

Interim Financial Information

Centro de Imagem Diagnósticos S.A.

June 30, 2020

with Independent Auditor's Report on the Interim Information
Review



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A free translation from Portuguese into English of Independent Auditor's Review Report on Parent Company and Consolidated interim financial information prepared in Brazilian currency in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting respectively issued by the Brazilian Securities and Exchange Commission (CVM) and International Accounting Standard Board (IASB)

Independent auditor's review report on interim financial information

To the Shareholders, Board of Directors and Officers of
Centro de Imagem Diagnósticos S.A.
São Paulo - SP

Introduction

We have reviewed the Parent Company and Consolidated interim financial information contained in the Quarterly Information Form (ITR) of Centro de Imagem Diagnósticos S.A. (the "Company") for the quarter ended June 30, 2020, comprising the statement of financial position as at June 30, 2020 and the related statements of profit or loss and of comprehensive income for the three and six-month period then ended, and of changes in equity and of cash flows for the six-month period then ended, and notes to the interim financial information.

Management is responsible for the preparation of the Parent Company interim financial information in accordance with CPC 21(R1) – Interim Financial Reporting and the consolidated interim financial information in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly 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 (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the Parent Company interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the Parent Company interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the Consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the Consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statement of value added

The abovementioned quarterly information includes the Parent Company and Consolidated statement of value added (SVA) for the six-month period ended June 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by CPC 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall Parent Company and Consolidated interim financial information.

Belo Horizonte (MG), August 20, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6



Tomás L.A. Menezes
Accountant CRC-1MG090648/O-0

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AT JUNE 30, 2020 AND DECEMBER 31, 2019
(In thousands of reais - R\$)

ASSETS	Note	Parent Company		Consolidated		LIABILITIES AND EQUITY	Note	Parent Company		Consolidated	
		06/30/2020	06/30/2019	06/30/2020	06/30/2019			06/30/2020	06/30/2019		
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	3	183,539	21,374	325,320	88,301	Trade payables	12	6,812	7,659	46,997	52,388
Trade receivable	5	15,246	18,933	159,463	229,645	Payroll, social charges and social security obligations	13	13,396	10,329	45,721	36,860
Inventories		1,091	1,033	9,203	10,928	Loans, financing and debentures	14	467,290	137,299	547,698	249,778
Concession financial assets	6	-	-	31,678	31,520	Leases	15	5,067	4,419	37,054	30,729
Taxes recoverable		6,677	7,128	40,518	34,904	Derivative financial instruments		-	287	-	287
Transactions with related parties	23	22,161	24,353	-	-	Tax obligations		1,857	1,983	16,560	16,604
Derivative financial instruments - Assets	24	51,809	3,074	58,733	7,649	Taxes payable in installments		124	124	2,391	2,276
Other receivables – short-term		3,133	3,779	10,643	14,096	Accounts payable - business acquisition	16	12,442	3,803	12,929	4,282
Total current assets		283,656	79,674	635,558	417,043	Dividends payable	18	10,325	10,325	15,395	10,325
						Other payables		2,426	372	8,526	2,702
						Total current liabilities		519,739	176,600	733,271	406,231
NONCURRENT ASSETS						NONCURRENT LIABILITIES					
Marketable securities	4	2,755	2,823	2,755	2,823	Loans, financing and debentures	14	345,877	345,342	354,035	364,991
Judicial deposits	17	1,173	804	25,902	25,681	Leases	15	13,220	14,121	215,220	191,339
Contingency reimbursement guarantee	7	1,499	2,389	15,992	20,949	Transactions with related parties	23	5,987	38,247	544	542
Transactions with related parties	23	122,740	87,867	16,927	19,442	Taxes payable in installments		-	-	6,465	8,077
Deferred income and social contribution tax assets	22	123,962	123,534	136,013	133,924	Accounts payable - business acquisition	16	1,912	10,706	29,386	37,704
Concession financial assets	6	-	-	72,224	75,272	Deferred income and social contribution tax liabilities	22	-	-	11,983	10,618
Investments	8	1,394,057	1,434,525	8,010	8,951	Deferred PIS/COFINS/ISS		-	-	6,962	6,971
Property and equipment	9	91,135	89,830	507,706	519,777	Provision for losses on subsidiaries	8	7,340	6,425	-	-
Intangible assets	10	40,936	40,192	964,561	966,126	Provision for contingencies	17	1,870	2,599	46,684	51,793
Right of use	11	16,560	17,416	233,258	211,133	Other payables		2,765	2,824	2,867	2,853
Total noncurrent assets		1,794,817	1,799,380	1,983,348	1,984,078	Total noncurrent liabilities		378,971	420,264	674,146	674,888
						EQUITY					
							18				
						Capital		612,412	612,412	612,412	612,412
						Capital reserves		624,124	620,448	624,124	620,448
						Treasury shares		(106)	(106)	(106)	(106)
						Income reserves		(56,456)	49,842	(56,456)	49,842
						Other comprehensive income		(211)	(406)	(211)	(406)
						Total equity of controlling shareholders		1,179,763	1,282,190	1,179,763	1,282,190
						Noncontrolling interests		-	-	31,726	37,812
						Total equity		1,179,763	1,282,190	1,211,489	1,320,002
TOTAL ASSETS		2,078,473	1,879,054	2,618,906	2,401,121	TOTAL LIABILITIES AND EQUITY		2,078,473	1,879,054	2,618,906	2,401,121

The notes are an integral part of the interim financial information

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019

(In thousands of reais - R\$, except per share amounts)

	Note	Parent Company				Consolidated			
		06/30/2020	06/30/2020	06/30/2019	06/30/2019	06/30/2020	06/30/2020	06/30/2019	06/30/2019
		3-month period	6-month period	3-month period	6-month period	3-month period	6-month period	3-month period	6-month period
Net service revenue	19	16,753	39,941	27,620	52,704	140,574	376,437	272,718	534,563
Cost of services	20	(20,265)	(43,326)	(22,477)	(43,911)	(158,784)	(353,934)	(199,900)	(391,678)
GROSS PROFIT (LOSS)		(3,512)	(3,385)	5,143	8,793	(18,210)	22,503	72,818	142,885
OPERATING (EXPENSES) INCOME									
General and administrative expenses	20	(5,141)	(9,403)	(5,430)	(7,351)	(42,598)	(84,442)	(39,870)	(76,599)
Other (expenses) income, net	20	(2,285)	(4,747)	(2,866)	(6,030)	(4,375)	(8,321)	(1,428)	(2,898)
Share of profit (loss) on investments	8	(62,654)	(74,536)	19,263	37,474	1,661	5,542	4,211	8,443
OPERATING INCOME (LOSS) BEFORE FINANCE INCOME (COSTS)		(73,592)	(92,071)	16,110	32,886	(63,522)	(64,718)	35,731	71,831
FINANCE RESULT, NET	21	(7,652)	(14,554)	(9,631)	(19,373)	(16,032)	(33,702)	(20,678)	(41,390)
OPERATING INCOME (LOSS) BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		(81,244)	(106,625)	6,479	13,513	(79,554)	(98,420)	15,053	30,441
INCOME AND SOCIAL CONTRIBUTION TAXES CURRENT AND DEFERRED	22	(3,374)	327	3,117	5,969	(5,544)	(6,709)	(3,254)	(7,148)
NET INCOME (LOSS) FOR THE PERIOD		(84,618)	(106,298)	9,596	19,482	(85,098)	(105,129)	11,799	23,293
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS						(84,618)	(106,298)	9,596	19,482
ATTRIBUTABLE TO NONCONTROLLING SHAREHOLDERS						(480)	1,169	2,203	3,811
BASIC EARNINGS PER SHARE - R\$	18					(0.718)	(0.902)	0.081	0.165
DILUTED EARNINGS PER SHARE - R\$	18					(0.718)	(0.902)	0.081	0.164

The notes are an integral part of the interim financial information

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (LOSS) FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019
(In thousands of reais - R\$)

	Parent Company				Consolidated			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period	3-month period	6-month period	3-month period	6-month period
NET INCOME (LOSS) FOR THE PERIOD	(84,618)	(106,298)	9,596	19,482	(85,098)	(105,129)	11,799	23,293
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS FOR SUBSEQUENT PERIODS:								
Fair value of hedge accounting financial instrument, net of taxes	(566)	195	1,151	(188)	(626)	230	1,225	(174)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(85,184)</u>	<u>(106,103)</u>	<u>10,747</u>	<u>19,294</u>	<u>(85,724)</u>	<u>(104,899)</u>	<u>13,024</u>	<u>23,119</u>
ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS					<u>(85,184)</u>	<u>(106,103)</u>	<u>10,747</u>	<u>19,294</u>
ATTRIBUTABLE TO NONCONTROLLING SHAREHOLDERS					<u>(540)</u>	<u>1,204</u>	<u>2,277</u>	<u>3,825</u>

The notes are an integral part of the interim financial information

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019
(In thousands of reais - R\$)

Note	Capital			Capital reserves				Treasury shares	Income reserves				Other comprehensive income	Total controlling shareholders	Noncontrolling interests	Total
	Subscribed	Unpaid	Share issue costs	Restricted shares	Equity instruments from business combinations	Other capital reserves	Goodwill – transactions with shareholders		Legal reserve	Investment reserve	Additional dividends proposed	Retained earnings (accumulated losses)				
BALANCES AT DECEMBER 31, 2018	635.373	(436)	(22.525)	4.112	616.673	(50)	1.545	(38)	2.004	16.863	3.284	-	141	1.256.946	42.766	1.299.712
Restricted shares	20	-	-	708	-	-	-	-	-	-	-	-	-	708	-	708
Acquisition of treasury shares	20	-	-	-	-	-	-	(1.085)	-	-	-	-	-	(1.085)	-	(1.085)
Payment of restricted shares	20	-	-	(1.216)	-	11	-	879	-	-	-	-	-	(326)	-	(326)
Dividends distributed	-	-	-	-	-	-	-	-	-	-	(3.284)	-	-	(3.284)	(10.165)	(13.449)
Net income (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	19.482	-	19.482	3.811	23.293
Hedge accounting	26	-	-	-	-	-	-	-	-	-	-	-	(188)	(188)	14	(174)
Acquisition of noncontrolling interests	9	-	-	-	-	-	132	-	-	-	-	-	-	132	(382)	(250)
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(920)	(920)
BALANCES AT JUNE 30, 2019	635.373	(436)	(22.525)	3.604	616.673	(39)	1.677	(244)	2.004	16.863	-	19.482	(47)	1.272.385	35.124	1.307.509
BALANCES AT DECEMBER 31, 2019	635.373	(436)	(22.525)	2.722	616.673	(624)	1.677	(106)	4.069	45.773	-	-	(406)	1.282.190	37.812	1.320.002
Restricted shares	20	-	-	3.676	-	-	-	-	-	-	-	-	-	3.676	-	3.676
Acquisition of treasury shares	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of restricted shares	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	(106.298)	-	(106.298)	1.169	(105.129)
Hedge accounting	26	-	-	-	-	-	-	-	-	-	-	-	195	195	35	230
Acquisition of noncontrolling interests	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends distributed to noncontrolling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.290)	(7.290)
BALANCES AT JUNE 30, 2020	635.373	(436)	(22.525)	6.398	616.673	(624)	1.677	(106)	4.069	45.773	-	(106.298)	(211)	1.179.763	31.726	1.211.489

The notes are an integral part of the interim financial information

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019
(In thousands of reais - R\$)

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
CASH FLOW FROM OPERATING ACTIVITIES				
Net income (loss) for the period	(106,298)	19,482	(105,129)	23,293
Adjustments to reconcile net income for the period to net cash from operating activities:				
Depreciation and amortization	12,634	12,487	58,793	58,150
Restricted shares plan	3,676	708	3,676	708
Residual value of fixed assets and right of use written off	23	15	1,123	203
Finance charges and exchange difference	72,898	18,110	102,693	34,132
Income (loss) on derivative financial instruments	(54,716)	1,527	(69,048)	2,599
Restatement of concession financial assets	-	-	(12,404)	(12,940)
Share of (profit) loss on investments	74,536	(37,474)	(5,542)	(8,443)
Loss on disproportionate dividends	4,316	5,389	-	-
Allowance for doubtful accounts, net	530	593	(1,064)	6,057
Provisions for contingencies, net	205	(1,015)	20	(631)
Deferred PIS/COFINS/ISSQN	-	-	(9)	147
Deferred taxes	(327)	(5,969)	(843)	(3,748)
Decrease (increase) in operating assets:				
Trade receivables	3,157	(4,677)	87,063	(825)
Inventories	(58)	207	1,725	(843)
Other assets	796	1,600	(2,207)	(3,894)
Concession financial assets	-	-	(523)	(607)
Increase (decrease) in operating liabilities:				
Trade payables	(847)	(1,461)	(5,391)	(3,302)
Payroll, social charges and social security obligations	3,067	(1,185)	8,861	3,418
Tax obligations and taxes in installments	(126)	(233)	3,242	10,411
Other liabilities	4,613	682	5,673	(3,149)
Income and social contribution taxes paid	-	-	(5,046)	(9,366)
Dividends and interest over equity received from subsidiaries	36,955	46,041	6,483	6,750
Net cash from operating activities	55,034	54,827	72,146	98,120
CASH FLOW FROM INVESTING ACTIVITIES				
Sort-term investments	-	-	-	-
Acquisition of subsidiaries, net of cash received	(237)	(4,274)	(237)	(4,657)
Transactions with related parties	(64,941)	46,599	2,517	1,876
Additions to investments	(77,966)	(37,251)	-	-
Acquisition of property and equipment and intangible assets	(10,685)	(7,581)	(25,978)	(33,906)
Net cash used in investing activities	(153,829)	(2,507)	(23,698)	(36,687)
CASH FLOW FROM FINANCING ACTIVITIES				
Acquisition/disposal of treasury shares	-	(1,085)	-	(1,085)
Dividends paid	-	(10,000)	(2,227)	(20,165)
Loans and debentures raised, net	329,709	61,092	379,709	141,357
Derivative financial instruments received (paid)	5,399	(288)	18,026	(327)
Interest paid	(11,298)	(10,718)	(22,476)	(25,215)
Repayment of loans, financing, derivatives and leases	(62,850)	(97,541)	(184,461)	(167,978)
Net cash from (used in) financing activities	260,960	(58,540)	188,571	(73,413)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	162,165	(6,220)	237,019	(11,980)
CASH AND CASH EQUIVALENTS				
At beginning of period	21,374	11,346	88,301	73,165
At end of period	183,539	5,126	325,320	61,185
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	162,165	(6,220)	237,019	(11,980)

