Hapvida Participações e Investimentos S.A.

Individual and consolidated interim financial statements

September 30, 2020

KPDS 709027

Contents

3Q20 RESULTS

hapvida

Quarterly Results – 3Q20

- Net Revenues of R$2.1 billion (+61.6%)
- Health and dental beneficiaries grow 56.9%
- MLR ex-SUS of 59.8% (-0.6 p.p.)
- EBITDA of R$512.2 million (+93.8%)
- EBITDA Margin of 24.1% (+4.0 p.p.)

Earnings Call
November 13th, 2020 (Friday)
Portuguese (with simultaneous translation into English)
1pm (Brazil) | 11am (US/EST)
Webcast: ri.hapvida.com.br/en
Phone number: Brazil: +55 (11) 3181-8565 | USA: +1 (412) 717-9627

Message from Management

Quarter after quarter Hapvida grows in a sustainable manner, with great solidity and efficiency. We have grown and, therefore, we have changed. We are in a new moment but our essence will always be maintained. All these changes led us to renew our brand, because it is through it that we communicate who we are. We envisioned the importance to adopt a new corporate brand to further ensure more recognition and performance for our business. This is an important step for Hapvida, and we want to share with the market our new purpose, which has become: “to ensure access to quality healthcare to our people”. This is our focus, to do our best to welcome people with the quality they deserve.

The third quarter of 2020 was marked by smart and complementary acquisitions to our existing verticalized and integrated platform, allowing us to execute our purpose and reinforcing the commitment to create value for our shareholders. In September, the acquisition of Grupo Promed (awaiting regulatory approvals) will enable our triumphant entry into the capital of Minas Gerais. The region has a high growth potential due to both the increase in penetration of private plans and market share gains, contributing to our consolidation in the state of Minas Gerais, the third largest private healthcare market in Brazil. The Promed Group is composed by healthcare operators with approximately 270,000 beneficiaries and care infrastructure with 3 hospitals, 1 day-hospital and 7 primary care clinics. In the state of Goiás, we acquired the portfolios of two healthcare operators, Samedh and Plamheg, each with approximately 18,000 health plan beneficiaries. Also in September, we announced the acquisition of the Santa Filomena Group, composed by the health operator Filosanitas with approximately 5,500 beneficiaries and the Santa Filomena Hospital in Rio Claro/SP. Recently, in November, we announced the acquisition of the operator Premium Saúde, a transaction that is totally synergistic and complementary to our previous acquisitions. Premium is composed of approximately 125 thousand beneficiaries concentrated in Belo Horizonte and Montes Claros/MG and Brasília/DF. All the aforementioned transactions are awaiting regulatory approvals. We also announced the lease of Sinhá Junqueira maternal and children hospital in Ribeirão Preto/SP, one of the best and most traditional maternity hospitals in the region that, since October, has been under our management.

Continuing the execution of the integration plans of previously acquired companies, we concluded the incorporation of the operators belonging to Grupo América. By the end of 2020, we will also complete the incorporation and implementation of the systems in dozens of health units that formed Grupo América, being able to fully integrate them in about a year after the closing of the acquisition. Grupo São Francisco's integration plan continues to be executed delivering results in line with those originally planned. We are certain that we will achieve operational and administrative synergies in a shorter period than originally planned in both acquisitions.

The Covid-19 pandemic continues to hit the country and the world, with very different impacts from region to region. In our operations, 100% of the elective surgical procedures postponed during 2Q20 have already been performed in regions where there are no medical or hospital restrictions. More recently, we have seen an increase in care services for respiratory diseases in some specific regions, but this has not been accompanied by an increase in the number of hospitalizations since the treatment at the beginning of the symptoms has been effective. In fact, a recently scientific research was also published with support from Hapvida with the Yale School of Public Health, Universidade Federal do Ceará and Universidade de Fortaleza whose conclusions attest to the effectiveness in the early treatment of the disease. We remain vigilant and prepared to care for our customers and employees with the same excellence as always.

Even in the face of a challenging period due to the ongoing pandemic, we continue to show robust growth. Net revenue grew 61.6%, with the number of health plan beneficiaries evolving 48.0% compared to the same quarter of the previous year. The number of beneficiaries of dental plans also showed significant growth, increasing by 69.7%. The medical care ratio ex-SUS of Hapvida in the quarter was 59.8%, an improvement of 0.6 p.p., even with additional costs after the start of new assistance units and with the consolidation of acquisitions that operate with a higher medical care ratio. The ratio was positively impacted in the quarter - even though our elective and urgent services are receiving a gradual increase in demand and have returned to operating at levels close to the historic period before the pandemic – frequency of utilization has not yet been fully normalized. With the proper management of selling expenses, at a ratio of 7.9%, and administrative expenses, with a ratio of 9.4%, EBITDA grew 93.8% and reached R$ 512.2 million.

We continue to invest in expanding and improving our proprietary care delivery units, more than doubling our infrastructure since last year due to acquisitions and the inauguration of new units. For example, our operation in Joinville/SC, which started in May last year organically, demonstrates that our decision to enter the South region of Brazil was correct: in just over a year, the operation should soon reach approximately 50 thousand beneficiaries, showing faster growth and profitability levels than we have originally planned. In the last few months, 5 service units and 1 pharmaceutical supply distribution center were opened. Our permanent investments to develop our own network and the consequent verticalization of medical claims will allow us to continue offering a quality product at an affordable cost to everyone.

We are pioneers in the creation, use and improvement of new technologies here at Hapvida. We believe that innovation can promote people's health, improve the quality of care, increase accessibility and make the business more efficient. An example is the partnership we signed with Roche to consolidate our laboratory and diagnostic activities in a single, state-of-the-art technology central unit. The Operational Technical Center (NTO in Portuguese), in the city of Recife/PE, will be the first such facility outside of Europe and will have the capacity to process up to 5 million exams per month, replacing the current 18 regional NTO and processing about 95% of lab tests, further increasing our level of verticalization. Our continued investments in technology and data intelligence have enabled us to create one of the most robust telemedicine platforms in the country. Today we already have the most varied types of digital assistance such as: outpatient telemedicine with 6,500 appointments/month, digital emergency care totaling 20,000 appointments/month and elective remote consultations started with the specialties of gastroenterology and endocrinology that already have 1,000 appointments/month. To bring safety and convenience to interactions via telemedicine, we are adopting the identification of beneficiaries through facial recognition.

We were elected 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 thousand applicants), receiving the Whow! 2020 Innovation Award. This award recognizes companies and institutions that produce consistent innovation, both incremental and disruptive, with effective repercussions on business. In the most recent edition of the Conarec Award, we were recognized as the best "Relationship Sector" of the Health category in Brazil. This award is the greatest recognition of relational intelligence and engagement among players in the customer relationship market.

During the third quarter, we received the sad news of the death of Roberto Mendes, an independent member of our board of directors. Roberto Mendes, a tireless executive of large companies for more than three decades, had been playing a fundamental role not only as a board member but also engaged in the improvement of our governance instances and his loss will be felt by the Company, its shareholders and employees. In the reorganization of the board of directors, in yet another move to prepare the Company for the coming years, we are pleased to be able to count on the arrival of Igor Lima, an executive with proven experience in integration, technology and innovation, fundamental issues at the current moment of Hapvida. The new member will chair two committees: the Integration Committee and a new Strategic Projects Committee. Other board advisory committees were also reorganized, such as the Governance, People and Sustainability Committee, which, in addition to stimulating and creating mechanisms to integrate sustainability into the Company's management process, will establish guidelines and principles related to the sustainable development of Hapvida in social, environmental, economic pillars and within the best corporate governance practices.

We trust in our business model and we are certain that the Company is solid and resilient to get through the current period. We are prepared to make the best possible use of the opportunities that will arise. To customers, employees, medical and dental providers, brokers, business partners, shareholders, advisors and other stakeholders, thank you again for your trust.

Jorge Pinheiro
CEO

Our Pillars

Quality **Care** **Innovation** **Cost Efficiency**

Summary

1. INTEGRATION AND REPORTING CRITERIA

In order to report a clear view on the impact of the acquisitions of Grupo São Francisco (GSF), Grupo América (GA) and RN Saúde (RN), we presented, until the 2Q20's release, the operational and financial data with and without these acquisitions, identified as "Hapvida including acquisitions" and "Hapvida ex-acquisitions", respectively. We also presented the same operating and financial data for companies acquired separately, identifying them as "Acquired companies".

However, as of 3Q20, due to the conclusion of the incorporation of the operators and dozens of care units that made up Grupo América and the consequent implementation of our systems (SAP and Hapvida operator and hospital systems), the individual opening of operational and financial data of the acquired companies is no longer viable. Additionally, in 4Q20 onwards, new acquisitions will be concluded, which will also prevent the comparability of the previous numbers. Therefore, Hapvida's results will be presented only on a consolidated basis and will consider a sum, following the norms and accounting criteria for consolidation, of Hapvida's results added by those of Grupo São Francisco, América and RN Saúde.

2. HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R$ million)	3Q20	3Q19	Var. %	2Q20	Var. %	9M20	9M19	Var. %
Net Revenues	2,126.4	1,315.8	*61.6%*	2,076.3	*2.4%*	6,281.5	3,849.0	*63.2%*
Medical Costs - Cash	1,227.0	799.0	*53.6%*	1,088.5	*12.7%*	3,476.2	2,222.0	*56.4%*
Medical Costs - Ex-SUS	1,271.0	793.9	*60.1%*	1,115.6	*13.9%*	3,590.5	2,242.4	*60.1%*
Total Medical Costs	1,284.4	818.6	*56.9%*	1,132.6	*13.4%*	3,696.6	2,296.4	*61.0%*
Sales Expenses	167.1	125.1	*33.6%*	179.8	*-7.1%*	501.4	373.2	*34.4%*
Administrative Expenses[1]	200.6	131.9	*52.1%*	200.3	*0.2%*	610.9	385.3	*58.6%*
EBITDA	512.2	264.3	*93.8%*	607.8	*-15.7%*	1,587.8	858.6	*84.9%*
Net Income	247.8	212.4	*16.7%*	278.6	*-11.1%*	691.0	641.2	*7.8%*

CONSOLIDATED RATIOS (% ROL)	3Q20	3Q19	Var. %	2Q20	Var. %	9M20	9M19	Var. %
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	57.7%	60.7%	*-3.0 p.p.*	52.4%	*5.3 p.p.*	55.3%	57.7%	*-2.4 p.p.*
Ex-SUS MLR	59.8%	60.3%	*-0.6 p.p.*	53.7%	*6.0 p.p.*	57.2%	58.3%	*-1.1 p.p.*
Total MLR	60.4%	62.2%	*-1.8 p.p.*	54.5%	*5.9 p.p.*	58.8%	59.7%	*-0.8 p.p.*
Sales Expenses	7.9%	9.5%	*-1.6 p.p.*	8.7%	*-0.8 p.p.*	8.0%	9.7%	*-1.7 p.p.*
Administrative Expenses[2]	9.4%	10.0%	*-0.6 p.p.*	9.6%	*-0.2 p.p.*	9.7%	10.0%	*-0.3 p.p.*
Ebitda Margin	24.1%	20.1%	*4.0 p.p.*	29.3%	*-5.2 p.p.*	25.3%	22.3%	*3.0 p.p.*
Net Income Margin	11.7%	16.1%	*-4.5 p.p.*	13.4%	*-1.8 p.p.*	11.0%	16.7%	*-5.7 p.p.*

OPERATING HIGHLIGHTS	3Q20	3Q19	Var. %	2Q20	Var. %
Health and Dental Members (thousands)	**6,401**	**4,079**	***56.9%***	**6,266**	***2.2%***
Health Members	3,553	2,401	*48.0%*	3,500	*1.5%*
Dental Members	2,848	1,678	*69.7%*	2,766	*2.9%*
Proprietary care network	**446**	**220**	***102.7%***	**438**	***1.8%***
Hospitals	41	28	*46.4%*	39	*5.1%*
Emergency Units	42	19	*121.1%*	41	*2.4%*
Clinics	188	83	*126.5%*	184	*2.2%*
Diagnostics	175	90	*94.4%*	174	*0.6%*

[1]Administrative Expenses without depreciation and amortization. [2]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, 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

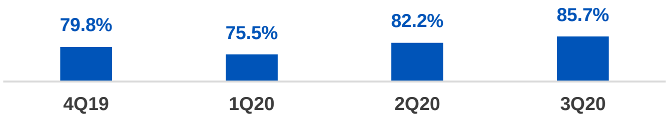
The 5 star service, implemented in 2019, is an instant satisfaction survey with ratings between 1 and 5 stars carried out by our customers after each eligible interaction. This program is a valuable tool for the entire Company as it will enable us to see opportunities for improvement and recognize the 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 Nascer Bem, Viver Bem and Family Doctor) are evaluated. Throughout the program's existence, we have received almost 3 million evaluations. In the third quarter of 2020 more than 553 thousand evaluations were received. The overall average for the month of September 2020, based on 227,000 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 3Q20, 85.7% 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.

Service in 15 minutes or less



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 December 2019, the group of monitored patients presented a very significant difference in glycated hemoglobin reduction when compared to the control group. At the end of September 2020, around 6,200 patients were enrolled in this program.

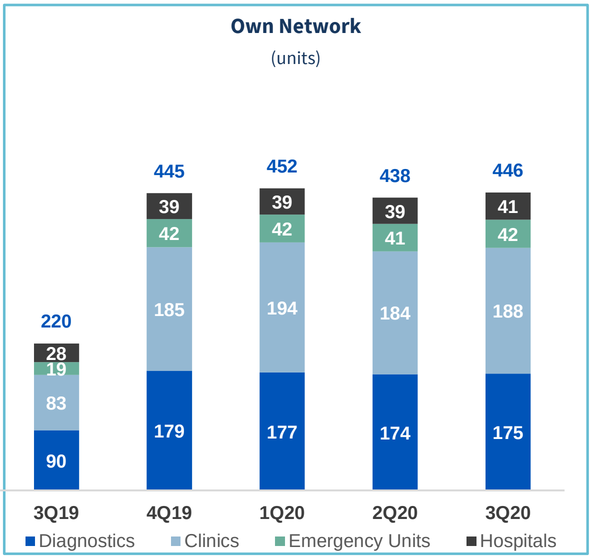
Reduction of glycated hemoglobin

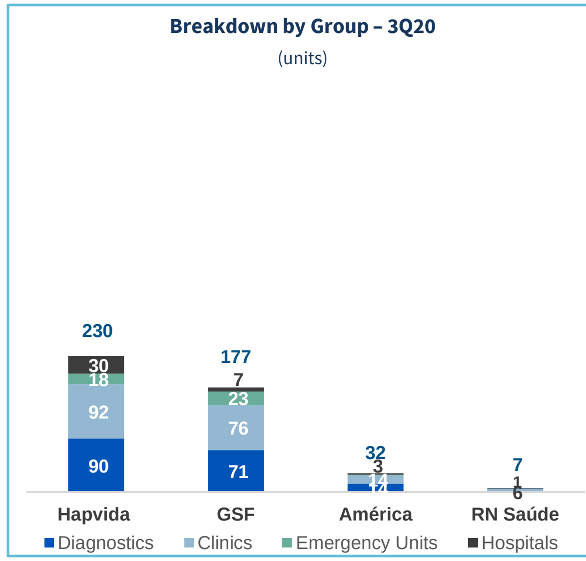
181.0%

higher than control group

4. PROPRIETARY CARE NETWORK

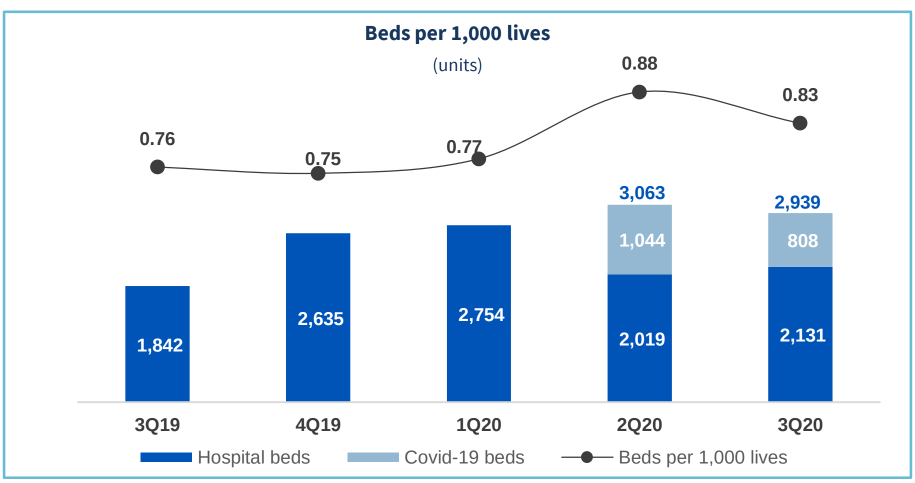
Hapvida continues to expand its own network through the inauguration of new units, and the expansion and remodeling of the existing ones. We remain focused on our strategy of increasing verticalization levels to guarantee the quality of care, cost efficiency, better control losses and frequency of utilization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





Including assets from acquired companies, the Company ended 3Q20 with 41 hospitals, 42 emergency care units, 188 clinics and 175 diagnostic imaging and laboratory collection units, thus totaling 446 service units accessible to our beneficiaries, in all five regions of Brazil.

During this quarter, 2 hospitals were opened (Lauro de Freitas in Bahia and Mário Palmério in Minas Gerais), 11 medical clinics (7 were closed), 2 emergency care (1 closure) and 8 diagnostic units (7 closures) in the period as part of the consolidation of service in new and larger units.

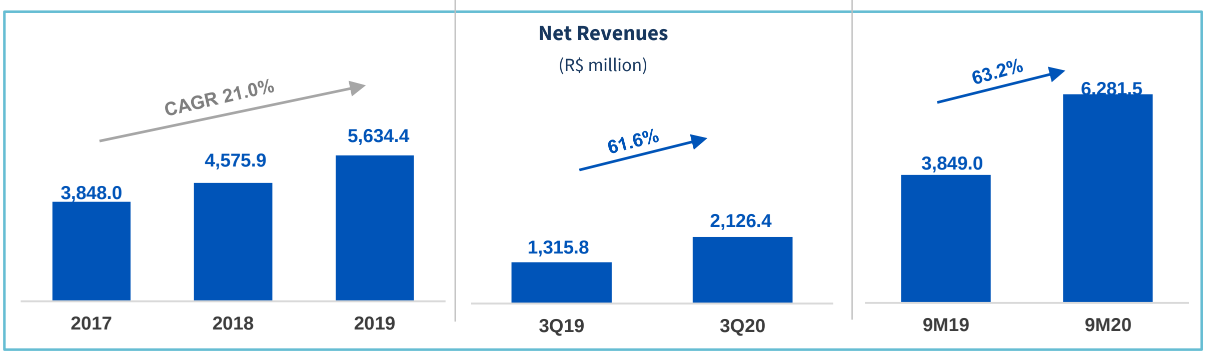


The company ended 3Q20 with a total of 2,939 hospital beds in operation, which represents an increase of 1,097 beds in comparison with the same quarter of the previous year. The main changes were: 35 beds at Hospital das Clínicas de Parauapebas (PA), 16 beds in Mossoró/RN (32 beds with the inauguration of Hospital Celina Guimarães and reduction of 16 beds with the closure of Hospital Rodolfo Fernandes), 42 beds at Hospital Lauro de Freitas (BA) and 23 beds at Mário Palmério Hospital (MG). In the same comparison we also have: 537 beds of Grupo São Francisco (reduction of 8 beds this quarter) and 204 beds of Grupo América (increase of 35 beds this quarter). The reduction of 124 beds compared to 2Q20 was mainly due to the demobilization of beds dedicated to the treatment of patients with Covid-19.

Financial Results

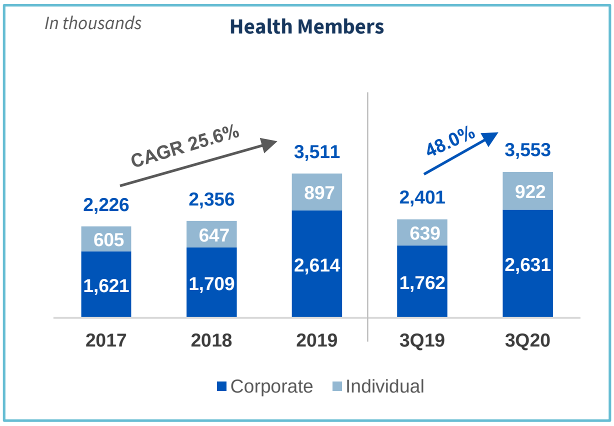
5. NET REVENUES

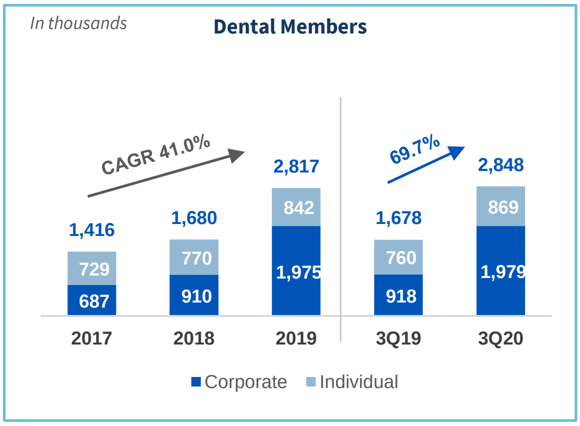
In 3Q20 net revenues grew by 61.6% when compared to 3Q19, mainly influenced by: (i) R$523.0 million from Grupo São Francisco, R$73.7 million from Grupo América (Jul and Aug/20) and R$35.6 million from RN Saúde; (ii) a 7.6% increase in the average ticket for medical plans, reflecting the price adjustments implemented in the existing contracts necessary for their economic balance and new sales; and (iii) a 2.3 million increase in the health and dental beneficiary base (1.8 million from Grupo São Francisco, 235 thousand lives from Grupo América, 221 thousand lives from Hapvida and 39 thousand from RN Saúde). It is important to highlight that we voluntarily suspended the monthly fee readjustments for 90 days (contracts with anniversary date in May, June and July) for individual or family medical-hospital plans, affinity and small companies with up to 29 lives. In September, according to ANS' notice number 85 from 08/31/2020, the readjustments were suspended and, therefore, health operators were unable to charge their beneficiaries. The suspension, which will last until the end of this year, applies to all types of contracts except for the corporate contracts with 30 or more beneficiaries (which may be readjusted upon the contractor's request). There will be no annual adjustment for individual/family plans for the period from May/2020 to April/2021. The recovery of the amounts not charged in this period will be determined by ANS.



