IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-BRAZILIAN RESIDENTS AND ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") (WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) IN THE UNITED STATES OR (2) INSTITUTIONAL OR OTHER INVESTORS WHO ARE NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) LOCATED OUTSIDE OF THE UNITED STATES AND BRAZIL THAT ARE NOT ACQUIRING OUR COMMON SHARES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON IN RELIANCE ON REGULATION S OF THE SECURITIES ACT.

IMPORTANT: You must read the following before continuing. The following applies to the Preliminary Offering Memorandum following this page, and you are advised to read this carefully before reading, accessing or making any other use of the Preliminary Offering Memorandum. In accessing the Preliminary Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF COMMON SHARES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE COMMON SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE COMMON SHARES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE PRELIMINARY OFFERING MEMORANDUM AND THE OFFER OF THE COMMON SHARES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(E) OF THE PROSPECTUS REGULATION (REGULATION (EU) 2017/1129, AS AMENDED) ("QUALIFIED INVESTORS"). THE PRELIMINARY OFFERING MEMORANDUM AND THE OFFER OF THE COMMON SHARES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN THE UNITED KINGDOM WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. IN ADDITION, IN THE UNITED KINGDOM THE PRELIMINARY OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO QUALIFIED INVESTORS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "FINANCIAL PROMOTION ORDER"); OR (II) ARE HIGH NET WORTH COMPANIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER; OR (III) ARE OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PRELIMINARY OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. IN THE UNITED KINGDOM, ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. IN ADDITION, NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY, WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA"), RECEIVED BY IT IN CONNECTION WITH THE SALE OF THE COMMON SHARES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO US.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Preliminary Offering Memorandum or make an investment decision with respect to the common shares, investors must be either QIBs or non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States. This Preliminary Offering Memorandum is being sent at your request, and by accepting the e-mail and accessing this Preliminary Offering Memorandum, you shall be deemed to have represented to us that (1) you and any clients you represent are either QIBs or non-U.S. persons (within the meaning of Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which this Preliminary Offering Memorandum has been delivered is not located in the United States, and (2) that you consent to delivery of such Preliminary Offering Memorandum by electronic transmission.

You are reminded that this Preliminary Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Preliminary Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Preliminary Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the relevant international placement agent or any affiliate of such international placement agent is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the relevant international placement agent or such affiliate on behalf of the issuer in such jurisdiction.

This Preliminary Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the international placement agents, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person nor the issuer accept any liability or responsibility whatsoever in respect of any difference between this Preliminary Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the international placement agents.

120,551,640 Common Shares

ATHENA SAÚDE BRASIL S.A.

(incorporated in the Federative Republic of Brazil)

Offer price: R$

We and the selling shareholders identified in this offering memorandum are offering a total of 120,551,640 common shares of Athena Saúde Brasil S.A. to (i) the public and institutional investors in Brazil, (ii) certain reasonably believed to be qualified institutional buyers (as defined in Rule 144A, promulgated under the U.S. Securities Act of 1933, as amended, or the Securities Act), or qualified institutional buyers, in the United States, pursuant to an exemption from registration under the Securities Act, and (iii) institutional and other investors outside the United States and Brazil that are not U.S. persons (as defined in Regulation S, promulgated under the Securities Act, or Regulation S).

The selling shareholders have the right to sell, in a joint decision with the Brazilian underwriters, up to an additional 24,110,328 common shares, or the Additional Shares, representing up to 20% of the common shares initially offered, at the offering price, as provided for under Brazilian regulations.

In addition to the additional shares, the selling shareholders have granted to XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A., or the stabilizing agent, in connection with the offering, an option to place up to 18,082,746 additional common shares at the offering price, representing up to 15% of the common shares initially offered, solely to cover over-allotments, if any. The stabilizing agent will have the exclusive right to exercise this over-allotment option, in whole or in part, after giving notice to the other Brazilian underwriters, at any time for a period of 30 days from the date of commencement of trading of our common shares on the B3 S.A. – Bolsa, Brasil, Balcão, or the B3, provided that the decision to exercise the over-allotment option will be taken jointly by the Brazilian underwriters at the time the price per common share is determined.

Prior to this offering, there has been no public market for our common shares. We have applied to register this offering with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM, and we have applied to list our common shares on the *Novo Mercado* listing segment of the B3 under the symbol "ATEA3." The ISIN number for our common shares is BRATEAACNOR7. We currently anticipate that the initial offering price of our common shares will be between R$18.35 and R$23.12 per common share which is equivalent to approximately US$3.53 and US$4.45, respectively, based upon an exchange rate of R$5.1967 to US$1.00 as of December 31, 2020, as published by the Central Bank of Brazil (*Banco Central do Brasil*), or the Central Bank. The actual offering price, which will be determined at the conclusion of the bookbuilding process, may be set outside this indicative price range. The total amount of this offering based on the midpoint of the indicative range is R$2,500.2 million, without taking into account additional shares or the over-allotment option. We will not receive any proceeds from the sale of our common shares by the selling shareholders. We intend to use the net proceeds we receive from this offering as described in "*Use of Proceeds*."

Our common shares have not been and will not be registered under the Securities Act or under any U.S. state securities law. Accordingly, our common shares may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers, and they may be sold to certain non-U.S. persons outside the United States and Brazil in reliance on Regulation S, in each case in reliance on exemptions from, or transactions not subject to, registration under the Securities Act. For a description of restrictions on transfers of our common shares, see "*Transfer Restrictions*." Neither the U.S. Securities and Exchange Commission, or the SEC, the CVM nor any other securities commission or regulatory authority has approved or disapproved the offering of our common shares or determined that this offering memorandum (or the prospectus in Portuguese used in connection with the offering of our common shares in Brazil) is accurate or complete.

This offering memorandum is not addressed to Brazilian residents and it should not be forwarded or distributed to, nor read or consulted by, acted on or relied upon by Brazilian residents. Any investment to which this offering memorandum relates is available only to non-Brazilian residents and will only be made by non-Brazilian residents. If you are a Brazilian resident and received this offering memorandum, please destroy it along with any copies. Any Investors residing outside Brazil, including qualified institutional buyers in the United States and institutional and other investors outside the United States and Brazil, may purchase our common shares if they comply with the registration requirements of CVM Instruction No. 560, dated March 27, 2015, as amended, or CVM Instruction No. 560, and Resolution No. 4,373, dated September 29, 2014, as amended, of the Brazilian National Monetary Council (*Conselho Monetário Nacional*), or CMN, or CMN Resolution No. 4,373, or with Law No. 4,131, dated September 3, 1962, as amended, or Law No. 4,131. For a description of how to comply with these requirements, see "*Market Information— Investment in Our Common Shares by Non-Residents of Brazil*."

An investment in our common shares involves risks. For a discussion of certain factors you should consider before deciding to invest in our common shares, see "*Risk Factors*" beginning on page 30 of this offering memorandum.

Payment for our common shares must be made in Brazilian *reais* through the facilities of the Central Depository of the B3 (*Central Depositária da B3)*. We expect that our common shares will be delivered through the facilities of the Central Depository of the B3 on or about , 2021. See "*Market Information—Trading on the B3*" for a description of these procedures.

Joint Bookrunners

BofA Securities **XP Investimentos** **Bradesco BBI** **BTG Pactual** **Itaú BBA** **Santander**

The date of this offering memorandum is , 2021.

(This page intentionally left blank)

TABLE OF CONTENTS

In this offering memorandum, references to (i) "Athena Saúde," "we," "us," "our" and the "Company" are to Athena Saúde Brasil S.A., a corporation (*sociedade por ações*) incorporated under the laws of Brazil, and its subsidiaries, (ii) "common shares" are to the common shares of Athena Saúde Brasil S.A. and (iii) "selling shareholders" are to Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia, Cafpar Consultoria e Participações – EIRELI and Hiran Alencar Mora Castilho. For more information on the selling shareholders, see "*Principal and Selling Shareholders*."

References to the "Brazilian underwriters" are to Bank of America Merrill Lynch Banco Múltiplo S.A., XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A., Banco Bradesco BBI S.A., Banco BTG Pactual S.A., Banco Itaú BBA S.A., Banco Santander (Brasil) S.A. and Banco ABC Brasil S.A.. References to "international placement agents" are to BofA Securities, Inc., XP Investments US, LLC, Bradesco Securities Inc., BTG Pactual US Capital LLC, Itau BBA USA Securities, Inc. and Santander Investment Securities Inc., appointed by the Brazilian underwriters to facilitate the placement of our common shares outside Brazil.

The term "Brazil" refers to the Federative Republic of Brazil and the phrase "Brazilian government" refers to the federal government of Brazil. All references to "*real*," "*reais*," "Brazilian *real*," "Brazilian *reais*" or "R$" are to the Brazilian *real*, the official currency of Brazil, and all references to "U.S. dollar," "U.S. dollars" or "US$" are to U.S. dollars, the official currency of the United States of America.

Unless otherwise stated, all numbers included in this offering memorandum are expressed in reais. This offering memorandum contains translations of various real amounts into U.S. dollars at specified rates solely for your convenience. You should not construe these translations as representations by us that the real amounts actually represent U.S. dollar amounts that have been or could be converted into U.S. dollars at the rates indicated or any other rates, unless otherwise indicated.

Neither we, the selling shareholders, the Brazilian underwriters nor the international placement agents appointed by the Brazilian underwriters to facilitate the placement of our common shares outside of Brazil have authorized any other person to provide you with different or additional information from that contained in this offering memorandum prepared by us or on our behalf. If anyone provides you with different or additional information, it shall not be relied upon as having been authorized by us, the Brazilian underwriters or the international placement agents. Our common shares are being offered, and offers to purchase our common shares are being sought, only in jurisdictions where these offers and sales are permitted. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or of any offer or sale of our common shares. Our business, financial condition, results of operations and prospects may have changed since that date.

This offering memorandum is highly confidential, and we have prepared it solely for use in connection with the proposed offering of our common shares outside Brazil. This offering memorandum is personal to the offeree to whom it has been delivered by the international placement agents and does not constitute an offer to any other person or to the public in general to purchase or otherwise acquire our common shares. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise that offeree with respect thereto is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. Each offeree, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees not to make any copies or photocopies of this offering memorandum in whole or in part.

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering in the United States. Our common shares are subject to restrictions on transferability and resale, and may not be transferred or resold in the United States except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration under or exemption from them. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved. For a description of restrictions on transfers of our common shares, see "*Transfer Restrictions*."

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell our common shares, or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for the purchase, offer or sale of our common shares under the laws and regulations in effect in any jurisdiction to which you are subject or in which you make these purchases, offers or sales, and neither we, the selling shareholders, the Brazilian underwriters nor the international placement agents will have any responsibility therefor.

We, the Brazilian underwriters, the selling shareholders and the international placement agents reserve the right to reject any offer to purchase our common shares offered hereby, in whole or in part, and for any reason, and to allot to any prospective investor less than the full amount of common shares requested by such investor. We, the Brazilian underwriters, the selling shareholders and the international placement agents also reserve the right to sell or place less than all of our common shares offered hereby.

By purchasing the common shares, you will be deemed to have made the acknowledgements, representations and warranties and agreements described under "*Transfer Restrictions*" in this offering memorandum. No representation or warranty, express or implied, is made by the Brazilian underwriters or the international placement agents as to the accuracy or completeness of any of the information set out in this offering memorandum, and nothing contained herein is or shall be relied upon as a promise or representation by the Brazilian underwriters or the international placement agents, or any of their respective affiliates or advisors, whether as to the past, present or future.

In Brazil, this offering is being made pursuant to a Brazilian prospectus, which includes the *Formulário de Referência* attached thereto, each dated the date of this offering memorandum. If the investor is an individual resident and domiciled in Brazil or an institution in Brazil, this offering memorandum is not intended for this investor, may not be used or relied upon by this investor and does not constitute an offer to sell or solicitation of an offer to purchase our common shares addressed to this investor. The Brazilian prospectus, which is in a format different from that of this offering memorandum, contains certain information not generally included in documents such as this offering memorandum.

This offering memorandum is not addressed to Brazilian residents and it should not be forwarded or distributed to, read or consulted by, acted on or relied upon by Brazilian residents. Any investment to which this offering memorandum relates is available only to non-Brazilian residents and will be made by non-Brazilian residents only. If you are a Brazilian resident and received this offering memorandum, please destroy it and any copies thereof. This offering is being made in the United States and elsewhere outside Brazil solely based on the information contained in this offering memorandum and you should only take the information contained in this offering memorandum into account when making a decision to invest in our common shares.

In relation to each Member State of the European Economic Area (each a "Member State"), an offer to the public of any common shares which are the subject of the offering may not be made in that Member State except that it may make an offer to the public in that Member State at any time: (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Brazilian underwriters for any such offer; or (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of common shares shall require the publication by us or any Brazilian underwriter or international placement agent of a prospectus pursuant to Article 3 of the Prospectus Regulation. For the purpose of this provision, the expression an "offer to the public" in relation to any common shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any common shares to be offered so as to enable an investor to decide to purchase or subscribe for any common shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129. For further information, see "*Plan of Distribution—Selling Restrictions— Member States of the European Economic Area and the United Kingdom*."

In relation to the United Kingdom, an offer to the public of any common shares which are the subject of the offering may not be made in the United Kingdom except that it may make an offer to the public in the United Kingdom at any time: (a) to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, subject to obtaining the prior consent of the Brazilian underwriters for any such offer; or (c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (the "FSMA"), provided that no such offer of common shares shall require the publication by us or any Brazilian underwriter or international placement agent of a prospectus pursuant to Section 85 of the FSMA. For the purpose of this provision, the expression an "offer to the public" in relation to any common shares means the communication in any form and by any means of sufficient information on the terms of the offer and any common shares to be offered so as to enable an investor to decide to purchase or subscribe for any common shares, and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. For further information, see "*Plan of Distribution—Selling Restrictions—United Kingdom*."

This offering memorandum is only being distributed to and is only directed at persons who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), (ii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iii) outside the United Kingdom (all these persons together being referred to as "relevant persons"). This offering memorandum is directed only at, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the common shares will be engaged in only with, relevant persons and must not be acted on or relied on by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. This offering memorandum is not a prospectus that has been approved by the Financial Conduct Authority or any other United Kingdom regulatory authority for the purposes of Section 85 of the FSMA.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended) or have been implemented in UK domestic law, as appropriate.

The market information in this offering memorandum has been obtained by us from publicly available sources deemed by us to be reliable. Notwithstanding any investigation that the Brazilian underwriters and the international placement agents have conducted with respect to the information contained in this offering memorandum, the Brazilian underwriters and the international placement agents accept no liability in relation to the information contained in this offering memorandum or its distribution or with regard to any other information supplied by us or on our behalf.

In connection with this offering, XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. may, after giving notice to the other Brazilian underwriters, effect transactions with a view to supporting the market price of our common shares at a level higher than that which might otherwise prevail or delaying a decline in the market price of our common shares at any time for a period of 30 days from the date of commencement of trading of our common shares on the B3. However, the stabilizing agent is not required to engage in these activities every day, or at all, and may end any of these activities at any time. Any stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Reports on stabilization activity are required to be furnished to the CVM and the B3. Any stabilizing must be in compliance with all applicable laws, regulations and rules. For more information on the stabilization of our common shares, see "*Plan of Distribution*."

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of our common shares, we are required to furnish upon request of a holder of our common shares or a prospective purchaser designated by the holder of our common shares the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, we are neither a reporting company under Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Neither we, the selling shareholders, the Brazilian underwriters nor the international placement agents make any representation to any purchaser of our common shares regarding the legality of an investment in our common shares by the purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum as legal, business, accounting, investment or tax advice or as a recommendation with respect to any investment. You should consult your own attorney, business advisor, accountant and tax advisor for legal, business, accounting, investment and tax advice regarding an investment in our common shares.

NOTICE TO INVESTORS

Notwithstanding anything in this document to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to the tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of this offering.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that reflect our intentions, beliefs or current expectations and projections about our future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the industry in which we operate. Forward-looking statements involve all matters that are not historical fact.

Forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "may," "will," "would," "could," "should," "expect," "intend," "estimate," "anticipate," "project," "future," "potential," "believe," "seek," "plan," "aim," "objective," "goal," "strategy," "target," "continue" and similar expressions or their negatives. These forward-looking statements are based on numerous assumptions regarding our present and future business and the environment in which we expect to operate in the future. Forward-looking statements may be found in the sections of this offering memorandum titled "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" "*Industry*" and "*Business*" and elsewhere in this offering memorandum.

Our estimates and forward-looking statements are mainly based on our current expectations as of the date of this offering memorandum and estimates on future events and trends that affect or may affect our business industry, reputation, financial condition, results of operations, margins, cash flow, liquidity, prospects and our market position. They are made in light of information currently available to us and are not guarantees of future performance. Although we believe that these estimates and forward-looking statements are based upon assumptions that we believe to be reasonable in all material respects, they are subject to known and unknown risks, uncertainties, including the effects of the COVID-19 pandemic, assumptions and other factors that could cause our actual results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets we serve or intend to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to:

- the impact of the COVID-19 pandemic on the economy and business conditions in Brazil and worldwide and any restrictive measures imposed by government authorities in an attempt to contain the COVID-19 pandemic;
- our ability to timely and efficiently implement any necessary measure in response to, or to mitigate the impacts of, the COVID-19 pandemic on our business, operations, cash flow, prospects, liquidity and financial condition;
- the downgrade of Brazil's credit rating;
- government interventions, resulting in changes to the economy, applicable taxes and tariffs and regulatory environment in Brazil;
- changes in the laws and regulations applicable to the industry in which we operate, mainly in relation to the regulations issued by the National Supplementary Health Agency ("ANS"), as well as changes in the understanding of Brazilian courts or authorities in relation to these laws and regulations;
- our ability to implement expansion strategy, either by acquisitions or organically;
- contingencies not identified in our acquisitions, as well as difficulty in integrating and capturing synergies;
- changes in general economic conditions, including, for example, inflation, interest rates, foreign exchange, employment levels, population growth, consumer confidence and financial and capital markets liquidity;
- impossibility or difficulty in developing new projects and trading our products and services;
- our ability to materialize the potential acquisitions identified;
- changing competitive landscape of our industry
- relationship with our current and future suppliers, clients and service providers;

- confirmation or not of the main trends in our industry;
- increases in our costs and expense, including, but not limited to: (i) operation and maintenance costs; (ii) regulatory and environmental charges; and (iii) contributions, fees and taxes;
- negative factors or trends that may affect our business, market share, financial condition, liquidity and results of operations;
- force majeure events;
- our capitalization and indebtedness level and our ability to obtain new financing to implement and expansion plan;
- other risk factors discussed under the section "*Risk Factors*" in this offering memorandum.

Additional factors that could cause actual results, financial condition, liquidity, performance, prospects, opportunities, achievements or industry results to differ include, but are not limited to, those discussed under "*Risk Factors*." In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur. Additional risks that we may currently deem immaterial or that are not presently known to us could also cause the forward-looking events discussed in this offering memorandum not to occur. Forward-looking statements speak only as of the date they were made and, except as otherwise required by Brazilian, U.S. federal and other applicable securities law and regulations and by any applicable stock exchange regulations, we undertake no obligation to publicly update or publicly revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this offering memorandum. Given the uncertainty inherent in forward-looking statements, we caution prospective investors not to place undue reliance on these statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this offering memorandum. There is no assurance that the expected events, trends or results will actually occur, and we do not undertake any obligation to release publicly any revisions to those forward-looking statements to reflect events or circumstances after the date of this offering memorandum or to reflect the occurrence of unanticipated events.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

We maintain our books and records in *reais*, the official currency of Brazil, which is our functional and reporting currency. We prepare our individual and consolidated financial statements in accordance with accounting practices adopted in Brazil, or Brazilian GAAP, and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), applicable to Brazilian entities registered with the CVM. Brazilian GAAP is based on accounting practices provided for in Law No. 6,404/1976, as amended, or the Brazilian Corporate Law, and the pronouncements, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*)("CPC"), and approved by the CVM.

Financial Statements

The financial information included in this offering memorandum is based on and should be read in conjunction with our audited individual and consolidated financial statements and related notes and unaudited *pro forma* condensed consolidated financial information, included elsewhere in this offering memorandum:

- our audited individual and consolidated financial statements for the years ended December 31, 2020 and 2019, which have been audited by Ernst & Young Auditores Independentes S.S., independent auditors, in accordance with Brazilian and international standards on auditing applicable to Brazilian entities registered with the CVM;

- our audited individual and consolidated financial statements for the year ended December 31, 2018, which have been audited by Deloitte Touche Tohmatsu Auditores Independentes, independent auditors, in accordance with Brazilian and international standards on auditing applicable to Brazilian entities registered with the CVM;

- the audited combined financial statements of São Bernardo Apart Hospital S.A., Casa de Saúde São Bernardo S.A., Centro Médico de Especialidades, Terapias e Diagnósticos Capixaba Ltda., São Bernardo Emergência Ltda., Ativa Serviços Empresariais Ltda. and of Call Express Central de Atendimentos Ltda. (together, the "São Bernardo Group") for the year ended December 31, 2020, which have been audited by Ernst & Young Auditores Independentes S.S., independent auditors, in accordance with Brazilian and international standards on auditing applicable to Brazilian entities registered with the CVM;

- the audited combined financial statements of Unihosp Serviços de Saúde S.A., Onco Life Clínicas Ltda. and Clínica de Atendimento de Prevenção à Saúde Ltda. (together "Unihosp Group") for the year ended December 31, 2020, which have been audited by Ernst & Young Auditores Independentes S.S., independent auditors, in accordance with Brazilian and international standards on auditing applicable to Brazilian entities registered with the CVM; and

- the unaudited historical consolidated financial statements of Hospital do Coração de Natal Ltda. ("HCN") for the year ended December 31, 2020, which have been audited by Ernst & Young Auditores Independentes S.S., independent auditors, in accordance with Brazilian and international standards on auditing applicable to Brazilian entities registered with the CVM.

Unless otherwise indicated, the financial information included elsewhere in this offering memorandum is presented solely on an individual and consolidated basis.

Our individual and consolidated financial statements are presented based on the method known as "Predecessor basis of accounting," which consists of presenting the comparative balances of assets and liabilities and profit or loss considering that we were part of the group's corporate control structure since its establishment in 2018, and not since our integration with the corporate group, which occurred on September 30, 2020. Thus, the balances presented in our individual financial statements are represented by our balances. since our establishment and the consolidated balances are represented by the historical consolidated balances of Athena Healthcare Holding S.A. (predecessor holding company) up to September 30, 2020. For more information on predecessor basis of accounting, see note 2.2. to our individual and consolidated financial statements.

Pro forma Financial Information

The unaudited *pro forma* condensed consolidated financial information has been prepared and is being presented solely for illustrative purposes and does not purport to represent what the actual consolidated results of our operations or financial position would have been had the acquisitions of the São Bernardo Group, Unihosp Group and HCN occurred on the dates assumed, and accordingly, is not necessarily indicative of the results of our consolidated operations in future periods or our consolidated financial position.

The unaudited *pro forma* condensed consolidated financial information has been prepared using the acquisition method in accordance with CPC15 (R1) / IFRS 3 - Business Combinations, where we are considered the acquirer. CPC15 (R1)/IFRS 3, requires, among other things, that assets acquired and liabilities assumed are recognized at their fair value at the acquisition date. The fair value measurement can be highly subjective and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and sustain different estimated values.

The unaudited *pro forma* condensed consolidated financial information has been prepared on a recurring basis and therefore does not include any eventual gains or losses not arising from the business combination transaction. In addition, such unaudited *pro forma* condensed consolidated financial information does not reflect, for example: (i) any synergies, operating efficiencies and cost savings that may arise from the corporate reorganization; (ii) any potential benefits generated from the combined growth of the companies; or (iii) the costs to integrate the operations.

For more information, see: "*Unaudited Pro Forma Condensed Financial Information*"

Non-GAAP Measures

The body of generally accepted accounting principles is commonly referred to as GAAP. For this purpose, a non-GAAP financial measure is generally defined as one that purports to measure historical, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. We include certain non-GAAP financial measures, which are not recognized under Brazilian GAAP or IFRS, as part of our financial disclosure, including "EBITDA," "EBITDA Margin," Adjusted EBITDA, "Adjusted EBITDA Margin," "Gross and Net Debt (Net Cash)" and "Loss Ratio."

Non-GAAP measures do not have standardized meanings and may not be directly comparable to similarly titled items adopted by other companies due to differences in the way non-GAAP financial measures are calculated. We believe that the non-GAAP measures that we use complement the understanding of our indebtedness and profitability. Accordingly, we believe that when non-GAAP financial information is considered alongside Brazilian GAAP financial information and IFRS, investors are provided with a more meaningful understanding of our ongoing operating performance and financial results. In making an investment decision, potential investors should not rely on information not recognized under Brazilian GAAP or IFRS as an alternative or substitute for the GAAP measures of earnings, nor as an operating indicator, as a measure of liquidity or as a basis for dividend distribution. Even though these non-GAAP financial measures are used by our management to assess our financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our financial position or results of operations.

EBITDA and EBITDA Margin

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-GAAP measure prepared by us in accordance with CVM Instruction No. 527, of October 4, 2012, as amended ("CVM Instruction No. 527"), and reconciled with our financial statements. EBITDA consists of our net income for the year, plus finance income (costs), net, income taxes current and deferred, depreciation and amortization.

EBITDA Margin is calculated by dividing EBITDA by our net revenue.

We calculate EBITDA and EBITDA Margin as performance measures for management purposes and for comparison with similar companies. Although EBITDA has a standard meaning, pursuant to article 3, item I, of CVM Instruction No. 527, we cannot guarantee that other companies, including privately-held companies, will adopt this

standard meaning. In this sense, should the standard meaning established by CVM Instruction No. 527 not be adopted by other companies, the EBITDA disclosed by us may not be comparable to the EBITDA disclosed by other companies. In addition, disclosures made prior to the entry into force of CVM Instruction No. 527 by companies that were not required to amend such disclosures may not use the standard meaning set forth by CVM Instruction No. 527.

We believe that EBITDA and EBITDA Margin are recognized as performance measures frequently used by investors, securities analysts and others interested in analyzing company performance. Such measures, however, are not accounting measures according to Brazilian GAAP or IFRS and should not be considered as a substitute for profit and cannot be considered for the calculation of dividend distribution. EBITDA and EBITDA Margin are susceptible to variations in the form of calculation and are not calculated by all companies in the same manner. Therefore, EBITDA and EBITDA Margin presented herein may not be directly comparable with similar measures presented by other companies.

For further information and a calculation of EBITDA and EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA consists of a year's EBITDA adjusted by (i) financial revenue - ANS (interest income from investments that are linked to the coverage of technical reserves required by the ANS); (ii) mergers and acquisitions (M&A) expenses (expenses related to the process of execution of the merger and acquisition transactions carried out by us, such as expenses with due diligence); (iii) share-based payment expenses (expenses related to the granting of stock options to the beneficiaries of our stock option plans), and (iv) non-recurring expenses (expenses related to the development of our business thesis, such as feasibility analysis consulting, legal, tax and strategic consulting). In addition to non-operating revenues and expenses, Adjusted EBITDA also includes adjustments characterized by non-recurring events, i.e., one-time events that occur in our result, such as reimbursement of expenses related to the development of our business thesis, such as consulting with feasibility analyses, legal advisory, tax advisory and strategic advisory. These effects are not part of our operating result and, therefore, we choose to make such adjustments.

The Adjusted EBITDA Margin is calculated as the Adjusted EBITDA divided by the net revenue.

Adjusted EBITDA and Adjusted EBITDA Margin are not measures of financial performance recognized under Brazilian GAAP or IFRS, nor should they be considered in isolation, or as an alternative to operating loss, or as measures of operating performance, or as an alternative to operating cash flows, or as measures of liquidity. Adjusted EBITDA and Adjusted EBITDA Margin do not have a standard meaning, and are susceptible to variations in the form of calculation and are not calculated by all companies in the same manner. Therefore, Adjusted EBITDA and Adjusted EBITDA Margin presented herein may not be directly comparable with similar measures presented by other companies.

For further information and a calculation of EBITDA and EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

Gross and Net Debt (Net Cash)

Gross Debt is a non-GAAP measure prepared by us, reconciled with our financial statements, and corresponds to the sum of the balances of loans and financing (current and non-current), lease liabilities (current and non-current) and payables for acquisition of companies (current and non-current).

Net Debt (Net Cash) is a non-GAAP measure prepared by us, reconciled with our financial statements, and corresponds to our Gross Debt less cash and cash equivalents, restricted financial investments (current and non-current) and collateral deposit for the acquisition of non-controlling interests - GMI (Med Imagem Group).

Goss Debt and Net Debt (Net Cash) are not a measure of financial performance, liquidity or indebtedness recognized by Brazilian GAAP or IFRS and has no standard meaning. Other companies may calculate the Gross Debt and Net Debt (Net Cash) differently than us.

For further information and a calculation of EBITDA and EBITDA Margin, see "*Selected Financial Information—Reconciliation of Non-GAAP Measures —Gross Debt and Net Debt (Net Cash).*"

Loss Ratio

Loss Ratio is an index calculated as the cost of services divided by our net revenue.

Loss Ratio is not a measure recognized by Brazilian GAAP or IFRS and does not have a standard meaning. Accordingly, Loss Ratio disclosed by us may not be comparable to the loss ratio disclosed by other companies.

For further information and a calculation of Loss Ratio, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — Loss Ratio.*"

***Pro forma* EBITDA and *Pro forma* EBITDA Margin**

We present the *Pro forma* EBITDA and the *Pro forma* EBTIDA Margin, for the year ending December 31, 2020, considering the acquisitions (i) (a) of Unihosp Serviços de Saúde S.A., Onco Life Clínicas Ltda. and Clínica de Atendimento de Atendimento de Prevenção à Saúde Ltda. (together "Unihosp Group"); and (b) of Hospital do Coração de Natal Ltda ("HCN"), completed in 2020, as well as the probable acquisition; (ii) of São Bernardo Apart Hospital S.A., Casa de Saúde São Bernardo S.A., Centro Médico de Especialidades, Terapias e Diagnósticos Capixaba Ltda. - EPP, of São Bernardo Emergência Ltda., of Ativa Serviços Empresariais Ltda. and of Call Express Central de Atendimentos Ltda. (together, the "São Bernardo Group").

Pro forma EBITDA is a non-accounting measurement disclosed by us, considering the effects of the above mentioned acquisitions as if they had been consummated on January 1, 2020. *Pro forma* EBITDA consists, therefore, of *pro forma* net income adjusted for *pro forma* net finance income (costs), *pro forma* income taxes current and deferred, and *pro forma* depreciation and amortization expense.

Pro forma EBITDA Margin is calculated as *Pro forma* EBITDA divided by *pro forma* net revenue.

For further information and a calculation of Loss Ratio, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — Pro forma EBITDA and Pro forma EBITDA Margin."*

Market Estimates

We make statements in this offering memorandum about market estimates, our competitive position and market share in, and the market size of, the Brazilian healthcare industry. We make these statements on the basis of information from sources that we believe are reliable, such as the Central Bank, the Brazilian Government, the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or IBGE, the Getulio Vargas Foundation (*Fundação Getulio Vargas*), or FGV, and the Organization for Economic Co-operation and Development, or OECD. Although we have no reason to believe any of this information is inaccurate in any material respect, neither we, the selling shareholders nor the Brazilian underwriters or the international placement agents have independently verified this information. The Brazilian underwriters and the international placement agents make no representation as to the accuracy or completion of such information

Rounding

Some percentages and amounts included in this offering memorandum have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. Any discrepancies between totals and the sums of the amounts listed are due to rounding.

Translation of *Reais* into U.S. Dollars

Unless otherwise indicated, all financial information relating to us that is presented in U.S. dollars in this offering memorandum has been translated from *reais* using the commercial selling rate as reported by the Central Bank on December 31, 2020, of R$5.1967 to U.S. $1.00. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of the reader and should not be construed as implying that the *real* amounts represent, could be or could have been converted into U.S. dollars at that rate or at any rate.

SUMMARY

This summary highlights selected information contained elsewhere in this offering memorandum. This summary does not contain all of the information that you should consider before deciding to invest in our common shares. You should read this entire offering memorandum carefully, including the information contained in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry," and "Business" sections as well as in our financial statements and related notes, included elsewhere in this offering memorandum, before deciding to invest in our common shares.

Overview

We are one of the largest verticalized healthcare companies in Brazil in number of beneficiaries, according to ANS. We offer health and dental care plans, in addition to services through our owned health service network, which includes hospitals, medical centers and emergency services. We operate in cities outside the Rio de Janeiro-São Paulo axis, given that these regions represent a less concentrated market, which we believe provides for greater organic and inorganic growth opportunities. We believe we are on a unique position to benefit from this opportunity as a result of our verticalized operations and the quality of our services. We always seek greater efficiency and to obtain client satisfaction. We believe we have growth potential, based on the existing growth opportunity in the market in which we operate and our business model. Since December 31, 2017, year of our incorporation, we have multiplied by 5 our client base, as a result of organic and inorganic growth, without losing profitability, achieving an Adjusted EBITDA Margin of 11.1%, 11.3% and 15.5% in the years ended December 31, 2018, 2019 and 2020, respectively.

Our health insurance companies operate on a segmented manner, offering corporate membership and individual plans. They also own hospitals, medical centers and emergency services, making our business model integrated. Accordingly, we believe our strategic differential are our verticalized model and the ownership of recognized brands throughout the operational chain of our business, including healthcare plan operators, hospitals and medical centers, which received recognitions from the ANS over the years. We seek to provide a humanized health service, with quality and at an accessible cost, with an average ticket (excluding ambulatory plans) of R$220.82, which allows us to create a profitable portfolio of clients spread over the different regions where we operate and a diversified client base, in terms of beneficiary's age and types of contracted products. We pursue regional dominance to better meet the needs of our beneficiaries, who prioritize local solutions and quality service.

We seek to continuously innovate by modernizing, expanding and extending our units, and by making continuous investments in systems, personnel training and infrastructure, such as the development of the telemedicine services, online sales portal, electronic medical records, preventive medicine program, the beneficiary mobile app and the self-service totem. We believe these investments provide us continuous cost management and quality control tools. We believe we have a differentiated and innovative model for our sector, as a result of the integration of technology, infrastructure, and management at the service of health, using data analysis to align information between the operators and the medical hospital networks. We believe the efficiency of our business model can be demonstrated through the good financial performance aggregated with the high satisfaction index of our clients, demonstrated in our Net Promoter Score ("NPS").

Our client portfolio is comprised of an younger demographic when compared to other healthcare plan operators. As of December 31, 2020, the average age of our beneficiaries in the regions where we operate was 30.2 years, while the industry average in the same regions was 33.9 years, according to ANS. In addition, only 7.5% of our health client portfolio were beneficiaries over 60 years old, compared to the average of 13.2% in other verticalized operators. From December 31 2018 to December 31, 2020, our health and dental plan client portfolio had an accelerated and continuous growth of 400.2%, reaching approximately 802.4 thousand beneficiaries by December 31, 2020, as a result of our organic and inorganic growth. As of December 31, 2020, 2019 and 2018, our healthcare beneficiary portfolio had 671 thousand, 467 thousand and approximately 141 thousand beneficiaries, respectively.

Our mission is to exceed the expectations of our beneficiaries aiming to offer the best regional healthcare solution. We believe we currently have adequate infrastructures in the regions where we operate. Our hospitals are references in their locations and we believe that our medical-hospital network offers solutions and is versatile. We believe the combination of our service quality and our operational efficiency, by agility in service, technical quality, as well as responsive and effective clinical protocols, enables high performance in all segments in which we operate.

Our client satisfaction rates, demonstrated by the group's average NPS score of 80 points in December 2020, which represents quality service in the health scale, and by our complaint rates at ANS, which presented an average of 3.3 per 10,000 beneficiaries between February and December 2020, indicate that our client satisfaction levels are superior to those of our competitors.

Our Network

We believe our own network is strategically located in regions that we consider to have great potential for growth and economic development and high population density. Our regional dominance is achieved by our network composed of 7 health plan operators, 10 hospitals, 1,104 hospital beds, 30 medical centers and 8 emergency rooms as of the date of this offering memorandum.

Our operations are quality and service reference in the regions where we operate. As an example, our operation located in the metropolitan region of Vitória, in Espírito Santo, won in September 2019 a first place award of Excellence in Health, and the quality of services provided by Vitória Apart Hospital ("VAH") is reflected by the highest ONA Accreditation - Level 3. In addition, VAH was elected the 18th best hospital in Brazil and the 1st in State of Espírito Santo by Newsweek in partnership with Statista Inc. Also, our Hospital Bom Samaritano, located in Maringá, State of Paraná, maintains a commitment to good care, continuous improvement and safety of its patients, demonstrated through the ONA Accreditation - Level 2.

We also offer our clients the possibility of using an extensive accredited medical-hospital network. Accordingly, our beneficiaries can count on a wide accredited network in other locations where it is not economically viable to develop and maintain of our network or in regions in which we are in the expansion phase. We carefully select our accredited network, which includes physicians, offices, laboratories, medical centers and hospitals with performance standards consistent with our goals and that provide services according to our quality standards, such as physical structure, personnel qualification (certifications and proof of completion of specialization), network dimensioning and efficiency, location and NPS. In addition, we have a method for periodic evaluation of our accredited network, through a program to ensure the quality and safety of services provided to our beneficiaries, following the applicable regulatory criteria, through technical visits, evaluation of quality indicators, complaints and compliments, comparing with peers in the same area, as well as records and monitoring of adverse events and quality of medical records.

Our History

Our group is currently composed by the Athena Saúde Brasil S.A. and its subsidiaries and was created in 2017, as a new investment strategy of Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia investment fund, managed by Pátria Investimentos Ltda. ("Pátria"), which emerged with the purpose of organizing an innovative and differentiated business model in healthcare in Brazil: healthy and sustainable, in the relentless pursuit of humanized delivery of quality healthcare through affordable and competitive values, aligned with investment in technology, infrastructure, and management. In the market for 30 years, Pátria is one of the largest alternative investment managers in Latin America and a pioneer in *Private Equity in* Brazil. One of its main partners is Blackstone, a world leader in alternative investment management.

Our trajectory, which is marked by a significant growth through acquisitions, began in October 2017, with the acquisition of Grupo Med Imagem ("GMI"), a recognized healthcare group in the State of Piauí. The acquisition of GMI consisted of the purchase of 5 hospitals, with 362 beds in total, a medical center and 2 accredited health plan operators in the region. In June 2018, we started operating in the Southeastern region of Brazil by entering into the State of Espírito Santo with the acquisition of VAH, which we consider a reference hospital in the metropolitan region of Espírito Santo, which currently has 232 beds, 50 ICU beds and an emergency care unit.

Following our strategy of being an integrated healthcare operator, in February 2019 we completed the acquisition of SAMP Espírito Santo Assistência Médica Ltda. ("SAMP"), a health plan operator, a reference in supplementary healthcare services in the State of Espírito Santo, with more than 351 thousand healthcare and dental beneficiaries, 3 medical centers and 6 emergency SAMEs care units as of December 31, 2020, which, together with VAH, has formed an important verticalized *cluster* in the region. Also in 2019, we completed two other smaller but strategic acquisitions: a neuro-cardiovascular exam center, Hemodinâmica, located within the VAH, and an imaging clinic, Med Imagem Jóquei, located in the city of Teresina, in the State of Piauí. These acquisitions have further

expanded our practice leadership in these regions. In September 2019, we started our operations in the Southern region of Brazil through the acquisition of Grupo Multivida, a verticalized group composed of the health plan operator Santa Rita Saúde, with more than 74 thousand beneficiaries as of December 31, 2020, by Hospital Bom Samaritano de Maringá, with 195 beds, 72 intensive care united ("ICU") beds and 12 medical centers as of December 31, 2020, all of them a reference in the provision of health services in western Paraná.

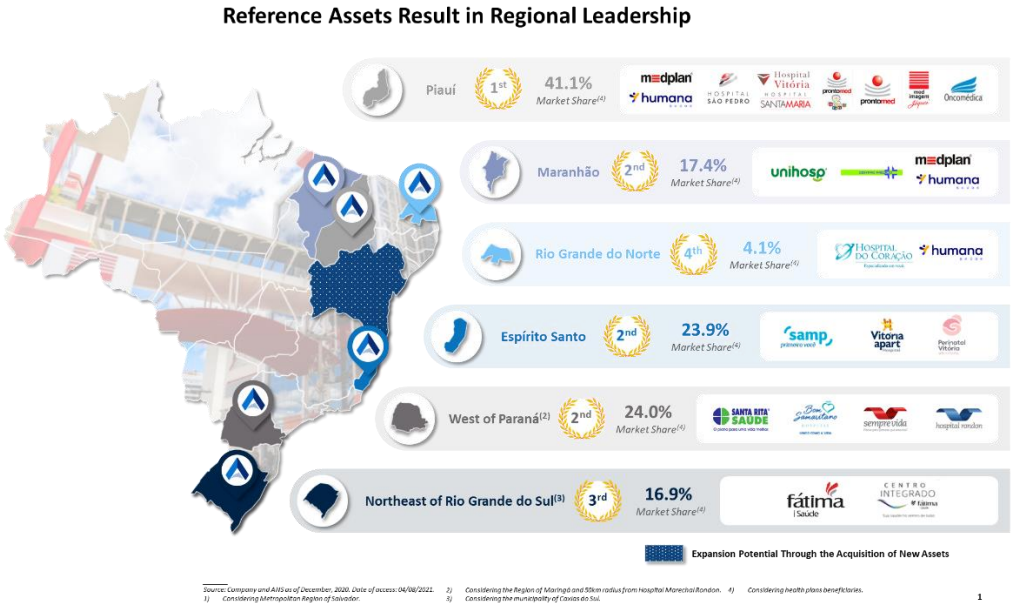
In 2020, we completed the acquisition of (i) Centro Médico Maranhense S.A., which has 79 beds, Instituto de Radiologia de São Luís Ltda., Clínica Luiza Coelho Ltda. and Maxlab Medicina Diagnóstica Ltda. (together "Grupo Centro Médico") and (ii) Unihosp Serviços de Saúde Eireli, Oncolife Clínicas Ltda. and Clínica de Atendimento de Atendimento de Prevenção à Saúde Ltda. (together "Unihosp Group"), which jointly give us what we consider a more strategic positioning in the city of São Luis, State of Maranhão, with a portfolio of approximately 42 thousand health beneficiaries, a general hospital, and four medical centers. In addition, we have completed the acquisition of Hospital do Coração de Natal Ltda. ("HCN"), in the city of Natal, State of Rio Grande do Norte, with 149 hospital beds, 53 of which are ICU beds, of strategic importance for the expansion of our operations in the Northeast region, with a recognized regional brand and incorporating 28 neonatal and pediatric ICU beds into the group.

In 2021, we have acquired (i) Hospital Marechal Cândido Rondon S.A., located in Marechal Cândido Rondon, State of Paraná, which has 59 hospital beds, 5 medical service centers, an emergency care unit and a portfolio of medical services of approximately 36.6 thousand health plan beneficiaries; and (ii) Pró Salute - Serviços para Saúde S.A., located in Caxias do Sul, in the State of Rio Grande do Sul, which has an integrated medical center and has a portfolio of 45.8 thousand beneficiaries of health plans and 1.0 thousand beneficiaries of dental plans.

In addition, we have entered into agreements to acquire new assets, which completion is subject to the fulfillment of suspensive conditions. For more information, see "—*Recent Developments*." Upon conclusion, these acquisitions will expand our presence in the State of Paraná and will mark the beginning of our operations in the States of Bahia and Rio Grande do Sul. We are involved in the negotiation of potential new acquisitions and continues to actively pursue new opportunities.

We have continuously and uninterruptedly expanded our own network, mainly through acquisitions of recognized regional brands of both hospital and health and dental care operators. We believe we are able to quickly integrate operations, capture synergies and efficiently manage our integrated supplementary health model. The growth in the number of beneficiaries in the last 12 months was above the market growth, according to ANS data, which demonstrates our capacity to grow organically and increase our market share. The growth in the number of beneficiaries in the States of Piauí, Espírito Santo and Maranhão and in the Western region of Paraná in the year ended December 31, 2020 is reflected in the increase in our market share in these regions of 3.4%, 0.4%, 12.4% and 12.0% respectively. When comparing the same period, the second and third largest operators in Piauí had a market share reduction of 0.8% and 0.9%, respectively. In the State of Espírito Santo, the largest operator in the state did not show any growth. In Maranhão, the largest operator in the state had only a 1.6% increase in market share. In the Western region of Parana, the largest operator in the region did not show any growth. Thus, the organic and inorganic expansion of our market share demonstrates our capacity to add value to the assets we incorporated into our operation.

As of the date of this offering memorandum, our operations are distributed in the states of Piauí, Maranhão and Rio Grande do Norte, in the Northeast of Brazil, Espírito Santo, in the Southeast of Brazil and Paraná and Rio Grande do Sul, in the South of Brazil. The map below shows the geographical distribution of our operations, as well as the potential for expansion through the acquisition of new assets, as mentioned in the "*Recent Developments*" section:



Source: Company and ANS data released in December 2020.

Key Strengths

We believe that the following key strengths set us apart from our competitors and contribute to our success:

Leadership position in our markets and a history of accelerated and continuous growth

We are a healthcare company with a leading position in the markets in which we operate, and we are the fourth largest group medicine[1] company in Brazil in number of beneficiaries, according to ANS data. We believe that our clients prefer us due to the safety and solidity associated with our brands, as well as the quality of our services in our short, but effective, history. We have a consistent history of growth, and from our incorporation in October 2017 to the date of this offering memorandum, we have increased by 653,070 thousand or 5.4 times the number of beneficiaries of our health and dental plans, as well as 742 or 205% the number of hospital beds, as a result of both organic and inorganic growth.

We occupy the first place in terms of number of beneficiaries among the healthcare companies in the State of Piauí, the second place in the State of Espírito Santo and the second place in the Western region of Paraná. In Piauí, we have a market share of 41.1% in number of beneficiaries, 16.0% above the second health plan operator with more beneficiaries in such state and 29.6% above the third operator. In Espírito Santo, we have 23.9% of the total number of beneficiaries, which is only 1.9% less than the largest health plan operator in such state. In the Western region of Paraná, we have a market share of 24.0% of the total number of beneficiaries in the region. In the States of Maranhão and Rio Grande do Norte, we have 17.4% and 4.1% of the health plan beneficiaries in these states, respectively. Our activities are concentrated in strategic regional points and we hold leadership positions in these markets.

We believe the success of our operation is due to the following factors: (i) operation supported by successful and highly recognized regional brands in the regions in which they operate; (ii) verticalized service positioning with a focus on health plans with exclusive access to our own medical-hospital network; and (iii) quality of health service and structures offered by our establishments that are a reference in their regions at a cost benefit that, in our view, differentiates us from our competitors. We consider these points as the differentials of our healthcare business model,

[1] According to the ANS, group medicine is the modality in which a health plan operator is classified as a company that commercializes or operates health plans, except for those classified in the following modalities: administrator, medical cooperative, self-management, philanthropic, and specialized health insurer.

which make it difficult for other large competing networks to operate in the regions where we operate and assist in our goal of ensuring dominance in these markets.

Differentiated value proposition for clients

We believe we offer a unique value proposition to our clients through an integrated model that combines health and dental plans, reference hospitals, medical centers and emergency services. We believe that our verticalized model guarantees greater cost management and operational efficiency, which, in our perception, makes us competitive in the market, allowing us to offer prices for plans starting at R$75.99, lower than our competitors, and to achieve leadership positions in the regions where we operate in terms of market share growth, with operational margins above the other players in the industry without sacrificing quality.

We believe that our business model, together with a high level and above the market average of client satisfaction, is a strategic combination of quality and efficiency. This combination guarantees an efficient loss ratio of 58.8% on December 31, 2020, one of the lowest in the industry, considering the public data of our main competitors released by ANS, without jeopardizing the quality of service to our clients. In addition, our prevention programs and investment in the digital journey have been an important component in building loyalty among our existing clients, generating a 0.3% reduction in churn, from 3.0% to 2.7%, in the fiscal year ended December 31, 2020 when compared to the fiscal year ended December 31, 2019 and assisting us in attracting new beneficiaries and corporate clients.

Vertically integrated and pulverized healthcare model

We have adopted a vertically integrated healthcare business model, which we believe to be a successful model. Our services bring together the offering of healthcare plans with the service care covered by such plans, preferably in our owned medical-hospital network. The verticalization of services generates an alignment of interests of the health plan operator with the service provider, consolidating a system of optimized medical costs.

Our level of verticalization, measured by the percentage of costs of procedures within our owned network over our total cost was approximately 51% in December 31, 2020. Our strategy is based on an analysis of the economic feasibility and return of building or acquiring a hospital *versus* offering a third-party hospital to our beneficiary base. Accordingly, we believe we maximize our return and provide the best care for our clients.

We use several tools to control the frequency and unit cost of our services, such as electronic medical record, which concentrates all the clinical history of our beneficiaries. Electronic medical record ensures broad access to our clients' information and reduces the waste of test requests and assists in the correct diagnosis, providing a primary care network in which physicians use the protocols established by us to request tests and procedures. Additionally, we use of capitation5 models to increase control, cost predictability, and optimization of procedure referrals. Another important tool is the preventive medicine programs, which improve the client experience because they understand that the operator is taking care of the beneficiary's quality of life and helps us to have more control of the chronic patient journey.

We believe our hospitals are references in the regions in which they operate in terms of infrastructure and technology, and many of our programs are recognized in the market and awarded by the ANS. For example, SAMP received (i) Level I Accreditation by the ANS; (ii) 2nd place in the general evaluation of the IDSS (Supplementary Healthcare Performance Index, by ANS); (iii) Healthy Pregnancy Certification by ANS; and (iv) PROMOPREV Certification (health promotion and risk and disease prevention program) by ANS.

Additionally, we believe the implementation of the verticalized model guarantees complete service levels to our clients within our own network, as we understand it provides:

- Standardization of more humane and welcoming care;
- Lower costs in procedures when compared to the accredited network;
- High cost efficiency with hospitalizations and procedures;

- Lower costs with lawsuits resulting from contested disallowances (originating from denials of care to beneficiaries by healthcare facilities), in view of our control over the operations of our own network;

- Reduction of document bureaucracy;

- Rapid availability of new technologies to beneficiaries; and

- Greater control over clinical information of the beneficiaries, optimizing the use of available resources to provide the best care.

The high use of our own medical-hospital network (vis-à-vis the use of accredited networks) represents a significant reduction in the costs of appointments, exams, diagnoses, and treatments performed by our beneficiaries. This competitive advantage is perceived by an efficient and integrated combination of our units, with efficient service protocols and medical procedures used in a standardized way. In this way, we believe we are able to operate hospitals, medical centers and emergency units at a high level of utilization, optimizing our costs.

We understand that our operation results in a quality service with a high client satisfaction index, which makes us one of the main verticalized healthcare company in Brazil. Our optimized and well-structured business model enables lower costs, making us one of the most efficient companies in the sector, since we have a 58.8% loss in 2020.

Solid operational and financial performance with proven track record of acquisitions and business integration

We believe that the combination of our differentiated business model, together with our leadership in the markets where we operate, has consolidated, in our view, our solid operational and financial performance in the healthcare market over the last three years.

In the year ended December 31, 2020, we had net revenue of R$1,359.4 million, net income of R$14.5 million and Adjusted EBITDA of R$210.2 million. The growth in net income and Adjusted EBITDA, when compared to the year ended December 31, 2019, was 373.8%, and 69.5%, respectively. Our Adjusted EBITDA Margin was 15.5% in the year ended December 31, 2020, compared to 11.3% in the year ended December 31, 2019. In the fiscal year ended December 31, 2019, we recorded net revenues of R$1,100.3 million, net income of R$3.1 million, and Adjusted EBITDA of R$124.0 million. The growth in net revenue when compared to the year ended December 31, 2018 was 94.4% and the increase in net income and Adjusted EBITDA was 18.7% and 98.2%, respectively. Our Adjusted EBITDA Margin was 11.3% for the year ended December 31, 2019, compared to 11.1% in 2018. As results of our ability to generate cash flow, our financial results enabled investments in our assets, increasing our earnings per share and enabling the continued pursuit of growth opportunities through attractive acquisitions. For more information on our financial data, see *"Summary Financial and Other Information."*

From our incorporation in 2017 to the date of this offering memorandum, we have completed 14 strategic acquisitions: GMI (October 2017), VAH (June 2018), SAMP and SAMES (February 2019), Hemodinâmica (March 2019), Med Imagem Jóquei (April 2019), Multivida Group (September 2019), Medical Center (October 2020), NICU (November 2020), HCN (December 2020), Unihosp Group (December 2020), Hospital Marechal Cândido Rondon (April 2021), Fátima Saúde (April 2021) and assets of DentalPar (July 2020), not considering the ongoing acquisitions. See "*—Recent Developments*" below. With the integration of these acquisitions, our ability to serve our clients in our network has been enhanced, which we believe is a reflection of the financial and operational success in our vertically integrated model.

Our acquisitions and our ability to identify and capture synergies were key aspects in our operational and financial performance. We searched for reference assets in their respective markets, seeking to acquire leading operators and hospitals with high-quality infrastructure. Through our management culture, expansion and adaptability, we created a consolidation platform that we believe to be well positioned to gain even greater market share. Our accelerated growth through acquisitions, with a historical average of one acquisition every three months, has made us experts in the efficient integration of our operations. This culture has permitted our consolidation as one of the largest healthcare companies in Brazil, in number of beneficiaries, performing annually more than 3.0 million services.

We have a specialized acquisitions team, which is dedicated to the selection of assets and completion of acquisitions. Our team has expertise in the integration of hospital units and beneficiary portfolios recently incorporated to our operations. In order to illustrate our integration capacity, we present the successful acquisition of GMI, which was completed in October 2017. By December 31, 2020, we were able to increase (i) the verticalization percentage of these operations by 9.18%, from 52.3% to 61.5%, (ii) the number of beneficiaries by 68.7%, from approximately 149.3 thousand to approximately 251.8 thousand beneficiaries, and (iii) the *market share* in terms of number of beneficiaries from 37.7% to 41.1% in the State of Piauí, which concentrates our group's largest market share and consolidates our leadership position in the state.

Experienced and qualified management, backed by strong shareholder support and knowledge, with solid corporate governance and several Environmental, Social and Governance ("ESG") initiatives

Our management is qualified and includes professionals with several years of experience in the healthcare industry and vast knowledge of our market, constituting a competitive advantage. We are managed by a team of senior executives that adopts a matrix model and we consider to be functional senior executives at the corporate level, who are responsible for contributing with strategic guidelines, standardization of policies and processes in order to ensure a standardized governance model. In addition, our senior management is also composed of senior executives in the regional offices who are responsible for running the local business, with support from the corporate office, but with total autonomy to ensure agility in decisions. Thus, we designate a director for each regional office, as well as functional corporate officers with extensive market experience, who have worked for a long time in the management of major players in the market.

Seeking to further optimize our management, the variable compensation of our executives is tied to operational, financial and client satisfaction (NPS) goals, both individual and corporate, so that individual objectives converge with our financial and operational growth strategy. We believe this competitive differential format demonstrates alignment between the delivery of a financial result with client satisfaction and the guarantee of quality service.

We also count on the expertise of our controlling shareholder, Pátria, which is a major healthcare investor in Brazil, with a diversified portfolio and a large national presence. Pátria has substantially contributed to the monitoring and direction of our strategy. Their experience in results-oriented management has played a fundamental and assertive role in our decision making, strategy definition, and business improvement, which has allowed us to rapidly expand our activities since our creation. With a solid track record of acquisitions, our controlling shareholder helped develop our culture of strict financial discipline for the acquisition processes of new assets in terms of a thorough due diligence of the transactions.

Thus, we believe the experience of the entire team involved in our strategy, combined to the guidance of our controlling shareholder and with our market expertise, are key factors to our growth and differentiate us from our main competitors.

Our governance is guided by transparency, fairness, accountability, and corporate responsibility. Since its investment in 2017, Pátria has contributed to improving our internal controls, implementing business strategies, and adopting best practices in corporate governance. We also seek to implement a number of practices and policies focused not only on strategic areas, but also on the quality of operations, team unification, and convergence of our culture across the group. We believe that these factors are essential for our differentiated position in the market and contribute to our constant sustainable growth and its perpetuation in the long term.

We also count on the support of renowned consultants and external advisors who help us develop our processes. In addition, we invest in controls and technologies that add to our good governance, culminating with management efficiency.

In addition, we have several ESG initiatives in our regional operations, such as, for example, migrating energy to the free market, reducing consumption and CO2 emissions; reusing water and installing a sewage treatment plant; supporting several health and welfare initiatives in the communities where we operate, including food donations; and supporting employees by creating better and more productive work environments.

Our Weaknesses, Obstacles and Threats

Weaknesses, obstacles and threats to us, our business and financial condition are related to the materialization of one or more adverse scenarios contemplated in our risk factors, whether occurring in combination or not. For further information, see "*Risk Factors.*"

Strategy

We believe that the effectiveness of our strategy provides us with enhancements in the development of our activities, maximizing our results, as described below:

Focus on growth and geographic expansion through strategic acquisitions consistent with our business model

In only three years of operation, we have consolidated ourselves as the fourth largest group medicine companies in Brazil in number of beneficiaries, according to ANS. With our acquisition strategy, combined with an experienced operational team in the management and scalability of its business, we have surpassed the mark of 800,000 health and dental beneficiaries on the date of this offering memorandum and we have in our portfolio several reference hospital assets in the regions where we operate. We are currently present in the Northeast (States of Piauí and Maranhão), Southeast (State of Espírito Santo) and South (State of Paraná and Rio Grande do Sul) regions of Brazil.

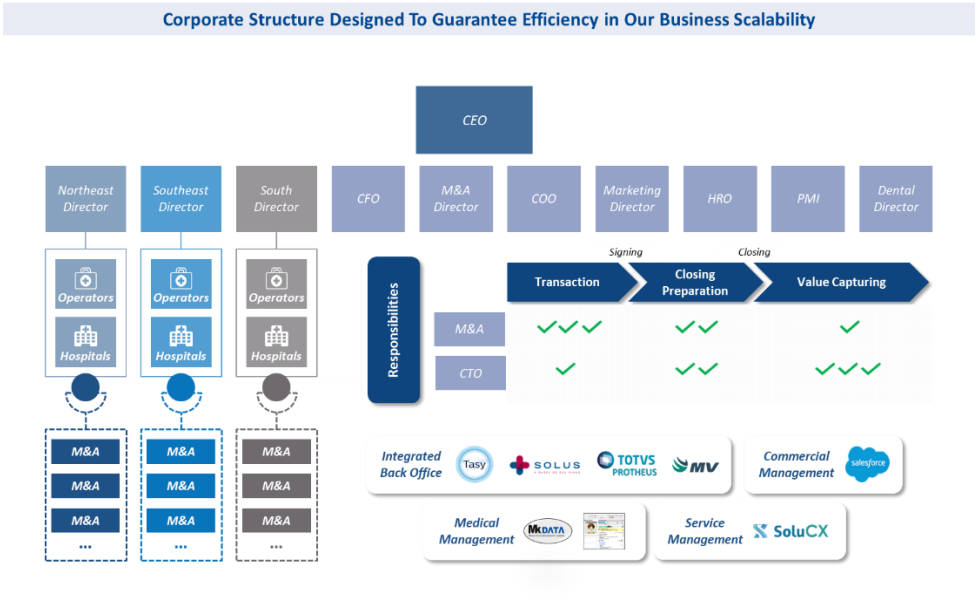
We believe there is significant opportunity to expand our business model to other locations in Brazil, and we have a wide range of potential acquisitions already mapped out. Except for the markets in the states of São Paulo and Rio de Janeiro, we are analyzing assets several other states of Brazil. Our main focus will continue to be in (i) secondary metropolitan regions with great growth potential, (ii) regions with favorable competitive dynamics, (iii) local assets with non-professionalized management, (iv) assets that enable the creation of value for shareholders, and (v) markets complementary to the regions in which we already operate. Thus, our expectation is that our careful acquisition strategy will contribute as a vector for future organic expansion, enabling the multiplication of our business model. Our expansion strategy is divided into two phases: (i) expansion to the other states in the regions where we already operate: Northeast, Southeast and South, and; (ii) expansion to other regions, such as Midwest and North.

We continuously seek good positioning to act as a platform for industry consolidation and to continue to unify the current fragmented market of health insurance carriers and private hospitals. Our acquisitions allow us to rapidly expand our presence in new and existing markets, further increasing our verticalization process, as well as our client portfolio and geographic presence. We maintain an extensive list of potential *targets* aiming to continue the strong pace of strategic acquisitions. Our acquisition projects focus on (i) strong and regionally recognized brands, (ii) affordable price positioning' and (iii) quality in the services provided.

We believe that we are positioned in a specific niche of hospital acquisition. Our strategy is to acquire quality hospitals, local references, while focusing on medium-sized assets. In the search to capture the best assets of this niche, we have developed a regional consolidation strategy organized in 3 blocks: (i) acquisition of new verticalized clusters, such as the GMI Group in the Northeast and the Multivida Group in the State of Paraná, and acquisition of a hospital and a healthcare plan operator for subsequent integration, such as the integration of SAMP with Vitória Apart Hospital in the State of Espírito Santo and the integration of Unihosp with Centro Médico Maranhense, in the State of Maranhão; (ii) acquisition of a hospital and integration with an organic plan, such as Hospital do Coração de Natal that boosted the expansion of Humana in the State of Rio Grande do Norte; and, finally, (iii) expansion of verticalized clusters, such as the integration the integration of the NICU and Hemodynamics in Vitória Apart Hospital and integration of the Med Imagem Jóquei Med Imagem Jóquei clinic into GMI Group.

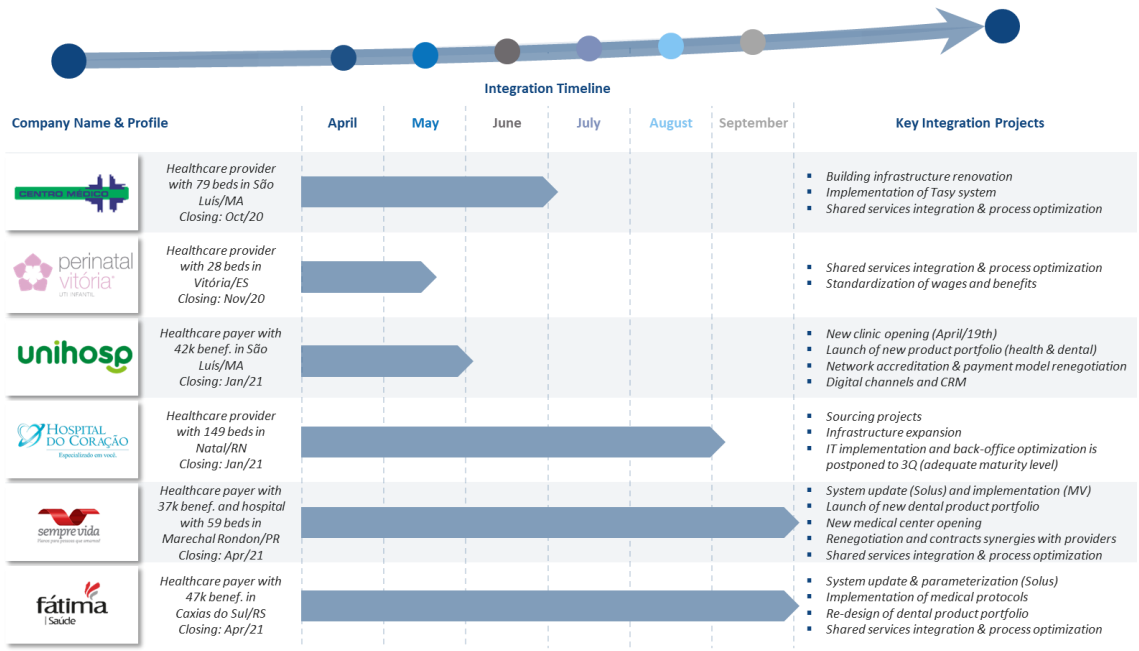
In Natal, in the State of Rio Grande do Norte, for example, we acquired the Hospital do Coração de Natal, a locally known asset and we integrated it with Humana. From August 2020, in a period of six period until February 2021, we have increased the beneficiary base in the state by 32.8 thousand, an increase of 4.8 percentage points in market share, which made us the fourth largest operator in the state. In August, September, October, November and December of 2020, January and February 2021, we had 0.03, 3.2, 7.3, 14.1, 21.5 26.2 and 32.8 thousand beneficiaries in the state respectively. In the same periods we had, 0.01%, 0.6%, 1.4%, 2.7%, 4.1%, 5.0% and 6.2% of market share in the state. The accelerated growth and consolidation of the market are proof of the efficiency of our strategy of acquisition and integration of assets.

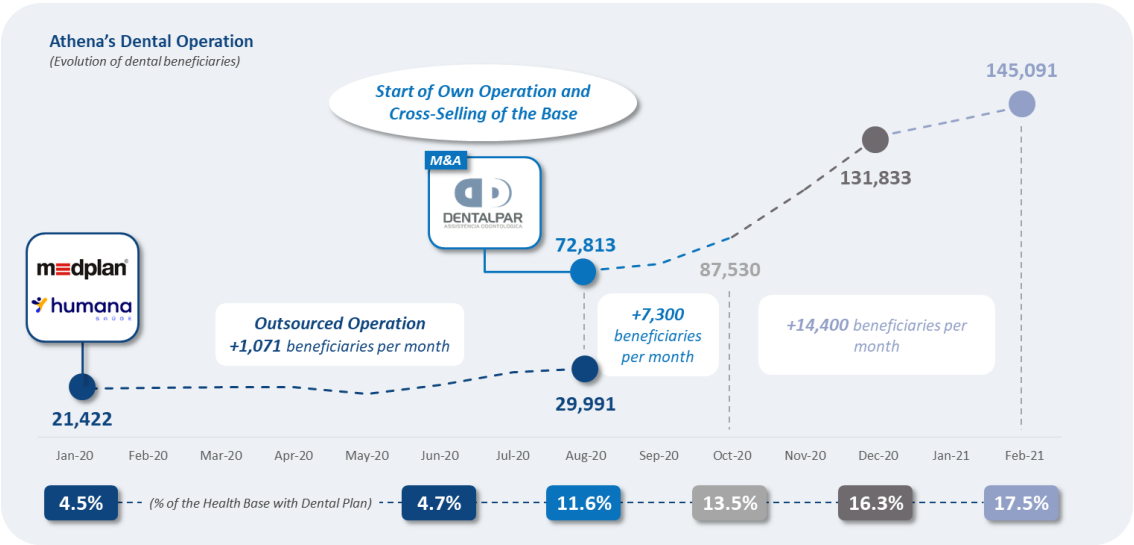
In order to integrate our acquisitions efficiently, we have a national organizational structure with well-defined responsibilities to efficiently integrate regional assets. Our mergers and acquisition ("M&A") and integration teams split up throughout the process of a new acquisition. While the M&A team is primarily responsible for organizing the signing and closing of the transaction, they are less involved in the process of capturing value and synergies. On the other side, the integration team focuses on the process of extracting value after the deal is closed, as exemplified by the organizational chart below:



Our management model is composed of a group of systems, processes and tools divided into 5 main dimensions to support the integration of new assets: (i) integration and back office, which contemplates Shared Service Center ("CSC"), back office, call center, analytics control tower, among others; (ii) service management, which contemplates paperless billing system for payers and providers, service flow and layout for providers, capacity management, NPS and dashboards; (iii) medical management, which focuses on medical records, Capitation, preventive medicine, protocols, and medical records, among others; (iv) commercial management, which includes branding strategies, digital and commercial channels, customer relationship management, among others; and, finally, (v) digital journey, which includes telemedicine, the beneficiary's application, service totem, among other technology initiatives focused on improving our customers' experience.

As of the date of this offering memorandum, we have already integrated 4 of our acquisitions: GMI Group, Vitória Apart Hospital, SAMP and Multivida Group. Additionally, our integration team has been monitoring the integration processes and capturing synergies from the remaining acquisitions, as illustrated in the steps below:



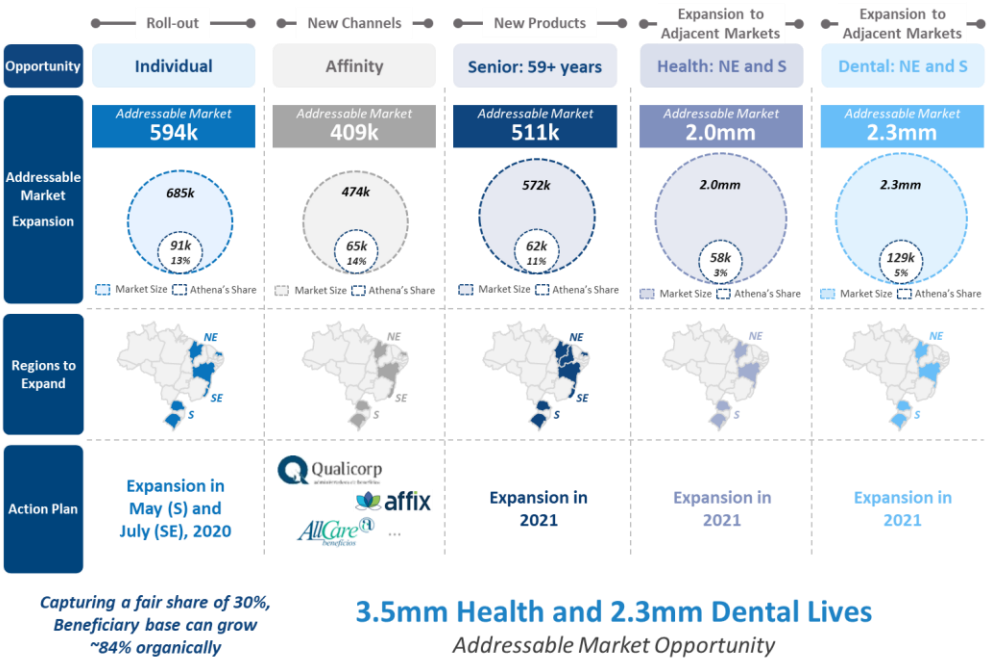


Source: ANS as of December, 2020.

For the latest acquisitions, including some still in progress, see *"—Recent Developments."*

Intensify geographic expansion into adjacent markets to those we currently operate in

As of the date of this offering memorandum we are present in 6 states in Brazil. We see great potential for densification within these states by exploring new cities, adjacent to those in which we operate. Our strategy of acquiring the best operators and hospitals in the city gives us the credentials to expand our operations throughout the state, gaining market share and increasing our beneficiary base. There is an opportunity of 3.5 million health beneficiaries and 2.3 million dental beneficiaries to be captured in our addressable markets through five strategies, as pictured below:



In Paraná, for example, we started our operation in the city of Maringá after the acquisition of Santa Rita in September 2019 and began operating in cities adjacent to Maringá in order to capture a larger number of potential clients. Thus, in December 2019, we expanded our operation to the cities of Paiçandu, Nova Esperança and Mandaguari and soon gained market share from our main competitors in these sub-regions. In Paiçandu, we gained 4.0% of market share reaching 45.0% of total market share in the city. In Nova Esperança, we increased our market share by 3.2%, reaching 42.8% of the total market share in the city. In Mandaguari, we increased our market share by 6.5%, reaching 29.6% of the total market share in the city.

We intend to continue with this strategy in the short term, adding new cities such as Colorado, Umuarama, Toledo, Foz do Iguaçu, Londrina and Cascavel, in order to dominate the market and obtain a larger number of beneficiaries.

Boost organic growth, especially through the dental segment, also using a cross-selling strategy

Pursuing our goal of delivering the best healthcare solution and consolidating our regional dominance, we will continue our work of organic growth by developing tools and expertise, launching new products, opening new sales channels, *cross-selling* health and dental plans, and expanding into adjacent markets.

The operators acquired so far (SAMP, Humana, Medplan, Santa Rita Saúde, Unihosp and Fátima Saúde) had dental plans that were offered only as a complement to their products, without a strategic positioning. The number of beneficiaries with dental plans represented, therefore, low penetration of health plans.

Historically, the dental plan market allows for rapid growth via *cross-selling*, high scalability, ease of commercialization due to the low complexity compared to the health plan, accessible pricing, expansion of the accredited network due to the oversupply of professionals, low loss ratio, and high margins. These factors led us to develop a special project for the sector, aligned with our positioning in the healthcare plan segment, expanding its results.

Our strategies, concepts and pillars for creating a dental plan operating model based on:

- Acquisition and structuring of a dental plan management system integrated to the health plans, with its own innovative management technology;

- Structuring the accredited network for the regions where the health operators are commercialized and potential areas of interest (entrance gateway to the health plans);

- Hiring our own team of personnel with high experience in the sector, to manage the operation and support the regional operators, with integration and synergy with the healthcare structure;

- Development of new products and channels in order to accelerate growth via cross-selling and stand-alone sales of dental plans; and

- Assessing potential companies for acquisitions, expanding the number of beneficiaries.

In June 2020, to diversify our portfolio, we acquired the assets of DentalPar, a dental plan operator in the State of Espírito Santo. This acquisition represents a milestone in our expansion in the dental area, considering that our dental client portfolio before the acquisition was of approximately 30 thousand beneficiaries and increased to approximately 132 thousand beneficiaries by December 31, 2020, creating promising cross-selling opportunities and increasing client loyalty.

With this acquisition, the number of dental beneficiaries who have only dental plans or who have dental plans and a health plan now represents, as of February of 2021, 17.5% of our total beneficiaries, and we will continue to seek expansion in this market. We intend to promote the sale of dental plans to our current base and expand to other health plan clients that may become part of our base.

Developing digital transformation

We are implementing digital transformation in our services, with the goal of providing our beneficiaries with a fast, effective and high-quality online journey. This process includes the following digital functionalities: online sales channel, online scheduling, 24-hour online support, telemedicine, online medical screening, preventive treatment program, digital prescription, among others.

We believe that the digital platform is the future of the healthcare industry, and an innovative way to offer healthcare services to our clients. Thus, we intend to enhance the experience of our users with excellence, connecting them to our services and increasing the frequency of use, in order to increase their loyalty to us.

In light of the COVID-19 pandemic, opportunities have been accelerated, culminating in a technological transformation in the healthcare area. In this context, we acted quickly in our adaptation to the new market trends, making relevant and continuous investments in technology applicable to the sector and developing projects to further explore this field of activity.

Through investments in an integrated technological platform, we believe we offer our clients, business partners and providers a positive experience in all processes and interactions with us. For clients, the entire service process is *online* and easily accessible, from the acquisition of health plans, use of services and medical care, to health promotion programs. The main facilities offered are:

- broker's online sales channel;

- e-commerce portal for purchasing family health plans;

- relationship central with multichannel interaction by voice, chat, WhatsApp, e-mail, and SMS;

- 24-hour online support and information;

- beneficiary application with a complete service catalog;

- online appointment scheduling;

- self-service totems;

- telemedicine with instant consultation offers or scheduling of specific medical specialties;
- digital prescription of tests and medications;
- online access to test results and clinical history (medical record);
- health management and preventive medicine program; and
- continuous on-line client satisfaction survey.

