

Management Report 2023

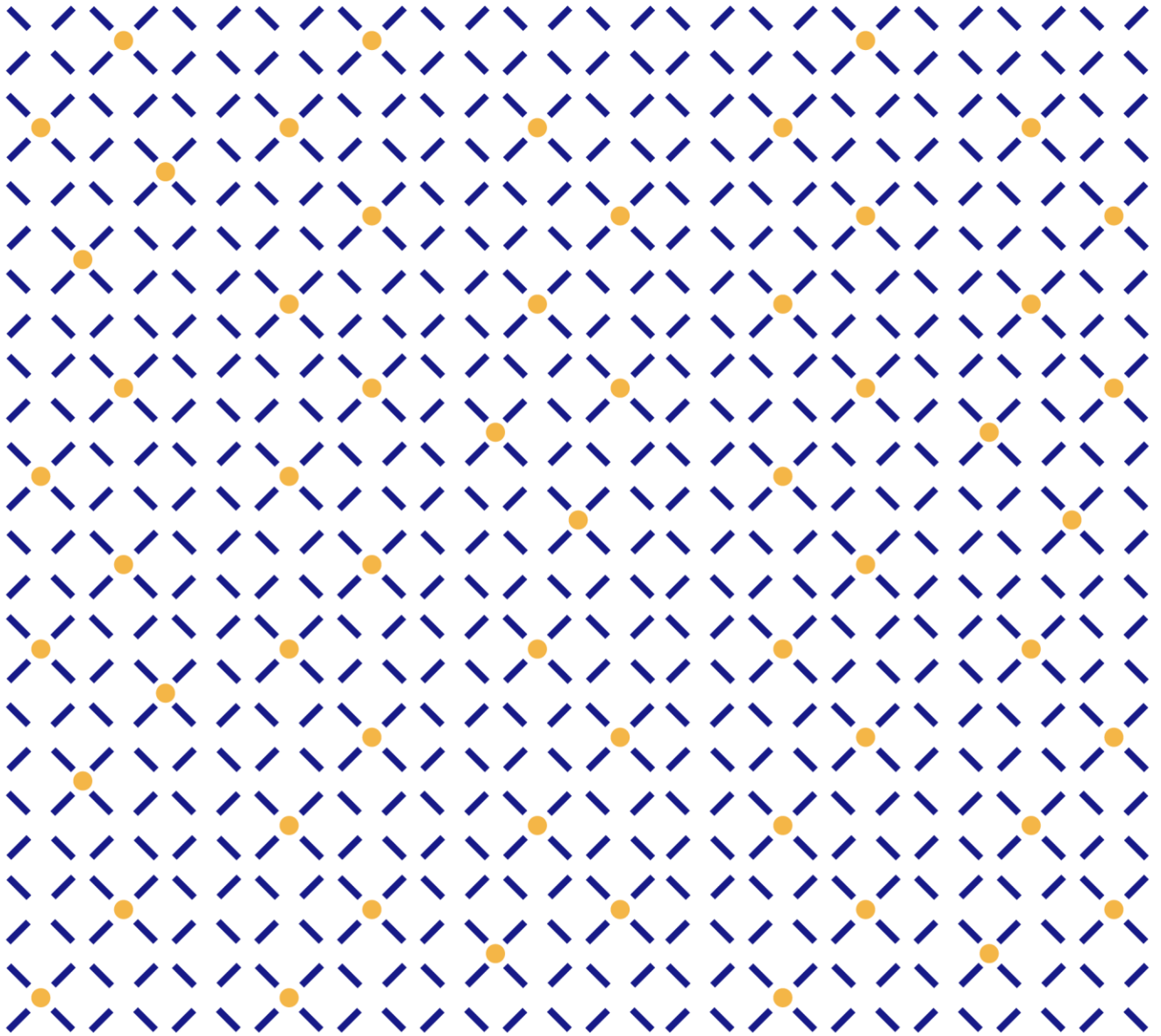
2023 Results

São Paulo, March 21, 2024. Qualicorp Consultoria e Corretora de Seguros S.A. ("Quali" or "Company") (B3: QUAL3), a leading full-service healthcare benefits broker, administrator, and health management services provider in Brazil, announces its consolidated results for the fourth quarter of 2023 (4Q23) and 2023. 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 figures as well as their historical series are available in MS Excel format on the website ri.qualicorp.com.br.

Highlights:

- **Free Cash Flow:** R\$511.6 million in 2023 (2.7x vs. 2022).
- **Lives Portfolio:** 787.5 thousand Affinity Managed Portfolio in 4Q23, with organic gross adds of 245.3k lives and 462.9k cancellations concluding the year with (-20.2% vs. 2022), which represented a 134 bps improvement in the churn rate compared to 2022. SME portfolio of 95.2k lives in the year (+13.4% vs. 2022).
- **Net Revenue:** R\$1.749.9 million in 2023 (-10.3% vs. 2022), with a 18% growth in average ticket and take-rate 130 bps lower than 2022;
- **Adjusted EBITDA:** R\$774.6 million in 2023, 44.3% margin (-376 bps vs. 2022).
- **Adj. EBITDA (-) CAC:** R\$588.5 million in 2023 (-1.8% vs. 2022), 33.6% margin (+292 bps vs. 2022).
- **Adjusted Net Income:** R\$37.5 million in 2023.
- **Net Debt:** R\$1.22 billion in 2023, -18.5% vs. 2022, equivalent to 1.58x Adjusted EBITDA LTM, vs. 1.60x in 2022. Cash and equivalents of around R\$1 billion at the end 2023.

