

2Q24 Earnings Release



Earnings Call Presentation

August 9th, 2024 (Friday)

Portuguese (with simultaneous translation to English)

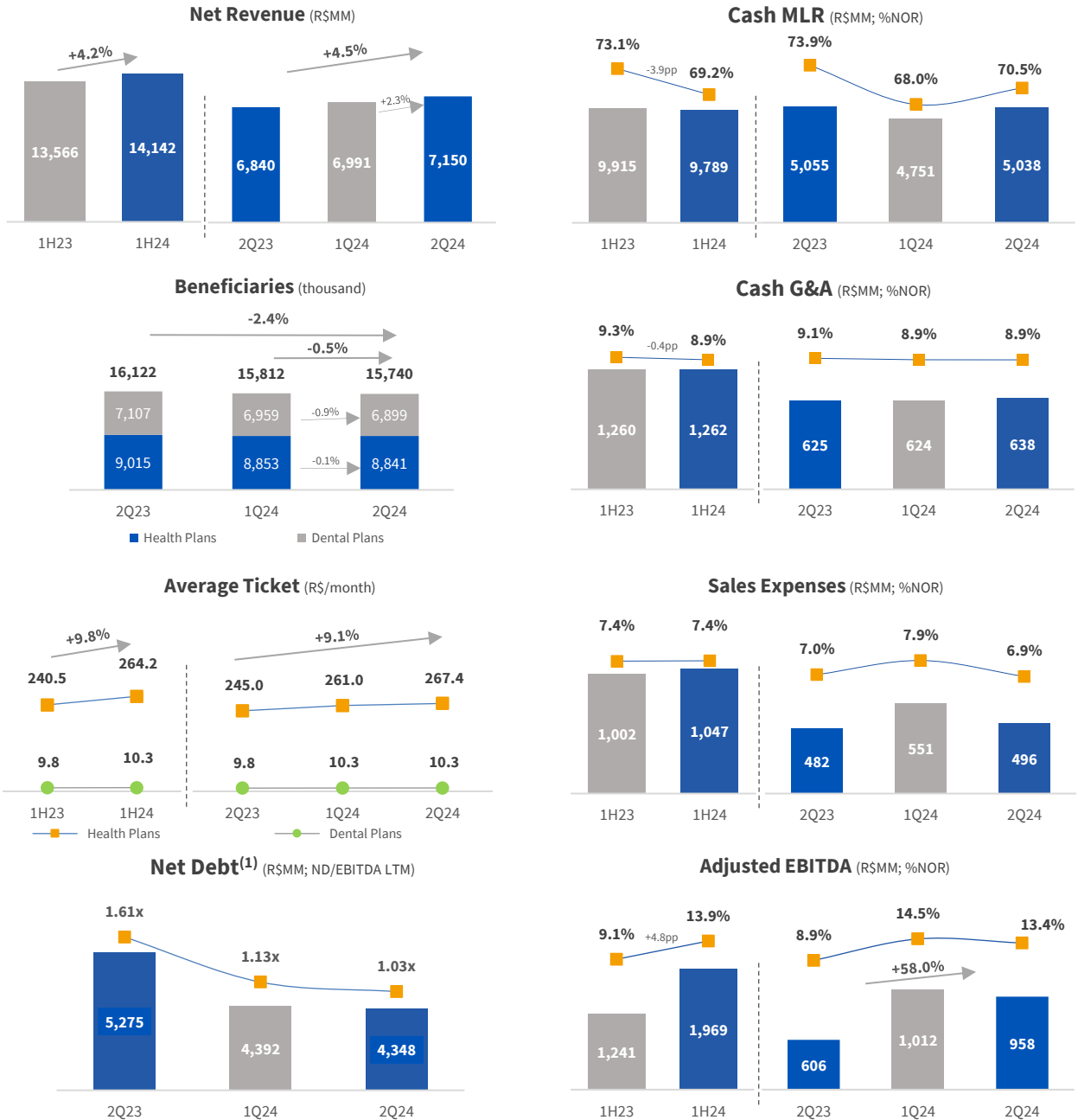
10am (EDT - NY) | 11am (BRT)

ri.hapvida.com.br/en

Summary

The company has remained disciplined and focused on its strategy of gradually recovering margins to healthy levels, with efforts dedicated to building an increasingly sustainable portfolio, responsible underwriting and cost management, always striving for a high quality and welcoming service. This strategy has allowed the Company's Cash Loss Ratio to show a significant reduction of 3.9 p.p. compared to 1H23, expanding the Adjusted EBITDA margin significantly, from 9.1% to 13.9% in the first half of 2024.

Throughout the quarter, the company remained delivering healthy cash flow levels, allowing it to continue the gradual deleveraging process and increasing its investments in the qualification and expansion of its own network.

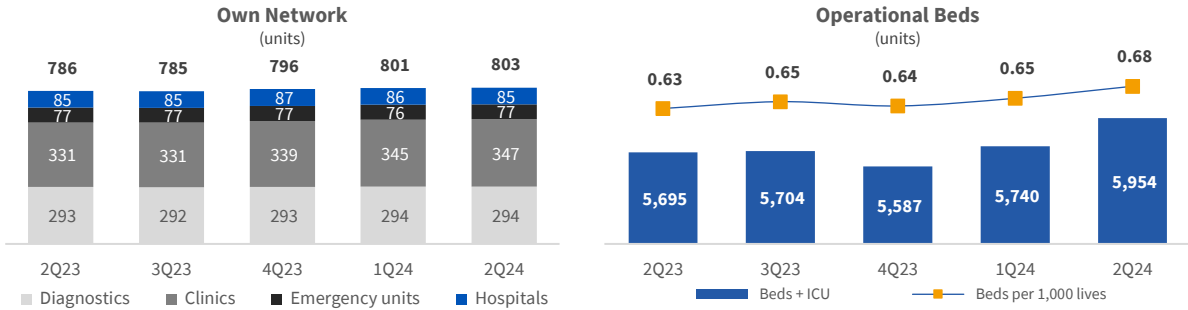


(1) Contractual covenant

Operational Highlights

OWN NETWORK

At the end of the quarter, we had 85 hospitals, 77 emergency units, 347 clinics and 294 diagnostic imaging and laboratory collection units, making a total of 803 own service points, accessible to our beneficiaries throughout Brazil.

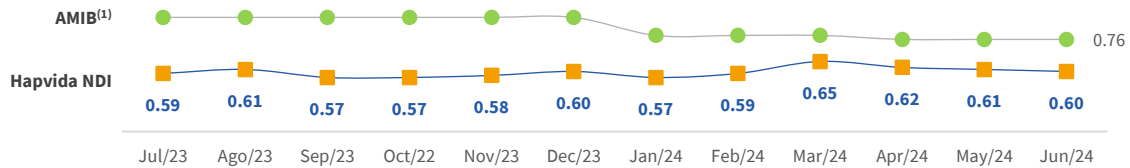


QUALITY OF CARE & CARE FOR PEOPLE

Quality of Care and Care for People of our more than 15 million beneficiaries has been an increasingly important topic for the Company's management. Since 2023, significant efforts have been made to ensure continuous improvements in the operation, which is still in the integration phase. As part of this process, the units in the South and Southeast regions of Brazil, including São Paulo, have started incorporating the indicators below after systems migration and protocol standardization.

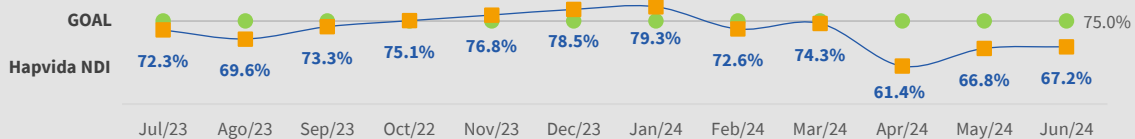
SMR - Standardized Mortality Rate in ICU

The standardized mortality ratio is the ratio between deaths observed in the study group and deaths expected in the general population. The lower the rate, the better.



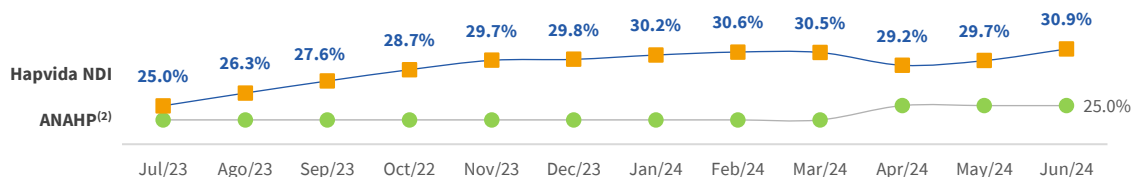
Waiting times in Emergencies

Percentage of services rendered within 15 minutes in emergencies. The higher, the better. 2Q24 was affected by the typical period of viral infections, as well as one of the biggest dengue epidemics in recent years.



