

Individual and Consolidated Interim Financial Information

Notre Dame Intermédica Participações S.A.

March 31, 2020
and Independent Auditor's Report

Notre Dame Intermédica Participações S.A.

Individual and Consolidated Interim Financial Information

March 31, 2020

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A free translation from Portuguese into English of Individual and Consolidated Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB and consistently with the standards issued by the Brazilian Securities Commission (CVM).

Independent auditor's review report on individuals and consolidated interim financial information

To the Shareholders, Board of Directors and Officers of
Notre Dame Intermédica Participações S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Notre Dame Intermédica Participações S.A. ("Company") for the quarter ended on March 31, 2020, comprising the statement of financial position as of March 31, 2020 and the related statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the quarter then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 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 applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards 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 individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR) and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

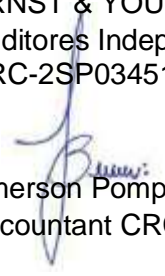
Other matters

Statements of value added

The abovementioned quarterly information includes the individual and consolidated statement of value added (SVA) for the quarter ended on March 31, 2020, prepared under Company's Management responsibility, and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, May 6, 2020

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6



Emerson Pompeu Bassetti
Accountant CRC-1SP251558/O-0

Notre Dame Intermédica Participações S.A.

Statements of financial position

March 31, 2020 and December 31, 2019

(In thousands of reais, unless otherwise stated)

	Note	Parent		Consolidated	
		March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Assets					
Current assets		114,045	137,082	2,816,477	5,973,381
Cash and cash equivalents	6	111,979	133,881	231,340	3,514,439
Short-term investments	7	-	-	1,177,199	1,285,126
Trade receivables	8	-	-	567,358	492,769
Inventories	-	-	-	77,964	50,771
Deferred acquisition costs	9	-	-	193,552	186,085
Tax and social security credits	10	1,500	1,332	181,497	121,029
Other current assets	11	566	1,869	387,567	323,162
Noncurrent assets		6,973,811	6,774,702	10,527,909	7,174,659
Long-term investments	7	-	-	150,063	-
Deferred tax assets	12	-	-	361,165	312,412
Deferred acquisition costs	9	-	-	195,603	178,748
Judicial and tax deposits	13	77,619	76,104	641,427	493,414
Other noncurrent assets	11	1	-	630,589	611,043
Investments	14	6,896,191	6,698,598	432	11
Property, plant and equipment	15	-	-	1,993,341	1,758,553
Right of use	16	-	-	483,148	478,805
Intangible assets	17	-	-	6,072,141	3,341,673
Total assets		7,087,856	6,911,784	13,344,386	13,148,040

	Note	Parent		Consolidated	
		December 31,	December 31,	March 31, 2020	December 31,
		2020	2019	2020	2019
Liabilities and equity					
Current liabilities		548,911	541,388	2,900,490	2,433,967
Trade payables		212	685	146,299	133,817
Salaries payable		62	62	168,332	165,097
Taxes and social charges payable	18	144	591	414,857	360,357
Dividends payable	25.e	100,601	100,601	100,601	100,601
Loans and financing	19	-	-	330,871	220,683
Debentures	20	-	-	126,312	169,560
Provision for income tax and social contribution	-	-	-	139,752	56,985
Technical reserves of healthcare operations	21	-	-	1,154,403	945,405
Deferred purchase price	25	84,262	118,981	84,262	118,981
Leases	16	-	-	34,920	33,466
Other current liabilities	22	363,630	320,468	199,881	129,015
Noncurrent liabilities		-	-	3,903,472	4,343,677
Taxes and social charges payable	18	-	-	59,557	62,034
Loans and financing	19	-	-	212,479	35,159
Debentures	20	-	-	797,032	1,752,537
Technical reserves of healthcare operations	21	-	-	468,196	342,836
Deferred tax liabilities	12	-	-	265,245	262,802
Provision for lawsuits	23	-	-	894,138	887,618
Leases	16	-	-	472,535	464,410
Other noncurrent liabilities	22	-	-	734,290	536,281
Equity and Noncontrolling interests		6,538,945	6,370,396	6,540,424	6,370,396
Capital	25.a	5,526,232	5,526,232	5,526,232	5,526,232
(-) Unpaid capital	-	(225)	(225)	(225)	(225)
(-) Treasury shares	-	(2,857)	(2,857)	(2,857)	(2,857)
(-) Acquisition premium on equity interest	25.d	(2,779)	-	(2,779)	-
(-) Costs with public offering of shares	25.b	(113,913)	(113,913)	(113,913)	(113,913)
Reserves:	25.c	972,083	961,159	972,083	961,159
Capital reserve and stock options granted	-	111,487	100,563	111,487	100,563
Income reserves	-	860,596	860,596	860,596	860,596
Profit for the period	-	160,404	-	160,404	-
Noncontrolling interests		-	-	1,479	-
Total liabilities and equity		7,087,856	6,911,784	13,344,386	13,148,040

The accompanying notes are an integral part of the individual and consolidated interim financial information.

Notre Dame Intermédica Participações S.A.

Statements of profit or loss

Periods and quarters ended March 31, 2020 and 2019

(In thousands of reais, unless otherwise stated)

	Note	Parent		Consolidated	
		March 31,		March 31,	
		2020	2019	2020	2019
Net operating revenue	26	-	-	2,559,446	1,900,353
Cost of services rendered	27	-	-	(1,843,767)	(1,371,800)
Gross profit		-	-	715,679	528,553
Administrative expenses	28.a	(13,810)	(8,576)	(245,841)	(194,952)
Selling expenses	28.b	-	-	(130,101)	(92,722)
Impairment of receivables	28.c	-	-	(22,185)	(18,469)
Share of profit (loss) of subsidiaries	14	180,372	119,694	-	-
Other income, net		-	-	(3,750)	(3,239)
Profit before finance income and costs		166,562	111,118	313,802	219,171
Finance income	29	2,405	3,292	47,192	32,936
Finance costs	29	(8,563)	(11,179)	(79,955)	(68,256)
Profit before income tax and social contribution		160,404	103,231	281,039	183,851
Current income tax and social contribution	12	-	(389)	(134,223)	(59,459)
Deferred income tax and social contribution	12	-	-	13,588	(21,550)
Profit for the period		160,404	102,842	160,404	102,842
Earnings per share:					
Basic	31	0,2661	0,1945	0,2661	0,1945
Diluted	31	0,2606	0,1887	0,2606	0,1887

The accompanying notes are an integral part of the individual and consolidated interim financial information.

Notre Dame Intermédica Participações S.A.

Statements of comprehensive income

Periods and quarters ended March 31, 2020 and 2019

(In thousands of reais, unless otherwise stated)

	Parent		Consolidated	
	March 31,		December 31,	
	2020	2019	2020	2019
Profit for the period	160,404	102,842	160,404	102,842
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	160,404	102,842	160,404	102,842

The accompanying notes are an integral part of the individual and consolidated interim financial information.

Notre Dame Intermédica Participações S.A.

Statements of changes in equity
For the periods ended March 31, 2020 and 2019
(In thousands of reais)

	Note	Capital	(-) Unpaid capital	(-) Acquisition premium on equity interest	(-) Costs with public offering of shares	(-) Treasury shares	Capital reserve	Income reserves		Profit for the period	Total	Noncontrolling interests	Total
							Stock option reserve	Legal	Statutory				
Balance at December 31, 2018		1,765,924	-	-	(16,912)	(2,857)	56,296	31,134	506,480	-	2,340,065	-	2,340,065
Recognition of options granted	28.a)	-	-	-	-	-	7,007	-	-	-	7,007	-	7,007
Profit for the period		-	-	-	-	-	-	-	-	102,842	102,842	-	102,842
										-	-		
Balance at March 31, 2019		1,765,924	-	-	(16,912)	(2,857)	63,303	31,134	506,480	102,842	2,449,914	-	2,449,914
Balance at December 31, 2019		5,526,232	(225)	-	(113,913)	(2,857)	100,563	52,313	808,283	-	6,370,396	-	6,370,396
(-) Repurchase of treasury stocks	25.d)	-	-	-	-	(245,122)	-	-	-	-	(245,122)	-	(245,122)
Disposal of treasury stocks	25.d)	-	-	-	-	242,343	-	-	-	-	242,343	-	242,343
(-) Acquisition premium on equity interest		-	-	(2,779)	-	2,779	-	-	-	-	-	-	-
Recognition of options granted	28.a)	-	-	-	-	-	10,924	-	-	-	10,924	-	10,924
Profit for the period		-	-	-	-	-	-	-	-	160,404	160,404	-	160,404
Noncontrolling interests - business combination		-	-	-	-	-	-	-	-	-	-	1,479	1,479
Balance at March 31, 2020		5,526,232	(225)	(2,779)	(113,913)	(2,857)	111,487	52,313	808,283	160,404	6,538,945	1,479	6,540,424

The accompanying notes are an integral part of the individual and consolidated interim financial information.

Notre Dame Intermédica Participações S.A.

Statements of cash flows (indirect method)
For the periods ended March 31, 2020 and 2019
(In thousands of reais)

	Note	Parent		Consolidated	
		March 31,		March 31,	
		2020	2019	2020	2019
Cash flows from operating activities:					
Profit for the period		160,404	102,842	160,404	102,842
Depreciation of property	15	-	-	24,396	18,873
Amortization of intangible assets	17	-	-	30,475	22,166
Depreciation of right of use	16	-	-	14,446	11,726
Share of profit (loss) of subsidiaries	14.a	(180,372)	(119,694)	-	-
Inflation adjustment of judicial deposits	13	(1,527)	-	(6,780)	(2,167)
Inflation adjustment of contingencies	23	-	-	14,947	7,830
Fair value adjustment of financial investments	7	-	-	54	318
Financial investments income	7	-	(2,990)	(18,134)	(18,775)
Foreign exchange (gains) / losses	7	-	-	294	(20)
Current and deferred income tax and social contribution	12	-	-	120,635	81,009
Changes in technical reserves	21	-	-	13,525	(1,061)
Provision for lawsuits	28	-	-	5,975	10,269
Provision for (reversal of) impairment of receivables	8	-	-	3,289	1,688
Loss on impairment of receivables	8	-	-	18,896	18,385
Provision for expected disallowances	8	-	-	2,539	963
Amortization of deferred acquisition costs	9	-	-	70,004	49,435
Present value adjustment - deferred portion	24	8,443	11,098	8,443	11,098
Interest on debentures and transaction cost	20	-	-	25,500	24,219
Interest on loans and financing	19	-	-	4,737	5,324
Interest on leases	16	-	-	11,180	9,907
Appropriation of share-based payment plan	30	10,924	7,007	10,924	7,007
Write-off of property, plant and equipment/intangible assets	15 and 17	-	-	7,063	1,732
Other	-	-	-	4,657	10
Write-off of right of use/leases	16	-	-	(532)	14
Payment of income tax and social contribution	-	-	389	(84,111)	(35,419)
(Increase) decrease in operating assets					
Trade receivables	8	-	-	(32,881)	(47,100)
Inventories	-	-	-	(23,434)	5,759
Tax and social security credits	10	(168)	(753)	23,726	(8,339)
Deferred acquisition costs	9	-	-	(94,326)	(55,407)
Deferred tax assets	12	-	-	(62,197)	(6,906)
Judicial and tax deposits	13	-	(45,395)	(112,326)	(44,908)
Other assets	11	1,314	75,561	(110,780)	20,146
Increase (decrease) in operating liabilities					
Trade payables	-	(473)	(456)	(40,863)	(55,657)
Salaries payable	-	-	10	(6,653)	(8,415)
Taxes and social charges payable	18	(447)	(425)	41,689	87,579
Technical reserves of healthcare operations	21	-	-	181,895	60,109
Deferred tax liabilities	12	-	-	-	3,143
Provision for lawsuits	23	-	-	(14,831)	(14,662)
Other liabilities	22	43,161	10,873	3,752	(27,706)
Deferred purchase price	24	(43,161)	(10,873)	(43,161)	(10,873)
Net cash generated by (used in) operating activities		(1,902)	27,194	152,436	224,137

Notre Dame Intermédica Participações S.A.

Statements of cash flows (indirect method)
For the periods ended March 31, 2020 and 2019
(In thousands of reais)

	Note	Parent		Consolidated	
		March 31,		March 31,	
		2020	2019	2020	2019
Short-term investments	7	-	(229,730)	(6,359,325)	(2,298,100)
Redemptions of short-term investments	7	-	452,646	6,466,188	2,349,536
Business combination	4	-	-	(2,496,188)	(946,649)
Acquisition of property, plant and equipment	15	-	-	(33,894)	(43,687)
Acquisition of intangible assets	17	-	-	(2,663)	(1,350)
Capital increase in subsidiary	15	(20,000)	(250,000)	-	-
Net cash used in investing activities		(20,000)	(27,084)	(2,425,882)	(940,250)
Payment of interest on debentures	20	-	-	(64,253)	(12,908)
Amortization of debentures - principal	20	-	-	(960,000)	(60,000)
Capital payment	26	-	-	-	887,165
Repurchase of treasury stocks	-	-	-	(245,122)	-
Raising of loans and financing	-	-	-	360,000	-
Leases paid - principal	16	-	-	(9,210)	(6,904)
Leases paid - interest	16	-	-	(11,180)	(9,907)
Loans and financing paid - principal	19	-	-	(74,993)	(21,214)
Loans and financing paid - interest	19	-	-	(4,895)	(5,769)
Net cash generated by (used in) financing activities		-	-	(1,009,653)	770,463
Increase (decrease) in cash and cash equivalents for the period		(21,902)	110	(3,283,099)	54,349
Cash and cash equivalents at beginning of period		133,881	37	3,514,439	136,834
Cash and cash equivalents at end of period		111,979	147	231,340	191,183

The accompanying notes are an integral part of the individual and consolidated interim financial information.

Notre Dame Intermédica Participações S.A.

Statements of value added
For the periods ended March 31, 2020 and 2019
(In thousands of reais)

	Parent		Consolidated	
	March 31,		March 31,	
	2020	2019	2020	2019
Revenue	-	-	2,638,296	1,949,928
Sales of goods, products and services	-	-	2,654,244	1,950,459
Other revenues	-	-	6,237	17,938
Impairment on receivables - reversal/(recognition)	-	-	(22,185)	(18,469)
INPUTS PURCHASED FROM THIRD PARTIES	(2,519)	(1,090)	(1,983,010)	(1,514,435)
Cost of sales and services	-	(7)	(1,753,158)	(1,447,263)
Materials, electric power, outsourced services and others	(2,519)	(1,083)	(229,852)	(69,832)
Others	-	-	-	2,660
GROSS VALUE ADDED	(2,519)	(1,090)	655,286	435,493
DEPRECIATION AND AMORTIZATION	-	-	(69,317)	(52,765)
NET VALUE ADDED GENERATED BY THE ENTITY	(2,519)	(1,090)	585,969	382,728
VALUE ADDED RECEIVED IN TRANSFER	182,777	122,986	47,968	32,936
Share of profit (loss) of subsidiaries	180,372	119,694	-	-
Finance income	2,405	3,292	47,192	32,936
Others	-	-	776	-
TOTAL VALUE ADDED FOR DISTRIBUTION	180,258	121,896	633,937	415,664
DISTRIBUTION OF VALUE ADDED	(180,258)	(121,896)	(633,937)	(415,664)
Personnel	(11,179)	(7,273)	(145,112)	(81,776)
Salaries and wages	(11,179)	(7,273)	(124,608)	(72,088)
Benefits	-	-	(10,569)	(5,393)
F.G.T.S. (Severance Pay Fund)	-	-	(9,935)	(4,295)
Taxes, fees and contributions	(224)	(600)	(248,227)	(162,386)
Federal	(212)	(599)	(205,748)	(132,498)
Municipal	(12)	(1)	(42,479)	(29,888)
Value distributed to providers of capital	(8,451)	(11,181)	(80,194)	(68,660)
Interest	(8,443)	(11,179)	(78,587)	(68,256)
Rentals	-	-	(1,305)	(316)
Others	(8)	(2)	(302)	(88)
Value distributed to shareholders	(160,404)	(102,842)	(160,404)	(102,842)
Retained earnings for the period	(160,404)	(102,842)	(160,404)	(102,842)

The accompanying notes are an integral part of the individual and consolidated interim financial information.

