2Q21 RESULTS

Quarterly Results – 2Q21

- Net Revenues of R$2.4 billion (+15.7%)
- Health and dental beneficiaries grow 14.8%
- Cash MCR of 66.6% (+14.2 p.p.)
- EBITDA Ex-LTIP of R$312.0 million (-48.7%)

Earnings Call
August 12th, 2021 (Thursday)
Portuguese (with simultaneous translation into English)
1pm (Brazil) | 12pm (US/DST)
Webcast: ri.hapvida.com.br/en
Phone number: Brazil: +55 (11) 3181-8565 | USA +1 (412) 717-9627

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Message from Management

The second quarter results reflect the consistency of our management model amid an unprecedented effort to save lives impacted by Covid-19. We are proud of our healthcare professionals who once again demonstrated dedication and selflessness in the most acute phase of the pandemic to date. Furthermore, we are equally proud of the performance of our business, which has proven to be resilient and efficient.

The quarter, marked by the continuation of the second wave of the pandemic in Brazil, was another atypical and challenging period, but also one of hope, with the reduction in hospitalizations and the progress in vaccination. Our hospitals and emergency units received practically the same volume of consultations and admissions related to Covid-19 compared to the first quarter of the year. On the other hand, as we approached the end of the quarter, we saw a strong reduction in the main indicators related to the pandemic. Daily volume of hospital admissions, which reached over 200 in a single day, dropped to just under 20 more recently. Our service numbers also continue a downward trend in all regions. In some cities, hospital admissions seem to have stabilized at a low level for a few months already. Average hospital stay also returned to pre-pandemic levels, with more recent data around 3.8-3.9 days/hospital stay. As a result, our demobilization efforts is an integral part of our operational normalization. The number of hospital beds dedicated to Covid-19 cases has already been reduced by over 90% (just over 100 beds today versus 1,652 max). We currently have about 600 health professionals dedicated to combating the pandemic, a reduction of 80% when compared to the more than 3,000 we have had in the past. We expect that all additional hospital beds and medical personnel dedicated to Covid-19 will be demobilized by the end of August.

Net revenues were R$2.4 billion, growth of 15.7% compared to the same quarter of the previous year, even with the impact of the negative readjustment of individual/family plans applied to contracts with a base-date in the months of May and June 2021. A total of 768 thousand health and dental beneficiaries were added, of which 312 thousand came from organic growth and 456 thousand came mostly from the acquisition of Promed in Belo Horizonte (MG). Cash MCR was 66.6%, an increase of 14.2 p.p., impacted by: (i) the volume of hospital admissions caused by Covid-19; (ii) a high number of consultations related to the seasonal period of viruses; and (iii) the care costs arising from the newly acquired companies (Medical, Grupo São José and, in this quarter, Promed), which still operate at higher claims levels. Selling expenses reached 8.1% of net revenues and administrative expenses represented 9.9%. Ebitda Ex-LTIP decreased 48.7% and reached R$312.0 million in the quarter.

We remain committed to increasing our own healthcare network and our preventive medicine programs that allow us to achieve gains in healthcare quality and in the vertical integration of medical expenses. During the quarter, we opened 2 emergency units, 6 clinics (6 were closed) and 3 diagnostic units (5 were closed). Additionally, after the completion of the acquisition of Promed Group in May, 2 hospitals, 5 clinics and 1 diagnostic unit were added. We expanded our Nascer Bem program, which provides care to pregnant women, which is now offered in Goiânia (GO) in addition to five other capitals.

In line with our expansion strategy, we entered into a binding proposal for the acquisition of HB Saúde Group, comprised of a vertical healthcare operator with a portfolio of approximately 128 thousand beneficiaries located mainly in the municipalities of São José do Rio Preto and Mirassol, in São Paulo. Additionally, we acquired a day-hospital called Cetro, located in Alagoinhas (Bahia). We remain with a robust balance sheet and a high level of liquidity, allowing us to remain participating in the process of consolidating the private healthcare market in Brazil, which continues to be quite fragmented.

In June, we took another step towards the business combination of Hapvida and Grupo Notre Dame Intermédica (GNDI) as we received the official approval from the National Supplementary Health Agency (ANS), authorizing our request to assume indirect corporate control of the healthcare operators that make up GNDI. Both Hapvida and GNDI share the dream of offering high quality healthcare services at affordable prices to the greatest number of people. The conclusion of this operation is still subject to the appreciation and approval by the Brazilian antitrust authority (Cade).

The trust we have in our 37,000 employees and the welcoming and continuous dedication of 30,000 medical and dental professionals reinforce our confidence in strongly fulfilling our strategy for those we serve. Looking to the future, we remain highly confident in our ability to continue to grow and remain focused on delivering quality medicine to those we serve.

Jorge Pinheiro
CEO

Summary

1. INTEGRATION AND REPORTING CRITERIA

On June 1, 2021, we concluded the acquisition of Promed Assistência Médica Ltda., Promed Brasil Assistência Médica Ltda., Saúde – Sistema Assistencial Unificado de Empresas Ltda. Consequently, the assets, liabilities and results of Promed are fully reflected on our balance sheet, income statement and cash flow. The consolidated financial statements for Hapvida's 2nd quarter of 2021 include one month of operation of Promed Group.

Ebitda Ex-LTIP reflects the exclusion of the company performance award (LTIP) approved by shareholders on 04/30/2021 and the Adjusted Net Income also excludes the amortization of the fair value arising from business combinations (described as "amortization of the fair value arising from business combinations (value-added)" in this document), net of taxes.

When we refer to the América company, we are referring to the entities that made up the former América Group, which has already been incorporated into the Company.

2. HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R$ million)	**2Q21**	**2Q20**	**Var. %**	**1Q21**	**Var. %**	**1H21**	**1H20**	**Var. %**
Net Revenues	2,402.4	2,076.3	*15.7%*	2,323.2	*3.4%*	4,725.6	4,155.1	*13.7%*
Medical Costs - Cash	1,599.5	1,088.5	*46.9%*	1,420.1	*12.6%*	3,019.5	2,249.2	*34.2%*
Medical Costs - Ex-SUS	1,652.7	1,115.6	*48.1%*	1,451.1	*13.9%*	3,103.9	2,319.5	*33.8%*
Total Medical Costs	1,698.8	1,132.6	*50.0%*	1,522.1	*11.6%*	3,220.9	2,412.2	*33.5%*
Sales Expenses	193.5	179.8	*7.6%*	144.3	*34.1%*	337.8	334.4	*1.0%*
Administrative Expenses[1]	236.9	200.3	*18.3%*	233.1	*1.6%*	470.0	410.3	*14.5%*
EBITDA	291.7	607.8	*-52.0%*	466.8	*-37.5%*	758.5	1,075.6	*-29.5%*
EBITDA Ex-LTIP[2]	312.0	607.8	*-48.7%*	466.8	*-33.2%*	778.8	1,075.6	*-27.6%*
Net Income	104.6	278.6	*-62.5%*	151.8	*-31.1%*	256.4	443.2	*-42.1%*
Adjusted Net Income[3]	269.8	382.5	*-29.5%*	299.6	*-9.9%*	569.4	645.4	*-11.8%*

CONSOLIDATED RATIOS (% NOR)	**2Q21**	**2Q20**	**Var. %**	**1Q21**	**Var. %**	**1H21**	**1H20**	**Var. %**
Cash MCR (ex-IBNR; ex-SUS; ex-D&A)	66.6%	52.4%	*14.2 p.p.*	61.1%	*5.5 p.p.*	63.9%	54.1%	*9.8 p.p.*
Ex-SUS MCR	68.8%	53.7%	*15.1 p.p.*	62.5%	*6.3 p.p.*	65.7%	55.8%	*9.9 p.p.*
Total MCR	70.7%	54.5%	*16.2 p.p.*	65.5%	*5.2 p.p.*	68.2%	58.1%	*10.1 p.p.*
Sales Expenses	8.1%	8.7%	*-0.6 p.p.*	6.2%	*1.9 p.p.*	7.1%	8.0%	*-0.9 p.p.*
Administrative Expenses[1]	9.9%	9.6%	*0.3 p.p.*	10.0%	*-0.1 p.p.*	9.9%	9.9%	*0.0 p.p.*
Ebitda Margin	12.1%	29.3%	*-17.2 p.p.*	20.1%	*-8.0 p.p.*	16.1%	25.9%	*-9.8 p.p.*
Ebitda Margin Ex-LTIP[2]	13.0%	29.3%	*-16.3 p.p.*	20.1%	*-7.1 p.p.*	16.5%	25.9%	*-9.4 p.p.*
Net Income Margin	4.4%	13.4%	*-9.0 p.p.*	6.5%	*-2.1 p.p.*	5.4%	10.7%	*-5.3 p.p.*
Adjusted Net Income Margin[3]	11.2%	18.4%	*-7.2 p.p.*	12.9%	*-1.7 p.p.*	12.0%	15.5%	*-3.5 p.p.*

OPERATING HIGHLIGHTS	**2Q21**	**2Q20**	**Var. %**	**1Q21**	**Var. %**
Members Health and Dental (thousands)	**7,197**	**6,266**	***14.8%***	**6,851**	***5.0%***
Members Health	4,084	3,500	*16.7%*	3,761	*8.6%*
Members Dental	3,113	2,766	*12.5%*	3,090	*0.7%*
Average beneficiares (thousands)	**6,928**	**6,376**	***8.6%***	**6,716**	***3.1%***
Members Health	3,850	3,529	*9.1%*	3,747	*2.8%*
Members Dental	3,078	2,847	*8.1%*	2,969	*3.7%*
Proprietary care network	**465**	**438**	***6.2%***	**457**	***1.8%***
Hospitals	47	39	*20.5%*	45	*4.4%*
Emergency Units	47	41	*14.6%*	45	*4.4%*
Clinics	199	184	*8.2%*	194	*2.6%*
Diagnostics	172	174	*-1.1%*	173	*-0.6%*

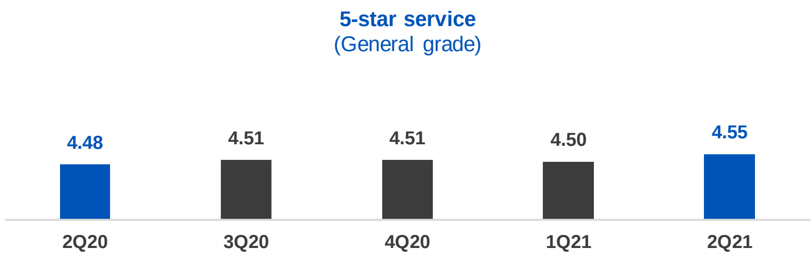
[1] Administrative Expenses without depreciation, amortization and long term incentive plan expenses.
[2] Ebitda Ex-LTIP without long term incentive plan expenses.
[3] Adjusted Net Income excluding the effects of the long term incentive plan and the amortization of the fair value arising from the business combination (value-added), net of taxes.

