11718991 Canada Inc. Valuation Report of Biotoscana Investments SA

December, 2019

December 20, 2019

pwc

Rio de Janeiro, December 20, 2019 TO

11718991 Canada Inc. 3400 De Maisonneuve
Blvd. W. Suite 1055, Montreal, Quebec H3Z 3B8

Reference: Evaluation of Biotoscana Investments SA

Dear Sirs,

PricewaterhouseCoopers Professional Services Ltda. ("PwC" or "Reviewer") presents below the Appraisal Report ("Report") of Biotoscana Investments SA ("Biotoscana" or the "Company" or "Company"), as our proposal for professional services addressed to 11,718,991 Canada Inc. ("Contractor"), a wholly owned subsidiary of Knight Therapeutics Inc., dated 25 November 2019 ("Proposal") for the sole purpose of compliance with CVM Instruction 361 and its subsequent updates made by the Instructions 436 / 06, 480/09, 487/10, 492/11, 604/18 and 616/19 (together "CVM Instruction 361), as part of the registration request to be performed by the Contractor before the B3 and later ratified by the Commission Securities ("CVM"), to conduct Public Offering of Shares Acquisition Biotoscana whose purpose is the acquisition of all of the Company's outstanding BDRs because (i) the fulfillment of statutory duty, because of the Company's control; and (ii) the discontinuation of the Company's BDRs Program, with the consequent cancellation (a) the listing and trading of BDRs by the B3; and (b) the registration as a foreign issuer with the CVM ("OPA"). "

This Valuation Report was prepared for use exclusively in the context of the tender offer pursuant to CVM-361 and should not be used or disclosed for any other purpose.

If required the disclosure of this Valuation Report, it may only be disclosed if reproduced in its full content. The use of the Evaluation Report excerpts (without your full reproduction) will be allowed only to the Contractor and Institution Interim OPA and its controllers, directors, employees, consultants or representatives under the OPA, including inserts in the Notice and in other marketing materials to publicize the takeover bid and should be done in any case, the appropriate reference to PwC as a source of such information .

O escopo, objetivo, critérios de avaliação e resultados de nossos trabalhos estão descritos a seguir.

Colocamo-nos à disposição para quaisquer esclarecimentos que se façam necessários.

Atenciosamente,

André Castello Branco
Sócio

Nelson de Souza Júnior
Gerente

PricewaterhouseCoopers
Serviços Profissionais Ltda.
Avenida Francisco Matarazzo,
1400 - Torre Torino, São Paulo -
SP, Brasil 05001-100
T: +55 (11) 3674-2000
www.pwc.com/br

Index

1. Executive Summary

Context

On October 21, 2019, the Biotoscana, a company focused on the development of advanced medicines, announced to the market through material announcement ("Fact") the signing of the purchase and sale of shares between the control block to time of the transaction and the company Knight Therapeutics Inc. ("Knight" or "Buyer") for the sale of 51.21% of the share capital of the company in the amount of R $ 595,662,289.00 (R $ 10.96 per share). Even in that statement, Biotoscana notified its shareholders that, pursuant to Article 12 of the Company's Bylaws, Buyer should make a public offer to acquire the remaining BDRs.

On November 29, 2019, the Company published a new fact to the market to inform the closing of the sale of 51.21% of the share capital provided for in the purchase agreement and confirmed the completion of the Tender Offer in accordance with the rules and conditions set out in its charter.

Finally, December 20, 2019, the Biotoscana released new material fact to communicate the protocol by the Contractor, as the Company's controlling shareholder, the application for registration before the B3 of the OPA.

Scope and Purpose

Under the terms of our proposal to provide professional services, the aim of our study was to perform the evaluation of Biotoscana Investments SA, based on different methodologies for purposes of compliance with the provisions of Law 6,404 / 76 and CVM Instruction 361, in context of the OPA.

Our work included the calculation of the value of Biotoscana's shares using the following methods:

I - Net Book Value per Share;

II - Weighted Average Price Quotation of the Shares ("PMPCA"); and

III - Economic Value, calculated based on Cash Flow Discounting methodology ("DCF").

Information Base

The Data Base considered in the evaluation was September 30, 2019 ("Reference Date"), and were also considered the subsequent events that we learned to date, which could influence the content of the Report. Our work was based on the audited financial statements of the Company related to fiscal years until September 30, 2019.

In addition, we rely on interviews with the management of Biotoscana ("Management") and management data, information, written or oral, business plans and other projective information of the Company, provided by management, that have been presented and we think be consistent for use in our work.

Rating criteria

I - Net Book Value per Share

static evaluation method that does not consider: (i) the market value of assets / liabilities, and (ii) value of intangible assets not recorded and expected future profitability. Considering that the Company is operating and has perspective to continue operating, this methodology is not the most appropriate for deciding the value of their shares.

II - Weighted Average Price Quotation of the Shares

Calculated based on the average daily trading price of the Company shares on the stock exchange, taken from the terminal *Bloomberg,*
weighted volume traded each day.

The analysis periods are defined in ICVM 361:

- Twelve (12) months before the date of publication of Fact; and

- between publication of Fact and the date of the Report.

Whereas the price of the Company's shares reflect market changes in the short term and in many cases with high volatility, and may be due to speculation, we believe that this approach is not the most appropriate for deciding the value of their shares.

III - Economic Value

Discounted Cash Flow (DCF): it is to establish a set of operating assumptions that are used to calculate the expected future cash flows. Thus, the value of a company, business or asset is equal to the sum of the present value of expected cash flows, considering the discount rate that adequately remunerate investors, given the business risks;

Subsequent Events

The work was carried out considering the Base Date of September 30, 2019, the Company's financial position at that date and the listing price of the shares until the date of this Report, as well as all the information that we learned to the preparation of this Report.

The Award this also reflects the events that occurred between the Base Date and the date of their issue, which were brought to the knowledge of PwC by management. Any relevant matters that have occurred in that period and which have not been reported to PwC can affect the results of this evaluation.

results

I - Net Book Value per Share

Estimated at 7.17 R $ per share based on the information of the latest audited financial statements of the Company for the September 30, 2019.

II - Weighted Average Price Quotation of the Shares

PMPCA calculated for the following periods:

- 12 months prior to the Material Fact: R $ 8.82

- The date of the Material Fact to the Appraisal Report publication date: R $ 9.62

III - Economic Value

The Company's economic value was analyzed considering the DCF approach, mentioned in CVM Instruction 361.

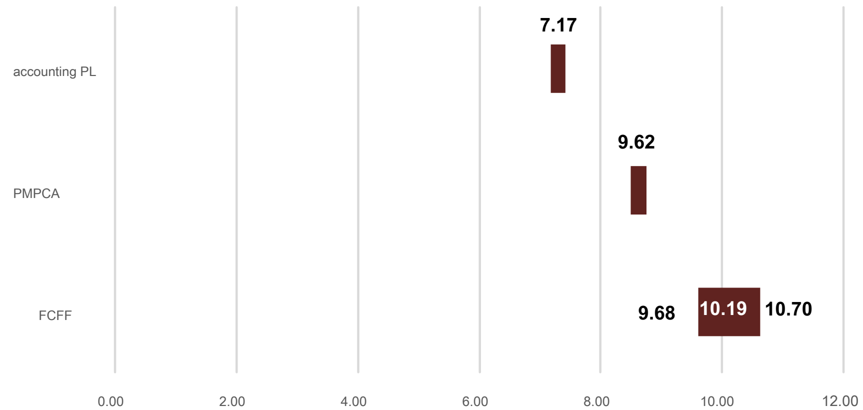
The value per share calculated based on the DCF method is $ 10.19, considering the discount rate of 13.50% pa As usual practice market for business valuations, in order to sensitize the potential impacts of changes in key assumptions used, was touched a variation of 5% up and down the mid-point of the calculated economic value, resulting in earnings per share of R $

10.70 and R $ 9.68. In accordance with item XIII, "d", Annex III of CVM 361, said range of values does not exceed the 10% limit.

Conclusion

Following the summary of values per share of Biotoscana based on different methodologies:

Results - R $ / Share



INDICATION OF ASSESSMENT METHOD CHOSEN AND MAIN REASONS FOR CHOICE

We consider the method of DCF, based on Free Cash Flow to Firm ("FCFF") adjusted to present value at a discount rate based on the Weighted Average Cost of Capital approach ("WACC"), as the methodology more adequate to reflect the value of the shares of Biotoscana Investments SA

The main reasons for choosing the method are described below:

- Describes the evolution of the Company's results and indicators;
- Of expected market developments and macroeconomic assumptions; and
- Capture the future expectations of the operation from the business plan and operating projections prepared by management.

In conclusion, based on selected evaluation method (DCF), which are reasons described above, the value of the shares is $ 10.19, presenting the range of US $ 9.68 and $ 10,70 R as shown in the graph.

We emphasize that a complete understanding of the conclusion of this report will only occur upon full reading of the document. Thus, one should not draw conclusions from partial reading.

2. Information about the Appraisal

PricewaterhouseCoopers

<u>Presence in the World</u>

PwC is a network Global separate and independent firms working in an integrated way in the provision of Tax Advisory Services, Corporate and Audit.

The companies that make up the global network are present in about 158 territories and gather more than 250,000 employees and partners worldwide. Knowledge, experience and the ability of our professionals to develop specialized solutions allow you to create value for our customers, shareholders and employees. Our work is guided by rigorous adoption of good corporate governance practices and ethics in conducting business.

<u>Presence in Brazil</u>

Present in the country since 1915, when it opened its first office in Rio de Janeiro, PwC Brazil has about 4,200 professionals working in 17 offices in all regions of Brazil, in order to ensure that regional employees have extensive knowledge of cultures and own economic vocations of each region. regional knowledge, professional experience and academic excellence of the employees of the firms are factors that guarantee the quality in the provision of services of PwC.

Our offices in Brazil:

PwC in Brazil

PwC Brazil account for more than 30 years, with a team dedicated to business assessment and mergers and acquisitions, currently has partners dedicated exclusively to these activities and solutions.

Our clients are companies of all sizes, including national and international groups companies. The segments served include virtually all sectors of the economy.

In addition to the team's own experience in business valuation, PwC maintains multidisciplinary teams dedicated to key sectors of the economy. When necessary, they serve as a source of reference and information for the development of projects.

Our experience includes business valuations for:

✓ Exchange of shares, where the values of each company define the exchange ratio; many of these reviews were for public purposes, including registration with the CVM;

✓ Operations M & A and fundraising;

✓ Support to companies in the analysis of bids, auctions and setting bids;

✓ business feasibility analysis and projects, from new business to the analysis of "continuity of operation versus closure";

✓ legal or arbitration disputes, including serving as experts;

✓ Compliance with accounting rules, governed by IFRS and other Similar standards;

✓ Allocation of the purchase price ("PPA") for accounting and tax purposes;

✓ Fair value of assets and liabilities, biological assets, testing *impairment,* among others.

credentials

Next, we present the recent credentials of network firms which PwC part concerning the implementation of Economic Financial Appraisal services in Brazil:

Date	Company	Job	Sector
2019	Eletropaulo Metropolitana Eletricidade de São Paulo SA	OPA	Energy
2019	Tarpon Investimentos SA	OPA	Asset Management
2017	Valepar SA	Incorporation by Vale SA	Mining
2017	Parana Banco SA	OPA	Financial
2017	New Energy Holding SA (AES Tiete)	Article 256 of the Corporate Law	Energy
2017	BW Guirapá I SA	Acquisition by FERBASA	Energy
2016	ELPA SA	OPA	Energy
2016	Santher Paper Mill Santa Therezinha SA	mark to market	Paper And Cellulose
2015	Banco Bradesco SA (HSBC Bank Brazil)	Article 256 of the Corporate Law	Financial
2014	Coelce - Companhia Energetica do Ceará SA	OPA	Energy
2014	Fertilizantes Heringer SA	Subscription of shares according to § 1 of article 170 of Corporate Law	Chemical

Award Approval Internal Processes

The internal process Award of the preparation and approval includes the conduct of work by a team comprising a consultant (s), manager (s) and director (s) under the general direction of a partner, who conducted interviews with management. The approval of this Report included the methodological review and calculations by the leadership team involved in the work and the final products were reviewed for a second partner not directly involved in performing the tasks and preparation Award (independent internal review). The draft Report was submitted to the approval of Biostoscana Investments SA before they are issued in final format.

