



3Q23

Earnings Release

CONFERENCE CALL
WED | Nov, 08th 2023
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ALLIANÇA ANNOUNCES ITS 3Q23 RESULTS

The third consecutive quarter with revenue growth and improved margins, the start of the company's capital restructuring, and the generation of operating cash in the period, are the results of the actions put in place to recover profitability over the course of the year.

São Paulo, November 07th, 2023 - **Alliança Saúde e Participações S.A.**, (“Alliança” or the “Company”) (B3: AALR3), one of Brazil's largest diagnostic medicine companies, announces today its results for the third quarter of 2023 (3Q23) highlighting the main financial indicators and the business performance. The figures and their historical series (wherever available) can be accessed at: <http://ri.allianca.com>.

Highlights (R\$ Million)	3Q23	3Q22	YoY	9M23	9M22	YoY
Gross Revenue (ex-construction) ¹	323,1	302,5	6,8%	956,6	885,6	8,0%
Net Revenue (ex-construction) ¹	301,0	280,7	7,2%	888,7	822,1	8,1%
Gross Profit	87,8	83,5	5,1%	277,1	255,6	8,4%
EBITDA Margin ²	29,2%	29,7%	-0,6 p.p.	31,2%	31,1%	0,1 p.p.
Adjusted EBITDA ³	58,2	46,6	24,9%	187,5	156,7	19,6%
Adjusted EBITDA Margin ²	19,3%	16,6%	2,7 p.p.	21,1%	19,1%	2,0 p.p.
Net Income	-46,2	-49,7	-7,0%	-123,3	-67,5	82,8%

¹ It excludes “construction revenue”, an accounting entry referring to the investment made in RBD (PPP Bahia);

² Margins are calculated on net revenue ex-PPP construction;

³ It excludes the write-down of financial assets and non-recurring expenses (see chapter on EBITDA)

HIGHLIGHTS OF THE QUARTER

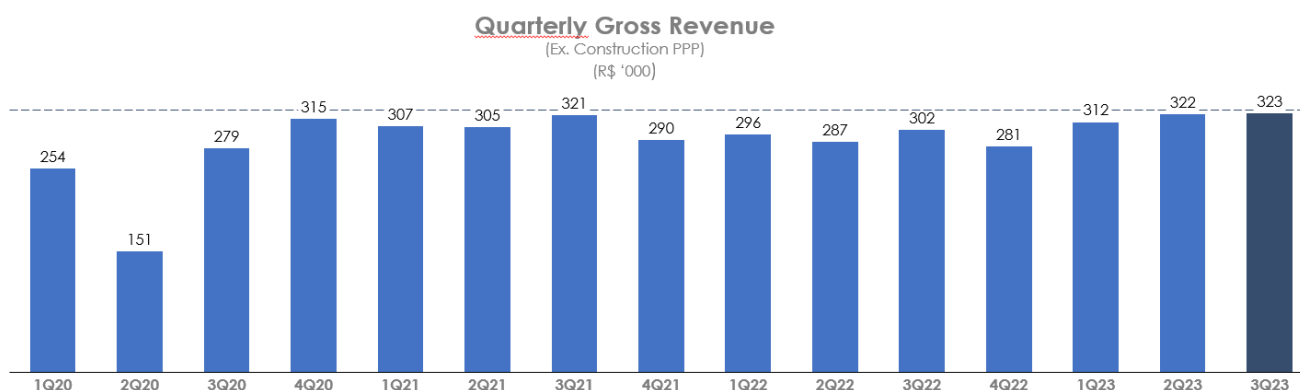
- Reflecting the company's efforts, **Gross Revenue** continues to show progress, **consecutively** the best in the company's history, reaching **R\$323 million** in 3Q23, +7% compared to 3Q22, and **R\$957 million** in 9M23, representing +8% compared to 9M22.
- At 3Q23, **Adjusted EBITDA³** was R\$ **58 milhões**, bringing the accumulated total for the year to **R\$188 million**, representing an increase of **+20%** compared to 9M22. The 9M23 **EBITDA Margin** reached 21%, an increase of **2.0 p.p.** compared to the same period last year.
- Signing of a **memorandum of understanding (MOU) with binding effect with Unimed Nacional to create a joint venture** (Alliança holds a 51% stake) for the construction of technical centers (NTOs), reinforcing the company's growth strategy, especially in clinical analysis (CA).
- The **public takeover bidding process**, which took place on August 11, 2023, saw its ordinary shares acquired at a price of **R\$24.55**.
- Signing of a **memorandum of understanding (MOU) with binding effect for the acquisition of 100%** of the shares of Patologia Clínica São Paulo Ltda. (LabSP), reinforcing the positioning of our second largest regional company, Minas Gerais, in line with our commitment to expand the company's clinical analysis segment.

- Conclusion of the **administrative concession for the PPP** for the operation of the Rondônia Regional Urgency and Emergency Hospital ("**HEURO**").
- Beginning of the Company's **capital restructuring**, with the execution of an Advance for Future Capital Increase in the total amount of **R\$ 200 million**, reducing the Company's indebtedness (net debt) to 3.75x, allowing us to comply with our Financial Covenants.

CEO'S MESSAGE

As stated in the last quarterly results, the agenda for the third quarter was primarily focused on **adjusting the capital structure**, and we attained this. Through this commitment, we have achieved better results, refinancing part of our long-term financial indebtedness. We remain determined to pursue growth opportunities, engage clients and, above all, reach the company's financial sustainability.

As a highlight, our main indicators are the constant growth of our gross revenue (Ex. PPP Construction) in **3Q23**, of **R\$323 million, consecutively achieving the highest quarterly revenue in the history of Alliança**'. Revenue for the semester was also the best on record and reached **R\$957 million**, representing **+8%** compared to 9M22.



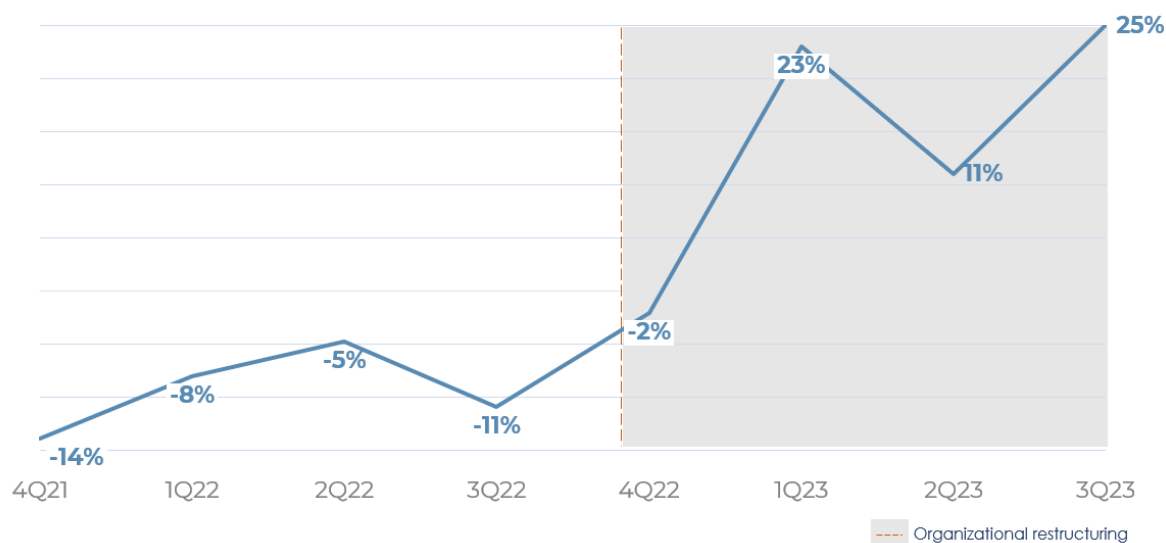
Below are some highlights of the third quarter 2023 results:

