

Earnings Call Presentation 4Q22

CONFERENCE CALL
MARCH 1ST, 2023 | 11am BRT



HB Saúde – SÃO JOSÉ DO RIO PRETO/SP
Acquired in January 2023



NEW CLINICAL CENTER BARRA FUNDA – SÃO PAULO/SP
Inaugurated in February 2023



Financial Highlights

A year of many achievements!

2022 vs. 2021

Health Beneficiaries (Dec'22):	9,138.0k	+5.5%
Dental Beneficiaries (Dec'22):	6,933.7k	+6.1%
Avg Health Ticket (4Q22):	R\$ 231.6	+6.8%
Net Revenue:	R\$ 24,870.4mm	+10.7%
Cash MLR:	73.3%	+0.2p.p.
Cash SG&A⁽¹⁾:	15.2%	0.4p.p. better
Adjusted EBITDA⁽¹⁾:	R\$ 2,491.9mm	+15.1%
% Margin	10.0%	0.4p.p. better
Adjusted Net Income⁽²⁾:	R\$ 1,116.4mm (4.5%)	-5.2%
Net Debt:	R\$ 7,100mm	2.45x EBITDA
CapEx:	R\$ 736.0mm	

FIRST YEAR OF THE HAPVIDA NDI MERGER:

In February 2022, we completed the merger of the two largest vertical health operators in Brazil, opening up new growth opportunities with improved margins

We organically added 476,000 new health beneficiaries, 301,000 organically (103,000 in 4Q22)

We started a new readjustment cycle, with an increase in the average ticket of 6.8%, with a 6.0% increase in the last 6 months, a clear sign of acceleration

We implemented an integration strategy with robust governance, focused on achieving synergy goals, absorbing the best of both companies

Today we have a new organizational structure, reflecting a new moment for the company where we are “One team, one company”

We maintained our strategic agenda, investing R\$736.0 million in CAPEX projects aimed at renovating and expanding our own network and support various IT projects

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

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

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



Integration Highlights

Firm commitment to capturing synergies

SOME INITIATIVES IMPLEMENTED: YEAR1

1Q22	<ul style="list-style-type: none"> Individual Product launch in NDI select markets Mat/drugs negotiations started Sharing the hospital's Owned Network
2Q22	<ul style="list-style-type: none"> Standardization of indicators and protocols started Joint negotiation with providers in Minas Gerais (MG) state Creation of the National Solution work group
3Q22	<ul style="list-style-type: none"> Launched Broker Portal to streamline the National Solution Internalization of 30,000 lives through transfers between NDI <-> Hapvida IT software cost reduction
4Q22	<ul style="list-style-type: none"> Unification of the product portfolio for MG Launch of "Nosso Plano Integrado" (National Verticalized Plan) Sharing elective agendas in Belo Horizonte Joint quotation openings for third-party services
Jan'23 and Feb'23	<ul style="list-style-type: none"> Single coordination for regulation of special materials New commissioning policy started Review of structures of each support Vice-Presidency

**National Solution:
+103,000 lives
implemented in
2022**

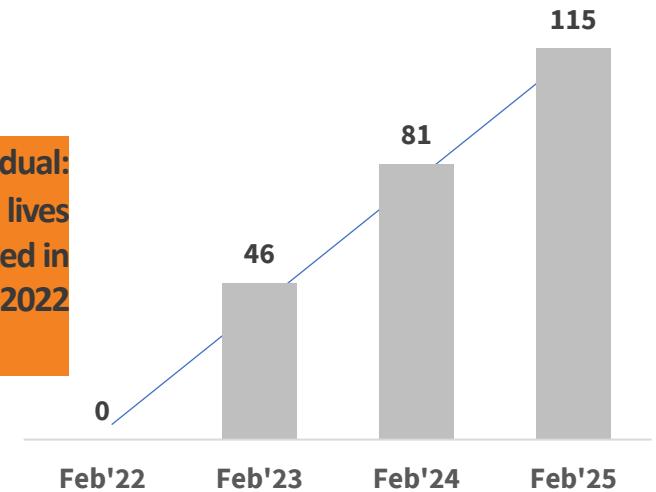
**Individual:
+80,000 lives
implemented in
2022**



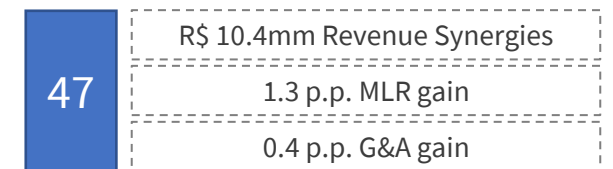
**Estimated Additional Savings: BRL 6 million/month^(*)
Expected Cost with Terminations: BRL 13 million**

(*) Amounts not yet considered in the R\$ 47 million calculated in February

Monthly Targets of Recurring EBITDA from Synergies on Select Dates R\$m



Performed Synergies (Feb'23) R\$m



Integration Highlights

Continuity of the discipline to increase the synergies capture

01

COMMERCIAL

Maintenance of National Solution and Individual captures

Strengthening sales of “Nosso Plano Integrado”

Capturing the benefits of commissioning best practices

02

OPERATIONS

Continuing the internalization of lives

Implementation and unification of health management programs

Direction of protocols, regulation and medical loyalty

03

ADMINISTRATIVE

Release of quotations with assessment of the scope of services

Logistics and asset optimization

Continuation of mat/drugs negotiations

04

INTEGRATED MANAGEMENT

Implement Best Practices based on indicators (benchmark)