Professionals

Senior professionals from PwC involved in this assessment:

André Castello Branco
Partner
andre.castello@pwc.com

Andrew is a partner at PwC based in Sao Paulo. He joined PwC in 2012, and previously was a partner at KPMG Corporate Finance for 14 years, serving primarily the energy and natural resources industries.

Andrew has extensive experience in various industries, such as Agribusiness, Oil & Gas, Mining, Infrastructure, Chemical and Pharmaceutical. He is considered an expert in the Brazilian biofuels sector due to the great experience in many projects of economic and financial evaluation and mergers and acquisitions.

Andrew holds a BA in Economics (1988) from the Catholic University of Rio de Janeiro (PUC RJ). He completed his MBA / Executive in Finance at IBMEC in 2004 and Graduate Studies at Fundação Dom Cabral (FDC

- SP) in 2010. He is fluent in English and French, with a good knowledge of Spanish.

Nelson de Souza Junior
Manager
nelson.junior@pwc.com

Nelson specializes in advice on mergers and acquisitions and economic-financial evaluation work.

Advised companies in the Insurance sector, Oil & Gas, Mining, Energy, Infrastructure, Chemical and Pharmaceutical in financial economic assessment processes.

Degree in Chemical Engineering from the Federal University of Rio de Janeiro, Nelson has expertise in the oil and gas industry, with certificate of emphasis in Petroleum Engineering conferred by the ANP. We were passing through the Innovation Center at the University of Alberta (Canada) and completed his master's degree with a focus on the oil and gas industry UFRJ. It has a degree in Accounting Sciences at the Pontifical Catholic University (PUC).

statements

PwC states that:

- ✓ The date of this Report, none of PwC professionals participated in the project, as well as PwC, are holders of securities issued by Biotoscana Investmens SA or its controllers and controlled, or derivative referenced therein and are not administrators of securities of Biotoscana Investmens SA

- ✓ It has no commercial relationships and credit of any kind concerning Biotoscana Investments SA that may impact the preparation of this Report.

- ✓ It has no conflict of interest with the Biotoscana Investments SA, its controlling shareholders and their managers, that diminish the independence necessary to perform its duties in relation to the preparation of the Report.

- ✓ The services related to the preparation of the appraisal report, the PwC will receive the Contractor the fixed amount of R $ 636,726.32 and will not receive any variable remuneration.

- ✓ At the date of this Report, PwC maintains no business relationship with Biotoscana Investments SA, its subsidiaries, affiliates, except as regards the preparation of this Report.

- ✓ Not aware of any action of the administration of Company in order to direct, limit, hinder or practice any acts that have or may have compromised access to, use or knowledge of information, assets, documents or relevant work procedures for the quality of our Report.

- ✓ Over the past 12 months, in addition to the agreed remuneration in result of the services listed under the OPA, the review has not received any figures relating to services rendered to Biotoscana and / or Contractor.

- ✓ The review is part of a network of firms and, in the last 12 months, other companies that network received by the Biotoscana and / or the Contractor and / or its subsidiaries a total of R $ 188,169.11 to the date of the Appraisal Report regarding tax advisory services.

- ✓ Only used the information received it considered consistent in this report.

3. Information on the Company

Company Overview [1]

Business profile

Headquartered in Montevideo, Uruguay, Biotoscana operates in 10 countries in the Latin American region. The Company is the result of the integration of four Latin American companies of complementary pharmaceuticals - Biotoscana, United Medical, LKM and DOSA.

The Company is a pharmaceutical company in Latin America based on innovation, conceived as a Latin American platform pharmaceuticals specialized and highly complex which generally meet one or more of the following criteria: (1) high value (typically cost high monthly values therapy); (2) high complexity (typically difficult to manufacture); (3) High interaction (i.e., professionally administered or injectable / infusions, usually requiring special monitoring programs to control side effects and ensure compliance); (4) limited availability (for example, may require special handling procedures and / or controlled environments, which are often only available through limited distribution networks); and / or (5) treating rare diseases and complex medical conditions.

The Biotoscana is one of the few pharmaceutical companies in Latin America that integrated mainly engaged in the development, manufacturing and / or marketing of pharmaceutical special brand products in the region. The Company's business model is focused on specific therapeutic areas that include infectious diseases, rare, oncology and onco-hematology, special treatments, immunology and inflammation and infectious diseases, among others, and emphasizes sales to private channels such as hospitals private and HMOs (Health Maintenance Organization).

To achieve the presented portfolio, the Company is a pioneer in open innovation model, striving to your portfolio products is a combination of high-tech products acquired externally and developed internally. The balance between the two provides the Company the ability to adapt and take advantage of specific opportunities.

The portfolio of products that the company sells in each country varies according to the time which ensured each product for each country, regulatory processes required to register and market their products and the development of its commercial efforts to sell highly complex products . The Company has one operating segment, which primarily focuses on licensed products and high quality specialized branded generics to meet the special needs of patients.

Through internal facilities, the Company continually seeks new opportunities for the branded generics product line, identifying molecules with commercial exploitation potential with close patents maturity and alternative development of generic brand to compete under trademarks throughout Latin America. Business Company's branded generics is vertically integrated and focused on all stages of the value chain, from research and development stage to the final product manufacturing and marketing.

The Company's key products may change from year to year. The table below shows the major products and their share on the Company's gross sales in the last 3 years.

2016	2017	2018
AmBisome	AmBisome	AmBisome
LADEVINA	LADEVINA	ABRAXANE
OPSUMIT	OPSUMIT	FBRIDONER
SOVALDI	SOVALDI	LADEVINA
TRACLEER	TRACLEER	OPSUMIT
VIDAZA	VIDAZA	VIDAZA
56.3%	*54.9%*	*49.5%*

Source: Reference Form - 2019 - BIOTOSCANA INVESTMENTS SA

[1] Source: Reference Form - 2019 - BIOTOSCANA INVESTMENTS SA

The development of new products is a key element of the Biotoscana business model. The Company achieved sales growth through successful launches of new brands, extensions of product lines, new presentations and the continued expansion of product promotion. The Company aims to constantly introduce innovative products in categories with growth potential and develop targeted product formulas and differentiated from those already on the market, ensuring a supply of robust products.

The table below shows the evolution of licenses in the fiscal years ended between 2013 and 2018:

	2013	2014	2015	2016	2017	2018
Novas licenças		ACTELION OPSUMIT ®	GILEAD SOVALDI ® ACTELION VELETRI ®	Pierre Fabre BUSILVEX ® JAVLOR ® NAVELBINE ® basilea ZEVTERA ® CRESEMBA ® Leadiant CDCA ®	Eisai FYCOMPA ® LENVIMA ® HALAVEN ® INOVELON ® GILEAD HARVONI ® Celgene ABRAXANE ® Dipharma DITERIN ®	GILEAD AMBISOME ® SOVALDI ® ATRIPLA ® HARVONI ® ODEFSEY ® EPCLUSA ® VIREAD ® TRUVADA ® DESCOVY ® VEMLIDY ® COMPLERA ® VOSEVI ® GENVOYA ® STRIBILD ® BIKTARVY ®
Perdas	ONYX KYPROLIS ®	aspen 8 BGx molecules	MENARINI 7 Primary care products			ACTELION OPSUMIT ® VELETRI ® TRACLEER ® ZAVESCA ®

Source: Reference Form - 2019 - BIOTOSCANA INVESTMENTS SA

In the commercial field the Biotoscana has more than 200 sales and marketing professionals engaged throughout the area of operation. The Company continually seeks to identify reputable partners and innovative active ingredients in the pharmaceutical market as part of its process of product development, and has built a broad portfolio of products including new formulations, high complexity and niche, as well as advanced technologies.

A complex network of stakeholders complements the sales force of the Company's products. The three most important agents are (1) physicians to prepare the final revenue; (2) hospitals, which are key buyers of products, and (3) agreements, which typically cover product costs (at least partially) of those patients who have health insurance linked to them. Final sales are also and largely specialized distributors, HMOs and private hospitals, with a small percentage for public hospitals and retail pharmacies. The vast majority of the Company's sales mainly depends on individual private medical decisions and only a small percentage is sold through public bidding processes. Most of the gross revenue comes from the private market.

Of the pharmaceutical products themselves of Biotoscana they are developed and manufactured at its own facilities and sold under its trademarks in different markets. The internal R & D efforts of the Company allow us to launch high quality branded generic products often come to market as an innovative product, which provides clear competitive advantage.

The Company currently has four factories in Argentina for generic brand products. All facilities comply with good manufacturing practice standards, and have the certification required by the respective local regulatory agencies to sell products.

	Unidade de QP	Unidade de Lynch	Unidade de JLS	Unidade de Dosa
Localização	San Justo, Buenos Aires	Pompeya, Buenos Aires	Jose Leon Suarez, Buenos Aires	Chacarita, Buenos Aires
Tipo	Instalações para produção de produtos oncológicos injetáveis	Instalações para produção de produtos oncológicos sólidos	Instalações para produção de produtos sólidos para HIV	Instalações para produção de produtos respiratórios
Produção	• Líquidos oncológicos • Frascos liofilizados • Embalagem secundária	• Oncologia citostática • Cápsulas hormonais • Cápsulas revestidas • Cápsulas	• Cápsulas de molécula em geral • Cápsulas revestidas • Cápsulas	• Cápsulas • Capacidade potencial para blisters e cápsulas para inalar
Área Produtiva	2,500 m2	860 m2	450 m2	250 m2
Capacidade	• 1.5 milhões de unidades / ano • Taxa de utilização de ~ 90% para frascos liofilizados • Taxa de utilização de ~ 50% para produtos oncológicos líquidos	• 170 mil de unidades / ano • Taxa de utilização de ~ 75% para cápsulas • Taxa de utilização ~ 70% para comprimidos	• 15 a 20 milhões cápsulas / ano • Taxa de utilização de ~75% para comprimidos	• 450 a 500 mil unidades / ano • Taxa de utilização de ~75%
Aprovação de Agências Reguladoras	anmat, Invima, ANVISA	anmat, Invima	anmat	anmat
Total de Colaboradores	234			

Source: Reference Form - 2019 - BIOTOSCANA INVESTMENTS SA

The Company focuses today the distribution of pharmaceutical products primarily for the central logistics in Latin America, located in the Free Zone of Uruguay. The central logistics in Latin America works with the distribution network of each country, Argentina, Brazil, Colombia, Peru, Ecuador and Chile, and comprises a domestic logistics network input / output. Through this logistics, the Company distributes the products in the markets in which it operates.

By owning headquarters in the free zone of Uruguay, Biotoscana benefits from tax subsidies as full reduction of income taxes. Thus, the Company's operations are structured so that the subsidiary in Uruguay hires licenses products with partners and get many of the suppliers of products and resells them to the operating units of other countries, who are in charge of local distribution.