3. QUALITY OF CARE

Hapvida's culture has five pillars, with "Care and Technical Quality" being one of them. The Company has highly qualified professionals and adequate structures to provide responsible and quality services.

5-STAR SERVICE

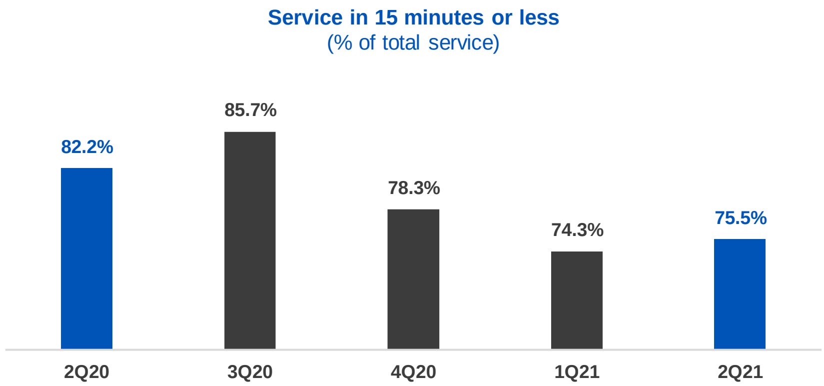
The 5-star service, implemented in 2019, is an instant satisfaction survey with ratings between 1 and 5 stars carried out by our customers after each eligible service. This program is a valuable tool for the entire Company, because with it we can see opportunities for improvement and recognize the best performance in serving our customers. Our hospitals, clinics, diagnostic units, emergency services, laboratory collection points, dentistry services, preventive medicine units, telemedicine and the wellness and well-being promotion programs (such as Nascer Bem, Viver Bem and Family Doctor) programs are evaluated. Throughout the program's existence, we have received 10 million evaluations. In the second quarter of 2021, more than 1.3 million evaluations were received. The overall average grade for the month of June 2021, based on 360 thousand evaluations, was 4.55.



WAITING TIME FOR URGENT/EMERGENCY CARE

Hapvida has a tech platform with a system that allows us to monitor all of our units in real time 24x7. This system, along with video cameras present in all units, allows the Company's Observation and Control Center to monitor the service and waiting times in all walk-in emergency centers. If the waiting time exceeds 15 minutes, the system signals the Control Center to take immediate actions to speed up the operation. In 2Q21, 75.5% of all of 1.4 million urgent and emergency consultations carried out in our hospitals and walk-in emergency services took place within 15 minutes.

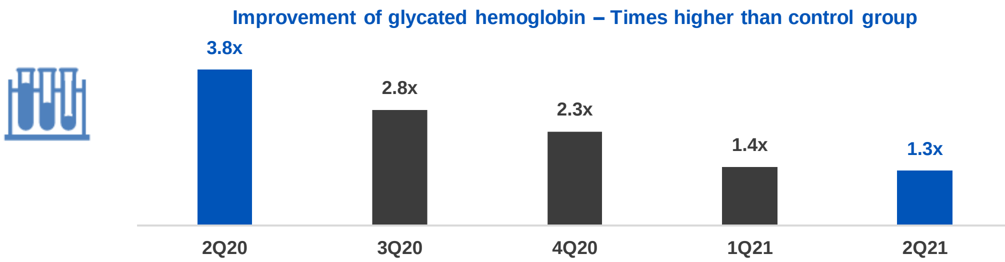
The worsening in relation to 4Q20 is due to a greater number of services related to Covid-19 concomitant with other urgent/emergency care, which did not occur in the comparative period. Compared to 1Q21, the index improved due to the downturn of the 2nd wave of the pandemic.



Quality of Care

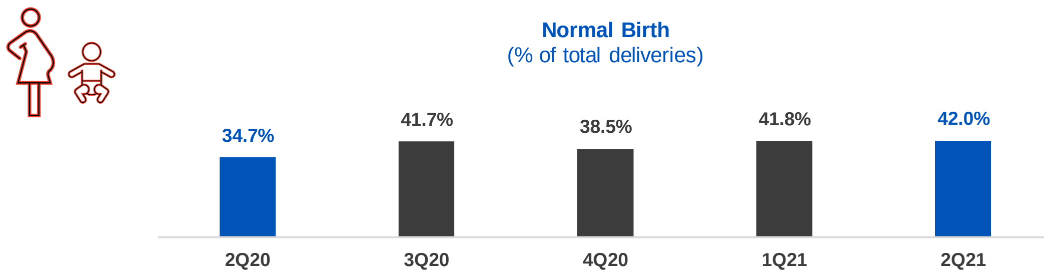
VIVER BEM

Viver Bem is a wellness program for Hapvida's beneficiaries that offers a resolutive and efficient service aiming to reduce diabetes complications. A robot system identifies through patients' blood tests with some alterations that indicate that they have or may have type 2 diabetes mellitus. The contact with the patient is carried out by a trained professional from our exclusive call center for the wellness programs. Available in Fortaleza, Recife and Salvador, it comprises doctors, nursing technicians and nutritionists specialized in the treatment of people with diabetes and aims to encourage a change in the people's lifestyle. The program also has a management center conducted by a nursing team trained in the remote care of patients with diabetes. Until June 2021, the group of monitored patients presented a significant improvement in glycated hemoglobin when compared to the control group. At the end of the second quarter of 2021, approximately 9,000 patients were enrolled in this program.



NASCER BEM

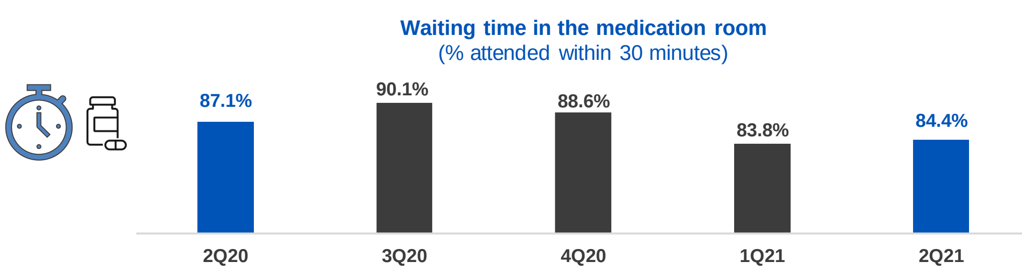
Nascer Bem is a pioneering program in the private health system that promotes the monitoring of pregnant women throughout their pregnancies, offering, through multidisciplinary teams, all the support, security and guidance necessary for this very special moment for the whole family. Currently, the program monitors more than 15 thousand pregnant women and performs an average of 1,500 normal labor per month, of which 42.0% are natural birth (2nd quarter of 2021).



WAITING TIME IN THE MEDICATION ROOM

This indicator is also measured and controlled by the same systemic platform as the Observation and Control Center (NOC) of the Company. If the waiting time in the medication room exceeds 30 minutes, immediate measures are taken to expedite the service. The Company's goal is to meet 75% of demands within 30 minutes.

In 2Q21, 84.4% of the 650,000 thousand medications performed in our hospitals and emergency services took place on time. The worsening compared to 4Q20 is due to a greater number of services related to the second wave Covid-19 concomitant with other urgent/emergency care, which did not occur in the comparative period. Compared to 1Q21, the index improved due to the downturn of the 2nd wave of the pandemic.



4. EVOLUTION OF ESG INITIATIVES

In line with our ESG agenda, we have published our 2020 Annual Sustainability Report (ASR). In view of the pandemic context, we carried out a new survey with stakeholders and revised our materiality matrix. The 2020 ASR gathers information related to governance, care for employees, as well as actions to welcome clients and social and environmental programs. The document was produced following Global Reporting Initiative (GRI) guidelines. Access the document at https://ri.hapvida.com.br/en/governance/sustainability/

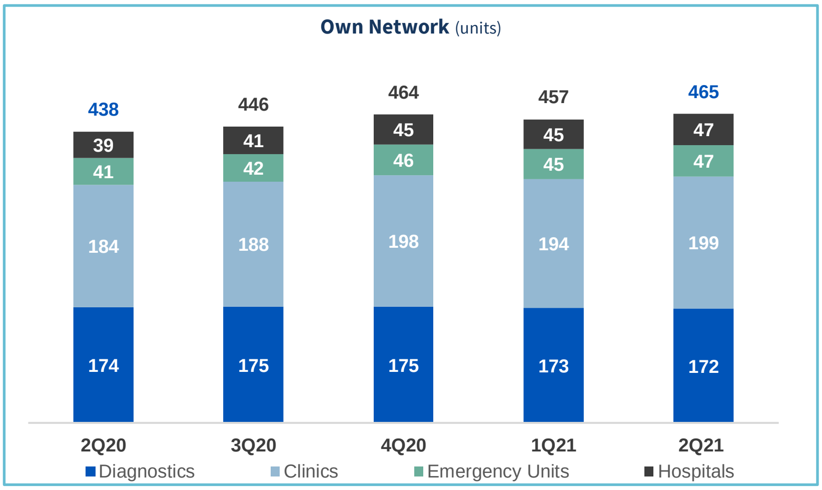
We continue to make rapid advances in our strategic sustainability planning. Steps that have already been completed include diagnostic, construction of our ambition in sustainability, definition of ESG indicators and prioritization of tactical plans. Currently, tactical plans are being broken down into action plans. In the environmental context, Hapvida celebrated its first Environment Week sharing sustainability tips with employees, with distribution of vehicular garbage bags for employees and the general public in the surrounding communities, encouraging the proper disposal of waste. In this quarter, 4 of our hospitals adhered to the Green and Healthy Hospitals Project. We also celebrated the International Biodiversity Day with environmental tips.

In the internal social aspect, Hapvida has been developing a large work front called *Projeto Evoluir*. The project started with a survey of all employees, evolved to mapping our organizational culture and went through standardization and creation of a job and career plan. The company's pillars were revised and a new one was included: “Collaboration between teams”. Through the *Projeto Evoluir*, we implemented the Internship Journey (focused on development and training of professionals who are starting their career with us in their graduation areas). We also announced a corporate benefit that offers discounts in the best gyms throughout the country.

For us, respect is the base of everything. We have celebrated the International Day for Combating LGBTphobia and set aside the month of June to celebrate diversity and inclusion with various lectures. Hapvida's perspective on diversity is in the construction of a inclusive and intelligent culture through affirmative action that is aligned with the UN 2030 agenda and the SDGs (Sustainable Development Goals). The company understands its role in transforming society and thus it has been promoting a series of actions that seek to promote a safe work environment safe that is free from prejudice through programs that encourage the practice of diversity in all of its breadth and plurality. During the quarter, Hapvida launched a Diversity and Inclusion Manual (Hapvida Diversity Manual – Portuguese only), followed by corporate lectures and the publication of a distance-learning course with 10 videos.