Core Systems Journey (Operator+Own Network) and Peripherals

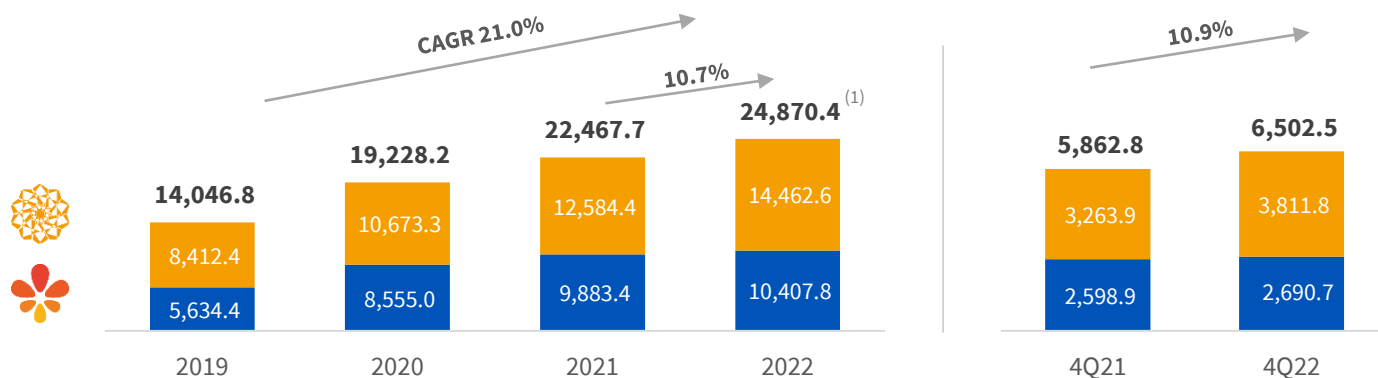
Continuation of G&A integration

~73% of initiatives already implemented

Net Revenues

Increase in the beneficiary base driven by Health Plans

Net Revenues (R\$m)



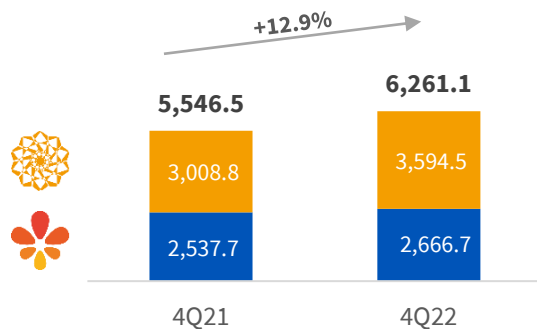
NET REVENUES: +10.9% vs. 4Q21

HEALTH PLANS: +12.9% vs. 4Q21

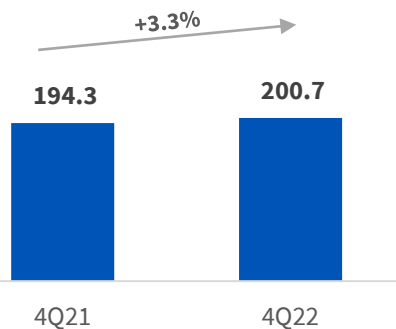
Avg. Beneficiaries: +5.7%

- **+307k** Organic
- **+175k** M&A
- Avg. Ticket: +6.8%
- **+7.7%** price readjustment and mix
- **-0.5%** individual negative readjustment
- **-0.4%** impacted by lower avg. ticket from recent acquisitions

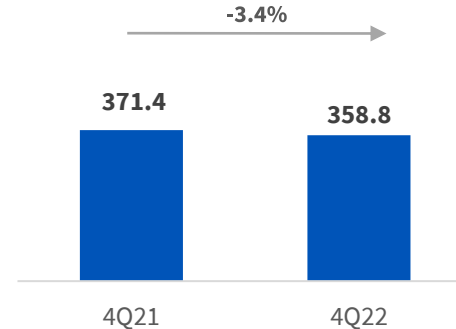
Health Plans⁽²⁾



Dental Plans⁽²⁾



Hospital Services⁽²⁾⁽³⁾



DENTAL PLANS: +3.3% vs. 4Q21

Avg. Beneficiaries: +4.6%; **+303k** Organic

Avg. Ticket: -1.3%; result of the loyalty and cross-selling strategy

HOSPITAL SERVICES: -3.4% vs. 4Q21

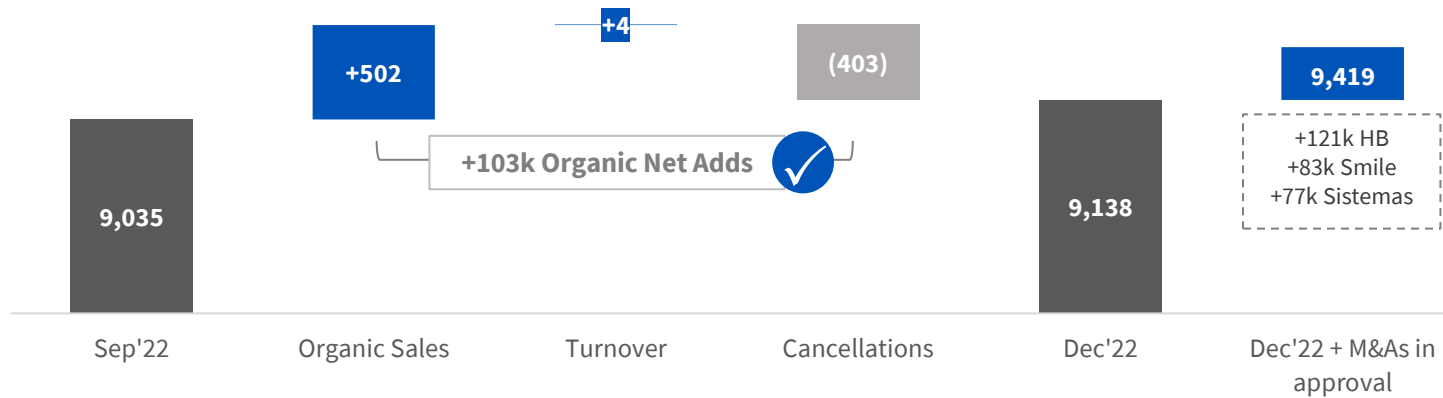
Result of the implementation of stricter credit policies to other operators

