Nadir Figueiredo Indústria e Comércio S.A.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Individual and consolidated financial statements accompanied by Independent Auditor’s Report

December 31, 2019

Contents

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note 34 to the financial statements.)

Independent auditors' report on the individual and consolidated financial statements

Grant Thornton Auditores Independentes

Av. Eng. Luís Carlos Berrini, 105 - 12º andar
Itaim Bibi, São Paulo (SP) Brasil

T +55 11 3886-5100

To the Administrators and Board Members of
Nadir Figueiredo Indústria e Comércio S.A.
São Paulo – SP

Opinion

We have examined the individual and consolidated financial statements of Nadir Figueiredo Indústria e Comércio S.A. ("Company"), identified as parent company and consolidated, respectively, comprising the balance sheet as of December 31, 2019 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, including the summary of significant accounting policies.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the individual and consolidated financial position of Nadir Figueiredo Indústria e Comércio S.A. as of December 31, 2019, the individual and consolidated performance of its operations and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing.
Our responsibilities, in accordance with such standards, are described in the "Responsibilities of the auditor for the audit of individual and consolidated financial statements" section. We are independent in relation to the Company and its subsidiaries, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters ("KAM") are those who, in our professional judgment, were the most significant in our audit of current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and when we formed our opinion on these individual and consolidated financial statements, and, accordingly, we do not express a separate opinion on these matters.

Measurement of actuarial obligations (parent company and consolidated)

Note 23 – Reason why the matter was considered a KAM

The Company is a sponsor of the variable contribution benefit plan, which ensures monthly income for disability retirement, death pension, annual bonus, sick pay, lump-sum death and disability benefit, in the defined benefit modality. Furthermore, the Company and its subsidiaries offer its employees the Health Assistance Reimbursement Insurance in the Outpatient, Hospital and Obstetric segments, pursuant to Normative Resolution 279 of the National Supplementary Health Agency (ANS).

Such values are material in the context of the individual and consolidated financial statements and involve the need to use an adequate database and to determine assumptions with a high degree of subjectivity, such as discount rates, inflation and mortality. This matter was, after our analysis of all the significant risks for the current year, considered material again and, therefore, critical to our audit, since the liabilities with employee benefits are subject to changes in the assumptions, among others factors, with a certain degree of subjectivity in measuring said obligations (in addition to the uncertainties inherent in this type of estimate and the respective assumptions used in actuarial calculations).

How the matter was addressed in the audit of the financial statements

Our audit procedures included, among others:

- Understanding and analysis of relevant internal controls involving the recording and measurement of liabilities arising from defined contribution benefit plans and health care reimbursement insurance, considering, among others, the controls related to the totality and adequacy of the databases and those for approving the assumptions considered in the actuarial calculations;
- We have tested the database to confirm the completeness of the data that support the actuarial calculations of employees, selecting, on a sample basis, certain employees and confirming that the registered data and the basis for calculating and paying the benefits were adequate;
- We have obtained assistance from our actuarial experts with an understanding of the methodologies and judgments used by Management in determining the assumptions adopted in the calculation of obligations in comparison with market parameters;
- On a sample basis, we have carried out the actuarial calculations again using our actuarial experts based on the calculation performed by the Company's external actuaries, considering the assumptions adopted in the calculations, in addition to tests of existence and recalculation of the fair value of the plan assets;
- We have also evaluated whether the disclosures made in the financial statements are in accordance with the applicable rules and provide information on the nature, exposure and amounts of provisions of liabilities derived from defined contribution benefit plans and health assistance reimbursement insurance of the Company.

As a result of the audit procedures conducted, we understand that the criteria and assumptions adopted by the Company for measuring actuarial obligations were appropriately addressed and disclosed in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of added value

The individual and consolidated statements of added value (DVA) for the year ended December 31, 2019, prepared under responsibility of Company's Management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures carried out jointly with our audit of Company's financial statements. In order to form our opinion, we evaluated whether the accompanying statements are reconciled with the accounting financial statements and accounting records, as applicable, and whether its form and content are according to the criteria established in the Technical Pronouncement CPC 09 – Statement of Added Value. In our opinion, these statements of added value were prepared, in all material respects, in accordance with the criteria defined in this Standard and are consistent with the individual and consolidated financial statements taken as a whole.

Other information accompanying individual and consolidated financial statements and the Auditor's Report

The Company's management is responsible for other information comprising Management Report.

Our opinion on the individual and consolidated financial statements do not include the Management Report and we do not express any audit conclusion on such report.

In connection with the audit of individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a material manner, inconsistent with the financial statements or with our knowledge gained in the audit, or otherwise appears to be materially distorted. If, based on the performed work, we conclude that there is material misstatement in the Management Report, we are required to report such fact. We do not have anything to report on this respect.

Responsibilities of management and governance for the individual and consolidated financial statements

Management is responsible for the preparation and adequate presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFR), issued by the International Accounting Standards Board (IASB), and the internal controls it deemed necessary to enable the preparation of these financial statements free of significant misstatements, regardless of whether the latter were caused by fraud or error.

In the preparation of individual and consolidated financial statements, Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those charged with governance of the Company and its subsidiaries are the people responsible for overseeing the process of preparation of the financial statements.

Responsibilities of the auditor for auditing individual and consolidated financial statements

Our objectives are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance means a high level of assurance, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards always detects any existing material misstatement. The misstatements may result from fraud or error and are considered relevant when, individually or in conjunction, they may affect, from a reasonable standpoint, economic decisions of the users based on such financial statements. As part of the audit performed according to the Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of individual and consolidated financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks and obtained sufficient and appropriate audit evidence for expressing our opinion. The risk of not detecting material misstatement resulting from fraud is higher than that from error, as fraud may involve the act of cheating internal controls, collusion, falsification, omission or intentional misrepresentations;
- Obtain an understanding of the internal controls relevant to the audit to plan the audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls of the Company and its subsidiaries.
- Assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the respective disclosures made by the Management;
- Conclude about the adequacy of the use, by management, of the accounting basis of going concern, and, based on the audit evidence obtained, whether there is a material uncertainty in relation to the events or conditions that may give rise to significant doubt in relation to the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include modification in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidence obtained until the date of our report. However, future events or conditions may cause the Company to no longer continue as a going concern;
- Assess the overall presentation, structure and contents of financial statements, including the disclosures and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner consistent with the objective of fair presentation.
- We obtained appropriate and sufficient audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the individual and consolidated financial statements. We are responsible for the management, oversight and performance of audit of the group, and, consequently, the audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of planned audit works and significant audit findings, including any significant deficiencies in internal controls that may have been identified during our works.

We also provide those charged with governance with a statement that we complied with relevant ethical requirements, including the applicable requirements of independence, and communicate all potential relationships or matters that could materially affect our independence, including, where applicable, the related safeguards.

Out of matters that were communicated to people responsible for governance, we determined those that were considered as the most significant in the audit of financial statements for current year and that, accordingly, comprise the key audit matters. We describe these issues in our audit report, unless a certain law or regulation has prohibited the public disclosure of the issue, or when, under extremely rare circumstances, we determine that the issue shall not be reported in our report, because the adverse consequences from such report may, from a reasonable perspective, exceed the benefits from the report for public interest.

São Paulo, March 03, 2020

Nelson Fernandes Barreto Filho
Assurance Partner

Grant Thornton Auditores Independentes

NADIR FIGUEIREDO INDÚSTRIA E COMÉRCIO S.A.

Individual and consolidated balance sheets as of
December 31, 2019 and December 31, 2018
(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

		Parent company		Consolidated	
ASSETS	**Notes**	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
CURRENT ASSETS					
Cash and cash equivalents	5	12,026	15,391	12,926	16,599
Securities	6	89,260	38,738	89,461	45,857
Trade accounts receivable	7	214,882	154,333	216,324	157,355
Inventories	8	118,664	118,875	122,173	131,079
Recoverable taxes		5,787	4,189	8,261	9,519
Other receivables		3,390	4,281	3,474	4,363
Prepaid expenses		1,301	532	1,301	534
Total current assets		**445,310**	**336,339**	**453,920**	**365,306**
NON-CURRENT ASSETS					
Trade accounts receivable	7	1,725	2,414	1,725	2,414
Judicial deposits	20	1,299	1,495	1,299	1,495
Other receivables		1,167	1,936	267	247
Deferred taxes	9b	16,942	-	16,942	-
Investments in subsidiaries	11	2,977	25,243	-	-
Assets held for sale	10	-	105,082	-	105,082
Property, plant and equipment	13	272,369	241,418	272,571	241,827
Intangible assets		1,083	1,256	1,083	1,256
Right-of-use	14	10,416	-	10,416	-
Total non-current assets		**307,978**	**378,844**	**304,303**	**352,321**
TOTAL ASSETS		**753,288**	**715,183**	**758,223**	**717,627**

See the accompanying notes to the financial statements.

NADIR FIGUEIREDO INDÚSTRIA E COMÉRCIO S.A.

Individual and consolidated balance sheets as of
December 31, 2019 and December 31, 2018
(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

		Parent company		Consolidated	
LIABILITIES	**Notes**	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
CURRENT LIABILITIES					
Loans and financing	15	40,547	87,042	40,547	87,042
Suppliers	16	58,315	51,190	58,957	52,345
Taxes payable	17	21,781	24,506	22,718	25,865
Labor obligations	18	24,541	25,341	24,689	25,741
Dividends payable	22f	16,200	12,767	17,063	14,482
Leases payable	21	3,376	-	3,376	-
Other liabilities	19	13,097	16,262	13,078	16,273
Total current liabilities		**177,857**	**217,108**	**180,428**	**221,748**
NON-CURRENT LIABILITIES					
Loans and financing	15	215,000	45,000	215,000	45,000
Provision for legal disputes	20	1,477	1,194	1,477	1,194
Related parties	12	-	14,336	-	9,424
Deferred taxes	9b	-	14,829	-	14,829
Supplementary retirement and health care plan	23	33,828	24,859	33,828	24,859
Leases payable	21	7,359	-	7,359	-
Other liabilities		1,375	1,875	1,375	1,875
Total non-current liabilities		**259,039**	**102,093**	**259,039**	**97,181**
SHAREHOLDERS' EQUITY					
Capital	22a	172,674	200,000	172,674	200,000
Capital reserves	22b	63,108	-	63,108	-
Revaluation reserve	22c	-	8,429	-	8,429
Profit reserves	22d	111,084	154,866	111,084	154,866
Other comprehensive income	22e	(30,474)	32,687	(30,474)	32,687
Equity valuation adjustment	-	(8,148)	54,702	52,152	54,702
Other comprehensive income	-	(22,326)	(8,791)	(13,415)	(8,791)
Shareholders' equity attributable to controlling shareholders		**316,392**	**395,982**	**316,392**	**395,982**
Non-controlling interest		-	-	2,364	2,716
Total shareholders' equity		**316,392**	**395,982**	**318,756**	**398,698**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**753,288**	**715,183**	**758,223**	**717,627**

See the accompanying notes to the financial statements.

NADIR FIGUEIREDO INDÚSTRIA E COMÉRCIO S.A.
Individual and consolidated statements of income for the periods ended
December 31, 2019 and 2018
(In thousands of reais, unless otherwise indicated)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	Notes	Parent company		Consolidated	
		31/12/19	**31/12/18**	**31/12/19**	**31/12/18**
Net operating revenue	25	754,770	737,140	793,252	768,081
Cost of products sold	26	(445,224)	(404,177)	(466,852)	(418,251)
Gross income		**309,546**	**332,963**	**326,400**	**349,830**
Sales expenses	27	(108,757)	(110,408)	(119,580)	(119,326)
Administrative expenses	27	(86,628)	(91,553)	(87,918)	(93,268)
Other revenues (expenses), net		14,447	3,853	11,882	3,855
Equity in net income of subsidiaries		18	1,886	-	-
Operating income (loss) before financial income		128,626	136,741	130,784	141,091
Financial expenses	28	(23,846)	(25,645)	(25,497)	(27,097)
Financial revenues	28	7,221	8,421	7,852	9,188
Net financial income (loss)		(16,625)	(17,224)	(17,645)	(17,909)
Income before income tax and social contribution		112,001	119,517	113,139	123,182
Income tax and social contribution		(37,916)	(36,868)	(39,538)	(38,957)
Current	9a	(69,504)	(34,081)	(71,126)	(36,170)
Deferred	9a	31,588	(2,787)	31,588	(2,787)
Net income for the year		74,085	82,649	73,601	84,225
Attributed profit:					
Non-controlling shareholders		-	-	(484)	1,576
Controlling shareholders		74,085	82,649	74,085	82,649
Earnings per share attributed to controlling shareholders					
Earnings per share - basic and diluted (in R$)	24	5.46	6.09		

See the accompanying notes to the financial statements.

