

# 4Q20 RESULTS



## Quarterly Results– 4Q20

- Net Revenues of R\$2.3 billion (+27.3%) in 4Q20 and R\$8.6 billion (+51.8%) in 2020
- Health and dental beneficiaries grow 5.5%
- Cash MLR of 59.5% (+2.7 p.p.) in 4Q20 and 56.4% (-1.0 p.p.) in 2020
- EBITDA of R\$431.8 million (+15.2%) in 4Q20 and R\$2.0 billion (+63.8%) in the year
- Margin EBITDA of 19.0% (-2.0 p.p.) in 4Q20 and 23.6% (+1.7 p.p.) in 2020

Earnings Call

March, 19th, 2021 (Friday)

Portuguese (with simultaneous translation into English)

11am (Brazil) | 10am (US/DST)

Webcast: [ri.hapvida.com.br/en](https://ri.hapvida.com.br/en)

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**HAPV**

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# Message from Management

We are immensely grateful that, in these challenging times, we were able to provide our beneficiaries, scattered across the five regions of Brazil, with all the welcome and care they needed to get through the pandemic in a period of great uncertainty, while continuing to build our business. 2020 was an extremely difficult year, with irreparable losses for many families. We thank the 6.7 million Brazilians who trust Hapvida to receive their medical and dental care.

With 271 thousand net adds of beneficiaries in the fourth quarter we surpassed the mark of 6.7 million customers in medical and dental plans. In 2020, we added 344 thousand beneficiaries, reaching R\$8.6 billion in annual net revenues (+51.8% yoy) and increasing EBITDA by 63.8%, to R\$2.0 billion. Net revenues in the quarter reached R\$2.3 billion, growing 27.3% in comparison with the same quarter of the previous year, already considering the contribution of the acquired companies. MLR ex-ReSUS in the fourth quarter was 61.9%, an increase of 3.9 pp, due to the additional costs resulting from the entrance into operation of new assistance units, the higher MLR level of the acquired companies (Grupo São Francisco, Grupo América, Medical and Grupo São José) and, also, for the coexistence between elective procedures and the consultations and hospitalizations caused by Covid-19. On the other hand, we were efficient in managing sales expenses, reaching an index of 7.4% and administrative expenses with an index of 9.1%. As a result, our EBITDA grew 15.2% and reached R\$431.8 million in 4Q20.

In 2020 we maintained a strong pace of expansion and qualification of our operations. Investments in physical structure totaled more than R\$233 million with 235 thousand square meters built or renovated. We ended the year with a total of 464 care units among hospitals, emergency units, clinics and imaging and lab diagnostic units. On the acquisitions front, we announced eight new transactions in 2020: the purchase of Grupo São Jose (São José dos Campos/SP), Grupo Promed (Belo Horizonte/MG), Hospital Nossa Senhora Aparecida and customer portfolios of Samedh and Plamheg (Goiás) operators, in addition to the acquisition of Grupo Santa Filomena (Rio Claro/SP). Finally, in November, we announced the acquisition of Premium Saúde operator with a portfolio of approximately 125 thousand beneficiaries concentrated in Belo Horizonte, Montes Claros/MG and Brasília/DF. We also innovated to speed up the verticalization process using new forms of contracting, such as the lease of Hospital Sinhá Junqueira (Ribeirão Preto/SP) and part of Hospital Mário Palmério (Uberaba/MG). Our permanent focus on increasing our own network and the consequent verticalization of medical expenses will allow us to continue offering a high-quality product at an affordable cost to everyone.

We trust our business model and believe in the replicability of the vertical and integrated model. In this sense, we continue to advance the integration of the newly acquired assets, such as the conclusion of the merger of the operators and care units belonging to the América Group in less than a year. The second stage of integration of the São Francisco Group continues according to our original schedule, with the systems implementation phase having started in February. With the completion of the integrations, we remain focused on absorbing synergies and preparing these assets to become major regional platforms for organic and inorganic growth.

Innovation remains an important pillar for Hapvida. In 2020, we implemented Octopus, an artificial intelligence platform that assesses medical requests, giving the pre-authorization process greater quality, efficiency and speed. We inaugurated our Operational Technical Center (or NTO, in Portuguese), in the city of Recife/PE, the first such facility outside Europe. With the capacity to process up to 5 million exams per month, the Recife NTO will replace 18 regional NTOs and will process around 95% of the laboratory exams, further increasing our level of verticalization. We quickly launched our new telemedicine platform, allowing us to monitor our beneficiaries closely, in the safety and comfort of their homes. Since the beginning of the pandemic, more than 300 thousand teleconsultations have been carried out. We expanded our digital experience and performed our sales conventions 100% online for the first time to energize our sales force. We launched our new 100% digital and online sales platform, making it easy to hire health insurance directly and securely. In the fourth quarter, the vice-presidency of Digital and Innovation was created, strengthening our new pillar of innovation, and continuing our pioneering spirit in the creation, use and improvement of new technologies. With that, we hope that digitization and digital transformation initiatives will pick up speed.

In 2020 we published our first Annual Sustainability Report following the guidelines of the Global Reporting Initiative, the first and most widespread methodology for producing reports in Brazil and worldwide. This document is a great tool to increase our transparency with all stakeholders, reinforcing our commitment to ESG issues (environmental, social and governance), which are equally important factors for the success of the business. In fact, Hapvida was included in the FTSE4Good, one of the most important international sustainability indexes made up of companies that demonstrate strong ESG practices.

All of those efforts, among others, resulted in the Institutional Investor 2020 ranking recognition, the largest and most respected ranking of the capital markets in the world, with Hapvida receiving several awards for the health sector in Latin America. We were chosen as the most innovative company in the “Insurance and Health Plans” segment and one of the 100 most innovative companies in Brazil (out of 3,000 applicants), receiving the Whow! 2020 award. In the most recent edition of the Conarec Award, we were recognized as the best in the “Relationship Sector” in Brazil in the Health category. This award is the greatest recognition of relational intelligence and engagement among players in the customer relationship market.

At the end of February 2021, at a historic moment in the private healthcare sector in Brazil, we presented to the market an association agreement between Hapvida and Notre Dame Intermédica Group (GNDI). We believe that this potential business combination could be transformational for the country. The creation of a player with a national presence will allow offering a superior value proposition to customers, expanding and democratizing access to quality health care. The two companies are awaiting the approval of their respective shareholders at general meetings that will take place on March 29, 2021.

We are extremely proud of our employees and our achievements in 2020. Our performance in the past year gives us confidence to believe that we will be able to successfully navigate future challenges. To our shareholders and board of directors, thank you very much.

**Jorge Pinheiro**  
**CEO**

## Our Pillars



**Quality**



**Care**



**Innovation**



**Cost  
Efficiency**

# Summary

## 1. INTEGRATION AND REPORTING CRITERIA

In the 4<sup>th</sup> quarter of 2020, we concluded the following acquisitions: on November 3, 2020 - Medical Medicina Cooperativa Assistencial de Limeira (Medical) and on December 1, 2020 - Clínica São José Ltda. (Grupo São José). Consequently, the assets, liabilities and results of Medical and Grupo São José are fully reflected on our balance sheet, income statement and cash flow. The consolidated financial statements for Hapvida's 4<sup>th</sup> quarter of 2020 include two months of Medical operations and one month of Grupo São José's. It is important to note that in the comparative period of 2019, Grupo São Francisco entered on November 1, 2019 and América on December 2, proportionally impacting the comparability between these periods. The effects of consolidation of the acquired companies will be highlighted throughout this earnings release.