Natural Births

Rate of natural birth deliveries per total number of deliveries. The higher, the better.



(1) AMIB - Brazilian Intensive Care Medicine Association

(2) ANAHP - National Association of Private Hospitals

Financial Results

NET REVENUE

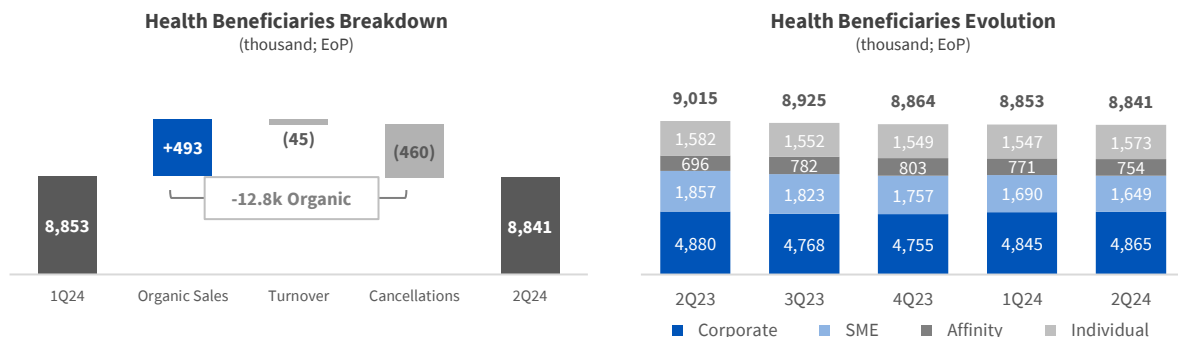
In 2Q24, Net Revenue totaled R\$7,150.4 million, an increase of 4.5% when compared to the previous quarter, benefiting mainly from the growth of the Health and Dental Plans business lines, as a result of price readjustments necessary for the financial balance of the contracts and the recomposition of the average ticket. This strategy more than offset a slight drop in the number of beneficiaries, the reduction in Medical and Hospital Services Revenue and the discontinuation of other lines of business in Other Activities.

(R\$ million)	Var. %			Var. %			Var. %	
	2Q24	1Q24	2Q24/1Q24	2Q23	2Q24/2Q23	1H24	1H23	1H24/1H23
Health Plans	6,983.3	6,863.5	1.7%	6,645.5	5.1%	13,846.8	13,137.3	5.4%
Dental Plans	215.0	214.7	0.2%	206.0	4.4%	429.7	412.4	4.2%
Hospital Services	246.8	218.5	13.0%	294.3	-16.1%	465.3	585.2	-20.5%
Other Activities	-	-	n/a	45.0	-100.0%	-	115.3	-100.0%
Gross Revenue	7,445.1	7,296.7	2.0%	7,190.9	3.5%	14,741.7	14,250.2	3.4%
Deductions	(294.7)	(305.2)	-3.4%	(351.0)	-16.1%	(599.9)	(684.2)	-12.3%
Net Revenue	7,150.4	6,991.4	2.3%	6,839.8	4.5%	14,141.8	13,566.0	4.2%

HEALTH PLANS

Net revenue from Health Plans totaled R\$6,983.3 million in 2Q24, growth of 5.1% compared to 2Q23 as a result of an increase in the average monthly ticket that went from R\$245.0 in 2Q23 to R\$267.4 in 2Q24.

Beneficiaries



In 2Q24, we had a net reduction of 12.8 thousand beneficiaries in health plans compared to 1Q24. The main impacts for the quarter are:

- Addition of 492.6 thousand beneficiaries, as a result of robust gross sales (261.1k Corporate, 109.0k SME and 122.5k Individual);
- Drop of 460.4 thousand beneficiaries, reflecting the reduction of loss-making contracts, as well as the processes of optimization, verticalization, and regulation of the accredited network of providers (228.3k Corporate, 118.4k SME and 113.6k Individual/Affinity); and
- Net loss of 45.0 thousand lives due to negative turnover (net dismissals and admissions within existing corporate contracts).

At the end of 2Q24, the company had 401.1 thousand beneficiaries in preferred provider organization plans (PPO), a net reduction of 17.8k thousand compared to 1Q24, due to our strategy to rationalize this portfolio.

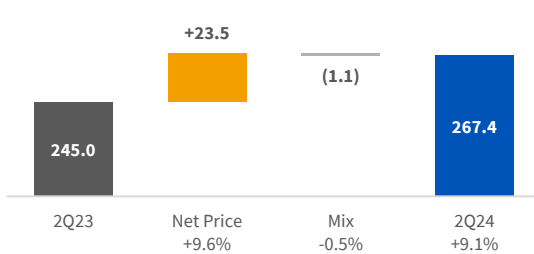
HEALTH PLANS

Average Ticket

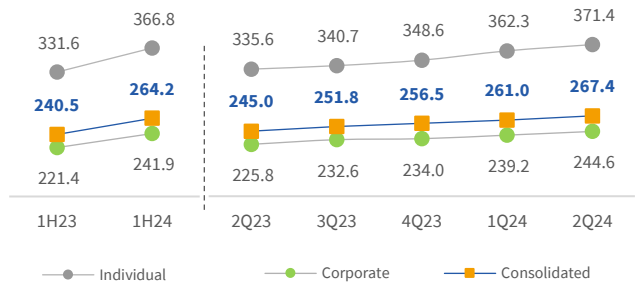
In 2Q24, the consolidated average health ticket increased by 9.1% between 2Q23 and 2Q24, reflecting the strategy of repricing and reviewing the client portfolio. The main impacts on the average ticket over the quarters are:

- +9.6% of Net Price, represented by the necessary adjustments to existing contracts, already net of the effects of product changes with increased vertical integration and co-participation; and
- -0.5% net negative impact of the mix of sales and cancellations, due to the loss of customers with higher average ticket but higher MLR, being replaced by new customers with a lower average ticket but expected lower MLR.

Average Ticket Breakdown
(R\$/month)



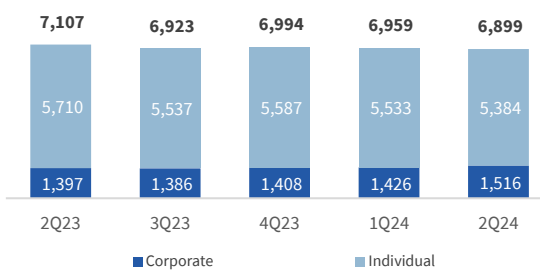
Average Ticket Evolution
(R\$/month)



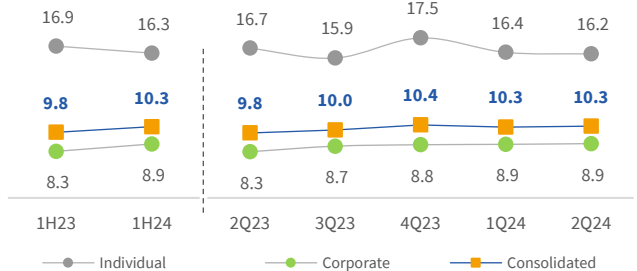
DENTAL PLANS

In 2Q24, revenue from Dental Plans reached R\$215.0 million, an increase of 4.4% compared to 2Q23, driven by an increase in the average monthly ticket (from R\$9.8 in 2Q23 to R\$10.3 in 2Q24), more than offsetting the reduction of 207.3 thousand lives in the period. The Cash Dental Loss Ratio (DLR) remains under control year after year, allowing for lower price adjustments.

Dental Beneficiaries Evolution
(thousand; EoP)



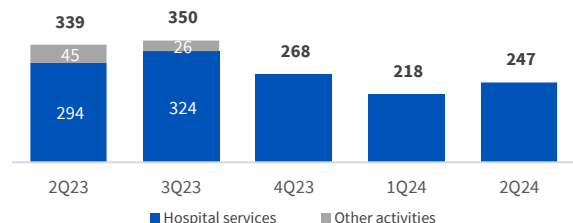
Average Ticket Evolution
(R\$/month)



Hospital Services & Other Activities

In 2Q24, revenue from Hospital Services and Other Activities reached R\$246.8 million, a reduction of 27.3% compared to 2Q23, mainly due to:

- Decrease of **R\$47.5 million** in Hospital Services, reflecting the lower demand in the quarter, as well as our more selective approach in offering services to third parties, reducing our exposure to credit risk; and
- A reduction of **R\$45.0 million** in Other Activities due to the divestments of São Francisco Resgate, Maida Health and our occupational health business.



