

Earnings Call Presentation 2Q22

CONFERENCE CALL
AUGUST 12, 2022 | 11am BRT



NEW HOSPITAL – BRASÍLIA ASA SUL
Inaugured in April 2022



NEW OUTPATIENT ER – RIO DE JANEIRO CENTRO
Inaugured in July 2022



Financial Highlights

Solid organic growth with cash MLR improvement

Sustainable Growth

| | | 2Q22 vs. 2Q21 | | 1H22 vs. 1H21 | |
|----------------------|---------------|---------------|--------|---------------|--------|
| Net Revenues | (R\$ million) | R\$6,084 | +8.7% | R\$12,047 | +11.3% |
| Health Beneficiaries | 06/30 (k) | 8,913 | +6.8% | | |
| Dental Beneficiaries | 06/30 (k) | 6,748 | +12.0% | | |

+139k lives of organic net adds in 2Q22

~34% Adjusted Ebitda growth

Cash MLR

2Q21 – 75.8%

2Q22 – 72.3%



Cash SG&A (% NR)⁽¹⁾

2Q21 – 15.1%

2Q22 – 17.1%

Adjusted EBITDA⁽²⁾

2Q21 – R\$435.5mm

2Q22 – R\$582.3mm

2021 values represent the combination (simple sum) of Hapvida Participações and NotreDame Intermédica Participações
Values for 2022 consider the month of January of BCBF Participações S.A.

(1) Excluding non-cash expenses with D&A, Stock Options and LTIP

(2) Excluding only non-cash expenses with Stock Options and LTIP

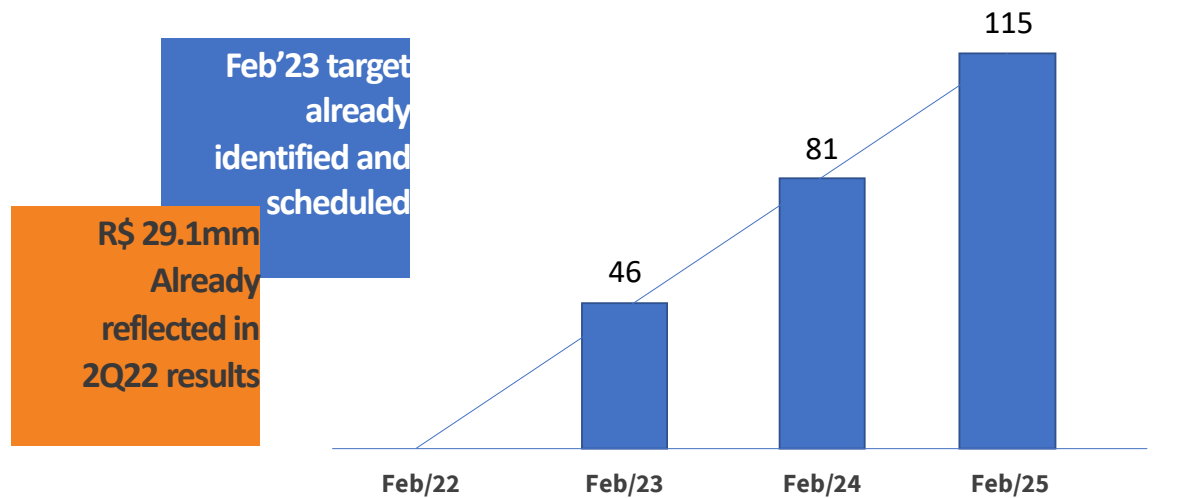
The SOP amounts are accounted for and recorded at Hapvida Participações.

Integration Highlights

Firm commitment to capturing synergies and management governance

Monthly Targets of Recurring EBITDA form Synergies on Selected Dates

R\$m

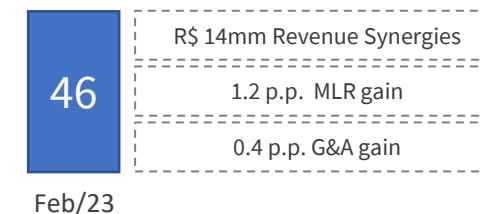


MANAGEMENT GOVERNANCE

- Active Board of Directors with a 100% independent Audit Committee
- Fiscal Council elected and active since April 2022
- Implementation of several management committees with company executives and members of the Board of Directors
- Administrative simplification and agility in decision-making and business conduction with the merger of all direct reports to the Co-CEOs (except operations and integrations)

| | | |
|-------|--------------|--------------------|
| ✓ HR | ✓ Commercial | ✓ Regulatory |
| ✓ IT | ✓ Financial | ✓ Medical Bills |
| ✓ ESG | ✓ Legal | ✓ Inst'l Relations |
| ✓ ADM | ✓ Marketing | ✓ Dental |

- National Solution implemented, with **64k lives already signed** (40k active on 06/30)
- Individual product expanded to 70 new regions, with **23k active lives** on 06/30
- New tables for purchasing materials and medicines already implemented
- Cross-accreditation: verticalization through network sharing



ENVIRONMENTAL

- ✓ Creation of the ESG Statutory Committee with the Bylaws available on the IR website, in addition to the Sustainability Policy
- ✓ Publication of the 2021 Sustainability Report of both verticals. Hapvida Report, for the first time, was underwent an independent third-party verification process
- ✓ June: Environment Month - Lectures covering topics such as waste, renewable energy, health hospitals, environmental conservation, sustainable gardening and sustainable ideas contest

GOAL: CARBON NEUTRAL IN 2023!