Accelerate and boost the commercial strategy through multichannel, segmented offer, cross-selling, capillarity and positioning of our brands

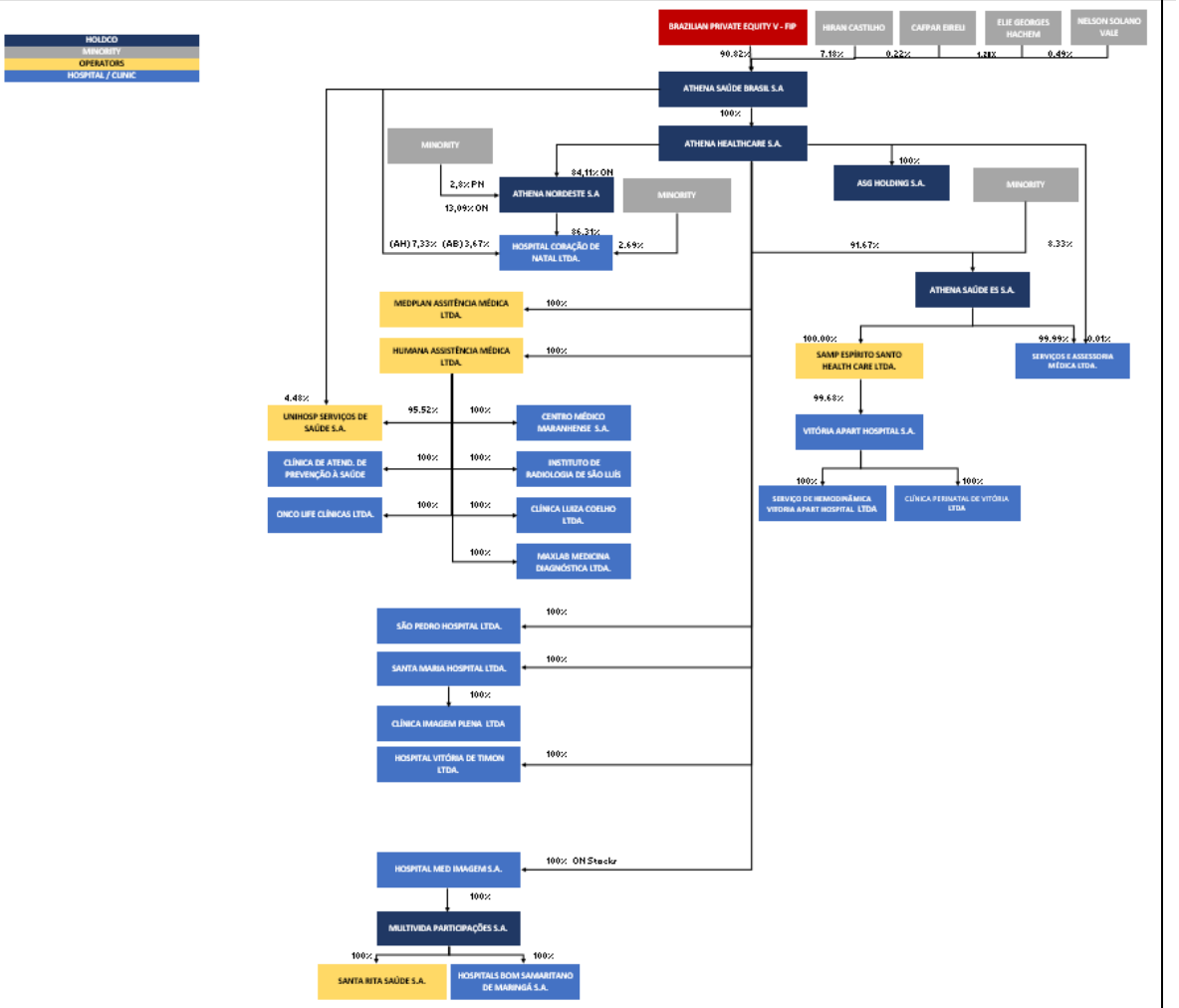
We will continue to expand our commercial activities through the use of various sales channels, including our own salespeople, brokers, dealers, telesales, e-commerce, benefits administrators and door-to-door sales. In addition to the diversity of channels, we will continue to operate in a segmented manner in all markets, corporate, membership, and individual, with a portfolio of products and services customized to meet our various types of clients. We promote commercial incentives linked to performance and quality, and we continually seek to train and develop our own after-sales teams, which are focused on maintaining relationships with large and medium-sized corporate clients.

We aim to expand our market share with the development of commercial channels, the launch of new products, such as the Individual, Senior and National Plans, and the expansion of the representativeness of our dental plans. Seeking to reinforce our brands, we will continue to invest in advertising in online and offline mass media, including television, out-of-home (OOH) media, radio, internet and social media.

Additionally, it is part of our commercial strategy to expand our capillarity, service offerings and geographic expansion into new markets. Some examples of the implementation of this strategy are investments made in 2020, such as: (i) the launch of the Maternidade Med Imagem, in the city of Teresina, State of Piauí, for exclusive care of pregnant women and newborns; (ii) the launch of the Pronto Atendimento Vitória Apart Hospital, in the cities of Cariacica and Vitória, State of Espírito Santo, the first in the state with the decentralized concept and that has a structure to support 15 thousand medical attendances per month in urgent and emergency cases in the specialties of general practice, orthopedics and pediatrics; (iii) the *retrofit* that included a change of address, improvements in infrastructure and agility in the service of the elective medical centers and of the Women's Clinic of the SAMP brand in the cities of Vitória and Santa Lúcia, State of Espírito Santo, which offers the female public gynecological and obstetric care, (iv) launching of Oncomédica, an oncology clinic in the city of Vitória, State of Espírito Santo, and (v) inauguration of medical centers of the brand Santa Rita Saúde in the cities of Sarandi, Paiçandu, Mandaguari, Nova Esperança, Cianorte, Paranavaí and Campo Mourão, all in the State of Paraná.

Corporate Structure

The chart below illustrates our current corporate structure:



Stock Option plan

At our shareholders' meeting of January 31, 2020, our shareholders approved the general terms and conditions of our stock option plan for the benefit of our executive officers, members of our management and certain other employees, including those of our subsidiaries, exclusively selected, by our board of directors. As of the date of this offering memorandum, no shares have been granted under our stock grant plan. For more information, see "*Management—Stock Option Plan*."

Corporate Information

Our headquarters is located in Avenida Doutora Ruth Cardoso, No. 8501, 4th Floor, Room F, Pinheiros, CEP 05425-070, City São Paulo, State of São Paulo. Our investor relations office can be contacted by telephone at + 55 (11) 3192-8620 and by e-mail at ri@athenasaude.com.br. Our website is http://ri.athensaude.com.br. Information provided on our website is not part of this offering memorandum and is not incorporated by reference herein.

Main Financial and Operational Highlights

Main Financial Indicators

The table below presents our key financial data and indicators, for the fiscal years ended 2020, 2019 and 2018:

	As of and for the year ended December 31,			
	2020	**2020**	**2019**	**2018**
	(US$ million, except percentages)[1]	**(R$ million, except percentages)[8]**		
Net revenue	261.6	1,359.4	1,100.3	565.9
Net income for the year	2.8	14.5	3.1	2.6
EBITDA[2]	24.7	128.6	81.9	56.7
EBITDA Margin[3]	9.5%	9.5%	7.4%	10.0%
Adjusted EBITDA[4]	40.5	210.2	124.0	62.6
Adjusted EBITDA Margin[5]	15.5%	15.5%	11.3%	11.1%
Net Debt (Net Cash)[6]	(55.8)	(289.8)	12.2	(1.6)
Loss Ratio[7]	(58.8%)	(58.8%)	(62.6%)	(63.4%)

1 Solely for the convenience of the reader, certain Brazilian real amounts have been translated into U.S. dollars at the December 31, 2020 selling rate of R$5.1967 per US$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate. For more information, see "*Exchange Rates*."

2 We calculate EBITDA as net income for the year plus finance income (costs), net, income taxes current and deferred, net financial income and depreciation and amortization. EBITDA does not have a standardized meaning and is not a recognized measure under Brazilian GAAP or IFRS. Our definitions of EBITDA may differ from that used by other companies. For a reconciliation from our net income for the year to our EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

3 We calculate EBITDA Margin by dividing our EBITDA by our net revenue. For reconciliation of our EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

4 The Adjusted EBITDA consists of the EBITDA, plus or minus, financial revenue – ANS, mergers and acquisitions (M&A) expenses, share-based payment expense and non-recurring expenses. For further information on Adjusted EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

5 Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net revenue. For further information on Adjusted EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin.*"

6 We calculate Net Debt (Net Cash) as Gross Debt *less* the sum of cash and cash equivalents, restricted financial investments (current and non-current) and collateral deposit for the acquisition of non-controlling interests – GMI (Med Imagem Group). . For a reconciliation of our Gross Debt, see "*Selected Financial Information—Reconciliation of Non-GAAP Measures—Gross and Net Debt (Net Cash).*"

7 Loss Ratio is a non-accounting measurement prepared by us and refers to the cost of services divided by net revenue. For a reconciliation of our Loss Ratio, see "*Selected Financial Information—Reconciliation of Non-GAAP Measures— Loss Ratio."*

8 On January 1, 2019, we adopted IFRS 16 and CPC 06 (R2) – Leases using the modified retrospective method. Accordingly, the financial information for the year ended December 31, 2018 was not adjusted to reflect the adoption of IFRS 16 and CPC 06 (R2) and, therefore, is not comparable to the information presented for the year ended December 31, 2019 and thereafter.

Main Operational Indicators	**Fiscal year ending December 31st**		
(R$ thousand, except if indicated otherwise)	**2020**	**2019**	**2018**
Average Monthly Ticket[1]	R$188.07	R$189.00	R$210.57
# Beneficiaries	708,370	487,091	160,404
# Hospitals	9	7	6
# Hospital Beds	1,045	789	594

[1] **Average Ticket:** The average ticket is measured by the gross health insurance revenue for the fiscal year divided by the average number of beneficiaries for the same fiscal year divided by 12 months.

The table below sets forth our main *pro* forma financial indicators for the periods indicated:

	For the year ended December 31, 2020						
	Athena Saúde Brasil S.A.	**HCN**	**Unihosp Group**	**São Bernardo Group**	***Pro forma* Adjustments**	**Total *Pro forma***	**Total *Pro forma***
	(R$ million, except percentages)						**(U$ million, except percentages)** [1]
Net income for the year	14.5	15.1	13.4	46.0	(15.2)	73.8	14.2
EBITDA[2]	128.6	29.3	18.9	57.5	-	226.0	43.5
EBITDA Margin[3]	9.5%	18.1%	11.3%	21.1%	-	12.0%	12.0%
Adjusted EBITDA[4]	210.2	29.3	18.9	57.5	-	307.6	59.2
Adjusted EBITDA Margin[5]	15.5%	18.1%	11.3%	21.1%	-	16.3%	16.3%

1 Solely for the convenience of the reader, certain Brazilian real amounts have been translated into U.S. dollars at the December 31, 2020 selling rate of R$5.1967 per US$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate. For more information, see "*Exchange Rates*."

2 We calculate EBITDA as net income for the year plus finance income (costs), net, income taxes current and deferred, net financial income and depreciation and amortization. EBITDA does not have a standardized meaning and is not a recognized measure under Brazilian GAAP or IFRS. Our definitions of EBITDA may differ from that used by other companies. For a reconciliation from our net income for the year to our EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

3 We calculate EBITDA Margin by dividing our EBITDA by our net revenue. For reconciliation of our EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

4 The Adjusted EBITDA consists of the EBITDA, plus or minus, financial revenue – ANS, mergers and acquisitions (M&A) expenses, share-based payment expense and non-recurring expenses. For further information on Adjusted EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

5 Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net revenue. For further information on Adjusted EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

Recent Developments

Completed Acquisitions

Marechal Cândido Rondon Hospital (Sempre Vida Group)

On April 1, 2021, we concluded the acquisition of Hospital Marechal Cândido Rondon S/A. ("Sempre Vida Group"). On July 31, 2020, we entered into an agreement to acquire 80.9% of the capital stock of Sempre Vida Group, but at closing of this transaction we agreed to acquire the remaining stake from the remaining shareholder. The transaction did not require approval from CADE, and was approved by ANS on March 10, 2021.

The Sempre Vida Group is a verticalized operation and has 59 hospital beds (3 semi-intensive care units), five medical service clinics. one medical care center, and a portfolio of approximately 34.9 thousand health plan beneficiaries, being strategically important for our expansion in the State of Paraná.

The acquisition price (Enterprise Value) for 100% of the Sempre Vida Group was R$45 million, from which the net indebtedness was reduced. The payment was made in cash on the closing date, less a holdback for potential contingencies. The acquisition price may be adjusted based on certain financial indicators of Sempre Vida Group through the closing date, which will be verified upon completion of more recent financial statements.

For further information see the following risk factor "W*e may not be able to conclude mergers or acquisitions on time, or at terms or prices we desire. Our acquisitions may not bring the results that we expect and we may not be able to successfully integrate the acquired companies into our business.*"

Fátima Saúde

On April 1, 2021, we acquired 95% of the quotas of Pro Salute - Serviços Para a Saúde Ltda. ("Fatima Saúde"). On December 23, 2020, we entered into an agreement to acquire 95% the capital of Fatima Saúde and the future acquisition of the remaining quotas. The transaction was approved by CADE on March 26, 2021 and by ANS on March 23, 2021.

Fátima Saúde is headquartered in Caxias do Sul, in the State of Rio Grande do Sul. It has an integrated medical center and a portfolio of approximately 46 thousand beneficiaries of health plans and 1.0 thousand beneficiaries of dental plans. It is strategically important for our expansion process in the southern region of Brazil and marks our entry into the state.

The price for the acquisition of 100% of the quotas (*Equity Value*) of Fatima Saúde was R$77.8 million, considering a net indebtedness of R$1.2 million. On April 1, 2021 we concluded the acquisition of 95% of the quotas, and agreement provides for the acquisition of the remaining quotas under the same conditions. The acquisition price may be adjusted based on certain financial indicators of Fatima Saúde through the closing date, which will be verified upon completion of more recent financial statements.

The payment of the purchase price was made partly in cash and partly in shares issued by us on the closing date, less a holdback for potential contingencies. For more information about the payment in shares which resulted in our capital increase.

For further information see the following risk factor: *"We may not be able to conclude mergers or acquisitions on time, or at terms or prices we desire. Our acquisitions may not bring the results that we expect and we may not be able to successfully integrate the acquired companies into our business."*

Potential Acquisitions

São Bernardo Group

On February 7, 2019, we entered into an agreement for the acquisition, through our subsidiary Athena Saúde Espírito Santo, of São Bernardo Apart Hospital S.A, Casa de Saúde São Bernardo S.A., Centro Médico de Especialidades, Terapias e Diagnósticos Capixaba Ltda. - ME, Call Express Central de Atendimentos Ltda. - ME and of São Bernardo Emergência Ltda. (together, the "São Bernardo Group"). This agreement was subsequently amended on February 1, 2021, assigning the rights and obligations to Serviços e Assessoria Médica Especializada Ltda.

("SAMES"), a company controlled by Athena Saúde Espírito Santo and also our subsidiary, which became the new acquirer.

The São Bernardo Group is vertically integrated, operating in the State of Espírito Santo and has a hospital, which includes 73 hospital beds, 13 of which are ICU, 9 medical centers, 2 of which are emergency care units, and a portfolio of approximately 51.2 thousand beneficiaries (considering the divestment required by CADE of 32.7 thousand beneficiaries), of which 89% are group plans and 11% are individual plans. We intend to conclude the acquisition of the São Bernardo Group for its consolidation as the regional private health plan leader in the State of Espírito Santo.

The purchase price will be paid in a cash in a fixed installment on the closing date, less a holdback for potential contingencies. The agreement also provides for an earn out, payable in case of a liquidity event (sale of shares of the acquirer, including our public offering). This earn out was considered equal to "zero" as of December 31, 2020, as there was no current obligation in relation to this portion of the price if the event does not occur. The price of the shares, estimated at R$449.9 million is equivalent to an Enterprise Value of R$451 million, and R$60.4 million was paid, after December 31, 2021, as a price advance. The ownership interest of each company being acquired was established as follows:

Entity	**Potential participation in the acquired company**
São Bernardo Apart Hospital S.A. ("SBAH")	90.25%
Casa de Saúde São Bernardo S.A. ("SBS")	97.79%[1]
Centro Médico de Especialidades ("CME")	100.00%
Ativa Serviços Empresariais Ltda. ("Ativa")	100.00%
Call Express Central de Atendimentos Ltda. ("Call")	100.00%
São Bernardo Emergência Ltda. ("Emergência")	100.00%

(1) Considering SBAH's indirect participation in SBS

The transaction was approved by CADE through a merger control agreement on June 17, 2020 and approved by ANS on November 24, 2020. Through the merger control agreement, the parties assumed, among others, the obligation to divest part of their portfolios of beneficiaries of corporate collective medical and hospital health plans in certain municipalities of the State of Espírito Santo to a competing health plan operator. On October 30, 2020, we and the São Bernardo Group notified CADE of the proposal to sell part of their portfolios of beneficiaries of collective corporate medical-hospital health plans in municipalities of Espírito Santo in favor of Mais Saúde S.A. The concentration act was approved by CADE on November 19, 2020 and became final and binding on December 4, 2020. With the divestment of part of the portfolio, we will consolidate 51 thousand health plan beneficiaries to our base.

The divestment proposal still awaits approval by CADE before it can be definitively implemented and concluded. In addition, we should continue to comply with the other accessory obligations listed above for the periods determined in the ACC. If all the obligations assumed in the ACC are fulfilled within the established deadlines, CADE will issue a certificate recognizing the fulfillment of the ACC and the concentration act involving the acquisition of Grupo São Bernardo will be filed.

For further information see the item "Unaudited Pro Forma Condensed Consolidated Financial Information and the following risk factors: "*We may not be able to conclude mergers or acquisitions on time, or at terms or prices we desire. Our acquisitions may not bring the results that we expect and we may not be able to successfully integrate the acquired companies into our business.*" "*Our acquisitions or associations may suffer restrictions or may not be approved by CADE or ANS*" *and "We may discover previously unidentified contingencies in acquired companies for which we may be liable, including in our capacity as successor."Promédica Group*

Promédica

On December 29, 2020, we entered into an agreement for the acquisition of the entire capital stock of Promédica - Proteção Médica a Empresas S.A., Bahia Serviços de Saúde S.A. and Promédica Patrimonial S.A. - Propat (together, "Promédica").

Promédica is a verticalized group, located in the city of Salvador, State of Bahia, with two hospitals with 233 hospital beds in total, 10 medical centers, and around 90 thousand beneficiaries spread throughout the metropolitan region of Salvador. The acquisition marks our entry into the State of Bahia, the largest in the Northeast region of Brazil, in terms of supplementary healthcare.

The acquisition price (Enterprise Value) for 100% of Promédica is R$630 million, from which net indebtedness will be reduced. This value may be altered by price adjustments resulting from changes in the company's financial indicators up to the closing date

The purchase price less a holdback for potential contingencies will be paid in cash on the closing date, and the consummation of the transaction is subject to the approval of ANS and CADE. For further information see the following risk factors: "*We may not be able to conclude mergers or acquisitions on time, or at terms or prices we desire. Our acquisitions may not bring the results that we expect and we may not be able to successfully integrate the acquired companies into our business*," "*Our acquisitions and/or associations may suffer restrictions or may not be approved by CADE or ANS*" and "*We may discover previously unidentified contingencies in acquired companies for which we may be held liable, including in our capacity as successor*."

Minority shareholders' roll-up

Minority shareholders of Athena Saúde Nordeste Holding S.A.

On March 31, 2021, our shareholders approved a capital increase of R$1,938,386.00, and we issued 10,683,750 new common shares, without par value.

These new shares were fully subscribed by Marcos Dias Leão, for the total amount of R$1,938,386.00, and were paid up by means of the transfer of 25.681,088 common shares, nominative and without par value, fully paid up, held by this shareholder, representing 13.09% of the capital stock of our indirect subsidiary Athena Saúde Nordeste Holding S.A. ("Athena Nordeste"). Due to the roll-up of this shareholder, we now hold all common shares of Athena Nordeste's capital stock.

Minority shareholders of Athena Saúde Espírito Santo S.A.

On April 16, 2021, our shareholders approved a capital increase of R$51,754,373.31, and we issued 29,353,457 new common shares, without par value.

The new shares we issued were fully subscribed by minority shareholders of Athena Espírito Santo Holding S.A., in the total amount of R$51,754,373.31, and were paid up by means of the transfer of 41,933.510 common, nominative shares with no par value, fully paid up, representing 15.5781% of the capital stock of our indirect subsidiary Athena Saúde Espírito Santo Holding S.A. After the *roll-up of* these shareholders of the Athena Group now holds all the common shares of Athena Espírito Santo.

Reverse Share Split

On April 16, 2021, our shareholders approved the reverse split of all the common shares representing our capital, at the ratio of 4:1, maintaining our capital stock and increasing the number of shares into which the capital is divided from 1,678,078,822 to 419,519,705 common shares.

Potential Impacts resulting from the exercise of the options newly granted to the managers with the effectiveness of our public Offering

As a result of the granting of 41,074,099 shares to our managers on January 30, 2020 and October 1, 2020, pursuant to the conditions provided for in our stock option plan approved by our shareholders at a shareholders' general meeting held on January 1, 2020, we will incur expenses related to the stock option plan with the options

granted in the estimated amount of R$13.8 million to be recognized in the result of the year ending December 31, 2021, considering the offering. In addition, a significant part of the options granted may be exercised, generating dilution to our shareholders. For further information about the stock option plan, see *Management—Stock Option Plan*, as well as the following risk factor: "*The exercise of options in our stock option plan by the respective participants may dilute the participation of our other shareholders.*"

COVID's impact on our activities

Measures adopted in response to the COVID-19 pandemic

On March 11, 2020, the World Health Organization declared a State of pandemic due to the global spread of a disease caused by a novel strain of coronavirus (COVID-19). The declaration of the COVID-19 pandemic led to severe restrictive measures by government officials worldwide in an attempt to control the outbreak of the disease, including restrictive measures related to the movement of people, such as government mandated quarantines and lockdowns, travel and public transportation restrictions, and prolonged closures of workplaces.

In Brazil, some states and cities, including cities where we operate, adopted restrictive measures to prevent or delay the spread of COVID-19, such as restrictions on free circulation and mandated social isolation.

Since the beginning of the pandemic, we have been implementing measures to face this turbulent period. We (i) created an extraordinary and multidisciplinary committee in order to monitor its main operational indicators and project different scenarios based on what is being identified in Brazil and the rest of the world, (ii) adopted home office, (iii) negotiated vacations with its employees in the administrative areas, and (iv) reviewed the schedules and rotations of the operational areas in order to preserve the health and integrity of its employees and partners. Finally, although we are going through a moment of uncertainty, in which it is not possible to specify its impacts, as well as its duration, in the understanding of our management, these measures seek to support our evolution in this period.

We continuously evaluate the potential developments of the COVID-19 pandemic in the short, medium and long terms to take any necessary measures that aim to safeguard the health of our direct and indirect employees, preserve our liquidity and minimize and mitigate any risks related to our operations, enabling the continuity of the progress of our projects.

Principal effects of the COVID-19 pandemic on our business

Despite the measures taken to contain the COVID-19 pandemic and the economic-relief measures announced by governments around the world, including the Brazilian government, we cannot predict the extent, duration and impacts of such measures the results of the aid measures in the regions where we operate. *Operational measures*

To mitigate possible operational impacts, we adopted certain measures, such as:

- purchase of equipment (respirators, ICU beds, among others) in order to increase our capacity to meet demand peaks;
- creation of a permanent committee to provide support to our employees, aiming at their safety and psychological support. We also create a data room tracking the health of our personnel and including formal legal documents that ensure the protection of our personnel. We ensured complete record of the delivery and training on the use, wearing, and removal of personal protection equipment ("PPE"), in order to avoid contamination risks. Two deaths were registered among all of our employees (0.03% of our total number of employees).
- launch of our telemedicine operation, which includes appointment scheduling with specialist doctors and a virtual emergency care service with general practitioners available 24 hours per day for the entire beneficiary base of our health plan operators (except for Santa Rita Saúde plans starting before 2021);
- purchase of additional inventory of materials and medications;
- creation of daily follow-up panels with information about the cases treated and hospitalizations, the health

status of our employees and our critical operational resources, in addition to panels following up on confirmed cases in Brazil; and

- revision of schedules and implementation of rotation systems in our operational areas, as well as adoption of remote working policy. Such policy is still in effect for part of our administrative employees. We have also negotiated vacations for employees in these areas.

Financial impacts

To protect our liquidity during the COVID-19 pandemic, we maintained strict controls of financial risk indicators. We obtained the following results:

- we adopted a more conservative allowance for expected credit loss policy. Throughout the year, we registered R$2.4 million as allowance for credit losses, which matches the percentage of invoices issued by the health plan operators open after 45 days and that exceeded the expected percentage based on the 2019 average and we reverted such provisions as the percentage reduced. As of December 31, 2020, our allowance for expected credit loss is R$0.6 million;
- we found no evidence of deterioration in operating cash generation that could result in an increase in our liquidity risk, thus there was no change in our liquidity policies;
- our investment policy is very conservative, investments are fixed income, made through the largest Brazilian financial institutions, in view of this scenario, there was no need to record an impairment loss;
- we reinforced our cash position in April 2020 by taking out a loan under the terms of Law 4.131/1962, in the total amount of R$19.2 million, with maturity on April, 2021 and an interest rate of CDI + 3.02% p.a. On December 2020, we prepaid such loan in full using available cash funds; and
- we found no concrete indications that we would not be able to achieve the indexes required as part of the covenants of our debt instruments.

Impact on results

The COVID-19 pandemic has impacted some of our main performance indicators, among them:

- Claims: As of March 2020, the measures taken by ANS led to a decrease in elective medical procedures in order to increase the beds available for COVID-19-related hospitalizations. The effect of this measure has been a reduction in non-COVID-19-related hospitalizations and, therefore, in the cost of healthcare plan operators. We cannot be sure that this reduction will be sufficient to offset a possible increase in spending due to COVID-19. Additionally, we expect to see a return of elective care demand, at least partially; and
- Net revenue: The measures that positively impacted healthcare plan operators' costs had a negative impact on hospital revenue. There was a reduction in elective procedures and a reduction in bed occupancy. However, partnerships were made with State Health Secretariats to improve the financial performance of hospitals and we expect a gradual resumption of elective-procedure demand.

For more information on the impact of COVID-19, see Risk Factors: "*If we are unable to accurately estimate or control the costs of healthcare or increase the prices of our plans to offset increases in costs, our results of operations may be adversely affected.," "We may not fully realize the premiums paid on our acquisitions and accounted for as goodwill in our financial statements.," "The extent of the COVID-19 pandemic, the perception of its effects, or the manner in which such pandemic will impact our business depends on future developments. Given that the consequences of the pandemic are highly uncertain and unpredictable, our business, financial condition, results of operations, cash flows and ability to continue operations may be adversely affected.," "If we are unable to accurately estimate or control the costs of healthcare or increase the prices of our plans to offset increases in costs, our results of operations may be adversely affected." and* "*Any operational difficulty in recovering the amounts resulting from*

the end of the suspension of health plan adjustments determined by ANS may adversely affect our business, financial condition and operating results." and "Management's Discussion And Analysis Of Financial Condition and Results of Operations — COVID-19 Impacts."

THE OFFERING

Issuer	Athena Saúde Brasil S.A.
Selling shareholders.....	Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia, Cafpar Consultoria e Participações – EIRELI and Hiran Alencar Mora Castilho.
Brazilian underwriters.....	Bank of America Merrill Lynch Banco Múltiplo S.A., XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A., Banco Bradesco BBI S.A., Banco BTG Pactual S.A., Banco Itaú BBA S.A., Banco Santander (Brasil) S.A. and Banco ABC Brasil S.A.
International placement agentes	BofA Securities, Inc., XP Investments US, LLC, Bradesco Securities Inc., BTG Pactual US Capital LLC, Itau BBA USA Securities, Inc. and Santander Investment Securities Inc.
Stabilizing Agent.....	XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.
Securities offered.....	We and the selling shareholders are offering a total of 120,551,640 common shares, of which 48,220,656 common shares will be issued by us and 72,330,984 will be sold by the selling shareholders (without considering the additional shares or the over-allotment option), to: (i) the public and institutional investors in Brazil pursuant to an offering registered with the CVM, (ii) certain persons reasonably believed to be qualified institutional buyers, as defined in Rule 144A under the Securities Act, in the United States, pursuant to an exemption from registration under the Securities Act, and (iii) institutional and other investors outside the United States and Brazil that are not U.S. persons (as defined in Regulation S). Investors residing outside Brazil, including qualified institutional buyers in the United States and institutional and other investors outside the United States and Brazil, may purchase our common shares if they comply with the registration requirements of CVM Instruction No. 560, and CMN Resolution No. 4,373, or with Law No. 4,131. For a description of how to comply with these requirements, see "*Market Information—Investment in Our Common Shares by Non-Residents of Brazil*." U.S. purchasers of our common shares will be deemed to have made certain representations. See "*Transfer Restrictions*."
Additional shares	Under Brazilian regulations, the number of shares offered can be increased on the day of the pricing of the offering by up to 20% of the common shares initially offered or up to 24,110,328 common shares, upon agreement between us, the selling shareholders and the underwriters. The information in this offering memorandum assumes no additional shares will be offered.
Over-allotment option	The selling shareholders have granted to the stabilizing agent, in connection with the offering, an option to place up to 18,082,746 additional common shares at the offering price, representing up to 15%

	of the common shares initially offered, solely to cover over-allotments, if any. The stabilizing agent will have the exclusive right to exercise this over-allotment option, in whole or in part, after giving notice to the other Brazilian underwriters, at any time for a period of 30 days from the date of commencement of trading of our common shares on the B3, provided that the decision to exercise the over-allotment option will be taken jointly by the Brazilian underwriters at the time the price per common share is determined. The option, if exercised, will be at the price per common share indicated on the cover page of this offering memorandum.
Offering price	Between R$18.35 and R$23.12 per common share, although the actual offering price may be set outside this indicative range.
Capital stock	As of the date of this offering memorandum, our capital stock comprises 419,519,705 common shares outstanding. Immediately following the completion of this offering, our capital stock will comprise 467,740,361 common shares outstanding, assuming no exercise of the over-allotment option. For information on the rights of holders of our common shares, see *"Description of Capital Stock.*"
Use of proceeds	Assuming an estimated offering price per common share of R$20.74, which is the midpoint of the price range on the cover page of this offering memorandum, we estimate that the net proceeds from the issuance of our common shares in this offering will be, after deducting commissions, fees and other related offering expenses payable by us, approximately R$933 million, assuming no exercise of the over-allotment option. We will not receive any proceeds from the sale of our common shares by the selling shareholders. We intend to use the net proceeds we receive from this offering to acquire healthcare plan operators and hospital networks, including clinics and hospitals, in the normal course of our business. For further information, see "*Use of Proceeds*."
Voting rights.....	Each common share entitles its holder to one vote at our shareholders' meetings. For further information on voting rights, see *"Description of Capital Stock*."
Dividends	Our bylaws and the Brazilian Corporate Law require us to pay our shareholders a minimum mandatory dividend of 25% of our annual adjusted net income, as calculated in accordance with the Brazilian Corporate Law, unless our board of directors determines that the payment of dividends is inadvisable due to our financial condition and obtains approval for the suspension of dividend payments at our shareholders' meetings.
Tag-along rights	Holders of our common shares are entitled to be included in a public tender offer in Brazil in the event a controlling interest in us is sold. The minimum price to be offered for each common share would be 100% of the price paid per common share of the controlling interest. For further information on the rights of our common shares, see "*Description of Capital Stock*." U.S. holders of our common shares may not be able to exercise preemptive rights and tag-along rights relating to our common shares.

	For further information on the exercise of preemptive rights and tag-along rights by U.S. holders of our common shares, see "*Risk Factors—Risks Related to this Offering and Our Common Shares— A U.S. holder of our common shares may be unable to exercise preemptive rights and tag-along rights relating to our common shares.*" and "*Transfer Restrictions*."
Lock-up agreements	We, our directors and officers, and our shareholders will agree, for a period of 180 days following the date of the announcement of the commencement of the offering in Brazil (*Anúncio de Início da Oferta*), subject to certain exceptions, without the prior written consent of the international placement agents and the Brazilian underwriters, to not, (i) offer, sell, issue, contract to sell, pledge, loan, make any short-sale or otherwise dispose of our common shares or any securities convertible into or exchangeable or exercisable for any of our common shares ("Lock-Up Securities"), (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act, (v) make a demand for, submit or file with the U.S. Securities and Exchange Commission a registration statement under the Securities Act relating to Lock-Up Securities, or (vi) publicly announce an intention to effect any transaction or action specified in clauses (i) to (v). For further information on these lock-up agreements, see "*Plan of Distribution*."
Transfer restrictions.....	Our common shares have not been and will not be registered under the Securities Act or under any U.S. state securities laws and, accordingly, are subject to U.S. restrictions on transfer and resale, as described in "*Transfer Restrictions*."
Trading, settlement and clearance	Payment for our common shares must be made in Brazilian *reais* through the facilities of the Central Depository of the B3. We expect that our common shares will be delivered through the facilities of the Central Depository of the B3 on or about , 2021. Trades in our common shares on the B3 will settle through the facilities of the Central Depository of the B3.
Listing.....	We have applied to list our common shares on the Novo Mercado listing segment of the B3 under the symbol "ATEA3."The ISIN number for our shares is "BRATEAACNOR7."
Risk factors.....	An investment in our common shares involves risks. For a discussion of certain factors you should consider before deciding to invest in our common shares, see "*Risk Factors*" and the other information included in this offering memorandum.
Taxation.....	Dividend distributions with respect to our common shares are currently not subject to withholding of Brazilian income tax. However, payments of interest on shareholders' equity are subject to withholding of Brazilian income tax. For certain Brazilian and U.S. tax consequences with respect to the acquisition, ownership and disposition of our common shares, see "*Taxation*."

SUMMARY FINANCIAL AND OTHER INFORMATION

The following statements of income data and balance sheet data present a summary of our historical financial and operating data derived from our audited individual and consolidated financial statements for the years ended December 31, 2020, 2019 and 2018.

This summary financial and other information should be read in conjunction with the sections of this offering memorandum entitled "*Presentation of Financial and Other Information*," "*Selected Financial Information*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," as well as the financial statements and the notes related thereto, included elsewhere in this offering memorandum.

Statements of Income Data

	For the Year ended December 31,			
	2020[(1)]	**2020**	**2019**	**2018[(2)]**
	(US$ million)		(R$ million)	
Net revenue	261.6	1,359.4	1,100.3	565.9
Cost of services	(153.9)	(799.7)	(689.0)	(358.8)
Gross profit	**107.7**	**559.6**	**411.2**	**207.1**
Operating income (expenses)				
Selling expenses	(12.6)	(65.6)	(37.0)	(10.9)
General and administrative expenses	(90.4)	(469.9)	(355.1)	(163.6)
Equity pick-up	-	-		(0.9)
Other operating income (expenses), net	8.6	44.5	22.0	(2.7)
Total	**(94.5)**	**(491.0)**	**(370.0)**	**(178.1)**
Operating (loss) profit before finance income (costs)	**13.2**	**68.6**	**41.2**	**29.0**
Finance income (costs), net				
Finance income	3.8	19.7	33.3	11.0
Finance expenses	(7.6)	(39.7)	(44.5)	(17.7)
Total	**(3.8)**	**(20.0)**	**(11.2)**	**(6.7)**
(Loss) profit before income taxes	**(9.4)**	**48.6**	**30.0**	**22.3**
Income taxes				
Current	(15.0)	(77.7)	(36.0)	(25.5)
Deferred	8.4	43.5	9.0	5.8
Total	**(6.6)**	**(34.2)**	**(27.0)**	**(19.7)**
(Loss) net income for the year	**2.8**	**14.5**	**3.1**	**2.6**

1 Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

2 On January 1, 2019, we adopted IFRS 16 and CPC 06 (R2) – Leases using the modified retrospective method. Accordingly, the financial information for the years ended December 31, 2018 was not adjusted to reflect the adoption of IFRS 16 and CPC 06 (R2) and, therefore, is not comparable to the information presented for the year ended December 31, 2019 and thereafter.

Balance Sheet Data

	As of December 31,			
	2020[(1)]	**2020**	**2019**	**2018**
	(US$ million)		(R$ million)	
Assets				
Current assets				
Cash and cash equivalents	**101.8**	**529.1**	**109.1**	**66.7**
Restricted financial investments	24.9	129.3	159.0	30.0
Trade receivables	34.5	179.3	114.2	93.6
Inventories	7.9	40.9	12.9	8.1
Taxes recoverable	4.1	21.1	11.4	4.7
Advances to suppliers	3.8	19.7	9.5	-
Prepaid expenses	2.8	14.6	-	-

Other assets	1.3	6.7	4.4	4.1
Total current assets	**181.0**	**940.8**	**420.3**	**207.1**
Non-current assets				
Restricted financial investments	13.4	69.5	-	24.1
Contingency reimbursement – indemnification assets	30.4	157.7	127.8	41.4
Related parties	8.6	44.9	-	
Deferred tax assets	19.1	99.2	36.6	25.8
Taxes recoverable	0.4	2.1	1.8	-
Judicial deposits	11.4	59.5	37.7	25.6
Other assets	0.8	4.1	4.7	1.4
Investments	-	-	-	-
Property and equipment	85.8	445.9	304.8	158.5
Intangible assets	204.6	1,063.3	515.0	176.5
Total non-current assets	**374.5**	**1,946.2**	**1,028.5**	**453.4**
Total assets	**555.5**	**2,887.0**	**1,448.8**	**660.5**
Liabilities and equity				
Current liabilities				
Trade payables	13.3	69.3	52.4	37.3
Lease liabilities	3.1	16.2	10.8	-
Technical reserves (ANS)	33.8	175.5	108.3	38.8
Loans and financing	0.4	2.3	137.8	21.2
Advances from customers	0.5	2.5	3.2	3.3
Dividends and interest on shareholders' equity	0.4	2.3	2.0	-
Payroll and related taxes	17.5	91.0	56.9	39.6
Taxes payable	20.1	104.5	56.9	30.7
Payables for acquisition of companies	13.2	68.4	7.1	16.1
Taxes in installments	1.0	5.2	5.4	6.2
Related parties	-	-	-	-
Allowance for investment loss	-	-	-	2.9
Other liabilities	2.4	12.6	4.5	2.8
Total current liabilities	**105.8**	**549.8**	**445.3**	**198.8**
Non-current liabilities				
Loans and financing	28.8	149.8	3.2	65.8
Lease liabilities	27.5	143.1	85.3	-
Deferred tax liabilities	4.4	22.7	16.7	16.7
Taxes in installments	8.9	46.4	49.1	47.6
Payables for acquisition of companies	22.1	114.8	115.5	16.1
Related parties	-	-	0.3	0.3
Provision for legal proceedings	17.2	89.3	58.7	39.8
Taxes payable	0.6	3.3	-	-
Other liabilities	0.1	0.3	1.2	2.1
Total non-current liabilities	**109.6**	**569.7**	**329.9**	**188.4**
Total liabilities	**215.4**	**1,119.5**	**775.2**	**387.2**
Total equity	**340.1**	**1,767.5**	**673.6**	**273.3**
Total liabilities and equity	**555.5**	**2,887.0**	**1,448.8**	**660.5**

1 Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

Other Financial Data

The table below presents our key financial data and indicators, in combined form for the group's companies, for the periods and fiscal years indicated:

	As of and for the year ended December 31,			
	2020	2020	2019	2018
		(US$ million)[1]		(R$ million)[8]
Net revenue	261.6	1,359.4	1,100.3	565.9
Net income (loss) for the year	2.8	14.5	3.1	2.6
EBITDA[2]	24.7	128.6	81.9	56.7
EBITDA Margin[3]	9.5%	9.5%	7.4%	10.0%
Adjusted EBITDA[4]	40.5	210.2	124.0	62.6
Adjusted EBITDA Margin[5]	15.5%	15.5%	11.3%	11.1%
Net Debt (Net Cash)[6]	(55.8)	(289.8)	12.2	(1.6)
Loss Ratio[7]	(58.8%)	(58.8%)	(62.6%)	(63.4%)

1 Solely for the convenience of the reader, certain Brazilian real amounts have been translated into U.S. dollars at the December 31, 2020 selling rate of R$5.1967 per US$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate. For more information, see "*Exchange Rates*."

2 We calculate EBITDA as net income for the year plus finance income (costs), net, income taxes current and deferred, net financial income and depreciation and amortization. EBITDA does not have a standardized meaning and is not a recognized measure under Brazilian GAAP or IFRS. Our definitions of EBITDA may differ from that used by other companies. For a reconciliation from our net income for the year to our EBITDA, see ""*Presentation of Financial and Other Information*," and "*Selected Financial Information— Reconciliation of Non-GAAP Measures— EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

3 We calculate EBITDA Margin by dividing our EBITDA by our net revenue. For reconciliation of our EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures— EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

4 The Adjusted EBITDA consists of the EBITDA, plus or minus, financial revenue – ANS, mergers and acquisitions (M&A) expenses, share-based payment expense and non-recurring expenses. For further information on Adjusted EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures— EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

5 Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net revenue. For further information on Adjusted EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures— EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin.*"

6 We calculate Net Debt (Net Cash) as Gross Debt *less* the sum of cash and cash equivalents, restricted financial investments (current and non-current) and collateral deposit for the acquisition of non-controlling interests – GMI (Med Imagem Group). . For a reconciliation of our Gross Debt, see "*Selected Financial Information—Reconciliation of Non-GAAP Measures—Gross and Net Debt (Net Cash).*"

7 Loss Ratio is a non-accounting measurement prepared by us and refers to the cost of services divided by net revenue. For a reconciliation of our Loss Ratio, see "*Selected Financial Information—Reconciliation of Non-GAAP Measures— Loss Ratio."*

8 On January 1, 2019, we adopted IFRS 16 and CPC 06 (R2) – Leases using the modified retrospective method. Accordingly, the financial information for the year ended December 31, 2018 was not adjusted to reflect the adoption of IFRS 16 and CPC 06 (R2) and, therefore, is not comparable to the information presented for the year ended December 31, 2019 and thereafter.

Main Operational Indicators *(In R$, except if indicated otherwise)*	Fiscal year ending December 31st		
	2020	2019	2018
Average Monthly Ticket[1]	R$188.07	R$189.00	R$210.57
# Beneficiaries	708,370	487,091	160,404
# Hospitals	9	7	6
# Hospital Beds	1,045	789	594

[1] **Average Ticket:** The average ticket is measured by the gross health insurance revenue for the fiscal year divided by the average number of beneficiaries for the same fiscal year divided by 12 months.

The table below sets forth our main *pro* forma financial indicators for the periods indicated:

	For the year ended December 31, 2020						
	Athena Saúde Brasil S.A.	**HCN**	**Unihosp Group**	**São Bernardo Group**	***Pro forma* Adjustments**	**Total *Pro forma***	**Total *Pro forma***
	(R$ million, except percentages)						**(U$ million, except percentages)** [1]
Net income for the year	14.5	15.1	13.4	46.0	(15.2)	73.8	14.2
EBITDA[2]	128.6	29.3	18.9	57.5	-	226.0	43.5
EBITDA Margin[3]	9.5%	18.1%	11.3%	21.1%	-	12.0%	12.0%
Adjusted EBITDA[4]	210.2	29.3	18.9	57.5	-	307.6	59.2
Adjusted EBITDA Margin[5]	15.5%	18.1%	11.3%	21.1%	-	16.3%	16.3%

1 Solely for the convenience of the reader, certain Brazilian real amounts have been translated into U.S. dollars at the December 31, 2020 selling rate of R$5.1967 per US$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate. For more information, see "*Exchange Rates*."

2 We calculate EBITDA as net income for the year plus finance income (costs), net, income taxes current and deferred, net financial income and depreciation and amortization. EBITDA does not have a standardized meaning and is not a recognized measure under Brazilian GAAP or IFRS. Our definitions of EBITDA may differ from that used by other companies. For a reconciliation from our net income for the year to our EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

3 We calculate EBITDA Margin by dividing our EBITDA by our net revenue. For reconciliation of our EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

4 The Adjusted EBITDA consists of the EBITDA, plus or minus, financial revenue – ANS, mergers and acquisitions (M&A) expenses, share-based payment expense and non-recurring expenses. For further information on Adjusted EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

5 Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net revenue. For further information on Adjusted EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

RISK FACTORS

Investing in our shares involves a high degree of risk. You should carefully consider the risks described below before making an investment decision regarding our shares. Our business, financial condition, results of operations, cash flows and/or prospects could be adversely affected by any of these risks, among others. The market price of our shares could decline due to the occurrence of any of these risks or other factors, and you may lose all or part of your investment. The risks described below are those that we currently believe may adversely affect us. Additional risks and uncertainties not currently known to us, or those that we currently deem to be irrelevant, may also materially and adversely affect our business, financial condition, results of operations, cash flow and/or prospects, and/or the price of our shares.

For purposes of this section, when we state that a risk, uncertainty or problem may, could or will have an "adverse effect" on us or "adversely affect" us, we mean that the risk, uncertainty or problem could have an adverse effect on our business, financial condition, results of operations, cash flow, liquidity, and/or prospects, and/or in the price of our shares, except as otherwise indicated. You should view similar expressions in this section as having similar meaning.

Risks Relating to our Business

Our business depends to a large extent on the reputation of our brands with our beneficiaries, clients and to the medical community in the regions where we act.

Our reputation, associated with our brands, is fundamental to maintaining our position in the Brazilian health sector and our ability to attract and retain our beneficiaries and clients. The maintenance of our reputation with beneficiaries, clients and the medical community in the regions where we act depends directly on our capacity to offer efficient, high quality structure and services.

If our beneficiaries, clients and the medical community perceive or experience a reduction in the quality of our services or in any way believe that we do not provide a consistently positive experience, our results may be adversely affected.

If our capacity to offer services with quality and efficiency is affected and/or we are not able to maintain the reputation of our brand in the view of our main *stakeholders*, particularly those who are beneficiaries, our business and the market value of our shares may be adversely affected.

If we are unable to accurately estimate or control the costs of healthcare or increase the prices of our plans to offset increases in costs, our results of operations may be adversely affected.

Our results of operations depend, in part, on our ability to accurately estimate or control future costs involved in providing healthcare-related services through claims risk assessment criteria, quality initiatives and claims management. According to data released by the Institute for Supplementary Health Studies (IESS), medical inflation in Brazil has been historically high, reaching 13% in the 12-month period ended in March 2020.

Actual healthcare costs may differ from our estimates, which are determined by actuarial methodology based on historical data adjusted for payment patterns, cost trends, product supply, seasonality, claims ratios and other relevant factors.

Some of the principal factors that influence medical inflation and could adversely affect our ability to predict and manage our healthcare costs are listed below:

- increase in the costs of healthcare services and/or medical supplies, including pharmaceuticals, whether as a result of inflation, a public health emergency resulting from a pandemic or any other reason;
- increase in the claims ratio that is higher than expected, either due to changes in the general claims tendencies or to the occurrence of unexpected events;

- periodic renegotiations of agreements with hospitals, doctors and other medical service providers;
- aging of the population, potential increase in costs without counterpart revenue and a potential increase in claims;
- changes in the profile of beneficiaries and related trends in healthcare services;
- a new list of procedures for mandatory coverage or other changes in the regulation of the healthcare sector;
- introduction of new technologies and more expensive medical treatments; and
- claims and fraudulent claims by beneficiaries.

Our healthcare costs are directly affected by whether beneficiaries decide to use our network or the accredited network. If the beneficiaries of healthcare plans that have access to the accredited network use the network, the costs related to the remuneration paid to the accredited network may increase substantially.

The prices of plans charged to beneficiaries are, in part, made up of estimates of expected future costs of care over a one-year period. These estimates may be substantially lower than the actual cost, and may adversely impact our results of operations.

With regard to individual/family medical/hospital health plans, the ANS defines the annual index authorized for adjustment of such plans, and for the period between May 2020 and April 2021, the ANS has set the adjustment index at 8.14%. Considering the ANS's control of such monthly fee increases, the readjustment index we apply to beneficiaries of this type of plan may not reflect medical inflation or estimates of future costs of care, which may adversely affect our business and results.

Due to the COVID-19 pandemic, the ANS decided to suspend health plan readjustments from the period of September 2020 to December 2020. The amounts related to the suspension of the readjustments for the period from September 2020 to December 2020 should be diluted in 12 equal and successive installments, from January to December 2021. Crucially, the reformulation of the suspended adjustments in a lower number of installments may be allowed, provided it is requested by the beneficiary or by the contracting partner operator. The reformulation of the suspended readjustments in a higher number of installments is allowed if there is an agreement between all parties. For further information, see the risk factor "*Any operational difficulty in recovering the amounts resulting from the end of the suspension of health plan adjustments determined by ANS may adversely affect our business, financial condition and operating results."*

The medical-hospital health plans, whether in the individual/family, the corporate collective or the collective membership structures, may be subject to adjustment according to the age bracket in which the beneficiary is classified. The definition of the age bracket varies according to the date the plan is agreed upon and the percentages of variation according to age bracket must be expressed in the contract.

The increase in average life expectancy and the demographic transition currently underway in Brazil may result in a medical/hospital health insurance portfolio with a high number of beneficiaries over the age of 59. The age bracket of 59 years or older corresponds to the current regulatory ceiling for price increases of monthly fees due to age. From then on, adjustment by age bracket is not allowed. The age range of 59 years or older corresponds to the regulatory ceiling for price increases in monthly fees due to age when referring to the contracting of a medical-hospital health plan after January 1, 2004. In this situation, prices may not reflect medical inflation or future required care costs, which may adversely affect our business and results.

Competition, changes in government regulation and other factors may result in costs, including medical expenses, not being fully covered by the prices of the plans charged by us. The COVID-19 also negatively impacted our key indicators, particularly regarding the reduction of elective medical procedures and reduction in hospital bed occupancy, aiming to increase the beds available for Covid-19-related hospitalizations.

For more information about the impacts of the COVID-19 pandemic on our results, see "*Management's discussion and analysis of financial condition and results of operations— COVID-19 Impacts*."

If any of the above events occur and if we are unable to quickly adapt the price plans at appropriate levels, our financial condition and results of operations may be adversely affected.

We may not be able to conclude mergers or acquisitions on time, or at terms or prices we desire. Our acquisitions may not bring the results that we expect and we may not be able to successfully integrate the acquired companies into our business.

In recent years, we have acquired equity interest in other companies. Some of these transactions are still ongoing as of the date of this offering memorandum as part of our strategy for growth and synergy gains in the domestic market. The success of the associations and/or acquisitions we carry out depends mainly on our ability to identify opportunities for plans and/or service providers, negotiate acquisitions, associations or partnerships with such providers, and integrate them satisfactorily into our business.

The negotiation of potential acquisitions or investments and the integration of companies, acquired or jointly developed, may result in substantial deviation and demand a considerable effort from our administrative resources or may not be successful considering the terms we initially established or expected.

We may not be able to identify new opportunities that are attractive due to unacceptable or less favorable conditions and prices, high competition for assets, the performance of our main competitors and regulatory restrictions, among other factors. The main risks related to acquisitions include:

- possibility of overestimating the acquisition price of the business being acquired, either due to high competition for assets, or due to flaws in the process of asset valuation. These businesses may not offer the expected results and synergies and investments may not offer the expected return;
- unexpected liabilities and/or contingencies related to the acquired business;
- as the successor to the businesses of these acquired institutions, we may be held liable for their liabilities, including those whose taxable events occurred prior to the transaction. We may also be subject to the risks related to the acts of the previous managers and be held liable for acts that occurred prior to the transaction;
- enter into corporate documents in strategic partnerships and acquisitions that may contain terms and conditions not compatible with our strategic goals, which may result in possible future losses related to the acquired companies' operations;
- not have mapped in an exhaustive manner, or not obtaining the regulatory authorizations required for the operations of the companies acquired or in the process of acquisition in a timely manner. We may be subject to administrative or pecuniary sanctions;
- not have monitored the full extent of risks related to the adherence of the companies being acquired or already acquired to corporate integrity rules (compliance, anti-corruption and others); and
- non-compliance with conditions precedent for closing acquisitions by sellers, target companies or by ourselves.

Cash generated from operating activities may not be sufficient to support our expansion plans and we may be required to incur debt or issue additional equity to finance our growth. If we are unable to obtain financing or to obtain financing on acceptable terms, our business and growth plans may be altered, adversely affecting our results of operations and financial condition and the market price of our common shares.

We may not be able to satisfactorily integrate operations arising from acquisitions of hospitals, medical centers, laboratories or health plan beneficiary portfolios that may occur in the future, and in particular may have difficulty with the integration of:

- other employees who are not familiar with our operations;
- new healthcare providers;

- other beneficiaries, who may choose to migrate to other medical insurance companies or other health plans;
- the existence of costs and contingencies not initially foreseen;
- distinct information systems, claims processing and records storage and possible difficulty in integrating operations, information management systems, personnel, research and development, marketing, operations and support; and
- accounting policies, including those requiring a high degree of judgment or complex valuation processes, such as estimates of incurred but unadvised medical claims, accounting for goodwill in business combination, intangible assets, and stock-based compensation.

Moreover, operational and employee integration efforts with the acquired companies may divert the attention of our key professionals.

Due to these issues, we may not be able to successfully implement our acquisition strategy, which may hinder the achievement of possible synergies of the benefits generated by these acquisitions or of expected cost reduction, generating a negative impact on the results and the market value of our shares.

Our acquisitions or associations may suffer restrictions or may not be approved by CADE or ANS.

The Administrative Council for Economic Defense ("CADE") may determine that a potential acquisition and/or association may adversely affect the conditions of competition in the markets in which we operate. In these cases, CADE may reject operations that we intend to carry out, or even approve them with restrictions contrary to our interests. Any of these decisions may adversely affect the results of our operations and the market value of our shares.

A disapproval by CADE may result in a contractual fine under the share purchase agreement, if agreed between parties.

CADE's analysis can take up to 240 days and can be extended for another 60 days at the request of the parties, or for 90 days at the sole discretion of CADE.

On June 17, 2020, CADE approved the acquisition of the control of companies belonging to the São Bernardo Group by Athena Saúde Espírito Santo, subject to the execution of an Agreement in Control of Concentrations ("ACC").

By means of the ACC, Athena Saúde Espírito Santo and the São Bernardo Group committed to sell part of their beneficiary portfolios for corporate group medical-hospital health plans in certain municipalities of the State of Espírito Santo to a competing health plan operator, among other commitments. Athena Saúde Espírito Santo and the São Bernardo Group agreed (i) not to hire employees of such purchasing health plan operator; (ii) not to compete with such purchasing health plan operator for the divested business; (iii) to offer the possibility of accreditation of the hospitals of Athena Saúde Espírito Santo and the São Bernardo Group by competing health plan operators; and (iv) to notify CADE of all concentration acts involving the health plan markets in the State of Espírito Santo.

In case of non-compliance with the divestment obligation within the established period, the acquisition of São Bernardo Group by Athena will be rejected by CADE. In case of non-compliance with other accessory obligations of the ACC, the parties will be subject to the payment of monetary fines, without prejudice to the disapproval of such acquisition if the seriousness of the breach so justifies. In case of non-compliance with the obligations to inform CADE of any acquisition implemented by the parties or their respective economic groups in the market for corporate collective medical-hospital health plans in the State of Espírito Santo, Athena will be subject to the payment of monetary fines for non-compliance with the ACC, without prejudice, to (i) a further review of the transaction competition impacts by CADE, and (ii) the imposition of restrictions or obligation to dispose assets/portfolios, if CADE deems necessary. On October 30, 2020, our subsidiary Athena Saúde Espírito Santo and the São Bernardo Group notified CADE of the proposal to sell part of their beneficiary portfolios for corporate collective medical-hospital health plans in the municipality of Espírito Santo to Mais Saúde S.A. CADE approved the transactions on November 19, 2020 and we have to continue to comply with the other accessory obligations listed above for the periods determined in the ACC. If all the obligations assumed in the ACC are fulfilled within the established terms,

which we cannot guarantee that we will be able to accomplish, CADE should issue a certificate recognizing the fulfillment of the ACC and the concentration act (*Ato de Concentração*) involving the acquisition of the São Bernardo Group will be filed.

Some of our acquisitions, as mentioned in the "*Recent Developments*," have not yet been submitted to CADE, as applicable, and are subject to the risks mentioned herein.

A potential acquisition and/or association that involves the transfer of direct or indirect corporate control, incorporation, merger or spin-off of a healthcare plan operator also depends on the approval of ANS, under the terms of the regulations in effect.

If the ANS denies a potential acquisition and/or association that involves the transfer of direct or indirect corporate control, incorporation, merger or spin-off of a healthcare plan operator, our growth strategy and business may be harmed. The non-compliance with the ANS regulations concerning the acts of spin-off, merger, incorporation, dismemberment, alteration or transfer of corporate control may result in: (i) the rescission, total or partial, of the arrangements of the transaction (in situations in which the regularization of the act is not determined by ANS); and/or (ii) the instauration of special tax direction regime both on the operator that assumes the condition of controller or incorporator, or that results from the merger, or that incorporates part of the assets of the operator that was the object of spin-off or dismemberment, and on the operator that was the object of alteration or transfer of corporate control or of partial spin-off or dismemberment; and/or (iii) the payment of a fine of R$250,000.00, applicable to the operator, and suspension of the exercise of office from 90 to 180 days, applicable to administrators, members of administrative, deliberative, advisory, fiscal and similar boards. Our eventual sentencing and/or our managers sentencing to such penalties may adversely affect our reputation and financial situation, as well as our operating results.

We may discover previously unidentified contingencies in acquired companies for which we may be liable, including in our capacity as successor.

We may discover previously unidentified contingencies in acquired companies for which we may be liable, including in our capacity as successor. These contingencies may be of a labor, social security, regulatory, civil and tax nature, among others, or refer to consumer and environmental rights. The acquired companies themselves may even be considered as successors in contingencies that they themselves had not identified at the time of their acquisition by us, and we may also be held responsible for these contingencies. This risk is further aggravated by the fact that we frequently acquire companies in the sector that do not have audited financial statements and/or, when audited, do not meet IFRS standards. If we incur costs and expenses associated with these contingencies, our results of operations and financial condition may be adversely affected. Any amounts retained from the price of acquisitions, which are used to cover contingencies identified in the audit process, may not be sufficient.

We face increased risks as new business initiatives lead us to conduct transactions with a larger number of patients and counterparties and to expose ourselves to new markets.

Strategic acquisitions, new business initiatives and investments in the healthcare sector may expose us, directly or indirectly, to individuals and companies that have a different profile than we are used to in our patient and counterparty base.

Such activities may expose us to new and increased risks, including those associated with interaction with new regulatory and governmental entities, reputational issues related to the manner in which these assets are operated or maintained, increased regulatory scrutiny of such activities, and increased operational risks.

We may not fully realize the premiums paid on our acquisitions and accounted for as goodwill in our financial statements.

Our consolidated balance sheets include significant amounts corresponding to goodwill generated from business acquisitions, which are subject to tangible and intangible value impairment or loss and may not be fully realized. Events or circumstances that may indicate that the carrying amount of our goodwill may not be recoverable include, but are not limited to, (i) a significant change in business environment, loss of key personnel and changes in our financial condition and results of operations and in the Brazilian macroeconomic and competitive environment, such as the economic crisis arising from the COVID-19 pandemic, and (ii) changes in tax legislation that may eliminate such benefit. We cannot predict whether or when such event or circumstance may occur or how it may affect the

carrying amount of our goodwill. If any of these adverse events occurs, the realization of amounts paid and accounted for as goodwill by us may be adversely affected, resulting in a write-down of the corresponding amount, which could adversely affect our results and operations.

We may not be able to fully implement our business strategy, including our growth strategy.

Among the factors that may adversely affect us in the implementation of our business expansion strategies, including future acquisitions to be made by us, are the following: (i) the market becoming more consolidated and reducing acquisition opportunities; (ii) increased competition and entry of new players or technology; (iii) the difficulty in integrating operations, information management systems, personnel, marketing, operations and support; (iv) possible change in growth and business generation strategy; (v) the possible loss of our key professionals or any of our controlled companies; (vi) loss of beneficiaries; (vii) the existence of costs and contingencies not initially foreseen; (viii) accounting issues; and (ix) the intensification of the market power of competitors, with an adverse impact on our competitiveness.

We may not be able to increase or maintain in the future growth levels similar to those experienced in recent years, or to add new beneficiaries to our portfolio, open or acquire hospitals, medical centers, preventive health units and laboratories with the expected performance. As a result, our future operating results may not be consistent with those obtained in recent fiscal years.

If we are unable to maintain or increase our historical growth levels and our competitors are more successful in implementing their expansion strategies, our business, results of operations and the market value of our shares may be adversely affected.

We depend on members of our senior management and qualified healthcare professionals to provide services and we may face difficulties in replacing them with equally qualified professionals.

A large part of our success depends on the skills and efforts of the members of our senior management. If any of our key managers quit, we may face difficulties in replacing them with equally qualified professionals. Competition for qualified personnel in the healthcare industry is strong, as there is a limited number of professionals with appropriate training and/or proven experience in this area. Hiring, training and onboarding of a new member of senior management, whether an internal or external hire, can be time-consuming, costly and/or unsuccessful. The loss of any member of our senior management and/or any difficulties faced in replacing them with professionals of similar experience and qualification could adversely affect our business. For further information on our senior management, see *"Management."*

Our operation and expansion of our currently existing business depends on highly strategic and qualified healthcare professionals - in particular physicians. Given the increasing competition for qualified labor in Brazil, particularly when related to our sector, we may not have qualified labor and/or experience a significant increase in medical care costs to be able to expand the supply of our services at an adequate speed to meet the demand for these services or remain within our estimated budgets, which may adversely affect our operations, our operating results and the market value of our shares.

Under article 17 of Law No. 9,656/98, whenever any service provider is modified and/or included, we must communicate such change to our consumers at least 30 days in advance, undertaking to replace the former provider with a qualified and, at least, an equivalent service provider. If we are not able to do so in the appropriate timeframe, it may be appealed by the beneficiaries, as consumers, which may lead to the opening of a Notification of Preliminary Intermediation ("NIP") by the ANS. This NIP may result in an administrative proceeding and eventual imposition of a monetary fine, pursuant to ANS Normative Resolution 124/2006. Thus, this may adversely affect our operating results and financial condition.

We may be adversely affected, directly or indirectly, by litigation related to civil and criminal liability due to acts and omissions of employees in the performance and/or results of hospital and clinical services we provide.

Healthcare providers can be defendants in lawsuits alleging negligence, imprudence and/or malpractice, among other cases of censure of civil and professional liability. In most cases, beneficiaries can avail themselves of consumer protection rules, particularly those in Law No. 8,078/1990 ("Consumer Defense Code") and special procedural rules, such as the inversion of the burden of proof, objective liability, joint and/or subsidiary liability for

damages caused by medical service providers contracted by us, as well as by ourselves. Lawsuits related to professional liability issues may adversely affect us, in addition to negatively and significantly impacting our reputation. Lawsuits may lead to a decrease in our volume of beneficiaries and to a reduction in our net operating revenue, adversely affecting our business, operating results and the market value of our shares.

We may be obliged to offer treatments and coverage beyond those contracted by the beneficiaries or provided for in the regulations, including, but not limited to, the ANS's norms due to unfavorable judicial decisions. This may also affect the application of correction percentages to the contracts, causing the readjustment forecasts to be lower than planned.

If we are convicted in such lawsuits, we may be required to compensate losses and damages assessed as appropriate, as well as pay the costs of defeat, which may result in considerable financial losses to us.

Unfavorable decisions in judicial and administrative proceedings may adversely affect us and subject us to material liabilities.

Unfavorable decisions in judicial and administrative proceedings may subject us to material liabilities. We and our subsidiaries are defendants in several judicial and administrative proceedings in the civil, tax, environmental and labor spheres. In the future, we may be defendants in new judicial and/or administrative proceedings before administrative and/or judicial authorities, such as, labor, tax, regulatory, criminal, environmental, competition, among others. We cannot guarantee that the results of these proceedings will be favorable to us, or that the criteria and provisioning values adopted by us will be adequate and sufficient to respond to all the liabilities eventually arising from these proceedings. Some of the judicial and administrative proceedings to which we are party involve relevant matters that, if decided in a manner contrary to our interests, may materially and adversely affect our business and financial status. Decisions contrary to our interests that prevent the realization of our business as initially planned, or that eventually reach substantial amounts that are not adequately and sufficiently provisioned may adversely affect our business and financial status, in addition to adversely affecting our reputation.

We are a party to public civil actions, including administrative misconduct that may have negative repercussions on our image and, in the event of a final decision unfavorable to us, subject us to the disbursement of material amounts. Regarding improbity actions, we may be subject to the payment of a fine of up to three times the value of the patrimonial increase and prohibition to hold contracts with public authorities or receive benefits or tax or credit incentives, directly or indirectly, even if through a legal entity of which we are the majority shareholder, for a period of up to ten years, which would adversely affect our reputation, business and financial situation.

Similarly, one or more of our directors and officers may be a party to legal and administrative proceedings the institution and/or outcome of which may adversely affect them, especially if they are criminal proceedings, possibly making it impossible for them to perform their duties and/or affecting our reputation directly or indirectly, which in turn would impact our ability to contract with the Brazilian government and/or to qualify for tax benefits and incentives.

For more information about the legal and administrative proceedings to which we are a party, see "*Business — Legal and Administrative Proceedings*" of this offering memorandum.

Failures in risk management or our internal control systems, policies and procedures, particularly because they have been recently redesigned for purposes of this offering, could expose us to unexpected or unforeseen risks which could adversely affect our business.

Our policies and procedures to identify, monitor and manage risks, which may have been recently revaluated and revised for purposes of the offering and are not fully implemented, may not be effective yet, which could materially and adversely affect our business.

Many of the risk management methods adopted by us are based on historical market behavior or on statistics derived from historical models and may not predict future exposures, which may be significantly greater than indicated by historical measures. Other risk management methods and internal controls adopted by us that rely on the assessment of publicly available information regarding markets, clients, third parties, or other matters may not be accurate, complete, current or adequately evaluated.

We have recently acquired new companies, which are in the process of implementing our governance, internal controls and integrity rules and may not have all controls fully implemented and effective by the date of this offering.

Our independent auditors have reported to our management that certain internal controls of our subsidiaries presented significant deficiencies. For further information on the significant deficiencies *see "Business —- Internal Controls."* During the course of documenting and testing our internal control procedures, we may identify other weaknesses and deficiencies. There can be no assurance that we will be able to remedy such failures and that it will complete any necessary corrections in a timely manner.

If we are not able to resolve these deficiencies and keep our internal controls operating effectively, we may not be able to: (i) prepare our financial statements and information properly, (ii) report our results accurately, or (iii) prevent the occurrence of fraud or other misappropriations. Accordingly, a failure or ineffectiveness in internal controls could materially and adversely affect our business.

Security incidents, including cyberattacks, security breaches, unauthorized access or disclosure of confidential data, business interruption, or the perception that personal and sensitive data stored by us is not secure may adversely affect us.

We manage and retain confidential personal data of clients in the regular course of our operations, including sensitive personal data, including health and genetic data. Unauthorized disclosures or security breaches may subject us, our subsidiaries and/or their employees to legal action and administrative sanctions, as well as negatively impact our reputation.

Our business is exposed to the risk of possible non-compliance with our policies and to misconduct, negligence or fraud committed by employees or third parties. Due to such no-compliance, personal data of beneficiaries may become available to third parties, which could result in regulatory sanctions and reputational and financial damage. We may not be able to prevent or deter non-compliance with our policies and employee misconduct, negligence or fraud.

Any unauthorized access, loss or unauthorized disclosure of data, unavailability of access to our systems, and other events that may have an impact on the security of our data technology could subject us to significant litigation, regulatory sanctions, loss of clients, and damage to our reputation.

Any such occurrence could materially and adversely affect our business and results of operations, as well as financial losses.

Fires, natural disasters and other accidents beyond our control can damage our business and result in lost revenue or higher expenses.

Any serious interference with any of the facilities owned or invested by us due to fire, natural disasters, mechanical failure of structure/equipment or other accidents may cause physical harm and loss of life, as well as impair our ability to, among other things, utilize such facilities, materially and adversely affect our revenues and increase our costs and expenses. Major accidents, natural disasters or other serious disturbances at any of our wholly or partially owned facilities could impair our ability to adequately provide patients with an appropriate level of care, result in significant interference with our operations, impose significant costs to relocate or reestablish corresponding functions, result in legal disputes, claims and associated costs and adversely impact our results of operations. Incidents such as these typically receive extensive media coverage, which may have a significant negative impact on our reputation. It is possible that any insurance taken out by us against certain business interruptions and other risks may not be sufficient to adequately compensate us for all direct and indirect damages it may incur as a result of natural and other disasters.

We may enter into indemnity agreements with our directors and members of senior management, as provided in our bylaws, which may create a conflict of interests and relevant financial impact.

As provided for in article 24 of our bylaws, we may indemnify and hold harmless our directors and members of senior management, members of our fiscal council and other employees who exercise a management position. We may directly pay or reimburse them for any expenses, damages or losses eventually incurred at any time and that are

directly or indirectly related to the exercise of their functions, including but not limited to attorneys' fees, legal opinions, costs and fines and indemnities in the administrative, civil or criminal spheres, under the terms and conditions of indemnity agreements to be entered into between us and these beneficiaries, upon approval by our board of directors.

Our indemnification obligations will be in addition to the liability insurance policy we offer to our directors and officers, already contracted and borne by us. These insurance costs, as well as those eventually due to the beneficiaries in case of indemnity, may adversely affect us.

There is a potential conflict of interest in any determination by the board of directors on the approval and conclusion of indemnity agreements, which will determine whether an event is a subject to indemnity, given that such indemnity approvals may not be aligned with our best interest. If the payment of any indemnification in favor of a beneficiary is approved, we may suffer significant financial impacts. For more information, see *"Management—Civil Liability Insurance."*

The exercise of options under our stock option plan by the participants may dilute the participation of our other shareholders.

The migration of the stock option plan was approved by the general meeting of Athena HealthCare Holding S.A. held on January 31, 2020 in the context of our corporate reorganization approved on September 30, 2020, whereby we became the holding company of our entire group replacing the position previously held by Athena HealthCare Holding S.A. Our board of directors may establish general terms and conditions for the stock option plan, as well as specific rules, applicable to one or more participants. The options that may be granted within the scope of the stock option plan must confer rights on a number of shares that will not exceed, at any time, 5% of our shares on the date of each grant of options. Thus, if the exercise of the options of the stock option plan by the participants, under the terms established by the board of directors, our other shareholders will be diluted, even considering that they could have excluded their right of first refusal, under the terms of the applicable rules.

Our insurance policies may not be adequate or sufficient in all circumstances or against all risks.

We cannot guarantee that our insurance policies will be adequate and/or sufficient in all circumstances or against all risks, nor that there are insurance companies that offer coverage for all existing risks. Certain risks are not guaranteed by insurance companies operating in the market (such as, for example, war, acts of God and force majeure, interruption of certain activities and human failures, including those related to medical errors, and damages resulting from contamination). Natural disasters, adverse weather conditions, power outages, structure/equipment mechanical failures and other events may cause physical harm and loss of life, interruption to business, damage to equipment, pollution, damage to the environment, among others. The occurrence of a significant loss not insured or compensable, partially or fully, may imply the expenditure of significant amounts by us.

We cannot assure that we will be able to maintain insurance policies at commercially reasonable rates or on acceptable terms in the future or contracted with the same or similar insurance companies. Coverage under our insurance policies is conditional upon payment of the related premiums. Our failure to pay such premiums, cumulatively with the occurrence of a claim, may place us in a risk situation where the damage is not subject to coverage by the insurer.

There is no guarantee that we will not be adversely affected, financially or reputational, due to acts of God or force majeure, such as power outages, fires and other events beyond our foreseeability within our healthcare operations. Such situations can cause patient casualties, potentially leading to lawsuits against us.

Our policies, Code of Conduct and internal controls may fail or may not be sufficient to prevent violation of anti-corruption and anti-fraud laws and malpractice by management, employees and any of our suppliers, which may result in material adverse impacts on our reputation, operations, financial condition and the price of our common shares.

We, as well as our management, employees and third parties acting on our behalf, benefit or interest, even if indirectly, are subject to Law No. 12,846/2013 ("Anticorruption Law") and related legislation such as Law No. 8,429/1992 ("Administrative Improbity Law"), Law No. 12, 850/2013 ("Criminal Organization Law"), the Decree-Law No. 2.848/1940 ("Criminal Code"), Law No. 8,137/1990 ("Tax Crimes Law"), Law No. 8,666/1993 ("Public

Bidding Law"), Law No. 14,133/2021 ("New Public Bidding Law"), Decree No. 3,678/2000, Decree No. 4.410/2002, Decree No. 5,687/2006, Decree No. 8,420/2015, ordinances and normative instructions issued by the General Comptroller Office, and other anticorruption laws, domestic and foreign, as applicable (all together "Anticorruption Laws") that impose liability for damages to the public administration. According to the Anticorruption Law, in the occurrence of violations of said law, legal entities may be held objectively liable for damages to the public administration and may be subject to fines in the amount of up to 20% of the gross revenue of the fiscal year prior to the filing of the administrative proceeding, excluding taxes, or, if it is not possible to estimate the gross revenue, the fine will be stipulated between R$6,000.00 and R$60 million, and cannot be inferior to the advantage obtained. The penalties of the Anticorruption Laws may also cause (i) the extraordinary publication of a condemnatory decision; (ii) the seizure and forfeiture of assets or benefits obtained illegally, (iii) the suspension or partial prohibition of operations; (iv) the dissolution of the entity; (v), the temporary suspension to obtain new financing for undertakings; (vi) operational licenses loss; (vii) the immediate loss to the right to receive benefits or tax incentives or credit granted by the public power; (viii) and the right to participate in public biddings. According to the Anticorruption Law, the controlling, controlled and associated companies, as well as the companies that are part of a consortium, are jointly and severally liable for the payment of the fine and the full repair of the damage caused.

We fall within the list of persons required to adopt procedures established in Law No. 9,613/1998 ("Money Laundering Prevention Law"), in Normative Resolutions No. 117/2005 and No. 244/2011 of the National Agency of Supplementary Health - ANS, in Law No. 9,656/1998 and in Law No. 10,185/2001, related to the identification of clients and the maintenance of records, as well as the communication of financial transactions to competent authorities. Eventual non-compliance with such legal provisions may result in our and our managers' liability with the possible application of the following sanctions, cumulatively or not: (i) warning; (ii) variable monetary fine not exceeding: (a) twice the amount of the unreported transaction; (b) twice the actual profit obtained or that would presumably be obtained by carrying out the unreported transaction; or (c) the amount of R$20 million; (iii) temporary disqualification, for a period of up to ten years, for the exercise of a manager position; and (iv) revocation or suspension of authorization for the exercise of activity, operation or operation.