- (i) **Growth of 12% in diagnostic imaging revenue** over the year is the result of **new accreditations**, the opening of new schedules, partnerships and the loyalty of our patients;
- (ii) **We reiterate the increase in the average ticket for our main exams (MRI and AC ex-Covid)**, maintaining the correctness of the Company's commercial repositioning;
- (iii) **Better customer experience.** We focus on a humanized service with a competent technical team to provide the best customer experience. We continue to invest in the regionalization of the call center and the availability of digital scheduling, including the WhatsApp channel, which has resulted in improved conversion rates, as well as a **7%** reduction in abandonment rates and a **16%** reduction in

no-shows over the last twelve months. These and the other drivers related to customer service and satisfaction have **increased** our **NPS by 2% vis-a-vis 3Q23**.

Compared to the 3Q22, **Adjusted EBITDA increased by 25%** reaching a total of **R\$58 million**, once again due to our efforts to regain profitability, allowing us to highlight the lower costs of medical supplies and support laboratories. It's important to note **that this is the biggest increase in EBITDA in recent quarters when compared to the same period last year**, representing an increase of 20% at 9M23 vs. 9M22.

Adjusted EBITDA YoY



We also highlight the following events that stand out in the third quarter:

- (i) Signing of a memorandum of understanding (MOU) with binding effect for the Acquisition of 100% of the shares of Patologia Clínica São Paulo Ltda. (LabSP), reinforcing the positioning of our second largest regional company, adding 8 units to the metropolitan region of Belo Horizonte, in line with the company's commitment to expand its clinical analysis segment.
- (ii) Through a Memorandum of Understanding signed on September 6, a partnership was signed with **Unimed Nacional** to create laboratories to process tests, aimed to creating **the first Operational Technical Center** in the metropolitan region of Salvador, where there is significant growth in clinical analysis tests.
- (iii) In order to improve the capital structure and expand the Company's business, an **Advance for Future Capital Increase** agreement was signed on September 21, 2023 between Lormont Participações S.A ("Lormont") and the Company, for a total of **R\$200 million**, which was fully capitalized and contributed to financial deleveraging. Net debt / LTM adjusted EBITDA ended the quarter stood **at 3.75x**, a significant reduction when compared to the 4.59x observed in 2Q23. This is the first step in the company's capital restructuring.



(iv) Events that followed:

a) The Third Issuance of Commercial Notes was signed, in the total amount of R\$ 265 million, with this debt being extended over the next 4 years. This operation will allow the capital structure to be equalized and short-term debts to be extinguished.

b) For the same purpose, we concluded the 1st Issuance of Trade Notes refinancing, in the total amount of R\$200 million, maturing on December 30, 2023.

We are still in the process of restructuring the company, albeit with solid results and the commitment that expanding revenue, generating cash, maximizing margins, deleveraging the company and, above all, fully engaging our patients and doctors, are our priorities.

We thank you for the trust and support given to our team.

Pedro Thompson

CEO

ALLIANÇA EXCELLENCE IN HEALTHCARE



Alliança – Excellence in healthcare. We are a company that aims at valuing and bolstering a sense of alliance between **Growth, Efficiency, Customers, People, and Quality Health - our 5 pillars.** Alliança also means the strengthening of our strategic alliances and partnerships. Alliança pursues new ways to change Brazil's healthcare sector. This means reinventing business models, assuring leadership, and giving visibility to an attentive, leading-edge, and young company, even within a traditional segment. Under the Alliança brand, our purpose is to keep innovating and offering quality services to our customers.

CORPORATE PORFILE

Our business platforms

Core Business

Strong Brands, Consolidated and Recognized for Medical Quality



Out of pocket

Innovation and Diversification expanding access



Public-Private Partnerships (PPP)

Excellent medical care with **NPS over 90%**



Healthtech - iDr

1st company **in the world to remotely operate** MRI and CT from all manufacturers

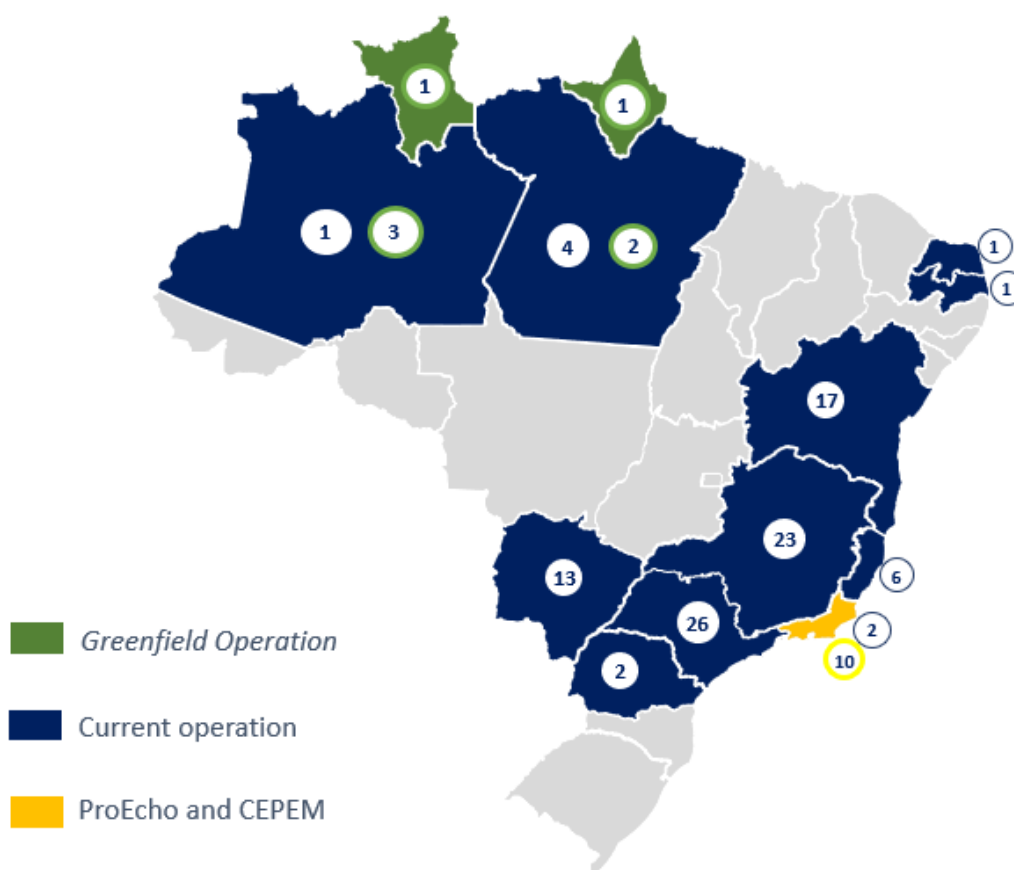


Remote Diagnostic Intelligence

ALLIANÇA IS ONE OF BRAZIL'S LARGEST AND MOST RENOWNED HEALTH DIAGNOSIS SYSTEMS

Present in 46 cities of 13 Brazilian states, totaling 113 strategically distributed services units (of which 7 units are under pre-operational phase¹), the Company has the trendiest technological hub in Brazil's high-complexity diagnostic medicine sector, the sector's second-largest company in number of magnetic resonance imaging equipment, in addition to CT scanners and ultrasonography, a result of massive investments in technology imports.

