Hapvida Participações e Investimentos S.A.

Parent company and consolidated financial statements at December 31, 2021

Contents

4Q21 EARNINGS RELEASE




Quarter highlights

- Net Revenues of R$2.6 billion (+14.3%)
- Health and dental beneficiaries grow 12.9%
- Cash MCR of 64.9% (+5.4 p.p. vs 4Q20 and –3.0 p.p. vs 3Q21)
- EBITDA of R$394.0 million (-8.8%)

2021 highlights

- Net Revenues of R$9.9 billion (+15.5%)
- Health and dental beneficiaries grow 12.9%
- Cash MCR of 65.2% (+8.8 p.p.)
- EBITDA of R$1.5 billion (-26.0%)

Earnings Webcast
March 24th, 2022 (Thursday)
Portuguese (with simultaneous translation into English)
10am (EDT – NY) | 11am (BRT)
Webcast: ri.hapvida.com.br/en

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Message from Management

Starting on February 11, 2022, we started a new chapter in the history of both Hapvida and the private healthcare sector in our country. That day marked the conclusion of the largest merger operation in the history of Brazil, with the business combination between Hapvida and Grupo NotreDame Intermédica (GNDI), the two companies that participated the most in the consolidation process of the healthcare sector in recent years. This operation will be transformational for the country, as the creation of a vertical and integrated player with a national presence is unique and will allow us to offer a superior value proposition to clients, expanding and democratizing access to quality healthcare. For this new moment for the company, a modern and consistent “People’s Plan” was created aimed to attract and retain professionals who are trained and capable of acting in adversity. The combination will also generate great synergies that have already begun to be captured. Over the past few months, Hapvida's senior management has migrated to the city of São Paulo and today occupies the same physical space as GNDI's executives so that we can accelerate our integration plans and ensure full team alignment. We remain with a robust and healthy balance sheet, which allows us to continue participating in the process of consolidating the private health sector in Brazil, which is still quite fragmented.

Even with the challenges created by the worsening of the Covid-19 pandemic in Brazil last year, we are extremely proud of the achievements of our employees and health professionals and the performance of our business, which has once again proven itself to be resilient and efficient. The year of 2021 was another period in which our operational discipline and the strong execution of our teams were in evidence, with the Hapvida team being able to show all its experience. We made strong investments in technology, management, protective equipment, reinforcement of infrastructure and health professionals, anticipation of purchases and logistics. We were also agile in resizing our service network to adapt to the volatile demand we had, quickly adding beds when necessary but also demobilizing beds at the same speed. The end of the year was marked by a third wave of Covid-19 concomitant with an influenza epidemic, substantially increasing the demand for urgent care in our units and telemedicine consultations. Despite the high volume of consultations, this time there was no proportional increase in hospitalizations. The pace of vaccination in the country allows us to believe that the downward trend in Covid-19 cases will continue and that, together, we will reach the end of this health crisis.

We ended 2021 with 7.5 million beneficiaries, 4.3 million in health plans and 3.2 million in dental plans. In the year, we net added 534 thousand health beneficiaries and 192 thousand dental beneficiaries, both with organic growth and through acquisitions such as Samedh, Plamheg, Promed and Premium. Annual net revenues reached R$9.9 billion in 2021 and R$2.6 billion in 4Q21, an increase of 15.5% and 14.3%, respectively, compared to the same periods of the previous year. The cash medical care ratio (MCR) for the year was 65.2% and 64.9% in 4Q21. When we exclude the costs related to Covid-19, the medical expenses of the newly acquired companies that still operate at higher MCR levels and the impact of the negative adjustment of the individual plans, cash MCR would have been 59.5% in 2021 and 61 .2% in 4Q21, in line with our track record for comparative periods. We remained efficient in properly managing selling expenses, reaching a rate of 7.3% and administrative expenses with a rate of 10.5% in the year. As a result, our EBITDA in 2021 reached R$1.5 billion.

We maintained a strong pace of expansion and remained committed to increasing our own proprietary care network and improving our operations with the modernization of various healthcare facilities. Investments in physical structure totaled more than R$584 million with 183 thousand square meters built or renovated. We ended the year with a total of 481 healthcare units, including hospitals, walk-in emergency center, clinics and diagnostic units. During 4Q21 alone, we opened 1 emergency care unit, 5 clinics and 4 diagnostic units. We also accelerated our gains in care quality and increased verticalization with the acquisitions of Day-hospital Cetro in Alagoinhas/BA, Madrecor Hospital in Uberlândia/MG, Viventi Hospital in Brasília/DF and Octaviano Neves Hospital in Belo Horizonte/MG .

Also, in line with our inorganic expansion strategy, we closed the acquisition of Grupo HB Saúde, which is a vertical healthcare operator with a portfolio of approximately 128k beneficiaries located in the countryside of São Paulo. And, more recently, we signed a contract for the acquisition of Grupo Smile, a health plan operator with around 80k beneficiaries located mainly in Maceió/AL, João Pessoa/PB, Campina Grande/PB and Brasília/DF.

The last stage of the São Francisco Group's integration was completed, with all units incorporated and integrated. We also advanced in the integration of the newly acquired assets, such as the conclusion of the merger of operators and care units belonging to Grupo Medical and São José in less than a year since the acquisition. With the completion of the integrations, we remain focused on absorbing synergies and preparing these assets to become large regional platforms for organic and inorganic growth.

During 2021, we raised R$5.5 billion to continue our growth plan, with an equity follow-on of R$2.0 billion in April and two debt issues totaling R$3.5 billion in 4Q21. Both operations were successfully concluded with their ratings obtaining investment grade (AAA) from Fitch Ratings, confirming the solidity of Hapvida.

Disruptive changes in our industry are taking place and we are aware that for a successful corporate story, innovation is a key factor. We continue to invest firmly in technology and digitalization because, as being leaders in health, we believe that the use and improvement of new technologies here at Hapvida can promote more health to people, improve the quality of care, promote cost efficiency, and, consequently, increase the accessibility and the customer experience of beneficiaries. Throughout the year, “Explora”, our open innovation program that raised five strategic challenges for the company, managed to advance by connecting with startup solutions through POCs and pilots, fostering Hapvida’s relationship with the startup ecosystem and innovation. Also in 2021, new technology departments were created, focusing on generating insights through data intelligence, digital products and digital transformation. We also launched the new beneficiary app (beta version) in December, bringing an experience that was completely redesigned and planned with a focus on the customer. Throughout 2021, we performed 551,000 telemedicine consultations on a proprietary platform, allowing us to monitor our beneficiaries closely, safely and comfortably, becoming an essential tool in the fight against Covid-19 and in the resizing of our network.

In 2021 we also improved our ESG agenda, with some initiatives:

- we conducted a survey with all employees to map our organizational culture
- we completed the Jobs and Careers standardization plan
- we launched a fully integrated employee journey platform
- we restructured our benefits including, for example, life insurance and health insurance for all employees
- we released our Diversity and Inclusion Booklet, with the creation of Allies and Affinities groups and the Women's Welcome channel
- we joined the LGBTQIA+ Business and Rights Forum, UN Women and the Business Network for Social Inclusion
- in line with our succession plan efforts, we created the Individual Development Plan and a Successor Map
- we have incorporated “Collaboration between teams” into the Company's pillars

Our approach to building an inclusive culture is aligned with the UN 2030 agenda and the Sustainable Development Goals (SDGs).

2021 was also a year of awards: we were recognized for our communication with the market by Institutional Investor 2021, the largest and most respected capital market ranking in the world, with Hapvida receiving several awards for the health sector in Latin America. We also won the “CEOs 10+” and “HRs 10+” awards in the Grupo Gestão RH award that elects the 10 most admired executives in Brazil and Latin America in 2021. Also, our Chief Financial and Investor Relations Officer was elected among the 10 Most Admired executives in the Financial area.

I would like to take this opportunity and welcome all GNDI employees and healthcare professionals who are now part of the Hapvida family. Together, we are now 66,000 employees, 33,000 dentists and 27,000 doctors. Our trust in these professionals gives us the strength to fulfill our greater purpose, which is to ensure access to quality healthcare for our people. Taking care of the health of our 15 million customers requires experience, resilience and solidity. We are sure that our results once again reflect our consistency in managing a sustainable business model. We thank the new Board of Directors for their support and trust. To our shareholders, brokers, business partners and especially our beneficiaries, thank you for being with us writing the second part of this story.

Jorge Pinheiro
CEO

Summary

1. INTEGRATION AND REPORTING CRITERIA

On October 1, 2021, we concluded the last stage of the São Francisco Group's integration, with the incorporation by Hapvida Assistência Médica of all the operators that were part of the São Francisco Group. On December 1, 2021, we also concluded the merger of operators and care units belonging to Medical and São José. When we refer to the companies América, São Francisco, Medical and São José, we are referring to the entities that made up the former Grupo América, Grupo São Francisco, Grupo Medical and Grupo São José.

EBITDA Ex-LTIP reflects the exclusion of the Company performance award (Long-Term Incentive Plan, or LTIP) approved by shareholders on 04/30/2021 and the Adjusted Net Income excludes the LTIP net of deferred tax and also excludes the amortization of the fair value arising from business combinations (described as "amortization of the fair value arising from business combinations (value-added)" in this document), net of its respective effect on taxes.

2. HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R$ million)	**4Q21**	**4Q20**	**Var. %**	**3Q21**	**Var. %**	**2021**	**2020**	**Var. %**
Net Revenues	2,598.9	2,273.5	*14.3%*	2,558.9	*1.6%*	9,883.4	8,555.0	*15.5%*
Medical Costs – Cash	1,685.6	1,352.1	*24.7%*	1,738.4	*(3.0%)*	6,443.5	4,828.3	*33.5%*
Medical Costs – Ex-SUS	1,721.3	1,406.6	*22.4%*	1,806.1	*(4.7%)*	6,631.2	4,997.1	*32.7%*
Total Medical Costs	1,745.4	1,512.4	*15.4%*	1,851.2	*(5.7%)*	6,817.5	5,209.0	*30.9%*
Salling Expenses	219.1	169.3	*29.4%*	168.6	*30.0%*	725.5	670.7	*8.2%*
Administrative Expenses[1]	292.6	207.4	*41.1%*	270.8	*8.1%*	1,033.4	818.3	*26.3%*
EBITDA	388.4	431.8	*(10.1%)*	291.5	*33.3%*	1,438.4	2,019.6	*(28.8%)*
EBITDA Ex-LTIP [2]	394.0	431.8	*(8.8%)*	321.9	*22.4%*	1,494.7	2,019.6	*(26.0%)*
Net Income	200.2	94.3	*112.4%*	43.7	*358.5%*	500.3	785.3	*(36.3%)*
Adjusted Net Income[3]	347.1	229.2	*51.5%*	178.0	*95.0%*	1,002.8	1,136.5	*(11.8%)*

CONSOLIDATED RATIOS (% NOR)	**4Q21**	**4Q20**	**Var. %**	**3Q21**	**Var. %**	**2021**	**2020**	**Var. %**
Cash MCR (Ex-Peona; Ex-SUS; Ex-D&A)	64.9%	59.5%	*5.4 p.p.*	67.9%	*(3.0 p.p.)*	65.2%	56.4%	*8.8 p.p.*
Ex-SUS MCR	66.2%	61.9%	*4.3 p.p.*	70.6%	*(4.4 p.p.)*	67.1%	58.4%	*8.7 p.p.*
Total MCR	67.2%	66.5%	*0.7 p.p.*	72.3%	*(5.1 p.p.)*	69.0%	60.9%	*8.1 p.p.*
Selling Expenses	8.4%	7.4%	*1.0 p.p.*	6.6%	*1.8 p.p.*	7.3%	7.8%	*(0.5 p.p.)*
Administrative Expenses[1]	11.3%	9.1%	*2.2 p.p.*	10.6%	*0.7 p.p.*	10.5%	9.6%	*0.9 p.p.*
EBITDA Margin	14.9%	19.0%	*(4.1 p.p.)*	11.4%	*3.5 p.p.*	14.6%	23.6%	*(9.0 p.p.)*
EBITDA Margin Ex-LTIP[2]	15.2%	19.0%	*(3.8 p.p.)*	12.6%	*2.6 p.p.*	15.1%	23.6%	*(8.5 p.p.)*
Net Income Margin	7.7%	4.1%	*3.6 p.p.*	1.7%	*6.0 p.p.*	5.1%	9.2%	*(4.1 p.p.)*
Adjusted Net Income Margin[3]	13.4%	10.1%	*3.3 p.p.*	7.0%	*6.4 p.p.*	10.1%	13.3%	*(3.2 p.p.)*

OPERATIONAL HIGHLIGHTS	**4Q21**	**4Q20**	**Var. %**	**3Q21**	**Var. %**	**2021**	**2020**	**Var. %**
Members Health and Dental (thousands)	**7,535**	**6,673**	***12.9%***	**7,448**	***1.2%***			
Members Health	4,278	3,744	*14.3%*	4,264	*0.3%*			
Members Dental	3,257	2,929	*11.2%*	3,184	*2.3%*			
Average members (thousands)	**7,496**	**6,523**	***14.9%***	**7,273**	***3.1%***	**7,103**	**6,428**	***10.5%***
Members Health	4,193	3,635	*15.4%*	4,170	*0.6%*	3,990	3,559	*12.1%*
Members Dental	3,303	2,888	*14.4%*	3,103	*6.4%*	3,113	2,869	*8.5%*
Proprietary care network	**481**	**464**	***3.7%***	**475**	***1.3%***			
Hospitals	49	45	*8.9%*	47	*4.3%*			
Emergency Units	49	46	*6.5%*	49	*0.0%*			
Clinics	205	198	*3.5%*	203	*1.0%*			
Diagnostics	178	175	*1.7%*	176	*1.1%*			

[1] Administrative Expenses without depreciation, amortization and long-term incentive plan expenses (LTIP);
[2] EBITDA Ex-LTIP without long term incentive plan expenses; and
[3] Adjusted Net Income excluding the effects of the long-term incentive plan and the amortization of the fair value arising from the business combination (value-added), net of taxes.

3. EVOLUTION OF ESG INITIATIVIES

The ESG agenda in the last quarter of the year was marked by major initiatives. In the environmental aspect, we celebrated the Day of Conscious Consumption by promoting the practice of waste separation through the Recycling Attitudes program with tips for the correct disposal of waste. In 4Q21 alone, the program collected approximately 2 tons of recyclable waste at our headquarters in Fortaleza/CE, which was donated to a recycling association in the region. We started the ESG Training Program whose objective is to disseminate the culture of sustainability in the company. In December, new KPIs were established in the area of sustainability, aimed at monitoring the use of natural resources. The main goal of this process will be the definition of objectives and programs to reduce water and energy consumption and atmospheric emissions.

In the social aspect, we implemented a new internal selection flow with a digital platform that provides more innovation, diversity, transparency and standardization. Through it, all our employees can check several opportunities for growth in the company. To reinforce our commitment to diversity and welcoming people, several corporate manuals were launched recently, such as:

- Harassment and Discrimination
- Against racism
- Domestic violence
- Open Doors for People with Disabilities

In addition, we created the Hapvida Women's Shelter Channel, with the aim of offering a safe space for our female employees who seek shelter in situations of violence. The service is performed only by women and all information is confidential. In order to get to know our plurality better and identify opportunities for improvement, we also executed a diversity census.

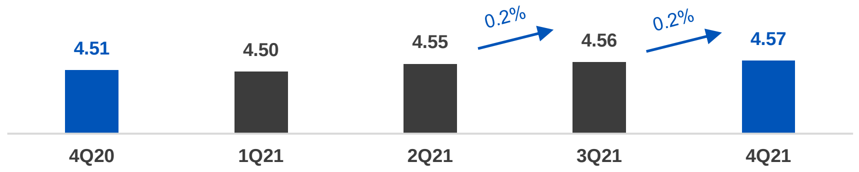
We understand that in order to build more honest and sustainable relationships, whether in the workplace or in other instances of society, doing the right thing is always a non-negotiable premise. The fight against corruption is an agenda that is constantly remembered in Hapvida. With that in mind, we celebrate the International Anti-Corruption Day, inviting our employees to reflect on the integrity of their day-to-day activities.

4. 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 10 million evaluations. In the fourth quarter of 2021, more than 1.4 million evaluations were received. The overall average grade for the month of December 2021, based on 453 thousand evaluations, was 4.57.

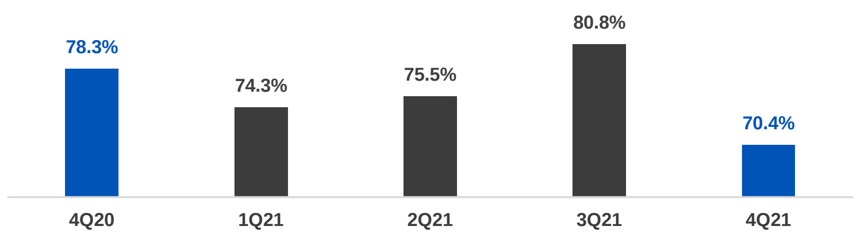
5-star service
(Total Average Grade)



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 walkin 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 4Q21, 70.4% of the 1.6 million urgent and emergency service carried out in our hospitals and walk-in emergency units took place within 15 minutes. The decrease in the percentage of on-time attendances in 4Q21 was due to a new wave of cases with the spread of the Omicron variant in Brazil along with influenza, at the same time that urgent/emergency services were delivered at the usual pace.

Service in 15 minutes or less
(% of total service)

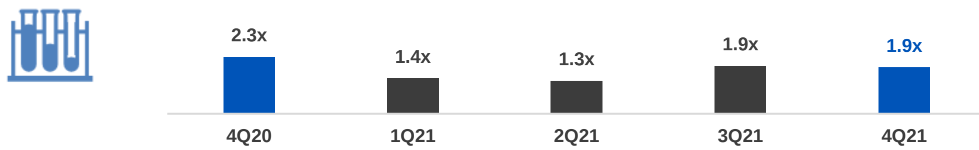


*Until 2Q21, the indicator referred to the companies Hapvida and América. As of 3Q21, were also included: RN Saúde, São Francisco Group, São José Group and Medical.

PROGRAMA 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 and Salvador, 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 2021, around 17 thousand beneficiaries were part of the program.

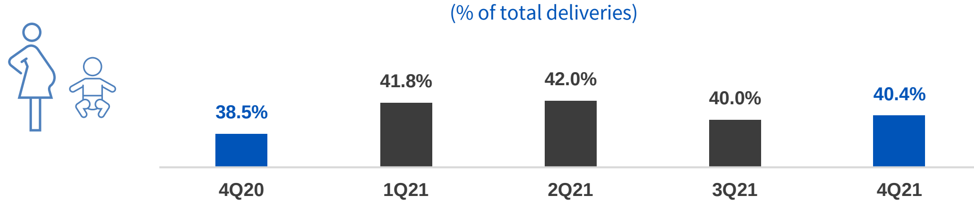
Improvement of glycated hemoglobin
higher than control group



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 more than 17 thousand pregnant women and performs an average of 1,700 normal labor births per month in the capitals of Pernambuco, Ceará, Pará, Bahia and Goiás, of which 40.4% were natural birth (4Q21).

Evolution of Normal Birth
(% of total deliveries)

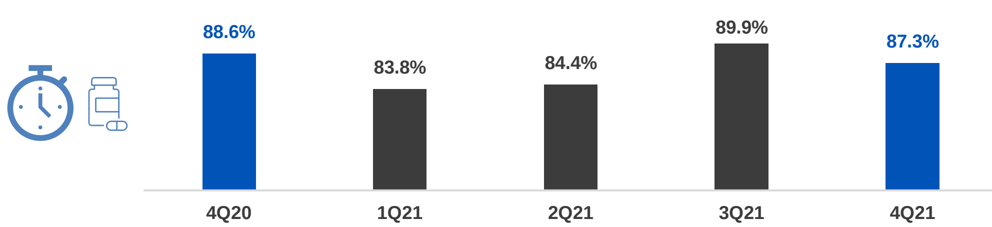


WAITING TIME IN THE MEDICATION ROOM

This indicator is also measured and controlled by the same systemic platform as the Observation and Control Center (NOC) of the Company. If the waiting time in the medication room exceeds 30 minutes, immediate measures are taken to expedite the service. The Company's goal is to meet as least 75% of demands within 30 minutes.

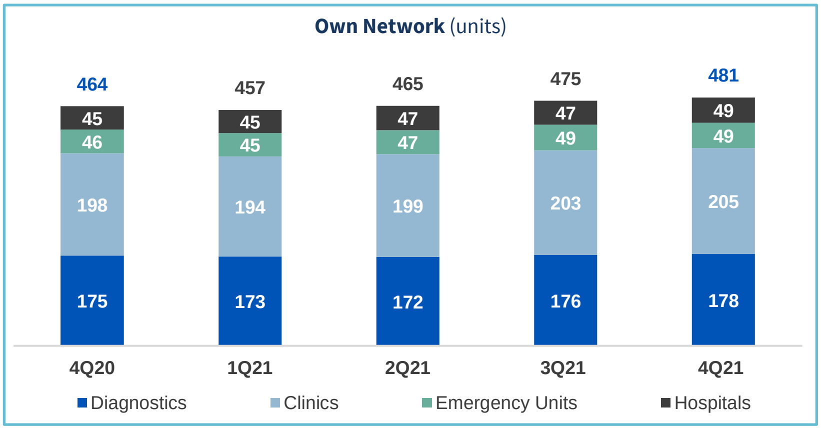
In 4Q21, we performed 87.3% of the 700 thousand medications in our hospitals and emergency units within 30 minutes. The index is practically stable compared to 4Q20, even with a higher number of services related to the second wave of Covid-19, concomitant with other urgent/emergency services.

Waiting time in the medication room
(% attended within 30 minutes)

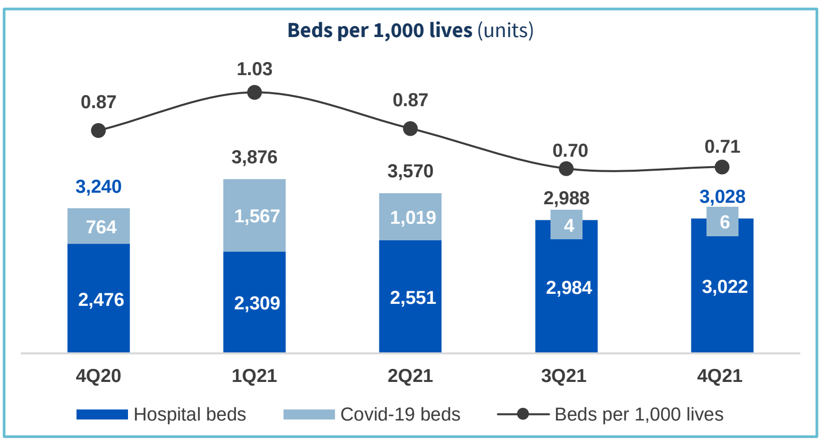


*Until 2Q21, the indicator referred to the companies Hapvida and América, as of 3Q21 are also included: RN Saúde, São Francisco Group, São José Group and Medical.

5. PROPRIETARY CARE NETWORK



At the end of 4Q21, we had 49 hospitals, 49 emergency care units, 205 clinics and 178 diagnostic imaging and laboratory collection units, thus totaling 481 accessible service units to our beneficiaries in all five regions of the country. During the quarter, 2 hospitals went into operation (Madrecor and Octaviano Neves, both in the state of Minas Gerais). 1 emergency unit (1 closed), 5 clinics (3 closed) and 4 diagnostic units (2 closed) were also added, in line with the process of modernization and consolidation of service in new and larger units, centralizing and expanding existing services. In the year, 4 hospitals were added - in addition to the 2 already mentioned above, the acquisition of Promed added 2 hospitals. There was also the opening of 1 hospital in Maceió/AL (replacing another in the same city).



We ended 4Q21 with a total of 3,028 operational hospital beds, which represents a reduction of 212 beds compared to the same quarter of the previous year and an increase of 36 beds compared to 3Q21. At the end of the quarter, there were only 6 beds left for the treatment of covid-19, an increase of 2 beds compared to 3Q21. It is important to mention that in 1Q22 another 50 beds were added due to the spread of the omicron variant in Brazil together with influenza.

6. MEMBERS

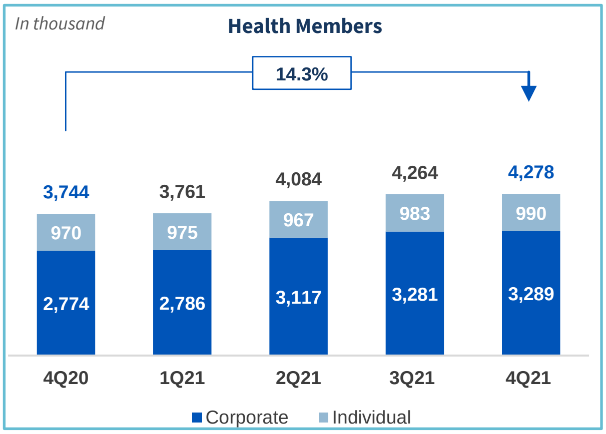
6.1 Health

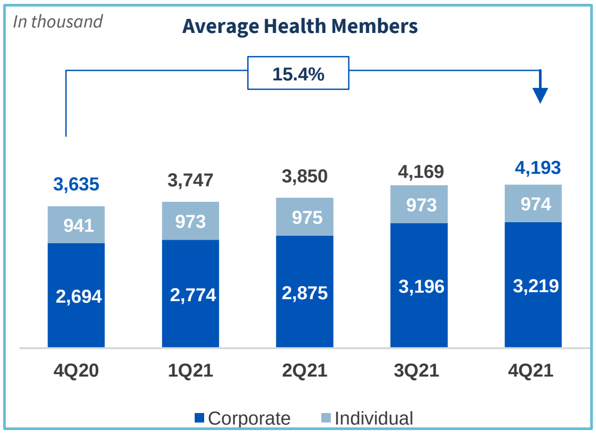
The number of health plan beneficiaries at the end of the quarter grew by 14.3% compared to the same period of the previous year, influenced by:

Acquisitions (M&A):
(i) 21k beneficiaries of Samedh and Plamheg (1k in individual plans and 20k in group plans);
(ii) 284k beneficiaries of Promed (3k in individual plans and 281k in group plans); and
(iii) 142k beneficiaries of Premium (8k in individual plans and 134k in group plans).

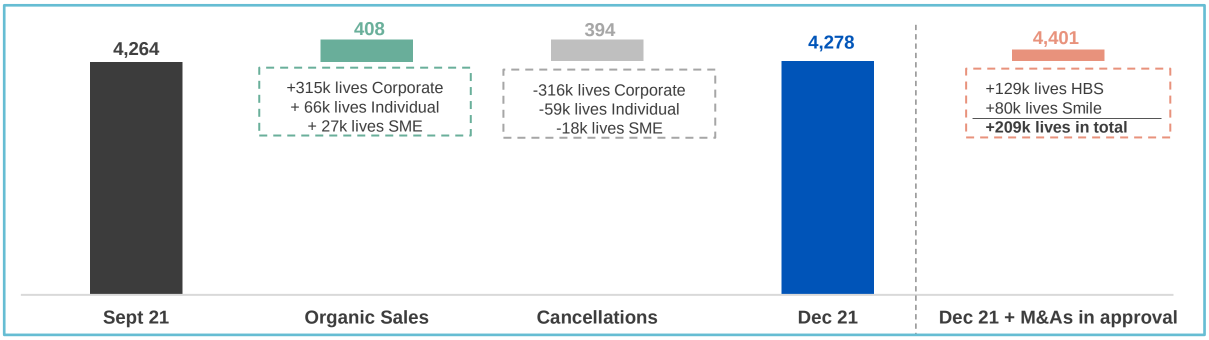
Organically (versus 4Q20):
(i) 98k beneficiaries (32k in individual plans and 66k in group plans) in the Northeast region (Fortaleza, Natal, Bahia and Piauí);
(ii) 27k beneficiaries (-5k in individual plans and 32k in group plans) in the North region (Manaus and Belém);
(iii) 7.7k beneficiaries (248 in individual plans and 7.5k in group plans) in the South region (Joinville);
(iv) -7.5k beneficiaries (-15k in individual plans and 7.5k collective plans) in the Midwest region (Goiânia), and
(v) -38k beneficiaries (-2k in individual plans and -36k in group plans) in the Southeast region (SP);

With the full integration of the acquired companies that make up the São Francisco, Medical and São José groups that took place in 4Q21, we will now explain the movement of lives from a geographic perspective, as the beneficiary portfolios of the acquired companies are now part of a single operator (Hapvida Assistência Médica, or HAM). Sales of plans to new beneficiaries also began to take place at HAM.





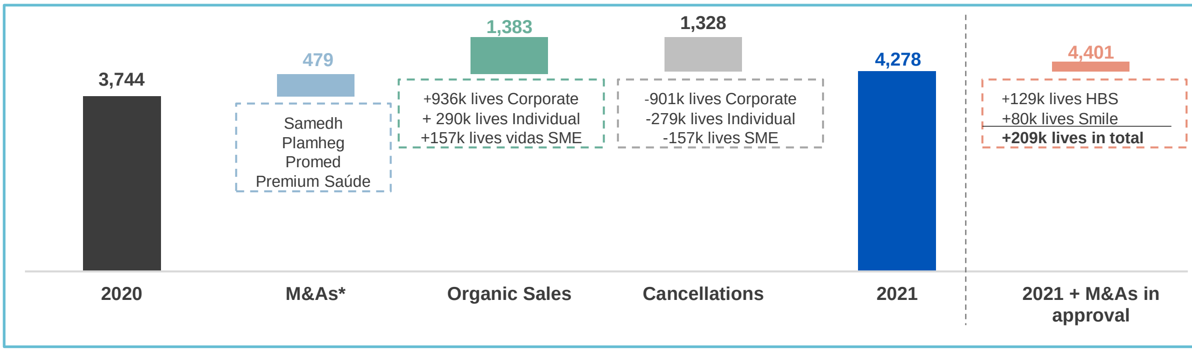
Within 4Q21, organic additions totaled 408k lives and cancellations totaled 394k lives, representing an organic net addition of 14k lives. Two acquisitions already announced, HB Saúde and Smile Saúde, which are still awaiting the fulfillment of conditions precedent, total 209k lives.



6. MEMBERS (continued)

6.1 Health (continued)

For the full year, organic additions totaled 1.4 million lives and cancellations totaled 1.3 million lives, representing an organic net addition of 55k lives. Two acquisitions already announced, HB Saúde and Smile Saúde, which are still awaiting the fulfillment of conditions precedent, total 209k lives.



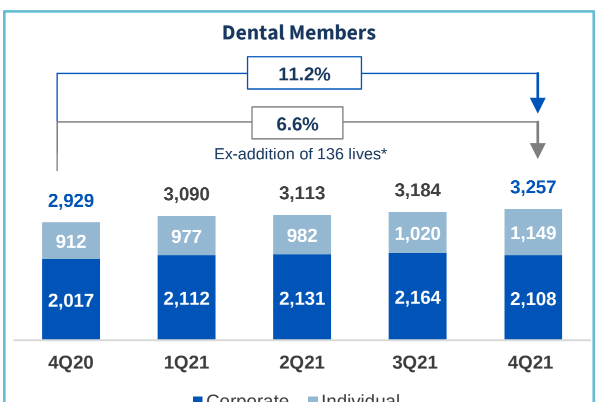
*The number of M&A lives in the chart above reflects the balance of when the acquired companies entered the Company. The movements that occurred are reflected in sales and cancellations.

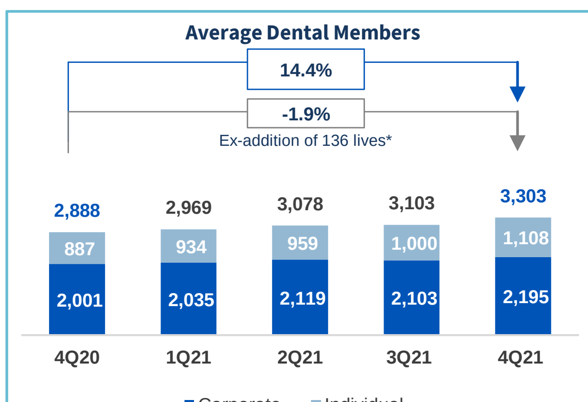
6.2 Dental

The number of dental plan beneficiaries grew by 11.2% in the quarter compared to the same period of the previous year, affected by:

<u>Acquisitions (M&A):</u>
(i) 7k beneficiaries (group plans) coming from Premium.

<u>Organically (main transactions):</u>
(i) 129k beneficiaries (75k in individual plans and 54k in group plans) in the Northeast region (Fortaleza, Salvador and Natal);
(ii) 65k beneficiaries (26k in individual plans and 38k in group plans) in the Midwest region (Goiânia and Brasília);
(iii) 29k beneficiaries (-7k in individual plans and 36k in group plans) in the North region (Manaus and Belém);
(iv) 28k beneficiaries (group plans) in the South region (Joinville); and
(v) -65k beneficiaries (-7k in individual plans and -58k in group plans) in the Southeast region (São Paulo).

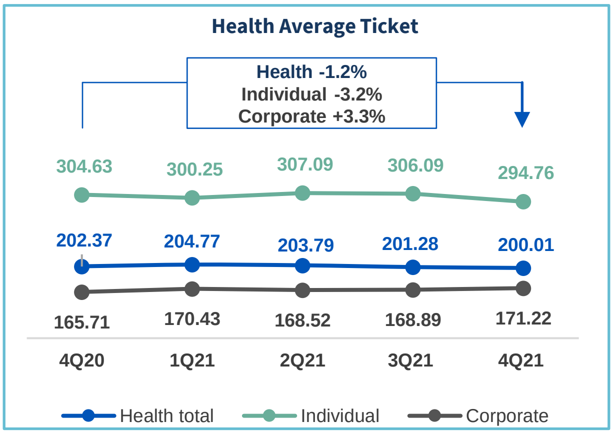


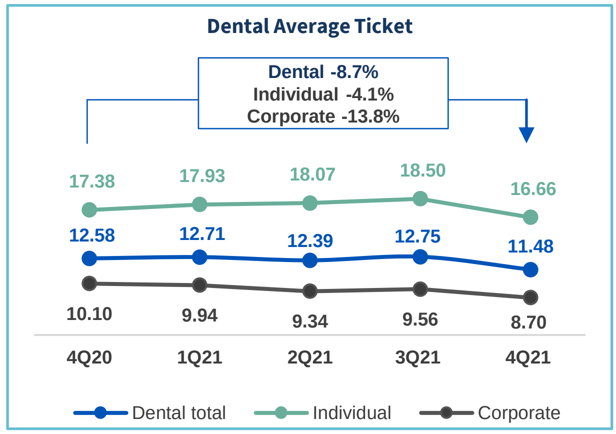


*As of 1Q21, the Company started to include beneficiaries who had dental care coverage but who were counted as health only lives due to the commercial format of the sale of this plan at the time (double coverage lives). There were 380,992 lives in this format at the end of 4Q21. Also, within that quarter, there was a change in the formatting of dental care for a customer who started to have a service provision contract based on a fixed price list and no longer based on contractual coverage. As a result, we did not count 244,822 beneficiaries who were part of this contract at the end of 4Q21. The net effect of this movement was the addition of 136 thousand lives. As of 4Q21, due to a review of concepts carried out internally, the Company started to consider double coverage (health and dental) lives in the average ticket.

