**Conference Call Transcript**

**Hapvida**

**3Q26 Results**

**Operator:**

Good morning. Welcome to Hapvida's third quarter 2026 earnings call. Today we have with us Mr. Luccas Adib, CEO Lucas Garrido, CFO and Felipe Nobre, Vice President of Strategy and IR.

For those who need simultaneous translation, please click the interpretation button and choose the English channel. This call is being recorded, and the replay will be available on the company's IR website, where the complete presentation will also be available. You can download the presentation by clicking on the chat icon. Please be aware of the disclaimers that guide this presentation. During the first part of the call, all participants will be in a listen only mode.

Then we will open the floor for questions. To ask a question, please click on the Q&A icon on the bottom of your screen and write your name, the name of your company and your language to join the waiting line.

Now I'd like to hand the call over to Mr. Luccas Adib to start his presentation. Mr. Adib, you may proceed.

**Luccas Adib (CEO):**

Hello, everyone. Good morning and thank you for joining us for another Hapvida's earnings call. In August, during our last call, I stated that we had a clear diagnosis, a plan in execution, and that you should hold us accountable for that. So let me start right there. Today, our agenda is organized around three pillars. First, organic and inorganic deleveraging, repricing, cost-cutting, and right-sizing of the company, value proposition and reputation with customer experience at the center will walk you through each of them, showing you what has already been done and where we're heading.

First, a question you certainly ask yourselves after a few months of work and our ongoing transformation plan. Why is it that what has already been done isn't reflected faster in the P&L? Because a health insurer's results, especially for an ocean liner of our size, respond with a lag. A contract is only readjusted on its anniversary date, and its exit generates runoff costs. Today's litigation-related claims stem from lawsuits filed months ago. Closing a unit costs money right now and yields savings later. The lag works both ways. Part of what we decided in 25 only showed up in the 26 figures.

Likewise, much of what we're doing now should be felt more clearly starting in the first quarter of 2027. That's why it's essential to understand our starting point. To gauge the challenge of this margin recovery, we need to look back at last year because much of what weighs on current results comes from decisions made at that time in a different context. I'm not saying this to look in the rearview mirror. It's up to us to fix this. But rather, we want all to have the same benchmark. We closed 25, running at a results pace much lower than the year as a whole.

The second half of last year, the company's EBITDA, excluding non-recurrent effects, was around R$1.0 billion. Annualized, that comes to around R$2.2 billion. Added to this, there were costs that would wait on 2026, such as the fixed cost of units open during the expansion cycle, the legal tail of previous rulings, loss-making contracts we renewed without full price readjustments, and others with significant delinquency rates, in addition to external factors such as adjustments to the nursing wage, floor, and collective bargaining agreements. In other words, the most realistic starting point for our 2026 EBITDA would have been below R$2 billion had nothing been done.

But a lot is being done. This quarter, it was still not enough to offset seasonality, the legal tail, and lingering bills from exited contracts. I'm confident that the front I will detail should deliver more results throughout 2027. Now, deleveraging. Debt reduction remains our top priority. During the quarter, net debt dropped by just over R$100 million, driven by two factors. First, working capital through the standardization of payment terms with suppliers, which we brought forward in August. Second, the repurchase of our debt notes at a discount to face value, which reduced net debt by approximately R$74 million.

On the inorganic front, I know there is anxiety among everyone for us to announce something. What I can say is that we have mandated banks working on different transactions. I cannot detail them right now, but we'll release details to the market in due time. And we have been working on other initiatives that help in this process, such as the sales of the property where Octaviano Neves Hospital is based in Belo Horizonte for R$60 million, which should be concluded in early 2027. It's important to emphasize that we maintain a unrestricted cash position of more than R$5 billion to navigate through this period. We have prioritized cash and discipline in capital allocation as promised.