6. MEMBERS

The number of health plan beneficiaries at the end of the quarter increased by 48.0% compared to the same period last year. Inorganic growth highlights were the entrance of 872 thousand lives (153 thousand lives in individual plans and 719 thousand lives in group plans) resulting from the acquisition of Grupo São Francisco, 230 thousand lives in health (122 thousand lives in individual plans and 108 thousand lives in group plans), coming from the acquisition of Grupo América and 46 thousand lives in health (7 thousand lives in individual plans and 39 thousand lives in group plans) from the acquisition of RN Saúde. In comparison to 3Q19 and without considering acquisitions, there was a net increase of 5,000 lives in health plans at Hapvida (4 thousand in group plans and 1 thousand in individual plans). The acquired companies added 32 thousand lives organically in 9M20.



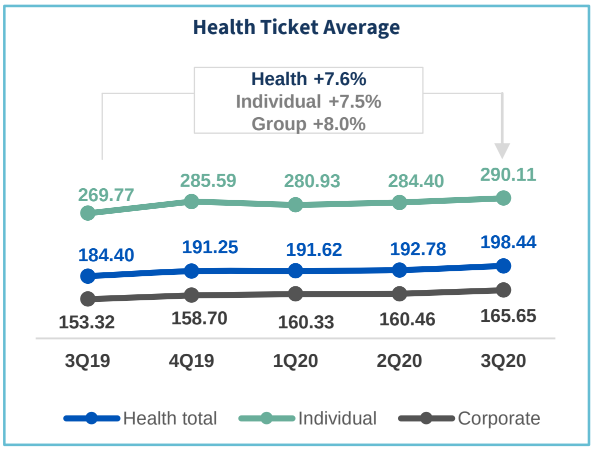


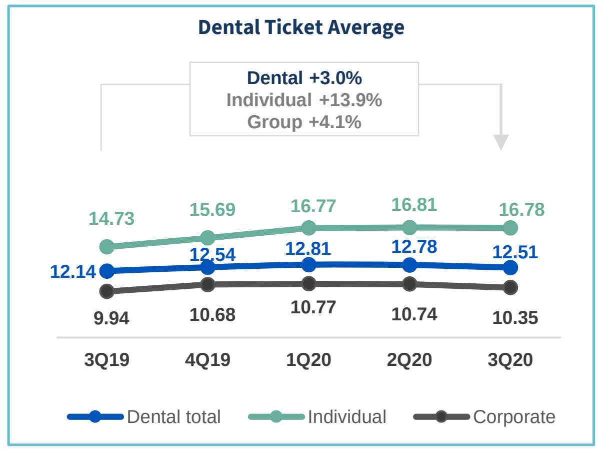
6. MEMBERS (continued)

The number of dental plan beneficiaries grew by 69.7% in the quarter compared to the same period last year. There were the entry of 947 thousand lives (70 thousand in individual plans and 877 thousand in group plans) with the acquisition of Grupo São Francisco, 5,000 lives (4.5 thousand in individual plans and 500 in group) with the acquisition of Grupo América and 806 lives from group plans with the acquisition of RN Saúde. Organically, there was an increase of 50 thousand lives in individual plans and 95 thousand lives in group plans.

7. AVERAGE TICKET

The average ticket for the health segment grew by 7.6% compared to 3Q19 mainly due to the readjustments of existing contracts and new sales, in addition to the entry of RN Saúde's higher average ticket. The GSF average ticket continues like its history presented in previous quarters. The average RN ticket, on the other hand, increased by 3.6% compared to 2Q20.





The average ticket in the dental segment grew 3.0% in comparison with the same period of the previous year due to a higher average ticket of the acquired companies. The average ticket for GSF remains similar to its historical value presented in previous quarters and RN's showed a decrease of 17.1% compared to 2Q20, impacted by the average ticket for new sales in the quarter.

8. MLR AND MEDICAL COSTS

The cost of medical services comprises cash medical costs and some non-cash items, such as depreciation and amortization (D&A) with IFRS16, provision for events Incurred But Not Reported (IBNR) and SUS reimbursement provisions.

8.1 MLR and Medical Costs

Composition of MLR and Medical Cost

(R$ million)	3Q20	3Q19	3Q20 x 3Q19	2Q20	3Q20 x 2Q20	9M20	9M19	9M20 x 9M19
Medical Costs – Cash	(1,227.0)	(799.0)	53.6%	(1,088.5)	12.7%	(3,476.2)	(2,222.0)	56.4%
Depreciation and Amortization (IFRS 16)	(38.0)	(24.0)	57.9%	(44.1)	(14.0%)	(115.3)	(64.4)	79.1%
Change in IBNR provision	(6.0)	29.1	(120.8%)	17.1	(135.3%)	1.0	43.9	(97.7%)
Change in SUS reimbursement provision	(13.5)	(24.6)	(45.4%)	(17.0)	(20.8%)	(106.1)	(53.9)	96.8%
Medical Costs - Total	**(1,284.4)**	**(818.6)**	**56.9%**	**(1,132.6)**	**13.4%**	**(3,696.6)**	**(2,296.4)**	**61.0%**
Cash MLR (ex-IBNR; ex-SUS; ex-D&A)	**57.7%**	**60.7%**	**-3.0 p.p.**	**52.4%**	**5.3 p.p.**	**55.3%**	**57.7%**	**-2.4 p.p.**
MLR (ex-SUS)	**59.8%**	**60.3%**	**-0.6 p.p.**	**53.7%**	**6.0 p.p.**	**57.2%**	**58.3%**	**-1.1 p.p.**
Total MLR	**60.4%**	**62.2%**	**-1.8p.p.**	**54.5%**	**5.9p.p.**	**58.8%**	**59.7%**	**-0.8p.p.**

8. MLR AND MEDICAL COSTS (continued)

8.1 Medical costs and MLR (continued)

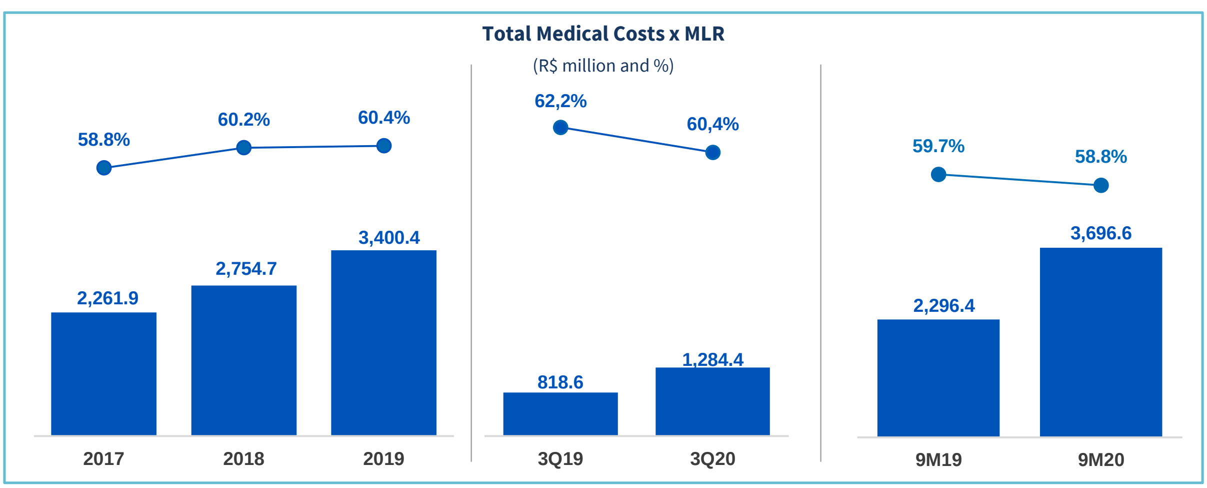
Hapvida's ex-SUS MLR ratio, the index that best represents the performance of our operations and which excludes the variation in the provisions for reimbursement to SUS, was 59.8% in 3Q20 and 57.2% in 9M20, a reduction of 0.6 p.p. and 1.1 p.p. relative to the same comparative periods. When looking at Cash-MLR, it was 57.7%, a significant reduction of 3.0 p.p. compared to 3Q19 and 2.4 p.p. in 9M20.

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 5.3 p.p. and 3.8 p.p. in the total volume of appointments held in our own network in 3Q20 and 9M20. This caused the share of our own network cost to increase by 2.2 p.p. in 3Q20 and by 0.4 p.p. in 9M20 compared to the same periods of the previous year.

In June we began to address the backlog of elective surgeries that had not yet been performed since they were suspended by ANS. As of the date of this report, 100% of the elective surgical procedures postponed during 2Q20 have already been performed in regions where there are no medical or hospital restrictions, without impacts on our operations. Throughout this quarter, there was a gradual return to elective appointments and urgent/emergency care, but that has not yet returned to pre-pandemic historical levels. The volume of services below historical levels positively impacted the medical claims of the accredited network (excluding GSF, GA and RN) by R$55.0 million and R$149.5 million in 3Q20 and 9M20 respectively.

The MLR showed significant improvements in 3Q20 and 9M20 even though it was negatively impacted: (i) by the cost of the acquired companies that are included in Hapvida's numbers in 2020 but are not present in the comparative periods; (ii) personnel, material and logistics expenses due to the measures adopted to face the Covid-19 pandemic and other viruses (R$32.3 million in 3Q20 and R$80.6 million in 9M20); (iii) the collective bargaining agreement and the hiring of new employees, including personnel expenses from the new units (R$16.2 million in 3Q20 and R$47.5 million in 9M20); and (iv) the increase in expenses of the new units in operation, including the Parauapebas hospital and other new emergency care units and clinics (R$5.6 million in 3Q20 and R$24.2 million in 9M20, including the Joinville hospital, Parauapebas and Cariri).

Total MLR (which includes D&A with IFRS16 and changes in IBNR provisions and SUS reimbursement) was 60.4% in 3Q20, a decrease of 1.8 p.p. versus 3Q19, due to the decrease in SUS reimbursement provisions (R$13.5 million in 3Q20 versus R$ 24.6 million in 3Q19) in addition to the same reasons explained above. In 9M20 the MLR was 58.8%, a decrease of 0.8 p.p. versus 9M19, in this case by the increase in reimbursement to SUS (R$106.1 million in 9M20 against R$53.9 million in 9M19). The medical loss ratio of the acquired companies is on a downward trend, respecting the seasonality among quarters.



8. MLR AND MEDICAL COSTS (continued)

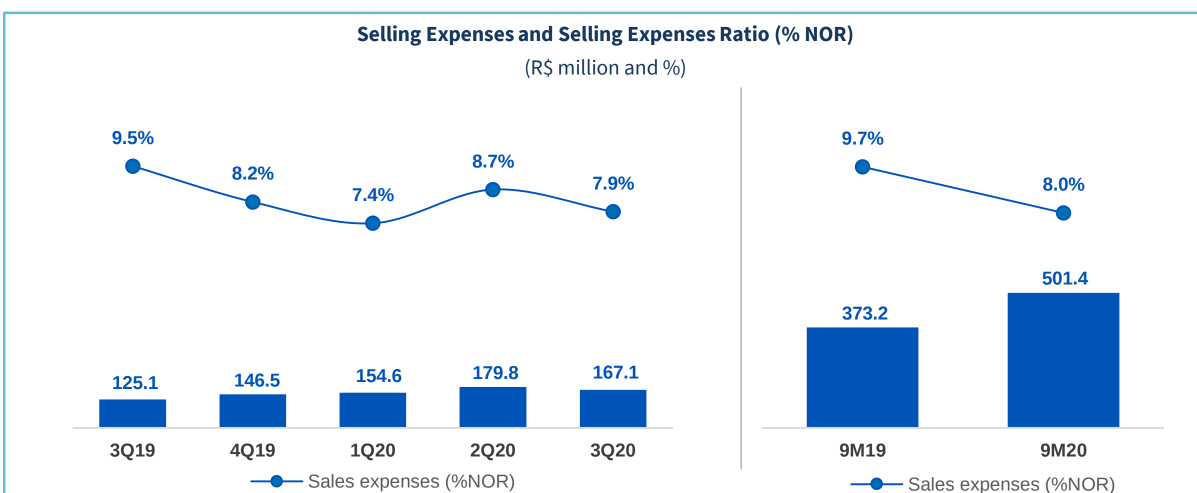
8.2 SUS reimbursement provisions

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, if our defense to an ABI is rejected by ANS, the Company may need to record a supplementary provision at the new value of the GRU (an invoice for federal taxes). GRU invoices that miss the payment deadline are subjected to a fine in addition to interest and monetary adjustments for the period elapsed. As of 4Q19, interest, monetary restatement and possible fines are recorded in financial expenses.

With the issuance of Provisional Measure number 928, of March 23, 2020, with the suspension of regulatory deadlines, ANS could not issue GRUs referring to the services not challenged related to the ABIs received in 2020 (ABIs 80 and 81) nor the ones that were in the appeal process phase at the time, which explains the relevant reduction in the amounts provisioned in both 2Q20 and 3Q20. According to the 10th Informative Bulletin – "Use of SUS by Health Plan Beneficiaries and ANS SUS Reimbursement", the expectation is that the process will return to normal throughout 4Q20 and early 2021.

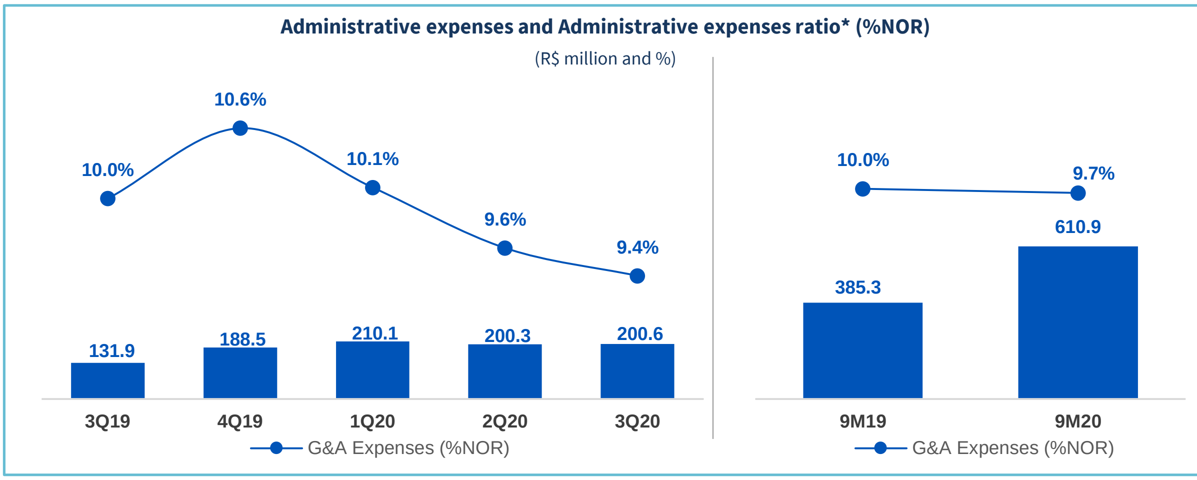
R$ million	**3Q20**	**3Q19**	**9M20**	**9M19**
ABIs' provision	9.3	6.6	55.0	16.3
GRUs' principal	-	12.4	38.8	21.5
Interest, monetary adjustments and fines	-	5.6	-	16.1
SUS Reimbursement – Acquired Companies	4.2	-	12.4	-
SUS Reimbursement – Medical Cost	**13.5**	**24.6**	**106.1**	**53.9**
Interest, monetary adjustments and fines	13.5	-	52.5	-
SUS Reimbursement – Financial Result	**13.5**	**-**	**52.5**	**-**
SUS Reimbursement - Total	**26.9**	**24.6**	**158.7**	**53.9**

9. SELLING EXPENSES



The selling expenses ratio was 7.9% in 3Q20 and 8.0% in 9M20, a reduction of 1.6 p.p. and 1.7 p.p. compared to the same periods of the previous year due to the lower representativeness of expenses with commissions (-1.3 p.p. in 3Q20 and -1.4 p.p. in 9M20) and provisions for credit losses (-0.6 p.p. in 3Q20 and -0.3 p.p. in 9M20) due to the acquired companies that operated, until then, with a lower ratio than Hapvida. For 9M20, there is also advertising and publicity expenses that lost its representativeness by -0.4 p.p. when compared to 9M19.

10. ADMINISTRATIVE EXPENSES



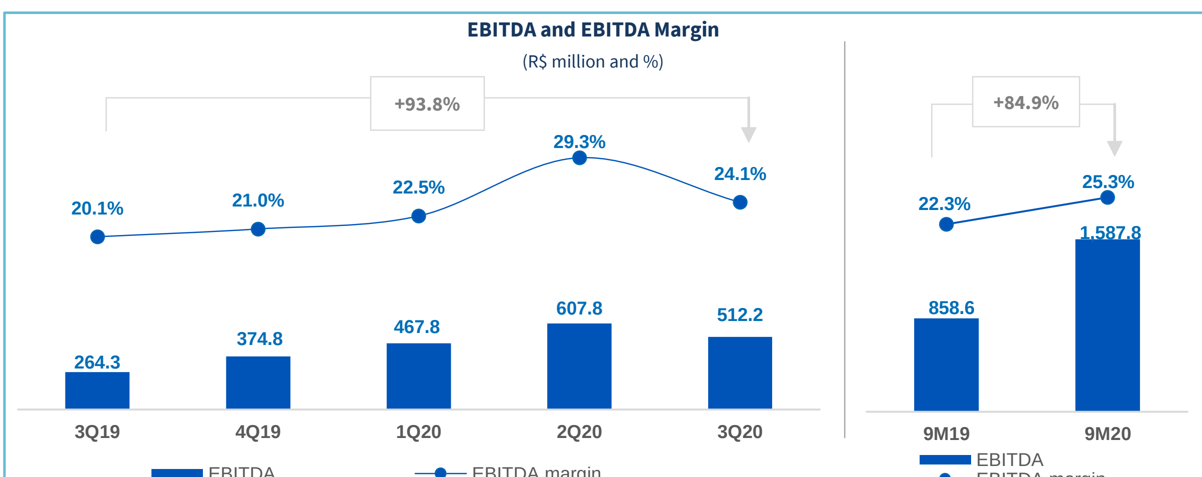
Current and past figures are being presented without depreciation and amortization charges.

The administrative expenses ratio was 9.4% in 3Q20 and 9.7% in 9M20, a reduction of 0.6 p.p. and 0.3 p.p. in comparison, respectively, with 3Q19 and 9M19 even considering the entry of administrative expenses of acquired companies (GSF and RN) in the amount of R$46.9 million in 3Q20 (GSF and RN) and R$185.5 million in 9M20 (GSF, RN, besides GA being considered only for 1Q20 and 2Q20).

The ratio was positively impacted by: (i) a lower representativeness of the administrative expenses from the acquired companies (GSF, GA and RN), which went from 10.6% in 1Q20 to 8.4% in 3Q20 (GSF and RN); (ii) R$7.8 million in 3Q20 and 9M20 for reclassification of amounts that were recorded in the administrative expenses account related to certain services provided in the operations of the companies Resgate and Documenta, which are, by their nature, medical costs; (iii) reversal of provision related to labor contingencies (reduction of R$3.9 million in 3Q20 and 9M20); and (iv) a decrease in travel and accommodation expenses due to the pandemic with a reduction impact of R$3.1 million in 9M20.

The negative impacts were: (i) collective bargaining and hiring of new employees (R$10.0 million in 3Q20 and R$20.6 million in 9M20); and (ii) higher semiannual variable compensation (R$6.9 million in 3Q20 and R$15.6 million in 9M20).

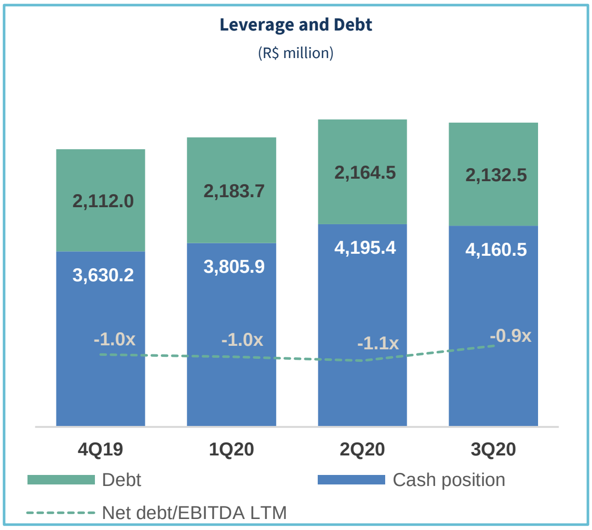
11. EBITDA



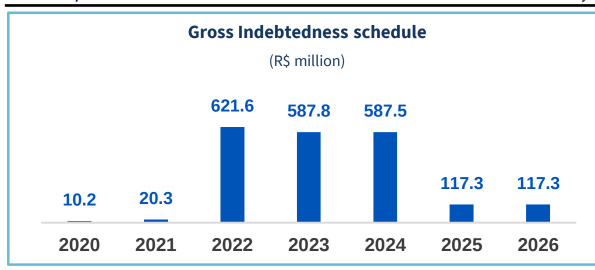
EBITDA reached R$512.2 million in 3Q20 and R$1,587.8 million in 9M20, an increase of 93.8% and 84.9%, respectively, compared to the same comparative periods of 2019 due to the factors previously explained. EBITDA Margin in 3Q20 was 24.1% and 25.3% in 9M20, increases of 4.0 p.p. and 3.0 p.p. respectively versus the same periods in 2019.

12. DEBT

At the end of the third quarter of 2020, the Company had a balance of R$2,005.7 billion comprised of the balance of debentures outstanding as well as the balance of outstanding debt inherited from the acquired companies of R$38.6 million. The chart below shows the payment schedule for the consolidated debt. The net financial debt/EBITDA ratio in 3Q20 is -0.9x due to the net cash position of R$2.0 billion.

