



alliar médicos à frente
sistema de diagnósticos de saúde

B3: AALR3

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[WebCast](#) (PT)

Results

3Q20



Sami Foguel: CEO/IRO
Karina Lozano: IR Manager
<http://ri.alliar.com>
ri@alliar.com

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São Paulo, November 12, 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 third quarter of 2020 (3Q20). 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, recorded under “Occupancy”, are recognized in depreciation and financial expenses. The comparisons below include IFRS-16 in both periods.

3Q20 HIGHLIGHTS

- 3Q20 marked Alliar’s return to growth and profitability as of September;
- **September had the best performance of 2020**, with a 2.0% YoY increase in revenue a.a. and net income of R\$3.3 million;
- Gross revenue totaled R\$**278.8** million in 3Q20, **up by 85% over 2Q20** and slightly lower than in 3Q19 (-6% YoY);
- The **Clinical Analysis** segment reported **record** revenue of R\$56.7 million, **up by 44% YoY**;
- **iDr** continues its growth trajectory (+49% YoY) and already accounted for 1% of Alliar’s total revenue;
- The **private segment** reported **record** revenue for yet another quarter, up by 58% YoY, an important milestone for the diversification of payment sources;
- **Remote channels** accounted for 7.5% of consolidated revenue. Exams volume grew 40% over 2Q20;
- **Gross revenue** totaled R\$**278.9** million and adjusted **EBITDA** amounted to R\$**56.7** million, leading to a **net loss** (Shareholders) of R\$**-3.8** million;
- **Debt reprofiling** of R\$ 194 mn of short-term debt, with extended terms and reduced rates, with R\$ 74 mn already reflected in this balance sheet. The renegotiations reduce the maturities of loans and financing in the next 12 months and reinforce the Company’s financial strength;
- **Robust cash** position at R\$**212.8** million at the end of the quarter.

Highlights (R\$ Million)	3Q20	3Q19	YoY	9M20	9M19	YoY
Gross Revenue (ex-construction) ¹	278.9	297.9	-6.4%	683.9	874.9	-21.8%
Net Revenue (ex-construction) ¹	258.8	275.7	-6.1%	634.8	809.7	-21.6%
Gross Profit	56.7	74.2	-23.6%	79.2	217.1	-63.5%
Gross Margin ²	21.9%	26.9%	-502 bps	12.5%	26.8%	n/a
EBITDA	48.5	70.6	-31.4%	42.6	200.6	-78.8%
EBITDA Margin ²	18.7%	25.6%	-689 bps	6.7%	24.8%	-1807 bps
Adjusted EBITDA ³	56.4	78.5	-28.1%	66.3	224.0	n/a
Adjusted EBITDA Margin ²	21.8%	28.5%	-665 bps	10.4%	27.7%	n/a
Net Income/Loss (Shareholders)	-3.8	14.4	n/a	-110.2	33.9	n/a
Operating Cash Flow	-2.9	56.3	n/a	69.9	159.7	-56.3%
Cash Conversion	n/a	71.8%	n/a	105.4%	71.3%	n.s.
Free Cash Flow	-21.3	35.8	n/a	24.9	104.6	-76.2%
ROIC ⁴	-3.7%	14.3%	n/a	-3.7%	14.3%	n/a
NPS ⁵	67.7%	68.3%	-60 bps	65.6%	66.3%	-0.7 p.p.

(1) Excludes “construction revenue”, an accounting entry referring to the investment made in RBD (PPP Bahia); (2) Margins are calculated on net revenue (ex-construction); (3) Excludes the write-down of financial assets (see chapter on EBITDA); and (4) ROIC excluding goodwill (adjusted NOPAT divided by average invested capital excluding goodwill) (5) Net Promoter Score

MESSAGE FROM MANAGEMENT

The third quarter of 2020 marks Alliar's resumption of growth and profitability. September was the best month of 2020, with 2.0% YoY growth in revenue and total profitability of R \$ 3.3 million. October confirmed the trend of accelerating revenue, given we had another consecutive month of revenue growth¹. In addition to the resumption of imaging tests, the good current results have an important contribution from the new growth avenues set out, which have been proven to be consistently positive. For yet another quarter, Alliar reported consistency of execution in iDr, Clinical Analysis, private segment and omnichannel strategy.

