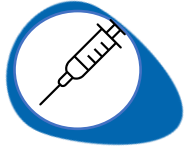




# Earnings Call 2Q21

# Message from CEO

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**Covid-19 update**



**2Q21 Financial figures**



**Hapvida's Infrastructure**



**Merger Schedule between Hapvida and GNDI**



**ESG Schedule**



**Repurchase of shares**

# 2Q21 Figures

## *Main financial and operational indicators*

Net Revenues

**+15.7%**

Health  
Beneficiaries

**+16.7%**

Dental  
Beneficiaries<sup>1</sup>

**+5.0%**

Cash MCR<sup>2</sup>

**66.6%**

(+14.2 p.p. vs 2Q20)

SG&A (% NOR)<sup>3</sup>

**18.0%**

(-0.3 p.p. vs 2Q20)

EBITDA Ex-LTIP<sup>3</sup>

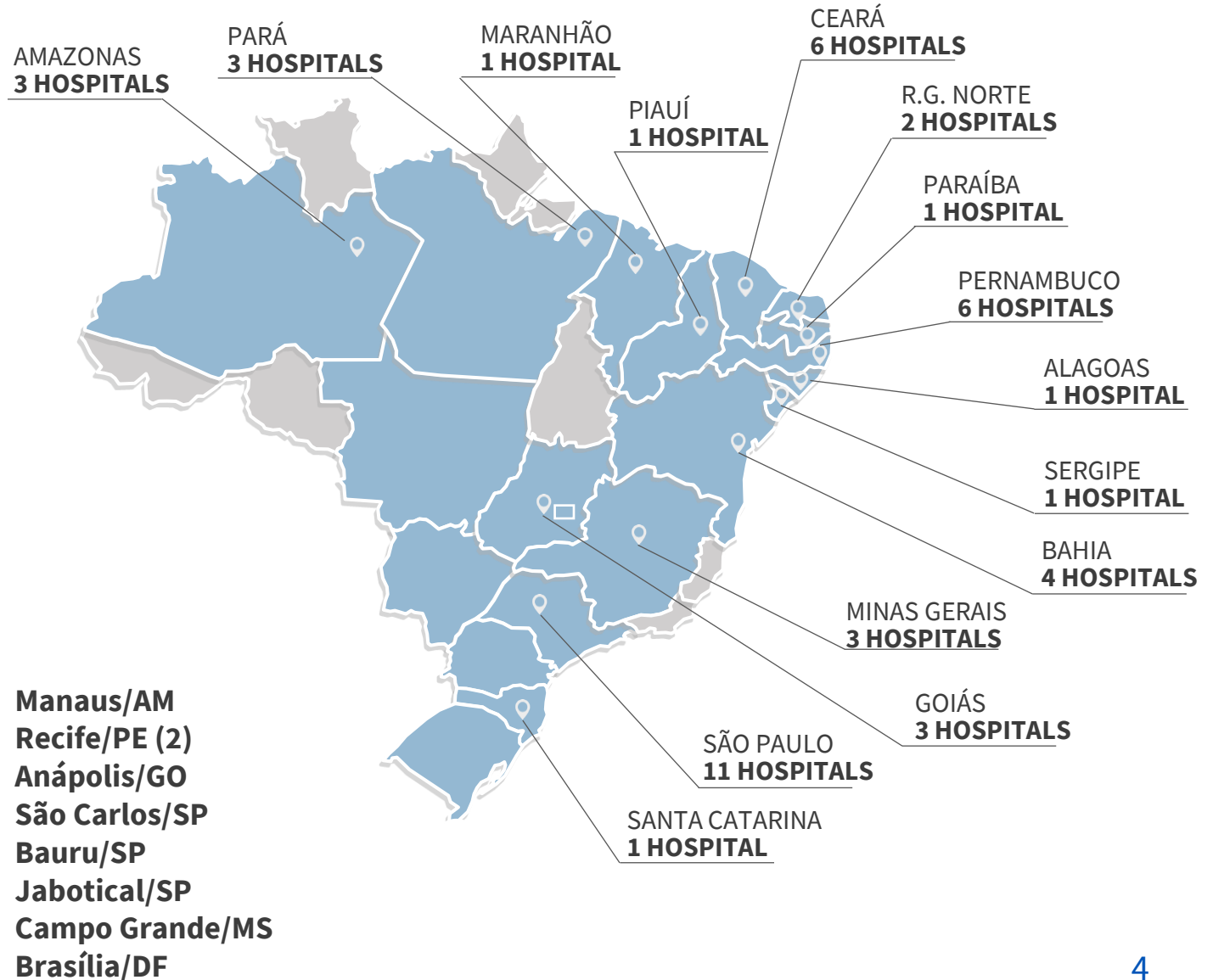
**R\$312.0 million**

<sup>1</sup> Disregarding the 163 thousand health lives with dental coverage added in 1Q21.

<sup>2</sup> Medical Care Ratio.

<sup>3</sup> Excluding expenses with LTIP (Long Term Incentive Plan).

