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Rio Preto Hospital – São José do Rio Preto/SP



Rio Solimões Pediatric Hospital – Manaus/AM

3Q23 Earnings Call Presentation

NOVEMBER 9, 2023 | 9am (EST – NY) | 11am BRT

HAPV

B3 LISTED NM

Summary

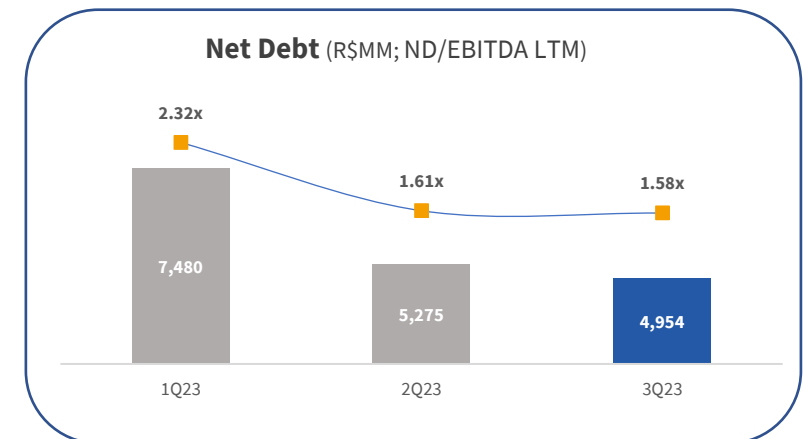
3Q23 vs. 3Q22

Health Beneficiaries (Sep'23):	8,925.5k	-1.2%
Dental Beneficiaries (Sep'23):	6,922.7k	+0.6%
Avg Health Ticket (3Q23):	R\$251.8	+11.8%
Net Revenue:	R\$6,881.9MM	+8.9%
Cash MLR:	71.9%	1.1p.p. better
Cash G&A⁽¹⁾:	8.9%	1.6p.p. better
Adjusted EBITDA⁽¹⁾:	R\$742.0MM	+46.9%
% Margin	10.8%	2.8p.p. better
Adjusted Net Income⁽¹⁾⁽²⁾:	R\$261.1MM	Stable
Net Debt:	R\$4,954.3MM	1.58x EBITDA
CapEx:	R\$101.7MM	

2023 THIRD QUARTER:

- ✓ Net Revenue growth
- ✓ Cash MLR reduction
- ✓ Cash G&A dilution
- ✓ Cash generation and net debt reduction
- ✓ Aug'23, São Francisco Resgate sale
- ✓ Oct'23, Maida's sale and two new hospitals inaugurated

Results that reflect the ticket readjustment strategy and integration and verticalization initiatives



1Q22 data include the simple sum of the January'22 numbers of BCBF Participações S.A. to the Hapvida Investimentos e Participações results. 3Q22 numbers for comparison purposes exclude the Promed effect.

(1) Excluding non-cash expenses Stock Options Plan (SOP) and Long-Term Incentive Plan (LTIP);

(2) Correspond to Net Income excluding expenses with SOP/ILP and Amortization of Customer Portfolio and Trademarks & Patents and Non-current expenses regarding to divestment in São Francisco Resgate.

Hapvida Hospitals

Oct'23 Inauguration of Rio Preto Hospital and Rio Solimões Pediatric Hospital

Rio Preto Hospital

- ✓ Advanced Technology
- ✓ Adult, pediatric and obstetric assistance, 24x7
- ✓ Capacity to perform 9,000 emergency consultations per month



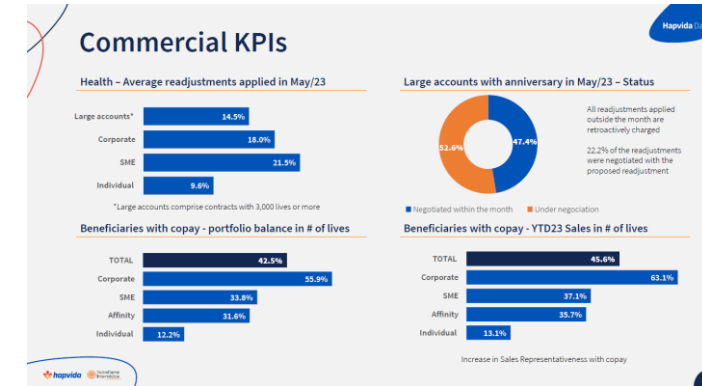
Rio Solimões Pediatric Hospital

- ✓ 30+ beds
- ✓ State-of-the-art surgical center and pediatric ICU
- ✓ Clinical analysis and image center with tomography