7. AVERAGE TICKET

The average health ticket decreased by 1.2% versus 4Q20, mainly due to the negative 8.19% readjustment of individual plans disclosed by the Brazilian healthcare regulator (ANS). In 4Q21 alone, the negative impact was R$31.0 million for the contracts already renewed.





The average ticket of the dental segment fell by 8.7% compared to the same period of the previous year, mainly due to the revision of concepts in which, as of 4Q21, we started to include beneficiaries (136k lives) who have double coverage (health and dental) in their plans. These beneficiaries only have a single contract but with double coverage. The average ticket from previous periods did not consider these lives.

8. NET REVENUE

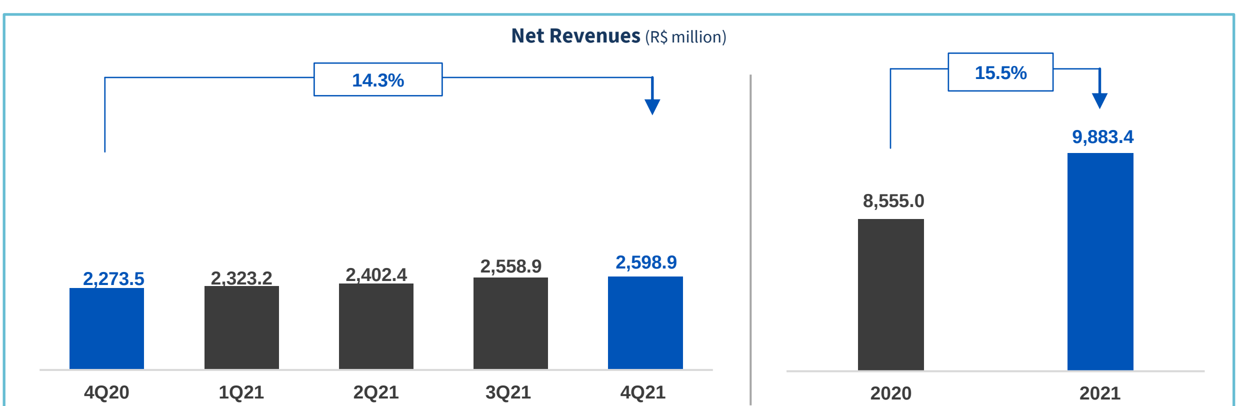
Even with the impact of the negative readjustment of the individual plans of R$31.0 million in 4Q21 and R$56.8 million in 2021, net revenue grew 14.3% in 4Q21 when compared to 4Q20 and 15.5% in 2021 compared to the same period of the previous year, mainly influenced by:

(i) organic increase of 87k lives in the base of health beneficiaries and 186k lives of dental beneficiaries in 2021. In the quarter, we had a growth of 34k lives in health and 73k lives in dental (organic growth numbers when excluding cancellations at Premium and Promed);

(ii) consolidated customer portfolios in 1Q21, with 10k lives from Samedh and 11k lives from Plamheg;

(iii) revenue from the acquired companies: R$15.4 million from Medical in Oct/21 and R$27.3 million from São José in Nov/21 (R$188.6 million and R$176.6 million, respectively, in 2021) and R$126.1 million from Promed and R$74.4 million from Premium Saúde in 4Q21 (R$298.7 million and R$120.8 million, respectively in 2021); and

(iv) growth of 13.6% (2021 x 2020) in the line of other revenue from the provision of medical and hospital services to third parties, from the companies Resgate and maida;health (our healthtech).

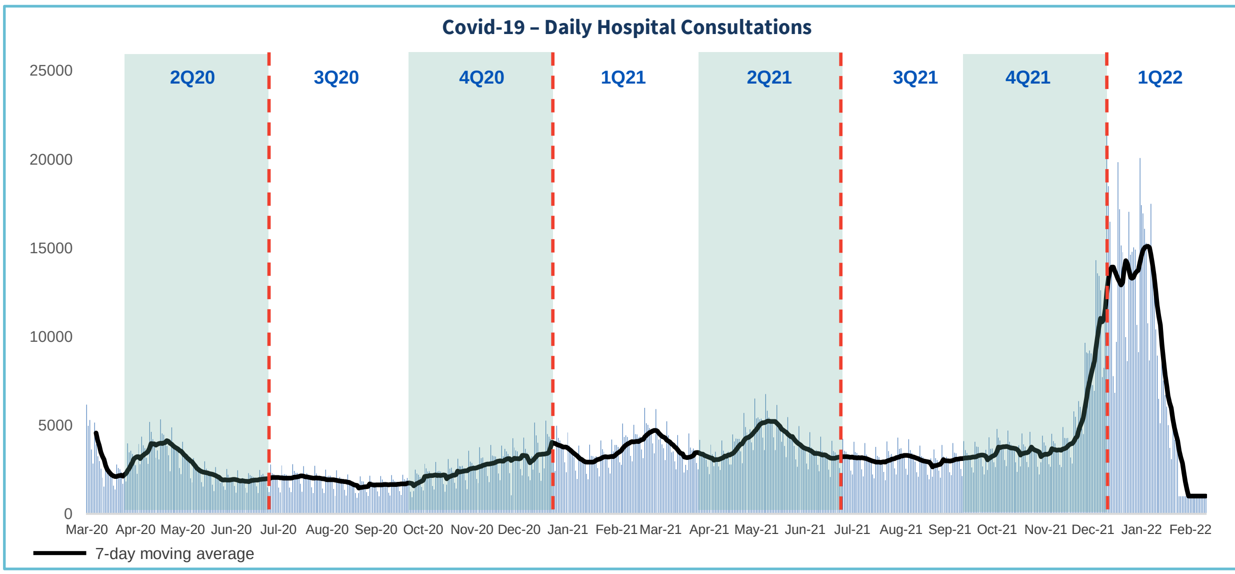


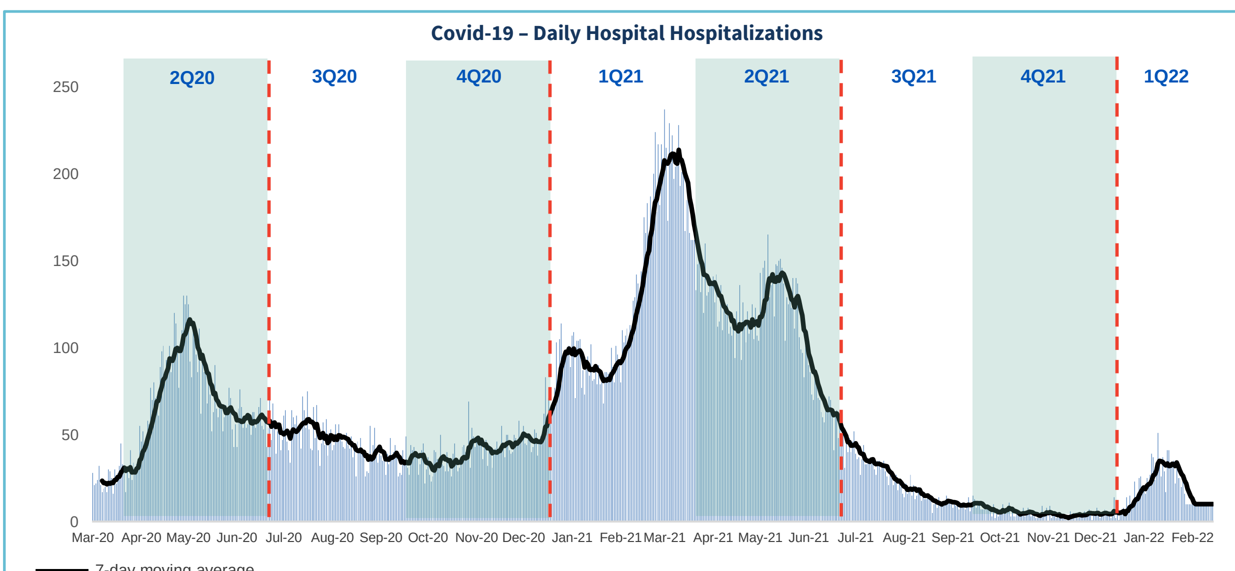
9. MEDICAL CARE RATIO (MCR) AND MEDICAL COSTS

The cost of services provided is comprised of care costs paid in cash and some non-cash items, such as depreciation and amortization (D&A) with IFRS16, changes in the Incurred But Not Reported (IBNR) provision and SUS reimbursement provisions (ReSUS).

9.1 Covid-19 Scenario

In early 2020, Covid-19 was declared a global health emergency by the World Health Organization, triggering a significant decisions and necessary measures by governments and public and private sector entities to prevent the spread of the disease. Following the recommendations of the ANS and the health agencies, between the months of March and May/2020, all elective procedures were suspended. This, combined with measures of social distance, caused a significant drop in demand for medical services in the period. Therefore, the entire volume caused by Covid-19 in our health care units in the 1st wave of the pandemic was more than offset by the suspension of elective procedures and by the lower exposure of the beneficiaries. However, with the resurgence of the pandemic at the end of 2020, we can see in the graph bellow a significant increase in hospitalizations in 1Q21. In 2Q21, our health care units were equally impacted with practically the same volume of consultations and hospital admissions related to Covid-19 compared to the first quarter of 2021. In 3Q21, we saw the main indicators related to the pandemic showing a reduction. At the end of 4Q21, we again saw an increase in the volume of consultations due to a new wave of cases with the spread of the omicron variant in Brazil together with influenza, which, fortunately, did not translate into hospitalizations. This trend, together with the advance of vaccination in Brazil, gives us an expectation of the beginning of operational normalization throughout 2022.

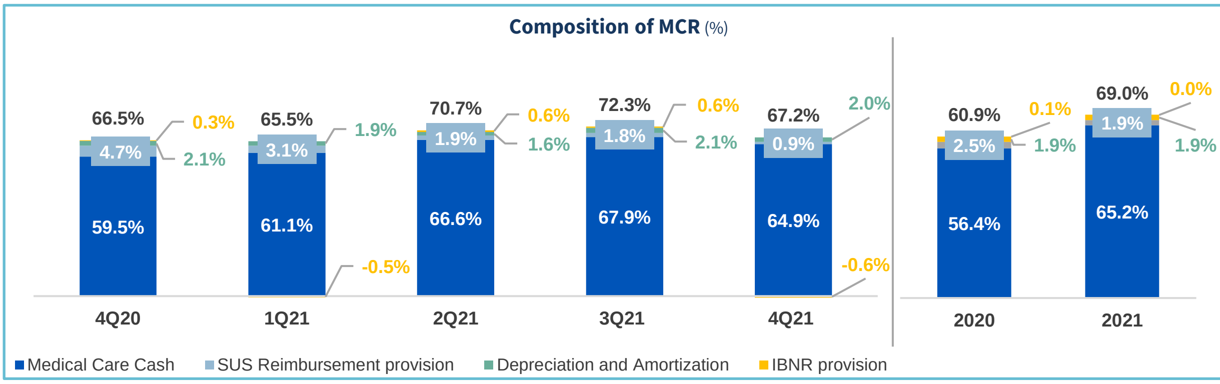




9. MEDICAL CARE RATIO (MCR) AND MEDICAL COSTS (continued)

9.2 Medical Costs and MCR

Composition of Total Medical Costs and MCR (R$ million)	4Q21	4Q20	4Q21 x 4Q20	3Q21	4Q21 x 3Q21	2021	2020	2021 x 2020
Cash Medical Care	(1,685.6)	(1,352.1)	24.7%	(1,738.4)	(3.0%)	(6,443.5)	(4,828.3)	33.5%
Depreciation and Amortization (with IFRS 16)	(52.2)	(47.4)	10.1%	(53.6)	(2.6%)	(187.6)	(162.7)	15.3%
IBNR provision	16.5	(7.1)	(331.8%)	(14.1)	(216.6%)	(0.1)	(6.1)	(98.5%)
SUS reimbursement provision	(24.1)	(105.8)	(77.2%)	(45.1)	(46.6%)	(186.2)	(211.9)	(12.1%)
Medical Costs - Total	**(1,745.4)**	**(1,512.4)**	**15.4%**	**(1,851.2)**	**(5.7%)**	**(6,817.5)**	**(5,209.0)**	**30.9%**
Cash MCR (ex-IBNR provision; ex-SUS; ex-D&A)	**64.9%**	**59.5%**	**5.4 p.p.**	**67.9%**	**(3.0 p.p.)**	**65.2%**	**56.4%**	**8.8 p.p.**
Ex-SUS MCR	**66.2%**	**61.9%**	**4.3 p.p.**	**70.6%**	**(4.4 p.p.)**	**67.1%**	**58.4%**	**8.7 p.p.**
Total MCR	**67.2%**	**66.5%**	**0.7 p.p.**	**72.3%**	**(5.1 p.p.)**	**69.0%**	**60.9%**	**8.1 p.p.**



Cash MCR (which excludes D&A, changes in IBNR provision and provision for reimbursement to SUS) was 64.9% in 4Q21 and 65.2% in 2021, an increase of 5.4 p.p. compared to the same quarter of 2020 and a drop of 3.0 p.p. compared to the previous quarter. The main impacts on MCR were:

(i) increase in the volume of emergency care not only due to the return to pre-pandemic levels, but also due to the demand due to the spread of the omicron variant in Brazil together with an influenza epidemic. There was an increase in the volume of medical appointments of 15% and 32%, respectively, when comparing 4Q21 to 4Q20 and 2021 to 2020;

(ii) higher volume of elective procedures, concentrated in 3Q21, necessary to address the backlog of surgeries. In 3Q21, around 10 thousand more surgeries were performed than in 2Q21, impacting the accumulated result for the year;

(iii) despite the volume of emergency care consultations in 4Q21, that increased significantly in the last half of December due to the spread of the omicron covid-19 variant in Brazil along with an influenza epidemic, the percentage of hospitalizations remained low. Additional expenses with personnel, materials and drugs, location and operation, third-party services in the own network and costs with the accredited network in treating covid-19 was R$14.3 million in 4Q21 against R$27.8 million in 4Q20 and R$349.1 million in 2021 against R$127.2 million in 2020;

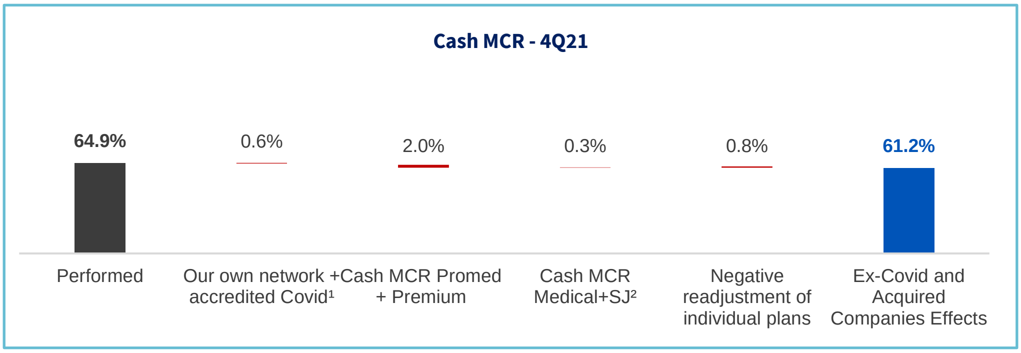
(iv) higher MCR levels of the acquired companies (Medical, São José, Promed and Premium Saúde) that are included in Hapvida's consolidated number for 4Q21 and 2021 but were not present in the comparative periods. The MCR of the recently-acquired companies is on a downward trajectory due to the initiatives of integration and standardization of procedures, respecting the seasonality between the quarters. Premium and Promed companies, together, had a cash MCR of 86.6% in 4Q21. Medical and São José, before being merged on December 1st, 2021, had a cash MCR of 78.3%.

The increase of 8.8 p.p. for the full year MCR is explained by the temporary suspension of elective procedures in 2Q20 and 3Q20, which more than offset the higher MCR of acquired companies and benefited 2020's MCR, therefore, distorting the comparison with 2021.

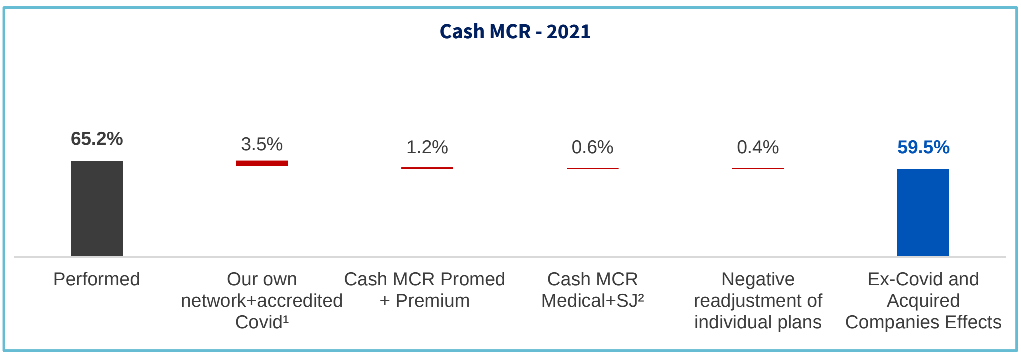
9. MEDICAL CARE RATIO (MCR) AND MEDICAL COSTS (continued)

9.2 Medical Costs and MCR (continued)

Disregarding the extraordinary effects of the period, cash MCR would have been 61.2% in 4Q21 and 59.5% in 2021.



[1]The Covid impact was calculated in the companies Hapvida+América, RN and São Francisco. For the other companies in the group, the structure of accounting ledgers does not allow identification.
[2] Due to the merger of the companies, explained in topic 1, the above effect for Medical refers to the month of October 2021, and for São José to the months of October and November 2021.



[1]The Covid impact was calculated in the companies Hapvida+América, RN and São Francisco. For the other companies in the group, the structure of accounting ledgers does not allow identification.
[2] Due to the merger of the companies, explained in topic 1, the above effect for Medical refers to the month of October 2021, and for São José to the months of October and November 2021.

In addition to the effects mentioned above, we also had the following effects:

(i) increase in collective bargaining and hiring of new employees, including personnel expenses at the new units (R$16.8 million in 4Q21 and R$68.3 million in 2021); and

(ii) increase in expenses with materials and medicines, location and operation, third-party services and medical payroll of the new units in operation (R$5.4 million in 4Q21 and R$10.6 million in 2021).

Total MCR was 67.2% in 4Q21 and 69.0% in 2021, an increase of 0.7 p.p. and 8.1 p.p. versus the comparative periods also considering the R$24.9 million increase in depreciation and amortization in 2021 related to the increase in the number of healthcare units from both organic and inorganic growth.

The Company continues to show operational efficiency gains as a result of medical care management and health and well-being promotion programs. Vertical integration indicators* showed an increase in the use of the own network by 1.7 p.p. in the volume of consultations, 1.0 p.p in the volume of hospitalizations and 2.5 p.p. in the volume of exams performed in 4Q21 when compared to the same period of the previous year (0.9 p.p., -0.5 p.p. and 3 p.p., respectively, when we look at full year 2021 x 2020). This decrease of 0.5 p.p. of the volume of hospitalizations in the own network occurred due to greater use of the accredited network for covid-19 hospitalizations, mainly in the Midwest and Southeast regions.

** The vertical integration indicators only consider the companies Hapvida (including former Grupo America) and RN Saúde.*

9. MEDICAL CARE RATIO (MCR) AND MEDICAL COSTS (continued)

9.3 SUS Reimbursement

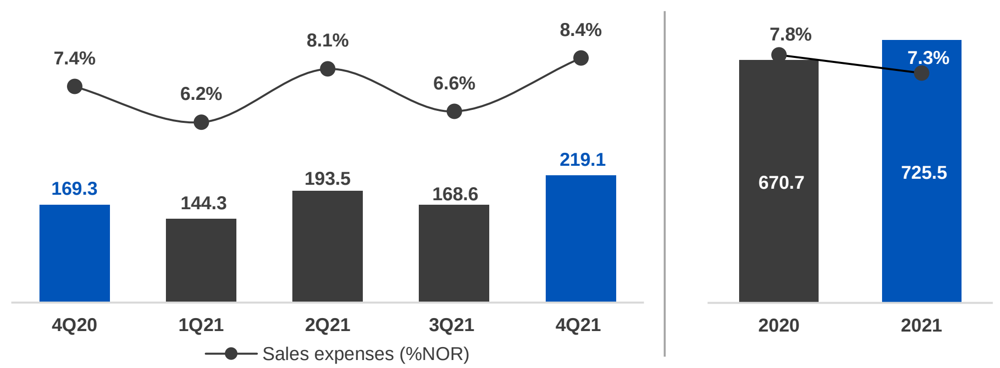
According to ANS, the Company must record in its liabilities with a corresponding entry in the results (Total Medical Costs), a provision related to the Identified Beneficiary Notices (ABI in Portuguese) according to the percentage defined by ANS itself, which is unique for each healthcare operator and varies from time to time. Subsequently, ABIs are converted into collections that may eventually require the Company to account for supplements to the original provision. The charges issued by ANS are sent in the form of GRUs (an invoice for federal taxes). GRUs include, in addition to the principal, interest and monetary restatement. GRU invoices that miss the payment deadline are subject to late fees in addition to interest and monetary adjustments for the period elapsed.

In the fourth quarter of 2021, the flow of submission of bills was normalized, with the submission of a new batch of ABI (#88) and also of GRU. The net impact of the various ReSUS provisions was R$24.1 million in 4Q21 and R$187.0 million in 2021. In 2020, the regulatory deadlines were suspended, when ANS was unable to issue GRU related to non-contested ABIs launched in 2020 (ABI 80 and 81). The appeal deadlines that were in progress at the time were also suspended (Provisional Measure No. 928, of 03/23/2020), causing a reduction in 2Q20 and 3Q20 that was addressed in 4Q20. That dynamic explains the reduction in 4Q21 when compared to 4Q20. Charges in 4Q21 seem to be already normalized.

R$ Million	4Q21	4Q20	2021	2020
ABI provision	15.0	(16.0)	9.8	38.9
GRU principal	3.9	106.5	147.9	145.3
SUS Reimbursement - Acquired Companies	5.2	15.3	28.5	27.7
SUS Reimbursement - Medical Cost	**24.1**	**105.8**	**186.2**	**211.9**
Interest, monetary adjustments and fines	11.3	22.6	59.8	75.1
SUS Reimbursement - Financial Result	**11.3**	**22.6**	**59.8**	**75.1**
SUS Reimbursement - Total	**35.4**	**128.3**	**246.0**	**287.0**

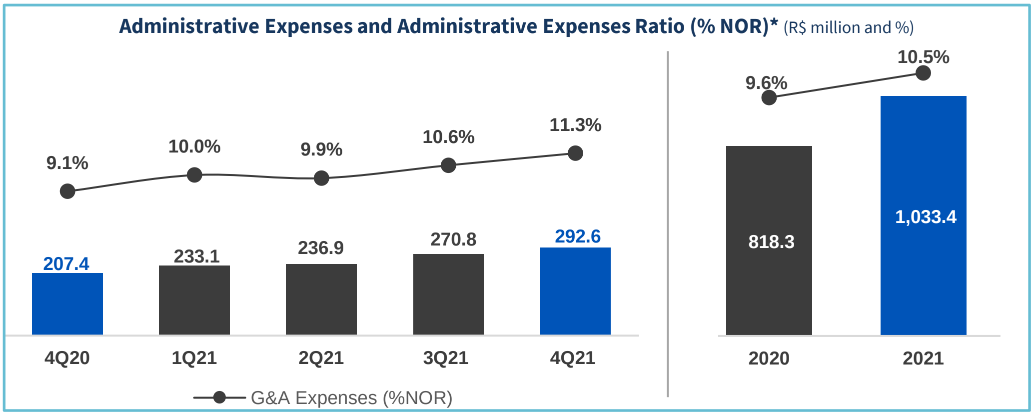
10. SELLING EXPENSES

Selling Expenses and Selling Expenses Ratio (% NOR) (R$ million and %)



The selling expenses ratio was 8.4% in 4Q21 and 7.3% in 2021, an increase of 1.0 p.p. and a decrease of 0.5 p.p., respectively, compared to the same periods of the previous year. 4Q21 was mainly influenced by higher deferred selling expenses, net of cancellations of R$17.1 million in 4Q21 and of R$11.4 million in 2021 due to the incorporation of the operators that were part of the São Francisco Group by Hapvida Assistência Médica. The average duration of contracts at São Francisco Group was longer and, therefore, selling expenses were deferred for a longer period of time. After the merger, deferred selling expenses began to be amortized more quickly, as the average length of stay at Hapvida Assistência Médica is shorter.

11. ADMINISTRATIVE EXPENSES



Current and past figures presented without depreciation, amortization and LTIP.

The administrative expenses ratio was 11.3% in 4Q21 and 10.5% in 2021, an increase of 2.2 p.p. and 0.9 p.p., respectively, compared to the same periods of the previous year, impacted by:

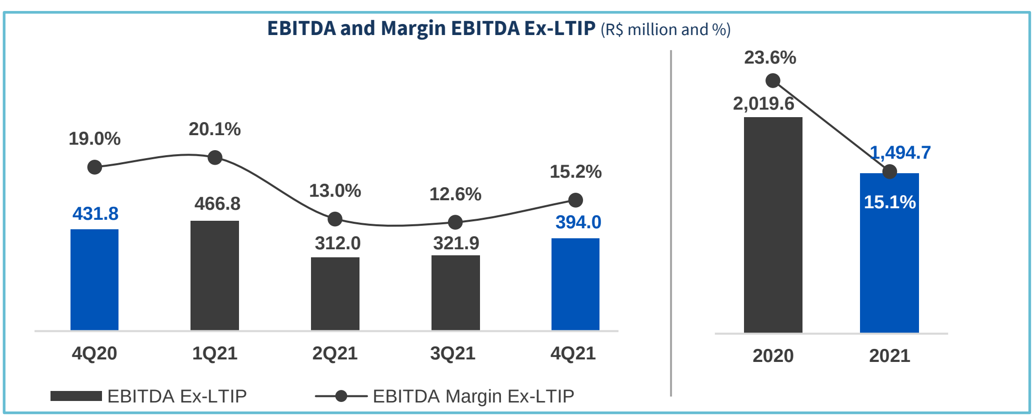
(i) collective bargaining, new hires and labor compensation (R$15.3 million in 4Q21 and R$51.6 million in 2021);

(ii) provisions for tax, civil and labor risks due to a change in prognosis from possible to probable of an administrative fine of ANS (tax nature) in the amount of R$14.8 million in 4Q21;

(iii) increase in travel and accommodation expenses due to the return of routine corporate travel (R$9.2 million in 4Q21 and R$30.9 million in 2021); and

(iv) personnel expenses, third-party services, location and operation, taxes and miscellaneous expenses with new care units that did not exist in the comparative period (R$5.7 million in 4Q21 and R$7.7 million in 2021).

12. EBITDA



From 2Q21 onwards, EBITDA started to be adjusted due to the approval of the Long-Term Incentive Plan, which had an amount provisioned in 4Q21 of R$5.5 million and in 2021 of R$56.3 million. Thus, EBITDA Ex-LTIP in 4Q21 was R$394.0 million, a decrease of 8.8% compared to 4Q20. The EBITDA margin Ex-LTIP was 15.2% in 4Q21 , a reduction of 3.8 p.p. in the same comparison.

In 2021, EBITDA Ex-LTIP totaled R$1.5 billion, a decrease of 26.0% compared to 2020, with an EBITDA Ex-LTIP margin of 15.1%, a reduction of 8.5 p.p. All the reductions compared to the previous year are mainly explained by the impacts of the pandemic on our business, as explained in item 9.1 of this report. Excluding assistance costs related to Covid-19 of R$14.3 million in 4Q21 and R$349.1 million in 2021, the EBITDA Margin Ex-LTIP and Ex-Covid would have been 15.7% in 4Q21 and 18.7 % in 2021, still negatively impacted by the acquisitions of Promed and Premium.

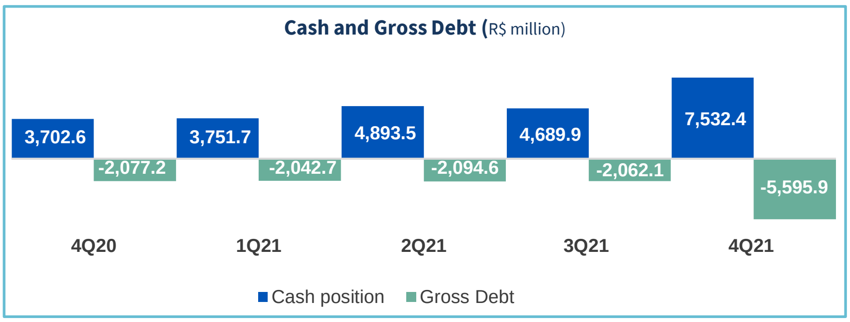
12. EBITDA (continued)

Below is the EBITDA Ex-LTIP Reconciliation:

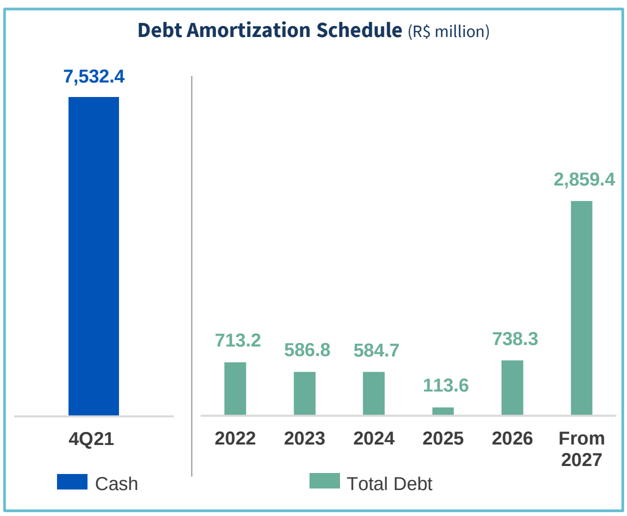
Reconciliation of Adjusted EBITDA (R$ million)	4Q21	4Q20	4Q21 x 4Q20	3Q21	4Q21 x 3Q21	2021	2020	2021 x 2020
Net Income	**200.2**	**94.3**	**212.4%**	**43.7**	**458.5%**	**500.3**	**785.3**	**63.7%**
(+) Financial result	21.7	30.0	72.5%	(5.7)	(380.7%)	50.4	134.5	37.5%
(+) Income tax and social contribution	(66.5)	49.0	(135.7%)	15.2	(437.6%)	(7.5)	347.4	(2.1%)
(+) Depreciation and Amortization	233.0	258.6	90.1%	238.3	97.8%	895.1	752.5	118.9%
EBITDA	**388.4**	**431.8**	**89.9%**	**291.5**	**133.3%**	**1.438.4**	**2.019.6**	**71.2%**
(+) Long term Incentive Plan (LTIP)	5.5	-	-	30.5	18.2%	56.3	-	-
EBITDA Ex-LTIP or Adjusted EBITDA	**394.0**	**431.8**	**91.2%**	**321.9**	**122.4%**	**1.494.7**	**2.019.6**	**74.0%**

13. DEBT

At the end of 4Q21, the Company had a debt balance of R$5.6 billion, mainly composed of the funding of the 2nd debenture and the 1st CRI (Real Estate Receivables Certificate), as well as a remaining debt balance inherited from acquired companies of R$42.1 million. Including the balance of Other accounts payable from acquired companies and the balances of derivative financial instruments, gross debt totals R$6.2 billion. Net financial debt/EBITDA ratio in 4Q21 was -0.8x due to the cash position of R$7.5 billion.

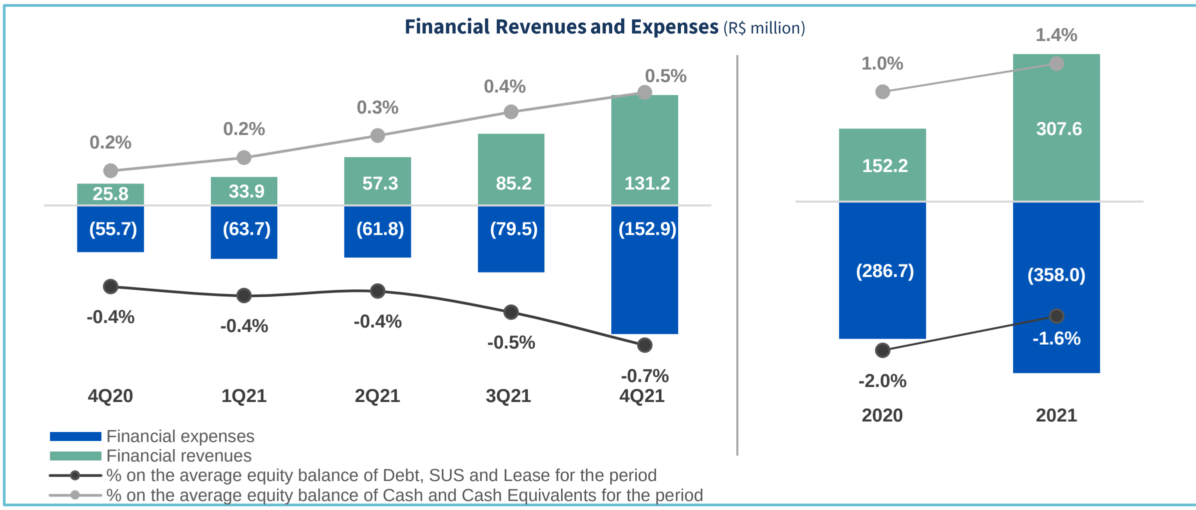


Net debt/EBITDA (R$ million)	4Q21
Short-term debt[1]	713.3
Long-term debt[1]	4,882.7
Gross debt	**5,595.9**
(-) Cash and cash equivalents and short-term and long-term investments	(7,532.4)
Net debt	**(1,936.5)**
Other accounts payable (acquired companies)	544.2
Derivative instruments	10.5
Net Debt + Other accounts payable acquired companies + Derivative instruments	**(1,381.8)**
EBITDA LTM[1]	1,706.0
(Net Debt + Other payables from acquired companies + Derivative instruments)/EBITDA LTM	(0.8)



[1]EBITDA excluding provisions for impairment of accounts receivable and LTIP.

