Hypera S.A.

Quarterly information report

June 30, 2020

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Hypera Pharma reports Net Revenue growth of 7.9% in 2Q20, with EBITDA and Net Profit expansion

São Paulo, July 24, 2020 – Hypera S.A. ("Hypera Pharma" or "Company"; B3: HYPE3; Bloomberg: HYPE3 BZ; ISIN: BRHYPEACNOR0; Reuters: HYPE3.SA; ADR: HYPMY) announces its financial results for the second quarter of 2020. Financial data disclosed here are taken from the consolidated financial statements of Hypera S.A., prepared in accordance with the Brazilian Accounting Pronouncement Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Highlights

- **Net Revenue growth of 7.9% in 2Q20, when compared to 2Q19**
- **Net Income of R$396.4 million, or 17.6% higher than 2Q19**
- **Cash Flow from Operations of R$352.0 million, an increase of 80.2% over 2Q19**
- **Approval of Interest on Capital of R$185.5 million, or R$0.29 per share**

Table 1

(R$ million)	2Q19	% NR	2Q20	% NR	Δ %	1H19	% NR	1H20	% NR	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	1,111.1	*114.1%*	1,201.3	*114.4%*	*8.1%*	1,563.7	*115.2%*	2,112.9	*113.3%*	*35.1%*
Net Revenue	973.5	*100.0%*	1,050.5	*100.0%*	*7.9%*	1,357.0	*100.0%*	1,865.5	*100.0%*	*37.5%*
Gross Profit	665.1	*68.3%*	690.3	*65.7%*	*3.8%*	851.0	*62.7%*	1,233.3	*66.1%*	*44.9%*
SG&A (ex-Marketing and R&D)	(157.2)	*-16.1%*	(154.2)	*-14.7%*	*-1.9%*	(304.7)	*-22.5%*	(299.4)	*-16.0%*	*-1.7%*
Research & Development	(31.6)	*-3.2%*	(38.2)	*-3.6%*	*21.0%*	(60.3)	*-4.4%*	(70.2)	*-3.8%*	*16.3%*
Marketing	(220.9)	*-22.7%*	(187.2)	*-17.8%*	*-15.3%*	(380.5)	*-28.0%*	(369.7)	*-19.8%*	*-2.8%*
EBITDA from Continuing Operations	282.8	*29.1%*	449.2	*42.8%*	*58.9%*	684.2	*50.4%*	697.9	*37.4%*	*2.0%*
Net Income	336.9	*34.6%*	396.4	*37.7%*	*17.6%*	658.1	*48.5%*	634.6	*34.0%*	*-3.6%*
Cash Flow from Operations	195.3	*20.1%*	352.0	*33.5%*	*80.2%*	387.2	*28.5%*	522.7	*28.0%*	*35.0%*



Operating Scenario

Hypera Pharma's Net Revenue reached R$1,050.5 million in the quarter, 7.9% higher than 2Q19. This growth was driven by the strong increase in **Consumer Health** sell-out[1] in the end of March, which did not affect 1Q20 Net Revenue, as a consequence of the rush of consumers to drugstores to buy over-the-counter drugs after the beginning of the quarantine due to the Covid-19 pandemic, and also by the growth in **Similars and Generics**.

Social distancing rules were maintained throughout the quarter due to the increase of Covid-19 cases in Brazil, resulting in the reduction of the flow of people in drugstores, lower number of doctors and points of sale visits and in the decrease in the number of medical appointments, which negatively impacted the Brazilian pharmaceutical retail market and, consequently, the growth of Hypera Pharma's sell-out in the period.

The Company's sell-out decreased 1.6% in 2Q20, mainly affected by the performance of April, a period in which the social distancing rules were stricter in the main regions of Brazil and the Company's medical representatives and merchandising teams were on collective vacation.

Since May, it was already possible to see the social distancing rules more flexible, which led to a gradual recovery in the number of medical appointments and to an increase in the flow of people at the points of sale. The combination of these factors, with the return of the medical representatives and merchandising teams from collective vacation, investments at the point of sales and digital marketing made by the Company, led to a gradual recovery of the sell-out performance, which grew 6.6% in June.

Similars and Generics business unit was 2Q20 main highlight, with the growth in sell-out driven mainly by generics and the similars brands **Doralgina, Histamin, Dropy D** and **Centrotabs**. This growth came mainly from medium retail chains and in regions away from large commercial centers, showing the robustness of Hypera Pharma's distribution system, capable of reaching 100% of the points of sale in Brazil.

In **Consumer Health**, the highlight once again was the segment of vitamins and supplements, boosted by the recent launched brands **Vitasay** and **Tamarine**, besides **Biotônico Fontoura** and **Maracugina** brands. It is important to mention that the anti-flu segment, in which the Company is the market leader, showed a significant drop in the period, mainly impacted by the social distancing rules implemented in the quarter, which is when the winter in Brazil begins and the relevance for this category sell-out is much greater.

In **Prescription Products**, performance was again benefited by the **Addera D3** brand, which increased its market share again and continues to benefit from recent studies that reinforces the importance of Vitamin D for the regulation of the immune system and the reduction of viral origin respiratory infections risks, as well as by the recent launches **Colflex** and **Ofolato**. On the other hand, the reduction in the number of medical appointments due to the Covid-19 pandemic impacted the sell-out of some relevant categories again, such as dermatology, pediatrics and orthopedics.

In this quarter, the Company maintained its costs and expenses management discipline with the objective of reducing the short-term negative impacts resulted from the Covid-19 pandemic, registering EBITDA margin from Continuing Operations expansion, both in comparison with 2Q19 and 1Q20.

The Company also kept throughout 2Q20 its main initiatives to preserve the complete well-being of its teams and the communities with which it relates, such as checking the temperature with infrared thermometers on its operating sites, home office for employees who are part of the risk group for Covid-19 and for the administrative and sales teams,

(1) Sell out PPP (Pharmacy Purchase Price), as per IQVIA, considers the drug stores and big retailers average purchase price



provision of telemedicine service, among others. In addition, Hypera Pharma donated ventilators and Covid-19 tests to the population of Anápolis – region where the Company has almost four thousand employees.

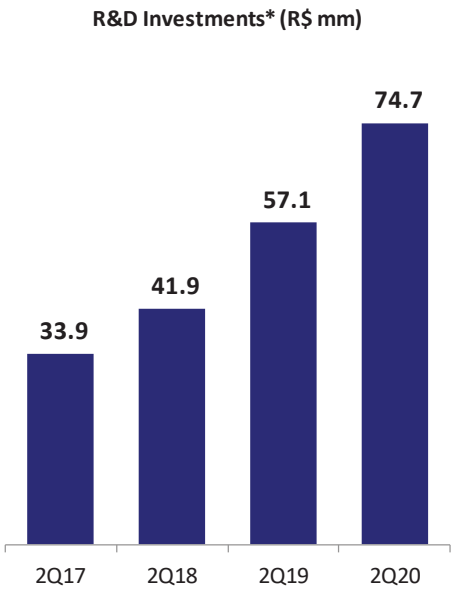
In 2Q20, the Company ended its exposure to the US Dollar related to the acquisition of selected Takeda brands by contracting operations with FX derivatives, and has already completed part of the issuance of the long-term debentures approved in 1Q20 to pay for this acquisition. **The Company also preserved its capital return strategy to shareholders by declaring Interest on Equity of R$185.5 million, or R$0.29 per share, an amount 15% higher than that declared in 2Q19.**

The Brazilian pharmaceutical retail market has proven once again that, besides having several growth opportunities in the most diverse segments, it is also solid and resilient. 2Q20 was significantly affected by the reduction in the number of medical appointments and the lower flow of people at the points of sale due to the Covid-19 pandemic in Brazil, and even so the pharmaceutical retail market grew year on year in the period.

With the recent social distancing rules becoming more flexible in the main regions of Brazil, the recovery in the number of medical appointments and in the flow of people at the points of sale, the pharmaceutical retail market should preserve its solid long-term fundamentals and continue to grow sustainably.

Despite the expectation of a gradual recovery of the pharmaceutical market for the next periods, **the Company establishes new guidances for 2020 of Net Revenue of around R$4.0 billion and Net Income of Continuing Operations of around R$1.3 billion**, mainly due to the negative impact of the Covid-19 pandemic in the sell-out growth in relevant categories in the first half of the year. These financial projections do not consider the result of the recent announced acquisition of Takeda brands, and already consider the results of the acquisition of Buscopan, which will be submitted to antitrust agency approval on July 30th, from September on.

Innovation & Launches



Total investments in research and development, including the amount capitalized as intangible assets, reached R$74.7 million in 2Q20, or 7.1% of Net Revenue. The innovation index, corresponding to the percentage of Net Revenue from products launched in the last five years, reached 31%.

2Q20 was another important quarter for the Company, with some brand extensions of traditional brands. In Prescription Products, it is worth highlighting the launch of **Colflex Trio**, an extension of the **Colflex** brand that combines collagen and MSM for osteoarthritis treatment, pain and cartilage regeneration, in addition to **Gestamax Plus**, extension of the vitamin supplement brand **Gestamax** for gestation and lactation periods.

In Consumer Health, the main launch of the quarter was the brand extension of the traditional sweetener brand **Zero-Cal**, with the new presentation containing Eritritol.

*Note: *It considers R&D expenses and the amount of capitalized as intangible assets. Excludes the Lei do Bem benefit and R&D amortization in the period.*



Earnings Discussion

Income Statement

The following table is a summary of Hypera Pharma's Income Statement:

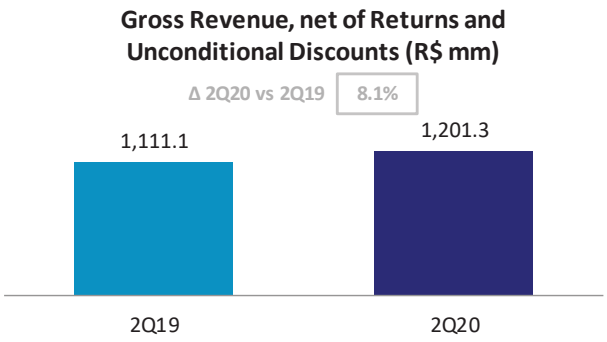
Table 2

(R$ million)	2Q19	% NR	2Q20	% NR	Δ %	1H19	% NR	1H20	% NR	Δ %
Net Revenue	**973.5**	***100.0%***	**1,050.5**	***100.0%***	***7.9%***	**1,357.0**	***100.0%***	**1,865.5**	***100.0%***	***37.5%***
Gross Profit	**665.1**	***68.3%***	**690.3**	***65.7%***	***3.8%***	**851.0**	***62.7%***	**1,233.3**	***66.1%***	***44.9%***
Marketing Expenses	(220.9)	*-22.7%*	(187.2)	*-17.8%*	*-15.3%*	(380.5)	*-28.0%*	(369.7)	*-19.8%*	*-2.8%*
Selling Expenses	(137.4)	*-14.1%*	(140.6)	*-13.4%*	*2.3%*	(261.7)	*-19.3%*	(268.0)	*-14.4%*	*2.4%*
General and Administrative Expenses	(51.3)	*-5.3%*	(51.8)	*-4.9%*	*0.9%*	(103.3)	*-7.6%*	(101.6)	*-5.4%*	*-1.7%*
Other Operational Net Expenses	(6.8)	*-0.7%*	106.9	*10.2%*	-	515.1	*38.0%*	136.3	*7.3%*	*-73.5%*
Equity in Subsidiaries	3.6	*0.4%*	0.5	*0.1%*	*-85.4%*	3.2	*0.2%*	6.1	*0.3%*	*92.1%*
EBIT from Continuing Operations	**252.3**	***25.9%***	**418.1**	***39.8%***	***65.7%***	**623.7**	***46.0%***	**636.4**	***34.1%***	***2.0%***
Net Financial Expenses	3.7	*0.4%*	(15.7)	*-1.5%*	-	1.9	*0.1%*	(3.0)	*-0.2%*	-
Income Tax and CSLL	84.2	*8.7%*	(3.3)	*-0.3%*	-	45.4	*3.3%*	13.7	*0.7%*	*-69.9%*
Net Income (Loss) from Continuing Operations	340.2	*34.9%*	399.1	*38.0%*	*17.3%*	671.0	*49.4%*	647.1	*34.7%*	*-3.6%*
Net Income from Discontinued Operations	(3.3)	*-0.3%*	(2.7)	*-0.3%*	*-18.0%*	(12.9)	*-0.9%*	(12.5)	*-0.7%*	*-3.3%*
Net Income (Loss)	336.9	*34.6%*	396.4	*37.7%*	*17.6%*	658.1	*48.5%*	634.6	*34.0%*	*-3.6%*
EBITDA from Continuing Operations	**282.8**	***29.1%***	**449.2**	***42.8%***	***58.9%***	**684.2**	***50.4%***	**697.9**	***37.4%***	***2.0%***

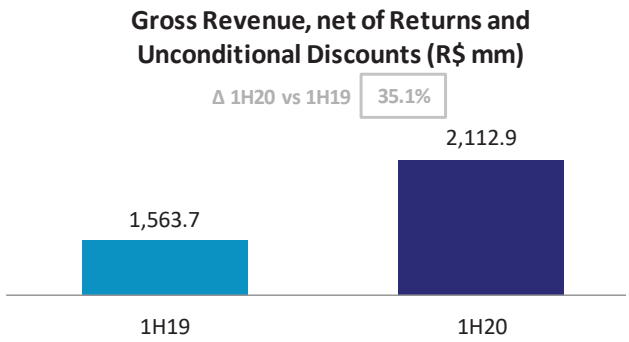


Net Revenue

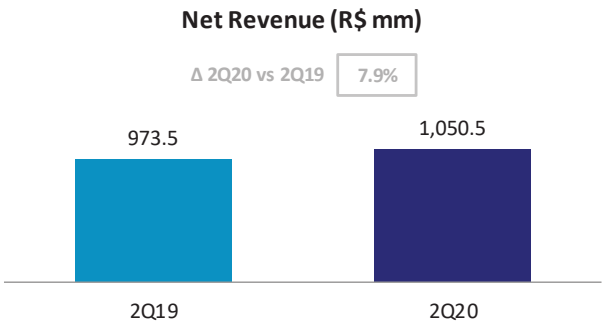
Graph 1



Graph 2



Graph 3



Graph 4

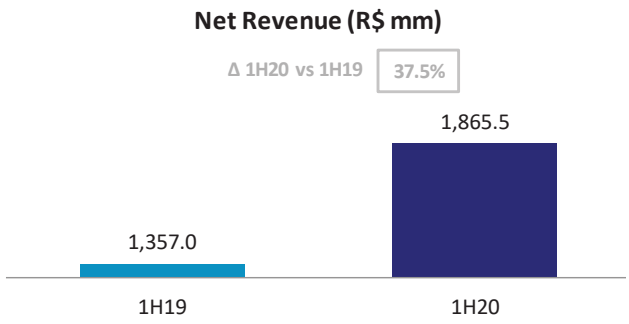


Table 3

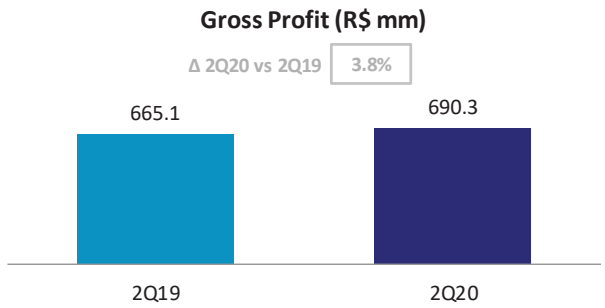
(R$ million)	2Q19	2Q20	Δ %	1H19	1H20	Δ %
Gross Revenue, net of Returns and Unconditional Discounts	**1,111.1**	**1,201.3**	***8.1%***	**1,563.7**	**2,112.9**	***35.1%***
Promotional Discounts	(66.4)	(67.2)	*1.1%*	(101.1)	(93.2)	*-7.8%*
Taxes	(71.2)	(83.7)	*17.5%*	(105.5)	(154.1)	*46.1%*
Net Revenue	**973.5**	**1,050.5**	***7.9%***	**1,357.0**	**1,865.5**	***37.5%***

Net Revenue grew 7.9% in 2Q20, when compared to the same period of the previous year, and totaled R$1,050.5 million. The Net Revenue growth in the quarter was driven by the relevant the sell-out expansion at the end of 1Q20 in Consumer Health, which did not affect the 1Q20 Net Revenue, resulted from the rush of consumers to drugstores to purchase over-the-counter drugs shortly after the beginning of the social distancing rules due to the Covid-19 pandemic, and the recent growth acceleration of Similars and Generics sell-out.

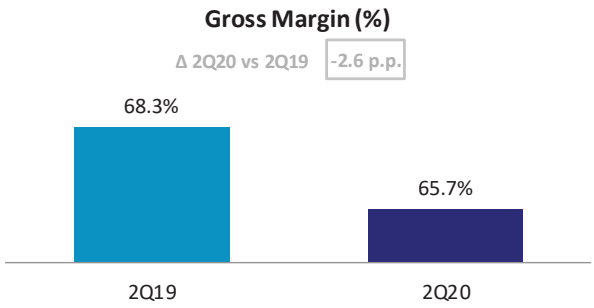


Gross Profit

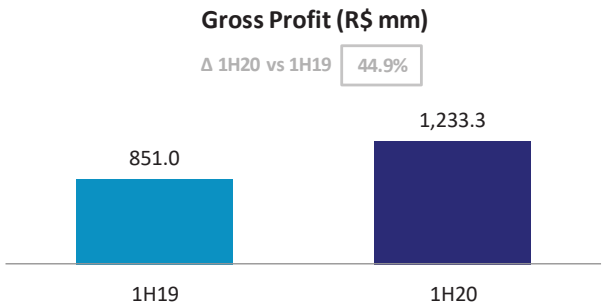
Graph 5



Graph 6



Graph 7



Graph 8

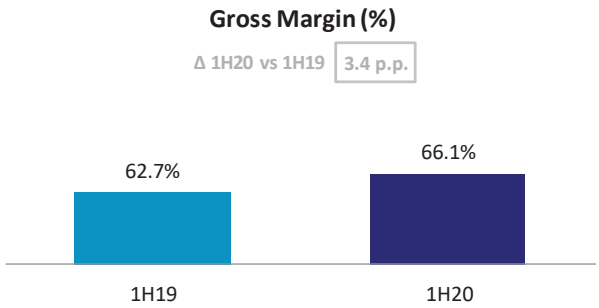


Table 4

(R$ million)	2Q19	% NR	2Q20	% NR	Δ %	Δ p.p.	1H19	% NR	1H20	% NR	Δ %	Δ p.p.
Gross Profit	665.1	*68.3%*	690.3	*65.7%*	*3.8%*	*-2.6 p.p.*	851.0	*62.7%*	1,233.3	*66.1%*	*44.9%*	*3.4 p.p.*

Gross Profit reached R$690.3 million in the quarter, an increase of 3.8% over 2Q19, with a Gross Margin of 65.7%. The reduction in the Gross Margin compared to 2Q19 is mainly due to the devaluation of the Real against the Dollar in the period, which negatively impacted the Gross Margin by 1.3 percentage points.



