Hapvida Participações e Investimentos S.A.

Individual and consolidated interim financial statements
March 31, 2020

Contents

Celina Guimarães Hospital - Mossoró/RN

Quarterly Results – 1st Quarter 2020

Hapvida (ex-acquisitions)

- Health and dental net enrollment grows 6.3%
- Net revenues of R$1.4 billion (+12.9%)
- MLR ex-SUS of 55.4% (-1.6 p.p.) in the quarter
- EBITDA of R$324.8 million (+8.1%)
- EBITDA margin of 22.9% (-1.0 p.p.)

Hapvida (including acquisitions)

- Health and dental net enrollment grows 59.7%
- Net revenues of R$2.1 billion (+65.4%)
- MLR ex-SUS of 57.9% (+0.9 p.p.) in 1Q20
- EBITDA of R$467.8 million (+55.7%)
- EBITDA margin of 22.5% (-1.4 p.p.)

Earnings Call
May 21st, 2020 (Thursday)
Portuguese (with simultaneous translation into English)
11am (Brazil) | 10am (US/DST)
Webcast: ri.hapvida.com.br
Phone number: Brazil: +55 (11) 3181-8565 | **USA:** +1 (412) 717-9627

MESSAGE FROM MANAGEMENT

The first quarter of the year was marked by the assumption of RN Saúde Group, which started to be included in our results in January 2020 after the fulfillment of all conditions precedent. To RN Saúde employees, doctors and nurses who are now part of the Hapvida system - welcome! The last few months were also dedicated to the expansion of our operations, with the inauguration of a new hospital in Mossoró (Rio Grande do Norte), a facility with complete urgent and emergency care services in addition to adult, neonatal and ICU beds. We continue to execute the integration plans of Grupo São Francisco and América, certain that we will achieve operational and administrative synergies in a shorter period than originally planned. We are also dedicated to planning the integration of our latest acquisitions, healthcare operator Medical located in Limeira (São Paulo) and Plamed's customer portfolio in Aracajú (Sergipe), both pending regulatory approvals.

With a continued focus on innovation, we launched in February a complete digital sales solution through the broker's app. Today, all sales of Hapvida's individual and family plans are already 100% digital. The sale is carried out entirely within the app and includes all steps, from the customer's registration to the upload of documents, with the confirmation and acceptance of the customer made through a link sent automatically. This innovation will allow us, in addition to better sales management, to reduce the time to complete the sale, eliminate forms and papers, and reduce logistics and storage costs. In this quarter, we launched an important client's app upgrade that includes, for example, pre-authorization of exams and surgeries, allowing them to take care of their health safely and without leaving home.

Hapvida continues to present above market growth in net enrollment of health beneficiaries, with an increase of 50.5% (with acquisitions) and 2.6% (ex-acquisitions) when compared to the same quarter of the previous year. The number of beneficiaries of dental plans also grew significantly, evolving 73.1% (with acquisitions) and 11.8% (ex-acquisitions). Net revenues grew 65.4% (with acquisitions) and 12.9% (ex-acquisitions). The loss ratio of Hapvida (ex-acquisitions) ex-SUS in this first quarter was 55.4%, an improvement of 1.6 p.p. even with additional costs associated with healthcare facilities that came online in the period and a reclassification of administrative expenses to losses with certain employees. The proper management of selling and administrative expenses, at 8.7% and 9.9%, respectively, made our EBITDA (ex-acquisitions) increase by 8.1% and reach R$324.8 million. EBITDA (with acquisitions) was R$ 467.8 million in the quarter, an increase of 55.7%.

The pandemic triggered significant decisions by governments and private sector entities to prevent the spread of the disease, which had a relevant impact on the economy and society. We have implemented several measures to combat the disease and mitigate the potential effects of the crisis arising from the pandemic. Measures, such as those listed below, have been periodically disclosed by the Company through notices to the market:

- We have surpassed the R$70 million mark invested in fighting the pandemic to date, including the purchase of personal protective equipment (PPE) to protect customers, doctors and nurses and ventilators.
- We monitor the occupancy rate in our hospitals daily to offer an optimal and exclusive structure to our beneficiaries. We currently have more than 3,000 hospital beds, including 854 ICU beds.
- We are providing around 2,000 medical consultations by telemedicine per day to our beneficiaries, reducing everyone's exposure to the virus. Investments in strengthening our tech infrastructure and personnel for telemedicine will permanently expand our service capacity after the pandemic period.
- When there is a medical prescription, we have adopted the early treatment of symptoms with our beneficiaries and also in patients already hospitalized in order to prevent the evolution of the disease using certain medications. Aware of the scarcity of some products on the market, Hapvida's ambulatory patients are receiving the drugs they need free of charge through a donation made by Ana Lima Foundation.
- We suspended price readjustments for 90 days for plans classified as individual or family, affinity and small businesses with up to 29 lives.
- Because we have a lot of flexibility, we are constantly relocating teams of health professionals and medical and hospital equipment to the areas with the highest incidence of the disease. For example, we have already strengthened the frontline medical staff and sent ventilators to regions where we had a high incidence of Covid-19 cases.
- We have also hired around 1,400 hospital support professionals, such as nurses, for temp positions.
- We are renegotiating all lease agreements for properties used by the Company. The benefit obtained, represented by the average rent reduction, is also being applied to the properties we rent from the real estate holding company belonging to the same controlling shareholders of Hapvida.
- We remain with a robust balance sheet to get through this period, with a high level of liquidity and low indebtedness, with approximately R$3 billion in free cash (cash, cash equivalents and Short and Long- term investments).

No relevant impacts of the pandemic on our results for the first quarter of 2020 were noticed. However, we are closely monitoring the potential impacts on our business and acting proactively to mitigate the effects caused by the spread of the virus in the country. Over these 40 years of medical and hospital management, we have built a solid, sustainable and agile business that will allow us to go through this pandemic in the most resilient way possible.

We would like to thank the Board of Directors, shareholders, medical and dental providers, brokers, business partners, employees and, in particular, our customers for the trust they have placed in us to take care of their health, especially in difficult times like these.

Jorge Pinheiro
CEO

1. INTEGRATION AND REPORTING CRITERIA

On January 3, 2020, we completed the acquisition of RN Metropolitan Ltda. (RN Saúde) after the fulfillment of all the conditions precedent, and all of its assets were integrated into our platform that same day. Consequently, RN Saúde's assets and liabilities are fully reflected on our balance sheet and cash flow.

Regarding Hapvida's consolidated financial statements for the first quarter of 2020, it includes three months of operations for Grupo São Francisco, Grupo América and RN Saúde. Consequently, Hapvida's consolidated results considers a combination of Hapvida's results added by Grupo São Francisco, América and RN Saúde for the period mentioned above.

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

As of 2019, our financial statements have been prepared in accordance with IFRS 16 / CPC 06 (R2). Therefore, in order to make this report more objective, both current and past figures will be presented in accordance with the said regulation.

2. HIGHLIGHTS

	Hapvida (ex-acquisitions)			Hapvida (including acquisitions)		
FINANCIAL HIGHLIGHTS(R$ million)	**1Q20**	**1Q19**	**Var. %**	**1Q20**	**1Q19**	**Var. %**
Net Revenue	1,418.9	1,257.0	*12.9%*	2,078.8	1,257.0	*65.4%*
Medical Costs - Cash	756.9	694.8	*8.9%*	1,160.7	694.8	*67.0%*
Total Medical Costs	855.4	726.4	*17.8%*	1,279.6	726.4	*76.2%*
Sales Expenses	123.0	118.7	*3.6%*	154.6	118.7	*30.2%*
Administrative Expenses	140.2	130.8	*7.2%*	210.1	130.8	*60.6%*
EBITDA	324.8	300.5	*8.1%*	467.8	300.5	*55.7%*
Net Income	87.1	205.4	*-57.6%*	164.6	205.4	*-19.9%*
RATIOS (% NOR)						
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	53.3%	55.3%	*-2.0 p.p.*	55.8%	55.3%	*0.5 p.p.*
Total MLR	60.3%	57.8%	*2.5 p.p.*	61.6%	57.8%	*3.8 p.p.*
Sales Expenses	8.7%	9.4%	*-0.8 p.p.*	7.4%	9.4%	*-2.0 p.p.*
Administrative Expenses[1]	9.9%	10.4%	*-0.5 p.p.*	10.1%	10.4%	*-0.3 p.p.*
EBITDA Margin	22.9%	23.9%	*-1.0 p.p.*	22.5%	23.9%	*-1.4 p.p.*
Net Margin	6.1%	16.3%	*-10.2 p.p.*	7.9%	16.3%	*-8.4 p.p.*
OPERATING HIGHLIGHTS						
Members Health and Dental (million)	**4,243**	**3,992**	***6.3%***	**6,374**	**3,992**	***59.7%***
Members Health	2,429	2,368	*2.6%*	3,564	2,368	*50.5%*
Members Dental	1,814	1,623	*11.8%*	2,810	1,623	*73.1%*
Own network service	**231**	**205**	***12.7%***	**452**	**205**	***120.5%***
Hospitals	29	26	*11.5%*	39	26	*50.0%*
Emergency Units	19	20	*-5.0%*	42	20	*110.0%*
Clinics	90	75	*20.0%*	194	75	*158.7%*
Diagnostics	93	84	*10.7%*	177	84	*110.7%*

[1] Administrative Expenses ratio, measured by dividing total administrative expenses without depreciation and amortization by net revenues.

3. QUALITY OF CARE

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

5-STAR SERVICE

The 5 star service, implemented in 2019, is an instant satisfaction survey with ratings between 1 and 5 stars carried out by our customers after each eligible interaction. This program is a valuable tool for the entire Company as it will enable us to see opportunities for improvement and recognize the best performance in serving our customers. Our hospitals, clinics, diagnostic units, walk-in emergency centers, laboratory collection points, dentistry services, preventive medicine units, telemedicine and the wellness and wel-being promotion programs (such as Nascer Bem, Viver Bem and Family Doctor) are evaluated. Throughout the program's existence, we have received almost 3 million evaluations. In the first quarter of 2020 alone, more than 730 thousand evaluations were received. The overall average for the month of March, 2020, based on 116 thousand evaluations, was 4.44.

4.44
overall average rating

Waiting time for urgent/emergency care

Hapvida has a tech platform with a system that allow us to monitor all of our units in real time 24x7. Through this tool, helped by video cameras in all of our units, service and waiting times in all walk-in emergency centers, for example, are monitored by the Company's Observation and Control Center. If the waiting time exceeds 15 minutes, the system signals the Control Center to take immediate actions to speed up the operation. In 1Q20, 75.5% of all of 1.2 million urgent and emergency consultations carried out in our hospitals and walk-in emergency services took place within 15 minutes.

75.5%
service in 15 minutes or less

Viver Bem – A VidaHap Program

Viver Bem is a wellness program for Hapvida’s beneficiaries that offers a resolutive and efficient service, aiming to reduce diabetes complications. A robot system identifies through patients’ blood tests with some alterations that indicate that they have or may have type 2 diabetes mellitus. The contact with the patient is carried out by a trained professional from our exclusive call center for the Vidahap programs. Available in Fortaleza, Recife and Salvador, is composed of doctors, nursing technicians and nutritionists specialized in the treatment of people with diabetes and aims to encourage a change in the people’s lifestyle. The program also has a management center conducted by a nursing team trained in the remote care of patients with diabetes. Until March 2020, the group of monitored patients by the program presented a very significant difference in glycated hemoglobin reduction when compared to the control group. At the end of 1Q20, around 5,000 patients were part of the program.

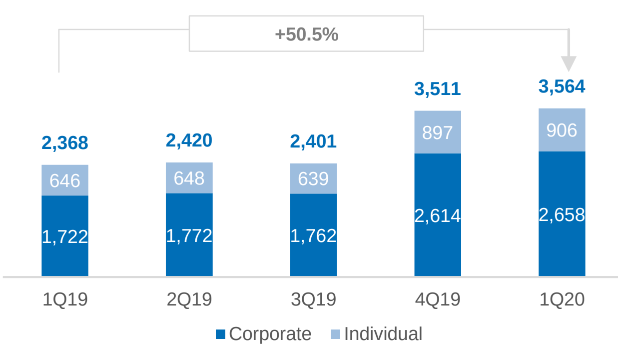
Reduction of glycated hemoglobin
125.3%
higher than control group

4. MEMBERS

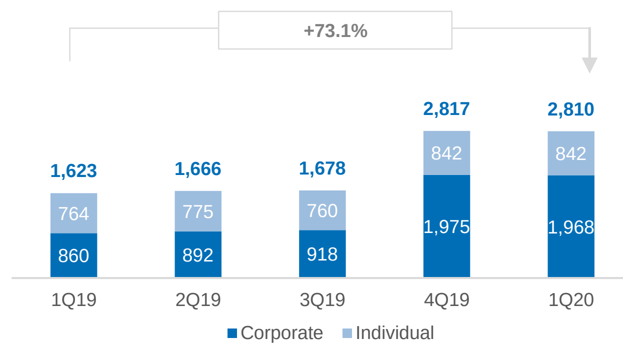
The number of health plan beneficiaries increased by 50.5% in the quarter compared to 1Q19. Inorganic growth highlights are the portfolio of 866 thousand beneficiaries (148 thousand in individual plans and 718 thousand in group plans) resulting from the acquisition of the São Francisco Group; the portfolio of 219 thousand beneficiaries (108 thousand in individual plans and 111 thousand in group plans) resulting from the acquisition of Grupo América and the portfolio of 50 thousand beneficiaries (7 thousand in individual plans and 43 thousand in group plans) resulting from the acquisition of RN Saúde.

The organic growth highlight was a net increase of 60 thousand beneficiaries in group plans, driven by the states of Santa Catarina (with the start of operations in Joinville), Ceará, Pernambuco, Amazonas and Piauí. The portfolio of individual plans was impacted by a more rigorous contracting procedure in some regions, which was implemented in order to better qualify the sale with a potential increase in contract retention.

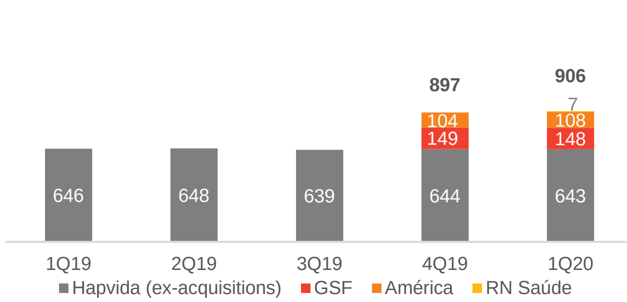
Hapvida (including acquisitions) - Members (Health)
(million)



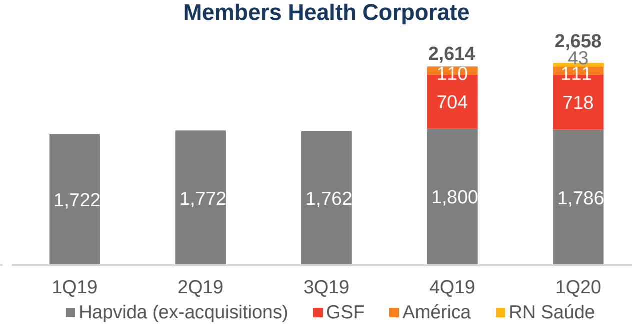
Hapvida (including acquisitions) - Members (Dental)
(million)



Members Health Individual



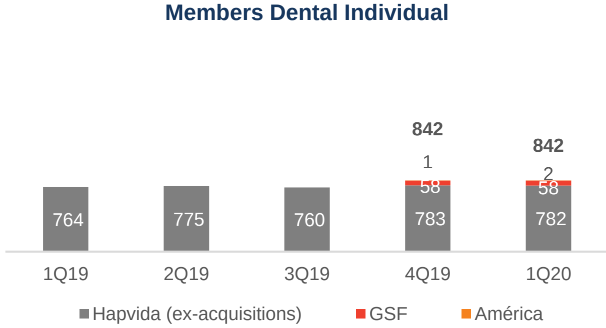
Members Health Corporate



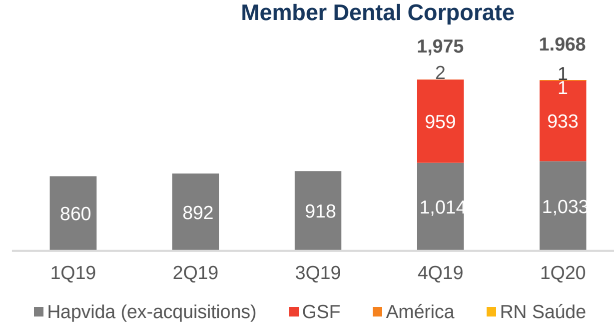
The number of dental plan beneficiaries grew by 73,1% in the quarter compared to the same period last year. A portfolio of 991 thousand beneficiaries (58 thousand in individual plans and 933 thousand in group plans) came with the acquisition of São Francisco, a portfolio of around 3 thousand beneficiaries (2 thousand in individual plans and 1 thousand in group plans) with the acquisition of Grupo América and 849 beneficiaries in group plans with the acquisition of RN Saúde.

As for organic growth in Hapvida (ex-acquisitions), there was a net increase of 18 thousand beneficiaries in individual plans and 173 thousand beneficiaries in group plans. Growth was concentrated in the states of Ceará, Pernambuco, Amazonas, Bahia and in Federal District.

