# 1Q23

Earnings Release

*CONFERENCE CALL*
*FRIDAY | May 9, 2023 | 02:00 p.m.*

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## *Operating and financial results of the Company's restructuring confirm the growth trend*

**São Paulo, May 8, 2023 - Aliança Saúde e Participações S.A., current name of Centro de Imagem Diagnósticos S.A. ("Alliança" or "Company")** (B3: AALR3), one of Brazil's largest diagnostic medicine companies, announces today its earnings results for the fourth quarter of 2022 (4Q22) and the year of 2022. The figures and their historical series (when available) can be obtained at http://ri.allianca.com

| Highlights (R$ Million) | 1Q23 | 4T22 | QoQ | 1Q22 | YoY |
|---|---|---|---|---|---|
| Gross Revenue Ex. PPP Construction[1] | 311.9 | 281.2 | 10.9% | 296.1 | *5.3%* |
| Gross Revenue Ex. PPP Construction[1] and Covid | 311.7 | 280.8 | 11.0% | 280.1 | 11.3% |
| Net Revenue Ex. PPP Construction[1] and Covid | 289.2 | 261.1 | 10.8% | 275.0 | *5.1%* |
| Gross Profit | 99.4 | 70.2 | 41.6% | 86.2 | *15.3%* |
| Gross Margin[2] | 34.3% | 26.9% | 7.5 p.p. | 31.3% | *3.0 p.p.* |
| Adjusted EBITDA[3] | 63.2 | 25.8 | 145.4% | 51.2 | *23.6%* |
| Adjusted EBITDA Margin[2] | 21.9% | 9.9% | 12.0 p.p. | 18.6% | *3.3 p.p.* |
| Adjusted Net Income[2] | -32.2 | -87.4 | -63.2% | -10.6 | *205.2%* |

(1) Excludes "construction revenue", accounting entry referring to the investment made at RBD (PPP Bahia).
(2) Margins are calculated on net revenue (ex-construction).
(3) Excludes the write-down of financial assets and non-recurring expenses (see chapter on EBITDA).

### HIGHLIGHTS

- **Best Gross Revenue Ex. Covid in the company´s history, totaling R$312 million in 1Q23,** +11% compared to 1Q22, and this advance does not include any M&A or organic expansion in the period.
- **Adjusted EBITDA³** totaled **R$63 million** in 1Q23, +24% year-on-year, 145% quarter-on-quarter, **and the highest in the last 5 quarters, since 4Q21, a direct reflection of the execution of the operational restructuring started in late 2022.**
- **EBITDA margin of 22%,** more than double of the margin recorded in 4Q22.
- MRI exam volume **growth by 5% compared to 1Q22.**
- **Average ticket increase** in practically all exam types: MRI +10%, US +7%, CT +20% and AC Ex. Covid +16% vs. 1Q22, reinforcing the success of the commercial repositioning.
- **Decrease of 16%** in the unit cost of Clinical Analysis with internalization
- **Revenue Diversification**: Gross Vaccine Revenue increased 14 times compared to 1Q22
- Inauguration of **the first Advanced Technical Center (NTA)**, in the Midwest region, an area with great demand in CA.
- **ONA Certification:** Axial receives Level III certification.
- **New strategic partnerships**: with Hospital Israelita Albert Einstein, Centro de Hematologia de São Paulo, and startup Livance.

# MESSAGE FROM THE CEO

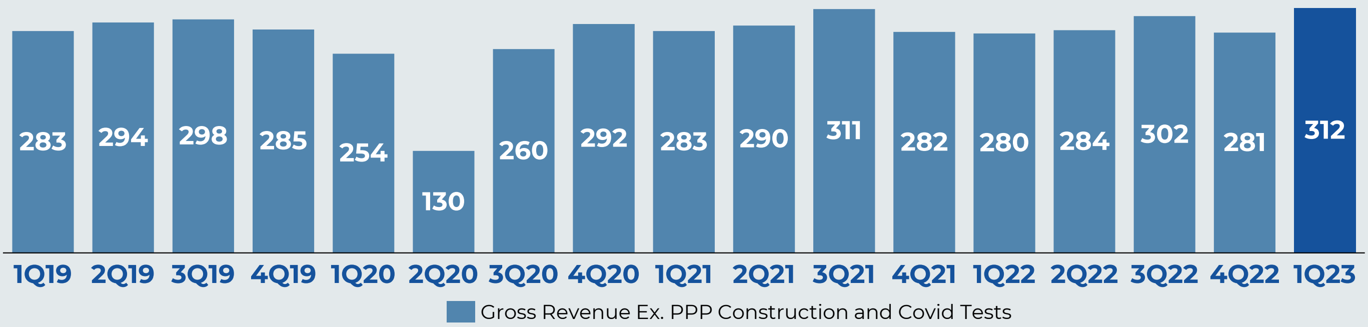
## "We cannot predict the future, but we can create it"

**(Dennis Gabor, recreated by Peter Drucker)**

**Dear shareholders,**

As mentioned in our last quarterly report, the Company's operational restructuring agenda continues to make progress, recording tangible results for the first time. We reported a record first quarter in terms of profitability, maximizing a good portion of our core financial and operational indicators: significant increase in revenue, expansion of the EBITDA margin, stabilization of the Company's leverage, and mainly the increase in the services provided to our customers.

Some of the quarter highlights were the **highest quarterly gross revenue ever reported in the Company's history (excluding COVID and PPP Construction), of R$312 million**, up by 11% over 1Q22, which, together with cost efficiency, led to a year-over-year rise of 24% in **Adjusted EBITDA** (+3 points in the margin) and a quarter-over-quarter growth of 145% in the same indicator (**+12 points in the margin**), totaling **R$63 million**. We also highlight the expansion of the EBITDA margin, which exceeded 20% this quarter, more than double the margin reported in 4Q22.




Several factors positively impacted our revenue:

(i) **Increase in the average ticket** in virtually all types of exams, reinforcing the correctness of the Company's commercial repositioning;

(ii) **Growth in the volume of imaging exams**, as a result of new accreditations, opening of new time slots for exams, and loyalty of our patients. We can feature the 5% year-over-year growth in MRI exams, which have the highest margin.

(iii) **Internalization of the Clinical Analysis Business Unit (CA) and Roll Out for the Group's brands**, a process started in 3Q22, which has been generating not only cost and expense savings but greater efficiency and quality in service provision. Even with the Gross Revenue of CA ex-COVID staying in line with 1Q22 (R$36 million), Revenue from the brands under rollout grew by 20% over 1Q22;

(iv) **Installation of more than 50 new Ultrasound (US) equipment** in our units, allowing the expansion of new time slots for exams and significant assistance to the mapped repressed demand, leading to a 14% increase in revenues from this type of exam (which has a high cross-sell rate with CA exams) It is worth noting that US equipment has a low invested cost;

(v) **Vaccination in 9 of our 15 brands**, with vaccination revenue **14x** higher than in 1Q22. It is still a small value within the Group's mix, but this result validates its growth potential, increases the Company's revenue mix, and expands cross-sell tools.