Marketing Expenses

Table 5

(R$ million)	2Q19	% NR	2Q20	% NR	Δ %	1H19	% NR	1H20	% NR	Δ %
Marketing Expenses	(220.9)	-22.7%	(187.2)	-17.8%	-15.3%	(380.5)	-28.0%	(369.7)	-19.8%	-2.8%
Advertisement and Consumer Promotion	(86.2)	-8.9%	(72.0)	-6.9%	-16.4%	(134.5)	-9.9%	(114.7)	-6.1%	-14.8%
Trade Deals	(21.6)	-2.2%	(24.1)	-2.3%	11.7%	(33.4)	-2.5%	(44.6)	-2.4%	33.7%
Medical Visits, Promotions and Others	(113.0)	-11.6%	(91.0)	-8.7%	-19.5%	(212.6)	-15.7%	(210.4)	-11.3%	-1.0%

Marketing Expenses represented 17.8% of Net Revenue in 2Q20 and totaled R$187.2 million, a reduction of 15.3% over the same period of the previous year, mainly due to the decrease in expenses with Medical Visits, Promotions and Others and Advertisement and Consumer Promotion, which were impacted by the Covid-19 pandemic. The reduction in these expenses mainly reflected the collective vacations of the medical representatives teams in April, the lower amount of samples and lower number of events with doctors and business trips.

Selling Expenses

Table 6

(R$ million)	2Q19	% NR	2Q20	% NR	Δ %	1H19	% NR	1H20	% NR	Δ %
Selling Expenses	(137.4)	-14.1%	(140.6)	-13.4%	2.3%	(261.7)	-19.3%	(268.0)	-14.4%	2.4%
Commercial Expenses	(81.8)	-8.4%	(74.6)	-7.1%	-8.8%	(160.8)	-11.8%	(148.7)	-8.0%	-7.5%
Freight and Logistics Expenses	(24.1)	-2.5%	(27.8)	-2.6%	15.6%	(40.6)	-3.0%	(49.1)	-2.6%	21.0%
Research & Development	(31.6)	-3.2%	(38.2)	-3.6%	21.0%	(60.3)	-4.4%	(70.2)	-3.8%	16.3%

Selling Expenses grew 2.3% in 2Q20, when compared to 2Q19, mainly reflecting the growth in Research & Development Expenses. In the quarter, total investments in R&D, including the amount capitalized as intangible assets, reached 7.1% of Net Revenue, reinforcing the Company's commitment to innovation and sustainable growth, also during the Covid-19 pandemic.

General and Administrative Expenses & Other Operating Revenues / Expenses, Net

Table 7

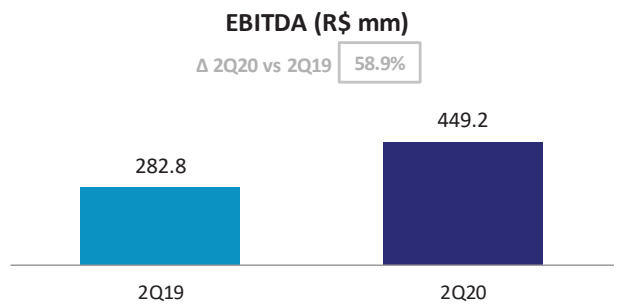
(R$ million)	2Q19	% NR	2Q20	% NR	Δ %	1H19	% NR	1H20	% NR	Δ %
General & Administrative Expenses	(51.3)	-5.3%	(51.8)	-4.9%	0.9%	(103.3)	-7.6%	(101.6)	-5.4%	-1.7%
Other Operating Revenues (Expenses)	(6.8)	-0.7%	106.9	10.2%	-	515.1	38.0%	136.3	7.3%	-73.5%

G&A Expenses represented 4.9% of Net Revenue in 2Q20, compared to 5.3% in 2Q19, mainly due to the Company's recent initiatives to gain administrative efficiency in its operations. Other Operating Revenues were R$106.9 million, mainly impacted by the payment agreement in which the main co-controlling shareholder will pay to the Company the undue payments identified in the Independent Committee investigation.

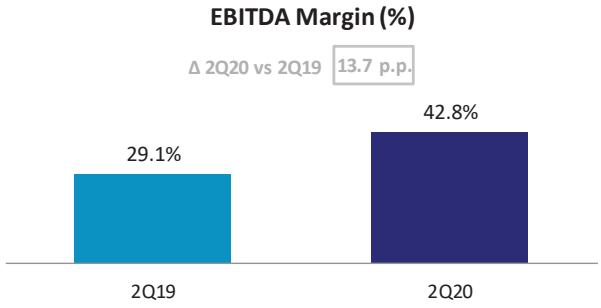


EBITDA from Continuing Operations

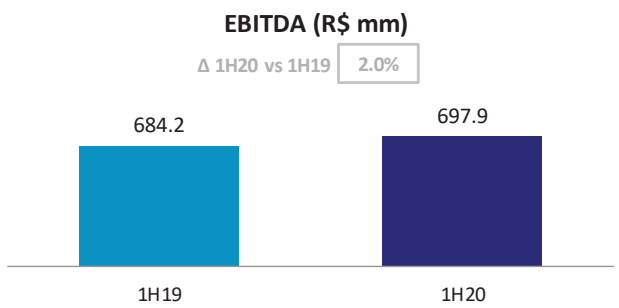
Graph 9



Graph 10



Graph 11



Graph 12

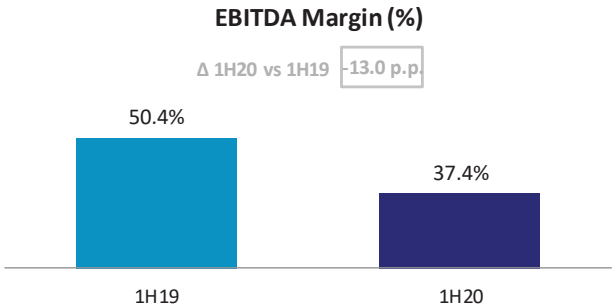


Table 8 – EBITDA from Continuing Operations Reconciliation

(R$ million)	2Q19	% NR	2Q20	% NR	Δ %	1H19	% NR	1H20	% NR	Δ %
EBITDA from Continuing Operations	282.8	*29.1%*	449.2	*42.8%*	*58.9%*	684.2	*50.4%*	697.9	*37.4%*	*2.0%*

EBITDA from Continuing Operations was R$449.2 million in 2Q20, with margin of 42.8%. This EBITDA margin from Continuing Operations performance is mainly due to the reduction of Marketing Expenses as a percentage of Net Revenue and by the R$106.9 million balance in Other Operating Revenues.



Net Financial Expenses

Table 9

(R$ million)	2Q19	% NR	2Q20	% NR	Δ R$	1H19	% NR	1H20	% NR	Δ R$
Financial Result	3.7	*0.4%*	(15.7)	*-1.5%*	(19.4)	1.9	*0.1%*	(3.0)	*-0.2%*	(4.9)
Net Interest Expenses	14.8	*1.5%*	(8.3)	*-0.8%*	(23.2)	22.6	*1.7%*	9.6	*0.5%*	(13.0)
Cost of Hedge and FX Gains (Losses)	(1.6)	*-0.2%*	(0.2)	*0.0%*	1.5	(2.7)	*-0.2%*	6.1	*0.3%*	8.8
Other	(9.5)	*-1.0%*	(7.2)	*-0.7%*	2.3	(18.0)	*-1.3%*	(18.7)	*-1.0%*	(0.7)

The Financial Result was negative in R$15.7 million in 2Q20, compared to a positive result of R$3.7 million in 2Q19. This variation is mainly due to the increase in interest expenses due to the higher Company's gross debt, resulting from the issuance of debentures for the payment of the portfolio to be acquired from Takeda and Buscopan, as well as the hiring of loans to reinforce the Company's cash position on a preventive basis in view of the Covid-19 pandemic.

Net Income

Table 10

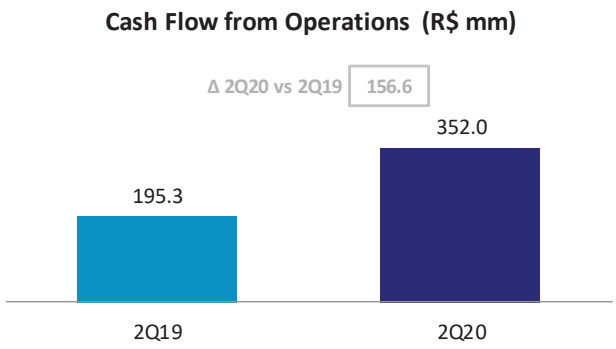
(R$ million)	2Q19	2Q20	Δ %	1H19	1H20	Δ %
EBIT from Continuing Operations	252.3	418.1	*65.7%*	623.7	636.4	*2.0%*
(-) Net Financial Expenses	3.7	(15.7)	-	1.9	(3.0)	-
(-) Income Tax and Social Contribution	84.2	(3.3)	-	45.4	13.7	*-69.9%*
Net Income from Continuing Operations	**340.2**	**399.1**	***17.3%***	**671.0**	**647.1**	***-3.6%***
(+) Net Income from Discontinued Operations	(3.3)	(2.7)	*-18.0%*	(12.9)	(12.5)	*-3.3%*
Net Income	**336.9**	**396.4**	***17.6%***	**658.1**	**634.6**	***-3.6%***
EPS	**0.53**	**0.63**	***17.7%***	**1.04**	**1.01**	***-3.4%***
EPS from Continuing Operations	**0.54**	**0.63**	***17.3%***	**1.06**	**1.03**	***-3.4%***

Net Income totaled R$396.4 million in 2Q20, an increase of 17.6% over 2Q19, mainly benefiting from the EBIT from Continuing Operations growth.

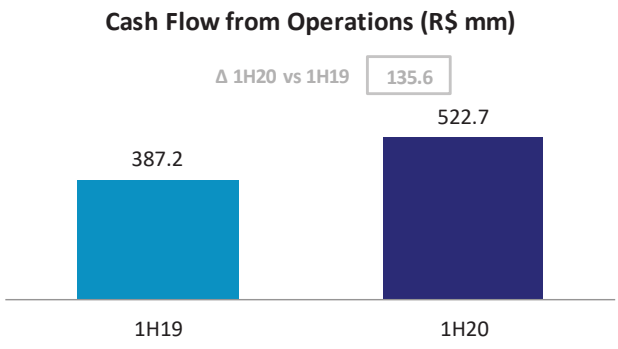


Cash Flow (Continuing and Discontinued Operations)

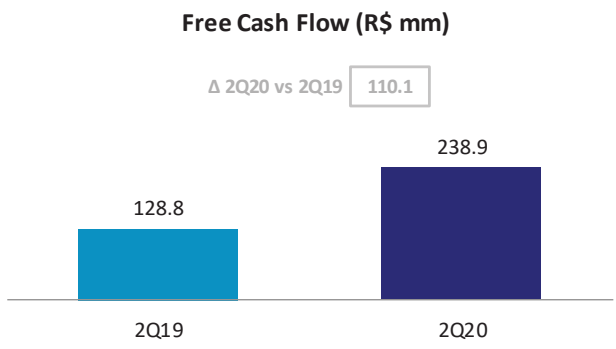
Graph 13



Graph 14



Graph 15



Graph 16

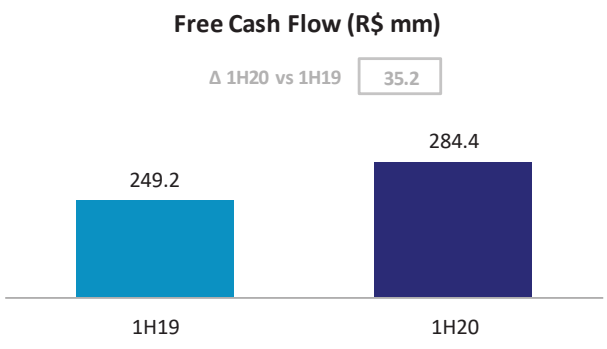


Table 11

(R$ million)	2Q19	2Q20	1H19	1H20
Cash Flow from Operations	195.3	352.0	387.2	522.7
Purchase of Property, Plant and Equipment	(41.3)	(72.4)	(89.8)	(165.2)
Purchase of Intangible Assets	(25.5)	(41.3)	(49.0)	(74.4)
Sale of Property, Plant and Equipment	0.3	0.6	0.8	1.1
(=) Free Cash Flow	**128.8**	**238.9**	**249.2**	**284.4**

Cash Flow from Operations was R$352.0 million in 2Q20, an increase of R$156.7 million over 2Q19, and mainly reflected the growth of the operating result in the quarter. Free Cash Flow increased R$110.1 million, as a result of the additional investments in the Anápolis plant expansion and in Research & Development.



Net Cash

Table 12

(R$ million)	2Q20
Loans and Financing	(4,812.4)
Notes Payable	(27.5)
Gross Debt	**(4,839.9)**
Cash and Cash Equivalents	5,183.9
Net Cash / (Debt)	**344.0**
Unrealized Gain/Loss on Debt Hedge	25.8
Net Cash / (Debt) After Hedge	**369.8**

Net Cash position was R$369.8 million in 2Q20, compared to R$240.8 million in 1Q20, and was mainly benefited by the Free Cash Flow of the period. In this quarter, the Company completed part of the issuance of the long-term debentures approved in 1Q20 to pay for the acquisition of Takeda, which contributed with R$2,485 million to the increase in its cash position and gross debt.



Investor Relations Agenda

Earnings Conference Call

	Portuguese	English
Date:	July 27, 2020	July 27, 2020
Time:	11:00 (Brasília) 10:00 (New York)	11:00 (Brasília) 10:00 (New York)
Phone:	+55 (11) 2188-0155	+1 (646) 843-6054
Code:	Hypera	Hypera
Webcast:	Click here	Click here
Replay:	+55 (11) 2188-0400	+55 (11) 2188-0400
Replay Code:	Hypera	Hypera

Contact Information

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Disclaimer

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

Additional unaudited information herein reflects management's interpretation of information taken from its financial information and their respective adjustments, which were prepared in accordance with market practices and for the sole purpose of a more detailed and specific analysis of our results. Therefore, these additional data must also be analyzed and interpreted independently by shareholders and market agents, who should carry out their own analysis and draw their own conclusions from the results reported herein. No data or interpretative analysis provided by our management should be treated as a guarantee of future performance or results and are merely illustrative of our directors' vision of our results.

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



Consolidated Income Statement (R$ thousand)

Table 13

	2Q19	2Q20	1H19	1H20
Net Revenue	**973,457**	**1,050,494**	**1,357,035**	**1,865,526**
Cost of Goods Sold	(308,332)	(360,243)	(506,043)	(632,217)
Gross Profit	**665,125**	**690,251**	**850,992**	**1,233,309**
Selling and Marketing Expenses	(358,316)	(327,793)	(642,207)	(637,726)
General and Administrative Expenses	(51,305)	(51,765)	(103,314)	(101,600)
Other Operating Income (Expenses)	(6,830)	106,861	515,072	136,330
Equity in Subsidiaries	3,611	527	3,178	6,104
Operating Income Before Equity Income and Financial Result	**252,285**	**418,081**	**623,721**	**636,417**
Net Financial Expenses	3,679	(15,719)	1,876	(3,003)
Financial Expenses	(21,198)	(61,741)	(42,045)	(88,206)
Financial Income	24,877	46,022	43,921	85,203
Profit Before Income Tax and Social Contribution	**255,964**	**402,362**	**625,597**	**633,414**
Income Tax and Social Contribution	84,241	(3,275)	45,413	13,664
Net Income from Contining Operations	**340,205**	**399,087**	**671,010**	**647,078**
Net Income from Discontinued Operations	(3,260)	(2,674)	(12,883)	(12,456)
Income for the Period	**336,945**	**396,413**	**658,127**	**634,622**
Earnings per Share – R$	**0.53**	**0.63**	**1.04**	**1.01**



Consolidated Balance Sheet (R$ thousand)

Table 14

Assets	31/12/2019	30/06/2020
Current Assets	**4,737,327**	**8,083,381**
Cash and Cash Equivalents	2,246,436	5,183,901
Accounts Receivables	1,313,671	1,412,586
Inventories	664,643	802,392
Recoverable Taxes	300,826	260,350
Financial Derivatives	1,409	174,483
Other Assets	206,966	249,503
Dividends and IOC receivables	2,261	0
Assets Held for Sale	1,115	166
Non-Current Assets	**7,182,148**	**7,555,266**
Long Term Assets	**909,728**	**1,067,613**
Deferred Income Tax and Social Contribution	26,551	36,593
Recoverable Taxes	662,183	667,879
Other Assets	220,994	337,296
Financial Derivatives	0	25,845
Investments	**6,272,420**	**6,487,653**
Investments	19,123	27,489
Investment Properties	150,240	155,586
Property, Plants and Equipments	1,167,946	1,288,149
Intangible Assets	4,935,111	5,016,429
Total Assets	**11,919,475**	**15,638,647**

Liabilities and Shareholders' Equity	31/12/2019	30/06/2020
Current Liabilities	**1,585,308**	**2,063,522**
Suppliers	333,829	229,612
Suppliers' Assignment of Receivables	124,019	326,168
Loans and Financing	108,622	649,198
Salaries Payable	205,996	220,402
Income Tax and Social Contribution	337	7,325
Taxes Payable	47,857	63,324
Accounts Payable	135,710	168,433
Dividends and IOC Payable	612,143	347,072
Notes Payable	7,802	27,477
Financial Derivatives	3,820	17,790
Liabilities Held for Sale	5,173	6,721
Non-Current Liabilites	**1,624,067**	**4,519,921**
Loans and Financing	1,293,983	4,163,245
Deferred Income Tax and Social Contribution	92,543	109,315
Taxes Payable	8,360	8,021
Accounts Payable	29,841	38,753
Provisions for Contingencies	191,763	200,587
Financial Derivatives	7,577	0
Shareholders' Equity	**8,710,100**	**9,055,204**
Capital	4,448,817	4,448,817
Capital Reserve	1,270,401	1,262,914
Equity Valuation Adjustments	(254,994)	(194,267)
Profit Reserves	3,280,079	3,280,079
Treasury Stock	(34,203)	(5,967)
Income for the Period	0	263,628
Total Liabilities and Shareholders' Equity	**11,919,475**	**15,638,647**



Consolidated Cash Flow Statement (R$ thousand)