Hapvida Day - Update

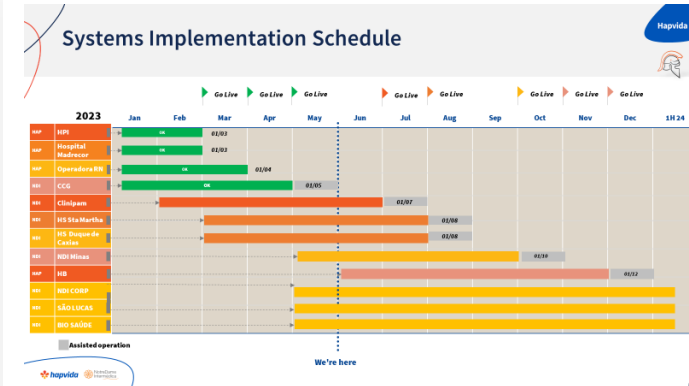
Updating commitments made with our investors



Price Readjustments

Actual Readjustments
May thru Sept

- 14.8% Large contracts
- 14.4% Corporate



IT Systems Implementation

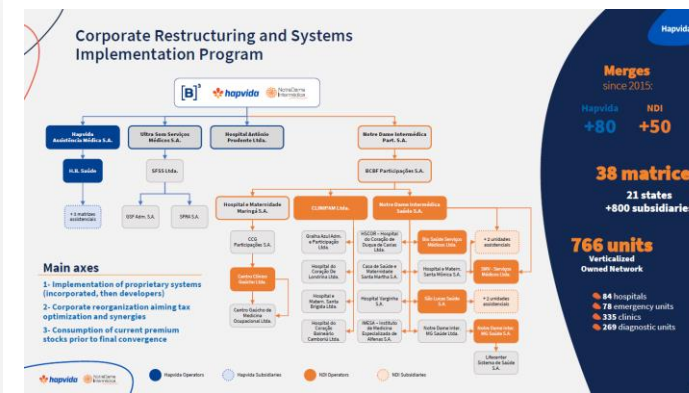
- May'23 - CCG
- Jul'23 - Clinipam
- Aug'23 - Hospitals Santa Marta and Duque de Caxias in RJ
- Dec'23 - NDI Minas Gerais
- 1H24 - NDI São Paulo



Verticalization Plan Autism Therapies

- Over 50 own units already delivered
- Region I vertical level: 85%
- Region II vertical level: 25%

Oncology Services

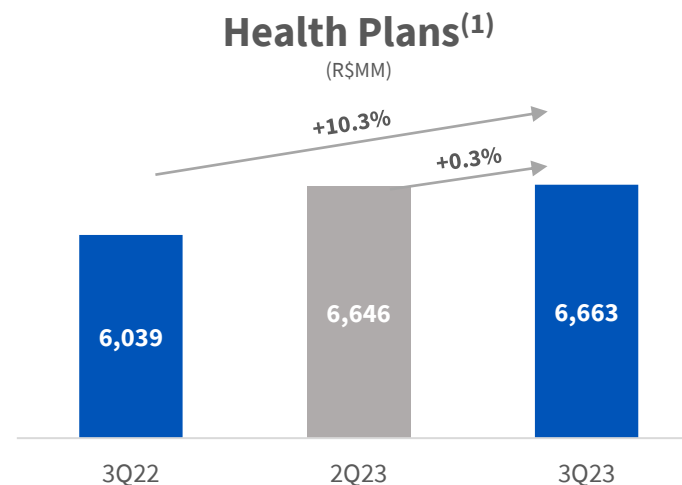
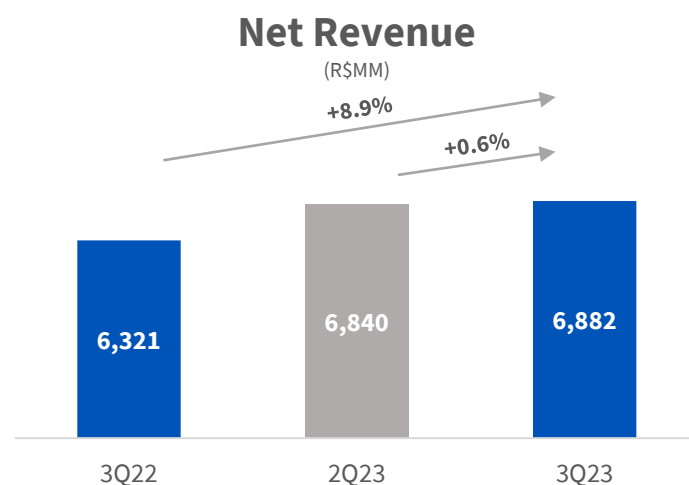


