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Hospital Mater Dei S.A.

Quarterly Information (ITR) as of March 31, 2021 and quarterly information review report

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Report on review of quarterly information

To the Board of Directors and Shareholders
Hospital Mater Dei S.A.

Introduction

We have reviewed the accompanying interim accounting information of Hospital Mater Dei S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2021, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

Conclusion on the interim information

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

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Other matters

Statement of value added

The quarterly information referred to above includes the statement of value added for the quarter ended March 31, 2021. This statement is the responsibility of the Company's management and is presented as supplementary information under IAS 34. This statement has been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether it is reconciled with the interim accounting information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that this statement of value added has not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and that it is consistent with the interim accounting information taken as a whole.

Belo Horizonte, May 13, 2021

PricewaterhouseCoopers
PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Fábio Abreu de Paula
Contador CRC 1MG075204/O-0

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Contents

Company information/Capital composition

Number of shares (In thousands)	Current quarter 3/31/2021
Paid-up capital	
Common shares	286,552,072
Preferred shares	0
Total	286,552,072
Treasury shares	
Common shares	0
Preferred shares	0
Total	0

Parent company financial statements/Balance sheet - assets

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2021	Prior year 12/31/2020
1	Total assets	1,195,334	1,183,929
1.01	Current assets	559,288	555,270
1.01.01	Cash and cash equivalents	76,680	121,207
1.01.02	Financial investments	151,288	149,603
1.01.03	Accounts receivable	267,797	256,252
1.01.03.01	Accounts receivable	267,797	256,252
1.01.04	Inventories	27,857	20,109
1.01.08	Others current assets	35,666	8,099
1.01.08.03	Others	35,666	8,099
1.01.08.03.01	Derivatives	3,923	4,585
1.01.08.03.02	Reimbursed receivable	22,386	0
1.01.08.03.02	Others	9,357	3,514
1.02	Non-current assets	636,046	628,659
1.02.01	Long-term receivables	531,963	530,090
1.02.01.07	Deferred taxes	55,350	49,782
1.02.01.07.01	Income tax and social contribution	55,350	49,782
1.02.01.10	Other non-current assets	47,613	480,308
1.02.01.10.03	Judicial deposits	28,350	27,651
1.02.01.10.04	Advances and materials for construction	51,887	52,222
1.02.01.10.05	Right-of-use leased assets	396,376	400,435
1.02.02	Investments	35	35
1.02.02.01	Equity investments	35	35
1.02.02.01.04	Other investments	35	35
1.02.03	Property and equipment	101,059	95,640
1.02.03.01	Property and equipment in operation	101,059	95,640
1.02.04	Intangible assets	2,989	2,894
1.02.04.01	Intangible	2,989	2,894

Parent company financial statements/Balance sheet - liabilities and equity

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2021	Prior year 12/31/2020
2	Total liabilities and equity	1,195,334	1,183,929
2.01	Current liabilities	249,108	427,761
2.01.01	Social security and labor liabilities	20,433	15,967
2.01.01.01	Salaries and social charges	20,433	15,967
2.01.02	Suppliers	20,433	15,967
2.01.02.01	Local suppliers	66,754	57,942
2.01.03	Tax liabilities	66,754	57,942
2.01.03.01	Federal tax liabilities	22,593	35,650
2.01.04	Loans and financing	22,593	35,650
2.01.04.01	Loans and financing	64,863	239,467
2.01.04.01.01	Local currency	64,863	239,467
2.01.04.01.02	Foreign currency	56,885	229,089
2.01.05	Other liabilities	7,978	10,378
2.01.05.02	Other	74,465	78,735
2.01.05.02.01	Dividends payable	74,465	78,735
2.01.05.02.04	Lease payable	24,315	28,080
2.01.05.02.05	Tax Installments	42,140	42,243
2.01.05.02.06	Others current liabilities	7,592	7,455
2.02	Non-current liabilities	418	957
2.02.01	Loans and financing	658,711	495,107
2.02.01.01	Loans and financing	165,487	2,772
2.02.01.01.01	Local currency	165,487	2,772
2.02.01.01.02	Foreign currency	163,968	0
2.02.02	Other payables	1,519	2,772
2.02.02.02	Others	378,376	376,510
2.02.02.02.03	Lease payable	378,376	376,510
2.02.02.02.04	Tax Installments	360,640	358,437
2.02.02.02.05	Others non-current liabilities	16,293	18,073
2.02.04.01	Tax, social security, labor and civil provision	1,443	0
2.02.04	Provisions for contingencies	114,848	115,825
2.02.04,01	Labor, social security, civil and tax	114,848	115,825
2.03	Equity	287,515	261,061
2.03.01	Paid-up capital	131,837	131,837
2.03.04	Revenue reserves	129,224	129,224
2.03.04.01	Legal reserve	24,357	24,357
2.03.04.10	Retained earnings	53,109	104,867
2.03.04.11	Investments reserve	51,758	0
2.03.05	Profit for the period	26,454	0

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Parent company financial statements/Statement of income

(R$ thousand unless otherwise stated)

1 - Code	2 - Description	Accumulated - current year 1/1/2021 to 3/31/2021	Accumulated - prior year 1/1/2020 to 3/31/2020
3.01	Revenue from services	226,760	170,241
3.02	Cost of services rendered	-137,895	-110,159
3.03	Gross profit	88,865	60,082
3.04	Operating income and expenses	-35,595	-32,318
3.04.02	General and administrative expenses	-25,780	-22,530
3.04.05	Other net operating income (expenses)	-9,815	-9,788
3.05	Profit before finance results and taxes	53,270	27,764
3.06	Finance results	-13,693	-4,708
3.06.01	Finance income	4,578	4,204
3.06.02	Finance costs	-18,271	-8,912
3.07	Profit before taxation	39,577	23,056
3.08	Income tax and social contribution on net income	-13,123	-7,659
3.08.01	Current	-20,654	-13,296
3.08.02	Deferred	7,531	5,637
3.09	Net result of continued operations	26,454	15,397
3.11	Profit for the period	26,454	15,397
3.99	Earnings per share - (reais/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0,09000	0,04000
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0,09000	0,04000

Parent company financial statements/Statement of comprehensive income

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2021 to 3/31/2021	Accumulated - prior year 1/1/2020 to 3/31/2020
4.01	Profit for the period	26,454	15,397
4.03	Comprehensive income for the period	26,454	15,397