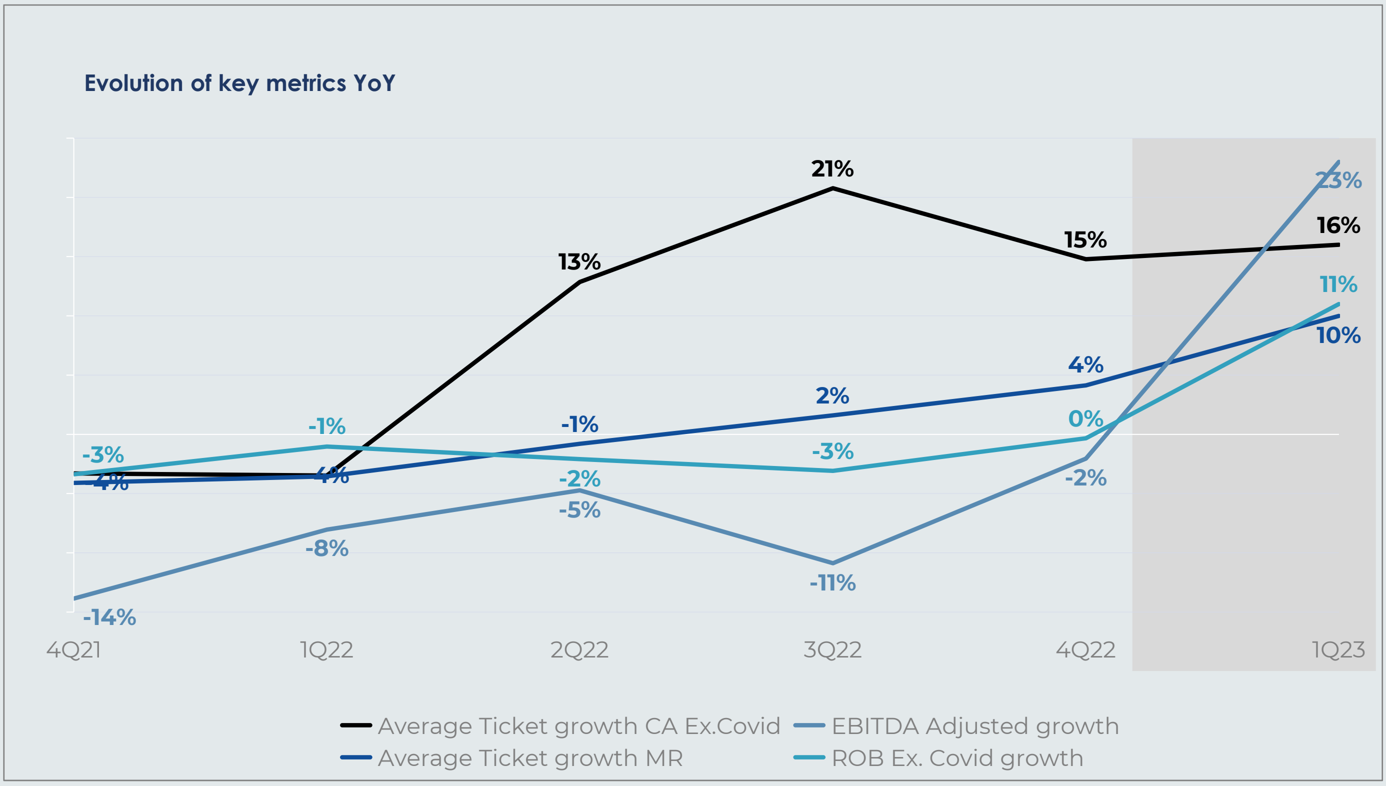
Advances are also being perceived in cost efficiency, expenses, and processes. The following impacts were a direct result of the internalization of Clinical Analysis services:

(i) The **unit cost per exam fell around 16%** from 1Q22;

(ii) **General and administrative expenses** rose 2.3% in 1Q23 over 1Q22 (below most inflation or adjustment indicators in the same period), but **fell 27% sequentially** (compared to 4Q22);

(iii) **Service level:** We now deliver **99.6% of the exams on time and reduced the recollection rate by 43%** throughout the operation. We currently deliver the exam results within 24 hours in our main brands and for the main exams, similarly to our competitors' main service levels. Our Axial brand has been certified with level III ONA (National Accreditation Organization), which has been evaluating healthcare service providers for more than two decades, working to adopt the best management and healthcare practices, leading to improved patient care.

The trend reversal, which was already noticed in 4Q22, became even clearer this quarter, as shown in the chart below, with an acceleration of the Company's main growth metrics, featuring the EBITDA's trajectory as a direct result of the combination of higher revenues and cost efficiency.




These results are likely to improve even further with the inauguration of our first **Advanced Technical Unit (NTA)** for clinical laboratory tests in Campo Grande/MS, in the Midwest region, given the latent demand in this area. The implementation of the NTA will allow for a reduction in the delivery time of exams in the areas of biochemistry, hematology, urinalysis, and point-of-care tests (POCT). In addition to faster delivery of clinical laboratory test results to customers, we will become more attractive to prescribing doctors and patients. In fact, regarding prescribing doctors, our medical visits team, created at the end of last year, has already quadrupled the number of visits in 1Q23, further reinforcing this lever as a revenue catalyst.

Another important aspect at the beginning of the year has been the **focus on customer experience.** We have simplified the structure and optimized processes aiming to increase the quality of service, and the first results were already seen. We increased digital scheduling by 8% and reduced no-shows by 4 p.p. compared to 1Q22. The impact of all the work on **our NPS was +7.7 p.p. compared to 1Q22.**

Regarding our strategy of being an alliance company, we continue to create strategic partnerships in the asset-light concept, strengthening the Company's positioning, and increasing and diversifying revenues. An example is the three new partnerships entered into this quarter:

**i.** with the **São Paulo Hematology Center (CHSP)**, in which we will be the supporting laboratory for the oncology and hematology clinic. This will allow us to increase the volume of clinical laboratory tests and enhance the CDB brand's service offering, by bringing not only an additional point of interface with patients but also increasing the brand portfolio with oncology and hematology tests. Furthermore, we will strengthen the medical relationship with specialists in the area, a specialty with significant growth that can attract new business opportunities not only with CHSP but also with doctors in general and other players in the segment.

