

(A free translation of the original in Portuguese)

# Hapvida Participações e Investimentos S.A.

**Parent company and consolidated financial  
statements at December 31,2022**

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# EARNINGS RELEASE

## 4Q22



### Earnings Call Presentation

March 1st, 2023 (Wednesday)

Portuguese (with simultaneous translation to English)

9 am (EST - NY) | 11 am (BRT)

[ri.hapvida.com.br/en](http://ri.hapvida.com.br/en)

# Message from Management

Even in the face of a still challenging global and domestic scenario and in the midst of yet another period marked by the pandemic, Grupo Hapvida NotreDame Intermédica was able to demonstrate its commitment to a sustainable and resilient business model in 2022. The effort and dedication of our employees and service providers led to an improvement in all of the Company's operating and financial indicators compared to the previous period.

We ended the year with approximately 9 million beneficiaries in health plans and 7 million in dental plans. Net additions in the quarter amounted to 103 thousand health beneficiaries and 53 thousand beneficiaries in dental plans. The average ticket showed a growth trajectory after being practically stable for almost 2 years. Our consolidated net revenues reached R\$6.5 billion in the fourth quarter, an increase of 10.7% compared to the pro forma amount of the same period of the previous year. Our main operating indicator, the consolidated cash medical loss ratio, was 72.9% in the quarter, an improvement of 0.1 p.p. in relation to the previous quarter, still impacted by higher frequencies of utilization, unfavorable seasonality, in addition to higher medical loss ratio levels in the newly acquired companies. With proper management of selling and administrative expenses, we reached ratios of 8.1% and 8.3%, respectively, in the quarter. Thus, adjusted EBITDA reached R\$598.7 million in the quarter, including a positive impact of R\$87.2 million related to a price adjustment of one of the acquisitions. Adjusted EBITDA for the year totaled R\$2.5 billion, with an EBITDA margin of 10.1% versus a combined pro forma for the same period of the previous year of 9.6%.

The Company remains committed to optimizing its own care network through the continuous verticalization of our operations and to the qualification and modernization of our own care facilities. During the quarter, we inaugurated 3 medical clinics and 3 diagnostic units, totaling 761 medical-hospital units spread across Brazil. Among the new units, we highlight our first Advanced Unit in Betim/MG, which serves beneficiaries of both operators, Hapvida and NotreDame Intermédica. We also inaugurated the Hospital Brasiliense in Brasília/DF and the Hospital Mandacarú in Recife/PE.

We continued to execute our inorganic expansion plan and announced the acquisition of Sistemas Saúde, a health plan operator with around 77,000 beneficiaries located, mostly, in São Paulo/SP. This is yet another strategic acquisition that, when completed, will further strengthen our presence in SP, consolidating our growth through a vertically integrated platform and reinforcing our commitment to creating value for our shareholders. Completion of this transaction is subject to certain conditions precedent including regulatory approvals.

The last stage of the integration of the companies historically acquired by Hapvida in Belo Horizonte/MG was completed on December 1, 2022, with the conclusion of the incorporation of the operators' legal entities and care units belonging to Promed and Premium. With the completion of these integrations, we continue to work on intelligent and efficient cost management and on preparing these assets to become major regional platforms for organic growth.

We also made progress on the integration agenda associated with the business combination between Hapvida and NotreDame Intermédica. Upon completing one year of the closing of the operation, several achievements were delivered, with hundreds of initiatives and action plans in execution. Some ongoing initiatives:

## REVENUE SYNERGIES

- **National Solution:** Unified sales process for brokers through a single portal for quotes in excess of 3,000 lives nationwide. This process contributed to gross sales of 34 thousand lives in 4Q22 and 103 thousand lives in the accumulated period.
- **Individual/Family Plans:** we started selling products aimed at individuals (individual and family plans) in different age groups, in regions where these plans were not sold by NDI, with a gross sales performance of 27 thousand lives in the quarter and 80 thousand lives in the accumulated period.

# Message from Management

- **Integrated Plan:** Our Integrated Plan, launched in December/22, is the product that offers the best for companies with more than 100 lives. The plan is accepted in 20 states and the Federal District and is yet another front for capturing synergies using the best of the combined company's infrastructure.

- **Commercial:** In our overlapping markets, we unified commercial efforts by creating sales cells and unified product portfolios, generating greater efficiency and enhancing the company's commercial strategy.

## **COSTS SYNERGIES**

- **Supplies:** In the process of renegotiating contracts and service providers, the supply team moved on to evaluate the best service delivery models, generating scope renegotiation opportunities and increases in synergies to be captured.

- **Network sharing:** The operational teams are implementing a solution for sharing agendas of elective consultations between beneficiaries of Hapvida and NDI products. This hybrid service model was implemented in units in the metropolitan region of BH and Brasília, and from this first quarter onwards, we started expanding it to other units.

- **Regulation:** A network regulation cell was created to serve the three different regional operations. The objective is to guarantee the implementation of the most suitable protocols and to carry out better control of the own network.

## **G&A SYNERGIES**

- **Third-party services:** The equalization of contractual parameters for service providers has already been substantially completed.

- **Administrative structure:** We started 2023 with the alignment of our teams. All vice-presidencies and directors were unified, another step in accelerating the integration process.

2022 was also an year of awards. We were chosen as one of the 10 corporations (Health Services in Latin America category) that promote open innovation with startups the most by the 2022 Open Corps Ranking of 100 Open Startups, in line with our Innovation pillar. We were also recognized for our communication with the market by Institutional Investor 2022, the largest and most respected capital market ranking in the world, occupying 1st place in 7 of the 8 possible categories. And our CEO Jorge Pinheiro received, in Fortaleza, the National IBEF Award, promoted by the Brazilian Institute of Finance Executives (IBEF), which chooses the name representing the most admired CEO in the country.

In May and October, we announced two fundraising operations in the Brazilian capital market - one issue of debentures and the other of real estate receivables certificates (CRI) in the amount of R\$2.0 billion and R\$1.0 billion, respectively. Both issuances obtained the maximum investment grade (AAA) from the risk rating agency Fitch Ratings, confirming the solidity of Hapvida's. The proceeds from these operations are being used to optimize the Company's consolidated debt profile along with the ongoing expansion strategy.

We are prepared for a 2023 of balanced growth, strengthening of our operations and continuous recovery of our margins, always seeking to fulfill our main objective – which is to offer quality and affordable healthcare to all Brazilians. We appreciate the contribution of our employees, physicians, dentists, brokers, suppliers and the confidence of the Board of Directors, shareholders and, above all, our beneficiaries.

**Jorge Pinheiro**  
CEO

# Summary

## 1. INTEGRATION AND REPORTING CRITERIA

With the completion of the business combination with Notre Dame Intermédica Participações S.A. (NDI) on February 11, 2022, NDI was consolidated in the month of February/22 and became part of the consolidated interim financial statements of Hapvida Participações e Investimentos S.A. in that same month.

Therefore, Hapvida's consolidated financial statements ended on December 31, 2022 include eleven months of NDI's operations. The comparative period (2021) considers only the accounting data disclosed at the time, that is, only Hapvida's data. The same is true for the numbers referring to the 4th quarter of 2022.

Aiming at the best disclosure practices, we will present in this release some segregated operating and financial data. Thus, the results will be presented as: Hapvida (Hapvida ex-NDI), NDI and Consolidated.

## 2. HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R\$ million)	Hapvida			NDI	Consolidated		
	4Q22	4Q21	Var. %	4Q22	4Q22	4Q21	Var. %
Net Revenues	2,690.7	2,598.9	3.5%	3,811.8	6,502.5	2,598.9	150.2%
Medical Costs – Cash	1,795.5	1,685.6	6.5%	2,947.8	4,743.3	1,685.6	181.4%
Total Medical Costs	1,954.6	1,745.4	12.0%	3,042.6	4,997.3	1,745.4	186.3%
Commercial Expenses	259.0	219.1	18.2%	264.8	523.9	219.1	139.1%
Administrative Expenses <sup>1</sup>	188.3	292.7	(35.7%)	348.8	537.1	292.7	83.5%
EBITDA	342.3	388.4	(11.9%)	186.6	528.9	388.4	36.2%
Adjusted EBITDA <sup>2</sup>	382.0	393.9	(3.0%)	216.7	598.7	393.9	52.0%
Net Income (loss)					(316.7)	200.2	(258.2%)
Adjusted Net Income <sup>3</sup>					161.4	367.4	(56.1%)

CONSOLIDATED RATIOS (% ROL)	Hapvida			NDI	Consolidated		
	4Q22	4Q21	Var. %	4Q22	4Q22	4Q21	Var. %
Cash MLR	66.7%	64.9%	1.8 p.p.	77.3%	72.9%	64.9%	8.1 p.p.
Total MLR	72.6%	67.2%	5.4 p.p.	79.8%	76.9%	67.2%	9.7 p.p.
Commercial Expenses	9.6%	8.4%	1.2 p.p.	6.9%	8.1%	8.4%	-0.4 p.p.
Administrative Expenses <sup>1</sup>	7.0%	11.3%	-4.3 p.p.	9.2%	8.3%	11.3%	-3.0 p.p.
EBITDA Margin	12.7%	14.9%	-2.2 p.p.	4.9%	8.1%	14.9%	-6.8 p.p.
Adjusted EBITDA Margin <sup>2</sup>	14.2%	15.2%	-1.0 p.p.	5.7%	9.2%	15.2%	-6.0 p.p.
Net Income Margin					-4.9%	7.7%	-12.6 p.p.
Adjusted Net Income Margin <sup>3</sup>					2.5%	14.1%	-11.7 p.p.

OPERATING HIGHLIGHTS	Hapvida			NDI	Consolidated		
	4Q22	4Q21	Var. %	4Q22	4Q22	4Q21	Var. %
<b>Members Health and Dental (EOP, thousands)</b>	<b>7,816</b>	<b>7,535</b>	<b>3.7%</b>	<b>8,256</b>	<b>16,072</b>	<b>7,535</b>	<b>113.3%</b>
Members Health	4,305	4,278	0.6%	4,833	9,138	4,278	113.6%
Members Dental	3,511	3,257	7.8%	3,423	6,934	3,257	112.9%
<b>Members Health and Dental (Average, thousands)</b>	<b>7,720</b>	<b>7,493</b>	<b>3.0%</b>	<b>8,181</b>	<b>15,938</b>	<b>7,493</b>	<b>112.7%</b>
Members Health	4,270	4,190	1.9%	4,764	9,039	4,190	115.7%
Members Dental	3,450	3,303	4.5%	3,417	6,898	3,303	108.9%
<b>Proprietary service network</b>	<b>498</b>	<b>481</b>	<b>3.5%</b>	<b>263</b>	<b>761</b>	<b>481</b>	<b>58.2%</b>
Hospitals	50	49	2.0%	37	87	49	77.6%
Emergency Units	48	49	(2.0%)	27	75	49	53.1%
Clinics	212	205	3.4%	116	328	205	60.0%
Diagnostics	188	178	5.6%	83	271	178	52.2%

The SOP amounts are accounted for and recorded at Hapvida Participações. For managerial presentation purposes, the amounts are prorated proportionally to Hapvida and NDI.

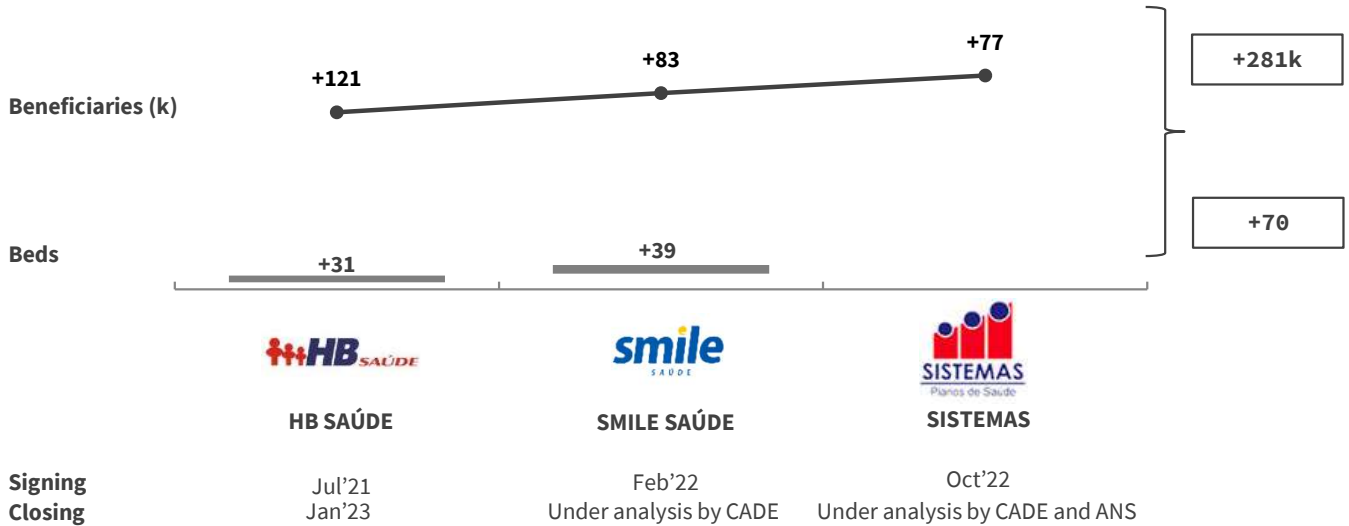
<sup>1</sup> Excluding depreciation and amortization, LTIP Expenses and Share-Based Compensation (SOP);

<sup>2</sup> Excluding LTIP and SOP expenses; and

<sup>3</sup> Excluding the effects of LTIP and SOP and amortization of Brands, Patents and Customer Portfolio.

# Acquisitions / ESG

## 3.1 ACQUISITIONS



## 3.2 ESG

The Salvas Hospital of the Hapvida NotreDame Intermédica Group received LEED (Leadership in Energy and Environmental Design) V4.1 O+M:EB Gold level certification, the first in Brazil to receive such a certification. This category of certification offers existing buildings the opportunity to identify improvements and approach international performance indicators involving items such as water and energy consumption, waste generation, availability of alternative transportation, and user comfort.

At our Salvas Hospital, a garden therapy project was developed to provide a therapeutic moment for long-stay patients. The fertilizer used in the garden comes from the composting process of organic waste from the Hospital itself. Besides this, the inputs are directed to the consumption of the employees and patients.

Throughout the quarter we continued the ongoing training program aimed at professionals in the technology area, developing them in agile methodologies and improving the skills required to work in the area. The program also extends to students in higher education institutions, building a bridge between the academic environment and the corporate world in order to train IT professionals for the company and also contributing to the community.

In partnership with Oracle, we have concluded the pilot project of training in Technology for People with Disabilities in the IT market, and now we are opening a new class encompassing minority groups from all over Brazil, and we have more than 3000 registered in the selection process.

We finalized the elaboration and launched (approved by the Board of Directors) our Diversity, Equity and Inclusion Policy for the combined company, which was published in our Investor Relations website. In this sense, we are offering face-to-face and online courses in libras, so that users of this language feel included in our Company.

In addition, we received an important recognition with the Racial Seal of Bahia as a company that includes and works affirmative actions for Black People (Black and Brown) and we are doing a strong racial work internally with the participation of our professionals on black awareness through a video with their stories.

In 4Q22 we started the project to standardize the representation of the Combined Company with: (i) the mapping and definition of jurisdictions, powers and single proxies; (ii) the implementation of document governance with the publication of an internal manual and the definition of a hierarchy of norms aligned to Management; (iii) review and approval of corporate policies, especially those related to the ASG theme, (iv) preparation and approval of work plans and the annual calendar of meetings of the Governance Bodies for the year 2023.

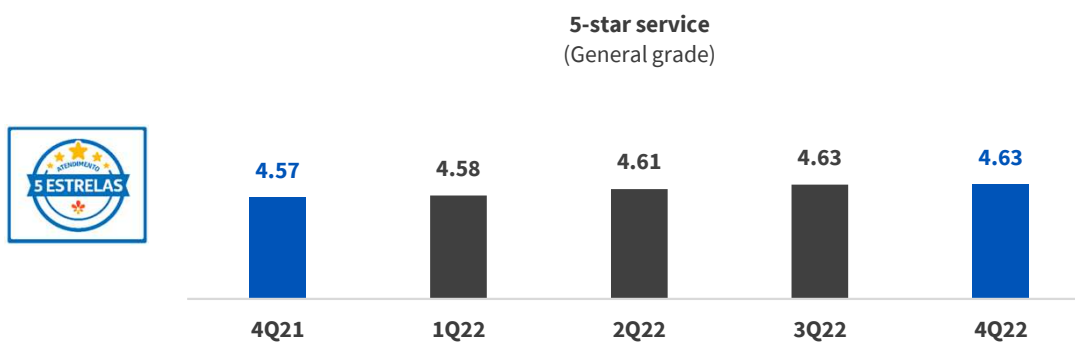
From a data management point-of-view, the group continues with the actions of the project to unify the processes of the Privacy and Data Protection area, as well as the awareness and training actions of the Privacy Champions Program, which includes carrying out the homologation of the Privacy Policies and parameterization of the privacy management system, OneTrust.

# Quality of Care

## 4.1 QUALITY OF CARE

### 5-STAR SERVICE

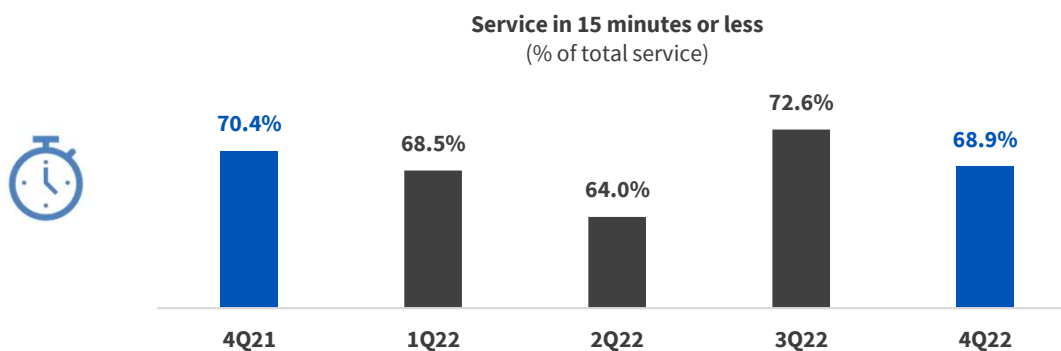
The 5-star service, implemented in 2019, is an instant satisfaction survey with ratings between 1 and 5 stars carried out by our customers after each eligible service. This program is a valuable tool for the entire Company, because with it we can see opportunities for improvement and recognize the best performance in serving our customers. Our hospitals, clinics, diagnostic units, emergency services, laboratory collection points, dentistry services, preventive medicine units, telemedicine and the wellness and well-being promotion programs (such as Nascer Bem, Viver Bem and Family Doctor) programs are evaluated. Throughout the program's existence, we have received more than 13 million evaluations. In the fourth quarter of 2022 alone, more than 1.7 million evaluations were received. The overall average for the month of December 2022, based on 550,000 evaluations, was 4.63, the highest rating in the Company's history.



5-Star Service indicator refers to the operations of Hapvida and its acquired companies América, RN Saúde, São Francisco Group, São José Group and Medical.

### WAITING TIME FOR URGENT/EMERGENCY CARE

Hapvida has a tech platform with a system that allows us to monitor all our units in real time 24x7. This system, along with video cameras present in all units, allows the Company's Observation and Control Center to monitor the service and waiting times in all walk-in emergency centers. If the waiting time exceeds 15 minutes, the system signals the Control Center to take immediate actions to speed up the operation. In 4Q22, 68.9% of the 1.8 million urgent and emergency service carried out in our hospitals and walk-in emergency units occurred within 15 minutes of patient check-in.



As of 3Q21, the companies included in the indicator are RN Saúde, São Francisco, São José and Medical.

### CERTIFICATIONS

The Company is enrolled in several certification programs, such as:

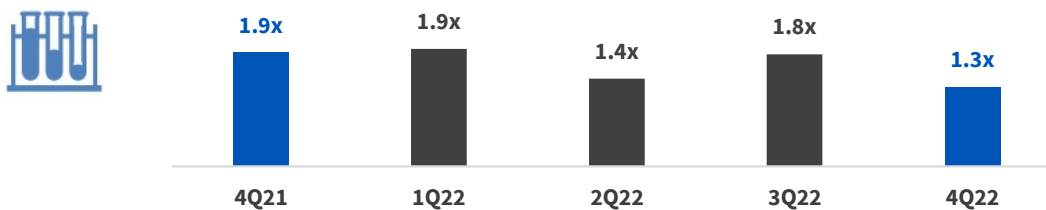
- ONA: 17 hospitals, 12 clinical centers and the Ghelfond imaging center
- Qualitotal: 21 hospitals and 1 clinical analysis technical center
- Qmentum: 1 hospital and 1 center for preventive medicine
- Joint Commission: 1 hospital

## 4.2 PREVENTIVE MEDICINE PROGRAMS

### VIVER BEM

Viver Bem is a wellness program for Hapvida’s beneficiaries that aims to reduce diabetes complications. We use our own algorithm to identify patients with alterations in the blood tests that indicate that they have or may have type 2 diabetes mellitus. The contact with the patient is carried out by a trained professional from our exclusive call center for the wellness programs. Available in Fortaleza, Recife, Salvador, Goiânia and Manaus, it comprises doctors, nursing technicians and nutritionists specialized in the treatment of people with diabetes and aims to encourage a change in the people’s lifestyle. The success of the program is measured by the improvement in glycated hemoglobin of the group of patients followed when compared to the control group (patients not followed up). At the end of the 4th quarter of 2022, around 23,000 beneficiaries were part of the program.

Improvement of glycated hemoglobin - higher than control group

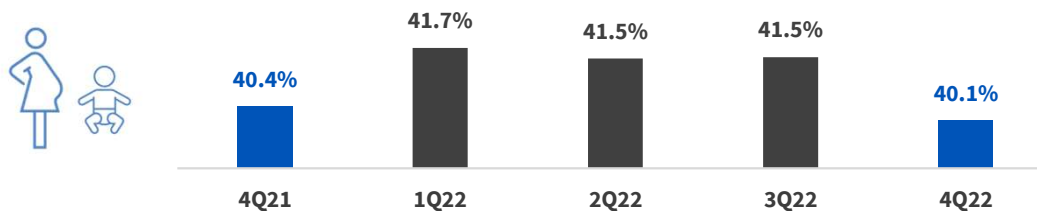


The Viver Bem indicator refers to the operations of Hapvida and acquired companies America, RN Saúde, São Francisco, São José and Medical.

### NASCER BEM

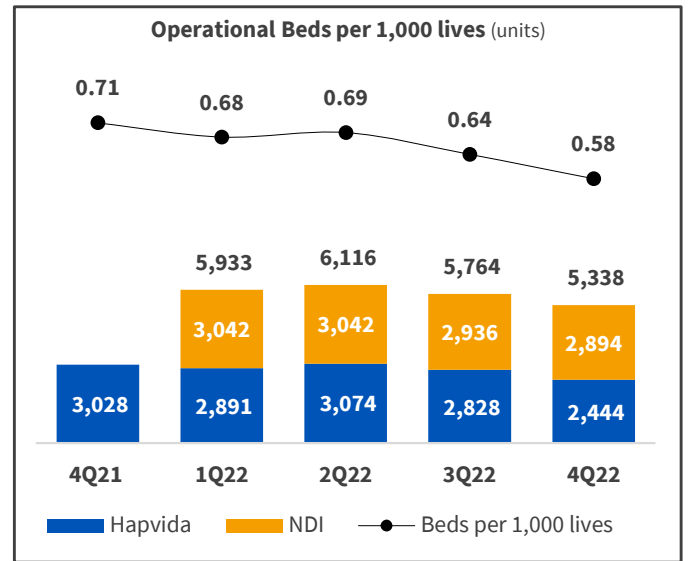
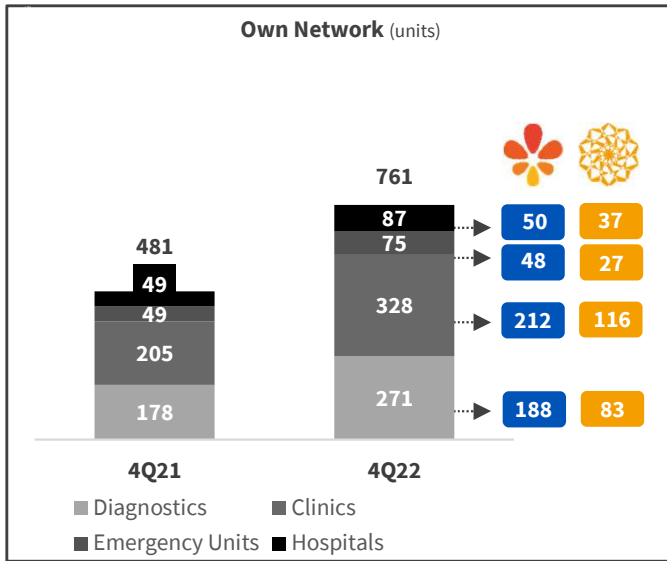
Nascer Bem is a pioneering program in the private health system that promotes the monitoring of pregnant women throughout their pregnancies, through multidisciplinary teams, all the support, security and guidance necessary for this very special moment for the whole family. Currently, the program monitors 17,000 pregnant women per month, having performed 20,600 deliveries this quarter, in the capitals: Recife, Fortaleza, Belém, Salvador, Manaus, and Goiânia. Out of the total in 4Q22, 40.1% were natural birth deliveries.

Evolution of Natural Birth  
(% of total deliveries)



Nascer Bem indicator refers to the operations of Hapvida and its acquired companies América, RN Saúde, São Francisco Group, São José Group and Medical in the cities specified above.

## 5. PROPRIETARY CARE NETWORK



During the quarter, we opened 6 new units:

- 3 clinics (MG)
- 3 diagnostics (MG and SP)

Ending the period with 87 hospitals, 75 emergency care units, 328 clinics and 271 diagnostic imaging and laboratory collection units, thus totaling 761 own service points, accessible to our beneficiaries, in all five regions of Brazil.



New Clinical Center – Barra Funda – São Paulo/SP

# Operational Data

## 6. BENEFICIARIES

### 6.1 Health

The number of beneficiaries of **Hapvida's** health plans at the end of the quarter presented growth of **0.6%** compared to the same period last year and an increase of **0.4%** compared to 3Q22.

#### Main movements in relation to 4Q21:

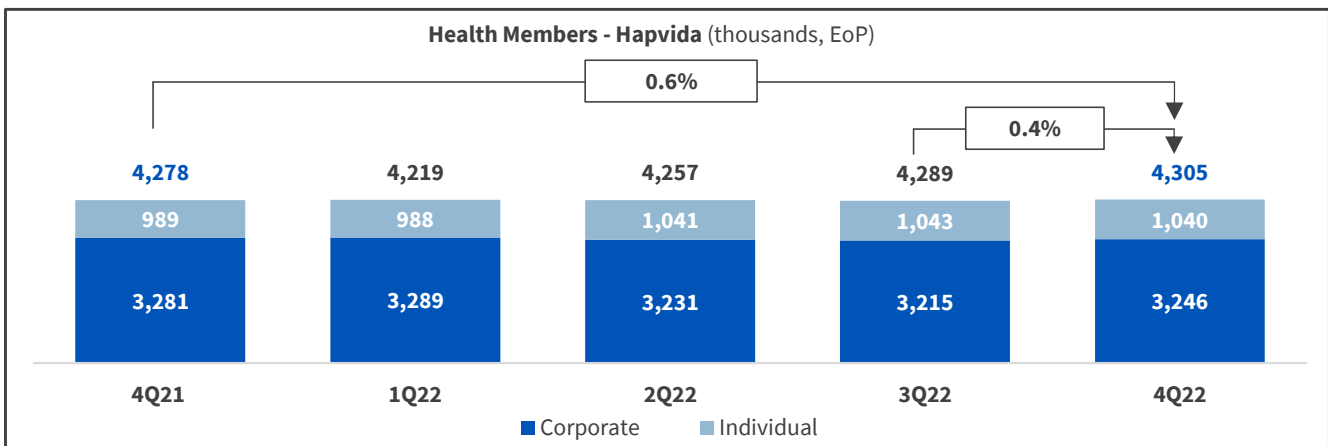
(+27 thousand lives distributed as follows):

- (i) +51 thousand lives in individual plans; and
- (ii) -24 thousand lives in group plans.

#### Main movements in relation to 3Q22:

(+16 thousand lives distributed as follows):

- (i) -3 thousand lives in individual plans; and
- (ii) +19 thousand lives in group plans.

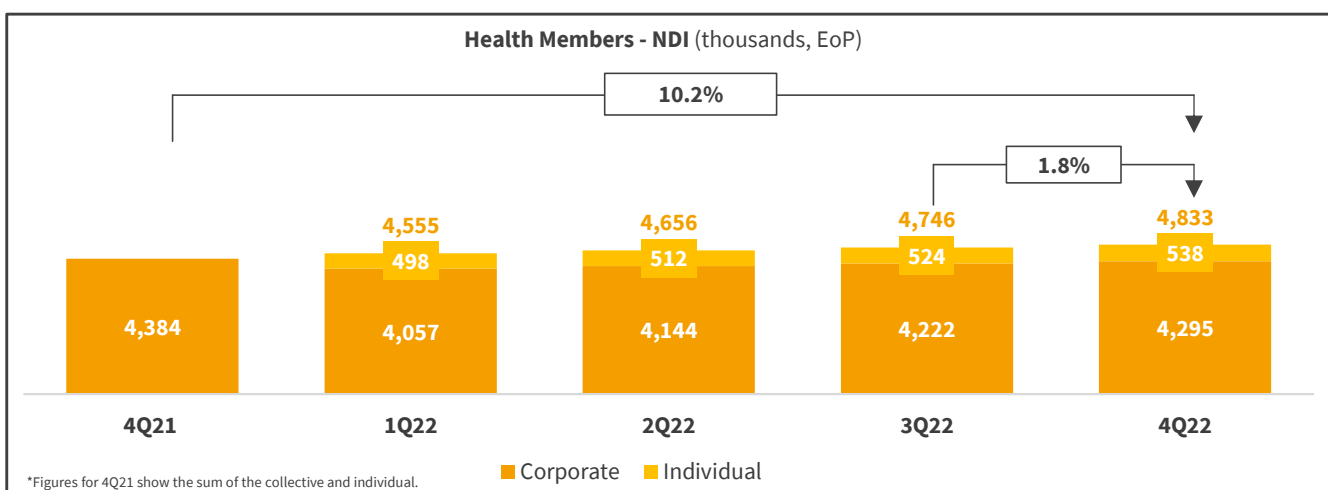


The number of **NDI's** health plan beneficiaries at the end of the quarter grew by **1.8%** compared to 3Q22.

#### Main movements in relation to 3Q22:

(+87 thousand lives distributed as follows):

- (i) +14 thousand lives in individual plans; and
- (ii) +73 thousand lives in group plans.



\*Figures for 4Q21 show the sum of the collective and individual.

## 6. BENEFICIARIES (continued)

### 6.1 Health - Consolidated

The number of beneficiaries of health plans consolidated at the end of the quarter grew **113.6%** compared to **4Q21**, influenced by:

By merger/acquisitions (M&A), **in relation to 4Q21**:

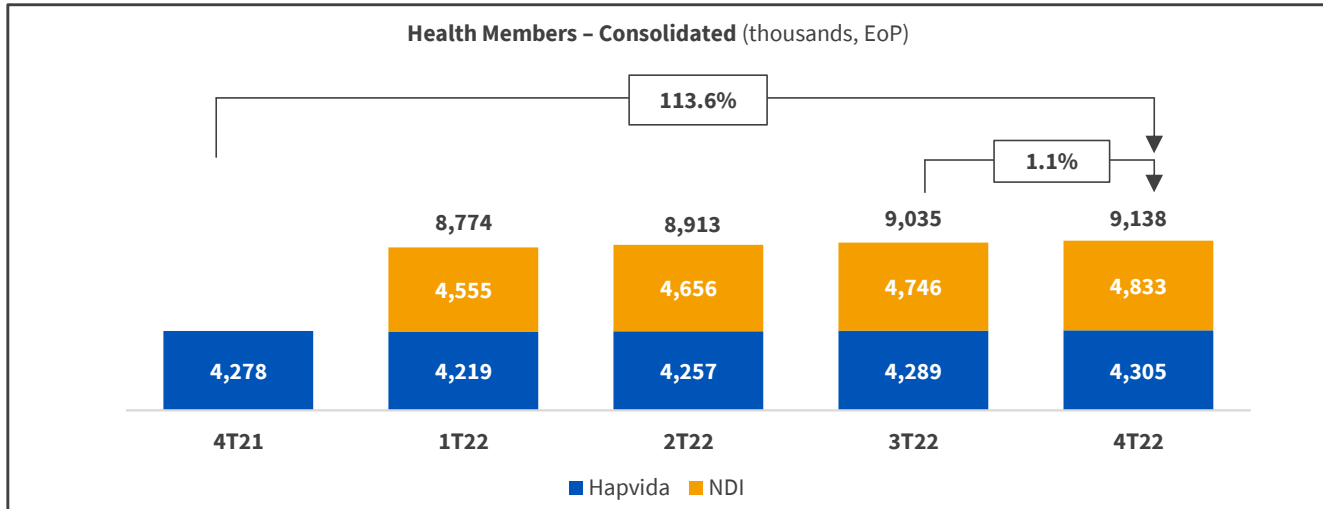
(i) **+4,833 lives of NDI** (+538k in individual plans and +4,315k in group plans)

Main movements **in relation to 3Q22**:

**(+103 thousand lives distributed as follows):**

(i) + 17 thousand lives in individual plans; and

(ii) + 86 thousand lives in group plans.



As for the growth of lives in 4Q22, organic additions totaled 503 thousand lives, cancellations totaled 403 thousand lives and turnover was positive by 4 thousand beneficiaries, representing net organic growth of 103 thousand lives. Three acquisitions already announced, HB Saúde (started in January/23), Smile Saúde and Sistemas (the latter two are still waiting for regulatory approvals), total 281 thousand beneficiaries.

#### **Hapvida:**

(i) +251k lives of gross sales;

(ii) -240k lives cancelled (131k corporate, 25k SME, 9k Affinity and 75k individual); and

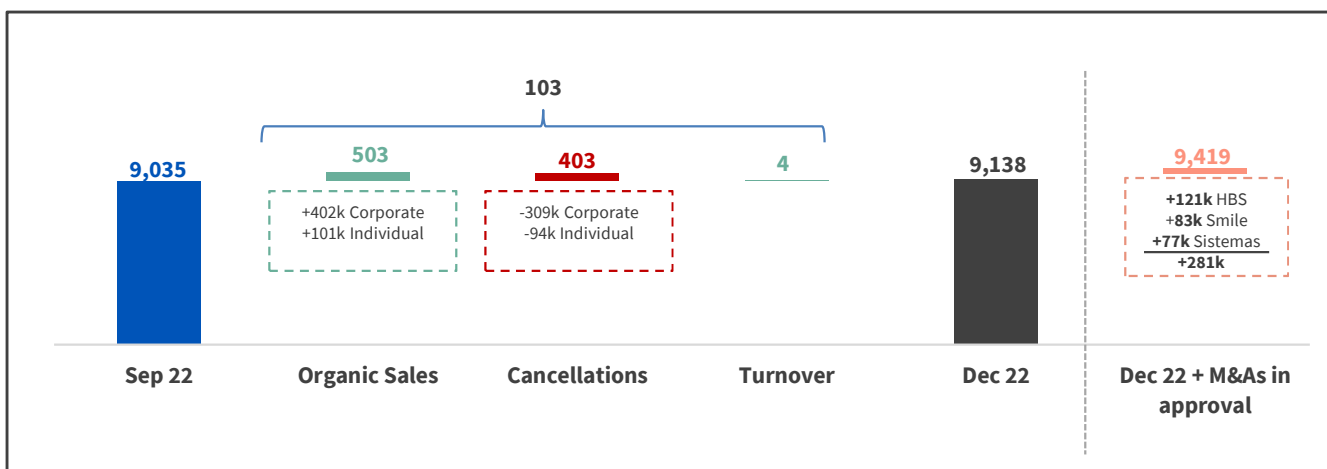
(iii) +6k lives of positive turnover.

#### **NDI:**

(i) +252k lives of gross sales;

(ii) -163k lives cancelled (54k corporate, 68k SME, 22k Affinity e 19k individual); and

(iii) -2k lives of negative turnover.



## 6. BENEFICIARIES (continued)

### 6.2 Dental – Hapvida, NDI and Consolidated

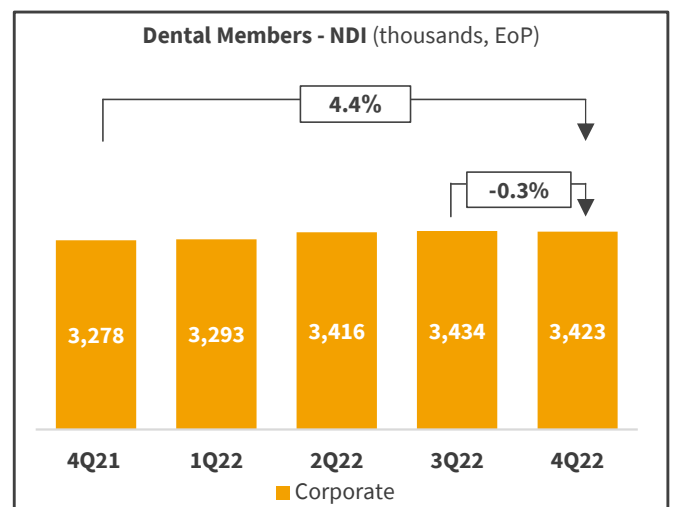
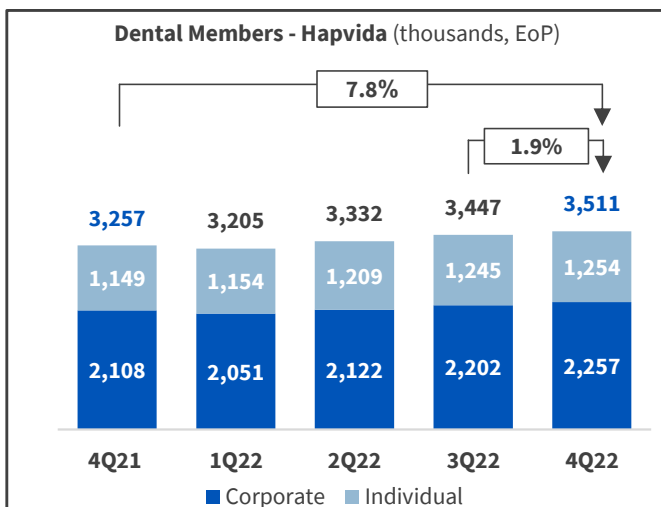
The number of beneficiaries of **Hapvida's** dental plans grew by **7.8%** in the quarter when compared to **4Q21**.

Main movements **in relation to 4Q21**:  
**(+254 thousand** lives distributed as follows):  
 (i) +105k thousand lives in individual plans, and  
 (ii) +149k thousand lives in group plans.

Main movements **in relation to 3Q22**:  
**(+64 thousand** lives distributed as follows):  
 (i) +9k thousand lives in individual plans, and  
 (ii) +55k thousand lives in group plans.

The number of beneficiaries of **NDI's** dental plans decrease by **0.3%** in the quarter compared to **3Q22**.

Main movements **in relation to 3Q22**: **(-11k** lives in groups plans as follows):  
 (i) +115k lives of gross sales;  
 (ii) -111k lives cancelled; and  
 (iii) -15k lives of negative turnover.

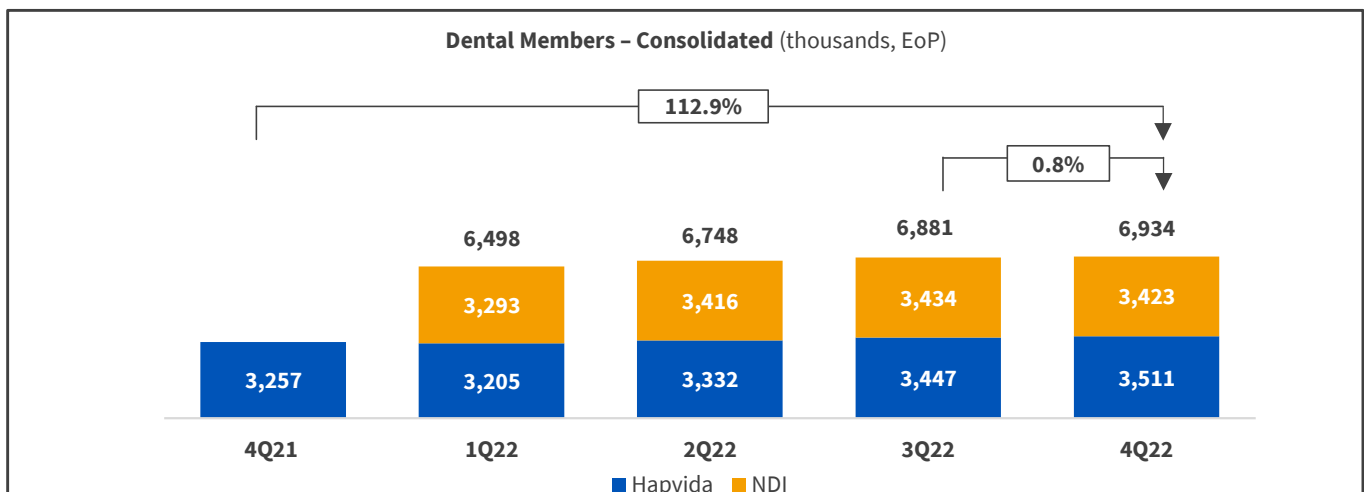


#### Consolidated

The number of beneficiaries of dental plans grew by **112.9%** in the quarter compared to **4Q21**.

By mergers/acquisitions (M&A):  
 (i) **+3,412** thousand NDI group beneficiaries.

Main movements:  
 (i) **+254** thousand beneficiaries (+105 thousand in individual plans and +149 thousand in group plans).