NADIR FIGUEIREDO INDÚSTRIA E COMÉRCIO S.A.
Individual and consolidated statements of comprehensive income for the periods ended December 31, 2019 and 2018
(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net income for the year	**74,085**	**82,649**	**73,601**	**84,225**
Other comprehensive income:				
Change in the measurement of actuarial liabilities	(5,919)	(2,844)	(5,919)	(2,844)
Foreign currency translation adjustments	303	(2,910)	435	(2,910)
Comprehensive income for the year	**68,469**	**76,895**	**68,117**	**78,471**
Comprehensive income attributable to:				
Controlling shareholders	68,469	76,895	68,601	76,895
Non-controlling shareholders			(484)	1,576

See the accompanying notes to the financial statements.

NADIR FIGUEIREDO INDÚSTRIA E COMÉRCIO S.A.

Statements of changes in shareholders' equity as of December 31, 2019 and December 31, 2018

(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	Attributable to controlling shareholders								
	Capital	**Capital reserve**	**Asset revaluation reserve**	**Profit reserves**	**Retained earning**	**Other comprehensive income**	**Total**	**Non-controlling interest**	**Total shareholders' equity**
Balance at January 01, 2018	**200,000**	**-**	**8,429**	**93,275**	**-**	**38,441**	**340,145**	**4,092**	**344,237**
Net income for the year	-	-	-	-	82,649	-	82,649	1,576	84,225
Effect of foreign currency translation	-	-	-	-	-	(1,805)	(1,805)	(1,847)	(3,652)
Effect of exchange-rate change on dividends	-	-	-	-	-	(1,105)	(1,105)	(1,105)	(2,210)
Formation of legal reserve	-	-	-	4,132	(4,132)	-	-	-	-
Formation of statutory reserve	-	-	-	8,265	(8,265)	-	-	-	-
Interest on own capital	-	-	-		(9,521)	-	(9,521)	-	(9,521)
Dividends	-	-	-	-	(11,537)	-	(11,537)	-	(11,537)
Profit retention	-	-	-	49,194	(49,194)	-	-	-	-
Other comprehensive income	-	-	-	-	-	(2,844)	(2,844)	-	(2,844)
Balance at December 31, 2018	**200,000**		**8,429**	**154,866**	**-**	**32,687**	**395,982**	**2,716**	**398,698**
Net revenue for the period	-	-	-	-	74,085	-	74,085	(484)	73,601
Effect of foreign currency translation	-	-	-	-	-	(47)	(47)	(46)	(93)
Effect of exchange-rate change on dividends	-	-	-	-	-	350	350	178	528
Formation of legal reserve	-	-	-	3,704	(3,704)	-	-	-	-
Formation of statutory reserve	-	-	-	3,704	(3,704)	-	-	-	-
Interest on own capital	-	-	-	-	(1,813)	-	(1,813)	-	(1,813)
Dividends	-	-	-	-	(16,054)	-	(16,054)	-	(16,054)
Profit retention	-	-	-	48,810	(48,810)	-	-	-	-
Other comprehensive income	-	-	-	-	-	(5,919)	(5,919)	-	(5,919)
Capital increase	100,000	-	-	(100,000)	-	-	-	-	-
Realization of revaluation reserves and deemed cost		63,108	(8,429)	-	-	(57,545)	(2,866)	-	(2,866)
Spun-off net assets	(127,326)	-	-	-	-	-	(127,326)	-	(127,326)
Balance at December 31, 2019	**172,674**	**63,108**	**-**	**111,084**	**-**	**(30,474)**	**316,392**	**2,364**	**318,756**

See the accompanying notes to the financial statements.

NADIR FIGUEIREDO INDÚSTRIA E COMÉRCIO S.A.
Statements of cash flow for the periods ended
December 31, 2019 and 2018
(In thousands of reais, unless otherwise indicated)
(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Cash flow from operating activities				
Income (loss) for the year	**74,085**	**82,649**	**73,601**	**84,225**
Adjustments to reconcile income (loss) to cash and cash equivalents generated by operating activities:				
Depreciation and amortization	37,340	33,752	37,516	33,771
Deferred income tax and social contribution	(31,588)	2,787	(31,588)	2,787
Equity in net income of subsidiaries	(18)	(1,886)	-	-
Interest expense	10,109	11,124	10,109	10,361
Provision for environmental lawsuits	(400)	-	(400)	-
Provision for lawsuits	283	(3,411)	283	(3,411)
Estimated (Reversal) Losses with doubtful accounts	(839)	(717)	(839)	(717)
Estimated (reversal) loss on obsolete inventories	(720)	(3,809)	(720)	(3,809)
Inflation adjustment and exchange-rate change, net	3,165	(430)	1,950	(3,948)
Interest of non-controlling shareholders	-	-	484	(1,576)
Spin-off Effect - Investments	-	-	(22,244)	-
Income (loss) of residual value from write-off of assets	161	442	161	442
	91,578	**120,501**	**68,313**	**118,125**
Changes in assets and liabilities				
(Increase) decrease in trade accounts receivable	(59,021)	(14,221)	(57,441)	(11,170)
(Increase) decrease in inventories	931	(20,604)	9,626	(20,318)
(Increase) decrease in recoverable taxes	(1,598)	(1,475)	1,258	(2,674)
(Increase) decrease in other credits	1,086	687	300	693
Increase (Decrease) in suppliers	7,125	10,056	6,611	9,206
Increase (decrease) in labor obligations	(1,083)	4,349	(1,335)	4,277
Increase (Decrease) in tax obligations	(2,724)	3,127	(3,146)	3,534
Increase (Decrease) in other liabilities	(2,982)	3,515	(3,012)	3,222
Net cash generated in operating activities	**33,312**	**105,935**	**21,174**	**104,895**
Cash flow from investment activities				
Dividends received	586	26,099	586	-
(Increase) decrease in securities	(50,522)	(28,946)	(43,604)	(28,929)
Additions in property, plant and equipment	(68,072)	(50,021)	(68,072)	(50,021)
Additions to intangible assets	(43)	(450)	(43)	(450)
Receipt upon disposal of fixed assets	578	308	578	308
Net cash invested (consumed) in investment activities	**(117,473)**	**(53,010)**	**(110,555)**	**(79,092)**
Cash flow from financing activities				
Loans and financing	346,827	165,015	346,827	165,015
Payments of loans and financing (principal and interest)	(233,980)	(170,628)	(233,980)	(170,628)
Leases	(3,057)	-	(3,057)	-
Payment of interest on own capital and dividends	(14,658)	(14,825)	(14,658)	(14,825)
Receipt of loans with related parties	(14,336)	(25,495)	(9,424)	532
Net cash consumed in financing activities	**80,796**	**(45,933)**	**85,708**	**(19,906)**
Decrease in cash and cash equivalents	**(3,365)**	**6,992**	**(3,673)**	**5,897**
Cash and cash equivalents at the beginning of the year	15,391	8,399	16,599	10,702
Cash and cash equivalents at the end of year	12,026	15,391	12,926	16,599
Decrease in cash and cash equivalents	**(3,365)**	**6,992**	**(3,673)**	**5,897**

See the accompanying notes to the financial statements.

NADIR FIGUEIREDO INDÚSTRIA E COMÉRCIO S.A.
Individual and consolidated statements of added value for the periods ended
December 31, 2019 and 2018
(In thousands of reais, unless otherwise indicated)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
(+) Revenues	**1,100,669**	**1,067,457**	**1,139,925**	**1,101,016**
Sale of merchandise, products and services	1,085,828	1,063,337	1,127,676	1,096,894
Other revenues	14,447	3,853	11,882	3,855
Allowance for doubtful accounts	394	267	367	267
(-) Inputs acquired from third parties	**(420,026)**	**(382,630)**	**(447,325)**	**(401,519)**
(Includes the tax amounts - ICMS and IPI)				
Cost of products sold	(71,731)	(68,698)	(71,731)	(68,698)
Materials, energy, outsourced services and other	(348,295)	(313,932)	(375,594)	(332,821)
(=) Gross added value	**680,643**	**684,827**	**692,600**	**699,497**
(-) Depreciation	(37,340)	(33,752)	(37,516)	(33,771)
(=) Net added value produced by the Entity	**643,303**	**651,075**	**655,084**	**665,726**
(+) Added value received as transfer	**6,859**	**11,364**	**7,472**	**10,245**
Equity in net income of subsidiaries	18	1,886	-	-
Financial revenues	7,221	8,421	7,852	9,188
Other	(380)	1,057	(380)	1,057
(=) Total added value payable	**650,162**	**662,439**	**662,556**	**675,971**
(=) Distribution of added value	**650,162**	**662,439**	**662,556**	**675,971**
Personnel expenses				
- Direct remuneration	127,420	131,627	132,699	136,290
- Benefits	34,311	37,687	34,419	37,778
- Severance Pay Fund (FGTS)	11,097	10,122	11,113	10,138
Taxes, duties and contributions				
- Federal	260,510	251,207	265,865	256,422
- State	116,366	117,245	116,394	117,268
- Municipal	962	1,260	1,405	1,757
Third-party capital remuneration				
- Interest	21,472	25,090	22,951	26,261
- Rents	1,566	4,997	1,565	4,996
- Other	2,374	555	2,546	836
Remuneration of own capital				
- Interest on own capital	1,813	9,521	1,813	9,521
- Retained earnings	72,271	73,128	72,271	73,128
- Profit sharing of non-controlling shareholders	-	-	(485)	1,576

See the accompanying notes to the financial statements.

1. OPERATIONS

Nadir Figueiredo Indústria e Comércio S.A. ("Nadir" or "Company”), headquartered at Avenida Zaki Narchi nº 500, in the city of São Paulo, is a publicly-held company with industrial facilities in the city of Suzano, State of São Paulo. The Company is mainly engaged in: industry, trade, export and import of glass, crystal, ceramics and tableware products, intended for housewares and food and beverage packaging, as well as holding interests in other companies.

2. PRESENTATION AND PREPARATION OF FINANCIAL STATEMENTS

a) Basis of presentation and preparation of individual and consolidated financial statements

As of March 6, 2020, the Fiscal Council and the Board of Directors approved the individual and consolidated financial statements of the Company and authorized their disclosure.

2.1. STATEMENT OF CONFORMITY

a) Individual financial statements

The individual financial statements of the parent company have been prepared in conformity with accounting practices adopted in Brazil, based in provisions of the Brazilian Corporate Law, pronouncements, interpretations and guidance issued by the Accounting Pronouncement Committee (“CPC”), standards issued by the Brazilian Securities and Exchange Commission (CVM), and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, (IASB) and evidence all relevant information in Financial Statements, and only it, which is consistent with that used by Management in its administration.

The Company adopted all the standards, reviews of standards, and interpretations issued by International accounting standards board (IASB) and Accounting Pronouncement Committee (CPC) that were in force on December 31, 2019.

b) Consolidated financial statements

The Company’s consolidated financial statements have been prepared based on international accounting standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), implemented in Brazil through the Accounting Pronouncement Committee (“CPC”) and technical interpretations (“ICPC”) and guidelines (“OCPC”), as approved by the Brazilian Securities and Exchange Commission (“CVM”).

(Amounts expressed in thousands of Reais, unless otherwise indicated)

The Company's consolidated financial statements include the financial information of the direct and indirect Company and subsidiaries. Control over these companies is obtained when the Company has the power to control their financial and operating policies and has the capacity to obtain benefits and be exposed to the risks of their activities. The subsidiaries were fully consolidated since the acquisition date, defined as the date when the Company obtains control over it, and continue being consolidated until that control is no longer in effect.