**ii.** we entered into a partnership with **Hospital Israelita Albert Einstein** for the outsourcing of pathological anatomy tests, thus bringing relevant medical knowledge, technical quality, and integrated reports to our systems. This partnership brings great business synergies between the companies, as well as reputational prominence.

**iii.** with **Livance**, a medical coworking startup focused on improving the customer and physician journey through technology. We have partnered for Pap smear and cytogenetic testing, expanding the presence of the CDB brand as a relevant player in female tests. In addition, we will explore other ways of capturing demand through technological solutions, generating convenience for patients.

Finally, at the end of 2022, we implemented a Health Analytics squad, aimed at improving care for patients with care needs (screening gap) and chronic diseases, including the need for additional tests in the diagnosis. In 1Q23, we engaged more than 1 million patients, with high return and conversion rates. It is worth noting that the costs of implementing this area are low, as they only involve a dedicated workforce and the use of existing system platforms.

We remain focused on extracting the proper **PROFITABILITY** from this operation and **DELEVERAGING** the Company. The trend of revenue and EBITDA growth is already a reality. We consider the results achieved in this first quarter consistent with our operational restructuring and growth plan, being aware that the continuity of focus, discipline, and excessive pursuit of simplification in processes and decision-making will be constant. The Company has a highly competent and motivated team, from the executive board to our more than five thousand employees throughout the country. This is not just the beginning of a journey, but a new beginning. And with the certainty that more sustainable results and greater accomplishments will be achieved.

We thank you for your support so far, especially from our entire team, and reiterate our commitment to transparency and fairness with all partners and stakeholders.

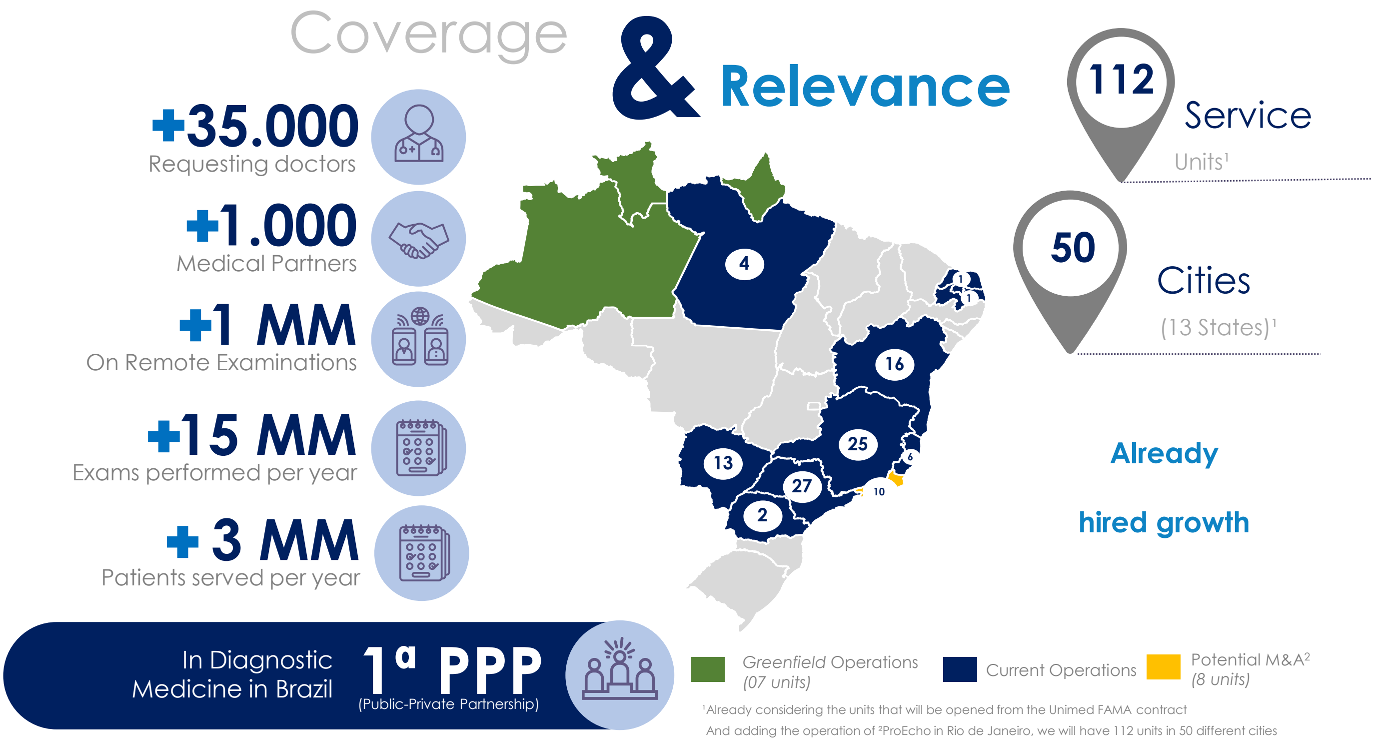
**Pedro Thompson**
**CEO**

**Aliança – Excelência em Saúde**. We are a company that aims to value and strengthen the sense of alliance between Growth, Efficiency, Clients, People and Quality Health - our 5 pillars. Alliança also represents the strengthening of our strategic alliances and partnerships. Alliança seeks new ways to change the health segment in Brazil. This means reinventing business models and ensuring protagonism, giving visibility to an attentive, modern and young company, even within a traditional segment. Under the Alliança brand, our purpose is to keep innovating and bringing quality service to our clients.

## CORPORATE PROFILE

# ALLIANÇA IS ONE OF THE LARGEST AND MOST APPRECIATED HEALTH DIAGNOSIS SYSTEMS IN THE COUNTRY

Present in 51 cities in 13 Brazilian states, with a total of 112 service units strategically distributed (of which 7 are in pre-operational phase[1]), the Company has the most modern technological park in the high complex diagnostic medicine segment in Brazil, being the second largest company in number of magnetic resonance equipment in the sector, in addition to CT scanners and ultrasounds resulting from massive investments in technology imports.



| Operating Indicators | Assets | | | | | |
|---|---|---|---|---|---|---|
| End of period | 1Q23 | 4Q22 | QoQ | 1Q23 | 1Q22 | YoY |
| Units | 97 | 97 | 0.0% | 97 | 99 | -2.0% |
| Mega | 17 | 17 | *0.0%* | 17 | 17 | *0.0%* |
| Standard | 68 | 68 | 0.0% | 68 | 70 | -2.9% |
| Collection Units | 12 | 12 | *0.0%* | 12 | 12 | *0.0%* |
| MRI equipment | 112 | 112 | 0.0% | 112 | 112 | 0.0% |
| CA rooms | 304 | 304 | *0.0%* | 304 | 280 | *8.6%* |