The notes are an integral part of the interim financial information

CENTRO DE IMAGEM DIAGNÓSTICOS S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED FOR THE PERIODS ENDED JUNE 30, 2020 AND 2019

(In thousands of reais - R\$)

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
REVENUE				
Revenue from services rendered	43,256	57,081	405,529	577,546
Other revenues	33,596	29,175	1,159	802
Revenue from construction of own assets	2,151	243	1,034	2,967
Provision of allowance for doubtful accounts	(530)	(593)	1,064	(6,057)
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of services	(20,242)	(20,525)	(163,792)	(200,284)
Materials, electricity, outsourced services and others	(25,008)	(15,520)	(98,863)	(70,552)
GROSS VALUE ADDED	33,223	49,861	146,131	304,422
Depreciation and amortization	(12,634)	(12,487)	(58,793)	(58,150)
NET VALUE ADDED	20,589	37,374	87,338	246,272
VALUE ADDED RECEIVED IN TRANSFER				
Share of profit (loss) on investments	(74,536)	37,474	5,542	8,443
Finance income	57,285	11,003	60,946	20,215
TOTAL VALUE ADDED TO BE DISTRIBUTED	3,338	85,851	153,826	274,930
VALUE ADDED DISTRIBUTED	3,338	85,851	153,826	274,930
Personnel				
Direct compensation	21,956	22,824	82,635	90,309
Benefits	5,145	5,171	19,531	18,907
Unemployment Compensation Fund (FGTS)	1,365	1,420	5,469	6,159
Taxes, charges and contributions				
Federal	7,618	2,829	43,302	53,204
Local	1,416	2,059	11,127	15,465
Debt remuneration				
Interest	71,501	25,404	94,155	48,847
Leases	543	1,984	2,642	6,391
Others	92	4,678	94	12,355
Equity remuneration				
Net income (loss) for the period	(106,298)	19,482	(106,298)	19,482
Noncontrolling interests	-	-	1,169	3,811

The notes are an integral part of the interim financial information

1. Operations

Centro de Imagem Diagnósticos S.A. (the “Company” or “Parent Company”) is a publicly-held corporation listed in B3 S.A. – *Brasil, Bolsa e Balcão* under ticker AALR3. The Company was established on August 5, 1992 in the city of Belo Horizonte, state of Minas Gerais, and is currently headquartered in the city of São Paulo, state of São Paulo, at Rua Marselhesa, 500, Vila Mariana.

The Company and its subsidiaries (the “Group” or “Alliar”) are engaged in the provision of diagnostic medicine services, including: (i) imaging diagnosis and chart-based diagnosis; (ii) nuclear medicine and cytology; (iii) pathological anatomy; and (iv) clinical tests, directly or outsourcing specialized medical companies and laboratories, and other subsidiary diagnosis support services.

The Company and its subsidiaries are also engaged in the performance of activities related to: (i) the import, for own use, of medical and hospital equipment, diagnosis kits, and related goods in general; (ii) health consulting, advisory, courses and lectures, and the provision of services intended to promote health and the management of chronic diseases; (iii) scientific and technological research and development related to diagnostic medicine; (iv) preparation, issue, publication and distribution of newspapers, books, magazines, periodicals and any other media for the dissemination of scientific knowledge or activities within the Company’s core business; and (v) grant and management of business franchises. The Company can also hold interests in other entities, either as a partner, member or shareholder.

The Company had 106 units in the period ended June 30, 2020, as follows:

Trademarks	State	Number of units
CDB	São Paulo	21
Axial	Minas Gerais	17
CO Group	Mato Grosso do Sul	13
RBD	Bahia	11
Delfin	Bahia, Rio Grande do Norte and Paraíba	7
Cedimagem	Minas Gerais and Rio de Janeiro	7
CSD Group	Pará	5
Plani	São Paulo	6
São Judas Tadeu	Minas Gerais	4
Nuclear Medcenter	Minas Gerais	5
Multiscan	Espirito Santo	6
Pro Imagem	São Paulo	2
Sabedotti	Paraná	2

Due to similarities in the operations and businesses of the Group companies, with respect to economic characteristics, provision of services and production processes, type of customers, suppliers and logistics process, management defines the services provided as one single operating segment for purposes of analysis and decision making.

Impacts of COVID-19

On March 11, 2020, the World Health Organization (“WHO”) declared the Coronavirus outbreak (COVID-19) a pandemic. Given its social role, the Group pioneered COVID-19 diagnostic testing with a home collection option. Subsequently, the Group offered Drive Thru COVID-19 testing. This type of service does not require clients to leave the car for testing, thus ensuring their greater safety.

To address this period of pandemic, the Group has adopted a series of measures to preserve the integrity of its operations, ensuring our clients’ access to diagnostic tests, with maximum safety for clients and employees. The safety measures include stricter cleaning activities and health and safety protocols at all Group units, procedures to address suspected COVID-19 infection by a differentiated team, encouraging home collection of samples for testing, online scheduling of tests and delivery of results, and adoption of home office by administrative staff in an attempt to minimize crowds.

The Group expanded its portfolio of service offerings through the home care channel, including tests such as ultrasound, electrocardiogram, ABPM (Ambulatory Blood Pressure Monitoring) and holter (measures the heart’s activity) tests.

In compliance with Official Letter CVM-SNC/SEP No. 03/2020, the Company has assessed the impacts of major risks and uncertainties that could affect the accompanying interim financial information, mainly the impairment of noncurrent assets and expected credit losses.

In connection with the current scenario, which led to the temporary closing of some units at first (that gradually reopened later) and, consequently, contributed to a decrease in revenue from diagnostic imaging services for the half-year, Management conducted a sensitivity analysis on the impairment test previously carried out, considering the impacts of COVID-19, and concluded that the effects for the period do not result in the impairment of long-term assets. The Group emphasizes that it has also taken initiatives regarding alternative means to provide its services, seeking greater safety for patients.

The Group also assessed any significant increase in credit risk or temporary liquidity restriction, and consequently changes in allowance for expected credit losses, taking into account all facts and circumstances. In the first half of 2020, the Group’s revenue and trade accounts receivable are concentrated in five main customers, as follows:

Revenue	%
5 main customers	37%
Other customers – legal entities	52%
Customers – individuals	11%
	100%

The Group’s main customers include the largest Brazilian health care companies. The other corporate customers include other health care companies and certain partnerships entered into by the Group. To date, there have been no changes in the cash inflow from customers. It should be noted that the exams are performed only after approval has been obtained from the health insurance company. For individuals, exams are conducted upon prepayment or credit card payment, which guarantees receipt. Currently, the main effect of COVID-19 is the decrease in the number of imaging tests performed, resulting in decrease in revenue and consequently in trade receivable.

After an evaluation, management concluded that there has not been any significant increase in credit risk in connection with Trade Receivable that could justify any impact on allowance for expected credit losses, as well as the need, at this time, for any additional disclosure on the impact of the COVID-19 pandemic on the Company’s receivables.

In view of the uncertainties and economic volatility brought by COVID-19, in order to ensure liquidity and curtail expenses during this period, the Group has temporarily suspended planned expansions, improved the management of trade payables and receivables, implemented a voluntary partially paid leave of absence program for the adequacy of the operation, negotiated, wherever possible, the main contracts with

suppliers and landlords where the clinics operate, and strengthened its cash position with short term loans totaling R\$230,000 substantially in national currency.

Management continues to monitor the impacts of the pandemic, as well as local regulations and their implications for the Group's operations. However, at the moment, it is not possible to anticipate the duration of the pandemic and depth of the impacts caused by it on the Group's future business, results and cash generation.

2. Preparation and presentation of interim financial information, and summary of significant accounting practices

a) Statement of compliance and basis of preparation

The interim financial information has been prepared and is presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the accounting practices adopted in Brazil, which comprise those included in the Brazilian corporation law and the pronouncements, guidance and interpretations issued by the Brazilian Financial Accounting Standards Board (CPC) and approved by Brazil's National Association of State Boards of Accountancy (CFC) and by the Brazilian Securities and Exchange Commission (CVM).

The Company considered technical guidance OCPC 07 in preparing this accounting information. Thus, all significant information used by management in managing the Company is evidenced in these financial statements.

The interim financial information has been prepared on a historical cost basis, unless otherwise stated, as described in the accompanying notes. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

The Parent Company interim financial information has been prepared in accordance with the accounting practices adopted in Brazil. In the Company's case, considering the separate financial information, these practices differ from the IFRS only with respect to the capitalization of interest incurred by the Parent Company with regard to the subsidiaries' assets under construction. For purposes of IFRS, such capitalization is only allowed in the consolidated financial information, and not in the Parent Company financial information.

Since there are no differences between consolidated equity and consolidated profit or loss attributable to the Company's shareholders, included in the consolidated financial information prepared in accordance with the IFRS and accounting practices adopted in Brazil, and equity and profit or loss of the Company, included in the Parent Company financial information prepared in accordance with the IFRS and accounting practices adopted in Brazil, the Company decided to present this Parent Company and consolidated financial information in a single set, side by side.

The preparation of the interim financial information requires management to make judgments, estimates and assumptions that affect the application of the policies and the reported amounts of assets and liabilities, revenues and expenses. These estimates and assumptions are based on historical experience and on various other factors that are assumed to be reasonable by virtue of the circumstances. Actual results may differ from these estimates.

b) Relationship between the notes disclosed in the full annual financial statements and the interim financial information

The interim financial information has prepared in accordance with principles, practices and criteria that are consistent with those adopted in the preparation of the annual financial statements as at December 31, 2019. Accordingly, this interim financial information, approved by management on March 17, 2020, should be read jointly with said financial statements.

3. Cash and cash equivalents

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash and banks	5,310	1,374	33,282	46,111
Sort-term investments	178,229	20,000	292,038	42,190
	183,539	21,374	325,320	88,301

Short-term investments are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value. These short-term investments refer to Bank Deposit Certificates (CDBs) and repurchase agreements. At June 30, 2020, short-term investments bear interest ranging from 80% to 103% of the Interbank Deposit Certificate (CDI) fluctuation (from 78% to 97% at December 31, 2019).

4. Marketable securities

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Bank Deposit Certificate (CDB)	2,755	2,823	2,755	2,823
Total noncurrent assets	2,755	2,823	2,755	2,823

Repurchase agreements bear interest of 96% of the Interbank Deposit Certificate (CDI) at June 30, 2020 (98% at December 31, 2019) and are redeemable after 12 months. These investments are considered investing activities and are committed to contingency guarantees and/or held to fulfill obligations arising from investing and financing activities.

5. Trade receivable

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Billed trade receivable	2,106	4,261	48,364	88,789
Revenue to be billed (*)	14,246	15,248	122,033	161,029
	16,352	19,509	170,397	249,818
Provision for losses on disallowances and allowance for doubtful accounts	(1,106)	(576)	(10,934)	(20,173)
	15,246	18,933	159,463	229,645

(*) At the end of the reporting period, the services provided and not yet billed are recorded as unbilled revenue.

Aging list of trade receivable, net of allowance for doubtful accounts, is as follows:

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Falling due	13,881	17,489	143,898	212,209
Overdue:				
Within 30 days	309	439	4,138	6,542
From 31 to 60 days	627	58	627	726
From 61 to 90 days	80	377	2,659	2,021
From 91 to 180 days	94	423	4,052	7,668
Above 180 days	255	147	4,089	479
Total	15,246	18,933	159,463	229,645

The Company and its subsidiaries have a certain degree of concentration in their customer portfolios. At June 30, 2020, the five key customers accounted for 37% of total revenue (52% at December 31, 2019).

Changes in provision for losses on disallowances and allowance for doubtful accounts

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Balance at beginning of period	(576)	(930)	(20,173)	(23,926)
(Provisions) and Reversals, net (a)	(530)	(593)	9,239	(6,057)
Balance at end of period	(1,106)	(1,523)	(10,934)	(29,983)

- (a) In the second quarter of 2020, the Company wrote off trade receivable (consolidated) from Hospital São Rafael ("HSR") since it does not expect to receive the residual balance of the service agreement terminated in December 2018. The negative impact on the result was R\$1,392, for which a provision for losses was recorded in the amount of R\$8,175.