NATIONWIDE COVERAGE



¹already considering the units that will be opened with the Unimed FAMA contract, as well as units managed by the Company for later acquisition (ProEcho and CEPEN).

OPERATIONAL PERFORMANCE

Indicators	Assets		
	3Q23	2Q23	3Q22
End of Period			
Units	96	97	97
Mega	17	17	17
Standard	68	68	68
Collection units	11	12	12
RMI equipment	111	111	112
CA rooms	304	304	280

¹ Only Alliança's operational units are considered. Including the pre-operational units of the contract with Unimed Fama and the units to be acquired from the companies ProEcho and CEPEM, we will total 113 units.

Reaffirming the company's operational capacity, we continued to grow the average MRI ticket **in 3Q**, indicating that the strategies have proven satisfactory since the beginning of the company's restructuring, accompanied by consistent growth in the **average AC ticket Ex. Covid**, which recorded an **increase of 6.1% in 3Q23**, given the continuity of better positioning, more efficient diversification of the brand with the inclusion of new services and the expansions and acquisitions made more recently by the company. Additionally, there was also an improvement in test results, taking Covid tests into account, with an increase in the average AC ticket of **3.3%**.

The number of MRI exams/equipment/day also continues to grow. In the current period under review, the indicator **grew by 5.1%**, as a result of the initiatives already underway. The improvements already achieved so far are visible, materializing the company's efforts and the expectation is that they will also be seen over the coming periods, contributing to better results going forward.

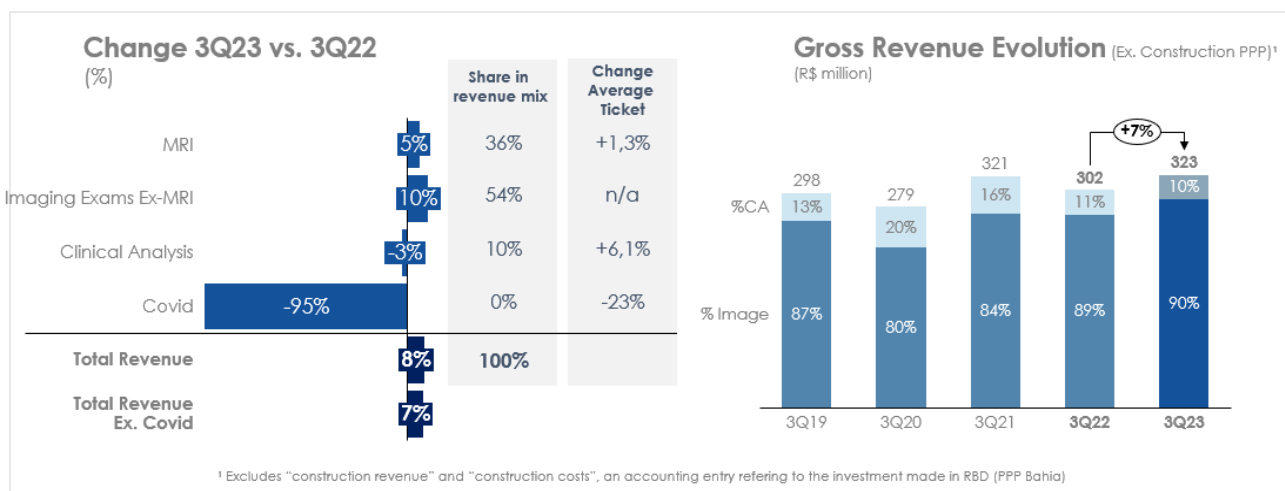
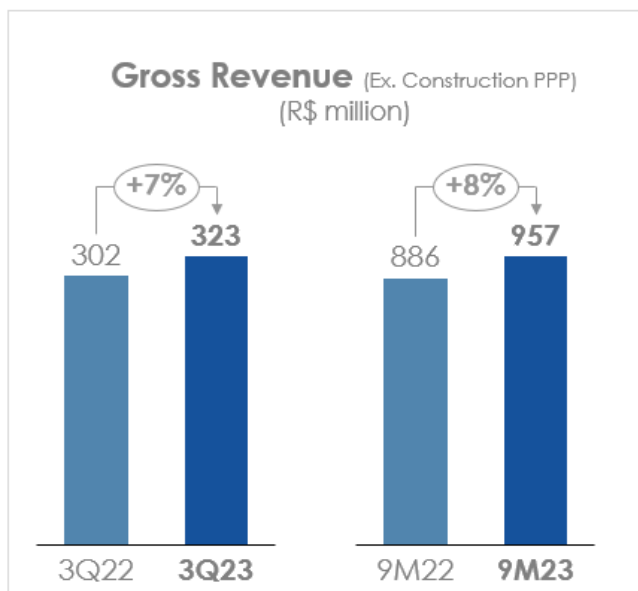
	Performance					
	3T23	3T22	YoY	9M23	9M22	YoY
Services						
MRI Tests ('000)	215,7	207,0	4,2%	631,8	600,0	5,3%
CA Tests ('000)	1.915	2.031	-5,7%	6.025	6.647	-9,4%
CA Test sex-Covid ('000)	1.914	2.026	-5,5%	6.022	6.572	-8,4%
Average Ticket						
MRI Avg. Ticket (R\$)	532,8	526,1	1,3%	548,7	521,4	5,2%
CA Avg. Ticket (R\$)	17,4	16,8	3,3%	17,4	18,5	-5,8%
CA ex-Covid Avg. Ticket (R\$)	17,4	16,4	6,1%	17,3	15,6	10,9%
Average Daily Production						
MRI Tests/ Equipment/Day	31,1	29,6	5,1%	30,4	28,6	6,3%

FINANCIAL PERFORMANCE

GROSS REVENUE

Exceeding the 3Q22 result, gross revenue from tests totaled **R\$323 million in 3Q23**. Despite the reduction in Covid cases and the prominent dissipation of the pandemic scenario, we achieved a growth in gross revenue of 8% over the nine months of the same period in 2022.

