Hapvida Participações e Investimentos S.A.

Parent company and consolidated interim financial statements at March 31, 2021

Contents

1Q21 RESULTS

Quarterly Results – 1Q21

- Net Revenues of R$2.3 billion (+11.8%)
- Health and dental beneficiaries grow 7.5%
- Cash MCR of 61.1% (+5.3 p.p.)
- EBITDA of R$466.8 million (-0.2%)

Earnings Call
May 13th, 2021 (Thursday)
Portuguese (with simultaneous translation into English)
9hs (Brazil) | 8hs (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 first quarter of 2021 was another period in which our operational discipline and the strong execution of our teams were in evidence. These first three months marked a challenging start to the year with the worsening of the Covid-19 pandemic in Brazil. This was a period in which Hapvida was able to show all its experience and resilience, remaining faithful to our main purpose: ensure access to quality healthcare to our people. Our assistance units were impacted by a greater volume of visits and hospitalizations related to Covid-19. However, once again we anticipate and equip ourselves in the best way, with investments in protection, reinforcement of structure, anticipation of purchases and logistics. We were also quick to resize our service network to adapt to the strong demand we had in the quarter, adding more than 800 beds since the beginning of the year. Our numbers of emergency care and hospitalizations already show a downward trend in all the regions in which we operate. We remain confident that we will soon be going through this global health crisis.

In this first quarter of 2021, net revenue was R$2.3 billion, an increase of 11.8% compared to the same quarter of the previous year due to the addition of 477 thousand health and dental beneficiaries and the increase in average tickets . The care ratio of Hapvida ex-SUS was 62.5%, an increase of 4.6 p.p., due to the higher claim level of the newly acquired companies (Medical and São José Group) and, also, due to the coexistence between elective procedures and emergency care and hospitalizations caused by Covid-19. The management of selling expenses reaching an index of 6.2% and administrative expenses (ex-D&A) with an index of 10.0% led our EBITDA to reach R$466.8 million in the quarter with a margin above 20%, offsetting this punctual increase in the care ratio.

We remain engaged in increasing our own assistance network that allows us to achieve gains in the verticalization of medical expenses. In the first months of the year, we inaugurated the new Maceió Hospital, which has a complete adult, pediatric and obstetric urgency and emergency care, in addition to a diagnostic imaging unit. In addition, we opened 3 medical clinics (7 were closed) and 2 diagnostic units. In February, we also took over the customer portfolios of the operators Samedh and Plamheg (Goiás), which started to be incorporated into our results on the same date, adding to our portfolio about 30 thousand lives.

On March 29, 2021, we took another step towards the business combination of Hapvida and Grupo Notre Dame Intermédica (GNDI), one of the largest mergers of all time in Brazil. On this day, the extraordinary general meetings took place and the shareholders of both companies broadly approved the operation in a historic moment for the Brazilian health sector. The possibility of providing people with greater access to high-quality healthcare at an affordable cost is consistent with the times in which we live and will continue to be the purpose that will guide the combined company. The operation is still awaiting regulatory approvals.

In April, we successfully concluded our second subsequent primary and secondary share offer (follow on) in the amount of R$2.7 billion. The proceeds from the primary offer will be used to strengthen our proprietary care network and those of recently acquired companies, to finance potential future acquisitions that may contribute to the execution of our strategy of expansion into new markets and to reinforce our cash position.

We believe in the strength to use innovation as a tool for transforming society. That is why Maida.health, the healthtech of the Hapvida system, is sponsoring the installation of the Applied Research Center in Artificial Intelligence (AI) at the Federal University of Ceará. The center aims to develop projects in the health area involving internet of things, big data and digital transformation aimed at diagnosis, prevention and low-cost therapy. Our telemedicine platform, which now has live face recognition, is performing more than 85,000 consultations per month. This number is about 3 times the number of medical appointments performed by our largest physical structure.

We are confident that our positive results reflect the consistency of our management in a business model that has already proved to be sustainable, resilient and winner. We could not have performed at this level without the unconditional commitment of our more than 36 thousand employees and 30 thousand health professionals. Thank you and congratulations for the spectacular work. We also thank the Board of Directors, shareholders, brokers, business partners and, in particular, our beneficiaries.

Jorge Pinheiro
CEO

Summary

1. INTEGRATION AND REPORTING CRITERIA

On February 1, 2021, we completed the transfer of the portfolios of beneficiaries of the operators - Multi Saúde Assistência Médica Hospitalar Ltda. (Samedh) and Plamheg Medical and Hospital Assistance Plan for the state of Goiás (Plamheg).

The term "ex-value added" when used expresses the exclusion of amortization of the fair value adjustment arising from business combinations.

2. HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R$ million)	**1Q21**	**1Q20**	**Var. %**	**4Q20**	**Var. %**
Net Revenues	2,323.2	2,078.8	*11.8%*	2,273.5	*2.2%*
Medical Costs - Cash	1,420.1	1,160.7	*22.4%*	1,352.1	*5.0%*
Medical Costs - Ex-SUS	1,451.1	1,203.9	*20.5%*	1,406.6	*3.2%*
Total Medical Costs	1,522.1	1,279.6	*19.0%*	1,512.4	*0.6%*
Sales Expenses	144.3	154.6	*-6.6%*	169.3	*-14.7%*
Administrative Expenses[1]	233.1	210.1	*11.0%*	207.4	*12.4%*
EBITDA	466.8	467.8	*-0.2%*	431.8	*8.1%*
Net Income	151.8	164.6	*-7.7%*	94.3	*61.1%*
Net Income ex-value added	299.6	262.9	*14.0%*	281.5	*6.4%*

CONSOLIDATED RATIOS (% ROL)	**1Q21**	**1Q20**	**Var. %**	**4Q20**	**Var. %**
Cash MCR[2] (ex-Peona; ex-SUS; ex-D&A)	61.1%	55.8%	*5.3 p.p.*	59.5%	*1.6 p.p.*
Ex-SUS MCR	62.5%	57.9%	*4.6 p.p.*	61.9%	*0.6 p.p.*
Total MCR	65.5%	61.6%	*3.9 p.p.*	66.5%	*-1.0 p.p.*
Sales Expenses	6.2%	7.4%	*-1.2 p.p.*	7.4%	*-1.2 p.p.*
Administrative Expenses[3]	10.0%	10.1%	*-0.1 p.p.*	9.1%	*0.9 p.p.*
Ebitda Margin	20.1%	22.5%	*-2.4 p.p.*	19.0%	*1.1 p.p.*
Net Income Margin	6.5%	7.9%	*-1.4 p.p.*	4.1%	*2.4 p.p.*
Net Income Margin ex-value added	12.9%	12.6%	*0.3 p.p.*	12.4%	*0.5 p.p.*

OPERATING HIGHLIGHTS	**1Q21**	**1Q20**	**Var. %**	**4Q20**	**Var. %**
Members Health and Dental (thousands)	**6,851**	**6,374**	***7.5%***	**6,673**	***2.6%***
Members Health	3,761	3,564	*5.5%*	3,744	*0.5%*
Members Dental	3,090	2,810	*9.9%*	2,929	*5.5%*
Average beneficiares (thousands)	**6,716**	**6,424**	***4.5%***	**6,522**	***3.0%***
Members Health	3,747	3,551	*5.5%*	3,635	*3.1%*
Members Dental	2,969	2,873	*3.3%*	2,887	*2.8%*
Proprietary service network	**457**	**452**	***1.1%***	**464**	***-1.5%***
Hospitals	45	39	*15.4%*	45	-
Emergency Units	45	42	*7.1%*	46	*-2.2%*
Clinics	194	194	*0.0%*	198	*-2.0%*
Diagnostics	173	177	*-2.3%*	175	*-1.1%*

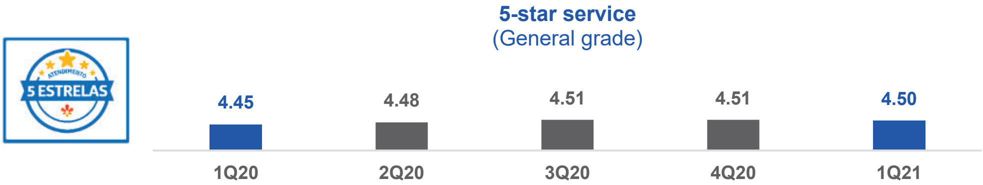
[1] Administrative Expenses without depreciation and amortization.
[2] Medical Care Ratio.
[3] Administrative Expenses ratio measured by dividing total administrative expenses without depreciation and amortization by net revenues

3. QUALITY OF CARE

Hapvida's culture values operational excellence, cost control, innovation and, above all, assistance quality. Our efforts in the search for new solutions are always aimed at increasing operational efficiency and improving the customer's perception of the quality of the services provided. We create innovative solutions with substantial effects on our operations and the level of service offered to our customers.

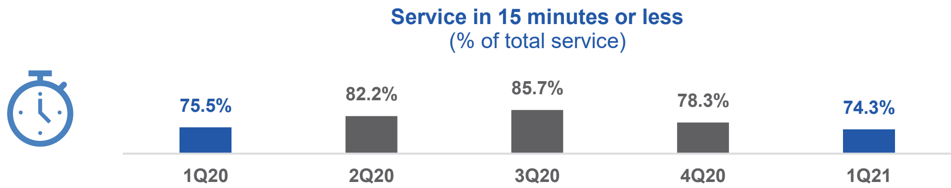
5-STAR SERVICE

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 7.3 million evaluations. In the first quarter of 2021, more than 711 thousand evaluations were received. The overall average for the month of March 2021, based on 176 thousand evaluations, was 4.50.



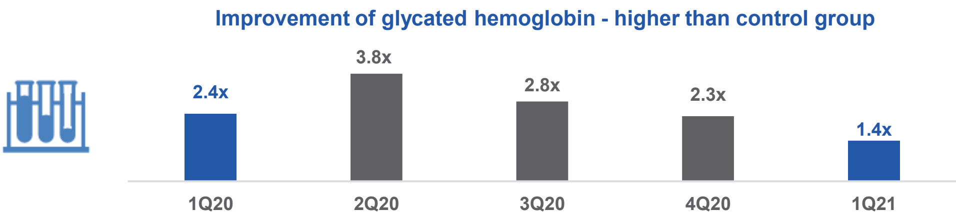
WAITING TIME FOR URGENT/EMERGENCY CARE

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 1Q21, 74.3% of all of 1.3 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.



VIVER BEM – A VIDAHAP PROGRAM

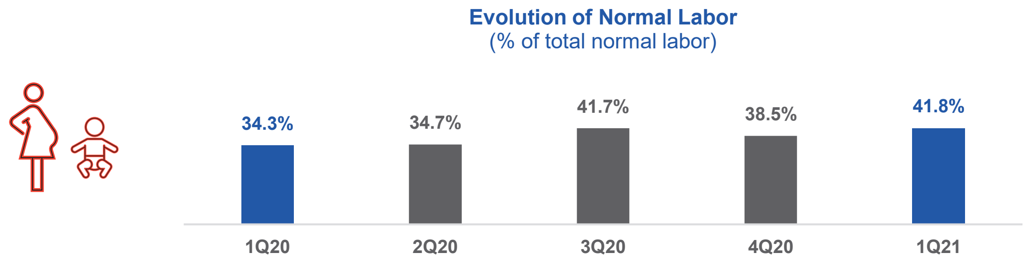
Viver Bem is a wellness program for Hapvida's beneficiaries that offers a resolutive and efficient service aiming to reduce diabetes complications. A robot system identifies through patients' blood tests with some alterations that indicate that they have or may have type 2 diabetes mellitus. The contact 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 March 2021, the group of monitored presented a very significant improvement in glycated hemoglobin when compared to the control group. At the end of the first quarter of 2021, approximately 7,100 patients were enrolled in this program.



Quality of Care

NASCER BEM

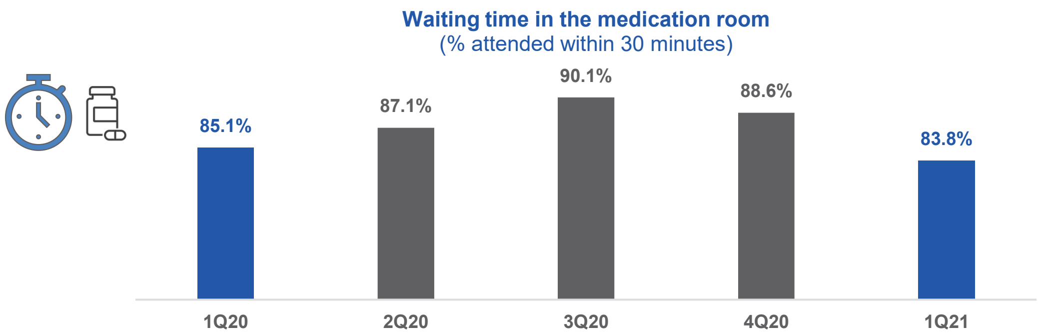
Nascer Bem is a pioneering program in the private health system that promotes the monitoring of pregnant women throughout their pregnancies, offering, through multidisciplinary teams, all the support, security and guidance necessary for this very special moment for the whole family. Currently, the program monitors more than 15 thousand pregnant women and performs an average of 1,500 normal labor per month, of which 41.8% are natural birth (1st 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 1Q21, 83.8% of the 496,000 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.



4. EVOLUTION OF ESG INITIATIVES

Hapvida began the year 2021 with major advances in the environmental, social and governance (ESG) agenda. Corporate strategy is committed to sustainability, a business model that seeks profitable growth without neglecting good social, environmental and governance practices. In January, Hapvida was included, for the first time, in the FTSE4GOOD index, which measures the performance of companies that demonstrate strong environmental, social and governance practices. This represents an important recognition of our work on ESG issues. With the People, Management and Diversity Vice-Presidency, we gained speed in the social agenda and assumed some public commitments. We have become signatories to UN Women, which has as one of the goals for 2030 the achievement of gender equality. This goal, part of the Sustainable Development Goal (SDG) 5, borders on 12 other global goals. In order to join efforts to put into practice commitments related to the respect and promotion of diversity internally and also to contribute to the theme in the business environment and in society, we joined the Fórum de Empresas e Direitos LGBTI+.

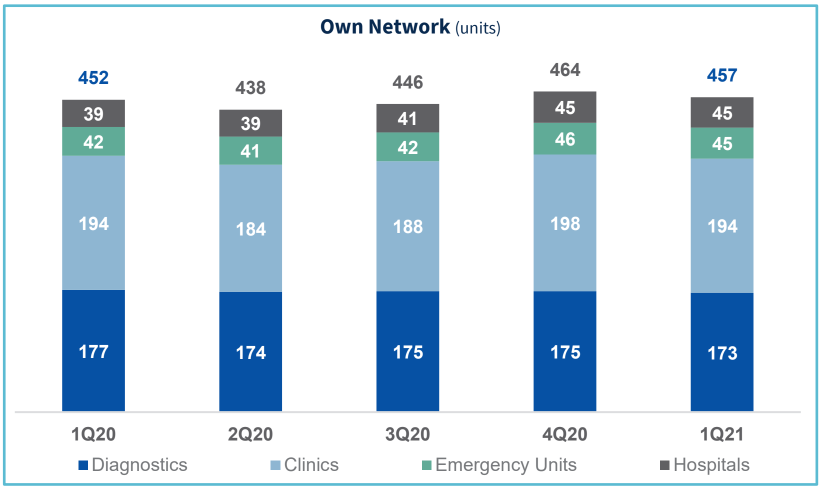
In addition, the Governance, People and Sustainability Committee, which started to support the Board in accelerating the process of inserting ESG aspects into Hapvida's business strategy, has been monitoring the progress of the stages of the strategic sustainability planning project here on a monthly basis in Hapvida. The diagnostic steps (analysis of the context of sustainability of the company and the health sector) and the construction of Hapvida's ambition in sustainability with the commitment to achieve it by 2030, in line with the UN SDGs, have already been overcome. We are currently working on prioritizing strategic plans and defining sustainability indicators.

Influence society and the environment by expanding access to quality health services, through technology and innovation.

We will soon publish our 2020 Annual Sustainability Report. In view of the pandemic context, we reviewed the contextual study to define materiality and conducted a new survey among a sample with representatives of different stakeholders such as employees, investors, suppliers, doctors, dentists, beneficiaries, community and financial institutions. We understand that Hapvida is at the beginning of a journey, and we are convinced that advancing the ESG agenda is necessary for the sustainability of our business.

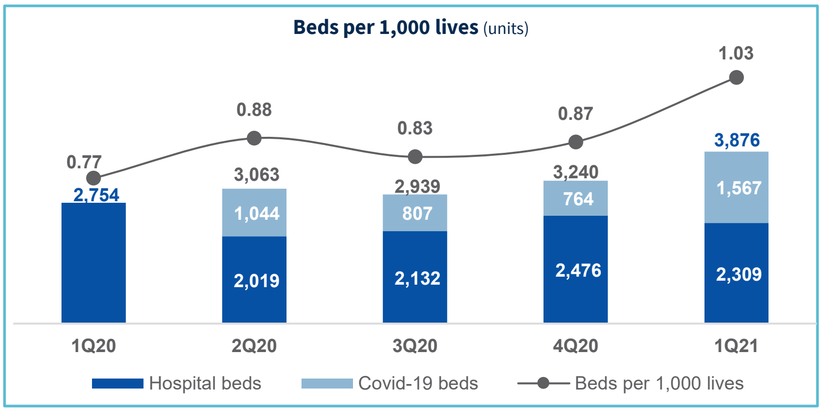
5. PROPRIETARY CARE NETWORK

In the first quarter of 2021, the Company made some adjustments and expanded the existing assistance structures. We remain focused on our strategy of increasing verticalization levels to guarantee the quality of care, cost efficiency, better control costs and frequency of utilization (usage).



The Company ended the 1Q21 with 45 hospitals, 45 emergency care units, 194 clinics and 173 diagnostic imaging and laboratory collection units, thus totaling 457 service points accessible to our beneficiaries, in all five regions of the country. The assets arising from the acquisitions approved until the end of 2020 are included in the figures.

During this quarter, 3 medical clinics were opened (7 were closed) and 2 diagnostic units (4 closures), in line with the modernization and consolidation process in new, larger units capable of carrying out additional and more complex services.



In the end of the first quarter of 2021, we had a total of 3,876 hospital beds in operation, which represents an increase of 1,122 beds compared to the same quarter of the previous year. The main movements were: 113 beds at Hospital Sinhá Junqueira (SP) and 27 beds at Hospital Mário Palmério (MG). With the inclusion of the acquired companies approved in 4Q20, we have the following additions: 105 beds for Medical and 83 beds for the São José Group.

In the quarter, there were 1,567 beds for the treatment of covid-19, an increase of 803 beds compared to 4Q20, in line with the demand generated by the increase of the pandemic in the period.

6. MEMBERS

6.1 Health

The number of health plan beneficiaries at the end of the quarter increased by 5.5% in comparison with the same period of the previous year, influenced by the entry of:

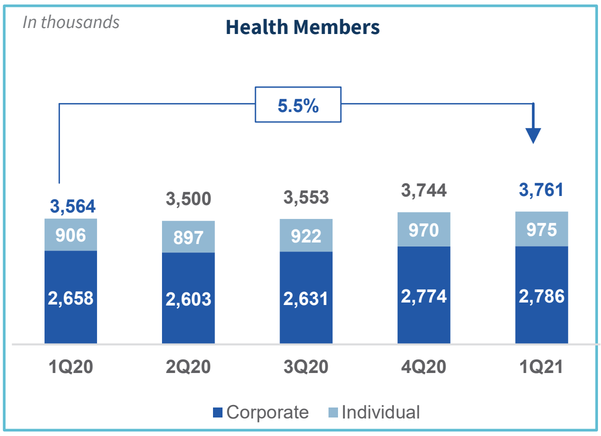
(i) 76 thousand beneficiaries from Medical (11 thousand lives in individual plans and 65 thousand lives in group plans)

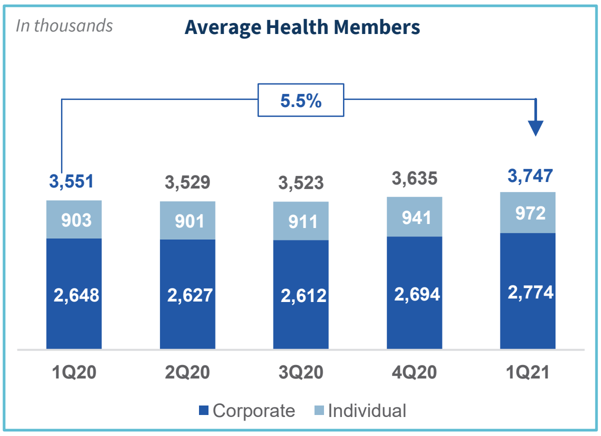
(ii) 52 thousand beneficiaries of the São José Group (13 thousand lives in individual plans and 39 thousand lives in group plans)

(iii) 13,6 thousand beneficiaries of Samedh (318 lives in individual plans and 13,3 thousand lives in group plans), and

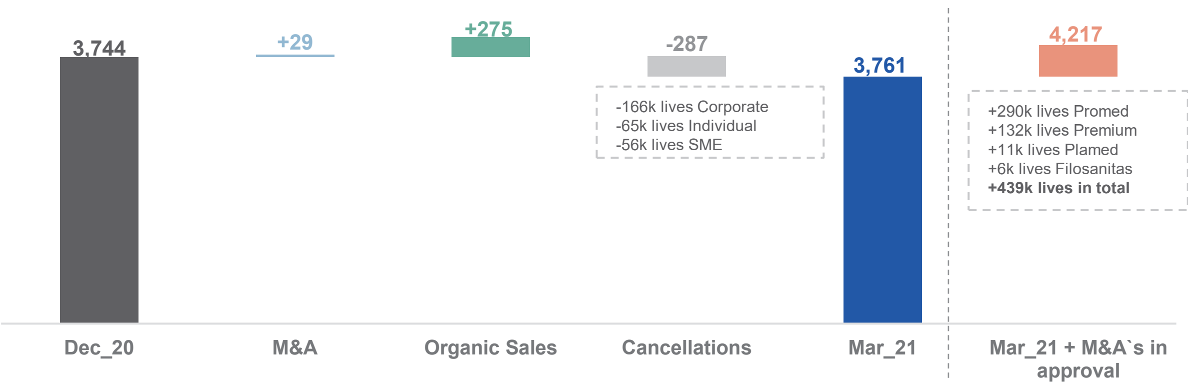
(iv) 15,5 thousand beneficiaries of Plamheg (1.8 thousand lives in individual plans and 13,7 thousand lives in group plans).