14. FINANCIAL RESULTS

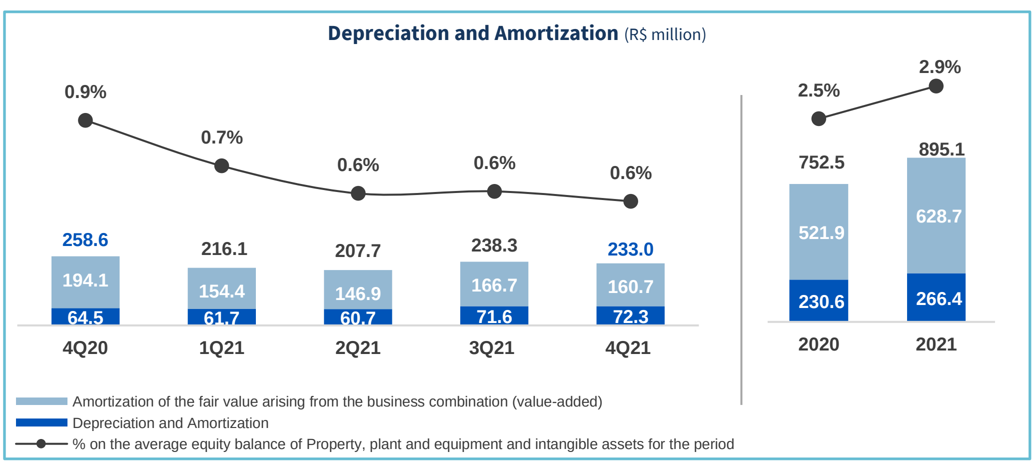


Net financial result in 4Q21 totaled a net expense of R$21.7 million compared to a net expense of R$30.0 million in 4Q20. In 2021, net expense was R$50.4 million versus R$134.5 million in 2020. Both periods were impacted:

(i) positively, due to the higher equity balance of investments on account of proceeds from the follow-on, the 2nd issuance of debentures and the issuance of a CRI (which totaled R$5.5 billion in funding in the year) combined with a higher yield on this balance due to the increase in the average Brazilian base rate (increase of R$112.4 million in 4Q21 and R$164.6 million in 2021); and

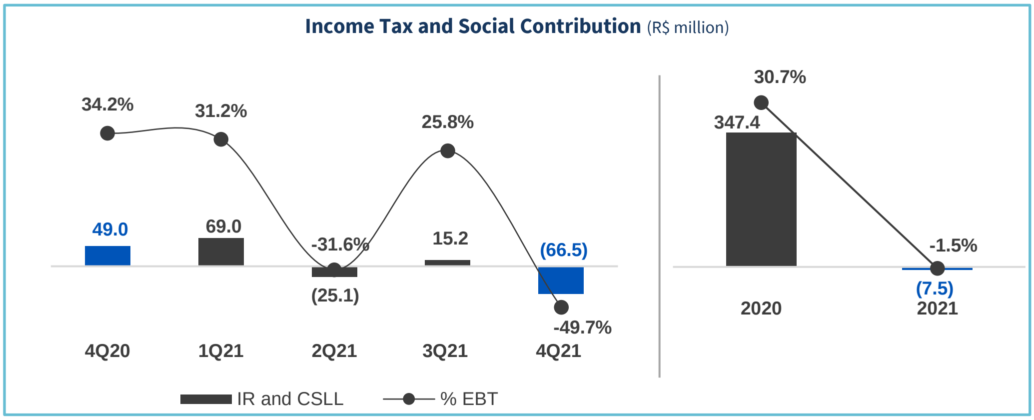
(ii) negatively, by higher interest (pro-rata) in 4Q21 referring to debentures and other loans and financing due to the increase in the average base rate (increase of R$83.5 million in 4Q21 and of R$75.8 million in 2021) and, by the recognition of lease interest with an increase of R$28.4 million in 4Q21 and R$13.0 million in 2021.

15. DEPRECIATION AND AMORTIZATION



Depreciation and amortization expenses totaled R$233.0 million in 4Q21 and R$895.1 million in 2021, equivalent to 0.6% and 2.9%, respectively, of the average balance of the corresponding equity assets. The main variation in this account refers to the higher equity balance of customer portfolios (with the entry of acquired companies) that caused an amortization of the fair value arising from the business combination (value-added) of the customer portfolio greater than the comparative period (increase of R$106.8 million in 2021).

16. INCOME TAX AND SOCIAL CONTRIBUTION



The effective tax rate was -49.7% in 4Q21 and -1.5% in 2021, relevant reductions compared to the same periods in 2020 due to:

(i) the reduction in accounting profit before income tax and social contribution by R$9.6 million in 4Q21 and by R$492.9 million in 2021 in a scenario mainly affected by the second wave of the pandemic;

(ii) the expenses of the year with the issuance of shares due to the 2nd follow-on in the amount of R$53.1 million in 2Q21, which impacts 2021 but did not occur in 2020;

(iii) the distribution of interest on equity, with a deductible impact of R$7.1 million in 4Q21 and R$46.0 million in 2021 against R$31.7 million in 4Q20 and R$69.4 million in 2020; and

(iv) A deductible base increase of fair value amortization from the business combination (value-added) in the amount of R$109.4 million in 4Q21 and R$148.3 million in 2021 versus a deductibility of R$20.0 million in 4Q20 and 2020.

17. ADJUSTED NET INCOME

From 2Q21 onwards, in addition to the adjustment of the amortization of fair value arising from the business combination (value-added), which we had already shown separately in previous quarters, we included the adjustment of the Long-Term Incentive Plan.

The adjustments considered to calculate the Adjusted Net Income were:

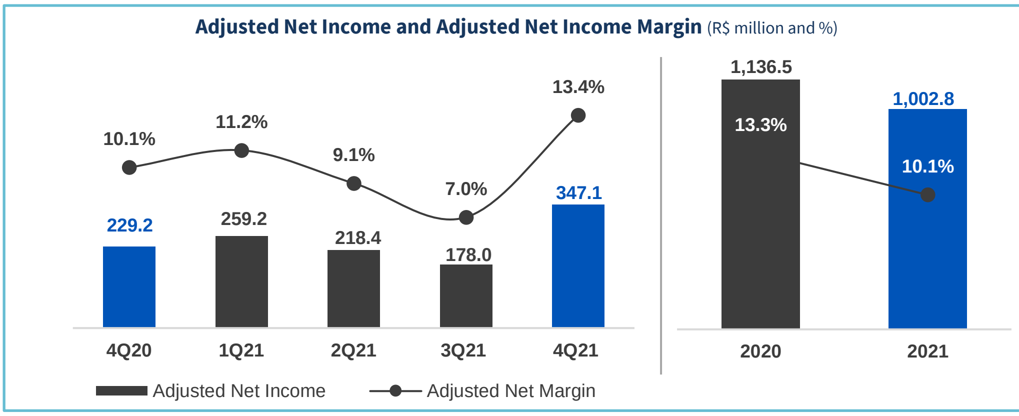
(i) amortization of fair value arising from the business combination (value-added) net of deferred taxes (R$101.9 million in 1Q21; R$97.0 million in 2Q21; R$110.0 million in 3Q21 and R$106.0 million in 4Q21);

(ii) long-term incentive plan in 4Q21 net of deferred tax (R$13.4 million in 2Q21; R$20.1 million in 3Q21 and R$3.7 million in 4Q21); and

(iii) positive impact on the deductibility of current tax from the amortization of fair value from the business combination (value-added) (R$5.5 million in 1Q21; R$3.4 million in 2Q21; R$4.3 million in 3Q21 and R$37.2 million in 4Q21).

Adjusted Net Income totaled R$347.1 million in 4Q21, increase of 51.5% compared to 4Q20 and R$1.0 billion in 2021, a reduction of 11.8% compared to the same period of the previous year, impacted mainly by the reduction in EBITDA due to the effects of the pandemic already discussed above.

17. ADJUSTED NET INCOME (continued)



18. CASH GENERATION AND CAPEX

Free cash flow ex-acquisitions was negative by R$109.4 million in 4Q21 impacted:

(i) negatively by the R$43.4 million reduction in EBITDA due to the impacts of the pandemic, negative readjustment of individual plans and higher MCR of the newly acquired companies;

(ii) negatively by the negative working capital variation due to the payment of R$72.5 million of social obligations related to the 13th salary paid, variation of R$22.8 million in the IBNR referring to the adherence of the medical bills model to that practiced in Hapvida, gaining an improvement in own claim recognition period and R$50.1 million of variation in accounts receivable due to the retention of write-offs of acquired securities that were merged in 4Q21;

(ii) negatively due to the payment of the Viventi Hospital property in Brasília in the amount of R$206.0 million; and

(iv) positively, due to the lower payment of current income tax and social contribution due to the deductibility of the goodwill and the amortization of the fair value arising from the business combination (value-added) in the tax calculation.

Additionally, there was cash consumption amounting to R$167.5 million in 4Q21, mainly due to the cash portion of the acquisition of Octaviano Neves Hospital and Maternity of R$128.8 million and Viventi Hospital of R$19.4 million.

R$ million	4Q21	4Q20	4Q21 x 4Q20	2021	2020	2021 x 2020
EBITDA	**388.4**	**431.8**	**(10.1%)**	**1,438.4**	**2,019.6**	**(28.8%)**
(+/-) Change in working capital[1]	(129.0)	35.3	-	(390.3)	252.8	-
(-) Income Tax and Social Contribution	(54.5)	(155.7)	(65.0%)	(382.0)	(574.1)	(33.5%)
(-) Cash CAPEX	(314.3)	(76.5)	310.8%	(708.0)	(366.0)	93.4%
Free cash flow (ex-acquisitions)	**(109.4)**	**234.9**	**(146.6%)**	**(42.0)**	**1,332.3**	**(103.1%)**
(-) Companies acquisitions	(167.5)	(505.8)	(66.9%)	(514.1)	(543.7)	(5.4%)
Free cash flow	**(276.9)**	**(270.9)**	**2.2%**	**(556.1)**	**788.6**	**(170.5%)**

[1] Includes variations: (i) current assets: accounts receivable, inventories, other credits and advances to suppliers and (ii) current liabilities: suppliers, technical provisions for health care operations net of PPCNG, debts of health care operations net of prepayments, other payables and social obligations.

19. INDEPENDENT AUDITORS

In compliance with Circular Letter SNC/SEP No. 01/2022, the Company informs that, during 2021, KPMG Auditores Independentes (KPMG) performed services unrelated to the independent audit regarding the financial statements for the year 2021, however, such services were considered not relevant or not in conflict with the auditor's independence. KPMG is not aware of any relationship between the parties that could be considered as conflicting regarding their independence.

Appendices

19. INCOME STATEMENT

R$ mm	4Q21	4Q20	Var. % 4Q21/4Q20	3Q21	Var. % 4Q21/3Q21	2021	2020	Var. % 2021/2020
Revenues from gross payments	2,649.4	2,315.4	14.4%	2,615.0	1.3%	10,078.4	8,694.0	15.9%
Revenue from other activities	85.8	91.3	(6.1%)	100.7	(14.8%)	362.2	318.9	13.6%
Deductions	(136.3)	(133.2)	2.3%	(156.7)	(13.1%)	(557.3)	(458.0)	21.7%
Net revenues	**2,598.9**	**2,273.5**	**14.3%**	**2,558.9**	**1.6%**	**9,883.4**	**8,555.0**	**15.5%**
Medical cost and others	(1,685.6)	(1,352.1)	24.7%	(1,738.4)	(3.0%)	(6,443.5)	(4,828.3)	33.5%
Depreciation and amortization	(52.2)	(47.4)	10.1%	(53.6)	(2.6%)	(187.6)	(162.7)	15.3%
Change in IBNR	16.5	(7.1)	-	(14.1)	-	(0.1)	(6.1)	(98.5%)
Change in SUS reimbursement provision	(24.1)	(105.8)	(77.2%)	(45.1)	(46.6%)	(186.2)	(211.9)	(12.1%)
Total cost	**(1,745.4)**	**(1,512,4)**	**15.4%**	**(1,851.2)**	**(5.7%)**	**(6,817.5)**	**(5,209.0)**	**30.9%**
Gross profit	**853.5**	**761.1**	**12.1%**	**707.7**	**20.6%**	**3,065.9**	**3.346.0**	**(8.4%)**
Gross margin	***32.8%***	***33.5%***	***(0.6 p.p.)***	***27.7%***	***5.2 p.p.***	***31.0%***	***39.1%***	***(8.1 p.p.)***
Selling expenses	**(219.1)**	**(169.3)**	**29.4%**	**(168.6)**	**300%**	**(725.5)**	**(670.7)**	**8.2%**
Advertise expenses	(15.0)	(18.6)	(19.4%)	(16.2)	(7.2%)	(60.2)	(53.7)	12.2%
Comission expenses	(137.6)	(93.6)	47.1%	(114.7)	19.9%	(433.6)	(370.4)	17.1%
Provision for credit losses	(66.5)	(50.9)	30.7%	(31.2)	113.0%	(211.3)	(221.4)	(4.6%)
Other sales expenses	-	(6.2)	-	(6.5)	-	(20.4)	(25.2)	(19.0%)
Administrative expenses	**(475.9)**	**(422.9)**	**12.5%**	**(504.8)**	**(5.7%)**	**(1,828.3)**	**(1,413.5)**	**29.3%**
Personnel	(122.5)	(85.9)	42.6%	(155.9)	(21.4%)	(518.9)	(359.1)	44.5%
Third party services	(76.8)	(57.7)	33.0%	(76.2)	0.8%	(296.4)	(213.1)	39.1%
Location and operation	(43.4)	(25.4)	71.3%	(42.1)	3.2%	(177.8)	(112.8)	57.5%
Depreciation and amortization	(180.8)	(211.2)	(14.4%)	(184.7)	(2.1%)	(707.5)	(589.8)	19.9%
Taxes	(4.2)	(3.0)	39.2%	(5.1)	(17.5%)	(19.4)	(12.9)	50.0%
Provisions for civil, labor and tax risks	(49.7)	(31.0)	60.3%	(37.8)	31.5%	(94.7)	(93.7)	1.0%
Miscellaneous expenses	1.6	(8.6)	-	(2.9)	(156.0%)	(13.7)	(32.0)	(57.2%)
Other expenses/operational revenues	**(3.1)**	**4.3**	**-**	**18.8**	**-**	**31.1**	**5.4**	**477.4%**
Total expenses	**(698.1)**	**(587.9)**	**18.7%**	**(654.5)**	**6.7%**	**(2,522.7)**	**(2,078.8)**	**21.3%**
Operational income	**155.4**	**173.2**	**(10.3%)**	**53.2**	**192.3%**	**543.3**	**1,267.1**	**(57.1%)**
Operational margin	*6.0%*	*7.6%*	*(1.6 p.p.)*	*2.1%*	*3.9 p.p.*	*5.5%*	*14.8%*	*(9.3 p.p.)*
Financial revenues	131.2	25.8	409.4%	85.2	539%	307.6	152.2	102.1%
Financial expenses	(152.9)	(55.7)	174.4%	(79.5)	92,.2%	(358.0)	(286.7)	24.9%
Financial result	**(21.7)**	**(30.0)**	**(27.5%)**	**5.7**	**-**	**(50.4)**	**(134.5)**	**(62.5%)**
EBIT	**133.7**	**143.3**	**(6.7%)**	**58.9**	**127.1%**	**492.9**	**1,132.7**	**(56.5%)**
IR and CSLL current	(19.5)	(107.0)	(81.7%)	(86.6)	(77.4%)	(323.3)	(597.3)	(45.9%)
IR and CSLL deferred	86.1	58.0	48.5%	71.4	20.5%	330.8	249.9	32.3%
IR and CSLL	**66.5**	**(49.0)**	**-**	**(15.2)**	**-**	**7.5**	**(347.4)**	**-**
Net income	**200.2**	**94.3**	**112.4%**	**43.7**	**358.5%**	**500.3**	**785.3**	**(36.3%)**
Net margin	*7.7%*	*4.1%*	*3.6 p.p.*	*1.7%*	*6.0 p.p.*	*5.1%*	*9.2%*	*(4.1 p.p.)*

EBITDA

R$ mm	4Q21	4Q20	Var. % 4Q21/4Q20	3Q21	Var. % 4Q21/3Q21	2021	2020	Var. % 2021/2020
EBIT	**155.5**	**173.2**	**(10.3%)**	**53.2**	**192.4%**	**543.3**	**1,267.1**	**(57.1%)**
Depreciation	57.9	48.7	18.7%	55.9	3.4%	205.7	171.4	20.0%
Amortization	175.1	209.8	(16.5%)	182.4	(4.0%)	689.4	581.1	18.6%
EBITDA	**388.4**	**431.8**	**(10.0%)**	**291.5**	**33.3%**	**1.438.4**	**2,019.6**	**(28.8%)**
EBITDA margin	*14.9%*	*19.0%*	*-4.0 p.p.*	*11.4%*	*3.6 p.p.*	*14.6%*	*23.6%*	*-9.1 p.p.*

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.

Appendices

20. BALANCE SHEET

R$ mm	4Q21	4Q20	Var. R$	Var. %
Assets	**21,034.4**	**13,519.0**	**7,514.4**	**55.6%**
Current assets	**3,318.2**	**3,502.1**	**(183.9)**	**(5.3%)**
Cash and cash equivalents	347.3	143.2	204.0	142.5%
Short-term investments	1,720.0	2,334.1	(614.1)	(26.3%)
Trade receivables	474.3	433.4	409	9.4%
Inventory	156.9	101.7	55.3	54.3%
Recoverable tax	237.9	184.1	53.8	29.2%
Dividends and interest on shareholder´s equity receivable	-	0.0	(0.0)	-
Derivative financial instruments	7.8	3.6	4.2	116.1%
Other assets	152.6	137.0	15.5	11.3%
Deferred commission	221.5	164.9	56.6	34.3%
Non-current assets	**17,716.2**	**10,016.9**	**7,699.3**	**76.9%**
Long-term investments	5,465.1	1,225.3	4,239.9	346.0%
Deferred taxes	1,008.7	579.5	429.2	74.1%
Judicial deposits	417.5	246.5	171.0	69.3%
Deferred commission	172.0	142.2	298	20.9%
Related party receivable	3.5	3.4	0.1	2.2%
Other credits with related parties	-	11.0	(11.0)	-
Other assets	56.1	45.8	10.3	22.5%
Property, plant and equipment	3,010.9	2,249.7	761.2	33.8%
Intangible assets	7,556.5	5,513.4	2.043.1	37.1%
Liabilities and shareholders' equity	**21,034.4**	**13,519.0**	**7,515.4**	**55.6%**
Current liabilities	**3,184.5**	**2,120.6**	**1,063.8**	**50.2%**
Lending and Financing	713.3	42.9	670.3	1,562.0%
Trade payables	173.4	120.8	52.6	43.5%
Technical provisions for health care operations	1,549.1	1,129.1	420.0	37.2%
Health care payables	11.8	5.0	6.8	134.4%
Payroll obligations	270.6	195.4	75.1	38.4%
Taxes and contributions payable	207.3	159.7	47.6	29.8%
Income and social contribution taxes	58.6	85.1	(26.5)	(31.1%)
Dividends and interest on shareholders' equity payable	31.9	201.4	(169.6)	(84.2%)
Leases payable	57.0	43.0	14.1	32.8%
Related party payables	13.2	4.0	9.2	230.5%
Other accounts payable	98.2	134.0	(35.8)	(26.7%)
Non-current liabilities	**7,276.9**	**3,567.4**	**3,709.6**	**104.0%**
Lending and Financing	4,882.7	2,034.3	2,848.4	140.0%
Taxes and contributions payable	123.2	23.1	100.0	432.5%
Technical reserves for health care operations	25.9	1.8	24.1	1,349.2%
Leases payable	1,076.6	965.3	111.3	11.5%
Deferred income tax and social contribution	166.1	39.5	126.5	320.0%
Provision for tax, civil and labor risks	428.8	401.9	26.8	6.7%
Derivative financial instruments	18.3	-	18.3	-
Other accounts payable	555.4	101.4	454.1	448.0%
Shareholders' equity	**10,573.0**	**7,831.0**	**2,742.0**	**35.0%**
Capital	8,124.2	5,650.5	2,473.7	43.8%
Treasury shares	(299.8)	(0.0)	(299.8)	-
Legal reserve	201.5	176.6	24.9	14.1%
Capital reserve	429.5	222.9	206.6	92.7%
Profit reserves	2,116.8	1,779.2	337.6	19.0%
Equity attributable to controlling shareholders	10,572.1	7,829.2	2,742.9	35.0%
Non-controlling interest	0.9	1.8	(0.9)	(51.9%)

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Values consider IFRS 16.

Appendices

21. CASH FLOW STATEMENT

R$ mm	4Q21	4Q20	2021	2020
Net income	**200.2**	**94.3**	**500.3**	**785.3**
Adjustments to reconcile net income with cash	**257.3**	**369.0**	**1,207.5**	**1,433.8**
Depreciation and amortization	208.3	234.5	809.2	672.4
Depreciation of usage rights	24.7	24.1	85.9	80.1
Technical provisions for health care operations	(16.5)	7.1	0.1	6.1
Provision for losses on receivables	66.5	50.9	211.3	221.4
Write-off of property, plant and equipment	0.5	(1.4)	3.8	10.9
Write-off of intangible assets	(0.1)	(19.0)	0.8	0,0
Provision for tax, civil and labor risks	21.6	3.2	8.6	35.5
Income from financial investments	(112.5)	(15.6)	(254.0)	(89.4)
Earning on derivative financial instruments	18.2	3.1	17.7	(17.1)
Interest and monetary restatement of leases	28.4	23.7	98.2	85.3
Interest and financial charges on loans and financing	79.3	11.9	135.9	64.3
Exchange rate	0.4	(2.5)	3.6	17.0
Long-term incentive plan	5.5	-	56.3	-
Change in fair value contingent liability	-	-	40.0	-
Others	(0.5)	-	(2.5)	-
Tax income and social contribution	19.5	107.0	323.3	597.3
Deferred taxes	(86.1)	(58.0)	(330.8)	(249.9)
(Increase) decrease in asset accounts	**(167.7)**	**(83.7)**	**(587.3)**	**(452.2)**
Accounts receivable	(104.5)	(148.8)	(213.9)	(329.3)
Inventory	(13.9)	11.1	(50.2)	(24.5)
Taxes recoverable	(35.6)	3.7	(48.0)	(16.5)
Judicial deposits	(38.2)	12.6	(217.9)	(87.4)
Other assets	10.3	46.8	(8.3)	38.1
Deferred Sales Expense	14.3	(9.1)	(48.9)	(32.5)
Increase (decrease) in liability accounts:	**(220.0)**	**(228.8)**	**(908.1)**	**(441.3)**
Technical provisions for health care operations	(18.2)	77.4	25.4	208.6
Debts of health care operations	(10.7)	0.6	(0.2)	(4.6)
Social obligations	(62.4)	(53.1)	44.6	9.1
Suppliers	(47.9)	(2.9)	(44.5)	18.5
Taxes and contributions payable	(23.9)	(42.3)	(95.1)	(35.0)
Other accounts payable	(2.4)	(52.9)	(456.3)	(63.6)
Income tax and social contribution paid	(54.5)	(155.7)	(382.0)	(574.1)
Net cash provided by operating activities	**69.9**	**150.8**	**212.4**	**1,325.6**
Cash flow from investing activities	**(3,355.5)**	**(134.3)**	**(4,338.9)**	**(937.8)**
Payments to related parties	8.8	(1.3)	11.3	3.4
Acquisition of property, plant and equipment	(282.8)	7.3	(587.8)	(233.6)
Acquisition of intangibles	(31.4)	(83.8)	(120.3)	(132.4)
Acquisition/sale of investments	(166.0)	(562.2)	(373.1)	(600.1)
Balances attributed to the acquisition of investees	4.5	3.9	11.1	9.2
Financial investments	(2,888.4)	501.7	(3,280.1)	15.8
Cash flow from financing activities	**3,126.7**	**(45.5)**	**4,330.5**	**(468.9)**
Issuance of Debentures	2,500.0	-	2.500.0	-
Obtaining loans	1,001.7	(0.0)	1.001.7	2.3
Receipt of derivative financial instruments	0.0	0.0	9.2	4.6
Expenses with share issuance	-	-	(53.2)	-
Payment / Acquisition of loans and financing	(13.3)	(3.4)	(221.8)	(127.7)
Transaction costs related to funding	(47.8)	-	(47.8)	-
Payment/ Acquisition of subsidiaries	(1.5)	-	(139.5)	-
Payment of dividends and interest on own capital	(38.9)	-	(284.6)	(204.7)
Principal payments - Leases	(44.0)	(39.5)	(155.3)	(141.1)
Capital contribution	-	-	2.025.0	-
Stock buybacks/ Repurchase of own shares	(225.8)	-	(299.8)	-
Treasury shares	-	(0.0)	-	-
Non-controlling shareholding stake	(3.6)	(2.6)	(3.5)	(2.3)
Change in cash and cash equivalents	**(158.9)**	**(29.0)**	**204.0**	**(81.0)**
Cash and cash equivalents at the beginning of the period	506.1	172.2	1.051.8	1,101.3
Cash and cash equivalents at the end of the period	347.3	143.2	1.255.8	1,020.3

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Values consider IFRS 16.

Summary Report of the Statutory Audit, Risk, Internal Controls and Compliance Committee on the individual and consolidated financial statements for the year ended December 31, 2021

The Audit Committee of Hapvida Participações e Investimentos S.A., in compliance with the legal and statutory provisions, reviewed the parent company and consolidated financial statements as of December 31, 2021, accompanied by the audit report of the independent auditor KPMG Auditores Independentes, and unanimously expressed its opinion, that such documents adequately reflect, in all material respects, the Company's equity and financial positions as of December 31, 2021. Based on the activities, information and clarifications received during the period, it believes that the aforementioned documents are in a position to be considered by the Board of Directors.

In addition, it should be noted that the members of the Statutory Audit, Risks, Internal Controls and Compliance Committee, Plínio Villares Musetti and Michel David Freund, took office on February 11, 2022.

Fortaleza, March 23, 2022.

Plínio Villares Musetti
Member of the Audit, Risks and Compliance Committee

Geraldo Luciano Mattos Junior
Member of the Audit, Risks and Compliance Committee

Macio Luiz Simões Utsch
Member of the Audit, Risks and Compliance Committee

Maria Paula Soares Aranha
Member of the Audit, Risks and Compliance Committee

Michel David Freund
Member of the Audit, Risks and Compliance Committee

Wagner Aparecido Mardegan
Member of the Audit, Risks and Compliance Committee

Directors' Statement on the parent company and consolidated financial statements for the year ended December 31, 2021

In accordance with article 25, paragraph 1, item VI, of CVM No. 480/09, the officers responsible for preparing the respective financial statements of the Company declare that they have reviewed, discussed and agreed with the parent company and consolidated financial statements for the year ended December 31, 2020.

Fortaleza, March 23, 2022.

Jorge Fontoura Pinheiro Koren de Lima
CEO

Maurício Fernandes Teixeira
Chief Financial and Investor Relations Officer

Directors' Statement on the Independent Auditor's Report

In accordance with article 25, paragraph 1, item V, of CVM No. 480/09, the officers responsible for preparing the financial statements of the Company declare that they have reviewed, discussed and agreed with the opinions expressed in the report of the Company's independent auditors, KPMG Auditores Independentes, on the parent company and consolidated financial statements for the year ended December 31, 2021.

Fortaleza, March 23, 2022.

Jorge Fontoura Pinheiro Koren de Lima
CEO

Maurício Fernandes Teixeira
Chief Financial and Investor Relations Officer

KPMG Auditores Independentes Ltda.
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Independent Auditor's Report on the Parent Company and Consolidated Financial Statements

To the Directors and Shareholders of the Company
Hapvida Participações e Investimentos S.A.
Fortaleza – CE

Opinion

We have audited the parent company and consolidated financial statements of Hapvida Participações e Investimentos S.A. ("Company") and its subsidiaries ("the Group"), which comprise the statement of financial position as at December 31, 2021 the statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the parent company and consolidated financial position of the Group as at December 31, 2021, and its parent company and consolidated financial performance and its parent company and consolidated cash flows for the yearthen ended in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company and consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the parent company and consolidated financial statements in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company and consolidated financial statements of the current period. 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.

Technical reserves for health insurance contracts

Notes 9.k and 21 to the parent company and consolidated financial statements

Key audit matters	How the matter was addressed in our audit
Hapvida Group health operators has provision for insurance claim obligations. Determining and measuring the Provision for Incurred but not Reported Claims and Liability Adequacy Test, related to Group´s operation are complex procedures that require a high level of judgment, particularly to determine the methods, assumptions and estimates that include, among others, the expectation of loss rate and survival., frequency of use and cost of medical procedures. Because of the above factors, the significance of the amounts involved and the impact that possible changes in methods and assumptions could have on financial statements, we considered this a key audit matter.	We obtained an understanding of the design of significant internal controls over the calculation of provision for insurance claim obligations of Group. With the help of our actuarial experts, we evaluated the methods used for measuring the Provision of Incurred but Not Reported Claims and for Liability Adequacy Test of Group´s operations to check the consistency of data and the reasonableness of assumptions. Moreover, we recalculated provision for insurance claim Group´s obligations applying an actuarial method. Our procedures included evaluating the disclosures made in the financial statements in the notes referred to above. Based on the evidence we obtained by applying the procedures summarized above, we considered that provision for insurance claim Group´s obligations (note 21) are acceptable in the context of the financial statements for the year ended December 31, 2020 taken as a whole.

Provisions and contingent liabilities	
Notes 9.k. and 23 to the parent company and consolidated financial statements	
Key audit matters	How the matter was addressed in our audit
The Group is party to judicial and administrative proceedings that discuss civil, tax and labor matters, for which the Company recognized provision in its statement of financial position for cases whose unfavorable outcome is probable (more likely than not), and discloses the amounts discussed in proceedings whose unfavorable outcome was considered as possible. Determining the likelihood of unfavorable outcome involves critical judgment, because it depends on future events that are not under the Company's control. Accordingly, these proceedings may progress differently from what is expected by the Company and by its legal counsels. Moreover, changes in law may also cause changes in the estimates made by the Company. For that reason, we considered this a key audit matter.	We evaluated the design of significant internal controls over the identification and accrual of provisions and their disclosures in notes. Our procedures also included an analysis of a sample of the provisions and contingent liabilities to check for the adequacy of their measurement and recognition, reversals and sufficiency, and to assess the risk posed by the cases sponsored by the Company's in-house legal counsel. We compared the likelihood of loss evaluated by the Company with the formal confirmation made with the Group's external legal counsels. Our procedures included evaluating the disclosures made by the Company in the financial statements described in the notes referred to above. Based on the evidence we obtained by applying the procedures summarized above, we considered that the amount of provisions and related disclosures are acceptable in the context of the financial statements for the year ended December 31, 2020 taken as a whole.

Business Combinations	
Note nº 3 to the consolidated financial statements	
Key audit matters	**How the matter was addressed in our audit**
During the fiscal year 2020, the Group acquired control from companies including health operators, clinics and hospitals. The acquisitions were completed in 2020, after approval by regulatory bodies and compliance with legal formalities. These operations are considered business combinations. The accounting standards requires the fair value measurement attributed to the assets acquired and liabilities assumed for the purposes of determining goodwill for the expectation of future profitability. Such measurement involves the Company judgment and includes the projection of future cash flows, calculation of discount rates and definition of useful life for the identified assets. Due to the relevance and high degree of judgment involved in the accounting registration process for the acquisition, we consider this matter to be significant for our audit work.	We analyzed acquisitions agreements that took place during the year 2020, and with the technical support of our specialists in corporate finance, we evaluated the reasonableness and consistency of the methodology used to measure the fair value attributed to the acquired assets and assumed liabilities, identified intangibles, as well as the assumptions used in the projection of cash flows, discount rates and useful life estimates. The assessment of the disclosures made by the Company in the consolidated financial statements was also part of our procedures. Based on the evidence obtained through the procedures described above, we believe that the recognition and disclosure of the business combination is reasonable in the context of the financial statements taken as a whole.

Other matters - Statements of value added

The parent and consolidated statements of value added for the year ended December 31, 2020, prepared under the responsibility of the Company's management, and presented as supplementary information for IFRS purposes, were submitted to the same audit procedures followed together with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled to the financial statements and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added have been adequately prepared, in all material respects, according to the criteria set on this Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole. Other information that accompanies the parent company and consolidated financial statements and the independent auditors' report

Other information accompanying the individual and consolidated financial statements and the auditor's report

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

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

In connection with our audit of the parent company and consolidated financial statements, our responsibility is to read the Management's Report and the Performance Report and, in doing so, consider whether the other information 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 performed, we conclude that there is material misstatement in the Management's Report and in the Performance Report, we are required to report on such fact. We have nothing to report on this respect.

Responsibilities of Management and Those Charged with Governance for the parent company and consolidated financial statements

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 International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group´s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements

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 auditors' 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:

- 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 material misstatement resulting from fraud is greater than the one deriving from error, as fraud may involve the act of circumventing internal control, collusion, forgery, omission or deliberate false representations.
- 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 Group´s internal control.
- 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 and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual 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 auditors' report. However, future events or conditions may cause the Company and subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the parent company and consolidated 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 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 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 parent company and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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, March 23, 2022

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Erika Carvalho Ramos
Contadora CRC 1SP224130/O-0

Hapvida Participações e Investimentos S.A.