Parent company financial statements/Statement of cash flows - indirect method

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2021 to 3/31/2021	Accumulated - prior year 1/1/2020 to 3/31/2020
6.01	Net cash provided by operating activities	12,360	54,393
6.01.01	Cash provided by operations	76,664	57,860
6.01.01.01	Net income for the period	26,454	15,397
6.01.01.02	Depreciation and amortization	8,818	9,191
6.01.01.03	Loss on disposal of property and equipment and intangible assets	731	509
6.01.01.04	Provision for doubtful debts	8,219	9,611
6.01.01.05	Provision for deductibles	4,770	8,827
6.01.01.06	Provision for contingencies	-19	744
6.01.01.07	Derivative income	-1,043	-4,170
6.01.01.08	Income from financial investments	-2,202	1,369
6.01.01.09	Net financial expenses	17,813	8,723
6.01.01.10	Current and deferred taxes	13,123	7,659
6.01.02	Changes in assets and liabilities	-25,927	5,160
6.01.02.01	Increase (decrease) in accounts receivable	-26,296	7,365
6.01.02.02	Increase (decrease) in inventories	-7,748	-5,076
6.01.02.03	Increase (decrease) in other assets	-3,880	-1,518
6.01.02.04	Increase (decrease) in judicial deposits	-699	-700
6.01.02.05	Increase (decrease) in suppliers	8,812	1,975
6.01.02.06	Increase (decrease) in salaries and social charges	4,466	2,547
6.01.02.07	Increase (decrease) in tax and contributions payable	1,359	1,023
6.01.02.08	Increase (decrease) in the tax installments	-1,887	0
6.01.02.09	Increase (decrease) in other accounts payable	-54	-456
6.01.03	Other	-38,377	-8,627
6.01.03.01	Income tax and social contribution paid	-35,070	-5,103
6.01.03.02	Interest paid	-3,307	-3,524
6.02	Net cash used in investing activities	-37,873	-25,125
6.02.01	Acquisition of property and equipment	-10,359	-14,417
6.02.02	Acquisition of intangible assets	-645	-83
6.02.03	Advances and materials for construction	-27,386	0
6.02.04	Financial investments realized, net of redemptions	517	-10,625
6.03	Net cash used in financing activities	-19,014	-1,887
6.03.01	Loans and financing	0	26,706
6.03.02	Loans and financing payments	-14,661	-8,176
6.03.03	Lease payments	-2,293	-717
6.03.04	Derivatives settled	1,705	372
6.03.05	Dividends paid	-3,765	-20,072
6.05	Increase (decrease) in cash and cash equivalents	-44,527	27,381
6.05.01	Cash and cash equivalents at the beginning of the period	121,207	123,671
6.05.02	Cash and cash equivalents at the end of the period	76,680	151,052

Parent company financial statements/Statement of changes in equity - 1/1/2021 to 3/31/2021

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Equity
5.01	Opening balances	131,837	0	129,224	0	0	261,061
5.03	Adjusted opening balances	131,837	0	129,224	0	0	261,061
5.05	Total comprehensive income	0	0	0	26,454	0	26,454
5.05.01	Profit for the period	0	0	0	26,454	0	26,454
5.07	Closing balances	131,837	0	129,224	26,454	0	287,515

Parent company financial statements/Statement of changes in equity - 1/1/2020 to 3/31/2020

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, share options and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Equity
5.01	Opening balances	351,045	-31,050	469,164	0	57,613	846,772
5.03	Adjusted opening balances	351,045	-31,050	469,164	0	57,613	846,772
5.05	Total comprehensive income	0	0	0	16,026	-629	15,397
5.05.01	Profit for the period	0	0	0	15,397	0	15,397
5.05.02	Others comprehensive income	0	0	0	629	-629	0
5.05.02.06	Realization of equity valuation adjustment	0	0	0	952	-952	0
5.05.02.07	Deferred taxes on the equity valuation adjustment	0	0	0	-323	323	0
5.07	Closing balances	351,045	-31,050	469,164	16,026	56,984	862,169

Parent company financial statements/Statement of value added

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2021 to 3/31/2021	Accumulated - prior year 1/1/2020 to 3/31/2020
7.01	Revenue	235,763	173,361
7.01.01	Gross revenue	244,307	182,555
7.01.02	Other revenue	-325	417
7.01.02.01	Other revenue	382	677
7.01.02.02	Revenue deductions	-707	-260
7.01.04	Provision for doubtful debts	-8,219	-9,611
7.02	Inputs purchased from third parties	-100,437	-79,703
7.02.01	Cost of services rendered	-80,284	-59,620
7.02.02	Materials, electricity, third-party services and other	-20,153	-20,083
7.03	Gross value added	135,326	93,658
7.04	Retentions	-10,796	-10,045
7.04.01	Depreciation, amortization and depletion	-8,818	-9,191
7.04.02	Others	-1,978	-854
7.05	Net value added produced	124,530	83,613
7.06	Value added received through transfer	4,578	4,204
7.06.02	Finance income	4,578	4,204
7.07	Total value added to distribute	129,108	87,817
7.08	Distribution of value added	129,108	87,817
7.08.01	Personnel	54,420	43,795
7.08.01.01	Direct remuneration	37,036	29,961
7.08.01.04	Others	17,384	13,834
7.08.01.04.01	Social charges	11,199	9,055
7.08.01.04.02	Vacation pay, Christmas bonus and charges	6,185	4,779
7.08.02	Taxes, fees, and contributions	29,963	19,713
7.08.02.01	Federal	22,661	15,144
7.08.02.03	Municipal	7,302	4,569
7.08.03	Remuneration of third-party capital	18,271	8,912
7.08.03.01	Interest	18,271	8,912
7.08.04	Remuneration of own capital	26,454	15,397
7.08.04.03	Retained earnings	26,454	15,397

1 General information

1.1 Operational context

Hospital Mater Dei S.A. ("Mater Dei" or "Company"), which is headquartered in the city of Belo Horizonte, state of Minas Gerais, provides healthcare services in Brazil, such as hospital, outpatient, laboratory, hospitality, diagnosis, oncology, among others. The Mater Dei Healthcare Network has over 40 years of experience in the healthcare sector and has built a solid standing in the market in which it operates, consolidating its brand, "Mater Dei", which is seen as a benchmark for quality. Mater Dei was awarded the international JCI (Joint Commission International) certification for all its units.

The Company operates the largest network of private hospitals in the state of Minas Gerais, comprised of three hospital units, two of which located in the city of Belo Horizonte and one on the border between the towns of Betim and Contagem. Construction is also underway on the first hospital unit outside the state of Minas Gerais, located in the city of Salvador, State of Bahia; start of operations are scheduled for early 2022. On March 31, 2021, the installed capacity of the operational units is over 1081 beds, which will be increased by approximately 367 beds at the Salvador unit (unaudited information).

1.2 COVID-19

Since its onset in 2020, the COVID-19 pandemic has created macroeconomic uncertainties and caused volatility and significant changes in the market, including in the Company's sector. In response to the COVID-19 pandemic, many governments implemented policies designed to mitigate or contain the spread of COVID-19, including restrictions on movement and implementing social distancing measures. These continue to this day and may remain in effect for a lengthy period of time. The COVID-19 pandemic also created major volatility in the largest financial markets and economic indicators both globally and in Brazil, including to exchange rates, interest rates and credit spreads.