CapEx totaled R$530 million in nine months, down from R$621 million in the same period last year, prioritizing maintenance, adaptation, and technology. The second pillar brings together profitability, cost-cutting, and right-sizing of the company. Actions currently underway on the commercial, operational, and admin fronts should deliver significant gains that will become clear throughout 2027. We expect to quantify these gains in more detail in our next conference call. Right-sizing begins with a portfolio. In the second quarter, we presented a group of loss-making contracts under review.

In the third quarter, seeking proper economic conditions and respecting regular client negotiation processes and current regulations, we addressed 26% of this group, which drove the member churn we saw. In the short term, the impact on results is negative, but I reiterate that this is transient, and the steady state effect of both exiting and retaining those contracts is positive. Sustainability, rather than growth for growth's sake, is our objective across the entire portfolio. We'll continue applying the necessary adjustments to rebalance profitability without giving up affordable pricing, which is the differential of the Hapvida's business model. We have also changed entry levels.

We have reviewed retail entry tables, our repositioning prices. We have now stricter delinquency rules in place, which have affected our PDD that Lucas will mention later. And this is beginning to reflect the average ticket, which will help margins and cash flow. We terminated contracts with unions and agreements where fraud was identified, reduced the number of benefits administrators we work with, and implemented commercial underwriting. Fewer lives are coming in, but more profitable ones. In our own service network, over recent years, we grew significantly throughout acquisitions and physical capacity expansion. And today, we have structures above demand in some regions.

To give you a sense of the challenge, since Q125, the cost of our own service network has increased by 25% due to past preparations for growth that did not materialize. This fixed cost is one of the items from that initial tally, and it's up to us to adjust it. Therefore, this semester, we reviewed many dogmas of our operation that will reduce our costs, but we don't want to affect customer experience. We want to spend less, but better. In supply, we created national competitions per category, addressing most of the cost of the company.

We have recently announced our partnership with Roche, a global reference and diagnosis with a nine-year contract and investments of R$250 million in modernizing our technical centers. This illustrates what we want for all efficiency levers, reducing costs and positive impacts on healthcare delivery. In our admin structure, we are digitalizing our shared service centers. We are now also using AI agents in hospital billing. They are working with a 75% smaller team since Q3, and we have now an agenda of new agentic solutions to be implemented in coming quarters, reaching claims denial management, order authorization, medical bill closing, accreditation, and fraud prevention.

We have also reinforced our fraud fighting area, which continues to accelerate the identification of amounts to be recovered from providers and brokers, as well as criminal actions against those who compromise sector sustainability. We've seen many results in that front, and we'll see even more. We'll be relentless and we'll go to the last consequences, and this should be seen more and more in the media from now on. Also, litigation has become a relevant cost and was the main pressure factor on the quarter's

MLR. In August this year, I made two commitments to complete the redesign of processes within the third quarter and to show you a different level starting in Q4.

The new model is now operational. We have a new information system that provides better foundations for defense. We're using more specialized law firms and the authorization and regulation pipeline is faster and more resolute, guided by data and what makes sense to litigate. Our stance was wrong, so we corrected course. This is a complex issue, and we have to admit that we got things wrong with many lawsuits that put us in the situation we are currently at that we are now fighting to solve. This is much more complicated than we imagined, and the whole industry has been suffering with litigation.

But as we said earlier, the tail of lawsuits have maintained new blocks at high levels, similar to our previous quarter. About the second commitment, we continue expecting inflection signs of new blocks starting in Q4 as our levers mature. In October, for example, we already saw a lower level, even if just for one month, and we expect the full effect to be seen in 2027. In this overhaul of our legal management and within the context of changing process dynamics, we are conducting a new comprehensive review of judicial deposits and health care and non-health care provisions.

In other words, we're evaluating what makes sense to provision and when under this new scenario of sector litigation and with our corrected stance. We expect to complete this review throughout the fourth quarter. It's important to reinforce that this review does not impact cash flow because the deposits have already been constituted. Adding to all of that, we are implementing for next year for the first time a zero-based budget in the company, scrutinizing every cost and expense in detail. There's still much efficiency to be captured. The third pillar is our value proposition and brand reputation.