IDR – REMOTE DIAGNOSTIC INTELLIGENCE



For yet another quarter, our healthtech of technological solutions and innovation, posted a record in sales performance (+ 49% a.a.) and new contracts signed. The growth of iDr is the result of both the strengthening of the commercial and operational team and the growing demand from clinics and hospitals for solutions to increase efficiency and quality and reduce costs.

iDr is already consolidated as one of the largest healthtechs in Brazil, both in terms of revenue and growth rate. We are already present in more than 20 municipalities in 10 states, providing technological solutions for partner clinics and hospitals and we are just getting started. This quarter, iDr was already responsible for 1% of consolidated revenue and has important growth rates already contracted for 2021.

PRIVATE SEGMENT



Revenue from private clients reached an all-time high for another consecutive quarter, increasing 58% over 3Q19 and growing by double digits over 2Q20. Private clients accounted for 12% of consolidated revenue in 3Q20, substantially higher than the historical average of 8%. In addition to the Covid tests, the growth in private customers already partially reflects the new products we have been developing since the second quarter. We remain confident that the initiatives under development will sequentially reinforce our presence in this market. Finally, we emphasize that this segment generates important revenue and contributes to the advancement in the diversification of payment sources.

¹Managerial and unaudited numbers

CLINICAL ANALYSIS (CA)



The Clinical Analysis segment **reported record revenue** of R\$56.7 million, up by 44.2% YoY, mainly driven by COVID-19 tests. For another consecutive quarter, we highlight the relevance of this business, which accounted for 20% of revenue, higher than the historical average of 13. The growth in clinical analysis is the result of portfolio expansion, associated with the new accreditations achieved in the last quarters, in the most diverse clinics, in all states and brands. That level would not be achieved without Home Care services

and the Drive-Through channel. We created and scaled these remote service channels in an agile and efficient manner, which reinforces our execution capacity.

OMNICHANNEL



We continue to evolve on the multi-channel fronts, both in terms of scheduling and service execution. In this quarter, online scheduling grew 5 times in the a.a comparison, as a result of investments made in the self-scheduling option. To further improve the scheduling options, by the end of the first quarter of 2021 we will have a new telecom infrastructure and a new IVR implanted, bringing even more quality and efficiency to our multichannel scheduling platform.

The remote service channels - especially Alliar home care – represented 7.5% of Alliar's consolidated revenue this quarter. More than 340 thousand exams were accomplished through these channels, an expressive growth of 40% in relation to 2Q20. For another quarter, the new channels exceed the revenue of the largest bricks-and-mortar unit. This is an indicator that reinforces the trend of changing the habits of our customers, who seek more comfort and practicality in their exams. We also see this trend expanding in several geographies. It is important to remember that the Remote Service Channels are new initiatives and that in a short period of time we have reached an expressive level of revenues, which proves our ability to act quickly in the face of customer preference changes and to serve them at their home in a timely manner and scaled.



BALANCE SHEET

As disclosed to the market on October 26, we renegotiated with our bank creditors, new payment terms and conditions, significantly reducing the share of short-term debt. This is an important step to further strengthen the financial soundness of our balance sheet.



In the quarter, we reached a turning point in our results, through the development of iDr, clinical analyzes and initiatives aimed at the private sector, new service channels, in addition to the resumption of imaging tests. We keep innovating, creating projects that meet the demands of our clients, the medical community, the new clinics and hospitals, giving more and more access to quality healthcare and diagnostic medicine. The digitalization of the patient's journey, with multichannel offers, combined with operational excellence, as well as our commercial focus and new initiatives will sustain Alliar, in a sustainable manner, back to growth and market share gains.

REVENUE

Gross revenue totaled R\$278.9 million in 3Q20, **up by 85% over 2Q20** and slightly lower than in 3Q19 (-6.4% YoY). In just five months, Alliar was able to reverse a 76% YoY decline in early April and start to grow again in September. This shows the Company's capacity for execution and operational adaptation, as well as the results of the new sales initiatives.



In 3Q20, SSS were mainly impacted by the decline in July. The positive contribution of new businesses reflects iDr's new contracts and the new clinical analysis operations. The variation in the Company's total revenue also reflects the closing of units over the last 12 months.