(1) Includes the month of January for BCBF Participações S.A. (2) Gross Revenues
 (3) Includes revenues with third party hospital services, patient transportation services (ambulances) and other

Health Plans

Increase in the beneficiary base with solid organic growth

4Q22 Health Beneficiaries Evolution (EoP)



BENEFICIARIES: +103k ADDED IN 4Q22

- **Organic Sale** with maintenance of high sales rates
- **Turnover** close to balance, reflecting the increase in the employment rate
- **Cancellations** at normalized levels

NATIONAL SOLUTION: +103k BENEFICIARIES

- **+34k** beneficiaries implemented in 4Q22
- **+29k** beneficiaries implemented in 3Q22
- **+40k** beneficiaries implemented until June 22

INDIVIDUAL PLANS NDI: +80k BENEFICIARIES

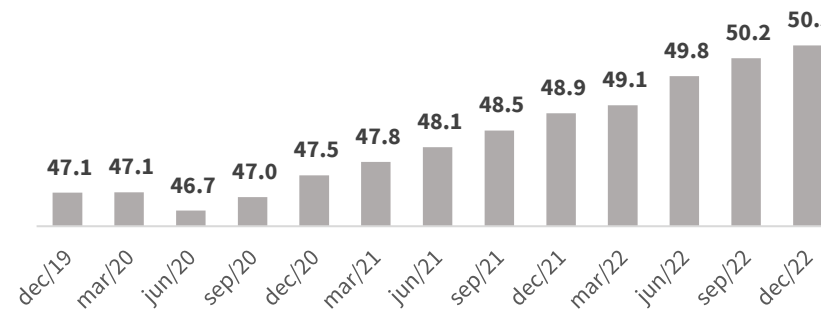
- **+27k** beneficiaries implemented in 4Q22
- **+30k** beneficiaries implemented in 3Q22
- **+23k** active beneficiaries at the end of 2Q22

+53k dental beneficiaries in 4Q22

+476k new beneficiaries in health plan in 2022

HB: 121,000 net adds in January 2023

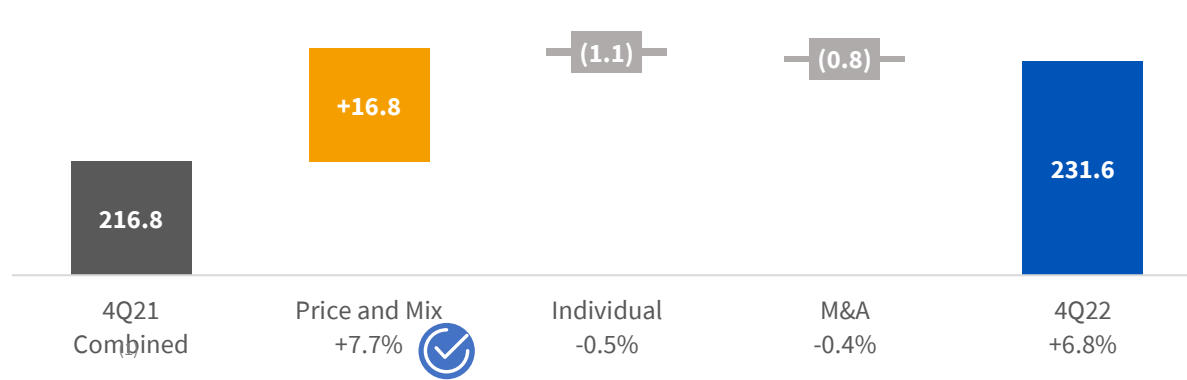
Health ANS Beneficiaries Evolution



Health Plans

New readjustment cycle started in May 2022

Average Ticket Evolution



AVG. TICKET: 6.8% BETTER than 4Q21

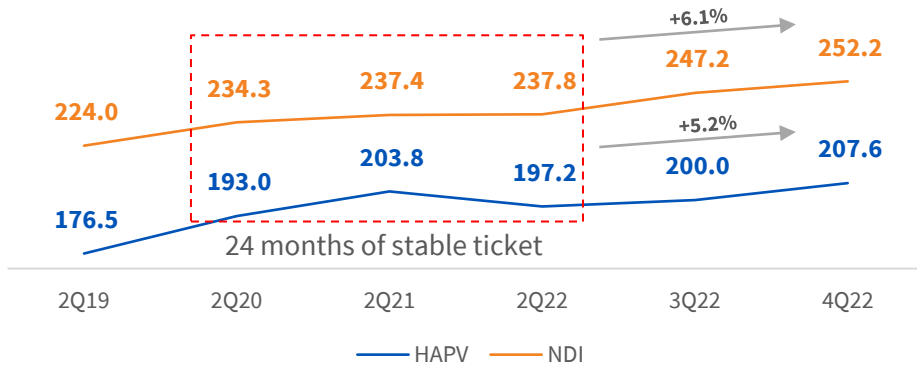
PRICE AND MIX

- Reflecting the resumption of corporate contracts readjustment
- In addition to growth in more verticalized products