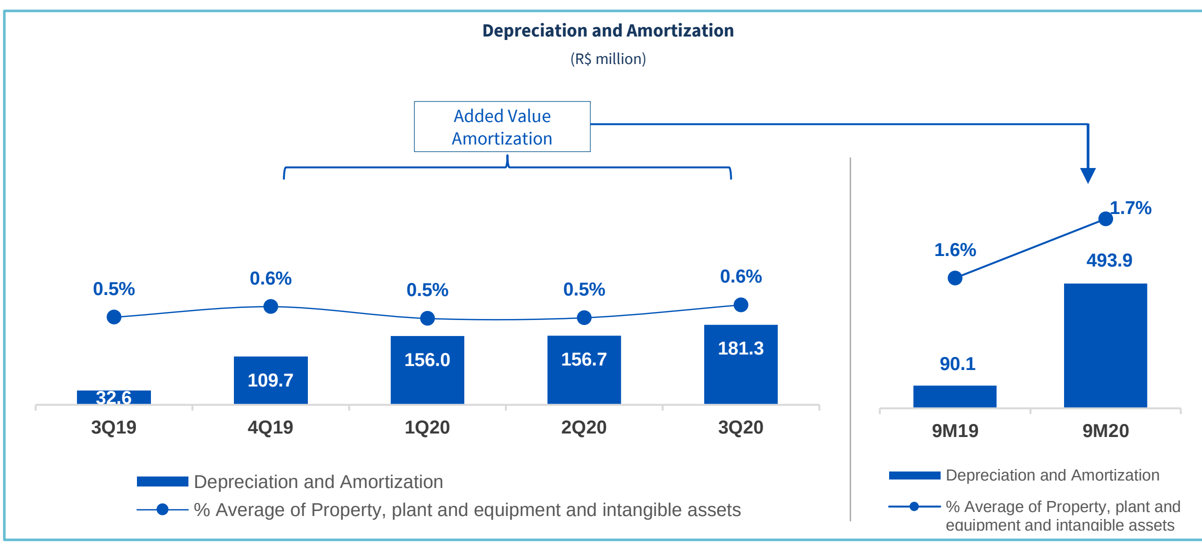


Net Debt/ EBITDA (R$ million)	09/30/2020
Short-term debt*	25.4
Long-term debt*	2,018.9
Other accounts payable (acquired companies)	88.2
Total debt	**2,132.5**
(-) Cash and cash equivalents and short-term and long-term investments (proforma)	4,160.5
Net debt	**(2,028.0)**
EBITDA LTM**	2,185.4
Net debt/EBITDA LTM**	**-0,9x**



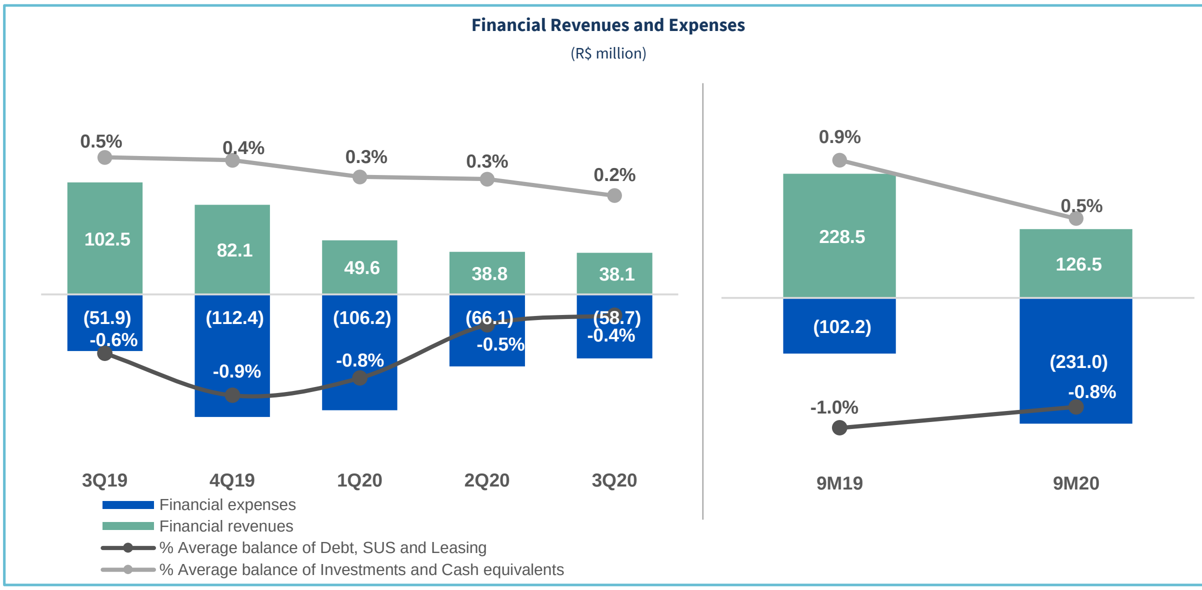
* Debt balance considers the value of debentures net of its respective transaction costs plus other financing lines net from financial instruments.
** Adjusted EBITDA excluding provisions for impairment of accounts receivable.

13. DEPRECIATION AND AMORTIZATION



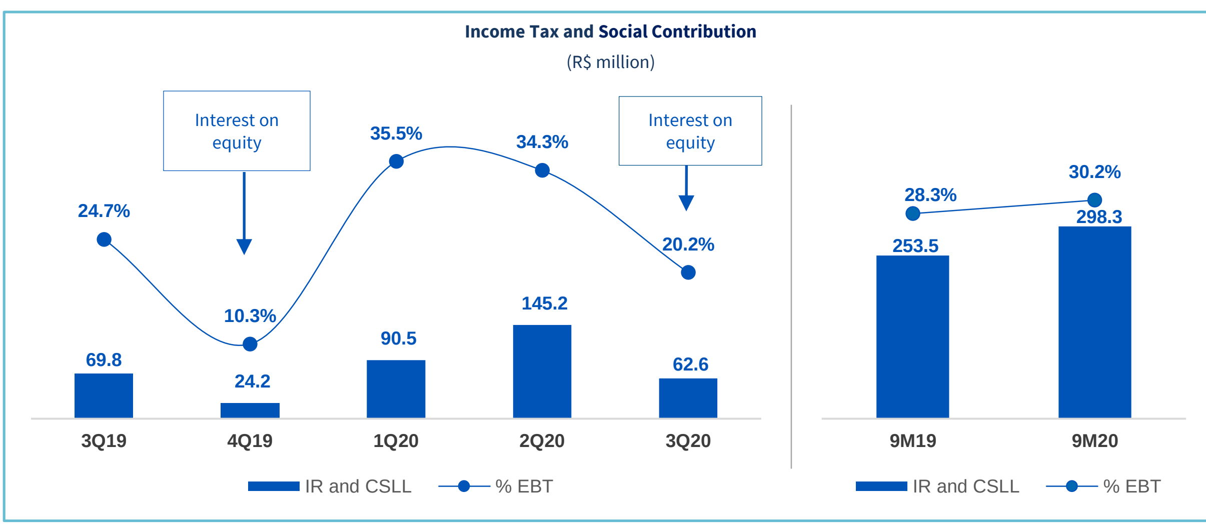
Depreciation and amortization expenses totaled R$181.3 million in 3Q20 and R$493.9 million in 9M20, equivalent to 0.6% and 1.7%, respectively, of the average balance of the respective equity assets. The main increase in this account refers to the amortization of the added value of acquired portfolios of clients and of the acquired companies' brands due to the determination of their useful life. Altogether, the charges were R$125.4 million in 3Q20 and R$323.3 million in 9M20.

14. FINANCIAL RESULTS



Net financial results in 3Q20 totaled an expense of R$20.5 million (R$58.7 million in financial expenses and R$38.1 million in income) and an expense of R$104.5 million in 9M20 (R$231.0 million in financial expenses and R$126.5 million in income), influenced by: (i) the pro-rata recognition of accrued interest related to debentures issued in the amount of R$11.5 million in 3Q20 and R$50.5 million in 9M20; (ii) the recognition of lease interest of R$20.2 million in 3Q20 and R$61.6 million in 9M20; (iii) higher volume of expenses with interest, fines and monetary restatement related to the reimbursement to SUS, which, as of 4Q19, started to be recorded in financial expenses, in the amount of R$13.5 million in 3Q20 and R$52.5 million in 9M20; 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.

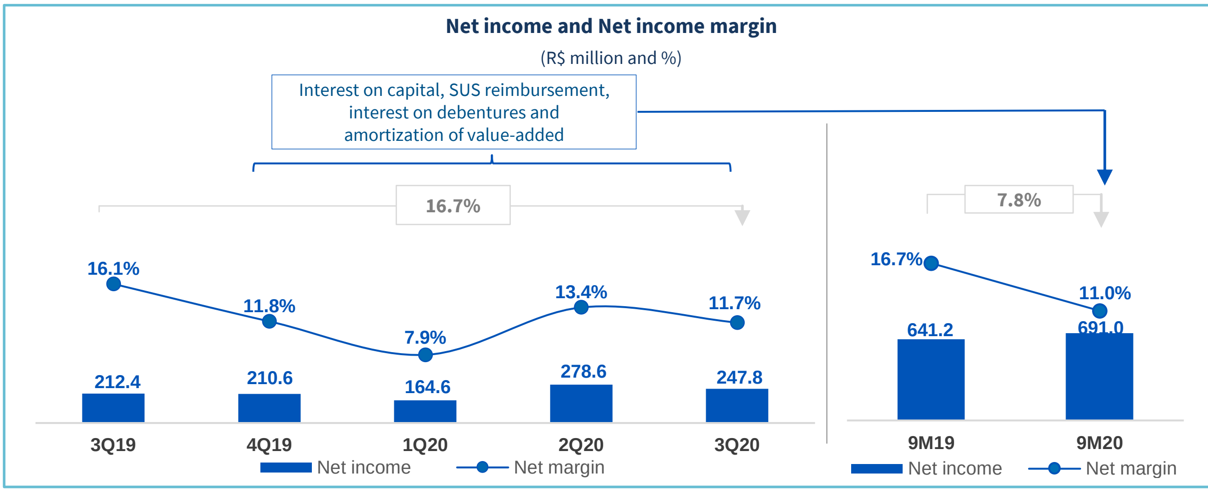
15. INCOME TAX AND SOCIAL CONTRIBUTION



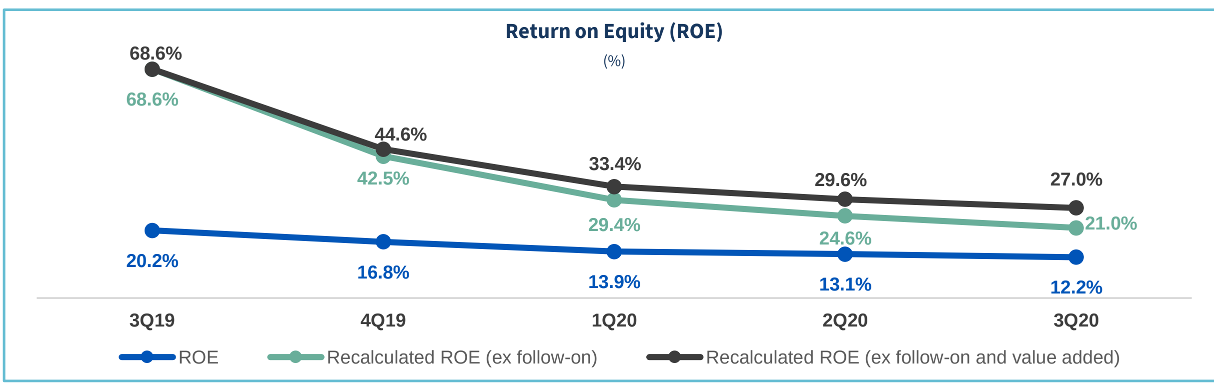
The effective rate in 3Q20 was 20.2% and 30.2% in 9M20. Compared to 9M19, the effective rate was 1.9 p.p. higher due to the recognition of the tax credit on expenses with the issue of shares in that period due to the follow-on in July/2019, which was partially offset by the tax credit on the goodwill of the acquired companies that have already complied with corporate and tax requirements for taking the benefit (subject to the limitation of proportional assets imposed by current tax legislation). Compared to 3Q19 it was lower by 4.5 p.p., in addition to the events described above that were observed in the third quarter of both years, in the 3Q20 there was a declaration of interest on equity in the amount of R$110.8 million, not observed in the comparative period.

16. NET INCOME

Hapvida net income totaled R$247.8 million in 3Q20 and R$691.0 million in 9M20, showing an increase of 16.7% and 7.8% when compared with the same periods of the previous year, mainly due to the reduction in the MLR and lower costs and expenses related to SUS reimbursement. The net margin decreased by 4.5 p.p. and 5.7 p.p., respectively, when compared to 3Q19 and 9M19, impacted by: (i) non-cash items, such as the increase in depreciation and amortization, which went from R$32.6 million in 3Q19 to R$181.3 million in 3Q20; and (ii) higher financial expenses related to SUS reimbursement and lower financial income as a result of a decrease in both the balance of investments and on the SELIC interest rate.



17. ROE



Recalculated LTM ROE (Return on Average Equity) was 21.0% at the end of 3Q20, a reduction of 21.5 p.p. mainly due to the full consolidation of the equity of the companies acquired at the end 2019 and partial consolidation of results (only 2 months for Grupo São Francisco and 1 month for Grupo América in 4Q19), in addition to the entry of the new acquired company, RN Saúde in 1Q20. Recalculated ROE for 3Q20 excludes the amount of R$2.6 billion from the subsequent share offer (follow on) which had not yet been invested until the end of this quarter. Additionally, we also show a view disregarding the effect on the net profit of the capital gain and the amortization of the brands.

In R$ million	3Q19	4Q19	1Q20	2Q20	3Q20
Net income (LTM) with IFRS16 (a)	875.3	851.8	811.0	866.2	901.7
Net income (LTM) with IFRS16 and ex-value added (b)	875.3	894.8	920.4	1,041.8	1,158.1
Equity	6,820.4	7,261.9	7,426.4	7,705.4	7,842.4
Average equity (c)[1]	4,323.7	5,064.5	5,829.1	6,606.1	7,388.7
ROE (LTM) = (a)/(c)	**20.2%**	**16.8%**	**13.9%**	**13.1%**	**12.2%**
Equity excluding Follow on	1,598.3	4,671.9	4,836.4	5,115.3	5,252.4
Average equity excluding Follow on (d)	1,275.7	2,004.5	2,757.1	3,522.1	4,292.7
ROE (LTM) recalculated ex-follow on = (a)/(d)	**68.6%**	**42.5%**	**29.4%**	**24.6%**	**21.0%**
ROE (LTM) recalculated ex-follow on and value added = (a)/(d)	**68.6%**	**44.6%**	**33.4%**	**29.6%**	**27.0%**

[1]2017, 2018 e 2019 = Average equity considers the previous 5 quarters.

18. CASH GENERATION AND CAPEX

Free cash flow (ex-acquisitions) was R$414.6 million in 3Q20, an increase of 93.9% versus 3Q19, positively impacted by: (i) amortization of the added value of acquired portfolios of clients and of the acquired companies' brands due to the determination of their useful life (R$125.4 million in 3Q20 and R$323.3 million in 9M20); and (ii) by a positive working capital variation due to a greater balance of liabilities. The main impacts on working capital, in turn, were: (i) balance of SUS Reimbursement (R$ 17.6 million); (ii) social obligations (R$17.3 million); (iii) lower balance of other credits in assets resulting from an amount received from securities issued to cover ordered debt sof R$19.6 million and, (iv) a lower balance of inventories (R$19.3 million). Capex rose from additions to property, plant and equipment and intangible assets totaled R$122.8 million in 3Q20 mainly due to investments in Hapvida's proprietary network, which include 2 hospitals (Lauro de Freitas in Bahia and Mário Palmério in Minas Gerais), 11 new clinics, 2 walk-in emergency and 8 diagnostic units.

R$ million	3Q20	3Q19	3Q20 x 3Q19	9M20	9M19	9M20 x 9M19
EBIT	**331.0**	**231.7**	**42.9%**	**1,094.0**	**768.4**	**42.4%**
Effective income tax rate	20.2%	24.7%	(4.6 p.p.)	30.2%	28.3%	1.8 p.p.
NOPAT	**264.3**	**174.4**	**51.6%**	**764.1**	**550.7**	**38.8%**
(+) Depreciation and amortization	181.3	32.6	456.1%	493.9	90.1	448.3%
(+/-) Change in working capital[1]	91.8	69.2	32.7%	171.5	44.5	285.4%
(-) Cash CAPEX	(122.8)	(62.4)	96.8%	(289.5)	(196.6)	47.3%
Free cash flow (ex-acquisitions)	**414.6**	**213.8**	**93.9%**	**1,140.0**	**488.7**	**133.3%**
(-) Companies acquisitions	-	(17.4)	(100.0%)	(94.3)	(17.4)	442.0%
Free cash flow	**414.6**	**196.4**	**111.1%**	**1,045.7**	**471.3**	**121.9%**

([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.

Statement of the Executive Officers on the individual and consolidated interim financial statements for the period ended September 30, 2020.

Pursuant to article 25, paragraph 1, item VI, of CVM Instruction 480/09, the officers responsible for preparing the respective financial statements of the Company hereby declare that they have reviewed, discussed and agreed with the individual and consolidated interim financial statements for the period ended September 30, 2020.

Fortaleza, November 12, 2020

Jorge Fontoura Pinheiro Koren de Lima
Chief Executive Officer

Bruno Cals de Oliveira
Chief Financial Officer and Investor Relations Officer

Statement of the Executive Officers on Independent Auditor’s Report

Pursuant to article 25, paragraph 1, item V, of CVM Instruction 480/09, the officers responsible for preparing the individual and consolidated interim financial statements of the Company hereby declare that they have reviewed, discussed and agreed with the Independent Auditors’ Report prepared by KPMG Auditores Independentes on the individual and consolidated interim financial statements of the Company for the period ended June 30, 2020.

Fortaleza, November 12, 2020

Jorge Fontoura Pinheiro Koren de Lima
Chief Executive Officer

Bruno Cals de Oliveira
Chief Financial Officer and Investor Relations Officer

KPMG Auditores Independentes
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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 individual and consolidated interim financial information of Hapvida Participações e Investimentos S.A. ("Company"), included in the Interim Financial Information Form - ITR, for the quarter ended September 30, 2020, which comprises the statement of financial position as of September 30, 2020, the statement of profit or loss and comprehensive income for the three and nine-months period then ended and of changes in equity and cash flows for nine-months period then ended, and notes to the interim financial information.

Management is responsible for the preparation of the interim financial information 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 quarterly information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the interim financial Information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

We conducted our review in accordance with the Brazilian and international standards on review engagements applicable to interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information 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 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 on the interim financial information of parent company and consolidated

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information 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 individual and consolidated interim financial information, related to the statements of value added (DVA) for the nine-months period ended September 30, 2020, 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 quarterly information - the Company´s ITR. In order to form our conclusion, we assessed whether these statements are reconciled to the interim financial information 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 individual company and consolidated interim financial information taken as a whole.

Fortaleza, November 12, 2020

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

Hapvida Participações e Investimentos S.A.

