

# **Separate and Consolidated Financial Statements**

**Athena Saúde Brasil S.A.**

December 31, 2020  
with independent auditors' report

## **Independent auditor’s report on the separate and consolidated financial statements**

To the  
Board of Directors and Management of  
**Athena Saúde Brasil S.A.**  
São Paulo - SP

### **Opinion**

We have audited the separate and consolidated financial statements of Athena Saúde Brasil S.A. (the “Company”), identified as separate and consolidated, respectively, which comprise the statement of financial position as at December 31, 2020, and the statements of profit or loss, comprehensive income (loss), changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the separate and consolidated financial position of the Company as at December 31, 2020, and its separate and consolidated financial performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the separate and consolidated financial statements” section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazilian Federal Accounting Council (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the separate and consolidated financial statements” section of our report, including in respect of these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### Business combinations

As disclosed in notes 2.9 and 3 to the financial statements, during 2020 the Company carried out business combinations and accounted for these acquisitions in accordance with the acquisition method provided for in Accounting Standard CPC 15 / IFRS 3, which resulted in an initial recognition of goodwill in the total amount of R\$ 530,824 thousand (R\$ 125,607 thousand in 2019).

The estimates associated with the accounting for a business acquisition involve relevant judgments, both in determining the fair value of the consideration transferred for the assets acquired and liabilities assumed and in determining the goodwill. In addition, it is necessary to disclose information that allows users of the financial statements to be able to assess the nature and financial effects of the business combination. The process of allocating assets acquired and liabilities assumed and goodwill in a business combination is complex and involves a high degree of subjectivity and judgment in defining the assumptions and methodology used in this process. In view of the materiality of the amounts involved and the degree of judgment involved in measuring the fair value allocated to the assets acquired and liabilities assumed that are the object of the transactions, we consider this a key audit matter.

### How our audit addressed this matter

Our audit procedures included, but were not limited to: (i) reading of the documents that formalized the transaction, such as contracts and minutes; (ii) analysis of the financial information of the acquired companies and assessment of the consistency of accounting practices and estimates; (iii) use of our specialists in business valuation and financial projections to assist us in the review of the assumptions and methodology used in the measurement of fair values and allocations of assets acquired and liabilities assumed; (iv) assessment of the objectivity, independence and technical capacity of the specialists involved in the fair value measurement; and (v) assessment of the appropriateness of the disclosures made by the Company.

Based on the results of the audit procedures performed on the business combination, which is consistent with management’s assessment, we consider that the criteria and assumptions adopted by the Company in business combinations, as well as the related disclosures are acceptable in the context of the financial statements taken as a whole.

#### Impairment of non-financial assets - goodwill

As disclosed in notes 2.19 and 13.1 to the financial statements, at December 31, 2020, the Company has significant non-financial assets, mainly represented by the goodwill generated in business combinations. These assets are assessed annually in order to identify events or changes in economic and operating circumstances that may indicate impairment, and intangible assets with indefinite useful lives, including goodwill, must be tested for impairment annually, regardless of indications of impairment.

The assessment of impairment of these assets, including the definition of the Cash-Generating Units (CGU), involves a high degree of subjectivity and is based on several assumptions the materialization of which is affected by market projections and uncertain economic scenarios. In view of the materiality of the balances, the level of uncertainty and high degree of judgment inherent in determining the related recoverable amounts, we consider this a key audit matter.

#### How our audit addressed this matter

Our audit procedures included, but were not limited to (i) the assessment of the criteria for definition and identification of the CGUs; (ii) the involvement of specialists to assist us in assessing the projections prepared by management of the Company for the recoverability of these assets; (iii) assessment of the appropriateness and consistency of the assumptions used in the estimates and projections of future cash flows comparing them, when available, with external source data, such as economic growth and cost inflation forecasts; (iv) assessment of the calculation methodology and sensitivity analysis of the assumptions; and (iv) review of the disclosures made by the Company in the financial statements.

Based on the results of the audit procedures performed on the impairment test of non-financial assets, which is consistent with management's assessment, we consider that the criteria and assumptions related to the recoverable amount adopted by management, as well as the related disclosures, are acceptable in the context of the financial statements taken as a whole.

#### Technical reserves related to healthcare plans - IBNR

As described in notes 2.21 and 14 to the financial statements, the Company has subsidiaries in the healthcare plan operation and, consequently, records liabilities related to certain actuarial technical reserves, in particular the Incurred but Not Reported Reserve (IBNR). The calculations to determine their values and their liability adequacy test (LAT) are complex and require a high degree of judgment, mainly in the determination of methodologies, assumptions and estimates of values. In view of the factors described and the materiality of the amounts involved, as well as the impact that any changes in methodologies and assumptions may have on the financial statements, we consider this a key audit matter.

#### How our audit addressed this matter

Among our audit procedures, we assessed, with the assistance of our actuarial experts, the methodologies used to measure the Incurred but Not Reported Reserve (IBNR) and the Liability Adequacy Test (LAT), with respect to the consistency of the data and the reasonableness of the assumptions. Additionally, we recalculated the Technical Reserves considering the actuarial methodology for calculating and testing the adequacy of this liability. Our audit procedures also included tests of the registration databases used in the actuarial projections and the assessment of the sufficiency of the disclosures in the financial statements described in notes 2.21 and 14. As a result of the procedures, we identified an audit adjustment indicating the need for a reversal in the IBNR and this adjustment was recorded by the Company in view of its materiality on the overall financial statements.

Based on the results of the audit procedures performed on the IBNR and LAT, which is consistent with management's assessment, we consider that the criteria and assumptions for assessing the actuarial obligations adopted by management, as well as the related disclosures, are acceptable in the context of the financial statements taken as a whole.

#### **Other matters**

##### *Statements of value added*

The separate and consolidated statements of value added for the year ended December 31, 2020, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the above-mentioned accounting pronouncement and are consistent in relation to the overall separate and consolidated financial statements.

##### *Audit of corresponding amounts*

The separate and consolidated financial statements of the Company as of and for the year ended December 31, 2018 were audited by other independent auditor who issued, on March 10, 2021, an unmodified opinion thereon which contains an emphasis of matter paragraph related to the basis of preparation of the financial statements using the predecessor basis of accounting.

## **Responsibilities of management and those charged with governance for the separate and consolidated financial statements**

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

## **Auditor's responsibilities for the audit of the separate and consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Brasília, March 10, 2021.

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

## Athena Saúde Brasil S.A.

Statement of financial position  
As at December 31, 2020  
(In thousands of Brazilian reais)

		Separate			Consolidated		
	Note	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	4	405,077	1	1	529,124	109,054	66,651
Restricted financial investments	5	-	-	-	129,329	158,977	29,954
Trade receivables	6	-	-	-	179,319	114,194	93,637
Inventories	7	-	-	-	40,864	12,879	8,054
Taxes recoverable	8	406	-	-	21,119	11,359	4,727
Advances to suppliers		-	-	-	19,718	9,468	-
Prepaid expenses		12,382	-	-	14,617	-	-
Other assets		-	-	-	6,730	4,377	4,114
<b>Total current assets</b>		<b>417,865</b>	<b>1</b>	<b>1</b>	<b>940,820</b>	<b>420,308</b>	<b>207,137</b>
<b>Non-current assets</b>							
Restricted financial investments	5	-	-	-	69,509	-	24,126
Contingency reimbursement – indemnification assets	9	11,582	-	-	157,747	127,764	41,384
Related parties	20	41,256	-	-	44,924	-	-
Deferred tax assets	26	8,745	-	-	99,164	36,600	25,819
Taxes recoverable	8	-	-	-	2,104	1,824	-
Judicial deposits	21	-	-	-	59,484	37,735	25,630
Other assets		-	-	-	4,105	4,732	1,342
Investments	10	1,254,282	-	-	-	-	-
Property and equipment	11	-	-	-	445,878	304,755	158,538
Intangible assets	13	-	-	-	1,063,269	515,043	176,527
<b>Total non-current assets</b>		<b>1,315,865</b>	<b>-</b>	<b>-</b>	<b>1,946,184</b>	<b>1,028,453</b>	<b>453,366</b>
<b>Total assets</b>		<b>1,733,730</b>	<b>1</b>	<b>1</b>	<b>2,887,004</b>	<b>1,448,761</b>	<b>660,503</b>

See accompanying notes.



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

## Athena Saúde Brasil S.A.

Statement of financial position  
As at December 31, 2020  
(In thousands of Brazilian reais)

		Separate			Consolidated		
	Note	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
<b>Liabilities and equity</b>							
<b>Current liabilities</b>							
Trade payables		1,105	-	-	69,335	52,420	37,347
Lease liabilities	12	-	-	-	16,199	10,800	-
Technical reserves (ANS)	14	-	-	-	175,542	108,270	38,825
Loans and financing	15	-	-	-	2,312	137,818	21,150
Advances from customers		-	-	-	2,501	3,230	3,339
Dividends and interest on shareholders' equity	20.1	-	-	-	2,330	2,010	-
Salaries and related charges	16	3,399	-	-	90,951	56,883	39,631
Taxes payable	17	95	-	-	104,468	56,886	30,657
Payables for acquisition of companies	19	-	-	-	68,360	7,062	16,068
Taxes payable in installments	18	-	-	-	5,227	5,434	6,165
Related parties	20	2,717	-	-	-	-	-
Provision for losses on investments		-	-	-	-	-	2,853
Other liabilities		3,495	-	-	12,572	4,468	2,752
<b>Total current liabilities</b>		<b>10,811</b>	<b>-</b>	<b>-</b>	<b>549,797</b>	<b>445,281</b>	<b>198,787</b>
<b>Non-current liabilities</b>							
Loans and financing	15	-	-	-	149,794	3,181	65,806
Lease liabilities	12	-	-	-	143,121	85,266	-
Deferred tax liabilities	26	-	-	-	22,660	16,658	16,707
Taxes payable in installments	18	-	-	-	46,409	49,061	47,647
Payables for acquisition of companies	19	-	-	-	114,842	115,511	16,067
Related parties	20	-	-	-	-	306	256
Provision for legal proceedings	21	5,855	-	-	89,253	58,715	39,767
Taxes payable	17	-	-	-	3,294	-	-
Other liabilities		37	-	-	290	1,176	2,148
<b>Total non-current liabilities</b>		<b>5,892</b>	<b>-</b>	<b>-</b>	<b>569,663</b>	<b>329,874</b>	<b>188,398</b>
<b>Total liabilities</b>		<b>16,703</b>	<b>-</b>	<b>-</b>	<b>1,119,460</b>	<b>775,155</b>	<b>387,185</b>
<b>Equity</b>							
Capital stock	22.1	1,496,028	1	1	1,496,028	572,791	183,151
Transactions between shareholders and other capital reserves	22.3	246,668	-	-	246,668	26,898	(60,959)
Share-based payments	28	22,323	-	-	22,323	-	-
Accumulated losses		(47,992)	-	-	(47,992)	(15,828)	(3,878)
Total equity attributable to the equity holders of the parent		1,717,027	1	1	1,717,027	583,861	118,314
Non-controlling interests		-	-	-	50,517	89,745	155,004
<b>Total equity</b>		<b>1,717,027</b>	<b>1</b>	<b>1</b>	<b>1,767,544</b>	<b>673,606</b>	<b>273,318</b>
<b>Total liabilities and equity</b>		<b>1,733,730</b>	<b>1</b>	<b>1</b>	<b>2,887,004</b>	<b>1,448,761</b>	<b>660,503</b>

See accompanying notes.

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

## Athena Saúde Brasil S.A.

Statement of profit or loss

Year ended December 31, 2020

(In thousands of Brazilian reais, except earnings per share expressed in reais)

	Note	Separate			Consolidated	
		2020	2019	2018	2020	2019
Net revenue	23	-	-	-	1,359,357	1,100,282
Cost of services	24	-	-	-	(799,712)	(689,034)
<b>Gross profit</b>		-	-	-	559,645	411,248
Operating income (expense), net						
Selling expenses	24	-	-	-	(65,554)	(37,027)
General and administrative expenses	24	(10,383)	-	-	(469,902)	(355,064)
Share of loss of associates		(44,197)	-	-	-	-
Other operating income (expenses), net	24	-	-	-	44,457	22,049
<b>Total</b>		(54,580)	-	-	(490,999)	(370,042)
Finance income (costs), net						
Finance income	25	3,110	-	-	19,659	33,278
Finance costs	25	(1)	-	-	(39,674)	(44,479)
<b>Total</b>		3,109	-	-	(20,015)	(11,201)
<b>(Loss) profit before income taxes</b>		(51,471)	-	-	48,631	30,005
Income taxes						
Current	26	-	-	-	(77,687)	(35,990)
Deferred	26	3,479	-	-	43,507	9,035
<b>Total</b>		3,479	-	-	(34,180)	(26,955)
<b>(Loss) profit for the year</b>		(47,992)	-	-	14,451	3,050
(Loss) profit attributable to the equity holders of the parent		(47,992)	-	-	10,323	(7,231)
Profit (loss) attributable to non-controlling interests		-	-	-	4,128	10,281
Basic earnings per share attributable to equity holders of the parent	22.2	-	-	-	0.0088	0.0019
Diluted earnings per share attributable to equity holders of the parent	22.2	-	-	-	0.0085	0.0018

See accompanying notes.

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

## Athena Saúde Brasil S.A.

Statement of comprehensive income (loss)  
Year ended December 31, 2020  
(In thousands of Brazilian reais)

	Separate			Consolidated		
	2020	2019	2018	2020	2019	2018
(Loss) profit for the year	(47,992)	-	-	14,451	3,050	2,570
Total comprehensive (loss) income for the year	(47,992)	-	-	14,451	3,050	2,570
Comprehensive (loss) income attributable to equity holders of the parent	(47,992)	-	-	10,323	(7,231)	3,050
Comprehensive (loss) income attributable to non-controlling interests	-	-	-	4,128	10,281	(480)

See accompanying notes.

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

## Athena Saúde Brasil S.A.

Statement of changes in equity  
Year ended December 31, 2020  
(In thousands of Brazilian reais)

	Attributable to equity holders of the parent								
	Issued capital	Unpaid capital	Paid-in capital	Transactions between shareholders and other capital reserves	Share-based payments	Retained earnings (accumulated losses)	Total	Non-controlling interests	Total equity
Balances as at January 1, 2018	185,272	(2,121)	183,151	(54,656)	-	(6,928)	121,567	130,021	251,588
Transactions between shareholders	-	-	-	(6,303)	-	-	(6,303)	6,303	-
Profit for the year	-	-	-	-	-	3,050	3,050	(480)	2,570
Effects of transactions between shareholders	-	-	-	-	-	-	-	19,160	19,160
Balances as at December 31, 2018	185,272	(2,121)	183,151	(60,959)	-	(3,878)	118,314	155,004	273,318
Capital contribution	389,640	-	389,640	-	-	-	389,640	-	389,640
Effects of transactions between shareholders	-	-	-	87,857	-	-	87,857	(79,862)	7,995
Loss for the year	-	-	-	-	-	(11,552)	(11,552)	14,603	3,051
Additional dividends	-	-	-	-	-	(398)	(398)	-	(398)
Balances as at December 31, 2019	574,912	(2,121)	572,791	26,898	-	(15,828)	583,861	89,745	673,606
Capital contribution	479,878	(9,899)	469,979	-	-	-	469,979	-	469,979
Transactions between shareholders	-	-	-	34,286	-	-	34,286	(43,356)	(9,070)
Share-based payments	-	-	-	-	12,456	-	12,456	-	12,456
Profit for the year	-	-	-	-	-	14,118	14,118	4,128	18,246
Balances as at December 31, 2020 - Athena Healthcare	1,054,790	(12,020)	1,042,770	61,184	12,456	(1,710)	1,114,700	50,517	1,165,217
Predecessor adjustments	441,238	12,020	453,258	185,484	9,867	(46,282)	602,327	-	602,327
Balances as at December 31, 2020 - Athena Saúde Brasil	1,496,028	-	1,496,028	246,668	22,323	(47,992)	1,717,027	50,517	1,767,544

See accompanying notes.

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

## Athena Saúde Brasil S.A.

Statements of changes in equity  
Year ended December 31, 2020  
(In thousands of Brazilian reais)

Separate	Note	Capital stock			Transactions between shareholders and other capital reserves	Share-based payments	Retained earnings (accumulated losses)	Total attributed to the Company's shareholders
		Issued capital	Unpaid capital	Total capital				
Balances as at January 1, 2019		1	-	1	-	-	-	1
Profit for the year		-	-	-	-	-	-	-
Balances as at December 31, 2019		1	-	1	-	-	-	1
Capital increase approved at the EGM held on September 30, 2020		613,207	-	613,207	97,199	-	-	710,406
Capital increase approved at the EGM held on September 30, 2020		880,700	-	880,700	-	-	-	880,700
Migration of stock option plan on September 30, 2020	28	-	-	-	-	12,456	-	12,456
Capital increase approved at the EGM held on December 30, 2020		2,120	-	2,120	-	-	-	2,120
Share-based payments	22.3	-	-	-	-	9,867	-	9,867
Capital transactions		-	-	-	149,469	-	-	149,469
Loss for the year		-	-	-	-	-	(47,992)	(47,992)
Balances as at December 31, 2020		1,496,028	-	1,496,028	246,668	22,323	(47,992)	1,717,027

See accompanying notes.

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

## Athena Saúde Brasil S.A.

Statement of cash flows - indirect method  
Year ended December 31, 2020  
(In thousands of Brazilian reais)

	Separate			Consolidated		
	2020	2019	2018	2020	2019	2018
<b>OPERATING ACTIVITIES</b>						
<b>(Loss) profit before income taxes</b>	<b>(51,471)</b>	-	-	<b>48,631</b>	30,005	22,298
<b>Adjustments for:</b>						
Share of loss of subsidiaries	44,197	-	-	-	-	934
Allowance for expected credit losses	-	-	-	18,043	25,804	7,931
(Reversal) provision for legal proceedings	-	-	-	(10,414)	(827)	767
(Reversal) provision of incurred but not reported reserve	-	-	-	(11,469)	(13,779)	1,772
Loss on disposal of property and equipment and intangible assets	-	-	-	8,901	16,128	487
Depreciation and amortization	-	-	-	59,931	40,690	27,684
Interest and monetary adjustment, net	1	-	-	18,539	11,975	6,742
Share-based payments expense	9,867	-	-	25,722	-	-
<b>(Increase) decrease in assets</b>						
Trade receivables	-	-	-	(27,021)	(21,791)	(22,991)
Inventories	-	-	-	(19,696)	(3,021)	670
Taxes recoverable	(406)	-	-	(4,186)	(5,356)	(1,283)
Advances to suppliers	-	-	-	(9,757)	(7,727)	-
Prepaid expenses	(12,382)	-	-	(14,617)	-	-
Other assets	-	-	-	(549)	(1,211)	(3,908)
Judicial deposits	-	-	-	(17,078)	(7,373)	(4,786)
Contingency reimbursement guarantee – indemnifiable asset	-	-	-	11,111	479	-
<b>Increase (decrease) in liabilities</b>						
Trade payables	1,105	-	-	(2,209)	(6,097)	(2,909)
Technical reserves (ANS)	-	-	-	44,716	8,340	3,657
Advances from customers	-	-	-	(729)	(109)	2,862
Salaries and related charges	-	-	-	9,742	3,829	5,317
Taxes payable	95	-	-	(7,152)	13,933	4,216
Other liabilities	3,857	-	-	7,219	(5,597)	(9,164)
Taxes payable in installments	-	-	-	(5,107)	(4,315)	(10,424)
Interest paid on loans and financing and other liabilities	-	-	-	(7,161)	(5,424)	(5,897)
Income taxes paid	-	-	-	(53,140)	(33,374)	(28,025)
<b>Net cash (used in) from operating activities</b>	<b>(5,137)</b>	-	-	<b>62,270</b>	35,182	(4,050)
<b>INVESTING ACTIVITIES</b>						
Capital contribution in subsidiary	(431,948)	-	-	-	-	-
Acquisition of a subsidiary, net of cash acquired	-	-	-	(293,545)	(153,234)	(22,446)
Installment payments for acquisition of subsidiaries	-	-	-	(39,282)	(15,483)	-
Restricted financial investments	-	-	-	(24,364)	(33,981)	(39,590)
Purchase of property and equipment and intangible assets	-	-	-	(116,663)	(45,646)	(7,108)
Related-party transactions	(38,539)	-	-	(45,230)	-	-
<b>Net cash used in investing activities</b>	<b>(470,487)</b>	-	-	<b>(519,084)</b>	(248,344)	(69,144)
<b>FINANCING ACTIVITIES</b>						
Capital contribution	880,700	-	1	880,700	389,640	-
Proceeds from loans and financing and leases	-	-	-	205,019	34,276	146,779
Repayment of loans and financing	-	-	-	(169,822)	(3,234)	(65,189)
Payments of lease liabilities	-	-	-	(21,273)	(12,993)	-
Related parties	-	-	-	-	(1,255)	(3,845)
Acquisition of non-controlling interest	-	-	-	(17,740)	(144,988)	-
Dividends paid	-	-	-	-	(5,881)	(10,962)
<b>Net cash from financing activities</b>	<b>880,700</b>	-	1	<b>876,884</b>	255,565	66,783
Net increase (decrease) in cash and cash equivalents	<b>405,076</b>	-	-	<b>420,070</b>	42,403	(6,411)
Cash and cash equivalents at the beginning of the year	<b>1</b>	1	-	<b>109,054</b>	66,651	73,062
Cash and cash equivalents at the end of the year	<b>405,077</b>	1	1	<b>529,124</b>	109,054	66,651

See accompanying notes.

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

## **Athena Saúde Brasil S.A.**

Statement of value added  
Year ended December 31, 2020  
(In thousands of Brazilian reais)

	Separate			Consolidated		
	2020	2019	2018	2020	2019	2018
<b>Revenues</b>	-	-	-	<b>1,446,445</b>	<b>1,158,527</b>	<b>611,388</b>
Gross services revenue	-	-	-	<b>1,427,096</b>	<b>1,173,113</b>	<b>619,319</b>
Other revenues	-	-	-	<b>32,746</b>	<b>11,218</b>	-
Allowance for expected credit losses	-	-	-	<b>(13,397)</b>	<b>(25,804)</b>	<b>(7,931)</b>
<b>Inputs acquired from third parties</b>	<b>(114)</b>	-	-	<b>(961,595)</b>	<b>(752,399)</b>	<b>(253,385)</b>
Cost of services	-	-	-	<b>(720,229)</b>	<b>(553,600)</b>	<b>(115,377)</b>
Materials, electric power, outsourced services and other	<b>(114)</b>	-	-	<b>(234,549)</b>	<b>(181,889)</b>	<b>(109,647)</b>
Impairment/recovery of assets	-	-	-	<b>(26)</b>	<b>(3,436)</b>	-
Others	-	-	-	<b>(6,791)</b>	<b>(13,474)</b>	<b>(28,361)</b>
<b>Gross value added</b>	<b>(114)</b>	-	-	<b>484,850</b>	<b>406,128</b>	<b>358,003</b>
Depreciation and amortization	-	-	-	<b>(59,931)</b>	<b>(40,690)</b>	<b>(27,684)</b>
<b>Net value added produced by the Company</b>	<b>(114)</b>	-	-	<b>424,919</b>	<b>365,438</b>	<b>330,319</b>
<b>Value added received in transfer</b>	<b>(41,087)</b>	-	-	<b>21,965</b>	<b>36,552</b>	<b>7,330</b>
Share of loss of subsidiaries	<b>(44,197)</b>	-	-	-	-	<b>(934)</b>
Finance income	<b>3,110</b>	-	-	<b>19,659</b>	<b>33,278</b>	<b>11,003</b>
Others	-	-	-	<b>2,306</b>	<b>3,274</b>	<b>(2,739)</b>
<b>Total value added to be distributed</b>	<b>(41,201)</b>	-	-	<b>446,884</b>	<b>401,990</b>	<b>337,649</b>
<b>Distribution of valued added</b>						
<b>Personnel and charges:</b>	<b>10,232</b>	-	-	<b>234,994</b>	<b>221,660</b>	<b>221,070</b>
Salaries and wages	<b>10,232</b>	-	-	<b>198,714</b>	<b>168,630</b>	<b>194,599</b>
Benefits	-	-	-	<b>19,235</b>	<b>41,384</b>	<b>18,649</b>
FGTS (Severance Pay Fund)	-	-	-	<b>17,045</b>	<b>11,646</b>	<b>7,822</b>
<b>Taxes and contributions</b>	<b>(3,479)</b>	-	-	<b>148,847</b>	<b>126,378</b>	<b>87,710</b>
Federal	<b>(3,479)</b>	-	-	<b>113,692</b>	<b>100,568</b>	<b>70,243</b>
State	-	-	-	<b>90</b>	<b>42</b>	<b>6</b>
Municipal	-	-	-	<b>35,065</b>	<b>25,768</b>	<b>17,461</b>
<b>Debt remuneration</b>	<b>1</b>	-	-	<b>48,592</b>	<b>50,902</b>	<b>26,299</b>
Interest	<b>1</b>	-	-	<b>39,674</b>	<b>44,479</b>	<b>15,145</b>
Rentals	-	-	-	<b>8,918</b>	<b>6,423</b>	<b>11,154</b>
<b>Shareholders' equity compensation</b>	<b>(47,955)</b>	-	-	<b>14,451</b>	<b>3,050</b>	<b>2,570</b>
(Loss) profit for the year	<b>(47,955)</b>	-	-	<b>10,323</b>	<b>(7,231)</b>	<b>3,050</b>
Non-controlling interests in retained earnings	-	-	-	<b>4,128</b>	<b>10,281</b>	<b>(480)</b>
<b>Value added distributed</b>	<b>(41,201)</b>	-	-	<b>446,884</b>	<b>401,990</b>	<b>337,649</b>

See accompanying notes.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### **1. Corporate information**

Athena Saúde Brasil S.A. ("Athena Brasil" or "Company" and "Group" or "Athena Group" when together with its subsidiaries) is a private company headquartered at Avenida Dra. Ruth Cardoso, nº 8501, 4º andar, sala F, CEP 05425-070, in the city of São Paulo. The Company was incorporated on September 24, 2018 under the name of CMN Solutions A153 Participações S.A., its name was changed to Athena Sudeste Holding S.A. on July 28, 2019 and to the current name Athena Saúde Brasil S.A. on September 30, 2020. The Company is controlled by Brazilian Private Equity V - Fundo de Investimento em Participações Multiestratégia ("Fundo V") - CNPJ (Corporate Taxpayer ID) No. 20.930.479/0001-72.

The Company is a holding investment company holding interests in other companies in Brazil in the healthcare and hospital business.