As of December 31, 2019 and 2018, the consolidated financial statements include the consolidation of the following companies:

	31/12/2019		31/12/2018	
	Interest		Interest	
Subsidiaries	**Direct**	**Indirect**	**Direct**	**Indirect**
Mineração Rosicler Ltda. (i)	-	-	99,97%	-
Ridan Empreendimentos Imobiliários Ltda. (i)	-	-	92,02%	7,98%
Distribuidora Brasim S.A. (ii)	50,00%	-	50,00%	-
Colorex Comércio e Desenvolvimento de Produtos Ltda.	100,00%	-	98,99%	1,00%

(i) According to the Extraordinary General Meeting held on July 31, 2019, the Justification for the Partial Spin-Off of the Company was approved, and these investments were part of the spun-off assets. The total amount of the spun-off assets between Investments in Equity Interest and Land was R$ 127,326, with a reduction in the Company's capital from R$ 300,000 to R$ 172,674.

List of spun-off assets	**R$**
Asset available for sale	105.082
Investments in ownership interest - Mineração Rosicler Ltda	3.801
Investments in ownership interest - Ridan Empreendimentos Imobiliários Ltda	18.443
Value of net assets calculated through accounting books	**127.326**

(ii) The Company controls financial and operating policies, mainly because the subsidiary is an exclusive reseller and only sell products acquired from the Company.

The accounting practices were consistently applied in all the subsidiaries included in consolidated financial statements, and are consistent with those applied in the previous year. Whenever is necessary, adjustments are made to conform accounting practices with those of the Company.

Balance sheet accounts, unrealized revenues, expenses and income (losses) arising from transactions between related parties are fully eliminated, net of tax effects (when applicable). A change in the ownership interest in a subsidiary which does not result in loss of control is accounted for as a transaction between stockholders in shareholders' equity.

Hyperinflation in Argentina

In July 2018, considering that the inflation accumulated in the past three years in Argentina was higher than 100%, the adoption of the accounting and reporting standard in hyperinflationary economy (IAS 29, equivalent to CPC 42) became mandatory. Pursuant to IAS 29, non-cash assets and liabilities, the shareholders' equity and the statement of income of subsidiaries that operate in hyperinflationary economies are adjusted by the change in the general purchasing power of the currency, applying a Consumer Price Index. As a consequence, the Company adopted the concepts of IAS 29 for its subsidiary in Argentina. Non-monetary assets and liabilities recorded at historical cost and the shareholders' equity of the subsidiary in Argentina were restated at the inflation.

The hyperinflation impacts resulting from changes in general purchasing power were reported as equity valuation adjustments, in the net amount of R$ (52) as of December 31, 2019 (R$ 1,533 in 2018).

The translation of the balances of the subsidiaries with an hyperinflationary economy to the presentation currency was carried out at the exchange rate in force at the end of the month, for balance sheet and income items. The Company used the Consumer Price Index ("IPC") to update the balances for the period from January 1, 2017 to the current period. The accumulated indices used for the years 2018 and 2019 were 124.80% and 289.83%, respectively.

c) Measuring basis

The individual and consolidated financial statements were prepared based on the historical cost, unless otherwise indicated, as described in the description of accounting practices. The historical cost is usually based on the value of the payments made for the assets.

d) Functional currency and presentation currency

Individual and consolidated financial statements are being presented in reais (R$), functional currency of the Parent Company. Each entity of the Group determines its own functional currency, and those whose functional currencies are different from Reais, the financial statements are translated into Reais on the closing date.

Transactions and balances

Transactions in foreign currency are initially recorded at the exchange rate of the functional currency in force on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate of the functional currency in force on the balance sheet date and all differences recorded in the statement of income.

e) Estimates and judgments

Judgments

The preparation of Company's individual and consolidated financial statements requires Management to make judgments and estimates and adopt assumptions that affect the amounts presented for revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities, on the base date of the financial statements. Assets and liabilities subject to estimates and assumptions include useful life of fixed assets, estimated loss with doubtful accounts, provision for inventory loss, provision for impairment of asset, deferred tax assets, provision for lawsuits and financial instruments.

The main assumptions concerning the sources of uncertainty in future estimates and other important sources of uncertainty in estimates on the balance sheet dates, that may result in different amounts upon settlement, are discussed below:

Review of useful life

The Company reviews the estimated useful lives of fixed assets annually, taking into account the use/wear conditions, technological obsolescence, maintenance and replacement policy. The useful life estimates are made internally by the engineering department.

Expected credit losses

The expected credit losses are recorded in an amount considered sufficient to cover losses arising from collections of trade notes receivable. In order to reduce credit risk, the Company adopts the practice of performing an individual analysis of the financial position of its clients, establishing a credit limit and making a permanent follow-up of their debt balance. The expected credit loss was calculated based on expected losses by using a prospective model, considering the individual analysis of credit risks, which contemplates loss history, individual situation of clients, situation of the corporate group to which they belong, real guarantees for debts and the assessment of the legal counsel, and is considered sufficient to cover possible losses on amounts receivable.

Provision for inventory loss

The Company periodically reviews the net realizable value and the demand for its inventories to ensure that inventories recorded are stated at the acquisition or production cost and the net realizable value, whichever is lower, as well as obsolete inventories.

Impairment loss for non-financial assets

Management reviews the net book value of assets annually in order to assess events or changes in economic, operating, or technological circumstances likely to point out impairment or loss of their recoverable value. This evidence is detected and the net book value exceeds recoverable value. Thus, a provision for impairment is recorded, adjusting net book value to recoverable value. These losses are entered in income (loss) for the year when identified.

The book value of a certain cash-generating unit is defined as greater of its value in use and its net value less selling expenses. In estimating the value in use of an asset, estimated future cash flows are discounted to their present values, using a pretax discount rate that reflects the weighted average cost of capital in the industry where the cash-generating unit operates.

Cash flows result from budget for the next five years and do not include restructuring activities to which the Company has not yet committed or significant future investments that will enhance the asset base of the cash generating unit under test. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The net sales value is determined, whenever possible, with a basis on a binding contract of sale in a transaction on an arm's length basis, between knowledgeable and interested parties, adjusted by expenses attributable to the sale of the asset, or when there is no binding contract of sale, with a basis on the market price of an active market, or on the price of the most recent transaction with similar assets.

Realization of deferred income tax

The initial recognition and later valuations of deferred income tax occur when it is probable that the taxable profit for the following years will be available for offsetting the deferred tax asset, based on projections of result prepared and adopting internal assumptions and future economic scenarios which enable its total or partial use if the full credit is formed.

Provisions for lawsuits

The Company recognizes the provisions for tax, labor and civil risks. Determination of the likelihood of loss includes determination of evidence available, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of internal and external attorneys. Provisions are reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, conclusions of tax audits or additional exposures identified based on new matters or court rulings. The settlement of transactions involving these estimates may result in significantly different amounts due to the lack of precision inherent to the process of determination. The Company reviews the estimates and assumptions periodically.

3. DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies below have been consistently applied to all the years presented in these individual and consolidated financial statements.

a) Financial instruments

Financial instruments include interest earning bank deposits, investments in debt and equity instruments, accounts receivable and other receivables, cash and cash equivalents, derivative financial instruments, loans and financing, as well as other accounts payable and other debts. Financial instruments were recognized in accordance with NBC TG 48 (IFRS 9) – Financial instruments, pursuant to CVM Resolution 763/16.

The initial recognition of these financial assets and liabilities is made only when the Company becomes part of the contractual provisions of the instruments and is recognized at fair value plus, for instruments that are not recognized at fair value through profit or loss, any directly attributable transaction costs.

After initial recognition, the Company classifies financial assets as subsequently measured at:

Amortized cost: when financial assets are held for the purpose of receiving contractual cash flows and the contractual terms of these assets must exclusively originate cash flows arising from the payment of principal and interest on the principal amount outstanding.

Fair value through other comprehensive income (FVTOCI): when financial assets are held both for the purpose of receiving contractual cash flows and for the sale of these financial assets. Furthermore, the contractual terms must exclusively originate cash flows from the payment of principal and interest on the principal amount outstanding.

Fair value through profit or loss (FVTPL): when financial assets are not measured at amortized cost, fair value through other comprehensive income or when they are designated as such at initial recognition. Financial instruments are stated at measurement at fair value through profit or loss when the Company manages and makes decisions on purchase and sale of such investments, based on their fair value and according to the strategy of investment and risk management documented by the Company. After the initial recognition, the attributable transaction costs are recognized in income (loss) when incurred, as well as the income (loss) from fluctuations in fair value.

The classification of financial assets is based both on the Company's business model for the management of financial assets and on its cash flow characteristics.

Similarly, the Company classifies financial liabilities as subsequently measured at amortized cost, FVTPL or FVTOCI. Financial liabilities measured at amortized cost use the effective interest rate method, adjusted by possible decreases in settlement value.

b) Cash and cash equivalents and securities

Cash and cash equivalents substantially include cash deposits denominated in reais, with high market liquidity ratio and 90-day maturities from the contracting date or for which there is no fine or any other restriction on immediate redemption.

Cash equivalents are classified as financial assets in the loans and receivables category and are recorded at the original amount plus income earned up to the closing dates of the financial statements, calculated under the pro rata temporis basis, which is equivalent to their market values, with no impact to be recorded in the Company's shareholders' equity.

The securities include non-exclusive investment funds whose market values approximate the book values, and for which there is no immediate redemption.

c) Trade accounts receivable and estimated credit loss

Trade accounts receivable are recorded at nominal value and deducted from the estimated credit losses, which is recorded based on the expected loss (using a prospective model), being considered sufficient by Management to cover possible losses.

d) Inventories

Recorded at average acquisition or production cost, adjusted at net realizable value (when it is lower than the cost). The Company considers slow moving and/or obsolete materials in its provision for inventory losses.

e) Investments

The Company has control over a company when it has the power to control its financial and operating policies and has the ability to obtain benefits and be exposed to the risks of its activities. Investments in subsidiaries are recorded at the parent company under the equity method for the purposes of individual financial statements, with investments in subsidiaries eliminated for the purpose of preparing the consolidated financial statements, and the effect of exchange variations on the translation of foreign investments, which are recognized in a specific shareholders' equity account.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

The Company determines, at each closing date of financial statements, if there is objective evidence that investments had impairment losses. If so, the Company calculates the impairment loss as the difference between the book value and the share of losses in subsidiaries, and recognizes the residual portion as unsecured liabilities of subsidiaries, since it assumes the obligations of said subsidiaries.

f) Property, plant and equipment

Fixed assets are recorded at their acquisition or construction costs, minus depreciation calculated using the straight-line method based on rates mentioned in Note 13 and take into account the estimated useful lives of the assets and on the contractual terms of the rental properties in relation to improvements made.

Depreciation is calculated using the straight-line method, to distribute its cost value over the estimated useful lives of the assets, as follows:

Asset description	Years
Buildings and constructions	25
Equipment	10
Facilities	10
Furnaces	02 and 03
Machinery and matrices	10
Vehicles	05

g) Leases

Financial leases
Certain lease agreements substantially transfer the risks and rewards inherent to the ownership of the asset to the Company. These agreements are characterized as financial lease agreements, being recorded at the beginning as a right-of-use asset against the lease liability at the present value of the remaining lease payments, discounted at the incremental rate, according to NBC TG 06/R3 (CVM Resolution 645/10) – Leases.

Operational lease
Certain agreements are classified as operating leases when their substance does not meet the requirements for financial leases. These agreements are initially recorded as a right-of-use asset against the lease liability at the present value of the remaining lease payments, discounted at the incremental rate, in accordance with NBC TG 06/R3 (CVM Resolution 645/10) – Leases.

h) Impairment

The new standard replaces the "incurred losses" model with a prospective "expected credit losses" model. Management has not identified any material impacts in the adoption of this standard in the estimate of expected losses from doubtful accounts, as well as in trade accounts receivable.

i) Loans and financing

Recognized at fair value upon receipt of funds, net of transaction costs, in the applicable cases, plus charges, interest, inflation adjustment and exchange-rate change as contractually provided for, incurred up to the balance sheet dates.

j) Suppliers and other accounts payable

They are recognized at nominal value and increased, when applicable, by the corresponding charges and Inflation adjustments and exchange-rate changes incurred up to the balance sheet dates.

k) Income tax and social contribution

Current

Taxes on income comprise income tax and social contribution. Income tax is computed on taxable income at the rate of 15%, plus a 10% surtax for income exceeding R$ 240 in the 12-month period, whereas social contribution is computed at the rate of 9% on taxable income, recognized on the accrual basis.