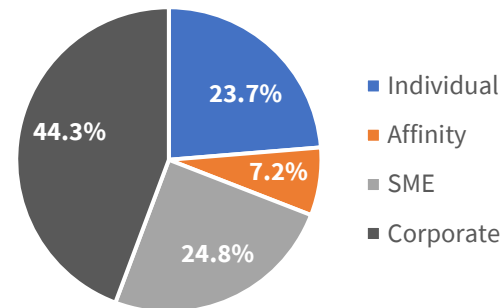
M&A LTM:

- CCG: 175k lives; average ticket of R\$189

Gross Ticket Evolution



Health Plans Revenue Breakdown



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

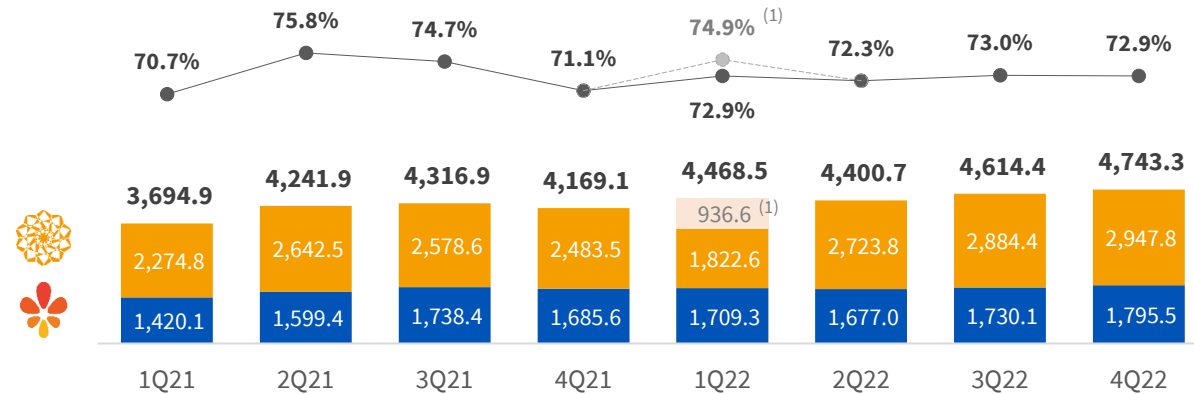
- **+16.2% to 18.5%** SME Readjustment
- **+15.5%** Individual Readjustment
- **~16.5%** Affinity Readjustment
- **~56%** of Total Health Revenues

(1) Average ticket in 4Q21 calculated by the combined gross revenue of Hapvida Participações and NotreDame Intermédica Participações

Cash MLR

Cash MLR control

Cash MLR (R\$m; % NOR)

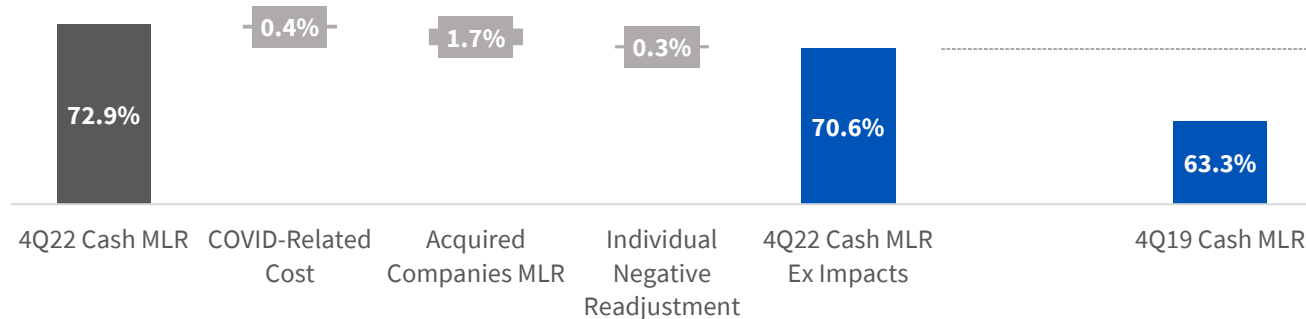


CASH MLR: +1.8PP vs. 4Q21

Throughout 2022, we observed a nominal increase in medical costs both in our Owned Network and in the Contracted Network, in both verticals

In 4Q22, we observed a slowdown in the pace of cost increases, but which still remain at a high level, due to (i) pass-through of inflation to consumers in our owned network; (ii) higher frequency of consultations and exams; (iii) therapies; and (iv) high-cost procedures in the contracted network

4Q22 Cash MLR Breakdown (% NOR)



MLR NORMALIZATION TRAJECTORY

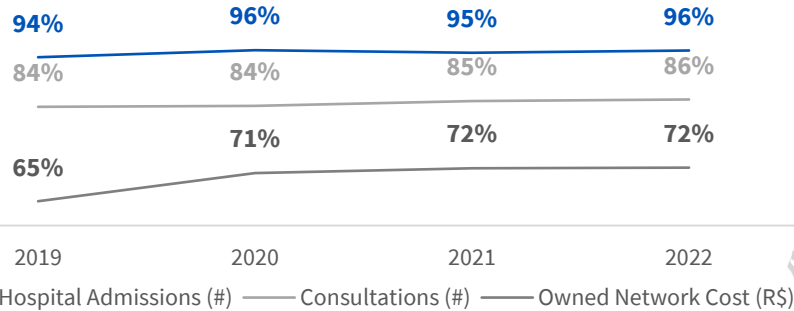
- **Covid-related Costs** reached 0.4%, its lowest level since the beginning of the pandemic
- **Acquired Companies MLR** (South, RJ and MG) still above 80%
- **Individual Negative Readjustments** will expire by April 2023

(1) Including BCBF Participações' January Cash MLR

Strategy of Verticalization

Emphasis on verticalization initiatives in the new geographies

Hapvida (Mature Operations - N/NE/MW)

