



Cora Coralina Walk-in Emergency Unit – Goiânia/GO

Quarterly Results – 2nd Quarter 2020

Hapvida (ex-acquisitions)

- Health and dental net enrollment grows 2.4%
- Net revenues of R\$1.4 billion (+10.4%)
- MLR ex-SUS of 51.2% (-6.1 p.p.) in the quarter
- EBITDA of R\$430.2 million (+46.4%)
- EBITDA margin of 30.5% (+7.5 p.p.)

Hapvida (including acquisitions)

- Health and dental net enrollment grows 53.3%
- Net revenues of R\$2.1 billion (+62.7%)
- MLR ex-SUS of 53.7% (-3.6 p.p.)
- EBITDA of R\$607.8 million (+106.9%)
- EBITDA margin of 29.3% (+6.3 p.p.)

Earnings Call

May 14th, 2020 (Friday)

Portuguese (with simultaneous translation into English)

1pm (Brazil) | 12pm (US/DST)

Webcast: ri.hapvida.com.br

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MESSAGE FROM MANAGEMENT

In our last earnings release, about 90 days ago, Covid-19's challenges in Brazil had just begun. Now, after nearly five months of the evolving pandemic, the social, economic and health implications for supplementary health are better understood. In challenging times like this, Hapvida relied on one of its most basic values: to ensure, with care and warmth, excellence in customer service. We did this with integrity, compassion and innovation. We are grateful and proud of our team formed by more than 60,000 people, including employees and providers, who went to great lengths to support those we care about the most: our 6.3 million customers. The second quarter of 2020 may prove to be one of the most challenging periods in our history from an operational standpoint, but we arrive to its end with a great sense of accomplishment. Brazil, as a continental country, had its regions hit by the pandemic in a very heterogenous way. In our main operations, in the North and Northeast regions, the worst seems to have passed. However, some cities in regions such as the South, Southeast and Midwest are still suffering from upward epidemiological curves. Therefore, we remain vigilant and prepared to take care of our customers and employees with the same energy and excellence as always.

EBITDA for the second quarter of 2020 was R\$ 607.8 million, an increase of 106.9% compared to the same period of the previous year. This was substantially higher than expected, mainly because of the temporary postponement of elective procedures. Even when we disregard the acquisitions, EBITDA was R\$ 430.2 million, 46.4% higher than the previous year. As the pandemic progressed in Brazil, in March and April, the demand for elective care was drastically reduced due to mobility restriction and social distancing measures. Access to medical services was also restricted due to the suspension of deadlines for medical appointments, exams and elective surgeries, as recommended by ANS (National Supplementary Health Agency). Elective appointments which started to recover since May, are now at around 90% of their historical levels. It is important to note that since the beginning of June we started to address the backlog of elective surgeries that had been suspended due to the pandemic. As of the date of this report, excluding regions where elective surgeries are not yet advised, more than 90% of these elective surgical procedures had already been performed and accommodated without impact on our operations. Thus, the ex-SUS medical loss ratio (MLR) in 2Q20 was 51.2%, an extraordinary decrease of 6.1 p.p. compared to 2Q19. When we look at the cash MLR of 49.8% of Hapvida (ex-acquisitions), there is a significant reduction of 7.3 p.p. compared to 2Q19. The expectation is that the demand for elective services will converge to historical levels by the end of this year. The Company's net revenue increased 10.4% (ex-acquisitions) and 62.7% (including acquisitions) compared to 2Q19.

The Company continues to grow and expand its operations, gaining market share and being present in new regions. During the second quarter, we started an operation in Brasília with a portfolio of roughly 13 thousand clients which will, initially, be assisted by an accredited network. In addition, we continued to execute our inorganic expansion plan and recently announced the acquisition of Grupo São Jose (GSJ), one of the main supplementary health players in São José dos Campos, in the Vale do Paraíba region, state of São Paulo. GSJ has a portfolio of approximately 51 thousand health beneficiaries, two hospitals totaling 104 beds (of which 20 are ICU beds), one clinic, and an ambulatory unit with emergency care. Caring for people and ensuring access to quality healthcare at affordable prices were common goals that united Hapvida and GSJ. This is an additional strategic acquisition that, when completed, will further strengthen our presence in the state of São Paulo, consolidating our growth through a vertical and integrated platform and reinforcing the commitment to creating value for our shareholders. The conclusion of this transaction is subject to certain conditions precedent including the approval of regulatory authorities.

Even in the face of this challenging pandemic period, we continued to invest in expanding and improving our proprietary assistance network. Five new medical units were opened in the previous months: in Goiânia (GO), we inaugurated our Cora Coralina walk-in emergency center, an unit with more than 2,500 square meters which offers adult and pediatric emergency services 24 hours a day; in Uberaba (MG) we inaugurated a medical clinic focused on primary care and also a new hospital care wing a Mário Palmério Hospital, with ample structure and medium and high complexity care support; we added a lab unit located within the facilities of our brand new hospital in Mossoró (RN); and in the city of Salvador (BA) we built a preventive medicine unit and an ambulatory care clinic. Finally, we remain the first and only Brazilian healthcare company to have its own network, including hospitals, in the five regions of the country.

MESSAGE FROM MANAGEMENT

Our efforts have been recognized by the Institutional Investor 2020, the most respected ranking of Capital Markets in the world, with Hapvida receiving several awards related to the healthcare sector in Latin America. The recognition reinforces our commitment to continuously seek the best practices to connect with our outside investors, continuously working in an agile and transparent manner. In this sense, we have just released our first Sustainability Report for which we followed the guidelines of the Global Reporting Initiative (GRI), the first and most widespread methodology applied in the reporting practice, in Brazil and in the world. The Company considers this document to be a great tool to enhance our transparency with all stakeholders, which are equally important for the success of our business.

With a high degree of transparency and commitment to all our stakeholders, Hapvida released several communications to the market on the impacts of Covid-19 in our operations. Some of the more recent measures adopted to combat the disease and mitigate the potential effects of the pandemic include:

- we are the only health operator in Brazil that has been, since the beginning of the pandemic, publishing daily newsletters about our operations focused on combating Covid-19. The released data comprise, for example, the number of visits, hospitalizations, deaths and recoveries. As of the date of this release, more than 12.7 thousand patients had recovered from the disease;
- we performed more than 107 thousand medical appointments and advice by telemedicine (by telephone or video) for our beneficiaries, reducing everyone's exposure to the virus;
- we monitor the occupancy rate in our hospitals daily to offer an optimal and exclusive structure to our beneficiaries, especially for those regions that still have an upward curve of cases. As of June 30, we had 3,063 beds, including 767 ICU beds; and
- we suspended the monthly price readjustments for 90 days for individual or family plans, affinity plans and small companies (i.e. up to 29 lives).

The supplementary healthcare market in Brazil remains quite fragmented, hence, it should continue to go through consolidation in the following years. We trust our business model and we are prepared to seize good market opportunities that may eventually arise. For this, we remain with a robust balance sheet, with high liquidity and low indebtedness, and with approximately R\$ 3.4 billion of free cash. We also believe in the replicability of the vertical and integrated model. In this sense, we are ahead-of-schedule in the integration of newly acquired companies, preparing them to become major regional platforms for organic and inorganic growth.

We continue with the purpose of ensuring access to quality health for as many people as possible. To all our clients, shareholders, board members, employees, medical and dental providers, brokers, business partners, and other stakeholders, thank you for your trust.

Jorge Pinheiro
CEO

1. INTEGRATION AND REPORTING CRITERIA

Hapvida's consolidated results considers a combination of Hapvida's results with those of Grupo São Francisco, Grupo América and RN Saúde.

In order to report a clear view on the impact of the acquisitions (Grupo São Francisco, Grupo América and RN Saúde), we will present in this release the operational and financial data with and without the acquisitions mentioned above. Accordingly, Hapvida's results without the acquisitions mentioned above will be identified as "Hapvida (ex-acquisitions)". The consolidated results that include the acquisitions of Grupo São Francisco, Grupo América and RN Saúde will be identified as "Hapvida (including acquisitions)". Some operational and financial indicators of Grupo São Francisco (GSF), Grupo América (America) and RN Saúde will sometimes be presented individually and sometimes together. The data presented together will be identified as "Acquired Companies".

2. HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R\$ million)	Hapvida (ex-acquisitions)			Hapvida (including acquisitions)			Hapvida (including acquisitions)		
	2Q20	2Q19	Var. %	2Q20	2Q19	Var. %	1H20	1H19	Var. %
Net Revenues	1,409.4	1,276.3	10.4%	2,076.3	1,276.3	62.7%	4,155.1	2,533.3	64.0%
Medical Costs - Cash	702.1	728.2	-3.6%	1,088.5	728.2	49.5%	2,249.2	1,423.0	58.1%
Medical Costs - Ex-SUS	721.9	731.5	-1.3%	1,115.6	731.5	52.5%	2,319.5	1,448.5	60.1%
Total Medical Costs	736.6	751.4	-2.0%	1,132.6	751.4	50.7%	2,412.2	1,477.8	63.2%
Sales Expenses	137.0	129.4	5.9%	179.8	129.4	39.0%	334.4	248.1	34.8%
Administrative Expenses	131.5	122.6	7.3%	200.3	122.6	63.3%	410.3	253.4	61.9%
EBITDA	430.2	293.8	46.4%	607.8	293.8	106.9%	1,075.6	594.3	81.0%
Net Income	177.5	223.4	-20.5%	278.6	223.4	24.7%	443.2	428.8	3.4%

CONSOLIDATED RATIOS (% ROL)	Hapvida (ex-acquisitions)			Hapvida (including acquisitions)			Hapvida (including acquisitions)		
	2Q20	2Q19	Var. %	2Q20	2Q19	Var. %	1H20	1H19	Var. %
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	49.8%	57.1%	-7.3 p.p.	52.4%	57.1%	-4.6 p.p.	54.1%	56.2%	-2.0 p.p.
Ex-SUS MLR	51.2%	57.3%	-6.1 p.p.	53.7%	57.3%	-3.6 p.p.	55.8%	57.2%	-1.4 p.p.
Total MLR	52.3%	58.9%	-6.6 p.p.	54.5%	58.9%	-4.3 p.p.	58.1%	58.3%	-0.3 p.p.
Sales Expenses	9.7%	10.1%	-0.4 p.p.	8.7%	10.1%	-1.5 p.p.	8.0%	9.8%	-1.7 p.p.
Administrative Expenses ¹	9.3%	9.6%	-0.3 p.p.	9.6%	9.6%	0.0 p.p.	9.9%	10.0%	-0.1 p.p.
Ebitda Margin	30.5%	23.0%	7.5 p.p.	29.3%	23.0%	6.3 p.p.	25.9%	23.5%	2.4 p.p.
Net Income Margin	12.6%	17.5%	-4.9 p.p.	13.4%	17.5%	-4.1 p.p.	10.7%	16.9%	-6.3 p.p.