Brief Company History [1]

- 2011 - Start of operations with the acquisition of Biotoscana Farma SA, one of the leading companies in the pharmaceutical market in the Andean region .;

- 2014 - Biotoscana Group acquires United Medical Ltd. as a strategic way to consolidate its position in the Brazilian market.. Later that year, the Company began operating its Latin American logistics hub, located in the Free Zone of Uruguay, which centralized the distribution of its pharmaceutical products;

- 2015 - Acquisition of LKM SA, one of the main participants in the market and oncology products in the treatment of HIV in the Latin American region, with operations in Argentina, Bolivia, Chile, Ecuador, Paraguay, Peru and Uruguay;

- 2016 - Start of the company's operations Biotoscana of Especialidad Group, in Mexico, strengthening its position in the country. In addition, 2016 was the year of the opening of the company's global headquarters in Uruguay;

- 2017 - The Company made its initial public offering (IPO) on the Luxembourg Stock Exchange as the main listing, and traded on the Euro MTF and BDR in B3, where liquidity is concentrated under the *ticker* GBIO33. Later that year, the company announced the acquisition of DOSA SA Laboratory, specialized and pharmaceutical manufacturer based in Argentina;

- 2019 - The Knight Therapeutics acquires 51.21% (of the total shares, excluding treasury shares) of Biotoscana the amount of approximately R $ 596 million;

Economic Financial Performance

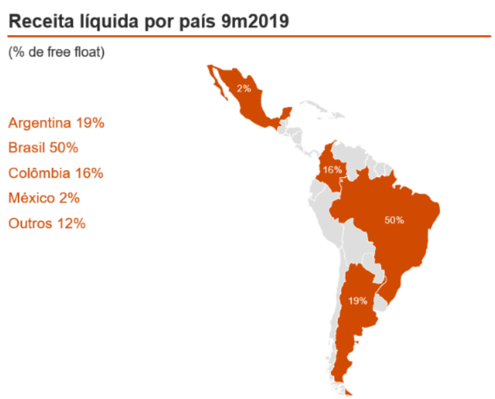
Operating income [2]

Although the Company operating in 10 countries in Latin America, Brazil, Argentina and Colombia concentrated most of the Company's revenues over the last years, as outlined in the table.

R $ thousand	2016	2017	2018	9m2019
Brazil	389 169	376 317	390 145	304 384
Argentina	247 101	307 219	238 285	106 507
Colombia	176 082	153 056	155 922	92,423
Others	95,088	87,380	102 789	87,062
deductions	(112,937)	(106,426)	(66,180)	(47,267)
Net Revenue	**794 503**	**817 546**	**820 961**	**543 109**

Source: Financial statements audited the Biotoscana Investments SA

Regarding the most recent results of the Company (3T2019), it is observed that the top three countries in which the Company operates correspond to approximately 85% of its total net revenue.



Source: Result Presentation 3T2019

In addition, the Biotoscana explores four major therapeutic lines for the production and marketing of their products. In recent years, the launch of new products and the marketing of some of the mature products Company Portfolio are among the main drivers of revenue growth, with a focus on oncology line.

R $ thousand	2016	2017	2018	9m2019
Oncology	256 889	329 393	329 757	259 724
Infectious diseases	341 932	293 761	287 346	202 296
special treatment and I & I	141 741	119 170	113 087	80,133
Medicines orphans and rare diseases	117,579	181 648	156 127	45,314
Revenue by commission	49,299	-	824	2,909
deductions	(112,937)	(106,426)	(66,180)	(47,267)
Net Revenue	**794 503**	**817 546**	**820 961**	**543 109**

Source: Financial statements audited the Biotoscana Investments SA

Operating costs and expenses

Operating costs are mainly concentrated in the purchase of goods and, to a lesser representativeness, actual spending of transformation. Meanwhile, operating expenses are segregated in payroll expenses, depreciation and amortization, service fees, transport, freight and other.

The following table shows the evolution of costs and expenses:

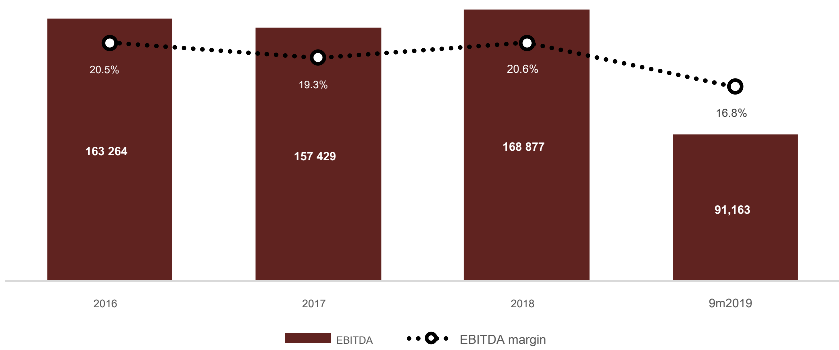
R $ thousand	2016	2017	2018	9m2019
Cost of goods sold	396 892	377 893	398 809	285 699
Payroll and related charges	134 935	177 415	159 581	109 746
Depreciation and amortization	14,355	18,365	27,860	28,670
Service fees	38,237	48,720	40,584	21,273
Advertising and promotion	16,341	11,708	22,649	17,888
Transport and freight	27,738	26,567	13,511	10,146
Others	17,096	17,814	16.949	7195
Total operating costs and expenses	**645 594**	**678 482**	**679 943**	**480 617**

Source: Financial statements audited the Biotoscana Investments SA

2 Source: Financial statements audited the Biotoscana Investments SA

EBITDA

The evolution of EBITDA and the Company's EBITDA margin is presented in the following graph:



Source: Financial statements audited the Biotoscana Investments SA

The evolution of the Company's EBITDA in the review period was mainly influenced by the following aspects:

- Discontinuation of Actelion's business, transferring your marketing for Johnson & Johnson. The discontinuation of this product line occurred during the second quarter of 2018;
- Fluctuation of exchange during the historical period negatively impacted the EBITDA reported in 2019. This effect is mainly due to the deterioration of the economic situation in Argentina.

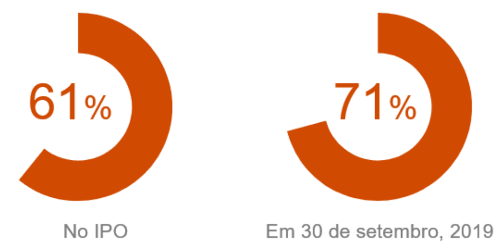
Company Corporate Structure [3]

All of the Company's shares are ordinary, right with the BDRs *tag along*. On September 30, 2019, capital is composed of 106,622,306 shares, of which 99.54% (106,132,070 shares) in possession of shareholders and the rest (490,236 shares) in treasury.

Regarding the concentration of Biotoscana shares in relation to major shareholders, we note that, as observed for the evolution of the dispersion of the securities in geographical terms, there is a greater concentration on September 30, 2019 compared to time of the IPO.

Free float | Top 20 acionistas

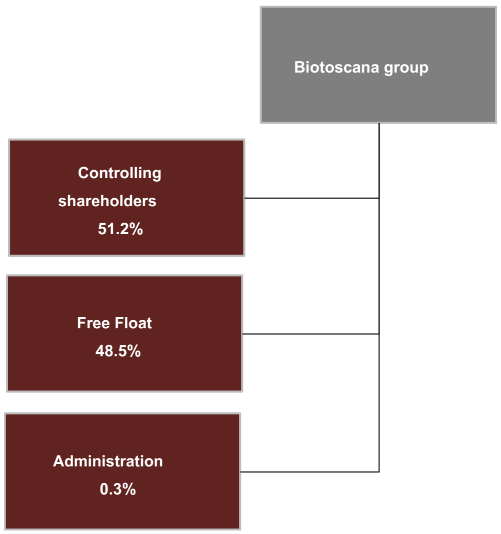
(% do total do free float)



Source: Result Presentation 3T2019

[3] Source: Result Presentation 3T2019

Below is the Company's corporate structure in the Data Base.



Source: Result Presentation 3T2019

note: The Company's controlling shareholders in the Data Base were Advent International and Essex Woodlands. The calculations were made based on the total amount of shares, excluding treasury shares.

Historical Financial Information

Next, the balance sheet is presented in consolidated Biotoscana Investments SA in recent years:

Active in R $ thousand	2016	2017	2018	Sep / 19
Cash and cash equivalents	30,341	98,118	100 609	77,624
Bills to receive	262 203	360 216	315 431	322 532
Stocks	112 472	140 187	182 490	233 466
Other current assets	11,606	10,511	13,696	14,226
Current assets	**416 622**	**609 032**	**612 226**	**647 848**
Long-term assets	21,606	28,609	19,634	30,782
Receivables from long-term	1,556	1241	480	3,316
Long-term deferred taxes - assets	18,452	26,699	17,481	18,057
Other noncurrent assets	1598	669	1673	9409
investments	-	-	4980	4993
Immobilized	27,644	40,901	47,084	73,506
intangibles	416 276	497 993	569 462	565 098
Active noncurrent	**465 526**	**567 503**	**641 160**	**674 379**
Total assets	**882 147 1176535 1253386 1322227**			

Liabilities at R $ thousand	2016	2017	2018	Sep / 19
Payroll and related charges	20,566	28,080	23,504	21,177
Providers	117 857	172 388	175 401	227 382
tax obligations	23,169	30,723	15,166	14,480
Loans and financing	12,717	21,902	39,701	68,094
Other obligations	10,953	35,899	38,791	23,731
provisions	20,463	21,764	9411	7694
current liabilities	**205 725**	**310 756**	**301 974**	**362 558**
Loans and long-term financing	484 031	224 521	175 919	155 600
Other long-term liabilities	2183	2830	1,103	696
Long-term Deferred taxes - liabilities	18,374	38,538	45,008	42,361
Long-term provisions	609	302	146	171
Profits and revenues to be recognized	7,518	7,575	-	-
Non-current liabilities	**512 715**	**273 766**	**222 176**	**198 828**
Share capital	164	214	217	217
Capital reserves	349,306	759 215	754 554	757 404
profit reserves	(333,180)	(333,180)	(333,180)	(333,180)
Profit / loss accumulated	99,293	114 927	263 218	291 196
Other comprehensive income	48,124	50,837	44,427	45,204
Net worth	**163 707**	**592 013**	**729 236**	**760 841**
Total liabilities and PL	**882 147 1176535 1253386 1322227**			

Source: Financial statements audited the Biotoscana Investments SA

The following shows the consolidated income statement of Biotostana Investments SA in recent years:

Income Statement R $ thousand	2016	2017	2018	Sep / 19
Revenue Gross sales of goods and / or services	907 440	923 973	887 141	590 376
revenue deductions	(112,937)	(106,427)	(66,180)	(47,267)
Net revenue from sale of goods and / or services	**794 503**	**817 546**	**820 961**	**543 109**
Costs of goods and / or services	(396,892)	(377,893)	(398,809)	(285,699)
Operating profit	**397 612**	**439 653**	**422 152**	**257 410**
Selling expenses	(130,393)	(131,629)	(131,195)	(99,689)
General and Administrative Expenses	(80,349)	(121,868)	(98,498)	(64,331)
Other operating income	968	2,060	1309	8157
Other operating expenses	(38,928)	(49,152)	(52,750)	(39,055)
Income before financial result and taxes	**148 910**	**139 064**	**141 018**	**62,492**
Financial result	(51,544)	(75,948)	(46,015)	(24,768)
Profit before income tax and social contribution	**97,366**	**63,116**	**95,003**	**37,724**
Income tax and social contribution	(29,999)	(30,826)	(23,744)	(13,882)
Income tax and social contribution deferred	(20,141)	(15,356)	(7797)	4136
Net income for the period	**47,226**	**16,934**	**63,462**	**27,978**

Source: Financial statements audited the Biotoscana Investments SA

note: As reported in the financial statements disclosed by management, from 1 July 2018, the Argentine economy has the hyperinflationary be considered according to the criteria of IAS 29 - "Financial Report in hyperinflationary economies" - (IAS 29). This standard requires the entity's financial information, or its components whose functional currency is the currency of a hyperinflationary economy, whether measured using a general price index that reflects the exchange on general power of repurchase. So the historical financial data presented and / or considered in the economic and financial evaluation had the appropriate accounting treatment in accordance with applicable standards.