Regarding to organic growth (excluding acquisitions), there was a net increase of 53 thousand beneficiaries (36 thousand in individual plans and 17 thousand in collective plans) in the operator Hapvida. In the companies acquired GSF and RN there was a reduction of 14 thousand lives (increase of 7 thousand in individual plans and reduction of 21 thousand lives in collective plans).





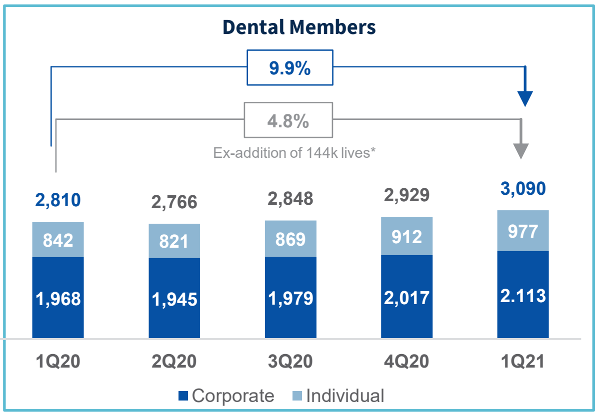
In the composition of organic growth compared to the end of 2020, we had the entry of the Samedh and Plamheg portfolios, which together added 29 thousand lives. Organic sales and additions totaled 275 thousand lives and we had the loss of 287 thousand lives in canceled contracts and negative movements, being: 166 thousand lives in the Corporate (The Company canceled a deficit contract with a company of 20 thousand lives on its own initiative), 65 thousand individual lives and 56 thousand lives in SMEs). With the acquisitions already announced, but still awaiting the approval of Organs regulatory entities, in the coming months we will have an increase of 439 thousand lives.

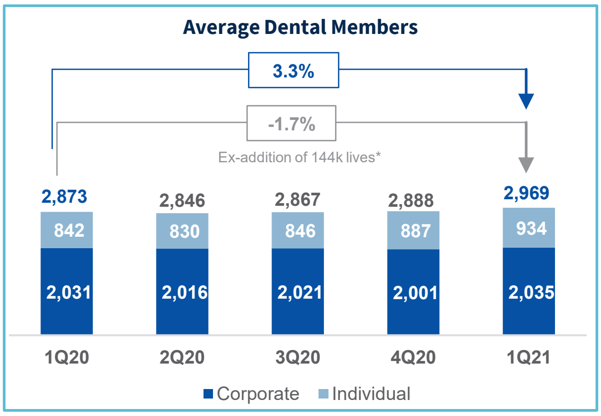


6. MEMBERS (continued)

6.2 Dental

The number of dental plan beneficiaries grew by 9.9% in the quarter compared to the same period last year. Organically, there was an increase of 135 thousand lives in individual plans and 143 thousand lives in group plans. There were also the entry of 2 thousand lives in group dental plans with the acquisition of Medical.

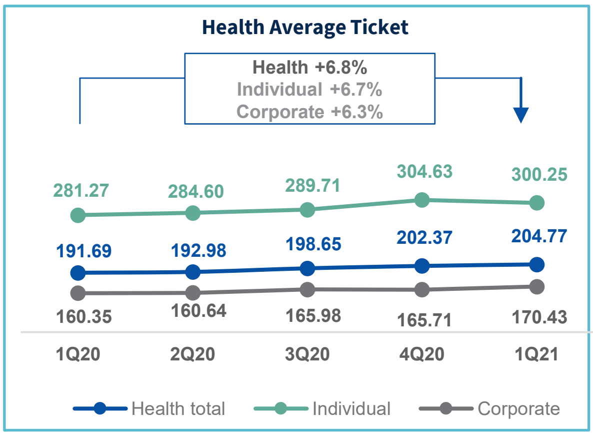


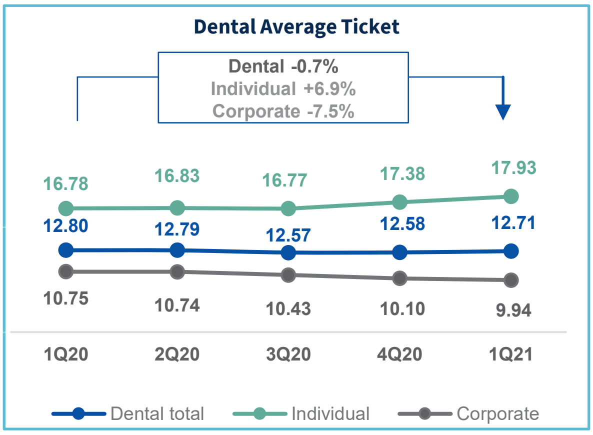


*As of this quarter, the Company started to include beneficiaries who had dental assistance coverage but that were counted as health-only lives due to the commercial format of the sale of that plan at the time. 407,708 lives were book at the end of 1Q21. Still within the quarter, there was a change in the formatting of dental care for a customer who now has a contract with characteristics of service provision by fixed price table and no longer by contractual coverage. As a result, we stopped counting 263,391 beneficiaries who were part of this contract at the end of 1Q21. The net effect of these changes was the addition of 144 thousand lives. It is worth mentioning that in both cases above, lives are not considered for calculating the average ticket for dental plans.

7. AVERAGE TICKET

The average health ticket grew by 6.8% compared to 1Q20, mainly due to new sales and price adjustments to existing contracts. This growth is especially important when we consider that the price list for new individual plans was not readjusted in the second half of 2020. There was also the entry of beneficiaries from Medical and the São José Group, who have higher average tickets. The GSF average ticket increased by 2.6% in relation to 1Q20 and RN Saúde by 7.3%.





The average ticket in the dental segment decreased 0.7% compared to the same period of the previous year due to a lower average ticket of all companies, except GSF, which grew by 1.3% in relation to 1Q20.

8. NET REVENUES

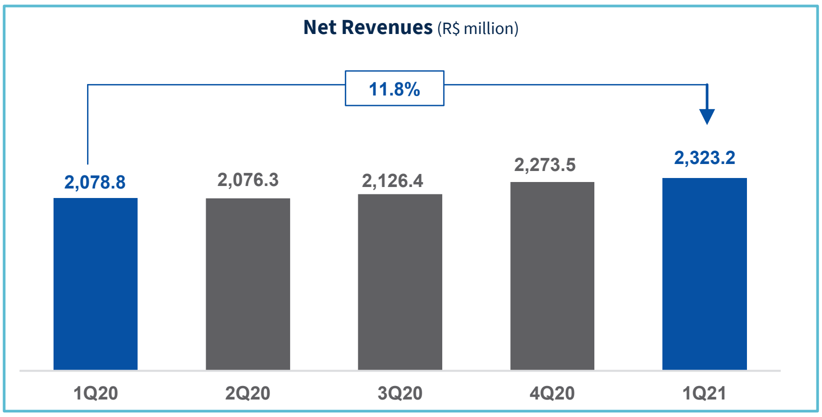
Net revenue in 1Q21 grew 11.8% when compared to 1Q20, mainly influenced by:

(i) an organic increase of 318 thousand lives in health and dental beneficiary base, mainly in the cities of Fortaleza, countryside of São Paulo, Recife, Salvador, Manaus, Belém and Natal;

(ii) 6.8% increase in average health ticket, reflecting the price adjustments implemented in the existing contracts necessary for their economic balance and new sales;

(iii) revenue from consolidated acquisitions in 2020, R$45.7 million (Medical) and R$46.1 million (Grupo São José); and

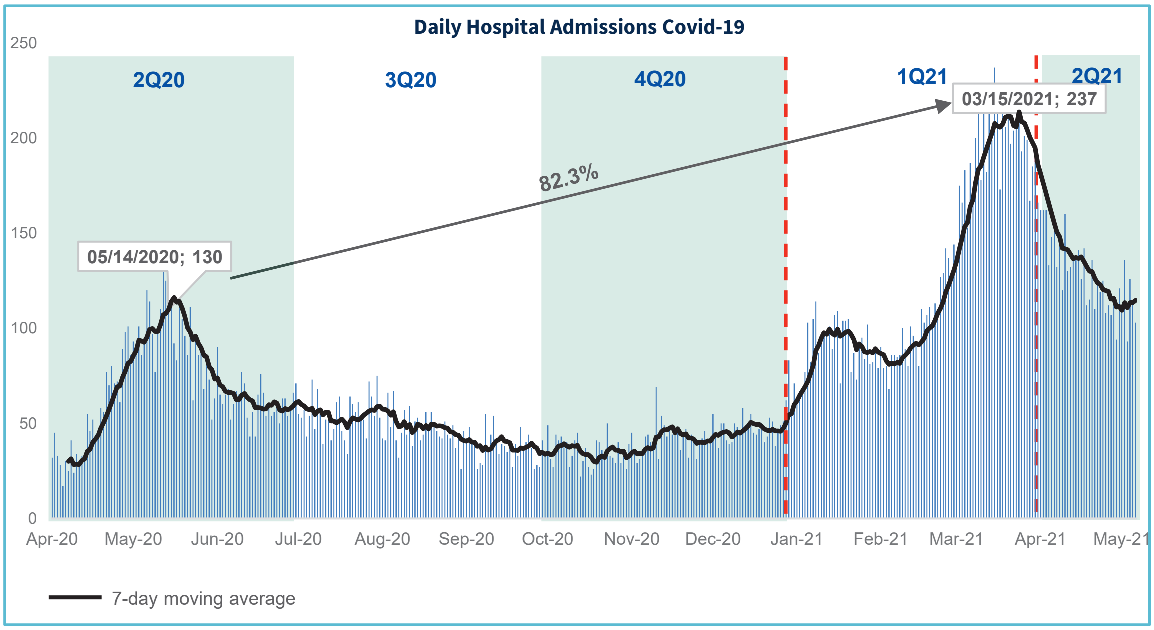
(iv) for the consolidated acquisitions in 1Q21, with 13.6 thousand lives from Samedh and 15.5 thousand lives from Plamheg.



9. MCR AND MEDICAL COSTS

The cost of services provided is composed of cash assistance costs 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.

9.1 Covid-19 Scenario



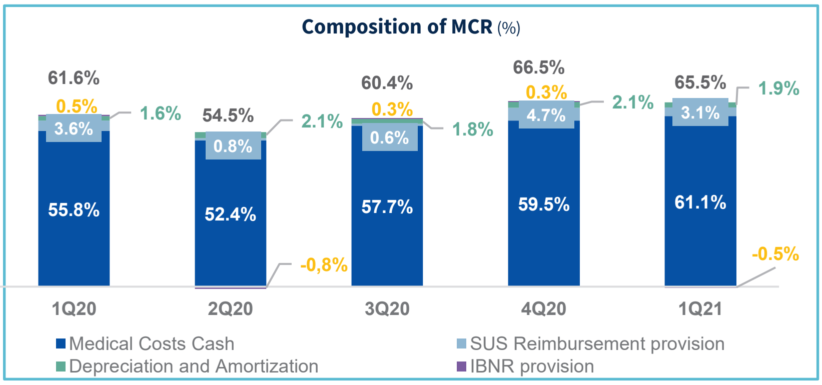
9. MCR AND MEDICAL COSTS (continued)

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 the ANS and health agencies, between the months of March and May/2020, all elective procedures (which do not qualify as an urgency or emergency) 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 caused by Covid-19 in our health care units in the 1st wave of the pandemic, which reached its peak on May 14, 2020, with 130 hospitalizations on the day, was more than offset by the suspension of elective care. However, with the resurgence of the pandemic at the end of 2020, we can see in the graph on the previous page a significant increase in hospital admissions caused in 1Q21, reaching its peak on March 15, 2021 with 237 hospitalizations in a single day, volume 82.3% higher than the previous peak. This caused a greater demand for medical services that were already at a historic level of pre-pandemic use due to government flexibilities and the non-suspension of elective procedures.

9.2 MCR and Medical Costs

Composition of Total Medical Costs (R$ million)	1Q21	1Q20	1Q21 x 1Q20	4Q20	1Q21 x 4Q20
Medical Costs – Cash	(1,420.1)	(1,160.7)	22.4%	(1,352.1)	5.0%
Depreciation and Amortization (with IFRS16)	(43.2)	(33.2)	29.9%	(47.4)	-8.9%
IBNR provision	12.1	(10.1)	-220.2%	(7.1)	-270.0%
SUS reimbursement provision	(71.0)	(75.7)	-6.2%	(105.8)	-32.9%
Medical Costs - Total	**(1,522.1)**	**(1,279.6)**	**19.0%**	**(1,512.4)**	**0.6%**
Cash – MCR (ex-IBNR provision, ex-SUS, ex D&A)	**61.1%**	**55.8%**	**5.3 p.p.**	**59.5%**	**1.6 p.p.**
MCR (ex-SUS)	**62.5%**	**57.9%**	**4.6 p.p.**	**61.9%**	**0.6 p.p.**
MCR total	**65.5%**	**61.6%**	**3.9 p.p.**	**66.5%**	**-1.0 p.p.**



Cash MCR (which excludes D&A, changes in IBNR provision and provision for reimbursement to SUS) was 61.1%, an increase of 5.3 p.p. compared to the same period last year. The main impacts on MCR were:

(i) return to pre-pandemic historical levels of the volume of emergency care and elective procedures of urgency/emergency. At the same time, there was a substantial increase in emergency care and hospitalizations related to Covid-19 in all regions where we operate, with additional expenses with personnel, materials and drugs, location and operation and third-party services (R$84.5 million in 1Q21 and which did not occur in 1Q20). Disregarding this effect, the cash care ratio would be 57.5%;

(ii) higher level of MCR of the acquired companies (Medical and São José) that are included in the consolidated Hapvida number in 1Q21 but were not present in the comparative period. The MCR of the recently-acquired companies is on a downward trend due to the initiatives for the integration and standardization of procedures, respecting the seasonality among the quarters. For example, a combined care ratio of Medical and São José shows a decrease of 4.4 p.p. when compared to 4Q20, but still at a higher level than Hapvida;

9. MCR AND MEDICAL COSTS (continued)

9.2 MCR and Medical Costs (continued)

(iii) collective bargaining agreement and hiring of new employees, including personnel expenses at the new units (R$14.9 million in 1Q21).

The total MCR was 65.5% in 1Q21, an increase of 3.9 p.p. versus the same comparative period of the previous year. In addition to the impacts on the cash care ratio already mentioned above, there were:

(i) reversion of IBNR provision in exchange for a constitution that occurred in the comparative period (positive variation of R$22.1 million) due to the reduction of elective procedures in the accredited network due to the second wave of the Covid-19 pandemic;

(ii) decrease in the provision for reimbursement to SUS due to the normalization of issuance of both ABIs and collections invoices by the National Supplementary Health Agency (ANS) (positive variation R$4.7 million); and

(iii) an increase in depreciation due to the increase in the number of care units resulting from both organic and inorganic growth (R$9.9 million in 1Q21).

MCR ex-SUS, the index that better represents the performance of our operations and which excludes the variation in the provisions for reimbursement to SUS, was 62.5% in 1Q21, an increase of 4.4 p.p. compared to the same comparative period.

The Company continues to show gains in operational efficiency as a result of medical care management projects and stronger wellness promotion programs. We also presented growth in verticalization of medical costs, with an increase of 1.8 p.p. in the volume of emergency care (medical appointments, hospitalizations and exams) performed in our own network in 1Q21 when compared to 1Q20. The representativeness of care expenses in the own network increased by 5.8 p.p. in 1Q21 compared to 1Q20.

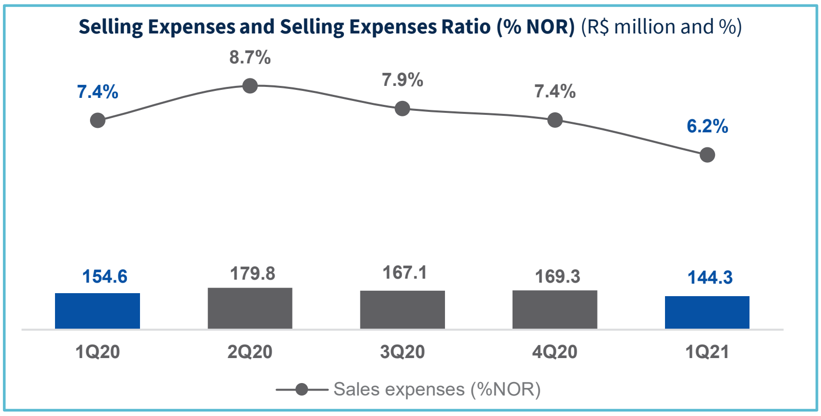
9.3 SUS Reimbursement provisions

In accordance with the National Supplementary Health Agency (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 (ABIs) according to the percentage defined by ANS itself, which is unique for each operator and varies from time to time. Subsequently, ABIs are converted into collections that may eventually require the Company to account for complements 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 subjected to late fees in addition to interest and monetary adjustments for the period elapsed.

In the first 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$71.0 million in medical costs. Despite the receipt of a new batch of ABI (# 85) and the increase in the percentage of collection that is calculated and sent by ANS, the ABI provision suffered more reversals than constitutions in the quarter, due to the acceleration of GRU receipts, causing an increase in the provision of the latter item.

R$ Million	**1Q21**	**1Q20**
ABIs' provision	(12.7)	36.4
GRUs' principal	75.2	33.4
SUS Reimbursement – Acquired Companies	8.5	5.9
SUS Reimbursement – Medical Cost	**71.0**	**75.7**
Interest, monetary adjustments and fines	16.3	27.1
SUS Reimbursement – Financial Result	**16.3**	**27.1**
SUS Reimbursement – Hapvida Total	**87.2**	**102.8**

10. SELLING EXPENSES



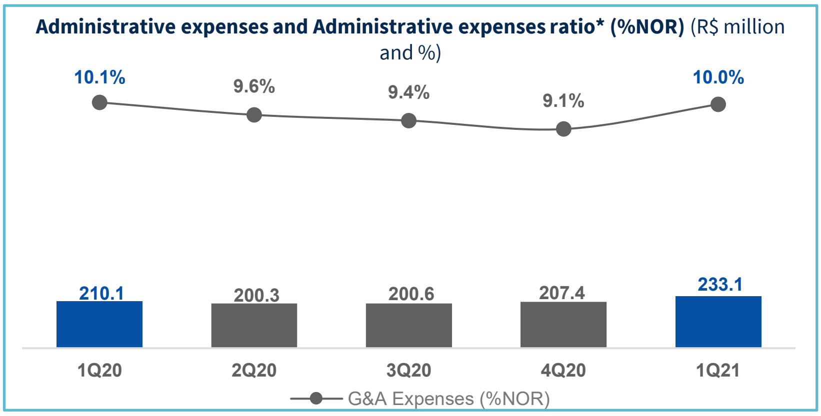
The selling expenses ratio was 6.2% in 1Q21, a reduction of 1.2 p.p. compared to the same period of the previous year, mainly impacted by:

(i) the acquired companies that operate with a sales expense index lower than that of Hapvida;

(ii) the lower deferred commission expense due to the annual review of the term of the contracts, a one-month increase in the term of individual contracts and two months in collective contracts (R$ 10.5 million); and

(iii) the reduction in the level of default, which, consequently, reduced the provision for losses on receivables (R$12.4 million).

11. ADMINISTRATIVE EXPENSES



**** Current and past figures presented without depreciation and amortization charges.***

The administrative expenses ratio was 10.0% in 1Q21, a decrease of 0.1 p.p. compared to the same period last year.

The main negative impacts were:

(i) third-party services (attorney and consulting fees) related to M&A expenses including the deal with GNDI (R$11.9 million);

(ii) collective bargaining agreement and hiring of new employees (R$4.4 million); and

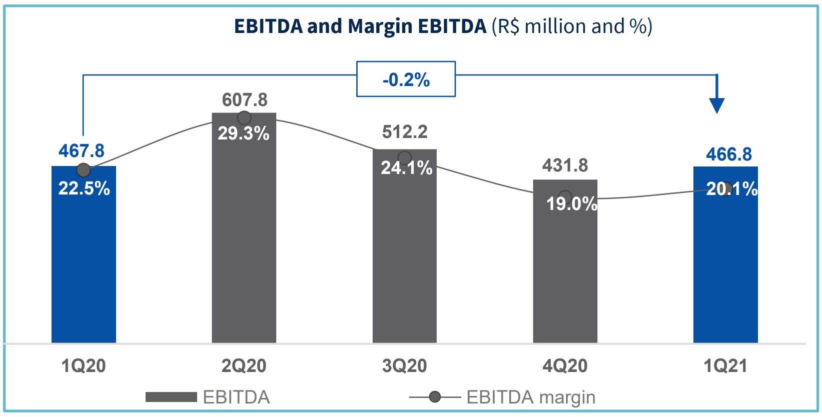
(iii) personnel expenses, third-party services, location and operation and taxes with new acquired companies (R$3.1 million).

The positive impacts were:

(i) provision for tax, civil and labor risks less than in the comparative period (R$1.9 million); and

(ii) non-recurring miscellaneous expenses in the assumption of acquisitions occurred in 1Q20 that were not repeated (R$5.8 million).