OPERATING HIGHLIGHTS	Hapvida (ex-acquisitions)			Hapvida (including acquisitions)		
	2Q20	2Q19	Var. %	2Q20	2Q19	Var. %
Members Health and Dental (thousands)	4,186	4,086	2.4%	6,266	4,086	53.3%
Members Health	2,385	2,420	-1.5%	3,500	2,420	44.6%
Members Dental	1,801	1,666	8.1%	2,766	1,666	66.0%
Proprietary service network	231	216	6.9%	438	216	102.8%
Hospitals	29	27	7.4%	39	27	44.4%
Emergency Units	19	19	0.0%	41	19	115.8%
Clinics	91	82	11.0%	184	82	124.4%
Diagnostics	92	88	4.5%	174	88	97.7%

¹Administrative 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 Nascir Bem, Viver Bem and Family Doctor) are evaluated. Throughout the program's existence, we have received almost 3 million evaluations. In the second quarter of 2020 more than 730 thousand evaluations were received. The overall average for the month of March 2020, based on 294,000 responses and 142,000 evaluations, was 4.48.



4.48

overall average
rating

Waiting time for urgent/emergency care

Hapvida has a tech platform with a system that allow us to monitor all 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 2Q20, 82.2% of all of 0.8 million urgent and emergency consultations carried out in our hospitals and walk-in emergency services took place within 15 minutes.



82.2%

service in 15 minutes
or less

Viver Bem – A VidaHap Program

Viver Bem is a wellness program for Hapvida's beneficiaries that offers a resolute and efficient service aiming to reduce diabetes complications. A robot system identifies through patients' blood tests with some alterations that indicate that they have or may have type 2 diabetes mellitus. The contact with the patient is carried out by a trained professional from our exclusive call center for the wellness programs. Available in Fortaleza, Recife and Salvador, it comprises doctors, nursing technicians and nutritionists specialized in the treatment of people with diabetes and aims to encourage a change in the people's lifestyle. The program also has a management center conducted by a nursing team trained in the remote care of patients with diabetes. Until June 2020, the group of monitored patients presented a very significant difference in glycated hemoglobin reduction when compared to the control group. At the end of 2Q20, around 5,500 patients were enrolled in this program.



Reduction of glycated
hemoglobin

160.0%

higher than control group

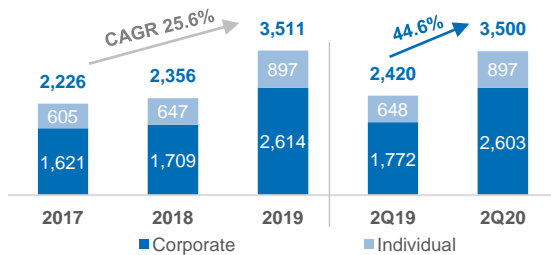
4. MEMBERS

The number of health plan beneficiaries increased by 44.6% in the quarter compared to 2Q19. Inorganic growth highlights are: the portfolio of 852 thousand beneficiaries (150 thousand in individual plans and 702 thousand in group plans) resulting from the acquisition of the São Francisco Group; the portfolio of 218 thousand beneficiaries (110 thousand in individual plans and 108 thousand in group plans) from the acquisition of Grupo América; and the portfolio of 46 thousand beneficiaries (7 thousand in individual plans and 39 thousand in group plans) from the acquisition of RN Saúde.

There was a net reduction of 36 thousand lives in Hapvida's health portfolio (ex-acquisitions) when compared to 2Q19, of which about 18 thousand lives were in corporate plans, mainly due to the cancellation of two corporate contracts (15 thousand lives) which had a negative contribution margin. The remaining losses on corporate plans were due to layoffs in client's companies as a result of the pandemic. The net reduction of 18 thousand lives in individual plans was a consequence of the increase in cancellations and the contraction of new sales.

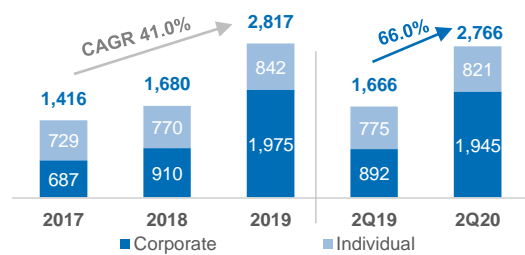
Hapvida (including acquisitions) - Members (Health)

(million)

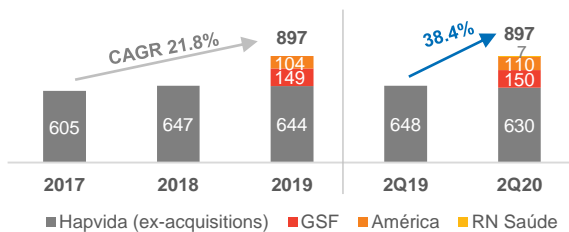


Hapvida (including acquisitions) - Members (Dental)

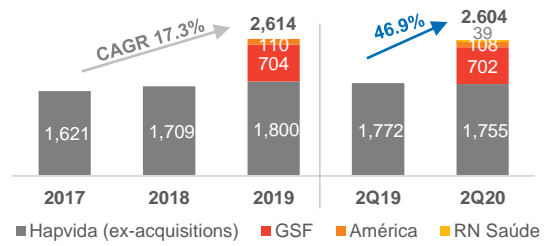
(million)



Health Members - Individual

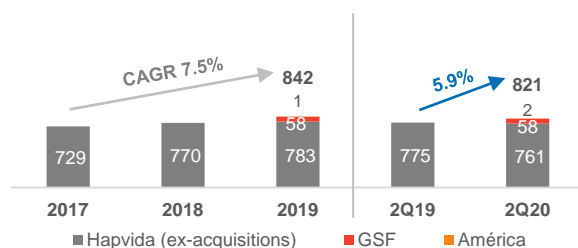


Health Members - Corporate

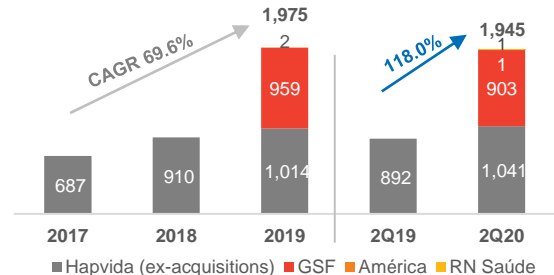


The number of dental plan beneficiaries grew by 66.0% in this quarter compared to the same period last year. There were 961 thousand lives (58 thousand in individual plans and 903 thousand in group) with the acquisition of Grupo São Francisco, 3 thousand lives (2 thousand in individual plans and 1 thousand in group) with the acquisition of Grupo América, and 831 lives of group plans with the acquisition of RN Saúde. Regarding the organic development of Hapvida, there was a reduction of 14 thousand lives in individual plans and an increase of 149 thousand lives in group plans.

Dental Members - Individual

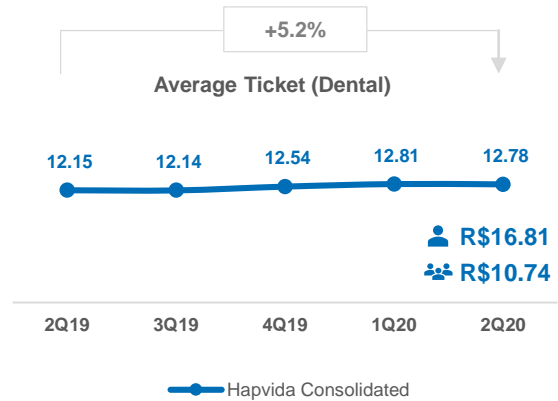
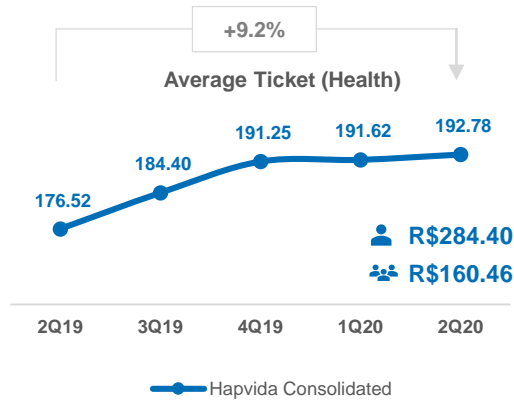


Dental Members - Corporate

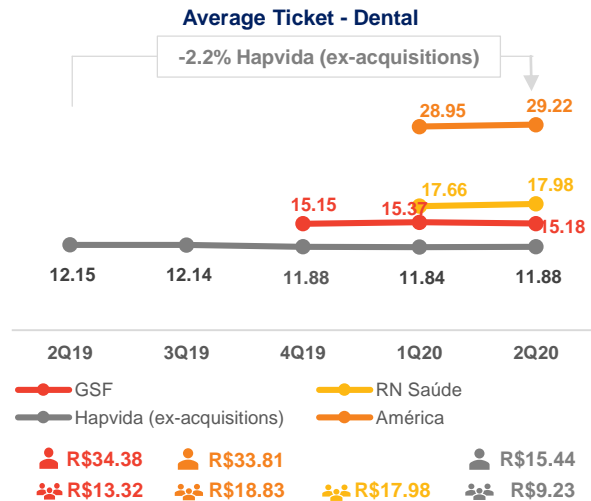
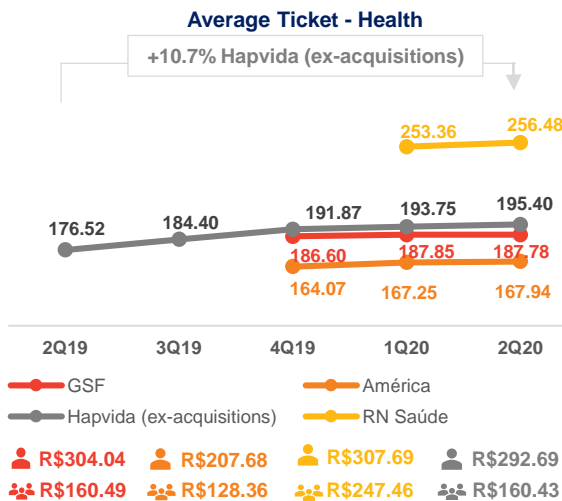


5. AVERAGE TICKET

Regarding the health portfolio, Hapvida's (including acquisitions) average ticket grew by 9.2% compared to 2Q19, mainly due to the readjustments of existing contracts and new sales at Hapvida (ex-acquisitions), in addition to a higher average ticket due to the entry of RN Saúde. For the dental portfolio, Hapvida's (including acquisitions) average ticket increased 5.2% against 2Q20, mainly due to the higher average ticket from the acquired companies.