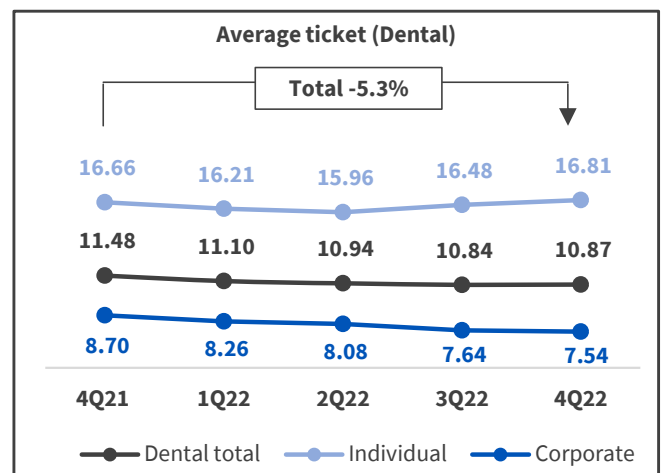
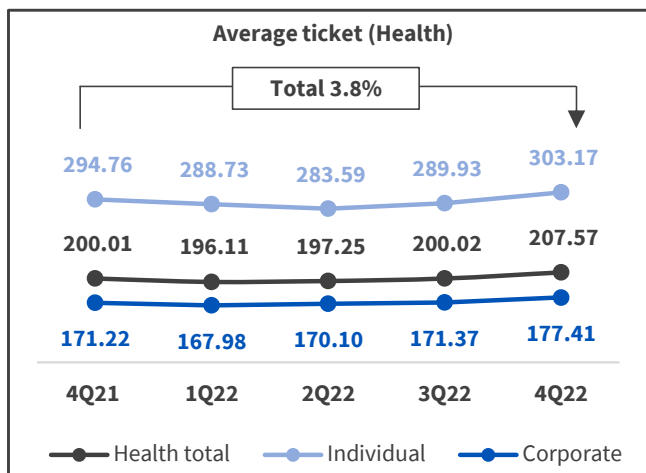


## 7. AVERAGE TICKET

### 7.1 – Average Ticket - Hapvida

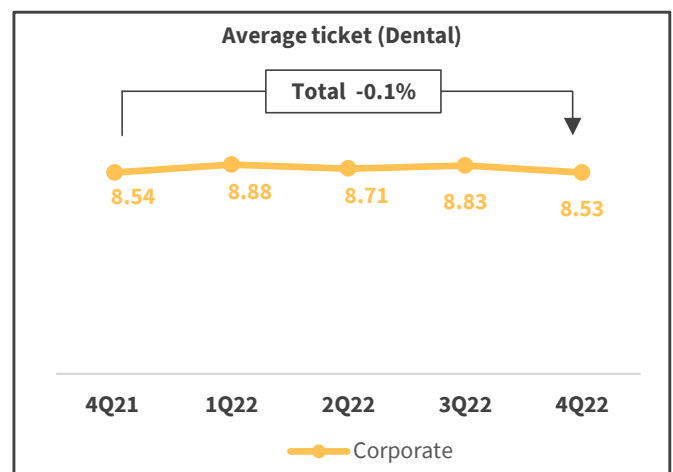
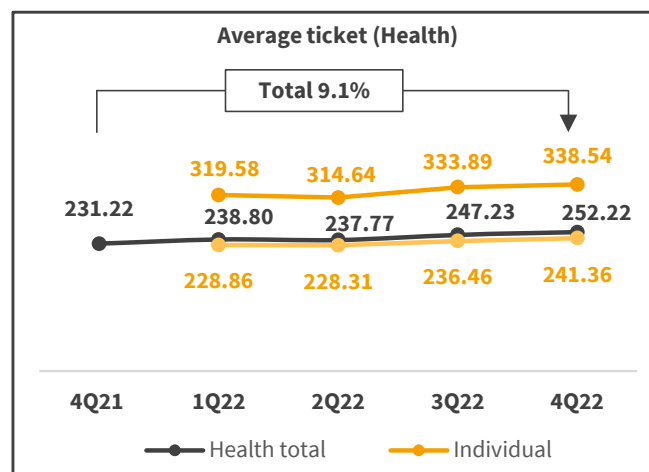
Hapvida's consolidated average ticket in health increased by 3.8% compared to 4Q21. The individual ticket grew 2.9% despite still being impacted by the negative readjustment of 8.19% of the individual plans disclosed by ANS in 2021, applied to contracts with anniversary between May 2021 and April 2022. Negative readjustments totaled approximately R\$18.0 million. The average corporate ticket grew 3.6% compared to 4Q21, impacted by the 6.7% decrease (4Q22 vs 4Q21) in the Promed ticket due to new contracts, cancellations, product changes and readjustments. Additionally, we have the post-established modality (lives and income that in the comparative periods were not considered for calculating the average ticket) which has a lower ticket, reducing the average ticket for the quarter by R\$3.86. Excluding both effects, the average ticket would have increased by 5.3% (from R\$173.92, already excluding the Promed effect in 4Q21, to R\$183.21 in 4Q22).

The average ticket in the dental segment dropped by 5.3% as a result of the average corporate ticket that fell by 13.4%. This reduction is explained by the entry of a large corporate client in the quarter with a lower ticket and also an increase by 2.3 p.p. of the product “Odonto Urgente” in the total mix, a product with low ticket that covers urgent dental care only.



### 7.2 – Average ticket - NDI

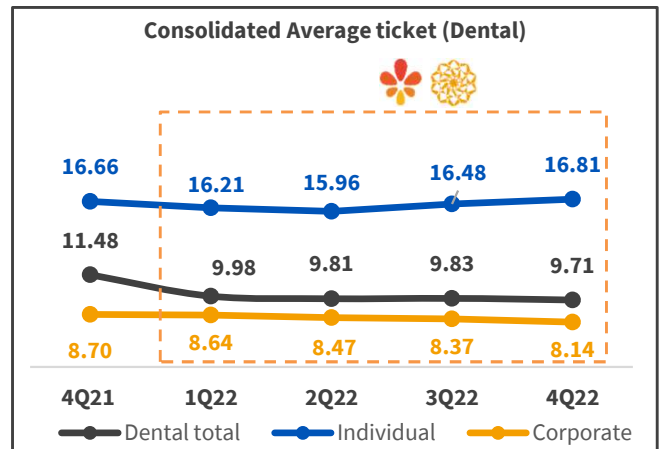
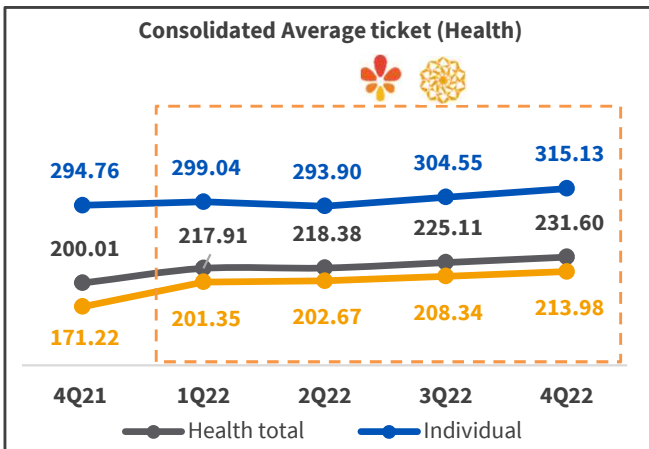
NDI's consolidated average ticket in health increased by 9.1%, reflecting (i) -0.2% from the negative readjustment of 8.19% for individual plans established by ANS in 2021, effective from May 2021 to April 2022; (ii) a 10.4% increase in the average organic price, impacted by corporate and individual readjustments in addition to the mix of more basic products; and (iii) -1.2% the impact of the normally lower average ticket from the acquisitions made in the last twelve months. The average monthly ticket for dental plans decreased by 0.1%, reflecting the cross-selling strategy with health plans.



\*The average NDI tickets between 1Q21 and 4Q21 were recalculated to reflect the result of dividing gross revenue by the number of lives, the same methodology as Hapvida.

7. AVERAGE TICKET (continued)

7.3 – Average ticket - Consolidated



# Financial Results

## 8. NET REVENUES

Net revenues in 4Q22 grew by 150.2% when compared to 4Q21, impacted by the consolidation of NDI revenues as of February/22. Individually, revenues grew despite the impact of the negative readjustment of individual plans, estimated at R\$18.0 million for Hapvida and R\$11.7 million for NDI. As of May 2022, the existing and eligible contracts of individual plans started to receive the readjustment of +15.5%. Below are the main highlights:

### Consolidated:

(i) R\$3.8 billion in revenues from the business combination with NDI;

### Hapvida:

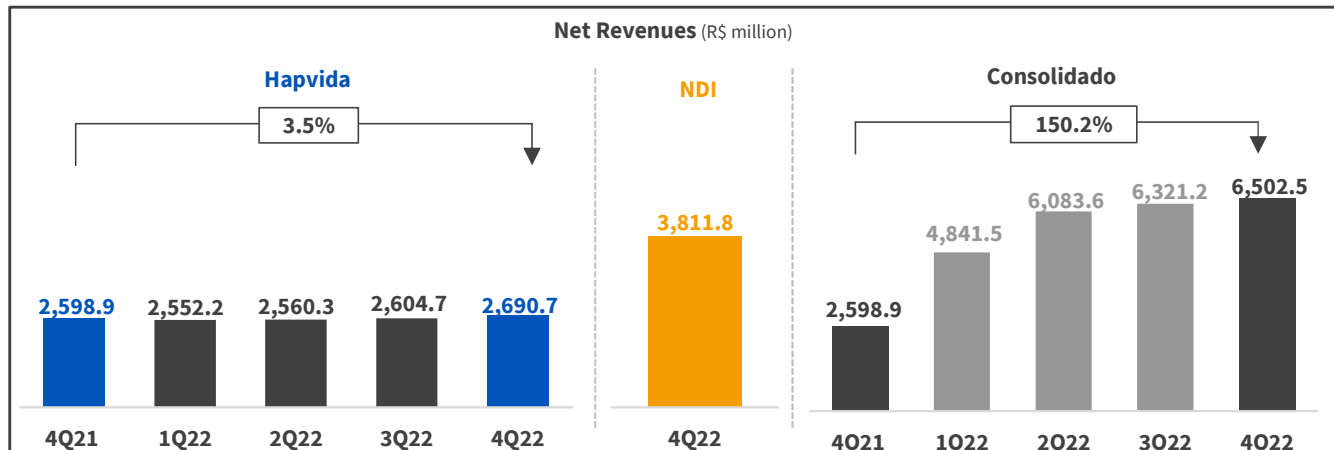
(ii) increase of 27 thousand health lives and 254 thousand dental lives when comparing 4Q22 versus 4Q21 and 17 thousand health lives and 64 thousand dental lives when comparing 4Q22 versus 3Q22;

(iii) growth of health average ticket of 3.8%;

(iv) growth of 761.6% (4Q22 versus 4Q21) in Hospital services; and

(v) growth of 23.2% (4Q22 versus 4Q21) in Other revenues.

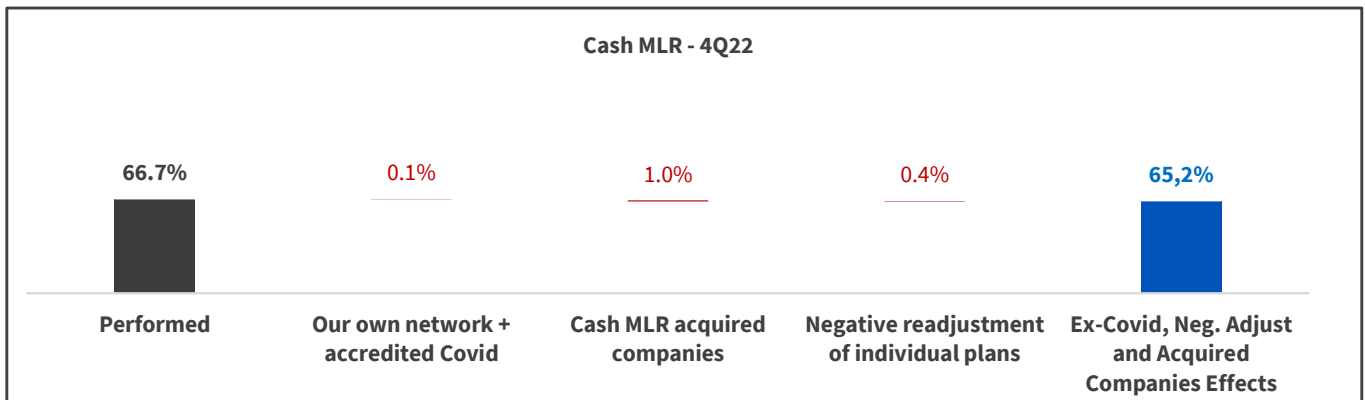
Breakdown of Gross Revenue (R\$ million)	Hapvida			NDI	Consolidated		
	4Q22	4Q21	4Q22 x 4Q21	4Q22	4Q22	4Q21	4Q22 x 4Q21
Health plans	2,666.7	2,537.7	5.1%	3,594.5	6,261.1	2,537.7	146.7%
Dental plans	113.3	111.4	1.7%	87.4	200.7	111.4	80.1%
Hospital services	15.3	34.3	(55.3%)	280.0	295.4	34.3	761.6%
Others	63.5	51.5	23.2%	-	63.5	51.5	23.2%
Deductions	(168.1)	(136.0)	23.6%	(150.1)	(318.2)	(136.0)	134.0%
<b>Total Net Revenue</b>	<b>2,690.7</b>	<b>2,598.9</b>	<b>3.5%</b>	<b>3,811.8</b>	<b>6,502.5</b>	<b>2,598.9</b>	<b>150.2%</b>



## 9. MEDICAL LOSS RATIO (MLR) AND MEDICAL COSTS

### 9.1 Medical Costs and MLR - Hapvida

Composition of Total Medical Costs and MLR					
(R\$ million)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22
Medical costs – cash	(1,795.5)	(1,685.6)	6.5%	(1,730.1)	3.8%
Depreciation and Amortization (with IFRS 16)	(93.3)	(52.2)	78.9%	(53.7)	73.8%
IBNR provision	(24.1)	16.5	-	12.0	-
SUS reimbursement provision	(41.7)	(24.1)	72.9%	(46.8)	(10.9%)
<b>Medical Costs - Total</b>	<b>(1,954.6)</b>	<b>(1,745.4)</b>	<b>12.0%</b>	<b>(1,818.6)</b>	<b>7.5%</b>
<b>Cash MLR (ex-IBNR; ex-SUS; ex-D&amp;A)</b>	<b>66.7%</b>	<b>64.9%</b>	<b>1.8 p.p.</b>	<b>66.4%</b>	<b>0.3 p.p.</b>
<b>Total MLR</b>	<b>72.6%</b>	<b>67.2%</b>	<b>5.4 p.p.</b>	<b>69.8%</b>	<b>2.8 p.p.</b>



The cash loss ratio (which excludes D&A, IBNR movements and ReSUS provisions) was 66.7% in 4Q22, an increase of 1.8 p.p. compared to 4Q21 and an increase of 0.3 p.p. compared to 3Q22. The main impacts on the loss ratio were:

**Positive:**

- (i) verticalization<sup>1</sup> intensified, with an average increase of 0.4 p.p in the use of our own network, as follows: -1.3 p.p. in the volume of emergency care, stable in the volume of hospitalizations and +2.5 p.p. in the volume of exams performed in 4Q22 when compared to the same period of the previous year;
- (ii) reduction in the impact of Covid-related costs, which were R\$14.3 million in 4Q21 against R\$2.0 million in 4Q22, and
- (iii) reduction in location and operating costs related to the effect of the adjustment of the application of the IFRS 16 accounting rule for some lease contracts that were not eligible and started to be accounted for by such rule (R\$19.5 million in 4Q22).

**Negative:**

- (i) increase in the volume of emergency and elective exams by 10.2%<sup>2</sup> when compared to 4Q21;
- (ii) increase in the volume of emergency and elective emergency care by 3.9%<sup>2</sup> when compared to 4Q21;
- (iii) increase in the volume of emergency and elective hospitalizations by 0.5%<sup>2</sup> when compared to 4Q21;
- (iv) impact of 0.4 p.p. in the medical loss ratio due the negative price readjustment of the individual plans (-8.19%) as determined by ANS, creating a loss of revenues of R\$18.0 million;
- (v) higher level of medical loss ratio of the acquired companies (Promed) that make up the consolidated number of Hapvida in 4Q22;
- (vi) increase in the recurring collective bargaining agreement and promotions with impacts on the respective salaries, and a recurring staff increase due to new units in the amount of R\$24.4, million; and
- (vii) increase in costs related to medical materials and drugs and doctors' fees due to an atypical virus season at the beginning of 4Q22.

The total loss ratio was 72.6% in 4Q22, an increase of 5.4 p.p. versus 4Q21 due to the constitution of IBNR in R\$24.1 million in the period versus a positive impact in the comparative period, causing a negative variation of R\$40.6 million. The comparison was hampered due to the incorporation of the operator of Grupo São Francisco (GSF), which led to the adherence of the medical bills model to that was practiced in Hapvida at the time, improving the period of recognition of a claim itself and, therefore, reducing GSF's IBNR back then. Additionally, there was also an increase in depreciation and amortization of R\$31.8 million referring to some lease contracts, which started to be accounted for under the IFRS16 rule, therefore suffering amortization.

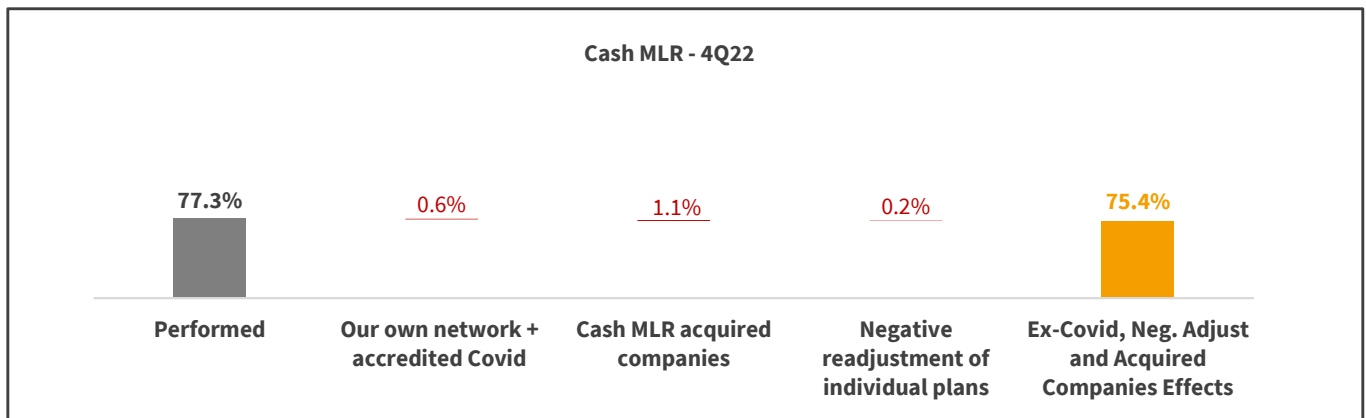
<sup>1</sup> The vertical integration indicators only consider the operators Hapvida, Grupo America and RN Saúde.

<sup>2</sup> Only the operators that were incorporated in the two comparative periods were considered: Hapvida, América, and RN Saúde and São Francisco.

## 9. MEDICAL LOSS RATIO (MLR) AND MEDICAL COSTS (continued)

### 9.2 Medical Costs and MLR - NDI

Composition of Total Medical Costs and MLR			
(R\$ million)	4Q22	3Q22	4Q22 x 3Q22
Medical costs - cash	(2,947.8)	(2,884.4)	2.2%
Depreciation and Amortization (with IFRS 16)	(61.2)	(70.6)	-
IBNR provision	(20.0)	(7.0)	186.8%
SUS reimbursement provision	(13.7)	(13.4)	2.2%
<b>Medical Costs - Total</b>	<b>(3,042.6)</b>	<b>(2,975.3)</b>	<b>2.3%</b>
<b>Cash MLR (ex-IBNR; ex-SUS; ex-D&amp;A)</b>	<b>77.3%</b>	<b>77.6%</b>	<b>-0.3 p.p.</b>
<b>Total MLR</b>	<b>79.8%</b>	<b>80.1%</b>	<b>-0.3 p.p.</b>



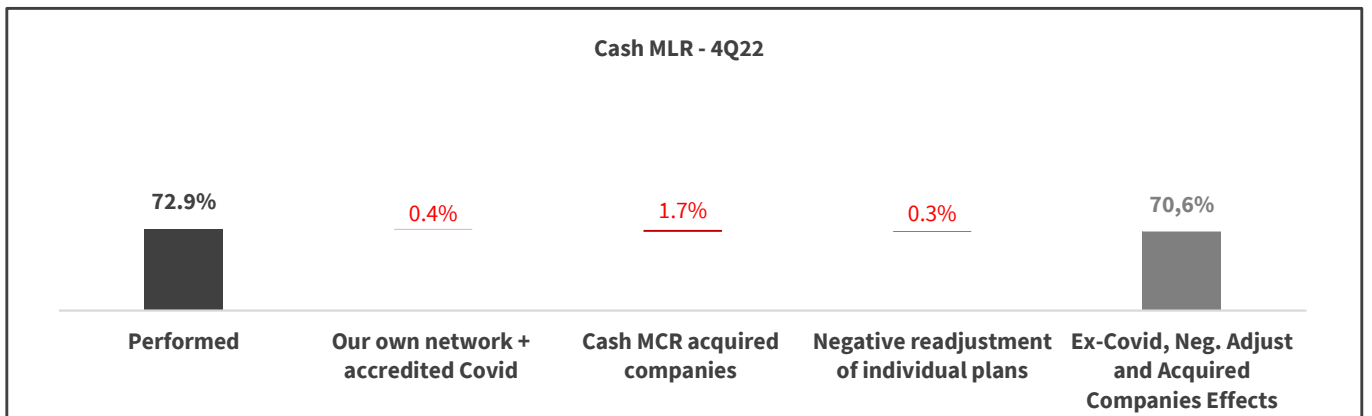
In 4Q22, the cash MLR (which excludes D&A, IBNR and ReSUS provisions) for NDI was 77.3%, a decrease of 0.3 p.p. in comparison with 3Q22. In comparison to 3Q22, the MLR was impacted by:

- (i) the volume of covid emergency care, that remained stable in percentage terms compared to 3Q22, reaching R\$22.0 million in 4Q22;
- (ii) higher cash MLR levels of the acquired companies that make up NDI's consolidated numbers in 4Q22. During the pandemic, several operations were acquired (CCG, Serpram, Medisanitas and new operational units) and are currently undergoing integration. Some of these processes were delayed due to the increased demand for COVID-19 patients in 2021. As these are smaller operations and of limited scale, their cash MLR is above NDI's level, impacting it by +1.1 p.p.;
- (iii) the loss of R\$ 11.7 million in revenues resulting from the negative price readjustment of the individual plans of -8.19% determined by ANS (+0.2 p.p. on the MLR); and
- (iv) recurring operations of medical and general inflation and collective bargaining agreements with personnel, materials and medicines, location and operation, third-party services in own network and costs with the accredited network.

## 9. MEDICAL LOSS RATIO (MLR) AND MEDICAL COSTS (continued)

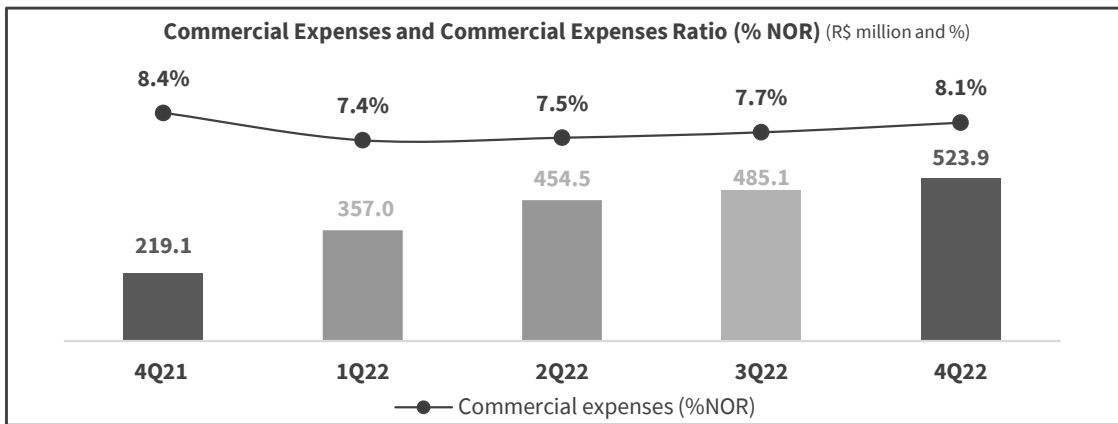
### 9.3 Medical Costs and MLR - Consolidated

Composition of Total Medical Costs and MLR					
(R\$ million)	4Q22	4Q21	4Q22 x 4Q21	3Q22	4Q22 x 3Q22
Medical costs - cash	(4,743.3)	(1,685.6)	181.4%	(4,614.4)	2.8%
Depreciation and Amortization (with IFRS 16)	(154.5)	(52.2)	196.1%	(124.3)	24.3%
IBNR provision	(44.1)	16.5	-	5.0	-
SUS reimbursement provision	(55.4)	(24.1)	129.7%	(60.2)	(8.0%)
<b>Medical Costs - Total</b>	<b>(4,997.3)</b>	<b>(1,745.4)</b>	<b>186.3%</b>	<b>(4,793.9)</b>	<b>4.2%</b>
<b>Cash MLR (ex-IBNR; ex-SUS; ex-D&amp;A)</b>	<b>72.9%</b>	<b>64.9%</b>	<b>8.0 p.p.</b>	<b>73.0%</b>	<b>-0.1 p.p.</b>
<b>Total MLR</b>	<b>76.9%</b>	<b>67.2%</b>	<b>9.7 p.p.</b>	<b>75.8%</b>	<b>1.1 p.p.</b>



The consolidated MLR was 72.9% in 4Q22, an 8.0 p.p. increase from the same quarter of 2021 and a decrease of 0.1 p.p from the previous quarter. The main impacts have already been mentioned in the previous pages, referring to Hapvida and NDI.

## 10. SALES EXPENSES AND SALES RATIO



The sales ratio was 8.1% in 4Q22, an increase of 0.3 p.p. compared to the same period last year. The 4Q22 was mainly influenced by:

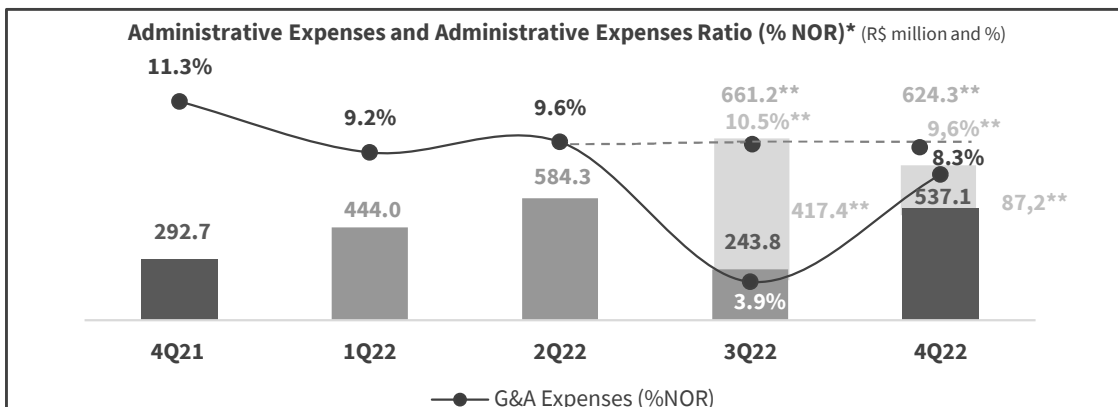
(i) the entry of R\$264.8 million in selling expenses arising from the business combination with NDI. The consolidated sales ratio was positively impacted, with a 1.5 p.p. reduction in the ratio with the consolidation of NDI;

(ii) a positive effect on the Hapvida's vertical, due to the reduction in contract cancellations in 4Q22 when compared to the previous year, causing a dilution of the expense of commissions by R\$ 7.8 million;

(ii) an increase in provisions for loan losses in Hapvida, negatively impacting by 0.5 p.p. This impact was due to an increase in the technical provisions for the aging of overdue billings and the provision for overdue payments on sales of medical and hospital services, totaling R\$6.6 million in the quarter.

Compared to 3Q22, the ratio worsened by 0.8 p.p., both due to the aging of overdue billings at Hapvida and NDI and the provisioning of R\$11.5 million on the sale of services at NDI in line with Hapvida's practices.

## 11. ADMINISTRATIVE EXPENSES



\* Current and past figures presented without depreciation, amortization, LTIP expense and SOP.

\*\*Administrative Expenses for 3Q22 and 4Q22 were respectively R\$243.8 million and R\$537.1 million, net of the positive impact of R\$417.4 million and R\$87.2 million, respectively related to the reimbursement of expenses under the purchase and sale agreement of a company acquired by the Company.

The administrative expenses ratio was 8.3% in 4Q22, a reduction of 3.0 p.p. compared to the same period of the previous year. The main movement were:

(i) a positive impact of R\$87.2 million referring to the reimbursement of expenses pursuant to the purchase and sale agreement of a company acquired by the Company (Premium), this amount is evidenced in the Other (expenses) operating income, net account;

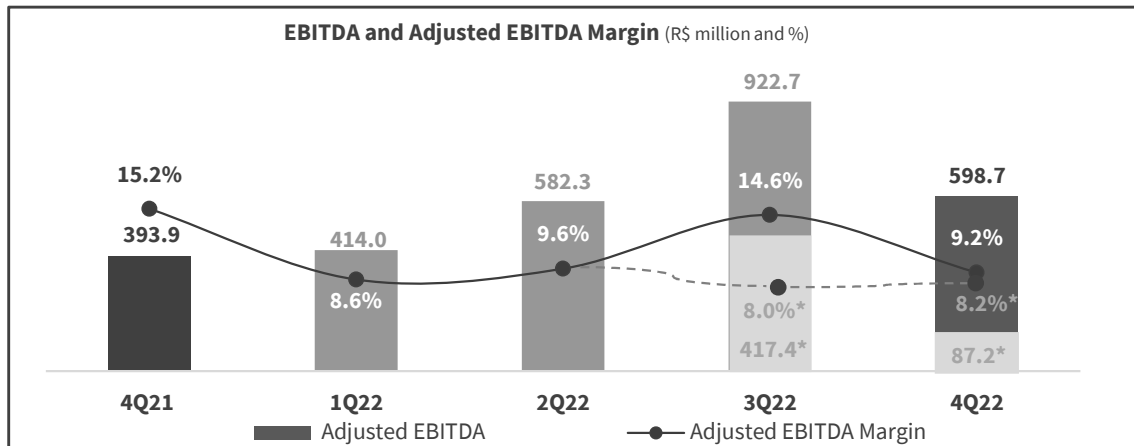
(ii) the entry of R\$348.8 million in administrative expenses from NDI, which operated with a lower administrative expenses ratio (positive impact, reducing the consolidated ratio by 0.7 p.p.);

(iii) a positive impact of R\$24.5 million recovery in tax expenses of the acquired companies (Promed and Premium) that had been conservatively higher provisioned in the initial consolidation of the balance sheets when the operation was closed;

(iv) a negative impact of R\$31.8 million referring to the provision for variable compensation, and

(v) a negative impact of R\$8.2 million related to the recurring collective bargaining agreement, promotions and impacts on the respective total labor costs.

## 12. ADJUSTED EBITDA



\*EBITDA for 3Q22 and 4Q22 above includes the positive impact of R\$417.4 million and R\$87.2 million, respectively, related to the reimbursement of expenses pursuant to the purchase and sale agreement of companies acquired by the Company.

As of 2Q21, inclusive, EBITDA was adjusted by the LTIP, which had a provisioned value of R\$14.1 million in 4Q22. As of 1Q22, we also started measuring and accounting for the stock option program (SOP), which was approved at the Extraordinary Shareholders' Meeting of March 29, 2021 and Extraordinary Shareholders' Meeting of April 30, 2021, and became effective after the closing of the transaction with NDI with an impact of R\$55.7 million in 4Q22. The decrease in SOP provisioning compared to 3Q22 was due to the first tranche of the program which was fully expensed by 08/2022.

Thus, Adjusted EBITDA in 4Q22 was R\$598.7 million, an increase of 52.0% compared to 4Q21. The Adjusted EBITDA margin in 4Q22 was 9.2%, a decrease of 6.0 p.p. in the same comparison, mainly explained by the impacts of the negative readjustment of the individual plans, by the higher MLR of the newly acquired operators and by the consolidation of NDI. On a positive note, the EBITDA margin was impacted by the price adjustment for the acquisition of Premium in the amount of R\$87.2 million.

Adjusted EBITDA Reconciliation (R\$ million)	4Q22	4Q21	Var. % 4Q22 / 4Q21	3Q22	Var. % 4Q22 / 3Q22
<b>Net Income (loss)</b>	<b>(316.7)</b>	<b>200.2</b>	-	<b>35.2</b>	-
(+) Financial result	515.7	21.7	2,275.9%	345.4	49.3%
(+) Income tax and social contribution	(299.7)	(66.5)	350.6%	(271.4)	10.4%
(+) Depreciation and Amortization	629.5	233.0	170.2%	671.5	(6.2%)
<b>EBITDA</b>	<b>528.9</b>	<b>388.4</b>	<b>36.2%</b>	<b>780.6</b>	<b>(32.2%)</b>
(+) Long term Incentive Plan (LTIP)	69.8	5.5	1,158.5%	142.1	(50.9%)
<b>EBITDA Ex-LTIP/SOP or Adjusted EBITDA</b>	<b>598.7</b>	<b>393.9</b>	<b>52.0%</b>	<b>922.7</b>	<b>(35.1%)</b>

### 13. DEBT

At the end of 4Q22, the Company had a balance of loans, financing and debentures of R\$11.7 billion, including the balance of other payables accounts from acquired companies, indemnification assets and the balances of derivative financial instruments, the gross debt totaled R\$13.0 billion.

The Net Financial Debt/EBITDA ratio in 4Q22 was 2.45x. An issuance of a CRI (Certificate of Real Estate Receivables) in the amount of R\$1.0 billion was settled in December 2022. This resource will be used for: (i) the payment of costs and expenses not yet incurred and directly related to the construction, expansion, development, renovation and payment of rents for certain properties and/or real estate developments and (ii) reimbursement of costs and expenses of a real estate nature and predetermined, incurred by BCBF and its subsidiaries in the 24 months immediately prior to the closing date of the offer of CRI Hapvida operations, directly related to the acquisition, development, renovation or payment of rent of properties, as the applicable legislation and regulation.

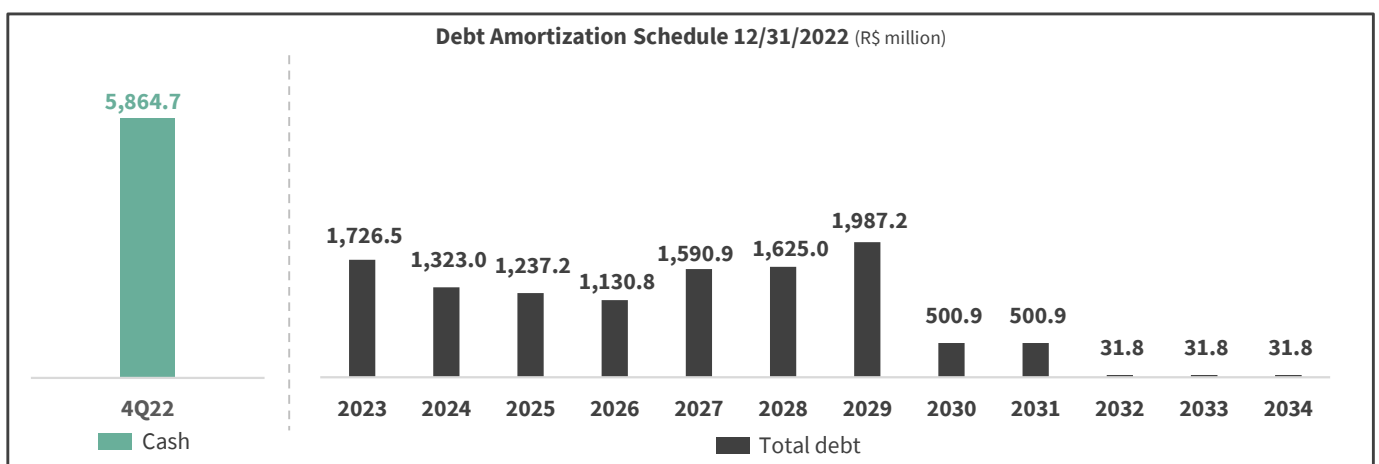
Net debt/EBITDA (R\$ million)	4Q22
Short-term debt	1,726.5
Long-term debt	9,991.2
<b>Gross debt</b>	<b>11,717.7</b>
(-) Cash and cash equivalents and short-term and long-term investments	5,864.7
<b>Net debt</b>	<b>5,853.0</b>
Other accounts payable (acquired companies)	1,186.1
Derivative instruments	60.6
<b>Net Debt + Other accounts payable acquired companies + Derivative instruments</b>	<b>7,099.7</b>
EBITDA LTM <sup>1</sup>	2,896.8
<b>(Net Debt + Other payables from acquired companies + Derivative instruments)/EBITDA LTM</b>	<b>2.45x</b>

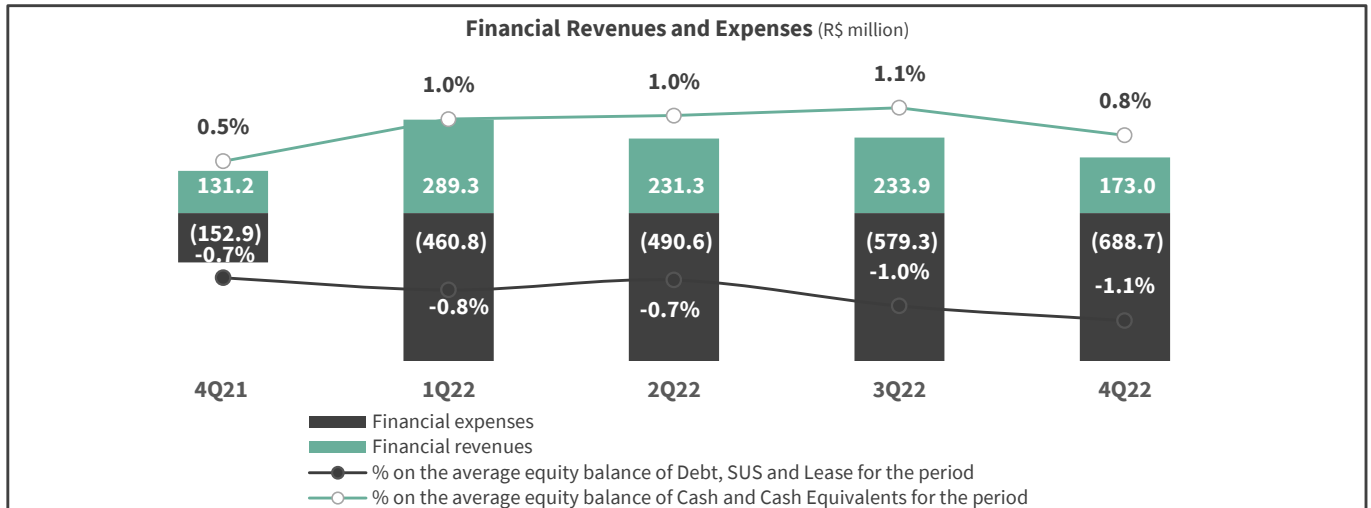
Quarter	Net Debt (R\$ million)	Net Debt/EBITDA LTM
4Q21	-1,384.6	-0.80x
1Q22	6,189.4	2.80x
2Q22	6,700.6	2.82x
3Q22	6,466.3	2.24x
4Q22	7,099.7	2.45x

<sup>1</sup>Adjusted EBITDA by provisions for impairment of accounts receivable, expenses with LTIP and SOP and considering the Adjusted EBITDA LTM for NDI.

Below, we present our debt amortization schedule of the loans, financing and debentures outstanding at the end of the quarter.



## 14. FINANCIAL RESULTS

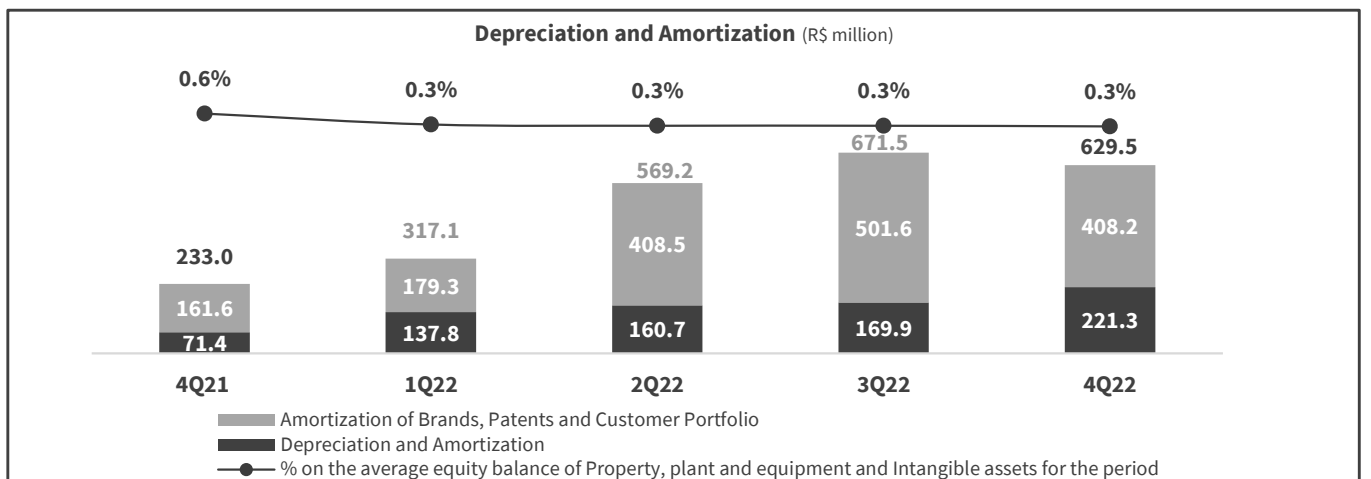


The net financial result in 4Q22 totaled a net expense of R\$515.7 million compared to a net expense of R\$21.7 million in 4Q21. The period was impacted:

(i) positively, the accounting of revenues from monetary restatement on the the balance sheet of judicial deposits and indemnity credits of R\$30.7 million, a practice that did not exist in the comparative period, and R\$14.2 million of overdue receipts arising from considerable receipts from large companies who settled their payments in the quarter. Furthermore, we implemented a new work routine with a collection team - the virtual agents - which are acting directly in the collections in bands even though they do not impact the PDD, resulting in better activation and credit recovery; and

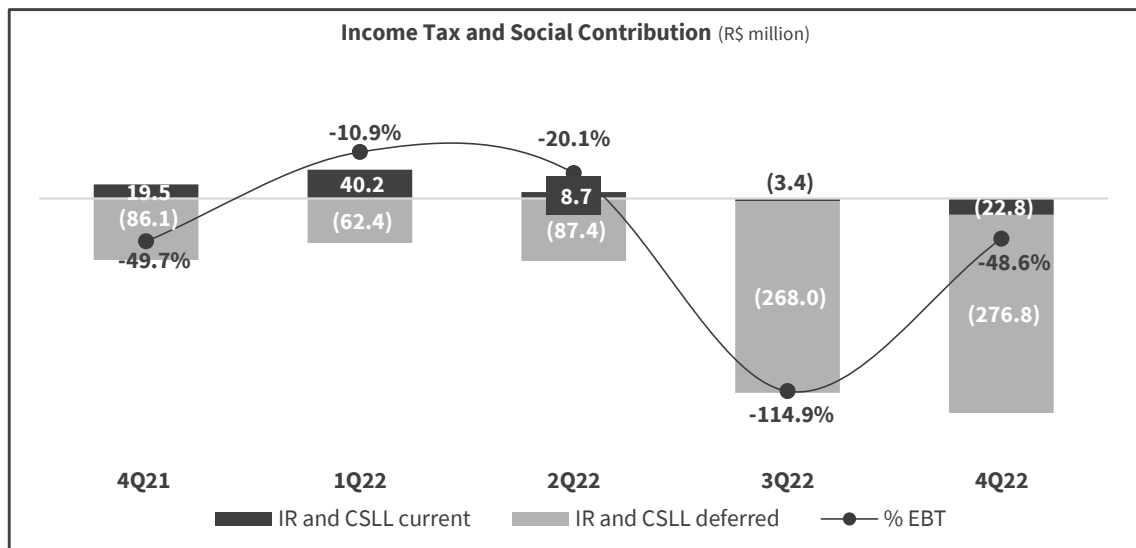
(ii) negatively, by the increase of R\$290.1 million of interest on loans, financing and debentures due to the higher balance sheet balance arising from the 2nd and 3rd issuance of debentures of Hapvida, 1st issuance of CRI of Hapvida and 2nd issuance of CRI of BCBF that did not exist or were not completely impacting the comparative period, in addition to other loans and financing arising from the opening balance on 01.31.2022 with the closing of the business combination with NDI. There was also an increase of the monetary restatement on the balance sheet of the provisions for risks (contingencies) and indemnity liabilities, a practice that did not exist in the comparative period. There was also an increase of the lease interests (IFRS16) from a higher balance sheet with the addition of NDI's liabilities and, specifically this quarter, there was also the measurement of some leases. And, in general, financial expenses were impacted by the increase in the average DI rate (from 7.63% in 4Q21 to 13.65% in 4Q22).