MEDICAL COSTS AND CASH MLR

Total cost of services comprises Cash Medical Losses, Depreciation and Amortization (D&A), Incurred But Not Reported (IBNR) provisions and SUS Reimbursement provisions, as detailed below:

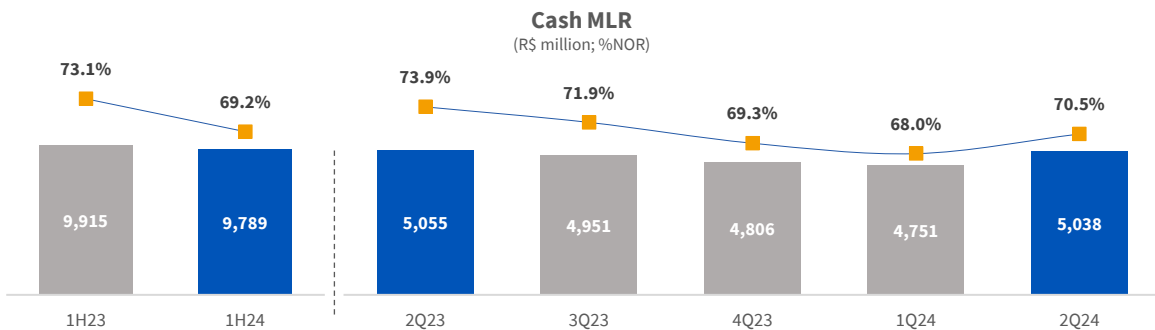
(R\$ million)	2Q24	1Q24	Var. % 2Q24/1Q24	2Q23	Var. % 2Q24/2Q23	1H24	1H23	Var. % 1H24/1H23
IBNR	(37.7)	1.0	n/a	28.8	n/a	(36.7)	27.0	n/a
SUS Reimbursement	58.1	52.3	11.0%	42.8	35.8%	110.5	120.7	-8.5%
Depreciation and Amortization	103.8	112.3	-7.5%	102.5	1.3%	216.1	213.0	1.4%
Cash Medical Losses	5,037.7	4,751.4	6.0%	5,055.2	-0.3%	9,789.1	9,915.2	-1.3%
Cash MLR	70.5%	68.0%	2.5pp	73.9%	-3.4pp	69.2%	73.1%	-3.9pp
Total Medical Costs	5,162.7	4,917.6	5.0%	5,230.0	-1.3%	10,079.7	10,276.7	-1.9%

Highlights for 2Q24 are:

- **R\$37.7 million** of IBNR reversal, reflecting the continuity of strategies to increase verticalization, especially in the South and Southeast regions, a better mix of new sales concentrated in more vertical products, as well as the improvement in the profile of the cost of care in the accredited network; and
- **R\$58.1 million** of SUS provision, an increase of R\$15.3 million vs. 2Q23, according to the receipt of charges and invoices presented by the Brazilian regulatory agency ANS.

Cash MLR

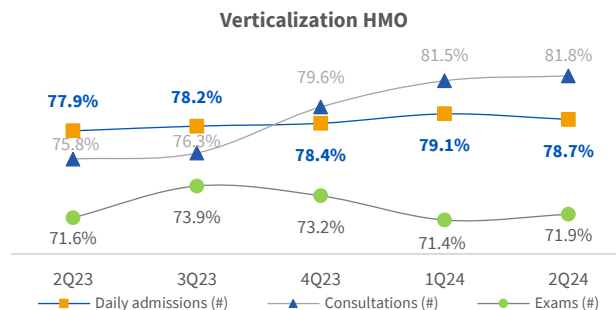
Cash Medical Losses is the most important item in the cost of services provided and reflect the actual cost of care. Cash Medical Loss Ratio (Cash MLR) is the total Cash Medical Losses divided by Revenues. As such, Cash MLR is affected by cost control initiatives, increases or decreases in the level of utilization, verticalization and seasonality of the business.



In 2Q24, Cash MLR was 70.5%, a significant improvement of 3.4 p.p. compared to 2Q23, and an increase of 2.5 p.p. compared to 1Q24. The increase compared to 1Q24 reflects the seasonal increase in the segment's usage, including emergency consultations, exams and hospitals admissions related to the viruses typical of this period, as well as fewer holidays. Exceptionally this year, there was a significant increase in dengue fever in some regions.

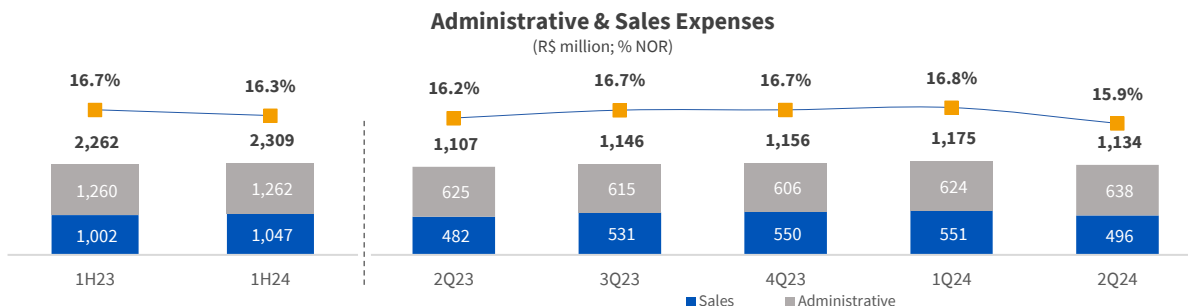
Cash MLR went from 73.1% in 1H23 to 69.2% in 1H24, a reduction of 3.9 p.p., positively overcoming the seasonality implicit for these periods and reflecting the various successful margin recovery strategies developed since the beginning of 2023. In addition to initiatives to review prices and increase the sale of more verticalized products, the company has been working intensely on increasing verticalization, standardizing protocols, optimizing the network of providers and on cost control and management measures.

In 2Q24, HMO plans (HMO) reached levels of verticalization (carried out within our Own Network) of 81.8% for consultations and 78.7% for daily admissions. This increase translates into fairer prices and less exposure to the accredited network of providers.



ADMINISTRATIVE & SALES EXPENSES

Sales, General & Administrative Cash Expenses – Cash SG&A for 2Q24 amounted to R\$1,134.3 million or 15.9% NOR, a reduction of 0.3p.p. and 0.9p.p. compared to 2Q23 and 1Q24, respectively.



Administrative Cash Expenses

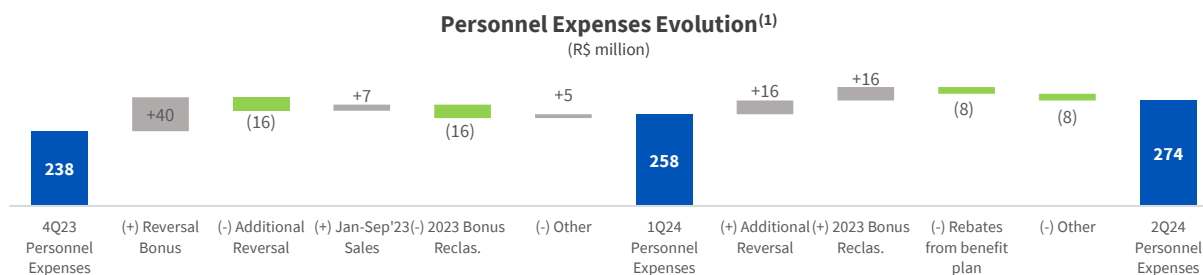
(R\$ million)	2Q23	3Q23	4Q23	1Q24	2Q24	Var. R\$ 2Q24/1Q24
Personnel	283.2	287.8	237.8	257.9	273.9	16.0
Third Party Services	171.5	190.3	165.3	194.0	161.1	(33.0)
Occupation and Utilities	72.7	72.6	93.9	68.3	77.1	8.7
Contingencies & Taxes	118.9	96.6	122.1	117.7	154.8	37.1
Other (revenue)/expenses	(21.4)	(32.4)	(12.9)	(14.0)	(28.5)	(14.5)
Cash G&A	624.8	614.9	606.3	624.0	638.3	14.3
%NOR	9.1%	8.9%	8.7%	8.9%	8.9%	0.0%

In 2Q24, Administrative Cash Expenses totaled R\$638.3 million, an increase of R\$14.3 million compared to 1Q24. The main favorable impacts were:

- **R\$33.0 million** from Third Party Services, of which: (i) R\$8.9 million from capitalization of investments in technology and (ii) R\$6.5 million from reclassification of expenses to cost in line with accounting practices, both referring to previous periods. Additionally, in 1Q24 the item was negatively impacted by R\$14.2 million in IT expenses related to the implementation and system integration process, affecting comparability; and
- **R\$14.5 million** in Other (income)/expenses, where the company was able to renegotiate and settle in advance the installments withheld (escrow) from the acquisitions of Medical and Hospital do Coração de Camboriú, generating gains of R\$7.5 million and R\$3.6 million, respectively.