Corporate Reorg Simplification

- Jul'23 - Two hospitals and one holding company incorporated by Clinipam
- Aug'23 - Ultra Som units incorporated by HAM (25%)
- Sep'23 - Ultra Som units incorporated by HAM (50%)

Net Revenue

Consistent revenue increase driven by average ticket improvement



NET REVENUE: +8.9% vs. 3Q22

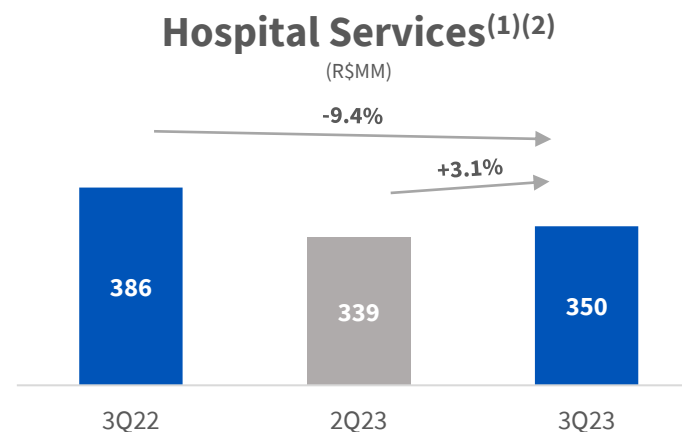
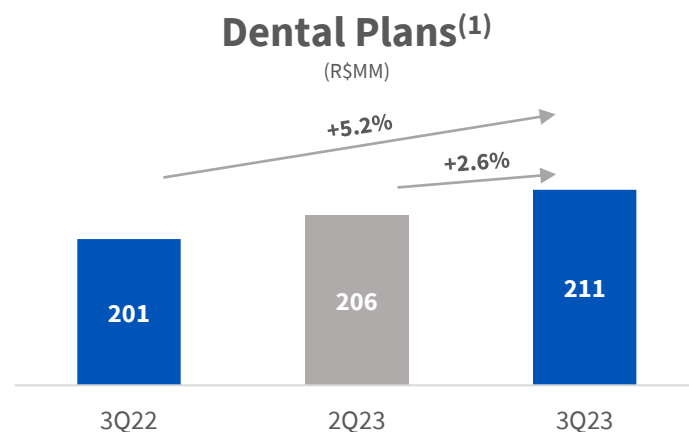
HEALTH PLANS: +10.3% vs. 3Q22

Avg. Beneficiaries: -1.3%

- -226k Organic

- +106k M&A

Avg. Ticket: +11.8%



DENTAL PLANS: +5.2% vs. 3Q22

Avg. Beneficiaries: +3.2%:

- +191K Organic

- +24k M&A

Avg. Ticket: +2.0%

- Result of the contracts' readjustments, loyalty strategy and cross-selling

HOSPITAL SERVICES: -9.4% vs. 3Q22

In Aug'23, we completed the sale of São Francisco Resgate, which reduced revenue by R\$39.6MM in 3Q23

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(1) Gross Revenue

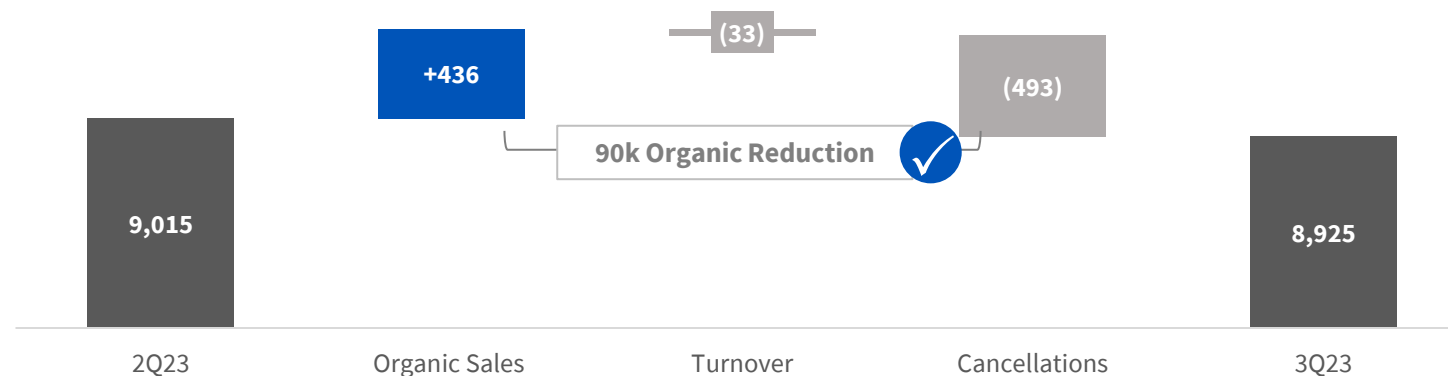
(2) Includes revenues with third party hospital services, patient transportation services (ambulances) and other