#### **1.1. Athena Saúde Brasil S.A. - description of the corporate restructuring in the Company**

On September 30, 2020, the Company became the Group's holding parent company and Athena Healthcare Holding S.A. ("Athena Healthcare") became its direct subsidiary as a result of a corporate reorganization carried out by the Group. The corporate reorganization was approved at the Extraordinary General Meeting and resulted in the contribution of the shares of Athena Healthcare to the Company at book value of R\$ 613,207, representing 667,341,487 common shares, which were subscribed as follows: (i) 602,044,096 common shares subscribed by Brazilian Private Equity V - FIP for R\$ 602,045; (ii) 63,322,628 common shares subscribed by Hiran Alencar Moura Castilho for R\$ 9,187; and (iii) 1,974,763 common shares subscribed by Cafpar Consultoria e Participações EIRELI for R\$ 1,975.

On the same date, Fundo V made a capital contribution in cash in the Company by subscribing new shares, which were paid-up by assigning 90.21% of the shares held by Fundo V in Athena Healthcare Holding S.A. ("Athena Healthcare") and through a capital increase in local currency. At December 31, 2020, as a result of new acquisitions and the entry of non-controlling shareholders, Fundo V now holds 90.82% of the Company's shares. This corporate process was approved at the Extraordinary General Meeting by means of a capital increase of R\$ 880,700 in the Company through the issue of 936,715,593 common shares, of which (i) 880,988,820 were subscribed by Brazilian Private Equity V - FIP for R\$ 828,305, (ii) 54,041,450 were subscribed by Hiran Alencar Moura Castilho for R\$ 50,810, and (iii) 1,685,323 were subscribed by Cafpar Consultoria e Participações EIRELI for R\$ 1,585.



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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

On December 30, 2020, the Extraordinary General Meeting approved a capital increase of R\$ 2,120 in the Company through the issue of 28,912,538 common shares, which were issued as part of consideration paid to the sellers for the following acquisitions: (i) 8,069,440 shares for the acquisition of 3.67% interest in Hospital do Coração de Natal Ltda. ("HCN") which were subscribed by the new shareholder Nelson Solano Vale; (ii) 20,843,098 shares for the acquisition of 43.71% interest in Unihosp Serviços de Saúde S.A. which were subscribed by the new shareholder Elie Georges Hachem. (see note 3).

The Company's consolidated financial statements have been presented on a "Predecessor basis of accounting" for the periods prior the corporate reorganization, under which Athena Healthcare is the predecessor of the Group. See note 2.2.

### 1.2. Athena Saúde Brasil S.A. and subsidiaries

At December 31, 2020, 2019 and 2018, the consolidated financial statements include the following subsidiaries:

Group companies	Direct Parent	Place of Operation	12/31/2020		12/31/2019 *2		12/31/2018 *2	
			Direct	Indirect	Direct	Indirect	Direct	Indirect
Holdings								
Athena Healthcare Holding S.A. ("Athena Healthcare")	Athena Brasil	São Paulo	100%	-	-	-	-	-
Athena Saúde Holding S.A. ("Athena Saúde") *1	Athena Healthcare	São Paulo	-	-	89.14%	-	60%	-
ASG Holding S.A. ("ASG")	Athena Healthcare	São Paulo	-	100%	100%	-	-	-
Athena Nordeste Holding S.A. ("Athena Nordeste")	Athena Healthcare	São Paulo	-	84.11%	100%	-	-	-
Athena Saúde Espírito Santo Holding S.A. ("ASES")	Athena Healthcare	São Paulo	-	91.67%	-	81.72%	-	75.25%
Multivida Participações S.A. ("Multivida")	Med Imagem	Maringá	-	100%	-	89.14%	-	-
Hospitals								
Hospital Med Imagem S.A. ("Med Imagem")	Athena Healthcare	Teresina	-	100%	0.01%	89.14%	-	60%
Hospital São Pedro Ltda. ("São Pedro")	Athena Healthcare	Teresina	-	100%	0.01%	89.14%	-	60%
Hospital Vitória de Timon Ltda. ("Timón")	Athena Healthcare	Timón	-	100%	1.00%	89.14%	-	60%
Hospital Santa Maria Ltda. ("Santa Maria")	Athena Healthcare	Teresina	-	100%	1.00%	89.14%	-	60%
Vitória Apart Hospital S.A. ("VAH")	ASES	Serra	-	91.38%	-	81.45%	-	75%
Hospital Bom Samaritano de Maringá ("HBSM")	Multivida	Maringá	-	100%	-	89.14%	-	-
Hospital do Coração de Natal Ltda. ("HCN")	Athena Nordeste	Natal	3.67%	93.64%	-	-	-	-
Centro Médico Maranhense S.A. ("CMM")	Humana	São Luiz	-	100%	-	-	-	-

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

Group companies	Direct Parent	Place of Operation	12/31/2020		12/31/2019 <sup>*2</sup>		12/31/2018 <sup>*2</sup>	
			Direct	Indirect	Direct	Indirect	Direct	Indirect
Healthcare Plans								
Santa Rita Saúde S.A. ("SRS")	Multivida	Maringá	-	100%	-	89.14%	-	-
Medplan Assistência Médica Ltda.("Medplan")	Athena Healthcare	Teresina	-	100%	0.01%	89.14%	-	60%
Humana Assistência Médica Ltda. ("Humana")	Athena Healthcare	Teresina	-	100%	0.01%	89.14%	-	60%
SAMP - Espírito Santo Assistência Médica Ltda. ("SAMP")	ASES	Vitória	-	91.67%	0.01%	81.72%	-	-
Unihosp Serviços de Saúde S.A. ("Unihosp")	Humana	São Luiz	4.48%	95.52%	-	-	-	-
Specialized Clinics and Services								
Clínica Imagem Plena Ltda.	Santa Maria	Teresina	-	100%	0.01%	89.14%	-	-
Serviços e Assistência Médica Especializada Ltda. ("SAMES")	ASES	Vitória	-	91.67%	0.01%	81.72%	-	-
Serviços de Hemodinâmica do Vitória Apart Hospital Ltda. ("Hemodinâmica")	VAH	Serra	-	91.38%	-	81.45%	-	-
Clínica Luiza Coelho Ltda.("Clínica Luiza")	Humana	São Luiz	-	100%	-	-	-	-
Maxlab Medicina Diagnóstica Ltda.- ("Maxlab")	Humana	São Luiz	-	100%	-	-	-	-
Instituto de Radiologia de São Luís Ltda.- ("Instituto de Radiologia")	Humana	São Luiz	-	100%	-	-	-	-
Oncolife Clínicas Ltda. ("Oncolife")	Humana	São Luiz	-	100%	-	-	-	-
Clínica de Atendimento de Prevenção à Saúde Ltda.- ("Life Clin")	Humana	São Luiz	-	100%	-	-	-	-
Clínica Perinatal Vitória Ltda.- ("Utin")	VAH	Serra	-	91.38%	-	-	-	-

<sup>\*1</sup> Merged into Athena Healthcare on 07/31/2020

<sup>\*2</sup> interests held by Athena Healthcare in prior periods prior to the corporate reorganization. See Note 2.2.

## 1.2. Significant events occurred during the period

### 1.2.1. Impacts of the COVID-19 pandemic

On March 11, 2020, the World Health Organization officially declared the Covid-19 outbreak a pandemic. As a result, several countries and states introduced social isolation measures to combat the Covid-19 pandemic.

In Brazil, after the confirmation of the first cases of coronavirus, quarantines (lockdown) were encouraged or imposed by government authorities as preventive measures aimed to promote social distance to control the spread of the new coronavirus. These quarantines impacted several segments of the Brazilian economy including the entire health service chain.

In view of this adverse scenario and uncertainty, the Company planned and executed several actions. Among the preventive measures, the Company established a multidisciplinary committee with the objective of monitoring its main operational indicators, based on different scenarios taken into consideration the domestic and global context and acting to mitigate or address all the mapped risks, as mentioned in item b) of this note.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

The analysis of the behavior of the Company's main operational indicators during the second quarter of 2020, the peak of the pandemic and social isolation, the Company identified a reduction in demand for health services and medical procedures in general. Due to the cancellation or postponement of these procedures, there was an increase in the availability of beds that were used, in part, for hospitalizations and other procedures related to the treatment of Covid-19.

In the third and fourth quarters of 2020, there was a progressive recovery of the demand for health services and medical procedures.

### **a) Government assistance measures**

Several economic and financial aid measures were introduced by the federal entities to assist companies in mitigating the pandemic effects, of which we highlight the followings that were adopted by the Company:

- i. Provisional Measure 927/2020. Adoption of Provisional Measure 927 of March 2020, which provides for labor measures to combat COVID-19;
- ii. Provisional Measure 936/2020. Adoption of Provisional Measure 936 of April 2020, which introduced the Emergency Job and Income Maintenance Program and provides for complementary labor measures to face COVID-19. Approximately 800 employees were placed on leave to minimize the negative effect of the fall in elective procedures in our hospitals;
- iii. Ordinances Nos. 139 and 150 of April 2020. Adoption of Ordinances No. 139 and 150 that extend the term for payment of federal taxes, in the specific situation resulting from the COVID-19 pandemic.

### **b) Operational measures**

In order to mitigate possible operational impacts due to the pandemic, the Company adopted certain measures, including:

- i. Purchase of equipment (respirators, ICU beds, among others) in order to increase its capacity to meet peak demand;
- ii. Creation of a permanent committee to support employees aiming at safety and psychological support.
- iii. Launch of company-operated Telemedicine with scheduling of consultations with specialist doctors and the Virtual Emergency Service with general practitioners available 24 hours a day

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

for the entire base of beneficiaries of the operators (except for the Santa Rita Saúde base - only for plans as of 2021).

- iv. Creation of daily monitoring panels with information on the cases attended and admitted to the hospitals, the health status of employees and the situation of critical resources for operation, in addition to panels with the monitoring of confirmed cases in Brazil;
- v. Revision of job schedules and implementation of rotation in the operational areas, adoption of home office for the administrative area (policy still in effect for part of the employees). We also negotiated vacations of employees from these areas.

### **c) Financial impacts**

In order to protect liquidity during the crisis caused by the Covid-19 pandemic, the Company maintained control and monitored the financial risk indicators, with the following result:

- i. Revenue: The measures that positively impacted the costs of operators negatively impacted hospital revenues. There was a reduction in elective medical procedures and a reduction in bed occupancy. However, partnerships were made with the State Health Offices to improve the performance of hospitals and during the third and fourth quarters of 2020 a gradual increase in medical procedures was noted.
- ii. The Group observed an increase in credit risk and recognized an allowance for expected credit losses in order to properly reflect this new scenario. Initially, in June 2020, an amount of R\$ 2,400 was recognized as an allowance for expected credit losses. To the extent that management reassessed the credit risk during the subsequent period, it partially reversed the allowance initially recognized, and an expected loss amounting of R\$ 600 remained in the consolidated.
- iii. The Group concluded it was not necessary to recognize an impairment of other financial instruments, other than the receivables mentioned in the previous item. The investment policy of the Company and its subsidiaries concentrates investments in fixed income securities and similar products;
- iv. In April 2020, the Company strengthen its cash position by obtaining a loan in accordance with Law 4,131 / 1962 in the total amount of R\$ 19,200, maturing in April 2021 and bearing interest at CDI + 3% p.a. In December 2020, the Company prepaid the outstanding amount of this loan using available cash;
- v. The Group was in compliance with all debt financial and operating covenants, thus no acceleration clauses were triggered;

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

- vi. The Company also did not identify any impairment indicators in property and equipment and intangible assets.
- vii. The Group maintains controls over the expiration dates of medicines and hospital supplies. Although there was a decrease in the use of medicines, due to the decrease in medical procedures, especially surgeries, losses related to unused expired medicines and supplies was not material. With the gradual resumption of medical services, our inventory levels have already returned to normal levels and we have not identified any potential losses.

Management concluded that its cash and cash equivalents and marketable securities position at December 31, 2020, of R\$ 405,077 (Separate) and R\$ 529,124 (consolidated) excluding restricted financial investments, is sufficient to meet its financial commitments as well as the additional needs that may arise as a result of the pandemic.

### **d) Other impacts**

The crisis caused by the Covid-19 pandemic had an impact on the Company's medical loss ratio or MLR, since from March 2020 the measures taken by the National Regulatory Agency for Private Health Insurance and Plans (ANS) led to the reduction of elective medical procedures in order to increase the beds available for hospitalizations related to Covid-19. The effect of this measure was to reduce hospital occupations and, as a result, the cost of operators. Starting the third quarter of 2020, there was a gradual increase in claims, bringing the indicator to normal pre-pandemic levels in the fourth quarter. The Group considers that the elective procedures that were postponed during the pandemic peak have already been carried out, with no expectation of future impacts.

### **e) Going concern risk**

The extent to which COVID-19 affects the business, financial position, results of operations and prospects of the Company and its subsidiaries will depend on future developments, which are uncertain and cannot be reasonably foreseen at the moment, including new information that may arise about the evolution of COVID-19 and/or the actions of government and other entities to contain it in Brazil. Although it is not possible to reasonably estimate the extent of possible impacts on business, our projections of operating revenues and cash flows present full conditions of operating as a going concern. The Group closely monitors the situation and continuously assesses the possible impacts on its business, implementing measures that may mitigate potential risks.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### **2. Basis of preparation and presentation and significant accounting policies**

#### **2.1. Statement of compliance**

The separate and consolidated financial statements have been prepared and are presented in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), implemented in Brazil through the Brazilian Accounting Pronouncements Committee ("*Comitê de Pronunciamentos Contábeis* - CPC") and its technical interpretations ("ICPC") and orientations ("OCPC") and by the Brazilian Federal Accounting Council ("*Conselho Federal de Contabilidade* - CFC"), approved by the Securities and Exchange Commission of Brazil ("*Comissão de Valores Mobiliários* - CVM").

#### **2.2. Basis of presentation of the Company's comparative consolidated financial statements ("Predecessor basis of accounting")**

The separate financial statements represent the financial position and results of operations of Athena Saúde Brasil S.A. since its incorporation in 2018.

The consolidated financial statements are presented based on the predecessor basis of accounting, under which the results of operations and financial position for periods prior to the corporate reorganization (see Note 1) are those of Athena Healthcare, which is the predecessor of Athena Saúde Brasil S.A..

IFRS nor the accounting practices adopted in Brazil ("CPCs"), provide specific guidance applicable to business combinations of entities under common control, as IFRS 3, Business Combinations, excludes from its scope business combinations between such entities.

Due to the lack of specific guidance the Group has established an accounting policy as required by IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. In doing so, the Company considered guidance of other standards-setting bodies that use a similar conceptual framework to develop accounting standards as well as the accounting practices of entities subject to those standards such as the United States of America and the United Kingdom.

As a result, the Group accounted for the corporate reorganization using the predecessor method of accounting, and the consolidated financial statements are presented "as if" Athena Healthcare is the predecessor of the Company. Under the predecessor method, the historical operations of Athena Healthcare are deemed to be those of the Company for the periods prior to the corporate reorganization.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

Prior to the corporate reorganization, the Company has limited assets, operations or activities and liabilities or commitments. Upon becoming the holding company of Atena Healthcare as a result of the corporate reorganization, the Company directly holds an investment in Atena Healthcare.

Since the predecessor basis of accounting does not apply to the separate financial statements, the following is a reconciliation between the Company's profit or loss of the period and the equity balance and those of the Group on a consolidated basis as of and for the year ended December 31, 2020:

- a) Reconciliation of the consolidated profit the year ended December 31, 2020 with the Company's profit or loss on a stand alone basis:

<b>Loss for the year - Athena Brasil</b>	<b>(47,992)</b>
Profit for the year of Athena Healthcare (predecessor)	
<b>(+) Consolidated Profit for the year of Athena Healthcare (predecessor)</b>	<b>18,246</b>
Elimination of share of profit (loss) of subsidiaries from October to December 2020 (Period subsequent to the corporate reorganization)	
<b>(-) Share of profit (loss) of subsidiaries</b>	<b>44,197</b>
<b>(=) Consolidated profit for the year</b>	<b>14,451</b>

- b) Reconciliation of Athena Healthcare and the Company's equity at December 31, 2020:

	<b>Company</b>	<b>Athena Healthcare</b>	<b>Predecessor adjustment</b>
Issued capital (a)	1,496,028	1,042,770	453,258
Capital reserves (b)	246,668	61,184	185,484
Share-based payments (c)	22,323	12,456	9,867
Retained earnings (accumulated losses) (d)	(47,992)	(1,710)	(46,282)

(a) The Company's issued capital amounts to R\$ 1,493,906 of which R\$ 613,207 is represented by 667,341,487 common shares, issued and outstanding with no par value at an issue price of R\$ 0.92 and R\$ 880,700, is represented by 936,715,593 common shares, issued and outstanding with no par value at an issue price of R\$ 0.94. In addition, on December 30, 2020, and as a result of the acquisitions of HCN and Unhosp, the Company issued 28,912,538 common shares for an amount of R\$2,120, to the selling shareholders as consideration for these acquisitions. As a result the Company recorded a R\$453,258 as a reconciling item in equity.

(b) The Company's capital reserve in the amount of R\$ 97,199, includes R\$ 55,462 and R\$ 41,839 related to the shares issued to the non-controlling shareholder (Mr. Hyran Castilho) and to the shareholder of Athena Healthcare, respectively, as a result of the corporate reorganization (see note 1.1). At December 31, 2020, the Company recorded R\$ 149,469 as a result of the shares issued to the sellers of HCN and Unihosp. As a result the Company recorded R\$ 185,484 as a reconciling item in equity.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

(c) On September 30, 2020, the Company recorded a share-based payment of R\$ 12,456 due to the migration of Athena Healthcare's plan to the Company. On October 1, 2020, the Company recorded a share-based payment of R\$ 9,867 related to the second grant made by the Company.

(d) Retained earnings (accumulated losses) reflect the Company's operation in the period. For the nine-month period ended September 30, 2020, the Company did not generate results.

The issue of the separate and consolidated financial statements for the year ended December 31, 2020 was approved by the Board of Directors at the meeting held on March 10, 2021.

### **2.3. Basis of measurement**

The separate and consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value, and under the going concern assumption.

### **2.4. Statement of relevance**

All relevant information in the financial statements, and only this information, is being disclosed and corresponds to the information used by Management in managing the Group's activities, as per Technical Guidance OCPC 07 - Presentation and Disclosures in General Purpose Financial Statements.

### **2.5. Going concern**

Management assessed the Group and its subsidiaries' ability to continue as a going concern and believes that it has enough resources to allow the continuity of its business in the future. Additionally, Management is not aware of any material uncertainty that could cast significant doubts as to its ability to continue as a going concern. Accordingly, these separate and consolidated financial statements have been prepared on the going concern basis.

### **2.6. Functional currency, presentation currency and transactions in foreign currency**

The Company's functional currency is the Brazilian Real (R\$), which is the presentation currency of the separate and consolidated financial statements. Transactions in foreign currencies are translated into the Company's functional currency using the exchange rate in effect at the dates of each transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rate in effect at the end of the reporting date. Foreign exchange gains and losses resulting from the settlement of assets or liabilities denominated in foreign currency are recognized in the statement of operations on an accrual basis.



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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### **2.7. Use of accounting estimates and judgments**

In the application of the accounting policies of the Company and its subsidiaries, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors deemed relevant. Actual results may differ from those estimates.

Estimates and underlying assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The main elements of equity that involve judgments and estimates made by Management during the process of applying the accounting policies of the Company and its subsidiaries are as follows:

- Notes 2.20 and 6 - Allowance for expected credit losses.
- Notes 2.15, 2.16, 11 and 13 - Useful lives of property and equipment and amortization period of intangible assets with finite useful lives.
- Notes 2.18, 11 and 12 - Right-of-use assets and lease liabilities;
- Notes 2.21, 14 and 21 - Provision for legal proceedings and technical reserves.
- Notes 2.19 and 13.1 - Impairment of non-financial assets.
- Notes 2.23, 26.1 and 26.2 - Measurement of deferred taxes and estimated period of realization of deferred tax assets.
- Notes 2.9 and 3 - Purchase price allocation in business combinations.
- Notes 2.22 and 23 - Measurement of hospital service revenue incurred and not billed.

### **2.8. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, held directly by the Company or indirectly through its indirect subsidiary. Control is achieved when the Company has:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

- The ability to use its power over its investee to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, income and expenses are eliminated in full on consolidation.

In the Company's separate financial statements, the financial information of subsidiaries is accounted for using the equity method.

In the financial statements, changes in the Group's interests in subsidiaries that do not result in the loss of the Group's control over the subsidiaries are accounted for as capital transactions directly in equity. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their interests in the subsidiaries. The difference between the amount based on which non-controlling interests are adjusted and the fair value of considerations paid or received is recognized directly in equity and attributed to the equity holders of the Company.

### **2.9. Business combinations**

In the consolidated financial statements, business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair value of the assets transferred by the Group, liabilities incurred on the acquisition date to the former equity holders of the acquiree and the equity interests issued in exchange for the control of the acquiree. The fair value of the consideration transferred as a result of the exchange of shares is determined using the economic value of the acquirer calculated using the discounted cash flow method, since both the acquiree and the acquirer do not have shares traded on the stock exchange.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

In a business combination in which the acquirer and the acquiree (or its former owners) exchange only equity interests, the fair value at the acquisition date of the interest in the acquiree can be measured with greater reliability than the fair value of the equity interest in the acquirer. If this is the case, the acquirer must determine the value of the consideration to be transferred using the fair value at the acquisition date of the equity interest in the acquiree instead of the fair value of the equity interest transferred.

Acquisition-related costs are generally recognized in profit or loss, when incurred.

A subsidiary's assets and liabilities are measured at their fair value at the acquisition date. Any excess of the acquisition cost over the fair value of the identifiable net assets acquired (identifiable assets acquired, net and liabilities assumed) is recognized as goodwill. In cases where the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the statement of profit or loss for the period in which the acquisition occurs.

At the acquisition date, identifiable assets acquired, and liabilities assumed are recognized at fair value, except for:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 - Income Taxes and IAS 19 - Employee Benefits (equivalent to CPC 32 and CPC 33 (R1)), respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with CPC 31/IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that correspond to current equity interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS and CPC.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date with changes in fair value recognized in profit or loss.

### Separate financial statements

In the separate financial statements, the Company applies the requirements of IAS 28 / ICPC 09 (R2) - Individual, Separate and Consolidated Financial Statements and Application of the Equity Method, which requires that any amount exceeding the acquisition cost over the Group's share of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date be recognized as goodwill. Goodwill is added to the carrying amount of the investment. Any amount of the Group's share of the net fair value of the identifiable assets, liabilities or contingent liabilities that exceeds the cost of acquisition, after reassessment, is immediately recognized in profit or loss. The consideration transferred, as well as the net fair value of assets and liabilities are measured using the same criteria applicable to the consolidated financial statements previously described.

### **2.10. Goodwill on acquisition of investments**

Goodwill arising on business combination is stated at cost at the business combination date (see note 3).

Subsequent to initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill was allocated are tested for impairment annually or within one year from the business combination or more frequently, when there is an indication that a cash-generating unit may be impaired. If the recoverable amount of the cash-generating unit is lower than its carrying amount, the impairment loss is first allocated to reduce the

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

carrying amount of any goodwill amount allocated to the cash-generating unit and subsequently to other assets of the cash-generating unit, prorated to the carrying amount of each of its assets. Any impairment loss of goodwill is recognized directly in profit or loss for the year. An impairment loss is not reversed in subsequent periods. Goodwill is not amortized, but is tested for impairment at least annually.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group, retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

### **2.11. Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or used in the normal operating cycle of the Company and its subsidiaries;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalent (as defined in Technical Pronouncement CPC 03 (R2) / IAS 7 - Statement of Cash Flows) unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle of the Company and its subsidiaries;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified on a net basis as non-current assets or liabilities, depending on the nature of the offset balance.

### **2.12. Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid investments with a maturity of three months or less, that are subject to an insignificant risk of changes in value. These balances are held to meet short-term cash commitments and not for investment or any other purposes.

They include cash on hand and in banks and financial investments redeemable within 90 days from the investment date or considered highly liquid or readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, which are carried at cost, plus yield accrued through the end of the reporting period, which do not exceed their market or realizable value. Financial investments considered highly liquid follow the same internal policy and are not held for maturity and other purposes.

### **2.13. Restricted financial investments**

Restricted financial investments includes investment funds as required by the Brazil's National Supplementary Health Agency (*Agência Nacional de Saúde Suplementar – ANS*) to guarantee the technical reserves (see note 5), in addition to financial investments pledged as collateral of loans and financing.

### **2.14. Inventories**

Inventories are valued at the lower of cost and net realizable value. Inventory costs are determined using the average cost method. Net realizable value is the estimated selling price of the inventories, less estimated costs of completion and the estimated costs necessary to make the sale. Given the nature of the Group's inventories, management writes off expired or obsolete items.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### **2.15. Property and equipment**

Land, buildings, construction in progress, furniture and fixtures and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Professional fees are recorded as part of the costs of construction in progress and, in the case of qualifying assets, borrowing costs, capitalized in accordance with the Group's accounting policy. These assets are classified in appropriate categories of property and equipment when completed and ready for the intended use. Depreciation of these assets starts when the assets are ready for the intended use on the same basis of other property and equipment. Land is not depreciated.

Depreciation is recognized based on the estimated useful life of each asset on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows (average rates):

Computers and peripherals	11% p.a.
Leasehold improvements	6.8% p.a.
Buildings	2.6% p.a.
Machinery and equipment	7% to 11% p.a.
Furniture and fixtures	5.3% p.a.
Vehicles	7% to 11% p.a.
Right-of-use assets	11.7% p.a.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from the continuing use of the asset. Any gain or loss arising on disposal or derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

### **2.16. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

The useful lives of intangible assets are assessed as either finite or indefinite.

Amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of the assets, as follows (average rates):

Trademarks with finite useful life	27.9% p.a.
Customer portfolio	12% to 16.8% p.a.
Software and other	20% p.a.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

### **2.17. Investments**

In the separate financial statements, the Group's investment in its subsidiaries are accounted for using the equity method.

Under the equity method, the investment in a subsidiary is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the subsidiary. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in



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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

the equity of the subsidiary, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the subsidiary are eliminated to the extent of the interest in the subsidiary.

The aggregate of the Group's share of profit or loss of a subsidiary is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its subsidiary. At each reporting date, the Group determines whether there is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value, and then recognizes the loss within 'Share of profit (loss) of subsidiaries' in the statement of profit or loss.

Upon loss of significant influence over the subsidiary, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the subsidiary upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

### **2.18. Leases**

Through December 31, 2018, the Group applied the provisions of IAS 17 / CPC 06 (R1) - Leases, which required the assessment of whether a contract was, or contained, a lease.