In the first quarter of 2021, the Company's operations were mainly affected by the rapid increase in virus contagion rates, which generated a large number of hospitalizations, especially in intensive care. This scenario required a structural reorganization, with expansion of specific and exclusive areas for COVID-19 patients, resulting in new flows, protocols, human resources, equipment, supplies, and further technical training for nursing professionals and clinical staff in order to meet the demand.

The Company assessed and continues to monitor all possible impacts of the pandemic on its accounting estimates and fair value and impairment of its assets, as well as the risks related to its investments, credit, interest, foreign exchange, share prices, investment fund quotas and leases. However, the Company does not expect new effects related to the COVID-19 pandemic to arise, other than those already recognized in the quarterly financial information for the period ended March 31, 2021.

1.3 Basis of preparation

The quarterly financial information has been prepared and is being presented in accordance with the Technical Pronouncement CPC 21 (R1) - Intermediate Statement and with the International Standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB). This information is also being presented in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Financial Information (ITR).

The Company prepared this accounting information based on the Technical Guidance OCPC 07. Thus, all relevant information used by Management when carrying out the Company's management activities is evidenced in these financial statements.

The quarterly financial information was prepared using the historical cost as the value base, which, in the case of specific financial assets and liabilities (including derivative instruments), have their cost adjusted to reflect the measurement at fair value.

The preparation of quarterly financial information requires critical accounting estimates to be made and also the exercise of judgment by the Company's management in applying accounting policies. More complex areas that require a higher level of judgment and those in which assumptions and estimates are significant to the quarterly financial information are disclosed in Note 4.

(a) Statement of value added

The presentation of the parent company and consolidated statements of value added is required by Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. The statement of value added was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added." The IFRS do not require the presentation of this statement. Therefore, under the IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

1.4 Standards, amendments and interpretations of standards

No new standards, amendments and interpretations of standards were issued in the quarter ended March 31, 2021.

2 Disclosures in the notes to the annual financial statements and to the quarterly financial information

This quarterly financial information was prepared based on principles, practices and criteria consistent with those adopted in the preparation of the annual financial statements as at December 31, 2020 and should be read together with said financial statements, which were approved by Management on February 10, 2021.

3 Approval of quarterly financial information

The Board of Directors approved the issuance of this quarterly financial information on May 12, 2021

4 Critical accounting estimates and judgments

Accounting estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

Based on assumptions, the Company makes estimates regarding the future. By definition, the resulting accounting estimates will rarely be equal to the respective actual results. The estimates and assumptions that present a significant risk of causing an adjustment to the book values of assets and liabilities for the next year, are addressed below.

(a) Impairment of financial assets

Provisions for losses on financial assets consider default risk and expected loss rates. Management applies judgment to establish these assumptions and to select the data for the calculation of impairment, based on history, existing market conditions and future estimates.

(b) Deductibles for accounts receivable

Accounts receivable balances contain a variable component related to deductibles, which result from customers questioning their hospital bills, claiming discounts, in part or fully. The deductible provisions are recognized based on historical experience, requires a degree of judgment to establish the period after which negotiations make their recovery unlikely.

(c) Provision for contingencies

The Company is a party to several legal and administrative proceedings, as well as other contingent risks. The provisions constituted represent probable losses based on management's assessment of the likelihood of loss, which includes reviewing all available evidence, including the advice of its external legal counsel. The final outcome of these processes may differ from those forecast.

(d) Incremental borrowing rate for leases

The lessee's incremental borrowing rate is the interest rate the lessee would have to pay when borrowing funds for the acquisition of an asset similar to the asset being leased, for a similar term and with a similar collateral, and the resources necessary to obtain the asset with a value similar to the right-of-use asset in a similar economic environment.

The incremental borrowing rate for leases is used to calculate the present value of the lease liabilities when the contract is first registered.

Determining this rate involves a significant degree of judgment, and depends on the lessee's credit risk, the term of the lease, the nature and quality of the guarantees offered and the economic environment in which the transaction is made. The calculation uses readily observable information, from which you must make the necessary adjustments to arrive at your incremental borrowing rate for leases.

4.2 Critical judgments in applying accounting policies

(a) Revenue recognition of hospital services

Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The revenue is measured net of rebates, discounts and taxes, and especially deductibles, which are common practice in the provision of hospital services.

5 Financial risk management

5.1 Financial risk factors

Due to its activities, the Company is exposed to various financial risks: foreign exchange, interest rate, credit and liquidity. The Company uses derivative financial instruments (currency swaps for cash flow hedge purposes) to hedge risk exposures.

The Company's Executive Board performs risk management. The Executive Board identifies, evaluates and protects the Company against financial risks in cooperation with the operating units.

The following descriptions summarize the nature and extent of the risks arising from financial instruments and how the Company manages its exposure.

(a) Foreign exchange risk

The Company has loan and financing contracts in which it is exposed to foreign exchange risk, primarily in relation to the US dollar.

Foreign exchange risk arises when future commercial transactions, recorded assets or liabilities are held in a currency other than the entity's functional currency.

(b) Interest rate risk

The Company's main interest rate risk stems from loans and borrowings with floating rates, exposing the Company to the cash flow risk associated with the interest rate.

(c) Credit risk

Credit risk stems from cash and cash equivalents, contractual cash flows arising from financial assets measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income, favorable derivative financial instruments, deposits with banks and other financial institutions, as well as credit exposure to customers, including outstanding accounts receivable.

The Company operates only with banks that are top-tier financial institutions with a minimum "A" rating from Standard and Poor's. The Executive Board regularly assesses customers' credit quality based on their financial position, past history and other factors. In the event of an imminent risk of such assets being deemed not realizable, the Company recognizes a provision to net recoverable value.

Management does not expect customer default losses to exceed existing provisions.

<u>Impairment of financial assets</u>

The following financial assets held by the Company are subject to the expected credit loss model:

. accounts receivable arising from hospital services; and

. assets measured at amortized cost.

Although cash and cash equivalents are also subject to the impairment requirements of IFRS 9/CPC 48, the impairment loss identified in these assets was immaterial.

Accounts receivable and contract assets

A significant portion of the Company's gross operating revenue arises from payments made by operators, insurance companies, self-management companies and health plan administrators. For the year ended December 31, 2020, the Company's five largest customers (private health plan administrators) accounted for approximately 57.0% of the Company's net operating revenue.

The Company applies the simplified IFRS 9/CPC 48 approach to measure expected credit losses considering a provision for expected losses over the useful life of all accounts receivable and contract assets.