Gross Revenue (R\$ Million)	3Q20	3Q19	YoY	9M20	9M19	YoY
Gross Revenue (ex-construction)	278.9	297.9	-6.4%	683.9	874.9	-21.8%
Diagnostic Imaging	222.1	258.6	-14.1%	554.5	756.9	-26.7%
MRI	89.3	108.0	-17.3%	222.0	316.0	-29.8%
Other Imaging Exams	132.8	150.5	-11.8%	332.5	440.9	-24.6%
Clinical Analysis	56.7	39.3	44.2%	129.4	118.0	9.7%
Construction Revenue	0.9	0.5	103.2%	1.1	1.1	7.3%
Gross Revenue	279.8	298.4	-6.2%	685.0	875.9	-21.8%
Deductions	-20.0	-22.2	-9.9%	-49.1	-65.2	-24.7%
Net Revenue	259.8	276.1	-5.9%	635.9	810.7	-21.6%
Net Revenue (ex-construction)	258.8	275.7	-6.1%	634.8	809.7	-21.6%

Operational Highlights	3Q20	3Q19	YoY	9M20	9M19	YoY
Avg. Revenue - MRI/Equipment (R\$ M)	0.77	0.92	-16.6%	1.91	2.70	-29.1%
Avg. Revenue - CA/Room (R\$ M)	0.19	0.13	50.1%	0.44	0.40	10.0%
MRI Exams ('000)	167.2	199.2	-16.0%	411.6	571.6	-28.0%
CA Exams ('000)	2,680.4	2,645	1.3%	6,240.9	7,878	-20.8%
MRI Avg. Ticket (R\$)	534.3	542.4	-1.5%	539.2	552.8	-2.4%
CA Avg. Ticket (R\$)	21.2	14.9	42.3%	20.7	15.0	38.5%
MRI Exams/Equipment/Day	23.1	27.2	-15.3%	18.9	26.1	-27.5%
CA Exams/Room/Day	145.9	144.0	1.3%	113.2	142.9	-20.8%

Alliar registered a record revenue in clinical analysis (AC), in the amount of R \$ 56.7 million in 3Q20, an increase of 44.2% yoy.

Assets - End of period	3Q20	2Q20	QoQ	3Q20	3Q19	YoY
Units	106	106	0.0%	106	107	-0.9%
Mega	17	17	0.0%	17	17	0.0%
Standard	77	77	0.0%	77	78	-1.3%
Collection units	12	12	0.0%	12	12	0.0%
MRI equipment	116	116	0.0%	116	117	-0.9%
CA rooms	294	294	0.0%	294	284	3.5%

FINANCIAL PERFORMANCE

Income Statement Overview	3Q20	3Q19	YoY	9M20	9M19	YoY
Gross Revenue (ex-construction)	278.9	297.9	(0.1)	683.9	874.9	(0.2)
Deductions (ex)	(20.0)	(22.2)	(0.1)	(49.1)	(65.2)	(0.2)
Net Revenue (ex-construction)	258.8	275.7	(0.1)	634.8	809.7	(0.2)
Cost of services	(202.2)	(201.5)	0.0	(555.6)	(592.6)	(0.1)
Gross Profit	56.7	74.2	-23.6%	79.2	217.1	-63.5%
<i>Gross Profit Margin</i>	<i>21.9%</i>	<i>26.9%</i>	<i>-502 bps</i>	<i>12.5%</i>	<i>26.8%</i>	<i>-14 bps</i>
General and administrative expenses	(40.7)	(39.6)	2.6%	(125.1)	(116.2)	7.6%
Other income (expenses), net	0.5	1.3	n.s.	(7.8)	(1.6)	n.s.
Share of profit (loss) on investments	3.0	4.5	-32.6%	8.6	12.9	-33.8%
(+) Depreciation and Amortization	29.0	30.3	-4.5%	87.8	88.5	-0.8%
<i>EBITDA</i>	<i>48.5</i>	<i>70.6</i>	<i>-31.4%</i>	<i>42.6</i>	<i>200.6</i>	<i>-78.8%</i>
(+/- adjustments)	7.9	7.8	1.6%	23.7	23.4	1.4%
Adjusted EBITDA	56.4	78.5	-28.1%	66.3	224.0	-70.4%
<i>Adjusted EBITDA Margin</i>	<i>21.8%</i>	<i>28.5%</i>	<i>-665 bps</i>	<i>10.4%</i>	<i>27.7%</i>	<i>-17 bps</i>
(-) Depreciation and Amortization	(29.0)	(30.3)	-4.5%	(87.8)	(88.5)	-0.8%
<i>Finance income (expenses)</i>	<i>(15.5)</i>	<i>(19.1)</i>	<i>-18.7%</i>	<i>(49.2)</i>	<i>(60.5)</i>	<i>-18.6%</i>
EBT	4.0	21.2	-81.1%	(94.4)	51.7	n/a
<i>Taxes</i>	<i>(5.9)</i>	<i>(4.5)</i>	<i>30.4%</i>	<i>(12.6)</i>	<i>(11.7)</i>	<i>8.0%</i>
<i>Effective tax rate</i>	<i>146.6%</i>	<i>-21.3%</i>	<i>n/a</i>	<i>n/a</i>	<i>-22.6%</i>	<i>n/a</i>
Attributable to non-controlling shareholders	(2.0)	(2.3)	-16.0%	(3.2)	(6.2)	-48.8%
Net Income (Shareholders)	-3.8	14.4	n/a	-110.2	33.9	n/a
<i>Net margin (Shareholders)</i>	<i>-1.5%</i>	<i>5.2%</i>	<i>n/a</i>	<i>-17.4%</i>	<i>4.2%</i>	<i>n/a</i>