Finance leases are those that transfer substantially all the risks and rewards incidental to ownership of the leased item and are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments, including, when applicable, the initial direct costs incurred in the transaction. Finance lease payments are allocated to financial charges and decrease of finance lease liability so as to achieve a constant interest rate on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

Leases in which the Group did not transfer substantially all the risks and rewards incidental to ownership of an asset were classified as operating leases, and its costs are recognized in profit

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

or loss on a straight-line basis, as the asset is used. The differences between the amounts actually paid and those recognized as an expense in profit or loss were recognized as prepaid expenses or accrued in the statement of financial position, leases were classified as finance leases whenever the terms of the lease agreement substantially transfer all the risks and rewards of ownership of the asset to the lessee. All other leases were classified as operating leases.

As of January 1, 2019, the Group adopted IFRS 16/CPC 06 (R2) which replaced IAS 17/CPC 06 (R1) and IFRIC 4 - Determining whether an Arrangement contains a Lease. IFRS 16/CPC 06 (R2) sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17/CPC 06 (R1). Thus, at the commencement date of the lease, the lessee recognizes a liability related to lease payments and an asset that represents the right to use the underlying asset over the lease term (that is, the right-of-use asset). The lessees recognize separately the interest expense on the liability over the lease term to produce a constant periodic interest rate, and the amortization expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee generally recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. There was no substantial change in the lessor's accounting based on CPC 06 (R2) in relation to the current accounting in accordance with IAS 17/CPC 06 (R1). Lessors continue to classify all leases into two types: operating and finance leases.

The Group applied as the initial adoption method the modified retrospective approach, with the cumulative effect of initial application on assets and liabilities and without the restatement of comparative periods. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying CPC 06 (R1)/IAS 17 and IFRIC 4/ICPC 03 4 at the date of initial application.

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

For short-term leases and leases of low-value assets, the Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### **2.19. Impairment of non-financial assets**

Management reviews annually the recoverable amount of assets to assess events or changes in economic, operating or technological circumstances that might indicate an impairment of these assets. When evidence of impairment is identified and the carrying amount exceeds the recoverable amount, an impairment loss is recognized to adjust the carrying amount to the recoverable amount. The recoverable amount of an asset or a certain cash-generating unit ("CGU") is defined as the higher of an asset's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the industry in which the CGU operates. The net fair value of selling expenses is determined based on recent market transactions between knowledgeable and interested parties with similar assets (arm's length transactions). If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to future cash flows after the fifth year.

Impairment losses are recognized in profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined (net of depreciation, amortization or depletion) if no impairment loss had been

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

recognized for the asset in prior years. Such reversal is recognized in profit or loss. Goodwill is tested for impairment annually as at December 31 and when circumstances indicate that the carrying amount may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized in the following order: (a) reducing the carrying amount of goodwill allocated to the CGU; and (b) then, to the other assets of the unit in proportion to the carrying amount of each asset.

Intangible assets with indefinite useful life are tested for impairment annually at December 31, individually or at the level of the cash-generating unit, as appropriate or whenever circumstances indicate that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the calculated recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, provided it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. The reversal of the impairment loss is immediately recognized in profit or loss, as it eliminates the impairment loss that was recognized for the asset in previous years.

### **2.20. Financial instruments**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. Financial assets are recognized initially at their fair value when the Company assumes the contractual rights to receive cash or other financial assets from the contracts to which it is a party. Financial assets are derecognized when the rights to receive cash related to the financial asset expire or the risks and rewards have been substantially transferred to third parties.

Assets and liabilities are recognized when the rights and/or obligations are retained in the transfer by the Company. Financial liabilities are recognized when the Company assumes the

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

contractual obligations for settlement in cash or for assumption of third-party obligations through a contract to which it is a party.

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortized cost;
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss are presented in the statement of financial position at fair value, with the related gains or loss recognized in the statement of profit or loss.

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortized cost.

Financial liabilities are recognized initially at fair value and are derecognized when obligations are discharged, canceled or they expire.

Financial instruments that, after initial recognition, will be measured at amortized cost are measured using the effective interest rate and are subject to impairment. Interest income and expense, monetary adjustment and foreign exchange gains and loss, less estimated loss for non-receipt of financial assets are recognized when incurred, in the statement of profit or loss as finance income (costs).

Financial assets and financial liabilities are presented at their net amounts only if the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

At December 31, 2020, the financial instruments of the Group were: restricted financial instruments, trade receivables, related parties, trade payables, loans and financing, taxes payable in installments, payables for acquisition of companies which were classified as amortized cost or at fair value through profit or loss.

The Group assess the estimated loss on a monthly basis due to the non-realization of financial assets.

The Group recognizes an allowance for expected credit losses for all receivables not held at fair value through profit or loss. Expected credit losses are based on the difference between the

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to collect, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group uses a simplified approach in the calculation of the expected credit losses. Therefore, the Group does not monitor the changes in the credit risk, but it recognizes a provision for losses based on the lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be impaired when the contractual payments are overdue for 720 days for companies in the hospital activities and for companies in the healthcare plan operations, receivables overdue for more than 60 days for contracts with individuals (individual plans) and overdue for more than 90 days for contracts with legal entities (collective and corporate plans). However, in certain cases, the Group may also consider a financial asset to be impaired when internal or external information indicates that the Group is unlikely to collect the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **2.21. Provisions**

#### General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

#### Provision for legal proceedings

The Group is a party to a number of judicial and administrative proceedings. Provisions are recognized for all contingencies related to lawsuits for which it is probable that an outflow of resources will be made to settle the contingency/obligation and a reasonable estimate can be made. The assessment of the likelihood of loss includes the assessment of available evidence, hierarchy of laws, available case laws, recent court decisions and their relevance in the legal

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

system, as well as the assessment made by external legal counsel. Provisions are reviewed and adjusted to consider changes in circumstances, such as applicable statute of limitations, the completion of tax audits or additional exposures identified based on new matters or court rulings.

### Technical reserves (companies from the healthcare plan activities)

Technical reserves are recorded following the rules of ANS and are included in the consolidated financial statements as follows:

#### **a) *Unearned Premium Reserve (UPR)***

UPR is recognized using the pro rata die method, based on commercial premiums or contributions, multiplied by the current effective period and divided by the total term of the risk. Prepaid issues are not considered as premiums issued and, therefore, do not affect the UPR.

UPR is calculated in the subsidiaries regulated by ANS, as determined by the rules of this regulatory agency.

#### **b) *Unsettled Claims Reserve (UCR)***

UCR is recognized to cover the amounts payable for claims already notified until the reporting date. The amounts are recognized at the amounts stated in the service provider invoices and reimbursements requested.

#### **c) *Unsettled Claims Reserve – Brazil's Unified Healthcare System (SUS)***

The Unsettled Claims Reserve to be paid to the SUS – Brazil's Unified Healthcare System corresponds to healthcare costs of beneficiaries that used the public service network.

#### **d) *Incurred but not reported reserve (IBNR)***

The Incurred but Not Reported Reserve at SUS (IBNR SUS) – refers to the estimate of the number of events/claims that have occurred in the SUS and that have not been reported. The calculated amount is reported monthly on the institutional website of ANS, its form of accounting is supported by Normative Resolution 442/18 in force.



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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### Liability Adequacy Test (LAT)

CPC 11/IFRS 4 requires that insurance companies and equivalent companies that issue contracts classified as insurance contracts analyze the liabilities recorded at each reporting date through a liability adequacy test. This test should be performed using realistic actuarial assumptions for the future cash flows of all contracts classified as insurance contracts. Current estimates of cash flows consider all risks assumed until the base date of the testing.

If any shortfall is identified, the Group recognizes a loss in profit or loss.

The Group performed the test considering the technical reserves, net payments, administrative and selling expenses. In calculating the present value of expected future cash flows, the Group used a risk-free rate, publicly available.

The LAT calculation considered the commitments assumed and the future settlement of these commitments. Based on such data, the resulting actuarial liabilities were discounted to present value and compared with the technical reserves for assets.

As a result of the above, the Group did not identify any accrual shortfall at the end of the reporting periods, therefore, no supplementary reserves were recognized.

### Contingent liabilities recognized in a business combination

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the accounting policy for provisions above (CPC 25 / IAS 37) or the amount initially recognized less, when appropriate, accumulated amortization recognized in accordance with the revenue recognition policy.

### Contingency reimbursement guarantee – Indemnity assets

Reimbursements expected by other parties necessary to settle a provision are recognized only when it is almost certain that the reimbursement will be received. The reimbursement is treated as a separate asset and does not exceed the amount of the provision.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### **2.22. Revenue recognition**

#### Revenue from contracts with customers from the hospital activities

Revenues is recognized in accordance with CPC 47 / IFRS 15, for the provision of hospital services, including the use of medicines and hospital supplies. Revenue is recognized when medical services are provided, to the extent it has satisfied the performance obligation by transferring the promised good or service to the customer.

Revenue from contracts with customers are recognized in an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services for a customer and are measured at the fair value of the consideration received, less rebates, discounts, related taxes, disallowances and estimated charges. The Group controls the goods or services before transferring them to the customer, and the related rights and benefits arising from the provision of the Group's services that flow to the customer when the hospital services are provided. There are no obligations regarding future performance and relevant restrictive payment conditions, except for the disallowances made by the Medical Insurances, which are considered to determine the amounts of revenue to be recognized and the corresponding trade receivables.

The Group periodically reviews its historical losses in order to properly estimate the recoverable amounts of its receivables.

The costs and expenses of the operations are recognized on an accrual basis.

#### Revenue from customers from Healthcare Plan Operators activities

The healthcare market provides a service to cover the risks related to healthcare. The contract provides a coverage for such risks, which must be guaranteed by the health plan operator.

The coverage has a contractual term, which, for collective contracts, is usually one year, with monthly payments. Individual contracts have an initial one year term and subsequently an indefinite term, also with monthly payments.

Revenue from consideration/premiums in the healthcare market is recognized monthly, in accordance with the contractual terms.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

In healthcare insurance plan contracts, the monthly payments received are initially recognized as deferred revenue in a liability account, Unearned Premium/Consideration Reserve (UPR). At the end of each month, the UPR is recognized as revenue for an amount corresponding to the coverage already provided. The term "unearned" means that the contractual coverage period for which premiums have already been received did not yet elapse, therefore, the operator has not yet fulfilled its performance obligation by providing coverage in accordance with the contractual terms.

Revenue from services rendered include services provided to healthcare plans beneficiaries as well as medical and hospital care to individuals or beneficiaries of other medical insurance plans. Revenue is recognized to the extent it is probable that economic benefits will be generated and flow to the Company and when it can be reliably measured. Revenue is measured at the fair value of the consideration received, less any discounts, rebates and taxes or charges on sales. Revenue from consideration received is recognized for the amount corresponding to the daily apportionment on a pro rata day basis for the individual risk coverage period of each contract. Revenue from medical and hospital services provided to individuals is recognized when services are rendered.

The costs and expenses of the operations are recognized on an accrual basis. The Group adopted IFRS 15/CPC 47 - Revenue from Contracts with Customers as from January 1, 2018, which supersedes IAS 18/CPC 30, however, upon adoption of the new standard there were no relevant changes in the recognition and measurement of the Group's revenues.

### **2.23. Taxes**

#### Current taxes

The provision for income tax and social contribution is based on the taxable net income. Taxable profit differs from profit presented in the statement of profit or loss because it excludes taxable or deductible income or expenses in other years, and permanently excludes non-taxable or non-deductible items. The provision for income taxes is calculated for each Group's company individually, based on rates in effect at the end of the reporting period. In Brazil income taxes are paid by each legal entity. Income Tax - IRPJ and Social Contribution - CSLL are calculated at the rates of 25% and 9%, respectively. Some subsidiaries calculate the taxable profit under the deemed profit regime.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

### **2.24. Transaction costs**

Transaction costs are only those incurred and directly attributable to the activities necessary for the primary distribution of shares or subscription warrants, in the acquisition and sale of own shares, in fundraising by contracting loans and financing or by issuing debt securities, as well as premiums on the issuance of debentures and other debt or equity instruments.

Prepaid transaction costs are recorded as an asset in the line item prepaid expenses. When securities are issued, these costs are deducted from the shares issued amounts. If the securities are ultimately not issued, these amounts are recognized in profit or loss.

### **2.25. Long-term incentive plan (“stock options”)**

Executive incentives based on shares are measured and recognized at fair value on the date the options were granted, in specific accounts in equity and in the statement of profit or loss, in accordance with the contractual conditions. The cost of equity-settled transactions is recognized over the period in which the performance and/or service conditions are fulfilled, ending on the date the employee is fully entitled to exercise the option (vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. When an equity-settled premium is canceled, it is treated as if it had been acquired at the cancellation date, and any unrecognized expense of the premium is immediately recognized. This includes any premium in which the non-vesting conditions within the control of the Company or the counterparty are not met. However, if a new plan replaces the canceled plan, and is designated as substitute plan at the grant date, the canceled plan and the new plan are treated as if they were a modification to the original plan.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### **2.26. Earnings per share**

#### Basic

Basic earnings (loss) per share is calculated by dividing the profit or loss for the year attributable to equity holders of the parent by the weighted average number of common shares outstanding during the year, less treasury shares, if any.

#### Diluted

Diluted earnings (loss) per share is calculated by dividing the adjusted profit or loss for the year attributed to equity holders of the parent by the: (a) weighted average number of shares outstanding during the year; and (b) plus the number of shares that would be issued under the assumption of the exercise of stock options.

### **2.27. Dividends**

The Group recognizes a liability for the payment of dividends when the distribution is approved, or when provided for by law. As per the current corporate law, dividends distribution are approved by the shareholders. The corporate law also establishes the requirement to pay a minimum mandatory dividend, after making adjustments to the profit and allocation of the reserves also provided for in article 202 of the Brazilian Corporate Law.

### **2.28. Segment information**

The operating segments are presented in a manner consistent with the internal report provided to the Company and its subsidiaries' chief operating decision maker, responsible for allocating resources and assessing the performance of the operating segments.

Currently, the Group has only one segment, which refers to the provision of hospital services and risk coverage services related to healthcare.

### **2.29. Statement of value added**

Prepared based on information from the accounting records and in accordance with Technical Pronouncement CPC 09 - Statement of Value Added, approved by CVM through Resolution 557/08. It shows the wealth generated by the Company and its distribution, as required by Brazilian corporate law for listed companies as part of its separate and consolidated financial statements. As it is not required by IFRS, this statement is treated as supplementary information.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### **2.30. New and revised standards applied for the first time in 2020**

#### **Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements, are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

##### Amendments to CPC 15 (R1) / IFRS 3: Definition of a business

In October 2018, the IASB issued changes to the definition of a business in IFRS 3, these changes are reflected in revision 14 of the CPC, amending CPC 15 (R1) to help entities determine whether an acquired set of activities and assets consists of or not in a business. They clarify the minimum requirements for a company, eliminate the assessment of whether market participants are able to replace any missing elements, include guidelines to help entities assess whether a acquired process is substantive, better define business and product definitions and introduce an optional fair value concentration test. New illustrative cases were provided with the changes.

As the changes apply prospectively to transactions or other events that occur on the date or after the first application, the Group will not be affected by these changes on the transition date.

##### Amendments to CPC 11 / IFRS 4 – Insurance Contracts

In May 2017, the IASB issued IFRS 17 - Insurance Contracts (a standard not yet issued by CPC in Brazil, but which will be codified as CPC 50 - Insurance Contracts and will supersede CPC 11 - Insurance Contracts), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, CPC 50/IFRS 17 will replace CPC 11/IFRS 4 - Insurance Contracts, issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements of IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

contracts.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Company is currently analyzing the possible effects of this standard.

### Amendments to CPC 26 (R1) and IAS 8: Definition of material omission

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

These changes are not expected to have a significant impact on the Group's separate and consolidated financial statements.

### Onerous Contracts - cost of fulfilling a contract (amendments to CPC 25/IAS 37)

The amendments specify what costs an entity includes when determining the cost of performing a contract in order to assess whether the contract is onerous. The amendments apply to annual periods beginning on or after January 1, 2022 for existing contracts on the date the amendments are applied for the first time. On the date of initial application, the cumulative effect of applying the changes is recognized as an adjustment to the opening balance in retained earnings or other equity components, as appropriate. Comparative figures are not restated. The Group has determined that all existing contracts at December 31, 2020 will be completed before the amendments take effect.

## **3. Group evolution and business combinations**

### **3.1. Main corporate changes and new investments – see Note 3.2 with details of the accounting impact**

#### **3.1.1. Acquisition of control of Grupo Med Imagem - GMI**

On October 31, 2017, the Group, through the subsidiary Athena Saúde Holding S.A. ("Athena Saúde") acquired control of Med Imagem Group ("GMI" or "GMI Group"), through the acquisition of a 60% interest.



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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

On September 17, 2019, the Group acquired from the founding shareholders of the GMI Group an additional 38.241% interest. As a result the Group became interest in GMI was a 98.712%. The purchase price amounted to R\$ 144,988, of which R\$ 65,624 was paid in cash and the balance of R\$ 79,364 was deposited in an Escrow Account in the name of the selling shareholders, which aims to ensure full and timely payment of any indemnification obligations assumed by them, including contingencies.

On January 13, 2020, the Company acquired from the founding shareholders of the GMI Group the remaining 0.959%, and GMI became a wholly owned subsidiary of the Group. The purchase price amounted to R\$ 17,740, of which R\$ 13,746 was paid in cash and the balance of R\$ 3,994 was deposited in an Escrow Account, in the name of the selling shareholders which aims to ensure full and timely payment of any indemnification obligations assumed by them, including contingencies.

### **3.1.2. Acquisition of control of Vitória Apart Hospital S.A.**

On June 19, 2018, Athena Saúde contributed capital to Athena Saúde Espírito Santo S.A. ("Athena Espírito Santo") to finance the direct acquisition of a 99.67% interest in Vitória Apart Hospital S.A. ("VAH").

On the same date, Athena Espírito Santo acquired 99.67% interest in VAH, through the issuance of shares to the sellers representing a 24.75% interest in Athena Espírito Santo.

In June 2019, Athena Espírito Santo contributed to SAMP at book value all of its equity interest in VAH, and SAMP became the holder of a 99.67% interest in VAH.

### **3.1.3. Acquisition of control of Hemodinâmica**

On January 2, 2019, the Group, through its subsidiary VAH, acquired control of Serviço de Hemodinâmica do Vitória Apart Hospital Ltda. ("Hemodinâmica") through the acquisition of the remaining 50% interest. VAH already owned a 50% interest in Hemodinâmica. The transaction involved the acquisition of shares in the amount of R\$ 254.

In addition to the acquisition of a 50% interest in Hemodinâmica, the share purchase and sale agreement determined that VAH would make a capital increase of R\$ 929, in addition to the remaining adjustments of trade receivables and payables in the total amount of R\$ 2,339, reflected in the Company in the amount of R\$ 1,905 recognized in equity.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### **3.1.4. Acquisition of control of SAMP and SAMES**

On February 28, 2019, the Company, through its subsidiary ASES, concluded the acquisition of SAMP Espírito Santo Assistência Médica Ltda. ("SAMP") and Serviços e Assessoria Médica Especializada Ltda. ("SAMES"). The purchase price for the 100% interest in SAMP and SAMES, was R\$ 139,545, of which: (i) R\$ 124,496 were related to SAMP; and (ii) R\$ 15,049 to SAMES. Of the purchase price, R\$ 112,989 was paid in cash on February 28, 2019 and the remaining balance of R\$ 33,304 will be paid in annual installments of R\$ 8,326 adjusted based on the CDI rate. Total installments at present value at December 31, 2020, amount to R\$ 19,025 (R\$ 26,556 in 2019).

For the acquisition of these subsidiaries, a capital contribution was made by Athena Saúde to Athena Saúde Espírito Santo on September 27, 2019, in the amount of R\$ 120,459, with the issue of 152,830,460 shares, and the Company now holds a 91.063% interest. Also on that date, the rights to subscription warrants were exercised in the amount of R\$ 4,583, with the issue of 17,466,909 new shares in favor of Athena Saúde, which resulted in the dilution of the non-controlling interests and an increase in Athena Saúde's interest held in Athena Saúde Espírito Santo from 91.063% to 91.672%.

SAMP is a health plan operator and SAMES provides medical specialized services in the state of Espírito Santo.

### **3.1.5. Acquisition of control of Clínica de Imagem Plena**

On April 2, 2019, the Group completed the acquisition of Imagem Plena ("Plena"), through its Hospital Santa Maria Ltda. ("Santa Maria") from Cléber Meireles ("Former Shareholder"). The total price for the acquisition was R\$ 7,760, paid in cash. As result, Plena became a wholly owned indirect subsidiary of the Company.

Plena operates diagnostic imaging services in Teresina-PI.

### **3.1.6. Acquisition of control of Multivida Group**

On September 30, 2019, the Company, through its subsidiary Hospital Med Imagem S.A. ("Med Imagem"), acquired the Multivida Group, comprised of the holding Multivida Participações S.A. ("Multivida"), parent of Hospital Bom Samaritano de Maringá S.A. ("HBSM") and Santa Rita Saúde S.A. ("Santa Rita"). The total purchase price for the Multivida Group was R\$ 261,003, of which R\$ 96,000, was paid in cash and the remaining amount in shares of Med Imagem with a fair value of R\$ 165,003, which were contributed to Athena Saude in exchange of shares of Athena Saúde.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

As a result, Med Imagem became the holder of all Multivida Group shares and the selling shareholder became non-controlling shareholders of Atena Saúde with a 9.904% interest.

With the completion of the acquisition of the Multivida Group and the corporate structuring related to the group described in note 1.2, Athena Brasil now holds a 100% interest in the Multivida Group.

The Multivida Group is comprised of a holding company with a 100% interest in Santa Rita Saúde, a company that operates healthcare plans in the city of Maringá in the north of Paraná state, and in HBSM, a hospital located in the same city.

### 3.1.7. Subscription warrants of subsidiaries

The purchase agreement for the acquisition of shares of VAH, determines that on the anniversary of the closing date of the transaction, the parties would make a price adjustment. As part of the price adjustment, Athena Saúde and SAMP (successor to ASES) exercised their respective subscription warrants rights, that resulted in a capital increase in ASES and VAH, respectively. The capital was increased within the authorized capital limit, in the ASES Board of Directors' meeting held on September 27, 2019 and VAH EGM, held on October 1, 2019. In this context, the following subscription warrants of the subsidiaries were exercised, changing the ownership interests as follows:

Entity	Parent	Amount	Shares	Total shares of capital	% issued as subscription of warrants	Prior equity interest	Current equity interest
Athena Espírito Santo	Athena Saúde	4,583	17,466,909	256,674,994	1.13%	75.25%	79.41%
Vitória Apart Hospital	SAMP	4,583	132,262	5,796,596	2.3350%	99.666%	99.673%

### 3.1.8. Acquisition of control of Unihosp Group

On August 8, 2020, a 'share purchase and sale agreement and other covenants' was signed for the acquisition of a 100% interest in Unihosp Serviços de Saúde Eireli ("Unihosp"), Oncolife Clínicas Ltda. ("Oncolife") and Clínica de Atendimento de Prevenção à Saúde Ltda. ("Life Clin").

The transaction involved the Company's subsidiaries Humana Assistência Médica Ltda. ("Humana") and Athena Saúde Brasil S.A. ("Athena Saúde"), where the following equity interests were acquired by each of the entities involved:

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

Acquiree	Acquirer	Total consideration transferred	Format
Unihosp	56,29% acquired by Humana Assistência Médica Ltda.	128,798	Cash
	43,71% by Athena Saúde Brasil S.A.	100,000	Shares
Oncolife	100% acquired by Humana Assistência Médica Ltda.	4,458	Cash
Prevention Clinic	100% acquired by Humana Assistência Médica Ltda.	7,860	Cash
		<u>241,116</u>	

The Unihosp Group is headquartered in São Luís, in the state of Maranhão, and has a portfolio of 42 thousand beneficiaries, three primary care medical centers and an oncology clinic.

The acquisition was completed on December 30, 2020 and the consideration transferred for the acquisition of Unihosp Group was a total of R\$ 241,116, of which R\$100,000 was paid with shares issued by Humana in exchange of 43,71% of Unihosp, and the remaining amount in cash. Of the amount paid in cash, R\$ 16,000 was retained, and of this amount, 50% was paid soon after the closing date, and the remaining amount will be paid after the 5<sup>th</sup> anniversary of the closing date monetarily adjusted based on the CDI rate. The fair value of the shares issued by Humana was determined based on the fair value of Unihosp. See notes 3.2 and 3.3.

The Athena Group incurred acquisition-related costs of R\$ 18,000 referring to legal and financial advisors' fees that were expensed and included in 'General and administrative' expenses in the statement of profit or loss.

The Unihosp Group has strategic importance for contributing to the process of expansion of our operations in the capital of Maranhão.

The fair value of the acquired net assets of the Unihosp Group at December 31, 2020, are preliminary, since the valuation of the identified assets and liabilities assumed in the business combination still demands the completion of an analysis of the acquiree's contingent liabilities.

### 3.1.9. Acquisition of control of HCN

On August 19, 2020, a 'share purchase and sale agreement and other covenants' was signed for the acquisition of a 97.31% interest in Hospital do Coração de Natal Ltda. ("HCN"). The transaction was completed on December 30, 2020. HCN has 149 hospital beds, 40 of which are in the ICU and is of strategic importance for the expansion of our operations in the Northeast region, with a recognized regional brand.

The transaction involved the Company's subsidiaries Athena Saúde, Athena Healthcare and Athena Saúde Nordeste Holding S.A., where the following interests were acquired by each of

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

the entities involved:

Acquirer	Percentage acquired	Total consideration transferred	Format
Athena Saúde Brasil S.A.	3.67%	41,775	Shares
Athena Healthcare Holding S.A.	7.33%	40,770	Redeemable preferred shares
Athena Saúde Nordeste Holding S.A.	74.31%	145,384	Cash
	12.00%	38,241	R\$ 5,297 in redeemable preferred shares and R\$ 32,944 in Company's common shares (2)
Total	97.31%	266,170	

(1) Fair value corresponding to 8,069,440 common shares issued by Athena Saúde, based on the fair value of the acquirer's shares.

(2) Fair value corresponding to 25,681,168 common shares issued by Athena Saúde Nordeste Holding S.A., based on the fair value of the acquiree's shares.

Of the amount presented above, R\$ 46,067 relate to redeemable preferred shares issued by Athena Healthcare and Athena Saúde Nordeste Holding S.A.. These shares can be redeemed by the sellers within 90 days after the closing of the transaction and were accounted for as a liability and recognized under the line item 'payables for acquisition of companies' in the statement of financial position. Notes 3.2 and 3.3 show the effects of this acquisition. Of the amount related to the consideration transferred by Athena Saúde Nordeste Holding S.A., the amount of R\$ 5,740 is still pending payment.