6. Concession financial assets (Consolidated)

The financial assets consist basically of revenue from construction and infrastructure improvement services provided for in the concession agreement for the management and operation of imaging diagnosis support services entered into with the Bahia State Health Department (SESAB). These financial assets are recorded at fair value upon recognition based on the percentage of completion of the infrastructure implementation work. Financial assets are remunerated at the rate of 26.20% p.a.

The project has an imaging center and 11 hospital units, and started to operate on May 28, 2015. The agreement is effective for 11 years and 6 months, and can be amended, extended or reduced. After termination of the agreement, the improvements in the hospitals, as well as the machinery and equipment acquired during the concession term, will be owned by the State Government. Accordingly, these items were recorded as financial assets.

	06/30/2020	12/31/2019
Balance of financial assets		
Current assets	31,678	31,520
Noncurrent assets	72,224	75,272
	103,902	106,792

Changes in consolidated financial assets at June 30, 2020 and 2019 are as follows:

	06/30/2020	06/30/2019
Balance at beginning of period	106,792	110,948
Additions	523	607
Monetary restatement	12,404	12,940
Write-off (–construction amounts received)	(15,817)	(15,584)
Balance at end of period	103,902	108,911

7. Contingency reimbursement guarantee

The legal risks to which the Company and its subsidiaries are exposed are guaranteed by liability clauses set forth in the investment agreement entered into by their shareholders, which provide for the pledge of shares and/or reimbursement of the contingencies paid or assumed by the Company for events that occurred and/or existed before the subsidiaries' acquisition date.

Changes in contingency reimbursement guarantees for the periods ended June 30, 2020 and 2019 are as follows:

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Balance at beginning of period	2,389	22,795	20,949	50,576
Additions	-	3	1,492	1,740
Reversals	-	(13)	(1,216)	(6,574)
Expiration, net of restatement (a)	(890)	(12,285)	(5,233)	(13,080)
Balance at end of period	1,499	10,500	15,992	32,662

(a) This balance corresponds to the expiration of legal contingencies identified in the business combination, since the facts that gave rise to such contingencies occurred more than five years ago.

8. Investments

Parent Company	06/30/2020	12/31/2019
Investments	630,349	670,817
Goodwill on investment acquisition	763,708	763,708
	1,394,057	1,434,525
Provision for losses on subsidiaries (*)	(7,340)	(6,425)

(*) This refers to investments with capital deficiency.

Except for the establishment of Aliança Benefícios e Serviços Ltda. (Aliança) and the liquidation of RM Diagnóstico por Imagem Ltda ("RM Lafaiete"), there were no changes in the Company's interests and investments in relation to December 31, 2019.

Changes in investments and goodwill net of the provision for losses on subsidiaries for the periods ended June 30, 2020 and 2019 are as follows:

	06/30/2020	06/30/2019
Balance at beginning of period	664,392	608,436
Capital increase and future capital contribution	77,966	37,251
Dividends and interest on equity received	(36,955)	(47,041)
Share of profit (loss) on investments	(74,536)	37,474
Loss on disproportionate dividends	(4,316)	(5,389)
Amortization of appreciation	(872)	(1,015)
Hedge accounting - subsidiaries	390	(111)
Others	(3,060)	(272)
Balance at end of period	623,009	629,333
Investments	630,349	635,109
Provision for losses on subsidiaries	(7,340)	(5,776)
Total	623,009	629,333

Consolidated

	06/30/2020	12/31/2019
Investments (*)	8,010	8,951
	8,010	8,951

(*) This balance refers to the investment between Delfin Bahia Diagnósticos por Imagem (“Delfin HBA”), a Delfin group company, which holds equity interest in a company through a Silent Partnership with Hospital da Bahia for provision of imaging diagnostic services.

Changes in consolidated investments for the periods ended June 30, 2020 and 2019 are as follows:

	06/30/2020	06/30/2019
Balance at beginning of period	8,951	6,625
Share of profit (loss) on investments	5,542	8,443
Dividends received	(6,483)	(6,750)
Balance at end of period	8,010	8,318

Financial information of the Alliar Group

The main balances of the consolidated groups presented before the eliminations and reclassifications for consolidation purposes were:

	06/30/2020										
	Axial Group (a)	CO Group (b)	Cedimagem Group (c)	Sabedotti	CSD Group (d)	São Judas	Nuclear Group (e)	RBD	Multiscan Group (f)	CDB Group (g)	Delfin Group (h)
<u>Assets</u>											
Current assets	290,751	16,314	19,004	4,965	27,048	2,358	8,081	31,418	18,880	176,752	46,922
Noncurrent assets	1,803,462	49,448	37,797	11,701	19,840	7,647	8,580	100,371	148,693	610,225	155,325
<u>Liabilities and equity</u>											
Current liabilities	520,901	8,800	5,634	1,982	12,792	1,186	788	66,508	12,277	145,188	22,756
Noncurrent liabilities	373,724	23,188	17,553	2,943	6,056	2,677	5,982	16,484	47,822	282,474	46,467
Equity	1,199,588	33,774	33,614	11,741	28,040	6,142	9,891	48,797	107,474	359,315	133,024
<u>Statement of profit or loss</u>											
Net revenue	46,728	14,095	17,035	5,921	16,602	3,386	2,671	48,677	17,549	180,493	26,985
Income (loss) for the period	(106,739)	(9,453)	(1,526)	(1,541)	(293)	(440)	(1,979)	8,931	(9,091)	(52,993)	(8,651)

	12/31/2019										
	Axial Group (a)	CO Group (b)	Cedimagem Group (c)	Sabedotti	CSD Group (d)	São Judas	Nuclear Group (e)	RBD	Multiscan Group (f)	CDB Group (g)	Delfin Group (h)
<u>Assets</u>											
Current assets	92,214	19,562	20,131	5,549	18,345	2,783	8,288	19,169	20,122	178,962	50,762
Noncurrent assets	1,810,507	66,836	47,803	13,707	20,729	7,920	10,656	108,126	157,231	599,666	167,397
<u>Liabilities and equity</u>											
Current liabilities	168,991	10,116	6,573	1,808	5,369	1,265	370	36,883	8,725	141,214	71,984
Noncurrent liabilities	415,761	23,047	18,294	2,796	5,264	2,546	6,165	24,266	53,565	242,453	46,023
Equity	1,317,969	53,235	43,067	14,652	28,441	6,892	12,409	66,146	115,063	394,961	100,152
<u>Statement of profit or loss</u>											
Net revenue	61,125	21,857	26,524	7,460	20,818	4,871	4,598	48,401	29,228	268,608	44,636
Income (loss) for the period	20,863	1,686	5,259	173	3,780	477	225	7,787	10,536	29,435	6,246

Except for RMTC, which became part of Axial Group in the quarter ended September 30, 2019, at June 30, 2020 and 2019, and at December 31, 2019 the groups comprised the following companies:

- a) Parent Company, Axial Ouro Preto, Mastoclinica, Axial Alto São Francisco, Axial Ideal, Axial Pará de Minas, IMRAD, RMTC, Aliança, and Laboratório São Lucas.
- b) DI Imagem Diagnóstico, DI Imagem Centro, DI Imagem I, DI Imagem II, CO Dourados, CO Conesul, Sonimed, UNIC, Sonimed Nuclear, Cintimed, and Multilab.
- c) Cedimagem Cláudio Ramos, Cedimagem Centro, Cedimagem Núcleo, Cedimagem Veneza, RM Lafaiete, RM Resende, and Cedimagem Três Rios.
- d) Som Group, Nuclear, and Censo.
- e) Nuclear Medcenter, Científica, and Nucleminas.
- f) Multiscan, CDI Vitória, CDI Vila Velha, and Biolab.
- g) CDB, Rio Claro Medicina Diagnóstica, Araras Medicina Diagnóstica, UMDI, Imagem Centro, Gold Setra, Instituto de Diagnósticos, Plani Diagnósticos, Plani Ressonância, Plani Jacareí, Pró Imagem Ex. Comp., and Pró Imagem.
- h) Delfin, Delfin Villas, DMA, Delfin IDI, Delfin SAJ, Delfin HBA, Delfin Natal, and Ecoclínica.

9. Property and equipment

Parent Company	06/30/2020			12/31/2019	
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net amount	Net amount
Leasehold improvements	4	36,021	(9,334)	26,687	25,700
Machinery and equipment	9	124,953	(71,945)	53,008	52,719
Furniture and fixtures	10	2,630	(1,247)	1,383	1,449
IT equipment	20	6,633	(5,063)	1,570	1,442
Facilities	10	700	(660)	40	44
Vehicles		139	(92)	47	53
Advances to suppliers		8,400	-	8,400	8,423
		179,476	(88,341)	91,135	89,830

Consolidated	06/30/2020			12/31/2019	
	Average annual depreciation rate %	Cost	Accumulated depreciation	Net amount	Net amount
Leasehold improvements	4	202,890	(43,310)	159,580	158,926
Machinery and equipment	9	677,644	(360,618)	317,026	326,696
Furniture and fixtures	10	33,989	(23,858)	10,131	11,123
IT equipment	20	40,794	(31,185)	9,609	10,910
Facilities	10	8,401	(5,595)	2,806	3,090
Vehicles		687	(610)	77	93
Advances to suppliers		8,477	-	8,477	8,939
		972,882	(465,176)	507,706	519,777

Changes in property and equipment for the periods ended June 30, 2020 and 2019 are as follows:

Parent Company	Balance at 12/31/2019	Additions	Write-offs	Depreciation	Balance at 06/30/2020
Leasehold improvements	25,700	1,652	-	(665)	26,687
Machinery and equipment	52,719	5,119	-	(4,830)	53,008
Furniture and fixtures	1,449	60	-	(126)	1,383
IT equipment	1,442	458	-	(330)	1,570
Facilities	44	-	-	(4)	40
Vehicles	53	-	-	(6)	47
Advances to suppliers	8,423	-	(23)	-	8,400
	89,830	7,289	(23)	(5,961)	91,135

Parent Company	Balance at 12/31/2018	Additions	Write-offs	Depreciation	Balance at 06/30/2019
Leasehold improvements	26,228	466	-	(626)	26,068
Machinery and equipment	54,146	3,898	-	(4,783)	53,261
Furniture and fixtures	1,563	55	-	(118)	1,500
IT equipment	1,724	207	(14)	(357)	1,560
Facilities	51	1	-	(4)	48
Vehicles	68	-	(1)	(7)	60
Advances to suppliers	8,423	-	-	-	8,423
	92,203	4,627	(15)	(5,895)	90,920

Consolidated	Balance at 12/31/2019	Additions	Write-offs	Depreciation	Transfers	Balance at 06/30/2020
Leasehold improvements	158,926	3,430	-	(4,096)	1,320	159,580
Machinery and equipment	326,696	17,014	(726)	(25,958)	-	317,026
Furniture and fixtures	11,123	153	-	(1,145)	-	10,131
IT equipment	10,910	1,165	-	(2,466)	-	9,609
Facilities	3,090	21	-	(305)	-	2,806
Vehicles	93	-	-	(16)	-	77
Advances to suppliers	8,939	-	(462)	-	-	8,477
	519,777	21,783	(1,188)	(33,986)	1,320	507,706

Consolidated	Balance at 12/31/2018	Additions	Write-offs	Depreciation	Transfers	Balance at 06/30/2019
Leasehold improvements	160,567	4,661	(179)	(4,150)	-	160,899
Machinery and equipment	325,159	24,745	-	(27,422)	-	322,482
Furniture and fixtures	12,805	318	-	(1,195)	-	11,928
IT equipment	13,636	823	(23)	(2,721)	-	11,715
Facilities	3,775	1	-	(353)	-	3,423
Vehicles	139	-	(1)	(24)	-	114
Advances to suppliers	8,939	-	-	-	-	8,939
	525,020	30,548	(203)	(35,865)	-	519,500

10. Intangible assets

Parent Company	06/30/2020			12/31/2019
	Annual average amortization rate %	Cost	Accumulated amortization	Net amount
Right of use - software	20	50,004	(15,092)	34,912
Intangible assets in progress		6,024	-	6,024
		56,028	(15,092)	40,936

Consolidated	06/30/2020		12/31/2019	
	Annual average amortization rate %	Cost	Accumulated amortization	Net amount
Goodwill on business acquisition		844,768	-	844,768
Right of use - software	20	85,717	(39,082)	46,635
Intangible assets in progress		6,663	-	6,663
Trademarks		55,313	-	55,313
Others		11,182	-	11,182
		1,003,643	(39,082)	964,561

Changes in intangible assets for the periods ended June 30, 2020 and 2019 are as follows:

Parent Company	Balance at 12/31/2019	Additions	Amortization	Transfers	Balance at 06/30/2020
Right of use - software	28,682	329	(2,652)	8,533	34,892
Intangible assets in progress	11,510	3,067	-	(8,533)	6,044
	40,192	3,396	(2,652)	-	40,936

Parent Company	Balance at 12/31/2018	Additions	Amortization	Transfers	Balance at 06/30/2019
Right of use - software	32,711	1,024	(2,276)	-	31,459
Intangible assets in progress	5,658	1,930	-	-	7,588
	38,369	2,954	(2,276)	-	39,047