- ✓ Since 2021, NDI is carbon neutral
- ✓ We are now making a public commitment to make the entire Hapvida NDI Group to be Carbon Neutral by 2023

SOCIAL

- ✓ Publication, on our Development platform, of the Harassment and Discrimination Prevention training programs, releasing an interactive game about cultural diversity
- ✓ June: the month of diversity with lectures and the publication of the booklet “Homophobic expressions to exclude from your vocabulary”. We launched the Manager's Manual, an interactive material that reflects on the role of leaders and trains them in the processes of the People, Management and Diversity area
- ✓ Our Clinical Research team has earned a ROCHE honor for excellence in referring cancer patients to the company's clinical trials

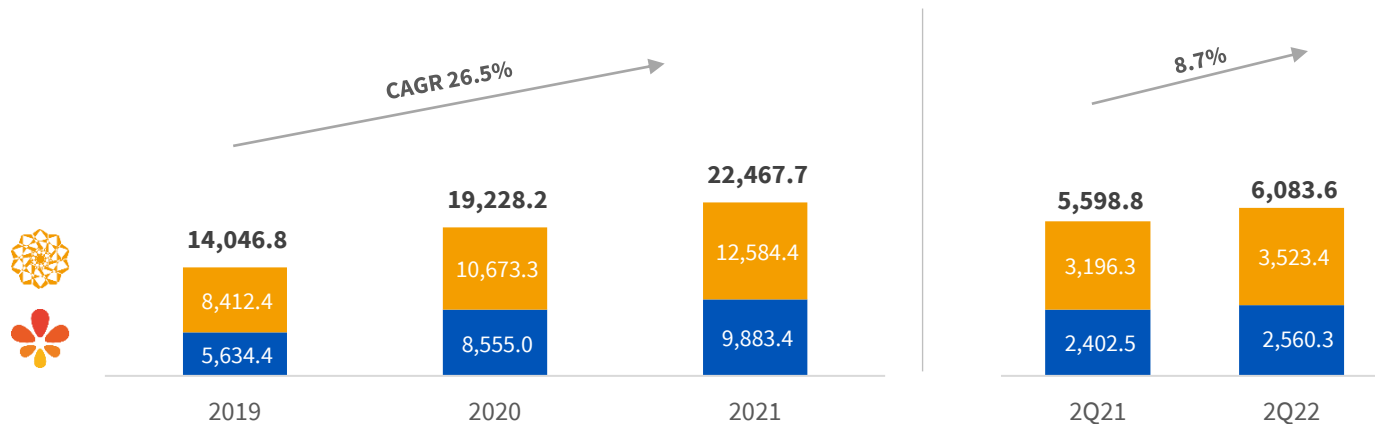
GOVERNANCE

- ✓ Adoption of a unified privacy management system (OneTrust), already implemented by both verticals
- ✓ The topic of Privacy and Data Protection was included as a mandatory part of the development of all employees, being included in seminars and training given in the business areas. Additionally, the Information Security and Data Protection Week was established

Net Revenues

Increase in the beneficiary base driven by Health Plans

Net Revenues (R\$m)



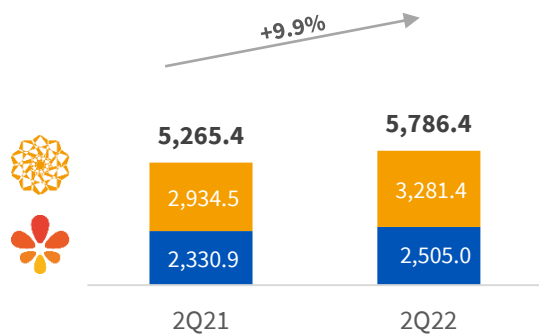
NET REVENUES: +8.7% vs. 2Q21

HEALTH PLANS: +9.9% vs. 2Q21

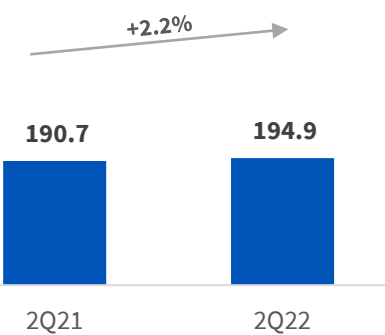
Avg. Beneficiaries: +10.8%

- **+290k** Organic
- **+573k** M&A
- Avg. Ticket: -0.8%
- **+2.2%** price readjustment and mix
- **-1.5%** individual negative readjustment
- **-1.6%** impacted by lower avg. ticket from recent acquisitions