We were able to **adjust the average ticket for virtually all types of exams this quarter**, positively impacting Gross Revenue by **R$21 million.** The average ticket for MRIs was 10% higher compared to 1Q22, as a result of commercial efforts. Meanwhile, the average ticket for CA ex-COVID increased by 16% in 1Q23, due to a better commercial positioning and a more efficient service mix. Including COVID tests, the average ticket dropped by 17% from 1Q22, due to a lower share of revenue from these exams, which had higher prices.

| | US | MR | CA | CT |
|---|---|---|---|---|
| % Readjusted vs. 1Q22 | **+7%** | **+10%** | **+16%** | **+20%** |

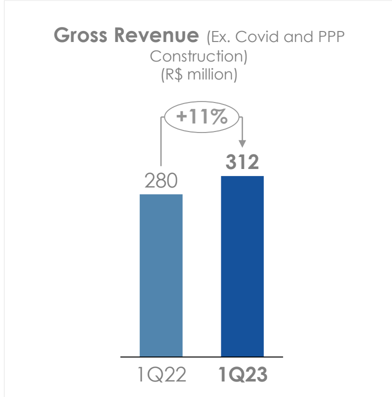
The number of MRI exams/equipment/day increased by 4.5%, as a result of several activities such as the restructuring of our call center and the opening of new time slots for exams (including weekends and evenings). We expect this metric, combined with the ongoing verticalization process for CA exams, will increasingly improve in the next few quarters and positively contribute to the increase in profitability.

It is worth highlighting that the share of out-of-pocket exams, excluding COVID tests, already accounts for 13% of gross revenue, which also positively impacts our average ticket.

| | Performance | | |
|---|---|---|---|
| | 1Q23 | 1Q22 | YoY |
| **Services** | | | |
| MRI Exams ('000) | 199.6 | 191.0 | *4.5%* |
| CA Exams ('000) | 2.108.9 | 2.535.9 | -16.8% |
| CA Exams ex-Covid ('000) | 2.107.8 | 2.481.7 | *-15.1%* |
| **Average Ticket** | | | |
| MRI Avg. Ticket (R$) | 565.1 | 514.6 | *9.8%* |
| CA Avg. Ticket (R$) | 17.3 | 20.8 | -16.8% |
| CA ex-Covid Avg. Ticket (R$) | 17.2 | 14.8 | *16.3%* |
| **Average Daily Production** | | | |
| MRI Exams/Equipment/Day | 28.5 | 27.3 | *4.5%* |

## FINANCIAL PERFORMANCE / GROSS REVENUE

Gross Revenue ex-PPP[1] Construction of exams, including COVID tests, totaled **R$312 million** in 1Q23, up by 5% over 1Q22, even considering the drop in revenues related to COVID tests and the slowing down of the pandemic as of the second half of 2022, as well as the impact of summer holidays and Carnival, which reduce demand for exams. **COVID-19 tests as a percentage of Gross Revenue dropped to 0.1% of the total in 1Q23, compared to 5.4% in 1Q22.** Excluding COVID and Construction, Gross Revenue ex-PPP Construction was 11% higher than in the previous year.

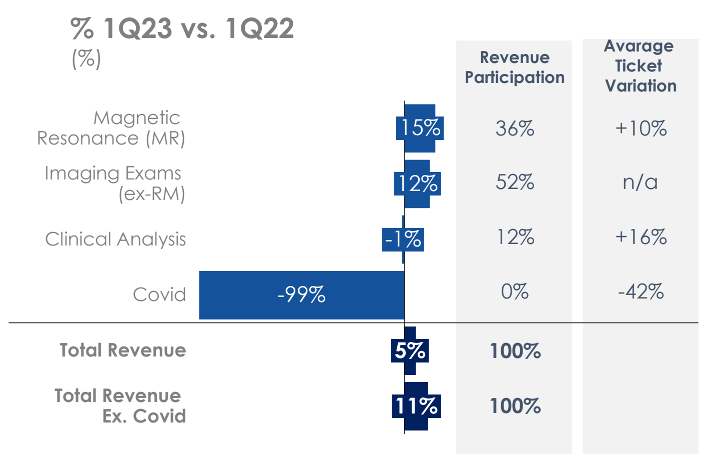


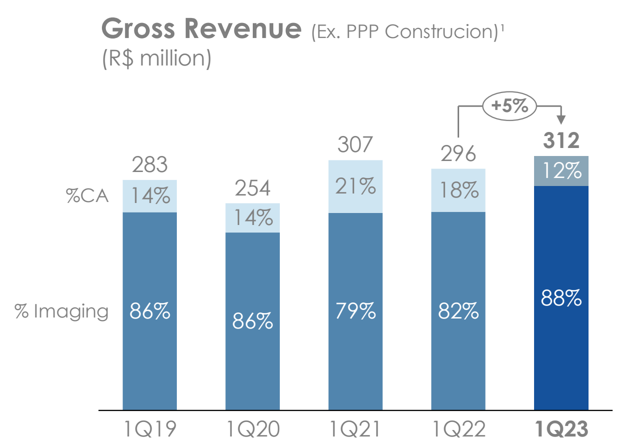

Revenue from imaging diagnostics grew by 13% in 1Q23 over 1Q22, driven by MRIs (+15%), due to the increased volume of exams, average tickets, and productivity. Meanwhile, revenue from clinical analyses, excluding COVID, remained virtually flat in the period.

The significant improvement in the volume of imaging exams performed was the result not only of the opening of new time slots for exams and operating efforts but also because of new health plan accreditations, compensating by R$16 million the natural decrease in revenue from COVID tests.

| **Receita Bruta** (R$ Million) | 1Q23 | 1Q22 | YoY |
|---|---|---|---|
| **Gross Revenue Ex. PPP Construcion[1] and Covid** | **311.7** | **280.1** | ***11.3%*** |
| Gross Revenue Ex. PPP Construction[1] | 311.9 | 296.1 | 5.3% |
| Diagnostic Imaging | 275.4 | 243.4 | *13.2%* |
| MRI | 112.8 | 98.3 | 14.8% |
| Ex-MRI Imaging | 162.6 | 145.1 | *12.1%* |
| Clinical analysis | 36.5 | 52.8 | -30.8% |
| Construction Revenue | 0.5 | 0.1 | *281.7%* |
| Gross Revenue | 312.4 | 296.2 | 5.5% |
| Deductions | -22.8 | -21.1 | *8.0%* |
| Net Revenue | 289.7 | 275.2 | 5.3% |
| Net Revenue (ex-construction) | 289.2 | 275.0 | *5.1%* |