Notre Dame Intermédica Participações S.A.

Notes to the individual and consolidated interim financial information

March 31, 2020 and December 31, 2019

(In thousands of reais, unless otherwise stated)

1. Operations

Notre Dame Intermédica Participações S.A. (hereinafter “Company”) is a publicly-held holding company in the “New Market” segment of B3 S.A. – Brasil, Bolsa, Balcão (“B3”) under ticker GNDI3, headquartered in São Paulo at Avenida Paulista, 867, Bela Vista and was incorporated on February 18, 2014. The Company engages in holding interests in other civil or commercial companies as a partner or shareholder.

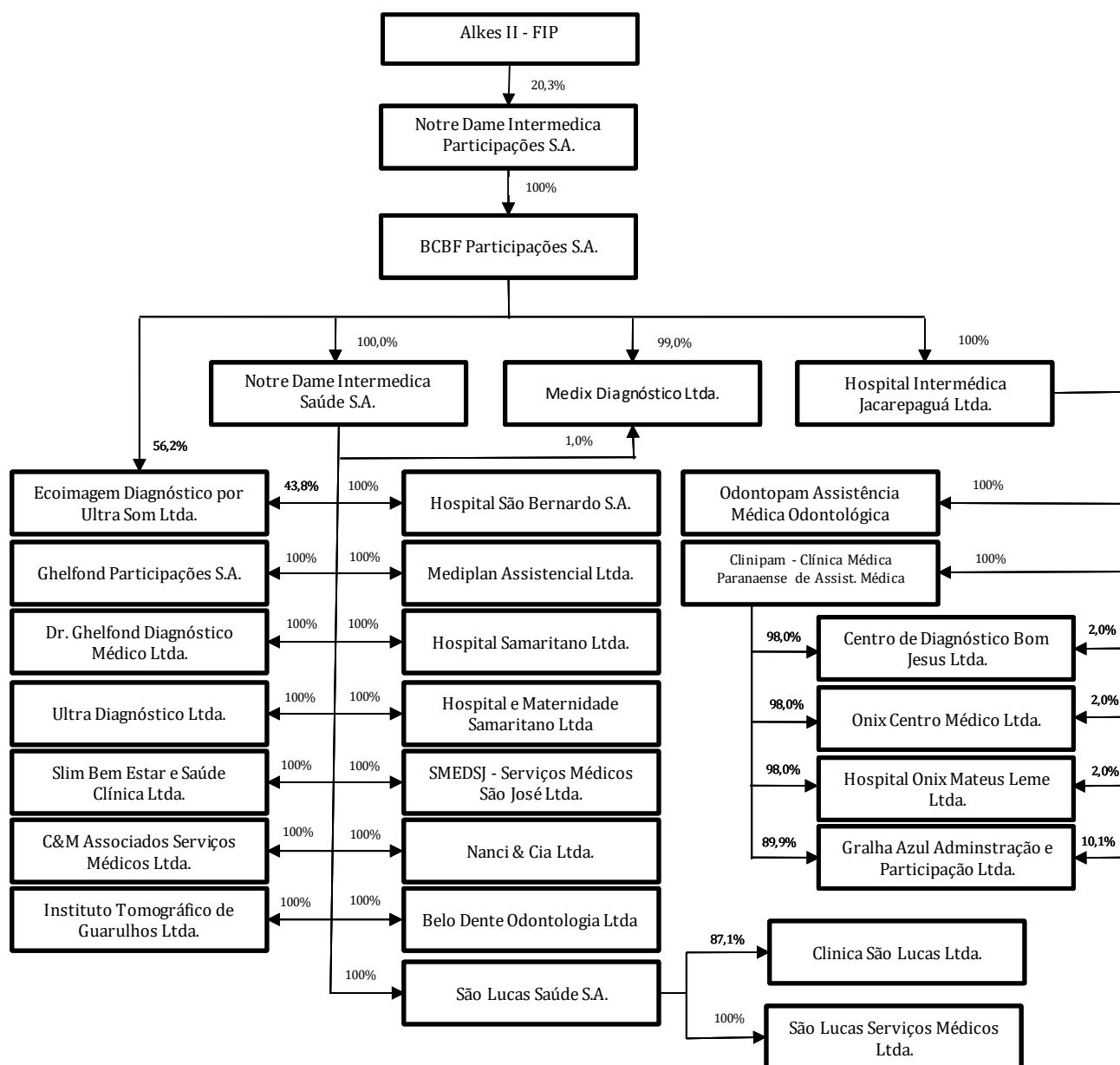
The Company is the direct parent company of BCBF Participações S.A (“BCBF”), a publicly-held holding company, registered with the Securities and Exchange Commission of Brazil (“CVM”) in category “B”, direct parent company of the companies of the Notre Dame Intermédica Group, which includes Notre Dame Intermédica Saúde S.A. (“Intermédica”), Hospital São Bernardo S.A., Mediplan Assistencial Ltda., Hospital Samaritano Ltda., Hospital e Maternidade Samaritano Ltda., Belo Dente Odontologia Ltda., Hospital Intermédica Jacarepaguá Ltda., SMEDSJ - Serviços Médicos São José Ltda., Nanci & Cia Ltda., Ghelfond Participações S.A., C&M Associados Serviços Médicos Ltda., Ultra Diagnóstico Ltda., Slim Bem Estar e Saúde Clínica Ltda., Dr. Ghelfond Diagnóstico Médico Ltda., Instituto Tomográfico De Guarulhos Ltda., Medix Diagnósticos Médicos Ltda., Ecoimagem Diagnóstico por Ultra Som Ltda., São Lucas Saúde S.A., São Lucas Serviços Médicos Ltda., Clínica São Lucas Ltda., Clínica Médica Paranaense de Assistência Médica Ltda. (“Clinipam”), Centro de Diagnóstico Bom Jesus Ltda., Ônix Centro Médico Ltda., Hospital Ônix Mateus Leme Ltda., Gralha Azul Administração e Participação Ltda. and Odontopam Assistência Médica Odontológica Ltda.. The Direct and Indirect Subsidiaries are privately held entities regulated or not by the Brazilian Regulatory Agency for Private Health Insurance and Plans (“ANS”) and are engaged in providing services in the fields of health and dental insurance, hospital and occupational medicine, covering the operation of hospitals, laboratories and own clinical centers through execution of healthcare contracts with individuals and legal entities, government or private entities and participations.

Notre Dame Intermédica Participações S.A.

Notes to the individual and consolidated interim financial information
March 31, 2020 and December 31, 2019
(In thousands of reais, unless otherwise stated)

2. Corporate restructuring transactions

The Notre Dame Intermédica Group ended the quarter ended March 31, 2020 with the following corporate structure:



Notre Dame Intermédica Participações S.A.

Notes to the individual and consolidated interim financial information
March 31, 2020 and December 31, 2019
(In thousands of reais, unless otherwise stated)

3. Preparation and presentation of the individual and consolidated interim financial information

a) Statement of compliance

The individual and consolidated interim financial information has been prepared for the three-month period ended March 31, 2020 in accordance with International Accounting Standard (“IAS”) 34 – “Interim Financial Reporting”, Accounting Pronouncement 21 (R1) – “CPC 21”, “Interim Financial Reporting” and the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information, presenting information comparable with the prior period.

In preparing this interim information, the Company uses the following disclosure criteria: (i) regulatory requirements; (ii) relevance and specificity of information on the Company’s operations to the users; and (iii) information needs of users of the interim information. Therefore, management confirms that relevant information specific to the interim financial information, and solely this information, is being disclosed and corresponds to that used by management in running the Company and its subsidiaries.

The individual and consolidated interim financial information for the three-month period ended March 31, 2020 was approved by the Board of Directors and authorized for issue on May 6, 2020.

b) Basis of consolidation

The consolidated interim financial information includes the financial information of the Company and its subsidiaries as of March 31, 2020.

The individual and consolidated interim financial information does not include all information and disclosures required in the annual individual and consolidated financial statements. Therefore, it should be read together with the individual and consolidated financial statements for the year ended December 31, 2019 and approved on February 20, 2020, which were prepared in accordance with the accounting practices adopted in Brazil, which comprise the standards of the Brazilian Securities and Exchange Commission (CVM) and the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), which are in conformity with the International Financial Reporting Standards – IFRS issued by the International Accounting Standards Board (IASB).

Notre Dame Intermédica Participações S.A.

Notes to the individual and consolidated interim financial information
March 31, 2020 and December 31, 2019
(In thousands of reais, unless otherwise stated)

The subsidiaries included in the consolidation, all based in Brazil, are the following:

	Core activity	Reference	Equity interest			
			March 31, 2020		December 31, 2019	
			Direct	Indirect	Direct	Indirect
BCBF Participações S.A.	Holding company		100.00%	-	100.00%	-
Notre Dame Intermédica Saúde S.A.	Healthcare plan		-	100.00%	-	100.00%
Hospital São Bernardo S.A.	Health		-	100.00%	-	100.00%
Hospital Intermédica Jacarepaguá Ltda.	Health		-	100.00%	-	100.00%
Mediplan Assistência Ltda.	Healthcare plan		-	100.00%	-	100.00%
Hospital e Maternidade Samaritano Ltda.	Health		-	100.00%	-	100.00%
Hospital Samaritano Ltda.	Health		-	100.00%	-	100.00%
Belo Dente Odontologia Ltda.	Dental activities		-	100.00%	-	100.00%
SMEDJ - Serviços Médicos São José Ltda.	Healthcare plan		-	100.00%	-	100.00%
Nanci & Cia Ltda.	Health		-	100.00%	-	100.00%
Ghelfond Participações S.A.	Holding company		-	100.00%	-	100.00%
C & M Associados e Serviços Ltda.	Laboratory		-	100.00%	-	100.00%
Ultra Diagnóstico Ltda.	Laboratory		-	100.00%	-	100.00%
Slim Bem Estar e Saúde Clínica Médica Ltda.	Laboratory		-	100.00%	-	100.00%
Dr. Ghelfond Diagnóstico Ltda.	Laboratory		-	100.00%	-	100.00%
Ecoimagem Diagnóstico por Ultra Som Ltda.	Laboratory		-	100.00%	-	100.00%
Instituto Tomográfico de Guarulhos Ltda.	Laboratory		-	100.00%	-	100.00%
Medix Diagnóstico Ltda.	Laboratory		-	100.00%	-	100.00%
São Lucas Saúde S.A.	Healthcare plan	(a)	-	100.00%	-	-
São Lucas Serviços Médicos Ltda.	Health	(a)	-	100.00%	-	-
Clínica São Lucas Ltda.	Health	(a)	-	87.07%	-	-
Clinipam - Clínica Médica Paranaense De Assistência Médica Ltda.	Healthcare plan	(b)	-	100.00%	-	-
Centro De Diagnóstico Bom Jesus Ltda.	Laboratory	(b)	-	100.00%	-	-
Ônix Centro Médico Ltda.	Health	(b)	-	100.00%	-	-
Hospital Ônix Mateus Leme Ltda.	Health	(b)	-	100.00%	-	-
Gralha Azul Administração e Participação Ltda.	Holding company	(b)	-	100.00%	-	-
Odontopam Assistência Médica Odontológica Integrada Ltda.	Dental activities	(b)	-	100.00%	-	-

(a) Company acquired by Notre Dame Intermédica Saúde S.A. on January 23, 2020 (note 4.2).

(b) Company acquired by Hospital Intermédica Jacarepaguá Ltda. on February 7, 2020 (note 4.1).

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c) Coronavirus Pandemic - COVID

In compliance with CVM-SNC/SEP Circular Letter No. 03/2020, in view of the current scenario that Brazil is experiencing due to the COVID-19 pandemic, the Company sought to assess the possible material impacts on its operations, in order to verify the effects on this interim financial information and future disclosures.

In Brazil, the confirmation of the first positive coronavirus case occurred on February 26, 2020. After confirmation, shutdowns, resulting from social distancing, were requested or imposed by government authorities or defined by companies as preventive measures. These shutdowns impacted several segments of the national economy, mainly the retail and non-essential goods industry, in addition to the service chain. As the deceleration process occurred with greater intensity as from the last 10 days of March, we did not identify any unusual changes in operating results or cash flow for the first quarter of 2020, and in the interim financial information for the period ended March 31, 2020 the only impact was due to mark-to-market, mainly of some National Health Agency (ANS) investment funds, set up to support the ANS, whose mark-to-market we estimate to have generated an adjustment of approximately R\$ 382 in the quarter.

Analyzing the behavior of the main operational and financial indicators in April, when social distancing measures were fully in force (mainly in the States of São Paulo and Rio de Janeiro, where our activities are concentrated), we identified the following main trends:

Outpatient Health and Dental Services:

A fall of more than 50% in demand for non-urgent consultations, as well as a proportional drop in the request and performance of clinical and image analysis examinations, due to the widely broadcast notifications promoted by the various spheres of public health in the main media, for guidance explicit to avoid health services at risk of possible contamination.

Hospital Services:

Abrupt fall in all elective procedures, notably in elective surgeries. This drop allowed the opening of the capacity of hospital beds and, mainly, ICUs that are being progressively filled with patients with suspected or confirmed COVID, as cases continue to increase globally, in Brazil, and in the cities where we operate.

This fall in elective procedures can be seen both in our own network and in our contracted network, with very similar trends in behavior. And, of course, the elective services that we perform for other health plan providers were also impacted.

The real impacts of these current trends are impossible to quantify as they will depend not only (i) on the evolution of the disease curve itself, (ii) on new treatment protocols for COVID patients who may require new medications, but mainly on measures that come to

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be implemented by governments, which will be able to affect not only (iii) the speed of spread of the virus, but also (iv) the economic activity, and consequently employment. And because it is a new disease, it is difficult to predict exactly when normality will return, since it would be necessary to have a significant progress in the treatment methods currently used, or the discovery of an effective vaccine.

Although COVID-19 is expected to continue to impact global and local economic activity, until the date of disclosure of this interim financial information, we had not identified any increase in default by our customers or requests for cancellation of contracts. We believe that because we are offering essential health services - especially in times of a pandemic - we did not experience an impact on credit risk. In addition, collective customers, which represent 88% of the Company's business portfolio, have kept the commitments of their business plans even for those employees who are suspended from employment contracts, during the period of social distancing.

With respect to liquidity management, the Company and its Subsidiaries prepare projected cash flow analyses and periodically review the obligations assumed and the financial instruments used, including those related to the guarantee of technical reserves. It is important to mention that our position of cash and cash equivalents of R\$ 231,340 and non-restricted financial investments of R\$ 472,674, both as at March 31, 2020, as mentioned in Notes 6 and 7, respectively, represent immediate liquidity assets, while our debt commitments have an average maturity of 4 years of gross debt, as described in Note 19 and 20.

The Company, through BCBF and Notre Dame Intermédica Saúde, has debentures that contain financial covenants, the main example being related to the maintenance of the relationship between net debt and EBITDA - Earnings before interest, taxes, depreciation and amortization, measured every three months. As at March 31, 2020, BCBF and Notre Dame Intermédica Saúde were in compliance with the covenants.

During the period, the cash-generating units did not present any indication of impairment.