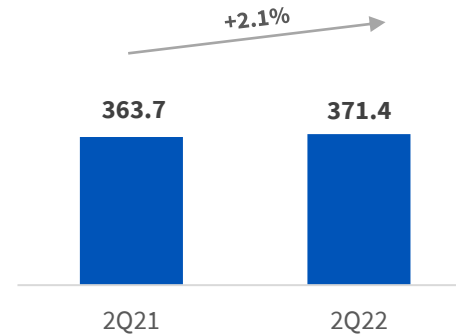
Health Plans⁽¹⁾



Dental Plans⁽¹⁾



Hospital Services⁽¹⁾⁽²⁾



DENTAL PLANS: +2.2% vs. 2Q21

Avg. Beneficiaries: +11.9%; **+748k** Organic

Avg. Ticket: -8.6%; result of the loyalty and cross-selling strategy

HOSPITAL SERVICES: +2.1% vs. 2Q21

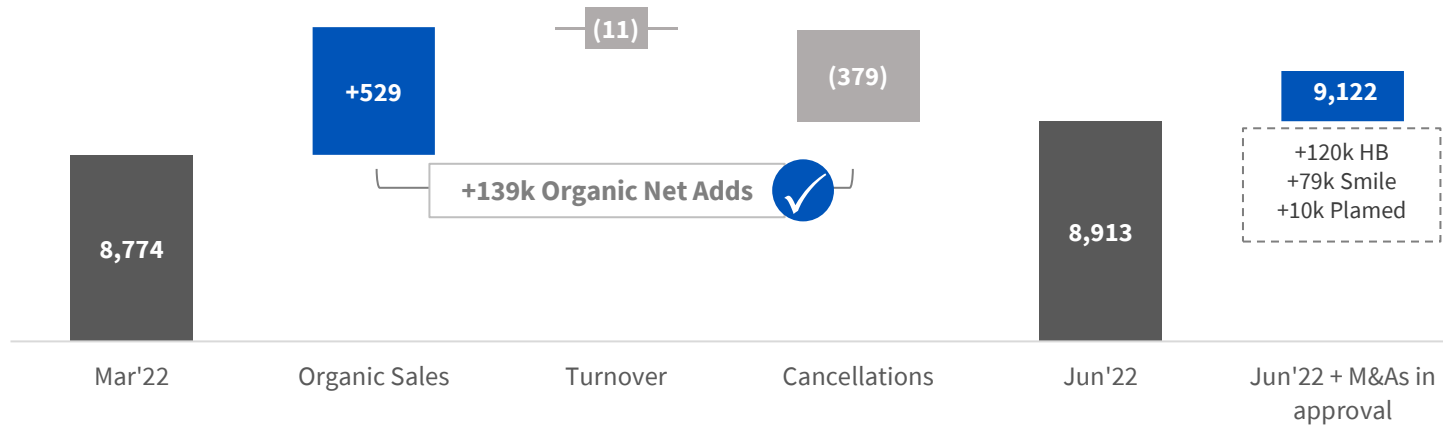
(1) Gross Revenues

(2) Includes revenues from other services, removal and occupational health

Health Plans

Increase in the beneficiary base with solid organic growth

2Q22 Health Beneficiaries Evolution (EoP)



BENEFICIARIES: +139k ADDED IN 2Q22

- **Organic Sales**, maintenance of high sales rates and increased conversion of quotes into new contracts
- **Turnover** close to balance, reflecting the increase in the employment rate
- **Cancellations** show an important reduction mainly due to the end of the portfolio clean ups from acquired companies in the last 12 months

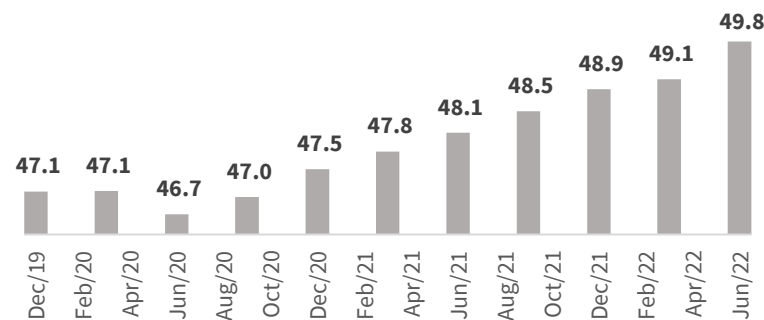
NATIONAL SOLUTION: +64k BENEFICIARIES

- **+40k** beneficiaries already implemented until June 22
- **+24k** beneficiaries in new contracts to be implemented as of 3Q22