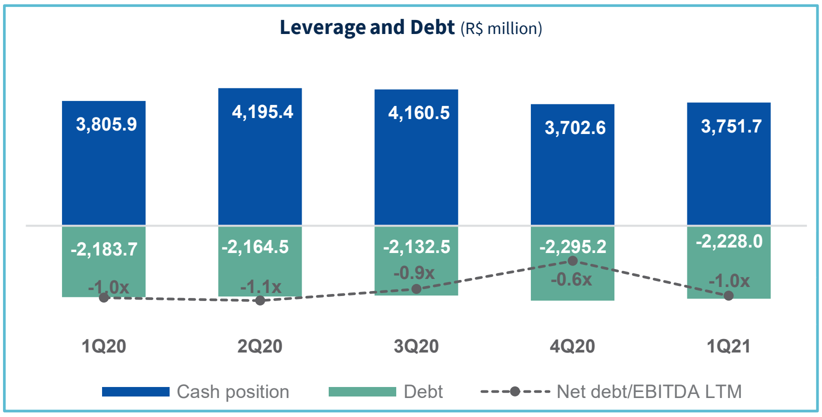
12. EBITDA



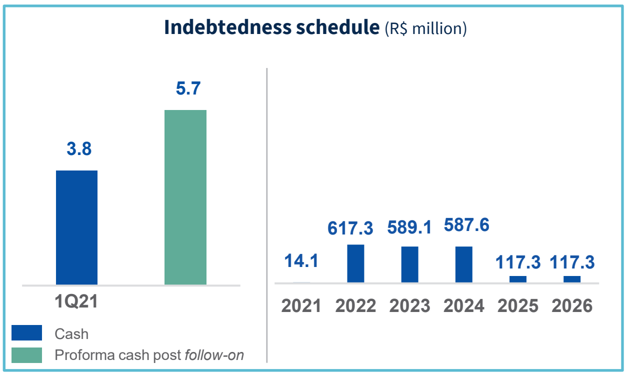
Ebitda of R$466.8 million in 1Q21 was practically stable (reduction of 0.2%) in relation to 1Q20. The Ebitda margin in 1Q21 was 20.1%, a decrease of 2.4 p.p. in the same comparison and in line with our strategic objective, even in a quarter impacted by the pandemic as illustrated in item 9.1 of this document.

13. DEBT

At the end of 1Q21, the Company had a balance of R$2,006.0 million, comprised of the balance of debentures outstanding as well as the balance of outstanding debt inherited from acquired companies of R$36.6 million. The chart below shows the payment schedule for the consolidated debt. The net financial debt/EBITDA ratio in 1Q21 was -1.0x due to the net cash position of R$1.4 billion.

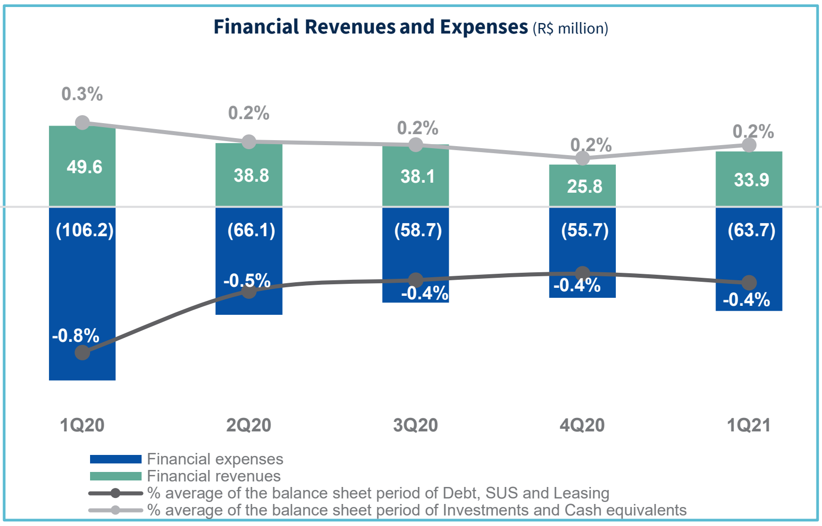


Net debt/Ebitda (R$ million)	1Q21
Short-term debt	35.7
Long-term debt	1,998.3
Other accounts payable (acquired companies)	194.0
Total debt	**2,228.0**
(-) Cash and cash equivalents and short-term and long-term investments (proforma)	3,751.7
Net debt (Net cash)	**(1,523.8)**
EBITDA LTM*	1,462.8
Net debt/EBITDA LTM	(1.0)



* Adjusted EBITDA excluding provisions for impairment of accounts receivable.

14. FINANCIAL RESULTS



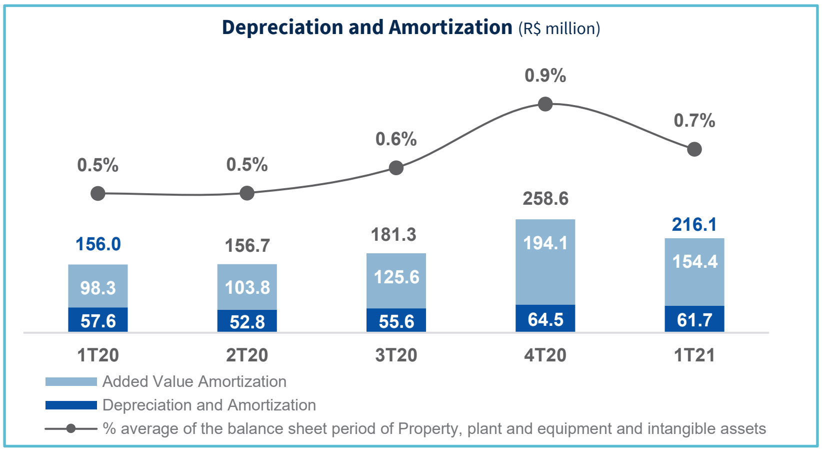
Net financial result in 1Q21 totaled an expense of R$29.8 million (R$63.7 million financial expenses and R$33.9 million in income), influenced by:

(i) the pro-rata recognition of accrued interest related to the debentures (R$11.1 million less than in 1Q20);

(ii) lower volume of expenses with interest, fines and monetary restatement related to the reimbursement to SUS, due to the normalized recognition of GRU (R$10.9 million less than in 1Q20); and

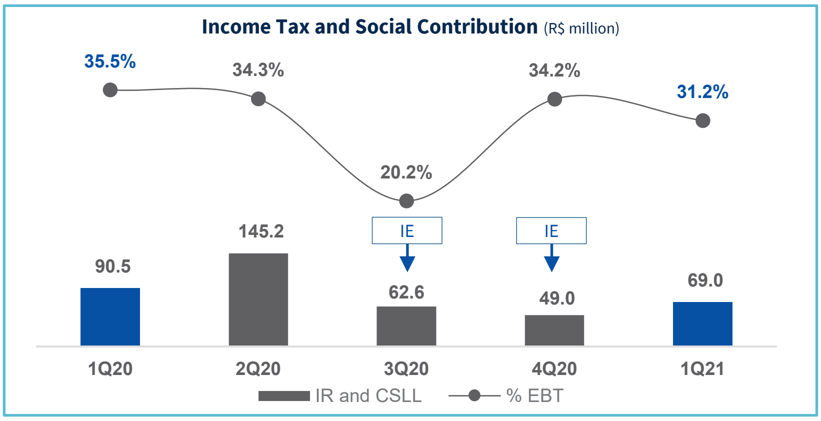
(iii) higher net income from financial investments in 1Q21 (R$4.1 million higher).

15. DEPRECIATION AND AMORTIZATION



Depreciation and amortization expenses totaled R$216.1 million in 1Q21, equivalent to 0.7% of the average balance of the respective equity assets. The main increase in this account refers to the amortization of the added value of acquired portfolios of clients and of the acquired companies' brands due to the determination of their useful life that altogether were R$154.4 million in 1Q21 (R$98.3 million in 1Q20).

16. INCOME TAX AND SOCIAL CONTRIBUTION



IE = Interest on equity

The effective rate in 1Q21 was 4.3 p.p. lower than in 1Q20 due to the deductibility on the amortization of value-added, which reduced the amount of income tax and social contribution in the period by R$6.6 million.

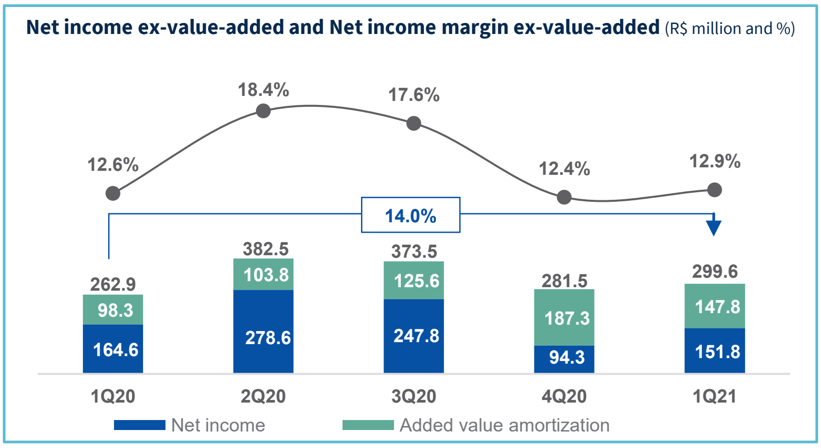
17. NET INCOME EX-VALUE-ADDED

Net income ex-value-added totaled R$299.6 million in 1Q21, an increase of 14.0% compared to 1Q20, mainly impacted by:

(i) maintenance of the Company's EBITDA even in a scenario affected by the pandemic;

(ii) the lower level of net financial expense explained in the Financial Result topic; and

(iii) the decrease in the effective rate when compared to the same period of the previous year due to what was explained in the Income tax and Social Contribution section.



**** The amortization of the value-added is already net of the tax effect.***

18. CASH GENERATION AND CAPEX

Free cash flow ex-acquisitions was R$343.5 million in 1Q21, a decrease of 15.3% compared to 1Q20, negatively impacted by the variation in working capital (negatively affected by the increase in the balance of suppliers payable and a greater variation in reimbursement to SUS) and positively due to the lower balance of Income Tax and Social Contribution recognized in the result. Additionally, we have the impact of cash consumption in the quarter in the amount of R$134.4 million due to the increase in investments in Capex in the expansion of our own network structure.

R$ million	1Q21	1Q20	1Q21 x 1Q20
EBITDA	**466.8**	**467.8**	**(0.2%)**
(+/-) Change in working capital[1]	80.1	102.7	(22.0%)
(-) Income Tax and Social Contribution	(69.0)	(90.5)	(23.8%)
(-) Cash CAPEX	(134.4)	(74.3)	80.9%
Free cash flow (ex-acquisitions)	**343.5**	**405.6**	**(15.3%)**
(-) Companies acquisitions	-	(46.7)	-
Free cash flow	**343.5**	**358.9**	**(4.3%)**

([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	1Q21	1Q20	Var. % 1Q21/1Q20	4Q20	Var. % 1Q21/4Q20
Revenues from gross payments	2,371.6	2,111.9	12.3%	2,315.4	2.4%
Revenue from other activities	83.2	76.4	8.8%	91.3	(8.9%)
Deductions	(131.6)	(109.6)	20.2%	(133.2)	(1.2%)
Net revenues	**2,323.2**	**2,078.8**	**11.8%**	**2,273.5**	**2.2%**
Medical cost and others	(1,420.1)	(1,160.7)	22.4%	(1,352.1)	5.0%
Depreciation and amortization	(43.2)	(33.2)	29.9%	(47.4)	(8.9%)
Change in IBNR	12.1	(10.1)	(220.2%)	(7.1)	(270.0%)
Change in SUS reimbursement provision	(71.0)	(75.7)	(6.2%)	(105.8)	(32.9%)
Total cost	**(1,522.1)**	**(1,279.6)**	**19.0%**	**(1,512.4)**	**0.6%**
Gross profit	**801.1**	**799.2**	**0.2%**	**761.1**	**5.2%**
Gross margin	***34.5%***	***38.4%***	***-4.0 p.p.***	***33.5%***	***1.0 p.p.***
Selling expenses	**(144.3)**	**(154.6)**	**(6.6%)**	**(169.3)**	**(14.7%)**
Advertise expenses	(14.5)	(8.7)	66.3%	(18.6)	(22.1%)
Comission expenses	(82.8)	(83.9)	(1.3%)	(93.6)	(11.5%)
Provision for credit losses	(40.7)	(56.0)	(27.2%)	(50.9)	(20.0%)
Other sales expenses	(6.3)	(6.0)	5.7%	(6.2)	1.4%
Administrative expenses	**(409.5)**	**(333.4)**	**22.8%**	**(422.9)**	**(3.2%)**
Personnel	(92.4)	(84.1)	9.8%	(85.9)	7.5%
Third party services	(75.4)	(60.8)	24.0%	(57.7)	30.8%
Location and operation	(42.5)	(29.0)	46.7%	(25.4)	67.6%
Depreciation and amortization	(173.0)	(122.8)	40.9%	(211.2)	(18.1%)
Taxes	(4.3)	(3.3)	28.5%	(3.0)	40.5%
Provisions for civil, labor and tax risks	(19.4)	(21.3)	(8.8%)	(31.0)	(37.4%)
Miscellaneous expenses	(2.6)	(12.1)	(78.9%)	(8.6)	(70.5%)
Other expenses/operational revenues	**3.4**	**0.6**	**519.1%**	**4.3**	**(20.9%)**
Total expenses	**(550.4)**	**(487.4)**	**12.9%**	**(587.9)**	**(6.4%)**
Operational income	**250.6**	**311.8**	**(19.6%)**	**173.2**	**44.7%**
Operational margin	*10.8%*	*15.0%*	*-4.2 p.p.*	*7.6%*	*3.2 p.p.*
Financial revenues	33.9	49.6	-31.6%	25.8	31.5%
Financial expenses	(63.7)	(106.2)	(40.0%)	(55.7)	14.4%
Financial result	**(29.8)**	**(56.7)**	**(47.4%)**	**(30.0)**	**(0.4%)**
EBIT	**220.8**	**255.1**	**(13.4%)**	**143.3**	**54.1%**
IR and CSLL current	(118.0)	(133.3)	(11.5%)	(107.0)	10.3%
IR and CSLL deferred	49.0	42.7	14.7%	58.0	(15.4%)
IR and CSLL	**(69.0)**	**(90.5)**	**(23.8%)**	**(49.0)**	**40.7%**
Net income	**151.8**	**164.6**	**(7.7%)**	**94.3**	**61.1%**
Net margin	*6.5%*	*7.9%*	*-1.4 p.p.*	*4.1%*	*2.4 p.p.*

EBITDA

R$ mm	1Q21	1Q20	Var. % 1Q21/1Q20	4Q20	Var. % 1Q21/4Q20
EBIT	**250.6**	**311.8**	**(19.6%)**	**173.2**	**44.7%**
Depreciation	46.2	39.0	18.5%	48.7	(5.1%)
Amortization	169.9	116.9	45.3%	209.8	(19.0%)
EBITDA	**466.8**	**467.8**	**(0.2%)**	**431.8**	**8.1%**
EBITDA margin	*20.1%*	*22.5%*	*-2.4 p.p.*	*19.0%*	*1.1 p.p.*

Some percentages and other amounts included in this document have been rounded for ease of presentation and may therefore differ from quarterly information tables and notes. Additionally, some total values in certain tables may not reflect the arithmetic sum of the preceding values.
Values consider IFRS 16.

Appendices

20. BALANCE SHEET

R$ mm	1Q21	4Q20	Var. R$	Var. %
Assets	**13,794.7**	**13,519.7**	**275.0**	**2.0%**
Current assets	**3,689.2**	**3,502.1**	**187.1**	**5.3%**
Cash and cash equivalents	175.8	143.2	32.6	22.8%
Short-term investments	2,362.2	2,334.1	28.0	1.2%
Trade receivables	487.7	433.4	54.3	12.5%
Inventory	135.6	101.7	33.9	33.3%
Recoverable tax	194.2	184.1	10.0	5.5%
Derivative financial instruments	8.8	3.6	5.2	144.6%
Other assets	152.2	137.0	15.2	11.1%
Deferred commission	172.8	164.9	7.9	4.8%
Non-current assets	**10,105.5**	**10,017.6**	**87.8**	**0.9%**
Long-term investments	1,213.7	1,225.3	(11.5)	(0.9%)
Deferred taxes	662.1	579.5	82.6	14.3%
Judicial deposits	311.6	246.5	65.1	26.4%
Deferred commission	160.5	142.2	18.3	12.9%
Related party receivable	3.4	3.4	0.0	0.0%
Other credits with related parties	-	11.0	(11.0)	(100.0%)
Other assets	46.9	45.8	1.0	2.2%
Property, plant and equipment	2,280.5	2,241.5	39.0	1.7%
Intangible assets	5,426.6	5,522.3	(95.7)	(1.7%)
Liabilities and shareholders' equity	**13,794.7**	**13,519.7**	**275.0**	**2.0%**
Current liabilities	**2,303.0**	**2,120.6**	**182.4**	**8.6%**
Lending and Financing	40.7	42.9	(2.2)	(5.1%)
Trade payables	182.7	120.8	61.9	51.2%
Technical provisions for health care operations	1,209.9	1,129.1	80.8	7.2%
Health care payables	11.0	5.0	5.9	117.9%
Payroll obligations	230.8	195.4	35.3	18.1%
Taxes and contributions payable	127.1	159.7	(32.6)	(20.4%)
Income and social contribution taxes	101.3	85.1	16.1	19.0%
Dividends and interest on shareholders’ equity payable	201.4	201.4	-	0.0%
Leases payable	39.6	43.0	(3.4)	(7.9%)
Related party payables	4.0	4.0	0.0	0.0%
Other accounts payable	154.5	134.0	20.5	15.3%
Non-current liabilities	**3,508.9**	**3,568.1**	**(59.2)**	**(1.7%)**
Lending and Financing	2,002.0	2,034.3	(32.3)	(1.6%)
Taxes and contributions payable	18.4	23.1	(4.7)	(20.4%)
Technical reserves for health care operations	2.6	1.8	0.8	45.4%
Leases payable	940.1	965.3	(25.2)	(2.6%)
Deferred income tax and social contribution	73.1	39.5	33.6	85.0%
Provision for tax, civil and labor risks	396.5	401.9	(5.4)	(1.4%)
Other accounts payable	76.1	102.1	(26.0)	(25.4%)
Shareholders' equity	**7,982.8**	**7,831.0**	**151.8**	**1.9%**
Capital	5,650.5	5,650.5	-	0.0%
Legal reserve	176.6	176.6	-	0.0%
Capital reserve	222.9	222.9	-	0.0%
Accumulated profits	150.2	-	150.2	0
Profit reserves	1,779.2	1,779.2	-	0.0%
Equity attributable to controlling shareholders	7,979.4	7,829.2	150.2	1.9%
Non-controlling interest	3.4	1.8	1.6	92.5%

Some percentages and other amounts included in this document have been rounded for ease of presentation and may therefore differ from quarterly information tables and notes. Additionally, some total values in certain tables may not reflect the arithmetic sum of the preceding values.
Values consider IFRS 16.

Appendices

21. CASH FLOW STATEMENT

R$ mm	1Q21	1Q20
Net income	**151.8**	**164.6**
Adjustments to reconcile net income with cash	**336.8**	**338.5**
Depreciation and amortization	195.4	135.0
Depreciation of usage rights	20.7	21.0
Technical provisions for health care operations	(12.1)	10.2
Provision for losses on receivables	40.7	56.0
Write-off of property, plant and equipment	4.3	1.8
Write-off of intangible assets	0.3	1.3
Provision for tax, civil and labor risks	4.5	3.6
Income from financial investments	(21.7)	(24.4)
Earning on derivative financial instruments	(1.8)	(15.1)
Interest and monetary restatement of leases	22.0	20.8
Interest and financial charges on loans and financing	11.0	23.6
Exchange rate	4.6	14.0
Tax income and social contribution	118.0	133.3
Deferred taxes	(49.0)	(42.7)
(Increase) decrease in asset accounts	**(256.3)**	**(175.3)**
Accounts receivable	(95.0)	(109.9)
Inventory	(33.9)	(12.8)
Taxes recoverable	(10.0)	(4.6)
Judicial deposits	(75.0)	(18.9)
Other assets	(16.2)	(13.8)
Deferred Sales Expense	(26.2)	(15.2)
Increase (decrease) in liability accounts:	**9.2**	**19.4**
Technical provisions for health care operations	93.7	100.4
Debts of health care operations	5.9	(3.1)
Social obligations	35.3	15.9
Suppliers	61.9	17.5
Taxes and contributions payable	(37.4)	(36.6)
Other accounts payable	(48.4)	8.9
Income tax and social contribution paid	(101.9)	(83.6)
Net cash provided by operating activities	**241.6**	**347.2**
Cash flow from investing activities	**(129.3)**	**33.9**
Payments to related parties	-	4.7
Acquisition of property, plant and equipment	(109.4)	(41.0)
Acquisition of intangibles	(25.1)	(33.3)
Acquisition/sale of investments	-	(46.7)
Balances attributed to the acquisition of investees	-	5.2
Financial investments	5.2	145.0
Cash flow from financing activities	**(79.7)**	**(107.3)**
Obtaining loans	-	(77.8)
Receipt of derivative financial instruments	6.2	4.7
Payment / Acquisition of loans and financing	(48.8)	-
Principal payments - Leases	(37.1)	(34.3)
Change in cash and cash equivalents	**32.6**	**273.7**
Cash and cash equivalents at the beginning of the period	143.2	224.2
Cash and cash equivalents at the end of the period	175.8	498.0

Some percentages and other amounts included in this document have been rounded for ease of presentation and may therefore differ from quarterly information tables and notes. Additionally. some total values in certain tables may not reflect the arithmetic sum of the preceding values.
As of 2019, our financial statements have been prepared in accordance with IFRS 16/CPC 06 (R2). Therefore, in order to make this report more objective, both current and retroactive figures will be presented in accordance with the said regulation.

Summary Report of the Audit Committee on the parent company and consolidated interim financial statements for the period ended March 31, 2021

The Audit Committee of Hapvida Participações e Investimentos S.A., in compliance with the legal and statutory provisions, reviewed the parent company and consolidated interim financial statements as of March 31, 2021, accompanied by the audit report of the independent auditor KPMG Auditores Independentes, and unanimously expressed its opinion, that such documents adequately reflect, in all material respects, the Company's equity and financial positions as of March 31, 2021. Based on the activities, information and clarifications received during the period, it believes that the aforementioned documents are in a position to be considered by the Board of Directors.

Fortaleza, May 12, 2021.

