



# Earnings Release 2Q20



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**São Paulo, August 20, 2020 - Centro de Imagem Diagnósticos S.A. ("Alliar" or "Company")** (B3: AALR3), one of Brazil's largest diagnostic medicine companies, announces today its earnings results for the second quarter of 2020 (2Q20). The figures and their historical series (when available) can be obtained in excel format at <http://ri.alliar.com>.

*As of 2019, the adoption of IFRS 16 brought changes in the accounting of the fixed portion of rents (lease), requiring the recognition of future commitments as compensation for the right of use asset. Rental costs and expenses previously recorded under "Occupancy", are now recorded in depreciation and financial expenses. **The comparisons below include IFRS-16 in both periods.***

## 2Q20 HIGHLIGHTS

- Alliar signs exclusive commercial representation agreement with [Medic Vision](#) – a Israeli HealthTech company that uses Machine Learning algorithms for significant productivity gains in MRI exams;
- Clinical Analysis** reported record share, accounting for 24% of the quarter revenue, compared to the historical average of 13%;
- iDr** doubles the volume of signed contracts and accounts for 1,5% of Alliar's total revenue;
- The **private** segment reported record share, accounting for more than 20% of revenue, an important milestone for the diversification of paying sources;
- Gross Revenue** of R\$150.8 million, negative adjusted **EBITDA** of R\$26.5 million, mainly impacted by the results of April and May, which led to a negative **Net result** (Shareholders) of R\$84.6 million;
- Operational Cash Generation of R\$34.1** million, showing Alliar's **cash generation capacity**, despite the decrease in revenue;
- Robust cash**, of R\$325.3 million at the end of the year.

| Highlights<br>(R\$ Million)                  | 2Q20   | 2Q19  | YoY      | 6M20   | 6M19  | YoY    |
|--|--------|-------|----------|--------|-------|--------|
| Gross Revenue (ex-construction) <sup>1</sup> | 150.8  | 294.3 | -48.7%   | 405.0  | 576.9 | -29.8% |
| Net Revenue (ex-construction) <sup>1</sup>   | 140.3  | 272.4 | -48.5%   | 375.9  | 534.0 | -29.6% |
| Gross Profit                                 | -18.2  | 72.8  | n/a      | 22.5   | 142.9 | -84.3% |
| Gross Margin <sup>2</sup>                    | -13.0% | 26.7% | n/a      | 6.0%   | 26.8% | n/a    |
| EBITDA                                       | -34.4  | 65.3  | n/a      | -5.9   | 130.0 | n/a    |
| EBITDA Margin <sup>2</sup>                   | -24.5% | 24.0% | n/a      | -1.6%  | 24.3% | n/a    |
| Adjusted EBITDA <sup>3</sup>                 | -26.5  | 73.1  | n/a      | 9.9    | 145.6 | n/a    |
| Adjusted EBITDA Margin <sup>2</sup>          | -18.9% | 26.9% | n/a      | 2.6%   | 27.3% | n/a    |
| Net Income (Shareholders)                    | -84.6  | 9.6   | n/a      | -106.3 | 19.5  | n/a    |
| Operating Cash Flow                          | 34.1   | 62.6  | -45.6%   | 72.7   | 103.4 | -29.7% |
| Cash Conversion                              | n/a    | 85.6% | n/a      | 737.7% | 71.0% | n.s.   |
| Free Cash Flow                               | 24.8   | 44.4  | -44.2%   | 46.2   | 68.9  | -32.9% |
| ROIC <sup>4</sup>                            | -1.5%  | 13.9% | n/a      | -1.5%  | 13.9% | n/a    |
| NPS <sup>5</sup>                             | 61.0%  | 66.7% | -570 bps | 65.4%  | 65.1% | 30 bps |

(1) Excludes "construction revenue", accounting entry referring to the investment made at RBD (PPP Bahia); (2) Margins are calculated on net revenue (ex-construction); (3) Excludes write-off of financial asset (see chapter on EBITDA); (4) ROIC excluding goodwill (adjusted NOPAT divided by average invested capital excluding goodwill) (5) Net Promoter Score (ex.Covid)

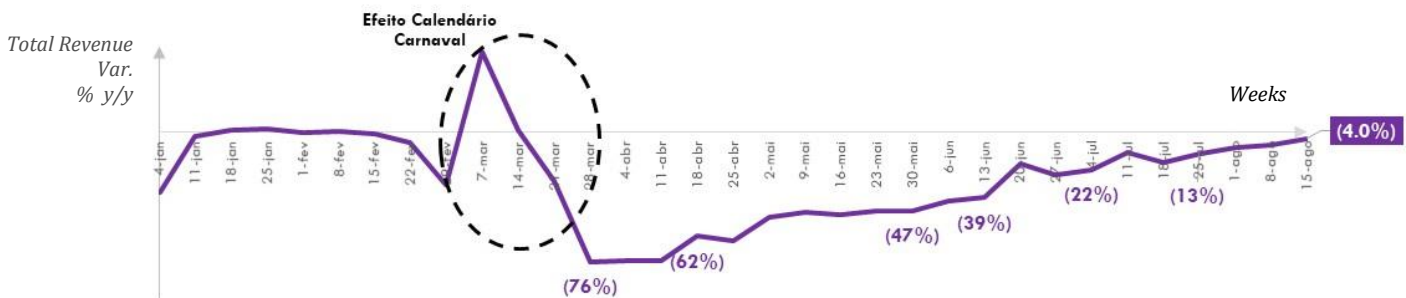
## MESSAGE FROM MANAGEMENT

For many, the second quarter of 2020 is being seen as “a quarter to be forgotten”. However, we strongly disagree with this statement at Alliar. For us, the second quarter of 2020 was a quarter to never be forgotten. We worked hard and were able to adapt incredibly quickly. We improved as a company and as a management. We lived some years in a few months and this cannot be forgotten.

In the operational front, we started what has been a real transformation. We broke down cultural paradigms and barriers in many ways. We started new businesses and made innovative partnerships. We broke important records. We reduced costs. We digitized even more.

Distance has somehow brought us closer. We created deeper bonds. Together, we reflected, planned and executed. Alliar played a leading role in health, not only because of COVID testing, which were extremely important in controlling the pandemic, but also because of the innovation in the portfolio of exams and procedures offered to our clients in alternative channels. We did our best to take care of those who needed the most to be looked after.

We will remember this period as a quarter of **learning, transformation and new opportunities**.



The graph above shows the YoY variation in Total Revenue, on a weekly basis. The figures are managerial and unaudited.