INDIVIDUAL PLANS NDI: 70 MUNICIPALITIES

- **+23k** active beneficiaries at the end of 2Q22

Health ANS Beneficiaries Evolution



+250k dental plans with strong cross-sell initiative

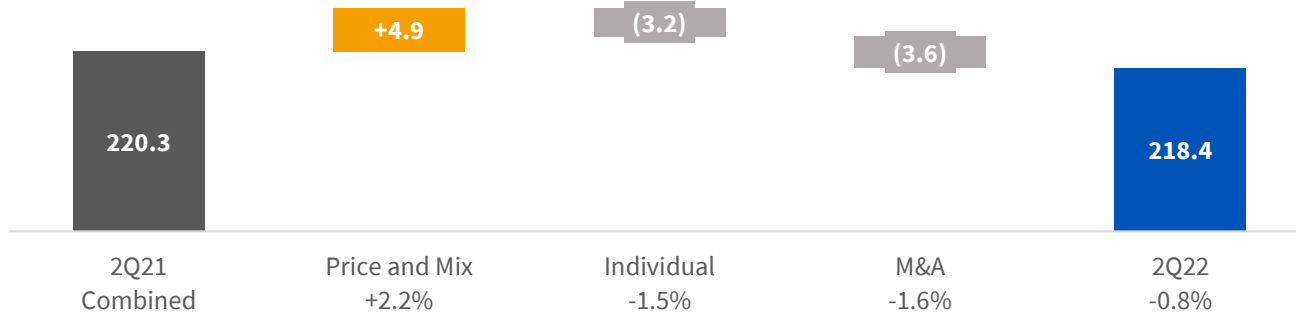
+139k new beneficiaries in health plans

National Solution and ongoing commercial synergies

Health Plans

New readjustment cycle started in May 2022

2Q22 Average Ticket Evolution



AVG. TICKET: 0.8% UNFAVORABLE vs. 2Q21
0.2% BETTER vs. 1Q22

PRICE AND MIX

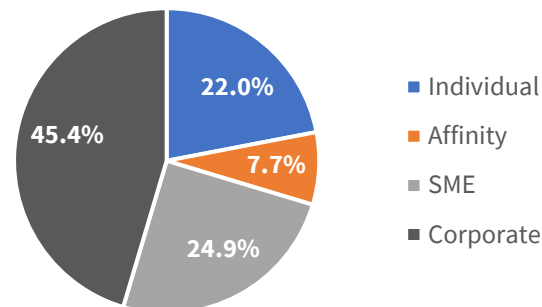
- April'22 marked the end of negative readjustment in Individual/family plans
- Growth in more verticalized products
- Stable PPO at ~460k lives, from 5.6% in 2Q21 to 5.4% in 2Q22
- Growth in Co-pay products, from 32% in 2Q21 to 43% in 2Q22

M&A: 568k lives; average ticket R\$166
 (CCG, Serpram, Promed and Premium)

READJUSTMENTS STARTED IN 2Q22 (MAY'22 TO APR'23)

- **+16.5% a 18.5% SME Readjustment**
- **+15.5% Individual Readjustment**
- **~16.5% Affinity Readjustment**

Health Plans Revenue Breakdown

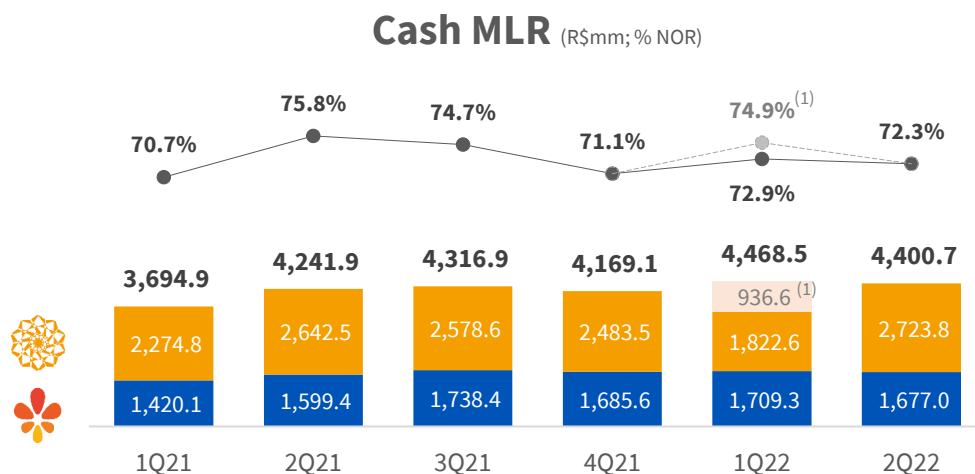


55% of health plan revenue with defined readjustments

Impact of M&As begins to dissipate in average ticket

Cash MLR

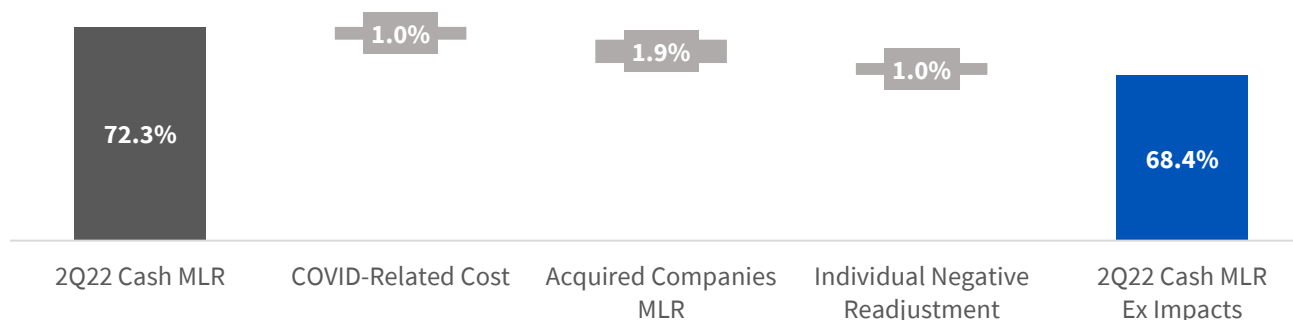
Resumption of cash MLR reduction trajectory