Statements of financial position at December 31, 2021 and December 31, 2020

(Amounts stated in thousands of Reais)

		Parent company		Consolidated	
Assets	**Notes**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
					(Restated)
Cash and cash equivalents	31	5,375	1,123	347,256	143,212
Short-term investments	12	-	-	1,720,024	2,334,120
Trade receivables	13	-	-	474,304	433,426
Inventory		-	-	156,933	101,677
Recoverable tax	30.b	71,803	65,383	237,873	184,105
Dividends and interest on shareholders’ equity receivable	15	47,001	105	-	2
Derivative financial instruments	31	-	-	7,753	3,587
Other assets		5,258	36	152,552	137,033
Deferred commission	14	-	-	221,496	164,929
Total current assets		**129,437**	**66,647**	**3,318,191**	**3,502,091**
Long-term investments	12	2,673,392	406,992	5,465,142	1,225,282
Deferred taxes assets	30.c	370,614	242,132	1,034,446	579,509
Judicial deposits	23	2,625	2,132	417,478	246,528
Deferred commission	14	-	-	172,025	142,229
Derivative financial instruments	31	-	-	-	10,959
Related party receivable	15	345	91	3,525	3,448
Other assets		18,000	-	56,138	45,837
		3,064,976	**651,347**	**7,148,754**	**2,253,792**
Investments	16	12,031,246	9,368,370	-	-
Property, plant and equipment	17	7,675	8,641	3,010,935	2,249,715
Intangible	18	69	122	7,556,509	5,513,379
Total non-current assets		**15,103,966**	**10,028,480**	**17,716,198**	**10,016,886**
Total assets		**15,233,403**	**10,095,127**	**21,034,389**	**13,518,977**

		Parent company		Consolidated	
Liabilities and shareholders' equity	**Notes**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
					(Restated)
Borrowings and financing	19	682,662	19,081	713,250	42,915
Trade payables		293	676	173,441	120,828
Technical provisions for health care operations	21	-	-	1,549,059	1,129,109
Health care payables		-	-	11,830	5,046
Payroll obligations	22	3,851	991	270,561	195,441
Taxes and contributions payable		5,110	13,648	207,332	159,736
Income and social contribution taxes	30.a	-	-	58,645	85,141
Dividends and interest on shareholders’ equity payable	15 e 24.c	20,497	188,213	31,859	201,441
Leases	20	1,277	1,190	57,035	42,950
Related party payables	15	4,335	4,097	13,208	3,996
Other accounts payable		13,235	613	98,232	134,010
Total current liabilities		**731,260**	**228,509**	**3,184,452**	**2,120,613**
Borrowings and financing	19	3,900,889	1,997,254	4,882,681	2,034,312
Taxes and contributions payable		-	-	123,181	23,133
Technical provisions for health care operations	21	-	-	25,911	1,788
Leases	20	2,635	3,959	1,076,590	965,293
Deferred taxes liabilities	30.c	-	-	166,052	39,538
Provision for tax, civil and labor risks	23	26,478	36,135	428,791	401,949
Derivative financial instruments	31	0		18289	0
Other accounts payable		-	58	555,448	101,364
Total non-current liabilities		**3,930,002**	**2,037,406**	**7,276,943**	**3,567,377**
Shareholders' equity	24				
Capital		8,124,185	5,650,526	8,124,185	5,650,526
Treasury shares		(299,826)	(2)	(299,826)	(2)
Capital reserve		429,544	222,917	429,544	222,917
Legal reserve		201,486	176,596	201,486	176,596
Profit reserve		2,116,752	1,779,175	2,116,752	1,779,175
Equity attributable to controlling shareholders		**10,572,141**	**7,829,212**	**10,572,141**	**7,829,212**
Non-controlling interest		-	-	853	1,775
Total shareholders' equity		**10,572,141**	**7,829,212**	**10,572,994**	**7,830,987**
Total liabilities and shareholders' equity		**15,233,403**	**10,095,127**	**21,034,389**	**13,518,977**

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

Hapvida Participações e Investimentos S.A.

Statement of profit or loss

Periods ended December 31, 2021 and 2020

(Amounts stated in thousands of Reais)

	Notes	Parent company		Consolidated	
		Accumulated 12/31/2021	**Accumulated 12/31/2020**	**Accumulated 12/31/2020**	**Accumulated 12/31/2020**
Net revenue from services provided	25	-	-	9,883,385	8,554,961
Cost of the services rendered	26	-	-	(6,817,459)	(5,208,978)
Gross profit		**-**	**-**	**3,065,926**	**3,345,983**
Sales expenses	27	(381)	-	(725,508)	(670,720)
Administrative expenses	28	(112,410)	(35,002)	(1,828,253)	(1,413,519)
Equity in net income of subsidiaries	16	565,041	764,467	-	-
Other net operating income (expenses)		(248)	(6)	31,104	5,393
Total		**452,002**	**729,459**	**(2,522,657)**	**(2,078,846)**
Income before income tax and net finance income (expense)		**452,003**	**729,459**	**543,269**	**1,267,137**
Finance income	29	47,568	24,116	307,611	152,223
Finance expenses	29	(130,258)	(61,699)	(358,005)	(286,702)
Net finance income (expeses)		**(82,690)**	**(37,583)**	**(50,394)**	**(134,479)**
Profit before tax		**369,313**	**691,876**	**492,875**	**1,132,658**
Current income and social contribution taxes	30.a	-	-	(323,308)	(597,283)
Deferred income and social contribution taxes	30.c	128,482	91,588	330,768	249,924
Net income for the period		**497,795**	**783,464**	**500,335**	**785,299**
Attributable to					
Non-controlling interest		-	-	2,541	1,835
Owners of the Company		497,795	783,464	497,795	783,464
Earnings per share - basic and diluted	24.f	0.13	0.21	0.13	0.21

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

Hapvida Participações e Investimentos S.A.

Statements of comprehensive income

Periods ended December 31, 2021 and 2020

(Amounts stated in thousands of Reais)

	Parent company		Consolidated	
	Accumulated 12/31/2021	**Accumulated 12/31/2020**	**Accumulated 12/31/2021**	**Accumulated 12/31/2020**
Net income for the period	497,795	783,464	500,336	785,299
Comprehensive income	-	-	-	-
Total comprehensive income	**497,795**	**783,464**	**500,336**	**785,299**
Non-controlling interest	-	-	2,541	1,835
Owners of the Company	497,795	783,464	497,795	783,464

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

Hapvida Participações e Investimentos S.A.

Statements of changes in shareholders' equity

Periods ended December 31, 2021 and 2020

(Amounts stated in thousands of Reais)

	Notes	Attributable to controlling shareholder								
		Share capital	Treasury shares	Capital reserve	Legal reserve	Profit reserve	Retained earnings	Total	Non-controlling interest	Total shareholders' equity
Balances at January 01, 2020		**5,650,526**	**(2)**	**222,917**	**137,423**	**1,248,739**	**-**	**7,259,603**	**2,282**	**7,261,885**
Capital decrease		-	-	-	-	-	-	-	(2,342)	(2,342)
Net income for the period		-	-	-	-	-	783,464	783,464	1,835	785,299
Allocations								-		
Legal reserve		-	-	-	39,173	-	(39,173)	-	-	-
Interest on own capital		-	-	-	-	-	(204,130)	(204,130)	-	(204,130)
Dividends		-	-	-	-	-	(9,725)	(9,725)	-	(9,725)
Profit retentions		-	-	-	-	530,436	(530,436)	-	-	-
Balance at December 31, 2020		**5,650,526**	**(2)**	**222,917**	**176,596**	**1,779,175**	**-**	**7,829,212**	**1,775**	**7,830,987**
Net income		-	-	-	-	-	497,795	497,795	2,541	500,336
Capital increase	24.a	2,526,813	-	-	-	-	-	2,526,813	(3,463)	2,523,350
Expenditures with issuance of shares	24.a	(53,154)	-	-	-	-	-	(53,154)	-	(53,154)
Share repurchase	24.d	-	(299,824)	-	-	-	-	(299,824)	-	(299,824)
Stock grant	15	-	-	56,305	-	-	-	56,305	-	56,305
Goodwill on the issuance of shares	24.e	-	-	152,770	-	-	-	**152,770**	-	152,770
Acquisition of non-controlling interests		-	-	(2,448)	-	-	-	**(2,448)**	-	(2,448)
Allocations										
Legal reserve		-	-	-	24,890	-	(24,890)	-	-	-
Interest on own capital	24.c	-	-	-	-	-	(135,328)	(135,328)	-	(135,328)
Profit retentions		-	-	-	-	337,577	(337,577)	-	-	-
Balance at December 31, 2021		**8,124,185**	**(299,826)**	**429,544**	**201,486**	**2,116,752**	**-**	**10,572,141**	**853**	**10,572,994**

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

Hapvida Participações e Investimentos S.A.

Statements of cash flows - Indirect method

Periods ended December 31, 2021 and 2020

(Amounts stated in thousands of Reais)

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Cash flows from operating activities				
Net income for the period	**497,795**	**783,464**	**500,336**	**785,299**
Adjustments to reconcile net income for the period with cash generated by operating activities:				
Depreciation and amortization	1,074	1,280	809,156	672,422
Depreciation of right of use assets	1,258	1,282	85,929	80,064
Technical reserves for health care operations	-	-	89	6,102
Equity in income of subsidiaries	(565,041)	(764,467)	-	-
Allowance for doubtful accounts	-	-	211,302	221,447
Write-off of property, plant and equipment	2	5	3,795	10,856
Write-off of intangible assets	-	-	793	-
Provision for tax, civil and labor risks	(8,125)	2,044	8,621	35,490
Earnings on short-term investments	(47,504)	(24,113)	(253,985)	(89,408)
Gain (loss) with derivative financial instruments	-	-	17,659	(17,136)
Interests on lease liabilities	343	413	98,237	85,258
Interest and financial charges on borrowings, financing and debentures	128,908	61,121	135,914	64,313
Exchange-rate change	(63)	-	3,605	16,995
Stock grant	56,305	-	56,305	-
Change in fair value contingent liability	-	-	40,000	-
Income and social contribution taxes	-	-	323,308	597,283
Deferred taxes	(128,482)	(91,588)	(330,768)	(249,924)
Others	-	-	(2,499)	-
	(63,530)	**(30,559)**	**1,707,797**	**2,219,061**
(Increase) decrease in asset accounts:				
Trade receivables	-	-	(213,902)	(329,315)
Inventory	-	-	(50,236)	(24,453)
Recoverable taxes	(6,420)	(5,998)	(47,985)	(16,519)
Judicial deposits	(2,025)	(2,827)	(217,947)	(87,411)
Other assets	(23,222)	(43)	(8,342)	38,053
Deferred commission	-	-	(48,853)	(32,515)
Increase (decrease) in liability accounts:				
Technical reserves for health care operations	-	-	25,359	208,554
Debts of health care operations	-	-	(188)	(4,629)
Payroll obligations	2,860	43	44,649	9,051
Trade payables	(320)	520	(44,534)	18,484
Taxes and contributions payable	(26,360)	(31,426)	(95,134)	(35,031)
Other accounts payable	12,565	146	(456,278)	(63,571)
Cash (used in) provided by operating activities	**(106,452)**	**(70,144)**	**594,406**	**1,899,759**
Income and social contribution taxes paid	-	-	(381,996)	(574,124)
Net cash (used in) provided by operating activities	**(106,452)**	**(70,144)**	**212,410**	**1,325,635**
Cash flows from investment activities				
Related parties receivable (payable)	(16)	(7,670)	11,263	3,382
Acquisition of property, plant and equipment	(1,366)	(1,010)	(587,797)	(233,603)
Acquisition of intangible assets	-	-	(120,279)	(132,391)
Acquisition of subsidiaries	-	-	(373,075)	(600,098)
Paid-up capital in investees	(1,492,701)	(727,179)	-	-
Subsidiaries	-	-	11,135	9,161
Investments from short and long term investments	(3,104,893)	(59,690)	(13,184,479)	(4,800,103)
Redemption from short and long term investments	885,997	1,021,665	9,904,375	4,815,879
Net cash (used in) provided by investment activities	**(3,712,979)**	**226,116**	**(4,338,857)**	**(937,773)**
Cash flows from financing activities				
Issuance of debentures	2,500,000	-	2,500,000	-
Funding of borrowings and financing	-	-	1,001,700	2,252
Dividends and Interest on own capital	(285,120)	(152,242)	(284,588)	(204,653)
Paid-in capital	-	86,596	-	
Expenditures with issuance of shares	(53,154)	-	(53,154)	
Resources from the issuance of shares	2,025,000	-	2,025,000	
Share repurchase	(299,824)	-	(299,824)	
Payments of principal and interests on borrowing, financing and debentures	(50,653)	(89,279)	(221,800)	(127,666)
Transaction costs related to funding	(11,038)	-	(47,821)	-
Acquisitions of subsidiaries - Payments	-	-	(139,494)	-
Payment of leasing	(1,528)	(1,549)	(155,303)	(141,060)
Receipt of derivative financial instruments	-	-	9,238	4,590
Non-controlling interest in an acquiree	-	-	(3,463)	(2,342)
Net cash used in financing activities	**3,823,683**	**(156,474)**	**4,330,491**	**(468,879)**
Increase (decrease) in cash and cash equivalents	**4,252**	**(502)**	**204,044**	**(81,017)**
Cash and cash equivalents at the beginning of the period	1,123	1,625	143,212	224,229
Cash and cash equivalents at the end of the period	5,375	1,123	347,256	143,212
Increase (decrease) in cash and cash equivalents	**4,252**	**(502)**	**204,044**	**(81,017)**

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

Hapvida Participações e Investimentos S.A.

Statements of added value

Periods ended December 31, 2021 and 2020

(Amounts stated in thousands of Reais)	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Revenues (1)	**-**	**-**	**10,136,433**	**8,700,644**
Operating revenue	-	-	10,311,154	8,913,324
Other (expenses) revenues	-	-	36,581	8,767
Impairment loss on trade receivables	-	-	(211,302)	(221,447)
Inputs purchased from third parties (2)	**(7,988)**	**(10,266)**	**(6,356,033)**	**(4,888,507)**
Costs of services rendered	-	10	(4,168,397)	(3,251,596)
Material, energy, outsourced services and other	(7,988)	(10,276)	(2,187,636)	(1,636,911)
Gross added value (1) - (2) = (3)	**(7,988)**	**(10,266)**	**3,780,400**	**3,812,137**
Depreciation and amortization (4)	(2,332)	(2,561)	(895,085)	(752,486)
Net value added produced by the Company (3) - (4) = (5)	**(10,320)**	**(12,827)**	**2,885,315**	**3,059,651**
Added value received as transfer (6)	**611,746**	**788,583**	**306,236**	**151,931**
Equity in net income of subsidiaries	565,041	764,467	-	-
Financial revenues	47,505	24,116	307,611	152,223
Others	(800)	-	(1,375)	(292)
Total added-value payable (5+6)	**601,426**	**775,756**	**3,191,551**	**3,211,582**
Personnel	**(97,846)**	**(18,970)**	**(1,677,930)**	**(1,273,816)**
Direct remuneration	(97,734)	(18,916)	(1,438,992)	(1,066,338)
Benefits	(58)	(54)	(144,532)	(112,070)
FGTS	(54)	-	(94,406)	(95,408)
Taxes, rates and contributions	**122,011**	**88,738**	**(761,909)**	**(960,171)**
Federal	122,209	88,868	(615,609)	(846,840)
State	-	(69)	(3,189)	(1,418)
Municipal	(198)	(61)	(143,111)	(111,913)
Third-party capital remuneration	**(127,796)**	**(62,060)**	**(251,376)**	**(192,296)**
Interest	(129,053)	(61,121)	(234,151)	(65,080)
Rentals	549	(939)	(8,766)	(126,928)
Other	708	-	(8,459)	(288)
Remuneration of own capital	**(497,795)**	**(783,464)**	**(500,336)**	**(785,299)**
Dividends and interest on equity	(135,328)	(213,855)	(135,328)	**(213,855)**
Retained earnings	(337,577)	(530,436)	(337,577)	(530,436)
Non-controlling interests in retained earnings	-	-	(2,541)	(1,835)
Legal reserve	(24,890)	(39,173)	(24,890)	(39,173)
Distributed added value	**(601,426)**	**(775,756)**	**(3,191,551)**	**(3,211,582)**

See the accompanying notes to the parent company and consolidated interim 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. (the "Company") is a holding company organized as a corporation with registered offices at Av. Heráclito Graça, 406 in the city of Fortaleza/CE, Brazil. The parent company and consolidated financial statements include the Company and its subsidiaries (jointly referred to as the "Group"). The Group is mainly engaged in: (i) the sale of health insurance plans being also responsible for the majority of medical assistance at its own network (hospitals, clinics, imaging diagnostics and laboratories); and (ii) the sale of dental insurance plans with the services provided by accredited network.

The Company obtained the registration as a publicly-held company at April 20, 2018 and started trading its shares in the Novo Mercado (New Market) special segment at [B]^3 - Brasil Bolsa Balcão, at April 25, 2018, under ticker HAPV3.

Hapvida Participações e Ivestimentos S.A. is a direct subsidiary of the holding company PPAR Pinheiro Participações S.A.

1.1 Coronavirus Effects (COVID-19)

Since the beginning of this pandemic, the Company has been committed to assuring its beneficiaries access to quality healthcare even in the face of a challenging scenario. The actions, among others, included (i) the opening of new care units and expansion of the existing ones with an increase in the number of beds and health professionals to overcome all the demand during the two waves of fighting Covid-19; (ii) development in record time of a telemedicine service platform, the only one with live facial recognition; and (iii) unparalleled logistical and supply efforts to keep its units supplied with the necessary medicines and materials, including personal protective equipment for its medical and administrative professionals.

After a period of stability in the care related to flu-like syndromes in the emergencies of the Group's care units, which started in July 2021, in December 2021, a significant increase in visits to patients with typical symptoms of viruses was noticed in practically all regions where the Group operates.

The increase in demand for consultations in emergencies for flu syndromes is not being accompanied by an increase in the volume of admissions to hospitalizations, nor by an increase in cases of deaths. In all regions where the Group operates, this trend has remained constant.

The Company remains confident that with the advancement and expansion of the vaccination program, the volume of hospitalizations caused by Covid-19 and other respiratory diseases will remain at a low level.
All medical and hospital management experience has and continues to help manage and minimize the impacts of Covid-19 and its variants on the Group's operations. The Company remains vigilant, monitoring the impacts of the pandemic on the business and acting proactively to ensure that beneficiaries are served and contribute to society.

Credit risk and estimated expected credit losses

The Company has been analyzing payments of monthly fees from its clients daily, as well as possible impacts on the provision for losses due to default and contract cancellation rates, aiming to verify whether there was a significant increase in credit risk.

The life cancellation ratio and the daily receipt of funds from the Company remain in line with the period before the beginning of the pandemic, indicating that until the issue of these parent company and consolidated financial statements, there was no increase in the Company's credit risk. Client contracts are mostly pre-paid and, in the event of default, for corporate clients, after five days of delay there may be a suspension of service to the beneficiary, thus implying less risk of using the service network without the respective payment of the healthcare plan monthly fee.

Liquidity risk and cash generation

Cash generation

The Company maintains solid levels of liquidity and solvency, similar to that demonstrated in the entire fiscal year of 2020. The Company has a consolidated position of availability in the short term of R$2,067,280 (R$2,477,332 as of December 31, 2020) and consolidated net working capital of R$133,739 (R$1,381,478 as of December 31, 2020).

Up to the date of issuance of these financial statements, no indication of deterioration in the Company's operating cash generate capacity, which could have resulted in an increase in the level of liquidity risk, had been identified.

Compliance with covenants (financial and non-financial)

During the 2021 fiscal year, the Company raised funds in order to strengthen the Company's cash position in line with its growth strategies. The new financial operations have the same contractual clauses ("Covenants") as the debts previously carried out by the Company. Compliance with contractual clauses is strictly complied with, in accordance with the required provisions.
In relation to non-financial covenants, no elements were observed that could jeopardize their full compliance in the same period mentioned above.

Loss Ratio

During the entire period of the Pandemic, the Company follows the ANS recommendation regarding elective services and procedures, which are currently being carried out normally in all regions where the Company operates.

However, with the resurgence of the pandemic at the end of 2020, a significant increase in visits and hospitalizations was noticed, mainly in the 1st and 2nd quarter of 2021. However, in the 3rd quarter, the main indicators related to the pandemic showed a reduction. At the end of the 4th quarter of 2021, an increase in the volume of visits was observed again due to a new wave of cases with the spread of the Omicron variant in Brazil together with the H3N2 Influenza, which, in turn, did not convert into hospitalizations. This trend, together with the advance of vaccination in Brazil, provides an expectation of the beginning of operational normalization throughout 2022.

The main impacts on loss ratio were:

- Although the volume of calls in the 4th quarter of 2021 related to Covid-19 increased significantly in the last half of December due to the spread of the Omicron variant in Brazil together with the H3N2 Influenza, medical expenses related to Covid-19 did not follow the upward trend and attendances did not convert into hospitalizations (most relevant medical expense);

- The volume generated by addressing the backlog of elective surgeries in the 3rd quarter of 2021 had an impact on the accumulated result for the year. Additionally, generating an increase in the volume of care not only due to the return to pre-pandemic levels, but also due to the demand due to the spread of the Omicron variant in Brazil together with the H3N2 Influenza, when compared to the 4th quarter of 2021 with the same period of the previous year, as well as the year 2021 with 2020, there was an increase in the volume of queries;

- Higher level of claims of the acquired companies (Medical, São José, Promed and Premium Saúde) that make up the consolidated number, which were not present in the entire period of the previous year, when compared to the current year. The loss ratio of recently acquired companies is on a downward trajectory due to the initiatives of integration and standardization of procedures; and

- In addition to the mentioned effects, the loss ratio was impacted by the following occurrences:

  (i) increase in the collective bargaining agreement and hiring of new employees, including expenses with personnel at the new units

  (ii) increase in expenses with materials and medicines, location and operation, third-party services and medical bill of the new units in operation; and

  (iii) increase in depreciation and amortization in 2021 due to the increase in the number of assistance units arising from both organic and inorganic growth.

The Company has always acted in a timely manner and with management in the acquisition of materials and services, aiming to guarantee quality of care and access to health for all beneficiaries of the Group, both for services related to COVID-19, as well as in the maintenance of treatments and other recurring demands.

Recoverability of assets

Business combinations

Regarding the main assets acquired through business combinations, in the current circumstances, no elements were identified that significantly change the assumptions of cash flow projections, which supported the recognition of such assets. Therefore, there is no need to record impairment of these assets in these individual and consolidated financial statements.

Financial instruments

The Company has a very conservative investment policy, mostly made up of fixed income investments, investing only in the largest Brazilian financial institutions. The assumptions for measuring financial instruments were reviewed and it was found that the position represented in these financial statements is realizable, without the need to record any reduction in recoverable value.

2 List of subsidiaries

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

	12/31/2021		12/31/2020	
Entity	**Direct**	**Indirect**	**Direct**	**Indirect**
Hapvida Participações Investimentos II S.A.** (g)	100%	-	-	-
Hapvida Assistência Médica S.A. (a)	99.57%	0.43%	99.99%	-
RN Metropolitan Ltda.	-	100%	-	100%
Premium Saúde S.A.*** (i)	-	100%	-	-
Odontológica Serviços de Saúde Oral Ltda.****	-	-	-	100%
São Francisco Sistemas de Saúde S/E Ltda.* (e)	-	99.99%	-	99.93%
Hospital Antônio Prudente Ltda.	100%	-	99.99%	-
Mais Odonto Assistência Odontológica Ltda.*	-	-	99.99%	-
Hapvida Participações em Tecnologia Ltda. (c)	100%	-	99.99%	-
Hapvida Call Center e Tecnologia Ltda. (c)	-	100%	-	-
Maida Health Participações Societárias S.A. (c)	-	75.00%	-	75.00%
Maida Haptech Soluções Inteligentes Ltda. (c)	-	74.99%	-	74.99%
Maida Infoway Tecnologia e Gestão em Saúde Ltda. (c)	-	74.99%	-	74.99%
Tercepta Consultoria em Informática Ltda.*** (c)	-	75.00%	-	-
Ultra Som Serviços Médicos S.A. (b)	100%	-	100%	-
São Francisco Rede de Saúde Assistencial S.A.	-	99.99%		99.93%
GSF Administração de Bens Próprios S.A.	-	99.99%	-	99.93%
Hospital São Francisco Ltda.*	-	-	-	99.93%
Laboratório Regional S.A.	-	99.99%	-	99.93%
Laboratório Regional I Ltda.	-	99.99%	-	99.93%
Laboratório Regional II Ltda.	-	99.99%	-	99.93%
São Francisco Atendimento Médico e Serviços Ltda.	-	100%	-	100%
São Francisco Odontologia Ltda.* (d)	-	-	-	100%
São Francisco Resgate Ltda.	-	100%	-	100%
Documenta Clínica Radiológica Ltda.	-	100%	-	100%
Centro Avançado Oncológico Ltda.	-	100%	-	100%
SF Health Up Desenvolvimento e Consultoria em Tecnologia da Informação Ltda.	-	100%	-	100%
Hemac Medicina Laboratorial e Hemoterapia Ltda.	-	100%	-	100%
Hospital das Clínicas de Parauapebas Ltda.	-	100%	-	100%
Hospital Nossa Senhora Aparecida de Anápolis Ltda.	-	100%	-	100%
Medical Medicina Assistencial S.A.*	-	-	-	100%
Medical Rede Assistencial Ltda.*	-	-	-	-
Medical Planos de Saúde S.A.*	-	-	-	99.99%
Branquinho Participações Ltda.*	-	-	-	100%
Cyrio Nogueira Participações Ltda.*	-	-	-	100%
Lopes Biaggioni Participações Ltda.*	-	-	-	100%
Maiorino Participações Ltda.*	-	-	-	100%
Nakagawa Participações Ltda.*	-	-	-	100%
RRP – Empreendimentos e Participações Ltda. *	-	-	-	99.96%
Ururahy Participações Ltda.*	-	-	-	100%
Clínica São José Ltda.*	-	-	-	99.99%

	12/31/2021		12/31/2020	
Entity	**Direct**	**Indirect**	**Direct**	**Indirect**
Clínica São José Saúde Ltda. (f) *	-	-	-	99.99%
Pró-Infância SJC Hospital e Pronto Socorro Pediátrico Ltda.	-	73.80%	-	55.80%
Vida Saúde Gestão S.A.*** (h)	-	100%	-	-
Centro Médico Progroup Ltda.*** (h)	-	100%	-	-
Hospital Progroup Ltda.*** (h)	-	100%	-	-
Hospital Vera Cruz S.A.*** (h)	-	100%	-	-
HVC Participações e Administração S.A. *** (h)	-	100%	-	-
Med Clínicas Serviços Médicos Ltda.*** (h)	-	100%	-	-
Promed Assistência Médica Ltda.*** (h)	-	100%	-	-
Promed Brasil Assistência Médica Ltda.*** (h)	-	100%	-	-
Saúde – Sistema Assistencial Unificado de Empresas Ltda.*** (h)	-	100%	-	-
CETRO – Centro especializado em Traumatologia Reabilitação e Ortopedia Ltda.*	-	-	-	-
Sociedade Hospitalar de Uberlândia S.A.*** (j)	-	94.77%	-	-
Madrecor Participações Ltda.*** (j)	-	94.77%	-	-
Maternidade Octaviano Neves S.A.*** (k)	-	97.56%	-	-
Viventi Hospital Asa Sul Ltda.*** (l)	-	100%	-	-
Flip Care Ltda. ***	-	100%	-	-
Lifeplace Hapvida Ltda. **	100%	-	-	-
Lifeplace Maida Ltda. **	-	75.00%	-	-
Exclusive Funds				
BB HAPV Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa Longo Prazo	51.65%	48.35%	38.38%	61.62%
Santander Hapvida Renda Fixa Referenciado DI Crédito Privado FIC FI	53.68%	46.32%	45.30%	54.70%
Itaú Hap Fundo de Investimento em Cotas de Fundos de Investimento Renda Fixa Crédito Privado	44.29%	55.71%	60.90%	39.10%
Bradesco Hapvida Fundo de Investimento em Cotas de Fundos de Investimento de Renda Fixa Crédito Privado	50.49%	49.51%	-	-

* Companies that had corporate restructuring processes in 2021, according note 4.
** Company incorporated in 2021.
*** Companies acquired in 2021, according note 3.
**** Company extinct in 2021.

The Group's relevant subsidiaries are engaged with the following activities:

(a) **Hapvida Assistência Médica Ltda.**
The insurance company came into operation on July 15, 1991 and is registered in National Agency for Supplementary Health (ANS) under the number 36825-3. It is primarily engaged in the sale of health and dental insurance plans focused on providing healthcare assistance through the network of companies under Hapvida Participações e Investimentos S.A.'s control.

In September 2021, the Company's Management approved the transformation of the legal type of Hapvida Assistência Médica SA, changing from a limited liability company (Ltda.) to a privately-held corporation (SA), consequently, its respective corporate name becomes Hapvida Assistência Médica SA.

(b) **Ultra Som Serviços Médicos S.A.**
It started operating on February 25, 1988 and is mainly engaged in: providing medical and paramedical services, laboratory, diagnostic, imaging and ultrasound services, embracing all fields of medicine, as well as holding interests in other companies as partner or shareholder.

(c) **Hapvida Participações em Tecnologia Ltda. and consolidated**
It started its activities in May, 2011 and its social objective is to participate as a partner or shareholder in other companies, predominantly technology companies.

Group segment of activities (healthtech) with the purpose of promoting access to health through technology, innovation and transformation. Subsidiaries operate in the provision of health management systems services, advice and implementation of health management models.

(d) **São Francisco Odontologia Ltda**.
Established in 1998 in the city of Ribeirão Preto, in the state of São Paulo, it is engaged in the provision of dental services, administration, advisory and implementation of exclusive operation systems for private health care plans in the dental segment, as well as the organization of courses, lectures, seminars and other events in its area of operation. São Francisco Odontologia meets the requirements of Law 9656/98 and has the definitive registration with the National Agency for Supplementary Health (ANS) under number 36531-9.

(e) **São Francisco Sistema de Saúde S/E Ltda.**
Headquartered in Ribeirão Preto, in the state of São Paulo, its purpose is the administration, advisory, implementation and sale of individual, family and collective health systems and plans, through its own means of execution or by hiring and/or accrediting legally qualified third parties and reimbursing medical, dental, hospital and healthcare expenses to its beneficiaries; healthcare assistance; and the organization of courses, lectures, seminars and other events in its area of expertise. São Francisco Sistema de Saúde S/E Ltda. meets the requirements of Law number 9656 / 98 and has a definitive registration with the National Supplementary Health Agency - ANS under number 30209-1.

According Note 4, São Francisco Sistema de Saúde S/E Ltd had its activities related to the healthcare provider migrated to Hapvida Assistência Médica S.A.

(f) **Clínica São José Saúde Ltda.**
Founded in 2009 in the city of São José dos Campos, it has the purpose of operating private individual/family and collective health care plans, carrying out the hiring and/or accreditation of legally qualified third parties and reimbursement of medical expenses and healthcare assistance services to its beneficiaries. Clínica São José Saúde Ltda. meets the requirements of Law number 9656/98 and has a definitive registration with the National Supplementary Health Agency - ANS under number 41327-5.

(g) **Hapvida Participações 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, in Brazil. Its corporate purpose is to participate in other companies, as a partner or shareholder, in the country or abroad. It was constituted on March 20, 2020, under the name Amethystus A008,20 Participações S.A., and acquired on February 12, 2021 by the Company, in which its corporate name was changed to Hapvida Participações e Investimentos II S.A.

(h) ***Vida Saúde Gestão Ltda, (*****Holding** ***of the PROMED Group)***
Group operating in the State of Minas Gerais, with over 25 years of activity, which aims to contract hospital services, dentistry, medicine, auxiliary examinations, treatment diagnostics and the sale of these services through health plans, predominantly in the business segment. It has 3 operators: Promed Assistência Médica Ltda, (ANS Registry No, 34,880-5); Promed Brasil Assistência Médica Ltda, (ANS Register No, 34,647-1), and Saúde Sistema Assistência Unificado de Empresas Ltda, (ANS Register 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.

(i) **Premium Sáude S.A.**
It started activities in 2010, working predominantly in the city of Belo Horizonte-MG, registered with the National Supplementary Health Agency (ANS) under number 41,782-3. Its main corporate purpose is the sale of health and dental plans focused on providing health care services through the network of hospital, clinical and outpatient care companies, under the common control of the Group.

(j) **Sociedade Hospitalar de Uberlândia S.A. e Madrecor Participações Ltda**
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.

(k) **Maternidade Octaviano Neves S.A.**
Founded in 1964, Hospital Octaviano Neves provides medical and hospital care in the region of Belo Horizonte (MG), with a structure that offers complete medical care, including maternity, emergency care, clinical analysis laboratory, diagnostic imaging service, outpatient care for several specialties and surgical center.

(l) **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.

3 Business combination

The following are the updates on the business combinations carried out in the previous year, for which they are still in the period of adjustments allowed by the accounting standards in relation to the allocation of goodwill and identifiable assets and liabilities, as well as the new business combinations carried out in the fiscal year 2021.

3.1 Acquisition of Hospital Nossa Senhora Aparecida

In September 2020, the Group entered into the Agreement for the Purchase and Sale of Quotas and Other Covenants for the acquisition of all quotas representing the share capital of Hospital Nossa Senhora Aparecida de Anápolis Ltda,, through its subsidiary Ultra Som Serviços Médicos S.A. suspensive contractual conditions, the process was completed on October 1, 2020.

The following table shows the consideration transferred and the final fair values of assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company to support the Management's conclusion. The measurement of the fair values of assets acquired and liabilities assumed, disclosed in the financial statements as of December 31, 2020, on a provisional basis, was completed within one year after the acquisition date:

	Initial Allocation	Adjustments in the measurement period		Final Allocation
Total of consideration transferred (1)	6,000	(1,842)	(a)	4,158
Assets acquired and liabilities assumed at fair value (2)	(1,970)	6,122	(b)	4,152
Goodwill (1) - (2)	**7,970**	**(7,964)**		**6**

(a) Due to the variation in the fair value of the consideration transferred after the measurement period.
(b) Refers to updating the fair value valuation assumptions of acquired assets.