## 2. HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R\$ million)	4Q20	4Q19	Var. %	3Q20	Var. %	2020	2019	Var. %
Net Revenues	2,273.5	1,785.4	27.3%	2,126.4	6.9%	8,555.0	5,634.4	51.8%
Medical Costs - Cash	1,352.1	1,013.3	33.4%	1,227.0	10.2%	4,828.3	3,235.3	49.2%
Medical Costs - Ex-SUS	1,406.6	1,035.1	35.9%	1,271.0	10.7%	4,997.1	3,277.5	52.5%
Total Medical Costs	1,512.4	1,104.1	37.0%	1,284.4	17.7%	5,209.0	3,400.4	53.2%
Sales Expenses	169.3	146.5	15.5%	167.1	1.3%	670.7	519.7	29.1%
Administrative Expenses <sup>1</sup>	207.4	188.6	9.9%	200.6	3.4%	818.3	573.9	42.6%
EBITDA	431.8	374.7	15.2%	512.2	-15.7%	2,019.6	1,233.3	63.8%
Net Income	94.3	210.6	-55.2%	247.8	-62.0%	785.3	851.8	-7.8%
Net Income ex-value added	281.5	275.7	2.1%	373.5	24.6%	1,300.4	916.9	41.8%
CONSOLIDATED RATIOS (% ROL)	4Q20	4Q19	Var. %	3Q20	Var. %	2020	2019	Var. %
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	59.5%	56.8%	2.7 p.p.	57.7%	1.8 p.p.	56.4%	57.4%	-1.0 p.p.
Ex-SUS MLR	61.9%	58.0%	3.9 p.p.	59.8%	2.1 p.p.	58.4%	58.2%	0.2 p.p.
Total MLR	66.5%	61.8%	4.7 p.p.	60.4%	6.1 p.p.	60.9%	60.4%	0.5 p.p.
Sales Expenses	7.4%	8.2%	-0.8 p.p.	7.9%	-0.5 p.p.	7.8%	9.2%	-1.4 p.p.
Administrative Expenses <sup>2</sup>	9.1%	10.6%	-1.5 p.p.	9.4%	-0.3 p.p.	9.6%	10.2%	-0.6 p.p.
Ebitda Margin	19.0%	21.0%	-2.0 p.p.	24.1%	-5.1 p.p.	23.6%	21.9%	1.7 p.p.
Net Income Margin	4.1%	11.8%	-7.7 p.p.	11.7%	-7.6 p.p.	9.2%	15.1%	-5.9 p.p.
Net Income Margin ex-value added	12.4%	15.4%	-3.0 p.p.	17.6%	-5.2 p.p.	15.2%	16.3%	-1.1 p.p.
OPERATING HIGHLIGHTS	4Q20	4Q19	Var. %	3Q20	Var. %			
<b>Members Health and Dental (thousands)</b>	<b>6,673</b>	<b>6,328</b>	<b>5.5%</b>	<b>6,401</b>	<b>4.2%</b>			
Members Health	3,744	3,511	6.6%	3,553	6.6%			
Members Dental	2,929	2,817	4.0%	2,848	4.0%			
<b>Proprietary service network</b>	<b>464</b>	<b>445</b>	<b>4.3%</b>	<b>446</b>	<b>4.0%</b>			
Hospitals	45	39	15.4%	41	9.8%			
Emergency Units	46	42	9.5%	42	9.5%			
Clinics	198	185	7.0%	188	5.3%			
Diagnostics	175	179	-2.2%	175	0.0%			

<sup>1</sup> Administrative Expenses without depreciation and amortization. <sup>2</sup> Administrative Expenses ratio measured by dividing total administrative expenses without depreciation and amortization by net revenues.

# Quality of Care

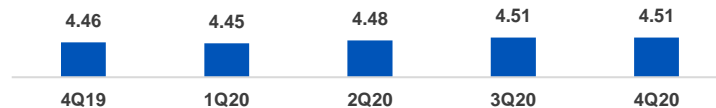
## 3. QUALITY OF CARE

Hapvida's culture values operational excellence, cost control, innovation, and, above all, high quality care. Our efforts seeking for new solutions through several ongoing initiatives always aim to increase operational efficiency and improve the customer's perception of the quality of the services we provide. We created innovative solutions with substantial results in our operations and the level of service offered to our beneficiaries.

### 5-STAR SERVICE

The 5-star service, first implemented in 2019, is an instant satisfaction survey with ratings between 1 and 5 stars carried out by our customers after each eligible interaction. This program is a valuable tool for the entire Company as it will enable us to see opportunities for improvement and recognize the best performance in serving our customers. Our hospitals, clinics, diagnostic units, walk-in emergency centers, laboratory collection points, dentistry services, preventive medicine units, telemedicine and the wellness and well-being promotion programs (such as Nascir Bem, Viver Bem and Family Doctor) are evaluated. Throughout the program's existence, we have received almost 7 million evaluations. In the fourth quarter of 2020 more than 720 thousand evaluations were received. The overall average for the month of December 2020, based on 205 thousand evaluations, was 4.51.

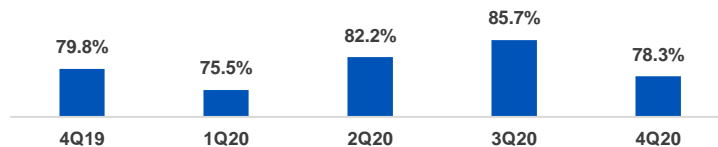
5-star service



### WAITING TIME FOR URGENT/EMERGENCY CARE

Hapvida has a tech platform with a system that allow 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 4Q20, 78.3% of all of 0.9 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 3Q20 is due to a greater number of services related to Covid-19 concomitant with other urgent/emergency care.

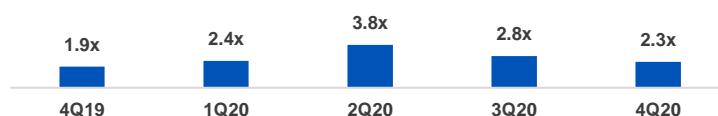
Service in 15 minutes or less



### VIVER BEM – A VIDAHA PROGRAM

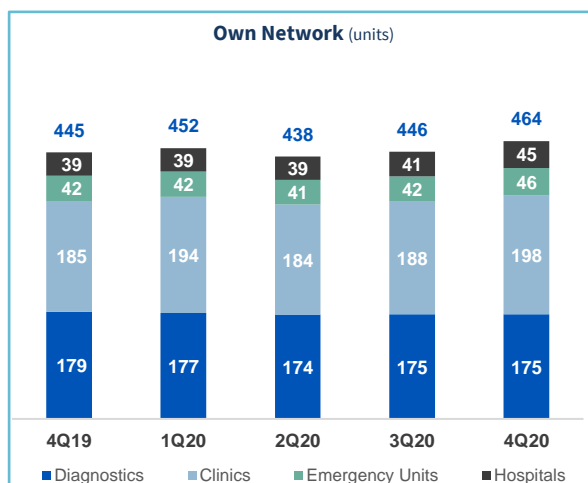
Viver Bem is a wellness program for Hapvida's beneficiaries that offers a resolute and efficient service aiming to reduce diabetes complications. A robot system identifies through patients' blood tests with some alterations that indicate that they have or may have type 2 diabetes mellitus. The contact 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 december of 2020 the group of monitored patients presented a very significant improvement in glycated hemoglobin when compared to the control group. At the end of 2020, around 6,500 patients were enrolled in this program.

Improvement of glycated hemoglobin - higher than control group



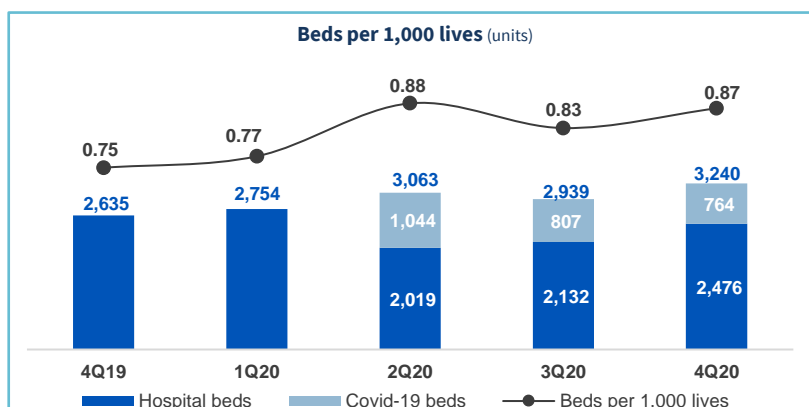
#### 4. PROPRIETARY CARE NETWORK

In 2020, Hapvida continues to expand its own network through the inauguration of new units, and the expansion and remodeling of the existing ones. We remain focused on our strategy of increasing verticalization levels to guarantee the quality of care, cost efficiency, better control losses and frequency of utilization (usage).



The company ended the 4Q20 with 45 hospitals, 46 emergency care units, 198 clinics and 175 diagnostic imaging and laboratory collection units, thus totaling 464 service units accessible to our beneficiaries, in all five regions of the country. Included in the figures the assets from the acquired companies approved until the end of 2020.

During this quarter, 11 medical clinics were opened (6 were closed), 2 emergency care (1 closed) and 7 diagnostic units (7 closed), in line with the modernization and consolidation process in new and large units. With the closing of the operations of Grupo São José and Medical, 12 care units were added.



In the end of 2020, we had a total of 3,240 hospital beds in operation, which represents an increase of 605 beds compared to the same quarter of the previous year. The main movements were: 110 beds at Hospital Sinhá Junqueira (SP) and 27 beds at Hospital Mário Palmério (MG). In Pará, there was a net increase of 22 beds after an increase of 100 beds at Hospital Rio Mar and a reduction of 78 beds at Hospital Layr Maia, which closed for renovation. With the inclusion of the acquired companies approved in 4Q20, we have the following additions: 97 beds from Medical and 102 beds from Grupo São José.

In the quarter, there were 764 beds for the treatment of covid-19, a reduction of 43 beds compared to 3Q20.