Gross revenue totaled R\$**150.8** million in 2Q20, down by 48.7% YoY. Note that the lowest variation of the graph above is in early March. The greatest impact of the crisis was in the first half of April, when revenue fell by 76% p.a. In May, revenue recovered by 50%, followed by even better figures in June. Currently, our revenues are nearly at normal levels.

## iDr – Remote Diagnostic Intelligence



Our B2B technological and innovative solutions healthtech already accounted for 1.5% of Alliar's consolidated revenues this quarter, an impressive indicator for a company that became operational in 2019.

This business unit continues to gain momentum and traction and has already doubled the volume of new contracts signed. We expanded the commercial team and implemented new sales channels in the quarter. We currently have a robust pipeline of new customers under analysis.

iDr is already present in 3 states (Piauí, Mato Grosso and Santa Catarina) and 9 cities where Alliar does not have its own service unit, thus proving the geographic reach of the business. The expansion of iDr allows Alliar to reach different locations faster and with fewer investments.

In 2Q20, we had an important milestone by expanding the portfolio of solutions offered by iDr. We signed an exclusivity agreement with the Israeli company Medic Vision. With this agreement, Alliar becomes responsible, throughout Latin America, for an absolutely innovative product: iQMR

The iQMR is a solution that uses Machine Learning algorithms for image-exams. This technology enables fast MRI protocols on MRI scanners of any vendor and model, allowing up to 40% faster MRI scans, while maintain and even enhancing image quality.



iQMR is FDA-cleared for all body parts since 2018 and currently is worldwide used in routine attendance at more than 300 reference sites. Some of the excellence centers that already use iQMR are the Massachusetts General Hospital (USA), Cleveland Clinic (USA), Alliance Imaging (USA), Hillel-Yaffe Medical Center (Israel), University of Kanazawa Medical Center (Japan), Yamaguchi University Hospital (Japan), Health100 (China). This technology will also become available in Latin America through Alliar.

Tests performed on our resonance machines prove gains of 20% to 40% in reducing procedure time. This gain in efficiency will greatly benefit Alliar in high occupancy MRI exams. In addition, iQMR becomes an important business lever for iDr in the entire Latin America.

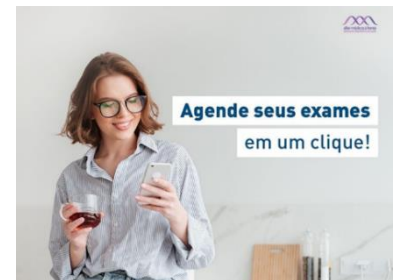
## Clinical Analysis (CA)



The clinical analysis segment reported revenues of R\$36.6 million (-6.3% p.a.), showing our execution consistency. In 2Q20, we also highlight the relevance of this business, which accounted for 24% in revenues compared to the historical average of 13%.

In order to maintain the excellent performance of this revenue line, Alliar continued to improve the **accreditations** of our units to carry out exams, as well as the development of commercial opportunities, such as the **Alliar at Home** program, which provides patients with home services.

The home care channel has grown exponentially in the last few months. Its monthly income is already higher than that of our main physical unit. Home care accounted for 11% of the Clinical Analyses revenue this quarter (already excluding the non-recurring effect resulting from COVID tests). This is an important indicator that reinforces the trend of change in our patients' habits, who increasingly seek **comfort** and **convenience** during their exams. In 2Q20, our sales volume reached a significant level, which shows our promptness and capacity for commercial and operational execution. This channel will allow us to increase revenue based on smaller investments, bringing less pressure to the balance sheet.



We can also highlight the **Drive-Thru** service. Until now, 125,000 COVID tests have been carried out, 116,000 of which were collected through this channel, which accounted for 93% of the total. This channel was extremely well accepted and remains operational. We reinforce Alliar's pioneering initiative in the implementation of the Drive-Thru service, which brings both comfort to our clients and greater safety to the clinics' environment.

In August, we continued to significantly increase CA's revenue, already excluding the non-recurring effect of COVID tests.

## Private segment



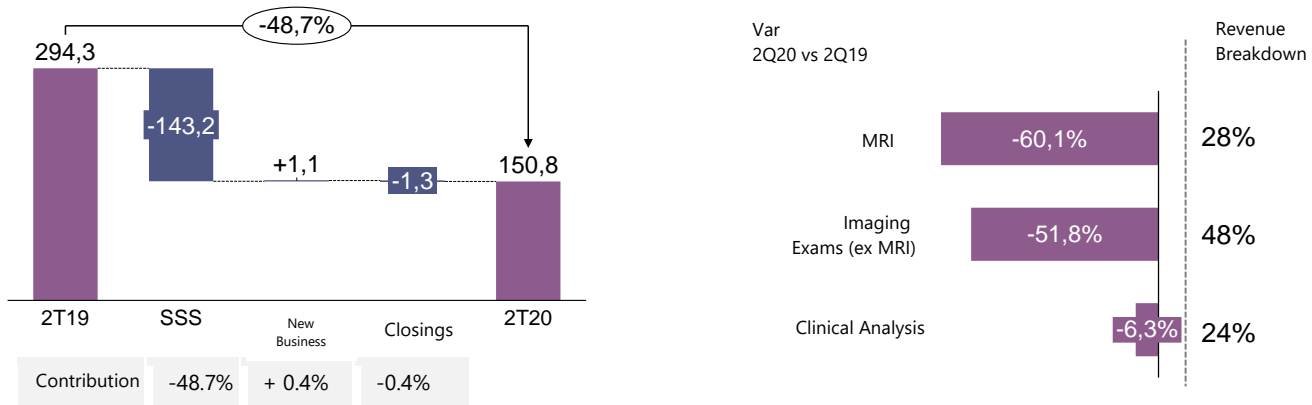
Private patients had a record participation, accounting for more than 20% of this quarter's revenue. Alliar continues to explore alternatives to attract and retain this segment in a sustainable manner. The increased share of this segment generates important revenue and contributes to the progress of payment sources diversification. In August, to date, this segment grew by more than 50% YoY, greatly influenced by COVID tests. However, even excluding the effect of

COVID tests, the Company continues growing on a YoY basis\*.

Finally, we underline the importance of the second quarter of 2020 in Alliar's history. The last few months have brought learning, operational changes and business opportunities that could take longer to happen. Throughout this quarter, Alliar created opportunities and reversed its result, week after week. We remain confident in the recovery project and progressing on the main levers that will sustain the Company's future.

## REVENUE

Gross revenue (ex-construction) reached R\$**150.8** million (-48.7%) in the quarter, primarily reflecting the 48.7% decrease in SSS and the **+0.4%** contribution from new units, offset by the closing of units (-0.4%).