Since April, we created a new Client Vice Presidency, which concentrates these initiatives, and this is being led by NICO. This is a position we never had in the past, and these functions were allocated in multiple areas. Our business model focuses on our own network and the dental and healthcare insurer area. We now have CSAT and NPS as core management metrics monitored by region, unit, and channel. And we have concluded the first relational NPS cycle, which serves as a baseline to address the main customer pain points. To guarantee the company's future, it's not enough to reestablish the pillars of financial sustainability.

We must have an obsession on improving customer experience, reducing friction, and respecting the specificities of each region, product, and client. I said that in our last call, and I'm reinforcing this now once again. Let's start with the basics. We mapped 264 pain points along the journey and organized them into 33 action fronts, each with an owner, indicator, and a due date monitored weekly. The first results are already showing. Since May, we have reduced the backlog of pending requests for entering to the accredited

network by over 80%, and the processing time dropped to less than seven days below the regulatory limit, and we want to reduce this even further.

We're now also acting before the problem becomes a complaint. Denials represent only 0.5% of our authorizations, but account for 22% of the complaints. Of the complaints. So we created a welcoming cell, a support cell, currently piloted in Ceará, São Paulo, and Pernambuco, offering a health care alternative before the case reaches the regulatory agency or the courts. We centralize sensitive cases from all channels into a single hub, investigating the root cause until definitive resolution. This directly ties into our litigation agenda. In our network, we began planning for network sufficiency per city and specialty based on market benchmarks.

We are now working with market references to increase access but not cost. Appointment scheduling through the app is now 70% faster. In authorizations, AI is now processing 25% of demands versus 18% previously. And our WhatsApp AI agent resolved 83% of scheduling conversations directly on the channel in the pilot project we launched. And this is only the beginning. We're also reviewing the company's brand architecture with different positioning per brand and region. In August, we relaunched Notre Dame as our smart premium brand, featuring a dedicated app, customer service, authorization, and regulation, and we launched the new “metais” product line in the end of October.

In PPO, the consolidated base has been improving. It dropped in the quarter, but retail has returned to growth. We are focused on solving operational issues. And value proposition also means adapting product and price to each market. In a country the size of ours, there's no single solution. What works in Recife does not necessarily work in Ribeirão Preto. Therefore, we reviewed products, pricing network, and broker relationships city by city. Outside the contracts under review, the SME portfolio, which is our focus due to higher profitability, grew in the quarter over 10,000 lives organically, highlighted by Sao Paulo and Rio, where the overhaul started earlier.

The countryside of Sao Paulo continues to maturate city by city, and we expect to see positive impacts of this throughout the coming quarters. So to wrap up my part, I want you to take away three things from my presentation. First, we are advancing on all three pillars, and part of this is already showing in the numbers we're sharing with you, and we'll give you further details about them in the coming quarters. Second, the numbers are still well below acceptable levels. Part of this comes from the starting point I mentioned at the beginning, which is our baseline for comparison. Part is the cost of correction and execution that is still accelerating.

All of this is our responsibility and we will deliver. Third, results respond with a lag. We expect that large part of what has already been done and will be done in the future can be clearly seen starting in the first half of 27. For Q4, we expect an inflection sign in new

court-ordered blocks, progress on approximately 700,000 lives under review, portfolio repricing with ticket evolution and healthier sales dynamics. We are not asking for patience. We ask you to hold us accountable for the milestones I just listed. Rest assured that our sense of urgency is at maximum level. As I said in my first call as CEO, straight talk, even in difficult moments, and evidence-based management.

This is how I acted as a CFO and now as CEO. And this is how we will rebuild our credibility with numbers, quarter by quarter, and no easy promises. I will offer a lot of energy, focus, and work, and I am confident that we are on the right track. Maybe not as fast as you expected and as we wanted, but everything that is possible is being done. I want to thank our teams and partners. This is not an easy journey. There are hard decisions to be made, but we'll face them together, and it's a great pleasure to share this journey with you.