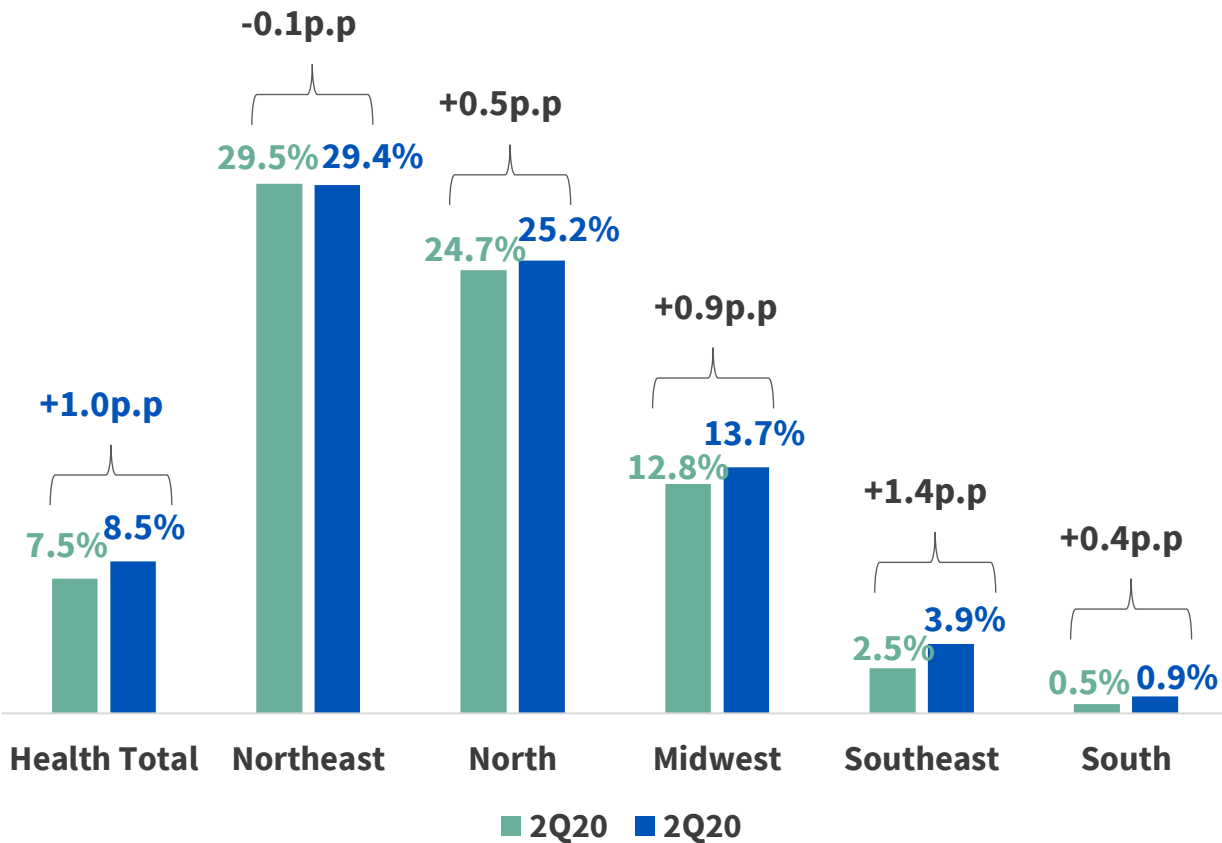
# Hapvida's Infrastructure



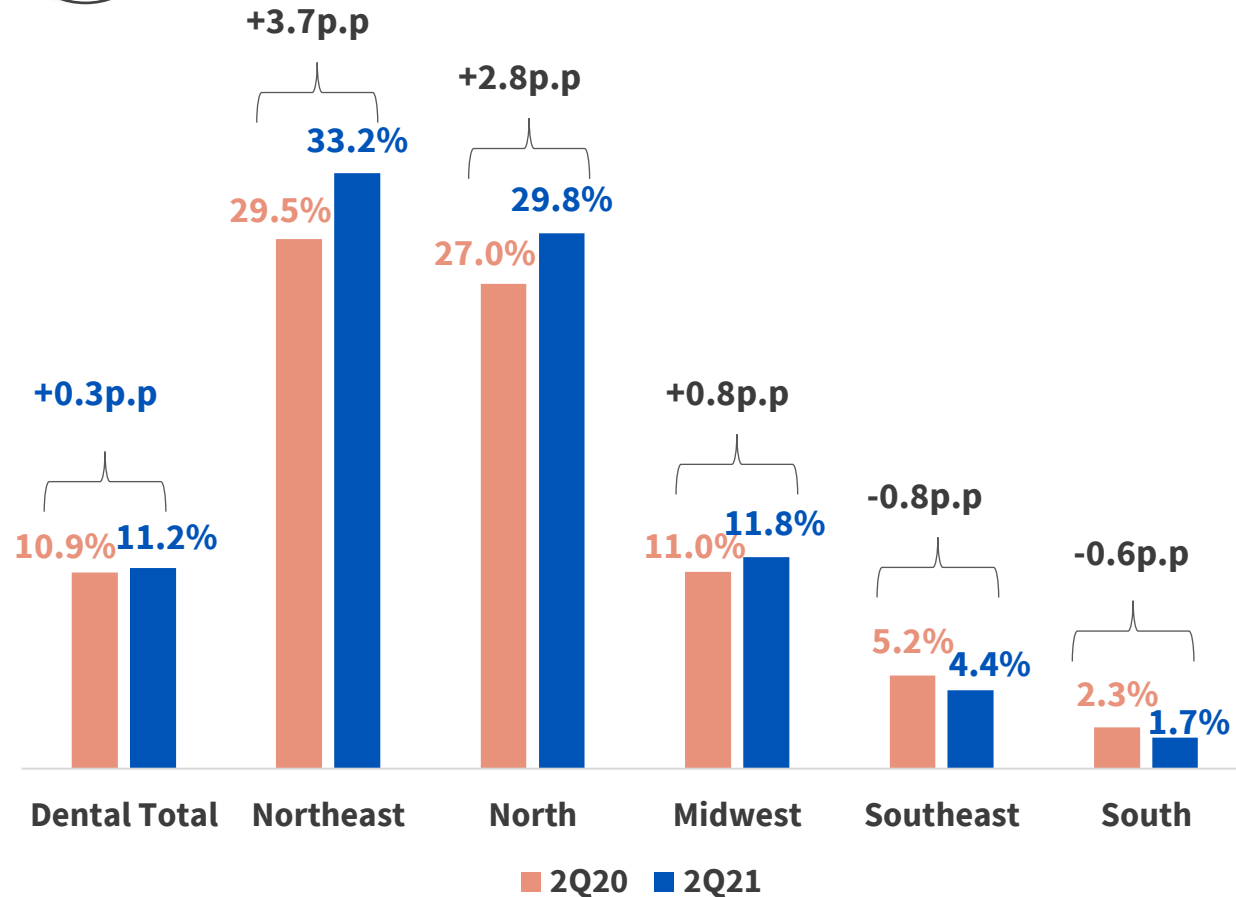
# Market Share



## Health



## Dental



Source: ANS and Company management numbers.

# Business Combination with GNDI



## Operation Schedule

- ✓ **Approval of the Merger Agreement by the Board of Directors of both Companies**
- ✓ **Signing of the Merger Agreement by the Executive Directors of both Companies**
- ✓ **Deal Announcement**
- ✓ **Protocol and Justification of Merger**
- ✓ **Extraordinary General Meetings Approvals (GNDI & HAPV)**
- ✓ **Regulatory Authority (ANS) Approval**
- **Antitrust Council (CADE)<sup>1</sup>**
- **Closing (Expected by 1H22)**

<sup>1</sup>Transaction conclusion is conditioned by the approval of the Brazilian Antitrust Council (CADE).