## 15. DEPRECIATION AND AMORTIZATION



Depreciation and amortization expenses totaled R\$629.5 million in 4Q22, equivalent to 0.3% of the average balance of corresponding equity assets, in line with previous quarters after the business combination with NDI. The main variation in this account refers to the amortization of the customer portfolio and trademarks and patents mainly from the business combination with NDI that started to be amortized in 2022 with an impact in 4Q22 of R\$408.2 million. The explanation for the reduction when compared with 3Q22 is due to the increase in the useful life of brands and patents from the business combination with NDI from 20 years to 30 years, and also due to the change in the amount allocated to the balance of the customer portfolio due to the revision of NDI's PPA report. The balances of fixed assets also underwent a revision of the useful life, which caused a reduction in the useful life, consequently, an acceleration in the recognition of depreciation. Besides an impact in the depreciation via IFRS16 due to the measurement of some contracts.

## 16. INCOME TAX AND SOCIAL CONTRIBUTION



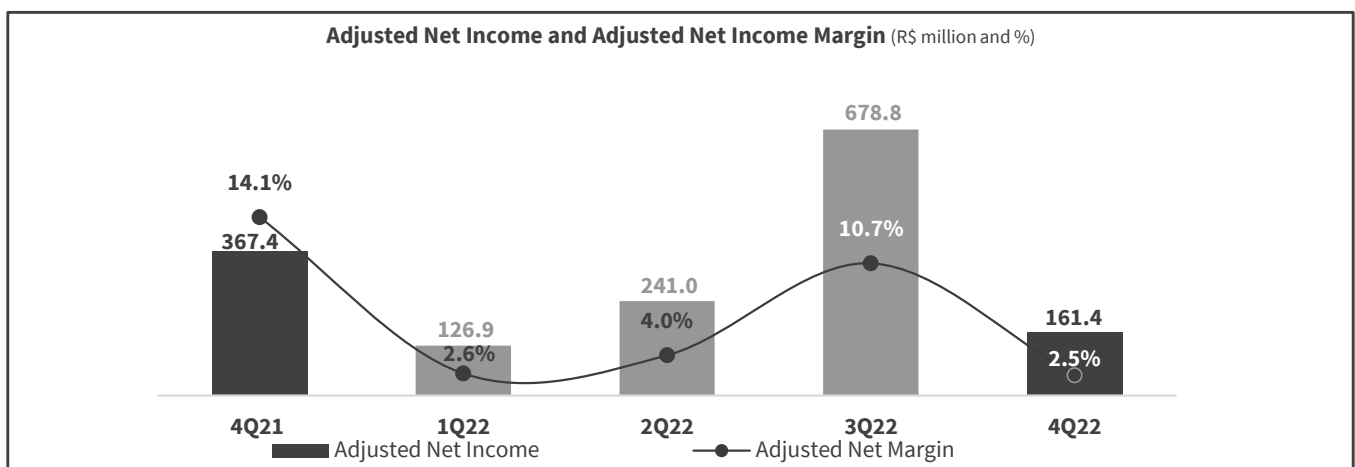
The effective tax rate was negative -48.6% in 4Q22, in line with the comparative year. In 4Q22 the main effects were: (i) price adjustment of the Premium acquisition process in the amount of R\$87.2 million excluded in the tax calculation; (ii) recognition of other exclusions in the amount of R\$59.8 million mainly explained by several credits/reversals arising from the business combination with NDI that were excluded in the tax calculation; (iii) reduction in the tax loss carryforwards for which no deferred tax asset was recognized when compared to 3Q22, mainly due to the companies merged on December 1<sup>st</sup>, 2022. The income tax and social contribution (current) are being presented with credit values also due to the companies merged on December 1<sup>st</sup>, 2022, with consequent reversal of the provisions of these taxes recognized in results until the moment of incorporation.

## 17. ADJUSTED NET INCOME

Adjusted Net Income totaled R\$161.4 million in 4Q22 with a net margin of 2.5%. The adjustments considered to calculate the Adjusted Net Income were:

- (i) amortization of Brands, Patents and Customer Portfolio (R\$408.2 million in 4Q22 and R\$161.6 million in 4Q21);
- (ii) Long-Term Incentive and SOP in 4Q22 of R\$69.8 million and R\$5.5 million in 4Q21.

The 4Q22 net income was also impacted by the recognition of reimbursement (price adjustment) of the Premium acquisition process in the amount of R\$87.2 million which did not occur in the comparative year.



Some percentages and other amounts included in this document have been rounded for ease of presentation and may therefore differ from quarterly information tables and notes. Additionally, some total values in certain tables may not reflect the arithmetic sum of the preceding values. Values consider IFRS 16.



NotreDame  
Intermédica



## **Annual summary report from the Statutory Audit, Risk, Internal Controls and Compliance Committee**

To the Members of the Board of Directors of Hapvida Participações e Investimentos S.A ("Company")

### **Presentation**

The Audit, Risks, Internal Controls and Compliance Committee ("Committee") is an advisory body linked to the Company's Board of Directors in its mission to manage the Company and its subsidiaries, their business and strategies, creating and increasing value for shareholders.

On April 19, 2022, the Board of Directors approved the Internal Rules of the Audit, Risks, Internal Controls and Compliance Committee, whose members were elected on February 11, 2022: Mr Plinio Villares Musseti (coordinator), Mr Geraldo Luciano Mattos Junior, Ms Maria Paula Soares Aranha, Mr Michel David Freund and Mr Wagner Aparecido Mardegan. The term of office of these members will last until the first meeting of the Board of Directors to be held after the Annual General Meeting of the Company in 2024.

Mr. Marcio Luiz Simões Utsch, elected on February 11, 2022, had his resignation letter received on August 30, 2022.

The Committee reports to the Board of Directors and acts independently from the Executive Board. Its competencies and responsibilities are performed in compliance with the applicable legal and statutory attributions and defined in its Internal Rules of Procedure.

### **Activities developed**

The Committee is an independent body, with operational autonomy and its own budget, of an advisory and permanent nature, responsible for reviewing and supervising (i) the accounting and financial reporting processes; (ii) the internal control and risk management processes; (iii) the activities of the Internal Audit and the Independent External Audit; and (iv) the activities of the Integrity and Compliance area.

Pursuant to the Committee's Internal Rules of Procedure, meetings of the Committee must be held whenever necessary and no less than four times a year, when convened by its Coordinator. In 2022, the Committee met thirteen (13) times in the period from March 2022 to December 2022.

The topics discussed, as well as the Committee's guidelines and recommendations were formalized in meeting minutes, which are signed by the Committee members present and remain on file at the Company's headquarters and on the platform used by the Company's Corporate Governance area.

We highlight below the main activities carried out by the Committee during the period from March 2022 to December 2022:

- (a) Analysis and recommendation on the Management Report and Financial Statements of the Company for the fiscal year ended December 31, 2021;
- (b) Analysis and recommendation on the Company's financial information for the first, second and third quarters of 2022 (1Q22, 2Q22 and 3Q22);

- (c) Analysis and recommendation as to whether or not to proceed with transactions with related parties;
- (d) Evaluation of the Integrity and Compliance policies;
- (e) Follow-up on the 2022 internal audit plan;
- (f) Recommendation of approval of the restructuring of the Internal Audit, Risks, Internal Controls and Compliance areas, due to the business combination (Hapvida and Notre Dame Intermédica) and complexity of the internal control environment;
- (g) Monitoring of risks related to the business combination (Hapvida and Notre Dame Intermédica), focusing on priority processes, especially the combined processes;
- (h) Recommendation of approval of the new corporate risk management policy;
- (i) Analysis and recommendation for approval of the criteria related to the Company's risk appetite;
- (j) Monitoring the main corporate risks, with emphasis on those related to the care units;
- (k) Analysis of potential conflicts of interest in the provision of consulting services by the external auditor (Brazilian Accounting Standard PA No. 400 of November 21, 2019);
- (l) Monitoring of the Company's Compliance/Integrity activities, by assessing the volume and themes related to reports received via the corporate whistleblowing channel, as well as an analysis of suppliers classified with a high-risk profile in integrity assessments;
- (m) Recommendation of approval of the internal audit plan to be carried out in 2023;
- (n) Recommendation of approval of the annual plan of risks and privacy and data protection to be carried out in 2023.

### **Conclusions**

Throughout 2022, the members of the Committee, in the exercise of their duties, maintained their zeal for the Company to meet the legal and corporate requirements of (i) quality and integrity of the Company's financial and accounting statements; (ii) compliance with legal and regulatory requirements; (iii) performance, independence and quality of the work of the independent audit firm hired to issue an opinion on the financial and accounting statements; (iv) performance and quality of the internal audit work; as well as (v) quality and efficiency of the internal control and risk management systems, with emphasis on the processes resulting from the business combination (Hapvida and Notre Dame Intermédica) to ensure a robust control environment and the efficient management of resources, taking advantage of the synergies of the consolidated companies.

São Paulo, February 28, 2023.

<b>Statutory Audit, Risk, Internal Controls and Compliance Committee</b>	
<i>Coordinator</i>	Plínio Villares Musetti
<i>Member</i>	Geraldo Luciano Mattos Junior
<i>Member</i>	Maria Paula Soares Aranha
<i>Member</i>	Michel David Freund
<i>Member</i>	Wagner Aparecido Mardegan

## **Opinion of the Audit Committee on the parent company and consolidated financial statements for the year ended December 31, 2022**

The Audit Committee of Hapvida Participações e Investimentos S.A. in compliance with legal and statutory provisions, reviewed the parent company and consolidated financial statements at December 31, 2022, accompanied by the report of the independent auditor PricewaterhouseCoopers Auditores Independentes Ltda., and based on the activities, information and clarifications received during the year, opined, unanimously, that the aforementioned documents adequately reflect, in all material respects, the Company's financial position and results of operations at December 31, 2022 and can be submitted for the Board of Directors approval.

Fortaleza, February 28, 2023.

<b>Audit Committee</b>	
<i>Coordinator</i>	Plínio Villares Musetti
<i>Member</i>	Geraldo Luciano Mattos Junior
<i>Member</i>	Maria Paula Soares Aranha
<i>Member</i>	Michel David Freund
<i>Member</i>	Wagner Aparecido Mardegan

## **Opinion of the Fiscal Council on the parent company and consolidated financial statements for the year ended December 31, 2022**

The Fiscal Council of Hapvida Participações e Investimentos S.A, in compliance with the legal and statutory provisions, has examined the management report and the individual and consolidated financial statements and respective notes to the financial year ended December 31, 2022. Based on the examinations carried out, and also considering the report of the independent auditors PricewaterhouseCoopers Auditores Independentes Ltda., dated February 28, 2023, as well as the information and clarifications received from the Management during the year, it is of the opinion that the aforementioned documents are in a condition to be appreciated by the Annual General Meeting (AGM) of the shareholders.

Fortaleza, February 28, 2023.

<b>Fiscal Council</b>	
<i>CEO</i>	Carlos Roberto de Albuquerque Sá
<i>Officer</i>	Adelino Dias Pinho
<i>Officer</i>	Armando Lima Caminha Filho

(A free translation of the original in Portuguese)

*Hapvida Participações e Investimentos S.A.*  
*Parent company and consolidated financial statements at*  
*December 31, 2022*

## **Declaration of Officers on the parent company and consolidated financial statements for the year ended December 31, 2022**

In accordance with article 27, paragraph 1, item VI, of CVM Resolution No. 80/22, the officers responsible for preparing the respective parent company and consolidated financial statements of the Company and its subsidiaries declare that they have reviewed, discussed and agreed with the parent company and consolidated financial statements for the year ended December 31, 2022.

Fortaleza, February 28, 2023.

Jorge Fontoura Pinheiro Koren de Lima  
*CEO and Chief Commercial and Relationship Officer*

Alain Benvenuti  
*Chief Operations Officer*

Maurício Fernandes Teixeira  
*Chief Financial and Investor Relations Officer*

(A free translation of the original in Portuguese)

**Hapvida Participações e Investimentos S.A.**  
*Parent company and consolidated financial statements at  
December 31, 2022*

## **Declaration of officers on the Independent auditor's report**

In accordance with article 27, paragraph 1, item V, of CVM Resolution No. 80/22, the officers responsible for preparing the parent company and consolidated financial statements of the Company and its subsidiaries declare that they have reviewed, discussed and agreed with the opinions expressed in the report of the Company and its subsidiaries' independent auditors, PricewaterhouseCoopers Auditores Independentes Ltda., on the parent company and consolidated financial statements for the year ended December 31, 2022.

Fortaleza, February 28, 2023.

Jorge Fontoura Pinheiro Koren de Lima  
*CEO and Chief Commercial and Relationship Officer*

Alain Benvenuti  
*Chief Operations Officer*

Maurício Fernandes Teixeira  
*Chief Financial and Investor Relations Officer*



(A free translation of the original in Portuguese)

## ***Independent auditor's report***

To the Board of Directors and Shareholders  
Hapvida Participações e Investimentos S.A.

### **Opinion**

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We have audited the accompanying parent company financial statements of Hapvida Participações e Investimentos S.A. ("Company" or "Parent company"), which comprise the statement of financial position as at December 31, 2022 and the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Hapvida Participações e Investimentos S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hapvida Participações e Investimentos S.A. and of Hapvida Participações e Investimentos S.A. and its subsidiaries as at December 31, 2022, and the financial performance and the cash flows for the year then ended, as well as the consolidated financial performance and the cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **Basis for opinion**

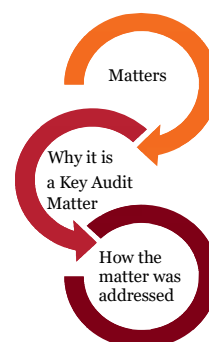
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We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Key Audit Matters**

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Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Hapvida Participações e Investimentos S.A.

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**Why it is a Key Audit Matter**

**How the matter was addressed in the audit**

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**Technical provisions for health care operations**

As described in Notes 8(k) and 23, the Company recorded technical provisions for its health care operations, namely: (i) Unearned Premium Reserve (UPR); (ii) SUS provisions; (iii) outstanding claims reserve; (iv) incurred but not reported claims (IBNR); and (v) reserve for benefit granted.

The measurement of health insurance technical provisions and the process of applying the Liability Adequacy Test (LAT) requires judgment of management and its actuarial specialists. The selection of methodologies and assumptions include medical loss and life ratios, frequency of use, costs of procedures performed and the discount rate applied in calculating provisions at present value.

We consider this an area of focus in our audit due to the materiality of the amounts as well as the high degree of judgment required of management.

Our audit procedures included, among others, (i) Understanding the design of the significant controls over the process of measurement of estimates; (ii) assessing the approval of the Company's technical provisions for losses; (iii) Assessing the controls over the approval of the technical actuarial notes issued by the chief actuaries; (iv) Evaluating the technical capacity and qualification of the Company's actuarial specialists; (v) Assessing, with the support of our actuarial specialists, the reasonableness of the methodologies and assumptions used in measuring the technical provisions for health insurance contracts and for the Liability Adequacy Test, such as medical loss and life ratios, frequency of use, costs of procedures performed, and discount rate, and compared them with the assumptions used by the market and/or Company's historical data, performing calculations and testing their consistency with the technical notes; (vi) Testing the completeness of the loss database used to measure these provisions through automated audit techniques, and (vii) Performing independent sensitivity tests of the analyses prepared by management to assess the potential impacts of changes in the discount rate used to calculate the Unearned Premium Reserve (UPR), the medical loss ratio and administrative expenses.

We consider that the information disclosed in the financial statements to be consistent with the information obtained in our audit.

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**Business combinations**

As detailed in Notes 4 and 9(a)(i) - "Business Combinations", during 2022, the Company acquired a number of healthcare companies, including (i) Notre Dame Intermédica Participações S.A. (GNDI); (ii) Hospital do Coração de Duque de Caxias Ltda.; and, (iii) CCG Participações S.A.

Significant aspects of our audit response included, among others, the following procedures: (i) Understanding the key operating controls in place over the business combination process, purchase price allocation and identification of goodwill, and other intangible assets; (ii) Evaluating the technical qualification of internal professionals and external advisors in making the



Hapvida Participações e Investimentos S.A.

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**Why it is a Key Audit Matter**

These business combinations were treated as Key Audit Matters due to the significance of the acquisitions and the high degree of complexity and judgment involved in accounting for the related transactions, which take into account Technical Pronouncement CPC 15 (R1) - "Business Combinations" covers: (i) purchase price allocation, (ii) consistency of the acquiree's accounting practices in relation to those adopted by the Company; (iii) the fair value of assets assumed and liabilities acquired; (iv) the goodwill paid on the acquisition; and (v) the accounting treatment of commitments assumed for the acquisition of the remaining noncontrolling interests.

**How the matter was addressed in the audit**

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estimates; (iii) Reading the agreements and minutes of the meetings relating to the acquisition and obtaining evidence of the date control was acquired; (iv) With the support of our business valuation specialists, analyzing the methodology used by the Company to measure the fair value of assets acquired and liabilities assumed and evaluating the reasonableness of the assumptions used and calculations made, comparing them, where available, to market inputs; (v) Analyzing the sensitivity of the key assumptions used and the impacts of possible changes these assumptions might have on the fair values; and (vi) Recalculating the goodwill arising on the transaction based on the information and documents obtained and evaluating the adequacy of the disclosures made by the Company.

We consider that the disclosures made in the notes to the financial statements to be consistent with the data and information obtained in our audit.

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**Impairment of intangible assets and indefinite useful lives - for goodwill justified based on expectations of future profitability**

As described in Notes 9(f) and 20, the Company has intangible assets with indefinite useful lives, with goodwill justified based on expectations of future profitability arising from the 2022 business acquisitions and from prior year acquisitions which are material in relation to the parent company and consolidated financial statements at December 31, 2022. Management tests goodwill for impairment on an annual basis to assess the need for an impairment provision. Impairment testing relies on significant estimates and judgments.

For these reasons, we considered this an area of focus in our audit, since the selection by management of a different set of assumptions to project future profitability could significantly change the calculation of the recoverable amount of goodwill and, consequently, materially

As an audit response to address the subjective nature of the assumptions and take account of the materiality of balances, we performed procedures to: (i) Understand the key internal controls in place over the goodwill impairment testing; (ii) Evaluate the technical qualification of internal professionals and external advisors making the estimates, (iii) Meet with management to gain an understanding of the process for preparing projections, within the cash-generating units, and approvals thereof, (iv) Perform audit procedures, with the support of our asset valuation specialists, to:

- Compare key assumptions with the management - approved business plan.
- Evaluate the reasonableness of key assumptions, including comparisons with



Hapvida Participações e Investimentos S.A.

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p>impact the parent company and consolidated financial statements.</p>	<p>estimates disclosed by independent market sources, where applicable.</p> <ul style="list-style-type: none"> <li>• Discuss the criteria used by management and its advisors to determine the discount rate and inflation projections.</li> <li>• Review the model prepared by management for logical coherence and arithmetical consistency.</li> </ul> <p>(v) Perform back testing of past profitability projections comparing these to actual results; and (vi) Evaluate whether the details of the goodwill impairment analyses were properly disclosed in the explanatory notes.</p> <p>We consider that the disclosures made in the notes to the financial statements to be consistent with the data and information obtained in our audit.</p>

### Provision for tax, civil and labor risks

As described in Notes 9(k) and 26, the Company and its subsidiaries are party to tax, civil and labor lawsuits and administrative proceedings arising in the normal course of business which are filed by third parties and government agencies. Specialized external attorneys represent the Company in lawsuits, which are monitored by in-house legal counsel who assist management in determining both the likelihood of loss and the amount relating to a probable outflow of resources. Civil lawsuits of the same nature, which are accompanied by specialized outside legal counsel, are provisioned to cover probable expected losses.

Lawsuits can take a considerable amount of time to resolve and involve not only discussions as to merit but also complex interpretations of prevailing legislation and case laws. Case law may vary in its uniformity. Therefore, the measurement and decision to record a contingent liability, and the aspects considered when assessing whether the risk of a loss is probable, possible or remote involves a

The main audit procedures encompassed the following: (i) Understand the internal controls for the identification, constitution of liabilities and disclosures in the explanatory notes; (ii) Test open pending cases by requesting details from all outside legal counsel serving the Company; (iii) Perform tests of consistency by matching to legal counsel responses; (iv) Review management minutes of meetings which discuss pending litigation; (v) Perform, on a sample basis, retrospective analyses of the consistency and accuracy of management's estimates of the likelihood of loss by examining cases in prior periods to their actual outcomes; (vi) Evaluate the consistency of the likelihood of loss against lawsuits with similar characteristics by using data analytics tools, (vii) Compare accounting balances to the supporting auxiliary reports; (viii) Analyze the higher value lawsuits (quantitative or qualitative materiality), mostly tax assessments, with the support of our specialists, for the likelihood of loss based on judicial precedents; and, (ix) Consider whether the disclosures of



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**Why it is a Key Audit Matter**

high level of judgment . For these reasons, this matter continues as an area of focus in our audit.

**How the matter was addressed in the audit**

contingencies made in the notes to the financial statements are consistent with the data and information obtained in our audit.

Our audit procedures indicated that the disclosures in the notes to the financial statements to be consistent with the data and information analyzed in our audit.

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**Estimate of future realization of deferred tax assets**

As described in Notes 9(d) and 35, the financial statements include deferred tax assets substantially arising for temporary differences, the constitution and realization of which management justifies by a technical study for estimates of future realization.

Due to the high degree of judgment involved in defining the assumptions in the technical study and, also, the impact that any changes these assumptions might have on the financial statements, we consider this to be a Key Audit Matter.

The main audit procedures were the following: (i) Analyze management's technical study supporting the future realization of tax credits; (ii) Examine the reasonableness and consistency of the data and assumptions used to prepare these documents, such as historical results, tax considerations, among other aspects; (iii) Use of our tax specialists to assess consistency with legislation; and (iv) Assess the mathematical accuracy of the technical study supporting the future realization of tax credits.

We consider that the disclosures made in the notes to the financial statements to be consistent with the data and information obtained in our audit.

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**Other matters**

**Statements of Value Added**

The parent company and consolidated statements of value added for the year ended December 31, 2022, prepared under the responsibility of the Company's management and presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement, and are consistent with the parent company and consolidated financial statements taken as a whole.



Hapvida Participações e Investimentos S.A.

### **Audit of prior-year information**

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The financial statements for the year ended December 31, 2021 were audited by another firm of independent auditors whose report, dated March 23, 2022, expressed an unqualified opinion on those statements.

### **Other information accompanying the parent company and consolidated financial statements and the auditor's report**

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The Company's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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



Hapvida Participações e Investimentos S.A.

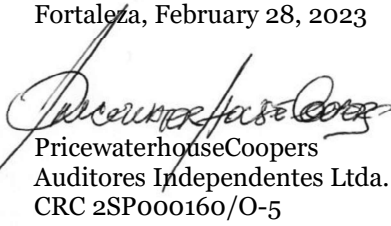
- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the parent company and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



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

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

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

Fortaleza, February 28, 2023

  
PricewaterhouseCoopers  
Auditores Independentes Ltda.  
CRC 2SP000160/O-5

DocuSigned by:  
  
Signed By: VINICIUS FERREIRA BRITTO REGO 92933610515  
CPF: 92933610515  
Signing Time: 28 de fevereiro de 2023 | 18:47 BRT  
  
Vinicius Ferreira Britto Rego  
Contador CRC 1BA024501/O-9

Hapvida Participações e Investimentos S.A.

Statements of financial position at December 31, 2022 and 2021

(Amounts stated in thousands of Reais)

(A free translation of the original in Portuguese)

	Notes	Parent company		Consolidated			Notes	Parent company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021			12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Assets</b>											
					12/31/2021 (Reclassified - Note 2.5)						12/31/2021 (Reclassified - Note 2.5)
Cash and cash equivalents	36.d	3,242	5,375	1,267,915	347,256	Borrowings, financing and debentures	21	781,592	682,662	1,726,508	713,250
Short-term investments	12	230	-	3,331,741	1,720,024	Trade payables		1,550	293	414,703	173,441
Trade receivables	13	-	-	1,480,801	474,304	Technical provisions for health care operations	23	-	-	3,636,795	1,549,059
Inventory		-	-	280,759	156,933	Health care payables		-	-	13,240	11,830
Recoverable taxes	14	173,610	71,803	708,114	237,873	Payroll obligations	24	1,694	3,851	647,753	270,561
Dividends and interest on equity receivable	16	47,821	47,001	-	-	Taxes and contributions payable	25	4,799	5,110	436,350	207,332
Derivative financial instruments	36	-	-	-	7,753	Income and social contribution taxes	35.a	-	-	31,798	58,645
Deferred commission	15	-	-	471,940	221,496	Dividends and interest on equity payable	16 and 28.c	2,552	20,497	13,604	31,859
Other assets	17	21,257	5,258	390,632	152,552	Leases	22	148	1,277	143,471	57,035
<b>Total current assets</b>		<b>246,160</b>	<b>129,437</b>	<b>7,931,902</b>	<b>3,318,191</b>	Derivative financial instruments	36	18,468	-	18,468	-
Long-term investments	12	673	2,673,392	1,265,000	5,790,808	Other related party payable	16	104,480	4,335	3,998	13,208
Deferred tax assets	35.b	900,537	370,614	2,504,883	1,034,446	Other accounts payable	27	13,061	13,235	387,837	98,232
Judicial deposits	26	3,790	2,625	1,822,767	417,478	<b>Total current liabilities</b>		<b>928,344</b>	<b>731,260</b>	<b>7,474,525</b>	<b>3,184,452</b>
Deferred commission	15	-	-	510,212	172,025	Borrowings, financing and debentures	21	5,307,412	3,900,889	9,991,173	4,882,681
Other related party receivable	16	345	345	3,498	3,525	Taxes and contributions payable	25	-	-	157,076	123,181
Other assets	17	13,200	18,000	113,620	56,138	Technical provisions for health care operations	23	-	-	871,480	25,911
<b>Total long-term receivables</b>		<b>918,545</b>	<b>3,064,976</b>	<b>6,219,980</b>	<b>7,474,420</b>	Leases	22	260	2,635	2,206,573	1,076,590
Investments	18	53,816,608	12,031,246	6,367	-	Deferred tax liabilities	35.b	-	-	808,303	166,052
Property and equipment	19	5,029	7,675	7,304,735	3,010,935	Provision for tax, civil and labor risks	26	906	26,478	1,360,974	428,791
Intangible assets	20	17	69	51,750,746	7,556,509	Derivative financial instruments	36	-	-	42,184	18,289
<b>Total non-current assets</b>		<b>54,740,199</b>	<b>15,103,966</b>	<b>65,281,828</b>	<b>18,041,864</b>	Other accounts payable	27	-	-	1,544,731	881,114
						<b>Total non-current liabilities</b>		<b>5,308,578</b>	<b>3,930,002</b>	<b>16,982,494</b>	<b>7,602,609</b>
						<b>Shareholders' equity</b>	28				
						Share capital		37,833,969	8,124,185	37,833,969	8,124,185
						Treasury shares		(427,776)	(299,826)	(427,776)	(299,826)
						Capital reserve		9,844,362	429,544	9,844,362	429,544
						Legal reserve		201,486	201,486	201,486	201,486
						Profit reserve		1,339,580	2,116,752	1,339,580	2,116,752
						Other comprehensive income		(42,184)	-	(42,184)	-
						<b>Equity attributable to controlling shareholders</b>		<b>48,749,437</b>	<b>10,572,141</b>	<b>48,749,437</b>	<b>10,572,141</b>
						Non-controlling interest		-	-	7,274	853
						<b>Total shareholders' equity</b>		<b>48,749,437</b>	<b>10,572,141</b>	<b>48,756,711</b>	<b>10,572,994</b>
<b>Total assets</b>		<b>54,986,359</b>	<b>15,233,403</b>	<b>73,213,730</b>	<b>21,360,055</b>	<b>Total liabilities and shareholders' equity</b>		<b>54,986,359</b>	<b>15,233,403</b>	<b>73,213,730</b>	<b>21,360,055</b>

See the accompanying notes to the parent company and consolidated financial statements.

## Hapvida Participações e Investimentos S.A.

### Statements of profit or loss

Years ended December 31, 2022 and 2021

(Amounts stated in thousands of Reais)

(A free translation of the original in Portuguese)

	Notes	Parent company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net revenue from services provided	30	-	-	23,748,803	9,883,385
Cost of services rendered	31	-	-	(18,093,707)	(6,817,459)
<b>Gross profit</b>		<b>-</b>	<b>-</b>	<b>5,655,096</b>	<b>3,065,926</b>
Selling expenses	32	(349)	(381)	(1,820,449)	(725,508)
Administrative expenses	33	(1,284,584)	(112,410)	(4,542,423)	(1,828,253)
Equity in results of investees	18	712,092	565,041	-	-
Other net operating (expenses) income		119	(247)	551,909	31,105
<b>Subtotal</b>		<b>(572,722)</b>	<b>452,003</b>	<b>(5,810,963)</b>	<b>(2,522,656)</b>
<b>(Loss) Income before income tax and net finance income (expenses)</b>		<b>(572,722)</b>	<b>452,003</b>	<b>(155,867)</b>	<b>543,270</b>
Finance income	34	91,929	47,568	927,537	311,483
Finance expenses	34	(826,364)	(130,258)	(2,219,479)	(361,877)
<b>Net finance income (expenses)</b>		<b>(734,435)</b>	<b>(82,690)</b>	<b>(1,291,942)</b>	<b>(50,394)</b>
<b>(Loss) Income before tax</b>		<b>(1,307,157)</b>	<b>369,313</b>	<b>(1,447,809)</b>	<b>492,876</b>
Current income and social contribution taxes	35.a	-	-	(22,581)	(323,308)
Deferred income and social contribution taxes	35.a and 35.b	529,923	128,482	694,551	330,768
<b>Net (loss) income for the year</b>		<b>(777,234)</b>	<b>497,795</b>	<b>(775,839)</b>	<b>500,336</b>
<b>Attributable to:</b>					
Non-controlling interest		-	-	1,395	2,541
Controlling shareholders		(777,234)	497,795	(777,234)	497,795
(Losses) Earnings per share - Basic and diluted	28.f	(0.11)	0.13	(0.11)	0.13

See the accompanying notes to the parent company and consolidated financial statements.

## Hapvida Participações e Investimentos S.A.

### Statements of comprehensive income

Years ended December 31, 2022 and 2021

*(Amounts stated in thousands of Reais)*

*(A free translation of the original in Portuguese)*

	Notes	Parent company		Consolidated	
		12/31/2022	12/31/2021	12/31/2022	12/31/2021
Net income (loss) for the year		<u>(777,234)</u>	<u>497,795</u>	<u>(775,839)</u>	<u>500,336</u>
<b>Other comprehensive income to be reclassified to net income (loss) for the year in subsequent period</b>					
Net loss on cash flow hedge	36.(iv)	(42,184)	-	(42,184)	-
Comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><b>(819,418)</b></u>	<u><b>497,795</b></u>	<u><b>(818,023)</b></u>	<u><b>500,336</b></u>
Non-controlling interest		-	-	1,395	2,541
Controlling shareholders		(819,418)	497,795	(819,418)	497,795

See the accompanying notes to the parent company and consolidated financial statements.

## Hapvida Participações e Investimentos S.A.

### Statements of changes in shareholders' equity

Years ended December 31, 2022 and 2021

(Amounts stated in thousands of Reais)

(A free translation of the original in Portuguese)

	Notes	Attributable to controlling shareholders							Total	Non-controlling interest	Total shareholders' equity
		Share capital	Treasury shares	Capital reserve	Profit reserve		Other comprehensive income	(Accumulated deficit) Retained earnings			
					Legal reserve	Profit reserve					
<b>Balances at January 1, 2021</b>		<u>5,650,526</u>	<u>(2)</u>	<u>222,917</u>	<u>176,596</u>	<u>1,779,175</u>	<u>-</u>	<u>-</u>	<u>7,829,212</u>	<u>1,775</u>	<u>7,830,987</u>
Net income for the year		-	-	-	-	-	-	497,795	497,795	2,541	500,336
Capital increase		2,526,813	-	-	-	-	-	-	2,526,813	(3,463)	2,523,350
Share issuance costs		(53,154)	-	-	-	-	-	-	(53,154)	-	(53,154)
Shares repurchased		-	(299,824)	-	-	-	-	-	(299,824)	-	(299,824)
Share-based payment		-	-	56,305	-	-	-	-	56,305	-	56,305
Premium on share issuance		-	-	152,770	-	-	-	-	152,770	-	152,770
Acquisition of non-controlling interests		-	-	(2,448)	-	-	-	-	(2,448)	-	(2,448)
<b>Appropriations and distributions:</b>											
Legal reserve		-	-	-	24,890	-	-	(24,890)	-	-	-
Interest on equity		-	-	-	-	-	-	(135,328)	(135,328)	-	(135,328)
Retained earnings		-	-	-	-	337,577	-	(337,577)	-	-	-
<b>Balances at December 31, 2021</b>		<u>8,124,185</u>	<u>(299,826)</u>	<u>429,544</u>	<u>201,486</u>	<u>2,116,752</u>	<u>-</u>	<u>-</u>	<u>10,572,141</u>	<u>853</u>	<u>10,572,994</u>
Loss for the year		-	-	-	-	-	-	(777,234)	(777,234)	1,395	(775,839)
Capital increase	28.a	29,709,784	-	15,563,088	-	-	-	-	45,272,872	5,026	45,277,898
Discount on share issuance	28.e	-	-	(6,628,873)	-	-	-	-	(6,628,873)	-	(6,628,873)
Shares repurchased	28.d	-	(127,950)	-	-	-	-	-	(127,950)	-	(127,950)
Share-based payment	29	-	-	486,316	-	-	-	-	486,316	-	486,316
Net loss on cash flow hedge	36.(iv)	-	-	-	-	-	(42,184)	-	(42,184)	-	(42,184)
Acquisition of non-controlling interests		-	-	(5,713)	-	62	-	-	(5,651)	-	(5,651)
<b>Appropriations:</b>											
Retained earnings/losses		-	-	-	-	(777,234)	-	777,234	-	-	-
<b>Balances at December 31, 2022</b>		<u>37,833,969</u>	<u>(427,776)</u>	<u>9,844,362</u>	<u>201,486</u>	<u>1,339,580</u>	<u>(42,184)</u>	<u>-</u>	<u>48,749,437</u>	<u>7,274</u>	<u>48,756,711</u>

See the accompanying notes to the parent company and consolidated financial statements.

## Hapvida Participações e Investimentos S.A.

### Statements of cash flows - Indirect method

Years ended December 31, 2022 and 2021

(Amounts stated in thousands of Reais)

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021 (Reclassified - Note 2.5)
<b>Cash flows from operating activities</b>				
Net income (loss) for the year	(777,234)	497,795	(775,839)	500,336
Adjustments to reconcile net (loss) income to cash from operating activities:				
Depreciation and amortization	766,674	1,074	1,981,288	809,156
Depreciation of right-of-use assets	767	1,258	205,995	85,929
Technical provisions for health care operations	-	-	47,545	89
Equity in results of investees	(712,092)	(565,041)	-	-
Provision for impairment of trade receivables	-	-	424,837	211,302
Write-off of property and equipment	-	2	34,875	3,795
Write-off of intangible assets	-	-	731	793
Provision for tax, civil and labor risks	(25,382)	(8,125)	284,441	8,621
Mark-to-market adjustment on financial investments	-	-	(252)	-
Income accrued on short and long term investments	(81,381)	(47,504)	(734,825)	(253,985)
Loss (gain) with derivative financial instruments	18,468	-	100,897	17,659
Amortization of deferred commission	-	-	645,690	211,149
Interest and indexation accruals on lease liabilities	168	343	224,733	98,237
Interest and charges accrued borrowings, financing and debentures	745,849	128,908	1,398,418	135,914
Foreign exchange gains/losses accrued	-	(63)	(4,907)	3,605
Share-based payment	486,316	56,305	486,316	56,305
Change in fair value of contingent consideration	-	-	(503,780)	40,000
Income and social contribution taxes	-	-	22,581	323,308
Deferred taxes	(529,923)	(128,482)	(694,551)	(330,768)
Other	-	-	(5,765)	(2,499)
	<b>(107,770)</b>	<b>(63,530)</b>	<b>3,138,428</b>	<b>1,918,946</b>
<b>(Increase) decrease in assets:</b>				
Trade receivables	-	-	(886,997)	(213,902)
Inventory	-	-	43,455	(50,236)
Recoverable taxes	(101,807)	(6,420)	(329,864)	(47,985)
Judicial deposits	(1,165)	(493)	(257,251)	(161,849)
Other assets	(84)	(23,222)	185,361	(8,332)
Deferred commission	-	-	(746,251)	(260,002)
<b>Increase (decrease) in liabilities:</b>				
Technical provisions for health care operations	-	-	150,254	25,359
Health care payables	-	-	1,410	(188)
Payroll obligations	(2,157)	2,860	133,789	44,649
Trade payables	1,257	(320)	(29,060)	(44,534)
Taxes and contributions payable	(311)	(26,360)	(39,917)	(95,134)
Provision for tax, civil and labor risks	(190)	(1,532)	(162,671)	(56,098)
Other accounts payable	(177)	12,565	(156,750)	(417,194)
<b>Cash from operating activities</b>	<b>(212,404)</b>	<b>(106,452)</b>	<b>1,043,936</b>	<b>633,500</b>
Income and social contribution taxes paid	-	-	(72,029)	(381,996)
<b>Net cash (used in) generated by operating activities</b>	<b>(212,404)</b>	<b>(106,452)</b>	<b>971,907</b>	<b>251,504</b>
<b>Cash flows from investing activities</b>				
Related party (payables) receivables	100,145	(16)	(9,183)	11,263
Acquisition of property and equipment	(1,754)	(1,366)	(523,718)	(587,797)
Acquisition of intangible assets	(1)	-	(212,273)	(120,279)
Acquisition of subsidiaries	-	-	(3,213,979)	(373,075)
Capital paid-up in investees	(5,712,096)	(1,492,701)	-	-
Cash and cash equivalents arising from acquisitions	-	-	202,956	11,135
Dividends received	2,456,238	-	-	-
Investments in short and long term investments	(733,023)	(3,104,893)	(14,343,113)	(13,223,563)
Redemption of short and long term investments	3,486,893	885,997	20,199,198	9,904,375
<b>Net cash (used in) generated by investing activities</b>	<b>(403,598)</b>	<b>(3,712,979)</b>	<b>2,099,888</b>	<b>(4,377,941)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of debentures	2,000,000	2,500,000	2,000,000	2,500,000
Proceeds from borrowings and financing	-	-	1,321,260	1,001,700
Dividends and interest on equity	(17,945)	(285,120)	(1,017,145)	(284,588)
Share issuance costs	-	(53,154)	-	(53,154)
Proceeds from share issuance	1,089	2,025,000	1,089	2,025,000
Shares repurchased	(127,950)	(299,824)	(127,950)	(299,824)
Payments of principal on borrowings, financing and debentures	(588,295)	-	(2,452,853)	(157,173)
Payments of interest on borrowings, financing and debentures	(642,342)	(50,653)	(1,359,667)	(64,627)
Fund raising expenses	(9,760)	(11,038)	(32,908)	(47,821)
Acquisition of subsidiaries - Payments	-	-	(81,474)	(139,494)
Lease payment	(928)	(1,528)	(326,958)	(155,303)
(Payment) receipt of derivative financial instruments	-	-	(74,530)	9,238
Non-controlling interest in an acquiree	-	-	-	(3,463)
<b>Net cash generated by (used in) financing activities</b>	<b>613,869</b>	<b>3,823,683</b>	<b>(2,151,136)</b>	<b>4,330,491</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,133)</b>	<b>4,252</b>	<b>920,659</b>	<b>204,054</b>
Cash and cash equivalents at the beginning of the year	5,375	1,123	347,256	143,202
Cash and cash equivalents at the end of the year	3,242	5,375	1,267,915	347,256
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,133)</b>	<b>4,252</b>	<b>920,659</b>	<b>204,054</b>

See the accompanying notes to the parent company and consolidated financial statements.

## Hapvida Participações e Investimentos S.A.

### Statements of value added

Years ended December 31, 2022 and 2021

(Amounts stated in thousands of Reais)

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Revenues (1)</b>	<b>268</b>	<b>-</b>	<b>24,289,672</b>	<b>10,136,433</b>
Operating revenue	-	-	24,640,572	10,311,154
Other (expenses) revenues	268	-	73,937	36,581
Impairment loss on trade receivables	-	-	(424,837)	(211,302)
<b>Inputs purchased from third parties (2)</b>	<b>5,117</b>	<b>(7,988)</b>	<b>(17,102,808)</b>	<b>(6,356,033)</b>
Cost of services rendered	-	-	(12,696,246)	(4,168,397)
Materials, energy, outsourced services and other	5,117	(7,988)	(4,406,562)	(2,187,636)
<b>Gross added value (1) - (2) = (3)</b>	<b>5,385</b>	<b>(7,988)</b>	<b>7,186,864</b>	<b>3,780,400</b>
<b>Depreciation and amortization (4)</b>	<b>(767,441)</b>	<b>(2,332)</b>	<b>(2,187,283)</b>	<b>(895,085)</b>
<b>Net added value produced by the Company (3) - (4) = (5)</b>	<b>(762,056)</b>	<b>(10,320)</b>	<b>4,999,581</b>	<b>2,885,315</b>
<b>Added value received as transfer (6)</b>	<b>803,380</b>	<b>611,746</b>	<b>898,336</b>	<b>306,236</b>
Equity in results of investees	712,092	565,041	-	-
Finance income	91,929	47,505	927,537	307,611
Other	(641)	(800)	(29,201)	(1,375)
<b>Total added value payable (5+6)</b>	<b>41,324</b>	<b>601,426</b>	<b>5,897,917</b>	<b>3,191,551</b>
<b>Added value distribution</b>				
<b>Personnel</b>	<b>(517,568)</b>	<b>(97,846)</b>	<b>(4,209,590)</b>	<b>(1,677,930)</b>
Direct compensation	(517,396)	(97,734)	(3,462,351)	(1,438,992)
Benefits	(77)	(58)	(330,813)	(144,532)
Severance Fund (FGTS)	(95)	(54)	(416,426)	(94,406)
<b>Taxes, fees and contributions</b>	<b>480,255</b>	<b>122,011</b>	<b>(830,724)</b>	<b>(761,909)</b>
Federal	480,477	122,209	(450,541)	(615,609)
State	-	-	(1,238)	(3,189)
Municipal	(222)	(198)	(378,945)	(143,111)
<b>Third-party capital remuneration</b>	<b>(781,245)</b>	<b>(127,796)</b>	<b>(1,633,442)</b>	<b>(251,376)</b>
Interest	(781,229)	(129,053)	(2,012,620)	(234,151)
Rentals	165	549	(55,139)	(8,766)
Other	(181)	708	434,317	(8,459)
<b>Remuneration of own capital</b>	<b>777,234</b>	<b>(497,795)</b>	<b>775,839</b>	<b>(500,336)</b>
Dividends and interest on equity	-	(135,328)	-	(135,328)
(Accumulated deficit) Retained earnings	777,234	(337,577)	777,234	(337,577)
Non-controlling interests - retained earnings (accumulated deficit)	-	-	(1,395)	(2,541)
Legal reserve	-	(24,890)	-	(24,890)
<b>Distributed added value</b>	<b>(41,324)</b>	<b>(601,426)</b>	<b>(5,897,917)</b>	<b>(3,191,551)</b>

See the accompanying notes to the parent company and consolidated financial statements.