Our governance processes, policies, codes, risk management, *compliance* and internal controls may not be sufficient to prevent or detect: (i) violations of the Anti-corruption Laws, the Money Laundering Prevention Law or other similar laws; (ii) improper, fraudulent and unfair conduct by our managers, employees, shareholders, members of our management and third parties hired to represent them; or (iii) occurrences of behavior that are not consistent with our ethical principles and that may adversely affect our reputation, business, financial conditions and operating results, as well as the quotation of our common shares, without prejudice to the individual accountability of the manager, employee and/or third party involved.

The existence of any investigations, inquiries or judicial or administrative proceedings related to the violation of any law or regulation aimed at preventing and combating corruption, whether in Brazil or abroad, involving management, employees or third parties acting on behalf or for the benefit of we may result in penalties, fines or sanctions mentioned above. All these circumstances may have a material adverse effect on our reputation, our operations, financial condition and results of operations.

Thus, failures in our governance processes, policies, codes, risk management, compliance and internal controls could materially and adversely affect our reputation, business, ability to contract with public authorities, financial condition and results of operations or the market price of our common shares, as well as could subject our managers, employees and legal representatives to criminal sanctions.

If we are unable to maintain satisfactory relationships with hospitals, physicians and other medical service providers, our profitability may decline and we may be prevented from operating in some markets.

Our profitability depends, on the expansion of our activities and our ability to enter into and renew contracts and maintain relationships with hospitals, physicians and other healthcare service providers that offer services, among other factors, in volumes appropriate to our geographic markets and at locations most convenient to beneficiaries.

In any market, medical providers can refuse to enter into new contracts, demand higher payments, or perform acts that may result in higher medical expenses.

In the long term, our ability to enter into contracts with a sufficient number of healthcare providers in a given locality may affect the interest local consumers have in our services.

If we are unable to maintain our current contracts with our medical and laboratory service providers, or to enter into new contracts in a timely manner and on favorable terms, we may lose beneficiaries and/or decrease our profitability and our results of operations may be adversely affected.

Our service provider network must be geographically well-distributed in such a way as to ensure the quality and availability of the services requested by beneficiaries. If we are unable to maintain a competent and geographically well-distributed service provider network or to negotiate service contracts with the respective service providers that are economically viable, our operations could be adversely affected.

Part of our operations are conducted at real estate properties subject to a special leasehold regime.

Some of the properties leased by us are subject to a special leasehold regime under Brazilian law named "*aforamento*" ("land tenure"). Pursuant to this regime, property ownership remains with the Brazilian Federal Government, while the useful domain is transferred to a private party, pursuant to an assignment agreement, upon annual payment of rent equivalent to 0.6% of the property value, excluding improvements. The lease may be terminated by public interest, upon prior compensation from the Brazilian Federal Government to the private party.

According to Law No. 9,636/98, non-payment of the rent for three consecutive years, or four alternating years, will lead to termination of the lease. Additionally, among other cases, the lease may be terminated in case of default on the assignment agreements with the Brazilian Federal Government.

If we or the landlords of the leased properties subject to the leasehold regime are unable to maintain dominion over such properties through assignment under the leasehold regime or if this leasehold regime is extinguished, we will be forced to vacate these properties, including having to finance relocation costs, and may suffer interruptions in our activities, which could negatively impact our operating results.

We may need to vacate properties where some of our hospitals and clinics are located, as some of our lease agreements have an indefinite term or because part of the properties is pledged for the benefit of third parties.

We operate a significant portion of our hospitals and clinics in leased properties. Part of these lease agreements is currently in force for an undetermined term because the originally agreed lease term has already expired, and no renewal has been formalized. In case the term provided for in the signed lease agreement expires and the tenant continues to occupy the premises for more than 30 days, without opposition from the landlord, the lease will be considered to have been extended for an indefinite term. In this case, except for the real estate occupied by hospitals, which are subject to a special regime and, are subject to differentiated conditions and terms in case it is necessary to vacate the premises, the landlord can terminate the contract by notifying the tenant 30 days in advance to vacate, without any penalties or indemnity. A significant part of the lease agreements were signed for a term of less than 5 years and do not grant us the right to compulsorily renew the lease by filing a renewal action. The Brazilian lease law provides that the tenant will be entitled to a compulsory renewal of the lease provided that, cumulatively (i) the agreement was entered into in writing and for a fixed term; (ii) the term of the agreement is for at least 5 uninterrupted years, and the addition of contractual terms is permitted; (iii) the lessee is exploring our activity, in the same field, for a minimum and uninterrupted period of 3 years; and (iv) it files a renewal action within the limitation period of 1 year to 6 months prior to the date of the end of the term of the lease contract in effect. Considering that part of the lease agreements of the properties occupied by us is in force for an indefinite term or were entered into for a term of less than 5 years, and does not grant the lessee the right to compulsorily renew the lease term by filing a renewal action, the renewal of the lease term of these properties is subject to negotiations with the lessor. The negotiations may involve an increase in the rental value of the units, which may adversely affect our revenues. If negotiations are unsuccessful, we may be required to vacate the property in question, which, with the discontinuation of business activities in a given unit due to the expiration of the lease term of the respective property, could adversely affect our business and results of operations. If we decide to close any of our units that are located in properties leased from third parties before the end of the lease term, we may be required to pay a contractual fine to the landlord. The total amount of the fine could adversely affect us, particularly if the decision to close applies to more than one unit or if the amount of rent is very significant.

Furthermore, our non-compliance with the obligations under our rental and leasing contracts, such as the payment of rents and taxes on the properties or the renewal of guarantees, may lead to the termination of the contracts by the lessors, sub-lessors and/or lender, in addition to the possible imposition of a fine for early termination.

We have assigned to third parties, by means of sublease and/or lending and/or assignment of use agreements, the right to use part of the properties they occupy as a lease. In case the owners have not authorized such assignment, this may be considered a breach of contract clause, which means that the owner may terminate the lease and necessitate that we vacate the property, without prejudice to the payment of fines due to non-compliance with the agreed obligations, which could affect our operations.

Several lease agreements are not registered on real estate registry plates, so that if the landlord sells the leased property without offering us the right of first refusal to acquire it, we will not be able to pay the price in court and acquire the property ourselves. Additionally, part of the lease agreements do not have an expiration clause and/or the referred clause is not registered in the real estate registry plates, so that, in the hypothesis of sale of the real estate to third parties, the new owners will not be obliged to respect the lease term, even if it is defined, and they may ask that we vacate the real estate within 90 days.

Some of the properties occupied by and/or owned by us are subject to liens, restrictions and/or are encumbered by collateral. The existence of liens on such properties occupied by and/or owned by us may result in loss of ownership if the secured obligations are not fulfilled by us and/or the owner, as the case may be, and the collateral is foreclosed, which may compromise the continuity of the occupation exercised by us.

Part of these properties owned by us have been pledged, so that the continuity of our occupation of these properties may be impaired.

We own a property in the municipality of Serra, in the State of Espírito Santo, which constitutes a real estate enterprise composed of a hospital, medical offices, apartment-leases and a pool. Some of these units have already been committed for sale to third parties without the individualization of the registrations of the autonomous units of this enterprise being regularized before the competent Real Estate Registry Office, which has given rise to some legal disputes. Therefore, we may be responsible for the payment of costs, attorney's fees and indemnities to the plaintiffs in these lawsuits in case of the success of their respective claims.

We rely on independent brokers and sales representatives who do not sell the services on an exclusive basis to sell health insurance services.

We rely on independent, non-exclusive brokers and sales representatives to sell our health plan services with coverage at hospitals, clinics, physicians' offices and laboratories. For the fiscal year ended December 31, 2020, approximately 12% of our sales were through benefit administrators, 44.8% of sales were made through brokers and/or sales representatives, 4.3% of sales were sold through remote channels (digital and telesales) and 38.9% of sales were entered into by our own commercial strength.

Some or all of the benefit administrators and/or brokers and/or sales representatives currently working with us may decide to (i) stop selling or distributing our health plans; and/or (ii) sell or distribute health plans developed by our competitors.

Independent brokers and benefit administrators may offer, in addition to our health plans, services offered by their competitors. In order to remain competitive with these sales channels, we may have to resort to measures such as increases in commissions paid or reductions in the prices of our services, which may materially and adversely affect our business and results of operations.

The industry may experience a technological advance that will lead to the disintermediation of health insurance sales. If we are not prepared for this process, we may not be able to increase or maintain our beneficiary base, which would adversely affect our results and our business.

Our performance depends on favorable labor relations with our employees. Any deterioration in these relations or increase in labor costs could adversely affect our business.

As of December 31, 2020, 94.53% of our employees were part of a labor union, covered by 8 collective bargaining agreements expiring between 2020 and 2021. Any significant increase in labor costs, deterioration of employee relations, work stoppages at any of our hospital, clinical and laboratory units, whether due to union activities, employee turnover or other factors, could adversely affect our results of operations and financial condition.

The implementation of our growth strategy will require significant investments, and may require obtaining additional funding, which may not be available. If available, they may be subject to unacceptable terms.

We finance and expect to finance a substantial portion of our investments with operating cash flow, with shareholders' resources and with third party capital, mainly through access to credit lines available in the market. However, it is not possible to ensure that the cash flow generated from operations, the contribution from shareholders and the access to financing lines available in the market will be sufficient to finance all the investments considered necessary. The inability to raise funds in the long or short term debt markets or to contract repurchase operations or securities loans may have a material adverse effect on our liquidity. In this case, our strategy may require additional sources of financing, such as the issuance of shares in the capital markets.

Our ability to raise capital may be affected by our level of indebtedness and market conditions. Additional capital may not be available or, if available, may be subject to terms and conditions that are unfavorable or unacceptable to us. We may have to sell assets. We may be unable to sell some of our assets, or may have to sell assets at depreciated prices, which could adversely affect us. Our ability to sell our assets may be affected by other market participants seeking to sell similar assets at the same time in the market.

Failure to raise additional capital on terms acceptable to us may restrict the further development of our business, which could adversely affect us.

We may face potential conflicts of interest involving related party transactions, which could adversely impact our business, results of operations, financial condition and securities.

We have revenues, costs or expenses arising from transactions with related parties, such as rental agreements, accreditation and provision of clinical, medical and hospital services, as well as a loan agreement, as described in *"Related Party Transactions."*

The related party transactions described in *"Related Party Transactions"* were entered into prior to the approval of our Related Party Transactions Policy, and at the time there were no formal procedures or policies that could effectively demonstrate the strictly commutative nature of the conditions agreed upon or adequate compensatory payments adequate in relation to such transactions, which increases the risk that such transactions have not been approved in strict observance of good governance practices.

We cannot assure you that our Policy on Transactions with Related Parties approved on December 4, 2020 (described in *"Related Party Transactions"*) will be effective in ensuring that potential conflicts of interest situations will be handled in strict compliance with good governance practices and/or existing rules for resolving conflict of interest situations, including, but not limited to, compliance with the strictly commutative nature of the agreed conditions or adequate compensation payment, in each transaction in which, on the one hand, we or a company controlled by us is the contracting party, and, on the other hand, the contracted party is a company that is not controlled by us and has as shareholders our controlling shareholders or administrators.

We have a significant number of transactions with related parties and, due to the difficulty and complexity of analyzing such a large number of transactions, we cannot guarantee that we will be able to verify of all potential conflicts of interest involved in such transactions. Our Policy on Transactions with Related Parties does not follow all the recommendations of the Brazilian Code of Corporate Governance, such as (i) the prohibition to remunerate advisors, consultants advisors, consultants or intermediaries that may create conflicts of interest among us, our managers, shareholders or classes of shareholders, (ii) the related-party transactions must be based on independent appraisal reports, prepared without the participation of any party involved in the transaction in question and (iii) that corporate restructurings involving related parties must ensure equitable treatment equitable treatment for all shareholders, which also increases the risk that such transactions have not been approved in strict observance of good governance practices.

Situations of conflict of interest due to transactions with related parties may adversely impact our business, operating results, financial condition and securities. If enter into transactions with related parties on a non-swapping basis, bringing benefits to the related parties involved, our shareholders may have their interests harmed. For further information on our related party transactions, see *"Related Party Transactions."*

We depend on the distribution of dividends from our subsidiaries and may be adversely affected if our subsidiaries' performance is impaired.

We are predominantly a *holding company*, controlling companies that develop specific activities. Our main source of income comes from the distribution of dividends from our subsidiaries. Therefore, our ability to meet our financial obligations and pay dividends to our shareholders is directly related to the cash flow and profits of our subsidiaries, which are subject to, among others, the same operational, corporate and regulatory risks to which we are subject, as described in *"Regulatory Overview,"* including possible regulatory penalties that may be imposed by the ANS. There is no guarantee that the cash flow and profits of our subsidiaries will be positive or that they will be sufficient to meet our financial obligations and to resolve dividends to our shareholders, which may affect our results and the value of the shares issued by us.

During the 2018 Brazilian presidential campaign, the current Brazilian Federal Government proposed to repeal the income tax exemption on dividend payments, which, if enacted, could potentially increase the tax expense associated with any dividend or distribution. Such discussions have recently resumed in the face of the COVID-19 pandemic. If these measures are in fact taken, our ability to pay and receive future cash dividends or distributions from our subsidiaries would be adversely impacted.

We have a limited number of manufacturers/suppliers of medical equipment and supplies needed to provide our services.

In connection with the services we provide, much of the medical equipment used in our hospital facilities is highly complex and produced by a limited number of manufacturers. Any interruption in the supply of medical devices and supplies or services from these manufacturers, including as a result of failure by any of these manufacturers to obtain necessary third party consents and licenses for production or importation/clearance, possible lack of technical qualification of the manufacturers, as well as restrictive measures taken by governmental authorities worldwide in order to protect the population due to pandemics such as the COVID-19 pandemic resulting in interruptions in the supply chain, may compromise the provision of effective and adequate care in our hospital units, materially and adversely impacting our business and the value of our shares.

If our suppliers fail to use ethical business practices and comply with applicable laws and regulations, such as any laws against child or slave labor and for environmental protection, our reputation or assets may be harmed due to negative publicity or the imposition of joint or several liabilities. If we have commercial disagreements with our suppliers, especially those with more restricted products/services, our operating and financial results may be adversely affected.

We face significant competition in a market with several players, both current competitors and new competitors that may exploit this industry, which may adversely affect our market share, financial condition and results of operations.

We compete with other companies in the healthcare industry that offer healthcare services and benefit plans similar to ours, including, among others, insurance companies, medical and dental cooperatives, self-management plans, group health plans and philanthropic institutions. It is possible that new competitors may enter the markets in which we operate.

Large corporate and hospital groups that are currently our clients may start providing health plans of their own, fostering the verticalization of their respective structures, which could represent new competition for us and our businesses and a loss of revenue.

New contracting models or the strengthening of relationships of our partner operators with competing healthcare service providers may affect our revenue growth and our profitability.

Factors such as (i) eventual changes in the regulatory framework of the Brazilian health sector, (ii) greater maturity of the sector, (iii) the professionalization of cooperatives, and (iv) technological advances, may benefit certain business models or give greater strength to those already existing (i.e. self-management, medical cooperatives, benefit cards and/or popular clinics). This may generate a migration of the consumer market, including our large clients, to such business models, which are different from those adopted by us.

Any of the above events may represent a significant increase in our competition, resulting in dilution in our market share, which may adversely affect our business, financial condition and results of operations.

The extent of the COVID-19 pandemic, the perception of its effects, or the manner in which such pandemic will impact our business depends on future developments. Given that the consequences of the pandemic are highly uncertain and unpredictable, our business, financial condition, results of operations, cash flows and ability to continue operations may be adversely affected.

The COVID-19 pandemic has negatively affected the global economy, disrupted consumer spending and global supply chains, and created significant volatility and impact on financial markets in Brazil and around the world. The World Health Organization ("WHO") declared a State of pandemic on March 11, 2020 due to the global spread of COVID-19.

Such spread has created significant macroeconomic uncertainty, volatility, and disruption. In response to the spread of COVID-19, governments around the world, including the Brazilian authorities, have implemented policies designed to prevent or slow the spread of the disease, such as restrictions on movement and even social isolation, and these measures may remain in place for a significant period. These policies have influenced the behavior of the general population, resulting in the sharp decline or even the paralysis of the activities of companies in various sectors.

In the scope of our activities, measures taken by ANS led to a decrease in elective medical procedures in order to increase the number of beds available for hospitalizations related to the COVID-19, mainly in the first and second quarters of fiscal year 2020. The effect of this measure was to reduce hospital occupancies and all demand for care and procedures in general, and thus the cost of the operators. 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. It is not possible to affirm that this reduction will be sufficient to compensate for a possible increase in spending due to the COVID-19. This will mainly depend on the evolution of the pandemic in Brazil, the severity of future care, and the measures that led to the reduction of the operators' costs impacted negatively on hospital revenues.

The spread of COVID-19 has caused us to modify our business practices and may cause us to take additional measures as required by governmental authorities or as determined by management in the best interests of our employees, beneficiaries and accredited persons. This may include (i) adopting a home office policy; (ii) negotiating vacations with our employees in the administrative areas, and (iii) reviewing the schedules and rotations of the operational areas. We cannot guarantee that these measures will be sufficient to mitigate the risks presented by the pandemic or that they will be satisfactory to government authorities.

The extent to which the outbreak of the COVID-19 will still affect our business, financial condition, results of operations or cash flows will depend on future developments. We cannot predict the duration and geographic distribution of the outbreak, its severity, the actions to contain the virus or treat its impact and how quickly and to what extent normal economic and operating conditions may resume. Even after the eventual end of the COVID-19 outbreak, we may continue to be adversely and materially impacted due to the economic impact globally or domestically, which includes recession, economic slowdown, increase in unemployment levels, which may result in among others: (i) restriction in the supply chain; (ii) reduction in our activities; (iii) change in the behavior of beneficiaries; and (iv) increase in defaults by beneficiaries and suppliers. In recent months, a new COVID-19 variant has emerged and the number of hospital admissions has increased and the number of deaths in Brazil has exceeded 350,000 people as of the date of this offering memorandum. Brazilian states and cities are resuming restrictive measures, such as banning non-essential activities and lockdowns. We cannot assure you that these factors will not adversely impact our financial and operating conditions.

We cannot assure you that other regional and/or global outbreaks will not occur, and, if they do occur, we cannot assure you that we will be able to take the necessary measures to prevent a negative impact on our business

equal or even greater than the impact caused by the COVID-19. For more information about the effects of the COVID-19 pandemic on our business, see *"Summary—COVID's impact on our activities"* and *"Management's Discussion And Analysis Of Financial Condition and Results of Operations — COVID-19 Impacts.*" of this offering memorandum.

The demand for the services offered at our hospitals and clinics may be impacted by factors beyond our control, including changing trends in the Brazilian medical industry.

Admissions and health trends can be impacted by factors beyond our control. As an example, (i) seasonal variations with respect to the severity of influenza and other serious illnesses, including COVID-19, unplanned closures or unavailability of our facilities due to weather or other unpredictable events, including strikes (such as the truck drivers' strike that occurred in Brazil in 2018), (ii) reductions in trends in the supply of highly complex services, (iii) changes in the competitive landscape related to foreign providers, (iv) turnover of physicians who refer their patients to our hospitals or changes in medical technology may impact the demand for services at our hospitals.

The demand for our healthcare plans and services at our hospitals may be affected (i) by the increasing verticalization of other healthcare plan operators, which have become more actively involved in the operation of their own hospitals, and (ii) by the increasing tendency for individuals and companies to adopt healthcare plans with lower coverage (*downgrading*), both factors that are beyond our control and which have become increasingly prevalent in the Brazilian healthcare market.

The impact of these and other factors beyond our control may adversely affect our business, financial condition and results of operations.

We cannot guarantee that we will be able to adapt our business to the technological advances observed in our industry, as well as to the increase in life expectancy.

We operate in an industry that is constantly being improved through the development and introduction of technological advances. Technological advances in healthcare by competing companies may outperform our technology and reduce or eliminate the market for our services. Accordingly, the market for our services could be adversely affected by the introduction of new alternatives by other competing companies, as well as by the broad acceptance of these services by the consuming public.

Technological advances may lead, for example, to the inclusion (i) of new treatments and drugs in the ANS' mandatory list, which may result in our need to offer mandatory treatments that have a high cost, and/or; (ii) drugs that have a high value to obtain patents. In these situations, we would be obliged to comply with regulatory requirements, which could adversely affect our competitiveness in the market.

If we are unable to adapt our services to the latest technological advances, and particularly to those introduced by our competitors, our operating results and financial condition may be adversely affected.

Additionally, medical and pharmaceutical costs may increase as a result of patients' increased life expectancy and the implementation of technological advances, which may adversely affect us.

Failures in risk management and internal control systems, policies and procedures could expose us to unexpected or unforeseen risks, which could adversely affect our business.

Our policies and procedures to identify, monitor and manage risks may not be fully effective, which could materially and adversely affect our business.

Many of the risk management methods adopted by us are based on historical market behavior or on statistics derived from historical models and may not predict future exposures, which may be significantly greater than indicated by historical measures. Other risk management methods and internal controls adopted by us that rely on the assessment of publicly available information regarding markets, clients, third parties, or other matters may not be accurate, complete, current, or adequately evaluated.

We have recently acquired new companies, which are in the process of implementing our governance, internal controls and integrity rules and may not have all controls fully implemented by the date of this offering.

If we are not able to keep our internal controls operating effectively, we may not be able to: (i) prepare our financial statements and information properly; (ii) report our results accurately; or (iii) prevent the occurrence of fraud or other misappropriations. Accordingly, a failure or ineffectiveness in internal controls could materially and adversely affect our business.

We are subject to risks associated with non-compliance with the General Data Protection Law, and may be adversely affected by fines and other types of sanctions.

The treatment of personal data in Brazil is regulated by a series of rules provided for sparsely in legislation, such as the Brazilian Federal Constitution, the Consumer Defense Code (Law No. 8,078/90) and the Marco Civil da Internet (Law No. 12,965/14). We cannot guarantee that we will have adequate data protection and that we will meet the rules established in the legislation in force.

In 2018 the General Data Protection Law (Law No. 13,709/18 or "LGPD") was sanctioned. The LGPD came into force in September 2020 and the administrative sanctions established therein will be applicable as of August 2021. The LGPD establishes a new legal framework to be respected in personal data processing operations. Specifically for sensitive personal data, which are also processed by us, the LGPD introduced an additional regulation that provides for additional obligations to be followed. The LGPD establishes, among other measures, (i) the rights of the holders of personal data, (ii) the legal bases applicable to the protection of personal data, (iii) requirements for obtaining consent, obligations and requirements relating to security incidents and data leaks and transfers, and (iv) refers to the creation of the National Data Protection Authority.

The number and complexity of new obligations imposed by the LGPD make it difficult to completely eliminate the risks of non-compliance with its provisions. If a violation to the LGPD is configured, we may be subject to the sanctions of warning, obligation to disclose the incident, elimination of personal data and a fine of up to 2% of the revenue of the company, group or conglomerate in Brazil in our last fiscal year, excluding taxes, which may reach, in total, R$50,000,000 per violation. We may be held liable for material, moral, individual or collective damages due to noncompliance with the obligations established by the LGPD.

Thus, the absence of sufficient measures to protect personal data and sensitive personal data handled by us, as well as the eventual inadequacy of our practices and business model in relation to the requirements set forth by the LGPD, may result in additional costs and adversely affect our results.

We face risks related to registrations, authorizations, licenses and permits for the installation and operation of our hospitals and clinics.

Our hospital units, clinics and other operational properties depend on various registrations with federal, state and municipal public administration bodies and also on the acquisition and regular maintenance of licenses and permits from the competent bodies, such as state and local environmental agencies, local municipal governments and state fire departments, for their regular installation, operation and functioning. Besides this, hospital units are subject to inspection and issuance of licenses or registrations by health surveillance agencies in the regions where we operate and by other authorities, such as the Ministry of Health (for example, registration in the National Health Establishments Register - CNES), the National Nuclear Energy Commission and Professional Councils.

Regarding environmental licenses, the Operating License ("OL") stands out. It authorizes the operation of an activity or undertaking, after the verification of effective compliance with what is stated in previous licenses, mandating environmental control measures and conditions as determined for the operation. The operation of a potentially polluting activity without an environmental license may give rise to liability in the administrative and criminal spheres, including the imposition of penalties such as fines of up to R$10 million, suspension of activities, or even revocation or suspension of the license.

Regarding licenses that are the responsibility of the local City Hall, the Habite-se (Construction Completion Certificate) and the Installation and Operation License ("LIF") stand out. The *Habite-se* attests that the buildings built on the properties were concluded in accordance with the projects approved by the competent authorities and in compliance with municipal legislation. The absence of the *habite-se* may, in case of inspection, cause sanctions to be imposed on the owners and occupants of the properties. Such sanctions can range from monetary penalties to the paralysis of activities until the respective license is issued. The registration of the Habite-se with the competent real estate registry office must be accompanied by the INSS Debt Clearance Certificate, issued by the Federal Revenue

Service, which is the document that proves the regularity of the taxpayer and the work before the Federal Revenue Service.

The LIF, in turn, is the document capable of authorizing the development of business activities in properties, and it is certain that the operation of non-residential activities without applicable real estate licenses creates the risk of interdiction of the establishment, with application of cumulative fines. The interdiction can be determined for the period necessary to obtain the license, or, in case of impossibility, there may be a definitive sealing.

The Fire Department Inspection Certificate ("AVCB") is a document provisioned by the Fire Department. The absence of an AVCB can lead to a notice of infraction from the Fire Department, with the application of gradual and/or cumulative penalties, which can range from notifications and fines to, in more extreme cases, a ban on the establishment.

Part of the LIFs and AVCBs of our hospitals, clinics and other operational properties are expired and/or have not been renewed, and part of the *Habite-se* and CND of INSS are still being obtained/regularized, which may lead to the consequences as described above.

We cannot assure you that we will always obtain or renew these licenses in the future within adequate timeframes. Our failure to obtain or regularize licenses may create obstacles to the current occupation of certain properties and possible financial losses arising from fines and relocation procedures. Additionally, this scenario may be aggravated by the effects resulting from the decree of public emergency due to the COVID-19 pandemic, which resulted in the adoption of measures by the government to reduce the operation of public agencies. This factor may eventually lead to additional delays in the issuance of certificates and in the registration and/or tax regularization of the properties with the competent agencies.

The non-obtaining or non-renewal of the mentioned licenses can result in the inability to maintain regular operation in the hospitals, clinics and other operational properties, without prejudice to the risks mentioned above, problems related to insurance in case of accidents, and, above all, possible damage to our reputation.

We may be subject to regulation and control by other public authorities, in addition to those we currently consider to be the only competent ones, and cannot guarantee that these authorities will have different understandings as to the need to obtain other licenses, permits and authorizations.

We may be adversely affected in the event of (i) fines imposed by the public administration, (ii) refusal to contract or renew property insurance, (iii) payment of indemnities by insurance companies in the event of accidents, (iv) interdiction or closure of our hospitals and clinics as a result of not obtaining or renewing the required registrations, and (v) permits, registrations and licenses, which may negatively impact our operating results.

In the specific case of the Centro Médico Maranhense, obtaining the AVCB will depend on meeting the requirements of the Fire Department, which has required the adaptation of the building through civil works. The execution of the necessary renovations to obtain the AVCB may imply in operational risks due to the suspension of the activities during the period in which the works take place. Furthermore, we cannot guarantee that the adequacy of the property will be accomplished and, consequently, that the AVCB will be obtained.

We cannot assure the regularity of the registration status of all properties before the local municipalities, as well as the inexistence of debts that could affect the occupations exercised. Considering that real estate tax debts have a *propter rem* nature, i.e., they fall on the property itself, an eventual loss of the properties deriving from a tax foreclosure decision would affect the occupations currently exercised, generating an obstacle to our permanence in such properties, which could adversely affect our activities.

We may not be able to maintain relationships with clients and/or beneficiaries that account for a significant portion of our net operating revenue.

We may be subject to the loss of clients and/or beneficiaries that use our services, as a result of factors that may or may not be within our control. Factors that may contribute to the loss of clients and/or beneficiaries include, but are not limited to: (i) the inability to offer services at competitive prices; (ii) the inability to renew or renegotiate existing contracts; (iii) the clients' decision to no longer offer benefits related to the services provided by us to our

employees; (iv) the clients' decision to contract services with competing companies; and (vi) a reduction in the number of clients' employees.

A significant reduction in the number of our clients and/or beneficiaries could adversely affect our financial condition and results of operations.

We may face direct competition from SUS, the public healthcare system offered by the Brazilian Federal Government free of charge.

The Brazilian Federal Government is responsible for providing a free public healthcare system that is accessible to all citizens, but a significant portion of the population currently accesses private healthcare systems. According to ANS data released in December 2020, supplementary healthcare is responsible for covering 24.2% of the Brazilian population. Should the Brazilian Federal Government increase the resources, quality and scope of the current public healthcare system to the point that our clients opt for the public system, our growth and ability to retain clients could be harmed and adversely affect our business and results of operations.

Potential consolidation of the sector may affect future acquisitions to be made by us.

Among the factors that may adversely affect us in the implementation of our business expansion strategies, including future acquisitions to be made by us, there is a possibility of the market becoming more consolidated, thus reducing acquisition opportunities.

We compete with competitors, including hospitals and other health plan operators, which have been seeking the verticalization of their operations, mainly through new acquisitions.

If our competitors are more successful in implementing their business expansion strategies and/or are otherwise in a better position to acquire and satisfactorily manage companies or other strategic assets, our ability to complete new acquisitions could be adversely affected, with negative consequences for our business.

For further information on other factors that may affect our strategy to expand our activities, see the risk factor "*We may not be able to carry out joint ventures and/or acquisitions at the time and on the terms or prices desired. Additionally, such associations and/or acquisitions may not bring the results that the we expect and/or we may not be able to successfully integrate them into our business*" above.

The profitability of our business may be adversely affected by worsening domestic or global economic conditions and the perception of risks and uncertainties relating to Brazil.

We may be affected by worsening domestic and international economic conditions. Thus, factors such as economic growth, labor market, inflation, interest rates, market liquidity, asset prices, economic policies, risk perception, among others, have the potential to adversely affect our results.

In addition to global macroeconomic conditions, the perception of risks and uncertainties relating to Brazil may also adversely affect our business. Additionally, a contraction in domestic economic activity tends to adversely affect our results. A worsening of the labor market and a deterioration in the economic and financial conditions of Brazilian companies, including those in other sectors, may also adversely affect our business, considering that, in an adverse scenario, Brazilian companies may be forced to make layoffs, increasing the number of unemployed individuals and reducing the number of healthcare beneficiaries.

In this sense, the rise in the unemployment rate and a drop in real household income, as well as a real drop in corporate revenues, tend to impact the purchase of new health plans, materially and adversely affecting us.

We cannot guarantee that we will be able to adapt our business to the emergence of new diseases, epidemics, pandemics, viruses and bacteria.

Companies operating in our economic sector are subject to the need to adapt their business in the event of the appearance of new diseases, epidemics, pandemics, viruses and bacteria, as well as the evolution of existing ones. If new diseases, epidemics, pandemics, viruses and/or bacteria appear, we will be obliged to offer new types of treatments to meet the new demands of our clients.

We cannot assure you that it will be able to adapt our business to this new reality in a timely manner, nor can it guarantee that such new treatments will be offered at competitive prices when compared to those of our competitors. Our failure to adapt to the new conditions may adversely affect our business and results of operations.

COVID-19 and resulting shutdowns on a global scale may create challenging conditions in the operations of companies in the hospital care sector, including ourselves. The COVID-19 pandemic may lead to increased volatility in global capital markets, which may directly impact our business and results.

The COVID-19 pandemic can have far-reaching impacts - from shutdowns of supplier factories, innovations in Brazilian legislation (civil, labor, social security, tax, regulatory, among others), challenging labor conditions and disruption of the global supply chain.

Our operations in hospital units may be subject to a significant increase in the demand for care due to the large number of patients infected with the virus. Health insurance companies may face an increase in loss ratios of their health plans and may not be able to adjust monthly fees accordingly. Also, we may be directly impacted by the interruption in the business of our suppliers, with the consequent interruption in the supply chain used in our activities. We cannot guarantee that we will be able to adapt our business to this new reality in a timely manner, and may suffer relevant impacts in our operations in the hospital units and, thus, negatively impact our operations. The potential impacts on supply, costs and investments required for the adaptation and development of the business in the pandemic scenario may adversely affect our cash flow, which may hinder the regular payment of our tax obligations and consequent exposure to late payment interest charges and fines, exclusion from debt installment payment programs and possible collection by the tax authorities, among other consequences.

Another aspect as a result of the pandemic that may adversely affect our cash flow concerns the increase in social security expenses due to vacation advances, layoffs and/or sick leave.

The reduction and/or even suspension of the operation of the Public Administration bodies and the suspension of administrative and judicial proceedings, due to the decree of public emergency by the government, may adversely impact the result originally forecast by us, especially regarding the realization of our assets linked to administrative and/or judicial proceedings, such as those pending analysis in requests for reimbursement and/or refund of taxes, withdrawal of guarantees and judicial deposits, credits recognized by judicial decisions, among others. This may also cause delays in the renewal and issuance of clearance certificates related to tax credits and the federal, state and municipal overdue liabilities, as well as in the submission of accessory obligations before competent agencies, which may adversely affect our and our subsidiaries' activities. Also in the context of the pandemic, any debts and liabilities registered by us as fixed or referenced in foreign currency may suffer relevant impacts, as it is not possible to measure the eventual adverse effects on us at this moment.

Any outbreak of disease that affects people's behavior, such as COVID-19, may have a material adverse impact on the markets, particularly on the stock market. Thus, the shares issued by us and the entire class of similar assets that make up the global capital market may present greater volatility, resulting in negative pressure on the world economy and on our business and the price of our shares.

Any operational difficulty in recovering the amounts resulting from the end of the suspension of health plan adjustments determined by ANS may adversely affect our business, financial condition and operating results

Due to the COVID-19 pandemic, the ANS has determined the suspension of the application of readjustments to health insurance contracts for a period of 120 days, beginning in September 2020 and ending in December 2020. The suspension of the adjustment applied to all types of health plans: individual/family and group plans (by membership and corporate). The contracting legal entity of a corporate group plan may choose not to have the adjustment suspended, and must negotiate this option with the health insurance provider.

ANS Collegiate Board Order No. 87, published in December 2020, determines the restructuring of the adjustments suspended from September 2020 to December 2020 to be carried out during the year 2021, as follows: (i) the amounts related to the suspension of the adjustments shall be diluted in 12 equal and successive installments, from January 2021 to December 2021; (ii) at the request of the beneficiary or the legal entity contracting the health plan operator or benefit administrator, the restructuring of the suspension of the adjustments in a lower number of installments may be permitted; and (iii) provided there is agreement between the parties, the reconstruction of the suspension of the adjustments in a higher number of installments may be permitted.

Operational difficulties or failure in collecting the readjustment installments from the beneficiaries could adversely affect our business, financial condition and results of operations.

We may be affected by the imposition of laws and regulations prohibiting or restricting outsourcing activities.

With the advent of Law No. 13,429/17 ("Outsourcing Law") and Law No. 13,467/17 ("Labor Reform"), the practice of outsourcing services became possible, even if they are specific or related to the main activity of the contracting company. The Outsourcing Law also changed the terms of article 4-A, paragraph 2, of Law 6,019/74, concluding that there will not be an employment relationship between the workers or partners of service providers, whatever their field of business, and the contracting company, provided that the relationship does not show the existence of personal, habitual, subordination and burden, nor evidence of contracting or acts performed with the purpose of distorting or defrauding legal provisions inherent to the employment relationship.

If the outsourced companies that provide - or have provided - services to us do not meet or have not met at the time of the provision of such services, the requirements of labor legislation for the characterization of outsourcing of services, we may be considered jointly or severally liable for the labor debts of these companies providing outsourced services, and may thus be included in the defendant side of eventual labor lawsuits and, eventually, be required to pay judicial sentences and/or other penalties. If this risk materializes, our image/reputation, business and/or financial results may be affected. Potential tax and social security impacts may also affect our results.

Since we use outsourced services, including within the exercise of medical activities, should the jurisprudential position to be consolidated regarding the application of the Outsourcing Law be unfavorable to us, it could adversely impact our business, our results, financial situation, and the market value of our shares.

We may be subject to sanctions by the ANS in case of non-compliance with the applicable regulation.

Our operations are subject to constant supervision by the ANS, including with regard to the verification of our economic-financial and liquidity ratios and compliance with the provisions of article 34 of Law 9,656/98 (Private Healthcare Plans Law), which determines that our corporate purpose must be exclusively related to supplementary healthcare.

If the ANS determines violations, it may impose penalties on us and on our administrators, members of administrative, deliberative, advisory, fiscal and similar boards in case of non-compliance with the provisions of the Private Healthcare Plans Law and its regulations, or the ANS specific rules about solvency margin, technical provisions regulatory capital, as well as the provisions of the healthcare plan contracts signed by the operators, both for individual and group plans. Depending on the seriousness of the infraction, the applicable penalties are (i) warning; (ii) fine, no less than R$5,000.00 and no more than R$1,000.000.00; (iii) suspension of exercise of office by managers; (iv) temporary inability to exercise positions in healthcare plan operators; (v) permanent inability to exercise management or board positions in operators, as well as in private pension entities, insurance companies, insurance brokers and financial institutions; and (vi) cancellation of authorization to operate as a healthcare plan operator.

Besides these penalties, the ANS can determine the compulsory alienation of the portfolio of beneficiaries and the regime of fiscal or technical direction, for a period not longer than 365 days, if insufficient guarantees of financial balance are detected, or serious economic-financial or administrative abnormalities that put the continuity or quality of healthcare at risk.

Additionally, it is possible that future laws and regulatory standards, as well as the interpretation attributed to them by the ANS and/or the Judiciary may have an adverse effect on our ability to continue to serve our beneficiaries and attract new clients. We cannot assure you that the Government will not change laws and/or regulatory standards in such a way as to impose stricter standards or changes that would have a material adverse effect on our business.

The cancellation of our authorization to operate as a healthcare plan operator, the imposition of penalties by the ANS, as well as the disposal of our portfolio or the determination of the fiscal or technical direction regime may cause a material adverse effect on our business, financial condition and operating results.

We may be affected by the imposition of new laws and regulatory rules, as well as amendments to laws and regulatory rules currently in force, which may extend coverage, impose new burdens, costs, and also hinder, restrict or even prevent the full exercise of our activities, and may have a material adverse effect on our business.

The regulation of Supplementary Health was initiated in July 1998, with the edition of the Private Healthcare Plans Law. In January 2000, the ANS was created to provide for the regulation, creation and implementation of norms, control and inspection of the segment's activities. Under the terms of Law 9,961/00, ANS is responsible for (i) detailing the list of healthcare procedures and events; (ii) establishing norms for reimbursement to the Unified Health System ("SUS"); (iii) authorizing readjustments and revisions of the pecuniary consideration of private healthcare plans, according to parameters and general guidelines jointly established by the Ministries of Economy and Health; (iv) adopting the necessary measures to stimulate competition in the private healthcare plan sector; (v) to establish parameters and indicators of quality and coverage in healthcare for our own services and those of third parties offered by operators; (vi) establishing norms, routines and procedures for the concession, maintenance and cancellation of the registration of the products of the operators of private healthcare plans, among others.

The Legislative Branch and the ANS may issue new stricter rules or seek more restrictive interpretations of existing laws and regulations, which may oblige companies in the supplementary health sector to spend additional resources to adapt to the new rules. Any such action by the government could adversely affect our business, financial condition and results of operations.

Parallel to the Private Healthcare Plans Law and to the regulations edited by the ANS, the health plan operators are also subject to the other legislations in effect, to highlight Law No. 10,406, of January 10, 2002, as amended (Civil Code), the Consumer Defense Code, and Law No. 10,741, of October 1, 2003, as amended (Elderly Persons Statute).

The Federal House of Representatives has been discussing alterations in Law 9,656/1998, through a Special Commission, which is analyzing Bill 7,419/2006, referring to Health Plans. There are matters that, if approved, may extend rights, coverage, impose new burdens, increase costs and limit adjustments, which may affect our results. For example, the matters discussed that may negatively impact our operations are, among others: (i) obligation to offer individual plans; (ii) application of readjustment in the last age group in installments; (iii) inclusion of new coverage; (iv) portability for corporate group plans; and (v) reduction of deadlines for release of medical-hospital procedures. This proposed legal change, as well as others in this regard, may cause a material adverse effect on our business, financial condition and results of operations.

In this pandemic scenario, the following factors may also cause relevant impacts on our activities and financial condition (i) eventual administrative requisitions of goods and services by public authorities, such as the use of our hospital supplies and private beds by intensive care units ("ICU"); and (ii) the approval of bills whose subjects comprise, among others: (a) prohibition on suspension or unilateral termination of individual contracts; (b) suspension of health plan cuts due to default; (c) suspension of waiting periods in private health plans; (d) temporary prohibition on readjustment of monthly fees and the possibility of suspension or unilateral termination of contracts; (e) compulsory use of available private beds; (f) guarantee of availability of ICU beds by the SUS in the private network, among others.

SUS will be able to demand, with greater speed, the reimbursement of the amounts charged due to the use of the public health network by our beneficiaries.

In Brazil, every time a beneficiary of a private health insurance company is treated within the public healthcare network by SUS, the health insurance company, in accordance with article 32 of the Private Healthcare Plans Law and ANS Normative Resolution No. 367 of 2014, must reimburse SUS for the amount resulting from such care. The reimbursement value to the SUS is derived from multiplying the Reimbursement Valuation Index - IVR, stipulated in 1.5, by the value posted in the SUS document of authorization or registration of care.

The Federal Audit Court ("TCU") started to demand that ANS take measures to speed up and improve the process of reimbursement to SUS. As a result of these demands, ANS has recently improved the integration of the systems used by the SUS and by the health plan operators in order to expand the exchange of information, and has implemented an electronic system to speed up the processing of oppositions and appeals, among other measures. In this way, ANS started to send, with greater frequency and agility, a greater volume of reimbursement requests resulting from 1st and 2nd instance administrative decisions. Until June 2020, ANS made the transfer of approximately R$470 million to the SUS. In 2020, we were charged R$10,743,461.88 referring to services provided in the public health network. For these reasons, SUS may require, more quickly, the reimbursement of the amounts charged due to the use

of the public health network by our beneficiaries, which may lead to an increase in the provisioning for reimbursement to SUS in comparison with the provisioning of previous years, adversely affecting our results.

We are required to maintain a Provision for Events Occurring and Not Reported ("PEONA"). The occurrence of any structural changes or more restrictive regulations on the methodologies used to calculate the PEONA could adversely affect our results.

PEONA, regulated by the ANS through Normative Resolution 393 of December 9, 2015, and Normative Resolution 442 of December 20, 2018, is one of the technical provisions required of health plan operators, in which there is an actuarial estimate to support the payment of events that have already occurred but that have not been notified to us. For PEONA purposes, the knowledge of the event is characterized from the moment of the protocol of the presentation of the account by the provider, which is when the operator records it in their accounts.

In the event of actuarial insufficiency, structural changes or more restrictive regulations on the methodologies used to calculate PEONA, the costs and provisions currently we currently observe may be increased, which could negatively affect us and our operating results.

Potential suspension of commercialization of our services could adversely impact our operations and reputation.

Through Normative Resolution 259/11 and IN/DIPRO 48/15 The ANS has instituted the Monitoring of the Attendance Guarantee in order to verify if beneficiaries are having access to the coverage contracted with the operators. The verification is done every quarter by monitoring certain parameters such as the frequency of complaints received by the ANS regarding non-compliance with the maximum time limits for consultations, exams, and surgeries, or denial of care coverage.

Based on this monitoring, ANS ascertains which operators repeatedly fail to comply with the maximum time limits for care or deny care coverage and, depending on the risk range the operator falls into, may determine the suspension of marketing of healthcare plans that concentrate complaints, and the entry of new beneficiaries is prohibited until marketing is again authorized by ANS.

According to ANS regulations, for the adoption of such a restriction, the operator must remain in the risk range (range 3 on a scale of zero to four) for two consecutive quarters and must not have improved its own performance in relation to the immediately preceding evaluation period.

Based on the results of their monitoring, the ANS may also, simultaneously or not with the suspension of the health and dental care plans, decree the special regime of technical direction with the possibility of determining the removal of the operators' managers.

If our healthcare plans are restricted or suspended by the ANS, our operations, reputation and results of operations could be adversely affected.

The Brazilian health services sector is subject to specific laws and regulations.

The Brazilian health services sector is subject to extensive legislation and regulation, including those related to the environment, health surveillance, *Agência Nacional de Vigilância Sanitária* ("ANVISA" or "the National Agency of Health Regulation"), professional councils and workplace safety, from various federal, state, municipal and Federal District authorities. There are also specific regulations for the control of obsolete drugs and materials. Compliance with this legislation is subject to the oversight of governmental bodies and agencies, which can impose administrative and criminal sanctions on us, as well as responsibility for repairing the damage caused in the civil sphere.

The regular operation of the hospital, clinical and laboratory units depends on, among other factors, obtaining and maintaining licenses, authorizations, grants, and permits issued by the competent Brazilian authorities, valid for the installation and operation of activities, as well as for the collection, deposit or storage of dangerous products, use of equipment, import of goods and biological materials, handling, treatment, transport, disposal of contaminating waste, radioactive materials and controlled chemicals and the use of water resources (abstraction of water through artesian wells and discharge of effluents into bodies of water).

Any companies we contract to carry out the collection, treatment, transportation and final disposal of its contaminating residues and radioactive materials must also be in good standing regarding their environmental licensing. The adequate collection, transportation, treatment and final disposal of a residue depends on the class to which it belongs and the projects in the category are subject to previous approval from the competent environmental agency. For these reasons, we may be required to evaluate changes in its operations in order to limit the actual or potential impact on the environment and the health and safety of its employees. All our hospital units must be under the technical responsibility of a legally qualified professional before the competent class agency, subject to the inspection of ANVISA and/or other sanitary surveillance, control and inspection agencies in the geographic regions where we operate.

We cannot assure you that the Brazilian laws and regulations applicable to our industry will not become more severe or subject us to more onerous burdens in the future, or that the Brazilian regulatory authorities or agencies, at all levels of the federation, will not adopt more restrictive or more stringent interpretations of these laws and regulations, including with respect to the obtaining and renewal of licenses, permits and registrations for the development of our activities. We cannot assure you that the fees, taxes, charges and contributions payable to the competent authorities and professional trade associations will not be adjusted or increased as a result of the implementation of new legal or administrative measures. Any of these factors may cause us to incur unforeseen additional costs, adversely affecting our business and results of operations and, consequently, the market price of our shares.

Our operating results may be impacted by changes in Brazilian tax legislation or unfavorable results of tax contingencies.

Brazilian tax legislation is amended regularly by federal, state and municipal governments. Such changes include the creation of new taxes, changes in tax rates and sometimes the creation of temporary taxes intended for certain specific governmental purposes, as well as changes in the interpretation of such legislation by Brazilian courts. For example, legislative changes and disputes in the courts over the determination of the tax base and the place of assessment of taxes related to the provision of health insurance services, which generate controversial discussions among the federative entities, stand out. Some of these measures may result in an increase in our tax burden, which, consequently, will impact profitability and even the prices of the services provided in the healthcare market. We cannot assure that, in the face of changes that increase the tax burden, we will be able to maintain the price of our services, our projected cash flow or our profitability, which could negatively impact our business.

The COVID-19 pandemic and the declaration of a State of emergency may result in far-reaching socioeconomic impacts, including a possible decrease in tax collection in Brazil and an increase in the demand for public spending in key sectors. In this scenario, the federal, state and municipal governments may promote legislative changes to impose, even temporarily, a more burdensome tax treatment on our activities. Such measures may adversely affect our business and results of operations.

For example, there have been recent discussions about the possible introduction of new taxes such as compulsory loans, a wealth tax, and a financial transaction levy, as well as discussions about repealing the income tax exemption on dividend distributions.

There are currently proposals before the Brazilian Congress to implement a tax reform. Among the proposals under discussion, there is the possibility of a complete change in the consumption taxation system, which would extinguish three federal taxes - IPI, PIS and COFINS, the ICMS, which is a state tax, and the ISS, a municipal tax, to create a single new tax on transactions with goods and services (IBS) that would be levied on consumption. Moreover, the Brazilian Federal Government recently presented a new tax reform proposal through Bill No. 3,887, dated July 21, 2020, for the creation of the social contribution on transactions with goods and services, to replace the PIS and COFINS contributions, providing for a 12% tax rate, with the possibility of obtaining credits under certain conditions. If converted into law, it may come to represent a relevant change for the health services sector. We emphasize that a tax reform or any changes in the applicable legislation and regulations may directly or indirectly affect our business and results.

Complementary Law No. 157/2016 (“LC 157/16”) introduced a new system of ISS collection for health insurance providers, since it determined that the collection of said tax would be due to the municipality where the service acquirer is located, and no longer to the municipality where the service provider is located. The effectiveness

of the referred Complementary Law has been momentarily suspended by an injunction issued by the Federal Supreme Court ("STF") in Direct Unconstitutionality Action No. 5,835 ("ADI 5,835"). Although the mentioned Supplementary Law has its effectiveness suspended, recently Supplementary Law No. 175/2020 was published, which provides for the national standard of accessory obligation of the ISS levied on the services that had their place of collection altered by LC 157/16, as well as brought elements for the delimitation of the concept of service takers for health plan operators.

The change in the collection system and the competence of the Municipality to collect the tax depends on the decision that will be announced for ADI No. 5,835. Thus, if the suspension of effectiveness is reverted, our operations will be directly impacted, both in relation to the tax burden and the fulfillment of accessory obligations.

We currently have ISS tax benefits. We cannot assure you that these tax benefits will be maintained or renewed. To ensure the continuity of these incentives during their term, we must meet a number of requirements that may be challenged, including in court. If we are unable to maintain them, the benefits may be suspended or canceled. If these tax benefits are not renewed or are modified, limited, suspended or revoked, our business, activities and financial condition may be adversely affected as a result of increased tax burdens or effects on our cash flow.

With respect to activities carried out in the municipality of Vitória, the legislation of said municipality provides for deduction hypothesis of the ISS calculation basis to the sector in which we operate, so that, when the services are rendered through accredited network or in the cases of health plans or agreements operated by own and third party services, the amounts paid for health services rendered by the accredited network may be deducted from the total amount of the price charged to users of the health plan or agreement if all applicable criteria and processes are observed. We emphasize that, should there be any change or update in the legislation modifying the possibility of making such deductions from the tax calculation basis, we cannot guarantee that such fact will not affect our operations, and so our results may also be adversely affected.

Regarding the activities performed by us in the municipality of Serra, we emphasize that there are particularities in the legislation of that municipality regarding the application of the reduced tax basis and reduced rate of ISS that are we enjoy. Therefore, different interpretations of the legislation from those we adopted by the municipal tax authorities and/or changes in said legislation may directly or indirectly impact our operations and our results may also be adversely affected.

We emphasize that any modification, limitation, suspension or cancellation of the aforementioned tax benefits as a result of non-compliance with the requirements for their use may adversely affect us and our activities.

We are subject to inspections by tax authorities at the federal, state and municipal levels. As a result of such examinations, our tax positions may be questioned by the tax authorities. We cannot assure you that the provisions for such proceedings (if any) will be correct, that no additional tax exposure will be identified and/or that no additional tax reserves will be required for any tax exposure. Any increase in the amount of taxation or imposition of a fine as a result of challenges to our tax positions may adversely affect our business, results of operations and financial condition.

Brazilian tax authorities have recently intensified their number of inspections. There are several tax matters that are of concern to the Brazilian authorities and in relation to which Brazilian authorities regularly inspect companies, including the information contained in our accessory obligations, goodwill amortization expenses, corporate restructuring and tax planning, revenues from sharing structures between companies for the provision of administrative services, among others. Any judicial and administrative proceedings related to tax matters before courts, including the Administrative Council for Tax Appeals and state and municipal administrative courts, may adversely affect us.

Our results may be adversely impacted by changes in the accounting practices adopted in Brazil, as well as in IFRS.

The accounting practices adopted in Brazil are issued by the Accounting Pronouncements Committee ("CPC") and the IFRS as issued by IASB. The CPC and IASB have their own calendars for approval of accounting pronouncements and IFRS, which may change at any time and over which we have no control. We cannot predict which and when new accounting pronouncements or new IFRS will be approved that may somehow impact the future financial statements prepared by us. Therefore, there is a risk that our future financial statements may be altered due

to new accounting pronouncements provided for by the CPC and regulated by the CVM, as well as IFRS issued by the IASB, which may affect the future financial statements prepared by us.

We are subject to the penalties and events of early termination in the Brazilian Public Bidding Law in our contracts with governmental entities.

We have contracts with Public Administration entities, including state-owned companies, to provide medical-hospital services that are part of SUS, as well as private health plans for public employees. These contracts are governed by the norms of Law 8,666/1993 and Law 13,303/2016, especially for state-owned companies, the provisions of their own procurement regulations must also be considered, which provides the rules for competitive processes for government contracts and administrative contracts for the provision of services and acquisition of goods.

On April 1, 2021, Brazilian Congress passed Law No. 14,133/2021, which will govern public biddings and administrative contracts and replace Law No. 8,666/1993. The complete revocation of Law No. 8,666/1993 will take place two years after the publication of Law 14,133/2021, except for articles 89 to 108 of Law No. 8,666/1993 (crimes in public biddings and administrative contracts), which have already been revoked and with new provision set forth in Decree-Law No. 2., 48/1940 (articles 178 and 193 of Law nº 14.133/2021), as below. Currently we have no contracts governed by Law No. 14,133/2021 and the contracts entered into under the effectiveness of Law 8,666/1993 will have the provisions of such applicable law. During this transition period of two years, the Government may choose to the use of Law 8,666/1993 or the adoption of the new regime of Law 14,133/2021.

Thus, with regard to contracts entered into based on Law No. 8, 666/1991, in the event of non-compliance with the rules of the bidding edicts, as well as the violation of contractual clauses, we are subject to the following penalties provided in Law 8,666/1993 (art. 87): (i) warning; (ii) fine; (iii) temporary suspension from participation in bidding and impediment to contract with the Administration, for a period not exceeding 2 years; (iv) declaration of ineligibility to bid or contract with the Public Administration while the reasons for the punishment endure or until rehabilitation is promoted before the authority the penalty; and (v) applicable civil penalties.

Further, in the event of a contracting with the Public Administration through a waiver of bidding without complying with the relevant formalities (e.g. justification process for contracting without a bidding process by the contracting public entity), individuals who prove to have participated in the illegality and benefited from the illegal waiver or waiver are subject to criminal liability (art. 337-E and Decree-Law No. 2,848/1940, as amended by Law 14,133/2021). In this situation, the penalty applicable to those responsible is detention, from 4 to 8 years, and a fine (337-E, sole paragraph of Decree-Law No. 2,848/1940, as amended by Law 14,133/2021).

With respect to contracts with state-owned companies, Law No. 13,303/2016 provides for the following penalties in case of breach of contract (art. 83): (i) warning; (ii) fine, in the form provided for in the bidding call or in the contract; (iii) temporary suspension from participation in contract with the sanctioning entity, for a period not exceeding two (2) years. Note that Law No. 13,303/2016 does not provide for the penalty of being declared ineligible, as does Law No. 8,666/1993. Furthermore, in case of waiver or non-requirement of bidding without observing the relevant formalities, the consequences are the same as provided for in the Decree-Law No. 2,848/1940 (as mentioned above), under the terms of art. 185 of Law No. 14,133/2021.

It should be also noted that, among other events, the following constitute grounds for unilateral termination of government contracts regulated by Law No. 8,666/1993 (art. 78, VI and XI) (i) the total or partial subcontracting of our object, the association of the contractor with others, the assignment or transfer, total or partial, as well as the merger, spin-off or incorporation, not admitted in the call for tenders and in the contract; (ii) the social change or the modification of the purpose or structure of the company that impairs the performance of the contract.

In the case of contracts with state-owned companies, Law No. 13,303/2016 does not expressly provide for the of unilateral termination, so that the internal hiring regulations of each state-owned company will regulate on the subject. Although these regulations usually provide hypotheses similar to those listed in Law No. 8,666/1995, they may contain differences, being up to us the analysis of the provisions of each regulation, if necessary.

In relation to the contracts that are entered into by us under Law No. 14,133/2021, in the event of in case of non-compliance with the rules of the bidding documents or violation of contractual clauses, we will be subject to the

following penalties, without prejudice to the applicable civil penalties: (i) warning; (ii) fine; (iii) impediment to bidding and contracting; and (iv) declaration of ineligibility to bid or contract.

Finally, there is also the possibility of audit courts applying a penalty of disqualification, if fraud is verified in the bidding process. The authority to apply such a penalty must be provided in the organic law of these courts and in their internal regulations, and may prevent the participation of the company penalized in bids for a certain period. In the case of the federal audit court, for example, article 46 of Law 8,443/1992 (organic law) provides that "in the event of proven fraud in the bidding process, the Court shall declare the fraudulent bidder to be ineligible to participate for up to five years in bidding in the federal public administration.

We would also be barred from entering into contracts with the public administration, in the event that our managers with management power are convicted of administrative improbity in a judicial proceeding, as provided for in the hypotheses foreseen in art. 12, items I, II, III and IV, of Law No. 8,429/1992.

Any application of the penalties indicated above or early termination of contracts, may have a material adverse effect on our reputation, as well as on our financial condition and operating results.

Accidents related to waste disposal can result in significant fines and compensation and affect our image and reputation.

Our activities at the hospital units, clinical centers and laboratories generate potentially infectious, radioactive and chemical waste that requires appropriate treatment and disposal. The disposal of materials that contain identification and confidential client information, as well as the disposal of electro-electronics, also require special attention. We may suffer fines and sanctions in the administrative sphere due to non-compliance with environmental legislation related to the disposal of health residues. Moreover, the irregular disposal of this waste can have consequences for us, our administrators or agents also in the criminal sphere, in the event of an accident that causes contamination of the environment and affects the well-being of the population, without prejudice to the responsibility for repairing the damage caused in the civil sphere and the compromising of our image and reputation.

Regarding specifically generated health service residues, even if the accident is caused by a company contracted by us to collect, transport and adequately dispose of this type of material, we may be objectively and jointly liable for any environmental damage caused by the contracted third parties, so that our business may be adversely affected.

The waste disposal process is subject to inspection by the competent environmental agencies. Non-compliance with the related requirements can lead to fines and fines and can have an impact on the obtaining of the corresponding authorizations by certain of our enterprises.

The scarcity of natural resources, caused by climatic factors or by man's action on the environment, can affect our operations, implying the need to adopt complementary contingency measures.

The lack of resources such as water and energy, caused by climate change associated with global warming and the actions of man on the environment, can impact our operations, which depend on these resources, specifically with the use of water. The unpredictability of rainfall and the seasonality of the climate and temperatures in the different seasons of the year impact estimates of resource consumption. The recent water and energy crises show that this is a current issue and a point of concern for different Brazilian economic segments. Should any of the factors mentioned above materialize, the we could suffer relevant impacts in our operations in the hospital units, which could negatively impact our operations.

We may be held responsible for eventual environmental damage, including as a result of failures caused by third-party companies contracted to carry out the management of residues generated from our operations.

In this sense, the hiring of third parties to perform any of the phases of solid waste management, such as the environmentally adequate final destination, does not exempt the contractor's responsibility for eventual environmental damages caused by the contractor. That is, even if the accident is caused by a company contracted by us to do the collection, transportation and adequate destination of this type of material, we may be objectively and jointly liable for eventual environmental damages caused by the contracted third parties, meaning our business and our reputation may be adversely affected.

Risks Relating to Brazil

The development and perception of risk in other countries, particularly emerging-market countries and the United States, China and the European Union, may adversely affect the Brazilian economy, our business and the market price of Brazilian securities, including our shares.

The market value of securities issued by Brazilian companies may be influenced to varying degrees by economic and market conditions in other countries, including the United States, China, the European Union, Latin America and emerging market countries. The reaction of investors to events in these other countries may, in view of the perspective involving the contours of the event, cause an adverse effect on the market value of securities of Brazilian issuers, especially those traded on stock exchanges. Potential crises in the United States, China and the European Union, or in emerging market countries, may, depending on the scale of their effects, reduce to some extent investor interest in the securities of Brazilian issuers, including securities issued by us. The prices of shares on the B3. - Brasil, Bolsa, Balcão ("B3") exchange, for example, are historically affected by certain fluctuations in U.S. interest rates, as well as by changes in major U.S. equity indexes. This could adversely affect the price of the shares we issue, as well as make it difficult or totally prevent our access to capital markets and the financing of our operations in the future on acceptable terms, or under any conditions.

The Brazilian economy itself is also affected by market conditions and international economic conditions, especially by economic conditions in the United States. The prices of shares on the B3, for example, are highly affected by fluctuations in U.S. interest rates and the behavior of major U.S. stock exchanges. Any increase in interest rates in other countries, especially the United States, could reduce global liquidity and investor interest in making investments in the Brazilian capital market.

Not only the Brazilian economy, but also the economies of other countries may be affected in a general way by the variation of economic conditions in the international market, and notably by the economic situation of the United States, China and the European Union. Possible reductions in the supply of credit and deterioration of economic conditions in other countries, including the debt crisis affecting certain countries in the European Union, may to some extent adversely affect the market prices of Brazilian securities in general, including the shares issued by us. The risk of default by countries in financial crisis, depending on the circumstances, may reduce the confidence of international investors and bring volatility to the markets.

With respect to relevant macroeconomic facts that may impact our business, we highlight the United Kingdom's exit from the European Union ("Brexit"), which could adversely affect economic and market conditions in Europe and worldwide, and may contribute to instability in global financial markets. Additionally, Brexit could lead to legal uncertainty and create potentially divergent national laws and regulations as the United Kingdom determines which European Union laws it will replace or replicate. The effects of Brexit, and others that we cannot predict, could have an adverse effect on our business and results of operations or financial condition.

Additionally, we are subject to impacts resulting from political tension between the United States, Iran and Iraq, as well as other related conflicts in the Middle East. If tensions and sanctions between the United States, Iran, Iraq and, possibly, European countries escalate, the price of oil may increase, thereby affecting the *commodities* and energy markets in Brazil and worldwide, which may increase our operating costs and consumer expenses and, consequently, adversely affect our results of operations and financial condition.

Political campaigns and presidential elections can generate a climate of political and economic uncertainty globally. The President of the United States has considerable power in determining government policies and actions that may have a material adverse effect on the global economy and political stability worldwide. We cannot assure you that the new administration will maintain policies designed to promote macroeconomic stability, fiscal discipline and domestic and foreign investment, which could have a material adverse effect on the securities and financial markets in Brazil, on Brazilian companies, including ourselves, and on securities issued by Brazilian issuers, including our shares.

These tensions can generate political and economic instability around the world, directly impacting the stock market.

We cannot assure you that the Brazilian capital markets will be open to Brazilian companies or that financing costs in the market will be favorable to Brazilian companies. Economic crises in emerging markets may reduce investor interest in securities of Brazilian companies, ourselves included. This may affect the liquidity and market price of our shares, as well as our future access to the Brazilian capital markets and to financing on acceptable terms. This lack of access may, in turn, also adversely affect the market price of our common shares.

Potential interest rate fluctuations could have a detrimental effect on our business and on the market prices of our shares.

Fluctuations in the prospective scenario for the main interest rates, both for the Brazilian economy and the main reference rates in developed markets, may impact our financial result. The direct impact of higher interest rates is on the portion of the investment portfolio with fixed rates, negatively impacting the mark-to-market of these assets that are sensitive to the variation in interest rates. Similarly, significant reductions in interest rates may eventually impact the financial result, as seen in the lower profitability of the portion indexed to floating rates such as the Interbank Deposit Certificates ("CDI") and the Special System for Settlement and Custody (SELIC), and may, in cases of large oscillations in interest rates, reflect on the market prices of the shares issued by us.

For the years ending December 31, 2020, 2019, and 2018, the average CDI rate index was 2.75%, 5.94%, and 6.40%, respectively. Fluctuations in the main interest rates in the Brazilian economy may have the following direct or indirect effects: (i) impact on demand for products sold by us, (ii) change in consumer credit interest rates, (iii) decrease in the profitability of financial products offered by us, (iv) changes in commercial terms with suppliers and service providers, (v) impact on our ability to obtain loans, (vi) increase in our cost of indebtedness, resulting in higher financial expenses, among others. These effects may cause both a decline in sales and a decrease in our profitability, and thus may adversely impact our business and activities.

Possible events of exchange rate instability could adversely affect us.

As a result of inflationary pressures, Brazilian currency has on occasion been devalued against the U.S. dollar and other foreign currencies. Devaluation of the real relative to major foreign currencies, including the U.S. dollar, may create additional inflationary pressure in Brazil, causing the Central Bank of Brazil ("BACEN") to increase interest rates in an attempt to stabilize the economy. These measures may affect, depending on the context, the growth of the Brazilian economy as a whole and, in some way, may adversely affect our financial condition and results of operations. The devaluation of the real may also, within a context of economic slowdown, lead to a decrease in consumption, deflationary pressures and a reduction in the growth of the Brazilian economy as a whole.

Similarly, the appreciation of the real against the U.S. dollar and other foreign currencies could lead, as the case may be, to a deterioration of Brazilian current accounts in foreign currency, as well as reduce export growth, affecting our consumers that depend on export segments, which could adversely affect us.

The long-term devaluation of the real is generally related to the rate of inflation in Brazil, just as devaluation of the real over shorter periods has resulted in significant fluctuations in the exchange rate between the Brazilian currency, the U.S. dollar and other currencies. Since 1999, Brazil has adopted a floating exchange rate system with Central Bank interventions in buying or selling foreign currency. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian real, the United States Dollar and other currencies. In fiscal year 2020, we observed a devaluation of the real against the dollar, with the real/dollar exchange rate on December 31, 2020 being R$5.19. We cannot assure that the devaluation or appreciation of the real against the dollar and other currencies will not have an adverse effect on our activities. Thus, we cannot predict future exchange rate fluctuations. Turbulence and volatility in the global financial markets may adversely affect our results of operations. The global financial crisis and the Brazilian macroeconomic environment may also materially and adversely affect the market price of securities of Brazilian issuers (us included) or cause other negative effects in Brazil.

Inflation and possible measures adopted by the Brazilian Federal Government to combat inflation, including increases in interest rates, may contribute to economic uncertainty in Brazil and may have a material adverse effect on the market as a whole, including possible consequences in relation to the financial condition, results of operations and the market price of our shares.

Inflation, actions to combat inflation and public speculation about possible measures to combat inflation have also been important contributors to economic uncertainty in Brazil in the past and have increased volatility in the

Brazilian securities market. Brazil may experience high levels of inflation depending on future economic circumstances. Periods of high levels of inflation may slow the rate of growth of the Brazilian economy, which, if experienced, could result in reduced demand for our products in Brazil. High inflation raises interest rates, and, as a result, our costs may also increase, resulting in lower net income. Inflation and our effects on the domestic interest rate may also lead to reduced liquidity in the domestic capital and credit markets, which may adversely affect our business, results of operations and financial condition.

In the past, Brazil has experienced high rates of inflation, which had, together with certain actions taken by the Brazilian government to combat inflation and speculation about which measures would be adopted, negative effects on the Brazilian economy. The inflation rates were 23.14% in 2020, 7.30% in 2019 and, 7.54% in 2018, as measured by the Brazilian general price index-market ("IGP-M"). The measures adopted by the Brazilian government to control inflation included maintaining strict monetary policies with high interest rates, consequently restricting the availability of credit and reducing economic growth. The Central Bank's Monetary Policy Committee frequently adjusts interest rates in situations of economic uncertainty in order to achieve goals set forth in the Brazilian government's economic policy. Inflation, as well as government measures to combat inflation and public speculation about possible future government measures, have negatively affected on the Brazilian economy and contributed to economic uncertainty in Brazil, increasing volatility in the Brazilian capital markets, which may have an adverse effect on us.

Economic and political conditions in Brazil and the perception of these conditions in the international market may adversely affect our results of operations and financial condition.

Our financial condition and results of operations may be affected by economic conditions in Brazil. Future reductions in Brazil's growth rates may affect consumption of our products and, consequently, may adversely affect our business strategy, results of operations and financial condition.

Historically, the Brazilian government has intervened in the Brazilian economy and occasionally makes changes in policies and regulations. Brazilian economic policy may have important effects on Brazilian companies and on the market conditions and prices of Brazilian government securities held by us. Our business, results of operations and financial condition may be adversely affected by changes in governmental policies or by federal, state or municipal regulations involving or affecting factors such as:

- political elections;
- monetary policy;
- interest rates;
- inflation rates;
- liquidity in domestic capital, loan and credit markets;
- export and import controls;
- exchange rates and exchange controls and restrictions on remittances abroad;
- energy shortage;
- economic and social instability; and
- other eventualities not measured above.

Brazil's political scenario can influence the performance of the Brazilian economy and eventual political crises can affect the confidence of investors and the general public, resulting, as the case may be, in an economic slowdown and greater volatility in the securities of Brazilian companies abroad.

Any further downgrade of Brazil's credit rating may adversely affect the price of our common shares.

Credit *ratings* affect investors' perception of risk and, as a result, the trading price of securities and returns required on future debt issuance in the capital markets. *Rating* agencies regularly evaluate Brazil and our sovereign

ratings, which are based on a number of factors, including macroeconomic trends, fiscal and budgetary conditions, debt metrics and the prospect of changes in any of these factors. Brazil has lost its sovereign debt rating grade from all three major US-based rating agencies: Standard&Poor's, Moody's and Fitch.

- In September 2015, Standard & Poor's downgraded Brazil's sovereign credit rating to lower investment grade from BBB- to BB+, citing, among other reasons, general instability in the Brazilian market caused by the Brazilian government's interference in the economy and budgetary difficulties. Standard & Poor's downgraded Brazil's credit rating again in February 2016, from BB+ to BB, and maintained its negative outlook on the rating, citing a worsening credit situation since the September 2015 downgrade. In January 2018, Standard & Poor's downgraded its rating to BB with a stable outlook, given doubts regarding pension reform efforts and presidential elections that year.

- In December 2015, Moody's placed Brazil's Baa3 ratings under review, citing negative macroeconomic trends and a deterioration in government fiscal conditions. Subsequently, in February 2016, Moody's downgraded Brazil's ratings below investment grade to Ba2 with a negative outlook, citing the prospect of further deterioration in Brazil's debt service in a negative or low growth environment, as well as challenging political dynamics. In April 2018, Moody's maintained Brazil's credit rating at Ba2, but changed its outlook from negative to stable, citing expectations of tax reforms needed to stabilize debt metrics over the medium term.

- Fitch also downgraded Brazil's sovereign credit rating to BB+ with a negative outlook in December 2015, citing Brazil's rapidly expanding budget deficit and worse-than-expected recession, and downgraded it further in May 2016 to BB with a negative outlook, which it maintained in 2017. In February 2018, Fitch downgraded Brazil's sovereign credit rating to BB, which was reaffirmed in August 2018 with a stable outlook, citing structural weaknesses in public finances, high government debt, weak growth prospects, political environment, and corruption-related issues.

Any further downgrade of Brazil's sovereign credit *ratings* could increase investors' perception of risk and, as a result, increase the future cost of issuing debt and adversely affect the trading price of our common shares.

Political instability can adversely affect our business and results and the price of our shares.

The Brazilian political environment has historically influenced and continues to influence the performance of Brazil's economy. Political crises have affected and continue to affect investor and public confidence, resulting in economic slowdowns and increased volatility in securities issued by Brazilian companies.

Brazilian markets have registered an increase in volatility due to the uncertainties arising from ongoing investigations conducted by the Brazilian Federal Police and the Brazilian Federal Public Prosecutor's Office. Such investigations have impacted Brazilian economy and political environment.

As of the date of this Offering Memorandum, President Jair Bolsonaro was under investigation by the Brazilian Supreme Court for improper acts alleged by the former Minister of Justice, Sergio Moro. According to the former minister, the president had requested the appointment of Brazilian federal police officials. If the president is found to have committed such acts, any resulting consequences, including a potential impeachment, could materially and adversely affect the political and economic environment in Brazil, as well as businesses operating in Brazil, including ours.

The potential outcome of these and other investigations is uncertain, but they have already had a negative impact on the market's overall perception of the Brazilian economy and have adversely affected and may continue to adversely affect our business, financial condition and results of operations, as well as the trading price of our shares. We cannot predict whether the ongoing investigations will lead to further political and economic instability, nor whether new allegations against government officials and executives and/or private companies will arise in the future.

We also cannot predict the results of these investigations, nor the impact on the Brazilian economy or the Brazilian stock market.

In addition, any difficulty of the Brazilian federal government in obtaining a majority in the Brazilian Congress could result in congressional deadlock, political unrest and massive demonstrations and/or strikes that could adversely affect our operations. Uncertainties regarding the implementation by the current government of changes relating to monetary, fiscal and social security policies, as well as relevant legislation, may contribute to economic instability. The recent occurrence of wildfires in strategic regions of Brazil (such as the Amazon rainforest or the Pantanal region) and the Brazilian government's response to such fires may further increase political unrest in the Brazilian Congress. These uncertainties and any new measures taken by the government may increase the volatility of the Brazilian market.

The President of Brazil has the power to determine policies and issue governmental acts concerning the Brazilian economy and, consequently, affect the operations and financial performance of companies, including ours. We cannot predict what policies the President will adopt, much less whether such policies or changes in current policies may have an adverse effect on us or the Brazilian economy.

Risks Relating to our Common Shares and to this Offering

Our financial statements have been prepared based on accounting practice known as "predecessor basis of accounting," and our pro forma financial information included elsewhere in this offering memorandum are subject to certain limitations inherent to the assumptions used in their preparation. Pro forma financial information included elsewhere in this offering memorandum does not reflect the operating results and financial condition of all entities acquired by us in 2020 and 2021 or other acquisition not yet concluded.

On September 30, 2020, we concluded a corporate reorganization as a result of which Athena Saúde S.A. became the controlling holding company of the group's investments, previously held by Athena HealthCare Holding S.A. Our financial statements for fiscal years 2019 and 2018 included elsewhere in this offering memorandum have been prepared considering the accounting practice known as "predecessor basis of accounting," in order to reflect ours and Athena HealthCare Holding S.A.'s equity position on a combined basis.

In 2020, we concluded the acquisition of Unihosp Group and HCN and the conclusion of the acquisition of São Bernardo Group is probably, but still pending. Our *pro forma* financial information for the year ended December 31, 2020 reflects our results of operations and financial position as if these companies were acquired on January 1, 2020 and as if our operations and the operations of São Bernardo Group, Unihosp Group and HCN were conducted as a single consolidated entity during the period presented.

Given the limitations inherent in the assumptions used in the preparation of the financial statements prepared under the predecessor basis of accounting and *pro forma* financial information described above and in the notes to our financial statements and *pro forma* financial information, this information may not accurately reflect the financial position and results of operations on a historical and cash flow basis that would have been obtained if we had been in the position of holding company controlling the investments of our economic group or that would have been obtained if São Bernardo Group, Unihosp Group and HCN we had been managed as a single business during the periods presented in the financial statements issued under the predecessor basis of accounting and in the *pro forma* financial information, as applicable. With respect to São Bernardo Group, Unihosp Group and HCN, we are not presenting within this offering any audited historical financial information prior to January 1, 2020, which precludes the ability to analyze our financial position, considering such companies, for prior periods.