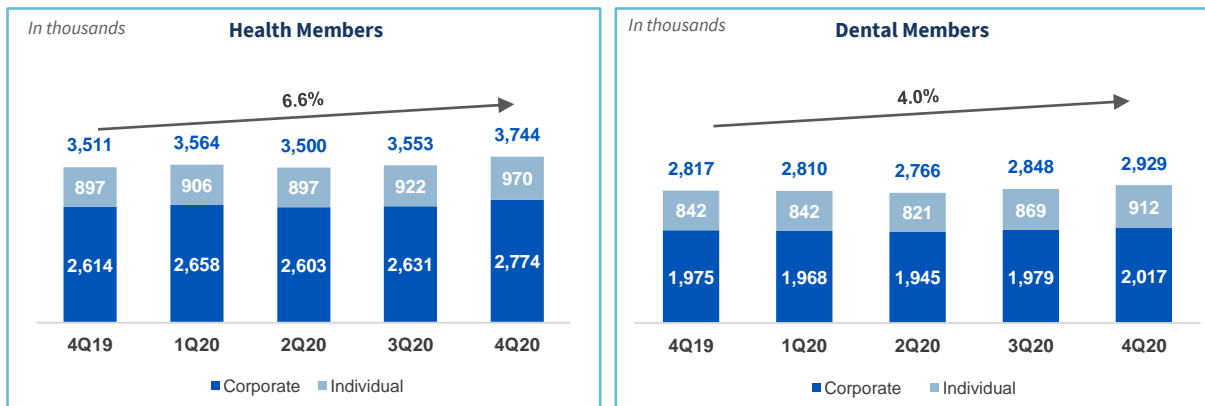
# Financial Results

## 5. MEMBERS

The number of health plan beneficiaries at the end of the quarter increased by 6.6% compared to the last year, influenced by:

- (i) the entry of 75 thousand lives from Medical (11 thousand lives in individual plans and 64 thousand lives in group plans);
- (ii) 53 thousand lives from Grupo São José (14 thousand lives in individual plans and 38 thousand lives in group plans); and
- (iii) 44 thousand lives from RN Saúde (7 thousand lives in individual plans and 37 thousand lives in group plans).

Regarding organic growth (excluding acquisitions), there was a net increase of 55 thousand lives (23 thousand in individual plans and 32 thousand in group plans) in Hapvida and an increase of 6 thousand lives (17 thousand in individual plans and -11 thousand group plans) on the acquired companies (GSF and América).

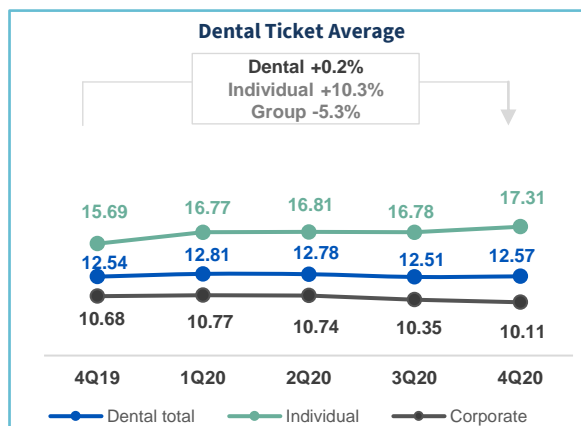
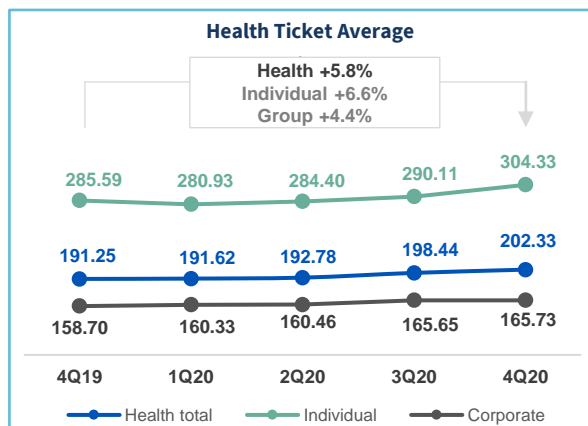


The number of dental plan beneficiaries grew by 4.0% in the quarter compared to the same period last year. Organically, there was an increase of 70 thousand lives in individual plans and 39 thousand lives in group plans. There were also the entry of 2 thousand lives in group plans with the acquisition of Medical.

## 6. AVERAGE TICKET

The average ticket of members with healthcare coverage grew by 5.8% compared to 4Q19, mainly due to new sales and readjustments to existing contracts, which also reached members of individual/family plans this quarter. There was also the entry of members from Medical and Grupo São José that have higher average tickets. The average GSF ticket increased by 2.8% compared to 4Q19. The amount of R\$38.1 million referring to the retroactive adjustments from May to September/2020 was disregarded for the calculation of the average ticket.

## 6. AVERAGE TICKET (continued)



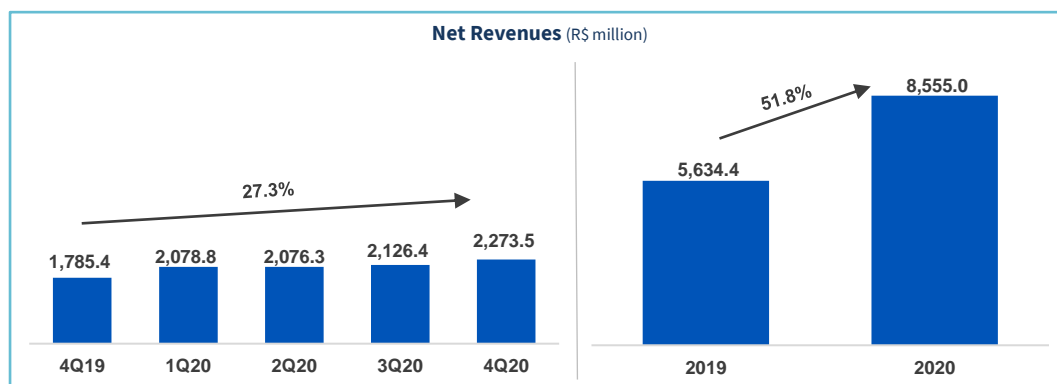
The average ticket in the dental segment grew by 0.2% in comparison with the same period of the previous year due to a lower average ticket of all companies, except for GSF. Average ticket for GSF increased by 0.7% compared to 4Q19, with emphasis on individual plans, which grew by 6.0%.

## 7. NET REVENUES

Net revenues in 4Q20 grew 27.3% when compared to 4Q19 mainly influenced by:

- (i) an organic increase of 215 thousand lives in the base of health and dental beneficiaries, mainly in the cities of Fortaleza, Recife and Joinville;
- (ii) 5.8% increase in the average ticket for medical plans, reflecting the price adjustments implemented in the existing contracts necessary for their economic balance and new sales;
- (iii) R\$174.5 million from Grupo São Francisco in October 2020 (in 4Q19 only the months of November and December/2019 were included), R\$65.6 million from Grupo América for October and November 2020 (in 4Q19 only revenue from December/2019 was considered), for R\$31.1 million from RN Saúde, R\$30.8 million from Medical (November and December 2020) and R\$16.9 million from Grupo São José (December/2020 only); and
- (iv) R\$134.8 million referring to the recognition of adjustment revenue in 2020 (R\$38.1 million retroactive referring to the period from May to September/2020 and the remaining referring to 4Q20), but which will be charged in 12 installments throughout 2021 as determined by ANS applying to the individual/family contracts.

Net revenues for 2020 were R\$8.6 billion, growth of 51.8% in comparison with the same period of the previous year, influenced by the same comments already mentioned.





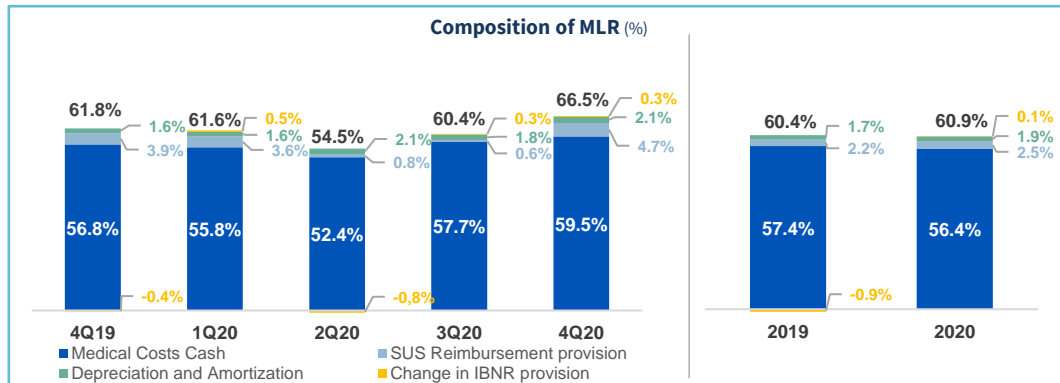
## 8. MLR AND MEDICAL COSTS

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.