The extent to which COVID-19 will affect the business, the financial position, results of operations and the prospects of the Company and its subsidiaries will depend on future developments, which are uncertain and cannot, for the time being, be reasonably foreseen, including new information that may arise about the spread of COVID-19 and/or the actions of the government and other entities to contain it in Brazil. Therefore, it is not possible to reasonably estimate the extent of possible impacts on business, financial position, results of operations and prospects. The Company and its subsidiaries continuously monitor the situation as closely as possible and are actively evaluating the possible impacts on their business and implementing measures that mitigate potential existing risks.

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d) Statement of value added (DVA)

The statement of value added is not required by the IFRS, and is presented in compliance with accounting practices adopted in Brazil as supplementary information to the IFRS.

e) Functional and reporting currency

The individual and consolidated interim financial information is presented in Reais (R\$), which is the functional currency of the Company and its subsidiaries.

f) Significant accounting policies

Significant accounting policies adopted by the Company when preparing its individual and consolidated interim financial information are consistent with those adopted and disclosed in Note 4 to the financial statements for the year ended December 31, 2019 and therefore should be read together therewith, except for the policy regarding the recognition and measurement of income tax in the interim period, as described in Note 10.a.

4. Business combination

4.1. Acquisition of Clinipam Group

On February 7, 2020, the Notre Dame Intermédica Group completed the acquisition of the Clinipam Group and took over control of the companies Clinipam - Clínica Médica Paranaense de Assistência Médica Ltda., Centro de Diagnóstico Bom Jesus Ltda., Ônix Centro Médico Ltda., Hospital Ônix Mateus Leme Ltda., Gralha Azul Administração e Participação Ltda. and Odontopam Assistência Médica Odontológica Ltda..

The acquisition value is R\$ 2,642,343 as per the contract signed on February 7, 2020; being a cash installment of R\$ 2,452,343 divided into a cash payment of R\$ 2,210,000 and a payment with 3,365,870 Company shares equivalent to R\$ 242,343. Additionally, there was an interim portion withheld of R\$ 40,000 to be paid until the third quarter of 2020 and a remaining installment of R\$ 150,000 to be paid by February 7, 2026, with interim payments as from the second anniversary. The purpose of the interim portion withheld is to cover any contingencies arising from the period prior to the closing date, pursuant to the contractual clause.

As required by CPC 15 (R1) - Business Combination, the Company provided through an independent firm the identification report for the tangible and intangible assets in the acquisition of the Clinipam Group.

The appraisal report is preliminary and its measurement ends as soon as the Company obtains the information that it was seeking about facts and circumstances existing at the

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acquisition date. However, the measurement period will not exceed one year from the acquisition date.

Cash	2,452,343
Interim installment	40,000
Portion withheld	<u>150,000</u>
Consideration, net	<u>2,642,343</u>

On January 14, 2020, the Brazilian Regulatory Agency for Private Health Insurance and Plans (ANS) approved the acquisition of the Clinipam Group through Directive Release No. 1/2020/ASSNT-DIOPE/DIRAD-DIOPE/DIOPE.

On January 3, 2020, the transaction had been approved by the Brazilian Antitrust Authority (CADE) through merger review process No. 08700.005661/2019-64.

The table below summarizes the consideration paid to acquire the Clinipam Group and the fair value of the identifiable assets and liabilities at the acquisition date:

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Assets	
Current assets	154,091
Cash and cash equivalents	11,244
Short-term investments	78,066
Trade receivables	60,483
Inventories	1,914
Other current assets	2,384
Noncurrent assets	339,150
Deferred tax assets	24,509
Judicial deposits	28,787
Property, plant and equipment ¹	166,737
Right of use	4,380
Intangible assets ²	114,737
Total assets	493,241
Liabilities	
Current liabilities	128,311
Trade payables	10,619
Salaries payable	6,828
Taxes and social charges payable	7,600
Loans and financing	1,302
Provision for income tax and social contribution	5,857
Technical reserves of healthcare operations	90,940
Leases	1,720
Other current liabilities	3,445
Noncurrent liabilities	53,481
Loans and financing	945
Technical reserves of healthcare operations	26,970
Provision for lawsuits	21,645
Leases	3,045
Other noncurrent liabilities	876
Total liabilities	181,792
Total assets/liabilities acquired	311,449
Goodwill arising on transaction	2,330,894
Total consideration, net	2,642,343

¹ Property, plant and equipment – for the property, plant and equipment items acquired in the Business Combination for R\$ 117,059, the appraisal report on tangible and intangible assets identified a deficit of R\$ 49,678. The fair value of property, plant and equipment items on the acquisition date was R\$ 166,737.

² Intangible assets – For the intangible assets acquired in the Business Combination for R\$ 5,311, the appraisal report on tangible and intangible assets identified a surplus of R\$ 109,426. The fair value of intangible assets items on the acquisition date was R\$ 114,737.

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The Company identified the allocation of tangible and intangible assets in the acquisition of the Mediplan Group (business combination) measured at fair value, according to the appraisal report issued by an independent firm. The preliminary allocations are:

	Valuation method	Clinipam Group
Customers portfolio	Income method	109,426
Property, plant and equipment	Market value	49,678
Goodwill	Fair value	2,330,894

For consolidation purposes, the intangible assets identified by the Company were allocated as follows:

Intangible assets	Intangible assets amount	Useful life
Customers portfolio	109,426	10 to 13 years
Total allocated	109,426	
Goodwill not allocated	2,330,894	Indefinite
Total intangible assets	2,440,320	

As defined in the shareholders' agreement, all contingencies relating to periods previous to the signing of the purchase and sale agreement would be the responsibility of the former shareholders and, consequently, these amounts would be reimbursed or deducted from the portion withheld payable.

Goodwill on acquisition is justified by the values of assets acquired and expected future profitability from the synergy generated by the Notre Dame Intermédica Group activity.

Revenue recognized in the consolidated statement of profit or loss includes revenues generated by the Clinipam Group of R\$ 130,794. The Clinipam Group also contributed with net profit of R\$ 19,283.

If the Clinipam Group had been consolidated as of January 1, 2020, the consolidated statement of profit or loss would have presented pro forma net revenue of R\$ 233,165 and pro forma net profit of R\$ 18,187. This information on net revenue and profit or loss was obtained by simply aggregating the amounts of the acquired and acquiring companies and does not represent the consolidated actual amounts for the year.

4.2. Acquisition of São Lucas Group

On January 23, 2020, the Notre Dame Intermédica Group completed the acquisition of the São Lucas Group and took over control of the companies São Lucas Saúde S.A., São Lucas Serviços Médicos Ltda. and Clínica São Lucas.

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The acquisition value is R\$ 376,849 as per the transaction closing agreement signed on January 23, and paid as follows: a cash installment of R\$ 306,849, an intermediary installment of R\$ 20,000 to be settled within 90 days from the closing date, and a portion of R\$ 50,000 will remain withheld until January 23, 2026 to cover contingencies arising from the period prior to the closing date as determined in a contractual clause.

The appraisal report is preliminary and its measurement ends as soon as the Company obtains the information that it was seeking about facts and circumstances existing at the acquisition date. However, the measurement period will not exceed one year from the acquisition date.

	Cash	306,849
	Interim installment	20,000
	Portion withheld ¹	50,000
	Total consideration	<u>376,849</u>
Present value adjustment on portion withheld		<u>(5,626)</u>
	Consideration, net	<u>371,223</u>

As required by CPC 15 (R1) - Business Combination, the Company provided through an independent firm the identification report for the tangible and intangible assets in the acquisition of the São Lucas Group.

The table below summarizes the consideration paid to acquire the São Lucas Group and the fair value of the identifiable assets and liabilities at the acquisition date:

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Assets	
Current assets	70,733
Cash and cash equivalents	9,417
Short-term investments	53,147
Trade receivables	5,949
Inventories	1,845
Tax and social security credits	83
Other current assets	292
Noncurrent assets	155,463
Deferred tax assets	4,893
Judicial deposits	120
Other noncurrent assets	3,878
Investments	420
Property, plant and equipment ²	30,057
Right of use	3,944
Intangible assets ³	112,151
Total assets	226,196
Liabilities	
Current liabilities	35,612
Trade payables	552
Salaries payable	3,060
Taxes and social charges payable	2,734
Loans and financing	402
Provision for income tax and social contribution	1,564
Technical reserves of healthcare operations	20,621
Leases	251
Other current liabilities	6,428
Noncurrent liabilities	17,966
Technical reserves of healthcare operations	406
Provision for lawsuits	12,166
Leases	3,840
Non-controlling interests	1,554
Total liabilities	53,578
Total assets/liabilities acquired	172,618
Goodwill arising on transaction	198,605
Total consideration, net	371,223

¹ Portion withheld – the contract establishes that a portion of the purchase price will be withheld for a 6-year period as from the closing date in order to guarantee the obligations to compensate the seller, which is expected to be fully or partially released. The amount will be restated by reference to the Extended Consumer Price Index (IPCA) variation. This portion has been adjusted to present value to better reflect the rates consistently with those prevailing in the market considering the Group's economic conditions.

² Property, plant and equipment – for the property, plant and equipment items acquired in the Business Combination for R\$ 26,237, the appraisal report on tangible and intangible assets identified a surplus of R\$ 3,820. The fair value of property, plant and equipment items on the acquisition date was R\$ 30,057.

³ Intangible assets – For the intangible assets acquired in the Business Combination for R\$ 2, the appraisal report on tangible and intangible assets identified a surplus of R\$ 112,149. The fair value of intangible assets on the acquisition date was R\$ 112,151.

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The Company identified the allocation of tangible and intangible assets in the acquisition of the São Lucas Group (business combination), measured at fair value, according to the appraisal report issued by an independent firm. The preliminary allocations are:

	Valuation method	São Lucas Group
Customers portfolio	Income method	112,149
Property, plant and equipment	Market value	3,820
Goodwill	Fair value	198,605

For consolidation purposes, the intangible assets identified by the Company were allocated as follows:

Intangible assets	Intangible assets amount allocated	Useful life
Customers portfolio	112,149	9 to 12 years
Total allocated	112,149	
Goodwill not allocated	198,605	Indefinite
Total intangible assets	310,754	

As defined in the shareholders' agreement, all contingencies relating to periods previous to the signing of the purchase and sale agreement would be the responsibility of the former shareholders and, consequently, these amounts would be reimbursed or deducted from the portion withheld payable.

Goodwill on acquisition is justified by the values of assets acquired and expected future profitability from the synergy generated by the Notre Dame Intermédica Group activity.

The São Lucas Group was consolidated as of January 1, 2020. The amount recognized in the financial information for the period includes net revenue of R\$ 75,707 and net profit of R\$ 6,667 for the same period.

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5. Risk management

The Company controls subsidiaries that operate exclusively with health plans (own hospitals and emergency rooms) and dental plans, own hospitals and emergency rooms, catering to a wide range of corporate clients, associations and individuals. The main risks of these businesses are credit, interest rate and liquidity risks. Management of these risks involves different departments, and contemplates a number of policies and fund allocation strategies deemed appropriate and sufficient by management.

a. Credit risk

Credit risk is the risk that a counterparty to a business does not fulfill the obligation established in a financial instrument or a contract with a customer, which would lead to a financial loss. The Company and its subsidiaries are exposed to credit risk in their operating activities (mainly related to trade receivables) and financing, including deposits in banks and financial institutions and other financial instruments.

The credit policy considers the peculiarities of operating health and dental care plans and is designed to maintain the flexibility required by market conditions and our customers' needs. The Company and its subsidiaries carry out an ongoing monitoring of the level of their trade receivables. The methodology to determine the provision for credit losses is used, according to requirements of CPC 01 – Impairment and CPC 48 – Financial Instruments.

The Company and its subsidiaries prioritize investments directly in government securities or low-risk investments in first-tier banks, also considering internal rating criteria and limits established based on qualitative and quantitative information.

The investment policy requires the need to allocate resources in accordance with ANS Normative Resolution (RN) No. 392/15, amended by ANS NR 419/16, 427/17 and 430/17, to guarantee the technical reserves.

b. Liquidity risk

The main purpose of the Company's liquidity risk management is to monitor the maturity of the rights and obligations of the Company and its subsidiaries, as well as the liquidity of their financial instruments. The Company and its subsidiaries seek to mitigate liquidity risk by matching the expected cash flows required to meet commitments and the net financial resources available on a timely basis and in quantities necessary to cover any mismatching.

For that purpose, the Company and its subsidiaries prepare projected cash flow analyses and periodically review the obligations assumed and the financial instruments used, especially those intended to guarantee the technical reserves.

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b.1 Liquidity risk management

Liquidity	Short-term investments	Consolidated			
		March 31, 2020		December 31, 2019	
		Amount	% portfolio	Amount	% portfolio
Immediate	Cash and cash equivalents	161,491	10,85%	3,463,917	72,94%
From 31 to 120 days	Bank certificate of deposit - CDB - variable rates, repo debentures, open-ended fixed income funds and other	473,095	31,78%	95,096	2,00%
From 31 to 120 days	Financial bills - LF	-	0%	170,231	3,58%
From 121 to 240 day:	Bank certificate of deposit - CDB - variable rates, repo debentures, open-ended fixed income funds and other	60,106	4,04%	230,726	4,86%
From 121 to 240 day:	Financial treasury bills - LFT	26,440	1,78%	-	-
From 241 to 360 day:	Financial treasury bills - LFT	19,099	1,28%	26,175	0,55%
From 241 to 360 day:	Bank certificate of deposit - CDB - variable rates, repo debentures, open-ended fixed income funds and other	280,289	18,82%	529,691	11,15%
From 241 to 360 day:	Financial bills - LF	21,889	1,47%	21,682	0,46%
More than 361 days	Bank certificate of deposit - CDB - variable rates, repo debentures, open-ended fixed income funds and other	17,096	1,15%	1,034	0,03%
More than 361 days	National treasury bills - LTN	171,530	11,52%	112,451	2,37%
More than 361 days	Financial treasury bills - LFT	79,888	5,37%	98,040	2,06%
More than 361 days	Financial bills - LF	177,830	11,94%	-	-
		1,488,753	100%	4,749,043	100%

In accordance with ANS Normative Resolution No. 392/15, amended by RN Nos. 419/16, 427/17 and 430/17, subsidiaries Notre Dame Intermédica Saúde S.A., Mediplan Assistência Ltda., Belo Dente Odontologia Ltda., SMEDSJ – Serviços Médicos São José Ltda., São Lucas Saúde S.A., Clinipam – Clínica Médica Paranaense de Assistência Médica Ltda. and Odontopam Assistência Médica Odontológica Integrada Ltda. maintain restricted investments for the coverage of technical reserves, amounting to R\$ 854,588 at March 31, 2020 (R\$ 678,595 at December 31, 2019).

b.2 Asset and liability management (ALM)

Assets and liabilities are managed under the ALM method. This method consists of an ongoing process of preparation, implementation, monitoring and review of assets and liabilities management strategies for the purpose of reaching a certain return at a certain risk level.

c. Currency risk

Financial investments

The Company and its subsidiaries' exposure to the currency risk affects mainly short and long-term investments in foreign exchange funds. Foreign exchange differences may also affect the Company and its subsidiaries' finance income (costs) due to the variation of the foreign currency to which the investment refers. Subsidiary Notre Dame Intermédica Saúde is exposed to the currency risk in short and long-term investments, but this exposure does not generate a material impact on the profit or loss of the Company and its subsidiaries, as the amount recognized under the foreign exchange funds is R\$ 44 at March 31, 2020 (R\$ 1,075 at December 31, 2019).

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d. Insurance risk

The Company's subsidiaries business model is based on the collection of monthly or annual amounts from customers and is exposed to insurance risk from the variation of costs of health and dental care plans, and in the dental segment, the risk is limited to the frequency of use and low cost of treatments made.

