

Hapvida

Half full or half empty? Assuming at Neutral

Turnaround optionality, with the potential payoff seemingly priced at zero

We assume coverage of Hapvida with a Neutral rating and a price target of R\$7.8. At current levels, we believe the stock trades less as a “show me” stock, with much of the adverse scenario already in the price, and evidence of the operational turnaround needed. Behind it is a payoff to which the market appears to assign no value (i.e., the R\$30.8bn goodwill tax asset generated by the 2022 business combination), and unlocking this asset requires what Hapvida has not yet demonstrated, namely, an operating business capable of producing sufficient earnings to absorb it. We propose an alternative framework for assessing whether the company is progressing in that direction, reading the operating margin through forward-looking data disclosed in the audited notes. Given the difficulty of forecasting this trajectory, our estimates incorporate no tax shield from this goodwill. As a result, we are Neutral due to the lack of evidence that the turnaround has materialized, although the current valuation suggests that a meaningful portion of the downside scenario already appears reflected in the share price.

Two Pivotal Questions, read-across from the audited notes

The first is what the IFRS 17 disclosures say about the Medical Loss Ratio (MLR) trend. Within the limits of a standard in force only since 2023 (the short series allows us to follow a pattern), the 2026 readings point to a slower pace of deterioration (we estimate +50bps YoY in 3Q26, +30bps in 4Q26), consistent with our 74.7% Cash MLR for 2026E. The second is whether Hapvida can unlock the R \$30.8bn goodwill from the 2022 combination. It is at the holding company, and using it would require a merger not yet completed and taxable income to absorb it.

A base case that does not pre-pay for the turnaround

Our model assumes top-line growth of ~4% in 2026/28E, driven by ticket rather than volume. For Cash MLR, we estimate the pace of YoY deterioration through 2H26 to run milder than that seen in 2025 (75.7% in 3Q26E and 74.7% for the full year). Structurally, however, we expect the ratio to continue edging higher, approaching ~76% over the long term, or ~77% including provisions (this remains below SulAmerica in the low 80s and Bradsaude in the mid 80s). As a result, our 2026/27E Adj. EBITDA is roughly aligned with consensus; however, for 2028E, consensus implies a significant acceleration, which in our view reflects a more constructive assumption on the MLR than our cautious stance on the sector.

Valuation: Neutral rating at a price target of R\$7.8/sh (FCFE DCF)

PT anchored on 28E EV/EBITDA of 3.1x, supported by DCF (17.1% COE and “g” of 5%).

Equities

Americas

12-month rating **Neutral ***

12m price target **R\$7.80**

Prior : R\$16.00

Price (16 Sep 2026) **R\$6.49**

RIC: HAPV3.SA BBG: HAPV3 BZ

Trading data and key metrics

52-wk range	R\$38.80-6.09
Market cap.	R\$3.08b/US\$0.60b
Shares o/s	475m (COM)
Free float	58%
Avg. daily volume ('000)	7,309
Avg. daily value (m)	R\$60.1
Common s/h equity (12/26E)	R\$47.5b
P/BV (12/26E)	0.1x
Net debt to EBITDA (12/26E)	3.5x

EPS (UBS, diluted) (BRL)

	From	To	% ch	Cons.
12/26E	1.33	0.11	-92	0.94
12/27E	1.87	0.65	-65	1.58
12/28E	2.47	0.85	-66	2.27

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Highlights (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	27,366	28,952	30,863	32,194	33,048	34,294	35,902	37,600
EBIT (UBS)	624	1,554	1,065	645	1,626	1,808	1,927	2,021
Net earnings (UBS)	167	1,294	734	53	308	404	505	586
EPS (UBS, diluted) (R\$)	0.02	0.17	1.55	0.11	0.65	0.85	1.06	1.23
DPS (net) (R\$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (debt) / cash	(8,405)	(7,861)	(8,145)	(8,584)	(8,155)	(7,902)	(7,323)	(6,901)
Profitability/valuation	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
EBIT (UBS) margin %	2.3	5.4	3.5	2.0	4.9	5.3	5.4	5.4
ROIC (EBIT) %	1.0	2.5	1.8	1.1	2.7	3.0	3.2	3.3
EV/EBITDA (UBS core) x	13.0	8.8	6.8	3.5	3.0	2.7	2.4	2.1
P/E (UBS, diluted) x	NM	NM	21.4	58.1	10.0	7.6	6.1	5.3
Equity FCF (UBS) yield %	2.2	0.5	(7.7)	(8.7)	14.0	7.9	18.5	13.4
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of R\$ 6.49 on 16-Sep-2026

UBS BB is an association between UBS and Banco do Brasil.

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UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Can IFRS17 help gauge the MLR trend?

Yes, we believe it can, within the limits of a short series, and the 2026 readings support the slower pace of deterioration behind our 74.7% Cash MLR for 2026E, the variable that drives our EBITDA and our multiple. Hapvida's MLR trajectory remains the key driver of the equity narrative. IFRS 17 disclosures provide an additional lens, requiring quarterly reassessment of expected profitability in the Individual book, where risk is concentrated and which represents ~25% of revenues. Since the IFRS 17 transition, three year-end observations have shown that the Loss Component has indicated the direction of Cash MLR in the following year, with 2026 tracking the more moderate path implied by the December 2025 mark. Our forecast assumes YoY Cash MLR deterioration moderates to 50bps in 3Q26, at 75.7%, and 30bps in 4Q26. The December 2026 remeasurement is the next critical data point, though the limited sample warrants monitoring the pattern rather than extrapolating from it.

Q: Is Hapvida on the path to unlocking its R\$30.8bn goodwill tax asset?

The structure is ready, the merger is not. Hapvida appears to have completed preparatory steps toward monetizing business-combination goodwill, including 2024 intra-group mergers that removed holding companies from the acquired structure and brought the goodwill-recording entity closer to the acquired operator. Company filings disclose a Board-approved plan centered on tax optimization and use of existing goodwill balances, with 2025 annual statements indicating a merger of operating subsidiaries starting in 2028. However, two conditions remain outstanding: a corporate action to make the two companies one and the same taxpayer, and the generation of taxable earnings at the combined entity. Our earnings model excludes any tax shield from business-combination goodwill, treating it as upside optionality.

UBSVIEW

We assume coverage of Hapvida with a Neutral rating. In our view, the stock behaves less as a direct reflection of current earnings and more as an operational turnaround that has yet to materialise. We assess the investment case through two perspectives. The first is operational, focused on MLR trends, repricing of the portfolio of lives relative to inflation, and the resumption of cash generation. The second is the R\$30.8bn goodwill tax asset generated in the 2022 business combination, which we treat as optionality, as the deduction begins only after the final corporate step that places the goodwill and the acquired operation under a single taxpayer. We remain Neutral because evidence of a structural improvement in MLR, and the subsequent recovery in margins and cash generation, has not yet materialized.

EVIDENCE

The Cash MLR deteriorated through 2025, peaking at 75.5% in 4Q25 (+450bps YoY), and the pace of deterioration moderated in 1H26 (+34bps YoY in 1Q26 and +130bps in 2Q26, to 75.2%). On the tax front, the R\$30.8bn goodwill from the 2022 business combination remains classified by the company as "not yet incorporated"; the two intermediate holding companies were extinguished through intra-group mergers in 2024.

WHAT'S PRICED IN?

At the current price, we believe an operational turnaround is not embedded in multiples. The tax rates are at times modeled flattish, implicitly carrying the R\$30.8bn goodwill at zero.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers 2027E	Net revenue growth	Adj. EBITDA growth	Adj. EBITDA margin	COE
R\$10.0 upside	5%	20%	8.6%	16.6%
R\$7.8 base	3%	11%	8.1%	17.1%
R\$4.0 downside	-5%	-23%	6.1%	18.1%

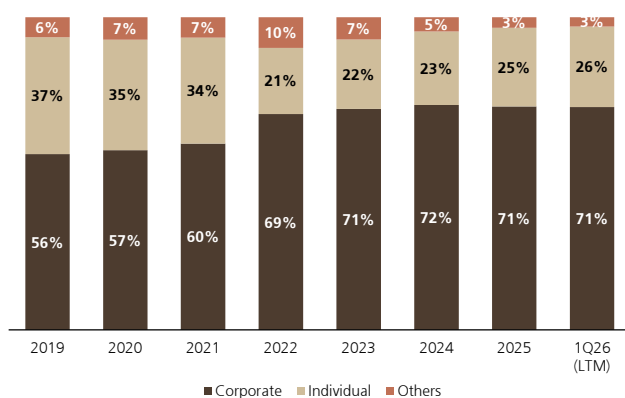
Source: UBS estimates

COMPANY DESCRIPTION

Brazil's largest vertically integrated health plan operator, combining Hapvida and Notre Dame Intermedica since 2022 in a predominantly low-ticket model.

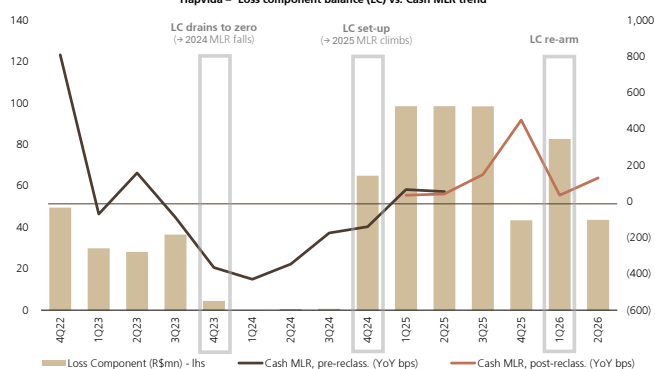
OUR THESIS IN PICTURES

Hapvida – gross¹ revenue breakdown evolution

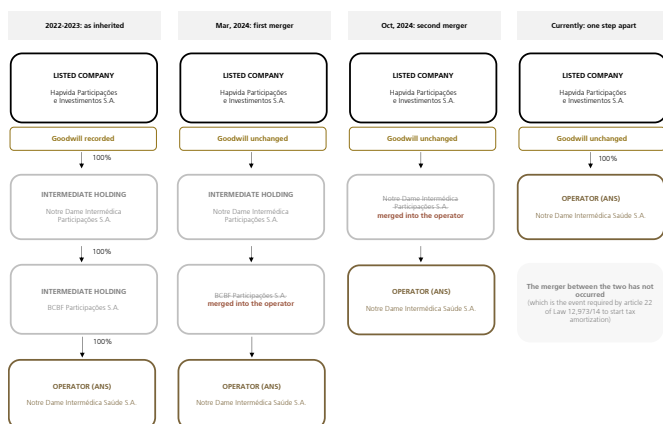


Serving as a useful proxy for IFRS 17 adoption in our analysis, the Individual book, the only segment under the Building Block Approach (BBA), accounts for ~25% of Hapvida's revenue.

Hapvida – ²Loss component balance (LC) vs. Cash MLR trend



The Loss Component signalled the Cash MLR trend in past cycles, possibly the most useful forward signal in the audited notes.



Hapvida closed its intermediate holding companies over time, leaving the goodwill-bearing entity and the acquired operator in a direct ownership structure.

Hapvida – expected realization of deferred taxes, as of 2Q26

R\$ million	Parent Company	Consolidated
2026	-	197
2027	-	220
2028	-	426
2029	-	793
2030	262	999
From 2031	2,488	1,628
Total	2,750	4,264

"Management expects to substantially recognize the tax credits on goodwill arising from the business combinations already completed and to have a greater volume of credit realization between 2026 and 2030".

Sources for exhibits above: Company data, UBS Research. ¹The company no longer provides a breakdown of corporate and individual customers as of 2Q26. ²Loss component (LC) at closing balance (R\$ mn).

EXECUTIVE SUMMARY

Assuming at Neutral rating; PT of R\$7.8

We are assuming coverage of Hapvida with a Neutral rating and a price target of R \$7.8 per share, implying ~20% upside potential. With a market capitalization of ~R \$3bn, we believe the stock trades less as a reflection of the current earnings outlook and more as an operational turnaround that has yet to materialise. This perspective drives both aspects of our Neutral stance, with the risk-reward profile skewed slightly to the upside. What keeps us at this stance rather than adopting a more constructive view is that the key supporting evidence (i.e. a sustained series of improving MLR results, disciplined portfolio repricing, and a recovery in cash generation) has not yet materialized. Conversely, what keeps us from a negative view is that at the current valuation a meaningful portion of the downside scenario already appears to be reflected in the share price.

The turnaround could take several forms, but in our view, the investment debate narrows to two broad scenarios, as outlined in the table below. In the constructive scenario, the MLR improvement is sustained, repricing across the portfolio of lives continues to be accretive, cash generation gradually recovers, and leverage declines. Over the longer term, the company moves closer to realizing the R\$30.8bn goodwill tax asset generated by the 2022 business combination. In the adverse scenario, operating performance remains pressured, membership declines continue across both the Individual and Collective books, and leverage deteriorates.