### 8.1 MLR and Medical Costs

#### Composition of MLR and Medical Cost

(R\$ million)	4Q20	4Q19	4Q20 x 4Q19	2020	2019	2020 x 2019
Medical Costs – Cash	(1,352.1)	(1,013.3)	33.4%	(4,828.3)	(3,235.3)	49.2%
Depreciation and Amortization	(47.4)	(28.6)	65.5%	(162.7)	(93.0)	74.9%
Change in IBNR provision	(7.1)	6.9	(203.1%)	(6.1)	50.8	(112.0%)
Change in SUS reimbursement provision	(105.8)	(69.0)	53.2%	(211.9)	(122.9)	72.4%
<b>Medical Costs - Total</b>	<b>(1,512.4)</b>	<b>(1,104.1)</b>	<b>37.0%</b>	<b>(5,209.0)</b>	<b>(3,400.4)</b>	<b>53.2%</b>
<b>Cash MLR (ex-IBNR; ex-SUS; ex-D&amp;A)</b>	<b>59.5%</b>	<b>56.8%</b>	<b>2.7 p.p.</b>	<b>56.4%</b>	<b>57.4%</b>	<b>-1.0 p.p.</b>
<b>MLR (ex-SUS)</b>	<b>61.9%</b>	<b>58.0%</b>	<b>3.9 p.p.</b>	<b>58.4%</b>	<b>58.2%</b>	<b>0.2 p.p.</b>
<b>Total MLR</b>	<b>66.5%</b>	<b>61.8%</b>	<b>4.7 p.p.</b>	<b>60.9%</b>	<b>60.4%</b>	<b>0.5 p.p.</b>



Cash MLR (which excludes D&A, changes in IBNR and provision for reimbursement to SUS) was 59.5% in 4Q20 and 56.4% in 2020, an increase of 2.7 p.p. and a reduction of 1.0 p.p. in comparison with the same periods of the previous year. The main impacts on MLR were:

(i) gradual return of the volume of elective procedures. At the same time, there was a gradual increase in the number of emergency care and hospitalizations related to COVID-19 in some regions, with expenses with personnel, materials and drugs, location and operation and third parties service in the order of R\$27.8 million in 4Q20, which did not occur in 4Q19. A reduction of 1.0 p.p. in the year is explained by the temporary suspension of elective procedures in 2Q20 and 3Q20, which more than offset the higher level of MLR of acquired companies and the increase in care expenses in 4Q20. In the full year of 2020, the costs of Covid-19 under the items mentioned totaled R\$127.2 million;

(ii) higher level of MLR of the acquired companies that are included in Hapvida's consolidated number in 2020 but are not present in the comparative periods of 2019. The MLR of recently-acquired companies is on a downward trend due to initiatives for the integration and standardization of procedures, respecting the seasonality among the quarters;

(iii) collective bargaining agreement and hiring of new employees, including personnel expenses from new units (R\$28.2 million in 4Q20 and R\$108.8 million in 2020);

(iv) increase in expenses with materials of new units in operation, in particular the new laboratory processing unit - Operational Technical Center (or NTO, in Portuguese) (R\$3.2 million in 4Q20 and R\$5.6 million in 2020); and

(v) reclassification of amounts that were recorded as administrative expenses related to certain services provided in the operations of the companies São Francisco Resgate (medical-hospital removal) and Documenta (imaging diagnostics), but which are, by nature, medical losses (R\$4.3 million in 4Q20 and R\$9.6 million in 2020).

## 8. MLR AND MEDICAL COSTS (continued)

### 8.1 Medical costs and MLR (continued)

The total medical loss ratio was 66.5% in 4Q20 and 60.9% in 2020, an increase of 4.7 p.p. and 0.5 p.p. compared to the same comparative period of the previous year. In addition to the impacts on the cash loss ratio already mentioned above, there were:

- (i) an increase in depreciation due to the increase in the number of care assistance units resulting from both organic and inorganic growth (R\$18.8 million in 4Q20 and R\$69.7 million in 2020);
- (ii) increase in the provision for reimbursement to SUS due to the normalization of issuance of both ABIs and collection invoices by ANS (higher costs of R\$36.7 million in 4Q20 and R\$88.9 million in 2020); and
- (iii) constitution of IBNR (R\$7.1 million in 4Q20 and R\$6.1 million in 2020) as opposed to a reversal occurred in the comparative period of 2019 (-R\$6.9 million in 4Q19 and -R\$50.8 million in 2019).

MLR ex-SUS, the index that best represents the performance of our operations and which excludes the variation in the provisions for reimbursement to SUS, was 61.9% in 4Q20 and 58.4% in 2020, an increase of 3.9 p.p. and 0.2 p.p. in relation to the same comparative periods.

The Company continues to show gains in operational efficiency as a result of medical loss management projects and stronger wellness promotion programs. We also presented growth in verticalization of medical costs with an increase of 1.8 p.p. and 1.2 p.p. in the volume of emergency care (medical appointments, hospitalizations and exams) performed in our own network in 4Q20 and 2020. The representativeness of care expenses in the own network increased by 12.5 p.p. in 4Q20 in comparison with 4Q19 and by 4.2 p.p. in 2020 versus 2019.

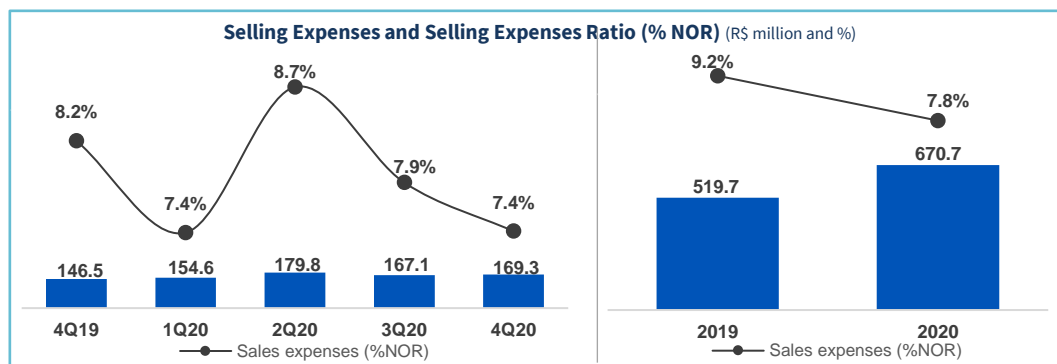
### 8.2 SUS reimbursement provisions

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.

Due to the pandemic, appeals terms remained suspended and, therefore, no new GRUs were received during 2Q20 and 3Q20. During the fourth quarter of 2020, ANS normalized issuance of new GRUs, with a net impact of R\$106.5 million in the provision. During 4Q20, two new ABI lots were received (#s 83 and 84). Due to the acceleration of GRU emissions and changes in the percentage of the collection history sent by ANS, there were more reversals than the constitution of ABI provisions, with a positive net impact of R\$16.0 million. The GRU submission and provision process was normalized in the fourth quarter of 2020 and the expectation is that the process will start to flow within normality from now on.

<b>R\$ million</b>	<b>4Q20</b>	<b>4Q19</b>	<b>2020</b>	<b>2019</b>
ABIs' provision	(16.0)	44.6	38.9	61.0
GRUs' principal	106.5	35.0	145.3	56.5
Interest, monetary adjustments and fines	-	32.3	-	48.4
Reclassification of interest, monetary restatement and fines to Financial results	-	(48.4)	-	(48.4)
SUS Reimbursement – Acquired Companies	15.3	5.5	27.7	5.5
<b>SUS Reimbursement – Medical Cost</b>	<b>105.8</b>	<b>69.0</b>	<b>211.9</b>	<b>122.9</b>
Interest, monetary adjustments and fines	22.6	48.4	75.1	48.4
SUS Reimbursement – Financial Result	<b>22.6</b>	<b>48.4</b>	<b>75.1</b>	<b>48.4</b>
<b>SUS Reimbursement - Total</b>	<b>128.3</b>	<b>117.4</b>	<b>287.0</b>	<b>171.3</b>

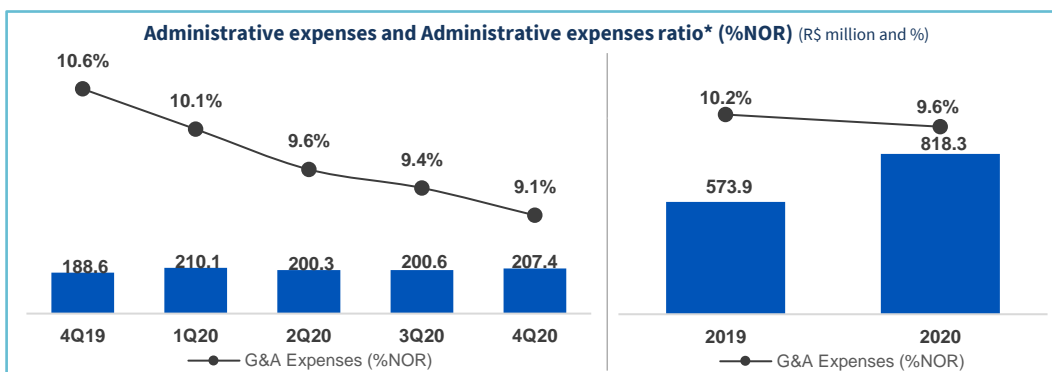
## 9. SELLING EXPENSES



The selling expenses ratio was 7.4% in 4Q20 and 7.8% in 2020, a reduction of 0.8 p.p. and of 1.4 p.p. compared to the same periods of the previous year. The reduction in the index is justified, mainly by:

- (i) the acquired companies that operate with a sales expense index lower than that of Hapvida;
- (ii) operating leverage with some expenses, such as publicity and advertising, showing less growth than revenue in the comparative periods; and
- (iii) the reduction in the level of default, which reduced the provision for losses on receivables.