Health Plans

Resilient increase in average ticket, up 11.8% since 3Q22

Health Beneficiaries Evolution

(thousand; EoP)

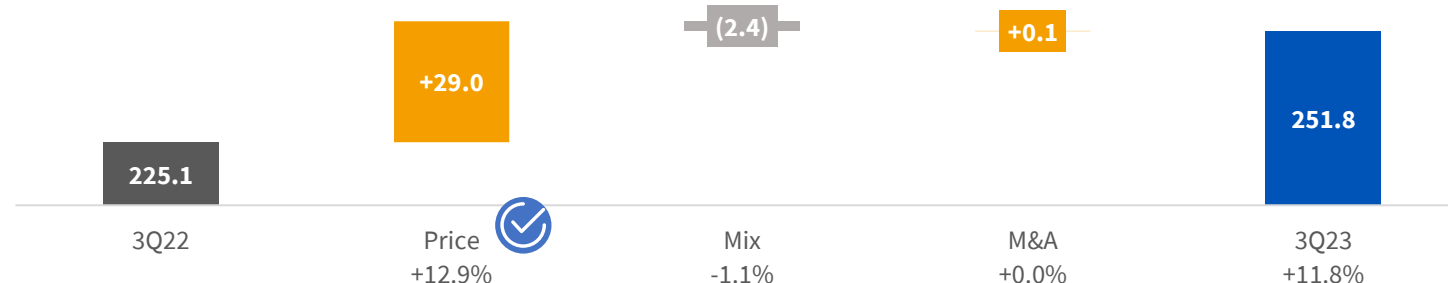


BENEFICIARIES: -90k in 3Q23 vs. 2Q23

- **Organic Sales** with maintenance of sales rates
- **Turnover** was higher, reflecting the macroeconomic environment and sector exposure
- **Cancellations** at higher levels due to increased defaults and termination of loss-making contracts

Average Ticket Evolution

(R\$/month)



AVG. TICKET: 11.8% BETTER vs. 3Q22

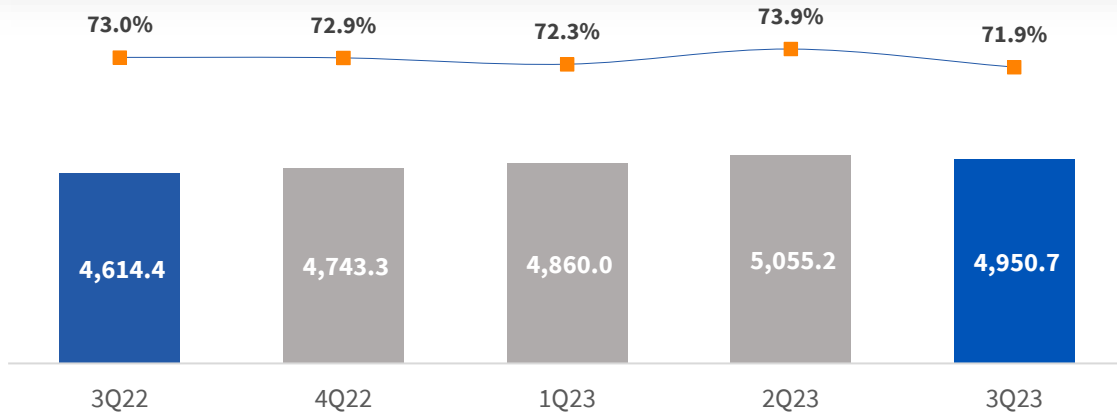
Reflection of the price re-composition strategy and review of the client portfolio, seeking profitability and sustainability

- **+12.9%** ticket re-composition
- **-1.1%** sales and cancellations mix
- No impact from the HB Saúde acquisition

Cash MLR

Better ratio than historical seasonality helped by price readjustments and verticalization process