Key Indicators (R\$ MN)	2023	2022	YoY
Consolidated Portfolio (thous. lives)	2,103.9	2,420.8	-13.1%
Affinity Managed (thous. lives)	787.5	1,005.1	-21.7%
Gross Adds - organic (thous. lives)	245.3	410.7	-40.3%
Churn (thous. lives)	(462.9)	(580.2)	-20.2%
Net Revenue	1,749.9	1,951.4	-10.3%
Adjusted EBITDA	774.6	937.1	-17.3%
<i>Adjusted EBITDA Margin</i>	<i>44.3%</i>	<i>48.0%</i>	<i>-376 bps</i>
Adj. EBITDA (-) CAC	588.5	599.2	-1.8%
<i>Adj. EBITDA (-) CAC Margin</i>	<i>33.6%</i>	<i>30.7%</i>	<i>292 bps</i>
Net Income	(82.4)	92.8	NM
Adjusted Net Income	37.5	198.0	-81.0%
Free Cash Flow	511.6	188.9	170.8%
Net Debt	1,220.0	1,496.3	-18.5%
<i>Net Debt / Adj. EBITDA LTM</i>	<i>1.58x</i>	<i>1.60x</i>	<i>-0.02x</i>



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More Quali for your life.



Management Highlights

2023 has proved to be a very challenging year for society, as well as for the healthcare sector. Despite overcoming the most critical moment of the pandemic, we live through a contractionary macroeconomic scenario, with high interest rates, a credit crisis and many corporate restructurings. With the 2022 deregulation, therapies related to ASD (Autism Spectrum Disorder) continued to have an impact on maintaining medical loss ratios (MLR) at historically high levels, generating a prolongation of the health insurance market's economic imbalance, which in turn demanded high readjustments, sales suspensions, and put pressure on families' budgets and purchasing power.

Faced this backdrop, in the second half of the year, Quali shook its foundations in order to adapt to the new sector environment, and begins 2024 dedicated to a strategic plan that rescues a proposal to generate value in its business that benefits all its stakeholders; insurers/HMOs, brokers, entities, and beneficiaries; relying on a broad positioning vision in order to meet the needs of each individual, regardless of how they are "legally" presenting themselves (via Affinity or SME) and at any time in their life, as far as health insurance is concerned.

In this way, we remain confident in the execution of the strategic pillars; diligent cash management, through greater operational efficiency and better capital allocation; as well as in building a complete product portfolio, reconciled with better risk acceptance and customer service. On these fronts, we believe we can reposition and build a evergreen future for our Quali.

In this dynamic, we continued throughout the fourth quarter to carry out 1) organizational restructuring on the fronts of rightsizing structures and teams, reviewing contracts and projects, and re-evaluating the physical structure, 2) rebuilding the product portfolio by region, 3) improving the acceptance process, 4) reviewing the commercial model and 5) the organizational culture program, which together we expect to see reflected in the results throughout 2024.

In the context of the events that took place throughout the year, gross adds totaled 245.3 thousand, although, still lower than cancellations of 462.9 thousand, resulting in a Affinity portfolio of 787.5 thousand lives, down 21.7% vs. 2022. The churn rate fell 1.3 p.p. to 51%. The increase in the average ticket and the take rate stability, however, were not enough to offset the drop in volume, ending the year with net revenue of R\$1,749.9 (-10.3% vs. 2022). In 4Q23, due to similar volume issues (gross adds of 48 thousand and cancellations of 106 thousand), net revenue totaled R\$414 million, down 8.5% vs. 4Q22 and 6.5% vs. 3Q23.