## 10. ADMINISTRATIVE EXPENSES



**\*Current and past figures are being presented without depreciation and amortization charges.**

The administrative expenses ratio was 9.1% in 4Q20 and of 9.6% in the year, reductions of 1.4 p.p. and 0.6 p.p. compared to the same periods of the previous year.

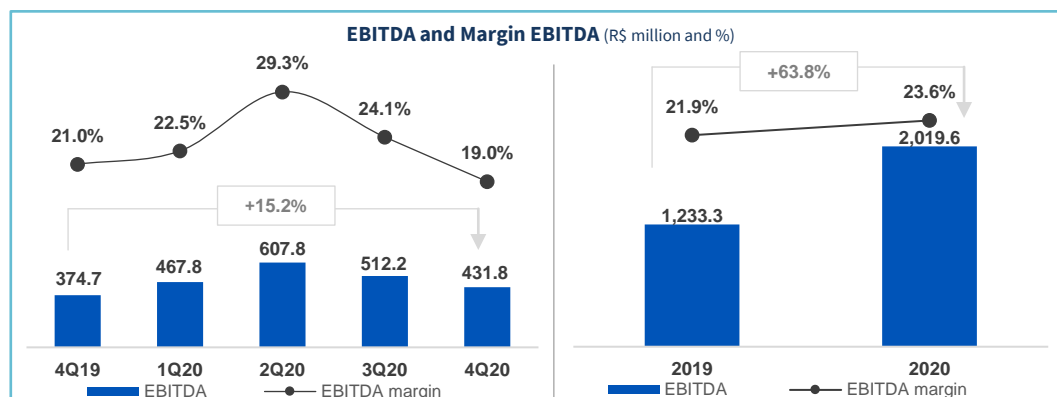
The main positive impacts for this reduction were:

- (i) third-party services related to expenses related to M&A initiatives that occurred in 4Q19 and that were not repeated (R\$39.0 million in 4Q19 and 2019); and
- (ii) reclassification of amounts that were recorded as administrative expenses related to certain services provided in the operations of the companies São Francisco Resgate (medical-hospital removal) and Documenta (imaging diagnostics), which are, by nature, medical losses (R\$4.3 million in 4Q20 and R\$9.6 million in 2020).

The negative impacts were:

- (i) collective bargaining agreement and hiring of new employees (R\$7.1 million in 4Q20 and R\$25.2 million in 2020);
- (ii) increase in variable compensation (R\$2.4 million in 4Q20 and R\$26.3 million in 2020); and
- (iii) higher provision for contingencies in relation to the reversal of R\$14.9 million in the recognition of the case brought forward and judged related to the reimbursement of the supplementary health fee paid in previous years, which occurred in 4Q19 and which was not repeated in 4Q20 and 2020.

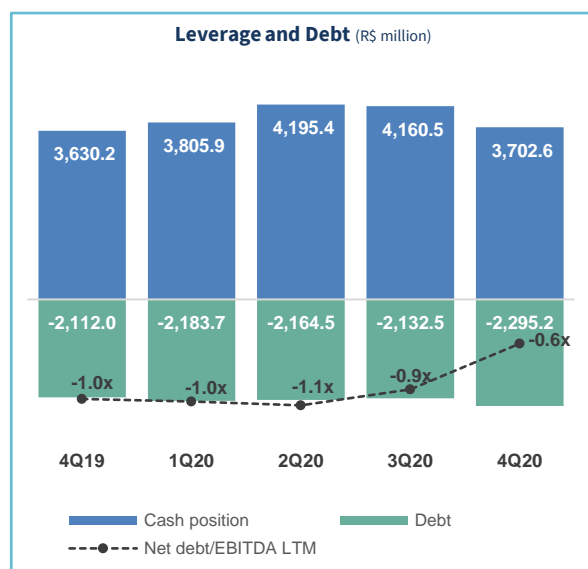
## 11. EBITDA



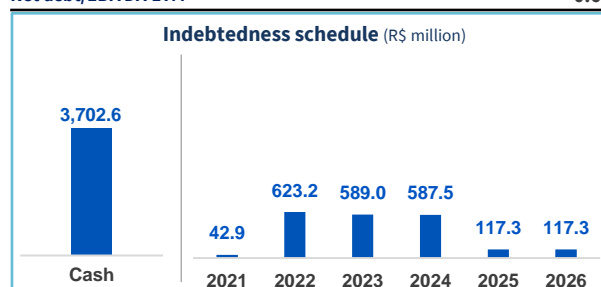
EBITDA reached R\$431.8 million in 4Q20 and R\$2,019.6 million in 2020, an increase of 15.2% and 63.8%, respectively, compared to the same comparative periods of 2019. EBITDA Margin in 4Q20 was 19.0% and 23.6% in 2020, reduction of 2.0 p.p. in 4Q20 and increase of 1.7 p.p. in 2020 in the same comparison.

## 12. DEBT

At the end of 2020, the Company had a balance of R\$2,016.4 million comprised of the balance of debentures outstanding as well as the balance of outstanding debt inherited from acquired companies of R\$60.9 million. The chart below shows the payment schedule for the consolidated debt. The net financial debt/EBITDA ratio in 4Q20 is -0.6x due to the net cash position of R\$1.4 billion.



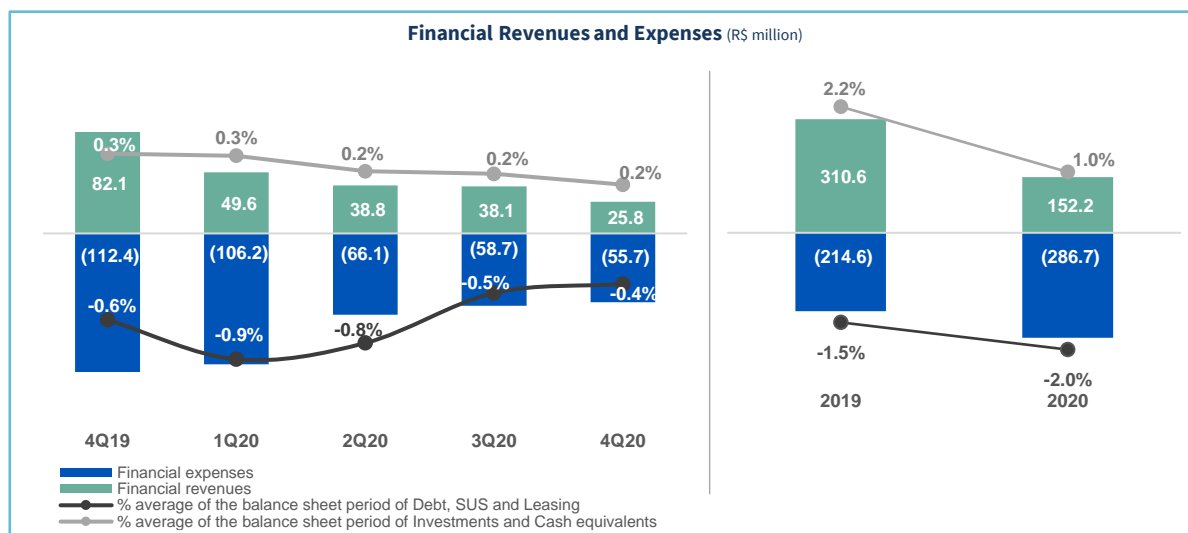
Net debt/Ebitda (R\$ million)		12/31/2020
Short-term debt*		39.3
Long-term debt*		2,023.4
Other accounts payable (acquired companies)		232.5
<b>Total debt</b>		<b>2,295.2</b>
(-) Cash and cash equivalents and short-term and long-term investments (proforma)		3,702.6
<b>Net debt (Net cash)</b>		<b>(1.407.5)</b>
EBITDA LTM**		2,241.1
<b>Net debt/EBITDA LTM**</b>		<b>-0.6x</b>



\* Debt balance considers the value of debentures net of its respective transaction costs plus other financing lines net from financial instruments.