The main unfavorable impacts were:

- **R\$37.1 million** in Contingencies and Taxes due to: (i) R\$12.9 million in contingencies from acquired companies and (ii) an incremental R\$8.6 million from unfavorable outcomes for the company. Additionally, in 1Q24 the item was positively impacted by R\$4.5 million in judicial deposits, which were reversed in 2Q24, affecting comparability by R\$9.0 million;
- **R\$8.7 million** from Location and Operation, due to an increase in expenses with utilities, travel and accommodation expenses and IT infrastructure expenses to accommodate new systems; and
- **R\$16.0 million** net in Personnel, impacted mainly by the receipt of R\$8.1 million in accumulated rebates from benefit plans in previous periods.



(1) For comparative purposes, 1Q24 benefited from the additional reversal of the 2023 bonus and the reclassification of the 2023 bonus to cost and expenses.

ADMINISTRATIVE & SALES EXPENSES

Sales Expenses

(R\$ million)	2Q23	3Q23	4Q23	1Q24	2Q24	Var. R\$ 2Q24/1Q24
Commission	306.0	334.9	332.1	315.8	314.3	(1.5)
Provision for credit losses	126.0	131.2	138.9	170.7	104.5	(66.1)
Marketing & Advertise	11.3	20.0	25.1	12.5	23.9	11.4
Personnel	34.3	33.4	43.1	43.6	42.1	(1.5)
Other expenses	4.4	11.7	10.9	8.7	11.1	2.5
Sales Expenses	482.0	531.2	550.0	551.2	496.0	(55.2)
%NOR	7.0%	7.7%	7.9%	7.9%	6.9%	-0.9%

In 2Q24, Sales Expenses totaled R\$496.0 million, R\$55.2 million lower than 1Q24, mainly due to the favorable impact of:

- **R\$66.1 million** in Provision for Credit Losses (PDD), of which (i) R\$15.0 million was from extraordinary collections resulting from a major campaign focused especially on SME and Individual clients, which resulted in a reduction in delinquency levels and, consequently, lower provisions in the quarter; and (ii) R\$20.0 million related to reconciliation and bank reconciliation of receipts made in previous years. Additionally, in 1Q24, R\$32.2 million was provisioned on a one-off basis due to the adoption of additional parameters relating to IFRS 9, an amount that was not repeated in 2Q24, affecting comparability.

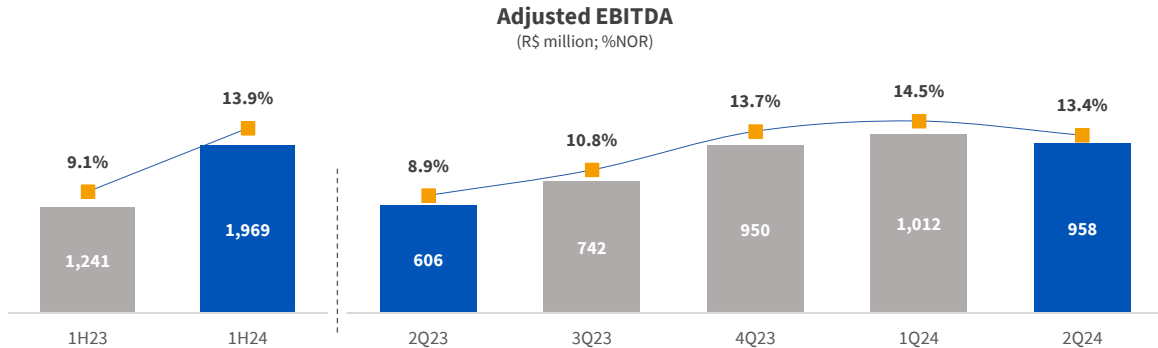
And it was partially offset by:

- **R\$11.4 million** increase in Marketing & Advertisement expenses, reflecting the national and regional institutional campaigns carried out between March and May in the markets that are the focus of customer growth and retention.

The Sales Expenses ratio (as a percentage of Net Revenues) remained practically stable when compared to 2Q23.

ADJUSTED EBITDA

Adjusted EBITDA⁽¹⁾ was R\$957.9 million in 2Q24 (13.4% NOR) and R\$1,969.5 million (13.9% NOR) in 1H24, an increase of 58.0% and 58.7% compared to 2Q23 and 1H23, respectively.

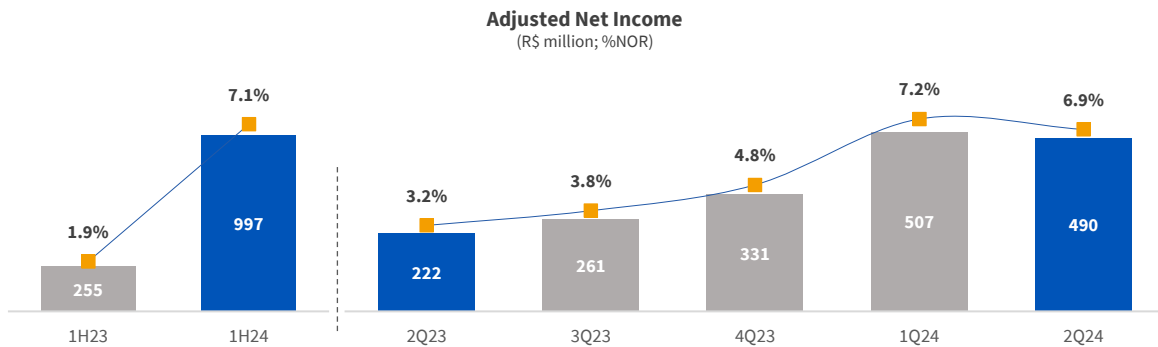


Adjusted EBITDA performance and margin expansion in 2Q24 were mainly due to:

- An increase in net revenue, reflecting effective contract price adjustments, necessary for the financial rebalancing of the portfolio, more than offsetting the slight reduction in the beneficiary base and the discontinuation of non-core activities; and
- Reduction in Cash MLR, due to intense efforts to increase verticalization and control costs.

ADJUSTED NET INCOME

Adjusted Net Income⁽²⁾ totaled R\$490.2 million in 2Q24, an increase of R\$268.6 million compared to 2Q23 and a reduction of R\$16.6 million compared to 1Q24.



(R\$ million)	2Q24	1Q24	Var. % 2Q24/1Q24	2Q23	Var. % 2Q24/2Q23	1H24	1H23	Var. % 1H24/1H23
Net Income (Losses)	90.5	83.3	8.6%	(161.1)	n/a	173.8	(502.7)	n/a
(+) Long term Incentive Plan (LTIP) and SOP	30.5	41.9	-27.2%	8.6	253.7%	72.3	46.8	54.4%
(+) Intangible Amortization	369.3	369.4	0.0%	374.1	-1.3%	738.7	710.5	4.0%
(+) Non-recurring expenses	-	12.3	-100.0%	-	n/a	12.3	-	n/a
Adjusted Net Income	490.3	506.8	-3.3%	221.6	121.2%	997.1	254.7	291.6%
(+) Income tax and social contribution	58.9	74.0	-20.4%	(21.0)	n/a	133.0	(16.2)	n/a
(+) Financial result	231.4	256.2	-9.7%	246.9	-6.3%	487.6	677.0	-28.0%
(+) Depreciation and Amortization	177.3	174.5	1.6%	158.7	11.8%	351.8	325.3	8.2%
Adjusted EBITDA	957.9	1,011.6	-5.3%	606.2	58.0%	1,969.5	1,240.7	58.7%
%NOR	13.4%	14.5%	-1.1pp	8.9%	4.5pp	13.9%	9.1%	4.8pp

(1) Adjusted EBITDA for Long-Term Incentive Plan (LTIP) expenses, Stock Option Plan (SOP), and non-recurring expenses

(2) Adjusted Net Income for Long-Term Incentive Plan (LTIP) expenses, Stock Option Plan (SOP), non-recurring expenses, and amortization of goodwill

FINANCIAL RESULT

Net Financial Result was an expense of R\$231.4 million in 2Q24 and R\$487.6 million in 1H24, a significant improvement of R\$189.3 million compared to 1H23, reflecting the effects of robust cash generation, efficient and rational allocation, as well as the ongoing process of reducing our weighted cost of debt.