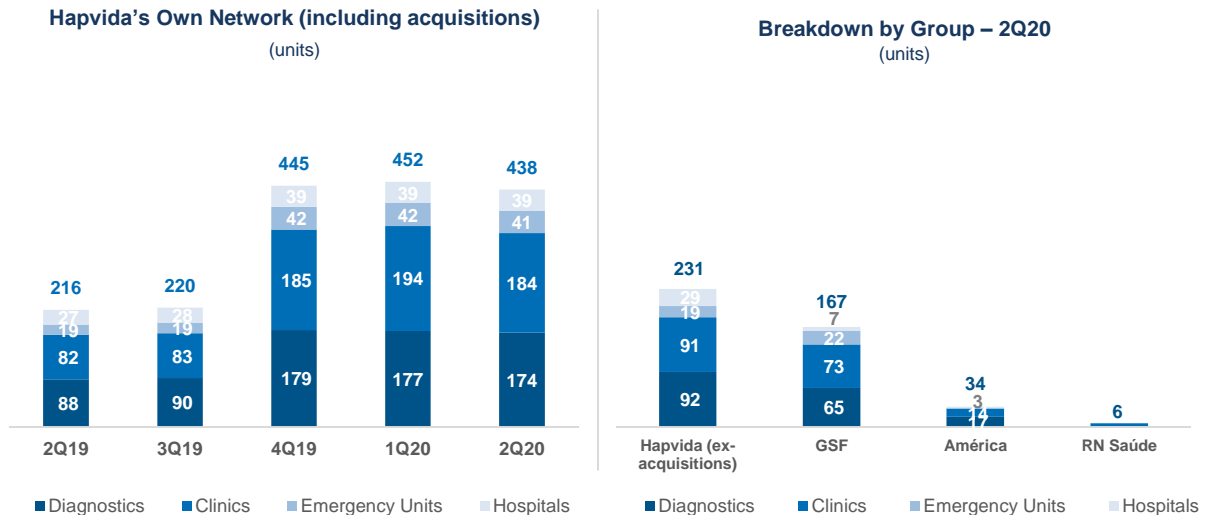
In the health segment, Hapvida's (ex-acquisitions) average ticket grew by 10.7% compared to 2Q19, mainly due to price adjustments in existing contracts.



In the dental segment, Hapvida's (ex-acquisitions) average ticket decreased by 2.2% compared to the same period last year, mainly due to the net addition of 95 thousand lives to the "Mais Odonto Urgente" plan category (urgent dental care only), that has a lower average ticket.

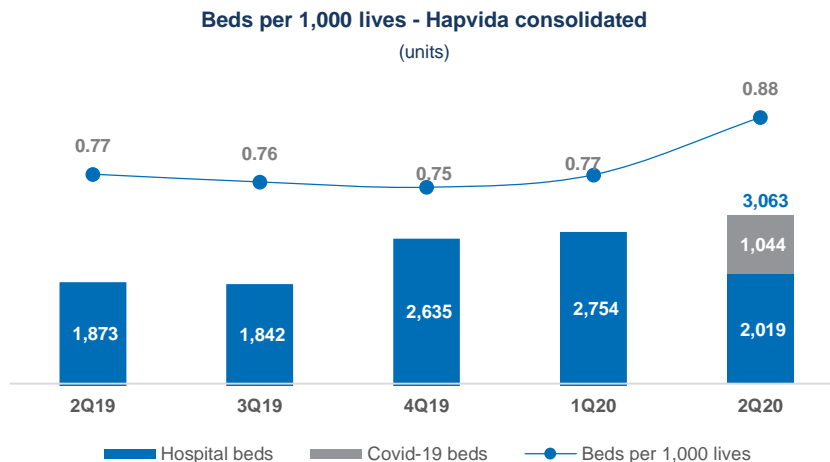
6. PROPRIETARY HEALTHCARE NETWORK

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 2Q20 with 39 hospitals, 41 emergency care units, 184 clinics and 174 diagnostic imaging and laboratory collection units, thus totaling 438 service points accessible to our beneficiaries, in all five regions of Brazil.

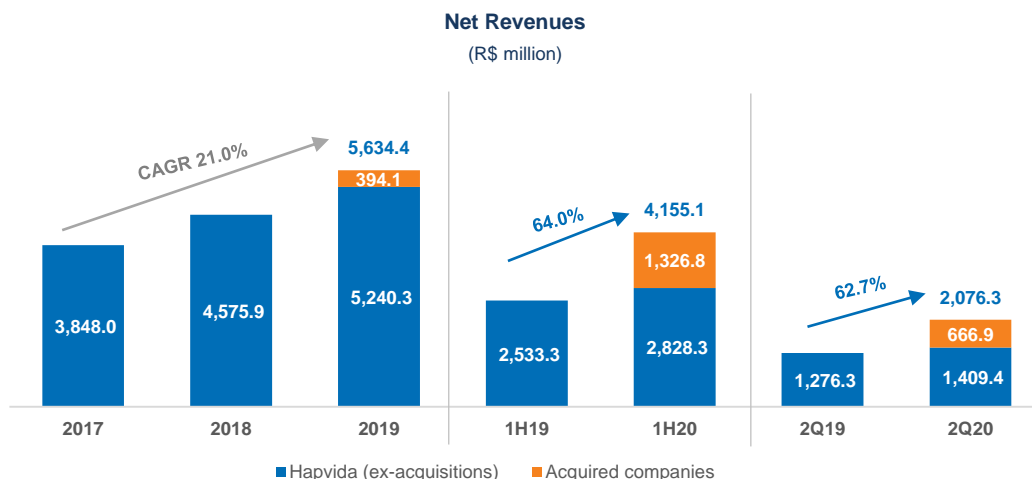
Throughout the quarter, 2 medical clinics were opened and 11 clinics, 1 emergency care unit, and 4 diagnostic units were closed. This is part of our plan to consolidate the medical care in new and larger units.



The company ended 2Q20 with a total of 3,063 hospital beds in operation, which represents an increase of 1,190 beds in comparison with the same quarter of the previous year. The main changes were: 28 beds at the Hospital Geral Padre Cícero (Juazeiro do Norte-CE); 35 beds at the Hospital de Parauapebas (PA); and 17 more beds in Mossoró/RN (addition of 33 beds with the inauguration of Hospital Celina Guimarães and reduction of 16 beds with the closure of Hospital Rodolfo Fernandes). Additionally, we incorporated 545 new beds resulting from the acquisition of Grupo São Francisco (addition of 18 beds this quarter) and 169 beds with the acquisition of Grupo América (reduction of 16 beds this quarter). The increase of 309 beds compared to 1Q20 was a result of the expansion to treat suspected or confirmed cases of Covid-19. During the second quarter, 1,044 beds were made available for this purpose, which are gradually being transformed into regular beds or being demobilized.

7. NET REVENUES

In 2Q20, net revenues increased by 62.7% when compared to 2Q19, mainly influenced by: (i) R\$528.2 million from Grupo São Francisco; (ii) R\$103.2 million from Grupo América; (iii) R\$35.5 million from RN Saúde; (iv) increase of 10.7% in Hapvida's average ticket of health plans (ex-acquisitions), reflecting the necessary price adjustments applied to existing contracts and sales of new contracts; and (v) a net increase of 135 thousand lives in group dental plans, including growth of 16.7% in the number of beneficiaries group dental plans at Hapvida (ex-acquisitions).



8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES

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.

To better facilitate the understanding and evolution of the Company's medical loss ratio (MLR), we present below the breakdown of Hapvida's total medical losses (ex-acquisitions), followed by a table with medical losses from the acquired companies only, and, finally, a consolidated table with numbers from Hapvida and the acquired companies. Additionally, we are also disclosing SUS reimbursement provisions in a separate topic.

8.1 Medical costs and MLR – Hapvida (ex-acquisitions)

Composition of Medical Costs and MLR – Hapvida (ex-acquisitions)

(R\$ million)	2Q20	2Q19	2Q20 x 2Q19	1Q20	2Q20 x 1Q20	1H20	1H19	1H20 x 1H19
Medical Costs - Cash	(702.1)	(728.2)	-3.6%	(756.9)	-7.2%	(1,459.0)	(1,423.0)	2.5%
Depreciation and Amortization (D&A IFRS16)	(25.9)	(20.9)	23.9%	(24.5)	5.5%	(50.4)	(40.3)	25.0%
Change in IBNR provision	6.1	17.6	-65.2%	(4.2)	-247.0%	2.0	14.9	-86.9%
Change in SUS reimbursement provision	(14.7)	(19.8)	-25.9%	(69.8)	-78.9%	(84.5)	(29.3)	188.6%
Medical Costs – Total	(736.6)	(751.4)	-2.0%	(855.4)	-13.9%	(1,592.0)	(1,477.8)	7.7%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	49.8%	57.1%	-7.3 p.p.	53.3%	-3.5 p.p.	51.6%	56.2%	-4.6 p.p.
Ex-SUS MLR	51.2%	57.3%	-6.1 p.p.	55.4%	-4.2 p.p.	53.3%	57.2%	-3.9 p.p.
Total MLR	52.3%	58.9%	-6.6 p.p.	60.3%	-8.0 p.p.	56.3%	58.3%	-2.0 p.p.