\*\* Adjusted EBITDA excluding provisions for impairment of accounts receivable.

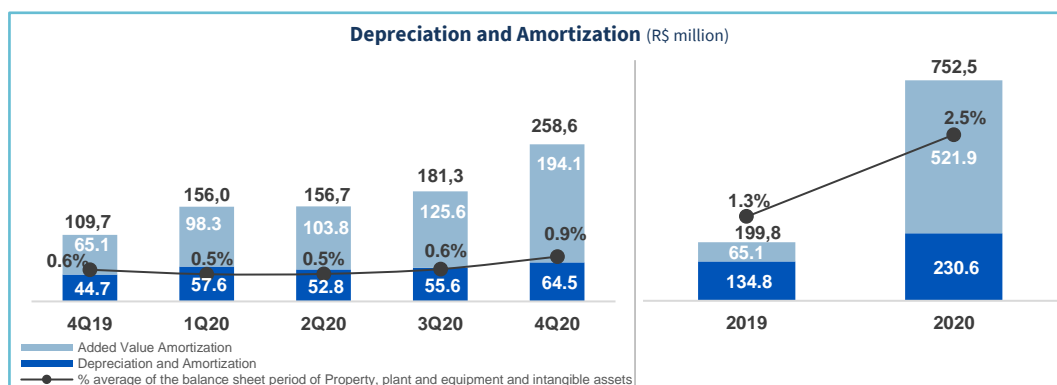
### 13. FINANCIAL RESULTS



Net financial results in 4Q20 totaled expenses of R\$30.0 million (R\$55.7 million financial expenses and R\$25.8 million in income) and an expense of R\$134.5 million in 2020 (R\$286.7 million in financial expenses and R\$152.2 million in income), influenced by:

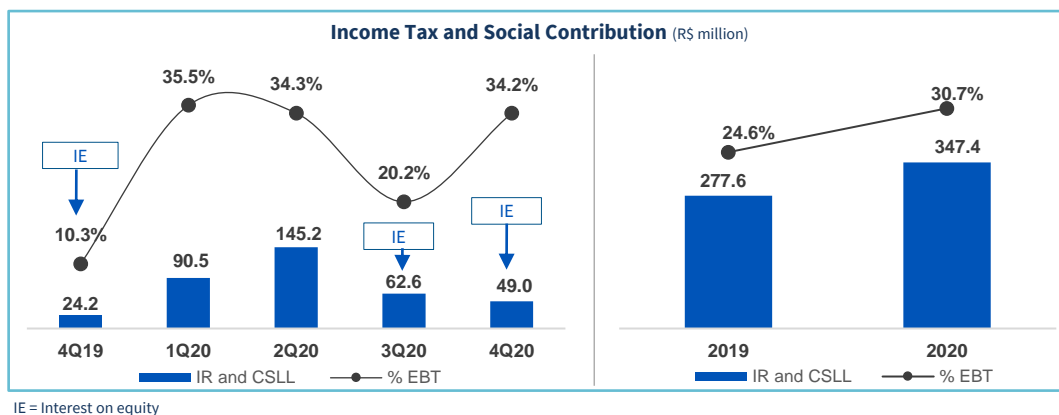
- (i) the pro-rata recognition of accrued interest related to debentures issued in the amount of R\$11.1 million in 4Q20 and R\$61.1 million in 2020;
- (ii) the recognition of lease interest of R\$23.7 million in 4Q20 and R\$85.3 million in 2020;
- (iii) higher volume of expenses with interest, fines and monetary restatement, largely related to the reimbursement to SUS, which, as of 4Q19, started to be recorded in financial expenses, in the amount of R\$23.4 million in 4Q20 and R\$79.9 million in 2020; and
- (iv) lower financial income as a result of a lower balance of investments (due to the payment of acquisitions) and a decrease on the SELIC interest rate.

### 14. DEPRECIATION AND AMORTIZATION



Depreciation and amortization expenses totaled R\$258.6 million in 4Q20 and R\$752.5 million in 2020, equivalent to 0.9% and 2.5%, respectively, 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\$194.1 million in 4Q20 (R\$65.0 million in 4Q19) and R\$521.9 million in 2020 (R\$65.0 million in 2019).

## 15. INCOME TAX AND SOCIAL CONTRIBUTION



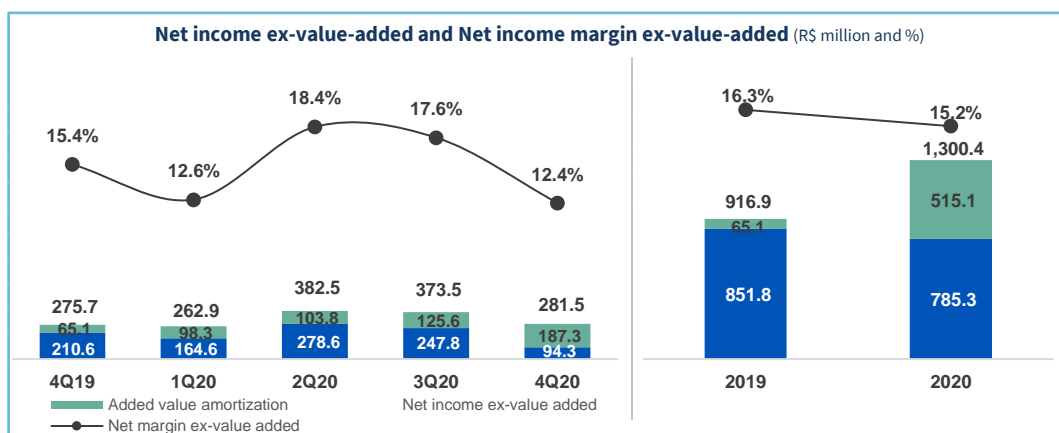
The effective rate was 6.1 p.p. higher compared to 2019 and 23.9 p.p. higher when compared to 4Q20 due to:

- (i) a lower distribution of interest on equity in 2020 compared to 2019;
- (ii) the recognition in 2019 of tax credits related to expenses with the issue of shares in that year due to the follow-up in July/19;
- (iii) the derecognition of tax losses of entities acquired due to their corporate incorporation by the acquiring company; and
- (iv) by updating the calculation of deferred taxes on 2019 business combinations that had their measurement period ended in 2020, in accordance with the requirements of the current accounting standard applicable to this matter.

## 16. NET INCOME EX-VALUE-ADDED

Net income ex-value-added totaled R\$281.5 million in 4Q20 and R\$1,300.4 million in 2020, an increase of 2.1% and 41.8% when compared with the same periods of the previous year, mainly due to:

- (i) EBITDA increase of R\$57.1 million in 4T20 and R\$786.3 million in 2020;
- (ii) non-cash items such as the increase in depreciation and amortization, which went from R\$109.7 million in 4Q19 to R\$258.6 million in 4Q20, and from R\$199.8 million in 2019 to R\$752.5 million in 2020;
- (iii) higher financial expenses related to the reimbursement to SUS and lower financial income that followed the reduction of both the investment balance and the Selic rate; and
- (iv) higher effective tax rate both in 4T20 and in 2020 when compared to the same periods of the previous year.



## 17. CASH GENERATION AND CAPEX

Free cash flow ex-acquisitions was R\$341.6 million in 4Q20 and R\$530.0 million in 4Q19, decrease of 35.6% negatively impacted by the change in working capital (negatively affected by the higher balance of accounts receivable) by the recognition of the revenue from retroactive adjustments of 2020 as determined by the ANS.

In 2020, the free cash flow ex-acquisitions was R\$1,513.1 million, which represented an increase of 52.3% in relation to 2019, such variation is due to the increase in EBITDA explained throughout this earnings release. As an impact of cash flow consumption in the year, we have increased investments in capex in the expansion of our own network structure. Free cash flow including acquisitions was positive by R\$913.0 million in 2020 due to the payment for the acquisitions of companies, mainly the companies Medical and Grupo São José, which occurred in 4Q20. In 2019, free cash flow including acquisitions was negative by R\$4,077.4 million due to the payment for the acquisitions of companies (Grupo São Francisco, América, Hospital das Clínicas de Parauapebas, Hospital Geral Padre Cícero and Infoway).