Assets acquired and liabilities assumed

The following are the final fair values of the assets acquired and liabilities assumed on the acquisition date:

	Fair value
Assets	
Trade accounts receivable	23
Other credits	307
Property, plant and equipment	6,328
Total of assets	**6,658**
Liabilities	
Borrowings and financing	980

Trade payables	2
Social obligations	50
Taxes and contributions payable	1,017
Related parties	16
Provision for tax, civil and labor risks	441
Total of liabilities	**2,506**
Total identifiable net assets at fair value	**4,152**

The valuation techniques used to measure the fair value of the significant assets acquired were as follows: The choice of methodology applicable to each class of assets is related to the nature and function of these in the business operation.

Assets	Valuation Method
Property, plant and equipment	Replacement Cost

We describe the valuation methods below:

Replacement cost – It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

The amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

3.2 Acquisition of São José Group

In October 2020, an agreement for the purchase and sale of shares and other covenants was signed between Ultra Som Serviços Médicos SA (“Ultra Som”), a subsidiary of the Company, and São José Group, related to the acquisition by Ultra Som of the integrity of the common shares issued by the São José Group. After completion of certain suspensive contractual conditions, the process was completed on December 1, 2020.
The São José Group includes the following companies, holdings whose corporative purpose is exclusively to hold direct and indirect interest in the São José Group: Branquinho Participações Ltda,, Maiorino Participações Ltda,, Cyrio Nogueira Participações Ltda,, Lopes Biaggioni Participações Ltda,, RRP Empreendimentos e Participações Ltda,, Nakagawa Participações Ltda, and Ururahy Participações Ltda.

The holding companies mentioned above, were created exclusively to hold direct and indirect interest in the São José Group, consisting of the following companies: Clínica São José – Saúde Ltda,, Clínica São José Ltda,, and Pró-Infância SJC Hospital e Pronto Socorro Pediatric Ltda, Additionally, these holding companies: (i) do not have, and never had, any investment or interest in companies other than the São José Group; (ii) do not have, and never had, employees, customers or suppliers; and (iii) is not a party to any type or type of contract or agreement, written or oral.

These holdings hold (a) direct 100% of the shares issued by Clínica São José – Saúde Ltda, and Clínica São José Ltda,; and (b) indirect, through Clínica São José Ltda,, of 56% of the shares issued by Pró-Infância SJC Hospital e Pronto Socorro Pediátrico Ltda, Therefore, the business combination of the São José Group takes place in the following companies: Clínica São José – Saúde Ltda,, Clínica São José Ltda, and Pró-Infância SJC Hospital e Pronto Socorro Pediátrico Ltda,, whose total net assets acquired at fair value are presented in this note.

The identifiable assets and liabilities acquired from the São José Group include *inputs* (hospital and portfolio of beneficiaries, for example), processes for the sale of health plans with coverage of healthcare costs and an organized workforce. The Company determined that, together, the acquired inputs and processes significantly contribute to the ability to generate revenue (outputs). The Company concluded that the acquired set is a business.

The following table shows the consideration transferred and the final fair values of assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company to support the Management's conclusion. The measurement of the fair values of assets acquired and liabilities assumed, disclosed in the financial statements as of December 31, 2020, on a provisional basis, was completed within one year after the acquisition date:

	Initial Allocation	**Adjustments in the measurement period**		**Final Allocation**
Total of consideration transferred (1)	356,713	-		356,713
Assets acquired and liabilities assumed at fair value (2)	118,540	1,517	(a)	120,057
Goodwill (1) - (2)	**238,173**	**(1,517)**		**236,655**

(a) Refers to updating the fair value valuation assumptions of acquired assets

Assets acquired and liabilities assumed
The following are the final fair values of the assets acquired and liabilities assumed on the acquisition date:

	Branquinho Participações	**Cyrio Nogueira Participações**	**Lopes Biaggioni Participações**	**Maiorino Participações**	**Nakagawa Participações**	**RRP – Emp, e Participações**	**Ururahy Participações**	**Clínica São José Saúde Ltda,**	**Hospital São Jose**	**Hospital Pro Infância**	**Fair value**
Assets											
Cash and cash equivalent	1	1	1	1	1	10	-	180	7	4	206
Short-term financial investments	-	-	-	-	-	-	-	29,969	2	3	29,974
Trade accounts receivable	-	-	-	-	-	-	-	4,698	2,634	140	7,472
Inventory	-	-	-	-	-	-	-	104	1,257	59	1,420
Taxes recoverable	-	-	-	-	-	-	-	3,203	14	1	3,218
Dividends/JCP receivable	-	-	-	-	-	-	-	2	-	-	2
Other credits	-	-	-	-	-	-	-	10	1,443	87	1,540
Advances	-	-	-	-	-	-	-	13,971	-	-	13,971
Deferred sales expenses	-	-	-	-	-	-	-	1,969	-	-	1,969
Deferred taxes	-	-	-	-	-	-	-	258	118	4	380
Judicial deposits	-	-	-	-	-	-	-	419	371	13	803
Property, plant and equipment	-	-	-	-	-	-	-	24,762	49,424	3,262	77,448
Intangible assets	-	-	-	-	-	-	-	52,652	304	24	52,980
Total of assets	**1**	**1**	**1**	**1**	**1**	**10**	**-**	**132,197**	**55,574**	**3,597**	**191,383**
Liabilities											
Borrowings and financing	-	-	-	-	-	-	-	8,286	-	-	8,286
Trade payables	-	-	-	-	-	-	-	1,310	3,109	277	4,696
Technical provisions for health care operations	-	-	-	-	-	-	-	20,506	-	-	20,506
Health care debts	-	-	-	-	-	-	-	379	-	-	379
Social obligations	-	-	-	-	-	-	-	859	4,433	397	5,689
Taxes and contributions payable	-	-	-	-	-	-	-	995	2,490	111	3,596
Other liabilities	-	-	-	-	-	-	-	166	10,124	3,028	13,318
Lease payable	-	-	-	-	-	-	-	3,420	4,609	210	8,239
Provision for tax, civil and labor risks	-	-	-	-	-	-	-	3,181	2,848	588	6,617
Total of liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**39,102**	**27,613**	**4,611**	**71,326**
Total identifiable net assets at fair value	**1**	**1**	**1**	**1**	**1**	**10**	**-**	**93,095**	**27,961**	**(1,014)**	**120,057**

The valuation techniques used to measure the fair value of the significant assets acquired were as follows: The choice of methodology applicable to each class of assets is related to the nature and function of these in the business operation.

Assets	Valuation method
Intangible assets – Life portfolio	Income Approach (Multi-Period Excess Earnings Model - "MPEEM")
Intangible asset - Non-compete agreement	Discounted cash flows
Property, plant and equipment	Replacement Cost

We describe the valuation methods below:

- ***Multi-Period Excess Earnings Model –*** MPEEM – This method measures the present value of future earnings to be generated over the remaining useful life of a given asset. Regarding the future cash flows directly attributable to the asset, operating costs and expenses are discounted, and the charges on the contributing assets identified directly related to the asset in question are subtracted from the resulting margin (*Contributory Charges*) to arrive at the free flows to be discounted to calculate the present value.

- ***Discounted Cash Flow –*** Calculation of the present value of predetermined future cash flows, discounted at a discount rate that reflects the uncertainties of the asset in question.

- ***Replacement cost –*** It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

  It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

3.3 Acquisition of Medical Medicina Assistencial S.A

In July 2020, an agreement for the purchase and sale of shares and other covenants was signed between Ultra Som Serviços Médicos SA ("Ultra Som"), a subsidiary of the Company, and Medical Medicina Assistencial SA ("Medical"), relating to acquisition by Ultra Som of the integrity of the common shares issued by Medical. After completion of certain suspensive contractual conditions, the process was completed in November 2020.

The identifiable assets and liabilities acquired from Medical include inputs (hospital and beneficiary portfolio, for example), processes for the sale of health plans with coverage of healthcare costs and an organized workforce. The Company determined that, together, the acquired inputs and processes significantly contribute to the ability to generate revenue (outputs). The Company concluded that the acquired set is a business.

The following table shows the consideration transferred and the final fair values of assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company to support the Management's conclusion. The measurement of the fair values of assets acquired and liabilities assumed, disclosed in the financial statements as of December 31, 2020, provisionally, was completed within one year after the acquisition date:

	Initial Allocation	Adjustments in the measurement period		Final Allocation
Total of consideration transferred (1)	320,544	-		320,544
Assets acquired and liabilities assumed at fair value (2)	126,594	(456)	(a)	126,138
Goodwill (1) - (2)	**193,950**	**456**		**194,406**

(a) Refers to updating the fair value valuation assumptions of acquired assets.

The following are the final fair values of the assets acquired and liabilities assumed on the acquisition date:

	Fair value
Ativo	
Cash and cash equivalent	3,739
Short-term financial investments	27,255
Trade accounts receivable	13,822
Inventory	2,637
Taxes recoverable	1,909
Other credits	733
Deferred taxes	190
Judicial deposits	3,548
Investments	466
Property, plant and equipment	46,968
Intangible assets	61,448
Total of assets	**162,715**
Passivos	
Trade payables	2,408
Technical provisions for health care operations	16,512
Health care debts	489
Social obligations	6,793
Taxes and contributions payable	5,423
Other liabilities	1,640
Lease payable	120
Provision for tax, civil and labor risks	3,192
Total of liabilities	**36,577**
Total identifiable net assets at fair value	**126,138**

The valuation techniques used to measure the fair value of the significant assets acquired were as follows: The choice of methodology applicable to each class of assets is related to the nature and function of these in the business operation.

Assets	Valuation method
Intangible assets – Life portfolio	Income Approach (Multi-Period Excess Earnings Model - "MPEEM")
Intangible asset - Non-compete agreement	Discounted cash flows
Property, plant and equipment	Replacement Cost

We describe the valuation methods below:

- ***Multi-Period Excess Earnings Model –*** MPEEM – This method measures the present value of future earnings to be generated over the remaining useful life of a given asset. Regarding the future cash flows directly attributable to the asset, operating costs and expenses are discounted, and the charges on the contributing assets identified directly related to the asset in question are subtracted from the resulting margin (*Contributory Charges*) to arrive at the free flows to be discounted to calculate the present value.

- **Discounted Cash Flow –** Calculation of the present value of predetermined future cash flows, discounted at a discount rate that reflects the uncertainties of the asset in question.

- **Replacement cost –** It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

  It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

3.4 Acquisition of Promed Group

On September 4, 2020, the Purchase and Sale agreements of stocks and other covenants was signed between Ultra Som Serviços Médicos SA ("Ultra Som"), a subsidiary of the Company, and Promed Group, related to the acquisition by Ultra Som, 100 % of Vida Saúde Gestão Ltda, (holding of Promed Group) 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 SA and Hospital Vera Cruz SA are part of a structure comprising 3 health care providers, 2 hospitals, and 7 primary care clinics.

The transaction was approved by the Economic Defense Board of Directors (CADE) on February 12, 2021 and approved by the National Health Agency (ANS) on May 18, 2021. On May 19, 2021, Ultra Som has been taken control of the Promed Group, in this way, the acquisition is a business combination, referring to the acquisition of the group of companies as listed above, whose total net assets acquired at fair value are presented in item (d) of this explanatory note.

The Promed Group has its operations concentrated in the metropolitan region of Belo Horizonte/MG. With the conclusion of this operation, the Company expands its growth strategy through a platform that enables a verticalized and integrated operation in one of the main operating areas in Brazil, reinforcing its commitment to expansion, consolidation and, consequently, creating value for the shareholders.

The Promed Transaction includes the acquisition of 2 hospitals with a total of 255 beds, including Vera Cruz, one of the most traditional and well-off in the State of Minas Gerais, with 70 years of history, which has recently undergone a broad investment process for modernization and revitalization of the structure, in addition to 7 primary care clinics.

(a) Consideration transferred

Consideration transferred (cash payment)	647,240
Consideration transferred (stock payment)	654,584
Contingent consideration	352,567
(-) Debts assumed	(513,614)
Total da contraprestação transferida	**1,140,777**

Consideration transferred (stock payment)
According to Note 24,d the Company paid part of the payment of the consideration transferred through the delivery of shares, corresponding to R$654,584, corresponding to 41,640,220 new common shares, all registered and without par value issued by Hapvida Participações e Investimentos SA, of which 18,730, 880 shares were linked to collateral instruments for the acquisition operation in the form of share pledge.

Contingent consideration
The Company recorded the amount of R$ 352,567 as contingent consideration to guarantee any liabilities of the Promed Group that may materialize after the closing date of the Transaction. Within 90 days after the closing date of the transaction, a price adjustment may occur as a result of the net difference between (a) the base net debt and the net debt of the Companies acquired on the closing date; and (b), the base operating working capital, and the operating working capital of the Companies acquired on the closing date. The price adjustment identified by the Company is currently under review by buyers. The remaining balance will be released to sellers within one year.

(b) Acquisition cost
The Company incurred acquisition-related costs in the amount of R$1,091 relating mainly to due diligence cost and legal fees, Acquisition costs were recorded as “Administrative expenses” in the statement for the period of December 31, 2021.

(c) Fair value measurement
Item "(d)" below, of this explanatory note, shows the consideration transferred and the provisional fair values of assets acquired and liabilities assumed on the acquisition date, considering the Company's reasonable effort to determine such measurement considering the proximity of the date of acquisition in relation to the base date of these interim financial statements. They were obtained through fair value measurement techniques prepared by an independent consultant hired by the Company to support the Management's conclusion. The

measurement of the fair value of acquired assets and assumed liabilities were carried out on a provisional basis and its completion must take place within a period of up to one year after the acquisition date.

The valuation techniques used to measure the fair value of significant assets were as follows, whose choice of methodology applied for each asset class is related to their nature and function in the business operation:

Assets	Valuation method
Property, plant and equipment	Replacement cost
Intangible assets – Life portfolio	Income approach (Multi-Period Excess Earnings Model - "MPEEM")
Intangible assets - Trademark	Income Approach (Relief from Royalties)

The following is a presentation of the evaluation methods:

- Replacement cost - It is the current cost of a similar new good, whose equivalent utility is the closest to the good being evaluated.

- *Multi-Period Excess Earnings Model* – MPEEM - This method measures the present value of future income to be generated during the remaining useful life of a given asset. Regarding the future cash flows directly attributable to the asset, operating costs and expenses are discounted, and the charges on the contributing assets identified directly related to the asset in question are subtracted from the resulting margin (*Contributory Charges*) to arrive at the free flows to be discounted to calculate the present value.

- *Income Approach (Relief from Royalties)* - In this technique, we estimate the asset value by capitalizing the royalties that are saved because the company owns the intangible asset. In other words, the owner of the brand, core technology and patents perceive a benefit from owning the Intangible Asset, rather than paying rent or royalties for the use of the asset.

Information obtained about facts and circumstances that exist at the acquisition date may result in adjustments to the allocation of identifiable assets, identifiable liabilities and goodwill. This analysis will be completed within a maximum period of 12 months from the acquisition date.

(d) Goodwill and measurement made on provisional bases

The table below shows the consideration transferred and the fair values, on a provisional basis, of assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company to support the Management's conclusion. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis, and its completion should take place within a period of up to one year after the acquisition date.

	Vida Saúde Gestão	Promed Assistência Médica	Promed Brasil Assistência	Saúde Sistema	Hospital Progroup	Centro Médico Progroup	Med, Clínica	HVC Part, e Administração	Hospital Vera Cruz	Fair value
Consideration transferred - provisionally (1)										1,140,777
Assets acquired at fair value										
Cash and cash equivalents	35	1,048	605	649	66	145	3	34	238	2,823
Short-term investments	-	64,629	6,075	7,230	-	406	-	-	-	78,340
Trade receivables	-	2,579	395	4,666	626	551	153	-	8,577	17,547
Inventory	-	-	-	-	-	-	-	-	3,037	3,037
Recoverable tax	-	212	15	4,230	67	2	8	63	915	5,512
Other assets	-	4,048	3,373	2,193	137	742	-	356	1,603	12,452
Acquisition cost	-	16,521	-	7,308	-	-	-	-	-	23,829
Judicial deposits	-	2,335	1,404	299	8	-	-	22	445	4,513
Related parties	-	870	199	-	2,402	-	-	-	-	3,471
Property, plant and equipment	-	6,553	5,229	50	11,241	5,640	279	8,659	74,013	111,664
Intangible	-	132,097	10,298	23,658	-	-	-	-	3,898	169,951
Total assets acquired at fair value	**35**	**230,892**	**27,593**	**50,283**	**14,547**	**7,486**	**443**	**9,134**	**92,726**	**433,139**
Liabilities assumed at fair value										
Borrowings and financing	-	49,464	4,281	-	3	-	-	-	74,017	127,765
Trade payables	-	2,651	115	90	1,809	930	29	849	44,238	50,711
Technical provision for health care operations	-	201,517	10,560	48,109	-	-	-	-	-	260,186
Health care payables	-	3,909	116	99	-	-	-	-	-	4,124
Payroll obligations	-	1,890	153	106	451	133	28	-	16,080	18,841
Taxes and contributions payable	-	15,365	1,928	18,628	3,924	299	10	110	109,497	149,761
Income and social contribution taxes	-	24,364	4,976	133	-	14	-	-	-	29,487
Deferred tax	-	2,730	(133)	2,126	(8)	(112)	(3)	(281)	-	4,319
Other accounts payable	6	64,849	5,912	4,521	73,078	210,268	1	22,353	13,954	394,942
Leasing	-	551	-	-	415	3,997	139	9,467	-	14,569
Related parties	-	-	-	-	-	-	42	-	-	42
Provision for tax, civil and labor risks	-	28,148	971	2,471	286	42	-	-	20,347	52,265
Total liabilities assumed at fair value	**6**	**395,438**	**28,879**	**76,283**	**79,958**	**215,571**	**246**	**32,498**	**278,133**	**1,107,012**
Assets acquired and liabilities assumed at fair value (2)	29	(164,546)	(1,286)	(26,000)	(65,411)	(208,085)	197	(23,364)	(185,407)	**(673,873)**
Total goodwill - provisionally (1) - (2)										**1,814,650**

It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of the operations of the Company and its Economic Group.

Since the date of acquisition until December 31, 2021, the Promed Group contributed to the Company consolidated net revenues of R$ 300,421 and consolidated net income of R$75,175. If the acquisition had taken place on January 1, 2021, the Company estimates that the consolidated net revenues would have been R$ 10,076,567 and net income would have been R$268,518, due to a loss in the period, prior to the acquisition, of R$229,276.

The "Trade accounts receivables" comprised of gross contractual amounts due of R$ 25,069, of which R$ 7,522 are estimated as non-recoverable.

3.5 Acquisition of CETRO - Centro Especializado em traumatologia Reabilitação e Ortopedia Ltda.

In June 2021, the share purchase and sale agreement and other covenants were signed between Ultra Som Serviços Médicos SA ("Ultra Som"), a subsidiary of the Company, and CETRO – Centro Especializado em traumatologia Reabilitação e Ortopedia Ltda, referring to acquisition by Ultra Som of 100% of the equity interest in CETRO. CETRO's operation is located in Alagoinhas – BA.

(a) Consideration transferred

Consideration transferred (cash payment)	22,000
Contingent consideration	3,000
(-) Debts assumed	(794)
Total of consideration transferred	**24,206**

The acquisition was carried out for the amount of R$ 25,000, R$ 22,000 being paid in cash and R$ 3,000 retained by the Company, as contingent consideration, intended for purchase price adjustments, which may be reduced, as a result of the value required to settle the Company's net debt on the closing date. In the event that the withheld portion is not used, it will be paid to the sellers according to a pre-established schedule in the Contract.

(b) Measurement of fair value

Item "(c)" below, of this explanatory note, shows the consideration transferred and the provisional fair values of assets acquired and liabilities assumed on the acquisition date, considering the Company's reasonable effort to determine such measurement considering the proximity of the date of acquisition in relation to the base date of these interim financial statements. They were obtained through fair value measurement techniques prepared by an independent consultant hired by the Company to support the Management's conclusion. The measurement of the fair value of assets acquired and liabilities assumed was carried out on a provisional basis and their completion must take place within a period of up to one year after the acquisition date.

The valuation techniques used to measure the fair value of the significant assets acquired were as follows, whose choice of methodology applied to each asset class is related to the nature and function of these in the business operation:

Asset	Valuation method
Property, plant and equipment	Replacement cost

Below, we present the valuation method used:

- ***Replacement cost –*** It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

Information obtained on the facts and circumstances existing at the date of acquisition may result in adjustments in the allocation of identifiable assets, identifiable liabilities and goodwill. This analysis will be completed within a maximum period of 12 months as of the date of acquisition.

(c) Goodwill and measurement made on provisional basis

The following table demonstrates the consideration transferred and fair values, on a provisional basis, assets and liabilities at the date of acquisition, obtained in a technical report drawn up by independent consultants hired by the Company to support the Administration.

	Fair value
Consideration transferred – provisionally (1)	**24,206**
Assets acquired at fair value	
Cash and cash equivalents	74
Short-term investments	6
Trade receivables	45
Inventory	82
Recoverable tax	20
Other credits	24
Judicial deposits	44
Property, plant and equipment	6,362
Total assets acquired at fair value	**6,657**
Liabilities assumed at fair value	
Borrowings and financing	2,022
Trade payables	2,075
Social obligations	95
Taxes and contributions payable	210
Other accounts payable	34
Related parties	795
Total liabilities assumed at fair value	**5,231**
Assets acquired and liabilities assumed at fair value (2)	**1,426**
Total goodwill - provisionally (1) - (2)	**22,780**

It is estimated that the amounts related to goodwill and capital gains will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of the operations of the Company and its Economic Group.

Since the date of acquisition until December 31, 2021, CETRO contributed to the Company consolidated net revenue of R$1,521 and consolidated net income of R$59. If the acquisition had taken place on January 1, 2021, the Company estimates that the consolidated net revenues would have been R$9,884,457 and the net income would have been R$499,876, due to a loss in the period, prior to the acquisition, of R$461.

Accounts receivable from customers comprises gross contractual amounts due of R$61, of which R$16 is estimated as non-recoverable.

3.6 Acquisition of Premium

In November 2020, the share purchase and sale agreement and other covenants were signed between Hapvida Assistência Médica SA ("Hapvida"), a subsidiary of the Company, and Premium Saúde SA ("Premium"), referring to the acquisition by Hapvida of 100% of Premium's equity interest, The acquisition was completed on August 6, 2021.

Premium has a portfolio of beneficiaries of health and dental plans, concentrated in Belo Horizonte, Montes Claros/MG and Brasília/DF. Its own network in the State of Minas Gerais will have 4 hospitals and 7 primary care clinics resulting from the acquisition of Grupo Promed, in addition to Hospital Mário Palmério in Uberaba/MG. The Group's robust care infrastructure will allow the Company to verticalize the service of Premium Saúde beneficiaries, accelerating the capture of projected synergies, together with the other acquisitions of the Group.

(a) Consideration transferred

Consideration transferred (cash payment)	51,467
Contingent consideration	96,198
Total of consideration transferred	**147,665**

Contingent consideration
The Company recorded the amount of R$96,198 as contingent consideration to guarantee any contingent liabilities that may materialize after the closing date of the Transaction, but whose triggering event is prior to the closing date of the Transaction. Within 90 days after the closing date of the transaction, a price adjustment may occur as a result of the net difference between (a) the base net debt and the net debt of the Companies acquired on the closing date; and (b) the base operating working capital and operating working capital of the acquired Company on the closing date. The remaining balance will be released to sellers within 10 days from the acceptance of the Closing Balance and calculation of the price adjustment.

(b) Acquisition cost

The Company incurred costs related to the acquisition in the approximate amount of R$186, mainly referring to legal and consulting fees. Acquisition costs were recorded as "Administrative expenses" in the statement for the period of December 31, 2021.

(c) Measurement of fair value

The item "(d)" below, of this explanatory note, shows the consideration transferred and the provisional fair values of assets acquired and liabilities assumed on the acquisition date. They were obtained through fair value measurement techniques prepared by an independent consultant hired by the Company to support the Management conclusion.

The measurement of the fair value of assets acquired and liabilities assumed was carried out on a provisional basis and its conclusion must occur within a period of up to one year after the acquisition date.

The valuation techniques used to measure the fair value of significant assets were as follows, whose choice of methodology applied for each asset class is related to their nature and function in the business operation:

Assets	Method
Intangible assets – Life portfolio	Income approach (Multi-Period Excess Earnings Model - “MPEEM”)
Intangible asset - Non-compete agreement	Discounted cash flows
Intangible assets - Trademark	Income Approach (Relief from Royalties)

The following is a presentation of the evaluation methods:

- ***Multi-Period Excess Earnings Model* – MPEEM** - This method measures the present value of future income to be generated during the remaining useful life of a given asset. Regarding the future cash flows directly attributable to the asset, operating costs and expenses are discounted, and the charges on the contributing assets identified directly related to the asset in question are subtracted from the resulting margin (*Contributory Charges*) to arrive at the free flows to be discounted to calculate the present value.

- ***Discounted Cash Flow*** – Calculation of the present value of predetermined future cash flows, discounted at a discount rate that reflects the uncertainties of the asset in question.

- ***Income Approach (Relief from Royalties)*** - In this technique, we estimate the asset value by capitalizing the royalties that are saved because the Company owns the intangible asset. In other words, the owner of the brand, core technology and patents perceives a benefit from owning the Intangible Asset, rather than paying rent or royalties for the use of the asset.

Information obtained about facts and circumstances that exist at the acquisition date may result in adjustments to the allocation of identifiable assets, identifiable liabilities and goodwill. This analysis will be completed within a maximum period of 12 months from the acquisition date.

(d) Goodwill and measurement made on provisional bases

The table below shows the consideration transferred and the fair values, on a provisional basis, of assets and liabilities on the acquisition date, obtained in a technical report prepared by independent consultants hired by the Company to support the Management's conclusion. The measurement of the fair values of the identified assets and liabilities was made on a provisional basis, and its completion should take place within a period of up to one year after the acquisition date.

	Fair value
Consideration transferred – provisionally (1)	**147,665**
Assets acquired at fair value	
Cash and cash equivalents	3,780
Short-term financial investments	12,794
Trade receivables	8,544
Taxes recoverable	135
Other credits	182
Deferred sales expenses	13,681
Judicial deposits	183
Property, plant and equipment	887
Intangible assets	23,547
Total assets acquired at fair value	**63,733**
Liabilities assumed at fair value	
Borrowings and financing	2,425
Trade payables	623
Technical provision 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 tax	2,009
Other accounts payable	62
Provision for tax, civil and labor risks	792
Total liabilities assumed at fair value	**181,666**
Assets acquired and liabilities assumed at fair value (2)	**(117,933)**
Total goodwill - provisionally (1) - (2)	**265,598**

It is estimated that the amounts referring to goodwill and appreciation will be deductible for income tax and social contribution purposes. The value represents the expected future profitability, based on the expected benefits with the synergy of the operations of the Company and its Economic Group.
Since the date of acquisition until December 31, 2021. Premium contributed to the Company consolidated net revenues of R$ 120,773 and consolidated net income of R$18,997. If the acquisition had taken place on January 1, 2021, the Company estimates that the consolidated net revenues would have been R$10,034,198 and net income would have been R$402,252, due to a loss in the period, prior to the acquisition, of R$98,085.

"Trade accounts receivable" comprises gross contractual amounts due of R$10,710, of which R$2,166 is estimated as non-recoverable on the acquisition date.

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

In October 2021, the Group entered into the Agreement for the Purchase and Sale of Shares and Other Covenants 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”), referring to the acquisition by Ultra Som of at least 94.77%, up to 100%, of the shares of Madrecor and its subsidiary Madrecor Participações Ltda..

Founded in 2005, Hospital Madrecor offers medical and hospital care in the region of Uberlândia, northwest of the state of Minas Gerais. Madrecor's structure offers complete medical assistance, including an adult and pediatric emergency room, clinical analysis laboratory, diagnostic imaging service, outpatient care for 41 specialties, a surgical center and an oncology unit. The Madrecor Hospital, with 8,200 square meters of built area and a total area of more than 37,000 square meters, has 115 operational beds, including 20 ICU beds. The transaction is synergistic from a geographic and operational point of view, since the city of Uberlândia is 100 km from Uberaba, a city with operations acquired and recently integrated by the Company.

(a) Consideration transferred

Consideration transferred (cash payment)	15,000
Contingent consideration	105,000
Total of consideration transferred	**120,000**

Contingent consideration

The Company recorded the amount of R$105,000 as a contingent consideration to guarantee any contingent liabilities of Hospital Madrecor that may materialize after the closing date of the transaction, but whose operative event is prior to the closing date of the transaction.
The release will occur through annual checks, after the survey of unidentified liabilities, for which the sellers are responsible.

(b) Acquisition cost

The Company incurred costs related to the acquisition in the amount of R$33 referring to consulting costs. Acquisition costs were recorded as “Administrative expenses” in the financial statements for the year ended December 31, 2021.

(c) Measurement of fair value

The item "(d)" below, of this explanatory note, shows the consideration transferred and the provisional fair values of assets acquired and liabilities assumed on the acquisition date, considering a reasonable effort by the Company to determine such measurement considering the proximity of the date acquisition in relation to the base date of these financial statements. They were obtained through fair value measurement techniques prepared by an independent consultant hired by the Company to support the Management conclusion. The measurement of the fair value of assets acquired and liabilities assumed was carried out on a provisional basis and its conclusion must occur within a period of up to one year after the acquisition date.

The valuation techniques used to measure the fair value of significant assets were as follows, whose choice of methodology applied for each asset class is related to their nature and function in the business operation:

Asset	Valuation method
Property, plant and equipment	Replacement cost

Below, we present the valuation method used:

- ***Replacement cost –*** It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

Information obtained on the facts and circumstances existing at the date of acquisition may result in adjustments in the allocation of identifiable assets, identifiable liabilities and goodwill. This analysis will be completed within a maximum period of 12 months as of the date of acquisition.

(d) Goodwill and measurement made on provisional basis

The following table demonstrates the consideration transferred and fair values, on a provisional basis, assets and liabilities at the date of acquisition, obtained in a technical report drawn up by independent consultants hired by the Company to support the Administration.

	Hospital Madrecor	Madrecor Participações	Fair value
Consideration transferred – provisionally (1)			**120,000**
Assets			
Cash and cash equivalent	243	-	243
Trade accounts receivable	9,668	-	9,668
Inventory	790	-	790
Taxes recoverable	151	-	151
Other credits	3,704	1	3,705
Judicial deposits	3,590	-	3,590
Related parties	2	-	2
Deferred tax	11,199	-	11,199
Property, plant and equipment	7,493	47,626	55,119
Intangible	1,163	-	1,163
Total assets	**38,003**	**47,627**	**85,630**
Liabilities			
Borrowings and financing	6,863	-	6,863
Trade payables	40,000	-	40,000
Social obligations	6,091	-	6,091
Taxes and contributions payable	53,064	-	53,064
Other liabilities	150	-	150
Related parties	-	2	2

Provision for tax, civil and labor risks	11,083	-	11,083
Deferred income and social contribution taxes	5,482	-	5,482
Total of liabilities	**122,733**	**2**	**122,735**
Assets acquired and liabilities assumed at fair value (2)	**(84,730)**	**47,625**	**(37,105)**
Total goodwill - provisionally (1) - (2)	**-**	**-**	**157,105**

It is estimated that the amounts related to goodwill and fair value of assets acquired will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

Since the date of acquisition until December 31, 2021. Madrecor contributed to the Company consolidated net revenues of R$ 6,400 and consolidated net loss of R$ 5,077. If the acquisition had taken place on January 1, 2021, the Company estimates that the consolidated net revenues would have been R$ 9,931,449 and net income would have been R$ 462,483, due to a loss in the period, prior to the acquisition, of R$ 37,854.

"Trade accounts receivable" comprises gross contractual amounts due of R$ 15,436, of which R$ 5,768 is estimated as non-recoverable on the acquisition date.

3.8 Acquisition of Flip Care Ltda.

In October 2021, the Group entered into the Agreement for the Purchase and Sale of Quotas and Other Covenants between São Francisco Resgate Ltda., an indirect subsidiary of the Company, and Flip Care Ltda. (“Flip Care”), referring to the acquisition of 100% of the capital stock of Flip Care. Flip Care is located in Ribeirão Preto - SP and has technical and commercial know-how to enter into and execute contracts with highway concessionaires for the provision of removal and ambulance services.

(a) Consideration transferred

Consideration (cash payment)	10
Total of consideration transferred	**10**

(b) Acquisition cost

The Company incurred acquisition-related costs in the amount of R$ 35 relating mainly to due diligence cost and legal fees, Acquisition costs were recorded as “Administrative expenses” in the statement for the period of December 31, 2021.

(c) Goodwill and measurement made on provisional basis

The following table demonstrates the consideration transferred and fair values, on a provisional basis, assets and liabilities at the date of acquisition, obtained in a technical report drawn up by independent consultants hired by the Company to support the Administration.

	Fair value
Consideration transferred on a temporary basis (1)	**10**
Assets	
Other credits	28
Property, plant and equipment	294
Total assets	**322**
Liabilities	
Borrowings and financing	557
Total liabilities	**557**
Assets acquired and liabilities assumed at fair value (2)	**(235)**
Total goodwill - provisionally (1) - (2)	**245**

3.9 Acquisition of Maternidade Octaviano Neves S.A.

In November 2021, the Group entered into the Share Purchase Agreement and Other Covenants between Ultra Som Serviços Médicos S.A ("Ultra Som"), a subsidiary of the Company, and Sociedade Maternidade Octaviano Neves S.A. ("Hospital Octaviano Neves), referring to the acquisition by Ultra Som of at least 97.56%, up to 100%, of the capital stock of Hospital Octaviano Neves.

Founded in 1964, Hospital Octaviano Neves offers medical and hospital care in Belo Horizonte (MG), with a structure that offers complete medical care, including maternity, emergency care, clinical analysis laboratory, diagnostic imaging service, outpatient care for several specialties and operating room. The hospital, with 7,900 square meters of built area, has 156 operational beds including 45 ICU beds, 30 of which are neonatal ICU and 15 adult ICU. The transaction is synergistic from an operational point of view, as the Group has approximately 320,000 health plan beneficiaries in the region.