Figure 1: Hapvida - scenario analysis

	Constructive Scenario	Adverse Scenario
What could happen? (in short)	Structural MLR improvement; continued accretive repricing of the portfolio of lives; gradual recovery in cash generation; deleveraging	Operating results remain under pressure; continued membership losses (both in the Individual and the Collective books); leverage deteriorating
What could trigger it?	A sequence of quarters of consistent MLR improvement; disciplined repricing of the portfolio of lives; cash flow generation gradually resuming; goodwill-related DTL building at a faster pace (taxable profits absorbing the running tax shield)	A sequence of quarters of MLR deterioration; portfolio of lives repricing at or below inflation; cash burn persisting
What's priced in?	We believe a proven operational turnaround is not yet embedded in current multiples, with market prices likely ascribing zero value to a potential unlocking of the R\$30.8bn goodwill tax asset. In addition, each +100bps of Cash MLR increase removes ~R\$330mn from 2027E Adjusted EBITDA, around 12%.	

Source: UBS estimates. Note: our base case scenario, in the numbers on page 7-8, is between these two columns.

The adverse scenario is, in our view, the one likely embedded in current prices. We observe that effective tax rates are sometimes modeled as broadly flat, implicitly assigning no value to the goodwill optionality, while the ~3x 2027E EV/EBITDA implies limited expectations for a recovery in the foreseeable future. The constructive scenario still requires validation, and there are several uncertainties along the way, whereas the adverse scenario provides limited new information for the market.

The two Pivotal Questions behind our thesis

We structured this report around two questions that we believe are likely to define the equity narrative going forward. Both are based on audited disclosures and intended to be revisited each quarter.

1. In the first section, we considered **whether IFRS 17 can help assess the MLR trajectory**. Cash MLR worsened throughout 2025, reaching 75.5% in 4Q25 (+450bps YoY), while the pace of deterioration appeared to ease in 1H26 (+34bps YoY in 1Q26 and +130bps in 2Q26, to 75.2%). This trend keeps the debate on the company's margin trajectory unresolved. We believe the more constructive approach is to evaluate the competing readings rather than assume one, and this report brings together a complementary toolkit for that purpose. In practice, alongside the traditional indicators and channel checks, we examine what insights can be drawn from IFRS 17 insurance disclosures, including audited notes related to concepts such as the loss component (LC) and the contractual service margin (CSM), which we analyze in our first [Pivotal Question](#). Notably, we acknowledge the limitations of an analysis based solely on IFRS 17, as the standard has been in force only since 2023, resulting in a limited number of data points. However, the dataset is audited and forward-looking by design, which may at least help identify broader trends. Overall, we believe it can serve as an alternative, potentially leading indicator for the MLR trajectory.
2. In the second [Pivotal Question](#), we assessed **whether Hapvida is progressing toward unlocking its R\$30.8bn goodwill tax asset**. In short, the structure is ready, the merger is not. The 2022 business combination generated the goodwill in question, which Brazilian tax legislation permits to be amortized for tax purposes, representing up to ~R\$10.5bn in undiscounted tax benefits at the statutory 34% rate (a theoretical ceiling rather than a valuation estimate). However, this amortization can only commence after one remaining corporate step: a merger placing the goodwill and the acquired business under a single taxpayer. The group has been moving in that direction, with the intermediate holding companies from the 2022 structure closed through intra-group mergers in 2024. Nevertheless, the final step has not yet been completed. Importantly, our earnings model does not incorporate any tax shield from this goodwill; instead, we view it as optionality with a meaningfully asymmetric potential payoff.

What is in our numbers?

Our model projects Adjusted EBITDA of R\$2.4bn in 2026E, R\$2.7bn in 2027E, and R\$2.9bn in 2028E. For earnings, we estimate recurring net income of R\$53mn in 2026E, improving to R\$308mn in 2027E and R\$404mn in 2028E. We note that our recurring net income calculation incorporates the company's non-recurring add-backs net of tax impact, rather than adding them back on a gross basis. Five key assumptions support these figures:

- **Top-line growth of ~4% per year over 2026-28E, driven by ticket rather than volume.** Our LTM Health plans' monthly ticket increases from R\$306 in 2026E to R\$324 in 2027E and R\$342 in 2028E (~6% per year over the period), while the membership base remains under pressure, also impacted by the restructuring program announced during the 2Q26 results ([link](#)), which is in line with the focus on profitability over growth.
- Regarding the Cash MLR, we acknowledge upfront that projecting Hapvida's operating performance is a challenging task. **Nonetheless, backed by our assessment of the IFRS 17 disclosures, we estimate 75.7% in 3Q26E and 75.8% in 4Q26E (74.7% for the full year vs. 74.1% in 2025)**, indicating that the pace of YoY deterioration eases toward year-end (+50bps and +30bps YoY, well below the pace of deterioration registered in 2025). Over the long term, we assume the Cash MLR stabilizes at ~76%, consistent with our structurally cautious stance on medical cost trends across the sector, with the total claims ratio (including provisions) reaching ~77%. This remains below SulAmerica in the low 80s and Bradsaude in the mid-80s, a differential we ascribe to the verticalized model.
- **SG&A is expected to dilute gradually from ~20% of net revenue in 2026E to roughly 17% over the forecast period**, driven by two factors. We anticipate judicialization-related expenses will improve from current levels as management's recent initiatives take effect. We also expect efficiency gains to remain a structural theme for an industry growing through ticket rather than lives growth, a dynamic in which Hapvida's verticalized model should prove beneficial.

- **D&A declines from 5.5% of net revenue in 2026E to 3.2% in 2027E** as the customer-portfolio amortization schedule runs off, resulting in reported earnings partially moving closer to adjusted earnings. This is an optical effect, with no change to the underlying economics.
- **The effective tax rate gradually aligns with the statutory rate of 34%.** We assume no tax shield from business-combination goodwill, which we view as optionality, and incorporate the current tax amortization schedules of incorporated companies as disclosed in the Financial Statements.

Collectively, these assumptions place our 2026E Adjusted EBITDA in line with consensus, while our 2027E forecast is modestly (~3%) above. Notably, consensus assumes a sharp Adjusted EBITDA acceleration in 2028E, which we believe reflects a more favorable view than ours on the MLR trend, appearing to incorporate improvement rather than our structurally cautious stance on the sector.

Earnings model

Figure 2: Hapvida - earnings outlook

Income Statement (R\$ million)	2026E	2027E	2028E	Growth		
	New	New	New	'26	'27	'28
Net Revenue	32,194	33,048	34,294	4%	3%	4%
COGS	(25,224)	(25,642)	(26,645)	5%	2%	4%
SG&A	(6,464)	(5,924)	(5,990)	8%	-8%	1%
Other income / expenses	102	120	124	-54%	18%	4%
EBITDA	2,390	2,666	2,874	-23%	12%	8%
Adjusted EBITDA	2,426	2,689	2,898	-28%	11%	8%
Financial results	(1,310)	(1,234)	(1,301)	-8%	-6%	5%
Earnings before taxes	(701)	369	483	85%	-153%	31%
Income taxes	37	(184)	(199)	-74%	-596%	8%
Reported net income	(664)	185	284	179%	-128%	54%
Extraordinary gains (losses)	1,086	187	182	-26%	-83%	-3%
Adjusted net income	422	372	466	-66%	-12%	25%
Tax on extraordinary gains (losses)	(369)	(64)	(62)	-26%	-83%	-3%
Recurring net income	53	308	404	-93%	481%	31%
Consensus recurring net income	(5)	219	667	-101%	-4541%	204%
UBS vs. Cons.	n.a.	41%	-39%			
Consensus adj. EBITDA	2,404	2,601	3,168	-29%	8%	22%
UBS vs. Cons.	1%	3%	-9%			
Gross margin	21.7%	22.4%	22.3%	-30 bps	80 bps	-10 bps
EBITDA margin	7.4%	8.1%	8.4%	-270 bps	60 bps	30 bps
Adj. EBITDA margin	7.5%	8.1%	8.5%	-340 bps	60 bps	30 bps
Recurring net margin	0.2%	0.9%	1.2%	-220 bps	80 bps	20 bps
Health beneficiaries (mn)	8.5	8.2	8.2	-3%	-3%	0%
Medical loss ratio (Cash MLR)	74.7%	74.9%	75.0%	60 bps	10 bps	10 bps

Source: Company reports, Reuters, UBS estimates. Note: Consensus as of 16 September 2026.

Figure 3: Hapvida - macroeconomic forecast

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Real GDP growth, %	(3.3)	1.3	1.8	1.2	(3.3)	4.8	3.0	3.2	3.4	2.3	1.8	1.8	2.2
Private consumption, % y/y	(3.8)	2.0	2.4	2.6	(4.6)	3.0	4.1	3.2	5.1	1.3	1.7	1.7	-
Government consumption, % y/y	0.2	(0.7)	0.8	(0.5)	(3.7)	4.2	2.1	3.8	2.0	2.1	2.1	1.5	-
Gross Fixed Capital formation, % y/y	(12.1)	(2.6)	5.2	4.0	(1.7)	12.9	1.1	(3.0)	6.9	2.9	0.5	1.0	-
Unemployment rate, %	12.9	12.6	12.3	11.7	14.9	11.7	8.3	7.8	6.5	5.3	5.8	6.5	-
CPI inflation, % y/y (year-end)	6.3	2.9	3.7	4.3	4.5	10.1	5.8	4.6	4.8	4.3	4.6	3.9	3.5
¹ Policy rate, % (year-end)	13.8	7.0	6.5	4.5	2.0	9.3	13.8	11.8	12.3	15.0	12.8	12.0	10.5

Source: Brazilian Central Bank, UBS macroeconomic team. Projections for 2027 and 2028 are based on the Central Bank Focus Survey.

Valuation summary

We value Hapvida applying a target 3.1x 2028E EV/EBITDA multiple, supported by our DCF framework. This is derived from a 10-year free cash flow to equity (FCFE) model, discounting 2027-36 cash flows at a 17.1% cost of equity and using a 5.0% terminal growth assumption. This assumption is consistent with Brazil's long-term inflation target, supplemented by a modest real growth component linked to medical cost inflation and membership growth within a verticalized platform. Below, we summarize the key aspects we considered in our long-term assumptions:

- **Beta of 1.2.** One of the highest in our coverage, reflecting management's track record, balance sheet leverage following the combination with Notre Dame Intermedica (NDI), and our structurally cautious view on sector-wide medical cost trends. Our beta for Hapvida is the second highest in our coverage, behind only Dasa.
- **Distribution policy.** Our DCF assumes no distributions in the near to medium term, as the company should prioritize funding its deleveraging trajectory and capital allocated to regulatory reserve requirements. As leverage decreases and the balance sheet normalizes over the long term, we assume modest capital returns that gradually rise through a higher payout ratio in later years, once reserve growth no longer consumes the majority of free cash generation.

Figure 4: Hapvida - valuation summary

FCFE assumptions		Multiples @ Current Price	
Risk-free rate	11%	P/E 27E	10.0x
Beta	1.2	P/E 28E	7.6x
Equity Risk Premium	5.5%	EV/EBITDA 27E	3.2x
Cost of equity (BRL)	17.1%	EV/EBITDA 28E	2.9x
Terminal growth rate	5.0%		
12M Price Target (R\$ million)		Multiples @ Price Target	
NPV in the foreseeable future	2,445	P/E 27E	12.0x
NPV of terminal value	1,270	P/E 28E	9.2x
Equity Value (R\$m) – 12M fwd	3,715	EV/EBITDA 27E	3.4x
Price Target (R\$)	7.8	EV/EBITDA 28E	3.1x
Upside		Dividend yield @ Current Price	
Dividend yield	-	2027E	-
Total return	20%	2028E	-
MRA	18.8%	Dividend yield @ Price Target	
Clean Upside	1%	2027E	-
Rating	Neutral	2028E	-

Source: Company reports, Reuters, UBS estimates. Note: Prices as of 16 September 2026.

Our target sits at the low end of the historical range. Applying the midpoint (~4.5x) to today's lower EBITDA would already assume the turnaround is succeeding.

Valuation sensitivity analysis

Given the uncertainty related to global risk perception and the local fiscal situation, we conducted a sensitivity analysis to simulate our valuation using alternative assumptions for COE and terminal growth rate. Each percentage point change in COE moves our fair value by around 8%, all else being equal.