This week, our board of directors decided to proactively reduce its total compensation by 50% for 27, an important demonstration of commitment and that we're all cutting to the bone. We're on the same boat and we have the same guiding north. Now I'd like to turn the floor over to Lucas Garrido for the financial results of the quarter. And I'll come back for the Q&A session. Thank you very much.

**Lucas Garrido (CFO):**

Thank you, Luccas. Good morning, everyone. I will focus on three points. First, member movement and the impact of these decisions on results. And then the main highlights of the income statement and cash generation and debt levels. Starting with the key figures on slide three, net revenue was R$8.1 billion, nearly 4% above the third quarter of last year. Even with fewer members, growth came from a 7% higher average health ticket, driven by price adjustments, the exit from the loss-making contract, and a better sales mix, prioritizing more profitable channels.

These effects were partially offset by mixed differences across regions and products and by the lower adjustment authorized by ANS for individual plants. Adjusted EBITDA was R$497 million with a margin of 6.1% versus 9.6% year over year. There was a one-off reversal of around R$48 million in variable compensation, offset by R$43 million in allowance for doubtful accounts, PDD, and the write-off of commissions from canceled contracts. Excluding non-recurring events, EBITDA was R$485 million with margins of 6%. Adjusted net income excludes amortization of the portfolio and brands, LTIP, a non-cash effect, totaling R$107 million.

On an accounting basis, we posted a net loss of R$119 million compared to a loss of R$57 million a year earlier. Member base. Slide four now, as Lucas anticipated, the main driver of the reduction in the member base was lives under review. Excluding this group, we had a normalized net reduction of 9,000 members, close to the second quarter level. As we

advance over the rest of the portfolio and address delinquency and profitability, the best benchmark for the portfolio is revenue and ticket, more than net member additions. The quality of new sales is better in terms of composition and margins.

This takes time to appear given the nature of our business, but we are planting more profitable cohorts for the future. In MLR, we continue receiving bills for care provided prior to cancellation, but without the revenue from those lives. This is the so-called runoff effect. The benefit comes gradually as we stop carrying inadequate contracts or renew them under sustainable terms, and it should intensified throughout 27 with a positive effect on margins and companies' sustainability. Now, cash MLR on slide 5. This indicator was 77.2% for the quarter, up two percentage points over the second quarter and the third quarter of last year.

Besides usual seasonality, with the third quarter typically slightly worse than the second, three main factors explain this movement. First, litigation-related claims increased by R$57 million in the quarter, with an impact of 0.7 percentage points. Year over year, it more than doubled and accounts for about 1.3 points of the annual deterioration. This was expected given the recent deposit dynamics. Second, the runoff effect I just mentioned. And third, we had one-off expenses related to operational optimization, such as asset demobilization and severance. The latter two factors had an impact of R$50 million, or 0.6 percentage points.

It's part of the adjustment, but it's important to take that into account. Cash net new judicial deposits remained at a level similar to the second quarter. We had a reduction of around R$158 million in cash G&A expenses compared to the second quarter. The main movement came from personnel with a reversal of R$48 million in variable compensation provisions. We also had lower expenses with third-party services, ANS fines, and location and operations. Operations. Civil contingencies increased by R$45 million. Almost R$30 million of PDD came from canceled delinquent contracts and the rest from an increase in G&A in the portfolio.

We will give you more details about our PDD in Q4. We'll look at the delinquency portfolio and the current aging of the contracts. Commissions increased almost R$20 million, especially due to the contract that were canceled. At PDD and commissions, the review of contracts had an impact of R$43 million and selling expenses. On slide 7, you can see a summary of our MLR and also selling expenses, which exerted pressure on the EBITDA, which were partially offset by lower admin expenses. Adjusted net income totaled R$107 million against R$12 million in the second quarter. To wrap up, let's talk about cash and debt levels. In the last nine months, operational cash flow was R$1.2 billion.