The decrease in SSS reflected the impacts of the lower demand observed in mid-March due to COVID-19, while the contribution of new units reflects iDR and clinical analysis initiatives. The variation in the Company's total revenue also reflects the closing of units over the last 12 months.

| Gross Revenue<br>(R\$ Million)  | 2Q20 vs 2Q19 |       |        | 6M20 vs 6M19 |       |        |
|---------------------------------|--------------|-------|--------|--------------|-------|--------|
|                                 | 2Q20         | 2Q19  | YoY    | 6M20         | 6M19  | YoY    |
| Gross Revenue (ex-construction) | 150.8        | 294.3 | -48.7% | 405.0        | 576.9 | -29.8% |
| Diagnostic imaging              | 114.2        | 255.2 | -55.3% | 332.3        | 498.3 | -33.3% |
| MRI                             | 42.5         | 106.6 | -60.1% | 132.6        | 208.0 | -36.2% |
| Ex-MRI imaging                  | 71.6         | 148.6 | -51.8% | 199.7        | 290.3 | -31.2% |
| Clinical analysis               | 36.6         | 39.1  | -6.3%  | 72.7         | 78.6  | -7.6%  |
| Construction revenue            | 0.3          | 0.4   | -12.5% | 0.5          | 0.6   | -13.9% |
| Gross Revenue                   | 151.1        | 294.6 | -48.7% | 405.5        | 577.5 | -29.8% |
| Deductions                      | -10.5        | -21.9 | -51.9% | -29.1        | -42.9 | -32.3% |
| Net Revenue                     | 140.6        | 272.7 | -48.5% | 376.4        | 534.6 | -29.6% |
| Net Revenue (ex-construction)   | 140.3        | 272.4 | -48.5% | 375.9        | 534.0 | -29.6% |

| Operational Highlights          | Performance |       |        |       |       |        |
|---------------------------------|-------------|-------|--------|-------|-------|--------|
|                                 | 2Q20        | 2Q19  | YoY    | 6M20  | 6M19  | YoY    |
| MRI/Equipment Avg. Rev. (R\$ M) | 0.37        | 0.91  | -59.8% | 1.14  | 1.78  | -35.7% |
| CA/Room Avg. Revenue (R\$ M)    | 0.12        | 0.14  | -9.2%  | 0.25  | 0.27  | -10.4% |
| MRI exams ('000)                | 76.3        | 192.9 | -60.4% | 244.4 | 372.5 | -34.4% |
| CA exams ('000)                 | 1,180       | 2,611 | -54.8% | 3,561 | 5,233 | -32.0% |
| MRI Avg. Ticket (R\$)           | 557.4       | 552.9 | 0.8%   | 542.6 | 558.3 | -2.8%  |
| CA Avg. Ticket (R\$)            | 31.0        | 15.0  | 107.3% | 20.4  | 15.0  | 35.8%  |
| MRI exams/equipment/day         | 10.5        | 26.4  | -60.1% | 33.7  | 25.5  | 32.2%  |
| CA exams/room/day               | 64.0        | 146.1 | -56.2% | 96.6  | 146.4 | -34.0% |

| Operational Indicators | Assets |      |      |      |      |       |
|------------------------|--------|------|------|------|------|-------|
|                        | 2Q20   | 1Q20 | QoQ  | 2Q20 | 2Q19 | YoY   |
| End of the period      |        |      |      |      |      |       |
| Units                  | 106    | 106  | 0.0% | 105  | 107  | -1.9% |
| Mega                   | 17     | 17   | 0.0% | 17   | 17   | 0.0%  |
| Standard               | 77     | 77   | 0.0% | 76   | 79   | -3.8% |
| Collection units       | 12     | 12   | 0.0% | 12   | 11   | 9.1%  |
| MRI equipment          | 116    | 116  | 0.0% | 116  | 117  | -0.9% |
| CA rooms               | 294    | 294  | 0.0% | 295  | 286  | 3.1%  |

Alliar's MRI exam revenue fell by **60.1%**, while ex-RM imaging tests fell by **51.8%**, as a result of lower volumes. MRI average ticket remained flat at **+0.8%**. Clinical analysis average ticket increased substantially (**+107.3%**), due to the expansion of the portfolio and the inclusion of COVID tests.

Clinical analysis revenue fell by **6.3%** in the quarter, to R\$**36.6** million. Clinical analysis performance benefitted from the increase in the average ticket, of **R\$31/exam**, significantly higher than the R\$15 recorded in 2Q19. The increase in the average ticket was due to the COVID exams (rapid test, RT-PCR, IgG and IgM).



## FINANCIAL PERFORMANCE

| Income Statement Overview                    | 2Q20          | 2Q19          | YoY           | 6M20          | 6M19          | YoY            |
|--|---------------|---------------|---------------|---------------|---------------|----------------|
| Gross Revenue (ex-construction)              | 150.8         | 294.3         | (0.5)         | 405.0         | 576.9         | (0.3)          |
| Deductions (ex)                              | (10.5)        | (21.9)        | (0.5)         | (29.1)        | (42.9)        | (0.3)          |
| <b>Net Revenue (ex-construction)</b>         | <b>140.3</b>  | <b>272.4</b>  | <b>(0.5)</b>  | <b>375.9</b>  | <b>534.0</b>  | <b>(0.3)</b>   |
| Cost of services                             | (158.5)       | (199.6)       | (0.2)         | (353.4)       | (391.1)       | (0.1)          |
| Gross Profit                                 | -18.2         | 72.8          | n/a           | 22.5          | 142.9         | -84.3%         |
| <i>Gross Profit Margin</i>                   | <i>-13.0%</i> | <i>26.7%</i>  | <i>n/a</i>    | <i>6.0%</i>   | <i>26.8%</i>  | <i>-21 bps</i> |
| General and administrative expenses          | (42.6)        | (39.9)        | 6.8%          | (84.4)        | (76.6)        | 10.2%          |
| Other income (expenses), net                 | (4.4)         | (1.4)         | n.s.          | (8.3)         | (2.9)         | n.s.           |
| Share of profit (loss) on investments        | 1.7           | 4.2           | -60.5%        | 5.5           | 8.4           | -34.4%         |
| (+) Depreciation and Amortization            | 29.2          | 29.6          | -1.5%         | 58.8          | 58.1          | 1.1%           |
| <i>EBITDA</i>                                | <i>(34.4)</i> | <i>65.3</i>   | <i>n/a</i>    | <i>(5.9)</i>  | <i>130.0</i>  | <i>n/a</i>     |
| (+/- adjustments)                            | 7.9           | 7.8           | 1.2%          | 15.8          | 15.6          | 1.3%           |
| <b>Adjusted EBITDA</b>                       | <b>-26.5</b>  | <b>73.1</b>   | <b>n/a</b>    | <b>9.9</b>    | <b>145.6</b>  | <b>-93.2%</b>  |
| <b>Adjusted EBITDA Margin</b>                | <b>-18.9%</b> | <b>26.9%</b>  | <b>n/a</b>    | <b>2.6%</b>   | <b>27.3%</b>  | <b>-25 bps</b> |
| (-) Depreciation and Amortization            | (29.2)        | (29.6)        | -1.5%         | (58.8)        | (58.1)        | 1.1%           |
| <i>Finance income (expenses)</i>             | <i>(16.0)</i> | <i>(20.7)</i> | <i>-22.5%</i> | <i>(33.7)</i> | <i>(41.4)</i> | <i>-18.6%</i>  |
| <b>EBT</b>                                   | <b>(79.6)</b> | <b>15.1</b>   | <b>n/a</b>    | <b>(98.4)</b> | <b>30.4</b>   | <b>n/a</b>     |
| <i>Taxes</i>                                 | <i>(5.5)</i>  | <i>(3.3)</i>  | <i>70.3%</i>  | <i>(6.7)</i>  | <i>(7.1)</i>  | <i>-6.2%</i>   |
| <i>Effective tax rate</i>                    | <i>n/a</i>    | <i>-21.6%</i> | <i>n/a</i>    | <i>n/a</i>    | <i>-23.5%</i> | <i>n/a</i>     |
| Attributable to non-controlling shareholders | 0.5           | (2.2)         | n/a           | (1.2)         | (3.8)         | -69.1%         |
| <b>Net Income (Shareholders)</b>             | <b>-84.6</b>  | <b>9.6</b>    | <b>n/a</b>    | <b>-106.3</b> | <b>19.5</b>   | <b>n/a</b>     |
| <i>Net margin (Shareholders)</i>             | <i>-60.3%</i> | <i>3.5%</i>   | <i>n/a</i>    | <i>-28.3%</i> | <i>3.6%</i>   | <i>n/a</i>     |