Consolidated	Balance at 12/31/2019	Additions	Write-offs	Amortization	Transfers	Balance at 06/30/2020
Goodwill on business acquisition	844,768	-	-	-	-	844,768
Right of use - software	38,219	488	(12)	(4,428)	12,368	46,635
Intangible assets in progress	16,644	3,707	-	-	(13,688)	6,663
Trademarks	55,313	-	-	-	-	55,313
Others	11,182	-	-	-	-	11,182
	966,126	4,195	(12)	(4,428)	(1,320)	964,561

Consolidated	Balance at 12/31/2018	Additions	Write-offs	Amortization	Transfers	Balance at 06/30/2019
Goodwill on business acquisition	844,768	-	-	-	-	844,768
Right of use - software	45,706	1,129	-	(4,169)	4,169	46,835
Intangible assets in progress	10,270	2,202	-	-	(4,169)	8,303
Trademarks	55,313	-	-	-	-	55,313
Others	11,182	-	-	-	-	11,182
	967,239	3,331	-	(4,169)	-	966,401

11. Right of use

Right-of-use assets are shown below:

Parent Company	06/30/2020	12/31/2019			
	Annual depreciation rate %	Cost	Accumulated depreciation	Net amount	Net amount
Right of use - properties	4	24,993	(8,433)	16,560	17,416
		<u>24,993</u>	<u>(8,433)</u>	<u>16,560</u>	<u>17,416</u>

Consolidated	06/30/2020	12/31/2019			
	Annual depreciation rate %	Cost	Accumulated depreciation	Net amount	Net amount
Right of use - properties	5	290,394	(57,136)	233,258	211,133
		<u>290,394</u>	<u>(57,136)</u>	<u>233,258</u>	<u>211,133</u>

Changes in right-of-use assets for the periods ended June 30, 2020 and 2019 are as follows:

Parent Company	Balance at 12/31/2019	Remeasurement	Depreciation	Balance at 06/30/2020
Right of use - properties	17,416	1,896	(2,752)	16,560
	<u>17,416</u>	<u>1,896</u>	<u>(2,752)</u>	<u>16,560</u>

Parent Company	Balance at 12/31/2018	First-time adoption of IFRS 16	Remeasurement	Depreciation	Balance at 06/30/2019
Right of use - properties	-	23,952	(675)	(2,905)	20,372
	<u>-</u>	<u>23,952</u>	<u>(675)</u>	<u>(2,905)</u>	<u>20,372</u>

Consolidated	Balance at 12/31/2019	Additions (a)	Remeasurement	Write-offs	Depreciation	Balance at 06/30/2020
Right of use - properties	211,133	33,650	10,335	(1,481)	(20,379)	233,258
	<u>211,133</u>	<u>33,650</u>	<u>10,335</u>	<u>(1,481)</u>	<u>(20,379)</u>	<u>233,258</u>

(a) The addition for the period substantially refers to an amendment to the lease agreement for the CBD Morumbi unit where the payment is now a fixed amount.

Consolidated	Balance at 12/31/2018	First-time adoption of IFRS 16	Additions	Remeasurement	Write-offs	Depreciation	Balance at 06/30/2019
Right of use - properties	-	237,975	-	1,968	-	(18,089)	221,854
	<u>-</u>	<u>237,975</u>	<u>-</u>	<u>1,968</u>	<u>-</u>	<u>(18,089)</u>	<u>221,854</u>

12. Trade payables

Trade payable mainly comprise lease, suppliers of IT equipment, services, test materials, machinery and equipment, and infrastructure works. At June 30, 2020, the Parent Company balance totals R\$6,812 (R\$7,659 at December 31, 2019) and the consolidated balance totals R\$46,997 (R\$52,388 at December 31, 2019).

13. Payroll, social charges and social security obligations

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Payroll, social charges and social security obligations	13,317	10,329	45,642	36,860
Provision for bonus	79	-	79	-
	13,396	10,329	45,721	36,860

14. Loans, financing and debentures

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Domestic currency				
Working capital	203,253	-	254,017	4,063
Equipment financing	95	142	15,050	18,450
Debentures	369,011	369,990	369,011	369,990
Bank guarantees	81	-	110	-
(-) Funding costs	(6,444)	(7,150)	(6,692)	(7,541)
Subtotal	565,996	362,982	631,496	384,962
Foreign currency				
Working capital	246,450	119,170	266,929	226,367
Equipment financing	421	466	2,994	3,411
Bank guarantees	302	26	322	41
(-) Funding costs	(2)	(3)	(8)	(12)
Subtotal	247,171	119,659	270,237	229,807
Total	813,167	482,641	901,733	614,769
Current	467,290	137,299	547,698	249,778
Noncurrent	345,877	345,342	354,035	364,991

Changes in loans, financing and debentures for the periods ended June 30, 2020 and 2019 are as follows:

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Balance at beginning of period	482,641	453,979	614,769	605,511
Borrowings, net	329,709	59,000	379,709	139,052
Payment of principal	(60,640)	(95,206)	(170,734)	(155,697)
Payment of finance charges (a)	(10,527)	(7,272)	(13,139)	(13,143)
Finance charges	13,628	16,232	16,412	21,074
Amortization of funding cost	999	2,092	1,145	2,305
Amortization of negative goodwill	93	-	93	-
Bank guarantees	369	39	430	99
Foreign exchange differences	56,895	(264)	73,048	325
Balance at end of period	813,167	428,600	901,733	599,526

(a) As set forth in paragraph 33 of CPC 03 (R2)/IAS 7, the Group disclosed the interest paid as financing activity.

The cash flow discounted from the year of maturity of the payment of loans, financing and debentures at June 30, 2020 is as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
2020	219,795	235,424
2021	247,479	316,037
2022	86,668	89,481
2023	86,083	87,578
2024	86,236	86,308
2025	86,906	86,905
	813,167	901,733

For more information on the Group's exposure to interest rate and liquidity risks, please refer to cash flow undiscounted from the payment of loans, financing and debentures in Note 24.

Summary of main agreements

The characteristics of the main loans, financing and debenture agreements are described below:

<u>Type</u>	<u>Maturity</u>	<u>Index</u>	<u>Contractual rate</u>
Equipment financing	Monthly January/17 to November/21	Fixed	16.24% p.a.
Equipment financing	Monthly March/17 to February/22	Fixed	10.59% p.a.
Equipment financing	Monthly November/15 to September/20	Selic/ Fixed	3.2% p.a./9.5% p.a.
Working capital	Semiannual June/19 to June/21	USD	4.61% p.a.
Debentures	Single installment September/20	CDI	116% CDI
Debentures	Annual September/21 to September/22	CDI	118% CDI
Debentures	Annual July/22 to July/25	CDI	1.10% p.a.
Working capital	Single installment November/20	USD	3.32% p.a.
Working capital	Single installment December/20	USD	3.50% p.a.
Working capital (i)	Single installment January/21	CDI	1.20% p.a.
Working capital (ii)	Single installment August/20	EUR	0.12% p.a.
Working capital (iii)	Single installment August/20	EUR	0.8936% p.a.
Working capital (iv)	Single installment March/21	CDI	2.20% p.a.
Working capital (v)	Single installment March/21	CDI	3.20% p.a.
Working capital (vi)	Single installment March/21	EUR	2.88% p.a.
Working capital (vii)	Semiannual Oct/20 to Apr/21	CDI	3.35% p.a.

Major borrowings for the period ended June 30, 2020:

- (i) Loan granted by Santander on January 21, 2020 to the Parent Company, amounting to R\$60,000, indexed to the CDI plus 1.2% p.a. The amortization will be in a single installment payable in January 2021. The funds are earmarked for working capital.
- (ii) Loan granted by Itaú Unibanco on February 14, 2020 to the Parent Company, amounting to EUR12,780, which at the date of the transaction was equivalent to R\$60,000. The transaction is a foreign "4131 facility" bearing interest of 0.12% p.a. and is hedged against fluctuation in Euro through derivative financial instruments (*Swap*), which were designated for hedge accounting. The *Swap* is indexed to the CDI plus 1.20% p.a. The amortization will be in a single installment maturing within 6 months from the transaction date.

- (iii) Loan granted by Itaú Unibanco on February 19, 2020 to the Parent Company, amounting to EUR6,398, which at the date of the transaction was equivalent to R\$30,000. The transaction is a foreign “4131 facility” bearing interest of 0.8936% p.a. and is hedged against fluctuation in the US dollar through derivative financial instruments (*Swaps*), which were designated for hedge accounting. The *Swap* is indexed to the CDI plus 1.25% p.a. The amortization will be in a single installment maturing within 6 months from the transaction date.
- (iv) Loan granted by Santander on March 16, 2020 to the Parent Company, amounting to R\$50,000, indexed to the CDI plus 2.2% p.a. Repayment is within one year, in a single installment. The funds are earmarked for working capital.
- (v) Loan granted by Santander on March 16, 2020 to the Parent Company, amounting to R\$70,000, indexed to the CDI plus 3.2% p.a. Repayment is within one year, in a single installment. The funds are earmarked for working capital.
- (vi) Loan granted by Votorantim on March 25, 2020 to the Parent Company, amounting to EUR7,380, which at the date of the transaction was equivalent to R\$40,000. The transaction is a foreign “4131 facility” bearing interest of 2.88% p.a. and is hedged against fluctuation in Euro through derivative financial instruments (*Swaps*), which were designated for hedge accounting. The *Swap* is indexed to the CDI plus 3.4% p.a. The amortization will be in a single installment maturing within one year from the transaction date.
- (vii) Loan granted by Itaú Unibanco on April 14, 2020 to the Parent Company, amounting to R\$70,000, indexed to the CDI plus 3.35% p.a. The amortization is within one year, in semi-annual payments. The funds are earmarked for working capital.

Guarantees

The Company and its subsidiaries have a portion of their noncurrent assets pledged as collateral in loans, financing and finance leases in the carrying amount of approximately R\$34,246 (R\$36,694 at December 31, 2019).

At June 30, 2020, the total amount of bank guarantees taken out corresponded to R\$345,000 (R\$184,000 at December 31, 2019) and were offered as collateral for certain financing and loan agreements. These guarantees have an average financial cost of 0.3439% p.a. (0.0837% p.a. at December 31, 2019).

Covenants

Certain loans have covenants, which includes maintenance of financial and liquidity ratios measured on a quarterly basis. At June 30, 2020, all covenants had been met.

15. Leases

The Group has lease agreements for its units, machinery and other equipment used in its operations. The lease term for the units are usually 5 years. The Group's lease obligations are guaranteed by lessor's ownership of the leased assets.

The lease amounts payable are as follows:

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Within 1 year	6,365	5,317	56,297	44,058
More than one year and less than five years	14,553	15,609	167,001	152,138
More than five years	675	1,484	122,984	110,988
	21,593	22,410	346,282	307,184
(-) Less future finance charges	(3,306)	(3,870)	(94,008)	(85,116)
Present value of minimum payments	18,287	18,540	252,274	222,068
Current	5,067	4,419	37,054	30,729
Noncurrent	13,220	14,121	215,220	191,339

At June 30, 2020 and December 31, 2019, the aging list is as follows:

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
2020	2,663	4,419	20,465	30,729
2021	4,780	3,869	33,110	28,731
2022	3,840	3,419	30,470	26,228
2023	3,870	3,729	29,529	25,576
After 2023	3,134	3,104	138,700	110,804
	18,287	18,540	252,274	222,068

Changes in leases for the periods ended June 30, 2020 and 2019 are as follows:

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Balance at beginning of period	18,540	-	222,068	-
First-time adoption of IFRS 16 / CPC 06 (R2)	-	23,952	-	237,975
Additions	-	-	33,650	-
Remeasurement	1,896	(675)	10,335	1,968
Accrued interest	832	891	10,843	10,498
Amortization of principal	(2,210)	(2,047)	(13,727)	(11,954)
Amortization of interest (a)	(771)	(806)	(9,337)	(9,432)
Write-offs	-	-	(1,558)	-
Balance at end of period	18,287	21,315	252,274	229,055

(a) As set forth in paragraph 33 of CPC 03 (R2)/IAS 7, the Group disclosed the interest paid as financing activity.

The weighted average incremental borrowing rate applied to lease liabilities is approximately CDI + 3% p.a.

The Group has also leases of real estate properties and machinery that have a lease term of 12 months or less, leases of low-value office equipment and leases of properties with variable lease payments. For those cases, the Group applies the recognition exemptions for short-term leases, leases of low-value assets and variable lease payments. At June 30, 2020, total expenses recognized in connection with these contracts amounted to R\$495 (Parent Company) and R\$2,149 (consolidated) (R\$1,810 and R\$5,469, respectively, at June 30, 2019).