8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES (continuation)

8.1 Medical costs and MLR – Hapvida (ex-acquisitions) (continuation)

Hapvida's ex-SUS MLR (ex-acquisitions), the index that best represents the performance of our operations and which excludes the variation in the provisions for reimbursement to SUS, was 51.2% in 1Q20 and 53.3% in 1H20, a reduction of 6.1 p.p. and 3.9 p.p. compared to the same comparative periods. When we look at the cash MLR of 49.8% of Hapvida (ex-acquisitions), there is a significant reduction of 7.3 p.p. compared to 2Q19.

Due to the Covid-19 pandemic and adherence to the ANS (National Supplementary Health Agency) and other health authorities' recommendations, all elective appointments and procedures (except when qualified as urgency or emergency) were suspended. This, combined with measures of social distance, caused a significant drop in the demand for medical services in the period. For this reason, some of our units were partially or totally closed for a certain period within the quarter, which led to a decrease in medical costs (R\$ 7.6 million in 2Q20). For 1H20, however, this cost increased in absolute value, but had lower representativeness, decreasing 1.2 p.p. The IBNR also reversed (R\$ 6.1 million in 2Q20 and R\$ 2.0 million in 1H20) due to the low demand for medical services in the accredited network. In addition, the Company continues to show gains in operational efficiency as a result of medical loss management projects and stronger wellness promotion programs. We also had improvements in the verticalization of medical costs with an increase of 1.2 p.p. in the volume of services provided within Hapvida's proprietary network, both in 2Q20 and in 1H20. It is important to note that since the beginning of June we started to address the backlog of elective surgeries that had been suspended due to the pandemic. As of the date of this report, excluding regions where elective surgeries are not advised, more than 90% of these elective surgical procedures had already been performed and accommodated with no impact on our operations.

The index showed significant improvements in 2Q20 even with some negatives impacts, such as: (i) personnel, material and logistics expenses due to the measures adopted to face the Covid-19 and other viral diseases (R\$ 47.6 million in 2Q20 and R\$ 48.4 million in 1H20); (ii) the annual collective bargaining agreement and new hires, including personnel expenses from the new units (R\$ 14.2 million in 2Q20 and R\$ 31.2 million in 1H20); and (iii) the increase in expenses related to the new units, including the Parauapebas hospital and other new emergency units and clinics (R\$ 5.3 million in 2Q20 and R\$ 15.0 million in 1H20, including the Joinville hospital).

The total loss ratio (which includes D&A on the IFRS16 basis, changes in IBNR provisions and SUS reimbursement) was 52.3% in 2Q20, a decrease of 6.6 p.p. versus 2Q19 due to the decrease in the reimbursement provision to SUS (R\$ 9.8 million in 2Q20 versus R\$ 19.8 million in 2Q19) in addition to the same reasons explained above.

8.2 Medical costs and MLR – Acquired Companies (Groups São Francisco, América and RN Saúde)

The ex-SUS MLR of the Acquired Companies was 59.0% and 61.2% respectively in 2Q20 and 1H20. The total MLR was 59.4% in 2Q20 and 61.8% in 1H20. And the cash MLR was 57.9% in 2Q20 and 59.6% in 1H20. All ratios showed significant improvements, including synergies collected as a result of the successful and on going integration plan.

Composition of Medical Costs and MLR – Acquired Companies*

(R\$ million)	2Q20	1Q20	2Q20 x 1Q20	4Q19	1H20
Medical Costs - Cash	(386.4)	(403.8)	-4.3%	(252.8)	(790.2)
Depreciation and Amortization (IFRS16)	(18.2)	(8.7)	110.4%	(5.2)	(26.9)
Change in IBNR provision	11.0	(5.9)	-286.5%	(9.4)	5.1
Change in SUS reimbursement provision	(2.3)	(5.9)	-61.0%	(5.5)	(8.2)
Medical Costs - Total	(396.0)	(424.2)	-6.7%	(272.8)	(820.2)
Cash MLR (ex-IBNR provision; ex-SUS; ex-D&A)	57.9%	61.2%	-3.3 p.p.	64.1%	59.6%
MLR (ex-SUS)	59.0%	63.4%	-4.4 p.p.	67.8%	61.2%
Total MLR	59.4%	64.3%	-4.9 p.p.	69.2%	61.8%

*GSF América (4Q19, 1Q20 and 2Q20) and RN Saúde (1Q20 and 2Q20).

8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES (continuation)

8.3 Medical costs and MLR – Hapvida (including acquisitions)

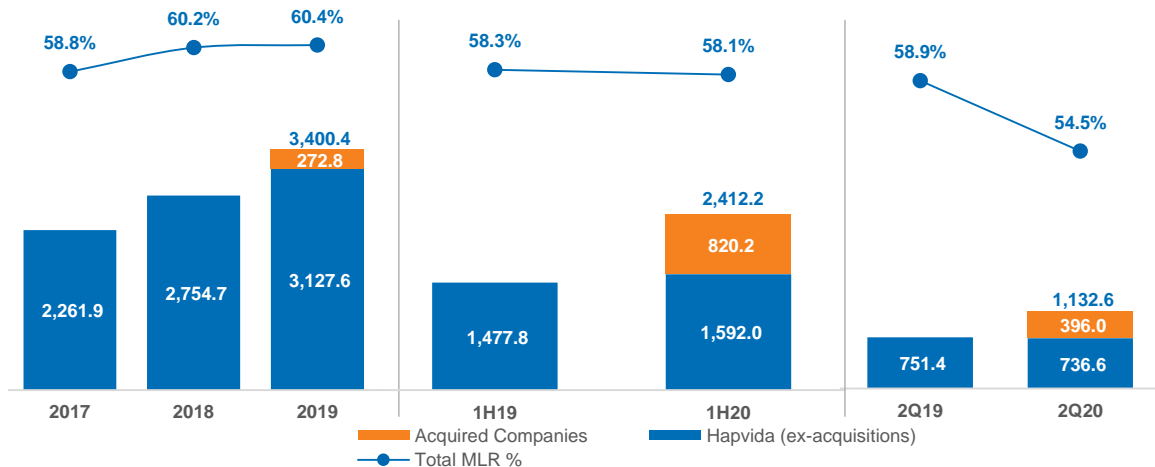
Composition of Medical Cost and MLR – Hapvida (including acquisitions)

(R\$ million)	2Q20	2Q19	2Q20 x 2Q19	1Q20	2Q20 x 1Q20	1H20	1H19	1H20 x 1H19
Medical Costs - Cash	(1,088.5)	(728.2)	49.5%	(1,160.7)	-6.2%	(2,249.2)	(1,423.0)	58.1%
Depreciation and Amortization (IFRS)	(44.1)	(20.9)	111.2%	(33.2)	32.9%	(77.4)	(40.3)	91.8%
Change in IBNR provision	17.1	17.6	-2.8%	(10.1)	-270.2%	7.1	14.9	-52.6%
Change in SUS reimbursement provision	(17.0)	(19.8)	-14.3%	(75.7)	-77.5%	(92.7)	(29.3)	216.5%
Medical Costs - Total	(1,132.6)	(751.4)	50.7%	(1,279.6)	-11.5%	(2,412.2)	(1,477.8)	63.2%
Cash MLR (ex-IBNR provision; ex-SUS; ex-D&A)	52.4%	57.1%	-4.7 p.p.	55.8%	-3.4 p.p.	54.1%	56.2%	-2.1 p.p.
MLR (ex-SUS)	53.7%	57.3%	-3.6 p.p.	57.9%	-4.2 p.p.	55.8%	57.2%	-1.4 p.p.
Total MLR	54.5%	58.9%	-4.4 p.p.	61.6%	-7.1 p.p.	58.1%	58.3%	-0.2 p.p.

Hapvida (including acquisitions) total MLR in 2Q20 was 54.5% and 58.1% in 1H20, a decrease of 4.4 p.p. and 0.2 p.p. respectively, compared to the same period last year. This was mainly driven by the previously mentioned reasons. Elective appointments, which started to recover since May, are now running around 90% of their historical levels.

Total Medical Costs composition x MLR - Hapvida (including acquisitions)

(R\$ million and %)



8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES (continuation)

8.4 SUS reimbursement provisions

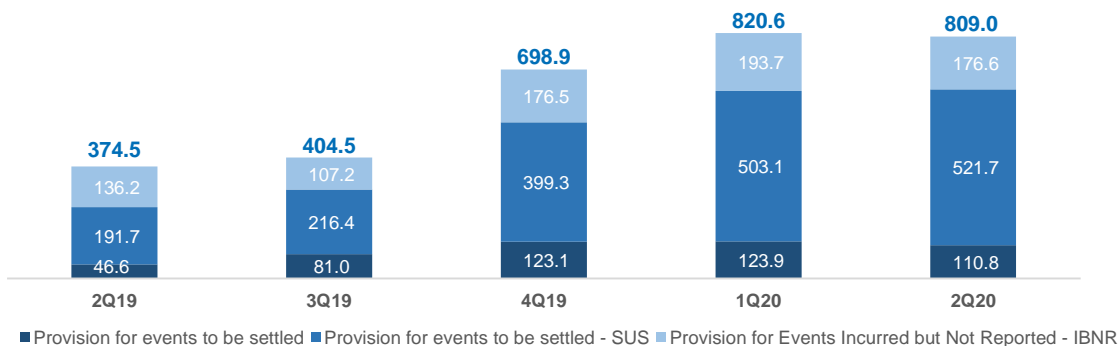
In accordance with the National Supplementary Health Agency (ANS) joint normative instruction 5, of September 30, 2011, and subsequent amendments, the Company must record in its liabilities, with a corresponding entry in the results (Total Medical Costs), a provision related to the Identified Beneficiaries Notices (ABIs) face value multiplied by a percentage defined by ANS itself, which is unique for each healthcare operator and varies with each new batch of ABIs received. Subsequently, if our defense to an ABI is rejected by ANS, the Company records a supplement to the provision at the new value of the GRU (an invoice for federal taxes). In addition, GRUs 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 adjustments possible fines began to be recorded in financial expenses. In 2Q20, due to the pandemic, there was no movement of ABIs to GRU and, therefore, all charges related to the reimbursement to SUS showed a significant reduction, including in interest and fines. The expectation is that this process will be normalized throughout the second half of 2020.