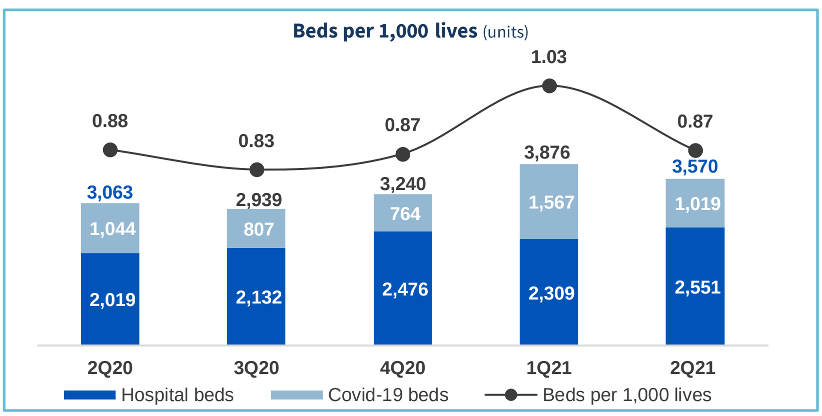
5. PROPRIETARY CARE NETWORK

In the second quarter of 2021, we continued to adjust and expand our proprietary care network. We remain focused on our strategy of increasing verticalization levels to guarantee quality of care, cost efficiency, better cost and frequency of utilization (usage) control.



At the end of 2Q21, we had 47 hospitals, 47 emergency care units, 199 clinics and 172 diagnostic imaging and laboratory collection units, thus totaling 465 service points accessible to our beneficiaries, in all five regions of the country. The assets arising from Promed are included in those figures.

During the quarter, we inaugurated 1 hospital (that replaced another in the same city), 2 emergency units, 6 medical clinics (6 were closed) and 3 diagnostic units (5 were closed), in line with the modernization process and consolidation of service in new and large units of greater complexity, centralizing and expanding existing services. With the acquisition of Promed, 2 hospitals, 5 clinics and 1 diagnostic unit were added.



At the end of 2Q21, we had a total of 3,570 operational hospital beds, an increase of 507 beds compared to the same quarter of the previous year. The main changes were: 103 beds at Hospital Sinhá Junqueira (SP) and 23 beds at Hospital Mário Palmério (MG) were added. With the inclusion of the acquired companies approved in 4Q20 and Promed in 2Q21, 112 beds for Medical, 99 beds for the São José Group and 116 beds for Promed were also added.

In the quarter, there were 1,019 beds dedicated for the treatment of covid-19, a reduction of 548 beds compared to 1Q21, in line with the downturn of the 2nd wave of the pandemic in the regions where we operate. In July, this number had already reduced to about 100 beds, in line with the Notice to the Market released on July 26, 2021. Our expectation is that all additional beds dedicated to Covid-19 will be demobilized by the end of August.

6. MEMBERS

6.1 Health

The number of health plan beneficiaries at the end of the quarter increased by 16.6% in comparison with the same period of the previous year, influenced by the entry of:

(i) 76k beneficiaries from Medical (11k in individual plans and 65k in group plans)

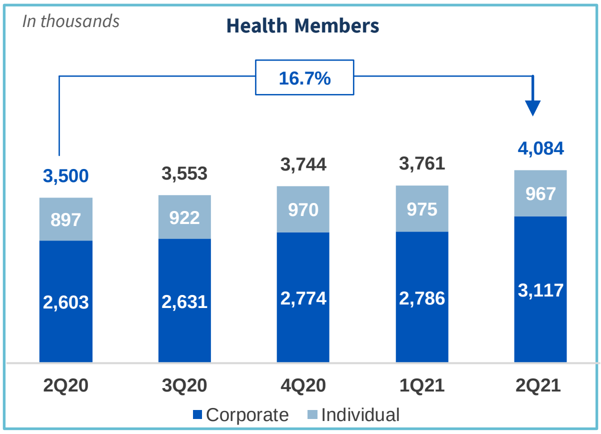
(ii) 53k beneficiaries from São José Group (15k in individual plans and 38k in group plans)

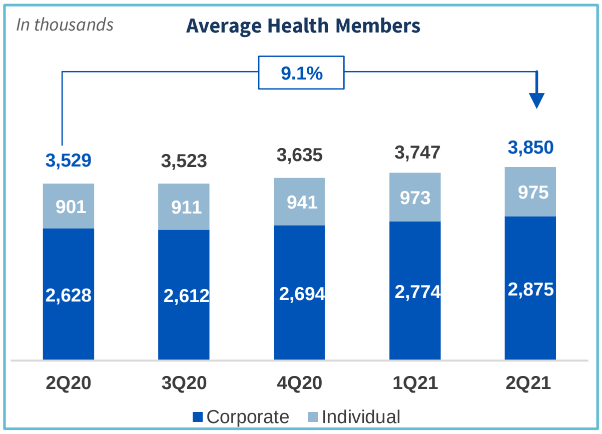
(iii) 12.3k beneficiaries from Samedh (327 in individual plans and 12k in group plans)

(iv) 13.7k beneficiaries from Plamheg (1.7k in individual plans and 12k in group plans)

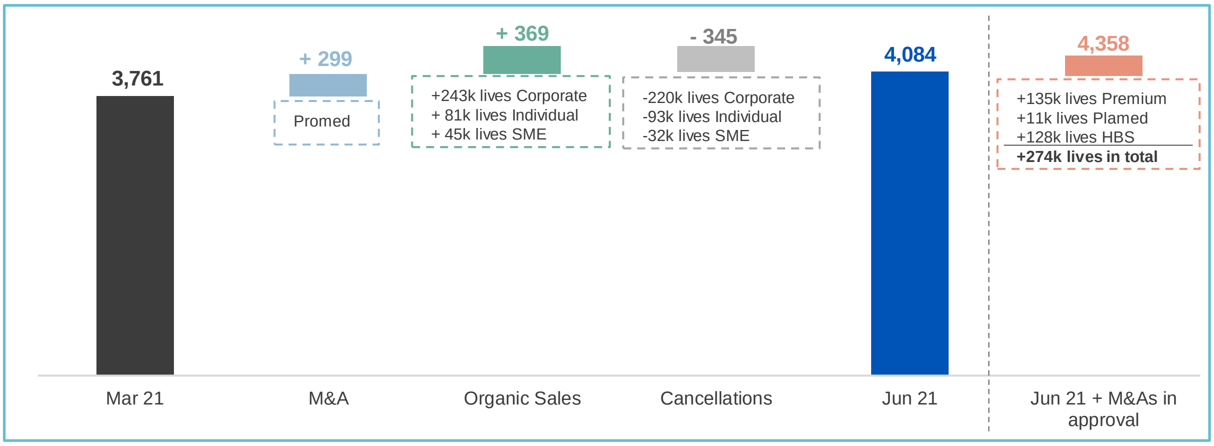
(v) 299k beneficiaries from Promed (3k in individual plans and 296k in group plans).

Regarding to organic growth (excluding acquisitions), there was a net increase of 107k beneficiaries (32k in individual plans and 75k in group plans) in the operator Hapvida. In the acquired companies GSF and RN, there was an increase of 23k lives (7k in individual plans and 16k lives in group plans).





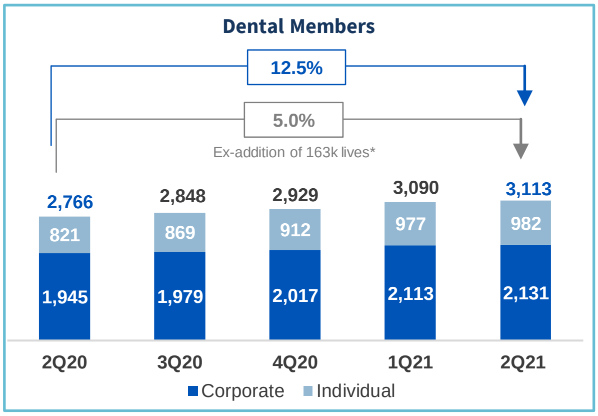
In terms of organic growth compared in the quarter, we had the closing of Promed, which added 299k beneficiaries. Gross organic adds totaled 369k lives with 345k lives canceled in the quarter. Considering the acquisitions already announced but still awaiting the approval of regulatory entities, in the coming months we will have an increase of 274k beneficiaries.

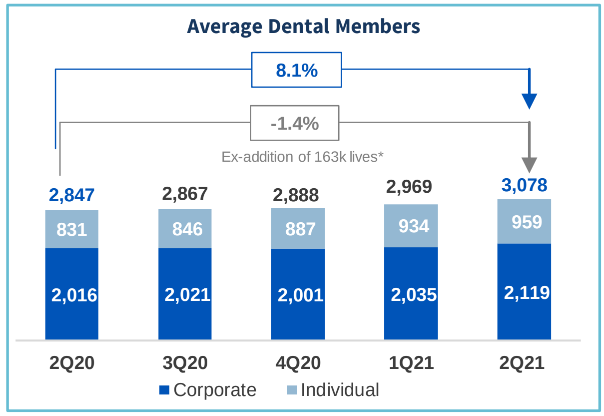


6. MEMBERS (continued)

6.2 Dental

The number of dental plan beneficiaries grew by 12.5% in the quarter compared to the same period last year. Organically, there was an increase of 38k lives in individual plans and 144k lives in group plans. The acquisition of Medical contributed with an additional 2k members in group dental plans.

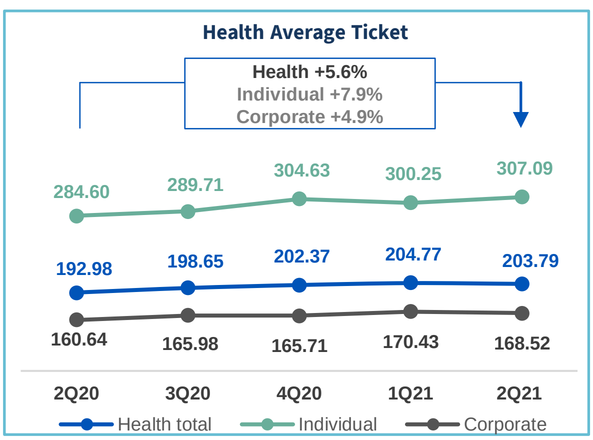


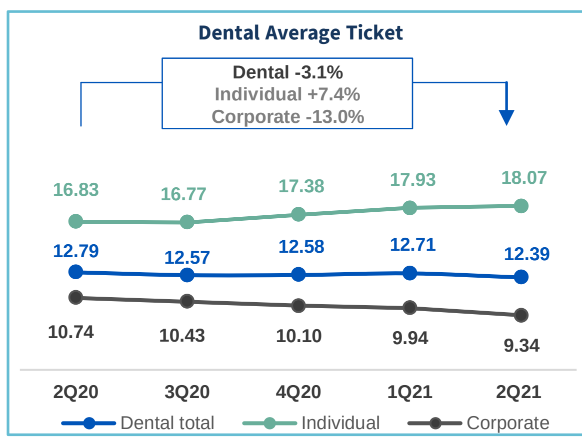


*As of 1Q21, the Company started to include beneficiaries who had dental assistance coverage but that were counted as health-only lives due to the commercial format of the sale of that plan at the time. A total of 414,881 lives were classified as such at the end of 2Q21. Still within 1Q21, there was a change in the contract formatting of dental care for a customer who now has a contract with characteristics of service provided by a fixed price table and no longer by contractual coverage. As a result, we stopped counting 251,489 beneficiaries who were part of this contract at the end of 2Q21. The net effect of these changes was the addition of 163k lives. In both cases above, those lives are not considered for calculating the average ticket for dental plans.