In compliance with Circular Letter CVM/SNC/SEP No. 02/2019 and in order to report to investors, we present the comparative balances, with the projected inflation rate applied, of lease liabilities, right-of-use assets, finance costs and depreciation expenses for the period ended June 30, 2020 and year ended December 31, 2019:

	06/30/2020			
	Parent Company		Consolidated	
	IFRS 16	Projected inflation	IFRS 16	Projected inflation
Right-of-use assets, net	16,560	20,264	233,258	267,283
Leases	18,287	20,541	252,274	270,843
Depreciation expenses	(2,752)	(2,973)	(20,379)	22,494)
Finance costs	(832)	(903)	(10,843)	(11,823)

	12/31/2019			
	Parent Company		Consolidated	
	IFRS 16	Projected inflation	IFRS 16	Projected inflation
Right-of-use assets, net	17,416	18,883	211,133	227,768
Leases	18,540	19,964	222,068	238,833
Depreciation expenses	(5,681)	(5,838)	(36,882)	(40,115)
Finance costs	(1,745)	(1,965)	(20,414)	(22,176)

16. Accounts payable - business acquisition

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Acquired subsidiaries:				
Som	217	213	217	213
Sonimed	96	95	96	95
Unic	1,530	1,503	1,530	1,503
Sabedotti	330	319	330	319
IMRAD	-	233	-	233
UMDI	4,988	4,902	4,988	4,902
Laboratório São Lucas	34	33	34	33
Delfin	7,159	7,211	7,159	7,211
Multilab	-	-	1,630	1,602
Multiscan	-	-	26,331	25,875
Total	14,354	14,509	42,315	41,986
Current	12,442	3,803	12,929	4,282
Noncurrent	1,912	10,706	29,386	37,704

Accounts payable for business acquisitions refer to considerations to be transferred for acquisition of interest in companies, as established the related agreements. Payables for business acquisition are subject to finance charges calculated using either the CDI or the SELIC rate.

Changes in accounts payable for business acquisitions for the periods ended June 30, 2020 and 2019 are as follows:

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Balance at beginning of period	14,509	20,620	41,986	46,786
Additions	-	-	-	250
Payment of principal	(213)	(4,406)	(213)	(4,657)
Payment of finance charges	(24)	(2,640)	(24)	(2,640)
Finance charges (*)	82	1,259	566	2,070
Balance offset	-	(275)	-	(69)
Balance at end of period	14,354	14,558	42,315	41,740

(*) As set forth in paragraph 33 of CPC 03 (R2)/IAS 7, the Group disclosed the interest paid as financing activity.

17. Provision for contingencies

In the ordinary course of their business, the Company and its subsidiaries are parties to tax, labor and civil lawsuits at different court levels, for which management has recognized provision based on the assessment of its legal advisors regarding ongoing lawsuits.

The provisions for contingencies are determined based on the analysis of ongoing lawsuits, official notices and risk assessments in which the likelihood of loss is deemed probable by management and the legal advisors. The breakdown and changes in provision for tax, labor and civil contingencies are shown below:

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Labor and social security (a)	769	1,295	4,952	6,112
Tax (b)	912	1,265	41,092	45,010
Civil	189	39	640	671
Total	1,870	2,599	46,684	51,793

- (a) The provision for labor contingencies refers substantially to the liabilities measured in a business combination, whose estimated amount is R\$1,967 at June 30, 2020 (R\$2,944 at December 31, 2019).
- (b) Part of the provision for tax contingencies in liabilities is represented by the matching entry against the Tax Contingency Reimbursement Guarantee recorded in assets. Certain subsidiaries of the Company discuss administratively and judicially the application of a fixed Federal VAT (ISS) regime and non-levy of ICMS on import of equipment. The provision recognized for cases whose likelihood of loss was considered probable amounts to R\$32,612 (32,185 at December 31, 2019) with judicial deposits totaling R\$19,301 (19,301 at December 31, 2019).

Part of the legal contingencies to which the Company and its subsidiaries are exposed is guaranteed by liability clauses set forth in the investment agreement entered into by their shareholders, which provide for the reimbursement of the contingencies paid or assumed by the Company for events that occurred and/or existed before the subsidiaries' acquisition date, as detailed in Note 7.

In the periods ended June 30, 2020 and 2019, there were changes in the provision for tax, labor and civil contingencies that are shown below:

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Balance at beginning of period	2,599	27,594	51,793	89,429
Additions	205	182	1,604	1,959
Reversals (i)	-	(1,209)	(1,308)	(7,417)
Payments	(44)	(58)	(172)	(574)
Expiration, net of restatement (ii)	(890)	(12,283)	(5,233)	(13,087)
Balance at end of period	1,870	14,226	46,684	70,310

(i) The reversals presented correspond mostly to refundable contingencies materialized. At June 30, 2020, the contingency reimbursement guarantee balances total R\$1,499 and R\$15,992, Parent Company and Consolidated, respectively (R\$2,389 and R\$20,949 at December 31, 2019).

(ii) This balance corresponds to the expiration of legal contingencies identified in the business combination, since the facts that gave rise to such contingencies occurred more than five years ago.

At June 30, 2020, judicial deposits to cover ongoing proceedings total R\$1,173 and R\$25,902, Parent Company and Consolidated, respectively (R\$804 and R\$ 25,681, respectively, at December 31, 2019).

The Company and its subsidiaries are parties to legal and administrative proceedings whose likelihood of loss is assessed as possible, as follows:

Tax

According to analysis of legal advisors, possible loss on tax proceedings at June 30, 2020 totaled R\$124,551, for which the Company has guarantee amounting to R\$119,038 (tax proceedings amounting to R\$122,750 and guarantee of R\$117,270 at December 31, 2019).

Civil

According to analysis of legal advisors, possible loss on proceedings related to property damage and pain and suffering at June 30, 2020 totaled R\$11,801, for which the Company has guarantee amounting to R\$4,439 (civil proceedings amounting to R\$11,374 and guarantee of R\$4,358 at December 31, 2019).

Labor

The labor proceedings to which the Company and its subsidiaries are defendants mainly refer to suits filed administratively and judicially by employees, former employees and service providers claiming payment of overtime, salary equalization, salary decrease, social charges and interpretation of labor law as to the recognition of employment relationship. The contingency at June 30, 2020 was assessed at R\$10,032, for which the Company has guarantee amounting to R\$6,582 (labor claims amounting to R\$8,566 and guarantee of R\$6,643 at December 31, 2019).

18. Equity

Capital

At June 30, 2020, the subscribed capital amounts to R\$635,373 (R\$635,373 at December 31, 2019), divided into 118,292,816 shares (118,292,816 at December 31, 2019).

	<u>06/30/2020</u>	<u>12/31/2019</u>
Common shares	<u>118,292,816</u>	<u>118,292,816</u>
	<u>118,292,816</u>	<u>118,292,816</u>

Capital reserve

	<u>06/30/2020</u>	<u>12/31/2019</u>
Equity instruments arising from business combination (i)	616,673	616,673
Restricted shares	6,398	2,722
Goodwill – transactions with shareholders (ii)	1,677	1,677
Other capital reserves (iii)	(624)	(624)
	<u>624,124</u>	<u>620,448</u>

- (i) Balance related to the total shares of shareholders of subsidiaries CDB and Delfin, which are considered wholly-owned subsidiaries.
- (ii) This account represents the goodwill or negative goodwill paid on the acquisition of noncontrolling interest in subsidiaries. In 2019 Delfin acquired the equity interest of a noncontrolling shareholder of Delfin Bahia, thus increasing its equity interest by 3.26%. This transaction generated negative goodwill of R\$132.
- (iii) The difference between the average price of treasury shares that were delivered to the beneficiaries of the Company's restricted stock option plan and the fair value of shares calculated in the restricted stock option plan is recorded as capital reserve.

Treasury shares

In the second quarter of 2019, the Company renewed the share buyback program, under which up to 1,000,000 (one million) registered, book-entry Company-issued common shares with no par value may be acquired.

The objective of the share buyback program is to acquire the Company shares to be held in treasury for future sale. The shares were acquired within 18 months, beginning June 4, 2019 and ending November 30, 2020, and the Executive Board will decide the best moment to purchase the shares. The shares under the Share Buyback Program will be acquired using the funds available in the Capital reserve account. Until December 31, 2019, the Company had acquired 244,500 own shares, totaling R\$4,239 (R\$1,496 at December 31, 2018).

In the period ended June 30, 2020, there were no changes in treasury shares.

Restricted stock option plan

Restricted stock option program

On July 25, 2019, the Board of Directors approved the new Restricted Stock Option Program ("2nd Restricted Stock Option Plan"), conditioning the long-term incentive of its key executives to the Company's future performance. This Program granted 2,154,402 shares, representing approximately 1.82% of the capital, conditioned on (i) the Beneficiary continuing the employment contract with the Company or its subsidiaries, over the period defined in the contract with each Beneficiary and (ii) achievement of the Performance Indicator defined by the Company's Board of Directors, to be determined after the end of fiscal year 2021.

Management used the grant date and market prices available as basis to determine the fair value of shares granted. Accordingly, the fair value of the shares granted was R\$15.02. The expense for the period of R\$3,676 corresponds to the expense considering the expected turnover and expectation of reaching the indicator, according to the last budget approved by the Board of Directors.

Other comprehensive income

The changes in the balances of other comprehensive income refer to profit or loss from cash flow hedge accounting transactions on the Group's foreign exchange exposure.

Earnings (loss) per share

As required by CPC 41 / IAS 33 - Earnings per Share, the following tables reconcile net income and the weighted average number of outstanding shares with the amounts used to calculate basic and diluted earnings per share.

	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Basic				
Net income for the period	(84,618)	(106,298)	9,596	19,482
Average number of outstanding shares (shares in thousands)	117,882	117,882	118,282	118,297
Basic earnings (loss) per share (in R\$)	(0.718)	(0.902)	0.081	0.165
Diluted				
Net income for the period	(84,618)	(106,298)	9,596	19,482
Average number of outstanding shares (shares in thousands)	117,882	117,882	118,282	118,297
Dilutive effect of outstanding options (shares in thousands)	-	-	336	336
Average number of shares during plans - diluted	117,882	117,882	118,618	118,633
Diluted earnings (loss) per share (in R\$)	(0.718)	(0.902)	0.081	0.164

Given the results for the period ended June 30, 2020, there is no impact on the dilutive effect.

19. Net service revenue

	Parent Company			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Gross service revenue	18,154	43,256	30,007	57,081
Gross construction revenue	-	-	-	-
Total gross revenue	18,154	43,256	30,007	57,081
(-) Sales taxes	(1,252)	(2,972)	(2,117)	(3,865)
(-) Cancellations and disallowances	(149)	(343)	(270)	(512)
Deductions from gross revenue	(1,401)	(3,315)	(2,387)	(4,377)
Net service revenue	16,753	39,941	27,620	52,704

	Consolidated			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Gross service revenue	150,824	405,006	294,289	576,939
Gross construction revenue (a)	311	523	355	607
Total gross revenue	151,135	405,529	294,644	577,546
(-) Sales taxes	(9,386)	(25,069)	(18,146)	(35,524)
(-) Cancellations and disallowances	(1,175)	(4,023)	(3,780)	(7,459)
Deductions from gross revenue	(10,561)	(29,092)	(21,926)	(42,983)
Net service revenue	140,574	376,437	272,718	534,563

- (a) Led by the public interest, the Granting Authority decided to transfer three (3) mammogram machines from *Centro Estadual de Oncologia* ("CICAN"), an integral part of the Concession Contract, to other hospital units under the management of SESAB. The transfer, formally completed on June 1, 2020 with the signing of Addendum No. 4 to the Concession Contract ("Contract"), resulted in: (i) removing the scope of the Diagnostic Imaging Support Services for the three (3) machines; and (ii) reviewing the Maximum Annual Consideration (CAM) amount.

20. Information on the nature of costs and expenses recognized in the statement of profit or loss

The Group presented its statement of profit or loss classifying expenses based on their function. Information on the nature of such expenses recognized in the statement of profit or loss is as follows:

	Parent Company			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Personnel	(5,254)	(12,431)	(7,848)	(12,362)
Medical and hospital supplies and services	(3,099)	(4,531)	(2,328)	(4,319)
Third-party services and other	(4,724)	(9,002)	(4,935)	(7,739)
Medical fees	(2,171)	(6,157)	(4,631)	(9,216)
Maintenance	(1,086)	(2,135)	(162)	(360)
Depreciation and amortization	(6,275)	(12,634)	(6,246)	(12,487)
Occupancy	(1,100)	(2,594)	(1,669)	(4,712)
Long-term incentive program	(2,045)	(3,676)	(187)	(708)
Loss on payment of disproportionate dividends	(1,937)	(4,316)	(2,767)	(5,389)
	(27,691)	(57,476)	(30,773)	(57,292)
Cost of services	(20,265)	(43,326)	(22,477)	(43,911)
General and administrative expenses	(5,141)	(9,403)	(5,430)	(7,351)
Other (expenses) income, net	(2,285)	(4,747)	(2,866)	(6,030)
	(27,691)	(57,476)	(30,773)	(57,292)
	Consolidated			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Personnel	(64,200)	(138,257)	(70,360)	(143,279)
Medical and hospital supplies and services	(33,621)	(68,211)	(33,771)	(66,464)
Third-party services and other	(31,820)	(67,179)	(33,485)	(57,682)
Medical fees	(27,788)	(73,264)	(52,755)	(103,247)
Maintenance	(8,081)	(17,635)	(8,447)	(15,229)
Construction cost	(293)	(493)	(336)	(573)
Depreciation and amortization	(29,169)	(58,793)	(29,611)	(58,150)
Occupancy	(8,740)	(19,187)	(12,246)	(25,843)
Long-term incentive program	(2,045)	(3,678)	(187)	(708)
	(205,757)	(446,697)	(241,198)	(471,175)
Cost of services	(158,784)	(353,934)	(199,900)	(391,678)
General and administrative expenses	(42,598)	(84,442)	(39,870)	(76,599)
Other (expenses) income, net	(4,375)	(8,321)	(1,428)	(2,898)
	(205,757)	(446,697)	(241,198)	(471,175)