The acquisition of the São Bernardo Group will only be completed upon the occurrence of certain conditions precedent, including restrictions determined by CADE. For further information in this regard, see the risk factor "*Our acquisitions and/or associations may suffer restrictions or may not be approved by CADE or ANS*," and section "*Recent Developments*." Thus, we cannot assure if, when and with which restrictions such acquisitions will be effectively, and concluded.

Our growth strategy involves the acquisition of other companies, as evidenced by our history of acquisitions in recent years (an average of one acquisition every four months since our incorporation), as described in "*Business—Our History*." Thus we are involved in the negotiation of potential new acquisitions and continue actively seeking new opportunities, including the destination of the resources of the primary offering.

The *pro forma* financial information included in this offering memorandum reflects the probable acquisition of São Bernardo Group and the 2020 acquisitions of the Unihosp Group and HCN, which have been considered significant by us. It does not, however, reflect the results of operations and financial condition of the other entities we acquired in 2020 or other acquisitions deemed probable that have not yet been completed. We may at any time enter into new acquisition agreements for other entities or complete acquisitions for which agreements have already been entered into. We may have contracts relating to prospective acquisitions terminated due to noncompliance with conditions precedent or default by any of the parties.

For these reasons, *pro forma* financial statements and financial information included in this offering memorandum are not sufficient to present a complete picture of all entities we acquired and may not be sufficient to indicate operating trends, risks and uncertainties about our future business. In addition, because of the significant impact of these acquisitions, the financial statements may not be comparable to prior periods, which makes it difficult or impossible to analyze our operating performance, trends or any negative outlook.

We may need additional capital in the future, to be raised through the issuance of shares or securities convertible into shares, which may result in dilution of the participation of holders of our common shares and affect the price of our common shares.

We may need additional resources in the future and choose to obtain them in the capital market, through public or private issuance of shares or securities convertible into shares. Any raising of additional funds through public distribution of shares and/or securities convertible into shares, including in public offerings with restricted efforts, may be carried out to the exclusion of the preemptive rights of our current shareholders and may result in the dilution of the equity interest of our shareholders in our capital stock. This would result in less proportional participation in earnings and less power to influence the decisions made us, as well as reduce the market price of our shares, and the degree of economic dilution will depend on the price and quantity of securities issued.

We cannot assure you that additional capital will be available or that funding conditions will be economically satisfactory. The lack of access to additional capital on satisfactory terms and the increase in interest rates may adversely affect our growth, which could adversely affect the performance of our activities, financial condition and results of operations and the price of our securities.

The holders of our common shares may not receive dividends or interest on equity capital.

According to the Brazilian Corporate Law and our bylaws, shareholders are entitled to a mandatory minimum dividend of 25% of adjusted annual net income. The adjustment of net income for purposes of calculating the dividend base includes contributions to the legal reserve and other deductions that reduce the amount available for dividends. Net income may also be capitalized, used to offset accumulated losses or retained, as provided for in the Brazilian Corporate Law, thus also making it unavailable for the distribution of dividends or interest on shareholders' equity. Accordingly, we may not pay dividends above the minimum mandatory distribution established in our bylaws, or even not distribute any dividends to our shareholders, in any fiscal year, if our board of directors informs that such distributions are not advisable in view of our financial condition. Such decision must be subject to consideration by a general shareholders' meeting.

After this offering, we will continue to be controlled by our current controlling shareholders, whose interests may differ from those of the other shareholders.

Upon completion of this offering, our controlling shareholders will hold approximately 56.6% of the total share and voting capital. As a result, our controlling shareholders, through their voting power at general meetings, will retain the power to elect a majority of the members of our board of directors and to make decisions on all key issues requiring shareholder approval, such as corporate reorganizations and asset sales. The interests of our current direct and indirect controlling shareholders may conflict with the interests of the other shareholders. Under Brazilian Corporate Law, our controlling shareholders have the power to elect a majority of the board of directors, exercise general control over management, determine its policies, sell or otherwise transfer shares representing the control that they hold and determine the outcome of any resolution of its shareholders, including transactions with related parties, corporate reorganizations, sale of all or substantially all assets, as well as determine the distribution and payment of any future dividends. Our controlling shareholders may have an interest in making acquisitions, disposing of assets, entering into partnerships, seeking financing or making other decisions that may conflict with the interests of its other shareholders and that may not result in improvements in its operating results, materially and adversely affecting us. If

we cease to be controlled by the current controlling shareholders, the new controlling shareholders may have interests and projects different from the current ones and also conflicting with the interests of the other shareholders.

An active and liquid market for our common shares may not develop. The volatility and illiquidity of the Brazilian securities market may substantially limit your ability to sell their common shares at the price and time that they desire.

Investing in securities traded in emerging markets, such as Brazil, often involves greater risk compared to other world markets with more stable political and economic conditions, and such investments are generally considered to be more speculative in nature. These investments are subject to certain economic and political risks, such as, among others (i) changes in the regulatory, fiscal, economic and political environment that may affect your ability to obtain full or partial returns on your investments; and (ii) restrictions on foreign investment and the repatriation of invested capital.

The Brazilian securities market is substantially smaller, less liquid and more concentrated than the major securities markets, and may even be more volatile than some international markets, such as those in the United States. Factors that may have economic impacts on the international markets can have even more profound impacts on the Brazilian securities market. In this regard, see the risk "*The outbreak of transmissible diseases on a global scale, such as COVID-19, has brought about several measures whose effects may lead to greater volatility in the global capital market and result in negative pressure on* the *world economy and the Brazilian economy, impacting the trading market for the shares issued by us.*

These characteristics of the Brazilian capital markets may substantially limit your ability to sell your common shares at the price and time that you desire, which could have a material adverse effect on the price of our common shares. If an active and liquid trading market is not developed and maintained, the trading price of our common stock may be adversely impacted.

B3 or its successor may be regulated differently than foreign investors are accustomed to, which may limit the ability of shareholders to sell their assets at the desired price and time. In addition, the price of shares disposed of in a public offering is often subject to volatility immediately after the offering is completed. The market price of our common stock may vary significantly as a result of various factors, some of which are beyond our control.

The issuance, sale or the perception of a potential issuance or sale of significant number of our common stock after the completion of this offering and/or after the lock-up period may adversely affect the market price of our common stock in the secondary market or investors' perception of us.

The selling shareholder, the managers and us will enter into agreements to restrict the sale of securities issued by us (already held or to be issued). In such agreement we agree, for 180 days, subject to certain exceptions, not to (i)(a) issue, offer, sell contract to sell, pledge, lend, grant any call option, make any short sale or otherwise dispose of or (i)(b) grant any rights to, directly or indirectly, register or apply for registration of a distribution or public offering under the Securities Act or Brazilian Corporate Law, options or warrants to purchase already held or to be held, or any securities convertible or exchangeable or representing the right to receive shares of common stock issued by us issued in the party's favor or which under the law it is entitled to receive, or (ii) enter into any *swap or* other agreement that transfers to a third party, in whole or in part, any of the economic benefits of ownership, or warrants or other rights to purchase, any securities subject to *lock-up,* or (iii) publicly announce the intention to execute any transaction specified above.

After such restrictions have lapsed, the shares of our common stock held by the selling shareholder and the managers will be available for sale in the market. The occurrence of sales or a perception of a possible sale of a substantial number of our common shares may adversely affect the market value of our common shares or investors' perception of us.

The participation of certain institutional investors that are considered to be related persons in the bookbuilding process may adversely affect the price formation. The investment decision by institutional investors that are related persons may result in a reduction in the liquidity of our shares in the secondary market.

The price per common share will be established after the bookbuilding process. Pursuant to Brazilian regulations in force, institutional investors that are related persons may be accepted to participate in the bookbuilding

process up to a limit of 20% of the common shares initially offered (without considering the additional shares or the over-allotment option).

The participation of institutional investors that are related persons in the bookbuilding process may adversely affect the formation of the price per common share, and investment in the common share by institutional investors that are connected persons may contribute to reduced liquidity of our common shares in the secondary market.

Investors in this offer may suffer immediate dilution in the value of their investments in our common shares.

The price per common share in this offering may be set at a value higher than our book value per common share immediately upon completion of this offering (calculated by dividing the consolidated value of our assets, reduced by the consolidated value of our liabilities, by the total number of our common shares). As a result, investors who subscribe for our common shares may pay a value that is higher than the book value per share, resulting in immediate dilution of the book value of their investment. As a result of this dilution, if we are liquidated based on our net book value, investors who subscribe for or purchase our common shares in this offer may not receive the total value of their investment.

We may also be required in the future to seek additional funds in the Brazilian financial and capital markets, which may not be available at all or available only on unfavorable terms. We may also make public or private offerings of securities backed by, convertible into, exchangeable for, or that in any way confer a right to subscribe for or receive our common shares. Any fundraising by means of public or private offerings of our common shares or securities that, in any way, confer a right to subscribe or receive our common shares may be carried out to the exclusion of the preemptive rights of our shareholders and/or change the value of our shares. Either of which may result in the dilution of your participation.

Total return swap and hedge transactions may influence the demand and the price of our common shares.

The lead agents and their affiliates may subscribe for our common shares in the offering to hedge equity derivative transactions carried out by them on behalf of third parties pursuant to article 48 of CVM Instruction 400 and such transactions will not be considered investments by related persons for purposes of article 55 of CVM Instruction 400 as long as such third parties are not related persons (i.e., entities and individuals deemed to have a connection to this offering) in accordance with CVM regulations. Such transactions may influence the demand for, and therefore the placement of our common shares in this offering and may reduce the liquidity of our common shares in the secondary market.

The transfer of our common shares will be restricted.

We have not registered and do not intend to register the offer and sale or resale of the common shares under the Securities Act. The holders of the common shares may not offer or sell common shares, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws. Prospective investors should read the disclosures in the section "*Transfer Restrictions*" for further information about these and other transfer restrictions. It is the holder's obligation to ensure that offers and sales of the common shares comply with applicable securities laws.

The protections afforded to minority shareholders in Brazil are different from those in the United States and may be more difficult to enforce.

Under Brazilian law, the protections afforded to minority shareholders are different from those in the United States. In particular, the legal framework and court decisions pertaining to disputes between shareholders and us, our directors, our officers or our controlling shareholder is less developed in Brazil than it is in the United States and there are different procedural requirements for bringing shareholder lawsuits, such as shareholder derivative suits, which differ from those you may be familiar with under U.S. or other laws. There is also a substantially less active plaintiffs' bar for the enforcement of shareholders' rights in Brazil than there are in the United States. As a result, in practice it may be more difficult for minority shareholders to enforce their rights against us, our directors or controlling shareholder than it would for minority shareholders of a U.S. company.

A U.S. holder of our common shares may be unable to exercise preemptive rights and tag-along rights relating to our common shares.

U.S. holders of our common shares may not be able to exercise the preemptive rights and tag-along rights relating to our common shares unless a registration statement under the Securities Act is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to our common shares relating to these rights, and we cannot assure you that we will file any such registration statement. Unless we file a registration statement or an exemption from registration is available, a U.S. Holder may receive only the net proceeds from the sale of his or her preemptive rights and tag-along rights or, if these rights cannot be sold, they will lapse and the holder will receive no value for them.

It may be difficult for holders of our common shares to enforce any judgment obtained in the United States against us or our affiliates.

We are incorporated under the laws of Brazil and all of our directors and executive officers reside outside the United States. Virtually all of our assets are located outside the United States. In addition, the United States and Brazil do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, it may be difficult for holders of our common shares to effect service of process upon us outside the United States, or to enforce judgments against us if such judgments are obtained in courts of the United States, including judgments predicated solely upon the federal securities laws of the United States. For additional information, see "Enforcement of Judgments."

Judgments of Brazilian courts with respect to our common shares may be payable only in Brazilian Reais.

If proceedings are brought in the courts of Brazil seeking to enforce our obligations in respect of the common shares, we may not be required to discharge our obligations in a currency other than Reais. An obligation in Brazil to pay amounts denominated in a currency other than Reais will be expressed in Brazilian Reais equivalent to the U.S. dollar amount of such payment at the exchange rate on the Brazilian real equivalent of the U.S. dollar amount of such payment at the exchange rate in effect on the date (i) of actual payment, (ii) on which such judgment is rendered, or (iii) on which collection or enforcement proceedings are started against us. The exchange rate applied may not afford non-Brazilian investors with full compensation for any claim arising out of or related to our obligations under the common shares.

The participation of institutional investors that are related persons (*Pessoas Vinculadas*) in the bookbuilding process may adversely affect the formation of the price per share, and the investment in our common shares by institutional investors that are related persons may reduce the liquidity of our common shares in the secondary market.

The price per share will be set after the conclusion of the bookbuilding process. Pursuant to applicable Brazilian regulations, institutional investors that are related persons may be accepted to participate in the process of setting the price per share, through their participation in the bookbuilding process in up to 20% of the shares initially offered (without considering the Additional Shares and the over-allotment). Pursuant to article 55 of CVM Instruction 400, the placement of Shares with Institutional Investors that are Related Persons will only not be permitted in the event an excess demand exceeding 1/3 of our common shares initially offered is verified (without considering the Additional Shares and the over-allotment).

The participation of institutional investors that are related persons in the bookbuilding process may adversely affect the formation of the price per share, and the investment in our common shares by institutional investors that are related persons may reduce the liquidity of the common shares issued by us in the secondary market.

Additionally, the investments made by the persons mentioned in article 48 of CVM Instruction 400 (i) for protection (*hedge*) in operations with derivatives contracted with third parties, having the common shares issued by the us as reference (including *total return swap* operations), provided that such third parties are not Related persons; and (ii) which are among the other exceptions set forth in article 48, II, of CVM Instruction 400, are permitted in the form of article 48 of CVM Instruction 400 and will not be considered investments made by Related persons for the purposes of article 55 of CVM Instruction 400. Such operations may influence the demand and, consequently, the

price of our common shares and, therefore, the price per share may differ from the prices that will prevail in the market after the conclusion of this offering.

As a result of the bookbuilding process, the price per share may be set lower than the indicative range, which may result in a smaller shareholding dispersion and a lower capitalization than we estimated.

If the price per share is set below the amount resulting from the subtraction between the minimum value of the Indicative Range and the amount equivalent to 20% of the maximum value of the indicative range, non-institutional investors may withdraw their reservation requests, which may result in a smaller shareholding dispersion of o capital stock than initially expected.

Setting the price per share below the indicative range may result in the raising of net funds in an amount considerably lower than initially projected for the purposes described in "*Use of Proceeds,*" and affect our ability to implement our business plan, which may have impacts on the growth and results of our operations.

We will bear the expenses related to this offering, as well as bear the offering fees, which will impact the net amounts to be received under this offering and may adversely affect our results in the period following this offering.

Through the Brazilian Underwriting Agreement, we will bear the commissions of this offering, in addition to assuming the obligation to pay certain expenses related to this offering. The disbursement of these amounts will impact the net amounts to be received under this offering and, consequently, the amounts credited to our shareholders' equity and may negatively impact our results in the reporting period following the completion of the offering.

There can be no assurance that we will not be a passive foreign investment company ("PFIC") for the current or any future year, which could result in adverse U.S. federal income tax consequences to U.S. investors in our ordinary shares.

In general, a non-U.S. corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes interest, rents, dividends, certain gains and royalties (other than certain royalties derived in the active conduct of a trade or business). Goodwill is treated as an active asset under the PFIC rules to the extent attributable to activities that produce active income. Cash is a passive asset. Based on the composition of the Company's income and assets and the value of its assets, the Company believes that it was not a PFIC for its 2020 taxable year and does not expect to be a PFIC for its current taxable year or in the foreseeable future. However, because a company's PFIC status is an annual determination that can be made only after the end of each taxable year, and the" Company's PFIC status for each taxable year will depend on the composition of its income and assets and the value of its assets from time to time, including goodwill (which may be determined by reference to the market value of the Shares, which may be volatile), the Company cannot assure you that it will not be a PFIC for the current or any future taxable year. For example, the risk of the Company being a PFIC could increase if the Company's cash balances were to grow significantly relative to the value of its other assets for any taxable year. The Company does not intend to provide any annual assessments of its PFIC status for any taxable year. If the Company were a PFIC for any taxable year during which a U.S. taxpayer held our shares, the U.S. taxpayer generally would be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and certain distributions and additional reporting requirements. The U.S. federal income tax rules relating to PFICs are complex. U.S Holders are strongly encouraged to consult their own tax advisors. See "Taxation – U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules."

EXCHANGE RATES

The Central Bank allows the *real* to U.S. dollar exchange rate to float freely, and has intervened occasionally to control unstable fluctuations in foreign exchange rates. We cannot predict whether the Central Bank or the Brazilian government will continue to let the *real* float freely or intervene in the exchange rate market, whether through exchange controls, dual exchange rate markets or a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar substantially in the future.

Exchange rate fluctuations will affect the U.S. dollar equivalent of the price of our common shares in *reais* on the B3 as well as the U.S. dollar equivalent of any distributions we make with respect to our common shares, which will be made exclusively in *reais*. Exchange rate fluctuations may also adversely affect our financial condition. See "*Risk Factors—Risks Relating to Brazil—Exchange rate instability may have adverse effects on the Brazilian economy, us and the price of our common shares.*"

The following tables provide information on the selling exchange rate, expressed in *reais* per U.S. dollar (R$/US$), for the periods indicated, as reported by the Central Bank.

Year Ended December 31,	Period-end	Average for Period[(1)]	Low	High
		(R$ per US$)		
2016	3.2585	3.4895	3.1187	4.1552
2017	3.3074	3.1914	3.0504	3.3756
2018	3.8742	3.6536	3.1380	4.1873
2019	4.0301	3.9445	3.6513	4.2596
2020	5.1961	5.1552	4.0207	5.9366

Source: Central Bank.

1 Represents the daily average of the exchange rates during the relevant periods.

Month	Period-end	Average for Period[(1)]	Low	High
		(R$ per US$)		
January 2021	5.4753	5.3556	5.1620	5.5074
February 2021	5.5296	5.4159	5.3417	5.5296
March 2021	5.6973	5.6461	5.4951	5.8397
April 2021 (through April 20)[2]	5.5266	5.6306	5.5266	5.7064

Source: Central Bank.

1 Represents the daily average of the exchange rates during the relevant periods.

As of April 20, 2021, the U.S. dollar commercial selling rate published by the Central Bank was R$5.5266 per US$1.00.

Exchange rate fluctuations will affect the U.S. dollar equivalent of the trading price of our common shares in *reais* on the B3, as well as the U.S. dollar equivalent of any distributions we make with respect to our common shares, which will be made in *reais*.

[2] NTD: Banks to provide.

MARKET INFORMATION

Overview

There is currently no public market for our common shares. Accordingly, we cannot guarantee that an active trading market will develop for our common shares, or that our common shares will trade in the public market subsequent to this offering at or above the initial offering price. We have applied to list our common shares on the *Novo Mercado* segment of the B3 under the symbol "ATEA3."

We entered into the *Novo Mercado* listing agreement with the B3, which will go into effect on the date of publication of the notice of commencement of this offering, by means of which we have undertaken to comply with all requirements related to the corporate governance practices set forth by the B3 in order to meet the listing requirements for the listing of our common shares on the *Novo Mercado* segment of that exchange.

Trading on the B3

In 2000, the Bolsa de Valores de São Paulo was reorganized through the execution of memoranda of understanding by the Brazilian stock exchanges and assumed all shares traded in Brazil. In 2007, the Bolsa de Valores de São Paulo underwent a corporate reorganization, by which, among other things, the quotas issued by it were transferred to BOVESPA Holding S.A. and Bolsa de Valores de São Paulo S.A.—BVSP. The operations of BOVESPA Holding S.A. and Bolsa de Mercadorias e Futuros — BM&F S.A. were subsequently integrated, resulting in the creation of the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros, or BM&FBOVESPA. On March 29, 2017, BM&FBOVESPA concluded its merger with the clearinghouse CETIP. Following its merger with CETIP, BM&FBOVESPA changed its legal name to B3, a stock exchange and leading operator of registration, clearing, custodial and settlement services for equities, financial securities, indices, rates, commodities and currencies in Brazil. The B3 currently concentrates all public trading activities of shares and commodities in Brazil.

Trading on the exchange is conducted by authorized members. Trading sessions take place every business day, from 10:00 a.m. to 5:00 p.m. BRT, on an electronic trading system called *PUMA trading system*. Trading is also conducted between 5:30 p.m. and 6:00 p.m. BRTs, in an after-market system connected to both traditional broker dealers and brokerage firms operating on the Internet. This after-market trading is subject to regulatory limits on price volatility and the volume of securities traded by investors operating on the internet. Trading of securities listed on the B3, including the special listing segments known as the *Novo Mercado*, Level 1 and Level 2, may also be made outside of the traditional exchanges in the non-organized OTC market. Brazilian Over the Counter, or OTC market.

In order to maintain control over the fluctuation of the B3 index, the B3 has adopted a "circuit breaker" system pursuant to which trading sessions may be suspended for a period of 30 minutes or one hour whenever the B3 index falls below 10% or 15%, respectively, in relation to the closing index levels of the previous trading session.

When investors trade shares on the B3, the trade is settled two business days after the trade date without adjustments to the purchase price. The seller is ordinarily required to deliver the shares to the B3 on the third business day following the trade date. Delivery of and payment for shares are made through the facilities of an independent clearing house, B3 Central Depository, which is the clearing house for the transactions carried out on the B3 and handles the multilateral counterparty settlement of both financial obligations and transactions involving securities. According to the regulations of the B3 Central Depository, financial settlement is carried out through the funds transfer system of the Central Bank and the transactions involving the sale and purchase of shares are settled through the B3 Central Depository custody system. All deliveries against final payment are irrevocable.

Regulation of the Brazilian Securities Market

The Brazilian securities market is regulated by the CVM, as provided for by Law No. 6,385, dated December 7, 1976, as amended, or the Brazilian Securities Exchange Law, and the Brazilian Corporate Law. The CMN is responsible for granting licenses to brokerage firms to govern their incorporation and operation, and regulating foreign investment and exchange transactions, as provided for by the Brazilian Securities Exchange Law and Law No. 4,595, dated December 31, 1964, as amended. These laws and regulations provide for, among other things, disclosure requirements, criminal sanctions for insider trading and price manipulation, protection of minority shareholders, the procedures for licensing and supervising brokerage firms and the governance of the Brazilian stock exchanges.

Under the Brazilian Corporate Law, a company is required to be publicly-held (*companhia aberta*), before listing its shares. All publicly-held companies are registered with the CVM and are subject to Brazilian reporting requirements relating to the periodic disclosure of information and material facts. A company registered with the CVM may trade its securities either on the Brazilian exchange markets, including the B3, or on the OTC market. Shares of companies listed on the B3 may not simultaneously trade on the OTC market. The OTC market consists of direct trades between persons in which a financial institution registered with the CVM serves as an intermediary.

The securities of a listed company may also be traded privately, subject to several limitations. No special application, other than registration with the CVM (and, in case of organized OTC markets, in the applicable one), is necessary for securities of a publicly-held company to be traded in this market. To be listed on the B3, a company must apply for registration with the B3 and the CVM.

The OTC is divided into two categories: (i) an organized OTC market, in which the transactions are supervised by self-regulating entities authorized by the CVM; and (ii) a non-organized OTC market, in which the transactions are not supervised by self-regulating entities authorized by the CVM. In either case, transactions are directly traded among persons, outside of the stock exchange market, through a financial institution authorized by the CVM. The institution is required to be registered with the CVM (and in the relevant OTC market), but there is no need for a special license to trade securities of a publicly listed company on the OTC market.

The trading of securities on the B3 may be suspended under certain circumstances including at the request of a company in anticipation of a disclosure of material information. Trading may also be suspended on the initiative of the B3 or the CVM based on or due to a belief that a company has provided inadequate information regarding a significant event or has provided inadequate responses to inquiries by the CVM or the B3, among other reasons. Trading on Brazilian stock exchanges by non-residents of Brazil is subject to certain restrictions under the Brazilian foreign investment legislation. See "*—Investment in our Common Shares by Non-Residents of Brazil*."

Corporate Governance Practices and the *Novo Mercado*

In 2000, the B3 introduced three special stock market segments for the trading of shares named, Level 1, Level 2 and the *Novo Mercado*, which were amended in April 2011. These stock market segments have the purpose of prompting public companies to (i) disclose information to the market and their shareholders in connection with their business in addition to the information required by law and (ii) adopt corporate governance practices, such as best practices for management, transparency and protection of minority shareholders.

To be listed on the *Novo Mercado*, a company and the B3 must enter into the *Novo Mercado* Participation Agreement and the company's bylaws must comply with the rules of the *Novo Mercado*.

Companies listed in the *Novo Mercado* are voluntarily subject to stricter rules than those provided for under the Brazilian Corporate Law, such as requirements to: (i) issue common shares only; (ii) maintain a free float of at least 25.0% of their outstanding common shares or at least 15.0% of their outstanding shares for companies that have an average daily trading volume of at least R$25.0 million; (iii) agree to adopt and publish (a) a code of conduct that establishes the principles and values that guide the company and (b) trading policy that applies to the issuer, its controlling shareholder, the members of its board of directors, board of executive officers and fiscal council, as well as the members of other corporate bodies that have a technical or consultative role as may be created from time to time by the company's bylaws and any employees and third parties hired by the company that have permanent or eventual access to relevant information; and (iv) resolve and require the issuer, its shareholders, members of its board of directors, board of executive officers and fiscal council to resolve any and all disputes among them by arbitration before the Chamber of Market Arbitration (*Câmara de Arbitragem do Mercado*).

Moreover, the board of directors of companies listed on the *Novo Mercado* must consist of at least five members, elected at a shareholders' meeting, with a term limited to two years, subject to reelection. At least 20% or two of the members of the board of directors, whichever is greater, must be independent directors. Furthermore, the rules of the *Novo Mercado* do not permit the same individual to simultaneously hold the positions of chairperson of the board of directors and chief executive officer (or comparable position), except in the event of a vacancy. Should such vacancy occur, a company shall (i) disclose the accumulation of the positions of chairman and chief executive officer in the same person on the business day subsequent to the occurrence of the vacancy; (ii) disclose, within 60 days of the vacancy, the measures taken to fill the position; and (iii) end the accumulation within a year.

In addition, all of the new members of the board of directors and all executive officers of companies listed on the *Novo Mercado* must execute an Instrument of Investiture, under of which each one of them personally agrees to comply with the arbitration clause of the company's bylaws.

Companies listed in the *Novo Mercado* are required to, among other things: (i) conduct takeover bids under certain circumstances, such as a delisting from the *Novo Mercado*; (ii) conduct offerings that will facilitate broad share ownership; (iii) grant tag-along rights for all shareholders in connection with a transfer of control of the company, offering the same price paid per share of the controlling block for each common share; and (iv) disclose transactions made by controlling shareholders, members of its board of directors, its executive officers and, if applicable, members of its fiscal council (*conselho fiscal*) and other technical or consulting committees involving securities issued by the company.

Investment in Our Common Shares by Non-Residents of Brazil

Foreign investors must register their investment in our common shares under Law No. 4,131 or CMN Resolution No. 4,373 and CVM Instruction No. 560 of March 27, 2015 (as amended). CMN Resolution No. 4,373 affords favorable tax treatment to foreign investors who are not residents in a tax haven jurisdiction, as defined by Brazilian tax laws. For further information on the concept of a tax haven jurisdiction under Brazilian law, see "*Taxation—Certain Brazilian Tax Considerations*."

Under CMN Resolution No. 4,373, foreign investors may invest in almost all financial assets and engage in almost all transactions available in the Brazilian financial and capital markets, provided that certain requirements are met. In accordance with CMN Resolution No. 4,373, the definition of foreign investor includes individuals, companies, mutual funds and other collective investment entities domiciled or headquartered abroad. Under CMN Resolution No. 4,373, a foreign investor must:

- appoint at least one representative in Brazil with powers to perform actions relating to its investment;
- appoint an authorized custodian in Brazil for its investment, which must be a financial institution duly authorized by the Central Bank or the CVM to provide custodian services in Brazil;
- through its representative, register as a foreign investor with the CVM, which also results in obtaining a taxpayer identification number (CNPJ or CPF) from the Brazilian tax authorities; and
- through its representative, register its foreign investment with the Central Bank.

In addition, an investor operating under the provisions of CMN Resolution No. 4,373 must be registered with the Brazilian Federal Revenue Service pursuant to Normative Ruling No. 1,863/2018, as amended, which also provides specific obligations regarding the disclosure of information on individuals authorized to legally represent a foreign investor in Brazil as well as the chain of corporate interest up to the individual deemed as their ultimate beneficiary or up to one of the entities mentioned in the corresponding legislation, which includes publicly-held companies domiciled in Brazil.

This registration process is undertaken by the investor's legal representative in Brazil. Non-Brazilian investors should consult their own tax advisors regarding the consequences of Normative Ruling No. 1,863/18, as amended.

Securities and other financial assets held by non-Brazilian investors pursuant to CMN Resolution No. 4,373 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or the CVM. In addition, securities trading is restricted to transactions carried out in stock exchanges or traded in organized over-the-counter markets licensed by the CVM, except for transfers among foreign investors resulting from a corporate reorganization, or occurring upon the death of an investor by operation of law or will.

Foreign investors may also invest directly under Law No. 4,131, and may sell their shares in both private and open market transactions, but these investors are subject to less favorable tax treatment on gains than Resolution No. 4,373 investors.

A foreign direct investor must:

- register as a foreign direct investor with the Central Bank;
- obtain a Brazilian identification number (CNPJ or CPF) from the Brazilian tax authorities;
- appoint a tax representative in Brazil; and
- appoint a representative in Brazil for service of process in respect of suits based on the Brazilian Corporate Law.

In case such investor decides to sell their shares within the stock exchanges, additional procedures may be required.

For tax rates applicable to investments in our common shares in Brazil, see "*Taxation*."

USE OF PROCEEDS

We estimate that our net proceeds from the sale of our common shares offered by us in this offering will be approximately R$933.0 million, after deducting commissions and other estimated offering expenses payable by us, assuming an estimated initial offering price of R$20.74 per common share, which is the midpoint of the estimated offering price range set forth on the cover page of this offering memorandum. The net proceeds obtained from the primary offering and the secondary offering correspond to 39.6% and 60.4%, respectively, in relation to the total net proceeds obtained from the offering, without considering the additional shares and the over-allotment option.

We intend to use the net proceeds from this offering to acquire healthcare plan operators and hospital networks, including clinics and hospitals, in the normal course of our business.

The following table shows the estimated percentage distribution of our intended use of proceeds resulting from the primary offering of our common shares (without considering the sale of additional shares or the exercise of the over-allotment option):

Use	**Estimated Percentage of Net Proceeds**	**Estimated Nominal Value of Net Proceeds[(1)(2)]**
		*(*R$ million*)*
Acquisitions with signed contracts	85%	793.0
Future Acquisitions	15%	140.0
Total	**100%**	**933.0**

1 Based on a price of R$20.74 per common share, which is the midpoint of the price range indicated on the cover of this offering memorandum.

2 After deducting commissions and other estimated offering expenses payable by us.

Part of the net proceeds from this offering will be used to finance acquisitions with contracts already signed, namely Grupo São Bernardo and Grupo Promédica. None of these transactions involve any of our related parties. For more information, see *"Summary—Recent Developments.*"

We are, as part of our strategy, continuously analyzing potential business opportunities that may create value to our shareholders. As such, part of the net proceeds from this offering will be used to develop new businesses and opportunities (which may include, without limitation, acquisitions, partnerships, joint ventures, among other forms of association or acquisition). As of the date of this offering memorandum, we –despite various ongoing discussions– have not executed any binding agreement related to any new business opportunity (except for the ones mentioned in the paragraph above).

The use of our net proceeds is influenced by a number of factors, including factors outside of our control, such as current market conditions, and is based on our analysis, estimates and current views on future events and trends. Changes to these and other factors may result in the revision, at our discretion, of our currently intended use of our net proceeds of this offering.

If the net proceeds of the offering are below our expectations, our intended use of such net proceeds will be reduced in a manner proportional to our objectives and following the percentage breakdown included in the table above. If additional resources are necessary, we may issue other securities and/or enter into financing agreements with financial institutions, the selection of which will be based on the lowest capital cost for us.

An increase or decrease of R$1.00 in the price of R$20.74 per common share, would increase or decrease, as applicable, the net proceeds received by us by R$48.2 million, after deducting commissions and other estimated offering expenses payable by us. The price per common share will only be determined after the conclusion of the bookbuilding process.

We will not receive any proceeds from the sale of common shares by the selling shareholders in this offering.

For more information about the impact on our equity of the proceeds from the proposed issuance of new common shares by us, see "*Capitalization*."

CAPITALIZATION

The table below sets forth our total capitalization as of December 31, 2020, as follows:

- on an actual basis, which is derived from our financial statements as of December 31, 2020, included elsewhere in this offering memorandum;
- as adjusted to give effect to our capital increases approved at our extraordinary shareholders meetings held (a) on March 31, 2021, in the amount of R$1.9 million; (b) on April 1, 2021, in the amount of R$1.2 million, and (c) on April 16, 2021, in the amount of R$0.5 million, as provided in column "Adjusted for Subsequent Events"; and
- as adjusted to give effect to the receipt of net proceeds of approximately R$933 million from the proposed issuance of new common shares by us in this offering, after deducting commissions and other estimated offering expenses payable by us, considering a price of R$20.74 per common share, which is the midpoint of the price range set forth on the cover page of this offering memorandum.

You should read this table in conjunction with the sections of this offering memorandum entitled "*Presentation of Financial and Other Information*," "*Selected Financial Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the audited individual and consolidated interim financial statements and the notes related thereto, included elsewhere in this offering memorandum.

	As of December 31, 2020					
	Actual		As Adjusted by Subsequent Events[4]		As Adjusted by Subsequent Events and After the Offering [3][4]	
	(US$)[1]	(R$)	(US$)[1]	(R$)	(US$)[1]	(R$)
	(*million*)					
Loans and financing (current)	0.4	2.3	0.4	2.3	0.4	2.3
Loans and financing (noncurrent)	28.8	149.8	28.8	149.8	28.8	149.8
Lease liabilities (current)	3.1	16.2	3.1	16.2	3.1	16.2
Lease liabilities (noncurrent)	27.5	143.1	27.5	143.1	27.5	143.1
Accounts Payable (M&A) [2]	13.1	68.4	13.1	68.4	13.1	68.4
Accounts Payable (M&A) [2]	22.1	114.8	22.1	114.8	22.1	114.8
Total equity	340.1	1,767.5	350.1	1,822.5	530.2	2,755.5
Total capitalization[5]	**435.3**	**2,262.1**	**445.9**	**2,317.1**	**625.4**	**3,250.1**

1 Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

2 Represents the part of the price to be paid in installments for the acquisition of companies that were concluded until December 31, 2020. There is no recognition under this heading of obligations for acquisitions not yet completed, nor of the part of the price paid in cash on the respective closing date. Considering that we have cash available to pay these obligations and that the net funds from the resources of the primary offering will be destined to future acquisitions or to acquisitions that have already signed contracts, but that have not yet been closed, this balance will not be impacted by this offering. For more information, please see section "*Use of Proceeds*"

3 As adjusted to reflect to capital increases incurred after December 31, 2020, in the amount of R$55 million, as approved in our extraordinary shareholders meetings.

4 As adjusted further to give effect to the receipt of net proceeds of approximately R$933 million from the proposed issuance of new common shares by us in this offering, after deducting commissions and other estimated offering expenses payable by us, in the amount of R$67.1 million, considering a price of R$20.74 per common share, which is the midpoint of the price range set forth on the cover page of this offering memorandum, assuming no exercise of the over-allotment option or the placement of the additional share.

5 Total capitalization corresponds to the sum of our loans and financing, lease liabilities, accounts payable for acquisition of companies (M&A), and our equity as of December 31, 2020.

An increase or decrease of R$1.00 in the price of R$20.74 per common share would result in an increase or decrease, as applicable, in our total equity and total capitalization by R$45.7 million, after deducting commissions and other estimated offering expenses payable by us.

The amount of our shareholders' equity upon completion of this offering is also subject to adjustments arising out of changes in the price per common share and in the general terms and conditions of this offering, which will only be known upon conclusion of the bookbuilding process. Our total equity after the conclusion of the offering is subject to further adjustments arising from changes in the price per share, as well as changes in the offering general terms and conditions which will only be determined after the conclusion of the bookbuilding process.

Expect as provided above, there have been no material changes to our capitalization since December 31, 2020.

DILUTION

Investors participating in this offering may suffer an immediate dilution of their investment, calculated as the difference between the price per common share paid by them at the time of this offering and our book value per share immediately following this offering.

As of December 31, 2020, our total equity was equal to R$1,767.5 million and the book value per common share (which represents our total equity divided by the total number of common shares outstanding as of December 31, 2020) was R$1.08. As of the date of this offering memorandum, considering (i) the capital increases approved at our extraordinary shareholders meetings held (a) on March 31, 2021, in the amount of R$1.9 million, (b) on April 1, 2021, in the amount of R$1.2 million, and (c) on April 16, 2021, in the amount of R$0.5 million; (ii) the reverse split of our shares in the proportion of four shares to one, with no change in the capital stock, approved at the shareholders meeting held on April 16, 2021, our total equity is R$1,822.5 million and the book value per share is R$4.34.

After giving effect to the issuance of our common shares in this offering, based on the price of R$20.74 per common share, which is the midpoint of the price range set forth on the cover page of this offering memorandum, and the deduction of commissions and other estimated offering expenses payable by us, our adjusted total equity would be R$2,755.5 million as of the date of this offering memorandum and the adjusted book value per share would be R$5.89.

This would represent an immediate increase in the book value per common share of R$1.55 to our existing shareholders and an immediate dilution to investors participating in this offering of R$14.85 per common share (based on the difference between the offering price per common share paid by the new investor and the book value per common share immediately after the completion of this offering). This dilution represents an immediate percentage of dilution of 71.6% per common share for investors participating in the offering, which is calculated by dividing the dilution in the book value per common share for investors participating in the offering by the offering price per common share.

The following table illustrates the dilution per common share to investors in this offering based on our total equity as of December 31, 2020:

	As of December 31, 2020	
	(US$, except percentages)[1]	***(R$, except percentages)***
Offering price per common share[2]	4.0	20.74
Book value per common share as of December 31, 2020	0.2	1.08
Book value per common share as of December 31, 2020, after giving effect to the capital increases and the reverse split of our shares	0.8	4.34
Book value per common share as of December 31, 2020, after giving effect to the capital increases, the reverse split of our shares and to the primary offering.	1.1	5.89
Increase in book value per common share as of December 31, 2020 to existing shareholders	0.3	1.55
Dilution of the book value per common share to new investors[4]	2.9	14.85
Percentage of dilution per common share to new investors[5]	71.60%	71.60%

1 Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

2 Based on the price of R$20.74 per common share, which is the midpoint of the price range set forth on the cover of this offering memorandum. The actual initial offering price may be set outside this indicative range.

3 This dilution represents the difference between the offering price of R$20.74 per common share and our adjusted book value per share after giving effect to the primary offering.

4 Percentage dilution per share to new investors is calculated by dividing the dilution per common share to new investors by the offering price of R$20.74 per common share.

The price per common share to be paid by investors in this offering does not bear a direct relationship to the book value per share of the shares issued, but rather will be determined by considering investment intentions expressed by institutional investors during the bookbuilding process. For a more detailed description of the bookbuilding process and conditions of the offer, see "*Plan of Distribution*."

An increase or decrease of R$1.00 in the price of R$20.74 per common share, which is the midpoint of the indicative price range set forth on the cover page of this offering memorandum, would increase or decrease, as applicable, (i) our total equity by R$45.7 million, and (ii) the dilution of our common shares for new investors by R$14.85 per common share, after deducting commissions and offering expenses payable by us. Our total equity after the completion of this offering is also subject to adjustments resulting from changes in the price per share of the shares issued, as well as the general terms and conditions of the offering after the completion of the bookbuilding process.

The completion of the sale of common shares by the selling shareholders will not result in any change in the number of common shares issued by us, nor in a change in the total equity, since the shares held by the selling shareholders have already been issued by us.

Stock Option Plan

In the context of the corporate reorganization we undertook for the purposes of this offering, by which the Company became the holding of our group, on January 31, 2020 we approved the migration of our stock option plan to the Company.

The plan is managed by our board of directors, which has the powers to, among others and subject to the limits established by law, our bylaws, and the guidelines set by the general shareholders' meeting in which the plan was approved, implement the plan and take all necessary and appropriate measures for its administration.

The options that may be granted under the plan allow the issuance of a number of shares that does not exceed, at any time, 5% of the then-outstanding shares.

Our board of directors will define, in each option agreement, the terms related to the vesting and exercise of the granted option to acquire our shares. The right to exercise vested options is conditioned upon the occurrence of a "Liquidity Event." A Liquidity Event is defined as the occurrence of any of the following: (i) an initial public offering of shares issued by us that results in the listing and effective trading on B3 or another first-tier stock exchange abroad, (ii) transfer of all of our shares held, directly or indirectly, by investment funds managed by Pátria to a third party other than an affiliate of Pátria, or (iii) transfer, directly or indirectly, of our shares representing more than 50% of our voting stock to a third party.

As of the date of this offering memorandum, considering the number of our shares after the capital increases approved in our extraordinary shareholders extraordinary meetings held on March 31, 2021, April 1, 2021 and April 16, 2021, already considering the reverse split of the our shares in the proportion of four shares to form one share, 20,975,985 options may be granted under the Plan, of which 15,958,144 options were granted under the Plan. For more information about the plan, see *"Management—Stock Option Plan."*

The following table illustrates the dilution per common share to investors in this offering based on our total equity as of December 31, 2020 and the hypothetical effect of the exercise of all options that may be granted under the Plan:

	R$, except numbers of shares and percentages
Number of common shares issued by us as of the date of this offering memorandum	419,519,705
Number of common shares issued by us in connection with the primary offering [(1)]	48,220,656
Number of shares that may be issued under the stock option plan *less* the options already exercised, already considering the reverse stock split mentioned above	20,975,985
Total shareholders' equity per common share as of December 31, 2020 as adjusted for (i) the capital stock increases, (ii) the reverse stock split, and (iii) this offering[(2)]	R$5.89
Total shareholders' equity per common share as of December 31, 2020 as adjusted for (i) the capital stock increases, (ii) the reverse stock split, (iii) this offering[(2)] and (iv) the issuance and exercise of all options under the stock option plan[(3)]	R$5.68
Increase in our shareholders' equity per common share attributable to existing shareholders, as adjusted for this offering and for all of the events above	R$1.34
Dilution of our shareholders' equity per common share to new shareholders, as adjusted for all of the events above [(4)]	R$15.06
Percentage of immediate dilution to new shareholders as a result of all of the events above[(5)]	72.61%

(1) Without considering the sale of all additional shares or the exercise of the over-allotment option.

(2) Based on a price per common share of R$20.74, which is the midpoint of the price range on the cover of this offering memorandum, after deducting commissions, fees and other related offering expenses payable by us.

(3) based on the exercise price of R$0.98 per share, which represents the weighted average of the exercise price of all the granted options that have not yet been exercised.

(4) Dilution corresponds to the difference between the price per common share and the shareholders' equity per share immediately after the offering.

(5) The dilution percentage is calculated by the division between the dilution amount for new investors and the price per common share.

Price Paid by our managers and controlling shareholders in subscriptions of our shares in the last 5 years

The table below presents information about subscriptions of our shares by our managers and controlling shareholders in the last 5 years:

Date	Type of Subscription	Acquiror	Number of Shares[2]	Price Paid	Price per share paid by our management and controlling shareholders in shares subscriptions[12]	Price Paid per Share in the context of the Offering
September 30, 2020	capital stock increase	PE V FIP[1]	150,511,024	602,045	4.00	20.74
September 30, 2020	capital stock increase	Hiran Alencar Mora Castilho	15,830,657	9,187	4.00	20.74
September 30, 2020	capital stock increase	PE V FIP[1]	220,247,205	828,305	3.76	20.74
September 30, 2020	capital stock increase	Hiran Alencar Mora Castilho	13,510,362	50,810	3.76	20.74

(1) PE V FIP refers to Brazilian Private Equity V Fundo De Investimento Em Participações Multiestratégia

(2) Considers the reverse split of our shares in the proportion of four shares to form one share, with no change in our capital stock, approved in our general shareholders meeting held on April 16, 2021.

SELECTED FINANCIAL INFORMATION

The following results of operations data and balance sheet data present a summary of our historical financial and operating data derived from our audited individual and consolidated financial statements for the years ended December 31, 2020, 2019 and 2018.

This selected financial information should be read in conjunction with "*Presentation of Financial and Other Information*," "*Summary Financial and Other Information*," and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," as well as the financial statements and the notes related thereto, included elsewhere in this offering memorandum.

Statement of Income Data

	For the Year ended December 31,			
	2020[(1)]	**2020**	**2019**	**2018[(2)]**
	(US$ million)		(R$ million)	
Net revenue	261.6	1,359.4	1,100.3	565.9
Cost of services	(153.9)	(799.7)	(689.0)	(358.8)
Gross profit	**107.7**	**559.6**	**411.2**	**207.1**
Operating income (expenses)				
Selling expenses	(12.6)	(65.6)	(37.0)	(10.9)
General and administrative expenses	(90.4)	(469.9)	(355.1)	(163.6)
Equity pick-up	-	-	-	(0.9)
Other operating income (expenses), net	8.6	44.5	22.0	(2.7)
Total	**(94.5)**	**(491.0)**	**(370.0)**	**(178.1)**
Operating (loss) profit before finance income (costs)	**13.2**	**68.6**	**41.2**	**29.0**
Finance income (costs), net				
Finance income	3.8	19.7	33.3	11.0
Finance expenses	(7.6)	(39.7)	(44.5)	(17.7)
Total	**(3.8)**	**(20.0)**	**(11.2)**	**(6.7)**
(Loss) profit before income taxes	(9.4)	48.6	30.0	22.3
Income taxes				
Current	(15.0)	(77.7)	(36.0)	(25.5)
Deferred	8.4	43.5	9.0	5.8
Total	**(6.6)**	**(34.2)**	**(27.0)**	**(19.7)**
(Loss) net income for the year	**2.8**	**14.5**	**3.1**	**2.6**

1 Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

2 On January 1, 2019, we adopted IFRS 16 and CPC 06 (R2) – Leases using the modified retrospective method. Accordingly, the financial information for the years ended December 31, 2018 was not adjusted to reflect the adoption of IFRS 16 and CPC 06 (R2) and, therefore, is not comparable to the information presented for the year ended December 31, 2019 and thereafter.

Balance Sheet Data

	As of December 31,			
	2020[(1)]	**2020**	**2019**	**2018**
	(US$ million)		(R$ million)	
Assets				
Current assets				
Cash and cash equivalents	101.8	529.1	109.1	66.7
Restricted financial investments	24.9	129.3	159.0	30.0
Trade receivables	34.5	179.3	114.2	93.6
Inventories	7.9	40.9	12.9	8.1
Taxes recoverable	4.1	21.1	11.4	4.7
Advances to suppliers	3.8	19.7	9.5	-
Prepaid expenses	2.8	14.6	-	-
Other assets	1.3	6.7	4.4	4.1
Total current assets	**181.0**	**940.8**	**420.3**	**207.1**
Non-current assets				
Restricted financial investments	13.4	69.5	-	24.1

	As of December 31,			
	2020[(1)]	**2020**	**2019**	**2018**
	(US$ million)		(R$ million)	
Contingency reimbursement – indemnification assets	30.4	157.7	127.8	41.4
Related parties	8.6	44.9		
Deferred tax assets	19.1	99.2	36.6	25.8
Taxes recoverable	0.4	2.1	1.8	-
Judicial deposits	11.4	59.5	37.7	25.6
Other assets	0.8	4.1	4.7	1.4
Investments	-	-	-	-
Property and equipment	85.8	445.9	304.8	158.5
Intangible assets	204.6	1,063.3	515.0	176.5
Total non-current assets	**374.5**	**1,946.2**	**1,028.5**	**453.4**
Total assets	**555.5**	**2,887.0**	**1,448.8**	**660.5**
Liabilities and equity				
Current liabilities				
Trade payables	13.3	69.3	52.4	37.3
Lease liabilities	3.1	16.2	10.8	-
Technical reserves (ANS)	33.8	175.5	108.3	38.8
Loans and financing	0.4	2.3	137.8	21.2
Advances from customers	0.5	2.5	3.2	3.3
Dividends and interest on shareholders' equity	0.4	2.3	2.0	-
Payroll and related taxes	17.5	91.0	56.9	39.6
Taxes payable	20.1	104.5	56.9	30.7
Payables for acquisition of companies	13.2	68.4	7.1	16.1
Taxes in installments	1.0	5.2	5.4	6.2
Related parties	-	-	-	-
Allowance for investment loss	-	-	-	2.9
Other liabilities	2.4	12.6	4.5	2.8
Total current liabilities	**105.8**	**549.8**	**445.3**	**198.8**
Non-current liabilities				
Loans and financing	28.8	149.8	3.2	65.8
Lease liabilities	27.5	143.1	85.3	-
Deferred tax liabilities	4.4	22.7	16.7	16.7
Taxes in installments	8.9	46.4	49.1	47.6
Payables for acquisition of companies	22.1	114.8	115.5	16.1
Related parties	-	-	0.3	0.3
Provision for legal proceedings	17.2	89.3	58.7	39.8
Taxes payable	0.6	3.3	-	-
Other liabilities	0.1	0.3	1.2	2.1
Total non-current liabilities	**109.6**	**569.7**	**329.9**	**188.4**
Total liabilities	**215.4**	**1,119.5**	**775.2**	**387.2**
Total equity	**340.1**	**1,767.5**	**673.6**	**273.3**
Total liabilities and equity	**555.5**	**2,887.0**	**1,448.8**	**660.5**

1 Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

Other Financial Data

The table below presents our key financial data and indicators, in combined form for the group's companies, for the periods and fiscal years indicated:

	As of and for the year ended December 31,			
	2020	2020	2019	2018
	(US$ million, except percentages)[1]	(R$ million, except percentages) [8]		
Net revenue	261.6	1,359.4	1,100.3	565.9
Net income	2.8	14.5	3.1	2.6
EBITDA[2]	24.7	128.6	81.9	56.7
EBITDA Margin[3]	9.5%	9.5%	7.4%	10.0%
Adjusted EBITDA[4]	40.5	210.2	124.0	62.6
Adjusted EBITDA Margin[5]	15.5%	15.5%	11.3%	11.1%
Net Debt (Net Cash)[6]	(55.8)	(289.8)	12.2	(1.6)
Loss Ratio[7]	(58.8%)	(58.8%)	(62.6%)	(63.4%)

1 Solely for the convenience of the reader, certain Brazilian real amounts have been translated into U.S. dollars at the December 31, 2020 selling rate of R$5.1967 per US$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate. For more information, see "*Exchange Rates*."

2 We calculate EBITDA as net income for the year plus finance income (costs), net, income taxes current and deferred, net financial income and depreciation and amortization. EBITDA does not have a standardized meaning and is not a recognized measure under Brazilian GAAP or IFRS. Our definitions of EBITDA may differ from that used by other companies. For a reconciliation from our net income for the year to our EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

3 We calculate EBITDA Margin by dividing our EBITDA by our net revenue. For reconciliation of our EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

4 The Adjusted EBITDA consists of the EBITDA, plus or minus, financial revenue – ANS, mergers and acquisitions (M&A) expenses, share-based payment expense and non-recurring expenses. For further information on Adjusted EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

5 Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net revenue. For further information on Adjusted EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

6 We calculate Net Debt (Net Cash) as Gross Debt *less* the sum of cash and cash equivalents, restricted financial investments (current and non-current) and collateral deposit for the acquisition of non-controlling interests – GMI (Med Imagem Group). . For a reconciliation of our Gross Debt, see "*Selected Financial Information—Reconciliation of Non-GAAP Measures—Gross and Net Debt (Net Cash)*."

7 Loss Ratio is a non-accounting measurement prepared by us and refers to the cost of services divided by net revenue. For a reconciliation of our Loss Ratio, see "*Selected Financial Information—Reconciliation of Non-GAAP Measures— Loss Ratio."*

8 On January 1, 2019, we adopted IFRS 16 and CPC 06 (R2) – Leases using the modified retrospective method. Accordingly, the financial information for the year ended December 31, 2018 was not adjusted to reflect the adoption of IFRS 16 and CPC 06 (R2) and, therefore, is not comparable to the information presented for the year ended December 31, 2019 and thereafter.

Main Operational Indicators *(In R$, except if indicated otherwise)*	Fiscal year ending December 31st		
	2020	2019	2018
Average Monthly Ticket[1]	R$188.07	R$189.00	R$210.57
# Beneficiaries	708,370	487,091	160,404
# Hospitals	9	7	6
# Hospital Beds	1,045	789	594

(1) **Average Ticket:** The average ticket is measured by the gross health insurance revenue for the fiscal year divided by the average number of beneficiaries for the same fiscal year divided by 12 months.

The table below sets forth our main *pro* forma financial indicators for the periods indicated:

	For the year ended December 31, 2020						
	Athena Saúde Brasil S.A.	**HCN**	**Unihosp Group**	**Sao Bernardo Group**	***Pro forma* Adjustments**	**Total *Pro forma***	**Total *Pro forma***
	(R$ million, except percentages)						**(U$ million, except percentages)** [1]
Net income for the year	14.5	15.1	13.4	46.0	(15.2)	73.8	14.2
EBITDA[2]	128.6	29.3	18.9	57.5	-	226.0	43.5
EBITDA Margin[3]	9.5%	18.1%	11.3%	21.1%	-	12.0%	12.0%
Adjusted EBITDA[4]	210.2	29.3	18.9	57.5	-	307.6	59.2
Adjusted EBITDA Margin[5]	15.5%	18.1%	11.3%	21.1%	-	16.3%	16.3%

1 Solely for the convenience of the reader, certain Brazilian real amounts have been translated into U.S. dollars at the December 31, 2020 selling rate of R$5.1967 per US$1.00, as reported by the Central Bank. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the amounts in reais represent, or could have been or could be converted into, U.S. dollars at such rates or any other rate. For more information, see "*Exchange Rates*."

2 We calculate EBITDA as net income for the year plus finance income (costs), net, income taxes current and deferred, net financial income and depreciation and amortization. EBITDA does not have a standardized meaning and is not a recognized measure under Brazilian GAAP or IFRS. Our definitions of EBITDA may differ from that used by other companies. For a reconciliation from our net income for the year to our EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

3 We calculate EBITDA Margin by dividing our EBITDA by our net revenue. For reconciliation of our EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

4 The Adjusted EBITDA consists of the EBITDA, plus or minus, financial revenue – ANS, mergers and acquisitions (M&A) expenses, share-based payment expense and non-recurring expenses. For further information on Adjusted EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

5 Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net revenue. For further information on Adjusted EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

Reconciliation of Non-GAAP Measures

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin

The table below presents the reconciliation of our EBITDA and EBITDA Margin for the periods indicated:

	For the year ended December 31,			
	2020	**2020**	**2019**[6]	**2018**
	(US$ million, except percentages)[1]	**(R$ million, except percentages)**		
Net income for the year	**2.8**	**14.5**	**3.1**	**2.6**
(+) Finance income (costs), net	3.8	20.0	11.2	6.7
(+) Income taxes current and deferred	6.6	34.2	27.0	19.7
(+) Depreciation and amortization	11.5	59.9	40.7	27.7
EBITDA[7]	**24.7**	**128.6**	**81.9**	**56.7**
(+) Financial revenue - ANS [2]	0.4	2.0	2.8	-
(+) Mergers and acquisitions (M&A) expenses [3]	9.9	51.2	38.3	5.9
(+) Share-based payment expense [4]	4.9	25.7	-	-
(+) Non-recurring expenses [5]	0.5	2.7	-	-
Adjusted EBITDA[8]	**40.5**	**210.2**	**124.0**	**62.6**
Net revenue	261.6	1,359.4	1,100.3	565.9
EBITDA Margin[9]	**9.5%**	**9.5%**	**7.4%**	**10.0%**
Adjusted EBITDA Margin[10]	**15.5%**	**15.5%**	**11.3%**	**11.1%**

(1) Translated for the convenience of the reader only. The amounts in Brazilian reais for the year ended December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "Exchange Rates" for further information about recent fluctuations in exchange rates.

(2) Refers to interest income from tied financial investments that are linked to the coverage of technical reserves required by the ANS.

(3) Refers to expenses related to the execution process of the merger and acquisition transactions carried out by us, such as due diligence expenses, expenses with lawyers for structuring the business combination, bank fees.

(4) Refers to expenses with share-based payment plan for granting stock options to beneficiaries of our stock option plans.

(5) Refers to expenses related to the development of our business thesis, such as consulting with feasibility analyses, legal advice, tax advice, strategic advice, and integration expenses.

(6) Includes the effects of the adoption of IFRS 16 (CPC 06-R2) as of January 1, 2019.

(7) We calculate EBITDA as net income for the year plus finance income (costs), net, income taxes current and deferred, net financial income and depreciation and amortization. EBITDA does not have a standardized meaning and is not a recognized measure under Brazilian GAAP or IFRS. Our definitions of EBITDA may differ from that used by other companies. For a reconciliation from our net income for the year to our EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

(8) The Adjusted EBITDA consists of the EBITDA, plus or minus, financial revenue – ANS, mergers and acquisitions (M&A) expenses, share-based payment expense and non-recurring expenses. For further information on Adjusted EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

(9) We calculate EBITDA Margin by dividing our EBITDA by our net revenue. For reconciliation of our EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

(10) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net revenue. For further information on Adjusted EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin.*"

Gross Debt and Net Debt (Net Cash)

The table below shows the reconciliation of our Gross Debt and Net Debt (Net Cash) as of the periods indicated:

	As of December 31			
	2020	**2020**	**2019**[2]	**2018**
	(US$ million)[1]		**(R$ million)**	
Loans and financing (current)	0.4	2.3	137.8	21.1
Loans and financing (non-current)	28.8	149.8	3.2	65.8
Lease liabilities (current)	3.1	16.2	10.8	-
Lease liabilities (non-current)	27.5	143.1	85.3	-
Payables for acquisition of companies (current)	13.1	68.4	7.1	16.1
Payables for acquisition of companies (non-current)	27.9	144.8	115.5	16.1
Gross Debt	**95.1**	**494.6**	**359.7**	**119.1**
(-) Cash and cash equivalents	(101.8)	(529.1)	(109.1)	(66.7)
(-) Restricted financial investments (current)	(24.9)	(129.3)	(159.0)	(30.0)
(-)Restricted financial investments (non-current)	(13.4)	(69.5)	-	(24.1)
(-) Collateral deposit for the acquisition of non-controlling interest - GMI	(10.9)	(56.5)	(79.4)	-
Net Debt (Net Cash)	**(55.8)**	**(289.8)**	**12.2**	**(1.6)**

(1) Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

(2) Includes the effects of the adoption of IFRS 16 (CPC 06-R2) as of January 1, 2019.

Loss Ratio

The table below shows the reconciliation of our Loss Ratio as of the periods indicated:

	For the year ended December 31			
	2020)	**2020**	**2019**	**2018**
	(US$ million, except percentages)(1)	**(R$ million, except percentages)**		
Cost of services rendered	(153.9)	(799.7)	(689.0)	(358.8)
Net Revenue	261.6	1,359.3	1,100.3	565.9
Loss Ratio	**(58.8%)**	**(58.8%)**	**(62.6%)**	**(63.4%)**

(1) Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited *pro forma* condensed consolidated financial information has been prepared and is being presented solely for illustrative purposes to illustrate the impact of (a) the acquisition of Unihosp Group, HCN on our statement of financial position as at December 31, 2020, and (b) our statement of profit or loss for the year then ended, as if the acquisition of Unihosp Group, HCN and São Bernardo Group had taken place on January 1, 2020. The unaudited *pro forma* condensed consolidated financial information does not purport to represent what the actual consolidated results of our operations or financial position would have been had the acquisitions of the São Bernardo Group, Unihosp Group and HCN occurred on the dates assumed, and accordingly, is not necessarily indicative of the results of our consolidated operations in future periods or our consolidated financial position.

The unaudited *pro forma* condensed consolidated financial information has been prepared using the acquisition method in accordance with CPC15 (R1) / IFRS 3 - Business Combinations, where we are considered the acquirer. CPC15 (R1)/IFRS 3 requires, among other things, that assets acquired and liabilities assumed are recognized at their fair value at the acquisition date. The fair value measurement can be highly subjective and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and sustain different estimated values.

Our unaudited *pro forma* condensed consolidated financial information is derived from the following financial information:

(a) information about our financial position and operating performance has been extracted by our management from the consolidated financial statements for the year ended December 31, 2020, on which Ernst & Young Auditores Independentes S.S has issued an unmodified audit report, dated March 10, 2021.

(b) Information on the São Bernardo Group's financial position and operating performance has been extracted by our management from its combined financial statements for the year ended December 31, 2020, on which Ernst & Young Auditores Independentes S.S has issued unmodified audit reports, all of them dated March 10, 2021.

(c) Information on the Unihosp Group's financial position and operating performance has been extracted by our management from its combined financial statements for the year ended December 31, 2020, on which we have issued unmodified audit reports, all of them dated March 10, 2021.

(d) Information on the HCN's financial position and operating performance (HCN) has been extracted by our management from its financial statements for the year ended December 31, 2020, on which Ernst & Young Auditores Independentes S.S has issued unmodified audit reports, all of them dated March 10, 2021.

The unaudited *pro forma* condensed consolidated financial information has been prepared on a recurring basis and therefore does not include any eventual gains or losses not arising from the business combination transaction. In addition, such unaudited *pro forma* condensed consolidated financial information does not reflect, for example: (i) any synergies, operating efficiencies and cost savings that may arise from the corporate reorganization; (ii) any potential benefits generated from the combined growth of the companies; or (iii) the costs to integrate the operations.

The pro forma financial information consists of the pro forma condensed consolidated statement of financial position as at December 31, 2020, the pro forma condensed consolidated statement of profit or loss for the year ended December 31, 2020 and notes to the pro forma condensed consolidated financial information.

The applicable criteria on the basis of which our management has compiled the pro forma condensed consolidated financial information are described in CTG 06 - Pro Forma Financial Reporting from the Brazilian Federal Accounting Council and summarized in the notes to the pro forma condensed consolidated financial information.

For further information regarding the Unaudited Pro Forma Condensed consolidated Financial Information please refer to the Independent Auditors' Assurance Report on the Compilation of Unaudited *Pro forma* Condensed Consolidated Financial Information, particularly to the notes 1 to 6 of such report.

Athena Saúde Brasil S.A.

Unaudited pro forma condensed consolidated statement of financial position

	As at December 31, 2020						
			Pro forma adjustments				
	Athena Brasil historical information	Group São Bernardo historical information	Eliminations	Divestment of customer list	Business combinations	(Note 5)	Total Pro Forma
			(Amounts in thousands of Brazilian Reais – R$)				
Pro Forma							
Assets							
Current assets							
Cash and cash equivalents	529,124	40,015	-	-	(449,900)	(a)(i)	119,239
Restricted financial investments	129,329	27,410	-	-	-		156,739
Trade receivables	179,319	23,871	(7,557)	(1,607)	-		194,026
Inventories	40,864	1,791	-	-	-		42,655
Taxes recoverable	21,119	2,920	-	-	-		24,039
Advances to suppliers	19,718	-	-	-	-		19,718
Related parties	-	1,307	-	-	-		1,307
Prepaid expenses	14,617	-	-	-	-		14,617
Other assets	6,730	3,994	-	-	-		10,724
Total current assets	**940,820**	**101,308**	**(7,557)**	**(1,607)**	**(449,900)**		**583,064**
Non-current assets							
Restricted financial investments	69,509	-	-	-	-		69,509
Contingency reimbursement – indemnification assets	157,747	-	-	-	110,778	(a)(i)	268,525
Related parties	44,924	-	-	-	-		44,924
Deferred tax assets	99,164	5,240	-	-	-		104,404
Taxes recoverable	2,104	-	-	-	-		2,104
Judicial deposits	59,484	4,996	-	-	-		64,480
Other assets	4,105	-	-	-	-		4,105
Property and equipment	445,878	51,296	-	-	32,339	(a)(ii)	529,513
Intangible assets	1,063,269	276	-	-	364,949	(a)(ii)	1,428,494
Total non-current assets	**1,946,184**	**61,808**	**-**	**-**	**508,066**		**2,516,058**
Total assets	**2,887,004**	**163,116**	**(7,557)**	**(1,607)**	**58,166**		**3,099,122**

For further information regarding the eliminations, please refer to Note 3 of our Unaudited *Pro forma* Condensed Consolidated Financial Information.

For further information regarding the divestment of customer list, please refer to Note 4 of our Unaudited *Pro forma* Condensed Consolidated Financial Information.

Pro forma EBITDA and Pro forma EBITDA Margin

The table below presents the reconciliation of our *Pro forma* EBITDA and *Pro forma* EBITDA Margin for the periods indicated:

	For the year ended December 31, 2020						
	Athena Saúde Brasil S.A.	**HCN**	**Unihosp Group**	**Sao Bernardo Group**	***Pro forma* Adjustments**	**Total *Pro forma***	**Total *Pro forma***
	(R$ million, except percentages)						**(US$ million, except percentages)** [5]
Net income for the year	**14.5**	**15.1**	**13.4**	**46.0**	**(15.2)**	**73.8**	**14.2**
(+) Finance income (costs)	20.0	2.9	(1.6)	1.6	-	22.9	4.4
(+) Income tax and social contribution (current and deferred)	34.2	6.8	6.4	6.2	(7.8)	45.8	8.8
(+) Depreciation and amortization	59.9	4.5	0.7	3.7	14.7	83.6	16.1
EBITDA[6]	**128.6**	**29.3**	**18.9**	**57.5**	**-**	**226.0**	**43.5**
Net revenue	1,359.4	161.9	167.4	272.1	70.2	1,890.5	363.8
EBITDA Margin[7]	**9.5%**	**18.1%**	**11.3%**	**21.1%**	**-**	**12.0%**	**12.0%**
(+) Financial revenue - ANS [1]	1.9	-	-	-	-	2.0	0.4
(+) Mergers and acquisitions (M&A) expenses [2]	51.2	-	-	-	-	51.2	9.9
(+) Share-based payment expense [3]	25.7	-	-	-	-	25.7	4.9
(+) Non-recurring expenses [4]	2.7	-	-	-	-	2.7	0.5
Adjusted EBITDA[8]	**210.2**	**29.3**	**18.9**	**57.5**	**-**	**307.6**	**59.2**
Adjusted EBITDA Margin[9]	**15.5%**	**18.1%**	**11.3%**	**21.1%**	**-**	**16.3%**	**16.3%**

(1) Refers to interest income from tied financial investments that are linked to the coverage of technical reserves required by the ANS.

(2) Refers to expenses related to the execution process of the merger and acquisition transactions carried out by us, such as due diligence expenses, expenses with lawyers for structuring the business combination, bank fees.

(3) Refers to expenses with share-based payment plan for granting stock options to beneficiaries of our stock option plans.

(4) Refers to expenses related to the development of our business thesis, such as consulting with feasibility analyses, legal advice, tax advice, strategic advice, and integration expenses.

(5) Translated for the convenience of the reader only. The amounts in Brazilian *reais* as of December 31, 2020 have been translated into U.S. dollars using the rate of R$5.1967 to US$1.00, which was the selling exchange rate in effect as of December 31, 2020, as published by the Central Bank. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or any other exchange rate. See "*Exchange Rates*" for further information about recent fluctuations in exchange rates.

(6) We calculate EBITDA as net income for the year plus finance income (costs), net, income taxes current and deferred, net financial income and depreciation and amortization. EBITDA does not have a standardized meaning and is not a recognized measure under Brazilian GAAP or IFRS. Our definitions of EBITDA may differ from that used by other companies. For a reconciliation from our net income for the year to our EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

(7) We calculate EBITDA Margin by dividing our EBITDA by our net revenue. For reconciliation of our EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

(8) The Adjusted EBITDA consists of the EBITDA, plus or minus, financial revenue – ANS, mergers and acquisitions (M&A) expenses, share-based payment expense and non-recurring expenses. For further information on Adjusted EBITDA, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

(9) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by net revenue. For further information on Adjusted EBITDA Margin, see "*Selected Financial Information— Reconciliation of Non-GAAP Measures — EBITDA and EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin*."

Athena Saúde Brasil S.A.

Unaudited pro forma condensed consolidated statement of financial position (Continued)

	As at December 31, 2020						
			Pro forma adjustments				
	Athena Brasil historical information	Group São Bernardo historical information	Eliminations	Divestment of customer list	Business combinations	(Note 5)	Total Pro Forma
			(Amounts in thousands of Brazilian Reais – R$)				
Liabilities and equity							
Current liabilities							
Trade payables	69,335	3,652	(7,557)		-		65,430
Lease liabilities	16,199	1,157	-		-		17,356
Technical reserves (ANS)	175,542	40,754	-	(6,620)	-		209,676
Loans and financing	2,312	1,592	-	-	-		3,904
Advances from customers	2,501	190	-	-	-		2,691
Dividends and interest on shareholders' equity	2,330	412	-	-	-		2,742
Payroll and related taxes	90,951	4,770	-	(336)	-		95,385
Taxes payable	104,468	6,434	-	(582)	-		110,320
Payables for acquisition of companies	68,360	-	-	-	-		68,360
Taxes in installments	5,227	1,755	-	-	-		6,982
Other liabilities	12,572	5,588	-	-	-		18,160
	549,797	**66,304**	**(7,557)**	**(7,538)**	**-**		**601,006**
Non-current liabilities							
Loans and financing	149,794	14,336	-	-	-		164,130
Lease liabilities	143,121	3,076	-	-	-		146,197
Deferred tax liabilities	22,660	72	-	-	-		22,732
Taxes in installments	46,409	10,311	-	-	-		56,720
Payables for acquisition of companies	114,842	-	-	-	80,000	(a)(i)	194,842
Provision for legal proceedings	89,253	28,062	-	-	1,192	(a)(iv)	118,507
Taxes payable	3,294	-	-	-	-		3,294
Other liabilities	290	7,976	-	-	-		8,266
Total non-current liabilities	**569,663**	**63,833**	**-**	**-**	**81,192**		**714,688**
Total liabilities	**1,119,460**	**130,137**	**(7,557)**	**(7,538)**	**81,192**		**1,315,694**
Total attributed to the Company's shareholders	1,717,027	32,979	-	**5,931**	(32,979)		1,722,958
Non-controlling interests	50,517	-	-	-	9,953		60,470
Total equity	**1,767,544**	**32,979**	**-**	**5,931**	**(23,026)**		**1,783,428**
Total liabilities and equity	**2,887,004**	**163,116**	**(7,557)**	**(1,607)**	**58,166**		**3,099,122**

For further information regarding the eliminations, please refer to Note 3 of our Unaudited *Pro forma* Condensed Consolidated Financial Information.

For further information regarding the divestment of customer list, please refer to Note 4 of our Unaudited *Pro forma* Condensed Consolidated Financial Information.

Athena Saúde Brasil S.A.

Unaudited pro forma condensed consolidated statement of income

	As at December 31, 2020								
					Pro forma adjustments				
	Athena Brasil historical information	Group São Bernardo historical information	Unihosp Group Historical information	HCN Historical information	Eliminations	Divestment of customer list	Business combinations	(Note)	Total Pro Forma
	(Amounts in thousands of Brazilian Reais – R$)								
Net revenue	1,359,357	272,132	167,350	161,850	(30,095)	(40,075)	-		1,890,519
Cost of services rendered	(799,712)	(182,043)	(103,399)	(119,768)	30,095	30,058	-		(1,144,769)
Gross profit	**559,645**	**90,089**	**63,951**	**42,082**	**-**	**(10,017)**	**-**		**745,750**
Operating income (expenses)									
General and administrative expenses	(469,902)	(31,599)	(45,724)	(17,682)	45	1,688	(14,725)	(c)	(577,899)
Selling expenses	(65,554)	-	-	-	-	-	-		(65,554)
Other operating income (expenses), net	44,457	(4,677)	-	349	(45)	-	-		40,084
Profit before finance income (costs)	**68,646**	**53,813**	**18,227**	**24,749**	**-**	**(8,329)**	**(14,725)**		**142,381**
Finance income	19,659	3,913	2,279	4,408	-	-	-		30,259
Finance expenses	(39,674)	(5,472)	(711)	(7,263)	-	-	-		(53,120)
Finance income (costs)	**(20,015)**	**(1,559)**	**1,568**	**(2,855)**	**-**	**-**	**-**		**(22,861)**
Profit (loss) before income taxes	**48,631**	**52,254**	**19,795**	**21,894**	**-**	**(8,329)**	**(14,725)**		**119,520**
Income taxes	(34,180)	(6,231)	(6,392)	(6,802)		2,832	5,007	(d)	(45,766)
Net income (loss) for the year	**14,451**	**46,023**	**13,403**	**15,092**	**-**	**(5,497)**	**(9,718)**		**73,754**

For further information regarding the eliminations, please refer to Note 3 of our Unaudited *Pro forma* Condensed Consolidated Financial Information

For further information regarding the divestment of customer list, please refer to Note 4 of our Unaudited *Pro forma* Condensed Consolidated Financial Information

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on and should be read in conjunction with our audited individual and consolidated financial statements for the years ended December 31, 2020, 2019 and 2018, and the notes thereto, included elsewhere in this offering memorandum, as well as the information presented under the sections of this offering entitled "Presentation of Financial and Other Information," "Summary Financial and Other Information" and "Selected Financial Information." This section contains discussions regarding estimates and forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those discussed in these estimates and forward-looking statements as a result of various factors, including, without limitation, those described in "Forward-Looking Statements" and "Risk Factors."

Overview

We offer health and dental care plans, in addition to services through our owned health service network, which includes hospitals, medical centers and emergency services. Our health insurance companies operate on a segmented manner, offering corporate membership and individual plans. They also own hospitals, medical centers and emergency services, making our business model integrated.

We believe our own network is strategically located in regions that we consider to have great potential for growth and economic development and high population density. Our regional dominance is achieved by our network composed of 7 health plan operators, 10 hospitals, 1,104 hospital beds, 30 medical centers and 8 emergency rooms as of the date of this offering memorandum.

We also offer our clients the possibility of using an extensive accredited medical-hospital network. Accordingly, our beneficiaries can count on a wide accredited network in other locations where it is not economically viable to develop and maintain of our network or in regions in which we are in the expansion phase. We carefully select our accredited network, which includes physicians, offices, laboratories, medical centers and hospitals with performance standards consistent with our goals and that provide services according to our quality standards, such as physical structure, personnel qualification (certifications and proof of completion of specialization), network dimensioning and efficiency, location and NPS. In addition, we have a method for periodic evaluation of our accredited network, through a program to ensure the quality and safety of services provided to our beneficiaries, following the applicable regulatory criteria, through technical visits, evaluation of quality indicators, complaints and compliments, comparing with peers in the same area, as well as records and monitoring of adverse events and quality of medical records.