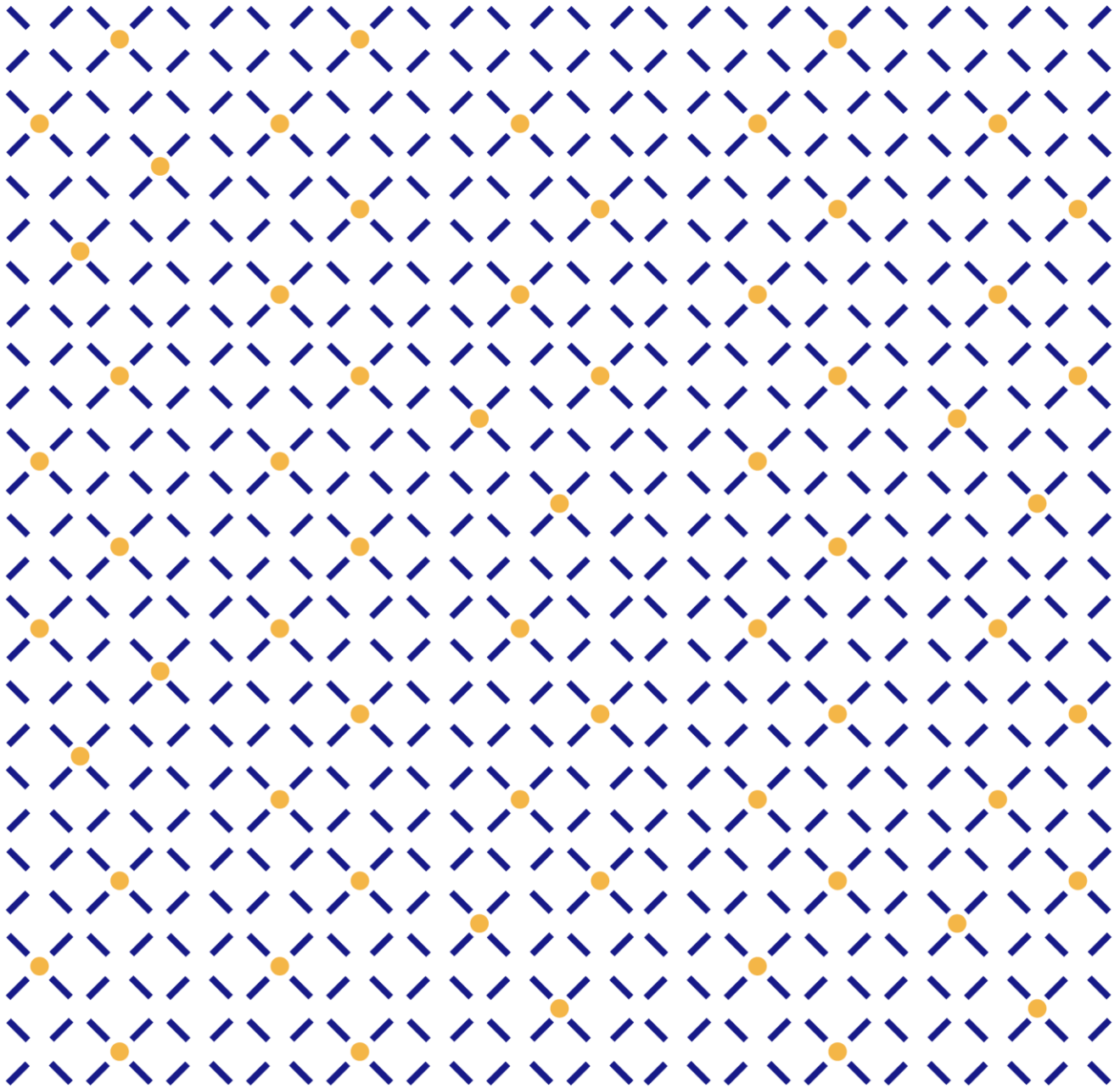
In 2023, the Company had an Adjusted EBITDA - CAC of R\$588.5 with a 33.6% margin (-1.8% and +292 bps vs. 2022, respectively), the effect of greater discipline in capital allocation and initial strategy adjustment actions. Our adjusted EBITDA totaled R\$774.6 with a 44.3% margin (-17.3% and -376 bps vs. 2022, respectively), mainly impacted by the top line effects described above. Adjusted net income for the year was R\$37.5 million, down 81.0% on the previous year. One-off restructuring costs for the year totaled R\$181.8 million (see the EBITDA table on page 14 of this release for more



details). In 4Q23, EBITDA-CAC was R\$137 million with a 33% margin, down 5.9% vs. 4Q22 and 16.4% vs. 3Q23.

Despite our accounting result in 2023, due to "one-off, non-cash" effects, we presented strong free operating cash flow generation of R\$511.6 million in 2023 (2.7x vs 2022), after efforts to optimize commissions and normalize working capital. In 4Q23, we generated R\$109.4 million, lower 6.3% vs 4Q22 and 3.8% vs 3Q23. As a result, our debt level (net debt/Adjusted EBITDA) remained stable at 1.6x at the end of the year.

Aware of the significant challenges that the economic and sector scenario imposes on us, we will continue to implement our strategic plan throughout 2024, with focus and discipline, to continue creating value for all our stakeholders, generating adequate returns for our shareholders, supported by renewed pride for our team of employees. By consolidating this strategy, we believe we will leverage our competitive differentials as a leader in the Health Benefits Administration market, as well as cultivating a more sustainable environment for the sector as a whole.



Lives Portfolio

Lives Portfolio

Portfolio	2023	2022	Var. YoY
Affinity Managed Portfolio			
Total Portfolio (BoP)	1,005,090	1,169,061	-14.0%
(+) Gross Adds	245,284	410,686	-40.3%
(-) Churn	(462,903)	(580,178)	-20.2%
(+) Portfolio Acquisition	-	5,521	NM
New Lives Added (Net)	(217,619)	(163,971)	-24.7%
Total Portfolio (EoP)	787,471	1,005,090	-21.7%
Affinity Others			
Total Portfolio (BoP)	496,423	538,936	-7.9%
New Lives Added (Net)	(181,975)	(42,513)	328.0%
Total Portfolio (EoP)	314,448	496,423	-36.7%
Affinity Portfolio	1,101,919	1,501,513	-26.6%
Corporate	240,432	240,633	-0.1%
Gama	666,289	594,648	12.0%
SME	95,244	83,960	13.4%
Corp., Gama and SME Portf.	1,001,965	919,241	9.0%
Total Portfolio	2,103,884	2,420,754	-13.1%

Quali ended 2023 with a portfolio of 2.1 million lives, 13.1% lower than 2022, mainly due to the 26.6% YoY decrease in the Affinity portfolio, which was only partially offset by a 9.0% growth vs. 2022 in other segments (Corporate, Gama and SME)

Managed Portfolio

We therefore ended 2023 with 787,471, a 21.7% reduction compared to 2022, with a negative net variation of 58.1 thousand lives. There was a slowdown in gross adds to 245,300 lives in the year (-40.3% vs. 2022), as well as cancellations of 462,900 lives. We are following our restructuring process, which included the replacement of several leaders in the commercial area and the implementation of a strategy to reposition us and improve our product offering capacity, enabling new retention methods. As a result, our churn rate in 2023 was 51.0%, an 134 bps improvement, but still above the historical outlook for this indicator.