Statements of financial position at September 30, 2020 and December 31, 2019

(Amounts stated in thousands of Reais)

Assets	Notes	Parent company 30/09/2020	Parent company 31/12/2019	Consolidated 30/09/2020	Consolidated 31/12/2019
Cash and cash equivalents	31	1,368	1,625	172,187	224,229
Short-term investments	12	-	-	2,396,176	1,180,418
Trade accounts receivable	13	-	-	314,772	296,987
Inventories		-	-	108,650	72,704
Recoverable taxes	30.c	63,043	59,385	183,211	160,483
Dividends and interest on shareholders' equity receivable	15	63,378	86,701	-	-
Derivative financial instruments	31	-	-	4,660	-
Other assets		36	689	94,269	81,312
Deferred commission expense	14	-	-	158,573	145,169
Total current assets		127,825	148,400	3,432,498	2,161,302
Long-term investments	12	952,801	1,344,854	1,592,169	2,225,563
Deferred income tax	30.d	205,340	150,544	481,455	289,489
Judicial deposits	23	2,000	1,198	256,340	187,636
Deferred commission expense - Long-term	14	-	-	137,547	127,505
Derivative financial instruments	31	-	-	12,959	2,000
Other debits with related parties	15	86	4,638	3,427	8,135
Other long-term assets		-	-	44,666	45,881
Total long-term assets		1,160,227	1,501,234	2,528,563	2,886,209
Investments	16	8,707,034	7,928,378	-	-
Property, plant and equipment	17	9,218	10,135	2,195,084	2,100,319
Intangible assets	18	135	175	4,996,616	5,305,856
Total non-current assets		9,876,614	9,439,922	9,720,263	10,292,384
Total assets		10,004,439	9,588,322	13,152,761	12,453,686

Liabilities and equity	Notes	Parent company 30/09/2020	Parent company 31/12/2019	Consolidated 30/09/2020	Consolidated 31/12/2019
Borrowings and financing	19	8,729	48,234	30,101	75,038
Trade payables		111	156	116,367	95,032
Technical reserves for health care operations	21	-	-	1,009,310	858,143
Debts of health care operations		-	-	3,538	8,808
Payroll obligations	22	1,060	948	235,724	172,474
Taxes and contributions payable		1,575	17,293	178,525	152,432
Current income tax and social contribution	30.b	-	-	133,889	61,982
Dividends and interest on shareholders' equity payable	15 and 24.c	97,878	206,732	111,106	220,020
Lease payable	20	1,184	1,078	35,571	36,866
Other debits with related parties	15	16,333	16,314	3,993	4,040
Other accounts payable		568	524	29,724	60,588
Total current liabilities		127,438	291,279	1,887,848	1,745,423
Borrowings and financing	19	1,997,006	1,996,260	2,031,860	2,036,955
Taxes and contributions payable		-	-	23,752	26,146
Lease payable	20	4,255	5,197	882,185	921,945
Provision for tax, civil and labor risks	23	34,994	35,983	389,556	388,658
Other accounts payable		56	-	95,119	72,674
Total non-current liabilities		2,036,311	2,037,440	3,422,472	3,446,378
Equity	24				
Share 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		137,423	137,423	137,423	137,423
Profit reserve		1,137,970	1,248,739	1,137,970	1,248,739
Retained earnings (loss)		691,856	-	691,856	-
Equity attributable to controlling shareholders		7,840,690	7,259,603	7,840,690	7,259,603
Non-controlling interest		-	-	1,751	2,282
Total equity		7,840,690	7,259,603	7,842,441	7,261,885
Total liabilities and equity		10,004,439	9,588,322	13,152,761	12,453,686
		-	-	- -	-

See the accompanying notes to the individual and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statement of Profit or Loss

Periods ended September 30, 2020 and September 30, 2019

(Amounts stated in thousands of Reais)

		Parent company				Consolidated			
	Notes	**9/30/2020 Accumulated**	**9/30/2020 Quarter**	**9/30/2019 Accumulated**	**9/30/2019 Quarter**	**9/30/2020 Accumulated**	**9/30/2020 Quarter**	**9/30/2019 Accumulated**	**9/30/2019 Quarter**
Net operating revenue	25	-	-	-	-	6,281,466	2,126,380	3,849,028	1,315,771
Costs of services rendered	26	-	-	-	-	(3,696,603)	(1,284,446)	(2,296,350)	(818,579)
Gross income		-	-	-	-	2,584,863	841,934	1,552,678	497,192
Sales expenses	27	-	320	(85)	(28)	(501,415)	(167,051)	(373,198)	(125,079)
Administrative expenses	28	(26,818)	(9,389)	(28,589)	(9,867)	(990,604)	(346,897)	(406,559)	(138,425)
Equity in income of subsidiaries	16	694,638	221,829	562,047	166,930	-	-	-	-
Other net operating revenues (expenses)		(6)	30	(25)	(25)	1,057	2,969	(4,483)	(1,977)
Total		667,814	212,790	533,348	157,010	(1,490,962)	(510,979)	(784,240)	(265,481)
Income (loss) before financial income (loss) and taxes		667,814	212,790	533,348	157,010	1,093,901	330,955	768,438	231,711
Financial revenues	29	24,468	6,992	94,979	59,790	126,464	38,107	228,480	102,504
Finance expense	29	(55,222)	(11,592)	(22,403)	(22,191)	(230,986)	(58,652)	(102,216)	(51,935)
Total		(30,754)	(4,600)	72,576	37,599	(104,522)	(20,545)	126,264	50,569
Income (loss) before income tax and social contribution		637,060	208,190	605,924	194,609	989,379	310,410	894,702	282,280
Current income tax and social contribution	30.a	-	-	(5,345)	-	(490,296)	(146,093)	(304,221)	(93,134)
Deferred income tax and social contribution	30.d	54,796	40,588	40,174	17,840	191,966	83,528	50,757	23,289
Net earnings for the period		**691,856**	**248,778**	**640,753**	**212,449**	**691,049**	**247,845**	**641,238**	**212,435**
Attributable to									
Non-controlling interest		-	-	-	-	(807)	(933)	485	(14)
Owners of the Company		691,856	248,778	640,753	212,449	691,856	248,778	640,753	212,449
Earnings per share - basic and diluted		0.93	0.33	0.92	0.28				

See the accompanying notes to the individual and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statements of comprehensive income

Periods ended September 30, 2020 and 2019

(Amounts stated in thousands of Reais)

	Parent company				Consolidated			
	9/30/2020 Accumulated	**9/30/2020 Quarter**	**9/30/2019 Accumulated**	**9/30/2019 Quarter**	**9/30/2020 Accumulated**	**9/30/2020 Quarter**	**9/30/2019 Accumulated**	**9/30/2019 Quarter**
Net income for the period	691,856	248,778	640,753	212,449	691,049	247,845	641,238	212,435
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	691,856	248,778	640,753	212,449	691,049	247,845	641,238	212,435
Non-controlling interest	-	-	-	-	(807)	(933)	485	(14)
Owners of the Company	691,856	248,778	640,753	212,449	691,856	248,778	640,753	212,449

See the accompanying notes to the individual and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statements of changes in equity

Periods ended September 30, 2020 and September 30, 2019

(Amounts stated in thousands of Reais)

		Attributable to controlling shareholders								
					Profit reserves					
	Notes	**Capital**	**Treasury shares**	**Capital reserves**	**Legal reserve**	**Profit reserve**	**Retained earnings**	**Total**	**Interest of non-controlling shareholders**	**Total equity**
Balances at January 01, 2019		**2,810,219**	**-**	**-**	**94,932**	**697,393**	**-**	**3,602,544**	**3,311**	**3,605,855**
Capital increase (decrease)		2,590,023	-	-	-	-	-	2,590,023	(3,951)	2,586,072
Changes in the equity interest of subsidiaries		-	-	-	-	(2,119)	-	(2,119)	(538)	(2,657)
Income (loss) for the period		-	-	-	-	-	640,753	640,753	485	641,238
Allocations	24									
Interest on shareholders' equity		-	-	-	-	-	(104,396)	(104,396)	-	(104,396)
Dividends		-	-	-	-	(18,579)	-	(18,579)	-	(18,579)
Balances at September 30, 2019		**5,400,242**	**-**	**-**	**94,932**	**676,695**	**536,357**	**6,708,226**	**(693)**	**6,707,533**
Balances at December 31, 2019		**5,650,526**	**(2)**	**222,917**	**137,423**	**1,248,739**	**-**	**7,259,603**	**2,282**	7,261,885
Non-controlling capital		-	-	-	-	-	-	-	276	276
Income (loss) for the period		-	-	-	-	-	691,856	691,856	(807)	691,049
Allocations										
Interest on shareholders' equity	-	-	-	-	-	(110,769)	-	(110,769)	-	(110,769)
Balances at June 30, 2020		**5,650,526**	**(2)**	**222,917**	**137,423**	**1,137,970**	**691,856**	**7,840,690**	**1,751**	**7,842,441**

See the accompanying notes to the individual and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statements of cash flows - Indirect metho

Periods ended September 30, 2020 and September 30, 2019

(Amounts stated in thousands of Reais)

	Parent company		Consolidated	
	9/30/2020	**9/30/2019**	**9/30/2020**	**9/30/2019**
Cash flows from operating activities				
Net income for the period	691,856	640,753	691,049	641,238
Adjustments to reconcile net income for the period with cash generated by operating activities:				
Depreciation and amortization	991	1,137	437,915	50,504
Depreciation of right of use assets	906	416	55,987	39,602
Technical reserves for health care operations	-	-	(1,005)	9,977
Equity in income of subsidiaries	(694,638)	(562,047)	-	-
Impairment loss on trade receivables	-	-	170,550	114,646
Write-off of property, plant and equipment	4	64	12,303	4,536
Write-off of intangible assets	-	78	18,959	11,448
Write-off of investment	-	12,021	-	-
Provision for tax, civil and labor risks	229	466	32,287	56,631
Earnings on short-term investments	(24,465)	(94,969)	(73,844)	(199,325)
Gain with derivative financial instruments	-	-	(20,208)	-
Interest and inflation adjustment of leasing	312	169	61,560	54,643
Financial interest and charges from loans, financing and debentures	50,520	21,984	52,381	21,984
Exchange-rate change	-	-	19,534	-
Current income tax and social contribution	-	5,345	490,296	304,221
Deferred income tax	(54,796)	(40,174)	(191,966)	(50,757)
(Increase) decrease in asset accounts:				
Trade accounts receivable	-	-	(180,508)	(105,777)
Inventories	-	-	(35,529)	(1,839)
Recoverable taxes	(3,658)	(19,101)	(20,195)	(31,025)
Judicial deposits	(2,019)	(670)	(100,060)	(64,593)
Other assets	(42)	(36)	(8,754)	(8,678)
Deferred commission expense	-	-	(23,446)	(6,039)
Increase (decrease) in liability accounts:				
Technical reserves for health care operations	-	-	131,175	71,157
Debts of health care operations	-	-	(5,270)	(40,184)
Payroll obligations	112	(1,978)	62,173	26,350
Trade payables	(45)	238	21,335	(22,118)
Taxes and contributions payable	(30,750)	(3,124)	7,260	11,837
Other accounts payable	101	37	(10,718)	8,799
Net cash (invested) generated by operations	(65,382)	(39,391)	1,593,261	897,238
Income tax and social contribution paid	-	(5,335)	(418,389)	(265,052)
Net cash (invested) generated by operating activities	(65,382)	(44,726)	1,174,872	632,186
Cash flows from investment activities				
Payments to related parties	4,571	(26,356)	4,661	(38,619)
Acquisition of property, plant and equipment	(945)	(284)	(240,940)	(153,542)
Acquisition of intangible assets	-	-	(48,565)	(47,210)
Acquisition/disposal of investments	-	(26,058)	(94,347)	(232,570)
Adjustment on acquisition price - Business ombination	-	-	56,452	-
Paid-up capital in investees	(60,000)	-	-	-
Balances attributed to the acquisition of investees	-	-	5,212	902
Redemption (investments) from short and long term investments	416,518	(4,301,230)	(485,963)	(4,488,594)
Net cash flow generated (invested) in investment activities	360,144	(4,353,928)	(803,490)	(4,959,633)
Cash flows from financing activities				
Receipts from related parties	-	2,000,000	-	2,000,000
Funding of borrowings and financing	-		2,281	
Payment of dividends and interest on shareholders' equity	(204,591)	(188,617)	(204,653)	(191,068)
Expenditures with issuance of shares and debentures	-	(79,572)		(79,572)
Paid-in capital	-	2,664,495	-	2,664,495
Payment of and financing and debentures	(89,280)		(124,314)	
Receipt of derivative financial instruments	-		4,589	
Payment of leasing	(1,148)	(515)	(101,603)	(77,783)
Non-controlling interest in an acquiree	-		276	(4,489)
Net cash invested in financing activities	(295,019)	4,395,791	(423,424)	4,311,583
Net increase (decrease) in cash and cash equivalents	(257)	(2,863)	(52,042)	(15,864)
Cash and cash equivalents at the beginning of the period	1,625	4,832	224,229	185,484
Cash and cash equivalents at the end of the period	1,368	1,969	172,187	169,620
Net increase (decrease) in cash and cash equivalents	(257)	(2,863)	(52,042)	(15,864)
Non-cash transactions:				
Write-off of judicial deposits with provision for risks	(1,217)	(118)	(32,432)	(26,743)
Balances attributed to the acquisition of investees	-	-	-	(1,566)
Accounting effect of adopting IFRS 16	-	2,959	(1,012)	890,198
Payment of dividends and interest on shareholders' equity	(110,769)	(122,975)	(110,769)	(122,975)

See the accompanying notes to the individual and consolidated interim financial statements.

Hapvida Participações e Investimentos S.A.

Statements of added value

Periods ended September 30, 2020 and 2019

(Amounts stated in thousands of Reais)	Parent company		Consolidated	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Revenues (1)	**-**	**(24)**	**6,368,002**	**3,913,033**
Operating revenue	-	-	6,535,348	4,020,714
Other (expenses) revenues	-	(24)	3,204	6,965
Impairment loss on trade receivables	-	-	(170,550)	(114,646)
Inputs purchased from third parties (2)	**(12,108)**	**(5,357)**	**(3,576,172)**	**(2,290,888)**
Costs of services rendered	16	-	(2,284,593)	(1,448,103)
Material, energy, outsourced services and other	(12,124)	(5,357)	(1,291,579)	(842,785)
Gross added value (1) - (2) = (3)	**(12,108)**	**(5,381)**	**2,791,830**	**1,622,145**
Depreciation and amortization (4)	(1,897)	(1,553)	(493,902)	(90,106)
Net value added produced by the Company (3) - (4) = (5)	**(14,005)**	**(6,934)**	**2,297,928**	**1,532,039**
Added value received as transfer (6)	**719,104**	**657,026**	**126,441**	**228,480**
Equity in net income of subsidiaries	694,638	562,047	-	-
Financial revenues	24,466	94,979	126,464	228,480
Other	-	-	(23)	-
Total added-value payable (5+6)	**705,099**	**650,092**	**2,424,369**	**1,760,519**
Distribution of added value	**(705,099)**	**(650,092)**	**(2,424,369)**	**(1,760,519)**
Personnel	**(15,888)**	**(19,963)**	**(940,753)**	**(551,380)**
Direct remuneration	(15,871)	(19,943)	(787,601)	(476,968)
Benefits	(17)	(20)	(83,435)	(41,351)
FGTS (Severance Pay Fund)	-	-	(69,717)	(33,061)
Taxes, rates and contributions	**52,721**	**32,557**	**(730,585)**	**(545,968)**
Federal	52,839	32,767	(650,775)	(480,981)
State	(61)	(118)	(1,157)	(504)
Municipal	(57)	(92)	(78,653)	(64,483)
Third-party capital remuneration	**(50,076)**	**(21,933)**	**(61,982)**	**(21,933)**
Interest	(50,521)	(21,933)	(53,803)	(21,933)
Rentals	445	-	(8,160)	-
Other	-	-	(19)	-
Remuneration of own capital	**(691,856)**	**(640,753)**	**(691,049)**	**(641,238)**
Dividends and interest on shareholders' equity	(110,769)	(122,975)	**(110,769)**	(122,975)
Retained earnings	(581,087)	(517,778)	(581,087)	(517,778)
Non-controlling interests in retained earnings	-	-	807	(485)

See the accompanying notes to the individual and consolidated interim financial statements.

Notes to the individual and consolidated interim financial statements

(Amounts stated in thousands of Reais)

1 Operations

Hapvida Participações e Investimentos S.A. (the “Company”) is a holding company organized as a corporation with registered offices at Av. Heráclito Graça, 406 in the city of Fortaleza/CE, Brazil. The Company's parent Company individual 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 network (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)

In view of the macroeconomic scenario faced by the country due to the new coronavirus pandemic, the Company monitors the course of events and informs that it has often been closely tracking the economic and financial impacts on its businesses.

Credit risk and estimated expected credit losses

The Company has been analyzing payments of monthly fees from its clients daily, as well as possible impacts on the provision for losses due to default and contract cancellation rates, aiming to verify whether there was a significant increase in credit risk.

The life cancellation ratio and the daily receipt of funds from the Company remain in line with the period before the beginning of the pandemic, indicating that from October 31, 2020, date of the last information available, until the publication of this report, there was no increase in the Company’s credit risk. Client contracts are mostly pre-paid and, in the event of default, for corporate clients, after five days of delay there may be a suspension of service to the beneficiary, thus implying less risk of using the service network without the respective payment of the healthcare plan monthly fee.

Liquidity risk and cash generation

Cash generation
As of the date of issuance of these interim statements, there were no indications of deterioration in the Company's operating cash generation ability that could result in an increased level of liquidity risk.

Leasing
The Company managed to renegotiate some contracts and obtain specific discounts on the rentals of some of its units, which will be recognized in the income (loss) for the periods in which they take effect, without the need to remeasure lease assets and liabilities, in view of the immateriality of the effects of these discounts on the total flow of contractual payments.

Compliance with covenants
Despite the fact that the Company currently complies with the ratio required as a financial covenant for debt instruments, the prospects of maintaining such compliance in the next 12 months were evaluated based on the information available in the issuance of these financial statements, and no indications that the required ratios will not be reached were identified, thus ruling out the likelihood of the early maturity of the debt being declared.

Regarding non-financial covenants, elements that put their full compliance at risk for the same period mentioned above were also monitored and detection of non-compliance indications.

Loss Ratio
In March 2020, the measures adopted by the National Agency for Supplementary Health (ANS) resulted, among others, in postponing elective medical procedures, aiming to increase the immediate availability of beds that are being prioritized for Covid-19-related hospitalizations. This measure generated a temporary situation of low occupancy in hospitals belonging to the network that is being reversed by hospitalizations of patients with Covid-19. In June 2020, the regulatory body reviewed these measures, with the return of appointments for elective procedures, which started to be resumed gradually as of that date.

Recoverability of assets

Business combinations
Regarding the main assets acquired through business combinations occurred in the last year, considering current circumstances, the assumptions for updating the cash flow projections that supported the recognition of such assets were reviewed, and no indications of non-recoverability requiring the recording of impairment losses were observed.

Financial instruments
The Company adopts a very conservative investment policy, only investing in fixed income funds and securities in the largest Brazilian financial institutions. The assumptions for measuring financial instruments were reviewed and the Company found that the position represented in these financial statements is realizable, without the need for recording any impairment.

2 Business combinations

2.1 Acquisition of RN Saúde

In July 2019, the Company entered into an agreement for the acquisition of RN Metropolitan Ltda. (“RN Saúde”). The acquisition was completed in January 2020, through Hapvida Assistência Médica Ltda, a subsidiary of the Company, in the amount of R$ 94,349 (considering the price adjustment), pursuant to the contractual provisions, as follows:

(a) R$ 38,229 paid 10 days after the closing date;

(b) R$ 8,500 paid 90 days after the closing date;

(c) R$ 24,533 paid to sellers up to May 2020, after the calculation of the net debt in the closing balance;

(d) R$ 7,526 retained by the Company to guarantee eventual contingencies of a taxable event prior to the closing that may materialize (R$ 7,355 as of September 30, 2020 after contractual releases). In the event of not using the portion retained, it will be paid to the sellers as the schedule provided for in the Contract.

The amount of R$ 15,561 was paid to sellers up to June 2020, through the delivery of 258,026 common shares of the Company.

Assets acquired and liabilities assumed

The following are the provisional fair values of identifiable assets and liabilities at the acquisition date, obtained from the preliminary technical report prepared by independent consultants. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis, and its completion must occur within a period of up to one year after the date of acquisition, as provided for in CPC 15 – Business Combination.

	Fair value
Assets	
Cash and cash equivalents	5,212
Short-term investments	22,557
Trade accounts receivable	7,827
Inventories	417
Recoverable taxes	2,533
Other assets	2,992
Judicial deposits	1,076
Property, plant and equipment	5,486
Intangible assets	41,760
Total assets	**89,860**
Liabilities	
Technical reserves for health care operations	20,977
Payroll obligations	1,077
Taxes and contributions payable	1,408
Other accounts payable	2,283
Provision for tax, civil and labor risks	1,045
Total liabilities	**26,790**
Total identifiable net assets at fair value	**63,070**
Equity of the acquiree	21,391
Net surplus of assets	41,679
Goodwill due to expected future profitability (temporary)	31,279
Consideration	**94,349**

The valuation techniques used to measure the fair value of the significant assets acquired were as follows: The choice of methodology applicable to each class of assets is related to the nature and function of these in the business operation.

Assets	Valuation method
Intangible assets - Trademark	Income Approach (Relief from Royalties)
Intangible assets – Life portfolio	Income Approach (Multi-Period Excess Earnings Model - “MPEEM”)

We describe the evaluation methods below:

- **Income Approach (Relief from Royalties) –** In this technique we estimate the value of the asset by capitalizing royalties that are saved since the company owns the intangible assets. In other words, the owner of the brand receives the benefit from owning the Intangible Asset, rather than paying a rent or royalties for the use of the asset.

- ***Multi-Period Excess Earnings Model* –** MPEEM – This method measures the present value of future earnings to be generated over the remaining useful life of a given asset. Operating costs and expenses are discounted from future cash flows directly attributable to the asset, and the resulting margin is subtracted from the charges on the contributing assets identified directly related to the asset in question (Contributory Charges) to arrive at the free flows to be discounted to calculate present value.

It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

Since the acquisition date until September 30, 2020, RN Saúde contributed consolidated net revenues of R$ 107,809 and consolidated net revenues of R$ 21,431 to the Company.

2.2 Acquisition of São Francisco Group

In May 2019, the Group signed the Share Purchase and Sale Agreement and Other Covenants for the acquisition of all the shares representing the share capital of GSFRP Participações S.A. ("São Francisco Group") through the subsidiary Ultra Som Serviços Médicos S.A. After conclusion of certain suspensive contractual conditions, the process was finalized on November 1, 2019.

The acquisition was made for the initial amount of R$ 5,143,766, adjusted to R$ 5,087,314 after adjustments to the São Francisco Group's net debt and working capital pursuant to the Share Purchase Agreement and Other Covenants. The adjustment was made during the measurement period in which the provisional values initially recognized in a business combination are adjusted, as provided in IFRS 03 - Business combination.

The acquisition payments were made according to the contractual provision as follows:

(a) Advance of R$200,000 in the execution of Share Purchase and Sale and Other Covenants;

(b) R$ 4,217,624 paid in cash as of November 1, 2019, after the monetary updating using the CDI rate;

(c) R$ 253,225 paid into an assigned account (Escrow Account) on November 1, 2019 (R$ 255,372 as of September 30, 2020), after the monetary updating using the CDI rate. This fund is part of the acquisition price and has been highlighted in a separate account. It aims to guarantee the payment of any losses arising from contingencies whose accrual periods are prior to the closing date of the transaction. The balance of the Escrow Account, after deducting any losses incurred for the period, will be released to the sellers according to the schedule provided for in the Contract. In the initial measurement of the acquisition, no adjustments were identified on the contingent liabilities already existing in the acquired companies. However, the Company will be able to evaluate and complete said measurement for a period of up to 12 months as of the acquisition date;

(d) Issuance of 8,333,333 common shares on November 1, 2019, paid-up to the Company's share capital in the amount of R$ 250,000. The fair value of said shares issued was calculated based on the quotation of the Company's shares on the acquisition date (R$ 56.75 per share), totaling the fair value of R$ 472,917. The amount of R$ 222,917, referring to the difference between the share capital contribution and the fair value of the shares on the acquisition date, was recognized in the capital reserve, as goodwill in the issue of shares.

Transaction costs in the amount of R$ 39,000 were recognized in the statement of profit or loss on 2019 as general and administrative expenses.

Assets acquired and liabilities assumed

The following are the provisional fair values of identifiable assets and liabilities at the acquisition date, obtained from the preliminary technical report prepared by independent consultants. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis, and its completion must occur within a period of up to one year after the date of acquisition, as provided for in IFRS 03 – Business Combination.