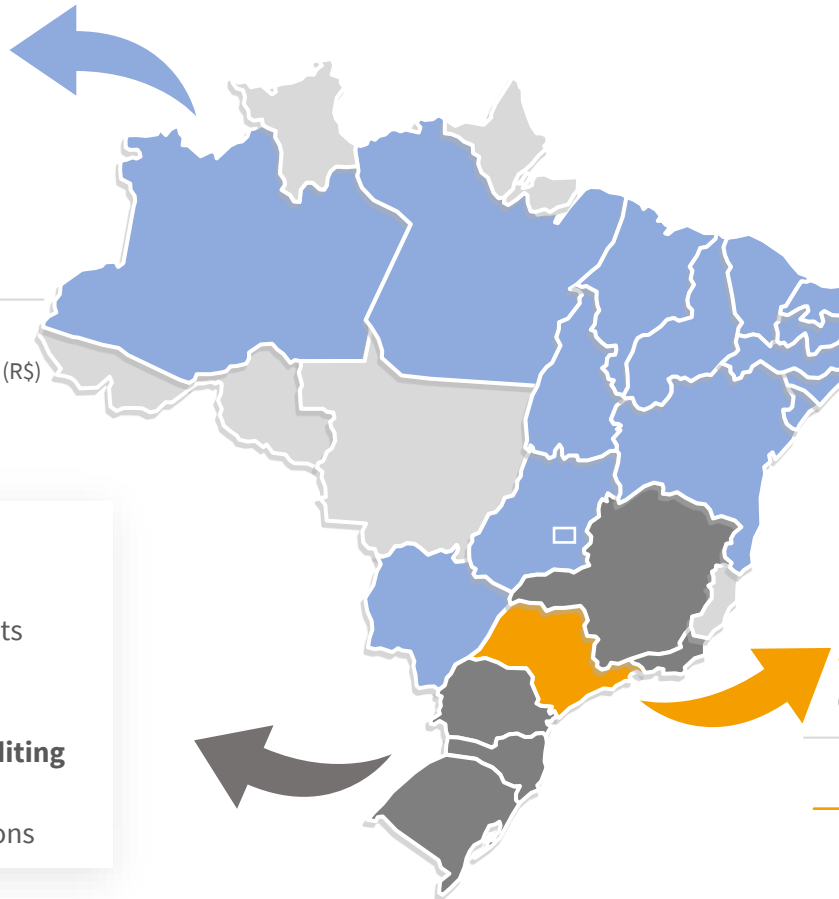


Creation of Regional Division III (MG, RJ and South)

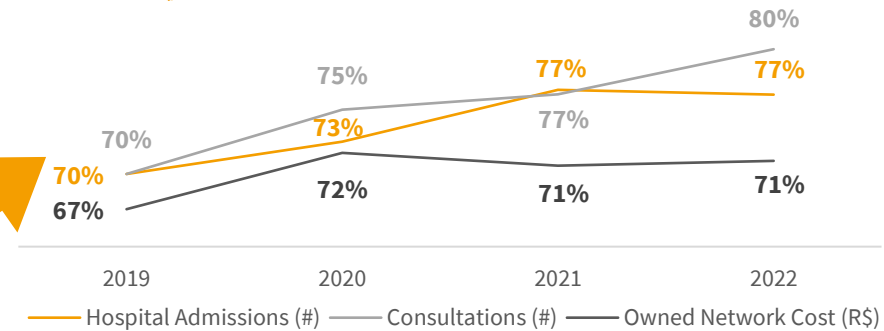
- Exclusive dedication (VPs) to speed up onboarding
- Verticalization initiatives with the opening of new units
- Brand unification and service sharing

Creation of the New VP of Medical Regulation and Auditing

- Coordination of the medical loyalty project
- Matrix management permeating the 3 regional divisions



NDI HMO⁽¹⁾ (Mature Operations - SP)



(1) Owned Network preferably products, until Smart 500

Owned Network

A consistent strategic agenda focused on creating sustainable value



New Clinical Center Barra Funda – São Paulo/SP

Inaugurated in February/23

24-hour emergency service and scheduling of various medical specialties

There are 6,500 m2 divided into 3 blocks, housing:

Clinical Center (scheduled appointments)

- 34 consultation rooms
- Various specialties including cardiology and ophthalmology
- Technical evaluations

Diagnostic Center

- Clinical analysis collection points, including glycemic curve and gynecological collection
- Tomography, resonance, mammography, x-ray, among others

Adult and Child Emergency Room (24 hours)

- 08 consultation rooms
- 15 observation beds
- 4 rooms for minor surgeries
- Inhalation rooms, isolation and medication

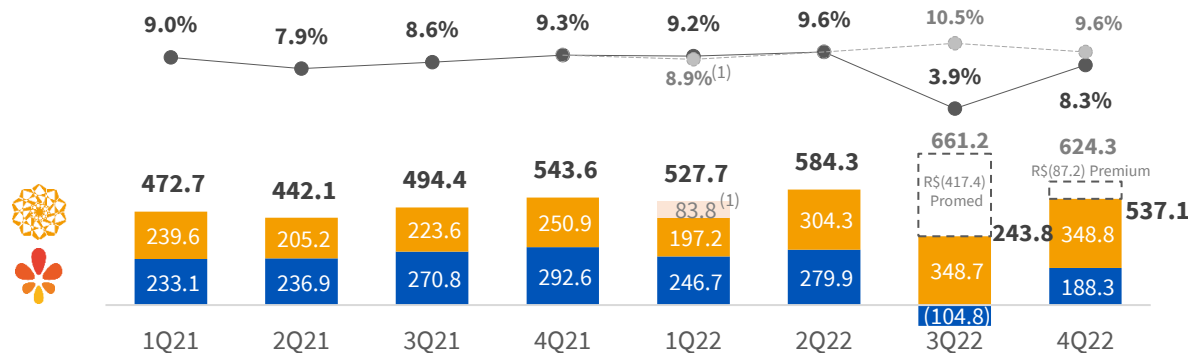
+3 new
Clinical Centers
inaugurated in
4Q22



