



HAPVIDA PARTICIPAÇÕES E INVESTIMENTOS S.A.

CNPJ N.º 05.197.443/0001-38

NIRE 233.000.392-71

NOTICE TO THE MARKET

Hapvida Participações e Investimentos S.A. (Company) (B3:HAPV3), one of the largest healthcare operators in Brazil, in continuation to the notice to the market issued on March 16, 2020, given the evolution of the Covid-19 pandemic (new coronavirus), updates its shareholders and the market in general about the measures that have been implemented in the company during this period.

Hand in hand with our beneficiaries and employees

After more than 40 years democratizing access to a quality health care in Brazil, Hapvida now has more than 3.5 million health beneficiaries, being one of the largest private health operators in the country and the only one with its own network in the five regions. Hence, the challenge now is much greater, but today we are also much bigger and stronger to face this crisis hand in hand with our beneficiaries, employees and medical teams. We took quick steps to ensure that our customers receive all necessary care during the current pandemic of the new coronavirus (Covid-19). All of our units were prepared to ensure that our beneficiaries have full access to the range of medical services necessary for their respective treatments.

We took steps to keep our employees, doctors and nurses healthy and safe, with a lot of creativity and responsibility. We are strictly complying with the recommendations of the World Health Organization (WHO) and the public authorities in Brazil, in order to fully respect social isolation, with protocols to avoid crowds in our units. In the administrative area, our employees remain working from home. We do not plan to carry out layoffs related to the current pandemic. On the contrary, due to the commitment we have with our customers, the Company has opened around 500 medical positions throughout Brazil, mainly for nurses and nursing technicians. The Company are making every effort to protect its healthcare employees who are on the front lines, notably doctors and nurses.

Transparency

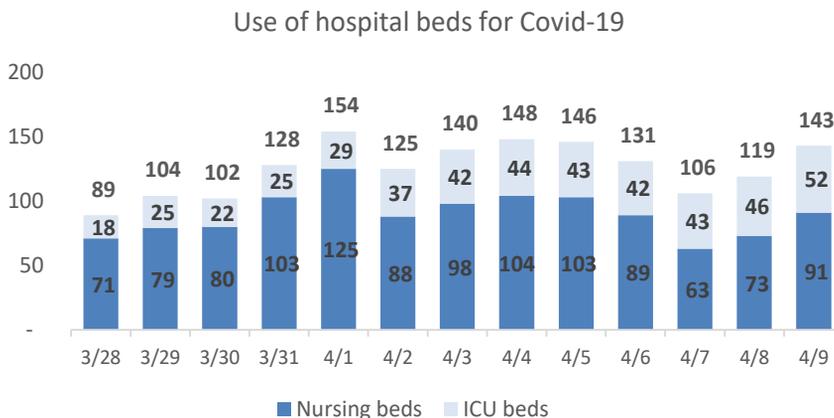
The Hapvida system has a permanent commitment to transparency of information for all its audiences. In this sense, we are the first and only healthcare operator in Brazil to disclose daily news on our social networks with the most up-to-date information about the pandemic including, among others, the number of patients confirmed with Covid-19, number of hospitalized patients and patients who, after recovery, were discharged and returned home. The news also includes interviews with experts and live events with tips for the population to get through this period. Until today, April 9, 2020, we had in the Hapvida network: 334 confirmed Covid-19 cases, 91 hospitalized patients (suspected and confirmed) in infirmary beds, 52 hospitalized (suspected and confirmed) in ICU beds, 19 deaths and 74 beneficiaries that had recovered from Covid-19 and were discharged from the hospital.