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

Net revenue (ex) fell by 6.1% YoY in 3Q20, leading to total adjusted EBITDA of R\$56.4 million. It is important to mention that the quarter was affected by the still weak performance in July. However, in September revenue has already registered growth vs. previous year, and also EBITDA and net income levels close to 2019. It is also worth noting the 18.7% YoY decrease in the financial result, both due to lower net debt and lower SELIC/CDI rates. Reflecting the aforementioned

figures, Alliar recorded a **net loss** (shareholders) of R\$3.8 million, substantially lower than the net loss of R\$84.6 million recorded in 2Q20.

GROSS PROFIT/GROSS MARGIN

Quarterly Gross Profit (R\$ Million)	3Q20	3Q19	YoY	% NR (3Q20)	% NR (3Q19)	YoY
Net Revenue (ex)	258.8	275.7	-6.1%	-	-	-
Costs (ex)	-202.2	-201.5	0.3%	-78.1%	-73.1%	-5 p.p.
Medical services	-48.3	-53.4	-9.6%	-18.6%	-19.4%	1 p.p.
Employees	-47.0	-53.1	-11.5%	-18.1%	-19.3%	1 p.p.
Supplies and support labs	-49.0	-32.5	50.6%	-18.9%	-11.8%	-7 p.p.
Maintenance	-9.4	-8.2	13.7%	-3.6%	-3.0%	-1 p.p.
Occupancy	-9.1	-11.3	-19.2%	-3.5%	-4.1%	1 p.p.
Third-party services and others	-12.7	-15.1	-15.7%	-4.9%	-5.5%	1 p.p.
Depreciation and amortization (cost)	-26.8	-27.9	-3.9%	-10.3%	-10.1%	0 p.p.
Gross Profit	56.7	74.2	-23.6%	21.9%	26.9%	-502 p.p.
Construction costs	-0.6	-0.4	35.5%	-0.2%	-0.2%	-7 bps

Gross profit totaled R\$56.7 million in 3Q20, a **substantial improvement** over the **-R\$18.2** million recorded in **2Q20**. The gross profit recovery was a direct consequence of higher revenue and costs in line with the same period last year, thanks to strict cost control. The highest YoY savings were seen in the medical services and employees lines: 9.6% and 11.5% YoY, respectively. Costs related to supplies and support labs increased because clinical analysis accounted for a larger share of revenue compared to the same period last year. The cost control also reflects the successful renegotiation of contracts with the Company's main suppliers, benefitting the occupancy (-19.2% YoY) and third-party services and others (-15.7% YoY) accounts.

YTD Gross Profit (R\$ Million)	9M20	9M19	YoY	% NR 9M20	% NR 9M19	YoY
Net Revenue (ex)	634.8	809.7	-21.6%	-	-	-
Costs (ex)	-555.6	-592.6	-6.2%	-87.5%	-73.2%	-14 p.p.
Medical services	-121.5	-156.7	-22.4%	-19.1%	-19.3%	0 p.p.
Employees	-143.0	-153.8	-7.0%	-22.5%	-19.0%	-4 p.p.
Supplies and support labs	-117.2	-99.0	18.4%	-18.5%	-12.2%	-6 p.p.
Maintenance	-26.3	-21.8	20.7%	-4.1%	-2.7%	-1 p.p.
Occupancy	-27.2	-34.9	-21.9%	-4.3%	-4.3%	0 p.p.
Third-party services and others	-39.4	-45.1	-12.7%	-6.2%	-5.6%	-1 p.p.
Depreciation (cost)	-81.0	-81.4	-0.5%	-12.8%	-10.1%	-3 p.p.
Gross Profit	79.2	217.1	-63.5%	12.5%	26.8%	-14 p.p.
Construction costs	-1.1	-1.0	7.3%	-0.2%	-0.1%	-5 bps

In 9M20, **gross profit** totaled R\$79.2 million, 3.5x higher than in 6M20 (R\$22.5 million), reflecting the strong recovery of operations.