CASH MLR: 3.5PP BETTER vs. 2Q21
2.6PP BETTER vs. 1Q22⁽¹⁾

- **COVID-RELATED COSTS** dropped to R\$63mm, (from 3.7% in 1Q22 to 1.0% in 2Q22) due to lower case complexity leading to a significant reduction in hospital admissions
- Gradual reduction in the impact of **Acquired Companies MLR** currently being integrated (from 2.1% in 1Q22 to 1.9% in 2Q22)
- The 12-month cycle of **Individual Negative Readjustment** was concluded in April, starting to be readjusted by +15.5% as of May 2022
- **2Q22 Seasonality** reflects higher utilization due to seasonal diseases such as respiratory syndromes (South and Southeast) and virus season (North and Northeast), in line with the 2Qs of previous years before the pandemic

2Q22 Cash MLR Breakdown

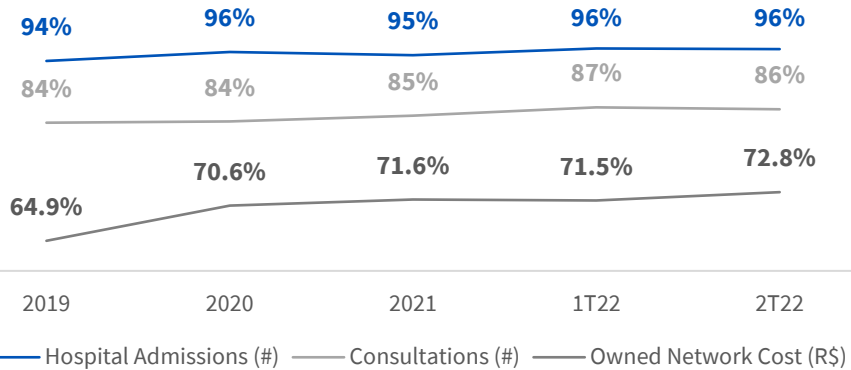


(1) Including BCBF Participações' January Cash MLR

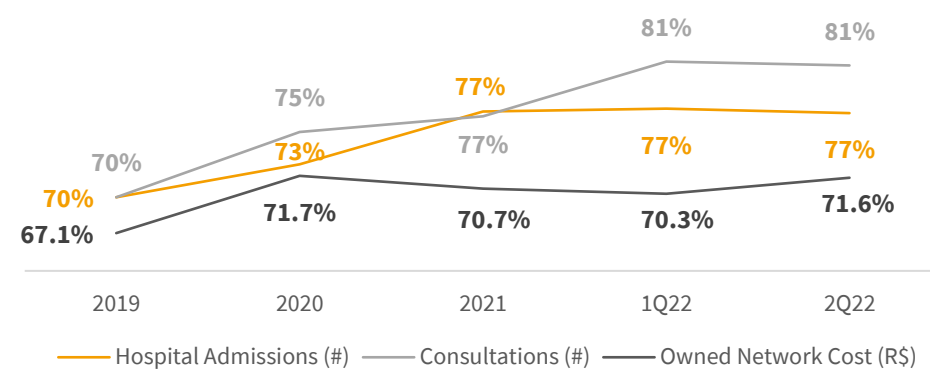
Strategy of Verticalization

Emphasis on verticalization initiatives in the new geographies

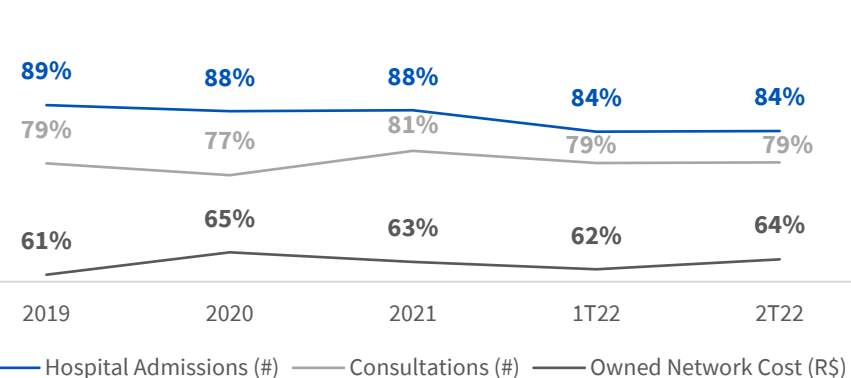
Hapvida (Mature Operations)