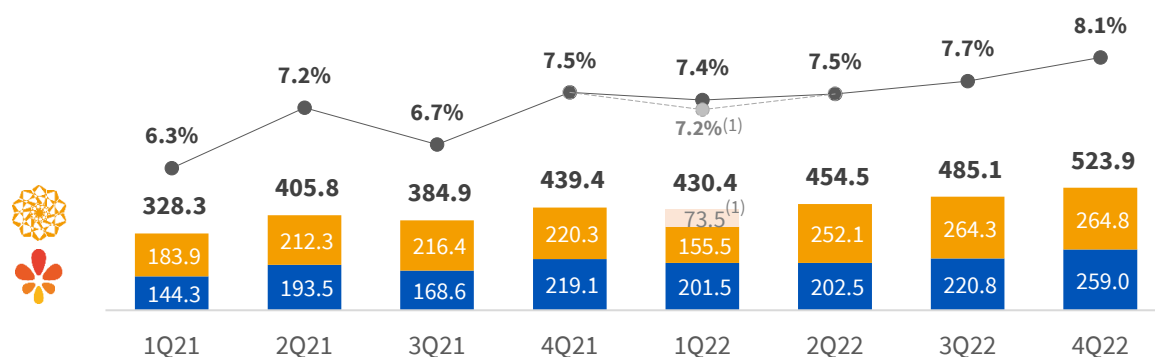
Cash SG&A

Administrative expenses resuming proportional decline

Administrative Expenses (R\$m, % NOR)



Sales Expenses⁽²⁾ (R\$m, % NOR)



Administrative Expenses | Breakdown

R\$m	4Q22	4Q21	%NOR22	%NOR21
Personnel	291.6	265.8	4.5%	4.5%
Third Party Services	182.6	134.5	2.8%	2.3%
Occupation and Utilities	78.1	69.8	1.2%	1.2%
Contingencies & Taxes	63.3	80.0	1.0%	1.4%
Other	(78.5)	(6.5)	-1.2%	-0.1%
Cash G&A	537.1	543.6	8.3%	9.3%
M&A Liability Reduction (Premium)	87.2	-	1.3%	0.0%

ADMINISTRATIVE EXPENSES: 1.0PP BETTER than 4Q21

All Cash G&A lines showed dilution or stability in terms of % of net revenue vs. 4Q21, except for:

- **Third-Party Services:** reflection of the various IT projects, as well as consulting related to the merger
- **M&A Liability Reduction (Premium):** R\$87.2mm price adjustment/liability reduction

SALES EXPENSES: +0.6PP vs. 4Q21

In 4Q22, we observed an increase in allowance for loan losses, which historically gravitated around 1.5% but this quarter was pressured both in **Health Plans** (in the individual and SME portfolios) and in **Hospital Services**

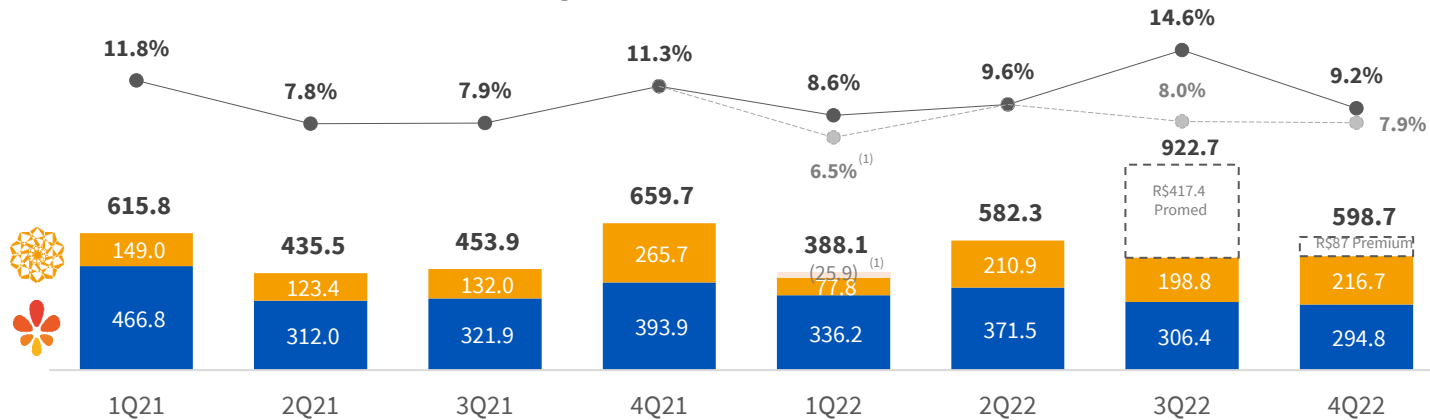
(1) Including the January expenses of BCBF Participações

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

Adjusted EBITDA

Resilient EBITDA even in a challenging context

Adjusted EBITDA (R\$m, % NOR)