From our managerial view, net of leases, a conversion of about 66% of adjusted EBITDA into operating cash flow. After CapEx, free cash flow was R$650 million. As Luccas mentioned, net debt dropped by just over R$100 million in the quarter in close September at R$5.3 billion, with a drop in LTM EBITDA leveraged by covenant criteria rose by 1.61 times to 1.67 times. And I highlight two points here. First, an important contribution from working capital initiatives and debt buyback at a discount, together generated approximately R$200 million in benefits for the quarter.

In financial results, the gain from the buyback was more than offset by the accounting write-off of the hedge, which has no cash effect. Second, contingencies continue to pressure cash. We still have an additional working capital movement via payment terms and inventory on a smaller scale that should help the fourth quarter. We are also working on other levers outside the P&L to improve cash flow, in addition to inorganic moves that Lucas mentioned in the opening. An example is the partnership with an electronic prescription provider to centralize Hapvida's digital medical prescriptions with revenue generation and margin upside for the company.

We'll comment more on this as soon as the transaction progresses. At the same time, we want to have a healthier organic cash generation in 27, including a gradual improvement in EBITDA conversion. These were my remarks. We can now move on to the Q&A session. Thank you very much.

**Operator**

We'll now begin the Q&A session. When announced, a prompt to unmute your microphone will appear on your screen. You must then unmute your mic to ask questions. We kindly ask you to limit your questions to a maximum of two per person and that they are asked all at once. Let's take our first question from Leandro Bastos with Citi. Leandro, go ahead. You have the floor.

**Leandro Bastos – Citi**

Hi, everyone. Good morning. Thank you for taking my questions. I have two questions on my side. First, about what Garrido said and the highlights of the quarter with working capital helping to reduce net debt. I just want to understand a bit better what you see in terms of opportunities to optimize working capital and if you can also talk about levers of cash generation levers for the short term. So that would be my first question. Now, the second question, you also mentioned during the presentation that the coverage of civil deposits dropped once again. You said that the level of judicial blocks improved and Lucas talked about a new provisioning criterion.

So can you tell us a bit more about that so that we understand how to read these coverage levels and what to expect from now on? Thank you.

**Luccas Adib - CEO**

Hi, Leandro. Good morning and thank you for your questions. I'll start with the easiest one, and then I'll turn the floor over to Lucas to answer the hard one. So about the coverage levels and blocks. At this quarter, you should not consider this coverage that much because we are reviewing provision and blocks and deposits. So this is not an indicator that shows the maturity of our coverage. For a long time, I told you that this was not a one-to-one ratio. We had an overview, but since this review is ongoing and will complete it by Q4 during our next call, I can explain to you why the coverage is what it is right now.

The dynamics have changed dramatically, going from 100 to 100. Going from R$100 to R$150 billion to R$350 billion by quarter with some spillover. So we are working internally with a conservative approach to complete this review. But this does not impact the company's cash, as I said earlier. And we'll show you with further details in our next call.

**Lucas Garrido - CFO**

About working capital we still have space for negotiation and also to postpone payment terms to align with our peers in the market the first step was taken last quarter but there is still some room for improvement here and in inventory we are working to optimize service levels and inventory and we were able to identify opportunities here to work with a better inventory level here at the company to free up additional working capital. And finally, we have initiatives such as payroll, sales, formal jobs that should come in in Q4, and that can also positively impact working capital and cash flow.

**Leandro Bastos – Citi**

Okay, great. Thank you. Have a great day.

**Operator**

Our next question is by Vinicius Figueiredo with Itaú. Vinicius, go ahead. Your mic has been enabled.

**Vinícius Figueiredo – Itaú**

Good morning, everyone. Thank you for taking my question. I would like to explore your lives portfolio or membership base. When we look at the Q3 performance, there are two points I'd like to explore. First, the regional composition of those lives under review.

Something we were always discussing here with the buy side and with you in recent years is that we thought the Southeast would concentrate most of these contracts that were lagging behind in terms of prices, but at the end of the day, we saw that at least this quarter, Northeast, North and the Midwest were actually quite important.