# **Notes to the parent company and consolidated financial statements**

*(Amounts stated in thousands of Reais)*

## **1 Operations**

Hapvida Participações e Investimentos S.A. ("Company") is a holding company organized as a corporation with registered offices at Heráclito Graça Avenue, 406 in the city of Fortaleza/CE, Brazil. The parent company and consolidated financial statements include the Company and its subsidiaries. The Company and its subsidiaries are mainly engaged in: (i) the sale of health insurance plans and delivering the majority of medical assistance at its own hospitals, clinics, imaging diagnostics and laboratories; and (ii) the sale of dental insurance plans for services provided by an accredited network.

Hapvida Participações e Investimentos S.A. obtained the registration as a publicly listed company on April 20, 2018, and started trading its shares in the Novo Mercado special segment at B3 S.A. - Brasil, Bolsa, Balcão, on April 25, 2018, under the ticker symbol HAPV3.

At December 31, 2022, the parent company Hapvida Participações e Investimentos S.A. presented negative Working Capital of R\$ 682,184 (R\$ 601,823 at December 31, 2021), mainly due to a placement of debentures recorded as current liabilities.

Although the Hapvida Participações e Investimentos S.A. parent company current liabilities exceed its current liabilities, the policy of the Company and its subsidiaries is to centralize cash resources in the subsidiaries (mainly health operators) and, if funds are needed by the parent company, the subsidiaries distribute profits.

Management assessed the Company and its subsidiaries' ability to continue as a going concern and is convinced that they have resources to continue as a going concern in the future. Additionally, Management is not aware of any material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

## **2 Other matters**

### **2.1 COVID-19 effects**

As vaccination programs advance globally containment of the effects of the pandemic was successful. This led to a reduction in the need for social distancing measures.

The Brazilian economy has shown an improvement in levels of economic activity as consumers adapted to the new social conditions resulting in a more consistent consumption of services allowing the economic activity to return to pre-pandemic levels. Although the greater part of the population has been vaccinated, uncertainties still persist due to the emergence of new variants of the coronavirus.

Since the beginning of the pandemic, the Company and its subsidiaries have been committed to providing their beneficiaries access to quality healthcare, despite the challenging scenario. The Company and its subsidiaries remain vigilant, monitoring the possible impacts of any new

variants of COVID-19 on the business and acting proactively to ensure that beneficiaries are served.

Since the beginning of the pandemic, management has sought to identify credit risks and impairment losses on trade receivables, or risks of liquidity and cash generation affecting the Company and its subsidiaries.

## **2.2 Russia-Ukraine armed conflict**

The armed conflict and consequential international sanctions have had a widespread economic impact. Businesses in Brazil have experienced supply chain disruptions, market volatility, higher payment risk and increased commodity costs. This has been further aggravated by some global companies limiting or ceasing operations in Russia. In the specific case of the Company, impact risks are the potential impacts on the medicine supply chain, which has been closely monitored by management.

Through to the date of issue, no significant effects have been identified affecting the financial statements. Management continues to monitor potential impacts.

## **2.3 Risks related to climate change**

The Company and its subsidiaries conducted a study of climate risks and opportunities considering over the horizons to 2030 and 2050, assessing the main physical risks associated with global warming and the effects of climate change on the increased demand for health services. The short, medium and long term aspects were considered to obtain a better understanding and technical information to assist in decision-making for plans adapted to meet climate change.

The aspects identified in the study include the possible impacts of extreme weather events on the units and facilities and the effects of the climate change on the health of the population and demand for medical care.

The Company and its subsidiaries seek to mitigate the risks to the physical integrity of the units, taking into account the occurrence of storms, floods, cyclones and hail in the planning of works and renovations.

Changes of location for assets may be contemplated if infrastructure facilities are unable to be adapted within safety and quality standards. Insurance policies provide coverage for extreme events.

A pilot study was conducted to assess the relationship between global warming and the demand for health services. The initiative involved the analysis of hospital admissions for cardiovascular diseases at Hospital Bosque da Saúde, in São Paulo (SP). The aim was to investigate the increased demand for hospitalizations in relation to the risk of future heat waves.

The increase in cases of respiratory diseases was considered due to the drop in temperature or increase in pollution, as also cardiovascular diseases due to the increase in temperature and diseases affecting certain geographic areas (such as dengue, whose vector is related to the accumulation of water and can be impacted by rainfall). These are continually monitored by management.

Continual investments are made to assure geographical diversification of care units, for preventive medicine programs and programs for educational and awareness actions through communication channels.

#### 2.4 Corporate restructuring

The Company and its subsidiaries, through their strategic plans seeking continuous growth and expansion via acquisitions and corporate restructuring, are rationalizing and unifying their administrative activities to achieve efficiency gains and operational benefits. These efforts are reflected in the following events held in the year ended December 31, 2022:

Company	Date of the Corporate Event of merger and reorganization	Net assets	Description
Madrecor Participações	03/01/2022	24,486	The Minutes of the Shareholders' Meeting held on March 1, 2022, record the approval of the protocol and justification of the merger of Madrecor Participações Ltda. into subsidiary Sociedade Hospitalar de Uberlândia S.A.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Hospital Nossa Senhora Aparecida	04/01/2022	508	The Minutes of the Shareholders' Meeting held on April 1, 2022, record the approval of the protocol and justification of the merger of Hospital Nossa Senhora Aparecida de Anápolis Ltda. into subsidiary Ultra Som Serviços Médicos S.A.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Flip Care	04/01/2022	(303)	The Minutes of the Shareholders' Meeting held on April 1, 2022, record the approval of the protocol and justification of the merger of Flip Care Ltda. into subsidiary São Francisco Resgate Ltda.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Climepe Total	04/01/2022	13,355	The Minutes of the Quotaholders' Meeting held on April 1, 2022, record the approval of the protocol and justification of the merger of Climepe Total Ltda. into subsidiary Notre Dame Intermédica Minas Gerais Saúde S.A.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Serpram	05/01/2022	23,247	The Minutes of the Extraordinary General Meeting held on May 2, 2022, record the approval of the protocol and justification of the merger of Serpram - Serviços de Prestação de Assistência Médico-Hospitalar S.A. into subsidiary Notre Dame Intermédica Minas Gerais Saúde S.A.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Hospital Intermédica Jacarepaguá	05/01/2022	3,054,131	The Minutes of the Shareholders' Meeting held on May 2, 2022, record the approval of the protocol and justification of the merger of Hospital Intermédica Jacarepaguá Ltda. into subsidiary Clinipam - Clínica Médica Paranaense de Assistência Médica Ltda.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Hospital das Clínicas de Parauapebas	06/01/2022	14,293	The Minutes of the Quotaholders' Meeting held on June 1, 2022, record the approval of the protocol and justification of the merger of Hospital das Clínicas de Parauapebas Ltda. into subsidiary Ultra Som Serviços Médicos S.A.. The appraisal report on the net assets of the merged company was issued by an independent firm.
			The Minutes of the Shareholders' Meeting held on September 1, 2022, record the approval of the protocol and justification of the merger of

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Hospital São Bernardo	09/01/2022	180,514	Hospital São Bernardo S.A. into subsidiary Notre Dame Intermédica Saúde S.A.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Centro Clínico Canoas	09/01/2022	553	The Minutes of the Shareholders' Meeting held on September 1, 2022, record the approval of the merger and justification of the merger of Centro Clínico Canoas Ltda. and União de Clínicas Rio Grande Ltda. into subsidiary Centro Clínico Gaúcho Ltda.. The appraisal reports on the net assets of the merged companies were issued by an independent firm.
União de Clínicas Rio Grande	09/01/2022	654	
Viventi Hospital Asa Sul	10/01/2022	13,792	The Minutes of the Shareholders' Meeting held on October 1, 2022, record the approval of the protocol and justification of the merger of Viventi Hospital Asa Sul Ltda. into subsidiary Ultra Som Serviços Médicos S.A.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Centro Médico Progroup	12/01/2022	41,899	The Minutes of the Shareholders' Meeting held on December 1, 2022, record the approval of the merger and justification of the merger of Centro Médico Progroup Ltda, Hospital Progroup Ltda., Hospital Vera Cruz S.A., HVC Participações e Administração S.A. and Med Clínicas Serviços Ltda. into subsidiary Ultra Som Serviços Médicos S.A.. The appraisal reports on the net assets of the merged companies were issued by an independent firm.
Hospital Progroup	12/01/2022	59,684	
Hospital Vera Cruz	12/01/2022	(9,180)	
HVC Participações e Administração	12/01/2022	(79,614)	
Med Clínicas Serviços Médicos	12/01/2022	594	
Promed Assistência Médica	12/01/2022	313,106	On December 1, 2022, the resolutions approved by the shareholders became effective, pursuant to the Minutes of the Shareholders' Meeting held on September 30, 2022:
Promed Brasil Assistência Médica	12/01/2022	20,498	
Saúde - Sistema Assistencial	12/01/2022	72,346	<ul style="list-style-type: none"> <li>• Partial spin-off of Ultra Som Serviços Médicos S.A., with transfer of the spun-off assets to Hapvida Assistência Médica S.A., for all investments held in Promed Assistência Médica Ltda., Promed Brasil Assistência Médica Ltda. and Saúde - Sistema Assistencial Unificado de Empresas Ltda., under the terms of the protocol and justification of the operation.</li> <li>• Merger of Promed Assistência Médica Ltda., Promed Brasil Assistência Médica Ltda. and Saúde - Sistema Assistencial Unificado de Empresas Ltda. into the subsidiary Hapvida Assistência Médica S.A., under the terms of the protocol and justification of the operation, with consequent dissolution of the merged companies.</li> </ul>
Maternidade Octaviano Neves	12/01/2022	18,113	The Minutes of the Shareholders' Meeting held on December 1, 2022, record the approval of the protocol and justification of the merger of Maternidade Octaviano Neves S.A. into subsidiary Ultra Som Serviços Médicos S.A.. The appraisal report on the net assets of the merged company was issued by an independent firm.
Premium Saúde	12/01/2022	215,032	On December 1, 2022, the effects of the resolutions approved by the shareholders became effective, pursuant to the Minutes of the Shareholders' Meeting held on September 1, 2022, with the approval of the protocol and justification of the merger of Premium Saúde S.A. into subsidiary Hapvida Assistência Médica S.A. The appraisal report on the net assets of the merged company was issued by an independent firm.

## 2.5 Reclassifications of comparative figures

To improve the presentation of Financial investments, Other accounts payable and Deferred commission, reclassifications were made to the 2021 opening and closing consolidated balances as detailed below:

- (i) Reclassification of the balances of escrow financial investments (restricted) and Other accounts payable (corresponding acquisition liabilities), previously presented net in Other assets. The changes affected the statement of financial position and the statement of cash flows (operating activity and investing activity).
- (ii) Changes in deferred commission (Note 15). The changes affected the statement of cash flows (adjustment to net income and operating activity).

	Consolidated					
	December 31, 2021			At January 1, 2021		
	Original	Adjustment	Reclassified	Original	Adjustment	Reclassified
<b>Statement of financial position</b>						
<b>Assets</b>						
<b>Current</b>	<b>3,318,191</b>	-	<b>3,318,191</b>	<b>3,502,091</b>	(19) (i)	<b>3,502,072</b>
Cash and cash equivalents	347,256	-	347,256	143,212	(10) (i)	143,202
Other assets	152,552	-	152,552	137,033	(9) (i)	137,024
Other current assets	2,818,383	-	2,818,383	3,221,846	-	3,221,846
<b>Non-current</b>	<b>17,716,198</b>	<b>325,666 (i)</b>	<b>18,041,864</b>	<b>10,016,886</b>	<b>286,601 (i)</b>	<b>10,303,487</b>
Long-term investments	5,465,142	325,666 (i)	5,790,808	1,225,282	286,582 (i)	1,511,864
Other assets	56,138	-	56,138	45,837	19 (i)	45,856
Other non-current assets	12,194,918	-	12,194,918	8,745,767	-	8,745,767
<b>Total assets</b>	<b>21,034,389</b>	<b>325,666 (i)</b>	<b>21,360,055</b>	<b>13,518,977</b>	<b>286,582 (i)</b>	<b>13,805,559</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current</b>	<b>3,184,452</b>	-	<b>3,184,452</b>	<b>2,120,613</b>	-	<b>2,120,613</b>
<b>Non-current</b>	<b>7,276,943</b>	<b>325,666 (i)</b>	<b>7,602,609</b>	<b>3,567,377</b>	<b>286,582 (i)</b>	<b>3,853,959</b>
Other accounts payable	555,448	325,666 (i)	881,114	101,364	286,582 (i)	387,946
Other non-current liabilities	6,721,495	-	6,721,495	3,466,013	-	3,466,013
<b>Shareholders' equity</b>	<b>10,572,994</b>	-	<b>10,572,994</b>	<b>7,830,987</b>	-	<b>7,830,987</b>
<b>Total liabilities and shareholders' equity</b>	<b>21,034,389</b>	<b>325,666 (i)</b>	<b>21,360,055</b>	<b>13,518,977</b>	<b>286,582 (i)</b>	<b>13,805,559</b>

Statement of cash flows	Consolidated		
	December 31, 2021		
	Original	Adjustment	Reclassified
<b>Net income for the year</b>	<b>500,336</b>	-	<b>500,336</b>
<b>Adjustments to reconcile net income to cash</b>	<b>1,207,461</b>	<b>211,149</b> (ii)	<b>1,418,610</b>
Amortization of deferred commission	-	211,149 (ii)	211,149
Other changes in adjustment to income	1,207,461	-	1,207,461
<b>Changes in asset and liability accounts</b>	<b>(1,495,387)</b>	<b>(172,055)</b> (i/ii)	<b>(1,667,442)</b>
Other assets	(8,342)	10 (i)	(8,332)
Deferred commission	(48,853)	(211,149) (ii)	(260,002)
Other accounts payable	(456,278)	39,084 (i)	(417,194)
Other changes in operating activities	(981,914)	-	(981,914)
<b>Net cash generated by (used in) operating activities</b>	<b>212,410</b>	<b>39,094</b> (i/ii)	<b>251,504</b>
<b>Net cash used in investing activities</b>	<b>(4,338,857)</b>	<b>(39,084)</b> (i)	<b>(4,377,941)</b>
Short and long term investments	(13,184,479)	(39,084) (i)	(13,223,563)
Other changes in investing activities	8,845,622	-	8,845,622
<b>Net cash used in financing activities</b>	<b>4,330,491</b>	-	<b>4,330,491</b>
<b>Increase in cash and cash equivalents</b>	<b>204,044</b>	<b>10</b> (i)	<b>204,054</b>

### 3 Subsidiaries

The parent company and consolidated financial statements include the following direct and indirect subsidiaries of Hapvida Participações e Investimentos S.A.:

Entity	Main activity	Date of acquisition	Date of merger	12/31/2022		12/31/2021	
				Direct	Indirect	Direct	Indirect
Hapvida Participações e Investimentos II S.A. (e)	<i> Holding Company</i>	-	02/11/2022	-	-	100%	-
Hapvida Assistência Médica S.A. (a)	Health Plan	-	-	96.35%	3.65%	99.57%	0.43%
RN Metropolitan Ltda. (k)	Health Plan	01/01/2020	-	-	100%	-	100%
Premium Saúde S.A. (g)	Health Plan	08/01/2021	12/01/2022	-	-	-	100%
Hospital Antônio Prudente Ltda.	Health	-	-	100%	-	100%	-
Hapvida Participações em Tecnologia Ltda. (c)	Technology	-	-	100%	-	100%	-
Hapvida Call Center e Tecnologia Ltda. (c)	Technology	-	-	-	100%	-	100%
Maida Health Participações Societárias S.A. (c)	Technology	09/01/2019	-	-	75.00%	-	75.00%
Maida Haptech Soluções Inteligentes Ltda. (c)	Technology	-	-	-	74.99%	-	74.99%
Maida Infoway Tecnologia e Gestão em Saúde Ltda. (c)	Technology	09/01/2019	-	-	74.99%	-	74.99%
Tercepta Consultoria em Informática Ltda. (c)	Technology	09/01/2021	-	-	75.00%	-	75.00%
Ultra Som Serviços Médicos S.A. (b)	Health	-	-	100%	-	100%	-
<b>São Francisco Group</b>		<b>11/01/2019</b>					
São Francisco Sistemas de Saúde S/E Ltda. (d)	<i> Holding Company</i>		-	-	99.99%	-	99.99%
São Francisco Rede de Saúde Assistencial S.A.	Health		-	-	99.99%	-	99.99%
GSF Administração de Bens Próprios S.A.	Asset Management		-	-	99.99%	-	99.99%
Laboratório Regional S.A.	Health		01/01/2022	-	-	-	99.99%
Laboratório Regional I Ltda.	Health		01/01/2022	-	-	-	99.99%
Laboratório Regional II Ltda.	Health		01/01/2022	-	-	-	99.99%
São Francisco Atendimento Médico e Serviços Ltda.	Health		01/01/2022	-	-	-	100%
São Francisco Resgate Ltda.	Health		-	-	100%	-	100%
Flip Care Ltda.	Health		04/01/2022	-	-	-	100%
Documenta Clínica Radiológica Ltda.	Health		01/01/2022	-	-	-	100%
Centro Avançado Oncológico Ltda.	Health		01/01/2022	-	-	-	100%

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Entity	Main activity	Date of acquisition	Date of merger	12/31/2022		12/31/2021	
				Direct	Indirect	Direct	Indirect
SF Health Up Desenvolvimento e Consultoria em Tecnologia da Informação Ltda.	Health		01/01/2022	-	-	-	100%
Hemac Medicina Laboratorial e Hemoterapia Ltda.	Health		01/01/2022	-	-	-	100%
Hospital das Clínicas de Parauapebas Ltda.	Health	12/01/2019	06/01/2022	-	-	-	100%
Hospital Nossa Senhora Aparecida de Anápolis Ltda.	Health	10/01/2020	04/01/2022	-	-	-	100%
Pró-Infância SJC Hospital e Pronto Socorro Pediátrico Ltda.	Health	12/01/2020	-	-	73.80%	-	73.80%
<b>Promed Group (f)</b>		<b>06/01/2021</b>					
Vida Saúde Gestão S.A.	<i> Holding Company</i>		01/01/2022	-	-	-	100%
Centro Médico Progroup Ltda.	Health		12/01/2022	-	-	-	100%
Hospital Progroup Ltda.	Health		12/01/2022	-	-	-	100%
Hospital Vera Cruz S.A.	Health		12/01/2022	-	-	-	100%
HVC Participações e Administração S.A.	Health		12/01/2022	-	-	-	100%
Med Clínicas Serviços Médicos Ltda.	Health		12/01/2022	-	-	-	100%
Promed Assistência Médica Ltda.	Health Plan		12/01/2022	-	-	-	100%
Promed Brasil Assistência Médica Ltda.	Health Plan		12/01/2022	-	-	-	100%
Saúde - Sistema Assistencial Unificado de Empresas Ltda.	Health Plan		12/01/2022	-	-	-	100%
Sociedade Hospitalar de Uberlândia S.A. (Madrecor) (h)	Health	11/01/2021	-	-	99.42%	-	94.77%
Madrecor Participações Ltda.	Health	11/01/2021	03/01/2022	-	-	-	94.77%
Maternidade Octaviano Neves S.A. (i)	Health	12/01/2021	12/01/2022	-	-	-	97.56%
Viventi Hospital Asa Sul Ltda. (j)	Health	12/31/2021	-	-	100%	-	100%
Lifeplace Hapvida Ltda.	Agency	-	-	100%	-	100%	-
Lifeplace Maida Ltda.	Agency	-	-	-	75.00%	-	75.00%
<b>Notre Dame Intermédica Group - GNDI (l)</b>		<b>02/01/2022</b>					
Notre Dame Intermédica Participações S.A. *	<i> Holding Company</i>		-	100%	-	-	-
BCBF Participações S.A. *	<i> Holding Company</i>		-	-	100.00%	-	-
Notre Dame Intermédica Saúde S.A. *	Health Plan		-	-	100.00%	-	-
Hospital São Bernardo S.A. *	Health		09/01/2022	-	-	-	-
Hospital Intermédica Jacarepaguá Ltda. *	Health		05/01/2022	-	-	-	-
São Lucas Saúde S.A. *	Health Plan		-	-	100.00%	-	-
São Lucas Serviços Médicos Ltda. *	Health		-	-	100.00%	-	-
Hospital São Lucas S.A. *	Health		-	-	87.07%	-	-
Clinipam - Clín. Médica Paranaense de Assistência Médica Ltda *	Health Plan		-	-	100.00%	-	-
Gralha Azul Administração e Participação Ltda. *	Asset Management		-	-	100.00%	-	-
Hospital do Coração de Balneário Camboriú Ltda. *	Health		-	-	98.99%	-	-
Hospital e Maternidade Santa Monica S.A. *	Health		-	-	99.89%	-	-
INCORD - Inst. de Neurologia e de Coração de Divinópolis Ltda. *	Laboratory		-	-	100.00%	-	-
Bioimagem Diag. por Imagem e Lab. de Análises Clín. Ltda *	Laboratory		-	-	96.33%	-	-
SMV Serviços Médicos Ltda. *	Health Plan		-	-	99.30%	-	-
Hospital e Maternidade Santa Brígida S.A. *	Health		-	-	99.87%	-	-
Lifecenter Sistema de Saúde S.A. *	Health		-	-	100.00%	-	-
Climepe Total Ltda. *	Health Plan		04/01/2022	-	-	-	-
Bio Saúde Serviços Médicos Ltda. *	Health Plan		-	-	100.00%	-	-
Hospital do Coração de Londrina Ltda. *	Health		-	-	100.00%	-	-
Notre Dame Intermédica Minas Gerais Ltda. *	<i> Holding Company</i>		-	-	100.00%	-	-
NDIS Drogaria Ltda. **	Drugstore		-	-	-	-	-
Notre Dame Intermédica Minas Gerais Saúde S.A. *	Health Plan		-	-	99.78%	-	-
Hospital e Maternidade Maringá S.A. *	Health		-	-	100.00%	-	-
Serpram - Serviço de Prest. de Assistência Médico-Hospitalar S.A. *	Health Plan		05/01/2022	-	-	-	-
IMESA - Instituto de Medicina Especializada Alfenas S.A. *	Health		-	-	99.74%	-	-
Hospital Varginha S.A. *	Health		-	-	99.56%	-	-
Casa de Saúde e Maternidade Santa Martha S.A. *	Health		-	-	100.00%	-	-
CCG Participações S.A. *	<i> Holding Company</i>		-	-	100.00%	-	-
Centro Clínico Gaúcho Ltda. *	Health Plan		-	-	100.00%	-	-
Centro Clínico Canoas Ltda. *	Health		09/01/2022	-	-	-	-
Centro Gaúcho de Medicina Ocupacional Ltda. *	Occupational Medicine		-	-	100.00%	-	-
Hospital Centro Clínico Gaúcho Saúde Ltda. *	Health		-	-	100.00%	-	-
União de Clínicas Rio Grande Ltda. *	Health Plan		09/01/2022	-	-	-	-
Laboratório Marques D'Almeida Ltda. *	Laboratory		-	-	100.00%	-	-
Hospital do Coração Duque de Caxias Ltda. *	Health		-	-	100.00%	-	-

\* Companies acquired in 2022 (Note 4).

\*\* Company dissolved in 2022.

The more significant subsidiaries are summarized below:

**(a) Hapvida Assistência Médica S.A.**

Operating from July 15, 1991, registered with the National Supplementary Health Agency (ANS) under number 36,825-3. Its main corporate purpose is the sale of health and dental care plans focused on the provision of health care services, through a network of hospital, clinical and outpatient care companies, under common control of the Company and its subsidiaries.

**(b) Ultra Som Serviços Médicos S.A.**

Operating from February 25, 1988, its main activities include the provision of medical and paramedical, laboratory, diagnostic, imaging and ultrasound services, covering all areas of medicine, as well as participation as a partner or shareholder in other companies.

**(c) Hapvida Participações em Tecnologia Ltda. and subsidiaries**

Operating from May 2011, its corporate purpose is to participate as a partner or shareholder in other companies, predominantly technology companies.

It participates in niche activities (healthtech) with the purpose of promoting access to health through technology, innovation and transformation. The subsidiaries provide health management systems services, advice and implementation of health management models.

**(d) São Francisco Sistemas de Saúde S/E Ltda.**

Headquartered in Ribeirão Preto-SP, its purpose is the administration, assistance, implantation and commercialization of individual, family and collective health systems and plans, for its own execution or through the hiring and/or accreditation of legally qualified third parties and the reimbursement of medical, dental, hospital and outpatient expenses to its beneficiaries; outpatient medical care; and the organization of courses, lectures, seminars and other events in its area of expertise. The Operator meets the requirements of Law No. 9,656/98 and was granted a definitive registration with the National Supplementary Health Agency - ANS under No. 30,209-1.

It is a health operator of São Francisco Sistemas de Saúde S/E Ltda. which migrated to Hapvida Assistência Médica S.A. in October 2021.

**(e) Hapvida Participações e Investimentos II S.A.**

Hapvida Participações e Investimentos II S.A. ("Hapvida II") is a holding company, constituted in the form of a privately held corporation domiciled in the city of São Paulo, State of São Paulo. Its corporate purpose is to participate in other companies, as a partner or shareholder, in Brazil or abroad. It was incorporated on March 20, 2020, trading under the name Amethystus A008.20 Participações S.A., was acquired on February 12, 2021 by Hapvida Participações e Investimentos S.A. and its name was changed to Hapvida Participações e Investimentos II S.A.

In February 2022, the transaction between Hapvida Participações e Investimentos II S.A. and Notre Dame Intermédica Participações S.A. was consummated, with the shares issued by Notre Dame Intermédica Participações S.A. contributed to Hapvida Participações e Investimentos II S.A., followed by the Merger of Hapvida Participações e Investimentos II S.A. into Hapvida Participações e Investimentos S.A.

**(f) Promed Group**

Has operated in the State of Minas Gerais for over 25 years, contracting hospital services, dentistry, medicine, auxiliary examinations, treatment diagnostics and sales of these services through health plans, predominantly to the business segment. It has three operators: Promed Assistência Médica Ltda. (ANS Registration No. 34,880-5); Promed Brasil Assistência Médica Ltda. (ANS Registration No. 34,647-1), and Saúde Sistema Assistência Unificado de Empresas Ltda. (ANS Registration No. 41,004-7), and the following care networks: Hospital Progroup Ltda., Centro Médico Progroup Ltda., Med Clínicas Serviços Médicos Ltda., HVC Participações e Administração S.A. and Hospital Vera Cruz S.A.

On January 1, 2022, the former holding company of the Promed group, Vida Saúde Gestão S.A., was merged into Ultra Som Serviços Médicos S.A., which now holds investments in the other subsidiaries.

**(g) Premium Saúde S.A.**

Operating from 2010, predominantly in the city of Belo Horizonte-MG, it is registered with the National Supplementary Health Agency (ANS) under number 41,782-3. Its main corporate purpose is the sale of health and dental care plans focused on providing health care services through a network of hospital, clinical and outpatient care companies, under the common control of the Company and its subsidiaries.

- (h) Sociedade Hospitalar de Uberlândia S.A. (Madrecor)**  
Founded in 2005, Hospital Madrecor provides medical and hospital care in Uberlândia, located in the Triângulo Mineiro, northwest of the State of Minas Gerais. Madrecor's structure offers complete medical assistance, including adult and pediatric emergency rooms, clinical analysis laboratory, diagnostic imaging service and outpatient care.
- (i) Maternidade Octaviano Neves S.A.**  
Founded in 1964, Hospital Octaviano Neves provides medical and hospital care in the region of Belo Horizonte (MG), offering complete medical care, including maternity, emergency care, clinical analysis laboratory, diagnostic imaging service, outpatient care for several specialties and surgical center.
- (j) Viventi Hospital Asa Sul Ltda.**  
Located in Brasília (DF), the Center-West region of the country, the hospital has an emergency room, a surgical center, chemotherapy and hemodynamic services and a diagnostic unit.
- (k) RN Metropolitan Ltda.**  
RN Metropolitan Ltd. is a company specialized in supplementary medical assistance founded in 2001, headquartered in Uberaba/MG. It is primarily engaged in selling health and dental care plans focused on providing health care services.
- (l) Notre Dame Intermédica group - GNDI**  
Founded in 1968 in São Paulo/SP, Notre Dame Intermédica group operates health plans, dental care plans and occupational health. Its Own Service Network is served by hospitals, Clinical Centers, Autonomous Emergency Departments, Preventive Medicine Centers, clinical analysis collection points, imaging units and Health Centers exclusively dedicated to the elderly. It seeks excellence in management of care based on the high quality reception and safety for patients. The approval and closing of this acquisition occurred in February 2022 (Note 4.1).

## **4 Business combinations**

The new business combinations carried out in 2022, are still provisional, for purposes of allocating fair values to identified assets acquired and liabilities assumed and for determining goodwill, and acquisitions that are still ongoing are described below.

### **Acquisitions in 2022**

#### **4.1 Acquisition of Notre Dame Intermédica Participações S.A. (GNDI)**

Hapvida Participações e Investimentos S.A., pursuant to CVM Instruction 358/02 and 565/15, as amended, consistent with the material fact notices issued on January 8, 2021, February 15, 2021 and February 27, 2021, informed to its shareholders and the market in general, signed the Association Agreement and Other Covenants (Agreement) on February 27, 2021. The signatories were Hapvida Participações e Investimentos S.A. (Hapvida), Notre Dame Intermédica Participações S.A. (GNDI), Hapvida Participações e Investimentos II S.A. (HapvidaCo), a subsidiary of Hapvida, and PPAR Pinheiro Participações S.A. (PPAR), Hapvida's parent company. This was approved by the extraordinary general meetings (AGE) of Hapvida, HapvidaCo and GNDI on March 29, 2021. Further ancillary details were approved by general shareholder meetings of Hapvida, GNDI and HapvidaCo.

The operation was submitted to approval by the National Supplementary Health Agency (ANS) on June 10, 2021. On January 4, 2022, the Economic Defense Board of Directors CADE General Superintendence-General Certificate was issued, approving the transaction without restrictions. On February 11, 2022, the transaction was consummated and became effective, as confirmed by the respective Boards of Directors of each of the companies on the same date in which control over GNDI was obtained. The operation was treated as a business combination for the acquisition of the group of companies (detailed below) including total net assets acquired at fair value as presented in item (d) of this Note.

*Summary of operations of the acquired company*

Notre Dame Group focuses its operations on the sale of health and dental care plans to corporate customers and small and medium-sized entities (SMEs). The customer portfolio comprises companies from various sectors (including consumer, retail, financial, industrial, telecommunications, media, among others), as well as individuals and associations. The Company is among the largest health care operators in Brazil, according to ANS, offering solutions in health and dentistry, covering more restricted services through its Own Network, as well as broader services, including access to the Accredited Network.

The Company has served as a point of reference in the health care market offering a high-performance, vertically integrated model, in which customers are encouraged to use the Company's Own Network, allowing it to provide a quality healthcare service at a lower cost in relation to the Accredited Network. As part of the strategic verticalization plan, the Company has carried out several acquisitions in the past.

**(a) Consideration transferred**

	<u>Original</u>	<u>Adjustments</u>		<u>Final (i)/(ii)</u>
Total consideration transferred (1) (b)	41,887,388	-		41,887,388
Assets acquired and liabilities assumed at fair value (2)	12,486,343	(1,398,502)	(a)	11,087,841
<b>Goodwill (1) - (2)</b>	<b>29,401,045</b>	<b>1,398,502</b>		<b>30,799,547</b>

- (a) Refers to the update of the fair value measurement assumptions.  
(b) Consideration transferred comprised by cash and stock payment.

**(i) Consideration transferred - Stock payment**

Upon completion of the Transaction, the shareholders of GNDI received, for each common share issued by NDI that they owned, 5.24364186 common shares of Hapvida (Final Exchange Ratio). Pursuant to the Protocol and Justification, the Exchange Ratio, as adjusted for distribution made by the companies to their shareholders (except for the Extraordinary Dividends, which are deducted from the Cash Payment).

The consideration in shares is comprised as follows:

Number of shares (thousand shares)	619,952
Conversion factor	5.24364186
<b>Total Hapvida shares delivered</b>	<b>3,250,809</b>
HAPV3 share price (closing date)	11.90
<b>Consideration – Stock payment</b>	<b>38,684,622</b>

**(ii) Consideration transferred (Cash payment)**

The consideration in cash is comprised as follows:

Number of shares (thousand shares) (A)	619,952
Cash per share (ex-dividends) (B)	4.83908088
CDI correction per share (C)	0.32706664
<b>Corrected amount per share (ex-dividends) (D) = (B) + (C)</b>	<b>5.16614752</b>
<b>Consideration - Cash payment (A) * (D)</b>	<b>3,202,766</b>

**(b) Transaction costs**

The Company and its subsidiaries incurred costs of R\$14,977, mainly for due diligence and legal fees which were recorded as "Administrative expenses" in 2021 and 2022.

**(c) Fair value measurement**

Item "(d)" below summarizes the consideration transferred and the provisional fair values of the assets acquired and liabilities assumed on the acquisition date. Fair value measurement techniques were prepared by an independent consultant hired by the Company and its subsidiaries to support management's conclusion. The measurement of the fair value of the assets acquired and liabilities assumed were carried out on a provisional basis and the definitive calculations will be complete within one year after the acquisition date.

The valuation techniques and methodology applied to each asset class is related to their nature and function in the business operation:

<u>Assets</u>	<u>Method</u>
Intangible assets - Life portfolio	Income approach (Multi-Period Excess Earnings)
Intangible assets - Trademark	Income approach (Relief from Royalties)
Property and equipment	Replacement cost

The valuation methodology is presented below:

- **Replacement cost** - is the current cost of a similar new asset, which most closely approximates the intended function of the assets being appraised.
- **Multi-Period Excess Earnings Model - MPEEM** - This method measures the present value of the future income to be generated over the remaining useful life of an asset. The operating costs and expenses are deducted from future cash flows directly attributable to the asset, and the contributory charges are deducted from the resulting margin to arrive at the free flows to be deducted for calculation of the present value.
- **Relief from Royalties** - the asset value is calculated by estimating the present value of the cost savings realized by the owner of the asset that result from not having to pay royalties or rent for the use of the intangible asset (brand, technology, patents) to another party.

Available facts and circumstances on the acquisition date were used for identifiable assets, liabilities and goodwill. The definitive calculations will be complete within one year from the acquisition date.

**(d) Goodwill and measurement**

The purchase consideration and fair values of the assets and liabilities on the acquisition date, as per the technical report prepared by the independent consultants hired by the Company, are summarized below.

	<b>Net assets acquired at fair value</b>
<b>Consideration transferred (1)</b>	<b>41,887,388</b>
<b>Assets acquired at fair value</b>	
Cash and cash equivalents	202,917
Short-term investments	2,206,959
Trade receivables	539,543
Inventory	166,445
Deferred commission	488,070
Taxes recoverable	140,198
Other assets	349,731
Deferred taxes assets	443,856
Judicial deposits	1,148,038
Investments	7,249
Property and equipment	3,916,437
Intangible assets (i)	14,770,031
<b>Total assets acquired at fair value</b>	<b>24,379,474</b>
<b>Liabilities assumed at fair value</b>	
Trade payables	260,113
Salaries payable	240,888
Taxes and contributions payable	274,408
Dividends payable	1,001,493
Borrowings and financing	5,237,342
Income and social contribution taxes	22,601
Technical provisions for health care operations	2,735,506
Leases	852,851
Deferred taxes liabilities	300,155
Provision for tax, civil and labor risks	810,294
Other accounts payable	1,555,982
<b>Total liabilities assumed at fair value</b>	<b>13,291,633</b>
<b>Assets acquired and liabilities assumed at fair value (2)</b>	<b>11,087,841</b>
<b>Total goodwill (1) - (2)</b>	<b>30,799,547</b>

- (i) The balance includes the allocation of customer portfolio and trademarks.

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. This reflects the expectation of future profitability, based on the operational synergies to the Company and its subsidiaries.

#### 4.2 Acquisition of Hospital do Coração de Duque de Caxias Ltda.

In February 2022, Notre Dame Intermédica Saúde S.A. (NDI Saúde), a subsidiary of the Company and its subsidiaries and Hospital do Coração de Duque de Caxias Ltda. (HSCOR) executed a purchase and sale agreement for the acquisition by NDI Saúde of all of the equity of HSCOR. The HSCOR's operations are located in Niterói - RJ.

##### (a) Consideration transferred

	<b>Original</b>	<b>Adjustments</b>		<b>Final</b>
Total consideration transferred (1) (c)	27,213	(334)	(a)	26,879
Assets acquired and liabilities assumed at fair value (2)	(31,456)	2,517	(b)	(28,939)
<b>Goodwill (1) - (2)</b>	<b>58,669</b>	<b>(2,851)</b>		<b>55,818</b>

- (a) Relates to transfer within the measurement period.  
(b) Refers to the update of the fair value measurement assumptions.

(c) Consideration transferred comprised by cash payment and other accounts payable.

**(b) Fair value measurement**

Item "(c)" below summarizes the consideration transferred and the fair values of the assets acquired and liabilities assumed on the acquisition date. Fair value measurement techniques were used by the independent consultant hired by the Company and its subsidiaries to support management's conclusion.

The fair value measurement of assets acquired and liabilities assumed was initially carried out on a provisional basis and the process was completed within the period of issuance of these financial statements.

The valuation techniques and methodology applied to each asset class is related to their nature and function in the business operation:

<b>Assets</b>	<b>Method</b>
Property and equipment	Replacement cost

Available facts and circumstances on the acquisition date were used for identifiable assets, liabilities and goodwill. The definitive calculations will be complete within one year from the acquisition date.

**(c) Goodwill and measurement**

The purchase consideration and fair values of the assets and liabilities on the acquisition date, as per the technical report prepared by the independent consultants hired by the Company, are summarized below.

	<b>Net assets acquired at fair value</b>
<b>Assets acquired at fair value</b>	
Cash and cash equivalents	39
Trade receivables	4,794
Inventory	836
Taxes recoverable	178
Other assets	77
Property and equipment	22,452
<b>Total assets acquired at fair value</b>	<b>28,376</b>
<b>Liabilities assumed at fair value</b>	
Trade payables	10,437
Payroll payable	2,515
Taxes and contributions payable	28,422
Borrowings and financing	12,887
Leases	501
Other accounts payable	2,553
<b>Total liabilities assumed at fair value</b>	<b>57,315</b>
<b>Assets acquired and liabilities assumed at fair value</b>	<b>(28,939)</b>

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. This reflects the expectation of future profitability, based on the operational synergies to the Company and its subsidiaries.

From the date of acquisition up to December 31, 2022, HSCOR contributed consolidated net revenues of R\$ 53,906 and a net loss of R\$ 5,346 to the Company and its subsidiaries. Had the acquisition occurred on January 1, 2022, the Company and its subsidiaries estimate that the net consolidated revenues contributed would have been R\$ 53,476 and the net loss would have been R\$ 1,713.

### 4.3 Acquisition of CCG Participações S.A.

In January 2022, a share purchase and sale agreement was signed between Hospital e Maternidade Maringá S.A. (Maringá), a subsidiary of the Company and its subsidiaries and CCG Participações S.A. (CCG group), for the acquisition by Maringá of all the equity of the CCG group. The CCG group's operation is located in Porto Alegre - RS.

#### (a) Consideration transferred

	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>
Total consideration transferred (1) (b)	943,689	-	943,689
Assets acquired and liabilities assumed at fair value (2)	92,427	150,671 (a)	243,098
<b>Goodwill (1) - (2)</b>	<b>851,262</b>	<b>(150,671)</b>	<b>700,591</b>

(a) Refers to the update of the fair value measurement assumptions.

(b) Consideration transferred comprised by cash payment and other accounts payable.

#### (b) Fair value measurement

Item "(c)" below shows the consideration transferred and the provisional fair values of the assets acquired and liabilities assumed on the acquisition date. Fair value measurement techniques were prepared by an independent consultant hired by the Company and its subsidiaries to support management's conclusion.

The measurement of the fair value of the assets acquired and liabilities assumed was carried out on a provisional basis and the definitive calculations will be complete within one year from the acquisition date.

The valuation techniques and methodology applied to each asset class is related to their nature and function in the business operation:

<u>Assets</u>	<u>Method</u>
Property and equipment	Replacement cost
Intangible assets - customer portfolio	Income approach (Multi-Period Excess Earnings)

Available facts and circumstances on the acquisition date were used for identifiable assets, liabilities and goodwill. The definitive calculations will be complete within one year from the acquisition date.

#### (c) Goodwill and measurement

The purchase consideration and fair values of the assets and liabilities on the acquisition date, as per the technical report prepared by the independent consultants hired by the Company, are summarized below.

	<b>Net assets acquired at fair value</b>
<b>Assets acquired at fair value</b>	
Cash and cash equivalents	3,491
Short-term investments	93,226
Trade receivables	15,688
Inventory	9,422
Taxes recoverable	85
Judicial deposits	9,728
Other assets	24,646
Property and equipment	271,975
Intangible assets	336,312
	<b>764,573</b>
<b>Liabilities assumed at fair value</b>	
Trade payables	24,726
Payroll payable	11,647
Taxes and contributions payable	9,674
Borrowings and financing	190,649
Provision for income tax and social contribution	103
Technical provisions for health care operations	107,412
Deferred taxes liabilities	201
Provision for tax, civil and labor risks	30,970
Leases	136,426
Other accounts payable	9,667
	<b>521,475</b>
	<b>243,098</b>

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. The value represents the expectation of future profitability, based on the expected benefits from the synergy of the operations of the Company and its subsidiaries.