n/a.: not applicable  
n.s.: not significant

This crisis has temporarily interrupted the 2018-2019 cycle, years in which Alliar reported **higher profitability** through the **maturation of investments** and **productivity** gains with technology and innovation.

Net income (ex-construction) fell by 48.5% in 2Q20, leading to a negative adjusted EBITDA of R\$**26.5** million. It is worth noting the important initiatives implemented to reduce costs, which fell by **20.6%** YoY.

It is also worth noting the 22.5% YoY **decrease in the financial result**, both due to lower net debt and lower SELIC/CDI rates. Reflecting the aforementioned figures, **Net Result** (Shareholders) was a negative R\$**84.6** million.

## GROSS PROFIT/GROSS MARGIN

| Quarterly Gross Profit<br>(R\$ Million) | 2Q20          | 2Q19          | YoY           | % NRev<br>(2Q20) | % NRev<br>(2Q19) | YoY             |
|---|---------------|---------------|---------------|------------------|------------------|-----------------|
| <b>Net Revenue (ex)</b>                 | <b>140.3</b>  | <b>272.4</b>  | <b>-48.5%</b> | -                | -                | -               |
| <b>Costs (ex)</b>                       | <b>-158.5</b> | <b>-199.6</b> | <b>-20.6%</b> | <b>-113.0%</b>   | <b>-73.3%</b>    | <b>-40 p.p.</b> |
| Medical services                        | -27.8         | -52.8         | -47.3%        | -19.8%           | -19.4%           | 0 p.p.          |
| Employees                               | -42.9         | -50.7         | -15.4%        | -30.6%           | -18.6%           | -12 p.p.        |
| Supplies and support labs               | -33.6         | -33.8         | -0.4%         | -24.0%           | -12.4%           | -12 p.p.        |
| Maintenance                             | -7.9          | -7.5          | 4.4%          | -5.6%            | -2.8%            | -3 p.p.         |
| Occupancy                               | -8.3          | -11.6         | -29.0%        | -5.9%            | -4.3%            | -2 p.p.         |
| Third-party services and others         | -11.2         | -15.9         | -29.7%        | -8.0%            | -5.8%            | -2 p.p.         |
| Depreciation (cost)                     | -26.9         | -27.3         | -1.3%         | -19.2%           | -10.0%           | -9 p.p.         |
| <b>Gross Profit</b>                     | <b>-18.2</b>  | <b>72.8</b>   | <b>n/a</b>    | <b>-13.0%</b>    | <b>26.7%</b>     | <b>n/a</b>      |
| Construction costs                      | -0.3          | -0.3          | n/a           | -0.2%            | -0.1%            | -9 bps          |

**Gross Profit** was a negative R\$18.2 million in 2Q20, directly arising from the lower revenue reported in the period. Note that costs fell by **20.6%** YoY in 2Q20. The decrease arises from the Company's efforts to adjust its cost structure in view of the lower revenue. The medical services and employees lines posted the highest savings: 47.3% and 15.4%, respectively. The occupancy, third-party services and others also contributed to lower costs, with savings of 29% and 29.7%, respectively. The decrease in costs reflects the successful renegotiation of contracts with the Company's main suppliers.

| YTD Gross Profit<br>(R\$ Million) | 6M20          | 6M19          | YoY           | % NRev<br>6M20 | % NRev<br>6M19 | YoY             |
|-----------------------------------|---------------|---------------|---------------|----------------|----------------|-----------------|
| <b>Net Revenue (ex)</b>           | <b>375.9</b>  | <b>534.0</b>  | <b>-29.6%</b> | -              | -              | -               |
| <b>Costs (ex)</b>                 | <b>-353.4</b> | <b>-391.1</b> | <b>-9.6%</b>  | <b>-94.0%</b>  | <b>-73.2%</b>  | <b>-21 p.p.</b> |
| Medical services                  | -73.3         | -103.2        | -29.0%        | -19.5%         | -19.3%         | 0 p.p.          |
| Employees                         | -96.1         | -100.7        | -4.6%         | -25.6%         | -18.9%         | -7 p.p.         |
| Supplies and support labs         | -68.2         | -66.5         | 2.6%          | -18.1%         | -12.4%         | -6 p.p.         |
| Maintenance                       | -16.9         | -13.6         | 25.0%         | -4.5%          | -2.5%          | -2 p.p.         |
| Occupancy                         | -18.1         | -23.6         | -23.2%        | -4.8%          | -4.4%          | 0 p.p.          |
| Third-party services and others   | -26.6         | -30.0         | -11.2%        | -7.1%          | -5.6%          | -1 p.p.         |
| Depreciation (cost)               | -54.2         | -53.5         | 1.2%          | -14.4%         | -10.0%         | -4 p.p.         |
| <b>Gross Profit</b>               | <b>22.5</b>   | <b>142.9</b>  | <b>-84.3%</b> | <b>6.0%</b>    | <b>26.8%</b>   | <b>-21 p.p.</b> |
| Construction costs                | -0.5          | -0.6          | -13.9%        | -0.1%          | -0.1%          | -2 bps          |

YTD, **Gross Profit** totaled R\$22.5 million, with a **gross margin of 6%** compared to 26.8% in 2019. The change was once again due to lower revenue recorded in April and May, mainly because of MRI exams.