In the development and structuring of health and dental care plans, the following are considered: cost of customer services, model of service that the beneficiary will receive, model of enrollment with the dental and health care plans, model of use of own or contracted network and fees paid to professionals of the accredited network.

Additionally, the Company and its subsidiaries also analyze the risk of variation in health and dental care plan costs and the direct impact on customers' contracts.

In managing these risks, the Company and its subsidiaries monitor claims due to the use, and any deficiencies are negotiated directly with their customers so that the contract may be balanced in relation to their profitability.

e. Interest rate risk of financial instruments

Interest rate risk arises from the possibility of changes in interest rates that could bring impacts to the present value of the investments portfolio, loans and financing and the raising of debentures.

The Company and its subsidiaries adopt a policy of investing mostly in floating rate securities.

By means of RN 419/16, pursuant to CMN Resolution No. 4444 of November 13, 2015, the ANS establishes for the healthcare providers the diversification of their investments toward assets pledged in guarantee of technical reserves. In view of this requirement, the Company's operators have been making investments in fixed and floating rate government bonds.

The financial portfolio of the Company and its subsidiaries is almost entirely exposed to fluctuations in interest rates in the domestic market - Interbank Deposit Certificate (CDI), and the remainder is indexed to the Central Bank Benchmark Rate (SELIC).

In the period, the Company and its subsidiaries did not enter into any transactions indexed to other currencies/rates, except for the items mentioned in Notes 5.c and 5.e. (sensitivity analysis).

The Company and its subsidiaries did not enter into derivative financial instruments.

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Breakdown of investments is shown in Note 7.

The Company's direct and indirect subsidiaries have loans and financing and debentures, and are exposed to the variation of the CDI rate + spread. Breakdown of loans and financing and debentures is presented in Notes 19 and 20, respectively.

Sensitivity analysis of interest rate variations

For the sensitivity analysis, the Company and its subsidiaries adopted rates in effect at dates close to reporting dates, using the same rate for SELIC and CDI, due to their proximity. In the projection of the probable scenario, for scenarios I and II, these rates were increased/decreased by 25% and 50%, respectively.

Therefore, with other variables held constant, the chart below shows a simulation of the effect of interest rate variations on equity and future profit or loss for the next 12 months (consolidated) considering the balances at March 31, 2020:

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Parent													
March 31, 2020													
	Index	Risk	% - p.a. ¹	R\$	Probable	Interest reduction			Interest increase				
						Rate	-25%	Rate	-50%	Rate	+25%	Rate	+50%
Other liabilities													
Contractual obligations	CDI	CDI increase	2,90%	(363,630)	(10,545)	2,18%	(7,927)	1,45%	(5,273)	3,63%	(13,200)	4,35%	(15,818)
					(10,545)		(7,927)		(5,273)		(13,200)		(15,818)
Consolidated													
March 31, 2020													
	Index	Risk	% - p.a. ¹	R\$	Probable	Rate	-25%	Rate	-50%	Rate	+25%	Rate	+50%
Financial investments													
CDBs	CDI	CDI decrease	2,90%	180,898	5,246	2,18%	3,944	1,45%	2,623	3,63%	6,567	4,35%	7,869
LFTs	Selic	Selic decrease	3,00%	125,427	3,763	2,25%	2,822	1,50%	1,881	3,75%	4,704	4,50%	5,644
Open-ended fixed income fund	CDI	Selic decrease	2,90%	545,310	15,814	2,18%	11,888	1,45%	7,907	3,63%	19,795	4,35%	23,721
Repurchase operations	CDI	Selic decrease	2,90%	104,232	3,023	2,18%	2,272	1,45%	1,511	3,63%	3,784	4,35%	4,534
LFs	CDI	Selic decrease	2,90%	199,719	5,792	2,18%	4,354	1,45%	2,896	3,63%	7,250	4,35%	8,688
Others	Selic	Selic decrease	3,00%	102	3	2,25%	2	1,50%	2	3,75%	4	4,50%	5
				1,155,688	33,641		25,282		16,820		42,104		50,461
Loans and financing													
BNDES	CDI	CDI increase	2,90%	(1,354)	(39)	2,18%	(30)	1,45%	(20)	3,63%	(49)	4,35%	(59)
Working capital	CDI	CDI increase	2,90%	(40,959)	(1,188)	2,18%	(893)	1,45%	(594)	3,63%	(1,487)	4,35%	(1,782)
Citibank borrowing	85%CDI+1.955%p.a.	CDI increase	4,47%	(132,826)	(5,937)	3,84%	(5,101)	3,21%	(4,264)	5,10%	(6,774)	5,72%	(7,598)
Leasing	CDI	CDI increase	2,90%	(5,120)	(148)	2,18%	(112)	1,45%	(74)	3,63%	(186)	4,35%	(223)
Promissory note	CDI+1,4%a.a.	CDI increase	4,34%	(362,785)	(15,745)	3,61%	(13,097)	2,87%	(10,412)	5,08%	(18,429)	5,81%	(21,078)
Others	CDI	CDI increase	2,90%	(306)	(9)	2,18%	(7)	1,45%	(4)	3,63%	(11)	4,35%	(13)
				(543,350)	(23,066)		(19,240)		(15,368)		(26,936)		(30,753)
Debentures													
Debentures - BCBF (2 nd)	CDI + 2.25% p.a.	CDI increase	5,22%	(120,252)	(6,277)	4,48%	(5,387)	3,73%	(4,485)	5,96%	(7,167)	6,70%	(8,057)
Debentures - Notre Dame (3 rd)	100% DI + 1.6% p.a.	CDI increase	4,55%	(803,092)	(36,541)	3,81%	(30,598)	3,07%	(24,655)	5,29%	(42,484)	6,02%	(48,346)
				(923,344)	(42,818)		(35,985)		(29,140)		(49,651)		(56,403)
Other liabilities													
Contractual obligations	CDI	CDI increase	2,90%	(587,161)	(17,028)	2,18%	(12,800)	1,45%	(8,514)	3,63%	(21,314)	4,35%	(25,542)
Contractual obligations	105% of CDI	CDI increase	3,05%	(12,128)	(370)	2,29%	(278)	1,52%	(184)	3,81%	(462)	4,57%	(554)
Contractual obligations	90% of CDI	CDI increase	2,61%	(35,115)	(917)	1,96%	(688)	1,31%	(460)	3,27%	(1,148)	3,92%	(1,377)
Contractual obligations	95% of CDI	CDI increase	2,76%	(35,593)	(982)	2,07%	(737)	1,38%	(491)	3,45%	(1,228)	4,13%	(1,470)
Contractual obligations	100% SELIC	CDI increase	3,00%	(64,909)	(1,947)	2,25%	(1,460)	1,50%	(974)	3,75%	(2,434)	4,50%	(2,921)
Contractual obligations	IPCA	IPCA increase	3,00%	(10,798)	(324)	2,25%	(243)	1,50%	(162)	3,75%	(405)	4,50%	(486)
				(745,704)	(21,568)		(16,206)		(10,785)		(26,991)		(32,350)

¹ In the % p.a. column (probable scenario) the rates were obtained from the website of bank Bradesco - "Bradesco Long-Term Projection" published on April 1, 2020.

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6. Cash and cash equivalents

Short-term investments have immediate liquidity, are readily convertible into a known amount of cash and are not subject to a significant risk of change in value, and the Company and its subsidiaries are entitled to immediate redemption.

	Parent		Consolidated	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Cash and banks	209	279	69,849	50,522
Cash equivalents	111,770	133,602	161,491	3,463,917
	111,979	133,881	231,340	3,514,439

7. Financial investments

At March 31, 2020 and December 31, 2019, the financial instruments comprising financial investments were as follows:

Fair value through profit or loss	Levels	Maturities			Consolidated		
					March 31, 2020	December 31, 2019	
		Up to 1 year	from 1 to 5 years	Carrying amount	Fair value	Carrying amount	Fair value
Financial treasury bills – LFT (i)	1	45,538	79,889	125,427	125,427	124,215	124,215
National treasury bills – LTN (i)	1	-	171,530	171,530	171,530	112,451	112,451
Bank Certificate of Deposit – CDB (ii)	2	178,659	2,239	180,898	180,898	632,364	632,364
Repo agreements (iii)	2	104,232	-	104,232	104,232	10,603	10,603
Open-ended fixed income fund (iv)	2	530,453	14,857	545,310	545,310	212,464	212,464
Exchange funds (iv)	2	44	-	44	44	1,075	1,075
Financial bills – LF (v)	2	21,889	177,830	199,719	199,719	191,913	191,913
Other fixed income securities	2	102	-	102	102	41	41
Total		880,917	446,345	1,327,262	1,327,262	1,285,126	1,285,126
			Current	1,177,199		1,285,126	
			Noncurrent	150,063		-	

- Federal government bonds were recorded at cost plus yield accrued and adjusted to fair value based on the benchmark reference of the secondary market of the Brazilian Association of Financial and Capital Markets Entities (“ANBIMA”).
- The Company and its subsidiaries adopt the policy of investing mostly in floating rate securities with immediate liquidity issued by financial institutions in Bank Deposit Certificates (CDBs) issued by first-tier banks.
- Repurchase agreements are based on debentures with the following issuers: Banco Itaú and Banco Santander.
- Funds are managed by Banco Itaú.
- Letter of credit transactions were recorded at cost plus yield accrued and adjusted to fair value in floating rate securities tied to the Interbank Deposit Fund (CDI) with 2-year liquidity.

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Investments have daily yield tied to rates according to their transaction terms, with variable maturities up to September 2025.

The Company and its subsidiaries' investments are classified under "Financial assets at fair value through profit or loss". Regardless of the maturity of the Company and its subsidiaries' investments, they are recognized in current assets (except for the investment tied to the contract obligation, which is recorded in noncurrent assets).

Credit risk rating by financial institution for CDBs is as follows:

Issuers	March 31, 2020	Yield % of CDI	National long-term rating	December 31, 2019	Yield % of CDI
Banco Santander (Brasil) S.A.	27,925	97.45%	brAAA	29,680	100.50%
Banco Bradesco S.A.	84,126	99.75%	BB	395,792	98.33%
Itaú Unibanco S.A.	1,670	95.13%	BB	1,509	95.00%
Votorantim S.A.	601	99.00%	brAAA	595	1.01%
Banco Safra S.A.	40,282	101.50%	BB	179,621	100.00%
Banco Daycoval S.A.	93	100.00%	BB	93	100.00%
Banco GMAC S.A.	25,128	102.50%	AAA(bra)	24,869	102.50%
Banco do Brasil S.A.	1,073	87.00%	BB	205	86.00%
	180,898			632,364	

Source: Fitch Ratings agency (when available) and Banco Santander, consulted on April 1, 2020

Changes in financial investments

	Consolidated	
	March 31, 2020	December 31, 2019
Balance at beginning of year	1,285,126	1,262,542
Balance acquired	131,213	141,006
Investments	6,359,325	11,684,479
Redemptions	(6,466,188)	(11,890,850)
Foreign exchange gains (losses)	(294)	657
Finance income (costs)	18,134	86,775
Fair value adjustment	(54)	517
Balance at end of year	1,327,262	1,285,126

Fair value measurement

The fair values of fixed-income government securities were obtained from the reference tables disclosed by Associação Brasileira de Mercado de Capitais (ANBIMA). The quotations of fixed-income private securities were announced by Associação Brasileira de Mercado de Capitais (ANBIMA).

The pricing criteria for financial instruments are defined by the manager and the custodian, and curves and rates disclosed by ANBIMA and B3 S.A. - Brasil, Bolsa, Balcão are used for the calculations described in the institution's pricing manual, in conformity with ANBIMA's self-regulation code.

The financial investments are under custody of, registered with and traded at the SELIC and the B3 S.A. - Brasil, Bolsa, Balcão ("B3").

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8. Trade receivables

Trade receivables refer to transactions related to healthcare plans and healthcare services, generated by the operation of subsidiaries at March 31, 2020, as follows:

	Consolidated	
	March 31, 2020	December 31, 2019
Trade receivables related to:		
Healthcare plans	269,007	221,367
Healthcare not relating to healthcare plans	298,351	271,402
	567,358	492,769

At March 31, 2020 and December 31, 2018, the breakdown of trade receivables was as follows:

	Consolidated	
	March 31, 2020	December 31, 2019
Receivables from operations with healthcare plans	309,413	258,171
(-) Impairment of receivables	(40,406)	(36,804)
	269,007	221,367
	Consolidated	
	March 31, 2020	December 31, 2019
Receivables from healthcare operations not related to the Operator's healthcare plans	309,051	279,562
(-) Impairment of receivables	(10,700)	(8,160)
	298,351	271,402
Trade receivables	567,358	492,769

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Aging of trade receivables is as follows:

	Consolidated March 31, 2020		
	Balance	Impairment of receivables	Net balance
Current:			
From 1 to 30 days	152,593	(4,792)	147,801
More than 30 days	11,836	(2)	11,834
Past due:			
From 1 to 30 days	62,031	(3,446)	58,585
From 31 to 90 days	57,816	(7,029)	50,787
More than 90 days	25,137	(25,137)	-
Receivables from operations with healthcare plans	309,413	(40,406)	269,007

	Consolidated December 31, 2019		
	Balance	Impairment of receivables	Net balance
Current:			
From 1 to 30 days	97,380	(5,389)	91,991
More than 30 days	18,500	(1)	18,499
Past due:			
From 1 to 30 days	55,565	(1,537)	54,028
From 31 to 90 days	63,418	(6,569)	56,849
More than 90 days	23,308	(23,308)	-
Receivables from operations with healthcare plans	258,171	(36,804)	221,367

	Consolidated March 31, 2020		
	Balance	Impairment of receivables	Net balance
Current:			
From 1 to 30 days	68,259	(71)	68,188
More than 30 days	45,895	(47)	45,848
Past due:			
From 1 to 30 days	43,902	(128)	43,774
From 31 to 90 days	143,960	(3,419)	140,541
More than 90 days	7,035	(7,035)	-
Receivables from healthcare operations not related to the Operator's healthcare plans	309,051	(10,700)	298,351

	Consolidated December 31, 2019		
	Balance	Impairment of receivables	Net balance
Current:			
From 1 to 30 days	39,738	(2,063)	37,675
More than 30 days	84,656	(10)	84,646
Past due:			
From 1 to 30 days	35,492	(17)	35,475
From 31 to 90 days	113,810	(204)	113,606
More than 90 days	5,866	(5,866)	-
Receivables from healthcare operations not related to the Operator's healthcare plans	279,562	(8,160)	271,402

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Changes in trade receivables:

	Consolidated	
	March 31, 2020	December 31, 2019
Balance at beginning of year	221,367	178,671
Balance acquired	58,125	21,473
Net considerations	2,450,194	7,741,757
Amounts received	(2,440,071)	(7,656,031)
Reversal (recognition) of impairment of receivables	(2,124)	16,010
(-) Loss on receivables	(18,484)	(80,513)
Balance at end of period	269,007	221,367

Changes in receivables for health care transactions not related to the Operator's health plans:

	Consolidated	
	March 31, 2020	December 31, 2019
Balance at beginning of year	271,402	153,651
Balance acquired	8,307	16,672
Revenue from healthcare operations not related to the Operator's healthcare plans	206,659	670,912
Co-participation	51,398	141,622
Amounts received	(235,299)	(699,204)
Provision for expected disallowances	(2,539)	(9,509)
Reversal (recognition) of impairment of receivables	(1,165)	(1,901)
(-) Loss on receivables	(412)	(841)
Balance at end of period	298,351	271,402

Changes in expected credit losses:

	Consolidated		
	Healthcare plans	Not related to healthcare plan	Total
Balance at December 31, 2019	(36,804)	(8,171)	(44,975)
Balance acquired	(2,989)	(1,242)	(4,231)
Reclassification	1,375	(1,375)	-
Amounts recognized	(103,358)	(26,046)	(129,404)
Reversals ¹	101,833	24,891	126,724
Balance at March 31, 2020	(39,943)	(11,943)	(51,886)

¹ The São José Group writ off trade receivables against the accrual for expected credit losses, with no recording in profit or loss. The amount written off was R\$ 599 related to the health plan and R\$ 10 not related to the health plan; disregarding this procedure, the change in impairment of trade receivables is R\$ 2,680.

