

4th Quarter 2021 Results

4Q21 & 2021 Results

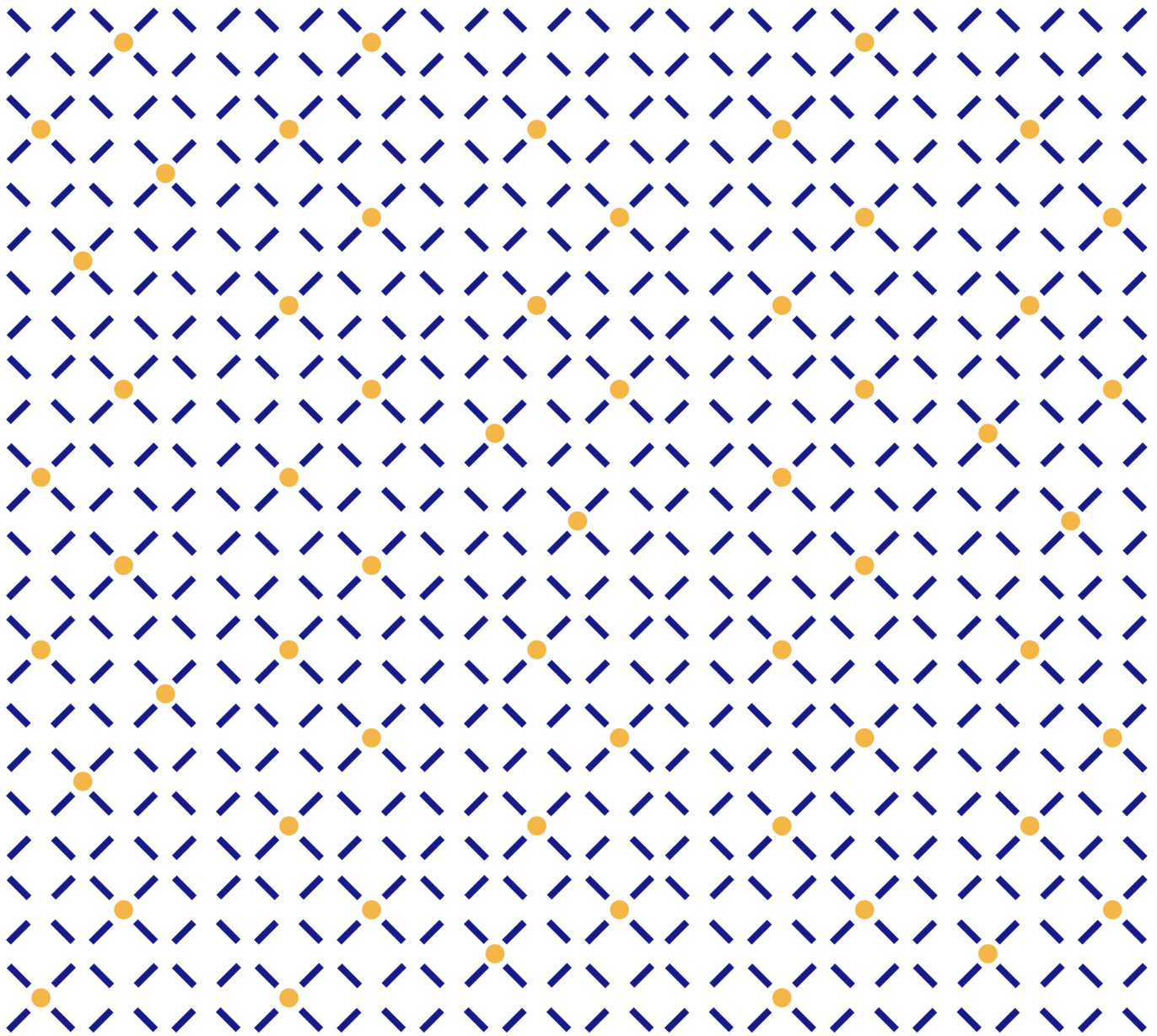
São Paulo, March 29th, 2022. Qualicorp Consultoria e Corretora de Seguros S.A. (B3: QUAL3) (“Quali” or “Company”), a leading full-service healthcare benefits broker, administrator, and health management services provider in Brazil, announces its consolidated results for the fourth quarter of (4Q21) and FY2021. The operating and financial data are presented on a consolidated basis in Reais (“BRL” or “R\$”), in accordance with Corporate Law and regulations of “Comissão de Valores Mobiliários” – CVM (the Brazilian SEC). The figures as well as their historical series are available in MS Excel format on the website ri.qualicorp.com.br.

Highlights:

- **Return to Shareholders:** R\$ 749 million distributed to shareholders in 2021 (dividends, IoC and share buybacks).
- **Affinity Health Lives Portfolio:** 1.17 million lives in 4Q21 (+8.1k lives vs. 3Q21), with 131k lives of organic gross adds in 4Q21 and 515k in 2021 (average of 42.9 k/month).
- **Net Revenue** of R\$521.5 million in 4Q21 (+1.2% vs. 4Q20 and -2.5% vs. 3Q21) and R\$ 2,097 million in 2021 (+3.5% vs. 2020).
- **Adjusted EBITDA⁽¹⁾** of R\$261 million in 4Q21 (+15.3% vs. 4Q20 and -3.0% vs. 3Q21), with Adj. EBITDA Margin of 50.0%. in 4Q21 (+610 bps YoY) and 50.1% in 2021 (-280 bps YoY).
- **Net Income** of R\$366 million in 2021 (-6.7% vs. 2020) and R\$50.6 million in 4Q21 (-25.2% vs. 4Q20).
- **Free Cash Flow** of R\$66.3 million before acquisitions in 4Q21 and R\$315 million in 2021. ROIC of 33.8% LTM.
- **Net Debt** of R\$1,526 million, or 1.45x Adjusted EBITDA LTM in 4Q21 vs. 1.04x in 3Q21 and 0.68x in 4Q20

Key Indicators (R\$ MN)	4Q21	YoY	QoQ	2021	YoY
Affinity Portfolio (thous. lives)	1,708.0	6.6%	3.0%	1,708.0	6.6%
Affinity Health (thous. lives)	1,169.1	-1.8%	0.7%	1,169.1	-1.8%
Churn (thous. lives)	8.1	-91.9%	-130.2%	-21.9	-123.8%
Net Revenue	521.5	1.2%	-2.5%	2,096.5	3.5%
Adjusted EBITDA ¹	260.9	15.3%	-3.0%	1,049.9	-2.0%
<i>Adjusted EBITDA Margin</i>	50.0%	610 bps	-25 bps	50.1%	-279 bps
Net Income	50.6	-25.2%	-54.2%	365.8	-6.7%
Net Debt	1,525.5	109.0%	44.1%	1,525.5	109.0%
<i>Net Debt / Adj. EBITDA LTM</i>	1.45x	113.3%	39.3%	1.45x	113.3%
Cash Flow Before Acq.	66.3	-11.7%	-6.5%	314.8	-53.0%
ROIC	33.8%	-15.9 p.p.	-55 bps	33.8%	-15.9 p.p.

(1) We reviewed the calculation of Adjusted EBITDA; please see section “Results 4Q21” for details



More choices for you.
More Quali for your life.



Management Highlights

We reached, at the end of 2021, the second year of the New Quali. And there were two challenging and intense years. Two years that will be marked in the lives of a large part of the Brazilian and world population because of the Covid-19 pandemic, with significant social and financial impacts. And that will be marked forever in Quali's history because they served as basis for a new phase in our Company.

A new phase of cultural transformation, with all efforts directed towards the purpose of offering more choices and solutions in health, protection and well-being for every Brazilian, in every region of the country. A phase of redefinition of our business strategy, with a focus on pursuing growth and maximizing value for our shareholders. Of investments in innovation and technology. Of channel and product expansion.

Thus, in 2021, o "Novo Jeito Quali de Ser" became "**Nosso** Jeito Quali de Ser". We defined our new brand and the motto "More choices for you. More Quali for your life". And, despite the challenges, Quali remained firm in its long-term strategy.