Adjusted EBITDA | Breakdown

R\$m	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Net Income (Losses)	124.0	56.6	(47.1)	195.3	(272.5)	(312.3)	35.2	(316.7)
(+) Long term Incentive Plan (LTIP) and SOI	12.1	24.9	36.2	11.0	129.6	144.8	142.1	69.8
(+) Intangible Amortization	189.4	183.5	196.3	195.3	178.1	408.5	501.6	408.2
Adjusted Net Income⁽²⁾	325.4	265.0	185.4	401.6	35.3	241.0	678.8	161.4
(+) Income tax and social contribution	94.3	(16.7)	36.4	(49.0)	(41.5)	(78.7)	(271.4)	(299.7)
(+) Financial result	79.8	73.4	86.8	158.5	226.4	259.3	345.4	515.7
(+) Depreciation and Amortization	116.3	113.8	145.3	148.6	167.9	160.7	169.9	221.3
Adjusted EBITDA	615.8	435.5	453.9	659.7	388.1	582.3	922.7	598.7
% margin	11.8%	7.8%	7.9%	11.3%	6.5%	9.6%	14.6%	9.2%

ADJUSTED EBITDA: -9.2% vs. 4Q21

During 4Q22 we reached :

- **+10.9% Net Revenues**
- **+103k Organic net adds** of health plans
- **+53k Organic net adds** of dental plans

In 4Q22, R\$44.1mm was provisioned in **IBNR**, totaling R\$56.0mm in 2022, lower than the previous year

ReSUS Provision reached R\$55.4mm in 4Q22, stable with R\$55.1 in 4Q21

In addition, during 4Q22, we obtained a gain of R\$87.2mm related to a reduction in M&A liabilities (Premium), which allowed us to recover the additional expenses incurred since the company's takeover. Excluding this effect, Adjusted EBITDA would have been R\$511.5mm

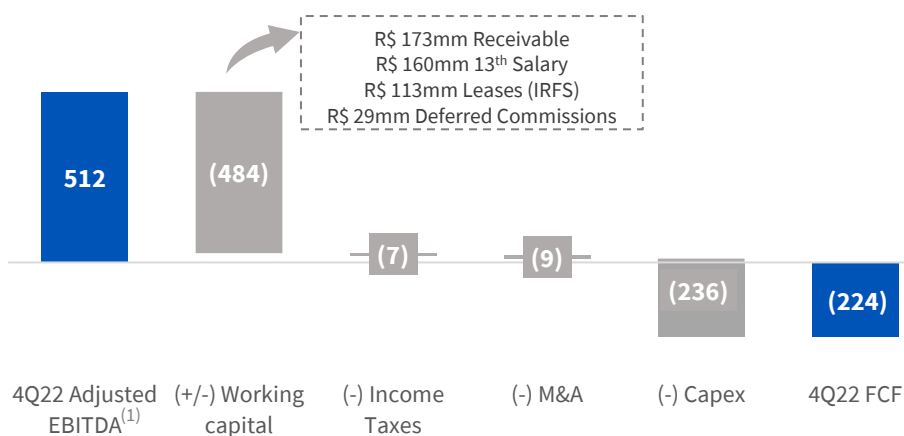
(1) Including January's result of BCBF Participações

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

Cash Flow & Net Debt

Balanced leverage management

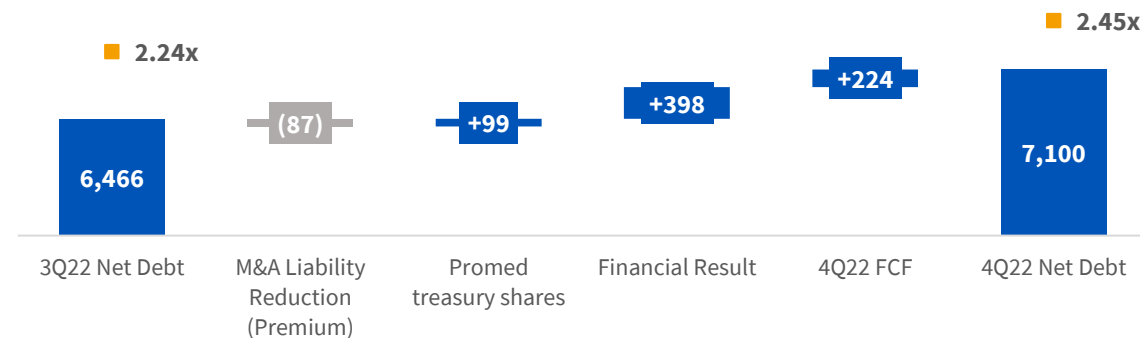
4Q22 Free Cash Flow (R\$m)



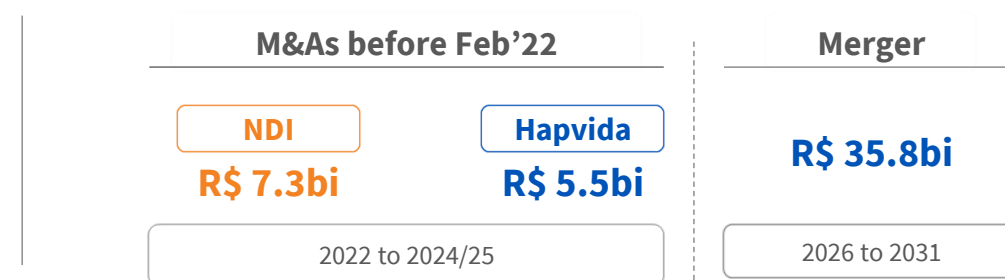
4Q22 PPE and Intangible

+R\$ 438mm Value-added by reassessment (PPA)
 +R\$ 280mm Right-of-use (IFRS16)
 +R\$ 236mm CapEx

4Q22 Net Debt (R\$m; Net Debt/EBITDA)



Goodwill and Value-added balance ⁽²⁾



(1) 4Q22 Adjusted EBITDA excluding R\$ 87.2mm M&A Liability Reduction (Premium):