7. AVERAGE TICKET

The average health ticket grew by 5.6% compared to 2Q20, mainly due to new sales and the entry of beneficiaries from Medical and São José Group, who have higher average tickets. On the other hand, due to the negative 8.19% readjustment of individual plans released by ANS only in July, R$5.2 million were provisioned for contracts with anniversary in May and June. The GSF average ticket increased by 1.3% compared to 2Q20 and by RN Saúde by 19.1%.





The average ticket in the dental segment decreased 3.1% compared to the same period of the previous year due to a lower average ticket of all companies, except GSF, which grew by 2.1% when compared to 2Q20.

8. NET REVENUES

2Q21 net revenues grew 15.7% when compared to 2Q20 and 13.7% in 1H21 compared to 1H20, mainly influenced by:

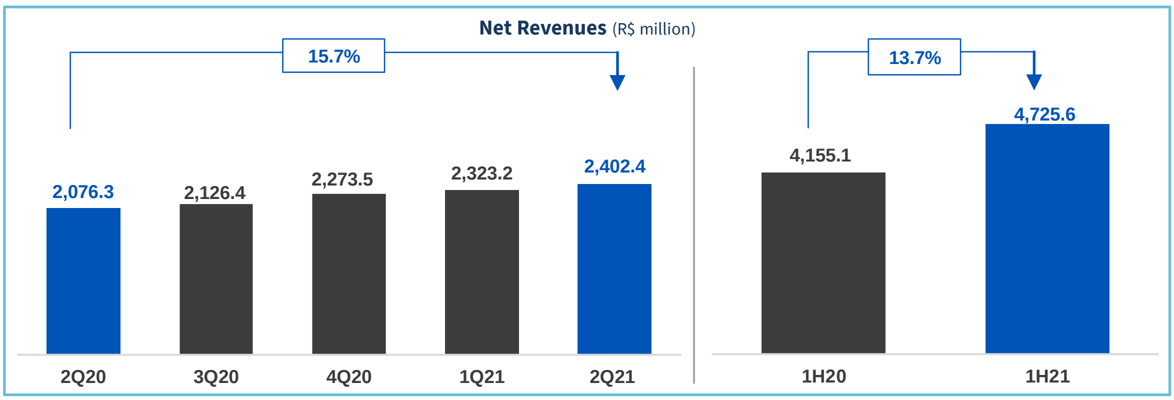
(i) an organic increase of 130k lives in health beneficiaries and 182k lives of dental beneficiaries, mainly in the cities of Fortaleza, Recife, Joinville, Manaus and Salvador;

(ii) a 5.6% increase, between 2Q20 and 2Q21, in the average health ticket, reflecting the price adjustments implemented in the existing contracts necessary for their economic balance and new sales;

(iii) revenue from acquired companies: R$48.8 million from Medical in 2Q21 (R$94.5 million in 1H21); R$43.3 million from São José Group in 2Q21 (R$89.4 million in 1H21) and R$47.3 million (June/21) from Promed;

(iv) client portfolio consolidated in 1Q21, of which 12.3k lives from Samedh and 13.7k lives from Plamheg; and

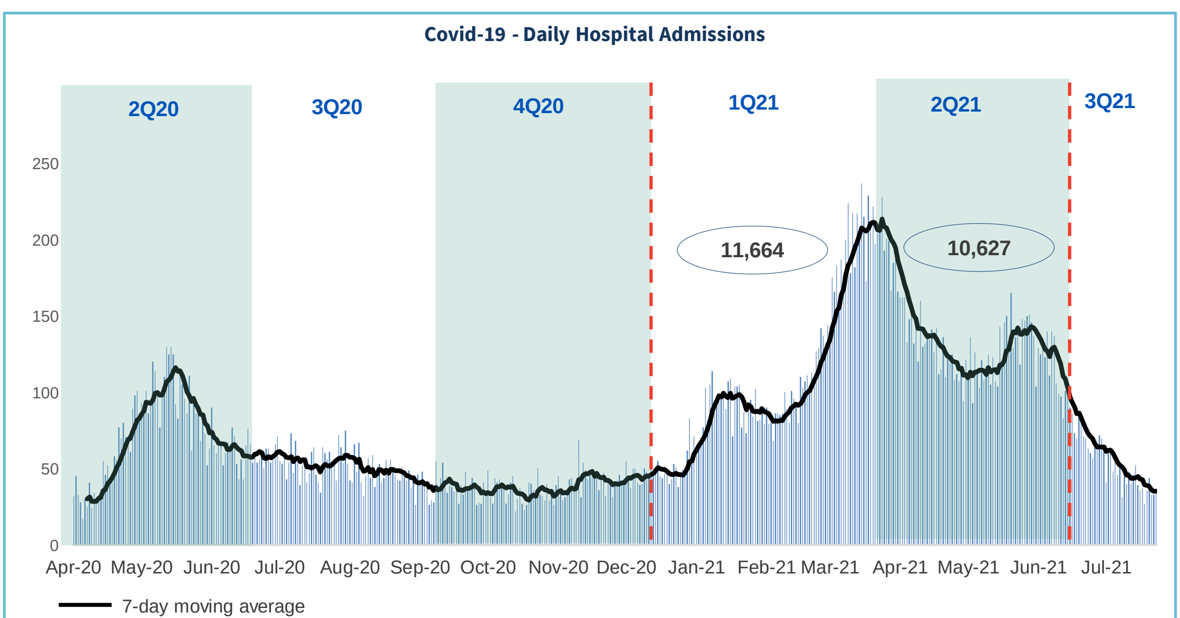
(v) the negative readjustment of individual plans that impacted revenue by R$5.2 million.



9. MCR AND MEDICAL COSTS

The cost of services provided is comprised of care costs paid in cash and some non-cash items, such as depreciation and amortization (D&A) with IFRS16, changes in the Incurred But Not Reported (IBNR) provision and SUS reimbursement provisions (ReSUS).

9.1 Covid-19 Scenario



9. MCR AND MEDICAL COSTS (continued)

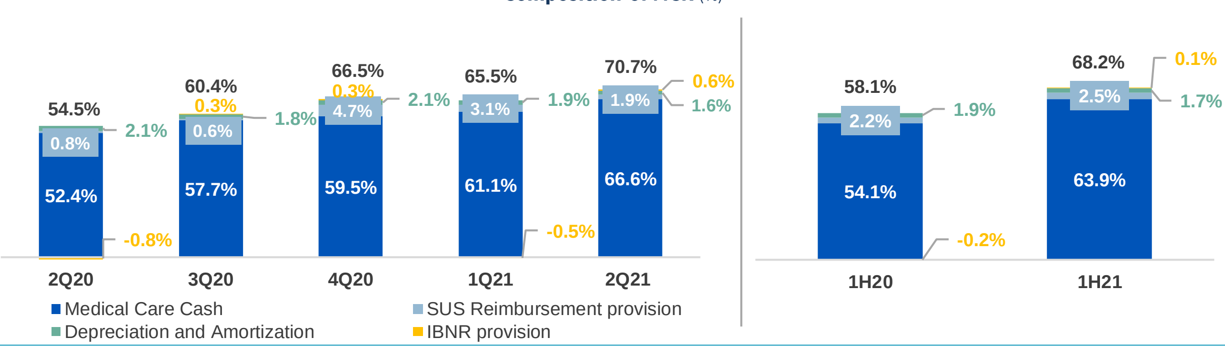
9.1 Covid-19 Scenario (continued)

In early 2020, Covid-19's declaration as a global health emergency by the World Health Organization triggered significant decisions and necessary measures by governments and public and private sector entities to prevent the spread of the disease. Following the recommendations of ANS and health agencies, between the months of March and May/2020, all elective procedures (not classified as urgent or emergent) were suspended. This, combined with measures of social distance, caused a significant drop in the demand for medical services in the period. Therefore, the entire volume of services caused by Covid-19 in our healthcare units in the 1st wave of the pandemic, which reached its peak on May 14, 2020, with 130 hospitalizations on that day, was more than offset by the suspension of elective care. However, a resurgence of the pandemic at the end of 2020 caused a significant increase in hospital admissions caused by Covid-19 in 1Q21, reaching its peak on March 15, 2021, with 237 hospitalizations in a single day. In 2Q21, our healthcare units were equally impacted by a similar number of consultations and hospital admissions due to Covid-19 compared to 1Q21. More recently, at the beginning of the third quarter, we saw the main indicators related to the pandemic showing a strong reduction. This trend, together with the vaccination progress in Brazil, gives us a prospect of operational normalization.