(a) Consideration transferred
The consideration transferred from the acquisition of 97,56% was R$128,806 (cash payment), which already includes an assumption of debt by the acquirer of R$47,968. There are no contingent liabilities.

(b) Acquisition cost
The Company incurred costs related to the acquisition in the amount of R$ 155 referring to legal fees. Acquisition costs were recorded as "Administrative expenses" in the financial statements for the year ended December 31, 2021.

(c) Measurement of fair value
The item "(d)" below, of this explanatory note, shows the consideration transferred and the provisional fair values of assets acquired and liabilities assumed on the acquisition date, considering a reasonable effort by the Company to determine such measurement considering the proximity of the date acquisition in relation to the base date of these financial statements. They were obtained through fair value measurement techniques prepared by an independent consultant hired by the Company to support the Management conclusion. The measurement of

the fair value of assets acquired and liabilities assumed was carried out on a provisional basis and its conclusion must occur within a period of up to one year after the acquisition date.

The valuation techniques used to measure the fair value of significant assets were as follows, whose choice of methodology applied for each asset class is related to their nature and function in the business operation:

Asset	Valuation method
Property, plant and equipment	Replacement cost

The following is a presentation of the evaluation methods:

- ***Replacement cost*** **–** It is the current cost of a similar new asset, whose equivalent utility is the closest to the asset being evaluated.

Information obtained on the facts and circumstances existing at the date of acquisition may result in adjustments in the allocation of identifiable assets, identifiable liabilities and goodwill. This analysis will be completed within a maximum period of 12 months as of the date of acquisition.

(d) Goodwill and measurement made on provisional basis

The following table demonstrates the consideration transferred and fair values, on a provisional basis, assets and liabilities at the date of acquisition, obtained in a technical report drawn up by independent consultants hired by the Company to support the Administration.

	Fair value
Consideration transferred – provisionally (1)	**128,806**
Assets	
Cash and cash equivalents	632
Short-term financial investments	12
Trade receivables	1,883
Inventory	652
Taxes recoverable	18
Other credits	1,175
Judicial deposits	559
Property, plant and equipment	49,780
Intangible	35
Total assets	**54,746**
Liabilities	
Borrowings and financing	6,567
Trade payables	1,441
Social obligations	2,609
Taxes and contributions payable	8,663
Other accounts payable	813

Provision for tax, civil and labor risks	9,291
Deferred income and social contribution taxes	5,050
Total liabilities	**34,434**
Assets acquired and liabilities assumed at fair value (2)	**20,312**
Total goodwill - provisionally (1) - (2)	**108,494**

Since the date of acquisition until December 31, 2021, Maternidade Octaviano Neves contributed to the Company consolidated net revenues of R$ 2,444 and consolidated net income of R$ 739. If the acquisition had taken place on January 1, 2021, the Company estimates that the consolidated net revenues would have been R$ 9,911,005 and net income would have been R$ 487,667, due to a loss in the period prior to the acquisition, of R$ 12,670.

"Trade accounts receivable" comprises gross contractual amounts due of R$ 2,158, of which R$ 275 is estimated as non-recoverable on the acquisition date.

3.10 Acquisition of Viventi Hospital Asa Sul Ltda.

In December 2021, the Group entered into the Agreement for the Purchase and Sale of Shares and Other Covenants between Ultra Som Serviços Médicos (“Ultra Som”), a subsidiary of the Company, and Viventi Hospital Asa Sul Ltda. (“Viventi”), referring to the acquisition by Ultra Som of 100% of Viventi's capital stock.

Viventi Hospital is located in Brasília (DF), in the Midwest region of the country. The hospital will have a capacity for up to 114 beds and will have a surgical center, chemotherapy and hemodynamics service and a diagnostic unit. The transaction will not only provide hospital services for the existing portfolio, but will also support the Group's organic growth plan, in addition to providing additional capacity to support eventual growth through acquisitions in the Midwest region of the country.

(a) Consideration transferred

The Company recorded the amount of R$2,653 as a contingent consideration to guarantee any materialized contingencies identified during the *Due Diligence* process and will be released in whole or in part to the seller as agreed in the purchase and sale agreement. Within 15 days after the date of solution of all materialized contingencies, the remaining balance will be released to the sellers

***(b)* Acquisition cost**

The Company incurred costs related to the acquisition in the amount of R$424, mainly related to the cost of due diligence and legal fees. Acquisition costs were recorded as “Administrative expenses” in the financial statements as of December 31, 2021.

(c) Goodwill and measurement made on provisional basis

The following table demonstrates the consideration transferred and fair values, on a provisional basis, assets and liabilities at the date of acquisition, considering a reasonable effort by the Company to determine such measurement considering the proximity of the acquisition date in relation to the base date of these financial statements. They were obtained through fair value measurement techniques prepared by an independent consultant hired by the Company to support the Management's conclusion. The measurement of the fair value of the assets acquired and liabilities assumed were carried out on a provisional basis and their conclusion must occur within a period of up to one year after the acquisition date.

	Fair value
Consideration transferred – provisionally (1)	**22,000**
Assets	
Short-term financial investments	191
Inventory	262
Recoverable tax	74
Other assets	641
Property, plant and equipment	6,599
Intangible	3
Total assets	**7,770**
Liabilities	
Trade payables	53
Social obligations	553
Taxes and contributions payable	160
Other liabilities	4,003
Borrowings and financing	2
Total liabilities	**4,771**
Assets acquired and liabilities assumed at fair value (2)	**2,999**
Total goodwill - provisionally (1) - (2)	**19,001**

It is estimated that the amounts related to goodwill and fair value of assets acquired will be deductible for income tax and social contribution purposes. The amount represents the expectation of future profitability, based on the expected benefits from the synergy of operations of the Company and its Economic Group.

3.11 Effects of adjustments during measurement period

The disclosure of net assets acquired from the acquisitions of Hospital Nossa Senhora Aparecida de Anápolis Ltda., São José and Medical Medicina Assistencial SA, in the financial statements of December 31, 2020 was made based on a provisional basis, since the Company was in the measurement period of net assets at fair value. The table below shows the variation between these provisional effects presented on December 31, 2020 and the final effects presented in the consolidated financial statements. And, as required by CPC 15 - Business Combination, the amounts corresponding to the final assessments, recorded in the measurement period, were adjusted, retrospectively, to the amounts related to the consolidated financial statements of December 31, 2020:

Assets	Consolidated Previously	Measurement period adjustments	Adjusted
Current assets	3,502,091	-	3,502,091
Total current assets	2,253,792	-	2,253,792
Property, plant and equipment	2,241,533	8,182	2,249715
Intangible	5,522,303	(8,924)	5,513,379
Total non-current assets	10,017,628	(742)	10,016,886
Total of assets	**13,519,719**	**(742)**	**13,518,977**
Liabilities and shareholder's equity			
Total current liabilities	2,120,613	-	2,120,613
Other non-current liabilities	3,466,013	-	3,466,013
Other liabilities to pay	102,106	(742)	101,364
Total non-current liabilities	3,568,119	(742)	3,567,377
Total shareholder's equity	7,830,987	-	7,830,987
Total liabilities and shareholder's equity	**13,519,719**	**(742)**	**13,518,977**

4 Corporate reorganization

Aiming to simplify the Group's corporate structure and obtain greater synergy gains by reducing operating costs by sharing administrative structures, the following corporate restructurings were approved:

	Mais Odonto Assistência Odontológica Ltda. (i)	Hospital São Francisco Ltda. (ii)	Grupo São Francisco (iii)	Holdings GSJ (iv)	CETRO (v)	Medical Medicina (vi)	Medical Rede (vi)/(vii)	Clínica São José Saúde (vi)	Clínica São José (vi)/(vii)
Assets	3,554	2,631	782,223	15	2,818	64,788	44,487	69,379	17,350
Liabilities	(292)	(778)	(319,108)	-	(5,636)	(36,703)	(10,465)	(27,187)	(18,038)
Merged net assets	**3,262**	**1,853**	**463,115**	**15**	**(2,818)**	**28,085**	**34,022**	**42,192**	**(688)**

(i) On January 31, 2021, the merger of the subsidiary Mais Odonto Assistência Odontológica Ltda. by Empresa Hospital Antônio Prudente Ltda., under the terms of the protocol and justification of the merger, with the consequent extinction of the merged company.

(ii) On September 1, 2021, the merger of the subsidiary Hospital São Francisco Ltda. by Empresa São Francisco Rede de Saúde Assistencial Ltda., under the terms of the protocol and justification of the merger, with the consequent extinction of the merged company.

(iii) On October 1, 2021, the effects of the resolutions of September 8, 2021 approved by the partners/shareholders of the companies involved became effective, making the following operations effective:

- Partial spin-off of Ultra Som Serviços Médicos SA, with transfer of the spun-off equity to Hapvida Assistência Médica SA, referring to the portion of the investment held in São Francisco Sistema de Saúde Sociedade Empresária Ltda., and the entire investment held in São Francisco Odontologia Ltda. , under the terms of the protocol and justification of the operation.

- Partial spin-off of São Francisco Sistema de Saúde Sociedade Empresária Ltda., with transfer of the spun-off equity to its partner Hapvida Assistência Médica SA, referring to the portion of the book value related to the operating activity of health plan services (Operator), under the terms of the protocol and justification of the operation.

- Merger of São Francisco Odontologia Ltda. by Hapvida Assistência Médica S.A., under the terms of the protocol and justification of the operation, with the consequent extinction of the merged company.

(iv) On October 1, 2021, the merger of the 07 (seven) holding companies of the São José Group was deliberated and approved by the partners/shareholders of the companies involved: Nakagawa Participações Ltda, Branquinho Participações Ltda., Cyrio Nogueira Participações Ltda., Lopes Biaggioni Participações Ltda., Maiorino Participações Ltda., RRP – Empreendimentos e Participações Ltda., Ururahy Participações Ltda.; all subsidiaries of Ultra Som Serviços Médicos S.A., in accordance with the terms of the protocol and justification of the mergers, with the consequent extinction of the merged companies.

(v) On November 1, 2021, the merger of the company CETRO – Centro Especializado em Traumatologia Reabilitação e Ortopedia Ltda. by its parent company Ultra Som Serviços Médicos S.A., pursuant to the protocol and justification of the merger, with the consequent extinction of the merged company.

(vi) On December 1, 2021, the effects of the resolutions of October 15, 2021 approved by the partners/shareholders of the companies involved became effective, making the following operations effective:

- Partial spin-off of Ultra Som Serviços Médicos S.A., with transfer of spun-off equity to Hapvida Assistência Médica S.A., referring to the portion of the investment held in the total spin-off of Clínica São José Saúde Ltda., pursuant to the protocol and justification of the operation.

- Total spin-off of Medical Medicina Assistencial SA, of spun-off assets related to the operational activity of health care services (Operator) to Hapvida Assistência Médica SA, and transfer of the spun-off assets related to the operational activity of health care

(Hospitalar) to Ultra Som Serviços Médicos SA, with the consequent extinction of the spun-off.

- Incorporation of Clínica São José Saúde Ltda. by Hapvida Assistência Médica S.A., under the terms of protocol and justification of operation, with the consequent extinction of merged company.

(vii) On December 1, 2021, the merger of companies Medical Rede Assistencial Ltda. and Clínica São José Ltda., by its parent company Ultra Som Serviços Médicos S.A., under the terms of the protocol and justification of the merger, with the consequent extinction of the merged companies.

The aforementioned corporate changes do not alter the Company's shareholding structure or imply any dilution for its shareholders

5 Preparation basis

Statement of compliance
The parent company and consolidated financial statements were prepared in accordance with the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with the accounting practices adopted in Brazil (BR GAAP).

All relevant information specific to the financial statements, and only such information, is being evidenced, and corresponds to the information used by company Management.

The issue of the financial statements was authorized by the Board on March 18, 2021.

6 Functional and presentation currency

These Parent company and consolidated financial statements are being presented in Brazilian Reais, functional currency of the Company. All balances have been rounded to the nearest thousand, except otherwise indicated.

7 Use of estimates and judgments

The preparation of these financial statements, Management used judgments, estimates and assumptions that affect the application of accounting policies of the Company and the reported amounts of 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

Information about judgment referring to the adoption of accounting policies which impact significantly the amounts recognized the financial statements are included in the following notes:

Note 3 – Business combination. The fair value of assets acquired and assumed liabilities.
Note 20 – Leases: to determine if the agreement has a lease, the term, renewal, and classification.
Note 21 – Technical reserves for healthcare operations. Evaluation of insurance liabilities.

Note 23 – Provision for tax, civil and labor risks. Key assumptions about the likelihood and magnitude of an outflow of resources.

(b) Uncertainties on assumptions and estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimates are made. The actual results in future periods may be different from those estimates and judgements.

Information about uncertainties related to the underlying assumptions and significant estimates that could lead to actual results differing from estimates has been included primarily in the following notes:

Note 3 - acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and the fair value of assets acquired and assumed liabilities, measured on a provisional basis.
Note 13 - Provision for impairment of accounts receivable. Recognition and provision for impairment of trade accounts receivable.
Note 14 - Deferred sales expenses. Identification of average time that clients remain in the Company's portfolio under the same contract to determine the recognition of deferral of commissions and, consequently, its appropriation to the profit (loss) for the year.
Note 17 - Review of economic useful life of property, plant 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 income (loss) for the year.
Note 18 - Determination of estimated useful life of intangible assets, and as a result, of the amortization rate to be used in the base of calculation and book records in the profit (loss) for the year. Intangible asset and goodwill impairment test: main assumptions regarding recoverable values, including recoverability of development costs.
Note 21 - Technical reserves for healthcare operations. Recognition and measurement of liabilities related to cost of insurance service.
Note 23 - Provision for tax, civil and labor risks. Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of funds.
Note 30 - Deferred income tax and social contribution: availability of future taxable income against which deductible temporary differences and tax losses may be used.

(c) Measurement at fair value

A series of Group's accounting policies and disclosures requires the measurement of fair value, for financial and non-financial assets and liabilities.

The Group established a control structure for measuring fair value. This includes an evaluation team with general responsibility of reviewing all significant fair value measurements, including Level 3 fair values, which are reported directly to the CFO, which discusses the strategies to establish the breakdown of investment portfolio within the Finance and Capital Market Committee.

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 IFRS standards, including the level in fair value hierarchy in which such valuations should be classified.

When measuring fair value of an asset or liability, the Group uses observable data as much 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 Group recognizes transfers between fair value hierarchic levels at the end of the financial statements period in which changes occurred.

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

Note 3 - Business Combinations; and
Note 31 - Financial instruments.

8 Basis of measurement

The financial statements were prepared based on the historical cost, except for the following material items which are measured at fair value on each reporting date and recognized in the statements of financial position:

- derivative financial instruments measured at fair value;
- debt and equity securities at FVTPL are measured at fair value;
- contingent payments assumed in a business combination are measured at fair value.

9 Significant accounting policies

The Group applied the accounting policies described below consistently to all the years presented in these financial statements, unless otherwise indicated.

(a) Consolidation basis

(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 in a bargain purchase are immediately recognized in profit (loss). Transaction costs are recorded in profit (loss) as incurred, except the 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 Group controls an entity when it is exposed to or has a right over the variable returns arising from its involvement with the entity and has the ability to affect those returns exerting its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements as from the date the Group obtains the control until the date such control ceases.

The individual financial statements in the parent company financial statements, financial information of subsidiaries is recognized under the equity method.

(iii) Non-controlling interest

The Group chose to measure non-controlling interest initially at their proportion in identifiable net assets of the acquiree on the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the company loses control over a subsidiary, the Group derecognizes 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 Group holds any in interest in 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 or expenses derived from intragroup transactions, are eliminated. Unrealized gains originating from transactions with 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, but only up to the point where there is no evidence of impairment loss.

(b) Revenue from contracts with customers

The Group operates by selling health and dental care plans and providing clinical, hospital, laboratory and diagnostic services.

Services are sold in separate contracts, individually per 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 adopts as a policy for the recognition of revenue the criteria set out in CPC 47 / IFRS15 - Contracts with customers.

(i) Revenues from consideration

The health and dental care services are performed through its hospitals and accredited network. These services are sold separately in contracts with clients. The Group assessed that the services are provided over time as the client receives and consumes the benefits provided concurrently. Revenues from considerations are appropriated at the amount corresponding to the daily apportionment - *pro rata d*ay - of the individual coverage period of each contract, starting as of 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 actual provision of services and when economic benefits arising from the transaction are considered probable.

(c) Financial revenues and financial expenses

The Group's financial revenues and expenses are comprised of:

- interest revenue.
- interest expense.
- dividend revenue.
- net gains/losses in exchange-rate change of financial assets and liabilities.
- impairment losses (and reversals) on investments in debt securities accounted for at amortized cost or at fair value through other comprehensive income.

Interest revenue and expenses are recognized in income (loss) at the effective interest method. The Group classifies interests received and dividends and Interest on shareholders' equity received as cash flows from investment activities.

The effective interest rate is the rate that exactly discounts payments or receipts in estimated future cash flows 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 revenue or expenses, the actual interest rate is levied on the gross book value of the assets (when the assets have no recovery issues) or at amortized cost of liabilities. However, interest revenue is calculated by applying the actual interest rate at amortized cost of financial assets with recovery issues after the initial recognition. If the asset no longer presents recovery issues, the calculation of interest revenue 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 for the 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 the business combination, or items directly recognized in equity or other comprehensive income.

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

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 an asset or tax liability under 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) Expense with income tax and social contribution - deferred

Deferred tax assets and liabilities are recognized in relation to the temporary differences between the book values of assets and liabilities for financial statement and 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, associated companies and joint ventures, to the extent that the Group is 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 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. Future taxable income is determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences 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 subsidiaries, individually.

Deferred tax assets are reviewed at each balance sheet date and reduced when their realization is no longer probable.

Deferred tax assets and liabilities are measured at tax rates expected to be applied to temporary differences when they are reversed, based on rates decreed up to the reporting date and results in an uncertainty related to income tax (if any).

Measurement of deferred tax assets and liabilities reflects tax consequences deriving from the way in which the Group expects to recover or settle its assets and liabilities.

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

(e) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent costs
Subsequent costs are capitalized in accordance with the probability that associated future economic benefits may be earned by the Group.

(iii) Depreciation
Depreciation is calculated to amortize the cost of fixed asset items, net of their estimated residual values, using the straight-line method based on estimated useful lives of such items. Depreciation is recognized in income (loss). Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet 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 group 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 embodied in the specific asset to which they relate. All other expenditures, including expenditures on 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 lives 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 balance sheet date and adjusted if appropriate.

(g) Deferred commission disbursements/expenses
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 permanence indicators 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 remain 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 accounts receivable 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 Group becomes a party to the instrument's contractual provisions.

A financial asset (unless it is trade accounts receivable 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 accounts receivable without a significant financing component is initially measured at the price of operation.

(ii) Subsequent classification and measurement

Financial assets

In the initial recognition, a financial asset is classified as measured: at amortized cost; at FVTPL - debt instrument; at FVTOCI - equity instrument; or at FVTPL.

Financial assets are not reclassified after initial recognition, unless the Group changes 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 FVTOCI 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.

In the initial recognition of an investment in an equity instrument not held for trading, the Group 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 as described above or at FVTOCI, are classified as FVTPL. This includes all derivative financial assets. At initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or as FVTOCI, as FVTPL if it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Evaluation of business model

The Group carries out an evaluation of the purpose of the business in 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 is comprised by:

- 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 revenues, 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 Group's 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 Group's assets.

Financial assets held for trading or managed with a performance evaluated based on fair value are 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 revenue, foreign exchange gains and impairment losses are recognized in income (loss). Any gain or loss on derecognition is recognized in income (loss).
Debt instruments at FVTOCI	These assets are subsequently measured at fair value. Interest revenue calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in the income (loss). Other net income is recognized in OCI. In derecognition, the retained earnings in OCI are reclassified to the income (loss).
Equity instruments at FVTOCI	These assets are subsequently measured at fair value. Dividends are recognized as gain in income (loss), unless the dividend clearly represents a recovery of part of the investment cost. Other net income is recognized in OCI and are never reclassified to the income (loss).

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities were classified as measured as 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 Group derecognizes a financial asset when the contractual rights to the cash flow of the asset expire, or when the Group transfers the contractual rights to the reception of contractual cash flows over a financial asset in a transaction in which essentially all the risks and rewards of ownership of the financial asset are transferred or in which the Group nor transfers or maintains all ownership risks and rewards of the financial assets and also does not hold the control over the financial asset.

The Group carries out transactions in which it transfers assets recognized in the Statements of Financial Position, but retains all or substantially all risks and rewards of the assets transferred. In such cases, financial assets are not derecognized.

Financial liabilities
The Group derecognizes a financial liability when its contractual obligations are discharged or canceled or expired. The Group also derecognizes 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) Offset
Financial assets or liabilities are offset and the net value reported in the Statements of Financial Position only when the Group currently has 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.

(i) Share capital

i. Common shares
Additional costs directly attributable to the issue of shares and share options are recognized as reducers from 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 costs directly attributable is recognized as a deduction from equity. The repurchased shares are classified as treasury shares and presented as a deduction from equity. When treasury shares are sold or reissued subsequently, value received is recognized as an increase to equity, and gains or losses resulting from transactions are presented as capital reserve.

(j) Impairment

i. Non-derivative financial assets

Measurement of expected credit losses

Expected credit losses are estimates weighted by the probability of credit losses. Credit losses are measured at present value based on all 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 accounts receivable and contract assets, the Group adopts a simplified approach in calculating expected credit losses. The Group has established a reserve matrix based on its 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 in that the note is overdue and the client's outstanding amount.

ii. Non-financial assets

On each reporting date, the Group reviews book values of non-financial assets (except for inventories, contract assets and deferred taxes) to determine if there is an indication of impairment. If certain evidence exists the recoverable amount of the asset is determined. In case of goodwill, recoverable value is tested on an annual basis.

For impairment tests, 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 are highly independent from cash inflows referring to other assets or cash generating units. Goodwill in a business combination is allocated to cash generating units or groups of cash generating units that are expected to benefit combination synergy.

Recoverable value of an assets or CGU is the higher of value in use and fair value less selling costs. Value in use is based on estimated future cash flows discounted to present value using a discount rate before taxes that reflects current market evaluations of time value of money and the specific risks of the assets or CGU.

An impairment loss is recognized when the book value of an asset or its CGU exceeds its recoverable value.

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

An impairment loss related to goodwill is not reversed. Regarding other assets, impairment losses are reversed only with the condition that the new book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized.

(k) Provisions

Provisions are determined by discounting the estimated future cash flows at a pre-tax rate which reflects the current market evaluations as to the value of the cash over time and the specific risks of the liability in question. Effects from derecognition of discount for elapsing of time are recognized in income (loss) as financial expense.

Provision for tax, civil and labor risks

They are recorded considering: the opinion of the legal advisors, the nature of the lawsuits, similarity with previous cases with the same complexity and the pronouncements of courts, 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 are measurable with sufficient assurance. The contingent liabilities classified as possible losses are not recorded; however, are disclosed in notes (when significant), classified as remote are neither accrued nor disclosed.

Technical reserves for health care operations

The Reserve for Incurred but Not Reported Claims (IBNR) is calculated actuarially based on the estimate of claims occurred but not yet reported, based on monthly run-off triangles, which consider the historical development of the 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 the claim notices received up to the balance sheet date, including judicial claims and monetarily restated costs.

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

The Unearned Premium Reserve (UPR) is calculated on a pro rata basis based on health and dental plan 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.

(l) Lease

At the beginning of a contract, the Group assesses 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, they are the ones that transfer the right to control and obtain benefits over the use of asset identified for a period of time in exchange for consideration.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the start date 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 lease. right-of-use asset reflects that the lessee will exercise the call option. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property, plant and equipment. In addition, the right-to-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 that are not made 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 the asset with a value similar to the right-of-use asset in a similar economic environment.

The Group leases 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 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 Group changes its valuation, an option will be exercised. purchase, extension or termination or if there is a fixed revised lease payment in essence.

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 income statement if the book value of the right-of-use asset has been reduced to zero.

Leasing of low value assets
The Group 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 Group recognizes 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 an non-forced transaction between market participants a the measurement date, on the primary market or, in the absence thereof, on the most advantageous market to which the Group has access on such date. Fair value of a liability reflects its risk of not being performed.

A series of accounting policies and disclosures of Group requires the measurement of fair value, for financial and non-financial assets and liabilities.

When available, the Group measures 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 take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no price quoted on an active market, the Group uses 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 selling price, the Group measures 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 Group determines 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. Later, this difference is recognized in the income (loss) at an appropriate basis over the life of the instrument, or to the moment when the assessment is fully supported by observable market data or the transaction is terminated, whichever occurs first.

10 New pronouncements issued, but not effective

(i) IFRS 17 - Insurance Contracts

IFRS 17 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that entities provides relevant information in a way that faithfully represents those contracts. This information provides a basis for users of financial statements to assess the effect that insurance contracts have on the Company's financial position, financial performance and cash flows. IFRS 17 is effective for annual periods beginning on after January 1, 2023.

(ii) Onerous contracts – cost to fulfill a contract (changes to IAS 37)

The amendments specify what costs an entity includes when determining the cost of performing a contract in order to assess whether the contract is costly. The changes apply to annual periods beginning on or after January 1, 2022 for existing contracts on the date the changes are applied for the first time. On the date of initial application, the cumulative effect of applying the changes is recognized as an adjustment to the opening balance in retained earnings or other components of equity, as appropriate. Comparatives are not restated. The Group does not have onerous contracts, therefore, there is no expectation of any impacts on initial adoption

(iii) Other standards

The following new and changed standards are not expected to have a significant impact on the individual and consolidated financial statements:

- Property, plant and equipment: Revenue before intended use (changes to IAS 16);
- Reference to the Conceptual Framework (changes to IFRS 3);
- Classification of Liabilities in Current or Non-Current (changes to IAS 1).
- Disclosure of Accounting Policies (changes to IAS 1 and IFRS Practical Statement 2);
- Definition of accounting estimate (changes to IAS 8); and

- Deferred tax related to assets and liabilities arising from a single transaction (changes to IAS 12).

11 Operating segments

The Group operates in the healthcare sector and focuses its strategy on providing services in a vertical way, in which the service to the beneficiary is carried out primarily through its own service network. The Group provides medical and dental insurance plans, operating in only one operating segment, whose operating and financial results are regularly reviewed by the Board of Directors on aggregate, on which it conducts its decision-making.

While the Group's structure comprises a large number of hospitals, clinics and other units, these all serve the Group health and dental plan customers in a vertically integrated model ultimately designed to maximize consolidated (healthcare plans + medical care units) value creation for shareholders.

The Company has determined that the Statutory Board is the Chief Operating Decision Maker (CODM). It receives, reviews and analyzes information about the operational and financial results of the business and makes strategic decisions, use of technologies and marketing strategies for different products and services in a centralized way. The Group's revenues are entirely derived from customers geographically located in Brazil and there is no customer sales concentration. In addition, all noncurrent assets are located in Brazil. The Group's earnings do not fluctuate based on seasonality.

12 Short-term and long-term investments

			Parent Company		Consolidated	
	Monthly average remuneration	**Maturities**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Government and private bonds						
Bank Deposit Certificates - Collateral Assets (a)	100% CDI	July 2023	-	-	2,824	10,101
Bank deposit certificates	103.2% CDI	Out 2021- Jan 2034	-	-	99,661	1,419,084
NTN-B	IPCA + 6%	August 2024	-	-	39,670	35,896
Investment fund			-	-	-	-
Fixed income - Collateral assets (a)	139.4% CDI	Without maturity	-	-	1,634,080	993,726
Fixed income - Exclusives (b)	123.1% CDI	Without maturity	2,635,500	91,704	4,889,359	549,838
Fixed income - Non-exclusive	109.7% CDI	Without maturity	37,892	315,211	519,571	548,500
Other						
Other short and long term investments	-	Without maturity		77	1	2,257
			2,673,392	**406,992**	**7,185,166**	**3,559,402**
Short-term investments			-	-	1,720,024	2,334,120
Long-term investments			2,673,392	406,992	5,465,142	1,225,282

(b) Fixed income investment funds and Bank Deposit Certificates - Collateral Assets: They are used as a guarantee for technical reserves of the health care companies, as detailed in Note 21.

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

13 Trade receivables

Primarily refers to amounts receivable from members of the Company's health and dental care insurance plans, as follows:

	Consolidated	
	12/31/2021	**12/31/2020**
Medical and hospital plans		
Health and dental care plans	595,099	601,674
Agreements and individuals plans	92,472	43,248
Other	19,168	16,441
Subtotal	**706,739**	**661,363**
Impairment loss on trade receivables	(232,435)	(227,937)
Total	**474,304**	**433,426**

Breakdown of amounts receivable by maturity age is as follows:

	Consolidated	
	12/31/2021	**12/31/2020**
Neither past due nor impaired	**94,634**	**234,683**
Overdue (days)	**612,105**	**426,680**
Up to 30	197,704	128,803
31–60	91,551	45,948
61–90	75,653	22,630
>90	247,197	229,299
Total	**706,739**	**661,363**

Changes in the provision for impairment losses in accounts receivable are as follows:

	Consolidated	
	12/31/2021	**12/31/2020**
Balances at the beginning of the year	227,937	151,247
Provisions	211,302	221,447
Net write-offs (a)	(206,804)	(144,757)
Total	**232,435**	**227,937**

(a) Recognizes the cancellation of client contracts implemented in the period against the provision, as a result of default, as well as reversals of provisions due to receipts of outstanding bonds.

14 Deferred commission

	Consolidated	
	12/31/2021	**12/31/2020**
Deferred commissions with Health Care Plan - Current	221,496	164,929
Deferred commissions with health care plan - Non-current	172,025	142,229
Total	**393,521**	**307,158**

The weighted average term of the agreements in the client portfolio is detailed below in months, applied based on active agreements that generated expense with commissions:

	12/31/2021	**12/31/2020**
Individual contracts	34	33
Collective contracts	55	58

15 Related party transactions and balances

The main balances of assets and liabilities on December 31, 2021 and December 31, 2020, as well as the transactions that influenced the income, relating to operations with related parties, are presented below:

	Parent company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Assets				
Interest on own capital receivable of investees	47,001	105	-	2
	47,001	**105**	**-**	**2**
Other debits with related parties				
Receivables with shareholders		-	1,418	1,296
PPAR COM Investimentos Ltda. - Amounts receivable (b)		-	1,988	1,988
Other	345	91	119	164
	345	**91**	**3,525**	**3,448**
Total	**47,346**	**196**	**3,525**	**3,450**
Liabilities				
Dividends payable	1,979	11,704	13,341	24,518
Interest on own capital	18,518	176,509	18,518	176,923
	20,497	**188,213**	**31,859**	**201,441**
Other liabilities with related parties				
Amounts payable to individual shareholders (a)	2,517	2,516	2,552	2,552
Debts with subsidiaries (a)	373	-	-	-
Canadá Administradora de Bens Imóveis Ltda. - Purchase of property, plant and equipment	1,343	1,343	10,554	1,343
Other	102	238	102	101
	4,335	**4,097**	**13,208**	**3,996**
Lease payable with related parties (c)	159	154	668,746	660,285
	159	**154**	**668,746**	**660,285**
Total	**24,991**	**192,464**	**713,813**	**865,722**

Transactions	Parent company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Revenue from medical care services (d)	-	-	1,281	1,415
Media broadcasting expenses (e)	-	-	(1,341)	(1,289)
Reimbursement of shared use of assets (f)	-	-	(9,211)	(1,057)
Interest on leases with Canadá Administradora de Bens Imóveis Ltda. (g)	(13)	(12)	(16,922)	(16,507)
Interest on leases with Fundação Ana Lima (g)	-	-	(150)	(345)
Interest on leases with Quixadá Participações Ltda. (g)	-	-	(36,973)	(36,235)
	(13)	**(12)**	**(65,859)**	**(54,756)**

The main balances and transactions refer to:

(a) It's a liability from the company's shareholders and subsidiaries for acquisition of assets.

(b) Amount paid by the subsidiary Ultra Som Serviços Médicos S.A. in favor of the company PPAR Com. Investimentos Ltda. ("PPAR"), an unconsolidated entity under the same control as the Group's shareholders, on acquisitions of media companies carried out by the company PPAR.

(c) Lease of commercial real estate and furniture and fixtures for the development of economic activities, according to a contract signed between related parties (unconsolidated entity under common control of the same shareholders of the Group) with an average term of 20 years, being agreed based on the assessment of the market value realized by specialized companies, with the following provisions: (i) annual update based on the accumulated variation of the General Price Index – Market (IGP-M Brazilian index); and (ii) revision of the base value every 60 months of the lease term.

(d) Revenues from health care plans of the Group companies with services to the companies that are part of Sistema Opinião de Comunicação, under common shareholding control, in the category of collective plans.

(e) Advertising expenses contracted by the Group for advertising in companies belonging to the Sistema Opinião de Comunicação, under common control of the shareholders, with the objective of promoting sales of health and dental plans through marketing actions.

(f) This balance mainly refers to the use of aircraft, when Senior Management needs to travel on business.

(g) Effect of interest on lease agreements with related parties.

Remuneration of key management personnel

The Group's Management is comprised by the Board of Directors and a Statutory Executive Board of the Group. Expenses with total management remuneration were R$ 105,563 in the year ended on December 31, 2021 (R$ 26,398 as of December 31, 2020).

Share-based Payment

Stock Grant

At the Extraordinary General Meeting held on April 30, 2021, the Company's Performance Bonus Policy was approved, with the intention of paying a premium on common shares issued by the Company, net of any taxes, in case of extraordinary performance in the which refers to the work to be performed by executives eligible for the aforementioned policy. Currently, this program is restricted to senior management.

The Company recognizes in the income statement for the period personnel expenses related to the grants of the Stock Grant Plan against the capital reserve in equity, based on the fair value of the share on the grant date. As of September 30, 2021, the balance recognized for the plan is as follows:

Grant date	Number of stock granted *	Fair value on grant date (R$ for stock)	'otal estimated plan valı (including charges)	Expense recognized by competence
30/04/2021	11,663,103	14.44	225,219	56,305

* The Performance Bonus Policy must cover 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 shares in sufficient treasury at the time of the Award conference, as defined below), net of any taxes withheld at source.