The fair value of the acquired net assets of HCN at December 31, 2020 are preliminary, since the valuation of the identified assets and liabilities assumed in the business combination still demands the completion of the analysis of the acquiree's contingent liabilities.

The Group incurred acquisition-related costs in the amount of R\$ 7,387 related to financial advisors' fees, which were expensed and included in 'General and administrative' expenses in the statement of profit or loss.

### 3.1.10. Acquisition of control of Centro Médico Maranhense companies ("CMM Group")

On October 1, 2020, a 'share purchase and sale agreement and other covenants' was signed by the Company's subsidiary Humana, for the acquisition of 100% of the capital of the CMM Group's entities, which includes the following entities: Centro Médico Maranhense S.A. ("CMM"), Instituto de Radiologia de São Luís Ltda. ("Instituto de Radiologia"), Clínica Luiza Coelho Ltda. ("Clínica Luiza") and Maxlab Medicina Diagnóstica Ltda. ("Maxlab"). The total purchase price was R\$ 88,567, which R\$ 41,321 was paid in cash on the closing date of the transaction and the remaining amount will be paid in installments, of which R\$ 4,428 is subject to the final purchase price adjustment.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

The transaction was completed on October 1, 2020, as the transaction was not subject to the approval of CADE (Brazilian Antitrust Agency) or ANS.

After the transaction was closed, the subsidiary Humana became the holder of all the shares of the CMM Group.

The CMM Group provides medical services, with operations in the city of São Luis, State of Maranhão. Notes 3.2 and 3.3 show the effects of this acquisition.

The Athena Group incurred acquisition-related costs of R\$ 7,350 related to legal and financial advisors' fees, which were expensed and included in 'General and administrative' expenses in the statement of profit or loss.

The fair value of the acquired net assets of the CMM Group at December 31, 2020 are preliminary, since the valuation of the identified assets and liabilities assumed in the business combination still demands the completion of the analysis of the acquiree's contingent liabilities.

### **3.1.11. Acquisition of control of Clínica Perinatal de Vitória Ltda. ("UTIN")**

On October 28, 2020, the Company's subsidiary Vitoria Apart S.A. ("Vitoria") entered into a 'share purchase and sale agreement and other covenants' for the acquisition of a 100% interest in Clínica Perinatal de Vitória Ltda. ("UTIN").

The purchase was R\$ 17,656, as follows: R\$ 14,656 in cash paid at the closing date, and R\$ 3,000 in installments with the following maturities: (i) R\$ 1,000 paid in 12 monthly installments until the 1<sup>st</sup> anniversary of the closing of the transaction; and (ii) R\$ 2,000 maturing on the 2<sup>nd</sup> and 3<sup>rd</sup> anniversaries of the closing of the transaction.

The NICU is headquartered in Vitória, state of Espírito Santo, operating 27 neonatal and pediatric ICU beds within Vitória Apart Hospital S.A.. This acquisition has a strategic importance for the verticalization of SAMP's ICU costs.

The transaction was completed on October 30, 2020, and was not subject to the approval of CADE (Brazilian Antitrust Agency) or ANS.

The NICU operates neonatal and pediatric ICU services within Vitória Apart Hospital S.A.. Notes 3.2 and 3.3 show the effects of this acquisition.

The fair value of the acquired net assets of UTIN at December 31, 2020, are preliminary, since

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

the valuation of the identified assets and liabilities assumed in the business combination still demands the completion of the analysis of the acquiree's contingent liabilities.

### 3.2. Fair value of net assets acquired in business combinations

In 2020	Unihosp	Oncolife	Life Clin	HCN	UTIN	MaxLab	CMM	Instituto de Radiologia	Clínica Luisa	Total
<b>Assets</b>										
Cash and cash equivalents	22,889	299	5	21,528	353	31	200	590	215	<b>46,110</b>
Trade receivables	6,385	442	862	31,942	108	844	9,115	1,191	1,149	<b>52,038</b>
Inventories	171	495	35	4,785	-	122	2,461	84	136	<b>8,289</b>
Advances to suppliers	-	-	-	97	243	21	58	68	6	<b>493</b>
Other assets	51	-	18	1,072	12	51	2	-	-	<b>1,206</b>
Taxes recoverable	5,226	-	-	113	53	58	373	18	13	<b>5,854</b>
Deferred tax assets	-	-	-	4,166	-	159	796	-	298	<b>5,419</b>
Reimbursement of provision for contingencies	25,741	378	1,168	9,021	-	504	2,607	505	1,170	<b>41,094</b>
Judicial deposits	3,961	-	-	529	12	-	89	16	64	<b>4,671</b>
Investments	-	-	-	64	-	-	-	-	-	<b>64</b>
Property and equipment	10,530	18	1,101	53,434	1,766	225	19,633	6,037	1,122	<b>93,866</b>
Intangible assets	14,245	488	598	183	1,103	-	-	-	-	<b>16,617</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

2020	Unihosp	Oncolife	Life Clin	HCN	UTIN	MaxLab	CMM	Instituto de Radiologia	Clínica Luisa	Total
<b>Liabilities</b>										
Trade payables	(138)	(308)	(887)	(12,332)	(378)	(179)	(4,019)	(388)	(495)	(19,124)
Leases payable	-	(500)	(604)	(37,915)	(876)	-	-	-	(576)	(40,471)
Technical reserves	(34,025)	-	-	-	-	-	-	-	-	(34,025)
Loans and financing	(533)	-	(155)	-	(26)	(693)	(4,690)	(519)	(503)	(7,119)
Salaries and related charges	(957)	(38)	(253)	(4,573)	(562)	(253)	(5,897)	-	(324)	(12,857)
Taxes payable	(4,595)	(27)	(147)	(10,169)	(90)	(832)	(12,588)	(2,894)	(1,370)	(32,712)
Other liabilities	(1,976)	-	-	(419)	(239)	(42)	(134)	(758)	(27)	(3,595)
Taxes payable	-	-	-	-	-	-	(40)	(729)	-	(769)
Provision for legal proceedings	(25,741)	(359)	(1,046)	(9,021)	-	(503)	(2,607)	(505)	(1,170)	(40,952)
Net assets at fair value - 100%	21,234	888	695	52,505	1,479	(487)	5,359	2,716	(292)	84,097
Interest acquired in the subsidiary	100.00%	100.00%	100.00%	97.31%	100.00%	100.00%	100.00%	100.00%	100.00%	
Fair value of net assets acquired	21,234	888	695	51,093	1,479	(487)	5,359	2,716	(292)	82,685

2019	SAMES	SAMP	Hemodinâmica	Plena	Multivida Group	Total
<b>Assets</b>						
Cash and cash equivalents	-	919	64	13	3,364	4,360
Financial investments	71	29,617	13	-	30,405	60,106
Restricted financial investments	-	57,397	-	-	13,519	70,916
Trade receivables	64	5,795	37	787	17,888	24,571
Inventories	-	-	-	-	1,804	1,804
Taxes recoverable	154	2,452	144	42	452	3,244
Deferred tax assets	-	-	-	-	1,795	1,795
Other assets	3	103	-	3	1,396	1,505
Related parties	-	-	-	-	0	0
Property and equipment	8,307	17,175	307	9,791	61,860	97,440
Intangible assets	-	195	-	190	91	476
Trademarks	-	21,648	-	-	0	21,648
Customer list	-	26,813	-	-	164,428	191,241
Contingency reimbursement guarantee –	-	3,630	-	-	4,870	8,500
Other non-current assets	-	3,696	-	-	3,637	7,333
<b>Liabilities</b>						
Trade payables	-	(1,156)	(1,225)	(281)	(18,506)	(21,168)
Technical reserves	-	(71,374)	-	-	(11,319)	(82,693)
Loans and financing	-	-	-	(3,956)	(18,507)	(22,463)
Dividends and interest on capital payable	-	-	-	-	(37)	(37)
Salaries and related charges	(461)	(2,546)	(432)	(204)	(9,780)	(13,423)
Taxes payable	(51)	(2,182)	(298)	(779)	(6,370)	(9,680)
Lease liabilities	(7,225)	(327)	-	(1,587)	(34,410)	(43,549)
Other liabilities	123	(1,501)	(49)	(82)	(928)	(2,437)
Related parties	-	-	-	(372)	(933)	(1,305)
Provision for legal proceedings	-	(6,812)	-	-	(10,110)	(16,922)
Net assets at fair value - 100%	985	83,542	(1,439)	3,565	194,609	281,262
Interest acquired in the subsidiary	100%	100%	100%	100%	100%	100%
Fair value of net assets acquired	985	83,542	(1,439)	3,565	194,609	281,262



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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

2018	VAH
Cash and cash equivalents	42,554
Restricted financial investments	3,208
Trade receivables	31,770
Inventories	2,590
Other current assets	1,827
Deferred tax assets	12,772
Investment property measured at fair value	1,342
Property and equipment measured at fair value	102,766
Intangible assets measured at fair value	
Software	119
Contingency reimbursement guarantee – indemnifiable assets	33,480
Other non-current assets	18,184
<b>Total assets</b>	<b>250,612</b>
Trade payables	13,513
Taxes payable	24,691
Salaries and related charges	7,913
Taxes payable in installments	55,460
Provision for legal proceedings	32,821
Deferred tax liabilities	16,785
Loans and financing	203
Provision for losses on investments	1,919
Other liabilities	15,778
<b>Total liabilities</b>	<b>169,083</b>
Net assets acquired at 100%	81,529
Equity interest acquired	78.67%
Fair value acquired	64,139
Fair value attributable to non-controlling interests	17,390

### 3.3. Goodwill calculation

Below is the goodwill calculation for business combinations that occurred in the year ended December 31, 2020:

2020	Unihosp	Oncolife	Life Clin	HCN	UTIN	MaxLab	CMM	Instituto de Radiologia	Clínica Luisa	Total
<b>Consideration transferred</b>										
Cash consideration	112,798	4,458	7,860	139,644	14,656	7,445	41,321	10,876	597	339,655
Installment payments and preferred redeemable shares	16,000	-	-	51,807	3,000	1,002	19,792	4,908	2,626	99,135
Shares consideration	100,000	-	-	74,719	-	-	-	-	-	174,719
<b>Total consideration transferred</b>	<b>228,798</b>	<b>4,458</b>	<b>7,860</b>	<b>266,170</b>	<b>17,656</b>	<b>8,447</b>	<b>61,113</b>	<b>15,784</b>	<b>3,223</b>	<b>613,509</b>
<b>Fair value of net assets acquired</b>	<b>21,234</b>	<b>888</b>	<b>695</b>	<b>51,093</b>	<b>1,479</b>	<b>(487)</b>	<b>5,359</b>	<b>2,716</b>	<b>(292)</b>	<b>82,685</b>
<b>Goodwill</b>	<b>207,564</b>	<b>3,570</b>	<b>7,165</b>	<b>215,077</b>	<b>16,177</b>	<b>8,934</b>	<b>55,754</b>	<b>13,068</b>	<b>3,515</b>	<b>530,824</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

2019	SAMES	SAMP	Hemodinâmica	Plena	Multivida Group	Total
<b>Consideration transferred</b>						
Cash consideration	12,000	100,989	943	7,760	96,000	217,692
Installment payments	4,000	29,304	-	-	-	33,304
Discount to present value of the installments	(951)	(5,797)	-	-	-	(6,748)
Shares consideration and asset disposal	-	-	2,339	-	165,003	165,003
<b>Total consideration transferred</b>	<b>15,049</b>	<b>124,496</b>	<b>3,282</b>	<b>7,760</b>	<b>261,003</b>	<b>411,590</b>
<b>Fair value of net assets acquired</b>	<b>985</b>	<b>83,542</b>	<b>(1,439)</b>	<b>3,565</b>	<b>194,609</b>	<b>281,262</b>
<b>Goodwill</b>	<b>14,064</b>	<b>40,954</b>	<b>-</b>	<b>4,195</b>	<b>66,394</b>	<b>125,607</b>

### 2018

Consideration transferred in cash

Fair value of net assets

**Total goodwill**

### VAH

65,000

(64,139)

**861**

### 3.4. Net debt outflow on acquisition of subsidiaries

	12/31/2020	12/31/2019	12/31/2018
Consideration transferred in cash	<b>339,655</b>	217,692	65,000
Balance of cash and cash equivalents acquired	<b>(46,110)</b>	(64,466)	(42,554)
Effect of acquisition presented in the cash flows	<b>293,545</b>	153,226	22,446

## 4. Cash and cash equivalents

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
Cash and banks	<b>86</b>	1	1	<b>13,786</b>	12,948	7,055
Bank Deposit Certificates (CDBs) and other investments	-	-	-	<b>60,428</b>	96,106	59,596
Investment funds (*)	<b>404,991</b>	-	-	<b>454,910</b>	-	-
	<b>405,077</b>	1	1	<b>529,124</b>	109,054	66,651

Financial investments include mainly repo operations, CDBs and fixed income investment funds. Repo operations, carried out through the purchase of securities with a repurchase commitment by a financial institution for a pre-established price and term and exempt from IOF (tax on financial transactions), are used for short-term cash management.

Financial investments are highly liquid, readily convertible into a known amount of cash and subject to an insignificant risk of changes in value. The portfolio of financial investments in repo operations and CDBs has an average yield between 94% and 100% (85% to 100% in 2019 and 2018) of the variation of the Interbank Deposit Certificate (CDI). The yield of financial investments

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

in investment funds follows the quota value of such funds, according to the variation in fixed income assets included in each of the funds, with an average yield between 80% and 125% of the CDI.

(\*) On September 30, 2020, the Company received a capital contribution in cash of R\$ 880,700 from its shareholders to be used for the acquisitions scheduled by the Group, part of this amount was used to purchase the CMM Group, UTIN, HCN and Unihosp Group concluded over in the last quarter of 2020, as presented in note 3.

### 5. Restricted financial investments

	Consolidated		
	12/31/2020	12/31/2019	12/31/2018
Restricted financial investments - linked to VAH	-	-	3,208
Restricted financial investments – linked to loans and financing (i)	69,509	55,659	24,126
Supplementary Health Fund - ANS GMI (ii)	30,553	28,009	26,746
Supplementary Health Fund - ANS SAMP (ii)	60,680	59,527	-
Supplementary Health Fund - ANS Multivida - SRS (ii)	16,876	15,782	-
Supplementary Health Fund - Unihosp (ii)	21,220	-	-
<b>Total</b>	<b>198,838</b>	<b>158,977</b>	<b>54,080</b>
Current	129,329	158,977	29,954
Non-current	69,509	-	24,126
<b>Total</b>	<b>198,838</b>	<b>158,977</b>	<b>54,080</b>

- (i) Assignment of credit rights on financial investments pledged as collateral of loans and financing, and the Group's subsidiaries must maintain a minimum amount with the assigning institutions. Due to the early settlement of one of the loans and financing on December 28, 2020, in the amount of R\$ 19,200, the collateral financial investments associated with this debt operation, totaling R\$ 11,294, were fully released in January 2021. See note 15 for further details.
- (ii) The financial investments related to the supplementary health fund belong to the subsidiaries Humana, Medplan, SAMP, Santa Rita Saúde and Unihosp, acquired on December 30, 2020, and back up the related technical reserves mentioned in Note 14. These resources are free to operate.

Restricted financial investments include CDBs and fixed income investment funds. The portfolio of restricted financial investments has an average yield between 74% and 100% of the CDI rate.

### 6. Trade receivables

The balance of trade receivables includes commercial operations with healthcare operators, health and dental care plan members and private customers of the Company's subsidiaries, net of the respective allowance for expected credit losses and disallowances. The breakdown of trade receivables is as follows:

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

	Consolidated		
	12/31/2020	12/31/2019	12/31/2018
Billed receivables	197,993	129,988	70,694
Unbilled customers (i)	53,508	43,189	61,076
Credit card	2,770	2,035	1,464
(-) Allowance for expected credit losses	(74,952)	(61,018)	(39,597)
Total	179,319	114,194	93,637

(i) Considers revenue from procedures performed and services rendered to beneficiaries who are still in the process of billing and/or pending to be sent to associated Medical Insurances.

The aging list of billed receivables is as follows:

	12/31/2020	12/31/2019	12/31/2018
Unbilled	53,508	43,189	61,076
Current	64,378	37,172	7,418
Past due:			
Up to 90 days	48,849	33,293	27,033
91 to 180 days	12,649	6,553	5,630
181 to 360 days	13,838	9,994	9,879
More than 360 days	61,049	45,011	22,198
Subtotal	254,271	175,212	133,234
(-) Allowance for expected credit losses	(74,952)	(61,018)	(39,597)
Total	179,319	114,194	93,637

### Movement in the allowance for expected credit losses and disallowances

The movement for the years 2020, 2019 and 2018 is as follows:

<b>At December 31, 2017</b>	(9,081)
Additions from business combination	(22,585)
Recognition of allowance for expected credit losses	(34,778)
Reversal of recognized allowance	26,847
<b>At December 31, 2018</b>	(39,597)
Additions from business combination	(18,853)
Write-off due to actual loss	23,236
Provision supplement	(25,804)
<b>At December 31, 2019</b>	(61,018)
Additions from business combination	(7,596)
Write-off due to actual loss	20,901
Provision supplement	(27,239)
<b>At December 31, 2020</b>	(74,952)

For more information on the allowance for expected credit losses and disallowances, see Note 2.22.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### 7. Inventories

	Consolidated		
	12/31/2020	12/31/2019	12/31/2018
Medicines	12,206	4,457	2,775
Hospital supplies	23,953	6,323	3,934
Laboratory supplies	1,617	874	203
Hygiene and cleaning supplies	911	262	82
Storeroom supplies	897	240	624
Other supplies	1,280	723	436
<b>Total</b>	<b>40,864</b>	<b>12,879</b>	<b>8,054</b>

The Group increased its inventories of medicines and hospital supplies due to the effects of the pandemic. Additionally, inventories from acquisitions made during 2020 were also incorporated.

### 8. Taxes recoverable

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
PIS and COFINS recoverable	-	-	-	2,495	1,316	968
Income tax and social contribution	406	-	-	14,955	7,994	3,394
INSS (social security contribution) recoverable	-	-	-	1,425	2,667	2
ISS (service tax) recoverable	-	-	-	634	389	325
IRRF (withholding income tax)	-	-	-	2,220	-	-
Other taxes	-	-	-	1,494	817	38
<b>Total</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>23,223</b>	<b>13,183</b>	<b>4,727</b>
Current	406	-	-	21,119	11,359	4,727
Non-current	-	-	-	2,104	1,824	-
<b>Total</b>	<b>406</b>	<b>-</b>	<b>-</b>	<b>23,223</b>	<b>13,183</b>	<b>4,727</b>

### 9. Contingency reimbursement guarantee – indemnification assets

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
Contingency reimbursement guarantee – VAH	-	-	-	29,832	25,046	33,915
Contingency reimbursement guarantee – GMI	-	-	-	8,221	5,881	7,469
Contingency reimbursement guarantee – SAMP	-	-	-	14,400	11,864	-
Contingency reimbursement guarantee – Multivida	-	-	-	8,837	5,608	-
Collateral deposit for the acquisition of non-controlling interests - GMI	-	-	-	56,470	79,365	-
Contingency reimbursement guarantee - Unihosp	11,251	-	-	27,287	-	-
Contingency reimbursement guarantee – CMM	-	-	-	3,680	-	-
Contingency reimbursement guarantee – HCN	331	-	-	9,020	-	-
<b>Total</b>	<b>11,582</b>	<b>-</b>	<b>-</b>	<b>157,747</b>	<b>127,764</b>	<b>41,384</b>

The balance of the contingency reimbursement guarantee - indemnification asset in the consolidated is originated from the composition above. The legal risks of the Company and its subsidiaries in

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

business combinations are covered by liability clauses established in an investment agreement among its shareholders, by pledge of shares and/or reimbursement of contingencies paid or assumed by the Company and its subsidiaries relating to facts occurred and/or existing before the subsidiaries acquisition dates.

The amount of the collateral deposit for the acquisition of non-controlling interests - GMI, refers to the portion deposited in a special account, according to contractual clauses, for the acquisition of the second part of control of the GMI Group's companies from the former controlling interests and are recognized in the Company.

### 9.1. Movement in contingency reimbursement guarantee – indemnification assets

	Separate	Consolidated
<b>At January 1, 2018</b>	-	6,997
Additions from business combination	-	33,480
Monetary adjustment (Addition)	-	1,542
Monetary adjustment (Write-off)	-	(635)
<b>At December 31, 2018</b>	-	<b>41,384</b>
Additions from business combination	-	8,499
Additions from acquisition of non-controlling interests	-	79,365
Monetary adjustment (Addition)	-	15,590
Monetary adjustment (Write-off)	-	(17,074)
<b>At December 31, 2019</b>	-	<b>127,764</b>
Additions from business combination	11,582	41,094
Monetary adjustment (Addition)	-	19,749
Monetary adjustment (Write-off)	-	(30,860)
<b>At December 31, 2020</b>	<b>11,582</b>	<b>157,747</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### 10. Investments

At December 31, 2020, the Company has the following investment balance:

	Direct interest	Separate		
		12/31/2020	12/31/2019	12/31/2018
Athena Healthcare Holding S.A.	100%	1,114,700	-	-
Hospital do Coração de Natal Ltda.	3.67%	41,516	-	-
Unihosp Serviços de Saúde S.A.	4.48%	98,066	-	-
Total		1,254,282	-	-

Breakdown of investment balance:

	12/31/2019	Acquisitions	Capital contribution	Share of profit (loss) of subsidiaries	Changes in interests in subsidiaries	Breakdown		
						12/31/2020	Capital acquired	Goodwill on acquisition
Athena Healthcare Holding S.A.	-	-	1,150,010	(44,197)	8,887	1,114,700	1,114,700	-
Hospital do Coração de Natal Ltda.	-	41,516	-	-	-	41,516	1,695	39,821
Unihosp Serviços de Saúde S.A.	-	94,532	-	-	3,534	98,066	986	97,080
Total	-	136,048	1,150,010	(44,197)	12,421	1,254,282	1,117,381	136,901

At December 31, 2020, the Company had equity interests in direct and indirect subsidiaries ("holdings" and in "operation") listed in note 1.1.

#### Financial information on subsidiaries at December 31, 2020

The summarized consolidated financial information related to the subsidiaries in which the Company has equity interest is as follows:

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

At December 31, 2020	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Net revenue	Cost of services	Operating income (expenses)	Share of profit (loss) of subsidiaries	Finance income (costs)	Income taxes	Profit (loss)
<b>Direct subsidiaries</b>												
Athena Healthcare Holding S.A.	18,032	1,281,809	70,001	115,140	1,114,700	-	-	(24,673)	35,153	(1,629)	5,267	14,118
Hospital do Coração de Natal Ltda.	59,538	45,574	28,869	43,568	32,675	-	-	-	-	-	-	-
Unihosp Serviços de Saúde S.A.	58,539	21,195	40,797	16,752	22,185	-	-	-	-	-	-	-
<b>Indirect subsidiaries</b>												
ASG Holding S.A.	45,067	508	9,431	-	36,144	-	-	(19,790)	-	644	-	(19,146)
Athena Saúde Espírito Santo Holding S.A.	7,906	300,860	6,744	28,331	273,691	-	-	11,581	18,476	(1,686)	903	29,274
Athena Saúde Nordeste Holding S.A.	1	185,587	11,521	1,962	172,105	-	-	(7,871)	-	-	-	(7,871)
Centro Médico Maranhense S.A.	13,455	14,347	20,988	143	6,671	8,774	(8,158)	(5,945)	-	(375)	3,414	(2,290)
Clínica de Atendimento de Prevenção à Saúde Ltda.	917	1,676	1,695	1,187	(289)	-	-	-	-	-	-	-
Clínica Imagem Plena Ltda.	835	7,705	1,189	1,535	5,816	2,880	(2,505)	(2,124)	-	(405)	1,684	(470)
Clínica Luiza Coelho Ltda.	1,510	1,268	2,896	462	(580)	1,518	(770)	(540)	-	(92)	(662)	(546)
Clínica Perinatal Vitória Ltda.	2,078	1,702	1,018	1,033	1,729	3,897	(1,983)	(458)	-	(18)	(115)	1,323
Hospital Bom Samaritano de Maringá S.A.	20,946	72,702	24,416	41,543	27,689	96,323	(62,319)	(34,643)	-	(3,432)	4,812	741
Hospital Med Imagem S.A.	42,809	404,002	36,986	142,039	267,786	150,980	(125,815)	(66,973)	27,728	(6,718)	10,170	(10,628)
Hospital Santa Maria Ltda.	26,154	56,918	23,381	47,664	12,027	74,095	(51,604)	(13,569)	(470)	(2,813)	(4,443)	1,196
Hospital São Pedro Ltda.	3,350	18,612	2,734	2,949	16,279	9,917	(11,596)	(5,501)	-	(394)	6,128	(1,446)
Hospital Vitória de Timon Ltda.	3,575	7,475	1,930	1,452	7,668	2,065	(680)	(6,512)	-	(132)	(5)	(5,264)
Humana Assistência Médica Ltda.	79,993	362,735	63,894	54,549	324,285	255,549	(128,122)	(81,851)	(617)	(447)	(23,181)	21,331
Instituto de Radiologia de São Luís Ltda.	2,740	9,548	4,003	760	7,525	3,519	(1,728)	(1,067)	-	38	(137)	625
Maxlab Medicina Diagnóstica Ltda.	1,422	1,706	1,227	178	1,723	1,036	(597)	(105)	-	(44)	1,304	1,594
Medplan Assistência Médica Ltda.	67,071	52,672	40,539	3,251	75,953	196,260	(102,697)	(44,572)	-	(823)	(16,302)	31,866
Multivida Participações S.A.	6,583	71,325	13,242	301	64,365	6,776	(6,768)	9	27,719	-	(8)	27,728
Oncolife Clínicas Ltda.	1,236	504	469	763	508	-	-	-	-	-	-	-
SAMP Espírito Santo Assistência Médica Ltda.	112,985	142,799	86,064	6,709	163,011	487,160	(351,662)	(102,337)	(3,354)	1,530	(13,347)	17,990
Santa Rita Saúde S.A.	53,015	18,932	32,831	6,243	32,873	171,186	(101,261)	(27,102)	-	(1,523)	(14,316)	26,984
Serviços de Hemodinâmica do Vitória Apart Hospital Ltda.	443	6	2,435	546	(2,532)	933	(991)	(448)	-	(180)	-	(686)
Serviços e Assistência Médica Especializada Ltda.	3,737	6,903	6,420	-	4,220	22,556	(15,924)	(5,105)	-	(642)	(399)	486
Vitória Apart Hospital S.A.	48,622	161,789	50,667	88,394	71,350	124,528	(75,952)	(49,337)	746	(4,929)	1,575	(3,369)