Market Performance

Overview [4]

The pharmaceutical sector in Latin America has grown significantly in the last decade, with an annual compound growth rate of sales
7.5% between 2010 and 2016, and expected to 9.3% in 2016 to 2020 according to the Economist Intelligence Unit.

The pharmaceutical sector includes the research and development, manufacturing, production, marketing and sale of chemicals and / or therapeutic. According to IQVia Argentina, the sector reached US $ 1.1 trillion in sales worldwide in 2017, of which 6.3% were generated in Latin America.

The health care industry, one of the main branches of economic activity around the world, is mainly made up of health care providers and health insurance as well as suppliers of products related to the theme.

health spending in Latin America [US $ per capita] Country					
	2008	2011	2014	2017E	2008 / 2017E
Argentina	694	899	903	949	**1.4 x**
Brazil	735	1142	1,168	1388	**1.9 x**
Colombia	369	538	631	734	**2.0 x**
Mexico	587	672	866	1057	**1.8 x**
Chile	761	1107	1,330	1,656	**2.2 x**

Source: Reference Form - 2019 - BIOTOSCANA INVESTMENTS SA

In general, the higher the income per capita, the higher the cost of health care. While in developing countries spending on health care consists mainly of primary care in developed countries it is increasingly preventive care, rehabilitative and palliative as well as more sophisticated primary care.

In addition to income per capita high, other factors such as longer life expectancies, aging populations and new public health policies have led to significant increases in overall spending on health care in recent years.

Produto[4] segments

licensed medicines: typically consists of innovative medicaments that, in most cases, are under the patent protection. Consequently, the pharmaceutical company holding the patent is able to earn profits without competition;

branded generics: They consist of drugs that are no longer protected by patents, but benefit from a strong brand, which serves as a barrier to the entry of other generic drugs. This category is typical in the retail segment and in emerging markets, where the renowned brand can be seen as more important than price;

Generic drugs: They consist of medicines for which the patent has expired (normally after a period of 20 years); any pharmaceutical company can start producing the drug and promoting market competition.

The generic drug market can also be divided based on value-added profiles. Ordered from lowest to highest value, these are:

(I) pure generics, which are differentiated based on price;

(Ii) branded generics, which are differentiated based on the quality of the brand;

(Iii) super generic, which are differentiated based on the formulation, dosing characteristics and / or chemistry; and

[4] Source: Reference Form - 2019 - BIOTOSCANA INVESTMENTS SA

(Iv) generic repositioned, which are differentiated based on characteristics such indications, formulations, and innovative chemical dosage.

In Latin America, the market structure tends to benefit the generic "value added" due to a number of factors. The appeal to the patient usually benefits those generic, because of concerns about the quality of unbranded generic, general brand recognition and less awareness of alternatives available to patients. The industry structure is beneficial for these generic due to lower regulatory limits and the relative scarcity of structured buyers. The demand characteristics benefit those generics due to dissatisfaction because of the relatively poor accessibility of high technology products in the region due to the high price, while the generic versions increase consumer base. The relatively lower pressure from governments and payers is also beneficial for value-added generics due to budget constraints / prescribed relatively minor in medical, copayment schemes less widespread and less strict repayment rules. As a result, generic "value added" tend to have a relatively high importance in Latin America compared to developed markets.

Regulamentação[4]

While government authorities extensively regulate the pharmaceutical industry, the degree of regulation and related burdens and regulatory risks vary significantly between countries. Therefore, regulatory expertise between markets is a key competitive advantage in that it increases operational efficiency. In most countries, the regulating government research, development, testing, approval, manufacturing, labeling, monitoring and post-approval report, packaging, promotion, storage, advertising, distribution, marketing, pricing, reimbursement, and export and import of pharmaceuticals. The process to obtain regulatory approvals and subsequent compliance with appropriate regulations may require the expenditure of substantial time and financial resources.

Patentes[4] protection

The patent protection serves as an incentive for investment in research and development by granting market exclusivity on a product for a certain period of time. Developers typically benefit from 20 years of exclusivity of the application in each country where such patent is registered, and generally have 12 months from the date of application for the initial patent in any jurisdiction (the priority period) to file an application for protection patent in all other jurisdictions. According to the Patent Cooperation Treaty

1970, which provides a unified procedure for depositing patent applications to protect inventions in each of its Contracting States, this priority extends to 30 months for international patent applications. Because of the difficulty and expense involved in obtaining a patent, some originators choose to apply for patent protection only in certain critical markets. In the case of a patent application is not filed within this period of priority, the product is considered more as a novelty and can not benefit from patent protection in those jurisdictions.

medicines especializados[4]

According to the analysis of a market survey of 2011 industry IMS Health Incorporated, specialized drugs are drugs that (1) treat complex frameworks, chronic and / or life-threatening and (2) have a high cost per unit. Furthermore, they can (3) requires storage, handling and special application or ingestion and (4) carry a significant level of education, patient monitoring and management. When compared to traditional pharmaceutical companies, specialty pharmaceutical companies tend to have greater pricing power; therefore, they enjoy higher margins due to the nature of your medicines. This pricing power allowed the total expenditure for specialized medicines to increase over the past decade,

Research and desenvolvimento[4]

The pharmaceutical industry has traditionally been characterized by extensive research and development. However, according to the Administration of the US Food and Drug Administration (US Food and Drug Administration, or FDA), the federal agency responsible for public health, research and development productivity (as measured by the number of new molecular entities approved by FDA for billions of dollars invested) fell. This decline suggests that the vertically integrated business model, in which large pharmaceutical companies control all steps of the value chain from product discovery to distribution and sales worldwide, generating lower returns on invested capital, is not sustainable.

After the decline of the vertically integrated pharmaceutical business model, firms directed to a decentralized approach of open science, in which new companies, biotech venture capital company, research centers, universities and other actors have entered into partnerships with pharmaceutical companies to share the risks and rewards of developing new drugs. Consequently, the origin of new molecular entities moved from global pharmaceutical companies to smaller companies.

Compared to traditional pharmaceutical companies, open science companies tend to spend a lower percentage of its revenues in research and development through partnerships, allowing them to focus on other key aspects of the value chain.

vendas[4] channels

The pharmaceutical business has traditionally been divided into institutional sales and retail sales channels. These sales channels are mainly distinguished by their marketing strategy, the price of the product (which is less for institutional sales) and the type of products sold. The institutional business is usually conducted through a bidding process in which public institutions or clinics individuals define their desired product specifications and invite pharmaceutical companies to participate.

Whereas institutional sales require lower promotional costs, products sold through this channel incur significantly lower operating costs and thus require lower prices and lower gross profits reach retail sales. In the retail business, medical representatives visit doctors and promote products to prescribe to their patients, who then buy the product in pharmacies. For non-prescription medicines ("MIP"), companies can advertise products to customers in retail locations participating. institutional sales are typically more price sensitive retail sales because buyers tend to focus on molecular entities instead of the brand. On the other hand, retail sales are usually less sensitive with respect to price that institutional sales,

For pharmaceutical products within the retail business, the chief operating decision maker is the doctor who prescribes products based on a variety of factors, including the relationship with and confidence in the medical representative, scientific information and brand strength. Unlike the sale of traditional pharmaceutical drugs, selling traditional specialty pharmaceutical drugs usually requires a specialized sales force with trained and experienced professionals who focus on a limited number of therapeutic classes, as they may be able to drive high-level discussions with doctors and representatives.

The sale of drugs in different countries requires a deep understanding of local regulations, which can vary substantially. To overcome this lack of knowledge and achieving greater penetration in all global markets, pharmaceutical companies typically choose partners in key regions to leverage their regulatory teams as well as their sales and distribution channels. The Latin American market is well positioned to benefit from this trend.

Sazonalidade[4]

The sector may be affected to a lesser extent by seasonal illnesses, but mostly, the market is stable throughout the year. However, the supply chain may have stock fluctuations and, as a rule, there is an increased demand in the second half of the year in most markets.

Concorrência[4]

The main direct competitors of the Company are Stendhal, located in Mexico, and Tecnofarma, headquartered in Uruguay

Argentina

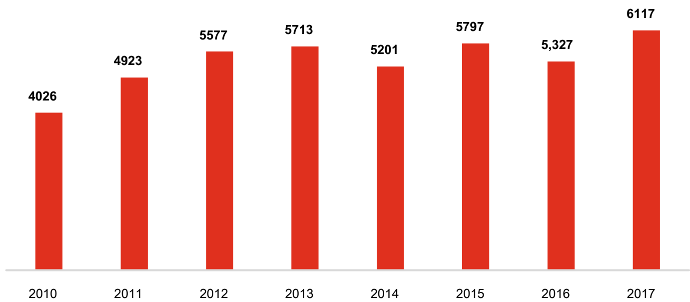
The pharmaceutical industry was one of the most dynamic sectors of the Argentine economy and is now a key driver of economic growth, jobs, scientific knowledge and applied technology. After the financial crisis of 2001 country, a significant number of multinational pharmaceutical companies decided to sell its production facilities in Argentina. As a result, Argentina is one of the few nations in the world where domestic pharmaceutical companies predominate over international pharmaceutical companies in terms of revenue in the local market.

The pharmacy retail market is highly fragmented, with no dominant national retail network. The Argentine regulations impose barriers to imports of certain pharmaceutical products to Argentina based on such products classification. Only products manufactured in countries previously approved or in factories that have been inspected and previously approved by the Argentine authorities can be imported. active pharmaceutical ingredients, however, are not subject to the same restrictions as finished products, which helped to stimulate local production of pharmaceuticals. According to data from IQVia Argentina, the Argentine market has the following characteristics:

- Production: 741 million units / year;
- Export: US $ 744 million;
- Share of the total market in Latin America: 8.9%;
- Participation in the value of the country's industrial added: 5%.

Data available for the year ended 2017

Sales of the Pharmaceutical Industry Argentina laboratory output price [US $ mi]

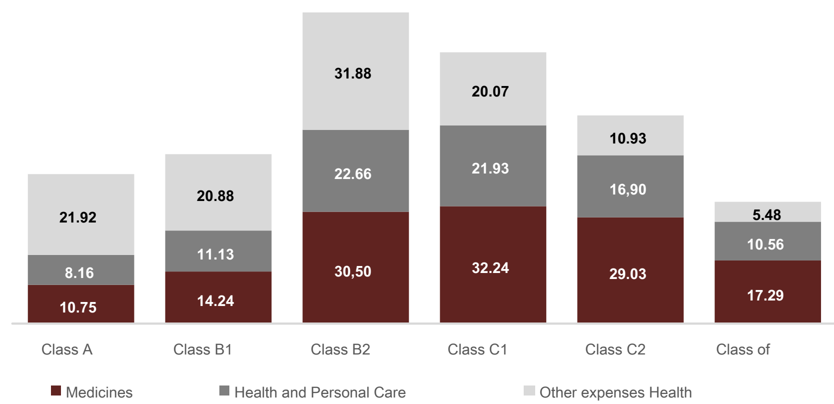


Source: IQVia Argentina

Brazil

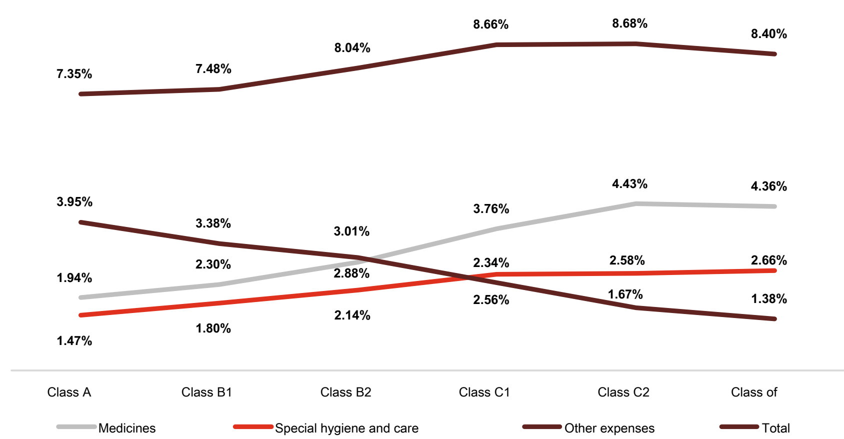
Considered the largest pharmaceutical market in Latin America, Brazil has important companies in the sector in its territory. The retail performance and family purchasing power directly influence the prescription pharmaceutical sector. Purchases of medicine are linked to how much a person is willing to pay for better health. The following charts show the annual levels of sales of pharmaceutical products and the spending of Brazilian families with medicines and health by socioeconomic level, making clear the weight that this type of expenditure is in the average family budget. In this context, it stands out among the domestic production, investments in the manufacture of generics.