# Highlights in ESG

## ESG Initiatives and Agenda

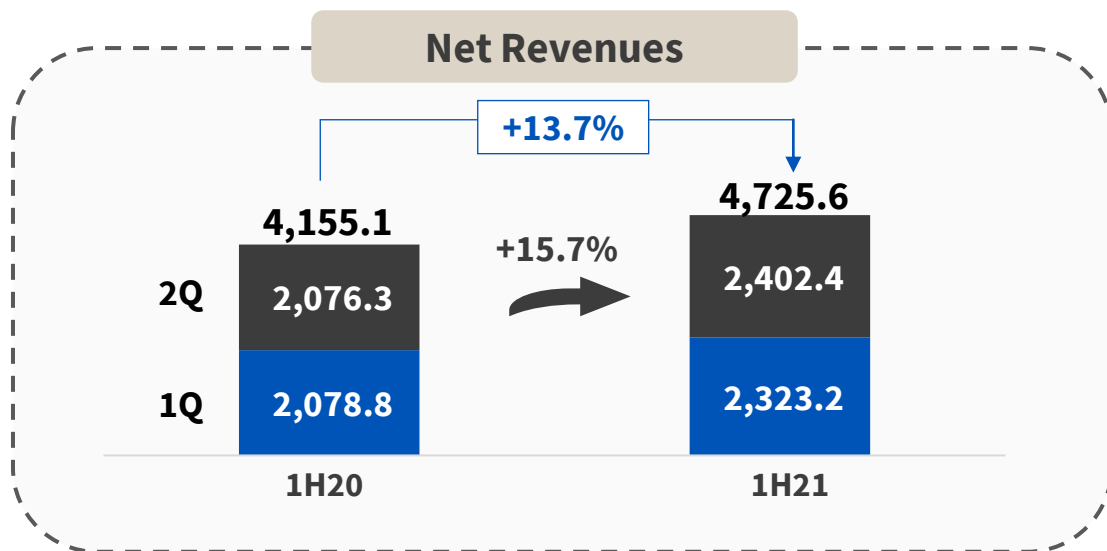
- The Company joined the **Healthy Hospitals Project** and held our first **Environment Week**
- 2nd **Sustainability Report** released
- **Evoluir Project**
- **Diversity & Inclusion Booklet** released
- Continues to be part of the **FTSE4Good** (review Jun/21)



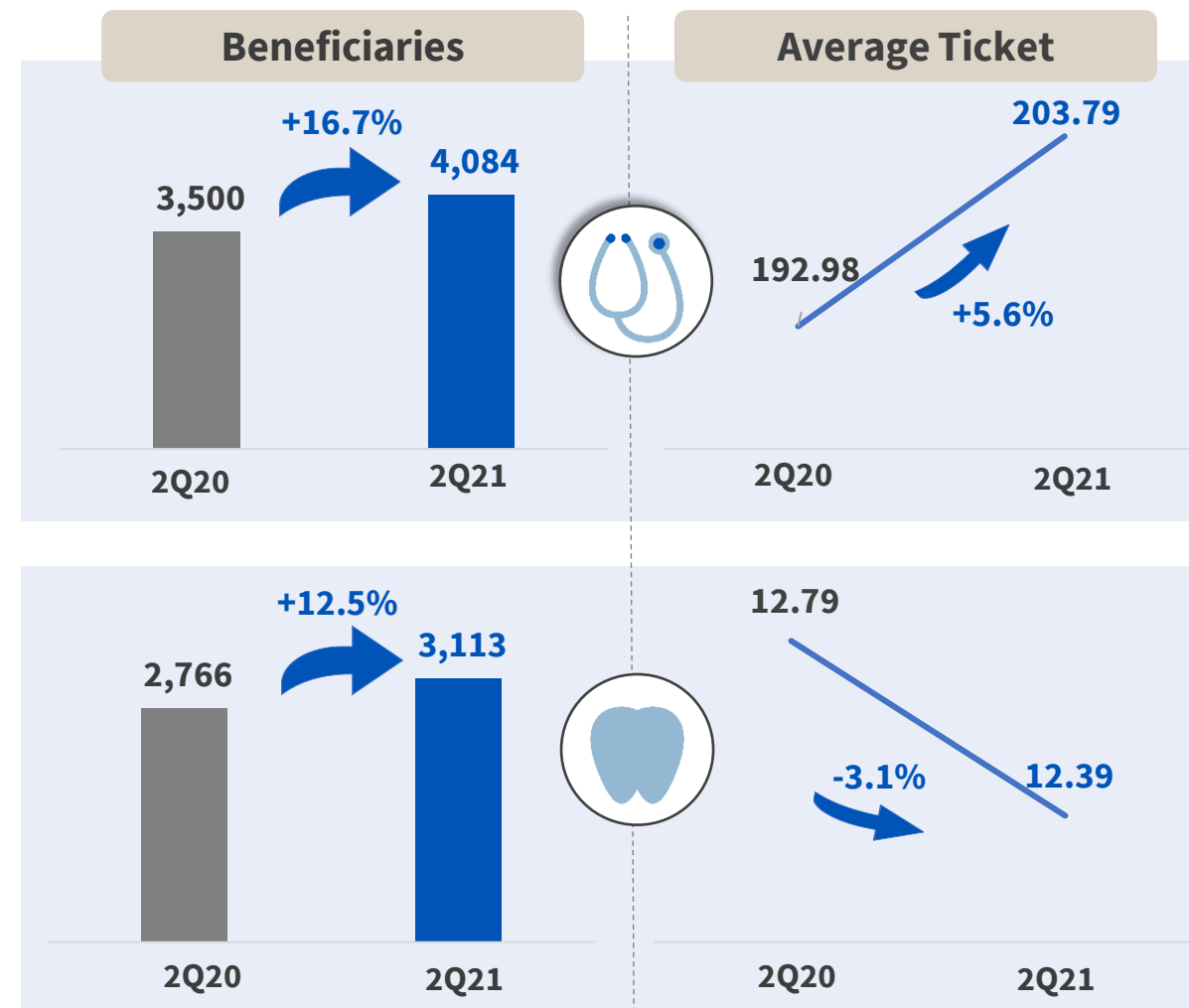
## Our commitments:



# Net Revenues

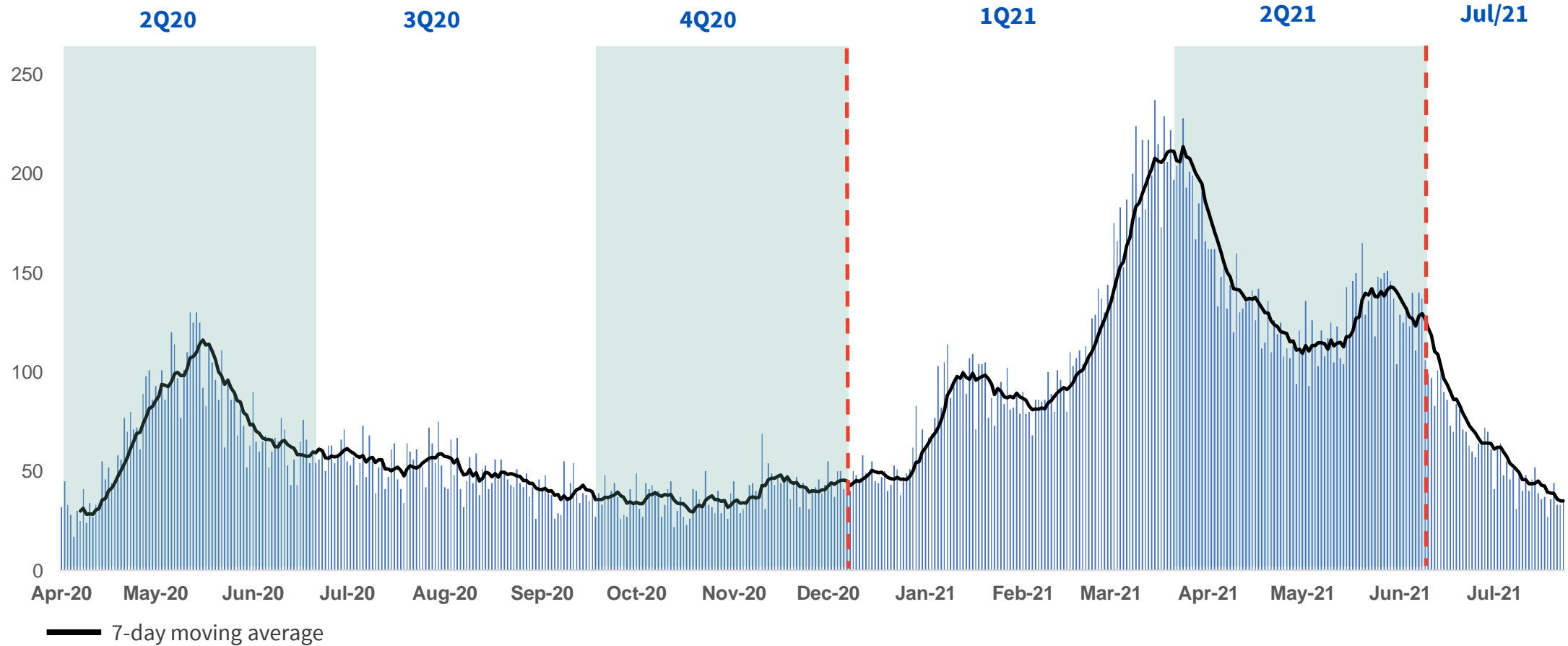


- Organic increase of 130k lives – health;
- Organic increase of 182k lives – dental;
- 5.6% increase in average health ticket;
- Increase in revenue from the 12.3k lives in Samedh's portfolio and 13.7k lives from Plamheg;
- Revenues from acquired companies: R\$48.8 million in 2Q20 (R\$94.5 million in 1H21) from Medical; R\$43.3 million from Grupo São José in 2Q20 (R\$89.4 million in 1H21) and R\$47.3 million (June/21) from Promed;
- Negative readjustment of individual plans of R\$5.2 million



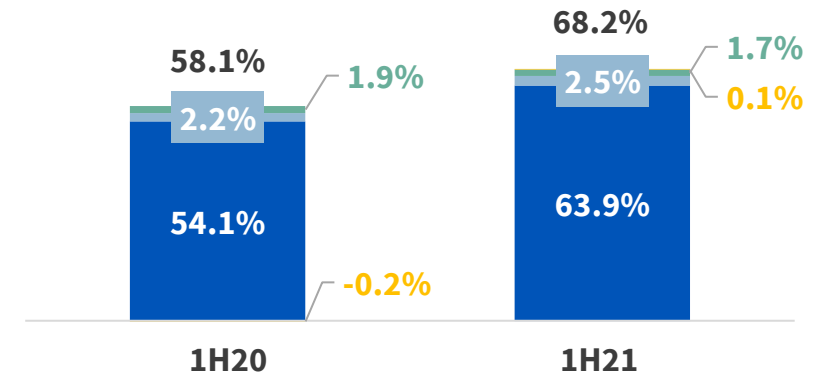
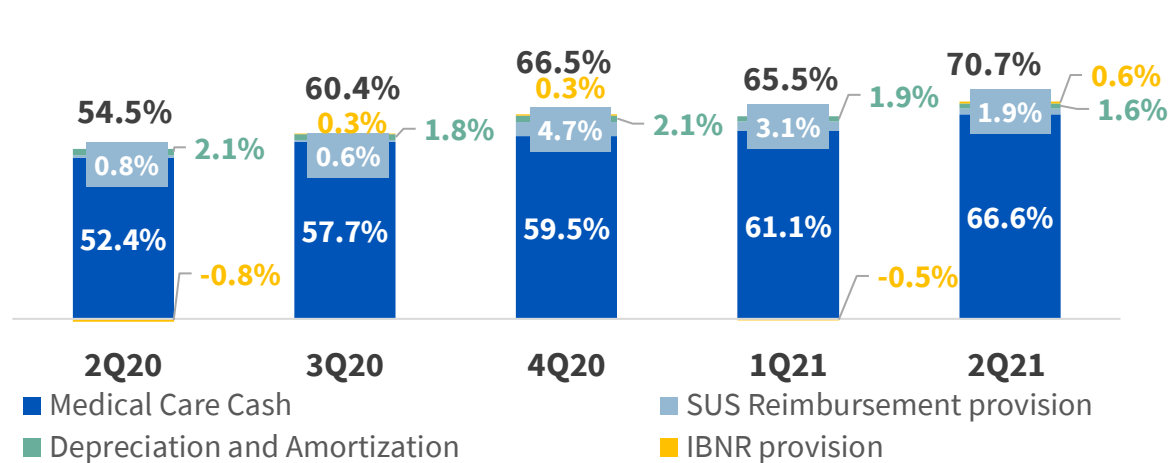