EBITDA/EBITDA MARGIN

Quarterly EBITDA (R\$ Million)	3Q20	3Q19	YoY	% NR (3Q20)	% NR (3Q19)	YoY
Net Revenue (ex)	258.8	275.7	-6.1%	-	-	-
Gross Profit	56.7	74.2	-23.6%	21.9%	26.9%	-502 p.p.
General Expenses	-40.7	-39.6	2.6%	-15.7%	-14.4%	-1 p.p.
Employees	-21.9	-18.6	17.3%	-8.4%	-6.8%	-2 p.p.
Occupancy, third parties and others	-16.0	-17.2	-7.2%	-6.2%	-6.3%	0 p.p.
Depreciation (expense)	-2.2	-2.5	-10.2%	-0.9%	-0.9%	0 p.p.
Incentive program (shares)	-0.6	-1.3	n.s.	-0.2%	-0.5%	0 p.p.
Other expenses, net	0.5	1.3	n.s.	0.2%	0.5%	0 p.p.
Earnings (loss) of subsidiaries	3.0	4.5	-32.6%	1.2%	1.6%	0 p.p.
EBIT	19.5	40.3	-51.6%	7.5%	14.6%	-708 p.p.
(+) Depreciation and amortization (total)	29.0	30.3	-4.5%	11.2%	11.0%	0 p.p.
EBITDA	48.5	70.6	-31.4%	18.7%	25.6%	-689 p.p.
(+) Adj. write-down of financial assets	7.9	7.8	1.8%	3.1%	2.8%	0 p.p.
Adjusted EBITDA	56.4	78.5	-28.0%	21.8%	28.5%	-665 p.p.

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 totaled R\$56.4 million in 3Q20, compared to **negative R\$26.5 million** in 2Q20. The EBITDA recovery was directly due to the return to normal revenue levels, especially in September, associated with strict cost control. The Company's general expenses remained under control, up by 2.0% YoY, below the period inflation.

YTD EBITDA (R\$ Million)	9M20	9M19	YoY	% NR 9M20	% NR 9M19	YoY
Net Revenue (ex)	634.8	809.7	-21.6%	-	-	-
Gross Profit	79.2	217.1	-63.5%	12.5%	26.8%	-14 p.p.
General Expenses	-125.1	-116.2	7.6%	-19.7%	-14.4%	-5 p.p.
Employees	-64.1	-61.2	4.7%	-10.1%	-7.6%	-3 p.p.
Occupancy, third parties and others	-50.0	-46.0	8.7%	-7.9%	-5.7%	-2 p.p.
Depreciation (expense)	-6.8	-7.1	-3.9%	-1.1%	-0.9%	0 p.p.
Incentive program (shares)	-4.3	-2.0	114.5%	-0.7%	-0.2%	0 p.p.
Other expenses, net	-7.8	-1.6	379.4%	-1.2%	-0.2%	-1 p.p.
Earnings (loss) of subsidiaries	8.6	12.9	-33.8%	1.3%	1.6%	0 p.p.
EBIT	-45.2	112.2	n/a	-7.1%	13.9%	n/a
(+) Depreciation and amortization (total)	87.8	88.5	-0.8%	13.8%	10.9%	3 pp
EBITDA	42.6	200.6	-78.8%	6.7%	24.8%	n/a
(+) Adj. write-down of financial assets	23.7	23.4	1.4%	3.7%	2.9%	1 p.p.
Adjusted EBITDA	66.3	224.0	-70.4%	10.4%	27.7%	-17 p.p.