Table 15

	2Q19	2Q20	1H19	1H20
Cash Flows from Operating Activities				
Income (Loss) Before Income Taxes including Discontinued Operations	252,193	399,025	607,274	616,702
Depreciation and Amortization	30,512	31,146	60,452	61,473
Asset Impairment	2,728	40,019	2,728	41,114
Gain on Permanent Asset Disposals	2,054	(755)	17,548	10,264
Equity Method	(3,954)	(451)	(4,039)	(5,055)
Foreign Exchange (Gains) Losses	1,642	(6,115)	2,655	(29,153)
Net Interest and Related Revenue/Expenses	(5,321)	21,835	(4,531)	32,157
Expenses Related to Share Based Remuneration	6,046	5,386	9,006	9,516
Provisions	27,606	6,475	52,652	5,422
Adjusted Results	**313,506**	**496,565**	**743,745**	**742,440**
Decrease (Increase) in Assets	**(131,390)**	**(378,416)**	**(289,430)**	**(311,973)**
Trade Accounts Receivable	(147,943)	(226,239)	330,549	(75,259)
Inventories	(15,750)	(127,102)	(90,306)	(180,221)
Recoverable Taxes	14,528	53,058	(514,393)	58,455
Judicial Deposits and Others	64	8,963	(3,016)	10,393
Other Accounts Receivable	17,711	(87,096)	(12,264)	(125,341)
Increase (Decrease) in Liabilities	**13,230**	**233,815**	**(67,151)**	**92,270**
Suppliers	40,852	40,451	(5,341)	(139,822)
Suppliers' Assignment of Receivables	(13,245)	112,884	(28,624)	198,348
Financial Derivatives	1,255	26,777	3,118	35,208
Income Tax and Social Contribution Paid	(4,071)	(3,320)	(6,312)	(3,930)
Taxes Payable	1,996	(5,333)	(178)	13,048
Salaries and Payroll Charges	615	66,865	16,452	14,404
Accounts Payable	(3,083)	27,528	(24,597)	23,500
Operations Interest Paid	(1,313)	(26,243)	(8,633)	(38,459)
Other Accounts Payable	(9,776)	(5,794)	(13,036)	(10,027)
Net Cash Provided by Operating Activities	**195,346**	**351,964**	**387,164**	**522,737**
Cash flows from Investing Activities				
Capital Increase/Decrease in Subsidiaries/Affiliates	(1,000)	0	(1,000)	(100)
Acquisitions of Subsidiaries, Net of Cash Acquired	0	(32,500)	0	(45,500)
Acquisitions of Property, Plant and Equipment	(41,308)	(72,367)	(89,765)	(165,152)
Intangible Assets	(25,540)	(41,298)	(48,978)	(74,365)
Proceeds from the Sale of Assets with Permanent Nature	312	600	763	1,147
Interest and Others	12,789	26,191	24,820	39,295
Investment Hedge	0	0	0	(2,155)
Net Cash Used in Investing Activities	**(54,747)**	**(119,374)**	**(114,160)**	**(246,830)**
Cash Flows from Financing Activities				
Borrowings	0	2,785,000	0	3,380,000
Treasury Stock Purchase / Sale	(42,008)	340	(42,008)	11,234
Repayment of Loans - Principal	(32,415)	(18,292)	(54,973)	(41,117)
Repayment of Loans - Interest	(6,642)	(45,408)	(13,552)	(52,494)
Dividends and IOC Paid	(21,476)	(23,922)	(581,751)	(636,065)
Net Cash Used in Financing Activities	**(102,541)**	**2,697,718**	**(692,284)**	**2,661,558**
Net Increase (Decrease) in Cash and Cash Equivalents	**38,058**	**2,930,308**	**(419,280)**	**2,937,465**
Statement of Increase in Cash and Cash Equivalents, Net				
Cash and Cash Equivalents at the Beginning of the Period	1,189,531	2,253,593	1,646,869	2,246,436
Cash and Cash Equivalents at the End of the Period	1,227,589	5,183,901	1,227,589	5,183,901
Change in Cash and Cash Equivalent	**38,058**	**2,930,308**	**(419,280)**	**2,937,465**



Other Information

Cash Conversion Cycle – Continuing Operations

Table 16

(Days)	2Q19	3Q19	4Q19	1Q20	1Q20
Receivables [1]	95	99	114	117	110
Inventories [2]	191	183	159	231	200
Payables [2] [3]	(92)	(110)	(110)	(133)	(139)
Cash Conversion Cycle	**194**	**173**	**164**	**214**	**172**

(R$ million)	2Q19	3Q19	4Q19	1Q20	1Q20
Receivables	1,133	1,234	1,314	1,186	1,413
Inventories	655	667	665	697	802
Payables [3]	(316)	(399)	(458)	(403)	(556)
Working Capital	**1,472**	**1,502**	**1,520**	**1,480**	**1,659**
% of Annualized Net Revenue [4]	***38%***	***37%***	***41%***	***45%***	***39%***

(1) Calculated based on Continuing Operations Gross Revenue, Net of Discounts
(2) Calculated based on Continuing Operations COGS
(3) Includes Suppliers' Assignment of Receivables
(4) Annualized last quarter Net Revenue

Tax Credits to offset Income Tax payment

i) Federal Recoverable Taxes: R$786.2 million (please refer to Explanatory Note 13 of the Financial Statements);

ii) Cash effect of Income Tax and Social Contribution Losses Carryforward: R$1.558,4 million (please refer to Explanatory Note 23(a) of the Financial Statements).

Reconciliation of Adjusted EBITDA, or EBITDA from Continuing Operations

Table 17

(R$ million)	2Q19	% NR	2Q20	% NR	Δ %	1H19	% NR	1H20	% NR	Δ %
Net Income	336.9	*34.6%*	396.4	*37.7%*	*17.6%*	658.1	*48.5%*	634.6	*34.0%*	*-3.6%*
(+) Income Tax and CSLL	(84.8)	*-8.7%*	2.6	*0.2%*	-	(50.9)	*-3.7%*	(17.9)	*-1.0%*	*-64.8%*
(+) Net Interest Expenses	(3.7)	*-0.4%*	15.7	*1.5%*	-	(1.9)	*-0.1%*	3.0	*0.2%*	-
(+) Depreciations / Amortizations	30.5	*3.1%*	31.1	*3.0%*	*2.1%*	60.5	*4.5%*	61.5	*3.3%*	*1.7%*
EBITDA	**279.0**	***28.7%***	**445.9**	***42.4%***	***59.8%***	**665.8**	***49.1%***	**681.2**	***36.5%***	***2.3%***
(-) EBITDA from Discontinued Operations	3.8	*0.4%*	3.3	*0.3%*	*-11.5%*	18.3	*1.4%*	16.7	*0.9%*	***-8.8%***
Adjusted EBITDA (EBITDA from Continuing Operations)	**282.8**	***29.1%***	**449.2**	***42.8%***	***58.9%***	**684.2**	***50.4%***	**698.0**	***37.4%***	***2.0%***

EBITDA is a non-accounting measure prepared by the Company and it is calculated based on net income, added by income taxes, financial expenses net of financial income, depreciation and amortization. The Adjusted EBITDA, or EBITDA from Continuing Operations, represents the EBITDA, excluding the effects related to discontinued operations that affected the Company's EBITDA. The Company uses Adjusted EBITDA, or EBITDA from Continuing Operations, as a non-accounting measure, in order to present its performance in a way that better translates the operating cash generation potential of its business.



(A free translation of the original in Portuguese)

Report on review of quarterly information

To the Board of Directors and Stockholders
Hypera S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Hypera S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2020, comprising the balance sheet as at that date and the statements of income and comprehensive income (loss) for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

PricewaterhouseCoopers, Av. 136, 797, Setor Sul, Cond. New York Square, 10º, Salas A-1005 a A-1008, Goiânia, GO, Brasil, 74093-250, T: +55 (62) 3270 5900, www.pwc.com.br

Emphasis of matter - Investigation in progress

As mentioned in Note 31(a) to the Quarterly Information (ITR), and as a result of the ongoing investigations by the Judiciary, search and seizure warrants were issued and executed by the Federal Police, one of which for the Company's premises, and the others for residences of certain former officers and executives of the Company. Following the appointment of an Independent Investigation Committee by the Company's Board of Directors to clarify the facts, the investigations identified evidence of past improper payments as well as the need to improve its systems, internal controls and Compliance program. After the approval of the Board of Directors, the Company entered into an agreement with its main joint-controlling stockholder to obtain reimbursement for such improper payments. In addition to the investigations, the Company, together with its legal counsel, continues to support and collaborate with other investigations carried out by competent authorities; it is evaluating the legal ramifications for seeking a settlement with the authorities. Currently, the potential accounting effects arising from this matter cannot be reliable estimated. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The parent company and consolidated quarterly information referred to above includes the parent company and consolidated statements of value added for the six-month period ended June 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information for the purposes of IAS 34. These statements have been submitted to the same review procedures carried out together with the review of the quarterly information, with the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been prepared, in all material respects, in accordance with the criteria established in CPC 09 and in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Goiânia, July 24, 2020

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Valdir Renato Coscodai
Contador CRC 1SP165875/O-6

Hypera S.A.

Balance sheets

In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
Assets	**June 30, 2020**	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Current				
Cash and cash equivalents (Note 10)	5,046,575	2,117,668	5,183,901	2,246,436
Accounts receivable (Note 11)	1,411,472	1,313,767	1,412,586	1,313,671
Inventory (Note 12)	171,338	108,887	802,392	664,643
Recoverable taxes (Note 13)	155,602	236,278	260,350	300,826
Derivative financial instruments (Note 4 (e))	112,122	-	174,483	1,409
Dividends receivable (Note 16 (a))	-	6,925	-	2,261
Other assets (Note 14)	213,828	176,852	249,503	206,966
	7,110,937	3,960,377	8,083,215	4,736,212
Assets held for sale	166	1,115	166	1,115
Non-current				
Long-term receivables				
Deferred income tax and social contribution (Note 23)	-	-	36,593	26,551
Recoverable taxes (Note 13)	627,237	622,409	667,879	662,183
Derivative financial instruments (Note 4 (e))	25,845	-	25,845	-
Other assets (Note 14)	285,152	184,270	337,296	220,994
	938,234	806,679	1,067,613	909,728
Investments (Note 16)	2,201,036	1,738,263	27,489	19,123
Investment properties (Note 17)	163,209	157,955	155,586	150,240
Property, plant and equipment (Note 18)	132,127	129,067	1,288,149	1,167,946
Intangible assets (Note 19)	4,633,346	4,639,816	5,016,429	4,935,111
	7,129,718	6,665,101	6,487,653	6,272,420
	8,067,952	7,471,780	7,555,266	7,182,148
Total assets	15,179,055	11,433,272	15,638,647	11,919,475

	Parent company		Consolidated	
Liabilities and equity	**June 30, 2020**	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Current				
Suppliers (Note 20)	512,701	344,357	229,612	333,829
Suppliers' assignments of receivables (Note 21)	7,636	291	326,168	124,019
Loans, financing and debentures (Note 22)	617,738	77,571	649,198	108,622
Salaries payable	130,967	126,984	220,402	205,996
Income tax and social contribution payable	-	-	7,325	337
Taxes payable (Note 24)	35,904	31,640	63,324	47,857
Notes payable	27,477	7,802	27,477	7,802
Dividends and interest payable on shareholders' equity	347,072	612,143	347,072	612,143
Derivative financial instruments (Note 4 (e))	13,255	-	17,790	3,820
Accounts payable (Note 25)	116,088	88,310	168,433	135,710
	1,808,838	1,289,098	2,056,801	1,580,135
Liabilities held for sale	6,572	5,058	6,721	5,173
Non-current				
Loans, financing and debentures (Note 22)	4,074,269	1,204,481	4,163,245	1,293,983
Taxes payable (Note 24)	8,021	8,360	8,021	8,360
Deferred income tax and social contribution (Note 23)	13,010	20,661	109,315	92,543
Provision for contingencies (Note 26)	173,527	168,101	200,587	191,763
Derivative financial instruments (Note 4 (e))	-	7,577	-	7,577
Accounts payable (Note 25)	39,614	19,836	38,753	29,841
	4,308,441	1,429,016	4,519,921	1,624,067
Total liabilities	6,123,851	2,723,172	6,583,443	3,209,375
Equity				
Share capital (Note 27 (a))	4,448,817	4,448,817	4,448,817	4,448,817
Revenue reserves	1,262,914	1,270,401	1,262,914	1,270,401
Equity valuation adjustments	(194,267)	(254,994)	(194,267)	(254,994)
Revenue reserves	3,280,079	3,280,079	3,280,079	3,280,079
Treasury shares	(5,967)	(34,203)	(5,967)	(34,203)
Retained earnings	263,628	-	263,628	-
	9,055,204	8,710,100	9,055,204	8,710,100
Total liabilities and equity	15,179,055	11,433,272	15,638,647	11,919,475

See the accompanying notes to the quarterly information.

Hypera S.A.

Statements of income
Periods ended June 30
In thousands of Reais, unless stated otherwise

(A free translation of the original in Portuguese)

	Parent company			
	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 6/30/2019
Continuing operations				
Net revenue (Note 28)	1,077,987	1,916,844	999,419	1,397,578
Cost of sales (Note 29 (a))	(482,209)	(820,624)	(398,079)	(630,166)
Gross profit	**595,778**	**1,096,220**	**601,340**	**767,412**
Selling and marketing expenses (Note 29 (a))	(292,836)	(572,936)	(328,412)	(585,798)
General and administrative expenses (Note 29 (a))	(35,949)	(71,560)	(37,592)	(73,981)
Other operating (expenses) income, net (Note 29 (b))	134,481	127,456	(7,417)	535,892
Equity accounting (Note 16 (a))	8,516	42,298	11,079	(22,831)
Income before financial income and expenses	**409,990**	**621,478**	**238,998**	**620,694**
Financial income (Note 29 (c))	44,279	82,223	22,401	39,115
Financial expenses (Note 29 (d))	(58,347)	(86,438)	(15,673)	(31,765)
Net financial expenses	**(14,068)**	**(4,215)**	**6,728**	**7,350**
Income before income tax and social contribution	**395,922**	**617,263**	**245,726**	**628,044**
Income tax and social contribution (Note 23 (c))	3,165	29,815	94,479	42,966
Net income from continuing operations	**399,087**	**647,078**	**340,205**	**671,010**
Discontinued operations				
Net income from discontinued operations (Note 15)	(2,674)	(12,456)	(3,260)	(12,883)
Net income for the period	**396,413**	**634,622**	**336,945**	**658,127**
Earnings per share				
Basic earnings per share (in R$)	0.62767	1.00513	0.53321	1.04137
Diluted earnings per share (in R$)	0.62001	0.99223	0.52559	1.02649
Earnings per share - Continuing operations				
Basic earnings per share (in R$)	0.63189	1.02485	0.53837	1.06175
Diluted earnings per share (in R$)	0.62420	1.01170	0.53068	1.04658

See the accompanying notes to the quarterly information.

	Consolidated			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 6/30/2019**
Continuing operations				
Net revenue (Note 28)	1,050,494	1,865,526	973,457	1,357,035
Cost of sales (Note 29 (a))	(360,243)	(632,217)	(308,332)	(506,043)
Gross profit	**690,251**	**1,233,309**	**665,125**	**850,992**
Selling and marketing expenses (Note 29 (a))	(327,793)	(637,726)	(358,316)	(642,207)
General and administrative expenses (Note 29 (a))	(51,765)	(101,600)	(51,305)	(103,314)
Other operating (expenses) income, net (Note 29 (b))	106,861	136,330	(6,830)	515,072
Equity accounting (Note 16 (a))	527	6,104	3,611	3,178
Income before financial income and expenses	**418,081**	**636,417**	**252,285**	**623,721**
Financial income (Note 29 (c))	46,022	85,203	24,877	43,921
Financial expenses (Note 29 (d))	(61,741)	(88,206)	(21,198)	(42,045)
Net financial expenses	**(15,719)**	**(3,003)**	**3,679**	**1,876**
Income before income tax and social contribution	**402,362**	**633,414**	**255,964**	**625,597**
Income tax and social contribution (Note 23 (c))	(3,275)	13,664	84,241	45,413
Net income from continuing operations	**399,087**	**647,078**	**340,205**	**671,010**
Discontinued operations				
Net income from discontinued operations (Note 15)	(2,674)	(12,456)	(3,260)	(12,883)
Net income for the period	**396,413**	**634,622**	**336,945**	**658,127**
Earnings per share				
Basic earnings per share (in R$)	0.62767	1.00513	0.53321	1.04137
Diluted earnings per share (in R$)	0.62001	0.99223	0.52559	1.02649
Earnings per share - Continuing operations				
Basic earnings per share (in R$)	0.63189	1.02485	0.53837	1.06175
Diluted earnings per share (in R$)	0.62420	1.01170	0.53068	1.04658

See the accompanying notes to the quarterly information.

	Parent company			
	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 6/30/2019
Net income for the period	**396,413**	**634,622**	**336,945**	**658,127**
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	75,499	92,011	(1,130)	634
Income tax and social contribution on other comprehensive income	(25,670)	(31,284)	385	(215)
Other comprehensive income, net of income tax and social contribution	49,829	60,727	(745)	419
Comprehensive income for the period	**446,242**	**695,349**	**336,200**	**658,546**

	Consolidated			
	04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 6/30/2019
Net income for the period	**396,413**	**634,622**	**336,945**	**658,127**
Other comprehensive income				
Items that will be reclassified to income				
Cash flow hedge - effective portion of the changes in fair value	75,499	92,011	(1,130)	634
Income tax and social contribution on other comprehensive income	(25,670)	(31,284)	385	(215)
Other comprehensive income, net of income tax and social contribution	49,829	60,727	(745)	419
Comprehensive income for the period	**446,242**	**695,349**	**336,200**	**658,546**

See the accompanying notes to the quarterly information.

Hypera S.A.

Statements of changes in equity

In thousands of Reais (A free translation of the original in Portuguese)

		Capital reserves					Profit reserves					
	Capital	Premium on share issuance	Share purchase options	Debentures subscription bonus options	Treasury shares	Equity valuation adjustments	Legal reserve	Government grant reserve	Profit retention reserve	Supplemental dividends proposed	Retained earnings	Total
Balances at January 1, 2019	**4,448,817**	**1,161,726**	**73,201**	**50,244**	**(6,459)**	**(254,680)**	**180,592**	**2,470,495**	**143,737**	**-**	**-**	**8,267,673**
Recognition of leases per CPC 06/IFRS 16	-	-	-	-	-	-	-	-	-	-	(3,546)	(3,546)
Share purchase options	-	-	6,332	-	-	-	-	-	-	-	-	6,332
Results on sales of treasury shares	-	(13,792)	-	-	-	-	-	-	-	-	-	(13,792)
Sale of shares (Note 27(b))	-	-	-	-	22,722	-	-	-	-	-	-	22,722
Acquisitions of shares (Note 27 (b))	-	-	-	-	(58,044)	-	-	-	-	-	-	(58,044)
Net income for the period	-	-	-	-	-	-	-	-	-	-	658,127	658,127
Interest on shareholders' equity	-	-	-	-	-	-	-	-	-	-	(322,274)	(322,274)
Other comprehensive income												
Gains or losses from derivatives, net of tax	-	-	-	-	-	419	-	-	-	-	-	419
Balances at June 30, 2019	**4,448,817**	**1,147,934**	**79,533**	**50,244**	**(41,781)**	**(254,261)**	**180,592**	**2,470,495**	**143,737**	**-**	**332,307**	**8,557,617**
Balances at January 1, 2020	**4,448,817**	**1,141,620**	**78,537**	**50,244**	**(34,203)**	**(254,994)**	**180,592**	**2,838,613**	**260,874**	**-**	**-**	**8,710,100**
Share purchase options	-	-	9,515	-	-	-	-	-	-	-	-	9,515
Results on sales of treasury shares	-	(17,002)	-	-	-	-	-	-	-	-	-	(17,002)
Sale of shares (Note 27(b))	-	-	-	-	28,236	-	-	-	-	-	-	28,236
Net income for the period	-	-	-	-	-	-	-	-	-	-	634,622	634,622
Interest on shareholders' equity	-	-	-	-	-	-	-	-	-	-	(370,994)	(370,994)
Other comprehensive income												
Gains or losses from derivatives, net of tax	-	-	-	-	-	60,727	-	-	-	-	-	60,727
Balances at June 30, 2020	**4,448,817**	**1,124,618**	**88,052**	**50,244**	**(5,967)**	**(194,267)**	**180,592**	**2,838,613**	**260,874**	**-**	**263,628**	**9,055,204**

See the accompanying notes to the quarterly information.

Hypera S.A.