Our mission is to exceed the expectations of our beneficiaries aiming to offer the best regional healthcare solution. We believe we currently have adequate infrastructures in the regions where we operate. Our hospitals are references in their locations and we believe that our medical-hospital network offers solutions and is versatile. We believe the combination of our service quality and our operational efficiency, by agility in service, technical quality, as well as responsive and effective clinical protocols, enables high performance in all segments in which we operate.

Principal Factors Affecting Our Results of Operations and Financial Condition

We believe our operating and business performance is driven by various factors that affect the global and Brazilian economy, and the specific markets in which we operate. The following key factors may affect our future performance:

COVID-19 Impacts

On March 11, 2020, the World Health Organization declared a State of pandemic due to the global spread of a disease caused by a novel strain of COVID-19. The declaration of the COVID-19 pandemic led to severe restrictive measures by government officials worldwide in an attempt to control the outbreak of the disease, including restrictive measures related to the movement of people, such as government mandated quarantines and lockdowns, travel and public transportation restrictions, and prolonged closures of workplaces.

In Brazil, some states and cities, including cities where we operate, adopted restrictive measures to prevent or delay the spread of COVID-19, such as restrictions on free circulation and mandated social isolation.

Since the beginning of the pandemic, we have been implementing measures to face this turbulent period, as follows:

We (i) created an extraordinary and multidisciplinary committee in order to monitor its main operational indicators and project different scenarios based on what is being identified in Brazil and the rest of the world, (ii) adopted home office, (iii) negotiated vacations with its employees in the administrative areas, and (iv) reviewed the schedules and rotations of the operational areas in order to preserve the health and integrity of its employees and partners. Finally, although we are going through a moment of uncertainty, in which it is not possible to specify its impacts, as well as its duration, in the understanding of our management, these measures seek to support our evolution in this period.

We continuously evaluate the potential developments of the COVID-19 pandemic in the short, medium and long terms to take any necessary measures that aim to safeguard the health of our direct and indirect employees, preserve our liquidity and minimize and mitigate any risks related to our operations, enabling the continuity of the progress of our projects.

Brazilian Macroeconomic Environment

We operate in Brazil and, accordingly, all of our revenue, expenses and assets are denominated in Brazilian reais. Consequently, Brazil's macroeconomic conditions, especially with respect to GDP growth, inflation, interest rates and exchange rates, as well as the effect of such factors on employment levels, income and purchasing power of the Brazilian population, financing costs, credit availability and average salaries in Brazil, may affect our results of operations and financial condition.

The growth rate of the Brazilian GDP and the unemployment rate have a direct impact on the purchasing power of the Brazilian population, directly influencing the demand for the products and services we sell. In 2020, 2019 and 2018, the Brazilian GDP growth rate was negative 4.1%, positive 1.1% and 1.3%, respectively, and the unemployment rate was 13.2%, 11.0% and 11.6%, respectively. The growth of the Brazilian economy in 2018 was below market expectations, mainly due to a combination of political uncertainties, the strike of truck drivers and the international scenario. In 2019, there was low increase in Brazil's GDP, which suggested the beginning of a recovery of the demand in Brazil. In 2020, due to the war on oil prices in the beginning of the year and later mainly due to the COVID-19 pandemic, there was a contraction of the Brazilian economy and also of most countries in the world. The GDP and unemployment rates have a direct impact on the purchasing power of the Brazilian workforce and reflect the challenging economic outlook in Brazil even prior to the effects of the COVID-19 pandemic on Brazil's economy.

Inflation rates in Brazil, as measured by the broad consumer price index (Índice de Preços ao Consumidor – Amplo), or IPCA index, were 4.5%, 4.3% and 3.8% as of December 31, 2020, 2019 and 2018, respectively. As of the same dates, inflation rates in Brazil, as measured by the general market price index (Índice Geral de Preços-Mercado), or IGP-M index, were 23.1%, 7.3 and 7.5%, respectively.

The accumulated rate of interbank deposits in Brazil, or CDI, was 2.8%, 5.9% and 6.4% as of December 31, 2020, 2019 and 2018, respectively. As of the same dates, the official long-term interest rate (taxa de juros de longo prazo), or TJLP, was 4.8%, 6.2% and 6.7%, respectively.

Interest rates in Brazil have dropped sharply over the last years, with the SELIC rate, established by the Central Bank, having dropped from 14.25% in December 2015 to 2.0% in December 2020, a record low level. Interest rates have been historically used by the Brazilian government as a tool to curb inflationary pressures. If the economic contraction triggered by the COVID-19 pandemic prompts the Brazilian government to adopt economic stimulus policies, there could be inflationary pressures, causing the Brazilian government to increase interest rates, which may adversely affect the economy.

The effects of the COVID-19 pandemic on the exchange rate market in Brazil have caused and we expect will continue to cause a significant fluctuation in the real/U.S. dollar exchange rate. As of December 31, 2020, the

real/U.S. dollar exchange rate was R$5.1967 per US$1.00. For more information on exchange rates, see "*Exchange Rates*" above.

The following table sets forth Brazilian GDP, inflation rates, interest rates and exchange rates as of the dates and for the periods presented:

	As of and for the year ended December 31,		
	2020	**2019**	**2018**
GDP growth	(4.1)%	1.1%	1.1%
Inflation (IGP-M)[(1)]	23.1%	7.3%	7.5%
Inflation (IPCA)[(2)]	4.5%	4.3%	3.8%
CDI rate[(3)]	2.8%	5.9%	6.4%
TJLP[(4)]	4.8%	6.2%	6.7%
SELIC[(5)]	2.0%	5.9%	6.5%
Real appreciation/(depreciation) in relation to the U.S. dollar	(28.9)%	(4.0)%	(17.1)%
Period-end exchange rate (in R$ per US$1.00)[(6)]	5.1961	4.0301	3.8742
Average exchange rate (R$ per US$1.00)[(7)]	5.1552	3.9445	3.6536
Unemployment rate	13.2%	11.0%	11.6%

Sources: BNDES, Central Bank, FGV, IBGE and Economática.
1 The IGP-M is measured by FGV.
2 The IPCA index is measured by IBGE.
3 The CDI is the accumulated rate of the interbank deposits in Brazil during each period.
4 The TJLP is required by the BNDES for long-term financing (period-end data).
5 Annual average interest rate.
6 Exchange rate (for sale) of the last day of the period, as reported by the Central Bank.
7 Average of exchange rates (for sale) during the period, as reported by the Central Bank.

Inflation

Inflation may directly and indirectly affect the cost of our products and our operating expenses. Accordingly, increased inflation may adversely affect our results of operations if we are unable to pass these cost increases on to our final clients through price increases. Additionally, increased inflation may result in a deterioration of the Brazilian macroeconomic scenario, thereby reducing investments, adversely affecting new businesses and reducing the purchasing power of our clients. Therefore, the deterioration of the macroeconomic scenario in Brazil may adversely affect our results of operations.

We believe that we are able to pass the effects of inflation on to our clients, due to the low elasticity of our assortment, at all times seeking the lowest possible cost in negotiations with suppliers. A significant increase in inflation could affect us, as inflation deteriorates the purchasing power of the population and reduces consumer trust, thus decreasing their marginal propensity to consumption. Conversely, decreased inflation could further increase the purchasing power of lower income classes, favorably affecting the consumption of our products.

Exchange Rates

Increased exchange rates do not significantly affect the cost of our products, as international suppliers represent approximately 7.0% of our total cost and we believe we are able to pass the effects of increased *real*/U.S. dollar exchange rates on to our clients.

Interest Rates

Our revenue derived from financial services and commissions may also be positively affected by increases in interest rates. However, as our suppliers and business partners would have to direct larger amounts to service their debt, they would pass this increase on to their clients, including us. We believe our business partners' low leverage level protects us from this sort of increase in adverse scenarios. For more information on our exposure to different interest rates including SELIC, CDI and IPCA, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness*."

Other Factors Impacting Our Results of Operations

Our revenue in the years ended December 31, 2020, 2019 and 2018 was mainly given by the growth in the number of beneficiaries (in the fiscal year ended December 31, 2020 with 582,740 lives, 2019 with 466,585 lives and 2018 with 141,498 lives).

The revenue from effective considerations of healthcare plan operations, our main component in our net revenue consolidated, contributed with a growth of 39.3% in the fiscal year ended December 31, 2020 compared to 2019 and 129.7% in the fiscal year ended December 31, 2019 compared to 2018 (R$1.2 million, R$0.8 million and R$0.4 million, respectively). Regarding the revenue from provision of medical and hospital services, we had a decrease of 12.0% in the fiscal year ending December 31, 2020 compared to 2019 and an increase of 38.1% in the fiscal year ending December 31, 2019 compared to 2018 (R$0.3 million, R$0.4 million and R$0.3 million, respectively).

The factors that materially affected our operating results can be summarized as follows: (i) growth in the beneficiary base of health and dental plans; (ii) efficiency gains through the dilution of fixed costs and synergies of the new acquisitions; and (iii) acquisitions of hospitals, health plan operators and integrated players (hospitals with plan operators). We also focused on cross-selling of medical and dental assistance products, bringing complementary solutions to its customers. There are no variations in revenues attributable to exchange rate changes and introduction of new products.

Significant Changes in Accounting Practices

In 2018, the international accounting standards IFRS 9 and IFRS 15 came into effect, which provide for the accounting treatment for financial instruments and for revenue from contracts with clients, respectively. In 2019, the international accounting standard IFRS 16 came into effect, which introduced a single model for accounting for leases on the balance sheet of lessees.

As of January 1, 2019, we adopted the new accounting interpretations of CPC 06 (R2)/IFRS 16 - Leasing Operations and IFRS 23/ICPC 22 - Uncertainty over income tax treatment. In addition, as of January 1, 2018, we adopted the new accounting interpretations of CPC 47/IFRS 15 - Revenue from Contracts with Customers and CPC 48/IFRS 9 - Financial Instruments.

Fiscal year ending December 31, 2018

CPC48/IFRS 9 - Financial Instruments

CPC 48 substituted CPC 38 - Financial Instruments: Recognition and Measurement, ECPC 06 - Hedge of Net Investment in Foreign Operations, and OCPC 03 - Financial Instruments: Recognition, Measurement, and Evidence. The main changes presented by the new standard are (i) classification and measurement of financial instruments; (ii) reduction to the recoverable value of financial assets; and (iii) hedge accounting.

We have measured the impacts and verified that the main impact was related to the recognition of impairment of accounts receivable (expected loss), resulting in an adjustment of R$0.4 million in such transition.

Fiscal year ending December 31, 2019

CPC 06 (R2) / IFRS 16 - Leasing operations

CPC 06 (R2)/IRFS 16 replaced the existing leases standards and introduced a single model for on-balance sheet lease accounting for lessees. A lessee recognizes a right-of-use asset representing its right to use the leased asset and a lease liability representing its obligation to make lease payments.

The update to CPC 06 did not bring significant changes for the lessor, so the accounting remains similar to the previous standard, i.e. lessors continue to classify leases as finance or operating leases.

Leases in which we act as lessee

IFRS 16/CPC 06 (R2) became effective on January 1, 2019.

Until December 31, 2018, the lease agreements that fall under the standard were recognized directly as operating expenses and, after the implementation of the new rules of IFRS 16/CPC 06(R2), we started to recognize a lease liability and a right-of-use asset adjusted to present value and updated according to the indexes provided for in the agreements. As for the result, until December 31, 2018, we recognized a straight-line expense on operating lease agreements over the term of the agreements and, as from the implementation of the new rules of IFRS 16/CPC 06(R2), we began to recognize interest expense on the lease liability and depreciation expense on the right of use.

We own property and equipment leasing operations. The real estate lease terms range from 1 to 20 years and the equipment lease terms range from 2 to 11 years. The lease terms are individually negotiated and contain different terms and conditions.

Transition

We have applied IFRS 16/CPC 06 (R2) to all contracts entered into before January 1, 2019 that were identified as leases under IAS 17/CPC 06 (R1) and IFRIC 4/ICPC 03.

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 similar conditions to the lease contracts.

Additionally, the following methodologies were used to transition lease accounting to the new requirements:

- Use of a single discount rate for each lease agreement with reasonably similar characteristics. In this sense, the incremental funding rate was obtained, measured on January 1, 2019 and applicable to the portfolio of leased assets. Through this methodology, we obtained an average rate of 10.0% per year for real estate leases and 11.7% per year for equipment leases;

- No accounting recognition was made for those contracts with a termination date within 12 months of the date of initial application of the new standard;

- Exclusion of initial direct costs from the measurement of the opening balance of the right-of-use asset; and

- Use of probable renewal expectation to determine the lease term, in those cases where the agreement contains extension or termination options. As a result of the above, we recognized the following amounts to the opening balances of its balance sheet:

	Consolidated (R$ million)
Right of use (recorded in fixed assets in thousands)	**December 31, 2019**
Balance in January 01, 2019	-
Initial adoption of CPC 06(R2)/IFRS 16	46.3
Additions from business combination	43.5
New contracts and remeasurement of existing contracts	12.7
Depreciation	(9.8)
Write-off	-
Balance in December 31, 2019	**92.8**
Lease liabilities	**December 31, 2019**
Balance in in January 01, 2019	-
Initial adoption of CPC 06(R2)/IFRS 16	46.3
Future consideration at the transition date to IFRS 16/CPC 06(R2)	79.8
Present value adjustment recognized on transition to IFRS 16/CPC 06 (R2)	(33.5)
Additions from business combinations	43.6

New contracts and remeasurement of existing contracts	13.2
Payment of lease liabilities	(13.0)
Interest on lease liabilities	6.0
Balance in December 31, 2019	**96.1**
Current	10.8

Qualifications and emphases present in the auditor's opinion

The independent auditors' reports on our financial statements for the years ended December 31, 2020 and December 31, 2019 were issued without qualifications or emphasis. The independent auditor's report on our financial statements for the year ended December 31, 2018 was issued without qualifications, with an emphasis paragraph on the "Predecessor basis of accounting" on the amounts corresponding to the year ended December 31, 2018.

Critical Accounting Policies

Our individual and consolidated financial statements are prepared and presented in accordance with IFRS issued by IASB and also in accordance with accounting practices adopted in Brazil (BR GAAP).

As a result of the application of accounting policies, our management is required to adopt assumptions to make judgments and calculate estimates that may affect the recognition of assets, liabilities, revenues and expenses. Since these are estimates, the accounting position observed in the effective occurrence of the events may result in different amounts from those previously forecast.

Our management reviews the assumptions used on an ongoing basis, recognizes prospectively any impacts of any revaluation as from the year in which the review occurs and believes that the judgments made appropriately reflect our financial position presented in the individual and consolidated financial statements.

Listed below are the accounting policies for the most relevant transactions that involve our management's exercise of judgment:

Technical provisions of healthcare operations

The Provision for Events Occurred and Not Reported ("PEONA") is calculated actuarially from the estimate of claims that have already occurred and have not yet been reported, in accordance with ANS Normative Resolution (RN) 209/2009, altered by ANS RNs 227/2010, 243/2010, 246/2011, 313/2012 and 393/2015, and is calculated based on a technical actuarial note submitted to and approved by the ANS.

Provisions for lawsuits, contingent assets and liabilities

The evaluation of contingent liabilities, except those arising from claims, is carried out observing the determinations of CPC 25 - Provisions, Contingent Liabilities, and Contingent Assets issued by the Accounting Pronouncements Committee -CPC.

Provisions are recorded whenever a loss is considered probable, which would give rise to a probable outflow of resources to settle the obligations, and when the amounts involved are reliably measurable. The classification of a loss as probable takes into account the opinion of the legal advisors, the nature of the lawsuits, similarity with previous cases, complexity, and the position of the judiciary.

The contingent liabilities classified as possible losses are not provisioned for, but are disclosed in the notes when relevant, while those classified as remote are neither recognized nor disclosed.

Income taxes current and deferred

The income taxes current and deferred expenses for the period comprise current and deferred taxes, and reflect management's best assessment of tax assets and liabilities measured at the expected recoverable value or payable to the tax authorities.

At the end of each period the amounts of deferred income tax and social contribution are calculated on the temporary differences arising on the comparison between the book value of assets and liabilities in the consolidated balance sheet statement and the tax calculations based on the current tax legislation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized in future years. Our management is responsible for making judgments regarding the recoverability of deferred income tax and social contribution, assuming the existence of a future taxable income base based on estimates of results forecast in the business plan for the periods in which deferred tax assets are expected to be offset. It is emphasized that the practices described above are in accordance with accounting standards currently in force.

Liability Adequacy Test (LAT)

CPC 11/IFRS 4 requires insurance entities and equivalent companies that issue contracts classified as insurance contracts to perform the Liability Adequacy Test ("LAP") to attest that the liabilities presented in the related financial statements appropriately reflect the risk scenario related to insurance operations.

The test is conducted using realistic actuarial assumptions and projects the future cash flows of contracts with insurance features discounted to present value, observing the net consideration, technical provisions, selling and administrative expenses.

In case of identification of insufficiency of liabilities, we account for the loss calculated in the result for the year.

Business Combinations

Business combinations are accounted for based on CPC 15/IFRS 3 by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated by adding together the fair values of the assets transferred by us, the liabilities incurred at the acquisition date and due to the then controlling shareholders of the acquiree, and the equity interests issued in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the income statement when incurred.

The assets and liabilities of a subsidiary are measured at their respective fair value on 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 recorded as goodwill. In cases where the acquisition cost is lower than the fair value of the identified net assets, the difference is recorded as a gain in the statement of income for the period in which the acquisition occurs.

On the acquisition date, identifiable assets acquired and liabilities assumed are recognized at fair value on the acquisition date, except when not permitted by any accounting requirements.

Non-controlling interests that correspond to current interests and give their holders the rights to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value or based on the non-controlling interests' proportionate share of the recognized values of the acquiree's identifiable net assets. The selection of the measurement method is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, as described in other IFRS and CPC.

When the consideration we transfer in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and included in the consideration transferred in a business combination. Changes in the fair value of contingent consideration classified as measurement period adjustments are adjusted retrospectively, with corresponding adjustments to goodwill. Measurement period adjustments correspond to adjustments resulting from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) related to facts and circumstances existing at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration not classified as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration

classified as equity is not remeasured at subsequent financial statement dates and its corresponding settlement is recorded in equity. Other contingent consideration is remeasured at fair value at subsequent financial statement dates, and changes in fair value are recorded in income.

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

Results of Operations

Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

The table below shows the amounts from our consolidated statements of operations.

Statements of Income Data

	For the year ended December 31,		
	2020	**2019**	**Variation**
	(R$ million, except percentages)		
Net revenue	**1,359.4**	**1,100.3**	**23.5%**
Cost of services rendered	(799.7)	(689.0)	16.1%
Gross Profit	**559.6**	**411.2**	**36.1%**
Operating income (expenses)	-	-	-
Selling Expenses	(65.6)	(37.0)	77.0%
General and administrative expenses	(469.9)	(355.1)	32.3%
Other operating income (expenses), net	44.5	22.0	101.6%
Operating profit before finance income (costs)	**68.6**	**41.2**	**66.6%**
Finance income	19.7	33.3	(40.9)%
Finance expenses	(39.7)	(44.5)	(10.8)%
Profit before income taxes	**48.6**	**30.0**	**62.1%**
Income taxes	(34.2)	(27.0)	26.8%
Current	(77.7)	(36.0)	115.9%
Deferred	43.5	9.0	381.5%
Net income for the year	**14.5**	**3.1**	**373.8%**

Net revenue

Our net revenue increased by 23.5% or R$259.1 million, to R$1,359.4 million for the year ended December 31, 2020 from R$1,100.3 million for the year ended December 31, 2019, primarily due to the acquisition of Multivida Group in September 2019 and the 25%, or 116.2 thousand, increase of the number of beneficiaries of our medical assistance plans. In December 31, 2020, we had 582.7 thousand beneficiaries, compared to 466.6 thousand at December 31, 2019. The Humana and Medplan operations accounted for 48% of the beneficiaries' growth. SAMP and Santa Rita Saúde accounted for 7% and 9% of the growth, respectively. Such growth was partially offset by the reduction in elective procedures at hospitals resulting from the measures taken by the ANS as of March 2020, in response to the COVID-19 pandemic.

The table below described the number of beneficiaries of each of our carriers as of the dates indicated:

Beneficiary Base Health	**December 31, 2020[(1)]**	**% of total Base**	**December 31, 2019[(1)]**	**% of total Base**	**% Increase**
HUMAN	117.5	20.2%	69.3	14.9%	69.5%
MEDPLAN	84.0	14.4%	75.9	16.3%	10.6%
SAMP	271.0	46.5%	263.1	56.4%	3.0%
SANTA RITA HEALTH	68.8	11.8%	58.2	12.5%	18.1%
UNIHOSP GROUP	41.6	7.1%	-	-	-
Total	582.7	100.0%	466.6	100.0%	24.9%

Source: ANS

(1) In thousands of beneficiaries

Cost of services

Our cost of services increased by 16.1% or R$110.7 million, to R$799.7 million for the year ended December 31, 2020 from R$689.0 million for the year ended December 31, 2019, primarily due to our organic and inorganic growth. Our costs of services represented 58.8% of our net revenue for the year ended December 31, 2020, compared to 62.6% for the year ended in December 31, 2019. This percentage decrease is mostly related to the reduction in elective procedures, which was a result from the measures taken by ANS due to the COVID-19 pandemic.

Gross profit

Our gross profit increased by 36.1% or R$148.4 million to R$559.6 million for the year ended December 31, 2020 from R$411.2 million for the year ended December 31, 2019, primarily due to the 25% increase in the number of beneficiaries of our medical assistance plans and the 3.8% reduction in the loss ratio to 58.8% as of December 31, 2020 from 62.6% as of December 31, 2019. Our gross margin, calculated by gross profit divided by net revenue, was 41.2% and 37.4% for the fiscal years ended December 31, 2020 and 2019, respectively.

Operating income (expenses)

Selling Expenses

Our selling expenses increased by 77.0% or R$28.6 million to R$65.6 million for the year ended in December 31, 2020 from R$37.0 million for the year ended in December 31, 2019, primarily due to the acquisition of Multivida Group in September 2019 and increased marketing initiatives related to our medical assistance plans. Selling expenses represented 4.8% and 3.4% of our net revenue in the years ended December 31, 2020 and 2019, respectively.

General and administrative expenses

General and administrative expenses for the fiscal year ending December 31, 2020 increased by 32.3% or R$114.8 million, to R$469.9 million for the year ended December 31, 2020 from R$355.1 million for the year ended December 31, 2019, primarily due to the general administrative expenses of Multivida Group that was acquired in September 2019. Our general and administrative expenses accounted for 34.6% and 32.3% of our net revenue in the years ended December 31, 2020 and 2019, respectively.

Other operating income (expenses), net

Our other operating income (expenses), net increased by 101.6% or R$22.5 million, to R$44.5 million for the year ended December 31, 2020, from R$22.0 million for the year ended December 31, 2019, primarily due to (i) to the increase of R$11.6 million related to guarantees for reimbursement of contingencies, a R$9.5 million income received from a favorable decision in the lawsuit brought by minority shareholders (Vitória Apart Hospital and Casa de S. São Bernardo Ltda.); (ii) a R$3.7 million income related to a price adjustment in the acquisition of SAMP; and (iii) the reduction of other expenses.

Finance income (costs), net

Finance income

Our finance income decreased by 40.9% or R$13.6 million, to R$19.7 million for the year ended December 31, 2020, from R$33.3 million for the year ended December 31, 2019, primarily due to the reduction in monetary variation and in the income from our financial investments portfolio due to the decrease in the Brazilian interbank deposit rate (CDI) to 2.8% in 2020 from 6.0% in 2019.

Financial expenses

Our financial expenses decreased by 10.8% or R$4.8 million, to R$39.7 million for the year ended December 31, 2020, from R$44.5 million for the year ended December 31, 2019, primarily due to the R$12.2 million decrease of other interest and monetary indexations, partially offset by: (i) R$4.0 million increase of interest on lease agreements, and (ii) R$2.8 million increase due to the exchange rate variation related to the Vitória Apart Hospital's civil liability contingency.

Profit before income taxes

As a result of the factors abovementioned, our profit before income taxes increased by 62.1% or R$18.6 million, to R$48.6 million for the year ended December 31, 2020, from R$30.0 million for the year ended December 31, 2019. Our income before tax represented 3.6% and 2.7% of our net revenue in the years ended December 31, 2020 and 2019, respectively.

Income taxes

Current

Our current income taxes increased by 115.9% or R$41.7 million, to R$77.7 million for the year ended December 31, 2020, from R$36.0 million for the year ended December 31, 2019, primarily due to the increase in our Income before tax, which in turn is due to the growth in our medical assistance plans and the acquisition of Multivida Group in September 2019.

Deferred

Our deferred income taxes credit increased by 381.5% or R$34.5 million, to R$43.5 million for the year ended December 31, 2020 from R$9.0 million for the year ended December 31, 2019, primarily due to reevaluation of our deferred tax accounting criteria applicable on temporary differences and on fiscal losses and negative income taxes taxable base, including analysis of the potential recoverability of such losses pursuant to the applicable tax law. Additionally, we have recognized effects due to our stock option transactions, our acquisitions throughout 2020 and the Brazilian municipal service tax, deposited in court in connection with the Humana and Medplan tax proceedings.

Net income for the year

Our net income for the year increased by 373.8% or R$11.4 million, to R$14.5 million for the year ended December 31, 2020 from R$3.1 million for the year ended December 31, 2019, due to the factors described above. Our net margin, calculated by net income for the year divided by net revenue, was 1.1% and 0.3% in the fiscal years ended December 31, 2020 and 2019, respectively.

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

The table below shows the amounts from our consolidated statements of income.

Statements of Income Data

	For the year ended December 31,		
	2019	**2018**	**Variation**
	(R$ million, except percentages)		
Net revenue	**1,100.3**	**565.9**	**94.4%**
Cost of services	(689.0)	(358.8)	92.1%
Gross profit	**411.2**	**207.1**	**98.6%**
Selling expenses	(37.0)	(10.9)	240.8%
General and administrative expenses	(355.1)	(163.6)	117.1%
Equity pick-up	-	(0.9)	(100.0)%
Other operating income (expenses), net	22.0	(2.7)	(905.0)%
Operating profit before finance income (costs)	**41.2**	**29.0**	**42.3%**
Finance income	33.3	11.0	202.4%
Finance expenses	(44.5)	(17.7)	151.7%
Profit before income taxes	**30.0**	**22.3**	**34.6%**
Income taxes	(27.0)	(19.7)	36.6%
Current	(36.0)	(25.5)	41.2%
Deferred	9.0	5.8	56.7%
Net income for the year	**3.1**	**2.6**	**18.7%**

Net revenue

Our net revenue increased by 94.4% or R$534.4 million, to R$1,100.3 million for the year ended December 31, 2019 from R$565.9 million for the year ended December 31, 2018, primarily due to: (i) the acquisitions of SAMP and SAMES in February 2019 and the Multivida Group in September 2019; (ii) the effect of accounting twelve months of revenue from Victoria Apart Hospital in 2019 versus only six months during 2018; and (iii) the growth in the number of beneficiaries in medical assistance plans to 466.6 thousand beneficiaries as of December 31, 2019 from 141.5 thousand as of December 31, 2018. SAMP and the Multivida group accounted for 80.9% and 17.9% of our number of beneficiaries' growth, respectively, and the Northeast operators, Humana and Medplan, accounted for 1.1% of our total beneficiary growth.

The table below described the number of beneficiaries of each of our operations as of the dates indicated:

Beneficiary Base Health (million, except percentages)	**December 31, 2019[(1)]**	**% of Total Base**	**December 31, 2018[(1)]**	**% of Total Base**	**% Increase**
HUMAN	69.3	14.9%	62.2	43.9%	11.5%
MEDPLAN.	75.9	16.3%	79.3	56.1%	(4.3)%
SAMP	263.1	56.4%	-	-	-
SANTA RITA HEALTH	58.2	12.5%	-	-	-
Total	466.6	100%	141.5	100%	229.7%

Source: ANS

(1) In thousands of beneficiaries

Cost of services

Our cost of services increased by 92.1% or R$330.2 million, to R$689.0 million for the year ended December 31, 2019 from R$358.8 million for the year ended December 31, 2018, primarily due to: (i) the acquisitions of SAMP and SAMES in February 2019 and of the Multivida Group in September 2019; (ii) the effect of accounting twelve months of costs from Victoria Apart Hospital in 2019 versus only six months during 2018; and (iii) the growth in the number of beneficiaries in our medical assistance plans to 466.6 thousand beneficiaries as of December 31, 2019 from 141.5 thousand as of December 31, 2018. SAMP and the Multivida group accounted for 80.9% and 17.9% of our number of beneficiaries' growth, respectively, and the Northeast operators, Humana and Medplan, accounted for 1.1% of our total beneficiary growth.

With the growth in the number of beneficiaries, expenses for known or reported events increased by R$280.7 million for the year ended December 31, 2019 compared to the year ending December 31, 2018. For the year ended December 31, 2019, we also experience a R$18.7 million increase in the cost of materials and medications and a R$16.7 million increase in medical fee costs, compared to the year ending December 31, 2018.

Gross profit

As a result of the above, our gross profit increased by 98.6% or R$204.1 million, to R$411.2 million for the year ended December 31, 2019 from R$207.1 million for the year ended December 31, 2018, primarily due to the factors listed in net revenue and costs of services rendered above. Our gross margin, calculated by gross profit divided by net revenue, was 37.4% and 36.6% in the years ended December 31, 2019 and 2018, respectively.

Operating income (expenses)

Selling expenses

Our selling expenses increased by 240.8% or R$26.1 million, to R$37.0 million for the year ended December 31, 2019 from R$10.9 million for the year ended December 31, 2018, primarily due to the acquisitions of SAMP and Santa Rita Health. Our selling expenses represented 3.4% and 1.9% of our net revenue in the years ended December 31, 2019 and 2018, respectively.

General and administrative expenses

Our general and administrative expenses increased by 117.1% or R$191.5 million, to R$355.1 million for the year ended December 31, 2019 from R$163.6 million for the year ended December 31, 2018, primarily due to: (i) the effect of accounting twelve months of costs from Victoria Apart Hospital in 2019 versus only six months during 2018; (ii) the acquisition of SAMP and SAMES in February 2019 and Multivida Group in September 2019 (which had an impact of R$60.3 million and R$13.2 million, respectively); and (iii) the corresponding increase in administrative expenses associated with M&A and the operation of such acquired companies in the year ending December 31, 2019 (such expenses totaled R$32.4 million in the year ended December 31, 2019). Our general and administrative expenses represented 32.3% and 28.9% of our net revenue in the years ended December 31, 2019 and 2018, respectively.

Other operating income (expenses), net

Our other operating income (expense), net varied by 905.0% or R$24.7 million, to income of R$22.0 million for the year ended December 31, 2019 from an expense of R$2.7 million for the year ended December 31, 2018, primarily due to: (i) the acquisition of SAMP and SAMES in February 2019 and Multivida Group in September 2019; and (ii) the effect of accounting the results of Victoria Apart Hospital throughout all of 2019 versus only six months in 2018.

Finance income (costs), net

Finance income

Our finance income increased by 202.4% or R$22.3 million, to R$33.3 million for the year ended December 31, 2019 from R$11.0 million for the year ended December 31, 2018, primarily due to: (i) the acquisition of SAMP and SAMES in February 2019 and Multivida Group in September 2019; (ii) the effect of accounting the results of Victoria Apart Hospital throughout all of 2019 versus only six months in 2018; (iii) the R$11.3 million increase in finance income from our financial investments portfolio due to our higher cash position throughout 2019 compared to 2018; and (iv) the R$7.3 million increase in monetary indexation for the year ended December 31, 2019.

Finance expenses

Our financial expenses increased by 151.7% or R$26.8 million, to R$44.5 million for the year ended December 31, 2019 from R$17.7 million for the year ended December 31, 2018, primarily due to the increase in interest and monetary indexations related to our debts and financial charges on our lease agreements, which were classified as financial result as of January 1, 2019 with the adoption of IFRS 16. Additionally, our inorganic growth in 2019 also affected our financial expenses. Such inorganic-growth-related factors include the acquisition of SAMP and SAMES in February 2019 and Multivida Group in September 2019, and the effect of accounting twelve months of financial expenses of Vitória Apart Hospital in the year ended December 31, 2019 versus only six months for the year ended December 31, 2018.

Profit before income taxes

Our profit before income taxes increased by 34.6% or R$7.7 million, to R$30.0 million for the year ended December 31, 2019 from R$22.3 million for the year ended December 31, 2018, primarily due to the factors listed above.

Income taxes

Current

Our current income taxes increased by 41.2% or R$10.5 million, to R$36.0 million for the year ended December 31, 2019 from R$25.5 million for the year ended December 31, 2018, primarily due to the acquisition of SAMP and SAMES in February 2019 and Multivida Group in September 2019 and the effect of accounting the results of Victoria Apart Hospital throughout all of 2019 versus only six months in 2018.

Deferred

Our deferred income taxes increased by 56.7% or R$3.2 million, to R$9.0 million for the year ended December 31, 2019 from R$5.8 million for the year ended December 31, 2018, primarily due to the acquisition of SAMP and SAMES in February 2019 and Multivida Group in September 2019.

Net income for the year

Our net income for the year increased by 18.7% or R$0.5 million, to R$3.1 million for the year ended December 31, 2019 from R$2.6 million for the year ended December 31, 2018, primarily due to the factors explained above. Our net margin, calculated by net income for the year divided by net revenue, was 0.3% and 0.5% in the years ended December 31, 2019 and 2018, respectively.

Consolidated Cash Flows

A breakdown of our cash flow by operating activities, investing activities and financing activities is set forth in the table below:

	For the year ended December 31,				
	2020	2019	Variation (2020 and 2019)	2018	Variation (2019 and 2018)
	(R$ million, except percentage)				
Net cash from (used in) operating activities ..	62.3	35.2	77.0%	(4.1)	(968.7)%
Net cash used in investing activities	(519.1)	(248.3)	109.0%	(69.1)	259.2%
Net cash from financing activities	876.9	255.6	243.1%	66.8	282.7%
Net increase (decrease) in cash and cash equivalents.....	420.1	42.4	890.7%	(6.4)	(761.4)%

Cash flows for the Year ended December 31, 2020 and 2019

Cash Flow provided by operating activities

Our net cash provided by operating activities increased by 77.0% or R$27.1 million, to R$62.3 million for the year ended December 31, 2020 from R$35.2 million for the year ended December 31, 2019, primarily due to the R$18.6 million increase in our profit for the year before income taxes. Disregarding the transactions that do not impact cash, there is an increase of R$47.9 million in our net cash compared to fiscal year 2019.

Cash Flow used in investing activities

Our net cash used in investing activities increased by 109.0% or R$270.8 million to R$519.1 million for the year ended December 31, 2020 from R$248.3 million for the year ended December 31, 2019, primarily due to the R$71.1 million increase in purchase of property and equipment and intangible assets; the R$45.2 million increase in related-party transactions; the R$23.8 million increase in accounts payable for acquisition of investment; and R$140.3 million increase in acquisition of subsidiary, net of cash acquired.

Cash Flow provided by financing activities

Our net cash provided by financing activities increased by 243.1% or R$621.3 million, to R$876.9 million for the year ended December 31, 2020 from R$255.6 million for the year ended December 31, 2019, primarily due to the R$491.1 million increase in capital contribution; the R$170.7 million increase in loans and financing, and in leases; and the R$127.2 million reduction in net cash used in the acquisition of a non-controlling interest, which was partially offset by R$166.6 million the increase related to the repayment of borrowings.

Cash flows for the Year ended December 31, 2019 and 2018

Cash Flow provided by (used in) operating activities

Our net cash from operating activities varied by 968.7% or R$39.3 million, to a generation of R$35.2 million for the year ended December 31, 2019 from a use of R$4.1 million for the year ended December 31, 2018, primarily due to the operating performance of the seven companies we acquired in 2019, as well as the effect of accounting the results of Victoria Apart Hospital throughout all of 2019 versus only six months in 2018.

Cash Flow used in investing activities

Our net cash used in investing activities increased by 259.2% or R$179.2 million, to R$248.3 million for the year ended December 31, 2019 from R$69.1 million for the year ended December 31, 2018, primarily due to net cash invested in the acquisition of seven companies in 2019 compared to a single acquisition in 2018 and increase in the acquisitions of fixed and intangible assets.

Cash Flow provided by financing activities

Our net cash from financing activities increased by 282.7% or R$188.8 million, to R$255.6 million for the year ended December 31, 2019 from R$66.8 million for the year ended December 31, 2018, primarily due to the paid-in capital increase for the year ended December 31, 2019, partially offset by net cash used to acquire minority equity in investments.

Source and Use of Funds

We believe that, throughout the periods indicated in the table below, we have maintained a balanced capital structure and adequate to our business.

The following table sets forth our capital structure, measured by the ratio of current and noncurrent liabilities to equity, as of the dates indicated.

	As of December 31,					
	2020		2019		2018	
	(R$ million, except for percentages)					
Third-party capital (current + non-current liabilities)	1,119.5	38.8%	775.2	53.5%	387.2	58.6%
Own capital (total equity	1,767.5	61.2%	673.6	46.5%	273.3	41.4%
Total	**2,887.0**	**100.0%**	**1,448.8**	**100.0%**	**660.5**	**100.0%**

We understand that we currently have sufficient financial resources to meet our financial obligations. Our liquidity ratio general (calculated by (i) the sum of our current and non-current assets except for property and equipment, intangible assets and investments, (ii) divided by our current and non-current liabilities) on the years ended December 31, 2020, 2019 and 2018 was 1.23, 0.81 and 0.84, respectively.

Our current ratio (calculated by current assets divided by current liabilities) on the years ended December 31, 2020, 2019 and 2018 was 1.71, 0.94 and 1.04, respectively.

On December 31, 2020, 2019 and 2018 our loans and financings (current and non-current) were R$152.1 million, R$141.0 million and R$87.0 million, respectively. As of December 31, 2020 we were not in default to any of our financing agreements.

In the last three years, our main sources of funds have been: (i) cash flow generated by our operational activities; and (ii) bank loans, both short and long-term.

We have used these funds primarily to cover our costs, expenses and investments related to: (i) our operation; (ii) cash outflow; and (iii) payment requirements of our indebtedness.

We believe our sources of financing are adequate to our debt structure and meet our working capital and investment needs, while maintaining a long-term-debt profile and, consequently, our ability to duly pay such borrowings. For more information on our debts, see *"—Indebtedness,"* below.

As of the date of this offering memorandum, we do not foresee a need of additional funds that cannot be met with our currently available or expected resources. If we require additional funds to cover a short-term liquidity need, we expect to seek such resources in the Brazilian capital markets or with financial institutions.

Indebtedness

As of December 31, 2020, our total loans and financing (current and noncurrent) was R$152.1 million, as compared to R$141.0 million and R$87.0 million as of December 31, 2019 and 2018, respectively.

The table below presents the main features of the Athena Group's relevant loan and financing agreements in force as of December 31, 2020:

Borrower(s)	Financial Institution	Date	Maturity	Remuneration	Collateral/Guarantee	Balance (12/31/2020) (R$ thousand)	Original contract value (R$ thousand)
Athena Healthcare, Hospital Med Imagem and Hospital Santa Maria	Banco Santander	01/30/2020	01/03/2025	CDI + 1.58% *p.a.*	Guarantee + Fiduciary Assignment of Credit Rights	99,608	99,000
Med Imagem Hospital	Banco Santander	01/28/2020	01/03/2025	CDI + 1.58% *p.a.*	Guarantee + Fiduciary Assignment of Credit Rights	47,290	46,900
Santa Maria Hospital	Banco Santander	01/28/2020	01/03/2025	CDI + 1.58% *p.a.*	Guarantee + Fiduciary Assignment of Credit Rights	3,126	3,100

The fiduciary assignment of credit rights listed as collateral in the table above include rights over financial investments we control (such as bank deposit certificates and shares from investment funds), as well as certain receivables (*duplicatas*) payable by our clients.

Restrictive Covenants

On December 31, 2020, we were in compliance with all the obligations contained in the loan and financing agreements. These contracts have restrictive clauses (*covenants*), imposing the condition that the ratio between Net Financial Debt and EBITDA, to be calculated annually, should be equal or less than 2.0x, and the value should be calculated in Athena HealthCare Holding S.A. and calculated *pro forma* of acquisitions made in the same year.

For purposes of the clause described above, the terms "Net Financial Debt" and "EBITDA" have the meanings set forth below:

- Net Financial Debt: means the sum of all financial obligations (bank loans, floor plan and seller finance), whether they are short or long term, and from this amount should be deducted cash and cash equivalents (cash and net financial investments - 365 days); and

- EBITDA: means, with respect to any twelve-month period, the net income for such period, free of: (i) any provision relating to taxes for the period; (ii) any interest arising on debt; (iii) any current cost of hedging contracts; (iv) any amount attributable to amortization of intangible assets or depreciation of fixed assets for the period; (v)

items treated as exceptional costs/revenues, with monetary variation. (vi) dividends; (vii) provisions for profit sharing for employees; (viii) provisions for contingencies; and (ix) capitalized costs.

As of December 31, 2020, the ratio of Net Financial Debt to EBITDA was 0.8x. In the years ended December 31, 2019 and 2018, the financing agreement had not yet been entered into.

Some of our financing agreements contain clauses that allow for the creditors to accelerate the maturity of the loan in certain events of default, including in case of cross default or cross acceleration of other debt, change of control, among others, according to the market standard for this type of operation.

Capital Expenditures

We continuously search for efficiency and operational improvement. As such, we are constantly investing in several operational fronts, including renovations in the infrastructure of our hospitals and expansion of new clinics in locations where we are not yet present, as well as investments in systems, automation of routines, equipment, computers, licenses, among other investments.

In recent years, we have invested in new technologies in order to improve our service. Among other initiatives, we highlight the optimization of our sales process from customer prospecting to customer relationship management (CRM) and continuous improvements in our market intelligence and data analysis capabilities.

For the year 2021, in light of our growth expectations, we expect to make capital investments of, approximately, R$40.9 million.

Our main expected investments for the year 2021 are in infrastructure projects and new technologies related to the hospitals and clinics and investments in technology projects related to information technology systems to improve our service.

In addition to the investments described above, we intend to continue our inorganic growth expansion project.

To finance such projects, we intend to use: (i) retained profits; (ii) our operational cash generation; (ii) working capital borrowings adequate to our indebtedness profile and that preserve our payment capacity, in case such borrowings are necessary and attractive; and (iii) to finance our inorganic growth, net proceeds from this offering (subject to the uses mentioned in "*Use of Proceeds*").

Off-Balance Sheet Transactions

As of the date of this offering memorandum, we do not have any off-balance sheet arrangement.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risks in the normal course of our activities, including credit risk, interest rate risk and liquidity risk. We continuously monitor the risks to which we are exposed and analyze economic and financial conditions to determine the impact of different market conditions on our operations.

Interest Rate Risk

As of December 31, 2020, we were exposed to the variation in the Interbank Deposit Certificate ("CDI") index of loans in local and foreign currency (swap) and of financial investments. As of December 31, 2020, the gross debt indexed to the CDI totaled R$150,024, compared to R$95.7 million in 2019 and R$89.5 million in 2018). On December 31, 2020, the accumulated CDI for the year was approximately 2.8%. Below is a table with the sensitivity analysis considering deterioration in the order of 25% and 50% and thus, the effects on the result could be observed as follows:

		(R$ million, except percentages)	
		Scenario I -	**Scenario II -**
Operation	Basis of calculation	25% Deterioration	50% Deterioration
Financial investments indexed to the CDI	714.2	(5.0)	(10.0)

Borrowings indexed to the CDI	(150.0)	1.1	2.1
Interest income on debt (net cash) indexed to the CDI		(3.9)	(7.9)

	Current Scenario	Scenario I	Scenario II
CDI annual rate in 2020	2.8%	2.1%	1.4%
Variation that would impact the balance in both scenarios		(0.7%)	(1.4%)

Risk Management and Internal Controls

On December 4, 2020, our board of directors approved our risk management policy. Our board of executive officers is responsible for monitoring the application of such policy. Our risk management policy establishes the principles, guidelines and responsibilities to be observed in the risk management process related to our business in such a way to identify, reduce and monitor the risks related to our business and our industry.

Our risk management process' references are: (i) the corporate governance rules provided for in our bylaws, (ii) our code of ethics, (iii) our information disclosure and share negotiation policy, (iv) our related-party transaction policy, (v) the Brazilian corporate governance code for public companies, (vi) the rules of *Novo Mercado*, and (vii) the model proposed by the Committee of Sponsoring Organizations of Treadway Commission ("COSO").

We monitor the risks described on the *"Risk Factors"* section of this offering memorandum and we aim to prevent, mitigate and deal with any risk that may adversely affect our business. We are committed to risk management in order to preserve and develop our values, assets, reputation, competitiveness, as well as promote our business continuity. Our approach is to integrate risk management into the day-to-day conduct of our business through a structured process and development of our culture. As such, our risk management process influences all of our decision-making processes, including strategic planning, investment decisions, and project management.

Our risk management process, which was inspired by the COSO model, is divided into the following stages:

- Identification of risk factors and potential implications on our objectives;
- Analysis of the main risks that may affect our objectives, by determining their magnitude and probability of occurrence and preparing a risk matrix (an analysis and support tool for our board of directors);
- Prioritization and definition of the amount of risk we are willing to incur and classification of the risks as below:
    - Unacceptable risk: these risks are a potential threat to our business and require priority managerial action to be eliminated or at least have its magnitude and probability of occurrence reduced
    - Unexpected risk: these risks are not expected to occur, but if they do they will have a high impact. We quantify and constantly monitor these risks. We also draw up contingency plans to mitigate the consequences of the materialization of such risks.
    - Probable risks: these risks are less critical due to their low impact if materialized. Our focus is to define acceptable levels of loss due to the materialization of these risks.
    - Acceptable risks: risks of low relevance, in which the mitigation cost may exceed the loss we would incur if the risk materializes. We deem that we do not have to constantly monitor these risks.
- Once we evaluate the risks, we then deal with them as per the initiatives defined and implemented by our officers in consultation with our risk and compliance committee;
- The risk and compliance committee has autonomy of action, and is formed by members of an external firm, which is indicated by our financial executive board, with monitoring by its internal legal department. The risk and compliance committee e reports to the audit committee regarding activities related to internal controls, compliance and risk management, and also reports administrative issues to our executive board.

- Our compliance department works together with the legal department, and has in São Paulo a manager and a coordinator exclusively dedicated to such activities. In addition, in each of the regional offices, it has a manager and an analyst, totaling 10 professionals who, in addition to the functions inherent to the legal department, carry out such activities. The internal control activities are allocated in the Financial Planning & Analysis ("FP&A") area, which is composed of a manager, coordinators and analysts, who in São Paulo total 13 employees, and occasionally have the support of professionals not hired specifically to perform such activities, in each location of Athena Group companies.

- We formalize all the risk we have detected at least monthly in managing reports that detail the identified risk and, if applicable, the action plan to deal with such risk (including the person responsible for and expected completion date of such action plan). These reports are prepared by our risk and compliance committee and our legal department monitors the reports. The compiled information is presented to our officers and board of directors during their respective meetings.

Internal Controls

Our internal controls are compatible with the complexity of our business and seek to ensure that we are compliant with the applicable law and accounting rules, as well as to ensure the quality and accuracy of our financial reports. As such, we adopt internal controls in order to mitigate the risks that may cause us financial and reputational harm.

To prepare our financial statements, we use our local accounting departments and third-party service providers to consolidate our financial information. Additionally, our financial information is submitted to our financial planning and analysis department, which analyses our accounting and seeks to ensure that all our financial information is consistent.

Aside from our internal risk management and internal controls, we may engage independent auditors to perform a systematic verification of the efficiency of our internal controls.

As of December 31, 2020, the following significant deficiencies have been identified in our internal controls:

- Improvements are necessary to our process of preparing and reviewing our financial information. Our current process of preparing and reviewing accounting information requires certain improvements to ensure that our financial data is timely prepared.

- Our internal controls need improvements to better identify inconsistencies in our accounting and financial information. We do not timely perform certain accounting adjustments related to, among others, business combinations, adjusting current and non-current assets and liabilities and accounting estimates.

To deal with these deficiencies, we have created plans to improve our processes and internal controls. These improvements include, among others, acquiring additional information technology tools, automating certain processes and establishing review and reconciliation routines.

INDUSTRY

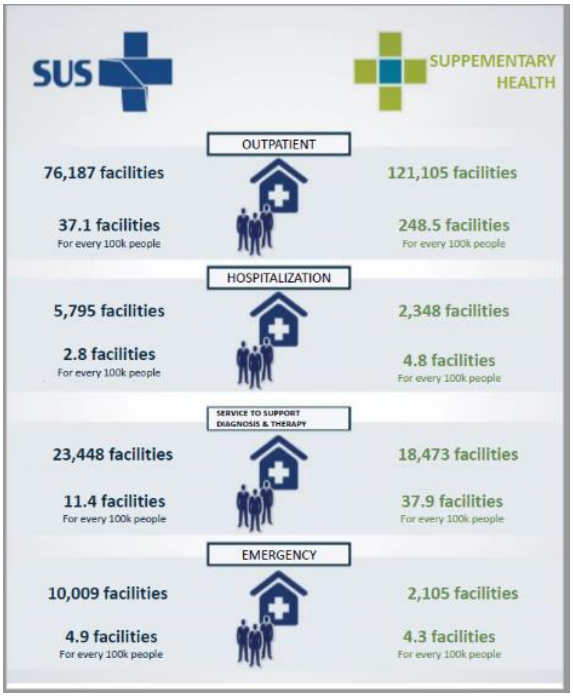
All of our operations are conducted within Brazil and therefore we are significantly affected by the general economic environment in Brazil and to an extent, in Latin America. For more information on the effects of the economic environments which may impact our operations, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operation and Financial Conditions—Brazilian Macroeconomic Environment*."

Supplementary Health Sector

The emergence of private health plans and insurance in Brazil occurred in the 1950s, to guarantee quality medical care to employees of large companies and their dependents, given the poor infrastructure and quality of public services. These have been of paramount importance and are the base of the health system in Brazil, generating direct jobs in hospitals, laboratories, diagnostic medicine networks, health professionals, among others.

In Brazil, the health system is divided into two subsystems, public and private. The Unified Health System (SUS) was established in 1988 with the promulgation of the Brazilian Constitution representing the public subsystem and is responsible for covering the entire country's population. Approximately 72% of Brazil's population (150 million) depend exclusively on the SUS, while about 28% (R$60 million) are served wholly or partially by the private system. The public system's budget was approximately R$118.4 billion for the year 2020.

The private sector started to be regulated by the Private Healthcare Plans Law No. 9,656, of 1998, and with Law No. 9,961, of 2000, the ANS was created, which acts exclusively as a regulatory agent of this subsystem. Today, the private sector is responsible for the coverage of approximately 48 million Brazilians, equivalent to coverage of 22.5% of the population as of December 2020, demonstrating the resilience and size of this segment.



Source: ANS

Regulation of the supplementary health sector

Regulated since the year 2000 by the ANS with the approval of Law 9961/00, the private supplementary health market has been undergoing relevant changes for the improvement of the sector, generating greater transparency, standardization of information, structuring of the services offered, and registration of health and dental plan operators.

According to Resolution 163/07, ANS' attributions are

- to regulate actions related to the providers of supplementary health services;
- monitor the relationships between providers and operators, including contracts;
- discuss and propose quality criteria for monitoring the operation of providers in the market; and
- to promote technical integration with the Unified Health System and to develop studies and research to improve the quality of service delivery.

Healthcare operators must comply with the requirements imposed by the ANS, which include maintaining minimum solvency margins and certain financial guarantees, among others. These requirements aim to promote economic-financial balance and to minimize the risks of insolvency of the operators, to protect the beneficiaries.

Solvency margin

The solvency margin is required to ensure the sufficiency of the operators' consolidated net equity, adjusted for economic effects, to cover the greater of (i) or (ii):

(i) 20% of the sum of, for the last 12 months:

(a) 100% of the net consideration in agreements with pre-established pricing mechanics;

(b) 50% of the net consideration in the post-established pricing mechanics; or

(ii) 33% of the annual average, during the last 36 months, of the sum of:

(a) 100% of the net indemnifiable events in agreements with pre-established pricing mechanics;

(b) 50% of the net indemnifiable events in agreements with post-established pricing mechanics.

Adjusted consolidated shareholders' equity is calculated as the total health operator's equity less intangible non-current assets (goodwill), equity in a regulated entity, tax credits arising from tax losses, deferred selling expenses, and prepaid expenses. Monthly, the adjusted consolidated shareholders' equity and the solvency margin are calculated to verify the sufficiency of the companies in the supplementary health sector.

The resolution will no longer be the regulatory framework for the control of the regulatory capital of the operators. ANS published Resolution No. 451 of 2020, which provides new rules to define the minimum solvency margin, aiming to encourage improvement in market sustainability and to increase protection to health plan beneficiaries. The new rule revokes ANS Resolution 209 of 2009, changing the calculation of the reserved capital required to maintain the operator's registration. From now on, the operator may opt for the new regulatory capital model, which is calculated based on its own risk, or remain in the current solvency margin model, which takes into account only its volume of claims and events.

In a first stage, until December 31, 2020, the calculation provided parameters only for the underwriting risk, which is the main source of exposure to the operators' risks. Other risks are being incorporated: credit, until December 2020, operational and legal, until June 2021, and market risk, until December 2022. By 2023 operators should already be adapted to risk-based capital, when the solvency margin will be extinct and the use of risk-based capital will become mandatory.

.

Technical Provisions

Technical provisions are amounts to be recorded in the operator's liability accounts, to reflect future obligations arising from its activity. According to article 3 of ANS Resolution No. 393 of December 9, 2015, health operators must constitute, monthly, under good accounting practices, the following technical provisions:

(i) Provision of Events/Claims to be Liquidated (PESL), referring to the number of events/claims that have already occurred and were notified, but have not yet been paid by the health operator;

(ii) Provision for Events/Claims Occurred and Not Reported (PEONA), referring to the number of events/claims that have already occurred and have not been reported to the health operator;

(iii) Provision for Remission, referring to the obligations arising from the contractual clauses for the remission of the contra-payments/premiums referring to the healthcare coverage when existing;

(iv) Provision for Unearned Premiums/contracts (PPCNG), referring to the portion of the premium/contract whose risk coverage period has not yet elapsed; and

(v) Other Technical Provisions, necessary for the maintenance of the economic-financial balance, as long as substantiated in a Technical Actuarial Note of Provisions (NTAP) and approved by the Directorate of Norms and Qualification of Operators (DIOPE), with a mandatory constitution as from the date of effective authorization.

Guarantor Assets

Guarantor Assets are real estate, shares, bonds, or securities owned by the operator that backs the technical provisions and follows the criteria for acceptance, registration, binding, custody, movement, and diversification established in ANS Resolution No. 392 of December 9, 2015. The Guaranteeing Asset is the actual financial effectuation of the book guarantee reflected by the technical provision.

The resources applied in these assets must obey certain percentage limits, of acceptance and diversification, according to their nature and inherent risks, besides the size of the operator. The recording of technical provisions on the liabilities side of the balance sheet represents the calculation of expected risks inherent to health assistance operations. The guaranteeing assets are financial resources destined to cover these risks, in case they materialize and turn into expenses. The financial assets and/or properties that are linked to ANS are considered assets guaranteeing the technical provisions that are subject to ANS' authorization for any movement. The resources from the operators can be invested in assistance real estate (e.g. hospitals) up to the total limit of 20% of the guarantor assets or can be invested in quotas of equity investment funds (FIPs) up to the limit of 20%, as long as the object of the investment is exclusively the expansion, renovation, modernization, purchase or construction of the medical-hospital and diagnostic real estate, as well as outpatient clinics and primary care centers.

Supplementary Healthcare sector in Brazil and the world

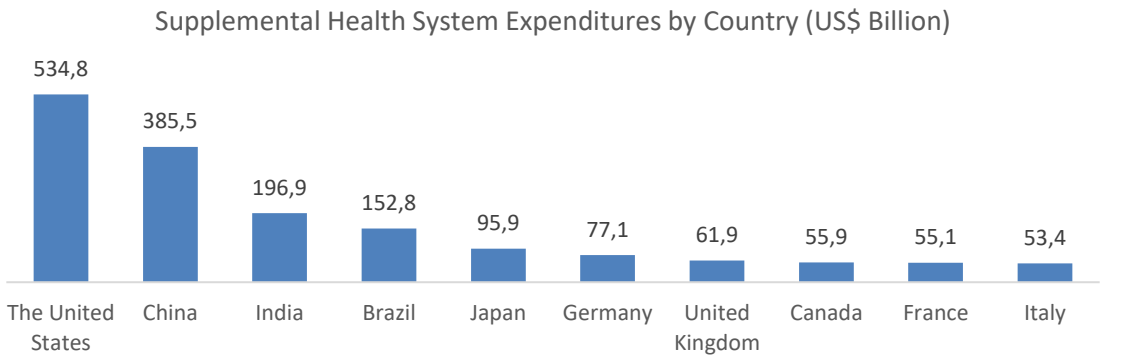
Brazil is the eighth largest economy in the world, with a gross domestic product ("GDP") of U$1.84 trillion as of 2019 and a population of approximately 212.7 million as of February 2021, according to data from the World Bank and the Brazilian Institute of Geography and Statistics ("IBGE"), respectively. The States of Piauí, Espírito Santo, and Paraná, our main markets, concentrate 8.9% of the population in 2021.

In 2017, according to IBGE data, total spending on the public and private health network was close to US$608.3 billion, corresponding to 9.5% of Brazilian GDP. In 2020, according to ANS and IBGE data, 22% of the Brazilian population had private healthcare plans, while the rest of the population was served by SUS - corresponding to 78%.

The supplementary health sector is a significant part of private health spending in Brazil. According to World Bank data, health spending in Brazil represented 9.6% of Brazil's GDP in 2018, with 5.6% referring to private health spending, and 4.0% referring to public spending. Moreover, in 2017, the share of private health spending represented 58% of Brazil's total health spending. According to data released by the ANS, the Brazilian supplementary healthcare market has shown strong growth in recent years, with a CAGR 2011-2019 of 12.2% in total premiums for private health and private dental plans. Such growth was driven by favorable demographic characteristics (aging population, expansion of the middle class, and increased demand for medical services) and demonstrates the resilience of the industry in the face of adverse macroeconomic conditions. We believe that the Brazilian supplementary health market presents great growth opportunities due to low penetration (22.5% in Brazil compared to 67.5% in the United States)

and due to low *per capita* health spending US$1,282 in Brazil compared to US$10,586 in the United States) when compared to more developed countries, despite its scale, based on World Bank data published for the year 2018.

ANAHP ("National Association of Private Hospitals") estimates that private healthcare spending reached R$371.7 billion in 2018, of which approximately R$199.3 billion would come from supplemental healthcare and R$172.4 billion from private healthcare and medication spending. Thus, supplementary health is the main source of funding for hospitals, diagnostic medicine laboratory networks, and health professionals.



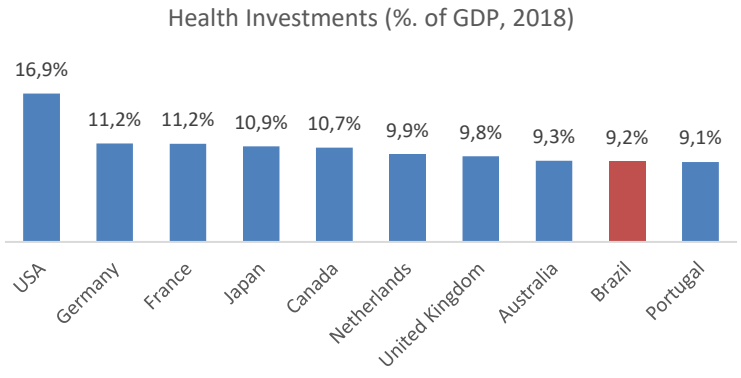
Source: World Bank, 2018

Relevance of health expenditure in Brazil as a share of its GDP

According to data released by the IBGE in the Health Satellite Account Brazil, in the period 2010 - 2017, the representativeness of health spending in the national GDP increased considerably. The final consumption of health goods and services in Brazil grew in 2017 and reached R$608 billion, corresponding to 9.2% of national GDP, compared to 8.0% of GDP in 2010. This increase in participation, explained both by the increased volume of consumption of these goods and services and by the increase in their prices, reinforces the resilience of the supplementary health sector in Brazil and the positive prognosis amid the resumption of economic growth.

Underpenetrated sector vs developed countries

In terms of health spending as a percentage of GDP, Brazil still shows levels below more developed countries. According to the World Bank, health spending in Brazil reached R$658 billion in 2018, representing 9.2% of GDP. By way of comparison, health spending in the United States represented 16.9% in 2018.



Source: World Bank, 2018

The penetration of health plan beneficiaries in Brazil, when compared to developed countries, also corroborates the massive opportunity for the consolidation sector. In December 2020, private health insurance

coverage reached 22.5% of the population, while the most recent data indicated penetration of 67.5% in the United States in 2018 and 95.5% in France in 2014.

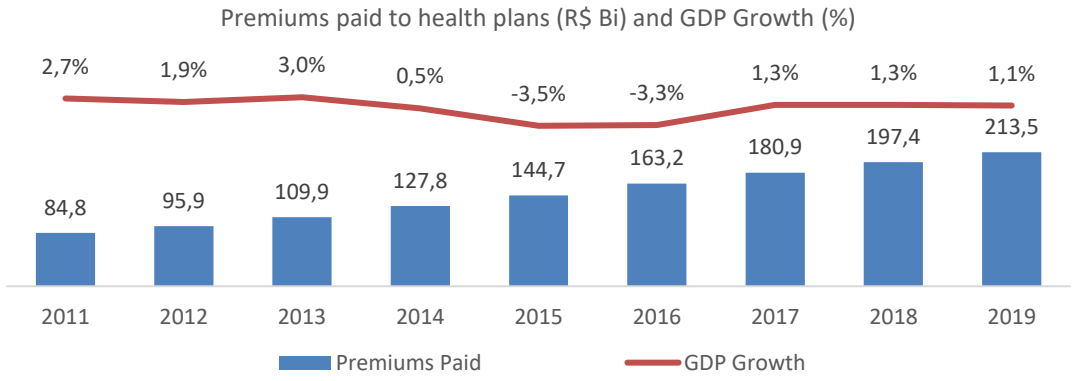
It is also understood that the consolidation and growth of the sector are linked to the opportunity to capture 38 million health and dental beneficiaries and to the existence of 584 operators with active registration with the ANS, excluding, in both cases, those located in São Paulo, Rio de Janeiro, and those that are already in our base.

SUS Challenges

Given the low investments in healthcare in Brazil, the service offered by SUS is of low quality and the system is unable to comply with its fundamental principles of universality, integrality, and equity of access to health services for all Brazilians. According to the public health evaluation conducted in 2018 by Retratos da Sociedade Brasileira magazine (CNI, June 2018), 75% of respondents evaluate the public health system as bad or terrible, a percentage that in 2011 was 61%. Factors related to the difficulty of care are the problems most mentioned by the population, such as delay or difficulty to be seen, lack of equipment, units and investments, and lack of doctors. Strengthening the population's view is the fact that the Brazilian budget dedicated to the sector is smaller than that of the other countries that have a universal public health system - the United Kingdom, Canada, Australia, France, and Sweden. In 2019, the Union invested 3.5% of its budget in health, while the other five countries spent between 15.7% and 19.0% of the government budget in the area in the same period. Thus, the trend for private-sector spending on health to increase to offset the restriction of the public subsystem combined with the gradual migration of the population to the private sector amid a scenario of resumed economic growth and higher employability expands the space for operation and boosts the growth of the supplementary health sector.

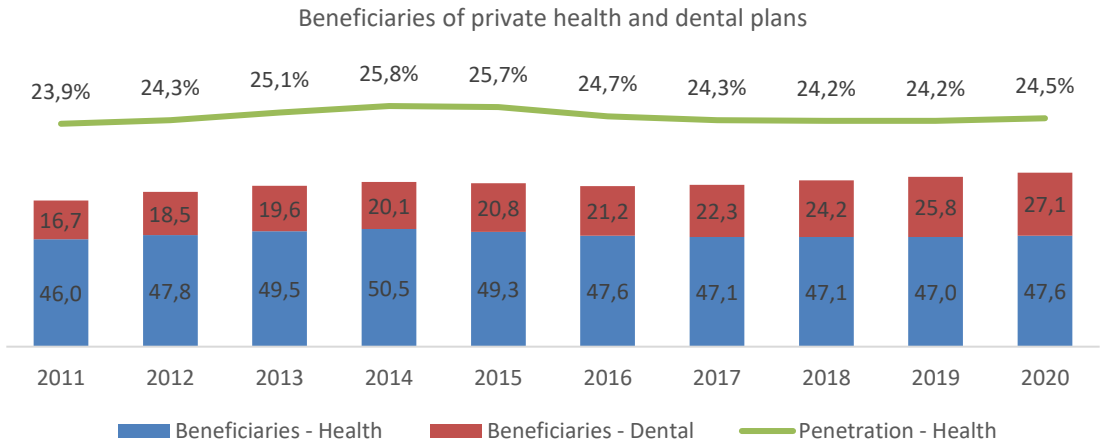
Private healthcare plans in Brazil

According to the ANS, the premiums paid in health and dental plans jumped from R$84.8 billion in 2011 to R$213.5 billion in 2019 (corresponding to a compound annual growth rate (CAGR) of 12.2% per year), and just in the first nine months of 2020, it reached R$166 billion. The constant increase in the amount of premiums paid demonstrates the resilience of the industry even in times of low economic activity and increased unemployment, as occurred during the last few years (between December 2014 and 2017), denoting the resilience of the industry.



Source: ANS

In number of beneficiaries, medical-hospital health plans increased from 46.0 million beneficiaries to 47.0 million beneficiaries between 2011 and 2019, tracking to about 48 million beneficiaries in 2020. Between 2011 and 2019, it went from penetration of 23.9% to 24.2% of the population, and in 2020 it went to 22.5%. In dental-only plans, the change was from 16.7 to 25.8 million beneficiaries, reaching 27.1 million beneficiaries in 2020. The national penetration increased from 8.7% to 13.9% between 2011 and 2020.

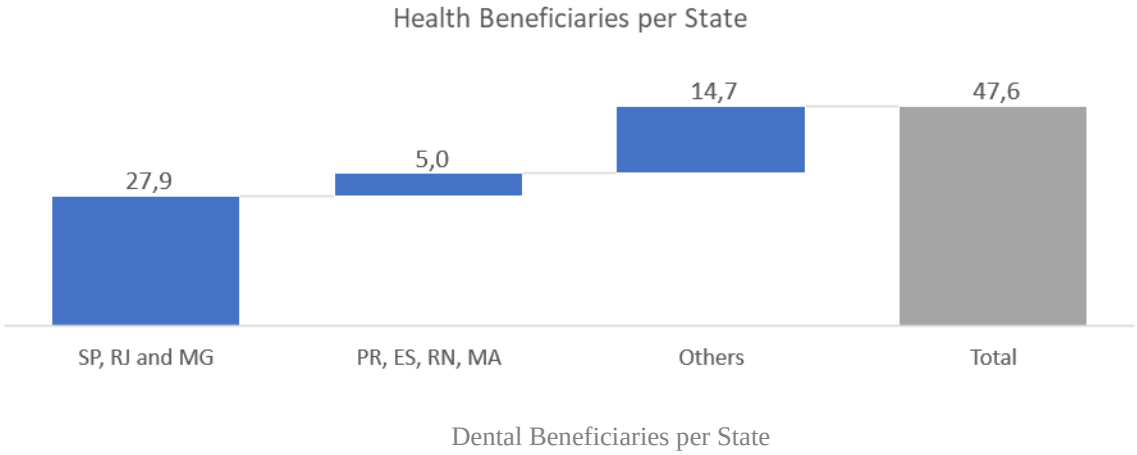


Source: ANS

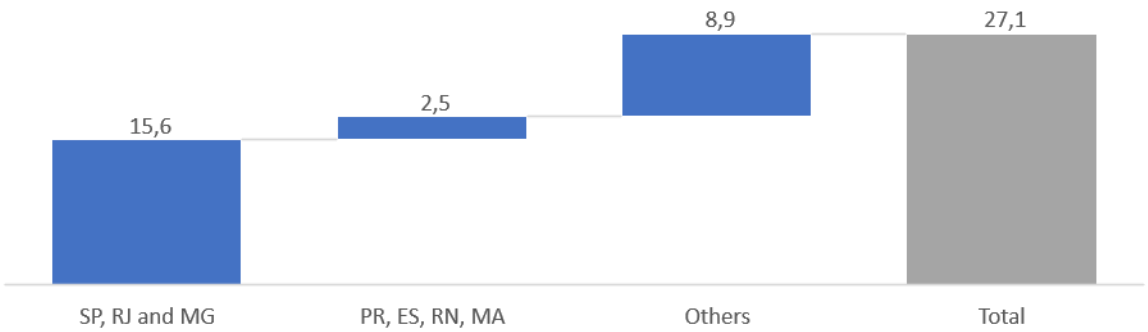
Part of this growth is due to the growing prioritization of health plans by the Brazilian population. According to a survey by Ibope Inteligência conducted in 2017 at the request of the Institute for Supplementary Health Studies (IESS), health plans are the third most desired consumer good by Brazilian families, behind only education and homeownership. Obtaining a health plan is a desire of 57% of Brazilians who do not yet have the benefit, while in 2015, this indicator was 53%. Amid Brazil's resumption of growth, we believe that a series of socioeconomic factors will support the continued and accelerated expansion of the Brazilian supplementary health sector.

Regional overview of healthcare

Between 2011 and 2014, the number of health insurance beneficiaries in Brazil grew by an average of 3.2% per year, compared to average population growth of approximately 1.0% per year, according to the ANS and IBGE, respectively. Recently, the number of beneficiaries of private healthcare plans has decreased due to the macroeconomic scenario marked by the political crisis that ravaged Brazil between 2014 and 2016 but should show an increase with the expectation of economic recovery for the coming years. In December 2020, of the 48 million beneficiaries of health plans (with and without dentistry), 27.9 million, or 58.6% of the beneficiaries, were located in São Paulo, Rio de Janeiro, and Minas Gerais. On the other hand, the states of Piauí, Paraná, Espírito Santo, Rio Grande do Norte, and Maranhão concentrated 11.2% of the beneficiaries, states where our operations are concentrated. Regarding the dental sector, in December 2020, of the 27.1 million beneficiaries in the sector, 57.7% were located in São Paulo, Rio de Janeiro, and Minas Gerais, while the states of Piauí, Paraná, Espírito Santo, Rio Grande do Norte, and Maranhão concentrated 19.7% of the beneficiaries.



[AM_ACTIVE 402997065_22]



Source: ANS

Health Plans

The private supplementary health market in Brazil is divided into plans: individual or family, corporate group, and group membership, as described below:

- Individual or family: health plans in which the contract is signed between a health insurance company and an individual for healthcare assistance to the plan's owner (individual) or the owner and his/her dependents (family group);

- Collective corporate: health plans in which the contract is signed between a health plan operator and a legal entity, such as a company, association, foundation, or union, for the assistance of certain groups of people, linked to this legal entity, and may provide for the inclusion or not of dependents. Such health plans are governed by different rules than individual contracts, with regard, for example, to adjustments and the possibility of contract termination. The beneficiaries are linked to the contracting legal entity by an employment or statutory relationship; and

- Group membership: health plans where the contract is signed between a health insurance provider and a legal entity, such as a company, association, foundation, or union. Adherence to this type of health plan by employees or members of the contracting party is spontaneous and optional. The beneficiaries are linked to the legal entities of a professional, class, or sectorial character.

Group plans, either corporate or by membership, can be further classified according to whether or not there is a sponsor:

a. Collective plan with sponsor: plans contracted with a monthly fee totally or partially paid to the health plan operator by the contracting legal entity; and

b. Collective without sponsor: plans contracted by legal entities with monthly fees paid in full by the beneficiary directly to the health plan operator.

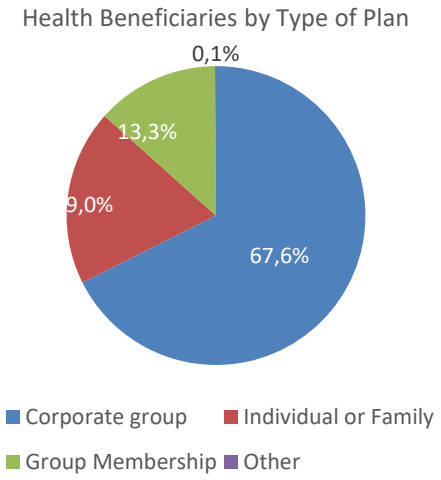
Group corporate plans, which account for approximately 73%, have become more frequent with companies including health plans for their employees, especially multinational and large companies.

The table below describes some of the main differences between group corporate plans (our main market) and individual/family plans.

Topic	**Individual or Family**	**Corporate Collective**
Adhesion.....	Free	Requires employment or statutory relationship with a legal entity
Coverage.....	According to the contract and Roll of Procedures	According to the contract and Roll of Procedures

Price and Readjustment	Automatically corrected by the beneficiary's age observed the limit imposed by the ANS	Freely negotiated with the contracting company
Members by contract	Coverage of a member	Coverage of all employees of the contracting company
Possibility of co-payment	No	Yes
Waiting period	Yes	Yes, except for contracts with 30 or more beneficiaries and for those joining the plan within 30 days of signing the contract or joining the company
Termination	Only in case of fraud and/or or default of the beneficiary	A provision in the contract and only valid for the contract as a whole
Collection	Directly to the beneficiary, by the operator	Directly to the beneficiary by the contracting Legal Entity or by the Benefit Administrator

We operate mainly in the corporate group division. In December 2020, this segment represented 61.9% of the total number of beneficiaries in its client base compared to 73.0% of private health plans in Brazil. This type of plan offers the possibility of co-payment between the contracting company and the beneficiaries, allowing greater control of medical expenses, management of payments made by the contracting company, and thus reducing the risk of default by the health operator. Collective corporate plans also present advantages that include greater freedom in price adjustments and contract termination, ensuring greater flexibility in comparison with individual plans.



Source: ANS

Dental plans

The Private Healthcare Plans Law established that private healthcare plans would include basic procedures for the prevention and maintenance of oral health. However, at the end of the year 2000, dental procedures were excluded from the reference-plan and the offer of plans with dental segmentation became optional for the sectorial operators.

There was, then, a latent increase in the demand for beneficiaries, a dammed-up supply on the part of dental plans, and difficulties of access to public services. Initially restricted to large corporations, the beneficiaries of dental plans have been growing continuously, in addition to the adherence in small and medium-sized companies, being a benefit granted together with health plans.

According to the IBGE, there were 27 million beneficiaries of dental plans in Brazil in December 2020, having presented an average compound growth of 5.5% since 2011, 5.2 p.p. above the growth of health plans. The coverage of dental plans in Brazil, which is significantly lower than that of health plans, presents great cross-selling potential between medical-hospital health plans and dental plans, and there are also regional particularities in terms of market opportunity and competitive landscape that are worth highlighting.