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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### 11. Property and equipment

Movement at December 31, 2020 of the Company's consolidated balances was as follows:

	Consolidated											
	Land	Computers and peripherals	Leasehold improvements	Buildings	Facilities	Machinery and equipment	Furniture and fixtures	Vehicles	Right-of-use assets - properties	Right-of-use assets - equipment	Other property and equipment	Total
At December 31, 2017												
Cost	3,689	7,623	5,776	20,583	441	46,385	8,362	800	-	-	242	93,901
Accumulated depreciation	-	(4,659)	(2,719)	(3,169)	(190)	(15,859)	(2,806)	(405)	-	-	-	(29,807)
Net book value	3,689	2,964	3,057	17,414	251	30,526	5,556	395	-	-	242	64,094
Movement in 2018												
Additions from business combination	22,535	216	-	62,373	-	4,125	533	38	-	-	12,946	102,766
Additions	-	757	622	-	16	3,819	654	47	-	-	28	5,943
Disposals	-	(5)	-	(482)	-	-	-	-	-	-	-	(487)
Transfers	-	-	-	240	-	-	-	-	-	-	(240)	-
Depreciation	-	(1,276)	(1,396)	(1,907)	(28)	(7,860)	(1,172)	(139)	-	-	-	(13,778)
Balance at the end of the year	26,224	2,656	2,283	77,638	239	30,610	5,571	341	-	-	12,976	158,538
At December 31, 2018												
Cost	26,224	8,591	6,398	82,714	457	54,329	9,549	885	-	-	12,976	202,123
Accumulated depreciation	-	(5,935)	(4,115)	(5,076)	(218)	(23,719)	(3,978)	(544)	-	-	-	(43,585)
Balance at the end of the year	26,224	2,656	2,283	77,638	239	30,610	5,571	341	-	-	12,976	158,538
Movement in 2019												
Initial adoption of CPC 06 (R2)/IFRS 16	-	-	-	-	-	-	-	-	46,281	-	-	46,281
Additions from business combination	957	3,447	5,638	3,474	207	21,621	3,885	483	9,139	34,410	14,179	97,440
Additions	1,499	2,342	2,583	8,678	524	12,113	2,793	496	7,514	5,701	1,871	46,114
Disposals	-	(857)	(575)	(62)	(96)	(329)	(495)	(495)	(222)	(340)	(12,486)	(15,957)
Depreciation	-	(1,726)	(1,046)	(2,833)	(32)	(10,601)	(1,125)	(210)	(6,660)	(3,121)	(307)	(27,661)
Balance at the end of the year	28,680	5,862	8,883	86,895	842	53,414	10,629	615	56,052	36,650	16,233	304,755
At December 31, 2019												
Cost	28,680	13,523	14,044	94,804	1,092	87,734	15,732	1,369	62,712	39,771	16,540	376,001
Accumulated depreciation	-	(7,661)	(5,161)	(7,909)	(250)	(34,320)	(5,103)	(754)	(6,660)	(3,121)	(307)	(71,246)
Balance at the end of the year	28,680	5,862	8,883	86,895	842	53,414	10,629	615	56,052	36,650	16,233	304,755
Movement in 2020												
Additions from business combination	3,425	1,181	1,146	19,325	335	22,527	7,200	349	37,166	634	578	93,866
Additions	-	4,976	7,029	167	118	23,827	5,160	162	24,860	8,871	18,148	93,318
Disposals	-	(290)	(103)	(1,169)	(20)	(3,029)	(633)	(10)	(548)	(635)	(2,400)	(8,837)
Depreciation	-	(2,091)	(1,869)	(3,007)	(43)	(14,420)	(1,903)	(191)	(11,223)	(1,972)	(505)	(37,224)
Balance at the end of the year	32,105	9,638	15,086	102,211	1,232	82,319	20,453	925	106,307	43,548	32,054	445,878
At December 31, 2020												

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Brazilian reais - R\$, unless otherwise stated)

Cost	32,105	19,390	22,116	113,127	1,525	131,059	27,459	1,870	124,190	48,641	32,866	554,348
Accumulated depreciation	-	(9,752)	(7,030)	(10,916)	(293)	(48,740)	(7,006)	(945)	(17,883)	(5,093)	(812)	(108,470)
Balance at the end of the year	<u>32,105</u>	<u>9,638</u>	<u>15,086</u>	<u>102,211</u>	<u>1,232</u>	<u>82,319</u>	<u>20,453</u>	<u>925</u>	<u>106,307</u>	<u>43,548</u>	<u>32,054</u>	<u>445,878</u>

At December 31, 2020, the Company and its subsidiaries concluded that there is no indication of impairment of its assets. Accordingly, did not perform an impairment test on its assets. In addition, the Company and its subsidiaries reviewed the estimated useful lives with no changes.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### 12. Right-of-use assets and lease liabilities

The Group has leases with the nature of lease of properties, equipment and services provision using the usual market clauses for cancellation and/or extension of contracts.

The nominal incremental borrowing rate (discount) used to calculate the present value of the contracts was based on quotations made with financial institutions for the acquisition of assets under conditions similar to the lease agreements.

The incremental funding rate, applicable to the leased asset portfolio. Through this methodology, the Company obtained an average rate of 10% p.a. for properties and 11.7% p.a. for equipment used at December 31, 2020:

	<b>Consolidated</b>	
	<b>12/31/2020</b>	<b>12/31/2019</b>
<b>Right-of-use assets (recognized in property and equipment)</b>		
Balance at the beginning of year	92,702	-
Initial adoption of CPC 06 (R2)/IFRS 16		46,281
Additions from business combination	37,800	43,549
New contracts and remeasurement of existing contracts	33,731	12,653
Depreciation	(13,700)	(9,781)
Write-off	(1,183)	
Balance at the end of the year	149,350	92,702
<b>Lease liabilities</b>	<b>12/31/2020</b>	<b>12/31/2019</b>
Balance at the beginning of year	96,066	-
Initial adoption of CPC 06 (R2)/IFRS 16		46,281
Future consideration on the transition date to IFRS 16/CPC 06 (R2)	-	79,755
PV adjustment recognized in the transition to IFRS 06/CPC 06 (R2)	-	(33,473)
Additions from business combinations	40,471	43,549
New contracts and remeasurement of existing contracts	33,995	13,216
Lease payments	(21,273)	(12,993)
Interest on lease liabilities	10,061	6,012
Balance at the end of the year	159,320	96,066
Current	16,199	10,800
Non-current	143,121	85,266
Lease depreciation expense	(13,700)	(9,780)
Interest expenses on lease liabilities	(10,061)	(6,012)
Lease effect	(23,761)	(15,792)

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

The Company does not have the potential right of PIS/Pasep and COFINS recoverable embedded in the lease consideration, since our healthcare plan and hospital operations are included in the cumulative regime.

In accordance with CPC 06 (R2)/IFRS 16, in measuring and remeasuring its lease liabilities and right-of-use assets, the Company used the discounted cash flow method without considering the future projected inflation in the flows to be discounted, according to the prohibition imposed by CPC 06 (R2)/IFRS 16. This prohibition can generate significant distortions in the information to be provided, given the current reality of long-term interest rates in the Brazilian economic environment. The Company assessed these effects, concluding that they are immaterial to its financial statements.

On July 7, 2020, the revision of technical pronouncement CPC 06 (R2) was approved by the Accounting Pronouncements Committee (CPC) and by CVM, through CVM Resolution 859/20, with amendments arising from COVID-19-related rent concessions. The Company chose not to assess whether the discounts granted, and payment postponements related to COVID-19 granted by the lessees under lease agreements would be a modification of the lease agreement. The contractual amendments did not have material effects during the year ended December 31, 2020.

The cash flows of the lease agreements are, for the most part, monetarily adjusted on annual basis by the IPCA. The maturity analysis of the agreements is presented below:

	<b>Consolidated (nominal)</b>
2021	41,199
2022	38,184
2023	34,663
2024	31,314
2025	28,037
2026 to 2038	191,217
Undiscounted amounts	364,614
Embedded interest	(205,294)
Lease liabilities	159,320

<b>Consolidated Payment flow</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 to 2038</b>
Disbursement flow without PV adjustment	41,199	38,184	34,663	31,314	28,037	191,217
Scenario with inflation	43,004	39,452	35,876	32,332	28,948	197,432

(\*) Rates obtained through the projections disclosed by the Central Bank of Brazil's Focus Bulletin.

In addition, users of these financial statements may, at their discretion, use other items provided in this note, such as the maturity schedule of liabilities and interest rates used in the calculation,

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

to make projections of future payment flows indexed by the inflation indices observed in the market.

### 13. Intangible assets

	Consolidated					
	Goodwill	Trademarks without finite useful life	Trademarks with finite useful life	Customer list	Software and other	Total
<b>At December 31, 2017</b>						
Cost	88,661	10,239	-	88,147	2,683	189,730
Accumulated amortization	-	-	-	(1,220)	(107)	(1,327)
<b>Net book value</b>	<b>88,661</b>	<b>10,239</b>	<b>-</b>	<b>86,927</b>	<b>2,576</b>	<b>188,403</b>
Additions from business combination	861	-	-	-	-	861
Additions	-	-	-	-	1,169	1,169
Disposals	-	-	-	-	-	-
Amortization	-	-	-	(13,270)	(636)	(13,906)
<b>Balance at the end of the year</b>	<b>89,522</b>	<b>10,239</b>	<b>-</b>	<b>73,657</b>	<b>3,109</b>	<b>176,527</b>
<b>At December 31, 2018</b>						
Cost	89,522	10,239	-	88,147	3,852	191,760
Accumulated amortization	-	-	-	(14,490)	(743)	(15,233)
<b>Net book value at December 31, 2018</b>	<b>89,522</b>	<b>10,239</b>	<b>-</b>	<b>73,657</b>	<b>3,109</b>	<b>176,527</b>
Additions from business combination	-	-	21,838	191,241	286	213,365
Additions	125,605	10	-	-	12,735	138,350
Disposals	-	-	(158)	-	(13)	(171)
Amortization	-	-	(582)	(11,016)	(1,430)	(13,028)
<b>Balance at the end of the year</b>	<b>215,127</b>	<b>10,249</b>	<b>21,098</b>	<b>253,882</b>	<b>14,687</b>	<b>515,043</b>
<b>At December 31, 2019</b>						
Cost	215,127	10,249	21,680	279,388	16,860	543,304
Accumulated amortization	-	-	(582)	(25,506)	(2,173)	(28,261)
<b>Net book value at December 31, 2019</b>	<b>215,127</b>	<b>10,249</b>	<b>21,098</b>	<b>253,882</b>	<b>14,687</b>	<b>515,043</b>
Additions from business combination	530,824	-	-	16,617	211	547,652
Additions	-	-	-	-	23,345	23,345
Disposals	-	-	-	-	(64)	(64)
Amortization	-	-	(776)	(19,040)	(2,891)	(22,707)
<b>Balance at the end of the year</b>	<b>745,951</b>	<b>10,249</b>	<b>20,322</b>	<b>251,459</b>	<b>35,288</b>	<b>1,063,269</b>
<b>At December 31, 2020</b>						
Cost	745,951	10,249	21,680	296,005	40,352	1,114,237
Accumulated amortization	-	-	(1,358)	(44,546)	(5,064)	(50,968)
<b>Net book value at December 31, 2020</b>	<b>745,951</b>	<b>10,249</b>	<b>20,322</b>	<b>251,459</b>	<b>35,288</b>	<b>1,063,269</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reals - R\$, unless otherwise stated)

### 13.1. Impairment testing

Goodwill is tested for impairment annually or whenever indications that the asset is impaired are identified. For December 31, 2020, 2019 and 2018, the recoverable amount exceeded the carrying amount and no impairment allowance was required.

The impairment testing was carried out in accordance with technical pronouncement CPC 01 (R1) /IAS 36- Impairment of Assets and the goodwill amounts were allocated by Cash-Generating Unit ("CGU"), as well intangible assets with indefinite useful life.

The Group determines the recoverable amount of a CGU based on calculations of the value in use. These calculations use cash flow projections, based on financial budgets approved by Management for a period of five years.

For the purposes of the impairment test, goodwill and other assets with indefinite useful lives were allocated to the Group's cash-generating units (operating divisions) as follows:

	12/31/2020	12/31/2019	12/31/2018
Goodwill hospitals - GMI	39,639	39,639	39,639
Goodwill hospitals - VAH	861	861	861
Goodwill Clínica Plena	4,195	4,195	-
Goodwill SAMES	14,063	14,063	-
Goodwill hospitals - Multivida(i)	11,251	11,251	-
Goodwill Unihosp Group	218,299	-	-
Goodwill HCN	215,077	-	-
Goodwill UTIN	16,177	-	-
Goodwill CMM Group	81,271	-	-
<b>Total goodwill hospitals and clinics</b>	<b>600,833</b>	<b>70,009</b>	<b>40,500</b>
Goodwill Healthcare plans - GMI	49,022	49,022	49,022
Goodwill SAMP	40,954	40,954	-
Goodwill Healthcare plans - Multivida(i)	55,142	55,142	-
<b>Total goodwill healthcare plans</b>	<b>145,118</b>	<b>145,118</b>	<b>49,022</b>
<b>Total goodwill</b>	<b>745,951</b>	<b>215,127</b>	<b>89,522</b>

(i) Goodwill arising on the acquisition of the Multivida Group.

The Group performed the impairment test at December 31, 2020 and considered, among other factors, the following relevant assumptions:

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

- The weighted average cost of capital (WACC) was determined based on the following percentages for each of the periods in these financial statements:

WACC	2020	2019	2018
Hospitals	12.55%	10.66%	13.90%
Plans	12.31%	12.58%	13.23%

- The average of the following macro assumptions was used for the period of the calculations:

	2020	2019	2018
IPCA	3.68%	3.88%	4.04%
GDP	2.90%	2.75%	2.80%
SELIC	4.30%	6.00%	8.40%
Average cost of debt	7.40%	7.50%	11.00%

The forecast cash flow was updated to reflect the demands and projections of the business. For the growth rate used to extrapolate the cash flow of each cash-generating unit for a period above five years, a rate is used for a scenario of conservative growth in inflation levels, which was estimated for the subsequent periods, and this rate is 4% p.a. The forecast cash flow was also updated to reflect the demands and projections of the business. The Company's management believes that this growth rate is justified based on the Group's strategic planning for the coming years and also on market projections.

The projected EBITDA was estimated taking into account past experience, adjusted mainly by the following factors:

- Revenue growth was projected taking into account historical growth levels, the performance of previous periods and the Group's updated business plan. It is assumed that the price of services will increase in line with the inflation forecast for the next 5 years.
- The assumptions for operating costs and expenses followed the line used for revenue so that they may reflect the historical behavior, the effects of the Group's business plan for the coming years, and the market conditions.

The operating profit was projected based on past performance, macroeconomic assumptions and inflation adjusted by expected sales growth and market development expectations. The weighted average growth rates used are consistent with the forecasts included in industry reports.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reals - R\$, unless otherwise stated)

### Hospitals

The main assumptions used to estimate the recoverable amount are presented below. The amounts attributed to these assumptions represent the assessment of future management trends and were based on historical data from internal and external sources.

	2020		2019		2018	
	Pre-tax discount rate	Estimated growth rate (average next 5 years)	Pre-tax discount rate	Estimated growth rate (average next 5 years)	Pre-tax discount rate	Estimated growth rate (average next 5 years)
Goodwill hospitals - GMI	21.46%	16.04%	18.46%	6.99%	18.46%	6.52%
Goodwill hospitals - VAH	26.37%	9.16%	21.02%	5.46%	-	-
Goodwill Clínica Plena	20.18%	30.26%	17.94%	18.65%	-	-
Goodwill SAMES	22.76%	12.64%	21.97%	22.34%	-	-
Goodwill hospitals - Multivida	22.77%	9.94%	17.42%	8.06%	-	-
Goodwill HCN	24.39%	15.18%	-	-	-	-
Goodwill UTIN	21.67%	4.45%	-	-	-	-
Goodwill CMM	22.58%	18.60%	-	-	-	-

The following recoverable amounts were identified for hospitals:

	2020	2019	2018
Hospitals – GMI	420,270	275,800	310,800
Hospitals – VAH	175,760	249,300	-
Clínica Plena	20,180	7,797	-
SAMES	31,060	15,638	-
Hospitals – Multivida	70,800	9,768	-
HCN	283,001	-	-
UTIN	18,282	-	-
CMM	90,127	-	-

The estimated recoverable amount for the UGC exceeded its carrying amount, accordingly no loss was recognized.



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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### Healthcare plan operators

The main assumptions used to estimate the recoverable amount are presented below. The amounts attributed to these assumptions represent the assessment of future management trends and were based on historical data from internal and external sources.

	2020		2019		2018	
	Pre-tax discount rate	Estimated growth rate (average next 5 years)	Pre-tax discount rate	Estimated growth rate (average next 5 years)	Pre-tax discount rate	Estimated growth rate (average next 5 years)
Goodwill Healthcare plans - GMI	23.62%	6.82%	23.70%	5.46%	23.70%	5.06%
Goodwill SAMP	23.81%	6.44%	29.55%	7.51%	-	-
Goodwill Healthcare plans - Multivida	24.14%	10.10%	25.30%	14.56	-	-
Goodwill Unihosp	25.30%	20.07%	-	-	-	-

The following recoverable amounts were identified for healthcare operations:

	2020	2019	2018
Healthcare plans - GMI	781,030	315,800	333,700
SAMP	673,530	125,740	-
Healthcare plans - Multivida	604,570	308,359	-
Unihosp	245,477	-	-

The estimated recoverable amount for the UGC exceeded its carrying amount, accordingly no loss was recognized.

### *Sensitization of calculation's relevant assumptions*

The value-in-use calculation for the Group is more sensitive to the following assumptions:

#### *Discount rates*

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that were not incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating activities and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors.

Even in the event of an increase in the pre-tax discount rate of 3% and 5% of the cash-generating units of hospitals or operator, they would not be impacted by an impairment loss for their cash-generating units. And, even in a scenario like this, when considering the

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

business variables, such event would result in the review and update of the business assumptions applied to the Group's cash-generating units.

*Growth rate used to extrapolate cash flows beyond the explicit five-year period*

The growth rates used beyond the five-year period are based on a rate that backs up growth at least at levels estimated for subsequent periods and this rate is 4%.

An eventual scenario where the Company shows constant growth below the levels of inflation would not necessarily result in an impairment loss for the Group's cash-generating units.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements  
Year ended December 31, 2020  
(In thousands of Reais - R\$, unless otherwise stated)

### 14. Technical reserves (ANS)

		Consolidated		
		12/31/2020	12/31/2019	12/31/2018
Unearned Premium Reserve (UPR)	(i)	38,863	19,685	17,255
Incurred but not reported reserve (IBNR)	(ii)	43,535	29,335	8,780
Incurred but not reported reserve (IBNR SUS)	(iii)	13,680	11,171	1,732
Unsettled Claims Reserve (UCR)	(iv)	52,623	36,922	5,763
Unsettled Claims Reserve – Brazil's Unified Healthcare System (SUS)	(v)	26,841	11,157	5,295
<b>Total</b>		<b>175,542</b>	<b>108,270</b>	<b>38,825</b>

- (i) UPR is established according to revenue recognition using the accrual basis and the pro rata die method. The amounts recorded in this provision are exempted from the requirement of guarantee assets.
- (ii) Provision for payment of events that may have already occurred and have not been notified, recognized based on regulatory (actuarial) methodology.
- (iii) Provision for payment of events and claims originating in the SUS, which have occurred and have not been notified, recognized based on regulatory methodology.
- (iv) Reserve recognized for claims that have already been incurred, recorded, but not yet paid. The recording must be performed at the time of submitting the charges to the healthcare plan operators, and upon identifying occurrence of medical expenses through the corresponding service provider's communication, regardless of existence of any mechanism, process or system of intermediation of the transmission, whether directly or indirectly through third parties, or the preliminary analysis of medical expenses. The recognized provision is fully supported by guarantee assets recorded in the group of financial investments that guarantee technical reserves.
- (v) On June 3, 1998, the Federal Government enacted Law 9656, which provides, in its article 32, the reimbursement to SUS of the expenses incurred on the service of healthcare plan users when using the public network.

The movement in technical reserves is as follows:

	UPR	IBNR	UCR	UCR SUS	TOTAL
<b>At December 31, 2017</b>	<b>14,913</b>	<b>9,134</b>	<b>8,392</b>	<b>790</b>	<b>33,229</b>
Movement in reserve	2,342	1,378	(2,629)	4,505	5,596
<b>At December 31, 2018</b>	<b>17,255</b>	<b>10,512</b>	<b>5,763</b>	<b>5,295</b>	<b>38,825</b>
Additions from business combinations	2,529	33,208	25,960	7,302	68,999
Movement in reserve	(99)	(13,779)	5,199	(1,440)	(10,119)
Complement against goodwill (a)	-	8,102	-	-	8,102
Movement in advance billing (b)	-	2,463	-	-	2,463
<b>At December 31, 2019</b>	<b>19,685</b>	<b>40,506</b>	<b>36,922</b>	<b>11,157</b>	<b>108,270</b>
Additions from business combinations	5,823	8,339	14,923	4,940	34,025
Movement in reserve	13,355	(11,469)	778	10,744	13,408
Movement in advance billing (b)	-	19,839	-	-	19,839
<b>At December 31, 2020</b>	<b>38,863</b>	<b>57,215</b>	<b>52,623</b>	<b>26,841</b>	<b>175,542</b>

- (a) After reviewing IBNR calculations, amounts that impacted the opening balance were identified, which had effects on non-deductible goodwill at SAMP of R\$ 7,252 and at Multivida of R\$ 850; and
- (b) Variation of services to be billed Humana and Medplan.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### **14.1. Liability Adequacy Test (LAT)**

CPC 11/IFRS 4 requires that insurance companies and equivalent companies that issue contracts classified as insurance contracts analyze the liabilities recorded at each reporting date through a liability adequacy test.

The purpose of LAT is to evaluate the result of the Operator's active beneficiary portfolios, making the projection of future cash flows, using the information on consideration, assistance cost, commission, administrative expenses, related taxes and verifying the adequacy of the liability.

This test should be performed using actuarial assumptions for the future cash flows of all contracts classified as insurance contracts.

Current estimates of cash flows consider all risks assumed until the base date of the testing.

If any shortfall is identified, the Company recognizes a corresponding loss in profit or loss.

#### Bases and information

In order to carry out the testing, the Company considered the technical reserves, net payments, administrative and selling expenses.

In calculating the present value of expected future cash flows, the Group used a risk-free rate, publicly available.

The LAT calculation considered the commitments assumed as at of 12/31/2020 for the operators Santa Rita Saúde, Samp, Humana and Medplan, and 11/30/2020 for Unihosp, and the future settlement of these commitments. Based on such data, the resulting actuarial liabilities were discounted to present value and compared with the technical reserves for assets.

LAT has the functionality of evaluating the present value on the base date of the results of the current portfolio of healthcare plans of the pre-established price modality, projecting future cash flows, using information on considerations, claims, brokerage, administrative expenses and related taxes.

In order to make cash flow projections, it was necessary to use assumptions that reflect the reality of the Operators and the behavior of the beneficiaries.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

All parameters used meet the rules and guidelines established by ANS in Normative Resolution 435/2018.

### Methodology

The methodology consists in determining the present value of the estimated future flows of Beneficiaries, considerations, assistance and non-assistance expenses and related taxes for the remaining period of the contracts, however, for individual family contracts, which have automatic renewal, and for collective contracts, according to the operation model, there is no effectiveness end and so we considered estimate for the next eight years (maximum period defined by ANS).

The main variables considered were the following: claims; mortality; turnover rate; interest rate; commissioning expenses; administrative expenses; general inflation; medical inflation; ANS readjustment; price lag (ANS readjustment gap); projection period: remaining period of current contract; and calculation base date.

Although the future estimates were developed consistently with the assumptions disclosed, actual results may differ based on the assumptions adopted - to assess possible differences, we carried out sensitivity and stress testing.

The estimate of future number of beneficiaries reflects the impact of cancellations and mortality, which also reduces assistance costs and estimated pure consideration.

The estimates of future assistance costs take into consideration the impacts from turnover and mortality on the estimate of future number of beneficiaries, changes in connection with consideration of health risk factors by age and gender, and also expected medical inflation.

The estimates of future consideration include the impacts of turnover and mortality on the estimate of future number of beneficiaries, as well as increases in the amount of consideration as individuals age and move up to higher age brackets in the consideration table, based on the variation for change of age bracket provided for in the contract, and expected annual adjustment pursuant to the contract.

The future cash flows were calculated considering segregation by type of contract, individual/family, collective by adhesion and corporate collective and Medical-Hospital and Dental coverage, and the assumptions established by age, gender, type of coverage and type of contract.

For each Technical Reserve already set up, the corresponding commitment assumed was reconstructed to identify possible shortfalls.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reals - R\$, unless otherwise stated)

### Results

Below are the results obtained for the liability adequacy test of the current portfolio of operators' beneficiaries, considering the methodology, database and assumptions described and the rules provided by ANS:

<b>Present value of cash flows</b>			
	Consideration	Assistance cost with risk margin	Surplus/Deficit (after taxes)
Santa Rita Saúde	701,055	499,721	178,848
SAMP	974,144	871,481	82,560
Humana	959,751	770,949	165,584
Medplan	627,404	471,109	135,330
Unihosp	497,439	398,791	98,648
<b>Total</b>	<b>3,759,793</b>	<b>3,012,051</b>	<b>660,970</b>

Regarding the adequacy of the reserves already set up, Incurred but Not Reported Reserve (IBNR) and Unearned Premium/Consideration Reserve - UPR, after review, the amounts recognized at 12/31/2020 were considered adequate to the commitments assumed. The Unsettled Claims Reserve (UCR), as determined by the current regulation, must be recognized at the full amount, charged by the provider, in the healthcare expense notification month, gross of any reinsurance operation and the standard methodology does not have an estimate in its calculation, therefore, it is not necessary to perform an actuarial review of the accrued amount, and the accounting procedure required by ANS is allocation in UCR of the entire volume of events reported and not yet settled.

The LAT actuarial study of 12/31/2020 of the total portfolio of healthcare plan beneficiaries in the pre-established price modality of the operators determined a surplus, not generating the need for additional technical reserve to the existing ones, Incurred but Not Reported Reserve - IBNR, Unearned Premium/Consideration Reserve - UPR and Unsettled Claims Reserve - UCR. However, considering the segregation of this portfolio by type of contracting, individual/family, collective by adhesion, corporate collective and assumed co-responsibility, a deficit was identified in the difference between the current estimate of cash flows in the portfolio of beneficiaries of healthcare plans in the pre-established price modality for individual/family contracting by the operator SAMP in the amount of R\$ 24,238.