Cash MLR

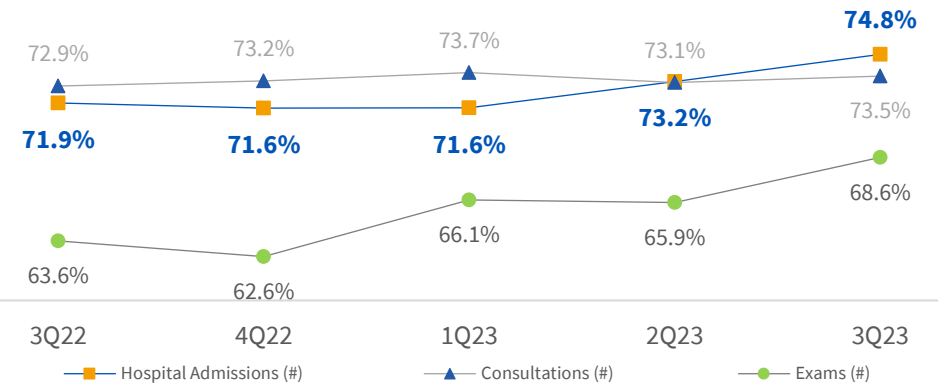


CASH MLR: 1.1PP BETTER vs 3Q22 and 2.0PP BETTER vs 2Q23 (3Qs are historically 0.3p.p higher than 2Qs)

There was an important reduction in 3Q23, mostly by:

- ✓ Continuation of the necessary price readjustments of existing contracts for their financial balance
- ✓ Increase in verticalization and use of best practices that were unified with the merger

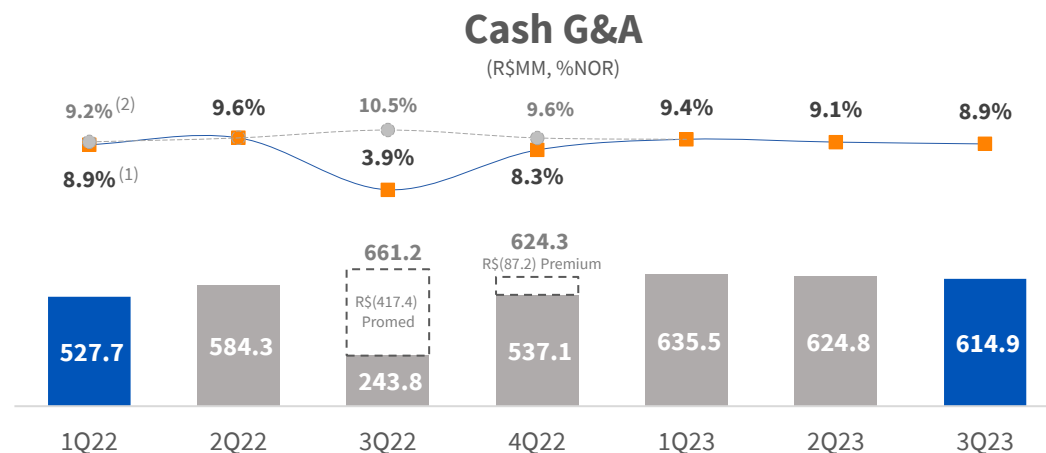
HMO Verticalization



The use of the own care network showed important advances in the verticalization of hospital admissions (from 73.2% in 2Q23 up to 74.8% in 3Q23) and exams (from 65.9% up to 68.6% in the same period)

Cash G&A

Administrative expenses ratio on a downward trend



Cash G&A | Breakdown

(R\$ million)	3Q23	%NOR 3Q23	2Q23	%NOR 2Q23	3Q22	%NOR 3Q22
Personnel	287.8	4.2%	283.2	4.1%	320.5	5.1%
Third Party Services	190.3	2.8%	171.5	2.5%	171.1	2.7%
Occupation and Utilities	72.6	1.1%	72.7	1.1%	80.4	1.3%
Contingencies & Taxes	96.6	1.4%	118.9	1.7%	88.8	1.4%
Other	(32.4)	-0.5%	(21.4)	-0.3%	(416.9)	-6.6%
Cash G&A	614.9	8.9%	624.8	9.1%	243.8	3.9%

CASH G&A: 0.2PP BETTER vs 2Q23

In 3Q23, the Company showed an increase in cash G&A in the following lines:

Personnel, despite the reduction of R\$32.7MM vs 3Q22, there was an increase of R\$4.6MM vs 2Q23, due to:

- R\$6.8MM internalization of acquired companies' call centers
- R\$3.9MM residual collective labor agreement and
- R\$2.3MM severance pay from synergies

Third party services, due to:

- the acquired companies' expenses of the previous period
- IT systems investments at acquired companies
- integration advisories