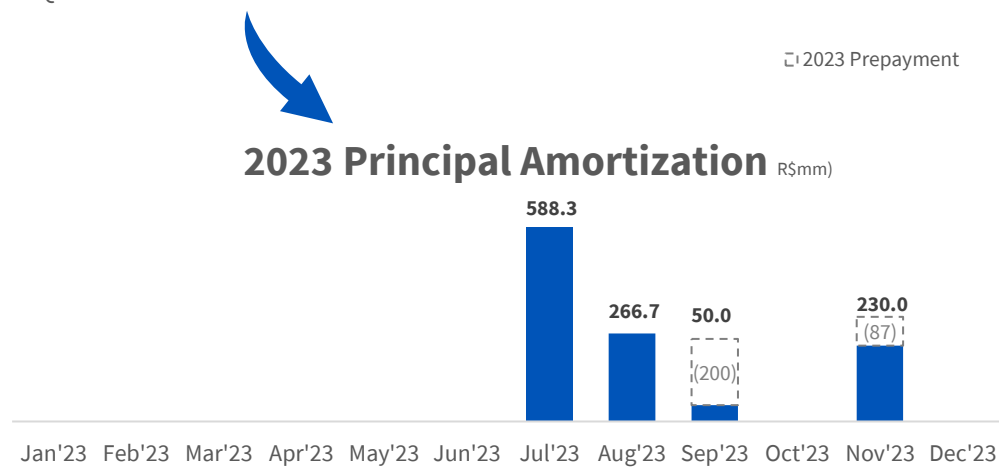
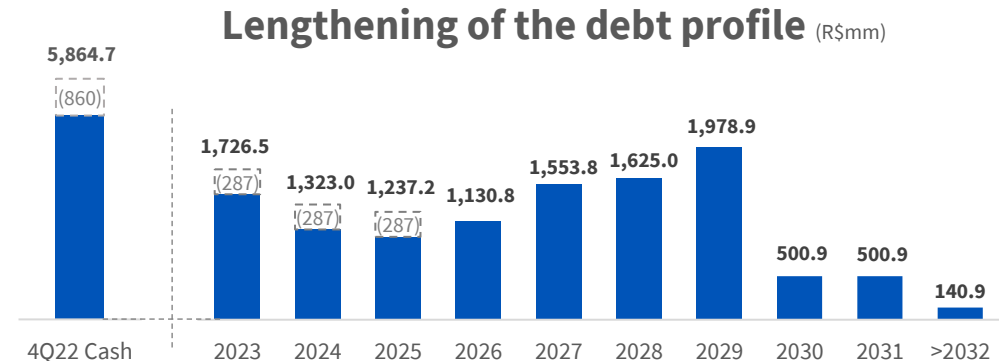
(2) Values and schedules are estimated and subject to change until PPA conclusion of each acquisition, as well as any schedule changes in the company corporate restructuring process

Profile of Indebtedness

Capital structure with controlled leverage

Debt Profile

	December 2021	December 2022
	Duration : 3.7 years Cost: CDI + 1.76%	Duration ⁽¹⁾ : 4.4 years Cost ⁽¹⁾ : CDI + 1.52%
HAPV	HAPV11/21 - R\$2,061.9mm (109.2% of CDI p.y.) Jul'22/Jul'23/Jul'24 /Jul'25 /Jul'26	HAPV11/21 - R\$1,506.6mm (109.2% of CDI p.y.) Jul'23/Jul'24 /Jul'25 /Jul'26
	HAPV12/22 - R\$2,521.7mm (CDI + 1.55% p.y.) Apr'26/Apr'27/Apr'28/Apr'29	HAPV12/22 - R\$2,551.5mm (CDI + 1.55% p.y.) Apr'26/Apr'27/Apr'28/Apr'29
	CRI - R\$970.3mm (IPCA + 5.7505% p.y.) Dec'29/Dec'34	CRI - R\$1,031.2mm (IPCA + 5.7505% p.y.) Dec'29/Dec'34
	BANK LOAN - R\$42.1mm (~CDI + 3.0% p.y.) Dec'22	HAPV13 - R\$2,030.1mm (CDI + 1.6% p.y.) May'28/May'29
NDI	BANK LOANS - R\$1,335.0mm (CDI + 2.45% p.y.) May-Jun'22/May-Jun-Sep'23/May-Jun-Sep'24/Sep'25	BANK LOANS - R\$253.3mm (CDI + 1.6% p.y.) Nov'23/Nov'24/Nov'25
	BCBF14 - R\$765.7mm (CDI + 2.65% p.y.) Sep'23/Sep'24/Sep'25	BCBF14 - R\$778.4mm (CDI + 2.65% p.y.) Sep'23/Sep'24/Sep'25
	BCBF15 - R\$707.9mm (CDI + 2.65% p.y.) Nov'23/Nov'24/Nov'25	BCBF15 - R\$713.6mm (CDI + 2.65% p.y.) Nov'23/Nov'24/Nov'25
	BCBF16 - R\$1,216.2mm (CDI + 1.45% p.y.) Oct'25/Oct'26/Oct'27	BCBF16 - R\$1,234.0mm (CDI + 1.45% p.y.) Oct'25/Oct'26/Oct'27
	NDMI13 - R\$824.8mm (CDI + 1.60% p.y.) Aug'22/Aug'23/Aug'24	NDMI13 - R\$564.8mm (CDI + 1.60% p.y.) Aug'23/Aug'24
	PROMISSORY NOTE - R\$98.6mm (CDI + 1.40% p.y.) Feb'22	CRI - R\$978.2mm (~CDI + 0.81% p.y.) Dec'27/Dec'29/Dec'34
	OTHER BORROWINGS: R\$88.5MM	OTHER BORROWINGS: R\$75.1MM



(1) Dec'22 position considering prepayment in Jan'23

Q&A Session



Notre Dame
Intermédica



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