9.2 MCR (Medical Care Ratio) and Medical Costs

Composition of Total Medical Costs								
(R$ million)	**2Q21**	**2Q20**	**2Q21 x 2Q20**	**1Q21**	**2Q21 x 1Q21**	**1H21**	**1H20**	**1H21 x 1H20**
Cash Medical Costs	(1,599.5)	(1,088.5)	46.9%	(1,420.1)	12.6%	(3,019.5)	(2,249.2)	34.2%
Depreciation and Amortization (with IFRS16)	(38.7)	(44.1)	(12.3%)	(43.2)	-10.3%	(81.9)	(77.4)	5.9%
IBNR provision	(14.5)	17.1	(184.9%)	12.1	-220.1%	(2.4)	7.1	-134.5%
SUS reimbursement provision	(46.1)	(17.0)	171.1%	(71.0)	-35.1%	(117.0)	(92.7)	26.3%
Medical Costs - Total	**(1,698.8)**	**(1,132.6)**	**50.0%**	**(1,522.1)**	**11.6%**	**(3,220.9)**	**(2,412.2)**	**33.5%**
Cash MCR (ex-IBNR provision, ex-SUS, ex-D&A)	**66.6%**	**52.4%**	**14.2 p.p.**	**61.1%**	**5.5 p.p.**	**63.9%**	**54.1%**	**9.8 p.p.**
Ex-SUS MCR	**68.8%**	**53.7%**	**15.1 p.p.**	**62.5%**	**6.3 p.p.**	**65.7%**	**55.8%**	**9.9 p.p.**
Total MCR	**70.7%**	**54.5%**	**16.2 p.p.**	**65.5%**	**5.2 p.p.**	**68.2%**	**58.1%**	**10.1 p.p.**

Composition of MCR (%)



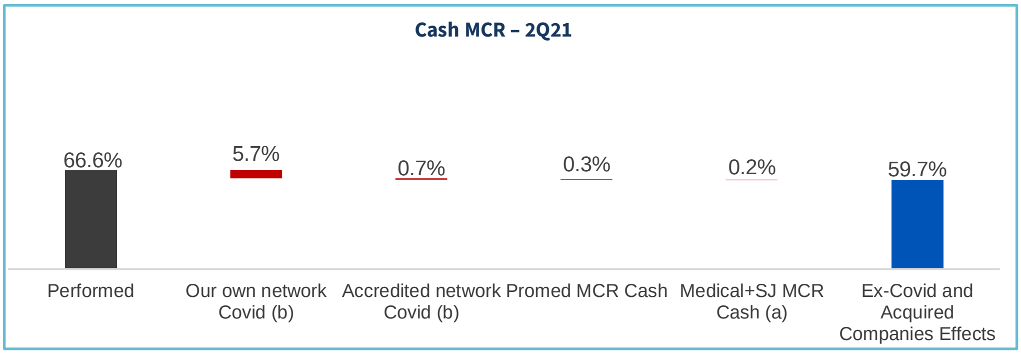
Cash MCR (which excludes D&A, changes in IBNR provision and provision for reimbursement to SUS) was 66.6% in 2Q21 and 63.9% in 1H21, an increase of 14.2 p.p. and 9.8 p.p. in compared to the same period last year. The main impacts on MCR were:

(i) even with the curve of Covid-19 cases decreasing, the volume of consultations and hospital admissions in 2Q21 related to Covid-19 in all regions in which we operate was similar to 1Q21 levels. Since 4Q20, we saw a return to historical, pre-pandemic levels for elective consultations and urgent/emergency procedures. Additional expenses with personnel, materials and medicines, location and operation and third-party services in the company's own network and the costs with the accredited network in fighting Covid-19 were R$153.5 million in 2Q21 versus R$47.6 million in 2Q20 and R$247.1 million in 1H21 and R$47.6 million in 1H20.

(ii) higher MCR levels of the acquired companies (Medical, São José and Promed) that compose Hapvida's consolidated number in 2Q21 and 1H21 but were not present in the comparative period. The MCR of recently-acquired companies is on a downward trend due to initiatives for the integration and standardization of procedures, respecting the seasonality between quarters. The three companies had a total MCR of 82.1% in 2Q21.

9.2 MCR (Medical Care Ratio) and Medical Costs (continued)

Disregarding both effects, the MCR would have been 59.7%, in line with normalized, historical levels.



(a) Amount calculated based on the MCR cash in 1Q21, considering that it would be the same in 2Q21;
(b) The Covid impact was calculated for Hapvida (including the former America Group), RN and São Francisco. The still different balance sheet structures of other acquired companies do not permit us

In addition to Covid-19 effects and higher MCR of newly-acquired companies, we also had the effect of:

(iii) increase due to collective bargaining and hiring of new employees, including expenses with personnel at new units (R$11.2 million in 2Q21 and R$25.0 million in 1H21); and

(iv) increase in expenses with materials and medicines, location and operation and third-parties of new units in operation (R$1.2 million in 2Q21 and R$4.0 million in 1H21).

The total MCR was 70.7% in 2Q21 and 68.2% in 1H21, an increase of 16.2 p.p. and 10.1 p.p versus comparative periods. In addition to the impacts on the cash MCR already mentioned above, there was:

(i) constitution of IBNR provision in contrast to a reversion that occurred in the comparative period (negative variation of R$31.6 million in 2Q21 and R$9.5 million in 1H21) due to the return of elective procedures in the accredited network;

(ii) increase in the provision for SUS reimbursement due to the normalization of issuance of both ABIs and collections invoices by the National Supplementary Health Agency (ANS) that was interrupted in 2Q20 due to the pandemic (increase of R$29.1 million in 2Q21 and R$24.3 million in 1H21); and

(iii) an increase of R$4.5 million in depreciation and amortization in 1H21 due to the increase in the number of care units arising from both organic and inorganic growth. The one-off reduction of R$5.4 million in 2Q21 is due to the measurement of amortization with preliminary value of the purchase price allocation (PPA) in 2Q20, which was later modified in its final version reflecting a smaller amortization.

The MCR ex-ReSUS index, that best represents the performance of our operations, and which excludes the variation in provisions for reimbursement to SUS, was 68.8% in 2Q21 and 65.7% in 1H21, increases of 15.1 p.p. and 9.9 p.p. compared to comparative periods.

The Company continues to show operational efficiency gains as a result of effective medical costs management and health and well-being promotion programs. Vertical integration indicators increased, with a 2.1 p.p. higher volume of exams performed within our own network in 2Q21 when compared to the same period of the previous year. Volume of admissions on the same comparative basis reduced by 2.1 p.p. The share of total medical costs inside our own network decreased by 1.5 p.p. in 2Q21 compared to 2Q20, due to greater use of the accredited network in Covid-19 admissions (in the first half of the year, the representativeness of care expenses in the own network is still higher in 2.3 p.p.).

**The vertical integration indicators only consider the companies Hapvida (including former Grupo America) and RN Saúde.*

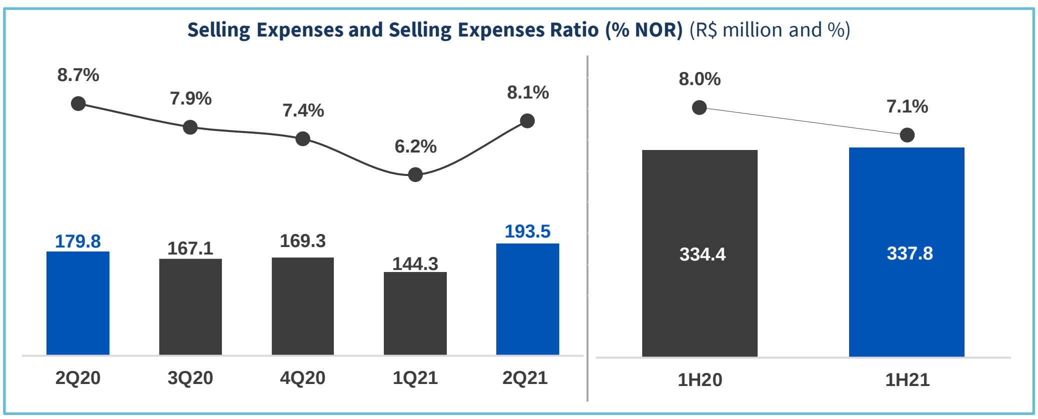
9.3 SUS Reimbursement provisions

According to ANS, the Company must record in its liabilities with a corresponding entry in the results (Total Medical Costs), a provision related to the Identified Beneficiary Notices (ABI in Portuguese) according to the percentage defined by ANS itself, which is unique for each healthcare operator and varies from time to time. Subsequently, ABIs are converted into collections that may eventually require the Company to account for supplements to the original provision. The charges issued by ANS are sent in the form of GRUs (an invoice for federal taxes). GRUs include, in addition to the principal, interest and monetary restatement. GRU invoices that miss the payment deadline are subject to late fees in addition to interest and monetary adjustments for the period elapsed.

In the second quarter of 2021, ANS maintained the process of regularizing the flow of collection charges. The net impact of the various provisions of SUS reimbursement was R$46.1 million and R$117.0 million in 1H21 in medical costs. Despite the receipt of a new batch of ABI (#86) and the increase in the percentage of collection that is calculated and sent by ANS, the ABI provision was constituted again, which demonstrates a normalization both in the sending of ABIs and in the receipt of GRU.

R$ Million	**2Q21**	**2Q20**	**1H21**	**1H20**
ABIs' provision	6.1	9.3	(8.5)	45.7
GRUs' principal	33.4	5.4	112.0	38.8
SUS Reimbursement – Acquired Companies	6.6	2.3	13.5	8.2
SUS Reimbursement – Medical Cost	**46.1**	**17.0**	**117.0**	**92.7**
Interest, monetary adjustments and fines	16.6	11.9	32.9	39.1
SUS Reimbursement – Financial Result	**16.6**	**11.9**	**32.9**	**39.1**
SUS Reimbursement – Hapvida Total	**62.7**	**28.9**	**149.9**	**131.7**

10. SELLING EXPENSES



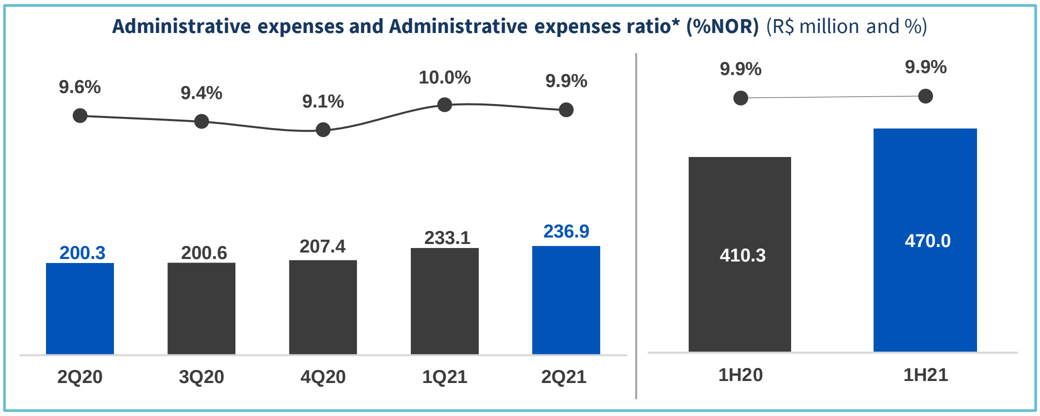
The selling expenses ratio was 8.1% in 2Q21 and 7.1% in 1H21, a reduction of 0.6 p.p. and 0.9 p.p., respectively, compared to the same periods of the previous year, influenced by:

(i) acquired companies that operate with a sales expense index lower than that of Hapvida (decrease of 0.2 p.p. in 2Q21 and 1H21);

(ii) lower deferred expense of net commissions from cancellations of R$2.3 million in 2Q21 and R$6.8 million in 1H21. This change was due to the annual review of expected contract lives, with approximately a one-month increase for individual/family contracts and a two-month increase for group contracts); and

(iii) a reduction in the delinquency level in the individual/family plans in 2Q21 and in 1H21 (both by 3.2 p.p.) which, as a result, reduced the provision for loan losses.