Among the conditions for receiving the Premium, it should be noted that: (a) 50% of the Premium is conditional on the beneficiary's permanence for a period of 3 years (starting from January/2021); and (b) 50% of the Premium is conditional on reaching at least 95% of the targets established by the Board of Directors (with 50% of the target linked to EBITDA indicators, and 50% of the target linked to growth indicators, goals can be cumulative within a 3-year period, with calculations by the end of March in the years 2022, 2023 and 2024).

16 Investments

a. Subsidiary information

	Assets	Liability	Equity	Profit (loss) for the period	Percentage of Interest	Investments on 12/31/2021	Investments on 12/31/2020
Hapvida Assistência Médica Ltda.	8,750,236	2,064,198	6,686,038	386,768	99.57%	6,657,587	2,626,762
Ultra Som Serviços Médicos S.A.	8,145,869	2,906,641	5,239,228	170,016	100%	5,239,228	6,615,756
Hospital Antônio Prudente Ltda.	211,378	78,515	132,863	30,361	100%	132,863	99,242
Hapvida Participações em Tecnologia Ltda.	32,943	31,374	1,569	(21,780)	100%	1,568	23,348
Mais Odonto Assistência Odontológica Ltda. (b)	-	-	-	(2)	0%	-	3,262
						12,031,246	**9,368,370**

b. Changes

	Hapvida Assistência Médica S.A.	Ultra Som Serviços Médicos S/A	Hospital Antônio Prudente Ltda.	Hapvida Part. em Tecnologia Ltda.	Mais Odonto Assistência	Total
Balance at 31/12/2019	**1.720.633**	**6.102.067**	**77.998**	**24.434**	**3.246**	**7.928.378**
Equity in net income of subsidiaries	728.228	16.079	21.244	(1.100)	16	764.467
Interest on shareholders' equity	(52.349)	-	-	-	-	(52.349)
Capital increase	63.274	693.440	-	-	-	756.714
Split (a)	162.497	(162.497)	-	-	-	-
Advance for future capital increase	-	(29.535)	-	-	-	(29.535)
Other	4.479	(3.798)	-	14	-	695
Balance at 31/12/2020	**2.626.762**	**6.615.756**	**99.242**	**23.348**	**3.262**	**9.368.370**
Equity in net income of subsidiaries	386.446	170.016	30.361	(21.780)	(2)	565.041
Interest on shareholders' equity	(31.255)	(15.746)	-	-	-	(47.001)
Capital increase	-	2.176.468	-	-	-	2.176.468
Capital decrease	(29.184)	-	-	-	-	(29.184)
Merge (b)	-	-	3.260	-	(3.260)	-
Split (c)	3.704.818	(3.704.818)	-	-	-	-
Acquisition of non-controlling interests (d)	-	(2.448)	-	-	-	(2.448)
Balance at 31/12/2021	**6.657.587**	**5.239.228**	**132.863**	**1.568**	**-**	**12.031.246**

a. On June 30, 2020, the Extraordinary General Meeting approved the partial spin-off of Ultra Som Serviços Médicos S.A. with the transfer of spun-off assets to Hapvida Assistência Médica Ltda. in the amount of R$ 162,497. Due to the spin-off and immediate transfer, Hapvida Assistência Médica Ltda. becomes a quotaholder of Jardim América Saúde Ltda.

b. On January 31, 2021, Mais Odonto Assistência Odontológica Ltda. was merged into Hospital Antônio Prudente Ltda., according note 4.

c. Corporate restructuring between Ultra Som Serviços Médicos S.A and Hapvida Assistência Médica S.A. occurred on October 1 and December 1, 2021, according note 4.

d. Refers to the acquisition of non-controlling interests in Pro-Infância SJC Hospital and Pronto Socorro Pediátrico Ltda. and São Francisco Sistemas de Saúde S/E Ltda..

c. Acquisition of companies

HB Saúde Group

In July 2021, the Company signed a proposal with the board of the HB Saúde Group for the acquisition of up to 100% of the group, which should be submitted for approval at the shareholders' meeting. The HB Saúde Group of São José do Rio Preto (SP) is composed of the following entities: H,B, Health S/A, H,B, Health Provision of Medical Services Ltd., Centro Integrado de Atendimento Ltda, and HB Health Diagnostic Center Ltd, (HB Health Group).

The HB Saúde Group, is composed of the healthcare operator of the same name, Hospital HBS Mirassol, eight outpatient units, a children's clinic, clinical and diagnostic centers, preventive and occupational medicine spaces and oncology center, located mainly in the municipalities of São José of Rio Preto and Mirassol, in São Paulo.

On September 15, 2021, the Company sent for approval at the HB Saúde Group's shareholders' meeting an offer of R$650,0 million, which was accepted by shareholders representing approximately 59% of the total capital. As the value of the offer was R$650,0 million for the acquisition of 100% of HB Saúde Group, the estimated disbursement for approximately 59% of the total capital would be approximately R$383,5 million. The Company remains open to acquire the other partners under the same conditions offered.

The acquisition of HB Saúde Group is another important step in the strategy of growth and market share gain in the state of São Paulo, expanding the potential for vertical growth in the region.

The implementation of the purchase and sale operation provided for in the Transaction is subject to the fulfillment of suspensive conditions, including its approval at an extraordinary general meeting to be called by HB Saúde by the shareholders holding at least 50% plus one HB Saúde share. The Transaction is subject to the successful negotiation of the respective contractual acquisition instruments and their respective formalizations, which also involve the satisfactory conduct of legal, accounting and operational due diligence procedures. It will be submitted for consideration and approval by regulatory bodies (Cade and ANS).

Business combination between Hapvida and GNDI

The Company, in compliance with the terms of CVM Instruction 358/02 and 565/15, as amended, and in continuity with the information disclosed in the relevant facts of January 8, 2021, February 15, 2021 and February 27, 2021, informed to its shareholders and the market in general, which, in compliance with the Association Agreement and Other Covenants (Agreement), signed on February 27, 2021 between Hapvida Participações e Investimentos S.A. (Hapvida), Notre Dame Intermédica Participações S.A. (GNDI), Hapvida Participações e Investimentos II S.A. (HapvidaCo), a Hapvida subsidiary, and PPAR Pinheiro Participações S.A. (PPAR), Hapvida's parent company, at the extraordinary general meetings (AGE) of Hapvida, HapvidaCo and GNDI held on March 29, 2021, the business combination between Hapvida and GNDI was approved by the shareholders of the respective companies, under the terms and conditions described in the Agreement (Operation), in addition to the approval of the other matters included in the re respective agendas of each of the general shareholders' meetings held by Hapvida, GNDI and HapvidaCo.

On June 10, 2021, the transaction had its approval by the National Agency for Supplementary Health (ANS). On January 4, 2022, the CADE (Economic Defense Board of Directors) General Superintendence-General's Certificate of res judicata was issued, approving the transaction without restrictions.

17 Property, plant and equipment

The composition of property, plant and equipment is as follows:

	Consolidated				
	Annual depreciation rate	Cost	Accumulated depreciation	Net 12/31/2021	Net 12/31/2020
Right of use assets	7.24%	1.213.485	(158.921)	1.054.564	957,684
Land	-	102.071	-	102.071	63,509
Real Estate	4.0%	662.681	(67.460)	595.221	270,876
Vehicles	20.0%	54.660	(36.332)	18.328	22,491
IT equipment	14.7%	192.420	(96.247)	96.173	64,910
Machinery and equipment	9.7%	740.008	(332.003)	408.005	310,065
Furniture and fixtures	10.0%	160.811	(61.847)	98.964	82,799
Facilities	4.0%	584.951	(107.005)	477.946	315,838
Construction in progress	-	159.107	-	159.107	151,518
Other	-	556	-	556	1,843
Total		**3,870,750**	**(859,815)**	**3,010,935**	**2,249,715**

Changes in property, plant and equipment for the year ended December 31, 2021 and December 31, 2020 are as follows:

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

i. Acquisition of Companies as informed in Note 3

	12/31/2019	Addition	Net write-offs	Depreciation	Transfers	Acquisition of companies	reclassification	12/31/2020
Right of use assets	932,716	95,275	(3,484)	(80,064)	52	13,189	-	957,684
Land	10,608	51,948	(1)	-	-	2,512	1,195	66,262
Real estate	278,463	5,006	(2,228)	(21,082)	-	9,142	6,917	276,218
Vehicles	15,624	14,296	(31)	(6,495)	(1,485)	582	-	22,491
IT equipment	26,462	57,133	(863)	(15,136)	(4,779)	2,118	-	64,935
Machinery and equipment	220,818	103,272	(4,461)	(40,713)	25,208	4,118	1,867	310,109
Furniture and fixtures	58,232	22,737	339	(9,666)	8,619	2,415	141	82,817
Facilities	288,014	19,765	(127)	(12,675)	16,224	4,637	-	315,838
Construction in progress (a)	156,618	28,030	-	-	(42,046)	8,916	-	151,518
Other	-	7,954	-	(4,318)	(1,793)	-	-	1,843
Total	**1,987,555**	**405,416**	**(10,856)**	**(190,149)**	**-**	**47,629**	**10,120**	**2,249,715**

(a) The balance refers to surgical equipment, communication equipment, non-hospital machinery and accessories, refrigeration and ventilation equipment.

(b) The balance of construction in progress refers substantially to investments made in hospitals and clinics to improve and expand the physical facilities

18 Intangible

The composition of the intangible asset is as follows:

		Consolidated			
	Annual amortization rate	Cost	Accumulated amortization	2021 Net	2020 Net (Restated)
Customer portfolio (i)	17.70%	3,039,821	(1,140,412)	1,899,409	2,238,184
Software	19.49%	237,603	(86,702)	150,901	96,395
Patents and trademarks (ii)	20.00%	440,602	(126,724)	313,878	372,771
Non-compete	20.00%	38,587	(20,312)	18,275	24,835
Goodwill (iii)	-	5,092,448	-	5,092,448	2,704,724
Other	21.52%	84,345	(2,747)	81,598	76,470
Total		**8,933,406**	**(1,376,897)**	**7,556,509**	**5,513,379**

Changes in intangible asset for the year ended December 31, 2021 and December 31, 2020 are as follows:

	12/31/2020 (Restated)	Addition	Amortization	Net write-offs	Transfers	Acquisition of companies (i)	12/31/2021
Customer portfolio (ii)	2.238.184	41,691	(545,553)	(259)	-	165,346	1,899,409
Software	96.395	3,498	(28,161)	(534)	78,020	1,683	150,901
Patents and trademarks (iii)	372.771	3	(85,497)	-	4	26,597	313,878
Non-compete	24.835	-	(7,662)	-	-	1,102	18,275
Goodwill (iv)	2.704.724	-	-	-	-	2,387,724	5,092,448
Other	76,470	85,950	(2,798)	-	(78,024)	-	81,598
Total	**5,513,379**	131,142	(669,671)	(793)	-	2,582,452	7,556,509

		Consolidated						
	12/31/2019 (Restated)	Addition	Amortization	Net write-offs	Transfers	Reclassification	Acquisition of companies	12/31/2020 (Restated)
Customer portfolio (ii)	2.590.240	144.654	(496.710)	-	-	-	-	2,238,184
Software	76.875	10.669	(20.866)	-	28.734	-	983	96,395
Patents and trademarks (iii)	393.972	8.893	(30.100)	-	-	-	6	372,771
Non-compete	27.610	1.181	(4.044)	-	-	-	88	24,835
Goodwill (iv)	2.240.701	474.143	-	-	-	(10,120)	-	2,704,724
Other	4.314	111.507	(10.617)	-	(28.734)	-	-	76,470
Total	**5,333,712**	**751,047**	**(562,337)**	**-**	**-**	**(10,120)**	**1,077**	**5,513,379**

(i) Acquisition of Companies as informed in Note 3.

(ii) These are customer portfolios arising from the acquisition of Grupo São Francisco, Grupo América, RN Saúde, Medical Medicina Assistencial and Grupo São José and the customer portfolio of the companies Assistência Médica Hospitalar Ltda. (UNIPLAM) and Free Life Operadora de Planos de Saúde Ltda, transferred in 2018. In the 1st quarter of 2021, the Company concludes the acquisition of the Multi Saúde Assistência Médica Hospitalar Ltda. – SAMEDH and Medical and Hospital Assistance Plan of the State of Goiás S.A. – PLAMHEG. In the 2nd quarter, the portfolios resulting from the acquisition of Grupo Promed were added: Promed Assistência Médica, Promed Brasil Assistência Médica and Saúde Sistema Assist. Unificado de Empresas. In the 3rd quarter, the portfolio resulting from the acquisition of Premium Saúde was added.

(iii) The added value of the brands of the acquired companies are amortized over a period of 5 years, which is the estimated time that the company works on the commercial discontinuation of the brand.

(iv) Goodwill from business combination.

Goodwill

Goodwill balances and intangible assets with indefinite useful lives were tested for impairment on December 31, 2021 through the discounted cash flow for each cash-generating unit (“CGU”), giving rise to the value in use.

For the purpose of evaluation of recoverable value, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. In determining the book value of each CGU, the Group considers not only the recorded intangibles, as well as all the tangible assets necessary for conducting business, as it is only through the use of this set that the Group will obtain the generation of economic benefits.

Goodwill does not generate cash flows independently of other assets or groups of assets and often contributes to the cash flows of multiple CGUs, and must be 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.

In this way, the Company prepared an impairment test for the Group, considering the history of business combinations, according describing on Note 3 and present at table below, which, for example, operate in other geographic regions, aiming at revenue synergy when accessing new markets, leveraging the marketing and sales force. sale of health and dental plans with coverage of medical / dental assistance costs.

	Grupo São Francisco	Grupo Promed	Grupo America	Medical	São José	Premium	Madrecor	Octavino Neves	Others (i)	Total
Book value of goodwill	1,826,499	1,814,650	303,223	194,406	236,655	265.598	157,105	108,494	185,818	**5,092,448**

(i) Goodwill from other business combinations

Therefore, the Company adopted the following assumptions in the impairment test:

Assumptions	
Volume growth (beneficiaries)	5.2% per year
Discount rate	12% per year
Perpetuity growth rate	6% per year

According to the recoverability analysis prepared by management, the Company concluded that the value in use of the CGUs is higher than their respective book value, indicating that there is no evidence of loss due to impairment.

The assumptions adopted in the impairment tests of intangibles are in accordance with the internal projections for the five-year period. For the period after five years, extrapolation is applied using a perpetuity growth rate. The discounted cash flow that determined the value in use of the cash-generating units was prepared in accordance with the Company's business plan.

The Company also considered market variables such as Gross Domestic Product ("GDP") and the Brazilian general price index - IPCA Long Term. The cost was projected from the last realized cost plus the expected inflation over time. The portion of the cost that is variabilized was still scaled according to the growth of lives. In addition, the cost projection incorporated the expected result of synergy projects already underway by acquired companies. In relation to commissions, the projection considered the maintenance of the percentage of net revenue realized by company / portfolio.

19 Borrowings and financing

a. Borrowings and financing

			Parent company		Consolidates	
Type	**Maturity**	**Interest rate**	**12/31/2021**	**12/31/2020**	**12/31/2021**	**12/31/2020**
Working capital	December 2022	0.99% CDI + 3% per year	-	-	42,074	56,793
Finame	December 2021	3.5% a 24.99% per year	-	-	-	1,491
1st issue Debentures	July 2026	109% a 110.55% DI rate	2,061,850	2,016,335	2,061,850	2,016,335
2st issue Debentures	April 2029	CDI + 1,45% a 1,65%	2,521,702		2,521,702	-
Certificate of Real Estate Receivables	December 2031	IPCA + 5,7505%			970,305	-
Other	November 2021	100% CDI		-	-	2,608
Total			**4,583,552**	**2,016,335**	**5,595,931**	**2,077,227**
Current			682,663	19,081	713,250	42,915
Non-current			3,900,889	1,997,254	4,882,681	2,034,312

b. Changes - Borrowings and financing

	Parent company	Consolidated			
	Debentures	**Borrowings and financing**	**Debentures**	**Certificate of Real Estate Receivables**	**Total**
Balances at December 31, 2019	**2,044,494**	**67,499**	**2,044,494**	**-**	**2,111,993**
Acquisition of companies	-	9,340	-	-	9,340
Proceeds	-	2,252	-	-	2,252
Transaction costs	994	-	994	-	994
Interest accrual	60,127	3,192	60,127	-	63,319
Payment of principal	-	(30,402)	-	-	(30,402)
Interest payment and exchange rate change	(89,280)	(7,984)	(89,80)	-	(97,264)

Exchange-rate change (b)	-	16,995	-	-	16,995
Balances at December 31, 2020	**2,016,335**	**60,892**	**2,016,335**	**-**	**2,077,227**
Acquisition of company (a)	-	145,291	-	-	145,291
Proceeds	2.500.000	-	2,500,000	1,001,700	3,501,700
Transaction 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 change (b)	-	5,420	-	-	5,420
Issuance costs	(11,038)		(11,038)	(36,783)	(47,821)
Balances at December 31, 2021	**4,583,552**	**42,074**	**4,583,552**	**970,305**	**5,595,931**

(a) Amount related to loans of companies acquired by the Company, according to note 3.

(b) The Company raises funds in foreign currency (Dollar and Euro) in the "4131" modality, bearing prefixed interest (1.81 to 4.64% p.a.), maturing in March 2022. Aiming to hedge the foreign exchange exposure of these operations, the Company contracted swaps linked to "4131" operations, duly matched with the same terms, rates and amounts. The foreign credit lines are known in Brazil as "4131" loans in a reference to the law that regulates foreign capital in Brazil and the remittance of funds abroad.

The Group's loans and financing are guaranteed by: (i) guarantee, (ii) fiduciary alienation of the financed hospital assets or (iii) financial investments held in the same institutions where the credits were contracted.

The working capital credit agreements have restrictive contractual clauses specific to the nature of the operation, which, in the event of not being met, may lead to the early maturity of the respective operations.

Such clauses, among other conditions, require that the Company and its subsidiaries do not default on their obligations; actions, demands or processes pending or about to be proposed, which, if decided against the Company, would have a detrimental effect on its financial condition or impair its ability to meet its obligations.

c. Aging - Borrowings and financing

As of December 31, 2021, borrowings and financing have the following maturity schedule:

	Parent company		**Consolidated**	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
2021	-	19,081	-	42,915
2022	682,663	587,537	713,250	623,161
2023	585,610	587,547	586,762	588,981
2024	585,988	587,544	584,685	587,544
2025	115,777	117,313	113,592	117,313
2026	740,813	117,313	738,259	117,313
> 2027	1,872,701	-	2,859,383	-
Total	**4,583,552**	**2,016,335**	**5,595,931**	**2,077,227**

d. Debentures

d.1 Issuance of debentures

1st Issuance of Debentures

In July 2019, the Company made the first issue of simple debentures, unsecured, not convertible into shares, in 2 series, with unit value of one thousand reais (R$ 1,000), totaling R$ 2,000,000, comprised of R$ 1,764,888 debentures of the 1st series, with maturity on July 10, 2024 and R$ 235,112 debentures of the 2nd series, maturing on July 10, 2026. The debentures of the 1st series will be amortized in three annual installments, the first on maturing on July 10, 2022, and, the debentures of the 2nd series will be amortized in two annual installments, the first one maturing on July 10, 2025. The payment of interest is made on a half-yearly basis, with the first payment made on January 10, 2020.

2nt Issuance of Debentures

In October 2021, the Company made the second issue of simple debentures, unsecured, not convertible into shares, in 2 series, with unit value of one thousand reais (R$ 1,000), totaling R$ 2,500,000, comprised of R$ 1,250,000 debentures of the 1st series, with maturity on April 30, 2027 and R$ R$ 1,250,000 debentures of the 2nd series, maturing on April 30, 2029. The debentures of the 1st series will be amortized in two annual installments, the first on maturing on April 30, 2026, and, the debentures of the 2nd series will be amortized in two annual installments, the first one maturing on April 30, 2028'. The payment of interest is made on a half-yearly basis, with the first payment made on April 30, 2022.

d.2 Guarantees

The debentures of the 1st and 2nd series have unsecured guarantee as suretyship provided by the guarantor Ultra Som Serviços Médicos S.A., the Company's subsidiaries, as joint and several debtor and main payer of all obligations assumed.

d.3 Covenants

The debentures issued by the Company have contractual clauses and restrictions related to advanced maturity, including, but not limited to, those that oblige the Company to keep a "financial index" equal or lower than 3.0 measure on a quarterly basis. Said financial index is composed by the net debt divided by net income (loss) for the period before the financial result, income tax and social contribution, depreciation and amortization, *stock option non-cash expenses*, *impairment*, non-recurring revenues or expenses, gains (losses) in the sale of assets. As of December 31, 2021, the Company is in compliance with financial covenants and restrictions related to early maturity.

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, in the event of not being met, may lead to the early maturity of the respective operations.

e. Certificate of Real Estate Receivables (CRI)

On November 2, 2021, the granting of a personal guarantee by the Company was approved, in the form of a surety, in guarantee of the obligations assumed by its direct subsidiary, Ultra Som Serviços Médicos S.A. (Ultra Som) within the scope of its 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), in the context of a securitization transaction. The CRI Ballast Hapvida are subject to public distribution, which was carried out pursuant to CVM Instruction No. 400, of December 29, 2003.

The funds will be allocated to: i) payment of expenses, 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 expenses, costs and expenses, of a real estate nature and 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 + monetary restatement). The payment of the *spread* (5.7505%) will be made on a semi-annual basis, the first payment of which will be made on June 15, 2022.

20 Leases

The Company has lease agreements for Real estate rented from third parties and related parties, as well as other leasing and service agreements with terms exceeding 12 months.

	Consolidated	
	12/31/2021	**12/31/2020**
Balance at the beginning of the period	**1,008,243**	**958,811**
Leases acquired in business combinations	14,877	13,821
New contracts	167,604	52,661
Remeasurements	(33)	38,752
Interest accrual	98,237	85,258
Payments	(155,303)	(141,060)
Balance at the end of the period	**1,133,625**	**1,008,243**
Current	57,035	42,950
Non-current	1,076,590	965,293

(i) Amounts arising from the acquisitions of Companies as informed in note 3.

Below, we detail future payments of leasing agreement considerations:

	Consolidated	
	12/31/2021	**12/31/2020**
2021	-	53,173
2022	57,035	47,867
2023	52,101	42,915
2024	49,629	38,584
>2025	974,860	825,704
Present value of minimum payments of leasing	**1,133,625**	**1,008,243**

The weighted average rate used to calculate the discount to present value of leasing minimum payments is 9.07% p.a. as of December 31, 2021 (9.07% p.a. as of December 31, 2020). There are no significant differences between the present value of lease minimum payments and the market value of these financial liabilities.

21 Technical provision for health care operations

	Consolidated	
	12/31/2021	**12/31/2022**
Unearned premium reserve - UPR (a)	188,764	169,610
Outstanding SUS claims reserve (b)	843,940	629,299
Outstanding claims reserve (c)	236,141	130,826
Incurred but Not Reported claims - IBNR (d)	303,884	199,677
Other provisions	2,241	1,485
Total	**1,574,970**	**1,130,897**
Current	1,549,059	1,129,109
Non-current	25,911	1,788

(a) Unearned premiums reserve (UPR) consists of the accounting recognition of the amount charged by the Group to its clients a pro rata die basis within the monthly coverage period. The recognition as revenue only happens in the subsequent period, when the period of the coverage is actually incurred.

(b) The Group records events referring to reimbursement of medical expenses to SUS in this account, including the collection notifications already sent and an estimate of future notifications that are under analysis, calculated according to its own methodology, from judicial decision.

(c) Provision for claims that have occurred but not yet been paid. The provision is made for the full amount informed by the hospitals/clinics or by the beneficiary upon submission of documents to the company. It is subsequently adjusted for reductions after the validation of Group’s employees (medical auditors).

(d) Provision to cover payment of events that have already occurred and that have not been informed to the operator before the end of the period, which was constituted based on an actuarial methodology. The calculations were based on the run-off triangles that consider the historical development of paid events in the last 12 months, to establish a future projection by period of occurrence. For some providers, for which it is possible to measure the volume of unbilled services, this provision is not constituted in a statistical way, but by the real value of the accounts that have not yet been presented. The provision for events occurring and not reported in the SUS (IBNR -SUS) is calculated from the estimate of the number of events/claims originated in the Unified Health System (SUS), which have occurred, and which have not been reported, for which the Company has accounted for 24/36 of the estimate made (supported by Normative Resolution of the National Supplementary Health Agency (ANS) No. 442/18).

Health operators, subsidiaries of the Company, issue health insurance and dental assistance contracts in which they assume insurance risks, which include the frequency of use and fluctuation of costs.

Liability Adequacy Test

The Company prepared the liability adequacy test for all contracts that meet the definition of an insurance contract under IFRS 4 Insurance Contracts and that are in effect on the date of the test. This test is prepared 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 age changes, changes in assistance costs, administrative and commercial expenses, investment returns and value of money over time using the discount rate Term Structures of Risk-Free Interest Rates.

The liability adequacy tests were carried out on the base date of December 31, 2021, and their results did not present insufficiencies on the date of their realization, demonstrating the long-term viability of the portfolios.

If any deficiency is identified, the Company records the loss immediately as an expense in the income statement for the year, first reducing acquisition costs to a limit of zero and then constituting additional provisions for insurance liabilities already recorded on the test date.

The technical provisions represent the calculation of the expected risks inherent to the health care operations of the Group's operators, which are subject to the mandatory maintenance of financial guarantees to cover such risks, established by RN ANS nº 442/18 and subsequent amendments, described below:

- ***Adjusted minimum equity and solvency margin***
  In order to operate in the health plan market regulated by ANS, the health plan operator must maintain the adjusted net worth for economic purposes as established in RN ANS nº 442/18 and subsequent amendments. Adjusted shareholders' equity is calculated as shareholders' equity less non-current intangible assets, tax credits arising from tax losses, deferred sales expenses and anticipated expenses. The Group determines the adjusted shareholders' equity on a monthly basis and assesses the sufficiency of the solvency margin, in accordance with ANS Normative Instruction 373/15 and subsequent amendments.

The Group has achieved the sufficiency of this requirement in all the years presented, as shown in the following comparative table:

	12/31/2021	**12/31/2020**
Adjusted Minimum Equity	2,518,246	2,648,086
Required Solvency Margin	1,336,566	1,296,236
Calculated sufficiency	**1,181,681**	**1,351,850**

Collateral related assets

According to the rules established by RN ANS nº 392/15 and other subsequent amendments, health and dental plan operators must have sufficient guarantee assets to cover all the technical provisions recognized on the balance sheet date and deducted from the Unearned premium reserve and the installment of the events to be settled referring to the charges presented by the providers in the last 30 or 60 days.

The Group has achieved the sufficiency of this requirement in all periods presented, as shown in the following comparative table:

	12/31/2020	12/31/2019
Required linked guarantee assets (i) **(A)**	1,363,729	802,193
Effective linked guaranteeing assets (see Note 12- a)	1,636,904	1,003,827
Other linked assets	1,975	1,975
Subtotal **(B)**	**1,638,879**	1,005,802
Sufficiency calculation (B)-(A)	**275,150**	**203,609**

(i) Corresponding to the amount of technical provisions for which coverage of guaranteeing assets is required, under the terms of current legislation.

Changes in technical provisions

	UPR	Outstanding SUS claims reserve	Outstanding claims reserve	IBNR	Other provisions	Total
Balance at 01/01/2019	**157,889**	**399,283**	**123,075**	**176,531**	**1,365**	**858,143**
Provisions	8,697,706	211,873	2,757,180	21,908	393	11,689,060
Acquisitions of companies	8,012	9,911	23,131	17,044	-	58,098
Appropriations /Reversals	(8,693,997)	-	-	(15,806)	(273)	(8,710,076)
Restatements	-	76,401	-	-	-	76,401
Settlements	-	(68,169)	(2,772,560)	-	-	(2,840,729)
Balance at 12/31/2020	**169,610**	**629,299**	**130,826**	**199,677**	**1,485**	**1,130,897**
Provisions	10,070,908	225,127	5,023,312	117,492	894	15,437,733
Acquisitions of companies	26,695	52,239	229,555	104,118	-	412,607
Appropriations /Reversals	(10,078,449)	(18,653)	(772,889)	(117,403)	(138)	(10,987,532)
Restatements	-	59,184	-	-	-	59,184
Settlements	-	(103,256)	(4,374,663)	-	-	(4,477,919)
Balance at 12/31/2021	**188,764**	**843,940**	**236,141**	**303,884**	**2,241**	**1,574,970**

22 Payroll obligations

	Parent company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Salaries payable	1,113	991	80,923	66,890
Provision for vacation and 13th salary	85	-	165,666	125,900
Other social security obligations	2,653	-	23,972	2,651
Total	**3,851**	**991**	**270,561**	**195,441**

(i) Amounts arising from the acquisitions of Companies as informed in note 3.

23 Provision for tax, civil and labor risks

The Group's is party (as defendant) 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 record provisions for all proceedings, classified as probable risk of loss, which it considers sufficient to cover probable losses.

	Parent company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Provision for tax lawsuits (i) (contain ANS)	26,400	36,106	190,693	228,240
Provision for civil risk (ii)	42	29	172,194	118,540
Provision for labor risk (iii)	36	-	65,904	55,169
Total	**26,478**	**36,135**	**428,791**	**401,949**

We detail below the changes in the provision for risks for the year ended December 31, 2021 and December 31, 2020:

Provision for tax, civil and labor risks	**Parent company**
Balances at December 31, de 2019	**35,983**
Provision	2,045
Settlements	(1,893)
Balances at December 31, 2020	**36,135**
Provision and reversals, net	(8,125)
Settlements	(1,532)
Balances at December 31, 2021	**26,478**

	Consolidated			
	Civil	**Labor**	**Tax**	**Total**
Balances at January 1, 2019	**87,353**	**51,549**	**249,756**	**388,658**
Acquisitions and reversal, net	53,086	(200)	(17,396)	35,490
Acquisitions of companies	4,004	4,919	2,836	11,759
Settlements	(25,903)	(1,099)	(6,956)	(33,958)
Balances at December 31, 2020	**118,540**	**55,169**	**228,240**	**401,949**
Acquisitions and reversal, net	4,799	(9,769)	(28,409)	**8,621**
Acquisitions of companies (a)	43,498	26,360	4,461	**74,319**
Settlements	(36,643)	(5,856)	(13,599)	**(56,098)**
Balances at December 31, 2021	**172,194**	**65,904**	**190,693**	**428,791**

(a) Amounts arising from the acquisitions of Companies as informed in note 3.

Risks with probable loss:
The main issues of the lawsuits and administrative proceedings, classified as probable losses by the Company are described below:

(i) Provisions for tax lawsuits and proceedings

Theme: ANS administrative fines/ reimbursement to SUS (regulatory aspects) - Administrative proceedings and tax foreclosures filed by ANS, in which administrative fines are charged due to 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 Group in the public network and in the SUS, based on article 32 of law 9656/98. In relation to the theme presented herein, the Company and its subsidiaries have provisioned the amount of R$ 121,032 (R$ 144,145 as of December 31, 2020), to support probable losses arising from lawsuits, and probable losses arising from administrative claims.

Theme: Tax on Services (ISS) – This contingency derives from 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. The Company and its subsidiaries have provisioned the amount of R$ 5,392 (R$ 5,193 as of December 31, 2020).

The amounts of provisions related to judicial and administrative proceedings of a tax nature that are not covered by the aforementioned themes are pulverized into groups of less representative claims, constituting a less significant part of the provision presented herein.

(ii) Provisions for civil lawsuits and proceedings

Theme: 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. In this scenario, many court decisions are made disregarding the applicable legislation, without due obedience to the grace periods provided by law and/or contracts. The Company and its subsidiaries have provisioned the amount of R$ 18.537 (R$ 13,736 as of December 31, 2020).

Theme: Legal and/or Contractual Coverage Exclusion - Civil proceedings filed by beneficiaries seeking to obtain coverage for services not covered by law or contract, such as: medical procedures not provided for in the ANS list, aesthetic and experimental procedures outside the mandatory list, such as aesthetic treatments, and home care service. In this scenario, many judicial decisions are made in non-compliance with the applicable legislation, without due obedience to the care limits defined by law and/or contracts. The Company and its subsidiaries have provisioned the amount of R$ 32,257 (R$ 22,713 as of December 31, 2020).

Theme: 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 Group for the medical act practiced by their accredited professionals. The Company and its subsidiaries have provisioned the amount of R$ 35,120 (R$ 24,558 as of December 31, 2020).

Theme: Debts with Providers in General - Civil lawsuits filed by service providers, seeking to obtain payment of amounts supposedly owed by the Group on several grounds, such as: improper charge from hospitals, contractual rescissions, etc. The Company and its subsidiaries have provisioned the amount of R$ 36,445 (R$ 14,563 as of December 31, 2020).

The amounts of provisions related to judicial and administrative proceedings of a civil nature that are not covered by the aforementioned themes are aggregated into groups of less representative claims, constituting a less significant part of the provision presented herein.

(iii) Provisions for labor lawsuits and proceedings

Theme: Acknowledgment of employment relationship - Labor lawsuits filed by service providers, seeking to obtain recognition of an alleged employment relationship maintained with the Group, even without the presence of the typical assumptions of an employment relationship. In this scenario, we can give the following examples: physicians, radiology technicians, physiotherapists, phonoaudiologists etc. The Company and its subsidiaries have provisioned the amount of R$ 22,865 (R$ 20,149 as of December 31, 2020).

Theme: Labor amounts and severance pay - Labor lawsuits individually or jointly filed by former employees or employees, who claim the receipt of labor amounts 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. The Company and its subsidiaries have provisioned the amount of R$ 30,148 (R$ 26,259 as of December 31, 2020).

The amounts of provisions related to judicial and administrative proceedings of a labor nature that are not covered by the aforementioned themes are aggregated into groups of less representative claims, constituting a less significant part of the provision presented herein.

Risks with possible loss:

The Company discusses other actions for which management and its legal advisors' estimate are of possible losses and for which no provision was recorded.

We present below the composition of the amounts of risk arising from judicial and administrative proceedings, classified with a possible risk of loss, in which the Company and/or its subsidiaries are party, related to the year ended December 31, 2021 and December 31, 2020:

	Parent company		Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Tax (i)	15,711	7,447	993,162	896,802
Civil (ii)	3,809	200	759,756	401,081
Labor (iii)	889	236	302,519	290,509
Total	**20,409**	**7,883**	**2,055,437**	**1,588,392**

(i) Contingent liabilities for lawsuits and tax lawsuits

Theme: ANS Administrative Fines/Reimbursement to SUS - In relation to the theme presented, the Group presented a contingent liability of R$ 466,468 (R$ 324,802 as of December 31, 2020), related to proceedings and administrative proceedings of regulatory nature, classified as possible loss risk.