Members Dental Individual

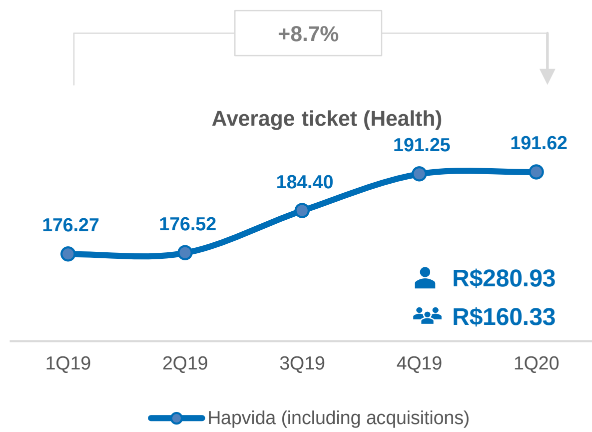


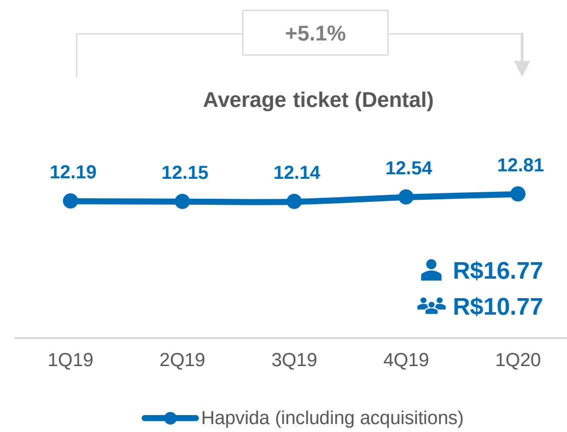
Member Dental Corporate



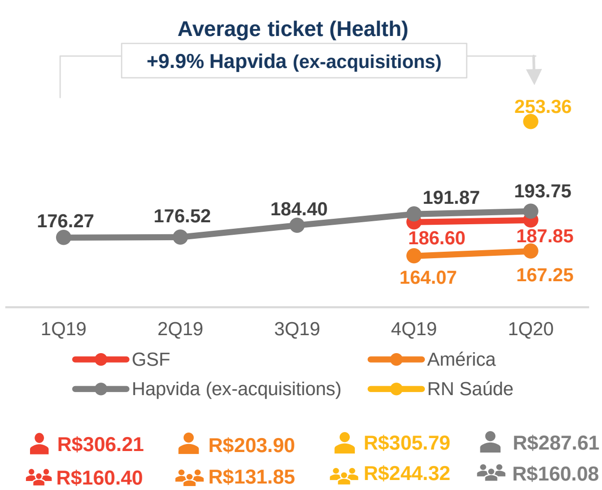
5. AVERAGE TICKET

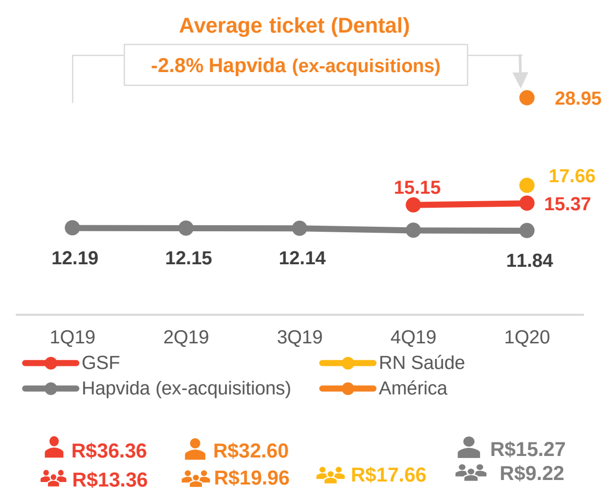
Hapvida's consolidated average ticket for the health segment (including acquisitions) grew 8.7% compared to 1Q19, mainly due to the price readjustments of existing corporate contracts and new sales, in addition to the entry of RN Saúde, with a higher average ticket. Hapvida's consolidated average ticket for the dental segment (including acquisitions) grew 5.1% compared to 1Q19, mainly due to the higher average ticket from the acquired companies.





Hapvida's (ex-acquisitions) average ticket grew by 9.9% compared to 1Q19, mainly due to price adjustments in existing contracts and new sales.

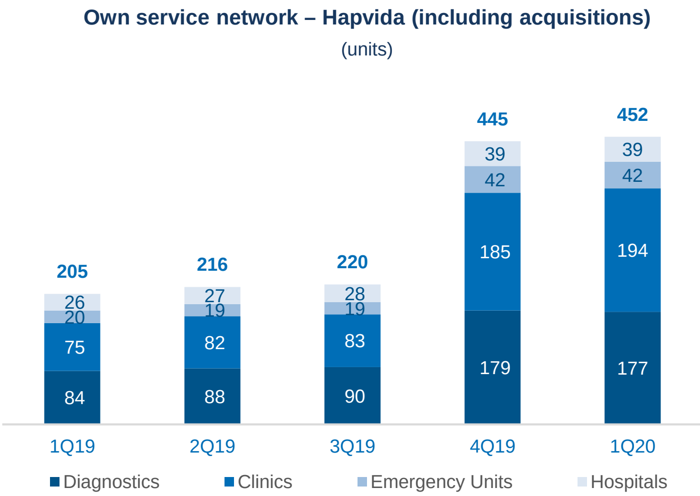


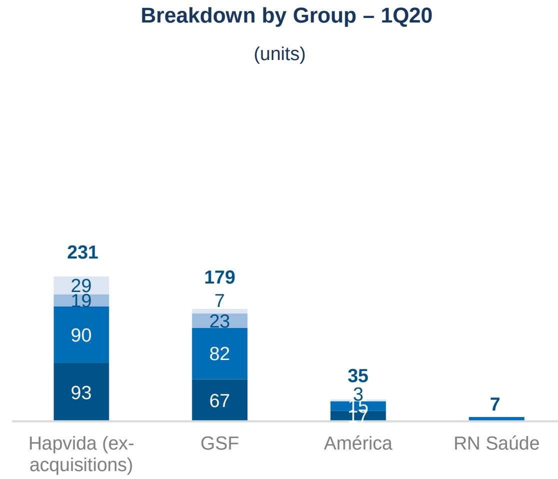


In the dental segment, the average Hapvida (ex-acquisitions) ticket decreased by 2.8% compared to the same period last year, mainly due to the net addition of 18 thousand lives in individual plans and 173 thousand lives in collective plans, the latter with a concentration in the *Mais Odonto Urgente* type of plan (urgent dental care only) that has a lower average ticket.

6. OWN SERVICE NETWORK

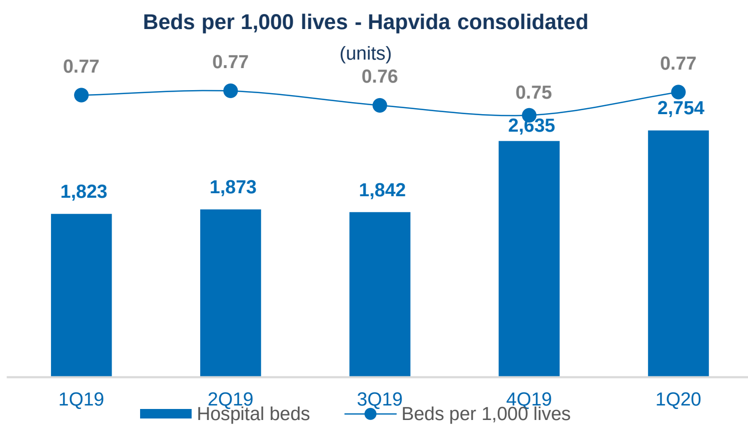
Hapvida continues to expand its own network through the inauguration of new units, expansion and remodeling of existing ones. We remain focused on our strategy of increasing verticalization levels to guarantee the quality of care, cost efficiency, better control losses and frequency of utilization (usage).





Including assets from acquired companies, the Company ended 4Q19 with 39 hospitals, 42 emergency care units, 194 clinics and 177 diagnostic imaging and laboratory collection units, thus totaling 452 service points accessible to our beneficiaries, in all five regions of Brazil.

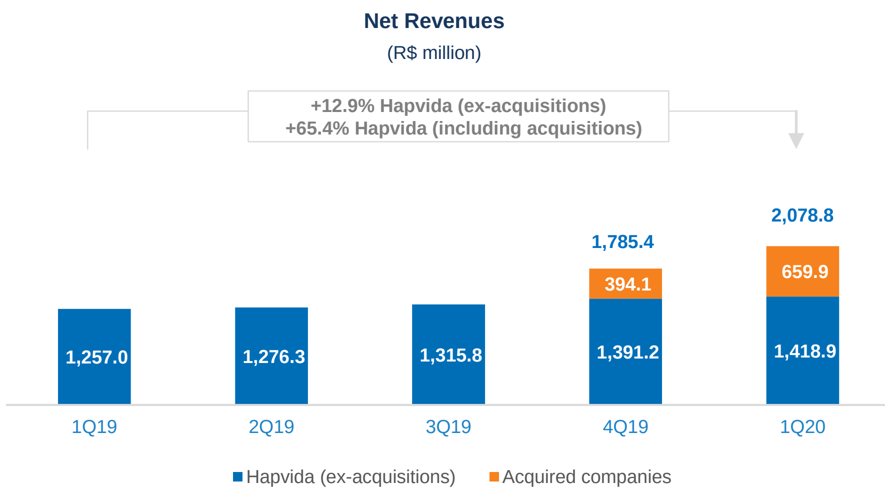
Throughout the quarter, the new hospital in Mossoró/RN, Celina Guimarães Hospital, was opened. This new unit, currently with 33 beds in operation (reaching up to 100 beds), replaced the Rodolfo Fernandes Hospital, in this same city, which was closed and will be transformed into clinic. In addition, we added 3 new medical clinics and closed 2 diagnostic imaging and laboratory collection units in the period.



The company ended 1Q20 with 2,754 hospital beds in operation, representing 0.77 bed per 1,000 beneficiaries. The increase in the number of beds in comparison to 1Q19 is mainly due to the start of the operation of 29 beds at the Joinville General Hospital (with capacity to expand to about 140 beds), 24 beds at the General Hospital Padre Cícero (in Juazeiro do Norte, Ceará), 33 beds at the Hospital das Clínicas de Parauapebas and 17 more beds in Mossoró/ RN (addition of 33 beds with the inauguration of Hospital Celina Guimarães and reduction of 16 beds with the closure of Hospital Rodolfo Fernandes). The acquisition of Groups São Francisco and América contributed with 527 and 185 hospital beds, respectively. It is important to note that the Company, in preparation for the pandemic, has been increasing beds dynamically since the end of the quarter. As of the date of this document, the Company had 3,090 beds, including 854 ICU beds.

7. NET REVENUES

In 1Q20, net revenues increased by 65.4% when compared to 1Q19, mainly influenced by: (i) R$517.7 million from Grupo São Francisco; (ii) R$105.6 million from Grupo América; (iii) R$36.7 million from RN Saúde; (iv) a net increase of 60 thousand lives in group health plans and growth of 11.8% in the number of beneficiaries with dental plans at Hapvida (ex-acquisitions); and (v) increase of 9.9% in Hapvida's average ticket of health plans (ex-acquisitions), reflecting the necessary price adjustments applied to existing contracts and sales of new contracts.



8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES

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

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

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

Composition of Total Medical Costs Hapvida (ex-acquisitions) *(R$ million)*	**1Q20**	**1Q19**	**1Q20 x 1Q19**	**4Q19**	**1Q20 x 4Q19**
Medical Costs - Cash	(756.9)	(694.8)	8.9%	(760.6)	-0.5%
Depreciation and Amortization (D&A with IFRS16)	(24.5)	(19.4)	26.3%	(23.4)	4.7%
Change in IBNR provision	(4.2)	(2.7)	52.9%	16.3	-125.6%
Change in SUS reimbursement provision	(69.8)	(9.4)	639.2%	(63,5)	9.8%
Medical Costs - Total	(855.4)	(726.4)	17.8%	(831.3)	2.9%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	**53.3%**	**55.3%**	**-2.0 p.p.**	**54.7%**	**-1.4 p.p.**
MLR ex-SUS	**55.4%**	**57.0%**	**-1.6 p.p.**	**55.2%**	**0.2 p.p.**
MLR Total	**60.3%**	**57.8%**	**2.5 p.p.**	**59.7%**	**0.6 p.p.**

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

MLR ex-SUS (ex-acquisitions), which is the ratio that better represents the quality of our operations and that excludes the variation in the SUS reimbursement provision, was 55.4% in 1Q20, a decrease of 1.6 p.p. compared to the same period of last year, positively impacted by efficiency gains from claims management initiatives and wellness promotion programs. For example, the percentage of internalization of procedures, exams, consultations, surgeries and hospitalizations in the Company increased by almost 1.3 p.p. in the period.

The MLR ratio showed a significant improvement even after a few negative impacts in the period, such as: (i) a reclassification of expenses from administrative expenses to medical claims with certain employees (R$2.3 million) in this quarter, offset by a positive effect in G&A expenses by the same amount; (ii) collective bargaining agreement and hiring of new employees (R$15.4 million); and (iii) expenses with new units, including Joinville and Parauapebas hospitals (R$15.0 million).

The total loss ratio (which includes D&A with IFRS16 and changes in IBNR provisions and reimbursement to SUS was 60.3% in 1Q20, an increase of 2.5 p.p. versus 1Q19, mainly due to a significant and extraordinary increase in the provision for SUS reimbursement (R$69.8 million in 1Q20 versus R$9.4 million in 1Q19) and an increase in depreciation due to a higher level of fixed assets owned by Hapvida (R$24.5 million in 1Q20 versus R$19.4 million in 1Q19).

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

MLR ex-SUS from acquired companies was 63.4%. Total MLR in 1Q20 (which includes D&A, changes in IBNR and in reimbursement to SUS provisions) was 64.3%. Cash MLR (which excludes all non-cash provisions) was 61.2%. All indices showed significant improvements, as a result of the successful execution of the integration plan including, for example, direct and centralized purchase of materials and medicines, medical loyalty and unification and standardization of the pre-authorization processes for medical procedures.

Composition of Total Medical Costs

Acquired companies*

(R$ million)	1Q20	4Q19	1Q20 x 4Q19
Medical Costs - Cash	(403.8)	(252.8)	59.7%
Depreciation and Amortization (D&A with IFRS16)	(8.7)	(5.2)	67.3%
Change in IBNR provision	(5.9)	(9.4)	-37.3%
Change in SUS reimbursement provision	(5.9)	(5.5)	7.2%
Medical Costs – Total	(424.2)	(272.8)	55.5%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	**61.2%**	**64.1%**	**-2.9 p.p.**
MLR ex-SUS	**63.4%**	**67.8%**	**-4.4 p.p.**
MLR Total	**64.3%**	**69.2%**	**-4.9 p.p.**

* Figures for 4Q19 refer to November and December 2019 for GSF and December 2019 for America. For 1Q20, GSF, América and RN Saúde were fully incorporated.

8.3 Medical costs and MLR – Hapvida (including acquisitions)

Composition of Total Medical Costs

Hapvida including acquisitions

(R$ million)	1Q20	1Q19	1Q20 x 1Q19	4Q19	1Q20 x 4Q19
Medical Costs - Cash	(1,160.7)	(694.8)	67.0%	(1,013.3)	14.5%
Depreciation and Amortization (D&A with IFRS16)	(33.2)	(19.4)	70.9%	(28.6)	16.1%
Change in IBNR provision	(10.1)	(2.7)	269.3%	6.9	-245.8%
Change in SUS reimbursement provision	(75.7)	(9.4)	701.3%	(69.0)	9.6%
Medical Costs – Total	(1,279.6)	(726.4)	76.2%	(1,104.1)	15.9%
Cash MLR (ex-Peona; ex-SUS; ex-D&A)	**55.8%**	**55.3%**	**0.5 p.p.**	**56.8%**	**-1.0 p.p.**
MLR ex-SUS	**57.9%**	**57.0%**	**0.9 p.p.**	**58.0%**	**-0.1 p.p.**
MLR Total	**61.6%**	**57.8%**	**3.8 p.p.**	**61.8%**	**-0.2 p.p.**

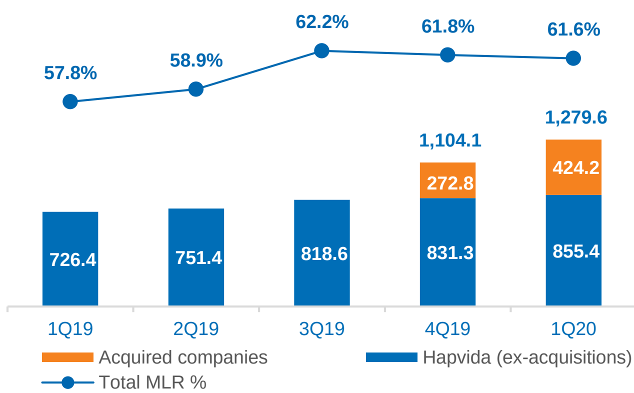
8. MLR, MEDICAL COSTS AND TECHNICAL RESERVES (continuation)

8.3 Medical costs and MLR – Hapvida (including acquisitions) (continuation)

Hapvida (including acquisitions) total MLR in 1Q20 was 61.6%, an increase of 3.8 p.p. compared to the same period last year, mainly impacted by costs arising from the acquired companies in R$403.8 million, which operate with an MLR above Hapvida's (ex-acquisitions), in addition to the impacts previously explained at Hapvida (ex-acquisitions) topic.