Statements of cash flows
Periods ended June 30
In thousands of Reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Cash flow from operating activities				
Income before income tax and social contribution, including discontinued operations	601,712	609,450	616,702	607,274
Adjustments				
Depreciation and amortization	24,772	22,214	61,473	60,452
Impairment of assets	9,993	-	41,114	2,728
Results on the sale of fixed assets	10,451	16,904	10,264	17,548
Equity accounting	(38,809)	24,259	(5,055)	(4,039)
Foreign exchange gains (losses)	(24,075)	228	(29,153)	2,655
Interest and related expenses (income)	28,291	(7,578)	32,157	(4,531)
Share-based compensation expenses	7,864	7,619	9,516	9,006
Provisions	(14,655)	19,615	5,422	52,652
Adjusted income	605,544	692,711	742,440	743,745
Changes in assets and liabilities				
Accounts receivable	(74,050)	333,760	(75,259)	330,549
Inventory	(85,411)	(45,065)	(180,221)	(90,306)
Recoverable taxes	87,415	(514,640)	58,455	(514,393)
Deposits with courts and others	12,105	(2,728)	10,393	(3,016)
Other accounts receivable	(114,463)	(18,473)	(125,341)	(12,264)
Suppliers	168,339	(29,385)	(139,822)	(5,341)
Suppliers' assignment of receivables	3,856	(620)	198,348	(28,624)
Derivative financial instruments	-	-	35,208	3,118
Accounts payable	11,414	(27,302)	23,500	(24,597)
Taxes payable	4,230	1,662	13,048	(178)
Salaries/wages payable	3,983	7,810	14,404	16,452
Interest on transactions	(435)	(1,254)	(38,459)	(8,633)
Income tax and social contribution paid	(117)	-	(3,930)	(6,312)
Accounts payable	(5,769)	(9,580)	(10,027)	(13,036)
Net cash provided by operating activities	616,641	386,896	522,737	387,164
Cash flow from investment activities				
Acquisition of subsidiaries (net of cash on acquisition)	(45,500)	-	(45,500)	-
Capital increase in subsidiaries	(342,000)	(189,800)	(100)	(1,000)
Purchases of property, plant and equipment	(5,837)	(7,934)	(165,152)	(89,765)
Purchases of intangible assets	(8,159)	(2,372)	(74,365)	(48,978)
Investment hedge	(2,155)	-	(2,155)	-
Proceeds from sale of fixed assets	974	663	1,147	763
Interest and others	38,103	22,488	39,295	24,820
Dividends received	4,664	6,272	-	-
Loans receivable	710	(535)	-	-
Net cash used in investment activities	(359,200)	(171,218)	(246,830)	(114,160)
Cash flows from financing activities				
Purchases of treasury shares	-	(50,938)	-	(50,938)
Sales of treasury shares	11,234	8,930	11,234	8,930
Proceeds from borrowings	3,380,000	-	3,380,000	-
Payment of loans and financing - principal	(36,953)	(50,019)	(41,117)	(54,973)
Payment of loans and financing - interest	(51,455)	(11,709)	(52,494)	(13,552)
Dividends and interest on shareholders' equity paid	(636,065)	(581,751)	(636,065)	(581,751)
Loans payable	4,705	1,025	-	-
Net cash provided by (used in) financing activities	2,671,466	(684,462)	2,661,558	(692,284)
Net (decrease) increase in cash and cash equivalents	2,928,907	(468,784)	2,937,465	(419,280)
Cash and cash equivalents at beginning of period	2,117,668	1,578,684	2,246,436	1,646,869
Cash and cash equivalents at end of period	5,046,575	1,109,900	5,183,901	1,227,589
Change in cash and cash equivalents	2,928,907	(468,784)	2,937,465	(419,280)
Transactions not involving cash	**21,695**	**1,348**	**31,978**	**10,073**
Acquisition of companies	19,500	-	19,500	-
Acquisitions of property, plant and equipment	2,195	1,348	12,478	10,073

See the accompanying notes to the quarterly information.

	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Gross income				
Sales of goods and products, including discontinued operations	2,018,677	1,462,374	2,019,664	1,462,543
Other income	193,884	577,483	231,838	560,585
Income related to construction of own assets	14,035	5,864	88,553	51,758
Allowance for doubtful accounts	166	5,894	1,236	4,317
	2,226,762	2,051,615	2,341,291	2,079,203
Inputs acquired from third parties				
Costs of materials, goods and services sold	(811,429)	(619,861)	(443,637)	(293,742)
Materials, power, third-party services and others	(429,927)	(456,797)	(656,371)	(590,410)
Impairment of assets	(50,108)	(23,148)	(95,131)	(41,808)
	(1,291,464)	(1,099,806)	(1,195,139)	(925,960)
Gross added value	935,298	951,809	1,146,152	1,153,243
Depreciation and amortization	(24,772)	(22,214)	(61,473)	(60,452)
Net added value generated by the Company	910,526	929,595	1,084,679	1,092,791
Transfers of value added received				
Equity accounting	38,809	(24,259)	5,055	4,039
Financial income	82,223	39,115	85,203	43,921
	121,032	14,856	90,258	47,960
Total added value to be distributed	1,031,558	944,451	1,174,937	1,140,751
Distribution of added value				
Personnel and charges	269,258	237,210	460,713	437,821
Salaries and wages	220,437	196,693	364,684	353,322
Benefits	34,340	28,410	71,543	62,337
Government severance indemnity fund for employees (FGTS)	14,481	12,107	24,486	22,162
Taxes, fees and contributions	37,422	14,791	(15,811)	(3,523)
Federal	(8,184)	(26,451)	31,412	8,838
State	44,636	40,418	(48,296)	(13,500)
Municipal	970	824	1,073	1,139
Interest	86,387	32,159	87,964	42,177
Rentals	3,869	2,164	7,449	6,149
Retained earnings	634,622	658,127	634,622	658,127
Value added distributed	1,031,558	944,451	1,174,937	1,140,751

(*) The statement of value added is not an integral part of the quarterly information under IFRS.

See the accompanying notes to the quarterly information.

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Notes to the quarterly information report

(In thousands of Reais, unless stated otherwise)

1 General information

Hypera S.A. ("the Company"), headquartered in São Paulo-SP, is a Brazilian pharmaceutical company and is a leader in the various markets in which it operates (according to IQVIA data). Its mission is "providing access to healthcare for the Brazilian population, offering safe, high-quality products, continually investing in innovation and growing in a sustainable way, so that people can live longer and better".

The Company's main products are:

a) Under the umbrella brand Mantecorp Farmasa, the Company operates in various medical specialty areas within the Primary Care segment, including several of the top 30 products in Brazil, according to data from Close-Up International, including Predsim, Celestamine, Maxsulid, Diprospan, Mioflex-A and Addera D3. Under the brand Mantecorp Skincare, it offers dermo-cosmetics recommended by dermatologists throughout Brazil, as per information from Close-Up International;

b) The Company is a lead supplier in the Brazilian market of prescription-free products, as per IQVIA, including brands such as Apracur, Benegrip, Coristina d, Engov, Epocler and Estomazil, among others. It also offers nutrition, sweeteners and vitamin supplement lines, with brands such as Tamarine, Vitasay 50+, Biotônico Fontoura and Zero-Cal, which was the Top of Mind brand for 16 years in Brazil, according to Datafolha;

c) Through the Neo Química brand, the Company is a leader in the markets for "*similares*" and generic medicines, as per IQVIA data. The brand is present in 96% of Brazilian pharmaceutical point of sales, according to IQVIA, consistent with its mission of providing access to health for the Brazilian population.

With a long history of growth through acquisitions, the Company announced an agreement to purchase the family of Buscopan brands, from Boehringer Ingelheim, in November 2019, for an estimated price of R$ 1.3 billion. It also signed an agreement for the acquisition of a select portfolio of Takeda brands, including Neosaldina and Dramin, in March 2020, for US$ 825 million, having secured credit lines of R$ 3.5 billion to finance the transaction. The closing of these deals depends on the fulfillment of conditions precedent, including the approval by regulatory agencies.

Also in March 2020, the Company announced an agreement with Eurofarma Laboratórios S.A. for the sale of part of the portfolio to be acquired from Takeda in Latin American countries, except Brazil, for US$ 161 million, subject to certain conditions precedent, including the closing of the agreement between the Company and Takeda.

Products are manufactured mainly by the subsidiaries Brainfarma Indústria Química e Farmacêutica S.A. ("Brainfarma") and Cosmed Indústria de Cosméticos e Medicamentos S.A. ("Cosmed"), located in the State of Goiás (GO). The main distribution center is in Anápolis - GO.

The Company's research and development activities for pharmaceuticals, dermo-cosmetics and nutritional products are centered in the Brainfarma innovation facility in Barueri - SP. Operating since 2017, the facility houses technologies for development of various forms of pharmaceutical products across the six laboratories that make up the complex.

The Company also operates an extensive sales and distribution structure, with national coverage. Its products are distributed throughout Brazil, either directly to retailers or indirectly, via distributors and wholesalers.

2 Summary of significant accounting policies

The individual and consolidated interim financial information has been prepared in accordance with CPC 21(R1) and IAS 34, issued by the IASB and applicable to the preparation of Quarterly Information (ITR) and presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of ITR.

The presentation of the individual and consolidated statements of added value in the terms of technical pronouncement CPC 09 - Statement of Added Value, is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. IFRS does not require the presentation of this statement. Under IFRS, the presentation of this statement is considered supplementary information, and not part of the set of interim financial information.

The main accounting policies applied to the preparation of this individual and consolidated Quarterly Information have not changed materially related to the policies presented in the financial statements for the year ended December 31, 2019. In cases where the notes to this Quarterly Information are not presented in full, due to redundancy of information with that presented in the annual financial statements; complete disclosures are presented in the notes to the annual financial statements for the year ended December 31, 2019.

2.1 Approval of the interim financial information

The present Quarterly Information was approved by the Board of Directors on July 24, 2020.

3 Critical accounting estimates and judgments

Accounting estimates and judgments are continuously evaluated based on experience and other factors, including expectations of future events considered reasonable under the circumstances. The critical accounting estimates and judgments underlying this Quarterly Information have not changed relative to those published in the annual financial statements for 2019.

4 Financial risk management

There has been no change in the financial risk factors or in the risk management policy compared to those described in the financial statements at December 31, 2019.

In the following tables, the financial data for the current period are presented on a comparative basis with the financial data at December 31, 2019.

a. Foreign exchange risk

At June 30, 2020 and December 31, 2019, the assets and liabilities denominated in foreign currencies and the financial instruments to mitigate exchange risks were as follows:

	Parent company					
	June 30, 2020			December 31, 2019		
	US$ '000	EUR '000	R$ '000	US$ '000	EUR '000	R$ '000
Liabilities						
Suppliers	43	-	232	44	-	177
Suppliers' assignment of receivables	-	-	-	-	-	-
Loans and financing	-	21,151	129,960	-	20,964	94,487
Derivative instruments that mitigate risks	(628,000)	(20,090)	(3,557,975)	-	(20,090)	(90,549)
Accounts payable	-	-	-	4	-	10
Net exposure	(627,957)	1,061	(3,427,783)	48	874	4,125

	Consolidated					
	June 30, 2020			December 31, 2019		
	US$ '000	EUR '000	R$ '000	US$ '000	EUR '000	R$ '000
Liabilities						
Suppliers	7,271	-	39,553	20,206	-	81,326
Suppliers' assignment of receivables	50,637	-	275,460	30,615	-	123,223
Loans and financing	-	21,151	129,960	-	20,964	94,487
Derivative instruments that mitigate risks	(734,501)	(20,090)	(4,140,427)	(62,912)	(20,090)	(343,765)
Accounts payable	33	188	1,335	158	292	1,989
Net exposure	(676,560)	1,249	(3,694,119)	(11,933)	1,166	(42,740)

On June 30, 2020, the Company contracted US$ 628 million of NDF hedge and call options for hedge of the purchase and sale agreement signed with Takeda on March 2, 2020.

b. Cash flow or fair value risk associated with the interest and inflation rates

Presented in the following table is the exposure to interest rate risk of transactions related to variations in the Interbank Deposit Certificate (CDI) rate, long-term rate (TJLP) and referential rate (TR):

	June 30, 2020	
	Parent company	Consolidated
Loans, financing and swaps - CDI	1,013,143	1,013,143
Financing - TLP	302,401	302,401
Financing - TR	42,628	136,673
Notes payable - CDI	7,977	7,977
Debentures - CDI	3,289,016	3,289,016
Financial investments - CDI	(5,022,246)	(5,157,722)
Net exposure	(367,081)	(408,512)

c. Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits in banks and financial institutions and credit exposure to wholesale and retail customers, including outstanding accounts receivable and repurchase operations.

For banks and financial institutions, the Company has a policy of diversifying its financial investments among top-tier institutions with ratings described in Note 9 (Credit quality of the financial assets).

d. Liquidity risk

The amounts disclosed in the table below represent the undiscounted future cash flow, by maturity, which include interest to be incurred, meaning that these amounts do not match the amounts disclosed in the balance sheet.

Parent company

					June 30, 2020
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	122,198	181,551	2,995,224	1,058,162	4,357,135
Loans and financing	599,443	643,119	198,466	94,379	1,535,407
Notes payable	27,477	-	-	-	27,477
Suppliers	512,701	-	-	-	512,701
Suppliers' assignments of receivables	7,636	-	-	-	7,636
Accounts payable	116,088	39,614	-	-	155,702
Derivative financial instruments	(98,103)	(27,551)	-	-	(125,654)
	1,287,440	836,733	3,193,690	1,152,541	6,470,404

					December 31, 2019
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	46,515	56,375	662,246	340,585	1,105,721
Loans and financing	38,714	150,084	169,064	61,787	419,649
Notes payable	7,802	-	-	-	7,802
Suppliers	344,357	-	-	-	344,357
Suppliers' assignments of receivables	291	-	-	-	291
Accounts payable	88,310	19,836	-	-	108,146
Derivative financial instruments	-	(4,179)	-	-	(4,179)
	525,989	222,116	831,310	402,372	1,981,787

Consolidated

					June 30, 2020
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	122,198	181,551	2,995,224	1,058,162	4,357,135
Loans and financing	627,201	670,204	260,570	129,432	1,687,407
Notes payable	27,477	-	-	-	27,477
Suppliers	229,612	-	-	-	229,612
Suppliers' assignment of receivables	326,168	-	-	-	326,168
Accounts payable	168,433	38,753	-	-	207,186
Derivative financial instruments	(152,868)	(27,552)	-	-	(180,420)
	1,348,221	862,956	3,255,794	1,187,594	6,654,565

					December 31, 2019
	Less than one year	From one to two years	From two to five years	More than five years	Overall total
Debentures	46,515	56,375	662,246	340,585	1,105,721
Loans and financing	87,126	177,513	235,841	96,850	597,330
Notes payable	7,802	-	-	-	7,802
Suppliers	333,829	-	-	-	333,829
Suppliers' assignments of receivables	124,019	-	-	-	124,019
Accounts payable	140,768	24,783	-	-	165,551
Derivative financial instruments	2,522	(4,179)	-	-	(1,657)
	742,581	254,492	898,087	437,435	2,332,595

e. Derivatives

At June 30, 2020, transactions of the derivative instruments contracted by the Company totaled R$ 4,140,427 (R$ 343,765 at December 31, 2019) in consolidated and R$ 3,557,975 (R$ 90,549 at December 31, 2019) in parent company. The results of the transactions not yet settled represented gains of R$ 182,538 (at December 31, 2019 gains of R$ 9,988) in the consolidated and gains of R$ 124,712 (at December 31, 2019 losses of R$ 7,577) in the parent company.

At June 30, 2020 and December 31, 2019, these transactions can be summarized as follows:

Parent company

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gain (loss)	
(In R$ thousand)		Jun/20	Dec/19	Jun/20	Dec/19	Jun/20	Dec/19
Foreign currency							
Forward contracts		**3,161,082**	**-**	**73,676**	**-**	**-**	**-**
Long position	BofA, Bradesco, Morgan Stanley, BTG, Itaú, Safra, Santander	3,161,082	-	73,676	-	-	-
Short position		-	-	-	-	-	-
Swaps		**123,443**	**90,549**	**25,845**	**(7,577)**	**-**	**-**
Long position	Itaú	123,443	90,549	25,845	(7,577)	-	-
Short position		-	-	-	-	-	-
Subtotal		**3,284,525**	**90,549**	**99,521**	**(7,577)**	**-**	**-**
Options contracts							
Call		**273,450**	**-**	**25,191**	**-**	**-**	**-**
Long position	Itaú	273,450	-	25,191	-	-	-
Total		**3,557,975**	**90,549**	**124,712**	**(7,577)**	**-**	**-**

Consolidated

Type	Counterparties	Notional value		Fair value receivable (payable)		Realized gain (loss)	
(In R$ thousand)		Jun/20	Dec/19	Jun/20	Dec/19	Jun/20	Dec/19
Foreign currency							
Forward contracts		**3,743,534**	**253,216**	**131,503**	**(2,411)**	**35,208**	**12,435**
Long position	BR Partners, Bradesco, Citibank, Itaú, BOFA, Original, Safra, Santander, MUFG, Votorantim, BTG	3,821,319	261,889	134,401	(2,513)	35,066	12,409
Short position	Santander, BR Partners, BOFA, BTG, Itaú	(77,785)	(8,673)	(2,898)	102	142	26
Swaps		**123,443**	**90,549**	**25,844**	**(7,577)**	**-**	**-**
Long position	Itaú	123,443	90,549	25,844	(7,577)	-	-
Short position		-	-	-	-	-	-
Subtotal		**3,866,977**	**343,765**	**157,347**	**(9,988)**	**35,208**	**12,435**
Options contracts							
Call		**273,450**	**-**	**25,191**	**-**	**-**	**-**
Long position	Itaú	273,450	-	25,191	-	-	-
Total		**4,140,427**	**343,765**	**182,538**	**(9,988)**	**35,208**	**12,435**

f. Methodology for calculating the fair value of derivatives

(i) Foreign currency forward contracts are valued using the interpolation of the market rates of US Dollar future contracts for each base date, as informed by B3 S.A. - Brasil, Bolsa, Balcão ("B3").

(ii) Swaps - are valued using the interpolation of the exchange coupon market and future interbank deposit rates for each base date, as informed by B3.

(iii) Currency options contracts are valued using the Garman-Kohlhagen model, adjusted by the CDS (Credit Default Swap) of the issuing entity.

g. Sensitivity analysis

Present below is a sensitivity analysis table of the financial instruments, including derivatives that describe the risks that may cause material losses for the Company, with the most likely scenario (Scenario I, considering a fluctuation of 20.71% for the US Dollar, and the same fluctuations in the Euro variation for borrowings, which corresponds to three standard deviations of the fluctuation over the three months of the third quarter of the year) according to the evaluation made by management, considering a range of perception of three months, when the next quarterly financial information containing this analysis should be released. In addition, two other scenarios are presented; these are further stressed in order to provide a 25% and 50% deterioration in the exchange rate of the Real against the US Dollar and against the Euro, respectively (Scenarios II and III).