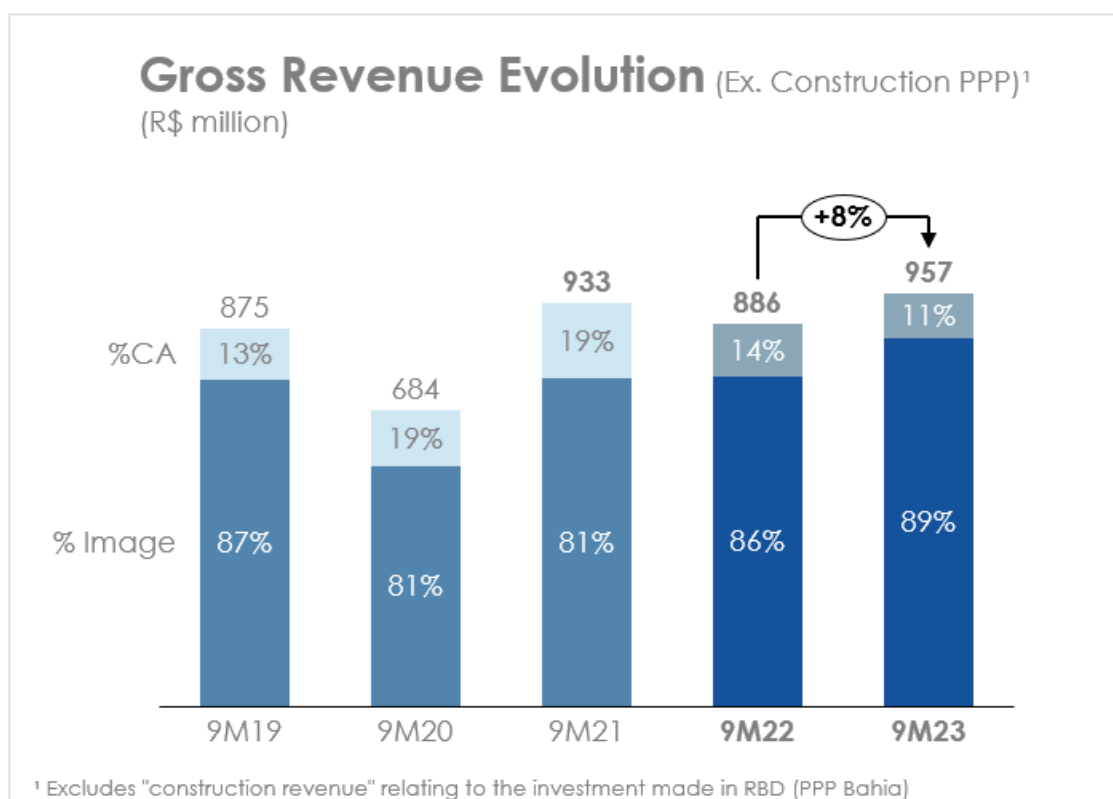
MRI scans have sustained the volume levels of the last quarter, the diversification of scans, both MRI and other imaging scans showed **consecutive growth in revenue** for the quarter, as a result of the company's commitment to providing exceptional services, with a comprehensive range of imaging services, guaranteeing excellence, such as advanced facilities and technology, specialized procedures and experienced medical staff are strong values ensuring the maintenance of its productivity levels and improving the positioning and penetration of the brand in the market.



Gross Revenue (R\$ Million)	3Q23	3Q22	YoY	9M23	9M22	YoY
Gross Revenue (ex-construction)	323,1	302,5	6,8%	956,6	885,6	8,0%
Diagnostic Imaging	289,8	268,3	8,0%	851,8	762,8	11,7%
MRI	114,9	108,9	5,5%	346,7	312,8	10,8%
Ex-MRI imaging	174,9	159,4	9,7%	505,1	450,0	12,2%
Clinical Analysis	33,3	34,2	-2,6%	104,8	122,8	-14,7%
Construction Revenue	1,4	0,1	n/a	2,8	0,3	n/a
Gross revenue	324,4	302,6	7,2%	959	886	8,3%
Deductions	-22,1	-21,8	1,3%	-68,0	-63,5	7,0%
Net Revenue	302,3	280,8	7,7%	891,4	822,4	8,4%
Net Revenue (ex-construction)	301,0	280,7	7,3%	888,7	822,1	8,1%

¹Excludes "construction revenue" accounting entry referring to the investment made in RBD (PPP Bahia).

It is important to note that **9M23 revenue, totaling R\$957 million, was the highest recorded for the period**, surpassing pre-pandemic levels. The growth in imaging diagnostics (+11.7%) this year is strong evidence of the assertive strategies supported by the company's management, reinforcing the search for improved results, as in the case of the expansions signed, as well as the commitment to keeping in operation the new agendas fully operational work, which resulted in an **8% growth** in our Gross Revenue during this period.



GROSS PROFIT / GROSS MARGIN

Quarterly Gross Profit (R\$ Million)	3Q23	3Q22 (pro forma) ²	3Q22	YoY (vs pro forma) ²	% NR 3Q23	% NR 3Q22 (vs pro forma) ²	YoY
Net Revenue (ex)	301,0	280,7	280,7	7,3%	-	-	-
Costs (ex)	-213,2	-197,1	-197,1	8,1%	-70,8%	-70,2%	-0,6 p.p.
Medical services	-60,6	-63,1	-63,1	-4,0%	-20,1%	-22,5%	2,4 p.p.
Personnel	-61,5	-51,6	-51,6	19,3%	-20,4%	-18,4%	-2,1 p.p.
Supplies and support labs	-29,9	-31,1	-34,1	-3,9%	-9,9%	-11,1%	1,2 p.p.
Maintenance	-7,1	-6,2	-7,2	15,0%	-2,4%	-2,2%	-0,2 p.p.
Occupancy	-10,6	-9,1	-5,7	16,9%	-3,5%	-3,2%	-0,3 p.p.
Third-party services and others	-16,5	-12,1	-11,5	36,1%	-5,5%	-4,3%	-1,2 p.p.
Depreciation (cost)	-27,0	-24,0	-24,0	12,5%	-9,0%	-8,5%	-0,4 p.p.
Gross Profit	87,8	83,5	83,5	5,2%	29,2%	29,8%	-0,6 p.p.
Construction costs	-1,3	-0,1	-0,1	n/a	-0,4%	0,0%	-0,4 p.p.

¹ Excludes "PPP construction revenue" and "construction cost", accounting entry referring to the investment made in RBD (PPP Bahia).

² For purposes of better comparability, the proforma considers reclassifications made in the Maintenance, Occupancy, Third Party Services and Others lines; only between costs and expenses, with no impact on EBITDA and Net Profit.

YTD Gross Profit (R\$ Million)	9M23	9M22 (pro forma) ²	9M22	YoY (vs pro forma) ²	% NR 9M23	% NR 9M22	YoY (vs pro forma) ²
Net Revenue (ex)	888,7	822,1	822,1	8,1%	-	-	-
Costs (ex)	-611,6	-587,7	-566,6	4,1%	-68,8%	-71,5%	2,7 p.p.
Medical services	-179,4	-172,9	-172,9	3,8%	-20,2%	-21,0%	0,8 p.p.
Personnel	-160,0	-141,8	-141,8	12,9%	-18,0%	-17,2%	-0,8 p.p.
Supplies and support labs	-89,1	-103,9	-108,8	-14,2%	-10,0%	-12,6%	2,6 p.p.
Maintenance	-17,7	-17,9	-20,1	-1,1%	-2,0%	-2,2%	0,2 p.p.
Occupancy	-30,8	-27,2	-12,0	13,3%	-3,5%	-3,3%	-0,2 p.p.
Third-party services and others	-53,5	-46,4	-33,3	15,4%	-6,0%	-5,6%	-0,4 p.p.
Depreciation (cost)	-81,0	-77,7	-77,7	4,2%	-9,1%	-9,5%	0,3 p.p.
Gross Profit	277,1	234,4	255,6	18,2%	31,2%	28,5%	2,7 p.p.
Construction costs	-2,7	-0,3	-0,3	782,2%	-0,3%	0,0%	-0,3 p.p.