In the Growth Pillar, we adopted the strategy of increasing incentives in the broker channel to raise the sales level to a historic record for the Company (514 thousand organic lives in 2021, an average of 42.9 k/month, or 56% higher than in 2020), regaining our leading role and increasing market share in the Affinity segment. We made strategic acquisitions, such as Grupo Elo and Escale. We evolved in quality and sales conversion capacity, opening new channels (own stores in malls and kiosks, digital channels, important partnerships with Vivo, Inter, SmartFit, Orthopríde, Sincor-SP, among others) and the launch of our insurance marketplace, QualiSeguros. In addition, in our ambition to have the most extensive portfolio for our clients' choices, we bet on the development of regional products and expansion of partnerships with our more than 100 HMOs. Also very important in our long-term strategy, we highlight a 36% growth in the SME portfolio during 2021, an important step towards our already stated goal of becoming the largest broker in this segment in Brazil.

In the Customer Orientation Pillar, we redefined our customer service and relationship strategy, focusing on problem solving and retention. We reinforced our operations team with experienced professionals, who led a true turnaround from the perspective of transforming Quali into a customer-centric firm, which included investments in infrastructure, systems and specialized consulting, substitution of the BPO supplier and improvements in contracts and payment models.

Just to highlight one among several initiatives, we implemented the COPC - Customer Operation Performance Center management model, and observed significant improvements in the customer journey in three KPIs: 1) First Call Resolution (FCR): the ability to solve customers' demand in their first contact rose from 69% at the beginning of 2021 to 83% in voice channels and 92% in the digital channels at the end of the year; 2) CSAT Agent: the index, which represents customer

satisfaction with Quali's attendant, evolved from 24.6% in 2020 to 74% in December 2021; 3) the service level (SLA) of promises delivered to our customers within the promised deadline reached 98%, above the standard market target of 95%. Added to these efforts are the creation of the Customer Experience (CX) and User Experience (UX) areas, with a structure dedicated to Digital.

And, in the People & Culture Pillar, we evolved in aligning the interests of our employees, the Qualis, to our culture of doing the right thing in the right way. We have also expanded our diversity and inclusion program. Besides the greater presence of women, who now represent 68% of all Qualis (and 59% in leadership positions), the Company also hired more non-white people (black, brown and indigenous people), which now represent 36% of employees.

With the aim of modernizing the Company and implementing best practices, we carried out an extensive corporate governance review during the year, which resulted in the approval by our shareholders of new and updated bylaws. Additionally, we implemented several policies and internal rules, and adopted a new code of conduct and ethics, all aligned with the highest market standards. In the sustainability area, we reinforced, yet again, our commitment to society, supporting projects for the preservation of the cultural heritage, art, sports and health. Examples are the renovation of Christ the Redeemer, the symbol of Rio de Janeiro, the "Brasileirinhos" project of the gymnast Daiane dos Santos, the "Pequeno Príncipe" Hospital, the Qualistage show house, besides contributing with more than R\$17 million in donations to fight the pandemic over the last two years.

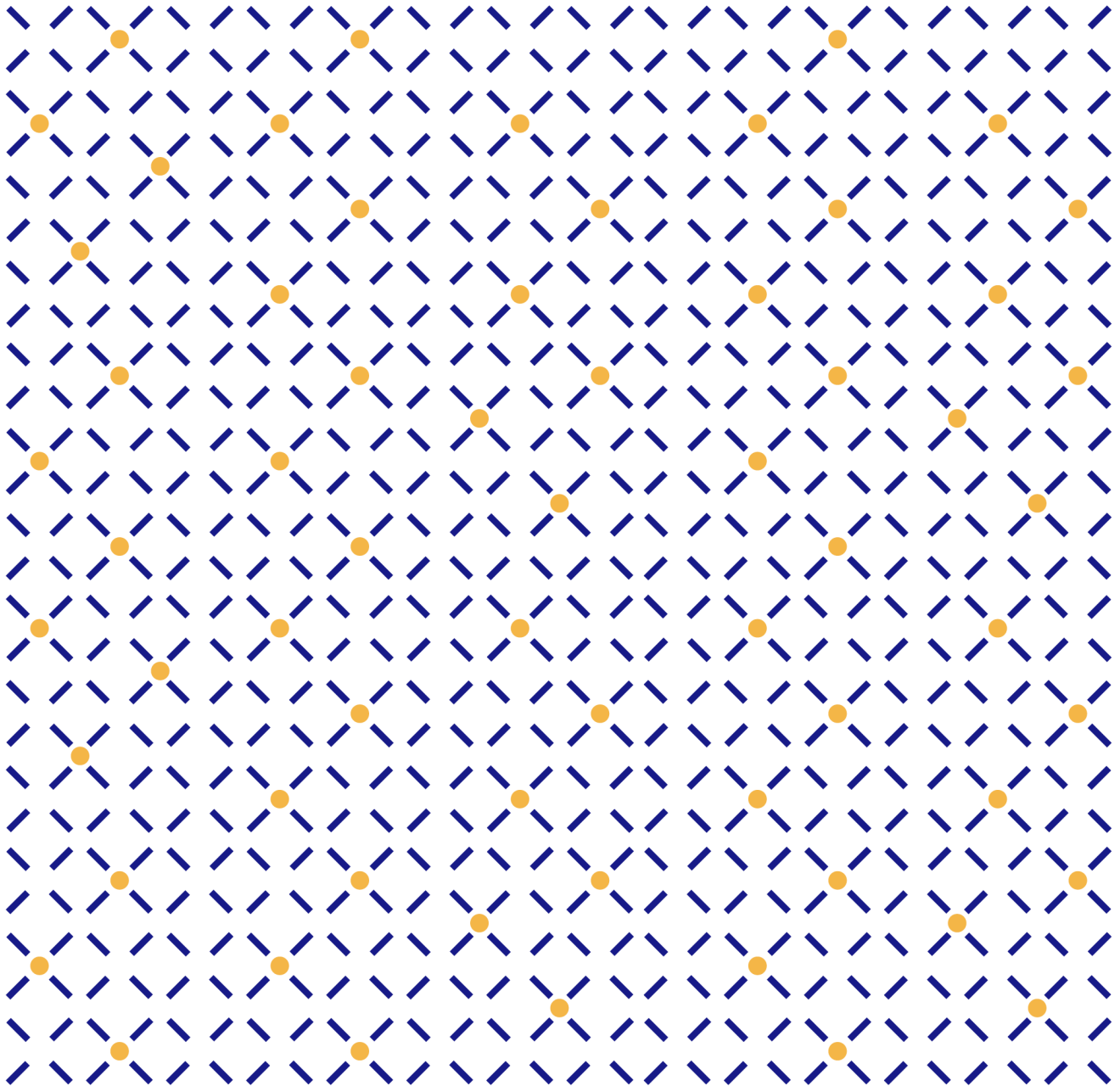
In technology, we have expanded the Data & Analytics area, with the objective of: i) supporting Quali in the transformation process towards a data-driven culture; ii) contributing to a better understanding of the market in which we operate (insurance and health plans), through indicators and studies of consumption potential, in addition to active surveillance of trends and competitors' movements; and iii) generating knowledge and insights for fast decision-making and effective actions for by internal clients. We developed proprietary systems for sales (QualiVendas) and management/processing (Qualitech), in addition to cancellation propensity models and an intelligent platform of plan offers to be used for retention, initiatives that we believe will generate value for the Company.

The pandemic and the more adverse macroeconomic scenario with higher inflation and interest rates, alongside the impact of two health plan price readjustments in the same year, among other cyclical factors, affected 2021 results. Even so, we distributed R\$749 million to our shareholders in the year, in a combination of dividends, interest on capital and share buybacks. In 4Q21, we increased our Affinity Health Lives portfolio by 8.1 thousand lives. We grew 1.2% in net revenue and 15.3% in Adjusted EBITDA in comparison to the previous year, with an Adjusted EBITDA margin of 50%. In the year, our total portfolio increased 2.2% and surpassed the 2.6 million lives mark, despite a negative net balance of 21.9 thousand lives in Affinity Health. Meanwhile, our net revenue grew 3.5% in 2021 and, despite all the investments made for the evolution and strengthening of the Company, our EBITDA margin stood at 50.1% and our net profit was 6.7% lower than the previous year, reaching R\$366 million.



Our expectation for 2022 is to maintain the new level of gross adds reached in 2021, an important achievement for the year. And, at the same time, we expect a normalization of cancellations to historical levels after two atypical years, as result of several actions already taken, in order to achieve our goal of positive organic net adds. More than that, with solid fundamentals and within our long-term growth strategy, we will continue the transformation of our Company into a multiproduct and multichannel platform.