For the purpose of measurement, expected credit losses, accounts receivable and contract assets were grouped based on shared credit risk characteristics and days past due. Contract assets relate to ongoing calls that have not been billed and have essentially the same risk characteristics as accounts receivable for the same types of contracts. Therefore, the Company concluded that the expected loss rates for accounts receivable represent a reasonable approximation of the loss rates for contract assets.

For the purpose of calculating the provisions, the Company segregates its accounts receivable into (i) deductibles, which relate to Mater Dei's customer challenges for amounts billed, and (ii) customer receivables, which are customer credits from medical services provided to patients.

To calculate the provision for deductibles, the Company separates (i) customers with which it has ongoing agreements to recover deductibles, from (ii) customers without ongoing agreements. For the former, the Company reviews each agreement and each customer individually and estimates a recovery percentage based on the negotiations and the recovery history per customer. For customers who fit the latter category, the Company reviews the performance of past due bills in all of the aging ranges on a recurring basis, with historical data demonstrating that deductibles over 180 days past due can be deemed not recoverable.

To determine the provision for doubtful debts, historical data is reviewed and monitored to determine the provisioning criteria.

Impairment losses on accounts receivable and contract assets are presented as net impairment losses in net revenue. Subsequent recoveries of amounts previously written off are credited to the same account.

(d) Liquidity risk

The Executive Board monitors the Company's ongoing forecasts of liquidity requirements to ensure that it has sufficient cash to meet operational needs. This forecast takes into account the Company's debt financing plans and compliance with clauses.

The following table analyzes the financial liabilities by maturity ranges, corresponding to the remaining period between the balance sheet date and the contract maturity date. The amounts shown in the table are undiscounted contracted cash flows.

In thousands of Brazilian Reais, unless otherwise stated

	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years
As of December 31, 2020				
Suppliers	57,942	-	-	-
Loans and financing (a)	239,850	2,949	-	-
Leases payable	44,358	83,019	83,429	1,028,579
Tax installments	7,455	10,478	7,595	-
Dividends payable	28,080	-	-	-
As of March 31, 2021				
Suppliers	66,754	-	-	-
Loans and financing	73,613	66,849	47,977	79,874
Leases payable	44,255	83,627	82,286	1,021,721
Tax installments	5,836	10,823	7,821	-
Dividends payable	24,315	-	-	-

(a) The BNDES and BNB financing reported presented under current liabilities (Note 5.2 (i) - Capital management). Waivers were subsequently obtained by the banks, remedying non-financial covenants issues from the corporate reorganization.

(e) Sensitivity analysis

Foreign exchange exposure

In preparing the sensitivity analysis for the exchange rate risk, the exchange rate of US$1.00:R$ 5.33 was used for the base scenario, consistent with the forecast for December 31, 2021 in the Focus Bulletin published by the Central Bank of Brazil. The base scenario was stressed by 25% and 50% for increases in the risk variables, namely the future US Dollar exchange rate. The sensitivity analysis took into account the net asset or liability exposure of the foreign exchange derivative.

	As of March 31, 2021			
	Book value	Base scenario	+ 25%	+ 50%
Loans US Dollar	9,497	9,777	12,222	14,666
Derivative financial instrument (asset position) US Dollar	(9,920)	(10,213)	(12,766)	(15,319)
Net exposure	(423)	(436)	(544)	(653)
Net effect of exchange rate fluctuation - gain (loss)	-	(12)	(109)	(218)

In thousands of Brazilian Reais, unless otherwise stated

Interest rate exposure

The table below presents a sensitivity analysis for variable interest loans linked to the Interbank Deposit Certificate (CDI) rate, Long-Term Interest Rate (TJLP) and Broad Consumer Inflation Index (IPCA), among others, which describes the risks that could generate material losses for the Company, along with the base scenario as developed by Management.

The assumptions for the base scenario of the sensitivity analysis use the macroeconomic indicators forecast for December 31, 2021, issued in the Focus Bulletin published by the Central Bank of Brazil for loans and financing at floating rates, considered for this sensitivity analysis as the risk variable. Thus, the Company's base scenario set the TJLP at 4.39% p.a., the CDI at 5% p.a., and the IPCA at 4.81% p.a. This scenario was stressed by a 25% and 50% increase.

				March 31, 2021
	Book value	**Base scenario**	**+ 25%**	**+ 50%**
Loans				
Long-Term Interest Rate (TJLP)	143,164	142,935	144,504	146,073
Broad Consumer Inflation Index (IPCA)	57,223	57,509	58,200	58,892
Derivative financial instrument (liability position)				
Interbank Deposit Certificate (CDI)	5,997	6,132	6,209	6,285
	206,384	206,576	208,913	211,250
Financial investments				
Interbank Deposit Certificate (CDI) rate	(76,422)	(78,141)	(79,118)	(80,095)
Net exposure	129,962	128,435	129,795	131,155
Change in Long-Term Interest Rate (TJLP)	-	(229)	1,569	3,137
Change in Broad Consumer Inflation Index (IPCA)	-	286	692	1,383
Change in Interbank Deposit Certificate (CDI)	-	(1,585)	(900)	(1,800)
Net effect of interest rate fluctuation - (gain) loss		(1,528)	1,360	2,720

(f) Derivative financial instruments

Foreign exchange swaps were contracted to hedge the foreign exchange risk on Resolution 4131 credit lines from Banco Santander.

	03/31/2021	**12/31/2020**
Assets		
Swap contract	3,923	4,585
Total	3,923	4,585

In thousands of Brazilian Reais, unless otherwise stated

Transactions involving financial instruments in the years ended December 31, 2021 and 2020 are presented as follows:

	03/31/2021	03/31/2020
Opening balance	4,585	2,742
Gain	1,043	4,170
Settled	(1,705)	(372)
Closing balance	3,923	6,540

Asset and liability exposure:

Transaction	Indexing	Type of hedge	Balance of assets/ (liabilities)	Gain (loss)
Loan - Resolution 4131	USD + Spread	Cash flow	9,920	
Bank - Resolution 4131	CDI + Spread	Cash flow	(5,997)	1,043
			3,923	1,043

5.2 Capital management

The Company's goals when managing its capital are to safeguard its ability to continue to offer returns to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce costs.

As is the case with other companies in the sector, the Company monitors its financial leverage ratio. This ratio corresponds to the net debt expressed as a percentage of total capitalization. Net debt corresponds to total loans (including short and long-term loans, as shown in the balance sheet), less the cash and cash equivalents. Total capitalization is calculated by adding shareholders' equity, as shown in the balance sheet, to net debt.