¹ Excludes "PPP construction revenue" and "construction cost", accounting entry referring to the investment made in RBD (PPP Bahia).

² For purposes of better comparability, the proforma considers reclassifications made in the Maintenance, Occupancy, Third Party Services and Others lines; only between costs and expenses, with no impact on EBITDA and Net Profit.

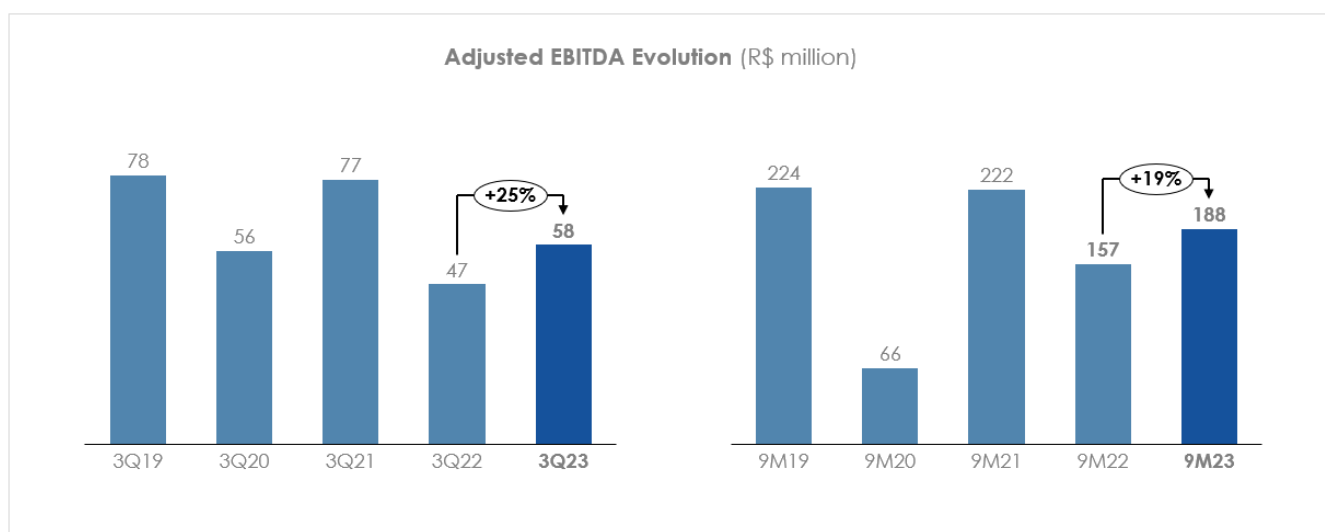
Gross profit totaled **R\$88 million in 3Q23**, up **5%** compared to the same period in **2022**, with gross margin reaching **29.2%**. The increase in gross profit for another consecutive quarter has a positive impact on progress in other aspects of the company, opening doors to address improvements and expansions in different areas, as well as bolstering the development of new solutions and business opportunities.

Gross Profit continues to grow consistently, demonstrating the company's ability to generate positive results in a challenging environment, despite the increase in personnel costs of around **19%** in 3Q23 vs. 3Q22. This result is strongly linked to the challenges faced in operating the new business units, which started up this year, and the investments in personnel directly linked to revenue expansion, such as regionalization of the call center, medical relationship with the medical personnel and concierge, as well as the additional costs of expanding agendas. However, we underscore that these investments will be recovered with the increase in revenue from these initiatives.

There was a significant **reduction in raw materials costs and support laboratories in 3Q23 vs. 3Q22**. We were able to record a drop of **18%** both between quarters and throughout the 9M23.

This performance is directly related to our strategy of gradually implementing cost-cutting measures, bringing greater efficiency to internal processes geared towards optimizing and reducing waste of these resources, making it possible to significantly reduce the unit cost of CA exams.

EBITDA / EBITDA MARGIN



Quarterly EBITDA	3Q23	3Q22	3Q22	YoY	% NR	% NR	YoY
(R\$ Million)		(pro forma) ²		(vs pro forma) ²	3Q23	(pro forma) ²	(vs pro forma) ²
Net Revenue (ex)	301,0	280,7	280,7	7,3%	-	-	-
Gross Profit	87,8	83,5	83,5	5,2%	29,2%	29,8%	-0,6 p.p.
General Expenses ¹	-67,3	-75,3	-75,2	-10,7%	-22,3%	-26,8%	4,5 p.p.
Personnel	-37,8	-37,3	-37,3	1,4%	-12,6%	-13,3%	0,7 p.p.
Occupancy, third parties and others	-27,5	-32,0	-31,9	-14,0%	-9,1%	-11,4%	2,3 p.p.
Depreciation (expense)	-1,9	-4,5	-4,5	-57,2%	-0,6%	-1,6%	1,0 p.p.
Incentive program (shares)	0,0	-1,6	-1,6	-98,3%	0,0%	-0,6%	0,6 p.p.
	0,5	-1,2	-1,2	-142,0%	0,2%	-0,4%	n/a
Earnings (loss) of subsidiaries	-0,2	3,0	3,0	-107,6%	-0,1%	1,1%	n/a
Adjusted EBIT	20,9	9,9	10,0	110,3%	6,9%	3,5%	3,4 p.p.
(+) Depreciation and amortization (total)	28,9	28,5	28,5	1,6%	9,6%	10,1%	-0,5 p.p.
(+) Adj. write-down of financial assets ¹	8,5	8,1	8,1	4,6%	2,8%	2,9%	-0,1 p.p.
Adjusted EBITDA	58,2	46,5	46,6	25,3%	19,3%	16,6%	2,8 p.p.
(-) Adj. write-down of financial assets ¹	-8,5	-8,1	-8,1	4,6%	-2,8%	-2,9%	0,1 p.p.
(+) Non-recurrent items	-3,1	-23,1	-23,1	-86,7%	-1,0%	-8,2%	7,2 p.p.
Personnel	-0,9	-8,1	-8,1	n/a	-0,3%	-2,9%	2,6 p.p.
Occupancy, third parties and others	-2,2	-5,7	-5,7	n/a	-0,7%	-2,0%	1,3 p.p.
Other expenses, net	0,0	-9,3	-9,3	-100,0%	0,0%	-3,3%	3,3 p.p.
EBITDA	46,7	15,3	15,4	205,4%	15,5%	5,4%	10,1 p.p.

¹Adjustment referring to non-recurring expenses.