[1] Excludes "construction revenue" and "construction costs", an accounting entry referring to the investment made in RBD (PPP Bahia)




[1] Exclui "receita de construção", lançamento contábil referente ao investimento realizado na RBD (PPP Bahia);

## GROSS REVENUE / GROSS MARGIN

| Lucro Bruto Trimestre (R$ Million) | 1Q23 | 1Q22 (proforma)[2] | 1Q22 | YoY[2] | % NR 1Q23 | % NR 1Q22 | YoY (proforma) |
|---|---|---|---|---|---|---|---|
| **Net Revenue Ex. PPP Construction[1]** | **289.2** | **275.0** | **275.0** | 5.1% | - | - | - |
| **Cost Ex. PPP Construction[1]** | **-189.7** | **-199.9** | **-188.8** | -5.1% | -65.6% | -72.7% | *7.1 p.p.* |
| Medical Services | -58.3 | -53.6 | -53.6 | 8.7% | -20.2% | -19.5% | *0.7p.p.* |
| Personnel | -44.4 | -44.7 | -44.7 | -0.8% | -15.3% | -16.3% | *0.9 p.p.* |
| Supplies and Support Labs | -28.8 | -41.5 | -41.5 | -30.7% | -10.0% | -15.1% | *5.1 p.p.* |
| Maintenance | -4.5 | -7.7 | -8.4 | -41.3% | -1.6% | -2.8% | *1.2 p.p.* |
| Occupancy | -9.0 | -9.4 | -3.4 | -3.9% | -3.1% | -3.4% | *0.3 p.p.* |
| Third-party Services and Others | -18.3 | -17.1 | -11.3 | 6.9% | -6.3% | -6.2% | *-0.1p.p* |
| Depreciation (cost) | -26.5 | -25.8 | -25.8 | 2.6% | -9.2% | -9.4% | *0.2 p.p.* |
| **Gross Profit** | **99.4** | **75.2** | **86.2** | 32.3% | 34.4% | 27.3% | *7.1 p.p.* |
| Construction Costs | -0.5 | -0.1 | -0.1 | 281.7% | -0.2% | 0.0% | *-0.1p.p* |

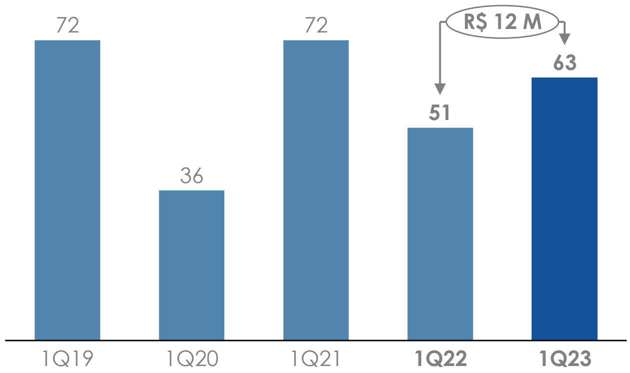
[1] Excludes "construction revenue" and "construction costs", an accounting entry referring to the investment made in RBD (PPP Bahia).

[2] For better comparability purposes, the proforma considers reclassifications carried out in the Maintenance, Occupation, Third-Party Service and Other lines; only between costs and expenses, with no impact on EBITDA and Net Income

The **Gross Profit** totaled **R$99 million** in 1Q23, up by **32%** over 1Q22, with the **gross margin** increasing by **7 percentage points**. This result was achieved through a combination of revenue growth with operational and cost efficiency, even considering the impact of the reclassification of certain costs.

The increase in medical fees, third-party services, and depreciation lines was fully offset, mainly by the reduction in costs with inputs and support laboratories (-30%) and maintenance (-40%), leading to a **5% decrease** in **Costs ex-PPP Construction** compared to 1Q22, when the 12-month accumulated inflation (March 2023) reached 4.65%. Such performance is directly related to our strategy of verticalizing Clinical Analysis services, which managed to reduce the unit cost of CA exams by around 16%, increasing the efficiency and quality of the processes.

# EBITDA / EBITDA MARGIN




| EBITDA (R$ Million) | 1Q23 | 1Q22 (proforma)[3] | 1Q22 | YoY[3] | % NR 1Q23 | % NR 1Q22 | YoY (proforma) |
|---|---|---|---|---|---|---|---|
| **Net Revenue Ex. PPP Construction** | **289.2** | **275.0** | **275.0** | **5.2%** | - | - | - |
| **Gross Profit** | **99.4** | **75.2** | **86.2** | **32.3%** | 34.4% | 27.3% | *7.0 p.p.* |
| Adjusted General Expenses[1] | -75.7 | -61.1 | -72.1 | 23.9% | -26.2% | -22.2% | *0.4 p.p.* |
| Personnel | -48.9 | -32.7 | -32.7 | 49.5% | -16.9% | -11.9% | *-5.0 p.p.* |
| Occupancy, third-p., others | -25.0 | -24.6 | -35.6 | 1.6% | -8.6% | -8.9% | *0.3 p.p.* |
| Depreciation (expense) | -1.9 | -3.2 | -3.2 | -40.6% | -0.7% | -1.2% | *0.5 p.p.* |
| Incentive program (shares) | 0.1 | -0.7 | -0.7 | -114.3% | 0.0% | -0.3% | *0.3 p.p.* |
| Other expenses, net | 0.3 | -3.1 | -3.1 | -109.7% | 0.1% | -1.1% | *7.0 p.p.* |
| Earnings (loss) of subsidiaries | 2.5 | 2.9 | 2.9 | -13.8% | 0.9% | 1.1% | *-0.2 p.p.* |
| **Adjusted EBITD** | **26.4** | **13.9** | **13.9** | **89.9%** | 9.1% | 5.1% | *4.1 p.p.* |
| (+) Deprec. and amort.(total) | 28.4 | 29.1 | 29.1 | -2.4% | 9.8% | 10.6% | *-0.8 p.p.* |
| (+) Adj. write-off financial assets[1] | 8.4 | 8.2 | 8.2 | 2.4% | 2.9% | 3.0% | *-0.1 p.p.* |
| **Adjusted EBITDA** | **63.2** | **51.2** | **51.2** | **23.6%** | 21.9% | 18.6% | *3.3 p.p.* |
| (+) Adj. write-off financial assets[1] | -8.4 | -8.2 | -8.2 | 2.4% | -2.9% | -3.0% | *0.1 p.p.* |
| (+) Non-recurring expenses | -1.5 | -3.9 | -3.9 | -62.5% | -0.5% | -1.5% | *0.9 p.p.* |
| Personnel | 0.0 | -3.0 | -3.0 | -100.0% | 0.0% | -1.1% | *1.1 p.p.* |
| Occupancy, third-p., others | -1.5 | -0.3 | -0.3 | *n/a* | -0.5% | -0.1% | *-0.4 p.p.* |
| Other expenses, net | 0.0 | -0.6 | -0.6 | -100.0% | 0.0% | -0.2% | *0.2 p.p.* |
| **EBITDA** | **53.3** | **39.1** | **39.1** | **36.3%** | **18.4%** | **14.2%** | **4.2 p.p.** |