21. Finance result

	Parent Company			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Finance income				
Short-term investment yield	817	997	4	10
Gain on derivative financial instruments	13,417	54,716	-	-
Other finance income	1,592	3,230	2,120	4,370
	15,826	58,943	2,124	4,380
Finance costs				
Interest on loans	(7,370)	(13,628)	(7,826)	(16,232)
Interest on lease	(415)	(832)	(435)	(891)
Loss on derivative financial instruments	-	-	(1,671)	(1,239)
Transaction costs	(549)	(1,092)	(1,466)	(2,092)
Interest on accounts payable for business acquisition	123	(82)	(236)	(1,259)
Other finance costs	(714)	(968)	(1,033)	(2,304)
	(8,925)	(16,602)	(12,667)	(24,017)
Exchange differences, net	(14,553)	(56,895)	912	264
Finance result, net	(7,652)	(14,554)	(9,631)	(19,373)
	Consolidated			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Finance income				
Short-term investment yield	1,574	2,196	427	902
Gain on derivative financial instruments	14,193	69,048	-	-
Other finance income	511	928	523	1,117
	16,278	72,172	950	2,019
Finance costs				
Interest on loans	(8,775)	(16,412)	(10,045)	(21,074)
Interest on lease	(5,468)	(10,843)	(5,054)	(10,498)
Loss on derivative financial instruments	-	-	(4,975)	(2,272)
Transaction cost	(604)	(1,238)	(1,572)	(2,305)
Interest on accounts payable for business acquisition	(82)	(566)	(648)	(2,070)
Interest on taxes paid in installments	-	(156)	(18)	(113)
Other finance costs	(2,133)	(3,611)	(2,372)	(4,752)
	(17,062)	(32,826)	(24,684)	(43,084)
Exchange differences, net	(15,248)	(73,048)	3,056	(325)
Finance result, net	(16,032)	(33,702)	(20,678)	(41,390)

22. Income and social contribution taxes

	Parent Company			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Income (loss) before IRPJ and CSLL	(81,244)	(106,625)	6,479	13,513
Combined IRPJ and CSLL rate	34%	34%	34%	34%
Expected IRPJ and CSLL credit (expense)	27,623	36,253	(2,203)	(4,594)
Permanent differences:				
Share of profit (loss) on investments	(21,302)	(25,342)	6,549	12,741
Loss on disproportionate dividends	(658)	(1,467)	(941)	(1,832)
Executive Board compensation	(128)	-	(127)	(255)
Interest on equity received and paid	(83)	(169)	(340)	(340)
Tax credit not recognized on loss for the period	(8,769)	(8,769)	-	-
Others	(57)	(179)	179	249
Total IRPJ and CSLL in profit or loss for the period	(3,374)	327	3,117	5,969
Current income and social contribution taxes	-	-	-	-
Deferred income and social contribution taxes	(3,374)	327	3,117	5,969

	Consolidated			
	06/30/2020	06/30/2020	06/30/2019	06/30/2019
	3-month period	6-month period	3-month period	6-month period
Income (loss) before income and social contribution taxes	(79,554)	(98,420)	15,053	30,441
Combined IRPJ and CSLL rate	34%	34%	34%	34%
Expected IRPJ and CSLL credit (expense)	27,049	33,463	(5,118)	(10,350)
Permanent differences:				
Share of profit (loss) on investments	564	1,884	1,431	2,870
Executive Board compensation	(128)	-	(127)	(255)
Interest on equity received and paid	(19)	15	135	135
Tax credit not recognized on loss for the period	(24,226)	(30,956)	(776)	(1,529)
Others	(282)	(268)	199	(1)
Effect from companies under the regime whereby taxable profit is computed as a percentage of gross revenue	(8,502)	(10,847)	1,002	1,982
Total IRPJ and CSLL in profit or loss for the period	(5,544)	(6,709)	(3,254)	(7,148)
Current income and social contribution taxes	(4,214)	(7,552)	(7,896)	(10,894)
Deferred income and social contribution taxes	(1,330)	843	4,642	3,746

Breakdown of asset and liability balances of deferred income and social contribution taxes

<u>Deferred assets</u>	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2020</u>	<u>12/31/2019</u>	<u>06/30/2020</u>	<u>12/31/2019</u>
Tax loss	388,866	345,191	398,375	360,718
Other temporary differences	12,556	9,207	39,858	25,489
Appreciation of assets	14,975	11,720	14,975	11,720
Deferred hedge accounting	1,023	401	1,023	788
Tax base	417,420	366,519	454,231	398,715
Combined IRPJ and CSLL rate	34%	34%	34%	34%
Deferred income and social contribution tax assets	141,923	124,616	154,439	135,563
<u>Deferred liabilities</u>	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2020</u>	<u>12/31/2019</u>	<u>06/30/2020</u>	<u>12/31/2019</u>
Deferred profit – cash basis	-	-	29,569	30,844
Deferred income from financial instruments	52,502	3,183	59,071	4,992
Deferred hedge accounting	325	-	797	213
Tax base	52,827	3,183	89,437	36,049
Combined IRPJ and CSLL rate	34%	34%	34%	34%
Deferred income and social contribution tax liabilities	17,961	1,082	30,409	12,257
Classified as:				
Deferred tax assets	141,923	124,616	154,439	135,563
Deferred tax liabilities, offset	(17,961)	(1,082)	(18,426)	(1,639)
Deferred tax assets, net - noncurrent assets	123,962	123,534	136,013	133,924
Deferred tax liabilities - noncurrent liabilities	-	-	11,983	10,618

Changes in deferred income and social contribution taxes

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>06/30/2020</u>		<u>06/30/2020</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Balance of deferred taxes at beginning of period	123,534	-	133,924	10,618
Deferred taxes recognized in P&L	17,095	16,768	18,796	17,953
Deferred taxes recognized in other comprehensive income	212	111	80	199
Reclassification of deferred taxes	(16,879)	(16,879)	(16,787)	(16,787)
Balance of deferred taxes at end of period	123,962	-	136,013	11,983

The Group conducted a tax study in which it assessed the merger of its entities, with the purpose of enhancing taxable profit and, consequently, the realization of deferred tax balances. Based on that study, management estimates that tax credits will be recovered within ten years, as follows:

	<u>Parent Company</u>	<u>Consolidated</u>
2020	2,525	8,257
2021	13,679	15,360
2022	11,890	13,576
2023	12,744	14,035
2024	14,548	14,548
2025 – 2029	68,576	70,237
Total	123,962	136,013

23. Transactions with related parties

Parent Company

		06/30/2020								
		Profit or loss		Assets			Liabilities			
Classification of related party	Apportionment	Expenses	Intercompany Loans	Debit notes	Other assets	Total	Intercompany Loans	Other liabilities	Total	
Ideal Diagnósticos por Imagem Ltda	Subsidiary	5	-	-	3	-	3	-	-	
Núcleo de Imagem Diagnósticos	Subsidiary	54	-	-	43	-	43	-	-	
Mastoclínica Clínica Diagnóstico Imagem	Subsidiary	-	-	-	-	-	1,719	-	1,719	
Plani Diagnósticos Médicos	Indirect subsidiary	1,021	-	-	865	-	865	-	-	
Alto São Francisco Diag. Imagem	Subsidiary	30	-	-	26	-	26	-	-	
DI Imagem Unidade Ultrassonografia	Subsidiary	16	-	-	11	-	11	-	-	
Unidade Diag. Imagem de Dourados	Subsidiary	140	-	-	169	-	169	-	-	
Diagnósticos Conesul	Subsidiary	-	-	-	-	-	-	-	-	
Sonimed Diagnósticos	Subsidiary	15	-	-	251	-	251	-	-	
DI Imagem Diag. Integrado por Imagem	Subsidiary	-	-	-	33	-	33	-	-	
DI Imagem Centro Diag. Integ. Imagem	Subsidiary	444	-	-	1,454	-	1,454	-	-	
Nuclear Diag. Sociedade Simples	Subsidiary	10	-	7,112	968	-	8,080	-	-	
Som Diagnósticos Ltda	Subsidiary	1,385	-	-	1,729	-	1,729	-	-	
Clínica Sabedotti Ltda	Subsidiary	269	-	-	229	-	229	-	-	
Plani Ressonância	Indirect subsidiary	-	-	-	524	-	524	-	-	
Plani Jacarei Diagnósticos Médicos	Indirect subsidiary	88	-	-	67	-	67	-	-	
Araras Medicina Diagnóstica	Indirect subsidiary	99	-	-	88	-	88	-	-	
Centro Diagnóstico Cláudio Ramos	Subsidiary	401	-	-	339	-	339	-	-	
Veneza Diagnóstico por Imagem	Subsidiary	167	-	-	118	-	118	-	-	
Unic Unid. Campograndense Diag.	Subsidiary	119	-	-	98	-	98	-	-	
RM Diagnóstico por Imagem/Resende	Subsidiary	13	-	-	10	-	10	-	-	
IMRAD	Subsidiary	-	-	-	34	-	34	-	-	
Centro Imagens Diag. (Cedimagem)	Subsidiary	29	-	-	23	-	23	-	-	
Núcleo Diag. Imagem (Cedimagem)	Subsidiary	137	-	-	108	-	108	-	-	
Censo Imagem Diagnóstico	Indirect subsidiary	13	-	-	10	-	10	-	-	
Serviços de Radiologia São Judas Tadeu	Subsidiary	280	-	-	269	-	269	-	-	
Pará de Minas Diag. Por imagem	Subsidiary	28	-	-	21	-	21	-	-	
Cintimed	Subsidiary	-	-	-	-	-	-	-	-	
Imagem Centro Diagnósticos Grupo Gold	Indirect subsidiary	90	-	-	77	-	77	-	-	
Instituto de Diagnósticos Gold Imagem	Indirect subsidiary	78	-	-	142	-	142	-	-	
Setra Prestação de Serviços Radiológicos	Indirect subsidiary	222	-	-	191	-	191	-	-	
Pro Imagem Ltda	Subsidiary	132	-	-	95	-	95	-	-	
Ecoclínica	Indirect subsidiary	88	-	-	774	-	774	-	-	
Nucleminas Medicina Nuclear	Indirect subsidiary	8	-	-	6	-	6	-	-	
CDI Vitória	Subsidiary	249	-	-	519	-	519	-	-	
Sonimed Nuclear	Subsidiary	-	-	-	17	-	17	557	557	
UMDI	Indirect subsidiary	961	-	-	799	-	799	-	-	
Nuclear Medcenter	Subsidiary	25	-	-	127	-	127	-	-	
Rio Claro Medicina Diagnóstica	Indirect subsidiary	12	-	-	10	-	10	-	-	
CDI Vila Vella	Subsidiary	64	-	-	318	-	318	-	-	
Montes Claros Medicina Diagnóstica	Other related parties	-	-	1,512	1	1,238 (a)	2,751	-	-	
Três Rios Imagem Diagnóstico	Subsidiary	7	-	519	1	-	520	-	-	
Pro Imagem Exames Compl.	Subsidiary	455	-	-	390	-	390	-	-	
Científica Tecnogama	Subsidiary	2	-	-	1	-	1	-	-	
CDB	Subsidiary	21,511	-	12	29,894	-	29,906	12	69	
Clínica Gonzales	Subsidiary	1,077	-	-	1,328	-	1,328	-	3,617	
Clínica Delfin Villas	Indirect subsidiary	302	-	-	1,189	-	1,189	-	-	
Delfin SAJ Médicos	Indirect subsidiary	58	-	-	342	-	342	-	-	
Delfin CLIN Natal	Indirect subsidiary	96	-	-	599	-	599	-	-	
Delfin IDI	Indirect subsidiary	47	-	-	347	-	347	-	-	
Delfin Bahia	Indirect subsidiary	298	-	-	1,402	-	1,402	-	-	
Multiscan	Indirect subsidiary	515	-	-	451	-	451	13	13	
Lab. de Análises Clínicas São Lucas	Subsidiary	314	-	-	678	-	678	-	-	
Laboratório Biolab	Subsidiary	597	-	-	627	-	627	-	-	
Multilab	Subsidiary	1,306	-	-	2,078	-	2,078	-	-	
RBD	Subsidiary	-	-	5,014	36	-	5,050	-	-	
RMTC	Subsidiary	-	-	-	6	-	6	-	-	
Divestiture	Subsidiary	-	-	-	-	56,444 (b)	56,444	-	-	
Shareholder – share buyback	Controlling interest	-	-	-	-	657 (c)	657	-	-	
Dividends receivable	Subsidiaries	-	-	-	-	13,055	13,055	-	-	
Research Incentive Fund Association (AFIP)	Other related parties	-	1,071	-	-	-	-	-	-	
Others	Other related parties	-	-	-	-	9,403 (f)	9,403	-	-	
Total		33,277	1,071	14,169	49,935	80,797	144,901	2,301	3,686	
Current							22,161		-	
Noncurrent							122,740		5,987	