The growth in the adherence of dental plans in Brazil occurs mainly due to the incorporation of new segments of the population that did not have coverage, and the cost of care has strong growth at the beginning of the contract period, given the repressed demand for dental care. After this initial period, the cost of care is reduced until it reaches a maintenance level that tends to remain stable, regardless of the age of the population. This differs from the health insurance plan, given that the increase in the age of the members combined with the incorporation of new, more expensive, and non-substitutive technologies causes the cost of healthcare to grow over time.

Dental care plans should continue to grow in the future, approaching the levels of health insurance. The main factors for believing in this growth are:

a. Infeasibility for the government to fund a large part of the population that consequently does not have access to dental services;

b. Increase in private demand due to lack of coverage by the public system;

c. Cross-selling in company benefit packages with dental plans;

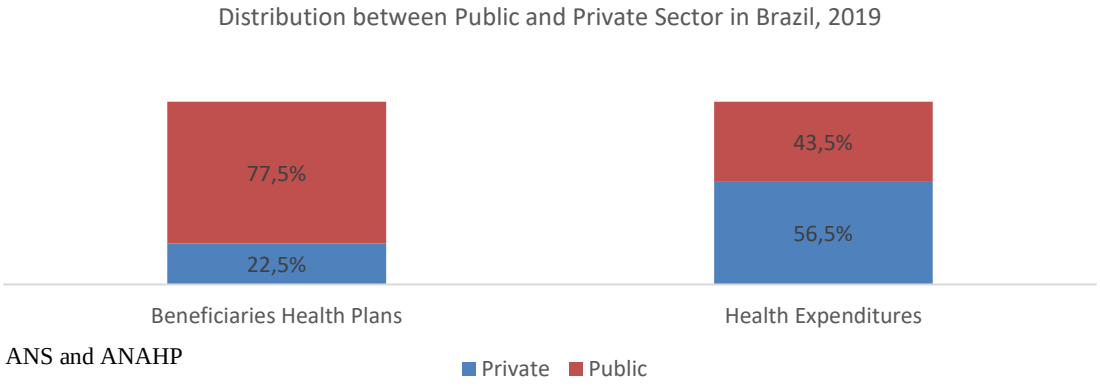
d. Gradual adoption of better oral health practices by Brazilians;

e. Affordable prices compared to healthcare plans; and

f. Consolidation Trend

Expansion of the supplementary health sector driven by low penetration

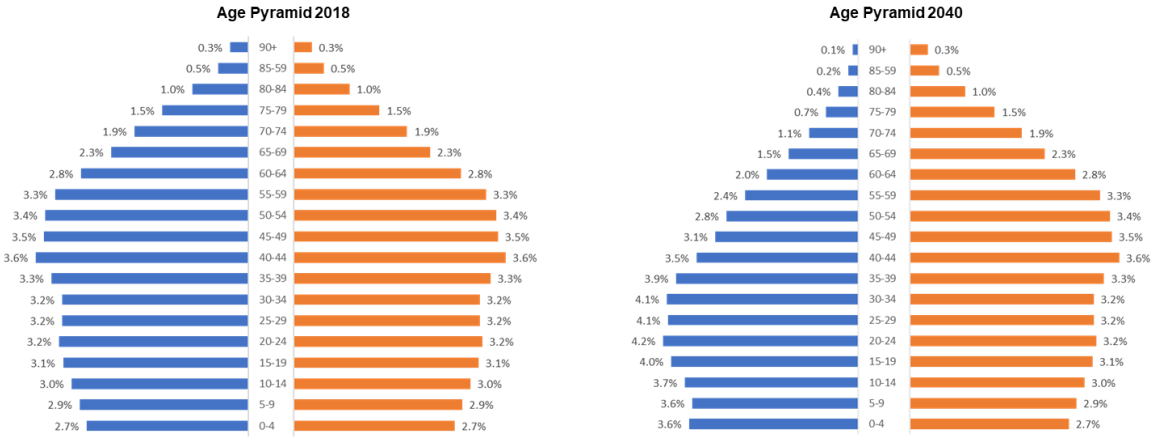
Even with high investments in the private sector, which represent 56.5% of the total health investments in Brazil, only 22.5% of the population is served by the sub-segment compared to 67.5% in the United States and due to the low *per capita* spending on health US$1,282 in Brazil compared to US$10,586 in the United States, as well as when compared to more developed countries, despite its scale, based on data from the World Bank published for the year 2018.



Source: ANS and ANAHP

Aging of the population

According to IBGE projections, the number of Brazilians over the age of 59 is expected to double between 2000 and 2030, increasing the demand for health services. With the reduction in fertility rates and the decrease in the mortality rate in Brazil, the Brazilian population is in the process of aging and inverting the age pyramid.



Source: IBGE

Sector consolidation due to high fragmentation

The health insurance carrier market in Brazil is going through a period of great consolidation. The number of health operators decreased from 1,015 in 2001 to 711 in December 2020, a reduction of 23.0%, and the number of dental plan operators decreased from 369 to 260 in the same period, a reduction of 29.5% according to the ANS. Still, when excluding what is located in São Paulo, Rio de Janeiro and what is already in our base, it is understood that there is an opportunity to capture 38 million health and dental beneficiaries and the existence of 584 operators with active registration with the ANS.

The potential for industry consolidation can be considered significant and a move that is becoming increasingly natural in light of a combination of the following operational, regulatory, and economic factors:

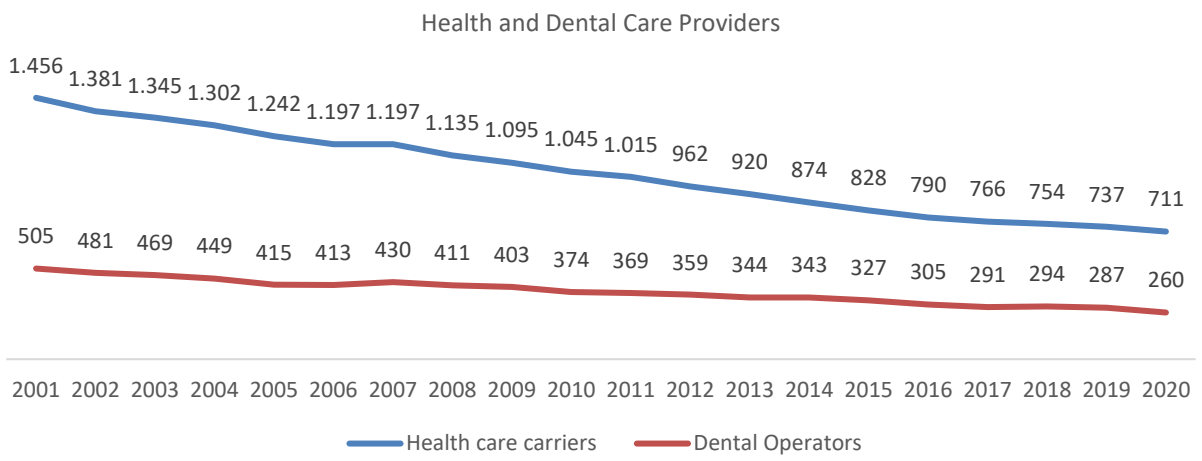
(i) narrow market operating margins, impacted by low average premiums and high medical inflation;

(ii) increase in the solvency margin requirement;

(iii) periodic revisions in the Roll of Procedures and Health Events, defined by the ANS for consultations, exams, and treatments of mandatory coverage by health insurance companies, including more and more high-cost procedures.

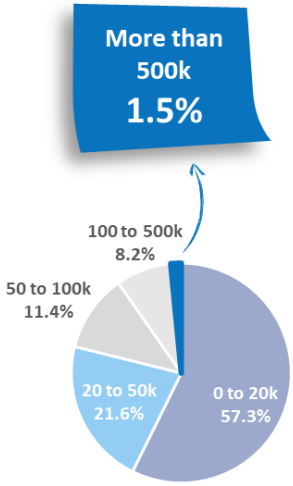
(iv) Publication of Law No. 13,097, on January 19, 2015, as amended ("Law 13,097/15") authorizing the entry of foreign capital, previously restricted to plans and insurance, in the healthcare sector, encompassing direct and/or indirect operations in hospitals (including philanthropic), clinics, and laboratories.

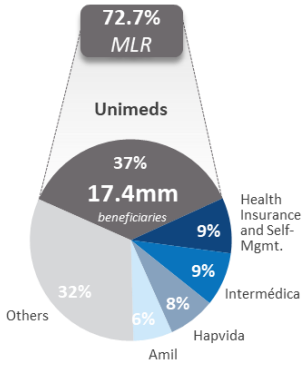
However, despite the accelerated consolidation, the market remains fragmented. According to the ANS, in December 2020, the five largest operators represented only 29.2% of the sector. Furthermore, of the 711 health operators in December 2020, only 2.2% had more than 500 thousand beneficiaries, 7.8% operators had portfolios with more than 100 thousand members, and 58.1% operators had portfolios with less than 20 thousand members.



Source: IESS and ANS

There is a potential for consolidation in the sector that can be considered significant and a movement that is becoming increasingly natural given the low concentration of health operators and dental operators. In December 2020, while the nine largest health operators represented 38.9% of the market, the 14 largest dental operators had a 75.6% share of the current coverage. Furthermore, the data above show that approximately 10.0% of the total operators would fit into the large size category according to the ANS, having a portfolio with more than 100,000 beneficiaries. These factors add up to a market where Unimeds hold 37% of the *market share* with approximately 17.4 million beneficiaries and an inefficient business model (MLR of 72.7%), according to the ANS, which can strengthen the prognosis of market consolidation to the extent that active small and medium-sized operators are absorbed by those with larger portfolios, scale of operation and efficiency.





Source: Benefits RH and ANS. Athena Saúde, Hapvida, Intermédica, Amil, Bradesco Saúde and SulAmérica only consider closed M&As

Note: Considers health and dental beneficiaries. Considers only closed M&As. Market in case acquisitions are concluded

Opportunities for the private sector (SUS) and macro

Given the limited capacity that the SUS has and the low perception of quality that the population has with the system, there is a great potential for the private system to acquire new members to supply the existing repressed demand in the supplementary health sector.

On the other hand, there is a strong correlation between the performance of the Brazilian economy, with the generation of formal jobs, and the number of beneficiaries of private health plans in Brazil. According to the ANS, during the 2015-2016 biennium, in which there was an accumulated drop of 7.0% in GDP and a reduction of 3 million formal employment positions, the beneficiary base decreased by about 3.0 million, a volume never before recorded in Brazil. At the end of this period, according to the General Cadastre for Employed and Unemployed (CAGED), the unemployment rate reached 12% in Brazil, close to what would become its highest unemployment rate in history, recorded in the first quarter of 2017 and equivalent to 13.7%, explaining the relationship between the total number of beneficiaries of private health plans and formal employment.

With the potential recovery of the economy and, consequently, of formal jobs in Brazil, the number of private health insurance beneficiaries is expected to grow. It was expected that the GDP in Brazil would resume growth in 2020, however, with COVID-19, this expectation was revisited to -6.0% in the period. But the outlook is positive for the coming years. According to BACEN, Brazil's GDP is expected to grow by 3.6% in 2021 when compared to 2020.

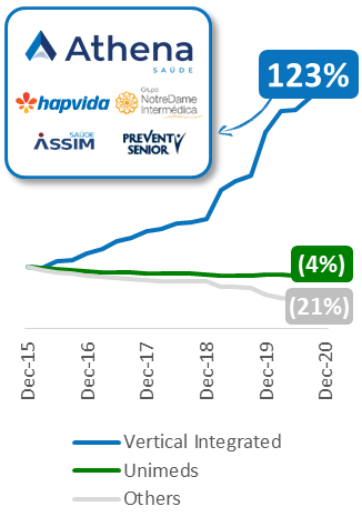
Such growth and strengthening of the economy are accompanied by a reduction in the unemployment rate, which has fallen from 14.1% in November 2020 to a projection of 11% in 2022.

Thus, the tendency for private sector health spending to increase to compensate for the restriction of the public subsystem combined with the gradual migration of the population to the private sector amid a scenario of resumed economic growth and greater employability expands the space for operation and drives the growth of the supplementary health sector.

Verticalization of the operators - a competitive advantage and focal point in the consolidation of the supplementary health sector

It can be said that by managing to align the interests of the main components of the sector, the vertical health operators have positioned themselves in a favorable way to take advantage of the natural consolidation of the supplementary health sector, and have thus expanded their market shares in recent years. The integration of hospitals, laboratories and other service providers, whose profitability comes, above all, from the volume and complexity of the services provided, and the operators, which aim to reduce costs and volume of interventions in their beneficiaries, facilitates the achievement of a growth and profitability profile superior to others due to the coverage of their own network, reduced dependence on the accredited network and consequent reduction of the amount to be spent on the accredited network. In addition, the outdated offer of hospital beds in Brazil limits the expansion of operators dependent on the accredited network.

The increased relevance of verticalized operators also does not seem to be dependent on a pressure on the level of service provided or on profitability, since the monthly fees of health plans and medical-hospital costs, as well as the complaint index computed by ANS, are on average indicators in which verticalized companies are ahead of non-verticalized companies, with higher growth of beneficiaries: lower monthly fees, lower complaint index, and lower claims.



Source: ANS in December 2020 | Note: Integrated and verticalized *players*: Athena Saúde, Hapvida, Intermédica, Assim Saúde and Prevent Senior. Unimeds: considers all Unimeds.

Therefore, from an economic point of view, a trend that can be observed in the next inorganic moves in the supplementary health sector are the acquisitions of verticalized health operators with hospital assets.

REGULATORY OVERVIEW

General Regulation Applicable to Our Activities

Our activities and operations are subject to compliance with federal, state and municipal laws, as well as with regulations and to obtaining permits, licenses and specific authorizations related to our activities. We do not need specific approvals from public agencies for the development of our activities. Historically, we have always obtained the necessary governmental authorizations for the development of our enterprises.

In the event of violation or non-compliance with the rules resulting from the regulations listed above, and/or failure to obtain or renew the applicable licenses, permits, and authorizations, we may be subject to administrative penalties, such as the imposition of fines, embargoes, suspension or cancellation of licenses, permits, and authorizations required for our operation, in addition to other applicable civil and criminal penalties, depending on the violation and its gravity.

Regulation of the Supplementary Health Sector

The Federal Constitution recognizes the right to health as a fundamental right of the citizen, and it is the State's responsibility, in addition to providing public assistance, to issue regulations for the protection of health and for the provision of medical services in the private sphere. In this sense, the Brazilian Federal Government created the Unified Health System ("SUS") to guarantee universal free access to the right to healthcare, and ensured that healthcare is free to private initiative.

The private sector, in turn, can also complement the attributions of the public sector through public law contracts or agreements. The operation of the healthcare system is materialized through the provision of services by private legal entities, and is also financed by healthcare plan operators, which fit into this area in a supplementary way. Federal Law No. 9,656, of June 3, 1998 ("Private Healthcare Plans Law" or "Law No. 9,656/98") defines the regulation related to private healthcare plans, establishing rules for the constitution, organization, operation and inspection of the companies that operate these plans.

It is also important to highlight that article 199, §3, of the Federal Constitution of 1988 establishes that the direct or indirect participation of foreign companies or capitals in healthcare in Brazil is forbidden, except in the cases foreseen by law. Article 1, §2, of the Private Healthcare Plans Law foresees an exception to the referred general rule, authorizing the participation of individuals or legal entities resident or domiciled abroad in the capital of the operators or in their capital increase. In addition, Federal Law No. 13,097, of January 19, 2015 ("Law 13,097/15"), introduced new and broad exceptions to the constitutional prohibition on the direct or indirect participation of companies or foreign capital in healthcare activities. Among them, it recognized that direct or indirect participation, including control, of companies or foreign capital is allowed in legal entities destined to polyclinics, general clinics and specialized clinics.

Among the provisions of the Private Healthcare Plans Law and the regulations of the ANS it is worth mentioning: (i) the prohibition of participation of a benefit administrator and an operator belonging to the same economic group in the same contractual relation; (ii) the establishment of personal responsibility of the managers of healthcare plans; (iii) the prohibition of carrying out any financial operations by health plan operators with (iii.1) their directors and members of the administrative, advisory, fiscal or similar boards, as well as their respective spouses and relatives up to and including the second degree, and (iii.2) a company in which the persons referred to in item "(iii.1)," as long as they are, jointly or separately, considered to be the company's controllers; (iv) the duty to present periodical registration and accounting information, plan of accounts, accounting statements and beneficiary information, all instruments for monitoring management information and economic-financial and equity control of the companies (v) the operators of private healthcare plans are not, in principle, subject to bankruptcy or civil insolvency, but only to the extrajudicial liquidation regime, including the possibility of instauration of the fiscal or technical regime or alienation of the portfolio, in cases of insufficiency of the guarantees of financial balance, serious economic-financial or administrative abnormalities that put at risk the continuity or the quality of healthcare; and (vi) the obligation to provide healthcare services in accordance with the mandatory minimum stipulated by the ANS and in accordance with the contracted assistance segmentation.

In this way, to better structure the regulatory function of the State in the supplementary health sector, the ANS was created as an entity for regulation, standardization, control and inspection of these activities, by Federal Law No. 9.961, of January 28, 2000 ("Law No. 9.961/00").

National Supplementary Health Agency - ANS

The ANS is a regulatory agency linked to the Ministry of Health, with administrative, financial, patrimonial, and human resources management autonomy, autonomy in its technical decisions, and a fixed term of office for its directors. This agency has the institutional purpose of promoting the defense of public interest in supplementary healthcare, regulating private sector operators, including their relations with service providers and consumers, contributing to the development of health actions in Brazil.

Since its creation, ANS has regulated the supplementary health sector, issuing specific norms, among which we can highlight (i) the obligation to proceed with the necessary capitalization, in compliance with the limits of Base Capital - CB for the beginning and continuity of the activities of the operator, as per article 8 of ANS Normative Resolution No. 85, of December 7, 2004 ("RN ANS No. 85/04"), and in accordance with the criteria established by ANS Normative Resolution No. 451, of March 6, 2020 ("RN ANS No. 451/20"); and (ii) the obligation to bind guarantor assets, such as shares, bonds or securities, in accordance with ANS Normative Resolution No. 392, of December 9, 2015 ("RN ANS No. 392/15") and Normative Instruction of the Board of Standards and Qualification of Operators No. 54, of April 10, 2017 ("IN ANS No. 54/17").

It is worth noting that RN ANS No. 451/20, which establishes the criteria for defining the regulatory capital of healthcare plan operators, recently revoked ANS Normative Resolution No. 209, of December 22, 2009 ("RN ANS No. 209/09"), which established the criteria for maintaining Minimum Own Resources, Operational Dependence, and the constitution of Technical Provisions that must be observed by operators of private healthcare plans.

RN ANS No. 451/20 establishes the criteria for defining the regulatory capital of healthcare plan operators, the regulatory capital being defined as the minimum limit of Adjusted Net Equity that the operator must observe at any time, as defined in item IV of Article 2 of this standard. Currently, such value is defined by the highest amount between the base capital and the solvency margin. The base capital is a fixed amount to be observed at any time, according to the modality, segmentat and region of marketing, as set forth in Annex I of RN ANS 451/20. The solvency margin, on the other hand, is a variable amount to be observed according to the volume of claims and indemnifiable events assessed by the operator, as defined in section II of Chapter II of ANS RN 451/20.

RN ANS No. 451/20 also provides the possibility for the operator to opt for the new Risk-Based Capital ("CBR"), which is calculated based on its own risk, or to remain in the current solvency margin model, which takes into consideration only its billing volume of claims and events. Until December 31, 2020, the CBR calculation foresees parameters only for the underwriting risk, as detailed in Annex III of ANS RN 451/20. Subsequently the other risks will be incorporated: credit, until December 2020, operational and legal, until June 2021, and market risk, until December 2022, as indicated in article 16 of RN ANS 451/20. According to the regulation, by 2023, operators must already be adapted to Risk-Based Capital, when the solvency margin will be extinct and the use of risk-based capital will become mandatory.

The ANS also regulates several other situations, ranging from standards of coverage and quality of healthcare, essential and specific attributes of the health plans that serve as reference for all contracts that may be signed, and specific definitions such as minimum coverage, prices per age group, forms of access to the private healthcare plan (individual and/or family modalities; corporate group; or group membership), forms of access to treatment, regulation mechanisms, waiting periods, or territorial coverage of each health plan.

Due to the public health emergency resulting from the COVID-19 pandemic, several measures have been taken by governments in order to mitigate the risks and consequences generated by the pandemic. In this sense, the ANS has included the serological test for the new Coronavirus in the list of mandatory coverage for health plans, under Normative Resolution No. 460, of August 13, 2020 ("RN ANS No. 460/20"). The procedure has become mandatory coverage for health plans in the outpatient, inpatient (with or without obstetrics) and reference segments.

It is worth mentioning that, previously, the Agency had already included the detection test and six other tests that aid in the diagnosis and treatment of the new Coronavirus in the list of mandatory procedures for beneficiaries of health plans, through Normative Resolutions 453 and 457, respectively.

Other measures were determined by ANS to mitigate the consequences and risks related to the disease, among them the following: (i) health insurance companies must make available on their internet portals and disseminate, through their relationship channels, information about the service and the COVID-19 pandemic; (ii) operators must make available specific service channels to provide clarifications and information about the disease to their users; (iii) carriers must orient their beneficiaries regarding the need for social isolation and the adoption of long-distance communication and the maintenance of basic hygiene care to avoid the disease (medical advice by telephone or other technologies that allow, in a remote manner, the exchange of information for diagnosis, treatment and prevention of diseases); and (iv) carriers must make remote care available using information technology and communication resources in the manner prescribed in the resolutions of the respective councils of health professionals and the ordinance issued by the Ministry of Health, etc.

Classification according to the type of operator

The companies that operate in the supplementary health sector are classified as such:

(i) Benefit administrator - legal entity that proposes the contracting of a collective plan in the capacity of contracting party, or else provides services to legal entities contracting private collective healthcare plans, developing at least one of the following activities: (i.1) promoting a meeting between contracting legal entities; (i.2) contracting a collective private healthcare plan, in the condition of stipulator; (i.3) offering plans to members of the contracting legal entities; (i.4) technical support in the discussion of operational aspects, such as (a) negotiation of adjustment, (b) application of regulation mechanisms by the health plan operator, and (c) alteration of the assistance network.

(ii) Medical cooperatives - non-profit organizations established in accordance with Federal Law 5.764, of December 16, 1971 ("Law 5.764/71"), which exclusively operate medical-hospital plans.

(iii) Dental cooperatives - non-profitable companies established according to the provisions of Law 5.764/71, which exclusively operate dental plans.

(iv) Philanthropic institutions - non-profit entities that operate private healthcare plans.

(v) Self-Management - legal entities or non-profit entities that operate health plans aimed exclusively at active employees, retirees, pensioners or former employees of one or more companies, or even participants and dependents of associations of individuals or legal entities, foundations, unions, class entities or the like and their dependents.

(vi) Specialized Health Insurers - insurance companies authorized to operate health plans, as long as they are constituted as insurance companies specialized in this type of insurance, and their bylaws must prohibit them from operating in any other classes or types of insurance, regulated by the ANS;

(vii) Group Medicine - other companies or entities that operate health plans; and

(viii) Group Dentistry - other companies or entities that exclusively operate dental plans.

Classification as to the type of healthcare coverage

For each segment, there is a list of procedures with mandatory coverage described in the Roll of Procedures and Health Events edited by the ANS and revised every two years. These determinations are valid for all contracts signed after January 1st, 1999, or adapted to Law 9656/98 (new plans).

(i) outpatient coverage: in this coverage the provision of health services is guaranteed, which includes medical consultations in clinics or offices, exams, treatments and other outpatient procedures. Emergency care is limited to the first 12 hours of care. The performance of procedures that are exclusive of hospital coverage remains under the responsibility of the beneficiary, even if they are performed in the same service delivery unit and in a timeframe shorter than 12 hours.

(ii) hospital coverage without obstetrics: guarantees the provision of services in an inpatient regime, with the exception of childbirth care. The legislation does not allow hospitalization time limits. When the emergency care is provided during the waiting periods, it must cover the same coverage as that established for the plan or insurance of the outpatient segment, not guaranteeing, therefore, hospitalization beyond the initial 12 hours.

(iii) hospital and obstetric coverage: in addition to the hospitalization regime, care during childbirth is also included. Assistance coverage is also guaranteed to the newborn baby, natural or adopted child of the contracting party, or of his/her dependent, during the first 30 days after delivery. In case of need for medical-hospital assistance due to the gestational condition of patients still serving the waiting period, the operator must provide coverage equal to that established for the plan in the outpatient segment, not guaranteeing, therefore, hospitalization beyond the initial 12 hours.

(iv) coverage of the Reference Segment plans: instituted by Law 9656/98, the Reference plan encompasses medical-ambulatory and hospital care with obstetrics and accommodation in infirmary rooms. Its minimum coverage was also established by Law 9,656/98, and the urgent and emergency care must be integral after 24 hours of its contracting.

(v) Exclusively dental coverage: this health plan assistance segmentation guarantees dental assistance, comprising consultations, exams, urgent and emergency dental care, auxiliary or complementary exams, treatments and other procedures carried out in an outpatient environment requested by the assistant dentist with the purpose of complementing the patient's diagnosis that are determined in the Roll of Procedures and Health Events.

In regards to the collective corporate plan, the retiree or the ex-employee that was dismissed or laid off without just cause, who used to pay for the costing of his/her private health plan, has the right to maintain the conditions of assistance coverage that he/she enjoyed when the labor contract was in force, as long as he/she assumes the full payment of this benefit. The employing company is obligated to maintain the retiree or ex-employee that was dismissed or resigned without just cause in the plan while the benefit is offered to the active employees, as long as the retiree or ex-employee that was dismissed or resigned without just cause has contributed to the costing of his/her private health plan and he/she is not hired in a new job.

The decision of the retiree or ex-employee dismissed without just cause to remain in the plan must be informed to the employing company within 30 days as of the communication from the employer about the right to maintain the enjoyment of the benefit. It is important to point out that the maintenance to the private health plan, by the retiree, by the dismissed ex-employee or by the one dismissed without just cause, is variable according to the time these beneficiaries have contributed to the plan. Furthermore, the right to the maintenance of the health plan is obligatorily extended to the family group that was enrolled when the labor contract was in effect, if the retiree or the dismissed or retired ex-employee so wishes. In the case of death of the retiree or the dismissed or retired ex-employee, their dependents remain in the plan for the remainder of the time to which the beneficiary was entitled. If we fail to comply with the legislation referring to the guarantee of beneficiary access and coverage for beneficiaries who are laid off or dismissed without just cause, or the retiree and his family group, it may be subject to sanctions, such as a fine in the amount of R$30,000.00.

Classification according to Hiring Form

The forms of contracting health plans are:

(i) Individual or Family Plan - a plan signed between an individual and the operator. The coverage extends to the holder or the holder and the family group. The individual plan is free to join. The values and annual premium adjustment indexes of these health plans are determined by the ANS. Unilateral rescission can only occur in case of fraud and/or lack of payment. Finally, billing is done directly to the consumer by the health insurance provider.

(ii) Collective plans - a collective health plan is the one contracted by a company, council, union or association with the health plan operator to offer medical and/or dental assistance to the people linked to this company and to the dependents of these people. It can be a group health plan or a group membership plan. The plans can be increased when there is a change in the age bracket, according to criteria defined by the ANS, and once a year, due to cost variation, on the anniversary date of the contract. In group plans, the cost variation adjustment index is defined

according to the contractual norms freely established between the health insurance carrier and us that contracted the plan. This adjustment must be communicated to the ANS by us that sells the plan within 30 days of its application.

In group contracts, the conditions for rescission or suspension of coverage must be provided in the contract itself. Furthermore, a group health insurance contract can be interrupted specifically for one of the plan's beneficiaries in the following cases: the entitled beneficiary ceases to be an employee of the contracting company (for dismissal and retirement there are specific rules); the dependent beneficiary ceases to be a dependent of the plan's holder - in this case, the service can only be interrupted for the dependent.

According to article 1 of ANS Normative Resolution 455/2020, in compliance with the sentence handed down in Public Civil Action No. 0136265-83.2013.4.02.51.01, the sole paragraph of article 17 of ANS Normative Resolution 195/2009 was annulled. The provision allowed the healthcare plan contracts to establish a minimum term of 12 months and to condition unmotivated termination upon the expiration of this minimum term and prior notification within 60 days.

ii.1 - Corporate Collective Plan: plan signed between a legal entity (company in general and public authority) directly with a healthcare plan operator, or by adhesion to a contract signed between the operator and a benefit administrator, to benefit a delimited population linked to the legal entity by an employment or statutory relation. The beneficiaries can be employees or public servants, dismissed and retired employees, partners, administrators, and trainees of the contracting company. As dependents, their family members can participate, respecting the degrees of kinship foreseen in the legislation: up to the 3rd degree of kinship by blood, up to the 2nd degree of kinship by affinity, and spouse or partner.

ii.2 - Collective Membership Plan - a plan signed between professional associations and/or class entities directly with the operator, or by adhesion to a contract signed between the operator and a benefits administrator. It requires a link with a professional association or union. The beneficiary is responsible for the monthly payment of the plan, and the payment of the invoice to the operator is the responsibility of the contracting or contracting party.

It is worth noting that contracts whose object is to offer a health plan must follow specific rules, which are provided, mainly, in the following norms: Law No. 9,656/98; ANS Normative Resolution No. 195, of July 14, 2009 ("ANS RN No. 195/09"); and Annex I of ANS-DIPRO Normative Instruction No. 23, of December 1, 2009 ("IN-DIPRO No. 23/09"), as amended by ANS-DIPRO Normative Instruction No. 45, of October 3, 2014 ("IN-DIPRO No. 45/14"). Non-compliance with the regulatory requirements subjects the operators to the sanctions set forth in ANS Normative Resolution 124, of March 30, 2016 ("RN ANS nº 124/16"), such as fines of up to R$80,000.00 per infraction.

Adjustment due to age range change

The adjustment for age change occurs according to the variation in the beneficiary's age and can only be applied in the authorized ranges. It is provided for because, in general, for natural reasons, the older a person gets, the more necessary healthcare becomes and the more frequent is the use of services of this nature. For this reason, the health insurance contract must provide for a percentage increase for each change in age group. The adjustment rules for age bracket variation are the same for individual/family health plans or group plans. The age ranges for adjustment vary according to the contracting date of the plan and the variation percentages must be expressed in the contract. See, in the table below, the rules for applying this type of adjustment.

Hiring	Age brackets for adjustment	Remarks
Until January 2, 1999.....	-	You must follow what is written in the contract.
Between January 2, 1999 and January 1, 2004.....	0 to 17 years 18 to 29 years old 30 to 39 years old 40 to 49 years old 50 to 59 years old 60 to 69 years old 70 years and older	The Supplementary Health Council Resolution (CONSU) No. 06, of November 3, 1998, determines that the price of the last range (70 years or more) can be, at most, six times higher than the price of the initial range (0 to 17 years). Consumers over 60 years old and who have been participating in the contract for more than 10 years cannot suffer the variation due to the change in age bracket.

Hiring	Age brackets for adjustment	Remarks
After January 1, 2004 (the Statute of the Elderly came into effect)	0 to 18 years 19 to 23 years old 24 to 28 years old 29 to 33 years old 34 to 38 years old 39 to 43 years old 44 to 48 years old 49 to 53 years old 54 to 58 years old 59 years and older	Normative Resolution No. 63, published by the ANS on December 22, 2003, determines that the value set for the last age group (59 years or older) cannot exceed six times the value of the first group (0 to 18). The resolution also determines that the cumulative variation between the seventh and tenth bands cannot be greater than the cumulative variation between the first and seventh bands.

Adequacy of the contracts signed with Service Providers

Article 17-A of Law 9,656/98 determines that written contracts between the operators and their service providers are mandatory, establishing minimum criteria that must be expressed in clauses that define the parties' rights, obligations, and responsibilities.

As a result, ANS has issued, mainly, the following resolutions that regulate the above mentioned legal provision: ANS Normative Resolution No. 363, of December 11, 2014 ("RN ANS No. 363/14"); ANS Normative Resolution No. 364, of December 11, 2014 ("RN ANS No. 364/14"); ANS Normative Resolution No. 365, of December 11, 2014 ("RN ANS No. 365/14"). The rules specify how the minimum criteria must be contractually established, among which the main ones are (i) object and nature of the contract; (ii) description of the services; (iii) definition of values, criteria and form of the contracted services; (iv) definition of adjustment of the contracted services; (v) temporary limits and procedures for billing and payment; (vi) identification of acts, events and procedures that require the operator's authorization; (vii) term; (viii) criteria and procedures for renewal and termination; and (ix) penalties.

Furthermore, RN ANS No. 363/14 prohibits practices and conducts, such as requiring exclusivity in the contractual relationship and establishing rules that prevent the provider from contesting disallowances. In cases where there is no contractual provision for free negotiation with the only form of adjustment and/or when there is no agreement between the parties, ANS No. 364/14 will be applicable, which addresses the definition of the adjustment index to be applied by healthcare plan operators to their service providers. The definition of the adjustment should be applied on the anniversary date of the contract by the ANS and will be limited to the National Wide Consumer Price Index ("IPCA"), corresponding to the accumulated value in the 12 (twelve) months prior to the anniversary date of the written contract.

Also, according to the aforementioned regulation, there is no distinction between contracts signed by insurers (with their referenced network) or by operators (with their own or accredited network), and the rule applies to all of them.

Non-compliance with ANS regulations regarding mandatory requirements for network contracts may lead to the application of penalties to operators. According to article 43 of RN ANS No. 124/06, non-compliance may lead to the application of penalties ranging from a warning to the imposition of fines of up to R$35,000.00 per infraction.

Operation Authorization and ANS Registration

To operate in the health insurance sector, an entity needs to obtain an operating authorization from the ANS. The Operation Authorization is conditioned to obtaining the Operator Registration and the Product Registration. Since the publication of ANS Normative Resolution No. 189 of April 2, 2009 ("RN ANS No. 189/09"), the Operation Authorization no longer has a validity period. With this, operators that have Authorization to Operate must maintain their regular status with regard to registration information, economic-financial data and requirements and other relevant aspects of the legislation, under penalty of having this authorization revoked at any time.

To maintain the regular status of the Operator Registration, operators of private healthcare plans must notify any changes in the general conditions for the concession of the Operation Authorization established in RN ANS nº 85/04.

To maintain the regularity of Product Registration, all the operating conditions described in the initial application must remain unchanged, and the operator must, therefore (i) ensure the uniformity of the operating conditions approved by ANS for all beneficiaries linked to the same plan; (ii) send regularly to ANS the information related to the plan, provided for in the legislation in force; (iii) not change the characteristics of the plan outside the cases provided for in the legislation, or without observing the procedures defined by ANS; (iv) maintain the capacity of the service network to guarantee full coverage, and in the ANS Roll of Procedures and Health Events, proceeding with the appropriate updates, according to the procedures set forth in the regulations; (v) keep the Technical Note of Product Registration - NTTRP updated, according to the specific norms of ANS; and (vi) maintain a production flow of assistance services compatible with the universe of beneficiaries assisted and with the assistance segmentation of the plan. Product Registration may be temporarily suspended for marketing or availability purposes in the following cases: (i) by determination of ANS, in the case of noncompliance with conditions for maintaining the registration and in the other cases foreseen in the regulations; and (ii) at the request of the operator.

According to the Private Healthcare Plans Law, the benefit plans are divided into four specific segmentations: outpatient, obstetric, inpatient and dental, which can be offered separately or in combination. The Companies are duly registered with ANS under ns 337510 (Medplan Assistência Médica Ltda.); 357511(Humana Assistencia Médica Ltda); 348180 (Santa Rita Saude S. A.); 342033 (Samp Espírito Santo Assistência Médica Ltda.); 369373 (Pro Salute Serviços Para Saúde Ltda.); 392391 (Hospital Marechal Cândido Rondon S.A.); 412538 (Unihosp Serviços de Saúde S.A.) as healthcare plan operators and are currently classified as "Group Medicine."

Besides the Authorization to Operate, it is worth mentioning that operators must be registered with the competent Professional Council, such as the Federal Council of Medicine, and are subject to the regulations of the class entity. We make our best efforts to maintain its regularity before the ANS and class entities.

Penalties Established by ANS

The infractions to the provisions of the Private Healthcare Plan Law, as in effect, as well as its regulations and the provisions of the contracts signed between the operators and service providers or operators and health plan contracting parties, subject the operators, their directors, administrators, members of the board of directors, deliberative, consultative, fiscal and similar members to the penalties established in NR. 124/06, without prejudice to the applicable civil and criminal penalties. In general, the sanctions established in NR. 124/06 are: warning; monetary fine; cancellation of the operation authorization and alienation of the operator's portfolio; suspension from exercising the position; temporary inability to exercise a position in any healthcare plan operator; and permanent inability to exercise management or board of directorships at any operator, as well as in private pension plan entities, insurance companies, insurance brokers and financial institutions.

The aforementioned fine is fixed and applied by the ANS, in an amount not less than R$5,000.00 and not more than R$1 million, per infraction, according to the economic size of the operator and the seriousness of the infraction, taking into consideration the aggravating and attenuating situations, as well as any recurrence. It is also worth mentioning §6º of article 19 of the Private Healthcare Plans Law, which establishes a daily fine of R$10,000.00 for cases in which we act without the proper registration with the ANS. The infractions are verified through administrative proceedings, and ANS is responsible for the regulation of deadlines, appeals, effects, instances, etc.

Regulations applicable to health service providers

In order to exercise activities in the healthcare sector, healthcare service providers (for example, hospitals in the case of some of our subsidiaries) must have a sanitary permit issued by the State or Municipal Sanitary Surveillance ("LOCAL VISA"). According to Federal Law No. 6.437, dated August 20, 1977 ("Law 6.437/77"), failure to comply with sanitary requirements may subject the establishment, after an administrative proceeding is conducted, to the following penalties: (i) warning; (ii) fine from R$2,000.00 to R$1,500,000.00 (the amount determined by the agency depends on the severity of the infraction and may be applied in double in case of recurrence); (iii) cancellation of the sanitary license of the establishment; and (iv) partial or total interdiction of the establishment.

Health service providers should maintain a record with the National Health Establishment Registry ("CNES"), issued by the Ministry of Health and created by Ordinance No. 403, of October 20, 2000 ("Ordinance No. 403/00"), which is a base for health information systems. Its purpose is to provide information about the current operating conditions of the health services infrastructure at all levels, that is, Federal, State and Municipal. For this reason, the CNES must be updated every six months, as required by the Ordinance of the Ministry of Health No. 118, of February 18, 2014 ("Ordinance No. 118/14").

Every establishment that performs activities involving radioactive and nuclear materials, especially the radiotherapy service, as well as all the equipment and radioactive sources used must be authorized by the National Nuclear Energy Commission ("CNEN"), created by Federal Law No. 4,118, dated August 27, 1962 ("Law No. 4,118/62"). In a situation in which an establishment exercises nuclear or radiological activities without the proper authorization, CNEN may determine the suspension of the activities of such facilities and the health license may not be obtained or renewed. The licensing of establishments employing X-ray devices (medical or dental radiodiagnostic service) is incumbent upon the LOCAL VISA, and establishments must also comply with the provisions of ANVISA's Collegiate Board Resolution No. 330, dated December 20, 2019 ("RDC No. 330/2019"). The use of X-ray devices without proper licensing and non-compliance with applicable regulations constitutes a health violation under Law No. 6,437/77, without prejudice to other applicable state and municipal regulations.

Private health service entities, providing medical and hospital diagnostic and/or treatment services, must be registered with the Regional Medical Council ("CRM") of the jurisdiction in which we are located, pursuant to Federal Medical Council Resolution No. 1980/2011. The registration is also applicable to each subsidiary, branch, and units of a company if they provide healthcare services. This registration is valid for 1 year from the date of registration, and its renewal must be requested annually. In case of execution of activities without proper registration or non-compliance with the CRM requirements, the establishment may be subject to penalties such as (i) warning; (ii) fines; and (iii) cancellation of registration, depending on the specific case.

According to Federal Law No. 13,021 of August 8, 2014, establishments with exclusive internal pharmaceutical facilities ("hospital pharmacy" or "private pharmacy") must be registered with the applicable Regional Pharmacy Council ("CRF") to regulate the exercise of the pharmaceutical profession. In addition to the registration certificate, establishments exercising pharmaceutical activities must have a legally qualified pharmacist acting as the responsible technician. In case of exercise of activities without the due registration or non-compliance with the CRF, we may be subject to penalties, such as fines and not obtaining or renewing the sanitary license in force.

It is worth noting that depending on the activities developed, additional registrations may be necessary, including at the municipal and state levels. We make every effort to obtain and renew the necessary licenses, registrations and permits within the regulatory timeframe.

Finally, the Chamber for Drug Market Regulation ("CMED") issued Resolution No. 2, dated April 16, 2018 ("CMED Resolution No. 02/18"), which classifies as an infraction subject to a fine in the maximum amount of approximately 10 million: (i) offering medicine at a higher value than that for which it was acquired; and (ii) charging a patient or health plan an amount higher than that for which the medicine was acquired. According to the resolution, these offenses apply to individuals and companies that are not legally authorized to market drugs, but only to obtain reimbursement for the amount for which they were purchased, such as hospitals, specialized clinics, or the like. In spite of the several judicial questionings pleading the declaration of nullity of these provisions, CMED Resolution No. 02/18 remains in force.

On the same subject, it is worth mentioning that the National Congress is still dealing with Bill No. 1,542/2020, published on April 06, 2020, which aims to suspend, for a period of 60 days, the annual adjustment of drug prices. This bill has already been approved in the plenary of the Federal Senate, being sent to the House of Representatives for consideration.

Furthermore, on June 1, 2020, CMED's Resolution No. 1/2020 was published, which provides for price definition in the year 2020. As a result, on June 3, 2020, the political party Rede Sustentabilidade filed a Collective Writ of Mandamus (Mandado de Segurança Coletivo) No. 26.278/DF , which is being reported by Minister Herman Benjamin of the Superior Court of Justice. The action seeks the suspension of CMED Resolution nº 1/2020 while the effects of the public calamity resulting from the COVID-19 pandemic last. On June 23, 2020, a decision was published denying the request for a preliminary injunction. Currently, the process is awaiting a sentence.

It is important to mention that due to the public health emergency resulting from the COVID-19 pandemic, in several locations, the validity period of the licenses, permits or authorizations was extended, and the period of analysis of the processes to obtain and/or renew these licenses, permits or authorizations was also extended. Also, aiming at the prevention, control, and mitigation of the transmission of COVID-19, on June 18, 2020, the Ministry of Health issued Ordinance No. 1565/2020, which establishes sanitary protocols for the operation, in general, of economic activities for all sectors. Also, at the state and/or municipal level, specific sanitary protocols were determined, depending on the economic activity

Procedures for authorization of corporate transactions by ANS and other government authorities

As a rule, any corporate operation that results in the alteration or transfer of corporate control, incorporation, merger, or spin-off of health insurance providers depends on the prior express consent of the ANS. An alteration or transfer of corporate control is considered to be any corporate modification that attributes to a natural or legal person or group of persons linked by a voting agreement, or under common control, the condition of controller, directly or through other controlled companies, in order to assure them, on a permanent basis, preponderance in the corporate decisions and the power to elect the majority of the administrators, according to the terms of paragraph 1 of article 1 of ANS Normative Resolution No. 270, of October 10, 2011 ("RN ANS No. 270/11"). According to article 4, caput of ANS RN No. 270/11, the authorization to practice the acts described above will depend on the regularity of the administrative and economic-financial situation of the parties involved, both as the future controlling or incorporating company and as the subject of the alteration or transfer of corporate control, incorporation, merger or spin-off or dismemberment.

Finally, considering the activities related to the segment of hospitals and health services, which are subject to the control and regulation of the Ministry of Health, the LOCAL VISA and the Professional Councils, depending on the intended corporate transaction, no prior consent from such governmental authorities will be necessary. However, in case of change of address, corporate name, corporate taxpayer register ("CNPJ"), or social chart, it may be necessary to grant new sanitary licenses or its alteration or communication to the competent governmental authorities. As already mentioned, the operation of hospitals without the applicable regulatory license may result, after due legal process and defense, in the application of penalties that vary according to the competent governmental authority, such as (i) warning; (ii) fine (depending on the concrete case); (iii) interdiction of the establishment; and (iv) cancellation of the regulatory license.

Considerations about the digital health and wellness solution business front ("Digital Product")

In its experimental phase, the Digital Product is offered by ASG and is structured to offer: i) a network of establishments to enable the provision of health and wellness services (e.g. medical appointments) at reduced values and/or discounts for the consumer ("Discount Network"); and ii) an online call center for the provision of telemedicine services by partner health establishments ("Call Center Platform"). With regard to the Discount Network, the health card generally comprises two modalities, namely:

(i) discount card: identification card presented by the consumer to the health service provider, which entitles him/her to a discounted payment for the medical care to be provided. The payment is made directly by the consumer to the health service provider, according to the payment method to be defined by them (cash, check, debit/credit cards); and

(ii) prepaid card: card through which deposits of amounts and/or reloads are made that will be used for payment to the health service provider by the consumer. The payment method available is the card itself.

The Digital Product may present the characteristics of both modalities, being initially adopted the discount card modality, without prejudice to the possibility of using the prepaid card modality for the use of services of the Discount Network. In practice, the health card corresponds to access to medical consultations, exams, and procedures at prices reduced in relation to the values practiced in the market.

In the past, the ANS established rules and requirements concerning the registration of companies that operated with discount systems - through RN ANS No. 25/2003. However, this Resolution was revoked by ANS RN 449/2020. Furthermore, the ANS, through Communication No. 9/2003, has already understood that it is impossible to equate health cards to private healthcare plans.

The CFM, as the body with competence to regulate the professional exercise of medicine, has even established restrictions to physicians related to discount cards. However, in the scope of administrative proceeding No. 08700.005969/2018-29, which analyzes the prohibitions imposed by CFM and by the Regional Council of Medicine of the State of São Paulo ("CREMESP") to the activities performed by physicians regarding discount cards, the General Superintendence ("SG") of the Administrative Council of Economic Defense ("CADE"), the CADE's Attorney Office and the Federal Public Prosecutor's Office ("MPF") have manifested in the sense that the conducts of the referred professional councils constitute an infringement to the economic order.

On May 3rd, 2020, the CADE Court unanimously sentenced CFM and CREMESP to the payment of fines in the amounts of, respectively, R$0.6 million and R$0.3 million, due to the prohibition, imposed by those entities, of accepting discount cards for the provision of medical services by their associates. In addition to the monetary fine, CADE also determined that the entities must abstain from establishing regulations, syndicates and disciplinary administrative processes, boycotts or any other expedient with the purpose of punishing, threatening, coercing or retaliating physicians who accept medical services through discount cards.

Contracting with the Public Power

There are contracts in effect between us and the Government. In this scenario, any contracting undertaken by us with the Government must follow the provisions of Law No. 8.666, of June 21, 1993 ("Law No. 8.666/93"). Thus, the Public Administration's works, services, including advertising, purchases, disposals, concessions, permissions and leases, when contracted with third parties, will necessarily be preceded by a bidding process, except in the cases foreseen in Law 8.666/93.

Pursuant to article 87 of Law No. 8.666/93, for total or partial non-performance of the contract, the Government may, provided the previous defense is guaranteed, apply the following sanctions to the contractor, without prejudice to the applicable criminal sanctions: warning; fine - in the form provided in the call for tenders or in the contract; temporary suspension from participation in tendering and impediment to contract with the Administration, for a period not exceeding 2 (two) years; and declaration of ineligibility to tender or contract with the Public Administration while the reasons determining the punishment persist or until rehabilitation is promoted before the very authority that applied the penalty, which shall be granted whenever the contractor reimburses the Public Administration for the resulting losses and after the expiration of the term of the sanction applied based on the previous hypothesis. If the fine imposed is higher than the value of the guarantee provided, in addition to the loss of the guarantee, the contractor will be liable for the difference, which will be deducted from payments eventually due by the Administration or collected judicially.

Real Estate Regulation

Differentiated treatment given by the Lease Law

Federal Law No. 8.245 of October 18, 1991 ("Lease Law") establishes a special regime for real estate leased to healthcare facilities authorized and supervised by the Public Authorities, which limits the causes for eviction proceedings to the following cases: (a) the practice of a legal or contractual infraction; (b) termination of the lease agreement; (c) performance of urgent repairs determined by the Public Authority, which cannot be normally performed with the tenant remaining in the property or, if he can, he refuses to consent to them; or (d) if the owner (or promissory purchaser/transferee, upon full payment of the purchase price) requests the property for demolition, building, licensing or renovation that will result in a minimum 50% increase in the useful area (Articles 9 and 53 of the Lease Law). In cases in which eviction proceedings have been filed based on (c) or (d) above, the eviction order can only be enforced if the minimum period of six months and maximum one year counted from the judgment is respected, based on article 63 of the Leasing Law. In all other hypotheses and for real estate leased exclusively for non-hospital activities (such as administrative buildings, parking lots, laboratory centers, clinics, among other activities), such real estate will be subject to the general rule of the Leasing Law and will not have the protection of the special regime given to health establishments, and the deadline to vacate the real estate is 30 days.

Privacy and data protection regulations

Privacy and data protection laws have evolved in recent years to establish more objective rules about how personal data (information relating to individuals) can be used by organizations.

The rights to privacy and intimacy are generically assured by the Brazilian Federal Constitution (1988) and by the Civil Code (2002), but, in the absence of more specific rules on the subject, the legitimacy of practices involving the use of personal data has historically been evaluated by the Judiciary on a case-by-case basis. The Consumer Defense Code (Law No. 8.078/90) in the 90's tried to bring more objective contours to the opening of consumer databases and bad payer records. With the evolution of data processing technology, the Financial Records Act (Law No. 12,414/11), passed in 2011, also aimed to establish specific rules for the creation of databases of good payers. The Financial Records Act was recently amended, in April 2019, to determine the automatic adherence of individuals to the databases of the Financial Records system, with the option to request their exclusion. The Marco Civil da Internet (Law No. 12,965/14), passed in 2014, also aimed to regulate the use and treatment of data collected through the internet.

Thus, until August 2018, when the General Data Protection Law (Law No. 13,709/18 - "LGPD") was passed, practices related to the use of personal data were regulated by a few sparse and sectoral regulations only.

The LGPD brought a new system of rules regarding the treatment of personal data, more complete and of transversal application, affecting all sectors of the economy and including companies that handle a larger volume of personal data. This law aims to create an environment of greater control of individuals over their data and of greater responsibility for the organizations that handle such information, bringing new obligations to be observed.

It is worth noting that the LGPD went into effect in September 2020 and the administrative sanctions therein will only apply from August 2021.

The LGPD has a wide range of applications and extends to individuals and public and private entities regardless of Brazil where they are headquartered or where the data is hosted, provided that (i) the data processing takes place in Brazil; (ii) the data processing activity is intended to offer or provide goods or services to or process data of individuals located in Brazil; or (iii) the data subjects are located in Brazil at the time their personal data is collected. The LGPD will apply regardless of industry or business when dealing with personal data and is not restricted to data processing activities carried out through digital media and/or on the internet.

In addition, Law No. 13.853/2019 created the National Data Protection Authority, or ANPD, which will have powers and responsibilities analogous to the European data protection authorities, exercising a triple role of (i) investigation, comprising the power to issue rules and procedures, deliberate on the interpretation of the LGPD and request information from controllers and processors; (ii) enforcement, in cases of non-compliance with the law, by means of administrative proceedings; and (iii) education, with the responsibility of disseminating information and fostering knowledge of the LGPD and security measures, promoting standards of services and products that facilitate data control and elaborating studies on national and international practices for the protection of personal data and privacy, among others. The ANPD has assured technical independence, although it is subordinated to the Presidency of the Republic. See *"Risk Factors—Risks related to our Business— We are subject to risks associated with non-compliance with the General Data Protection Law, and may be adversely affected by fines and other types of sanctions."*

BUSINESS

Overview

[*To come from Summary once finalized*]

Our History

We were incorporated in 2018 and acquired in 2019 as a shelf company by Athena HealthCare Holding S.A. which, at the time, figured as the holding company for all of Athena Group's investments. Due to the corporate reorganization that occurred on September 30, 2020, we now hold the position of controlling holding company of the investments, previously held by Athena HealthCare Holding S.A. Athena group itself was formed in 2017 as the beginning of an investment by Pátria, which emerged with the purpose of organizing a new healthy and sustainable business model in the area of supplementary healthcare.

Pátria is one of the largest asset-focused alternative investment managers in Latin America. It is a pioneer in private equity in Brazil, gradually builds its portfolio by creating new businesses in infrastructure, real estate, credit, and agribusiness, among others. Blackstone, a leader in alternative investment management, has been one of Pátria's main partners since 2010.

Our group is composed of 7 operators, 30 clinics, 8 emergency rooms, and 10 hospitals, and is present in cities from north to south of Brazil. We have more than 5 thousand employees and approximately 3.5 million consultations takes place per year in our structures.

Over the past three years, we have shown significant growth in our customer portfolio, and by December 31, 2020, it reached the number of approximately 0.8 million beneficiaries (considering healthcare and dental plans).

We believe that our success, characterized by our complete and differentiated healthcare offering, which covers all medical specialties as well as dental care, is a direct consequence of our ongoing strategic planning and Pátria's commitment as majority shareholder together with the numerous partnerships with successful and recognized healthcare companies in Brazil.

This partnership scenario has proven to be very effective in our Group history and, as mentioned, has made it possible to accelerate the expansion of our activities, leading to an increase in our market value.

The main events of Athena Group's operational evolution, in the relentless pursuit of the humanized delivery of high quality healthcare.

In October 2017, we completed the acquisition of Grupo Med Imagem ("GMI"), a renowned and respected medical reference center in the State of Piauí for medical care. The GMI acquisition consisted of the purchase of 5 hospitals and 2 renowned healthcare plan operators in the region, which brought approximately 149,000 beneficiaries and 362 beds to our group's operation.

In June 2018, our group acquired VAH, a renowned hospital located in the metropolitan region of Vitória/ES, through which it marked the beginning of our group's operations in the southeast region of Brazil and brought another 232 beds to our structure.

In February 2019, we acquired SAMP, a health plan operator, a reference in supplementary healthcare in the State of Espírito Santo. We encompassed a portfolio of approximately 263,000 beneficiaries and have solidly and expressively established our operations in the Espírito Santo market.

In March 2019 we acquired a neuro-cardiovascular exam center, located within the VAH, and in April we acquired another clinic in the city of Teresina/PI (Med Imagen Jóquei), further expanding our operations in the city and offering more flexibility and comfort to our customers.

The year 2019 was one of great growth for us, which intensified the process of integrating our activities, focusing not only on acquisitions to expand the client base but also on investments of our own service capacity and infrastructure.

In September 2019, we started our operations in the southern region of the country through the acquisition of Multivida Group, composed of Santa Rita Saúde and Hospital Bom Samaritano de Maringá, both reference in the provision of health services in the region, which includes more than 58 thousand beneficiaries, a hospital and 195 hospital beds.

In order to expand our services, in June 2020 we signed an asset acquisition agreement with DentalPar, an operator specialized in dental plans in the State of Espírito Santo, which, brought approximately 50 thousand beneficiaries to the group and represented the expansion of our operations in the dental area.

In February 2019, we entered into a stock purchase intention agreement with São Bernardo Group, which has a portfolio of approximately 83.7 thousand beneficiaries (considering the divestment required by CADE) and has a hospital and 73 hospital beds. This group has its own network verticalization in the countryside of the State of Espírito Santo and, through this acquisition, we intend to further grow our operations in the private healthcare market in the southeast of Brazil, particularly in the State of Espírito Santo. The effectiveness of this acquisition has been reviewed by CADE and is subject to the fulfilment of conditions precedent to conclude the transaction.

In October 2020, we acquired Centro Médico Maranhense ("CMM"), which was acquired by Humana Assistência Médica Ltda., thus starting its operations in the State of Maranhão and further strengthening its presence in the Northeast region of Brazil. With the acquisition of CMM, we had 1 additional hospital, 3 additional clinics and 79 additional hospital beds.

Also in October 2020, the acquisition of the Clínica Perinatal de Vitória was finalized, in order to complete the medical specialties offered at Vitória Apart Hospital, and increased the number of hospital beds by 28.

On December 30, 2020, we completed the acquisition of (i) Hospital Coração de Natal Ltda ("HCN"), a hospital located in Natal, Rio Grande do Norte that has 149 hospital beds, 53 of which are ICU beds, having strategic importance for the expansion of our operations in the Northeast region, with a recognized regional brand, and (ii) Unihosp Serviços de Saúde Eireli, Oncolife Clínicas Ltda. and Clínica de Atendimento de Atendimento de Prevenção à Saúde Ltda. (together "Unihosp Group"), which jointly we understand that give us a solid position in São Luis, State of Maranhão, with a portfolio of approximately 42 thousand health beneficiaries, a general hospital, and four medical centers, contributing to our strategy of consolidating our operations in the State of Maranhão.

On April 1, 2021, we concluded the acquisition of Hospital Marechal Cândido Rondon S.A. ("Sempre Vida Group"), located in the city of Marechal Cândido Rondon, Paraná State. Sempre Vida Group is verticalized and has 59 beds, 5 medical centers, one emergency care unit and a portfolio of approximately 36.6 thousand healthcare plan beneficiaries, most of them legal entities.

On April 1, 2021, we concluded the acquisition of Pro Salute – Serviços Para a Saúde Ltda. ("Fátima Saúde"), located in Caxias do Sul, Rio Grande do Sul State. Fátima Saúde has one integrated medical center and a portfolio of 45.8 thousand healthcare plan beneficiaries and 1.0 thousand dental plan beneficiaries.

Our Operations

We operate in the supplementary health segment and our strategy is to provide verticalized services. The service to the beneficiary of our healthcare and dental plans is primarily provided through our own service network. This integration has the purpose of providing quality medical and dental care at a lower cost.

As of the date of this offering memorandum, we sell healthcare plans from seven operators: Humana and Medplan, (dominant in the Northeast region of Brazil); SAMP (in the State of Espírito Santo); Santa Rita Saúde, (predominant in the metropolitan region of Maringá in the State of Paraná) , Grupo Unihosp (in the State of Maranhão) , Grupo Sempre Vida (in the State of Paraná) and Fátima Saúde (in the State of Rio Grande do Sul). All our healthcare plans are subject to ANS regulation.

On December 31, 2020, we covered approximately 802 thousand lives, of which: 148 thousand at Humana, 104 thousand at Medplan, 351 thousand at Samp, 74 thousand at Santa Rita Saúde, 42 thousand at the Unihosp Group, 37 thousand at Grupo Sempre Vida and 47 thousand at Fátima Saúde.

Our strategy is to prioritize services through our own network. As of the date of this offering memorandum, our network includes hospitals, clinics and other service units we use to meet the demands of beneficiaries contracting the plans marketed by our healthcare plan operators and the demands of healthcare plans of other operators accredited in our service network, as well as private patients. As of the date of this offering memorandum, our accredited network is composed of 10 hospitals, 1,104 beds, 30 clinics and 8 emergency rooms.

Our hospital operations are present in the same locations as our healthcare plan operators. In Piauí State, our accredited network is comprised by five hospitals (Santa Maria, São Pedro, two hospitals of the GMI group located in the city of Teresina, and Hospital Vitória, owned by the Med Imagem group) with 362 beds, and by the two clinics (Plena and Medimagem). In Espírito Santo State, our accredited network is comprised by a hospital (Vitória Apart Hospital) with 232 beds, 3 clinics, and seven emergency care units. To meet the demand of the city of Maringá, Paraná State, our hospital (Bom Samaritano Hospital) has an emergency room, a general emergency room, a cardiology emergency room, a general ICU, a cardiac ICU and a neo-pediatric ICU, a support, diagnosis and therapy service in clinical analyses and diagnostic imaging labs, among other services. In Paraná, our accredited network is comprised by the Bom Samaritano Hospital, with 195 beds, by the Hospital Marechal Cândido Rondon, with 59 beds, 17 clinics and an emergency room unit. In São Luis, Maranhão State, with the acquisition of CMM and Grupo Unihosp, we now have one more hospital and six clinics, with a total of 79 beds. In Natal, Rio Grande do Norte State, with the acquisition of the Hospital Coração de Natal, we started our operations in the region with a hospital with 149 beds. In the State of Rio Grande do Sul, with the acquisition of Fátima Saúde, our accredited netword is comprised by an integrated medical center.

Besides the services integrated to our healthcare plans, our hospitals are accredited with several other healthcare plans and serve private patients. The Vitória Apart Hospital, for example, serves health plans that belong to other operators such as Omint, Bradesco Saúde and Amil.

Being part of the accredited network of other healthcare plan providers helps us maintain our high level of quality of the service. Vitória Apart Hospital is one of the largest hospitals in the metropolitan region of Vitória (Espírito Santo State) and is a top-of-mind brand among its beneficiaries. The quality of the services provided by the hospital is also reflected in the ONA Accreditation - Level 3. This accreditation is a voluntary certification that uses internationally recognized quality standards to promote quality and safety of care in the healthcare sector. There are three levels of certification, with Level 3 being Accredited with Excellence, which means that the organization meets three criteria: (1) meet or exceed, with 90% or more, the quality and safety standards; (2) meet or exceed, with 80% or more, the integrated management standards; and (3) meet or exceed, with 70% or more, the ONA standards of Excellence in Management, demonstrating an organizational culture of continuous improvement with institutional maturity. Hospital Bom Samaritano is committed to good care, continuous improvement and safety of its patients, demonstrated by means of ONA Accreditation - Level 2. This accreditation means that the health organization meets or exceeds, with 80% or more, the quality and safety standards defined by ONA, as well as meets or exceeds, with 70% or more, the integrated management standards defined by ONA.

Distribution Process

On December 31, 2020, according to the ANS, we had a total portfolio of approximately 582.8 thousand healthcare plan beneficiaries, disregarding dental plans. Based on an aggressive strategy of inorganic growth, we opted to maintain the regional flags of each operator we acquired, due to the local strength the brands consolidated over decades. At that time, we had five brands: Medplan and Humana, operating in the States of Piauí and Maranhão, Unihosp also in the State of Maranhão, SAMP in Espírito Santo State and Santa Rita Saúde in Paraná State.

Additionally, in the year ended December 31, 2020, the composition of our healthcare and dental portfolio was: 62.8% of clients in the collective business category, which is our focus; 10.7% in collective membership; and the remainder 26.5% in the individual/family category, based on the strong sales and client base maintenance know-how acquired in the Piauí and Maranhão States.

Our loss ratio, calculated as the cost of services divided by our net revenue, in December 2020, accumulated over the previous 12 months, was 61.3% in the collective business category, 63.4% in the collective membership category, and 46.4% in the individual/family category.

We have a verticalized strategy, relying on our own network. Today we have nine multi-specialty hospitals that are a reference in the regions where they operate, four of them in Teresina, Piauí State, one in São Luís, Maranhão State, one in Vitória, Espirito Santo Statea, one in Natal, Rio Grande do Norte State, one in Timon, Maranhão State, and one in Maringá, Paraná State, in addition to our own clinics and selected partners.

Our commercial personnel are segmented into two: the hunters, a team dedicated to increasing the customer base in all categories; and the farmers, responsible for managing our existing customers.

In the dental segment, we started implementing a growth strategy, taking advantage of cross-selling opportunities with our healthcare plan portfolio (the current penetration of dental plans among our healthcare plan beneficiaries is only 18%), through an active effort in organic growth in selected regions, in addition to prospecting for acquisitions of dental plan operators.

We ended the year of 2020 with approximately 126 thousand dental beneficiaries, under the Medplan, Humana, SAMP, Unihosp and Santa Rita Saúde brands. In April 2020, we signed an acquisition that included a portfolio of 48 thousand beneficiaries in the State of Espírito Santo, where we already implemented a dental plan management system, in addition to an accredited network for commercial actions in the region.

Our marketing strategy, both in the healthcare and dental plan segments, consists of: (i) external teams formed by dealers and brokers; and (ii) internal sales team. We understand that, although we use the same means to market dental plans, our pillar of the dental plan segment is cross-selling.

Sales for Healthcare Plans - Corporate Collective

We use different channels to approach the corporate group plan segment. Collective health plans are those in which the contract is signed between a legal entity, such as a company, association, foundation or union, and a healthcare plan operator to cover certain groups linked to this legal entity, and may or may not include dependents. We have an external team made up of dealers, who operate by means of a structure of multipliers and technical and administrative support to their commercial partners, and more than 1,200 brokers. Our internal team is responsible for managing and supporting the external sales team, generating leads in the digital channel and accelerating the integration of contracts.

As of December 31, 2020, 80% of sales in this segment, in number of beneficiaries, were made by our external team, 18% by the internal team and 2% by new remote channels, telesales and digital.

Sales for Healthcare Plans - Group Membership

The group membership category includes healthcare plans in which the contract is signed between a legal entity, such as a company, association, foundation, or union, and a health plan operator. The difference between a group membership plan and a collective business plan is that in the former the adhesion to this type of healthcare plan by the employees or members of the contracting company is spontaneous and optional. We are expanding this channel by strengthening our relationship with benefit administrators

As of December 31, 2020, 91% of sales in this segment, in number of beneficiaries, were made by an external team and 9% by an internal team.

Sales for Healthcare Plans - Individual/Family

The individual/family category is the one in which the contract is signed between a healthcare plan operator and an individual to cover the holder of the plan (individual) or the holder and their dependents (family).

Our sales are made by an internal team, trained to carry out a careful screening process in order to align the commercial effort with the appropriate claims profile for the portfolio. We are expanding to the digital channel, making online sales with the help of the broker and an e-commerce portal. Even though this is not our main focus, the opening and/or maintenance of the category is part of the strategy in all regions where we operate.

As of December 31, 2020, 21% of sales of this segment, in number of beneficiaries, were made by an external team, 68% of sales, by an internal team, and 10.5% through new remote channels, telesales and digital.

Sales for Dental Plans

Our dental plans are sold leveraging our own team, partnerships with brokers and benefit administrators. In addition, we recently implemented an online sales channel. As of December 31, 2020, 64% of sales in this segment, in number of beneficiaries, were made by an external team, 30% of sales by an internal team and 6% by digital channels.

Competition

Our competitors vary according to the geographical location where we operate. In the Northeast (Piauí) our main competitors are Unimed Teresina, and Hapvida. In the Southeast (Espírito Santo) Unimed Vitória has a strong presence. Finally, in the South of Brazil (Metropolitan Region of Maringá, in Paraná) our main competitor is Unimed Regional de Maringá.

Seasonality

We consider that the effects of seasonality are not material to our business. However, in regards to our owned hospitals and clinics, as well as our partner hospitals and clinics, we experience a decline in the number of patients in the months of January, July and December, due to school vacations and holiday season. We experience a similar decline in February due to carnival and the fewer number of business days in the month.

Property, Plant and Equipment

We own 11 real estate property in the cities of (i) Teresina-PI; (ii) Vitoria-ES; (iii) Serra-ES; (iv) Vilha Velha-ES; and (v) São Luis-MA, and we lease all our other units.

Main Supplies and Raw Materials

Technical and medical knowledge of our employees and service providers, combined with state-of-the-art technology, is extremely important to our business model. In our operations, whether in the hospital segment or in the health and dental care plan operator segment, we are constantly developing and improving our technology platform together with information technology service providers with whom we have long-standing relationships.

Our main supplies and raw materials are drugs, medical materials and technology, summarized in the table below.

Supplies and Raw Materials	**Characteristics:**
Medical drugs	We use drugs, controlled and non-controlled, in our hospitals and clinics for the treatment of patients. Such drugs include: painkillers, antipyretics, and chemotherapeutics.
Medical materials	We use various different materials to provide our services, such as procedure gloves, gases, cotton, needles.
Technology	Our technology infrastructure includes, among others: platforms for customer registration; billing processes; hospital system for performing the procedures within our care units and inventory control; and back-office system for performing payment processes, accounting, asset management, and other functions.

Intellectual Property

In Brazil, ownership of trademarks is evidenced only through a validly approved registration with the INPI, the agency responsible for registering trademarks and patents in Brazil. After registration, the owner is assured exclusive use of the trademark throughout Brazil for a period of ten years, renewable for successive periods. During

the registration process, the person filing for trademark registration merely has an expectation of the right to use the trademarks applied for to identify its products or services specifically in the requested class.

We currently hold 71 registrations and requests for registration of trademarks, with the INPI, in our own name, or in the name of our subsidiaries, including "ATHENA SAÚDE," "MEDPLAN," "HUMANA MED," "HUMANA SAUDE," "MEDICAL IMAGEM" and "ATHENA ODONTO," in different classes of services and products related to the main activities, in nominative and mixed forms. The brands referring to "SAMP," "Vitória Apart Hospital," "MedImagem," "Humana," "MedPlan," "Care Confiança Attention Respect Empathy" and "Santa Rita Saúde" were are relevant to our activities.

18 of the 71 registrations and registration requests indicated above, related to the brands "Assemed," "Linha Integrada Fátima Empresa - Life," "Fátima Plano de Saúde," "Fátima Life" and "Fátima Saúde," were object of a judicial procedure notice on September 2015, determining their unavailability as a result of fiscal precautionary measure No. 5008587-05.2014.404.7107 / RS. The competent authority has already determined the release of the trademak since the real estate assets affected are already sufficient to guarantee the fiscal precautionary measure, and and the regularization before the INPI is the only pending matter.

We have 36 domain names on the internet that are relevant to our activities as a means of communication and information to the public, including our official website: *athenasaude.com.br*. 33 domain names are duly registered and in effect, while 3 were suspended by Registro.br and are awaiting due renewal pursuant to the legal deadline.

We possess software licenses to use software owned by third parties to carry out our activities, which are: "TASY"; "Change"; "SOLUS"; "MV2000"; "PACS"; "3Cx VopIP"; "PEP"; and "ORACLE." We also acquired a copy of the source code of the "FILA AGIL" software, through the Purchase and Sale agreement signed with JEMS SISTEMAS LTDA.

Human Resources

All of our employees are located in the States of São Paulo, Espirito Santo, Parana, Maranhão and Piauí. The table below sets forth the number of our employees by activity and by Brazilian state as of the dates indicated:

	December 31, 2020					
Activity	**Piauí**	**Espirito Santo**	**Paraná**	**São Paulo**	**Maranhão**	**Total**
Administrative	626	461	374	39	81	1491
Support	472	41	80	2	25	591
Assistance	921	622	559		122	2034
Management	103	60	56	42	3	258
Operational	622	211	403		29	1233
Total	**2744**	**1395**	**1472**	**83**	**260**	**5607**

	December 31, 2019				
Activity	**Piauí**	**Espirito Santo**	**Paraná**	**São Paulo**	**Total**
Administrative	666	656	419	22	1763
Support	404	241	142	0	787
Assistance	1054	666	477	0	2197
Management	175	99	91	25	390
Operational	702	210	316	0	1228
Total	**3001**	**1872**	**1445**	**47**	**6365**

	December 31, 2018				
Activity	**Piauí**	**Espirito Santo**	**Paraná**	**São Paulo**	**Total**
Administrative	774	365	0	16	1155
Support	371	135	0	0	506
Assistance	921	547	0	0	1468
Management	181	50	0	12	243
Operational	647	178	0	0	825
Total	**2894**	**1275**	**0**	**28**	**4197**

Our employee turnover ratio for the years ended December 31, 2020, 2019 and 2018 was 3.2%, 3.1% and 3.3%, respectively.

In addition, all of our outsourced employees are located in the States of São Paulo, Espirito Santo, Parana and Piauí. The following table sets forth our number of employees by Brazilian state, as of the dates indicated:

	December 31, 2020				
Activity	**Piauí**	**Espirito Santo**	**Paraná**	**São Paulo**	**Total**
Outsourced employees	698	280	5	0	983
Total	**698**	**280**	**5**	**0**	**983**

	December 31, 2019				
Activity	**Piauí**	**Espirito Santo**	**Paraná**	**São Paulo**	**Total**
Outsourced employees	1565	388	319	0	2272
Total	**1565**	**388**	**319**	**0**	**2272**

	December 31, 2018				
Activity	**Piauí**	**Espirito Santo**	**Paraná**	**São Paulo**	**Total**
Outsourced employees	1202	19	0	0	1221
Total	**1202**	**19**	**0**	**0**	**1221**

Compensation Policy and Benefits

We consider our human resources policy to be a significant pillar of our corporate strategy. Our policy seeks to ensure: market-compatible compensation; proper conditions to attract and retain employees; define a position and compensation structure compatible with our organizational processes; and foster a culture in which our collaborator knows their attribution and responsibilities.

We do not have a unified benefits policy and each of our locations adopts a regional or local policy. The benefits we offer our employees are always compliant with the applicable laws.

Labor Unions

Our employees are represented by the labor unions of the Cities and States in which we operate. We abstain from any involvement in party or union politics and believe we have a good relationship with our employees and the unions that represent them. We follow our collective bargaining agreements and have not experienced strikes, demonstrations or work stoppages in the last three fiscal years.

Legal and Administrative Proceedings

We are party to civil, labor, tax and environmental legal and administrative proceedings in the ordinary course of our business, among lawsuits, with a probable, possible and remote chance of loss.

We were party to many labor legal proceedings that were individually immaterial, but which could, in aggregate, adversely affect us. As of December 31, 2020, we have provisioned a total amount of R$89.3 million in connection with legal proceedings. For more information, see note 21 to our individual and consolidated financial statements. Below is a description of our key legal proceedings.

Civil Proceedings

Our subsidiaries Medplan Assistência Médica Ltda., Humana Assitência Médica Ltda., Hospital Santa Maria Ltda., Hospital Med Imagem S.A., SAMP Espírito Santo Assitência Médica Ltda and Vitória Apart Hospital S.A. are the defendants in 212 civil proceedings related to alleged medical error or failure to provide services. These claims involve mostly damage claims for property, moral or aesthetic damages, and life pension. As of December 31, 2020, the total estimated amount of these lawsuits is R$15.1 million.

Our subsidiaries Medplan Assistência Médica Ltda., Humana Assitência Médica Ltda., Hospital Santa Maria Ltda., Hospital Med Imagem S.A., SAMP Espírito Santo Assitência Médica Ltda and Vitória Apart Hospital S.A. are the defendants in 197 civil proceedings related to denial of coverage and non-authorization of procedures by the health plan. These claims are mainly regarding compensation for material and moral damages. As of December 31, 2020, the total estimated amount of these lawsuits is R$3.4 million.

Legal proceedings against Hospital Santa Maria under the administrative improbity law

Our subsidiary Hospital Santa Maria is a defendant in a legal proceeding brought by federal prosecutors (*Ministério Público Federal*) claiming fraud in connection with amounts from SUS for medical procedures allegedly not performed or performed in disagreement with applicable law. The prosecutors seek reimbursement of R$208.304,04, plus penalties, and conviction of the company based on a Brazilian statute for administrative improbity, which may result in prohibiting the company from entering into agreements with public authorities or receipt of fiscal benefits for up to ten years. This proceeding is ongoing since 2006, and has been suspended since 2012 until the resolution of a collection proceedings that our subsidiary is moving against the Brazilian Federal Government for amounts due on based on the same facts. We have deemed that the chance of loss in this proceeding is possible.