[1] Adjustment for non-recurring expenses.
[2] Recurring adjustment referring to the recovery of investments made by RDB, in the public-private partnership with the State of Bahia, and non-recurring expenses.
[3] For better comparability purposes, the proforma considers reclassifications carried out in the Maintenance, Occupation, Third-Party Service and Other lines; only between costs and expenses, with no impact on EBITDA and Net Income

n/a.: not applicable

**Adjusted EBITDA** totaled **R$63 million** in 1Q23, up by **24%** over 1Q22, with **a positive impact of 3 percentage points on the Adjusted EBITDA margin**. The increase in EBITDA is directly related to (i) the increase in net revenue, and (ii) the greater dilution of general expenses, both of which arising from the levers implemented by the current management, even considering the impact of personnel expenses in the period.

**Personnel expenses** totaled **R$49 million** in 1Q23, up by 50% over 1Q22, due to (i) retained collective bargaining agreements and promotions granted during the first half of 2022; and (ii) hires in new growth verticals, mainly for the roll-out of CA units and regional call centers.

**Non-recurring expenses** totaled **R$1.5 million** in 1Q23, mainly referring to the Company's organizational restructuring (consultancy, legal advisors, and other fees **related to the ongoing restructuring**).

# FINANCIAL RESULT AND DEBT

| Financial Result (R$ Million) | 1Q23 | 4Q22 | 1Q22 | YoY |
|---|---|---|---|---|
| Financial revenue | 3.3 | 3.2 | 1.3 | 154.8% |
| Financial expenses | -46.3 | -49.8 | -28.8 | 60.6% |
| Lease interest | -7.7 | -7.9 | -7.3 | 5.0% |
| FX effect on USD debt | 0.0 | 0.0 | 0.2 | -98.5% |
| **Total** | **-50.8** | **-54.4** | **-34.7** | **46.4%** |

The Company reported increase in financial expenses compared to the same period of the previous year, impacted mainly by the increase in the interest rates in the period.

| Debt (R$ Million) | Mar/23 | Dec/22 | Mar/21 | YoY |
|---|---|---|---|---|
| Borrowings and debentures | 1,014.8 | 1,035.0 | 761.6 | 33.3% |
| Derivative financial instruments | 5.9 | -1.7 | 7.5 | -20.7% |
| **Gross bank debt** | **1,020.8** | **1,033.3** | **769.0** | **32.7%** |
| Gross bank debt - R$ | 896.7 | 907.3 | 655.9 | 36.7% |
| Gross bank debt - US$ | 124.1 | 126.0 | 113.1 | 9.7% |
| Tax payments in installment | 7.0 | 7.3 | 9.0 | -22.7% |
| Acquisitions of companies | 15.7 | 15.0 | 43.5 | -63.9% |
| **Total gross debt** | **1,043.4** | **1,055.7** | **821.5** | **27.0%** |
| **Cash and equivalents** | **157.8** | **221.8** | **84.5** | **86.7%** |
| **Total net debt** | **885.7** | **833.9** | **737.0** | **20.2%** |
| Adjusted EBITDA LTM | 194.9 | 182.7 | 237.4 | -17.9% |
| **Total Net Debt/Adjusted EBITDA LTM** | **4.5 x** | **4.6 x** | **3.1 x** | **1.4 x** |

**Net debt** totaled **R$886 million at the end of 1Q23, up by 20% over 1Q22, mainly due to higher** financial expenses. The **Total Net Debt/LTM Adjusted EBITDA** ratio stood at **4.5x** at the end of the period.

The Company ended the quarter with **R$158 million in cash** and cash equivalents, up by 87% over the figure reported in 1Q22.

Among the actions already being implemented to reduce the Company's leverage, we highlight our focus on profitability and the increase in the operating margin through the contracted generation of EBITDA, in addition to improvements in working capital with the reduction of receivable days and extension of payable days, among others.

# INCOME TAX AND SOCIAL CONTRIBUTION

| Income Tax (R$ Million) | 1Q23 | 1Q22 | YoY |
|---|---|---|---|
| **EBIT** | **-25.8** | **-24.7** | **4.4%** |
| **Taxes on Income** | **-7.9** | **10.2** | **n/a** |
| *Current taxes on income* | *-5.4* | *-4.5* | *18.8%* |
| *Deferred taxes on income* | *-2.5* | *14.7* | *n/a* |
| **Effective tax rate** | **n/a** | **41.3%** | **n/a** |

## NET RESULT

| Net Result (R$ Million) | 1Q23 | 1Q22 | YoY |
|---|---|---|---|
| Attributed to the controlling shareholders | -36.2 | -16.5 | 118.7% |
| Attributed to non-controlling shareholders | 2.5 | 2.0 | 22.9% |
| **Net Income/Loss** | **-33.7** | **-14.5** | **132.0%** |
| (+) Non-recurring expenses | 1.5 | 4.0 | -62.5% |
| **Adjusted Net Income/Loss** | **-32.2** | **-10.6** | **205.2%** |
| **Net Margin** | **-11.7%** | **-5.3%** | **-637 bps** |
| **Adjusted Net Margin** | **-11.1%** | **-3.8%** | **-730 bps** |
| Earnings per share (R$) | -0.31 | -0.14 | 118.7% |

1Q23 closed with an Adjusted Net Loss of **R$32 million**, mainly due to higher financial expenses in the period.

| Capex (R$ Million) | 1Q23 | 1Q22 | YoY |
|---|---|---|---|
| Organic expansion | 17.4 | 8.6 | 101.7% |
| Maintenance | 10.8 | 8.1 | 34.4% |
| Other | 5.7 | 4.6 | 24.0% |
| **Total CAPEX** | **33.9** | **21.3** | **59.4%** |
| Financial asset (RBD) | 0.5 | 0.1 | 281.7% |
| **TOTAL** | **34.4** | **21.4** | **60.8%** |

Investments totaled **R$34 million** in 1Q23, with the main objectives being the **renovation of the existing units and their installed parks.**