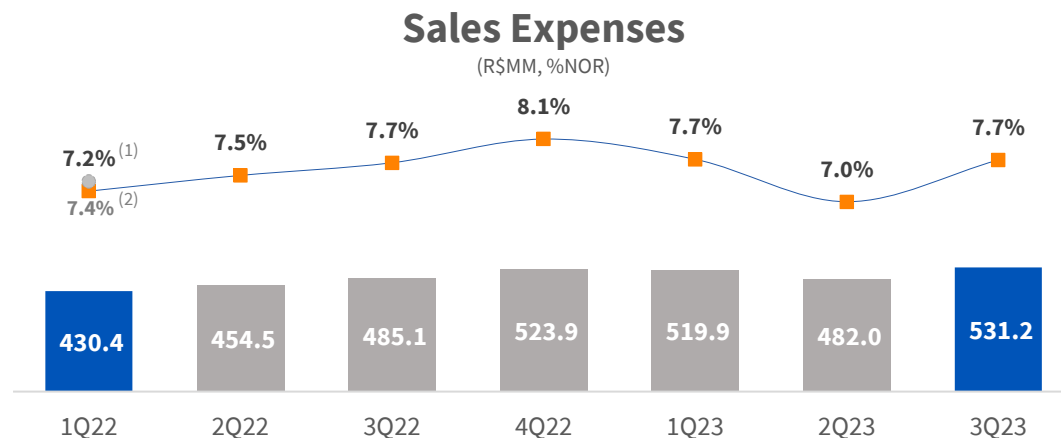
Other reflected positively an adjustment of R\$11.6MM from acquired companies and R\$8.5MM from the SLB operation

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Sales Expenses

Sales Expenses Ratio was stable vs 3Q22



Sales Expenses | Breakdown

(R\$ million)	3Q23	%NOR 3Q23	2Q23	%NOR 2Q23	3Q22	%NOR 3Q22
Commission	334.9	4.9%	306.0	4.5%	338.2	5.4%
Provision for credit losses	131.2	1.9%	126.0	1.8%	98.4	1.6%
Marketing & Advertise	20.0	0.3%	11.3	0.2%	20.2	0.3%
Personnel	33.4	0.5%	34.3	0.5%	24.6	0.4%
Other expenses	11.7	0.2%	4.4	0.1%	3.7	0.1%
Sales Expenses	531.2	7.7%	482.0	7.0%	485.1	7.7%

SALES EXPENSES: 0.7PP UNFAVORABLE vs 2Q23

In 3Q23, Hapvida showed an increase in all selling expenses lines, except for Personnel. We highlight the increases of:

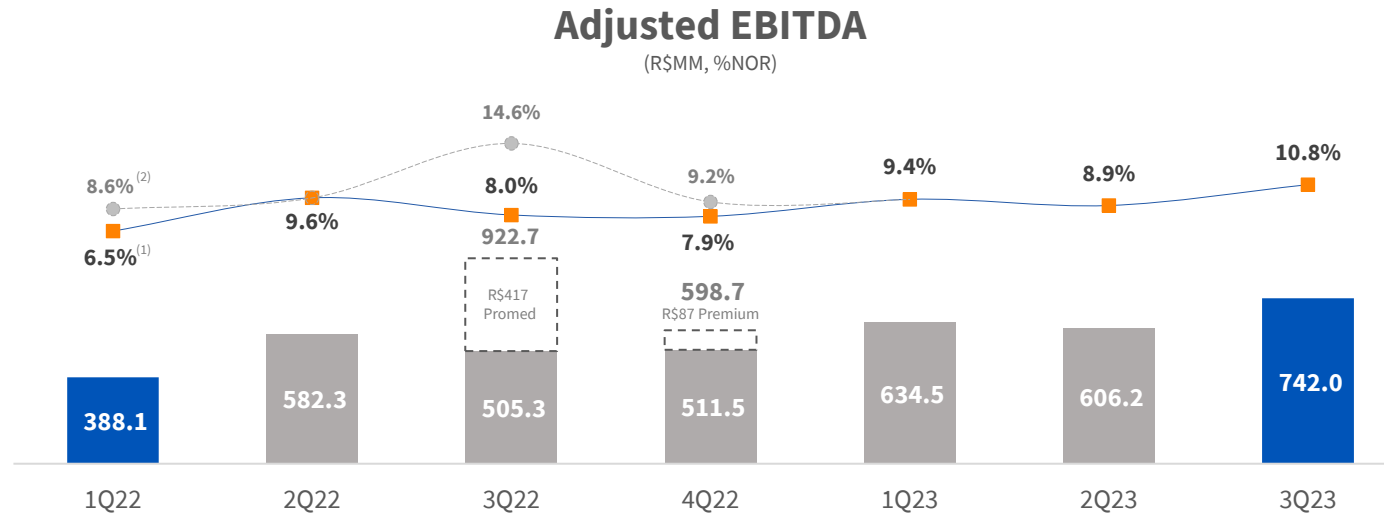
- R\$28.8MM in **Commission**, due to the contracts' cancelation in the current year
- R\$8.7MM in **Marketing & Advertisement** as a result of marketing campaigns concentrated in the second half of the year due to the repositioning of the brand in all regions