## EBITDA/EBITDA MARGIN

| Quarterly EBITDA<br>(R\$ Million)              | 2Q20         | 2Q19         | YoY           | % NRev<br>(2Q20) | % NRev<br>(2Q19) | YoY        |
|--|--------------|--------------|---------------|------------------|------------------|------------|
| <b>Net Revenue (ex)</b>                        | <b>140.3</b> | <b>272.4</b> | <b>-48.5%</b> | -                | -                | -          |
| <b>Gross Profit</b>                            | <b>-18.2</b> | <b>72.8</b>  | <b>n/a</b>    | <b>-13.0%</b>    | <b>26.7%</b>     | <i>n/a</i> |
| General Expenses                               | -40.6        | -39.7        | 2.2%          | -28.9%           | -14.6%           | -14 p.p.   |
| Employees                                      | -21.3        | -21.2        | 0.7%          | -15.2%           | -7.8%            | -7 p.p.    |
| Occupancy, 3 <sup>rd</sup> parties, others     | -17.0        | -16.2        | 4.9%          | -12.1%           | -5.9%            | -6 p.p.    |
| Depreciation (expense)                         | -2.3         | -2.4         | -3.2%         | -1.6%            | -0.9%            | -1 p.p.    |
| Incentive program (shares)                     | -2.0         | -0.2         | n.s.          | -1.5%            | -0.1%            | -1 p.p.    |
| Other expenses, net                            | -4.4         | -1.4         | n.s.          | -3.1%            | -0.5%            | -3 p.p.    |
| Earnings (loss) of subsidiaries                | 1.7          | 4.2          | -60.5%        | 1.2%             | 1.5%             | 0 p.p.     |
| <b>EBIT</b>                                    | <b>-63.5</b> | <b>35.7</b>  | <b>n/a</b>    | <b>-45.3%</b>    | <b>13.1%</b>     | <i>n/a</i> |
| (+) D&A (total)                                | 29.2         | 29.6         | -1.5%         | 20.8%            | 10.9%            | 10 p.p.    |
| <b>EBITDA</b>                                  | <b>-34.4</b> | <b>65.3</b>  | <b>n/a</b>    | <b>-24.5%</b>    | <b>24.0%</b>     | <i>n/a</i> |
| (+) Write-down of financial asset <sup>1</sup> | 7.9          | 7.8          | 1.2%          | 5.6%             | 2.9%             | 3 p.p.     |
| <b>Adjusted EBITDA</b>                         | <b>-26.5</b> | <b>73.1</b>  | <b>n/a</b>    | <b>-18.9%</b>    | <b>26.9%</b>     | <i>n/a</i> |

1) Recurring adjustment, corresponding to the recovery of investments made by RBD in the PPP with the Bahia State  
n/a.: not applicable  
n.s.: not significant

**Adjusted EBITDA** was a negative R\$26.5 million in 2Q20, compared to a positive R\$73.1 million in the same period in 2019. The variation in EBITDA is directly related to lower revenue, mainly in April and May. Also note that the Company's general expenses remained under control, with variation of 2.2% p.a., below the period inflation. Other expenses were mainly impacted by non-cash expenses related to the end of operations of the São Rafael Hospital, in Bahia.

| YTD EBITDA<br>(R\$ Million)                    | 6M20         | 6M19         | YoY            | % NRev<br>(6M20) | % NRev<br>(6M19) | YoY        |
|--|--------------|--------------|----------------|------------------|------------------|------------|
| <b>Net Revenue (ex)</b>                        | <b>375.9</b> | <b>534.0</b> | <b>-29.6%</b>  | -                | -                | -          |
| <b>Gross Profit</b>                            | <b>22.5</b>  | <b>142.9</b> | <b>-84.3%</b>  | <b>6.0%</b>      | <b>26.8%</b>     | -21 p.p.   |
| General Expenses                               | -80.8        | -75.9        | 6.4%           | -21.5%           | -14.2%           | -7 p.p.    |
| Employees                                      | -42.2        | -42.5        | -0.8%          | -11.2%           | -8.0%            | -3 p.p.    |
| Occupancy, 3 <sup>rd</sup> parties, others     | -34.0        | -28.7        | 18.3%          | -9.0%            | -5.4%            | -4 p.p.    |
| Depreciation (expense)                         | -4.6         | -4.6         | -0.5%          | -1.2%            | -0.9%            | 0 p.p.     |
| Incentive program (shares)                     | -3.7         | -0.7         | 419.4%         | -1.0%            | -0.1%            | -1 p.p.    |
| Other expenses, net                            | -8.3         | -2.9         | 187.2%         | -2.2%            | -0.5%            | -2 p.p.    |
| Earnings (loss) of subsidiaries                | 5.5          | 8.4          | -34.4%         | 1.5%             | 1.6%             | 0 p.p.     |
| <b>EBIT</b>                                    | <b>-64.7</b> | <b>71.8</b>  | <b>n/a</b>     | <b>-17.2%</b>    | <b>13.5%</b>     | <i>n/a</i> |
| (+) D&A (total)                                | 58.8         | 58.1         | 1.1%           | 15.6%            | 10.9%            | 5 p.p.     |
| <b>EBITDA</b>                                  | <b>-5.9</b>  | <b>130.0</b> | <b>-104.6%</b> | <b>-1.6%</b>     | <b>24.3%</b>     | <i>n/a</i> |
| (+) Write-down of financial asset <sup>1</sup> | 15.8         | 15.6         | 1.3%           | 4.2%             | 2.9%             | 1 pp       |
| <b>Adjusted EBITDA</b>                         | <b>9.9</b>   | <b>145.6</b> | <b>-93.2%</b>  | <b>2.6%</b>      | <b>27.3%</b>     | -25 pp     |

1) Recurring adjustment, corresponding to the recovery of investments made by RBD in the PPP with the Bahia State  
n/a.: not applicable  
n.s.: not significant