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

(R$ million and %)



8.4 SUS reimbursement provisions

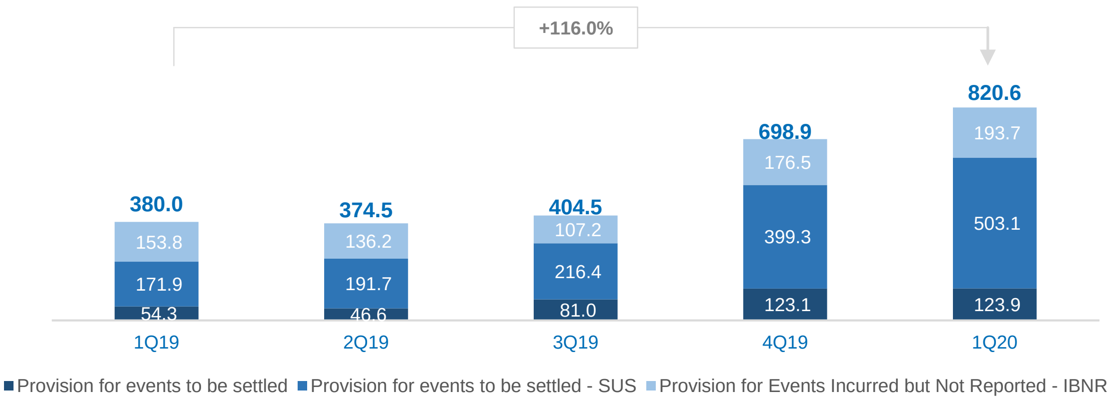
In accordance with the National Supplementary Health Agency (ANS) joint normative instruction 5, of September 30, 2011, and subsequent amendments, the Company must record in its liabilities with a corresponding entry in the results (Total Medical Costs) a provision related to the Identified Beneficiaries Notices (ABIs) face value multiplied by a percentage defined by ANS itself, which is unique for each healthcare operator and varies with each new batch of ABIs received. Subsequently, if our defense to an ABI is rejected by ANS, the Company records a supplement to the provision at the new value of the GRU (an invoice for federal taxes) generated. GRUs, when generated, include, in addition to the principal, interest charges. Moreover, unpaid GRUs are also subject to fines and additional interest for the elapsed period of time. Interest and eventual fines are being recorded in financial expenses. The total amount of interest and fines were not relevant up until 3Q19. From 4Q19 onwards, interest, monetary restatement and possible fines started to be recorded in financial expenses.

(R$ million)	**1Q20**	**1Q19**
ABIs provision	36.4	1.0
Principal charged through GRUs	33.4	7.6
Interest, monetary restatement and fines	-	0.8
Reclassification of Interest, monetary restatement and fines to Financial results	5.9	-
SUS reimbursement – Acquired companies	75.7	9.4
SUS reimbursement – Medical costs	27.1	-
Interest, monetary restatement and fines	27.1	-
SUS reimbursement – Financial results	102.8	9.4

8.5 Technical reserves for claims

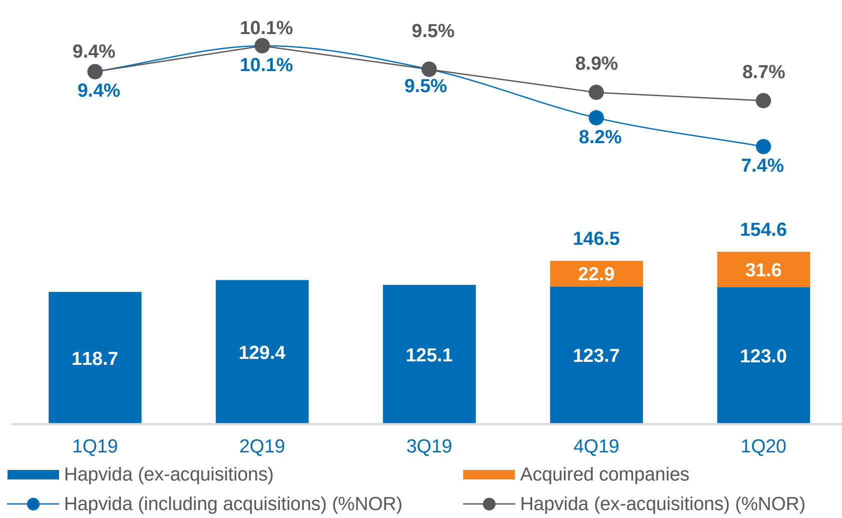
Total technical reserves for claims ended the quarter at R$820.6 million, an increase of 116.0% over 1Q19, mainly due to the balance of technical provisions transferred from the acquired companies in the amount of R$223.4 million. The balance of SUS reimbursement provisions increased by R$331.2 million, impacted by an increase in the receipt of ABIs and an acceleration of the number of ABIs transformed into GRU (invoices) in the period, as shown in the previous topic.

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



9. SELLING EXPENSES

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

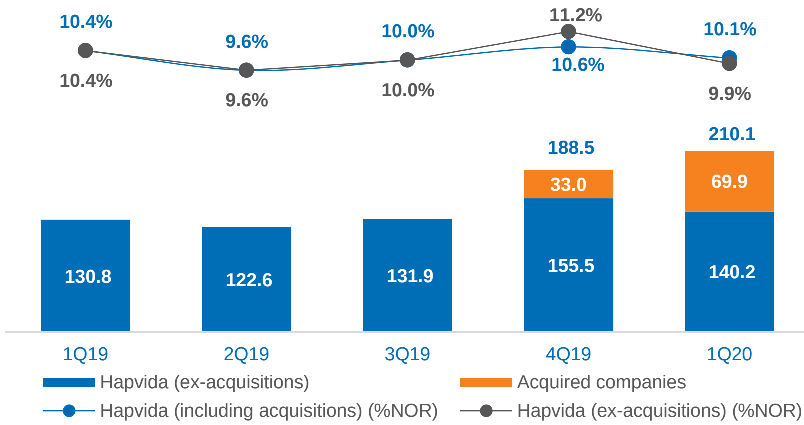


Regarding Hapvida (ex-acquisitions) numbers, the selling expenses ratio (measured by dividing total selling expenses by net revenues) was 8.7% in 1Q20, 0.7 pp less than 1Q19 due to the lower volume of new sales between the comparative periods. Hapvida's selling expense ratio (with acquisitions) was 7.4% in 1Q20. The Acquired Companies operated, until then, with a lower ratio than Hapvida (ex-acquisitions).

10. ADMINISTRATIVE EXPENSES

Administrative expenses and Administrative expenses ratio (%NOR)

(R$ million and %)

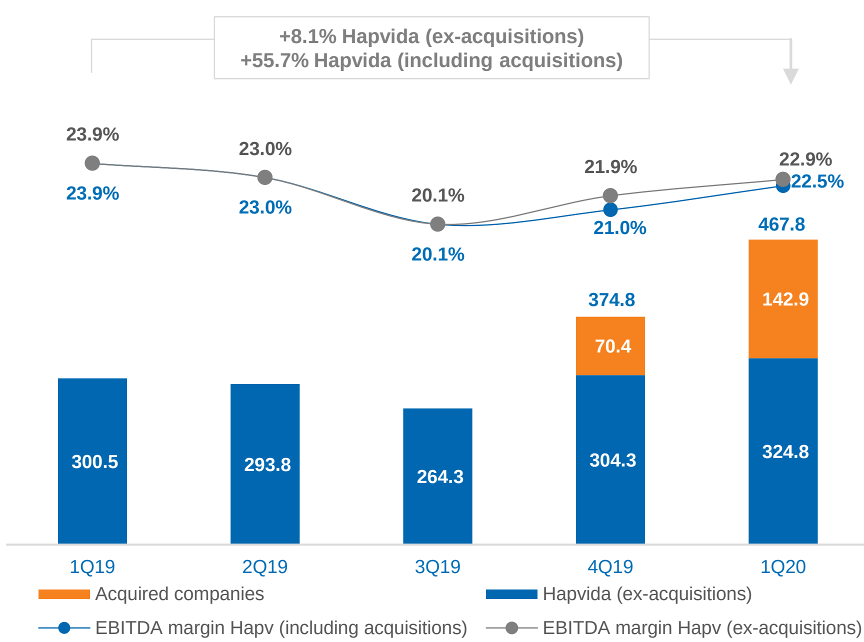


*Current and past figures are being presented without depreciation and amortization charges.

The administrative expenses ratio (measured by the ratio of total administrative expenses to net revenues) for Hapvida (ex-acquisitions) was 9.9% in 1Q20, 0.5 p.p. less than 1Q19. The ratio showed a significant improvement due to some expenses in 1Q19 that either did not repeat or were lower in 1Q20, such as: (i) supplementary health fees in 1Q19 of R$3.9 million, that did not repeat in 1Q20; (ii) R$4.0 million lower management's compensation (an increase of R$6.3 million in 1Q19 against an increase of R$2.3 million in 1Q20); (iii) collective bargaining agreement and hiring of new employees lower by R$ 3.4 million (increase of R$7.9 million in 1Q19 versus an increase of R$4.5 million in 1Q20); and (iv) amortization of acquired portfolios lower by R$1.9 million (R$4.4 million in 1Q19 versus R$2.5 million in 1Q20).

The administrative expenses ratio of Hapvida (including acquisitions) was 10.1% in 1Q20, 0.3 p.p. lower compared to the previous year, even with the entry of administrative expenses of the acquired companies in the amount of R$ 69.9 million.

11. EBITDA



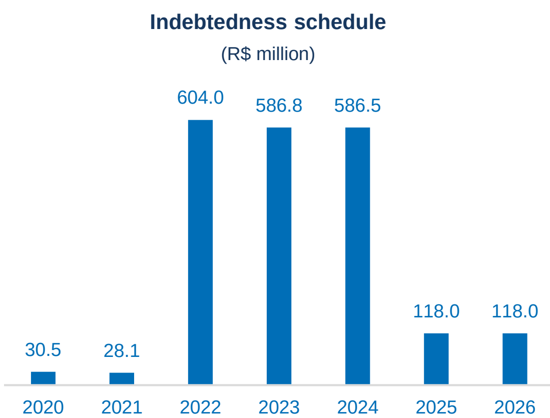
11. EBITDA (continuation)

Regarding Hapvida (ex-acquisitions), EBITDA (including IFRS 16 impact) reached R$324.8 million in 1Q20, an increase of 8.1% compared to the same period of 2019 due to the factors already explained above. EBITDA Margin in 1Q20 was 22.9%, a decrease of 1.0 p.p. versus 1Q19.

For Hapvida (including acquisitions), EBITDA (with impact of IFRS 16) reached R$467.8 million in 1Q20 with growth of 55.7% compared to the same comparative period of 2019 due to the factors already explained above. EBITDA Margin in 1Q20 was 22.5%, a decrease of 1.4 p.p. compared to 1Q19.

12. DEBT

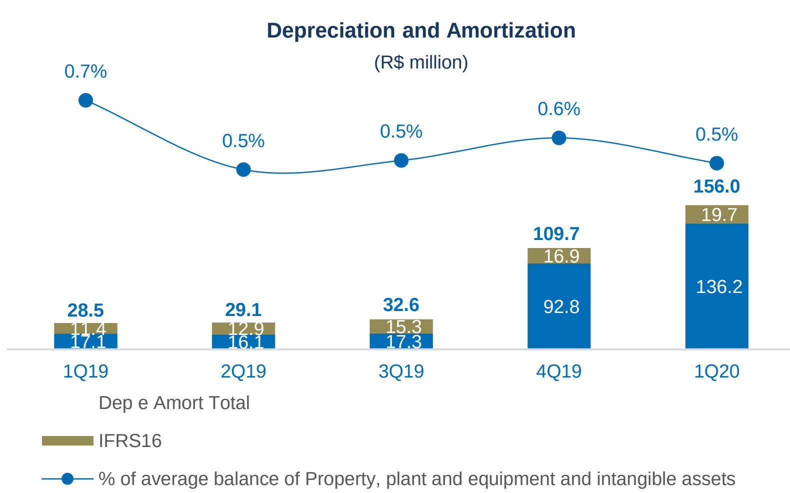
In the end of first quarter of 2020, the Company has a balance of R$ 2,014.7 million referring to the raising of its first debenture, as well as a debt balance of R$ 57.1 million from the balance sheet of the acquired companies. The chart below shows the payment schedule of the consolidated debt. The Net debt/EBITDA ratio in 1Q20 is -1.24 due to the net cash position of R$ 1.7 billion.



Net debt/ EBITDA (R$ million)	1Q20
Short-term debt*	30.5
Long-term debt*	2,041.4
Gross debt	2,071.9
(-) Cash and cash equivalentes and short-term and long-term investments (proforma)	3,805.9
Net debt	(1,734.0)
Net debt/ EBITDA LTM	(1.24)x

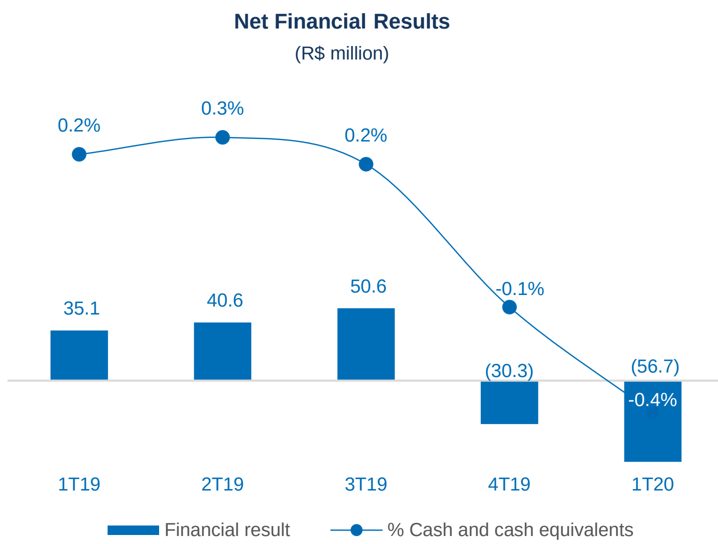
* Debt balance considers the value of debentures net of its respective transaction costs plus other financing lines.

13. DEPRECIATION AND AMORTIZATION



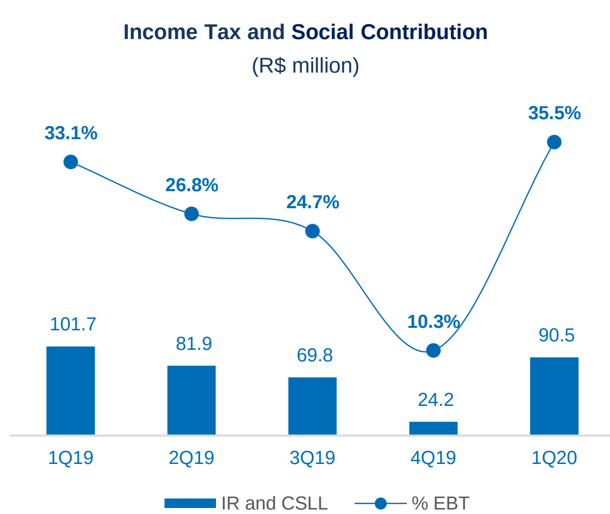
Considering IFRS16, depreciation and amortization expenses totaled R$ 156.0 million in 1Q20, equivalent to 0.5% of the average balance of the respective equity assets. This indicator was influenced by the amortization of the added value of the acquired companies (R$ 96.2 million) and by the depreciation and amortization from the acquired companies (R$ 20.7 million).

14. FINANCIAL RESULTS



Net financial result for 1Q20 was an expense of R$56.7 million influenced by: (i) the pro rata recognition of accrued interest in the amount of R$21.9 million related to the first debentures issuance; (ii) the recognition of lease interest of R$20.8 million; (iii), by financial expenses from acquired companies of R$4.9 million; and (iv) by the recognition of interest and fines totaling R$27.1 million related to SUS reimbursement.

15. INCOME TAX AND SOCIAL CONTRIBUTION



The effective income tax rate was 35.5% in 1Q20, close to the 34% nominal rate in force by current legislation, mainly due to the non-occurrence in this quarter of events that affect the tax base, such as: constitution of tax credit for the incorporation of an acquired entity (1Q19), expenses with the issue of debentures (3Q19) and declaration of interest on equity (2Q19 and 4Q19).