Health consumption potential [BRL bi]



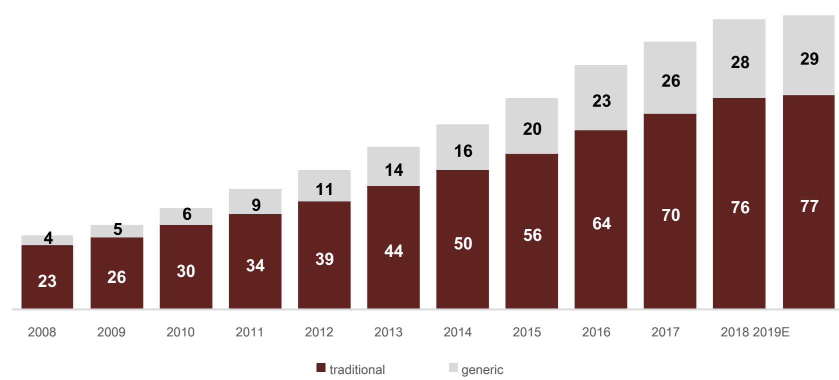
Source: Falke Information - Overview of the pharmaceutical and healthcare industry in Brazil (June 2019)

Participation in family income [%]



Source: Falke Information - Overview of the pharmaceutical and healthcare industry in Brazil (June 2019)

Sale of pharmaceuticals (US $ billion)



Source: Falke Information - Overview of the pharmaceutical industry and health in Brazil (June 2019)

According to Interfarma (IQVia), Brazil is expected to grow its share of the global pharmaceutical market by 2023 reaching the 5th position.

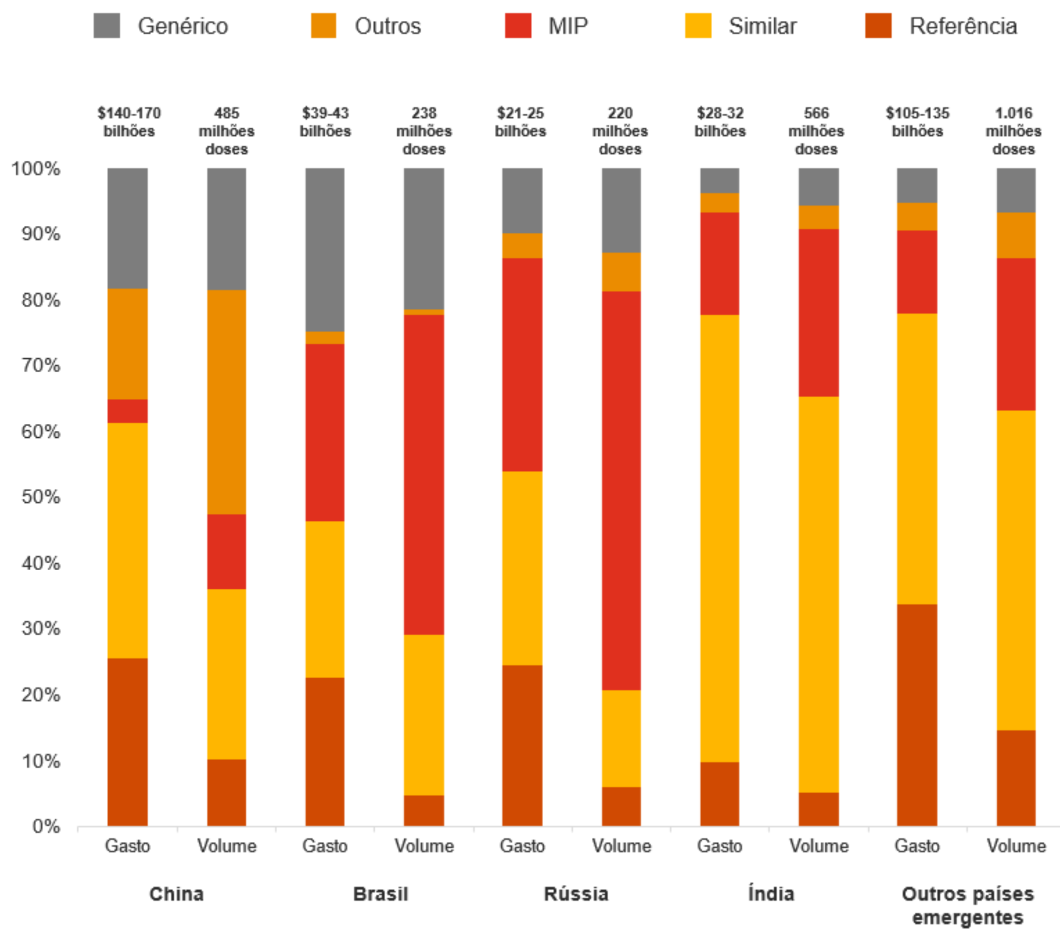
2013			
Rk		País	% of US
1		Estados Unidos	100
2	▲1	China	28
3	▼1	Japão	24
4	▲1	Alemanha	12
5	▼1	França	10
6		Itália	7
7	▲1	Reino Unido	6
8	▲3	**BRASIL**	**5**
9	▼2	Espanha	5
10	▼1	Canadá	5
11	▲3	Índia	3
12	▼2	Coreia do Sul	3
13	▼1	Austrália	3
14	▲5	Rússia	3
15	▼2	México	2
16	▲7	Arábia Saudita	2
17	▲1	Polônia	2
18	▼1	Bélgica	2
19	▼3	Holanda	2
20		Suíça	1

2018			
Rk		País	% of US
1		Estados Unidos	100
2		China	28
3		Japão	18
4		Alemanha	11
5		França	7
6		Itália	7
7	▲1	**BRASIL**	**6**
8	▼1	Reino Unido	6
9		Espanha	5
10		Canadá	5
11		Índia	4
12		Coreia do Sul	3
13	▲1	Rússia	3
14	▼1	Austrália	3
15		México	2
16	▲1	Polônia	2
17	▲9	Turquia	2
18	▼2	Arábia Saudita	2
19	▲27	Argentina	1
20	▼2	Bélgica	1

2023			
Rk		País	% of US
1		Estados Unidos	100
2		China	27
3		Japão	12
4		Alemanha	10
5	▲2	**BRASIL**	**7**
6		Itália	6
7	▼2	França	6
8		Reino Unido	5
9	▲2	Índia	5
10	▼1	Espanha	4
11	▼1	Canadá	4
12	▲1	Rússia	4
13	▼1	Coreia do Sul	3
14	▲3	Turquia	3
15	▲4	Argentina	2
16	▼2	Austrália	2
17	▼2	México	2
18	▼2	Polônia	2
19	▼1	Arábia Saudita	2
20	▲6	Vietnã	1

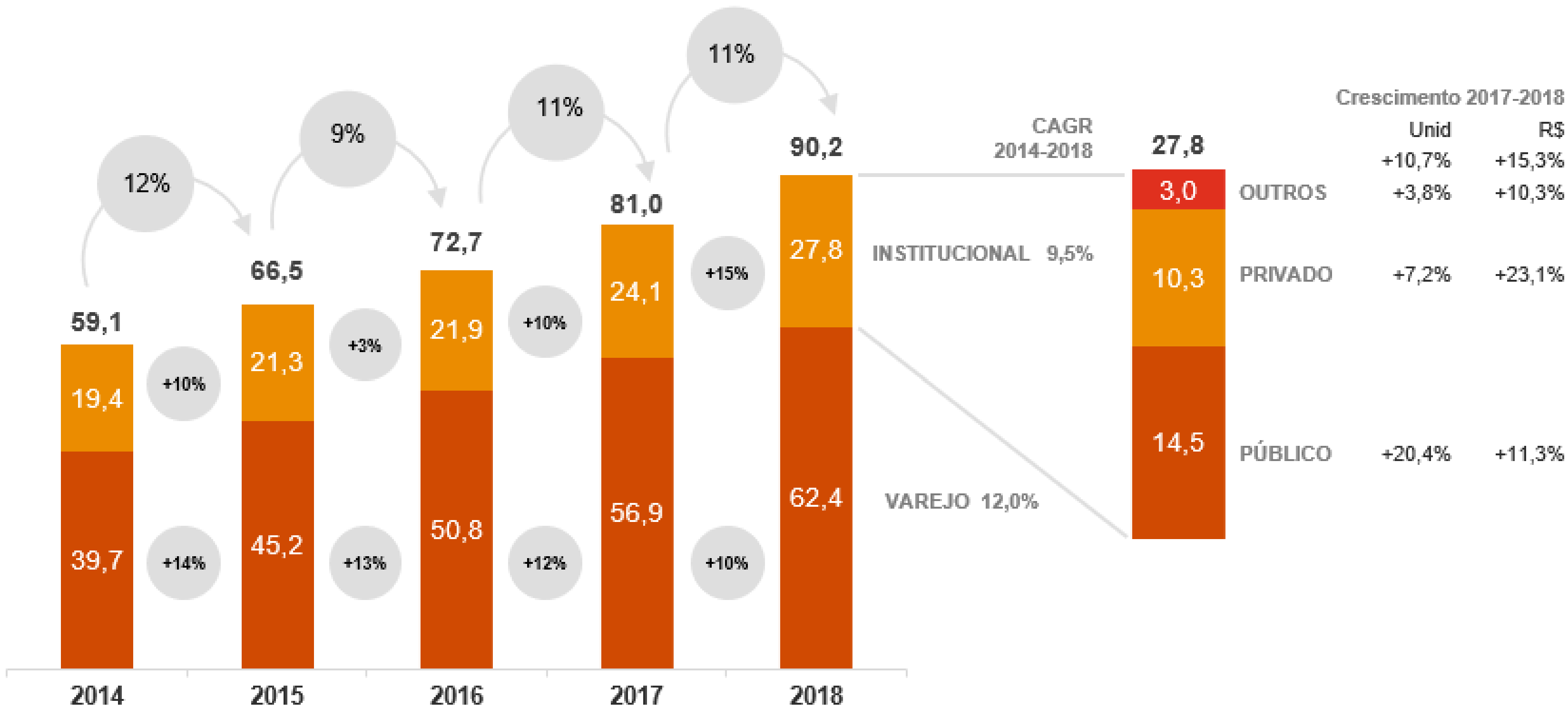
Source: Interfarma - IQVia

Moreover, the very Interfarma projects that the national pharmaceutical market should generate 39-43 billion dollars in 2023 with a balanced revenue between generic and MIP.



Source: Interfarma - IQVia

The retail channel, of greater importance in the domestic market presents a growth consistently above 10% per year since 2014. institutional had more significant increase of 15% last year, based on purchases from the private sector. The following chart, with data in R $ billion, illustrates the dynamic supradescrita.