# Covid-19 Update



# Medical Costs and Medical Care Ratio

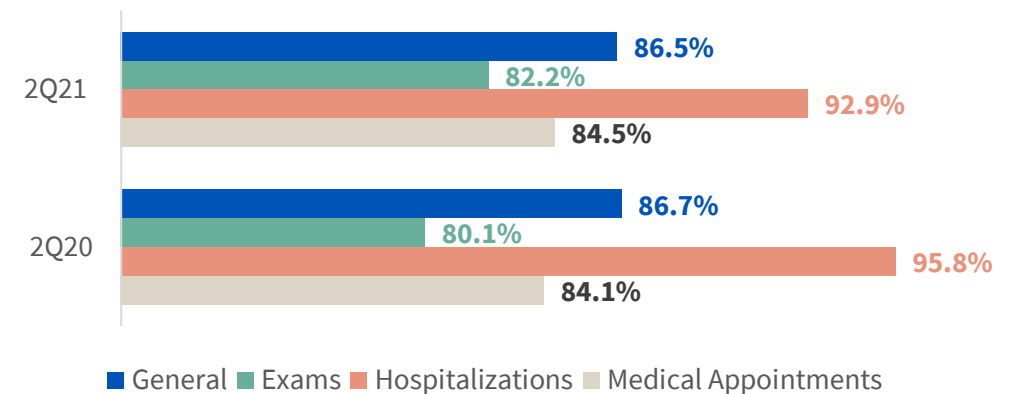
## • MCR Breakdown



### Impacts:

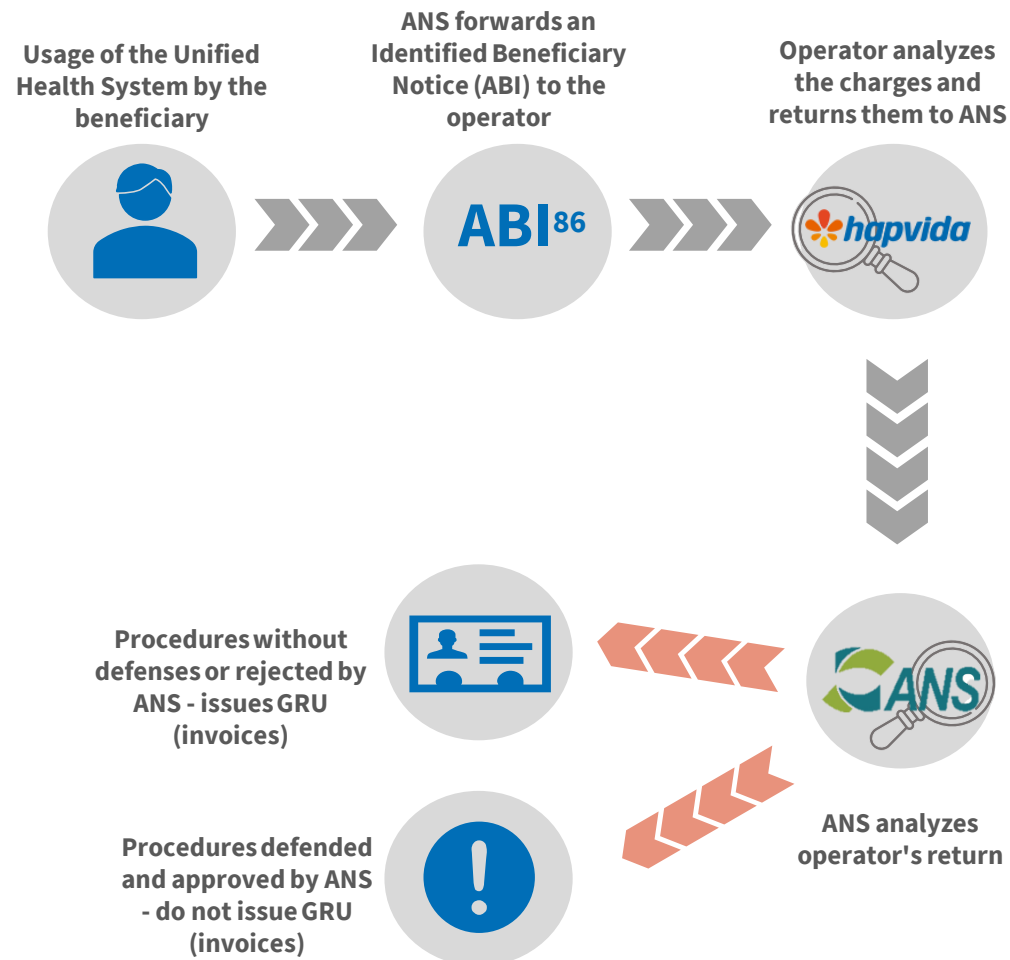
- (-) ReSUS provision R\$46.1M 2Q21 vs R\$17.0M 2Q20 (R\$117.0M 1H21 vs R\$92.7M 1H20);
- (+) Depreciation reduction of R\$5.4m in 2Q21 (+R\$4.5m in 1H21);
- (-) Amount of IBNR R\$31.6M 2Q21 (R\$9.5M 1H21);
- (-) Personnel expenses of R\$11.2m 2Q21 (R\$25.1m in 1H21);
- (-) Covid-19 costs of R\$153.5M 2Q21 (R\$247.1 in 1H21);
- (-) Higher care ratio of newly acquired companies (Medical, São José Group and Promed)

### Verticalization – 2Q21<sup>1</sup>



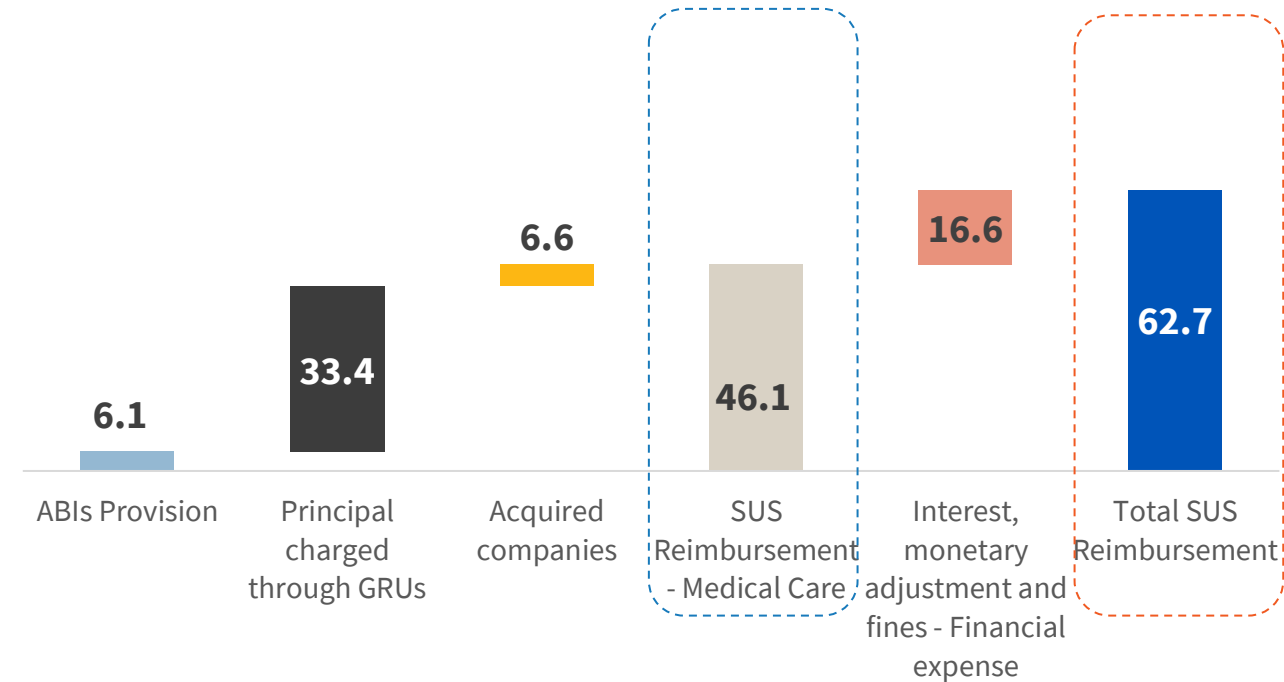
<sup>1</sup> % calculated by the volume of services provided in the company's network in 2Q21 – considering the companies: Hapvida, América and RN Saúde.