Lives Portfolio

Lives Portfolio

Portfolio	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Affinity Health Lives								
Total Portfolio (BOP)	1,160,981	1,091,651	6.4%	1,187,762	-2.3%	1,190,920	1,099,219	8.3%
(+) Gross Adds	131,195	76,625	71.2%	151,184	-13.2%	514,553	329,000	56.4%
(-) Churn	(157,880)	(80,985)	94.9%	(177,965)	-11.3%	(624,326)	(355,138)	75.8%
(+) Portfolio Acquisition	34,765	103,629	-66.5%	-	NM	87,914	117,839	-25.4%
New Lives Added (net)	8,080	99,269	-91.9%	(26,781)	NM	(21,859)	91,701	NM
Total Portfolio (EOP)	1,169,061	1,190,920	-1.8%	1,160,981	0.7%	1,169,061	1,190,920	-1.8%
Affinity Other (Massified)								
Total Portfolio (BOP)	498,006	444,394	12.1%	444,819	12.0%	411,388	205,765	99.9%
New Lives Added (net)	40,930	(33,006)	NM	53,187	-23.0%	127,548	205,623	-38.0%
Total Portfolio (EOP)	538,936	411,388	31.0%	498,006	8.2%	538,936	411,388	31.0%
Affinity Portfolio	1,707,997	1,602,308	6.6%	1,658,987	3.0%	1,707,997	1,602,308	6.6%
Corporate	245,943	297,872	-17.4%	260,409	-5.6%	245,943	297,872	-17.4%
Gama	590,055	606,703	-2.7%	578,341	2.0%	590,055	606,703	-2.7%
SME	68,089	49,895	36.5%	60,132	13.2%	68,089	49,895	36.5%
Corp., Gama and SME Portf.	904,087	954,470	-5.3%	898,882	0.6%	904,087	954,470	-5.3%
Total Portfolio	2,612,084	2,556,778	2.2%	2,557,869	2.1%	2,612,084	2,556,778	2.2%

Quali's portfolio ended 4Q21 with 2.61 million lives, growth of 2.1% vs. 3Q21, as result of a 3.0% QoQ growth in the Affinity segment and 0.6% QoQ growth in the Other segments (including Corporate, SME and Gama). In the YoY comparison, Quali's portfolio grew 2.2%, with 6.6% increase in Affinity and 5.3% decline in other segments.

Affinity Portfolio

We presented in our main portfolio of Affinity Health Lives a growth of 0.7% QoQ in 4Q21, with net adds of 8.1 thousand lives. This growth was the result of maintaining a strong sales pace, with gross additions of 131.2 thousand lives in 4Q21, in addition to the contribution of 34.8 thousand lives resulting from acquisitions in the quarter, which helped to offset a still high level of cancellations in the period.

In 2021, we reached organic gross adds of 514.6 thousand lives, with 56.4% YoY growth and a monthly average of 42.9 thousand lives sold, in line, therefore, with the target set at the beginning of the year of reaching a sales level between 40 and 45 thousand lives per month. Such good performance is the result of several initiatives implemented over the last quarters, such as: i) new commercial partnerships, expanding the offer of plans; ii) innovation, with the launch of several products and renewal of portfolios oriented to meet the needs of our customers; iii) greater efficiency

and incentives in our sales channels; and iv) contribution of acquired companies and portfolios that have expanded our reach and regional penetration.

In 4Q21, we continued to hold a retention share similar to the level of the previous quarter. These are customers who have requested cancellation, but that, after being attended by our own sales team, have chosen to just change plans and stay at Quali. Such customers are registered both as gross adds as cancellations and therefore have a neutral effect on the net variation of our portfolio.

Regarding cancellations, we had, in the Affinity Health Lives portfolio, a reduction of 11.3% in relation to 3Q21, representing a churn rate of 12.9% on the average portfolio of the period. Despite the sequential reduction, we still had a high level of cancellations in 4Q21 as consequence, mainly, of the combination of two price readjustments plus the 2020 installment recomposition, which had a cumulative impact of almost 37% increase in the amount paid by our customers during 2021.

Looking in more detail at the reasons for cancellations, we note that the biggest deviation from our expectations was delinquency, which increased significantly in 3Q21 and remained high in 4Q21. On the other hand, we had a substantial reduction in cancellations requested by clients, which ended the quarter at the lowest level in the last 12 months, in line with expectations. We believe that the churn increase in our portfolio during 2021 was cyclical, explained by the impact of the accumulated readjustments in the price of our clients' plans, which accentuated the impact of a still negative macro scenario.

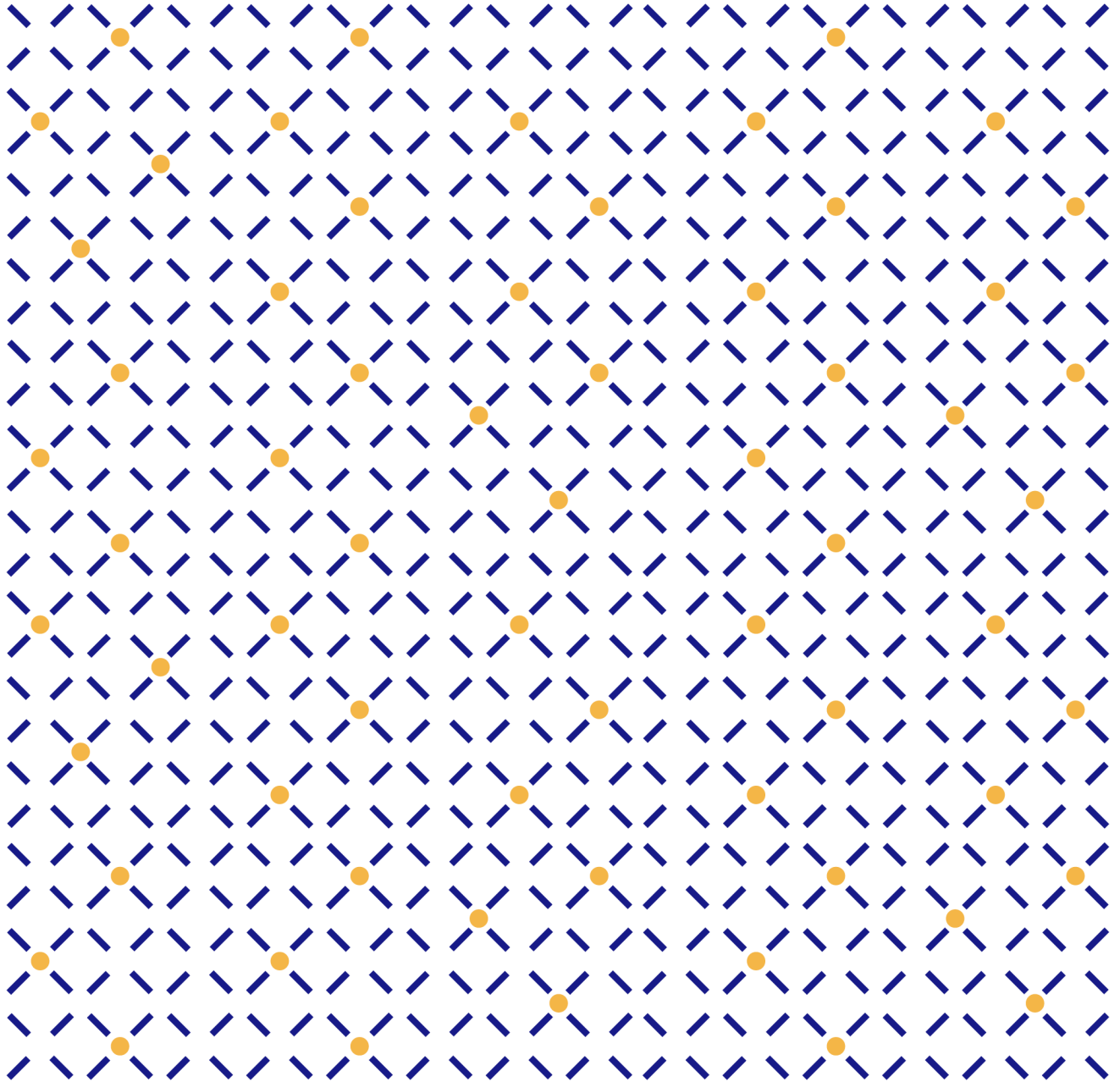
Still within the Affinity Health Lives, in 4Q21 we had the entry of two new portfolios via M&A for 34.8 thousand new lives, of which most is related to the acquisition of Grupo Elo, concluded in November/2021, in addition to the portfolio operated by Unimed-Natal and acquired from Gestão Adm (as announced in 2Q21). As a result, we had a net adds of 8.1 thousand lives in our portfolio during 4Q21, which ended the year with 1,169 thousand lives (+0.7% QoQ, -1.8% YoY).