Source: Interfarma - IQVia

4. Company Rating

Rating criteria

The Company's evaluation used the following methodologies:

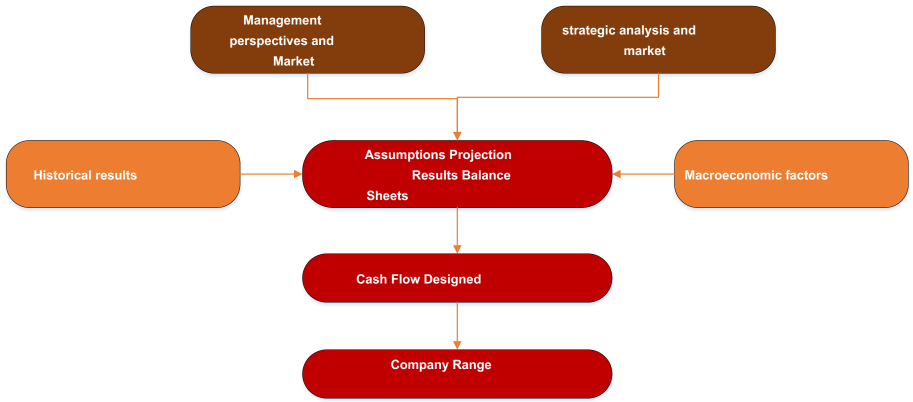
- **Book value per share on the Base Date:** Calculated based on the value of the equity of the Data Biotoscana assessment Base as published data.

  Considering that the Company is operating and has prospects to continue operating, the methodology of shareholders' equity per share is not the most appropriate for defining the value of the shares.

- **Average weighted price of shares:** weighted average price of shares calculated over the 12 months prior to the Material Fact and the period between the date of the Material Fact and the date of this Report.

  Whereas the price of the Company's shares reflect market changes in the short term and in many cases with high volatility, and may be due to speculative movements, we understand that the average price methodology weighted share price is not the most appropriate for defining the value of the shares.

- **Economic value:** Calculated based on the DCF method:
  - Method is to establish a set of operating assumptions that are used to calculate the actual results of the operation;
  - The deal is the sum of the present values of expected cash flows (after income tax); and
  - This value is calculated from a discount rate that adequately remunerate the capital of an investor, taking into account the specific business risks and the countries in which the business operates.



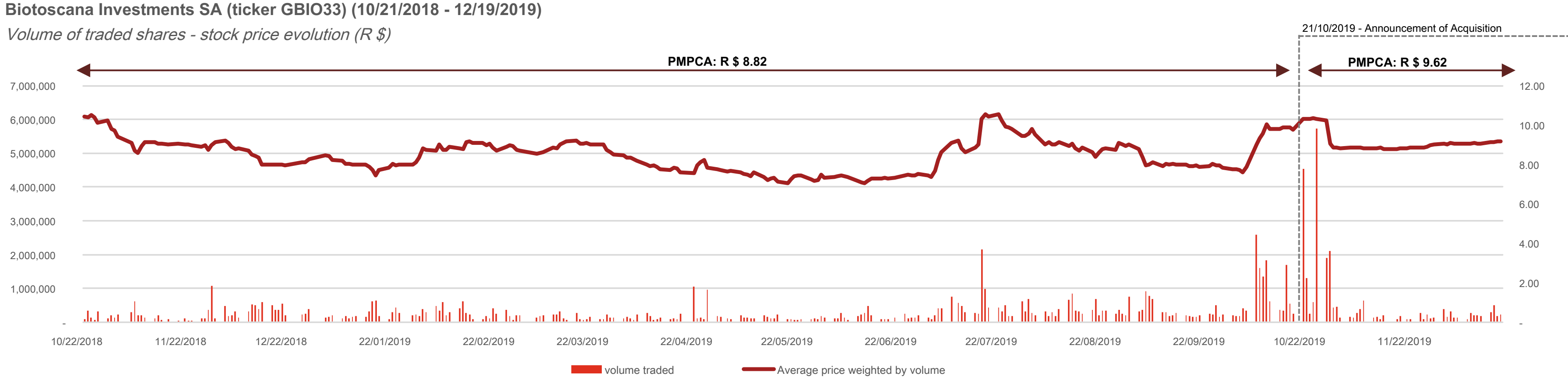
The ICVM 361 Annex III item XII point (c), provides the use of three (3) possible methods for calculating the economic value of the company, of which at least one must be used. We use the methodology of the FCD, according to this method to contemplate the evolution of the Company's results and indicators, consider the expected market developments and macroeconomic assumptions and capture the future expectations of the operation from the business plan and operating projections prepared by management.

Evaluation by the average weighted price of shares

The chart below shows the average weighted share price over the last 12 months prior to the Material Fact and the period between Fact and the publication of this Report, as XII item "a" of Annex III established by CVM Instruction 361:

Biotoscana Investments SA (ticker GBIO33) (10/21/2018 - 12/19/2019)

Volume of traded shares - stock price evolution (R $)



GBIO33		Average
LTM 10/21/2019	R$	8.82
21/11/2018 - 12/19/2019	R$	9.62

Source: Bloomberg

Rating the value of the net assets per share [5]

The following table shows the value of shareholders' equity per share on the Base Date:

Active in R $ thousand	Sep / 19
Cash and cash equivalents	77,624
Bills to receive	322 532
Stocks	233 466
Other current assets	14,226
Current assets	**647 848**
Long-term assets	30,782
Bills to receive	3,316
deferred taxes	18,057
Other noncurrent assets	9409
investments	4993
Immobilized	73,506
intangibles	565 098
Active noncurrent	**674 379**
Total assets	**1322227**

Liabilities at R $ thousand	Sep / 19
Payroll and related charges	21,177
Providers	227 382
tax obligations	14,480
Loans and financing	68,094
Other obligations	23,731
provisions	7694
current liabilities	**362 558**
Loans and financing	155 600
Other obligations	696
deferred taxes	42,361
provisions	171
Non-current liabilities	**198 828**
Share capital	217
Capital reserves	757 404
profit reserves	(333,180)
Profit / loss accumulated	291 196
Other comprehensive income	45,204
Net worth	**760 841**
Total liabilities	**1322227**

Calculating the value of Shareholders' equity per share	Sep / 19
total shareholders' equity (in thousands)	760 841
# total number of shares excluding treasury shares (in thousands)	106 132
Net / Action equity (R $)	**7.17**

5 Source: ITR 3T2019

Evaluation by the discounted cash flow

assumptions General

The projections of the Company's cash flow was prepared based on the following key parameters:

- Date assessment base: September 30, 2019, and other subsequent events that we learned to date, that could influence the content and outcome of this Report.

- The projections were prepared in nominal terms, ie considering the effects of inflation, and the values are shown in US $ thousand, except where stated differently;
- The projections were based on historical performance information Biotoscana and Administration of the best estimates available to date;

- We used the approach of generation of cash flows for the company ("FCFF"). In this approach, the projected cash flows do not consider the effects of the financial results and / or amortization of debt nature items. The present value of these cash flows is subsequently adjusted for assets and liabilities of a financial nature (net debt) and other assets and non-operating liabilities, considered by their carrying amounts reported in the Data Base, in order to reach the value of all shares (" *equity Value* ");

- The projection horizon includes the period of 10 years and three months, starting at the Base Date and completed in December 2029 ("Period Explicit"). For calculating the residual amount of projection, it adopted the premise perpetual growth equivalent to long-term inflation (3.55% per year) and was not therefore considered to perpetual real growth period, which indicates the premise stabilization of operations at the end of Explicit Period. The calculation of perpetuity is the prospect of continuity of operations for an indefinite period.

- It was considered the part-time approach to the discount to present value of projected cash flows. As the inputs and the Company's cash outflows occur throughout the year, calculating the present value of these flows should reflect their moments in which they occur. That is, cash flows generated at the beginning of each period should be adjusted to present value considering a smaller discount than those generated at the end of each period. Thus, for practical reasons, this Convention considers that the cash flows are generated in the middle of each period of the projection; and

- The discount rate used was the weighted average cost of capital (WACC) calculated by the financial asset pricing model (CAPM) to define the cost of equity ("Ke") and the weighted average cost of the Company's third-party capital in Data Base ("Kd"). The Ke application weights and Kd in the composition of WACC were calculated based on the average capital structure of the market of comparable companies considered for the evaluation (see Annex I). In this context, the calculated discount rate was

  13.50% per year in nominal terms.

Macroeconomic assumptions

The projections of the IPCA and CDI indicators were obtained from the Market Expectations System (Central Bank) for the Data Base. The projection of inflation in Argentina was raised used in the system of *Bloomberg*
to the Base Date:

assumptions	Tri 4th 2019	2020	2021	2022	2023
IPCA	3.44%	3.77%	3.77%	3.59%	3.55%
CDI	5.92%	4.83%	6.18%	6.62%	6.65%

From 2024, it was assumed the stabilization of macroeconomic assumptions used (ie maintenance of data projected for 2023).

Operating income

The operating revenue categories are described below:

- **licensed medicines -** Typically consists of innovative products that, in most cases, are in patent period. Thus, the pharmaceutical company that holds the patent can explore the sale of that drug without competition from other producers.

- **branded generics -** These drugs are no longer the patent period. However, they benefit from a strong brand, already established in the market, entry barrier serves other simple generic competitors (no mark). This feature allows the medicine to be seen by retail customers with a quality differential that exceeds the price difference that exists in relation to the common generic.

The Biotoscana, benefits from a portfolio primarily comprised of licensed drugs and branded generics to get higher return on their products.

The Company operates in most Latin American countries, including Brazil, Argentina, Colombia, Mexico, Chile, Peru, Ecuador, Uruguay, Bolivia and Paraguay. However, the participation of the three countries is more relevant within the total operating revenue.

Projected revenues are presented according to the openings by country and product category as set out in the following pages, grouping the less relevant countries as "other".

For sales projection purposes, they considered the estimates provided by management, drawn up in the light of sales expectations segregated by product of the current portfolio and any new drugs to be incorporated.

It is expected that the Company present rate of moderate growth in the line of licensed drugs in Brazil, most representative country in terms of sales for Biotoscana. On the other hand, protrude boldest growth for the line of branded generics, little relevance in terms of in domestic revenue.

Regarding Argentina, where the representation of branded generics is higher than that of graduates are estimated real growth in the early years of the Explicit period, based mainly on expected sales growth in line of licensed drugs in that country.

In Colombia, there is a greater balance between the representativeness of the two product categories, and the line of licensed drugs accounted for about two-thirds of the industry's sales in the country. It is expected that the Company's revenues grow consistently in both categories, emphasizing the line of branded generics.

In other countries, we expect similar growth among product categories, without a specific focus strategy.

Operating Expenses

- **Operational costs**

  The operating costs of the Company were designed based on discussions with management about the level of margin recovery presented in the historical period, after normalization of the effects of hyperinflation in Argentina on its results. Thus, the estimated gross margin for the first 2 periods of the projection (4T2019 and 2020) has constant compared to that reported in the financial statements of the third quarter of 2019. Subsequently, projetase A margin gain, motivated by the expectation of standardization economic scenario in Argentina.

  In 2022 it is estimated that the Company to recover the historical average level of the last four reporting periods (2016, 2017, 2018 and 9m2019) gross margin of 50.7%.

- **Operational expenses**

  Operating expenses were designed in order to capture the effects of margin gains arising from the dilution of fixed costs. Thus, similar to what is observed for the projections of gross margin is estimated to recovery of the Company's EBITDA margin, up to a level of approximately 22% in 2024, slightly above the recent history.

Income Taxes [6]

To be present in several countries in Latin America, Biotoscana considers different tax rates on income in different tax regimes as applicable in each region of operation. For modeling purposes, it was considered the effective tax rate of 25.8% in the report published by the Company in its relationship with investors site for the period of 9 months of 2019.

It should be noted that due to the fact that the projected cash flows are denominated in desalavancadas basis (excluding the effects of the financial result) the reported effective tax rate was applied to the earnings before interest.

Working capital

P rojetado according to the historical average of the percentage of the Company's working capital in relation to its net income for the years ended December 2018 and September 2019 (35.7%).

investments

- **Immobilized**

It refers to the maintenance and expansion capital expenditures related to equipment, machines, company vehicles and buildings in accordance with the business plan prepared by management to maintain the level of activity capable of supporting future results projected.