In the Affinity Others portfolio, which includes massified plans (mainly dental), we had net losses of 182 thousand lives in 2023, largely in line with the decline of the main portfolio.

Corporate, Gama and SME

Our conventional corporate segment portfolio remained stable compared to 2022 and ended the year with 240.4 thousand lives and SME with 95.2 thousand lives (+13.4% vs. 2022). Gama's portfolio, our health management business, in turn, expanded 12.0% over 2022, ending the year with 666.3 thousand lives, justified by an increase in partnerships that have the prospect of impacting the various avenues of the business.

2023 Results

Income Statement (R\$ MN)	2023	2022	Var. YoY
Net Revenue	1,749.9	1,951.4	-10.3%
(-) COGS and SG&A	(832.7)	(957.6)	-13.0%
(-) Contingencies and Legal Exp.	(38.4)	(46.4)	-17.1%
(-) Bad Debt Provision	(142.0)	(97.7)	45.2%
(+/-) Other Oper.	(144.0)	(72.0)	100.0%
EBITDA	592.8	777.7	-23.8%
EBITDA Margin	33.9%	39.9%	-598 bps
(+/-) EBITDA Adj.	181.8	159.4	14.0%
Adjusted EBITDA	774.6	937.1	-17.3%
Adjusted EBITDA Margin	44.3%	48.0%	-376 bps
(-) D&A	(475.3)	(415.4)	14.4%
(+/-) Fin. Inc. (Exp.)	(229.1)	(215.6)	6.3%
(-) Income Tax./Social Contrib.	36.3	(45.3)	NM
(-) Minority Interest	(7.1)	(8.7)	-18.7%
Net Income Controlling	(82.4)	92.8	NM
Net Margin	-4.7%	4.8%	-947 bps
Net adjustments to EBITDA	120.0	105.2	NM
Adjusted Net Income	37.5	198.0	-81.0%
Adjusted Net Margin	2.1%	10.1%	-800 bps

In 2023, Net Revenue fell 6.5% to R\$1,749.9 million. Adjusted EBITDA totaled R\$774.6 million (-17.3% Vs. 2022), with a 44.3% margin, a contraction of 376 bps. Adjusted net income in 2023 amounted to R\$37.5 million (-81.0% vs. 2022).

This movement was due to the process of reducing net revenue explained above, smoothed out with actions during the second half of 2023 with recurring COGS & SG&A reductions, which will continue to have an impact on results throughout 2024. We will discuss costs and expenses and their impact on EBITDA in the following sections. In addition to the above factors, there was an increase due to the amortization of commissions from previous years.

Revenue by Segment

Revenue (R\$ MN)	2023	2022	Var. YoY
Managed Portfolio	1,747.7	1,961.9	-10.9%
Affinity	1,735.1	1,947.8	-10.9%
Agency	66.3	110.4	-40.0%
Administration Fee	1,253.6	1,321.1	-5.1%
Brokerage	414.1	514.2	-19.5%
Other Income	1.1	2.1	-45.3%
Affinity Others	12.7	14.1	-10.2%
Corporate	19.4	26.0	-25.5%
Gama + Intercompany	88.0	86.4	1.9%
SME total	36.4	36.3	0.2%
Gross Revenue	1,891.5	2,110.7	-10.4%
Income Taxes	(141.1)	(157.8)	-11%
Cancellations and rebates	(0.5)	(1.4)	-66.2%
Net Revenue	1,749.9	1,951.4	-10.3%

Quali's gross revenue was R\$1,891.5 million in 2023, a 10.4% decrease.

In the year to date of 2023, recurring revenue totaled R\$1,667.7 million, a 9.1% decrease vs. 2022, due to a 21.7% drop in the average lives base and a slight reduction in the take-rate, partially offset by the positive effect on the low double-digit ticket.

In the Affinity Others segment, gross revenue fell to R\$12.7 million in 2023, with a variation of -10.2% YoY.

The combined gross revenue of the other segments fell 3.3% compared to 2022 and 3.3% on an annualized basis.