### Sensitivity and stress test

Due to the sensitivity of the key assumptions, its changes in the LAT calculation model were reviewed and simulated. The result of this analysis is the verification that the LAT is, in fact, sensitive to changes in the assumptions 'Lag between medical inflation and ANS

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

readjustment' and 'interest rate'.

The tables below show the result of the total reserve with the change of each one of these assumptions - the change is made separately in each assumption for actual sensitivity of the impact of each one of them.

### Sensitivity test

#### Santa Rita Saúde

Assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	178,848	-
Lag between Medical Inflation and ANS Readjustment	1%	174,468	-2%
Lag between Medical Inflation and ANS Readjustment	-1%	183,406	3%
Interest rate	1%	172,806	-3%
Interest rate	-1%	185,242	4%

#### SAMP

Assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	82,560	-
Lag between Medical Inflation and ANS Readjustment	1%	80,553	-2%
Lag between Medical Inflation and ANS Readjustment	-1%	84,636	3%
Interest rate	1%	80,272	-3%
Interest rate	-1%	84,963	3%

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### Humana Saúde

Assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	165,584	-
Lag between Medical Inflation and ANS Readjustment	1%	149,703	-10%
Lag between Medical Inflation and ANS Readjustment	-1%	182,007	10%
Interest rate	1%	160,850	-3%
Interest rate	-1%	170,564	3%

### Medplan

Assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	135,330	-
Lag between Medical Inflation and ANS Readjustment	1%	124,620	-8%
Lag between Medical Inflation and ANS Readjustment	-1%	146,410	8%
Interest rate	1%	131,201	-3%
Interest rate	-1%	139,685	3%

### Unihosp

Assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	98,648	-
Increase in the per capita assistance cost of individual plans	+3%	68,681	-30%

Additionally, a stress scenario was simulated considering the following variations in the assumptions with a joint impact:



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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### Stress test

#### Santa Rita Saúde

Stress assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	178,848	-
Lag between Medical Inflation and ANS Readjustment	+1.5%	163,861	-8%
Interest rate	+1.5%		

#### SAMP

Stress assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	82,560	-
Lag between Medical Inflation and ANS Readjustment	1.5%	79,169	-4%
Interest rate	1.5%		

#### Humana Saúde

Stress assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	165,584	-
Lag between Medical Inflation and ANS Readjustment	1.5%	136,404	-18%
Interest rate	1.5%		

#### Medplan

Stress assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	135,330	-
Lag between Medical Inflation and ANS Readjustment	1.5%	114,280	-16%
Interest rate	1.5%		

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### Unihosp

Stress assumptions	Assumption variation versus Base scenario	(+) Surplus/ (-) Deficit	P&L variation versus Base scenario
Base scenario	-	98,648	-
Lag between Medical Inflation and ANS Readjustment	1.5%	81,100	-18%
Interest rate	1.5%		

### Analysis of the reserves recognized

Pursuant to best practices, shortfalls in recognized reserves should be allocated to the corresponding reserve. Thus, to assess whether the reserves already recognized are adequate for the commitments assumed, corresponding reserves were reconstructed for purposes of crosschecking them with the amounts recognized.

IBNR was calculated using the twelve-month historical database, considering as factor the amount of expenses notified after the month of occurrence, which we consider adequate to the operating reality of the operators. The Incurred but Not Reported Reserve at SUS (IBNR SUS) is calculated based on the estimate of the number of events/claims that have already occurred in the SUS and that have not been reported. The calculated amount is informed monthly on the institutional website of ANS, its form of accounting is supported by Normative Resolution 442/18 in force.

UPR was calculated using the operators' database, considering the portion of the consideration issued for the risk to take place after 12/31/2020.

The UCR, as determined by the current regulation, must be recognized at the full amount, charged by the provider, in the healthcare expense notification month gross of any reinsurance operation and the standard methodology does not have an estimate in its calculation.

Finally, it was concluded that the reserves recognized are adequate for the commitments assumed and there is no need to review the amounts accrued.

The test performed did not identify any reserve shortfall at the end of the reporting period, so there was no need to recognize any supplementary reserves.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### 15. Loans and financing

The loans and financing were obtained basically for purchase of property and equipment and for working capital and are comprised as follows:

Contract / Modality	Debt cost (% p.a.)	Maturity	12/31/2020	12/31/2019	12/31/2018
Bank Credit Note - Banco Santander (i)	CDI + 1.6%	2025	150,024	-	-
Lease - Investments	12.0% to 15.4%	2021-2025	1,081	178	-
Borrowing agreement - General Electric Healthcare Financial Services	FX + Libor + 5.3% to 6.2%	2020-2021	482	882	-
Working capital - Banco do Brasil	3.8%	2023	77	-	-
Bank Credit Note - Banco Santander	CDI + 1.8%	2023	-	65,044	65,000
Borrowing agreement - ABC (i)	CDI + 1.9%	2020	-	22,183	-
Bank Credit Note - Banco Santander (i)	CDI + 1.6%	2020	-	20,251	19,412
Bank Credit Note - Banco Santander	11.9%	2020	-	18,792	-
Bank Credit Note - Banco Santander (i)	CDI + 1.8%	2020	-	10,408	1,071
Bank Credit Note - Banco do Nordeste	8.24%	2025	-	3,261	1,473
Others			442	-	-
<b>Total</b>			<b>152,106</b>	<b>140,999</b>	<b>86,956</b>
Current			2,312	137,818	21,150
Non-current			149,794	3,181	65,806
<b>Total</b>			<b>152,106</b>	<b>140,999</b>	<b>86,956</b>

(i) Borrowing operations through Bank Credit Notes were contracted in the foreign market based on Law 4,131/1962 and have a swap derivative financial instrument linked to currency and interest rate swap, resulting in a borrowing in reais remunerated at CDI.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements  
Year ended December 31, 2020  
(In thousands of Reais - R\$, unless otherwise stated)

The movement in loans and financing are as follows:

<b>Closing balance at December 31, 2017</b>	<b>5,820</b>
Additions from business combination	202
Additions	146,779
Interest incurred	3,812
Repayments	(65,189)
Interest paid	(4,468)
<b>Closing balance at December 31, 2018</b>	<b>86,956</b>
Additions from business combination	22,463
Additions	34,276
Interest incurred	4,932
Repayments	(3,234)
Interest paid	(4,394)
<b>Closing balance at December 31, 2019</b>	<b>140,999</b>
Additions from business combination(i)	7,119
Additions	171,024
Interest incurred	8,478
Repayments	(169,822)
Interest paid	(5,692)
<b>Closing balance at December 31, 2020</b>	<b>152,106</b>

(i) Balance of loans and financing of companies acquired by the Company during 2020. See note 3.2 for further details.

In 2020, the Company and its subsidiaries renegotiated part of their loans operations, seeking to extend the debt maturity profile and reduce the average cost of debt. Additionally, the debts of the CMM Group, acquired in October 2020, and the loan in the amount of R\$ 19,200, were paid in advance, with a cost of CDI + 3.02% and maturity in 2021.

The maturities of the non-current portions are as follows:

Year of maturity	
2022	46,120
2023	46,062
2024 onwards	57,612
<b>Total</b>	<b>149,794</b>

### 15.1. Guarantees and covenants

Subsidiary	Amounts kept as guarantee	Type of guarantee
Medplan Assistência Médica Ltda.	27,571	Investment fund quotas
Humana Assistência Médica Ltda. (i)	17,516	Investment fund quotas
Humana Assistência Médica Ltda.	11,065	CDB
Medplan Assistência Médica Ltda. (i)	7,108	CDB
Santa Rita Saúde S.A.	5,277	CDB
SAMP Espírito Santo Assistência Médica Ltda.	972	CDB
<b>Total</b>	<b>69,509</b>	

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

(i) Due to the early settlement of the loan of R\$ 19,200 on December 28, 2020, the related financial investments pledged as collateral in the amount of R\$ 11,294 were fully released in January 2021.

The Company also undertakes, on a consolidated basis, to maintain a level of net debt, measured annually through the ratio between net debt and EBITDA, less than or equal to 2.0x. At December 31, 2020, the Company is compliant with the covenants.

In addition, the contracts have restrictive clauses and obligations related to the hypothesis of early maturity of debts, such as payment of pecuniary and non-pecuniary obligations, protest of notes, and transfer of shareholding control. For the year ended December 31, 2020, the Company and its subsidiaries were compliant with all contractual clauses and obligations.

### 16. Salaries and related charges

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
Salaries and bonuses payable	-	-	-	15,948	12,025	10,842
INSS and FGTS (Severance Pay Fund) payable	3,399	-	-	17,193	8,388	13,567
Accrued vacation and related taxes	-	-	-	30,367	22,837	14,342
Provision for bonus	-	-	-	18,719	9,106	-
Other labor obligations	-	-	-	8,724	4,527	880
<b>Total</b>	<b>3,399</b>	<b>-</b>	<b>-</b>	<b>90,951</b>	<b>56,883</b>	<b>39,631</b>

### 17. Taxes payable

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
PIS and COFINS (taxes on revenue) (a)	89	-	-	17,966	9,749	3,897
ISS (Service Tax) (a)	1	-	-	43,456	24,207	16,911
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Profit) (a)	5	-	-	40,149	15,602	6,453
Tax withholdings - Law 10,833/2003	-	-	-	1,738	657	810
IRRF (Withholding Income Tax)	-	-	-	2,884	3,483	2,131
INSS (Social Security Contribution)	-	-	-	424	2,520	455
IOF (Tax on Financial Transactions)	-	-	-	595	668	-
Other taxes payable	-	-	-	550	-	-
<b>Total</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>107,762</b>	<b>56,886</b>	<b>30,657</b>
Current	95	-	-	104,468	56,886	30,657
Non-current	-	-	-	3,294	-	-
<b>Total</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>107,762</b>	<b>56,886</b>	<b>30,657</b>

(a) The increase in PIS and COFINS, tax on services, as well as current income tax and social contribution, in the year ended December 31, 2020 is substantially attributed to business combination operations, with the acquisition of control of the Unihosp Group, Centro Médico Maranhense, Hospital do Coração de Natal and Clínica Perinatal de Vitória. Comparatively, there is also an increase in these taxes in the prior year, ended December 31, 2019, mainly attributed to the acquisition of control of SAMP and SAMES operations in February 2019, and of the Multivida Group in September 2019.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### 18. Taxes payable in installments

In the period from 2011 to 2013, as permitted by Laws 11,941 and 12,966, and in 2017, by Law 13,496/17, the Company's investees adhered to installment payment of tax debts. The Company adhered to installment payment of IPIS, COFINS, IPI and INSS tax debts.

The consolidated outstanding balance at December 31, 2020, 2019 and 2018 is as follows:

	Consolidated		
	12/31/2020	12/31/2019	12/31/2018
Federal Revenue of Brazil – SRF	29,813	13,285	23,114
Office of Attorney-General of the National Treasury - PGFN	16,486	12,065	18,383
National Social Security Institute – INSS	5,330	29,123	11,966
Municipal Tax in Installments – ISS	7	22	349
Total	51,636	54,495	53,812
Current	5,227	5,434	6,165
Non-current	46,409	49,061	47,647

The movement in taxes payable in installments is as follows:

<b>Closing balance at December 31, 2017</b>	8,822
Additions from business combination	55,460
Interest incurred	1,383
Repayment of principal	(10,424)
Interest paid	(1,429)
<b>Closing balance at December 31, 2018</b>	53,812
Additions from business combination	615
Additions	4,384
Interest incurred	1,028
Repayment of principal	(4,315)
Interest paid	(1,029)
<b>Closing balance at December 31, 2019</b>	54,495
Additions from business combination	2,024
Additions	695
Interest incurred	741
Repayment of principal	(5,107)
Interest paid	(1,212)
<b>Closing balance at December 31, 2020</b>	51,636

The maturities of the non-current portions are as follows:

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements  
Year ended December 31, 2020  
(In thousands of Reais - R\$, unless otherwise stated)

Year of maturity	12/31/2020
2022	5,685
2023	5,459
2024	4,877
2025	4,680
2026 onwards	25,708
Total	<b>46,409</b>

## 19. Payables for acquisition of companies

	Consolidated		
	12/31/2020	12/31/2019	12/31/2018
Acquisition of non-controlling interests - GMI - deposited amount	56,470	79,365	-
Acquisition of HCN	51,807	-	-
Acquisition of CMM Group	28,328	-	-
Acquisition of SAMP	16,783	23,507	-
Acquisition of Unihosp Group	16,000	-	-
Acquisition of GMI	8,372	16,632	32,135
Acquisition of UTIN	3,000	-	-
Acquisition of SAMES	2,242	3,049	-
Acquisition of Plena	200	-	-
Acquisition of VAH	-	20	-
	<b>183,202</b>	<b>122,573</b>	<b>32,135</b>
Current liabilities	68,360	7,062	16,068
Non-current liabilities	114,842	115,511	16,067

The amounts above include the balances of preferred redeemable shares accounted for as liabilities.

The movement in payables for acquisition of companies is as follows:

<b>At December 31, 2017</b>	<b>30,588</b>
Finance charges	1,547
<b>At December 31, 2018</b>	<b>32,135</b>
Deposited amount retained for the acquisition of non-controlling interests - GMI	79,365
Additions from business combination	26,556
Payments	(15,483)
<b>At December 31, 2019</b>	<b>122,573</b>
Additions from business combination	99,135
Payments	(39,282)
Monetary adjustment	776
<b>At December 31, 2020</b>	<b>183,202</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### 20. Related parties

		Separate 12/31/2020					
		Transactions					
		Profit or loss		Assets		Liabilities	
Company	Note	Expenses and costs	Revenue and apportionments	Loan	Trade receivables	Loan	Trade payables
<u>Balances or transactions - Athena Brasil</u>							
Athena Saúde Brasil S.A.	(d)/(f)	-	-	41,256	-	-	2,717
<b>Total Athena Saúde Brasil S.A.</b>		-	-	<b>41,256</b>	-	-	<b>2,717</b>
		Consolidated 12/31/2020					
		Transactions					
		Profit or loss		Assets		Liabilities	
Company	Note	Expenses and costs	Revenue and apportionments	Loan	Trade receivables	Loan	Trade payables
<u>Balances or transactions - Athena Healthcare Holding S.A.</u>							
SALUS	(c)	-	-	-	-	7	-
<b>Total Athena Healthcare Holding S.A.</b>		-	-	-	-	<b>7</b>	-
<u>Balances or transactions - ASG Holding S.A.</u>							
Hiran Alencar Moura Castilho	(d)	-	-	44,646	-	-	-
Athena Healthcare Holding S.A.	(d)	-	-	-	-	1,106	-
Other				278			
<b>Total ASG Holding S.A.</b>		-	-	<b>44,924</b>	-	<b>1,106</b>	-
<u>Balances or transactions - Humana</u>							
Protepi Produtos Tecnológicos do Piauí Ltda.	(c)	-	23	-	3	-	-
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(c)	2,171	123	-	27	-	183
Lab Med Laboratório De Análises Clínicas Ltda.	(c)	-	-	-	22	-	-
Clínica Santa Fé Ltda.	(c)	2,597	56	-	-	-	-
Idris Lopes Saldanha	(c)	122	-	-	-	-	-
<b>Total Humana</b>		<b>4,890</b>	<b>202</b>	-	<b>52</b>	-	<b>183</b>
<u>Balances or transactions - MEDPLAN</u>							
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(c)	2,122	-	-	-	-	144
Clínica Santa Fé Ltda.	(c)	3,626	-	-	-	-	-
<b>Total MEDPLAN</b>		<b>5,748</b>	-	-	-	-	<b>144</b>
<u>Balances or transactions - Med Imagem</u>							
A & R & C Serviços Médicos Sc Ltda.	(c)	9	-	-	-	-	9
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(c)	3,098	379	-	2,799	-	901
Lab Med Laboratório De Análises Clínicas Ltda.	(c)	9	-	-	-	-	9
P Girio Matos Eireli	(c)	1	-	-	-	-	1
<b>Total Med Imagem</b>		<b>3,117</b>	<b>379</b>	-	<b>2,799</b>	-	<b>920</b>
<u>Balances or transactions - Santa Maria</u>							
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(c)	7,498	704	-	41	-	1,763
<b>Total Santa Maria</b>		<b>7,498</b>	<b>704</b>	-	<b>41</b>	-	<b>1,763</b>



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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### Balances or transactions - São Pedro

Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.

#### Total São Pedro

(c)	55	26	-	-	-	4
	<b>55</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>

### Balances or transactions - IMAGEM PLENA

P Gião Matos Eireli

#### Total Imagem Plena

(c)	18	-	-	-	-	18
	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>

### Balances or transactions - Vitória Apart. Hospital

Serviços e Ass.Med.Esp.Ltda.

ASES non-controlling interests

#### Total Vitória Apart Hospital

(b)	-	2	-	2	-	-
(g)	12	954	-	2,478	-	6
	<b>12</b>	<b>956</b>	<b>-</b>	<b>2,480</b>	<b>-</b>	<b>6</b>

### Balances or transactions - SAMP

Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.

Serviços e Ass.Med.Esp.Ltda.

ASES non-controlling interests

#### Total SAMP

(e)	-	1	-	-	-	-
(a)	5,953	-	-	-	-	-
(g)	5,084	118	-	2,234	-	434
	<b>11,037</b>	<b>119</b>	<b>-</b>	<b>2,234</b>	<b>-</b>	<b>434</b>

### Balances or transactions - Multivida

MM Participações S.A.

Life Guard Participações Ltda.

Mega Consultoria Eireli

Rms Treinamento Profissional Eireli - Me

Clínica Médica Dr. Johnni Oswaldo Zamponi

E. Ribeiro Junior Assessoria E Consultoria

Cafpar Consultoria & Participações Eireli EPP

Medeiros & Gurgel SS

#### Total Multivida

(c)	-	12	-	1	-	-
(c)	386	-	-	-	-	31
(c)	939	-	-	-	-	-
(c)	144	-	-	-	-	-
(c)	175	-	-	-	-	-
(c)	180	-	-	-	-	-
(c)	794	-	-	-	-	-
(c)	24	-	-	-	-	-
	<b>2,642</b>	<b>12</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>31</b>

### Balances or transactions - Santa Rita Saúde

MM Participações S.A.

Pontocom News Comunicação E Produções Ltda.

Medeiros & Gurgel SS

Clínica Médica Dr. Johnni Oswaldo Zamponi

RF Serviços Médicos S

#### Total Santa Rita Saúde

(c)	-	-	-	5	-	6
(c)	-	-	-	155	-	-
(c)	225	8	-	-	-	10
(c)	228	-	-	-	-	16
(c)	397	-	-	-	-	36
	<b>850</b>	<b>8</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>68</b>

### Balances or transactions - Hospital Bom Samaritano

Genesis Serviços Administrativos Ltda.

MM Participações S.A.

Clínica Médica Dr. Johnni Oswaldo Zamponi

Medeiros & Gurgel SS

RF Serviços Médicos S

#### Total Hospital Bom Samaritano

(c)	-	-	-	-	-	1
(c)	3,847	-	-	309	-	-
(c)	74	-	-	-	-	-
(c)	122	-	-	-	-	-
(c)	99	-	-	-	-	-
	<b>4,142</b>	<b>-</b>	<b>-</b>	<b>309</b>	<b>-</b>	<b>1</b>

### Balances or transactions - Centro Médico Maranhense

Luiz Henrique Camarão Bacelar

MedCare Medicina e Diagnósticos

E B J Radiologia Eireli

#### Total Centro Médico Maranhense

(c)	-	-	-	-	-	97
(c)	-	-	-	-	-	56
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>

### Balances or Transactions - Instituto de Radiologia

MedCare Medicina e Diagnósticos

E.B.J Radiologia

#### Total Instituto de Radiologia

(c)	-	-	-	-	-	24
(c)	-	-	-	-	-	7
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31</b>

### Balances or transactions - Hospital do Coração de Natal Ltda.

HC Invest

HC Cardio

Oncoclinicas São Marcos

Prolife Serviços Médicos

Solservice Soluções em Saúde S Ltda.

#### Total Hospital do Coração de Natal Ltda.

(c)	4,290	-	-	-	-	-
(c)	633	-	-	-	-	18
(c)	2,346	-	-	-	-	1
(c)	18	-	-	-	-	1
(c)	111	-	-	-	-	-
	<b>7,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### Balances or transactions - Clínica de Atendimento de Prevenção à Saúde Ltda.

Laboratório Cedro Ltda.

**Total Clínica de Atendimento de Prevenção à Saúde Ltda.**

(e)	136	-	-	-	-	12
	<b>136</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>

### Balances or transactions - Onco Life Clínicas Ltda

Laboratório Cedro Ltda.

**Total Oncolife Clínicas Ltda.**

(e)	96	-	-	-	-	12
	<b>96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>

### Balances or transactions - Unihosp Serviços de Saúde Ltda.

Blue Serviços de Assessoria

CENTROLAB - Centro Laboratorial de Análises Clínicas

Clínica de Atendimento de Prevenção à Saúde Ltda.- Matriz

E.G Hachem Ltda.

Greenseller Serv de Assessoria

Laboratório Cedro Ltda.

Laboratório Cedro Ltda.

**Total Unihosp Serviços de Saúde Ltda.**

(a)	-	3	-	-	300	-
(a)/(c)	-	11,795	-	-	16	-
(a)	-	6,494	-	-	-	-
(c)	187	-	-	-	-	-
(a)	-	7,661	-	-	-	-
(a)	-	1,549	-	-	-	-
(a)	-	18,716	-	-	-	-
	<b>187</b>	<b>46,218</b>	<b>-</b>	<b>-</b>	<b>316</b>	<b>-</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

		Consolidated					
		12/31/2019					
		Profit or loss		Assets		Liabilities	
Company	Note	Expenses and costs	Revenues	Loan	Trade receivables	Loan	Trade payables
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(e)	-	115	-	-	-	
Lab Med Laboratório De Análises Clínicas Ltda.	(a)	-	45	-	-	-	-
Idris Lopes Saldanha	(a)	40	-	-	-	-	-
<b>Total Humana</b>		<b>40</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balances or transactions - MEDPLAN</b>							
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(e)	178	-	-	-	-	178
<b>Total MEDPLAN</b>		<b>178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178</b>
<b>Balances or transactions - Med Imagem</b>							
A & R & C Serviços Médicos Sc Ltda.	(a)	339	-	-	-	-	-
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(e)	9,250	-	-	-	-	-
Caípar Consultoria & Participações Eireli	(a)	10,973	-	-	-	-	-
Lab Med Laboratório De Análises Clínicas Ltda.	(a)	179	-	-	-	-	-
P Girio Matos Eireli	(a)	1	-	-	-	-	-
<b>Total Med Imagem</b>		<b>20,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balances or transactions - Santa Maria</b>							
A & R & C Serviços Médicos Sc Ltda.	(a)	20	-	-	-	-	-
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(e)	6,986	-	-	-	-	-
<b>Total Santa Maria</b>		<b>7,006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balances or transactions - São Pedro</b>							
A & R & C Serviços Médicos Sc Ltda.	(a)	12	-	-	-	-	-
Biomax Comercio Importação e Representações De Produtos Médico Hospitalares Ltda.	(e)	621	-	-	-	-	-
<b>Total São Pedro</b>		<b>633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balances or transactions - IMAGEM PLENA</b>							
P Girio Matos Eireli	(a)	276	-	-	-	-	-
<b>Total Imagem Plena</b>		<b>276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balances or transactions - Hemodinâmica</b>							
Bruno Bourguignon Prezotti	(a)	-	-	-	-	-	50
<b>Total Hemodinâmica</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### Balances or transactions - Vitória Apart. Hospital

Anestesil Anestesia Vitória Ltda.	(a)/(d)	158	47	-	16	256	279
Assistencial Descanse em Paz Ltda. ME	(b)	1	4	-	12	-	-
Bela Saúde Assistência Médica Ltda. EPP	(a)	360	-	-	-	-	6
Cardiomed Serviços Médicos Ltda.	(a)/(b)	333	20	-	7	-	1
Centro Avançado Endoscopia Digestiva Ltda.	(b)	1	5	-	5	-	-
Centro de Cirurgia e Coloproctologia Ltda.	(b)	1	16	-	5	-	-
Centro de Medicina Nuclear Ltda.	(a)/(b)	-	26	-	9	-	-
Centro Diagnóstico Carlos Chagas Ltda.	(a)/(b)	78	60	-	380	-	396
Centro Médico de Imagem Ltda.	(a)	3	6	-	2	-	1
César Ronaldo Vieira Gomes Filho – ME	(a)/(b)	1	4	-	1	-	1
Cirurgia Geral do VAH SC Ltda.	(a)	28	1	-	-	-	5
Cirurgia Plástica Capixaba Ltda.	(a)/(b)	13	3	-	1	-	1
Clínica Perinatal Vitória Ltda.	(a)/(b)	3	259	-	383	-	225
Infecto Vix Serviços Ltda.	(a)	293	-	-	-	-	-
Inst Capixaba do Rim Ltda.	(a)/(b)	14	129	-	311	-	-
Instituto de Ortopedia e Traum. VAH Ltda.	(a)/(b)	14	10	-	13	-	11
Instituto de Radioterapia Vitória Ltda.	(b)	-	30	-	10	-	-
Instituto de Urologia do Espírito Santo	(a)/(b)	-	2	-	1	-	-
Instituto Neurológico do Espírito Santo	(a)	228	14	-	5	-	6
MM Emergências Ltda. EPP	(a)	486	-	-	-	-	-
M.M Serviços Médicos Ltda.	(a)	322	-	-	-	-	-
Medicina Hiperbárica Vitória S/S Ltda.	(a)/(b)	-	19	-	6	-	-
Medicina Vascular SC Ltda.	(a)	18	5	-	2	-	7
Medivil Médicos Intensivistas da Grand	(a)	1,009	1	-	-	-	1
MSB Fisioterapia Medic Fisic e Reab Ltda.	(a)/(b)	53	29	-	33	-	16
PAT Anatomia Patológica Ltda.	(b)	-	8	-	3	-	-
RTJ Médicos Associados Ltda. ME	(a)	74	-	-	-	-	5
Soma Médicos Associados Ltda.	(a)	349	-	-	-	-	52
Vascular Serra Ltda.	(a)	-	5	-	2	-	-
Vitória Imagem e Diagnóstico Ltda.	(a)/(b)	-	117	-	39	-	-
Er Serviços Médicos Ltda.	(a)	-	7	-	-	-	1
<b>Total Vitória Apart Hospital</b>		<b>3,840</b>	<b>827</b>	<b>-</b>	<b>1,246</b>	<b>256</b>	<b>1,014</b>