²Recurring adjustment referring to the recovery of investments made by RDB in the public-private partnership with the State of Bahia, and to non-recurring expenses. n/a = not applicable

YTD EBITDA	9M23	9M22	9M22	YoY	% NR	% NR	YoY
(R\$ Million)		(pro forma) ²			9M23	(pro forma) ²	(pro forma) ²
Net Revenue (ex)	888,7	822,1	822,1	8,1%	-	-	-
Gross Profit	277,1	234,4	255,6	18,2%	31,2%	28,5%	2,7 p.p.
General Expenses ¹	-211,9	-191,4	-212,4	10,7%	-23,8%	-23,3%	-0,6 p.p.
Personnel	-129,2	-99,9	-99,9	29,3%	-14,5%	-12,2%	-2,4 p.p.
Occupancy, third parties and others	-76,7	-78,8	-99,8	-2,8%	-8,6%	-9,6%	1,0 p.p.
Depreciation (expense)	-5,7	-9,7	-9,7	-40,9%	-0,6%	-1,2%	0,5 p.p.
Incentive program (shares)	-0,3	-3,0	-3,0	-89,6%	0,0%	-0,4%	0,3 p.p.
Other expenses, net	5,5	-6,6	-6,6	-183,6%	0,6%	-0,8%	n/a
Earnings (loss) of subsidiaries	4,8	8,5	8,5	-44,0%	0,5%	1,0%	-0,5 p.p.
Adjusted EBIT	75,4	44,8	45,1	68,2%	8,0%	5,5%	3,0 p.p.
(+) Depreciation and amortization (total)	86,7	87,5	87,5	-0,9%	9,8%	10,6%	-0,9 p.p.
(+) Adj. write-down of financial assets ¹	25,3	24,4	24,4	3,8%	2,8%	3,0%	-0,1 p.p.
Adjusted EBITDA	187,5	156,7	157,0	19,6%	21,1%	19,1%	2,0 p.p.
(-) Adj. write-down of financial assets ¹	-25,3	-24,4	-24,4	3,8%	-2,8%	-3,0%	0,1 p.p.
(+) Non-recurrent items	-9,9	-30,0	-30,0	-66,9%	-1,1%	-3,6%	2,5 p.p.
Personnel	-4,5	-11,6	-11,6	-61,4%	-0,5%	-1,4%	0,9 p.p.
Occupancy, third parties and others	-3,9	-8,6	-8,6	n/a	-0,4%	-1,0%	0,6 p.p.
Other expenses, net	-1,6	-9,8	-9,8	-83,7%	-0,2%	-1,2%	1,0 p.p.
EBITDA	152,2	102,3	102,6	48,7%	17,1%	12,4%	4,7 p.p.

¹Adjustment referring to non-recurring expenses.

²Recurring adjustment referring to the recovery of investments made by RDB in the public-private partnership with the State of Bahia, and to non-recurring expenses. n/a = not applicable

With a **25%** increase compared to the same period last year, **Adjusted EBITDA** reached **R\$58 million** in 3Q23 and **R\$188 million** in 9M23 (+20% compared to 9M22), with a **positive impact on the Adjusted EBITDA margin of 2 percentage points** compared to 9M22. Even if we include the impact of personnel expenses in the period, the increase in EBITDA is linked to the company's effective performance in achieving better levels of net revenue and the dilution of corporate and operating expenses with the adoption of strategic partnerships and brand penetration.

Investments in revenue-generating areas include the development of new functions and strategic expansions, which are in alignment with the **1.4% increase in personnel expenses compared to 3Q22**. Although reaching **R\$38 million in 3Q23**, we achieved a significant reduction of **11%** compared to 2Q23. With the increase in revenue generation, these expenses will be quickly absorbed, enabling us to achieve the expected positive results.

Regardless of the company's organizational restructuring, **non-recurring expenses** totaled **R\$3 million in 3Q23** (R\$9.9 million in 9M23), a significant **reduction of 43%** compared to the previous quarter.

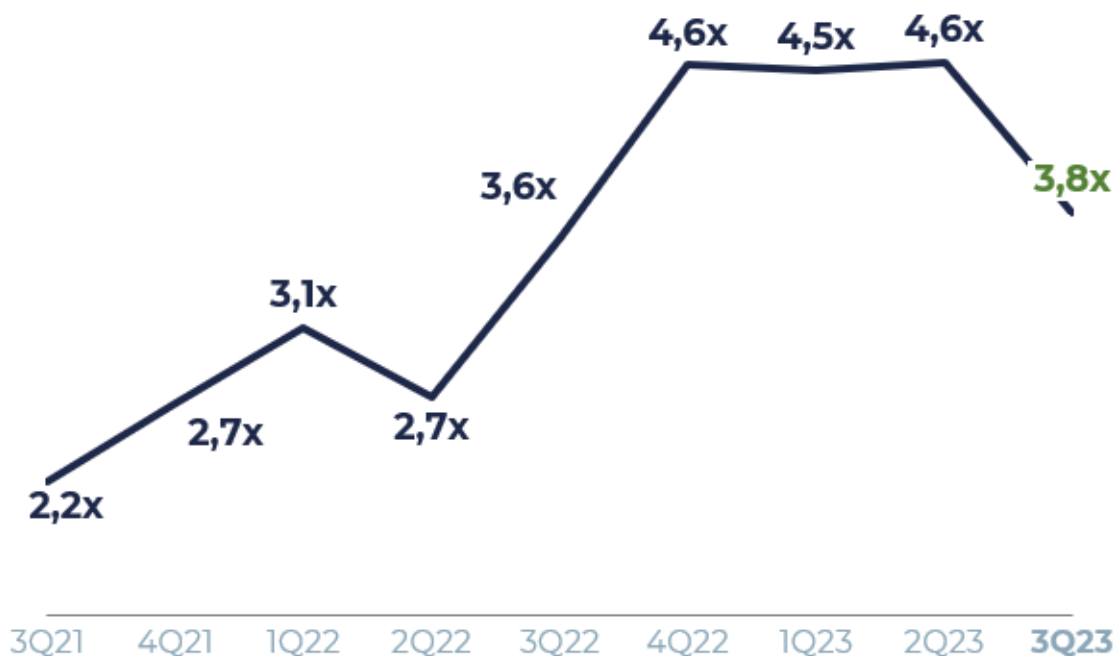
FINANCIAL RESULT AND INDEBTNESS

Financial Result							
	3Q23	2Q23	3Q22	YoY	9M23	9M22	YoY
(R\$ Million)							
Financial revenue	2,7	2,6	3,2	-16,5%	8,6	7,5	15,2%
Financial expenses	-52,7	-59,4	-49,8	5,9%	-158,4	-114,8	38,1%
Lease interest	-7,5	-7,7	-7,9	-4,9%	-22,8	-22,3	2,4%
Total Financial Result	-57,5	-64,5	-54,4	5,7%	-172,7	-129,6	33,2%

The increase in the debt balance and the rise in interest rates in the period contributed to the increase in financial expenses. Constant monitoring and evaluation of these financial expenses are tools used to ensure sustainability and financial health.

Total net debt at the end of the third quarter of 2023 was **R\$ 800 million**, which represents a **14% reduction** in relation to the balance observed in 3Q22. This reduction can be attributed mainly to better cash generation during the period and the R\$200 million related to the advance on the capital increase carried out in 3Q23, as well as the extension of maturing debts that have been refinanced for the long term, expiring in 2027. **The total net debt / LTM adjusted EBITDA** indicator also improved, standing at **3.75x** at the end of the quarter.