Flexibility

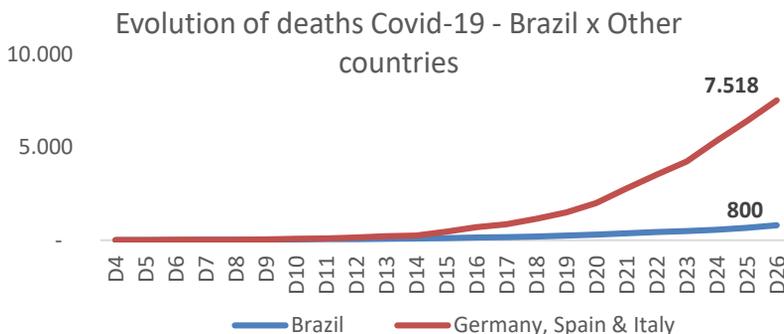
As we operate our own hospitals, walk-in emergency centers, clinics and laboratories, we have full control over our operations and, therefore, we have complete flexibility. This allowed us to perform, on our own way and in an agile manner, all the network adaptations necessary to go through this period. Our currently infrastructure has more than 2,600 beds, including 555 ICU beds. To get through the current period, we have created an expansion plan that could increase our infrastructure by up to 1,500 beds, including 200 ICU beds, depending on the need generated by the disease infection curve. For the potential expansion, we have already acquired machines and equipment, including respirators/ventilators. We also accelerated the opening of some units, such as the new hospital in Mossoró (RN) and Lauro de Freitas (BA). There is a concentration of our beneficiaries in the North, Northeast, interior of the State of São Paulo and in the capital of the State of Goiás. These areas, at least until now, have been less affected by the coronavirus. We cross-checked personal data, medical data and geographical exposure of all our beneficiaries. With then used this technical study combined with guidelines of the Ministry of Health and the experience of other countries, and we are prepared to create contingent hospital beds for providing full care in our medical and hospital network. In most regions, additional beds could be implemented in existing care structures. In some locations, as a contingency plan, we already secured alternative spaces that will be used only if necessary. It is important to note that a large part of these investments in preparation for the current moment were already foreseen because the Company is going through a robust phase of growth in care structures, notably hospitals.

Medical efficiency

Due to the fact that we operate all our own care delivery structures, Hapvida has been very agile in testing and identifying our beneficiaries who have Covid-19. This has allowed the implementation of early treatment protocols for Covid-19 with our patients, preventing the disease from evolving and the need for hospitalization. In the case of patients already hospitalized, the modern therapeutic approach has also been favorable, reducing the average length of hospital stays. Thus, our medical efficiency has managed to stabilize the number of hospitalizations. The chart below shows the evolution of the number of infirmary and ICU beds occupied throughout the Hapvida health system by patients suspected or confirmed with Covid-19:



When comparing Brazil with other Western countries, the Brazilian death curve, so far, seems relatively better. Until April 8, 2020, the 26th day of the pandemic in Brazil (26 days after the first death), Brazil recorded 800 deaths, which represents a mortality ratio of 0.382 per 100k inhabitants. When we combine data from Germany, Italy and Spain, which add up to a total population similar to Brazil, totaling about 200 million inhabitants, the number of deaths is 7,518 which represents a mortality ratio of 3.958 per 100k inhabitants, about 10 times higher than the Brazilian indicator. In this sense, if the Brazilian curve is maintained as it has been so far, it could be that Brazil might get relatively less affected than other countries.



Logistics and supplies

Hapvida began its preparation a few weeks ago given the uncertainty about how the disease would spread or how disruptions caused by the pandemic could affect the supply chain of materials and drugs needed to treat the disease. Our supplies are being monitored daily, region by region. We are making every effort to keep our units supplied with the necessary materials, including personal protective equipment (PPE) for the medical staff who is on the front lines and for our beneficiaries who visit our units. With the supply of medical materials impacted in Brazil and in the world, we also started to produce masks and aprons in our own sewing sector. We were also creative and designed an intubation device that provides physical protection between doctors and patients. In several instances, the Company has taken on the logistics of distributing PPE, materials and drugs internally, including the use of chartered aircraft to guarantee ideal levels of inventory.