So can you tell us about your findings here and how to fight against a possible operational deleveraging? Because when it comes to the Northeast and North, we always consider these as regions with a more dominant fixed cost because of your own network now I'd also like to discuss the individual plans because a relevant part here in gross adds I believe because of unilateral cancellations unless it is due to delinquency, gross adds are slowing down and the individual plans. So I'd like to understand this because it's really important to oxygenate the portfolio due to the grace period. This usually helps profitability. So can this be offset by a retail SME portfolio in Sao Paulo? Thank you.

**Lucas Garrido - CFO**

Hi Vinny, this is Garrido speaking. Okay, let's try to break this down into parts. About the regional composition, we have been saying that the mix of the loss-making contracts is actually spread similarly to the composition of the company's portfolio as a whole. Of course, you can have quarterly variations, not all readjustments and contract renewals follow the original mix. And this is a bit of what happened this quarter, but there is no higher weight in any specific region. Now, about the individual plans, it was actually a combination of two factors. First, the delinquency rules. We said we are now being stricter than we used to be, following, of course, all of the regulators standards.

And the second factor is that we have now been more accurate in pricing in some specific regions. And this is a positive margin movement for the company. But of course, this has an impact, like you said, on the gross adds dynamics and the net adds dynamics of the channel as a whole. Now about the retail portfolio indeed we have seen growth in our SME and middle portfolios which is healthier and this is where we've been focusing on so we're very happy with the evolution of this channel which is really important for the company.

**Vinícius Figueiredo – Itaú**

Great. Just to make it clear about the Northeast Luccas about this loss that is proportional in the northeast all of the calculations that you have been doing also in the reduction of your own network that we saw in q3 is meant to address this because you're like losing a part in the north and Northeast and the fixed cost structure is being reviewed to equalize the operational deleveraging. Is that what you mean?

**Luccas Adib - CEO**

Hi, Vini. This is Luccas Adib speaking. Yes, the resizing view is considering the portfolio region by region. What had occupancy levels operating at suboptimal occupancy levels is being taken into account and also prospectively contracts that will not continue in those regions and that can generate new operational deleveraging effects. But this is not going to have any impact on members because the way we're doing this takes into account improved customer experience considering all of the other actions that we have been implementing internally. We want to make this clear. All cancellations and dynamics in our portfolio are fully compliant with ANS regulations.

**Vinícius Figueiredo – Itaú**

Great. Thank you so much, Luccas.

**Operator**

Our next question is by Samuel Alves with BTG. Samuel, please, you have the floor.

**Samuel Alves – BTG**

Good morning, Adib, Garrido, and everyone. I have two questions here on my side. The first about debt repurchase. What is your take about the repurchase of debts maturing in 27? This could lead to a significant reduction in financial cost, and it would help in the short-term amortization timeline. So the second question now about the disinvestment agenda. I did mention in the presentation that you cannot tell us a lot about this, but you have banks working on this. Can you tell us if the scope of the mandates have changed or is the goal of the company only assessing the disinvestment of the assets in the South, like you mentioned in the past? Thank you.

**Luccas Adib - CEO**

Hi, Samuel. Thank you for your question. When it comes to capital allocation, I'll answer this question and then Lucas can add to my answer. We were assessing repurchasing of debt, but we did not exercise our cash position to optimize this. But we're always considering short-term amortizations at a discount. So we should be considering this to advance on this front. There is obvious return for the company. So yes, this is under our radar, but we were not able to do that previously because of a few specific reasons. Now about the mandates, we have changed the scope of the initial mandates we had been discussing. But we have never formally announced anything regarding the South. We just want to make that very clear.

What we are doing is to create a more intense and prospective agenda to reassess our whole portfolio of assets. And the banks that have been working with us for some time now are on the right track to help us address the company's capital structure. And we will announce the news in due time. There are obvious reasons why we cannot give you lots of details right now, both for commercial and regulatory reasons, but in due time, we will announce this to the market. But maybe together with the operational turnaround, this is one of the top priorities of the company in the short term, the renovation of our capital structure.

**Samuel Alves – BTG**

That was very clear, thank you.