From the date of acquisition up to the year ended December 31, 2022, CCG contributed for the Company and its subsidiaries with consolidated net revenues of R\$ 429,062 and a loss of R\$ 66,407. Had the acquisition occurred on January 1, 2022, the Company and its subsidiaries estimate that the net consolidated revenues would have been R\$ 466,163 and loss would have been R\$ 75,714.

#### **Acquisitions that took place in 2021 completed in 2022**

#### **4.4 Acquisition of the Promed Group**

On September 4, 2020, a share purchase and sale agreement and other covenants was signed between Ultra Som Serviços Médicos S.A. ("Ultra Som"), a subsidiary of the Company, and the Promed Group, referring to the acquisition by Ultra Som of 100% of the equity interest in Vida Saúde Gestão Ltda. (a *holding* of Grupo Promed) and its subsidiaries Promed Assistência Médica Ltda., Promed Brasil Assistência Médica Ltda., Saúde - Sistema Assistencial Unificado de Empresas Ltda., Hospital Progroup Ltda.; Centro Médico Progroup Ltda., Med Clínicas Serviços Médicos Ltda., HVC Participações e Administração S.A. and Hospital Vera Cruz S.A., entities

part of a structure comprising of three health operators, two hospitals and seven primary care clinics.

The operation was approved by the CADE (Brazilian regulatory agency) on February 12, 2021 and by the ANS (National Supplementary Health Agency) on May 18, 2021. On May 19, 2021, Ultra Som gained control of the Promed Group. The acquisition was treated as a business combination for the acquisition of the group of companies listed below, with total net assets valued at fair value as per item (d) of this Note.

The table below shows the consideration transferred and the final fair values of the assets and liabilities on the acquisition date, as per the technical report prepared by independent consultants hired by the Company and its subsidiaries to support Management's conclusion. The fair value measurement of the assets acquired and liabilities assumed, provisionally disclosed in the financial statements at December 31, 2021, was concluded within one year of the acquisition date:

	<u>Original</u>	<u>Adjustments</u>		<u>Final</u>
Total consideration transferred (1) (c)	1,140,777	(34,303)	(a)	1,106,474
Assets acquired and liabilities assumed at fair value (2)	(673,873)	24,065	(b)	(649,808)
<b>Goodwill (1) - (2)</b>	<b><u>1,814,650</u></b>	<b><u>(58,368)</u></b>		<b><u>1,780,347</u></b>

(a) Relates to transfers within the measurement period.

(b) Refers to the update of the fair value measurement assumptions.

(c) Consideration transferred comprised by cash payment, stock payment and other accounts payable.

#### ***Assets acquired and liabilities assumed***

The final fair values of the identifiable assets and liabilities on the acquisition date are as follows:

	<u>Consolidated fair value PROMED Group</u>
<b>Assets acquired at fair value</b>	
Cash and cash equivalents	2,823
Short-term investments	78,340
Trade receivables	17,547
Inventory	3,037
Taxes recoverable	5,512
Other assets	12,452
Deferred commission	23,829
Judicial deposits	4,513
Related parties	3,471
Property and equipment	111,678
Intangible assets	<u>194,002</u>
<b>Total assets acquired at fair value</b>	<b><u>457,204</u></b>

**Liabilities assumed at fair value**

Borrowings and financing	127,765
Trade payables	50,711
Technical provisions for health care operations	260,186
Health care payables	4,124
Payroll obligations	18,841
Taxes and contributions payable	149,761
Income Tax and Social Contribution	29,487
Deferred taxes	4,319
Other accounts payable	394,942
Leases	14,569
Related parties	42
Provision for tax, civil and labor risks	52,265
<b>Total liabilities assumed at fair value</b>	<b>1,107,012</b>

**Assets acquired and liabilities assumed at fair value** **(649,808)**

The valuation techniques and methodology applied to each asset class were selected to reflect their nature and function in the business operation:

<u>Assets</u>	<u>Method</u>
Intangible assets - Life portfolio	Income approach (Multi-Period Excess Earnings)
Intangible assets - Trademark	Income approach (Relief from Royalties)
Property and equipment	Replacement cost

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. This reflects the expectation of future profitability, based on the operational synergies to the Company and its subsidiaries.

In August 2022, in the process of acquisition of the PROMED Group, the Company and its subsidiaries made an adjustment of R\$ 297,420 related to the write-off of a contingent liability and recognized R\$ 120,000 as reimbursement payable to the sellers, as a result of price adjustments, made in an amendment between the parties. As the adjustment occurred after the term permitted by CPC 15 - Business Combinations, it was recognized in profit or loss, under "Other net operating (expenses), income".

#### **4.5 Acquisition of CETRO - Centro Especializado em Traumatologia Reabilitação e Ortopedia Ltda**

In June 2021, a share purchase and sale agreement and other covenants was signed between Ultra Som Serviços Médicos S.A. ("Ultra Som"), a subsidiary of the Company, and CETRO - Centro Especializado em Traumatologia Reabilitação e Ortopedia Ltda, for the acquisition by Ultra Som of all the equity of CETRO. The CETRO operation is located in Alagoinhas - BA.

The table below summarizes the consideration transferred and the final fair values of the assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company and its subsidiaries to support management's conclusion. The fair value measurement of the assets acquired and liabilities assumed, provisionally disclosed in the financial statements at December 31, 2021, was concluded within one year from the acquisition date:

	<u>Original</u>	<u>Adjustments</u>		<u>Final</u>
Total consideration transferred (1) (c)	24,206	(2,206) (a)		22,000
Assets acquired and liabilities assumed at fair value (2)	1,426	(3,108) (b)		(1,682)
<b>Goodwill (1) - (2)</b>	<b><u>22,780</u></b>	<b><u>902</u></b>		<b><u>23,682</u></b>

- (a) Relates to transfer within the measurement period.  
(b) Refers to the update of the fair value measurement assumptions.  
(c) Consideration transferred comprised by cash payment and other accounts payable.

#### ***Assets acquired and liabilities assumed***

The final fair values of the identifiable assets and liabilities on the acquisition date are as follows:

	<u>Net assets acquired at fair value</u>
<b>Assets acquired at fair value</b>	
Cash and cash equivalents	74
Short-term investments	6
Trade receivables	45
Inventory	82
Taxes recoverable	20
Other assets	24
Judicial deposits	44
Property and equipment	6,362
<b>Total assets acquired at fair value</b>	<b><u>6,657</u></b>
<b>Liabilities assumed at fair value</b>	
Borrowings and financing	2,022
Trade payables	2,075
Payroll obligations	95
Taxes and contributions payable	210
Other accounts payable	3,142
Related parties	795
<b>Total liabilities assumed at fair value</b>	<b><u>8,339</u></b>
<b>Assets acquired and liabilities assumed at fair value</b>	<b><u>(1,682)</u></b>

The valuation techniques and methodology applied to each asset class is related to their nature and function in the business operation:

<u>Assets</u>	<u>Method</u>
Property and equipment	Replacement cost

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. This reflects the expectation of future profitability, based on the operational synergies to the Company and its subsidiaries.

#### **4.6 Acquisition of Premium Saúde S.A.**

In November 2020, a share purchase and sale agreement and other covenants was signed between Hapvida Assistência Médica S.A. ("Hapvida"), a subsidiary of the Company, and Premium Saúde S.A. ("Premium"), for the acquisition by Hapvida of all the equity of Premium. The acquisition was completed on August 6, 2021.

The table below summarizes the consideration transferred and the final fair values of the assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company and its subsidiaries to support management's conclusion. The fair value measurement of the assets acquired and liabilities assumed, provisionally disclosed in the financial statements at December 31, 2021, was concluded within one year from the acquisition date:

	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>
Total consideration transferred (1) (b)	147,665	-	147,665
Assets acquired and liabilities assumed at fair value (2)	(117,933)	3,184 (a)	(114,749)
<b>Goodwill (1) - (2)</b>	<b><u>265,598</u></b>	<b><u>(3,184)</u></b>	<b><u>262,414</u></b>

(a) Refers to the update of the fair value measurement assumptions.

(b) Consideration transferred comprised by cash payment and other accounts payable.

### ***Assets acquired and liabilities assumed***

The final fair values of the identifiable assets and liabilities on the acquisition date are as follows:

	<u>Net assets acquired at fair value</u>
<b>Assets acquired at fair value</b>	
Cash and cash equivalents	3,780
Short-term investments	12,794
Trade receivables	8,544
Taxes recoverable	135
Other assets	181
Deferred commission	13,681
Judicial deposits	183
Property and equipment	1,049
Intangible assets	26,799
<b>Total assets acquired at fair value</b>	<b><u>67,146</u></b>
<b>Liabilities assumed at fair value</b>	
Borrowings and financing	2,425
Trade payables	623
Technical provisions for health care operations	158,439
Health care payables	2,848
Payroll obligations	1,868
Taxes and contributions payable	9,895
Income and social contribution taxes	2,705
Deferred taxes	1,974
Leases	264
Other accounts payable	62
Provision for tax, civil and labor risks	792
<b>Total liabilities assumed at fair value</b>	<b><u>181,895</u></b>
<b>Assets acquired and liabilities assumed at fair value</b>	<b><u>(114,749)</u></b>

The valuation techniques and methodology applied to each asset class is related to their nature and function in the business operation:

<u>Assets</u>	<u>Methods</u>
Intangible assets (Life portfolio)	Income approach (Multi-Period Excess Earnings)
Intangible asset (non-compete agreement)	Contractual cash flows
Intangible assets (Trademark)	Income approach (Relief from Royalties)

The valuation method applied is described below:

- **Discounted Cash Flow** - the present value of pre-determined future cash flows discounted at a discount rate that reflects the uncertainties of a certain asset.

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. This reflects the expectation of future profitability, based on the operational synergies to the Company and its subsidiaries.

#### 4.7 Acquisition of Sociedade Hospitalar de Uberlândia S.A. (Madrecor)

In October 2021, a share purchase and sale agreement and other covenants was signed between Ultra Som Serviços Médicos S.A ("Ultra Som"), a subsidiary of the Company, and Sociedade Hospitalar de Uberlândia S.A. ("Hospital Madrecor" or "Madrecor"), for the acquisition by Ultra Som of at least 94.77%, possibly reaching 100%, of the shares, of Madrecor and its subsidiary Madrecor Participações Ltda.

The table below summarizes the consideration transferred and the final fair values of the assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company and its subsidiaries to support management's conclusion. The fair value measurement of the assets acquired and liabilities assumed, provisionally disclosed in the financial statements at December 31, 2021, was concluded within one year from the acquisition date:

	<u>Original</u>	<u>Adjustments</u>		<u>Final</u>
Total consideration transferred (1) (b)	120,000	(89,062) (c)		30,938
Assets acquired and liabilities assumed at fair value (2)	<u>(37,105)</u>	<u>(2,048) (a)</u>		<u>(39,153)</u>
<b>Goodwill (1) - (2)</b>	<b><u>157,105</u></b>	<b><u>(87,014)</u></b>		<b><u>70,091</u></b>

(a) Refers to the update of the fair value measurement assumptions.

(b) Consideration transferred comprised by cash payment and other accounts payable.

(c) Adjustment resulting from the conclusions of the Due diligence process. Mainly related to adjustments in the IRPJ/CSSL tax base, as well as undue collection/payment of taxes.

***Assets acquired and liabilities assumed***

The final fair values of the identifiable assets and liabilities on the acquisition date are as follows:

	<b>Consolidated fair value Madrecor</b>
<b>Assets acquired at fair value</b>	
Cash and cash equivalents	257
Trade receivables	12,293
Inventory	834
Taxes recoverable	159
Other assets	1,821
Judicial deposits	3,788
Property and equipment	58,160
Intangible assets	1,227
	<b>78,539</b>
<b>Liabilities assumed at fair value</b>	
Borrowings and financing	7,244
Trade payables	42,208
Payroll obligations	9,148
Taxes and contributions payable	41,455
Other accounts payable	159
Provision for tax, civil and labor risks	11,694
Deferred taxes	5,784
	<b>117,692</b>
<b>Assets acquired and liabilities assumed at fair value</b>	<b>(39,153)</b>

The valuation techniques and methodology applied to each asset class is related to their nature and function in the business operation:

<b>Assets</b>	<b>Method</b>
Property and equipment	Replacement cost

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. This reflects the expectation of future profitability, based on the operational synergies to the Company and its subsidiaries.

#### **4.8 Acquisition of Flip Care Ltda.**

In October 2021, a share purchase and sale agreement and other covenants was signed between São Francisco Resgate Ltda., a Company's indirect subsidiary, and Flip Care Ltda. ("Flip Care"), for the acquisition of all the equity of Flip Care. Flip Care is located in Ribeirão Preto - SP and has technical and commercial know-how to sign and execute contracts with highway concessionaires to provide removal and ambulance services.

The table below summarizes the consideration transferred and the final fair values of the assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company and its subsidiaries to support management's conclusion. The fair value measurement of the assets acquired and liabilities assumed, provisionally disclosed in the financial statements at December 31, 2021, was concluded within one year from the acquisition date:

	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>
Total consideration transferred (1) (a)	10	-	10
Assets acquired and liabilities assumed at fair value (2)	<u>(235)</u>	<u>-</u>	<u>(235)</u>
<b>Goodwill (1) - (2)</b>	<b><u>245</u></b>	<b><u>-</u></b>	<b><u>245</u></b>

(a) Consideration transferred comprised by cash payment.

#### ***Assets acquired and liabilities assumed***

The final fair values of the identifiable assets and liabilities on the acquisition date are as follows:

	<b>Net assets acquired at fair value</b>
<b>Assets acquired at fair value</b>	
Other credits	28
Property and equipment	<u>294</u>
<b>Total assets acquired</b>	<b><u>322</u></b>
<b>Liabilities assumed at fair value</b>	
Borrowings and financing	<u>557</u>
<b>Total liabilities assumed</b>	<b><u>557</u></b>
<b>Assets acquired and liabilities assumed at fair value</b>	<b><u>(235)</u></b>

#### **4.9 Acquisition of Maternidade Octaviano Neves S.A.**

In November 2021, a share purchase and sale agreement and other covenants was signed between Ultra Som Serviços Médicos S.A ("Ultra Som"), a subsidiary of the Company, and Sociedade Maternidade Octaviano Neves S.A. ("Hospital Octaviano Neves), for the acquisition by Ultra Som of 97.56% of the equity of Hospital Octaviano Neves, which may reach 100%.

The table below summarizes the consideration transferred and the final fair values of the assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company and its subsidiaries to support management's conclusion. The fair value measurement of the assets acquired and liabilities assumed, provisionally disclosed in the financial statements at December 31, 2021, was concluded within one year from the acquisition date:

	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>
Total consideration transferred (1) (b)	128,806	664	129,470
Assets acquired and liabilities assumed at fair value (2)	<u>20,312</u>	<u>509 (a)</u>	<u>20,821</u>
<b>Goodwill (1) - (2)</b>	<b><u>108,494</u></b>	<b><u>155</u></b>	<b><u>108,649</u></b>

(a) Refers to the update of the fair value measurement assumptions.

(b) Consideration transferred comprised by cash payment.

**Assets acquired and liabilities assumed**

The final fair values of the identifiable assets and liabilities on the acquisition date are as follows:

	<b>Net assets acquired at fair value</b>
<b>Assets acquired at fair value</b>	
Cash and cash equivalents	660
Inventory	669
Trade receivables	1,930
Taxes recoverable	18
Judicial deposits	573
Other assets	1,205
Property and equipment	51,027
Intangible assets	36
<b>Total assets acquired at fair value</b>	<b>56,118</b>
<b>Liabilities assumed at fair value</b>	
Trade payables	1,477
Loans and borrowings	6,731
Payroll obligations	2,674
Taxes and contributions payable	8,881
Provision for tax, civil and labor risks	9,524
Deferred income tax and social contribution	5,177
Other accounts payable	833
<b>Total liabilities assumed at fair value</b>	<b>35,297</b>
<b>Assets acquired and liabilities assumed at fair value</b>	<b>20,821</b>

The valuation techniques and methodology applied to each asset class is related to their nature and function in the business operation:

<u>Assets</u>	<u>Method</u>
Property and equipment	Replacement cost

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. This reflects the expectation of future profitability, based on the operational synergies to the Company and its subsidiaries.

**4.10 Acquisition of Viventi Hospital Asa Sul Ltda.**

In December 2021, a share purchase and sale agreement and other covenants was signed between Ultra Som Serviços Médicos S.A ("Ultra Som"), a subsidiary of the Company, and Viventi Hospital Asa Sul Ltda. ("Viventi"), for the acquisition by Ultra Som of all the equity of Viventi.

The table below summarizes the consideration transferred and the final fair values of the assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company and its subsidiaries to support management's conclusion. The fair value measurement of the assets acquired and liabilities assumed, provisionally disclosed in the financial statements at December 31, 2021, was concluded within one year from the acquisition date:

	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>
Total consideration transferred (1) (b)	22,000	705	22,705
Assets acquired and liabilities assumed at fair value (2)	2,999	472 (a)	3,471
<b>Goodwill (1) - (2)</b>	<b>19,001</b>	<b>233</b>	<b>19,234</b>

- (a) Refers to the update of the fair value measurement assumptions.  
(b) Consideration transferred comprised by cash payment and other accounts payable.

***Assets acquired and liabilities assumed***

The final fair values of the identifiable assets and liabilities on the acquisition date are as follows:

	<b>Net assets acquired at fair value</b>
<b>Assets acquired at fair value</b>	
Short-term investments	191
Inventory	262
Taxes recoverable	74
Other assets	642
Property and equipment	7,071
Intangible assets	3
<b>Total assets acquired at fair value</b>	<b>8,243</b>
<b>Liabilities assumed at fair value</b>	
Trade payables	53
Payroll obligations	678
Taxes and contributions payable	36
Other accounts payable	4,003
Loans and borrowings	2
<b>Total liabilities assumed at fair value</b>	<b>4,772</b>
<b>Assets acquired and liabilities assumed at fair value</b>	<b>3,471</b>

The goodwill and excess purchase amount will be deductible for income and social contribution tax purposes. This reflects the expectation of future profitability, based on the operational synergies to the Company and its subsidiaries.

**Acquisitions in progress**

**4.11 Acquisition of Smile Group**

On February 11, 2022, the Company, through its wholly-owned subsidiary Hapvida Assistência Médica S.A. entered into an agreement for the purchase of 100% of the voting capital of Smile Saúde (Smile Group), formed by the following companies: Esmale Assistência Internacional de Saúde Ltda., Hospital João Paulo II Ltda. and Mais Saúde Clínica Ltda.

The Smile Group operates as a health plan operator with approximately 80,000 beneficiaries located mainly in Maceió/AL, João Pessoa/PB, Campina Grande/PB and Brasília/DF. The Smile Group has its own hospital in João Pessoa/PB with 39 beds, including 14 ICU beds, in addition to a medical clinic in the same city.

The acquisition price, including the hospital property, is R\$ 300 million, subject to the discount on net debt and retention to guarantee any contingencies.

The acquisition will leverage growth in all the areas in which the Smile Group operates, in addition to capturing assistance synergies in all regions, as the Company and its subsidiaries have their own structure serving all their operating regions.

The acquisition is subject to usual conditions precedent, including the approval of regulatory bodies.

#### **4.12 Acquisition of Sistema e Planos de Saúde Ltda. (Systemas)**

On October 5, 2022, the Company advised its shareholders and the market in general that it had entered into an agreement for the purchase and sale of quotas and other covenants for the acquisition of 100% of the voting capital of Sistemas e Planos de Saúde Ltda. (Systemas) by its wholly-owned subsidiary Notre Dame Intermédica Saúde S.A.

The acquisition price is R\$ 120,000, to be paid in cash, subject to any changes in debt and working capital balances, and an amount withheld to cover contingencies. Completion is subject to certain conditions precedent, including the approval of regulatory bodies.

### **5 Basis of preparation**

#### **Statement of compliance**

##### **(a) Parent company and consolidated financial statements**

The parent company and consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil, including the accounting pronouncements from the Brazilian Accounting Pronouncements Committee (CPC), approved by Comissão de Valores Mobiliários (CVM).

##### **(b) Statement of value added**

The presentation of the parent company and consolidated statements of value added (DVA) is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil applicable to listed companies. The DVA was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". The IFRS do not require the presentation of such statement. Therefore, under the IFRS, the presentation of such statement is considered supplementary information, and not part of the set of financial statements.

All significant information to the parent company and consolidated financial statements, and only such information, is being disclosed and corresponds to that used by Management in the performance of its duties.

The disclosure of the parent company and consolidated financial statements was authorized by the Board of Directors on February 28, 2023.

### **6 Functional and presentation currency**

These parent company and consolidated financial statements are being presented in Brazilian Real/Reais ("R\$"), the functional currency of the Company and its subsidiaries. All balances have been rounded to the nearest thousand value, except otherwise indicated.

### **7 Use of estimates and judgments**

In the preparation of these parent company and consolidated financial statements, Management used judgments, estimates and assumptions in implementing the accounting policies of the Company and its subsidiaries and for recording assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on a continuous basis. Reviews of estimates are recognized on a prospective basis.

**(a) Judgments**

The areas in which management's use of estimates is more significant in applying the accounting policies in the financial statements are addressed in the following notes:

- **Note 4** - Business combination. The fair value of assets acquired and liabilities assumed.
- **Note 13** - Provision for impairment of trade receivables; Recognition and measurement of the provision for impairment of trade receivables.
- **Note 20** - Intangible assets. Impairment test of goodwill. The recoverable amounts of Cash Generating Units (CGUs) were determined based on calculations of the value in use, according to estimates and budget projections approved by management.
- **Note 22** - Leases. The Company and its subsidiaries are not able to determine the implicit discount rate to be applied to its lease contracts. Therefore, the lessee's incremental borrowing rate is used to calculate the present value of the lease liabilities upon the initial recognition of the contract. The lessee's incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.
- **Note 23** - Technical provisions for health care operations. Evaluation of liabilities.
- **Note 26** - Provision for tax, civil and labor risks. The Company and/or its subsidiaries are parties to judicial and administrative proceedings involving labor, tax, civil and regulatory matters and they recognize provisions for those classified as risk of probable loss. The likelihood of loss is assessed based on the available evidences, hierarchy of laws, available case laws, most recent court decisions and their relevance within the legal system, as well as on the opinion of its legal advisors.
- **Note 29** - Share-based payment. Main assumptions in relation to the granting of shares.
- **Note 35** - Deferred income and social contribution taxes: realizable and estimated future taxable income against which deductible temporary differences and tax loss carryforwards may be offset.
- **Note 36** - Financial instruments and risk management. Determination of the fair value of derivative and non-derivative financial instruments.

**(b) Uncertainties on assumptions and estimates**

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable for the circumstances of the Company and its subsidiaries. Estimates and assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which they are made and in any future periods affected.

Information on uncertainties related to assumptions and estimates that could result in an amount

different from that estimated is included in the following Notes:

- **Note 4** - Acquisition of subsidiary. Fair value of the consideration transferred (including contingent consideration) and the fair value of assets acquired and liabilities assumed. **Note 13** - Provision for impairment of trade receivables. Recognition and measurement of the provision for impairment of trade receivables.
- **Note 15** - Deferred commission. Estimated customer churn rates to determine the deferral of commissions and, consequently, appropriation to profit or loss for the period/year.
- **Note 19** - Review of economic useful life of Property and equipment . Determination of estimated useful life of assets, and as a result, of the depreciation rate to be used in the calculation and book records in the profit (loss) for the period/year.
- **Note 20** - Determination of estimated useful life of intangible assets, and as a result, the amortization rate to be used in the calculation and book records in the profit (loss) for the period/year. Impairment test of goodwill. The recoverable amounts of Cash Generating Units (CGUs) were determined based on calculations of the value in use, according to estimates and budget projections approved by management.
- **Note 22** - Leases. Determination of the lease term and definition of the discount rate to be applied to lease agreements. The Company and its subsidiaries are not able to determine the implicit discount rate to be applied to its lease contracts. Therefore, the lessee's incremental borrowing rate is used to calculate the present value of the lease liabilities upon the initial recognition of the contract. The lessee's incremental borrowing rate is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.
- **Note 23** - Technical provisions for health care operations. Recognition and measurement of liabilities related to insurance service costs.
- **Note 26** - Provision for tax, civil and labor risks. The Company and/or its subsidiaries are parties to judicial and administrative proceedings involving labor, tax, civil and regulatory matters and they recognize provisions for those classified as risk of probable loss. The likelihood of loss is assessed based on the available evidences, hierarchy of laws, available case laws, most recent court decisions and their relevance within the legal system, as well as on the opinion of its legal advisors.
- **Note 29** - Share-based payments. Main assumptions in relation to the granting of shares.
- **Note 35** - Deferred income and social contribution taxes: estimated future taxable income against which deductible temporary differences and tax loss carryforwards may be offset.

**(c) Measurement at fair value**

A number of accounting policies and disclosures of the Company and its subsidiaries require the measurement of fair value, for financial and non-financial assets and liabilities.

The Company and its subsidiaries established a control structure for measuring fair value. This includes an appraisal team with general responsibility for reviewing all significant fair value

measurements, which discusses the strategies to accompany investment portfolios within the Finance and Capital Market Committee.

An appraisal team regularly reviews significant non-observable data and valuation adjustments. If third-party information, such as brokerage firms' quotes or pricing services, is used to measure fair value, the appraisal team analyzes the evidence obtained from the third parties to support the conclusion that such evaluations meet the requirements of CPC and IFRS standards, including the level in fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company and its subsidiaries use observable market data as far as possible. Fair values are classified at different levels according to hierarchy based on information (inputs) used in valuation techniques, as follows:

- **Level 1:** prices quoted (not adjusted) in active markets for identical assets and liabilities.
- **Level 2:** inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices).
- **Level 3:** Inputs, for assets or liabilities, which are not based on observable market data (non-observable inputs).

The Company and its subsidiaries recognize transfers between fair value hierarchic levels at the end of the period/year of the parent company and consolidated financial statements in which changes occurred.

Additional information on the assumptions adopted in the measurement of fair values is included in the following notes:

- **Note 4** - Business combination; and
- **Note 36** - Financial instruments.

## **8 Basis of measurement**

The parent company and consolidated financial statements were prepared based on the historical cost, except for the following measured at fair value in the statements of financial position:

- derivative financial instruments;
- financial investments; and
- contingent payments assumed in a business combination.

## **9 Significant accounting policies**

The Company and its subsidiaries applied the accounting policies described below consistently to all the years presented in these parent company and consolidated financial statements, unless otherwise indicated.

### **(a) Basis of consolidation**

#### **(i) Business combinations**

Business combinations are recorded using the acquisition method when control is transferred to the Group. The consideration transferred is measured at fair value, as well as the identifiable net assets acquired. Gains on a bargain purchase are immediately recognized in profit (loss).

Transaction costs are recorded in profit (loss) as incurred, except for costs related to the issue of debt or equity instruments.

Consideration transferred does not include amounts referring to payment of pre-existing relations. These amounts are recognized in income (loss) for the year.

Any contingent consideration payable is measured at its fair value on acquisition date. If the payment is classified as an equity instrument, it is not remeasured and the liquidation is recorded in equity. The remaining contingent consideration is remeasured at fair value on each reporting date, and subsequent changes in fair value are recorded in the income statement for the year.

**(ii) Subsidiaries**

The Company and its subsidiaries control an entity when they are exposed to or have a right to variable returns arising from their involvement with the entity and have the ability to affect those returns exerting their power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements as from the date the Company and its subsidiaries obtain the control until the date such control ceases.

In the parent company financial statements, investments in subsidiaries are recognized under the equity method.

**(iii) Non-controlling interest**

The Group chose to remeasure non-controlling interests initially based on their proportion of identifiable net assets of the acquiree on the acquisition date.

Changes in the Company's and its subsidiaries interest in a subsidiary that do not result in loss of control is recognized in income (loss).

**(iv) Loss of control**

When the Company and its subsidiaries lose control over a subsidiary, they derecognize assets and liabilities and any non-controlling interest and other components recorded in equity referring to that subsidiary. Any gain or loss resulting from loss of control is recognized in income (loss). If the Company and its subsidiaries hold any interest in a former subsidiary, this interest is measured at fair value on the date control is lost.

**(v) Transactions eliminated in the consolidation**

Intragroup balances and transactions, and any unrealized revenues and expenses derived from intragroup transactions, are eliminated. Unrealized gains originating from transactions with an investee recorded using the equity method are eliminated against the investment in the proportion of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, as long as there is no evidence of impairment loss.

**(b) Revenue from contracts with customers**

The Company and its subsidiaries are engaged in selling health and dental care plans and providing clinical, hospital, laboratory and diagnostic services.

These services are sold through separate contracts, individually by customer or bundled together as a service package. Health and dental care plans are treated in accordance with the requirements of CPC 11/IFRS 4 - Insurance Contracts. For items not covered by this pronouncement, the

Company and its subsidiaries adopt as a policy for the recognition of revenue the criteria set out in CPC 47/ IFRS 15 - Revenue from Contracts with Customers.

**(i) Revenues from consideration**

The health and dental care services are performed through their hospitals and accredited network. The Company and its subsidiaries assess the services provided over time as the client receives and benefits from the services. Revenues from considerations are appropriated to correspond to the daily apportionment - *pro rata day* - of the individual coverage period of each contract, starting from the first day of coverage.

**(ii) Revenues from other activities**

Revenues generated by medical and hospital assistance to third parties and which are recognized through the rendering of services and when economic benefits arising from the transaction are considered probable.

**(c) Finance income and finance expenses**

The finance income and expenses of the Company and its subsidiaries comprise of:

- interest income;
- Interest expense on borrowings, debentures, Certificate of Real Estate Receivables (CRI) and leases;
- Indexation credits on judicial deposits and indemnification assets;
- Indexation charges on SUS reimbursement, contingencies and contractual obligations;
- net gains/losses on exchange-rate change of financial assets and liabilities;
- net gains/losses on derivative financial instruments at fair value through profit or loss; and
- impairment losses (and reversals) on investments in debt securities accounted for at amortized cost.

Interest income and expenses are recognized in income (loss) using the effective interest method. The Company and its subsidiaries classify distributions of dividends and interest on equity when paid as cash flows from financing activities.

The effective interest rate is the rate that exactly discounts the estimated future cash flows for payments or receivables over the expected life of the financial instrument at:

- gross book value of financial assets or
- amortized cost of financial liabilities.

In the calculation of interest income or expenses, the effective interest rate is levied to the gross book value of the assets (when there are no indicators of impairment) or at amortized cost of liabilities. However, interest income is calculated by applying the effective interest rate to amortized cost of financial assets with recovery issues after the initial recognition. If the asset no longer presents recovery issues, the calculation of interest income is again based on the gross value.

**(d) Income tax and social contribution**

The income tax and social contribution for the year, both current and deferred, are calculated based on the rates of 15% plus a surcharge of 10% on taxable income in excess of R\$ 240 for income tax and 9% on taxable income for social contribution on net income and consider the offsetting of tax losses and negative basis of social contribution, limited to 30% of the taxable income in any single year.

Income tax and social contribution expense comprises both current and deferred income tax and social contribution. Current and deferred taxes are recognized in profit or loss unless they are related to a business combination, or items directly recognized in equity or other comprehensive income.

**(i) Expenses with current income tax and social contribution**

Current tax expense is the tax payable or receivable on the taxable income or loss for the year and any adjustments to taxes payable in relation to prior years. The amount of current taxes payable or receivable is recognized in the statement of financial position as a tax asset or liability at the best estimate of the expected amount of taxes to be paid or received reflecting the uncertainties related to its calculation, if any. It is measured based on tax rates enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

**(ii) Expenses with deferred income tax and social contribution**

Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book value of assets and liabilities for financial statements and those used for taxation purposes. The changes in deferred tax assets and liabilities for the year are recognized as deferred income tax and social contribution expense. Deferred taxes are not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination, and not affecting the taxable income (loss);
- temporary differences related to investments in subsidiaries, associates and joint ventures, to the extent in that the Company and its subsidiaries are able to control the timing of the reversal of the temporary difference and it is probable that they will not be reversed in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax carryforward losses, tax credits and unused deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the credits can be utilized. The reversal of taxable temporary differences depend on sufficient future taxable income. If the projected taxable income is insufficient to fully recognize a deferred tax asset, the future taxable income, adjusted for reversals of the existing temporary differences, will be considered, based on the business plans of the parent company and of its individual subsidiaries.

Deferred tax assets are reviewed at each reporting date and reduced when their realization is no longer probable. No reductions to deferred tax assets were made for the years ended December 31, 2022 and 2021. At December 31, 2022, a large portion of the deferred tax asset consists of income tax and social contribution carryforward losses.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates enacted at the reporting date and estimates of uncertainties related to income tax (if any).

Measurement of deferred tax assets and liabilities reflects the manner by which the Company and its subsidiaries expect to recover or settle their assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**(e) Property and equipment**

**(i) Recognition and measurement**

Property and equipment items are stated at historical acquisition or construction cost, including loan costs capitalized, net of accumulated depreciation and impairment losses.

When significant components of a Property and equipment item have different useful lives, they are accounted for as separate items (major components) of Property and equipment.

Any gains and losses on disposal of a Property and equipment item are recognized in profit (loss).

**(ii) Subsequent costs**

Subsequent costs are capitalized based on the probability that associated future economic benefits may be earned by the Company and its subsidiaries.

**(iii) Depreciation**

Depreciation is calculated to amortize the cost of Property and equipment items, net of their estimated residual values, using the straight-line method based on their estimated useful lives. Depreciation is recognized in profit (loss). Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(f) Intangible assets and goodwill**

**(i) Recognition and measurement**

*Goodwill*

Goodwill is measured at cost, less accumulated impairment losses.

*Other intangible assets*

Other intangible assets acquired by the Company and its subsidiaries with definite useful lives are carried at cost, less accumulated amortization and any accumulated impairment losses.

**(ii) Subsequent expenditures**

Subsequent expenditures are capitalized only when they increase the future economic benefits embedded in a specific asset to which they relate. All other expenditures, including expenditures with internally-generated goodwill and trademarks and patents, are recognized in income (loss) as incurred.

**(iii) Amortization**

Amortization is calculated using the straight-line method based on estimated useful live of such items, net of estimated residual values. Amortization is recognized in income (loss). Goodwill is not amortized.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, when appropriate.

**(g) Deferred commission**

Represented by commissions paid for the sale of collective and individual plans recognized in profit or loss over the average period of permanence of the beneficiaries in the customer portfolio. The client churn rates are calculated based on the observation of the weighted average time between the date of contracting the plans and the date on which the cancellation of such contracts takes effect. Only sales expenses related to active contracts are deferred; that is, when a contract is canceled during the deferral period, the remaining residual balance is fully recognized as an expense for the period in which the cancellation is made.

**(h) Financial instruments**

**(i) Initial recognition and measurement**

Trade receivables and debt securities issued are initially recognized on the date that they were originated. All other financial assets and liabilities are initially recognized when the Company and its subsidiaries become parties to the instrument's contractual provisions.

A financial asset (other than a trade receivables without a material financing component) or a financial liability is initially measured at fair value, plus, for an item not measured at FVTPL, transaction costs which are directly attributable to its acquisition or issue. Trade receivables without a significant financing component are initially measured at the price of operation.

**(ii) Subsequent classification and measurement**

*Financial assets*

Upon initial recognition, a financial asset is classified as measured: at amortized cost; at fair value through other comprehensive income (FVOCI) - debt instrument; at FVOCI - equity instrument; or at FVTPL.

Financial assets are not reclassified after initial recognition, unless the Company and its subsidiaries change the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in the business model.

A financial asset is measured at amortized cost if it meets both conditions below and is not designated as measured at FVTPL:

- it is held within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and
- its contractual terms generate, on specific dates, cash flows only related to the payment of principal and interest on outstanding principal value.

A debt instrument is measured at FVOCI if it meets both conditions below and is not designated as measured at FVTPL:

- it is maintained within a business model whose purpose is achieved by both the receipt of contractual cash flows and the sale of financial assets; and
- its contractual terms generate, on specific dates, cash flows which are only payments of principal and interest on outstanding principal value.

Upon initial recognition of an investment as an equity instrument not held for trading, the Company and its subsidiaries may irrevocably choose to present subsequent changes in the fair

value of the investment in Other comprehensive income (OCI). This choice is made on an investment basis.

All financial assets not classified as measured at amortized cost or at FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. At initial recognition, the Company and its subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI, as FVTPL if it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### *Financial assets - Evaluation of business model*

The Company and its subsidiaries carry out an evaluation of the purpose for which a financial asset is held in the portfolio, since this better reflects the way in which the business is managed and the information is provided to management. The information considered includes:

- the policies and goals established for the portfolio and practical operation of these policies. They include the question of whether management's strategy focuses on obtaining contractual interest income, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected cash outflows, or the realization of cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Company's and its subsidiaries' management;
- risks that affect the performance of the business model (and the financial assets held in that business model) and the way those risks are managed;
- how business managers are remunerated - for example, if the remuneration is based on the fair value of managed assets or in contractual cash flows obtained; and
- the sales rate, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and future sales expectations.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, which is consistent with the ongoing recognition of the assets of the Company and its subsidiaries.

Financial assets held for trading or managed for performance are evaluated based on fair value measured at fair value through profit or loss.

#### *Financial assets - Subsequent measurement and gains and losses*

**Financial assets (FVTPL)** These assets are subsequently measured at fair value. Net income (loss), plus interest or dividend revenue, is recognized in income (loss).

**Financial assets at amortized cost** These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is reduced due to impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income (loss). Any gain or loss on derecognition is recognized in income (loss).

**Debt instruments at FVOCI** These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign

exchange gains and losses and impairment are recognized in income (loss). Other net income is recognized in other comprehensive income. In derecognition, the retained earnings in other comprehensive income is reclassified to income (loss).

**Equity instruments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as a gain in income (loss), unless the dividend clearly represents a recovery of part of the investment cost. Other net income is recognized in other comprehensive income and are never reclassified to income (loss).

*Financial liabilities - classification, subsequent measurement and gains and losses*

Financial liabilities were classified as measured at amortized cost or at FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, if it is a derivative or assigned as such in initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income (loss), plus interest, is recognized in income (loss). Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, foreign exchange gains and losses are recognized in income (loss). Any gain or loss on derecognition is also recognized in income (loss).

**(iii) Derecognition**

*Financial assets*

The Company and its subsidiaries derecognize a financial asset when the contractual rights to the cash flow of the asset expire, or when the Company and its subsidiaries transfer the contractual rights to the receipt of contractual cash flows over a financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the Company and its subsidiaries nor transfer or maintain all ownership risks and rewards of the financial assets and also do not hold the control over the financial asset.

The Company and its subsidiaries carry out transactions in which they transfer assets recognized in the statement of financial position, but retain all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

*Financial liabilities*

The Company and its subsidiaries derecognize a financial liability when their contractual obligations are discharged or canceled or have expired. The Company and its subsidiaries also derecognize a financial liability when terms are modified, and the cash flows of the modified liability are substantially different if a new financial liability based on the terms changed is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including assets transferred that do not pass through the cash or assumed liabilities) is recognized in income (loss).

**(iv) Offsetting**

Financial assets or liabilities are offset and the net value reported in the statement of financial position only when the Company and its subsidiaries currently have a legally enforceable right to set off and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**(v) *Derivative financial instruments - hedge accounting***

A hedge relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- (i) There is an economic relationship between the hedged item and the hedging instrument;
- (ii) The effect of credit risk does not affect changes in value that result from this economic relationship; and
- (iii) The hedge ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Company actually hedges and the amount of the hedging instrument that the Company and its subsidiaries effectively use to hedge that amount of the hedged item.

Documentation includes identification of the hedging instrument, the hedging item or transaction being hedged, the nature of the risk being hedged, the nature of the risks excluded from the hedging relationship, the prospective demonstration of the effectiveness of the hedging relationship and the manner in which the Company and its subsidiaries will assess the effectiveness of the hedging instrument, in order to offset the exposure to changes in the fair value of the hedged item or cash flows related to the hedged risk.

At the inception of a hedging transaction, the Company and its subsidiaries formally designate and document the hedge to which they wish to apply hedge accounting and the risk management objective and strategy for undertaking out the hedge.

The Company and its subsidiaries use derivative financial instruments, such as interest rate and share swaps, to hedge against the risk of changes in interest rates and fluctuations in the price of the Company's shares.

The derivative financial instruments designated as hedge transactions are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Derivative financial instruments are presented as financial assets when the fair value of the instrument is positive, and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivative financial instruments during the year are charged directly to the statement of profit or loss, with the exception of the effective portion of cash flow hedges, which is recognized directly in equity in other comprehensive income and subsequently reclassified to profit or loss when the hedge item affects profit or loss.

For hedge accounting purposes, these can be classified as: cash flow hedges or fair value hedges. The Company's contracts are classified as cash flow hedges, as they provide protection against changes in cash flows that are attributable to a particular risk associated with a recognized liability that may affect profit or loss.

*Cash flow hedges*

Cash flow hedges that meet the accounting criteria are recorded as follows: (i) the effective portion of the gain or loss on the hedging instrument is recognized directly in equity (other comprehensive income); and (ii) the ineffective portion of the gain or loss arising from the hedging instrument is recognized in "Net finance income (expenses)".

When the Company's documented risk management strategy for a particular hedge relationship excludes from the hedge effectiveness assessment a specific gain or loss component, or the

respective cash flows of the hedging instrument, this component of the excluded gain or loss is recognized in the "Net finance income (expenses)".

The amounts recognized under other comprehensive income are immediately transferred to the statement of profit or loss when the hedged item affects profit or loss. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from equity and included in the initial cost or other book value of the hedged asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its classification as a hedge is revoked, or when the hedge no longer meets the hedge accounting criteria, gains or losses previously recognized in comprehensive income remain separately in equity until the forecast transaction takes place or the firm commitment is fulfilled.

**(i) Share capital**

**(i) Common shares**

Additional costs directly attributable to the issue of shares and share options are recognized to reduce equity.

**(ii) Repurchase and re-issuance of shares (treasury shares)**

When shares recognized as equity are repurchased, the value of the consideration paid which includes any directly attributable costs is recognized as a deduction of equity. The repurchased shares are classified as treasury shares and presented as a deduction from equity. When treasury shares are sold or reissued subsequently, the value received is recognized as an increase in equity, and gains or losses resulting from transactions are presented as a capital reserve.

**(j) Impairment**

**(i) Non-derivative financial assets**

*Measurement of expected credit losses*

Expected credit losses are weighted by the probability of credit losses. Credit losses are measured at present value for cash insufficiencies (that is, the difference between the cash flows owed to the Group in accordance with the contract and the cash flows that the Group expects to receive). The expected credit losses are discounted by the effective interest rate of the financial asset.

For trade receivables and contract assets, the Company and its subsidiaries adopt a simplified approach in calculating expected credit losses. The Company and its subsidiaries have established a reserve matrix based on their historical experience with credit losses, adjusted for specific prospective factors for debtors and for the economic environment, considering independent variables such as type of coverage, contract term, number of days the note is overdue and the outstanding amount.

The Company and its subsidiaries adopt a hybrid model of expected and incurred losses, with a simplified approach, recording expected losses over the entire cycle of trade receivables, segregating the analyses into operations for corporate customers, large contracts, small and medium-sized corporate customers (collective plans) and individual plans (individuals), taking

into account the risk factor inherent in each of these relationships. The model starts from the credit assessment carried out for each customer profile. From the calculated result, the Company and its subsidiaries analyze and compare with the historical losses, in order to determine if the calculated amount is reasonable.