12/31/2019

	Classification of related party	Profit or loss 06/30/2019		Assets			Liabilities			
		Apportionment	Expenses	Intercompany Loans	Debit notes	Other assets	Total	Intercompany Loans	Other liabilities	Total
Ideal Diagnósticos por Imagem Ltda	Subsidiary	5	-	-	2	-	2	-	-	-
Núcleo de Imagem Diagnósticos	Subsidiary	43	-	-	6	-	6	-	-	-
Mastoclínica Clínica Diagnóstico Imagem	Subsidiary	-	-	-	-	-	-	1,717	-	1,717
Plani Diagnósticos Médicos	Indirect subsidiary	700	-	-	143	-	143	1	-	1
Alto São Francisco Diag. Imagem	Subsidiary	22	-	-	4	-	4	-	-	-
DI Imagem Unidade Ultrassonografia	Subsidiary	15	-	-	-	-	-	4,428	-	4,428
Unidade Diag. Imagem de Dourados	Subsidiary	111	-	-	68	-	68	1,238	-	1,238
Diagnósticos Conesul	Subsidiary	-	-	-	-	-	-	2,266	-	2,266
Sonimed Diagnósticos	Subsidiary	228	-	-	245	-	245	2,142	-	2,142
DI Imagem Diag. Integrado por Imagem	Subsidiary	-	-	-	33	-	33	-	-	-
DI Imagem Centro Diag. Integ. Imagem	Subsidiary	166	-	-	1,123	-	1,123	-	-	-
Nuclear Diag. Sociedade Simples	Subsidiary	60	-	6,770	970	-	7,740	-	-	-
Som Diagnósticos Ltda	Subsidiary	1157	-	-	1,063	-	1,063	-	-	-
Clínica Sabedotti Ltda	Subsidiary	201	-	-	38	-	38	1,370	-	1,370
Plani Ressonância	Indirect subsidiary	-	-	-	524	-	524	-	-	-
Plani Jacareí Diagnósticos Médicos	Indirect subsidiary	49	-	-	-	-	-	-	-	-
Araras Medicina Diagnóstica	Indirect subsidiary	65	-	-	16	-	16	-	-	-
Centro Diagnóstico Cláudio Ramos	Subsidiary	352	-	-	62	-	62	-	-	-
Veneza Diagnóstico por Imagem	Subsidiary	267	-	-	47	-	47	1,240	-	1,240
Unic Unid. Campograndense Diag.	Subsidiary	108	-	-	22	-	22	1,869	-	1,869
RM Diagnóstico por Imagem/Resende	Subsidiary	8	-	-	2	-	2	1,280	-	1,280
IMRAD	Subsidiary	24	-	-	34	-	34	1,050	-	1,050
RM Diagnóstico por Imagem/Lafaiete	Subsidiary	-	-	97	-	-	97	-	-	-
Centro Imagens Diag. (Cedimagem)	Subsidiary	46	-	-	6	-	6	-	-	-
Núcleo Diag. Imagem (Cedimagem)	Subsidiary	108	-	-	20	-	20	1,940	-	1,940
Censo Imagem Diagnóstico	Indirect subsidiary	9	-	-	3	-	3	-	-	-
Serviços de Radiologia São Judas Tadeu	Subsidiary	227	-	-	31	-	31	-	-	-
Pará de Minas Diag. Por imagem	Subsidiary	15	-	-	1	-	1	-	-	-
Cintimed	Subsidiary	-	-	-	-	-	-	330	-	330
Imagem Centro Diagnósticos Grupo Gold	Indirect subsidiary	55	-	-	12	-	12	-	-	-
Instituto de Diagnósticos Gold Imagem	Indirect subsidiary	131	-	-	90	-	90	-	-	-
Setra Prestação de Serviços Radiológicos	Indirect subsidiary	143	-	-	21	-	21	-	-	-
Pro Imagem Ltda	Subsidiary	96	-	-	-	-	-	-	-	-
Ecoclínica	Indirect subsidiary	155	-	-	707	-	707	-	-	-
Nucleinas Medicina Nuclear	Indirect subsidiary	7	-	-	1	-	1	600	-	600
CDI Vitória	Subsidiary	277	-	-	337	-	337	287	-	287
Sonimed Nuclear	Subsidiary	24	-	-	17	-	17	557	-	557
UMDI	Indirect subsidiary	766	-	-	132	-	132	-	-	-
Nuclear Medcenter	Subsidiary	20	-	-	111	-	111	450	-	450
Rio Claro Medicina Diagnóstica	Indirect subsidiary	7	-	-	2	-	2	-	-	-
CDI Vila Vella	Subsidiary	130	-	-	291	-	291	-	-	-
Montes Claros Medicina Diagnóstica	Other related parties	-	-	1,072	1	1,238 (a)	2,311	-	-	-
Três Rios Imagem Diagnóstico	Subsidiary	15	-	519	-	-	519	-	-	-
Pro Imagem Exames Compl.	Subsidiary	346	-	-	67	-	67	-	-	-
Científica Tecnogama	Subsidiary	3	-	-	-	-	-	370	-	370
CDB	Subsidiary	19331	-	48	8,350	-	8,398	17	-	17
Clínica Gonzales	Subsidiary	1083	-	-	516	-	516	11,350	3,617	14,967
Clínica Delfin Villas	Indirect subsidiary	324	-	-	945	-	945	-	-	-
Delfin Médicos Associados	Indirect subsidiary	96	-	-	-	-	-	-	-	-
Delfin SAJ Médicos	Indirect subsidiary	51	-	-	284	-	284	-	-	-
Delfin CLIN Natal	Indirect subsidiary	102	-	-	503	-	503	-	-	-
Delfin IDI	Indirect subsidiary	52	-	-	300	-	300	-	-	-
Delfin Bahia	Indirect subsidiary	169	-	-	1,104	-	1,104	-	115	115
Multiscan	Indirect subsidiary	704	-	-	75	-	75	13	-	13
Lab. de Análises Clínicas São Lucas	Subsidiary	222	-	-	411	-	411	-	-	-
Laboratório Biolab	Subsidiary	34	-	-	61	-	61	-	-	-
Multilab	Subsidiary	796	-	-	993	-	993	-	-	-
RBD	Subsidiary	-	-	-	5	-	5	-	-	-
Divestiture	Subsidiary	-	-	-	-	69,717 (b)	69,717	-	-	-
Shareholder – share buyback	Controlling interest	-	-	-	-	1,962 (c)	1,962	-	-	-
Dividends receivable	Subsidiaries	-	-	-	-	10	10	-	-	-
Research Incentive Fund Association (AFIP)	Other related parties	-	293	-	-	-	-	-	-	-
Others	Other related parties	-	-	-	-	10,988 (a)	10,988	-	-	-
Total		29,125	293	8,506	19,799	83,915	112,220	34,515	3,732	38,247
Current							24,353			-
Noncurrent							87,867			38,247

Consolidated

			06/30/2020						
			Profit or loss	Assets		Current liabilities		Noncurrent liabilities	
			Operating expenses	Related party transactions	Financial assets	Trade accounts payable	Leases	Related party transactions	Leases
Montes Claros Medicina Diagnóstica			-	2,751 (a)	-	-	-	-	-
Shareholders – share buyback			-	657 (c)	-	-	-	-	-
Other receivables from/payables to shareholders			-	13,519 (f)	-	-	-	462 (g)	-
Philips			2,354	-	-	1,128	-	82	-
Research Incentive Fund Association (AFIP)			39,102 (d)	-	-	30 (d)	-	-	-
Shareholders - lease (e)			12,945	-	-	-	11,507	-	128,513 (e)
Total			54,401	16,927	-	1,158	11,507	544	128,513

			06/30/2019						
			Profit or loss	Assets		Current liabilities		Noncurrent liabilities	
			Operating expenses	Related party transactions	Financial assets	Trade accounts payable	Leases	Related party transactions	Leases
Montes Claros Medicina Diagnóstica			-	2,311 (a)	-	-	-	-	-
Shareholders – share buyback			-	1,962 (c)	-	-	-	-	-
Other receivables from/payables to shareholders			-	15,169 (f)	-	-	-	400	-
Philips			2,077	-	320	885	-	142	-
Research Incentive Fund Association (AFIP)			33,030 (d)	-	-	73 (d)	-	-	-
Shareholders - lease (e)			12,117	-	-	-	6,870	-	101,511 (e)
Total			47,224	19,442	320	958	6,870	542	101,511

In the course of the Company's business, the controlling shareholders and the subsidiaries carry out intercompany financial transactions. These transactions refer mainly to interest-free intercompany loans.

At June 30, 2020, the Company presented the following balances and conducted the following transactions with related parties:

- (a) As a result of the transfer of property and equipment and intercompany loans, the Parent Company and its subsidiaries have receivables amounting to R\$2,751 (R\$2,311 at December 31, 2019) from associate Axial Montes Claros.
- (b) The Parent Company have accounts receivable balances referring to disposal of certain investees to subsidiaries CDB and Delfin (Note 8), in the amount of R\$56,444 (R\$69,717 at December 31, 2019).
- (c) The Parent Company records accounts receivable from shareholders related to share buyback of R\$657 (R\$1,962 at December 31, 2019).

- (d) Services engaged - The Parent Company entered into an agreement for provision of professional services in the clinical test area, comprising the tests listed in the AMB92 table, pathological anatomy and cytology, including collection of organic material, at home or at the external units indicated by the Company. The agreements are charged according to the tests performed, based on the AMB92 table, for the tests included therein, and based on a contracted table for other medical tests not included in such table. The amounts are annually adjusted based on the Extended Consumer Price Index disclosed by the Brazilian Institute of Geography and Statistics (IPCA/IBGE) accumulated in the past 12 months, subject to the adjustment index applied by the healthcare plan operators.

In the period ended June 30, 2020, the Group engaged clinical analysis services from the Research Incentive Fund Association (AFIP) amounting to R\$39,102 (R\$33,030 at June 30, 2019) and liabilities of R\$30 at June 30, 2020 (R\$73 at December 31, 2019).

- (e) Lease contracts – these refer to lease of properties for the Alliar Group operating units, under which the lessors are shareholders and other related parties.
- (f) The Parent Company has receivables amounting to R\$5,620 (R\$7,532 at December 31, 2019) referring to interest on equity, and R\$172 of other receivables from subsidiary Cintimed. These balances are eliminated for consolidation purposes. The Parent Company has also receivables amounting to R\$3,599 (R\$3,444 at December 31, 2019) relating to Axial's members that left that company. In addition, there is a balance of R\$12 (R\$11 at December 31, 2019) receivable from associates.

Subsidiaries Plani Ressonância, Plani Diagnósticos, Delfin Natal, Som Diagnósticos and Sabedotti has receivables amounting to R\$4,394 (R\$6,917 at December 31, 2019) from shareholders due to their enrollment with installment programs for settlement of taxes, whose triggering event occurred before these companies were acquired by the Company.

The subsidiaries CDB, Plani Diagnósticos, Sabedotti, CDI Vitória, Nuclear, Clínica Delfin Gonzalez, Delfin Villas, Delfin Médicos Associados, Clínica de Natal, have contingency receivables totaling R\$4,160 at the reporting date (R\$3,287 at December 31, 2019).

At June 30, the subsidiaries Plani Diagnósticos, Som Diagnósticos, UMDI, Multiscan, Setra, CDB, Delfin Gonzáles, Delfin Villas, Delfin Médicos have receivables amounting to R\$1,354 from shareholders (R\$1,508 at December 31, 2019).

- (g) At June 30, 2020, subsidiary Plani Diagnósticos has a balance payable on tax offset related to former shareholders of R\$462 (R\$400 at December 31, 2019).

Key management personnel compensation

Key management personnel include the Company's officers. We point out that the members of the Board of Directors and committees do not receive compensation for the exercise of their duties.

	<u>06/30/2020</u>	<u>06/30/2019</u>
Management fees	2,536	2,410
Social Security Tax (INSS) on management fees	549	482
Bonus	-	593
INSS on bonus	-	114
Fringe benefits (*)	168	118
Share-based payment	3,676	708
	<u>6,929</u>	<u>4,425</u>

(*) These benefits refer to healthcare plan and meal allowance.

The compensation of key management personnel is determined based on both Parent Company performance and market trends.

24. Financial instruments and risk management

Financial instruments by category:

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Financial assets				
Measured at amortized cost				
Trade receivable	15,246	18,933	159,463	229,645
Concession financial assets	-	-	103,902	106,792
Judicial deposits	1,173	804	25,902	25,681
Transaction with related parties	144,901	112,220	16,927	19,442
	161,320	131,957	306,194	381,560
Measured at fair value through profit or loss				
Derivative financial instrument (Level 2)	51,809	3,074	58,733	7,649
Cash and cash equivalents	183,539	21,374	325,320	88,301
Marketable securities	2,755	2,823	2,755	2,823
	238,103	27,271	386,808	98,773
	399,423	159,228	693,002	480,333
Financial liabilities				
Measured at amortized cost				
Trade payable	6,812	7,659	46,997	52,388
Loans, financing and debentures	813,167	482,641	901,733	614,769
Taxes payable in installments	124	124	8,856	10,353
Transaction with related parties	5,987	38,247	544	542
Accounts payable - business acquisition	14,354	14,509	42,315	41,986
Leases	18,287	18,540	252,274	222,068
	858,731	561,720	1,252,719	942,106
Measured at fair value through profit or loss				
Derivative financial instrument (Level 2)	-	287	-	287
	-	287	-	287
	858,731	562,007	1,252,719	942,393

Fair value estimate

The Company measures certain financial assets and financial liabilities at fair value. Fair value is measured at market value based on the assumptions with which the market players are able to measure an asset or liability. To increase consistency and comparability, the fair value hierarchy gives priority to the inputs used in valuation techniques categorized into three levels:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2 - Other inputs available, other than those included in Level 1, where prices are quoted (unadjusted) for similar assets and liabilities in non-active markets, or other input that is available or may be corroborated by market inputs for substantially the full term of the asset or liability.
- Level 3 - Unobservable inputs, as a result of small or no market activity, that are significant for determining the fair value of assets and liabilities.