- **Intangible**

Comprises investments in assets such as software, research and development, brands and licenses related to drugs marketed. As the fixed assets, the projections were based on the Company's business plan.

- **Depreciation and amortization**

Depreciation and amortization were designed based on the respective rates reported in the financial statements of the Company (11.5% for fixed assets and intangible assets for 10.2%).

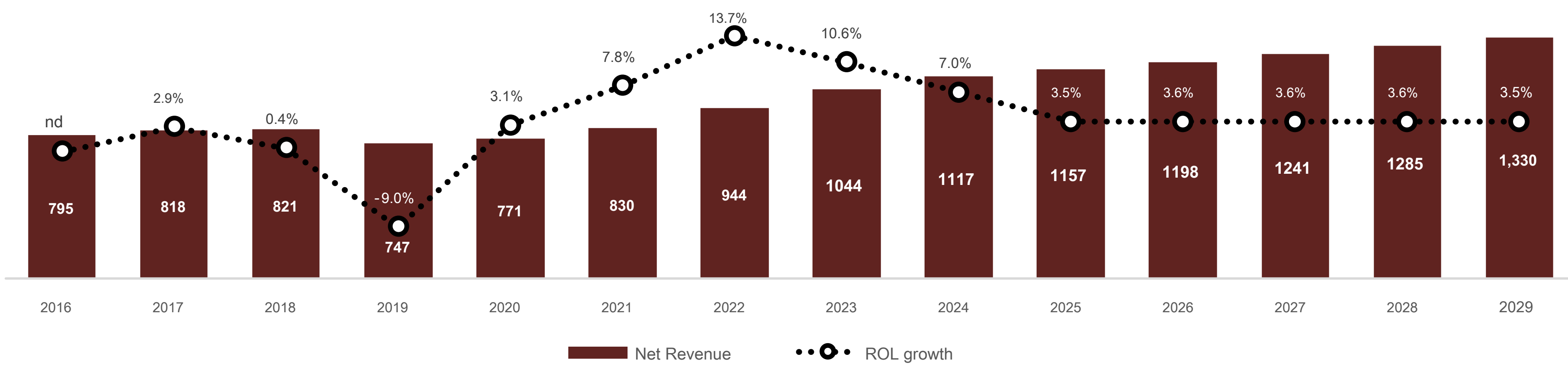
The following will be presented projections of revenues, income statement and cash flow.

[6] Available as a result of Presentation 3T2019

Projection of Gross Revenue

The table below shows the projection of total net revenues and composition by country and product category:

Revenue by Country (US $ thousand)	Tri 4th 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Brazil	89,935	375 590	403 019	425 548	427 199	415 434	430 182	445 454	461 267	477 642	494 599
Graduates	86,382	371 954	398 269	420 082	421 076	408 636	423 142	438 164	453 719	469 826	486 504
branded generics	3,554	3635	4749	5466	6123	6799	7040	7290	7549	7817	8,094
Argentina	32,596	133 966	141,946	158 751	177 136	178 638	184 980	191 547	198 347	205 388	212 679
Graduates	5065	19,842	28,439	37,486	42,289	45,086	46,687	48,344	50,061	51,838	53,678
branded generics	27,530	114 124	113 507	121 265	134 847	133 552	138 293	143 203	148 286	153 550	159 001
Colombia	26,085	119 178	126 775	157 212	186 403	215 282	222 925	230 839	239 033	247 519	256 306
Graduates	2221	79,403	75,471	98,607	115 938	122 294	126 635	131131	135 786	140 606	145 598
branded generics	23,863	39,775	51,304	58,605	70,465	92,989	96,290	99,708	103 248	106 913	110 708
Others	58,434	152 845	170 487	216 069	267 964	323 913	335 412	347 319	359 649	372 417	385 637
Graduates	30,144	88,095	95,282	127 392	160 056	189 734	196 469	203 444	210 666	218 145	225 889
branded generics	28,290	64,750	75,205	88,677	107 908	134 180	138 943	143 875	148 983	154 272	159 748
Returns	(2899)	(10,942)	(11.791)	(13,406)	(14,822)	(15,866)	(16,429)	(17,012)	(17,616)	(18,242)	(18,889)
Total	**204 151**	**770 636**	**830 436**	**944 174**	**1043882**	**1117402**	**1157070**	**1198146**	**1240680**	**1284725**	**1330332**



Demonstration exercise result Designed

The Following are the projections of revenues, costs and expenses and taxes of Biotoscana:

R $ thousand	Tri 4th 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Net Revenue	204 151	770 636	830 436	944 174	1043882	1117402	1157070	1198146	1240680	1284725	1330332
ROL growth	*nd*	*3.1%*	*7.8%*	*13.7%*	*10.6%*	*7.0%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*	*3.5%*
Operational costs	(107,392)	(405,387)	(423,290)	(465,856)	(515,051)	(551,326)	(570,898)	(591,165)	(612,152)	(633,883)	(656,386)
Gross profit	**96,759**	**365 249**	**407 145**	**478 319**	**528 830**	**566 076**	**586 172**	**606 981**	**628 529**	**650 841**	**673 946**
Gross margin	*47.4%*	*47.4%*	*49.0%*	*50.7%*	*50.7%*	*50.7%*	*50.7%*	*50.7%*	*50.7%*	*50.7%*	*50.7%*
Operational expenses	(62,491)	(235,895)	(254,200)	(281,309)	(305,478)	(324,135)	(335,642)	(347,557)	(359,895)	(372,672)	(385,902)
EBITDA	**34,268**	**129 354**	**152 945**	**197 010**	**223 353**	**241 941**	**250 530**	**259 424**	**268 633**	**278 170**	**288 045**
EBITDA margin	*16.8%*	*16.8%*	*18.4%*	*20.9%*	*21.4%*	*21.7%*	*21.7%*	*21.7%*	*21.7%*	*21.7%*	*21.7%*
Depreciation and amortization	(4925)	(24,079)	(29,265)	(31,827)	(33,444)	(34,669)	(36,164)	(37,711)	(39,313)	(37,818)	(26,811)
EBIT	**29,343**	**105 275**	**123 680**	**165 184**	**189 909**	**207 272**	**214 366**	**221 713**	**229 320**	**240 352**	**261 233**
EBIT margin	*14.4%*	*13.7%*	*14.9%*	*17.5%*	*18.2%*	*18.5%*	*18.5%*	*18.5%*	*18.5%*	*18.7%*	*19.6%*
Income taxes	(7570)	(27,161)	(31,910)	(42,617)	(48,997)	(53,476)	(55,307)	(57,202)	(59,165)	(62,011)	(67,398)
NOPAT	**21,772**	**78,114**	**91,771**	**122 566**	**140 913**	**153 796**	**159 060**	**164 511**	**170 156**	**178 341**	**193 835**
NOPAT margin	*10.7%*	*10.1%*	*11.1%*	*13.0%*	*13.5%*	*13.8%*	*13.7%*	*13.7%*	*13.7%*	*13.9%*	*14.6%*
check	-	-	-	-	-	-	-	-	-	-	-

Cash Flow Designed

THE Following are the projections of the Biotoscana cash flow beginning in the fourth quarter of 2019:

R $ thousand	Tri 4th 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
EBITDA	34,268	129 354	152 945	197 010	223 353	241 941	250 530	259 424	268 633	278 170	288 045
Taxes	(7570)	(27,161)	(31,910)	(42,617)	(48,997)	(53,476)	(55,307)	(57,202)	(59,165)	(62,011)	(67,398)
Changes in working capital	(96)	16,415	(21,354)	(40,615)	(35,604)	(26,254)	(14,165)	(14,668)	(15189)	(15,728)	(16,286)
CAPEX	(11,923)	(68,749)	(26,782)	(21,495)	(6973)	(14,011)	(14,508)	(15,023)	(15,556)	(16,109)	(16,680)
Cash Flow for the Firm	14,678	49,859	72,900	92,283	131 779	148 201	166 550	172 531	178 724	184 323	187 680
discount period	0.13	0.75	1.75	2.75	3.75	4.75	5.75	6.75	7.75	8.75	9.75
discount factor	0.98	0.91	0.80	0.71	0.62	0.55	0.48	0.43	0.37	0.33	0.29
discounted cash flow	14,448	45,341	58,408	65,142	81,956	81,205	80,404	73,383	66,974	60,855	54,593

note: The discount factor is calculated according to the formula below:

$$\text{•••••} = [\ \frac{1}{(\text{••••} + 1)\ \hat{}\ \text{•}]}$$

Where:

- WACC = discount rate (13.50% pa, as described in the next section);
- n = discount period, expressed in years, according to the part-time approach elucidated in general premises section.

Discount rate

The discount rate used was calculated based on the weighted average cost of capital (WACC). This rate takes into account the cost of debt (Kd) which was calculated based on the Company reported cost of debt on the Base Date and the cost of equity (Ke) obtained by the CAPM method.

The CAPM estimates the cost of equity from the return of a risk-free asset, adding certain awards that represent the additional return required by the shareholder, as shown below:

$$\bullet\bullet = \left[\frac{(1 + \bullet\bullet) * (1 + \bullet\bullet\bullet\bullet)}{(\bullet\bullet\bullet\bullet + 1)} - 1\right] + \beta (\bullet) * + \bullet\bullet\bullet\ \bullet\bullet$$

Where:

- Ke = Cost of Equity;
- Rf = Risk Free Rate: T-Bond 10Y - average 1-year return (source: *Bloomberg);*
- r_{BRL} = Inflation rate in Brazil: average projected 10 years (source: Market Expectations System - Central Bank);
- r_{USD} = US Inflation Rate: projected average of 10 years (source: *Personal Consumption Expenditures (PCE) Price Index - Congressional Budget Office);*
- ß (a) = Beta leveraged was calculated according to the formula below:

$$\beta (\bullet) = \bullet (\bullet) * \{1 + [(1 - \bullet) * \bullet / \bullet]\}$$

Where:

- ß (d) = Beta unlevered (0.76) was estimated based on information from comparable companies listed on the stock exchange, drawn from *Bloomberg (* see Annex I);
- T = Income taxes = 25.8% (effective rate used in cash flow projections presented above);
- D / E = ratio of the estimated capital structure for the Company based on the proportion of debt (D) calculated by the average of the data available for comparable companies used in the beta calculation (see Annex I) and in the proportion of equity (E) calculated by difference (D-1). (source: *Bloomberg);*
- MRP = Market Premium (source: *Damodaran* 2019);
- = CR Premium Country risk: JP Morgan EMBI + index (*Emerging Market Bond Index)* average historical data available for the countries with the largest representation in the Company's revenue during the period Explicit (Brazil, Argentina and Colombia) weighted by contribution of each country to the total net income projected over Explicit period (source: *Bloomberg).*

  For Brazil and Colombia, we used the historical average of one year of that parameter. However, in order to capture the effects of the recent intensification of the deterioration of the economic situation in Argentina, we used the historical average of 6 months to that country, which reflects more adequately the return demanded by a market participant to investments in higher risk scenario.

The third-party capital cost was calculated based on interest rates on loans and financing agreements reported in the financial statements for the third quarter of 2019, weighted balance of each contract, as follows:

banks	description	Currency	BRL rate (% Aa)	Amount BRL thousand (September / 2019)	average rate
Citibank	Fixed rate 18.40% pa	ARS	-8.71% *	900	-0.04%
Itaú	CDI + 1.65% pa	BRL	8.02%	151 265	6.33%
Santander	CDI + 2.00% pa	BRL	8.37%	39,689	1.73%
kd average				**191 854**	**8.02%**

*Given that the loan uptake rate from Citibank in Argentina is fixed at 18.40% per year and that inflation expectations for that country exceeds the agreed rate, the result of the effective rate of the loan is negative when expressed in real terms . However, it is emphasized that the effect of this loan in the calculation of the weighted average cost of capital employed in the third Biotoscana is immaterial given its proportion in the total balance of the Company's debt (0.5%).