Figure 5: Valuation (R\$) sensitivity (COE vs. terminal growth rate)

		Cost of equity				
		15.1%	16.1%	17.1%	18.1%	19.1%
Terminal growth rate	3.0%	8.6	8.0	7.4	6.9	6.5
	4.0%	8.9	8.2	7.6	7.1	6.6
	5.0%	9.3	8.5	7.8	7.3	6.8
	6.0%	9.7	8.8	8.1	7.5	6.9
	7.0%	10.3	9.3	8.4	7.7	7.1

Source: Company reports, UBS estimates

Historical multiples

We base this section on EV/EBITDA rather than earnings, as reported net income remains pressured by the turnaround and the accounting amortization of acquisition intangibles, making P/E a less effective measure for the recent period. Notably, since its IPO, Hapvida has experienced one of the sharpest de-ratings in the Brazilian healthcare sector, with its forward EV/EBITDA declining from the ~10-12x range at the peak in 2023 to current levels. Unlike a pure multiple compression, part of this move was fundamental, as EBITDA itself contracted through the cycle. In our view, the de-rating reflects three aspects.

- First, the steepening of Brazil's yield curve increased the required return on capital relative to the low interest rates seen in 2020-21, leading to multiple compression across growth stocks.
- Second, sector-wide claims-cost pressure during the 2022-24 cycle weighed especially heavily on the low-ticket model and coincided with a more challenging-than-anticipated integration of the 2022 business combination.
- Third, the equity story changed, as the market stopped pricing the company as a growth compounder (and no longer attributed value to its tax assets) and began pricing in a potential turnaround.

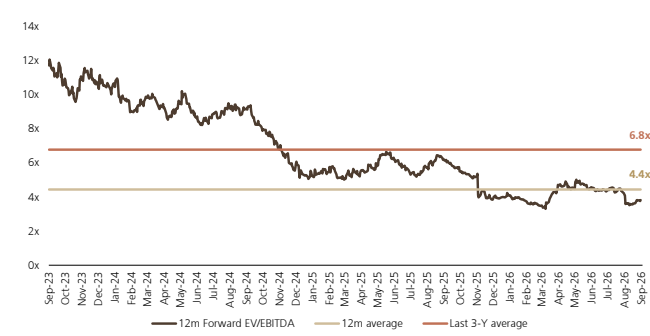
At the current level, we believe the multiple implies limited expectations for a recovery, while the evidence needed to drive a re-rating of the stock has yet to materialize.

Figure 6: Hapvida - 12m forward P/E



Source: Reuters, UBS

Figure 7: Hapvida - 12m forward EV/EBITDA



Source: Reuters, UBS

Valuation comparison with peers

Based on a peer-comparison analysis, we observe that Hapvida trades at a discount to most of its listed healthcare peers in Brazil on an EV/EBITDA basis. We view this discount as primarily reflecting execution factors, including discipline in portfolio repricing, management of litigation-related expenses, the pace of deleveraging, and the company's demonstrated progress in integrating Notre Dame Intermedica.

Figure 8: Latin American Healthcare companies - valuation comparison

	Rating	Price (local)	12M PT (local)	Upside (%)	Mkt Cap (US\$ mn)	P/E		EV/EBITDA		Dividend Yield (%)	
						2026E	2027E	2026E	2027E	2026E	2027E
Hapvida	Neutral (CBE)	6.4	7.8	22	591	57.2	9.8	3.4	3.0	0.0	0.0
Rede D'Or	Buy	37.1	48.0	29	15,782	16.1	12.7	7.6	7.2	2.7	3.9
Brasão	Buy	14.7	19.0	29	8,401	9.5	8.1	n.a.	n.a.	4.3	7.4
Fleury	Neutral	21.5	23.3	9	2,279	14.8	12.4	6.2	5.8	4.4	6.4
Mater Dei	Not rated	5.0	-	-	325	9.6	7.0	5.9	5.3	1.5	3.8
Viveo	Not rated	0.8	-	-	201	n.a.	n.a.	5.8	5.4	0.0	0.0
Blau	Neutral	10.7	11.5	7.6	486	9.1	7.4	5.3	4.7	3.0	2.8
Dasa	Buy	2.9	3.9	35.9	702	n.a.	9.6	2.5	2.1	0.0	0.0
Qualicorp	Not rated	1.7	-	-	91	4.4	3.2	2.1	2.1	5.4	8.3
				28.9		9.5	8.1	5.8	5.3	2.8	3.8

Source: Reuters and UBS Global Research estimates. Prices as of 16 September 2026. Median for sector figures. For those not rated, we relied on market consensus estimates.

We also highlight an important point regarding capital returns. While more mature peers already distribute dividends, we assume Hapvida will not do so in the near term, compared with a peer median of ~4% for 2027E. As such, we view Hapvida's current multiple as fair relative to other listed companies in Brazil.

Risks to our investment thesis

Below, we highlight the factors that could further weigh on our thesis, postpone the recovery we are monitoring, or potentially shift our view toward a more constructive stance.

Medical cost trend running above our assumptions

Our base case assumes the Cash MLR moderates toward a structural level in the mid-70s. A resumption of the deterioration seen through 2025 would compress margins and delay the operational recovery that our thesis is built around.

Litigation-related costs

Litigation has been a structural pressure point on the company's results in recent years. Our model assumes some easing over the projection period as part of the SG&A improvement built into our numbers, but this trend could stall or even reverse, keeping provisions and legal expenses higher than we currently assume.

Sensitivity to Brazilian interest rates

The company's financial result carries significant debt and lease costs tied to local rates. Movements in local policy rates would shift our discount rate and financial expenses at the same time, pressuring (or relieving) both earnings and the multiple the market is willing to pay.

The tax asset optionality remains outside our numbers

Our earnings model excludes any benefit from the R\$30.8bn tax asset goodwill. A future merger paired with the taxable capacity to absorb it would represent a re-rating catalyst outside our numbers.

A narrower disclosure set

The company has discontinued some breakdowns previously available to the market, including the monthly ticket split between corporate and individual plans and the gross additions and losses behind net membership changes. This reduces the granularity available to verify the operational margin trend and understand the drivers of membership changes, reinforcing our reliance on the audited notes as an alternative read.

PIVOTAL QUESTIONS

Q: Can IFRS17 help gauge the MLR trend?

UBSVIEW

Yes, we believe it can, within the limits of a short series, and the 2026 readings support the slower pace of deterioration behind our 74.7% Cash MLR for 2026E, the variable that drives our EBITDA and our multiple. In our view, Hapvida's MLR trend is the key variable for the equity narrative. We supplement traditional metrics with IFRS 17 insurance contract disclosures, under which the accounting standard requires a quarterly reassessment of the expected profitability of the Individual book (the segment where risk is concentrated and which, at ~25% of revenues, provides a reasonable proxy for the overall portfolio, in our view). Across the three-year-end observations since the transition to IFRS 17, the loss component has signalled the direction of the following year's Cash MLR, and 2026 has so far followed the more moderate path indicated by the Dec-25 mark. We project the YoY deterioration in Cash MLR to ease to 50bps in 3Q26 (at 75.7%) and 30bps in 4Q26, and we view the December 2026 remeasurement as the next critical data point. We acknowledge the limited sample, which leads us to monitor the pattern rather than extrapolate from it.

EVIDENCE

We reviewed the IFRS 17 insurance notes on a quarterly basis back to the transition period, with comparative data extending to 2022. The historical record is as follows: the Dec-23 reduction in the loss component to roughly zero preceded a 2024 period of declining Cash MLR metrics (YoY, in bps); the Dec-24 increase, accompanied by the company's footnote identifying the cohorts acquired from NDI, preceded a 2025 period of rising metrics, with Cash MLR reaching a peak of 75.5% in 4Q25 (+450bps YoY); and the Dec-25 decline has, to date, been followed by more moderate results through 1H26 (34bps in 1Q26 and 130bps in 2Q26, both below the levels recorded throughout 2025). The same notes indicate that cohorts recognized as onerous at inception were essentially zero across the series and enable tracking of each vintage's expected outflow ratio at origination.

WHAT'S PRICED IN?

The market debate remains focused on the reported Cash MLR, while investor positioning has skewed cautious. Consensus estimates during 1H26 implied a sharper YoY deterioration than the reported figures have shown. In our view, the forward-looking component captured in the IFRS 17 notes seems to be missing from this discussion. At current price levels, we believe the market is assigning limited probability to a structural margin recovery, which underpins the asymmetry outlined in our investment thesis.

Our key discoveries in a nutshell

The MLR trajectory is the central variable for the equity story of Hapvida, in our view. Through 1H26, YoY metrics have been less severe than those recorded in 2025, shifting the discussion toward whether the relative improvement is structural or transitory. To evaluate this, we complement conventional metrics with a dataset available in the IFRS 17 insurance contracts disclosures.

The reported MLR, on both cash and total basis, is a backward-looking measure, as it reflects claims activity and revisions to reserve estimates. IFRS 17, by contrast, requires disclosure of the expected profitability of the existing portfolio over its remaining life. Importantly, this requirement applies exactly where risk is most concentrated: the Individual book, which typically has a higher and more volatile loss ratio than the Corporate book and is constrained by regulated price readjustment caps. The individual portfolio of lives is the book measured under the full IFRS 17 model and structured around the Contractual Service Margin (CSM). Of note, the company discontinued the revenue breakdown between Individual and Corporate books in 2Q26, leaving the IFRS 17 notes as the only source where a proxy

for the split can still be monitored (an additional reason to review them).

Thus, we compiled those notes on a quarterly basis back to the transition (effective in 2023, with comparative data extending back to 2022), and identified the following hierarchy:

- I. **The Loss Component (LC).** It is the present value of expected losses on onerous contract groups within the Individual book under the Building Block Approach (BBA). In our view, it has been the indicator with the most consistent track record to date. At the Dec-23 close, the LC declined to approximately zero, and the 2024 MLR contracted. Then, it increased at the Dec-24 close (with the company's own notes identifying the recently acquired NDI cohorts), and the 2025 MLR rose. It then declined at the Dec-25 close, and through 1H26, YoY metrics have been deteriorating at a more moderate pace compared with last year. We acknowledge that three observations constitute a limited data set for empirical conclusions; however, our findings lead us to monitor the pattern rather than extrapolate from it.
- II. **Liabilities for Incurred Claims (LIC).** The LIC development is not a forecasting metric; instead, it is an indicator of reserve adequacy and highlights prior under-reserving concentrated in past years. It is also the only metric observable across both the Individual and Collective books.
- III. **The Contractual Service Margin (CSM).** It represents the present value of anticipated future profits on the portfolio, recorded as a liability and recognized in the P&L as services are delivered. The balance changes for four reasons: remeasurement, interest accretion, release and new business. In our view, the largest increases in this series were driven by remeasurement rather than new business.

Where do the sensors stand now? The assessment begins with the Dec-25 close, when the LC declined from its 2025 plateau. Based on the pattern outlined above, a lighter year-end LC measurement suggests a more moderate MLR trajectory in the subsequent year, and 1H26 has so far followed that path, with YoY deterioration in the Cash MLR running below the levels observed throughout 2025. During the period, the LC also generated an interim warning signal, nearly doubling in 1Q26 and implying that cost pressure may be re-emerging. However, in 2Q26, the print reversed and returned the balance to its Dec-25 level. With the LC back at its favorable Dec-25 level, and against a more thorough 2H25 comparison base, we estimate YoY deterioration in the Cash MLR to ease from 130bps in 2Q26 to ~50bps in 3Q26 (at 75.7%), while closing the 2H26 expanding ~40bps vs. 2H25, compared with ~300bps deterioration in 2H25 vs. 2H24. Importantly, the decisive reading remains the December 2026 remeasurement.

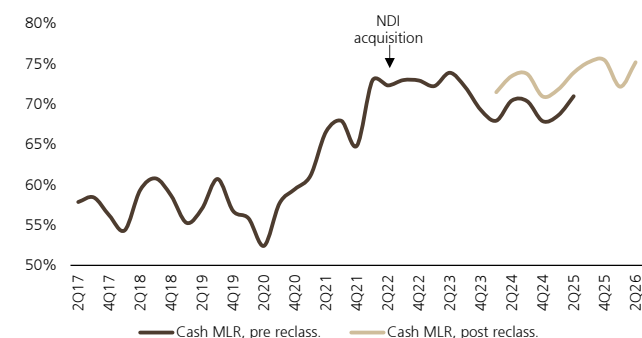
In sum, our reading on Hapvida's investment thesis would become more constructive (i.e., the MLR improvement is becoming more structural) if (a) the Loss Component declines (and remains) close to zero at year-end remeasurements, (b) new cohorts are consistently underwritten at better expected outflow ratios, and (c) the Collective book maintains its seasonal reserve release pattern.

The benchmark the consensus monitors... and what remains beyond

The Cash MLR is the metric used by market participants and reflected in consensus, and we keep it as our modeling ruler. However, we note two caveats embedded in its construction.