Income taxes and contributions are recognized in the statement of income, except for cases in which they are directly related to items recorded in shareholders' equity or in the reserve for equity valuation adjustments, which are recognized net of these effects.

Prepayments or amounts that can be offset are presented in current and non-current assets or liabilities, in accordance with their expected realization.

Deferred

Deferred income and social contribution tax assets and liabilities are recognized on tax losses, negative basis of social contribution and temporary differences between the tax base of assets and liabilities and their book values. Deferred income and social contribution tax assets are recognized only to the extent that future taxable income will be available, against which temporary differences can be used.

The deferred income tax on accumulated tax losses has no statute of limitations; however, their offset is limited to up to 30% of taxable income of each year. Subsidiaries that choose deemed income system may not offset tax losses of one year with profit generated in subsequent years and due to this fact, deferred taxes are not calculated.

The Company assesses the book value of deferred income and social contribution tax assets annually in relation to its operating performance and projected future taxable income and, when necessary, reduces its amount to the expected realizable value.

Deferred income and social contribution tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

l) Statement of income and revenue recognition

Revenue from product sales is recognized in accordance with NBC TG 47 (IFRS 15) – Revenue from Contracts with Customers, establishing a five-step model for determining the revenue measurement and when and how it will be recognized. Accordingly, the Company recognizes revenues when products are delivered and duly accepted by its clients, where the risks and rewards related to ownership are transferred. The transfer of risks and rewards of ownership occurs when the products are shipped, accompanied by the respective sales invoice, considering the incoterms. These criteria are considered to be met when the goods are transferred to the buyer, respecting the main freight modalities used by the Company.

m) Employee benefits

(i) Pension plans

The Company sponsors a benefit plan managed by MultiBRA Fundo de Pensão - Bradesco Multipensions, which guarantees disability retirement, death pension, annual bonus, sick pay, death benefit and disability benefit to its employees, in the defined benefit modality, and regular retirement in the form of variable contribution and/or defined contribution, depending on the option made by the participant on the date of the benefit granting.

The recognized liability is the present value of the defined benefit obligation on the balance sheet dates less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries, using the unit credit unit method designed to determine the present value of the obligations and the respective current service cost, considering demographic, economic and financial assumptions appropriate to the mass profile.

The variable contribution plans cover benefits with defined contribution characteristics, which are regular and early retirement, in addition to benefits with defined benefit characteristics, which are disability retirement, proportional benefit, sick pay, annual bonus, minimum benefit and death pension.

The plan assets are held by MultiBRA Fundo de Pensão - Bradesco Multipensions, a closed-ended supplementary pension entity. The plan assets are not available to the Company’s creditors and cannot be paid directly to them.

(ii) Health care plans

The Company also grants its employees post-employment healthcare benefits. For this group, a special condition has been developed, where the premium calculation is made by the age group table, but the premium payments are made through bank slips issued by Sul América Companhia de Seguro Saúde, directly on behalf of the insured.

Actuarial gains and losses, resulting from adjustments based on experience and on changes in actuarial assumptions, are debited or credited on shareholders' equity in other components of comprehensive income. These obligations are assessed annually by independent and qualified actuaries.

Furthermore, the result of the actuarial valuation may generate an asset to be recognized. This asset, when applicable, is recorded by the Company only when:

a) it controls a resource, which is the ability to use the surplus to generate future benefits;
b) this control is the result of past events (contributions paid by the Company and service provided by the employee); and
d) future economic benefits are available to the Company in the form of a reduction in future contributions or a refund, either directly to the Company or indirectly to offset the insufficiency of another post-employment benefit plan (in compliance with the current legislation).

(iii) Benefits

Employee short-term benefits are measured on a non-discounted basis and incurred as expenses as the related service is rendered. The liability is recognized at the amount expected to be paid under the cash bonus plans or short-term profit sharing if the Company has a legal or constructive obligation to pay this amount as a result of prior service rendered by the employee, and the obligation can be reliably estimated.

n) Provision for lawsuits

The Company is a party to several judicial and administrative proceedings. Provisions are formed for all claims referring to lawsuits for which, as a result of a past event, an outflow of funds will probably be required to settle the obligation and a reasonable estimate can be made. Determination of the likelihood of loss includes determination of evidence available, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of legal advisors of the Company.

Provisions are reviewed and adjusted so as to consider changes in circumstances, such as applicable statute of limitations, conclusions of tax audits or additional exposures identified based on new matters or court rulings. Actual results may differ from management’s estimates.

The contingent liabilities regarded as possible losses are only disclosed in the accompanying notes, whereas those regarded as remote losses are neither accrued nor disclosed.

Contingent assets are only recognized when there are real guarantees, or favorable, final and unappealable decisions. Contingent assets with chance of success (if any) classified as probable are only disclosed in a note. As of December 31, 2019 and 2018, there are no lawsuits involving contingent assets recorded in the Company's balance sheet.

o) Sales taxes

The Company is subject to the following taxes and contributions, and the following basic rates:

- Social Integration Program (PIS) - 1.65%;
- Contribution for Social Security Funding (COFINS) - 7.6%
- Excise Tax (IPI) - up to 15%;
- Value-Added Tax on Sales and Services (ICMS) - 7% to 18%; and

p) Basic and diluted earnings per share

The basic earnings per share are calculated based on the result for the period attributable to the Company's controlling shareholders and the weighted average of outstanding common and preferred shares in the respective year. The Company does not have any instruments with the potential of diluting the basic earnings per share.

q) Statement of added value

The purpose of this statement is to show the wealth created by the Group and its distribution during a certain period. It is presented as required by the Brazilian Corporate Law, as part of its individual financial statements under the terms of CPC – 09 – Statement of Added Value and as supplementary information to the consolidated financial statements, since it is not a planned or required statement pursuant to the IFRS.

4. (NEW OR REVIEWED) PRONOUNCEMENTS AND INTERPRETATIONS OF STANDARDS

The Company describes the main points of the review of the new standards issued by the Federal Accounting Council that are effective for the year started in 2019, as follows:

NBC TG 06/R3 (IFRS 16) – Leases

As of January 1, 2019, the Company adopted NBC TG 06/R3 (IFRS16) - Leases, using the modified retrospective approach. This approach did not impact the shareholders' equity of the Company on the date of first-time adoption since the amount of the right-of-use asset is equal to the liability for leases payable brought to present value. Moreover, the Company adopted the practical expedient regarding the definition of a lease agreement in the transition; that is, the Company opted to adopt the standard for agreements that were previously identified as leases, according to NBC TG 06/R2. Therefore, the Company will not apply the standard to contracts that have not been previously identified as contracts that contain lease pursuant to the terms of NBC TG 06/R2.

The Company opted to use exemptions proposed in standard for lease contracts whose period ends in 12 months beginning as of the date of first-time adoption, and for lease contracts whose object asset has low value.

The impact of the first-time adoption on the individual and consolidated financial statements for right-of-use assets and lease liabilities payable was R$ 13,473 on January 1, 2019.

In the income for the year, the net impact was negative in the amount of R$ 319, on the Parent Company and Consolidated. Shareholders' equity was not impacted by the first-time adoption due to the choice of the simplified retrospective approach model.

ITG 22 (CVM Resolution 804/2018) – Uncertainty over income tax treatment

ITG 22 explains how to apply the requirements of recognition and measurement of NBC TG 32/R4 (IAS 12) – Income Taxes, when there is uncertainty over the treatments of tax on income. The Company must recognize and measure its current or deferred tax assets or liabilities, applying the requirements of NBC TG 32/R4 based on taxable income (tax loss), tax bases, unused tax losses, unused tax credits, and certain tax rates, applying this Interpretation. The interpretation was approved on December 21, 2018 and became effective on January 1, 2019.

There are no impacts as a result of the interpretation in the assessment of the Company's management, since all the procedures adopted for the calculation and payment of income taxes are supported by the legislation and previous decisions of administrative and judicial courts.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

5. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Cash and banks	**12.026**	15.391	**12.926**	16.599
	12.026	**15.391**	**12.926**	**16.599**

Represented by cash in local and foreign currencies in top tier financial institutions, with immediate availability for use.

6. SECURITIES

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Foreign exchange investment (i)	**-**	6.817	**-**	6.817
Variable income investment (ii)	**-**	6.605	**-**	13.086
Fixed income investment (iii)	**89.260**	25.316	**89.461**	25.954
	89.260	**38.738**	**89.461**	**45.857**

(i) Investment with remuneration linked to the variation of the US dollar.
(ii) Variable income investment remunerated at the average CDI rate of up to 236% in the period, up to October 28, 2019 and 114.0% per annum on December 31, 2018.
(iii) Fixed income investment is remunerated based on the CDI change.

The calculation of the fair value of interest earning bank deposits, when applicable, is performed taking into consideration the market quotations of the instrument, or market information that makes said calculation possible, taking into consideration the future rates of similar instruments.

7. TRADE ACCOUNTS RECEIVABLE

Expected credit loss is formed considering the individual quantitative and qualitative analysis of accounts receivable, and when needed, in amounts sufficient to cover possible losses due to non-performance.

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Domestic market	**203.194**	147.402	**203.397**	147.412
Foreign market	**17.217**	14.106	**18.456**	17.118
Expected loss with doubtful accounts	**(3.804)**	(4.761)	**(3.804)**	(4.761)
	216.607	**156.747**	**218.049**	**159.769**
Current	**214.882**	154.333	**216.324**	157.355
Non-current	**1.725**	2.414	**1.725**	2.414
	216.607	**156.747**	**218.049**	**159.769**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

The analysis of the maturity of trade notes from clients is as follows:

	Parent company		Consolidated	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Trade notes falling due	**196.827**	149.793	**198.269**	152.815
Trade notes overdue (days):				
01–30	**16.747**	4.012	**16.747**	4.012
31–60	**848**	3.046	**848**	3.046
61–90	**935**	163	**935**	163
>90	**5.054**	4.494	**5.054**	4.494
Expected loss with doubtful accounts	**(3.804)**	(4.761)	**(3.804)**	(4.761)
	216.607	**156.747**	**218.049**	**159.769**

Changes in the expected credit losses from the Parent Company and Consolidated:

Balance at 31/12/2017	Changes in the period (-)	**Balance at 31/12/2018**	Changes in the period (-)	**Balance at 31/12/2019**
(5.478)	717	**(4.761)**	957	**(3.804)**

8. INVENTORIES

	Parent company		Consolidated	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Finished goods	**83.407**	87.985	**86.870**	100.143
Work in process	**762**	640	**762**	640
Raw material	**9.450**	8.355	**9.450**	8.355
Packaging materials	**1.394**	2.761	**1.406**	2.773
Storeroom	**23.651**	19.134	**23.685**	19.168
	118.664	**118.875**	**122.173**	**131.079**

The balance of finished products, packaging materials and warehouses are presented at net values, net of provisions for obsolescence and/or slow moving inventories.

Changes in provision are as follows:

	Balance at 31/12/2017	Changes in the period	Balance at 31/12/2018	Changes in the period	Balance at 31/12/2019
Finished goods	4.183	(3.009)	1.174	(997)	177
Packaging materials	252	(219)	33	-	33
Storeroom	6.244	(581)	5.663	(1.210)	4.453
	10.679	(3.809)	6.870	(2.207)	4.663

The provisions were recorded in accordance with the policies established by the Company, where the technical areas responsible for the management of inventories make individual assessments and/or assessment of a group of inventories, and when obsolete and/or slow-moving items are identified, with remote probability of use, the provision is recorded.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

9. INCOME TAX AND SOCIAL CONTRIBUTION

a) Reconciliation of income tax and social contribution expense is as follows:

	Parent company		Consolidated	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Income before income tax and social contribution	112.001	119.517	113.139	123.182
Income tax calculated at nominal rate - 34%	(38.080)	(40.636)	(38.467)	(41.882)
Net effect of subsidiaries taxed by the presumed profit	-	-		385
Interest on own capital	617	3.237	617	3.237
Permanent (additions)/exclusions, net	(459)	(110)	(1.688)	(697)
Equity in net income of subsidiaries	6	641	-	-
	(37.916)	**(36.868)**	**(39.538)**	**(38.957)**
Current	(69.504)	(34.081)	(71.126)	(36.170)
Deferred	31.588	(2.787)	31.588	(2.787)

* Law 9249/95 provides for that the Company may pay interest on own capital to shareholders additionally or as an alternative to the proposed dividends, subject to specific limitations, which result in tax deductions in calculating income tax and social contribution. The limitation considers the following (whichever is higher): (i) TJLP (Long-term Interest Rate) applied over the shareholders' equity of the Company; or (ii) 50% of net income for the year. This expense is not recognized for the purpose of preparing the financial statements and, therefore, does not impact net income.