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 (R\$ Million)	3Q20	2Q20	3Q19	YoY	9M20	9M19	YoY
Financial income	1.1	1.6	0.7	51.1%	3.3	1.6	101.8%
Financial expenses	-11.5	-12.1	-14.8	-22.8%	-35.4	-46.6	-24.0%
Lease interest	-5.3	-5.5	-5.0	6.1%	-16.2	-15.5	4.2%
FX effect on USD debt	0.1	-0.1	0.0	363.7%	-0.9	0.0	n/a
Total	-15.5	-16.0	-19.1	-18.7%	-49.2	-60.5	-18.6%

The **18.7%** YoY decrease in the third-quarter financial result was mainly due to lower financial expenses in the period, as **net debt remained under control**, up by 5% over September 2019, and lower SELIC/CDI rates.

Debt (R\$ Million)	Sept/20	Mar/20	Sept/19	YoY
Borrowings and debentures	802.1	823.6	642.3	24.9%
Derivative financial instruments	-32.1	-47.9	-16.5	n.s.
Gross Bank Debt	770.0	775.6	625.8	23.0%
Gross bank debt - R\$ ¹	767.6	772.1	621.4	23.5%
Gross bank debt - US\$	2.3	3.5	4.4	-47.0%
Taxes paid in installments	8.4	10.9	9.4	-10.5%
Accounts payable - acquisition of companies	42.7	42.5	41.9	1.9%
Total Gross Debt	821.1	829.0	677.1	21.3%
Cash, Cash Equivalents and Securities	215.6	258.9	100.2	115.1%
Total Net Debt	605.5	570.1	576.9	5.0%
LTM Adjusted EBITDA	134.0	255.7	289.0	-53.6%
Total Net Debt/LTM Adjusted EBITDA	4.52x	2.23x	2.00x	126.3%

1) Approximately 13% of the debt exposed to BRL is denominated in foreign currency, protected from the exchange variation through hedge instruments
n.s.: not significant

Total net debt amounted to R\$605.5 million, 5% higher than in the same period last year. The **total net debt/LTM adjusted EBITDA** ratio reached **4.52x** at the end of the period, especially due to 2Q20 EBITDA.

INCOME TAX AND SOCIAL CONTRIBUTION

Quarterly Income Tax (R\$ Million)	3Q20	3Q19	YoY	9M20	9M19	YoY
EBT	4.0	21.2	-81.1%	-94.4	51.7	n/a
Taxes on Income	-5.9	-4.5	30.4%	-12.6	-11.7	8.0%
Current taxes on income	-6.0	-5.0	19.9%	-13.6	-15.9	-14.8%
Deferred taxes on income	0.1	0.5	-76.8%	1.0	4.2	-77.4%
Effective tax rate	146.6%	21.3%	n/a	n/a	22.6%	n/a

In **3Q20**, the Company created a provision for taxes on income in the amount of **R\$5.9** million, represented by the Company's subsidiaries that adopt presumptive profit, whose tax is calculated based on earned revenue.

NET INCOME/LOSS

Net Income/Loss (R\$ Million)	3Q20	3Q19	YoY	9M20	9M19	YoY
Net income/loss	-1.9	16.7	n/a	-107.0	40.0	n/a
(-) Non-controlling shareholders	2.0	2.3	-16.0%	3.2	6.2	-48.9%
Net Income/Loss (Shareholders)	-3.8	14.4	n/a	-110.2	33.9	n/a
Earnings per share (R\$)	-0.03	0.12	n/a	-0.93	0.29	n/a
Net Margin	-0.7%	6.1%	n/a	-16.9%	4.9%	n/a
Net Margin (Shareholders)	-1.5%	5.2%	n/a	-17.4%	4.2%	n/a

Alliar recorded a **net loss** (shareholders) of **R\$-3.8** million, substantially better than the **net loss** of **R\$-84.6** million recorded in 2Q20, proving Alliar's capacity to quickly reverse results.

INVESTMENTS

Investments (R\$ Million)	3Q20	3Q19	YoY	9M20	9M19	YoY
Organic expansion	3.5	6.8	-48.2%	16.7	18.1	-7.6%
Maintenance	11.1	11.6	-3.8%	19.7	30.8	-36.1%
Others	3.2	1.8	78.9%	7.4	5.2	43.8%
Total CAPEX	17.9	20.1	-11.3%	43.8	54.0	-18.9%
Financial assets (RBD)	0.6	0.5	35.8%	1.1	1.1	7.3%
M&A / Investments	0.0	0.0	n/a	0.0	0.0	n/a
TOTAL	18.5	20.6	-10.2%	45.0	55.1	-18.4%

CAPEX totaled **R\$18.5** million in the quarter, down by **10.2%** from 3Q19, mainly due to important renegotiations with suppliers.