Financial leverage – Net debt / LTM Adjusted EBITDA



Debt	sep/23	jun/23	sep/22	YoY
(R\$ Million)				
Loans and debentures	1.051,4	991,1	910,2	15,5%
Derivative fin. instruments	6,0	7,4	-7,8	n/a
Gross Bank Debt	1.057,4	998,6	902,4	17,2%
Gross Bank Debt R\$ ¹	934,2	881,6	774,0	20,7%
Gross Bank Debt US\$	123,2	117,0	128,4	-4,0%
Tax installment payments	18,9	6,5	7,8	141,4%
Acquisitions of companies	19,0	19,7	24,6	-22,6%
Total Gross Debt	1.095,3	1.024,8	934,8	17,2%
Cash and equivalents	294,8	98,7	250,8	17,5%
Total Net Debt	800,5	926,1	683,9	17,0%
Adjusted EBITDA LTM	213,3	201,6	188,9	12,9%
Total Net Debt / Adj. EBITDA	3,75 x	4,59 x	3,62 x	3,7%

The quarter ended with **R\$295 million in cash** and equivalents, a direct result of the actions implemented throughout this quarter, such as the focus on new businesses, brand expansion and, above all, the **commitment** to reducing leverage and optimizing the capital structure.

The company maintains an important challenge and commitment to strengthening cash generation, enabling it to recover margins and improve its capital structure.

INCOME TAX AND SOCIAL CONTRIBUTION

Income taxes						
	3Q23	3Q22	YoY	9M23	9M22	YoY
(R\$ Million)						
Income before taxes on income	-39,7	-67,5	-41,1%	-107,1	-114,6	-6,5%
Taxes on income	-12,5	-5,3	134,8%	-26,1	17,2	n/a
Current taxes on income	-6,7	-8,1	-17,3%	-17,8	-18,5	-4,1%
Deferred taxes on income	-5,8	2,8	n/a	-8,3	35,7	n/a
Effective tax rate	n/a	n/a	n/a	n/a	15,0%	n/a

NET INCOME

Due to the new debt obligations contracted, which led to a significant increase in financial expenses in the period, the third quarter of 2023 ended with an Adjusted Net Loss of R\$46 million.

Net result						
	3Q23	3Q22	YoY	9M23	9M22	YoY
(R\$ Million)						
Net income	-49,3	-72,8	-32,3%	-133,2	-97,4	36,7%
Attributed to the controlling shareholders	-51,8	-75,1	-31,1%	-139,5	-104,2	33,9%
Attributed to non-controlling shareholders	2,5	2,3	8,9%	6,3	6,7	-6,1%
Earnings per share (R\$)	-0,44	-0,64	-31,6%	-1,18	-0,88	33,9%
Net margin	-16,4%	-25,9%	10 bps	-15,0%	-11,9%	-3,1 p.p.

INVESTMENTS

Investments						
	3Q23	3Q22	YoY	9M23	9M22	YoY
(R\$ Million)						
Organic expansion	12,3	13,8	-11,0%	36,2	26,3	37,8%
Maintenance	1,3	10,2	-87,5%	23,1	30,6	-24,5%
Others	7,3	7,9	-7,5%	20,9	19,7	6,4%
Total CAPEX	20,8	31,9	-34,7%	80,2	76,5	4,8%
Financial assets (RBD)	1,4	0,1	n/a	2,8	0,3	782,6%
M&A / Investments	0,0	0,0	n/a	0,0	0,0	n/a
TOTAL	22,2	32,0	-30,6%	83,0	76,9	8,1%

Focusing on **strategic partnerships** to strengthen our position in the market, investments reached **R\$22 million in 3Q23 (R\$83 million in 9M23)**.

FINANCIAL PERFORMANCE / INCOME STATEMENT

Income Statement Overview	3T23	3T22	YoY	9M23	9M22	YoY
Gross Revenue (ex-construction) ¹	323,1	302,5	6,8%	956,6	885,6	8,0%
Deductions (ex-construction) ¹	-22,1	-21,8	1,3%	-67,9	-63,5	6,9%
Net Revenue (ex-construction)¹	301,0	280,7	7,2%	888,7	822,1	8,1%
Cost of services ¹	-213,2	-197,1	8,2%	-611,6	-587,7	4,1%
Gross Profit	87,8	83,5	5,1%	277,1	234,4	18,2%
<i>Gross Profit Margin</i>	<i>29,2%</i>	<i>29,8%</i>	<i>-0,6 p.p.</i>	<i>31,2%</i>	<i>28,5%</i>	<i>2,7 p.p.</i>
General and administrative expenses	(70,3)	(89,0)	-21,0%	(220,3)	(211,6)	4,1%
Other income (expenses), net	0,5	-10,5	n/a	3,9	-16,4	n/a
Share of profit (loss) on investments	(0,2)	3,0	n/a	4,8	8,5	-44,2%
(+) Depreciation and Amortization	28,9	28,5	1,6%	86,7	87,5	-0,9%
EBITDA	46,6	15,4	202,6%	152,2	102,4	48,6%
(+/- adjustments)	8,5	8,1	4,6%	25,3	24,4	3,7%
(+) Non-Recurring Expenses	3,1	23,1	-86,7%	9,9	30,0	-66,8%
Adjusted EBITDA	58,2	46,6	24,9%	187,5	156,8	19,6%
Adjusted EBITDA Margin	19,3%	16,6%	2,7 p.p.	21,1%	19,1%	2,0 p.p.
(-) Depreciation and Amortization	(28,9)	(28,5)	1,6%	(86,7)	(87,5)	-0,9%
Finance income (expenses)	(57,5)	(54,4)	5,7%	(172,7)	(129,6)	33,2%
EBT	(39,8)	(67,5)	-41,0%	(107,2)	(114,6)	-6,5%
Taxes	(9,5)	(5,3)	79,0%	(26,1)	17,2	n/a
<i>Effective tax rate</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>15,0%</i>	<i>n/a</i>
Net Income	(49,3)	(72,8)	-32,2%	(133,3)	(97,4)	36,8%
<i>Net margin</i>	<i>-16,4%</i>	<i>-25,9%</i>	<i>9,6 p.p.</i>	<i>-15,0%</i>	<i>-11,9%</i>	<i>-3,1 p.p.</i>
Adjusted Net Profit²	(46,2)	(49,7)	-7,0%	(123,3)	(67,5)	82,8%

¹Adjustment referring to non-recurring expenses.

²Recurring adjustment referring to the recovery of investments made by RDB in the public-private partnership with the State of Bahia, and to non-recurring expenses.

n/a = not applicable

OPERATING AND FREE CASH FLOW

Cash Flow (R\$ Million)	9M23	9M22	YoY
(1) Adjusted EBITDA	187,49	229,90	-18,4%
(2) Non-cash items	-53,00	-47,50	11,6%
(3) Working Capital(a)	-18,81	-44,00	-57,2%
Clients	-60,51	-58,10	4,1%
Trade payables	18,27	0,20	n/a
Payroll and related taxes	8,57	20,80	-58,8%
Taxes payable and taxes in installments	44,06	23,80	85,1%
Other	-29,20	-30,70	-4,9%
(4) Current income tax	-12,68	-18,40	-31,1%
(5) Operating Cash Flow [(1)+(2)+(3)+(4)]	103,01	120,10	-14,2%
(6) Investing Activities(b)	-83,04	-74,40	11,6%
PPE and intangible assets	-80,22	-73,40	9,3%
Financial Asset (Capex RBD)	-2,83	-1,10	157,0%
(7) Free Cash Flow [= (5)+(6) ex-M&A]	19,97	45,70	-56,3%
(8) Financing Activities(c)	55,83	-123,40	n/a
Capital Injection	200,41	-0,40	n/a
Borrowings, leases and amortizations, net	-59,48	-60,20	-1,2%
Financial expenses (cash)	-83,49	-53,10	57,2%
Treasury Shares	0,00	-12,30	-100,0%
Restricted stock payment	0,00	0,00	n/a
Related Parties	-1,62	2,60	n/a
Acquisition of minority participation	0,00	0,00	n/a
(9) Cash Increase (decrease) [= (7)+(8)]	75,80	-77,80	n/a
Conversion (Operating CF /Adj. EBITDA)	54,9%	52,2%	2,7 p.p.
Adjusted EBITDA	187,5	229,9	-18,4%

- a) Excludes Financial Assets (Capex RBD), considered under Investment and includes Additions to investments
b) Includes Financial Assets (Capex RBD) and excludes i) financial investments and related parties (considered under Financing) and ii) Additions to investments (considered under operating activities)
c) Includes debt from acquisitions, as well as financial investments and related parties.