Parent company

Risk	**Scenario I**		**Scenario II**		**Scenario III**	
(In R$ thousand)			**25% fluctuation**		**50% fluctuation**	
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar quotation	4.699	6.239	4.102	6.836	2.735	8.204
Foreign currency						
Economic hedge	**(461,669)**	**461,669**	**(819,491)**	**819,491**	**(1,638,982)**	**1,638,982**
Forward contracts	(444,284)	444,284	(788,630)	788,630	(1,577,260)	1,577,260
Swaps	(17,385)	17,385	(30,861)	30,861	(61,722)	61,722
Object of the economic hedge	**462,594**	**(462,594)**	**821,131**	**(821,131)**	**1,642,263**	**(1,642,263)**
Loans, financing and notes payable subject to short-term exchange rate variations	462,594	(462,594)	821,131	(821,131)	1,642,263	(1,642,263)
Net effect	**925**	**(925)**	**1,640**	**(1,640)**	**3,281**	**(3,281)**

Consolidated

Risk	**Scenario I**		**Scenario II**		**Scenario III**	
(In R$ thousand)			**25% fluctuation**		**50% fluctuation**	
	Appreciation	**Depreciation**	**Appreciation**	**Depreciation**	**Appreciation**	**Depreciation**
US Dollar quotation	4.699	6.239	4.102	6.836	2.735	8.204
Foreign currency						
Economic hedge	**(543,897)**	**543,897**	**(965,450)**	**965,450**	**(1,930,900)**	**1,930,900**
Forward contracts	(526,511)	526,511	(934,589)	934,589	(1,869,178)	1,869,178
Swaps	(17,386)	17,386	(30,861)	30,861	(61,722)	61,722
Object of the economic hedge	**544,626**	**(544,626)**	**966,744**	**(966,744)**	**1,933,489**	**(1,933,489)**
Loans, financing and notes payable subject to short-term exchange rate variations	544,626	(544,626)	966,744	(966,744)	1,933,489	(1,933,489)
Net effect	**729**	**(729)**	**1,294**	**(1,294)**	**2,589**	**(2,589)**

The sensitivity analysis presented above shows the net effect on the profit and loss, and considers changes regarding the exchange rate of the Brazilian Real against the US Dollar and the Euro, holding all other risk variables constant.

The scenarios for monetary variations and floating rate interest on the Company's loans, financing, debentures and notes payable projected for the third quarter of 2020 are as follows.

Parent company

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	(9,731)	7,776	15,552
Financing - TLP	(86)	3,735	7,469
Debentures - CDI	(31,591)	25,243	50,486
Loan - TR	4	-	-
Notes payable - CDI	(77)	61	122
Financial investments	48,239	(38,546)	(77,091)
Total loss (gain)	**6,758**	**(1,731)**	**(3,462)**

Consolidated

Variation scenarios	Likely scenario*	25% change	50% change
Loans - CDI	(9,731)	7,776	15,552
Financing - TLP	(86)	3,735	7,469
Debentures - CDI	(31,591)	25,243	50,486
Loan - TR	14	-	-
Notes payable - CDI	(77)	61	122
Financial investments	49,541	(39,586)	(79,171)
Total loss (gain)	**8,070**	**(2,771)**	**(5,542)**

***Likely scenario assumptions**
Forecast CDI of 2.08% p.a.
Forecast TR of 0.01% p.a.
Forecast TLP of 4.91 % p.a.

5 Capital management

The Company's objectives when managing its capital are to safeguard the ability to continue to offer a return for its shareholders and benefits for the other interested parties and to maintain an optimal capital structure in order to reduce this cost.

To maintain or adjust the capital structure, the Company can review the dividend payment policy, return capital to shareholders, or even issue new shares or sell assets to reduce, for example, the level of indebtedness.

The Company monitors its capital based on the financial leverage ratio. This ratio is calculated as net debt divided by total capitalization. Net debt is calculated as total loans (including short and long-term loans, financing, and trade notes payable, as presented in the consolidated balance sheet) less cash and cash equivalents and (gain) loss on financial hedge. Total capitalization is calculated based on the sum of shareholders' equity, as shown in the consolidated balance sheet, and net debt.

Due to the agreements for the purchase of brands (Note 1), the Company's Board of Directors approved the new issuance of long-term debentures, in the amount of R$ 3.5 billion at the cost of CDI + 1.5% p.a. (Note 32), and also reinforced its cash position, on a preventive basis, due to the uncertainties and volatility of the current economic scenario caused by the COVID-19 pandemic, with the contracting of loans in the amount of R$ 895 million, with R$ 595 million maturing in 2021 and R$ 300 million maturing in 2022.

The indexes of financial leverage at June 30, 2020 and December 31, 2019 may be summarized as follows:

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Total loans, financing and debentures (Note 22)	4,692,007	1,282,052	4,812,443	1,402,605
Total notes payable	27,477	7,802	27,477	7,802
Loss (gain) on financial hedge	(25,845)	7,577	(25,845)	7,577
Less: cash and cash equivalents (Note 10)	(5,046,575)	(2,117,668)	(5,183,901)	(2,246,436)
Cash and cash equivalents, net	(352,936)	(820,237)	(369,826)	(828,452)
Total shareholders' equity	9,055,204	8,710,100	9,055,204	8,710,100
Adjusted shareholders' equity	8,702,268	7,889,863	8,685,378	7,881,648
Net debt to adjusted equity ratio (*)	N.A.	N.A.	N.A.	N.A.

(*) Not applicable because the amount of cash and cash equivalents is higher than the net debt shown above.

6 Estimate of fair value

It is assumed that the balances of accounts receivable and suppliers at book value, less the loss (impairment), are close to their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows by the prevailing market interest rate, which is available to the Company for similar financial instruments (Note 22 (b)).

The Company applies CPC 40 (R1)/IFRS 7 to financial instruments measured in the balance sheet at fair value, which requires disclosure of the fair value measurements according to the level of the following fair value measurement hierarchy:

- Prices quoted (unadjusted) in active markets for similar assets and liabilities (level 1).
- Inputs, other than quoted prices included in level 1 that are adopted by the market for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on data adopted by the market (i.e. unobservable inputs) (level 3).

The table below presents the Company's derivative instruments assets and liabilities at June 30, 2020, as well as the amounts measured at fair value.

			Parent
	Level 1	**Level 2**	**Total**
Assets			
Derivative financial instruments	-	137,967	137,967
Total assets	-	137,967	137,967
Liabilities			
Derivative financial instruments	-	13,255	13,255
Total liabilities	-	13,255	13,255

			Consolidated
	Level 1	**Level 2**	**Total**
Assets			
Derivative financial instruments	-	200,328	200,328
Total assets	-	200,328	200,328
Liabilities			
Derivative financial instruments	-	17,790	17,790
Total liabilities	-	17,790	17,790

The table below presents the Company's assets and liabilities at December 31, 2019, as well as the amounts stated at fair value.

			Parent company
	Level 1	**Level 2**	**Total**
Assets			
Derivative financial instruments	-	-	-
Total assets	-	-	-
Liabilities			
Derivative financial instruments	-	7,577	7,577
Total liabilities	-	7,577	7,577

			Consolidated
	Level 1	**Level 2**	**Total**
Assets			
Derivative financial instruments	-	1,409	1,409
Total assets	-	1,409	1,409
Liabilities			
Derivative financial instruments	-	11,397	11,397
Total liabilities	-	11,397	11,397

The fair values of financial instruments that are not traded in active markets (e.g. derivatives) are determined using valuation techniques. These valuation techniques maximize the use of data derived from the market when available and rely to the minimum extent possible on the Company's specific estimates.

7 Hedge accounting

The Company holds derivative financial instruments to hedge its exposure to foreign currency variation and interest rate risk.

Specifically for hedge accounting, the Company has not yet adopted the new rules under CPC 48 / IFRS 9. According to the characteristics of the hedge, it is the Company's accounting policy to adopt hedge accounting, as established in CPC38 (IAS 39). For operations that are designated for hedge accounting, the Company formally documents the relationship between the hedge instruments and the hedged items, including the risk management objectives and the strategy for conducting the hedge transaction, together with the methods that will be used to evaluate the effectiveness of the hedge relationship. The Company makes a forward-looking assessment, both at the time of designation of the hedge relationship, and continuously, if it is expected that the hedge instruments will be "highly effective" in offsetting changes in the fair value of the respective hedged items during the period for which the hedge is designated, and if the actual results of each hedge are within the range of 80% to 125%.

Fair value hedges

Currently the Company adopts fair value hedges for its transactions, so that both the hedge instruments and hedged items are stated at the FVTPL. See below the transactions and accounting effects arising from the adoption of this practice:

					Parent company
					June 30, 2020
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/loss in the income**
Loan - 4131*	EUR + spread	Fair value	123,443	129,960	(750)
*Swap - 4131**	*EUR + Spread vs. % CDI*	Fair value	123,443	25,845	-

* Maturity in Aug/21.

					Parent company
					December 31, 2019
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/loss in the income**
Loan - 4131	EUR + spread	Fair value	90,549	94,487	(151)
Swap - 4131	*EUR + Spread vs. % CDI*	Fair value	90,549	(7,577)	-

* Maturity in Aug/21.

					Consolidated
					June 30, 2020
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/loss in the income**
Loan - 4131*	EUR + spread	Fair value	123,443	129,960	(750)
*Swap - 4131**	*EUR + Spread vs. % CDI*	Fair value	123,443	25,845	-

* Maturity in Aug/21.

					Consolidated
					December 31, 2019
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain/loss in the income**
Loan - 4131	EUR + spread	Fair value	90,549	94,487	(151)
Swap - 4131	*EUR + Spread vs. % CDI*	Fair value	90,549	(7,577)	-

* Maturity in Aug/21.

The fair value cash flow hedge operation maintained a hedging ratio of 1:1 with a weighted average rate of BRL/EUR 4.7287.

If a hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, closed, exercised, or has its designation revoked, then hedge accounting is discontinued prospectively. Hedged items previously recognized at fair value are recorded at amortized cost.

Cash flow hedges
The Company adopts cash flow hedges for most supplier operations. Gains or losses on the effective portion of the hedge are recognized in equity/other comprehensive income.

Presented below are the transactions and accounting effects arising from the adoption of this practice:

					Parent company
					June 30, 2020
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain in comprehensive income**
Suppliers	USD	Cash flow	-	-	-
NDF	USD vs BRL	Cash flow	-	-	-
NDF Acquisition (II)	USD vs BRL	Cash flow	3,161,082	73,676	73,676

(II) The NDF Acquisition operation, in the amount of R$ 3,161,082, refers to financial instruments intended to hedge the acquisition of Takeda. The closing of this acquisition depends on the fulfillment of certain conditions precedent, including the approval by regulatory agencies.

					Parent
					December 31, 2019
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain in comprehensive income**
Suppliers	USD	Cash flow	-	-	-
NDF	USD vs BRL	Cash flow	-	-	-

					Consolidated
					June 30, 2020
Operation	**Indexing**	**Hedge type**	**Principal amount**	**Asset/(liability) balance**	**Gain in comprehensive income**
Suppliers	USD	Cash flow	291,088	(291,088)	-
NDF Suppliers (I)	USD vs BRL	Cash flow	291,088	40,189	953
NDF Purchases (I)	USD vs BRL	Cash flow	180,477	16,531	16,628
NDF Acquisition (II)	USD vs BRL	Cash flow	3,161,082	73,676	73,676
NDF Capex (I)	USD vs BRL	Cash flow	22,549	754	754

(I) Maturities within 1 year.

(II) The NDF Acquisition operation, in the amount of R$ 3,161,082, refers to financial instruments intended to hedge the acquisition of Takeda. The closing of this acquisition depends on the fulfillment of certain conditions precedent, including the approval by regulatory agencies.

					Consolidated
					December 31, 2019
Operation	Indexing	Hedge type	Principal amount	Asset/(liability) balance	Gain in comprehensive income
Suppliers	USD	Cash flow	169,188	(169,188)	-
NDF Suppliers (I)	USD vs BRL	Cash flow	169,188	(1,981)	(26)
NDF Purchases (I)	USD vs BRL	Cash flow	76,473	(97)	(450)

(I) Maturities within 1 year.

Cash flow hedge operations maintained the hedging ratio at 1:1 with a weighted average rate of BRL/USD 4.7501 and BRL/EUR 5.6732 for NDF Suppliers; BRL/USD 4.9766 for NDF Future Purchases; BRL/USD 5.3578 for NDF Acquisition and BRL/USD 5.1390 and BRL/EUR 6.0235 for Capex NDFs.

The cash flows of these operations are stated in the note on Financial Risk Management - Liquidity Risk (Note 4 (d)).

If a hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, closed or exercised, then the hedge accounting is discontinued prospectively, and the hedge accounting adjustment deferred in equity is recognized in the income statement for the year.

8 Financial instruments by category

Parent company

						June 30, 2020
	Amortized cost	FVOCI	FVTPL	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,411,472	-	-	-	-	1,411,472
Financial investments (Note 10)	5,022,246	-	-	-	-	5,022,246
Cash and cash in banks (Note 10)	24,329	-	-	-	-	24,329
Derivative financial instruments	-	73,676	64,291	-	-	137,967
Other assets (Note 14)	338,669	-	-	-	-	338,669
	6,796,716	73,676	64,291	-	-	6,934,683

						June 30, 2020
	FVOCI	FVTPL	Amortized cost	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	4,692,007	-	-	4,692,007
Suppliers (Note 20)	-	-	512,701	-	-	512,701
Suppliers' assignment of receivables (Note 21)	-	-	7,636	-	-	7,636
Accounts payable	-	-	133,683	-	-	133,683
Notes payable	-	-	27,477	-	-	27,477
Derivative financial instruments	-	13,255	-	-	-	13,255
	-	13,255	5,373,504	-	-	5,386,759

	December 31, 2019					
	Amortized cost	FVOCI	FVTPL	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,313,767	-	-	-	-	1,313,767
Financial investments (Note 10)	2,106,872	-	-	-	-	2,106,872
Cash and cash in banks (Note 10)	10,796	-	-	-	-	10,796
Derivative financial instruments	-	-	-	-	-	-
Other assets (Note 14)	193,471	-	-	-	-	193,471
	3,624,906	-	-	-	-	3,624,906

	December 31, 2019					
	FVOCI	FVTPL	Amortized cost	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	1,282,052	-	-	1,282,052
Suppliers (Note 20)	-	-	344,357	-	-	344,357
Suppliers' assignment of receivables (Note 21)	-	-	291	-	-	291
Accounts payable	-	-	87,658	-	-	87,658
Notes payable	-	-	7,802	-	-	7,802
Derivative financial instruments	-	7,577	-	-	-	7,577
	-	7,577	1,722,160	-	-	1,729,737

Consolidated

	June 30, 2020					
	Amortized cost	FVOCI	FVTPL	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,412,586	-	-	-	-	1,412,586
Financial investments (Note 10)	5,157,722	-	-	-	-	5,157,722
Cash and cash in banks (Note 10)	26,179	-	-	-	-	26,179
Derivative financial instruments	-	90,961	67,600	-	41,767	200,328
Other assets (Note 14)	398,059	-	-	-	-	398,059
	6,994,546	90,961	67,600	-	41,767	7,194,874

	June 30, 2020					
	FVOCI	FVTPL	Amortized cost	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	4,812,443	-	-	4,812,443
Suppliers (Note 20)	-	-	229,612	-	-	229,612
Suppliers' assignment of receivables (Note 21)	-	-	326,168	-	-	326,168
Accounts payable	-	-	173,161	-	-	173,161
Notes payable	-	-	27,477	-	-	27,477
Derivative financial instruments	-	16,210	-	-	1,580	17,790
	-	16,210	5,568,861	-	1,580	5,586,651

	December 31, 2019					
	Amortized cost	FVOCI	FVTPL	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial assets per the balance sheet						
Accounts receivable (Note 11)	1,313,671	-	-	-	-	1,313,671
Financial investments (Note 10)	2,233,113	-	-	-	-	2,233,113
Cash and cash in banks (Note 10)	13,323	-	-	-	-	13,323
Derivative financial instruments	-	(97)	325	-	1,181	1,409
Other assets (Note 14)	233,582	-	-	-	-	233,582
	3,793,689	(97)	325	-	1,181	3,795,098

	December 31, 2019					
	FVOCI	FVTPL	Amortized cost	Designated for fair value hedge	Designated for cash flow hedge	Total
Financial liabilities per the balance sheet						
Loans, financing and debentures (Note 22)	-	-	1,402,605	-	-	1,402,605
Suppliers (Note 20)	-	-	333,829	-	-	333,829
Suppliers' assignment of receivables (Note 21)	-	-	124,019	-	-	124,019
Accounts payable	-	-	134,194	-	-	134,194
Notes payable	-	-	7,802	-	-	7,802
Derivative financial instruments	-	8,235	-	-	3,162	11,397
	-	8,235	2,002,449	-	3,162	2,013,846

9 Credit quality of financial assets

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

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Checking account, bank deposit and financial investments (*)				
AAA	5,026,561	2,117,663	5,163,884	2,246,430
AA+	20,010	-	20,010	-
A-	3	4	3	4
	5,046,574	2,117,667	5,183,897	2,246,434

(*) Source: Moody's, Standard & Poor's and Fitch rating agencies, on a local scale, when available, otherwise on a global scale.

The residual balance of "cash and cash equivalents" in the balance sheet mainly represents cash on hand.

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Derivative financial assets				
AAA	136,155	-	187,064	1,316
AA+	1,812	-	11,624	-
A-	-	-	1,640	93
	137,967	-	200,328	1,409

None of the fully performing financial assets were renegotiated in the last financial year. None of the loans with related parties are overdue or impaired.

Accounts receivable - The credit analysis department assesses the credit quality of the customers considering their financial position, payment history, publicly available information and information obtained from credit analysis institutions (Serasa, CISP and Credinfar). Individual risk limits are determined based on regular internal monitoring processes.

A significant portion of the Company's sales are made to large retail chains and distributors with a widespread distribution network in Brazil, which mitigates the Company's consolidated credit risk. Additionally, the credit analysis department uses the aforementioned controls to constantly monitor and assess the Company's portfolio. See the details on the analysis of the due dates in Note 11.

10 Cash and cash equivalents

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Cash and cash in banks	24,329	10,796	26,179	13,323
Short-term financial investments:				
Repurchase operations	108,569	310,230	112,397	363,372
Bank deposit certificates (CDBs)	4,913,677	1,796,642	5,045,325	1,869,741
	5,022,246	2,106,872	5,157,722	2,233,113
	5,046,575	2,117,668	5,183,901	2,246,436

Financial investments yield between 97.0% and 105.1% (at December 31, 2019 between 97% and 100.6%) of the CDI with a weighted average of 102.5% (99.4% at December 31, 2019).

11 Accounts receivable

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Domestic customers	1,462,893	1,375,127	1,466,866	1,377,891
Expected credit loss	(51,421)	(61,360)	(54,280)	(64,220)
	1,411,472	1,313,767	1,412,586	1,313,671

The amounts of accounts receivable that are overdue, but not impaired, relate to a number of independent customers that have no recent history of default. The aging analysis of these accounts receivable is presented as follows:

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Up to 3 months	15,015	14,993	17,007	14,882
From three to six months	2,138	4,468	2,136	4,468
Over 6 months	3,137	3,027	3,137	3,028
	20,290	22,488	22,280	22,378

The additions and write-offs of the allowance for doubtful accounts were recorded in the income statement as "selling and marketing expenses". Amounts charged to the expected credit loss are generally written off from receivables when there is no expectation of recovery of the funds.

The maximum exposure to credit risk on the reporting date is the carrying amount of each class of accounts receivable mentioned above. The Company holds certain notes as a guarantee (Note 22 (a)).

Changes in the allowance for doubtful accounts for the period ended June 30, 2020 are as follows:

	Parent company	**Consolidated**
At 12/31/2019	(61,360)	(64,220)
(Additions)/reversals, net	1,235	1,236
Write-offs	8,704	8,704
At 06/30/2020	(51,421)	(54,280)

12 Inventory

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Finished goods and resale	199,001	144,916	238,403	181,361
Semi-finished goods	-	-	63,031	31,094
Raw materials	-	-	493,018	451,944
Maintenance and supplies	132	112	79,358	70,717
Allowance for inventory losses	(27,795)	(36,141)	(71,418)	(70,473)
	171,338	108,887	802,392	664,643

The table below presents the changes in the provision:

	Parent company	**Consolidated**
At 12/31/2019	(36,141)	(70,473)
Additions for the period (a)	(36,684)	(64,376)
Write-offs for the period (b)	45,030	63,431
At 06/30/2020	(27,795)	(71,418)

(a) Refer to the addition of a provision for losses due to discontinuity, validity, quality and realization of inventories, in accordance with the policy established by the Company.
(b) Composed, mainly, by write-offs and reversals of products discarded by the Company and its subsidiaries.