Regarding the other Affinity portfolio, which includes mass plans (e.g. dental), we had net adds of 40.9 thousand lives in 4Q21. Thus, this portfolio grew 8.2% QoQ and 31% YoY, to 539 thousand lives.

Corporate, SME and Gama Portfolio

In line with our strategy to expand product offering, our portfolio of SME plans continues to grow rapidly. During 4Q21, this portfolio grew 13.2% over the previous quarter and 36.5% versus the previous year, reaching a total of 68.1 thousand lives

The portfolio of our Corporate segment showed a 5.6% QoQ reduction to 246 thousand lives in 4Q21. The portfolio of Gama, our HMO, had a positive variation of +2.0% QoQ and closed 4Q21 with 590 thousand lives.



4Q21 Results

4Q21 Results

Income Statement (R\$ MN)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Net Revenue	521.5	515.1	1.2%	534.9	-2.5%	2,096.5	2,025.9	3.5%
(-) COGS and SG&A	(246.5)	(215.5)	14.4%	(234.5)	5.1%	(958.5)	(810.6)	18.3%
(-) Contingencies and Legal Exp.	3.8	(20.7)	NM	(8.8)	NM	(24.6)	(69.3)	-64.5%
(-) Bad Debt Provision	(43.9)	(49.0)	-10.3%	(16.3)	169.5%	(92.1)	(111.6)	-17.5%
(+/-) Other Oper.	(8.8)	(71.8)	NM	(6.6)	32.6%	(21.7)	(57.8)	-62.3%
EBITDA	226.0	158.0	43.0%	268.6	-15.8%	999.6	976.7	2.3%
EBITDA Margin	43.3%	30.7%	12.7 p.p.	50.2%	-687 bps	47.7%	48.2%	-53 bps
(+/-) EBITDA Adj.	34.9	68.2	-48.9%	0.3	NM	50.3	94.5	-46.8%
Adjusted EBITDA	260.9	226.3	15.3%	268.9	-3.0%	1,049.9	1,071.2	-2.0%
Adjusted EBITDA Margin	50.0%	43.9%	6.1 p.p.	50.3%	-25 bps	50.1%	52.9%	-2.8 p.p.
(-) D&A	(99.1)	(77.1)	28.6%	(88.7)	11.8%	(362.8)	(367.5)	-1.3%
(+/-) Fin. Inc. (Exp.)	(47.9)	(7.1)	NM	(11.9)	303.0%	(82.4)	(56.9)	44.8%
(-) Income Tax./Social Contrib.	(24.5)	(4.9)	NM	(54.9)	-55.4%	(177.0)	(157.1)	12.7%
(-) Minority Interest	(3.9)	(1.4)	NM	(2.7)	46.1%	(11.5)	(3.1)	272.5%
Net Income Controlling	50.6	67.6	-25.2%	110.4	-54.2%	365.8	392.1	-6.7%
Net Margin	9.7%	13.1%	-3.4 p.p.	20.6%	-0.5 p.p.	17.4%	19.4%	-191 bps

Before starting the analysis of results, we inform that, as of this quarter, we no longer adjust our EBITDA by the lines of i) amortization of commissions; ii) amortization of rent; and iii) interest and fines from clients. Thus, the adjustments to EBITDA, as of this quarter, will exclude only lines considered as extraordinary or not related to the recurring operations of our Company. To maintain the comparability, we have replicated the same adjustments for the 2020 and 2021 results, and all tables and comments related to the Adjusted EBITDA in this release are based on this most updated view of the adjustments. We have also updated the fundamentals spreadsheet in our Investor Relations website, where you can obtain the history of adjustments.

Turning to the results, Quali continued throughout 2021 to seek greater organic growth via investment in lines that support sales, innovation, technology and customer retention. At the same time, it looked for ways to fund these new efforts by controlling costs and expenses in the other areas, particularly in administrative expenses.

In 4Q21, Quali reported a reduction in net revenue and Adjusted EBITDA versus 3Q21 (-2.5% and -3.0% QoQ, respectively), but a strong expansion of 610 bps in the Adjusted EBITDA margin versus 4Q20, resulting from lower expenses, mainly in the lines of contingencies and provisions for losses. In 2021, our revenue grew 3.5% and Adjusted EBITDA was 2.0% lower than the previous year, with a contraction of 280 bps in the Adjusted EBITDA margin.

Our net income fell 54.2% QoQ and 25.2% YoY in 4Q21, due to increased amortization of commissions and a worsening in net financial results. For the year, net income decreased 6.7%, also due to higher amortizations and financial expenses.

We will now present comments about variations in the main income statement, balance sheet and cash flow lines:

Revenue by Segment

Revenue (R\$ MN)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Affinity	523.5	523.8	-0.1%	543.5	-3.7%	2,125.1	2,057.9	3.3%
Health Lives	518.5	519.0	-0.1%	540.4	-4.0%	2,106.0	2,035.6	3.5%
Agency	44.1	22.4	97.3%	49.0	-9.9%	162.5	101.2	60.5%
Administration Tax	338.2	351.8	-3.9%	346.1	-2.3%	1,371.3	1,369.3	0.2%
Brokerage	135.9	144.5	-6%	145.0	-6.3%	570.7	563.7	1.2%
Other Income	0.3	0.3	-17.4%	0.4	-26.3%	1.5	1.4	5.0%
Other Affinity	5.0	4.8	4.0%	3.2	56.8%	19.2	22.3	-14.1%
Corporate	6.9	6.9	-0.2%	4.5	52.3%	24.4	32.0	-23.6%
SME total	9.1	4.0	125%	9.4	-3.2%	31.3	21.2	47.5%
SME	9.1	4.0	124.7%	9.4	-3.2%	31.3	14.4	116.9%
SME Stipulation	-	-	NM	-	NM	-	6.8	NM
Gama	23.8	24.1	-0.9%	23.7	0.6%	94.9	98.5	-3.7%
Gross Revenue	563.3	558.8	0.8%	581.1	-3.1%	2,275.7	2,209.6	3.0%
Income Taxes	(41.2)	(43.4)	-5%	(45.5)	-9.4%	(177.2)	(183.0)	-3%
Cancellations and rebates	(0.5)	(0.3)	105.2%	(0.8)	-28.2%	(1.9)	(0.6)	211.3%
Net Revenue	521.5	515.1	1.2%	534.9	-2.5%	2,096.5	2,025.9	3.5%

Quali's gross revenue in 4Q21 increased 0.8% in a YoY basis and -3.1% compared to 3Q21.

In the Affinity Health Lives segment, agency revenues, directly related to gross adds, grew 97.3% YoY and 9.9% QoQ. In 2021, agency revenues grew 61%, in line with the gross adds growth in the year.

Recurring/lifetime revenues (administration and brokerage fees) decreased 3.5% QoQ and 4.5% YoY. The QoQ change of these recurring revenues is related to the drop in the average ticket and the organic reduction of the portfolio, since the acquisitions had a small contribution because they were made near the end of the quarter. In 2021, Affinity recurring revenues grew 0.5%, due to the growth in the average ticket of the portfolio that offset the 1.8% drop in the number of lives.

In the Other segments (Corporate, SME and Gama), we had growth of 13.7% YoY and 5.9% QoQ in 4Q21, with highlights to: i) strong SME growth acceleration (+125% YoY) ii) Revenue recovery in Corporate in quarterly view (+52.3% QoQ) although still down 0.2% YoY iii) Gama revenue normalization (-0.9% YoY, +0.6% QoQ) after portfolio adjustment. In 2021, revenues from these other segments were 0.8% lower than the previous year, with a positive highlight for the 117% growth in SME (on the same comparison bases) that offset the 24% drop in Corporate and the discontinuation of SME Stipulation.