(R\$ million)	2Q20	1Q20	1H20	1H19
ABIs' provision	9.3	36.4	40.8	9.7
GRUs' principal	5.4	33.4	38.8	9.0
Interest, monetary adjustments and fines	-	-	-	10.5
SUS Reimbursement – Acquired Companies	2.3	5.9	8.2	-
SUS Reimbursement- Medical Cost	17.0	75.7	87.7	29.3
Interest, monetary adjustments and fines	12.6	27.1	39.1	-
SUS Reimbursement- Financial Result	12.6	27.1	39.1	-
SUS Reimbursement- Hapvida Total	29.6	92.4	131.7	29.3

8.5 Technical reserves for claims

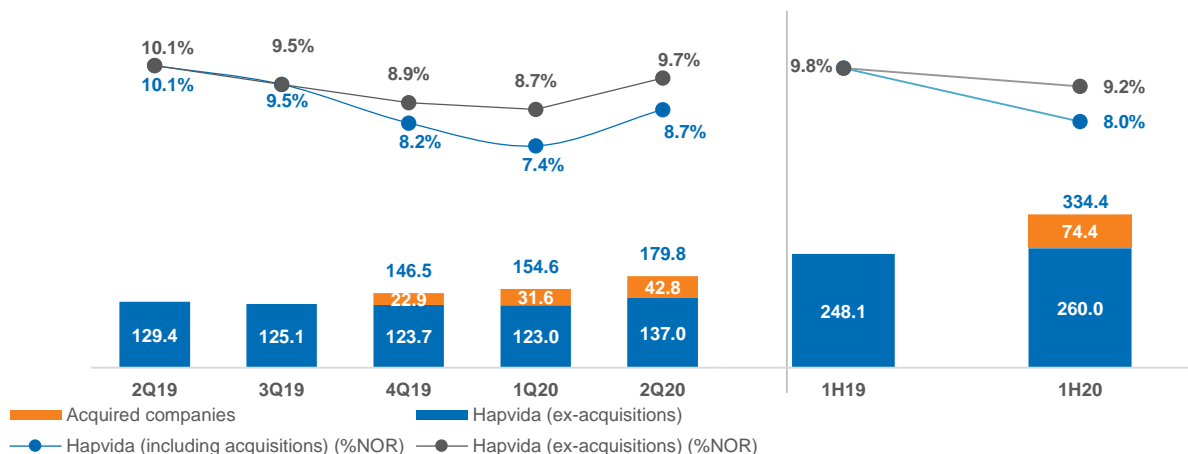
The total technical claims provisions ended the quarter at R\$ 809.0 million, an increase of 116.0% compared to 2Q19, with a large part of the variation resulting from the "provision for events to be settled - SUS" which increased by R\$ 330.0 million, impacted both by the increase in the receipt of ABIs and by the acceleration of the number of ABIs transformed into GRU (invoices) in the last quarters.

Technical Reserves for Claims – Health Care Operations
(R\$ million)



9. SELLING EXPENSES

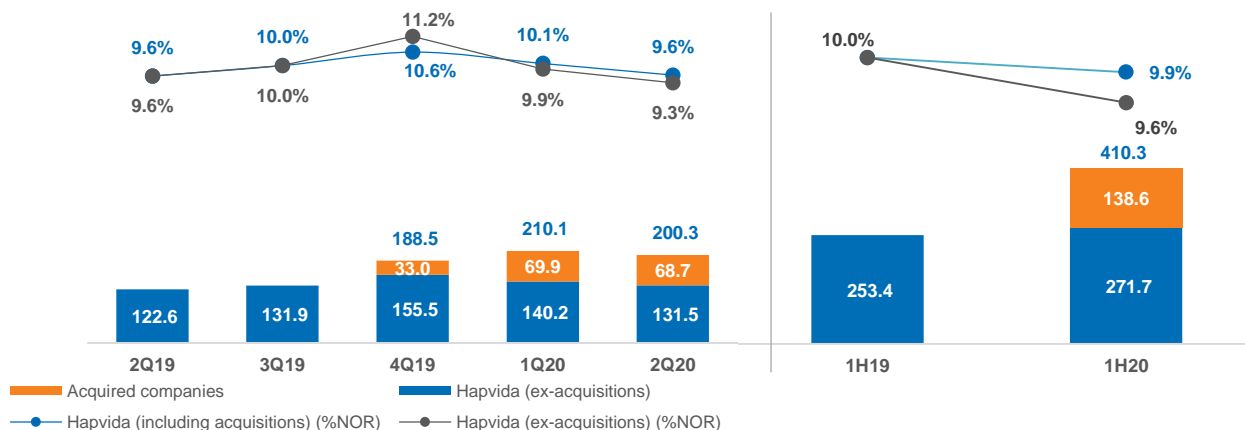
Selling Expenses and Selling Expenses Ratio (% NOR)
(R\$ million and %)



Regarding Hapvida (ex-acquisitions), the selling expenses ratio (total selling expenses over net revenues) was 9.7% in 2Q20 and 9.2% in 1H20, a reduction of 0.4 p.p. and 0.6 p.p. when compared to 2Q19 and 1H19, respectively, due to the lower volume of new sales and lower advertising expenses between the comparative periods. Hapvida's selling expense ratio (including acquisitions) was 8.7% in 2Q20 and 8.0% in 1H20. The Acquired Companies operate, until then, with a lower ratio than Hapvida (ex-acquisitions).

10. ADMINISTRATIVE EXPENSES

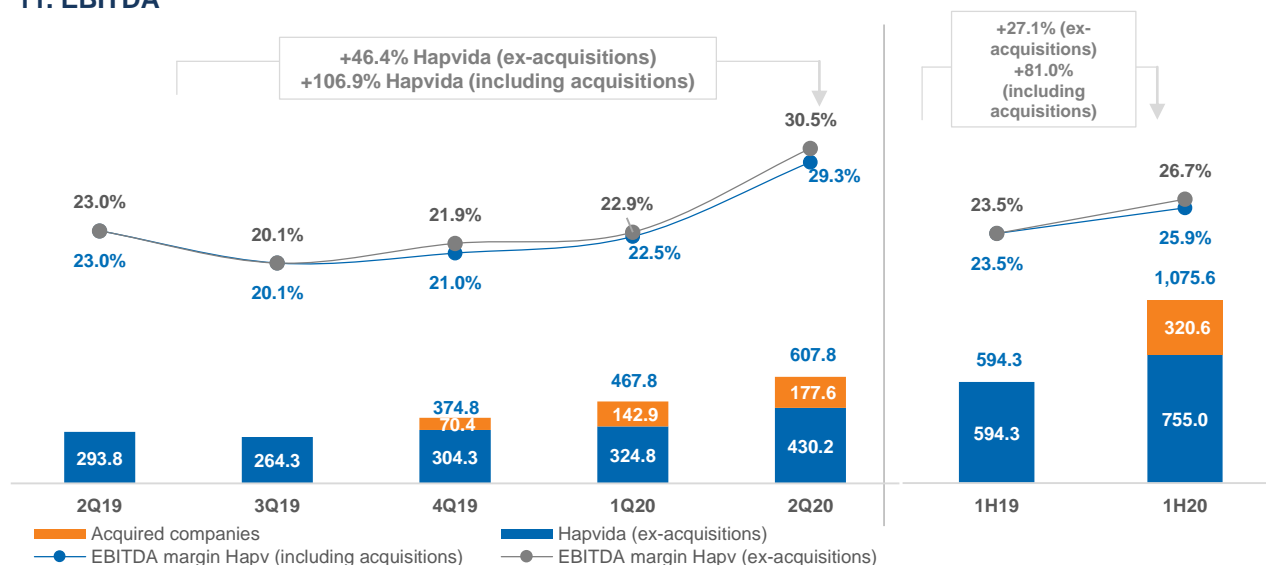
Administrative expenses and Administrative expenses ratio* (%NOR)
(R\$ million and %)



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

Hapvida's (ex-acquisitions) administrative expenses ratio (total administrative expenses over net operating revenue) was 9.3% in 2Q20 and 9.6% in 1H20, an improvement of 0.3 p.p. and 0.4 p.p. in comparison, respectively, with 2Q19 and 1H19. The main variations in the quarter were: (i) management and board of directors bonuses payout (R\$ 5.9 million in 2Q20), which occurred in April/2020, different than last year when it happened in March/2019; (ii) collective bargaining agreement and new hires (R\$ 3.6 million in 2Q20); and (iii) reduction in traveling and accommodation expenses due to the impacts of Covid-19 (R\$ 3.1 million in 2Q20). Hapvida's ratio (including acquisitions) was 9.6% in 2Q20, stable when compared to 2Q19, even accounting for the administrative expenses of the Acquired Companies in the amount of R\$ 68.7 million. Hapvida's 1H20 index (including acquisitions) was stable compared to the same period last year.