### Balances or transactions - SAMP

Medicina Hiperbárica Vitória Ltda.	(a)	135	-	-	-	-	15
Biomax Comercio Importação e Representações De	(e)	89	-	-	-	-	-
Produtos Médico Hospitalares Ltda.							
<b>Total SAMP</b>		<b>224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>

### Balances or transactions - Multivida

Genesis Serviços Administrativos Ltda.	(a)/(f)	-	-	-	-	-	3
MM Participações S.A.	(a)/(b)	-	-	-	1	-	-
Life Guard Participações Ltda.	(a)	97	-	-	-	-	31
Mega Consultoria Eireli	(a)	300	-	-	-	-	-
Calpar Consultoria & Participações Eireli EPP	(a)	188	-	-	-	-	-
<b>Total Multivida</b>		<b>585</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>34</b>

### Balances or transactions - Santa Rita Saúde

Genesis Serviços Administrativos Ltda.	(a)/(b)/(f)	-	-	-	-	-	2
MM Participações	(a)	-	-	-	5	-	6
Pontocom News Comunicação e Produções Ltda.	(a)/(b)	-	-	-	155	-	-
<b>Total Santa Rita Saúde</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>8</b>

### Balances or transactions - Hospital Bom Samaritano

MM Participações S.A.	(a)	922	-	-	300	-	20
<b>Total Hospital Bom Samaritano</b>		<b>922</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>20</b>

### Balances or transactions - GMI Group

Diagnóstico por imagem Ltda.	(a)	-	5,524	-	-	-	-
Trimaram Medicamentos Ltda.	(e)	497	-	-	-	-	-
Nova Imobiliária e Inc. de Imóveis Ltda.	(a)	5,241	-	-	41	-	-
Biomax Comercio Imp. e Rep. Prod. Médico-Hosp. Ltda.	(a)/(e)	19,064	2,539	-	4,400	-	577
<b>Total GMI</b>		<b>24,802</b>	<b>8,063</b>	<b>-</b>	<b>4,441</b>	<b>-</b>	<b>577</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

<u>Balances or transactions - VAH</u>							
Anestesiil Anestesia Vitória Ltda.	(a)/(d)	293	91	-	16	256	10
Aristo da Silva Santos Filho		75	1	-	-	-	-
Assistencial Descanse em Paz Ltda. ME	(b)	1	11	-	12	-	-
Bela Saúde Assistência Médica Ltda. EPP	(a)	783	-	-	-	-	14
Cardiomed Serviços Médicos Ltda.	(a)	568	49	-	7	-	-
Centro Avançado Endoscopia Digestiva Ltda.	(b)	4	19	-	2	-	-
Centro de Cirurgia e Coloproctologia Ltda.	(a)/(b)	1	47	-	6	-	-
Centro de Medicina Nuclear Ltda.	(a)/(b)	-	54	-	8	-	-
Centro Diagnóstico Carlos Chagas Ltda.	(a)/(b)	149	132	-	1,242	-	610
Centro Médico de Imagem Ltda.	(a)	7	12	-	2	-	1
César Ronaldo Vieira Gomes Filho – ME	(a)/(b)	2	10	-	2	-	-
Cirurgia Geral do VAH SC Ltda.	(a)	68	2	-	-	-	14
Cirurgia Plástica Capixaba Ltda.	(a)/(b)	53	8	-	1	-	1
Clínica Cavalieri SS Ltda.		2	-	-	-	-	-
Clínica Mulher	(a)/(b)	115	78	-	451	-	16
Clínica Perinatal Vitória Ltda.	(a)/(b)	17	599	-	153	-	687
Davi Machado Cirurgia Plástica	(a)	-	1	-	-	-	-
Gadioli Serviços Médicos S/S Ltda.	(a)	30	-	-	-	-	-
Infecto Vix Serviços Ltda.	(a)	598	-	-	-	-	-
Financial Capixaba do Rim Ltda.	(a)/(b)	32	244	-	310	-	-
Instituto de Ortopedia e Traum.	(a)/(b)	36	25	-	4	-	18
Instituto de Radioterapia Vitória Ltda.	(b)	-	65	-	10	-	-
Instituto de Urologia do Espírito Santo	(a)/(b)	16	5	-	1	-	-
Instituto Neurológico do Espírito Santo	(a)	403	29	-	5	-	2
MM Emergências Ltda.EPP	(a)	1,080	-	-	-	-	-
M.M. Serviços Médicos Ltda.		563	-	-	-	-	-
Medicina Hiperbárica Vitória SS Ltda.	(a)/(b)	-	39	-	7	-	-
Medicina Vascular	(a)	49	11	-	-	-	6
Medivil Médicos Intensivistas da Grand	(a)	2,109	5	-	1	-	6
MSB Fisioterapia Medic. Fisic. e Reab. Ltda.	(a)/(b)	105	62	-	9	-	12
PAT - Anatomia Patológica	(a)/(b)	-	15	-	3	-	-
RTJ Médicos Associados Ltda. ME	(a)	76	-	-	-	-	6
Sérgio Azevedo Bresciane Júnior	(a)	76	1	-	-	-	12
Soma Médicos Associados Ltda.	(a)	597	-	-	-	-	49
Unihemo Clínica de Hematol. e Hemoter. Ltda.	(a)/(b)	1	39	-	6	-	-
Vascular Serra SC Ltda.	(a)	-	10	-	2	-	-
Vitória Imagem e Diagnóstico Ltda.	(a)/(b)	1	238	-	40	-	-
<b>Total VAH</b>		<b>7,910</b>	<b>1,902</b>	<b>-</b>	<b>2,300</b>	<b>256</b>	<b>1,464</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements  
Year ended December 31, 2020  
(In thousands of Reals - R\$, unless otherwise stated)

Company	Note	Consolidated				
		12/31/2018				
		Transactions				
		Profit or loss		Assets		Liabilities
		Expenses and costs	Revenue and apportionments	Loan	Trade receivables	Loan Trade payables
<b>Consolidated</b>						
<b>Balances or transactions - GMI Group</b>						
Diagnóstico por imagem Ltda.	(c)	-	5,524	-	-	-
Trimaram Medicamentos Ltda.	(e)	497	-	-	-	-
Nova Imobiliária e Inc. de Imóveis Ltda.	(a)	5,241	-	-	41	-
Biomax Comercio Imp. e Rep. Prod. Médico-Hosp. Ltda.	(e)/(a)	19,064	2,539	-	4,400	577
<b>Total GMI</b>		<b>24,802</b>	<b>8,063</b>	<b>-</b>	<b>4,441</b>	<b>577</b>
<b>Balances or transactions - VAH</b>						
Anestesil Anestesia Vitoria Ltda.	(d)/(g)/(f)	293	91	-	16	256
Aristo da Silva Santos Filho	(e)	75	1	-	-	-
Assistencial Descanse em Paz Ltda. Me	(b)	1	11	-	12	-
Bela Saúde Assistência Médica Ltda. EPP	(g)	783	-	-	-	14
Cardiomed Serviços Médicos Ltda.	(d)/(g)/(b)	568	49	-	7	-
Centro Avançado Endoscopia Digestiva Ltda.	(b)	4	19	-	2	-
Centro de Cirurgia e Coloproctologia Ltda.	(d)/(b)	1	47	-	6	-
Centro de Medicina Nuclear Ltda.	(d)/(b)	-	54	-	8	-
Centro Diagnóstico Carlos Chagas Ltda.	(d)/(g)/(b)	149	132	-	1,242	610
Centro Médico de Imagem Ltda.	(g)	7	12	-	2	1
César Ronaldo Vieira Gomes Filho – ME	(g)/(b)	2	10	-	2	-
Cirurgia Geral do VAH SC Ltda.	(g)	68	2	-	-	14
Cirurgia Plástica Capixaba Ltda.	(g)/(b)	53	8	-	1	1
Clínica Cavalieri SS Ltda.	(e)	2	-	-	-	-
Clínica Mulher	(d)/(g)/(b)	115	78	-	451	16
Clínica Perinatal Vitória Ltda.	(d)/(g)/(b)	17	599	-	153	687
Davi Machado Cirurgia Plástica	(b)	-	1	-	-	-
Gadioli Serviços Médicos S/S Ltda.	(b)	30	-	-	-	-
Infecto Vix Serviços Ltda.	(b)	598	-	-	-	-
Financial Capixaba do Rim Ltda.	(d)/(b)	32	244	-	310	-
Instituto de Ortopedia e Traum.	(g)/(b)	36	25	-	4	18
Instituto de Radioterapia Vitória Ltda.	(b)	-	65	-	10	-
Instituto de Urologia do Espírito Santo	(d)/(b)	16	5	-	1	-
Instituto Neurológico do Espírito Santo	(g)	403	29	-	5	2
MM Emergências Ltda. EPP	(g)	1,080	-	-	-	-
M.M. Serviços Médicos Ltda.	(g)	563	-	-	-	-
Medicina Hiperbárica Vitória SS Ltda.	(d)/(b)	-	39	-	7	-
Medicina Vascular	(g)	49	11	-	-	6
Medivil Médicos Intensivistas da Grand	(g)	2,109	5	-	1	6
MSB Fisioterapia Medic. Fisic. e Reab. Ltda.	(d)/(g)/(b)	105	62	-	9	12
PAT - Anatomia Patológica	(d)/(b)	-	15	-	3	-
RTJ Médicos Associados Ltda. ME	(g)	76	-	-	-	6
Sérgio Azevedo Bresciane Júnior	(g)	76	1	-	-	12
Soma Médicos Associados Ltda.	(g)	597	-	-	-	49
Unihemo Clínica de Hematol. e Hemoter. Ltda.	(d)/(b)	1	39	-	6	-
Vascular Serra SC Ltda.	(d)	-	10	-	2	-
Vitória Imagem e Diagnóstico Ltda.	(d)/(b)	1	238	-	40	-
<b>Total VAH</b>		<b>7,910</b>	<b>1,902</b>	<b>-</b>	<b>2,300</b>	<b>1,464</b>

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

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reals - R\$, unless otherwise stated)

Notes:

The balances of transactions between related parties that affect the statement of financial position are classified according to their nature among the trade receivables or related parties in assets and related parties or trade payables in liabilities.

Below are the existing conditions for transactions between related parties presented above:

- Service provision contracts between companies of the Athena Group (in these cases, these are operator accreditation contracts and provision of medical services between the Group's hospitals and operators and are in accordance with commercial and market conditions, including similar contracts entered into with third parties).
- Expenses apportioning contracts between companies of the Athena Group (cost sharing contracts that have specific criteria and objectives, as an example we mention the apportionment of the legal department by legal entity (CNPJ numbers), the HR department priced by head account, and the financial by billing, and etc.).
- Service provision agreements with companies of directors, shareholders and/or their family members and companies related to the controlling shareholder manager (Brazilian Private Equity V - Fundo de Investimento em Participações Multiestratégia), which are related to medical services, consultancies and other services related to operation and back-office support.
- The balances refer to loan agreements between companies in the same group or with Officers/shareholders/directors. These contracts are indexed to an annual interest rate of 6% and monetary adjustment based on the IGPM / FGV index. In addition, the contract provides for a fine in case of delay or impediment to payment, including any partial amortizations, with interest of 1% p.m. on the past due amount, monetary adjustment calculated based on the positive variation of INPC and a 10% penalty on the past due amount. The maturities of these contracts are up to 2024.
- Contracts for the acquisition of equipment, medical supplies, orthotics, prostheses and special materials, between companies of the same group or with officers/shareholders/directors.
- Current account contracts between group companies, whose maturity is for an indefinite period and settlement is carried out at the end of each year.
- Service provision contracts with companies whose partners are non-controlling interests of the subsidiary Athena Saúde Espírito Santo, whose purpose is to regulate the partnership between the parties, whereby VAH will allow hired companies to provide care to patients seeking care related to specific medical activities at the hospital, such contracts are remunerated by service type in a predetermined table and values practiced under market conditions upon payment based on price list.

### **20.1. Dividends and interest on shareholders' equity**

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
Non-controlling interests GMI	-	-	-	-	373	-
Remaining subsidiary Multivida	-	-	-	-	37	-
Proposed dividends	-	-	-	2,330	1,600	-
Total	-	-	-	2,330	2,010	-

### **20.2. Compensation of key management personnel**

The Annual General Meeting held on May 4, 2020 approved the global compensation of key management personnel for the year 2020, the compensation is composed of fixed and variable considerations. Below is a summary of the amounts:

	2020	2019	2018
Fixed annual compensation	4,435	1,998	2,041
Variable compensation	4,136	2,835	1,750
Share-based payments <sup>(a)</sup>	11,713	-	-
	20,284	4,833	3,791

(a) Approved at a specific extraordinary general meeting

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements  
Year ended December 31, 2020  
(In thousands of Reais - R\$, unless otherwise stated)

The maturity dates and exercise prices of the stock options by the officers are as follows:

Grant date	Maturity date	Exercise price	Number of outstanding shares		
			2020	2019	2018
01/31/2020	01/31/2023	1.0237	3,813,593	-	-
01/31/2020	01/31/2024	1.0237	3,813,593	-	-
01/31/2020	01/31/2025	1.0237	3,813,593	-	-
10/01/2020	03/31/2024	0.9517	6,294,511	-	-
10/01/2020	03/31/2025	0.9517	6,294,511	-	-
10/01/2020	03/31/2026	0.9517	6,294,515	-	-

## 21. Provision for legal proceedings

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
Civil	3,099	-	-	49,283	41,061	32,159
Tax	2,741	-	-	14,147	10,178	5,325
Labor	15	-	-	25,823	7,476	2,276
Administrative	-	-	-	-	-	7
Total provisions	5,855	-	-	89,253	58,715	39,767
Judicial deposits	-	-	-	59,484	37,735	25,630

### 21.1. Movements in provisions

	Separate	Consolidated
<b>At January 1, 2018</b>	-	6,814
Additions from business combination	-	32,821
Additions	-	767
Write-offs	-	(635)
<b>At December 31, 2018</b>	-	39,767
Additions from business combination	-	16,922
Additions	-	20,199
Write-offs	-	(18,173)
<b>At December 31, 2019</b>	-	58,715
Additions from business combination	5,855	40,952
Additions	-	15,930
Write-offs	-	(26,344)
<b>At December 31, 2020</b>	5,855	89,253



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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

The main lawsuits involving the Company and its subsidiaries refer to the following:

### **21.2. Civil risks**

These refer to provisions recognized by indirect subsidiaries, based on the individual analysis of the lawsuits, as well as the updated analysis of the case laws, mainly involving risks related to indemnity for pain and suffering and damages.

Based on the analysis made by the legal advisors of the Company and the understanding of its Management, who considered certain aspects as involving probable likelihood of loss, a provision of R\$ 49,283 was recognized in the consolidated financial statements at December 31, 2020 (R\$ 41,061 in 2019 and R\$ 32,159 in 2018). The amount of lawsuits in which the subsidiaries are defendants related to civil risks and classified as possible likelihood of loss by the Group's legal advisors arises mainly from indemnity lawsuits for pain and suffering, aesthetic damages and/or material damages, alleged in claims for supporting delay/denial of service or alleged failure to provide services. At December 31, 2020, it totals R\$ 6,439 (R\$ 7,475 in 2019 and R\$ 12,191 in 2018).

### **21.3. Labor risks**

These refer to labor and/or social security provisions recognized by the subsidiaries, based on the individual analysis of the lawsuits, as well as on the updated analysis of case laws, mainly involving disputes about salary and severance pay differences. Based on the analysis made by the legal advisors of the Company and the understanding of its Management, who considered certain aspects as involving probable likelihood of loss, a provision of R\$ 25,823 was recognized in the consolidated financial statements at December 31, 2020 (R\$ 7,476 in 2019 and R\$ 2,276 in 2018).

The Company's subsidiaries also defendants in lawsuits related to employment relationship, arising from labor relations in the contracting of outsourced medical services.

The amount of lawsuits in which the subsidiaries are defendants related to labor risks and classified as possible likelihood of loss by the Group's legal advisors arises mainly from claims for overtime, 13<sup>th</sup> salary, prior notice, vacation pay, Severance pay fund (FGTS), and employment relationship arising from outsourced services. At December 31, 2020, it totals R\$ 5,696 (R\$ 729 in 2019 and R\$ 2,695 in 2018).

The Company and its subsidiaries understand that the practice of hiring medical companies is lawful and in accordance with ruling legislation, and there is case law supporting the hiring of legal entities in this modality.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reals - R\$, unless otherwise stated)

### 21.4. Tax risks

These refer to the provisions recognized by the indirect subsidiaries, based on the individual analysis of the lawsuits, as well as on the updated analysis of case laws, mainly involving risks from lawsuits related to debts to the Federal Government and ISS debts to the municipal government. Based on the analysis made by the legal advisors of the Company and the understanding of its Management, who considered certain aspects as involving probable likelihood of loss, a provision of R\$ 14,147 was recognized in the consolidated financial statements at December 31, 2020 (R\$ 10,178 in 2019 and R\$ 5,325 in 2018).

The amount of lawsuits in which the subsidiaries are defendants related to tax risks and classified as possible likelihood of loss by the Group's legal advisors arises mainly from legal and administrative proceedings related to ISS debt or allegation of non-payment of the withholding taxes by a third party, to the municipalities in which the subsidiaries operate. At December 31, 2020, it totals R\$ 34,909 (R\$ 43,255 in 2019 and R\$ 3,284 in 2018).

## 22. Equity

At December 31, 2020, the issued capital consists of shares, with no par value, distributed among partners as follows:

### 22.1. Capital stock

Shareholders	12/31/2020		12/31/2019		12/31/2018
	Number of common shares paid-up	%	Amount paid-up	Amount paid-up	Amount paid-up
Fabio Guimarães Corrêa Meyer	-	-	-	0.5	-
Marcelo Nastromagario	-	-	-	0.5	-
Brazilian Private Equity V – FIP	1,483,032,916	90.82%	1,430,352	-	-
Hiran Alencar Moura Castilho	117,364,078	7.19%	59,997	-	-
Cafpar Consultoria e Participações EIRELI	3,660,086	0.22%	3,559	-	-
Nelson Solano Vale	8,069,440	0.49%	733	-	-
Elie Borges Hachen	20,843,098	1.28%	1,387	-	-
Total	1,632,969,618	100%	1,496,028	1	-

At the Extraordinary General Meeting held on September 30, 2020, a Company's capital increase of R\$ 613,207 was approved with the issue of 667,341,487 common shares, registered and with no par value at the issue price of R\$ 0.92.

At the Extraordinary General Meeting held on September 30, 2020, a Company's capital increase of R\$ 880,700 was approved with the issue of 936,715,593 common shares, registered and with no par value at the issue price of R\$ 0.94.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

At December 30, 2020, as a result of the acquisitions of HCN and Unhiosp, a new capital increase in the Company was carried out, whereby 8,069,440 common shares were issued, subscribed by the new shareholder for the total amount of R\$ 733 and paid-up by contributing 3.67% of HCN's shares and 20,843,098 common shares subscribed by the new shareholder for the total amount of R\$ 1,387 and paid-up by contributing 43.71% of Unihosp's shares.

The Company's authorized capital, in accordance with article 6 of the Bylaws is R\$ 3,000,000.

### 22.2. Earnings (loss) per share

For the calculation of basic and diluted earnings (loss) per share, the Company used the predecessor basis of accounting for the year ended December 31, 2020, considering the number of shares outstanding at December 31, 2020 at the end of the restructuring, totaling R\$ 1,496,027 divided into 1,632,969,618 shares.

	Consolidated					
	12/31/2020		12/31/2019		12/31/2018	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Profit attributed to the Company's shareholders	14,451	14,451	3,050	3,050	2,570	2,570
Weighted average number of shares issued (in thousands)	1,632,970	1,632,970	1,632,970	1,632,970	1,632,970	1,632,970
Dilutive instruments - weighted average number of shares (in thousands)	-	63,832	-	63,832	-	63,832
Basic and diluted earnings per share - R\$	0.0088	0.0085	0.0019	0.0018	0.0016	0.0015

### 22.3. Capital transactions

At December 31, 2020, a gain of R\$ 97,255 was recognized in the capital reserve, related to the impact on the Company arising from corporate transactions from the exchange of shares in subsidiary Unihosp. On the same date, a gain of R\$ 3,534 was recognized due to a proportional reduction in interest in this subsidiary.

On December 30, 2020, a gain of R\$ 48,717 was recognized in the capital reserve, arising from corporate transactions from the exchange of shares as a result of the acquisition of HCN.

The net amount recognized related to the capital transactions mentioned above in 2020 was a gain of R\$ 149,469.

### 22.4. Distribution of dividends

Pursuant to the Company's Bylaws, holders of shares of any kind are entitled, in each fiscal year, to a minimum dividend of 20% of the net income, calculated under the terms of the corporate law. The portion of the dividend related to the mandatory minimum dividend,

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

which is characterized as a present obligation, is recognized in the Company's current liabilities.

### 23. Net revenue

	Consolidated		
	2020	2019	2018
Revenue from healthcare plan operations	1,161,687	833,886	363,030
Revenue from medical and hospital services	309,200	351,506	254,480
Other services	7,691	1,587	1,809
(-) Disallowance on medical-hospital services	(23,999)	(27,913)	(9,947)
<b>Revenue from services rendered</b>	<b>1,454,579</b>	<b>1,159,066</b>	<b>609,372</b>
(-) Taxes on revenue and other deductions <sup>(a)</sup>	(95,222)	(58,784)	(43,520)
<b>Total</b>	<b>1,359,357</b>	<b>1,100,282</b>	<b>565,852</b>

(\*) Taxes are PIS at the percentage of 0.65%, COFINS at percentages ranging from 3% to 4%, and ISS at percentages ranging from 2% to 3%.

### 24. Operating costs and expenses

As required by technical pronouncement CPC 26 (R1) / IAS 1- Presentation of the Financial Statements, costs and expenses by nature are as follows:

	Separate			Consolidated		
	2020	2019	2018	2020	2019	2018
Known or reported events	-	-	-	(411,580)	(398,341)	(117,630)
Employee salaries and benefits	-	-	-	(362,967)	(282,461)	(162,641)
Supplies and medicines	-	-	-	(119,252)	(89,937)	(71,226)
Medical fees	-	-	-	(97,009)	(100,187)	(83,471)
Utilities	-	-	-	(25,459)	(18,001)	(16,050)
Provisions and allowance for expected credit losses	-	-	-	(18,043)	(9,959)	(7,931)
Provision for legal proceedings	-	-	-	10,414	2,026	(767)
Travel and lodging expenses	-	-	-	(742)	-	(1,986)
Rental and common area maintenance fees	-	-	-	(6,896)	(6,514)	(11,154)
Depreciation and amortization	-	-	-	(59,931)	(40,690)	(27,684)
Consulting fees (a)	-	-	-	(143,160)	(88,254)	(19,374)
Maintenance	-	-	-	(27,528)	(16,275)	(12,754)
Fees and taxes	-	-	-	(1,923)	(5,342)	(2,153)
Variation in the incurred but not reported reserve	-	-	-	11,469	13,779	(1,772)
Other income and expenses	(151)	-	-	(12,382)	(18,920)	641
Share-based payment expense	(10,232)	-	-	(25,722)	-	-
<b>Total</b>	<b>(10,383)</b>	<b>-</b>	<b>-</b>	<b>(1,290,711)</b>	<b>(1,059,076)</b>	<b>(535,952)</b>
Classified as:						
Cost of services rendered	-	-	-	(799,712)	(689,034)	(358,766)
Selling expenses	-	-	-	(65,554)	(37,027)	(10,866)
General and administrative expenses	(10,383)	-	-	(469,902)	(355,064)	(163,581)
Other operating income (expenses), net	-	-	-	44,457	22,049	(2,739)
<b>Total</b>	<b>(10,383)</b>	<b>-</b>	<b>-</b>	<b>(1,290,711)</b>	<b>(1,059,076)</b>	<b>(535,952)</b>

(a) Includes expenses related to the acquisition of subsidiaries in the amount of approximately R\$ 31,851 (R\$ 27,000 in 2019).

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### 25. Finance income (costs), net

	Separate			Consolidated		
	2020	2019	2018	2020	2019	2018
<b>Finance income:</b>						
Supplier discounts	-	-	-	1,744	3,040	1,742
Interest income	-	-	-	1,605	-	2,079
Income from financial investments	3,110	-	-	11,945	12,398	1,063
Monetary adjustment	-	-	-	938	7,381	86
Income from past-due collection	-	-	-	1,009	2,603	1,202
Quota value fluctuation	-	-	-	2,132	5,097	4,180
Other finance income	-	-	-	286	2,759	651
<b>Total</b>	<b>3,110</b>	<b>-</b>	<b>-</b>	<b>19,659</b>	<b>33,278</b>	<b>11,003</b>
<b>Finance costs:</b>						
Interest on loans and financing	-	-	-	(8,478)	(4,932)	(6,468)
Interest on lease	-	-	-	(10,061)	(6,012)	-
Interest on taxes payable in installments	-	-	-	(741)	(1,028)	-
Foreign exchange variation	-	-	-	(3,252)	(427)	-
Other interest and monetary adjustment	(1)	-	-	(5,457)	(17,664)	(3,455)
Discounts granted	-	-	-	(5,182)	(2,910)	(819)
Bank fines and fees	-	-	-	(3,677)	(2,362)	(6,288)
Other finance costs (a)	-	-	-	(2,826)	(9,144)	(6,929)
<b>Total</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(39,674)</b>	<b>(44,479)</b>	<b>(17,671)</b>
<b>Finance income (costs)</b>	<b>3,109</b>	<b>-</b>	<b>-</b>	<b>(20,015)</b>	<b>(11,201)</b>	<b>(6,668)</b>

(a) In 2019, the amount of R\$ 6,223 related to interest on capital of subsidiary SAMP was recognized.