	Fair value
Assets	
Cash and cash equivalents	2,116
Short-term investments	215,691
Trade accounts receivable	274,893
Other assets	112,697
Deferred income tax	74,272
Property, plant and equipment	553,302
Intangible assets	2,862,043
Total assets	**4,095,014**
Liabilities	
Borrowings and financing	62,434
Trade payables	57,871
Technical reserves for health care operations	331,278
Payroll obligations	180,515
Leasing payable	87,133
Other accounts payable	126,391
Deferred taxes	8,622
Provision for tax, civil and labor risks	74,952
Total liabilities	**929,196**
Total identifiable net assets at fair value	**3,165,818**
Equity of the acquiree	315,318
Net surplus of assets	2,850,500
Goodwill due to expected future profitability (temporary)	1,921,496
Consideration	**5,087,314**

The valuation techniques used to measure the fair value of the significant assets acquired were as follows: The choice of methodology applicable to each class of assets is related to the nature and function of these in the business operation.

Assets	**Valuation method**
Intangible assets - Trademark	Income Approach (Relief from Royalties)
Intangible assets – Life portfolio	Income Approach (Multi-Period Excess Earnings Model - “MPEEM”)
Intangible asset - Non-competition agreement	Discounted cash flows
Intangible asset - Agreements with Hospitals	Income Approach (Multi-Period Excess Earnings Model - “MPEEM”)
Intangible asset - Agreements with Third Parties	Income Approach (Multi-Period Excess Earnings Model - “MPEEM”)
Intangible assets - Software	Replacement Cost
Property, plant and equipment	Replacement Cost

We describe the evaluation methods below:

- **Income Approach (Relief from Royalties) –** In this technique we estimate the value of the asset by capitalizing royalties that are saved since the company owns the intangible assets. In other words, the owner of the brand, core technology and patents receives the benefit from owning the Intangible Asset, rather than paying a rent or royalties for the use of the asset.

- ***Multi-Period Excess Earnings Model* –** MPEEM – This method measures the present value of future earnings to be generated over the remaining useful life of a given asset. Operating costs and expenses are discounted from future cash flows directly attributable to the asset, and the resulting margin is subtracted from the charges on the contributing assets identified directly related to the asset in question (Contributory Charges) to arrive at the free flows to be discounted to calculate present value.

- **Discounted Cash Flow –** Calculation of the present value of predetermined future cash flows, discounted at a discount rate that reflects the uncertainties of the asset in question.

- **Replacement cost –** It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

Information obtained on the facts and circumstances existing at the date of acquisition may result in adjustments in the allocation of identifiable assets, identifiable liabilities and goodwill for expected future profitability. This analysis will be completed within a maximum period of 12 months as of the date of acquisition.

It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

2.3 Acquisition of América Group

In June 2019, the Group signed the Quota Purchase and Sale Agreement and Other Covenants for the acquisition of all the shares representing the share capital of América Group's companies through its subsidiaries Ultra Som Serviços Médicos S.A. and Hapvida Assistência Médica Ltda. After conclusion of certain suspensive contractual conditions, the process was concluded on December 2, 2019. The acquisition of América Group aims to improve the performance of the Company and its Economic Group in the Midwest region, through the operation of América Group in the metropolitan region of Goiânia and Anápolis.

The acquisition of América Group was made for the amount of R$ 430,258, according to the contractual provision, as follows:

(a) Installment corresponding to R$ 380,258 paid 10 days after the closing date;

(b) Portion retained for payment of debts and contingencies, in the amount of up to R$ 50,000 (R$ 51,046 as of September 30, 2020), treated by the Company as a contingent consideration. The retained portion is part of the acquisition price and, after deducting the net debt calculated on the date of closing the acquisition, the remaining amount will be used to guarantee any contingencies arising from events prior to the closing date of the transaction. In the event of not using the remaining amount, it will be paid to the sellers as the schedule provided for in the

Contract. In the initial measurement of the acquisition, no adjustments were identified on the contingent liabilities already existing in the acquired companies, but the Company will be able to evaluate and complete this measurement for a period of up to 12 months as of the acquisition date.

Assets acquired and liabilities assumed

The following are the provisional fair values of identifiable assets and liabilities at the acquisition date, obtained from the preliminary technical report prepared by independent consultants. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis, and its completion must occur within a period of up to one year after the date of acquisition, as provided for in IFRS03 – Business Combination.

	Fair value									
	Hospital e Maternidade Jardim América	**Jardim América Saúde**	**Hospital Multi Especialidades**	**Hospital PROMED Ltda.**	**PROMED Assistência Médica Ltda.**	**AME Planos de Saúde Ltda**	**Américas Clínicas Ltda**	**Oftalmologia Jardim América**	**Centro de Diag e Lab Santa Cecília Ltda**	**Total**
Assets										
Cash and cash equivalents	269	136	(1)	11	2,467	182	-	17	-	3,081
Short-term investments	217	753	8	-	9,890	2,080	-	-	81	13,029
Trade accounts receivable	5,250	767	35	425	3,555	1,403	-	176	255	11,866
Other assets	3,843	763	287	1,806	3,756	1,023	-	41	29	11,548
Deferred income tax	-	115	1	(112)	1,917	667	-	-	-	2,588
Judicial deposits	109	522	-	-	6,472	2,502	-	-	-	9,605
Investments	12,042	79	-	-	-	-	-	-	-	12,121
Property, plant and equipment	2,669	3,571	414	3,401	6,658	8,510	15	2,506	1,183	28,927
Intangible assets	41,274	2,752	-	-	15,683	2,147	-	-	-	61,856
Total assets	**65,673**	**9,458**	**744**	**5,531**	**50,398**	**18,514**	**15**	**2,740**	**1,548**	**154,621**
Liabilities										
Borrowings and financing	2,786	52	98	-	-	-	-	-	758	3,694
Technical reserves for health care operations	-	3,193	-	-	26,312	4,810	-	-	-	34,315
Taxes and contributions payable	3,620	411	258	1,364	7,747	506	1	21	12	13,940
Current income tax and social contribution	5,490	-	-	-	-	-	-	-	76	5,566
Leasing payable	-	751	-	691	-	1,689	-	-	-	3,131
Other accounts payable	4,895	646	104	996	1,105	7,525	2	316	175	15,764
Provision for tax, civil and labor risks	110	582	3	-	1,363	2,779	-	-	-	4,837
Total liabilities	**16,901**	**5,635**	**463**	**3,051**	**36,527**	**17,309**	**3**	**337**	**1,021**	**81,247**
Total identifiable net assets at fair value	**48,772**	**3,823**	**281**	**2,480**	**13,871**	**1,205**	**12**	**2,403**	**527**	**73,374**
Equity of the acquiree	6,342	761	216	2,515	171	(951)	12	1,547	(273)	10,340
Net surplus of assets	42,430	3,062	65	(35)	13,700	2,156	-	856	800	63,034
Goodwill due to expected future profitability (temporary)	201,453	4,275	740	35,388	83,306	8,057	1,009	2,305	20,351	356,884
Total compensation	**250,225**	**8,098**	**1,021**	**37,868**	**97,177**	**9,262**	**1,021**	**4,708**	**20,878**	**430,258**

The valuation techniques used to measure the fair value of the significant assets acquired were as follows: The choice of methodology applicable to each class of assets is related to the nature and function of these in the business operation.

Assets	Valuation method
Intangible assets - Trademark	Income Approach (Relief from Royalties)
Intangible assets – Life portfolio	Income Approach (Multi-Period Excess Earnings Model - "MPEEM")
Property, plant and equipment	Replacement Cost

We describe the evaluation methods below:

- **Income Approach (Relief from Royalties) –** In this technique we estimate the value of the asset by capitalizing royalties that are saved since the company owns the intangible assets. In other words, the owner of the brand, core technology and patents receives the benefit from owning the Intangible Asset, rather than paying a rent or royalties for the use of the asset.

- ***Multi-Period Excess Earnings Model* –** MPEEM – This method measures the present value of future earnings to be generated over the remaining useful life of a given asset. Operating costs and expenses are discounted from future cash flows directly attributable to the asset, and the resulting margin is subtracted from the charges on the contributing assets identified directly related to the asset in question (Contributory Charges) to arrive at the free flows to be discounted to calculate present value.

- **Replacement cost –** It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

Information obtained on the facts and circumstances existing at the date of acquisition may result in adjustments in the allocation of identifiable assets, identifiable liabilities and goodwill for expected future profitability. This analysis will be completed within a maximum period of 12 months as of the date of acquisition.

It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

2.4 Acquisition of Maida Health Participações Societárias S.A.

In September 2019, the Company, through its subsidiary Hapvida Participações em Tecnologia Ltda.., started to control Maida Health Participações Societárias S.A. ("MAIDA"), with a 75% interest in the total of subscribed shares. MAIDA is a holding company of Infoway Tecnologia e Gestão em Saúde Ltda. ("Infoway") on the date of the transaction, a technology company that operates in the provision of health management systems services, advisory and implementation of health management models, ranging from their conception to the maintenance of their operation. As well as in the development of innovative health technologies, mainly through an artificial intelligence-based technological platform, in addition to other proprietary software, aimed at bringing efficiency to the health care plan management processes.

The share capital contribution made at MAIDA was as follows: R$ 7,500 paid on the date of the transaction, R$ 5,000 to be paid until 2020, earn-out in the present value of R$ 5,395, which will be paid in the next 5 years, and 100% of Haptech's shares.

Assets acquired and liabilities assumed

The following table shows the consideration of operation and final fair values of assets and liabilities at the acquisition date, obtained from the technical report prepared by independent consultants. The measurement of the fair values of the acquired assets and assumed liabilities was made within a period of up to one year after the date of acquisition, as provided for in CPC 15 – Business Combination.

	Initial Alocation on December 31, 2019	**Adjustments**		**End Alocatio on September 30, 2020**
Total compensation	17.875			17.875
(-) Equity of the acquiree – 75% acquired	2.082	(20)	(a)	2.062
Price Paid (surplus)	15.793	(20)	(b)	15.813
Net surplus of assets – 75% acquired – 75% of fair value adjustment	10.426	5.326	(c)	15.752
Goodwill due to expected future profitability	5.367	(5.306)	(d)	61

(a) Accounting convergence adjustments;
(b) Refers to the adjustment “a” on the consideration tramsferred;
(c) Refers to the initial fair value allocation adjustments in the property and equipment and intangible classes.
(d) Rerefs to the countpart adjustment in items “b” and “c”.

	Acquired net assets on August 31, 2019	**Fair value adjustment**	**At acquistion on August 31, 2019**
Assets			
Cash and cash equivalents	5,052	-	5,052
Short-term investments	565	-	565
Trade accounts receivable	3,679	-	3,679
Recoverable taxes	4,356	-	4,356
Other assets	1,284	-	1,284
Property, plant and equipment	5,020	-	5,020
Intangible assets	762	21,002	21,764
Total assets	**20,718**	**21,002**	**41,720**
Liabilities			
Borrowings and financing	171	-	171
Trade payables	1,384	-	1,384
Payroll obligations	11,736	-	11,736
Taxes and contributions payable	3,585	-	3,585
Other accounts payable	326	-	326
Provision for tax, civil and labor risks	765	-	765
Total liabilities	**17,967**	-	**17,967**
Equity	**2,751**	**21,002**	**23,753**

The valuation techniques used to measure the fair value of the significant assets acquired were as follows: The choice of methodology applicable to each class of assets is related to the nature and function of these in the business operation.

Assets	**Valuation method**
Intangible asset - Agreements with Third Parties	Income Approach (Multi-Period Excess Earnings Model - "MPEEM")
Intangible assets - Software	Replacement Cost

We describe the evaluation methods below:

- ***Multi-Period Excess Earnings Model –*** MPEEM – This method measures the present value of future earnings to be generated over the remaining useful life of a given asset. Operating costs and expenses are discounted from future cash flows directly attributable to the asset, and the resulting margin is subtracted from the charges on the contributing assets identified directly related to the asset in question (Contributory Charges) to arrive at the free flows to be discounted to calculate present value.

- **Replacement cost –** It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

2.5 Acquisition of Hospital das Clínicas e Fraturas do Cariri Ltda.

In August 2019, the Company, through its subsidiary Ultra Som Serviços Médicos S.A., acquired for the amount of R$ 13,526, 100% of quotas of Hospital das Clínicas e Fraturas do Cariri Ltda., a hospital company headquartered in the city of Juazeiro do Norte, State of Ceará.

Assets acquired and liabilities assumed

The following table shows the paid consideration and final fair values of identifiable assets and liabilities at the acquisition date, obtained from the technical report prepared by independent consultants. The measurement of the fair values of the identified assets and liabilities was made within a period of up to one year after the date of acquisition, as provided for in IFRS 03 – Business Combination.

Total compensation	13,526
(-) Equity of the acquiree	(4,622)
Price Paid (surplus)	18,148
Net surplus of assets	9,178
Goodwill due to expected future profitability	8,970

	Acquired net assets on July 31, 2019	Fair value adjustment	Fair value
Assets			
Property, plant and equipment	402	9,178	9,580
Other assets	227	-	227
Total assets	**629**	**9,178**	**9,807**
Liabilities			
Trade payables	789	-	789
Labor and social security obligations	1,905	-	1,905
Other liabilities	2,557	-	2,557
Total liabilities	**5,251**	**-**	**5,251**
Equity	**(4,622)**	**9,178**	**4,556**

The valuation techniques used to measure the fair value of property, plant and equipment were based on the replacement cost, which determines that the current cost of a similar new good, the equivalent utility of which is closest to the good being assessed.

It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

2.6 Acquisition of Hospital das Clínicas de Parauapebas Ltda.

In November, the Group signed the Quota Purchase and Sale Agreement and Other Covenants for the acquisition of all the quotas representing the share capital of HCP - Hospital das Clínicas de Parauapebas Ltda. through the subsidiary Ultra Som Serviços Médicos S.A. After conclusion of certain suspensive contractual conditions, the process was finalized in December 2019.

The acquisition was made for the amount of R$ 4,570, of which R$ 2,285 was paid in cash, R$ 1,239 paid on September, 2020 and R$ 913 will be retained by the Company to guarantee eventual contingencies of taxable events prior to the closing that may materialize. In the event of not using the portion retained, it will be paid to the sellers as the schedule provided for in the Contract.

The technical report of fair values of identifiable assets and liabilities on the acquisition date is being prepared by independent consultants. This report will be concluded within a maximum period of 12 months as of the acquisition date.

3 Corporate reorganization

Aiming to simplify the Group’s corporate structure and obtain greater synergy gains by reducing operating costs by sharing administrative structures, the following corporate restructurings were approved:

3.1 - Partial spin-off of Hospital Maternidade Jardim América Ltda.
On April 30, 2020, the Extraordinary General Meeting (AGE) approved the partial spin-off of Hospital Jardim América Ltda., with the transfer of the spun-off assets to Jardim América Saúde Ltda., in the amount of R$ 59,695. Moreover, Jardim América Saúde Ltda. share capital was maintained through the cancellation of the quotas received in the spin-off and the consequent issuance of an equal amount of new quotas assigned to Ultra Som Serviços Médicos S.A., which becomes a direct partner of Jardim América Saúde Ltda.

3.2 - Acquisition of América Clínicas Ltda. by Ultra Som Serviços Médicos S.A.
On May 29, 2020, a Contract for the Purchase and Sale of Quotas of América Clínicas Ltda. was signed between Jardim América Saúde Ltda. and Ultra Som Serviços Médicos S.A. The total price paid was R$ 1.00, since América Clínicas had negative equity at the time.

3.3 – Partial spin-off of Ultra Som Serviços de Saúde Médicos S.A.
On May 31, 2020, the Extraordinary General Meeting approved the partial spin-off of Ultra Som Serviços Médicos S.A. with the transfer of 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 transaction, Hapvida Assistência Médica Ltda. becomes the holder of all the quotas representing the voting capital of Jardim América Saúde Ltda.

3.4 – Acquisition of Hospital Multi Especialidades Ltda. by Ultra Som Serviços Médicos S.A
On July 31, 2020, a Contract for the Purchase and Sale of Quotas of Hospital Multi Especialidade Ltda. was signed between Hospital Jardim América Ltda. and Ultra Som Serviços Médicos S.A. The total price paid was R$ 1.00, since América Clínicas had negative equity at the time.

3.5 – Merger of Operators Ame Planos de Saúde Ltda., Promed Assistência Médica Ltda. and Jardim América Saúde Ltda. into Hapvida Assistência Médica Ltda.
On August 31, 2020, the merger of Operators Ame Planos de Saúde Ltda., Promed Assistência Médica Ltda. and Jardim América Saúde Ltda. into Hapvida Assistência Médica Ltda. was approved, under the terms of the Merger Protocol and Justification, with the consequent extinction of the merged companies.

Net assets merged on August 31, 2020 were comprised as follows:

Net assets of Ame Planos de Saúde Ltda.	**08/31/2020**
Assets	25,129
Liabilities	(24,878)
Merged net assets	251

Net assets of Promed Assistência Médica Ltda.	08/31/2020
Assets	77,076
Liabilities	(61,779)
Merged net assets	15,297

Net assets of Jardim América Saúde Ltda.	08/31/2020
Assets	174,040
Liabilities	(139,352)
Merged net assets	34,688

3.6 – Merger of Clínica de Oftalmologia Jardim América Ltda. and América Clínicas Ltda. into Ultra Som Serviços Médicos S.A.

On August 31, 2020, the merger of Clínica de Oftalmologia Jardim América Ltda. and América Clínicas Ltda. into Ultra Som Serviços Médicos S.A. was approved by the Extraordinary General Meeting, under the terms of the Merger Protocol and Justification, with the consequent extinction of the merged companies.

Net asses of Oftalmologia Jardim América Ltda.	08/31/2020
Assets	12,013
Liabilities	(14,523)
Merged net assets	(2,510)

Net assets of Américas Clínicas.	08/31/2020
Assets	2,095
Liabilities	(2,226)
Merged net assets	(131)

The aforementioned corporate amendments do not change the Company’s shareholding structure or cause any dilution to its shareholders.

4 List of subsidiaries

The Parent Company and Consolidated financial information includes the following direct and indirect subsidiaries of Hapvida Participações e Investimentos S.A.:

	09/30/2020		**12/31/2019**	
Entity	**Direct**	**Indirect**	**Direct**	**Indirect**
Hapvida Assistência Médica Ltda. (a)	99.99%	-	99.99%	-
Mais Odonto Assistência Odontológica Ltda.	99.99%	-	99.99%	-
Hospital Antônio Prudente Ltda.)	99.99%	-	99.99%	-
Ultra Som Serviços Médicos S.A. (b)	100%	-	100%	-
Hapvida Participações em Tecnologia Ltda	99.99%	-	99.99%	-
Maida Health Participações Societárias S.A.	-	74.99%	-	74.99%
Haptech Soluções Inteligentes Ltda.	-	74.99%	-	74.99%
Infoway Tecnologia e Gestão em Saúde Ltda	-	74.99%	-	74.99%
São Francisco Odontologia Ltda. (e)	-	100%	-	100%
São Francisco Atendimento Médico e Serviços Ltda.		100%		100%
São Francisco Resgate Ltda.	-	100%	-	100%
Documenta Clínica Radiológica Ltda	-	99.97%	-	99.97%
São Francisco Sistemas de Saúde S/E Ltda. (f)	-	99.93%	-	99.93%
São Francisco Rede de Saúde Assistencial Ltda.	-	99.93%		
GSF Administração de Bens Próprios Ltda.	-	99.93%	-	100%
Centro Avançado Oncológico Ltda.	-	100%	-	100%
SF Health Up Desenvolvimento e Consultoria em Tecnologia da Informação Ltda	-	100%	-	100%
Hemac Medicina Laboratorial e Hemoterapia	-	100%	-	100%
Hospital São Francisco 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%
Odontológica Serviços de Saúde Oral Ltda.		100%		100%
Hospital Jardim América Ltda.	-	100%	-	100%
Hospital Promed Ltda.	-	100%	-	100%
Hospital Multi Especialidades Ltda-EPP.	-	100%	-	100%
Centro de Diagnóstico e Laboratório Santa Cecília Ltda.	-	100%	-	100%
Clínica de Oftalmologia Jardim América Ltda.	-	-	-	100%
Jardim América Saúde Ltda.	-	-	-	99.99%
Promed Assistência Médica Ltda.	-	-	-	99.99%
Ame Planos de Saúde Ltda.	-	-	-	99.99%
América Clínicas Ltda.-	-	-		99.99%
Hospital das Clínicas de Paraupebas Ltda	-	100%		100%
RN Metropolitan Ltda.)	-	99.99%		-
Exclusive Funds				
BB HAPV Fundo de Investimento em Cotas de Fundo de Investimento Renda Fixa Longo Prazo	65.79%	34.21%	58.50%	41.50%
Santander Hapvida Renda Fixa Referenciado DI Crédito Privado FIC FI	56.40%	43.60%	21.77%	78.23%
Itaú HAP Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa Crédito Privado	89.46%	10.54%	85.28%	14.72%

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

(a) Hapvida Assistência Médica Ltda.

The insurance company came into operation on July 15, 1991 and is registered in National Agency for Supplementary Health (ANS) under the number º 36.825-3. It is primarily engaged in the sale of health and dental insurance plans focused on providing healthcare assistance through the network of companies under Hapvida Participações e Investimentos S.A.'s control.

(b) Ultra Som Serviços Médicos S/A
It started operating on February 25, 1988 and is mainly engaged in: providing medical and paramedical services, laboratory, diagnostic, imaging and ultrasound services, embracing all fields of medicine, as well as holding interests in other companies as partner or shareholder. On May 15, 2019, as registered with Ceará State Board of Trade, partners decided to transform the organization into a corporation.

(c) Hospital Antônio Prudente Ltda.
This subsidiary's main business consists of providing medical and hospital services. This subsidiary is Hapvida Group's primary in-network hospital and accommodates a significant part of patient care in the municipality of Fortaleza-CE.

(d) RN Metropolitan Ltda.
It is a company specialized in the provision of supplementary medical assistance founded in 2001 and headquartered in Uberaba/MG, focused on the concept of Integrated Medicine, offering services in Assistance Medicine, Occupational Medicine and Preventive Medicine. RN Saúde meets the requirements of Law No. 9,656/98 and has the definitive registration with the National Agency for Supplementary Health (ANS) under No. 41.413-1.