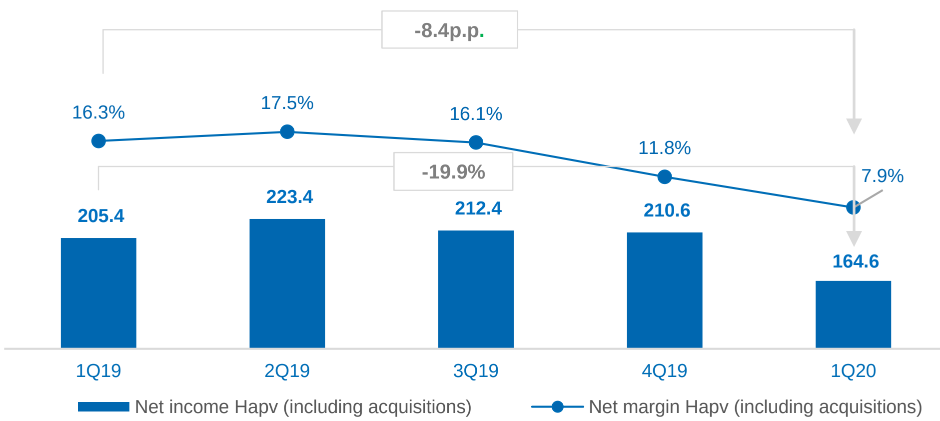
IFRS 16 does not change the effective tax base, and the mismatch between “cash” and accrued income taxes is booked as a deferred asset. The amount recognized in this quarter is R$2.1 million.

16. NET INCOME

Hapvida (including acquisitions) net income for 1Q20 totaled R$164.6 million, a decrease of 19.9% compared to 1Q19, with a 8.4 p.p. decrease in net margin, mainly impacted by higher financial expenses and higher provisions for reimbursement to SUS, in addition to non-cash items, such as the increase in depreciation and amortization that went from R$28.5 million in 1Q19 to R$156.0 million in 1Q20, including the amortization of the added value of acquired companies of R$ 96.2 million.

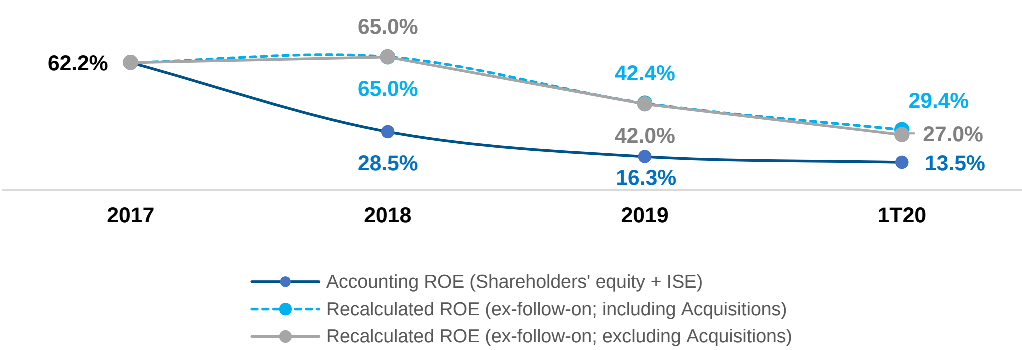
Net income and Net income margin

(R$ million and %)



17. ROE

ROE (Return on Average Equity) recalculated in the last 12 months was 29.4% at the end of 1Q20, 13.0 p.p. below 42.4% in 2019, mainly due to the full consolidation of the equity of the companies acquired at the end 2019 and partial consolidation of the results (only 2 months for Grupo São Francisco and 1 month for Grupo América) plus 1Q20, in addition to the entry of the new acquired company, RN Saúde in 1Q20. Recalculated ROE for 1Q20 excludes the amount of R$ 2.6 billion from the subsequent share offer (follow-on), which had not yet been invested until the end of this quarter.



Values in R$ million

Item	2017	2018	2019	1Q20
Net income (a) with IFRS16	650.6	788.3	851.8	811.0
Equity (including ISE)	1,308.3	3,790.4	7,481.9	7,646.5
Average equity(b)¹	1,045.8	2,770.7	5,228.4	5,999.7
ROE (LTM) (c) = (a)/(b)	**62.2%**	**28.5%**	**16.3%**	**13.5%**
Equity excluding IPO and Follow on	1,308.3	1,075.9	4,671.9	4,836.4
Average equity excluding IPO and Follow on (d)	1,045.8	1,212.9	2,009.3	2,761.4
ROE (LTM) Recalculated (e) = (a)/(d)	**62.2%**	**65.0%**	**42.4%**	**29.4%**

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

18. CASH GENERATION AND CAPEX

Free cash flow for Hapvida (ex-acquisitions) reached R$180.1 million in 1Q20, an increase of 13.2% versus 1Q19, positively impacted by higher depreciation and amortization amounts resulting from the amortization of added value of acquired companies (R$96.2 million) and by the depreciation and amortization from the acquired companies (R$20.7 million), which offset a negative impact in working capital affected by greater variation in SUS reimbursement. Free cash flow including acquisitions was R$133.4 million in 1Q20 due to the payment for the acquisition of RN Saúde. Capex resulting from additions to property, plant and equipment and intangible assets totaled R$74.3 million in 1Q20, in line with 1Q19, mainly due to investments in own network, including the new Celina Guimarães Hospital located in Rio Grande do Norte and 5 more medical clinics, 1 hospital, 1 diagnostic unit and 1 emergency care unit.

Values in R$ million

Item	1Q20	1Q19	1Q20 x 1Q19
EBIT	**311.8**	**272.0**	**14.6%**
Effective income tax rate (*)	35.5%	33.1%	**2.4 p.p**
NOPAT	**201.1**	**182.0**	**10.5%**
(+) Depreciation and amortization	156.0	28.4	**449.3%**
(+/-) Change in working capital[1]	(102.7)	24.8	**-514.1%**
(-) Cash CAPEX	(74.3)	(76.1)	**-2.4%**
Free cash flow (ex-acquisitions)	**180.1**	**159.1**	**13.2%**
(-) Companies acquisitions	(46.7)	-	**-**
Free cash flow	**133.4**	**159.1**	**-16.1%**

([1]) Includes variations: **(i)** current assets: accounts receivable, inventories, other credits and advances to suppliers and **(ii)** current liabilities: loans, suppliers, technical provisions for health care operations net of PPCNG, debts of health care operations net of prepayments, other payables and social obligations.

Statement from Directors on the individual and consolidated interim financial statements

Pursuant to subsection VI, Article 25 of CVM Instruction 480 of December 7, 2009 the Directors states that it has reviewed, discussed and agreed the Company's Interim Financial Information for the quarter ended on March 31, 2020, authorizing their conclusion as of this date.

Fortaleza, May 20, 2020.

Jorge Fontoura Pinheiro Koren de Lima
CEO

Bruno Cals de Oliveira
Chief Financial and Investor Relations Officer

Statement from Directors on the independent auditors' report on individual and consolidated interim financial statements

In conformity with sub-item V, article 25 of CVM Instruction 480 of December 7, 2009 the Directors declares that it has reviewed and discussed the content and opinion expressed in the report of the Independent Auditors on the Company’s Interim Financial Information for the quarter ended on March 31, 2020, issued on this date. The Board of Executive Officers declares that it agrees with the content and opinion expressed in the said report of the Independent Auditors on the Company’s Interim Financial Information - ITR

Fortaleza, May 20, 2020.

Jorge Fontoura Pinheiro Koren de Lima
CEO

Bruno Cals de Oliveira
Chief Financial and Investor Relations Officer

KPMG Auditores Independentes
Ed. BS Design - Avenida Desembargador Moreira, 1300
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Independent auditor´s report on the review of interim financial statements

To the Shareholders and Board Members of Management of

Hapvida Participações e Investimentos S.A.

Fortaleza - CE

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Hapvida Participações e Investimentos S.A. ("Company"), included in the Interim Financial Information Form - ITR, for the quarter ended March 31, 2020, which comprises the statement of financial position as of March 31, 2020, the statement of profit or loss and comprehensive income for the three-months period then ended, of changes in equity and cash flows for three-months period then ended, and notes to the interim financial information.

Management is responsible for the preparation of the interim financial information in accordance with Technical Pronouncement CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the presentation of this quarterly information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the interim financial Information - 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 the Brazilian and international standards on review engagements applicable to interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and in applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

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

Other matters

Interim Statements of added value

The individual and consolidated interim financial information, related to the statements of value added (DVA) for the three-months period ended March 31, 2020, prepared the under of Company's Management responsibility, presented as supplementary information for IAS 34 purposes, was submitted to review procedures performed jointly with the review of the quarterly information - the Company´s ITR. In order to form our conclusion, we assessed whether these statements are reconciled to the interim financial information and accounting records, as applicable, and whether their forms and content are in accordance with criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us believe that the accompanying statements of value added are not prepared, in all material respects, in accordance with individual company and consolidated interim financial information taken as a whole.

Fortaleza, May 20, 2020

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

Hapvida Participações e Investimentos S.A.

Statements of financial position on March 31, 2020 and 2019

(Amounts stated in thousands of Reais)

Assets	Notes	Parent company 03/31/2020	Parent company 12/31/2019	Consolidated 03/31/2020	Consolidated 12/31/2019
Cash and cash equivalents	30	2.216	1.625	497.971	224.229
Short-term investments	11	-	-	1.390.964	1.180.418
Trade accounts receivable	12	-	-	358.753	296.987
Inventories		-	-	85.958	72.704
Recoverable taxes	29.c	59.566	59.385	167.659	160.483
Dividends and interest on shareholders' equity receivable	23	86.701	86.701	-	-
Derivative financial instruments	30	-	-	3.566	-
Other assets		336	689	97.276	81.312
Deferred commission expense	13	-	-	152.092	145.169
Total current assets		148.819	148.400	2.754.239	2.161.302
Long-term investments	11	1.269.528	1.344.854	1.916.964	2.225.563
Deferred income tax	29.d	159.331	150.544	332.211	289.489
Judicial deposits	22	1.562	1.198	203.275	187.636
Deferred commission expense - Long-term	13	-	-	135.786	127.505
Derivative financial instruments	30	-	-	8.802	2.000
Other debits with related parties	14	6.028	4.638	3.576	8.135
Other long-term assets		-	-	45.888	45.881
Total long-term assets		1.436.449	1.501.234	2.646.502	2.886.209
Investments	15	8.114.458	7.928.378	-	-
Property, plant and equipment	16	10.256	10.135	2.107.161	2.100.319
Intangible assets	17	162	175	5.290.118	5.305.856
Total non-current assets		9.561.325	9.439.922	10.043.781	10.292.384
Total assets		9.710.144	9.588.322	12.798.020	12.453.686

Liabilities and equity	Notes	Parent company 03/31/2020	Parent company 12/31/2019	Consolidated 03/31/2020	Consolidated 12/31/2019
Loans and financing	18	18.227	48.234	42.230	75.038
Trade payables		298	156	112.512	95.032
Technical reserves for health care operations	20	-	-	990.784	858.143
Debts of health care operations		-	-	5.729	8.808
Payroll obligations	21	1.052	948	189.444	172.474
Taxes and contributions payable		822	17.293	119.286	152.432
Current income tax and social contribution	29.a	-	-	111.647	61.982
Dividends and interest on shareholders' equity payable	23.c	206.732	206.732	220.020	220.020
Leasing payable	19	1.189	1.078	36.487	36.866
Other debits with related parties		16.350	16.314	4.187	4.040
Other accounts payable		3.525	524	98.830	60.588
Total current liabilities		248.195	291.279	1.931.156	1.745.423
Loans and financing	18	1.996.510	1.996.260	2.029.640	2.036.955
Taxes and contributions payable		-	-	24.145	26.146
Leasing payable	19	4.849	5.197	908.047	921.945
Provision for tax, civil and labor risks	22	36.502	35.983	388.960	388.658
Other accounts payable		56	-	89.635	72.674
Total non-current liabilities		2.037.917	2.037.440	3.440.427	3.446.378
Equity	23				
Share capital		5.650.526	5.650.526	5.650.526	5.650.526
Treasury shares		(2)	(2)	(2)	(2)
Legal reserve		137.423	137.423	137.423	137.423
Capital reserve		222.917	222.917	222.917	222.917
Profit reserve		1.248.739	1.248.739	1.248.739	1.248.739
Retained earnings (loss)		164.429	-	164.429	-
Equity attributable to controlling shareholders		7.424.032	7.259.603	7.424.032	7.259.603
Non-controlling interest		-	-	2.405	2.282
Total equity		7.424.032	7.259.603	7.426.437	7.261.885
Total liabilities and equity		9.710.144	9.588.322	12.798.020	12.453.686

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

Hapvida Participações e Investimentos S.A.

Statement of profit or loss

Periods ended March 31, 2020 and March 31, 2019

(Amounts stated in thousands of Reais)

		Parent company		Consolidated	
	Notes	**03/31/2020**	**12/31/2019**	**03/31/2020**	**12/31/2019**
Net operating revenue	24	-	-	2.078.788	1.257.000
Costs of services rendered	25	-	-	(1.279.595)	(726.411)
Gross income		-	-	799.193	530.589
Sales expenses	26	(264)	(14)	(154.569)	(118.732)
Administrative expenses	27	(9.208)	(11.213)	(333.383)	(139.279)
Equity in income of subsidiaries	15	182.703	202.976	-	-
Other net operating revenues (expenses)		(35)	-	554	(550)
Total		173.196	191.749	(487.398)	(258.561)
Income (loss) before financial income (loss) and taxes		173.196	191.749	311.795	272.028
Financial revenues	28	8.429	18.712	49.554	60.276
Finance expense	28	(25.983)	(287)	(106.244)	(25.202)
Total		(17.554)	18.425	(56.690)	35.074
Income (loss) before income tax and social contribution		155.642	210.174	255.105	307.102
Current income tax and social contribution	29.a	-	(3.011)	(133.264)	(103.032)
Deferred income tax and social contribution	29.d	8.787	(2.010)	42.722	1.324
Net earnings for the period		**164.429**	**205.153**	**164.563**	**205.394**
Attributable to					
Non-controlling interest		-	-	134	241
Owners of the Company		164.429	205.153	164.429	205.153
Earnings per share - basic and diluted		0,22	0,31	0,22	0,31

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

Hapvida Participações e Investimentos S.A.

Statements of comprehensive income

Periods ended March 31, 2020 and March 31, 2019

(Amounts stated in thousands of Reais)

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Net income for the period	164.429	205.153	164.563	205.394
Other comprehensive income	-	-	-	-
Total comprehensive income	164.429	205.153	164.563	205.394
Non-controlling interest	-	-	134	241
Owners of the Company	164.429	205.153	164.429	205.153

See the accompanying notes to the individual and consolidated interim financial statement

Hapvida Participações e Investimentos S.A.

Statements of changes in equity

Periods ended March 31, 2020 and December 31, 2019

(Amounts stated in thousands of Reais)

		Attributable to Owners of the Company								
					Profit reserves					
	Notes	**Capital**	**Treasury shares**	**Capital reserves**	**Legal reserve**	**Profit reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balances at January 01, 2019		**2.810.219**	**-**	**-**	**94.932**	**697.393**	**-**	**3.602.544**	**3.311**	**3.605.855**
Capital increase (decrease)		2.914.495	-	-	-	-	-	2.914.495	(2.512)	2.911.983
Expenditures with issuance of shares		(74.188)	-	-	-	-	-	(74.188)	-	(74.188)
Repurchase of shares		-	(2)	-	-	-	-	(2)	-	(2)
Goodwill in the issue of shares	2.2	-	-	222.917	-	-	-	222.917	-	222.917
Changes in the equity interest of subsidiaries		-	-	-	-	(2.119)	-	(2.119)	(538)	(2.657)
Income (loss) for the period	23	-	-	-	-	-	849.825	849.825	2.021	851.846
Allocations	23									
Dividends	-	-	-	-	-	(18.579)	(12.248)	(30.827)	-	(30.827)
Interest on shareholders' equity	-	-	-	-	-	-	(223.042)	(223.042)	-	(223.042)
Legal reserve	-	-	-	-	42.491	-	(42.491)	-	-	-
Profit retention		-	-	-	-	572.044	(572.044)	-	-	-
Balances at December 31, 2019		**5.650.526**	**(2)**	**222.917**	**137.423**	**1.248.739**	**-**	**7.259.603**	**2.282**	**7.261.885**
Capital decrease		-	-	-	-	-	-	-	(11)	(11)
Income (loss) for the period		-	-	-	-	-	164.429	164.429	134	164.563
Balances at March 31, 2020		**5.650.526**	**(2)**	**222.917**	**137.423**	**1.248.739**	**164.429**	**7.424.032**	**2.405**	**7.426.437**

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

Hapvida Participações e Investimentos S.A.