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Adjusted EBITDA

Increase of 46.9% vs 3Q22 (excluding the Promed price adjustment effect)



ADJUSTED EBITDA: +46.9% vs 3Q22

Mainly due to:

- Increase of 8.9% in Net Revenue
- Decrease of 1.1p.p. in Cash MLR
- Dilution of 1.6p.p. in Administrative expenses

Adjusted EBITDA | Breakdown

(R\$ million)	3Q23	2Q23	Var. % 3Q23/2Q23	3Q22	Var. % 3Q23/3Q22
Net Income (Losses)	(206.7)	(161.1)	28.3%	35.2	-687.9%
(+) Long term Incentive Plan (LTIP) and SOP	35.3	8.6	310.0%	142.1	-75.1%
(+) Intangible Amortization	372.0	374.1	-0.6%	501.6	-25.8%
(+) Non-recurring expenses	60.4	-	100.0%	-	100.0%
Adjusted Net Income	261.1	221.6	17.8%	678.8	-61.5%
(+) Income tax and social contribution	(59.0)	(21.0)	180.5%	(271.4)	-78.3%
(+) Financial result	371.4	246.9	50.4%	345.4	7.5%
(+) Depreciation and Amortization	168.5	158.7	6.2%	169.9	-0.8%
Adjusted EBITDA	742.0	606.2	22.4%	922.7	-19.6%
% margin	10.8%	8.9%	1.9pp	14.6%	-3.8pp

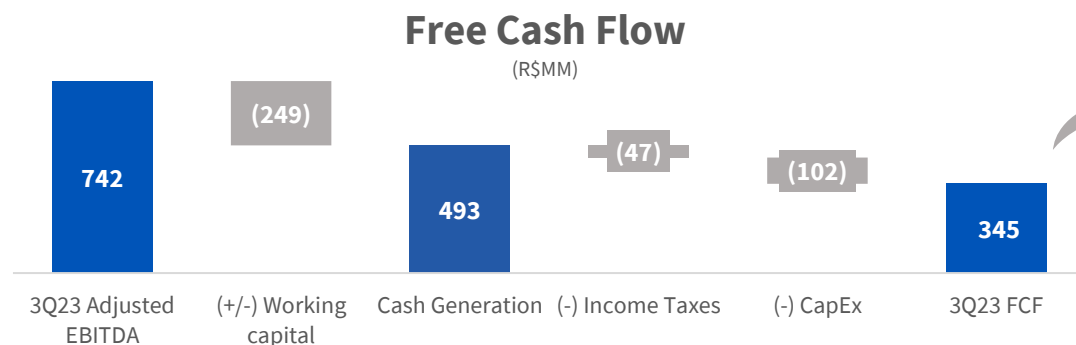
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(3) Corresponds to Net Income excluding expenses with SOP/ILP and Amortization of Customer Portfolio and Trademarks & Patents

Net Debt & Cash Flow

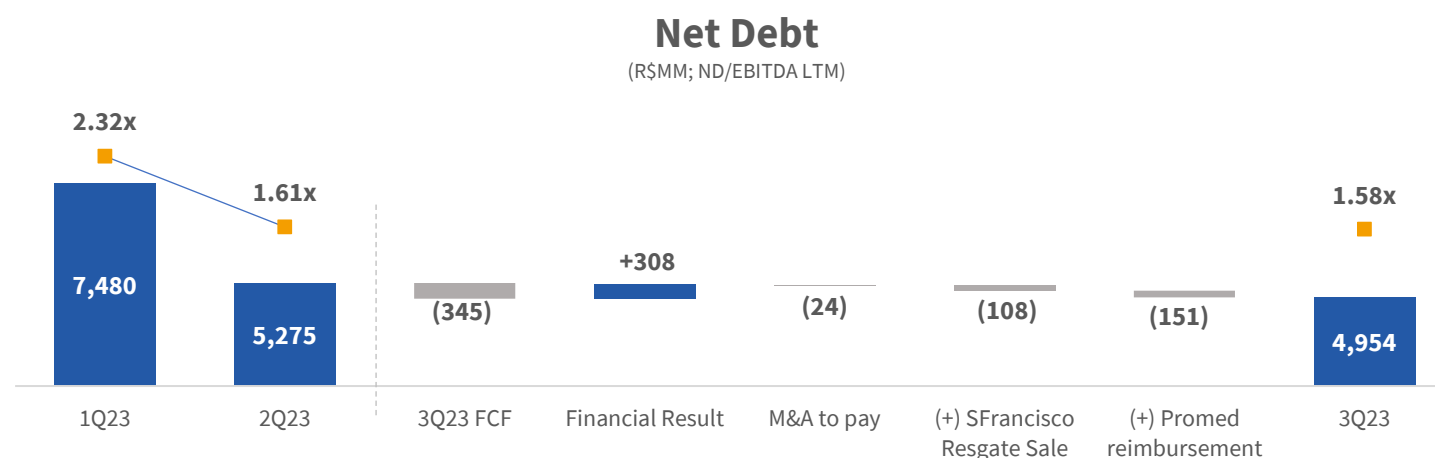
Balanced management with leverage reducing to 1.58x Ebitda