## • Reimbursement Flow

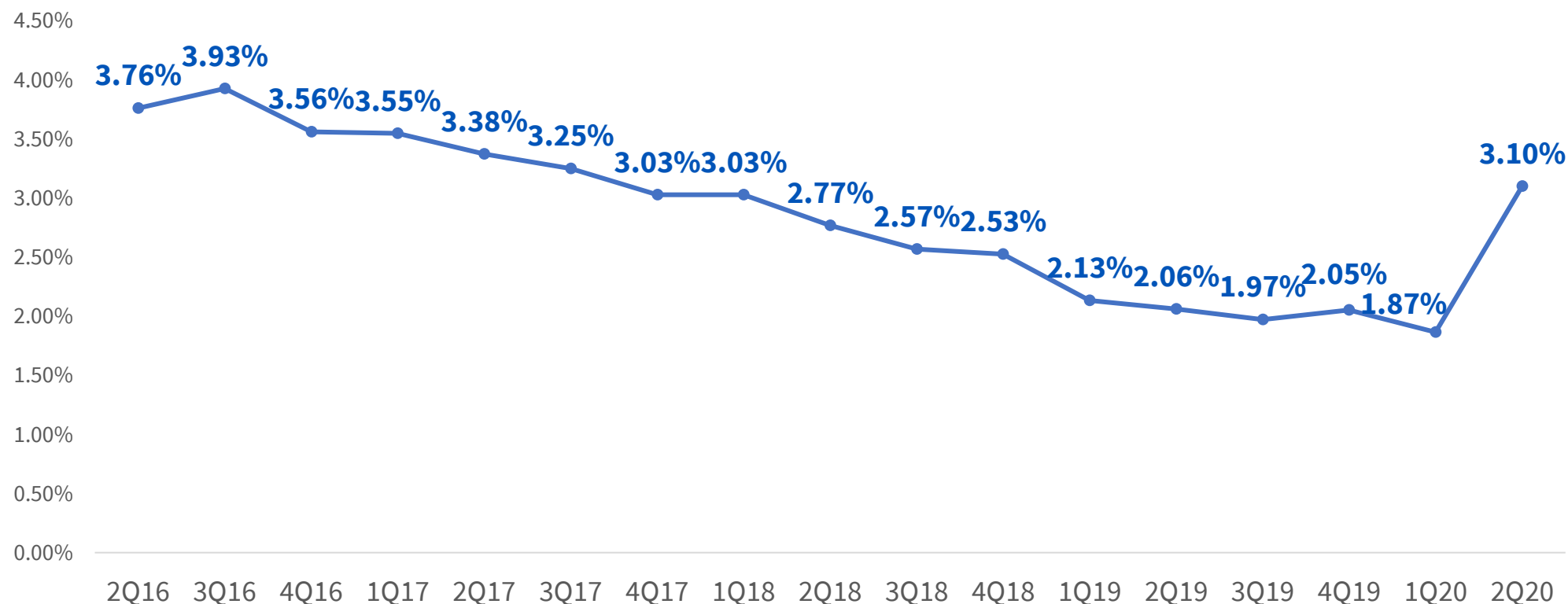


## • Composition of Reimbursement in the result – 2Q21

*In R\$ Million*



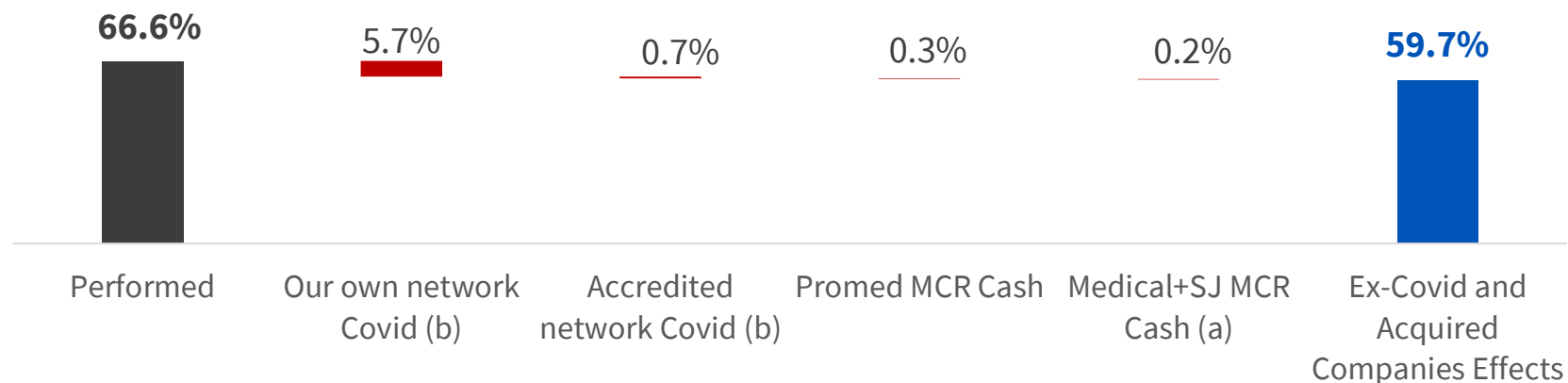
- Amount of ABIs received divided by the amount of medical care costs for the corresponding quarter



The amount of ABI received in 2Q21 is similar to the average of ABIs received in the last 15 quarters. The increase in the indicator was due to the value of the cash MCR in 2Q20, which was positively impacted by the suspension of elective procedures due to Covid-19.