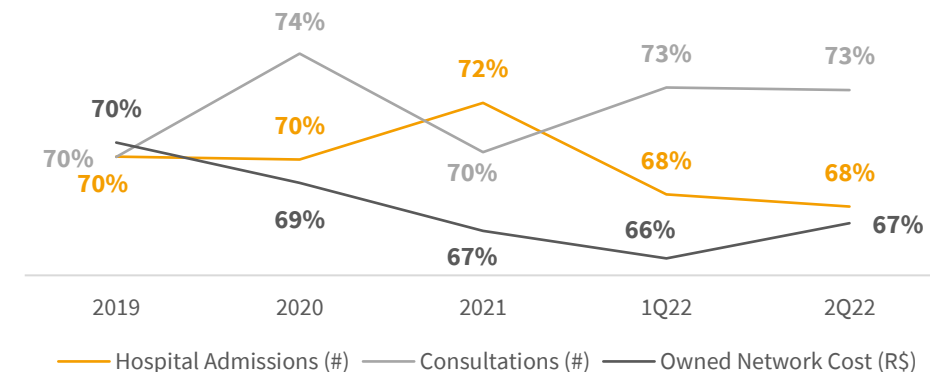
NDI HMO⁽²⁾ (Mature Operations)



Consolidated Hapvida⁽¹⁾



Consolidated NDI HMO



(1) Excluding Premium and Promed

(2) Owned Network preferably products, until Smart 500

Owned Network

A consistent strategic agenda focused on creating sustainable value



Brasiliense Hospital – Brasília/DF

Inaugurated in April/22

- Capacity for 114 beds
- Surgery Center
- Adult, neonatal and pediatric ICU
- Chemotherapy and Hemodynamics
- Collection and Diagnostic Imaging Station
- Adult, pediatric and obstetric BP
- Elective Consultations



Outpatient ER Salvalus – São Paulo/SP

Inaugurated in June/22

- 26 observation beds
- 3 operating rooms for minor procedures
- 46 consultation rooms
- Elderly and Case Assistance Program
- Integrated Therapies Center
- Notrelabs

In the current scenario for healthcare in Brazil, our strategy of verticalization with medical quality and modern care infrastructure is essential to face the challenge of delivering quality healthcare at affordable prices

Mandacaru Hospital – Recife/PE

Inaugurated in June/22

- 10 pediatric ICU beds
- Infirmary with 50 beds
- 17 observation beds for urgency and emergency
- 11 consultation rooms
- 01 recovery room with 04 beds
- Surgery Center
- X-ray, ultrasound and tomography



ER Cidade Nova – Rio de Janeiro/RJ

Inaugurated in July/22

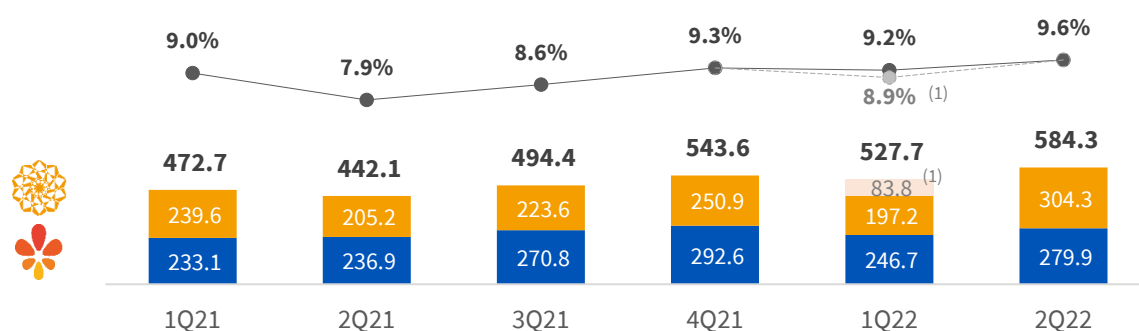
- 10 observation beds
- 6 emergency room
- 18 elective offices
- 1 operating room for minor procedures
- X-ray and tomography



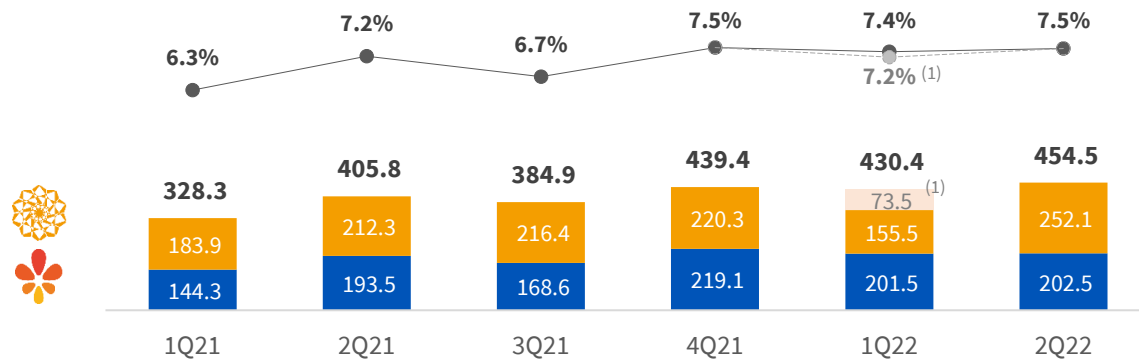
Cash SG&A

Consistent control of commercial and administrative expenses

Administrative Expenses (R\$m, % NOR)