### 26. Income taxes

The breakdown of income tax and social contribution expenses for the year ended December 31, 2020 is shown below:

	Separate			Consolidated		
	2020	2019	2018	2020	2019	2018
<b>Deferred taxes</b>						
Income tax	2,558	-	-	34,537	6,475	4,268
Social contribution	921	-	-	8,970	2,560	1,499
	<b>3,479</b>	<b>-</b>	<b>-</b>	<b>43,507</b>	<b>9,035</b>	<b>5,767</b>
<b>Current taxes</b>						
Income tax	-	-	-	(43,814)	(24,736)	(18,867)
Social contribution	-	-	-	(33,873)	(11,254)	(6,628)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77,687)</b>	<b>(35,990)</b>	<b>(25,495)</b>
<b>Income taxes expense</b>	<b>3,479</b>	<b>-</b>	<b>-</b>	<b>(34,180)</b>	<b>(26,955)</b>	<b>(19,728)</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

The reconciliation of income taxes and the amount determined at the statutory rate for the year 2020 are presented below:

	Separate			Consolidated		
	2020	2019	2018	2020	2019	2018
(Loss) profit before income taxes	(51,471)	-	-	48,631	30,005	22,298
Income taxes expense at the statutory rate of 34%	17,500	-	-	(16,535)	(10,202)	(7,581)
<b>Adjustments to reflect the effective rate</b>						
Share of profit (loss) of subsidiaries	(15,027)	-	-	-	-	(318)
Non-taxable income (non-deductible expenses)	-	-	-	(14,718)	(41)	(1,038)
Deduction of Workers' Meal Program (PAT) benefits	-	-	-	760	106	-
Offset of tax losses	-	-	-	-	1,313	1,245
Effect of deferred taxes on unrecognized temporary differences and tax losses (a)	-	-	-	(4,588)	(18,104)	(9,210)
Income taxes calculated based on deemed profit	-	-	-	337	-	-
Others	1,006	-	-	564	(27)	(2,826)
<b>Income taxes expense in the statement of profit or loss</b>	<b>3,479</b>	<b>-</b>	<b>-</b>	<b>(34,180)</b>	<b>(26,955)</b>	<b>(19,728)</b>

(a) Amount corresponds to the calculation of tax losses for the year in the Holdings, for which deferred taxes were not recognized.

### 26.1. Deferred taxes

The offset of accumulated tax losses is limited to 30% of the taxable profit generated in each fiscal year and tax losses can be carried forward indefinitely.

The Company's expectation is that the deferred tax credits on tax losses will be realized as follows:

2021	2022	2023	2024	2025	2026-2030	Total
3,962	4,370	2,724	3,716	3,333	9,928	28,033

For other temporary differences, Management estimates the realization between 1 and 5 years.

Unrecognized deferred tax on tax losses:

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

Company	Opening balance	Movement in 2020	Closing balance	Deferred 2020
ASG HOLDING	-	19,146	19,146	6,510
Athena Brasil	-	7,236	7,236	2,460
Athena Espírito Santo	4,682	107	4,789	36
Athena Healthcare	38,365	23,429	61,794	7,966
Athena Nordeste	-	7,871	7,871	2,676
Serviços de Hemodinâmica do Vitória Apart Hospital Ltda.	3,425	1,150	4,575	391
<b>TOTAL DEFERRED</b>	<b>46,472</b>	<b>58,939</b>	<b>105,411</b>	<b>20,039</b>

### 26.2. Consolidated deferred taxes

The offset of accumulated tax losses is limited to 30% of the taxable profit generated in each fiscal year and tax losses can be carried forward indefinitely.

The Company's expectation is that the deferred tax credits on tax losses will be realized in 1 or 5 years.

For other temporary differences, Management estimates the realization between 1 and 5 years.

The movement in the effects of deferred tax assets and liabilities, for the years ended December 31, 2020, 2019 and 2018 calculated at the statutory rate of 34% is as follows:

2020	2019	Additions from business combinations	Additions (write-offs) that affected profit or loss	Additions (write-offs) that affected equity	2020
<b>Assets</b>					
Tax losses	3,796	-	24,237	-	28,033
Allowance for expected credit losses	15,387	682	3,132	-	19,201
Provision for legal proceedings	5,156	107	(2,232)	-	3,031
Amortization of surplus value on business combinations	6,499	-	2,041	-	8,540
Effects on lease	731	4	1,151	-	1,886
Incurred but not reported reserve (SUS)	3,798	-	(17)	-	3,781
Temporary differences	-	4,626	-	7,636	12,262
Share-based payments	-	-	8,745	-	8,745
Others	1,233	-	12,452	-	13,685
<b>Total deferred tax assets</b>	<b>36,600</b>	<b>5,419</b>	<b>49,509</b>	<b>7,636</b>	<b>99,164</b>
<b>Liabilities</b>					
Deemed cost of property and equipment	(16,658)	-	-	-	(16,658)
Others	-	-	(6,002)	-	(6,002)
<b>Total deferred tax liabilities</b>	<b>(16,658)</b>	<b>-</b>	<b>(6,002)</b>	<b>-</b>	<b>(22,660)</b>

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

2019	Consolidated		
	12/31/2018	Additions from business combinations	Additions/ (write-offs)
<b>Assets</b>			
Tax losses	6,233	-	(2,437)
Allowance for expected credit losses	11,354	462	3,571
Provision for legal proceedings	3,494	1,001	661
Amortization of surplus value on business combinations	2,566	-	3,933
Effects on lease	-	3	728
Incurred but not reported reserve (SUS)	1,077	289	2,432
Others	1,095	40	98
<b>Total deferred tax assets</b>	<b>25,819</b>	<b>1,795</b>	<b>8,986</b>
<b>Liabilities</b>			
Deemed cost of property and equipment	(16,707)	-	49
<b>Total deferred tax liabilities</b>	<b>(16,707)</b>	<b>-</b>	<b>49</b>

  

2018	Consolidated		
	2017	Additions from business combinations	Additions/ (write-offs)
<b>Assets</b>			
Tax losses	4,528	-	1,705
Allowance for expected credit losses	(23)	-	11,377
Provision for legal proceedings	939	-	2,555
Amortization of surplus value on business combinations	-	-	2,938
Incurred but not reported reserve (SUS)	1,472	-	(395)
Others	442	-	281
<b>Total deferred tax assets</b>	<b>7,358</b>	<b>-</b>	<b>18,461</b>
<b>Liabilities</b>			
Deemed cost of property and equipment	-	(16,785)	78
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>(16,785)</b>	<b>78</b>

## 27. Financial instruments and risk management

### 27.1. General considerations

In the normal course of its operations, the Company and its subsidiaries are exposed to market risks – interest rate, exchange rate, credit risk and liquidity risk. The Executive Board determines the strategies to be adopted in each circumstance and coordinates the access to domestic and foreign financial markets, and monitors and manages the financial risks related to the Group's operations through internal risk reports that analyze the exposures by degree and relevance of the risks. These risks include market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The Executive Board reports periodically to the Board of Directors to discuss risks and exposures.



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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reals - R\$, unless otherwise stated)

### 27.2. Capital risk management

The Group manages its capital to ensure that the Company and its subsidiaries can continue as a going concern, while maximizing the return to all stakeholders or parties involved in its operations through optimization of the debt and equity balance. The Group's general strategy has not changed. The Group's capital structure is comprised by net debt deducted by cash and bank balances and by the Group's equity (which includes issued capital, reserves, retained earnings and non-controlling interests).

Management periodically reviews its capital structure. As part of this review, Management considers the cost of capital, the liquidity of assets, the risks associated to each class of capital, and the Group's net debt. At December 31, 2020, the Company had a surplus of cash and cash equivalents over the total debt in the amount of R\$ 289,804 (deficit of R\$ 12,242 in 2019 and a surplus of R\$ 1,640 in 2018), as shown below:

Reconciliation of cash and cash equivalents and debt, net	Consolidated		
	12/31/2020	12/31/2019	12/31/2018
Cash and cash equivalents	529,124	109,054	66,651
Restricted financial investments	198,838	158,977	54,080
Collateral deposit for the acquisition of non-controlling interests – GMI	56,470	79,365	-
Loans and financing	(152,106)	(140,999)	(86,956)
Lease liabilities	(159,320)	(96,066)	-
Payables for acquisition of companies	(183,202)	(122,573)	(32,135)
Total cash and cash equivalents and debt, net	<b>289,804</b>	<b>(12,242)</b>	<b>1,640</b>

### 27.3. Credit risk management

Credit risk refers to the risk of a counterparty not fulfilling its contractual obligations, which would result in financial losses to the Company and/or its subsidiaries. The Company and its subsidiaries adopted a policy of only negotiating with counterparties that have creditworthiness and obtain sufficient guarantees, when appropriate, only as a means of mitigating the risk of financial loss due to default.

Through internal controls, the Company and its subsidiaries conduct an ongoing monitoring of the level of their trade receivables, which limits the risk of default. Management records expected credit losses that are considered probable.

The maximum exposure to credit risk of the Company and its subsidiaries is represented by the carrying amounts of consolidated trade receivables of R\$ 179,319 (R\$ 114,194 in 2019

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

and R\$ 93,637 in 2018).

The Company and its subsidiaries do not hold any credit guarantee to cover credit risks associated to their financial assets. In order to minimize the credit risk related to cash and cash equivalents, the Company and its subsidiaries concentrate most of their cash equivalents transactions in large financial institutions.

### 27.4. Liquidity risk management

The Group's Management has responsibility for the management of the liquidity risk and has prepared an appropriate liquidity risk management model to manage funding requirements as well as liquidity in the short, medium and long-terms.

The Company manages liquidity risks by maintaining adequate reserves, bank credit facilities and other borrowing credit facilities, as deemed appropriate, through ongoing monitoring of forecast and actual cash flows, as well as through the combination of maturity profiles of financial assets and liabilities.

The following is the position of financial liabilities by maturity:

	Separate					
12/31/2020	Carrying amount	Contractual cash flow	06 months or less	6 to 12 months	1 to 2 years	2 to 5 years
<b>Non-derivative financial liabilities:</b>						
Trade payables	1,105	1,105	1,105	-	-	-
Related parties	2,717	6,820	6,820	-	-	-

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

12/31/2020	Consolidated						
	Carrying amount	Contractual cash flow	06 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
<b>Non-derivative financial liabilities:</b>							
Loans and financing	152,106	172,503	3,553	3,285	53,008	112,657	-
Taxes payable in installments	51,636	51,636	2,614	2,614	11,144	9,557	25,707
Trade payables	69,335	69,335	69,335	-	-	-	-
Lease liabilities	159,320	364,614	21,197	20,001	38,187	94,015	191,214
Dividends payable	2,330	2,330	-	2,330	-	-	-
Payables for acquisition of companies	183,202	198,748	55,670	80,026	26,345	36,707	-
12/31/2019	Consolidated						
	Carrying amount	Contractual cash flow	06 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
<b>Non-derivative financial liabilities:</b>							
Loans and financing	140,999	147,326	73,169	10,838	21,360	41,959	-
Taxes payable in installments	54,495	54,495	2,717	2,717	8,199	9,688	31,174
Trade payables	52,458	47,104	47,104	-	-	-	-
Lease liabilities	96,066	172,257	9,326	9,196	16,383	40,227	97,125
Payables for acquisition of companies	122,573	137,434	8,780	34,212	75,660	18,782	-
Related parties	306	306	306	-	-	-	-
12/31/2018	Consolidated						
	Carrying amount	Contractual cash flow	06 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
<b>Non-derivative financial liabilities:</b>							
Loans and financing	86,956	86,956	21,150	-	9,286	56,520	-
Taxes payable in installments	53,812	53,812	3,083	3,082	9,321	9,300	29,026
Trade payables	37,347	37,347	37,347	-	-	-	-
Payables for acquisition of companies	32,135	32,675	-	16,477	8,099	8099	-
Related parties	256	256	256	-	-	-	-

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reals - R\$, unless otherwise stated)

### Insurance risk

The Company's business model is based on the collection of tuition fees or annuities from customers and is exposed to insurance risk arising from fluctuation in healthcare plan costs.

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

Additionally, the Company also analyzes the risk of variation in healthcare plan costs and the direct impact on contracts with customers.

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

## 27.5. Categories of financial instruments

	Separate			Consolidated		
	12/31/2020 Amortized cost	12/31/2019 Amortized cost	12/31/2018 Amortized cost	12/31/2020 Amortized cost	12/31/2019 Amortized cost	12/31/2018 Amortized cost
<b>Financial assets</b>						
Current:						
Restricted financial investments	-	-	-	-	-	29,954
Trade receivables	-	-	-	179,319	114,194	93,637
Non-current:						
Restricted financial investments	-	-	-	24,422	-	24,126
Related parties	41,256	-	-	44,924	-	-
<b>Financial liabilities</b>						
Current:						
Trade payables	1,105	-	-	69,335	52,420	37,347
Lease liabilities	-	-	-	16,199	10,800	-
Loans and financing	-	-	-	2,312	137,818	21,150
Dividends payable	-	-	-	2,330	2,010	-
Payables for acquisition of companies	-	-	-	68,360	7,062	16,068
Taxes payable in installments	-	-	-	5,227	5,434	6,165
Related parties	2,717	-	-	-	-	-
Non-current:						
Lease liabilities	-	-	-	143,121	85,266	-
Payables for acquisition of companies	-	-	-	114,842	115,511	16,067
Related parties	-	-	-	-	306	256
Loans and financing	-	-	-	149,794	3,181	65,806
Taxes payable in installments	-	-	-	46,409	49,061	47,647

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
<u>Financial assets</u>						
Current:						
Restricted financial investments	-	-	-	129,329	158,977	-
Non-current:						
Restricted financial investments	-	-	-	45,087	-	-

Financial assets and liabilities accounted for at amortized cost approximate their respective fair values, as they are adjusted by provisions, present values and/or updated by market floating rates.

### 27.6. Fair value hierarchy

Fair value is the amount by which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The concept of fair value deals with numerous variations on metrics used in order to measure an amount at a reliable value.

The Company uses, where applicable, the technical pronouncement CPC 40/IFRS 7 Financial instruments: Disclosure for financial instruments measured in the statement of financial position at their fair values, which requires disclosure of the fair value measurements at the levels of the following fair value measurement hierarchy:

- ☐ Level 1. Active Market: Price - if the prices quoted are readily and regularly made available and if these prices represent market transactions that occur regularly between independent parties, on an arm's length basis.
- ☐ Level 2. Without Active Market: Valuation Technique - must be determined using valuation/pricing methodology. The purpose of the valuation technique is to establish what would be the transaction price at the measurement date on an arm's length basis motivated by business considerations.
- ☐ Level 3. Without Active Market: Inputs for the asset or liability that are not based on observable market data.

The Group maintains only the balance of R\$ 174,416 at December 31, 2020 classified as a financial instrument measured at fair value and the classification of the hierarchy of this instrument is level 2.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements  
Year ended December 31, 2020  
(In thousands of Reais - R\$, unless otherwise stated)

In the year ended December 31, 2020, the Group did not make transfers between hierarchical levels.

### 27.7. Interest rate risk management

The Company and its subsidiaries are exposed to interest rate risk, since they have loans and financing with both fixed and variable interest rates. This risk is managed by the Company through the maintenance of an appropriate mix of loans and financing at fixed and variable interest rates. In addition, due to the Company's financial health, it has no history of obtaining loans and financing other than through business combinations (which are not renewed after settlement of the balances).

This risk derives from the impact of fluctuations in interest rates, not only on finance costs associated with loans and financing, but also on finance income, arising from its financial investments. This risk arises from the possibility of significant fluctuations in the CDI.

The Group's financial index for its operations is the CDI variation. At December 31, 2020, gross debt indexed to the CDI amounted to R\$ 150,024 (R\$ 95,703 in 2019 and R\$ 89,483 in 2018). The Group considers the risk of variations in the CDI rate as a relevant market risk factor.

At December 31, 2020, the accumulated CDI for the year was 2.8%. In order to carry out the sensitivity analysis below, we considered a deterioration of 25% and 50% and, thus, the effects on profit or loss could be observed as follows:

Operation	Tax basis	Scenario I - 25% stress	Scenario II - 50% stress
Financial investments indexed to the CDI	714,176	(4,999)	(9,998)
Loans and financing indexed to the CDI	(150,024)	1,050	2,100
<b>Interest income on net debt indexed to CDI</b>		<b>(3,949)</b>	<b>(7,898)</b>
	<b>Current scenario</b>	<b>Scenario I</b>	<b>Scenario II</b>
CDI annual rate in 2020	2.8%	2.1%	1.4%
Variation that would impact the balance in both scenarios		-0.7%	-1.4%

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### **28. Share-based payments**

The share-based payment plan was originally granted considering the shares of Athena Helthcare, on January 31, 2020. However, as part of the Group's corporate reorganization (note 1), on September 30, 2020, the Company approved the migration of the Plan with the same terms approved in the EGM to Athena Saúde Brasil. Such modification did not have impacts for the participants of the respective plan.

On October 1, 2020, a new grant was made by the Company, upon approval at a meeting held by the Company's Board of Directors.

The plan provides stock options for the professionals selected by the Board of Directors, among the Company and its subsidiaries' Officers, Executives and Employees. The plan was divided into two programs with 3 lots each:

- ☐ Lot 1 (vesting period of 2, 3 and 4 years in relation to the grant date);
- ☐ Lot 2 (vesting period of 3, 4 and 5 years in relation to the grant date);
- ☐ Lot 3 (vesting period of 4, 5 and 6 years in relation to the grant date).

The vesting conditions linked to the company's performance were the same for both programs:

- ☐ Market performance: Minimum share appreciation, reaching at least 3x the exercise strike price (R\$ 3.07 as the minimum share price for the exercise);
- ☐ "Non-market" performance: the right to options is only vested if/when there is an IPO.

For all lots, the options expire 1 year after the end of the vesting period and there is a 6-month lockup to exercise the options of the first third of the shares granted.

If the IPO is completed prior to the end of the vesting period, the vesting period could be accelerated for 1/3 of the options. The Board of Directors may define, in each Option Agreement, other hypotheses for anticipating the vesting period.

For the exercise of the options granted, the participants must pay an exercise price per option, which will correspond to the issue or acquisition price of the share. The exercise price will be fixed by the Board of Directors.

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

The Board of Directors may choose to settle the exercised options in cash, upon payment of the positive delta between the exercise price and (i) the Company's share price on the IPO, if the options are exercised in the context of the IPO; (ii) the share price at B3 S.A. – Brasil, Bolsa, Balcão on the exercise day, if the liquidity event is an IPO and the options will be exercised after the IPO; or (ii) if the liquidity event is not an IPO, the purchase price per share paid by the third party in the liquidity event; in any case, the Company will discount and retain any applicable taxes.

The Company uses the binomial calculation model to define the fair value of the shares in its plan. The relevant assumptions applied in the model are as follows:

Assumption	Index
Expected volatility	45.69% p.a. calculated based on the historical average of the shares of other companies in the same sector.
Forecast inflation	1.85% estimated based on the NTN-B Principal. The treasury bond maturing in 2024 was used as an average reference, considering the maturity alternatives of the available securities and the average term of the options.
Risk-free interest rate	Average rate of 5.846% future DI estimated based on the option's maturity date

### *Movement in the year*

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, stock options during the year:

	Number	WAEP (R\$)
Outstanding at December 31, 2019	-	-
1 <sup>st</sup> Grant	26,073,139	1.0237
2 <sup>nd</sup> Grant	37,759,384	0.9517
<b>Total granted during the year</b>	<b>63,832,523</b>	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
<b>Outstanding at December 31, 2020</b>	<b>63,832,523</b>	<b>0.98</b>
Exercisable at December 31, 2020	-	-

The weighted average remaining contractual life for the stock options outstanding for lots 1, 2 and 3 at December 31, 2020 was 43 months, 55 months and 63 months, respectively. The weighted



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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

average fair value of options granted during the year was R\$ 0.98. There are no exercisable options at the end of the period.

Expected option life is based on historical data and does not necessarily indicate a pattern of exercise that will occur. The expected volatility reflects the assumption that the historical volatility indicates future tendencies which may not correspond to the actual scenario.

The effects related to share-based payment plans were reflected as shown in the table below:

	Note	Consolidated		
		2020	2019	2018
<b>Assets</b>				
Deferred tax assets		8,745	-	-
<b>Liabilities</b>				
Salaries and related charges		3,399	-	-
<b>Equity</b>				
Share-based payments		22,323	-	-
<b>Profit or loss</b>				
Share-based payments expense	24	(25,722)	-	-

## 29. Insurance coverage

The Company's insurance policies are contracted at the level of an economic group so that both the Company and its subsidiaries have coverage for claims under the terms of the respective policies. Insurance is contracted based on the nature of the operation.

As shown below, at December 31, 2020, the Company had comprehensive insurance policies to cover fires, lightning, explosions and implosions related to the declared risks of its units in operation, high-cost equipment and vehicles, as well as life insurance for employees and civil liability for the Group's management, officers and directors.

Items	Type of coverage	Indemnity limits
Buildings, facilities, machinery, furniture, fittings, and Inventories	Comprehensive, Fire, Lightning. Explosion of any kind and falling aircrafts, electrical damage, equipment leased and assigned to third parties, defect and break of mobile and fixed equipment, fall of glass, fixed expenses, losses/rent payments, qualified theft/robbery of goods, windstorm, impact of vehicles up to smoke, collapse, electronic equipment, among other.	R\$ 161,778

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

Items	Type of coverage	Indemnity limits
D&O	Civil liability of officers administrators and directors: coverage includes pain and suffering, personal property and guarantees, emergency costs, among other.	R\$ 100,000
Vehicle fleet	Comprehensive, property damage, bodily injury and mobile goods	adjustable
Employees	Group employees' life insurance	R\$ 156,640

## 30. Non-cash transactions

The transactions listed below did not affect cash in the year:

	Separate			Consolidated		
	12/31/2020	12/31/2019	12/31/2018	12/31/2020	12/31/2019	12/31/2018
Initial adoption of IFRS 16 and subsequent additions	-	3,651	-	71,531	57,990	-
Reversal of goodwill on the acquisition of non-controlling interests - GMI on a transaction between shareholders	-	(54,053)	-	-	(54,053)	-
Loss on dilution of equity interest	-	(24,450)	-	-	(25,450)	-
Financing of investment portion in the acquisition of SAMP/SAMES	-	-	-	-	26,555	-
Gain (loss) due to dilution of equity interest and other effects of transactions between shareholders	3,534	(1,905)	(6,303)	-	(1,905)	(6,303)
Dividend declared and not paid by subsidiary	-	1,880	-	-	-	-

## 31. Events after the reporting period

### Potential Acquisition of São Bernardo

On February 7, 2019, a Share Purchase and Sale Agreement and Other Covenants ("Agreement") was entered into by the Company's subsidiary, Athena Saúde Espírito Santo to acquire the "São Bernardo Group". The Agreement was subsequently amended on February 1, 2021, assigning the rights and obligations of the Contract to Serviços e Assessoria Médica Especializada Ltda. ("SAMES"), company controlled by Athena Saúde Espírito Santo, which became the legal acquirer. Additionally, as result of the amendment SAMES will acquire all the shares held by the seller equivalent to 97.54% of the São Bernardo Group total interest. The new structure replaced the previously negotiated guarantee, so that there will be a withholding of the purchase price on the payment date.

São Bernardo Group includes the following companies: São Bernardo Apart Hospital S.A., Casa de Saúde São Bernardo S.A., Centro Médico de Especialidades, Ativa Serviços Empresariais Ltda, Call

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

## Athena Saúde Brasil S.A.

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

Express Central de Atendimentos Ltda. and São Bernardo Emergência Ltda.. The acquisition estimated price is R\$ 449.900, that will be paid in cash on the transaction closing date. The retain amount will be retained as escrow to guarantee contingencies, and a contingent consideration ("Earn Out"), due to a liquidity event and based on the value of Athena Saúde at that time. The equity interest of each entity of the Sao Bernardo Group is as follows:

Entity	Interest Potential Acquiree
São Bernardo Apart Hospital S.A.	90.25%
Casa de Saúde São Bernardo S.A.	97.79%
Centro Médico de Especialidades	100.00%
Ativa Serviços Empresariais Ltda.	100.00%
Call Express Central de Atendimentos Ltda.	100.00%
São Bernardo Emergência Ltda.	100.00%

The São Bernardo Group is vertically integrated, with operations in the state of Espírito Santo and has a highly complex hospital, which includes 73 hospital beds, 13 of which are in the ICU, 9 are medical centers, two of which are emergency care units and a portfolio of approximately 83.5 thousand beneficiaries, 89% of whom are collective and 11% individual.

In June 2020, the acquisition was approved by the CADE court, pursuant to a Concentration Control Agreement, which required, prior to the closing of the transaction, divestment of a portion of the life portfolio in Espírito Santo. The acquisition can only be consummated if the conditions of the Concentration Control Agreement are met.

The Group intends to complete the acquisition of the São Bernardo Group for its consolidation as a private regional leader in healthcare plans in Espírito Santo.

### **Potential Acquisition of Promédica Group**

On December 29, 2020, a 'share purchase and sale agreement and other covenants' was signed for the acquisition of a 100% interest in Promédica Group ("Promédica").

Promédica is a vertical integrated group based in Salvador with a strong presence in the metropolitan region of the capital. It has 233 hospital beds in 2 hospitals, 1 day hospital, 5 Medical Centers and 4 more laboratory units for clinical analysis and a portfolio of about 90 thousand beneficiaries. It has strategic importance for the regional entry of the Group in the State of Bahia.

The purchase price is still under negotiation and will be paid in cash at the transaction closing date, less an escrow amount approval by hat will be held to guarantees any contingencies. The consummation of the transaction is subject to approval by CADE and ANS.

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

---

## **Athena Saúde Brasil S.A.**

Notes to the separate and consolidated financial statements

Year ended December 31, 2020

(In thousands of Reais - R\$, unless otherwise stated)

### **Potential Acquisition of Hospital Marechal Cândido Rondon (Sempre Vida Group)**

On July 31, 2020, a 'share purchase and sale agreement and other covenants' was signed for the acquisition of a 100% interest in Hospital Marechal Cândido Rondon S.A. ("Sempre Vida Group").

The Sempre Vida Group is a vertical integrated group, with 59 hospital beds (3 semi-intensive care units), 5 service clinics, 1 medical center and a portfolio of 34.9 thousand beneficiaries (95% Legal Entities and 5% Individuals). It has strategic importance for the continuity of expansion of the Group in the State of Paraná.

The purchase price will be paid in cash on the transaction closing date, less an escrow amount that will be held to guarantee any contingencies. One of the current shareholders become a non-controlling interest in the Company. The consummation of the transaction is subject to the ANS approval.

### **Potential Acquisition of Fátima Saúde**

On December 23, 2020, a 'share purchase and sale and agreement and other covenants' was signed for the acquisition of a 100% interest in Pro Salute – Serviços Para a Saúde Ltda. ("Fátima Saúde").

Fátima Saúde is headquartered in Caxias do Sul, state of Rio Grande do Sul, and has a portfolio of healthcare and dentalcare plans with 46 thousand beneficiaries (19.4% are individuals and 80.6% are legal entities). It has strategic importance for contributing to the expansion process in the southern region of Brazil and will mark the Group's entry into the state.

The purchase price will be paid in cash and in shares of Atena Saúde. The cash consideration will be paid on the transaction closing date, less an escrow amount that will be held to guarantee any contingencies. The consummation of the transaction is subject to the approval of CADE and ANS.

\*\*\*