- **Simulation - Cash MCR**

Disregarding the effects of Covid-19's additional expenses of R\$153.5 million in 2Q21 and the higher care ratio of the new acquired companies: Medical, São José (SJ) and Promed, the Cash Care Ratio in 2Q21 would be:

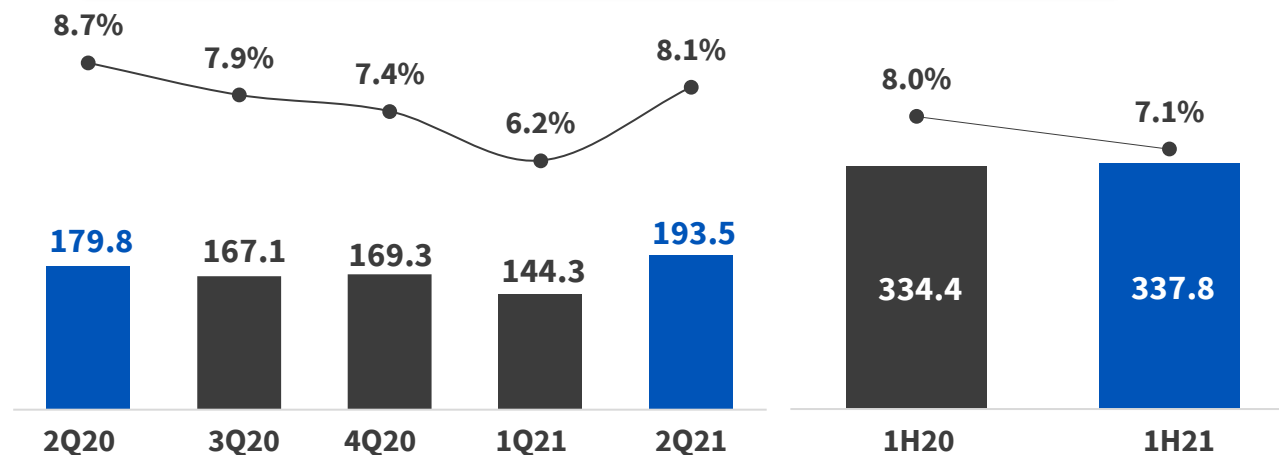


*(a) Calculated value based on the cash MCR in 1Q21, considering that it would be the same in 2Q21;*

*(b) The Covid impact was calculated on Hapvida+América, RN and São Francisco companies. For the others, the balance sheet structure still does not allow for identification.*

# Operational Expenses

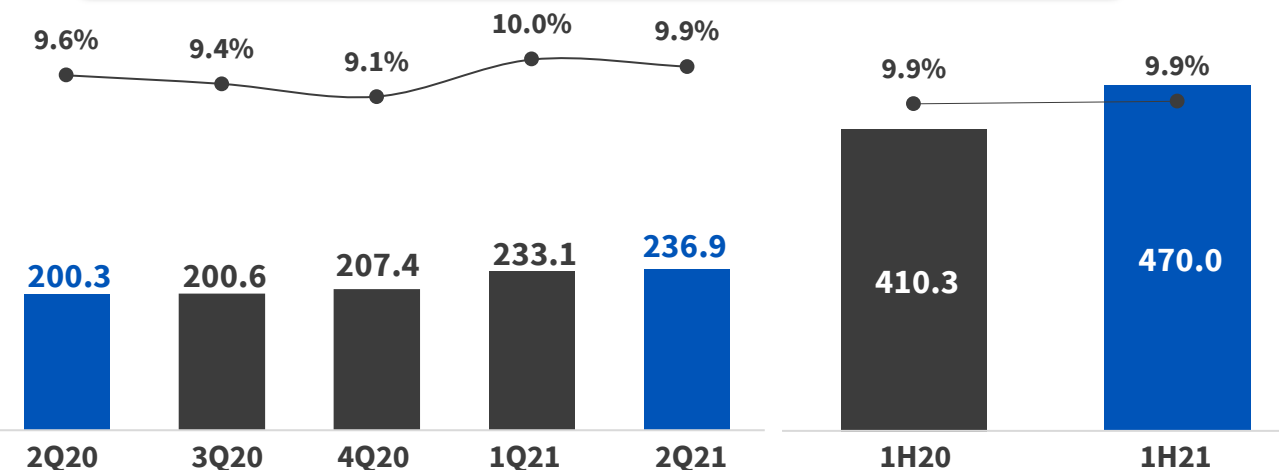
## Selling Expenses and %NOR



### Impacts:

- Lower sales expenses ratio of acquired Companies – which resulted in a loss of representativeness of 0.2 p.p. in 2Q21 and 1H21;
- Lower deferred commission expense net of cancellations of R\$2.3 million in 2Q21 and R\$6.8 million in 1H21);
- Reduction in the level of default in individual plans by 3.2 p.p. in both 2Q21 and 1H21

## Administratives Expenses and %NOR<sup>1</sup>



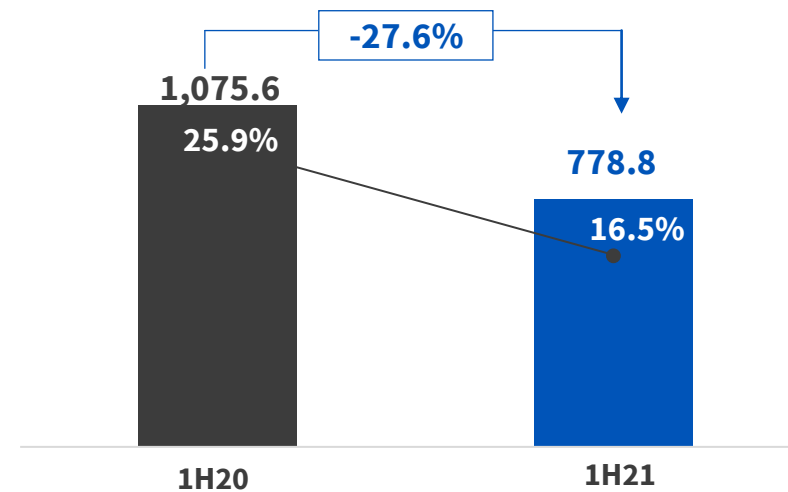
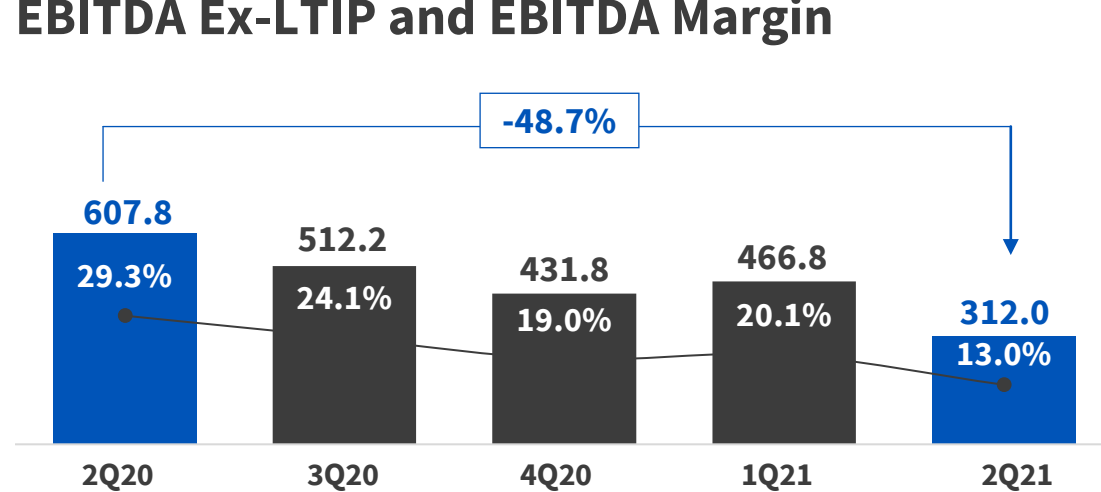
### Impacts:

- Additional attorneys' and consultancy fees related to recent acquisitions including the deal with GNDI (R\$11.9 million in 1H21);
- Collective bargaining agreement and hiring of new employees (R\$16.7 million 2Q21 e R\$21.2 million 1H21);
- Provision for tax, civil and labor risks lower than in the comparative period R\$32.6 million in 2Q21 and R\$34.5 million in 1H21);
- Non-recurring miscellaneous expenses in the assumption of acquisitions occurred that occurred in 1Q20 that were not repeated in 2Q21 (R\$4.0 million)

<sup>1</sup>Excluding LTIP expenses.

# EBITDA Ex-LTIP and Adjusted Net Income

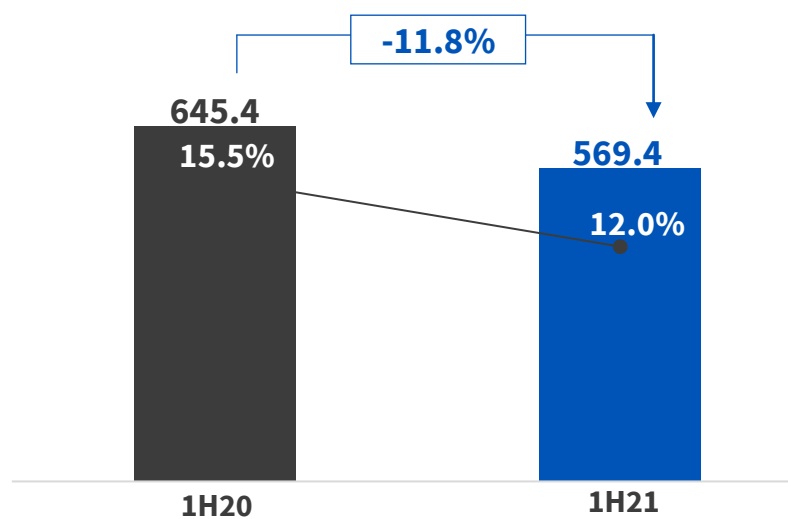
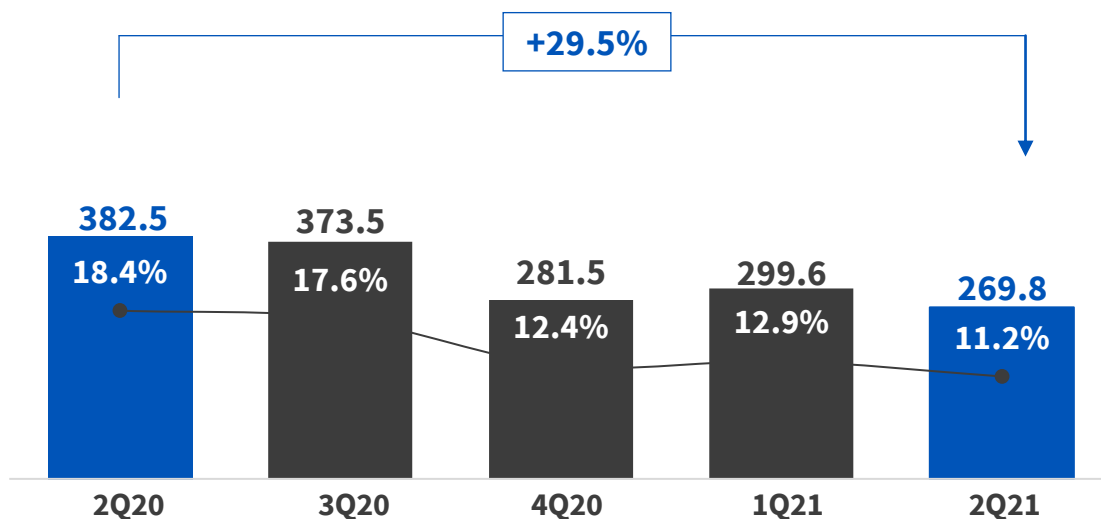
## EBITDA Ex-LTIP and EBITDA Margin



Non-recurring adjustments:

- LTIP: R\$20.3M in 2Q21 and 1H21

## Adjusted Net Income and Net Margin



Non-recurring adjustments:

- LTIP: R\$20.3M in 2Q21 and 1H21
- Amortization of the fair value arising from the business combination (value-added) net of taxes: R\$144.9M in 2Q21 and R\$292.7M in 1H21

# Free Cash Flow and Capex

R\$ million	2Q21	2Q20	2Q21 x 2Q20	1H21	1H20	1H21 x 1H20
<b>EBITDA</b>	<b>291.7</b>	<b>607.8</b>	<b>(52.0%)</b>	<b>758.5</b>	<b>1,075.6</b>	<b>(29.5%)</b>
(+/-) Change in working capital <sup>1</sup>	(403.7)	23.0	(1855.2%)	(323.6)	125.7	(357.4%)
(-) Income Tax and Social Contribution	25.1	(145.2)	(117.3%)	(43.8)	(235.8)	(81.4%)
(-) Cash Capex	(115.5)	(92.4)	25.0%	(249.9)	(166.7)	41.9%
<b>Free Cash Flow (ex-acquisitions)</b>	<b>(202.4)</b>	<b>393.2</b>	<b>(151.5%)</b>	<b>141.1</b>	<b>798.8</b>	<b>(82.3%)</b>
(-) Companies acquisitions	(155.6)	(47.6)	226.9%	(155.6)	(94.3)	65.0%
<b>Free Cash Flow</b>	<b>(358.0)</b>	<b>345.6</b>	<b>(203.6%)</b>	<b>(14.4)</b>	<b>704.5</b>	<b>(102.1%)</b>

## Impactos:

- (-) Decrease in EBITDA mainly explained by the impacts of the pandemic on our MCR;
- (+) Decrease in income tax and social contribution;
- (-) Decrease in the liability balance of Other accounts payable - Promed creditors payment - R\$348.8 million
- Capex: investments on our own network

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



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