13 Recoverable taxes

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
PIS/COFINS/IPI and others	660,756	761,110	728,707	788,525
VAT (ICMS)	83,916	79,355	142,003	141,221
Recoverable IRPJ and CSSL	38,167	18,222	57,519	33,263
	782,839	858,687	928,229	963,009
Current	155,602	236,278	260,350	300,826
Non-current	627,237	622,409	667,879	662,183

14 Other assets

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Prepaid expenses (a)	143,640	141,039	157,439	152,198
Bills receivable (b)	217,143	70,817	244,416	82,808
Deposits in court (c)	121,514	121,932	153,643	150,774
Advances	10,227	21,479	27,021	36,917
Related parties (Note 30)	12	722	-	-
Others	6,444	5,133	4,280	5,263
	498,980	361,122	586,799	427,960
Current	213,828	176,852	249,503	206,966
Non-current	285,152	184,270	337,296	220,994

(a) Refer mainly to advance payments for advertising and publicity.
(b) Refer mainly to indemnity from shareholder and contingency amounts paid related to former owners, to be reimbursed.
(c) Refer to deposits as guarantees of contingent liabilities (Note 26).

15 Discontinued operations

a) Analysis of the results of discontinued operations

	Parent company		Consolidated	
	June 30, 2020	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**
Net revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	**-**	-	**-**	-
(Expenses)/income	(15,551)	(18,594)	(16,712)	(18,323)
Income before financial income and expenses	**(15,551)**	**(18,594)**	**(16,712)**	**(18,323)**
Financial expenses	-	**-**	-	-
Income before income tax and social contribution	**(15,551)**	**(18,594)**	**(16,712)**	**(18,323)**
Income tax and social contribution	3,095	5,711	4,256	5,440
Net income for the period	**(12,456)**	**(12,883)**	**(12,456)**	**(12,883)**

b) Analysis of the cash flow used in discontinued operations

	Parent company		Consolidated	
	June 30, 2020	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**
Cash flow from operating activities	(6,915)	(13,611)	(8,819)	(13,640)
Cash flow from investment activities	959	691	923	731
Net cash used in discontinued operations	**(5,956)**	**(12,920)**	**(7,896)**	**(12,909)**

16 Investments

The investments held by the Company are presented below:

Company	Date of incorporation	Country	Business	Interest in shares/quotas	Type of interest
Cosmed Indústria de Cosméticos e Medicamentos S.A.	12/17/2008	Brazil	Sweeteners/Pharma	100%	Direct
My Agência de Propaganda Ltda.	11/29/1999	Brazil	Advertising agency	100%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	83.89%	Direct
Brainfarma Indústria Química e Farmacêutica S.A.	06/24/2002	Brazil	Pharma	16.11%	Indirect
Bionovis S.A.	07/15/2010	Brazil	Biotechnology	25%	Direct
Neolatina Comércio e Indústria Farmacêutica S.A.	09/15/1966	Brazil	Pharma	100%	Indirect
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	04/04/2020	Brazil	Pharma	100%	Direct
Mantecorp Participações S.A.	09/28/2016	Brazil	Pharma	100%	Direct

a. Changes in the parent company's investments

	Brainfarma	Cosmed	My	Bionovis	Amazon			
	Cost	Cost	Cost	Cost	Goodwill	Cost	Other	Total
Balances at January 1, 2020	1,123,636	585,784	9,720	18,941	-	-	182	1,738,263
Capital contribution	-	10,350	-	-	-	-	-	10,350
Capital increase	299,100	32,550	-	-	-	-	-	331,650
Equity accounting	(991)	36,681	504	6,104	-	-	-	42,298
Share of discontinued equity accounting in the investment	209	(2,749)	-	-	-	-	-	(2,540)
Stock Option/Matching/Restricted	1,670	27	(45)	-	-	-	-	1,652
Equity valuation adjustment	11,705	396	-	-	-	-	-	12,101
Dividends receivable	-	-	-	2,262	-	-	-	2,262
Acquisition of company (*)	-	-	-	-	59,975	5,025	-	65,000
Balances at June 30, 2020	1,435,329	663,039	10,179	27,307	59,975	5,025	182	2,201,036

(*) Refers to the acquisition of a company related to Glenmark's dermatological products portfolio in Brazil.

The table below shows the Company's interest in the earnings of the main subsidiaries, as well as in their total assets and liabilities:

June 30, 2020	Assets	Liabilities	Revenue	Income (loss)	Adjusted net income (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	2,504,827	792,341	769,108	4,399	(991)
Cosmed Indústria de Cosméticos e Medicamentos S.A.	893,036	214,171	213,272	34,688	36,681
My Agência de Propaganda Ltda.	11,605	1,071	2,280	424	503

December 31, 2019	Assets	Liabilities	Revenue	Income (loss)	Adjusted net income (loss) (*)
Brainfarma Indústria Química e Farmacêutica S.A.	2,047,673	652,445	1,308,081	(67,118)	(44,134)
Cosmed Indústria de Cosméticos e Medicamentos S.A.	789,764	190,147	332,741	21,073	23,771
My Agência de Propaganda Ltda.	11,680	1,526	4,560	647	814

(*) This refers to the net income (loss) for the period for transactions between the investor and its investees.

b. Share in the results of investees

	Number of shares and quotas	Adjusted shareholders' equity at June 30, 2020	Ownership %	Equity accounting at June 30, 2020	Balance of the investment at June 30, 2020	Equity accounting at June 30, 2019	Balance of the investment at December 31, 2019
Cosmed Indústria de Cosméticos e Medicamentos S.A.	1,721,967,529	663,039	100%	36,681	663,039	(1,146)	585,784
My Agência de Propaganda Ltda.	20,130,000	10,179	100%	504	10,179	398	9,720
Brainfarma Indústria Química e Farmacêutica S.A.	576,213,514	1,435,329	100%	(991)	1,435,329	(25,261)	1,123,636
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	5,024,736	65,000	100%	-	65,000	-	-
Bionovis S.A.	6,000,000	109,224	25%	6,104	27,307	3,178	18,941
				42,298	2,200,854	(22,831)	1,738,081

17 Investment properties

This balance refers to leased properties, one of which is used as a distribution center that is rented to third parties; another is a real estate property used by Cosmed Indústria de Cosméticos e Medicamentos S.A. (a Sweetener production facility). At December 31, 2019, according to a technical report prepared by an independent company, the total fair value of these properties was R$ 276,979.

	Parent company	Consolidated
Balances at January 1, 2020	157,955	150,240
Reclassification of property, plant and equipment	21,797	21,797
Disposals	(14,612)	(14,612)
Depreciation	(1,931)	(1,839)
Balances at June 30, 2020	163,209	155,586
Total cost	191,413	182,473
Accumulated depreciation	(28,204)	(26,887)
Carrying amount	163,209	155,586

18 Property, plant and equipment

Parent company

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Fixed assets under construction	Total property, plant and equipment
Own assets									
Balances at January 1, 2020	7,091	22,990	38,716	140	9,388	9,546	87,871	5,545	93,416
Additions	-	562	3,782	-	286	8,384	13,014	1,562	14,576
Write-off	-	-	(3)	-	(370)	(8,355)	(8,728)	-	(8,728)
Depreciation	-	(615)	(2,820)	(15)	(327)	(577)	(4,354)	-	(4,354)
Transfer to investment property	-	(21,797)	-	-	-	-	(21,797)	-	(21,797)
Transfers	-	105	963	-	-	-	1,068	(1,068)	-
Balances at June 30, 2020	7,091	1,245	40,638	125	8,977	8,998	67,074	6,039	73,113
Right-of-use assets - leases									
Balances at January 1, 2020	-	17,670	-	17,981	-	-	35,651	-	35,651
Additions	-	13,219	-	25,414	-	-	38,633	-	38,633
Write-off	-	-	-	(1,017)	-	-	(1,017)	-	(1,017)
Amortization	-	(3,507)	-	(10,746)	-	-	(14,253)	-	(14,253)
Balances at June 30, 2020	-	27,382	-	31,632	-	-	59,014	-	59,014
Total cost of own assets and right-of-use assets - leases	7,091	79,156	86,475	85,640	14,376	17,931	290,669	6,039	296,708
Total accumulated depreciation	-	(50,529)	(45,837)	(53,883)	(5,399)	(8,933)	(164,581)	-	(164,581)
Carrying amount	7,091	28,627	40,638	31,757	8,977	8,998	126,088	6,039	132,127

Consolidated

	Land	Buildings and improvements	Machinery, equipment and facilities	Vehicles	Furniture and fixtures	Others	Total in operation	Fixed assets under construction (*)	Total property, plant and equipment
Own assets									
Balances at January 1, 2020	20,849	277,248	669,034	241	22,549	18,241	1,008,162	119,999	1,128,161
Additions	-	562	56,422	580	694	9,336	67,594	104,137	171,731
Write-off	-	(12,261)	(4,573)	-	(369)	(8,356)	(25,559)	-	(25,559)
Depreciation	-	(5,647)	(22,089)	(48)	(831)	(1,639)	(30,254)		(30,254)
Transfer to investment property	-	(21,797)	-	-	-	-	(21,797)	-	(21,797)
Transfers	-	1,543	61,899	-	27	21	63,490	(63,490)	-
Balances at June 30, 2020	20,849	239,648	760,693	773	22,070	17,603	1,061,636	160,646	1,222,282
Right-of-use assets - leases									
Balances at January 1, 2020	-	20,678	-	19,107	-	-	39,785	-	39,785
Additions	-	15,693	-	25,680	-	-	41,373	-	41,373
Write-off	-	-	-	(1,307)	-	-	(1,307)	-	(1,307)
Amortization	-	(2,516)	-	(11,468)	-	-	(13,984)	-	(13,984)
Balances at June 30, 2020	-	33,855	-	32,012	-	-	65,867	-	65,867
Total cost of own assets and right-of-use assets - leases	20,849	395,842	1,206,981	92,692	44,915	51,313	1,812,592	160,646	1,973,238
Total accumulated depreciation	-	(122,339)	(446,288)	(59,907)	(22,845)	(33,710)	(685,089)	-	(685,089)
Carrying amount	20,849	273,503	760,693	32,785	22,070	17,603	1,127,503	160,646	1,288,149

(*) Mainly represent purchases for upgrades to the Anápolis-GO plant.

19 Intangible assets

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Goodwill on acquisition of investments in merged companies				
Mantecorp Indústria Química Farmacêutica S.A.	1,798,470	1,798,470	1,798,470	1,798,470
Laboratório Neo Química Comércio e Indústria S.A.	967,154	967,154	967,154	967,154
DM Indústria Farmacêutica Ltda.	743,029	743,029	743,029	743,029
Farmasa - Laboratório Americano de Farmacoterapia S.A.	666,808	666,808	666,808	666,808
Amazon Distribuidora de Medicamentos e Produtos Cosméticos Ltda.	-	-	59,975	-
Luper Indústria Farmacêutica Ltda.	45,917	45,917	45,917	45,917
Barrenne Indústria Farmacêutica Ltda.	33,955	33,955	33,955	33,955
Finn Administradora de Marcas Ltda.	17,857	17,857	17,857	17,857
	4,273,190	4,273,190	4,333,165	4,273,190
Trademarks and patents	335,569	337,222	339,713	337,525
Rights of use and software	20,328	16,531	38,361	37,702
Product development	4,259	12,873	305,190	286,694
	4,633,346	4,639,816	5,016,429	4,935,111

Goodwill is measured as the surplus of the consideration transferred in relation to the net assets acquired, and is based mainly on the future profitability, supported by appraisal reports prepared by a specialized company, using the cash flow method discounted to present value. The discount rates used in the calculations were determined by adopting the weighted average cost of capital (WACC). For acquisitions after 2009, the consideration transferred was allocated to certain assets acquired in the business (inventory, property, plant and equipment, and trademarks, among others).

Changes in the balances

Parent company

	Trademarks and patents	Rights of use and software	Product development	Goodwill	Total
Balances at January 1, 2020	337,222	16,531	12,873	4,273,190	4,639,816
Additions	-	6,007	-	-	6,007
Write-off	-	-	(8,479)	-	(8,479)
Amortization	(1,653)	(2,210)	(135)	-	(3,998)
Balances at June 30, 2020	335,569	20,328	4,259	4,273,190	4,633,346
Total cost	360,620	96,243	5,239	4,273,190	4,735,292
Accumulated amortization	(25,051)	(75,915)	(980)	-	(101,946)
Carrying amount	335,569	20,328	4,259	4,273,190	4,633,346

Consolidated

	Trademarks and patents	Rights of use and software	Product development	Goodwill	Total
Balances at January 1, 2020	337,525	37,702	286,694	4,273,190	4,935,111
Additions	3,841	9,624	63,089	59,975	136,529
Write-off	-	-	(39,640)	-	(39,640)
Amortization	(1,653)	(8,965)	(4,953)	-	(15,571)
Balances at June 30, 2020	339,713	38,361	305,190	4,333,165	5,016,429
Total cost	364,787	153,603	419,311	4,333,165	5,270,866
Accumulated amortization	(25,074)	(115,242)	(114,121)	-	(254,437)
Carrying amount	339,713	38,361	305,190	4,333,165	5,016,429

Impairment of assets

The Company annually tests the recoverable value of its intangible assets with indefinite useful lives, or when there are indications that the value may not be recovered. These assets are represented mainly by the portion of goodwill for expected future income and trademarks arising from business combinations.

In connection with the annual impairment test of these assets, the Company performs stress tests that demonstrate the existence of reasonable gap before the need to record any impairment loss. Considering the behavior of the Company's operations up to the date of approval of this quarterly information and the gap shown in the stress test, management concluded that there is no impairment to be recorded.

20 Suppliers

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Domestic suppliers	174	17,946	190,059	252,503
Foreign suppliers	232	177	39,553	81,326
Related party suppliers (Note 30 (a))	512,295	326,234	-	-
	512,701	344,357	229,612	333,829

21 Suppliers' assignment of receivables

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Local market (overdraft risk)	7,636	291	50,708	796
External market (forfait)	-	-	275,460	123,223
	7,636	291	326,168	124,019

Some suppliers have the option to assign Company receivables, without right of recourse, to financial institutions. As part of these transactions, the supplier may see a decrease in its financial costs, because the financial institution takes into consideration the credit risk of the buyer.

At June 30, 2020, the discount rates in assignment operations carried out by the Company's suppliers with the financial institutions in the domestic market was 0.54% p.m. (at December 31, 2019 this rate was 0.57% p.m.).

At June 30, 2020, the discount rates in assignment operations carried out by the Company's suppliers with the financial institutions in the foreign market were between 2.56% and 9.29% with a weighted average of 3.93% p.a. (at December 31, 2019 these rates were between 1.50% and 5,00% with a weighted average of 3.97% p.a.).

22 Loans and financing

		Parent company		Consolidated	
	Nominal rate	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Foreign currency					
Loans (i)	€ + 1.61% p.a.	129,960	94,487	129,960	94,487
Local currency					
Loans	CDI + 2.90% to 3.60% p.a.	907,802	-	907,802	-
FCO (i)	Fixed rate from 2.50% to 8.50% p.a.	18,825	20,911	40,363	45,949
Financing	Fixed rate from 2.50% to 8.70% p.a.	1,375	1,676	6,228	7,389
Debentures	CDI + 1.25% to 1.50% p.a.	3,289,016	797,336	3,289,016	797,336
Finep	TLP + 1.00% p.a.	302,401	326,932	302,401	326,932
Real estate financing	TR + 9.60% p.a.	42,628	40,710	136,673	130,512
		4,692,007	1,282,052	4,812,443	1,402,605
Current		617,738	77,571	649,198	108,622
Non-current		4,074,269	1,204,481	4,163,245	1,293,983

(i) Contracts with covenants on debt levels and coverage of interest with respect to certain financial information (EBITDA and net interest expenses), disposals, spin-offs, mergers, amalgamations or any corporate restructuring which, if they occur, require prior approval from the financial agents. If any of these events occur without the consent of the lenders, the outstanding balances will have their maturities accelerated. At June 30, 2020, the covenants were met. The next measurement will be made at December 31, 2020.

The breakdown of long-term loans and financing at June 30, 2020, by year of maturity, is as follows:

	Parent company	Consolidated
2,021	285,719	304,212
2,022	362,925	381,349
2,023	58,876	74,585
2,024	46,161	58,343
2,025	17,210	29,298
2,026	17,210	29,290
2,027	11,735	11,735
2,028	11,735	11,735
2,029	10,757	10,757
	822,328	911,304

Debentures

On December 5, 2019, 80,000 debentures of the 8th public issuance, single series, were issued, in the amount of R$ 800,000,000.00, with par value of R$ 10,000.00, which interest corresponding to 100% of the cumulative variation of the daily average rates of the Interbank Deposits (DI) plus spread of 1.25% per year. The unit nominal value of debentures will be amortized in five consecutive semiannual installments, with final maturity on November 28, 2025.

On December 5, 2019, 248,500 debentures of the 8th public issuance, single series, were issued, in the amount of R$ 2,485,000,000.00, with par value of R$ 10,000.00, which interest corresponding to 100% of the cumulative variation of the daily average rates of the Interbank Deposits (DI) plus spread of 1.50% p.a. The unit nominal value of debentures will be amortized in six consecutive semiannual installments, with final maturity on April 3, 2026.