Wagner Aparecido Mardegan
Member of the Audit, Risks and Compliance Committee

Maria Paula Soares Aranha
Member of the Audit, Risks and Compliance Committee

João Alberto da Silva Neto
Member of the Audit, Risks and Compliance Committee

Directors' Statement on the parent company and consolidated interim financial statements for the period ended March 31, 2021

In accordance with article 25, paragraph 1, item VI, of CVM No. 480/09, the officers responsible for preparing the respective financial statements of the Company declare that they have reviewed, discussed and agreed with the parent company and consolidated interim financial statements for the period ended March 31, 2021.

Fortaleza, May 12, 2021.

Jorge Fontoura Pinheiro Koren de Lima
CEO

Maurício Fernandes Teixeira
Chief Financial and Investor Relations Officer

Directors' Statement on the Independent Auditor's Report

In accordance with article 25, paragraph 1, item V, of CVM No. 480/09, the officers responsible for preparing the financial statements of the Company declare that they have reviewed, discussed and agreed with the opinions expressed in the report of the Company's independent auditors, KPMG Auditores Independentes, on the parent company and consolidated interim financial statements for the period ended March 31, 2021.

Fortaleza, May 12, 2021.

Jorge Fontoura Pinheiro Koren de Lima
CEO

Maurício Fernandes Teixeira
Chief Financial and Investor Relations Officer

KPMG Auditores Independentes
Ed. BS Design - Avenida Desembargador Moreira, 1300
SC 1001 - 10º Andar - Torre Sul - Aldeota
60170-002 - Fortaleza/CE - Brasil
Telefone +55 (85) 3457-9500
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Independent auditor's report on the review of interim financial statements

To the Shareholders and Board Members of Management of
Hapvida Participações e Investimentos S.A.
Fortaleza - CE

Introduction

We have reviewed the accompanying parent company and consolidated interim financial statements of Hapvida Participações e Investimentos S.A. ("Company"), which comprises the statement of financial position as of March 31, 2021, the statements of profit or loss and comprehensive income for the three-months period then ended, of changes in equity and cash flows for three-months period then ended, and notes to the interim financial statements.

Management is responsible for the preparation of the interim financial statements in accordance with Technical Pronouncement CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the presentation of this interim financial statements in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the interim financial statements. Our responsibility is to express a conclusion on this interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international standards on review engagements applicable to interim financial statements (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 financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and in applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does 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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial statements referred to above was not prepared, in all material respects, in accordance with Technical Pronouncement CPC 21 (R1) and IAS 34 issued by IASB and applicable to the preparation of interim Information and presented in a consistent manner with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Interim Statements of added value

The parent company and consolidated statements of value added (DVA) for the three-months period ended March 31, 2021, prepared the under of Company's Management responsibility, presented as supplementary information for IAS 34 purposes, was submitted to review procedures performed jointly with the review of the interim financial statements. In order to form our conclusion, we assessed whether these statements are reconciled to the interim financial statements and accounting records, as applicable, and whether their forms and content are in accordance with criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us believe that the accompanying statements of value added are not prepared, in all material respects, in accordance with parent company and consolidated interim financial statements taken as a whole.

Fortaleza, May 12, 2021

KPMG Auditores Independentes
CRC SP-014428/O-6 S-CE
Original report in Portuguese signed by
Erika Carvalho Ramos
Contadora CRC 1SP224130/O-0

Hapvida Participações e Investimentos S.A.

Statements of financial position at March 31, 2021 and December 31, 2020

(Amounts stated in thousands of Reais)

		Parent company		Consolidated	
Assets	**Notes**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Cash and cash equivalents	31	2,548	1,123	175,819	143,212
Short-term investments	12	-	-	2,362,159	2,334,120
Trade receivables	13	-	-	487,727	433,426
Inventory		-	-	135,570	101,677
Recoverable tax	30.b	66,926	65,383	194,150	184,105
Dividends and interest on shareholders' equity receivable	15	105	105	-	2
Derivative financial instruments	31	-	-	8,774	3,587
Other assets		355	36	152,222	137,033
Deferred commission	14	-	-	172,817	164,929
Total current assets		69,934	66,647	3,689,238	3,502,091
Long-term investments	12	357,491	406,992	1,213,739	1,225,282
Deferred taxes assets	30.c	247,294	242,132	662,121	579,509
Judicial deposits	23	2,614	2,132	311,639	246,528
Deferred commission	14	-	-	160,542	142,229
Derivative financial instruments	31	-	-	-	10,959
Related party receivable	15	676	91	3,449	3,448
Other assets		-	-	46,853	45,837
		608,075	651,347	2,398,343	2,253,792
Investments	16	9,529,013	9,368,370	-	-
Property, plant and equipment	17	8,036	8,641	2,280,511	2,241,533
Intangible	18	109	122	5,426,606	5,522,303
Total non-current assets		10,145,233	10,028,480	10,105,460	10,017,628
Total assets		10,215,167	10,095,127	13,794,698	13,519,719

		Parent company		Consolidated	
Liabilities and shareholders' equity	**Notes**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Borrowings and financing	19	8,571	19,081	40,722	42,915
Trade payables		385	676	182,707	120,828
Technical provisions for health care operations	21	-	-	1,209,889	1,129,109
Health care payables		-	-	10,993	5,046
Payroll obligations	22	1,319	991	230,778	195,441
Taxes and contributions payable		1,065	13,648	127,093	159,736
Income and social contribution taxes	30.a	-	-	101,286	85,141
Dividends and interest on shareholders' equity payable	15 e 24.c	188,213	188,213	201,441	201,441
Leases	20	1,207	1,190	39,564	42,950
Related party payables	15	4,100	4,097	3,997	3,996
Other accounts payable		612	613	154,534	134,010
Total current liabilities		205,472	228,509	2,303,004	2,120,613
Borrowings and financing	19	1,997,505	1,997,254	2,001,989	2,034,312
Taxes and contributions payable		-	-	18,425	23,133
Technical provisions for health care operations	21	-	-	2,600	1,788
Leases	20	3,596	3,959	940,084	965,293
Deferred taxes liabilities	30.c	-	-	73,130	39,538
Provision for tax, civil and labor risks	23	29,138	36,135	396,514	401,949
Other accounts payable		56	58	76,136	102,106
Total non-current liabilities		2,030,295	2,037,406	3,508,878	3,568,119
Shareholders' equity	24				
Capital		5,650,526	5,650,526	5,650,526	5,650,526
Treasury shares		(2)	(2)	(2)	(2)
Capital reserve		222,917	222,917	222,917	222,917
Legal reserve		176,596	176,596	176,596	176,596
Profit reserve		1,779,175	1,779,175	1,779,175	1,779,175
Retained earnings (loss)		150,188	-	150,188	-
Equity attributable to controlling shareholders		7,979,400	7,829,212	7,979,400	7,829,212
Non-controlling interest		-	-	3,416	1,775
Total shareholders' equity		7,979,400	7,829,212	7,982,816	7,830,987
Total liabilities and shareholders' equity		10,215,167	10,095,127	13,794,698	13,519,719

See the accompanying notes to the parent company and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statement of profit or loss

Periods ended March 31, 2021 and 2020

(Amounts stated in thousands of Reais)

		Parent company		Consolidated	
	Notes	**03/31/2021**	**03/31/2020**	**03/31/2021**	**03/31/2020**
Net revenue from services provided	25	-	-	2,323,153	2,078,788
Cost of the services rendered	26	-	-	(1,522,103)	(1,279,595)
Gross profit		-	-	801,050	799,193
Sales expenses	27	-	(264)	(144,338)	(154,569)
Administrative expenses	28	(6,524)	(9,208)	(409,500)	(333,383)
Equity in net income of subsidiaries	16	160,643	182,703	-	-
Other net operating income (expenses)		-	(35)	3,430	554
Total		154,119	173,196	(550,408)	(487,398)
Income before income tax and net finance income (expense)		154,119	173,196	250,642	311,795
Finance income	29	1,957	8,429	33,885	49,554
Finance expenses	29	(11,050)	(25,983)	(63,715)	(106,244)
Net finance income (expeses)		(9,093)	(17,554)	(29,830)	(56,690)
Profit before tax		145,026	155,642	220,812	255,105
Current income and social contribution taxes	30.a	-	-	(117,997)	(133,264)
Deferred income and social contribution taxes	30.c	5,162	8,787	49,014	42,722
Net income for the period		**150,188**	**164,429**	**151,829**	**164,563**
Attributable to					
Non-controlling interest		-	-	1,641	134
Owners of the Company		150,188	164,429	150,188	164,429
Earnings per share - basic and diluted	24.d	0.04	0.04	0.04	0.04

See the accompanying notes to the parent company and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statements of comprehensive income

Periods ended March 31, 2021 and 2020

(Amounts stated in thousands of Reais)

	Parent company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Net income for the period	150,188	164,429	151,829	164,563
Comprehensive income	-	-	-	-
Total comprehensive income	**150,188**	**164,429**	**151,829**	**164,563**
Non-controlling interest	-	-	1,641	134
Owners of the Company	150,188	164,429	150,188	164,429

See the accompanying notes to the parent company and consolidated interim financial statement

Hapvida Participações e Investimentos S.A.

Statements of changes in shareholders' equity

Periods ended March 31, 2021 and 2020

(Amounts stated in thousands of Reais)

		Attributable to controlling shareholder								
	Notes	**Share capital**	**Treasury shares**	**Capital reserve**	**Legal reserve**	**Profit reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total shareholders' equity**
Balances at January 01, 2020		**5,650,526**	**(2)**	**222,917**	**137,423**	**1,248,739**	**-**	**7,259,603**	**2,282**	**7,261,885**
Capital decrease		-	-	-	-	-	-	-	(11)	(11)
Net income for the period		-	-	-	-	-	164,429	164,429	134	164,563
Balance at March 31, 2020		**5,650,526**	**(2)**	**222,917**	**137,423**	**1,248,739**	**164,429**	**7,424,032**	**2,405**	**7,426,437**
Balance at December 31, 2020		**5,650,526**	**(2)**	**222,917**	**176,596**	**1,779,175**	**-**	**7,829,212**	**1,775**	**7,830,987**
Net income for the period		-	-	-	-	-	**150,188**	150,188	1,641	151,829
Balance at March 31, 2021		**5,650,526**	**(2)**	**222,917**	**176,596**	**1,779,175**	**150,188**	**7,979,400**	**3,416**	**7,982,816**

See the accompanying notes to the parent company and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statements of cash flows

Periods ended March 31, 2021 and 2020

(Amounts stated in thousands of Reais)

	Parent company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Cash flows from operating activities				
Net income for the year	**150,188**	**164,429**	**151,829**	**164,563**
Adjustments to reconcile net income for the year with cash generated by operating activities:				
Depreciation and amortization	261	282	195,405	134,989
Depreciation of right of use assets	315	274	20,719	20,991
Technical reserves for health care operations	-	-	(12,135)	10,165
Equity in income of subsidiaries	(160,643)	(182,703)	-	-
Allowance for doubtful accounts	-	-	40,669	55,966
Write-off of property, plant and equipment	42	(664)	4,280	1,840
Write-off of intangible assets	-	-	284	1,346
Provision for tax, civil and labor risks	(6,864)	519	4,464	3,640
Earnings on short-term investments	(1,926)	(8,428)	(21,679)	(24,356)
Gain (loss) with derivative financial instruments	-	-	(1,769)	(15,098)
Lease	94	95	21,953	20,822
Interest and financial charges on borrowings, financing and debentures	10,802	22,148	11,048	23,630
Exchange-rate change	(31)	-	4,598	14,021
Income and social contribution taxes	-	-	117,997	133,264
Deferred taxes	(5,162)	(8,787)	(49,014)	(42,722)
	(12,924)	**(12,835)**	**488,649**	**503,061**
(Increase) decrease in asset accounts:				
Trade receivables	-	-	(94,970)	(109,905)
Inventory	-	-	(33,893)	(12,837)
Recoverable taxes	(1,543)	(181)	(10,045)	(4,643)
Judicial deposits	(615)	(364)	(75,010)	(18,945)
Other assets	(319)	353	(16,207)	(13,814)
Deferred commission expense	-	-	(26,201)	(15,204)
Increase (decrease) in liability accounts:				
Technical reserves for health care operations	-	-	93,727	100,406
Debts of health care operations	-	-	5,947	(3,079)
Payroll obligations	328	104	35,337	15,893
Trade payables	(260)	142	61,879	17,480
Taxes and contributions payable	(12,583)	(16,471)	(37,351)	(36,556)
Other accounts payable	(3)	21,071	(48,447)	8,904
Cash (used in) provided by operating activities	**(27,919)**	**(8,181)**	**343,415**	**430,761**
Income and social contribution taxes paid	-	-	(101,852)	(83,599)
Net cash (used in) provided by operating activities	**(27,919)**	**(8,181)**	**241,563**	**347,162**
Cash flows from investment activities				
Related parties receivable (payable)	(582)	(1,354)	-	4,706
Acquisition of property, plant and equipment	(58)	-	(109,366)	(40,972)
Acquisition of intangible assets	-	-	(25,076)	(33,283)
Acquisition of subsidiaries	-	(21,391)	-	(46,729)
Balances attributed to the acquisition of subsidiaries	-	-	-	5,212
Investments from short and long term investments	(5,750)	(400)	(1,809,616)	(1,634,044)
Redemption from short and long term investments	57,177	84,154	1,814,798	1,779,009
Net cash (used in) provided by investment activities	**50,787**	**61,009**	**(129,260)**	**33,900**
Cash flows from financing activities				
Payments of principal and interests on borrowing, financing and debentures	(21,061)	(51,905)	(48,830)	(77,774)
Payment of leasing	(382)	(332)	(37,075)	(34,265)
Receipt of derivative financial instruments	-	-	6,209	4,730
Non-controlling interest in an acquiree	-	-	-	(11)
Net cash used in financing activities	**(21,443)**	**(52,237)**	**(79,696)**	**(107,320)**
Increase in cash and cash equivalents	**1,425**	**591**	**32,607**	**273,742**
Cash and cash equivalents at the beginning of the period	1,123	1,625	143,212	224,229
Cash and cash equivalents at the end of the period	2,548	2,216	175,819	497,971
Increase in cash and cash equivalents	**1,425**	**591**	**32,607**	**273,742**

See the accompanying notes to the parent company and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statements of added value

Periods ended March 31, 2021 and 2020

(Amounts stated in thousands of Reais)

	Parent company		Consolidated	
	03/31/2021	03/31/2020	03/31/2021	03/31/2020
Revenues (1)	**-**	**-**	**2,389,464**	**2,102,868**
Operating revenue	-	-	2,427,296	2,161,008
Other (expenses) revenues	-	-	2,837	(2,174)
Impairment loss on trade receivables	-	-	(40,669)	(55,966)
Inputs purchased from third parties (2)	**(886)**	**(7,212)**	**(1,422,729)**	**(1,325,710)**
Costs of services rendered	-	-	(917,968)	(881,965)
Material, energy, outsourced services and other	(886)	(7,212)	(504,761)	(443,745)
Gross added value (1) - (2) = (3)	**(886)**	**(7,212)**	**966,735**	**777,158**
Depreciation and amortization (4)	(577)	(556)	(216,124)	(155,980)
Net value added produced by the Company (3) - (4) = (5)	**(1,463)**	**(7,768)**	**750,611**	**621,178**
Added value received as transfer (6)	**162,600**	**191,131**	**33,916**	**49,554**
Equity in net income of subsidiaries	160,643	182,703	-	-
Financial revenues	1,957	8,428	33,916	49,554
Total added-value payable (5+6)	**161,137**	**183,363**	**784,527**	**670,732**
Personnel	**(3,976)**	**(4,855)**	**(351,851)**	**(254,997)**
Direct remuneration	(3,964)	(4,848)	(297,028)	(214,937)
Benefits	(12)	(7)	(31,876)	(23,874)
FGTS	-	-	(22,947)	(16,186)
Taxes, rates and contributions	**3,899**	**7,972**	**(247,024)**	**(228,626)**
Federal	3,936	8,084	(213,001)	(199,900)
State	-	(57)	(1,237)	(86)
Municipal	(37)	(55)	(32,786)	(28,640)
Third-party capital remuneration	**(10,872)**	**(22,051)**	**(33,823)**	**(22,546)**
Interest	(10,943)	(22,148)	(30,170)	(20,668)
Rentals	71	97	(3,532)	(1,878)
Other	-	-	(121)	-
Remuneration of own capital	**(150,188)**	**(164,429)**	**(151,829)**	**(164,563)**
Retained earnings	(150,188)	(164,429)	(150,188)	(164,429)
Non-controlling interests in retained earnings	-	-	(1,641)	(134)
Distributed added value	**(161,137)**	**(183,363)**	**(784,527)**	**(670,732)**

See the accompanying notes to the parent company and consolidated interim financial statements.

Notes to the parent company and consolidated interim financial statements

(Amounts stated in thousands of Reais)

1 Operations

Hapvida Participações e Investimentos S.A. is a holding company organized as a corporation with registered offices at Av. Heráclito Graça, 406 in the city of Fortaleza/CE, Brazil. The parent company and consolidated interim financial statements include the Company and its subsidiaries (jointly referred to as the “Group”). The Group is mainly engaged in: (i) the sale of health insurance plans being also responsible for the majority of medical assistance at its own hospitals, clinics, imaging diagnostics and laboratories; and (ii) the sale of dental insurance plans with the services provided by accredited network.

The Company obtained the registration as a publicly-held company on April 20, 2018 and started trading its shares in the Novo Mercado (New Market) special segment at [B]3 - Brasil Bolsa Balcão, on April 25, 2018, under ticker HAPV3.

Hapvida Participações e Investimentos S.A. is a direct subsidiary of the holding company PPAR Pinheiro Participações S.A.

1.1 Coronavirus effects (COVID-19)

Since the first cases arose in the previous year, the Company has monitored the evolution of the COVID-19 Pandemic in Brazil, and has acted in a timely manner through measures focused on the health and safety of all employees, beneficiaries, service providers. services and society in general.

Although there was a resumption of cases due to variant strains of the virus as of December 2020, the experience lived in the 1st wave resulted in the immobilization of structures and consolidation of protocols that allow the Company, even with the resumption of the contamination curve, do not observe any deterioration in its cash position until the date of issue of these interim financial statements.

Credit risk and estimated expected credit losses
The Company has daily analyzed monthly payments from its customers and possible impacts on the provision for default losses, as well as contract cancellation rates, in order to verify whether there was a significant increase in credit risk.

The life cancellation index and the daily receipt of funds from the Company remain in line with the year before the beginning of the pandemic. Customer contracts are mostly in the form of prepayment and, in the event of default, for corporate customers, after five days of delay, there may be a suspension in the beneficiary's service, thus implying less risk of using the service network without respective health plan monthly payment.

<u>Liquidity risk and cash generation</u>

Cash generation

Although there is a continuity of uncertainty about the Pandemic, the Company maintains solid levels of liquidity and solvency, similar to that demonstrated in the entire fiscal year of 2020. The Company has a consolidated position of availability in the short term of R$ 2,537,978 (R$ 2,477,332 as of December 31, 2020) and net working capital of R$ 1,386,234 (R$ 1,381,478 as of December 31, 2020).

Up to the date of issuance of these interim financial statements, no indication of a deterioration in the Company's operating cash generation capacity, which could have resulted in an increase in the level of liquidity risk, has been identified.

Compliance with covenants

There were no significant changes in the Company's cash position and/or the realization of new debts with financial institutions to raise funds, and thus, there is a certainty that the contractual clauses (“Covenants”) will be strictly met in accordance with required provisions.

Regarding non-financial covenants, no elements were observed that would put their full compliance at risk in the same period mentioned above.

Loss Ratio

The new coronavirus pandemic has continued to impact some sectors of the economy since the second half of March 2020. However, several sectors, including the supplementary health sector, have not had significant impacts identified as essential services by regulatory authorities.

In this 2nd wave of the pandemic, which intensified during the first quarter of 2021, there were temporary reductions in the occupation of the network's hospitals, and similar to what happened in the previous one, were reversed by the hospitalizations of patients with Covid-19.

The Company has acted in a timely manner and with management in the acquisition of materials and services, aiming to guarantee quality care and access to health for all beneficiaries of the Hapvida Group, both for the services related to COVID-19, as well as in the maintenance of treatments and other recurring demands. There is an increase in the loss ratio in the current period compared to the same period in the previous year, due to the higher claim level of the newly acquired companies (Medical and Grupo São José) and, also, due to the coexistence between elective procedures and assistance and hospitalizations caused by COVID-19.

<u>Recoverability of assets</u>

Business combination

Regarding the main assets acquired through business combinations that occurred in the last year, in light of the current circumstances, no elements were identified that significantly alter the assumptions of the cash flow projections, which supported the recognition of such assets. Accordingly, there is no need to record impairment losses on these assets in these individual and consolidated interim financial statements.

Financial instruments

The Company has a very conservative investment policy, mostly composed of fixed income investments, investing only in the largest Brazilian financial institutions. The assumptions for measuring financial instruments were reviewed and found that the position represented in these interim financial statements is realizable, without the need for any record of impairment.