Statements of cash flows - Indirect method

Periods ended March 31, 2020 and March 31, 2019

(Amounts stated in thousands of Reais)

		Parent company		Consolidated	
	Notes	**03/31/2020**	**12/31/2019**	**03/31/2020**	**12/31/2019**
Cash flows from operating activities					
Net income for the period		164.429	205.153	164.563	205.394
Adjustments to reconcile net income for the period with cash generated by operating activities:					
Depreciation and amortization	16 e 17	282	343	134.989	17.081
Depreciation of right of use assets	19	274	428	20.991	11.365
Technical reserves for health care operations	20	-	-	10.165	8.581
Equity in net income of subsidiaries	15	(182.703)	(202.976)	-	-
Impairment loss on trade receivables	12	-	-	55.966	36.436
Write-off of property, plant and equipment	16	(664)	-	1.840	150
Write-off of intangible assets	17	-	-	1.346	1.180
Provision for tax, civil and labor risks	22	519	739	3.640	12.122
Earnings on short-term investments	11	(8.428)	(19.460)	(24.356)	(50.833)
Gain with derivative financial instruments		-	-	(15.098)	-
Interest and inflation adjustment of lease		95	282	20.822	17.204
Financial interest and charges from loans and financing		22.148	-	23.630	-
Exchange-rate change		-	-	14.021	-
Current income tax and social contribution		-	3.011	133.264	103.032
Deferred income tax	29	(8.787)	2.010	(42.722)	(1.324)
(Increase) decrease in asset accounts:					
Trade accounts receivable		-	-	(109.905)	(51.259)
Inventories		-	-	(12.837)	1.437
Recoverable taxes		(181)	(68)	(4.643)	(3.315)
Judicial deposits		(364)	(17)	(18.945)	(7.624)
Other assets		353	(114)	(13.814)	(22.329)
Deferred commission expense		-	-	(15.204)	1.386
Increase (decrease) in liability accounts:					
Technical reserves for health care operations		-	-	100.406	(2.404)
Debts of health care operations		-	-	(3.079)	(2.516)
Payroll obligations		104	(1.910)	15.893	(2.625)
Trade payables		142	25	17.480	1.126
Taxes and contributions payable		(16.471)	(2.277)	(36.556)	7.464
Other accounts payable		21.071	31	8.904	6.052
Net cash (invested) generated by operations		(8.181)	(14.800)	430.761	285.781
Income tax and social contribution paid		-	(2.315)	(83.599)	(46.728)
Net cash (invested) generated by operating activities		(8.181)	(17.115)	347.162	239.053
Cash flows from investment activities					
Payments to related parties		(1.354)	-	4.706	5
Acquisition of property, plant and equipment	16	-	(160)	(40.972)	(51.820)
Acquisition of intangible assets	17	-	(4)	(33.283)	(33.401)
Acquisition/disposal of investments	15	(21.391)	(18.300)	(46.729)	-
Balances attributed to the acquisition of investees	15	-	-	5.212	-
Redemption (investments) from short and long term investments		83.754	33.132	144.966	(182.224)
Net cash flow generated (invested) in investment activities		61.009	14.668	33.900	(267.440)
Cash flows from financing activities					
Receipts from related parties		-	(21)	-	-
Payment of loans and financing	18	(51.905)	-	(77.774)	-
Receipt of derivative financial instruments		-	-	4.730	-
Payment of lease	19	(332)	(588)	(34.265)	(23.062)
Non-controlling interest in an acquiree		-	-	(11)	9.000
Net cash invested in financing activities		(52.237)	(609)	(107.320)	(14.062)
Net increase (decrease) in cash and cash equivalents		591	(3.056)	273.742	(42.449)
Cash and cash equivalents at the beginning of the period		1.625	4.832	224.229	185.484
Cash and cash equivalents at the end of the period		2.216	1.776	497.971	143.035
Net increase in cash and cash equivalents		591	(3.056)	273.742	(42.449)
Non-cash transactions:					
Write-off of judicial deposits with provision for risks		-	-	(4.382)	(3.274)
Accounting effect of adopting IFRS 16		-	13.873	424	806.854

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

Hapvida Participações e Investimentos S.A.

Statements of added value

Periods ended March 31, 2020 and March 31, 2019

(Amounts stated in thousands of Reais)	Parent company		Consolidated	
	03/31/2020	12/31/2019	03/31/2020	12/31/2019
Revenues (1)	**-**	**-**	**2.102.868**	**1.275.528**
Operating revenue	-	-	2.161.008	1.311.334
Other revenues	-	-	(2.174)	630
Impairment loss on trade receivables	-	-	(55.966)	(36.436)
Inputs purchased from third parties (2)	**(7.212)**	**(2.031)**	**(1.325.710)**	**(730.148)**
Costs of services rendered	-	-	(881.965)	(458.767)
Material, energy, outsourced services and other	(7.212)	(2.031)	(443.745)	(271.381)
Gross added value (1) - (2) = (3)	**(7.212)**	**(2.031)**	**777.158**	**545.380**
Depreciation and amortization (4)	(556)	(771)	(155.980)	(28.461)
Net value added produced by the Company (3) - (4) = (5)	**(7.768)**	**(2.802)**	**621.178**	**516.919**
Added value received as transfer (6)	**191.131**	**221.688**	**49.554**	**60.413**
Equity in net income of subsidiaries	182.703	202.976	-	-
Financial revenues	8.428	18.712	49.554	60.413
Total added-value payable (5+6)	**183.363**	**218.886**	**670.732**	**577.332**
Distribution of added value	**(183.363)**	**(218.886)**	**(670.732)**	**(577.332)**
Personnel	**(4.855)**	**(8.211)**	**(254.997)**	**(173.975)**
Direct remuneration	(4.848)	(8.211)	(214.937)	(150.610)
Benefits	(7)	-	(23.874)	(12.839)
Severance Pay Fund (FGTS)	-	-	(16.186)	(10.526)
Taxes, rates and contributions	**7.972**	**(5.943)**	**(228.626)**	**(198.247)**
Federal	8.084	(5.743)	(199.900)	(174.205)
State	(57)	(117)	(86)	(117)
Municipal	(55)	(83)	(28.640)	(23.925)
Third-party capital remuneration	**(22.051)**	**421**	**(22.546)**	**284**
Interest	(22.148)	-	(20.668)	-
Rents	97	421	(1.878)	284
Remuneration of own capital	**(164.429)**	**(205.153)**	**(164.563)**	**(205.394)**
Dividends and interest on shareholders' equity	-	-	-	-
Retained earnings	(164.429)	(205.153)	(164.429)	(205.153)
Non-controlling interests in retained earnings	-	-	(134)	(241)

Notes to the individual and consolidated interim financial statements

(Amounts stated in thousands of Reais)

1 Operations

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

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

Hapvida Participações e Investimentos S.A. is directly controlled by the holding company PPAR Pinheiro Participações S.A.

2 Business combinations

2.1 Acquisition of RN Saúde

In July 2019, the Company entered into an agreement for the acquisition of RN Metropolitan Ltda. (“RN Saúde”). The acquisition was completed in January 2020, through Hapvida Assistência Médica Ltda, a subsidiary of the Company, in the amount of R$ 89,741, pursuant to the contractual provisions, as follows:

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

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

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

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

(e) R$ 10,953 to be paid to sellers up to June 2020, through the delivery of 258,316 common shares of the Company.

Assets acquired and liabilities assumed

The following are the provisional fair values of identifiable assets and liabilities at the acquisition date, obtained from the preliminary technical report prepared by independent consultants. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis considering a reasonable effort by the Company to determine such measurement considering the proximity of the acquisition date in relation to the base date of these financial statements.

	Fair value
Assets	
Cash and cash equivalents	5,212
Short-term investments	22,557
Trade accounts receivable	7,827
Inventories	417
Recoverable taxes	2,533
Other assets	2,992
Judicial deposits	1,076
Property, plant and equipment	5,486
Intangible assets	41,760
Total assets	**89,860**
Liabilities	
Technical reserves for health care operations	20,977
Payroll obligations	1,077
Taxes and contributions payable	1,408
Other accounts payable	2,283
Provision for tax, civil and labor risks	1,045
Total liabilities	**26,790**
Total identifiable net assets at fair value	**63,070**
Equity of the acquiree	21,391
Net surplus of assets	41,679
Goodwill due to expected future profitability (temporary)	26,671
Consideration	**89,741**

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

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

We describe the evaluation methods below:

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

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

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

Since the acquisition date until March 31, 2020, RN Saúde contributed consolidated net revenues of R$ 36,703 and consolidated net income of R$ 6,318 to the Company.

2.2 Acquisition of São Francisco Group

In May 2019, the Group signed the Share Purchase and Sale Agreement and Other Covenants for the acquisition of all the shares representing the share capital of GSFRP Participações S.A. ("São Francisco Group") through the subsidiary Ultra Som Serviços Médicos S.A. After conclusion of certain suspensive contractual conditions, the process was finalized on November 1, 2019. The purpose of the acquisition of GSFRP is to improve the operation of the Company and its Economic Group in the Southeast, Midwest and South regions of Brazil, by holding first-tier hospital units and a portfolio with approximately 1.8 million health and dental plan beneficiaries, expanding the service capacity of its beneficiaries and clients.

The acquisition of São Francisco Group was carried out for the amount of R$ 5,143,766, according to the following contractual provision:

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

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

(c) R$ 253,225 paid into an assigned account (Escrow Account) on November 1, 2019 (R$ 256,512 at March 31, 2020), after the monetary updating using the CDI rate. This fund is part of the acquisition price and has been highlighted in a separate account. It aims to guarantee the payment of any losses arising from contingencies whose accrual periods are prior to the closing date of the transaction. The balance of the Escrow Account, after deducting any losses incurred for the period, will be released to the sellers according to the schedule provided for in the Contract. In the initial measurement of the acquisition, no adjustments were identified on the contingent liabilities already existing in the acquired companies. However, the Company will be able to evaluate and complete said measurement for a period of up to 12 months as of the acquisition date;

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

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

Assets acquired and liabilities assumed

The following are the provisional fair values of identifiable assets and liabilities at the acquisition date, obtained from the preliminary technical report prepared by independent consultants. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis considering a reasonable effort by the Company to determine such measurement considering the proximity of the acquisition date in relation to the base date of these financial statements.

	Fair value
Assets	
Cash and cash equivalents	2,116
Short-term investments	215,691
Trade accounts receivable	274,893
Other assets	112,697
Deferred income tax	74,272
Property, plant and equipment	553,302
Intangible assets	2,862,043
Total assets	**4,095,014**
Liabilities	
Loans and financing	62,434
Trade payables	57,871
Technical reserves for health care operations	331,278
Payroll obligations	180,515
Leasing payable	87,133
Other accounts payable	126,391
Deferred taxes	8,622
Provision for tax, civil and labor risks	74,952
Total liabilities	**929,196**
Total identifiable net assets at fair value	**3,165,818**
Equity of the acquiree	315,318
Net surplus of assets	2,850,500
Goodwill due to expected future profitability (temporary)	1,977,948
Consideration	**5,143,766**

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

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

We describe the evaluation methods below:

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

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

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

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

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

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

2.3 Acquisition of América Group

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

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

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

(b) Portion retained for payment of debts and contingencies, in the amount of up to R$ 50,500 (R$ 50,576 at March 31, 2020), treated by the Company as a contingent consideration. The retained portion is part of the acquisition price and, after deducting the net debt calculated on the date of closing the acquisition, the remaining amount will be used to guarantee any contingencies arising from events prior to the closing date of the transaction. In the event of not using the remaining amount, it will be paid to the sellers as the schedule provided for in the Contract. In the initial measurement of the acquisition, no adjustments were identified on the contingent liabilities already existing in the acquired companies, but the Company will be able to evaluate and complete this measurement for a period of up to 12 months as of the acquisition date.

Assets acquired and liabilities assumed

The following are the provisional fair values of identifiable assets and liabilities at the acquisition date, obtained from the preliminary technical report prepared by independent consultants. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis considering a reasonable effort by the Company to determine such measurement considering the proximity of the acquisition date in relation to the base date of these financial statements.

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

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

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

We describe the evaluation methods below:

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

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

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

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

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

2.4 Acquisition of Maida Health Participações Societárias S.A.

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

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

Assets acquired and liabilities assumed

The following are the provisional fair values of identifiable assets and liabilities at the acquisition date, obtained from the preliminary technical report prepared by independent consultants. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis considering a reasonable effort by the Company to determine such measurement considering the proximity of the acquisition date in relation to the base date of these financial statements.

	Fair value
Assets	
Software	10,411
Contract with clients	5,386
	15,797
Liabilities	
Deferred tax liabilities	5,371
Total identifiable net assets at fair value	**10,426**
Equity of the acquiree	2,082
Goodwill due to expected future profitability (temporary)	5,387
Total compensation	**17,875**

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

Assets	**Valuation method**
Intangible asset - Agreements with Third Parties	MPEEM
Intangible assets - Software	Replacement Cost
Property, plant and equipment	Replacement Cost

We describe the evaluation methods below:

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

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

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

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

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

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

According to the Contract for the Purchase and Sale of Quotas and Other Covenants, the purchase price will be paid as follows: R$ 9,473 paid in cash, R$ 1,053 to be paid to sellers after the calculation of the net debt in the closing statement of financial position and R$ 3,000 retained by the Company to guarantee eventual contingencies of a taxable event prior to the closing that may materialize. In the event of not using the portion retained, it will be paid to the sellers as the schedule provided for in the Contract.

Assets acquired and liabilities assumed

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

2.6 Acquisition of Hospital das Clínicas de Parauapebas Ltda.

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

The acquisition was made for the amount of R$ 4,570, of which R$ 2,285 was paid in cash, R$ 1,371 will be paid to sellers after the calculation of the net debt in the closing statement of financial position, and R$ 931 will be retained by the Company to guarantee eventual contingencies of taxable events prior to the closing that may materialize. In the event of not using the portion retained, it will be paid to the sellers as the schedule provided for in the Contract.

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

3 List of subsidiaries

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

	03/31/2020		12/31/2019	
Entity	**Direct**	**Indirect**	**Direct**	**Indirect**
Hapvida Assistência Médica Ltda. (a)	99.99%	-	99.99%	-
Mais Odonto Assistência Odontológica Ltda. (h)	99.99%	-	99.99%	-
Hospital Antônio Prudente Ltda.	99.99%	-	99.99%	-
Ultra Som Serviços Médicos S.A. (b)	100%	-	100%	-
Hapvida Participações em Tecnologia Ltda	99.99%	-	99.99%	-
Maida Health Participações Societárias S.A.	-	74.99%	-	74.99%
Haptech Soluções Inteligentes Ltda.	-	74.99%	-	74.99%
Infoway Tecnologia e Gestão em Saúde Ltda	-	74.99%	-	74.99%
São Francisco Sistemas de Saúde S/E Ltda. (e)	-	99.93%	-	99.93%
São Francisco Odontologia Ltda. (c)	-	100%	-	100%
São Francisco Resgate Ltda.	-	100%	-	100%
Documenta Clínica Radiológica Ltda (d)	-	99.97%	-	99.97%
Hospital São Francisco Ltda.	-	99.93%	-	99.93%
GSF Administração de Bens Próprios Ltda.	-	100%	-	100%
Centro Avançado Oncológico Ltda.	-	100%	-	100%
SF Health Up Desenvolvimento e Consultoria em Tecnologia da Informação Ltda	-	100%	-	100%
Hemac Medicina Laboratorial e Hemoterapia	-	100%	-	100%
Laboratório Regional Ltda.	-	99.93%	-	99.93%
Laboratório Regional I Ltda.		99.93%		99.93%
Laboratório Regional II Ltda.		99.93%		99.93%
Hospital Multi Especialidades Ltda-EPP.	-	100%	-	100%
Odontológica Serviços de Saúde Oral Ltda.		100%		100%
Jardim América Saúde Ltda. (f)	-	99.99%	-	99.99%
Promed Assistência Médica Ltda.	-	99.99%	-	99.99%
Ame Planos de Saúde Ltda.	-	99.99%	-	99.99%
Hospital Jardim América Ltda. (g)	-	100%	-	100%
Hospital Promed Ltda.	-	100%	-	100%
Centro de Diagnóstico e Laboratório Santa Cecília Ltda.	-	100%	-	100%
Clínica de Oftalmologia Jardim América Ltda.	-	100%	-	100%
América Clínicas Ltda.-	-	99.99%	-	99.99%
RN Metropolitan Ltda.	-	100.00%	-	-
Exclusive Funds				
BB HAPV Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa Longo Prazo	74.36%	25.64%	58.50%	41.50%
Santander Hapvida Renda Fixa Referenciado DI Crédito Privado FIC FI	23.82%	76.18%	21.77%	78.23%
Itaú Hap Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa Crédito Privado	85.00%	15.00%	85.28%	14.72%

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

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

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

(c) São Francisco Odontologia Ltda.
Established in 1998 in the city of Ribeirão Preto, in the state of São Paulo, it is engaged in the provision of dental and administrative services, administration, advisory and implementation of exclusive operation systems for private health care plans in the dental segment, as well as the organization of courses, lectures, seminars and other events in its area of operation. São Francisco Odontologia meets the requirements of Law No. 9,656/98 and has the definitive registration with the National Health Agency (ANS) under No. 36.531-9.

(d) Documenta Clínica Radiológica Ltda.
Documenta, headquartered in Ribeirão Preto, State of São Paulo, started its activities in 1997 and is engaged in the provision of medical and hospital services in the area of imaging (radiology and diagnostic imaging), nuclear medicine, professional development training and advisory and consultancy in the same segment, and may also hold interests in other closely-held and publicly-held companies.

(e) São Francisco Sistema de Saúde S/E Ltda.
Headquartered in Ribeirão Preto - SP, it is engaged in the management, advisory, implementation and sales of individual, family and collective health care systems and plans, through its own means of operation or by contracting and/or accrediting legally qualified third parties, as well as the reimbursement of medical, dental, hospital and outpatient expenses to its beneficiaries; outpatient medical care; and the organization of courses,

lectures, seminars and other events in its area of operation. The Operator meets the requirements of Law 9,656/98 and has the definitive registration with the National Health Agency (ANS) under No. 30209-1.

(f) Jardim América Saúde Ltda.
Operadora Jardim América Saúde emerged in 2003 from the partnership of three major reference hospitals in Goiânia and Goiás. Its history started with the creation of Hospital Jardim América.