Commercial Expenses⁽²⁾ (R\$m, % NOR)



Administrative Expenses | Breakdown

| R\$m | 2Q22 | 2Q21 | %NOR22 | %NOR21 |
|--------------------------|--------------|--------------|-------------|-------------|
| Personnel | 269.8 | 248.5 | 4.4% | 4.4% |
| Third Party Services | 179.5 | 131.2 | 3.0% | 2.3% |
| Occupation and Utilities | 82.4 | 73.1 | 1.4% | 1.3% |
| Contingencies & Taxes | 58.5 | (1.0) | 1.0% | 0.0% |
| Other | (6.0) | (9.6) | -0.1% | -0.2% |
| Cash G&A | 584.3 | 442.1 | 9.6% | 7.9% |

ADMINISTRATIVE EXPENSES: 1.7PP UNFAVORABLE vs. 2Q21

Personnel, the main expense in G&A, remained stable as a % of net revenues vs 2Q21. Third Party Services and Contingencies/Taxes accrual increased in the quarter

- **Third Party Services:** acceleration of several IT projects, as well as consulting services to capture synergies from the merger
- **Contingencies and Taxes:** 2Q21 was abnormally low due to reversal of contingencies that did not repeat in 2Q22

COMMERCIAL EXPENSES: 0.3PP UNFAVORABLE vs. 2Q21

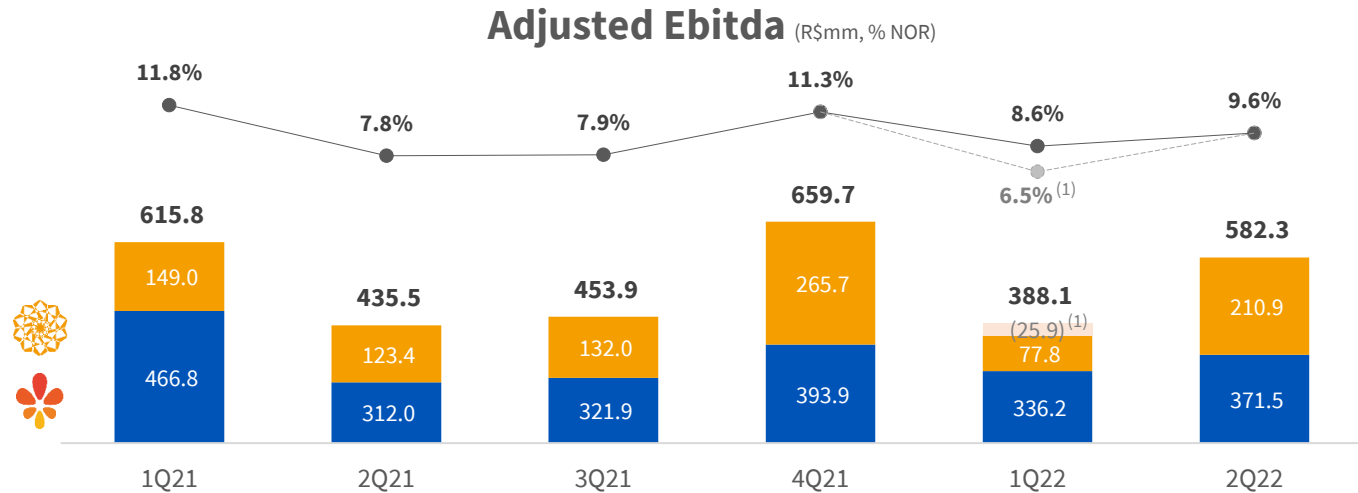
Commercial Expenses at 7.5%, in line with recent history with a slight improvement in delinquency, offset by an intensification of sales efforts

(1) Including the January expenses of BCBF Participações

(2) 2021 NDI values including allowance for loan losses and advertising/publicity

Adjusted EBITDA

Cash MLR improvement as a lever for EBITDA growth



ADJUSTED EBITDA: 34% BETTER vs. 2Q21

During 2Q22 we reached:

- **+8.7% Net Revenues**
- **+139k Organic net adds** of health plans
- **+250k Organic net adds** of dental plans
- **3.4p.p. Cash MLR Reduction**
- **+2 New Hospitals** added to our Owned network

However, during 2Q22 we observed an increase in SUS Provisions (+R\$17.7mm vs. 2Q21) and Cash SG&A (2.0p.p. vs. 2Q21)