Costs and Expenses

Costs and Expenses (R\$ MN)	2023	2022	Var. YoY
Total Consolidated	(1,157.1)	(1,173.7)	-1.4%
COGS	(369.0)	(444.2)	-16.9%
Administrative Expenses	(236.1)	(243.8)	-3.2%
Commercial Expenses	(227.6)	(269.6)	-15.6%
Contingencies, Bad Debt and Other	(324.4)	(216.1)	50.1%
Total Consolidated	(1,157.1)	(1,173.7)	-1.4%
Fixed Expenses	(593.6)	(682.4)	-13.0%
Personnel	(333.4)	(369.3)	-9.7%
3rd-party Services	(176.9)	(196.3)	-9.9%
Occupancy	(11.3)	(20.8)	-45.5%
Marketing and Trade	(30.7)	(42.5)	-27.8%
Other Costs and SG&A	(41.4)	(53.6)	-22.8%
Variable Expenses	(563.5)	(491.3)	14.7%
Contingencies and Legal Exp.	(38.4)	(46.4)	-17.1%
Comissions and Transf.	(239.1)	(275.2)	-13.1%
Bad Debt Provision	(142.0)	(97.7)	45.2%
Other Operating	(144.0)	(72.0)	100.0%
(+/-) EBITDA Adj.	181.8	145.7	24.8%
Total Consol. Ex-Adj.	(975.3)	(1,028.0)	-5.1%

Note: SG&A expenses without depreciation and amortization..

Quali's total consolidated costs and expenses in 2023 were R\$1,157.1 million, representing a drop of 1.4% against 2022, and after adjustments to EBITDA, an amount of R\$975.3 million, achieving a reduction of 5.1%.

In order to facilitate the analysis of variations, since the last quarter we have divided Quali's costs and expenses lines into two large groups of fixed expenses (Personnel, Third-party Services, Occupancy, Marketing & Trade and Other SG&A) and variable expenses (Commissions & Transf., Bad Debt Provision and Other Operating), while keeping the usual opening by nature and by accounting group.

In 2023, recurring fixed expenses are down 13.0% vs. 2022, from R\$659.2 million to R\$573.8 million, with significant reductions in all accounting groups, adapting the company to the times and allowing the sustainability of the business. In the year to date, recurring variable expenses increased 4.5% YoY to R\$417.1 million.

EBITDA

EBITDA (R\$ MN)	2023	2022	Var. YoY
Net Revenue	1,749.9	1,951.4	-10.3%
(-) COGS	(369.0)	(444.2)	-16.9%
(-) SG&A	(463.7)	(513.4)	-9.7%
(-) Contingencies and Legal Exp.	(38.4)	(46.4)	-17.1%
(-) Bad Debt Provision	(142.0)	(97.7)	45.2%
(-) Other Oper. Inc. (Exp.)	(144.0)	(72.0)	100.0%
EBITDA	592.8	777.7	-23.8%
EBITDA Margin	33.9%	39.9%	-598 bps
(+/-) EBITDA Adj.	181.8	159.4	14.0%
Other Non-Recurring Effects	7.0	8.4	-15.9%
Impairment	19.4	-	NM
Bad Debt Provision Adj.	30.5	-	NM
Qsaúde	15.7	-	NM
Severance Provision	12.9	15.7	NM
HMOs/Entities Provisions for Losses	-	97.1	NM
Write-off Judicial deposits	-	24.5	NM
Revenue Reversal	-	13.8	NM
Investment write-off Escalé	96.3	-	NM
Adjusted EBITDA	774.6	937.1	-17.3%
Adjusted EBITDA Margin	44.3%	48.0%	-376 bps
(-) Cash Comissions (CAC)	(186.1)	(337.9)	-44.9%
Adj. EBITDA (-) CAC	588.5	599.2	-1.8%
Adj. EBITDA (-) CAC Margin	33.6%	30.7%	292 bps

Note: CAC refers to organic investments in commissions (cash), as shown in the managerial cash flow.

In 2023, EBITDA was R\$592.8 million (-23.8% YoY), with a 33.9% margin (-598 bps YoY). We made adjustments to EBITDA mainly related to provisioning in the Bad Debt Provision, due to one-off losses caused by difficulties in migrating billing processes between systems, the renegotiation of Qsaúde, which will guarantee us a positive cash effect in the 2Q24 result, but implies a write-off in this quarter, as well as adjustments related to the movement to operational efficiency gain, through cost and expense reductions, which Quali has been going through. All these effects generated an impact of R\$181.8 million.

Excluding these effects from the result to create a recurrence comparison, we achieved an Adjusted EBITDA of R\$774.6 million in 2023 (-17.3% YoY), with an adjusted margin of 44.3% (-376 bps YoY).

Another KPI, introduced in the 3Q23 release, is Adjusted EBITDA after organic CAC (cash view). This has been used by our management to better measure the company's operating results, since it takes into account the amounts actually disbursed with commission on organic sales in the period (CAC), which are recorded as CapEx.

We achieved Adj. EBITDA - CAC of R\$588.5 million (-1.8% vs. 2022), with margin expanding to 33.6% (292 bps vs. 2022). This move demonstrates the direct result of a more rational capital allocation and operational efficiency policy implemented over the past year, which should support the Company in its sustainable reacceleration process throughout 2024.

Financial Results

Financial Results (R\$MN)	2023	2022	Var. YoY
Net Debt Income (Exp.)	(212.7)	(208.9)	1.8%
Financial Investments	108.3	95.9	12.9%
Hedge Accounting	-	(46.6)	NM
Interest on Loans and Financing	(321.0)	(258.3)	24.3%
Interest and Fine on Late Paym.	30.1	31.9	-5.5%
Interest on Leases	(7.1)	(6.1)	16.6%
Other Financ. Income (Exp.)	(39.4)	(32.5)	21.3%
Net Financial Results	(229.1)	(215.6)	6.3%

The financial result totaled a net expense of R\$229.1 million, or 6.3% higher YoY, reflecting the higher cost of the debentures issued in June/2022, which impacts the full year 2023.