Financial leverage ratios are summarized as follows:

	03/31/2021	12/31/2020
Loans and financing	230,350	242,239
(-) Cash and cash equivalents	(76,680)	(121,207)
(-) Financial investments	(151,288)	(149,603)
Net debt (cash)	2,382	(28,571)
Total shareholders' equity	287,515	261,061
	289,897	232,490
Financial leverage ratio - %	0.8	(12.3)

In thousands of Brazilian Reais, unless otherwise stated

(i) Non-cash transactions

The Company's transactions that had no effect on the cash flow statement were as follows:

	03/31/2021	03/31/2020
Construction work refund received	5,417	-
Lease payment	(5,417)	-
	-	-

(ii) Restrictive covenants

Financing contracts were executed with BNDES and BNB, for the construction of the Betim/Contagem and Contorno Hospital Units and the new Salvador Unit (under construction). These contain restrictive covenants as follows: (i) corporate transactions involving the spin-off, merger or incorporation of the Company, and (ii) leasing, assigning, selling, transferring, encumbering or creating any type of lien on the assets acquired under the financed project and/or pledged, without prior permission by the banks, under penalty of early maturity of the debt.

As at December 31, 2020, the Company had not obtained a response of its notice to the banks regarding the partial spin-off at that date; consequently it reclassified long-term loan balance debts to current liabilities, in the amount of R$ 173,253.

Responses were received for the spin-off transaction on February 3 and 4, 2021, exempting the Company from accelerated maturity of the credit facility agreements. Accordingly, on those dates, the Company reclassified the corresponding loan balances to reflect their original maturities.

On March 31, 2021, the Company was in compliance with all requirements of the restrictive covenants.

5.3 Fair value estimation

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are classified at different levels based on the inputs used in the valuation methods.

The table below classifies the assets and liabilities recorded at fair value according to the valuation method. The different levels were defined as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2 - information, in addition to the quoted prices included in level 1, which are observable by the market for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. price derivatives).
- Level 3 - information for assets or liabilities that are not based on market-observable data (i.e. unobservable assumptions).

No transfers were made between financial assets and liabilities, nor transfers between hierarchical levels in the periods presented. The Company's financial investments and loans and borrowings are classified under Level 2 - market prices quoted (unadjusted) in active markets (Notes 7 and 15).

In thousands of Brazilian Reais, unless otherwise stated

	03/31/2021	12/31/2020
Assets		
Financial assets at amortized cost		
Cash and cash equivalents	76,680	121,207
Accounts receivable	267,797	256,252
Construction work to be refunded	22,386	-
Financial assets at fair value through profit or loss		
Derivatives - exchange rate swaps	3,923	4,585
Financial investments	151,288	149,603
Total assets	522,074	531,647

	03/31/2021	12/31/2020
Liabilities		
Financial liabilities at amortized cost		
Suppliers	66,754	57,942
Loans and financing	230,350	242,239
Lease liabilities	402,780	400,680
Taxes and contributions payable	22,593	35,650
Tax installments	23,885	25,528
Dividends payable	24,315	28,080
Total liabilities	770,677	790,119

6 Presentation of information by segment

The Company operates in a single "hospital" segment. The analysis of the hospital segment includes detailed information for each hospital, without them representing different operational segments. This analysis is carried out by the Executive Board and the Board of Directors, the Company's chief operating decision makers.

The Company has no revenue stemming from customers abroad. The Company's seven main customers account for approximately 65% of the revenue from services provided.

7 Cash and cash equivalents and financial investments

(a) Cash and cash equivalents

	03/31/2021	12/31/2020
Cash flow and banks	258	381
Cash equivalents	76,422	120,826
	76,680	121,207

Financial investments, classified as cash equivalents, refer substantially to Certificate of Deposit (CD) investments with immediate liquidity.

In thousands of Brazilian Reais, unless otherwise stated

(b) Financial investments

The Company holds financial investments in a fund with daily liquidity, though its characteristics do not qualify as cash equivalent, as below:

	03/31/2021	12/31/2020
Investment funds	151,288	149,603
	151,288	149,603

Substantially represented by the Sant 'Anna Exclusive Fund, seeking capital gains from investment-grade financial assets such as government bonds and high-liquidity, low-risk private credit assets. The fund aims to accrue long-term returns above the CDI and has daily liquidity.

8 Accounts receivable

The following is the balance of accounts receivable and the respective balance of provisions for losses:

	03/31/2021	12/31/2020
Private patients	28,556	25,386
Health plan operators and insurance companies	311,413	305,384
Contract assets		
Billable revenue	42,285	26,950
	382,254	357,720
Provision for deductibles	(59,725)	(54,955)
Provision for doubtful debts	(54,732)	(46,513)
	(114,457)	(101,468)
	267,797	256,252

The book values are close to the fair values of the accounts receivable and other accounts receivable. The aging of accounts receivable as of March 31, 2020 and 2021 is composed as follows:

	03/31/2021	12/31/2020
Current	188,725	147,822
1 to 30 days	29,515	37,223
Overdue 31 to 180 days	24,163	49,690
Overdue 181 to 360 days	50,664	31,300
Overdue more than 360 days	89,187	91,685
	382,254	357,720

In thousands of Brazilian Reais, unless otherwise stated

The changes in provision for deductibles were as follows:

	03/31/2021	03/31/2020
Opening balance	(54,955)	(40,533)
Additions	(7,989)	(8,827)
Reversals	3,219	-
Closing balance	(59,725)	(49,360)

The changes in provision for doubtful accounts were as follows:

	03/31/2021	03/31/2020
Opening balance	(46,513)	(15,638)
Additions	(8,757)	(9,611)
Reversals	538	-
Closing balance	(54,732)	(25,249)

9 Inventories

	03/31/2021	12/31/2020
Drugs and medicines	14,129	8,905
Orthotics, prosthetics and special materials	3,076	2,867
Medical & hospital supplies	4,341	3,296
Materials held by third parties	685	652
Other inventories	5,626	4,389
	27,857	20,109

The cost of inventories recognized in the income totaled R$ 65,905 (2020 - R$ 45,936) (Note 20).

10 Construction work to be refunded

On December 31, 2020, the Company, in the process of spinning off its assets, signed a contract with its parent company JSS Empreendimentos e Administração Ltda ("JSS"), undertaking to complete construction of the buildings of the units located in the city of Salvador (Mater Dei Salvador Hospital and the Mater Dei Medical Center), according to the special requirements of such buildings.

Mater Dei Hospital will be solely responsible for construction, complying with all specific construction standards and laws, and also obtaining and submitting to JSS all licenses and permits for the sites, including the Fire Department inspection certificate and the Completion of Works Report ("Occupancy Permit").

For performing such works, the Company will receive funds from JSS for total reimbursement of the construction costs. The buildings are expected to open in the first half of 2022. According to the contract, JSS will reimburse the Company within 12 years, being the same term as the credit facility obtained by the Company to finance construction of the properties. The contract establishes compensation at 4.1% per year from January 2, 2021. The refund will be received by offsetting the balance payable with the rental of real estate with JSS.