2 List of subsidiaries

The parent company and consolidated interim financial statements includes the following direct and indirect subsidiaries of Hapvida Participações e Investimentos S.A.:

	03/31/2021		12/31/2020	
Entity	**Direct**	**Indirect**	**Direct**	**Indirect**
Hapvida Assistência Médica Ltda. (a)	99.99%	-	99.99%	-
Mais Odonto Assistência Odontológica Ltda. *	-	-	99.99%	-
Hospital Antônio Prudente Ltda.	99.99%	-	99.99%	-
Ultra Som Serviços Médicos S.A. (b)	100.00%	-	100.00%	-
Hapvida Participações Investimentos II S.A. (g)	100.00%	-	-	-
RN Metropolitan Ltda.	-	99.99%	-	99.99%
Hapvida Participações em Tecnologia Ltda. (c)	99.99%	-	99.99%	-
Maida Health Participações Societárias S.A. (c)	-	74.99%	-	74.99%
Haptech Soluções Inteligentes Ltda. (c)	-	74.99%	-	74.99%
Infoway Tecnologia e Gestão em Saúde Ltda. (c)	-	74.99%	-	74.99%
Centro Avançado Oncológico Ltda.	-	100.00%	-	100.00%
São Francisco Odontologia Ltda. (d)	-	100.00%	-	100.00%
SF Health Up Desenvolvimento e Consultoria em Tecnologia da Informação Ltda.	-	100.00%	-	100.00%
São Francisco Resgate Ltda.	-	100.00%	-	100.00%
Documenta Clínica Radiológica Ltda.	-	100.00%	-	100.00%
São Francisco Atendimento Ltda.	-	100.00%	-	100.00%
São Francisco Sistemas de Saúde S/E Ltda. (e)	-	99.93%	-	99.93%
Hospital São Francisco Ltda.	-	99.93%	-	99.93%
GSF Administração de Bens Próprios Ltda.	-	99.93%	-	99.93%
Laboratório Regional Ltda.	-	99.93%	-	99.93%
Laboratório Regional I Ltda.	-	99.93%	-	99.93%
Laboratório Regional II Ltda.	-	99.93%	-	99.93%
São Francisco Rede de Saúde Assistencial Ltda.	-	99.93%	-	99.93%
Hemac Medicina Laboratorial e Hemoterapia.	-	100.00%	-	100.00%
Hospital das Clínicas de Paraupebas Ltda.	-	100.00%	-	100.00%
Branquinho Participações Ltda.	-	100.00%	-	100.00%
Maiorino Participações Ltda.	-	100.00%	-	100.00%
Cyrio Nogueira Participações Ltda.	-	100.00%	-	100.00%
Lopes Biaggioni Participações Ltda.	-	100.00%	-	100.00%
RRP – Emp. e Participações Ltda.	-	99.96%	-	99.96%
Nakagawa Participações Ltda.	-	100.00%	-	100.00%
Ururahy Participações Ltda.	-	100.00%	-	100.00%
Clínica São José Saúde Ltda.(f)	-	99.99%	-	99.99%
Clínica São José Ltda.	-	99.99%	-	99.99%
Pro-Infância SJC Hospital e Pronto Socorro Pediátrico Ltda.	-	55.80%	-	55.80%
Medical Medicina Assistencial S.A.	-	100.00%	-	100.00%
Medical Planos de Saúde S.A.	-	99.99%	-	99.99%
Clínica Nossa Senhora Aparecida Ltda.	-	100.00%	-	100.00%

	03/31/2021		12/31/2020	
Entity	**Direct**	**Indirect**	**Direct**	**Indirect**
Exclusive Funds				
BB HAPV Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa Longo Prazo	27.73%	72.27%	38.38%	61.62%
Santander Hapvida Renda Fixa Referenciado DI Crédito Privado FIC FI	2.67%	97.33%	45.3%	54.7%
Itaú Hap Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa Crédito Privado	48.26%	51.74%	60.9%	39.1%

* Companies incorporated in fiscal year 2021, accordingly Note 4

The Group's relevant subsidiaries are engaged with the following activities:

(a) Hapvida Assistência Médica Ltda.
It started operations on July 15, 1991, with registration at the National Supplementary Health Agency (ANS) under number 36.825-3. Its main corporate purpose is the sale of health and dental plans focused on the provision of health care services through the network of hospital, clinical and outpatient care companies, under common control of the Group.

(b) Ultra Som Serviços Médicos S/A
It started operations on February 25, 1988 and its main activities are: the provision of medical and paramedical, laboratory, diagnostic, imaging and ultrasound services, covering all areas of medicine, as well as participation as a partner or shareholder in other companies.

(c) Hapvida Participações em Tecnologia Ltda. and controlled.
Started its activities in May 2011, its social objective is to participate as a partner or shareholder in other companies, predominantly technology companies.

Group niche of activities (healthtech) with the purpose of promoting access to health through technology, innovation and transformation. Subsidiaries operate in the provision of health management systems services, advice and implementation of health management models.

(d) São Francisco Odontologia Ltda.
Founded in 1998 in the city of Ribeirão Preto - SP, it has as its object the provision of dental services, administration, advisory and implementation of exclusive operation systems for private health care plans in the dental segment and organization of courses, lectures, seminars and other events in your area of expertise. São Francisco Odontologia Ltda. meets the requirements of Law No. 9,656/98 and has a definitive registration with the National Supplementary Health Agency - ANS under No. 36.531-9.

(e) São Francisco Sistema de Saúde S/E Ltda.
Headquartered in Ribeirão Preto - SP, its purpose is the administration, assistance, implantation and commercialization of individual, family and collective health systems and plans, through its own means of execution or through the hiring and/or accreditation of legally qualified third parties and the reimbursement of medical, dental, hospital and outpatient expenses to its beneficiaries; outpatient medical care; and the organization of courses, lectures, seminars and other events in its area of expertise. The Operator meets the requirements of Law No. 9,656/98 and has a definitive registration with the National Supplementary Health Agency - ANS under No. 30,209-1.

(f) Clínica São José Saúde Ltda.
Founded in 2009 in the city of São José dos Campos, and has the purpose of operating private individual/family and collective health care plans, with the means of executing the hiring and/or accreditation of legally qualified third parties and the reimbursement of medical expenses, outpatient and outpatient services to its beneficiaries. Clínica São José Saúde Ltda. meets the requirements of Law No. 9,656/98 and is definitively registered with the National Supplementary Health Agency - ANS under No. 41.327-5.

(g) Hapvida Participações Investimentos II S.A.
Hapvida Participações e Investimentos II S.A. ("Hapvida II") is a holding company, constituted in the form of a privately held corporation domiciled in the city of São Paulo, State of São Paulo, in Brazil. Its corporate purpose is to participate in other companies, as a partner or shareholder, in the country or abroad. It was constituted on March 20, 2020, under the name Amethystus A008.20 Participações S.A., and acquired on February 12, 2021 by the Company, in which its corporate name was changed to Hapvida Participações e Investimentos II S.A.

3 Business combination

During the 1st quarter of 2021, the Company did not carry out any new business combination operations, as well, there were no changes in the business combinations that are still within the adjustment period allowed by the accounting rules in relation to the allocation of goodwill and assets and liabilities identifiable. Accordingly, there are no changes in the information on the business combinations presented in the Company's individual and consolidated annual financial statements as of December 31, 2020.

4 Corporate reorganization

4.1 Merger of Mais Odonto Assistência Odontológica Ltda.

On January 31, 2021, the merger of the controlled company Mais Odonto Assistência Odontológica Ltda. under the terms of the Merger Protocol and Justification, with the consequent extinction of the merged company.

The net assets merged on January 31, 2021 were comprised as follows:

	01/31/2021
Assets	3,550
Liabilities	(290)
Merged net assets	**3,260**

5 Preparation basis

Statement of compliance

The parent company and consolidated interim condensed financial statements were prepared in accordance with Technical Pronouncement CPC 21 (R1) and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the standards issued by the Securities Commission of Brazil (CVM), applicable to the preparation of the Interim financial statements.

All relevant information specific to the interim financial statements, and only such information, is being evidenced, and corresponds to the information used by company Management.

The issue of the financial statements was authorized by the Board on May 12, 2021.

6 Functional and presentation currency

These parent company and consolidated interim financial statements are being presented in Brazilian Real, functional currency of the Company. All balances have been rounded to the nearest thousand value, except otherwise indicated.

7 Use of estimates and judgments

The preparation of these financial statements, Management used judgments, estimates and assumptions that affect the application of accounting policies of the Company and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

(a) Judgments

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized the financial statements are included in the following notes:

- **Note 3 –** Business combination. The fair value of assets acquired and assumed liabilities;
- **Note 20 –** Leases: to determine if the agreement has a lease, the term, renewal and classification;
- **Note 21** - Technical reserves for healthcare operations. Evaluation of insurance liabilities; and
- **Note 23** – Provision for tax, civil and labor risks. Key assumptions about the likelihood and magnitude of an outflow of resources.

(b) Uncertainties on assumptions and estimates

Estimates and assumptions are reviewed on an ongoing basis. Revisions with respect to accounting estimates are recognized in the period in which they are made and in any future periods affected.

Information on uncertainties related to assumptions and estimates that could result in an actual result different from the estimated is included in the following explanatory notes:

- **Note 3 -** acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and the fair value of assets acquired and assumed liabilities;
- **Note 13** - Provision for impairment of accounts receivable. Recognition and provision for impairment of trade accounts receivable;

- **Note 14 -** Deferred sales expenses. Identification of average time that clients remain in the Company's portfolio under the same contract to determine the recognition of deferral of commissions and, consequently, its appropriation to the profit (loss) for the period;

- **Note 17** - Review of economic useful life of property, plant and equipment. Determination of estimated useful life of assets, and as a result, of the depreciation rate to be used in the calculation and book records in the income (loss) for the period;

- **Note 18** - Determination of estimated useful life of intangible assets, and as a result, of the amortization rate to be used in the base of calculation and book records in the profit (loss) for the year. Intangible asset and goodwill impairment test: main assumptions regarding recoverable values, including recoverability of development costs;

- **Note 21** - Technical reserves for healthcare operations. Recognition and measurement of liabilities related to cost of insurance service;

- **Note 23** - Provision for tax, civil and labor risks. Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of funds; and

- **Note 30** - Deferred income tax and social contribution: availability of future taxable income against which deductible temporary differences and tax losses may be used.

(i) Measurement at fair value

A series of Group's accounting policies and disclosures requires the measurement of fair value, for financial and non-financial assets and liabilities.

The Group established a control structure for measuring fair value. This includes an evaluation team with general responsibility of reviewing all significant fair value measurements, including Level 3 fair values, which are reported directly to the CFO, which discusses the strategies to establish the breakdown of investment portfolio within the Finance and Capital Market Committee.

Appraisal team regularly reviews significant non-observable data and valuation adjustments. If third-party information, such as brokerage firms' quotes or pricing services, is used to measure fair value, the appraisal team analyzes the evidence obtained from the third parties to support the conclusion that such evaluations meet the requirements of IFRS standards, including the level in fair value hierarchy in which such valuations should be classified.

When measuring fair value of an asset or liability, the Group uses observable data as much as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- Level 1: prices quoted (not adjusted) in active markets for identical assets and liabilities.
- Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).
- Level 3: inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The Group recognizes transfers between fair value hierarchic levels at the end of the interim financial statements period in which changes occurred.

Additional information on the assumptions adopted in the measurement of fair values is included in the following notes:

– Note 3 – Business combination; and
– Note 31 – Financial instruments.

8 Basis of measurement

The interim financial statements were prepared based on the historical cost, except for the following material items which are measured at fair value on each reporting date and recognized in the statements of financial position:

- derivative financial instruments measured at fair value;
- financial investments are measured at fair value to profit and loss; and
- contingent payments assumed in a business combination are measured at fair value.

9 Significant accounting policies

The accounting practices used in the preparation of these interim financial statements are the same as those adopted in the preparation of the Company's parent company and consolidated annual financial statements for the year ended December 31, 2020. Thus, parent company and consolidated interim financial statements should be read together with the Company’s parent company and consolidated financial statements for the year ended December 31, 2020, issued on March 18, 2021, comprising the whole set of notes.

10 New pronouncements issued, but not effective

(i) IFRS 17 - Insurance Contracts

IFRS 17 introduces a new measurement model for insurance contracts. It establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. The objective of IFRS 17 is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The standard is effective for accounting periods beginning on January 1, 2023.

The Company's management is currently analyzing the impacts of adopting IFRS 17.

(ii) Onerous contracts – cost to fulfill a contract (changes to CPC 25/IAS 37)

The amendments specify what costs an entity includes when determining the cost of performing a contract in order to assess whether the contract is costly. The changes apply to annual periods beginning on or after January 1, 2022 for existing contracts on the date the changes are applied for the first time. On the date of initial application, the cumulative effect of applying the changes is recognized as an adjustment to the opening balance in retained earnings or other components of equity, as appropriate. Comparatives are not restated. The Group will evaluate the contracts to measure the possible impacts, if any, before the changes take effect.

(iii) Other standards

The following new and changed standards are not expected to have a significant impact on the individual and consolidated interim financial statements:

- Property, plant and equipment: Revenue before intended use (changes to CPC 27/IAS 16); and
- Classification of Liabilities in Current or Non-Current (Amendments to CPC 26/IAS 1).

11 Operating segments

The Company and its subsidiaries operate in the supplementary health sector and direct their strategy to provide services in a vertical manner, in which the assistance to the beneficiary is primarily carried out in its own service network, and provides medical and dental assistance, operating in only one segment. performance, whose operating and financial results are regularly reviewed by the Board of Directors in an aggregate manner, on which it conducts its decision-making.

While the Group's structure comprises a large number of hospitals, clinics and other units, these all serve the Group health and dental plan customers in a vertically integrated model ultimately designed to maximize consolidated (healthcare plans + medical care units) value creation for shareholders.

The Company has determined that the Statutory Board is the Chief Operating Decision Maker (CODM). It receives, reviews and analyzes information about the operational and financial results of the business and makes strategic decisions, use of technologies and marketing strategies for different products and services in a centralized way. The Group's revenues are entirely derived from customers geographically located in Brazil and there is no customer sales concentration. In addition, all noncurrent assets are located in Brazil. The Group's earnings do not fluctuate based on seasonality.

12 Short-term and long-term investments

			Parent Company		Consolidated	
	Monthly average remuneration	**Maturities**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Government and private bonds						
Bank Deposit Certificates - Collateral Assets (a)	100% CDI	June 2021	-	-	10,150	10,101
Bank deposit certificates	102.76% CDI	April 2021 to January 2034	-	-	1,296,787	1,419,084
NTN-B	IPCA + 1.8%	August 2024	-	-	36,023	35,896
Investment fund			-	-		
Fixed income - Collateral assets (a)	149.4% CDI	Without maturity	-	-	1,109,666	993,726
Fixed income - Exclusive (b)	123.7% CDI	Without maturity	274,982	91,704	965,286	549,838
Fixed income - Non-exclusive	102.9% CDI	Without maturity	82,428	315,211	156,354	548,500
Other						
Other short and long term investments	-	Without maturity	81	77	1,632	2,257
			357,491	**406,992**	**3,575,898**	**3,559,402**
Short-term investments			-	-	2,362,159	2,334,120
Long-term investments			357,491	406,992	1,213,739	1,225,282

(a) Fixed income investment funds and Bank Deposit Certificates - Collateral Assets: They are used as a guarantee for technical reserves of the health care companies, as detailed in Note 21.

(b) Exclusive funds are administered and managed by Banco do Brasil, Banco Santander and Banco Itaú. These funds invest their resources in quotas of other funds administered by the managing banks. The investment policies of exclusive funds determine the concentration of resources in financial assets with low credit risk (ANBIMA classification).

13 Trade receivables

Primarily refers to amounts receivable from members of the Company's health care insurance plans, as follows:

	Consolidated	
	03/31/2021	**12/31/2020**
Medical and hospital plans		
Health and dental care plans	656,632	601,674
Agreements and individuals plans	59,247	43,248
Other	11,630	16,441
Subtotal	**727,509**	**661,363**
Impairment loss on trade receivables	(239,782)	(227,937)
Total	**487,727**	**433,426**

Breakdown of amounts receivable by maturity age is as follows:

	Consolidated	
	03/31/2021	**12/31/2020**
Neither past due nor impaired	**213,513**	**234,683**
Overdue (days)	**513,996**	**426,680**
Up to 30	181,429	128,803
31-60	71,618	45,948
61-90	22,378	22,630
>90	238,571	229,299
Total	**727,509**	**661,363**

Changes in the provision for impairment losses in accounts receivable are as follows:

	Consolidated	
	03/31/2021	**12/31/2020**
Balances at the beginning of the period/year	227,937	151,247
Provisions	40,669	221,447
Net write-offs (a)	(28,824)	(144,757)
Total	**239,782**	**227,937**

(a) Recognizes the cancellation of client contracts implemented in the period against the provision, as a result of default.

The Company has a dispersed customer base, so that there is no concentration of revenue. In the period ended March 31, 2021, the main customer represented only 0.9% (1.0% on December 31, 2020) of net revenue, while the ten largest customers represented 5.2% (5.1% as of December 31, 2020) of net revenue in the same period. There is no customer that represented more than 5.0% of net revenue in the period ended March 31, 2021 and year ended December 31, 2020.

14 Deferred commission

	Consolidated	
	03/31/2021	**12/31/2020**
Deferred commissions with health care plan - Current	172,817	164,929
Deferred commissions with health care plan - Non-current	160,542	142,229
Total	**333,359**	**307,158**

The weighted average term (in months) of the customer portfolio contracts is detailed as follows, applied based on the active contracts that generated commission expenses:

	03/31/2021	12/31/2020
Individual contracts	34	33
Collective contracts	60	58

15 Related party transactions and balances

The main assets and liabilities balances on March 31, 2021 and December 31, 2020, as well as the transactions that influenced the result, related to transactions with related parties, are presented below:

	Parent company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Assets				
Interest on own capital receivable of investees	105	105	-	2
	105	**105**	**-**	**2**
Other debits with related parties				
Receivables with shareholders	-	-	1,347	1,296
PPAR COM Investimentos Ltda. - Amounts receivable (b)	-	-	1,988	1,988
Other	676	91	114	164
	676	**91**	**3,449**	**3,448**
Total	**781**	**196**	**3,449**	**3,450**
Liabilities				
Dividends payable	11,704	11,704	24,518	24,518
Interest on own capital	176,509	176,509	176,923	176,923
	188,213	**188,213**	**201,441**	**201,441**
Other liabilities with related parties				
Debts with shareholders (a)	2,516	2,516	2,552	2,552
Canadá Administradora de Bens Imóveis Ltda. - Purchase of property, plant and equipment	1,343	1,343	1,344	1,343
Others	241	238	101	101
	4,100	**4,097**	**3,997**	**3,996**
Lease payable with related parties (c)	153	154	652,675	660,285
	153	**154**	**652,675**	**660,285**
Total	**192,466**	**192,464**	**858,113**	**865,722**

	Parent company		Consolidated	
Transaction	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Revenue from medical care services (d)	-	-	311	378
Media broadcasting expenses (e)	-	-	(356)	(326)
Reimbursement of shared use of assets (f)	-	-	-	(220)
Interest on leases with Canadá Administradora de Bens Imóveis Ltda. (g)	(3)	(12)	(4,228)	(4,103)
Interest on leases with Fundação Ana Lima (g)	-	-	(56)	(104)
Interest on leases with Quixadá Participações Ltda. (g)	-	-	(9,795)	(9,203)
Total	**(3)**	**(12)**	**(14,124)**	**(13,578)**

(a) Refers to liabilities with shareholders and subsidiaries of the Company for the acquisition of assets, recorded without incurring charges and with no fixed maturity.

(b) Amount paid by the subsidiary Ultra Som Serviços Médicos S/A in favor of the company PPAR Com. Investimentos Ltda., an unconsolidated entity under the same control as the Group's shareholders, on acquisitions of media companies carried out by the company PPAR.

(c) Leasing of commercial real estate and movable assets for the development of economic activities, according to a contract signed between related parties (unconsolidated entity under common control of the same shareholders of the Group) with an average term of 20 years, being agreed based on the valuation of the market value realized by specialized companies, being provided for: a) annual update based on the accumulated variation of the IGP-M; and b) revision of the base value every 60 months of the lease term.

(d) Revenue from health plans of the Group's companies with the provision of services to the companies that make up the Opinion of Communication System, under common control of shareholders in the form of collective plans.

(e) Advertising expenses contracted by the Group for advertising in companies belonging to the Opinion of Communication System, under common control of the shareholders, with the objective of promoting sales of health and dentistry plans through marketing actions.

(f) This balance mainly refers to the use of aircraft, when Senior Management needs to travel on business.

(g) Effect of interest on lease agreements with related parties.

Remuneration of key management personnel

The Group's Management is comprised of the Board of Directors and the Statutory Executive Board of the Company and its subsidiaries. Total management compensation expenses were R$ 7,730 in the period ended March 31, 2021 (R$ 5,939 on March 31, 2020).

16 Investments

a. Subsidiary information

	Capital	Assets	Liability	Equity	Profit (loss) for the period	Number of quotas/shares	Percentage of interest	Investments on 03/31/2021	Investments on 12/31/2020
Hapvida Assistência Médica Ltda.	1,147,491	4,309,110	1,526,981	2,782,130	155,368	1,147,491	99.99%	2,782,130	2,626,762
Ultra Som Serviços Médicos S/A	6,127,467	8,224,182	1,601,762	6,622,420	6,665	5,904,550	100%	6,622,421	6,615,756
Hospital Antônio Prudente Ltda.	56,447	189,451	84,202	105,249	2,747	53,180	99.99%	105,248	99,242
Hapvida Participações em Tecnologia Ltda.	23,400	23,085	3,871	19,214	(4,134)	23,500	99.99%	19,214	23,348
Mais Odonto Assistência Odontológica Ltda. (b)	-	-	-	-	(2)	-	-	-	3,262
								9,529,013	**9,368,370**

b. Changes

	Balance at 12/31/2019	Equity in net income of subsidiaries	Interest on shareholders' equity	Capital increase	Split (a)	Advance for future capital increase	Others	Balance at 12/31/2020	Equity in net income of subsidiaries	Merge (b)	Balance at 03/31/2021
Hapvida Assistência Médica Ltda.	1,720,633	728,228	(52,349)	63,274	162,497	-	4,479	2,626,762	155,368	-	2,782,130
Mais Odonto Assistência Odontológica Ltda.	3,246	16	-	-	-	-	-	3,262	(2)	(3,260)	-
Hospital Antônio Prudente Ltda.	77,998	21,244	-	-	-	-	-	99,242	2,747	3,260	105,248
Ultra Som Serviços Médicos S/A	6,102,067	16,079	-	693,440	(162,497)	(29,535)	(3,798)	6,615,756	6,665	-	6,622,421
Hapvida Participações em Tecnologia Ltda.	24,434	(1,100)	-	-	-	-	14	23,348	(4,134)	-	19,214
Total	**7,928,378**	**764,467**	**(52,349)**	**756,71**	**-**	**(29,535)**	**695**	**9,368,370**	**160,643**	**-**	**9,529,013**

(a) On June 30, 2020, the Extraordinary General Meeting (AGE) approved the partial spin-off of Ultra Som Serviços Médicos S.A with a version of the spun-off assets to Hapvida Assistência Médica Ltda. in the amount of R$ 162,497, consubstantiated by the investment in Jardim América Saúde Ltda. As a result of this operation, Hapvida Assistência Médica Ltda. becomes the holder of all the quotas representing the voting capital of Jardim América Saúde Ltda.