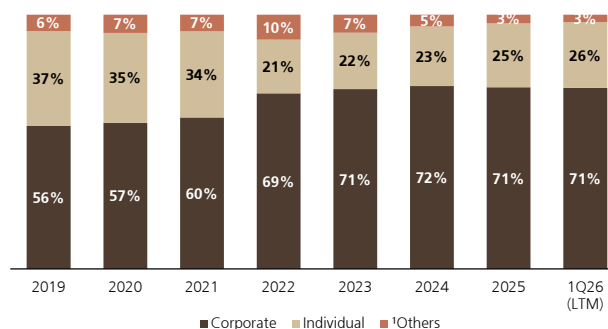
First, it is backward-looking, as the cash basis indicates how claims evolved, while the total basis includes revisions to prior reserve estimates (the company discloses the reconciliation between the two). The two measures can also move in different directions, as seen in 2Q26, when the cash basis worsened YoY while the total basis improved. Second, comparability requires caution, as since early 2025, the company has recorded judicially mandated care as medical cost rather than contingency, which is EBITDA-neutral but shifts the ratio across periods (~3pp). Neither basis, however, indicates what the existing book is expected to generate.

Figure 9: Hapvida - Medical Loss Ratio (MLR) evolution, quarterly



Source: Company reports, UBS

Figure 10: Hapvida - gross revenue breakdown evolution



Source: Company reports, UBS. Note: the company no longer provides a breakdown of corporate and individual customers as of 2Q26. ¹Dental, third-party medical and hospital services and ancillary revenue.

So, where would improvement or deterioration emerge if it were developing? It would likely appear disproportionately in the Individual book. Brazilian regulations restrict the company's ability to reprice the existing portfolio at its discretion, as readjustments are capped by the regulator, and cancel the portfolio, except in narrowly defined legal circumstances, such as fraud or non-payment, among others.

This constraint drives us to read the IFRS 17 indicators, as they require the Individual book to be measured under the full model, the Building Block Approach (BBA), which is centered on the CSM, with an accounting process that reassesses the book's remaining profitability each quarter. The Collective book, which is repriced annually, remains under the simplified Premium Allocation Approach (PAA), without an equivalent forward-looking view.

Notably, the Individual book accounted for ~26% of gross revenues in the most recent disclosed breakdown (1Q26 LTM), up from ~21% in 2022, supported by ticket growth above 10% in both 2024 and 2025 (note the company discontinued this disclosure in 2Q26). This segment also captures much of the variability in the consolidated MLR, including retail adverse selection and opportunistic utilization, among other factors. Therefore, although our primary leading indicator (i.e. the LC) reflects only the Individual book, we view it as a proxy for the broader portfolio.

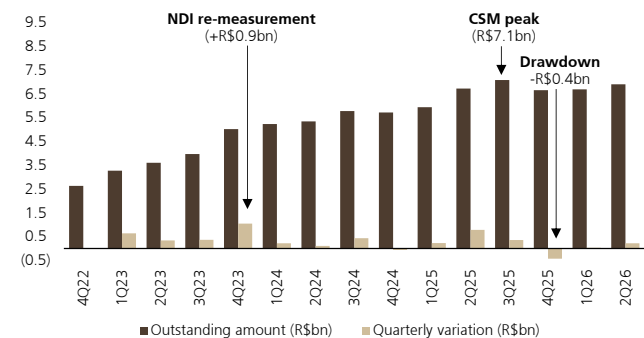
What does IFRS 17 require to be recorded?

As noted above, the Individual and Collective books are governed by different rulers, and the Individual's full model generates the key sensors we seek. Below, we address the three main sensors in sequence:

1. Contractual Service Margin (CSM): Profit that has not yet been recognized

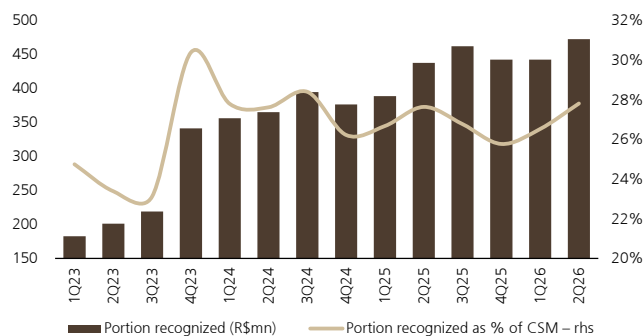
Hapvida's Individual CSM is around R\$6.9bn, compared with R\$2.6bn at 2022YE. However, the absolute level is less informative; instead, the evolution of the balance is more relevant, in our view. It changes for four reasons: new business, remeasurement, interest accretion, and release. The largest quarterly increase in the series (+R\$1.0bn in 4Q23) was driven primarily by the remeasurement of the NDI book at the annual close, rather than new business.

Figure 11: Hapvida - Contractual Service Margin (CSM)



Source: Company reports, UBS

Figure 12: Hapvida - CSM portion recognized for services provided



Source: Company reports, UBS

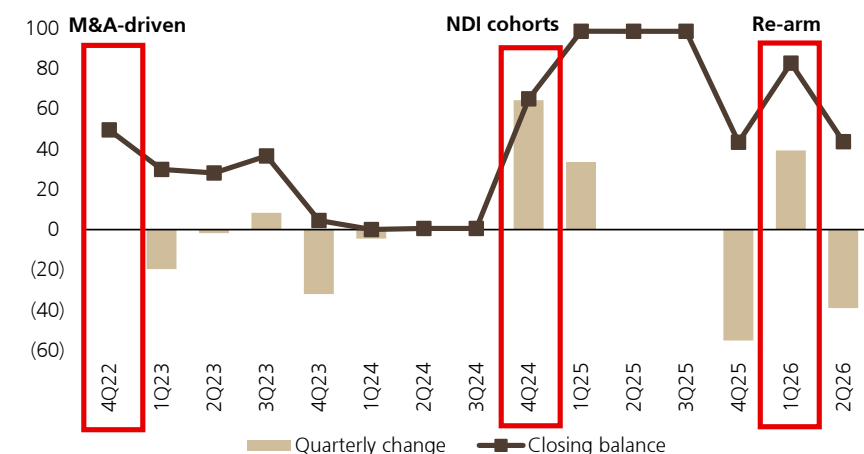
On the release side, the amount recognized for services rendered has continued to increase in BRL terms (~R\$440mn in 1Q26, ~R\$470mn in 2Q26, and R\$1.7bn in full 2025). However, as a percentage of the balance, it has decelerated to an annualized ~28%, down from ~30% at end-2023. In other words, the profit inventory continues to flow through P&L, albeit at a slower rate, reflecting longer duration in our view rather than necessarily indicating deterioration.

2. Loss Component (LC): Loss recognized upfront

The Loss Component arises from a depleted CSM. When remeasurement reduces a specific contract group's CSM to zero, any residual anticipated loss must be recorded immediately and in full, reflecting the accounting recognition of a loss rather than a profit.

Two characteristics make it our key indicator. First, the LC is forward-looking, as the audited disclosures identify the contract groups expected to generate losses over their remaining lives. In addition, it is an intentional measure, as the balance remains unchanged between remeasurements (R\$98.5mn in 1Q25 through 3Q25), which in this series have been concentrated at the December close.

Figure 13: Hapvida - individual (BBA) loss component (R\$mn)



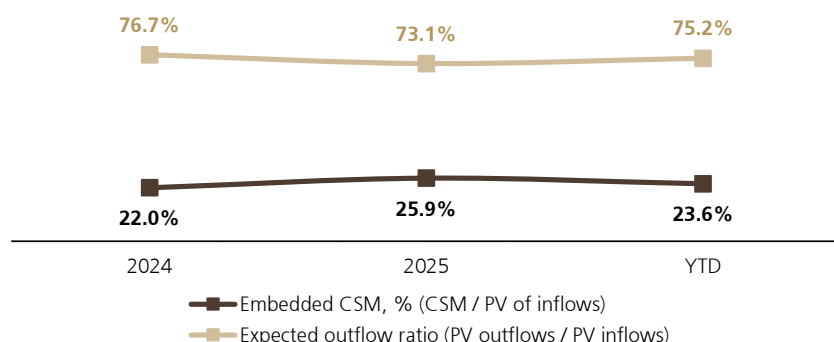
Source: Company reports, UBS. Note: quarterly change reflects new onerous contract recognition, reversals, and consumption as claims occur.

Notably, in the chart above, the R\$49mn balance recorded at 4Q22 was acquired. This related to the onerousness embedded in the NDI combination and was largely released through 2023, falling to nearly zero by the Dec-23 close. Recall that the 2024 MLR subsequently declined. The balance increased at the Dec-24 close to R \$65mn, with the company's own notes attributing this to the individual cohorts acquired from NDI, while 2025 saw deterioration in the MLR. The balance then stabilized at R\$98mn before declining to R\$43mn at the Dec-25 close and

subsequently rebuilt to R\$83mn in March 2026. Finally, in 2Q26, the reading unwound the March mark, returning the balance to R\$44mn, broadly in line with its Dec-25 level (a round trip similar to the 3Q23 precedent, but over a shorter period).

Notably, our review of the company's filings indicates virtually no contracts were onerous at inception across the series (see figure below). As a result, we believe that each cycle of the loss component has emerged through the back book (i.e., remeasurement of existing groups constrained by capped prices, rather than weak underwriting).

Figure 14: Hapvida - new business at initial recognition (expected outflow and embedded margin)



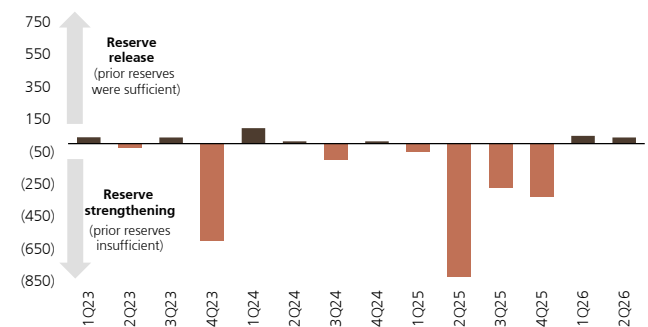
Source: Company reports, UBS. Note: outflows included expected claims, directly attributable expenses and acquisition cash flows. Cohorts prior to 2024 not shown due to transition-era disclosures.

As shown above, the 2024 cohort was originated at a 76.7% expected outflow ratio (22.0% embedded margin), while the 2025 cohort was written at 73.1% (25.9%), reflecting an improvement that may be attributable to commercial repricing initiatives, in our view. The 2026 cohort, meanwhile, is being originated at 75.2% (23.6%) through 1H26, representing a deterioration from the 2025 vintage that we continue to monitor as an indicator of origination quality.

3. Liability for Incurred Claims (LIC): Reserve-adequacy indicator

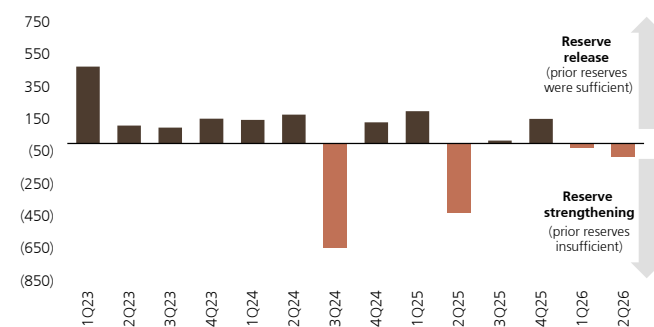
Importantly, unlike the LC (and, to a lesser extent, the CSM), LIC trends should not be viewed as a leading indicator. Rather, they serve as a quarterly assessment of prior estimates. In other words, the “adjustments related to past service” line indicates whether reserves established for claims already incurred were adequate (a positive amount, i.e., a release) or inadequate (a negative amount, i.e., a strengthening). Also noteworthy, this is the only measure observable across both the Individual and the Collective books. These reserves are intended not only to cover claims already incurred, but also to include an additional prudence buffer (the risk adjustment); together, they provide a broader indication of how conservative the company's balance-sheet approach is.

Figure 15: Hapvida individual (BBA) - LIC development (adjustments to past service)



Source: Company reports, UBS. Note: measured in R\$m

Figure 16: Hapvida collective (PAA) - LIC development (adjustments to past service)



Source: Company reports, UBS. Note: measured in R\$m

In practice, we draw two readings from the **Individual (BBA) book**. The first concerns accountability, in which the book deteriorated by around R\$550mn in 2023 and nearly R\$1.5bn in 2025, indicating a less conservative stance on claim reserves. The second relates to timing, as reserve releases in interim quarters are seasonally typical, as seen again in 1H26.