In thousands of Brazilian Reais, unless otherwise stated

The following is a description of the refund transaction and balance:

	03/31/2021
Opening balance	
Addition	27,721
Compensation	82
Payment	(5,417)
Closing balance	22,386

(a) Advances and materials for construction

The Company had balances of advances to suppliers and inventories acquired and not yet used in the construction, presented as "Advances and materials for construction."

	03/31/2021	12/31/2020
Advance to suppliers	36,906	36,217
Construction materials	14,981	16,005
	51,887	52,222

11 Leases

On December 31, 2020, the Company and JSS entered into lease agreements for the buildings where the three operating units (Mater Dei Santo Agostinho Hospital, Mater Dei Contorno Hospital and Mater Dei Betim Contagem Hospital) are located, as well as other administrative, care and laboratory buildings.

The contract terms are for 30 years, with an option to extend. For the three operating unit buildings, the annual rent is set at R$ 40,000. In addition, R$ 1,143 will be charged annually for the buildings that house part of the administrative staff. The rentals are subject to adjustment by the Broad Consumer Inflation Index (IPCA), and rents may be reviewed every five years to accompany market prices.

The leased properties are offered as collateral for the Company's loans and financing with BNDES and BNB, recorded at R$ 220,853 as of March 31, 2021 (R$ 229,089 as of December 31, 2020).

In thousands of Brazilian Reais, unless otherwise stated

(a) Right-of-use leased assets

	03/31/2021	12/31/2020
Right-of-use assets		
Computer equipment	4,083	4,845
Property leases	392,293	395,590
	396,376	400,435

Transactions for periods ended March 31:

As of January 1, 2020	3,091
Addition - Leased equipment	4,662
Amortization	(630)
As of March 31, 2020	7,123
As of January 1, 2020	400,435
Amortization	(4,059)
As of March 31, 2021	396,376

(b) Lease liabilities

Changes in lease liabilities are presented below:

	03/31/2021	12/31/2020
Less than 1 year	44,255	44,421
2 to 3 years	83,627	84,556
3 to 5 years	82,286	85,323
Over 5 years	1,021,721	1,028,578
Undiscounted amounts	1,231,889	1,242,878
Embedded interest	(829,109)	(842,198)
Total liabilities	402,780	400,680
Current	42,140	42,243
Non-current	360,640	358,437

In thousands of Brazilian Reais, unless otherwise stated

Transactions for periods ended March 31:

As of December 31, 2019	3,271
Addition of new contracts	4,662
Accrued interest	121
Interest paid	(216)
Payments	(501)
As of March 31, 2020	7,337

As of December 31, 2020	400,680
Accrued interest	9,810
Interest paid	(4,657)
Payments	(3,053)
As of March 31, 2021	402,780

(c) Estimation of discount rates

(i) Computer equipment

The Company estimated the discount rates at 1.1% p.a., based on the risk-free interest rates in the Brazilian market, for the duration of its contracts, adjusted for credit spreads. Spreads were obtained by consulting potential investors in the Company's debt securities.

(ii) Property leases

The Company estimated a discount rate of 10.31% p.a. for real estate lease agreements, based on the interest rate for loans to acquire similar assets as those leased, for a similar term and with similar guarantee, the resources necessary to obtain the asset with similar value to the right-of-use asset in a similar economic environment.

Supplemental information

Information on the leases using real and nominal rates, based on the Broad Consumer Inflation Index (IPCA) estimate published in the Focus Bulletin of the Central Bank of Brazil, applied on the flow of payment of lease liabilities, with impact on right-of-use assets, financial expenses and depreciation expenses is as follows:

	03/31/2021		12/31/2020	
	No inflation	**With inflation**	**No inflation**	**With inflation**
Net right-of-use assets	396,376	545,142	400,435	550,448
Lease liabilities	402,780	556,271	400,680	550,689
Amortization expense	4,059	5,306	2,908	3,108
Financial expenses	9,810	14,315	428	462

In thousands of Brazilian Reais, unless otherwise stated

12 Property and equipment

The property and equipment balance is as follows:

	03/31/2021			12/31/2020
	Cost	Depreciation Accrued	Net value	Net value
Hospital equipment and devices	145,182	(73,339)	71,843	73,727
Furniture, fixtures and computers	35,919	(17,728)	18,191	18,482
Advance to suppliers	9,779	-	9,779	2,610
Other	1,495	(249)	1,246	821
	192,735	(91,316)	101,059	95,640

Changes in plant and equipment balances are as follows:

	12/31/2020	Acquisitions	Write-offs	Transfer	Depreciation	03/31/2021
Hospital equipment and devices	73,727	1,625	(309)	(9)	(3,191)	71,843
Furniture, fixtures and computers	18,482	774	(56)	9	(1,018)	18,191
Advance to suppliers	2,610	7,169	-	-	-	9,779
Other	821	791	(366)	-	-	1,246
	95,640	10,359	(731)	-	(4,209)	101,059

	12/31/2019	Acquisitions	Write-offs	Transfer	Depreciation	03/31/2020
Land	93,983	-	-	-	-	93,983
Buildings	386,378	5,413	-	-	(1,865)	389,926
Hospital equipment and devices	79,394	707	(228)	-	(3,086)	76,787
Furniture, fixtures and computers	43,919	261	(72)	-	(1,287)	42,821
Facilities	45,656	-	(2)	-	(1,597)	44,052
Advance to suppliers	42,544	8,036	-	2,196	-	52,776
Other	5,975	-	(207)	(2,196)	-	3,572
	697,849	14,417	(509)	-	(7,840)	703,917

13 Intangible assets

The changes in intangible assets are presented below:

	12/31/2020	Acquisitions	Amortization	03/31/2021
Right-to-use software	2,894	645	(550)	2,989
	2,894	645	(550)	2,989

	12/31/2019	Acquisitions	Amortization	03/31/2020
Right-to-use software	5,148	83	(514)	4,717
	5,148	83	(514)	4,717

14 Suppliers

In thousands of Brazilian Reais, unless otherwise stated

	03/31/2021	12/31/2020
Orthotics, prosthetics and special materials	24,211	22,537
Drugs and medicines	24,573	18,065
Medical and hospital supplies	4,482	4,374
Fixed assets	746	393
Diagnostic material	1,321	1,126
Foodstuffs	329	1,957
Services rendered	3,374	3,416
Other suppliers	7,718	6,074
	66,754	57,942

15 Loans and Financing

Institution	Rate p.a.	03/31/2021	12/31/2020
BNDES - Floating (i)	TJLP + 2.70% to 4.10%	143,164	153,343
BNDES - Fixed (i)	6.62% to 9.37%	20,466	19,653
Santander (ii)	7.5% to 8.5% USD	9,497	13,150
Banco do Nordeste (iii)	IPCA + 1.21%	57,223	56,093
		230,350	242,239
Current		64,863	239,467
Non-current		165,487	2,772

(i) The Company has financing contracts in place for the construction of the Mater Dei Contorno Hospital and the Mater Dei Betim/Contagem Hospital, both underway. Installments fall due from 2022 to 2027.