(e) São Francisco Odontologia Ltda.
Established in 1998 in the city of Ribeirão Preto, in the state of São Paulo, it is engaged in the provision of dental and administrative services, administration, advisory and implementation of exclusive operation systems for private health care plans in the dental segment, as well as the organization of courses, lectures, seminars and other events in its area of operation. São Francisco Odontologia meets the requirements of Law 9656/98 and has the definitive registration with the National Agency for Supplementary Health (ANS) under No. 36.531-9.

(f) São Francisco Sistema de Saúde S/E Ltda.
Headquartered in Ribeirão Preto - SP, it is engaged in the management, advisory, implementation and sales of individual, family and collective health care systems and plans, through its own means of operation or by contracting and/or accrediting legally qualified third parties, as well as 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 operation. The Operator meets the requirements of Law 9656/98 and has the definitive registration with the National Agency for Supplementary Health (ANS) under No. 30209-1.

5 Preparation basis

Statement of compliance

The consolidated interim financial statements of the parent company were prepared in accordance with CPC 21 (R1) - Interim Statement 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, applicable to the preparation of the Quarterly Information. ANS rules for insurance contracts are also observed when there are no conflicts with IFRS content.

The issue of individual and consolidated interim financial statements was authorized by the Board of Directors on November 12, 2020.

Segregation between current and non-current

The Company reviews the amounts recorded in current assets and liabilities at each reporting date, with the purpose of classifying as non-current those amounts whose expected realization exceeds the period of 12 months after the respective base date. Deferred income tax and social contribution assets and/or liabilities are classified in Non-current assets or liabilities.

6 Functional and presentation currency

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

7 Use of estimates and judgments

In the preparation of these individual and consolidated interim financial statements, management used judgments, estimates and assumptions that affect the Company's application of accounting policies 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.

(i) Judgments

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

- **Note 20 –** Leasing payable: to determine if the agreement has a leasing, the term, renewal and classification;
- **Note 21 -** Technical reserves for healthcare operations.
- **Note 23 -** Provision for tax, civil and labor risks.

(ii) Uncertainties on assumptions and estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimates are made. The actual results in future periods may be different from those estimates and judgements.

Information about uncertainties related to the underlying assumptions and significant estimates that could lead to actual results differing from estimates has been included primarily in the following notes:

- **Note 2 -** acquisition of subsidiary: fair value of consideration transferred (including contingent consideration) and the fair value of assets acquired and assumed liabilities, measured on a provisional basis.
    - **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.
- **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 year.
- **Note 18 -** Determination of estimated useful life of intangible assets, and as a result, of the amortization rate to be used in the calculation and book records in the income (loss) for the year. Intangible asset and goodwill impairment test: main assumptions regarding recoverable values, including recoverability of development costs.
- **Note 21 -** Technical provisions for healthcare operations. Recognition and measurement of liabilities related to cost of service that was not informed yet by the service providers.
- **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.

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

(iii) 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 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 individual and consolidated interim financial statements period in which changes occurred.

In the periods ended September 30, 2020 and December 31, 2019, the Company and its subsidiaries made no transfers between financial assets or transfers among hierarchic levels.

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

- **Note 2 -** Business Combinations; and

- **Note 31 -** Financial instruments.

8 Basis of measurement

The individual and consolidated interim financial statements were prepared based on the historical cost, except when otherwise indicated.

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 individual and consolidated annual financial statements for the year ended December 31, 2019. Thus, individual and consolidated interim financial statements should be read together with the Company's parent company and consolidated interim condensed financial statements for the year ended December 31, 2019, issued on March 25, 2020, comprising the whole set of notes.

10 New pronouncements issued, but not effective

a. 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.

11 Operating segments

The Group operates in the healthcare sector and focuses its strategy on providing services in a vertical way, in which the service to the beneficiary is carried out primarily through its own service network. The Group provides medical and dental insurance plans, operating in only one operating segment, of vertical healthcare whose operating and financial results are regularly reviewed by the Board of Directors on aggregate, 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). 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

	Monthly average remuneration	Maturities	Parent Company 09/30/2020	Parent Company 12/31/2019	Consolidated 09/30/2020	Consolidated 12/31/2019
Government and private bonds						
Reverse-sale-and-repurchase agreements (a)	100.2% CDI	Without maturity	-	-	-	5,717
Bank Deposit Certificates - Collateral Assets (b)	101.8% CDI	June 2022	-	-	10,054	-
Bank deposit certificates	101.3% CDI	Nov 2020–Jan 2034	-	-	1,541,766	494,697
NTN-B	IPCA + 1.8%	Aug 2024	-	-	35,577	-
Investment fund						
Fixed income - Collateral assets (b) (d)	78.6% CDI	Without maturity	-	-	843,526	661,223
Fixed income - Exclusives (c) (d)	87.2% CDI	Without maturity	821,848	1,051,077	1,289,619	1,748,247
Fixed income - Non-exclusive (d)	78.4% CDI	Without maturity	130,881	293,777	265,978	488,778
Other				-		
Other short and long term investments (d)	-	Without maturity	72	-	1,825	7,319
			952,801	**1,344,854**	**3,988,345**	**3,405,981**

(a) Reverse-sale-and-repurchase agreements basically consist of government bonds with a repurchase commitment from the financial institution, with a definite maturity.

(b) 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.

(c) 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).

(d) Short and long term investments with no defined maturity date are classified as long-term investments.

13 Trade accounts receivable

Primarily refers to amounts receivable from members of the Company’s healthcare insurance plans, as follows:

	Consolidated 09/30/2020	Consolidated 12/31/2019
Health and dental care plans	475,832	380,166
Agreements and individuals	45,433	53,444
Other	14,034	14,624
Subtotal	535,299	448,234
Impairment loss on trade receivables	(220,527)	(151,247)
Total	314,772	296,987

Breakdown of amounts receivable by maturity age is as follows:

	Consolidated	
	09/30/2020	**12/31/2019**
Neither past due nor impaired	90,775	84,182
Overdue (days):		
Up to 30	134,383	140,582
31–60	58,364	54,719
61–90	28,225	29,562
>90	223,552	139,189
Total	535,299	448,234

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

	Consolidated	
	09/30/2020	**12/31/2019**
Balances at the beginning of the period	151,247	38,738
Acquirees	10,744	89,452
Provisions	170,550	166,968
Net write-offs (a)	(112,014)	(143,911)
Total	220,527	151,247

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

The Group has no concentration of revenue. It is worth noting that the Group's client base is not concentrated. In the period ended September 30, 2020, the major client represented 1.0% (1.2% as of December 31, 2019) of net revenue, while the 10 largest clients represented 4.8% (5.9% as of December 31, 2019) of net revenue in the same period. In the periods ended September 30, 2020 and December 31, 2019 no clients represented more than 5% in net revenue.

14 Deferred commission

	Consolidated	
	09/30/2020	**12/31/2019**
Deferred commissions with Health Care Plan - Current	158,573	145,169
Deferred commissions with health care plan - Non-current	137,547	127,505
Total operating income (expense)	296,120	272,674

Selling expenses are deferred at the weighted average time for contracts (in months) in the customer portfolio of healthcare operators, Company's subsidiaries, which is applied on the basis of the active contracts that have generated commission expenses. The deferral of individual contracts as of September 30, 2020 and December 31, 2019 ranged from 15 to 53 years, while collective contracts ranged from 56 to 112 months.

15 Related party transactions and balances

The main balances of assets and liabilities on September 30, 2020 and December 31, 2019, as well as the transactions that influenced the income (loss), relating to operations with related parties, are presented below:

	Parent company		Consolidated	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Assets				
Interest on shareholders' equity receivable from subsidiaries	63,378	86,701	-	-
	63,378	86,701	-	-
Other debits with related parties				
Amounts receivable from shareholders (a)	74	-	1,421	1,421
PPAR COM Investimentos Ltda- Amounts receivable (f)	-	-	1,988	1,988
Other	12	4,638	18	4,726
Total	86	4,638	3,427	8,135
Liabilities				
Dividends payable	1,979	14,207	15,206	27,022
Interest on shareholders' equity	95,899	192,525	95,900	192,998
Subtotal	97,878	206,732	111,106	220,020
Other debits with related parties				
Amounts payable to individual shareholders(a)	2,516	2,517	2,552	2,552
Debts with investees (a)	12,372	12,312	-	-
Canadá Administradora de Bens Imóveis Ltda. - Purchase of property, plant and equipment	1,343	1,343	1,343	1,343
Other	102	142	98	145
Total	16,333	16,314	3,993	4,040
Leasing payable with related parties (g)	144	144	619,874	622,878
	09/30/2020	**09/30/2019**	**09/30/2020**	**09/30/2019**
Transactions				
Revenue from medical care services (d)	-	-	1,122	1,525
Media broadcasting expenses (c)	-	-	(986)	(909)
Reimbursement of shared use of goods (e)	-	-	(821)	(1,284)
Interest on leasing with Fundação Ana Lima (b)	-	-	(277)	(423)
Interest on leasing with Quixadá Participações Ltda (b)	-	-	(27,586)	(28,192)
Interest on leasing with Canadá Administradora de Bens Imóveis Ltda (b)	(9)	(9)	(12,318)	(11,336)
	(9)	(9)	(40,866)	(40,619)

The main transactions refer to:

(a) It is a credit from the company's shareholders due to capital employment for acquisition of assets in the previous years. This debt was recorded with no interest and without fixed maturity. The payments were done in accordance to the financial planning of the company's management. The balance has been decreasing over time due to debt settlement, payments and debts compensation with the same shareholders and due to the conversion of these credit on share capital.

(b) Effect of interest in leasing agreements with related parties in accordance with application of IFRS 16.

(c) Expenses with advertising hired by the Group to advertise in companies belonging to 'Sistema Opinião de Comunicação', under common shareholding control, with the purpose of promoting the sales of health care and dental care plans through marketing actions.

(d) Revenues from health care plans of the Group companies with services to the companies that are part of Sistema Opinião de Comunicação, under common shareholding control, in the category of collective plans.

(e) This balance mainly refers to the use of aircraft, when the Top Management needs to make business trips.

(f) Amount paid by the subsidiary Ultra Som Serviços Médicos S/A in favor of the company PPAR Com Investimentos Ltda., an entity not consolidated under the same shareholding control of the Group, on acquisitions of media companies made by the PPAR company.

(g) Amount paid for the leasing operation between the Group's companies and related parties Canadá Administradora de Bens Imóveis Ltda., Fundação Ana Lima and Quixadá Participações Ltda.

Remuneration of key management personnel
The Group's Management is comprised by the Board of Directors and a Statutory Executive Board of the Group. Expenses with total management remuneration were R$ 21,760 in the period ended September 30, 2020 (R$ 19,419 as of September 30, 2019).

16 Investments

(i) Parent company

a. Investees' information

	Share capital	Equity	Income (loss) for the period	Number of quotas/shares	Percentage of Interest
Hapvida Assistência Médica Ltda. (a)	1,084,218	2,455,448	620,188	1,084,218	99.99%
Ultra Som Serviços Médicos S/A (a)	5,424,415	6,102,141	30,698	673,525	100%
Hospital Antônio Prudente Ltda.	53,180	95,272	17,274	53,180	99.99%
Hapvida Participações em Tecnologia Ltda (d)	23,400	18,078	(6,371)	23,400	99.99%
Mais Odonto Assistência Odontológica Ltda.	3,303	3,260	14	3,303	100%

b. Changes

Investee	Balance of investments 12/31/2019	Equity in net income of subsidiaries	Advance for future capital increase	Spin-off	Capital increase	Dividends	Other equity changes	Balance of investments 09/30/2020
Hapvida Assistência Médica Ltda. (a)	1,720,633	620,188	-	162,497	-	(52,349)	4,479	2,455,448
Ultra Som Serviços Médicos S/A (a)	6,102,067	63,533	52,349	(162,497)	83,323	-	(3,799)	6,134,976
Hospital Antônio Prudente Ltda.	77,998	17,274	-	-	-	-	-	95,272
Hapvida Participações em Tecnologia Ltda	24,434	(6,371)	-	-	-	-	15	18,078
Mais Odonto Assistência Odontológica Ltda.	3,246	14	-	-	-	-	-	3,260
	7,928,378	**694,638**	**52,349**	**-**	**83,323**	**(52,349)**	**695**	**8,707,034**

Investee	Balance at 01/01/2019	Equity in net income of subsidiaries	Interest on shareholders' equity	Capital increase	Acquisition	Merger	Write-off	Balance at 12/31/2019
Hapvida Assistência Médica Ltda.	1,476,166	244,467	-	-	-	-	-	1,720,633
MaisOdonto Assistência Odontológica Ltda.	3,144	102	-	-	-	-	-	3,246
Hospital Antônio Prudente Ltda.	48,677	29,321	-	-	-	-	-	77,998
Ultra Som Serviços Médicos S/A (b)	811,011	442,697	(14,542)	4,834,092	-	28,809	-	6,102,067
OPS Administração e Participações Ltda. (c)	1,120	-	-	-	-	-	(1,120)	-
Haptech Soluções Inteligentes Ltda.)	11,417	(516)	-	-	-	-	(10,901)	-
Vida & Imagem Radiologia e Diagnóstico Ltda. (b)	21,599	6,672	-	-	538	(28,809)	-	-
Hapvida Participações em Tecnologia Ltda (e)	-	1,033	-	23,401	-	-	-	24,434
	2,373,134	723,776	(14,542)	4,857,493	538	-	(12,021)	7,928,378

(a) On May 31, 2020, the Extraordinary General Meeting approved the partial spin-off of Ultra Som Serviços Médicos S.A. with the transfer of spun-off assets to Hapvida Assistência Médica Ltda. in the amount of R$ 162,497. Due to the spin-off and immediate transfer, Hapvida Assistência Médica Ltda. becomes a quotaholder of Jardim América Saúde Ltda.

(b) In December 2019, a meeting of the partners of Ultra Som Serviços Médicos S/A approved the capital increase through the contribution of the partner Hapvida Participações S.A., as well as with the merger of shares of the investee São Francisco Participações S/A. Also, in the same month, the Partners' Meeting of Ultra Som Serviços Médicos S/A approved the merger of the subsidiary. The purpose of the merger was to achieve significant economies of scale through the decrease of expenses given the standardization and rationalization of administrative and operational activities.

(c) In July 2019, the subsidiary was extinguished.

(d) In April 2019, as registered with Ceará State Board of Trade, partners of Haptech Soluções Inteligentes Ltda. decided to grant all quotas of the organization to Hapvida Participações em Tecnologia Ltda., formerly denominated Prática Importação, Comércio e Distribuição de Produtos Farmacêuticos Ltda.

(e) In June 2019, as registered with Ceará State Board of Trade, partners of Prática Importação, Comércio e Distribuição de Produtos Farmacêuticos e Hospitalares Ltda. approved change in business purpose of Hapvida Participações em Tecnologia Ltda. and its capital increase.

c. Acquisition of companies

Medical Medicina
On December 3, 2019, a binding proposal was signed for the acquisition of all shares held by members of Medical Medicina Cooperativa Assistencial from Limeira. The transaction amount was initially set at approximately R$ 294 million. The transaction was approved by the Administrative Council for Economic Defense (CADE) in March 2020 and approved by the National Supplementary Healthcare Agency (ANS) on October, 22, 2020.

São José Group
On July 14, 2020, the Company entered into a Binding Memorandum of Intention for the Purchase and Sale of Quotas and Other Covenants to acquire 85.71% (which may reach 100%) of the voting capital of São José Group comprising: 100% of the capital of the healthcare operator Clínica São José Saúde Ltda., 100% of the capital of Clínica São José Ltda. and 56% of the capital of Pró-Infância SJC Hospital e Pronto Socorro Pediátrico Ltda. ("Grupo São José"). The transaction amount was initially set at approximately R$ 320 million, if all the voting capital of Grupo São José is acquired. On August 11, 2020, the Administrative Council for Economic Defense (CADE) approved this transaction, pending approval by the National Supplementary Healthcare Agency (ANS) only.

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.

Hospital Nossa Senhora Aparecida
On September 18, 2020, the wholly owned subsidiary Ultra Som Serviços Médicos S.A. entered into a Share Purchase and Sale Agreement and Other Covenants to acquire 100% of the voting capital of Clínica Nossa Senhora Aparecida Ltda (Hospital Nossa Senhora Aparecida), located in Anápolis (GO), Midwest region of the country. The acquisition price, which includes the hospital's property, totaled R$ 6 million. 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.

Santa Filomena Group
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 set 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, transactions with Plano de Assistência Médica e Hospitalar do Estado de Goiás S/A and Grupo Santa Filomena were still under analysis by the regulatory bodies. Thus, due to the conclusion of the negotiations, there are no effects to be reported in the individual and consolidated interim financial statements for the period September 30, 2020.

17 Property, plant and equipment

		Consolidated			
	Annual depreciation rate	**Cost**	**Accumulated depreciation**	**Net 09/30/2020**	**Net 12/31/2019**
Right of use assets	7.10%	1,003,523	(129,895)	873,628	932,716
Land	-	38,127	-	38,127	33,922
Real estate	4.00%	511,738	(52,600)	459,138	394,394
Vehicles	20.00%	47,869	(25,918)	21,951	18,917
IT equipment	14.70%	103,187	(61,666)	41,521	41,250
Machinery and equipment	9.70%	453,884	(173,156)	280,728	216,176
Furniture and fixtures	10.00%	108,635	(36,628)	72,007	54,283
Facilities	4.00%	326,828	(31,478)	295,350	252,043
Construction in progress	-	107,318	-	107,318	156,618
Other	-	5,316	-	5,316	-
		2,706,425	**(511,341)**	**2,195,084**	**2,100,319**

Changes in property, plant and equipment for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	Consolidated							
	12/31/2019	**Addition**	**Net write-offs**	**Depreciation**	**Transfers**	**Acquisition of companies**	**Reclassification (a)**	**09/30/2020**
Right of use assets	932,716	-	(3,101)	(55,987)	-	-	-	873,628
Land	33,922	-	-	-	3,009	-	1,196	38,127
Real estate	394,394	17,372	-	(21,526)	60,007	1,975	6,916	459,138
Vehicles	18,917	8,984	(5)	(5,025)	(1,252)	332	-	21,951
IT equipment	41,250	15,334	(704)	(11,084)	(3,510)	235	-	41,521
Machinery and equipment	216,176	59,227	(8,482)	(34,392)	46,192	140	1,867	280,728
Furniture and fixtures	54,283	14,233	(667)	(6,945)	10,392	570	141	72,007
Facilities	252,043	7,845	(355)	(9,191)	42,773	2,235	-	295,350
Construction in progress (a)	156,618	110,193	-	-	(159,493)	-	-	107,318
Other	-	7,752	-	(4,318)	1,882	-	-	5,316
	2,100,319	**240,940**	**(13,314)**	**(148,468)**	**-**	**5,487**	**10,120**	**2,195,084**

(a) It refers mainly to the adjustments of the initial allocations of the fair value of the business combinations of companies MAIDA, Hospital das Clínicas e Fraturas do Cariri and Hospital das Clínicas de Parauapebas pursuant to Note 2.

	Consolidated							
	01/01/2019	**Addition**	**Initial** adoption – IFRS 16	**Net** write-offs	**Depreciation**	**Transfers**	**Acquisition** of companies	**12/31/2019**
Right of use assets	-	86,312	806,425	-	(56,488)	-	96,467	932,716
Land	-	(2,994)	-	-	-	-	36,916	33,922
Real estate	3,801	245,832	-	-	(4,333)	4,584	144,510	394,394
Vehicles	2,656	1,127	-	(27)	(1,855)	368	16,648	18,917
IT equipment	22,735	6,063	-	(25)	(7,313)	2,744	17,046	41,250
Machinery and equipment	130,741	48,180	-	(459)	(24,634)	17,436	44,912	216,176
Furniture and fixtures	35,253	10,733	-	(83)	(5,570)	4,131	9,819	54,283
Facilities	171,633	1,055	-	-	(8,554)	85,691	2,218	252,043
Construction in progress (a)	46,334	159,253	-	(4,719)	-	(113,579)	69,329	156,618
Other	1,375	-	-	-	-	(1,375)	-	-
Total	414,528	555,561	806,425	(5,313)	(108,747)	-	437,865	2,100,319

(a) The balance of construction in progress refers substantially to investments made in hospitals and clinics to improve and expand the physical facilities.

18 Intangible assets

	Annual amortization rate	Consolidated			
		Cost	Accumulated amortization	Net 09/30/2020	Net 12/31/2019
Customer portfolio (i)	24.89%	2,410,527	(439,791)	1,970,738	2,259,171
Software	19.64%	118,568	(35,980)	82,588	79,828
Patents and trademarks	-	422,040	(20,630)	401,410	374,878
Non-compete	17.08%	36,255	(7,775)	28,480	30,206
Goodwill due to expected future profitability	-	2,448,787	-	2,448,787	2,477,311
Other	21.05%	69,318	(4,705)	64,613	84,462
		5,505,495	**(508,881)**	**4,996,616**	**5,305,856**

Changes in intangible asset for the period ended September 30, 2020 and December 31, 2019 are as follows:

	Consolidated							
	12/31/2019	Addition	Net write-offs	Amortization	Transfers	Reclassification (a)	Acquisition of companies	09/30/2020
Customer portfolio (i)	2,259,171	32,779	(13,086)	(300,009)	(8,117)	-	-	1,970,738
Software	79,828	8,951	(3,561)	(11,642)	8,808	-	204	82,588
Patents and trademarks	374,878	8,899	-	(20,630)	38,263	-	-	401,410
Non-compete	30,206	-	-	(3,097)	1,371	-	-	28,480
Goodwill due to expected future profitability	2,477,311	31,279	(56,452)	-	6,769	(10,120)	-	2,448,787
Other	84,462	39,613	(2,312)	(10,056)	(47,094)	-	-	64,613
	5,305,856	**121,521**	**(75,411)**	**(345,434)**	**-**	**(10,120)**	**204**	**4,996,616**

(a) It refers mainly to the reclassification adjustments between the classes of property, plant and equipment and intangible assets for the initial allocations of the fair value of the business combinations of companies MAIDA, Grupo São Francisco and Hospital das Clínicas e Fraturas do Cariri, pursuant to Note 2.