R\$ million	4Q20	4Q19	4Q20 x 4Q19	2020	2019	2020 x 2019
<b>EBITDA</b>	<b>431.8</b>	<b>374.7</b>	<b>15.2%</b>	<b>2,019.6</b>	<b>1,233.3</b>	<b>63.8%</b>
(+/-) Change in working capital <sup>1</sup>	35.3	229.8	(84.6%)	206.8	274.3	(24.6%)
(-) Income Tax and Social Contribution	(49.0)	(24.2)	102.9%	(347.4)	(277.6)	25.1%
(-) Cash CAPEX	(76.5)	(50.4)	51.8%	(366.0)	(236.6)	54.7%
<b>Free cash flow (ex-acquisitions)</b>	<b>341.6</b>	<b>530.0</b>	<b>(35.6%)</b>	<b>1,513.1</b>	<b>993.4</b>	<b>52.3%</b>
(-) Companies acquisitions	(505.8)	(5,053.4)	(90.0%)	(600.1)	(5,070.8)	(88.2%)
<b>Free cash flow</b>	<b>(164.2)</b>	<b>(4,523.4)</b>	<b>(96.4%)</b>	<b>913.0</b>	<b>(4,077.4)</b>	<b>(122.4%)</b>

(<sup>1</sup>) 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

## 18. INCOME STATEMENT

R\$ mm	4Q20	4Q19	Var. % 4Q20/4Q19	3Q20	Var. % 4Q20/3Q20	2020	2019	Var. % 2020/2019
Revenues from gross payments	2,315.4	1,845.2	25.5%	2,160.7	7.2%	8,694.0	5,877.2	47.9%
Revenue from other activities	91.3	35.9	154.4%	80.3	13.8%	318.9	54.0	490.5%
Deductions	(133.2)	(95.7)	39.2%	(114.6)	16.3%	(458.0)	(296.8)	54.3%
<b>Net revenues</b>	<b>2,273.5</b>	<b>1,785.4</b>	<b>27.3%</b>	<b>2,126.4</b>	<b>6.9%</b>	<b>8,555.0</b>	<b>5,634.4</b>	<b>51.8%</b>
Medical cost and others	(1,352.1)	(1,013.3)	33.4%	(1,227.0)	10.2%	(4,828.3)	(3,235.3)	49.2%
Depreciation and amortization	(47.4)	(28.6)	65.5%	(38.0)	24.8%	(162.7)	(93.0)	74.9%
Change in IBNR	(7.1)	6.9	(203.1%)	(6.0)	17.6%	(6.1)	50.8	(112.0%)
Change in SUS reimbursement provision	(105.8)	(69.0)	53.2%	(13.5)	685.7%	(211.9)	(122.9)	72.4%
<b>Total cost</b>	<b>(1,512.4)</b>	<b>(1,104.1)</b>	<b>37.0%</b>	<b>(1,284.4)</b>	<b>17.7%</b>	<b>(5,209.0)</b>	<b>(3,400.4)</b>	<b>53.2%</b>
<b>Gross profit</b>	<b>761.1</b>	<b>681.3</b>	<b>11.7%</b>	<b>841.9</b>	<b>(9.6%)</b>	<b>3,346.0</b>	<b>2,234.0</b>	<b>49.8%</b>
<i>Gross margin</i>	<i>33.5%</i>	<i>38.2%</i>	<i>-4.7 p.p.</i>	<i>39.6%</i>	<i>-6.1 p.p.</i>	<i>39.1%</i>	<i>39.6%</i>	<i>-0.5 p.p.</i>
<b>Selling expenses</b>	<b>(169.3)</b>	<b>(146.5)</b>	<b>15.5%</b>	<b>(167.1)</b>	<b>1.3%</b>	<b>(670.7)</b>	<b>(519.7)</b>	<b>29.1%</b>
Advertise expenses	(18.6)	(8.9)	110.1%	(13.8)	34.5%	(53.7)	(45.0)	19.3%
Comission expenses	(93.6)	(81.9)	14.3%	(98.2)	(4.7%)	(370.4)	(304.3)	21.7%
Provision for credit losses	(50.9)	(52.3)	(2.7%)	(47.9)	6.2%	(221.4)	(167.0)	32.6%
Other sales expenses	(6.2)	(3.5)	78.1%	(7.1)	(12.1%)	(25.2)	(3.5)	619.9%
<b>Administrative expenses</b>	<b>(422.9)</b>	<b>(269.5)</b>	<b>56.9%</b>	<b>(346.9)</b>	<b>21.9%</b>	<b>(1,413.5)</b>	<b>(676.1)</b>	<b>109.1%</b>
Personnel	(85.9)	(67.6)	27.1%	(94.3)	(8.8%)	(359.1)	(222.5)	61.4%
Third party services	(57.7)	(86.4)	(33.2%)	(46.5)	24.0%	(213.1)	(158.2)	34.7%
Location and operation	(25.4)	(27.7)	(8.5%)	(30.9)	(18.0%)	(112.8)	(95.9)	17.6%
Depreciation and amortization	(211.2)	(81.1)	160.5%	(143.3)	47.4%	(589.8)	(106.9)	452.0%
Taxes	(3.0)	5.6	(153.9%)	(3.1)	(3.3%)	(12.9)	(5.6)	132.4%
Provisions for civil, labor and tax risks	(31.0)	(9.8)	216.9%	(21.1)	46.9%	(93.7)	(76.4)	22.6%
Miscellaneous expenses	(8.6)	(2.6)	234.1%	(7.6)	14.0%	(32.0)	(10.6)	202.5%
<b>Other expenses/operational revenues</b>	<b>4.3</b>	<b>(0.2)</b>	<b>(2358.3%)</b>	<b>3.0</b>	<b>46.0%</b>	<b>5.4</b>	<b>(4.7)</b>	<b>(215.4%)</b>
<b>Total expenses</b>	<b>(587.9)</b>	<b>(416.2)</b>	<b>41.2%</b>	<b>(511.0)</b>	<b>15.1%</b>	<b>(2,078.8)</b>	<b>(1,200.5)</b>	<b>73.2%</b>
<b>Operational income</b>	<b>173.2</b>	<b>265.0</b>	<b>(34.6%)</b>	<b>331.0</b>	<b>(47.7%)</b>	<b>1,267.1</b>	<b>1,033.5</b>	<b>22.6%</b>
<i>Operational margin</i>	<i>7.6%</i>	<i>14.8%</i>	<i>-7.2 p.p.</i>	<i>15.6%</i>	<i>-7.9 p.p.</i>	<i>14.8%</i>	<i>18.3%</i>	<i>-3.5 p.p.</i>
Financial revenues	25.8	82.1	-68.6%	38.1	-32.4%	152.2	310.6	(51.0%)
Financial expenses	(55.7)	(112.4)	(50.4%)	(58.7)	(5.0%)	(286.7)	(214.6)	33.6%
<b>Financial result</b>	<b>(30.0)</b>	<b>(30.3)</b>	<b>(1.0%)</b>	<b>(20.5)</b>	<b>45.8%</b>	<b>(134.5)</b>	<b>96.0</b>	<b>(240.1%)</b>
<b>EBIT</b>	<b>143.3</b>	<b>234.8</b>	<b>(39.0%)</b>	<b>310.4</b>	<b>(53.8%)</b>	<b>1,132.7</b>	<b>1,129.5</b>	<b>0.3%</b>
IR and CSLL current	(107.0)	(58.6)	82.6%	(146.1)	(26.8%)	(597.3)	(362.8)	64.6%
IR and CSLL deferred	58.0	34.4	68.3%	83.5	(30.6%)	249.9	85.2	193.4%
<b>IR and CSLL</b>	<b>(49.0)</b>	<b>(24.2)</b>	<b>102.9%</b>	<b>(62.6)</b>	<b>(21.6%)</b>	<b>(347.4)</b>	<b>(277.6)</b>	<b>25.1%</b>
<b>Net income</b>	<b>94.3</b>	<b>210.6</b>	<b>(55.2%)</b>	<b>247.8</b>	<b>(62.0%)</b>	<b>785.3</b>	<b>851.8</b>	<b>(7.8%)</b>
<i>Net margin</i>	<i>4.1%</i>	<i>11.8%</i>	<i>-7.7 p.p.</i>	<i>11.7%</i>	<i>-7.5 p.p.</i>	<i>9.2%</i>	<i>15.1%</i>	<i>-5.9 p.p.</i>

### EBITDA

R\$ mm	4Q20	4Q19	Var. % 4Q20/4Q19	3Q20	Var. % 4Q20/3Q20	2020	2019	Var. % 2020/2019
<b>EBIT</b>	<b>173.2</b>	<b>265.0</b>	<b>(34.6%)</b>	<b>331.0</b>	<b>(47.7%)</b>	<b>1,267.1</b>	<b>1,033.5</b>	<b>22.6%</b>
Depreciation	48.7	32.2	51.6%	42.6	14.5%	171.4	105.5	62.5%
Amortization	209.8	77.6	170.6%	138.7	51.3%	581.1	94.4	515.6%
<b>EBITDA</b>	<b>431.8</b>	<b>374.7</b>	<b>15.2%</b>	<b>512.2</b>	<b>(15.7%)</b>	<b>2,019.6</b>	<b>1,233.3</b>	<b>63.8%</b>
<i>EBITDA margin</i>	<i>19.0%</i>	<i>21.0%</i>	<i>-2.0 p.p.</i>	<i>24.1%</i>	<i>-5.1 p.p.</i>	<i>23.6%</i>	<i>21.9%</i>	<i>1.7 p.p.</i>