(R\$ million)	2Q24			Var. %		2Q24/2Q23			Var. %	
	2Q24	1Q24	2Q24/1Q24	2Q23	2Q24/2Q23	1H24	1H23	1H24/1H23	Var. %	
Income from investments	200.2	186.3	7.5%	204.0	-1.9%	386.5	315.5	22.5%	22.5%	
Late payments penalties	28.9	29.2	-0.9%	28.7	0.8%	58.1	57.1	1.7%	1.7%	
Indexation credits - SUS	16.0	16.3	-1.8%	18.6	-13.8%	32.3	40.2	-19.6%	-19.6%	
Indexation credits - Other	18.7	18.2	3.0%	27.6	-32.2%	36.9	46.8	-21.0%	-21.0%	
Derivative instruments	23.8	19.0	25.5%	61.3	-61.1%	42.8	61.7	-30.5%	-30.5%	
Exchange Revenue	-	-	n/a	13.4	-100.0%	-	17.1	-100.0%	-100.0%	
Other financial revenues	3.5	6.6	-47.2%	0.8	338.0%	10.1	9.7	4.4%	4.4%	
Financial Revenues	291.2	275.6	5.7%	354.4	-17.8%	566.8	548.0	3.4%	3.4%	
Interest on debentures and loans	(351.7)	(344.6)	2.1%	(413.5)	-14.9%	(696.3)	(815.8)	-14.7%	-14.7%	
Interest on leases	(79.5)	(80.5)	-1.3%	(68.8)	15.5%	(160.0)	(120.3)	33.0%	33.0%	
Indexation charges - Other	(75.0)	(85.5)	-12.2%	(100.7)	-25.5%	(160.5)	(208.7)	-23.1%	-23.1%	
Derivative instruments - Equity	-	-	n/a	(0.3)	-100.0%	-	(19.8)	-100.0%	-100.0%	
Bank expenses	(8.1)	(8.4)	-3.4%	(11.0)	-26.1%	(16.5)	(22.2)	-25.5%	-25.5%	
Charges on Interest on Equity Received	-	-	n/a	-	n/a	-	-	n/a	n/a	
Other finance expenses	(8.3)	(12.9)	-35.6%	(7.1)	17.5%	(21.2)	(38.2)	-44.6%	-44.6%	
Financial Expenses	(522.6)	(531.8)	-1.7%	(601.4)	-13.1%	(1,054.4)	(1,225.0)	-13.9%	-13.9%	
Net Financial Result	(231.4)	(256.2)	-9.7%	(246.9)	-6.3%	(487.6)	(677.0)	-28.0%	-28.0%	

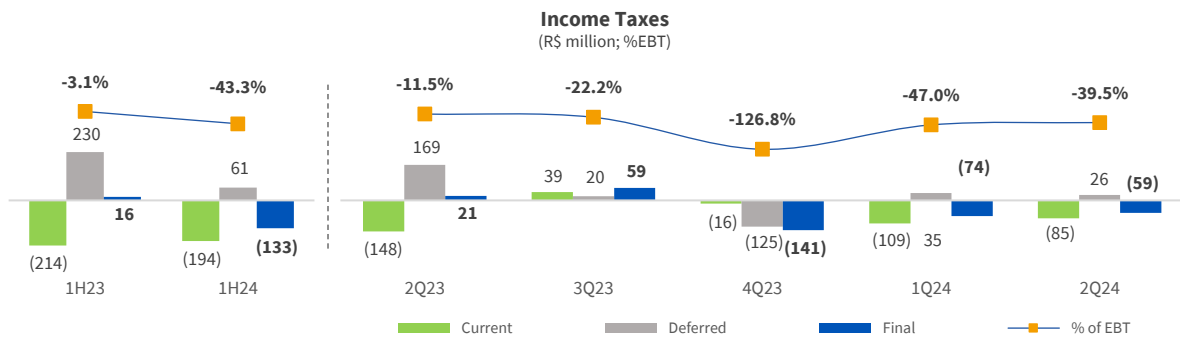
Financial Revenue in 2Q24 increased by R\$15.6 million compared to 1Q24, from R\$275.6 million to R\$291.2 million. This growth is mainly due to the increase in the company's average cash position.

Financial Expenses went from R\$531.8 million in 1Q24 to R\$522.6 million in 2Q24, a reduction of R\$9.2 million explained by:

- **R\$10.4 million** in monetary restatements, of which (i) R\$7.0 million in SUS charges, in line with data received from ANS; and (ii) R\$3.4 million on the escrow accounts of acquired companies.

And partially offset by a R\$7.1 million charge due to the increase in the Company's gross debt.

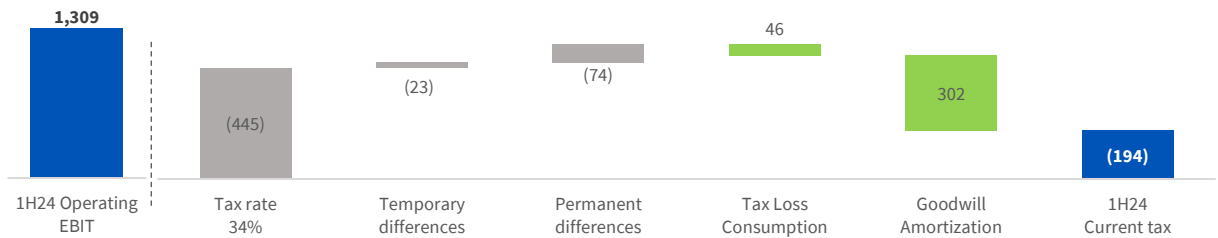
INCOME TAXES



The consolidated Income Taxes line is the result of the individual assessment of the companies controlled by the Company, including the holding company, which may show a profit or loss in certain periods, as well as the effects of eliminations and consolidations. This means that there may be a negative tax rate on a consolidated basis, but positive current income tax rates when looked at the subsidiaries individually, for example.

(R\$ million)	Operational	Controlling	Consolidated
Current	(193.5)	-	(193.5)
Deferred	(274.9)	335.5	60.6

Current Tax - Operating



In 1H24, the Operating entities had Current Tax of R\$193.5 million, of which R\$147.7 million from the NDI vertical and R\$45.8 million from the Hapvida vertical, mainly because of better operating performance.

The main current tax reducers in the period were the tax amortization of goodwill and capital gains from merged acquisitions (R\$302.3 million) and the tax loss consumption (R\$46.4 million).

Deferred Tax - Operating

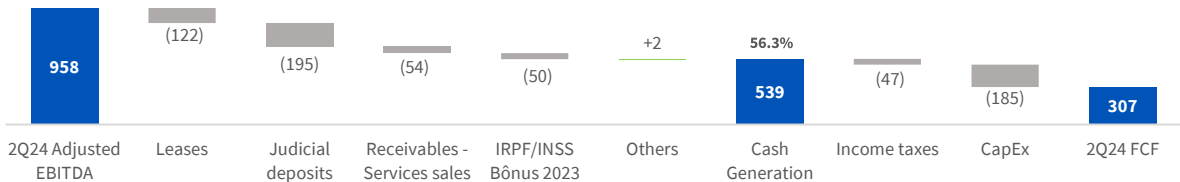


In 1H24, Hapvida Participações e Investimentos S.A. (parent holding company) generated R\$335.5 million in deferred tax assets, of which R\$221.2 million in deferred tax on tax losses and R\$131.7 million on value-added from the business combination with NotreDame Intermédica, which will be used after the incorporation of the operating entities.

CASH FLOW

Net cash went from R\$7,757.5 million in March'24 to R\$8,345.0 million in June'24, an increase of R\$587.4 million mainly due to: (i) R\$307.4 million from Free Cash Flow generation, (ii) R\$1.0 billion raised (7th issue of debentures) and (iii) R\$200.2 million from income on financial investments, partially offset by the payments of (iv) R\$396.5 million in retained M&A installments and (v) R\$517.8 million in interest.

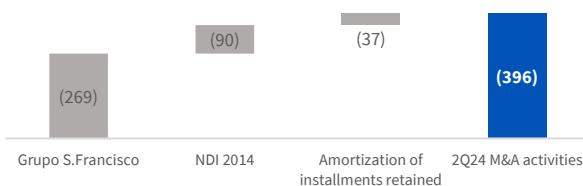
Free Cash Flow



Free Cash Flow was positive at R\$307.4 million and Cash Generation was R\$539.2 million, representing 56.3% of 2Q24 Adjusted EBITDA. The main uses of cash include:

- **R\$195.1 million** in deposits and judicial blockages, which mainly arise from: (i) cases related to SUS reimbursement, whose deposits are necessary for the Company to carry out its judicial defense without incurring late payment fines and charges, and (ii) civil cases, whose deposits and blockages are procedural reflections of the growing judicialization in the sector;
- **R\$53.8 million** increase in receivables from medical and hospital services' clients;
- **R\$50.0 million** in IRPF and INSS disbursements related to the payment of the 2023 variable compensation in 1Q24;
- **R\$46.7 million** in tax credits, although the Current Tax was R\$84.5 million, there is a displacement between calculation and actual disbursement; and
- **R\$185.1 million** in CapEx, showing a gradual return to historical levels of investment, mainly in IT.