Costs and Expenses

Costs and Expenses (R\$ MN)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Total COGS e SG&A	(246.5)	(215.5)	14.4%	(234.5)	5.1%	(958.5)	(810.6)	18.3%
COGS	(106.4)	(95.3)	11.7%	(103.6)	2.7%	(425.9)	(362.2)	17.6%
Administrative Exp.	(51.8)	(67.1)	-22.7%	(51.1)	1.5%	(237.4)	(265.0)	-10.4%
Comercial Exp.	(88.2)	(53.2)	65.9%	(79.8)	10.5%	(295.2)	(183.4)	61.0%
Total COGS e SG&A	(246.5)	(215.5)	14.4%	(234.5)	5.1%	(958.5)	(810.6)	0.0%
Personnel	(93.8)	(78.2)	20.0%	(90.1)	4.1%	(373.1)	(333.8)	18.3%
3rd-party Services	(51.1)	(54.3)	-6.0%	(50.9)	0.3%	(213.0)	(178.8)	11.8%
Occupancy	(5.9)	(3.0)	96.8%	(5.6)	5.2%	(21.1)	(14.0)	19.2%
Marketing and Trade	(21.4)	(12.4)	72.9%	(25.3)	-15.4%	(92.2)	(44.1)	50.9%
Comissions and Transf.	(58.4)	(46.3)	26.1%	(49.4)	18.3%	(205.0)	(177.9)	109.2%
Other Costs and SG&A	(15.9)	(21.3)	-25.3%	(13.2)	20.5%	(54.0)	(62.1)	15.3%
Contingencies and Legal Exp.	3.8	(20.7)	NM	(8.8)	NM	(24.6)	(69.3)	-13.0%
Bad Debt Provision	(43.9)	(49.0)	-10.3%	(16.3)	169.5%	(92.1)	(111.6)	-17.5%
Other Oper.	(8.8)	(71.8)	-87.7%	(6.6)	32.6%	(21.7)	(57.8)	-62.3%
Total Consolidated	(295.5)	(357.1)	-17.2%	(266.3)	11.0%	(1,096.9)	(1,049.2)	4.5%
(+/-) EBITDA Adj.	34.9	68.2	-48.9%	0.3	NM	50.3	94.5	-46.8%
Total Consol. Ex-Adj.	(260.6)	(288.8)	-9.8%	(266.0)	-2.0%	(1,046.6)	(954.8)	9.6%

*SG&A without depreciation and amortization.

In 4Q21, we made some reclassifications to improve the presentation of Quali's costs and expenses. Changes were only between lines, without affecting the total, as follows: i) consolidation of the lines of pro-labore, membership fees and commissions in a single line of "Commissions and Transferences"; ii) creation of a "Contingencies and Legal Expenses" line that consolidates the provision for risks, expenses and costs with judicial processes and lawsuit notices, which were previously considered part as "Other Costs & SG&A" and part as "Other Operating Expenses"; iii) the "Provision for Bad Debt" line was renamed to "PCI" in Portuguese, just to align with the accounting term. The spreadsheet with the history of this new distribution of costs/expenses is available on our Investor Relations website.

Quali presented in 4Q21 an increase of 11.0% QoQ in total consolidated costs and expenses, but a reduction of 2.0% QoQ and 9.8% YoY when excluding adjustments to EBITDA, which are essentially of non-recurring nature. For the year, there was a 4.5% increase in total costs and expenses, or 9.6% YoY without adjustments to EBITDA.

Compared with the previous quarter, we had improvements in Contingencies and Legal Expenses, which was helped by a R\$9.7 million reversal of provision for risks, and in Marketing Expenses, which was 15.4% lower QoQ. On the other hand, we presented a substantial increase in the Bad Debt Provision due to an increase in delinquencies and, mainly, to an extraordinary adjustment of R\$23.4 million in the provisioning related to the 2020 price readjustment, which was collected in 12 installments over 2021. There was also an increase in Commissions and Transferences (+18.3% QoQ), due to retroactive adjustments of transfer from acquired companies and realignment

of lifetime incentives with the channel, in addition to an increase in Personnel expenses (+4.1% QoQ), mostly related to severance costs of R\$7.4 million, after staff adjustments at the end of the year.

In 2021, the growth in Personnel (+11.8%), 3rd-party Services (+19.2%), Occupancy (+51%), Marketing (+109%) and Commissions & Transferences (+15.3%) are aligned with the readjustment of Quali's structure and increase in commercial incentives to ensure delivery of the strategic objectives of sales acceleration, improvements in customer service, technological and product innovation, improved corporate governance and new business development. These investments were mostly subsidized by reductions in Contingencies and Legal Expenses (-65%), Bad Debt Provision (-17.5%) and improvements in Other Operating expenses (-62%).

EBITDA and Adjusted EBITDA

EBITDA (R\$ MN)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Net Revenue	521.5	515.1	1.2%	534.9	-2.5%	2,096.5	2,025.9	3.5%
(-) COGS	(106.4)	(95.3)	11.7%	(103.6)	2.7%	(425.9)	(362.2)	17.6%
(-) SG&A	(140.0)	(120.2)	16.5%	(130.9)	7.0%	(532.7)	(448.4)	18.8%
(-) Contingencies and Legal Exp.	3.8	(20.7)	NM	(8.8)	NM	(24.6)	(69.3)	-64.5%
(-) Bad Debt Provision	(43.9)	(49.0)	-10.3%	(16.3)	169.5%	(92.1)	(111.6)	-17.5%
(-) Other Oper. Inc. (Exp.)	(8.8)	(71.8)	-87.7%	(6.6)	NM	(21.7)	(57.8)	-62.3%
EBITDA	226.0	158.0	43.0%	268.6	-15.8%	999.6	976.7	2.3%
EBITDA Margin	43.3%	30.7%	13 bps	50.2%	-687 bps	47.7%	48.2%	-53 bps
(+/-) EBITDA Adj.	34.9	68.2	-48.9%	0.3	NM	50.3	94.5	-46.8%
Bad Debt Provision Adj.	23.4	-	NM	-	NM	23.4	-	NM
Severance Costs	7.4	1.8	304.2%	-	NM	7.4	31.0	-76.0%
Qsaúde	-	28.6	NM	-	NM	-	(1.2)	NM
Gama Imapirment	-	31.8	NM	-	NM	-	31.8	NM
Equity	1.9	-	NM	(0.3)	NM	2.6	-	NM
Other EBITDA Adj.	2.2	6.0	-63.7%	0.6	236.8%	16.8	32.9	-48.9%
Adjusted EBITDA	260.9	226.3	15.3%	268.9	-3.0%	1,049.9	1,071.2	-2.0%
Adjusted EBITDA Margin	50.0%	43.9%	610 bps	50.3%	-25 bps	50.1%	52.9%	-279 bps

Our reported EBITDA grew 43% YoY to R\$226 million in 4Q21, helped by the reduction in Bad Debt Provision, Contingencies and Legal Expenses and other operating expenses (many of them non-recurring in 4Q20). In relation to 3Q21, there was a 15.8% drop in EBITDA mainly due to higher Bad Debt Provision. EBITDA margin in 4Q21 was 43.3%, up 12.7 p.p. YoY and contracting 690 bps QoQ. In the year, Quali's EBITDA was R\$999.6 million (+2.3% YoY), with a margin of 47.7% (-50 bps YoY).

In 4Q21 there was a 49% YoY reduction in EBITDA adjustments, which totaled R\$34.9 million. Of this total, R\$23.4 million refers to the write-off of provisions related to the 2020 price readjustment, which was charged in 12 installments over 2021. Another R\$7.4 million are related to expenses with extraordinary termination of Quali employees, after a staff readjustment at the end of the year. There was also an equity equivalence adjustment (participation in Escala Health) and other non-recurring expenses, mostly related to actions to combat against COVID-19.

As consequence, Adjusted EBITDA reached R\$260.9 million in 4Q21, with 15.3% YoY growth and 3.0% QoQ reduction. The Adjusted EBITDA margin reached 50.0% in 4Q21, with expansion of 610 bps YoY and slight contraction of 25 bps QoQ. In 2021, Quali's Adjusted EBITDA was R\$1,050 million (-2.0% YoY), with Adjusted EBITDA margin of 50.1% which was 280 bps lower than the previous year.