## FINANCIAL RESULT AND DEBT

| Financial Result<br>(R\$ Million) | 2Q20         | 1Q20         | 2Q19         | YoY           | 6M20         | 6M19         | YoY           |
|-----------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
| Financial revenue                 | 1.6          | 0.6          | 0.4          | 293.5%        | 2.2          | 0.9          | 143.5%        |
| Financial expenses                | -12.1        | -11.9        | -16.0        | -24.4%        | -24.0        | -31.8        | -24.5%        |
| Lease interest                    | -5.5         | -5.4         | -5.1         | 7.2%          | -10.8        | -10.5        | 3.3%          |
| FX effect on USD debt             | -0.1         | -1.0         | 0.0          | n/a           | -1.1         | 0.0          | n/a           |
| <b>Total</b>                      | <b>-16.0</b> | <b>-17.7</b> | <b>-20.7</b> | <b>-22.5%</b> | <b>-33.7</b> | <b>-41.4</b> | <b>-18.6%</b> |

The **22.5%** decrease in the second-quarter financial result was mainly due to lower YoY financial expenses, as a result of **lower debt, 3.6% down from June 2019**. (see the 'Debt' table below), and lower SELIC/CDI rates.

| Debt<br>(R\$ Million)                     | Jun/20       | Mar/20       | Jun/19       | YoY           |
|---|--------------|--------------|--------------|---------------|
| Borrowings and debentures                 | 901.7        | 823.6        | 599.5        | 50.4%         |
| Derivative financial instruments          | -58.7        | -47.9        | -0.1         | n.s.          |
| <b>Gross Bank Debt</b>                    | <b>843.0</b> | <b>775.6</b> | <b>599.4</b> | <b>40.6%</b>  |
| Gross Bank Debt R\$ <sup>1</sup>          | 840.0        | 772.1        | 594.3        | 41.3%         |
| Gross Bank Debt US\$                      | 3.0          | 3.5          | 5.1          | -41.6%        |
| Taxes paid in installments                | 8.9          | 10.9         | 9.9          | -10.2%        |
| Acquisition of companies payable          | 42.3         | 42.5         | 41.7         | 1.4%          |
| <b>Total Gross Debt</b>                   | <b>894.2</b> | <b>829.0</b> | <b>651.0</b> | <b>37.3%</b>  |
| <b>Cash, Equivalents and Securities</b>   | <b>328.1</b> | <b>258.9</b> | <b>63.9</b>  | <b>413.1%</b> |
| <b>Total Net Debt</b>                     | <b>566.1</b> | <b>570.1</b> | <b>587.1</b> | <b>-3.6%</b>  |
| LTM Adjusted EBITDA                       | 156.1        | 255.7        | 277.6        | -43.8%        |
| <b>Total Net Debt/LTM Adjusted EBITDA</b> | <b>3.63x</b> | <b>2.23x</b> | <b>2.12x</b> | <b>71.5%</b>  |

1) Approximately 28% of the BRL debt is denominated in foreign currency, protected from the exchange variation through hedge instruments  
n.s.: not significant

**Total net debt** fell by 3.6% YoY, to R\$**566.1** million. The **total net debt/adjusted EBITDA** ratio reached **3.63x** at the end of the period.

## INCOME TAX AND SOCIAL CONTRIBUTION

| Quarterly Income Tax<br>(R\$ Million) | 2Q20         | 2Q19         | YoY          | 6M20         | 6M19         | YoY          |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>EBT</b>                            | <b>-79.5</b> | <b>15.1</b>  | <b>n/a</b>   | <b>-98.4</b> | <b>30.4</b>  | <b>n/a</b>   |
| <b>Taxes on Income</b>                | <b>-5.6</b>  | <b>-3.3</b>  | <b>72.3%</b> | <b>-6.7</b>  | <b>-7.1</b>  | <b>-6.2%</b> |
| <i>Current taxes on income</i>        | -4.3         | -7.9         | -46.2%       | -7.6         | -10.9        | -30.7%       |
| <i>Deferred taxes on income</i>       | -1.4         | 4.6          | n/a          | 0.8          | 3.7          | -77.5%       |
| <b>Effective tax rate</b>             | <b>n/a</b>   | <b>21.6%</b> | <b>n/a</b>   | <b>n/a</b>   | <b>23.5%</b> | <b>n/a</b>   |

In **2Q20**, the Company created a provision for taxes on income in the amount of R\$**5.6** million, represented by the Company's subsidiaries under presumptive profit, whose tax is calculated based on earned revenue.

## NET INCOME

| Quarterly Net Income<br>(R\$ Million) | 2Q20          | 2Q19        | YoY        | 6M20          | 6M19        | YoY        |
|---------------------------------------|---------------|-------------|------------|---------------|-------------|------------|
| Net Income                            | -85.1         | 11.8        | n/a        | -105.1        | 23.3        | n/a        |
| (-) Non-controlling shareholders      | -0.5          | 2.2         | n/a        | 1.2           | 3.8         | -69.3%     |
| <b>Net Income (Shareholders)</b>      | <b>-84.6</b>  | <b>9.6</b>  | <b>n/a</b> | <b>-106.3</b> | <b>19.5</b> | <b>n/a</b> |
| Earnings per share (R\$)              | -0.72         | 0.08        | n/a        | -0.90         | 0.16        | n/a        |
| Net Margin                            | -60.7%        | 4.3%        | n/a        | -28.0%        | 4.4%        | n/a        |
| <b>Net Margin (Shareholders)</b>      | <b>-60.3%</b> | <b>3.5%</b> | <b>n/a</b> | <b>-28.3%</b> | <b>3.6%</b> | <b>n/a</b> |

Net Result (Shareholders) fell in 2Q20, to a negative R\$**84.6** million, mainly because of lower revenue in April and May.

## INVESTMENTS

| Investments<br>(R\$ Million) | 2Q20       | 2Q19        | YoY           | 6M20        | 6M19        | YoY           |
|------------------------------|------------|-------------|---------------|-------------|-------------|---------------|
| Organic expansion            | 5.4        | 4.9         | 9.9%          | 13.2        | 11.3        | 16.7%         |
| Maintenance                  | 1.6        | 11.2        | -86.0%        | 8.6         | 19.2        | -55.5%        |
| Others                       | 2.1        | 1.7         | 20.0%         | 4.2         | 3.4         | 24.9%         |
| <b>Total CAPEX</b>           | <b>9.0</b> | <b>17.9</b> | <b>-49.6%</b> | <b>26.0</b> | <b>33.9</b> | <b>-23.4%</b> |
| Financial assets (RBD)       | 0.3        | 0.4         | -9.5%         | 0.5         | 0.6         | -14.1%        |
| M&A / Investments            | 0.0        | 0.0         | n/a           | 0.0         | 0.0         | n/a           |
| <b>TOTAL</b>                 | <b>9.3</b> | <b>18.2</b> | <b>-48.9%</b> | <b>26.5</b> | <b>34.5</b> | <b>-23.2%</b> |

CAPEX totaled R\$**9.3** million in the quarter, down by **48.9%** from 2Q19, due to the temporary closing of some units throughout the quarter and important renegotiations with suppliers.