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

## 19. BALANCE SHEET

R\$ mm	4Q20	4Q19	Var. R\$	Var. %
<b>Assets</b>	<b>13,519.7</b>	<b>12,425.2</b>	<b>1,094.5</b>	<b>8.8%</b>
<b>Current assets</b>	<b>3,502.1</b>	<b>2,217.8</b>	<b>1,284.3</b>	<b>57.9%</b>
Cash and cash equivalents	143.2	224.2	(81.0)	(36.1%)
Short-term investments	2,334.1	1,180.4	1,153.7	97.7%
Trade receivables	433.4	297.0	136.4	45.9%
Inventory	101.7	72.7	29.0	39.9%
Recoverable tax	184.1	160.5	23.6	14.7%
Derivative financial instruments	3.6	-	3.6	-
Other assets	137.0	137.8	(0.7)	(0.5%)
Deferred commission	164.9	145.2	19.8	13.6%
<b>Non-current assets</b>	<b>10,017.6</b>	<b>10,207.5</b>	<b>(189.8)</b>	<b>(1.9%)</b>
Long-term investments	1,225.3	2,225.6	(1,000.3)	(44.9%)
Deferred taxes	579.5	289.5	290.0	100.2%
Judicial deposits	246.5	187.6	58.9	31.4%
Deferred commission	142.2	127.5	14.7	11.5%
Related party receivable	3.4	8.1	(4.7)	(57.6%)
Other credits with related parties	11.0	2.0	9.0	448.0%
Other assets	45.8	45.9	-	(0.1%)
Property, plant and equipment	2,241.5	1,987.6	254.0	12.8%
Intangible assets	5,522.3	5,333.7	188.6	3.5%
<b>Liabilities and shareholders' equity</b>	<b>13,519.7</b>	<b>12,425.2</b>	<b>1,094.5</b>	<b>8.8%</b>
<b>Current liabilities</b>	<b>2,120.6</b>	<b>1,745.4</b>	<b>375.2</b>	<b>21.5%</b>
Lending and Financing	42.9	75.0	(32.1)	(42.8%)
Trade payables	120.8	95.0	25.8	27.1%
Technical provisions for health care operations	1,129.1	858.1	271.0	31.6%
Health care payables	5.0	8.8	(3.8)	(42.7%)
Payroll obligations	195.4	172.5	23.0	13.3%
Taxes and contributions payable	159.7	152.4	7.3	4.8%
Income and social contribution taxes	85.1	62.0	23.2	37.4%
Dividends and interest on shareholders' equity payable	201.4	220.0	(18.6)	(8.4%)
Leases payable	43.0	36.9	6.1	16.5%
Related party payables	4.0	4.0	-	(1.1%)
Other accounts payable	134.0	60.6	73.4	121.2%
<b>Non-current liabilities</b>	<b>3,568.1</b>	<b>3,417.9</b>	<b>150.2</b>	<b>4.4%</b>
Lending and Financing	2,034.3	2,037.0	(2.6)	(0.1%)
Taxes and contributions payable	23.1	26.1	(3.0)	(11.5%)
Technical reserves for health care operations	1.8	-	1.8	-
Leases payable	965.3	921.9	43.3	4.7%
Deferred income tax and social contribution	39.5	-	39.5	-
Provision for tax, civil and labor risks	401.9	388.7	13.3	3.4%
Other accounts payable	102.1	44.2	57.9	130.9%
<b>Shareholders' equity</b>	<b>7,831.0</b>	<b>7,261.9</b>	<b>569.1</b>	<b>7.8%</b>
Capital	5,650.5	5,650.5	-	-
Legal reserve	176.6	137.4	39.2	28.5%
Capital reserve	222.9	222.9	-	0.0%
Profit reserves	1,779.2	1,248.7	530.4	42.5%
Equity attributable to controlling shareholders	7,829.2	7,259.6	569.6	7.8%
Non-controlling interest	1.8	2.3	(0.5)	(22.2%)

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Values consider IFRS 16.

# Appendices

## 20. CASH FLOW STATEMENT

R\$ mm	4Q20	4Q19	2020	2019
<b>Net income</b>	<b>94.3</b>	<b>210.6</b>	<b>785.3</b>	<b>851.8</b>
<b>Adjustments to reconcile net income with cash</b>	<b>369.0</b>	<b>143.7</b>	<b>1,433.8</b>	<b>561.8</b>
Depreciation and amortization	234.5	92.9	672.4	143.4
Depreciation of usage rights	24.1	16.9	80.1	56.5
Technical provisions for health care operations	7.1	(60.8)	6.1	(50.8)
Provision for losses on receivables	50.9	52.3	221.4	167.0
Write-off of property, plant and equipment	(1.4)	0.8	10.9	5.3
Write-off of intangible assets	(19.0)	12.3	-	23.8
Provision for tax, civil and labor risks	3.2	15.2	35.5	71.8
Income from financial investments	(15.6)	(60.7)	(89.4)	(260.0)
Earning on derivative financial instruments	3.1	0.2	(17.1)	0.2
Interest and monetary restatement of leases	23.7	19.4	85.3	74.1
Interest and financial charges on loans and financing	11.9	28.4	64.3	50.3
Exchange rate	(2.5)	2.7	17.0	2.7
Tax income and social contribution	107.0	58.6	597.3	362.8
Deferred taxes	(58.0)	(34.4)	(249.9)	(85.2)
<b>(Increase) decrease in asset accounts</b>	<b>(83.7)</b>	<b>(194.3)</b>	<b>(452.2)</b>	<b>(412.3)</b>
Accounts receivable	(148.8)	(59.0)	(329.3)	(164.8)
Inventory	11.1	(21.8)	(24.5)	(23.6)
Taxes recoverable	3.7	(55.3)	(16.5)	(86.3)
Judicial deposits	12.6	(38.1)	(87.4)	(102.7)
Other assets	46.8	(11.6)	38.1	(20.3)
Deferred Sales Expense	(9.1)	(8.4)	(32.5)	(14.5)
<b>Increase (decrease) in liability accounts:</b>	<b>(228.8)</b>	<b>(135.4)</b>	<b>(441.3)</b>	<b>(344.6)</b>
Technical provisions for health care operations	77.4	150.5	208.6	221.6
Debts of health care operations	0.6	(22.9)	(4.6)	(63.1)
Social obligations	(53.1)	(158.6)	9.1	(132.2)
Suppliers	(2.9)	(21.2)	18.5	(43.3)
Taxes and contributions payable	(42.3)	45.6	(35.0)	57.4
Other accounts payable	(52.9)	(52.1)	(63.6)	(43.3)
Income tax and social contribution paid	(155.7)	(76.7)	(574.1)	(341.8)
<b>Net cash provided by operating activities</b>	<b>150.8</b>	<b>24.6</b>	<b>1,325.6</b>	<b>656.8</b>
<b>Cash flow from investing activities</b>	<b>(134.3)</b>	<b>60.9</b>	<b>(937.8)</b>	<b>(4,898.7)</b>
Payments to related parties	(1.3)	(4.8)	3.4	(43.4)
Acquisition of property, plant and equipment	7.3	(45.4)	(233.6)	(198.9)
Acquisition of intangibles	(83.8)	(27.6)	(132.4)	(74.8)
Acquisition/sale of investments	(505.8)	(4,837.8)	(600.1)	(5,070.4)
Business combination price adjustment	(56.5)	-	-	-
Balances attributed to the acquisition of investees	3.9	7.0	9.2	7.9
Financial investments	501.7	4,969.5	15.8	480.9
<b>Cash flow from financing activities</b>	<b>(45.5)</b>	<b>(30.9)</b>	<b>(468.9)</b>	<b>4,280.7</b>
Issuance of Debentures	-	-	-	2,000.0
Obtaining loans	-	-	2.3	-
Receipt of derivative financial instruments	-	-	4.6	-
Expenses with share issuance	-	0.2	-	(79.3)
Payment / Acquisition of loans and financing	(3.4)	(0.5)	(127.7)	(0.5)
Payment of dividends and interest on own capital	-	(1.7)	(204.7)	(192.7)
Principal payments - Leases	(39.5)	(30.4)	(141.1)	(108.2)
Capital contribution	-	-	-	2,664.5
Non-controlling shareholding stake	(2.6)	1.4	(2.3)	(3.1)
<b>Change in cash and cash equivalents</b>	<b>(29.0)</b>	<b>54.6</b>	<b>(81.0)</b>	<b>38.7</b>
Cash and cash equivalents at the beginning of the period	172.2	169.6	1,101.3	641.1
<b>Cash and cash equivalents at the end of the period</b>	<b>143.2</b>	<b>224.2</b>	<b>1,020.3</b>	<b>679.8</b>

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.