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9. Deferred acquisition costs

Acquisition costs are deferred and amortized over the contract term or expectation according to Actuarial Note (NTA) and are reflected in the balance of "Deferred acquisition costs" in current and noncurrent assets. At March 31, 2020 and December 31, 2019, deferred acquisition costs comprise the following:

	Consolidated	
	March 31, 2020	December 31, 2019
Balance at beginning of year	364,833	256,310
Balance acquired	-	5,013
Amounts recognized	94,326	334,561
(-) Amortization	(70,004)	(231,051)
Balance at end of period	389,155	364,833
Current assets	193,552	186,085
Noncurrent assets	195,603	178,748

10. Tax and social security credits

Tax and social security credits comprise the following:

	Consolidated	
	March 31, 2020	December 31, 2019
Income tax ^{a)}	119,227	59,116
Social contribution on profit (CSLL) ^{a)}	34,676	12,241
Withholding income tax	17,374	23,860
Social security credit	2,346	17,740
PIS and COFINS credits	6,983	7,288
ISS credit	891	784
Tax and social security credits	181,497	121,029

- a) The Company and its subsidiaries adopt the procedure of making monthly prepayments of the amounts due related to Income Tax and Social Contribution on Profit and making the annual adjustment of the amounts due at the end of the year, when the prepaid taxes accounts are matched against the taxes payable accounts.

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11. Other assets

	Parent		Consolidated	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Judicial deposit ISS – SP (a)	-	-	286,279	258,215
Advances to suppliers	142	43	44,771	19,830
Other receivables	50	1,388	11,785	13,466
Advances to employees	-	-	8,938	12,615
Advances for payment of lawsuits	-	-	8,449	10,073
Prepaid expenses	374	438	11,664	787
Software maintenance to be amortized (d)	-	-	15,681	8,176
Current	566	1,869	387,567	323,162
Receivables - indemnities (b)	-	-	527,306	511,687
Trade receivables from healthcare plans	-	-	8,352	7,127
Collateral deposits	-	-	2,805	2,595
Indemnity assets (c)	-	-	78,444	76,714
Court-blocked deposits	1	-	2,958	5,570
Others	-	-	10,724	7,350
Noncurrent	1	-	630,589	611,043
	567	1,869	1,018,156	934,205

- (a) These refer to judicial deposits related to Service Tax (ISS). The deposited amount is related to the provision shown in Note 18. As the deposit is made on the tax maturity date, i.e., in the month subsequent to the provision, there is a mismatch between the judicial deposit and the provision.
- (b) Under the share purchase and sale agreement and other covenants, it has been defined that all contingencies relating to periods prior to the signing of the agreement would be the responsibility of the former shareholders and, consequently, these amounts would be reimbursed or deducted from the portion withheld payable.
- (c) Under the share purchase and sale agreement and other covenants, it has been defined between the former shareholders of the Green Line Group and the Notre Dame Intermédica Group that in certain circumstances they guarantee any obligations that may arise, as long as subject to indemnity. The consideration was recognized in liabilities, in line item Provision for lawsuits, as mentioned in Note 23.
- (d) The Company has made payments for data services effective for 12 months, which will be recognized in profit or loss over the appropriate period.

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12. Income tax and social contribution

	Consolidated		1 st Quarter	Recognized in	acquisitions
	March 31, 2020	December 31, 2019	variations for	demonstration of	of
			2020	results	subsidiaries
<u>Deferred tax assets on temporary differences originating from:</u>					
Provision for lawsuits (civil, tax and labor)	179,044	173,789	5,255	(4,562)	9,817
Impairment of receivables	41,095	34,493	6,602	3,737	2,865
Provision for SUS events	117,513	78,694	38,819	20,857	17,962
Tax credit on difference - initial adoption leases CPC 6 (R2) / IFRS16	7,470	6,587	883	693	190
Provision for ANS penalties	5,991	3,945	2,046	398	1,648
Other additions	10,052	14,904	(4,852)	(5,092)	240
Deferred tax assets	361,165	312,412	48,753	16,031	32,722
<u>Deferred tax liabilities on temporary differences originating from:</u>					
Depreciation and amortization	(5,920)	(7,752)	1,832	1,832	-
Amortization of intangible assets for tax purposes - BCBH	(98,831)	(104,315)	5,484	5,484	-
Inflation adjustment of judicial deposits	(29,224)	(27,358)	(1,866)	(1,866)	-
Amortization of intangible assets for tax purposes	(2,175)	(2,175)	-	-	-
Deferred tax liabilities on goodwill arising from acquisition	(40,798)	(41,485)	687	687	-
Deferred tax liabilities on goodwill arising from merger	(80,091)	(65,871)	(14,220)	(14,220)	-
Others	(8,206)	(13,846)	5,640	5,640	-
Deferred tax liabilities	(265,245)	(262,802)	(2,443)	(2,443)	-
Total net deferred tax (assets and liabilities)	95,920	49,610	46,310	13,588	32,722

Acquisitions of subsidiaries - the amount of R\$32,722 refers to deferred tax assets of the Clinipam Group and São Lucas Group in the amount of R\$29,402 and adjustments of companies acquired in 2019 from the Ghelfond Group and São José dos Lários Group in the amount of R\$3,320.

Deferred taxes arising from temporary differences will be realized as they are settled or realized in a period not exceeding 10 years. The period of settlement or realization of such differences is uncertain and is related to several factors that are not under Management's control. Based on its projections of future taxable profits, Management's expectation for the realization of tax credits is as follows:

Deferred income tax assets are expected to be realized as follows:

											Consolidated
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
26,719	35,233	35,233	35,233	35,233	36,264	37,000	37,000	37,000	37,000	9,250	361,165
											361,165

At March 31, 2020, the Company's subsidiaries amortized, for tax purposes, goodwill amounting to R\$ 1,279,010, using tax credits of R\$ 435,465 as from the setup, equivalent to 62.93% of the total amount of tax credits, in conformity with a technical study, business plan and management's projections.

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The income taxes expense for the period is as follows:

	Parent		Consolidated	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Profit before taxes	160,404	103,231	281,039	183,851
Tax rate of 34%	(54,537)	(35,099)	(95,553)	(62,509)
Share of profit (loss) of subsidiaries	61,325	40,696	-	-
Variable compensation of management	-	-	(9,541)	(7,826)
Share-based payment plan	(3,714)	(2,383)	(3,714)	(2,383)
Present value adjustment - deferred purchase price	(2,871)	(3,778)	(2,871)	(3,778)
Tax losses of subsidiaries without setting up of deferred tax	(719)	169	(7,988)	(439)
Interest on capital	-	-	-	-
Other permanent exclusions (additions)	516	6	(968)	(4,074)
Income tax and social contribution expenses disclosed in the statement of profit or loss	-	(389)	(120,635)	(81,009)
Current income tax and social contribution expense	-	(389)	(134,223)	(59,459)
Deferred income tax and social contribution expense	-	-	13,588	(21,550)
At the effective rate	-	-	43%	44%

13. Judicial and tax-related deposits

The Company and its subsidiaries' judicial deposits are as follows:

					Consolidated
	December 31, 2019	Balance acquired	Additions/write-offs deposits	Inflation adjustments	March 31, 2020
Tax	176,785	865	(726)	2,215	179,139
Labor	25,744	-	195	339	26,278
Civil	55,037	178	4,866	545	60,626
Judicial deposits - SUS	235,848	27,864	107,991	3,681	375,384
	493,414	28,907	112,326	6,780	641,427

					Consolidated
	December 31, 2018	Balance acquired	Additions/write-offs deposits	Inflation adjustments	December 31, 2019
Tax	93,161	22	80,687	2,915	176,785
Labor	25,985	-	(1,607)	1,366	25,744
Civil	55,165	2,354	(2,872)	390	55,037
Judicial deposits - SUS	91,132	577	138,692	5,447	235,848
	265,443	2,953	214,900	10,118	493,414

Tax – as mentioned in Note 23, the Company and its subsidiaries are parties to legal and administrative proceedings and, according to guidance provided by their legal advisors, made judicial deposits and await conclusion of the cases;

Labor – deposits made by the Company and its subsidiaries to cover contingencies (Note 23) of a labor complaint nature, for pain and suffering, collective lawsuits and public civil actions.

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Civil – these correspond to judicial deposits relating to indemnity collection lawsuits, affirmative covenants, revision actions, petitions requesting that amounts payable could not be claimed and declaratory judgment actions. The civil contingencies presented in Note 23 refer to these deposits.

Judicial deposits – SUS – the subsidiaries are challenging in court the amounts charged by the Brazilian Regulatory Agency for Private Health Insurance and Plans (ANS) as “SUS Refund”, addressed by article 32 of Law No. 9656/98. The subsidiaries attributed no risk prognosis since this refers to a guarantee for effective jurisdictional protection.

14. Investments – Company

- a) Changes in investment in direct subsidiary BCBF Participações S.A. occurred as follows:

Balance at December 31, 2019	6,698,598
Share of profit (loss) of subsidiaries in the period (i)	180,372
Premium Adjustment on the acquisition of equity interest	(2,779)
Capital increase	20,000
Balance at March 31, 2020	<u>6,896,191</u>

- i. Share of profit (loss) of subsidiary BCBF was R\$ 191,017 in the period, the difference between the share of profit (loss) of BCBF and the share of profit (loss) in the investment line item is R\$ 10,645, and refers to the amortization of the surplus of tangible and intangible assets (business combination).

- b) Main accounting information on direct subsidiary BCBF Participações S.A.:

	March 31, 2020	December 31, 2019
Assets	6,896,380	7,313,989
Liabilities	508,926	1,134,773
Equity	6,387,454	6,179,216
Profit for the period	191,017	555,736
% Equity interest	100%	100%

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15. Property, plant and equipment

									Consolidated
			December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	Useful life	Annual depreciation rate % p.a.	2019	2018	2019	2018	2019	2018	2019
Land and buildings	25 to 50 years	2%	1,072,796	551,560	144,374	426,332	20	(485)	1,211,279
Vehicles	1 to 10 years	17%	639	216	1,055	2,279	-	26	1,503
Facilities	5 to 10 years	14%	4,926	5,258	1,195	39	(27)	(72)	5,850
Machinery and equipment	1 to 25 years	14%	256,693	113,245	34,180	133,779	(473)	121	289,734
Furniture and fixtures	1 to 15 years	10%	46,213	30,656	3,749	7,778	(87)	172	50,617
IT equipment	1 to 15 years	25%	26,344	19,804	3,131	3,445	(2)	6,475	27,922
PP&E in progress	-	-	179,598	110,001	2,167	1,204	(3,998)	(1,008)	209,890
Leasehold improvements	-	-	171,344	100,226	2,296	12,954	(2,394)	(3,910)	196,546
			1,758,553	930,966	192,147	587,810	(7,063)	361	1,993,341
									Consolidated
			December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
	Useful life	Annual depreciation rate % p.a.	2018	2018	2018	2018	2018	2018	2018
Land and buildings	25 to 50 years	2%	551,560	551,560	426,332	426,332	(485)	(17,970)	1,072,796
Vehicles	1 to 10 years	17%	216	216	1,055	2,279	-	(1,882)	639
Facilities	5 to 10 years	14%	5,258	5,258	1,195	39	(72)	(691)	4,926
Machinery and equipment	1 to 25 years	14%	113,245	113,245	34,180	133,779	(1,129)	(29,838)	256,693
Furniture and fixtures	1 to 15 years	10%	30,656	30,656	3,749	7,778	(222)	(3,233)	46,213
IT equipment	5 to 15 years	25%	19,804	19,804	3,445	3,445	(1)	(9,181)	26,344
PP&E in progress	-	-	110,001	110,001	2,167	1,204	(2,504)	(33,121)	179,598
Leasehold improvements	-	-	100,226	100,226	12,954	12,954	(1,399)	(8,900)	171,344
			930,966	930,966	587,810	587,810	(5,740)	(84,676)	1,758,553

¹ According to CPC 15 (R1) - Business Combination, companies may make adjustments in the allocations of balances acquired, measured at fair value during the 12-month period, upon presentation of a report issued by an independent firm. Of the total amount presented in "Balance acquired", the amount of (R\$ 4,647) refers opening balance to acquisition the group São José made, and the amount of R\$ 196,794 refers to acquisitions in the period

Property, plant and equipment items are subject to periodic analyses, at least annually, of the impairment of assets. As of December 31, 2019, there were no indications of impairment of property, plant and equipment items.

The amount of depreciation for the period is recognized in line items "Cost of services rendered" and "Operating expenses", as mentioned in Notes 27 and 28.a, respectively.

Management did not identify events or circumstances that would require modification in the estimates of economic useful life for the items presented in property, plant and equipment of the other group companies.

In the period, the Company and its subsidiaries acquired property, plant and equipment items at a total cost of R\$ 73,743, of which R\$ 33,894 were paid in the period and R\$ 39,849 are provisioned under "Trade payables".

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16. Right of use and leases

The Company has leases with the nature of lease of properties, IT equipment and fleet of vehicles, using the usual market clauses for cancelation and/or extension of contracts.

The restatement rates used to update the amounts under the terms of the contracts are generally indexed to the Consumer Price Index (IPC).

The Company calculated discount rates based on the risk-free interest rates observed in the Brazilian market, for the terms of its contracts, adjusted to the Company's reality. Spreads were obtained from surveys conducted with potential investors of the Company's debt securities. The table below shows the rates used by the Company:

	Rate % p.a.
Up to 2 years	7.59%
2 – 4 years	8.44%
4 – 6 years	8.77%
6 – 8 years	9.40%
8 – 10 years	9.53%
Over 10 years	9.67%

The leases contracted by the Company are presented below:

i. Right of use

	Consolidated			
	Rentals	Machinery and equipment	Others	Total
Balance at December 31, 2019	463,203	15,543	59	478,805
Balance acquired	8,208	116	-	8,324
Contract updates	7,943	4	-	7,947
New contracts	9,488	-	-	9,488
Disposals	(6,970)	-	-	(6,970)
Depreciation	(13,629)	(811)	(6)	(14,446)
Balance at March 31, 2020	468,243	14,852	53	483,148

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ii. Leases

a. Changes in leases

	Consolidated
Balance at December 31, 2019	497,876
Balance acquired	8,856
Contract updates	7,947
New contracts	9,488
(+) Disposals	(7,502)
Interest	11,180
(-) Payment of principal	(9,210)
(-) Payment of interest	(11,180)
Balance at March 31, 2020	507,455
Current	34,920
Noncurrent	472,535

b. Maturity of contracts

		Consolidated
	March 31, 2020	December 31, 2019
2020	81,592	78,112
2021	81,013	79,338
2022	73,187	72,445
2023	68,012	67,165
2024	65,388	64,966
More than 5 years	485,884	490,674
Undiscounted amounts	855,076	852,700
Embedded interest	(347,621)	(354,824)
	507,455	497,876

Additional information

In accordance with the IASB Basis for Conclusion 161 and 162, referring to CVM Instruction 02/19 and IFRS16/CPC 06 (R2), management used the nominal incremental rate for the calculation of assets and liabilities within the scope of IFRS16/CPC06 (R2) and disclosed in the Company's statement of financial position.