	Consolidated						
	01/01/2019	**Additions**	**Amortization**	**Write-off**	**Transfer**	**Acquisitions** of companies	**12/31/2019**
Customer portfolio (i)	23,611	2,234,776	(76,121)	(23,751)	-	100,656	2,259,171
Software	16,195	6,328	(9,382)	-	39,652	27,035	79,828
Patents and trademarks	1,701	373,149	-	-	-	28	374,878
Non-compete	6,300	27,255	(3,349)	-	-	-	30,206
Goodwill due to expected future profitability	36,452	2,360,357	-	-	-	80,502	2,477,311
Advances	30,835	8,817	-	-	(39,652)	-	-
Other	-	86,707	(2,245)	-	-	-	84,462
Total	115,094	5,097,389	(91,097)	(23,751)	-	208,221	5,305,856

(i) These are client portfolios arising from the acquisition of São Francisco Group, América Group and RN Metropolitan, as highlighted in note 2 – Business combination. Also in 2019, the Company acquired all the client portfolio of Free Life Operadora de Planos de Saúde Ltda., which had 25,000 beneficiaries on the acquisition date (16,000 beneficiaries as of December 31, 2019).

Goodwill due to expected future profitability and intangible assets with undefined useful life

The goodwill were tested for impairment purposes on December 31, 2019 using the discounted cash flow for each cash-generating unit (“CGU”).

According to the recoverability analysis prepared on December 31, 2019 by an independent company, the Company concluded that the value in use of CGUs is higher than their respective book value, indicating that there is no evidence of impairment loss.

As of September 30, 2020, we assessed the impairment indications of these assets and concluded that there is no evidence of impairment.

Both the São Francisco Group and the América Group are CGUs with sound cash generation, secure capital structure and strategic positioning to absorb the possible migration of less accessible health care plan beneficiaries, thus allowing greater resilience in maintaining their expected revenue and profitability in the medium and long term. Thus, management believes that there should be no material impact on the performance of companies over the next periods.

Notwithstanding the analysis carried out to date, based on the numbers available to Management, the Hapvida Group will constantly monitor the assistance and financial impacts of the pandemic on its operations, communicating its investors whenever it identifies material adverse impacts on its financial statements and on the operation’s profitability.

Acquisitions of portfolio

Plamed Planos de Assistência

On December 13, 2019, a protocol of understanding was signed for the voluntary transfer of the full portfolio of beneficiaries of Plamed Plano de Assistência Médica Ltda. The transaction amount was initially set at R$ 57.5 million, considering an advance paid to sellers in February 2020 in the amount of R$ 2 million. The conclusion of this transaction is subject to appreciation and approval by the National Supplementary Health Agency (ANS) and of the Administrative Council for Economic Defense (Cade).

Plano de Assistência Médica e Hospitalar do Estado de Goiás S/A.

On September 18, 2020, the Company entered into a protocol of understanding for the voluntary transfer of the full portfolio of PLAMHEG’s beneficiaries through its wholly-owned subsidiary Hapvida Assistência Médica Ltda. The acquisition price was initially set at R$ 23 million. The amount may be changed due to a price adjustment resulting from changes in the average monthly receipt of the Portfolio at the date of completion of the transaction. 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.

Multi Saúde – Assistência Médica e Hospitalar Ltda. - SAMEDH

In September, the Company signed a protocol of understanding for the voluntary transfer of the full portfolio of beneficiaries of Samedh - Multi Saúde – Assistência Médica e Hospitalar Ltda. (Samedh) by its wholly owned subsidiary Hapvida Assistência Médica Ltda. The acquisition price was initially set at R$ 20,000. This amount may be changed due to a price adjustment resulting from changes in the average monthly receipt of the Portfolio upon the date of completion of the Samedh Transaction. The successful negotiation of the respective contractual acquisition instruments depends the approval by the National Supplementary Healthcare Agency (ANS).

19 Loans, financing and debentures

a. Breakdown - Loans, financing and debentures

			Parent company		Consolidated	
Type	**Maturity**	**Interest rate**	**09/30/2020**	**12/31/2019**	**09/30/2020**	**12/31/2019**
Working capital	December 2022	0.99–4,64% p.a.	-	-	51,515	63,362
Finame	July 2023	4,44–12.91% p.a.		-	1,731	4,089
Debentures	July 2026	109–110.55% DI rate	2,005,735	2,044,494	2,005,735	2,044,494
Other	November 2021	121.19% - DI rate		-	2,980	48
Total operating income (expense)			**2,005,735**	**2,044,494**	**2,061,961**	**2,111,993**
Current			**8,729**	**48,234**	**30,101**	**75,038**
Non-current			**1,997,006**	**1,996,260**	**2,031,860**	**2,036,955**

b. Changes - Loans, financing and debentures

	Parent company	Consolidated		
	Debentures	Borrowings and financing	Debentures	Total
Balances at January 1, 2019	**-**	**-**	**-**	**-**
Acquisition of companies (a)	-	64,637	-	64,637
Issuance	2,000,000	-	2,000,000	2,000,000
Issuance costs	(5,146)	-	(5,146)	(5,146)
Recognition of issuance costs	414	-	414	414
Interest accrual	49,226	701	49,226	49,927
Payment of principal	-	(149)	-	(149)
Interest payment	-	(352)	-	(352)
Exchange-rate change (b)	-	2,662	-	2,662
Balances at December 31, 2019	**2,044,494**	**67,499**	**2,044,494**	**2,111,993**
Funding	-	2,281	-	2,281
Recognition of issuance costs	746	-	746	746
Interest accrual	49,775	1,860	49,775	51,635
Payment of principal	-	(27,211)	-	(27,211)
Payment of interest and exchange rate change	(89,280)	(7,823)	(89,280)	(97,103)
Exchange-rate change (b)	-	19,534	-	19,534
Other	-	86	-	86
Balances at September 30, 2020	**2,005,735**	**56,226**	**2,005,735**	**2,061,961**

(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. 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 Group's loans and financing are guaranteed by the fiduciary lien of financed hospital assets.

The working capital agreements have non-financial covenants, which, if not fulfilled, may lead to the early maturity of the respective operations. As of September 30, 2020, the Company is complying all clauses and covenants.

c. Aging - Loans, financing and debentures

As of September 30, 2020, loans, financing and debentures have the following maturity schedule:

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
2020	-	48,234	10,186	75,038
2021	8,729	-	20,314	21,793
2022	587,462	587,900	621,625	606,508
2023	587,471	586,914	587,763	587,208
2024	587,471	586,915	587,471	586,915
2025	117,301	117,268	117,301	117,268
2026	117,301	117,263	117,301	117,263
	2,005,735	**2,044,494**	**2,061,961**	**2,111,993**

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 controlled company, 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" higher 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 September 30, 2020, the Company is fully complying with contractual clauses and restrictions related to early maturity. On said base date, the Company's financial ratio is -0.9.

Thus to the financial covenants, the debentures have non-financial covenants, which, if not fulfilled, may lead to the early maturity of the respective operations. As of September 30, 2020, the Company is complying all clauses and covenants.

20 Leasing payable

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, which are recognized as leasing, as required by IFRS 16.

	Consolidated	
	09/30/2020	**12/31/2019**
Balance at the beginning of the period	**958,811**	-
Acquisitions of companies	-	**100,235**
Initial adoption	-	806,425
New contracts	-	31,575
Remeasurements	(1,012)	54,698
Interest accrual	61,560	74,092
Payments	(101,603)	(108,214)
Balance at the end of the period	**917,756**	**958,811**

Below we detail future payments of leasing agreement considerations:

	Consolidated	
	09/30/2020	**12/31/2019**
2020	15,216	56,270
2021	49,446	49,446
2022	43,838	43,838
2023	38,624	38,624
2024	34,806	34,805
>2025	735,826	735,828
Present value of minimum payments of leasing	**917,756**	**958,811**
Current balance	35,571	36,866
Non-current balance	**882,185**	**921,945**

The weighted average rate used to calculate the discount to present value of leasing minimum payments is 9.08% p.a. as of September 30, 2020 (9.10% p.a. as of December 31, 2019). There are no significant differences between the present value of leasing minimum payments and the market value of these financial liabilities.

21 Technical reserves for health care operations

	Consolidated	
	09/30/2020	**12/31/2019**
Unearned premium reserve - UPR (a)	170,208	157,889
Outstanding SUS claims reserve (c)	539,233	399,283
Outstanding claims reserve (b)	115,909	123,075
Incurred but Not Reported claims - IBNR (d)	182,628	176,531
Other provisions	1,332	1,365
Total	1,009,310	858,143

(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) Provision for claims that have occurred but not yet been paid. The provision is made for the full amount informed by the hospitals/clinics or by the beneficiary upon submission of documents to the Entity. It is subsequently adjusted for reductions after the validation of Group’s employees (medical auditors).

(c) 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, based on a lower court injunction obtained referring to proceeding 1008684-13.2020.4.01.3400.

(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.

Changes in technical provisions

	UPR	**Outstanding** SUS claims reserve	**Outstanding claims** reserve	**IBNR**	**Other provisions**	**Total**
Balances at 01/01/2019	36,537	162,463	58,028	151,097	-	408,125
Provisions	5,949,861	122,927	2,077,416	12,570	10	8,162,784
Acquisitions of companies	48,653	67,516	85,425	76,265	1,355	279,214
Reversals	(5,877,162)	-	-	(63,401)	-	(5,940,563)
Restatements	-	48,421	-	-	-	48,421
Settlements	-	(2,044)	(2,097,794)	-	-	(2,099,838)
Balances at 12/31/2019	157,889	399,283	123,075	176,531	1,365	858,143
Provisions	6,049,099	106,115	1,989,822	19,496	239	8,521,381
Acquisitions of companies	1,401	4,736	7,758	7,102	-	20,997
Reversals	(6,378,597)	-	-	(20,501)	(272)	(6,415,567)
Restatements	-	53,502	-	-	-	53,502
Settlements	-	(24,403)	(2,004,746)	-	-	(2.029.149.)
Balances at 30/09/2020	170,208	539,233	115,909	182,628	1,332	1,009,310

Healthcare 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 cost fluctuations.

If any insufficiency is identified, the Company records the loss immediately as expense in income for the year, first reducing the acquisition costs, then forming additional provisions for insurance liabilities already recorded on the test date.

The last liability adequacy test was carried out on the base date of December 31, 2019. Its result did not show any insufficiency on the date of the test performance. Therefore, there was no need for adjustments to the recorded provisions. There was no need for additional provision in relation to the liability adequacy test for the period.

The technical provisions represent the calculation of the expected risks related to the healthcare operations of Group operators, which is subject to the mandatory maintenance of collateral assets (described below in section "ii" of this note) intended to cover such risks, established by ANS Regulatory Instruction 442/18, and subsequent amendments, as described below:

- **Adjusted minimum equity and solvency margin:** in order to operate in the health plan market regulated by ANS, health and dental insurance companies must maintain the adjusted equity for economic purposes as stated by ANS. Adjusted equity is calculated as the total equity of the provider less non-current intangible assets, tax credits deriving from tax losses, ownership interest in regulated entities, deferred sales expenses, and prepaid expenses. On a monthly basis, the Group determines its adjusted equity and assesses the sufficiency of the solvency margin in accordance with ANS regulation.

  The calculated solvency is measured at the individual operator level. The Group has met this requirement, as shown in the following table:

	09/30/2020
Adjusted equity (PLA)	2,265,801
Solvency margin required (SM)	1,188,237
Sufficiency calculation	1,077,564

- **Collateral assets:** under ANS Regulatory Instruction 392/15, health and other subsequent changes, dental plan providers are required to have sufficient collateral assets to cover the entire technical provisions recognized at the reporting date less Unearned Premium Reserve - UPR and the portion of the Outstanding Claims Reserve relative to collection efforts by providers in the last 30 days.

The Group has met this requirement, as shown in the following table:

	09/30/2020
Required collateral assets	783,081
Pledged financial investments (see Note 12)	853,580
Other restricted assets	1,975
Effective collateral assets	855,555
Sufficiency	72,474

22 Payroll obligations

	Consolidated	
	09/30/2020	**12/31/2019**
Payroll payable	57,834	11,920
Provision for vacation pay and year-end bonus	174,893	147,211
Other payroll obligations	2,997	13,343
Total	235,724	172,474

23 Provision for tax, civil and labor risks

The Group's is party (as defendant) 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.

	Parent company		Consolidated	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Provision for tax lawsuits	34,991	35,954	238,557	249,756
Provision for civil risk	3	3	96,401	87,353
Provision for labor risk	-	26	54,598	51,549
Total operating income (expense)	34,994	35,983	389,556	388,658

We detail below the changes in the provision for risks for the period ended September 30, 2020 and December 31, 2019:

Provision for tax, civil and labor risks	**Parent company**
Balances at January 1, 2019	**34,890**
Provisions	1,093
Balances at December 31, 2019	**35,983**
Provisions	3,351
Reversals	(3,122)
Write-offs	(1,218)
Balances at September 30, 2020	**34,994**

	Consolidated			
	Civil	**Labor**	**Tax**	**Total**
Balances at January 1, 2019	**66,338**	**25,779**	**171,324**	**263,441**
Provisions	40,686	13,807	35,261	89,754
Acquisitions of companies	23,788	21,563	50,829	96,180
Reversals	(9,421)	(4,960)	(3,111)	(17,492)
Write-offs	(33,758)	(4,920)	(4,547)	(43,225)
Transfers	(280)	280	-	-
Balances at December 31, 2019	**87,353**	**51,549**	**249,756**	**388,658**
Provisions	34,172	8,444	39,300	81,916
Acquisitions of companies	427	19	599	1,045
Reversals	(6,753)	(3,701)	(39,175)	(49,629)
Write-offs	(18,591)	(3,111)	(10,732)	(32,434)
Balances at September 30, 2020	**96,608**	**53,200**	**239,748**	**389,556**

Risks with probable loss forecast:
The main issues of the lawsuits and administrative proceedings, classified as probable losses by the Company are described below:

(i) Provisions for civil lawsuits and proceedings

- **Theme: Contractual Grace Period -** Lawsuits filed by beneficiaries seeking to obtain health care coverage from the health care plan without proper compliance with the grace periods. In this scenario, many court decisions are made disregarding the applicable legislation, without due obedience to the grace periods provided by law and/or contracts. The Company and its subsidiaries have provisioned the amount of **R$ 12,113 (R$ 10,887 as of December 31, 2019).**

- **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$ 19,417 (R$ 16,223 as of December 31, 2019).**

- **Theme: Indemnity lawsuits - Medical Acts -** Civil proceedings filed by beneficiaries seeking compensation for damages suffered by allegedly inadequate medical conduct. In such cases, the beneficiaries seek to assign joint liability to the Group for the medical act practiced by their accredited professionals. The Company and its subsidiaries have provisioned the amount of **R$ 17,850 (R$ 15,652 as of December 31, 2019).**

- **Theme: Debts with Providers in General -** Civil lawsuits filed by service providers, seeking to obtain payment of amounts supposedly owed by the Group on several grounds, such as: improper charge from hospitals, contractual rescissions, etc. The Company and its subsidiaries have provisioned the amount of **R$ 11,404 (R$ 10,502 as of December 31, 2019)**.

The amounts of provisions related to judicial and administrative proceedings of a civil nature that are not covered by the aforementioned themes are pulverized into groups of less representative claims, constituting a less significant part of the provision presented herein.

(ii) Provisions for labor lawsuits and proceedings

- **Theme: Acknowledgment of employment relationship -** Labor lawsuits filed by service providers, seeking to obtain recognition of an alleged employment relationship maintained with the Group, even without the presence of the typical assumptions of an employment relationship. In this scenario, we can give the following examples: physicians, radiology technicians, physiotherapists, phonoaudiologists etc. The Company and its subsidiaries have provisioned the amount of **R$ 23,297 (R$ 23,729 as of December 31, 2019)**.

- **Theme: Labor amounts and severance pay -** Labor lawsuits individually or jointly filed by former employees or employees, who claim the receipt of labor amounts and severance pay related to the period in which they worked for the Company and its subsidiaries, including: overtime, additional pays related to health hazard and night work allowances, salary equalization, deviation and accumulation of functions, fines provided for in articles 467 and 477 of the Brazilian Labor Code (CLT), etc. The Company and its subsidiaries have provisioned the amount of **R$ 26,072 (R$ 27,268 as of December 31, 2019).**

The amounts of provisions related to judicial and administrative proceedings of a labor nature that are not covered by the aforementioned themes are pulverized into groups of less representative claims, constituting a less significant part of the provision presented herein.

(iii) Provisions for tax lawsuits and proceedings

- **Theme: ANS administrative fines/ reimbursement to SUS (regulatory aspects) -** Administrative proceedings and tax foreclosures filed by ANS, in which administrative fines are charged due to alleged noncompliance with the norms regulating the activity of health plan providers, and amounts related to reimbursement to Unified Health System (SUS), resulting from the attendance of beneficiaries of the Group in the public network and in the SUS, based on article 32 of law 9656/98. In relation to the theme presented herein, the Company and its subsidiaries have provisioned the amount of **R$ 157,068 (R$ 169,982 as of December 31, 2019)**, 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$ 6,276 (R$ 5,734 as of December 31, 2019)**.

The amounts of provisions related to judicial and administrative proceedings of a tax nature that are not covered by the aforementioned themes are pulverized into groups of less representative claims, constituting a less significant part of the provision presented herein.

Risks with possible loss forecast:

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 September 30, 2020 and December 31, 2019:

	Parent company		Consolidated	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Tax (iii)	6,013	5,965	743,362	643,015
Civil (i)	1,022	50	343,170	288,911
Labor (ii)	47	-	238,503	229,437
Total operating income (expense)	7,082	6,015	1,325,035	1,161,363

(i) Contingent liabilities for civil lawsuits and proceedings

• **Theme: Contractual Grace Period -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 18,923 (R$ 10,547 as of December 31, 2019)**, related to civil, judicial and administrative proceedings, classified as possible loss risk.

• **Theme: Indemnity lawsuits - Medical Acts -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 33,221 (R$ 28,897 as of December 31, 2019)**, related to civil lawsuits, lawsuits and proceedings, classified as possible loss risk.

• **Theme: Indemnity lawsuits - Medical Acts -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 238,395 (R$ 210,804 as of December 31, 2019)**, related to civil lawsuits, lawsuits and proceedings, classified as possible loss risk.

• **Theme: Debts with Providers in General -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 42,108 (R$ 38,663 as of December 31, 2019)**, related to civil, judicial and administrative proceedings, classified as possible loss risk.

(ii) Contingent liabilities for lawsuits and labor lawsuits

• **Theme: Recognition of employment relationship -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 50,083 (R$ 49,747 as of December 31, 2019)**, related to labor lawsuits and proceedings, classified as possible loss risk.

• **Theme: Labor and Severance Charges -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 46,157 (R$ 35,999 as of December 31, 2019)**, related to labor lawsuits and proceedings, classified as possible loss risk.

• **Theme: Assessment Notices / NDFC / NFGC / NFRC -** The contingency currently addressed arises from Assessment Notices and Debt/Tax Notices related to the Employee Government Severance Fund (FGTS) filed against the Company and its subsidiaries claiming administrative fines and FGTS payments arising from alleged violations of the legal rules governing labor and employment relationships. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 142,741 (R$ 143,691 as of December 31, 2019)**, related to labor lawsuits, classified as possible loss risk.

(iii) Contingent liabilities for lawsuits and tax lawsuits

- **Theme: ANS Administrative Fines/Reimbursement to SUS -** In relation to the theme presented, the Group presented a contingent liability of **R$ 242,229 (R$ 181,790 as of December 31, 2019)**, related to proceedings and administrative proceedings of regulatory nature, classified as possible loss risk.

- **Theme: Tax foreclosures - Service Tax (ISS) -** In relation to the theme presented, the Group presented a contingent liability of **R$ 131,942 (R$ 125,619 as of December 31, 2019)**, related to tax lawsuits and proceedings, classified as possible loss risk.

- **Theme: Tax foreclosures - Business Succession -** The contingency herein refers to tax foreclosures originally filed against other health care companies, in which the National Treasury requested the redirection to the Group, on the grounds of alleged business succession arising from operations of disposal of the portfolio of beneficiaries. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 144,062 (R$ 118,490 as of December 31, 2019)**, related to tax lawsuits and proceedings, classified as possible loss risk.

- **Theme: Social Security Matters -** The contingency herein mainly results from tax notices of violation filed against the Group for tax credits due to alleged irregularities or lack payment of social security contributions, among other social security matters. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 226,340 (R$ 217,116 as of December 31, 2019)**, related to tax lawsuits and proceedings, classified as possible loss risk.

Judicial deposits

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

	Parent company		Consolidated	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Tax judicial deposits	1	-	191,964	129,041
Civil judicial deposits	1,890	1,049	53,323	46,985
Labor judicial deposits	109	149	11,053	11,610
Total operating income (expense)	2,000	1,198	256,340	187,636

24 Equity

a. Share capital

On September 30, 2020 and December 31, 2019, the subscribed and paid-up share capital is broken down as follows:

	09/30/2020	12/31/2019
Number of shares	742,985,906	742,985,906
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 profit 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 interest on shareholders' equity as of January 01, 2019	184,513
Dividends proposed on December 31, 2019 - minority shareholders	7,616
Dividends proposed on December 31, 2019 - owners of the company	23,210
Interest on shareholders' equity proposed to minority shareholders, net of corporate income tax (i and ii)	51,738
Interest on shareholders' equity proposed to the Owners of the Company, net of withholding corporate income tax (i and ii)	140,788
Dividends payable from investments acquired	4,887
Dividends and interest on shareholders' equity effectively paid in the period	(192,732)
Balance of dividends and interest on shareholders' equity as of December 31, 2019	220,020
Interest on shareholders' equity proposed to minority shareholders, net of corporate income tax (iii)	29,092
Interest on shareholders' equity proposed to the owners of the company, net of withholding corporate income tax (iii)	66,647
Dividends and interest on shareholders' equity effectively paid in the period (iv)	(204,653)
Balance of dividends and interest on shareholders' equity as of September 30, 2020.	**111,106**

(i) On June 27, 2019, the Board of Directors' meeting resolved on the payment of Interest on shareholders' equity in the gross amount of R$ 104,396, equivalent to R$ 0.15 per share issued by the Company, with a 15% retention, except for the shareholders that proved to be immune or exempt, as well as for the remaining legal hypotheses.