11. ADMINISTRATIVE EXPENSES



** Current and past figures presented without depreciation, amortization and LTIP.*

The administrative expenses ratio was 9.9% in both 2Q21 and 1H21, an increase of 0.3 p.p. and stable, respectively, when compared to the same periods of the previous year. Excluding the effect of LTIP expenses in the amount of R$20.3 million (2Q21 and 1H21), the other negative impacts were:

(i) collective bargaining, costs with new hires and layoffs (R$16.7 million in 2Q21 and R$21.2 million in 1H21);

(ii) third-party services (lawyer and consulting fees) related to M&A projects including the deal with GNDI (R$11.9 million in 1H21); and

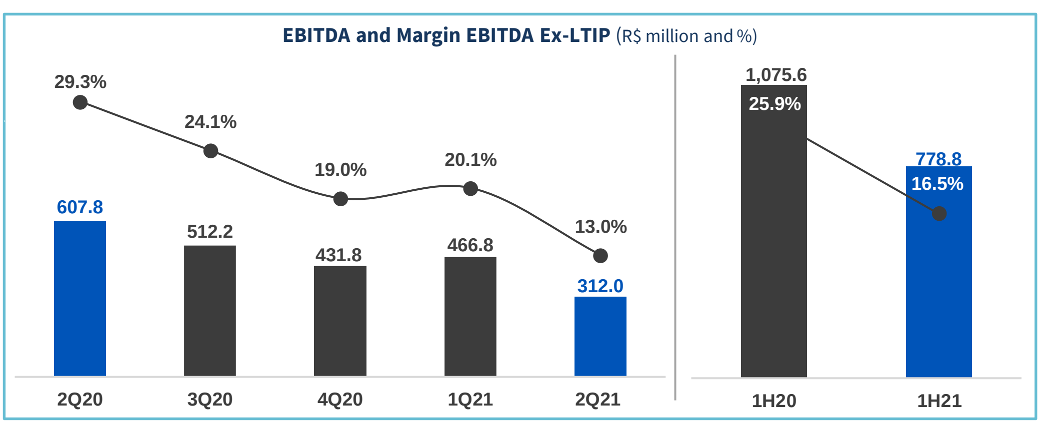
(iii) personnel expenses, third-party services, location and operation and taxes on newly-acquired companies (R$7.1 million in 2Q21 and R$10.7 million in 1H21).

The positive impacts were:

(i) lower provisions for taxes, civil and labor risks (R$32.6 million in 2Q21 and R$34.5 million in 1H21); and

(ii) non-recurring miscellaneous expenses in the assumption of acquisitions occurred in 1Q20 that did not repeat (R$4.0 million).

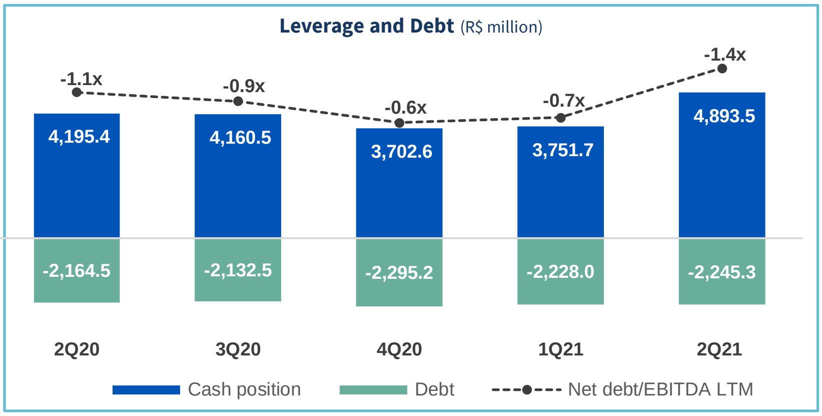
12. EBITDA



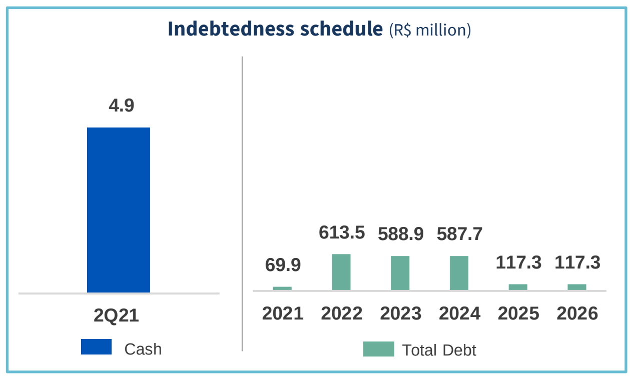
Starting in 2Q21, EBITDA will be adjusted due to the approval of a long-term incentive plan (LTIP), with an amount provisioned in 2Q21 and 1H21 of R$20.3 million. Thus, EBITDA Ex-LTIP in 2Q21 would have been R$312.0 million, a decrease of 48.7% compared to 2Q20. The EBITDA margin Ex-LTIP in 2Q21 was 13.0%, a reduction of 16.3 p.p. in the same comparison. EBITDA Ex-LTIP in 1H21 was R$778.8 million, a decrease of 27.6% compared to 1H20, with an EBITDA Ex-LTIP margin of 16.5%, a reduction of 9.4 p.p. All reductions compared to previous periods are mainly explained by the impacts of the pandemic on our business, as explained in item 9.1 of this report. Excluding the medical costs arising from the effect of Covid-19 of R$153.5 million in 2Q21 and R$247.1 million in 1H21, EBITDA Ex-LTIP and Ex-Covid Margin would have been 19.4% in 2Q21 and 21,7% in 1H21.

13. DEBT

At the end of 2Q21, the Company had a debt balance of R$2,023.5 million, comprised of the debentures outstanding as well as the balance of outstanding debt inherited from acquired companies of R$71.1 million. Net financial debt/EBITDA ratio in 2Q21 was -1.4x due to the net cash position of R$4.9 billion.

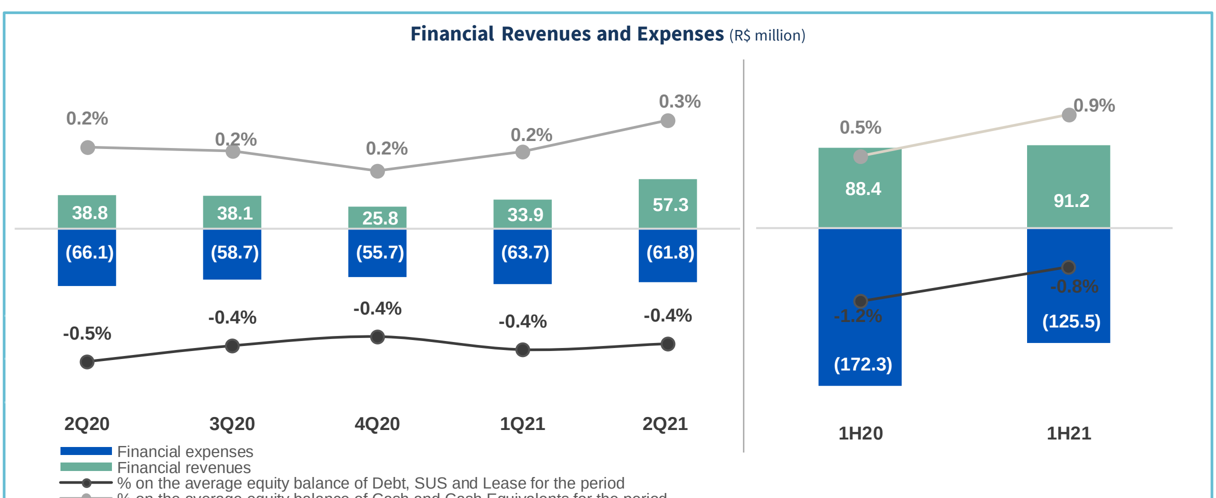


Net debt/Ebitda (R$ million)	2Q21
Short-term debt[1]	87.7
Long-term debt[1]	2,001.1
Other accounts payable (acquired companies)	156.6
Total debt net of derivative instruments + Other accounts payable	**2,245.3**
(-) Cash and cash equivalents and short-term and long-term investments (proforma)	4,893.5
Net debt (Net cash)[1]	**(2,648.2)**
EBITDA LTM[2]	1,914.9
Net debt/EBITDA LTM	(1,4)



[1] Values net of derivative instruments.
[2] EBITDA excluding provisions for impairment of accounts receivable.

14. FINANCIAL RESULTS



14. FINANCIAL RESULTS (continuation)

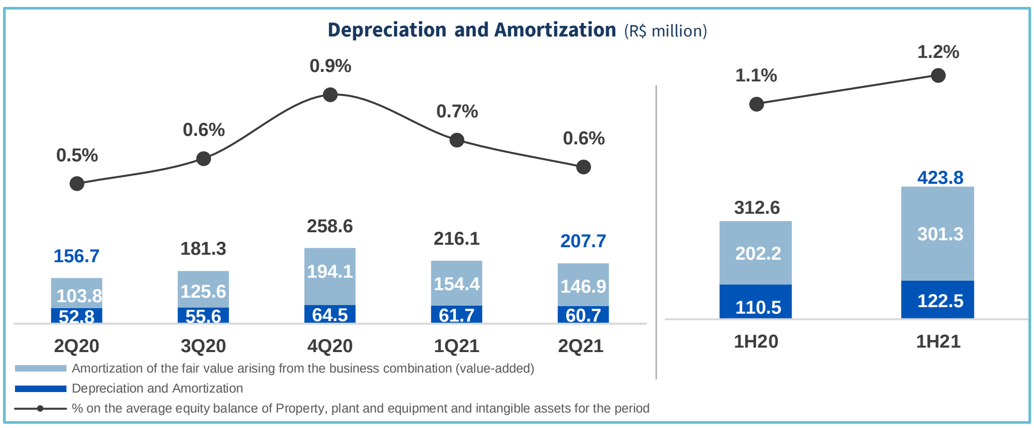
Net financial result in 2Q21 totaled a net expense of R$4.6 million, 83.3% lower than the net expense in 2Q20. In 1H21, there was a net expense of R$34.4 million, 59.0% lower than the net expense in 2Q20. The periods were impacted by:

(i) the pro-rata interest referring to the lower debentures in the current semester due to a lower average DI rate when compared to the 1st semester of 2020 (R$10.3 million in 1H21). The average DI (intraday) rate in 2Q21 was similar to the same period last year;

(ii) lower volume of expenses with interest, fines and monetary restatement related to the reimbursement to SUS, due to the normalized recognition of GRU invoices (R$4.7 million higher in 2Q21 and R$6.2 million lower in 1H21); and

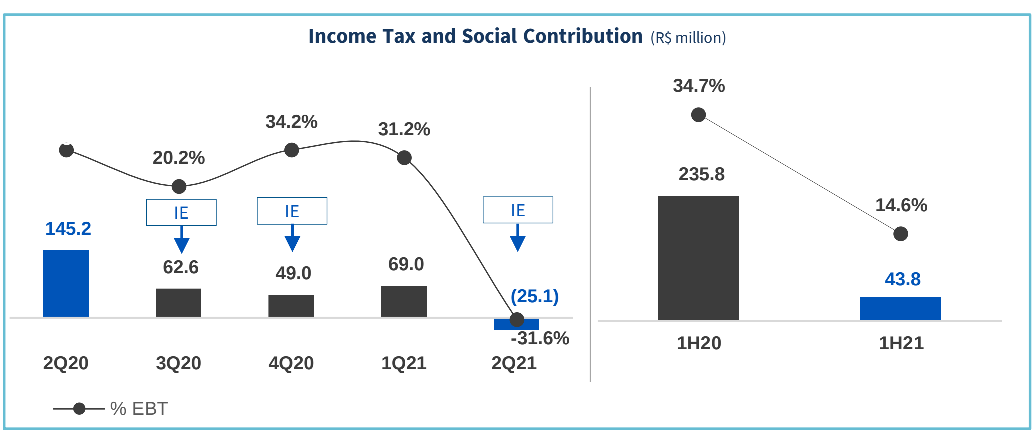
(iii) the higher yield and higher income from financial investments due to the higher equity balance of investments due to the proceeds from the follow on (R$24.3 million higher in 2Q21 and R$21.6 million in 1H21).

