlling interest, provided that the respective minimum portfolio condition indicated in the Program is complied with by the Beneficiary until the occurrence of the event.

8.3 Regardless of the case of dismissal and the treatment provided under the terms of item 8.2, the Acquired Shares and the Matching Shares shall remain subject to any negotiation restrictions provided in accordance with the rules of the respective Programs.

9 TERM OF EFFECTIVENESS OF THIS PLAN

9.1 This Plan shall become effective as of the date of its approval by the Company's General Meeting, remaining in force until December 31, 2025, and may be terminated at any time upon decision of the Board of Directors or the General Meeting.

10 MISCELLANEOUS PROVISIONS

10.1 The concession of Matching Shares under the terms of this Plan shall not prevent the Company from taking part in corporate reorganization operations, such as conversion, merger, consolidation, spin-off and merger of shares, nor from disposing of assets of any nature, including interest in subsidiaries. The Board of Directors or the Committee, as the case may be, may, at their discretion and considering the characteristics of the intended operations, among those indicated above or others involving the Company, determine, without prejudice to other measures: (a) the maintenance of the Matching Shares that are not yet acquired during their term of effectiveness; (b) the replacement of the Company's Matching Shares with shares, quotas or other securities issued by the Company's successor entity; or (c) the acceleration of any grace period, in order to ensure the inclusion of the corresponding shares in the operation in question.

10.2 No provision of this Plan or Matching Shares acquired under the terms of this Plan shall grant to any Beneficiary the right to remain as the Company's manager, employee and/or service provider nor shall interfere, in any way, with the Company's right to, at any time and under the legal and contractual provisions, terminate the employee's employment agreement, interrupt the manager's term of office and/or terminate the services agreement.

10.3 The execution by the Beneficiary of the Participation Agreement shall imply his/her express acceptance of all terms of this Plan and the Program, which the Beneficiary

undertakes to fulfill in their entirety.

10.4 Any relevant legal, regulatory or case law change in the regulation of corporations or the labor legislation may lead to the entire review of this Plan or the Programs.

10.5 The right to receive the Matching Shares under the terms of this Plan, the Program and the Participation Agreement is strictly personal, being, therefore, personal and nontransferable, and the Beneficiary may not, under any circumstance, assign, transfer or otherwise dispose of the aforesaid right to any third party, without the prior express consent of the Board of Directors and without prejudice to the provisions set forth in item 8.2(e) above.

10.6 The obligations contained in the Plan, the Programs and the Participation Agreements are undertaken irrevocably, are valid as an instrument enforceable out of court under the terms of the civil procedural legislation as well as bind the parties hereto and their successors on any account and at all times. The parties establish that such obligations have specific performance, as provided for in Law No. 13.105, of March 16, 2015, as amended (Code of Civil Procedure).

10.7 Omitted cases will be regulated by the Board of Directors, being the General Meeting referred to when deemed convenient. Any Matching Share granted in accordance with the Plan is subject to all terms and conditions established herein, which terms and conditions shall prevail in case of inconsistency with respect to the provisions of any other agreement or document mentioned in this Plan.

11 JURISDICTION

11.1 The parties elect the Central Courts of the Judicial District of São Paulo, State of São Paulo as the courts of jurisdiction, and waive any other court, however privileged it may be, to resolve any disputes that may arise from the Plan.

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