Adjusted Ebitda | Breakdown

| R\$m | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 |
|---|--------------|--------------|---------------|--------------|----------------|----------------|
| Net Income (Losses) | 124.0 | 56.6 | (47.1) | 195.3 | (272.5) | (312.3) |
| (+) Long term Incentive Plan (LTIP) and SOP | 12.1 | 24.9 | 36.2 | 11.0 | 129.6 | 144.8 |
| (+) Intangible Amortization | 189.4 | 183.5 | 196.3 | 195.3 | 178.1 | 408.5 |
| Adjusted Net Income | 325.4 | 265.0 | 185.4 | 401.6 | 35.3 | 241.0 |
| (+) Income tax and social contribution | 94.3 | (16.7) | 36.4 | (49.0) | (41.5) | (78.7) |
| (+) Financial result | 79.8 | 73.4 | 86.8 | 158.5 | 226.4 | 259.3 |
| (+) Depreciation and Amortization | 116.3 | 113.8 | 145.3 | 148.6 | 167.9 | 160.7 |
| Adjusted Ebitda | 615.8 | 435.5 | 453.9 | 659.7 | 388.1 | 582.3 |
| % margin | 11.8% | 7.8% | 7.9% | 11.3% | 8.0% | 9.6% |

(1) Including January's result of BCBF Participações

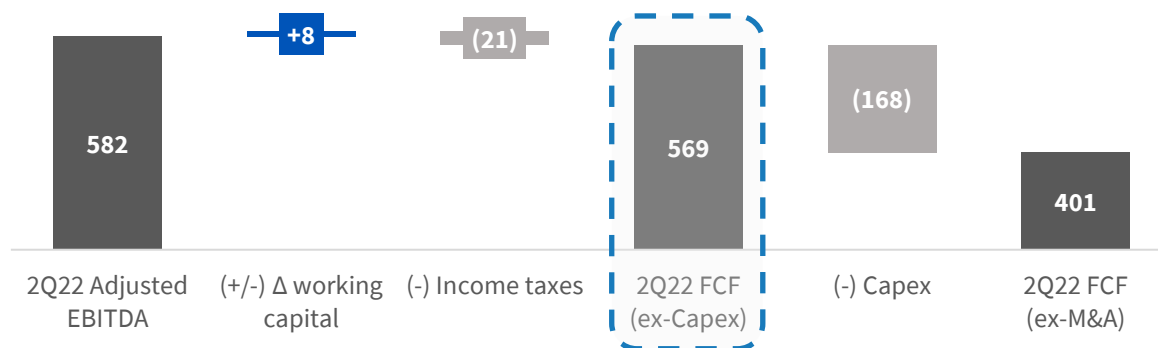
Free Cash Flow

Strong EBITDA to cash conversion, even in challenging periods

Duration:
3.1 years to 3.9

Cost:
1.79% to 1.69%

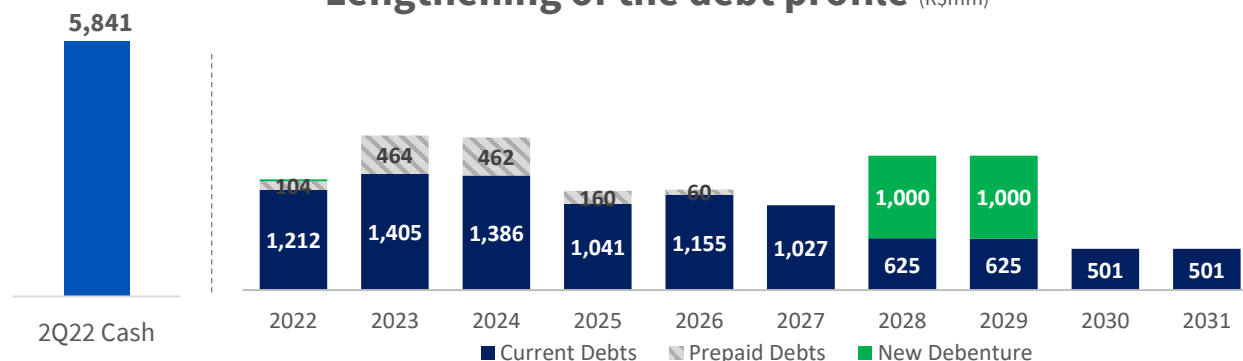
2Q22 Free Cash Flow (R\$mm)



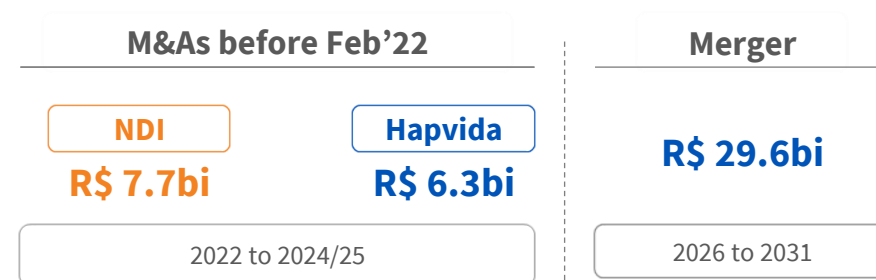
Income Taxes: lower level due to the deductibility of goodwill and value-added amortization from acquired companies that have already been incorporated

Capex: reflecting our organic expansion strategy. During 2Q22, we inaugurated 12 new units (2 hospitals, 2 ERs, 7 clinics e 1 diagnostic unit)

Lengthening of the debt profile (R\$mm)



Goodwill and Value-added balance ⁽¹⁾



(1) Values and schedules are estimated and subject to change until PPA conclusion of each acquisition, as well as any schedule changes in the company corporate restructuring process

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NotreDame
Intermédica