**(ii) Non-financial assets**

At each reporting date, the Company and its subsidiaries review the book value of non-financial assets (except for inventories, contract assets and deferred taxes) to determine if there is any indication of impairment. If indicators are in evidence, the recoverable amount of the asset is determined. For goodwill, the recoverable value is tested on an annual basis.

For impairment testing purpose, assets are grouped into Cash Generating Units (CGUs), that is, the smallest identifiable group of assets that can generate cash inflows by continuous use, which being independent from cash inflows from other assets or cash generating units. Goodwill in a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of its value-in-use and its fair value less costs to sell. Value-in-use is based on estimated future cash flows discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized when the book value of an asset or CGU exceeds its recoverable amount. No adjustment was made to reduce the amount of assets in the years ended December 31, 2022 and 2021.

Impairment losses are recognized in income (loss). Recognized losses from CGUs are initially allocated to reduce the any goodwill allocated to that CGU (or group of CGUs), and then to reduce the book value of the other assets of that CGU (or group of CGUs) on a pro rata basis.

An impairment loss related to goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's book value does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(k) Provisions**

Provisions are determined by discounting the estimated future cash flows at a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the obligation. Effects from derecognition of discount for the passage of time are recognized in income (loss) as finance expense.

*Provision for tax, civil and labor risks*

They are recognized based on management's estimates, under the advice of legal counsel considering the nature of the lawsuits, similarity with previous cases with the same complexity and legal precedents, whenever the loss is considered probable, which would give rise to a probable outflow of funds for settlement of the obligations and when the amounts involved can be reliably measured. The contingent liabilities for possible risk losses are not recorded, however, disclosure is provided in the notes, when significant. The liabilities classified as remote are neither provided for nor disclosed.

*Technical reserves for health care operations*

The Reserve for Incurred but Not Reported Claims (IBNR) is actuarially calculated based on the estimate of claims occurred but not yet reported, based on monthly run-off triangles, which

consider the historical development of claims reported in the last 12 months, future payments of claims related to events prior to the calculation base date, aiming to establish a future projection by occurrence period.

The outstanding claims reserve is recorded based on claim notices received up to the reporting date, including judicial claims plus interest accruals.

The provision for Unified Health System (SUS) events is calculated based on the notifications sent by SUS, representing the refund of expenses in providing care to beneficiaries that have already been effectively charged, and an estimate of future collection notifications that are under analysis, calculated to conform to a court decision for the Company to adopt its own methodology.

The Unearned Premium Reserve (UPR) is calculated on a pro rata basis based on health and dental premiums, representing the amount charged by the operator in proportion to the days not yet elapsed within the month in which the risk coverage term becomes effective for the benefit of the client.

**(I) Leases**

At contract inception, the Company and its subsidiaries assess whether a contract is or contains a lease. The Company and its subsidiaries assess whether the contracts entered into are or contain elements of leases and recognize the rights to use the leased assets and liabilities for the future flow of the contracts entered into for the right to control and obtain benefits over the use of an identified asset for a period of time in exchange for consideration.

The Company and its subsidiaries recognize a right-of-use asset and a lease liability on the lease start date. The right-of-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability, adjusted for any lease payments through to the start date, plus any initial direct costs incurred by the lessee, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date through to the end of the lease term, unless the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as that of Property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments unpaid on the start date, discounted at the incremental interest rate calculated by the Company. The incremental rate on the lessee's loan is the interest rate that the lessee would have to pay when borrowing, for a similar term and with a similar guarantee, the resources necessary to obtain an asset with a value similar to the right-of-use asset in a similar economic environment.

The Company and its subsidiaries lease several assets, including real estate, hospital equipment and IT equipment.

The lease liability is measured at amortized cost, using the effective interest method. It is remeasured when there is a change in future lease payments resulting from a change in remuneration index or rate, if there is a change in the amounts that are expected to be paid in accordance with the residual value guarantee, if the Company and its subsidiaries change their

intention as to the exercise of a purchase, extension or termination option or if there is a revised in-substance fixed payment.

When the lease liability is remeasured in this way, an adjustment is made corresponding to the book value of the right-of-use asset or is recorded in the statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

*Leases of low-value assets*

The Company and its subsidiaries opted not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company and its subsidiaries recognize lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(m) Measurement of fair value**

Fair value is the price that would be received upon the sale of an asset or paid for the transfer of a liability in a non-forced transaction between willing market participants at the measurement date, on the primary market or, in the absence thereof, on the most advantageous market to which the Company and its subsidiary have access on such date. Fair value of a liability reflects its risk of not being performed.

The accounting policies and disclosures of the Company and its subsidiaries require the measurement of fair value, for financial and non-financial assets and liabilities.

When available, the Company and its subsidiaries measure the fair value of a security using the price quoted on an active market for such securities. A market is considered as active if the transactions for the asset or liability has sufficient trading frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Company and its subsidiaries use valuation techniques that maximize the use of relevant observable data and minimize the use of unobservable data. The chosen valuation technique incorporates all the factors market participants would consider when pricing a transaction.

If an asset or a liability measured at fair value has a purchase price and a sale price, the Company and its subsidiaries measure assets based on purchase prices and liabilities based on selling prices.

The best evidence of the fair value of a financial instrument upon initial recognition is usually the transaction price - i.e., the fair value of the consideration given or received. If the Company and its subsidiaries determine that the fair value upon initial recognition differs from the transaction price and the fair value is not evidenced by either a price quoted on an active market for an identical asset or liability, or based on a valuation technique for which any non-observable data are judged to be insignificant in relation to measurement, then the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value upon initial recognition and the transaction price. Subsequently, this difference is recognized in income (loss) at an appropriate basis over the life of the instrument, or when the assessment is fully supported by observable market data or the transaction is terminated, whichever comes first.

**(n) Liability Adequacy Test (LAT)**

The Company and its subsidiaries apply a Liability Adequacy Test (LAT) for all contracts at each balance sheet date and that are effective on the date of the test. This test is prepared

annually and reviewed on a quarterly basis considering current estimates of future cash flows, using the reference base date of active customers, with no new entrants. The methodology projects inflows and outflows of financial resources, considering the technical and financial readjustments, changes in value due to changes in age, changes in assistance costs, administrative and commercial expenses, returns on investments and the time value of money using the discount rate for Term Structures of Risk-Free Interest Rates.

The liability adequacy test groupings may be for individual, corporate and collective membership plans.

The liability adequacy tests did not shown an insufficiency.

Had any insufficiency been identified, the Company and its subsidiaries record the loss immediately as an expense for the year, first reducing the acquisition costs to zero and then supplementing existing provisions.

## **10 Amendments to new standards that are not yet effective**

### **(i) IFRS 17/CPC 50 - Insurance Contracts**

IFRS 17 (CPC 50), which supersedes IFRS 4 (CPC 11) - Insurance Contracts, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. This information provides a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17/CPC 50, approved by CVM, through CVM Resolution 42/2021, is effective for annual periods beginning on January 1, 2023.

The Company and its subsidiaries are evaluating the applicability of such Standard, considering its business strategy supported by the "verticalization" of its operations, which essentially makes it a provider of health care services.

The Company and its subsidiaries sell a) health plans with coverage of medical assistance costs, most of the care provided in the clinical, outpatient and hospital networks; and (b) dental plans with services provided through an accredited network. In these operations, the health operators of the Company and its subsidiaries manage "health risks", that is, the risks are covered by the provision of health care services and not for indemnification of assets or monetary values, in which there is a combination of this provision and a pricing method for the consideration to be received based on a fixed monthly fee and which considers the assumption that it is a long-term contract and capable of making customers captive; among other relevant aspects.

#### **A. Estimated impact of adopting IFRS 17**

IFRS 17/CPC 50 seeks to standardize the wide variety of accounting practices applied until then in the insurance market, which impaired the comparability of the accounting information of insurers in different jurisdictions.

The standard, effective from January 1, 2023, has as transition date January 1, 2022 and the transition impacts should directly affect the Retained Earnings account in Shareholders' Equity.

The adoption of IFRS 17/CPC 50 will not result in regulatory impacts, since these limits are calculated in accordance with generally accepted accounting principles and standards in Brazil applicable to health operators authorized to operate by the ANS, which has not approved IFRS 17/CPC 50.

IFRS 17/CPC 50 requires all insurers to reflect the effects of the changes in their financial statements in a transparent manner, providing information on the current and future profitability of their insurance contracts. The Standard also established insurance contract grouping levels (harvest level, portfolio and groups) and the application of accounting models defined according to the characteristics of insurance contracts. These models are divided into:

- **BBA - *Building Block Approach (General Measurement Model)***: standard template for all insurance contracts;
- **PAA - *Premium Allocation Approach***: optional simplified model, indicated for short-term contracts (coverage of up to one year) or when the remaining coverage is not materially different from the value calculated in the BBA model;
- **VFA - *Variable Fee Approach***: model applicable to insurance contracts with direct participation features, consisting substantially of investment-related service agreements under which an entity promises an investment return based on the underlying items.

Upon initial recognition of the BBA model, estimates of future cash flows, present value adjustments for the time value of money and adjustments for non-financial risks must be considered to assess whether the contract is in surplus or in deficit. From this arises the concept of Contractual Service Margin, which should be accounted for as liabilities, being converted to revenue over the term of the contract. For onerous contracts (contractual service margin is a deficit), these amounts must be immediately recorded in profit or loss.

In the PAA model, based on the remaining coverage liability, similar to the unearned premium methodology, the liability amounts are recognized in profit or loss according to the term of the contracts.

**(ii) *Other standards***

The accounting policies adopted in the preparation of the parent company and consolidated financial statements for the year ended December 31, 2022 are consistent with those used in comparison with December 31, 2021, except for the changes required by the new pronouncements, interpretations and amendments, approved by the International Accounting Standards Board (IASB), which came into effect as of January 1, 2022, as follows:

- IAS 16 (CPC 27) – Property, Plant and Equipment;
- IFRS 3 (CPC 15 (R1)) – Business Combinations – Reference to the Conceptual Framework;
- IAS 37 (CPC 25) – Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts;
- IFRS 9 (CPC 48) – Financial Instruments.

The adoption of these amendments did not have impact on the parent company and consolidated financial statements in the initial period of adoption (January 1, 2022).

New IFRS pronouncements, issues, amendments and interpretations by the IASB, applicable to the CPC:

New and amended standards and interpretations issued but not yet effective are described below. The Company will adopt the new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IAS 1 (CPC 26) "Presentation of Financial Statements";
- Amendments to IAS 1 (CPC 26) and IFRS Practice Statement 2 - "Disclosure of Accounting Policies";
- Amendments to IAS 8 (CPC 23) - "Accounting Policies, Changes in Accounting Estimates and Errors";
- Amendments to IAS 12 (CPC 32) - "Income Taxes".

## 11 Operating segments

The Company and its subsidiaries operate in the supplementary health sector and their strategy is to provide services through a verticalized framework based on their own service network, and provide medical and dental assistance, as a single segment. Performance is regularly reviewed by the Board of Directors through operating and financial results which form the basis for decision-making.

The structure of the Company and its subsidiaries comprises a large number of hospitals, clinics and other units, serving the health and dental plan customers in a vertically integrated model designed to optimize the consolidated (healthcare plans /dental care plans + medical care units) value creation for shareholders.

The Board of Directors has determined that the Statutory Board is the Chief Executive Officer (CEO). He receives, reviews and analyzes information about the operational and financial results of the business and makes strategic decisions as to use of technologies and marketing strategies for different products and services. The revenues of the Company and its subsidiaries are entirely derived from customers in Brazil and there is no concentration of revenue by customer. All current assets of the Company and its subsidiaries are located in Brazil.

## 12 Short-term and long-term investments

The short-term and long-term investments of the Company and its subsidiaries are as follows:

	Annual remuneration	Maturities	Parent Company		Consolidated		
			12/31/2022	12/31/2021	12/31/2022	12/31/2021 (Reclassified)	
<b>Government and private bonds</b>							
Bank Deposit Certificates (CDB)	99.5% to 101% of CDI	Oct/23 to Apr/26	230	-	164,764	127,135	
Bank Deposit Certificates (CDB) - Collateral assets (a)	-	-	-	-	-	2,824	
National Treasury Bills (LTN) - Collateral assets (a)	4.77% fixed	Jul/23	-	-	2,963	-	
National Treasury Notes B (NTN-B)	IPCA + 6% p.a.	Aug/24	-	-	40,750	39,670	
NTN-B - Collateral assets (a)	IPCA + 8.22%	May/23 to Aug/24	-	-	169,026	-	
Financial Treasury Bills (LFT)	100.0% CDI	Sept/25 to Mar/27	-	-	326,923	295,213	
LFT - Collateral assets (a)	102.57% SELIC	Sept/24 to Sept/25	-	-	97,788	-	
<b>Subtotal - Government and private bonds</b>			<b>230</b>	<b>-</b>	<b>802,214</b>	<b>464,842</b>	
<b>Investment funds</b>							
Fixed income - Collateral assets (a)	102.1% to 109.6% of CDI	Without maturity	-	-	2,746,945	1,634,080	
Fixed income - Exclusive (b)	106.53% to 108.5% CDI	Without maturity	531	2,635,500	855,109	4,889,359	
Fixed income - Non-exclusive	101.9% to 109.7% of CDI	Without maturity	142	37,892	192,473	522,550	
<b>Subtotal - Investment funds</b>			<b>673</b>	<b>2,673,392</b>	<b>3,794,527</b>	<b>7,045,989</b>	
<b>Other</b>							
Other short and long term investments	-	Without maturity	-	-	-	1	
<b>Subtotal - Other</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	
<b>Total</b>			<b>903</b>	<b>2,673,392</b>	<b>4,596,741</b>	<b>7,510,832</b>	
Short-term investments			230	-	3,331,741	1,720,024	
Long-term investments			673	2,673,392	1,265,000	5,790,808	

(a) Collateral assets are to cover technical provisions of health care operators.

(b) Exclusive funds are administered and managed by Banco do Brasil, Banco Santander, Banco Itaú and Banco Bradesco. These funds invest their resources in quotas of other funds administered by the banks. The investment policies of exclusive funds determine that financial assets be of low credit risk (ANBIMA classification).

The changes in short-term and long-term investments of the Company and its subsidiaries are shown below:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Balances at the beginning of the year (Reclassified) - (Note 2.5)</b>	<b>2,673,392</b>	<b>406,992</b>	<b>7,510,832</b>	<b>3,845,984</b>
Acquisition of companies (i)	-	-	2,206,959	91,675
Investments	733,023	3,104,893	14,343,113	13,223,563
Earnings	81,381	47,504	734,825	253,985
(-) Redemptions	(3,486,893)	(885,997)	(20,199,198)	(9,904,375)
(-) Provision for loss in earnings	-	-	(6,334)	-
(-) Expenses losses	-	-	(42)	-
(-) Mark-to-market adjustment	-	-	6,586	-
<b>Balance at the end of year</b>	<b>903</b>	<b>2,673,392</b>	<b>4,596,741</b>	<b>7,510,832</b>

(i) Acquisition of companies (Note 4).

Restricted financial investments include R\$ 629,290 for escrow investments arising from the following acquisitions:

Acquisition	12/31/2022
São Francisco Group	301,883
Medical Group	28,359
São José Group	26,966
NDI MG Group	116,468
Unimed ABC	6,653
Clinipam	148,961
<b>Total</b>	<b>629,290</b>

### 13 Trade receivables

Primarily receivables from members of the health and dental care plans of the Company and its subsidiaries, as follows:

	Consolidated	
	12/31/2022	12/31/2021
<b>Medical and hospital plans</b>		
Health and dental care plans	1,435,980	595,099
Agreements and individuals plans	683,535	92,472
Other	-	19,168
<b>Subtotal</b>	<b>2,119,515</b>	<b>706,739</b>
(-) Allowance for losses on trade receivables	(638,714)	(232,435)
<b>Total</b>	<b>1,480,801</b>	<b>474,304</b>

The aging of receivables is presented as follows:

	Consolidated	
	12/31/2022	12/31/2021
<b>Not yet due, not impaired (A)</b>	<b>464,896</b>	<b>94,634</b>
<b>Overdue (B)</b>	<b>1,654,619</b>	<b>612,105</b>
Up to 30	505,269	197,704
31-60	140,081	91,551
61-90	121,445	75,653
>90	887,824	247,197
<b>Total (A) + (B)</b>	<b>2,119,515</b>	<b>706,739</b>

Changes in the allowance for losses on trade receivables were as follows:

	<b>Consolidated</b>	
	12/31/2022	12/31/2021
<b>Balance at the beginning of the year</b>	<b>232,435</b>	<b>227,937</b>
Acquisition of companies (b)	322,746	-
Provisions	424,837	211,302
Net write-offs (a)	(341,304)	(206,804)
<b>Balance at the end of year</b>	<b>638,714</b>	<b>232,435</b>

- (a) Cancellations of customer contracts in default net of reversals of provisions due to receipts of outstanding invoices.  
(b) Acquisition of companies (Note 4).

## 14 Recoverable taxes

The recoverable taxes of the Company and its subsidiaries are composed as follows:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Income tax (i)	37,187	10,184	157,629	20,550
Social contribution on net income (i)	-	-	48,948	18,366
Withholding income tax	135,716	54,984	399,170	100,690
Social security credit	-	-	33,425	19,054
Social integration program (PIS) and social contribution on revenues (COFINS) credits	-	-	30,612	12,571
Services tax credit	-	-	23,629	10,457
Other tax and social security credits	707	707	14,177	16,785
Other recoverable federal credits	-	5,928	524	39,400
<b>Total</b>	<b>173,610</b>	<b>71,803</b>	<b>708,114</b>	<b>237,873</b>

- (i) Refers mainly to the monthly advance payment of Income Tax and Social Contribution. At the end of the year the recoverable taxes will be offset against taxes payable.

## 15 Deferred commission (Consolidated)

Represented by commissions paid for the sale of collective and individual plans recognized in profit or loss over the average term beneficiaries are part of the customer portfolio.

The changes in deferred commission of the Company and its subsidiaries are shown below:

	<b>Consolidated</b>	
	12/31/2022	12/31/2021
<b>Balance at the beginning of the year</b>	<b>393,521</b>	<b>307,158</b>
Acquisition of companies (i)	488,070	37,510
Recognitions	746,251	260,002
(-) Amortization	(645,690)	(211,149)
<b>Balance at the end of year</b>	<b>982,152</b>	<b>393,521</b>
Current	471,940	221,496
Non-current	510,212	172,025

- (j) Acquisition of companies (Note 4).

The weighted average term (in months) of the customer portfolio contracts, based on the active contracts that generated commissions, is as follows:

	12/31/2022	12/31/2021
Individual contracts	33	34
Collective contracts	63	55

## 16 Related-party balances and transactions

The main assets and liabilities balances as of December 31, 2022 and 2021, and the underlying related parties transactions, are presented below:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Assets</b>				
Interest on equity receivable of investees	47,821	47,001	-	-
<b>Subtotal</b>	<b>47,821</b>	<b>47,001</b>	-	-
<b>Other related party receivable</b>				
Receivables with shareholders	-	-	1,411	1,418
PPAR COM Investimentos Ltda. - Amounts receivable (b)	-	-	1,988	1,988
Other credits	345	345	99	119
<b>Subtotal</b>	<b>345</b>	<b>345</b>	<b>3,498</b>	<b>3,525</b>
<b>Total assets</b>	<b>48,166</b>	<b>47,346</b>	<b>3,498</b>	<b>3,525</b>
<b>Liabilities</b>				
Dividends payable	2,552	1,979	13,604	13,341
Interest on equity	-	18,518	-	18,518
<b>Subtotal</b>	<b>2,552</b>	<b>20,497</b>	<b>13,604</b>	<b>31,859</b>
<b>Other related party payable</b>				
Debts with shareholders (a)	2,517	2,517	2,552	2,552
Debts with investees (a)	1,848	373	-	-
Canadá Administradora de Bens Imóveis Ltda.	1,343	1,343	1,343	10,554
Ultra Som Serviços Médicos S.A. (g)	98,670	-	-	-
Other debts	102	102	103	102
<b>Subtotal</b>	<b>104,480</b>	<b>4,335</b>	<b>3,998</b>	<b>13,208</b>
Lease payable with related parties (c)	169	159	1,070,919	668,746
<b>Subtotal</b>	<b>169</b>	<b>159</b>	<b>1,070,919</b>	<b>668,746</b>
<b>Total liabilities</b>	<b>107,201</b>	<b>24,991</b>	<b>1,088,521</b>	<b>713,813</b>
	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
<b>Transactions carried out with related parties</b>				
Revenue from medical care services (d)	-	-	948	1,281
Media broadcasting expenses (e)	-	-	(862)	(1,341)
Expenses with the use of shared assets (h)	-	-	(4,058)	(9,211)
Interest on leases with Canadá Administradora de Bens Imóveis Ltda. (f)	(14)	(13)	(74,315)	(16,922)
Interest on leases with Fundação Ana Lima (f)	-	-	(145)	(150)
Interest on leases with Quixadá Participações Ltda. (f)	-	-	(41,252)	(39,516)
<b>Total</b>	<b>(14)</b>	<b>(13)</b>	<b>(119,684)</b>	<b>(65,859)</b>

- (a) Refers to liabilities to shareholders and subsidiaries of the Company and its subsidiaries for the acquisition of assets.
- (b) Amount paid by the subsidiary Ultra Som Serviços Médicos S.A. to PPAR Com. Investimentos Ltda. (an unconsolidated entity under common control of the shareholders of the Company and its subsidiaries) for acquisitions of media companies carried out by the company PPAR.
- (c) Leasing of commercial real estate and movable assets for the development of economic activities, pursuant to a contract between related parties (Canadá Administração de Bens Imóveis Ltda and Quixadá Participações Ltda., being unconsolidated entities under common control of the same shareholders of the Company and its subsidiaries) with an average term of 20 years, These are adjusted to the market value by specialized firms, for: a) revision of the base value every 60 months of the lease term; and b) annual update based on the IPCA inflation index.

- (d) Revenue from health plans for services to the companies comprising the Opinion of Communication System, under common control of shareholders in the form of collective plans.
- (e) Advertising expenses for companies of the Opinion of Communication System, under common control of the shareholders, to promote health and dental plans.
- (f) Effect of interest on lease agreements with related parties.
- (g) It includes amounts related to the acquisition of the PROMED group, carried out by Ultra Som Serviços Médicos, according to the Amendment agreed between the parties (PROMED sellers x Ultra Som), on October 18, 2022. The Company repurchased shares on behalf of the seller, in which it must transfer these amounts to its subsidiary Ultra Som Serviços Médicos.
- (h) The balance mainly refers to the use by Management of aircraft owned by the related party Canada Administração de Bens Imóveis Ltda. on business trips.

The Company also has the following related parties, which, as they meet the criteria of CPC 05 - Related Party Disclosures, are classified as related parties, although the Company has no transactions with them: Canadá Táxi Aéreo Ltda.; Angiomed Angiologia de Manaus Ltda.; Canadá Participações e Investimentos Ltda.; and Canada Investments Ltd.

### Remuneration of key management personnel

The key management personnel of the Company and its subsidiaries comprises the Board of Directors and the Statutory Executive Board of the Company. Total management compensation expenses were R\$ 100,230 in the year ended December 31, 2022 (R\$ 105,563 at December 31, 2021), including salary, pro-labore, bonuses, short-term benefits, participation in results, in addition to a long-term incentive (Note 29).

## 17 Other assets

The other assets balance is comprised as follows:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Advances to suppliers	42	20	198,632	66,356
(-) Allowance for losses on advances to suppliers	(42)	-	(11,023)	(15,569)
Other notes receivable (iii)	14,113	261	155,554	68,551
Advances to employees	-	-	20,102	13,501
Advance of legal proceedings	-	-	2,041	2,083
Prepaid expenses (ii)	1,348	177	60,073	37,666
Security deposit	-	-	2,342	1,108
Retention rewards	18,996	22,800	31,729	34,994
Judicial assets	-	-	23,472	-
Reimbursement of sellers (i)	-	-	21,330	-
<b>Total</b>	<b>34,457</b>	<b>23,258</b>	<b>504,252</b>	<b>208,690</b>
Current	21,257	5,258	390,632	152,552
Non-current	13,200	18,000	113,620	56,138

- (i) In August 2022, the Company and its subsidiaries recognized R\$120,000 as reimbursement of sellers referring to the acquisition process of the PROMED Group, as a result of the price adjustment agreed by the parties. As the adjustment occurred after the term permitted by CPC 15 - Business Combinations, it was recognized in the statement of profit or loss, under "Other net operating (expenses) income".

To improve presentation of these balances, previously presented under Other accounts payable, they are now presented according to its nature, in Other assets.

- (ii) Refers mainly to software licenses, leases and insurance to be appropriated.
- (iii) Includes amounts receivable from credit cards and other amounts receivable not related to health care.

## 18 Investments (Parent company)

### a. Selected information on subsidiaries

	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Net income (loss) for the year</u>	<u>Equity interest</u>	<u>Investments at 12/31/2022</u>	<u>Investments at 12/31/2021</u>
Hapvida Assistência Médica S.A.	10,038,165	2,737,048	7,301,117	329,493	96.35%	7,034,537	6,657,587
Ultra Som Serviços Médicos S.A.	6,925,202	3,703,218	3,221,984	566,709	100%	3,221,983	5,239,228
Hospital Antônio Prudente Ltda.	176,996	93,194	83,802	(14,061)	100%	83,802	132,863
Hapvida Participações em Tecnologia Ltda.	36,212	32,469	3,743	2,111	100%	3,743	1,568
Notre Dame Intermédica Participações S.A.	8,389,340	776,741	7,612,598	(157,553)	100%	43,472,543	-
<b>Total</b>						<b><u>53,816,608</u></b>	<b><u>12,031,246</u></b>

**b. Changes in balances**

	<b>Hapvida Assistência Médica S.A.</b>	<b>Ultra Som Serviços Médicos S.A.</b>	<b>Hospital Antônio Prudente Ltda.</b>	<b>Hapvida Participações em Tecnologia Ltda.</b>	<b>Mais Odonto Assistência Odontológica Ltda.</b>	<b>Hapvida Participações e Investimentos II S.A.</b>	<b>Notre Dame Intermédica Participações S.A. (a)</b>	<b>Total</b>
<b>Balance at 01/01/2021</b>	<b>2,626,762</b>	<b>6,615,756</b>	<b>99,242</b>	<b>23,348</b>	<b>3,262</b>	-	-	<b>9,368,370</b>
Equity in results of investees	386,446	170,016	30,361	(21,780)	(2)	-	-	565,041
Dividends	(31,255)	(15,746)	-	-	-	-	-	(47,001)
Capital increase	-	2,176,468	-	-	-	-	-	2,176,468
Capital decrease	(29,184)	-	-	-	-	-	-	(29,184)
Merger	-	-	3,260	-	(3,260)	-	-	-
Spin-off	3,704,818	(3,704,818)	-	-	-	-	-	-
Acquisition of non-controlling interests	-	(2,448)	-	-	-	-	-	(2,448)
<b>Balance at 12/31/2021</b>	<b>6,657,587</b>	<b>5,239,228</b>	<b>132,863</b>	<b>1,568</b>	-	-	-	<b>12,031,246</b>
Acquisition of companies (d)	-	-	-	-	-	-	36,309,250	36,309,250
Amortization of adjustment to fair value	-	-	-	-	-	-	(765,734)	(765,734)
Equity in results of investees	314,887	566,708	(14,061)	2,111	-	-	(157,553)	712,092
Dividends and interest on equity	(1,632,528)	(789,530)	(35,000)	-	-	-	-	(2,457,058)
Capital increase	-	-	-	-	-	3,202,766	2,509,330	5,712,096
Merger (b)	-	-	-	-	-	(3,202,766)	5,576,886	2,374,120
Spin-off (c)	1,652,546	(1,652,546)	-	-	-	-	-	-
Dilution effect on interest in subsidiaries	42,040	(48,194)	-	-	-	-	(907)	(7,061)
Other comprehensive income	-	(42,184)	-	-	-	-	-	(42,184)
Discount on share issuance	-	(48,303)	-	-	-	-	-	(48,303)
Other equity movements	5	(3,196)	-	64	-	-	1,271	(1,856)
<b>Balance as 12/31/2022</b>	<b>7,034,537</b>	<b>3,221,983</b>	<b>83,802</b>	<b>3,743</b>	-	-	<b>43,472,543</b>	<b>53,816,608</b>

(a) Acquisition of companies (Note 4.1).

(b) Following the acquisition of Notre Dame Intermédica Participações S.A., Hapvida Participações e Investimentos II S.A. was merged into the Company, which now holds the direct investment of the acquiree.

(c) Corporate restructuring of Ultra Som Serviços Médicos S.A. and Hapvida Assistência Médica S.A., which occurred on December 1, 2022 (Note 2.4).

(d) (i) Refers basically to customer portfolios acquired by the Company and its subsidiaries and capital gains attributed in business combination operations. In 2022, for the Notre Dame Intermédica Group's business combination, the Company (Parent Company) recognized a preliminary portfolio capital gain of R\$ 3,301,862;

(ii) Substantially refers to the fair value of the brands of companies acquired through business combinations. In 2022, for the Notre Dame Intermédica Group's business combination, the Company (Parent Company) recognized a preliminary brand capital gain of R\$ 2,165,229;

(iii) Goodwill from business combination transactions. In 2022, for the Notre Dame Intermédica Group's business combination, the Company (Parent Company) recognized a preliminary goodwill of R\$ 30,799,552.

## 19 Property and equipment

The composition of Property and equipment is as follows:

	Annual depreciation rate	Consolidated			
		Cost	Accumulated depreciation	Net 12/31/2022	Net 12/31/2021
Right-of-use assets	7.80%	2,632,478	(541,510)	2,090,968	1,054,564
Land	-	459,217	-	459,217	102,071
Buildings	2.70%	2,454,072	(373,937)	2,080,135	595,221
Vehicles	11.60%	73,853	(52,384)	21,469	18,328
IT equipment	17.30%	389,038	(222,208)	166,830	96,173
Machinery and equipment	10.40%	1,696,029	(756,373)	939,656	408,005
Furniture and fixtures	9.80%	345,649	(143,753)	201,896	98,964
Facilities	3.30%	1,258,040	(402,902)	855,138	477,946
Assets under construction	-	489,985	(559)	489,426	159,107
Other	-	-	-	-	556
<b>Total</b>		<b>9,798,361</b>	<b>(2,493,626)</b>	<b>7,304,735</b>	<b>3,010,935</b>

The changes in balances are detailed below:

	Consolidated							
	12/31/2021	Acquisition of companies (i)	Additions	Net write-offs	Depreciation	Transfers	Remeasurement	12/31/2022
Right-of-use assets	1,054,564	774,816	315,482	(14,534)	(205,995)	-	166,635	2,090,968
Land	102,071	318,696	12,852	(2,652)	-	28,250	-	459,217
Buildings	595,221	1,488,197	20,115	(1,317)	(66,461)	44,380	-	2,080,135
Vehicles	18,328	2,856	9,601	(253)	(8,590)	(473)	-	21,469
IT equipment	96,173	61,689	45,817	(287)	(67,323)	30,761	-	166,830
Machinery and equipment (a)	408,005	567,941	122,874	(2,668)	(175,775)	19,279	-	939,656
Furniture and fixtures	98,964	102,781	25,441	(815)	(33,781)	9,306	-	201,896
Facilities	477,946	238,237	10,951	(20,105)	(41,529)	189,638	-	855,138
Assets under construction (b)	159,107	381,615	276,067	(6,778)	-	(320,585)	-	489,426
Other	556	-	-	-	-	(556)	-	-
<b>Total</b>	<b>3,010,935</b>	<b>3,936,828</b>	<b>839,200</b>	<b>(49,409)</b>	<b>(599,454)</b>	<b>-</b>	<b>166,635</b>	<b>7,304,735</b>

(i) Acquisition of companies (Note 4).

	Consolidated						
	12/31/2020 (Reclassified)	Acquisition of companies (i)	Additions	Net write-offs	Depreciation	Transfers	12/31/2021
Right-of-use assets	957,684	13,362	189,225	(19,778)	(85,929)	-	1,054,564
Land	66,262	35,157	48	(24)	-	628	102,071
Buildings	276,218	118,627	206,000	-	(15,067)	9,443	595,221
Vehicles	22,491	368	3,792	-	(8,289)	(34)	18,328
IT equipment	64,935	7,295	41,708	(486)	(19,505)	2,226	96,173
Machinery and equipment (a)	310,109	33,410	109,631	(1,809)	(59,834)	16,498	408,005
Furniture and fixtures	82,817	7,618	25,356	(764)	(16,238)	175	98,964
Facilities	315,838	7,393	18,355	(129)	(20,552)	157,041	477,946
Assets under construction (b)	151,518	9,955	182,907	(582)	-	(184,691)	159,107
Other	1,843	-	-	(1)	-	(1,286)	556
<b>Total</b>	<b>2,249,715</b>	<b>233,185</b>	<b>777,022</b>	<b>(23,573)</b>	<b>(225,414)</b>	<b>-</b>	<b>3,010,935</b>

(a) Refers to surgical equipment, communication equipment, non-hospital machinery and accessories, refrigeration and ventilated devices.

(b) Assets under construction refer substantially to hospitals and clinics to improve and expand physical facilities.

## 20 Intangible assets

The composition of intangible assets is as follows:

	Annual amortization rate	Consolidated			
		Cost	Accumulated amortization	Net 12/31/2022	Net 12/31/2021
Customer portfolio (a)	16.80%	7,726,931	(2,782,868)	4,944,063	1,899,409
Software	15.20%	430,019	(229,627)	200,392	150,901
Trademarks and patents	5.70%	2,791,715	(310,997)	2,480,718	313,878
Non-compete agreement	20.00%	33,462	(21,872)	11,590	18,275
Goodwill	-	43,862,750	-	43,862,750	5,092,448
Other	21.20%	438,894	(187,661)	251,233	81,598
<b>Total</b>		<b>55,283,771</b>	<b>(3,533,025)</b>	<b>51,750,746</b>	<b>7,556,509</b>

The changes in intangible asset balances in the years ended December 31, 2022 and 2021 were as below:

	Consolidated						
	12/31/2021	Acquisition of companies (i)	Additions	Net write- offs	Amortization	Transfers	12/31/2022
Customer portfolio (a)	1,899,409	3,598,734	-	(510)	(1,338,210)	784,640	4,944,063
Software	150,901	36,854	39,143	(221)	(65,214)	38,929	200,392
Trademarks and patents	313,878	3,130,250	-	-	(159,397)	(804,013)	2,480,718
Non-compete agreement	18,275	-	-	-	(6,685)	-	11,590
Goodwill	5,092,448	38,770,302	-	-	-	-	43,862,750
Other	81,598	34,384	173,130	-	(18,323)	(19,556)	251,233
<b>Total</b>	<b>7,556,509</b>	<b>45,570,524</b>	<b>212,273</b>	<b>(731)</b>	<b>(1,587,829)</b>	<b>-</b>	<b>51,750,746</b>

	Consolidated						
	12/31/2020 (Reclassified)	Acquisition of companies	Additions	Net write- offs	Amortization	Transfers	12/31/2021
Customer portfolio	2,238,184	165,346	41,691	(259)	(545,553)	-	1,899,409
Software	96,395	1,683	3,498	(534)	(28,161)	78,020	150,901
Trademarks and patents	372,771	26,597	3	-	(85,497)	4	313,878
Non-compete agreement	24,835	1,102	-	-	(7,662)	-	18,275
Goodwill	2,704,724	2,387,724	-	-	-	-	5,092,448
Other	76,470	-	85,950	-	(2,798)	(78,024)	81,598
<b>Total</b>	<b>5,513,379</b>	<b>2,582,452</b>	<b>131,142</b>	<b>(793)</b>	<b>(669,671)</b>	<b>-</b>	<b>7,556,509</b>

(i) Acquisition of companies (Note 4).

**Hapvida Participações e Investimentos S.A.**  
Parent company and consolidated financial statements at  
December 31, 2022

(a) The customer portfolio is comprised as follows:

<b>Customer portfolio</b>	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net balance at 12/31/2022</b>
SF Resgate	30,303	(28,788)	1,515
Promed Assistência	134,646	(60,911)	73,735
Promed Brasil	6,682	(4,232)	2,450
Promed Saúde	22,707	(14,381)	8,326
Sf Documenta	16,874	(15,639)	1,235
RN Metropolitan	32,354	(29,865)	2,489
Premium	19,937	(8,266)	11,671
Gram Jardim América Saúde	7,539	(6,642)	897
Gram América	4,770	(3,460)	1,310
Gram Promed	6,445	(4,867)	1,578
Sf Operadora	2,403,234	(1,258,525)	1,144,709
Sf Odonto	98,068	(120,306)	(22,238)
Sf Gsfrp Sfss	9,009	(6,382)	2,627
Sf Gsfrp Sfo	20,765	(14,749)	6,016
Gmed Medical	60,509	(30,255)	30,254
Gsj Operadora	51,789	(28,146)	23,643
Gndi Ndi Part	3,301,862	(661,971)	2,639,891
Uniplan	10,148	(9,787)	361
Freelife	7,602	(7,478)	124
Sta Casa Pirassununga	1,674	(1,277)	397
Três Lagoas	552	(408)	144
Santa Casa Barretos	3,600	(2,554)	1,046
Fwbp	4,000	(2,654)	1,346
Irm Sta Casa Mis Leme	2,900	(1,804)	1,096
Medporto Assist Medica Ltda	400	(249)	151
Amhpla	24,434	(13,580)	10,854
Assoc Forn Cana Piracicaba	4,119	(2,290)	1,829
Irm Sta Casa Mis Sjrrio Preto	15,301	(6,089)	9,212
Prosaude De Araras	5,652	(1,884)	3,768
Bucal Help	901	(663)	238
Opsfelder Help Odonto	36	(25)	11
Benefit	848	(445)	403
Oral Brasil Planos	1,050	(488)	562
Apo	8,000	(3,067)	4,933
Soesp	8,533	(3,464)	5,069
Dental Norte	1,367	(518)	849
Cojun	125	(41)	84
Plamheg	23,000	(8,788)	14,212
Samedh	18,691	(6,854)	11,837
Notre Dame Group	8,159	(7,828)	331
Santamália Group	18,923	(18,923)	-
Unimed ABC	21,892	(12,589)	9,303
Cruzeiro do Sul Group	18,684	(8,415)	10,269
SAMED Group	30,313	(15,794)	14,519
Green Line Group	154,271	(54,580)	99,691
Mediplan Group	59,122	(21,678)	37,444
Belo Dente	46,462	(19,397)	27,065
São José Group	6,378	(2,952)	3,426
São Lucas Group	111,005	(32,395)	78,610
Clinipam Group	164,385	(85,074)	79,311
Ecole	15,034	(6,840)	8,194
Santa Mônica Group	6,554	(6,533)	21
Lifeday	25,491	(8,603)	16,888
Climepe	56,252	(28,301)	27,951
Bio Saúde	29,661	(9,875)	19,786
Medisanitas Group	223,671	(24,834)	198,837
Serpram Group	41,093	(6,831)	34,262
CCG Group	301,797	(22,276)	279,521
Family	17,358	(17,358)	-
<b>Total</b>	<b>7,726,931</b>	<b>(2,782,868)</b>	<b>4,944,063</b>

### **Goodwill**

Goodwill and intangible assets with indefinite useful lives were tested for impairment at December 31, 2022, using a discounted cash flow model for the respective cash-generating unit ("CGU"). The Company and its subsidiaries perform an impairment test annually.

To define its CGUs, the Management of the Company and its subsidiaries considered qualitative and quantitative factors, which are used in monitoring and decision-making through the verticalization strategy of the business, expanding the operation in other geographic regions, in addition to gaining synergy and strengthening the Company and its subsidiaries, for the sale of health care and dental plans. Additionally, for 2022, the merger between Hapvida and Notre Dame was also a relevant factor considered by Management in defining the CGUs.

Among the information analyzed by Management are the analytical reviews of revenues and claims and the profitability of products involving the creation, continuity and discontinuity of new health care plans. In the analyses, the costs incurred are also monitored and compared with the estimated projections, in order to identify possible distortions that may arise from hospitalizations and elective surgeries. These analyses are usually carried out on a regional basis.

As a result of the business combination of the companies and the ongoing synergy process, two CGUs were defined, namely "Hapvida" and "NDI". The analyses of cash flow projections and definition of the book value were carried out based on the defined CGUs.

Goodwill does not generate cash flows independently of other assets or groups of assets and often contributes to the cash flows of multiple CGUs; it is tested for impairment at a level that reflects the way in which the entity manages its operations and with which the goodwill would naturally be associated.

Hence, the Company and its subsidiaries prepared an impairment test considering the history of business combinations, as presented in the table below:

**Hapvida Participações e Investimentos S.A.**  
Parent company and consolidated financial statements at  
December 31, 2022

<b>Book value of goodwill</b>	<b>12/31/2022</b>
NDI Group (i)	30,799,552
São Francisco Group	1,826,407
Promed Group	1,756,282
América Group	305,399
Medical	194,406
São José	236,656
Premium	262,413
Madrecor	68,043
Octaviano Neves	109,158
Luis França	16,064
RN Metropolitan	32,723
São Lucas	39,058
Cariri	6,603
Cetro	23,682
Parauapebas	11,117
Sagratcor	15,022
Viventi	19,706
Notre Dame Group (ii)	480,133
Santamália Group (ii)	125,405
Hospital Family (ii)	79,031
Unimed ABC (ii)	71,476
SAMCI/IBRAGE (ii)	24,053
Hospital São Bernardo (ii)	153,509
Nova Vida Group (ii)	151,674
Cruzeiro do Sul Group (ii)	60,579
SAMED Group (ii)	196,732
Green Line Group (ii)	832,941
Mediplan Group (ii)	230,334
Hospital Jacarepaguá (ii)	56,024
Belo Dente (ii)	23,916
Ghelfond Group (ii)	163,187
São José Group (ii)	94,263
São Lucas Group (ii)	218,094
Clinipam Group (ii)	2,325,410
Ecole (ii)	39,633
LabClin (ii)	4,464
Hospital Coração Balneário Camboriú (ii)	37,945
Santa Mônica Group (ii)	130,830
Hospital e Maternidade Santa Brígida S.A. (ii)	22,882
Lifeday (ii)	114,405
Lifecenter (ii)	211,719
Climepe (ii)	91,023
Bio Saúde (ii)	77,594
Hospital do Coração de Londrina Ltda. (ii)	197,179
Medisanitas Group (ii)	855,856
Hospital e Maternidade Maringá S.A. (ii)	50,117
Serpram Group (ii)	112,354
Casa de Saúde e Maternidade Santa Martha S.A. (ii)	129,861
CCG Group (ii)	700,591
Hospital do Coração Duque de Caxias Ltda. (ii)	55,818
Others	21,428
<b>Total</b>	<b>43,862,750</b>

- (i) Goodwill arising from the business combination (Note 4.1).  
(ii) Goodwill from Notre Dame Intermédica Group.

The Company and its subsidiaries adopted the following assumptions in the impairment test, by CGU:

<b>CGU Hapvida</b>	
Volume growth (beneficiaries) - Saúde	5.3% p.a.
Volume growth (beneficiaries) - Dental	4.9% p.a.
Discount rate	11.50% p.a.
Perpetuity growth rate	7.2% p.a.