(g) Hospital e Maternidade Jardim América Ltda.
Opened in 1982, it is located in the city of Goiânia, in the state of Goiás. It currently has 82 beds, including an ICU with the structure to carry out about 4,000 consultations per month, covering about 40 specialties.

(h) Mais Odonto Assistência Odontológica Ltda.
It is primarily engaged in hiring and providing dental services. The company is inactive and its registration with ANS is canceled.

4 Preparation basis

Statement of compliance

The consolidated interim financial statements of the parent company were prepared in accordance with CPC 21 (R1) - Interim Statement with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information. ANS rules for insurance contracts are also observed when there are no conflicts with IFRS content.

The issue of individual and consolidated interim financial statements was authorized by the Board of Directors on May 20, 2020.

Segregation between current and non-current

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

5 Functional and presentation currency

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

6 Use of estimates and judgments

In the preparation of these individual and consolidated interim financial statements, management used judgments, estimates and assumptions that affect the Company’s application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

(i) Judgments

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

Note 19 - Leasing payable: to determine if the agreement has a lease, the term, renewal and classification;

Note 20 - Technical reserves for healthcare operations. Evaluation of insurance liabilities.

Note 22 - Provision for tax, civil and labor risks. Key assumptions about the likelihood and magnitude of an outflow of funds.

(ii) Uncertainties on assumptions and estimates

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

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

Note 2 - acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and the fair value of assets acquired and liabilities assumed, measured on a provisional basis.

Note 12 - Provision for impairment of accounts receivable. Recognition and provision for impairment of trade accounts receivable.

Note 13 - Deferred sales expenses. Identification of average time that clients remain in the Company’s portfolio under the same contract to determine the recognition of deferral of commissions.

Note 16 - Review of economic useful life of property, plant and equipment. Determination of estimated useful life of assets, and as a result, of the depreciation rate to be used in the calculation and book records in the income (loss) for the year.

Note 17 - Determination of estimated useful life of intangible assets, and as a result, of the amortization rate to be used in the calculation and book records in the income (loss) for the year. Intangible asset and goodwill impairment test: main assumptions regarding recoverable values, including recoverability of development costs.

Note 20 - Technical reserves for healthcare operations. Recognition and measurement of liabilities related to cost of service that was not informed yet by the service providers.

Note 22 - Provision for tax, civil and labor risks. Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of funds.

Note 29 - Deferred income tax and social contribution: availability of future taxable income against which deductible temporary differences and tax losses may be used.

(iii) Measurement at fair value

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

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

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

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

Level 1: prices quoted (not adjusted) in active markets for identical assets and liabilities.

Level 2: inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).

Level 3: inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

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

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

Note 2 - Business Combinations; and

Note 30 - Financial instruments.

7 Basis of measurement

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

8 Significant accounting policies

The accounting practices used in the preparation of these interim financial statements are the same as those adopted in the preparation of the Company's individual and consolidated annual financial statements for the year ended December 31, 2019. Thus, individual and consolidated interim financial statements should be read together with the Parent company and consolidated interim condensed annual financial statements for the year ended December 31, 2019, issued on March 25, 2020, comprising the whole set of notes.

9 New pronouncements issued, but not effective

a. IFRS 17 - Insurance Contracts

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

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

10 Operating segments

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

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

The Company has determined that the Statutory Board is the Chief Operating Decision Maker (CODM). The Group’s revenues are entirely derived from customers geographically located in Brazil and there is no customer sales concentration. In addition, all noncurrent assets are located in Brazil. The Group’s earnings do not fluctuate based on seasonality.

11 Short-term and long-term investments

			Parent Company		Consolidated	
	Monthly average remuneration	**Maturities**	**03/31/2020**	**12/31/2019**	**03/31/2020**	**12/31/2019**
Government and private bonds						
Reverse-sale-and-repurchase agreements (a)	76% CDI	Apr 2020–Jul 2020	-	-	9,335	5,717
Bank deposit certificates	100% CDI	May 2020–Dec 2020	-	-	583,625	494,697
Investment fund						
Fixed income - Collateral assets (b) (d)	20% CDI	Without maturity	-	-	755,344	661,223
Fixed income - Exclusives (c) (d)	42% CDI	Without maturity	1,022,471	-	1,472,438	1,748,247
Fixed income - Non-exclusive (d)	55% CDI	Without maturity	246,983	1,051,077	485,531	488,778
Other						
Other short and long term investments (d)	-	Without maturity	74	293,777	1,655	7,319
			1,269,528	**1,344,854**	**3,307,928**	**3,405,981**

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

(b) Fixed income investment funds - Collateral Assets: They are used as a guarantee for technical reserves of the health care companies, as detailed in Note 20.

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

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

12 Trade accounts receivable

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

	Consolidated	
	03/31/2020	**12/31/2019**
Health and dental care plans	498,131	380,166
Agreements and individuals	32,459	53,444
Other	11,317	14,624
Subtotal	541,907	448,234
Impairment loss on trade receivables	(183,154)	(151,247)
Total	358,753	296,987

Breakdown of amounts receivable by maturity age is as follows:

	Consolidated	
	03/31/2020	**12/31/2019**
Neither past due nor impaired	134,200	84,182
Overdue (days):		
Up to 30	143,485	140,582
31–60	55,067	54,719
61–90	35,121	29,562
>90	174,034	139,189
Total	541,907	448,234

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

	Consolidated	
	03/31/2020	**12/31/2019**
Balances at the beginning of the period	151,247	38,738
Acquirees	10,744	89,452
Provisions	55,966	166,968
Net write-offs (a)	(34,804)	(143,911)
Total	183,154	151,247

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

The Group has no concentration of revenue. It is worth noting that the Group's client base is not concentrated. In the period ended March 31, 2020, the major client represented 1.0% (1.6% as of December 31, 2019) of net revenue, while the 10 largest clients represented 4.9% (6.2% as of December 31, 2019) of net revenue in the same period. In the periods ended March 31, 2020 and December 31, 2019 no clients represented more than 5% in net revenue.

13 Deferred commission

	Consolidated	
	03/31/2020	**12/31/2019**
Deferred commissions with Health Care Plan - Current	152,092	145,169
Deferred commissions with health care plan - Non-current	135,786	127,505
Total operating income (expense)	287,878	272,674

Selling expenses are deferred at the weighted average time for contracts (in months) in the customer portfolio of healthcare operators, Company's subsidiaries, which is applied on the basis of the active contracts that have generated commission expenses, is as follows:

	03/31/2020	12/31/2019
Individual contracts	15–53	15–53
Collective contracts	56–112	56–112

14 Related party transactions and balances

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

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Assets				
Interest on equity receivable from subsidiaries	86,701	86,701		-
	86,701	86,701		-
Other debits with related parties				
Amounts receivable from shareholders (a)	-	-	1,421	1,421
PPAR COM Investimentos Ltda - amounts receivable (g)	-	-	1,988	1,988
Other	6,028	4,638	1,667	4,726
Total	6,028	4,638	3,576	8,135
Liabilities				
Dividends payable	14,207	14,207	27,022	27,022
Interest on equity capital	192,525	192,525	192,998	192,998
Subtotal	206,732	206,732	220,020	220,020
Other debits with related parties				
Amounts payable to individual shareholders(a)	2,517	2,517	2,552	2,552
Debts with investees (a)	12,348	12,312	-	-
Canadá Administradora de Bens Imóveis Ltda. - Purchase of property, plant and equipment	1,343	1,343	1,343	1,343
Other	142	142	292	145
Total	16,350	16,314	4,187	4,040
Leasing payable with related parties (h)	144	144	622,221	622,878
Transactions	**03/31/2020**	**12/31/2019**	**03/31/2020**	**12/31/2019**
Revenue from medical care services (d)	-	-	378	2,010
Media broadcasting expenses (c)	-	-	(326)	(1,201)
Reimbursement of shared use of goods (f)	-	-	(220)	(1,515)
Interest on leases with Canadá Administradora de Bens Imóveis Ltda (h)	(3)	(12)	(4,103)	(16,156)
Interest on leases with Fundação Ana Lima (h)	-	-	(104)	(516)
Interest on leases with Quixadá Participações Ltda (b)	-	-	(9,203)	(36,235)
	(3)	(12)	(13,578)	(53,613)

The main transactions refer to:

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

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

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

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

(e) Supporting services for the Management of the companies to carry out activities necessary for the financial, tax and legal management of the entities.

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

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

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

Remuneration of key management personnel

The Group's Management is comprised by the Board of Directors and a Statutory Executive Board of the Group. Expenses with total management remuneration were R$ 4,608 in the period ended March 31, 2020 (R$ 7,478 as of March 31, 2019).

15 Investments

(i) Parent company

a. Investees' information

	Share capital	Equity	Income (loss) for the period	Number of quotas/shares	Percentage Interest
Hapvida Assistência Médica Ltda.	921,720	1,811,449	96,625	921,720	99.99%
Ultra Som Serviços Médicos S/A (a)	5,503,589	6,190,480	79,242	676,160	100%
Hospital Antônio Prudente Ltda.	53,180	84,431	6,433	53,180	100%
Hapvida Participações em Tecnologia Ltda (d)	23,400	24,823	390	23,400	99.99%
Mais Odonto Assistência Odontológica Ltda.	3,303	3,275	29	3,303	100%

(a) In december 2019, a meeting of the partners of Ultra Som Serviços Médicos S/A approved the capital increase through the contribution of the partner Hapvida Participações S.A., as well as with the merger of shares of the investee São Francisco Participações S/A.

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

(c) In december 2019, a meeting of the shareholders of Ultra Som Serviços Médicos S/A approved the capital increase through the contribution of the partner Hapvida Participações S.A., as well as with the merger of shares of the investee São Francisco Participações S/A.

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

b. Changes

Investee	Balance of investments 12/31/2019	Equity in net income of subsidiaries	Other equity changes	Balance of investments 03/31/2020
Hapvida Assistência Médica Ltda.	1,720,633	96,625	(5,809)	1,811,449
Ultra Som Serviços Médicos S/A (d)	6,102,067	79,242	9,171	6,190,480
Hospital Antônio Prudente Ltda.	77,998	6,433	-	84,431
Hapvida Participações em Tecnologia Ltda (b)	24,434	375	14	24,823
Mais Odonto Assistência Odontológica Ltda.	3,246	28	1	3,275
	7,928,378	182,703	3,377	8,114,458

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

c. Acquisition of companies

Medical Medicina

On December 3, 2019, a binding proposal was signed for the acquisition of all shares held by members of Medical Medicina Cooperativa Assistencial from Limeira. The transaction amount was initially set at approximately R$ 294 million. The conclusion of this transaction is subject to the successful negotiation of the respective contractual acquisition instruments and their respective formalizations, as well as the appreciation and approval by the National Supplementary Health Agency (ANS). The transaction was approved by the Administrative Council for Economic Defense (CADE) in March 2020.

Plamed Planos de Assistência

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

As of the date of issuance of these individual and consolidated interim financial statements, the transactions were still being analyzed by the regulatory agencies. Thus, due to the conclusion of the negotiations, there are no effects to be reported in the individual and consolidated interim financial statements for the period March 31, 2020.

16 Property, plant and equipment

		Consolidated			
	Annual depreciation rate	**Cost**	**Accumulated depreciation**	**Net 03/31/2020**	**Net 12/31/2019**
Right of use assets	7.10%	988,369	(76,220)	912,149	932,716
Land	-	32,315	-	32,315	33,922
Real estate	4.00%	494,486	(44,343)	450,143	394,394
Vehicles	20.00%	41,265	(22,594)	18,671	18,917
IT equipment	14.70%	76,826	(37,824)	39,002	41,250
Machinery and equipment	9.70%	423,820	(167,942)	255,878	216,176
Furniture and fixtures	10.00%	95,010	(31,304)	63,706	54,283
Facilities	4.00%	291,396	(25,068)	266,328	252,043
Construction in progress	-	62,163	-	62,163	156,618
Other	-	9,076	(2,270)	6,806	-
		2,514,726	**(407,565)**	**2,107,161**	**2,100,319**

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

	Consolidated						
	12/31/2019	**Addition**	**Net write-offs**	**Depreciation**	**Transfers**	**Acquisition of companies**	**03/31/2020**
Right of use assets	932,716	1,259	(835)	(20,991)	-	-	912,149
Land	33,922	-	-	-	(1,607)	-	32,315
Real estate	394,394	24	-	(5,101)	58,851	1,975	450,143
Vehicles	18,917	39	-	(1,523)	906	332	18,671
IT equipment	41,250	4,090	(569)	(2,551)	(3,453)	235	39,002
Machinery and equipment	216,176	1,195	(96)	(3,915)	42,378	140	255,878
Furniture and fixtures	54,283	1,159	(212)	(2,037)	9,943	570	63,706
Facilities	252,043	3,602	(128)	(2,807)	11,383	2,235	266,328
Construction in progress	156,618	30,657	-	-	(125,112)	-	62,163
Other	-	206	-	(111)	6,711	-	6,806
	2,100,319	**42,231**	**(1,840)**	**(39,036)**	**-**	**5,487**	**2,107,161**

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

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

17 Intangible assets

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

		Consolidated			
	Annual amortization rate	**Cost**	**Accumulated amortization**	**Net 03/31/2020**	**Net 12/31/2019**
Customer portfolio (i)	17.18%	2,338,516	(148,370)	2,190,146	2,259,171
Software	19.14%	102,672	(26,270)	76,402	79,828
Patents and trademarks	-	383,777	-	383,777	374,878
Non-compete	11.86%	34,800	(5,626)	29,174	30,206
Goodwill due to expected future profitability	-	2,503,982	-	2,503,982	2,477,311
Other	-	115,081	(8,444)	106,637	84,462
		5,478,828	**(188,710)**	**5,290,118**	**5,305,856**

	Consolidated						
	12/31/2019	**Addition**	**Net write-offs**	**Amortization**	**Transfers**	**Acquisition of companies**	**03/31/2020**
Customer portfolio (i)	2,259,171	32,780	(1,346)	(100,459)	-	-	2,190,146
Software	79,828	1,284	-	(4,914)	-	204	76,402
Patents and trademarks	374,878	8,899	-	-	-	-	383,777
Non-compete	30,206	-	-	(1,032)	-	-	29,174
Goodwill due to expected future profitability	2,477,311	26,671	-	-	-	-	2,503,982
Other	84,462	32,714	-	(10,539)	-	-	106,637
	5,305,856	**102,348**	**(1,346)**	**(116,944)**	**-**	**204**	**5,290,118**

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

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

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

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

	03/31/2020					
	San Francisco group	América Group	RN Saúde	Ultrasom	MAIDA	Total
Book value - Goodwill	1,977,948	356,884	26,671	137,092	5,387	2,503,982
Book value - Brands	359,943	13,204	8,899	1,731	-	383,777

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

As of March 31, 2020, we assessed the impairment indications of these assets and concluded that there is no evidence of impairment.

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

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

18 Loans, financing and debentures

a. Breakdown - Loans, financing and debentures

			Parent company		Consolidated	
Type	**Maturity**	**Interest rate**	**03/31/2020**	**12/31/2019**	**03/31/2020**	**12/31/2019**
Working capital	07/08/2020–11/08/2021	0,9567–3,876% p.a.	-	-	47,520	63,362
Finame	01/15/2020–07/17/2023	3.00–12.91% p.a.	-	-	3,512	4,089
Debentures	July/2024–July/2026	109–110.55% DI rate	2,014,737	2,044,494	2,014,737	2,044,494
Other	01/31/2020–06/08/2021	121.19% - DI rate	-	-	6,101	48
Total operating income (expense)			**2,014,737**	**2,044,494**	**2,071,870**	**2,111,993**
Current			**18,227**	**48,234**	**42,230**	**75,038**
Non-current			**1,996,510**	**1,996,260**	**2,029,640**	**2,036,955**

b. Changes - Loans and financing

Balances at January 1, 2019	**-**
Acquisition of companies (a)	64,637
Interest accrual	701
Interest payment	(352)
Payment of principal	(149)
Exchange-rate change	2,662
Balances at December 31, 2019	**67,499**
Interest accrual	1,482
Payment of principal	(18,640)
Interest payment	(7,229)
Exchange-rate change (b)	14,021
Balances at March 31, 2020	**57,133**

(a) Amount related to loans of companies acquired by the Company during the year ended December 31, 20219.

(b) The Company raises funds in foreign currency in the “4131” modality, bearing prefixed interest. Aiming to hedge the foreign exchange exposure of these operations, the Company contracted swaps linked to “4131” operations, duly matched with the same terms, rates and amounts.

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

The working capital credit agreements have covenants specific to the nature of the operation, which, if not fulfilled, may lead to the early maturity of the respective operations.

Such clauses, among other conditions, require that the Company and its subsidiaries do not default on their obligations; lawsuits, demands or claims outstanding or about to be filed, which, if decided against the Company, would have a detrimental effect on its financial condition or impair its ability to meet its obligations. As of March 31, 2020, the Company is complying all clauses and covenants.