OPERATING CASH FLOW AND FREE CASH FLOW

Operating cash flow reached R\$**69.9** million in 9M20, proving Alliar's **strong capacity to generate** cash, despite the loss in the period.

YTD Cash Flow (R\$ Million)	9M20	9M19	YoY
(1) Adjusted EBITDA	66.3	224.0	-70.4%
(2) Non-cash items	-34.8	-29.2	19.1%
(3) Working Capital ^a	51.9	-19.0	n/a
Clients	12.1	-20.4	n/a
Trade payables	20.5	-5.5	n/a
Payroll and related taxes	17.2	6.3	175.2%
Taxes payable and taxes in installments	11.7	12.8	-8.5%
Other	-9.6	-12.2	-21.7%
(4) Current income tax	-13.6	-15.9	-14.8%
(5) Operating Cash Flow [= (1)+(2)+(3)+(4)]	69.9	159.9	-56.3%
(6) Investing Activities^b	-45.0	-55.1	-18.4%
PPE and intangible assets	-43.8	-54.0	-18.9%
Financial Asset (Capex RBD)	-1.1	-1.1	7.2%
(7) Free Cash Flow ex-M&A [= (5)+(6)]	24.9	104.8	-76.3%
(8) Financing Activities^c	99.7	-80.6	n/a
Dividends / IOC paid	0.0	-20.7	-100.0%
Borrowings, leases and amortizations, net	134.9	-11.2	n/a
Financial expenses (cash)	-38.3	-50.6	-24.2%
Treasury Shares	0.0	-1.1	-100.0%
Related Parties	3.1	3.0	2.3%
(9) Cash Increase (decrease) [= (7)+(8)]	124.6	24.3	413.3%
Conversion (Operating CF /Adj. EBITDA)	105.4%	71.4%	n/a
Adjusted EBITDA	66.3	224.0	-70.4%

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

BALANCE SHEETS AT SEPTEMBER 30, 2020 AND DECEMBER 31, 2019

(R\$ '000)

ASSETS	Consolidated		LIABILITIES AND EQUITY	Consolidated	
	30/09/2020	31/12/2019		30/09/2020	31/12/2019
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	212,848	88,301	Trade payables	72,892	52,388
Accounts receivable	231,152	229,645	Payroll and benefits	54,092	36,860
Inventories	8,707	10,928	Borrowings and financing	390,217	249,778
Financial assets	31,868	31,520	Leases	35,480	30,729
Taxes recoverable	50,838	34,904	Derivative financial instruments	-	287
Derivative financial instruments	32,119	7,649	Tax obligations	22,239	16,604
Other accounts receivable	16,312	14,096	Tax installment payments	2,369	2,276
Total current assets	583,844	417,043	Accounts payable - acquisition of companies	13,169	4,282
			Dividends payable	15,426	10,325
			Other accounts payable	9,963	2,702
			Total current liabilities	615,847	406,231
NONCURRENT ASSETS			NONCURRENT LIABILITIES		
Securities	2,766	2,823	Borrowings and financing	411,885	364,991
Escrow deposits	25,977	25,681	Leases	210,961	191,339
Contingency reimbursement guarantee	13,046	20,949	Related parties	532	542
Related parties	16,351	19,442	Tax installment payments	6,045	8,077
Deferred income and social contribution taxes	136,816	133,924	Accounts payable - acquisition of companies	29,531	37,704
Financial assets	70,831	75,272	Deferred income and social contribution taxes	12,763	10,618
Investments	8,800	8,951	Deferred PIS/COFINS/ISS	6,947	6,971
Property and equipment	505,560	519,777	Provision for legal contingencies	43,760	51,793
Intangible assets	965,568	966,126	Other accounts payable	5,686	2,853
Usage rights	223,495	211,133			
Total noncurrent assets	1,969,210	1,984,078	Total non-current liabilities	728,110	674,888
			EQUITY		
			Capital stock	612,412	612,412
			Capital reserves	621,672	620,448
			Treasury shares	(106)	(106)
			Profits reserve	(57,278)	49,842
			Other comprehensive income	(18)	(406)
			Controlling shareholders' equity	1,176,682	1,282,190
			Minority interest	32,415	37,812
			Total equity	1,209,097	1,320,002
TOTAL ASSETS	2,553,054	2,401,121	TOTAL LIABILITIES AND EQUITY	2,553,054	2,401,121