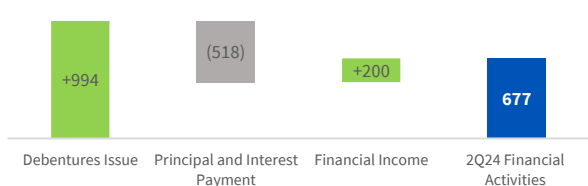
M&A Activities



M&A activities consumed R\$396.5 million, mainly explained by the disbursements of:

- **R\$269.1 million** from the release of the retained portion of the acquisition of Grupo São Francisco;
- **R\$90.0 million** corresponding to the initial installment of the agreement with the seller of NotreDame Intermédica (a transaction that took place in 2014). The agreement also provides for monthly installments of R\$15 million until Nov'25 and a final installment of R\$11 million in Dec'25, totaling R\$356 million; and
- **R\$37.4 million** in payments of installments withheld from acquisitions made by the Company:
 - R\$19.3 million, from Medical; R\$14.2 million, from H. do Coração de Camboriú; R\$3.1 million, from BeloDente; and R\$0.8 million, from Ecoimagem.

Financing Activities

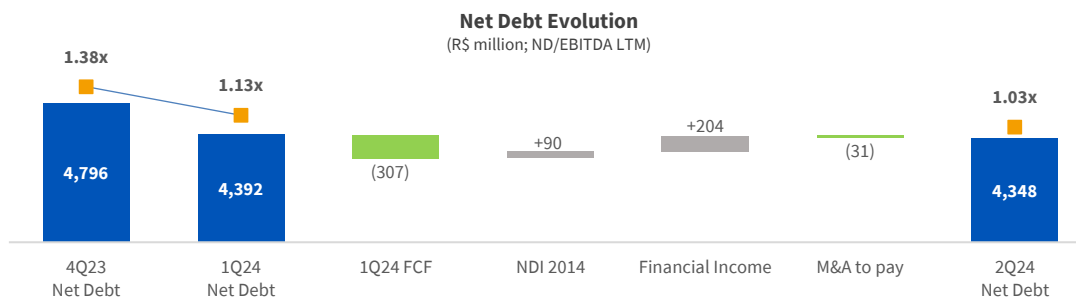


Financial Activities in 2Q24 generated R\$676.5 million, mainly explained by:

- **R\$994.1 million** raised from the 7th issue of debentures in May'24; and
 - **R\$200.2 million** in Financial Revenue, a return of 2.6% on the company's average cash, above the CDI rate for the period.
- And partially offset by:
- **R\$517.8 million** in interest payments.

NET DEBT

Net Debt was R\$4,348.4 million at quarter end (equivalent to 1.03x EBITDA - contractual covenant), a reduction from R\$4,392.3 million (equivalent to 1.13x EBITDA - contractual covenant) in 1Q24, mainly as a result of cash generation and an increase in LTM EBITDA from R\$3,876.2 million in 1Q24 to R\$4,206.4 million in 2Q24.



Net Debt/EBITDA LTM calculation according to contractual covenants:

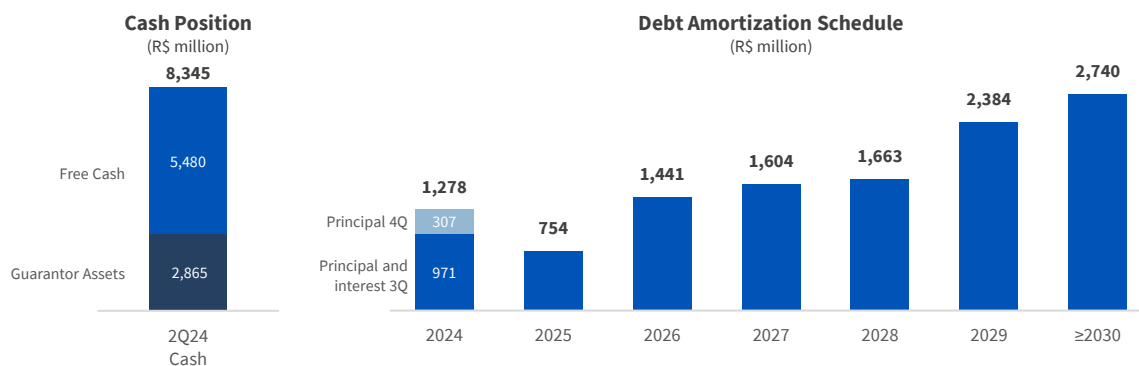
(R\$ million)	2Q24	1Q24	Var. R\$	Var. %
Loans, financing and debentures	11,761.3	10,933.9	827.5	7.6%
Installments retained from acquired companies	829.2	1,143.7	(314.5)	-27.5%
Derivative financial instruments	102.7	72.2	30.6	42.3%
Gross Debt	12,693.3	12,149.8	543.5	4.5%
(-) Cash and cash equivalents and Investments	(8,345.0)	(7,757.5)	(587.4)	7.6%
Net Debt	4,348.4	4,392.3	(43.9)	-1.0%
EBITDA LTM ⁽¹⁾	4,206.5	3,876.2	330.3	8.5%
Net Debt/ EBITDA LTM	1.03x	1.13x	-0.10x	-8.8%

DEBT

At quarter end compared to 1Q24, debt duration increased from 3.2 years to 3.3 years (due to newly issued debt) and the average cost of debt fell from CDI+1.41% p.a. to CDI+1.32% p.a. (due to changes in the long-term yield curve).

In May'24, the 7th issue of debentures was concluded in the amount of R\$1.0 billion, at a cost of CDI+1.60% per year and maturing in 2031 (amortizations in 2029/30/31).

Below is the current debt amortization schedule (Loans, Financing and Debentures)



(1) LTM EBITDA comprises Adjusted EBITDA without the effect of provisions for impairment of accounts receivable

REGULATORY REQUIREMENTS

Technical Provisions

Free cash went from R\$4,819.3 million in 1Q24 to R\$5,479.7 million at quarter end, an increase of R\$660.4 million.

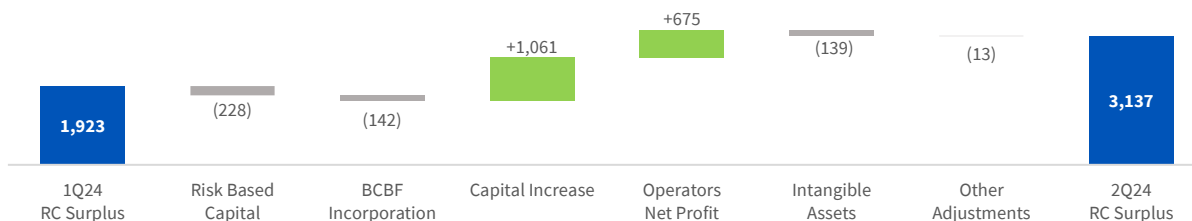
(R\$ million)	2Q24	1Q24	Var. R\$ 2Q24/1Q24	2Q23	Var. R\$ 2Q24/2Q23
Required Technical Provisions	(3,131.4)	(3,056.4)	(75.0)	(3,157.4)	26.0
(-) SUS Provisions (net of judicial deposits)	(1,130.8)	(1,042.4)	(88.4)	(1,395.2)	264.4
(-) IBNR Provision	(953.6)	(991.2)	37.7	(1,039.3)	85.8
(-) Outstanding claims reserve	(1,044.0)	(1,019.5)	(24.5)	(718.9)	(325.1)
(-) Reserve for benefit granted	(3.0)	(3.2)	0.2	(4.0)	1.0
Assets	8,611.1	7,875.7	735.4	7,538.3	1,072.9
(+) Cash and financial investments	8,345.0	7,757.5	587.4	7,417.8	927.2
(+) Real estate pledged	266.2	118.2	148.0	120.5	145.7
Free Cash	5,479.7	4,819.3	660.4	4,380.9	1,098.8

Required Technical Provisions went from R\$3,056.4 million in 1Q24 to R\$3,131.4 million in 2Q24, an increase of R\$75.0 million due mainly to (i) a reduction in the adjustments to the SUS reimbursement provisions in accordance with ANS rules and (ii) an increase in medical costs received at the end of the quarter (claims payable provision).

Assets increased by R\$735.4 million, of which (i) R\$587.4 million was due to the net increase in cash and financial investments and (ii) R\$148.0 million was due to the inclusion of additional hospitals' real estate pledged.

Regulatory Capital

At quarter end, all the group's healthcare operators had a Regulatory Capital (RC) requirement surplus, totaling R\$3,136.9 million (simple sum of the operators), an increase of R\$1,213.7 million compared to 1Q24.