## OPERATING AND FREE CASH FLOW

Operating Cash Generation reached R\$**34.1** million in 2Q20, proving the **strong capacity to generate cash**.

| YTD Cash Flow<br>(R\$ Million)                   | 6M20          | 6M19         | YoY           |
|--|---------------|--------------|---------------|
| <b>(1) Adjusted EBITDA</b>                       | <b>9.9</b>    | <b>145.6</b> | <b>-93.2%</b> |
| (2) Non-cash items                               | -16.1         | -20.2        | -19.9%        |
| (3) Working Capital <sup>a</sup>                 | 86.6          | -11.1        | n/a           |
| Clients  | 74.7          | -13.8        | n/a           |
| Trade payables                                   | -5.4          | -3.3         | 63.3%         |
| Payroll and related taxes                        | 8.9           | 3.4          | 159.2%        |
| Taxes payable and taxes in installments          | 3.2           | 10.4         | -68.9%        |
| Other  | 5.2           | -7.9         | n/a           |
| (4) Current income tax                           | -7.6          | -10.9        | -30.7%        |
| <b>(5) Operating Cash Flow [(1)+(2)+(3)+(4)]</b> | <b>72.7</b>   | <b>103.4</b> | <b>-29.7%</b> |
| <b>(6) Investing Activities<sup>b</sup></b>      | <b>-26.5</b>  | <b>-34.5</b> | <b>-23.2%</b> |
| PPE and intangible assets                        | -26.0         | -33.9        | -23.4%        |
| Financial Asset (Capex RBD)                      | -0.5          | -0.6         | -13.8%        |
| <b>(7) Free Cash Flow ex-M&amp;A [= (5)+(6)]</b> | <b>46.2</b>   | <b>68.9</b>  | <b>-32.9%</b> |
| <b>(8) Financing Activities<sup>c</sup></b>      | <b>190.8</b>  | <b>-80.9</b> | <b>n/a</b>    |
| Dividends / IOC paid                             | -2.2          | -20.2        | -89.0%        |
| Borrowings, leases and amortizations, net        | 213.0         | -31.3        | n/a           |
| Financial expenses (cash)                        | -22.5         | -30.2        | -25.4%        |
| Treasury Shares                                  | 0.0           | -1.1         | -100.0%       |
| Related Parties                                  | 2.5           | 1.9          | 34.2%         |
| <b>(9) Cash Increase (decrease) [= (7)+(8)]</b>  | <b>237.0</b>  | <b>-12.0</b> | <b>n/a</b>    |
| <b>Conversion (Operating CF /Adj. EBITDA)</b>    | <b>737.7%</b> | <b>71.0%</b> | <b>n/a</b>    |
| Adjusted EBITDA                                  | 9.9           | 145.6        | -93.2%        |

a) Excludes Financial Asset (Capex RBD), considered in Investment

b) Includes Financial Asset (Capex RBD) and excludes financial investments and related parties, considered in Financing

c) Includes debt from acquisitions, financial investments and related parties.

## FINANCIAL STATEMENTS

### STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2020, AND DECEMBER 31, 2019

(R\$ '000)

| ASSETS  | Consolidated     |                  | LIABILITIES AND EQUITY                        | Consolidated     |                  |
|---|------------------|------------------|---|------------------|------------------|
|   | 30/06/2020       | 31/12/2019       |   | 30/06/2020       | 31/12/2019       |
| <b>CURRENT ASSETS</b>                         |                  |                  | <b>CURRENT LIABILITIES</b>                    |                  |                  |
| Cash and cash equivalents                     | 325,320          | 88,301           | Trade payables                                | 46,997           | 52,388           |
| Accounts receivable                           | 159,463          | 229,645          | Payroll and benefits                          | 45,721           | 36,860           |
| Inventories                                   | 9,203            | 10,928           | Borrowings and financing                      | 547,698          | 249,778          |
| Financial assets                              | 31,678           | 31,520           | Leases  | 37,054           | 30,729           |
| Taxes recoverable                             | 40,518           | 34,904           | Derivative financial instruments              | -                | 287              |
| Derivative financial instruments              | 58,733           | 7,649            | Tax obligations                               | 16,560           | 16,604           |
| Other accounts receivable                     | 10,643           | 14,096           | Tax installment payments                      | 2,391            | 2,276            |
| <b>Total current assets</b>                   | <b>635,558</b>   | <b>417,043</b>   | Accounts payable - acquisition of companies   | 12,929           | 4,282            |
|   |                  |                  | Dividends payable                             | 15,395           | 10,325           |
|   |                  |                  | Other accounts payable                        | 8,526            | 2,702            |
|   |                  |                  | <b>Total current liabilities</b>              | <b>733,271</b>   | <b>406,231</b>   |
| <b>NONCURRENT ASSETS</b>                      |                  |                  | <b>NONCURRENT LIABILITIES</b>                 |                  |                  |
| Securities                                    | 2,755            | 2,823            | Borrowings and financing                      | 354,035          | 364,991          |
| Escrow deposits                               | 25,902           | 25,681           | Leases  | 215,220          | 191,339          |
| Contingency reimbursement guarantee           | 15,992           | 20,949           | Related parties                               | 544              | 542              |
| Related parties                               | 16,927           | 19,442           | Tax installment payments                      | 6,465            | 8,077            |
| Deferred income and social contribution taxes | 136,013          | 133,924          | Accounts payable - acquisition of companies   | 29,386           | 37,704           |
| Financial assets                              | 72,224           | 75,272           | Deferred income and social contribution taxes | 11,983           | 10,618           |
| Investments                                   | 8,010            | 8,951            | Deferred PIS/COFINS/ISS                       | 6,962            | 6,971            |
| Property and equipment                        | 507,706          | 519,777          | Provision for legal contingencies             | 46,684           | 51,793           |
| Intangible assets                             | 964,561          | 966,126          | <b>Other accounts payable</b>                 | <b>2,867</b>     | <b>2,853</b>     |
| Usage rights                                  | 233,258          | 211,133          |   |                  |                  |
| <b>Total noncurrent assets</b>                | <b>1,983,348</b> | <b>1,984,078</b> | <b>Total non-current liabilities</b>          | <b>674,146</b>   | <b>674,888</b>   |
|   |                  |                  | <b>EQUITY</b>                                 |                  |                  |
|   |                  |                  | Capital stock                                 | 612,412          | 612,412          |
|   |                  |                  | Capital reserves                              | 624,124          | 620,448          |
|   |                  |                  | Treasury shares                               | (106)            | (106)            |
|   |                  |                  | Profits reserve                               | (56,456)         | 49,842           |
|   |                  |                  | Other comprehensive income                    | (211)            | (406)            |
|   |                  |                  | Controlling shareholders' equity              | 1,179,763        | 1,282,190        |
|   |                  |                  | Minority interest                             | 31,726           | 37,812           |
|   |                  |                  | <b>Total equity</b>                           | <b>1,211,489</b> | <b>1,320,002</b> |
| <b>TOTAL ASSETS</b>                           | <b>2,618,906</b> | <b>2,401,121</b> | <b>TOTAL LIABILITIES AND EQUITY</b>           | <b>2,618,906</b> | <b>2,401,121</b> |