**CGU NDI**

Volume growth (beneficiaries) - Saúde	5.0% p.a.
Volume growth (beneficiaries) - Dental	3.7% p.a.
Discount rate	11.50% p.a.
Perpetuity growth rate	8.0% p.a.

Management concluded that the value in use of the CGUs is higher than their respective book value, indicating that there is no evidence of impairment.

## 21 Borrowings, financing and debentures

### a. Breakdown of borrowings, financing and debentures

Type	Maturity	Interest rate	Parent company		Consolidated	
			12/31/2022	12/31/2021	12/31/2022	12/31/2021
Working capital	Until December 2026	0.99% to CDI + 3% p.a.	-	-	254,445	42,074
1 <sup>st</sup> issue Debentures - Hapvida Participações	Until July 2026	109% to 110.55% DI rate	1,506,611	2,061,850	1,506,611	2,061,850
2 <sup>nd</sup> issue Debentures - Hapvida Participações	Until April 2029	CDI + 1.45% to 1.65% p.a.	2,551,467	2,521,702	2,551,467	2,521,702
3 <sup>rd</sup> issue Debentures - Hapvida Participações	May 2029	CDI + 1.60% p.a.	2,030,926	-	2,030,924	-
3 <sup>rd</sup> issue Debentures - NDI Saúde	August 24	CDI + 1.60% p.a.	-	-	564,838	-
4 <sup>th</sup> issue Debentures - BCBF	September 2025	CDI + 2.65% p.a.	-	-	778,422	-
5 <sup>th</sup> issue Debentures - BCBF	November 2025	CDI + 2.65% p.a.	-	-	713,603	-
6 <sup>th</sup> issue Debentures - BCBF	October 2027	CDI + 1.45% p.a.	-	-	1,233,991	-
Certificates of Real Estate Receivables (CRI) - Ultra Som (i)	December 2021	IPCA + 5.7505%	-	-	1,031,208	970,305
CRI - BCBF - 1 <sup>st</sup> series	December 2027	CDI + 0.75% p.a.	-	-	530,659	-
CRI - BCBF - 2 <sup>nd</sup> series	December 2029	IPCA + 7.0913 p.a.	-	-	354,205	-
CRI - BCBF - 3 <sup>rd</sup> series	December 2034	IPCA + 7.2792 p.a.	-	-	93,319	-
Credit Cooperative	April 2023	CDI + 0.25% p.a.	-	-	254	-
Other	April 2023	Fixed and CDI	-	-	73,735	-
<b>Total</b>			<b>6,089,004</b>	<b>4,583,552</b>	<b>11,717,681</b>	<b>5,595,931</b>
Current			781,592	682,662	1,726,508	713,250
Non-current			5,307,412	3,900,889	9,991,173	4,882,681

(i) Contracted hedge swapping from the IPCA rate + 5.7505% to 113.32% of the CDI rate.

### b. Changes in balances - Borrowings, financing and debentures

	Parent company		Consolidated			
	Debentures	Borrowings and financing	Debentures	Certificate of Real Estate Receivables	Promissory notes	Total
<b>Balances at January 1, 2021</b>	<b>2,016,335</b>	<b>60,892</b>	<b>2,016,335</b>	-	-	<b>2,077,227</b>
Acquisition of companies	-	145,291	-	-	-	145,291
Issuance	2,500,000	-	2,500,000	1,001,700	-	3,501,700
Recognition of issuance costs	1,278	-	1,278	303	-	1,581
Interest accrual	127,630	1,618	127,630	5,085	-	134,333
Payment of principal	-	(157,173)	-	-	-	(157,173)
Payment of interest and exchange rate change	(50,653)	(13,974)	(50,653)	-	-	(64,627)
Exchange rate changes	-	5,420	-	-	-	5,420
Issuance costs	(11,038)	-	(11,038)	(36,783)	-	(47,821)
<b>Balance at December 31, 2021</b>	<b>4,583,552</b>	<b>42,074</b>	<b>4,583,552</b>	<b>970,305</b>	-	<b>5,595,931</b>
Acquisition of companies	-	1,604,613	3,546,104	-	99,512	5,250,229
Issuance	2,000,000	321,260	2,000,000	1,000,000	-	3,321,260
Recognition of issuance costs	3,148	5,331	7,177	3,777	-	16,275
Interest accrual	742,701	84,580	1,179,851	117,466	246	1,382,143
Payment of principal	(588,295)	(1,507,891)	(854,962)	-	(90,000)	(2,452,853)
Payment of interest and exchange rate change	(642,342)	(218,804)	(1,072,096)	(59,009)	(9,758)	(1,359,667)
Exchange rate changes	-	(2,729)	-	-	-	(2,729)
Issuance costs	(9,760)	-	(9,760)	(23,148)	-	(32,908)
<b>Balance at December 31, 2022</b>	<b>6,089,004</b>	<b>328,434</b>	<b>9,379,856</b>	<b>2,009,391</b>	-	<b>11,717,681</b>

(a) Debt financial instruments (borrowings, debentures and promissory notes) from companies acquired (Note 4).

The borrowings and financing are guaranteed by: (i) guarantors, (ii) fiduciary alienation of the financed hospital assets or (iii) financial investments held by the same financing entity.

The working capital credit agreements have restrictive contractual clauses specific to the nature of each operation, which, if not met, may lead to the early maturity.

Financial restriction included for some obligations include lawsuits, demands or proceedings pending or to be proposed, which, if decided against the Company and its subsidiaries, would have a detrimental effect on the financial condition or impair their ability to meet the obligations.

At December 31, 2022, the Company and its subsidiaries were fully in compliance with financial covenants.

### c. Maturities - Borrowings, financing and debentures

At December 31, 2022 and 2021, borrowings, financing and debentures have the following maturity schedule:

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
2022	-	682,662	-	713,250
2023	781,592	585,610	1,726,508	586,762
2024	584,517	585,988	1,323,010	584,685
2025	114,306	115,777	1,237,157	113,592
2026	739,342	740,813	1,130,765	738,259
>2027	3,869,247	1,872,702	6,300,241	2,859,383
<b>Total</b>	<b>6,089,004</b>	<b>4,583,552</b>	<b>11,717,681</b>	<b>5,595,931</b>

### d. Debentures

#### d.1 Issuance of debentures

Summary information on the issuance of debentures by the Company and its subsidiaries is detailed below:

Issuer	Title	Modality	Issued units	Issue date	Final maturity	Average charges	Issuance
Hapvida Part. e Inv. S.A.	HAPV11	1st Issue - 1st series	1,764,888	07/10/2019	07/10/2024	109% CDI	R\$ 1,764,888
Hapvida Part. e Inv. S.A.	HAPV21	1st Issue - 2nd series	235,112	07/10/2019	07/10/2026	110.55% CDI	R\$ 235,112
Hapvida Part. e Inv. S.A.	HAPV12	2nd Issue - 1st series	1,250,000	10/30/2021	04/30/2027	CDI + 1.45% p.a.	R\$ 1,250,000
Hapvida Part. e Inv. S.A.	HAPV22	2nd Issue - 2nd series	1,250,000	10/30/2021	04/30/2029	CDI + 1.65% p.a.	R\$ 1,250,000
Hapvida Part. e Inv. S.A.	HAPV13	3 <sup>rd</sup> Issue	2,000,000	05/10/2022	05/10/2029	CDI + 1.60% p.a.	R\$ 2,000,000
NDI Saúde S.A.	NDMI13	3 <sup>rd</sup> Issue	800,000	08/01/2019	08/01/2024	CDI + 1.60% p.a.	R\$ 800,000
BCBF Participações S.A.	BCBF 14	4 <sup>th</sup> Issue	750,000	09/22/2020	09/22/2025	CDI + 2.65% p.a.	R\$ 750,000
BCBF Participações S.A.	BCBF 15	5 <sup>th</sup> Issue	700,000	11/04/2020	11/04/2025	CDI + 2.65% p.a.	R\$ 700,000
BCBF Participações S.A.	BCBF 16	6 <sup>th</sup> Issue	1,200,000	10/18/2021	10/07/2027	CDI + 1.45% p.a.	R\$ 1,200,000

#### d.2 Guarantees

The 1st series, 2nd series and single series debentures (first, second and third issuance, respectively), issued by Hapvida Participações e Investimentos S.A., carry a personal guarantee provided by Ultra Som Serviços Médicos S.A., a subsidiary of the Company, as joint debtor and principal obligor.

The single series debenture, third issuance, placed by Notre Dame Intermédica Saúde S.A., carries a personal guarantee provided by BCBF Participações S.A., a subsidiary, as joint debtor and principal obligor.

The single series, fourth, fifth and sixth placement, issued by BCBF Participações S.A., carry a personal guarantee provided by Notre Dame Intermédica Saúde S.A. - "NDI Saúde S.A." subsidiary of the Company and its subsidiaries, as joint debtor and principal obligor.

### **d.3 Covenants**

The debentures and Certificates of Real Estate Receivables (CRI) issued by the Company and its subsidiaries have contractual clauses and restrictions that may trigger accelerated maturities, including, but not limited to, a financial index, defined in contract and measured on a quarterly basis.

At December 31, 2022, the Company and its subsidiaries were fully in compliance with the financial covenants.

In addition to the financial covenants, the debentures have restrictive non-financial contractual clauses that involve a series of conditions such as default, transfer of corporate control and others, which, if not being met, may lead to the early maturity of the respective operations.

At December 31, 2022, the Company and its subsidiaries were fully in compliance with the non-financial covenants.

## **e. Certificates of Real Estate Receivables**

### **e.1 Issuance of CRI - Ultra Som Serviços Médicos S.A.**

On November 2, 2021, the granting of a personal guarantee by the Company was approved, in the form of a surety, guaranteeing the obligations assumed by its direct subsidiary, Ultra Som Serviços Médicos S.A. (Ultra Som) for the 1st issue of simple, non-convertible, unsecured debentures, in a single series (Ultra Som Debentures). The Ultra Som Debentures are linked to the 378th series of the 4th issue of certificates of real estate receivables from Virgo Companhia de Securitização, in the amount of R\$ 1,001,700 (CRI Lastro Hapvida), under a securitization transaction. The CRI Lastro Hapvida are raised through public distribution pursuant to CVM Instruction No. 400, of December 29, 2003.

Proceeds will be used for: i) payment of expenditures, costs and expenses not yet incurred directly related to the construction, expansion, development and renovation of certain properties and real estate projects; and ii) reimbursement of expenditures, costs and expenses, of real estate predetermined, incurred by the company in the 24 months immediately prior to the closing date of the public offering of CRI, directly related to the acquisition, construction and/or renovation of business units located in the projects backed by this operation.

Fundraising was completed on December 21, 2021, with maturity date in December 2031 (Principal + accruals). The payment of the spread is made on a semi-annual basis.

### **e.2 Issuance of CRI - BCBF Participações S.A.**

On December 12, 2022, the subsidiary BCBF Participações S.A. entered into the First Amendment to the Private Instrument of Deed of Private Issuance of Simple Debentures, Non-Convertible into Shares, Unsecured, with Additional Personal Guarantee, in up to three series, of the 7<sup>th</sup> issue of the Company. The debentures are linked to the 62<sup>nd</sup> issue, in up to three series of Certificates of Real Estate Receivables (CRI) of Virgo Companhia de Securitização, in the amount of R\$ 1,000,000, with a par value of R\$ 1.

The total issuance of CRI occurred in three series, the first series of 542,426 CRI, the second series of 362,151 CRI, and the third series of 95,423 CRI.

The funds will be used for: i) settling expenditures, costs and expenses not yet incurred directly related to the construction, expansion, development and renovation of certain properties and real estate developments; and ii) reimbursement of expenditures, costs and expenses, of a real estate nature and predetermined; and iii) early partial redemption of debts.

The fundraising was completed on December 27, 2022. The remuneration of the three series issued is as follows:

- **1<sup>st</sup> series of CRI:** remuneration will occur on December 15, 2027 (principal + interest corresponding to 100% of the accumulated variation of the average daily DI rates) exponentially increased by a spread or surcharge of 0.75%;
- **2<sup>nd</sup> series of CRI:** remuneration will occur on December 17, 2029 (Principal + fixed interest corresponding to 7.0913% p.a., base 252 working days.
- **3<sup>rd</sup> series of CRI:** remuneration will occur on December 15, 2034 (Principal + fixed interest corresponding to 7.2792% p.a., base 252 working days.

## 22 Leases

The Company and its subsidiaries have lease agreements for real estate from third parties and related parties, as well as other leasing and service agreements with terms exceeding 12 months.

### a) Discount rate

The Company and its subsidiaries used discount rates reflecting risk-free interest rates observed in the Brazilian market, for the terms of their agreements, adjusted to their circumstances. The spreads were obtained through surveys with potential investors of the debt securities of the Company and its subsidiaries. The table below shows the rates used by the Company and its subsidiaries:

Term	Rate % p.a.
Up to 2 years	8.05%
From 2 to 4 years	9.18%
4 to 6 years	9.51%
From 6 to 8 years	9.28%
From 8 to 10 years	9.00%
Over 10 years	8.95%

### b) Changes in lease balances

	Consolidated	
	12/31/2022	12/31/2021
<b>Balance at the beginning of the year</b>	<b>1,133,625</b>	<b>1,008,243</b>
Acquisition of companies (i)	853,352	14,877
New contracts (addition)	315,705	167,604
Remeasurements / write-off	149,587	(33)
Interest accrual	224,733	98,237
Payments	(326,958)	(155,303)
<b>Balance at the end of the year</b>	<b>2,350,044</b>	<b>1,133,625</b>
Current	143,471	57,035
Non-current	2,206,573	1,076,590

(i) Acquisitions of companies (Note 4).

**c) Contract maturity dates**

The future schedule for payments of leasing agreement is as below:

	<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
2022	-	153,031
2023	351,286	144,005
2024	320,000	136,614
2025	303,858	131,750
2026	290,845	125,462
2027	268,340	109,978
>2028	3,509,785	2,178,314
<b>Par value</b>	<b>5,044,114</b>	<b>2,979,154</b>
(-) Embedded interest	(2,694,070)	(1,845,529)
<b>Present value of minimum payments of leasing</b>	<b>2,350,044</b>	<b>1,133,625</b>

**d) Supplementary information**

In accordance with the IASB Basis for Conclusion 161 and 162, references to IFRS 16/CPC 06 (R2) and CVM Instruction 02/19, Management used the incremental rate for the calculation of assets and liabilities within the scope of IFRS 16/CPC 06 (R2) as disclosed in the statement of financial position of the Company and its subsidiaries.

Management believes that the rate used closely reflects the cash flows that are consistent with the characteristics of the agreements, pursuant to item 27.b of the CVM letter.

To comply with the guidance of the official letter and provide transparency, the table below shows the impacts on the statement of financial position comparing the use of nominal interest x real interest rates. The real rate reflects the index in the contracts, mostly inflation indexed to the IPCA, applied to the annual payment flow. These are consistent with the Banco Bradesco projections up to 2025, repeated after an interval of five years.

	<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
<b>Nominal flow</b>		
Lease liabilities	5,044,114	2,979,154
(-) Embedded interest	(2,694,070)	(1,845,529)
<b>Total</b>	<b>2,350,044</b>	<b>1,133,625</b>
<b>Effective actual inflated flow</b>		
Lease liabilities	5,270,500	3,114,739
(-) Embedded interest	(2,814,964)	(1,929,523)
<b>Total</b>	<b>2,455,536</b>	<b>1,185,216</b>

**e) CVM Resolution 41/2021**

On June 22, 2021, the Brazilian Securities Commission (CVM) approved Resolution 41, which established amendments to Accounting Pronouncement - CPC 06 (R2) consistent with the IASB. Due to the COVID-19 pandemic, lease agreements with reduction or suspension of payments, which under normal circumstances would require modifications in contracts with changes in cash flows and review of discount rates, were treated as variable payment.

At December 31, 2022, the Company and its subsidiaries did not record lease reductions arising from CVM Resolution 41/2021.

## 23 Technical provisions for health care operations

	<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Unearned Premium Reserve - UPR (a)	463,038	188,764
SUS provisions (b)	2,258,977	843,940
Outstanding claims reserve (c)	783,299	236,141
Incurred But Not Reported claims - IBNR (d)	998,777	303,884
Reserve for benefit granted	4,184	2,241
<b>Total</b>	<b>4,508,275</b>	<b>1,574,970</b>
Current	3,636,795	1,549,059
Non-current	871,480	25,911

- (a) Unearned premiums reserve (UPR) consists of amounts charged by the Company and its subsidiaries to their customers on a pro rata die basis within the monthly coverage period. Revenue is recognized as realized in the subsequent period, once the period of the coverage comes into effect.
- (b) The Company and its subsidiaries record reimbursements of medical expenses to SUS including the collection notifications submitted and an estimate of future notifications under analysis, calculated according to their own methodology, relying on past judicial decision. This includes the provision for events occurred and not reported in the SUS (IBNR-SUS) estimated based on the number of events/claims originated in the Unified Health System (SUS), which have occurred and have not been notified.
- (c) Provision for claims incurred but not yet paid. The provision is for the full amount informed by the hospitals / clinics or by the beneficiary at the time the collection as presented to the Company and its subsidiaries. It is subsequently adjusted, if necessary, as part of the claim adjustment process.
- (d) Provision losses that occurred but had not yet been reported before the end of the period, based on an actuarial calculation. The calculations are made quarterly using run-off triangle models considering historic development of claims paid in the past 12 months, to establish a future forecast per occurrence period. For certain providers for which it is possible to measure the volume of unbilled services, this provision is not constituted on a statistical basis but rather for the actual number of accounts not yet submitted.

The technical provisions represent the calculation of the expected risks inherent to the health care operations of the Company's and its subsidiaries' operators, which are subject to the mandatory maintenance of financial guarantees to cover such risks, as described below:

### Changes in technical provision balances

	UPR	SUS provisions	Outstanding claims reserve	IBNR	Reserve for benefit granted	Total
<b>Balances at 01/01/2021</b>	<b>169,610</b>	<b>629,299</b>	<b>130,826</b>	<b>199,677</b>	<b>1,485</b>	<b>1,130,897</b>
Acquisition of companies	26,695	52,239	229,555	104,118	-	412,607
Issuance	10,070,908	225,127	5,023,312	117,492	894	15,437,733
Appropriations/Reversals	(10,078,449)	(18,653)	(772,889)	(117,403)	(138)	(10,987,532)
Changes	-	59,184	-	-	-	59,184
Payments	-	(103,256)	(4,374,663)	-	-	(4,477,919)
<b>Balances at 12/31/2021</b>	<b>188,764</b>	<b>843,940</b>	<b>236,141</b>	<b>303,884</b>	<b>2,241</b>	<b>1,574,970</b>
Acquisition of companies (i)	209,948	1,181,094	695,173	646,836	2,455	2,735,506
Issuance	23,722,848	420,981	11,890,343	332,053	-	36,366,225
Appropriations/Reversals	(23,658,522)	(169,482)	(410,487)	(283,996)	(512)	(24,522,999)
Changes	-	111,237	-	-	-	111,237
Payments	-	(128,793)	(11,627,871)	-	-	(11,756,664)
<b>Balances at 12/31/2022</b>	<b>463,038</b>	<b>2,258,977</b>	<b>783,299</b>	<b>998,777</b>	<b>4,184</b>	<b>4,508,275</b>

- (i) Acquisitions of companies (Note 4).

## 24 Payroll obligations

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Salaries payable	1,440	1,113	189,616	80,923
Provision for vacation pay	254	85	373,596	165,666
Other social security obligations	-	2,653	84,541	23,972
<b>Total</b>	<b>1,694</b>	<b>3,851</b>	<b>647,753</b>	<b>270,561</b>

## 25 Taxes and contributions payable

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Services Tax - ISS	-	-	40,980	19,825
Social security contribution	681	455	64,327	34,535
Guarantee Fund for Length of Service (Accrued Severance Pay)	-	-	17,661	6,524
Social Integration Program (PIS) and Social Contribution on Revenues (COFINS)	3,332	1,025	75,387	35,388
Other	(6)	2,880	31,263	29,160
<b>Taxes due to be paid</b>	<b>4,007</b>	<b>4,360</b>	<b>229,618</b>	<b>125,432</b>
Income Tax - Employees	768	219	36,825	9,298
Income Tax - Third Parties	36	168	12,921	6,731
Services Tax - ISS	39	28	17,278	5,953
Social security contribution withheld	-	-	9,718	1,723
PIS, COFINS and Social Contribution on net income withheld	(51)	335	45,418	23,602
Income tax withheld on interest on equity	-	-	2,100	-
<b>Withholding taxes payable</b>	<b>792</b>	<b>750</b>	<b>124,260</b>	<b>47,307</b>
Installment taxes, fines and fees - Federal	-	-	197,893	145,689
Installment taxes, fines and fees - Municipal	-	-	6,862	11,722
Installment taxes, fines and fees - Other	-	-	34,793	363
<b>Installments taxes, fines and fees</b>	<b>-</b>	<b>-</b>	<b>239,548</b>	<b>157,774</b>
<b>Total</b>	<b>4,799</b>	<b>5,110</b>	<b>593,426</b>	<b>330,513</b>
Current	4,799	5,110	436,350	207,332
Non-current	-	-	157,076	123,181

## 26 Provision for tax, civil and labor risks

The Company and its subsidiaries are party to judicial and administrative proceedings in various courts and government agencies, arising from the normal course of operations, involving tax, labor, civil issues and contingencies with the regulatory agency (ANS).

The Company and its subsidiaries record provisions for all proceedings when classified there is a probable risk of loss; for cases where there is a possible risk of loss no provisions are made.

The judicial and administrative proceedings, classified as probable risk of loss are as below:

**Hapvida Participações e Investimentos S.A.**  
Parent company and consolidated financial statements at  
December 31, 2022

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Causes classified as probable loss - nature:				
Provision for tax matters (including ANS)	-	26,400	649,416	190,693
Provision for civil matters	799	42	445,439	172,194
Provisions for labor matters	107	36	266,119	65,904
<b>Total</b>	<b>906</b>	<b>26,478</b>	<b>1,360,974</b>	<b>428,791</b>

Changes in the balances of provision for risks in the years ended December 31, 2022 and 2021:

	Parent Company			
<b>Provision for tax, civil and labor risks</b>				
<b>Balances at January 1, 2021</b>	<b>36,135</b>			
Additions and reversals, net	(8,125)			
Payments	(1,532)			
<b>Balances at December 31, 2021</b>	<b>26,478</b>			
Additions and reversals, net	(25,382)			
Payments	(190)			
<b>Balances at December 31, 2022</b>	<b>906</b>			

	Consolidated			
	Civil	Labor	Tax	Total
<b>Balances at January 1, 2021</b>	<b>118,540</b>	<b>55,169</b>	<b>228,240</b>	<b>401,949</b>
Acquisition of companies	43,498	26,360	4,461	74,319
Additions and reversals, net	46,799	(9,769)	(28,409)	8,621
Payments	(36,643)	(5,856)	(13,599)	(56,098)
<b>Balances at December 31, 2021</b>	<b>172,194</b>	<b>65,904</b>	<b>190,693</b>	<b>428,791</b>
Acquisitions of companies (a)	205,788	189,557	415,068	810,413
Additions and reversals, net	144,715	58,615	81,111	284,441
Payments	(77,258)	(47,957)	(37,456)	(162,671)
<b>Balances at December 31, 2022</b>	<b>445,439</b>	<b>266,119</b>	<b>649,416</b>	<b>1,360,974</b>

(a) Acquisitions of companies (Note 4).

The cases classified as possible risk of loss are as below:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Causes classified as possible loss - nature:				
Tax matters	15,406	15,711	4,846,622	993,162
Civil matters	10,251	3,809	1,450,567	759,756
Labor matters	5,078	889	650,848	302,519
<b>Total</b>	<b>30,735</b>	<b>20,409</b>	<b>6,948,037</b>	<b>2,055,437</b>

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The more significant lawsuits, judicial and administrative, classified as probable and possible risk of loss by the Company and/or its subsidiaries are described below.

Proceedings	Theme	Object	Probable loss		Possible loss	
			12/31/2022	12/31/2021	12/31/2022	12/31/2021
Civil						
	Indemnity lawsuits - Medical Acts	Civil proceedings filed by beneficiaries seeking compensation for damages suffered by allegedly inadequate medical conduct. In such cases, the beneficiaries seek to assign joint liability to the Company and/or its subsidiaries for the medical act practiced by their accredited professionals.	141,497	35,120	357,238	346,544
	Legal and/or contractual exclusion of coverage	Civil lawsuits filed by beneficiaries seeking to obtain coverage for services not covered by law and/or contract, such as: aesthetic procedures, experimental procedures not included in the Mandatory List of the ANS or in disagreement with the Guidelines of Use - DUT, Home Care, artificial insemination, care outside the geographic coverage, etc. In this scenario, many court decisions are issued in disagreement with the applicable legislation, without considering the assistance limits imposed by law and/or contract.	35,681	32,257	50,576	41,574
	Contractual Grace Period	Lawsuits filed by beneficiaries seeking to obtain health care coverage from the health care plan without proper compliance with the grace periods. Court decisions are frequently made disregarding applicable legislation, ignoring grace periods provided by law and/or contracts.	80,768	18,537	36,193	30,009
	Debts with Providers in General	Civil lawsuits filed by service providers, seeking to obtain payment of amounts supposedly owed by the Company and/or its subsidiaries on several grounds, such as: improper charge from hospitals, contractual rescissions, etc.	65,791	36,445	84,589	93,794
	Other civil matters	Contingencies with different themes arising from civil proceedings.	121,702	49,835	921,971	247,835
		<b>Total - Civil</b>	<b>445,439</b>	<b>172,194</b>	<b>1,450,567</b>	<b>759,756</b>
Labor						
	Labor amounts and severance pay and Acknowledgment of employment relationship	Labor lawsuits individually or jointly filed by former employees or employees, who claim compensation and severance pay related to the period in which they worked for the Company and its subsidiaries, including: overtime, additional pays related to health hazard and night work allowances, salary equalization, deviation and accumulation of functions, fines provided for in articles 467 and 477 of the Brazilian Labor Code (CLT), etc.	258,966	53,013	140,267	134,944
	Assessment Notices / Notice of Debt from the Guarantee Fund and Social Contribution (NDFC) / Notification for Payment of FGTS and Social Contribution (NFGC) / Notification for Withdrawal of FGTS and Social Contribution (NFRC)	Assessment Notices and Debt/Tax Notices related to the Employee Government Severance Fund (FGTS) filed against the Company and/or its subsidiaries claiming administrative fines and FGTS payments arising from alleged violations of the legal rules governing labor and employment relationships.	-	-	158,470	158,555
	Other labor matters	Contingencies with different themes arising from labor proceedings.	7,153	12,891	352,111	9,020
		<b>Total - Labor</b>	<b>266,119</b>	<b>65,904</b>	<b>650,848</b>	<b>302,519</b>

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Tax						
	ANS Administrative Fines/ Reimbursement to SUS (regulatory aspects)	Administrative proceedings and tax foreclosures issued by ANS, in which administrative fines are charged for alleged noncompliance with the norms regulating the activity of health plan providers, and amounts related to reimbursement to Unified Health System (SUS), resulting from the attendance of beneficiaries of the Company and/or its subsidiaries in the public network and in the SUS, based on article 32 of law 9656/98.	103,441	121,032	812,944	466,468
	Services Tax (ISS)	Administrative and legal proceedings filed by Municipal Finance Departments through which tax on services allegedly owed by the Company and/or its subsidiaries is collected as a result of their operating activities.	144,883	5,392	1,198,501	146,163
	Tax Foreclosures - Business Succession	Tax foreclosures originally filed against other health care companies, in which the National Treasury requested the redirection to the Company and its subsidiaries, on the grounds of alleged business succession arising from operations of disposal of the portfolio of beneficiaries.	-	-	157,807	153,910
	Social Security Matters	Tax notices for violation filed against the Company and its subsidiaries alleging irregularities or lack of payment of social security contributions, among other social security matters.	211,836	-	311,310	126,007
	Tax assessment notices - IRPJ/CSLL	The Company's subsidiaries are involved in an administrative proceeding arising from tax assessment notices for improper collection of Corporate Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL").	-	-	911,040	-
	Accident Prevention Factor (FAP) on the expected rate for the contribution to the SAT/RAT	The lawsuit is about the application of FAP (an index applied to calculate the occupational accident insurance owed by employers) on the expected Occupational Accident Insurance (SAT)/Occupational Environmental Risk (RAT) contribution rate, and the Authority that jointly filed the lawsuit was requested to abstain from taking any actions in connection with the collection of amounts that are allegedly payable by virtue of this index, such as denying to renewal of the tax clearance certificate. The acknowledgment of the Petitioner's credit right is also requested. The lawsuit is pending at the higher courts.	13,647	-	-	-
	Special Tax Regularization Program (PERT)	The Company's Subsidiaries have tax foreclosures on debts that are included in the Special Tax Regularization Program (PERT).	-	-	21,157	-
	Stock options	Requests for temporary injunction, before the Federal Government (National Treasury), in order to uphold the claim for the purpose of declaring the non-existence of a legal tax relationship between the Plaintiff and Defendant parties regarding the requirement, depending on the fiscal years (past and future) of stock options in the Stock Option Plan established in 2014. The plaintiff Companies, social security contributions on the payroll and other contributions from third parties (Salary-Education, INCRA, SESC, SENAC and Sebrae) in relation to the Plaintiff Participants who are part of the defendant of this claim; of the Plaintiff Companies, of a fine for alleged absence of income tax withholding when the options are exercised by the Plaintiff Participants who are part of the plaintiff of this claim; of the Participating Plaintiffs, of income tax on alleged income arising from work when exercising the options.	-	-	567,540	-
	Fee of solid waste from health services (TRSS)	Tax foreclosures on debts for charging the TRSS (health services solid waste fee).	-	-	9,503	-
	Liens on assets	Annulment request aimed at canceling the liens on assets proceeding filed against the Company's subsidiaries.	-	-	40,734	-
	Other tax matters	Contingencies with different themes arising from tax proceedings.	175,609	64,269	816,086	100,614
	<b>Total - Tax</b>		<b>649,416</b>	<b>190,693</b>	<b>4,846,622</b>	<b>993,162</b>

### **Judicial deposits**

Judicial deposits held in escrow were as follows:

	Parent		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Tax judicial deposits	543	1	501,590	196,752
Regulatory judicial deposits (i)	-	-	978,237	112,665
Civil judicial deposits	3,033	2,536	286,515	93,804
Labor judicial deposits	214	88	56,425	14,257
<b>Total</b>	<b>3,790</b>	<b>2,625</b>	<b>1,822,767</b>	<b>417,478</b>

- (i) Substantially judicial deposits for reimbursement of medical expenses to SUS.

## **27 Other accounts payable**

	Parent company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021 (Reclassified)
Contractual obligations (a)	-	-	1,207,398	869,821
Third party deposit	86	86	47,153	2,788
Customer advance receipt	-	-	14,124	-
Miscellaneous debts	12,895	13,069	470,910	25,703
Advances from customers	80	80	21,223	34,709
Supplemental health fee	-	-	4,204	4,151
Health care operations not related to health plans (b)	-	-	53,068	1,668
Provisions for post-employment benefits	-	-	20,492	-
Deferred portion of the acquisition price	-	-	38,755	-
ANS fine	-	-	36,622	17,706
Advance to financial institution	-	-	18,619	22,800
<b>Total</b>	<b>13,061</b>	<b>13,235</b>	<b>1,932,568</b>	<b>979,346</b>
Current	13,061	13,235	387,837	98,232
Non-current	-	-	1,544,731	881,114

- (a) **Contractual obligations (consolidated)**

Refers, substantially, to contingent considerations related to the acquisitions of companies:

	Consolidated	
	12/31/2022	12/31/2021
<b>Balances at the beginning of the year (Reclassified)</b>	<b>869,821</b>	<b>476,623</b>
Acquisitions of companies (iii)	3,229,645	1,006,682
Contractual obligations arising from acquired companies (i)	834,841	-
Payments	(3,302,631)	(538,112)
Indexation/interest charges	225,555	11,807
Adjustment to present value	113,416	-
Indemnity balances	(300,116)	(126)
Purchase price adjustment/Remeasurements (ii)	(463,133)	(87,053)
<b>Balance at the end of the year</b>	<b>1,207,398</b>	<b>869,821</b>
Current	100,748	17,156
Non-current	1,106,650	852,665

- (i) Contractual obligations to the Notre Dame Intermédica Group.
- (ii) In August 2022, the Company and its subsidiaries wrote-off R\$ 297,420 related to a contingent liability, as a result of price adjustments in the process of acquisition of the PROMED Group. As the adjustment occurred after the prescriptive term in CPC 15 - Business Combinations, it was recognized in the statement of profit or loss, under "Other net operating (expenses) income".

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In August 2022, the Company and its subsidiaries wrote-off R\$ 87,182 related to a contingent liability, as a result of price adjustments in the process of acquisition of Premium Saúde. As the adjustment occurred after the prescriptive term in CPC 15 - Business Combinations, it was recognized in the statement of profit or loss, under "Other net operating (expenses), income".

(iii) Acquisitions of companies (Note 4).

(b) The balance refers to obligations with health service providers and medical teams.

## 28 Shareholders' equity

### a) Share capital

At December 31, 2022 and 2021, subscribed and paid-up share capital is as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Number of shares (i)	7,144,255,743	3,891,569,750
Share capital (i)	38,062,119	8,352,335
Share issuance costs	(228,150)	(228,150)
<b>Total</b>	<b><u>37,833,969</u></b>	<b><u>8,124,185</u></b>

(i) In the year ended December 31, 2021, the main variation was due to the primary and secondary public distribution of shares, with restricted efforts, which resulted in a capital increase of R\$ 2,025,000, equivalent to 135,000 new shares.

In the year ended December 31, 2022, as a result of the merger of subsidiary Hapvida Participações e Investimentos II S.A., the Company's equity increased by R\$ 45,260,668. This includes R\$ 29,697,580 allocated as share capital, increasing it from R\$ 8,352,335 to R\$ 38,049,915 and R\$ 15,563,088 was allocated to a capital reserve, through the issuance of 3,250,808,566 new common shares, all registered and with no par value of the Company. The exchange ratio was set at 5.24364185943 shares of the Company for each common share of Hapvida Participações e Investimentos II S.A., pursuant to the Protocol and Justification. This share exchange ratio followed the business combination of the Notre Dame Intermédica Group (Note 4.1).

### b) Legal reserve

Appropriations are made to the legal reserve, constituted under law, at the rate of 5% of net income for the year until it attains 20% of the share capital.

### c) Dividends

Changes in dividends and interest on equity payable were as follows:

<b>Balance of dividends and interest on equity as of January 1, 2021</b>	<b><u>201,441</u></b>
Dividends proposed on December 31, 2021 - Non-controlling shareholders	636
Interest on equity proposed to non-controlling shareholders, net of withholding income tax (i)	41,871
Interest on equity proposed to controlling shareholder, net of withholding income tax (i)	75,634
Dividends and interest on equity effectively paid in the year (ii)	(285,224)
Other	(2,499)
<b>Balance of dividends and interest on equity payable at December 31, 2021</b>	<b><u>31,859</u></b>
Acquisition of companies (iii/iv)	1,001,493
Extraordinary dividends (GNDI) (iv)	(999,200)
Interest on equity paid in the year (v)	(17,945)
Others	(2,603)
<b>Balance of dividends and interest on equity payable at December 31, 2022</b>	<b><u>13,604</u></b>

(i) The June 30, 2021 meeting of the Board of Directors resolved to distribute interest on equity of R\$ 68,819 (R\$ 59,805, net of withholding income tax), with withholdings of income tax other than for shareholders proving immunity or exemption, as well as other legal cases. The September 27, 2021 meeting of the Board of Directors resolved to distribute interest on equity of R\$ 45,724 (R\$ 39,693, net of withholding income tax or exempt, as well as other legal cases). The December 22, 2021 meeting of the Board of Directors resolved to distribute interest on equity of R\$ 20,785 (R\$ 18,008, net of withholding income tax or exempt, as well as other legal cases).

(ii) On April 30, 2021, the payment of interest on equity and dividends for the year ended December 31, 2020, of R\$186,072, was approved. On July 29, 2021, the payment of interest on equity was approved for the period ended June 30, 2021, in the net amount of R\$59,597.. On October 22, the payment of interest on equity was approved for the quarter ended September 30, 2021, in the net amount of R\$39,555.

- (iii) Acquisition of companies (Note 4.1).
- (iv) Extraordinary dividends distributed to shareholders, as approved at the Extraordinary General Meeting of Notre Dame Intermédica Participações S.A., held on March 29, 2021, of R\$ 1,000,000, corresponding to approximately R\$ 1.613026961 per share issued by the company. The dividend was conditioned to the completion of the Business Combination, paid on March 28, 2022, based on the company's shareholding structure at market close on February 11, 2022 (the closing date of the transaction).
- (v) On January 19, 2022, the payment of interest on equity related to the year ended December 31, 2021, in the net amount of R\$ 17,945, was approved.

**d) Shares repurchased**

At December 31, 2022, the Company has a balance of R\$ 427,776, referring to own shares repurchased, equivalent to 39,183,780 common shares from 2021 and 2022.

**e) Capital reserve**

In the current year, the increase of R\$ 15,563,088 arose principally as a result of the business combination with the Notre Dame Intermédica Group (Note 28 (a)).

Following the merger of subsidiary Hapvida Participações e Investimentos II S.A., 3,250,808,566 common shares were issued by the Company on February 11, 2022, which resulted in an increase in the Company's equity of R\$45,260,668. The fair value of the shares issued was calculated based on the quotation of the shares of Hapvida Participações S.A. on the acquisition date (R\$ 11.90 per share), with a fair value of R\$ 38,864,622. The difference between the par value and the fair value of the shares on the acquisition date, of R\$ 6,576,046, was recognized in the share premium capital reserve, as a discount on the issuance of shares.

**f) Earnings (loss) per share**

The calculation of basic earnings (loss) per share was based on net income (loss) attributed to common shareholders and the weighted average number of common shares outstanding.

	<b>12/31/2022</b>	<b>12/31/2021</b>
Net income (loss) attributable to the Company and its subsidiaries (R\$ thousand)	(775,839)	500,336
Net income (loss) attributable to controlling shareholders (R\$ thousand)	(777,234)	497,795
Weighted average number of shares (thousands of shares)	6,837,931	3,843,940
Basic and diluted earnings (loss) per share (R\$ thousand)	(0.11)	0.13

**29 Share-based payment**

***Stock Grant***

At the Extraordinary Shareholders' Meeting, held on April 30, 2021, the Performance Premium Policy of the Company and its subsidiaries was approved paying a premium in common shares issued by the Company, net of any taxes, in the event of extraordinary performance by eligible executives.

The Company recognizes in income for the year personnel expenses related to the Stock Grant Plan with a contra entry to the capital reserve in shareholders' equity, based on the fair value of the share on the grant date. Expenses recognized in income for the year ended December 31, 2022, amount to R\$ 56,305 (R\$ 56,305 at December 31, 2021).

At December 31, 2022, the balance of the Plan recognized in the Company's equity is as follows:

Grant date	Number of shares granted *	Fair value on the grant date (BRL per share)	Total value of the estimated plan (including charges)	Accumulated appropriation of the plan
4/30/2021	11663103	14.44	225,219	112,609

\* The Premium Policy covers a maximum of 13,191,215 shares, originating - in principle - from the Company's treasury (which may be issued by the Company, in whole or in part, if the Company does not have treasury shares sufficient at the time of awarding the Premium, as defined below), net of any withholding taxes.

Among the conditions for receiving the Premium are: (a) 50% of the Premium is conditioned to the beneficiary remaining in employment for three years (as of January/2021); and (b) 50% of the Premium is conditioned on the achievement of at least 95% of the targets established by the Board of Directors (50% of the target linked to EBITDA indicators, and 50% of the target linked to growth indicators). The achievement of the goals can be cumulative over a period of three years, calculated to the end of March for the years 2022, 2023 and 2024.

### **Stock Option**

The Company has a share-based compensation plan with the objective of promoting the long-term growth and profitability of the Company and its subsidiaries, providing professionals who are or will be involved in the Company's growth the opportunity to acquire shares in the Company, with a view to: (a) encouraging the alignment, expansion, success and achievement of the social objectives of the Company and its subsidiaries; and (b) aligning the interests of the Company's shareholders with those of the Participants.

These are long-term incentive programs that grant restricted shares, managed by the Board of Directors. The plans were approved on March 29, 2021 and April 30, 2021, with effectiveness conditioned to the closing of the combination of business between the Company and Notre Dame Intermédica Participações S.A., consummated on February 14, 2022.

#### *Granted Shares and Exercise Price*

125,542,812 Company shares were granted on February 14, 2022 (1st grant) and 13,660,008 on July 1, 2022 (2nd grant) to Plan Participants. The Exercise Price of each Option granted under the Plan will be fixed at the amount of R\$ 6.50 (six reais and fifty cents) per Share.

#### *Exercise of Options*

The Options will become vested to the extent that the respective Participants are employed as managers or employees of the Company until the vesting periods specified below elapse:

- 1/3 of the Options granted may be exercised after August 31, 2022;
- 1/3 of the Options granted may be exercised after 24 months from the closing date of the business combination transaction between the Company and Notre Dame Intermédica Participações S.A., that is, February 14, 2024; and
- 1/3 of the Options granted may be exercised after 36 months have elapsed from the closing date of the business combination transaction between the Company and Notre Dame Intermédica Participações S.A., that is, February 14, 2025.

#### *Fair value measurement*

The Black & Scholes method was used to price the options on the dates of the respective grants and at the end of period/year.

The assessment of fair values on the grant date of the share-based payment was based on:

	<b>1<sup>st</sup> Grant</b>	<b>2<sup>nd</sup> Grant</b>
Fair value on the grant dates (R\$)	6.12 to 7.80	0.23 to 2.22
Share price on the grant date (R\$)	12.19	5.62
Exercise price (R\$)	6.50	6.50
Expected volatility (weighted average)	41.91%	52.61%
Option life (weighted average life expectancy in years)	0.55 to 3.00	0.17 to 2.64
Risk-free interest rate (average based on government bonds)	11.46% to 12.23%	12.59% to 13.35%

For the respective grant or year-end dates, the market price of the share on the date was adopted, and the historical volatility (within 12 months).

The exercise price of the options was adjusted by dividends projected for the year and the risk-free rate based on the yield curve for Brazilian federal government bonds over the average expected period of exercise of each lot.

<b>Stock Option Plan</b>				
	<b>Number of shares granted</b>	<b>Number of shares canceled (* )</b>	<b>Current number of shares granted</b>	<b>Share value</b>
1 <sup>st</sup> Grant	125542812	(16,657,641)	108,885,172	765,195
2 <sup>nd</sup> Grant	13,660,008	-	13,660,008	18,523
<b>Total</b>	<b>139,202,820</b>	<b>(16,657,641)</b>	<b>122,545,180</b>	<b>783,718</b>

\* Canceled shares for executives of the Company and its subsidiaries who were terminated in the period.

Restricted shares are measured at fair value on the grant date and are recognized as an expense, over the period in which the right is acquired, with a contra entry to shareholders' equity, as options granted.