(b) On January 31, 2021, the company Mais Odonto Assistência Odontológica Ltda. was merged by Hospital Antônio Prudente Ltda., according to Note 4.1.

c. Acquisition of Companies

Promed Assistência Médica Ltda.

On September 4, 2020, the Company, through its wholly owned subsidiary Ultra Som Serviços Médicos S.A., entered into a quota purchase and sale agreement and other covenants for the acquisition of 100% of Promed Assistência Médica Ltda., Promed Brasil Assistência Médica Ltda., Saúde – Sistema Assistencial Unificado de Empresas Ltda., Centro Médico Progroup Ltda., Med Clínicas Serviços Médicos Ltda., Hospital Progroup Ltda. and 96.5% of the equity interest in Hospital Vera Cruz S.A., entities belonging to a structure composed of 3 healthcare operators, 3 hospitals, 1 day hospital and 7 primary care clinics. The transaction is subject to certain precedent conditions that may or may not include the successful negotiation of the respective contractual acquisition instruments and their respective formalizations, as well as the appraisal and approval of regulatory bodies. In March 2021 the operation was approved by CADE and the process is being analyzed by ANS.

Grupo Santa Filomena

Hapvida Participações e Investimentos S.A. entered into a memorandum of understanding involving the acquisition of the shares of the following entities: 100% of Filosanitas Saúde Ltda. (Filosanitas), 97.24% of Casa de Saúde e Maternidade Santa Filomena S.A. (Hospital Santa Filomena), 95.5% of Centro Médico Santa Filomena Ltda. and 80% of Centro de Diagnóstico por Imagem Santa Filomena Ltda. (Grupo Santa Filomena and Transaction, respectively) in line with its national expansion and consolidation strategy. The purchase price, which includes part of the hospital's property, was negotiated at R$ 45.0 million. As usual, the conclusion of transaction is subject to the successful negotiation of the respective contractual acquisition instruments and their respective formalizations.

Up to the date of issue of these individual and consolidated interim financial statements, the transaction with the Santa Filomena Group was still subject to the successful negotiation of the respective contractual instruments of acquisition and their respective formalizations, which also involves conducting in a satisfactory manner of legal, accounting and operational due diligence procedures still in progress.

Premium Saúde

In November 2020, the Company announced the acquisition of the operator Premium Saúde, with a portfolio of approximately 125 thousand beneficiaries of health plans concentrated in Belo Horizonte, Montes Claros/MG and Brasília/DF. Premium Saúde also has 10,000 dental plan beneficiaries.

The own chain in the state of MG will have 4 hospitals and 7 primary care clinics from the acquisition of Grupo Promed, in addition to the Mário Palmério Hospital in Uberaba/MG. There is also a hospital under construction in Uberlândia/MG, whose opening is scheduled for the second half of 2021. The robust assistance infrastructure will allow the Company to verticalize the service provided to Premium Saúde beneficiaries, accelerating the capture of projected synergies.

The acquisition price is R$ 150 million, from which the amount related to the changes in Premium Saúde's net debt and working capital will be deducted on the closing date. This amount may also be reduced, due to the price adjustment resulting from changes in the beneficiaries' portfolio at the date of the conclusion of the Transaction. The transaction was approved by the ANS in February 2021, and the conclusion of the transaction is subject to certain precedent conditions including the appreciation and approval by CADE.

Business combination between Hapvida and GNDI
The Company, in compliance with the terms of CVM Instruction 358/02 and 565/15, as amended, and in continuity with the information disclosed in the relevant facts of January 8, 2021, February 15, 2021 and February 27, 2021, informed to its shareholders and the market in general, which, in compliance with the Association Agreement and Other Covenants (Agreement), signed on February 27, 2021 between Hapvida Participações e Investimentos S.A. (Hapvida), Notre Dame Intermédica Participações S.A. (GNDI), Hapvida Participações e Investimentos II S.A. (HapvidaCo), a Hapvida subsidiary, and PPAR Pinheiro Participações S.A. (PPAR), Hapvida's parent company, at the extraordinary general meetings (AGE) of Hapvida, HapvidaCo and GNDI held on March 29, 2021, the business combination between Hapvida and GNDI was approved by the shareholders of the respective companies, under the terms and conditions described in the Agreement (Operation), in addition to the approval of the other matters included in the re respective agendas of each of the general shareholders' meetings held by Hapvida, GNDI and HapvidaCo.

The consummation of the Transaction remains subject to the verification of suspensive conditions, including the approval by the Administrative Council for Economic Defense (CADE) and the National Supplementary Health Agency (ANS), as well as the verification of other certain usual conditions for operations of this type, as established in the Agreement.

17 Property, plant and equipment

The composition of property, plant and equipment is as follows:

	Consolidated				
	Annual depreciation rate	Cost	Accumulated depreciation	Net 03/31/2021	Net 12/31/2020
Right of use assets	7.24%	1,085,416	(161,222)	924,194	957,684
Land	-	63,514	-	63,514	63,509
Real state	4.0%	342,140	(74,074)	268,066	270,876
Vehicles	20.0%	52,772	(30,265)	22,507	22,491
IT equipment	14.7%	142,854	(74,647)	68,207	64,910
Machinery and equipment	9.7%	555,918	(209,274)	346,644	310,065
Furniture and fixture	10.0%	130,870	(47,430)	83,440	82,799
Facilities	4.0%	371,688	(47,528)	324,160	315,838
Construction in progress	-	179,222	-	179,222	151,518
Others		558	(1)	557	1,843
Total		**2,924,952**	**(644,441)**	**2,280,511**	**2,241,533**

Below, the statement of changes in fixed assets for the period ended March 31, 2021 and fiscal year ended December 31, 2020:

	Consolidated					
	12/31/2020	**Addition**	**Net write-offs**	**Depreciation**	**Transfers**	**03/31/2021**
Right of use assets	957,684	5,080	(17,851)	(20,719)	-	924,194
Land	63,509	5	-	-	-	63,514
Real estate	270,876	-	(626)	(2,269)	85	268,066
Vehicles	22,491	2,070	(42)	(2,012)	-	22,507
IT equipment	64,910	7,573	(44)	(4,522)	290	68,207
Machinery and equipment (b)	310,065	47,257	(1,070)	(13,210)	3,602	346,644
Furniture and fixtures	82,799	6,089	(2,472)	(3,065)	89	83,440
Facilities	315,838	9	-	(6,838)	15,151	324,160
Construction in progress (a)	151,518	45,661	(26)	-	(17,931)	179,222
Others	1,843	-	-	-	(1,286)	557
Total	2,241,533	113,744	(22,131)	(52,635)	-	2,280,511

	Consolidated							
	12/31/2019 (Restatement)	**Addition**	**Net write-offs**	**Depreciation**	**Transfers**	**Acquisition of companies**	**Reclassification**	**12/31/2020**
Right of use assets	957,684	95,275	(3,484)	(80,064)	52	13,189	-	957,684
Land	63,509	49,195	(1)	-	-	2,512	1,195	63,509
Real estate	270,876	(336)	(2,228)	(21,082)	-	9,142	6,917	270,876
Vehicles	22,491	14,296	(31)	(6,495)	(1,485)	582	-	22,491
IT equipment	64,910	57,108	(863)	(15,136)	(4,779)	2,118	-	64,910
Machinery and equipment (b)	310,065	103,228	(4,461)	(40,713)	25,208	4,118	1,867	310,065
Furniture and fixtures	82,799	22,719	339	(9,666)	8,619	2,415	141	82,799
Facilities	315,838	19,765	(127)	(12,675)	16,224	4,637	-	315,838
Construction in progress (a)	151,518	28,030	-	-	(42,046)	8,916	-	151,518
Others	1,843	7,954	-	(4,318)	(1,793)	-	-	1,843
Total	2,241,533	397,234	(10,856)	(190,149)	-	47,629	10,120	2,241,533

(a) Balances of property, plant and equipment in progress refer substantially to investments made in hospitals and clinics to improve and expand physical facilities.

(b) The balance refers to surgical equipment, communication equipment, non-hospital machinery and accessories, refrigeration and ventilated devices.

18 Intangible

The composition of the intangible asset is as follows:

		Consolidated			
	Annual amortization rate	**Cost**	**Accumulated amortization**	**03/31/2021 Net**	**12/31/2020 Net**
Customer portfolio (i)	17.70%	2,892,555	(746,014)	2,146,541	2,238,047
Software	19.49%	149,884	(50,721)	99,163	96,395
Patents and trademarks (ii)	20.00%	414,241	(61,996)	352,245	372,771
Non-compete	20.00%	37,519	(14,410)	23,109	24,871
Goodwill (iii)	-	2,713,749	-	2,713,749	2,713,749
Other	21.52%	97,789	(5,990)	91,799	76,470
Total		6,305,737	(879,131)	5,426,606	5,522,303

Below, the statement of changes in the intangible period ended March 31, 2021 and fiscal year ended December 31, 2020:

	Consolidated					
	12/31/2020	Addition	Amortization	Net write-offs	Transfer	03/31/2021
Customer portfolio (i)	2,238,047	43,000	(134,229)	(277)	-	2,146,541
Software	96,395	9,620	(5,962)	(7)	(883)	99,163
Patents and trademarks (ii)	372,771	28	(20,525)	-	(29)	352,245
Non-compete	24,871	-	(2,007)	-	245	23,109
Goodwill (iii)	2,713,749	-	-	-	-	2,713,749
Others	76,470	15,428	(766)	-	667	91,799
Total	5,522,303	68,076	(163,489)	(284)	-	5,426,606

	Consolidated							
	12/31/2019 (Restatement)	Addition	Amortization	Net write-offs	Transfers	Reclassification	Acquisition of companies	12/31/2020
Customer portfolio (i)	2,590,240	144,517	(496,710)	-	-	-	-	2,238,047
Software	76,875	10,669	(20,866)	-	28,734	-	983	96,395
Patents and trademarks (ii)	393,972	8,893	(30,100)	-	-	-	6	372,771
Non-compete	27,610	1,217	(4,044)	-	-	-	88	24,871
Goodwill (iii)	2,240,701	483,168	-	-	-	(10,120)	-	2,713,749
Others	4,314	111,507	(10,617)	-	(28,734)	-	-	76,470
Total	5,333,712	759,971	(562,337)	-	-	(10,120)	1,077	5,522,303

(i) These are customer portfolios resulting from the acquisition of Grupo São Francisco, Grupo América, RN Saúde, Medical Medicina Assistencial and Grupo São José and the customer portfolio of the companies Assistência Médica Hospitalar Ltda. (UNIPLAM) and Free Life Operadora de Planos de Saúde Ltda., transferred in 2018. In the first quarter of 2021, the Company completed the acquisition of the Plamed Planos de Assistência e Plano de Assistência Médica e Hospitalar do Estado de Goiás S.A.

(ii) The added value of the brands of the acquired companies are amortized over a period of 5 years, which is the estimated time that the company works on the commercial discontinuation of the brand.

(iii) Goodwill from business combination.

Goodwill

Goodwill balances and intangible assets with indefinite useful lives were tested for impairment on December 31, 2020 through the discounted cash flow for each cash-generating unit ("CGU"), giving rise to the value in use.

For the purpose of evaluation of recoverable value, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. In determining the book value of each CGU, the Group considers not only the recorded intangibles, as well as all the tangible assets necessary for conducting business, as it is only through the use of this set that the Group will obtain the generation of economic benefits.

Goodwill (goodwill for expected future profitability) does not generate cash flows independently of other assets or groups of assets and often contributes to cash flows from multiple CGUs, and should be tested for impairment at a level that reflects the manner in which the entity manages its operations and with which the goodwill would naturally be associated.

Accordingly, the Company prepared an impairment test considering business combinations, as shown below:

	Grupo São Francisco	Grupo América	Medical	São José	Outros	Total
Book value of goodwill	1,826,499	303,223	193,950	238,173	151,904	2,713,749

Therefore, the Company adopted the following assumptions in the impairment test:

Assumptions	
Volume growth (beneficiaries)	4.5% p.y.
Discount rate	11.5% p.y.
Perpetuity growth rate	6% p.y.

According to the recoverability analysis prepared by management, the Company concluded that the value in use of the CGUs is higher than their respective book value, indicating that there is no evidence of loss due to impairment. No indications were identified that the annual tests performed by the Company would change and require additional disclosures in the individual and consolidated interim financial statements as of March 31, 2021.

The assumptions adopted in the impairment tests of intangibles are in accordance with the internal projections for the five-year period. For the period after five years, extrapolation is applied using a perpetuity growth rate. The discounted cash flow that determined the value in use of the cash-generating units was prepared in accordance with the Company's business plan.

The Company also considered market variables such as Gross Domestic Product (“GDP”) and the Brazilian general price index - IPCA Long Term. The cost was projected from the last realized cost plus the expected inflation over time. The portion of the cost that is variabilized was still scaled according to the growth of lives. In addition, the cost projection incorporated the expected result of synergy projects already underway by acquired companies. In relation to commissions, the projection considered the maintenance of the percentage of net revenue realized by company / portfolio.

19 Borrowings and financing

a. Borrowings and financing

			Parent Company		**Consolidated**	
Type	**Maturity**	**Interest rate**	**03/31/2021**	**12/31/2020**	**03/31/2021**	**12/31/2020**
Working capital	December 2022	0.99% a 4.64 p.y.	-	-	33,040	56,793
Finame	July 2023	4.44% a 12.91% p.y.	-	-	1,346	1,491
Debentures	July 2026	109% a 110.55% Taxa DI	2,006,076	2,016,335	2,006,076	2,016,335
Others	November 2021	121.19% da Taxa DI	-	-	2,249	2,608
Total			**2,006,076**	**2,016,335**	**2,042,711**	**2,077,227**
Current			8,571	19,081	40,722	42,915
Non-current			1,997,505	1,997,254	2,001,989	2,034,312

b. Changes – Borrowings and financing

	Parent Company	Consolidated		
	Debentures	Borrowing and financing	Debentures	Total
Balances at December 31, 2019	**2,044,494**	**67,499**	**2,044,494**	**2,111,993**
Acquisition of companies (a)	-	9,340	-	9,340
Issuance	-	2,252	-	2,252
Recognition of issuance costs	994	-	994	994
Interest accrual	60,127	3,192	60,127	63,319
Payment of principal	-	(30,402)	-	(30,402)
Payment of interest and Exchange rate change	(89,280)	(7,984)	(89,280)	(97,264)
Exchange rate change (b)	-	16,995	-	16,995
Balances at December 31, 2020	**2,016,335**	**60,892**	**2,016,335**	**2,077,227**
Recognition of issuance costs	251	-	251	251
Interest accrual	10,551	246	10,551	10,797
Payment of principal	-	(18,125)	-	(18,125)
Payment of interest and Exchange rate change	(21,061)	(9,644)	(21,061)	(30,705)
Exchange rate change (b)	-	3,266	-	3,266
Balances at March 31, 2021	**2,006,076**	**36,635**	**2,006,076**	**2,042,711**

(a) Amount related to loans of companies acquired by the Company during the year ended December 31, 2019.

(b) The Company raises funds in foreign currency in the “4131” modality, bearing prefixed interest (1.81 to 4.64% p.a.), maturing in March 2022. Aiming to hedge the foreign exchange exposure of these operations, the Company contracted swaps linked to “4131” operations, duly matched with the same terms, rates and amounts. The foreign credit lines are known in Brazil as “4131” loans in a reference to the law that regulates foreign capital in Brazil and the remittance of funds abroad.

The Group's loans and financing are guaranteed by: (i) guarantee, (ii) fiduciary alienation of the financed hospital assets or (iii) financial investments held in the same institutions where the credits were contracted.

The working capital credit agreements have restrictive contractual clauses specific to the nature of the operation, which, in the event of not being met, may lead to the early maturity of the respective operations.

Such clauses, among other conditions, require that the Company and its subsidiaries do not default on their obligations; actions, demands or processes pending or about to be proposed, which, if decided against the Company, would have a detrimental effect on its financial condition or impair its ability to meet its obligations.

c. *Aging* – Borrowings and financing

As of March 31, 2021 and December 31, 2020, Loans, financing and debentures have the following maturity schedule:

	Parent Company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
2021	8,571	19,081	14,118	42,915
2022	587,613	587,537	617,262	623,161
2023	587,622	587,547	589,061	588,981
2024	587,622	587,544	587,622	587,544
2025	117,324	117,313	117,324	117,313
2026	117,324	117,313	117,324	117,313
	2,006,076	**2,016,335**	**2,042,711**	**2,077,227**

d. Debentures

d.1 Issuance of debentures

In July 2019, the Company made the first issue of simple debentures, unsecured, not convertible into shares, in 2 series, with unit value of one thousand reais (R$ 1,000), totaling R$ 2,000,000, comprised of 1,764,888 debentures of the 1st series, with maturity on July 10, 2024 and 235,112 debentures of the 2nd series, maturing on July 10, 2026. The debentures of the 1st series will be amortized in three annual installments, the first on maturing on July 10, 2022, and, the debentures of the 2nd series will be amortized in two annual installments, the first one maturing on July 10, 2025. The payment of interest is made on a half-yearly basis, with the first payment made on January 10, 2020.

d.2 Guarantees

The debentures of the 1st and 2nd series have unsecured guarantee as suretyship provided by the guarantor Ultra Som Serviços Médicos S.A., the Company's subsidiaries, as joint and several debtor and main payer of all obligations assumed.

d.3 Covenants

The debentures issued by the Company have contractual clauses and restrictions related to advanced maturity, including, but not limited to, those that oblige the Company to keep a "financial index" equal or lower than 3.0 measure on a quarterly basis. Said financial index is composed by the net debt divided by net income (loss) for the period before the financial result, income tax and social contribution, depreciation and amortization, stock option non-cash expenses, impairment, non-recurring revenues or expenses, gains (losses) in the sale of assets. As of March 31, 2021, the Company is in compliance with financial covenants.

In addition to the financial covenants, the debentures have restrictive non-financial contractual clauses that involve a series of conditions such as default, transfer of corporate control and others, which, in the event of not being met, may lead to the early maturity of the respective operations.

20 Leases

The Company has lease agreements for Real estate rented from third parties and related parties, as well as other leasing and service agreements with terms exceeding 12 months.

	Consolidated	
	03/31/2021	**12/31/2020**
Balance at the beginning of the period	**1,008,243**	**958,811**
Leases acquired in business combinations	-	13,821
New contracts	5,080	52,661
Remeasurements / write-off	(18,553)	38,752
Interest accrual	21,953	85,258
Payments	(37,075)	(141,060)
Balance at the end of the period	**979,648**	**1,008,243**
Current	39,564	42,950
Non-current	940,084	965,293

Below, we detail future payments of leasing agreement considerations:

	Consolidated	
	03/31/2021	**12/31/2020**
2021	37,700	53,173
2022	45,680	47,867
2023	41,056	42,915
2024	37,207	38,584
>2025	818,005	825,704
Present value of minimum payments of leasing	**979,648**	**1,008,243**

The weighted average rate used to calculate the discount to present value of leasing minimum payments is 9.07% p.y. as of March 31, 2021 (9.07% p.y. as of December 31, 2020). There are no significant differences between the present value of lease minimum payments and the market value of these financial liabilities.

21 Technical provision for health care operations

	Consolidated	
	03/31/2021	**12/31/2020**
Unearned premium reserve - UPR (a)	184,584	169,610
Outstanding SUS claims reserve (b)	698,111	629,299
Outstanding claims reserve (c)	139,854	130,826
Incurred but Not Reported claims - IBNR (d)	187,542	199,677
Other provisions	2,398	1,485
Total	1,212,489	1,130,897
Current	1,209,889	1,129,109
Non-current	2,600	1,788

(a) Unearned premiums reserve (UPR) consists of the accounting recognition of the amount charged by the Group to its clients a pro rata die basis within the monthly coverage period. The recognition as revenue only happens in the subsequent period, when the period of the coverage is actually incurred.

(b) The Group records events referring to reimbursement of medical expenses to SUS in this account, including the collection notifications already sent and an estimate of future notifications that are under analysis, calculated according to its own methodology, from judicial decision.

(c) Provision for claims incurred but not yet paid. The provision is made at the full amount informed by the hospitals / clinics or by the beneficiary at the time the collection is presented to the Company. It is subsequently adjusted, if necessary, as part of the claim adjustment process.

(d) Provision to cover payment of losses that occurred but had not yet been reported to the company before the end of the year, which was made based on actuarial calculations. The calculations are obtained based on quarterly run-off triangles considering historic development of claims paid in the past 12 months, to establish a future forecast per occurrence period. For certain providers, for which it is possible to measures the volume of unbilled services, this provision is not constituted on a statistical basis but rather at the real amount of accounts not yet submitted.

Health operators, subsidiaries of the Company, issue health insurance and dental assistance contracts in which they assume insurance risks, which include the frequency of use and fluctuation of costs.

The Company prepared the Liability Adequacy Test (LAT) for all contracts that meet the definition of an insurance contract under CPC 11 / IFRS 4 Insurance Contracts and that are in effect on the date of the test. This test is prepared annually considering current estimates of future cash flows, using the reference base date of active customers, with no new entrants. The methodology projects inflows and outflows of financial resources, considering the technical and financial readjustments, changes in value due to changes in age, changes in assistance costs, administrative and commercial expenses, returns on investments and the value of money over time using the discount rate Term Structures of Risk-Free Interest Rates.

The groupings carried out at liability adequacy test were individual, corporate and collective membership plans.

As of March 31, 2021 there were no indications that the liability adequacy tests carried out on the base date of December 31, 2020, underwent changes in the sufficiency results.

If any deficiency is identified, the Company records the loss immediately as an expense in the income statement for the year, first reducing acquisition costs to a limit of zero and then constituting additional provisions for insurance liabilities already recorded on the test date.

The technical provisions represent the calculation of the expected risks inherent to the health care operations of the Group's operators, which are subject to the mandatory maintenance of financial guarantees to cover such risks, established by RN ANS No. 442/18 and subsequent amendments, described below follow:

- **Adjusted minimum equity and solvency margin:** to operate in the health plan market regulated by ANS, the health plan operator must maintain the adjusted shareholders' equity for economic purposes as established in RN ANS nº 442/18 and subsequent amendments. Adjusted shareholders 'equity is calculated as shareholders' equity less non-current intangible assets, tax credits arising from tax losses, deferred sales expenses and anticipated expenses. The Group determines the adjusted shareholders' equity on a monthly basis and assesses the sufficiency of the solvency margin, in accordance with ANS Normative Instruction 373/15 and subsequent amendments.