## INCOME STATEMENTS FOR THE PERIODS ENDED JUNE 30, 2020 AND JUNE 30, 2019

(R\$ '000)

| Consolidated   | 2Q20      | 2Q19      | 6M20      | 6M19      |
|--|-----------|-----------|-----------|-----------|
| NET REVENUES   | 140,573   | 272,718   | 376,437   | 534,563   |
| Cost of services   | (158,784) | (199,900) | (353,934) | (391,678) |
| GROSS PROFIT   | (18,211)  | 72,818    | 22,503    | 142,885   |
| OPERATING (EXPENSES) INCOME  |           |           |           |           |
| General and administrative expenses                                    | (42,598)  | (39,870)  | (84,442)  | (76,599)  |
| Other (expenses) income, net   | (4,376)   | (1,428)   | (8,321)   | (2,898)   |
| Equity in the earnings (loss) of subsidiaries                          | 1,661     | 4,211     | 5,542     | 8,443     |
| OPERATING INCOME BEFORE FINANCIAL RESULT                               | (63,524)  | 35,731    | (64,718)  | 71,831    |
| FINANCIAL RESULT   | (16,032)  | (20,678)  | (33,702)  | (41,390)  |
| Financial expenses   | (17,606)  | (21,105)  | (35,898)  | (42,292)  |
| Financial income   | 1,574     | 427       | 2,196     | 902       |
| OPERATING INCOME (LOSS) BEFORE<br>INCOME AND SOCIAL CONTRIBUTION TAXES | (79,556)  | 15,053    | (98,420)  | 30,441    |
| INCOME AND SOCIAL CONTRIBUTION TAXES<br>CURRENT AND DEFERRED           | (5,543)   | (3,254)   | (6,709)   | (7,148)   |
| NET INCOME (LOSS) FOR THE PERIOD                                       | (85,100)  | 11,799    | (105,128) | 23,293    |
| ATTRIBUTABLE TO CONTROLLING SHAREHOLDERS                               | (84,628)  | 9,596     | (106,306) | 19,482    |
| ATTRIBUTABLE TO MINORITY INTEREST                                      | (470)     | 2,203     | 1,176     | 3,811     |



## CASH FLOW STATEMENTS ON JUNE 30, 2020 AND JUNE 30, 2019

(R\$ '000)

|  | Consolidated     |                 |
|--|------------------|-----------------|
|  | 30/06/2020       | 30/06/2019      |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>   |                  |                 |
| <b>Net Income (loss) for the period</b>  | <b>(105,129)</b> | <b>23,293</b>   |
| Adjustments to reconcile net income to net cash generated by (used in) operating activities: | 77,395           | 75,907          |
| Depreciation and amortization  | 58,793           | 58,150          |
| Stock options granted and restricted stocks  | 3,676            | 708             |
| Residual value of property, plant and equipment and rights of use disposed of, an            | 1,123            | 203             |
| Finance charges, foreign exchange effect and derivatives                                     | 33,645           | 36,404          |
| Financial asset update   | (12,404)         | (12,940)        |
| Income (loss) from subsidiaries  | (5,542)          | (8,443)         |
| Allowance for doubtful debts   | (1,064)          | 6,057           |
| Provisions for civil, labor and tax risks  | 20               | (631)           |
| Deferred Taxes   | (852)            | (3,601)         |
|  | <b>(27,734)</b>  | <b>99,200</b>   |
| Decrease (increase) in operating assets  | <b>86,058</b>    | <b>(6,169)</b>  |
| Decrease (increase) in clients   | 87,063           | (825)           |
| Decrease (increase) in inventories   | 1,725            | (843)           |
| Decrease (increase) in other assets  | (2,207)          | (3,894)         |
| Decrease (increase) in Financial Asset   | (523)            | (607)           |
| Increase (decrease) in operating liabilities:  | <b>13,822</b>    | <b>4,762</b>    |
| Increase (decrease) in trade payables  | (5,391)          | (3,302)         |
| Increase (decrease) in suppliers drawees risk  | -                | -               |
| Increase (decrease) in payroll and related taxes   | 8,861            | 3,418           |
| Increase (decrease) in taxes payable and taxes in installments                               | 3,242            | 10,411          |
| Increase (decrease) in other liabilities   | 5,673            | (3,149)         |
| Income Tax and Social Contribution paid  | (5,046)          | (9,366)         |
| Dividends and interest on equity received  | 6,483            | 6,750           |
| <b>Net Cash generated by Operating Activities</b>  | <b>72,146</b>    | <b>97,793</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>   |                  |                 |
| Short-term investments   | -                | -               |
| Acquisition of subsidiaries, net of cash received  | (237)            | (4,657)         |
| Related Parties  | 2,517            | 1,876           |
| Purchase of property, plant and equipment and intangible assets                              | (25,978)         | (33,906)        |
| <b>Net cash used in investing activities</b>   | <b>(23,698)</b>  | <b>(36,687)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>   |                  |                 |
| Treasury Shares  | -                | (1,085)         |
| Dividends paid   | (2,227)          | (20,165)        |
| Borrowings and bonds, net  | 379,709          | 141,357         |
| Interest paid  | (22,476)         | (25,215)        |
| Receivment (payment) of derivative financial instrument                                      | 18,026           | -               |
| Repayment of borrowings and financing and lease  | (184,461)        | (167,978)       |
| <b>Net cash used in financing activities</b>   | <b>188,571</b>   | <b>(73,086)</b> |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>   | <b>237,019</b>   | <b>(11,980)</b> |
| <b>CASH AND CASH EQUIVALENTS</b>   |                  |                 |
| At the beginning of the priod  | 88,301           | 73,165          |
| At the end of the period   | 325,320          | 61,185          |