(ii) Financing and loans with Banco Santander are denominated in U.S. dollars, under Resolution 4131, and were obtained for hospital equipment purchases and working capital for the hospital's operation for which the Company entered foreign exchange swaps to protect against foreign exchange exposure (Note 5).

(iii) The Company has a financing agreement in place with Banco do Nordeste ("BNB") for the construction of its new facility in the city of Salvador. This agreement has a credit line of R$ 392,303, which will be settled as construction advances. Principal will be repaid within 10 years, with the first maturity in 2024, while interest will be paid on a quarterly basis.

In thousands of Brazilian Reais, unless otherwise stated

Maturity schedule:

	03/31/2021	12/31/2020
Less than 1 year	64,863	239,467
2 to 3 years	51,168	2,772
4-5 years	39,681	-
Over 5 years	74,638	-
	230,350	242,239

The book values and fair value of non-current loans are as follows:

	Book value		Fair value	
	03/31/2021	12/31/2020	03/31/2021	12/31/2020
Loans and financing	230,350	242,239	230,350	242,239
	230,350	242,239	230,350	242,239

The fair value of loans is substantially equivalent to their book value, since most of the debt bears floating rates under specific credit lines with the BNDES; no significant changes to current interest rates are expected. For the remaining fixed rate loans, the amounts are not significant and therefore would not materially affect the Company's consolidated debt position.

The book values of the Company's loans and financing are denominated in the following currencies:

	03/31/2021	12/31/2020
Brazilian Real	220,853	229,089
U.S. Dollar	9,497	13,150
	230,350	242,239

The changes in loans and financing are as follows:

	03/31/2021	03/31/2020
Opening balance	242,239	190,791
Funding	-	26,706
Derivatives	-	2,744
Accrued interest	4,677	3,389
Exchange rate and indexations	1,402	4,499
Principal payment	(14,661)	(8,176)
Interest payment	(3,307)	(3,524)
Closing balance	230,350	216,429

In thousands of Brazilian Reais, unless otherwise stated

16 Tax installments

Tax installments payable by the Company:

Tax and contribution installments	03/31/2021	12/31/2020
COFINS (i)	17,160	18,067
PIS (i)	3,719	3,915
ISSQN (ii)	3,006	3,546
	23,885	25,528
Current	7,592	7,455
Non-current	16,293	18,073

(i) refers to the installment payments of PIS and COFINS related to a dispute over the failure to pay such contributions on medication used on hospital premises. The installment plan was signed on September 30, 2020 to be settled in 60 installments, adjusted by the SELIC rate.

(ii) refers to the installment payments of ISSQN to be settled in 60 installments, adjusted by the IPCA-E rate.

The following payments were made:

Balance as of December 31, 2020	25,528
Accrued interest	244
Payments	(1,887)
Balance as of March 31, 2021	23,885

The schedule for payment of installment balances as of March 31, 2021 and the respective nominal values are as follows:

	03/31/2021	12/31/2020
2021	5,694	7,455
2022	5,742	5,682
2023	4,817	4,796
2024	4,817	4,796
After 2024	2,815	2,799
Total	23,885	25,528

In thousands of Brazilian Reais, unless otherwise stated

17 Provision for contingencies

	Civil	Labor and social security	Tax	Total
As of December 31, 2020	32,533	74,980	8,312	115,825
Interest and indexation accruals	1,342	1,082	-	2,424
Write-offs and reversals	-	(480)	(1,963)	(2,443)
Payments	-	(958)	-	(958)
As of March 31, 2021	33,875	74,624	6,349	114,848
As of December 31, 2019	32,465	53,117	53,434	139,016
Monetary additions and adjustments	175	287	282	744
Write-offs and reversals	-	-	(2,871)	(2,871)
As of March 31, 2020	32,640	53,404	50,845	136,889

(a) Labor, social security, civil and tax

The Company is a party involved in ongoing civil, labor and social security and tax proceedings, and is discussing these issues both at the administrative and judicial levels, which, when applicable, are covered by deposits in court. The provisions for any losses arising from these proceedings are estimated and updated by management, with support from its external legal advisors. The provision is recognized in income under "Other operating income and expenses."

The liabilities are summarized as follows:

. Civil lawsuits: the main cases are related to lawsuits filed by customers questioning medical procedures performed by doctors on hospital premises. There are deposits in court in the amount of R$ 4,192 for any such proceedings.

. Labor and social security contingencies: correspond mainly to labor complaints by the Federal Revenue Service of Brazil of physicians who work at the Company's hospitals through third-party entities. The Federal Revenue Service of Brazil issued notifications demanding the collection of labor charges. The Company is currently challenging such claims. In addition to this provision, the Company maintains provision for other labor claims. Escrow deposits in court total R$ 9,714 for such proceedings.

. Tax contingencies: The Company has identified risks related to the tax treatment of PIS/COFINS and income tax and social contribution at the federal level. Management believes that its provisions are sufficient to cover any losses. In October 2020, the Company agreed to an installment plan with the Federal Revenue Service of Brazil for failure to pay taxes on the use of medicine on hospital premises. The Company reversed provisions in the amount of R$ 24,329 and recognized an installment liability (Note 16).

(b) Possible risk of loss provisions

The Company has tax, labor and civil lawsuits involving risks of loss classified by management as possible, based on the advice of its legal advisors, for which no provision has been made. For the tax lawsuits, the Company has filed a challenged in court the non-payment of PIS and COFINS on financial income and also the exclusion of ISSQN from the PIS and COFINS base amounts on service revenue. For these lawsuits, the Company makes payments via deposits in court; the balances at March 31, 2021 were R$ 7,922 and R$ 5,479, respectively.

The estimated amounts for possible risk of loss lawsuits are

	03/31/2021	12/31/2020
Tax	14,020	13,008
Labor	3,968	3,491
Civil	10,448	8,455
	28,436	24,954

18 Shareholders' equity

(a) Subscribed and paid up capital

The Company's subscribed and paid up share capital of R$ 131,837 is divided into 286,552,072 common, registered shares, with no-par value.

The Company's shareholding structure is as follows:

	In thousands of shares	
	03/31/2021	12/31/2020
JSS Empreend. e Administração Ltda.	219,287	87,715
Other shareholders	67,265	26,905
	286,552	114,620

Stock split

A stock split was approved at the Annual Shareholders' Meeting held on March 19, 2021 without any change to the Company's share capital value, pursuant to Article 12 of the Brazilian Corporate Law, thus not entailing any kind of dilution in the respective shares. Therefore, each share issued by the Company was split into 2.5 shares of the same type as those held by shareholders on this date, not taking into account the fraction resulting from the splitting of shares on the total shares issued by the Company.