Financial Results

Financial Results (R\$MN)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Inter. and Fine on Late Paym.	8.3	6.4	30.1%	8.4	-1.8%	32.8	27.3	20.0%
Mon. Adj. from Acq. Payables	(0.5)	(0.7)	-32.0%	(0.5)	-10.5%	(2.2)	(4.8)	-55.4%
Other Financ. Res.	(55.7)	(12.7)	338.4%	(19.8)	181.6%	(113.0)	(79.4)	42.3%
Financial Ap.	21.9	5.5	294.7%	15.2	43.7%	49.7	20.4	143.2%
FX variation and Hedge	(15.0)	-	NM	(3.1)	387.0%	(18.3)	-	NM
Cash Flow Hedge	(31.4)	(9.9)	215.4%	(22.2)	41.5%	(77.7)	(50.8)	52.8%
Other Oper. Inc. (Exp.)	(31.3)	(8.3)	276.2%	(9.8)	NM	(66.8)	(49.0)	36.2%
Total Consolidated	(47.9)	(7.1)	579.8%	(11.9)	303.0%	(82.4)	(56.9)	44.8%

Net financial results were negative in R\$47.9 million in 4Q21 and R\$82.4 million in 2021, with increases of 580% and 45% YoY, respectively. These increases reflect higher interest on CDI-linked loans and financing and Quali's higher net debt, in addition to an increase in other financial expenses related to the adjustment of R\$21.8 million in the call option of non-controlling interests in Plural and Uniconsult, accounted in 4Q21.

Net Income

Net Income (R\$ MN)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
EBITDA	226.0	158.0	43.0%	268.6	-15.8%	999.6	976.7	2.3%
D&A	(99.1)	(77.1)	28.6%	(88.7)	11.8%	(362.8)	(367.5)	-1.3%
Intangible/Fixed Assets	(42.2)	(35.4)	19.2%	(37.7)	12.1%	(162.6)	(212.7)	-23.5%
Amort. Commissions	(54.2)	(38.4)	41.1%	(47.9)	13.3%	(189.1)	(138.3)	36.8%
Amort. Leases	(2.6)	(3.2)	-18.0%	(3.1)	-16.1%	(11.1)	(16.5)	-32.9%
EBIT	126.9	81.0	56.8%	179.9	-29.5%	636.8	609.2	4.5%
Fin. Inc. (Exp.)	(47.9)	(7.1)	579.8%	(11.9)	303.0%	(82.4)	(56.9)	44.8%
Earnings before taxes	79.0	73.9	6.9%	168.0	-53.0%	554.4	552.3	0.4%
Income Tax./Social Contrib.	(24.5)	(4.9)	401.6%	(54.9)	-55.4%	(177.0)	(157.1)	12.7%
Net Income Consolidated	54.5	69.0	-21.1%	113.1	-51.8%	377.3	395.2	-4.5%
(-) Minority Interest	(3.9)	(1.4)	178.0%	(2.7)	46.1%	(11.5)	(3.1)	272.5%
Net Income Parent Co.	50.6	67.6	-25.2%	110.4	-54.2%	365.8	392.1	-6.7%

Our net income for 4Q21 was R\$50.6 million, after minority interests, and presented a reduction of 25.2% YoY, as the 43% growth in EBITDA was negatively offset by the 28.6% increase in

Depreciation and Amortization, the almost 6.8x increase in net financial expenses and in the effective tax rate to the normal level (versus comparison basis with interest on equity benefit). In 2021, Quali's net income was R\$365.8 million, with a reduction of 6.7% YoY due mainly to the 45% increase in net financial expenses and in the effective income tax rate and Social Contribution.

Managerial Cash Flow

Cash Flow	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
EBITDA	226.0	158.0	43.0%	268.6	-15.8%	999.6	976.7	2.3%
Non cash	(2.7)	60.7	NM	11.4	NM	24.0	78.2	-69.4%
Amount Paid for Leasing	(2.9)	(3.4)	-15.3%	(2.8)	4.1%	(11.9)	(17.2)	-30.7%
Commissions	(101.9)	(48.0)	112.1%	(125.4)	-18.7%	(408.8)	(174.5)	134.2%
Interest Paid	-	(49.4)	NM	(32.5)	NM	(110.9)	(169.6)	-34.6%
Chang. In Working Capital	(29.4)	(32.2)	-8.6%	(20.7)	42.1%	(86.8)	17.5	NM
Cash Prov. by Op. Act.	89.2	85.6	4.2%	98.7	-9.6%	405.2	711.0	-43.0%
Capex (Intang. + Imob.)	(22.9)	(10.5)	117.2%	(27.8)	-17.7%	(90.3)	(41.2)	119.4%
Cash Flow Fin. Activ. After Capex	66.3	75.1	-11.7%	70.9	-6.5%	314.8	669.8	-53.0%
Acquisitions portfolio/companies	(98.8)	(280.0)	-64.7%	(13.5)	633.5%	(331.7)	(309.9)	7.0%
Free Cash Flow to Firm	(32.5)	(204.9)	-84.1%	57.4	-156.6%	(16.8)	360.0	NM
Financial Income	11.8	6.8	73.7%	(10.8)	NM	(13.6)	(66.1)	-79.4%
Financial Investments	(6.4)	51.5	NM	(0.5)	NM	18.5	(24.6)	NM
Loans	-	-	NM	450.4	NM	800.4	-	NM
Share buyback	-	(129.9)	NM	(129.9)	NM	(129.9)	-	NM
Dividends Paid	(370.4)	(15.4)	653.0%	(15.4)	NM	(619.0)	(49.2)	NM
Dividends Paid to minority shareholder	(5.2)	(3.5)	334.3%	(3.5)	48.3%	(8.8)	(2.5)	258.1%
Cash Prov. Financing Activ.	(370.3)	7.9	NM	290.2	NM	47.5	(142.3)	NM
Cash Flow	(402.7)	(197.0)	104.4%	347.6	NM	30.7	217.7	-85.9%

Operating cash generation (before investments) was R\$89.2 million in 4Q21, increase 4.2% YoY and decrease 9.6% QoQ. We posted an 18.7% QoQ sequential reduction in commission from new sales, as we started the process of reducing incentives in our sales channel, as anticipated in our 3Q21 earnings conference call. Working capital consumption showed improvement of 8.6% when compared to prior year, despite increasing 42% QoQ.

After Capex, and before acquisitions, our cash flow generation was R\$66.3 million in 4Q21, down 11.7% YoY and -6.5% QoQ. In addition, we disbursed R\$99 million with acquisitions in 4Q21, including most of the R\$129 million total from the Grupo Elo acquisition. As a result, we had negative free cash flow of R\$32.5 million.

In 2021, our operating cash generation before acquisitions was R\$315 million, down 53% from 2020, mainly due to higher investment in commissioning and worsening working capital. After acquisitions, our free cash flow was slightly negative at R\$16.8 million. It is also important to highlight that we distributed R\$619 million in dividends and Interest on equity, and disbursed R\$130 million in share buybacks, totaling R\$749 million in value distribution to our shareholders in 2021.

Investments

Capex (R\$ MM)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Acquisitions (portfolio/companies)	135.3	197.3	-31.4%	4.8	NM	154.0	239.5	-35.7%
IT Capex	18.2	15.8	15.2%	16.6	9.2%	56.6	36.1	56.8%
PP&E/Other Capex	3.1	3.0	5.5%	9.6	-67.3%	21.8	9.8	123.3%
Total	156.6	216.0	-27.5%	31.0	405.3%	232.4	285.4	-18.5%

Our capex was R\$156.6 million in 4Q21, with 86% of this amount related to M&A. Recurring capex (IT, fixed assets and others) was R\$21.3 million in the quarter, increasing 14% YoY and decreasing 19% QoQ. Total capex in 2021 was R\$232.4 million, or R\$78.4 million excluding acquisitions, with a 57% increase in technology investments and a 123% increase in fixed assets/other.