FREE CASH FLOW: R\$345.0MM in 3Q23

Cash Generation kept the same pace for the current year, including:

- In 3Q23, around 66.5% of Adjusted EBITDA in 3Q23 was converted to Operational Cash Generation, keeping historical levels of conversion
- R\$101.7MM in CapEx, according with 2023 strategy of cash preservation and debt reduction



NET DEBT R\$320.5MM REDUCTION

Mainly due to:

- R\$108.4MM São Francisco Resgate sale
- R\$151.1MM Promed reimbursement

Regulatory Requirements

Maintenance of Regulatory Requirements

Technical Provisions / Guarantor Assets

(R\$ million)	3Q23	2Q23	Var. R\$	Var. %
Required Technical Provisions	3,145.5	3,157.4	(11.8)	-0.4%
(+) SUS Provisions (net of judicial deposits)	1,405.1	1,395.2	9.9	0.7%
(+) IBNR Provision	1,031.3	1,039.3	(8.0)	-0.8%
(+) Outstanding claims reserve	705.2	718.9	(13.7)	-1.9%
(+) Reserve for benefit granted	3.9	4.0	(0.1)	-2.6%
Assets	7,244.6	7,538.3	(293.7)	-3.9%
(+) Cash and financial investments	7,124.9	7,417.8	(292.9)	-3.9%
(+) Real estate pledged	119.7	120.5	(0.8)	-0.7%
Free Cash	4,099.0	4,380.9	(281.9)	-6.4%

Required Technical Provisions were impacted mainly by a reduction of R\$13.7MM due to operational cost's seasonality

Cash and Financial Investments reduced R\$292.9MM, due to:

- **R\$1,062.3MM** in payment of principal and interest
- **R\$41.7MM** in installments retained from acquisitions

Partially offset by:

- **R\$108.4MM** from the sale of São Francisco Resgate
- **R\$151.1MM** from the Promed reimbursement
- **R\$206.6MM** in income from financial investments
- **R\$345.0MM** generated from Free Cash Flow

Regulatory Capital

(R\$ million)	3Q23	2Q23	Var. R\$	Var. %
Risk Based Capital	3,747.2	3,626.0	121.2	3.3%
Adjusted Equity	4,816.5	4,568.4	248.2	5.4%
Operator equity	18,436.3	18,281.6	154.7	0.8%
(-) Intangible Assets	(9,158.8)	(9,011.3)	(147.5)	1.6%
(-) Investments	(3,077.8)	(3,301.7)	223.9	-6.8%
(-) Deferred Selling Expenses	(724.8)	(755.0)	30.2	-4.0%
(-) Tax credits on tax losses	(581.8)	(507.7)	(74.1)	14.6%
(-) Prepaid expenses	(76.5)	(137.6)	61.1	-44.4%
Regulatory Capital Surplus	1,069.3	942.4	126.9	13.5%

All the group's operators individually showed a Regulatory Capital surplus

Risk Based Capital increased because of the growth of the Company's operations

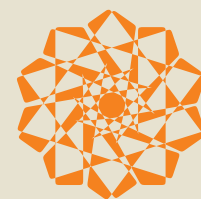
Adjusted Equity increased, due to:

- **R\$154.7MM** in Operators' Equity, mainly due to **R\$150.8MM** net profit
- **R\$223.9MM** in investments, mainly from the quarter's developments
- **R\$61.1MM** in prepaid expenses, mainly due to the reversal of the Sale & Leaseback of June'23

And they were partially offset by the negative impacts of: **R\$147.5MM** in Intangible Assets and **R\$74.1MM** in tax credits



Q&A Session



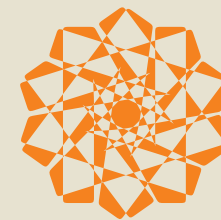
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