The Group has achieved the sufficiency of this requirement in all the years presented, as shown in the following comparative table:

	03/31/2021	12/31/2020
Adjusted Minimum Equity	2,760,844	2,648,086
Required Solvency Margin	1,342,797	1,296,236
Calculated sufficiency	1,418,047	1,351,850

- **Collateral related assets:** in accordance with the rules established by RN ANS No. 392/15 (amended by RN ANS No. 419/16) and other subsequent amendments, health and dental plan operators must have sufficient guarantee assets to cover all recognized technical provisions on the balance sheet date and deducted from the UPR and the installment of the events to be settled referring to the charges presented by the providers in the last 30 or 60 days, depending on the size of the operator.

The Group has achieved the sufficiency of this requirement in all periods presented, as shown in the following comparative table:

	03/31/2021	12/31/2020
Required linked guarantee assets (i)	998,010	802,193
Effective linked guaranteeing assets (see Note 12- b)	1,119,816	1,003,827
Other linked assets	1,975	1,975
	1,121,791	1,005,802
Sufficiency calculation	123,780	203,609

(i) Corresponding to the amount of technical provisions for which coverage of guaranteeing assets is required, under the terms of current legislation.

Changes in technical provisions

	UPR	Outstanding SUS claims reserve	Outstanding claims reserve	IBNR	Other provisions	Total
Balance at 12/31/2019	**157,889**	**399,283**	**123,075**	**176,531**	**1,365**	**858,143**
Provisions	8,697,706	211,873	2,757,180	21,908	393	11,689,060
Acquisitions of companies	8,012	9,911	23,131	17,044	-	58,098
Appropriations/Reversals	(8,693,997)	-	-	(15,806)	(273)	(8,710,076)
Actualizations	-	76,401	-	-	-	76,401
Settlements	-	(68,169)	(2,772,560)	-	-	(2,840,729)
Balance at 12/31/2020	**169,610**	**629,299**	**130,826**	**199,677**	**1,485**	**1,130,897**
Provisions	2,386,579	78,262	791,007	7,759	966	3,513,138
Appropriations/Reversals	(2,371,605)	(5,991)	-	(19,894)	(53)	(2,605,431)
Actualizations	-	16,269	-	-	-	16,269
Settlements	-	(19,728)	(781,979)	-	-	(842,384)
Balance at 03/31/2021	**184,584**	**698,111**	**139,854**	**187,542**	**2,398**	**1,212,489**

22 Payroll obligation

	Parent company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Provision for vacation and 13th salary	-	-	157,934	125,900
Salaries payable	1,319	991	69,855	66,890
Other social security obligations	-	-	2,989	2,651
Total	1,319	991	230,778	195,441

23 Provision for tax, civil and labor risks

The Group's is party to judicial and administrative proceedings in various courts and government agencies, arising from the normal course of operations, involving tax, labor, civil issues and contingencies with the regulatory agency (ANS).

The Company record provisions for all proceedings, classified as probable risk of loss, which it considers sufficient to cover probable losses.

	Parent company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Provisions for tax lawsuits (i) (contain ANS)	29,108	36,106	218,101	228,240
Provision for civil risk (ii)	29	29	122,513	118,540
Provisions for labor risk (iii)	-	-	55,900	55,169
Total	**29,138**	**36,135**	**396,514**	**401,949**

The changes in the provision for risks in the period ended March 31, 2021 and December 31, 2020 are as shown below:

Provision for tax, civil and labor risks	**Consolidated**
Balances at December 31, 2019	**35,983**
Provision and reversals, net	2,045
Settlements	(1,893)
Balance at December 31, 2020	**36,135**
Provision and reversals, net	(6,864)
Settlements	(133)
Balance at March 31, 2021	**29,138**

	Consolidated			
	Civil	Labor	Tax	Total
Balance at January 31, 2019	**87,353**	**51,549**	**249,756**	**388,658**
Acquisitions and reversal, net	53,086	(200)	(17,396)	35,490
Acquisitions of companies	4,004	4,919	2,836	11,759
Settlements	(25,903)	(1,099)	(6,956)	(33,958)
Balance at December 31, 2020	**118,540**	**55,169**	**228,240**	**401,949**
Acquisitions and reversal, net	11,614	1,834	(8,984)	4,464
Settlements	(7,641)	(1,103)	(1,155)	(9,899)
Balance at March 31, 2021	**122,513**	**55,900**	**218,101**	**396,514**

Risks with probable loss:

The main issues that make up the lawsuits, judicial and administrative, classified as probable risk of loss by the Company are as follows:

(i) Provisions for tax lawsuits and proceedings

Theme: ANS administrative fines/ reimbursement to SUS (regulatory aspects) - The contingency now dealt with arises from administrative proceedings and tax foreclosures filed by the ANS, in which administrative fines are charged arising from alleged violations of the rules regulating the activity of health plan operators, as well as amounts related to the reimbursement to SUS, resulting from medical assistance. beneficiaries of the Company in the public network, based on art. 32 of Law No. 9,656/98. In relation to the subject now presented, the Company and its subsidiaries have provisioned the amount of R$ 138,673 (R$ 144,145 as of December 31, 2020), in order to support probable losses arising from lawsuits and probable losses arising from administrative claims.

Theme: Tax on Services (ISS) - This contingency derives from administrative and legal proceedings filed by Municipal Finance Departments through which tax on services allegedly owed by the Company and/or its subsidiaries is collected as a result of their operating activities. The Company and its subsidiaries have provisioned the amount of R$ 5,193 (R$ 5,193 as of December 31, 2020).

The amounts of the provision related to lawsuits, judicial and administrative, of a tax nature not covered by the topics presented above are spread out in groups of less representative demands, constituting a less relevant portion of the provision now presented.

(ii) Provisions for civil lawsuits and proceedings

Theme: Contractual Grace Period - The contingency now dealt with arises from civil lawsuits filed by beneficiaries who seek to obtain assistance coverage from their health plan without due compliance with the grace periods. In this scenario, many judicial decisions are rendered in breach of applicable law, without due compliance with the grace periods provided for by law and/or contract. In relation to the subject presented herein, the Company and its subsidiaries have provisioned the amount of R$ 13,540 (R$ 13,736 as of December 31, 2020).

Theme: Legal and/or Contractual Coverage Exclusion - Civil proceedings filed by beneficiaries seeking to obtain coverage for services not covered by law or contract, such as: medical procedures not provided for in the ANS list, aesthetic and experimental procedures outside the mandatory list, such as aesthetic treatments, and home care service. In this scenario, many judicial decisions are made in non-compliance with the applicable legislation, without due obedience to the care limits defined by law and/or contracts. The Company and its subsidiaries have provisioned the amount of…R$ 24,013 (R$ 22,713 on December 31, 2020).

Theme: Indemnity lawsuits - Medical Acts - The contingency now dealt with arises from civil lawsuits filed by beneficiaries seeking to obtain compensation for damages suffered by supposedly inadequate medical procedures. In such proceedings, the plaintiffs seek to hold the Company and / or its subsidiaries liable jointly and severally for the medical act practiced by its accredited professionals. In relation to the subject presented herein, the Company and its subsidiaries have provisioned the amount of R$ 25,703 (R$ 24,558 as of December 31, 2020).

Theme: Debts with Providers in General - The contingency now dealt with arises from civil lawsuits filed by service providers in general that seek to obtain payment of amounts allegedly owed by the Company and / or its subsidiaries on a variety of grounds, which may cite as examples: disallowance of hospital bills, contract terminations, etc. In relation to the subject presented herein, the Company and its subsidiaries have provisioned the amount of R$ 15,239 (R$ 14,563 as of December 31, 2020).

The provision amounts related to civil and judicial proceedings, of a civil nature not covered by the topics presented above, are dispersed in groups of less representative demands, constituting a less relevant portion of the provision now presented.

(iii) Provisions for labor lawsuits and proceedings

Theme: Acknowledgment of employment relationship - The contingency dealt with here arises from labor lawsuits filed, individually, by service providers who seek to obtain recognition of an alleged employment relationship maintained with the Company, even without the presence of the typical assumptions of an employment relationship. In this scenario, we can mention as an example: doctors, radiology technicians, physiotherapists, speech therapists, etc. In relation to the subject presented herein, the Company and its subsidiaries have provisioned the amount of R$ 20,838 (R$ 20,149 on December 31, 2020).

Theme: Labor amounts and severance pay - The contingency now dealt with arises from labor claims filed, individually or collectively, by ex-employees or employees, who seek to receive labor and termination payments related to the period in which they worked in favor of the Company and / or its subsidiaries, covering: overtime, unhealthy and overtime pay, wage parity, deviation and accumulation of duties, fines under Articles 467 and 477 of the CLT etc. In relation to the subject presented herein, the Company and its subsidiaries have provisioned the amount of R$ 27,444 (R$ 26,259 as of December 31, 2020).

The amounts of the provision related to labor and judicial proceedings, of a labor nature not covered by the topics presented above, are scattered among groups of less representative demands, constituting a less relevant portion of the provision now presented.

Risks with possible loss:

The Company discusses other actions for which management and its legal advisors' estimate are of possible losses and for which no provision was recorded.

We present below the composition of the amounts of risk arising from judicial and administrative proceedings, classified with a possible risk of loss, in which the Company and/or its subsidiaries are party, related to the period ended March 31, 2021 and December 31, 2020:

	Parent company		**Consolidated**	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Tax (i)	7,447	7,447	898,079	896,802
Civil (ii)	1,202	200	413,265	401,081
Labor (iii)	260	236	290,916	290,509
Total	8,909	7,883	1,602,260	1,588,392

(i) Contingent liabilities for lawsuits and tax lawsuits

Theme: ANS Administrative Fines/Reimbursement to SUS - In relation to the topic presented, the Company and its subsidiaries presented a contingent liability of R$ 333,401 (R$ 324,802 on December 31, 2020), related to legal and administrative proceedings of a regulatory nature, all classified as possible loss risk.

Theme: Service Tax (ISS) - In relation to the topic presented, the Company and its subsidiaries presented a contingent liability of R$ 156,147 (R$ 156,087 as of December 31, 2020), related to tax, judicial and administrative proceedings, classified as possible loss risk.

Theme: Tax Foreclosures - Business Succession - The contingency now dealt with arises from tax foreclosures originally filed against other health plan operators, in which the National Treasury requested the redirection to the Company and its subsidiaries, under the justification of supposed business succession resulting from the sale of beneficiaries' portfolio . In relation to the topic presented, the Company and its subsidiaries presented a contingent liability of R$ 147,733 (R$ 147,733 as of December 31, 2020), related to tax, judicial and administrative proceedings, classified as possible loss risk.

Theme: Social Security Matters - The contingency now dealt with arises mainly from tax assessment notices drawn up in the face of the Company and its subsidiaries for tax credits allegedly due to irregularities or failure to pay social security contributions, among other social security matters. In relation to the topic mentioned, the Company and its subsidiaries presented a contingent liability of R$ 259,180 (R$ 209,801 on December 31, 2020), related to tax, judicial and administrative proceedings, classified as possible loss risk.

(ii) Contingent liabilities for civil lawsuits and proceedings

Theme: Contractual Grace Period - In relation to the subject presented, the Company and its subsidiaries presented a contingent liability of R$ 26,186 (R$ 24,021 on December 31, 2020), related to civil, judicial and administrative proceedings, classified as possible loss risk.

Theme: Legal and/or Contractual Exclusion of Coverage - In relation to the topic presented, the Company and its subsidiaries presented a contingent liability of R$ 36,679 (R$ 34,941 on December 31, 2020), related to civil, judicial and administrative proceedings, classified as possible loss risk.

Theme: Indemnity lawsuits - Medical Acts - In relation to the topic presented, the Company and its subsidiaries presented a contingent liability of R$ 237,481 (R$ 225,996 as of December 31, 2020), related to civil, judicial and administrative proceedings, classified as possible loss risk.

Theme: Debts with Providers in General - In relation to the topic presented, the Company and its subsidiaries presented a contingent liability of R$ 41,759 (R$ 38,910 as of December 31, 2020), related to civil, judicial and administrative proceedings, classified as possible loss risk.

(iii) Contingent liabilities for lawsuits and labor lawsuits

Theme: Recognition of employment relationship - In relation to the topic presented, the Company and its subsidiaries presented a contingent liability of R$ 60,276 (R$ 57,051 on December 31, 2020), related to labor, judicial and administrative proceedings, classified as possible loss risk.

Theme: Labor and Severance Charges - In relation to the topic presented, the Company and its subsidiaries presented a contingent liability of R$ 64,951 (R$ 65,308 as of December 31, 2020), related to labor, judicial and administrative proceedings, classified as possible loss risk.

Theme: Assessment Notices / Notice of Debt from the Guarantee Fund and Social Contribution (NDFC) / Notification for payment of FGTS and Social Contribution (NFGC) / Notification for withdrawal of FGTS and Social Contribution (NFRC) - The contingency now dealt with arises from Tax Assessment Notices and Debit/Tax Notices related to the Guarantee Fund for Time of Service drawn up in the face of the Company and its subsidiaries, in which administrative fines and FGTS payments arising from alleged violations of legal rules are charged that govern labor and employment relations. In relation to the topic mentioned, the Company and its subsidiaries presented a contingent liability of R$ 158,618 (R$ 158,618 on December 31, 2020), related to labor administrative proceedings, classified as possible loss risk.

Judicial deposits

The Company has judicial deposits held in assets in the following amounts:

	Parent company		Consolidated	
	03/31/2021	**12/31/2020**	**03/31/2021**	**12/31/2020**
Tax and regulatory judicial deposits	1	1	238,956	166,872
Civil judicial deposits	2,510	2,022	58,573	64,202
Labor judicial deposits	103	110	14,110	15,454
Total	2,614	2,133	311,639	246,528

(a) Increase observed in the period resulting from ANS related deposits.

24 Shareholders’ equity

The Company approved at the Extraordinary Shareholders' Meeting, on November 19, 2020, a proposal to split the totality of shares, in the proportion of 5 common shares for each share of the same type, without any change in the Company's capital stock. Thus, the number of shares increased from 742,985,906 to 3,714,929,530, all common, registered, book-entry shares with no par value.

a) Share capital

On Mach 31, 2021 and December 31, 2020, the subscribed and paid-up share capital is broken down as follows:

	03/31/2021	**12/31/2020**
Number of shares	3,714,929,530	3,714,929,530
Share capital	5,825,522	5,825,522
Costs with issuance of shares	(174,996)	(174,996)
	5,650,526	5,650,526

b) Legal reserve

The legal reserve is mandatorily recognized at 5% of net income for the year until reaching 20% of the share capital.

c) Dividends

Changes in dividends and interest on shareholders’ equity payable are as follows:

Balance of dividends and shareholders' equity as of December 31, 2019	220,020
Dividends proposed on December 31, 2020 – minority shareholders	3,034
Dividends proposed on December 31, 2020 - owners of the company	6,691
Interest on own capital proposed to minority shareholders, net of corporate income tax (i)	53,528
Interest on own capital proposed to the Owners of the Company, net of corporate income tax (i)	122,821
Dividends and interest on own capital effectively paid in the year (ii)	(204,653)
Balance of dividends and interest on own capital as of December 31, 2020 and March 31, 2021 (iii)	201,441

(i) On September 3, 2020, the Board of Directors' meeting resolved on the distribution of interest on equity in the gross amount of R$ 110,770 (R$ 95,739, net of withholding income tax), equivalent to R$ 0.15 per share issued by the Company. On December 30, 2020, at a meeting of the Board of Directors, it resolved on the distribution of interest on shareholders' equity in the amount of R$ 93,360 (R$ 80,610, net of withholding income tax), withholding income tax, except for shareholders who have proven to be immune or exempt, as well as the other legal hypotheses.

(ii) At a meeting dated July 13, 2020, the Company's Board of Directors decided to pay part of the amounts declared as interest on own capital and dividends related to the year ended December 31, 2019, to July 24, 2020, in the net amount of R$ 102,296. On September 3, 2020, the Company's Board of Directors resolved for the remainder of the payment of the amounts declared as interest on own capital and dividends related to the year ended December 31, 2019, to September 18, 2020, in the net amount of R$ 102,357.

(iii) In the first quarter of 2021, there was no change in dividends and interest on own capital payable.

d) Earnings per share

The calculation of basic earnings per share was based on net income attributed to common shareholders and the weighted average of common shares outstanding.

The calculation of diluted earnings per share was based on net income attributed to common shareholders and the weighted average of common shares outstanding after adjustments for all potential dilutive common shares. Basic and diluted earnings per share are being presented considering the retrospective effects of the stock split approved on November 19, 2020.

	03/31/2021	03/31/2020
Net income attributable to the Company (R$ thousand)	151,829	164,563
Net income attributable to controlling shareholders (In thousands of Reais)	150,188	164,429
Weighted average number of shares (thousands of shares)	3,714,930	3,714,930
Basic and diluted earnings per share (R$ thousand)	0.04	0.04

25 Net revenue from services provided

	Consolidated	
	03/31/2021	03/31/2020
Insurance revenue	2,371,605	2,111,921
Revenue from other activities	83,194	76,430
Deductions (a)	(131,646)	(109,563)
Total	2,323,153	2,078,788

(a) Deductions refer substantially to taxes levied on revenue.

26 Cost of services rendered

	Consolidated	
	03/31/2021	**03/31/2020**
Medical, hospital and other costs	(1,534,238)	(1,269,542)
Change in IBNR	12,135	(10,053)
Total	(1,522,103)	(1,279,595)

27 Sales expenses

	Consolidated	
	03/31/2021	**03/31/2020**
Expenses on advertising and marketing	(14,611)	(8,716)
Commission expenses	(82,741)	(83,911)
Provision for credit losses	(40,669)	(55,966)
Other sales expenses	(6,317)	(5,976)
Total	(144,338)	(154,569)

28 Administrative expenses

	Parent company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Own personnel expenses	(4,739)	(5,558)	(92,359)	(84,084)
Outsourced service expenses	(7,561)	(1,351)	(75,440)	(60,823)
Rentals and utilities (i)	(1,019)	(1,188)	(215,455)	(151,730)
Tax expenses	(128)	(113)	(4,274)	(3,327)
Indemnity, court cost e provisions for contingencies	6,929	(968)	(19,417)	(21,296)
Other expense, net	(4)	(31)	(2,555)	(12,123)
	(6,522)	**(9,208)**	**(409,500)**	**(333,383)**

(i) The main nature of this group refers to depreciation and amortization expenses, which total R$ 172,966 (R$ 122,762 as of March 31, 2020) of the consolidated, refers to the amortization and depreciation of property, plant and equipment, intangible and the fair value of assets acquired in a business combination.

29 Net financial result

	Parent company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Finance income				
Revenue from investments, except for guarantee assets	1,926	8,428	14,528	19,927
Revenue from investments - collateral assets	-	-	7,151	4,429
Revenue from late receipt	-	-	8,935	8,669
Financial revenues from derivative instruments	-	-	1,769	15,098
Exchange variation	31	-	-	-
Others	-	1	1,502	1,431
	1,957	8,429	33,885	49,554

	Parent company		Consolidated	
	03/31/2021	**03/31/2020**	**03/31/2021**	**03/31/2020**
Finance expenses				
Interest in debentures	(10,802)	(21,899)	(10,802)	(21,899)
Interest on leases	(94)	(95)	(21,953)	(20,822)
Discounts granted	-	-	(2,582)	(6,956)
Bank expenses	(13)	(13)	(4,454)	(3,630)
Tax charges	-	-	(778)	(70)
Exchange variation expense	-	-	(4,598)	(14,021)
Monetary variance	(141)	(32)	(18,183)	(28,844)
Interest on loans and borrowings	-	-	(246)	(1,482)
Others	-	(3,944)	(119)	(8,521)
	(11,050)	(25,983)	(63,715)	(106,244)
Total	**(9,093)**	**(17,554)**	**(29,830)**	**(56,690)**

30 Income tax and social contribution

a. Reconciliation of effective rate of income tax and social contribution recognized in profit or loss

Since the amounts determined in parent company financial statements are not relevant, it is being presented only the consolidated reconciliation of consolidated financial statements:

	03/31/2021		03/31/2020	
Income before income tax and social contribution		220,812		255,105
Rates				
Income tax, plus the additional tax rate		25%		25%
Social contribution		9%		9%
Expense with income tax and social contribution at the statutory rate	34.00%	75,076	34.00%	86,736
Permanent differences				
Tax loss for which a deferred tax asset was not recognized	-0.37%	(807)	-	-
Non-deductible provisions	-0.05%	(104)	0.37%	950
Other additions and exclusions	-2.29%	(5,062)	0.92%	3,344
Subtotal	**-2.71%**	**(5,973)**	**1.29%**	**4,294**
Impacts of the tax on entities taxed by deemed profit (i)				
Reversal of the tax effect by the actual income tax regime rate	-0.37%	(806)	-0.69%	(1,774)
Income and social contribution taxes calculated by presumed profit	0.31%	686	0.50%	1,287
Subtotal	**-0.05%**	**(120)**	**-0.19%**	**(488)**
Expense with income tax and social contribution (rate at %)	31.24%	68,983	35.10%	90,542
Current income tax and social contribution		117,997		133,264
Deferred income tax and social contribution		49,014		(42,722)
Expense with income tax and social contribution	**31.24%**	**68,983**	**35.10%**	**90,542**

(i) Exclusion of the effects of the application of the official rates on the profit before income tax and social contribution of the result of the entities of the Group that are taxed under the presumed profit regime, under the terms of the current legislation.