Indebtedness

Capital Structure (R\$ MM)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Current Debt ⁽¹⁾	1,939.6	126.0	NM	1,869.8	3.7%	1,939.6	126.0	NM
Long Term Debt	291.6	1,302.0	-77.6%	291.8	-0.1%	291.6	1,302.0	-77.6%
TOTAL	2,231.2	1,428.1	56.2%	2,161.5	3.2%	2,231.2	1,428.1	56.2%
Cash and cash equivalents ⁽²⁾	705.6	698.3	1.1%	1,102.8	-36.0%	705.6	698.3	1.1%
Net Debt	1,525.5	729.8	109.0%	1,058.8	44.1%	1,525.5	729.8	109.0%
Net Debt / Adj. EBITDA LTM	1.45x	0.68x	77.2%	1.04x	41.0%	1.45x	0.68x	77%

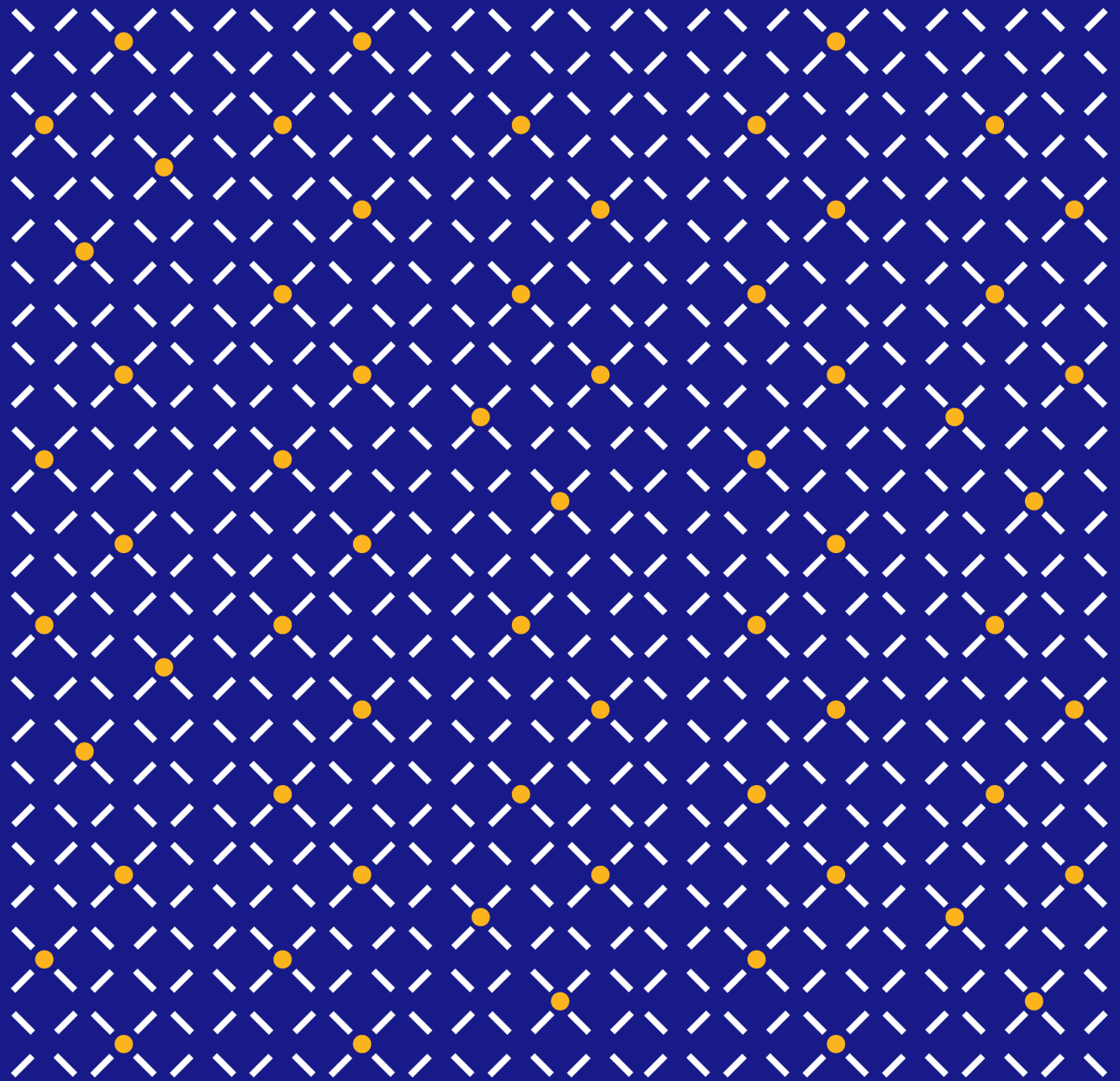
(1) Includes acquisitions debt.

(2) Does not include the financial investment maintained as a guarantor asset in the direct subsidiaries Qualicorp Benefícios, Gama Saúde and for the indirect subsidiaries Clube de Saúde, Plural and Uniconsult, which are regulated by the ANS.

Quali ended 4Q21 with a net debt position of R\$1,526 million, an increase of 44% QoQ and 109% higher YoY, as result of the lower free cash flow generation, payment of M&A, share buyback and dividends distribution. As consequence, our leverage went to 1.45x LTM Adjusted EBITDA in 4Q21, compared to 1.04x in 3Q21 and 0.68x in 4Q20.

ROIC

Return on Investment	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ
Non Current Assets	2,837	2,244	26.4%	2,680	5.9%
Working Capital	(116)	(86)	34.8%	(124)	-6.8%
Invested Capital	2,721	2,158	26.1%	2,555	6.5%
Adjust. to Invested Cap.	926	947	-2.2%	933	-0.7%
Adj. Invest. Cap. (Average LTM)	1,795	1,212	48.1%	1,623	10.6%
Adj. EBITDA LTM	918	911	0.7%	843	8.8%
(-) Taxes (34%)	(312)	(310)	0.7%	(287)	8.8%
NOPAT LTM	606	601	0.7%	557	8.8%
ROIC	33.8%	49.6%	-15.9 p.p.	34.3%	-55 bps



Attachments Financial Statements

Attachments – Financial Statements

Income Statement - Consolidated

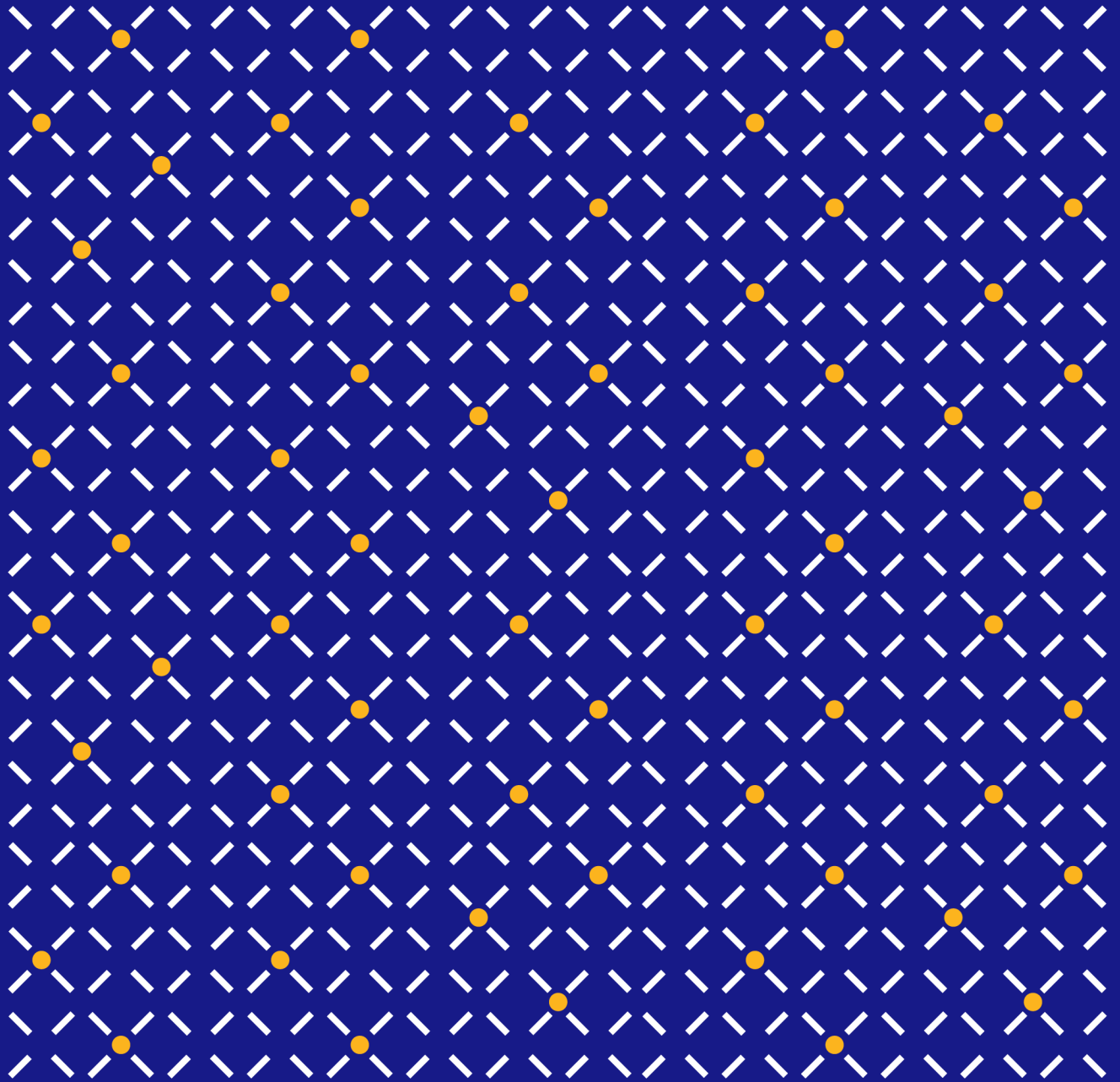
INCOME STATEMENT (R\$ MM)	4Q21	4Q20	Var. YoY	3Q21	Var. QoQ	2021	2020	Var. YoY
Net Operating Revenue	521.5	515.1	1.2%	534.9	-2.5%	2,096.5	2,025.9	3.5%
COGS	(98.2)	(87.1)	12.7%	(106.4)	NM	(425.9)	(362.2)	17.6%
Gross Profit	423.3	428.0	-1.1%	428.4	-1.2%	1,670.7	1,663.8	0.4%
Operating Income (expenses)	(296.4)	(347.0)	-14.6%	(248.5)	NM	(1,033.9)	(1,054.5)	-2.0%
Administrative expenses	(77.6)	(83.8)	-7.3%	(96.8)	NM	(411.1)	(494.2)	-16.8%
Selling expenses	(142.4)	(91.4)	55.8%	(127.7)	NM	(484.4)	(321.7)	50.6%
Provisions for Bad Debt	(43.9)	(49.0)	-10.3%	(16.3)	NM	(92.1)	(111.6)	-17.5%
Other operating income (expenses)	(32.4)	(122.8)	-73.6%	(7.8)	NM	(46.3)	(127.1)	-63.5%
Inc. form Op. Before Financial Income	126.9	81.0	56.7%	179.9	-29.5%	636.8	609.2	4.5%
Financial income (expenses)	(47.9)	(7.1)	579.8%	(11.9)	303.0%	(82.4)	(56.9)	44.8%
Income Before Income Tax Social Contributic	79.0	73.9	6.8%	168.0	-53.0%	554.3	552.3	0.4%
Income Tax and Social Contribution	(24.5)	(4.9)	401.6%	(54.9)	-55.4%	(177.0)	(157.1)	12.7%
NET (LOSS) INCOME FOR PERIOD	54.5	69.0	-21.1%	113.1	-51.8%	377.3	395.2	-4.5%
Attributable to								
Noncontrolling interest	(3.9)	(1.4)	178.0%	(2.7)	46.1%	(11.5)	(3.1)	272.5%
Controlling interest	50.6	67.6	12.4%	110.4	-54.2%	365.8	392.1	5.3%