**Operator**

Our next question is by Joseph Giordano with JP Morgan. Joseph, please go ahead.

**Joseph Giordano – JP Morgan**

Good morning, everyone. Good morning, Adib, Garrido, and team. Thank you for taking my questions. I would like to talk about the top line structure. I would like to look at growth vectors. We have been talking about assessment of the portfolio, But can you tell us about your PPO and the relaunch of the Notre Dame brand, as well as the affinity segment? And then let's talk about PDD and portfolio assessment per region. Can you tell us about your perceptions on the macro and competitive environment in the different regions? We want to understand how this provision for doubtful debts is being addressed. Now, can you tell us a bit more about free cash flow at the company in a combined way?

There seems to be a lot of liquidity for the holding, but if you can tell us a bit more about your main insurers, that would be very helpful. Thank you.

**Lucas Garrido - CFO**

Hi, Joseph. This is Garrido speaking. Thank you for your question. So about the PPO, yes, we have just launched this brand. And in the PPO channel, we have seen a positive dynamic in the last months and quarters. So this channel is now stable and the retail channel, which is the channel of small and medium businesses, has had a more interesting movement within PPO. Now, about growth and revenue, our focus is on ticket readjustment and sustainability of our portfolio as a whole, and not so much on net adds, because this process is going to take some time to be corrected. About PDD. We should carry out a review during Q4. Like I said in my initial remarks, we will review PDD cohorts.

We can give you more color about this next quarter, but the macro environment is impacting our business just like any other business. And finally, about capital allocation, cash position and soundness of the insurers. Our insurers are at a comfortable solvency level for our coming amortization. So I don't think there's much to say here. In addition to what has already been said, Our liquidity is comfortable for the coming years, and that applies both to the holdings and to the insurers.

**Joseph Giordano – JP Morgan**

Great, thank you.

**Operator**

Our next question is by Mauricio Cepeda with Morgan Stanley. Mauricio, you have the floor.

**Maurício Cepeda – Morgan Stanley**

Hi, good morning, Adib, Garrido. Thank you for the opportunity. I have a question about the predictability of the business from now on. As you advance in the turnaround, you can better understand the structural economics of the business. So what is the core business here, this balance between premium and claims? I know it's hard to precise, but what is the magnitude of all of this? Because there are three points here. First, how much MLR is still being impacted by the revenue insufficiency of these portfolios that you are now reviewing? Second, how much your claims per member is impacted by older litigations?

Because, of course, we still have a certain litigation level, but I think you're being hardly impacted by this older litigation. And third, would you have to increase your per capita claims to prevent future litigations? So how much you're spending now to prevent these problems in the future? Thank you.

**Lucas Garrido - CFO**

Hi, Cepeda. Thank you for your question. This is Garrido speaking. I'll try to address the points you mentioned about MLR of the deficitary contracts. We have already talked about this last quarter and the ticket level of those contracts. So I think that you can estimate the impact on the aggregate MLR if you have a lower upside and if we lost 100% of these deficitary contracts. We can give you more details about this after the call if need be, but I think that you can estimate part of that contract based on what was shared.

Now, about the claims per member and the impact of older lawsuits, we have not been sharing this, but qualitatively speaking, thinking about litigation, this is not something that

should be overlooked. Yes, there is a long tail, but we are not breaking this down by member. Now, about whether we have to increase the per capita expenses, we don't think there needs to be any increase in expenses to prevent litigation. This is much more about optimizing the way we deal with this from an operational perspective rather than spending more or less to address this. Lucas, would you like to add anything?

**Luccas Adib - CEO**

Yes, let me just add to this last point. When it comes to spending more or less, at the end of the day, the litigation level is at a magnitude that we always hope a negative spread considering the block level and the net expenses. You can calculate this MLR per incremental life. You have this visibility just by analyzing the company's P&L. But from now on, we see this as reducing rather than expanding. If I can optimize what has to be litigated or not, when we offer solutions with our own network or a reference network, this should have a negative rather than positive spread. So we should not be spending more per life, but actually less. I hope I answered your question.