Legal proceedings involving VAH

- Our subsidiary Vitória Apart Hotel (VAH) is a defendant in a legal proceeding brought by state prosecutors (*Ministério Público do Estado do Espírito Santo*) claiming that VAH was involved in financial transactions incompatible with declared incomes and assets. The prosecutors seek (i) injunctive relieve to block of the company's assets in the amount of R$0.4 million, (ii) injunctive relieve to prevent of changes to its bylaws, (iii) the conviction of the company based on a Brazilian statute for administrative improbity, which may result in prohibiting the company from entering into agreements with public authorities or receipt of fiscal benefits for up to ten years, and (iv) reimbursement to the State of Espírito Santo of amounts received by VAH. The estimated amount claimed by prosecutors in this proceeding is R$1.6 million. This proceeding is ongoing since 2008; the local court dismissed the case in 2009, but this decision was reversed by the state court of appeals. An appeal is pending. We have deemed that the chance of loss in this proceeding is possible.

- VAH is a defendant in a collection proceeding brought by Banco Bilbao Vizcaya ("BBVA") in 2013 to collect certain amounts due under an export credit agreement for the purchase of natural gas generator sets from the company Guascor S.A. In April 2017, the 11th Civil Court of Madrid granted BBVA's claim and in July 2020, the Spanish Supreme Court denied the appeals proposed by VAH and the decision became final. The current amount of the debt is approximately US$3.2 million. We have

deemed that the chance of loss in this proceeding is probable.

- In 2017, federal tax authorities have brought two tax collection proceedings VAH. These tax collection proceedings are suspended, as VAH joined a tax settlement program, Special Program for Tax Regularization ("PERT"), to pay the debt in installments. As of December 2020, the outstanding balances due under the PERT were R$9.6 million and R$6.1 million. The debts related to this proceeding are subject to an instalment payment program, as such we have not assessed of chance of loss in this proceeding.

- In 2011, VAH commenced a legal proceeding before a state court in the city of Serra, State of Espírito Santo, against its former directors seeking annulment of the defendants' account approvals for the 2004-2009 fiscal years and indemnification claims. VAH alleges that the defendants diverted funds from the hospital to other accounts. A forensic accountant was appointed but the expert report is still pending. We have deemed that the chance of loss in this proceeding is possible.

- VAH is a party in 10 tax proceedings involving relating to a dispute regarding the unconstitutionality of a tax benefit granted by the Municipality of Serra, State of Espirito Santo, which provides for a 40% reduction in the calculation basis of ISS on medical hospital services. As of December 31, 2020, the total estimated amount of such lawsuits is R$14.1 million.

- In 2012, state prosecutors in the State of Espírito Santo commenced a criminal proceeding against the former managers of VAH, for the crime of fraud and criminal conspiracy. The complaint states that the former directors used their respective positions, abusing the trust of the other partners and taking turns on the board of directors, to manipulate accounting data and issue invoices of the company GAPME Assessoria Empresarial Ltda (owned by them), with the subsequent illegal obtaining of the amount of R$0.4 million. The criminal proceeding is still in progress. VAH is not a defendant in this legal proceeding.

Legal proceedings against Medplan

- Our subsidiary Med Imagem S/C, and its managing partner, José Cerqueira Dantas, are defendants in a criminal proceeding before the 4th Criminal Court of the City of Teresina, State of Piaui, for alleged practice of environmental crime related to a construction in an environmental protection area. The Public Prosecutor's Office of the State of Piauí formalized a conditional agreement to suspend such lawsuit, for a period of two years, with certain conditions imposed on the company.

- State Prosecutors of Piauí have a brought criminal proceeding against our subsidiary Med Imagem and José Cerqueira Dantas for allegedly demolishing a property in Teresina/PI to expand the Prontomed Infantil Clinic. The property was supposedly in the process of being listed as landmark. We have deemed that the chance of loss in this proceeding is possible.

- Our subsidiary Hospital Medimagem is a defendant in a legal proceeding brought by federal prosecutors (*Ministério Público Federal*) claiming that this subsidiary has demolished a protected building, besides being inside an environmental preservation zone per municipal law. The prosecutors seek to have the company rebuild the building and to pay for a R$25,000.00 advertising campaign. This proceeding is ongoing since 2014 and is currently pending appeal before the federal court of appeals. We have deemed that the chance of loss in this proceeding is possible.

- The Municipality of Teresina has issued tax assessments against our subsidiary Pronto Med Imagem for the collection of ISS debts. The proceeding is pending before the administrative court. The disputed

amount is R$10.6 million. We have deemed that the chance of loss in this proceeding is possible.

- The Municipality of Teresina has issued tax assessments against our subsidiary Medplan Assistência Médica, regarding the assessment of ISSQN (local tax on services) on amounts of services provided by the health plan due to the Municipality of Teresina. The proceeding is pending before the administrative court. The disputed amount is R$7.7 million. We have deemed that the chance of loss in this proceeding is possible.

- The Municipality of Teresina has issued tax assessments against our subsidiary Assistência Médica Ltda. for the collection of an alleged ISSQN debt, related to the deduction from the ISSQN calculation basis of the health plans the payments made to professionals and accredited establishments, in the amount of R$13.4 million. We have deemed that the chance of loss in this proceeding is possible.

Legal proceedings against Fátima Saúde

- In March 2020, the Office of the Public Defender of the State of Rio Grande do Sul (*Defensoria Pública do Estado do Rio Grande do Sul*) brought a legal proceeding against Fátima Saúde and others seeking to obtain preliminary injunctive relief to prevent that healthcare plan operators deny coverage for emergency treatment to beneficiaries during the COVID-19 pandemic, among other related reliefs. The local court granted the preliminary injunction. The decision provides for a fine of up to R$60 thousand per infraction. The defendants have appealed this decision. We have deemed that the chance of loss in this proceeding is possible.

- The Brazilian Federal Government move against Fátima Saúde a tax collection proceeding, based on a determination of the tax authorities that Fátima Saúde was engaged in fraudulent tax planning to improperly reduce tax payable by transferring the activities of Fátima Saúde and another company to a third party. All the involved parties were deemed severally and jointly liable for the tax assessment. This decision stemmed from administrative proceedings initiated in October 2018 and January 2019, in which the tax authorities seek to recover R$24.4 million and R$34.3 million respectively. We have deemed that the chance of loss in either proceeding is remote.

  The administrative proceeding mentioned above also gave rise to a cautionary action, commenced by the Brazilian Federal Union on July, 2015, that sought to make unavailable certain assets owned by the debtors (Fátima Saúde included). The local court partly granted the injunctive relief to secure the tax debt. Appeals are pending. We have deemed that the chance of loss in this proceeding is possible.

  Virvi Ramos (former shareholder of Fátima Saúde and principal debtor in connection with the tax proceedings above) commenced a claim, on August 2016, to obtain court approval to sell certain asset that was blocked in the proceeding above. The decisions from the local court and court of appeals were unfavorable. Appeals to the Brazilian Federal Supreme Court and Superior Court of Justice (*Superior Tribunal de Justiça*) are pending.

- The municipality of Caxias do Sul, in the State of Rio Grande do Sul issued multiple tax assessments against Fátima Saúde. Such assessments allege that Virvi Ramos did not properly issue invoices nor paid the full amount of ISSQN due on services performed to Fátima Saúde. These assessments further allege that Fátima Saúde was required by law to require such invoices and acquire proof of the payment of ISSQN by Virvi Ramos and that Fátima Saúde is then jointly and severally liable for the full amount of the uncollected taxes. The total amount at risk is R$4.1 million. These claims are currently awaiting trial.

Other legal proceedings

- Our subsidiary Samp Espírito Santo Assistência Médica is a defendant in a legal proceeding brought by the State Institute for Consumer Protection and Defense ("Procon") against the increase of the monthly fee for beneficiaries over 60 years of age of its health plans. Procon seeks an injunction not to allow the increase in users' monthly fees, the annulment of the increase, retroactively, of the amounts paid since April 2004, ordering the refund in double of what was paid by users and a daily fine of R$10,000.00 in case of non-compliance. This proceeding is ongoing since 2009 and is currently pending appeal before the Court of Appeal of the State of Espírito Santo. We have deemed that the chance of loss in this proceeding is possible.

- The Municipality of São Luís issued tax assessments against our subsidiary Unihosp Serviços de Saúde for the collection of the difference between the amount of ISS paid and the allegedly uncollected ISS in the period from 2010 to 2014, in the amount of R$11.2 million. According to the tax authority, Unihosp allegedly deducted from the ISS calculation basis amounts that were higher than the amounts stated in invoices. Unihosp obtained a declaratory judgment recognizing that these charges were time barred. The tax authority has appealed the decision, and a final decision is pending. We have deemed that the chance of loss in this proceeding is remote.

- In September 2018, Hapvida Assistência Médica ("Hapvida") commenced a legal proceeding against the Environmental Sanitation Company of Maranhão ("CAEMA") to challenge Hapvida's ineligibility in a bidding process promoted by CAEMA for hiring a private healthcare plan operator to serve its 5,250 employees and their dependents. Our subsidiary Unihosp was the winner of this bidding process. Hapvida asked for a preliminary injunction to (i) suspend the execution of such contract; and (ii) to be declared the winner of the bidding process. This claim is currently awaiting trial. We have deemed that the chance of loss in this proceeding is possible.

- The Municipality of Marechal Cândido Rondon commenced a legal proceeding against Hospital Cândido Ronron Ltda. in March 2021 alleging that a radiography machine was bought by the municipality in above-market prices and then installed in Hospital Cândido Ronron. The trial court found the defendants guilty. Such decision was then partly overturned by the court of appeals. The parties then appealed to the Brazilian Federal Supreme Court and Superior Court (*Superior Tribunal de Justiça*). The appeals are currently awaiting decision. The amount at risk is of R$23 thousand. We have deemed that the chance of loss in this proceeding is probable.

- The Brazilian Federal Revenue Services issued a tax assessment against Hospital Cândido Ronron Ltda. for the collection of taxes payable over amounts paid to doctors hired by the hospital, allegedly employees. Hospital Cândido Ronron Ltda. argues that such doctors were not employees as defined by Brazilian labor law. The amount at risk is of R$3.8 million. We have deemed that the chance of loss in this proceeding is remote.

Other factors that influence the behavior of the markets in which we operate

Tax Benefits or Incentives

The company SAMP Espírito Santo Assistência Médica Ltda. requested a reduction in the ISS rate, which was granted by decision 121/2014 issued by the Finance Department of the City of Vitória, granting a reduction in the ISS rate to 2%, effective November 1, 2010, applicable exclusively to services included in sub-items 4.22 (*Group or individual medical plans and agreements for the provision of medical, hospital, dental and similar assistance*) and 4.23 (*Other health plans that are fulfilled through third party services contracted, accredited, cooperated or only paid by the plan operator upon the indication of the beneficiary*) of the List of Services attached to Law No. 6075/2003.

There is no deadline for the use of the 2% rate, however, the legislation provides as an essential requirement for the application of this rate the absence of debts with the Municipal Treasury in relation to the ISS. Thus, in the case of SAMP, as the application of the reduced rate has already been granted, should any tax debt be ascertained, the application of the 2% rate is conditioned to its regularization or, in the case of filing an appeal, to the regularization when the tax litigation is unfavorably concluded, except in the case of malice, fraud or simulation, in which case the deconstitution of the benefit will be retroactive to the date it was granted. There is also a provision that the benefit may be revoked in the event of an installment payment of the debt in which the taxpayer gives cause for the cancellation of the agreement.

This benefit is provided for in the legislation of the city of Vitória, so that it may be claimed by the Group companies located there that provide the activities listed in items 4.22 (Group or individual medical plans and agreements for provision of medical, hospital, dental and similar assistance) and 4.23 (Other health plans which are fulfilled through third party services contracted, accredited, cooperated or only paid for by the plan operator upon indication of the beneficiary) of the List of services attached to Law No. 6,075/2003. However, as of the date of this offering memorandum, no other Group company is claiming this benefit. For further information about the risks related to such tax benefit, see *Risk Factors—Risks relating to our Business—We currently have ISS tax benefits. We cannot assure you that these tax benefits will be maintained or renewed. To ensure the continuity of these incentives during their term, we must meet a number of requirements that may be challenged, including in court."*

Monopoly or oligopoly situations

The market in which we operate is not characterized by the presence of a monopoly or oligopoly.

Cost of raw materials and other expenses

The main raw materials for our service provision are medicines and medical-hospital materials. There is a Purchasing Policy defined by us that covers from the purchase request to the diligence and inspection of the purchased item. With such a policy, we maintain proper control and governance in all our purchases.

Dependence on technology

We make use of systems with recognized reputation in the market, the main ones being Solus, MV and TASY. All systems use Oracle as the database for all applications, with an integrated management of contracts, licenses and evolutions.

For our health insurance companies, it is the Solus system that manages the core operation, controlling and guaranteeing all the legal definitions defined by the ANS. Besides this core system, we also count on several satellite systems to support our activities, always integrated to the central ERP. These are systems such as Biometrics, Queue Management Systems (Agile Queue), Commercial (Salesforce), Electronic Health Record (MKDATA), Beneficiary APP (Mobilesaude), Broker Portals (LeveTech), Preventive Medicine, among others.

Hospital management is the other of our central operations, serving patients from our own and non-owned operators. For the management, we use two systems: the national MV and TASY, from Phillips. Both offer the complete suite for hospital management, with modules for care, clinical and assistance, supply, purchasing, invoicing, financial, controllership, IT, medical office, and SAC, among others.

Besides the legacy MV and TASY systems listed above, our hospital management relies on the support of the Biometrics System (Oracle and JAVA), which is used in several beneficiary verification processes and as a way to fight fraud, both in the services and in the screens that confirm the identity of people (doctors, employees). In the service areas and common areas, we have WI-FI available, with security control, both for the systems and for the beneficiaries.

In addition, all our systems use Fortigate as the security firewall for the units, and with environment management done by local partners (NOC/SOC).

For all the systems listed above to be integrated in a secure, scalable and governed way, a Bimodal architecture model was established, recommended by Gartner, with the newest technologies, API-based, using the Sensedia gateway.

Use of concessions and franchises

We do not use concessions and franchises.

Conditions of Competition in the Markets

Private health and dental plans have undergone a remarkable wave of consolidation. Since 2011, when health insurance companies totaled 1,015, a concentration of 32.3% of beneficiaries was already identified among the nine largest health insurance companies in Brazil in number of lives.

The sector's potential for consolidation is significant and is a natural movement in the Brazilian market, considering that the active small and medium-sized operators tend to be absorbed by those with a larger portfolio and scale of operation, as is the case of us and our competitors.

In this sense, our competitors vary according to the geographical location where we operate. In the Northeast (Piauí) our main competitors are Unimed Teresina, and Hapvida. In the Southeast (Espírito Santo) Unimed Vitória has a strong presence. Finally, in the South of Brazil (Metropolitan Region of Maringá, in Paraná) our main competitor is Unimed Regional de Maringá.

Integrity programs

We have adopted a number of policies related to ensuring our compliance with the applicable law. Such policies are reviewed as necessary and particularly when we significantly change our business model, organizational structure, system or processes. Such policies include our code of ethics, anticorruption policy, antitrust policy and government contracts and interaction policy. Our board of directors approved all of such policies on October 01, 2020 (with the exception of the government contracts and interaction policy, which was approved on April 16, 2021).

We also have an ethics committee, established by our board of directors on October 01, 2020, that is tasked with, among others: (i) monitoring the compliance with our code of ethics, as well as all our other compliance and ethics-related internal policies; (ii) developing an annual communications plan to educate our personnel about our code of ethics and compliance; (iii) review and approve policies related to whistleblowing, ensuring that no retaliation is permitted or tolerated; (iv) with the assistance of our legal department, defining policies related to evaluating and, as applicable, punishing behavior against our code of ethics and internal policies, as well as receiving and investigating whistleblowing tips; and (v) assisting and recommending adjustments to our internal policies to our board of directors, and specific actions to further promote compliance with ethical principles set forth in the law and our internal policies.

Our code of ethics applies to all our group, including our directors, officers, employees and collaborators. Our code of ethics is available at: ri.athenasaude.com.br.

We also have an anonymous whistleblower channel managed by an independent service provider. Through such channel, anyone may report situations related to possible infractions or non-compliance with the legislation, our code of ethics or other policies, or our basic values and principles.

The whistleblower channel ensures the confidentiality of the information received and allows the anonymity of those who prefer not to identify themselves. We will not tolerate any form of retaliation against a whistleblower who has made a communication in good faith, even if it is ultimately considered unfounded. Any retaliation is considered a violation of our code of ethics, subjecting violators to the appropriate disciplinary measures.

The independent service provider receives all reports made through our whistleblower channel and directs them to our ethics and conduct committee, which conducts the appropriate investigation of the facts alleged in the report and, if it finds that the there was a violation to any of our principles or rules, determines the sanctions. Any report against a member of the ethics and conduct committee or director is investigated by our audit committee.

MANAGEMENT

We are managed by a board of directors (*conselho de administração*) and a board of executive officers (*diretoria*). In addition, our bylaws provide for the establishment of a non-permanent fiscal council. As of the date of this offering memorandum, our fiscal council has not been established.

None of our officers or directors has ever been barred under applicable law from being an officer or director, nor has any officer or director ever been the subject of a legal or administrative ruling which affects or prevents his or her election.

Board of Directors

Our board of directors is the decision-making body responsible for formulating and monitoring the implementation of the general guidelines and policies for our business, including our long-term strategies. Our board of directors is responsible, among other things, for appointing and supervising our executive officers and appointing our independent auditors.

In accordance with our bylaws, our board of directors must consist of a minimum of five and a maximum of nine members, whether they are residents of Brazil or not, and whether shareholders or not, all of whom are elected at our shareholders' meetings for two-year terms. Reelection is permitted. Currently, our board of directors consists of eight directors, of which two are independent members, and six non-independent members have a mandate of 2 years, counted as from their election. According to the Rules of the *Novo Mercado*, at least 20.0% or two of the members of our board of directors (whichever is greater) must be independent members.

Members of our board of directors may be reelected and removed from office at any time by a decision of our shareholders at a general shareholders' meeting. In accordance with the Corporate Governance Rules of the *Novo Mercado*, prior to taking office our officers are required to execute an Instrument of Investiture, under of which each one of them personally agrees to comply with the arbitration clause of our bylaws.

Under the Brazilian Corporate Law, members of our board of directors may not vote on any matter or intervene in any transaction that presents a conflict of interest between us and that board member. Ordinary meetings of our board of directors are held on a quarterly basis, while extraordinary meetings of our board of directors are held whenever necessary to discuss certain significant matters.

The table set forth below presents the names, dates of election, titles, and terms of office of the current members of our board of directors.

Name	Election Date	Position	Term of Office
Ricardo Leonel Scavazza	December 4, 2020	Chairperson and Member	2 years
Fernando Henrique de Aldemundo Pereira	December 4, 2020	Member	2 years
Carolina Buendia Gutierrez	December 4, 2020	Member	2 years
Hiran Alencar Mora Castilho	December 4, 2020	Member	2 years
Fernando Machado Terni	December 4, 2020	Member	2 years
Fernanda Garrelhas Miranda	April 16, 2021	Member	2 years
Marco Antônio Barbosa Candido	December 4, 2020	Independent Member	2 years
Ricardo Barbosa Leonardos	December 4, 2020	Independent Member	2 years

The following is a summary of the professional experience, areas of expertise and main outside business interests of our current directors.

Ricardo Leonel Scavazza. Mr. Ricardo Leonel Scavazza holds a bachelor's degree in Business Administration from Fundação Getúlio Vargas and a Master of Business Administration - MBA in Business Administration and Management from Northwestern University - Kellogg. Mr. Scavazza has been Managing Partner of Pátria since 2005 and CIO of Private Equity, primarily responsible for new business efforts and additional acquisitions in Pátria's Private Equity group. He joined the investment management industry in 1999, working on new

investment initiatives and leading the Private Equity group's acquisition efforts for the Private Equity portfolio companies Fundo I, Fundo II, Fundo III, Fundo IV, and Fundo V. He served as CEO Officer at Anhanguera. In addition, he was CFO at DASA, a healthcare company in Rio de Janeiro, and at Anhanguera. He is currently a member of the board of directors of Alphaville, Alliar, HOB, Superfrio, SupplierCard, Tenco, Terra Verde, Zatix, Athena Hospitals, BSL, DFS, Bio Ritmo and Elfa.

Fernando Henrique de Aldemundo Pereira. Mr. Fernando Henrique de Aldemundo Pereira holds a bachelor's degree in industrial engineering from Escola Politécnica da Universidade de São Paulo and an MBA from Kellogg School of Management. He is currently the Healthcare Services Portfolio Manager at Pátria's Private Equity Group. Mr. Pereira also leads the Healthcare Services vertical with Mr. Ricardo Soares. He is responsible for two investment theses - Alliar (medical diagnostic company) and HOB (Ophthalmology Clinics). He was Director of Business Development at Alliar, diagnostic medicine group, being CFO and Growth Director. He also worked as Head of M&A, supporting Patria's investee companies. Before joining Patria, he was a venture capital analyst at Stratus Investimentos.

Carolina Buendia Gutierrez. Ms. Carolina Buendia Gutierrez is an industrial engineer (Universidad de Los Andes). She is currently an Operating Partner at Patria Investimentos. She began her professional career in 2000 at the private equity fund Inverlink Estructuras Inmobiliarias, where she held various senior executive positions until 2009. Ms. Buendia has served in various senior positions at Organizacion Sanitas Internacional (EPS Sanitas), Colombia's leading prepaid drug company, as CEO, Vice President and President. She holds a specialization in project evaluation from Universidad del Rosario.

Hiran Alencar Mora Castilho. Mr. Hiran Alencar Mora Castilho holds a law degree from PUC Paraná and a specialization in hospital administration from Florida University. Entrepreneur in the sectors of health, air transport, agribusiness and related activities. Responsible for all modernization, expansion, and the introduction of governance and good practices in the Santa Rita Group of healthcare founded in 1959. Founder of Biptexto Telecom, director of SINDER (Sindicato Nacional das Empresas de Radiocomunicações), director for two administrations of FEMIPA (Federação das Santas Casas de Misericórdia e Hospitais Beneficentes do Estado do Paraná). He was Director of ABRANGE Paraná; President of Santa Rita Saúde S. A.; Founder of ABBS (Associação Beneficente Bom Samaritano); President of Hospital Bom Samaritano de Maringá S. A.; President of Multivida Participações S. A.; President of MM Participações S. A.; and Managing Partner of Genesis, Vision Medical.

Fernando Machado Terni. Mr. Fernando Machado Terni is an electrical engineer (Escola de Engenharia Mauá, SP - Brazil), MBA from FGV (Fundação Getulio Vargas, SP - Brazil), executive MBA from Kellogg (Northwestern University, IL - USA) and executive education at Duke (The Fuqua School of Business, NC - USA). He started his professional career in 1980 at ABB (Asea Brown Boveri) and held several positions in the industrial and energy segments. He left ABB after 20 years as Vice President of Power Transmission and Distribution to take over as CEO the start-up of Intelig Telecom (Today TIM), a long distance carrier and internet provider. For five years, he was CEO of Nokia in Brazil and senior vice president of Latin America in the infrastructure segment, followed by two years as CEO of the Schincariol Group (now Heineken). From 2012 to 2019, he served as CEO of Alliar, a company in the healthcare segment that provides Diagnostic Imaging and Clinical Analysis. In January 2020, he assumed the position of board member of Alliar, Bio Ritmo and Athena Healthcare.

Fernanda Garrelhas Miranda. Ms. Fernanda Garrelhas Miranda is a Production Engineer with degrees from both the University of São Paulo (USP) and the École Centrale de Lyon. In addition to being a partner of Pátria, Ms. Garrelhas is primarily responsible for M&A projects for Pátria's investee companies. Previously, she served, between 2015 and 2017, in the development of new businesses focused on the application of Pátria's fund V, and between 2012 and 2014, Ms. Garrelhas was chief financial officer of Junior Alimentos, active in the food engineering consulting market. She has also worked as financial and controller manager at Veloce Logistica, from January 2009 to August 2010, and as a member of the M&A team at Anhanguera Educacional.

Marco Antônio Barbosa Candido. Mr. Marco Antônio Barbosa Candido is a mechanical engineer (Instituto Tecnológico de Aeronáutica), Master in Production Engineering (Universidade Federal de Santa Catarina) and Doctor in Production Engineering (Universidade Federal de Santa Catarina)/University of South Florida). He served as CEO of Grupo Paysage Empreendimentos. Mr. Candido has held several positions in the Marist Group, an educational network, such as: Professor (PUCPR); Director of the Production Engineering Course (PUCRS); Coordinator of Strategic Alliances; Administrative Dean and Executive Superintendent. He is currently a founding partner of MBC

Consultoria and Partner at A3 Capital, a consulting firm in mergers and acquisitions. He is a member of the board of directors and other governance bodies of several companies and entities, such as: COPEL, Irmandade da Santa Casa de Curitiba, Grupo Santa Rita, AESC, Expresso Princesa dos Campos, Athena Saúde Brasil S.A. and Grupo Positivo.

Ricardo Barbosa Leonardos. Mr. Ricardo Barbosa Leonardos is an economist and holds an MBA from NYU-Leonard Stern School of Business in business administration and international business. For twelve years he was a partner at Brasilpar, a financial services and investment management company that pioneered venture capital activities in Brazil and was the first independent asset management company to operate in Brazil. He was CEO of Sul América Investimentos, a company of the insurance group of the same name, and CEO of ING Investment Management, the asset management arm of the Dutch group ING. He was also CFO of Optiglobe, the technology outsourcing company of the Votorantim Group, now Tivit. He is currently a founding partner of Symphony, a consulting company for family businesses in the areas of governance, succession, financial planning and family office. Within this scope, he structured and was CEO of the Península family office of the Diniz family for five years. With over 30 years of experience in capital markets and investments, he has worked in mergers and acquisitions, IPOs, privatizations, portfolio management and investment funds. He was a member of the board of directors of several companies and associations such as Banco Sudameris de Investimento, Digitel, ADEVAL - National Association of Securities Distributors, and ABVCAP - Brazilian Association of Private Equity and Venture Capital. He is currently Vice-Chairman of the board of Tecnisa S.A., independent director of Biosev S.A. of the Louis Dreyfuss group, and member of the board of directors of Associação Umane. He also sits on the advisory board of the family holding companies Componente and Jaguari. He is certified as a board member by the Brazilian Institute of Corporate Governance (IBGC) and as a family business consultant by the Family Firm Institute of Boston. Certified by TEL-Aviv University - Coller School of Management Business Leaders in Technology Innovation in The Start-up Nation/ Planning Effective Investments in Technology Markets and by Digital House/SP in the Digital Imersion Program. He is a portfolio manager authorized by the Brazilian Securities and Exchange Commission and an analyst certified by APIMEC

The business address of all members of our board of directors is Avenida Doutora Ruth Cardoso, No. 8501, 4th Floor, Room F, Pinheiros, CEP 05425-070, City Sao Paulo , State of Sao Paulo.

Board of Executive Officers

Our officers are our legal representatives and are responsible for the day-to-day management of our business and legal representation in all necessary acts associated with our business. Our bylaws currently provide that our board of executive officers shall be composed of a minimum of two and a maximum of seven members, comprised of one chief executive officer, one chief financial officer and one investor relations officer, and the remaining officers with no specific designation.

The Brazilian Corporate Law requires that executive officers reside in Brazil, and they may or may not be shareholders. Additionally, up to one-third of the members of a company's board of directors may also serve as executive officers. However, the Corporate Governance Rules of the *Novo Mercado* segment do not permit the same individual to simultaneously hold the positions of chairperson of the board of directors and chief executive officer (or comparable position), except when there is a vacancy in either position which cannot otherwise be filled.

In accordance with the Corporate Governance Rules of the *Novo Mercado*, prior to taking office all members of our board of executive officers are required to execute an Instrument of Investiture, under of which each one of them personally agrees to comply with the arbitration clause of our bylaws. The decisions of our board of executive officers are taken by a majority vote of its members. Under the Brazilian Corporate Law, members of our board of executive officers may not vote on any matter or intervene in any transaction that would create a conflict of interest between us and that executive officer.

The decisions of our board of executive officers are taken by a majority vote of its members. Under the Brazilian Corporate Law, members of our board of executive officers may not vote on any matter or intervene in any transaction that would create a conflict of interest between us and that executive officer.

The table set forth below presents the names, dates of election, titles, and terms of office of our executive officers.

Name	Election Date	Position	Term of Office
Fabio Minamisawa Hirota	December 4, 2020	Chief Executive Officer	2 years
Eduardo Gromatzky	December 4, 2020	Officer	2 years
Daniel Nozaki Gushi	December 4, 2020	Chief Financial and Investor Relations Officer	2 years

The following is a summary of the professional experience, areas of expertise and main business interests of our current executive officers.

Fabio Minamisawa Hirota. Mr. Fabio Minamisawa Hirota is the Director of Pátria's Private Equity Group, and is currently focused on new business efforts. Prior to Pátria, Mr. Hirota worked for 5 years at TIM Participações a company in the telecommunications sector, where he held various management positions, including Head of M&A / Planning and Control Director of TIM Celular and CFO / Business Development Director of TIM Fiber (formerly AES Atimus). Mr. Hirota also worked in the Investment Banking Division of Merrill Lynch, a London-based financial institution. In addition, he worked as a management consultant for over 4 years at Value Partners Management Consulting in São Paulo, a consulting firm. Mr. Hirota holds a Bachelor's degree in Electrical Engineering from the University of São Paulo (USP) and an MBA from the University of Chicago, Booth School of Business.

Daniel Nozaki Gushi. Mr. Daniel Gushi is a Naval Engineer (Escola Politécnica da USP), with Advanced Management Program (AMP) at Kellogg School of Management, Chicago. He started his professional career in 2004 at Banco Votorantim's treasury department. Between 2007 and 2018 he spent at Cremer S/A, a company that was listed on B3 and in the healthcare sector, where he moved through several areas until he became CFO and DRI in 2013, staying in that position until the sale of the company to a strategic investor in 2018. During 2019 he joined the private equity team at Pátria Investimentos, to develop new investment theses. Since February 2020 he joined Athena Saúde as CFO.

Eduardo Gromatzky. Eduardo Gromatzky is an economist graduated from USP in 2005, and holds an MBA from Columbia Business School. He worked as a consultant at LCA Consultores until 2007 and at Bain & Company from 2008 to 2010. After his MBA, he joined IB at Credit Suisse. He left Credit Suisse to act as VP at 2+Capital, where he remained until 2015. In December 2015, he began working as an M&A director for Pátria Investimentos' Private Equity team, where he has remained until the present time. Mr. Eduardo Gromatzky does not hold any positions in other companies or third-sector organizations.

The business address of all members of our board of executive officers is Avenida Doutora Ruth Cardoso, No. 8501, 4th Floor, Room F, Pinheiros, CEP 05425-070, City Sao Paulo , State of Sao Paulo.

Fiscal Council

Pursuant to the Brazilian Corporate Law, the fiscal council is a body that is independent from our management and external auditors. The principal responsibility of the fiscal council is to review the acts and records of management, analyze our financial statements and report its findings to the shareholders.

Our fiscal council is not a permanent body and we currently do not have a fiscal council. Pursuant to our bylaws, when installed, our fiscal council will be composed of three members. Persons elected to the fiscal council must be residents of Brazil, but need not be our shareholders.

Our fiscal council may be installed at a general shareholders' meeting at the request of shareholders representing at least 10% of our common shares and will remain in office until the first general shareholders' meeting following its installation. The request to install a fiscal council can be submitted during any shareholders' meeting, at which time the elections of members of the fiscal council would occur.

The fiscal council may not include our executive officers or members of our board of directors, or employees of a subsidiary or a company that participates in either of our management bodies, or spouses or relatives of any member of our management. Moreover, according to the Brazilian Corporate Law, the fiscal council members are entitled to at least 10% of the average compensation paid to the executive officers, excluding benefits, representation fees and profit sharing.

Audit Committee

Our audit committee must be composed of three members elected by the board of directors for a two-year term, with reelection being permitted. At least one of these members must be an independent board member. Our audit committee's purpose is to assist our board of directors in (i) monitoring and controlling the quality of our financial statements and quarterly financial information, (ii) our internal controls and (iii) the management of our compliance risks. The current members of our audit committee are: Marco Antônio Barbosa Candido, José Carlos Vincoletto and Carlos Emílio Bartilotti.

Marco Antônio Barbosa Candido For a summary of Mr. Marco Antônio Barbosa Candido's business experience and other biographical information, see "*—Board of Directors*" above.

José Carlos Vincoletto. Mr. Vincoletto has a degree in Business Administration from Universidade Mackenzie, Accounting from Faculdade Paulo Eiró, and an MBA from BSP- Business School São Paulo. In addition, he has complemented his professional education with several extracurricular courses, including institutions abroad such as - ASA - American Society of Appraisers, University of Toronto and University of Chicago, besides other courses in institutions in Brazil. His background of more than thirty-five years in the financial area includes eleven years of experience as auditor at Coopers&Lybrand (currently PricewaterhouseCoopers), seven years in several management positions at Wal-Mart, a company in the retail sector, and at Ford Motor Company, in the automotive sector, in Brazil and in the United States, having been for six years a director at White Martins Industrial Gases, which operates in the industrial and medical gases manufacturing market, and for four years CFO at MWM-International Motores (vehicle fuels sector). He has extensive experience in processes and projects of functional, fiscal and corporate reorganization. Since September 2012, he provides accounting consulting services for Account Assessores.

***Carlos Emílio Bartilotti*.** Mr. Bartilotti has a degree in Economic Science from Universidade Federal de Minas Gerais, an MBA in Finance from IBMEC Business School, and a master's degree in finance from FEAD. In his professional career Mr. Bartilotti has worked as a corporate finance professor at Fundação Cabral and Fundação Gentúlio Vargas. He worked as control superintendent at Banco BEMGE S.A., and as retail administration superintendent at Banco Simples. As a business management consultant, he worked for BDO Directa - Worldwide Business Advisors, an international consulting firm. He is currently a member of boards of directors of companies in various segments, specifically in the health sector, Laboratório Hermes Pardini. In addition, Mr. Bartilotti is partner and director of TGE - Tecnologia de Gestão Empresarial, a consulting company specialized in M&A, company valuation, strategic planning, structuring of management control and corporate finance of companies, debt structuring, economic and financial feasibility of investments.

Compensation

According to the Brazilian Corporate Law and our bylaws, the aggregate compensation of the members of our board of directors, board of executive officers and fiscal council (if installed) is annually determined by our shareholders at our general shareholders' meeting. Our compensation policy is based on the premise of attracting and retaining high quality employees on a long-term basis.

The members of our board of directors are entitled to fixed compensation and an annual bonus, paid based on the results from their evaluation process. Our executive officers receive fixed compensation, certain direct and indirect benefits and an annual bonus paid in case of exceeding certain financial performance goals. In addition, we may also grant stock to our management, executive officers and other strategic employees (see "*—Stock Option Plan*"), designed to retain our management, officers and other strategic employees over the long-term and to align their interests with our long-term goals in addition to other benefits.

In 2020, we paid R$27.6 million in total compensation to our directors and executive officers.

We did not have a board of directors until 2020; therefore, no compensation was paid to our directors in 2019 and 2018.

In 2019, we paid R$4.1 million in total compensation to our executive officers as compared to R$3.8 million in 2018.

In 2021, we expect to pay R$40.5 million in total compensation to our directors and executive officers, of which R$9.7 million is expected to be paid to our directors and R$30.8 million is expected to be paid to our executive officers.

Family Relationships

As of the date of this offering memorandum, there is no family relationship among our directors, officers and controlling shareholders.

Civil Liability Insurance

We maintain civil liability insurance for our directors and executive officers to cover the costs from judicial and administrative proceedings in connection with third-party claims filed against the activities of our management. Our current insurance policy is valid until October 6, 2021 and the maximum limit of liability under this policy is R$100.0 million. In addition, there is coverage for claims made after the effective period for a complementary term of three years without additional premium charge, after which there is coverage for claims made for an additional term of one year, subject to additional premium charge. The corresponding total premium due is R$0.3 million.

While we believe our insurance policies reflect standard market practices, there are certain types of risk that may not be covered by the policies. Therefore, should any of these uncovered events occur, we may be obliged to incur additional costs to remedy the situation, reconstitute our assets and/or indemnify our clients or other third parties, which may adversely affect us. Furthermore, even in the event that we incur a loss that is covered by our policies, we cannot assure you that damages awarded by our insurers will be sufficient to cover the losses arising from the insured event. For additional information, see "*Risk Factors—Risks Relating to our Business—Our insurance policies may not be adequate or sufficient in all circumstances or against all risks.*"

Stock Option Plan

On September 30, 2020, our shareholders approved our stock option plan, pursuant to which our board of directors may grant the right to receive our common shares, to professionals selected at the sole discretion of the board of directors, from our management, executives and employees, including those of our subsidiaries. Our stock grant plan seeks to: (i) encourage the expansion, success and execution of our business, and (ii) align the interests of the stock grant plan beneficiaries with our interests and those of our shareholders. As of the date of this offering memorandum, no shares have been granted under our stock grant plan out of a possible maximum number equivalent to 5% of our total share capital immediately after the conclusion of this offering. The board of directors will determine (i) the beneficiaries of the plan and the individual amount, terms and conditions for the transfer of our stock; and (ii) the vesting periods for exercising the stock options.

On December 31, 2020, the outstanding stock options held by the members of our board of directors and executive board were as follows:

	Board of Directors		**Executive Board**	
No. of members	**8**		**4**	
No. of members with compensation	**2[(1)]**		**4**	
Grant Date[(1)]	January 31, 2020	October 1, 2020	January 31, 2020	October 1, 2020
Number of Shares	5,372,593	5,377.192	11,440,778	18,883,537
Date on which they become exercisable	(i) 1/3 on January 31, 2023; (ii) 1/3 on January 31, 2024 and (iii) 1/3 on March 31, 2025; noting	50% on March 31, 2022, (ii) 2022, (ii) 25% on March 31, 2023; (iii) and 25% on	(i) 1/3 on the 3rd anniversary; (ii) 1/3 on the 4th anniversary; and (iii) 1/3 on the 5th	(i) 1/3 on March 31, 2024 2024; (ii) 1/3 on March 31, 2025 and (iii) 1/3 on March 31, 2026;

	that, in the event of an IPO, 44% of the options granted may be exercised after this liquidity event	March 31, 2024, noting that, in the event of the IPO, 58% of the options granted may be exercised after this liquidity event	anniversary, noting that, in the event the IPO occurs, 50% of the options granted may be exercised exercisable after this liquidity event	noting that, in the event the IPO occurs, 33% of the options granted may be exercised after this liquidity event
Maximum term for exercising options.....	N/A	N/A	N/A	N/A
Term of restriction on transfer of shares.....	180 days	180 days	180 days	180 days
average exercise price.....	R$0.98	R$0.98	R$0.98	R$0.98
Fair value of options on the last day of the fiscal year.....	R$2.61	R$1.75	R$2.61	R$1.75

(1) Only two members of the board of directors received grants and were therefore considered in this item specifically.

In the fiscal years ended December 31, 2018 and 2019, there were no outstanding options held by our board of directors and statutory management

PRINCIPAL AND SELLING SHAREHOLDERS

As of the date of this offering memorandum, and without giving effect to this offering, our capital stock is R$1,550,958,698.90, fully subscribed and paid up, divided into 419,519,705 common shares, all nominative, in book-entry form and without par value.

Under our bylaws, our board of directors may increase our share capital up to 3,000,000,000 common shares without seeking specific shareholder approval. In such issuance, our board of directors will set the price and offering conditions of the shares, as well as the exclusion of the redemption rights of our shareholders (subject to the applicable restrictions imposed by law).

The following tables set forth information relating to the principal holders of our issued and outstanding share capital (i) immediately prior to the offering, (ii) after completion of the offering, assuming no sale of additional shares, and no exercise of the over-allotment option, (iii) after completion of the offering, assuming sale of all additional shares and no exercise of the over-allotment option, (iv) after completion of the offering, assuming full exercise of the over-allotment option and no sale of additional shares, and (v) after completion of the offering, assuming full exercise of the over-allotment option and sale of all additional shares.

We do not have treasury shares.

	Immediately Prior to the Offering	
Shareholders	**Common Shares**	**% of Common Shares**
Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia[(1)]	370,758,260	88.4%
Cafpar Consultoria e Participações - EIRELI	915,022	0.2%
Hiran Alencar Mora Castilho[(2)]	29,341,020	7.0%
Others	18,505,403	4.4%
Total	**419,519,705**	**100.00%**

(1) BRL Trust Investimentos Ltda. acts as investment manager of Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. In its capacity as investment manager, BRL Trust Investimentos Ltda. may be deemed to have voting or investment power over the common shares held by Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. The principal business address of BRL Trust Investimentos Ltda. is Rua Iguatemi, 151, 19th floor, Itaim Bibi, São Paulo – SP 01451-011, Brazil.

(2) With the exception of Hiran Alencar Mora Castilho, who is a member of our Board of Directors, no director holds any of our shares.

	After Completion of the Offering, Assuming no Sale of Additional Shares and no Exercise of the Over-Allotment Option	
Shareholders	**Common Shares**	**% of Common Shares**
Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia[(1)]	303,884,561	65.5%
Cafpar Consultoria e Participações - EIRELI	749,979	0.2%
Hiran Alencar Mora Castilho	24,048,778	5.1%
Others	139,057,043	29.7%
Total	**467,740,361**	**100.00%**

(1) BRL Trust Investimentos Ltda. acts as investment manager of Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. In its capacity as investment manager, BRL Trust Investimentos Ltda. may be deemed to have voting or investment power over the common shares held by Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. The principal business address of BRL Trust Investimentos Ltda. is Rua Iguatemi, 151, 19th floor, Itaim Bibi, São Paulo – SP 01451-011, Brazil.

Shareholders	After Completion of the Offering, Assuming Sale of All Additional Shares and no Exercise of the Over-Allotment Option	
	Common Shares	% of Common Shares
Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia[(1)]	281,593,328	60.2%
Cafpar Consultoria e Participações - EIRELI	694,965	0.1%
Hiran Alencar Mora Castilho	22,284,697	4.8%
Others	163,167,371	34.9%
Total	**467,740,361**	**100.00%**

(1) BRL Trust Investimentos Ltda. acts as investment manager of Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. In its capacity as investment manager, BRL Trust Investimentos Ltda. may be deemed to have voting or investment power over the common shares held by Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. The principal business address of BRL Trust Investimentos Ltda. is Rua Iguatemi, 151, 19th floor, Itaim Bibi, São Paulo – SP 01451-011, Brazil.

Shareholders	After Completion of the Offering, Assuming Full Exercise of the Over-Allotment Option and no Sale of Additional Shares	
	Common Shares	% of Common Shares
Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia[(1)]	287,166,136	61.4%
Cafpar Consultoria e Participações - EIRELI	708,719	0.2%
Hiran Alencar Mora Castilho	22,725,717	4.9%
Others	157,139,789	33.6%
Total	**467,740,361**	**100.00%**

(1) BRL Trust Investimentos Ltda. acts as investment manager of Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. In its capacity as investment manager, BRL Trust Investimentos Ltda. may be deemed to have voting or investment power over the common shares held by Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. The principal business address of BRL Trust Investimentos Ltda. is Rua Iguatemi, 151, 19th floor, Itaim Bibi, São Paulo – SP 01451-011, Brazil.

Shareholders	After Completion of the Offering, Assuming Full Exercise of the Over-Allotment Option and Sale of All Additional Shares	
	Common Shares	% of Common Shares
Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia[(1)]	264,874,903	56.6%
Cafpar Consultoria e Participações - EIRELI	653,705	0.1%
Hiran Alencar Mora Castilho	20,961,636	4.5%
Others	181,250,117	38.8%
Total	**467,740,361**	**100.00%**

(1) BRL Trust Investimentos Ltda. acts as investment manager of Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. In its capacity as investment manager, BRL Trust Investimentos Ltda. may be deemed to have voting or investment power over the common shares held by Brazilian Private Equity V Fundo de Investimento em Participações Multiestratégia. The principal business address of BRL Trust Investimentos Ltda. is Rua Iguatemi, 151, 19th floor, Itaim Bibi, São Paulo – SP 01451-011, Brazil.

We expect that after completion of the offering, our free float will be equivalent to: (i) 29.9% of our share capital, assuming no sale of additional shares, and no exercise of the over-allotment option; (ii) 35.0% of our share capital, assuming sale of all additional shares and no exercise of the over-allotment option; (iii) 33.7% of our share capital, assuming full exercise of the over-allotment option and no sale of additional shares; (iv) 38.9% of our share capital, assuming full exercise of the over-allotment option and sale of all additional shares. For the calculation of our free float we consider the shares held by Cafpar Consultoria e Participações – EIRELI.

RELATED PARTY TRANSACTIONS

Our current rules and practices for transactions with related parties require that these transactions are made under usual market prices and conditions, in accordance with our corporate governance practices and those recommended or required by law.

Our policy on transactions with related parties and other situations involving conflicts of interest ("Related Parties Transaction Policy"), approved by our board of directors on December 4, 2020, aims to ensure that all decisions, especially those related to transactions with related parties and other situations involving potential conflicts of interest involving us, are made taking into account our interests and our shareholders and conducted within market conditions, respecting the best corporate governance practices and transparency.

Our Related Parties Transaction Policy objectively defines concepts about related parties and related-party transactions, and establishes minimum disclosure requirements for these transactions. Our shareholders, directors and senior management, including those from our subsidiaries, their respective alternates, as well as their respective spouses or partners, children, children of their spouses or partners, and their dependents or those of their respective spouses must inform our legal department of any transactions between us and them, of which they are aware.

If the transaction reported, as per the paragraph above, does in fact constitute a related party transaction, according to a judgment to be made by our legal department, such transaction will be reported to our finance department or to the board of directors, as the case may be, for analysis for approval purposes.

In order to determine which is the competent instance for analysis and approval of the transactions, the legal department must classify them based on: (i) the amount involved; and (ii) whether or not it is a transaction in the ordinary course of business, to determine the competent instances for its analysis and approval. All related party transactions up to R$5 million must be previously approved by the finance department, while related party transactions for amounts above R$5 million and those outside the ordinary course of business must be previously approved by the board of directors.

We, through our Chief Financial Officer and our board of directors, as the case may be, will act to ensure that any and all related party transactions carried out by us are contractually formalized, observing the following criteria: (i) the transaction must be under market conditions at the time of its approval (arm's length); (ii) the terms of the transaction and the purpose of the business must be contractually included; and (iii) the conditions of tour Related Party Transaction Policy must be fully observed.

In the analysis of related party transactions, the financial department and the board of directors, as the case may be, should verify if such transactions will be carried out under commutative conditions and in observation of market conditions. In their analysis, they may also consider: (i) whether there are clear reasons to enter into the transaction with the related party; (ii) whether the transaction with the related party is carried out on terms at least equally favorable to us than those generally available in the market or those offered to or by a third party unrelated to us under equivalent circumstances; (iii) the results of appraisals carried out or opinions issued by a specialized and independent company, if any; (iv) whether or not a competitive process was carried out for such contracting and its result; (v) the pricing methodology used and other possible alternative ways of pricing the transaction with the related party; and (vi) whether the principles and rules of the Related Parties Transaction Policy were observed.

Our Chief Financial Officer and the board of directors, as the case may be, may only approve the related party transaction if they conclude that it is fair, commutative, and in our best interest.

Finally, the following transactions with related parties are forbidden (i) transactions under non-market conditions; and (ii) the direct granting of loans or loan operations or provision of guarantee: to (a) the directors and members of our senior management, members of the fiscal or administrative boards or committees and their respective alternates, as well as to their respective spouses, companions, descendants or descendants of their respective spouses or companions; (b) relatives, up to the second degree, of the persons mentioned above; and (c) the shareholders, natural persons or legal entities, or legal entities in which they hold an interest of more than 5% (five percent), any of our directors and members of our senior management and their respective alternates, as well as their respective spouses, companions, descendants or descendants of their respective spouses or companions and their respective relatives up to the second degree.

Our directors and members of our senior management and employees are also forbidden to participate in business of a private or personal nature that interfere or conflict with our interests or that result from the use of confidential information due to their position or function.

The Related Parties Transaction Policy is available for consultation electronically on our investor relations website: ri.athenasaude.com.br.

Under the Brazilian Corporate Law, a shareholder may not vote in the resolutions of the shareholders' meeting relating to the appraisal of assets contributed as an in-kind capital contribution toward our social capital, in the approval of its accounts as a manager, or any other matter that may benefit such shareholder in a particular way or in which they have a conflict of interest with us. In the event that any shareholder has a conflict of interest with the matter being deliberated upon, such shareholder will be prevented from casting their vote.

Below is a description of our main related party transactions. For further information regarding our related party transactions, see note 20 to our audited individual and consolidated financial statements for the years ended December 31, 2020, 2019 and 2018.

- On September 30, 2020, our subsidiary ASG Holding S.A granted a loan to our board member Hiran Alencar Mora Castilho ("Hiran") in the amount of R$44 million, bearing a fixed interest rate of 6% plus IGP-M/FGV, with a 4-year term. This transaction was approved by our board of directors approved the transaction without reservations, and Hiran abstained from voting. In case of default, the loan agreement provides for a late payment interest of 1% per month on the overdue amounts, and a late payment fine of 10% on the overdue amounts. As of December 31, 2020, the outstanding balance of the agreement was R$44.6 million.

- Our subsidiary Multivida has entered into certain services agreement with companies of which our board member Hiran is a shareholder, including agreements for (i) administrative, financial, human resources, legal, information technology, and other services, (ii) planning, consulting and business management services, (iii) of marketing services, (iv) consignation, annotation and transfer of payroll amounts services.

- In December 2019, our subsidiary Multivida entered into an assignment agreement with Life Guard Participações Ltda, for the temporary assignment of a private aircraft, in the amount of R$386,000. Our board member Hiran is a shareholder of Life Guard Participações Ltda and a former shareholder of Multivida. As of December 31, 2020, the outstanding balance under this agreement was R$31,000.

- We were a party to a number of accreditation agreements for the provision of medical services involving services providers who are our minority shareholders and minority shareholders of our subsidiaries. These are entered into in accordance with commercial and market conditions. We have adopted market practices and conditions at the time of such transactions, equivalent to those that would be stipulated between independent and unrelated parties, safeguarding the commutative nature of the agreed conditions and the adequate compensatory payment.

DESCRIPTION OF CAPITAL STOCK

Set forth below is a brief discussion of certain significant provisions of our bylaws as in effect on the date of this offering memorandum, the Brazilian Corporate Law, CVM regulations, and the Corporate Governance Rules of the *Novo Mercado* segment of the B3 relating to our capital stock, management, periodic information disclosure and other corporate matters. This is a descriptive summary, and therefore may not contain all of the information that may be important to you.

General

We are a corporation (*sociedade por ações*) organized under Brazilian law. Our registered office is located in the City Sao Paulo, State of Sao Paulo, at Avenida Doutora Ruth Cardoso, No. 8501, 4th Floor, Room F, Pinheiros, CEP 05425-070 under NIRE No. 35.300.522.681 and with the Brazilian Federal Revenue Service under CNPJ No. 31.701.408/0001-14.

Share Capital

As of the date of this offering memorandum, and without giving effect to this offering, our capital stock is R$1,550,958,698.90, fully subscribed and paid up, divided into 419,519,705 common shares, all nominative, in book-entry form and without par value. Under our bylaws, our board of directors may increase our share capital up to 3,000,000,000 common shares without seeking specific shareholder approval. The shareholders must approve any capital increase above this number of shares at a shareholders' meeting. Pursuant to the Corporate Governance Rules of the *Novo Mercado*, the Brazilian Corporate Law and our bylaws, we are not allowed to issue preferred shares or founders' shares.

According to the Brazilian Corporate Law, our capital stock may be increased (i) by resolution of our board of directors, subject to the limit authorized by the bylaws, (ii) by conversion of debentures or participation certificates into common shares, (iii) by the exercise of rights conferred by subscription warrants or by an option to purchase common shares or (iv) by resolution of a special shareholders' meeting convened to adopt an amendment to the bylaws if there has been no authorization to increase our capital stock or if the limit in our bylaws has been reached.

In the case of a loss, our capital stock may be reduced by resolution of a shareholders' general meeting up to the amount of the accrued losses and after the absorption of all capital reserve. Absent a loss, our capital stock may be reduced by resolution of a shareholders' general meeting if our shareholders deem the existing capital to be excessive.

Restrictions on Investments by Non-Residents of Brazil

Foreign investors must comply with certain requirements in order to purchase our common shares in this offering. See "*Market Information—Investment in our Common Shares by Non-Residents of Brazil*."

Rights of Common Shares

Each of our common shares entitles its holder to one vote at our annual or special shareholders' meeting (*assembleia geral ordinária* or *assembleia geral extraordinária*), and the right to a proportional share in a minimum annual dividend of 25% of our adjusted net income (as calculated under Article 202 of the Brazilian Corporate Law), with the latter being subject to certain exceptions and conditions under the Brazilian Corporate Law and our bylaws. Pursuant to the Corporate Governance Rules of the *Novo Mercado*, on which we have applied to list our shares, we cannot issue shares with no voting rights or with restricted voting rights. In addition, our bylaws and the Brazilian Corporate Law provide that common shares are entitled to dividends or other distributions made in respect of common shares in proportion to their share of the amount of the dividend or distribution. See "*Dividends and Dividend Policy*" for a more complete description of payment of dividends and other distributions on our common shares. In addition, upon our liquidation, the common shares are entitled to return of capital in proportion to their share of our net worth, after payment of all our liabilities. Except in the event of the grant or exercise of an option to acquire or subscribe for shares of our capital stock or the conversion of debentures or warrants (*bonus de subscrição*) into shares or in cases in which our board of directors is authorized to exclude preemptive rights, our shareholders have a general preemptive right to subscribe for shares in any capital increase according to the proportion of their shareholdings.

Our common shares are entitled to full tag-along rights. According to the Brazilian Corporate Law, neither a company's bylaws nor a shareholders' meeting may deprive a shareholder of the following rights: (i) profit sharing rights; (ii) participation in our assets in case of liquidation; (iii) monitoring the management of business; (iv) preference for the subscription of shares, securities convertible into shares, convertible debentures and warrants, subject to the provisions of Articles 171 and 172 of the Brazilian Corporate Law; and (v) withdrawal in the circumstances provided by law.

To delist from the *Novo Mercado* we must launch a tender offer. For more information about delisting from the *Novo Mercado*, see "*—Rights, Restrictions and Duties Associated with our Common Shares—Delisting from the Novo Mercado*."

Stock Grant Plan and Stock Option Plan

For more information about our stock option plan, see "*Management—Stock Grant Plan*."

Shareholders' Meetings

Our shareholders' meetings must be called with (i) at least 15 calendar days' advance notice for the first call, and (ii) at least eight calendar days' advance notice for the second call. This requirement may be waived if all shareholders are present at any shareholders' meeting.

At our shareholders' meetings, shareholders are generally empowered to take any action relating to our corporate purpose and to pass such resolutions as they deem necessary. Shareholders at the annual shareholders' meeting have the exclusive power to approve our financial statements and to determine the allocation of our net income with respect to the fiscal year ended immediately prior to the annual shareholders' meeting. The election of our directors typically takes place at the annual shareholders' meeting, although under Brazilian law it may also occur at a special shareholders' meeting. Members of the fiscal council, if its installation is requested by the shareholders', are elected at any shareholders' meeting.

A special shareholders' meeting may be held concurrently with the annual shareholders' meeting. The following actions, among others, may be taken only at a special shareholders' meeting:

- amending our bylaws;
- attributing payments using our shares and deliberate on share grouping or splits;
- electing and dismissing, at any time, the members of our board of directors and of our fiscal council, when installed, as well as defining the number of members in our board of directors and of our fiscal council;
- annually examining management accounts and approve the financial statements presented by our management;
- determining, in accordance with the proposal presented by our management, on the allocation of net income for the year;
- approving the dissolution, liquidation, merger (including merger of shares), spin-off, transformation or incorporation of the Company, the election and removal of liquidators, as well as the fiscal council that will operate during the liquidation period, as well as the approval of its accounts and the division of corporate assets in the event of liquidation;
- setting the annual global limit of the remuneration of the members of our board of directors, executive board and, if installed, fiscal council;
- authorizing the issuance of debentures convertible into our shares and other securities convertible into our shares;

- approving the evaluation of assets contributed by a shareholder for the formation of our capital stock;
- authorizing our officers to file for bankruptcy and judicial or extrajudicial reorganization of the Company; and
- approving stock option plans or similar instruments that involve the issuance of shares issued by us or our subsidiaries, or the delivery of treasury shares in favor of any director, officer or person employed by us or our subsidiaries.

Quorum

As a general rule, the Brazilian Corporate Law provides that a quorum at a shareholders' meeting consists of shareholders representing at least 25% of a company's issued and outstanding voting capital on the first call and, if that quorum is not reached, any percentage on the second call.

In most cases, the affirmative vote of shareholders representing at least the majority of our issued and outstanding common shares present in person or represented by proxy at a shareholders' meeting is required to approve any proposed action, and abstentions are not taken into account. However, the affirmative vote of shareholders representing one-half of our issued and outstanding voting capital is required to:

- reduce the percentage of mandatory dividends;
- change our corporate purpose;
- merge our company with another company;
- spin off of our company (either of a portion of our assets or our liabilities);
- approve our participation in a group of companies;
- apply for cancellation of any voluntary liquidation;
- approve our dissolution; and
- approve the merger of our shares by another company.

The CVM may authorize the reduction of the quorum provided for in the Brazilian Corporate Law in the case of listed companies with a high level of free float and provided that at least three shareholders' meetings of such companies have been held with the presence of the shareholders representing less than 50% of its voting shares.

Notice of our Shareholders' Meetings

Notice of our shareholders' meetings must be published at least three times in the official gazette of the State of São Paulo (*Diário Oficial do Estado de São Paulo*) and *Valor Econômico* newspaper. The first notice must be published no later than 15 days prior to the date of the meeting on the first call, and no later than eight days prior to the date of the meeting on the second call. However, in certain circumstances, the CVM may require, upon the request of any shareholder, that the first notice be published 30 days in advance of the meeting. The CVM may also, upon the request of any shareholder, suspend for up to 15 days the process of calling for a particular special shareholders' meeting in order to understand and analyze the proposals to be submitted at the meeting. In any event, notices of shareholders' meetings must include the place, date, time and the agenda of the meeting and, in the case of a proposed amendment to our bylaws, a description of the proposed amendment.

Location of our Shareholders' Meetings

Our shareholders' meetings take place at our headquarters at Avenida Doutora Ruth Cardoso, No. 8501, 4th Floor, Room F, Pinheiros, CEP 05425-070, City São Paulo, State of São Paulo. The Brazilian Corporate Law allows our shareholders to hold meetings outside our headquarters, as long as they are held in the same municipality. The shareholders' meeting may be held digitally, pursuant to the CVM regulations.

Who May Call our Shareholders' Meetings

Our board of directors may call shareholders' meetings. Shareholders' meetings may also be called by:

- any shareholder, if our directors fail to call a shareholders' meeting within 60 days after the date they were required to do so under applicable laws;
- shareholders holding at least 5% of our capital stock, if our directors fail to call a meeting within eight days after receipt of a justified request to call the meeting by those shareholders indicating the proposed agenda;
- shareholders holding at least 5% of our shares if our directors fail to call a meeting within eight days after receipt of a request to call the meeting for the installation of the fiscal council; and
- our fiscal council, if installed, if our board of directors fails to call an annual shareholders' meeting. The fiscal council may also call a special shareholders' meeting if it believes that there are important or urgent matters to be addressed.

Conditions for Admission to our Shareholders' Meetings

Shareholders attending a shareholders' meeting must produce proof of their status as shareholders and proof that they hold the shares that they intend to vote.

A shareholder may be represented at a shareholders' meeting by a proxy appointed less than a year before, which must be a shareholder, a corporation officer, a lawyer or a financial institution. An investment fund must be represented by its investment fund manager.

Board of Directors

Our board of directors is the decision-making body responsible for determining the guidelines and general policies of our business, including our overall long-term strategy as well as controlling and overseeing our performance. Our board of directors is also responsible for, among other matters, supervising the activities of our executive officers.

Pursuant to our bylaws, our board of directors must be comprised of a minimum of five and a maximum of nine members. The members of our board of directors are elected at a general shareholders' meeting and serve two-year terms. They may be reelected, and they are subject to removal at any time by our shareholders. According to the Corporate Governance Rules of the *Novo Mercado*, at least 20.0% or two of the members of our board of directors, whichever is greater, must be independent members. See "*Market Information—Corporate Governance Practices and the Novo Mercado*."

Election of Members of our Board of Directors

According to the Corporate Governance Rules of the *Novo Mercado*, at least 20.0% or two of the members of our board of directors, whichever is greater, must be independent directors, meaning that none of these directors: (i) is a controlling shareholder, spouse or at least second-degree relative of a controlling shareholder, nor is currently nor has been linked to a company or a related entity that is owned by a controlling shareholder in the last three years; (ii) has been one of our, or our subsidiaries', employees or director the last three years; (iii) is a spouse or at least second-degree relative of any manager of our company; and (iv) has its votes on the board of directors meeting linked to a shareholders agreement. Currently, two members of our board of directors are independent directors.

The Brazilian Corporate Law allows the adoption of cumulative voting upon a request by shareholders representing at least 10.0% of our voting capital, according to which each share receives a number of votes corresponding to the number of members of our board of directors. The shareholders holding, individually or jointly, at least 15.0% of our common shares are entitled to vote separately to appoint one director. As prescribed by CVM Instruction No. 282 dated June 26, 1998, the threshold to trigger cumulative voting rights may vary from 5.0% to 10.0% of the total voting capital stock. Taking into consideration our current capital, shareholders representing 5.0% of our

voting capital stock may request the adoption of cumulative voting to elect the members of our board of directors. If cumulative voting is not requested, our directors shall be elected by the majority vote of the holders of our common shares, in person or represented by a proxy.

Transactions in which Directors have an Interest

The Brazilian Corporate Law prohibits a director from:

- performing any charitable act at our expense, except for such reasonable charitable acts for the benefit of employees or of the community in which we participate, subject to approval by our board of directors or our executive officers;
- by virtue of his or her position, receiving any type of direct or indirect personal advantage from third parties without authorization in the bylaws or from a shareholders' meeting;
- borrowing money or any corporate assets from us, or using our property, services or credits for their own benefit or for the benefit of a company in which he or she has an interest or of a third party, without prior written authorization of the shareholders or board of directors;
- taking part in any corporate transaction in which he or she has an interest that conflicts with an interest of our company, or in the decisions made by other directors or officers on the matter;
- using, for the director's or officer's own benefit or for the benefit of third parties, commercial opportunities known to him or her as a result of his or her participation in our management;
- failing to exercise or protect our rights or, for the purposes of obtaining benefits for himself or herself or third parties, missing business opportunities for our company; and
- purchasing, for resale, assets or rights known to be of interest to us, or necessary for our activities, or that we may intend to acquire.

Executive Officers

Our executive officers are our legal representatives, and are principally responsible for our day-to-day management and for implementing the policies and general guidelines established by our board of directors.

According to our bylaws, our board of executive officers must be comprised of a minimum of two and a maximum of seven officers (one chief executive officer, one chief financial officer, one investor relations officer and the remaining officers with no specific designation), each of whom must be a resident of Brazil, as required by law, but need not own any of our shares. In accordance with the Corporate Governance Rules of the *Novo Mercado*, prior to taking office our officers are required to execute an Instrument of Investiture, under of which each one of them personally agrees to comply with the arbitration clause of our bylaws. Our executive officers are elected at a meeting of our board of directors for two-year terms, reelection being permitted. Our board of directors may elect to remove officers at any time.

Fiscal Council

The Brazilian Corporate Law requires any fiscal council to be independent from management and from external independent auditors. The primary responsibility of the fiscal council is to review our management's activities and financial statements and to report their findings to shareholders.

The fiscal council is a non-permanent body that, according to our bylaws, may be formed by three members, who must all be residents of Brazil, regardless of whether they are shareholders or not.

The fiscal council is required to be appointed at a shareholders' meeting upon the request of shareholders representing at least 10.0% of our outstanding common shares, and its term ends at the first annual shareholders meeting following its creation. The request to install a fiscal council can be submitted during any shareholders' meeting, at which time the elections of members of the fiscal council would occur.

The fiscal council may not include our executive officers or members of our board of directors, or employees of a subsidiary or a company that participates in either of the management bodies, or spouses or relatives of any member of our management. Moreover, according to the Brazilian Corporate Law, the fiscal council members are entitled to at least 10.0% of the average compensation paid to the executive officers, excluding benefits, representation fees and profit sharing.

As of the date of this offering memorandum, we have not installed a fiscal council.

Rights, Restrictions and Duties Associated with our Common Shares

Withdrawal Rights

Any shareholder who dissents from certain actions taken during a shareholders' meeting has the right to withdraw from us and to receive the book value of his or her shares.

According to the Brazilian Corporate Law, shareholder withdrawal rights may be exercised in the following circumstances, among others:

- a spin-off of our assets in certain circumstances, as described below;
- a reduction of our mandatory dividends;
- an acquisition of control over another company for a price that exceeds the limits set out in the Brazilian Corporate Law;
- merger of shares involving us, in accordance with Article 252 of the Brazilian Corporate Law;
- a change in our corporate purpose;
- our consolidation with or merger into another company in certain circumstances, as described below;
- our participation in a group of companies, as defined in the Brazilian Corporate Law; and
- change in our corporate form.

The Brazilian Corporate Law provides that any resolution regarding a spin-off will entitle shareholders to withdraw from us if the spin-off:

- causes a change in our corporate purpose, except if the equity spun off is purchased by a company whose primary activities are consistent with our corporate purpose;
- reduces our mandatory dividends; or
- causes us to join a group of companies, as defined in the Brazilian Corporate Law.

In case of our (i) consolidation with or merger into another company; (ii) participation in a group of companies (as defined in the Brazilian Corporate Law); (iii) participation in a merger of shares involving us, in accordance with Article 252 of the Brazilian Corporate Law; or (iv) acquisition of control of another company for a price that exceeds certain limits provided by law, our shareholders will not be entitled to withdraw if their respective shares are liquid, which the CVM defines as being part of the B3 index or other traded stock exchange index, and being widely held, such that the controlling shareholder, the parent company or other jointly controlled companies hold less than 50% of that type or class of our shares.

The right to withdraw expires 30 days after the publication of the minutes of the shareholders' meeting that approves any of the above subjects. Furthermore, we are entitled to reconsider any action giving rise to withdrawal rights for ten days subsequent to the expiration of the term for the exercise of those rights if we believe the reimbursement of the shares of the dissenting shareholders would jeopardize our financial stability.

If shareholders exercise withdrawal rights, they are entitled to receive the book value of their shares, based on our most recent balance sheet approved at a shareholders' meeting. However, if the resolution giving rise to the withdrawal rights is made later than 60 days after the date of our most recent balance sheet approved by the shareholders, our shareholders may demand that their shares be valued in accordance with a new balance sheet dated no more than 60 days before the resolution date. In this case, we must immediately pay 80% of the book value of the shares according to the most recent balance sheet approved by the shareholders, and the balance must be paid according to the new balance sheet within 120 days after the date of the resolution of the shareholders' meeting.

Redemption

According to the Brazilian Corporate Law, we may redeem our shares subject to the approval of our shareholders at a special shareholders' meeting, where shareholders representing at least 50% of the shares that would be affected are present and approve the redemption. Redemption can be paid with our profits, profit reserve (except the legal reserve) or capital reserve. In case of partial redemption, the shares to be redeemed would be selected by lottery.

Registration of Our Shares

Our common shares are held in book-entry form at Itaú Corretora de Valores S.A. The transfer of our common shares is carried out through a debit entry on the seller's account and a credit entry on the purchaser's account upon (i) written request of the seller or (ii) judicial order or authorization.

Preemptive Rights

Except in the event of the grant or exercise of an option to acquire or subscribe for shares of our capital stock or the conversion of debentures or warrants into shares, our shareholders have a general preemptive right to subscribe for shares in any capital increase according to the proportion of their shareholdings. Our shareholders also have a general preemptive right to subscribe for any convertible debentures, rights to acquire our shares and subscription warrants that we may issue. A period of at least 30 days following the publication of notice of the capital increase is allowed for the exercise of the preemptive right, and the right may be transferred or disposed of for consideration. However, according to the Brazilian Corporate Law and our bylaws, our board of directors is authorized to exclude preemptive rights or reduce the exercise period with respect to the issuance of new shares, debentures convertible into shares and subscription warrants if the distribution of those shares is effected through sale in a stock exchange transaction, through a public offering or through an exchange of shares in a public offering the purpose of which is to acquire control of another company.

Widespread Ownership

There will be widespread ownership (*controle difuso*) of our activities if our control is exercised by (i) a shareholder holding less than 50% of our outstanding shares; (ii) shareholders jointly holding more than 50% of our outstanding shares, provided that each one holds less than 50% of our outstanding shares and provided further that they are not subject to voting right agreements or to common control and do not represent a common interest; and (iii) shareholders holding less than 50% of our outstanding shares who have executed a shareholders' agreement. If there is widespread ownership under the terms of the B3's Corporate Governance Rules of the *Novo Mercado*:

- in the case of a cancellation of the publicly held company registry, we will be responsible for the public tender offer, at a price corresponding to the economic value of the shares determined in the appraisal report prepared by a specialized company; however, we will only be able to acquire the shares owned by shareholders that voted in favor of such cancellation after having acquired the shares of the shareholders voting against such decision and that have accepted the public tender offer;

- in the case of a delisting from the Novo Mercado by resolution of the shareholders, shareholders who voted in favor of the delisting will be responsible for the public tender offer at a price corresponding to the economic value of the shares determined in the appraisal report prepared by a specialized company; and

- in the case of a delisting from the Novo Mercado following non-compliance with the obligations of the Corporate Governance Rules of the Novo Mercado, shareholders voting in favor of the decision, resulting in non-compliance, will be responsible for conducting the public tender offer at a price corresponding to the economic value of the shares determined in the appraisal report prepared by a specialized company, unless if the non-compliance resulted from our management actions, in which case we will be responsible for the public tender offer.

Free Float

In order to be listed on the *Novo Mercado* segment of the B3, we are required to maintain a minimum free float equal to 25% of our shares, or 15% of our shares, provided that their daily trade volume is equal to or greater than R$25,000,000 over the previous 12 months.

Change of Control

According to the Corporate Governance Rules of the *Novo Mercado*, any change of control, directly or indirectly, in one transaction or in a series of transactions, is conditioned upon the launch of a public tender offer to acquire all of our outstanding shares on the same terms and conditions as the transaction in which control was initially acquired.

No transfer of shares shall be made or recorded in the corporate books before the acquirer of the control formally consents to the terms and conditions set forth in the Corporate Governance Rules of the *Novo Mercado*.

Restriction on Certain Transactions by Controlling Shareholders, Directors and Officers

The Brazilian Corporate Law prohibits a director or officer from:

- performing any act of generosity using corporate assets to the detriment of the corporation;
- by virtue of his or her position, receiving any type of direct or indirect personal advantage from third parties without authorization in the bylaws or from a shareholders' meeting; and
- taking part in any corporate transaction in which he or she has an interest that conflicts with an interest of the corporation, or in the decisions made by other directors on the matter.

Purchases by Us of Shares of Our Own Capital Stock

Our bylaws entitle our board of directors to approve the acquisition of our own shares. However, in certain situations provided for in CVM Instruction No. 567/15 such transactions shall be approved by our shareholders in a shareholders meeting. The decision to acquire our shares or maintain the acquired shares in treasury or to cancel them may not, among other things:

- result in the reduction of our capital stock;
- require the use of resources greater than our accumulated profits and the profit reserve that may be distributed to our shareholders;
- create, directly or indirectly, any artificial demand, supply or share price condition or use any unfair practice as a result of any action or omission;
- be used for the acquisition of shares held by our controlling shareholder; or
- be carried out during the course of a public offering for the acquisition of our shares.

Any acquisition by us of our shares must be made on a stock exchange, except where the shares are registered for negotiation only in the over-the-counter, or OTC, market and cannot be made in a private transaction unless prior approval is received from the CVM. We may also purchase our own shares for the purpose of going private. Moreover, we may acquire or issue put or call options related to our shares.

Disclosure of Trading by Our Controlling Shareholder, Directors, Executive Officers or Members of the Fiscal Council

Our controlling shareholder and our management, including members of our fiscal council and any other technical or consultant body, must disclose to us, so that we can disclose to the CVM and B3, the number and type of securities issued by us, our subsidiaries and our controlling companies, including derivatives, that are held by them or by persons closely related to them and any changes in their respective monthly ownership positions. The information regarding transfers of such securities (such as the amount, characteristics, price and date of acquisition) must be provided to the CVM and B3 within ten days of the end of the month in which those transfers occurred.

Such information must include:

- name and qualification of the person providing the information;
- amount, price, type, class and other characteristics of the shares or other securities transferred; and
- form of transfer (private transaction, stock exchange transaction or otherwise).

According to CVM Instruction No. 358, of January 3, 2002, if any shareholder or any person or entity, individually or collectively with other persons or entities sharing the same interests, surpasses, up or down, 5%, 10%, 15%, and so successively, of each type or class of our shares must disclose to us, the following information:

- name and qualification of the person providing the information;
- purpose of the interest and expected amount;
- number of shares and other securities and derivative financial instruments referenced in such shares, whether physical or financial settlement, specifying the quantity, class and type of the referenced shares;
- the terms of any agreement regulating the exercise of voting rights or the purchase and sale of our marketable securities; and
- if the shareholder is resident or domiciled outside Brazil, name and taxpayer identification number of its agent or legal representative in Brazil.

Going Private Process

We may become a private company if we or our principal shareholders conduct a public tender offer for the acquisition of all of our outstanding shares provided that:

- the offering price should be the fair value of those shares, as defined under the Brazilian Corporate Law and CVM Instruction No. 361, dated March 5, 2002, as amended; and
- holders of shares representing more than one-third of the outstanding shares should have agreed to the delisting or accepted the offer; provided, however, that for such purposes outstanding shares shall mean shares the holders of which shall have agreed to the delisting or enrolled to participate in the offer.

The Brazilian Corporate Law provides that fair price is the price determined based on the net book value, economic value or trading price of our common shares, or by the cash flow method, comparison of multiples method or some other criteria accepted by the CVM.

Pursuant to the Brazilian Corporate Law, the offered price may be reviewed if holders of at least 10% of the outstanding shares request our board of directors to call an extraordinary shareholders' meeting to determine whether to perform another valuation, according to the same or another criteria, to determine the value of the common shares. The request must be duly justified and submitted within 15 days from the disclosure of the offering price. The shareholders requesting a new appraisal, and those voting in favor of such proposal, must refund the company for its cost, if the newly appraised value is lower than or equal to the initially appraised offering price. If the new valuation

price is higher than the original valuation price, the public offering shall be made at the new valuation price or be canceled.