As of March 31, 2020, loans and financing have the following maturity schedule:

	Consolidated	**Consolidated**
	03/31/2020	**12/31/2019**
2020	11,257	26,804
2021	28,105	21,793
2022	17,476	18,608
2023	295	294
	57,133	**67,499**

c. Changes - Debentures

Balances at January 1, 2019	**-**
Issuance	2,000,000
Issuance costs	(5,146)
Recognition of issuance costs	414
Interest accrual	49,226
Balances at December 31, 2019	**2,044,494**
Recognition of issuance costs	249
Interest accrual	21,899
Interest payment	(51,905)
Balances at March 31, 2020	**2,014,737**

In July 2019, the Company made the first issue of simple debentures, unsecured, not convertible into shares, in 2 series, with unit value of one thousand reais (R$ 1,000), totaling R$ 2,000,000, comprised of 1,764,888 debentures of the 1st series, with maturity on July 10, 2024 and 235,112 debentures of the 2nd series, maturing on July 10, 2026.

The debentures of the 1st series will be amortized in three annual installments, the first on maturing on July 10, 2022, and, the debentures of the 2nd series will be amortized in two annual installments, the first one maturing on July 10, 2025. The payment of interest is made on a half-yearly basis, with the first payment made on January 10, 2020.

Debentures have the following maturity schedule:

	Parent Company and Consolidated	**Parent Company and Consolidated**
	03/31/2020	**12/31/2019**
2020	19,221	48,234
2022	586,514	587,900
2023	586,524	586,914
2024	586,524	586,915
2025	117,977	117,268
2026	117,977	117,263
	2,014,737	**2,044,494**

Guarantees

The debentures of the 1st and 2nd series have unsecured guarantee as suretyship provided by the guarantors Hapvida Assistência Médica Ltda. and Ultra Som Serviços Médicos S.A., the Company's controlled companies, as joint and several debtors and main payers of all obligations assumed.

Covenants

The debentures issued by the Company have contractual clauses and restrictions related to advanced maturity, including, but not limited to, those that oblige the Company to keep a "financial index" higher or lower than 3.0 measure on a quarterly basis. Said financial index is composed by the net debt divided by net income (loss) for the period before the financial result, income tax and social contribution, depreciation and amortization, *stock option non-cash expenses, impairment*, non-recurring revenues or expenses, gains (losses) in the sale of assets. As of March 31, 2020, the Company is fully complying with contractual clauses and restrictions related to early maturity. On said base date, the Company's financial ratio is -1.0.

19 Leasing payable

The Company has lease agreements for Real estate rented from third parties and related parties, as well as other lease and service agreements with terms exceeding 12 months, which are recognized as leases, as required by IFRS 16.

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Balance at the beginning of the period	**6,275**	**-**	**958,811**	**-**
Acquisitions of companies	-	-	-	**100,235**
Initial adoption	-	2,731	-	806,425
New contracts	-	3,807	-	31,575
Remeasurements	-	206	(834)	54,698
Interest accrual	95	223	20,822	74,092
Payments	(332)	(692)	(34,265)	(108,214)
Balance at the end of the period	**6,038**	**6,275**	**944,534**	**958,811**

Below we detail future payments of lease agreement considerations:

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
2020	1,217	1,549	100,531	105,434
2021	1,535	1,535	126,003	101,631
2022	1,535	1,535	116,181	96,202
2023	1,382	1,382	107,245	91,562
2024	1,128	1,128	100,162	88,086
>2025	687	687	2,020,788	1,998,034
Total minimum payments of lease	**7,484**	**7,816**	**2,570,910**	**2,480,949**
Less total interest	(1,446)	(1,541)	(1,626,376)	(1,522,138)
Present value of minimum payments of lease	**6,038**	**6,275**	**944,534**	**958,811**
Current balance	1,189	1,078	36,487	36,866
Non-current balance	**4,849**	**5,197**	**908,047**	**921,945**

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

20 Technical reserves for health care operations

	Consolidated	
	03/31/2020	**12/31/2019**
Unearned premium reserve - UPR (a)	168,660	157,889
Outstanding SUS claims reserve (c)	503,061	399,283
Outstanding claims reserve (b)	123,900	123,075
Incurred but Not Reported claims - IBNR (d)	193,685	176,531
Other provisions	1,478	1,365
Total	990,784	858,143

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

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

(c) The Group records events referring to reimbursement of medical expenses to SUS in this account, including the collection notifications already sent and an estimate of future notifications that are under analysis, calculated according to its own methodology, based on a lower court decision obtained referring to proceeding 1008684-13.2020.4.01.3400.

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

Healthcare operators, subsidiaries of the Company, issue health insurance and dental assistance contracts in which they assume insurance risks, which include the frequency of use and cost fluctuations.

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

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

The technical provisions represent the calculation of the expected risks related to the healthcare operations of Group operators, which is subject to the mandatory maintenance of collateral assets (described below in section "ii" of this note) intended to cover such risks, established by ANS Regulatory Instruction No. 442/18, and subsequent amendments, as described below:

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

The calculated solvency is measured at the individual operator level. As shown in the following table, the Group is in compliance with regulation in all periods presented:

	03/31/2020
Adjusted equity (PLA)	1,907,886
Solvency margin required (SM)	1,294,344
Sufficiency calculation	613,542

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

As shown in the following table, the Group is in compliance with regulation in all periods presented:

	03/31/2020
Required collateral assets	686,339
Pledged financial investments (see Note 11)	755,344
Other restricted assets	1,975
Effective collateral assets	757,319
Sufficiency	70,980

Changes in technical provisions

	UPR	**Outstanding SUS claims reserve**	**Outstanding claims reserve**	**IBNR**	**Other provisions**	**Total**
Balances at 01/01/2019	36,537	162,463	58,028	151,097	-	408,125
Provisions	5,949,861	122,927	2,077,416	12,570	10	8,162,784
Acquisitions of companies	48,653	67,516	85,425	76,265	1,355	279,214
Reversals	(5,877,162)	-	-	(63,401)	-	(5,940,563)
Restatements	-	48,421	-	-	-	48,421
Settlements	-	(2,044)	(2,097,794)	-	-	(2,099,838)
Balances at 12/31/2019	157,889	399,283	123,075	176,531	1,365	858,143
Provisions	2,121,291	75,661	789,450	10,593	113	2,997,108
Acquisitions of companies	1,401	4,736	7,758	7,102	-	20,997
Reversals	(2,111,921)	-	-	(541)	-	(2,112,462)
Restatements	-	27,120	-	-	-	27,120
Settlements	-	(3,739)	(796,383)	-	-	(800,122)
Balances at 03/31/2020	168,660	503,061	123,900	193,685	1,478	990,784

21 Payroll obligations

	Parent company		**Consolidated**	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Payroll payable	1,002	-	54,283	11,920
Provision for vacation pay and year-end bonus	-	-	117,824	147,211
Other payroll obligations	50	948	17,337	13,343
Total	1,052	948	189,444	172,474

22 Provision for tax, civil and labor risks

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

The Company record provisions for all proceedings, classified as probable risk of loss.

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Provision for tax lawsuits	36,499	35,954	247,521	249,756
Provision for civil risk	3	3	87,239	87,353
Provision for labor risk	-	26	54,200	51,549
Total operating income (expense)	36,502	35,983	388,960	388,658

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

Provision for tax, civil and labor risks	**Parent company**
Balances at January 1, 2019	**34,890**
Provisions	1,093
Balances at December 31, 2019	**35,983**
Provisions	934
Reversals	(415)
Balances at March 31, 2020	**36,502**

	Consolidated			
	Civil	**Labor**	**Tax**	**Total**
Balances at January 1, 2019	**66,338**	**25,779**	**171,324**	**263,441**
Provisions	40,686	13,807	35,261	89,754
Acquisitions of companies	23,788	21,563	50,829	96,180
Reversals	(9,421)	(4,960)	(3,111)	(17,492)
Write-offs	(33,758)	(4,920)	(4,547)	(43,225)
Transfers	(280)	280	-	-
Balances at December 31, 2019	**87,353**	**51,549**	**249,756**	**388,658**
Provisions	3,116	3,119	3,480	9,715
Acquisitions of companies	427	19	599	1,045
Reversals	(468)	(437)	(5,171)	(6,076)
Write-offs	(2,982)	(113)	(1,287)	(4,382)
Transfers	(207)	63	144	-
Balances at March 31, 2020	**87,239**	**54,200**	**247,521**	**388,960**

Risks with probable loss forecast:

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

(i) Provisions for civil lawsuits and proceedings

Theme: Contractual Grace Period - Lawsuits filed by beneficiaries seeking to obtain health care coverage from the health care plan without proper compliance with the grace periods. In this scenario, many court decisions are made disregarding the applicable legislation, without due obedience to the grace periods provided by law and/or contracts. The Company and its subsidiaries have provisioned the amount of **R$ 11,326 (R$ 10,887 as of December 31, 2019).**

Theme: Legal and/or Contractual Coverage Exclusion - Civil proceedings filed by beneficiaries seeking to obtain coverage for services not covered by law or contract, such as: medical procedures not provided for in the ANS list, aesthetic and experimental procedures outside the mandatory list, such as aesthetic treatments, and home care service. In this scenario, many judicial decisions are made in non-compliance with the applicable legislation, without due obedience to the care limits defined by law and/or contracts. The Company and its subsidiaries have provisioned the amount of **R$ 16,513 (R$ 16,223 as of December 31, 2019).**

Theme: Indemnity lawsuits - Medical Acts - Civil proceedings filed by beneficiaries seeking compensation for damages suffered by allegedly inadequate medical conduct. In such cases, the beneficiaries seek to assign joint liability to the Group for the medical act practiced by their accredited professionals. The Company and its subsidiaries have provisioned the amount of **R$ 15,335 (R$ 15,652 as of December 31, 2019).**

Theme: Debts with Providers in General - Civil lawsuits filed by service providers, seeking to obtain payment of amounts supposedly owed by the Group on several grounds, such as: improper charge from hospitals, contractual rescissions, etc. The Company and its subsidiaries have provisioned the amount of **R$ 11,129 (R$ 10,502 as of December 31, 2019)**.

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

(ii) Provisions for labor lawsuits and proceedings

- **Theme: Acknowledgment of employment relationship -** Labor lawsuits filed by service providers, seeking to obtain recognition of an alleged employment relationship maintained with the Group, even without the presence of the typical assumptions of an employment relationship. In this scenario, we can give the following examples: physicians, radiology technicians, physiotherapists, phonoaudiologists etc. The Company and its subsidiaries have provisioned the amount of **R$ 23,743 (R$ 23,729 as of December 31, 2019)**.

- **Theme: Labor amounts and severance pay -** Labor lawsuits individually or jointly filed by former employees or employees, who claim the receipt of labor amounts and severance pay related to the period in which they worked for the Company and its subsidiaries, including: overtime, additional pays related to health hazard and night work allowances, salary equalization, deviation and accumulation of functions, fines provided for in articles 467 and 477 of the Brazilian Labor Code (CLT), etc. The Company and its subsidiaries have provisioned the amount of **R$ 25,710 (R$ 27,268 as of December 31, 2019).**

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

(iii) Provisions for tax lawsuits and proceedings

Theme: ANS administrative fines/ reimbursement to SUS (regulatory aspects) - Administrative proceedings and tax foreclosures filed by ANS, in which administrative fines are charged due to alleged noncompliance with the norms regulating the activity of health plan providers, and amounts related to reimbursement to Unified Health System (SUS), resulting from the attendance of beneficiaries of the Group in the public network and in the SUS, based on article 32 of law 9656/98. In relation to the theme presented herein, the Company and its subsidiaries have provisioned the amount of **R$ 92,498 (R$ 91,767 as of December 31, 2019)**, to support probable losses arising from lawsuits, and the amount of **R$ 76,085 (R$ 78,215 as of December 31, 2019)** to cover probable losses arising from administrative claims.

Theme: Tax on Services (ISS) – This contingency derives from administrative and legal proceedings filed by Municipal Finance Departments through which tax on services allegedly owed by the Company and/or its subsidiaries is collected as a result of their operating activities. The Company and its subsidiaries have provisioned the amount of **R$ 5,734 (R$ 5,734 as of December 31, 2019)**.

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

Risks with possible loss forecast:

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

We present below the composition of the amounts of risk arising from judicial and administrative proceedings, classified with a possible risk of loss, in which the Company and/or its subsidiaries are party, related to the period ended March 31, 2020 and December 31, 2019:

	Parent company		**Consolidated**	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Tax (iii)	2,682	2,682	655,220	643,015
Civil (i)	50	50	299,931	288,911
Labor (ii)	3,283	3,283	232,643	229,437
Total operating income (expense)	6,015	6,015	1,187,794	1,161,363

(i) Contingent liabilities for civil lawsuits and proceedings

- **Theme: Contractual Grace Period -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 11,746 (R$ 10,547 as of December 31, 2019)**, related to civil, judicial and administrative proceedings, classified as possible loss risk.

- **Theme: Indemnity lawsuits - Medical Acts -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 31,346 (R$ 28,897 as of December 31, 2019)**, related to civil lawsuits, lawsuits and proceedings, classified as possible loss risk.

- **Theme: Indemnity lawsuits - Medical Acts -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 218,127 (R$ 210,804 as of December 31, 2019)**, related to civil lawsuits, lawsuits and proceedings, classified as possible loss risk.

- **Theme: Debts with Providers in General -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 38,712 (R$ 38,663 as of December 31, 2019)**, related to civil, judicial and administrative proceedings, classified as possible loss risk.

(ii) Contingent liabilities for lawsuits and labor lawsuits

- **Theme: Recognition of employment relationship -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 52,504 (R$ 49,747 as of December 31, 2019)**, related to labor lawsuits and proceedings, classified as possible loss risk.

- **Theme: Labor and Severance Charges -** In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 35,982 (R$ 35,999 as of December 31, 2019)**, related to labor lawsuits and proceedings, classified as possible loss risk.

- **Theme: Assessment Notices / NDFC / NFGC / NFRC -** The contingency currently addressed arises from Assessment Notices and Debt/Tax Notices related to the Employee Government Severance Fund (FGTS) filed against the Company and its subsidiaries claiming administrative fines and FGTS payments arising from alleged violations of the legal rules governing labor and employment relationships. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 144,157 (R$ 143,691 as of December 31, 2019)**, related to labor lawsuits, classified as possible loss risk.

(iii) Contingent liabilities for lawsuits and tax lawsuits

Theme: ANS Administrative Fines/Reimbursement to SUS - In relation to the theme presented, the Group presented a contingent liability of **R$ 162,416 (R$ 154,380 as of December 31, 2019)**, related to regulatory proceedings and **R$ 31,901 (R$ 27,410 as of December 31, 2019)**, related to administrative proceedings of regulatory nature, classified as possible loss risk.

Theme: Tax foreclosures - Service Tax (ISS) - In relation to the theme presented, the Group presented a contingent liability of **R$ 125,619 (R$ 125,619 as of December 31, 2019)**, related to tax lawsuits and proceedings, classified as possible loss risk.
Theme: Tax foreclosures - Business Succession - The contingency herein refers to tax foreclosures originally filed against other health care companies, in which the National Treasury requested the redirection to the Group, on the grounds of alleged business succession arising from operations of disposal of the portfolio of beneficiaries. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 144,200 (R$ 118,490 as of December 31, 2019)**, related to tax lawsuits and proceedings, classified as possible loss risk.

Theme: Social Security Matters - The contingency herein mainly results from tax notices of violation filed against the Group for tax credits due to alleged irregularities or lack payment of social security contributions, among other social security matters. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of **R$ 222,985 (R$ 217,116 as of December 31, 2019)**, related to tax lawsuits and proceedings, classified as possible loss risk.

Judicial deposits

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

	Parent company		Consolidated	
	03/31/2020	**12/31/2019**	**03/31/2020**	**12/31/2019**
Tax judicial deposits	1	-	147,921	129,041
Civil judicial deposits	1,413	1,049	44,955	46,985
Labor judicial deposits	148	149	10,399	11,610
Total operating income (expense)	1,562	1,198	203,275	187,636

23 Equity

a. Share capital

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

	03/31/2020	**12/31/2019**
Number of shares	742,985,906	742,985,906
Share capital	5,825,522	5,825,522
Costs with issuance of shares	(174,996)	(174,996)
	5,650,526	**5,650,526**

b. Legal reserve

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

c. Dividends

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

Balance of dividends and interest on shareholders' equity as of January 1, 2019	184,513
Dividends proposed on December 31, 2019 - minority shareholders	7,616
Dividends proposed on December 31, 2019 - owners of the company	23,210
Interest on shareholders' equity proposed to minority shareholders, net of corporate income tax (i and ii)	51,738
Interest on shareholders' equity proposed to the controlling shareholder, net of withholding corporate income tax (i and ii)	140,788
Dividends payable from investments acquired	4,887
Dividends and interest on shareholders' equity effectively paid in the period	(192,732)
Balance of dividends and interest on shareholders' equity as of December 31, 2019	220,020
Balance of dividends and interest on shareholders' equity as of March 31, 2020	220,020

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

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

d. Earnings per share

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

The calculation of diluted earnings per share was based on net income attributed to common shareholders and the weighted average of common shares outstanding after adjustments for all potential dilutive common shares.

	03/31/2020	**03/31/2019**
Net income attributable to the Company (R$ thousand)	164,429	205,153
Net income attributable to controlling shareholders (In thousands of Reais)	164,429	205,153
Weighted average number of shares (thousands of shares)	742,986	671,959
Basic and diluted earnings per share (R$ thousand)	0.22	0.31

24 Net operating revenue

	Consolidated	
	03/31/2020	**03/31/2019**
Insurance revenue	2,111,921	1,309,576
Revenue from other activities	76,430	5,808
Deductions (a)	(109,563)	(58,384)
Total	2,078,788	1,257,000

(a) Deductions refer substantially to taxes on revenue.