Management believes that the rate used reflects real cash flow and is in line with the characteristics of our contracts, as determined by item 27b of the CVM official letter.

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To comply with the guidance of the official letter and required transparency, we present below the impacts on the statement of financial position, with the comparability of nominal interest x effective interest, and for the calculation of the effective rate we used the index of our contracts, IGP-M for most of them, applied to the annual payment flow, obtained by the disclosure of Banco Bradesco projections for the indicators up to 2023, with repetition of the longest rate for the future flow starting from 5 years.

	Consolidated	
	March 31, 2020	December 31, 2019
<u>Nominal Flow</u>		
Lease liability	855,076	852,700
Embedded interest	(347,621)	(354,824)
	<u>507,455</u>	<u>497,876</u>
<u>Real flow inflated</u>		
Lease liability	890,721	901,509
Embedded interest	(362,112)	(375,134)
	<u>528,609</u>	<u>526,375</u>

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(In thousands of reais, unless otherwise stated)

17. Intangible assets

a. Changes in intangible assets

							Consolidated
	Useful life	December 31, 2019	Balance acquired	Acquisitions	Transfers	Amortization	March 31, 2020
Healthcare plan portfolio acquisition	Useful life (a)	311,795	225,989	-	1,178	(13,376)	525,586
Computer system	20% p.a.	19,986	898	567	(361)	(1,105)	19,985
Goodwill in business combinations	Indefinite (b)	2,703,967	2,529,499	4,351	(1,178)	-	5,236,639
Intangible assets		305,324	-	-	(3,333)	(15,978)	286,013
Other intangible assets	Indefinite (c)	601	-	-	3,333	(16)	3,918
		3,341,673	2,756,386	4,918	(361)	(30,475)	6,072,141

								Consolidated
	Useful life	December 31, 2018	Balance acquired	Acquisitions ¹	Disposals	Transfers	Amortization	December 31, 2019
Healthcare plan portfolio acquisition	Useful life (a)	73,266	273,958	-	-	-	(35,429)	311,795
Computer system	20% p.a.	12,875	483	13,724	(14)	4,753	(11,835)	19,986
Goodwill in business combinations	Indefinite (b)	1,276,994	1,426,973	-	-	-	-	2,703,967
Intangible assets		374,067	-	-	(2,600)	(2,211)	(63,932)	305,324
Other intangible assets	Indefinite (c)	4,425	-	-	(4,057)	298	(65)	601
		1,741,627	1,701,414	13,724	(6,671)	2,840	(111,261)	3,341,673

¹ In the period, the Company and its subsidiaries purchased intangible assets at a total cost of R\$ 4,918 of which R\$ R\$ 2,663 were purchases with payments in the period and R\$ 2,255 are provisioned in liabilities of the Company and its subsidiaries

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(In thousands of reais, unless otherwise stated)

(a) This refers to the acquisition of a dental and healthcare plan portfolio, as follows:

		Portfolio breakdown	
		December 31,	
Group/Company	Date	2019	2019
Notre Dame Group	May-21-14	392	397
Santamália Group	Nov-16-15	5,478	6,225
Hospital Family	Dec-23-15	964	1,929
Unimed ABC	Sep-23-16	14,994	15,512
Cruzeiro do Sul Group	Jan-31-18	14,975	15,403
SAMED Group	Oct-01-18	24,739	25,695
Green Line Group	Jan-01-19	137,215	139,552
Mediplan Group	May-29-19	53,703	55,181
Belo Dente	Jul-03-19	41,997	43,425
São José Group	Nov-18-19	8,174	8,476
São Lucas Group	Jan-23-20	109,422	-
Clinipam Group	Feb-07-20	113,533	-
		525,586	311,795

The acquisition of the dental and healthcare plan portfolio has been amortized as shown in the table below:

Portfolio	Useful life
Dental plan	3 to 5 years
Healthcare plan	6 to 11 years

(b) This refers to goodwill based on expected future profitability (business combination) with indefinite useful life and, whenever necessary, an impairment test of the cash-generating unit is performed.

		Goodwill breakdown	
		December 31,	
Group/Company	Date	March 31, 2020	2019
Notre Dame Group	May-21-14	480,133	480,133
Santamália Group	Nov-16-15	125,405	125,405
Hospital Family	Dec-23-15	77,149	77,149
Unimed ABC	Sep-23-16	71,476	71,476
SAMCI/IBRAGE	Mar-01-17	22,232	22,232
Hospital São Bernardo	Feb-23-17	147,652	147,652
Nova Vida Group	Jul-03-17	148,566	148,566
Cruzeiro do Sul Group	Jan-31-18	56,190	56,190
SAMED Group	Oct-01-18	173,928	173,928
Green Line Group	Jan-01-19	811,323	812,501
Mediplan Group	May-29-19	256,716	256,716
Hospital Jacarepaguá	Apr-05-19	61,378	61,378
Belo Dente	Jul-03-19	21,632	22,709
Ghelfond Group	Nov-28-19	154,019	154,165
São José Group	Nov-18-19	99,341	93,767
São Lucas Group	Jan-23-20	198,605	-
Clinipam Group	Feb-07-20	2,330,894	-
		5,236,639	2,703,967

(c) This refers to the allocation of identifiable intangible assets on the acquisition of companies (customer relationship, trademarks and non-compete agreement) to be amortized as shown below:

Intangible assets	Useful life
Trademarks	30 years
Customer relationship	3 to 8 years
Non-compete agreement	5 years

The amount of amortization for the period is recognized in line items "Cost of services rendered" and "Operating income (expenses)", as mentioned in Notes 27 and 28.a, respectively.

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18. Taxes and social charges payable

	Consolidated	
	March 31, 2020	December 31, 2019
Service Tax (ISS)	301,221	271,381
Social security contribution	20,225	10,025
Severance pay fund (FGTS)	3,316	4,387
Taxes on revenue (PIS and COFINS)	20,583	19,259
Union dues and social assistance contributions	678	750
Payment in installments of taxes and contributions	10,717	11,465
Others	8,159	2,066
Taxes payable	364,899	319,333
Income tax - employees	16,751	13,631
Income tax - third parties	6,692	5,623
Service tax	4,395	3,810
Withheld social security contribution	4,112	3,390
Withholding PIS/COFINS/CSLL	18,008	14,570
Taxes withheld payable	49,958	41,024
Current	414,857	360,357
Payment in installments of taxes, fines and fees - federal	30,917	32,393
Payment in installments of taxes, fines and fees - municipal	663	738
Payment in installments of taxes, fines and fees - others	27,977	28,903
Noncurrent	59,557	62,034
	474,414	422,391

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19. Loans and financing

At March 31, 2020, main loan and financing agreements were as follows:

						Consolidated	
						March 31, 2020	December 31, 2019
Credit facility	Financial institution	Rate	Maturity	Amortization	Interest % p.a.	Amount	Amount
BNDES	Banco Itaú	CDI	2020	Monthly	14%	28	31
BNDES	Banco Santander	CDI	2020	Monthly	14%	20	138
BNDES	Bradesco	CDI	2023	Monthly	6%	1,306	1,398
Working capital	Banco Itaú	CDI	2020- 2024	Monthly	13%	26,292	27,381
Working capital	Banco Santander	CDI	2021-2023	Monthly	12%	9,093	10,011
Working capital	Bradesco	CDI	2021	Monthly	18%	5,574	6,367
Working capital	Citibank	85%CDI+1.955%p.a.	2020	Semiannual	2%	132,826	202,295
Leasing	Banco de Lage	CDI	2020-2021	Monthly	12%	49	168
Leasing	Banco do Brasil	CDI	2023	Monthly	3%	748	804
Leasing	Banco Itaú	CDI	2020	Monthly	7%	-	50
Leasing	Banco Santander	CDI	2020- 2023	Monthly	9%	3,013	1,202
Leasing	Bradesco	CDI	2020-2022	Monthly	16%	972	1,137
Leasing	HP Financial	CDI	2022	Monthly	14%	138	150
Leasing	Alfa	CDI	2020-2022	Monthly	9%	200	-
Promissory notes	Safra	CDI	2020-2022	Monthly	1%	362,785	-
Others						306	4,710
						543,350	255,842
Current						330,871	220,683
Noncurrent						212,479	35,159

The Company understands that the carrying amounts of loans and financing approximate their fair values and are classified as level 2.

We present the changes at March 31, 2020:

			Consolidated	
			March 31, 2020	December 31, 2019
Balance at beginning of year			255,842	279,245
Balance acquired			2,649	65,206
Loans and financing			360,000	29,851
Repayment			(74,993)	(122,600)
Interest paid			(4,895)	(14,257)
Present value adjustment			10	191
Interest			4,737	18,206
Balance at end of period			543,350	255,842

Notre Dame Intermédica Participações S.A.

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March 31, 2020 and December 31, 2019

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20. Debentures

At March 31, 2020 and December 31, 2019, the balance in the statement of financial position is as follows:

									Consolidated	
Company	Security	Type	Number	Issue	Maturity	Average charges	Fundraising	March 31, 2020	December 31, 2019	
BCBF PARTICIPAÇÕES S.A.	BCBF12	2 nd issue	300,000	02/23/2018	02/23/2021	CDI + 2.25% p.a.	300,000	120,252	184,182	
BCBF PARTICIPAÇÕES S.A.	BCBF13	3 rd issue	900	01/10/2019	01/10/2023	CDI + 1.75% p.a.	900,000	-	921,509	
NOTREDAME INTERMEDICA SAÚDE S.A.	NDMI13	3 rd issue	800,000	08/01/2019	08/01/2024	100% DI + 1.6% p.a.	800,000	803,092	816,406	
								923,344	1,922,097	
								Current	126,312	169,560
								Noncurrent	797,032	1,752,537

a) Third public issue of Notre Dame Intermédica Saúde S.A.

Notre Dame Intermédica Saúde S.A. (BCBF's subsidiary) issued on August 1, 2019 the amount of R\$ 800,000 through 800 nonconvertible debentures with par value of R\$ 1,000, with restricted placement efforts, based on CVM Instruction No. 476/2009, in order to restructure the Company's indebtedness profile, acquire companies, purchase new equipment, and improve working capital.

The total period of issue is 5 years from the date of issue, and remuneration will be paid in 3 annual installments, with the first payment in the 3rd year from the date of issue. As such, the first payment will be on August 1, 2022 and the last one on August 1, 2024. The inflation adjustment corresponds to a surcharge of CDI (accumulated variation of average rates of CDI) + spread of 1.60% p.a., on a 252 business days basis, calculated and disclosed daily by B3.

b) Third public issue of BCBF Participações S.A.

BCBF Participações S.A. (Company's direct subsidiary) issued, on January 10, 2019, the amount of R\$ 900,000 through 900 nonconvertible debentures with par value of R\$ 1,000, with restricted placement efforts, based on CVM Instruction No. 476/2009; in order to restructure the Company's indebtedness profile, acquire companies, purchase new equipment, and improve working capital.

The total period of issue is 4 years from the date of issue and remuneration will be paid in 4 installments, with the first payment in the 30th (thirtieth) month from the date of issue. As such, the first payment will be on July 10, 2021 and the last one on January 10, 2023. The inflation adjustment corresponds to a surcharge of CDI (accumulated variation of average rates of CDI) + spread of 1.75% p.a., on a 252 business days basis, calculated and disclosed daily by B3.

On January 10, 2020, in compliance with the provisions of Law No. 6,404/1976 and Ruling No. 358/2002 from the Brazilian Securities and Exchange Commission, the Company informs its shareholders and the market in general that at this date its subsidiary BCBF Participações S.A. carried out the total early redemption of the third issue of simple, nonconvertible, unsecured debentures, with additional personal guarantee.

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The total redemption amount was approximately R\$ 932,000, comprising the total balance of the unit face value of the total debentures of this issue plus the corresponding remuneration until this date.

c) Second public issue of BCBF Participações S.A.

BCBF Participações S.A. (Company's direct subsidiary) issued, on February 23, 2018, the amount of R\$ 300,000, through 300 nonconvertible debentures with par value of R\$ 1,000, with restricted placement efforts, in order to restructure the Company's indebtedness profile.

The total period of issue is 3 years from the date of issue, and remuneration will be paid biannually, with the first payment on August 23, 2018 and the last one on February 23, 2021. The inflation adjustment corresponds to a surcharge of CDI (accumulated variation of average rates of CDI) + spread of 2.25% p.a., on a 252 business days basis, calculated and disclosed daily by B3.

Changes in debentures are as follows:

	BCBF	Intermédica	Consolidated
Balance at 12/31/2019	1,105,691	816,406	1,922,097
Interest accrued	4,074	11,355	15,429
Recognition of costs	9,850	221	10,071
Repayment	(960,000)	-	(960,000)
Interest paid	(39,363)	(24,890)	(64,253)
Balance at 3/31/2020	120,252	803,092	923,344

The balance of debentures will be amortized as follows:

	Consolidated			
Year	Current	Noncurrent	March 31, 2020	December 31, 2019
12 months	126,312	-	126,312	169,560
13 to 24 months	-	-	-	281,767
25 to 36 months	-	265,438	265,438	713,512
37 to 48 months	-	265,438	265,438	490,933
49 to 60 months	-	266,156	266,156	266,325
	126,312	797,032	923,344	1,922,097

The Company understands that debentures are recorded at amounts that approximate their fair value and classified as level 2.

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Covenants

Notre Dame Intermédica Saúde S.A. and BCBF Participações S.A. have covenants that may require early maturity or refinancing of debts if the Companies fail to comply with them.

Minimum and maximum indices and amounts required by these covenants as at March 31, 2020 are as follows:

3rd issuance Notre Dame Intermédica Saúde S.A.

The relationship between net debt and adjusted EBITDA of the Company must be equal to or less than 2.5 during the term of the agreement and adjusted according to the contract clause. The Company is compliant with this covenant.

2nd issuance BCBF Participações S.A.

The relationship between net debt and adjusted EBITDA of the Company must be equal to or less than 3.0 during the term of the agreement and adjusted according to the contract clause. The Company is compliant with the covenants.

Guarantees

Notre Dame Intermédica Saúde S.A. and its parent company BCBF (jointly liable) have sufficient funds to honor contractual commitments.

As collateral, the Original Guarantor gives bond in favor of the Debenture holders pursuant to the terms of the Debenture issuance agreement.

Early redemption

The issuances of the Notre Dame Intermédica Group may be redeemed in advance at the Company's discretion, as from the date specified in the issuance agreement, upon a written communication to the Trustee and publication of a notice to the debenture holders.

21. Technical reserves of healthcare operations

	Reference	Consolidated	
		March 31, 2020	December 31, 2019
Provision for events / unsettled claims reserve to be paid to SUS	a.	671,481	510,486
Provision for events / unsettled claims reserve to be paid to other service providers	b.	507,879	380,855
Incurred but not reported reserve (IBNR)	c.(i).	318,944	287,464
Unearned premiums / compensation reserve (UPCR)	c.(ii).	123,098	108,309
Reserve for waiver	c.(iii).	1,197	1,127
		1,622,599	1,288,241
	Current	1,154,403	945,405
	Noncurrent	468,196	342,836

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a) Unsettled claims reserve to be paid to SUS

On June 3, 1998, the Federal Government enacted Law No. 9656, which provides, in its article 32, for the reimbursement to SUS of the expenses incurred on the service of healthcare plan users when using the public network. The Company's subsidiaries challenge the collection at the administrative and judicial levels due to various irregularities that impair its effectiveness, among which the lack of regulation on infra-constitutional matters. For these proceedings, subsidiary Notre Dame Intermédica Saúde S.A. makes judicial deposits to guarantee the alleged debt, as described in Note 13.