According to the Extraordinary General Meeting held on July 31, 2019, the Justification for the Partial Spin-Off of the Company was approved, and part of the spun-off assets was the Property that was registered as available for sale, according to note 10. The total amount of this property was comprised of the acquisition value, deemed cost and revaluation reserve. Therefore, with the spin-off operation, the deferred taxes corresponding to this asset were transferred to current taxes, in the amounts of R$ 23,903 and R$ 8,606, corresponding to corporate income tax (IRPJ) and social contribution (CSLL), respectively. These taxes were paid on October 31, 2019.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

b) Breakdown of deferred income tax and social contribution:

	Parent company and Consolidated	
Assets:	**31/12/2019**	**31/12/2018**
Expected credit losses	**1.294**	**1.619**
Provision for obsolete inventories	**1.585**	**2.336**
Provision for labor contingencies	**526**	**429**
Provision for environmental expenditures	**-**	**136**
Provision for freight, commissions and funds	**2.036**	**1.843**
Actuarial obligations	**11.501**	**8.452**
	16.942	14.815
Liabilities:		
Deemed cost of fixed assets (Land)	**-**	29.644
	-	29.644
Net balance of assets and (liabilities)	**16.942**	**(14.829)**

According to the Extraordinary General Meeting held on July 31, 2019, the Justification for the Partial Spin-Off of the Company was approved, and the piece of land that maintained the deferred taxes at the amount of R$ 29,644, was part of the Spun-off assets; thus, the tax was paid at this amount as realization of asset.

Deferred tax assets for income tax and social contribution on profit are recognized to the extent to which it is probable that future taxable income will be available for use upon the actual payment and/or realization of said additions to temporary differences, at a time when that these will become deductible in the calculation of said taxes, based on the assumptions and conditions provided for in the Company's business model.

The book value of the deferred tax asset is reviewed on a regular basis and the projections are reviewed on an annual basis and approved by the Board of Directors of the Company.

The Company expects to realize deferred tax assets in a minimum period of 5 years and a maximum period of 10 years.

10. ASSETS HELD FOR SALE

The balance realized for the year refers to the cost of the land located in Vila Maria, whose sale was authorized at the Extraordinary General Meeting held on September 5, 2012. Up to June 30, 2019 the asset was recorded as available for sale.

According to the Extraordinary General Meeting held on July 31, 2019, the Justification for the Partial Spin-Off of the Company was approved, and this asset was spun off from the balance sheet of the Company.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

11. INVESTMENTS IN SUBSIDIARIES

a. Information on subsidiaries on December 31, 2019:

Subsidiaries	Interest	Assets	Shareholders' equity 31/12/2019	Income (loss) 31/12/2019	Equity in net income of subsidiaries 31/12/2019	Balance of the investment 31/12/2019
Mineração Rosicler Ltda. (i)	99,97%	-	-	-	48	-
Ridan Empreendimentos Imobiliários Ltda. (i)	92,02%	-	-	-	119	-
Distribuidora Brasim S.A.	50,00%	10.619	4.728	(640)	(320)	2.364
Colorex Comércio e Desenvolvimento de Produtos Ltda.	100,00%	725	613	174	171	613
					18	**2.977**

(i) According to the Extraordinary General Meeting held on July 31, 2019, the Justification for the Partial Spin-Off of the Company was approved, and this investment was part of the spun-off assets.

b. Information on subsidiaries on December 31, 2018:

Subsidiaries	Interest	Assets	Shareholders' equity 31/12/2019	Income (loss) 31/12/2019	Equity in net income of subsidiaries 31/12/2019	Balance of the investment 31/12/2018
Mineração Rosicler Ltda.	99,97%	3.755	3.755	(36)	(37)	3.754
Ridan Empreendimentos Imobiliários Ltda.	92,02%	20.186	19.913	353	326	18.324
Distribuidora Brasim S.A.	50,00%	13.176	5.461	3.156	1.578	2.731
Colorex Comércio e Desenvolvimento de Produtos Ltda.	98,99%	516	439	18	19	434
					1.886	**25.243**

c. Changes in investments in the period from December 31, 2018 to December 31, 2019 are as follows:

	Balance at 31/12/2018	Equity in net income of subsidiaries	Exchange-rate change	Net assets spin-off/other	Balance at 31/12/2019
Mineração Rosicler Ltda.	3.754	48	-	(3.802)	-
Ridan Empreendimentos Imobiliários Ltda.	18.324	119	-	(18.443)	-
Distribuidora Brasim S.A.	2.731	(320)	(47)	-	2.364
Colorex Comércio e Desenvolvimento de Produtos Ltda.	434	171	-	8	613
	25.243	**18**	**(47)**	**(22.237)**	**2.977**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

d. Changes in investments in the period from December 31, 2017 to December 31, 2018 are as follows:

	Balance at 31/12/2017	Equity in net income of subsidiaries	Exchange-rate change	Dividends/other	Balance at 31/12/2018
Mineração Rosicler Ltda.	4.531	(37)	-	(740)	3.754
Ridan Empreendimentos Imobiliários Ltda.	43.356	326	-	(25.358)	18.324
Distribuidora Brasim S.A.	4.104	1.578	(1.805)	(1.146)	2.731
Colorex Comércio e Desenvolvimento de Produtos Ltda.	415	19	-		434
	52.406	**1.886**	**(1.805)**	**(27.244)**	**25.243**

12. RELATED PARTIES

a) Transactions with related parties are as follows:

	Parent company		Consolidated	
Current assets	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Accounts receivable				
Distribuidora Brasim. S.A.	3.156	1.854	-	-
Non-current assets				
Dividends receivable				
Distribuidora Brasim. S.A.	900	1.758	-	-
Current liabilities				
Accounts payable				
Colorex Comércio e Desenvolvimento de Produtos Ltda.	50	50	-	-
Loans				
Ridan Empreendimentos Imobiliários Ltda.	-	4.912	-	-
Indirect shareholders	-	9.424	-	9.424
	-	**14.336**	**-**	**9.424**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

	Parent company	
	31/12/2019	**31/12/2018**
Operating revenue		
Distribuidora Brasim. S.A.	9.160	14.172
Cost of products sold		
Distribuidora Brasim. S.A.	(6.191)	(8.443)
Administrative and commercial expenses		
Colorex Comércio e Desenvolvimento de Produtos Ltda.	(600)	(447)
Financial expenses		
Ridan Empreendimentos Imobiliários Ltda.	(159)	(762)
Indirect shareholders	(378)	(651)

Related party transactions refer to the sale of products to the subsidiary Distribuidora Brasim S.A. and the provision of administrative, marketing and product development services by the subsidiary Colorex Comércio e Desenvolvimento de Produtos. Said transactions are carried out based on prices and terms defined by the parties involved, considered by Management as strictly commutative and appropriate to preserve the interests of both parties involved in the business.

Financial transactions agreed through a loan agreement between group companies and shareholders are remunerated at the CDI rate (100%), based on the conditions defined between the parties, with an indefinite maturity of these transactions.

Management remuneration

Management's remuneration (Statutory officers and Board of Directors), which were recorded in the income (loss) for each year, is as follows:

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Annual remuneration	**5.058**	5.557	**5.189**	5.648
Private pension plan - defined contribution	**171**	165	**175**	168
	5.269	**5.722**	**5.364**	**5.816**

Management remuneration (short-term benefits) includes the remuneration of officers and board members. These amounts are recorded under general and administrative expenses. The overall remuneration of the Company's Management and Board of Directors for the year ended December 31, 2019 was established up to the limit of R$ 7,500 (R$ 7,000 in 2018), as approved by the Ordinary General Meeting. The Company does not have a remuneration as share-based payment.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

13. PROPERTY, PLANT AND EQUIPMENT

Changes in fixed assets are as follows:

Parent company

Cost	Land, buildings, constructions	Equipment and facilities	Furnaces	Machinery and matrices	Vehicles	Constructions in progress	Total
Balance at 12/31/2018	**84.353**	**80.870**	**12.195**	**24.793**	**1.423**	**37.784**	**241.418**
Additions	3.902	762	-	18	271	63.119	68.072
Write-offs	-	-	(24.975)	-	(497)	-	(25.472)
Transfers	358	12.233	19.331	3.923	-	(36.095)	(250)
	88.613	**93.865**	**6.551**	**28.734**	**1.197**	**64.808**	**283.768**
Depreciation							
Additions	(4.371)	(16.061)	(10.339)	(5.512)	(427)	-	(36.710)
Write-offs	-	-	24.975	-	336	-	25.311
	(4.371)	**(16.061)**	**14.636**	**(5.512)**	**(91)**	**-**	**(11.399)**
Balance at 12/31/2019	**84.242**	**77.804**	**21.187**	**23.222**	**1.106**	**64.808**	**272.369**

Parent company

Cost	Land, buildings, constructions	Equipment and facilities	Furnaces	Machinery and matrices	Vehicles	Constructions in progress	Total
Balance at 12/31/2017	**87.943**	**78.308**	**8.361**	**22.018**	**943**	**27.331**	**224.904**
Additions	370	1.260	105	194	909	47.183	50.021
Write-offs	-	(4)	-	-	(599)	-	(603)
Transfers	363	16.478	11.808	8.081	-	(36.730)	-
	88.676	**96.042**	**20.274**	**30.293**	**1.253**	**37.784**	**274.322**
Depreciation							
Additions	(4.323)	(15.174)	(8.079)	(5.500)	(328)	-	(33.404)
Write-offs	-	2	-	-	498	-	500
	(4.323)	**(15.172)**	**(8.079)**	**(5.500)**	**170**	**-**	**(32.904)**
Balance at 12/31/2018	**84.353**	**80.870**	**12.195**	**24.793**	**1.423**	**37.784**	**241.418**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

Consolidated

Cost	Land, buildings, constructions	Equipment and facilities	Furnaces	Machinery and matrices	Vehicles	Construction in progress	Total
Balance at 12/31/2018	**84.353**	**81.163**	**12.195**	**24.793**	**1.537**	**37.786**	**241.827**
Additions	3.902	762	-	18	271	63.119	68.072
Write-offs	-	-	(24.975)	-	(497)	-	(25.472)
Transfers	358	12.233	19.331	3.923	-	(36.095)	(250)
IAS - 29	-	7	-	-	2	-	9
	88.613	**94.165**	**6.551**	**28.734**	**1.313**	**64.810**	**284.186**
Depreciation							
Additions	(4.371)	(16.223)	(10.339)	(5.512)	(481)	-	(36.926)
Write-offs	-	-	24.975	-	336	-	25.311
	(4.371)	**(16.223)**	**14.636**	**(5.512)**	**(145)**	**-**	**(11.615)**
Balance at 12/31/2019	**84.242**	**77.942**	**21.187**	**23.222**	**1.168**	**64.810**	**272.571**

Consolidated

Cost	Land, buildings, constructions	Equipment and facilities	Furnaces	Machinery and matrices	Vehicles	Constructions in progress	Total
Balance at 12/31/2017	**87.943**	**78.596**	**8.361**	**22.018**	**1.024**	**27.333**	**225.275**
Additions	370	1.260	105	194	909	47.183	50.021
Write-offs	-	(4)	-	-	(599)	-	(603)
Transfers	363	16.478	11.808	8.081	-	(36.730)	-
IAS - 29		411			95		506
	88.676	**96.741**	**20.274**	**30.293**	**1.429**	**37.786**	**275.199**
Depreciation							
Additions	(4.323)	(15.310)	(8.079)	(5.500)	(355)	-	(33.567)
Write-offs	-	2	-	-	498	-	500
IAS - 29	-	(270)	-	-	(35)	-	(305)
	(4.323)	**(15.578)**	**(8.079)**	**(5.500)**	**108**	**-**	**(33.372)**
Balance at 12/31/2018	**84.353**	**81.163**	**12.195**	**24.793**	**1.537**	**37.786**	**241.827**

Construction in progress: represented mainly by investments in projects for the expansion, construction and modernization of the glass production unit and the plant's storage area in the municipality of Suzano, State of São Paulo.