Risk-based Capital increased by R\$228.5 million, from R\$4,105.2 million in 1Q24 to R\$4,333.6 million in 2Q24, of which (i) R\$135.6 million came from the incorporation of BCBF Participações by the operator NDI Saúde and (ii) R\$92.9 million was due to the nominal increases in Revenue and MLR from the operators' recurring activities.

Adjusted Shareholders' Equity went from R\$6,028.3 million in 1Q24 to R\$7,470.5 million in 2Q24, an increase of R\$1,442.1 million, mainly due to the favorable effects of

- **R\$1,060.6 million** capital increase, net of HAM's hedge accounting (R\$51.4 million); and
- **R\$675.5 million** in net income for operators.

Partially offset by:

- **R\$138.7 million** in Intangible Assets, mainly due to investments in technology; and
- **R\$142.4 million** from the net effects of the incorporation of BCBF by NDI Saúde, which had a negative impact on R\$3,317.1 million by increasing the stakes in operators and Intangible Assets, partially offset by the increase of R\$3,174.7 million in the Operator's Shareholders' Equity (NDI Saúde).

(1) Represents the sum of the individual operators' Outstanding claims reserve before consolidations and eliminations

DISCLAIMER

Hapvida Participações e Investimentos S.A. informs its shareholders and the market in general that the financial information contained in this document derives from the audited financial statements, relating to six months period ended on June, 2024, prepared in accordance with IFRS 4 – Contracts of Insurance, internalized in Brazil by CPC 11, which were disclosed, on an extraordinary basis, for the purposes of monitoring business performance and comparability between periods. Therefore, this financial information does not consider the accounting standard currently in force, IFRS 17 – Insurance Contracts, internalized in Brazil by CPC 50, which must be considered for all purposes of applicable legislation and regulations, and which will result in financial information different from that presented in this material.

INCOME STATEMENT

(R\$ million)			Var. %		Var. %				Var. %	
	2Q24	1Q24	2Q24/1Q24	2Q23	2Q24/2Q23	1H24	1H23	1H24/1H23		
Net Revenue	7,150.4	6,991.4	2.3%	6,839.8	4.5%	14,141.8	13,566.0	4.2%		
Revenues from gross payments	7,198.3	7,078.2	1.7%	6,851.5	5.1%	14,276.5	13,549.7	5.4%		
Revenue from other activities	246.8	218.5	13.0%	339.3	-27.3%	465.3	700.5	-33.6%		
Deductions	(294.7)	(305.2)	-3.4%	(351.0)	-16.1%	(599.9)	(684.2)	-12.3%		
Total Cost	(5,162.0)	(4,917.0)	5.0%	(5,229.3)	-1.3%	(10,079.0)	(10,276.0)	-1.9%		
Change in IBNR	37.7	(1.0)	n/a	(28.8)	n/a	36.7	(27.0)	-235.7%		
Change in SUS reimbursement provision	(58.1)	(52.3)	11.0%	(42.8)	35.8%	(110.5)	(120.7)	-8.5%		
Depreciation and amortization	(103.8)	(112.3)	-7.5%	(102.5)	1.3%	(216.1)	(213.0)	1.4%		
Cash Medical Losses	(5,037.7)	(4,751.4)	6.0%	(5,055.2)	-0.3%	(9,789.1)	(9,915.2)	-1.3%		
Cash MLR	-70.5%	-68.0%	-2.5pp	-73.9%	3.5pp	-69.2%	-73.1%	3.9pp		
Gross profit	1,988.4	2,074.5	-4.2%	1,610.5	23.5%	4,062.9	3,290.0	23.5%		
Gross margin	27.8%	29.7%	-1.9pp	23.5%	4.3pp	28.7%	24.3%	4.5pp		
Sales expenses	(496.0)	(551.2)	-10.0%	(482.0)	2.9%	(1,047.2)	(1,002.0)	4.5%		
Commission expenses	(314.3)	(315.8)	-0.5%	(306.0)	2.7%	(630.1)	(627.4)	0.4%		
Provision for credit losses	(104.5)	(170.7)	-38.8%	(126.0)	-17.0%	(275.2)	(280.1)	-1.7%		
Advertise expenses	(23.9)	(12.5)	91.3%	(11.3)	112.5%	(36.4)	(23.6)	54.3%		
Personnel	(42.1)	(43.6)	-3.4%	(34.3)	22.7%	(85.6)	(63.5)	34.8%		
Other sales expenses	(11.1)	(8.7)	28.6%	(4.4)	151.6%	(19.8)	(7.3)	171.6%		
Administrative expenses	(1,137.8)	(1,121.9)	1.4%	(1,103.7)	3.1%	(2,259.7)	(2,182.1)	3.6%		
Personnel	(273.9)	(257.9)	6.2%	(283.2)	-3.3%	(531.8)	(568.8)	-6.5%		
Third party services	(161.1)	(194.0)	-17.0%	(171.5)	-6.1%	(355.1)	(345.6)	2.7%		
Occupation and Utilities	(77.1)	(68.3)	12.8%	(72.7)	6.0%	(145.4)	(150.2)	-3.2%		
Depreciation and amortization	(442.8)	(431.6)	2.6%	(430.3)	2.9%	(874.4)	(822.7)	6.3%		
Taxes	(24.5)	(24.3)	1.0%	(27.4)	-10.5%	(48.8)	(58.3)	-16.2%		
Provisions for civil, labor and tax risks	(130.2)	(93.4)	39.4%	(91.5)	42.3%	(223.6)	(155.7)	43.6%		
Stock Grant and Stock Option Plans	(30.5)	(41.9)	-27.2%	(8.6)	253.7%	(72.3)	(46.8)	54.4%		
Miscellaneous expenses	2.3	(10.5)	n/a	(18.6)	n/a	(8.2)	(34.0)	-75.9%		
Other expenses/operational revenues	26.2	12.2	114.3%	40.0	-34.5%	38.5	52.2	-26.3%		
Operational income	380.8	413.6	-7.9%	64.8	487.9%	794.4	158.1	402.4%		
Financial revenues	291.2	275.6	5.7%	354.4	-17.8%	566.8	548.0	3.4%		
Financial expenses	(522.6)	(531.8)	-1.7%	(601.4)	-13.1%	(1,054.4)	(1,225.0)	-13.9%		
EBT	149.4	157.4	-5.0%	(182.2)	n/a	306.8	(518.8)	-159.1%		
IR and CSLL current	(84.5)	(109.0)	-22.5%	(147.9)	-42.8%	(193.5)	(214.0)	-9.6%		
IR and CSLL deferred	25.6	35.0	-26.9%	168.9	-84.8%	60.6	230.2	-73.7%		
Net income	90.5	83.3	8.6%	(161.1)	-156.2%	173.8	(502.7)	-134.6%		
Net margin	1.3%	1.2%	0.1pp	-2.4%	3.6pp	1.2%	-3.7%	4.9pp		
Net income	90.5	83.3	8.6%	(161.1)	-156.2%	173.8	(502.7)	-134.6%		
(+) Long term Incentive Plan (LTIP) and SOP	30.5	41.9	-27.2%	8.6	253.7%	72.3	46.8	54.4%		
(+) Intangible Amortization	369.3	369.4	0.0%	374.1	-1.3%	738.7	710.5	4.0%		
(+) Non-recurring expenses	-	12.3	-100.0%	-	n/a	12.3	-	100.0%		
Adjusted Net Income	490.3	506.8	-3.3%	221.6	121.2%	997.1	254.7	291.6%		
Margin	6.9%	7.2%	-0.4pp	3.2%	3.6pp	7.1%	1.9%	5.2pp		
(+) Income tax and social contribution	58.9	74.0	-20.4%	(21.0)	-380.4%	133.0	(16.2)	-923.1%		
(+) Financial result	231.4	256.2	-9.7%	246.9	-6.3%	487.6	677.0	-28.0%		
(+) Depreciation and Amortization	177.3	174.5	1.6%	158.7	11.8%	351.8	325.3	8.2%		
Adjusted EBITDA	957.9	1,011.6	-5.3%	606.2	58.0%	1,969.5	1,240.7	58.7%		
Margin	13.4%	14.5%	-1.1pp	8.9%	4.5pp	13.9%	9.1%	4.8pp		

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.