Hotline/Chat/Telemedicine

The Federal Council of Medicine temporarily removed some restrictions in regards to the use of telemedicine in Brazil. In order to better serve our beneficiaries and ensure proper security for our health professionals, we have expanded our communication channels, improved access to telemedicine and direct lines with nurses and doctors with a 24x7 call center to encourage virtual interactions and decrease exposure to the virus. We already have a large infrastructure for telemedicine consultations with an average history of 10,000 consultations per month.

Information and collaboration

We are also working closely with the federal, state and local governments, not only to ensure that our beneficiaries receive adequate care, but also to contribute to the technical discussion of developments in the treatment of viruses, care protocols, in addition to case tracking. Recent measures taken by the National Supplementary Health Agency (ANS) resulted, among others, in the postponement of elective medical procedures. For us, this represented the immediate availability of beds that will now be prioritized for hospitalizations related to Covid-19. As previously disclosed, we are carrying out diagnostic tests for the disease in our own network, including a newly-arrived load of quick tests to be distributed in our units.

Our healthtech, Maida.Health, Hapvida's technology unit specialized in artificial intelligence applied to health, entered into a partnership with the Ministry of Health to assist health professionals across Brazil in diagnosing coronavirus. Maida built and made available a platform that performs screening through an image database created from lung x-rays and computerized topographies of patients confirmed with Covid-19. This crowdsourced image database could be an alternative to support handling Covid-19 cases, speeding up the adoption of protocols by medical professionals. The project, which uses Deep Learning techniques, aims to be another ally of health professionals and companies in the identification of the disease throughout Brazil.

Cash and liquidity

In view of the uncertainties generated by the current scenario, with the objective of ensuring liquidity and cash control, the Company has used all the benefits allowed by the Federal Government, like postponement of certain payroll taxes or flexibilization of labor relations. In addition, we currently have approximately R\$3 billion in free cash. We are well positioned and prepared to not only benefit from liquidity preservation mechanisms available to us in the short term but also to perform the additional investments necessary to prepare for the viral outbreak. We are closely monitoring our accounts receivable on a daily basis and, until the end of March/2020, the levels were in line with the Company's history. Additionally, ANS recently decided to expand the flexibility of prudential rules that allow, for example, greater autonomy in the management of resources guaranteeing technical provisions that could provide additional capital and financial resources for use in actions to combat Covid-19 with certain obligations from healthcare operators. The Company is evaluating whether it will adopt this differentiated regime.

Potential impacts

The postponement of the elective procedures, mentioned above, caused a temporary situation of low occupancy in our facilities that could be reversed quickly, according to the potential increase in the need for Covid-19 hospitalizations. Depending on the number, severity and duration of visits related to Covid-19, we may suffer an adverse impact on our results. The Company has been working to renegotiate all fixed expenses related to elective procedures, including medical fees, third-party services and rental of units that are temporarily closed. A significant deterioration in the domestic and world economy may also cause an increase in unemployment and, consequently, impact the demand for healthcare plans in the future. However, as we have a business model based on low cost, operational efficiency and quality service, corporate customers seeking to reduce costs will be able to make the transition to our system. We were, for example, one of the only companies that grew the number of beneficiaries during the 2015 crisis. The intelligence of our business model throughout our history has allowed us to go through crises and come out of them bigger and stronger. We are aware of what is happening in several states and municipalities, in which companies of all sizes are considering closing or severely reducing their operations, which impacts the number of beneficiaries and the respective value of these contracts. For this reason, we may suffer a potential adverse impact on our results, including a potential increase in payment defaults.

Finally, it is important to emphasize that our highest priority has always been the delivery of quality healthcare through intelligent processes such as the verticalization of care costs and the rationalization of use through medical protocols, which has made it possible to democratize access to the millions of beneficiaries we serve. We are prepared, well positioned and vigilant to act and go through this crisis hand in hand with our beneficiaries and employees. For us, all lives matter, and we will spare no effort - operational and financial - to remain firm in our reason for existing: deliver to our clients a quality health service they deserve.

Fortaleza, Ceará, April 9, 2020

Bruno Cals de Oliveira
Chief Finance Officer and Investor Relations