The transfer balance of R$ 250 refers to software, initially allocated to the corresponding project, and later reclassified to Intangible assets.

The depreciation rates of property, plant and equipment items were determined based on the estimate of the revised useful life of the assets, according to the technical appraisal report prepared internally. There were no changes in the useful life during 2019 and 2018.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

14. RIGHT-OF-USE

Changes in right-of-use are as follows:

Parent company and Consolidated

	Real estate	Machinery and equipment	Total
Balance at 01/01/2019	**4.757**	**8.716**	**13.473**
Accumulated depreciation	(878)	(2.179)	(3.057)
Balance at 12/31/2019	**3.879**	**6.537**	**10.416**

The following useful lives are used to calculate amortization as of December 31, 2019

Real estate	Machinery and facilities
5 years	4 years

(i) Refers to the property where the Company's head office is located.
(ii) Refers to the lease of forklifts used for the Company's logistics operation.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

15. LOANS AND FINANCING

a) Breakdown of loans and financing is as follows:

Current			**Parent company and Consolidated**	
Description	**Maturities**	**Rates (%)**	**31/12/2019**	**31/12/2018**
Export credit note				
Banco Bradesco S.A.	Nov 2020	126% CDI p.a.	**-**	5.090
Banco Bradesco S.A.	Mar 2021	120% CDI p.a.	**-**	7.565
Banco Bradesco S.A.	May 2022	118.2% CDI p.a.	**157**	-
Banco do Brasil S.A.	Jan 2021	121% CDI p.a.	**46**	5.123
Banco do Brasil S.A.	May 2021	119.5% CDI p.a.	**61**	15.177
Itaú Unibanco S.A.	Jan 2019	131% CDI p.a.	**-**	12.675
Itaú Unibanco S.A.	Mar 2019	136% CDI p.a.	**-**	2.502
Itaú Unibanco S.A.	Jun 2021	122% CDI p.a.	**-**	7.568
Banco ABC Brasil S.A.	Sep 2026	CDI + 2% p.a.	**404**	-
Export Credit Notes				
Banco ABC Brasil S.A.	Sep 2026	CDI + 2% p.a.	**472**	-
Banco Votorantim S.A.	Sep 2026	CDI + 2% p.a.	**877**	-
Vendor				
Banco do Brasil S.A.	Apr 2020	6.53% p.a.	**1.914**	8.686
Banco Itaú Unibanco S.A.	Apr 2020	6.42% p.a.	**12.432**	3.282
Advance against exchange contract				
Banco Bradesco S.A.	Jan 2020	FX + 4.89% p.a.	**6.046**	-
Banco do Brasil S.A.	Apr 2019	FX + 3.96% p.a.	**-**	7.750
Itaú Unibanco S.A.	Feb 2020	FX + 4.67% p.a.	**8.061**	5.812
Banco Safra S.A	Feb 2019	FX + 4.70% p.a.	**-**	5.812
Banco Santander Brasil S.A	Apr 2020	FX + 4.60% p.a.	**10.077**	-
Banco Santander Brasil S.A	Nov 2018	FX + 4.90% p.a.	**-**	-
			40.547	**87.042**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

Non-current			**Parent company and Consolidated**	
Description	**Maturities**	**Rates (%)**	**31/12/2019**	**31/12/2018**
Export credit note				
Banco Bradesco S.A.	Nov 2020	126% CDI p.a.	**-**	5.000
Banco Bradesco S.A.	Mar 2021	120% CDI p.a.	**-**	12.500
Banco Bradesco S.A.	May 2022	118.2% CDI p.a.	**25.000**	-
Banco do Brasil S.A.	Jan 2021	120% CDI p.a.	**5.000**	5.000
Banco do Brasil S.A.	May 2021	119.50% CDI p.a.	**15.000**	15.000
Banco Itaú Unibanco S.A.	Jun 2021	122% CDI p.a.	**-**	7.500
Vendor	Sep 2026	CDI + 2% p.a.	**39.200**	-
Export Credit Notes				
Banco ABC Brasil S.A.	Sep 2026	CDI + 2% p.a.	**45.800**	-
Banco Votorantim S.A.	Sep 2026	CDI + 2% p.a.	**85.000**	-
			215.000	**45.000**
			255.547	132.042

b) The table below allows to identify the changes presented in the cash flow financing activities.

	Parent company and Consolidated
Balance at December 31, 2017	**125.559**
Funding	165.015
Amortizations	(170.541)
Payment of interest	(87)
Changes not involving cash	
Interest accrual	6.403
Exchange-rate change	5.693
Balance at December 31, 2018	**132.042**
Balance at December 31, 2018	**132.042**
Funding	346.827
Amortizations	(233.980)
Payment of interest	-
Changes not involving cash	
Interest accrual	10.109
Exchange-rate change	549
Balance at December 31, 2019	**255.547**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

c) The amounts falling due in the long term are as follows:

	Parent company and Consolidated	
Year	**31/12/2019**	**31/12/2018**
2020	**-**	15.000
2021	**20.000**	30.000
2022	**59.000**	-
2023	**34.000**	-
2024	**34.000**	-
2025	**34.000**	-
2026	**34.000**	-
	215.000	45.000

16. SUPPLIERS

	Parent company		Consolidated	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Domestic suppliers	**52.727**	46.062	**53.369**	47.218
Foreign suppliers	**5.588**	5.128	**5.588**	5.127
	58.315	**51.190**	**58.957**	**52.345**

The Company intermediates the prepayment of supplier invoices related to the sale of inputs between suppliers and financial institutions. The balance payable to the supplier is recorded in the same balance sheet item since there is no difference in nature and payment terms before and after the advance. The balance of these securities as of December 31, 2019 amounted to R$ 9,242 (R$ 6,958 in 2018).

17. TAX LIABILITIES

	Parent company		Consolidated	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
ICMS payable	**10.583**	11.714	**10.583**	11.715
IPI payable	**7.061**	7.323	**7.061**	7.323
IRRF payable	**2.048**	2.004	**2.051**	2.004
IRPJ payable	**-**	-	**900**	1.143
CSLL payable	**178**	-	**199**	23
PIS payable	**266**	528	**267**	563
COFINS payable	**1.238**	2.441	**1.242**	2.594
INSS payable	**213**	240	**213**	240
Service tax payable	**79**	111	**87**	115
Other payable	**115**	145	**115**	145
	21.781	**24.506**	**22.718**	**25.865**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

18. LABOR OBLIGATIONS

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Salaries and social security charges	**9.060**	8.855	**9.191**	9.239
Provision for vacation and social security charges payable	**15.481**	16.486	**15.498**	16.502
	24.541	**25.341**	**24.689**	**25.741**

19. OTHER LIABILITIES

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Provision for freight and contractual sums	**4.657**	5.235	**4.657**	5.235
Sundry provisions	**8.440**	11.027	**8.421**	11.038
	13.097	**16.262**	**13.078**	**16.273**

20. PROVISION FOR LAWSUITS

The Company is a party to labor, tax, civil and commercial lawsuits that have been discussed both in the administrative and judicial scopes and, when applicable, said lawsuits are guaranteed by judicial deposits. Provisions for potential losses arising from these lawsuits are estimated and updated by Management, backed by the opinion of the internal and external legal advisors.

As of December 31, 2019 and 2018, the Company maintained a provision corresponding to lawsuits whose risk of loss was considered probable by the Company's legal advisors, as follows:

	Parent company and Consolidated					
	31/12/2019			31/12/2018		
	Provision	Judicial deposit	Net	Provision	Judicial deposit	Net
Labor and social security	1.477	(1.299)	178	1.194	(1.495)	(301)
	1.477	**(1.299)**	**178**	**1.194**	**(1.495)**	**(301)**

Changes are as follows:

	Balance at 31/12/2017	(-) Reversals	Balance at 31/12/2018	(+) Additions	Balance at 31/12/2019
Tax and civil	3.107	(3.107)	-	-	-
Labor and social security	1.498	(304)	1.194	283	1.477
	4.605	**(3.411)**	**1.194**	**283**	**1.477**

Labor

The Company and its subsidiaries are subject to labor lawsuits, with the most varied characteristics and in several stages of the proceedings awaiting judgment, filed by former employees who claim, among others, the payment of overtime, commuting hours, night work pay and unhealthy work allowance, profit sharing payment, among others. Based on the opinions issued by the Company’s legal advisors and the expected favorable outcome of some decisions and negotiations that must be carried out, the amount provisioned is considered sufficient by Management to cover expected losses.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

Lawsuits with possible losses

The Company and its subsidiaries are parties to other tax, labor, civil and civil lawsuits arising from the normal course of its business, which, in the opinion of Management and its legal advisors have an expectation of losses classified as possible. Therefore, the Management understands that the formation of provision for possible losses is not necessary in these lawsuits. In the Management's opinion, none of these proceedings is expected to have a material effect on the Company's financial position or results of its operations. As of December 31, 2019, amounts related to maximum risks of these lawsuits are R$ 8,621 (R$ 9,847 in 2018).

In accordance with prevailing law, the Company's operations are subject to Tax Authorities' reviews on federal, state and municipal taxes over a period of five years. There is no limitation period for examination of labor and social security charges. As a result of these reviews, transactions and payments might be challenged, and the amounts identified subject to fines, interest and inflation adjustment.

21. LEASES

With the adoption of NBC TG 6/R3 (IFRS16) on January 1, 2019, the Company also started recognizing
the obligations arising from its leases previously called operating leases. The measurement of the lease liabilities is composed of the present value of the installments and
costs associated with the lease.

Lease	Average interest rate (p.a.)	Weighted average maturity (years)	Parent company and Consolidated 31/12/2019	Parent company and Consolidated 31/12/2018
Real estate	6,5%	4,4	**3.376**	-
Machinery and equipment	6,5%	3,0	**7.359**	-
			10.735	**-**
Current			3.376	-
Non-current			7.359	-

Financial charges in the amount of R$ 772 were recognized as a financial expense and appropriated based on the actual discount rate, according to remaining term of the agreements.

Inflationary effects

The Company adopted the requirements of NBC TG 06 (R3) as an accounting policy when measuring its right-of-use, based on the discounted cash flow and disregarding inflation. Management assessed the impacts of using nominal flows and concluded that they do not present significant misstatements in the information presented. Aiming to safeguard the reliable presentation of the information based on the requirements of NBC TG 06 (R3) and to comply with CVM guidelines, the balances of the right-of-use, depreciation, lease liabilities and financial expenses without inflation, denominated actual flow, are provided, as well as the estimate of inflation updated balances in the comparison periods, called inflation updated flow.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

Right-of-use assets

Parent company and Consolidated

Actual flow	**31/12/19**
Right-of-use	13.473
Depreciation	(3.057)
	10.416

Inflationary flow	**31/12/19**
Right-of-use	13.857
Depreciation	(3.132)
	10.725

Lease liabilities

Parent company and Consolidated

Actual flow	**31/12/19**
Lease liability	11.507
Financial expenses	(772)
	10.735

Inflationary flow	**31/12/19**
Lease liability	11.940
Financial expenses	(797)
	11.143

22. SHAREHOLDERS' EQUITY

a) Capital

As of December 31, 2019, the capital amounted to R$ 172,674 (R$ 200,000 as of December 31, 2018), fully subscribed and paid-up, represented by 13,579,031 shares with no par value (13,579,031 shares with no par value as of December 31, 2018), of which 5,513,608 are common shares and 8,065,423 are preferred shares (same proportion as of December 31, 2018). Preferred shares have no voting rights, but have priority in the distribution of dividend and have other advantages on equal terms with common shares.

According to the Extraordinary General Meeting held on April 27, 2017, a capital increase in the amount of R$ 100,000 was approved, without the issuance of new shares, from the Capital reserve and Profit reserve accounts.