(ii) On December 27, 2019, the Board of Directors' meeting resolved on the payment of interest on shareholders' equity in the gross amount of R$ 118,646, equivalent to R$ 0.16 per share issued by the Company, with a 15% retention, except for the shareholders that proved to be immune or exempt, as well as for the remaining legal hypotheses.

(iii) At a meeting held on September 03, 2020, the Company's Board of Directors decided on the payment of interest on shareholders' equity in the gross amount of R$ 110,769, equivalent to R$ 0.15 per share issued by the Company, with a 15% retention, R$ 15,032, except for the shareholders that proved to be immune or exempt, as well as for the remaining legal hypotheses.

(iv) At a meeting held on July 13, 2020, the Company's Board of Directors decided to advance the payment of a portion of the amounts declared as interest on shareholders' equity and dividends for the year ended December 31, 2019, to

July 24, 2020, in the amount of (a) R$ 6,124 referring to dividends, and (b) R$ 111,521 referring to interest on shareholders' equity.

d. Earnings per share

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

The calculation of diluted earning 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.

	09/30/2020	09/30/2019
Net income attributable to the Company (R$ thousand)	691,049	641,238
Net income attributable to controlling shareholders (In thousands of Reais)	691,856	640,753
Weighted average number of shares (thousands of shares)	742,986	693,258
Basic and diluted earnings per share (R$ thousand)	0.93	0.92

25 Net operating revenue

	Consolidated			
	09/30/2020		09/30/2019	
	Accumulated	Quarter	Accumulated	Quarter
Insurance revenue	6,378,597	2,160,675	4,032,067	1,394,536
Revenue from other activities	227,597	80,289	18,013	7,508
Deductions (a)	(324,728)	(114,584)	(201,052)	(86,273)
Total	6,281,466	2,126,380	3,849,028	1,315,771

(a) Deductions refer substantially to taxes on revenue.

26 Cost of services provided

	Consolidated			
	09/30/2020		09/30/2019	
	Accumulated	Quarter	Accumulated	Quarter
Medical, hospital and other costs	(3,697,609)	(1,278,401)	(2,340,288)	(847,642)
Change in IBNR	1,005	(6,045)	43,938	29,063
Total	**(3,696,603)**	**(1,284,446)**	**(2,296,350)**	**(818,579)**

27 Sales expense

	Consolidated			
	09/30/2020		09/30/2019	
	Accumulated	**Quarter**	**Accumulated**	**Quarter**
Expenses on advertising and marketing	(35,075)	(13,841)	(36,147)	(9,128)
Commission expenses	(276,832)	(98,206)	(222,405)	(78,211)
Impairment loss on trade receivables (i)	(170,550)	(47,915)	(114,646)	(37,740)
Other sales expenses	(18,958)	(7,089)	-	-
Total operating income (expense)	(501,415)	(167,051)	(373,198)	(125,079)

28 Administrative expenses

	Parent company			
	09/30/2020		09/30/2019	
	Accumulated	**Quarter**	**Accumulated**	**Quarter**
Own personnel expenses	(17,841)	(7,836)	(21,807)	(7,496)
Expenses on outsourced services	(4,760)	(1,249)	(3,645)	(2,060)
General services, rentals and utilities	(2,868)	(860)	(2,257)	(686)
Tax expense	(121)	66	(429)	(61)
Indemnity, court costs and allowance for doubtful accounts and provisions for contingencies	(865)	828	(383)	320
Other expense, net.	(363)	(338)	(68)	116
Total operating income (expense)	(26,818)	(9,389)	(28,589)	(9,867)

	Consolidated			
	09/30/2020		09/30/2019	
	Accumulated	**Quarter**	**Accumulated**	**Quarter**
Own personnel expenses	(273,112)	(94,291)	(154,907)	(56,768)
Expenses on outsourced services	(155,403)	(46,525)	(71,835)	(25,937)
General services, rentals and utilities	(466,084)	(174,233)	(93,962)	(29,997)
Tax expense	(9,899)	(3,143)	(11,206)	(1,235)
Indemnity, court costs and allowance for doubtful accounts and provisions for contingencies	(62,726)	(21,123)	(66,648)	(20,978)
Other expense, net.	(23,380)	(7,582)	(8,001)	(3,510)
Total operating income (expense)	(990,604)	(346,897)	(406,559)	(138,425)

29 Financial income (loss)

	Parent Company				Consolidated			
	09/30/2020		09/30/2019		09/30/2020		09/30/2019	
	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter	Accumulated	Quarter
Financial revenues								
Interest on investments - except Collateral Assets (a)	24,465	6,992	94,969	59,784	58,011	19,841	185,213	89,250
Financial revenue from investments - Collateral Assets	-	-	-	-	15,833	6,349	14,112	6,564
Interest on overdue receivables	-	-	-	-	23,314	6,158	18,797	6,708
Decrease in charges - Refis	-	-			-	-	10,358	-
Financial revenues from derivative instruments	-	-	-	-	20,208	1,563	-	-
Other	3	-	10	6	9,098	4,196	-	(18)
	24,468	6,992	94,979	59,790	126,464	38,107	228,480	102,504
Financial expense								
Interest in Debentures	(50,521)	(11,474)	(21,933)	(21,933)	(50,521)	(11,474)	(21,933)	(21,933)
Interest on leases operations	(312)	(106)	(169)	(60)	(61,560)	(20,222)	(54,543)	(18,950)
Discounts	-	-	-	-	(17,350)	(5,735)	(17,701)	(8,251)
Bank expenses	(36)	(12)	(90)	(9)	(11,760)	(4,043)	(6,416)	(5,500)
Tax on financial income	-	-	-	-	(240)	41	(165)	(62)
Expense on exchange rate change	-	-	-	-	(19,534)	(2,640)	-	-
Interest on loans and financing	-	-	-	-	(1,860)	(65)	-	-
Inflation adjustment	(87)	-	(193)	(189)	(56,567)	(14,726)	(1,440)	2,772
Other	(4,266)	-	(18)	(18)	(11,593)	212	(18)	(11)
	(55,222)	(11,592)	(22,403)	(22,191)	(230,986)	(58,652)	(102,216)	(51,935)
Total operating income (expense)	(30,754)	(4,600)	72,576	37,599	(104,552)	(20,545)	126,264	50,569

(a) Income from short and long term investments is mainly composed of Bank Deposit Certificate (CDB) income and appreciation of investment fund quotas, according to the average return described in note 12.

30 Income tax and social contribution

a. The reconciliation of the effective income tax and social contribution rates recognized in the statement of profit or loss

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

	09/30/2020				09/30/2019			
	Accumulated		Quarter		Accumulated		Quarter	
Income before income tax and social contribution		989,379		**310,410**		894,702		282,280
Rates:								
IRPJ, plus the additional tax rate		25%		25%		25%		25%
CSLL		9%		9%		9%		9%
Expense with income tax and social contribution at the statutory rate	**34%**	336,389	**34%**	**105,540**	**34%**	304,199	**34%**	95,976
Permanent differences								
Tax loss for which a deferred tax asset was not formed	0.37%	3,707	0,84%	2,618	-	-	-	-
Expenditures with issuance of shares	0.00%	-	0.00%	-	-2.83%	(25,320)	-8.97%	(25,320)
Non-deductible provisions (i)	0.46%	4,552	0.75%	2,315	0.34%	3,049	0.49%	1,395
Tax credit on goodwill amortization	-1,81%	(17,893)	-5,40%	(16,777)	-0,2%	(1.784)	-0,22%	(620)
Interest on shareholders' equity	-3.81%	(37,661)	-12,13%	(37,661)				
Other additions and exclusions (ii)	-0.18%	(1,754)	-1,21%	(3,745)	-2.98%	(26,631)	-0.53%	(1,492)
Subtotal	-4.96%	(49,049)	-17,15%	(53,250)	-5.67%	(50,686)	-9.22%	(26,037)
Impacts of the tax on entities taxed by deemed profit (iii)								
Reversal of the tax effect by the actual profit	0.56%	5,512	2,35%	7,304	-0.06%	(565)	-0.15%	(419)
Income tax and social contribution calculated at deemed profit	0.55%	5,478	0.96%	2,971	0.06%	516	0.12%	325
Subtotal	**1.11%**	**10,990**	**3.31%**	**10,275**	**-0.01%**	**(49)**	**-0.03%**	**-94**
Expense with income tax and social contribution (rate at %)	**30.15%**	**298,330**	**20,16%**	**62,565**	**28.33%**	253,464	24.74%	69,845
Current income tax and social contribution (iii)	49.56%	490,296	47,06%	146,093	34%	304,221	32.99%	93,134
Deferred income tax and social contribution	-19.40%	(191,966)	-26,91%	(83,528)	-5.67%	(50,757)	-8.25%	(23,289)
Expense with income tax and social contribution	**30.15%**	**298,330**	**20,16%**	**62,565**	**28.33%**	**253,464**	**24.74%**	**69,845**

(i) Deduction of the effects of the application of the statutory rates on the profit before income tax and social contribution from the result reported by the group's entities that pay taxes under the presumed profit method, in accordance with current legislation.

(ii) Related to provisions of personnel expenses and contribution paid to regulatory agency, which are not deductible for tax purposes.

(iii) Deduction of the effects of the application of the statutory rates on the profit before income tax and social contribution from the result reported by the group's entities that pay taxes under the presumed profit method, in accordance with current legislation.

b. Income tax and social contribution payable

Changes in balances of income tax and social contribution payable in the period are as follows:

	Consolidated	
	09/30/2020	**12/30/2019**
Balance at the beginning of the period	61,982	33,860
Income tax and social contribution	490,296	362,818
Balance of income tax and social contribution of acquiree	-	7,470
(-) Payments made	(418,389)	(342,166)
Balance at end of the period	**133,889**	**61,982**

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

c. 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.

d. Deferred income tax and social contribution

	Parent company				
	Balance at 01/01/2019	**Recognized in income (loss)**	**Balance at 12/31/2019**	**Recognized in income (loss)**	**Balance at 09/30/2020**
Provision for tax, civil and labor risks	11,863	372	12,235	(337)	11,898
Credit on tax loss and negative basis	55,916	80,732	136,648	55,358	192,006
Issuance cost of debentures	-	1,609	1,609	(253)	1,355
Deferred tax on right-of-use assets	-	24	24	45	69
Other tax credits	12	16	28	(17)	12
Total	**67,791**	**82,753**	**150,544**	**54,796**	**205,340**

	Consolidated					
	Balance at 01/01/2019	**Recognized in income (loss)**	**Acquisitions of companies**	**Balance at 12/31/2019**	**Recognized in income (loss)**	**Balance at 09/30/2020**
Provision for tax, civil and labor risks	89,569	(1,202)	32,663	121,030	10,312	131,342
Impairment loss on trade receivables	13,171	2,353	10,101	25,625	16,440	42,066
Deferred commissions expenses	(46,655)	(1,631)	(11,151)	(59,437)	(5,489)	(64,926)
Credit on tax loss and negative basis	55,916	101,554	-	157,470	61,960	219,430
Amortization of surplus	-	22,218	-	22,218	109,153	131,371
Deferred tax on right-of-use assets	-	7,591	-	7,591	7,294	14,885
Issuance cost of debentures	-	1,661	-	1,661	(253)	1,407
Deductible provisions	6,849	(45,747)	45,728	6,830	(5,789)	1,041
Exchange-rate change	-	-	-	-	(6,049)	(6,049)
PEONA SUS	-	-	-	-	4,278	4,278
Other tax credits	7,155	(1,604)	950	6,501	109	6,610
Total	**126,005**	**85,193**	**78,291**	**289,489**	**191,966**	**481,455**

Only the transaction of entities for which it is probable that future taxable income are 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.

The Company has tax losses and negative social contribution bases in calculating taxable income, to be offset against 30% of annual taxable income, with no prescription period. The Company is following a strategic corporate restructuring plan, which supports the realization of said tax credits, as follows:

	2022	**2023**	**2024**	**2025**	**Total**
Credit on tax loss and negative basis	45,571	54,043	59,717	60,099	219,430

31 Financial instruments

(i) Accounting classification and fair values

The following table shows the book and fair values of financial assets and liabilities of Hapvida Group, including their fair value classifications:

	Book value			Fair value		
Financial assets	**Amortized cost**	**Fair value through profit or loss**	**Total**	**Level 1**	**Level 2**	**Total**
Short and long term investments						
NTN-B	35,577	-	35,577	30,067	-	30,067
Investment Funds	-	2,399,123	2,399,123	-	2,399,123	2,399,123
Dividends receivable	63,378	-	63,378	-	63,378	63,378
Derivative financial instruments	-	17,619	17,619	-	17,619	17,619
Total	**98,955**	**2,416,742**	**2,515,697**	**30,067**	**2,480,120**	**2,510,187**
Financial liabilities						
Borrowings and financing	(56,226)	-	(56,226)	-	(56,226)	(56,226)
Debentures	(2,005,736)	-	(2,005,736)	-	(1,909,703)	(1,909,703)
Dividends and interest on shareholders' equity payable	(111,106)	-	(111,106)	-	(111,106)	(111,106)
Leasing payable	(917,756)	-	(917,756)	-	(917,756)	(917,756)
	(3,090,824)	-	(3,090,824)	-	(2,994,791)	(2,994,791)

The amounts of cash and cash equivalents, accounts receivable and suppliers are not included in the table above since their book values are close to 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 similar to 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) Debentures

- Calculated based on market rates, disclosed by Brazilian Association of Financial Market and Capital Entities - ANBIMA.

c) Public fixed income securities
- Public fixed-income securities had their fair values obtained from the reference lists published by the ANBIMA (Brazilian Association of Financial and Capital Market Entities).

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

e) Leasing
- Obtained by the discounted cash flow method, whose assumption is present value of estimated cash flows based on future market quotations.

Derivative financial instruments
As of September 30, 2020, 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 09/30/2020	Amounts receivable on 12/31/2019
Foreign exchange swap	April 2022	€ + 0.9567% p.a	100% CDI	8,545	R$ 25,000	8,545	513
Foreign exchange swap	Mar 2022	USD + 3.876% p.a.	100% CDI + 1.4% p.a.	9,074	R$ 25,000	9,074	1,487
				17,619		17,619	2,000

32 Risk management

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

The Investment Policy has the following characteristics: (i) to make all investments in fixed income securities that pose low risk; (ii) to invest the majority of funds in immediate liquidity assets and a minor portion with a grace period of up to 90 days, whereas such amount is based on expectations of using funds for organic growth and acquisitions; (iii) to invest in financial instruments with an estimated gross performance of 99.5% of CDI; (iv) to invest in prime line institutions with an individual limit of 35% and up to 10% in prime line financial institutions, with an individual limit of 35% and up to 10% in second class institutions, with an individual limit of 5%; (v) fully comply with ANS regulations; (vi) holding the majority of 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 September 30, 2020, the Company and its subsidiaries have the following sensitivity of its financial assets and liabilities based on the change in the basic interest rate of the economy (CDI), whose impacts are projected according to the scenarios below: The Company considers the CDI rate released as of September 30, 2020 as the probable scenario.

	Balance 09/30/2020	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	853,580	100% CDI	8,109	12,164	16,218	20,273	24,327
Balance of investments (free)	3,134,764	100% CDI	29,780	44,670	59,561	74,451	89,341
Debentures							
Debenture - 1st series	1,770,100	109% CDI	16,816	25,224	33,632	42,040	50,448
Debenture - 2nd series	235,635	110.55% of CDI	2,239	3,358	4,477	5,596	6,716

Underwriting risk

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 place where the Group will sell, the frequency profile 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.

Determination of technical reserves

The calculation of technical reserves is performed monthly by actuarial staff, and is monitored by the Controllership team to assess the need for collateral assets at the end of each quarter in accordance with the criteria set forth by article 2 of Regulatory Instruction nº 392, to ensure that the requirements established by the industry’s regulatory agency are met. In addition, the Group assesses at the end of each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts and liability adequacy tests. Should this assessment show that the liability amount per agreement is improper in light of estimated future cash flows, all insufficiency of technical reserve should be recognized in income (loss) for the year. The Group did not record adjustments arising from 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.

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 operating risk monitoring and management activity aims to mitigate the materialization of risks that may impair the quality of operations during the provision of contracted coverage and/or the provision of services. The identification of operating 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, using 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.

Credit risks

Credit risk is the risk of the Company incurring losses due to a client or financial instrument counterparty, resulting from failure in complying with contract obligations. Risk is mainly due to trade accounts receivable, and of short and long term investments.

Accounts receivable

Credit risk for the Company is considered as low by Management mainly for the health care company to which the monthly billings are made before services are rendered. Most of Company's accounts receivable is related to the risk coverage period (over time). As mentioned in Note 13, 43% of accounts receivable are more than 60 days late. In addition, in order to reduce risk of having the beneficiary's treatment costs without having been paid, the Company adopts the practice of canceling overdue plans as regulated by the National Regulatory Agency for Private Health Insurance and Plans (ANS) for the health care company.

The Group established a provision for impairment which consists in the use of factors related to losses noted in recent time series, adjusting historical series to reflect the current conditions and reasonable and feasible estimates of future economic conditions related to accounts receivable and other accounts receivable. The Company recognizes impairment losses as a write-off of accounts receivable unless the Company evaluates that it is not possible to recover the amount due; on this occasion, the amounts are considered to be unrecoverable and are recorded directly against the financial asset.

In general, the Group mitigates its credit risks by providing services to a client base that is very dispersed and has an undefined concentration. For non-paying clients, the Group cancels the plans in accordance with ANS rules.

Short and long term investments

Regarding the credit risks from Short and long term investments, a table with quantitative information of maximum risk exposure risk with information on the ratings of financial institutions, counterparties of Group’s investments:

			Ratings of Financial Institutions					
			Fitch (1)		Moody´s (1)		S&P (2)	
	September 30, 2020	December 31, 2019	Short Term	Long-term	CP	Long-term	CP	Long-term
Banco Santander S.A.	1,024,390	957,599	-	-	BR-1	Aaa.br	brA-1+	brAAA
Banco do Brasil S.A.	458,901	903,917	F1+	AA	BR-1	Aa1.br	-	-
Banco Itaú Unibanco S.A.	932,819	853,520	F1+	AAA	BR-1	Aa1.br	brA-1+	brAAA
Banco Bradesco S.A.	1,023,048	260,344	F1+	AAA	BR-1	Aa1.br	brA-1+	brAAA
Caixa Econômica Federal	215,257	229,596	F1+	AA	BR-1	Aa1.br	brA-1+	brAAA
Banco Safra S.A.	214,547	134,292	-	-	BR-1	Aa1.br	brA-1+	brAAA
Other	83,806	66,713	-	-	-	-	-	-
	3,952,768	**3,405,981**						

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

(2) Ratings from several Brazilian financial institutions reviewed after action on sovereign ratings; published on May 20, 2020.

(3) Rating risk avaliation considers only public bonds.

Cash and cash equivalents

The Group held Cash and cash equivalents in the amount of R$ 172,187 as of September 30, 2020 (R$ 224,229 as of December 31, 2019). Cash and cash equivalents are maintained with banks and financial institutions with AA- and AA+ rating, as the list disclosed by Fitch.

Liquidity risks

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's Management approach in liquidity management is to guarantee, as much as possible, that it always has sufficient liquidity to perform its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with a risk of sullying 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.

	Contractual cash flows								
	Notes	Book value	2020	2021	2022	2023	2024	>2025	Total
Financial liabilities									
Trade payables		(116,367)	(116,367)	-	-	-	-	-	(116,367)
Related parties	15	(3,993)	(3,993)	-	-	-	-	-	(3,993)
Technical reserves (i)	21	(115,909)	(115,909	-	-	-	-	-	(115,909)

Loans, financing and debentures	19	(2,061,961)	(2,080)	(64,105)	(664,855)	(617,542)	(605,277)	(210,987)	(2,164,846)
Lease liabilities	20	(917,757)	(61,139)	(234,520)	(218,623)	(203,104)	(191,854)	(4,133,596)	(5,042,836)
Other accounts payable		(124,842)	(29,721)	(95,121)	-	-	-	-	(124,842)
Dividends and interest on shareholders’ equity payable	23	(111,106)	(111,106)	-	-	-	-	-	(111,106)
		(3,451,935)	**(440,315)**	**(393,746)**	**(883,478)**	**(820,646)**	**(797,131)**	**(4,344,583)**	**(7,679,899)**

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 consideration the cash generation of the Company and its subsidiaries.

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

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

33 Insurance coverage

The company and its subsidiaries have insurance policies taken out with top-tier insurance companies which were determined as per guidance provided by experts and take into consideration the nature and value of risk involved. As of September 30, 2020, the company and its subsidiaries had insurance coverage for civil liability and property insurance on the amount of R$ 493,096.

34 Subsequent events

a) Acquisition of Companies

Premium Saúde
On November 9,2020, Hapvida Assistência Médica Ltda., into a purchase and sale agreement for the acquisition of shares representing 100% of the capital of the health plan operator Premium Saúde S.A. (Premium Saúde and Transaction, respectively). The conclusion of the Transactions announced today are subject to certain precedent conditions including the assessment and approval by the National Supplementary Health Agency (ANS) and the Administrative Council for Economic Defense (Cade).

b) Approval of Acquisition Company

Medical Medicina
On October 22, 2020, the National Agency for Supplementary Health (ANS) approved a binding proposal was signed for the acquisition of all shares held by members of Medical Medicina Cooperativa Assistencial from Limeira by Hapvida Group. The acquisition binding proposal was signed on December 3, 2019, and was approved by the Administrative Council for Economic Defense (CADE) in March 2020.

c) *Corporate Reorganization*

On October 31, 2020, the Extraordinary General Meeting (AGE) approved the Merger of Hospital Multi Especialidades Ltda. Into Ultra Som Serviços Médicos S.A under the terms of the Merger Protocol and Justification, with the consequent extinction of the merged company.

* * *

Cândido Pinheiro Koren de Lima
Chairman of the Board of Directors

Jorge Fontoura Pinheiro Koren de Lima
CEO

Bruno Cals de Oliveira
Chief Financial Officer and Investor Relations Officer

Rodrigo Nogueira Silva
Accountant CRC CE-023516/O-3