**STATEMENT OF OPERATIONS FOR THE PERIOD ENDED SEPTEMBER 30, 2020 AND INCOME
STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2019**

(R\$ '000)

Consolidated	2Q20	2Q19	6M20	6M19
Net revenues	259,433	276,146	635,870	810,709
Cost of services	<u>(202,781)</u>	<u>(201,948)</u>	<u>(556,715)</u>	<u>(593,626)</u>
Gross profit	56,653	74,198	79,156	217,083
Operating (expenses) income				
General and administrative expenses	(40,655)	(39,612)	(125,097)	(116,211)
Other (expenses) income, net	521	1,270	(7,800)	(1,627)
Equity in the earnings (loss) of subsidiaries	<u>3,014</u>	<u>4,473</u>	<u>8,556</u>	<u>12,916</u>
Operating income before financial result	19,532	40,330	(45,186)	112,161
Financial result	<u>(15,509)</u>	<u>(19,084)</u>	<u>(49,211)</u>	<u>(60,473)</u>
Financial expenses	(16,627)	(19,824)	(52,525)	(62,115)
Financial income	1,118	740	3,314	1,642
Operating income (loss) before income and social contribution taxes	<u>4,023</u>	<u>21,247</u>	<u>(94,396)</u>	<u>51,688</u>
Income and social contribution taxes Current and deferred	(5,896)	(4,520)	(12,605)	(11,669)
Net income (loss) for the period	<u><u>(1,874)</u></u>	<u><u>16,726</u></u>	<u><u>(107,001)</u></u>	<u><u>40,020</u></u>
Attributable to controlling shareholders	(3,847)	14,376	(110,153)	33,858
Attributable to minority interest	1,974	2,349	3,150	6,160

CASH FLOW STATEMENTS ON SEPTEMBER 30, 2020 AND SEPTEMBER 30, 2019

(R\$ '000)

	Consolidated	
	30/09/2020	30/09/2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (loss) for the period	(107,002)	40,019
Adjustments to reconcile net income to net cash generated by (used in) operating activities:	105,667	113,811
Depreciation and amortization	87,756	88,467
Stock options granted and restricted stocks	4,257	1,984
Residual value of property, plant and equipment and rights of use disposed of, and invest	1,176	597
Finance charges, foreign exchange effect and derivatives	48,769	53,612
Financial asset update	(18,495)	(19,313)
Income (loss) from subsidiaries	(8,556)	(12,916)
Allowance for doubtful debts	(8,326)	6,351
Provisions for civil, labor and tax risks	63	(911)
Deferred Taxes	(977)	(4,060)
	(1,335)	153,830
Decrease (increase) in operating assets	13,382	(11,157)
Decrease (increase) in clients	30,551	(1,038)
Decrease (increase) in inventories	2,221	(2,249)
Decrease (increase) in other assets	(18,246)	(6,803)
Decrease (increase) in Financial Asset	(1,144)	(1,067)
Increase (decrease) in operating liabilities:	56,227	9,316
Increase (decrease) in trade payables	20,504	(5,453)
Increase (decrease) in suppliers drawees risk	-	-
Increase (decrease) in payroll and related taxes	17,232	6,262
Increase (decrease) in taxes payable and taxes in installments	11,714	12,797
Increase (decrease) in other liabilities	6,442	(3,181)
Income Tax and Social Contribution paid	(8,372)	(11,812)
Dividends and interest on equity received	8,707	10,703
Net Cash generated by Operating Activities	68,274	151,989
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash received	(213)	(5,062)
Related Parties	3,081	3,012
Purchase of property, plant and equipment and intangible assets	(43,836)	(54,036)
Net cash used in investing activities	(40,968)	(56,086)
CASH FLOW FROM FINANCING ACTIVITIES		
Treasury Shares	-	(1,085)
Dividends paid	-	(20,668)
Borrowings and bonds, net	483,299	562,151
Interest paid	(37,908)	(43,755)
Receivment (payment) of derivative financial instrument	60,971	2,456
Repayment of borrowings and financing and lease	(409,121)	(570,739)
Net cash used in financing activities	97,241	(71,640)
INCREASE IN CASH AND CASH EQUIVALENTS	124,547	24,263
CASH AND CASH EQUIVALENTS		
At the beginning of the period	88,301	73,165
At the end of the period	212,848	97,428