According to the Extraordinary General Meeting held on July 31, 2019, the Justification for the Partial Spin-Off of the Company with the Transfer of the Spun-off Assets for the Company was approved and, consequently, the reduction of the Company's capital, in the amount of R$ 127,326, equivalent to the spun-off assets, without the cancellation of shares.

b) Capital reserve

Recorded with the balance of the deemed cost of R$ 57,545 and the revaluation reserve of R$ 5,563, net of taxes, after the Partial Spin-Off, as described in notes 22 (a), (c) and (e.2). As of December 31, 2019, the balance amounted to R$ 63,108.

c) Revaluation reserve

Recorded in accordance with corporate law, with the remaining balance in the amount of R$ 8,429, referring to the revaluation of land, which was realized through the Company's Partial Spin-Off, approved at the Extraordinary General Meeting held on July 31, 2019. The IRPJ and CSSL levied on this operation were settled and are described in note 17. The balance, net of taxes, was transferred to the capital reserve.

d) Profit reserve

Composed of the profit reserve, statutory reserve and profit retention reserve, as follows:

d.1) Legal reserve

Recorded at a percentage of 5% on the Company's net income, as defined in its bylaws and current legislation. As of December 31, 2019, the balance amounted to R$ 22,438 (R$ 18,734 in 2018).

d.2) Statutory reserve

Recorded at a percentage of 5% for the development reserve, to be used in the acquisition of fixed assets or in new investments by the company, following the provisions of articles 198 and 199 of Law 6404/76. As of December 31, 2019, the balance amounted to R$ 3,704 (R$ 33,838 in 2018).

d.3) Profit retention reserve

The reserve is related to the retention of remaining balance of retained earnings in the amount of R$ 84,942 (R$ 102,294 in 2018), to aid business growth project established in the Company's investment plan, according to capital budget proposed by management and to be decided in the General Shareholders' Meeting, in compliance with Article 196 of the Brazilian Corporate Law. Income for the year of 2018 not allocated as dividends were allocated to this reserve.

e) Other comprehensive income

e.1). Foreign currency translation

The debt amount of R$ 8,148 as of December 31, 2019 (R$ 8,451 in 2018) refers to the accumulated effect of the currency translation of the financial statements of the subsidiary that maintain accounting records in a functional currency other than the parent company's functional currency. This accumulated effect will be reverted to income for the year as gain or loss only in the case of disposal or write-off of investment.

e.2) Deemed cost

The amount of R$ 57,545 as of December 31, 2018, net of taxes, refers to the deemed cost of land, classified as available for sale. According to the Extraordinary General Meeting held on July 31, 2019, the Justification for the Partial Spin-Off of the Company was approved, and this asset was spun-off from the Company's balance sheet. Consequently, the balance of deemed cost was realized through this transaction and a total of R$ 57,545 was transferred to the capital reserve. The IRPJ and CSSL levied on this operation were settled and are described in note 17.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

e.3) Actuarial gains and losses

The debt amount of R$ 22,326 (net of taxes) as of December 31, 2018 (R$ 16,407 in 2018) refers to changes in the actuarial calculations of supplementary pension plans and health insurance.

f) Dividends

The Company's bylaws determine the distribution of a compulsory minimum dividend of 25% of net income for the year, adjusted lawfully. Dividends and interest on own capital payable were separated from shareholders' equity upon yearly closing and recorded as an obligation in liabilities. Preferred shares enjoy the payment of a minimum non-cumulative dividend of 6% p.a. on the amount of their interest in paid-up capital.

During the year 2019, the Board of Directors approved the payment of interest on own capital referring to the result of 2019, in the amount of R$ 1,813, of which R$ 1,541 net of withholding income tax (R$ 9,521 in 2018, of which R$ 8,092 net of withholding income tax). Dividends in the amount of R$ 16,064 (R$ 11,537 in 2018) were also proposed.

As of December 31, 2018, the outstanding balance of dividends payable amounts to R$ 16,200 (R$ 12,767 in 2018) for the individual financial statements and R$ 17,063 (R$ 14,482 in 2018) for the consolidated financial statements.

Dividends of the year were calculated as follows:

	31/12/2019	31/12/2018
Net income for the year	**74.085**	**82.649**
Legal reserve 5%	(3.704)	(4.132)
Minimum dividend calculation basis	70.381	78.517
Minimum compulsory dividends	25%	25%
Minimum annual dividend	**17.595**	**19.629**
Proposed dividends	16.054	11.537
Interest on own capital	1.813	9.521
IRRF on interest on own capital	(272)	(1.429)
Total dividends and interest on own capital for the year	**17.595**	**19.629**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

23. SUPPLEMENTARY RETIREMENT AND HEALTH CARE PLAN

The Company and its subsidiaries offer its employees the Health Assistance Reimbursement Insurance in the Outpatient, Hospital and Obstetric segments, pursuant to ANS Normative Resolution 279, which regulates the continuity of the plan by the age group table and, if it occurs, the bank slips for payment will be issued by Porto Seguro – Seguro Saúde. As of February 20, 2019, the health insurance operator was changed to Sul América Companhia de Seguro Saúde. For a group of former officers, there is a special condition where premium payments are made through bank slips issued by the Company, directly on behalf of the insured. The recognition of actuarial gains and losses is made in Other comprehensive income.

The Company sponsors a variable contribution benefit plan managed by MultiBRA Fundo de Pensão - Bradesco Multipensions, which ensures monthly income for disability retirement, death pension, annual bonus, sick pay, lump-sum death and disability benefit, in the defined benefit modality.

As of December 31, 2019, the Company and its subsidiaries maintained an actuarial provision for these plans in the amount of R$ 33,828 (R$ 24,859 in 2018) and contributions totaled R$ 3,876 (R$ 3,753 in 2018), recorded under "Administrative expenses" caption.

The actuarial liability of the Health Care Assistance Reimbursement Insurance in the Outpatient, Hospital and Obstetric segments was calculated by an independent actuary considering the following main assumptions:

Hypotheses and assumptions	**31/12/2019**	**31/12/2018**
General mortality table	AT 2000 decreased by 10% segregated by gender	AT 2000 decreased by 10% segregated by gender
Turnover table	Prudential 4	Prudential 4
Actual discount rate of obligations	2.87% p.a.	4.62% p.a.
Expected return rate of assets	0.00% p.a.	0.00% p.a.
Inflation rate	4% p.a.	5.5% p.a.
Duration of the liability	8.94 years	8.40 years
Permanence factor in the Health Insurance Plan upon retirement	0% for salaries up to R$ 5,000.00 1% for salaries from R$ 5,001.00 to R$ 10,000.00 3% for salaries from R$ 10,001.00 to R$ 15,000.00 50% to salaries above R$ 15,001.01	0% for salaries up to R$ 5,000.00 1% for salaries from R$ 5,001.00 to R$ 10,000.00 3% for salaries from R$ 10,001.00 to R$ 15,000.00 50% to salaries above R$ 15,001.01
Retirement age	60 years	60 years
Monthly amount of grant	R$ 961.37, according to statistical observation	R$ 900.97, according to statistical observation
Actual annual subsidy growth		
HCTR (health care service cost growth)	1,00%	1,00%
Aging Factor (rising cost due to aging)	1,00%	1,00%
Family Composition	All married Spouse age +/- 4 years	All married Spouse age +/- 4 years

Amounts expressed in Reais.

The actuarial liabilities of the pension plan and pension fund were calculated by an independent actuary considering the following main assumptions:

Assumptions	31/12/2019	31/12/2018
Mortality Table	AT-2000 decreased by 10%	AT-2000 decreased by 10%
Disability Mortality Table	AT-2000 decreased by 10%	AT-2000 decreased by 10%
Table of New Disability Benefit Vested	Álvaro Vindas	Álvaro Vindas
Real salary growth	1% p.a.	1% p.a.
Discount rate to calculate the present value of obligations	2.87% p.a.	4.62% p.a.
Expected rate of return of Plans' Assets	2.87% p.a.	4.62% p.a.
Inflation rate	4.00% p.a.	5.50% p.a.

Net changes in actuarial liability for the years ended December 31, 2019 and 2018 are as follows:

	Parent company and Consolidated
Balance at December 31, 2017	**20.551**
Provision organized in the year	4.308
Balance at December 31, 2018	**24.859**
Provision organized in the year	8.969
Balance at December 31, 2019	33.828

The breakdown of present value of contractual obligations and fair value of assets as of December 31, 2019 and 2018 is as follows:

	31/12/2019	31/12/2018
Present value of contractual obligations	**(102.285)**	**(84.751)**
Fair value of assets	**68.457**	**59.892**
Net actuarial liabilities	**(33.828)**	**(24.859)**

24. EARNINGS PER SHARE

a) <u>Basic</u>

Basic earnings per share are calculated by dividing income attributable to Company's shareholders by the weighted average number of shares of the year. Any dividends on preferred shares and any premiums paid on the issuance of preferred shares during the period are reduced from the income attributed to the parent company's shareholders.

	December 31, 2019		
	Common	**Preferred**	**Total**
Basic numerator:			
Income for the period	30.084	44.001	74.085
Basic denominator (in thousands of shares):			
Weighted average of shares	5.514	8.065	13.579
Net earnings per share - basic	**5,46**	**5,46**	**5,46**

			December 31, 2018
	Common	**Preferred**	**Total**
Basic numerator:			
Income for the period	33.561	49.088	82.649
Basic denominator (in thousands of shares):			
Weighted average of shares	5.514	8.065	13.579
Net earnings per share - basic	**6,09**	**6,09**	**6,09**

b) Diluted

The Company does not have an instrument convertible into shares and an option to purchase shares. Thus, it does not have potential common and preferred shares for dilution purposes.

25. NET OPERATING REVENUE

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Domestic market	**995.167**	974.419	**1.037.015**	1.007.976
Foreign market	**90.661**	88.918	**90.661**	88.918
Sales tax	**(304.978)**	(298.713)	**(308.344)**	(301.329)
Refunds and rebates	**(26.080)**	(27.484)	**(26.080)**	(27.484)
	754.770	**737.140**	**793.252**	**768.081**

26. COST OF GOODS SOLD

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Labor and energy	**(217.344)**	(189.148)	**(217.344)**	(189.148)
Raw material and packaging material	**(126.975)**	(121.693)	**(126.975)**	(121.693)
Depreciation and other	**(100.905)**	(93.336)	**(122.533)**	(107.410)
	(445.224)	**(404.177)**	**(466.852)**	**(418.251)**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

27. SELLING AND ADMINISTRATIVE EXPENSES

	Parent company		Consolidated	
Sales	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Personnel	**(43.918)**	(43.237)	**(46.133)**	(44.970)
Freight	**(28.202)**	(29.221)	**(31.621)**	(32.320)
Promotion and advertising	**(6.535)**	(6.551)	**(7.797)**	(7.399)
Non-collectible credits	**394**	267	**367**	267
Utilities and services	**(30.496)**	(31.666)	**(34.396)**	(34.904)
	(108.757)	**(110.408)**	**(119.580)**	**(119.326)**
General and administrative				
Personnel	**(62.388)**	(66.519)	**(63.022)**	(67.410)
Utilities and services	**(24.240)**	(25.034)	**(24.896)**	(25.858)
	(86.628)	**(91.553)**	**(87.918)**	**(93.268)**

28. NET FINANCIAL INCOME (LOSS)

	Parent company		Consolidated	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Financial expenses				
Liability interest	**(12.556)**	(11.124)	**(12.397)**	(10.361)
Exchange rate change and inflation adjustment costs	**(1.882)**	(6.631)	**(3.521)**	(8.507)
Bank expenses	**(2.374)**	(555)	**(2.546)**	(836)
Discounts granted	**(5.564)**	(6.937)	**(5.563)**	(6.937)
Other	**(1.470)**	(398)	**(1.470)**	(456)
	(23.846)	**(25.645)**	**(25.497)**	**(27.097)**
Financial revenues				
Asset interest	**920**	681	**920**	681
Yields from interest earning bank deposits	**3.390**	3.411	**3.400**	3.845
Exchange rate change and inflation adjustments in assets	**708**	2.171	**708**	2.239
Other	**2.203**	2.158	**2.824**	2.423
	7.221	**8.421**	**7.852**	**9.188**
Net financial income (loss)	**(16.625)**	**(17.224)**	**(17.645)**	**(17.909)**

(Amounts expressed in thousands of Reais, unless otherwise indicated)