Delisting from the Novo Mercado

We may, at any time, delist our shares from the *Novo Mercado*, provided that, we or our controlling shareholder launch a tender offer for all of our shares, in compliance with the terms and conditions under CVM Instruction No. 361, dated March 5, 2002, as amended, and the Corporate Governance Rules of the *Novo Mercado*, including that:

- the offering price must be fair (certain provisions permit an additional valuation to be undertaken); and
- holders of shares representing more than one-third of the outstanding shares must agree to the delisting or accept the offer; provided, however, that for such purposes outstanding shares shall mean shares the holders of which shall have agreed to the delisting or enrolled to participate in the offer.

Shareholders representing the majority of our outstanding shares not held by our controlling shareholder or management may waive the tender offer obligation at a shareholders' meeting with the presence of, at least, shareholders representing two-thirds of such outstanding shares at the first shareholders' meeting call, or with any quorum at the second shareholders' meeting call.

The delisting from the *Novo Mercado* does not imply the cancellation of the trading of shares on the B3. When the delisting occurs due to the cancellation of our publicly held company registration, a controlling shareholder must follow the requirements applicable to the cancellation of such registration (i.e., Going Private Process).

In the case of our delisting from the *Novo Mercado* as a result of non-compliance with the obligations contained in the Corporate Governance Rules of the *Novo Mercado*, a public tender offer following the same procedures as set forth above must be launched.

In the event of a corporate restructuring involving the transfer of our shareholding base, the resulting companies must list into the *Novo Mercado* within 120 days of the general meeting which approved such restructuring. Should the resulting companies not wish to list into the *Novo Mercado*, such restructuring must be approved by the majority of our outstanding shareholders.

Disclosure Requirements

Pursuant to Brazilian Corporations Law, CVM regulations and the Novo Mercado regulations, public companies are required to disclose to the CVM and the B3 the following periodic information:

- financial statements, as well as the managers' and independent auditors' reports, within three months after the end of the fiscal year, or on the date they were made available to the shareholders, whichever is earlier; together with the standard annual financial statements (*Demonstrações Financeiras Padronizadas*), or DFP, a report in a standard form contemplating the material financial information resulting from our consolidated financial statements;
- notices of our shareholders' meeting on the same date as their publication or the fifteenth day prior to the annual shareholders' meeting;
- summary of the decisions made at shareholders' meetings, on the date they were held;
- annual report (*Formulário de Referência*) within five months from the end of each fiscal year;
- DFP, together with the audit report issued by an independent auditor duly registered with the CVM, within 3 months from the end of each fiscal year or when the company discloses the information to the shareholders, or to third parties, whichever occurs first;

- quarterly report on standard form containing our relevant quarterly corporate, business and financial information (*Informações Trimestrais*), or ITR, together with the special review report issued by an independent auditor duly registered with the CVM, within 45 days from the end of each quarter of the year, except the last quarter, or when the company discloses the information to the shareholders, or to third parties, whichever occurs first;

- a copy of the minutes of shareholders' meeting, within seven days after the meeting;

- a copy of any shareholders' agreements, within seven days after the date they are filed with our registered office;

- disclosure of any material developments, on the same date a notice to the market relating to these developments is published;

- information on any request for judicial restructuring or ratification of extrajudicial restructuring, or for a petition declaring our bankruptcy or a third-party petition for our bankruptcy that are based on a material amount, on the same date of its filing with a court or on the date we take notice of it in the case of a third-party petition;

- information on any judicial decision on our bankruptcy, on the date we take notice of it;

- annual report, in the event its content is revised within seven business days from the fact that resulted in the revision; and

- Report on the Brazilian Code of Best Governance Practices (*Código Brasileiro de Governança Corporativa*).

In addition to the information required pursuant to applicable legislation, a company listed on the *Novo Mercado*, such as we are, must disclose the following information:

- a code of conduct for the board of directors, the fiscal board and its committees;

- the resignation or removal of any of our directors, one day following the delivery of notice;

- a consolidated balance sheet, a consolidated statement of income and the accompanying letter to shareholders, to the extent we are obligated to disclose consolidated financial statements at year-end;

- interim financial information and consolidated financial statements at the end of each quarter (except the last quarter of each year) including information on related-party transactions;

- within ten days from the end of each month, the aggregate number and characteristics of the securities held directly or indirectly by our principal shareholders and persons with ties to our principal shareholder;

- within ten days from the end of each month, changes in the number of securities held by our principal shareholders and persons with ties to our principal shareholders, including transactions involving our shares during that month, the consideration paid and the such shareholder's or person's ownership position in our capital stock before and after such transactions;

- an English translation of (1) disclosures of material developments, (2) information relating to our use of proceeds, and (3) communications relating to our results of operations.

In addition, we must hold a public presentation within five days from the disclosure of our annual or quarterly financial information relating to such information. This presentation may take place live, via teleconference, videoconference, or by any other means that permits remote participation.

Disclosure of Information

Brazilian securities regulations require that a publicly-held corporation provide the CVM and the relevant stock exchanges with periodic information that includes annual information statements, quarterly financial statements, quarterly management reports and reports of the independent auditors. Brazilian securities regulations also require publicly-held companies to file with the CVM shareholders' agreements and notices and minutes of shareholders' meetings.

Disclosure of Material Events

CVM Instruction No. 358 sets forth the disclosure and use of information on material acts or facts related to publicly held companies, including the following: (i) defines the concept of "material fact," including in this definition any decision of the controlling shareholder, resolution of general meeting or management bodies of the publicly held company, or any other political or administrative, technical, business or economic and financial act or fact carried out or related to our businesses, which may reasonably affect: (a) the quotation of securities; (b) the decision of investors to purchase, sell or hold these securities; and (c) the decision of investors to exercise any rights as the holders of securities issued by us; (ii) provides examples of potentially material acts or facts including, among others, the execution of an agreement or contract for the transfer of our shareholding control, inclusion or removal of partner, which have entered into with us an agreement or operational, financial, technological or administrative partnership, take-over, merger or spin-off involving us or related companies; (iii) obligates the investor relations officer, controlling shareholder, executive officers, members of the fiscal council and of any technical or advisory bodies to report any material acts or facts to the CVM; (iv) requires the simultaneous disclosure of the material act or fact to all markets where we have the shares listed for trading; (v) obligates the acquiring party of our shareholding control to disclose the material act or fact, including the intention (if any) to cancel the registration as a publicly held company within one year from the acquisition; (vi) establishes rules related to the disclosure of the acquisition or sale of material shareholding interest in a publicly held company; and (vii) limits the use of inside information.

Pursuant to CVM Instruction No. 358, under specific cases, we may request confidential treatment from the CVM for certain material developments when the controlling shareholder or management believes that disclosure would be detrimental to us.

According to *Novo Mercado* regulations, we are required to disclose to the market an English version of a material fact concurrently with the disclosure of the Portuguese version.

Arbitration

Our bylaws provide that we, our shareholders, directors, executive officers and members of our audit committee undertake to resolve through arbitration before the B3 Market Arbitration Chamber (*Câmara de Arbitragem do Mercado*), in accordance with their respective arbitration rules, all and any dispute or controversy that may arise between us or them, related to or arising from, in particular, the application, validity, effectiveness, interpretation or violation of the provisions of the Brazilian Corporate Law, our bylaws, the rules issued by the CMN, the Central Bank and the CVM, as well as other rules applicable to the operation of capital markets in general as well as those pertaining to the *Novo Mercado* segment of the B3.

Annual Calendar

Pursuant to the *Novo Mercado* regulations, we must, by December 10 of each year, publicly disclose and send to the B3 an annual calendar with a schedule of our corporate events, set forth, at a minimum, the dates of the following events: (1) the disclosure of our audited annual consolidated financial statements, (2) the disclosure of our quarterly reports, (3) our annual shareholders' meeting, and (4) the disclosure of our annual report (*Formulário de Referência*). Any subsequent modification to such a schedule must be immediately and publicly disclosed and sent to the B3.

DIVIDENDS AND DIVIDEND POLICY

Overview

The Brazilian Corporate Law and our bylaws require that we pay a mandatory dividend to our shareholders unless such mandatory dividend distribution is suspended based on a report by our management to the shareholders' meeting that the distribution would be inadvisable given our financial condition.

The Brazilian Corporate Law and our bylaws require a minimum mandatory dividend of 25% of our annual adjusted net income, as calculated in accordance with the Brazilian Corporate Law by reducing net income allocated by our legal reserve and our contingency reserve, and by increasing net income by any reversals of previous contingency reserves (if any). The mandatory dividend may be paid in the form of dividends or interest on shareholders' equity, the amount of which, in the latter case, net of withholding income tax, may be computed as part of the mandatory dividend and be treated as a deductible expense for purposes of the corporate income and social contribution taxes, subject to certain limits.

According to the Brazilian Corporate Law and our bylaws, the dividends or interest on shareholders' equity are declared at the ordinary general shareholders' meeting, which must take place by April 30 of each year, and must be paid within 60 days following the date of their approval, unless our shareholders set another payment date, which, in any event, must occur before the end of the period in which the dividend is declared. In case of any suspension of the mandatory dividend, our management must submit a report setting out the reasons for the suspension to the CVM. Net income not distributed by virtue of a suspension is allocated to a special reserve and, if not absorbed by losses in subsequent years, is required to be distributed as soon as our financial condition of permits such payments.

Dividend Policy

The bylaws of a Brazilian company must specify a minimum percentage of profits destined for distribution, which must be paid to shareholders, as mandatory dividends. Consistent with the Brazilian Corporate Law, our bylaws provide that an amount, equal to a minimum of 25% of our adjusted net income (as defined in Article 202 of the Brazilian Corporate Law) for any given fiscal year, as adjusted pursuant to our bylaws, must be distributed as mandatory dividends.

While we are required under the Brazilian Corporate Law to pay a mandatory dividend each year, we may suspend the mandatory dividends if our management reports at our annual shareholders' meeting that the distribution is incompatible with our financial condition. In such event, pursuant to the Brazilian Corporate Law, our management should submit a report to the CVM justifying the suspension. Net income not distributed by virtue of a suspension is allocated to a special reserve and, if not absorbed by losses in subsequent years, is required to be distributed as soon as our financial condition permits such payments.

Any holder of shares duly recorded at the time a dividend is declared is entitled to receive dividends. Under the Brazilian Corporate Law, dividends are generally required to be paid within 60 days following the date on which the dividend is declared, unless the shareholders' resolution established another payment date, which, in any event, must occur before the end of the period in which the dividend is declared.

Shareholders have a three-year period from the date of the resolution for the payment of dividends to claim their dividends, after which the aggregate amount of any unclaimed dividends legally reverts to us.

By decision of our board of directors and pursuant to Brazilian law and our bylaws, we can (a) declare the payment or credit of dividends based on semi-annual balance sheets, and (b) declare interim dividends on the previous annual or semi-annual balance sheets.

Our new shareholders will be entitled to receive in full any and all dividends declared on or after the settlement date.

Interest on Shareholders' Equity

Beginning January 1, 1996, Brazilian companies have been permitted to pay interest on shareholders' equity in lieu of limited dividends to shareholders and to treat those payments as a deductible expense for purposes of

calculating Brazilian corporate income tax, and, since 1997, also for purposes of calculating social contribution on net income. Payment of interest on shareholders' equity may be made at the discretion of our board of directors, subject to the approval by shareholders at the shareholders' meeting. The deduction amount is limited to the pro-rated daily variation of the Brazilian government's long-term interest rate as determined by the Central Bank. The payment of interest on shareholders' equity is an alternative to the payment of mandatory dividends. However, interest on shareholders' equity cannot exceed the greater of: (i) 50% of net income (after deduction of social contribution on net income but before taking into account the distribution itself and any income tax deduction) for the period in respect of which the payment is made; and (ii) 50% of accumulated profits and profit reserve at the beginning of the relevant period. The amount distributed to our shareholders as interest on shareholders' equity, net of any income tax, may be included as part of the mandatory dividends. Under applicable law, we are required to pay to our shareholders an amount sufficient to ensure that the amount they receive in respect of interest on shareholders' equity, net of payment of any applicable withholding tax, *plus* the amount of distributed dividends, is at least equivalent to the mandatory dividend amount.

History of Declared Dividends and Interest on Shareholders' Equity

We did not declare dividends or interest on shareholders' equity during the fiscal years ended December 31, 2020, 2019 and 2018.

TAXATION

The following summary is based upon the tax laws of Brazil and United States in effect as of the date hereof, which are subject to change and to different interpretations, and addresses certain material Brazilian and U.S. federal income tax considerations of the ownership and disposition of our common shares, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the common shares. Prospective purchasers of common shares should consult their tax advisors as to the tax considerations of the ownership and disposition of our common shares.

The tax considerations described below do not take into account tax treaties entered into by Brazil and other countries.

Although there is presently no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. No assurance can be given, however, as to whether or when a treaty will enter into force or how it will affect holders of the common shares. Prospective purchasers of common shares should consult their tax advisors as to the tax considerations of the ownership and disposition of common shares in their particular circumstances.

Certain Brazilian Tax Considerations

The following summary contains a description of the principal Brazilian tax consequences of the acquisition, ownership and disposition of common shares by an individual, entity, trust or organization that is not deemed to be resident or domiciled in Brazil for purposes of Brazilian taxation, or a Non-Resident Holder. This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase our common shares. This summary also does not address any tax consequences under the tax laws of any state or municipality of Brazil. The following is a general discussion only, and, therefore, does not specifically address all of the Brazilian tax considerations applicable to any particular Non-Resident Holder. This summary is based upon the tax laws of Brazil, and regulations thereunder as in effect on the date hereof, which are subject to change, possibly retroactively, and to differing interpretations, which may result in different tax consequences than those described below. Prospective purchasers of our common shares should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the common shares.

The summary below does not address any tax issues that affect only the company, such as deductibility of expenses.

Pursuant to Brazilian law, a Non-Resident Holder may invest in common shares under Resolution 4,373, dated September 2014, of the National Monetary Council, or a 4,373 Holder.

Dividends

Dividends paid by a Brazilian corporation, such as ourselves, in cash or in kind, including stock dividends and other dividends paid to a Non-Resident Holder of common shares, are currently not subject to withholding income tax, or WHT, in Brazil,to the extent that these amounts relate to profits generated on or after January 1, 1996. Dividends paid from profits generated before January 1, 1996 may be subject to WHT in Brazil at variable rates, according to the tax legislation applicable to each corresponding year.

Law No. 11,638, dated December 28, 2007, or Law No. 11,638, significantly modified the Brazilian Corporate Law in order to align Brazilian GAAP more closely with IFRS. Nonetheless, Law No. 11,941 dated May 27, 2009 introduced the transitory tax regime (*regime tributário de transição*), or RTT, in order to render neutral treatment, from a tax perspective to all changes provided by Law No. 11,638. Under RTT the companies should observe, for tax purposes, the accounting rules and criteria that were effective as in force on December 31, 2007.

Profits determined pursuant to Law No. 11,638, or IFRS Profits, may differ from the profits calculated pursuant to the accounting methods and criteria as effective on December 31, 2007, or 2007 Profits.

While it was general market practice to distribute exempted dividends with reference to the IFRS Profits, Normative Ruling No. 1,397, issued by the Brazilian tax authorities on September 16, 2013, established that legal

entities should observe the accounting methods and criteria in force on December 31, 2007, or 2007 Profits in order to determine the amount of profits that could be distributed as exempted income to its beneficiaries.

Any profits paid in excess of said 2007 Profits, or Excess Dividends, should, in the tax authorities' view, and in the specific case of Non-Resident Holder, be subject to the following rules of taxation: (i) 15% WHT, in the case of beneficiaries domiciled abroad, but not in Low or Nil Tax Jurisdictions (as defined below), and (ii) 25% WHT, in the case of beneficiaries domiciled in Favorable Tax Jurisdictions (as defined below).

In order to mitigate potential disputes on the subject, Law No. 12,973, dated May 13, 2014, in addition to revoking the RTT, introduced a new set of tax rules, or the New Brazilian Tax Regime, including new provisions with respect to Excess Dividends. Under these new provisions: (i) Excess Dividends related to profits generated from 2008 to 2013 are exempt; (ii) potential disputes remain concerning the Excess Dividends related to 2014 profits, unless our company had voluntarily elected to apply the New Tax Regime in 2014; and (iii) as of 2015, as the New Brazilian Tax Regime is mandatory and has completely replaced the RTT, dividends calculated based on IFRS standards should be considered fully exempt.

There can be no assurance that the current tax exemption on dividends distributed by Brazilian companies will continue in the future. At any case, any potential taxation being imposed upon dividends would become effective only in the year following the enactment of the relevant law.

Interest on Shareholders' Equity

Law No. 9,249, dated December 26, 1995, as amended, allows a Brazilian corporation, such as ourselves, to make payments to shareholders of interest on shareholders' equity as an alternative to making dividend distributions and treat those payments as a deductible expense for purposes of calculating Brazilian corporate income tax and social contribution on net profits as long as the limits described below are observed and the payment is approved at a general meeting of shareholders. These distributions may be paid in cash. For tax purposes, such interest is limited to the daily pro rata variation of the variation of the Brazilian long-term interest rate ("TJLP"), as determined by the Brazilian National Monetary Council (Conselho Monetário Nacional) from time to time multiplied by the net equity value of the Brazilian company with certain adjustments The amount of the deduction may not exceed the greater of:

- 50% of net profits (after the deduction of the social contribution on net profits but before taking into account the provision for corporate income tax and the amounts attributable to shareholders as interest on shareholders' equity) related to the period in respect of which the payment is made; or

- 50% of the sum of retained earnings and profit reserves for the year prior to the year in respect of which the payment is made.

Payments of interest on shareholders' equity to a Non-Resident Holder are subject to WHT at the rate of 15%, or 25% if the Non-Resident Holder is domiciled in a country or location that is considered to be a Favorable Jurisdiction (as defined below).

Payments of interest on shareholders' equity may be included, at their net value, as part of any mandatory dividend. To the extent payments of interest on shareholders' equity are so included, the company is required to distribute to shareholders an additional amount to ensure that the net amount received by them, after payment of the applicable Brazilian WHT, *plus* the amount of declared dividends is at least equal to the amount of the minimum mandatory dividend.

No assurance can be given that our board of directors will not recommend that future distributions of income should be made by means of interest on shareholders' equity instead of dividends.

Distributions of interest on capital to Non-Resident Holders may be converted into U.S. dollars and remitted outside Brazil, subject to applicable exchange controls, to the extent that the investment is registered with the Central Bank.

Capital Gains

According to Article 26 of Law No. 10,833 of December 29, 2003, as amended, capital gains recognized by a Non-Resident Holder on a disposition or sale of assets located in Brazil, such as our common shares, are generally subject to WHT in Brazil. This rule is applicable regardless of whether the sale or the disposition is carried out in Brazil or abroad and/or whether it is carried out with an individual or entity resident or domiciled in Brazil, or not.

As a rule, capital gains realized as a result of sale or disposition of common shares equals the positive difference between the amount realized upon sale or dispositions of the relevant sharesand its respective acquisition cost.

There is controversy regarding the currency that should be considered for purposes of determining the capital gain realized by a Non-Resident Holder on a sale or disposition of shares in Brazil, more specifically if such capital gain is to be determined in foreign or in local currency. However, Article 23 of Normative Instruction No. 1,455/14, issued by Brazilian tax authorities, provides that the capital gains shall be calculated in reais.

Until December 31, 2016, the applicable general rate of WHT over capital gain derived for non-residents was 15%. Law No. 13,259, of March 17, 2016, or Law No. 13,259, increased the income tax rates applicable to gains derived by Brazilian individuals to up to 22.5%. Under Law No. 13,259, the income tax rates applicable to Brazilian individuals' capital gains would be: (i) 15% for the part of the gain that does not exceed R$5 million, (ii) 17.5% for the part of the gain that exceeds R$5 million but does not exceed R$10 million, (iii) 20% for the part of the gain that exceeds R$10 million but does not exceed R$30 million and (iv) 22.5% for the part of the gain that exceeds R$30 million.

At the time, there was uncertainty around whether or not the new progressive income tax rates applied to Non-Brazilian Holders, because Law No. 13,259 made express reference to the capital gains tax applicable to Brazilian resident individuals but did not mention capital gains tax in respect of non-residents.

Considering that Brazilian tax law sets forth that in certain circumstances the tax regime applicable to non-resident investors is the one applicable to Brazilian resident individuals, questions could be raised as to how such increase may affect Non-Brazilian Holders upon the disposition of common shares carried out (i) outside of the Brazilian stock exchange, (ii) carried out by a Non-Brazilian Holder that is not a 4,373 Holder (as defined below); and/or (iii) carried out by a Non-Brazilian Holder resident in a Low or Nil Tax Jurisdiction.

Therefore, Non-Brazilian Holders are advised to consult their own tax advisors regarding the possible consequences of Law No. 13,259/16 on the disposition of common shares.

Having said that, according to our interpretation of the applicable law, capital gains realized on the disposition of common shares carried out on a Brazilian stock exchange (which includes a transaction carried out on the organized over-the-counter market) are:

- exempt from income tax when realized by a Non-Resident Holder that (i) is a 4,373 Holder, and (ii) is not resident or domiciled in a country or location which is defined as a Low or Nil Tax Jurisdiction (as described below); or

- subject to income tax at a rate of 15% in the case of gains realized by (a) a Non-Resident Holder that (1) is a 4,373 Holder and (2) is resident or domiciled in a Law or Nil Tax Jurisdiction;

- subject to income tax at a rate of up to 25% in the case realized by a Non-Brazilian Holder that is not a 4,373 Holder and resident of a country or location defined as a Low or Nil Tax Jurisdiction (as described below).

- In these cases, a withholding income tax of 0.005% of the sale value will be applicable and can be later offset with the eventual income tax due on the capital gain. This 0.005% withholding income tax is not levied on day trade transactions, which are subject to a rate of 1%.

Any other gains assessed on a disposition of common shares that is not carried out on a Brazilian stock exchange are:

- subject to income tax at a rate of 15% when realized by any Non-Resident Holder that (i) is a 4,373 Holder; and (ii) is not resident or domiciled in a Low or Nil Tax Jurisdiction, although different interpretations may be raised to sustain the application of the progressive rates set forth by law No. 13,259;

- subject to income tax at progressive rates ranging from 15% to 22.5%, in case of gains realized by (A) a Non-Resident Holder that (i) is not a 4,373 Holder; and (ii) is not resident or domiciled in a Nil or Low Tax Jurisdiction; and (B) Non-Brazilian Holder that (i) is a 4,373 Holder; and (ii) is resident or domiciled in a Low or Nil Tax Jurisdiction (as defined below); and

- subject to income tax at a rate of 25% when realized by a Non-Resident Holder resident or domiciled in a Favorable Tax Jurisdiction, whether a 4,373 Holder or not, although there are arguments to sustain the application of the progressive rates from 15% to 22.5%, instead of the 25% rate, to the 4,373 Holder.

Note that there was previously uncertainty regarding whether or not the new progressive income tax rates applied to Non-Resident Holders because Law 13,259 made express reference to the capital gains tax applicable to Brazilian resident individuals but did not mention capital gains tax in respect of non-residents. However, on August 25, 2017, the Brazilian federal revenue issued the Normative Ruling 1,732 stating that non-resident investors' capital gains on the disposal of permanent assets in Brazil should be subject to progressive income tax rates in Brazil as well.

The new progressive rates of Law 13,259, however, do not apply to foreign investors benefiting from the special tax regime currently ruled by Resolution No. 4,373 of September 29, 2014, or 4,373 Holders, and that are not resident in a Favorable Tax Jurisdiction.

We recommend Non-Resident Holders consult their own tax advisors regarding the possible consequences of the application of the progressive capital gains rates set forth by Law No. 13,259/16 in light of their particular circumstances.

If the capital gains are related to transactions conducted on the Brazilian non-organized over-the-counter market with intermediation of a financial institution, the withholding income tax of 0.005% will apply and can be offset against the eventual income tax due on the capital gain.

The exercise of preemptive rights relating to our common shares will not be subject to Brazilian taxation. Any gains realized by a Non-Resident Holder on the sale or disposition or assignment of preemptive rights relating to our common shares will be subject to Brazilian income tax according to the same rules applicable to the sale or disposition of common shares (see above). Tax authorities may attempt to tax such gains even when sale or assignment of such rights takes place outside Brazil, based on the provisions of Law No. 10,833/03.

There can be no assurance that the current favorable tax treatment to 4,373 Holders will continue in the future.

Discussion on Favorable Tax Jurisdictions and Privileged Tax Regimes

Under Brazilian tax law, a Low or Nil Tax Jurisdiction is defined as a country or location that (i) does not impose taxation on income, (ii) imposes restrictions on the disclosure of shareholding composition or the ownership of the investment. A regulation issued by the Ministry of Treasury on November 28, 2014 (Ordinance 488, of 2014) decreased from 20% to 17% this minimum threshold for certain specific cases. The 17% threshold applies only to countries and regimes aligned with international standards of fiscal transparency in accordance with rules established by the Brazilian tax authorities in Normative Ruling No. 1,530, dated December 19, 2014.

Law No. 11,727, of June 23, 2008, as amended, created the concept of a Privileged Tax Regime, which encompasses the countries and jurisdictions that (i) do not tax income or tax it at a maximum rate lower than 20% or 17%, provided that the requirements set forth in Normative Ruling No. 1,530 dated December 19, 2014 and Ordinance No. 488 are met; (ii) grant tax advantages to a non-resident entity or individual (a) without the need to carry out a substantial economic activity in the country or a said territory or (b) subject to the non-exercise of a substantial economic activity in the country or a said territory; (iii) do not tax or tax proceeds generated abroad at a maximum rate lower than 20% or 17%, provided that the requirements set forth in Normative Ruling No. 1,530 dated December

19, 2014 and Ordinance No. 488 are met; or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions carried out.

In addition, on June 4, 2010, Brazilian tax authorities enacted Normative Ruling No. 1,037, that includes the countries considered as Favorable Tax Jurisdiction and the locations considered Privileged Tax Regimes. Although we believe that the best interpretation of the current tax legislation is that the above mentioned "Privileged Tax Regime" concept should apply solely for purposes of Brazilian transfer pricing and thin capitalization/cross border interest deductibility, there is no assurance that Brazilian tax authorities will not attempt to apply the concept of Privileged Tax Regimes to other types of transactions.

Prospective investors should consult their own tax advisors from time to time to verify any possible tax consequence arising from the implementation of Law 11,727/08 and Normative Ruling No. 1,037 and of any related Brazilian tax law or regulation concerning Favorable Tax Jurisdiction and Privileged Tax Regimes.

Tax on Foreign Exchange Transactions (IOF/Exchange)

Pursuant to Decree No. 6,306, dated December 14, 2007, as amended, or Decree No. 6,306/07, the conversion of *Brazilian currency* into foreign currency (e.g., for purposes of paying dividends and interest paid on shareholders' equity), and the conversion of foreign currency into *Brazilian currency*, may be subject to the Tax on Foreign Exchange Transactions, or IOF/Exchange. Currently, for most exchange transactions, the rate of IOF/Exchange is 0.38%. However, foreign exchange transactions carried out for the inflow of funds into Brazil and the outflow of funds from Brazil in connection with investments in financial and capital markets carried out by a foreign investor, including payments of dividends and interest on shareholders' equity and the repatriation of funds invested in the Brazilian market are currently subject to IOF/Exchange at a zero percent rate. The Brazilian government is permitted to increase the rate of IOF/Exchange at any time up to 25% of the amount of the foreign exchange transaction. However, any increase in rates may only apply to transactions carried out after this increase in rate and not retroactively.

Tax on Bonds and Securities Transactions (IOF/Bonds)

Pursuant to Decree No. 6,306, as amended, imposes Tax on Bonds and Securities Transactions, or IOF/Bonds on transactions involving securities, including those carried out on a Brazilian stock exchange.

The IOF/Bonds tax rate applicable to most transactions involving common shares is currently zero, including transactions related to the transfer of common shares traded in the Brazilian stock exchange with the purpose of issuance of depositary receipts to be traded outside of Brazil. The Brazilian government is permitted to increase such rate at any time to up to 1.5% of the transaction amount per day, but only in respect of future transactions.

Other Brazilian Taxes

There are no Brazilian inheritance, donation or succession federal taxes applicable to the ownership, transfer or disposition of common shares by a Non-Resident Holder, but donation and inheritance taxes may be imposed by some Brazilian states on donations or inheritances made by individuals or entities not domiciled or residing in Brazil. There are no Brazilian stamp, issue, registration or similar taxes or duties payable by holders of common shares.

U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax considerations that are likely to be relevant to the purchase, ownership and disposition of the common shares by a U.S. Holder (as defined below) that will hold the common shares as "capital assets" for U.S. federal income tax purposes (generally, property held for investment). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code") and regulations promulgated thereunder, rulings and judicial interpretations thereof, all as currently in effect as of the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect) so as to result in U.S. federal income tax consequences different from those summarized below.

This discussion does not describe all of the U.S. federal income tax considerations that may be applicable to U.S. Holders in light of their particular circumstances or U.S. Holders subject to special treatment under U.S. federal income tax law, such as:

- banks, financial institutions or insurance companies;
- real estate investment trusts;
- regulated investment companies;
- brokers or dealers in securities or currencies;
- traders in securities electing to mark to market;
- tax-exempt entities;
- certain former citizens or residents of the United States;
- entities or arrangements that are treated as partnerships for U.S. federal income tax purposes (or partners therein)
- persons holding the common shares as part of a hedging or conversion transaction or a "straddle";
- persons that actually or constructively own 10% or more of our equity (by vote or value); or
- persons that have a functional currency other than the U.S. dollar.

In addition, this discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift, alternative minimum tax or Medicare contribution tax considerations. Each U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax considerations to it in light of such U.S. Holder's particular situation as well as any considerations arising under the laws of any other taxing jurisdiction.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of the common shares that is for U.S. federal income tax purposes a citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such common shares.

Distributions

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*," the gross amount of any distribution (including distributions characterized as interest on capital and including the amount of any Brazilian taxes withheld from a distribution) on our common shares will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such income will generally be includible in the gross income of a U.S. Holder on the day actually or constructively received. Because we do not intend to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles, any distribution we pay will generally be reported as a dividend for U.S. federal income tax purposes.

The amount of any dividend paid in *reais* (including amounts withheld to reflect Brazilian withholding tax) will be includable in income in a U.S. dollar amount based on the prevailing U.S. dollar-*reais* exchange rate on the date such dividends are received by such U.S. Holder, regardless of whether such *reais* are converted into U.S. dollars on such date. Any foreign currency gain or loss recognized by a U.S. Holder on a subsequent sale, conversion or other disposition of any *reais* received in a dividend will generally be U.S.-source ordinary income or loss.

Subject to certain exceptions for short-term positions, the U.S. dollar amount of dividends received by an individual with respect to common shares will be subject to taxation at a preferential rate if the dividends are "qualified dividends." Dividends paid on the common shares will be treated as qualified dividends if:

- the common shares are readily tradable on an established securities market in the United States or we are eligible for the benefits of a comprehensive tax treaty with the United States that the U.S. Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information program; and
- we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (a "PFIC").

Because our common shares are not readily tradable on an established securities market in the United States and there is no income tax treaty between the United States and Brazil, dividends paid to a non-corporate U.S. Holder generally will not qualify for the lower rates of taxation applicable to qualified dividend income. Dividends received on our common shares will generally not be eligible for the dividends received deduction allowed to corporations under the Code.

Dividend distributions with respect to our common shares generally will be treated as "passive category" income from sources outside the United States for purposes of determining a U.S. Holder's U.S. foreign tax credit limitation. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of Brazilian withholding taxes imposed on dividends received on our common shares. A U.S. Holder who does not claim a foreign tax credit on foreign tax withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The rules governing foreign tax credits and deductions are complex. Each U.S. Holder is urged to consult its tax advisor regarding the availability of foreign tax credits or deductions under such U.S. Holder's particular circumstances.

Distributions of common shares, or rights to subscribe for common shares that are received as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax, unless the U.S. Holder has the option to receive cash or property instead.

Sale or Other Taxable Disposition

Subject to the discussion below under "—*Passive Foreign Investment Company Rules*," a U.S. Holder will generally recognize capital gain or loss upon the sale or other taxable disposition of our common shares in an amount equal to the difference, if any, between the amount realized upon the sale or other taxable disposition and such U.S. Holder's adjusted tax basis in such common shares. For these purposes, if a Brazilian income tax is withheld on the sale or other taxable disposition of our common shares, the amount realized will include the gross amount of the proceeds of that sale or other taxable disposition before deduction of the Brazilian income tax. Any capital gain or loss will generally be long-term if such U.S. Holder has held our common shares for more than one year. Long-term capital gains of a non-corporate U.S. Holder are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations under the Code. Any gain or loss recognized by a U.S. Holder will generally be treated as U.S.-source gain or loss for foreign tax credit purposes. Consequently, a U.S. Holder may not be able to use the foreign tax credit arising from any Brazilian tax imposed on the disposition of our common shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The rules governing the foreign tax credit are complex. Each U.S. Holder is urged to consult its tax advisor regarding the availability of the foreign tax credit under such U.S. Holder's particular circumstances.

A U.S. Holder's adjusted tax basis in our common shares will generally equal the U.S. dollar value of the purchase price for our common shares, based on the prevailing U.S. dollar-*reais* exchange rate on the date of such purchase. The amount realized on a disposition of our common shares in exchange for *reais* (or any currency other than the U.S. dollar) will generally equal the U.S. dollar value of such currency translated at the spot exchange rate in effect on the date of the disposition. If, however, our common shares are treated as traded on an "established securities market" for U.S. federal income tax purposes at the time of the disposition, a cash basis U.S. Holder (or, if it elects, an accrual basis U.S. Holder) will determine the U.S. dollar value of the purchase price for our common shares or the amount realized on a disposition of our common shares in exchange for non-U.S. currency, as the case may be, by translating the amount paid or received at the spot exchange rate in effect on the settlement date of the purchase or disposition, as the case may be. A U.S. Holder's tax basis in any non-U.S. currency received on a disposition of our common shares will generally equal the U.S. dollar value of such currency on the date of receipt. Any gain or loss realized by a U.S. Holder on a subsequent conversion or other disposition of the non-U.S. currency will generally be foreign currency gain or loss and treated as U.S.-source ordinary income or loss. Each U.S. Holder is urged to consult its tax advisor regarding the sale or other taxable disposition of our common shares under such U.S. Holder's particular circumstances.

Passive Foreign Investment Company Rules

A non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year is passive income or (ii) the average percentage of the value

of its assets that produce or are held for the production of passive income is at least 50%. For this purpose, passive income generally includes dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock.

Based on our financial statements, our expectations about the nature and amount of our income and the expected value of the common shares, we do not believe that we were a PFIC in 2020 and we do not expect to be classified as a PFIC for our current taxable year or in the foreseeable future. However, because our PFIC status is determined each year and is based on our income, assets and activities (including the use of proceeds from this offering) for the entire taxable year, it is not possible to determine whether we will be characterized as a PFIC for any taxable year until after the close of the taxable year. Although we do not anticipate becoming a PFIC, changes in the nature of our income or assets or fluctuations in the market price of the common shares may cause us to become a PFIC in the current or future taxable years. There can be no assurance that we will not be considered a PFIC for any taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds the common shares, such U.S. Holder will be subject to special tax rules with respect to any "excess distribution" that such U.S. Holder receives and any gain such U.S. Holder recognizes from a sale or other disposition (including a pledge) of the common shares, unless such U.S. Holder makes a "mark-to-market" election as discussed below. Distributions a U.S. Holder receives in a taxable year that are greater than 125% of the average annual distributions such U.S. Holder received during the shorter of the three preceding taxable years or such U.S. Holder's holding period for the common shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over such U.S. Holder's holding period for the common shares;
- amounts allocated to the current taxable year and any taxable years in such U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (a "pre-PFIC year") will be taxable as ordinary income; and
- amounts allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect applicable to such U.S. Holder for that year, and such amounts will be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to such years.

If we are a PFIC for any taxable year during which a U.S. Holder holds the common shares and any of our non-U.S. subsidiaries are also PFICs, such U.S. Holder will be treated as owning a proportionate amount (by value) of the shares of each such non-U.S. subsidiary classified as a PFIC for purposes of the application of these rules.

If we are a PFIC, a U.S. Holder may be able to avoid the unfavorable rules described above by making a mark-to-market election with respect to the common shares, provided our common shares are treated as regularly traded on a qualified exchange or other market for U.S. federal income tax purposes. As a technical matter, however, a mark-to-market election cannot be made for any lower-tier PFICs that we may own, so a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any such lower-tier PFIC.

We do not intend to make available the information necessary for a U.S. Holder to make a "qualified electing fund" election.

If we are classified as a PFIC, a U.S. Holder generally must file an annual report with the Internal Revenue Service ("IRS"). A failure to file one or more of these forms as required may toll the running of the statute of limitations in respect of each of the U.S. Holder's taxable years for which such form is required to be filed. As a result, the taxable years with respect to which a U.S. Holder fails to file the form may remain open to assessment by the IRS indefinitely, until the form is filed. Each U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax considerations to it of owning and disposing of the common shares if we are or become a PFIC, including the unavailability of a qualified electing fund election, the possibility of making a mark-to-market election and the annual PFIC filing requirements, if any.

Foreign Financial Asset Reporting

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 on the last day of the taxable year or U.S.$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. The understatement of income attributable to "specified foreign financial assets" in excess of U.S.$5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. U.S. Holders who fail to report the required information could be subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

Dividends paid on, and proceeds from the sale or other disposition of, the common shares to a U.S. Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the U.S. Internal Revenue Service in a timely manner.

A holder that is not a U.S. Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

THE PRECEDING DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS INTENDED FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS TAX ADVISOR AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSIDERATIONS TO IT OF AN INVESTMENT IN THE COMMON SHARES.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the common shares by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, or ERISA, plans, individual retirement accounts, and other arrangements that are subject to Section 4975 of the Code, or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (a "Covered Plan") and prohibit certain transactions involving the assets of Covered Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Covered Plan or the management or disposition of the assets of such a Covered Plan, or who renders investment advice for a fee or other compensation to such a Covered Plan, is generally considered to be a fiduciary of the Covered Plan. It is not intended that we, the selling shareholders, any underwriter or placement agent will be a fiduciary with respect to any Plan's investment in common shares.

In considering an investment in the common shares of a portion of the assets of any Plan, a fiduciary should determine, among other things, whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary's duties to the Plan including, without limitation with respect to Covered Plans, as applicable, the prudence, diversification, conflicts of interest, delegation of control and prohibited transaction provisions of ERISA and the Code.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit Covered Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction with a Covered Plan may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Covered Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. For example, the acquisition of our common shares by a Covered Plan with respect to which we, the selling shareholders, a Brazilian underwriter or a placement agent is a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code unless a statutory or administrative exemption is applicable to the transaction. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that potentially may apply to the acquisition of our common shares. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between a Covered Plan and a person that is a party in interest or disqualified person with respect to the Covered Plan solely by reason of providing services to the Covered Plan or a relationship with such a service provider, provided that neither the person transacting with the Covered Plan nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Covered Plan involved in the transaction and provided further that the Covered Plan pays no more and receives no less than adequate consideration in connection with the transaction.

Each of the above noted exemptions contains conditions and limitations on its application. Fiduciaries of Covered Plans considering acquiring our common shares in reliance on these or any other exemption should carefully review the exemption to ensure it is applicable to their particular circumstances. There can be no assurance that any of the foregoing exemptions or any other exemption will be available with respect to any or all otherwise non-exempt

transactions that may occur in connection with an investment in our common shares, or that all of the conditions of any such exemptions will be satisfied.

Certain governmental plans (as defined in Section 3(32) of ERISA), church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to these "prohibited transaction" rules of ERISA or Section 4975 of the Code, but may be subject to Similar Laws.

Accordingly, our common shares may not be acquired by any person investing "plan assets" of any Plan, unless such acquisition will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code, or a similar violation of any applicable Similar Laws.

Investor Representation

By acquiring our common shares (including any interest in common shares), each purchaser and subsequent transferee of our common shares will be deemed to have represented and warranted that (i) either (a) no portion of the assets used by such purchaser or transferee to acquire or hold our common shares constitutes assets of any Plan or (b) the acquisition of our common shares by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, or Section 4975 of the Code, or a similar violation under any applicable Similar Laws, and (ii) if the purchaser or subsequent transferee is a Plan, neither we, the Brazilian underwriters or the international placement agents, nor any of our or their affiliates, has or will act as a fiduciary to the Plan in connection with the Plan's investment in common shares.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions or other violations, it is particularly important that fiduciaries, or other persons considering investing in the common shares on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment, and to confirm that such purchase will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

This offering memorandum and sale of our common shares pursuant thereto to a Plan is in no respect a representation or recommendation by us, the selling shareholders or the Brazilian underwriters or the agents that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan or that such an investment is appropriate or advisable for Plans generally or for any particular Plan.

PLAN OF DISTRIBUTION

Pursuant to the terms of the Brazilian underwriting agreement (Instrumento Particular de Contrato de Coordenação, Colocação e Garantia Firme de Liquidação de Ações Ordinárias de Emissão da Athena Saúde Brasil S.A.), dated , 2021, between us, the selling shareholders, Bank of America Merrill Lynch Banco Múltiplo S.A., XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A., Banco Bradesco BBI S.A., Banco BTG Pactual S.A., Banco Itaú BBA S.A., Banco Santander (Brasil) S.A. and Banco ABC Brasil S.A., as Brazilian underwriters, and the B3, as intervening party, the Brazilian underwriters have, severally and not jointly, agreed to settle the number of common shares set forth opposite their names below (without considering the additional shares):

Name	Common Shares
Bank of America Merrill Lynch Banco Múltiplo S.A.	24,110,328
XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.	18,082,746
Banco Bradesco BBI S.A.	18,082,746
Banco BTG Pactual S.A.	18,082,746
Banco Itaú BBA S.A.	18,082,746
Banco Santander (Brasil) S.A.	18,082,746
Banco ABC Brasil S.A.	6,027,582
Total	**120,551,640**

In addition, pursuant to the terms and subject to the conditions set forth in the placement facilitation agreement dated , 2021, BofA Securities, Inc., XP Investments US, LLC, Bradesco Securities Inc., BTG Pactual US Capital LLC, Itau BBA USA Securities, Inc. and Santander Investment Securities Inc. are acting as international placement agents, appointed by the Brazilian underwriters to facilitate the placement of our common shares outside Brazil that are authorized to invest in Brazilian securities under the requirements established by the CMN and the CVM. See "*Market Information*—Investment in Our Common Shares by Non-Residents of Brazil.." The placement of our common shares in the United States will be made by U.S.-registered broker-dealers. All placements of the common shares in the United States will be effected solely through the international placement agents.

The Brazilian underwriting agreement and the placement facilitation agreement provide that the obligation of the Brazilian underwriters and the international placement agents to place our common shares is subject to, among other conditions, the absence of any material adverse change in our business and the delivery of certain certificates, opinions and letters from us and our and their legal counsel in Brazil and in the United States, as well as certain letters from other parties. The Brazilian underwriting agreement also provides that, if any of our common shares are placed and not settled by investors, the Brazilian underwriters are obligated, severally and not jointly to purchase them on a firm commitment basis on the settlement date in proportion to their respective commitment as per the table above, subject to certain conditions and exceptions. Our common shares will be initially offered by the Brazilian underwriters and international placement agents at the price per common share indicated on the cover page of this offering memorandum. After the initial offering, the offering price and the other selling terms may change.

We and the selling shareholders have the right to sell, in a joint decision with the Brazilian underwriters, up to an additional 24,110,328 common shares, or the Additional Shares, representing up to 20% of the common shares initially offered, at the offering price, as provided for under Brazilian regulations.

In addition, we and the selling shareholders have granted to XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A., in connection with the offering, an option to place up to 18,082,746 additional common shares at the offering price, representing up to 15% of the common shares initially offered, solely to cover over-allotments, if any. The stabilizing agent will have the exclusive right to exercise this over-allotment option, in whole or in part, after giving notice to the other Brazilian underwriters, at any time for a period of 30 days from the date of commencement of trading of our common shares on the B3, provided that the decision to exercise the over-allotment option will be taken jointly by the Brazilian underwriters at the time the price per common share is determined. The overallotment option, if exercised, will be at the price per common share indicated on the cover page of this offering memorandum.

Pursuant to the Brazilian underwriting agreement and the placement facilitation agreement, we and the selling shareholders have agreed to indemnify the Brazilian underwriters, the international placement agents and each of their respective partners, members, affiliates, directors, officers, employees, agents, affiliates and any person who controls the Brazilian underwriters and the international placement agents against certain liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we and the selling shareholders have agreed to contribute to payments that the Brazilian underwriters, the international placement agents and each of their respective partners, members, affiliates, directors, officers, employees agents, affiliates and any person who controls the Brazilian underwriters and the international placement agents may be required to make in respect thereof.

Our common shares have not been and will not be registered under the Securities Act or under any U.S. state securities laws, and, accordingly, are subject to U.S. restrictions on transfer and resale. For further information on the transfer restrictions of our common shares, see "*Transfer Restrictions*." Accordingly, our common shares will not be offered, sold, placed or delivered at any time within the United States or to, or for the account or benefit of U.S. persons, except to qualified institutional buyers purchasing for their own account or for the accounts of qualified institutional buyers. Until 40 days after the announcement of commencement of this offering, an offer or sale of common shares within the United States by a broker-dealer, whether or not it is participating in this offering, may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than pursuant to Rule 144A.

Prior to this offering, there has been no public market for our common shares. The initial offering price range was negotiated between us, the Brazilian underwriters and the international placement agents. Among the factors considered in determining the initial offering price range of our common shares were prevailing market conditions, our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the market valuation of comparable companies.

We have applied to list our common shares on the *Novo Mercado* listing segment of the B3, but we cannot assure you that the prices at which our common shares will sell after this offering will not be lower than the offering price on the cover of this offering memorandum or that an active trading market for our common shares will develop or continue after this offering. For further information, see "*Risk Factors—Risks relating to Our Common Shares and to this Offering—An active and liquid market for our common shares may not develop. The volatility and illiquidity of the Brazilian securities market may substantially limit your ability to sell their common shares at the price and time that they desire*." Setting the price per common share below the Indicative Range set forth in the cover page of this offering memorandum will enable the withdrawal of non-institutional investors, which may reduce our ability to achieve share dispersion in this offering."

Purchasers of our common shares outside of the United States may be required to pay stamp taxes and other charges in compliance with the laws and regulations of Brazil of purchase, in addition to the price charged to investors on the cover page of this offering memorandum.

The Brazilian underwriters have informed us that the price at which our common shares are being offered was based primarily on the demand they encountered at various price levels in the course of the bookbuilding process.

Our common shares may be offered outside of Brazil only to investors registered with the CVM and acting through custody accounts managed by local agents pursuant to CVM Instruction No. 560, and CMN Resolution No. 4,373 and with Law No. 4,131.

In connection with this offering, the stabilizing agent may, after giving notice to the other Brazilian underwriters, over-allot out common shares of effect transactions with a view to supporting the market price of our common shares at a level higher than that which might otherwise prevail or to delay a decline in the market price of our common shares at any time for a period of 30 days from the date of commencement of trading of our common shares on the B3. However, the stabilizing agent is not required to engage in these activities every day, or at all, and may end any of these activities at any time. Any stabilizing or over-allotment, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Reports on stabilization and over-allotment activity are required to be furnished to the CVM and the B3. Any stabilizing must be in compliance with all applicable laws, regulations and rules.

Other than with respect to the registration of this offering with the CVM, no action has been or will be taken in any country or jurisdiction (other than Brazil) by us, the Brazilian underwriters or the international placement agents that would permit a public offering of our common shares, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction (other than Brazil) where action for that purpose is required. Persons into whose hands this offering memorandum comes are required by us, the Brazilian underwriters and the international placement agents to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver our common shares or have in their possession or distribute such offering material, in all cases at their own expense.

Shares Eligible for Future Sale (Lock-ups)

We, our directors and officers, and our shareholders will agree, for a period of 180 days following the date of the announcement of the commencement of the offering in Brazil (*Anúncio de Início da Oferta*), subject to certain exceptions, without the prior written consent of the international placement agents and the Brazilian underwriters, to not, (i) offer, sell, issue, contract to sell, pledge, loan, make any short-sale or otherwise dispose of our common shares or any securities convertible into or exchangeable or exercisable for any of our common shares ("Lock-Up Securities"), (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act, (v) make a demand for, submit or file with the U.S. Securities and Exchange Commission a registration statement under the Securities Act relating to Lock-Up Securities, or (vi) publicly announce an intention to effect any transaction or action specified in clauses (i) to (v).

We cannot assure you that the Brazilian underwriters and the international placement agents will not waive these lock-up obligations and that such obligations will not change, in which case these common shares would become eligible for sale earlier. We cannot predict the effect, if any, that these or any other future sales of our common shares will have on the market price of our common shares prevailing from time to time or on our ability to raise capital in the future. Sales of substantial amounts of our common shares in the public market, or the perception that these sales could occur, could adversely affect the prevailing market price of our common shares and our and your ability to sell common shares in the future at a time and at a price that we or you deem appropriate. For further information, see "*Risk Factors— Risks Relating to our Common Shares and to this Offering— The issuance, sale or the perception of a potential issuance or sale of significant number of our common stock after the completion of this offering and/or after the lock-up period may adversely affect the market price of our common stock in the secondary market or investors' perception of us."*

Relationships with the Brazilian Underwriters and International Placement Agents[3]

The Brazilian underwriters, the international placement agents and their respective affiliates are full service financial institutions engaged in various activities, which may include securities sales and trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, financing and brokerage activities, as well as other financial and non-financial activities and services. In addition to the commercial relationships with us and the selling shareholders arising in connection with this offering, the Brazilian underwriters, the international placement agents and their affiliates may maintain commercial relationships with us, our affiliates and the selling shareholders, have provided and may in the future provide investment and commercial banking, financial advisory and other banking or financial services to us, our affiliates and the selling shareholders, including credit lines and surety transactions in the ordinary course of their business, for which they have received or may receive, as the case may be, customary compensation. In addition, certain of the Brazilian underwriters, international placement agents or their affiliates may effect transactions for their own accounts or the accounts of clients and hold on behalf of themselves or their clients long or short positions in our debt or equity securities, and may do so in the future. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict, with our interests and those of our investors.

[3] NTD: subject to review by banks.

In the ordinary course of their various business activities, the Brazilian underwriters, the international placement agents and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities), currencies and other financial instruments for their own account and for the accounts of their clients, and these investments and trading activities may involve or relate to assets or instruments we issue, including our common shares (directly, as a collateral securing other obligations or otherwise).

The Brazilian underwriters, the international agents and/or their respective affiliates may enter into derivative transactions in connection with our offering of common shares, acting at the order and for the account of their clients. The Brazilian underwriters, the international agents and/or their respective affiliates may also purchase some of the securities in this offering as a hedge for these transactions. Such derivative transactions and associated hedging activity could constitute a material portion of the offering. These transactions may have an effect on demand, price or other terms of the offering.

The Brazilian underwriters, international placement agents and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of assets, securities or financial instruments and may hold, or recommend to clients that they acquire, long or short positions in our common shares.

Except for the relationships above described and the remuneration to be paid in connection with this offering, there is no other remuneration to be paid by us or by the selling shareholders to the Brazilian underwriters, the international placement agents or their affiliates in connection with this offering.

Selling Restrictions

Brazil

This offering memorandum is not addressed to Brazilian residents and it should not be forwarded or distributed to, nor read or consulted by, acted on or relied upon by Brazilian residents. Any investment to which this offering memorandum relates is available only to non-Brazilian residents and will be engaged in only with non-Brazilian residents. If you are a Brazilian resident and received this offering memorandum, please destroy it and any copies thereof.

Member States of the European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each, a "Relevant State") an offer to the public of any common shares which are the subject of the offering contemplated by this offering memorandum (the "Securities") may not be made in that Relevant State except that an offer to the public of any Securities in that Member State may be made at any time under the following exemptions under the Prospectus Regulation:

a) to legal entities which are qualified investors as defined in the Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of agents for any such offer; or

c) in any other circumstances falling within Article 1(4)of the Prospectus Regulation,

provided that no such offer of our common shares shall require the publication by us or any international placement agent of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of the common shares to the public" in relation to our common shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and our common shares to be offered so as to enable an investor to decide to purchase or subscribe for our common shares and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

This EEA selling restriction is in addition to any other selling restrictions set out in this offering memorandum.

United Kingdom

Each Global Coordinator, Joint Bookrunner and Co-manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by it in connection with the issue or sale of any common shares which are the subject of the offering contemplated by this offering memorandum (the "Securities") in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

In addition, this offering memorandum is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Promotion Order, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

France

This offering memorandum has not been prepared in the context of a public offering of financial securities ("*offre au public de titres financiers*") in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Articles 211-1 et seq. of the General Regulation of the *autorité des marchés financiers*, and has therefore not been, and will not be, submitted to the *autorité des marchés financiers* for clearance procedure.

Neither this offering memorandum, any other material relating to the common shares nor any information contained herein may be distributed or caused to be distributed to any other person or entity or used in connection with any offer, solicitation or advertising for subscription or sale of the common shares to the public in France. The common shares may only be offered, sold, distributed, transferred or resold and the prospectus, or any supplement or replacement or any material relating to the common shares, may be distributed or caused to be distributed, in France, only to (1) persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) or (2) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2, D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the *Code monétaire et financier* and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the *autorité des marchés financiers*, investors in France are informed that the common shares may only be issued, directly or indirectly, to the public in France in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the *Code monétaire et financier*.

Germany

The common shares have not been and will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), or WpPG, of June 22, 2005 or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. This offering memorandum may not be distributed, and the common shares may not be offered or sold, in the Federal Republic of Germany other than to persons who are qualified investors as defined in Section 2 No. 6 of the WpPG, or to fewer than 150 non- qualified investors. Nothing

in this document should be construed as investment advice to persons other than the permitted recipients or as otherwise constituting a public offering within the meaning of the WpPG or any other laws applicable in the Federal Republic of Germany.

Ireland

The common shares will not be placed in or involving Ireland otherwise than in conformity with (i) the provisions of the Irish European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith, (ii) the provisions of the Irish Central Bank Acts 1942 –2011 (as amended) and any codes of conduct rules made under Section 117(1) thereof, and (iii) the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Irish Financial Services Regulatory Authority pursuant thereto.

Italy

The offering of the common shares has not been registered pursuant to Italian securities legislation and, accordingly, no common shares may be offered or sold in the Republic of Italy in a solicitation to the public, and sales of the common shares in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

No offer, sale or delivery of the common shares or distribution of copies of any document relating to the common shares will be made in the Republic of Italy except: (a) to "Professional Investors," as defined in Article 31.2 of Regulation No. 11522 of 1 July 1998 of the *Commissione Nazionale per la Società e la Borsa*, or the CONSOB, as amended, or CONSOB Regulation No. 11522, pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998, as amended, or the Italian Financial Act; or (b) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under the Italian Financial Act or Regulation No. 11971 of 14 May 1999, as amended.

Any offer, sale or delivery of the common shares or any document relating to the common shares in the Republic of Italy must be: (i) made by investment firms, banks or financial intermediaries permitted to conduct those activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September 1, 1993 as amended, the Italian Financial Act, CONSOB Regulation No. 11522 and any other applicable laws and regulations; and (ii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Investors should also note that, in any subsequent distribution of the common shares in the Republic of Italy, Article 100-bis of the Italian Financial Act may require compliance with the law relating to public offers of securities. Furthermore, where the common shares are placed solely with professional investors and are then systematically resold on the secondary market at any time in the 12 months following the placing, purchasers of common shares who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare the purchase void and to claim damages from any authorized person at whose premises the common shares were purchased, unless an exemption provided for under the Italian Financial Act applies.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the shares described herein. Our common shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to our common shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to our common shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, nor the Company nor the shares have been or will be filed with or approved by any Swiss regulatory authority. The shares are not subject

to the supervision by any Swiss regulatory authority, *e.g.*, the Swiss Financial Markets Supervisory Authority FINMA (FINMA), and investors in the shares will not benefit from protection or supervision by such authority.

Canada

Our common shares may be sold only to purchasers purchasing in Canada, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of our common shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), neither the Brazilian underwriters nor the international placement agents are required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged or will be lodged with the Australian Securities and Investments Commission, or ASIC, in relation to the offering. This offering memorandum does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001, or the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the common shares may only be made to persons, or "Exempt Investors," who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the common shares without disclosure to investors under Chapter 6D of the Corporations Act.

The common shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring common shares must observe the Australian on-sale restrictions.

This offering memorandum contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this offering memorandum is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Japan

The common shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines

promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

China

The common shares may not be offered or sold directly or indirectly to the public in the People's Republic of China, or China, and neither this offering memorandum, which has not been submitted to the Chinese Securities and Regulatory Commission, nor any offering material or information contained herein relating to the common shares may be supplied to the public in China or used in connection with any offer for the subscription or sale of common shares to the public in China. The common shares may only be offered or sold to China-related organizations which are authorized to engage in foreign exchange business and offshore investment from outside of China. These China-related investors may be subject to foreign exchange control approval and filing requirements under the relevant Chinese foreign exchange regulations. For the purpose of this paragraph, China does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any common shares other than (1) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (2) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the common shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to common shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore, or the MAS, under the Securities and Futures Act, Chapter 289 of Singapore, or the Securities and Futures Act. Accordingly, the common shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this offering memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the common shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased common shares, namely a person who is: (1) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, should note that shares, debentures and common shares and preferred shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the common shares under Section 275 of the Securities and Futures Act except:

- to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person defined in Section 275(2) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;

- where no consideration is or will be given for the transfer;
- by operation of law; and
- as specified in Section 276(7) of the Securities and Futures Act.

Kuwait

The common shares have not been authorized or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this offering memorandum and the offering and sale of the common shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwait Ministry of Commerce and Industry in accordance with Law 31 of 1990. No private or public offering of the common shares is being made in Kuwait, and no agreement relating to the sale of the common shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the common shares in Kuwait. Persons into whose possession this offering memorandum comes are required by us and the agents to inform themselves about and to observe those restrictions. Investors in the State of Kuwait who approach us or any of the agents to obtain copies of this offering memorandum are required by us and the agents to keep the offering memorandum confidential and not to make copies thereof or distribute the same to any other person and are also required to observe the restrictions provided for in all jurisdictions with respect to offering, marketing and the sale of the common shares.

Qatar

The common shares described in this offering memorandum have not been, and will not be, offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offer of securities in the State of Qatar under Law No. 5 of 2002 (the Commercial Companies Law). The common shares are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in those common shares or have sufficient knowledge of the risks involved in an investment in those common shares. No transaction will be concluded in the jurisdiction of the State of Qatar. This offering memorandum has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority or Qatar Central Bank. This offering memorandum is intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

United Arab Emirates

The common shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates, or the U.A.E., other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this offering memorandum does not constitute a public offer of the common shares in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer. This offering memorandum has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority, or DFSA. If you do not understand the contents of this offering memorandum you should consult an authorized financial adviser. This offering memorandum is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

The Dubai International Financial Center

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the DFSA. This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The common shares to which this offering memorandum relates may be illiquid or subject to restrictions on their resale. Prospective purchasers of the common shares offered should conduct their own

due diligence on the securities. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (referred to herein as a "Saudi Investor") who acquires the common shares pursuant to this offering should note that the offer of the common shares is an exempt offer under sub-paragraph (3) of paragraph (a) of Article 16 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated October 4, 2004 and amended by the resolution of the Board of Capital Market Authority resolution number 1-33-2004 dated December 21, 2004, or the KSA Regulations. The common shares may be offered to no more than 60 Saudi Investors, excluding sophisticated investors (as this term is defined in the Offers of Securities Regulations) and the minimum amount payable per Saudi Investor must not be less than Saudi Riyal, or SR, 1 million or an equivalent amount. The offer of common shares is therefore exempt from the public offer provisions of the KSA Regulations, but is subject to the following restrictions on secondary market activity: (a) A Saudi Investor (the transferor) who has acquired common shares pursuant to this exempt offer may not offer or sell common shares to any person (referred to as a transferee) unless offer or sale is made through an authorized person and where: (1) the price to be paid by the transferee for the common shares equals or exceeds SR 1 million; (2) the common shares are offered to a sophisticated investor; or (3) the common shares are being offered or sold in such other circumstances as the Capital Market Authority may prescribe for these purposes. (b) If the provisions of paragraph (a)(1) above cannot be fulfilled because the price of the common shares being offered or sold to the transferee has declined since the date of the original exempt offer, the transferor may offer or sell the common shares to the transferee if their purchase price during the period of the original exempt offer was equal to or exceeded SR 1 million. (c) If the provisions of paragraph (b) cannot be fulfilled, the transferor may offer or sell the common shares if he/she sells his/her entire holding of the common shares to one transferee. (d) The provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the common shares, and the restrictions on secondary market activity shall cease to apply upon approval of listing on the Saudi Stock Exchange of securities of the same class as the common shares that are subject to those restrictions.

This offering memorandum may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this offering memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this offering memorandum. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this offering memorandum you should consult an authorized financial adviser.

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of our common shares.

Our common shares have not been and will not be registered under the Securities Act or under any U.S. state securities law and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except:

- in compliance with the registration requirements of the Securities Act and all applicable U.S. state securities laws; or
- pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws.

Accordingly, our common shares are being offered and sold only:

- in the United States to qualified institutional buyers as defined in Rule 144A under the Securities Act; or
- outside the United States to institutional and other investors that are not U.S. persons (as defined in Regulation S).

Purchasers of our common shares outside Brazil may not be able to exercise preemptive or tag along rights relating to our common shares unless an exemption from the registration requirements of the Securities Act is available or a registration statement under the Securities Act is effective with respect to those rights.

We are not obligated to file a registration statement with respect to our common shares relating to these preemptive or tag along rights and we may choose not to file a registration statement. If no registration statement is filed, a holder may receive only the net proceeds from the sale of his or her preemptive and tag along rights or, if these rights cannot be sold, they will lapse and the holder will receive no value for them. For further information on the exercise of preemptive rights and tag-along rights by U.S. holders of our common shares, see "*Risk Factors—Risks Related Our Common Shares and this Offering—A U.S. holder of our common shares may be unable to exercise preemptive rights and tag-along rights relating to our common shares*."

Each purchaser of our common shares in the United States will be deemed to have agreed not to deposit our common shares into an unrestricted U.S. depositary receipt facility for as long as those shares are "restricted securities" within the meaning of Rule 144 under the Securities Act and also to have represented and agreed as follows:

1. It understands and acknowledges that our common shares have not been and will not be registered under the Securities Act or under any U.S. state securities law, are being offered in transactions not requiring registration under the Securities Act or any U.S. state securities law, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act, or any other applicable securities law, or pursuant to an exemption from registration or in a transaction not subject to registration. **We make no representation as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of our common shares.**

2. It understands that the common shares (to the extent they are in certificated form in the future), unless otherwise determined in accordance with applicable law, will bear a legend substantially to the following effect:

   THIS SHARE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON

ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS SHARE.

3. It is not an affiliate (as defined in Rule 144 under the Securities Act) of ours or the selling shareholders or acting on our behalf and it is either:

   - a qualified institutional buyer and is aware that any sale of our common shares to it will be in reliance on an exemption from the Securities Act and the acquisition will be for its own account or for the account of another qualified institutional buyer; or

   - a person who, at the time the buy order for the common shares was originated, was outside the United States and was not a U.S. person and was not purchasing for the account or benefit of a U.S. person (as defined in Regulation S).

4. If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it agrees that until the expiration of a 40-day "distribution compliance" period within the meaning of Rule 903 of Regulation S, no offer or sale of our common shares shall be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(k) of the Securities Act except to a qualified institutional buyer and in compliance with the applicable selling restrictions. Such purchaser agrees that, during such 40-day distribution compliance period, it will not cause any advertisement with respect to the common shares (including any "tombstone" advertisement) to be published in any newspaper or periodical or posted in any public place and will not issue any circular relating to the securities, except such advertisements as permitted by and include the statements required by Regulation S.

5. Either (i) no portion of the assets used by the purchaser to acquire our common shares constitutes assets of any (a) "employee benefit plan" (within the meaning of Section 3(3) of the U.S. Employee Retirement Income Security Act, as amended, or ERISA) subject to Title I of ERISA, (b) "plan" (within the meaning of Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended, or the Code) subject to Section 4975 of the Code, (c) "governmental plan" (within the meaning of Section 3(32) of ERISA), "church plan" (within the meaning of Section 3(33) of ERISA) or non-U.S. plan (as described in Section (b)(4) of ERISA) that is subject to any non-U.S. or U.S. federal, state or local laws or regulations that are substantially similar to Title I of ERISA or Section 4975 of the Code (each, a "Similar Law") or (d) entity whose underlying assets are treated as assets of any of the foregoing for purposes of Title I of ERISA, Section 4975 of the Code; or (ii) the acquisition of our common shares by the purchaser will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental plan, church plan, or non-U.S. plan, a similar violation under any applicable Similar Law. If the purchaser of any of our common shares is an entity described in (a), (b) or (d) of the preceding sentence (a "Benefit Plan Investor"), it will be deemed to represent, warrant and agree that (x) none of the Company, the Brazilian underwriters or the international placement agents, nor any of their affiliates, has provided any investment advice on which it, or any fiduciary or other person investing the assets of the Benefit Plan Investor ("Plan Fiduciary"), has relied in connection with its decision to invest in the common shares, and they are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Benefit Plan Investor or the Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of common shares; and (y) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

6. Pursuant to CMN Resolution No. 4,373, transfers of our common shares, including by or between residents of jurisdictions outside Brazil, may be effected only in Brazil. See "*Market Information*."

7. Neither we, the selling shareholders, the Brazilian underwriters, the international placement agents nor any person representing us, the selling shareholders, the Brazilian underwriters or the international placement agents have made any representation to it with respect to us or the offering or sale of our common shares, other than the information contained in this offering memorandum, which has been delivered to it and upon which it is relying in making its investment decision with respect to the common shares. It acknowledges that no representation or warranty is made by the Brazilian underwriters or the international placement agents as to the accuracy or completeness of any materials. It has had access to financial and other information concerning us and our common shares as it has deemed necessary in connection with its decision to purchase our common shares, including an opportunity to ask questions of and request information from us and the Brazilian underwriters or international placement agents.

8. It acknowledges that we, the selling shareholders, the Brazilian underwriters, the international placement agents and respective counsel to the foregoing will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by its purchase of our common shares are no longer accurate, it shall notify us, the selling shareholders, the Brazilian underwriters and the international placement agents. In the event that it is acquiring any of our common shares as a fiduciary or agent for one or more investment accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account. In the event that an agent or representative of the purchaser is making any acknowledgment, representation or agreement on behalf of the purchaser, the agent or representative represents that it is duly authorized to execute the subscription agreement on behalf of the purchaser and has confirmed the foregoing acknowledgments, representations and agreements with the purchase.

Subject to certain exceptions, pursuant to the terms of CMN Resolution No. 4,373 for non-Brazilian holders, any U.S. person that acquires common shares in this offering will be permitted to transfer such purchased common shares solely in a transaction effected on the B3 or another securities exchange in Brazil other than in a prearranged trade with a counter party. To the extent that the provisions of CMN Resolution No. 4,373 are modified in the future to permit transfers by non-Brazilian holders other than on the B3 or another securities exchange in Brazil, we will require, and each purchaser acknowledges and agrees, as a condition to any such transfer by a U.S. person that acquires common shares in this offering, that the transferee execute a document confirming each of the representations and agreements set forth above.

Other Jurisdictions

The distribution of this offering memorandum and the offer and sale or resale of the common shares may be restricted by law in certain jurisdictions. Persons into whose possession this offering memorandum comes are required by us, the Brazilian underwriters and the international placement agents to inform themselves about and to observe any such restrictions.

LEGAL MATTERS

Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados, our Brazilian counsel, has advised us and the selling shareholders in connection with this offering and will pass on the validity of our common shares. Cleary Gottlieb Steen & Hamilton LLP, our U.S. counsel, will pass on certain U.S. legal matters for us and the selling shareholders. Stocche Forbes Advogados will pass on certain Brazilian legal matters for the Brazilian underwriters and the international placement agents, and Simpson Thacher & Bartlett LLP will pass on certain U.S. legal matters for the Brazilian underwriters and the international placement agents.

INDEPENDENT AUDITORS

Our individual and consolidated financial statements of Athena Saúde Brasil S.A. as of and for the years ended December 31, 2020 and 2019 included elsewhere in this offering memorandum have been audited by Ernst & Young Auditores Independentes S.S., independent auditors, as stated in their reports appearing herein.

Our individual and consolidated financial statements of Athena Saúde Brasil S.A. as of and for the year ended December 31, 2018 included elsewhere in this offering memorandum have been audited by Deloitte Touche Tohmatsu Auditores Independentes, independent auditors, as stated in their reports appearing herein.

The audited combined financial statements of the São Bernardo Group for the year ended December 31, 2020 included elsewhere in this offering memorandum have been audited by Ernst & Young Auditores Independentes S. S., independent auditors, as stated in their reports appearing herein.

The audited combined financial statements of the Unihosp Group for the year ended December 31, 2020, included elsewhere in this offering memorandum have been audited by Ernst & Young Auditores Independentes S. S., independent auditors, as stated in their reports appearing herein.

The audited financial statements of Hospital do Coração de Natal Ltda. for the year ended December 31, 2020, included elsewhere in this offering memorandum have been audited by Ernst & Young Auditores Independentes S. S., independent auditors, as stated in their reports appearing herein.

ENFORCEMENT OF JUDGMENTS

We are a company (*sociedade por ações*) organized under the laws of Brazil. All of our officers and directors are Brazilian residents and all of our assets are located in Brazil. As a result, it may not be possible, or it may be difficult for these persons to be summoned to court in a lawsuit filed in the United States or to enforce judgments obtained in United States courts against us or them, including those predicated upon the civil liability provisions of the federal securities laws of the United States.

In addition, any claims under the *Novo Mercado* segment of the B3 regulations must be submitted to arbitration proceedings conducted in accordance with the rules of the Market Arbitration Chamber (*Câmara de Arbitragem do Mercado*) of the B3. See "*Market Information—Corporate Governance Practices and the Novo Mercado*."

We have been advised by our Brazilian counsel, Mattos Filho,Veiga Filho, Marrey Jr e Quiroga Advogados, that a judgment of a United States court for civil liabilities predicated upon the federal securities laws of the United States may be enforced in Brazil, subject to certain requirements described below. Such counsel has advised that a judgment against us, the directors and officers or certain advisors named herein obtained abroad would be enforceable in Brazil without reconsideration of the merits, upon recognition of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). That recognition, generally, will occur if the foreign judgment:

- fulfills all formalities required for its enforceability under the laws of the jurisdiction where it was awarded;
- is issued by a competent court, with jurisdiction over the matter, after proper service of process on the parties in accordance with the law applicable where the act was made (if service of process was made in Brazil, such service must comply with Brazilian law), or after sufficient evidence of our absence, as required under applicable laws;
- is final and, therefore, not subject to appeal in the jurisdiction where it was awarded;
- does not conflict with a previous final and unappealable decision issued by a Brazilian court on the same matter and involving the same parties, cause of action and claim (res judicata);
- is notarized and apostilled by a competent authority of the State within the United States territory in which the decision was issued, according to The Hague Convention Abolishing the Requirement of Legalization for Foreign Public Document, if such decision emanates from a country that is not a signatory of the Hague Convention, it must be duly authenticated by a Brazilian Consulate;
- is accompanied by a sworn translation into Portuguese by a certified translator in Brazil;
- is not contrary to Brazilian public policy, national sovereignty, human dignity or good morals (as provided in Article 17 of the Law of Introduction to the Brazilian Law in Article 963, VI, of the Brazilian Code of Civil Procedure and in Article 216-F of the Brazilian Superior Court of Justice's Regiment); and
- does not violate the exclusive jurisdiction of the Brazilian courts in accordance with Brazilian law, pursuant to the provisions of Article 23 of the Brazilian Code of Civil Procedure.

Furthermore, we have been advised by Mattos Filho,Veiga Filho, Marrey Jr e Quiroga Advogados, that lawsuits filed in Brazilian Courts related to this offering memorandum may be, based on the federal securities laws of the United States. Brazilian Courts may issue judgments recognizing our liabilities (or the directors and officers and certain advisors named herein) under the federal securities laws of the United States, provided that those provisions do not contradict Brazilian public policy, national sovereignty, human dignity or good morals and that Brazilian courts can assert jurisdiction over the matter being litigated. However, the application of a foreign body of law by Brazilian courts may be troublesome, as Brazilian courts consistently base their decisions on domestic law, or refrain from

applying a foreign body of law for a number of reasons. Although remote, there is a risk that Brazilian courts, considering a relevant case-by-case rationale, may dismiss a petition to apply a foreign body of law and may adopt Brazilian laws to adjudicate the case. In any case, we cannot assure that Brazilian courts will confirm their jurisdiction to rule on such matter, which will depend on the connection of the case to Brazil and, therefore, must be analyzed on a case-by-case basis.

The judicial recognition process may be time-consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that the recognition process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment, including for violation of the securities laws of countries other than Brazil, including the federal securities laws of the United States.

In addition, a plaintiff, whether Brazilian or not, that resides outside Brazil during a lawsuit in Brazil, must post a bond to guarantee court costs and legal fees, if the plaintiff does not own a real estate property in Brazil that could secure payment in the event its motion is dismissed. This bond must have enough value to satisfy the payment of court fees and defendant attorney's fees, as determined by the Brazilian court. This requirement is not applicable in the event of (i) an international treaty setting forth such an exemption; (ii) if the lawsuit filed is an enforcement proceeding under Brazilian law (*execução de título extrajudicial* or *cumprimento de sentença*); (iii) counterclaims, as established under Article 83 of Law No. 13,105, dated March 16, 2015, or the Brazilian Code of Civil Procedure, and (iv) the enforcement of foreign judgments that have been duly confirmed by the Superior Court of Justice all, as established under Article 963 of the Brazilian Code of Civil Procedure.

If proceedings are brought before the Brazilian courts seeking to enforce obligations against us, payment shall be made in *reais*. Any judgment rendered in Brazilian courts in respect of any payment obligations would be expressed in *reais*.

INDEX TO FINANCIAL STATEMENTS

Audited Individual and Consolidated Financial Statements of Athena Saúde Brasil S.A. for the Years ended December 31, 2020, 2019 and 2018

Unaudited *Pro Forma* Condensed Consolidated Financial Information

Audited Combined Financial Statements of the Sao Bernardo Group, for the Years ended December 31, 2020

Audited Combined Financial Statements of the Unihosp Group, for the Years ended December 31, 2020

Audited Financial Statements of Hospital do Coração de Natal Ltda., for the Years ended December 31, 2020

120,551,640 COMMON SHARES

ATHENA SAÚDE BRASIL S.A.

OFFERING MEMORANDUM

Joint Bookrunners

BofA Securities **XP Investimentos** **Bradesco BBI** **BTG Pactual** **Itaú BBA** **Santander**

, 2021

[AM_ACTIVE 402997065_22]