Balance Sheet - Consolidated

ASSETS (R\$ MN)	Dec/21	Dec/20	Var. %	LIABILITIES & SHAREHOLDERS EQUITY (R\$ MM)	Dec/21	Dec/20	Var. %
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	449.5	418.8	7.3%	Loans, Financing and Debentures	1,909.5	17.3	NM
Short-term investments	303.1	320.3	-5.4%	Derivative financial instruments	-	-	NM
Trade receivables	221.9	711.5	-68.8%	Taxes payable	45.8	59.4	-22.9%
Other assets	247.9	183.3	35.3%	Technical Reserves	10.1	8.7	16.5%
Other financial assets	239.1	177.8	34.5%	Premiums to be transferred	217.8	666.9	-67.3%
Other non-financial assets	8.7	5.5	59.0%	Financial transfers payable	23.3	29.3	-20.5%
Derivative financial instruments	27.1	-	NM	Payroll and related taxes	41.7	56.9	-26.7%
Related Parties	-	-	NM	Transferable prepayments	57.2	52.6	8.9%
Total current assets	1,249.4	1,633.8	-23.5%	Related parties	70.9	42.1	NM
NONCURRENT ASSETS			0.0%	Other payables	231.5	210.2	10.1%
Long-term assets			0.0%	Leases	10.3	15.0	-31.2%
Trade receivables	-	-	NM	Total current liabilities	2,618.1	1,158.4	126.0%
Income tax and social contribution	69.9	110.1	-36.5%	NONCURRENT LIABILITIES			
Other assets	162.0	145.3	11.5%	Loans, Financing and Debentures	289.8	1,298.4	-77.7%
Other financial assets	161.3	138.3	16.6%	Income tax and social contribution	0.3	0.7	-64.6%
Other non financial assets	0.7	7.0	-90.2%	Payroll and related taxes	1.6	2.2	-26.9%
Total long-term assets	232.0	255.4	-9.2%	Deferred income tax and social contribution	44.1	42.0	5.0%
Investments	131.3	0.3	NM	Options for non-controlling interests acquiring	71.9	50.1	43.5%
Property, plant and equipment	55.1	43.9	25.5%	Provision for risks	79.5	93.7	-15.1%
Intangible assets				Other payables	6.7	71.5	-90.7%
Goodwill	1,854.7	1,741.3	6.5%	Leases	16.6	20.3	-18.1%
Others intangible assets	881.1	732.3	20.3%	Total noncurrent liabilities	510.4	1,578.8	-67.7%
Total noncurrent assets	3,154.2	2,773.2	13.7%	EQUITY			
				Capital	875.6	875.6	0.0%
				Treasury Shares	(128.6)	(5.4)	NM
				Capital reserves	133.3	127.6	4.5%
				Profit reserves	387.9	669.9	-42.1%
				Earnings	-	-	NM
				Others	(1.7)	-	NM
				Total Equity of controlling shareholders	1,266.4	1,667.7	-24.1%
				Noncontrolling interest in subsidiaries	8.6	2.1	320.6%
				Total equity	1,275.0	1,669.8	-23.6%
TOTAL ASSETS	4,403.6	4,407.0	-0.1%	TOTAL LIABILITIES AND EQUITY	4,403.6	4,407.0	-0.1%

Cash Flow - Consolidated

STATEMENTS OF CASH FLOWS (R\$ MN)	2021	2020	Var. %
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (losses) before income tax and social contribution	554.4	552.3	0.4%
Adjustments:			
Depreciation and Amortization	362.8	367.5	-1.3%
Impairment	(2.0)	50.9	NM
Equity Accounting	2.6	-	NM
Result from fixed Assets and Intangibles	-	(13.9)	NM
Stock Option Program	-	-	NM
Restricted Shares	13.4	35.5	-62.4%
Financial Income/Expenses	114.1	59.2	92.8%
Losses with disproportionate dividends	0.9	-	NM
Readjustments Provision	28.0	(28.0)	NM
Provision for Risks	(18.9)	33.6	NM
Origin Cash provided by operating activities	(91.6)	31.6	NM
Cash provided by operating activities	963.7	1,088.7	-11.5%
Interest paid on debentures	(44.9)	(67.9)	-33.9%
Income tax and social contribution paid	(110.9)	(169.6)	-34.6%
Net cash provided by operating activities	807.9	851.3	-5.1%
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in intangible assets	(575.9)	(306.8)	87.7%
Purchase of property, plant and equipment	(22.4)	(6.0)	276.4%
Increase (decrease) in financial investments - exclusive FI fund	23.3	(38.7)	NM
Amount paid in acquisition (Uniconsult)	-	(22.1)	NM
Amount paid in acquisition (Plural)	-	(166.1)	NM
Amount paid in acquisition (Oxcorp)	-	(24.6)	NM
Amount paid in acquisition (500 LLC)	(49.5)	-	NM
Amount paid in acquisition (Escale Health)	(84.2)	-	NM
Amount paid in acquisition (Elo)	(58.8)	-	NM
Amount paid in acquisition (APM)	(40.0)	-	NM
Net cash used in investing activities	(807.5)	(564.3)	43.1%
CASH FLOW FROM FINANCING ACTIVITIES			
Rents Paid	(11.9)	(17.2)	-30.7%
Cost of Raising Debentures	(0.5)	(0.4)	6.9%
Other costs of raising loans	(0.0)	-	NM
Loans	800.4	-	NM
Shares buy back	(129.9)	-	NM
Dividends paid to minorities	(8.8)	(2.5)	258.1%
Dividends and Interest on equity paid	(619.0)	(49.2)	NM
Cash provided by (used in) financing activities	30.3	(69.3)	NM
INCREASE IN CASH AND CASH EQUIVALENTS, NET	30.7	217.7	-85.9%
Cash and cash equivalents at beginning of period	418.8	201.1	108.3%
Cash and cash equivalents at end of period	449.5	418.8	7.3%



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