Thus, the Company's share capital is now divided into 286,552,072 common, registered, book-entry, and no-par value shares.

In thousands of Brazilian Reais, unless otherwise stated

(b) Revenue reserves

Legal reserve

The legal reserve is constituted annually through appropriations of 5% of net income for the year and cannot exceed 20% of the share capital. The legal reserve aims to preserve share capital and can only be used to offset losses and to increase shareholders' capital.

Investment reserve

The reinvestment reserve was approved by the Annual Shareholders' Meetings to allocate funds for the expansion the Company's operating activities. On March 19, 2021, the Annual Shareholders' Meeting deliberated to appropriate R$ 51,758 of 2020 net income to the investment reserve.

(c) Dividends

According to the Company's bylaws, the shareholders are assured a minimum dividend of 25% of annual net income, adjusted as provided by law.

19 Revenue from customer contracts

	03/31/2021	03/31/2020
Health Plans	222,167	168,270
Private patients	17,741	9,250
Transfers on services rendered	2,481	2,491
Parking revenue	1,434	1,382
Other revenue	484	1,162
Gross revenue	244,307	182,555
Taxes on revenue	(16,840)	(12,054)
Rebates and cancellations	(707)	(260)
Revenue taxes and deductions	(17,547)	(12,314)
Net revenue	226,760	170,241

In thousands of Brazilian Reais, unless otherwise stated

20 Costs and Expenses by nature

(i) Cost of services rendered

	03/31/2021	03/31/2020
Personnel	(33,644)	(25,625)
Medical services	(9,468)	(9,081)
Materials and medicines	(65,905)	(45,936)
Maintenance and conservation	(8,470)	(8,347)
Depreciation and amortization	(7,054)	(7,146)
Food and meals	(2,779)	(3,504)
Other costs	(10,575)	(10,520)
	(137,895)	(110,159)

(ii) General and administrative expenses

	03/31/2021	03/31/2020
Personnel	(20,773)	(18,169)
Advertising and publicity	(426)	(443)
Depreciation and amortization	(1,764)	(1,838)
Other expenses	(2,817)	(2,080)
	(25,780)	(22,530)

21 Other operating income (expenses)

	03/31/2021	03/31/2020
Provision for contingencies	(1,978)	(647)
Reversal (provision) for doubtful debts	(8,219)	(9,611)
Investment property depreciation	-	(207)
Rentals	228	393
Other operating income (expenses)	154	284
	(9,815)	(9,788)

In thousands of Brazilian Reais, unless otherwise stated

22 Financial result

	03/31/2021	03/31/2020
Financial income		
Income from financial investments	2,202	(1,369)
Financial discounts	1,300	1,775
Net income from derivatives - Swaps	1,043	3,797
Other financial income	33	1
	4,578	4,204
Financial expenses		
Interest on borrowings, loans, and installments	(5,012)	(3,004)
Interest on lease agreement	(9,810)	(121)
Indexation charges	(1,274)	(4,929)
Banking fees	(169)	(144)
Discounts granted	(1,762)	(714)
Other financial expenses	(244)	-
	(18,271)	(8,912)
Net financial result	(13,693)	(4,708)

23 Income tax and social contribution

(a) Composition of deferred income tax and social contribution balances

The following is the reconciliation of the income tax and social contribution:

	03/31/2021	03/31/2020
Income before income tax and social contribution	39,577	23,056
Income Tax and Social Contribution (CSLL) rate	34%	34%
Tax at the nominal statutory rate	(13,456)	(7,839)
Permanent differences		
Tax incentives (grants and donations)	330	176
Other permanent differences	3	4
Provision for income tax and social contribution	(13,123)	(7,659)
Current tax expense	(20,654)	(13,296)
Deferred tax benefit	7,531	5,637
Total expense	(13,123)	(7,659)

(b) Composition of deferred income tax and social contribution balances

Deferred taxes are represented by temporary expense and revenue differences and are presented net in the balance sheet, as provided for in CPC 32.

	03/31/2021	12/31/2020
Provision for contingencies	18,700	19,842
Provision for deductibles	18,161	16,539
Provision for doubtful accounts	17,731	14,936
Derivative financial instruments	(2,211)	(2,435)
Leases	2,969	900
Assets (liabilities), net	55,350	49,782

24 Earnings per share

Basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares outstanding during the period, except for, where applicable, the common shares purchased by the Company and held for treasury. Diluted earnings per share is calculated by adjusting the weighted average amount of common shares outstanding to presume the conversion of all potential common shares with dilutive effects. The Company does not have instruments with potentially dilutive effects.

	03/31/2021	03/31/2020
Profit attributable to the Company's shareholders	26,454	15,397
Weighted average amount of common shares outstanding (in thousands)	286,552	351,045
Basic and diluted earnings per share - R$	0.09	0.04

25 Balances and transactions with related parties

The balances and transactions with related parties are described below.

	Related party	03/31/2021	12/31/2020
Assets			
Construction work to be refunded	Parent Company	22,386	-
Liabilities			
Dividends payable	Shareholders	24,315	28,080
Leases payable	Parent Company	398,473	395,590

In thousands of Brazilian Reais, unless otherwise stated

As described in Note 11, on December 31, 2020, the Company and JSS entered into lease agreements for the buildings where the three operating units are located, as well as other administrative, care and laboratory buildings. The contracts are for 30 years, with an option to extend, and are subject to adjustment by the Broad Consumer Inflation Rate (IPCA) rate. The contract also provides for construction of the Salvador Unit and the Salvador Medical Center. Those units will be subsequently leased by the company, once works are completed.

(a) Compensation of key management

Management consists of the Board of Directors and the Statutory Directors. Compensation paid to key management personnel for their services is presented below:

	03/31/2021	03/31/2020
Salaries and other short-term benefits to employees	4,780	4,183
	4,780	4,183

26 Subsequent events

(a) Issuance of new shares

On April 14, 2021, the Company concluded its initial public offering (IPO), registered with the CVM, upon approval by the Board of Directors of the offer of common, registered, book-entry and no-par-value shares issued by the Company in its IPO of primary and secondary distribution of shares, as approved at the Company's Special Shareholders' Meeting on February 10, 2021.

As a result of the offer, the Company increased its share capital, within the limit of its authorized capital, by R$ 1,188,904, through the issuance of 68,171,121 common, registered, book-entry and no-par-value shares, at the issue price of R$17.44 (seventeen Brazilian Reais and forty-four cents).

Consequently, share capital increased from R$ 131,837 to R$ 1,320,741, divided into 354,723,193 common, registered, book-entry and no-par-value shares.

(b) Stock option plan

On May 12, 2021, the Company's Board of Directors ratified and approved the granting of 5,334,935 call options under the "First Program" of the stock option plan for beneficiaries nominated by the Board of Directors, as well as the signing of stock grant agreements between the Company and the selected beneficiaries.

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