BALANCE SHEET

BALANCE SHEETS AS OF SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022 (R\$ '000)

ASSETS	Consolidated		LIABILITIES AND EQUITY	Consolidated	
	30/09/2023	30/09/2022		30/09/2023	30/09/2022
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	294.614	247.829	Trade payables	117.759	105.407
Accounts receivable	236.254	171.106	Payroll and benefits	75.944	65.772
Inventories	11.465	13.874	Borrowings and financing	516.886	314.718
Financial assets	16.247	14.105	Leases	37.557	33.892
Taxes recoverable	50.524	47.967	Tax obligations	54.575	32.864
Derivative financial instruments	-	7.782	Tax installment payments	15.213	1.838
Other accounts receivable	11.348	6.135	Accounts payable - acquisition of companies	19.008	21.715
Total current assets	620.452	508.798	Dividends payable	91	91
			Derivative financial instruments	5.970	-
NONCURRENT ASSETS			Other accounts payable	1.097	14.529
Securities	175	2.986	Total current liabilities	844.100	590.826
Escrow deposits	25.830	24.290	NONCURRENT LIABILITIES		
Contingency reimbursement guarantee	9.766	10.932	Borrowings and financing	534.497	595.442
Related parties	19.434	17.465	Leases	245.837	268.069
Deferred income and social contribution taxes	201.830	202.523	Related parties	(152)	78
Financial assets	59.089	71.294	Tax installment payments	3.676	5.987
Investments	7.022	5.291	Accounts payable - acquisition of companies	-	2.838
Property and equipment	555.500	523.469	Deferred income and social contribution taxes	19.865	17.054
Intangible assets	1.000.189	986.584	Provision for legal contingencies	52.867	42.410
Usage rights	248.903	277.589	Other accounts payable	2.184	5.083
Total noncurrent assets	2.127.738	2.122.423	Total non-current liabilities	858.774	936.961
			EQUITY		
			Capital stock	612.412	612.412
			Capital reserves	613.061	619.485
			Treasury shares	(2.280)	(5.448)
			Advance for Future Capital Increase	200.100	-
			Investments reserve	-	-
			Additional dividends	9.316	-
			Other comprehensive income	(417.496)	(153.895)
			Controlling shareholders' equity	1.015.113	1.072.554
			Minority interest	30.203	30.880
			Total equity	1.045.316	1.103.434
TOTAL ASSETS	2.748.190	2.631.221	TOTAL LIABILITIES AND EQUITY	2.748.190	2.631.221

INCOME STATEMENT

FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022

(R\$ '000)

Consolidated	3Q23	3Q22	9M23	9M22
Net revenues	302.330	280.755	891.396	822.429
Cost of services	(214.493)	(197.241)	(614.248)	(566.861)
Gross profit	87.837	83.514	277.148	255.568
Operating (expenses) income				
General and administrative expenses	(70.329)	(89.036)	(220.266)	(232.688)
Other (expenses) income, net	505	(10.512)	3.916	(16.389)
Equity in the earnings (loss) of subsidiaries	(224)	2.977	4.764	8.533
Operating income before financial result	17.789	(13.057)	65.562	15.024
Financial result	(57.506)	(54.413)	(172.680)	(129.610)
Financial expenses	(60.803)	(57.592)	(178.055)	(137.065)
Financial income	3.296	3.179	5.375	7.455
income and social contribution taxes	(39.717)	(67.470)	(107.118)	(114.586)
Income and social contribution taxes				
Current and deferred	(9.540)	(5.330)	(26.079)	17.155
Net income (loss) for the period	(49.257)	(72.800)	(133.197)	(97.431)
Attributable to controlling shareholders	(51.762)	(75.123)	(139.520)	(104.165)
Attributable to non-controlling shareholders	2.505	2.323	6.323	6.734

CASH FLOW STATEMENT

AS OF SEPTEMBER 30, 2023 AND SEPTEMBER 30, 2022

(R\$ '000)

CASH FLOW FROM OPERATING ACTIVITIES	Consolidated	
	30/09/2023	30/09/2022
Net Income (loss) for the period	(133.197)	(97.431)
Adjustments to reconcile net income to net cash generated by (used in) operating activities:		
Depreciation and amortization	218.408	157.005
Stock options granted and restricted stocks	79.729	87.529
Residual value of property, plant and equipment and rights of use disposed of, and investments	312	3.012
Finance charges, foreign exchange effect and derivatives	-	76
Financial asset update	152.038	113.401
Income (loss) from subsidiaries	(14.090)	(15.883)
Allowance for doubtful debts	(4.764)	(8.533)
Provisions for civil, labor and tax risks	(3.615)	10.481
Deferred Taxes	2.869	1.713
	5.929	(34.791)
Decrease (increase) in operating assets	85.211	59.574
	(38.289)	103.214
Decrease (increase) in clients	(21.093)	97.177
Decrease (increase) in inventories	3.166	(2.243)
Decrease (increase) in other assets	(17.535)	8.600
Decrease (increase) in Financial Asset	(2.827)	(320)
Increase (decrease) in operating liabilities:	54.010	68.294
Increase (decrease) in trade payables	28.215	30.009
Increase (decrease) in payroll and related taxes	8.573	24.770
Increase (decrease) in taxes payable and taxes in installments	44.058	11.887
Increase (decrease) in other liabilities	(16.036)	2.233
Income Tax and Social Contribution paid	(12.676)	(8.215)
Dividends and interest on equity received	1.876	7.610
Net Cash generated by Operating Activities	100.932	231.082
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash received	-	(22.413)
Acquisition of minority participation	-	-
Related Parties	(1.620)	(1.344)
Purchase of property, plant and equipment and intangible assets	(78.003)	(76.686)
Net cash used in investing activities	(79.623)	(100.443)
CASH FLOW FROM FINANCING ACTIVITIES		
Advance for Future Capital Increase	200.412	-
Dividends paid	-	(1.884)
Borrowings and bonds, net	52.357	448.050
Interest paid	(86.376)	(115.430)
Repayment of borrowings and financing and lease	(111.832)	(340.856)
Net cash used in financing activities	54.561	(10.120)
INCREASE IN CASH AND CASH EQUIVALENTS	75.870	120.519
CASH AND CASH EQUIVALENTS		
At the beginning of the period	218.744	127.310
At the end of the period	294.614	247.829

DISCLAIMER

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