Below is a comparison by class of the book value and fair value of the financial instruments of the Company and its subsidiaries presented in the financial statements, according to Level 2. The other financial instruments did not present significant differences between their book values and fair values.

	Parent Company			
	06/30/2020		12/31/2019	
	Book value	Fair value	Book value	Fair value
Financial liabilities				
Loans, financing and debentures	813,167	778,087	482,641	469,144

	Consolidated			
	06/30/2020		12/31/2019	
	Book value	Fair value	Book value	Fair value
Financial liabilities				
Loans, financing and debentures	901,733	868,663	614,769	601,314

Risk management

Management's objectives as regards financial risks

Management coordinates access to domestic and foreign financial markets and monitors and manages the financial risks related to the Group's operations by means of internal risk reports that analyze exposures by degree and materiality of risks. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments as a means of hedging the risk exposure. The Group does not contract or trade financial instruments, including derivative financial instruments for speculative purposes.

(a) Capital risk

The Group manages its capital to ensure that the Group companies can continue as going concerns and at the same time maximizes return to all stakeholders or parties involved in its operations, by optimizing the debt and equity balance.

The Group's capital structure consists of net debt (borrowings detailed in Note 14 less cash and banks) and equity (which includes issued capital, reserves, retained earnings and noncontrolling interests, as stated in Note 18).

The Group is not subject to any external capital requirement.

The Group reviews the Company's and its subsidiaries' capital structure on a regular basis. As part of this review, management considers the cost of capital, asset liquidity, the risks associated with each class of capital and debt-to-equity ratio.

Debt-to-equity ratio

The debt-to-equity ratio for the period ended June 30, 2020 and for the year ended December 2019 is shown below:

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Loans, financing and debentures	813,167	482,641	901,733	614,769
Derivative financial instruments	(51,809)	(3,074)	(58,733)	(7,649)
Taxes payable in installments	124	124	8,856	10,353
Accounts payable - business acquisition	14,354	14,509	42,315	41,986
Cash and cash equivalents and marketable securities	(186,294)	(24,197)	(328,075)	(91,124)
Net debt	589,542	470,003	566,096	568,335
Equity	1,179,763	1,282,190	1,211,489	1,320,002
Financial leverage ratio	49.97%	36.66%	46.73%	43.06%

(b) Market risk

Market risk management is carried out for the purpose of ensuring that the Group is exposed solely to levels of risk considered acceptable in the context of its operations.

The Group's financial instruments that are not affected by market risk include: (i) cash and cash equivalents; (ii) short-term investments; (iii) trade accounts receivable; (iv) loans, financing and debentures and (v) derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk is managed through an appropriate mix of loans at fixed and floating interest rates. To supplement its cash requirements, the Group obtains loans and financing and issues debt securities (debentures and promissory notes) that are substantially indexed to the CDI fluctuation. The inherent risk arises from the possibility of significant increases in the CDI, because the increase in interest rates could impact both the borrowing cost of the Group and the cost of debt, leading to an increase in finance costs.

Interest rate sensitivity analysis

Below is the sensitivity analysis of loans subject to variable finance charges, such as CDI, TJLP and Libor, among others, which describes the risks that may give rise to material losses to the Company and its subsidiaries, according to the most probable scenario (base scenario), based on management's analysis.

In conducting the sensitivity analysis shown below, management used as assumption for estimates for the probable scenario the macroeconomic indicators prevailing at the date closest to the disclosure of these financial statements (June 20, 2020), for loans and financing subject to floating rates, considered for this sensitivity analysis as the risk variable. Accordingly, the Group estimates, in the probable scenario, the following annual rates: TJLP rate of 5.30%, CDI rate of 2.15%, and Libor rate of 0.09%. The "Possible scenario" considers an increase of 25% in such rates and the "Remote scenario", an increase of 50%.

	Parent Company			
	Book value	Base scenario	Possible scenario 25%	Remote scenario 50%
Loans per index				
CDI + 1.10% to 3.35%	573,220	573,220	576,301	579,382
Libor + 3.59% to 6%	421	421	421	421
TJLP + 5% to 5.70%	95	95	96	98
Derivative financial instruments (short position)				
Index				
CDI + 1.19% to 3.4%	194,641	194,641	195,686	196,732
	768,377	768,377	772,504	776,633
Marketable securities				
Index:				
80% to 103% CDI	(180,984)	(180,984)	(181,957)	(182,930)
Net exposure	587,393	587,393	590,547	593,703
Increase in finance costs in relation to the base scenario	-	-	3,154	6,310

	Consolidated			
	Book value	Base scenario	Possible scenario 25%	Remote scenario 50%
Loans per index				
CDI + 1.10% to 3.35%	623,984	623,984	627,338	630,692
Libor + 3.59% to 6%	2,994	2,994	2,995	2,995
TJLP + 5% to 5.70%	273	273	277	280
Derivative financial instruments (short position)				
Index				
CDI + 1.19% to 3.4%	208,196	208,196	209,315	210,434
	835,447	835,447	839,925	844,401
Short-term investments and marketable securities				
Index				
80% to 103% CDI	(294,793)	(294,793)	(296,379)	(297,963)
Net exposure	540,654	540,654	543,546	546,438
Increase (decrease) in finance costs in relation to the base scenario	-	-	2,892	5,784

Currency risk

The Company and its subsidiaries conduct transactions in foreign currency and is, therefore, exposed to fluctuations in exchange rates. The exposures to currency risks are managed in accordance with the parameters set by management by using currency futures contracts. The Group maintains derivative hedging instruments to hedge its exposure to currency and interest rate risks.

The carrying amounts of monetary liabilities in foreign currency for the period ended June 2020 and the year ended December 2019 are as follows:

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Foreign currency				
Working capital	246,450	119,170	266,929	226,367
Equipment lease and financing	421	466	2,994	3,411
Bank guarantees	302	26	322	41
(-) Funding costs	(2)	(3)	(8)	(12)
Total	247,171	119,659	270,237	229,807

Hedge accounting

The Group uses derivative hedging instruments to hedge its exposure to currency and interest rate risks.

Cash flow hedges

The Company adopts the cash flow hedge for its 4131 transactions. Hedging instruments are accounted for at fair value and the hedged item at curve value. The difference between the hedging instrument's curve value and the fair value is considered in the Company's equity, so that both the hedging instruments and the hedged items impact profit or loss at the curve value.

The cash flow of these transactions is reported in the liquidity and interest rate risk tables.

If the hedging instrument no longer meets the hedge accounting criteria, expires or is sold, closed, exercised, or if its designation is revoked, then hedge accounting is discontinued prospectively and hedge accounting adjustment in Equity is recognized in profit or loss for the period.

The Company entered into derivative financial instruments to hedge against the currency risk of loans granted by Banco Santander and Banco Itaú, through foreign "4131 facility". Details on this transaction can be found in Note 14.

Below are the accounting transactions and effects arising from this adoption:

	Transaction	Index	Type of hedge	Balance receivable / (payable)	Gain (loss) – comprehensive income (equity)
Parent Company	Loans - 4131	USD/EUR + Spread	Cash flow	246,450	-
	Swap Bank – 4131	Spread + CDI	Cash flow	(194,641)	(698)
			Net position	51,809	
Consolidated	Loans - 4131	USD/EUR + Spread	Cash flow	266,929	-
	Swap Bank– 4131	Spread + CDI	Cash flow	(208,196)	(226)
			Net position	58,733	

Derivative financial instruments

	Parent Company		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Assets				
Swap contracts	51,809	3,074	58,733	7,649
Total	51,809	3,074	58,733	7,649
Liabilities				
Swap contracts	-	287	-	287
Total	-	287	-	287
Net position – assets (liabilities)	51,809	2,787	58,733	7,362

Changes in financial instruments for the period ended June 2020 and year ended December 2019 are as follows:

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Balance at beginning of period	2,787	701	7,362	2,313
Gain (loss) in other comprehensive income	(295)	(116)	349	(263)
Gain (loss) – P&L	54,716	(1,239)	69,048	(2,272)
Amounts received	(5,399)	288	(18,026)	327
Balance at end of period	51,809	(366)	58,733	105

Foreign currency sensitivity analysis

The sensitivity analysis of currency risk was based on the US dollar quotation available in the financial market, with a base scenario of R\$5.20 for December 31, 2020, estimated based on market analyses, published in the Focus Bulletin of July 17, 2020, while the euro rate prevailing on June 20, 2020 of R\$6.14, according to the Central Bank of Brazil, was used. The possible and remote scenarios were calculated with 25% and 50% deteriorations in the risk variable over the base scenario, which in this case is the future dollar and euro quotation. The sensitivity analysis considered the net asset or liability exposure in the Consolidated and Parent Company information. In cases of asset exposure, the risk variable deterioration refers to the decrease in the US dollar rate, while, in the liability exposure, the deterioration refers to the increase in the US dollar rate. At June 30, 2020, the dollar rate was R\$5.48 and the euro rate, R\$6.15.

	06/30/2020			
	Parent Company			
	Book value	Base scenario	Possible scenario 25%	Remote scenario 50%
Financing in foreign currency				
Dollar	83,509	79,300	99,125	118,950
Euro	163,664	163,241	204,051	244,862
	247,173	242,541	303,176	363,812
Derivative financial instruments – SWAP (long position)				
Dollar	(83,048)	(78,863)	(98,579)	(118,295)
Euro	(163,402)	(162,980)	(203,725)	(244,470)
	(246,450)	(241,843)	(302,304)	(362,765)
Net liability exposure after derivatives	723	698	872	1,047
Net effect of currency differences - (gain)/loss	-	(25)	174	349
	06/30/2020			
	Consolidated			
	Book value	Base scenario	Possible scenario 25%	Remote scenario 50%
Financing in foreign currency				
Dollar	106,581	101,209	126,511	151,814
Euro	163,664	163,242	204,053	244,863
	270,245	264,451	330,564	396,677
Derivative financial instruments – SWAP (long position)				
Dollar	(103,527)	(98,310)	(122,888)	(147,465)
Euro	(163,402)	(162,980)	(203,725)	(244,470)
	(266,929)	(261,290)	(326,613)	(391,935)
Net liability exposure after derivatives	3,316	3,161	3,951	4,742
Net effect of currency differences - (gain)/loss	-	(155)	790	1,581

(c) Credit risk

This risk is assessed by Company management at historical rates, subject to changes in the domestic and local market and economy. The allowance for doubtful accounts is recognized in an amount considered sufficient by management to cover potential losses on the realization of receivables. See Note 5.

(d) Liquidity risk

The liquidity risk is managed through adequate reserves, bank and other credit facilities to raise new loans that management considers appropriate, based on the ongoing monitoring of forecasted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

The table below shows in detail the remaining contractual maturity of the Group's financial assets and liabilities and contractual repayment terms. This table was prepared in accordance with the undiscounted cash flows of financial assets and liabilities based on the nearest date on which the Group will settle the respective obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at the end of the period. Contractual maturity is based on the earliest date on which the Group is required to settle the respective obligations.

	Parent Company			Total
	Within 1 year	From 1 to 2 years	Above 2 years	
Assets				
Trade receivable	15,246	-	-	15,246
Transactions with Related parties	22,161	122,740	-	144,901
Derivative financial instruments	51,809	-	-	51,809
Liabilities				
Trade payable	6,812	-	-	6,812
Loans and financing	481,531	10,506	369,344	861,381
Leases	6,365	5,306	9,922	21,593
Taxes payable in installments	124	-	-	124
Accounts payable - business acquisition	13,320	1,425	583	15,328
Transactions with Related parties	-	5,987	-	5,987
Consolidated				
	Within 1 year	From 1 to 2 years	Above 2 years	Total
Assets				
Trade receivable	159,463	-	-	159,463
Concession financial assets	31,678	31,678	137,286	200,642
Transactions with Related parties	-	16,927	-	16,927
Derivative financial instruments	58,733	-	-	58,733
Liabilities				
Trade payable	46,997	-	-	46,997
Loans and financing	564,499	16,372	371,965	952,836
Leases	56,297	49,047	240,939	346,283
Taxes payable in installments	2,440	2,004	5,677	10,121
Accounts payable - business acquisition	13,841	30,115	583	44,539
Transactions with Related parties	-	544	-	544

25. Non-cash transactions

The Group conducted transactions that did not affect cash and, therefore, are not recognized in the statement of cash flows:

	Parent Company		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Changes in contingency reimbursement guarantee	890	12,298	4,957	20,341
Remeasurement of lease agreement – IFRS 16	1,896	675	10,335	1,968
Addition and write-off of lease agreement - IFRS 16	-	-	32,169	-
First-time adoption of IFRS 16	-	23,952	-	237,975
Interest on equity receivable	-	1,000	-	-
Receivables written off – HSR (Note 5)	-	-	8,175	-
Offset of accounts payable for business acquisition	-	275	-	69

26. Authorization for completion of the financial statements

The financial statements were approved and authorized for publication by the Board of Directors on August 20, 2020.