11. EBITDA

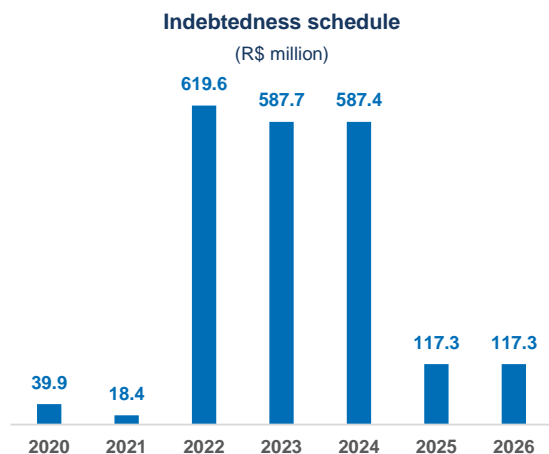


Hapvida's (ex-acquisitions) EBITDA reached R\$ 430.2 million in 2Q20 and R\$ 755.0 million in 1H20, an increase of 46.4% and 27.1%, respectively, in relation to the same comparative periods of 2019. The EBITDA Margin in 2Q20 was 30.5% and 26.7% in 1H20, an increase of 7.5 p.p. and 3.2 p.p., respectively, versus the same previous periods. This is mainly driven by factors previously explained, such as the extraordinary reduction in the MLR as a result of the reduced demand for elective services and lower charges for reimbursement to SUS. The expectation is that the elective demand will gradually return to its historical levels. The SUS reimbursement level is expected to normalize beginning on 3Q20. As a result, both the MLR and the EBITDA margin should also eventually return to their pre-pandemic levels.

Hapvida's (including acquisitions), EBITDA reached R\$ 607.8 million in 2Q20 and R\$ 1,075.6 million in 1H20, an increase of 106.9% and 81.0%, respectively, compared to the same comparative periods of 2019 due to the factors previously explained. The EBITDA Margin in 2Q20 was 29.3% and 25.9% in 1H20, an increase of 6.3 p.p. and 2.4 p.p. respectively against the same periods in 2019.

12. DEBT

At the end of the second quarter of 2020, the Company has a debt balance of R\$ 2,087.6 million comprised of our first debentures as well as a balance of debt from the balance of the Acquired Companies of R\$ 57.0 million. The chart below shows the amortization schedule for the consolidated debt. The net financial debt/EBITDA ratio in 2Q20 is -1.09 due to the net cash position of R\$ 2.1 billion.

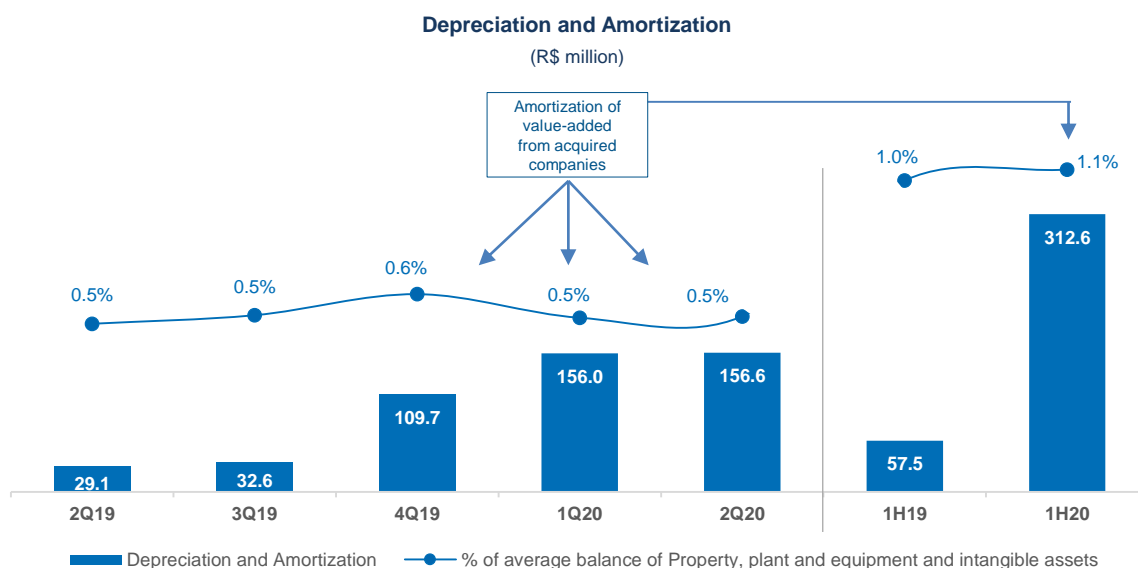


Net debt/ EBITDA (R\$ million)		06/30/2020
Short-term debt*		57.0
Long-term debt*		2,030.6
Gross debt		2,087.6
(-) Cash and cash equivalents and short-term and long-term investments (proforma)		4,195.4
Net debt		(2,107.8)
EBITDA LTM**		1,927.3
Net debt/ EBITDA LTM**		-1.09X

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

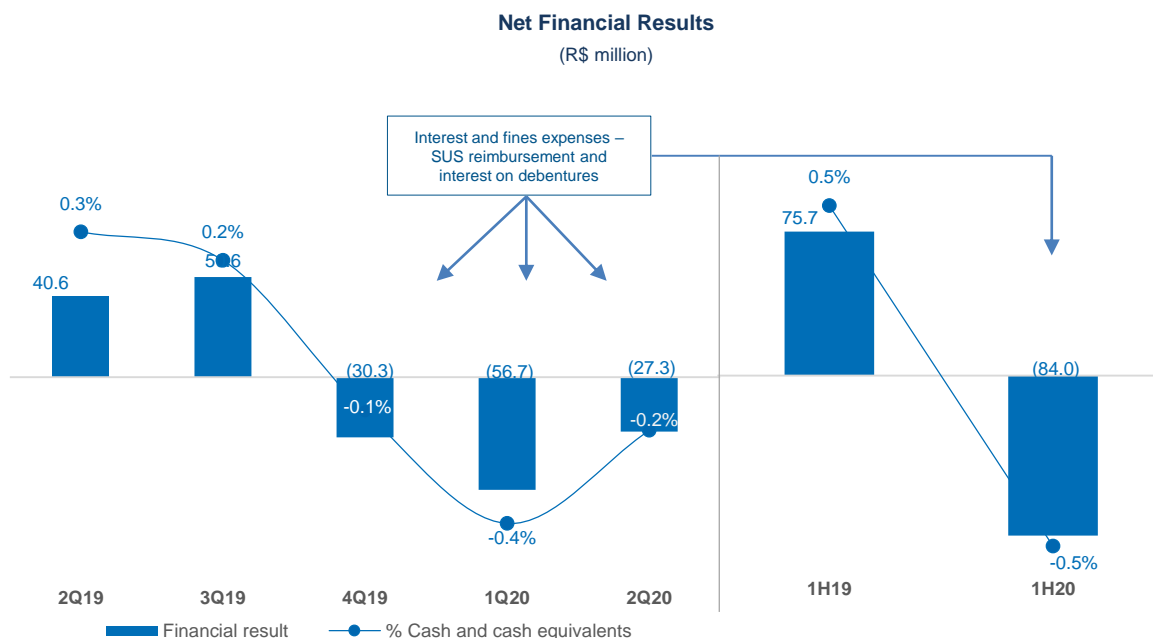
** Adjusted EBITDA excluding provisions for impairment of accounts receivable.

13. DEPRECIATION AND AMORTIZATION



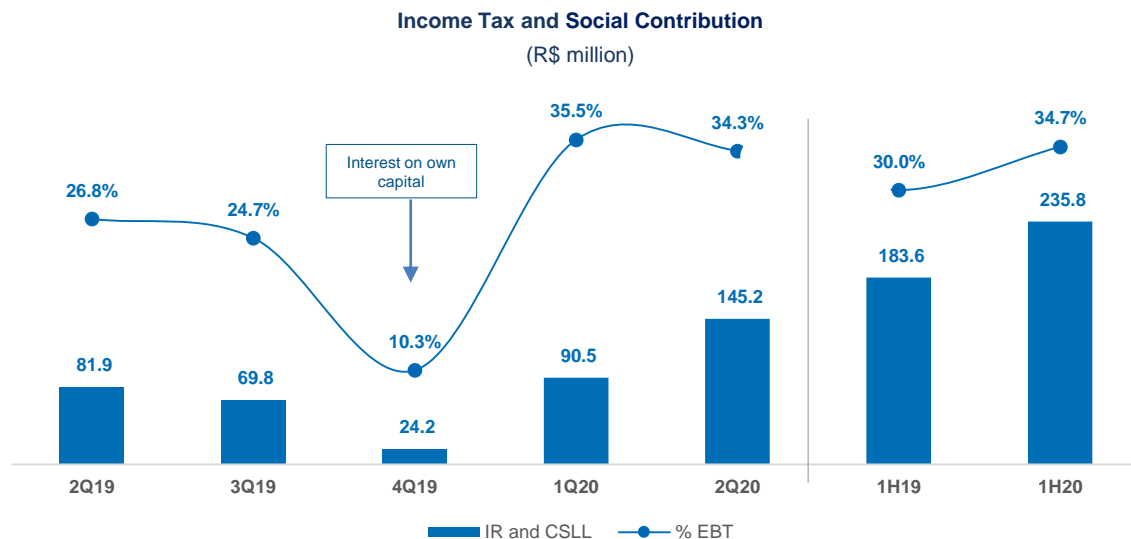
Depreciation and amortization expenses totaled R\$ 156.6 million in 2Q20 and R\$ 312.6 million in 1H20, equivalent to 0.5% and 1.1%, respectively, of the average balance of the respective equity assets. This indicator was influenced by the amortization of the value added of the Acquired Companies (R\$ 101.7 million in 2Q20 and R\$ 197.9 million in 1H20) and by the depreciation and amortization from the Acquired Companies (R\$ 21.1 million in 2Q20 and R\$ 41.8 million in 1H20).

14. FINANCIAL RESULTS



The net financial result in 2Q20 totaled an expense of R\$ 27.3 million and in 1H20 an expense of R\$ 84.0 million. influenced by: (i) the pro-rata recognition of accrued interest related to debentures issued in the amount of R\$ 16.7 million in 2Q20 and R\$ 39.0 million in 1H20; (ii) by the recognition of lease interest of R\$ 20.5 million in 2Q20 and R\$ 41.3 million in 1H20; and (iii) due to the higher volume of interest expenses, fines and monetary adjustments related to SUS reimbursements, which, as of 4Q19, started to be recorded as a financial expenses.