	Consolidated	
	March 31, 2020	December 31, 2019
Balance at beginning of year	510,486	164,755
Balance acquired	52,339	75,019
Notices received from SUS	47,521	56,535
SUS Events Recovery	55,426	199,335
Inflation adjustment	9,148	25,662
(-) Payments made	(3,439)	(10,820)
Balance at end of period	671,481	510,486

b) The unsettled claims reserve is as follows:

	Consolidated	
	March 31, 2020	December 31, 2019
Balance at beginning of year	380,855	330,524
Balance acquired	54,629	48,029
Notices received from the accredited network, net of disallowances	1,797,574	6,080,278
Expense with own network classified in events	(425,974)	(1,738,896)
Payments made to accredited network	(1,299,205)	(4,339,080)
Balance at end of period	507,879	380,855

c) Changes in technical reserves:

	PEONA (i)	PPCNG (ii)	Waiver (iii)
Balance at December 31, 2019	287,464	108,309	1,127
Balance acquired	18,025	15,008	-
Changes in reserves for the period	13,455	(219)	70
Balance at March 31, 2020	318,944	123,098	1,197

According to CPC 15 (R1) - Business Combination, companies may make adjustments in the allocations of balances acquired, measured at fair value during the 12-month period, upon presentation of a report issued by an independent firm. Of the total amount presented in "Balance acquired", the amount of R\$ 1,063 refers to acquisitions made in 2019, and the amount of R\$ 16,962 refers to acquisitions in the period.

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(i) Incurred but not reported reserve (IBNR), classified in current liabilities, is determined through an actuarial study (Actuarial Note) and aims to cover the estimated amount of payments of events that have already been incurred but not reported to the Operators.

(ii) Unsettled claims reserve, classified in current liabilities, are revenues related to coverage periods of subsequent months.

(iii) Reserve for remission, classified in current and noncurrent liabilities, are reserves to cover the exemption from consideration by beneficiaries, according to the agreement.

22. Other liabilities

	Parent		Consolidated	
	March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Contractual obligations (a)	363,630	320,468	91,257	29,153
Third party deposits	-	-	11,639	27,355
Advances from customers	-	-	19,680	15,969
Other payables (b)	-	-	22,662	8,902
Advance for bank partnership	-	-	3,200	3,000
Rent payable	-	-	2,124	2,418
Supplemental Health Fee (b)	-	-	10,264	10,219
Payables for healthcare operations not related to healthcare plans	-	-	39,055	31,999
Total current	363,630	320,468	199,881	129,015
Contractual obligations (a)	-	-	654,447	454,779
Provisions for employee benefit plans	-	-	2,784	2,808
Advance for bank partnership	-	-	6,000	6,250
Supplemental Health Fee (b)	-	-	53,107	53,974
Others	-	-	17,952	18,470
Total noncurrent	-	-	734,290	536,281
	363,630	320,468	934,171	665,296

(a) Contractual obligations

These refer to contractual obligations on the acquisitions of companies, net of interest (PV adjustment), and related-party transactions with its subsidiaries, as shown below:

	Index	Maturity	Parent		Consolidated	
			March 31, 2020	December 31, 2019	March 31, 2020	December 31, 2019
Notre Dame Intermédica	-	05/23/2020	363,630	320,468	-	-
Family Hospital	CDI	05/01/2021	-	-	15,250	14,964
SAMCI	CDI	12/27/2021	-	-	11,422	11,208
Hospital Nova Vida	CDI	07/08/2022	-	-	22,056	21,643
Unimed ABC	-	09/22/2022	-	-	27,876	29,153
Hospital SBC	CDI	02/23/2023	-	-	31,541	30,966
Cruzeiro do Sul Group	95% of CDI	02/22/2024	-	-	21,399	20,997
SAMED Group	CDI	01/25/2025	-	-	50,670	52,091
Green Line Group	CDI	01/01/2025	-	-	206,040	202,279
Hospital Intermédica Jacarepaguá	IPCA	04/05/2025	-	-	10,798	10,514
Mediplan Group	90% of CDI	05/25/2025	-	-	35,115	34,472
Belo Dente	95% of CDI	07/03/2025	-	-	14,194	13,935
Ghelfond Participações	105% of CDI	11/28/2024	-	-	12,128	8,935
Ecoimagem	CDI	01/01/2025	-	-	10,373	11,356
São José Group	CDI	11/18/2025	-	-	21,870	21,419
Clinipam Group	CDI	02/07/2026	-	-	190,063	-
São Lucas Group	100% SELIC	01/26/2026	-	-	64,909	-
			363,630	320,468	745,704	483,932

(b) The balance recorded in this line item refers to the supplementary health rate paid quarterly related to the acquiree Green Line Sistema de Saúde S.A., according to RN 89/2005, where

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the number of beneficiaries is calculated according to the age bracket, of which R\$ 44,016 are subject to installment payment with ANS and R\$ 19,355 are under discussion.

23. Provision for lawsuits

In the ordinary course of their business, the Company and its subsidiaries are exposed to certain contingencies and risks. This provision is set up at estimated costs to resolve for ongoing labor, civil and tax proceedings under discussion at administrative and legal levels, based on the opinion of the Company and its subsidiaries' legal advisors, for which the likelihood of loss is assessed as probable, and, also regardless of the prognosis of loss, all lawsuits that result in an obligation originated by law.

						Consolidated
						Inflation
	December 31, 2019	Balance acquired	Provision/(reversal)	Payments	adjustment	March 31, 2020
Tax	412,897	8,343	(33,625)	-	5,191	392,806
Labor	212,334	1,042	11,850	(5,246)	3,529	223,509
Civil	262,387	24,426	(5,632)	(9,585)	6,227	277,823
	887,618	33,811	(27,407)	(14,831)	14,947	894,138
						Consolidated
						Inflation
	December 31, 2018	Balance acquired	Provision/(reversal)	Payments	adjustment	December 31, 2019
Tax	130,137	285,768	(5,495)	-	2,487	412,897
Labor	160,518	29,100	32,847	(20,873)	10,742	212,334
Civil	133,536	95,073	55,974	(38,608)	16,412	262,387
	424,191	409,941	83,326	(59,481)	29,641	887,618

Provision for lawsuits regarding:

Tax

- Subsidiary Notre Dame Intermédica Saúde challenges in court the ISS (city of São Paulo) levied on its billing from November 2001 to December 2002. The lower court awarded a favorable decision on this claim. In view of the decision accepting the appeal filed by the São Paulo city administration, motions to annul have been filed and await a decision.
- Subsidiary Notre Dame Intermédica Saúde argues in court against the right of ISS levied on the difference between the amounts received in the Health Plan activity and the ones transferred to third parties that provided the service. A final and unappealable decision favorable to the Company was handed down, determining the conversion into income of the amounts paid through judicial deposit. Considering the final decision on the lawsuit, the City started the internal procedures for payment of the determined amount.
- Subsidiary Notre Dame Intermédica Saúde challenges in court the ISS levied by the Campinas city administration on business conducted in that city, as well as the

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constitutionality of item 4.23 of the List of Services annexed to Supplementary Law (LC) No. 116/2003 and Municipal Law No. 11829.

- Subsidiary Notre Dame Intermédica Saúde is challenging in court an unjustified collection of tax debts referring to ISS tax credit for 2005. The court suspended the tax debt collection and the Company's subsidiary is awaiting a decision on the motions.
- Subsidiary Notre Dame Intermédica Saúde is challenging in court the application of FAP (an index applied to calculate the occupational accident insurance owed by employers) on the expected Occupational Accident Insurance (SAT)/Occupational Environmental Risk (RAT) contribution rate, and the Authority that jointly filed the lawsuit was requested to abstain from taking any actions in connection with the collection of amounts that are allegedly payable by virtue of this index, such as denying to renew the tax clearance certificate. Furthermore, the Petitioner's credit right recognition is required.
- Parent company Notre Dame Intermédica Saúde is challenging in court the tax notice related to differences in amounts paid to the FGTS (Unemployment Compensation Fund), based on the assumption that an alleged employment relationship with third parties (legal entities) exists.

At March 31, 2020, the Company and its subsidiaries filed other civil, labor and tax claims for R\$ 1,417,287 (R\$ 1,278,067 at December 31, 2019), which, according to their legal advisors, present a possible likelihood of loss and, for this reason, a provision was not set up for these contingencies.

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24. Deferred purchase price

As per the debt acknowledgment agreement dated October 31, 2014, the Company assumed Bain Capital Brazil's obligation to pay the deferred purchase price portion of R\$ 220,207 maturing on May 21, 2020. At March 31, 2020, the balance of the deferred purchase price portion was R\$ 84,263 in current liabilities (R\$ 118,981 at December 31, 2019), according to the changes below:

	<u>December 31, 2018</u>	<u>Lawsuits adjustment</u>	<u>Inflation adjustment</u>	<u>December 31, 2019</u>	<u>Lawsuits adjustment</u>	<u>Inflation adjustment</u>	<u>March 31, 2020</u>
Original amount of acquisition	254,240	-	-	254,240	-	-	254,240
Accrued interest according to contract - (10% p.a.)	142,939	-	40,296	183,235	-	10,668	193,903
Original amount - adjusted	397,179	-	40,296	437,475	-	10,668	448,143
Interest to be accrued according to contract - (10% p.a.)	56,976	-	(40,296)	16,680	-	(10,668)	6,012
(-) Present value adjustment (CDI + 2.75%)	(59,604)	-	44,900	(14,704)	-	8,443	(6,261)
Original amount - present value	394,551	-	44,900	439,451	-	8,443	447,894
Provision for lawsuits (a)	(171,778)	(148,692)	-	(320,470)	(43,161)	-	(363,631)
Balance of deferred purchase price portion	222,773	(148,692)	44,900	118,981	(43,161)	8,443	84,263

(a) Contingencies to be reimbursed, in accordance with the contractual clauses set out in the share purchase and sale agreement and other covenants.

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25. Equity

a) **Capital**

At March 31, 2020, the Company's subscribed for and paid-up capital amounting to R\$ 5,526,232, comprising 603,693,182 registered common shares without par value (at December 31, 2019, the Company's subscribed for and paid-up capital amounting to R\$ 5,526,232, comprising 603,693,182 registered common shares without par value).

The Company's parent company holds 20.3% of shares, represented by 122,818,754 common shares, management holds 3.7% of shares, represented by 22,185,846 common shares, and the other shareholders hold 76% of shares, represented by 458,688,582 common shares.

b) **Transaction cost**

Transaction costs, borne by the Company, incurred in the funding through the public offering of shares totaled R\$ 113,913 (R\$ 113,913 at December 31, 2019) and were recognized as a capital reduction, in a separate account in equity, in accordance with the CVM Ruling No. 649/10 and as required by CPC 08 (R1).

c) **Income reserves**

- (i) Legal reserve - mandatory, with the allocation of 5% of net profit for the year, less accumulated losses, until it reaches 20% of capital.
- (ii) Statutory reserve – in accordance with the current Bylaws, the Company, after the allocation of the legal reserve, will allocate to the investment reserve, which will not exceed seventy percent (70%) of the subscribed capital, an amount not lower than five percent (5%) and not exceeding seventy-five percent (75%) of the net profit for the year, adjusted as required by article 202 of Law No. 6404/76, to fund the expansion of the activities of the Company and/or its subsidiaries and associates, including through capital increases or the creation of new ventures.

d) **Repurchase of shares**

From January 14 to 24, 2020, the Company, through its subsidiary Hospital Intermédica Jacarepaguá Ltda. (Jacarepaguá) purchased 3,365,870 Parent Company shares in the amount of R\$245,122.

On February 7, 2020, Jacarepaguá assigned these shares as part of the payment for the acquisition of the Clinipam Group. The share price used for closing was R\$72.00 and the transaction amount was R\$242,343.

The variation between the purchase price on the repurchase and the transfer of shares was R\$2,779 presented in line item "premium on the sale of equity interest".

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e) Dividends and interest on capital (IOE)

On March 31, 2020, the Company did not pay dividends and interest on capital.

At December 31, 2019, the shareholders are guaranteed mandatory minimum dividend corresponding to 25% of the net profit for the year adjusted as required by Company's bylaws.

The proposal for allocation of net profit is R\$ 100,601, as resolved at a general meeting held on March 25, 2020.

26. Net operating revenue

	Consolidated	
	March 31,	
	2020	2019
Effective considerations of healthcare plan operations	2,450,194	1,812,235
Medical-hospital services	206,631	149,300
Other services rendered	(42)	2,384
(-) Expected disallowance loss of medical-hospital services	(2,539)	(2,163)
Revenues from services rendered	2,654,244	1,961,756
(-) Direct taxes on Operator's healthcare plan operations	(76,054)	(49,435)
(-) Direct taxes on medical-hospital services	(18,744)	(11,925)
(-) Direct taxes on other services rendered	-	(43)
Tax on services rendered	(94,798)	(61,403)
Net revenues from services rendered	2,559,446	1,900,353

27. Cost of services rendered

	Consolidated	
	March 31,	
	2020	2019
Cost of services rendered ¹	(1,797,574)	(1,380,572)
(-) Co-participation	51,398	31,781
SUS	(47,521)	(2,458)
Depreciation and amortization	(25,834)	(13,494)
Depreciation of right of use	(10,781)	(8,030)
Changes in the Incurred But Not Reported Reserve (IBNR)	(13,455)	973
	(1,843,767)	(1,371,800)

¹ Refers to cost of events known and claims reported and costs not related to the operator's healthcare plan.

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28. Operating expenses

a. Administrative expenses

	Parent		Consolidated	
	March 31,		March 31,	
	2020	2019	2020	2019
Personnel	(306)	(318)	(105,023)	(80,720)
Third party services	(1,964)	(597)	(57,762)	(45,625)
Location and operation	(64)	(105)	(16,862)	(16,735)
Taxes	(49)	(158)	(2,347)	(5,296)
Publicity and advertising	(414)	(379)	(3,769)	(2,025)
Provision for (reversal of) lawsuits	-	-	(5,975)	(6,274)
Depreciation and amortization	-	-	(29,037)	(27,545)
Charges, fees, fines and interest	(88)	(4)	(1,342)	(1,217)
Share-based payment plan	(10,924)	(7,007)	(10,924)	(7,007)
Depreciation of right of use	-	-	(3,665)	(3,697)
Others	(1)	(8)	(9,135)	1,189
	(13,810)	(8,576)	(245,841)	(194,952)

b. Selling expenses

	Consolidated	
	March 31,	
	2020	2019
Compensation - own personnel	(2,430)	(1,308)
Recognition of deferred selling expenses	(70,004)	(49,435)
Commissions and selling	(57,667)	(41,979)
	(130,101)	(92,722)

c. Impairment of receivables

	Consolidated	
	March 31,	
	2020	2019
Reversal (recognition) of impairment on receivables	(3,289)	(1,688)
Write-off of effective losses of plan related credits in the period	(18,484)	(18,385)
Other losses not related to the plan	(412)	1,604
	(22,185)	(18,469)

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29. Finance income (costs)

	Parent		Consolidated	
	March 31,		March 31,	
	2020	2019	2020	2019
Financial investments income ¹	878	3,000	26,628	18,775
Interest received	-	-	9,685	5,774
Inflation adjustment gain	1,527	289	9,741	3,482
Other income	-	-	105	3,165
Fair value adjustment	-	-	(54)	59
Foreign exchange gains	-	-	457	81
Discounts obtained	-	3	630	731
Present value adjustment	-	-	-	869
	2,405	3,292	47,192	32,936
Interest on debentures	-	-	(15,429)	(23,234)
Finance costs debentures	-	-	(10,071)	(985)
Inflation adjustment loss	-	-	(15,573)	(11,968)
Fines and interest	(9)	-	(1,170)	(157)
Foreign exchange losses	-	-	(751)	(62)
Bank fees	-	(67)	(4,077)	(3,308)
Fair value adjustment	-	-	-	(569)
Discounts granted	-	-	(1,004)	(452)
Interest on loans and financing	-	-	(4,737)	(5,314)
Present value adjustment	-	-	(3,190)	(10)
Present value adjustment - deferred portion ²	(8,443)	(11,112)	(8,443)	(11,265)
Interest on lease	-	-	(11,180)	(9,907)
Borrowing costs	-	-	(859)	-
Other expenses	(111)	-	(3,471)	(1,025)
	(8,563)	(11,179)	(79,955)	(68,256)
Finance income (costs), net	(6,158)	(7,887)	(32,763)	(35,320)

¹ The amount of R\$ 8,494 refers to financial investments income and R\$ 18,134 refers to financial investment as mentioned in Note 7.