BALANCE SHEET

(R\$ million)	06.30.2024	12.31.2023	Var. R\$	Var. %
Assets	75,749.7	75,155.8	593.9	0.8%
Current assets	11,524.5	10,527.3	997.2	9.5%
Cash and cash equivalents	419.7	1,430.1	(1,010.5)	-70.7%
Short-term investments	7,371.9	5,573.5	1,798.5	32.3%
Trade receivables	1,767.8	1,610.0	157.8	9.8%
Inventory	403.9	318.6	85.3	26.8%
Recoverable tax	814.0	835.1	(21.0)	-2.5%
Other assets	392.8	368.7	24.1	6.5%
Deferred commission	354.3	391.2	(36.9)	-9.4%
Non-current assets	64,225.2	64,628.6	(403.3)	-0.6%
Long-term investments	553.3	886.3	(332.9)	-37.6%
Deferred taxes	3,386.4	3,096.1	290.3	9.4%
Judicial deposits	2,575.6	2,226.2	349.4	15.7%
Deferred commission	578.8	570.1	8.6	1.5%
Other credits with related parties	3.3	5.2	(1.9)	-37.0%
Derivative financial instruments	12.2	0.8	11.4	1474.4%
Other assets	125.9	121.8	4.1	3.4%
Investments	4.7	5.5	(0.8)	-14.3%
Property, plant and equipment	6,756.9	6,882.6	(125.7)	-1.8%
Intangible assets	50,228.2	50,834.0	(605.8)	-1.2%
Liabilities and shareholders' equity	75,749.7	75,155.8	593.9	0.8%
Current liabilities	7,765.5	8,538.3	(772.8)	-9.1%
Lending and Financing	1,274.3	2,109.9	(835.6)	-39.6%
Trade payables	279.9	292.0	(12.2)	-4.2%
Technical provisions for health care operations	3,721.3	3,999.4	(278.1)	-7.0%
Health care payables	68.9	58.0	10.9	18.8%
Payroll obligations	909.3	657.6	251.6	38.3%
Taxes and contributions payable	399.0	467.5	(68.5)	-14.7%
Income and social contribution taxes	60.6	28.3	32.3	114.3%
Dividends and interest on shareholders' equity payabl	12.6	12.6	-	0.0%
Leases payable	480.6	475.2	5.4	1.1%
Derivative financial instruments	114.9	25.1	89.8	358.0%
Related party payables	4.0	5.7	(1.7)	-30.0%
Other accounts payable	440.1	406.9	33.2	8.2%
Non-current liabilities	18,899.0	17,523.9	1,375.1	7.8%
Lending and Financing	10,487.0	9,416.5	1,070.5	11.4%
Taxes and contributions payable	141.9	161.4	(19.5)	-12.1%
Technical reserves for health care operations	1,423.8	945.5	478.4	50.6%
Leases payable	2,842.6	2,862.8	(20.2)	-0.7%
Deferred income tax and social contribution	1,493.2	1,263.5	229.7	18.2%
Provision for tax, civil and labor risks	1,314.9	1,267.3	47.6	3.8%
Derivative financial instruments	-	24.1	(24.1)	-100.0%
Other accounts payable	1,195.5	1,582.8	(387.3)	-24.5%
Shareholders' equity	49,085.2	49,093.6	(8.4)	0.0%
Capital	38,866.2	38,866.2	-	0.0%
Treasury shares	(423.1)	(452.0)	28.9	-6.4%
Legal reserve	201.5	201.5	-	0.0%
Capital reserve	9,771.2	9,892.4	(121.2)	-1.2%
Profit reserves	599.9	599.9	-	0.0%
Other comprehensive income	(106.6)	(15.8)	(90.8)	574.7%
Accumulated loss	173.3	-	173.3	100.0%
Equity attributable to controlling shareholders	49,082.4	49,092.2	(9.8)	0.0%
Non-controlling interest	2.8	1.4	1.4	104.7%

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.

CASH FLOW STATEMENT

(R\$ million)	2Q24	2Q23	1H24	1H23
Net income	90.4	(161.1)	173.8	(502.7)
Adjustments to reconcile net income with cash	1,215.5	1,145.0	2,508.8	2,501.7
Depreciation and amortization	488.0	481.4	974.9	933.4
Depreciation of usage rights	58.6	51.3	115.6	102.4
Write-off of added value of fixed assets	-	93.6	-	93.6
Sale & Leaseback	-	(112.5)	-	(112.5)
Technical provisions for health care operations	(37.9)	28.7	(37.2)	26.8
Provision for losses on receivables	104.5	126.0	275.2	280.1
Write-off of property, plant and equipment	0.8	0.6	7.9	1.5
Write-off of intangible assets	-	20.5	4.3	32.3
Provision for tax, civil and labor risks	132.9	89.7	201.1	216.3
Income from financial investments	(200.2)	(200.0)	(386.5)	(310.8)
Adjusted market value of Short-term investments	-	0.6	0.2	0.6
Earning on derivative financial instruments	(20.4)	(32.2)	(27.4)	(11.8)
Interest and monetary restatement of leases	79.5	68.8	160.0	120.3
Interest and financial charges on loans and financing	328.7	401.5	662.6	799.4
Exchange rate	34.1	(13.3)	34.1	(17.0)
Long term incentive plan	30.5	8.6	72.3	46.8
Change in contingent liability fair value	-	-	-	-
Others	-	(5.9)	-	(7.1)
Tax income and social contribution	84.5	147.9	193.5	214.0
Deferred taxes	(25.6)	(168.9)	(60.6)	(230.2)
Amortization of deferred commission	157.4	158.5	318.7	323.4
(Increase) decrease in asset accounts	(659.7)	(544.8)	(1,187.2)	(823.8)
Accounts receivable	(129.2)	(205.7)	(433.0)	(240.3)
Inventory	(71.6)	(21.2)	(85.3)	(0.7)
Taxes recoverable	(30.1)	(40.6)	(27.9)	(68.5)
Judicial deposits	(195.1)	(108.4)	(354.0)	(193.2)
Other assets	(66.4)	13.4	3.5	40.2
Deferred Sales Expense	(167.4)	(182.2)	(290.4)	(361.3)
Increase (decrease) in liability accounts:	(130.2)	(81.6)	(60.5)	(143.2)
Technical provisions for health care operations	41.7	131.3	237.4	181.1
Debts of health care operations	9.2	25.4	10.9	26.3
Social obligations	172.0	49.4	215.7	79.6
Suppliers	(9.5)	(19.2)	(20.7)	(76.2)
Taxes and contributions payable	(55.4)	(12.6)	(81.0)	(46.5)
Other accounts payable	(167.5)	(96.0)	(158.5)	(69.4)
Income tax and social contribution paid	(46.7)	(101.1)	(140.6)	(137.4)
Provision for tax, civil and labor risks	(74.0)	(58.9)	(123.8)	(100.8)
Net cash provided (used) by continued operating activities	516.1	357.5	1,434.9	1,032.0
Net cash flow used in discontinued operating activities	-	(10.1)	5.6	(10.1)
Net cash provided (used) by operating activities	516.1	347.5	1,440.5	1,022.0
Cash flow from investing activities	(964.2)	(363.6)	(1,347.6)	(1,532.8)
Payments to related parties	(0.1)	(3.9)	0.2	(3.8)
Acquisition of property, plant and equipment	(46.4)	(60.2)	(87.4)	(146.0)
Acquisition of intangibles	(138.7)	(61.7)	(202.5)	(92.5)
Acquisition/sale of investments	-	-	-	(630.6)
Balances attributed to the acquisition of investees	-	-	-	3.2
Resources received from Sale & Leaseback operations	-	1,250.0	-	1,250.0
Financial investments	(779.1)	(1,455.5)	(1,057.9)	(1,880.7)
Net cash flow used in discontinued investing activities	-	(32.4)	-	(32.4)
Cash flow from financing activities	41.2	218.0	(1,059.3)	(190.9)
Issuance of Debentures	1,000.0	-	1,000.0	750.0
Obtaining loans	-	2.6	-	260.0
Receipt of derivative financial instruments	-	(78.3)	(17.1)	(78.3)
Payment / Acquisition of loans and financing	-	(163.0)	(750.0)	(1,276.5)
Payment / Acquisition Interest of loans and financing	(517.8)	(462.8)	(697.3)	(660.5)
Transaction costs related to funding	(5.9)	(2.7)	(5.9)	(2.7)
Payment/ Acquisition of subsidiaries	(306.5)	(3.1)	(308.2)	(7.9)
Payment of dividends and interest on own capital	-	-	-	-
Principal payments - Leases	(122.1)	(109.3)	(242.2)	(211.7)
Resources received from Follow-on	-	1,059.2	-	1,059.2
Expenses with issue of shares	-	(24.7)	-	(24.7)
Stock buybacks/ Repurchase of own shares	-	-	(20.7)	2.2
Stock-based compensation plan payment - Stock grant	(6.5)	-	(26.5)	-
Net cash flow used in discontinued financing activities	-	-	8.7	-
Change in cash and cash equivalents	(406.9)	201.9	(966.4)	(701.8)
Cash and cash equivalents at the beginning of the period	826.6	364.2	1,430.1	1,267.9
Cash and cash equivalents at the end of the period	419.7	548.0	419.7	548.0
Change in cash and cash equivalents of discontinued operations	-	(18.3)	(44.0)	(18.3)

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.



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