Debentures - Changes

	8th Public Issuance Single series	9th Public Issuance 1st Series	Total
Balance at January 1, 2020	797,336	-	797,336
Total issuance amount	-	2,485,000	2,485,000
Costs to be incurred	-	(18,595)	(18,595)
Financial charges	19,551	25,182	44,733
Interest paid	(19,458)	-	(19,458)
At June 30, 2020	797,429	2,491,587	3,289,016
Current	16,090	20,985	37,075
Non-current	781,339	2,470,602	3,251,941
Unrealized transaction costs	5,254	17,823	23,077
Current	1,044	3,425	4,469
Non-current	4,210	14,398	18,608

Long-term amounts of debentures have the following breakdown, by year of maturity:

	June 30, 2020
2,023	404,340
2,024	967,988
2,025	1,145,988
2,026	733,625
	3,251,941

a. Guarantee of loans and financing at June 30, 2020

	Parent company	Consolidated
Accounts receivable - Pledged guarantees	11,926	18,747
Letter of guarantee (*)	302,401	302,401
Pledged fixed assets	50,902	164,517
	365,229	485,665

(*) Letter of guarantee for the loan from FINEP (Contract No. 0799/13).

b. Book values and estimated fair value

The carrying amounts and estimated fair values of loans, financing and debentures are as follows:

		Consolidated		Fair value	
	Nominal rate	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Foreign currency					
Loans	€ + 1.61% p.a.	129,960	94,487	129,960	94,487
Local currency					
Loans	CDI + 2.90% to 3.60% p.a.	907,802	-	907,802	-
FCO	Fixed rate from 2.50% to 8.50% p.a.	40,363	45,949	40,363	45,949
Financing	Fixed rate from 2.50% to 8.70% p.a.	6,228	7,389	6,145	6,752
Debentures	CDI + 1.25% to 1.50% p.a.	3,289,016	797,336	3,289,016	797,336
Finep	TLP + 1.00% p.a.	302,401	326,932	302,401	326,932
Real estate financing	TR + 9.60% p.a.	136,673	130,512	142,447	137,899
		4,812,443	1,402,605	4,818,134	1,409,355

The fair value of some of the current loans is equal to their book value, since the impact of the mark-to-market is not material. The fair values are based on the discounted cash flows, using a market rate of CDI + 0.12% to CDI + 1.44% p.a. (December 31, 2019 - CDI + 0.22% to CDI + 1.36% p.a.).

c. Reconciliation of changes in equity with the cash flow from financing activities

Parent company

							Liabilities	Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	Notes payable	Taxes payable	Proposed dividends	Related parties	Leases	Other assets - loans	Derivative financial instruments (assets)	Derivative financial instruments (liabilities)	Shareholders' equity	Total
Balances at January 1, 2020	**1,282,052**	**7,802**	**40,000**	**612,143**	**-**	**32,193**	**(70,817)**	**-**	**7,577**	**8,710,100**	**10,621,050**
Changes in financing cash flow											
Loans taken out	3,380,000	-	-	-	-	-	-	-	-	-	3,380,000
Payment of loans - principal	(25,674)	(47)	(494)	-	-	(9,606)	(1,132)	-	-	-	(36,953)
Payment of loans - interest	(48,976)	-	-	-	-	(2,479)	-	-	-	-	(51,455)
Sales of shares	-	-	-	-	-	-	-	-	-	11,234	11,234
Loans payable	-	-	-	-	4,705	-	-	-	-	-	4,705
Dividends and interest on shareholders' equity paid	-	-	-	(636,065)	-	-	-	-	-	-	(636,065)
Total changes in financing cash flow	**3,305,350**	**(47)**	**(494)**	**(636,065)**	**4,705**	**(12,085)**	**(1,132)**	**-**	**-**	**11,234**	**2,671,466**
Other changes											
Disposals	-	-	-	-	-	(269)	-	-	-	-	(269)
Additions	-	-	-	-	-	37,516	-	-	-	-	37,516
Other assets	-	-	-	-	-	-	388	-	-	-	388
Sales of properties	-	-	-	-	-	-	863	-	-	-	863
Leases	-	-	-	-	-	(558)	-	-	-	-	(558)
Taxes payable	-	-	4,229	-	-	-	-	-	-	-	4,229
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	-	-	9,515	9,515
Interest accrued	104,605	222	190	-	-	1,732	(1,884)	(28,606)	(4,816)	-	71,443
Interest on shareholders' equity	-	-	-	370,994	-	-	-	-	-	(370,994)	-
Loans - acquisition of subsidiaries	-	19,500	-	-	-	-	-	-	-	-	19,500
MtM - Hedge loans	-	-	-	-	-	-	-	16,830	(2,761)	-	14,069
Supplier hedges - interest paid	-	-	-	-	-	-	-	(93,728)	27,325	-	(66,403)
MtM - Supplier hedges	-	-	-	-	-	-	-	-	(14,070)	-	(14,070)
Equity valuation adjustment	-	-	-	-	-	-	-	-	-	60,727	60,727
Net income for the period	-	-	-	-	-	-	-	-	-	634,622	634,622
Interest accrued - Acquisition	-	-	-	-	-	-	-	(7,272)	-	-	(7,272)
Hedge Option - interest paid	-	-	-	-	-	-	-	(2,155)	-	-	(2,155)
Interest accrued - Option	-	-	-	-	-	-	-	(23,036)	-	-	(23,036)
Total other changes related to liabilities	**104,605**	**19,722**	**4,419**	**370,994**	**-**	**38,421**	**(633)**	**(137,967)**	**5,678**	**333,870**	**739,109**
Balances at June 30, 2020	**4,692,007**	**27,477**	**43,925**	**347,072**	**4,705**	**58,529**	**(72,582)**	**(137,967)**	**13,255**	**9,055,204**	**14,031,625**

Consolidated

						Liabilities	Derivatives (assets/liabilities) held to hedge long-term loans			
	Loans and financing	Notes payable	Taxes payable	Proposed dividends	Leases	Other assets - loans	Derivative financial instruments assets	Derivative financial instruments liabilities	Shareholders' equity	Total
Balances at January 1, 2020	**1,402,605**	**7,802**	**56,217**	**612,143**	**37,864**	**(82,808)**	**(1,409)**	**11,397**	**8,710,100**	**10,753,911**
Changes in financing cash flow										
Loans taken out	3,380,000	-	-	-	-	-	-	-	-	3,380,000
Payment of loans - principal	(30,007)	(47)	(494)	-	(9,437)	(1,132)	-	-	-	(41,117)
Payments of loans - interest	(50,058)	-	-	-	(2,436)	-	-	-	-	(52,494)
Sales of shares	-	-	-	-	-	-	-	-	11,234	11,234
Dividends and interest on shareholders' equity paid	-	-	-	(636,065)	-	-	-	-	-	(636,065)
Total changes in financing cash flow	**3,299,935**	**(47)**	**(494)**	**(636,065)**	**(11,873)**	**(1,132)**	**-**	**-**	**11,234**	**2,661,558**
Other changes										
Write-off	-	-	-	-	(285)	-	-	-	-	(285)
Additions	-	-	-	-	17,937	-	-	-	-	17,937
Other assets	-	-	-	-	-	334	-	-	-	334
Sales of properties	-	-	-	-	-	863	-	-	-	863
Leases	-	-	-	-	4,487	-	-	-	-	4,487
Taxes payable	-	-	15,431	-	-	-	-	-	-	15,431
Stock Option/Matching/Restricted	-	-	-	-	-	-	-	-	9,515	9,515
Interest accrued	109,903	222	191	-	3,182	(2,042)	(28,606)	(4,816)	-	78,034
Interest on shareholders' equity	-	-	-	370,994	-	-	-	-	(370,994)	-
Loans - acquisition of subsidiaries	-	19,500	-	-	-	-	-	-	-	19,500
MtM - Hedge loans	-	-	-	-	-	-	16,830	(2,761)	-	14,069
MtM - Supplier hedges	-	-	-	-	-	-	4,492	(18,561)	-	(14,069)
Supplier hedge - interest paid	-	-	-	-	-	-	(159,172)	32,531	-	(126,641)
Equity valuation adjustment	-	-	-	-	-	-	-	-	60,727	60,727
Net income for the period	-	-	-	-	-	-	-	-	634,622	634,622
Interest accrued - Acquisition	-	-	-	-	-	-	(7,272)	-	-	(7,272)
Hedge option - interest paid	-	-	-	-	-	-	(2,155)	-	-	(2,155)
Interest accrued - Option	-	-	-	-	-	-	(23,036)	-	-	(23,036)
Total other changes related to liabilities	**109,903**	**19,722**	**15,622**	**370,994**	**25,321**	**(845)**	**(198,919)**	**6,393**	**333,870**	**682,061**
Balances at June 30, 2020	**4,812,443**	**27,477**	**71,345**	**347,072**	**51,312**	**(84,785)**	**(200,328)**	**17,790**	**9,055,204**	**14,097,530**

23 Deferred income tax and social contribution

a. Breakdown of deferred tax assets

This refers to the tax credits on accumulated tax losses carried forward, the negative bases of social contribution and temporary differences. These assets are recognized proportionally to the likelihood of realization of the related tax benefit against future taxable income. This is based on a study of future realization, using a projection of the generation of taxable income from 2021 onward. The tax losses carried forward and the negative bases of social contribution are generated mainly by the fiscal use of goodwill from the acquisition of companies (Note 19), which will cease in 2020, and the distribution of interest on shareholders' equity in recent years.

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Deferred tax assets:				
Tax losses carried forward and negative bases of CSLL	1,531,072	1,470,627	1,558,434	1,491,060
Contingencies	64,238	67,330	72,240	76,578
Expected credit losses	49,353	57,718	52,510	60,875
Allowance for losses on inventory	9,450	12,288	24,282	26,824
Other temporary differences	81,217	88,439	134,061	124,506
Total deferred tax assets	1,735,330	1,696,402	1,841,527	1,779,843
(-) Portion of deferred tax assets recoverable through deferred liabilities of the same company with the same tax authority (also recoverable against the calculation of the current tax)	(1,735,330)	(1,696,402)	(1,804,934)	(1,753,292)
Remaining balance of deferred tax assets	-	-	36,593	26,551

b. Deferred tax liabilities

This consists mainly of deferred income tax and social contribution tax liabilities, arising from temporary differences between the tax basis of goodwill and its book value in the balance sheet, as the goodwill continues to be amortized for tax purposes, but ceased to be amortized in the accounting records from January 1, 2009. This temporary difference may result in amounts being added in the calculation of taxable income for future years when the book value of the asset is reduced (impairment) or settled, thus making it necessary to record a deferred tax liability.

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Goodwill	1,575,837	1,575,837	1,575,837	1,575,837
Tax debt - PIS/COFINS and others	102,252	101,540	111,329	101,540
Fair value of property, plant and equipment - business combinations	11,417	11,620	40,864	42,930
Others	58,834	28,066	186,219	125,528
Total tax debt	1,748,340	1,717,063	1,914,249	1,845,835
(-) Portion of deferred tax liabilities recoverable through deferred assets of the same company with the same tax authority (also recoverable against the calculation of the current tax)	(1,735,330)	(1,696,402)	(1,804,934)	(1,753,292)
Remaining balance of deferred liabilities	13,010	20,661	109,315	92,543

c. Reconciliation of income tax and social contribution expenses - continuing and discontinued operations

	Parent		Consolidated	
	June 30, 2020	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**
Income before income tax and social contribution	601,712	609,450	616,702	607,274
Combined rate - %	34%	34%	34%	34%
Income tax and social contribution expenses at the combined rate	(204,582)	(207,213)	(209,643)	(206,437)
Equity accounting	13,195	(8,248)	1,829	1,373
Interest on shareholders' equity	126,138	109,573	126,138	109,573
Interest/ indexation of indemnity nature	33,615	91,828	41,350	91,828
Government grants	75,991	50,706	77,784	50,706
Permanent additions/exclusions	(11,447)	12,031	(19,538)	3,810
Income tax and social contribution expense	32,910	48,677	17,920	50,853
Current	-	156,337	(6,890)	154,172
Deferred	32,910	(107,660)	24,810	(103,319)
Discontinued operations	3,095	5,711	4,256	5,440
Continuing operations	29,815	42,966	13,664	45,413
	32,910	48,677	17,920	50,853
	5%	8%	3%	8%

24 Taxes payable

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
ICMS (value added tax) payable	40,460	37,097	57,064	49,219
IPI/PIS/COFINS payable	1,609	1,089	11,279	2025
Other taxes payable	1,856	1,814	3,002	4,983
	43,925	40,000	71,345	56,217
Current	35,904	31,640	63,324	47,857
Non-current	8,021	8,360	8,021	8,360

25 Accounts payable

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Freight payable	16,264	12,042	20,224	14,638
Services provided	39,003	23,800	66,776	44,967
Advertising	10,670	7,920	10,753	7,949
Revenue to elapse	-	1,602	-	1,602
Purchases of fixed assets	2,195	3,919	12,807	13,043
Payables arising from disposal	12,410	12,410	12,410	12,410
Leases (i)	58,529	32,193	51,312	37,864
Accrued taxes on provision for inventory losses	4,794	6,387	16,155	17,073
Related parties (Note 30)	4,705	-	-	-
Others	7,132	7,873	16,749	16,005
	155,702	108,146	207,186	165,551
Current	116,088	88,310	168,433	135,710
Non-current	39,614	19,836	38,753	29,841

(i) Lease liabilities

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
Current	23,666	17,108	22,369	17,832
Non-current	34,863	15,085	28,943	20,032
	58,529	32,193	51,312	37,864

The changes in lease liabilities are presented in the table below:

	Parent company	Consolidated
Balance at January 1, 2020	32,193	37,864
Payments of loans - principal	(9,606)	(9,437)
Payments of loans - interest	(2,479)	(2,436)
Additions	37,516	17,937
Write-off	(269)	(285)
Remeasurement	(558)	4,487
Interest accrued	1,732	3,182
At June 30, 2020	58,529	51,312

a. Maturity of installments

Leases at June 30, 2020 have the following breakdown, by year of maturity:

	Parent company	Consolidated
From 1 to 2 years	15,450	13,652
From 2 to 5 years	18,267	13,224
More than 5 years	1,146	2,067
	34,863	28,943

b. Tax rights on leases

The table below shows the potential right of PIS/COFINS recoverable embedded in the lease payments, according the periods provided for payment:

	Parent company		Consolidated	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Lease liability	64,727	58,529	58,658	51,312
Estimated PIS/COFINS	(2,723)	(2,323)	(2,112)	(1,608)
	62,004	56,206	56,546	49,704

c. Agreements by term and discount rate

The Company estimated the discount rates, based on free risk interest rates observed in the Brazilian market, for the terms of its agreements. The table below shows the rates used taking into consideration the lease terms:

	Parent company	Consolidated
Terms	Rate % p.a.	Rate % p.a.
Up to 2 years	7.89%	6.73%
From 2 to 5 years	5.96%	5.91%
More than 5 years	10.48%	12.14%

The table below shows the comparative balances of the lease liability, right of use, financial expenses and depreciation, considering the effect of the future inflation rate projected in the flows of the lease agreements, discounted at the nominal rate.

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Lease liabilities				
Carrying amount - IFRS 16/ CPC 06 (R2)	58,529	32,193	51,312	37,864
Flow with projected inflation	61,227	33,838	53,677	39,799
Variation	4.61%	5.11%	4.61%	5.11%
Net right of use - closing balance				
Carrying amount - IFRS 16/ CPC 06 (R2)	59,014	35,651	65,867	39,807
Flow with projected inflation	61,735	37,473	68,903	41,841
Variation	4.61%	5.11%	4.61%	5.11%

	Parent company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Financial expenses				
Carrying amount - IFRS 16/ CPC 06 (R2)	(1,776)	(3,466)	(2,032)	(4,251)
Flow with projected inflation	(1,858)	(3,643)	(2,126)	(4,468)
Variation	4.61%	5.11%	4.61%	5.11%
Depreciation expense				
Carrying amount - IFRS 16/ CPC 06 (R2)	(14,253)	(25,488)	(13,984)	(26,771)
Flow with projected inflation	(14,910)	(26,790)	(14,629)	(28,139)
Variation	4.61%	5.11%	4.61%	5.11%

26 Provision for contingencies

At June 30, 2020, the Company had the following provision for contingencies and corresponding deposits in court related to the contingencies:

	Parent company							
	June 30, 2020				December 31, 2019			
	Forecast of likely loss	Contingencies assumed in the business combination	Deposits in court	Contingencies net of deposits in court	Forecast of likely loss	Contingencies assumed in the business combination	Deposits in court	Contingencies net of deposits in court
Civil	8,802	11,455	(55)	20,202	8,218	11,123	-	19,341
Labor	95,546	25,148	(19,930)	100,764	104,038	26,597	(29,382)	101,253
Tax	79	43,994	(328)	43,745	74	43,775	(327)	43,522
Administrative/other	3,115	796	(79)	3,832	3,828	375	(218)	3,985
Liability of former owners	4,984	-	-	4,984	-	-	-	-
	112,526	81,393	(20,392)	173,527	116,158	81,870	(29,927)	168,101

	Consolidated							
	June 30, 2020				December 31, 2019			
	Forecast of likely loss	Contingencies assumed in the business combination	Deposits in court	Contingencies net of deposits in court	Forecast of likely loss	Contingencies assumed in the business combination	Deposits in court	Contingencies net of deposits in court
Civil	8,822	11,455	(55)	20,222	8,234	11,123	-	19,357
Labor	104,035	25,148	(22,315)	106,868	115,695	26,597	(32,921)	109,371
Tax	82	43,994	(331)	43,745	76	43,775	(329)	43,522
Administrative/other	18,140	796	(79)	18,857	19,356	375	(218)	19,513
Liability of former owners	10,895	-	-	10,895	-	-	-	-
	141,974	81,393	(22,780)	200,587	143,361	81,870	(33,468)	191,763

Changes in contingencies

	Parent company					
	December 31, 2019	Indexation accruals	Additions	Reversals	Payments	June 30, 2020
Civil	19,341	722	218	(16)	(8)	20,257
Labor	130,635	5,175	10,847	(20,082)	(5,881)	120,694
Tax	43,849	224	-	-	-	44,073
Administrative/ other	4,203	173	551	(1,016)	-	3,911
Liability of former owners	-	-	4,984	-	-	4,984
	198,028	6,294	16,600	(21,114)	(5,889)	193,919
Deposits in court	(29,927)	(707)	(2,312)	12,305	249	(20,392)
	168,101	5,587	14,288	(8,809)	(5,640)	173,527

	Consolidated					
	December 31, 2019	**Indexation accruals**	**Additions**	**Reversals**	**Payments**	**June 30, 2020**
Civil	19,357	722	222	(16)	(8)	20,277
Labor (a)	142,292	5,544	12,643	(24,320)	(6,976)	129,183
Tax ((b)	43,851	225	-	-	-	44,076
Administrative/other (c)	19,731	769	4,361	(1,078)	(4,847)	18,936
Liability of former owners (d)	-	-	10,895	-	-	10,895
	225,231	7,260	28,121	(25,414)	(11,831)	223,367
Deposits in court	(33,468)	(771)	(2,460)	13,640	279	(22,780)
	191,763	6,489	25,661	(11,774)	(11,552)	200,587

(a) The additions refer to approximately 57 new labor lawsuits and reversals refer to approximately 258 labor lawsuits.
(b) Mainly related to the payment of ICMS on the import of goods arising from the acquisition of Mabesa and Mantecorp.
(c) The additions refer substantially to the TAC (Conduct Adjustment Term) related to the transfer of Senator Canedo's property.
(d) The additions refer to lawsuits that are the liability of former owners. In these cases, the Company recognizes the obligation to pay lawsuits and also records an asset, to be reimbursed by the former owners when the contingency is paid.

Possible contingencies

The Company and its subsidiaries are involved in labor, civil, tax and regulatory lawsuits where the current evaluation of the likelihood of success under advice of the legal advisors, as well as the legal aspects do not require the recording of a provision, either because the expectation of loss is classified as possible, or through the exclusion of a liability arising from a contractual agreement.

	Parent company		Consolidated	
	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
	Possible loss	**Possible loss**	**Possible loss**	**Possible loss**
Civil	44,758	42,720	45,358	43,160
Labor	466,349	439,245	485,435	458,478
Tax	124,652	120,641	157,889	153,317
Administrative/other	2,717	2,904	3,302	3,371
Liability of former owners	359,516	346,901	515,390	469,832
	997,992	952,411	1,207,374	1,128,158

27 Share capital

a. Share capital

On June 30, 2020, the Company was authorized to increase the share capital up to the limit of R$ 5,500,000.00, in accordance with a provision of its bylaws and a decision of the Board of Directors at the Special General Meeting on January 24, 2011.

The share capital at June 30, 2020, was R$ 4,448,817 (at December 31, 2019 - R$ 4,448,817), represented by 632,238,060 common shares (at December 31, 2019 - 632,238,060).

b. Treasury shares

The changes in the number of treasury shares were as shown in the table below:

	Number	Amount
At 12/31/2019	1,164,957	34,203
Sales in the period	(961,731)	(28,236)
At 06/30/2020	203,226	5,967

c. Interest on shareholders' equity

On March 24, 2020, the Board of Directors approved the payment of interest on shareholders' equity to the Company's shareholders, in the amount of R$ 185,498.