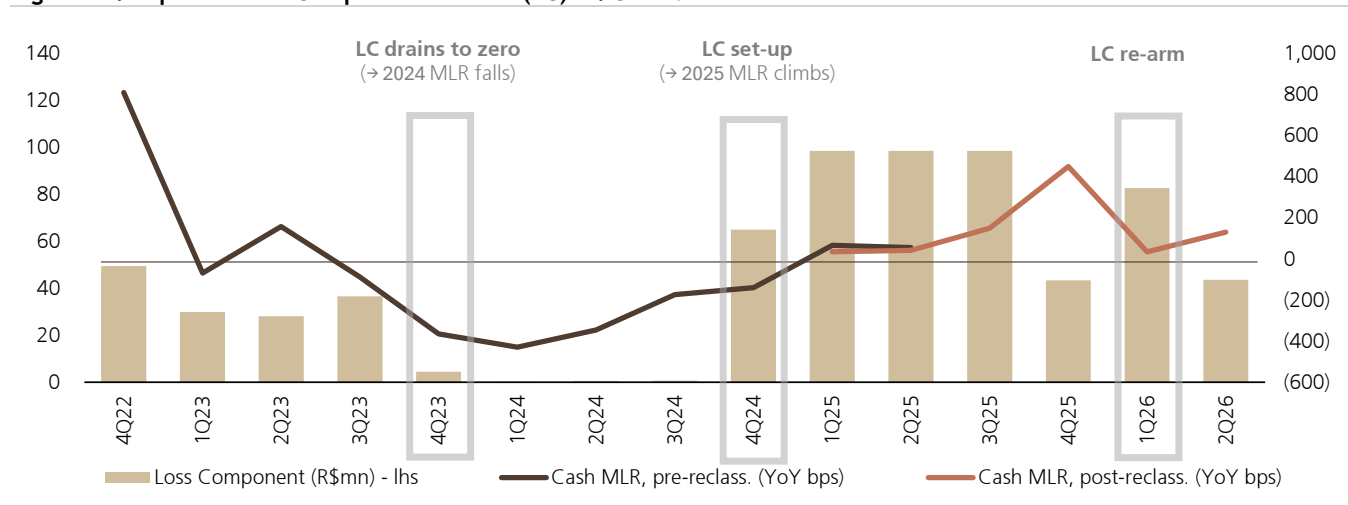
Regarding the **Collective book**, the Premium Allocation Approach (PAA) model does not offer forward-looking indicators, yet the book remains informative in two respects:

- i. First, via anomalies, as performance is volatile and seasonal. Against this benchmark, 2026 is notable, with two consecutive adverse readings through 1H26. These are modest relative to the size of the book, and they represent a trend we continue to track. We also note the ~R\$640mn strengthening in 3Q24, which we believe could be related to a reallocation associated with a SUS methodology revision, rather than underlying deterioration.
- ii. Second, through a standing disclosure, in which the explanatory notes indicate each quarter that no loss component was recognized under the PAA. We closely monitor this disclosure, as its removal would suggest that onerousness has extended to the Collective book (i.e., the corporate and affinity portfolios, where they have greater flexibility to adjust pricing); a development that we believe would warrant an important reassessment of Hapvida's margin outlook.

Tracking the LC against the MLR trend

In sum, by placing the Loss Component alongside the MLR trend, we illustrate below the evolution of both metrics together and highlight three instances in which the MLR behaved in line with the preceding changes in the LC.

Figure 17: Hapvida - Loss Component balance (LC) vs. Cash MLR trend



Source: Company reports, UBS. Note: Loss component (LC) at closing balance (R\$ mn); Cash MLR computed on the same basis (no pre/post mixing).

The Dec-23 reduction to approximately zero in the LC preceded a period in 2024 of declining Cash MLR readings on a yearly basis (in bps). Then, the Dec-24 increase from around zero came ahead of a 2025 period of rising MLR readings, with reserve strengthening occurring through the year and Cash MLR reaching a peak in 4Q25 at 75.5% (+450 bps YoY).

Notably, the Dec-25 decline came ahead of more moderate MLR results. In 1Q26, Cash MLR increased by ~30bps, marking the smallest deterioration since the beginning of 2025 and coming in ahead of consensus expectations, which had anticipated a weaker outcome (as a reminder, the stock rose ~10% in the trading session following those quarterly results). Additionally, in 2Q26, the YoY increase expanded to ~130bps, partly due to a still-benign comparison base, although the reading remained below the levels recorded throughout 2025. This keeps the YTD trend aligned with the more moderate trajectory indicated by the Dec-25 marking.

In summary, the December remeasurements have been key readings, in our view. In the three instances above, they foreshadowed the MLR trend for the subsequent year. The framework therefore moves into 2H26 with the year-end signal (the Dec-25 drawdown) still guiding the direction, and the December 2026 remeasurement serving as the next critical reading.

What about the magnitude of the Loss Component?

When the LC rose sequentially in 1Q26, a reasonable concern may have emerged regarding its magnitude (i.e., a -R\$40mn mark relative to nearly R \$6bn in quarterly claims). The movement has since unwound, but the issue typically resurfaces whenever the balance shifts.

First, the comparison is not like-for-like, as the LC represents the present value of lifetime net losses on onerous contract groups (i.e., net of the premiums those groups are still expected to pay), whereas quarterly claims reflect a gross flow for the entire book. Moreover, the signal in this series has not been about absolute size. The similarly “small” R\$65mn mark in Dec-24 was followed by nearly R\$1.5bn of LIC reserve strengthening and the weakest MLR year in the series. Finally, using a like-for-like measure (the LC as a share of the Individual book’s total profit inventory, calculated as $LC / (CSM + LC)$), the onerous portion almost doubled in one quarter (from -65bps in 4Q25 to -122bps in 1Q26) before returning to -60bps as the mark reversed in 2Q26.

What to watch for in quarterly releases?

The rationale for the readings below is based on a single contractual asymmetry.

On one hand, the Individual book cannot be freely repriced (adjustments are capped, and cancellation is restricted). As a result, the risk remains within the contract, and the accounting standard requires a quarterly remeasurement of expected future profitability. This is why the loss component serves as our primary indicator and tends to move early. By contrast, the Collective book, which is repriced annually, has an embedded relief mechanism. Therefore, a loss component would emerge only if repricing were still expected to be insufficient, making such a disclosure uncommon and material.

With this context, the framework below was developed to serve as a toolkit for quarterly readings. It includes four indicators, in sequence:

Figure 18: Summary of key metrics to watch in the Financial Statements

Key Metrics to watch	Where to find in the Financial Statements?	Investment implications	Role
1. Individual – Loss Component (LC)	Note 18.a (loss component balance)	Holds steady or increases: pressure remains; Reverts: the alert is withdrawn.	Primary – the most important indicator; December remeasurements take precedence over interim readings.
2. Individual – Liability for Incurred Claims (LIC)	Note 18.a ("changes in liabilities for claims incurred")	Interim releases suggest a conservative prior stance on claim reserves; interim strengthening suggests the opposite (and warrants attention)	Secondary – reserve adequacy
3. Collective – PAA statement	Note 18.b ("there was no loss component for the remaining coverage")	Removal of the "no loss component" statement would indicate onerosity reaching the Collective book (i.e., corporate and affinity portfolios)	Secondary – spillover check
4. Performance of new contracts	Note 18.e ("New Business Components")	Upward trend in the expected outflow ratio: cohort deterioration; Downward trend: improvement.	Secondary – origination quality

Source: Company reports, UBS

A set of positive quarterly readings. The readings would become more constructive (i.e., the MLR improvement is becoming more structural) if the Loss Component declines (and remains) close to zero at year-end remeasurements, new cohorts are consistently underwritten at better expected outflow ratios, and the Collective book maintains its seasonal release pattern. This combination would suggest that onerosity is being addressed through commercial repricing, with the

accounting forward view consistent with the reported margin.

A set of negative quarterly readings. The reading would become more concerning (i.e., potential weakening in the MLR trend) if the Loss Component persists or increases at year-end remeasurements, cohort pricing weakens at origination, and reserve strengthening becomes recurring rather than episodic. Under our framework, the reported Cash MLR would likely track these indicators.

Finally, we recognize that the predictive framework developed in this report is based on three (yearly) episodes, but it is supported by a mechanism with an audit trail rather than a statistical assertion. Our premise, stated rather than demonstrated, is that the Individual book serves as a thermometer for the whole portfolio. The readings above evaluate this premise over time.

PIVOTAL QUESTIONS

Q: Is Hapvida on the path to unlocking its R \$30.8bn goodwill tax asset?

UBSVIEW

The structure is ready, the merger is not. In our view, Hapvida has completed the preparatory phases of a documented process. The 2024 intra-group mergers closed the holding companies inherited through the acquisition, leaving the goodwill-recording entity and the acquired operator one step apart. The company's own filings also disclose a Board-approved plan, with key components including a corporate reorganization focused on tax optimization and the use of existing goodwill balances (the 2025 annual statements indicate a merger of the operating subsidiaries starting in 2028). Two critical conditions remain unresolved. First, the corporate action that would make the two companies one and the same taxpayer, enabling tax amortization to commence. Second, the accumulation of taxable earnings at the combined entity, which will determine how much of the benefit is converted into cash and the timing of that conversion. We include no tax shield from the business-combination goodwill in our estimates, instead treating it as optionality with an asymmetric potential payoff.

EVIDENCE

The financial statements disclose the two 2024 mergers, with net assets of R \$3.3bn and negative R\$139mn, respectively, the goodwill that remains recorded under "Investments" at the parent level, and a parent deferred-tax note with no goodwill-related liability. The fundamentals spreadsheet continues to categorize R\$33.7bn of goodwill and R\$5.7bn of value-added as "not yet incorporated" as of June 2026. In addition, the realization schedule leaves the parent column blank before 2030, with R\$2.75bn of booked credits concentrated in 2030 and beyond, while the 2028 merger reference appears in the FY25 annual statements but is not reiterated in the condensed interim notes.

WHAT'S PRICED IN?

Skepticism, in our view. The goodwill that previously underpinned the bull case now appears, at current valuations, to be largely treated as written off, with effective tax rates occasionally modeled as flattish (implicitly assigning neither benefit nor burden to the schedules we outlined in this note). At current price levels, we believe the market is assigning a low probability to the corporate action taking place on the disclosed timeline.

Our key discoveries in a nutshell

In the notes to its financial statements, Hapvida outlines a strategic plan based on management's business plans, with the related recoverability assessments approved by the Board of Directors. The plan's stated pillars include a "corporate reorganization aimed at tax optimization and synergies" and the "realization of deferred taxes and utilization of current goodwill balances". Our analysis begins with this disclosure and evaluates what the plan would require, what has already been done, and what remains open. The concise answer to our Pivotal Question is: the structure is ready, the merger is not.

The asset in question is the R\$30.8bn tax goodwill generated in the 2022 business combination, which remains classified in the company's own statements as "not yet incorporated". Under Law 12,973/14, tax amortization (up to 1/60 per month, with a five-year minimum) begins only upon a specific corporate event, in which the entity that records the goodwill and the acquired operating company become the same taxpayer. Applying the statutory 34% rate, the balance equates to as much as -R\$10.5bn in undiscounted tax benefit. This represents a theoretical upper limit rather than a valuation, as its present value depends on both when the amortization begins and the taxable income available to absorb it (precisely the two conditions

still open).

Reviewing the group's filings from 2022 to the present, we identify a documented progression. The two intermediate holding companies inherited with the acquisition were closed through intra-group mergers in March and October 2024, leaving the goodwill-bearing entity and the acquired operator in a direct ownership structure. However, none of these transactions involved the listed company, and three separate disclosures indicate that no benefit has yet been realized: (i) the balance continues to be classified as "not yet incorporated"; (ii) the goodwill remains recorded under "Investments" on the parent's balance sheet; and (iii) the parent's deferred-tax note shows no goodwill-related liability (i.e., the accounting effect that amortization would necessarily create). In summary, we note the corporate step determines whether the deduction can begin, while taxable earnings determine how much of it turns into cash (and the timing of that conversion).

We acknowledge this is not a new topic. The same goodwill once anchored the bull case in the past and, at current prices, appears to be largely viewed as written off. Additionally, perhaps for this reason, skepticism has become embedded in practice, with effective tax rates sometimes modeled as broadly flat, implicitly attributing neither value nor cost to the schedules discussed here.

In sum, the amortization schedules, realization table, and deferred-tax composition are all disclosed by the company across three separate documents, which we consolidate here. Importantly, our earnings model does not include any tax shield related to business-combination goodwill. We view it instead as optionality with a meaningfully asymmetric potential payoff, with the downside representing a status quo that the current share price seems to reflect. The objective of this analysis is to assess the mechanics and establish a framework to monitor them over time.

What do the company's filings state?

The disclosure comprises two layers, which we treat separately.

- I. The first relates to the credits already recorded on the balance sheet, according to the company's disclosures: "The recoverability assessments of deferred tax balances related to tax losses, negative social contribution bases and temporary differences carried out by the Company and its subsidiaries and approved by the Board of Directors are based on their business plans and aligned with projected financial information prepared by Management" (2Q26 ITR, Note 33.b.2).
- II. The second layer is the plan underpinning those assessments: a corporate restructuring with steps "duly approved by the Company's Management" and, upon execution, "Management expects to substantially recognize the tax credits on goodwill arising from the business combinations already completed and to have a greater volume of credit realization between 2026 and 2030", a period supported by the subsidiaries' own credits, with the Parent company participating only near the end (see Figure 21). The locked goodwill is not the subject of the recoverability analysis, but it is referenced in the plan, whose third pillar states "realization of deferred taxes and utilization of current goodwill balances". We highlight that the 2025 annual statements introduced a specific (and important) timeline: "The merger of the operating subsidiaries is expected to begin in 2028, for the generation of future taxable income for the Parent company and the realization of deferred tax assets". Notably, this statement is not repeated in the condensed 1Q26 and 2Q26 notes (and we interpret the omission as editorial streamlining rather than an indication of a revised plan). The next annual statements, expected in early 2027, should provide the appropriate opportunity to confirm whether the disclosure is reinstated.