Net Income

Net Income (R\$ MN)	2023	2022	Var. YoY
EBITDA	592.8	777.7	-23.8%
D&A	(475.3)	(415.4)	14.4%
Intangible/Fixed Assets	(148.9)	(147.2)	1.1%
Amort. Commissions	(307.7)	(252.9)	21.7%
Amort. Leases	(18.7)	(15.3)	22.1%
EBIT	117.5	362.3	-67.6%
Fin. Inc. (Exp.)	(229.1)	(215.6)	6.3%
Earnings before taxes	(111.6)	146.7	NM
Income Tax./Social Contrib.	36.3	(45.3)	-180.1%
Net Income Consolidated	(75.4)	101.5	NM
(-) Minority Interest	(7.1)	(8.7)	-18.7%
Net Income Parent Co.	(82.4)	92.8	NM
Net adjustments to EBITDA	120.0	105.2	14.0%
Adjusted Net Income	37.5	198.0	-81.0%

In 2023, we had a net loss of R\$82.4 million and a drop in adjusted net income, which reached R\$37.5 million (-81.0% vs. 2022).

Cash Flow

Managerial Cash Flow	2023	2022	Var. YoY
EBITDA	592.8	777.7	-23.8%
Non cash adjustments	142.8	111.3	28.2%
Leasing payments	(18.6)	(20.9)	-10.6%
Commissions over sales (CAC)	(186.1)	(337.9)	-44.9%
Taxes Paid	(47.0)	(120.3)	-60.9%
Changes in Working Capital	61.0	(46.7)	NM
Cash Provided by Oper. Activities	544.9	363.3	50.0%
Capex (Intang. + PP&E)	(52.4)	(55.0)	-4.8%
Operating Cash Flow after Capex	492.5	308.3	59.7%
Acquisitions portfolio/companies	19.1	(119.4)	NM
Free Cash Flow (Operating)	511.6	188.9	170.8%
Financial Income/Expenses	(211.3)	(175.3)	20.6%
Loans and Funding	-	22.5	NM
Financial Investments	-	-	NM
Capital Increase	3.0	-	NM
Dividends Paid	(26.8)	(78.4)	-65.8%
Cash Prov. Financing Activ.	(235.1)	(231.2)	1.7%
Cash Variation + Financial Investments	276.5	(42.3)	NM
Cash + Financial Investments	986.8	710.3	38.9%

Free cash flow, before interest and dividends, in 2023 was R\$511.6 million, 2.7x higher than the R\$188.9 million in 2022.

In 2023, we saw a continued reduction in commissions on new sales (cash CAC), which was 44.9% lower than in 2022. We captured this effect, in line with the continued work to rationalize commercial incentives for the channel.

CapEx, intangible and fixed asset investments was R\$52.4 million (-4.8% Vs. 2022).

Finally, considering that interest was paid on the debt in the quarter, as well as dividends relating to the 2022 financial year, but we still have a positive generation of R\$276.5 million in 2023. As a result, our cash + financial investments position ended the year close to R\$1.0 billion, which, combined with the recent R\$200 million funding, gives us greater security and flexibility in managing the company's debt.

Investments

Capex (R\$ MN)	2023	2022	Var. YoY
Acquisitions and Rights	-	45.0	NM
IT Capex	47.7	46.8	1.8%
PP&E/Other Capex	3.1	14.7	-79.3%
Total	50.7	106.5	-52.4%

Investments in PP&E, intangibles and acquisitions were R\$50.7 million in 2023 with a significant drop of 52.4% compared to 2022, reinforcing the strategy of discipline in cash management and adequate capital allocation given the company's new guideline. The investments

refer to technology, mainly related to the development and licensing of operational software, in continuity with the company's digital evolution strategy.

Indebtedness

Capital Structure (R\$ MN)	2023	2022	Var. YoY
Short-term Loans and Financing	566.6	20.4	NM
Long-term Loans and Financing	1,640.1	2,186.1	-25.0%
Derivatives	-	-	NM
TOTAL	2,206.7	2,206.6	0.0%
Cash and cash equivalents	986.8	710.3	38.9%
Net Debt	1,220.0	1,496.3	-18.5%
Net Debt / Adj. EBITDA LTM	1.58x	1.60x	-0.02x

Quali's net debt ended 2023 at R\$1,220 million, a reduction of 18.5% vs. 2022, after another quarter with strong operating cash generation. Almost all debt is consolidated and most of it is in the long term, with the first amortization scheduled to June 2024 and annual amortizations until 2027. Our financial leverage ended the 2023 at 1.58x Adjusted EBITDA LTM, practically in line with the indexes for 2022.

On March 14, 2023, in accordance with the [Material Fact](#), Quali's issued its 7th debenture. The net proceeds from the issuance will be used by the company to refinance Qualicorp as part of its strategy for efficient liability management, ensuring greater security and flexibility in managing the company's indebtedness.