The expense related to the fair value of the restricted shares, recognized in the year ended December 31, 2022, according to the period elapsed for the acquisition of restricted share rights, was R\$ 430,011.

### 30 Net revenue from services provided (Consolidated)

	<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Insurance revenue	23,474,669	10,078,449
Revenue from other activities	1,402,990	362,242
Deductions (a)	(1,128,856)	(557,306)
<b>Total</b>	<b>23,748,803</b>	<b>9,883,385</b>

(a) Deductions refers, substantially, to taxes levied on revenue.

### 31 Cost of services rendered (Consolidated)

	<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Medical, hospital and other costs	(14,466,112)	(5,475,520)
Change in IBNR	(48,057)	(89)
Costs with material and medicines	(2,265,291)	(726,127)
Costs with rentals and utilities	(810,680)	(350,021)
Costs with outsourced service	(412,805)	(176,287)
Depreciation and amortization	(492,277)	(187,621)
(-) Coinsurance	664,532	284,444
SUS reimbursement	(245,852)	(171,312)
Other costs	(17,165)	(14,926)
<b>Total</b>	<b>(18,093,707)</b>	<b>(6,817,459)</b>

### 32 Selling expenses (Consolidated)

	<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Expenses on advertising and marketing	(92,448)	(60,232)
Commissions	(1,185,429)	(433,577)
Provision for credit losses	(424,837)	(211,302)
Own personnel expenses	(99,498)	-
Other selling expenses	(18,237)	(20,397)
<b>Total</b>	<b>(1,820,449)</b>	<b>(725,508)</b>

### 33 Administrative expenses

	<b>Parent Company</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Personnel payroll expenses	(36,248)	(44,496)
Stock option plan expenses (Note 29)	(430,011)	-
Stock grant plan expenses (Note 29)	(56,305)	(56,305)
Outsourced service expenses	(14,820)	(14,369)
Rentals and utilities	(2,401)	(1,397)
Depreciation and amortization (i)	(767,441)	(2,332)
Tax expenses	(338)	(2,418)
Indemnity, court cost and provisions for contingencies (Note 26)	23,013	8,199
Other income (expenses), net	(33)	708
<b>Total</b>	<b>(1,284,584)</b>	<b>(112,410)</b>

	<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>
Personnel payroll expenses	(1,077,384)	(462,569)
Stock option plan expenses (Note 29)	(430,011)	-
Stock grant plan expenses (Note 29)	(56,305)	(56,305)
Outsourced service expenses	(663,310)	(296,291)
Rentals and utilities	(291,908)	(177,852)
Depreciation and amortization (i)	(1,695,006)	(707,463)
Tax expenses	(74,533)	(19,403)
Indemnity, court cost and provisions for contingencies (Note 26)	(210,328)	(94,694)
Other income (expenses), net	(43,638)	(13,676)
<b>Total</b>	<b>(4,542,423)</b>	<b>(1,828,253)</b>

- (i) Refers mainly to the amortization of capital gains on property, plant and equipment and intangible assets from the acquisition of GNDI.

### 34 Net finance income (expenses)

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
<b>Finance income</b>				
Income from investments, other than collateralized assets	77,584	47,504	395,655	192,433
Income from investments - Collateralized assets	-	-	262,342	61,552
Other income from financial investments	-	-	4,109	-
Late payments penalties	-	-	89,005	38,893
Derivative financial instruments	14,331	-	15,955	-
Exchange rate gains	-	63	7,450	3,872
Indexation credits	-	-	122,053	-
Other finance income	14	1	30,968	14,733
<b>Subtotal - Finance income</b>	<b>91,929</b>	<b>47,568</b>	<b>927,537</b>	<b>311,483</b>

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	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>12/31/2022</b>	<b>12/31/2021</b>	<b>12/31/2022</b>	<b>12/31/2021</b>
<b>Finance expenses</b>				
Interest on debentures	(742,701)	(128,908)	(1,179,851)	(128,908)
Interest on leases	(168)	(343)	(224,733)	(98,237)
Discounts granted	-	-	(23,031)	(7,741)
Bank expenses	(160)	(62)	(40,095)	(18,347)
Tax charges	-	-	(5,351)	(1,386)
Finance expense with derivative instruments	(32,799)	-	(116,852)	(17,659)
Exchange rate losses	-	-	(2,501)	(7,477)
Interest on loans and borrowings	-	-	(202,292)	(7,006)
Indexation charges	(19)	(147)	(337,912)	(69,623)
Interest on equity received, charges	(44,334)	-	(45,785)	-
Other finance expenses	(6,183)	(798)	(41,076)	(5,493)
<b>Subtotal - Finance expenses</b>	<b>(826,364)</b>	<b>(130,258)</b>	<b>(2,219,479)</b>	<b>(361,877)</b>
<b>Total - Net finance income (expenses)</b>	<b>(734,435)</b>	<b>(82,690)</b>	<b>(1,291,942)</b>	<b>(50,394)</b>

### 35 Income and social contribution taxes

#### a. Reconciliation of the statutory to the effective rate of income and social contribution taxes

The reconciliation of the consolidated expense is presented below (the parent company charges not significant):

	<u>12/31/2022</u>		<u>12/31/2021</u>	
<b>Profit (loss) before income and social contribution taxes</b>		<b>(1,447,809)</b>		<b>492,876</b>
<b>Tax rates</b>				
Income tax, plus the additional tax rate		25%		25%
Social contribution		9%		9%
<b>Income and social contribution taxes at the statutory rate</b>		<b>(492,255)</b>		<b>167,578</b>
<b>Permanent differences</b>				
Tax loss carryforwards not treated as deferred tax assets (iii)	-4.65%	67,376	-0.08%	(382)
Business combination obligations (ii)	11.87%	(171,903)	-	-
Non-deductible provisions	0.20%	(2,871)	0.74%	3,642
Other differences	5.10%	(73,901)	-12.38%	(61,042)
Share issuance expenses	-	-	-3.67%	(18,072)
Interest on equity benefit	-	-	-8.85%	(43,613)
<b>Subtotal</b>	<b>12.52%</b>	<b>(181,299)</b>	<b>-24.24%</b>	<b>(119,467)</b>
<b>Impacts of entities taxed on the presumed tax regime (i)</b>				
Reversal of the tax under the taxable income regime	0.02%	(357)	-11.64%	(57,374)
Income and social contribution taxes calculated under the presumed profit regime	-0.13%	1,941	0.37%	1,803
<b>Subtotal</b>	<b>-0.11%</b>	<b>1,584</b>	<b>-11.27%</b>	<b>(55,571)</b>
<b>Income and social contribution taxes</b>	<b>46.41%</b>	<b>(671,970)</b>	<b>1.51%</b>	<b>7,460</b>
Current income and social contribution taxes	-1.56%	22,581	65.60%	323,308
Deferred income and social contribution taxes	47.97%	(694,551)	-67.11%	(330,768)
<b>Income and social contribution taxes</b>	<b>46.41%</b>	<b>(671,970)</b>	<b>1.51%</b>	<b>7,460</b>

- (i) Exclusion of statutory rates on the profit before income and social contribution taxes of the result of the entities taxed under the presumed profit tax regime, under the terms of the current legislation.
- (ii) Write-off of contingent liability and recognition of reimbursement from acquisition of the PROMED group (Note 27).
- (iii) Mostly tax loss carryforwards for Notre Dame Intermédica Participações S.A., BCBF Participações S.A. and CCG Participações S.A., for which deferred tax assets were not constituted, given that they primarily hold equity interest in other entities (Holdings).

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The changes in liabilities for income and social contribution taxes were as follows:

	<b>Consolidated</b>	
	12/31/2022	12/31/2021
<b>Balance at the beginning of the year</b>	<b>58,645</b>	<b>85,141</b>
Income and social contribution taxes balance of acquiree	22,601	32,192
Income and social contribution taxes calculated	22,581	323,308
(-) Payments made	(72,029)	(381,996)
<b>Balance at the end of the year</b>	<b>31,798</b>	<b>58,645</b>

No income and social contribution tax effects are recorded directly in equity.

## b. Deferred income and social contribution taxes

### b.1 Changes

The changes in deferred income and social contribution taxes for the years ended December 31, 2022 and 2021 were as follows:

	<b>Parent company</b>				
	Balance at 01/01/2021	Recognized in income (loss)	Balance at 12/31/2021	Recognized in income (loss)	Balance at 12/31/2022
Provision for tax, civil and labor risks	12,286	(3,283)	9,003	(8,694)	309
Credit on tax loss and negative basis	228,278	108,609	336,887	105,355	442,242
Debentures issuance cost	1,271	3,319	4,590	2,262	6,852
Deferred tax on right-of-use assets	79	25	104	(88)	16
Share-based payment plan expenses	-	19,144	19,144	165,348	184,492
Performance reward provision	-	902	902	(902)	-
Amortization of fair value - Assets acquired in a business combination	-	-	-	260,350	260,350
Other tax credits/debits	218	(234)	(16)	6,292	6,276
<b>Total</b>	<b>242,132</b>	<b>128,482</b>	<b>370,614</b>	<b>529,923</b>	<b>900,537</b>

	<b>Consolidated</b>						
	Balance at 01/01/2021	Recognized in income (loss)	Acquisition of companies	Balance at 12/31/2021	Recognized in income (loss)	Acquisition of companies	Balance at 12/31/2022
Provision for tax, civil and labor risks	123,113	8,346	-	131,459	80,063	98,030	309,552
Allowance for losses on trade receivables	38,020	44,458	-	82,478	31,033	104,978	218,489
Deferred commissions expenses	(65,388)	(15,885)	(5,953)	(87,226)	(2,357)	-	(89,583)
Credit on tax loss and negative basis (i)	257,970	240,974	-	498,944	420,244	161,939	1,081,127
Amortization of fair value - Assets acquired in a business combination	184,594	142,411	-	327,005	191,912	100,774	619,691
Deferred tax on goodwill (ii)	(39,538)	(126,514)	-	(166,052)	(313,452)	(328,799)	(808,303)
Deferred tax on right-of-use assets	17,174	11,172	410	28,756	34,196	23,891	86,843
Debentures issuance cost	1,323	(9,084)	-	(7,761)	14,662	-	6,901
Share-based payment plan expenses	-	19,144	-	19,144	165,348	-	184,492
Other tax credits	22,703	15,746	3,198	41,647	72,902	(27,178)	87,371
<b>Total</b>	<b>539,971</b>	<b>330,768</b>	<b>(2,345)</b>	<b>868,394</b>	<b>649,551</b>	<b>133,635</b>	<b>1,696,580</b>
Deferred tax (asset)	579,509	-	-	1,034,446	-	-	2,504,883
Deferred tax (liability)	(39,538)	-	-	(166,052)	-	-	(808,303)

- (i) Only entities with probable future taxable income expected to be available were included in the calculation of deferred income and social contribution taxes.
- (ii) Deferred tax liabilities recorded on the tax amortization of goodwill from business combinations, according to article 22 of Brazilian Law 12,973/14.

### b.2 Expected realization of deferred taxes

Below are the expected periods for realization of the net deferred taxes of the Company and its subsidiaries, based on projections that may change in the future:

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	<b>Parent Company</b>	<b>Consolidated</b>
	<b>12/31/2022</b>	<b>12/31/2022</b>
2023	45,830	144,374
2024	45,830	389,802
2025	146,132	389,647
2026	224,372	240,088
2027	209,226	224,941
>2028	229,148	307,727
<b>Total</b>	<b>900,537</b>	<b>1,696,580</b>

Income tax and social contribution losses do not prescribe. Following the 2019 business combinations, the Company and its subsidiaries executed a strategic corporate restructuring plan in order to support the realization of the deferred tax assets.

## 36 Financial instruments

### (i) Fair value hierarchy

When measuring fair value of an asset or liability, the Company and its subsidiaries use observable market data as far as possible. Fair values are classified at different levels in a hierarchy based on information (inputs), (Note 7 (c)), to which are applied valuation techniques.

In the years ended December 31, 2022 and 2021, the Company and its subsidiaries had no transfers between financial assets, nor did they transfer between hierarchical levels.

The book values of financial asset and liability financial instruments of the Company and its subsidiaries are shown below classified by valuation hierarchy:

December 31, 2022	<b>Consolidated</b>							
	<b>Book value</b>			<b>Fair value</b>				
	<b>Amortized cost</b>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets measured at fair value</b>								
Short-term and long-term investments - Investment funds	-	3,794,527	-	3,794,527	-	3,794,527	-	3,794,527
Derivative financial instruments - Long position	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,794,527</b>	<b>-</b>	<b>3,794,527</b>	<b>-</b>	<b>3,794,527</b>	<b>-</b>	<b>3,794,527</b>
<b>Financial assets not measured at fair value</b>								
Short-term and long-term investments - Bank Deposit Certificates (CDB)	164,764	-	-	164,764				
Short-term and long-term investments - Brazilian Treasury Note (NTN-B)	209,776	-	-	209,776	-	-	-	-
Short-term and long-term investments - National Treasury Bill (LTN)	2,963	-	-	2,963	-	-	-	-
Short-term and long-term investments - Financial Treasury Bill (LFT)	424,711	-	-	424,711	-	-	-	-
<b>Total</b>	<b>802,214</b>	<b>-</b>	<b>-</b>	<b>802,214</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>								
Borrowings and financing (ii)	(328,434)	-	-	(328,434)	-	-	-	-
Debentures (ii)	(9,379,856)	-	-	(9,379,856)	-	-	-	-
Certificate of Real Estate Receivables – CRI (ii)	(2,009,391)	-	-	(2,009,391)	-	-	-	-
Dividends and interest on equity	(13,604)	-	-	(13,604)	-	-	-	-
Leases	(2,350,044)	-	-	(2,350,044)	-	-	-	-
Derivative financial instruments - Short position	-	(18,468)	(42,184)	(60,652)	-	(60,652)	-	(60,652)
<b>Total</b>	<b>(14,081,329)</b>	<b>(18,468)</b>	<b>(42,184)</b>	<b>(14,141,981)</b>	<b>-</b>	<b>(60,652)</b>	<b>-</b>	<b>(60,652)</b>
<b>Financial liabilities measured at fair value</b>								
Contingent consideration (i)	-	(1,207,398)	-	(1,207,398)	-	(1,207,398)	-	(1,193,199)
<b>Total</b>	<b>-</b>	<b>(1,207,398)</b>	<b>-</b>	<b>(1,207,398)</b>	<b>-</b>	<b>(1,207,398)</b>	<b>-</b>	<b>(1,193,199)</b>

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December 31, 2021	Consolidated						
	Book value			Fair value			
	Amortized cost	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>							
Short-term and long-term investments - Investment funds	-	7,043,010	7,043,010	-	7,043,010	-	7,043,010
Derivative financial instruments - Long position	-	7,753	7,753	-	7,753	-	7,753
<b>Total</b>	-	<b>7,050,763</b>	<b>7,050,763</b>	-	<b>7,050,763</b>	-	<b>7,050,763</b>
<b>Financial assets not measured at fair value</b>							
Short-term and long-term investments - NTN-B	39,670	-	39,670	-	-	-	-
<b>Total</b>	<b>39,670</b>	<b>-</b>	<b>39,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>							
Borrowings and financing	(42,074)	-	(42,074)	-	-	-	-
Debentures	(4,583,552)	-	(4,583,552)	-	-	-	-
Certificate of Real Estate Receivables - CRI	(970,305)	-	(970,305)	-	-	-	-
Dividends and interest on equity	(31,859)	-	(31,859)	-	-	-	-
Leases	(1,133,625)	-	(1,133,625)	-	-	-	-
Derivative financial instruments - Short position	-	(18,289)	(18,289)	-	(18,289)	-	(18,289)
<b>Total</b>	<b>(6,761,415)</b>	<b>(18,289)</b>	<b>(6,779,704)</b>	<b>-</b>	<b>(18,289)</b>	<b>-</b>	<b>(18,289)</b>
<b>Financial liabilities measured at fair value</b>							
Contingent consideration (Reclassified) (i)	-	(869,821)	(869,821)	-	(869,821)	-	(869,821)
<b>Total</b>	<b>-</b>	<b>(869,821)</b>	<b>(869,821)</b>	<b>-</b>	<b>(869,821)</b>	<b>-</b>	<b>(869,821)</b>

- (i) Contingent consideration presented in Note 27 (a).  
(ii) Measurements at amortized cost and at fair value of borrowings, financing, debentures and Certificate of Real Estate Receivables – CRI of the Company have approximate amounts.

Cash and cash equivalents, trade receivables and trade payables are not included above since their book values approximate their fair values due to the short-term maturities.

The book value of short- and long-term investments in CDB approximate their fair value since they mature in up to 90 days, remunerated at DI (Interbank Deposits) rates and issued by top-tier financial institutions.

## (ii) Measurement at fair value

Assets and liabilities measured at fair value are as follows:

- a) Investment funds  
Obtained from the quota values disclosed by financial institutions.
- b) Derivative financial instruments  
Based on the fair value derivative financial instruments disclosed by financial institutions.

## (iii) Risk management

### a) Market risk management

The formal risk policy of the Company and its subsidiaries addresses investments and the use of financial instruments in their activities.

The investment policy establishes the following parameters: (i) limits exposure to credit, liquidity, market, operational and legal Risks regarding Financial Investments, ensuring the preservation of the long-term equity of the Company and its subsidiaries; (ii) maintains efficient and optimized management in order to guarantee cash sufficiency; (iii) prohibits derivatives of any nature or foreign currencies and financial assets with exchange exposure, except when their purpose is to establish a hedge for financial or operating liabilities; (iv) investments through entities of the Company and its subsidiaries or, indirectly, through open, restricted or dedicated investment funds, of which they are shareholders of: a) federal government bonds; b) bonds or securities issued by a financial institution (CDBs, LF, LCI, LCA, DPGE, CCBs and other fixed income products); c)

bonds or securities issued by publicly-held companies (debentures, promissory notes, CRI, CRA, etc.); d) commitments backed by the aforementioned assets; and e) allocation of Guarantor Assets, or Bound Financial Investments, must follow concentration limits detailed in RN ANS 392.

The financial area consolidates indicators and reports on the management of investments and financial instruments on a regular basis with a detailed analysis of the distribution, risks, maturities, interest, performances and results, addressing the most relevant aspects of the macroeconomic environment and ensuring alignment with the financial instruments investment policy.

Market risk also includes monitoring by the Company and its subsidiaries of interest rate risk in a timely manner, monitoring any fluctuations and, when applicable, evaluating the contracting of hedging instruments.

### **Sensitivity analysis**

A sensitivity analysis for financial assets and liabilities using the basic interest rate (CDI) as the base (probable) scenario is as below.

			<b>Scenario</b>	<b>Scenario</b>	<b>Scenario</b>	<b>Possible</b>	<b>Possible</b>
	<b>Risk</b>		<b>(-50%)</b>	<b>(-25%)</b>	<b>(Probable)</b>	<b>(+25%)</b>	<b>(+50%)</b>
<b>12/31/2022</b>	<b>CDI</b>		6.19%	9.28%	12.37%	15.46%	18.56%
	<b>IPCA</b>		2.72%	4.08%	5.45%	6.81%	8.17%
	<b>SELIC</b>		6.13%	9.19%	12.25%	15.31%	18.38%
<b>Short-term and long-term financial investments</b>							
Balance of short-term financial investments (collateral assets)	2,749,908	112.37% CDI	170,082	255,123	340,164	425,205	510,245
Balance of short-term and long-term investments (free)	1,539,269	112.37% CDI	95,204	142,806	190,408	238,009	285,611
Balance of short-term and long-term investments (NTN-B)	40,750	5.79% IPCA	1,109	1,664	2,219	2,774	3,328
Balance of short-term and long-term investments (NTN-B collateral)	169,026	5.10% IPCA	4,602	6,903	9,203	11,504	13,805
Balance of short-term and long-term investments (LFT-B collateral)	97,788	12.25% SELIC	5,990	8,984	11,979	14,974	17,969
<b>Total</b>	<b>4,596,741</b>						
<b>Borrowings and financing</b>							
Working capital	254,445	112.37% CDI	15,750	23,612	31,475	39,337	47,225
Credit cooperative	254	112.37% CDI	16	24	31	39	47
FINAME	73,449	112.37% CDI	4,546	6,816	9,086	11,355	13,632
Other borrowings and financing	286	112.37% CDI	18	27	35	44	53
<b>Total</b>	<b>328,434</b>						
<b>Debentures</b>							
Debentures - Series 1 - 1st Issue - Hapvida Part.	1,255,496	112.37% CDI	77,715	116,510	155,305	194,100	233,020
Debentures - Series 2 - 1st Issue - Hapvida Part.	251,115	112.37% CDI	15,544	23,303	31,063	38,822	46,607
Debentures - Series 1 - 2nd Issue - Hapvida Part.	1,275,524	112.37% CDI	78,955	118,369	157,782	197,196	236,737
Debentures - Series 2 - 2nd Issue - Hapvida Part.	1,275,943	112.37% CDI	78,981	118,408	157,834	197,261	236,815
Debentures - 3rd Issue - Hapvida Part.	2,030,924	112.37% CDI	125,714	188,470	251,225	313,981	376,939
Debentures - 3rd Issue - NDI Saúde	564,838	112.37% CDI	34,963	52,417	69,870	87,324	104,834
Debentures - 4th Issue - BCBF	778,422	112.37% CDI	48,184	72,238	96,291	120,344	144,475
Debentures - 5th Issue - BCBF	713,603	112.37% CDI	44,172	66,222	88,273	110,323	132,445
Debentures - 6th Issue - BCBF	1,233,991	112.37% CDI	76,384	114,514	152,645	190,775	229,029
<b>Total</b>	<b>9,379,856</b>						

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	<b>Risk</b>	<b>Scenario (-50%)</b>	<b>Scenario (-25%)</b>	<b>Scenario (Probable)</b>	<b>Possible (+25%)</b>	<b>Possible (+50%)</b>
<b>12/31/2022</b>	<b>CDI</b>	6.19%	9.28%	12.37%	15.46%	18.56%
	<b>IPCA</b>	2.55%	3.83%	5.10%	6.38%	7.65%
<b>Certificate of Real Estate Receivables</b>						
CRI - Single series - Ultra Sound	1,031,208	5.10% IPCA	26,296	39,495	52,592	65,791
CRI - Series 1 - BCBF	530,659	112.37% CDI	32,848	49,245	65,643	82,040
CRI - Series 2 - BCBF	354,205	5.10% IPCA	9,032	13,566	18,064	22,598
CRI - Series 3 - BCBF	93,319	5.10% IPCA	2,380	3,574	4,759	5,954
<b>Total</b>	<b>2,009,391</b>					

## b) Underwriting risk

### *Pricing Policy*

Companies that operate in health and dental care business are exposed to risks related to cost volatility. Dental care plans are less exposed than health plans due to lower frequency of use and lower complexity of the treatments.

When the Company and its subsidiaries are developing a new product they analyze numerous variables to define the product/ service price, such as the demographic area where it will be offered, the frequency of use of services established in the area from historical records, and the costs of main inputs in the area it will be sold (physicians, health care professionals, market price of main procedures). Based on these analyses, the Company and its subsidiaries determine the price of health and dental care plans.

Each medium or large clients the medical losses ratios is calculated every year when the Company and its subsidiaries are negotiating annual price increase for health and/or dental insurance plans (individual clients are regulated by ANS). Based on historical usage of the service network controlled by biometrics and based on expectations of costs related to these clients, the price increase of this contract is determined. This practice mitigates risks of clients bringing constant losses to the Company and its subsidiaries.

For individual clients, the pricing of the products takes into account a premium as these clients historically make greater use of service network.

### *Sensitivity analysis*

Underwriting risks are assessed based on variables that affected the product subscription process or from insufficient prices.

The sensitivity analyses below simulate the hypothetical impacts on results and shareholders' equity, of changes in operating parameters before and after contracting:

	<b>December 31, 2022 - Consolidated</b>	
	<b>Effect on income before taxes</b>	<b>Effect of income after taxes and impact on shareholders' equity</b>
5% increase in claims	(904,685)	(597,092)
5% increase in administrative and selling expenses	(318,144)	(209,975)
5% decrease in claims	904,685	597,092
5% reduction in administrative and selling expenses	318,144	209,975

### *Determination of technical provisions*

The calculation of technical provisions is carried out monthly by the actuarial team, monitored by the Controlling team, to determine the need for guarantee assets at the end of each quarter, according to the criteria provided for in art, 2 of RN ANS No. 392/15 (amended by RN ANS No. 419/16), governing the requirements of the sector's regulatory body. In addition, the Company and

its subsidiaries assess at each reporting date, whether their liabilities are sufficient, using current estimates of future cash flows from their contracts, through liability adequacy tests. If results indicate the contractual liability is insufficient to meet estimated future cash flows, any insufficiency in the technical provision is recognized in income for the period/year. The Company and its subsidiaries did not record any adjustments resulting from the liability adequacy tests.

Note 23 presents the technical provisions, their natures and breakdown of each obligation related to SUS, due to the particularities set forth by regulation.

**c) Operational risk**

Operational risk arises from losses being incurred from failure, deficiency or inadequate internal procedures, personnel and systems, or external events.

The operational risk monitoring and management activity aims to mitigate risks from losses due to the quality of operations in delivering contracted coverage and/or the provision of services. The identification of operational risks and associated controls is carried out through the mapping of organizational flows, so that, when identified, the impacts of such risks are quantified, considering the expected pattern regarding their frequency and severity through specific methodologies applicable to each risk assessed.

Mitigating actions provide greater stability and control. Procedural protocols guide the performance of professionals as they deliver services within technical and safety standards as per the manuals. Control areas are fully engaged in monitoring the main indicators of customer service in the own network units in real time. Both tools are important instruments for identifying situations outside the expected standard, allowing management to act quickly and efficiently before developments occur which may impact the operation.

**d) Credit risk**

Credit risk is the risk that the Company and its subsidiaries will incur losses arising from a customer or a counterparty in a financial instrument, resulting from their failure to comply with their contractual obligations. The risk basically arises from trade receivables and short- and long-term investments.

***Accounts receivable***

Credit risk for the Company and its subsidiaries is considered low by Management, mainly because, as a health plan operator, the monthly payments are paid before the provision of services. Most of the accounts receivables of the Company and its subsidiaries are related to the risk of the coverage period. Approximately 48% of accounts receivable are more than 60 days overdue (Note 13). In addition, to reducing the credit risk for treatment costs, the operator can cancel overdue plans, as regulated by ANS for the health plan operator.

The Company and its subsidiaries record an allowance using recently observed factors, using historical rates of losses to reflect current conditions and reasonable and reasonable forecasts of future economic conditions. The allowance for accounts receivable losses is used to record impairment losses, unless the Company and its subsidiaries assess that it is not possible to recover the amount due; in this case the losses are irrecoverable and are charged against the financial asset directly.

In general, the Company and its subsidiaries mitigate their credit risks by providing services to a broadly dispersed customer base and with no defined concentration. For defaulting customers, the Company and its subsidiaries cancel plans in accordance with ANS rules.

### **Short- and long-term investments**

For credit risks related to financial investments, the quantitative information on maximum exposure to risk below is consistent with the credit ratings granted by financial institutions that are counterparties to the investments of the Company and its subsidiaries:

	12/31/2022	12/31/2021 (Reclassified)	Ratings of financial institutions (*)					
			Fitch (*)		Moody's (*)		S&P (*)	
			Current	Non-current	Current	Non-current	Current	Non-current
Banco Itaú Unibanco S.A.	1,620,738	2,315,137	F1+	AAA	BR-1	Aaa.br	brA-1+	brAAA
Banco Santander S.A.	1,790,755	2,053,798	F1+	AAA	BR-1	Aaa.br	brA-1+	brAAA
Banco Bradesco S.A.	293,395	1,331,944	F1+	AAA	BR-1	Aaa.br	brA-1+	brAAA
Caixa Econômica Federal	125,161	119,472	F1+	AA	BR-1	Aaa.br	brA-1+	brAAA
Banco do Brasil S.A.	232,582	1,234,699	F1+	AA	BR-1	Aaa.br	brB	brB
Banco Safra S.A.	35,593	63,268	-	-	BR-1	Aaa.br	-	-
Banco Votorantim	1,416	1,666	-	AAA	BR-1	Aaa.br	brA-1+	brAAA
Credit Suisse	299,918	266,381	F1+	AAA	BR-1	Aaa.br	brA-1+	brAAA
BTG Pactual	102,752	28,841	-	AAA	-	Aaa.br	brA-1+	brAAA
Other	94,431	95,626	-	AAA	-	Aaa.br	-	-
<b>Total</b>	<b>4,596,741</b>	<b>7,510,832</b>						

(\*) Most recent financial disclosure of each financial institution. National scale.

### **Cash and cash equivalents**

The Company and its subsidiaries have cash and cash equivalents of R\$ 1,267,915 at December 31, 2022 (R\$ 347,256 at December 31, 2021) consisting mainly of cash, banks and highly liquid financial investments. Cash and cash equivalent balances are held in banks and financial institutions that are rated between AA and AA+, according to Fitch, in addition to being immediately convertible into cash and subject to an insignificant risk of change in value.

### **e) Liquidity risk**

Liquidity risk is the risk that the Company and its subsidiaries will have difficulties in complying with obligations associated with their financial liabilities settled with cash payments or with another financial asset. The approach of the Company and its subsidiaries to liquidity management is to ensure, as far as possible, that they always have sufficient liquidity to meet their obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with the risk of damaging the reputation of the Company and its subsidiaries.

The Company and its subsidiaries use medical loss controls to price their products and services, which assists in monitoring cash flow requirements and the optimization of their cash return on investments. The Company and its subsidiaries seek to maintain a level of cash and cash equivalents and other highly negotiable investments surplus to cash outflows needs (other than trade payables). The Company and its subsidiaries also monitor expected level of cash inflows from trade and other receivables as well as expected cash outflows related to trade payables and other accounts payable. The main sources of funds used by the Company and its subsidiaries are their self-generated funds from the rendering of services. The income from investments from cash deposits is added to this amount.

The exposure to liquidity risk, the contractual maturities of financial liabilities on the date of the parent company and consolidated financial statements are shown below:

**Hapvida Participações e Investimentos S.A.**  
Parent company and consolidated financial statements at  
December 31, 2022

<b>Contractual cash flows</b>								
<b>Financial liabilities</b>	<b>Notes</b>	<b>Book value</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>&gt;2027</b>	<b>Total</b>
Trade payables	-	414,703	414,703	-	-	-	-	414,703
Technical provisions for health care operations (i)	23	783,299	783,299	-	-	-	-	783,299
Borrowings, financing, debentures and CRI	21	11,717,681	2,461,627	2,191,756	2,009,874	1,844,714	8,349,671	16,857,642
Leases	22	2,350,044	351,286	320,000	303,858	290,845	3,778,125	5,044,114
Other accounts payable	27	1,932,568	387,837	1,544,731	-	-	-	1,918,370
Dividends and interest on equity payable	28.c	13,604	13,604	-	-	-	-	13,604
<b>Total</b>		<b>17,211,899</b>	<b>4,412,356</b>	<b>4,056,487</b>	<b>2,313,732</b>	<b>2,135,559</b>	<b>12,127,796</b>	<b>25,045,930</b>

(i) Comprised of outstanding claims reserve (Note 23).

Cash flow forecasts are prepared by the Company and its subsidiaries, and continuous forecasts of liquidity requirements are monitored to ensure that the Company and its subsidiaries have sufficient cash to meet operating needs. This forecast considers the cash generation of the Company and its subsidiaries.

#### (iv) Hedge accounting and derivative financial instruments

The Company and its subsidiaries have derivative financial instrument contracts, used to reduce exposure to interest rate fluctuations (interest rate swap), with no speculative purpose.

In May 2022, the Company contracted derivative instruments for financial settlement (Equity Swap), through which it establishes ratios for future financial flows, linked to the shares price issued by the Company (long position) and a percentage agreed with the counterparty of the referenced average rates of interbank deposits - CDI (short position).

The Company and its subsidiaries adopted the cash flow hedge accounting methodology for their IPCA x CDI interest rate swaps intended to cover the financial debt of the 1<sup>st</sup> issue of Certificates of Real Estate Receivables (CRI) of Ultra Som Serviços Médicos S.A. In this system, balances are recorded as follows:

- (i) the effective portion of the gain or loss arising from the hedging instrument is recognized directly in equity (other comprehensive income); and
- (ii) the ineffective portion of the gain or loss arising from the hedging instrument is recognized in "Net finance income (expenses)" in the statement of profit or loss.

Below are the swap contracts of the Company's and its subsidiaries, as well as their fair values on the base date:

<b>Instrument</b>	<b>Maturity</b>	<b>Long position</b>	<b>Short position</b>	<b>Fair value</b>	<b>Notional (R\$)</b>	<b>Position at 12/31/2022</b>	<b>Position at 12/31/2021</b>
Swap - Exchange	March 2022	€ + 1.8089% p.a.	100% CDI + 1.4% p.a.	-	25,000	-	3,646
Swap - Exchange	March 2022	USD + 4.64% p.a.	100% CDI + 1.4% p.a.	-	25,000	-	4,107
Swap - Interest rate	December 2021	IPCA + 5.7505% p.a.	112.3% CDI	(7,138)	200,000	(7,138)	(2,565)
Swap - Interest rate	December 2021	IPCA + 5.7505% p.a.	113.8% CDI	(11,241)	250,000	(11,241)	(5,437)
Swap - Interest rate	December 2021	IPCA + 5.7505% p.a.	113.95% CDI	(13,897)	300,000	(13,897)	(6,513)
Swap - Interest rate	December 2021	IPCA + 5.7505% p.a.	112.9% CDI	(9,908)	251,700	(9,908)	(3,774)
<b>Subtotal</b>				<b>(42,184)</b>		<b>(42,184)</b>	<b>(10,536)</b>
<b>Instrument</b>	<b>Maturity</b>	<b>Long position (Average value)</b>	<b>Short position</b>	<b>Fair value</b>	<b>Notional (R\$)</b>	<b>Position at 12/31/2022</b>	<b>Position at 12/31/2021</b>
Equity swap	May 2023	7.137	113.65% CDI	(3,825)	9992	(3,825)	-
Equity swap	May 2023	7.275	113.65% CDI	(3,952)	9985	(3,952)	-
Equity swap	May 2023	6.980	113.65% CDI	(3,574)	9772	(3,574)	-
Equity swap	May 2023	6.980	113.65% CDI	(3,652)	10000	(3,652)	-
Equity swap	June 2023	6.805	113.65% CDI	(3,465)	9867	(3,465)	-
<b>Subtotal</b>				<b>(18,468)</b>		<b>(18,468)</b>	-
<b>Total</b>				<b>(60,652)</b>		<b>(60,652)</b>	<b>(10,536)</b>
					<b>Assets</b>	-	7,753
					<b>Liabilities</b>	(60,652)	(18,289)

The changes in derivative financial instruments (interest swaps) are shown as follows:

	<b>12/31/2022</b>
<b>At December 31, 2021</b>	<b>18,289</b>
Accruals	(56,558)
Market value - MtM	154,983
Payment of interest	(74,530)
<b>At December 31, 2022</b>	<b>42,184</b>

### 37 Insurance coverage (unaudited)

The Company and its subsidiaries have insurance contracts with coverage considered sufficient to cover potential losses on their assets and/or liabilities, taking into account the nature and degree of risk at amounts, under the advice of their brokers.

The details of the insurance coverage of the Company and its subsidiaries are shown below:

Item	Type of coverage	Insured amount
Buildings, facilities, machinery, furniture, fixtures and inventories	Fire (including resulting from riots, strikes and lock-out), lightning, explosion of any nature and aircraft crash, electrical damage, equipment leased and assigned to third parties, mobile equipment, falling glass, fixed expenses (6 months), loss/rental payments (6 months), theft/qualified theft of goods, windstorm, impact of vehicles until smoke, collapse, electronic equipment, portable objects (in Brazil) and theft of medicines.	879,897
D&O	Civil liability - directors and officers.	200,000
Civil liability	Civil liability - operations.	260,000
Cyber	Cyber risk insurance.	25,000
Litigation	Litigation for the civil, tax and labor risks, and guarantee of acquisitions and tax legal.	851,238
Vehicle fleet	Complete coverage, property damage, personal injury and movable equipment.	100% of the average vehicle price table, per vehicle
Employees	Group life insurance. Interns, disability and funeral assistance.	Variable according to salary range
Insurance guarantee	Warranties on customer contracts.	33,473
Other insurance	Tax, construction, supply or provision of services.	26,437

### 38 Transactions not involving cash or cash equivalents

During the years ended December 31, 2022 and 2021, the Company and its subsidiaries carried out the following non-cash investing and financing activities, with no effects on the statements of cash flows:

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Balance attributed to the acquisition of investees (i)	38,684,622	654,584	38,684,622	654,584
Right-of-use assets - Additions/write-offs and remeasurements	2,745	51	462,009	167,571
Accounts payable - Contractual obligations	-	-	15,666	869,821
Reversal of adjustment to present value of acquisitions (ii)	-	-	113,416	-

- (i) Refers to the payment of consideration for acquisitions with Company's shares (Note 4).  
(ii) Refers to the reversal of the adjustment to present value on the balance of Other accounts payable for company acquisitions, previously constituted in the Company's subsidiaries.

## 39 Subsequent events

(i) *Debentures - Early settlement*

On January 6, 2023, the indirect subsidiary BCBF Participações S.A. made the partial early payment of non-convertible debentures, issued on September 22, 2020 and November 4, 2020 (BCBF14 and BCBF15 - 4<sup>th</sup> and 5<sup>th</sup> issue), in the amounts of R\$ 634,392 and R\$ 269,989, respectively.

(ii) *Acquisition of the HB Saúde group - Completion of the operation*

In July 2021, the Company and its subsidiaries entered into a binding proposal with the management of the HB Saúde Group for the acquisition of the group. The HB Saúde group of São José do Rio Preto (SP) is composed of the following entities: H.B. Saúde S.A., H.B. Saúde Prestação de Serviços Médicos Ltda., Centro Integrado de Atendimento Ltda. and HB Saúde Centro de Diagnóstico Ltda. (HB Saúde Group).

On January 2, 2023, the Company, through its subsidiary Hapvida Assistência Médica S.A., after completing the approvals from the regulatory bodies and complying with the conditions precedent set forth in the contract, completed the acquisition of the HB Saúde group, in line with its strategy of expansion and national consolidation.

The acquisition price is R\$ 650 million subject to discount on the net debt and retention to guarantee any contingencies.

(iii) *Official Letter No. 01/2023/CVM/SNC/SEP*

On February 8, 2023, the Federal Supreme Court (STF) unanimously considered that a final and unappealable decision on the constitutionality of taxes charged on a continuous basis (tax relationship with continuing performance) loses its effects automatically in the event the STF afterwards rules to the contrary. This means, in practice, that decisions handed down in a direct action (a direct action for the declaration of unconstitutionality (ADI) or a direct action for the declaration of constitutionality (ADC) or in an appeal to the STF with general repercussion interrupt the effects of previous decisions in the context of a tax relationship with continuing performance, even if they have already been issued on a final and unappealable basis. The decision of the STF established that, in cases where a *res judicata* is annulled and the related tax is considered to be due, the principles of non-retroactivity, annual retroactivity and ninety-day period [principle under which no new tax may be collected in a period of less than ninety days after the publication of the statute that created it] must be complied with, depending on the nature of the tax (Relativization of *Res Judicata* Decision).

As it stands, said decision impacts the Company's operator, its subsidiary Hapvida Assistência Médica S.A. (Hapvida Operator), headquartered in Fortaleza/CE, with respect to the Services Tax (ISS). In 2000, a final and unappealable decision was issued in favor of Hapvida Operator stating that it was not obliged to pay the ISS to the city of Fortaleza, a municipality of competent jurisdiction because the headquarters of the Operator are located there, since its activity was not considered as a provision of services subject to the tax payment (Hapvida ISS Decision). As a result, since that time Hapvida Operator has not been calculating and paying ISS to the Municipality of Fortaleza.

In 2016, the STF issued a ruling with general repercussion (Topic 581 – Appeal 651.703), according to which health plan operators are classified as service providers subject to the payment of ISS, which differs from the Hapvida ISS Decision. This ruling, however, was subject to several motions for clarification, which changed the scope and extension of the *res judicata*, so that the decision became final and unappealable in May 2022 (ISS General Repercussion Decision). Given the current context, in which (i) the exact terms of the Relativization of *Res Judicata* Decision are

not known; and (ii) there is uncertainty as to the final outcome of the discussion on the enforcement of the effects; the company's management understands that, by adopting the retroactivity principle, considering that the ISS General Repercussion Decision of May 2022 was final, there should be no provision recorded for retroactive periods.

After the publication of the Judgment related to the Relativization of *Res Judicata* Decision, the Company will have greater visibility to define its legal and accounting strategy in relation to the matter. It is worth clarifying that, in any scenario, in accordance with settled former decisions by the High Court of Justice (STJ), which were mentioned as correct by the STF in the ISS General Repercussion Decision itself, the costs incurred for providing assistance to beneficiaries (loss ratio) shall be deducted from the tax calculation base, which will mitigate the impact on cash.

Given the current context, in which (i) the exact terms of the Relativization of *Res Judicata* Decision are not known; (ii) there is uncertainty as to the final outcome of the discussion on the enforcement of the effects; and (iii) the decision is subject to motions for clarification that should be filed soon, which, in theory, may result in some revision of the decision and its extension, even a change in the position of the justices' vote; the company's management understands that, by adopting the retroactivity principle, considering that the ISS General Repercussion Decision of May 2022 was final, there should be no provision recorded for retroactive periods.

(iv) *Issuance of debentures*

On February 24, 2023, the Company's board of directors approved the execution of the 4th issue of simple debentures, not convertible into shares, unsecured, with additional fiduciary guarantee, of the Company, in the total amount of R\$750,000 (Debentures and Debenture Issue, respectively).

The Debentures will have a fiduciary guarantee in the form of a surety bond granted by its wholly-owned subsidiary, Ultra Som Serviços Médicos S.A. (Ultra Som), and will be subject to a public offering for distribution pursuant to Brazilian Securities Commission Resolution No. 160 of July 13, 2022, as amended, and other applicable legal and regulatory provisions (Offering), and will be exclusively directed to professional investors, as defined in article 11 of CVM Resolution No. 30 of May 11, 2021. The placement of the Debentures will occur under a firm placement guarantee for the total amount of the Issue.

The Issuance will be carried out in a single series, and the Debentures will bear interest corresponding to 100% of the accumulated variation of the average daily DI rates (DI Rate), increased exponentially by a surcharge equivalent to 1.70% per year, based on 252 business days and will mature in 2024. The unit par value of the Debentures will be amortized in a single installment, on the maturity date.

The net funds to be raised will be used to pay for acquisitions already announced by the Company and its subsidiaries, as well as for cash reinforcement.

The effective conclusion of the Issuance and the financial settlement of the Debentures are subject to compliance with a series of conditions precedent, as usual in similar operations. The Company will inform its shareholders and the market in general on a timely basis of any material updates on this matter.

\* \* \*

Cândido Pinheiro Koren de Lima  
*Chairman of the Board of Directors*

Jorge Fontoura Pinheiro Koren de Lima  
*CEO and Chief Commercial and Relationship Officer*

Maurício Fernandes Teixeira  
*Chief Financial and Investor Relations Officer*

Gilson Ramos  
*Chief Accounting Officer*  
CRC SP-339585/O-9