Later, to capture the tax effect on the debt, it considered the effect of the deductibility of interest on loans and financing, finding a Kd discount after the effective rate of 25.8% tax equivalent to 5.95% pa as explained below.

•• ••ó• •••••••• = •• ••••• •• •••••••• * (1 - •)

In this context, it is calculated WACC rate by weighting the result obtained for Kd and Ke according to the following formula:

* = •••• ••

• • + * + •• ••ó• •••••••• • • + •

Below is the composition of the discount rate:

parameters	Sources
Risk-free rate	2.14% T-Bond 10Y (historical average 1 year in current R $)
Country risk	EMBI + 5.74% (historical average)
market premium	Damodaran 6.26% - average arithmetic (1928-2019)
unlevered beta	Bloomberg 0.76 - historical average of the market of comparable companies
Due% (Kd) - [D / (D + E)]	Bloomberg 14.9% - Average market comparable companies
% Equity (Ke) - [E / (D + E)]	85.1% Output - Calculation PwC
tax rate - IR / CSLL	Tax rate 25.8% Effective income taxes
beta realavancado	Output 0.86 - Calculation PwC
US inflation	1.99% PCE - US Congressional Budget Office (projected average 10 years)
Brazilian inflation	3.55% IPCA - Focus Bulletin (projected average 10 years)
Cost of Equity (CAPM) R $ chains	**14.83% Output - Calculation PwC**
Cost of debt (before tax) in current R $	8.02% Weighted average cost of debt - dem. fin. 3 tri 2019
Cost of debt (after tax) in current R $	5.95% Output - Calculation PwC
Weighted Average Cost of Capital (WACC) R $ chains	**13.50% Output - Calculation PwC**

Result - Economic Value

Based on the assumptions described above, below we present the result of the Company's economic value for shareholders in the Data Base, as well as the value per share:

Economic value - FCD	R $ thousan
Present value of cash flows	1250428
other assets	86,595
Cash and cash equivalents	77,624
Other assets held for sale	3978
investments	4993
other liabilities	(255,863)
Loans and financing	(223,694)
provisions	(7865)
Deferred taxes - assets and liabilities	(24,304)
Value of the shares	1081160
# total number of shares excluding treasury (in thousands)	106 132
Price per share	10.19

As usual market practice for business valuations, in order to sensitize the potential impacts of changes in key assumptions used, it was considered a variation of 5% up and down the midpoint of the result of the measurement of the economic value, resulting in values per share of R $ 10.70 and R $ 9.68. In accordance with item XIII, "d", Annex III of CVM 361, said range of values does not exceed 10% of the highest value.

R $ million	equity Value	No. Actions (thousand)	R $ / share
- 5%	1,027	106 132	9.68
Evaluation Results	1,081	106 132	10.19
+ 5%	1135	106 132	10.70

The results presented above are based on using the assumptions presented in this Report and particularly influenced by the context described below:

- Revenue projection based on the best estimates made by management for the Data Base;
- The asset and liability accounts in the table next door were considered in the Data Base according to their reported carrying values, and are composed of:

O Cash and cash equivalents;

O Other assets held for sale;

O Investments (investment properties - "PPI");

O long-term deferred taxes (assets and liabilities);

O Loans and short and long-term financing;

O short and long-term provisions related to processes court that, being recorded in the balance sheet reflect the prospect of probable loss.

According to the table next to the asset adjustments and other liabilities not captured in operating cash flow for the material form designed were considered in the evaluation of this Report.

attachments

Annex I

The following tables contain the companies used as Beta parameter base and leverage in the calculation of the discount rate:

Ticker	Company	unlevered beta	D / (D + E)
ROG SW Equity	Roche Holding AG-GENUSSCHEIN	0.96	3.41%
GSK LN Equity	GLAXOSMITHKLINE PLC	0.76	23.62%
BAYN GY Equity	BAYER AG-REG	0.70	38.67%
APN SJ Equity	Aspen Pharmacare HOLDINGS LT	0.69	45.95%
HYPE3 BZ Equity	Hypera SA	0.66	0.00%
4502 JP Equity	TAKEDA PHARMACEUTICAL CO LTD	0.75	19.04%
SAN FP Equity	SANOFI	0.72	17.17%
PFE US Equity	PFIZER INC	0.66	18.28%
MRK US Equity	MERCK & CO. INC.	0.65	8.16%
NOVN SW Equity	NOVARTIS AG-REG	0.91	9.82%
AZN LN Equity	ASTRAZENECA PLC	0.81	9.25%
BMY US Equity	MYERS SQUIBB CO-BRISTOL	0.79	0.00%
GUD CN Equity	KNIGHT THERAPEUTICS INC	0.84	0.00%
Average		0.76	14.9%

Source: Bloomberg

Annex II: Assumptions and Limitations

Our assessment is only one of several factors to be considered to arrive at the value of a company, determinable primarily through free enterprise negotiations between the parties concerned, in a free market and open, where neither party has special reasons to buy or to sell and both have good knowledge of the relevant facts. Our evaluation did not take into consideration potential synergies, strategic reasons, economies of scale or other benefits that potential investors could have or lose in the case of exchange of the Company's control.

In preparing the assessment, we use information and historical and projected data, audited and unaudited, provided in writing or verbally by management, or obtained from public sources mentioned. In addition, like any forecast is subjective and depends on individual judgment, subject to uncertainties, we do not present forecasts as specific results to be achieved.

PwC, its officers, employees, consultants or representatives do not, or will, expressly or implicitly, any representation or warranty as to the accuracy or completeness of any of the information provided by the Company or by third parties it hires (including studies, projections or forecasts, or even assumptions and estimates on which such projections and forecasts were based) used in the preparation of this Valuation Report, it being understood, however, that PwC used for Award of preparation purposes only management information it considered consistent . So we are not able to issue and do not issue opinions on the historical data, projections and other information contained in this Report.

The Company has given certain statements to PwC with respect to the information provided under the Letter of Representation dated 12.20.2019, including having no knowledge nor was informed of events that have not been disclosed to PwC or the general public regarding the evaluation of the Company until the date of issue of this Report which, according to the understanding of the company, could affect the conclusions in this Report.

The work does not include due diligence activities, so do not consider any kind of contingency, occurrence or other issues that are possibly not recorded in the financial statements or balance sheets supplied to us. Thus, the results of our work do not consider the effect of these items, if any.

The preparation of financial statements and disclosure of information to third parties is the responsibility Administration. Our services do not include the preparation of financial statements, notes or any disclosure of information to third parties. Also our work does not include review of the Company's accounting records. For definition of the accounting records, management should consult its independent auditors.

In the event that at any time, we become aware of facts or information which have not been provided in prior to the issuance of our Award in final form, we reserve the right to revise the calculations and the resulting values.

PwC does not express any opinion on the positive or negative effects which might be generated for the Company and / or its shareholders as a result of the Tender Offer and does not assume any responsibility for the outcome.

PwC did not make any recommendation, express or implied, regarding the terms and conditions of the Tender Offer.

This Valuation Report is not a judgment, opinion or recommendation to the management or shareholders of the Company or any third party on the convenience and opportunity, or as to the decision making or acceptance of the tender offer. This Valuation Report, including its analyzes and conclusions, (i) does not constitute a recommendation to any Board member or the Company shareholder or by the Company, nor any of its parent companies, subsidiaries or associates how to vote or act on any matter relating to the Tender Offer ; and (ii) it can not be used to justify the right to vote of any person on any subject, including shareholders.

Using Award

Reports on any form of draft or preliminary presentations of our work have been issued only for discussion between the Contractor and PwC. Therefore, only be used for this purpose and should not be considered as final documents. Valid conclusions of our work are presented and expressed only in our final Award signed.

Our work will be developed to the objectives already described in the "Scope and purpose" section. Therefore, (i) our work (including testing, results, Reports and any other information) should not be used for purposes other than those cited, and (ii) our Award shall not be published, circulated, reproduced or disclosed to third parties without our prior written approval, in each case, which may or may not be granted or may still be granted in accordance with certain conditions. In case we grant permission to access our Award to a third party, such access will be subject to (i) this third sign a document exempting PwC responsibility towards work and our Award (Letter of Access, and its terms determined exclusively by PwC) and (ii) the final Award is presented in full. The use of the report in the context of the tender offer as defined in the "Scope and Purpose" section of this Report, is approved in advance.

Notwithstanding the foregoing, in the context of the transaction, we recognize that the Award is available to the public through the website of the CVM,

B3, the Company, the Intermediary Institution and also will be presented to the CVM and B3 without such disclosures involving the breach of the Contractor's confidentiality obligations to PwC.

Except with the prior formal authorization, PwC will not allow any purpose other than as described above context.

The completion of a transaction involving the Company's shares is a decision of its shareholders. We do not issue any formal recommendation on the value or other conditions in which the parties should carry out a transaction. Thus, any decision on the terms of a transaction, especially on price, is the sole responsibility of the Company's shareholders.

Not assume any responsibility for loss occasioned to the Contractor, its shareholders, directors or other parties as a result of our use of data and information provided by the Administration or from other sources, as well as the publication, dissemination, reproduction or use of our report contrary to or without observing the restrictions of the preceding paragraphs.

The CVM may require, within the period provided for in paragraph 2 and paragraph 4 of art. 9 of ICVM361, the offeror:

I - know if the value of the object Company has changed significantly after the valuation date; and

II - if so, ask the review to update the value of the object contained in the Company Report.

This Valuation Report was prepared exclusively in Portuguese and, should it be translated into another language, the Portuguese version shall prevail for all purposes.

Glossary

Glossary

Item	Translation / Explanation / Definition
4T2019	Fourth quarter 2019
9m2019	Nine months of 2019 (January - September)
ANP	Oil National Agency
AUS	Australia
Central Bank	Brazilian central bank
BDR	Brazilian Deposit Receipts - securities issued in Brazil, which have as active ballast, usually shares issued
Bloomberg	Institution globally recognized information to the financial market
Breakdown	detailing
BRL	Brazilian currency - Reais
BRL	Brazilian reais
CAPEX	Capital Expenditures - Investments
CDI	Certificate of Interbank Deposit
CVM	Securities and Exchange Commission
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization, which is the translation of the phrase in English *Earnings before Interest,*
equity Value	Asset value
I	European Union
euro MTF	One of the two Luxembourg stock markets
Free Float	Terminology used in the capital market and refers to the actions that a company intended to free trading market. The free
HIV	Human immunodeficiency virus
HMO	Hospital Maintenance Organization
hub	logísitico center
IAS 29	International Accounting Standards 29 - Financial reporting for hyperinflationary economies.
ICVM 361	Instruction CVM related to the takeover process
IFRS	International Financial Reporting Standards - Standards governing the Accounting
IPCA	Index of Consumer Prices Broad
ISR	Israel
ITR 3T2019	financial statements for the third quarter of 2019 the Company

Glossary (cont.)

Item	Translation / Explanation / Definition
LTM	Last Twelve Months - LTM
m²	Square meters
MBA	Master Business Administration - Professional Master of Business Administration
R & D	Research and Development
Patent Cooperation Treaty Treaty of cooperation on patents	
pipeline	Expectations of the Company's sales
PUC	Pontifical Catholic University
R$	Brazilian reais
ROL	Net operating revenue
tag Along	protection mechanism for minority shareholders of a company that guarantees them the right to leave a company if
T-Bond	Treasury bond - Title of US government debt.
Ticker	Code used for negotiation and consultation of an asset traded on a stock exchange, usually representing a
UFRJ	Federal University of Rio de Janeiro
US	USA
WACC	Weighted Average Cost of Capital - Weighted Average Cost of Capital