25 Cost of services rendered

	Consolidated	
	03/31/2020	**03/31/2019**
Medical, hospital and other costs	(1,269,542)	(723,689)
Change in PEONA	(10,053)	(2,722)
Total	(1,279,595)	(726,411)

26 Sales expense

	Consolidated	
	03/31/2020	**03/31/2019**
Expenses on advertising and marketing	(8,716)	(10,245)
Commission expenses	(83,911)	(72,051)
Impairment loss on trade receivables (i)	(55,966)	(36,436)
Other sales expenses	(5,976)	-
Total	(154,569)	(118,732)

(i) The increase in the impairment loss on trade receivables results from the consolidation of the balances of companies acquired at the end of 2019 (São Francisco Group and América Group in October and November 2019, respectively) and at the beginning of 2020 (RN Saúde).

27 Administrative expenses

	Parent company	
	03/31/2020	**03/31/2019**
Own personnel expenses	(5,558)	(8,775)
Expenses on outsourced services	(1,351)	(550)
General services, rentals and utilities	(1,188)	(757)
Tax expense	(113)	(357)
Provision for tax, civil and labor risks	(968)	(753)
Other expense, net.	(31)	(21)
Total	(9,208)	(11,213)

	Consolidated	
	03/31/2020	**03/31/2019**

Own personnel expenses	(84,084)	(52,170)
Expenses on outsourced services	(60,823)	(20,651)
General services, rentals and utilities	(151,730)	(33,168)
Tax expense	(3,327)	(11,310)
Provision for tax, civil and labor risks	(21,296)	(19,078)
Other expense, net.	(12,123)	(2,902)
Total	(333,383)	(139,279)

28 Financial income (loss)

	Parent Company		Consolidated	
	03/31/2020	**03/31/2019**	**03/31/2020**	**03/31/2019**
Financial revenues				
Interest on investments - except Collateral Assets	8,428	18,708	19,927	49,127
Financial revenue from investments - Collateral Assets	-	-	4,429	3,770
Interest on overdue receivables	-	-	8,669	6,057
Financial revenues from derivative instruments	-	-	15,098	-
Other	1	4	1,431	1,322
	8,429	18,712	49,554	60,276
Financial expense				
Interest in Debentures	(21,899)	-	(21,899)	-
Interest on leases operations	(95)	(282)	(20,822)	(17,204)
Discounts	-	-	(6,956)	(5,481)
Bank expenses	(13)	(3)	(3,630)	(2,117)
Tax on financial income	-	-	(70)	(51)
Inflation adjustment	(32)	(2)	(28,844)	(343)
Expense on exchange rate change	-	-	(14,021)	-
Interest on loans and financing	-	-	(1,482)	-
Other	(3,944)	-	(8,521)	(6)
	(25,983)	(287)	(106,244)	(25,202)
Total	(17,554)	18,425	(56,690)	35,074

29 Income tax and social contribution

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

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

	03/31/2020	03/31/2019
Income before income tax and social contribution	255.105	307,102
Combined rates:		
IRPJ, plus the additional tax rate	25%	25%
CSLL	9%	9%

	03/31/2020		03/31/2019	
Expenses with income tax and social contribution at the statutory rate	34.00%	87,698	34.00%	104,415
Permanent differences				
Non-deductible provisions	0.37%	950	0.62%	1,908
Other additions and exclusions	0.92%	2,382	-1.52%	(4,662)
Subtotal	1.29%	3,332	-0.90%	(2,752)
Impacts of the tax on entities taxed by deemed profit (i)				
Reversal of the tax effect by the actual profit	-0.69%	(1,774)	-0.05%	(146)
Income tax and social contribution calculated at deemed profit	0.50%	1,287	0.06%	194
Subtotal	-0.19%	(488)	0.02%	48
Expense with income tax and social contribution (rate at %)	35.10%	90,542	33.12%	101,708
Current income tax and social contribution	51.67%	133,264	33,55%	103,032
Deferred income tax and social contribution	-16.56%	(42,722)	-0.43%	(1,324)
Expense with income tax and social contribution	35.10%	90,542	33.12%	101,708

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

b. Income tax and social contribution payable

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

	Consolidated	
	03/31/2020	12/31/2019
Balance at the beginning of the period	61,982	33,860
Income tax and social contribution	133,264	362,818
Balance of income tax and social contribution of acquiree	-	7,470
(-) Payments made	(83,599)	(342,166)
Balance at end of the period	111,647	61,982

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

c. Recoverable taxes

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

d. Deferred income tax and social contribution

	Parent company				
	Balance at 01/01/2019	Recognized in income (loss)	Balance at 12/31/2019	Recognized in income (loss)	Balance at 03/31/2020
Provision for tax, civil and labor risks (i)	11,863	372	12,235	176	12,411
Credit on tax loss and negative basis	55,916	80,732	136,648	8,685	145,333
Issuance cost of debentures	-	1,609	1,609	(84)	1,525

Deferred tax on right-of-use assets	-	24	24	18	42
Other tax credits	12	16	28	(8)	20
Total	**67,791**	**82,753**	**150,544**	**8,787**	**159,331**

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

	Consolidated					
	Balance at 01/01/2019	**Recognized in income (loss)**	**Acquisitions of companies**	**Balance at 12/31/2019**	**Recognized in income (loss)**	**Balance at 12/31/2019**
Provision for tax, civil and labor risks (i)	89,569	(1,202)	32,663	121,030	7,688	128,718
Impairment loss on trade receivables (i)	13,171	2,353	10,101	25,625	1,212	26,837
Deferred commissions expenses	(46,655)	(1,631)	(11,151)	(59,437)	(3,235)	(62,672)
Credit on tax loss and negative basis	55,916	101,554	-	157,470	2,357	159,827
Amortization of surplus	-	22,218	-	22,218	35,009	57,227
Deferred tax on right-of-use assets	-	7,591	-	7,591	3,420	11,011
Issuance cost of debentures	-	1,661	-	1,661	(84)	1,577
Deductible provisions	6,849	(45,747)	45,728	6,830	677	7,507
Exchange-rate change	-	-	-	-	(4,205)	(4,205)
Other tax credits	7,155	(1,604)	950	6,501	(117)	6,384
Total	**126,005**	**85,193**	**78,291**	**289,489**	**42,722**	**332,211**

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

	2022	**2023**	**2024**	**Total**
Credit on tax loss and negative basis	45,571	54,043	59,717	159,331

30 Financial instruments

(i) Fair value hierarchy

Upon measuring the fair value of an asset or liability, the Group uses observable market data whenever possible. The fair values are categorized into different levels in the hierarchy based on the inputs used in the evaluation methods as follows.

Level 1: prices quoted (not adjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: securities, for assets or liabilities, which are not based on observable market data (non-observable inputs).

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

The Group's financial instruments are presented in the following table, which contains the book value of financial assets and liabilities, including their levels in the evaluation hierarchy. The table below does not include information on the fair value of financial assets and liabilities, since the book value is a reasonable approximation of the fair value.

The Group's financial instruments detailed below are classified as Level 2.

		March 31, 2020			
		Value per level			
	Notes	**Nive1 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Cash and cash equivalents	30	-	497,971	-	497,971
Short-term investments	11	-	3,307,928	-	3,307,928
Trade accounts receivable	12	-	358,753	-	358,753
Related parties	14	-	3,576	-	3,576
Subtotal		-	4,168,228	-	4,168,228
Financial liabilities					
Loans, financing and debentures	18	-	(2,071,870)	-	(2,071,870)
Trade payables		-	(112,512)	-	(112,512)
Leasing payable	19	-	(944,534)	-	(944,534)
Related parties	14	-	(4,187)	-	(4,187)
Dividends and interest on shareholders' equity	23	-	(220,020)	-	(220,020)
Other accounts payable		-	(188,465)	-	(188,465)
Subtotal		-	(3,541,588)	-	(3,541,588)
Total		**-**	**626,640**	**-**	**626,640**

		December 31, 2019			
		Value per level			
	Notes	**Nive1 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Cash and cash equivalents		-	224,229	-	224,229
Short-term investments	11	-	3,405,981	-	3,405,981
Trade accounts receivable	12	-	296,987	-	296,987
Related parties	14	-	8,135	-	8,135
Subtotal		-	3,935,332	-	3,935,332
Financial liabilities					
Loans, financing and debentures	18	-	(2,111,993)	-	(2,111,993)
Trade payables		-	(95,032)	-	(95,032)
Leasing payable	19	-	(958,811)	-	(958,811)
Related parties	14	-	(4,040)	-	(4,040)
Dividends and interest on shareholders' equity	24	-	(220,020)	-	(220,020)
Other accounts payable		-	(133,262)	-	(133,262)
Subtotal		-	(3,523,158)	-	(3,523,158)
Total		**-**	**412,174**	**-**	**412,174**

The Company and its subsidiaries invest cash surpluses in current interest-bearing deposits, term deposits, short-term deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margin as determined by the aforementioned forecasts.

Derivative financial instruments

As of March 31, 2020, the Company has derivative financial instrument contracts (foreign exchange SWAP), used to reduce exposure to foreign currency exchange rate volatility.

Instrument	Maturity	Long position	Short position	Fair value	Notional	Amounts receivable on 03/31/2020	Amounts receivable on 12/31/2019
Foreign exchange swap	abr/22	€ + 0.9567% p.a	100% CDI	3,566	R$ 25,000	3,566	513
Foreign exchange swap	mar/22	USD + 3.876% p.a.	100% CDI+ 1.4% p.a	8,802	R$ 25,000	8,802	1,487
						12,368	2,000

(ii) Measurement of fair value

Valuation techniques and significant non-observable inputs

In note 6 we present the valuation techniques used to measure Level 2 fair values for financial instruments not measured at fair value in the Statements of Financial Position, as well as significant non-observable inputs used.

31 Risk management

Market risks

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

The Investment Policy has the following characteristics: (i) to make all investments in fixed income securities that pose low risk; (ii) to invest the majority of funds in immediate liquidity assets and a minor portion with a grace period of up to 90 days, whereas such amount is based on expectations of using funds for organic growth and acquisitions; (iii) to invest in financial instruments with an estimated gross performance of 99.5% of CDI; (iv) to invest in prime line institutions with an individual limit of 35% and up to 10% in prime line financial institutions, with an individual limit of 35% and up to 10% in second class institutions, with an individual limit of 5%; (v) fully comply with ANS regulations; (vi) holding the majority of investments until maturity.

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

Sensitivity analysis

As of March 31, 2020, the Company and its subsidiaries have the following sensitivity of its financial assets based on the change in the basic interest rate of the economy (CDI), whose impacts are projected according to the scenarios below:

	Balance at 03/31/2020	Risk	Scenario (1.83%)	Scenario (2.74%)	Probable scenario (3.65%)	Scenario (4.56%)	Scenario (5.48%)
Short-term and long-term investments							
Balance of pledged financial investments	755,344	100% CDI	13,785	20,678	27,570	34,463	41,355
Balance of investments (free)	2,552,584	100% CDI	46,585	69,877	93,169	116,462	139,754
Borrowings and financing							
Debenture - 1st series	(1,777,870)	109% CDI	(32,446)	(48,669)	(64,892)	(81,115)	(97,338)
Debenture - 2nd series	(236,867)	110.55% of CDI	(4,323)	(6,484)	(8,646)	(10,807)	(12,969)

Underwriting risk

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

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

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

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

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

Note 20 presents the technical reserves, their natures and breakdown of each obligation related to SUS, due to the particularities set forth by regulation.

Operating risk

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

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

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

Credit risks

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

Accounts receivable

Credit risk for the Company is considered as low by Management mainly for the health care company to which the monthly billings are made before services are rendered. Most of Company’s accounts receivable is related to the risk coverage period (over time). As mentioned in Note 12, 40% of accounts receivable are more than 60 days late. In addition, in order to reduce risk of having the beneficiary’s treatment costs without having been paid, the Company adopts the practice of canceling overdue plans as regulated by the National Regulatory Agency for Private Health Insurance and Plans (ANS) for the health care company.

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

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

Short and long term investments

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

			Ratings of Financial Institutions					
			Fitch (1)		Moody´s (2)		S&P (3)	
	March 31, 2020	December 31, 2019	CP	Long-term	CP	Long-term	CP	Long-term
Banco Santander S.A.	918,521	957,599	-	-	BR-1	Aaa.br	brA-1+	brAAA
Banco do Brasil S.A.	675,010	903,917	F1+	AA	BR-1	Aa1.br	-	-
Banco Itaú Unibanco S.A.	932,967	853,520	F1+	AAA	BR-1	Aa1.br	brA-1+	brAAA
Banco Bradesco S.A.	251,912	260,344	F1+	AAA	BR-1	Aa1.br	brA-1+	brAAA
Caixa Econômica Federal	211,810	229,596	F1+	AA	BR-1	Aa1.br	brA-1+	brAAA
Banco Safra S.A.	213,193	134,292	-	-	BR-1	Aa1.br	brA-1+	brAAA
Other	104,515	66,713	-	-	-	-	-	-
	3,307,928	3,405,981						

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

(2) Ratings List Brazil, published on October 1, 2019.

(3) Ratings from several Brazilian financial institutions reviewed after action on sovereign ratings; published on May 10, 2020.

Cash and cash equivalents

The Group held cash and cash equivalents in the amount of R$ 497,971 as of March 31, 2020 (R$ 224,229 as of December 31, 2019). Cash and cash equivalents are maintained with banks and financial institutions with AA- and AA+ rating, as the list disclosed by Fitch.

Liquidity risks

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

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

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

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

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

			Contractual cash flows						
	Notes	**Book value**	**2020**	**2021**	**2022**	**2023**	**2024**	**>2025**	**Total**
Financial liabilities									
Trade payables		(112,512)	(112,512)	-	-	-	-	-	(112,512)
Related parties	14	(4,040)	(4,040)	-	-	-	-	-	(4,040)
Technical reserves (i)	20	(123,900)	(123,900)	-					(123,900)
Loans, financing and debentures	18	(2,071,870)	(38,407)	(62,662)	(650,958)	(632,379)	(614,156)	(214,850)	(2,213,412)
Lease liabilities	19	(944,534)	(100,531)	(126,003)	(116,181)	(107,245)	(100,162)	(2,020,788)	(2,570,910)
Other accounts payable		(188,465)	(98,830)	(98,635)	-	-	-	-	(188,465)
Dividends and interest on shareholders' equity payable	23	(220,020)	(220,020)	-	-	-	-	-	(220,020)
		(3,655,341)	**(698,240)**	**(278,300)**	**(767,139)**	**(739,624)**	**(714,318)**	**(2,235,638)**	**(5,433,259)**

(i) Compound by outstanding claims reserve, as described in note 20.

32 Insurance coverage

In July 2019, the Group renewed an insurance for risks declared in the amount of R$1,022 with a maximum indemnity limit of R$ 202,411 for fires, lightning, explosions and implosions related to 199 units in operation.

The Group contracted civil liability insurance to administrators and directors effective from June 2019 to June 2020 and maximum guarantee limit of R$ 50,000. The coverage includes pain and suffering, assets, personal guarantees, emergency costs, among other.

33 Subsequent events

Effects of Coronavirus (COVID-19)

In compliance with Circular Letter/CVM/SNC/SEP No. 03/2020, considering the current macroeconomic scenario due to the new coronavirus pandemic, the Company monitors the course of events and informs that it has not suffered any significant economic and financial losses in its businesses so far.

Credit risk and estimated expected credit losses

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

The life cancellation ratio and the daily receipt of funds from the Company remain in line with the period before the beginning of the pandemic, indicating that, up to 04/30/2020, the last information available until the publication of this report, there was no increase in the Company’s credit risk. Client contracts are mostly pre-paid and, in the event of default, for corporate clients, after five days of delay there may be a suspension of service to the beneficiary, thus implying less risk of using the service network without the respective payment of the healthcare plan monthly fee.

Liquidity risk and cash generation

Cash generation

During April 2020, there were no indications of deterioration in the Company’s operating cash generation that could result in an increased level of liquidity risk.

Leases

As of April 2020, the Company managed to renegotiate some contracts and obtain specific discounts on the rentals of some of its units, which will be recognized in the income (loss) for the periods in which they take effect, without the need to remeasure lease assets and liabilities, in view of the immateriality of the effects of these discounts on the total flow of contractual payments.

Compliance with covenants

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

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

Loss Ratio

In March 2020, the measures adopted by the National Supplementary Health Agency (ANS) resulted, among others, in postponing elective medical procedures, aiming to increase the immediate availability of beds that are being prioritized for Covid-19-related hospitalizations. This measure generated a temporary situation of low occupancy in hospitals belonging to the network that is being reversed by hospitalizations of patients with Covid-19. Currently, it is not possible to determine whether the lower expenses in the short period of low occupation will be sufficient to offset the higher expenses with Covid-19, that depend on the number, severity and duration of cases related to Covid-19.

Moreover, elective care that may not have taken place during this period should partially return to the system at some point in the future. Depending on when and how much of such elective care will be carried out after the pandemic and related expenses, claims may be impacted.

Recoverability of assets

Business combinations

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

Financial instruments

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

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Cândido Pinheiro Koren de Lima
Chairman of the Board of Directors

Jorge Fontoura Pinheiro Koren de Lima
CEO

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