The changes in liabilities payable for income tax and social contribution in the period ended March 31, 2021 and fiscal year ended December 31, 2020 are as follows:

	Consolidated	
	03/31/2021	**03/31/2020**
Balance at the beginning of the period/year	85,141	61,982
Income tax and social contribution	117,997	597,283
(-) Payments made	(101,852)	(574,124)
Balance at end of the period/year	**101,286**	**85,141**

The Company and its subsidiaries do not have income tax and social contribution losses directly on equity.

b. Recoverable taxes

The balance refers mainly to income tax and social contribution credits as a result of withholdings on the distribution of interest on shareholders' equity and income from short and long term investments, as well as overpayments recorded as recoverable taxes that will be offset throughout the next period, without no need for impairment, considering the Group's ability to generate income for such purposes.

c. Deferred income tax and social contribution

	Parent company				
	Balance at 12/31/2019	Recognized in income (loss)	Balance at 12/31/2020	Recognized in income (loss)	Balance at 03/31/2021
Provision for tax, civil and labor risks	12,235	51	12,286	(2,379)	9,907
Credit on tax loss and negative basis	136,648	91,630	228,278	7,617	235,895
Issuance cost of debentures	1,609	(338)	1,271	(85)	1,186
Deferred tax on right-of-use assets	24	55	79	(620)	(541)
Other tax credits/debits	28	190	218	629	847
Total	**150,544**	**91,588**	**242,132**	**5,162**	**247,294**

	Consolidated					
	Balance at 12/31/2019	Recognized in income (loss)	Acquisition of companies	Balance at 12/31/2020	Recognized in income (loss)	Balance at 03/31/2021
Provision for tax, civil and labor risks	121,030	2,083	-	123,113	(2,561)	120,552
Provision for credit losses	25,625	12,395	-	38,020	4,304	42,324
Deferred commissions expenses	(59,437)	(5,951)	-	(65,388)	(6,571)	(71,959)
Credit on tax loss and negative basis (i)	157,470	100,500	-	257,970	31,854	289,824
Amortization of the fair value of assets acquired in a business combination	22,218	162,376	-	184,594	45,677	230,271
Deferred tax on goodwill (ii)	-	(39,538)	-	(39,538)	(27,112)	(66,650)
Deferred tax on right-of-use assets	7,591	9,347	236	17,174	1,681	18,855
Insurance cost of debentures	1,661	(338)	-	1,323	(85)	1,238
Other tax credits	13,331	9,050	322	22,703	1,833	24,536
Total	**289,489**	**249,924**	**558**	**539,971**	**49,020**	**588,991**
Deferred tax (asset)	**289,489**			**579,509**		**662,121**
Deferred tax (liability)	**-**			**(39,538)**		**(73,130)**

(i) Only the transaction of entities for which it is probable that future taxable income is made available for the Group to be able to use the respective benefits were included in the calculation of deferred income tax and social contribution.

(ii) Deferred tax liabilities recorded on the tax amortization of goodwill arising from business combinations, according to article 22 of Brazilian Law 12,973/14.

The Company has tax losses and negative bases of social contribution in the determination of taxable profit that represent a right without prescription term to be used in the following years, under the terms of the current legislation. After carrying out the business combinations that took place as of 2019, the Company carried out its strategic corporate restructuring plan in order to support the realization of it, having already implemented the steps described in Note 4. By the year 2024, the Company should substantially allocate tax credits on goodwill arising from concluded business combinations and have a greater volume of realization of credits between the years 2025 to 2028.

31 Financial instruments

(i) Accounting classification and fair values

When measuring the fair value of an asset or liability, the Group uses observable market data as much as possible. Fair values are classified at different levels in a hierarchy based on information (inputs), as presented in note 7 (i), which are used in valuation techniques.

In the years ended December 31, 2020 and 2019, the Company and its subsidiaries did not transfer between financial assets, nor did they transfer between hierarchical levels.

The financial instruments of the Company and its subsidiaries are shown in the table below and present the book values of financial assets and liabilities, including their levels in the valuation hierarchy.

	Consolidated						
March 31, 2021	**Book value**			**Fair value**			
Financial assets measured at fair value	**Amortized cost**	**Fair value through profit or loss**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Short- and long-term investments							
Investment funds	-	2,232,938	2,232,938	-	2,232,938	-	2,232,938
Derivative financial instrument	-	8,774	8,774	-	8,774	-	8,774
Total	**-**	**2,241,712**	**2,241,712**	**-**	**2,241,712**	**-**	**2,241,712**
Financial assets not measured at fair value							
Short- and long-term investments							
Brazilian Treasury Bill - NTN-B	36,023	-	36,023	-	-	-	-
Total	**36,023**	**-**	**36,023**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value							
Borrowings and financing	(36,635)	-	(36,635)		-	-	-
Debentures	(2,006,076)	-	(2,006,076)	-	-	-	-
Dividends and interest on own capital	(201,441)	-	(201,441)	-	-	-	-
Leases	(979,648)	-	(979,648)	-	-	-	-
Contingent consideration	-	(146,775)	(146,775)	-	-	(146,775)	(146,775)
Total	**(3,223,800)**	(146,775)	**(3,370,575)**	**-**	**-**	(146,775)	(146,775)

	Consolidated						
December 31, 2020	**Book Value**			**Fair value**			
Financial assets measured at fair value	**Amortized cost**	**Fair value through profit or loss**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Short- and long-term investments							
Investment funds	-	2,094,321	2,094,321	-	2,094,321	-	2,094,321
Derivative financial instrument	-	14,546	14,546	-	14,546	-	14,546
Total	**-**	**2,108,867**	**2,108,867**	**-**	**2,108,867**	**-**	**2,108,867**
Financial assets not measured at fair value							
Short- and long-term investments							
Brazilian Treasury Bill - NTN-B	35,896	-	35,896	-	-	-	-
Total	**35,896**	**-**	**35,896**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value							-
Borrowings and financing	(60,892)	-	(60,892)		-	-	-
Debentures	(2,016,335)	-	(2,016,335)	-	-	-	-
Dividends and interest on own capital	(191,716)	-	(191,716)	-	-	-	-
Leases	(1,008,243)	-	(1,008,243)	-	-	-	-
Contingent consideration	-	(178,169)	(178,169)	-	-	(178,169)	(178,169)
Total	**(3,277,186)**	(178,169)	**(3,455,355)**	**-**	**-**	(178,169)	(178,169)

The amounts of cash and cash equivalents, trade receivable and suppliers are not included in the table above since their book values approximate their fair values due to the maturity of these financial instruments in the short term.

Short and long term investments in CDB have fair value approximating the book value recorded, since they have a grace period of up to 90 days, being remunerated by interest rates indexed to the DI (Interbank Deposits) curve and issued by first-tier financial institutions.

(ii) Measurement at fair value

Assets and liabilities measured at fair value are as follows:

a) Investment funds
Obtained from the quota values disclosed by financial institutions.

b) Derivative financial instruments
Based on the fair value derivative financial instruments disclosed by financial institutions.

c) Contingent consideration
The valuation model considers the present value of expected future payments, discounted by a risk-adjusted rate. The amounts recorded at Level 3 refer substantially to the acquisitions of Grupo São José and Medical.

Derivative financial instrument

As of March 31, 2021, the Company has derivative financial instrument contracts (foreign exchange SWAP), used to reduce exposure to foreign currency exchange rate volatility.

Instrument	Maturity	Long position	Short position	Fair value	Notional	Amounts receivable on 03/31/2021	Amounts receivable on 12/31/2020
Swap cambial	April 2022	€ + 0.9567% p.y.	100% CDI	4,324	R$ 25,000	4,324	7,517
Swap cambial	March 2022	U$ + 3.876% p.y.	100% CDI+ 1.4% p.y.	4,450	R$ 25,000	4,450	7,029
				8,774		8,774	14,546

(iii) Risk management

a) Market risk management

The Group has a formalized policy to make investments and to use financial instruments in its activities.

The Investment Policy has the following premises: (i) investing all investments in the fixed-income and low-risk segment; (ii) investing the majority of resources in assets of immediate liquidity and a smaller portion with a grace period of up to 90 days, an amount based on expectations of the use of resources with organic growth and acquisitions; (iii) investing in financial instruments with an estimated gross performance of 99.5% of the CDI; (iv) investing in investments in top-tier institutions with an individual limit of 35%, and up to 10% in secondtier financial institutions, with an individual limit of 5%; (v) fully comply with ANS regulations; and (vi) maintenance of most investments until maturity.

On a regular basis, the Financial area consolidates indicators and reports on the management of investments and financial instruments with a detailed analysis of the distribution, risks, maturities, interests, performances and results, addressing the most relevant aspects of the macroeconomic environment and ensuring alignment with the financial instruments investment policy.

Sensitivity analysis

As of December 31, 2020, the Company and its subsidiaries have the following sensitivity of their financial assets and liabilities based on the variation of the economy's basic interest rate (CDI), the impacts of which are projected in the scenarios below. The Company considers the CDI released on March 31, 2021 as a probable scenario.

	Balance at 03/31/2021	Risk	Scenario -50% (0,95%)	Scenario -25% (1,43%)	Probable scenario (1,90%)	Scenario +25% (2,38%)	Scenario +50% (2,85%)
Short-term and long-term investments							
Balance of pledged financial investments	1,119,816	100% CDI	14,838	22,256	29,675	37,094	44,513
Balance of investments (free)	2,420,059	100% CDI	32,066	48,099	64,132	80,164	96,197
Balance of investments (NTN-B)	36,023	0.93% IPCA	168	251	335	419	503
Debentures							
Debentures - 1st serie	1,770,513	109% CDI	23,459	35,189	46,919	56,648	70,378
Debentures - 2nd series	235,563	110.55% CDI	3,121	4,682	6,242	7,803	9,364

b) Underwriting risk

Insurance Risk and Pricing Policy

Companies that operate in health and dental care business are exposed to risks related to cost volatility. Dental plans are less exposed than health plans due to lower frequency of use and lower complexity of the treatments.

When the Group is developing a new product it analyzes many variables to define the price of this product, such as the demographic area where the product will be offered, the frequency of use of services established in the area calculated with historical records, and the costs of main inputs in the area it will be sold (doctors, health care professionals, market price of main procedures). Based on these analyses, the Group determines the price of health and dental plans.

Each client that is considered medium or large company has its medical losses ratio calculated every year when the Group is negotiating annual price increase for health and/or dental insurance plans (individual clients are regulated by ANS). Based on historical usage of the service network controlled by biometrics and based on expectations of costs related to these clients, the price increase of this contract is determined. This practice mitigates risks of clients bringing constant losses to the Group.

Regarding individual clients, the pricing of the products considers an additional value because this type of client historically has a greater use of service network.

Sensitivity analysis

One way to measure possible impacts on results and equity, resulting from underwriting risks, is to evaluate the variables that may be affected in the product subscription process or due to insufficient prices.

The following sensitivity analyzes simulate the possible impacts on results and shareholders' equity, of changes in operating parameters before and after contracting:

	March 31, 2021 - Consolidated	
	Income before taxes	Income after taxes and impact on shareholders' equity
5% increase in sinister	(76,105)	(50,229)
5% increase in administrative and sales expenses	(20,475)	(13,514)
5% reduction in sinister	76,105	50,229
5% reduction in administrative and sales expenses	20,475	13,514

Determination of technical reserves and collateral assets

The calculation of technical provisions is carried out monthly by the actuarial team, being monitored by the Controlling team in measuring the need for guarantee assets at the end of each quarter, according to the criteria provided for in art. 2 of RN ANS nº 392/15 (amended by RN NA nº 419/16), for mandatory compliance with the requirements of the sector's regulatory body. In addition, the Group assesses, at each balance sheet date, whether its liabilities are adequate, using current estimates of future cash flows from its contracts, carrying out the liability adequacy tests. If this assessment shows that the value of the contractual liability is inadequate in light of the estimated future cash flows, any insufficiency of technical provision should be recognized in the income for the year. The Group did not record any adjustments resulting from the liability adequacy tests.

Note 21 presents the technical reserves, their natures and breakdown of each obligation related to SUS, due to the particularities set forth by regulation.

c) Operating risk

Operating risk is defined as the possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems or external events.

The operational risk monitoring and management activity aims to mitigate the materialization of risks that may result in losses to the quality of operations during the provision of contracted coverage and/or the provision of services. The identification of operational risks and associated controls is carried out through the mapping of organizational flows, so that, when identified, the impacts of such risks are quantified, considering the expected pattern regarding their frequency and severity through specific methodologies applicable to each risk assessed.

It is worth highlighting that mitigating actions are relevant to provide an environment with greater stability and control, insofar as it has an effective preventive purpose. Thus, the implementation of procedural protocols that guide the performance of the professionals who work in the operation makes a relevant contribution for the services to be performed within the technical and safety standards established by the areas responsible for preparing the manuals. Moreover, there are control areas working 24 hours a day that monitor the main indicators of customer service in the Company's own network units in real time. Both tools are important instruments for identifying situations outside the expected standard, allowing management to act quickly and efficiently before developments occur with impacts on the operation.

d) **Credit risk**

Credit risk is the risk that the Company will incur losses arising from a customer or a counterparty in a financial instrument, resulting from their failure to comply with their contractual obligations. The risk basically arises from accounts receivable from customers and cash and cash equivalents and short and long term investments.

Accounts receivable

Credit risk for the Company is considered to be low by the Management, mainly for the health plan operator, in which the monthly payments are paid before the provision of services. Most of the Company's accounts receivable are related to the risk of the coverage period. As presented in Note 13, about 36% of accounts receivable are more than 60 days overdue. In addition, to reduce the risk of paying treatment costs without receipt, the Operator adopts the practice of canceling overdue plans, as regulated by ANS for the health plan operator.

The Group establishes a provision for impairment that consists of the use of factors related to the losses observed in recent time series, adjusting the historical rates of losses to reflect current conditions and reasonable and bearable forecasts of future economic conditions in relation to accounts receivable and other accounts receivable. The provision account related to accounts receivable is used to record impairment losses, unless the Company assesses that it is not possible to recover the amount due; on this occasion, the amounts are considered to be irrecoverable and are recorded against the financial asset directly.

In general, the Group mitigates its credit risks by providing services to a very dispersed customer base and with no defined concentration. For defaulting customers, the Group cancels plans according to ANS rules.

Short and long term investments

Regarding the credit risks related to financial investments, the table with quantitative information on maximum exposure to risk follows with information on the ratings of financial institutions that are counterparties to the Group's investments.:

			***Ratings* of financial institutions (3)**					
			Fitch (1)		**Moody´s (1)**		**S&P (2)**	
	03/31/2021	**12/31/2020**	**CP**	**LP**	**CP**	**LP**	**CP**	**LP**
Banco Itaú Unibanco S.A.	770,970	782,939	F1+	AAA	BR-1	Aaa.br	brA-1+	brAAA
Banco Santander S.A.	1,119,459	1,055,911	-	-	BR-1	Aaa.br	brA-1+	brAAA
Banco Bradesco S.A.	1,022,225	1,033,929	F1+	AAA	BR-1	Aaa.br	brA-1+	brAAA
Caixa Econômica Federal	145,860	136,343	F1+	AA	BR-1	Aa1.br	brA-1+	brAAA
Banco do Brasil S.A.	220,343	248,725	F1+	AA	BR-1	Aa1.br	-	-
Banco Safra S.A.	218,148	217,315	-	-	BR-1	Aa1.br	brA-1+	brAAA
Other	42,870	48,344	-	-	-	-	-	-
	3,539,875	**3,523,506**						

(1) Most recent financial disclosure of each financial institution. National scale.

(2) Ratings of several Brazilian financial entities revised after action on the sovereign ratings, on the most recent effective dates.

(3) The risk assessment considers only private securities.

Cash and cash equivalents

The Group held cash and cash equivalents of R$ 175,819 as of March 31, 2021 (R$ 143,212 as of December 31, 2020). Cash and cash equivalents are held in banks and financial institutions that are rated between AA and AA + according to a list released by Fitch.

e) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in complying with the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure, as much as possible, that it always has sufficient liquidity to meet its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with the risk of damaging the Company's reputation.

The Company uses medical losses control to price its products and services, which helps it with the monitoring of cash flow requirements and the optimization of its cash return on investments. The Company seeks to maintain the level of its cash and cash equivalents and other highly negotiable investments at an excess amount of cash outflows on financial instruments (other than trade accounts payable). The Company also monitors expected level of cash inflows deriving from trade accounts receivable and other receivables as well as expected cash outflows related to trade accounts payable and other accounts payable.

The main sources of funds used by the Company and its subsidiaries are the volume of funds from the trading of their services. The income from investments from cash deposits is added to this amount.

As for exposure to liquidity risk, the contractual maturities of financial liabilities on the date of the financial statement are shown below.:

			Contractual cash flows						
	Notes	Book value	2021	2022	2023	2024	2025	>2026	Total
Financial liabilities									
Trade payables		182,707	182,707	-	-	-	-	-	182,707
Technical provision (i)	21	139,854	139,854	-	-	-	-	-	139,854
Loans, financing and debentures	19	2,042,711	60,192	667,686	621,943	607,824	107,005	104,074	2,168,724
Leases	20	979,648	100,706	125,892	117,336	109,970	105,499	2,160,379	2,719,782
Other accounts payable		230,670	154,534	76,136	-	-	-	-	230,670
Dividends and interest on own capital payable	24.c	201,441	201,441	-	-	-	-	-	201,441
		3,777,030	**839,434**	**869,714**	**739,279**	**717,794**	**212,504**	**2,264,453**	**5,643,178**

(i) Comprised of outstanding claims reserve, pursuant to note 21.

The cash flow forecast is prepared by the Company and its subsidiaries, and continuous forecasts of liquidity requirements are monitored to ensure that the Company and its subsidiaries have sufficient cash to meet operating needs. This forecast takes into account the cash generation of the Company and its subsidiaries.

32 Insurance coverage

The Group has insurance to cover risks declared in the premium amount of R$ 4,735 with insured amount in the amount of R$ 1,402,522 which includes guarantees, construction, supply or provision of services, judicial insurance (labor, civil and tax), surety bond rental, property insurance and fleets.

It has civil liability insurance contracts for administrators and directors from July 2020 to June 2021 and a maximum guarantee limit of R$ 50,000. Coverage includes moral damages, personal property and guarantees, emergency costs, among others.

The Company maintains insurance contracts with coverage determined by expert guidance taking into account the nature and degree of risk for amounts considered sufficient to cover possible losses on its assets and/or liabilities.

33 Subsequent events

Public offering pricing with restricted placement efforts (follow-on)
At a meeting of the Company's Board of Directors, held in April 2021, the public offering for primary and secondary distribution (“Offering”) was approved.

Within the scope of this public offering of primary and secondary distribution of common shares issued by the Company, all registered, book-entry shares, with no par value, free and clear of any liens or encumbrances, were placed: (i) 135,000,000 (one hundred and thirty five million) new shares (Primary Offering); and (ii) 45,000,000 (forty five million) shares held by certain individual selling shareholders, totaling R$ 2,700,000.

At a meeting of the Company's board of directors, held on April 20, 2021, the following were approved: (i) the price per share of R$ 15.00; (ii) the effective increase in the Company's capital stock in the total amount of R$ 2,025,000, equivalent to the issue of 135,000,000 (one hundred and thirty five million) new shares of the Company; and (iii) the approval of the capital increase.

As a result of the Offer, the Capital Stock increased from R$ 5,825,522, divided into 3,714,929,530 (three billion seven hundred and fourteen million nine hundred twenty nine thousand five hundred and thirty) shares, to R$ 7,850,521, divided into 3,849,929,530 (three billion eight hundred forty nine million nine hundred twenty nine thousand five hundred thirty) shares.

Share-based payments

Stock Grant

At the Extraordinary General Meeting, held on April 30, 2021, the Company's Performance Award Policy was approved, with the intention of paying a share premium in case of extraordinary performance in relation to the work to be performed by eligible employees to that policy. In this way, the Company will pay a Premium, net of any taxes, once certain goals described in the Policy are exceeded, which is available on the Company's Investor Relations website.

Stock Options

At the Extraordinary General Meeting, held on April 30, 2021, it was approved, but, according to art. 125 of the Civil Code, with its effects suspended until the closing date of the Transaction with Notre Dame Intermédica Participações S.A., a Stock Option Plan, granting a number of Options that entitles participants to, jointly, acquire a number of shares equivalent to up to 56,933,028 shares representing the Company's capital stock.

Corporate reorganizations

On April 30, 2021, Ultra Som Serviços Médicos S.A., a wholly-owned subsidiary of the Company, had its capital reduced in the amount of R$ 3,511,714,906.00 (three billion, five hundred and eleven million, seven hundred and fourteen thousand nine hundred and six reais) as a result of a partial spin-off operation, through which investments in São Francisco Sistemas de Saúde Sociedade Empresarial Ltda. and São Francisco Odontologia Ltda., for Hapvida Assistência Médica Ltda., a company whose voting capital is wholly owned by the Company, whose share capital was increased by the same amount in exchange for the absorption of the split-off portion mentioned above.

On September 4, 2020, Ultra Som Serviços Médicos S.A. (Ultra Som) entered into a purchase and sale agreement for the acquisition of 100% of the shareholding in Vida Saúde Gestão S.A. (Vida Saúde), Promed Assistência Médica Ltda., Promed Brasil Assistencial Medica Ltda., Health - Unified Assistance System of Enterprises Ltda., Centro Médico Progroup Ltda., Med Clínicas Serviços Médicos Ltda., Hospital Progroup Ltda. and 96.5% of the equity interest in Hospital Vera Cruz S.A. (Grupo Promed and Operation, respectively). Part of the acquisition price of the Promed Group will involve the merger of shares issued by Vida Saúde by Ultra

Som and, in an immediately subsequent act, the merger of shares issued by Ultra Som by the Company, resulting in the delivery of 41,640,220 common shares of Ultra Som. issuance of the Company to the current shareholders of Vida Saúde, which represents a value of R$ 500,192,765.50, as disclosed to the market in the form of a material fact on April 30, 2021 (Merger of Shares). The Transaction and Merger of Shares, despite being approved by the shareholders meeting at an extraordinary general meeting dated April 30, 2021, is still under approval by the National Supplementary Health Agency (ANS) and the verification of other conditions precedent for its effective completion and effectiveness.

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Cândido Pinheiro Koren de Lima
Chairman of the Board of Directors

Jorge Fontoura Pinheiro Koren de Lima
CEO

Maurício Fernandes Teixeira
Chief Financial Officer and Investor Relations Officer

Paulo Victor Oliveira de Alencar
Accountant CRC CE-022992/O-2