29. OPERATING SEGMENTS

	Consolidated 01/01/2019–12/31/2019			
	Household appliances	**Packaging**	**Real estate and others**	**Total**
Gross operating revenue	**971.521**	**108.296**	**47.859**	**1.127.676**
Deductions: Taxes, returns and rebates	(304.522)	(26.760)	(3.142)	(334.424)
Net operating revenue	**666.999**	**81.536**	**44.717**	**793.252**
Cost of products sold	(387.713)	(54.791)	(24.348)	(466.852)
Gross income	**279.286** -	**26.745**	**20.369**	**326.400**
Sales expenses	(97.850)	(9.483)	(12.247)	(119.580)
Administrative expenses	(77.940)	(8.688)	(1.290)	(87.918)
Other operating and financial revenues (expenses), net	(1.944)	(217)	(3.602)	(5.763)
Income tax and social contribution on net income - current and deferred, net	(34.113)	(3.803)	(1.622)	(39.538)
Net income for the year	**67.439** -	**4.554**	**1.608**	**73.601**
Net income for the year attributable to controlling shareholders				**74.085**
Net loss for the year attributable to non-controlling shareholders				**(484)**

	Consolidated 01/01/2018–12/31/2018			
	Household appliances	**Packaging**	**Real estate and others**	**Total**
Gross operating revenue	**954.515**	**103.959**	**38.420**	**1.096.894**
Deductions: Taxes, returns and rebates	(301.644)	(24.709)	(2.460)	(328.813)
Net operating revenue	**652.871**	**79.250**	**35.960**	**768.081**
Cost of products sold	(349.271)	(53.235)	(15.745)	(418.251)
Gross income	**303.600** -	**26.015**	**20.215**	**349.830**
Sales expenses	(99.564)	(9.657)	(10.105)	(119.326)
Administrative expenses	(82.561)	(8.992)	(1.715)	(93.268)
Other operating and financial revenues (expenses), net	(10.357)	(1.128)	(2.569)	(14.054)
Income tax and social contribution on net income - current and defe	(33.247)	(3.621)	(2.089)	(38.957)
Net income for the year	**77.871** -	**2.617**	**3.737**	**84.225**
Net income for the year attributable to controlling shareholders				**82.649**
Net loss for the year attributable to non-controlling shareholders				**1.576**

30. MANAGEMENT OF RISKS AND FINANCIAL INSTRUMENTS

The Company and its subsidiaries carry out operations with financial instruments. The management of these instruments is done through operating strategies and internal controls, aimed at liquidity, profitability and security. The contracting of financial instruments with the objective of offering protection is performed by means of a periodic analysis of the risk exposure that Management intends to cover (exchange rate, interest rate, etc.), which is examined by the Board of Directors, if approved for operation of the strategy presented. The control policy consists of permanent follow-up of the conditions engaged versus those in force in the market. The Company and its subsidiaries do not invest in derivatives or any other risk assets on a speculative basis. The results obtained from such operations are consistent with the policies and strategies defined by Company's management. The operations of the Company and of its subsidiaries are subject to the risk factors described below:

a) Risk management policy

The Company and its subsidiaries are exposed to market risks, and main ones are: (i) volatility of exchange rate; and (ii) interest rate volatility. The contracting of financial instruments with the objective of offering protection is performed by means of an analysis of risk exposure that Management intends to cover.

b) Interest rate risk

Results from the possibility of the Company and its subsidiaries suffering gains or losses arising from oscillations of interest rates levied on their financial assets and liabilities. Aiming to mitigate this kind of risk, the Company and its subsidiaries seek to diversify funding in terms of prefixed or post-fixed rates.

As of December 31, 2019 and 2018, the Company did not have derivative financial instruments to cover interest rate risks.

c) Currency risk

The related risk derives from the possibility of incurring losses due to fluctuations in foreign exchange rates that reduce or increase amounts raised in the market. Below we present the exposure by currency as at December 31, 2019 and 2018, which considers the equity values of loans and financing and cash and cash equivalents:

Amounts denominated in thousands of US dollars.

	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Accounts receivable (i)				
US dollar	4.271	3.640	4.579	4.418
Loans and financing (ii)				
US dollar	(6.000)	(5.000)	(6.000)	(5.000)
Net exposure (i-ii):	(1.728)	(1.360)	(1.421)	(582)

As of December 31, 2019 and 2018, the Company did not have derivative financial instruments to cover exchange rate risks.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

d) Credit risk

The Company and its subsidiaries restrict their exposure to credit risks associated with cash and cash equivalents and securities, investing assets in top-tier financial institutions and remunerated with short-term securities.

As to accounts receivable, the Company restricts its exposure to credit risks by means of sales to a broad range of clients and the ongoing performance of credit analyses. In order to cover losses on impaired receivables, provisions were recorded at amounts deemed sufficient by Management to cover possible losses on the collection of trade receivables.

Book value of financial assets that represent the maximum exposure to credit risk is as follows:

	Parent company		**Consolidated**	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Cash and cash equivalents	12.026	15.391	12.926	16.599
Securities	89.260	38.738	89.461	45.857
Trade accounts receivable	216.607	156.747	218.049	159.769
Other receivables	4.557	6.217	3.741	4.610
	322.450	**217.093**	**324.177**	**226.835**

Management understands that there is no significant credit risk to which the Company and its subsidiaries are exposed, taking into consideration the characteristics of the counterparties, concentration levels and the relevance of the amounts in relation to total revenue.

e) Liquidity risk

Liquidity risk is the risk of the Company and its subsidiaries encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset.

To mitigate liquidity risks and optimize capital weighted average cost, the Company and its subsidiaries permanently monitor indebtedness level in accordance with market standards and index compliance (“covenants”) provided for in loan and financing contracts so as to ensure that cash operating generation and previous fund raising, as necessary, are sufficient to maintain payment schedule, thus not generating liquidity risk for the Company and its subsidiaries.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

The contractual maturities of financial liabilities including payment of estimated interest are as follows:

	Consolidated		**31/12/2019**
	Book value	**Up to 01 year**	**02–06 years**
Loans and financing	255.547	40.547	215.000
Suppliers	58.957	58.957	-
	314.504	99.504	215.000

	Consolidated		**31/12/2018**
	Book value	**Up to 01 year**	**02–06 years**
Loans and financing	132.042	87.042	45.000
Suppliers	52.345	52.345	-
Related parties	9.424	-	9.424
	193.811	139.387	54.424

The cash flows presented above are not expected to be advanced.

f) Fair value of financial instruments

(i) Calculation of fair value

The following estimated fair values were determined using available market information and appropriate valuation methodologies. Nevertheless, a considerable judgment is required to interpret market information and estimate fair value. Thus, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in the current market. The use of different market assumptions and/or estimating methodologies may have a significant effect on the estimated fair values.

The fair value was estimated based on discounted future cash flows, using rates available annually and/or similar and remaining terms.

The classification and the main book and fair values of consolidated financial assets and liabilities as of December 31, 2019 and 2018 is presented below:

	Consolidated		**31/12/2019**
	Fair value through profit or loss	**Amortized cost**	**Total**
Assets			
Cash and cash equivalents	-	12.926	12.926
Securities	89.461	-	89.461
Accounts receivable	-	218.049	218.049
Liabilities			
Suppliers	-	58.957	58.957
Loans and financing	-	255.547	255.547

(Amounts expressed in thousands of Reais, unless otherwise indicated)

	Consolidated		31/12/2018
	Fair value through profit or loss	Amortized cost	Total
Assets			
Cash and cash equivalents	16.599	-	16.599
Securities	45.857	-	45.857
Accounts receivable	-	159.769	159.769
Liabilities			
Suppliers	-	52.345	52.345
Loans and financing	-	132.042	132.042
Related parties	-	9.424	9.424

(ii) Fair value hierarchy:
The following table presents an analysis of the financial instruments recognized at fair value after their initial recognition. These financial instruments are grouped in levels from 1 to 3, based on the grade that their fair value is quoted:

Measurements of Level 1 fair value:
They are obtained from quoted prices (not adjusted) in active markets for identical assets and liabilities;

Measurements of Level 2 fair value:
Are obtained through other variables in addition to quoted prices included in Level 1, which are observable for the assets or liabilities directly (that is, as prices) or indirectly (that is, based on prices);

Measurements of Level 3 fair value:
They are obtained through assessment techniques which include variables for the assets or liabilities, which however are not based on observable market data (non-observable data).

Financial instruments measured at fair value are as follows:

	Level 2			
	Parent company		Consolidated	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Assets: Securities	89.260	38.738	89.461	45.857
	89.260	38.738	89.461	45.857

g) <u>Market risk</u>

The Company is engaged in the production and sale of household products and glass packaging. In addition to the risks affecting the industry in general, such as supply disruptions and volatility in material prices, changes in demand, strikes and environmental regulations, the Company's activities are specifically affected by the following risks:

(i) The economic situation in Brazil, which may hinder the growth of the consumer sector as a whole, by slowing the economy, increasing interest rates, through currency fluctuation and political instability, among other factors.

(Amounts expressed in thousands of Reais, unless otherwise indicated)

(ii) In the event of bankruptcy or significant financial difficulties of a large client, the sector as a whole may suffer, which could cause a reduction in demand.
(iii) The Company's profit margins may be affected due to increased operating costs.

h) Sensitivity analysis

Management identified, for each type of financial instrument, changes in exchange rates and interest rates that may generate losses on the asset and/or liability that is being hedged.
For each exposure, Management defined a probable scenario based on the information available on the balance sheet dates, and defined the change in interest rates that considers the effects of a 25% and 50% increase in the interest rates of the economy and other indexes sensitive to changes in financial assets and liabilities directly subject to fluctuations in interest rates practiced by the market, for outstanding positions as of December 31, 2018.

Sensitivity analysis			**Consolidated**
	Probable scenario	**Increase scenario**	**Increase scenario**
Financial instruments	**31/12/2019**	**25%**	**50%**
Securities	4.940	6.175	7.411
Loans and financing	(7.746)	(9.683)	(11.619)
	(2.806)	**(3.508)**	**(4.208)**

31. NON-CASH TRANSACTIONS

During the year ended December 31, 2019, the Company proceeded with the following transactions not involving cash:

- Foreign currency translation adjustments (R$ 699 in 2019 and R$ 2910 in 2018), in the parent company and consolidated
- Declaration of dividends and interest on own capital payable in the amount of R$ 17,867 in 2019, of which R$ 16,200 remains outstanding (parent company) and R$ 17,063 (consolidated) in the aforementioned year.

32. INSURANCE

The insured amounts are calculated and contracted by Management on technical bases that include the maximum claim amount to cover possible losses arising from property, plant and equipment items, inventories and civil liability. The contracted insurance coverages considered sufficient by the Management to cover possible risks on its assets and/or responsibilities. As of December 31, 2019, the amount of coverage for possible claims, per insured location, amounted to R$ 390,000 (R$ 390,000 as of December 31, 2018). The scope of work of our independent auditor does not include an assessment of the adequacy of our insurance coverage.

33. SUBSEQUENT EVENTS

In continuity with the Material Facts disclosed on July 12, September 2, 2019 and October 2, 2019, the Company announces that, on February 3, 2020, CVM, under the terms of Official Letter 17/2020/CVM/SRE/GER-1 (“Official Letter”), deferred the registration of the public offer for the acquisition of common and preferred shares issued by the Company to be launched by Vidros da Glória Participações S.A. (“Offeror”) due to the sale of equity control of the Company and aiming at the cancellation of its registration as a publicly-held company (“OPA”).

In continuity with the Company’s Material Facts mentioned above, the Company hereby informs that, on February 4, 2020, the public offer for the acquisition of common and preferred shares issued by it was released by Vidros da Glória Participações S.A. (“Offeror”) due to the sale of the Company’s equity control and aiming at the cancellation of its registration as a publicly-held company (“OPA”), with the full terms and conditions, as well as the other OPA documents, which are available for consultation on the websites of the Company (http://nadirfigueiredo.com.br/relacao-cominvestidores/), of CVM (www.cvm.gov.br), of B3 – Brasil, Bolsa, Balcão (www.b3.com.br), and of SOCOPA – Sociedade Corretora Paulista S.A., an intermediary institution for the OPA (https://www.socopa.com.br/ofertaspublicas/), as well as at the head office of the Company, of the Offeror and of the intermediary institution.

34. EXPLANATION ADDED TO THE ENGLISH VERSION

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

*   *   *