15. DEPRECIATION AND AMORTIZATION



Depreciation and amortization expenses totaled R$207.7 million in 2Q21 and R$423.8 million in 1H21, equivalent to 0.6% and 1.2%, respectively, of the average balance of the respective equity assets. The main variation in this account refers to the higher balance sheet of customer portfolios (with the entry of acquired companies) which caused an amortization of the fair value arising from the business combination (value-added) of the customer portfolio higher than the comparative period (increase of R$43.1 million in the 2Q21 and R$99.2 million in 1H21).

16. INCOME TAX AND SOCIAL CONTRIBUTION



IE = Interest on equity

16. INCOME TAX AND SOCIAL CONTRIBUTION (continuation)

The effective rate was -31.6% in 2Q21 and 14.6% in 1H21 relevant reductions compared to the same periods in 2020 due to:

(i) the reduction in EBITDA Ex-LTIP of R$295.8 million in 2Q21 and of R$296.8 million in 1H21 in a scenario affected by the pandemic;

(ii) distribution of interest on equity in the amount of R$68.8 million in 2Q20 and 1H21, which did not occur in 2Q20 and 1H20;

(iii) expenses with the issuance of shares due to the Company's 2nd follow on in the amount of R$53.1 million in 2Q20 and 1H21, which did not occur in 2Q20 and 1H20;

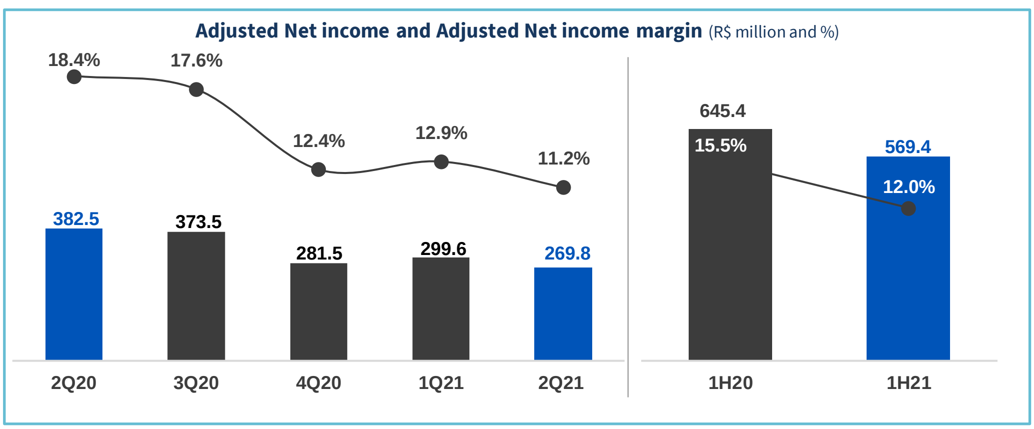
(iv) the increase in depreciation and amortization (disregarding IFRS16 depreciation and amortization of the fair value arising from the business combination) which went from R$21.8 million in 2Q20 to R$27.5 million in 2Q21 and from R$41.1 million in 1H20 to R$53.0 million in 1H21; and

(v) deductibility of the amortization of the fair value arising from the business combination from the acquisition of companies in the amount of R$6.0 million in 2Q21 and R$25.5 million in 1H21.

17. ADJUSTED NET INCOME

Starting on 2Q21, in addition to the adjustment of the amortization of the fair value arising from the business combination (value-added) and its respective effect on taxes that we had already been showing separately in previous quarters (impact of R$144.9 million in 2Q21 and R$292.7 million in 1H21), we included the LTIP adjustment in 2Q21 and 1H21 in the amount of R$20.3 million.

As a result, Adjusted Net Income totaled R$269.8 million in 2Q21, a decrease of 29.5% compared to 2Q20 and R$569.4 million in 1H21, a decrease of 11.8% compared to the same period of the previous year, mainly impacted by the reduction in EBITDA due to the effects of the pandemic already discussed.



18. CASH GENERATION AND CAPEX

Free cash flow ex-acquisitions was negative by R$202.4 million in 2Q21, impacted by: (i) R$420.6 million due to the variation in Promed's working capital, which had R$669.2 million in its balance sheet of net liabilities and which, after our assumption, was reduced to R$248.6 million. The difference between the liabilities received from Promed between signing and closing will be adjusted in the acquisition payment price. There was also an impact of the reduction in Ebitda, which was R$316.1 million lower, whose reduction is mainly explained by the impacts of the pandemic on our medical costs. Additionally, there was a cash consumption in the quarter in the amount of R$115.5 million against R$92.4 million in the 2Q20 due to the increase in investments (capex) in the expansion of our own network structure.

18. CASH GENERATION AND CAPEX (continuation)

R$ million	2Q21	2Q20	2Q21 x 2Q20	1H21	1H20	1H21 x 1H20
EBITDA	**291.7**	**607.8**	**-52.0%**	**758.5**	**1,075.6**	**(29.5%)**
(+/-) Change in working capital[1]	(403.7)	23.0	(1855.2%)	(323.6)	125.7	(357.4%)
(-) Income Tax and Social Contribution	25.1	(145.2)	(117.3%)	(43.8)	(235.8)	(81.4%)
(-) Cash CAPEX	(115.5)	(92.4)	25.0%	(249.9)	(166.7)	49.9%
Free cash flow (ex-acquisitions)	**(202.4)**	**393.2**	**(151.5%)**	**141.2**	**798.8**	**(82.3%)**
(-) Companies acquisitions	(155.6)	(47.6)	226.9%	(155.6)	(94.3)	65.0%
Free cash flow	**(358.0)**	**345.6**	**(203.6%)**	**(14.4)**	**704.5**	**(102.1%)**

([1]) Includes variations: (i) current assets: accounts receivable, inventories, other credits and advances to suppliers and (ii) current liabilities: suppliers, technical provisions for health care operations net of PPCNG, debts of health care operations net of prepayments, other payables and social obligations.

Appendices

19. INCOME STATEMENT

R$ mm	2Q21	2Q20	Var. % 2Q21/2Q20	1Q21	Var. % 2Q21/1Q21	1H21	1H20	Var. % 1H21/1H20
Revenues from gross payments	2,442.5	2,106.0	16.0%	2,371.6	3.0%	4,814.1	4,217.9	14.1%
Revenue from other activities	92.6	70.9	30.7%	83.2	11.3%	175.8	147.3	19.3%
Deductions	(132.6)	(100.6)	31.9%	(131.6)	0.8%	(264.3)	(210.1)	25.8%
Net revenues	**2,402.4**	**2,076.3**	**15.7%**	**2,323.2**	**3.4%**	**4,725.6**	**4,155.1**	**13.7%**
Medical cost and others	(1,599.4)	(1,088.5)	46.9%	(1,420.1)	12.6%	(3,019.5)	(2,249.2)	34.2%
Depreciation and amortization	(38.7)	(44.1)	(12.3%)	(43.2)	(10.3%)	(81.9)	(77.4)	5.8%
Change in IBNR	(14.6)	17.1	-	12.1	-	(2.4)	7.1	-
Change in SUS reimbursement prov.	(46.1)	(17.0)	171.1%	(71.0)	(35.1%)	(117.0)	(92.7)	26.3%
Total cost	**(1,698.8)**	**(1,132.6)**	**50.0%**	**(1,522.1)**	**11.6%**	**(3,220.9)**	**(2,412.2)**	**33.5%**
Gross profit	**703.7**	**943.7**	**(25.4%)**	**801.1**	**(12.2%)**	**1,504.7**	**1,742.9**	**(13.7%)**
Gross margin	***29.3%***	***45.5%***	***-16.2 p.p.***	***34.5%***	***-5.2 p.p.***	***31.8%***	***41.9%***	***-10.1 p.p.***
Selling expenses	**(193.5)**	**(179.8)**	**7.6%**	**(144.3)**	**34.1%**	**(337.8)**	**(334.4)**	**1.0%**
Advertise expenses	(14.5)	(12.5)	15.4%	(14.6)	(1.1%)	(29.1)	(21.2)	36.9%
Comission expenses	(98.5)	(94.7)	4.0%	(82.7)	19.1%	(181.3)	(178.6)	1.5%
Provision for credit losses	(72.9)	(66.7)	9.4%	(40.7)	79.3%	(113.6)	(122.6)	(7.4%)
Other sales expenses	(7.6)	(5.9)	29.3%	(6.3)	20.6%	(13.9)	(11.9)	17.4%
Administrative expenses	**(438.1)**	**(310.3)**	**41.2%**	**(409.5)**	**7.0%**	**(847.6)**	**(643.7)**	**31.7%**
Personnel	(148.1)	(94.7)	56.3%	(92.4)	60.3%	(240.4)	(178.8)	34.5%
Third party services	(68.0)	(48.1)	41.5%	(75.4)	(9.9%)	(143.4)	(108.9)	31.7%
Location and operation	(49.7)	(27.6)	80.2%	(42.5)	17.0%	(92.2)	(56.6)	63.0%
Depreciation and amortization	(169.0)	(112.5)	50.2%	(173.0)	(2.3%)	(341.9)	(235.3)	45.3%
Taxes	(5.8)	(3.4)	68.0%	(4.3)	34.8%	(10.0)	(6.8)	48.5%
Provisions for civil. labor and tax risks	12.3	(20.3)	-	(19.4)	-	(7.1)	(41.6)	(82.8%)
Miscellaneous expenses	(9.9)	(3.7)	168.8%	(2.6)	287.0%	(12.4)	(15.8)	(21.3%)
Other expenses/operational rev.	**12.0**	**(2.5)**	**(586.6%)**	**3.4**	**249.8%**	**15.4**	**(1.9)**	**(907.0%)**
Total expenses	**(619.6)**	**(492.6)**	**25.8%**	**(550.4)**	**12.6%**	**(1,170.0)**	**(980.0)**	**19.4%**
Operational income	**84.0**	**451.2**	**(81.4%)**	**250.6**	**(66.5%)**	**334.7**	**762.9**	**(56.1%)**
Operational margin	*3.5%*	*21.7%*	*-18.2 p.p.*	*10.8%*	*-7.3 p.p.*	*7.1%*	*18.4%*	*-11.3 p.p.*
Financial revenues	57.3	38.8	47.6%	33.9	69.0%	91.2	88.4	3.2%
Financial expenses	(61.8)	(66.1)	(6.4%)	(63.7)	(3.0%)	(125.5)	(172.3)	(27.1%)
Financial result	**(4.6)**	**(27.3)**	**(83.3%)**	**(29.8)**	**(84.7%)**	**(34.4)**	**(84.0)**	**(59.0%)**
EBIT	**79.5**	**423.9**	**(81.2%)**	**220.8**	**(64.0%)**	**300.3**	**679.0**	**(55.8%)**
IR and CSLL current	(99.1)	(210.9)	(53.0%)	(118.0)	(16.0%)	(217.1)	(344.2)	(36.9%)
IR and CSLL deferred	124.3	65.7	89.1%	49.0	153.5%	173.3	108.4	59.8%
IR and CSLL	**25.1**	**(145.2)**	**(117.3%)**	**(69.0)**	**(136.4%)**	**(43.8)**	**(235.8)**	**(81.4%)**
Net income	**104.6**	**278.6**	**(62.5%)**	**151.8**	**(31.1%)**	**256.4**	**443.2**	**(42.1%)**
Net margin	*4.4%*	*13.4%*	*-9.1 p.p.*	*6.5%*	*-2.2 p.p.*	*5.4%*	*10.7%*	*-5.2 p.p.*