On June 23, 2020, the Board of Directors approved the payment of interest on shareholders' equity to the Company's shareholders, in the amount of R$ 185,496.

28 Revenue

The reconciliation of gross and net revenue is as follows:

	Parent company			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Gross revenue from products	1,276,348	2,268,932	1,188,180	1,718,977
Returns	(24,032)	(56,195)	(25,045)	(55,357)
Unconditional discounts	(51,745)	(100,661)	(52,120)	(100,104)
Net revenue from returns and unconditional discounts	1,200,571	2,112,076	1,111,015	1,563,516
Promotional discounts	(67,316)	(93,399)	(66,427)	(101,142)
Taxes	(55,268)	(101,833)	(45,169)	(64,796)
Net revenue	1,077,987	1,916,844	999,419	1,397,578

	Consolidated			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Gross revenue from products	1,277,095	2,269,762	1,188,263	1,719,132
Returns	(24,032)	(56,195)	(25,045)	(55,357)
Unconditional discounts	(51,745)	(100,661)	(52,120)	(100,090)
Net revenue from returns and unconditional discounts	1,201,318	2,112,906	1,111,098	1,563,685
Promotional discounts	(67,158)	(93,241)	(66,427)	(101,142)
Taxes	(83,666)	(154,139)	(71,214)	(105,508)
Net revenue	1,050,494	1,865,526	973,457	1,357,035

The Company does not present its revenue disaggregated by product since essentially: (a) the nature and the economic risk factors of the products are similar, (b) the consumers and customers do not have significant distinctions; (c) the Company operates only in the Brazilian market; and (d) the presentations to investors mentioning different types of products reflect only different go-to-market models. Therefore, the Company optimizes synergies between these different models leveraging the single sell-out structure.

In addition, the decisions on the resources to be allocated are not related to business segments but occur individually by products to be launched, resulting in assessments of the general performance of the operating results to all portfolios of products.

29 Breakdown of the statement of income accounts

a. Operating expenses and cost of sales

	Parent company			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Cost of sales	(482,209)	(820,624)	(398,079)	(630,166)
Raw materials	-	-	-	-
Packaging materials	-	-	-	-
Labor	-	-	-	-
Depreciation and amortization expenses	-	-	-	-
Resale	(457,492)	(780,508)	(383,478)	(607,016)
Losses on inventories	(24,717)	(40,116)	(14,601)	(23,150)
Changes in inventories/others	-	-	-	-
Selling and marketing expenses	(292,836)	(572,936)	(328,412)	(585,798)
Marketing expenses	(195,139)	(386,200)	(228,753)	(396,891)
Advertising and consumer promotion	(70,711)	(113,372)	(84,930)	(132,042)
Trade deals	(24,141)	(44,630)	(21,614)	(33,377)
Market surveys and others	(2,303)	(3,238)	(2,265)	(4,426)
Medical detailing, promotions, gifts and samples	(97,984)	(224,960)	(119,944)	(227,046)
Selling expenses	(97,697)	(186,736)	(99,659)	(188,907)
Sales force	(56,632)	(108,446)	(60,409)	(117,379)
Freight and logistics expenses	(24,603)	(42,852)	(21,921)	(36,740)
Research and development	(2,686)	(4,723)	(2,532)	(4,587)
Depreciation and amortization expenses	(7,419)	(14,747)	(7,106)	(13,952)
Other expenses	(6,357)	(15,968)	(7,691)	(16,249)
General and administrative expenses	(35,949)	(71,560)	(37,592)	(73,981)
Salaries/wages payable	(25,598)	(48,515)	(20,495)	(40,911)
Lawyers, advisors and auditors	(7,001)	(16,401)	(6,937)	(13,654)
Depreciation and amortization expenses	(2,998)	(5,300)	(2,991)	(5,795)
Other expenses	(352)	(1,344)	(7,169)	(13,621)

	Consolidated			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Cost of sales	(360,243)	(632,217)	(308,332)	(506,043)
Raw materials	(150,658)	(284,995)	(103,563)	(203,390)
Packaging materials	(61,674)	(115,353)	(52,457)	(103,048)
Labor	(100,134)	(188,413)	(80,362)	(157,644)
Depreciation and amortization expenses	(14,689)	(28,428)	(13,314)	(26,708)
Resale	(42,907)	(79,771)	(28,925)	(52,442)
Losses on inventories	(29,346)	(55,531)	(23,915)	(41,381)
Changes in inventories/others	39,165	120,274	(5,796)	78,570
Selling and marketing expenses	(327,793)	(637,726)	(358,316)	(642,207)
Marketing expenses	(187,155)	(369,724)	(220,872)	(380,478)
Advertising and consumer promotion	(69,733)	(111,417)	(83,952)	(130,087)
Trade deals	(24,141)	(44,630)	(21,614)	(33,377)
Market surveys and others	(2,303)	(3,238)	(2,265)	(4,426)
Medical detailing, promotions, gifts and samples	(90,978)	(210,439)	(113,041)	(212,588)
Selling expenses	(140,638)	(268,002)	(137,444)	(261,729)
Sales force	(57,480)	(110,440)	(61,538)	(119,646)
Freight and logistics expenses	(27,821)	(49,097)	(24,071)	(40,582)
Research and development	(38,177)	(70,195)	(31,552)	(60,345)
Depreciation and amortization expenses	(10,509)	(21,604)	(12,011)	(23,444)
Other expenses	(6,651)	(16,666)	(8,272)	(17,712)
General and administrative expenses	(51,765)	(101,600)	(51,305)	(103,314)
Salaries/wages payable	(36,844)	(70,084)	(36,941)	(74,862)
Lawyers, advisors and auditors	(8,932)	(19,621)	(9,138)	(17,738)
Depreciation and amortization expenses	(5,057)	(9,249)	(4,216)	(8,356)
Other expenses	(932)	(2,646)	(1,010)	(2,358)

b. Other operating (expenses) income, net

	Parent company			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Potential expected gains (losses) (*)	133,693	124,161	(4,628)	538,620
Depreciation of investment properties	(1,231)	(2,192)	(971)	(1,944)
Rental income	4,491	10,338	4,906	9,764
Civil and labor contingencies	(2,472)	(4,851)	(6,724)	(10,548)
	134,481	127,456	(7,417)	535,892

	Consolidated			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Potential expected gains (losses) (*)	106,016	135,383	(4,617)	534,287
Depreciation of investment properties	(1,231)	(2,192)	(971)	(1,944)
Rental income	3,835	9,037	4,319	8,486
Civil and labor contingencies	(1,759)	(5,898)	(5,561)	(25,757)
	106,861	136,330	(6,830)	515,072

(*) Includes the Shareholder indemnity related to the result of the Internal Investigation work carried out by the Independent Committee and its Advisors (Note 31). The gain in 2019 results from a final and unappealable decision on a lawsuit, authorizing the recovery of PIS and COFINS improperly levied on the ICMS included in billing invoices.

c. Financial income

	Parent company			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Interest income	5,400	11,309	8,263	11,592
Income from short-term financial investments and others	32,618	47,935	14,138	27,523
Exchange variation (gains on derivative transactions)	6,261	22,979	-	-
	44,279	82,223	22,401	39,115

	Consolidated			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Interest income	6,300	12,722	9,045	13,123
Income from financial investments and others	33,462	49,506	15,832	30,798
Exchange variation (gains on derivative transactions)	6,260	22,975	-	-
	46,022	85,203	24,877	43,921

d. Financial expenses

	Parent company			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Interest on financing	(3,686)	(8,117)	(4,358)	(9,781)
Interest on loans	(14,818)	(16,866)	(1,452)	(3,154)
Interest on notes payable	(73)	(222)	(185)	(464)
Indexation accruals on contingencies	(2,200)	(6,294)	(3,847)	(6,272)
REFIS (financing of tax liabilities)	(94)	(191)	(107)	(215)
Debentures	(32,610)	(43,476)	-	-
Interest and commission on letters of guarantee	(525)	(1,693)	(1,046)	(1,995)
Bank expenses, discounts granted and others	(3,571)	(8,875)	(3,451)	(7,343)
Cost of hedge and exchange variation of loans	228	1,199	(164)	(215)
Cost of hedge and exchange variation of suppliers and customers	(85)	(102)	2	(12)
Reversals of present value adjustment	(907)	(1,776)	(907)	(1,903)
Other	(6)	(25)	(158)	(411)
	(58,347)	(86,438)	(15,673)	(31,765)

	Consolidated			
	04/01/2020 to 06/30/2020	**01/01/2020 to 06/30/2020**	**04/01/2019 to 06/30/2019**	**01/01/2019 to 06/30/2019**
Interest on financing	(6,219)	(13,177)	(7,250)	(15,523)
Interest on loans	(14,818)	(16,866)	(1,452)	(3,156)
Interest on notes payable	(73)	(222)	(185)	(464)
Indexation accruals on contingencies	(2,377)	(7,260)	(4,382)	(7,084)
REFIS (financing of tax liabilities)	(94)	(191)	(107)	(215)
Debentures	(32,610)	(43,476)	-	-
Interest and commission on letters of guarantee	(526)	(1,695)	(1,048)	(1,997)
Bank expenses, discounts granted and others	(3,702)	(9,110)	(3,590)	(7,640)
Cost of hedges and exchange variations on loans	228	1,199	(164)	(215)
Cost of hedge and exchange variation of suppliers and customers	(399)	4,929	(1,478)	(2,440)
Reversals of present value adjustment	(1,023)	(2,032)	(1,108)	(2,288)
Other	(128)	(305)	(434)	(1,023)
	(61,741)	(88,206)	(21,198)	(42,045)

30 Related-party transactions

The Company is a publicly traded company with shares traded on the stock exchange. Under a shareholders' agreement entered into on June 23, 2010, and subsequently amended on March 16, 2016, October 24, 2016, July 26, 2017 and June 9, 2020, the following are the parties in the Controlling Interest group: Mr. João Alves de Queiroz Filho, with 21.42% of the share capital and Maiorem, S.A. de C.V., with 14.77% of the share capital; while the other signatories of the Shareholders' Agreement hold 0.12% of the Company's share capital. The remaining 63.69% of the shares are held by various shareholders.

Transactions and balances

The main asset and liability balances as well as the transactions between related parties that impacted the results for the period arise from transactions with the Company and its subsidiaries, which management considers to have been conducted under normal market conditions and within normal timeframes for the respective types of transactions.

Loans with related parties are indexed to the CDI plus a spread.

In commercial relationships with related parties, prices are established based on the characteristics and nature of the transactions. In this case, both Cosmed and Brainfarma manufacture and sell almost all of their production to Hypera to be sold in the market.

Trading transactions involving the sale purchase of products, raw materials, contracting of services and rents, as well as financial transactions involving loans and fundraising between group companies are presented as follows:

- The rental agreement with Brainfarma Indústria Química Farmacêutica S.A. is indexed to the IGPM-FGV, and the maturity date is May 2, 2025, which may be extended as agreed between the parties.

- The rental agreement with Cosmed Indústria de Cosméticos e Medicamentos S.A. (Sweetener) is indexed to the IGPM - FGV index of April 1, 2019 and the maturity date is March 31, 2027, which may be extended as agreed between the parties.

- The service agreement with UOL Diveo Tecnologia Ltda. will be indexed to the IGPM - FGV index every twelve months, beginning October 30, 2018 and the maturity date is October 29, 2021.

a. In assets and liabilities

							Parent company June 30, 2020
Companies	**Customers**	**Other amounts receivable**	**Loans receivable**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	9	-	(95,482)	-	(838)	-
My Agência Propaganda Ltda.	-	3	-	(17)	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	-	-	(416,796)	(13,209)	(3,867)	-
Universo Online S.A.	-	-	-	-	(667)	-	-
Total	**-**	**12**	**-**	**(512,295)**	**(13,876)**	**(4,705)**	**-**

							Consolidated June 30, 2020
Companies	**Customers**	**Other amounts receivable**	**Loans receivable**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
Universo Online S.A.	-	-	-	-	(667)	-	-
Total	**-**	**-**	**-**	**-**	**(667)**	**-**	**-**

							Parent December 31, 2019
Companies	**Customers**	**Other amounts receivable**	**Loans receivable**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
Cosmed Indústria de Cosméticos e Medicamentos S.A.	-	244	-	(84,891)	-	-	-
My Agência Propaganda Ltda.	-	9	-	(17)	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	-	469	-	(241,326)	(969)	-	-
Universo Online S.A.	-	-	-	-	(667)	-	-
UOL Diveo Tecnologia Ltda.	-	-	-	-	(13)	-	-
Total	**-**	**722**	**-**	**(326,234)**	**(1,649)**	**-**	**-**

							Consolidated December 31, 2019
Companies	**Customers**	**Other amounts receivable**	**Loans receivable**	**Suppliers**	**Accounts payable**	**Other amounts payable**	**Loans payable**
Universo Online S.A.	-	-	-	-	(667)	-	-
UOL Diveo Tecnologia Ltda.	-	-	-	-	(13)	-	-
Total					**(680)**		

b. In income for the year

	Parent company						
	June 30, 2020						
	Transactions		Other (expenses)/income			Interest on loans	
Companies	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(206,642)	1,303	-	-	-	-	-
My - Agência Propaganda Ltda.	-	102	(2,280)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(768,488)	-	-	(1,407)	-	(172)	-
Universo Online S.A.	-	-	(4,000)	-	-	-	-
UOL Diveo Tecnologia Ltda.	-	-	-	-	(120)	-	-
	(975,130)	1,405	(6,280)	(1,407)	(120)	(172)	-

	Consolidated						
	June 30, 2020						
	Transactions		Other (expenses)/income			Interest on loans	
Companies	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Universo Online S.A.	-	-	(4,000)	-	-	-	-
UOL Diveo Tecnologia Ltda.	-	-	-	-	(120)	-	-
	-	-	(4,000)	-	(120)	-	-

	Parent						
	June 30, 2019						
	Transactions		Other (expenses)/income			Interest on loans	
Companies	Purchases of goods/products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
Cosmed Indústria de Cosméticos e Medicamentos S.A.	(146,801)	1,382	-	-	-	-	-
My - Agência Propaganda Ltda.	-	102	(2,280)	-	-	-	-
Brainfarma Ind. Quim. e Farmacêutica S.A.	(585,844)	-	-	(935)	-	(166)	1
Universo Online S.A.	-	-	(4,000)	-	-	-	-
UOL Diveo Tecnologia Ltda.	-	-	-	-	(195)	-	-
	(732,645)	1,484	(6,280)	(935)	(195)	(166)	1

	Consolidated						
	June 30, 2019						
	Transactions		Other (expenses)/income			Interest on loans	
Companies	Purchases of goods /products	Rental income	Advertising	Lease amortization	Services provided	Financial expenses	Financial income
TV Serra Dourada Ltda.	-	-	-	(159)	-	(19)	-
Universo Online S.A.	-	-	(4,000)	-	-	-	-
Megatelecom Telecommunications S.A.	-	-	-	-	(195)	-	-
	-	-	(4,000)	(159)	(195)	(19)	-

c. Compensation of key management personnel

The key management personnel comprise the members of the Board of Directors, Supervisory Board, Audit Committee and Statutory Directors. The compensation paid or payable to key management personnel is as follows:

	Parent company		Consolidated	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Salaries and other short-term benefits	8,664	8,328	8,664	9,543
Board members' fees	2,781	2,047	2,781	2,047
Share-based payments	4,271	4,627	4,271	5,196
	15,716	15,002	15,716	16,786

31 Other matters

a) Internal Investigation

The Board of Directors set up a Special Independent Committee ("Independent Committee") to coordinate an independent investigation of the facts underlying the investigation conducted by the Federal Prosecution Service (MPF) called "*Tira-Teima*" Operation. The details were notified to the market in the Material Fact dated April 10, 2018 and the Notice to the Market dated April 20, 2018. The Independent Committee has since (a) defined the scope of the independent investigation; (b) hired independent advisors, being a law firm and a leading audit firm; (c) made presentations on the progress of the work to the Independent Auditors and the Audit Committee; and (d) presented its recommendations to the Audit Committee and the Board of Directors.

On May 25, 2020, as reported in the Material Fact published on the same date, the Board of Directors was informed of the current status of the result of the internal investigation of the "*Tira-Teima* Operation", which confirmed evidence of improper payments made by the Company. The Board of Directors instructed the recommendations made by the Independent Committee to be assessed and implemented to improve the Company's internal systems, controls and Compliance program.

Through to May 25, 2020 the internal investigation has confirmed improper payments of R$ 110.557 million; in addition to the R$ 33.195 million identified relating to a Transaction Agreement entered into with Mr. Nelson José de Mello, for which this former officer has acknowledged his obligation to indemnify the Company, as reported in the Material News Release of June 28, 2016.

Following the negotiation with the main co-controlling shareholder of the Company, carried out by an independent tripartite committee, the Board of Directors approved, on May 25, 2020, the execution of a payment agreement with Mr. João Alves de Queiroz Filho ("Payment Agreement"). Mr. João Alves de Queiroz Filho, considered that it was in the best interest of the Company and its shareholders, without assuming responsibility, to pay the Company the remaining balance of the improper payments of R$ 110.557 million, with interest based on the Selic rate. This payment is being made in four equal and successive installments, the first of which was paid on the date of the Payment Agreement and the others to be paid on the same date in subsequent years.

Concurrently, and in addition to the work developed by the Independent Committee, the Company, under the advice of its legal counsel, continues to support and collaborate with the investigations conducted by the relevant authorities. The Company's Management is committed to implementing the recommended measures and will assess, together with its legal counsel, the legal ramifications for seeking a settlement with the authorities. The potential accounting effects arising from the "*Tira-Teima* Operation" being investigated by the Company and the Independent Committee cannot be reliable estimated at this time.

b) Impacts of the COVID-19 pandemic

To date, the Company's operations have not been significantly impacted in relation to the COVID-19 pandemic. The Company's operating segment is considered essential and, therefore, its operations were not interrupted; it is complying with municipal and/or state legislation for all industrial units located in Anápolis and Goiânia in Goiás State.

The use of personal protective equipment (PPE) was already mandatory for the Company's operating segment, being commonly used by employees in the normal course of the Company's activities. The Company has further strengthened its corporate health team and now requires temperature checks before admitting access to its facilities using infrared thermometers. In addition, API purchase orders (active pharmaceutical ingredients) from China and India were accelerated and new hygiene and respiratory protocols adopted in the industrial units and at the innovation center to assure uninterrupted availability of medical supplies to the Brazilian population.

Good supply chain management has ensured inventory levels remain normal and capable of maintaining productive capacity within normal limits, with no interruption of supply inputs. In relation to the Company's receivables, the pharmaceutical sector has not experienced an increase in defaults and there has also been no lengthening of maturities; accordingly, there has been no impact on these receivables to date.

The Company has adopted work from home measures for all employees who are part of the COVID-19 risk group and administrative activities, and continues following the quarantine measures decreed by each Brazilian state, as applicable. Part of the medical visitation and merchandising teams were placed on vacation during April when circulation rules were more rigid in several regions of Brazil.

The Company's IT tools have proven to be effective and, under guidance of management, employees continue to work within normal productivity levels.

Management believes that it is taking all appropriate measures to prevent the spread of COVID-19, as well as to ensure business continuity during the pandemic period. Although the Company's operations have not been significantly affected to date, management is unable to estimate or predict the occurrence future events related to the COVID-19 pandemic may have on the Company; it continues to monitor and evaluate actions to be taken.

* * *