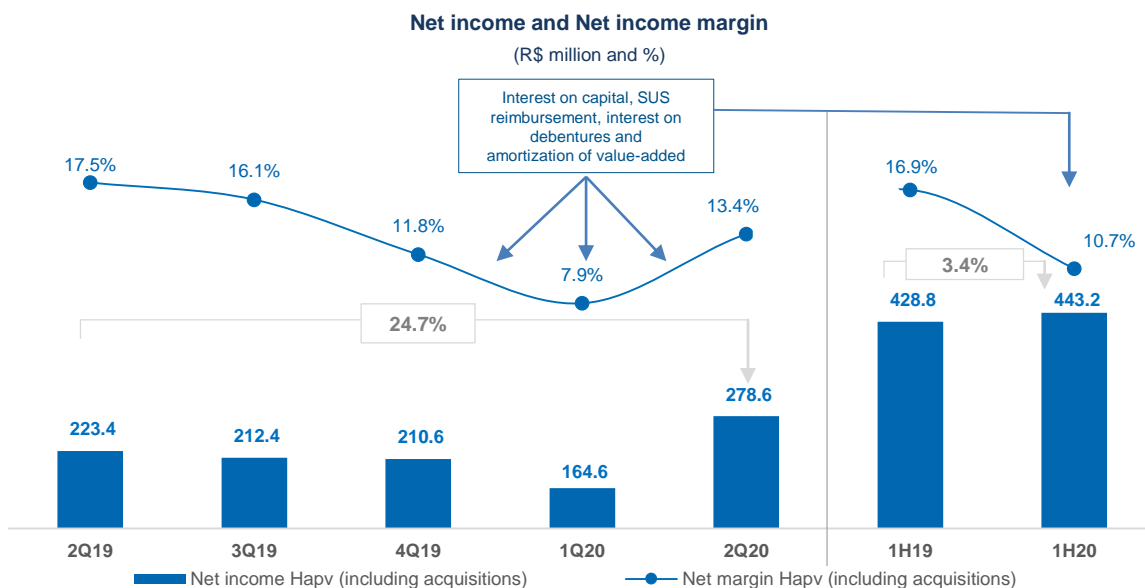
15. INCOME TAX AND SOCIAL CONTRIBUTION



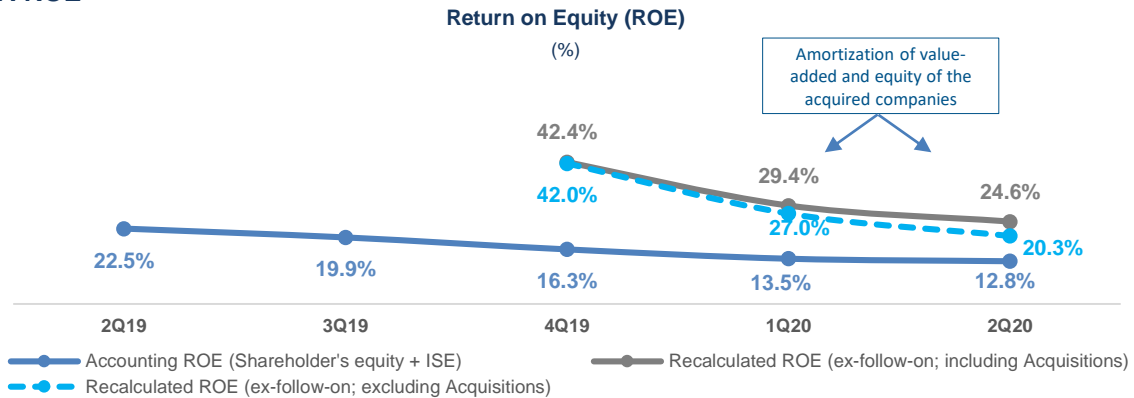
The effective rate was 34.3% in 2Q20 and 34.7% in 1H20, higher than that presented in the comparative periods of 2019 mainly due to the absence of the declaration of interest on own capital in this quarter (R\$ 104.4 million in 2Q19 and R\$ 4.0 million in 1H20).

16. NET INCOME

Hapvida's net income (including acquisitions) in 2Q20 totaled R\$ 278.6 million and R\$ 443.2 million in 1H20, with growth of 24.7% and 3.4% in comparison with the same periods in 2019. The net profit margin decreased 4.1 p.p. and 6.3 p.p., respectively, in comparison with the same periods of 2019, impacted by non-cash items such as the increase in depreciation and amortization that went from R\$ 29.1 million in 2Q19 to R\$ 156.7 million in 2Q20 (including R\$ 101.7 million from the amortization of the value added of the Acquired Companies). Additionally, there was an impact of higher financial expenses, greater depreciation and amortization and a higher effective tax rate.



17. ROE



Recalculated ROE (Return on Equity) in the last 12 months was 24.6% at the end of 2Q20, 17.8 p.p. lower than the 42.4% in 2019, mainly due to the full consolidation of 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 recently acquired company, RN Saúde in 1Q20. Recalculated ROE in 2Q20 excludes R\$ 2.6 billion of funds raised in the follow-on, which had not yet been invested by the company as of the end of this quarter.

In R\$ million	2Q19	3Q19	4Q19	1Q20	2Q20
Net income (a) with IFRS16	860.3	882.6	851.8	811.0	866.2
Equity (including ISE)	4,041.0	6,820.4	7,481.9	7,646.5	7,925.4
Average equity(b) ¹	3,828.6	4,446.1	5,228.4	5,999.7	6,783.0
ROE (LTM) (c) = (a)/(b)	22.5%	19.9%	16.3%	13.5%	12.8%
Equity excluding IPO and Follow on	4,041.0	1,598.3	4,671.9	4,836.4	5,115.3
Average equity excluding IPO and Follow on (d)	3,826.6	1,280.1	2,009.3	2,761.4	3,525.7
ROE (LTM) Recalculated (e) = (a)/(d)	22.5%	68.9%	42.4%	29.4%	24.6%

18. CASH GENERATION AND CAPEX

Free cash flow ex-acquisitions was R\$ 337.8 million in 2Q20, an increase of 105.0% versus 2Q19, positively impacted by: higher depreciation and amortization amounts resulting from the amortization of the value added of the acquired companies (R\$ 101.7 million) and higher depreciation and amortization arising from the acquired companies (R\$ 21.1 million); and the increase of the working capital variation affected by a higher inventory balance at the end of 2Q20. Free cash flow (including acquisitions) was R\$ 290.2 million in 2Q20 due to the payment of RN Saúde's acquisition. Comparing 1H20 with the same period of the previous year, the main variation is the working capital, positively impacted by the increase in technical provisions mainly related to SUS reimbursement. Capex rose from additions to property, plant and equipment and intangible assets totaled R\$ 166.7 million in 1H20 mainly due to investments in Hapvida's proprietary network, which include the new Celina Guimarães Hospital located in Rio Grande do Norte, 7 new clinics, 1 walk-in emergency, and 1 diagnostic unit (disregarding the discontinued units).

In R\$ million	2Q20	2Q19	2Q20 x 2Q19	1H20	1H19	1H20 x 1H19
EBIT	451.2	264.7	70.5%	763.0	536.7	42.2%
Effective income tax rate (*)	34.3%	26.8%	7.4 p.p	34.7%	30.0%	4.7 p.p.
NOPAT	296.6	193.7	53.1%	498.1	375.8	32.5%
(+) Depreciation and amortization	156.6	29.1	438.1%	312.6	57.5	443.7%
(+/-) Change in working capital ¹	(23.0)	0.1	n/a	126.4	(24.7)	(611.7%)
(-) Cash CAPEX	(92.4)	(58.1)	59.0%	(166.7)	(134.2)	24.2%
Free cash flow (ex-acquisitions)	337.8	164.6	105.0%	770.4	274.4	180.8%
(-) Companies acquisitions	(47.6)	-	n/a	(94.3)	-	-
Free cash flow	290.2	164.6	76.1%	676.1	274.4	146.4%

(*) 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.

19. FINANCIAL STATEMENT

R\$ mm	2Q20	2Q19	Var. % 2Q20/2Q19	1Q20	Var. % 2Q20/1Q20	1H20	1H19	Var. % 1H20/1H19
Revenues from gross payments	2,106.0	1,328.0	58.6%	2,111.9	-0.3%	4,217.9	2,637.5	59.9%
Revenue from other activities	70.9	4.7	1409.0%	76.4	-7.3%	147.3	10.5	1302.4%
Deductions	-100.6	-56.4	78.4%	-109.6	-8.2%	-210.1	-114.8	83.1%
Net revenues	2,076.3	1,276.3	62.7%	2,078.8	-0.1%	4,155.1	2,533.3	64.0%
Medical cost and others	-1,088.5	-728.2	49.5%	-1,160.7	-6.2%	-2,249.2	-1,423.0	58.1%
Depreciation and amortization	-44.1	-20.9	111.2%	-33.2	32.9%	-77.4	-40.3	91.8%
Change in IBNR	17.1	17.6	-2.8%	-10.1	-270.1%	7.1	14.9	-52.6%
Change in SUS reimbursement provision	-17.0	-19.8	-14.3%	-75.7	-77.5%	-92.7	-29.3	216.5%
Total cost	-1,132.6	-751.4	50.7%	-1,279.6	-11.5%	-2,412.2	-1,477.8	63.2%
Gross profit	943.7	524.9	79.8%	799.2	18.1%	1,742.9	1,055.5	65.1%
Gross margin	45.5%	41.1%	4.3 p.p.	38.4%	7.0 p.p.	41.9%	41.7%	0.3 p.p.
Selling expenses	-179.8	-129.4	39.0%	-154.6	16.3%	-334.4	-248.1	34.8%
Advertise expenses	-12.5	-16.8	-25.4%	-8.7	43.6%	-21.2	-27.0	-21.4%
Commission expenses	-94.7	-72.1	31.3%	-83.9	12.9%	-178.6	-144.2	23.9%
Provision for credit losses	-66.7	-40.5	64.7%	-56.0	19.1%	-122.6	-76.9	59.5%
Provision for credit losses	-5.9	0.0	0	-6.0	-1.4%	-11.9	0.0	0
Administrative expenses	-310.3	-128.9	140.8%	-333.4	-6.9%	-643.7	-268.1	140.1%
Personnel	-94.7	-46.0	106.1%	-84.1	12.7%	-178.8	-98.1	82.2%
Third party services	-48.1	-25.2	90.3%	-60.8	-21.0%	-108.9	-45.9	137.2%
Location and operation	-27.6	-22.6	22.1%	-29.0	-4.7%	-56.6	-46.8	21.0%
Depreciation and amortization	-112.5	-8.2	1273.5%	-122.8	-8.3%	-235.3	-17.2	1266.8%
Taxes	-3.4	1.3	-356.0%	-3.3	3.0%	-6.8	-10.0	-32.3%
Provisions for civil, labor and tax risks	-20.3	-26.6	-23.6%	-21.3	-4.6%	-41.6	-45.7	-8.9%
Miscellaneous expenses	-3.7	-1.6	131.5%	-12.1	-69.7%	-15.8	-4.5	251.8%
Other expenses/operational revenues	-2.5	-2.0	26.1%	0.6	-545.1%	-1.9	-2.5	-23.7%
Total expenses	-492.6	-260.2	89.3%	-487.4	1.1%	-980.0	-518.8	88.9%
Operational income	451.2	264.7	70.4%	311.8	44.7%	762.9	536.7	42.1%
Operational margin	21.7%	20.7%	1.0 p.p.	15.0%	6.7 p.p.	18.4%	21.2%	-2.8 p.p.
Financial revenues	38.8	65.7	-40.9%	49.6	-21.7%	88.4	126.0	-29.9%
Financial expenses	-66.1	-25.1	163.5%	-106.2	-37.8%	-172.3	-50.3	242.7%
Financial result	-27.3	40.6	-167.2%	-56.7	-51.9%	-84.0	75.7	-210.9%
EBIT	423.9	305.3	38.8%	255.1	66.2%	679.0	612.4	10.9%
IR and CSLL current	-210.9	-108.1	95.2%	-133.3	58.3%	-344.2	-211.1	63.1%
IR and CSLL deferred	65.7	26.1	151.4%	42.7	53.8%	108.4	27.5	294.8%
IR and CSLL	-145.2	-81.9	77.3%	-90.5	60.4%	-235.8	-183.6	28.4%
Net income	278.6	223.4	24.7%	164.6	69.3%	443.2	428.8	3.4%
Net margin	13.4%	17.5%	-4.1 p.p.	7.9%	5.5 p.p.	10.7%	16.9%	-6.3 p.p.