Our Quali

Over the past year, Quali and the sector have once again faced several challenges. That said, we adapted to the new environment and changed our strategic direction, along with the hiring of a new CEO, Maurício Lopes, a reference in the healthcare market, who is leading this change in strategy. In addition, we repositioned the company as a distributor of health plans for the retail sector, not just for Affinity.

We began a turnaround process based on 3 stages:

1. Restructuring the company, reducing costs and expenses (renegotiating contracts with suppliers and restructuring internal structures) and better capital allocation in order to gain operational efficiency and generate strong cash flow;

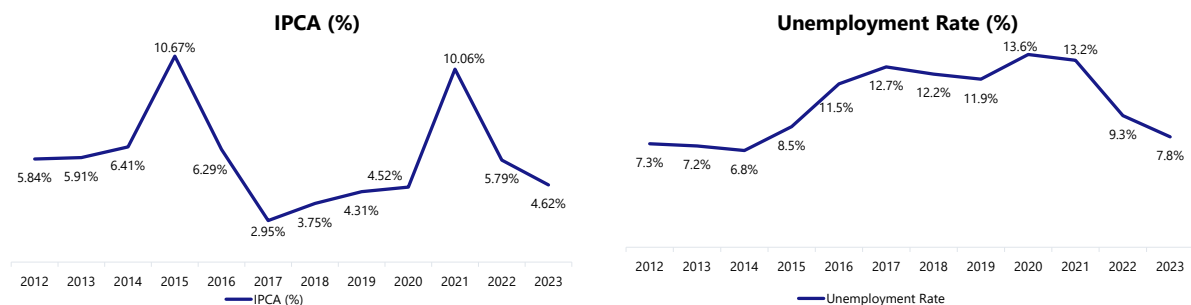
2. Product innovation by increasing our portfolio of health plans to meet the demands of a new reality in the supplementary healthcare market, which requires new products with different conditions, especially in what we refer to as Middle Ticket;
3. Resumption of sustainable organic growth.

We intend to deliver the results of this Turnaround in 2024, to show the strength of Quali and all our employees in this process.

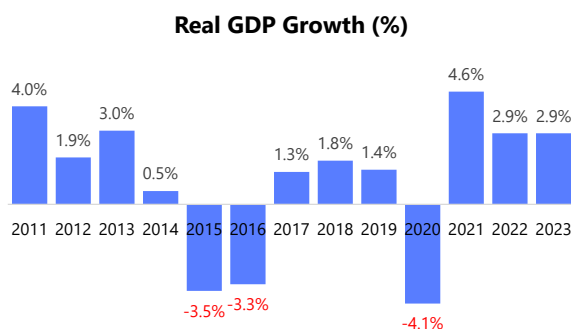
Macroeconomic Environment

In 2023, inflation as measured by the IPCA ended the year at 4.62%, a 120 bps drop compared to 2022, still above the target of 3.25%, but within the range that could reach 4.75%, according to the Brazilian Central Bank. The SELIC rate reached its peak in 2023 at 13.75%, but was cut throughout the year, ending 2023 at 11.75%.

We also see a reduction in the unemployment rate in 2023 to 7.8%, a drop of 1.5 p.p. compared to 2022. Although the unemployment rate has fallen, we have yet to see a significant recovery in the population's income, both of which are decisive factors when choosing a health plan.

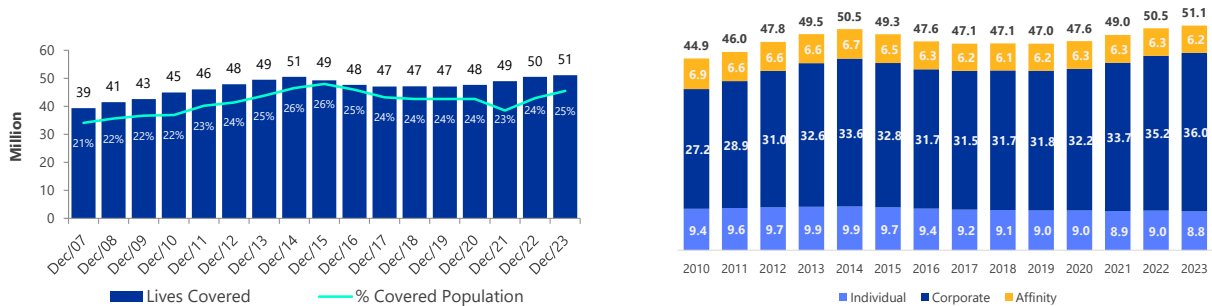


The COVID-19 pandemic strongly affected the country's economy, as can be seen in the graphic below, in 2020 there was a sharp drop of 4.1% in GDP, followed by a recovery with 4.6% growth in 2021. In 2023, even with a stable fourth quarter, GDP grew 2.9%, indicating that it was in line with growth in 2022.



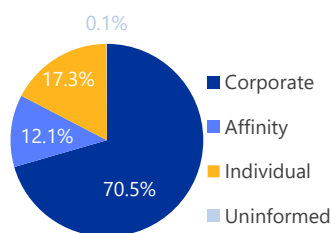
The supplementary healthcare market in 2023

In 2023 we could see an increase in the number of beneficiaries in the supplementary healthcare system of around 590,000 lives or 1.2% compared to 2022, reaching 51.1 million people covered by a healthcare plan (around 25.2% of the total population) as shown in the graph below.