It is worth mentioning that the statements outlined above do not represent voluntary disclosure. These credits can remain on the balance sheet only if they are supported by probable future taxable income; therefore, the schedule and the Board's approval are required by regulatory design. Figure 19 below summarizes the required mechanics and the status of each condition based on public filings.

The mechanics: What does Law 12,973/14 set?

The framework that supports our analysis is the same one cited by the company in its financial statements, with its deferred-tax note recognizing the goodwill-related liability "in accordance with article 22 of Law 12,973/14" (2Q26 ITR, Note 33.b).

In short, Law 12,973/14 provides that the tax benefit applies only to goodwill generated from the acquisition of an equity interest between unrelated parties, backed by an independent valuation report that is filed or registered within the required timeframe (conditions that the 2022 combination meets by construction). In addition, the deduction is permitted at up to 1/60 per month (a cap, not an obligation), provides relief at the statutory 34% rate, and results in cash benefits only to the extent taxable profit is generated within the same entity. It starts exclusively upon a corporate event, such as a merger, amalgamation, or spin-off, that places the goodwill and the acquired operation under one and the same taxpayer (art. 22).

The company itself states the rule in these terms. In disclosing a small acquisition completed in early 2026, it notes that "the amounts related to goodwill and step-up in value will be deductible for income tax and social contribution purposes upon merger" (2Q26 ITR, Note 2.5.1).

Figure 19: Conditions for the potential tax amortization of the acquisition goodwill (status per public filings)

Condition	What does it require?	Where to verify?	Status
1 Goodwill eligibility at origin (conditions fixed at the 2022 acquisition)	The tax benefit is available only for goodwill arising from the acquisition of an equity interest between unrelated parties, supported by an independent valuation report that is timely filed or registered, as required by Law 12,973/2014 (arts. 22 and 25) and Decree-Law 1,598/1977 (art. 20, §3).	Financial Statements, Explanatory Notes: 16.a "recognized as a result of the business combination transactions carried out with Grupo Notre Dame Intermédica"; 18 "Composition of goodwill"; NDI Group R\$30,799mn. Valuation-report details: FY22 Financial Statements, Explanatory Note 4.1.	Fulfilled (2022)
2 Direct ownership link (no entities standing between the two)	For the goodwill to be unlocked through a merger, the goodwill-bearing entity must be the direct shareholder of the operating company to be merged. The Law ties the deduction to a merger involving the very equity interest that generated the goodwill (art. 22). A pre-condition for the merger, not the merger itself. Until 2024, two holding companies inherited from the pre-2022 structure stood in between; both were extinguished through intra-group mergers during 2024.	FY24 Financial Statements, Explanatory Note: 2.4 "Date of corporate merger and reorganization event: Mar-24 and Oct-24". FY25 Financial Statements, Explanatory Note: 16.b the parent's investment re-attached directly to the acquired operator. Reference Form organization charts, 2023 vs. 2026 editions.	In place (2024)
3 The unlocking event (the two companies becoming one and the same taxpayer)	The 1/60-per-month tax amortization (minimum five-year period) begins only when the goodwill-bearing entity and the acquired operating company become one and the same taxpayer (in practice, a single CNPJ filing a single tax return), through a merger, spin-off, or amalgamation, as provided in art. 22. Note the 2024 mergers removed the entities standing between the two, but did not merge the two themselves, which remain separate taxpayers to date.	Parent-company statement of financial position: deferred tax liability presented as nil ("–"), with Explanatory Note 33.b confirming no goodwill-related component at the parent. Company fundamentals spreadsheet, section "Tax balance to be amortized of companies not yet incorporated". Going forward: EGM minutes / material facts naming the listed company as a party.	Not occurred
4 Taxable earnings capacity (profit at the combined entity to absorb the deduction)	The deduction converts into cash only to the extent of taxable profit generated by the combined entity. The corporate step determines whether the deduction can begin; taxable earnings determine how much of it turns into cash.	Financial Statements, Explanatory Note 33.b.2: parent-company realization column (nil before 2030). FY25 Financial Statements, Explanatory Note 33.b.2: "The merger of the operating subsidiaries is expected to begin in 2028, for the generation of future taxable income for the Parent company and the realization of deferred tax assets."	Open

Source: Company filings FY24 and FY25 financial statements, Reference Forms (2023-2026), company fundamentals spreadsheet; Law 12,973/2014. Status as of Sep-2026.

The figure above summarizes these conditions and their status based on the public filings, with two already satisfied and two still outstanding. The sections below review each in detail.

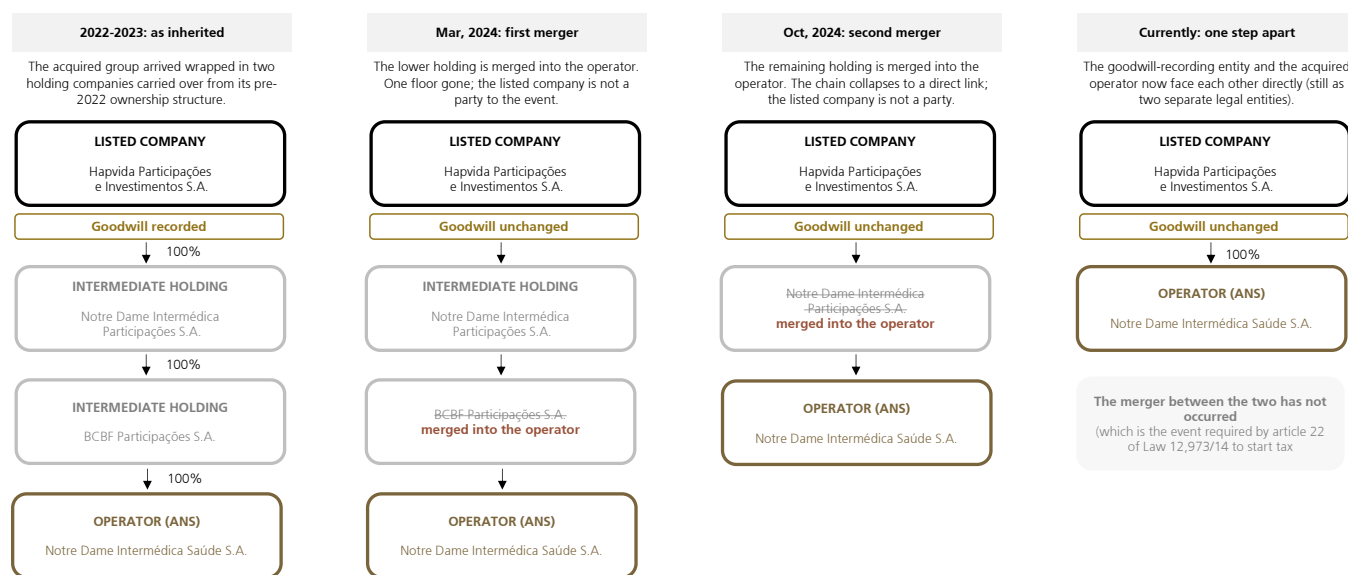
Lastly, for completeness, the law also provides a second, less commonly discussed avenue. Upon the sale of an equity interest, the goodwill paid for that interest is included in the cost basis for capital-gain purposes (Decree-Law 1,598/77, art. 33). As a result, a divestment may use part of the balance without any merger, although this remains subject to detailed rules on cost allocation in spin-offs and on the deductibility of capital losses. Importantly, we make no assumption on this point; we only note that this mechanism exists and can be monitored (a declining "not yet incorporated" balance without an associated merger could potentially indicate its use).

The paper trail: Two mergers

The acquired group arrived with two holding companies retained from its pre-2022 ownership structure. In March 2024, the lower-tier holding company was merged into the operator, with net assets of R\$3.3bn; in October 2024, the remaining holding company was also merged, with net assets of negative R\$139mn.

Notably, the parent's investments note documents the corresponding accounting treatment. As per the company's Financial Statements, the interest formerly held through the extinguished entities is now held directly by the parent and, according to the note, "includes goodwill based on expected future profitability and step-up in value (mais-valia) attributed to identifiable assets (...) recognized as a result of the business combination transactions" (2Q26 ITR, Note 16.a).

Figure 20: Hapvida - ownership reorganization over time



Source: Company reports, UBS. Note: Hapvida Assistência Médica and certain other subsidiaries have been omitted for clarity; interim minority cross-holdings are not shown.

At this point, two key observations are noteworthy. First, according to the filings, the stated purpose of these mergers was "streamlining and unifying administrative activities" and delivering "operational synergy gains" (the tax aspect is addressed separately in the deferred-tax note discussed in the prior section). Second, the listed company was not involved in any of these events. Therefore, direct ownership enables the merger, but only the merger triggers the deduction.

What would pay the deduction?

In our view, the company's expected realization of deferred taxes, shown in the figure below, is the most informative table, with the parent-company column carrying the key message. Notably, this column remains blank through 2029. Two factors explain this pattern.

- First, **each legal entity pays its own income tax**, meaning the holding company's R\$2.75bn in recorded tax credits (per the company's note, primarily tax losses arising from financial expenses, along with timing differences related to the acquisition step-up) can only be applied against taxable income generated by the holding company itself.
- Second, **loss offsets are limited to 30% of annual taxable income**; realizing even the R\$262mn scheduled for 2030 would imply, to the extent it utilizes loss carryforwards, parent-level taxable income in the billions.

The mechanism is evident in practice. In April 2026, the merger of a small subsidiary into the acquired operator shifted its portion from the "not yet incorporated" balance to the amortization schedule, with no participation from the listed company (2Q26 ITR, Note 2.6).

Figure 21: Hapvida - expected realization of deferred taxes, as of 2Q26

R\$ million	Parent Company	Consolidated
2026	-	197
2027	-	220
2028	-	426
2029	-	793
2030	262	999
From 2031	2,488	1,628
Total	2,750	4,264

Source: Company reports, UBS

Regarding taxable income in the combined entity, we identify three potential drivers: (a) deleveraging at the holding company level; (b) stronger operating performance at the non-Hapvida Assistência Médica subsidiaries; and (c) broader consolidation of the operating subsidiaries (consistent with the company's own disclosures).

We would also caution against aggregating the two entities. The recorded credits and the goodwill shield rely on the same limited resource (i.e. the taxable income at the same entity, and under asymmetric rules). Amortization deductions are applied first and reduce the base, while loss offsets are limited to 30% of the remaining amount.

One nuance is worth keeping in mind: margin pressure and taxable capacity are not the same thing. The operating subsidiaries carry sizeable financial income on the assets backing their technical reserves, so taxable income at the entity level can persist even in periods of underwriting pressure.

The effective tax rate and the three underlying shelves behind it

Estimating Hapvida's effective tax rate is complex, and the rate is at times modeled to remain broadly stable over the foreseeable period. Importantly, the filings outline three separate shelves of tax relief, each following its own schedule.

The first shelf is already in effect through the amortization of acquisitions that have already been incorporated. The company has scheduled deductions of R\$1,150mn in 2026 and R\$979mn in 2027, implying approximately R\$391mn and R\$333mn of cash tax savings respectively at a 34% rate, before declining to around R\$732mn in 2028 and close to R\$700mn annually through 2030.

Figure 22: Tax amortization, running - already incorporated acquisitions, 2Q26

R\$ million	2026	2027	2028	2029	2030	Beyond
Goodwill	810	650	442	435	434	957
Value-added (PPA)	341	329	290	264	253	1,017
Total	1,150	979	732	699	686	1,974

Source: Company reports, UBS

The second shelf has been booked and is waiting for profits (the deferred tax assets discussed in the prior section).

The third remains locked pending the corporate step: R\$33.7bn of goodwill and R\$5.7bn of value-added amounts that the company classified as "not yet incorporated" as of June 2026.

Figure 23: Tax amortization, waiting - balances classified by the company as “not yet incorporated”, 2Q26

R\$ million	The 2022 business combination	Other acquisitions	Total
Goodwill	30,800	2,869	33,669
Value-added (PPA)	5,467	220	5,687
Total	36,267	3,089	39,356

Source: Company reports, UBS

Notably, we emphasize that the deferred-tax liability (DTL) is where the ongoing shelf structure is most evident. At the consolidated level, the goodwill-related DTL totaled R\$2,221mn in 2Q26, increasing R\$68mn in the quarter and R\$134mn in the first half (effectively representing 34% of the goodwill amortization deducted during the period).