## FINANCIAL PERFORMANCE

| Income Statement (R$ Million) | 1Q23 | 1Q22 | YoY |
|---|---|---|---|
| Gross Revenue Ex. PPP Construction[1] | 311.9 | 296.1 | 5.3% |
| Deductions Ex. PPP Construction[1] | -22.7 | -21.1 | 7.9% |
| **Net Revenue** Ex. PPP Construction[1] | 289.2 | 275.0 | 5.1% |
| Cost of service Ex. PPP Construction[1] | -189.8 | -188.8 | 0.5% |
| Gross profit | **99.4** | **86.2** | ***15.3%*** |
| *Gross margin* | 34.4% | 31.3% | 3.0 p.p. |
| General expenses | (77.2) | (75.4) | 2.3% |
| Other income (expenses), net | 0.3 | -3.7 | n/a |
| Share of profit (loss) on investments | 2.5 | 2.9 | -14.7% |
| (+) Depreciation and amortization (total) | 28.4 | 29.1 | -2.5% |
| EBITDA | **53.3** | **39.1** | ***36.6%*** |
| (+) Adjustment in RBD (PPP Bahia) | 8.4 | 8.2 | 3.0% |
| (+) Non-recurring expenses | 1.5 | 4.0 | -62.5% |
| **Adjusted EBITDA** | **63.2** | **51.2** | ***23.6%*** |
| ***Adjusted EBITDA margin*** | 21.9% | 18.6% | 3.3 p.p. |
| (+) Depreciation and amortization (total) | (28.4) | (29.1) | -2.5% |
| Financial result | (50.8) | (34.7) | 46.5% |
| **EBIT** | **(25.8)** | **(24.7)** | ***4.4%*** |
| Taxes | (7.9) | 10.2 | n/a |
| *Effective tax rate* | n/a | 41.3% | n/a |
| **Net income (loss)** | **(33.7)** | **(14.5)** | ***132.0%*** |
| *Net margin* | -11.7% | -11.7% | 0.0 p.p. |
| **Adjusted net income (loss)[2]** | **(32.2)** | **(10.6)** | ***205.2%*** |
| *Adjusted net margin* | -11.1% | -3.8% | -7.3 p.p. |

[1] Recurring adjustment, corresponding to the recovery of investments made by RBD in the PPP with the State of Bahia.
[2] Adjustment referring to non-recurring expenses.
n/a.: not applicable

# OPERATING CASH FLOW AND FREE CASH FLOW

| Cash Flow (R$ Million) | 1Q23 | 1Q22 | YoY |
|---|---|---|---|
| **(1) Adjusted EBITDA** | **63.2** | **51.2** | **23.6%** |
| (2) Non-cash items | -16.1 | -7.0 | 131.1% |
| (3) Working capital[a] | 1.4 | -12.5 | n/a |
| Accounts receivable | 0.1 | -22.2 | n/a |
| Trades payable | 3.9 | 17.4 | -77.3% |
| Payroll and related taxes | 2.0 | 6.9 | -70.8% |
| Taxes payable and taxes in installments | 15.4 | 6.6 | 133.1% |
| Other | -20.1 | -21.2 | -5.2% |
| (4) Current income tax | -5.4 | -4.5 | 18.8% |
| **(5) Operating cash flow** [=(1)+(2)+(3)+(4)] | **43.2** | **27.2** | **58.9%** |
| **(6) Investing activities**[b] | **-34.4** | **-21.4** | **60.8%** |
| PPE and intangible assets, net | -33.9 | -21.3 | 59.4% |
| Financial asset (Capex RBD) | -0.5 | -0.1 | 280.2% |
| **(7) Free cash flow** [= (5)+(6) ex-M&A] | **8.8** | **5.8** | **51.9%** |
| **(8) Financing activities**[c] | **-73.0** | **-51.5** | **41.7%** |
| Dividends / IOC paid | 0.0 | -1.4 | -100.0% |
| Borrowings, leases and amortizations, net | -51.3 | -6.9 | 640.4% |
| Financial expenses | -21.4 | -42.8 | -49.9% |
| Related parties | -0.2 | -0.4 | -37.6% |
| **(9) Cash increase (decrease)** [= (7)+(8)] | **-64.1** | **-45.7** | **40.4%** |
| **Conversion (Operating CF / Adjusted EBITDA)** | **68.3%** | **53.1%** | *15.2 p.p.* |
| Adjusted EBITDA | 63.2 | 51.2 | 23.6% |

a) Excludes Financial Asset (Capex RBD), considered in Investment
b) Includes Financial Asset (Capex RBD) and excludes financial investments and related parties, considered in Financing
c) Includes debt from acquisitions, financial investments and related parties.

## BALANCE SHEET ON MARCH 31, 2023 AND DECEMBER 31, 2022

(R$ '000)

| ASSETS | Consolidated March 31, 2023 | Consolidated March 31, 2022 |
|---|---|---|
| CURRENT | | |
| Cash and cash equivalents | 154,614 | 218,744 |
| Accounts receivable | 189,298 | 186,219 |
| Inventories | 13,349 | 14,631 |
| Financial assets in concessions - short-term | 16,247 | 15,236 |
| Taxes recoverable | 53,570 | 42,254 |
| Derivative financial instruments - assets | - | 1,687 |
| Other receivables - short-term | 6,066 | 5,513 |
| **Total current assets** | **433,144** | **484,284** |
| NON-CURRENT | | |
| Securities - long-term | 3,140 | 3,063 |
| Escrow deposits | 25,056 | 24,602 |
| Refund guarantee for contingencies | 8,591 | 7,730 |
| Related parties - long-term | 18,330 | 18,004 |
| Deferred income tax and social contribution - asset | 206,530 | 205,228 |
| Decrease (increase) in financial asset - long-term | 64,487 | 68,510 |
| Investments | 6,100 | 4,134 |
| Property, plant & equipment | 550,399 | 537,198 |
| Intangible assets | 991,356 | 988,877 |
| Lease right of use | 264,552 | 273,824 |
| **Total non-current assets** | **2,138,541** | **2,131,170** |
| NON-CURRENT | | |
| **TOTAL ASSETS** | **2,571,685** | **2,615,454** |