EBITDA

R$ mm	2Q21	2Q20	Var. % 2Q21/2Q20	1Q21	Var. % 2Q21/1Q21	1H21	1H20	Var. % 1H21/1H20
EBIT	**84.0**	**451.2**	**(81.4%)**	**250.6**	**(66.5%)**	**334.7**	**762.9**	**(56.1%)**
Depreciation	45.7	41.0	11.4%	46.2	(1.2%)	91.9	80.0	14.8%
Amortization	162.0	115.6	40.1%	169.9	(4.6%)	331.9	232.6	42.7%
EBITDA	**291.7**	**607.8**	**(52.0%)**	**466.8**	**(37.5%)**	**758.5**	**1.075.6**	**(29.5%)**
EBITDA margin	*12.1%*	*29.3%*	*-17.1 p.p.*	*20.1%*	*-7.9 p.p.*	*16.1%*	*25.9%*	*-9.8 p.p.*

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Appendices

20. BALANCE SHEET

Balance Sheet R$ mm	2Q21	4Q20	Var. R$	Var. %
Assets	**17,305.8**	**13,519.7**	**3,786.1**	**28.0%**
Current assets	**3,749.1**	**3,502.1**	**247.0**	**7.1%**
Cash and cash equivalents	226.6	143.2	83.4	58.2%
Short-term investments	2,270.9	2,334.1	(63.3)	(2.7%)
Trade receivables	496.6	433.4	63.2	14.6%
Inventory	144.0	101.7	42.3	41.6%
Recoverable tax	208.1	184.1	24.0	13.0%
Derivative financial instruments	5.9	3.6	2.3	64.3%
Other assets	188.8	137.0	51.8	37.8%
Deferred commission	208.2	164.9	43.3	26.2%
Non-current assets	**13,556.7**	**10,017.6**	**3,539.1**	**35.3%**
Long-term investments	2,396.0	1,225.3	1.170.7	95.5%
Deferred taxes	809.0	579.5	229.5	39.6%
Judicial deposits	375.8	246.5	129.3	52.4%
Deferred commission	170.7	142.2	28.4	20.0%
Related party receivable	3.5	3.4	0.0	0.4%
Other credits with related parties	-	11.0	(11.0)	(100.0%)
Other assets	59.3	45.8	13.4	29.3%
Property. plant and equipment	2,449.7	2,241.5	208.2	9.3%
Intangible assets	7,292.7	5,522.3	1,770.4	32.1%
Liabilities and shareholders' equity	**17,305.8**	**13,519.7**	**3,786.1**	**28.0%**
Current liabilities	**2,653.8**	**2,120.6**	**533.2**	**25.1%**
Lending and Financing	93.6	42.9	50.6	118.0%
Trade payables	186.8	120.8	66.0	54.6%
Technical provisions for health care operations	1,491.1	1,129.1	362.0	32.1%
Health care payables	17.1	5.0	12.1	239.0%
Payroll obligations	282.1	195.4	86.6	44.3%
Taxes and contributions payable	202.5	159.7	42.7	26.7%
Income and social contribution taxes	100.1	85.1	15.0	17.6%
Dividends and interest on shareholders' equity payable	75.2	201.4	(126.3)	(62.7%)
Leases payable	41.6	43.0	(1.3)	(3.1%)
Related party payables	4.0	4.0	0.0	0.3%
Other accounts payable	159.8	134.0	25.8	19.2%
Non-current liabilities	**3,986.6**	**3,568.1**	**418.5**	**11.7%**
Lending and Financing	2,001.1	2,034.3	(33.3)	(1.6%)
Taxes and contributions payable	98.6	23.1	75.5	326.3%
Technical reserves for health care operations	7.1	1.8	5.3	295.0%
Leases payable	939.7	965.3	(25.6)	(2.6%)
Deferred income tax and social contribution	100.1	39.5	60.6	153.2%
Provision for tax. civil and labor risks	407.6	401.9	5.7	1.4%
Other accounts payable	432.4	102.1	330.3	323.5%
Shareholders' equity	**10,665.4**	**7,831.0**	**2,834.4**	**36.2%**
Capital	8,124.3	5,650.5	2,473.7	43.8%
Legal reserve	176.6	176.6	-	0.0%
Capital reserve	396.0	222.9	173.1	77.6%
Accumulated profits	254.6	-	254.6	-
Profit reserves	1,710.4	1,779.2	(68.8)	(3.9%)
Equity attributable to controlling shareholders	10,661.8	7,829.2	2,832.6	36.2%
Non-controlling interest	3.6	1.8	1.8	104.1%

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Appendices

21. CASH FLOW STATEMENT

Cash Flow Statement R$ mm	2Q21	4Q20	1H21	1H20
Net income	**104.6**	**278.6**	**256.4**	**443.2**
Adjustments to reconcile net income with cash	**250.6**	**386.3**	**587.4**	**724.8**
Depreciation and amortization	189.4	138.6	384.8	273.6
Depreciation of usage rights	18.3	18.0	39.0	38.9
Technical provisions for health care operations	14.5	(17.2)	2.4	(7.1)
Provision for losses on receivables	72.9	66.7	113.6	122.6
Write-off of property. plant and equipment	(1.9)	(0.4)	2.4	1.4
Write-off of intangible assets	0.6	4.2	0.9	5.5
Provision for tax. civil and labor risks	(30.0)	16.5	(25.5)	20.1
Income from financial investments	(47.6)	(23.3)	(69.3)	(47.7)
Earning on derivative financial instruments	2.9	(2.5)	1.1	(17.6)
Interest and monetary restatement of leases	21.3	20.5	43.2	41.3
Interest and financial charges on loans and financing	18.3	17.2	29.4	40.8
Exchange rate	(3.4)	2.9	1.2	16.9
Long Term Incentive Plan	20.3	-	20.3	-
Tax income and social contribution	99.1	210.9	217.1	344.2
Deferred taxes	(124.3)	(65.7)	(173.3)	(108.4)
(Increase) decrease in asset accounts	**(207.0)**	**(143.1)**	**(463.3)**	**(318.5)**
Accounts receivable	(64.2)	(35.3)	(159.2)	(145.2)
Inventory	(5.3)	(42.0)	(39.2)	(54.8)
Taxes recoverable	(8.4)	(8.4)	(18.5)	(13.1)
Judicial deposits	(70.8)	(27.6)	(145.8)	(46.5)
Other assets	(36.6)	(29.9)	(52.8)	(43.7)
Deferred Sales Expense	(21.7)	0.1	(47.9)	(15.1)
Increase (decrease) in liability accounts:	**(410.8)**	**22.3**	**(401.6)**	**41.7**
Technical provisions for health care operations	10.9	11.0	104.7	111.4
Debts of health care operations	2.0	1.5	7.9	(1.6)
Social obligations	32.4	28.9	67.7	44.8
Suppliers	(48.6)	3.4	13.3	20.9
Taxes and contributions payable	(3.4)	114.9	(40.8)	78.3
Other accounts payable	(274.3)	(2.6)	(322.7)	6.3
Income tax and social contribution paid	(129.8)	(134.8)	(231.6)	(218.4)
Net cash provided by operating activities	**(262.7)**	**544.1**	**(21.1)**	**891.3**
Cash flow from investing activities	**(1,345.4)**	**(797.2)**	**(1,474.7)**	**(763.3)**
Payments to related parties	(112.2)	0.0	(112.2)	4.7
Acquisition of property. plant and equipment	(103.9)	(85.8)	(213.3)	(126.8)
Acquisition of intangibles	(11.6)	(6.5)	(36.7)	(39.8)
Acquisition/sale of investments	(155.6)	(47.6)	(155.6)	(94.3)
Balances attributed to the acquisition of investees	2.9	-	2.9	5.2
Financial investments	(965.0)	(657.2)	(959.8)	(512.2)
Cash flow from financing activities	**1,658.9**	**(38.0)**	**1,579.2**	**(145.3)**
Obtaining loans	-	79.8	-	2.1
Receipt of derivative financial instruments	3.4	-	9.6	4.7
Expenses with share issuance	(53.1)	(84.2)	(53.1)	(84.2)
Payment / Acquisition of loans and financing	(96.1)	-	(145.0)	-
Payment of dividends and interest on own capital	(186.1)	-	(186.1)	-
Principal payments - Leases	(34.2)	(33.9)	(71.2)	(68.1)
Capital contribution	2,025.0	-	2.025.0	-
Non-controlling shareholding stake	(0.0)	0.3	(0.0)	0.3
Change in cash and cash equivalents	**50.8**	**(291.0)**	**83.4**	**(17.3)**
Cash and cash equivalents at the beginning of the period	175.8	498.0	319.0	722.2
Cash and cash equivalents at the end of the period	226.6	206.9	402.4	704.9

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