R\$ mm	2Q20	2Q19	Var. % 2Q20/2Q19	1Q20	Var. % 2Q20/1Q20	1H20	1H19	Var. % 1H20/1H19
EBIT	451.2	264.7	70.4%	311.8	44.7%	762.9	536.7	42.1%
Depreciation	41.0	23.9	71.3%	39.0	5.1%	80.0	46.0	74.0%
Amortization	115.6	5.1	2149.4%	116.9	-1.1%	232.6	11.5	1914.2%
EBITDA	607.8	293.8	106.9%	467.8	29.9%	1075.6	594.3	81.0%
EBITDA margin	29.3%	23.0%	6.3 p.p.	22.5%	6.8 p.p.	25.9%	23.5%	2.4 p.p.

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

19. BALANCE SHEET

R\$ mm	2Q20	4Q19	Var. R\$	Var. %
Assets	13,248.8	12,453.7	795.1	6.4%
Current assets	3,280.4	2,161.3	1,119.1	51.8%
Cash and cash equivalents	206.9	224.2	-17.3	-7.7%
Short-term investments	2,157.6	1,180.4	977.2	82.8%
Trade receivables	327.3	297.0	30.4	10.2%
Inventory	127.9	72.7	55.2	76.0%
Recoverable tax	176.1	160.5	15.6	9.7%
Derivative financial instruments	4.2	-	4.2	0
Other assets	127.2	81.3	45.9	56.5%
Deferred commission	153.0	145.2	7.8	5.4%
Non-current assets	9,968.4	10,292.4	-324.0	-3.1%
Long-term investments	1,830.8	2,225.6	-394.7	-17.7%
Deferred taxes	397.9	289.5	108.4	37.5%
Judicial deposits	213.8	187.6	26.1	13.9%
Deferred commission	134.8	127.5	7.3	5.7%
Related party receivable	3.4	8.1	-4.7	-57.8%
Other credits with related parties	10.7	2.0	8.7	433.7%
Other assets	45.8	45.9	-0.1	-0.1%
Property, plant and equipment	2,146.5	2,100.3	46.2	2.2%
Intangible assets	5,184.6	5,305.9	-121.3	-2.3%
Liabilities and shareholders' equity	13,248.8	12,453.7	795.1	6.4%
Current liabilities	2,111.1	1,745.4	365.7	21.0%
Lending and Financing	57.0	75.0	-18.1	-24.1%
Trade payables	115.9	95.0	20.9	22.0%
Technical provisions for health care operations	984.6	858.1	126.4	14.7%
Health care payables	7.2	8.8	-1.6	-18.1%
Payroll obligations	218.4	172.5	45.9	26.6%
Taxes and contributions payable	234.3	152.4	81.9	53.7%
Income and social contribution taxes	187.8	62.0	125.8	203.0%
Dividends and interest on shareholders' equity payable	220.0	220.0	0.0	0.0%
Leases payable	36.2	36.9	-0.7	-1.8%
Related party payables	4.1	4.0	0.0	0.7%
Other accounts payable	45.6	60.6	-15.0	-24.7%
Non-current liabilities	3,432.3	3,446.4	-14.1	-0.4%
Lending and Financing	2,030.6	2,037.0	-6.3	-0.3%
Taxes and contributions payable	24.0	26.1	-2.2	-8.4%
Leases payable	894.2	921.9	-27.8	-3.0%
Provision for tax, civil and labor risks	388.3	388.7	-0.3	-0.1%
Other accounts payable	95.3	72.7	22.6	31.1%
Shareholders' equity	7,705.4	7,261.9	443.5	6.1%
Capital	5,650.5	5,650.5	0.0	0.0%
Legal reserve	137.4	137.4	0.0	0.0%
Capital reserve	222.9	222.9	0.0	0.0%
Accumulated profits	443.1	-	443.1	0
Profit reserves	1,248.7	1,248.7	0.0	0.0%
Equity attributable to controlling shareholders	7,702.7	7,259.6	443.1	6.1%
Non-controlling interest	2.7	2.3	0.4	17.5%

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

20. CASH FLOW STATEMENT

R\$ mm	2Q20	2Q19	1H20	1H19
Net income	278.6	223.4	443.2	428.8
Adjustments to reconcile net income with cash	386.3	163.7	724.8	318.7
Depreciation and amortization	138.6	16.2	273.6	33.2
Depreciation of usage rights	18.0	12.9	38.9	24.3
Technical provisions for health care operations	-17.2	5.8	-7.1	14.4
Provision for losses on receivables	66.7	40.5	122.6	76.9
Write-off of property, plant and equipment	-0.4	0.2	1.4	0.3
Write-off of intangible assets	4.2	9.0	5.5	10.1
Provision for tax, civil and labor risks	16.5	28.0	20.1	40.1
Income from financial investments	-23.3	-49.1	-47.7	-99.9
Earning on derivative financial instruments	-2.5	0.0	-17.6	0.0
Interest and monetary restatement of leases	20.5	18.4	41.3	35.6
Interest and financial charges on loans and financing	17.2	0.0	40.8	0.0
Exchange rate	2.9	0.0	16.9	0.0
Tax income and social contribution	210.9	108.1	344.2	211.1
Deferred taxes	-65.7	-26.1	-108.4	-27.5
(Increase) decrease in asset accounts	-143.1	-127.3	-318.5	-209.0
Accounts receivable	-35.3	-46.6	-145.2	-97.9
Inventory	-42.0	-2.5	-54.8	-1.1
Taxes recoverable	-8.4	-14.5	-13.1	-17.8
Judicial deposits	-27.6	-23.8	-46.5	-31.4
Other assets	-29.9	-38.7	-43.7	-61.1
Deferred Sales Expense	0.1	-1.1	-15.1	0.2
Increase (decrease) in liability accounts:	22.3	-114.3	41.7	-163.0
Technical provisions for health care operations	11.0	-2.1	111.4	-4.5
Debts of health care operations	1.5	3.6	-1.6	1.1
Social obligations	28.9	15.3	44.8	12.7
Suppliers	3.4	-17.2	20.9	-16.1
Taxes and contributions payable	114.9	-3.2	78.3	4.2
Other accounts payable	-2.6	-2.9	6.3	-5.9
Income tax and social contribution paid	-134.8	-107.8	-218.4	-154.6
Net cash provided by operating activities	544.1	145.5	891.3	375.4
Cash flow from investing activities	-797.2	60.4	-763.3	-197.9
Payments to related parties	0.0	0.0	4.7	0.0
Acquisition of property, plant and equipment	-85.8	-48.1	-126.8	-99.9
Acquisition of intangibles	-6.5	6.1	-39.8	-18.2
Acquisition/sale of investments	-47.6	-215.4	-94.3	-215.4
Balances attributed to the acquisition of investees	0.0	0.0	5.2	0.0
Financial investments	-657.2	317.8	-512.2	135.5
Cash flow from financing activities	-38.0	-206.0	-145.3	-220.0
Obtaining loans	79.8	0.0	2.1	0.0
Receipt of derivative financial instruments	0.0	0.0	4.7	0.0
Expenses with share issuance	-84.2	0.0	-84.2	0.0
Payment of dividends and interest on own capital	0.0	-188.6	0.0	-188.6
Principal payments - Leases	-33.9	-25.9	-68.1	-48.9
Non-controlling shareholding stake	0.3	8.5	0.3	17.5
Change in cash and cash equivalents	-291.0	-0.1	-17.3	-42.5
Cash and cash equivalents at the beginning of the period	498.0	143.0	498.0	143.0
Cash and cash equivalents at the end of the period	206.9	143.0	206.9	143.0

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

As of 2019, our financial statements have been prepared in accordance with IFRS 16 / CPC 06 (R2). Therefore, in order to make this report more objective, both current and retroactive figures will be presented in accordance with the said regulation. The reconciliation without IFRS 16 / CPC 06 (R2) can be found in the fundamental's spreadsheet on the Company's investor relations website at ri.hapvida.com.br