² This balance refers to the finance cost arising from the inflation adjustment of the deferred purchase price portion (Note 24).

30. Share-based payment plan

1st Share-based payment plan

On October 16, 2014, the Special General Meeting ("SGM") approved the creation and regulation of the first Stock Option Plan of the Company, currently Notre Dame Intermédica Participações S.A. (Stock Option Plan). It also approved the creation of the Company's authorized capital of 99,185,196 new common shares which, with the reverse split of common shares approved at the Special General Meeting held on March 27, 2018, are equivalent to 46,214,801 new common shares (a factor of 2.14617813 for each common share). Therefore, the Board of Directors was authorized to increase Company's capital regardless of amendments to bylaws, limited to authorized capital to cover the granting of the Plan, pursuant to paragraph 8 of Article 5 of the Company's Bylaws.

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The Company granted 45,345,999 stock options, considering the reverse split mentioned, for the first Stock Option Program, which is distributed in Time-Vesting (representing 50% of shares granted) and Performance-Vesting (representing 50% of options granted). The beneficiary must comply with time-vesting of services for 3 to 5 years, depending on the grant agreement, and performance-vesting (representing 50% of options granted), as well as a liquidity event such as IPO in April 2018, to exercise the options. After compliance with vesting conditions, the exercise of the options could occur from the date of each anniversary of the grant.

On December 27, 2018, most participants exercised vested options and the Company, as authorized by Article 5, paragraph 8, of Company's Bylaws, increased capital within the limit of the authorized capital, in the amount of R\$ 75,809, through the subscription of new common shares, all registered, book-entry and with no par value, totaling 28,502,586 shares.

2nd Share-based payment plan

On February 20, 2018, the Company's shareholders, gathered in a Special General Meeting (SGM) approved the Company's Second Stock Option Plan, intended to grant share call options to directors, board members, employees, consultants and individual advisors, current and future, of the Company or its subsidiaries that are chosen at the sole discretion of the Board of Directors. The Second Stock Option Plan establishes the limit of 11,498,002 options (5,357,431, considering reverse split of 2.14617813 for each common shares as approved at the Special General Meeting held on March 27, 2018) representing a total maximum dilution of 1.15% to the Company's shareholders, considering the Company's total capital at December 31, 2017.

As of April 20, 2018, the Company entered into a grant agreement with the Second Plan Participants for a total of 4,988,581 stock options at the price of the Initial Public Offering.

The options under the Second Option Plan may be exercised according to the criteria established by the Company's Board of Directors based on the time (time-vesting) up to 03 years and performance (vesting per performance) stipulated in the Grant Agreements.

3rd Share-based payment plan

On March 28, 2019, the Company's shareholders, gathered in a Special General Meeting (SGM) approved the Company's Third Stock Option Plan, intended to grant share call options to directors, board members, employees, consultants and individual advisors, current and future, of the Company or its subsidiaries that are chosen at the sole discretion of the Board of Directors. The Company entered into a grant agreement with the Third Plan Participants for a total of 7,334,301 stock options, distributed into Time-Vesting (50% of granted shares) and Performance-Vesting (50% of granted options). The beneficiary shall comply with the time-vesting of 3 to 5 years of time of service, depending on the grant contract, and with the performance-vesting (representing 50% of granted options).

On October 2, 2019, most of the participants exercised the stock options that were vested, and the Company (I) in accordance with the provisions of the Company's Bylaws, in its Article 5, paragraph 8, increased the capital, within the limit of authorized capital, in the amount of R\$ 55,308, through the subscription of common shares, all of them registered, book-entry and with no par value, totaling 9,909,392 shares.

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Restricted Stock Units payment plan

On December 15, 2017, through the First Amendment to the Restricted Stock Option, the Company established the immediate settlement of all the Restricted Stock Units (anticipating the vesting of the remaining 2/3 (two thirds), and changed the method of payment of the benefit by settling all Restricted Stock Units in cash (instead of the delivery of common shares of the Company's issue, as originally established in the Restricted Stock Unit Agreement). Consequently, the Company considered that all the 4,659,445 Restricted Stock Units were vested and the Executive was paid the amount of R\$ 43,200, from the capital reserve, equivalent to the amount of 4,659,445 of Restricted Stock Units vested, which corresponded to 4,659,445 of common shares issued by the Company at the price per share of R\$ 9.27.

Concurrently with the settlement in cash, the Executive subscribed for and paid up capital at the Company in an amount equivalent to the settlement of the shares – R\$ 43,200, through the issue of 4,659,445 common shares. The parties entered into a contract that granted the Company the right to repurchase part of these subscribed and paid-up shares, in a proportion equivalent to 2/3 of the Restricted Stock Units that were vested in advance at the moment of the advance and settlement in cash of the Restricted Stock Units originally granted to the executive). This call option varies over time, from 2/3 (two thirds) to zero, following the same period (vesting period) that was originally described in the Restricted Stock Unit Agreement signed by and between the Company and the Executive. Consequently, the Executive cannot sell any of the shares that were not fully vested at the moment of the advance and immediate settlement of all the Restricted Stock Units.

In the three-month period ending March 31, 2020, the recorded amount of R\$ 10,924 (R\$ 7,007 at March 31, 2019) refers to the transaction cost incurred as a result of the Share-based Payment plan.

31. Earnings per share

The basic earnings per share are calculated by dividing net income for the periods ended March 31, 2020 and 2019 attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are calculated by dividing net income for the period attributable to common shareholders by the weighted average number of common shares available in the period plus the weighted average number of common shares that would be issued on the conversion of all potentially dilutive common shares.

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a) Basic earnings per share

	Consolidated	
	March 31,	
	2020	2019
Profit for the year	160,404	102,842
Number of outstanding shares (-) Treasury shares	603,385	536,976
Earnings per share	0,2658	0,1915
Weighted average number of shares during the period	602,776	528,853
Basic earnings per share	0,2661	0,1945

b) Diluted earnings per share

	Consolidated	
	March 31,	
	2020	2019
Weighted average number of shares during the period	602,776	528,853
Increase in the number of shares under the share-based payment plan, if all options granted are exercised.	12,696	16,195
Weighted average number of shares during plans - diluted	615,472	545,048
Diluted earnings per share	0,2606	0,1887

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32. Operating segments

The activities of the Company and its subsidiaries are organized in the business segments below:

	2020				March 31, 2019			
	Health	Dental	Other segments	Consolidated	Health	Dental	Other segments	Consolidated
Net operating revenue	2,484,155	75,291	-	2,559,446	1,846,064	54,289	-	1,900,353
Cost of services rendered	(1,823,273)	(20,494)	-	(1,843,767)	(1,357,975)	(13,825)	-	(1,371,800)
Gross profit	660,882	54,797	-	715,679	488,089	40,464	-	528,553
Administrative expenses	(212,447)	(18,392)	(15,002)	(245,841)	(153,400)	(8,391)	(33,161)	(194,952)
Selling expenses	(125,973)	(4,128)	-	(130,101)	(91,023)	(1,698)	-	(92,722)
Impairment of receivables	(22,259)	74	-	(22,185)	(18,380)	(89)	-	(18,469)
Other income, net	(5,714)	414	1,550	(3,750)	3,187	(2)	(6,424)	(3,239)
Profit (loss) before finance income (costs) and taxes	294,489	32,765	(13,452)	313,802	228,473	30,284	(39,585)	219,171
Finance income (costs)	(31,541)	(140)	(1,082)	(32,763)	(27,671)	(11)	(7,638)	(35,320)
Profit (loss) before taxes	262,948	32,625	(14,534)	281,039	200,802	30,273	(47,223)	183,851
Income tax and social contribution	(122,061)	1,653	(227)	(120,635)	(81,949)	(4,161)	5,101	(81,009)
Profit (loss) for the period	140,887	34,278	(14,761)	160,404	118,853	26,112	(42,122)	102,842

Amounts allocated to other segments in line item "Administrative expenses" refer basically to the recognition of stock option plan expenses.

The amounts recorded in line item "finance income (costs)" derive from the costs of monetary restatement of the deferred acquisition of the Company.

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	2020			March 31, 2019		
	Health	Dental	Consolidated	Health	Dental	Consolidated
Known or reported events	(1,511,660)	(21,462)	(1,533,122)	(1,279,800)	(14,440)	(1,294,240)
(-) Co-participation	50,354	1,044	51,398	30,958	824	31,782
SUS	(47,521)	-	(47,521)	(2,458)	-	(2,458)
Depreciation and amortization	(25,834)	-	(25,834)	(13,494)	-	(13,494)
Depreciation of right of use	(10,781)	-	(10,781)	(8,030)	-	(8,030)
Other costs of healthcare operations not related to Operator's healthcare plan	(264,496)	44	(264,452)	(86,333)	-	(86,333)
Changes in the Incurred But Not Reported Reserve (IBNR)	(13,335)	(120)	(13,455)	1,182	(209)	973
	(1,823,273)	(20,494)	(1,843,767)	(1,357,975)	(13,825)	(1,371,800)

33. Related parties

Parent company

On March 22, 2014, Bain Capital Brazil Participações S.A. (company merged into Intermédica, Interodonto and Notre Dame in November 2014) entered into a share purchase and sale agreement and other covenants with the sellers of Holdings PSBB2 and PSBB3 (companies merged into Bain Capital Brazil Participações S.A. in September 2014) and its subsidiaries Intermédica, Interodonto and Notre Dame Seguradora. As provided for in the agreement, the sellers undertake to indemnify the buyer Notre Dame Intermédica Participações S.A. for the contingencies incurred and disbursed that were not reflected in the initial transaction.

The Company signed a private instrument of transfer of indemnity with Notre Dame Intermédica, undertaking to indemnify Notre Dame Intermédica for disbursements arising from lawsuits that are the responsibility of the Company. The indemnity shall be paid within 6 years and 30 days from the date the share purchase and sale agreement and other covenants was signed. The amount recorded in line item "Other noncurrent liabilities" at March 31, 2020 was R\$ 363,630 (R\$ 320,468 at December 31, 2019).

The Company has stock options plans. At March 31, 2020, expenses related to key management personnel recognized in profit or loss amounted to R\$ 10,924 (R\$ 7,007 at March 31, 2019).

At March 31, 2020, the Company has R\$ 164 (R\$ 1,338 at December 31, 2019) receivable from Bain Capital related to expenses incurred in the process of primary and secondary offering of shares of the Company. The reimbursement will be settled within the first quarter of 2020 as agreed between the parties. The reimbursement may be settled in the second quarter of 2020, as agreed between the parties.

Consolidated

The compensation of the subsidiaries' key management personnel, comprising employees with authority and responsibility for planning, directing and controlling the activities, comprises compensation and short-term bonuses, and the amount recorded at March 31, 2020 was R\$ 16,479 (R\$ 16,387 at March 31, 2019).

The variable compensation through stock options is not included in the global compensation approved in the meeting.

Notre Dame Intermédica Participações S.A.

Notes to the individual and consolidated interim financial information

March 31, 2020 and December 31, 2019

(In thousands of reais, unless otherwise stated)

34. Commitments

The Company has real estate lease, consultancy and maintenance agreements that do not have requirements to be accounted for on the accrual basis until they become effective; in addition, these agreements are not included in the requirements of IFRS 16.

Consolidated	March 31,	
	2020	2019
Up to one year	111,191	110,171
More than one year and less than five years	444,749	436,207
More than five years	111,187	108,684
	667,127	655,062

35. Insurance coverage

The subsidiaries' policy regarding insurance takes into consideration primarily the concentration of risks and their materiality. Insurance is taken out at amounts deemed sufficient by management, considering the nature of the Company's activities.

Items	Type of coverage	Insured amount
Buildings, facilities, machinery, furniture, fixtures and inventories	Fire (including due to riots, strikes and lock-out) Thunderbolts. Explosion of any kind and falling aircrafts, electrical damage, equipment leased and assigned to third parties, RD, mobile and fixed equipment, fall of glass, fixed expenses (6 months), losses/rent payments (6 months), qualified theft/robbery of goods, windstorm, impact of vehicles up to smoke, collapse, electronic equipment, portable objects (national territory), theft of medicines.	R\$ 384,700
D&O	Civil liability - officers, managers and directors	R\$ 1.330.406
Civil liability	Civil liability - operations	R\$ 66.667
Vehicle fleet	Comprehensive, property damage, bodily injury, mobile equipment	100% FIPE table per vehicle
Employees	Group life insurance	Variável conforme faixa salarial e limite máximo R\$48.132
Guarantee insurance	Insurance on contracts with customers	R\$ 270,181

36. Events after the reporting period

a) Intention to merge Belo Dente Odontologia Ltda.

On April 1, 2020 Notre Dame Intermédica Saúde S.A. incorporated the assets and liabilities of its subsidiary Belo Dente Odontologia Ltda., as of March 31, 2020, considering that the company belongs to the Notre Dame Intermédica Group and its purpose is to streamline and unify the administrative activities and achieve operational gains and synergy.

Notre Dame Intermédica Participações S.A.

Notes to the individual and consolidated interim financial information

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(In thousands of reais, unless otherwise stated)

b) Acquisition of Ecole Serviços Médicos Ltda.

On December 17, 2019, continuing the expansion plan of the Company, a share purchase and sale agreement and other covenants was signed for the acquisition of Ecole Serviços Médicos Ltda., located in the city of São Paulo, state of São Paulo.

On March 17, 2020, the Brazilian Regulatory Agency for Private Health Insurance and Plans (ANS) approved the request for taking over of share control through Official Letter 28/2020/ASSNT-DIOPE/DIRAD-DIOPE/DIOPE.

On April 13, 2020, the Notre Dame Intermédica Group concluded the acquisition of Ecole Serviços Médicos Ltda. and took control of the company. The purchase price is R\$ 49,000,

according to the closing term, with a cash payment of R\$ 37,750, with a portion withheld until May 13, 2026 in the amount of R\$11,250 to cover any contingencies arising from the period preceding the closing date as determined in a contractual clause.

a) Acquisition of LABORATÓRIO DE ANÁLISES CLÍNICAS LAB-CLIN LTDA.

On April 13, 2020, continuing the expansion plan of the Company, a share purchase and sale agreement and other covenants was signed for the acquisition of Laboratório de Análises Clínicas Lab-Clin Ltda., located in the city of Americana, state of São Paulo.

The purchase price is R\$ 7,443, the payment was made in cash in the amount of R\$ 6,800.

	Lab - Clin
Transaction amount	6,800
Net cash	643
Transaction amount	7,443

b) Regulatory Capital

On April 27, 2020, the subsidiaries Notre Dame Intermedica Saúde S.A. and Clinipam Clínica Paranaense de Assistência Médica Ltda signed up with the National Supplementary Health Agency for early use of Risk-Based Capital in calculating Regulatory Capital, pursuant to articles 14 and 15 of Normative Resolution No. 451 of March 6, 2020. With this adhesion, Regulatory Capital will become the highest value between the fixed percentage of 75% of the solvency margin and the risk-based calculation. For March 31, 2020, the Regulatory Capital calculated for both subsidiaries was equivalent to 75% of the solvency margin.