| LIABILITIES AND EQUITY | Consolidated March 31, 2023 | Consolidated March 31, 2022 |
|---|---|---|
| CURRENT | | |
| Trades payable | 98,122 | 94,175 |
| Payroll and related taxes | 69,389 | 67,371 |
| Loans, financing and debentures - short-term | 405,227 | 424,490 |
| Lease - short-term | 33,876 | 33,785 |
| Tax liabilities | 45,444 | 34,224 |
| Tax payments in installment - short-term | 2,253 | 2,215 |
| Accounts payable – company acquisition - short-term | 15,691 | 15,044 |
| Trades payable | 90 | 91 |
| Derivative financial instruments - short-term | 5,925 | - |
| Other trades payable - short-term | 7,139 | 6,994 |
| **Total current liabilities** | **683,156** | **678,389** |
| NON-CURRENT | | |
| Loans, financing and debentures - long-term | 609,612 | 610,467 |
| Lease - LT | 259,120 | 266,481 |
| Related parties - liabilities | 118 | 38 |
| Tax payments in installment - long-term | 4,711 | 5,130 |
| Accounts payable – company acquisition - long-term | - | - |
| Deferred Tax - liabilities | 17,963 | 17,334 |
| Provision for legal risk | 51,806 | 50,172 |
| Other trade payables - long-term | 5,451 | 5,526 |
| **Total non-current liabilities** | **948,781** | **955,148** |
| EQUITY | | |
| Share capital | 612,412 | 612,412 |
| Capital reserves | 612,863 | 619,678 |
| Treasury shares | (2,280) | (5,448) |
| Accumulated losses and other comprehensive income | (316,048) | (276,946) |
| Controlling shareholders' equity | 906,947 | 949,696 |
| Non-controlling interest | 32,801 | 32,221 |
| **Total shareholders' equity** | **939,748** | **981,917** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **2,571,685** | **2,615,454** |

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# STATEMENTS OF PROFIT AND LOSS

## FOR THE QUARTERS ENDED MARCH 31, 2023 AND MARCH 31, 2022

**(R$ ‘000)**

| Consolidated | 1Q23 | 1Q22 |
|---|---|---|
| Net revenue | 289.561 | 275.157 |
| Cost of services | (190.217) | (188.950) |
| Gross profit | 99.434 | 86.207 |
| | | |
| Operating (expenses) income | | |
| General and administrative expenses | (77.210) | (75.450) |
| Other revenue (expenses), net | 272 | (3.705) |
| Share of profit (loss) on investments | 2.456 | 2.880 |
| **Operating profit before result** | 24.951 | 9.932 |
| | | |
| Financial result | (50.765) | (34.661) |
| Financial expenses | (54.036) | (35.945) |
| Financial income | 3.271 | 1.284 |
| | | |
| Operating income (loss) before tax and social contribution | (25.814) | (24.729) |
| | | |
| Income and social contribution taxes | | |
| Current and deferred | (7.879) | 10.207 |
| | | |
| **Net income (loss) for the period** | (33.693) | (14.522) |
| | | |
| Attributable to controlling shareholders | (36.179) | (16.546) |
| Attributable to non-controlling shareholders | 2.486 | 2.025 |

# CASH FLOW STATEMENT

## ON MARCH 31, 2023 AND MARCH 31, 2022 (R$ '000)

CASH FLOW STATEMENT

| CASH FLOW FROM OPERATING ACTIVITIES | Consolidated | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| **Net income (loss) for the period** | **(33,693)** | **(14,522)** |
| Adjustments to reconcile net income to net cash generated by (used in) operating activities: | 75,827 | 48,039 |
| Depreciation and amortization | 28,398 | 29,126 |
| Stock options granted | 113 | 653 |
| Residual value of property, plant and equipment and write-off of rights of use | - | 11 |
| Financial charges, foreign exchange, and derivatives | 52,743 | 33,819 |
| Update of financial assets | (4,853) | (5,452) |
| Share of profit (loss) on investments | (2,456) | (2,880) |
| Allowance for doubtful accounts, net | 304 | 3,518 |
| Provision for civil, labor and tax risks, net | 713 | 3,448 |
| Deferred taxes | 865 | (14,204) |
| | **42,134** | **33,517** |
| **Decrease (increase) in operating assets:** | **(6,491)** | **(32,014)** |
| Accounts receivable | 4,980 | (16,758) |
| Inventories | 1,282 | (1,721) |
| Decrease (increase) in other assets | (12,255) | (13,404) |
| Decrease (increase) in financial asset | (498) | (131) |
| **Increase (decrease) in operating liabilities:** | **9,036** | **24,714** |
| Trades payable | 3,947 | 17,365 |
| Payroll and related taxes | 2,018 | 6,914 |
| Taxes payable and taxes in installments | 15,389 | 6,602 |
| Increase (decrease) in other liabilities | (7,610) | (2,086) |
| Income tax and social contribution paid | (5,198) | (7,266) |
| Dividends and interest on equity from subsidiaries | 490 | 3,185 |
| **Net cash generated from operating activities** | **44,679** | **26,217** |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Related parties | (247) | (396) |
| Acquisition of property and equipment and intangible assets | (33,957) | (21,296) |
| **Net cash generated (used) in investing activities** | **(34,204)** | **(21,692)** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Dividends paid | - | (1,393) |
| Borrowings and debentures, net | 4,918 | 142,008 |
| Interest paid | (23,345) | (41,894) |
| Repayment of borrowings, financing, derivatives and lease | (56,178) | (148,931) |
| **Net cash generated (used) in financing activities** | **(74,605)** | **(50,210)** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | - **(64,130)** | **(45,685)** |
| **CASH AND CASH EQUIVALENTS** | | |
| Beginning of period | 218,744 | 127,310 |
| End of period | 154,614 | 81,625 |

# DISCLAIMER

This report may contain certain forward-looking statements and information relating to Aliança Participações em Saúde S.A. (Aliança) and its subsidiaries that reflect the current views and/or expectations of the Company's management with respect to its performance, business and future events. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like "believe", "anticipate", "expect", "estimate", "could", "envisage", "potential", "will likely result", or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. Please note that a number of important factors can lead to different actual results and that third parties (including investors) are solely and exclusively responsible for any investment or business decision made or action taken in reliance on the information and statements contained in this report or for any consequential, special or similar damages. Aliança does not undertake any obligation to update or revise any forward-looking statements as a result of new information and/or future events. In addition to factors identified elsewhere in this report, the following factors, among others, could cause actual results to differ materially from the forward-looking statements or historical performance: changes in the preferences and financial condition of our consumers, and competitive conditions in the markets we serve; changes in economic, political and business conditions in Brazil; government interventions resulting in changes in the Brazilian economy, taxes, tariffs or regulatory environment; our ability to compete successfully; changes in our business; our ability to successfully implement marketing strategies; our identification of business opportunities; our ability to develop and introduce new products and services; changes in the cost of products and our operating costs; our level of indebtedness and other financial obligations; our ability to attract new customers; inflation in Brazil; depreciation of the real against the U.S. dollar and interest rate fluctuations; present or future changes in laws and regulations; and our ability to maintain existing business relationships and create new relationships.