Theme: Tax foreclosures - Service Tax (ISS) - In relation to the theme presented, the Group presented a contingent liability of R$ 146,163 (R$ 156,087 as of December 31, 2020), related to tax lawsuits and proceedings, classified as possible loss risk.

Theme: Tax foreclosures - Business Succession - The contingency herein refers to tax foreclosures originally filed against other health care companies, in which the National Treasury requested the redirection to the Group, on the grounds of alleged business succession arising from operations of disposal of the portfolio of beneficiaries. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 153,910 (R$ 147,733 as of December 31, 2020), related to tax lawsuits and proceedings, classified as possible loss risk.

Theme: Social Security Matters - The contingency herein mainly results from tax notices of violation filed against the Group for tax credits due to alleged irregularities or lack payment of social security contributions, among other social security matters. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 126,007 (R$ 209,801 as of December 31, 2020), related to tax lawsuits and proceedings, classified as possible loss risk.

(ii) Contingent liabilities for civil lawsuits and proceedings

Theme: Contractual Grace Period - In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 30,009 (R$ 24,021 as of December 31, 2020), related to civil, judicial and administrative proceedings, classified as possible loss risk.

Theme: Legal and/or Contractual Exclusion of Coverage - In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 41.574 (R$ 34,941 as of December 31, 2020), related to civil lawsuits, lawsuits and proceedings, classified as possible loss risk.

Theme: Indemnity lawsuits - Medical Acts - In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 346,544 (R$ 225,996 as of December 31, 2020), related to civil lawsuits, lawsuits and proceedings, classified as possible loss risk.

Theme: Debts with Providers in General - In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 93,794 (R$ 38,910 as of December 31, 2020), related to civil, judicial and administrative proceedings, classified as possible loss risk.

(iii) Contingent liabilities for lawsuits and labor lawsuits

Theme: Recognition of employment relationship - In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 58,324 (R$ 57,051 as of December 31, 2020), related to labor lawsuits and proceedings, classified as possible loss risk.

Theme: Labor and Severance Charges - In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 76,620 (R$ 65,308 as of December 31, 2020), related to labor lawsuits and proceedings, classified as possible loss risk.

Theme: 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) - The contingency currently addressed arises from Assessment Notices and Debt/Tax Notices related to the Employee Government Severance Fund (FGTS) filed against the Company and its subsidiaries claiming administrative fines and FGTS payments arising from alleged violations of the legal rules governing labor and employment relationships. In relation to the theme presented, the Company and its subsidiaries presented a contingent liability of R$ 158,555 (R$ 158,618 as of December 31, 2020), related to labor lawsuits, classified as possible loss risk.

Judicial deposits

The Company has judicial deposits held in assets in the following amounts:

	Parent company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Tax judicial deposits (a)	1	1	309,417	166,872
Civil judicial deposits	2,536	2,022	93,804	64,202
Labor judicial deposits	88	110	14,257	15,454
Total	**2,625**	**2,133**	**417,478**	**246,528**

(a) Increase observed in the year mainly due to deposits related to Reimbursement to SUS.

24 Shareholders' equity

a. Share capital

On December 31, 2021 and December 31, 2020, the subscribed and paid-up share capital is broken down as follows:

	12/31/2021	**12/31/2020**
Number of shares (i)	3,891,569,750	3,714,929,530
Share capital (i)	8,352,335	5,825,522
Costs with issuance of shares	(228,150)	(174,996)
	8,124,185	**5,650,526**

(i) The main variation in the current year refers 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, which took place in the second quarter of the year.

b. Legal reserve

The legal reserve is mandatorily recognized at 5% of net income for the year until reaching 20% of the share capital.

c. Dividends

Changes in dividends and interest on shareholders' equity payable are as follows:

Balance of dividends and shareholders' equity as of December 31, 2019	**220,020**
Dividends proposed on December 31, 2020 - minority shareholders	3,034
Dividends proposed on December 31, 2020 - owners of the company	6,691
Interest on own capital proposed to minority shareholders, net of corporate income tax (iii)	53,528
Interest on own capital proposed to the Owners of the Company, net of withholding corporate income tax (iii)	122,821
Dividends and interest on own capital effectively paid in the year (iv)	(204,653)
Balance of dividends and interest on own capital as of December 31, 2020	**201,441**
Dividends proposed on December 31, 2021 - minority shareholders	636
Interest on own capital proposed to minority shareholders, net of corporate income tax (iii)	41,871
Interest on own capital proposed to the Owners of the Company, net of withholding corporate income tax (iii)	75,634
Dividends and interest on own capital effectively paid in the year (iv)	(285,224)
Other	(2,499)
Balance of dividends and interest on own capital as of December 31, 2021	**31,859**

(i) On September 3, 2020, the Board of Directors' meeting resolved on the distribution of interest on equity in the gross amount of R$ 110,770 (R$ 95,739, net of withholding income tax), equivalent to R$ 0.15 per share issued by the Company. On December 30, 2020, at a meeting of the Board of Directors, it resolved on the distribution of interest on shareholders' equity in the amount of R$ 93,360 (R$ 80,610, net of withholding income tax), withholding income tax, except for shareholders who have proven to be immune or exempt, as well as the other legal hypotheses.

(ii) At a meeting dated July 13, 2020, the Company's Board of Directors decided to anticipate the payment of part of the amounts declared as interest on own capital and dividends related to the year ended December 31, 2019, to July 24 2020, in the net amount of R$ 102,296. On September 3, 2020, the Company's Board of Directors decided to anticipate the remainder of the payment of the amounts declared as interest on own capital and dividends for the year ended December 31, 2019, to September 18, 2020, in the net amount from R$ 102,357.

(iii) On June 30, 2021, the Board of Directors meeting resolved on the distribution of interest on equity in the gross amount of R$68,819 (R$59,805, net of withholding income tax), with retention of income tax, except for shareholders who proved to be immune or exempt, as well as other legal cases. On September 27, the Board of Directors meeting resolved on the distribution of interest on equity in the amount of R$ 45,724 (R$ 39,693, net of withheld or exempt income tax, as well as other legal cases. December 2021, at a meeting of the Board of Directors, it resolved on the distribution of interest on equity in the amount of R$ 20,785 (R$ 18,008, net of withheld or exempt income tax, as well as other legal cases.

(iv) On April 30, 2021, the payment of interest on equity and dividends for the year ended December 31, 2020, in the net amount 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.

d. Share repurchase

During 2021, the Company repurchased shares, the total amount of which is R$299,824, referring to 23,178,700 (twenty-three million, one hundred and seventy-eight thousand, seven hundred) common shares issued by the Company.

e. Capital reserve

Due to the acquisition of companies, as described in Note 3, 41,640,220 common shares were issued by the Company on April 30, 2021, paid in to the Company's capital for the amount of R$501,803. The fair value of the shares issued was calculated based on the quotation of Hapvida Participações S.A. shares on the acquisition date (R$ 15,72 per share), totaling the fair value of R$ 654,584. The amount of R$152,770, referring to the difference between the payment of capital stock and the fair value of the shares on the acquisition date, was recognized in the capital reserve, as goodwill on the issue of shares.

f. Earnings per share

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

The calculation of diluted earnings per share was based on net income attributed to common shareholders and the weighted average of common shares outstanding after adjustments for all potential dilutive common shares. Basic and diluted earnings per share are being presented considering the retrospective effects of the stock split approved on November 19, 2020.

	12/31/2021	**12/31/2020**
Net income attributable to the Company (R$ thousand)	500,336	785,299
Net income attributable to controlling shareholders (In thousands of Reais)	497,795	783,464
Weighted average number of shares (thousands of shares)	3,843,940	3,714,930
Basic and diluted earnings per share (R$ thousand)	0.13	0.21

25 Net revenue from services provided

	Consolidated	
	12/31/2021	**12/31/2020**
Insurance revenue	10,078,449	8,693,997
Revenue from other activities	362,242	318,940
Deductions (a)	(557,306)	(457,976)
Total	9,883,385	8,554,961

(a) Deductions refer substantially to taxes levied on revenue.

26 Cost of services rendered

	Consolidated	
	12/31/2021	**12/31/2020**
Medical, hospital and other costs	(6,817,370)	(5,202,876)
Change in IBNR	(89)	(6,102)
Total	**(6,817,459)**	**(5,208,978)**

27 Sales expenses

	Consolidated	
	12/31/2021	**12/31/2020**
Expenses on advertising and marketing	(60,232)	(53,687)
Commission expenses	(433,577)	(370,398)
Provision for credit losses	(211,302)	(221,447)
Other sales expenses	(20,397)	(25,188)
Total	**(725,508)**	**(670,720)**

28 Administrative expenses

	Parent company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Own personnel expenses	(100,801)	(21,685)	(518,874)	(359,060)
Outsourced service expenses	(14,369)	(7,069)	(296,291)	(213,097)
General services, rentals and utilities (i)	(3,729)	(3,818)	(885,315)	(702,650)
Tax expenses	(2,418)	(135)	(19,403)	(12,939)
Indemnity, court costs and allowance for doubtful accounts and provisions for contingencies	8,199	(2,247)	(94,694)	(93,743)
Other expense, net	708	(48)	(13,676)	(32,030)
	(112,410)	**(35,002)**	**(1,828,253)**	**(1,413,519)**

(i) The main nature of this group refers to depreciation and amortization expenses, which total R$ 707,463 (R$ 589,810 as of December 31, 2020) of the consolidated financial statement. The variation in the account, in 2021, is substantially because of the capital gain of property, plant and equipment and intangible assets recognized in business combinations.

29 Net Financial Result

	Parent company		Consolidated	
	12/31/2021	**12/31/2020**	**12/31/2021**	**12/31/2020**
Finance income				
Revenue from investments, except for guarantee assets	47,504	24,113	192,433	66,259
Revenue from investments - Collateral Assets	-	-	61,552	23,149
Revenue from late receipt	-	-	38,893	31,658
Financial revenues from derivative instruments	63	-	-	17,136
Other	1	3	-	14,021
Subtotal - Finance income	**47,568**	**24,116**	**307,611**	**152,223**
Finance expenses				
Interest in debentures	(128,908)	(61,121)	(128,908)	(61,121)
Interest on leases	(343)	(413)	(98,237)	(85,258)
Discounts granted	-	-	(7,741)	(21,253)
Bank expenses	(62)	(48)	(18,347)	(16,181)
Expense on exchange rate change	-	-	(1,386)	-
Tax charges	-	-	(17,659)	(325)
Exchange variation expense	-	-	(3,605)	(16,995)
Monetary variance	-	(109)	(7,006)	(79,957)
Interest on loans and borrowings	(147)	-	(69,623)	(3,192)
Other	(798)	(8)	(5,493)	(2,420)
Subtotal - Finance expenses	(130,258)	(61,699)	(358,005)	(286,702)
Total	**(82,690)**	**(37,583)**	**(50,394)**	**(134,479)**

30 Income tax and social contribution

a. Reconciliation of effective rate of income tax and social contribution recognized in profit or loss

Since the amounts determined in parent company financial statements are not relevant, it is being presented only the consolidated reconciliation of consolidated financial statements:

		12/31/2021		12/31/2020
Income before income tax and social contribution		**492,876**		1,132,658
Rates				
IRPJ, plus the additional tax rate		25%		25%
CSLL		9%		9%
Expense with income tax and social contribution at the statutory rate	34%	**167,578**	34.00%	385,104
Permanent differences				
Tax loss for which a deferred tax asset was not recognized	-0.08%	(382)	2.13%	24,154
Expenditures with issuance of shares	-3.67%	(18,072)	-	-
Interest on own capital	-8.85%	(43,613)	(6.13%)	(69,404)
Non-deductible provisions	0.74%	3,642	0.41%	4,670
Other additions and exclusions	-12.38%	(61,042)	0.04%	458
Subtotal	**-24.24%**	**(119,467)**	**(3.54%)**	**(40,122)**
Impacts of the tax on entities taxed by deemed profit (i)				
Reversal of the tax effect by the actual income tax regime rate	-11.64%	(57,374)	0.57%	(6,476)
Income and social contribution taxes calculated by presumed profit	0.37%	1,803	0.78%	8,853
Subtotal	**-11.27%**	**(55,571)**	**0.21%**	**2,377**
Expense with income tax and social contribution (rate at %)	**1.51%**	**7,460**	30.67%	347,359
Current income tax and social contribution	65.60%	323,308		597,283
Deferred income tax and social contribution	-67.11%	(330,768)		(249,924)
Expense with income tax and social contribution	**1.51%**	**7,460**	**30.67%**	**347,359**

(i) Exclusion of the effects of the application of the official rates on the profit before income tax and social contribution of the result of the entities of the Group that are taxed under the presumed profit regime, under the terms of the current legislation.

The changes in liabilities payable for income tax and social contribution in the period ended December 31, 2021 and fiscal year ended December 31, 2021 are as follows:

	Consolidated	
	12/31/2021	**12/31/2020**
Balance at the beginning of the year	85,141	61,982
Income tax and social contribution	323,308	597,283
Balance of income tax and social contribution of acquiree	32,192	-
(-) Payments made	(381,996)	(574,124)
Balance at end of the year	**58,645**	**85,141**

The Company and its subsidiaries do not have income tax and social contribution losses directly on equity.

b. Recoverable taxes

The balance refers mainly to income tax and social contribution credits as a result of withholdings on the distribution of interest on shareholders' equity and income from short and long term investments, as well as overpayments recorded as recoverable taxes that will be offset throughout the next period, without no need for impairment, considering the Group's ability to generate income for such purposes.

c. Deferred income tax and social contribution

	Parent company				
	Balance at 12/31/2019	**Recognized in income (loss)**	**Balance at 12/31/2020**	**Recognized in income (loss)**	**Balance at 12/31/2021**
Provision for tax, civil and labor risks	12,235	51	12,286	(3,283)	9,003
Credit on tax loss and negative basis	136,648	91,630	228,278	108,609	336,887
Issuance cost of debentures	1,609	(338)	1,271	3,319	4,590
Deferred tax on right-of-use assets	24	55	79	25	104
Share-based payment plan expenses	-	-	-	19,144	19,144
Performance award provision	-	-	-	902	902
Other tax credits	28	190	218	(234)	(16)
Total	**150,544**	**91,588**	**242,132**	**128,482**	**370,614**

	Consolidated						
	Balance at 12/31/2019	**Recognized in income (loss)**	**Acquisition of companies**	**Balance at 12/31/2020**	**Recognized in income (loss)**	**Acquisition of companies**	**Balance at 12/31/2021**
Provision for tax, civil and labor risks	121,030	2,083	-	123,113	8,346	-	131,459
Provision for credit losses	25,625	12,395	-	38,020	44,458	-	82,478
Deferred commissions expenses	(59,437)	(5,951)	-	(65,388)	(15,885)	(5,953)	(87,226)
Credit on tax loss and negative basis (i)	157,470	100,500	-	257,970	240,974	-	498,944
Amortization of surplus	22,218	162,376	-	184,594	142,411	-	327,005
Deferred tax on goodwill (ii)	-	(39,538)	-	(39,538)	(126,514)	-	(166,052)
Deferred tax on right-of-use assets	7,591	9,347	236	17,174	11,172	410	28,756
Issuance cost of debentures	1,661	(338)	-	1,323	(9,084)	-	(7,761)
Share-based payment plan expenses	-	-	-	-	19,144	-	19,144
Other tax credits	13,331	9,050	322	22,703	15,746	3,198	41,647
Total	**289,489**	**249,924**	**558**	**539,971**	**330,768**	**(2,345)**	**868,394**
Deferred tax (asset)	**289,489**			**579,509**			**1,034,446**
Deferred tax (liability)	**-**			**(39,538)**			**(166,052)**

(i) Only the transaction of entities for which it is probable that future taxable income is made available for the Group to be able to use the respective benefits were included in the calculation of deferred income tax and social contribution.

(ii) Deferred tax liabilities recorded on the tax amortization of goodwill arising from business combinations, according to article 22 of Brazilian Law 12,973/14

The Company has tax losses and negative bases of social contribution in the determination of taxable profit that represent a right without prescription term to be used in the following years, under the terms of the current legislation. After carrying out the business combinations that took place as of 2019, the Company carried out its strategic corporate restructuring plan in order to support the realization of it, having already implemented the steps described in Note 4. By the year 2024, the Company should substantially allocate tax credits on goodwill arising from concluded business combinations and have a greater volume of realization of credits between the years 2025 to 2028.

31 Financial instruments

(i) Accounting classification and fair values

When measuring the fair value of an asset or liability, the Group uses observable market data as much as possible. Fair values are classified at different levels in a hierarchy based on the information used in the valuation techniques as presented in Note 7 (i).

In the years ended December 31, 2021 and 2020, the Company and its subsidiaries did not transfer between financial assets, nor did they transfer between hierarchical levels.

The financial instruments of the Company and its subsidiaries are shown in the table below and present the book values of financial assets and liabilities, including their levels in the valuation hierarchy:

December 31, 2021	**Book value**			**Fair value**			
Financial assets measured at fair value	**Amortized cost**	**Fair value through profit or loss**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Short- and long-term investments - Investment Funds	-	7,043,010	7,043,010	-	7,043,010	-	7,043,010
Derivative financial instruments - Assets	-	7,753	7,753	-	7,753	-	7,753
Total	**-**	**7,050,763**	**7,050,763**	**-**	**7,050,763**	**-**	**7,050,763**
Financial assets not measured at fair value							
Short- and long-term investments – Brazilian Treasury Bill – NTN-B	39,670	-	39,670	-	-	-	-
Total	**39,670**	**-**	**39,670**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value							
Borrowings and financing	(42,074)	-	(42,074)	-	-	-	-
Debentures	(4,583,552)	-	(4,583,552)	-	-	-	-
Certificate of Real Estate Receivables	(970,305)	-	(970,305)	-	-	-	-
Dividends and interest on own capital	(31,859)	-	(31,859)	-	-	-	-
Leases	(1,133,625)	-	(1,133,625)	-	-	-	-
Derivative financial instruments - Liabilities	-	(18,289)	(18,289)	-	(18,289)	-	(18,289)
Total	**(6,761,415)**	**(18,289)**	**(6,779,704)**	**-**	**(18,289)**	**-**	**(18,289)**
Financial liabilities measured at fair value							
Contingent consideration	-	(544,155)	(544,155)	-	-	(544,155)	(544,155)
Total	**-**	**(544,155)**	**(544,155)**	**-**	**-**	**(544,155)**	**(544,155)**

	Consolidated						
December 31, 2020	**Book value**			**Fair value**			
Financial assets measured at fair value	**Amortized cost**	**Fair value through profit or loss**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Short- and long-term investments	-						
Investment Funds	-	2,094,321	2,094,321	-	2,094,321	-	2,094,321

Derivative financial instruments	-	14,546	14,546	-	14,546	-	14,546
Total	**-**	**2,108,867**	**2,108,867**	**-**	**2,108,867**	**-**	**2,108,867**
Financial assets not measured at fair value							
Short- and long-term investments							
Brazilian Treasury Bill – NTN-B	35,896	-	35,896	-	-	-	
Total	**35,896**	**-**	**35,896**	**-**	**-**	**-**	
Financial liabilities not measured at fair value							
Borrowings and financing	(60,892)	-	(60,892)	-	-	-	-
Debentures	(2,016,335)	-	(2,016,335)	-	-	-	-
Dividends and interest on own capital	(191,716)	-	(191,716)	-	-	-	-
Leases	(1,008,243)	-	(1,008,243)	-	-	-	-
Total	**(3,277,186)**	**-**	**(3,277,186)**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value							
Contingent consideration	-	(178,169)	(178,169)	-	-	(178,169)	(178,169)
Total	**-**	**(178,169)**	**(178,169)**	**-**	**-**	**(178,169)**	**(178,169)**

The amounts of cash and cash equivalents, trade receivable and suppliers are not included in the table above since their book values approximate their fair values due to the maturity of these financial instruments in the short term.

Short and long term investments in CDB have fair value approximating the book value recorded, since they have a grace period of up to 90 days, being remunerated by interest rates indexed to the DI (Interbank Deposits) curve and issued by first-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.

c) Contingent consideration
The valuation model considers the present value of expected future payments, discounted by a risk-adjusted rate. The amounts recorded at Level 3 refer substantially to the acquisitions of Grupo São José, Medical, Promed Group, Premium Sáude, Madrecor and Viventi Hospital.

Derivative financial instruments

As of December 31, 2021, the Company has derivative financial instrument contracts (foreign exchange SWAP), used to reduce exposure to foreign currency exchange rate volatility.

Instrument	Maturity	Long position	Short position	Fair value	Nocional	Balance at 12/31/2021	Balance at 12/31/2020
Swap cambial	Mar/22	€ + 1,8089% per year	100% CDI + 1,4% per year.	3,646	25.000	3,646	7,517
Swap cambial	Mar/22	U$ + 4,64% per year.	100% CDI+ 1,4% per year.	4,107	25.000	4,107	7,029
Swap interest rate	Dez/31	IPCA + 5,7505% per year.	112,3% CDI	(2,565)	200.000	(2,565)	-
Swap interest rate	Dez/31	IPCA + 5,7505% per year.	113,8% CDI	(5,437)	250.000	(5,437)	-
Swap interest rate	Dez/31	IPCA + 5,7505% per year.	113,95% CDI	(6,513)	300.000	(6,513)	-
Swap interest rate	Dez/31	IPCA + 5,7505% per year.	112,9% CDI	(3,774)	251.700	(3,774)	-
				(10,536)		(10,536)	14,546
					Assets	7,753	14,546
					Liabilities	18,289	-

(iii) Risk management

a) Market risk management

The Group has a formalized policy to make investments and to use financial instruments in its activities.

The investment policy has the following assumptions: (i) limit exposure to credit, liquidity, market, operational and legal Risks regarding Financial Investments, ensuring the preservation of the Hapvida Group's long-term equity; (ii) maintain efficient and optimized management in order to guarantee cash sufficiency; (iii) not to transact 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) invest through entities of the Hapvida Group 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); and d) commitments backed by the aforementioned assets; e) allocation of Guarantor Assets, or Bound Financial Investments, must follow the concentration limits in accordance with RN ANS 392

On a regular basis, the Financial area consolidates indicators and reports on the management of investments and financial instruments with a detailed analysis of the distribution, risks, maturities, interests, performances and results, addressing the most relevant aspects of the macroeconomic environment and ensuring alignment with the financial instruments investment policy.

Market risk and sensitivity analysis

As of December 31, 2021, the Company and its subsidiaries have the following sensitivity of its financial assets and liabilities based on the change in the basic interest rate of the economy (CDI), whose impacts are projected according to the scenarios below. The Company considers the CDI rate released as of December 31, 2021 as the probable scenario.

	Balance at 12/31/2021	Risk	Scenario -50% (4.58%)	Scenario -25% (6.86%)	Probable scenario (9.15%)	Scenario +25% (11,44%)	Scenario +50% (13.73%)
Short-term and long-term investments							
Balance of pledged financial investments (linked)	1,636.904	109.15% CDI	74,888	112,333	149,777	187,221	224,665
Balance of pledged financial investments (free)	5,508,592	109.15% CDI	252,018	378,027	504,036	630,045	756,054
Balance of pledged financial investments (NTN-B)	39,670	10.06% IPCA	1,995	2,993	3,991	4,989	5,986
Total	**7,185,166**						
Debentures							
Debentures - 1st serie - 1st Issue	1,819,449	109.15% CDI	83,240	124,860	166,480	208,100	249,719
Debentures - 2nd series - 1st Issue	242,401	109.15% CDI	11,090	16,635	22,180	27,725	33,270
Debentures - 1st serie - 2nd Issue	1,261,379	109.15% CDI	57,708	86,562	115,416	144,270	173,124
Debentures - 2nd series - 2nd Issue	1,260,323	109.15% CDI	57,660	86,490	115,320	144,149	172,979
Total	**4,583,552**						
Certificate of Real Estate Receivables							
Single series - CRI	970,305	109.15% CDI	44,391	66,587	88,783	110,979	133,174
Total	**970,305**						

b) *Underwriting risk*

Insurance Risk and Pricing Policy

Companies that operate in health and dental care business are exposed to risks related to cost volatility. Dental plans are less exposed than health plans due to lower frequency of use and lower complexity of the treatments.

When the Group is developing a new product it analyzes many variables to define the price of this product, such as the demographic area where the product will be offered, the frequency of use of services established in the area calculated with historical records, and the costs of main inputs in the area it will be sold (doctors, health care professionals, market price of main procedures). Based on these analyses, the Group determines the price of health and dental plans.

Each client that is considered medium or large company has its medical losses ratio calculated every year when the Group is 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 Group.
Regarding individual clients, the pricing of the products considers an additional value because this type of client historically has a greater use of service network.

Sensitivity analysis

One way to measure possible impacts on results and equity, resulting from underwriting risks, is to raise awareness of the variables that may be affected due to the product underwriting process or price inadequacy.

The following sensitivity analyzes simulate the possible impacts on results and shareholders' equity, of changes in operating parameters before and after contracting:

	December 31, 2021 - Consolidated	
	Income before taxes	Income after taxes and impact on shareholders' equity
5% increase in sinister	(340,873)	(224,976)
5% increase in administrative and sales expenses	(127,688)	(84,274)
5% reduction in sinister	340,873	224,976
5% reduction in administrative and sales expenses	127,688	84,274

Determination of technical reserves and collateral assets
The calculation of technical reserves is performed monthly by actuarial staff, and is monitored by the Controllership team to assess the need for collateral assets at the end of each quarter in accordance with the criteria set forth by article 2 of Regulatory Instruction nº 392, to ensure that the requirements established by the industry's regulatory agency are met. In addition, the Group assesses at the end of each reporting period whether its recognized insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts and liability adequacy tests. Should this assessment show that the liability amount per agreement is improper in light of estimated future cash flows, all insufficiency of technical reserve should be recognized in income (loss) for the year. The Group did not record adjustments arising from liability adequacy tests.

Note 21 presents the technical reserves, their natures and breakdown of each obligation related to SUS, due to the particularities set forth by regulation.

c) Operating risk
Operating risk is defined as the possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems or external events.

The operating risk monitoring and management activity aims to mitigate the materialization of risks that may impair the quality of operations during the provision of contracted coverage and/or the provision of services. The identification of operating 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, using specific methodologies applicable to each risk assessed.
It is worth highlighting that mitigating actions are relevant to provide an environment with greater stability and control, insofar as it has an effective preventive purpose. Thus, the implementation of procedural protocols that guide the performance of the professionals who work in the operation makes a relevant contribution for the services to be performed within the technical and safety standards established by the areas responsible for preparing the manuals. Moreover, there are control areas working 24 hours a day that monitor the main indicators of customer service in the Company's 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 with impacts on the operation.

d) Credit risk
Credit risk is the risk of the Company incurring losses due to a client or financial instrument counterparty, resulting from failure in complying with contract obligations. Risk is mainly due to trade accounts receivable, and of short and long term investments.

Accounts receivable

Credit risk for the Company is considered as low by Management mainly for the health care company to which the monthly billings are made before services are rendered. Most of Company’s accounts receivable is related to the risk coverage period (over time). In addition, in order to reduce risk of having the beneficiary’s treatment costs without having been paid, the Company adopts the practice of canceling overdue plans as regulated by the National Regulatory Agency for Private Health Insurance and Plans (ANS) for the health care company.

The Group establishes a provision for impairment that consists of using factors related to losses observed in recent time series, adjusting historical loss rates to reflect current conditions and reasonable and bearable forecasts of future economic conditions in relation to accounts receivable and other accounts receivable. The provision account related to accounts receivable is used to record impairment losses, unless the Company assesses that it is not possible to recover the amount due; on this occasion, the amounts are considered to be unrecoverable and are recorded against the financial asset directly.

In general, the Group mitigates its credit risks by providing services to a very dispersed customer base and with no defined concentration. For defaulting customers, the Group cancels plans according to ANS rules.

Short and long term investments

Regarding the credit risks from short and long term investments, a table with quantitative information of maximum risk exposure risk with information on the ratings of financial institutions, counterparties of Group’s investments:

			Ratings of financial institutions					
			Fitch (*)		**Moody’s (*)**		**S&P (*)**	
	December 31, 2021	**December 31, 2020**	**CP**	**LP**	**CP**	**LP**	**CP**	**LP**
Banco Itaú Unibanco S.A.	2,315,137	782,939	F1+	AAA	BR-1	Aaa.br	brA-1+	brAAA
Banco Santander S.A.	2,050,828	1,091,807	-	-	BR-1	Aaa.br	brA-1+	brAAA
Banco Bradesco S.A.	1,331,944	1,033,929	F1+	AAA	BR-1	Aaa.br	brA-1+	brAAA
Caixa Econômica Federal	119,472	136,343	F1+	AA	BR-1	Aa1.br	brA-1+	brAAA
Banco do Brasil S.A.	1.234,699	248,725	F1+	AA	BR-1	Aa1.br	brB	-
Banco Safra S.A.	35,794	217,315	-	-	BR-1	Aa1.br	brA-1+	brAAA
Banco Votorantim	1,666	-		AAA	-		brA-1+	brAAA
Other	95,626	48,344	-	AAA	-	-	-	-
	7,185,166	**3,559,402**						

* Most recent financial disclosure of each financial institution. National scale.

Cash and cash equivalents

The Group held Cash and cash equivalents in the amount of R$ 347.256 as of December 31, 2021 (R$ 143,212 as of December 31, 2020). Cash and cash equivalents are maintained with banks and financial institutions with AA- and AA+ rating, as the list disclosed by Fitch.

e) Liquidity risk

Liquidity risk is the risk of the Company encountering difficulties in performing the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's Management approach in liquidity management is to guarantee, as much as possible, that it always has sufficient liquidity to perform its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or with a risk of sullying the Company's reputation.

The Company uses medical losses control to price its products and services, which helps it with the monitoring of cash flow requirements and the optimization of its cash return on investments. The Company seeks to maintain the level of its cash and cash equivalents and other highly negotiable investments at an excess amount of cash outflows on financial instruments (other than trade accounts payable). The Company also monitors expected level of cash inflows deriving from trade accounts receivable and other receivables as well as expected cash outflows related to trade accounts payable and other accounts payable.

The main sources of funds used by the Company and its subsidiaries are the volume of funds from the trading of their services. The income from investments from cash deposits is added to this amount.

As for exposure to liquidity risk, the contractual maturities of financial liabilities on the date of the financial statement are shown below:

	Notes	Book value	2022	2023	2024	2025	>2026	Total
Financial liabilities								
Trade payables		173,441	173,441	-	-	-	-	173,441
Technical provision (i)	21	236,141	236,141	-	-	-	-	236,141
Loans, financing and debentures	19	5,595,931	1.098,107	1,057,723	1,008,247	469,031	6,213,087	9,846,195
Leases	20	1,133,625	153,031	144,005	136,614	131,750	2,413,754	2,979,154
Other accounts payable		653,680	98,232	555,448	-	-	-	653,680
Dividends and interest on own capital payable	24c	31,859	31,859	-	-	-	-	31,859
		7,824,677	**1,790,811**	**1,757,176**	**1,144,861**	**600,781**	**8,626,841**	**13,920,470**

(i) Comprised of outstanding claims reserve, pursuant to note 21.

The cash flow forecast is 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 takes into consideration the cash generation of the Company and its subsidiaries.

32 Insurance coverage

The Group has insurance to cover declared risks in the premium amount of R$ 6,106 with an insured amount in the amount of R$ 1,458,835, which includes guarantees, construction, supply or provision of services, legal insurance (labor, civil and tax), surety insurance lease, property insurance and fleets.

The Group took out civil liability insurance for administrators and officers effective from July 2020 to June 2021 and a maximum guarantee limit of R$ 50,000. The coverage includes moral damages, personal property and guarantees, emergency costs, among others.

The Company maintains insurance contracts with coverage determined by expert guidance taking into account the nature and degree of risk for amounts considered sufficient to cover possible losses on its assets and/or liabilities.

33 Subsequent events

Acquisition of Notre Dame Intermédica Participações S.A.
On February 11, 2022, the Transaction was consummated and became effective, as confirmed by the respective Boards of Directors of the Companies in meetings also held on this date, pursuant to the "Protocol and Justification of Merger of Shares Issued by Notre Dame Intermédica Participações SA into Hapvida Participações e Investimentos II S.A., followed by the Merger of Hapvida Participações e Investimentos II S.A. by Hapvida Participações e Investimentos S.A.", entered into on February 27, 2021 (Protocol and Justification), approved at the extraordinary general meetings of Hapvida and GNDI held on March 29, 2021.

Cash installment considers: (i) the discount of extraordinary dividends declared by GNDI in the total amount of R$1,000,000,000.00 (corresponding to the gross amount of R$1.613026961 per share), according to the material fact disclosed by GNDI on January 20, 2022 (Extraordinary Dividends), as well as (ii) the adjustment by the variation of the CDI on the total amount of R$4,000,000,000.00 from March 29, 2021 (exclusive) to the present date (inclusive).

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

The Smiles Group operates through a health plan operator with approximately 80,000 beneficiaries located mainly in Maceió/AL, João Pessoa/PB, Campina Grande/PB and Brasília/DF. The Smiles Group also has its own hospital in João Pessoa/PB with 39 beds, 14 of which are ICU beds, in addition to a medical clinic based 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.

Hapvida currently has a portfolio of around 160 thousand beneficiaries in health plans and 3 hospitals in the main areas where the Smiles Group operates. The Transaction potential, therefore, aims to accelerate growth in all areas where the Smiles Group operates, in addition to capturing assistance synergies in all regions, since the Company has its own structure in all operating regions. of the Smiles Group.

The completion of the Transaction, as usual, is subject to certain conditions precedent, including the approval of regulatory bodies.

*   *   *

Cândido Pinheiro Koren de Lima
Chairman of the Board of Directors

Jorge Fontoura Pinheiro Koren de Lima
CEO

Maurício Fernandes Teixeira
Chief Financial Officer and Investor Relations Officer

Tiago Garcia Moraes
Controllership Director
CRC SP-280542/O-6