Figure 24: Hapvida - goodwill-related deferred tax liability

R\$ million	2023	2024	2025	1Q26	2Q26
Consolidated – DTL (goodwill)	1,264	1,721	2,087	2,153	2,221
Build in the period (R\$m chg.)	-	457	366	66	68
Parent company – DTL (goodwill)	-	-	-	-	-

Source: Company reports, UBS

Each quarter, the increase in this line serves as a running measure of the cash tax savings. At the parent company level, this line is absent, as non-amortizing goodwill has no tax impact. The day such a component appears in the parent's deferred-tax note would indicate that amortization has started.

A caveat on earnings optics

Separately from the tax matter, we note that accounting amortization of acquisition-related intangibles is expected to decline sharply from 2027, as the customer-portfolio amortization schedule runs off. In other words, the expense that reduced reported earnings by R\$1,238mn in 2025 (and is added back in the company's adjusted metrics) is already at R\$437mn in 6M26 and should fall to -R\$160mn annually from 2027 onward.

Figure 25: Hapvida - accounting amortization of acquisition intangibles, 2Q26

R\$ million	6M26	2027	2028	2029	2030	Beyond
Customer portfolio	394	85	79	65	61	264
Brands and patents	40	79	79	79	79	1,616
Total	434	164	158	144	140	1,880

Source: Company reports, UBS. Note: company's amortization schedule for customer portfolio and brands; actual 6M26 booked amortization, including minor other intangibles, was R\$437mn.

Importantly, this has no impact on Hapvida's underlying economics, but we believe it is worth highlighting that reported earnings should move closer to adjusted earnings. The convergence will not likely be completed, as the brands amortization schedule has a long tail.

Final remarks

Finally, we recognize that the facts presented here could support multiple outcomes, and paving the way does not constitute a commitment to cross. The remaining step (i.e., the merger that would consolidate both entities into a single taxpayer) is also not merely procedural, as it would require shareholder approval at general meetings, processes before the health regulator (ANS), and creditor

consents under existing debt agreements. Tax deductions of this nature have also been challenged in the past, with the disclosed assessment related to a 2013 goodwill item (a possible loss of R\$489mn as of FY25) serving as the key reference point.

Regarding the tax relief embedded in the R\$30.8bn from the business combination, its present value is difficult to estimate, as it depends on when amortization starts and on the availability of taxable earnings to utilize it (both of which remain unresolved). The second condition, the accumulation of taxable earnings, is ultimately an operating matter: it hinges on how margins and financial income develop at the subsidiaries and, eventually, at the combined entity. This is precisely what our first Pivotal Question is designed to track; the two reports share the same filings and the same clock. Notably, each condition in Figure 19 can be monitored through the public documents cited alongside it. In summary, paving the road is not the same as walking through the gate.

UPSIDE/DOWNSIDE SPECTRUM

Hapvida Participacoes e Investimentos SA - HAPV3.SA Price



Value drivers

Value drivers 2027E	Net revenue growth	Adjusted EBITDA growth	Adjusted EBITDA margin	COE
R\$10.0 upside	5%	20%	8.6%	16.6%
R\$7.8 base	3%	11%	8.1%	17.1%
R\$4.0 downside	-5%	-23%	6.1%	18.1%

Source: UBS estimates

UPSIDE (R\$10.0): In our upside scenario, we assume net revenue growth of 5.0% and adjusted EBITDA growth of 20%, translating into an adjusted EBITDA margin of 8.6% in 2027. It is worth noting that we do not include the tax shield from the business-combination goodwill in our upside scenario, instead treating it as optionality with an asymmetric potential payoff. Finally, we apply a cost of equity of 16.6%, supporting our upside valuation of R\$10.0.

BASE (R\$7.8): In our base case, we expect net revenue growth of 3.0% and adjusted EBITDA growth of 11%, translating into an adjusted EBITDA margin of 8.1% in 2027. Finally, we apply a cost of equity of 17.1%, supporting our price target of R\$7.8.

DOWNSIDE (R\$4.0): In our downside scenario, we assume a net revenue decline of 5.0% and an adjusted EBITDA decrease of 23%, translating into an adjusted EBITDA margin of 6.1% in 2027. Finally, we apply a cost of equity of 18.1%, supporting our downside valuation of R\$4.0.

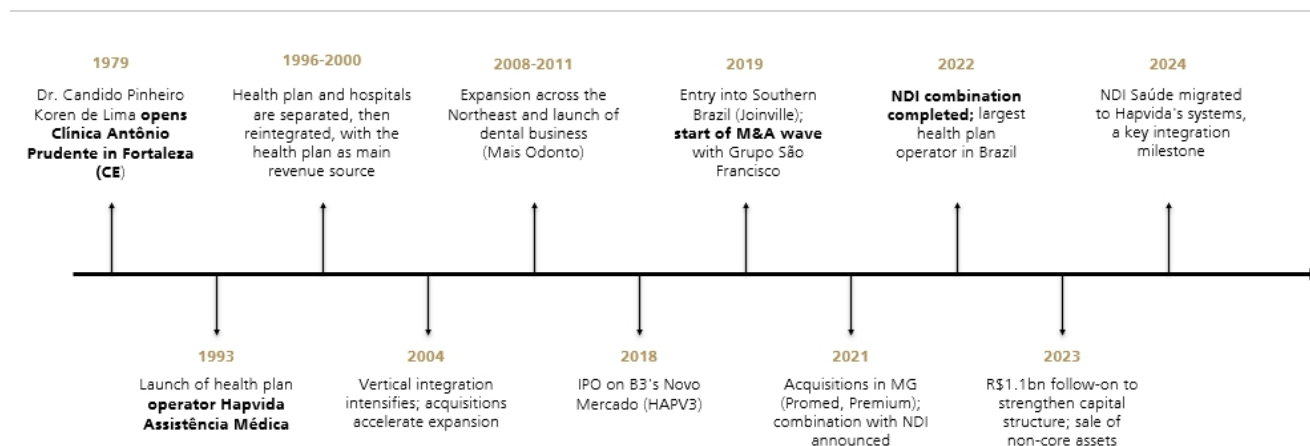
Company Description

Hapvida was founded in 1979, when oncologist Dr. Candido Pinheiro Koren de Lima opened Clínica Antônio Prudente in Fortaleza, Ceará, which later grew into a hospital. In 1993, the group launched the health plan operator Hapvida Assistência Médica. In 1996, shareholders separated the health plan and hospital businesses. The decision proved ineffective because the results of the two segments are negatively correlated: the operator's medical costs are the hospitals' revenues. From 2000 onwards, the health plan became the group's main revenue generator, and the hospitals became a way to serve its beneficiaries at competitive costs. This became the foundation of Hapvida's vertically integrated model.

The model allowed Hapvida to accelerate its expansion from 2004, investing in its own network and acquiring companies to grow its client base and infrastructure. Between 2008 and 2011, it acquired operators and hospitals in Pernambuco, Alagoas, Bahia and Maranhão. Over the same period it structured its dental business, which gained national reach in 2014. These moves consolidated its leadership in Northern and Northeastern Brazil. After its IPO on B3's Novo Mercado in April 2018, the company entered Southern Brazil in 2019 with a fully verticalized operation in Joinville. Through 2021 it completed a series of acquisitions, extending its footprint into the Southeast and Center-West.

In 2022, Hapvida completed its business combination with Notre Dame Intermédica (NDI), announced in Jan-21. NDI was an operator with a similar vertical business model and a complementary geographic footprint. The combination gave Hapvida national scale, allowing it to take its integrated healthcare model to all five regions of Brazil. Since then, the company has focused on integrating both operations, including migrating NDI's management systems to Hapvida's proprietary technology in 2023-24. Today, Hapvida is Brazil's largest health plan operator by number of medical beneficiaries and the second largest in dental plans.

Figure 26: Hapvida - historical timeline

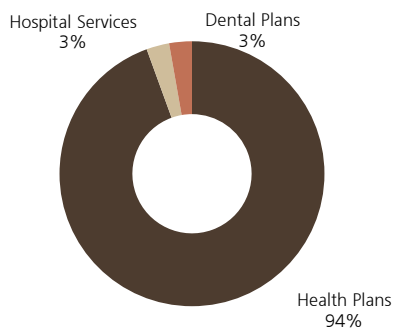


Source: Company reports, UBS

Net revenue breakdown

Hapvida's net revenue is split into three lines: Health Plans, Dental Plans, Hospital Services. In 2Q26 (LTM), consolidated net revenue reached R\$32.8bn, of which Health Plans accounted for ~94%, Dental Plans for ~3% and Hospital Services for ~3%.

Figure 27: Net revenue breakdown 2Q26 (LTM)



Source: Company reports, UBS

Ownership structure

PPAR Pinheiro Participações S.A. is the controlling shareholder, holding ~48% of total shares. Free float accounts for ~47%, treasury shares for ~5% and Management less than 0.1%.

Figure 28: Hapvida - ownership structure, 2Q26

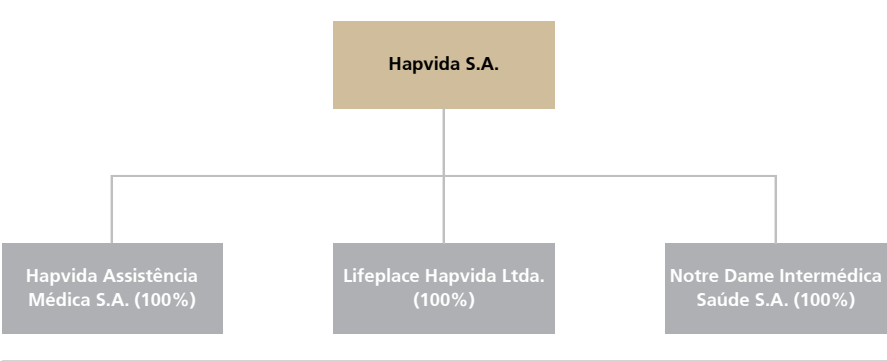
Shareholders capital	Shares (Mn)	%
PPAR Pinheiro Participações S.A.	240	48%
Free-Float	235	47%
Treasury	28	5%
Total	503	100%

Source: Company reports, UBS. Shareholding structure updated on 08/31/2026.

Corporate structure

Hapvida Participações e Investimentos S.A. is a holding company with three wholly owned subsidiaries: Hapvida Assistência Médica S.A., Lifeplace Hapvida Ltda. and Notre Dame Intermédica Saúde S.A. Hapvida Assistência Médica and Notre Dame Intermédica Saúde are the group's main operating companies and control 4 and 20 subsidiaries, respectively.

Figure 29: Hapvida - corporate structure, 2Q26



Source: Company reports, UBS

Hapvida (HAPV3.SA)