**Maurício Cepeda – Morgan Stanley**

Thank you, Adib and Garrido.

**Operator**

Our next question is by Caio Moscardini with Santander. Caio, go ahead. You have the floor.

**Caio Moscardini – Santander**

Hi, everyone. Thank you for taking my two questions. First, about the legal deposits, which were at the same level quarter after quarter. I remember that in Q2, there was a higher level of duplicates, so we were expecting the numbers to go down. So I want to hear from you about those duplicates in Q3. What were the level of duplicates and why are we seeing these duplicates happening now? About the complaints per member, we have been seeing a significant worsening, both for Hapvida and GNDI. When can we expect the complaints level to go down, considering all the efforts you've been making to improve client perception? Thank you.

**Luccas Adib - CEO**

Hi, Caio. Thank you for your question about the duplicates. This is at a very similar level to Q2. Part of this is due to the level that the higher the level of the block the higher the number of duplicates but this is similar to a working capital work on this line it's as if they

had created a block that was duplicate so you enter with a ticket and you get that back 30 to 40 days later. So this is not concerning, and we are at a similar level to Q2. Actually, net blocks, when you look and compare Q3 and Q2, you have a similar level as well. About the complaints, thank you for the opportunity of talking about this, because this is a very important point that should be mentioned more.

Hapvida is the best insurer when it comes to ANS's complaints in Brazil. There's no other large insurer doing better than Hapvida. And Notre Dame is doing better than almost all large insurers all of the other insurers have a competitive complaints level to our peers. And we have seen improvement in our complaints level compared to our peers. So although there is a certain level of complaints inflection, the whole sector actually was more hardly affected than we were. And this is because we are focusing on the root causes. And are we comfortable with this level of complaints? No, definitely not. But we will keep on working to address this.

But we should always compare this with our competitors. Our competitors have overall complaints levels that are much worse than ours. I just wanted to make that clear.

**Caio Moscardini – Santander**

Great, thank you.

**Operator**

Our next question is by Flavio Yoshida with Bank of America. Flavio, you have the floor.

**Flávio Yoshida – Bank of America**

Hello, good morning, Adib and Garrido. I have a question about growth. So excluding the lives that are being reviewed, the company has shown a reduction of 9,000 lives this quarter. What is the main bottleneck that you see to resume growth? Because when we look at some of the industry brokers, we see that some of them don't want to offer the product because of problems in the past. And of course, we know that you are working to improve this, maybe with more attractive commissions. That could be a lever to turn things around. But at the same time, we have other aggressive competitors offering high commissions. So what is the company's strategy to resume growth?

Organically speaking, not about the portfolio, which is under review. We understand that. Now about the ticket dynamics. You had growth of 7% this quarter. So what were the main factors that boosted this growth? You talked about mix, readjustments, and this cleanup has been helping as well, the different regions. What can we expect in terms of ticket growth looking ahead? Thank you.

**Lucas Garrido - CFO**

Thank you for your question. This is Garrido speaking about growth. I think your two questions are closely related to each other. The company has been focusing on revenue growth more than on net lives growth. Of course, these two things are tied, but our decisions are made to expand the top line in revenue and not lives necessarily. So yes, net adds was slightly negative, but revenue went up and the math we do is actually focused on revenue. So it's okay not to have a dynamics of gross adds that will lead to a positive net adds, but that as long as the margins coming in are positive. So this will probably continue in the coming quarters.

Because we have been changing our pricing dynamics and we have been finding interesting pockets where we were underpriced, especially considering that our brand has a great reputation in certain regions. So we should do this on a region by region basis to understand what is the optimum ticket and how this will impact on demand. And we will make decisions to maximize top line and revenue as a whole. So this is our MO.

**Flávio Yoshida – Bank of America**

Great. Thank you.

**Operator**

This concludes the Q&A session. With this, the event for Hapvida's third quarter, 2026 earnings conference call is closed. The IR team remains at your disposal. Thank you very much for joining us and have a great day.