	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Income Statement (R\$m)										
Revenues	27,366	28,952	30,863	32,194	4.3	33,048	2.7	34,294	35,902	37,600
Gross profit	7,051	8,810	6,783	6,971	2.8	7,406	6.2	7,650	7,978	8,324
EBITDA (UBS)	2,753	3,776	3,132	2,426	-22.5	2,689	10.8	2,898	3,044	3,178
Depreciation & amortisation	(2,129)	(2,222)	(2,067)	(1,781)	13.8	(1,063)	40.3	(1,090)	(1,117)	(1,157)
EBIT (UBS)	624	1,554	1,065	645	-39.5	1,626	152.2	1,808	1,927	2,021
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	16	(103)	(23)	(36)	-56.7	(23)	35.7	(24)	(25)	(26)
Net interest	(1,388)	(778)	(1,420)	(1,310)	7.8	(1,234)	5.8	(1,301)	(1,305)	(1,273)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	(748)	673	(378)	(701)	-85.2	369	-	483	597	722
Tax	(81)	(409)	141	37	-73.7	(184)	-	(199)	(203)	(245)
Profit after tax	(828)	264	(238)	(664)	-179.4	185	-	284	394	476
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	0	0	0	0	-	0	-	0	0	0
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	(828)	264	(238)	(664)	-179.4	185	-	284	394	476
Net earnings (UBS)	167	1,294	734	53	-92.8	308	NM	404	505	586
Tax rate (%)	0.0	0.0	0.0	0.0	-	49.9	-	41.3	34.0	34.0
Per Share (R\$)										
EPS (UBS, diluted)	0.02	0.17	1.55	0.11	-92.8	0.65	NM	0.85	1.06	1.23
EPS (local GAAP, diluted)	(0.11)	0.04	(0.50)	(1.40)	-179.2	0.39	-	0.60	0.83	1.00
EPS (UBS, basic)	0.02	0.17	1.55	0.11	-92.8	0.65	NM	0.85	1.06	1.23
DPS (net) (R\$)	0.00	0.00	0.00	0.00	-	0.00	-	0.00	0.00	0.00
Cash EPS (UBS, diluted) ¹	0.31	0.47	5.90	3.86	-34.6	2.89	-25.2	3.14	3.41	3.67
Book value per share	97.69	97.51	101.54	100.04	-1.5	100.43	0.4	101.03	101.86	102.86
Average shares (diluted)	7,495	7,420	475	475	0.1	475	0.0	475	475	475
Balance Sheet (R\$m)										
Cash and equivalents	7,890	9,255	8,185	7,254	-11.4	7,761	7.0	8,552	9,665	10,605
Other current assets	9,540	9,309	11,096	12,338	11.2	12,598	2.1	12,878	13,167	13,468
Total current assets	17,430	18,564	19,281	19,592	1.6	20,359	3.9	21,430	22,832	24,073
Net tangible fixed assets	6,883	7,389	6,482	6,686	3.2	7,035	5.2	7,396	7,775	8,171
Net intangible fixed assets	50,834	49,522	48,339	47,524	-1.7	47,443	-0.2	47,371	47,317	47,268
Investments / other assets	0	0	0	0	-	0	-	0	0	0
Total assets	75,146	75,475	74,102	73,803	-0.4	74,837	1.4	76,198	77,923	79,512
Trade payables & other ST liabilities	4,815	5,448	4,732	5,226	10.5	5,521	5.6	5,741	5,976	6,214
Short term debt	0	0	0	0	-	0	-	0	0	0
Total current liabilities	4,815	5,448	4,732	5,226	10.5	5,521	5.6	5,741	5,976	6,214
Long term debt	14,864	16,520	15,454	14,836	-4.0	14,914	0.5	15,452	15,986	16,503
Other long term liabilities	6,653	4,780	5,711	6,209	8.7	6,686	7.7	7,005	7,569	7,925
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	26,333	26,748	25,897	26,271	1.4	27,121	3.2	28,198	29,530	30,642
Common s/h equity	48,812	48,725	48,203	47,530	-1.4	47,715	0.4	47,999	48,392	48,869
Minority interests	1	2	2	1	-34.4	1	0.0	1	1	1
Total liabilities & equity	75,146	75,475	74,102	73,803	-0.4	74,837	1.4	76,198	77,923	79,512
Cash Flow (R\$m)										
Net income (before pref divs)	(828)	264	(238)	(664)	-179.4	185	-	284	394	476
Depreciation & amortisation	2,129	2,222	2,067	1,781	-13.8	1,063	-40.3	1,090	1,117	1,157
Net change in working capital	(143)	(1,161)	(1,623)	(292)	82.0	514	-	249	499	285
Other operating	0	0	0	0	-	0	-	0	0	0
Operating cash flow	1,157	1,325	207	825	299.1	1,762	113.4	1,623	2,010	1,918
Tangible capital expenditure	(252)	(888)	(1,172)	(817)	30.3	(1,042)	-27.6	(1,082)	(1,132)	(1,186)
Intangible capital expenditure	(244)	(293)	(298)	(277)	6.7	(288)	-3.8	(298)	(309)	(319)
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	(633)	(236)	1,493	(77)	-	0	-	0	0	0
Investing cash flow	(1,128)	(1,416)	23	(1,171)	-	(1,330)	-13.6	(1,380)	(1,441)	(1,505)
Equity dividends paid	0	0	0	0	-	0	-	0	0	0
Share issues / (buybacks)	81	85	(184)	(695)	-277.9	185	-	284	394	476
Other financing	(1,072)	(2,634)	1,248	948	-24.1	(185)	-	(284)	(394)	(476)
Change in debt & pref shares	785	1,807	(1,015)	(575)	43.4	76	-	548	544	527
Financing cash flow	(206)	(742)	49	(321)	-	76	-	548	544	527
Cash flow inc/(dec) in cash	(176)	(833)	279	(667)	-	507	-	791	1,113	940
FX / non cash items	2,202	2,198	(1,349)	(264)	80.5	0	-	0	0	0
Balance sheet inc/(dec) in cash	2,025	1,365	(1,070)	(931)	13.0	507	-	791	1,113	940

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Hapvida (HAPV3.SA)

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	NM	NM	NM	NM	16.7	10.9	7.8	6.5
P/E (UBS, diluted)	NM	NM	21.4	58.1	10.0	7.6	6.1	5.3
P/CEPS	NM	NM	5.6	1.7	2.2	2.1	1.9	1.8
Equity FCF (UBS) yield %	2.2	0.5	(7.7)	(8.7)	14.0	7.9	18.5	13.4
Dividend yield (net) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
P/BV	0.6	0.6	0.3	0.1	0.1	0.1	0.1	0.1
EV/revenues (core)	1.3	1.2	0.7	0.3	0.2	0.2	0.2	0.2
EV/EBITDA (UBS core)	13.0	8.8	6.8	3.5	3.0	2.7	2.4	2.1
EV/EBIT (core)	57.4	21.4	20.1	13.0	5.0	4.3	3.7	3.3
EV/OpFCF (core)	13.0	8.8	6.8	3.5	3.0	2.7	2.4	2.1
EV/op. invested capital	0.6	0.5	0.4	0.1	0.1	0.1	0.1	0.1
Enterprise value (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	29,857	28,641	16,507	3,081	3,081	3,081	3,081	3,081
Net debt (cash)	5,948	4,672	4,865	5,291	5,097	4,619	4,104	3,500
Buy out of minorities	4	2	2	1	1	1	1	1
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	35,809	33,315	21,373	8,373	8,179	7,701	7,186	6,582
Non core assets	0	0	0	0	0	0	0	0
Core enterprise value	35,809	33,315	21,373	8,373	8,179	7,701	7,186	6,582
Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	15.2	5.8	6.6	4.3	2.7	3.8	4.7	4.7
EBITDA (UBS)	9.3	37.2	(17.1)	(22.5)	10.8	7.8	5.0	4.4
EBIT (UBS)	88.9	149.0	(31.5)	(39.5)	152.2	11.2	6.6	4.9
EPS (UBS, diluted)	(70.4)	NM	NM	(92.8)	NM	30.9	25.1	16.1
Net DPS	-	-	-	-	-	-	-	-
Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	25.8	30.4	22.0	21.7	22.4	22.3	22.2	22.1
EBITDA margin	10.1	13.0	10.1	7.5	8.1	8.5	8.5	8.5
EBIT (UBS) margin	2.3	5.4	3.5	2.0	4.9	5.3	5.4	5.4
Net earnings (UBS) margin	0.6	4.5	2.4	0.2	0.9	1.2	1.4	1.6
ROIC (EBIT)	1.0	2.5	1.8	1.1	2.7	3.0	3.2	3.3
ROIC post tax	1.0	2.5	1.8	1.1	2.3	2.5	2.7	2.7
ROE (UBS)	0.3	2.7	1.5	0.1	0.6	0.8	1.0	1.2
Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	3.1	2.1	2.6	3.5	3.0	2.7	2.4	2.2
Net debt / total equity %	17.2	16.1	16.9	18.1	17.1	16.5	15.1	14.1
Net debt / (net debt + total equity) %	14.7	13.9	14.5	15.3	14.6	14.1	13.1	12.4
Net debt/EV %	25.0	24.4	37.4	99.9	NM	NM	NM	NM
Capex / depreciation %	11.8	40.0	56.7	45.8	98.1	99.2	101.4	102.5
Capex / revenue %	0.9	3.1	3.8	2.5	3.2	3.2	3.2	3.2
EBIT / net interest	0.4	2.0	0.7	0.5	1.3	1.4	1.5	1.6
Dividend cover (UBS)	-	-	-	-	-	-	-	-
Div. payout ratio (UBS) %	-	-	-	-	-	-	-	-
Revenues by division (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	27,366	28,952	30,863	32,194	33,048	34,294	35,902	37,600
Total	27,366	28,952	30,863	32,194	33,048	34,294	35,902	37,600
EBIT (UBS) by division (R\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Others	624	1,554	1,065	645	1,626	1,808	1,927	2,021
Total	624	1,554	1,065	645	1,626	1,808	1,927	2,021

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Forecast returns

Forecast price appreciation	20.2%
Forecast dividend yield	0.0%
Forecast stock return	20.2%
Market return assumption	18.0%
Forecast excess return	2.2%

Company Description

With a verticalized operation, Hapvida is the leading private health plan operator in Brazil, founded in 1979 and publicly traded since 2018. The company has more than 8mn lives on its health plans and close to 7mn in dental plans, while operating a proprietary network of ~800 establishments in Brazil, including hospitals, outpatient clinics and diagnostic units. In 2021, HAPV announced a business combination with NotreDame Intermédica (GNDI), which more than doubled the company's size.

Valuation Method and Risk Statement

We value Hapvida applying a target EV/EBITDA multiple, supported by our DCF framework.

Key risks to the thesis include: (i) medical cost trends exceeding assumptions, with Cash MLR potentially failing to moderate toward the mid-70s, which would pressure margins and delay recovery; (ii) Litigation-related costs remain a structural headwind; (iii) any stall or reversal in expected SG&A improvement could keep provisions and legal expenses elevated; (iv) Sensitivity to Brazilian interest rates also remains material, as debt and lease costs tied to local rates affect earnings and valuation multiples; (v) Potential for upside optionality from the R\$30.8bn tax asset goodwill; (vi) Reduced disclosure, including discontinued ticket and membership breakdowns, limits visibility into operational margin trends and membership drivers.

Brazilian healthcare companies' performance is closely linked to local economic conditions, with an enhanced sensitivity to formal employment rates. The sector is particularly dependent on the regulatory framework, but has also been deeply affected by competition dynamics in the past.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Hapvida Participacoes e Investimentos SA

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	2
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	55%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 30 June 2026.

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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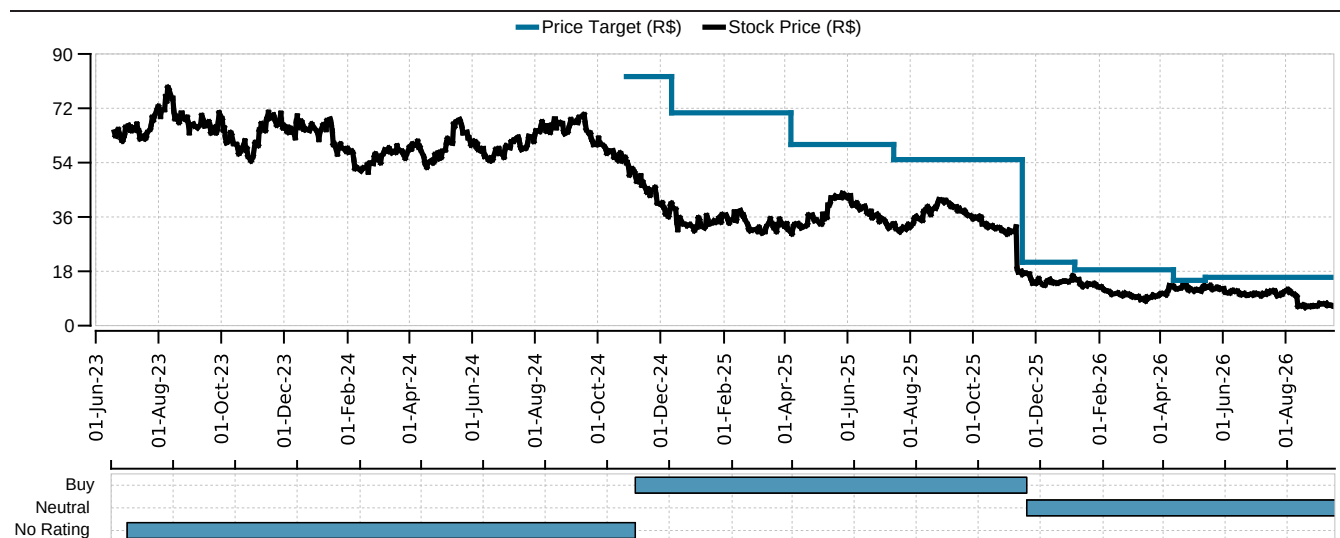
Company Name	Reuters	12-month rating	Price	Price date
Hapvida Participacoes e Investimentos SA ^{2,4,6,20}	HAPV3.SA	Neutral (CBE)	R\$6.39	17 Sep 2026

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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Hapvida Participacoes e Investimentos SA (R\$)



Date	Stock Price (R\$)	Price Target (R\$)	Rating
2023-06-16	65.25	-	No Rating
2024-10-28	55.65	82.50	Buy
2024-12-11	40.05	70.50	Buy
2025-04-06	31.95	60.00	Buy
2025-07-15	33.58	55.00	Buy
2025-11-17	18.00	21.00	Neutral
2026-01-07	16.14	18.50	Neutral
2026-04-13	13.07	15.00	Neutral
2026-05-14	13.26	16.00	Neutral

Source: UBS Global Research; LSEG Eikon as of 17-Sep-2026. All prices as of local market close. Ratings as of date shown.

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