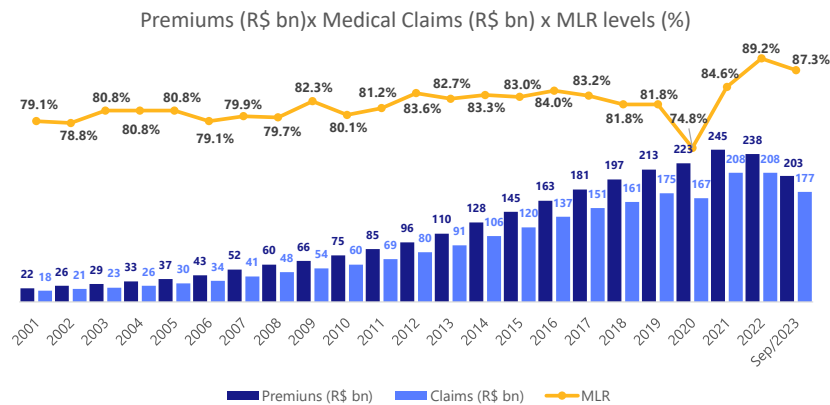


This growth, even in an adverse market environment, is due to the creation of formal jobs that offer their employees a corporate health plan. Thus, the acceleration in new plans came from the Corporate segment, which grew 2.3% in the year. The Affinity and Individual segments saw a slight drop of 1.3% and 1.6%, respectively, in comparison with 2022, since they have income as their main driver, their detachment from the number of jobs generated affected the population's ability to pay.

Out of the 51.1 million beneficiaries of the Supplementary Healthcare System in Brazil in 2023, the concentration was on the Corporate plans with 70.5%, followed by Individual plans with 17.3%, and finally the Affinity with 12.1%.



During the pandemic, there was a drop in the sector's medical loss ratio (MLR) to less than 75%, due to people who avoid to go to hospitals and laboratories. Later, there was a steep increase in frequencies and, as a consequence, an increase in network usage, in a way that MLRs reached the century's highest level at 89.2% in 2022. Even in this scenario, the average readjustment applied to Quali's health plan portfolios in 2023 was 27%, implying a higher than expected churn for our company.



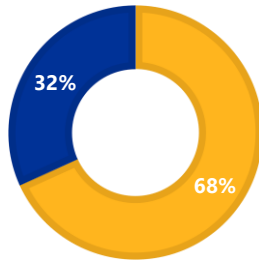
Respect, plurality and equality

On December 31, 2022, our staff was composed by 1,779 Qualis. Without them, we would not be able to achieve our goals. Respecting all the differences and diversities that add up to our Brazil, we have 39.3% of non-white employees (in line with 2022), as well as age diversity, with young and seniors working together and generating each time more value.

Generation	N° Qualis	%	Races Diversity	# Qualis	%
BABY BOOMERS (59 to 77 years)	30	1.7%	White	1,080	60.7%
X (43 to 58 years)	329	18.5%	Brown	481	27.0%
Y (27 to 42 years)	1,122	63.1%	Black	191	10.7%
Z (13 to 26 years)	298	16.8%	Others/ Not Inform	27	1.5%
Total	1,779	100.0%	Total	1,779	100.0%

In addition, 2.3% of employees are PwD, totaling more than 41 people. Our staff is also composed by women's majority, with 68%, and 56% of the leadership/management positions are occupied by women.

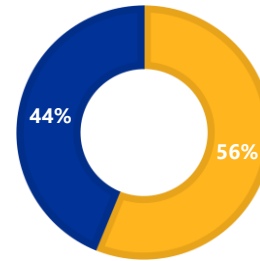
GENDER



Female Male

December / 2023

MANAGEMENT POSITIONS



Female Male

December / 2023

We had more than 106 promotions through meritocracy last year, the result of an intense recognition work through the evaluations carried out in the Decole tool. We received, for the third consecutive year, the Great Place to Work (GPTW) certificate, with a 72% adhesion to the survey and a 79 score.

Communication, Engagement and Development

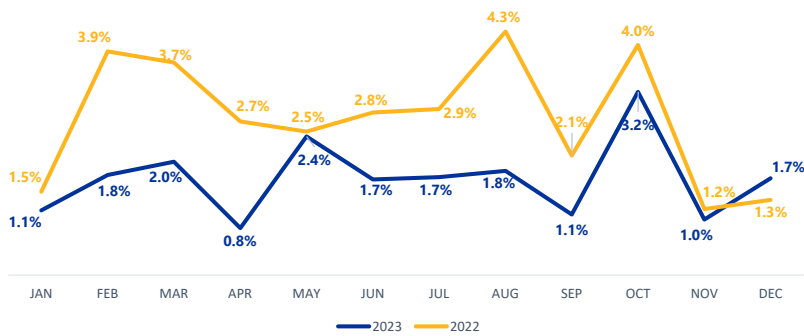
Always seeking to encourage our Qualis to improve, we had 12,018 hours of training conducted until September/2023 were applied 84 hours in-person training and 11,934 hours via our online platform called Universidade Quali.

Academic Education	# Qualis	%
PhD / Master	3	0.2%
Postgraduate	173	9.7%
Higher Education	898	50.5%
Incomplete Higher Education	103	5.8%
Technician	39	2.2%
High school	541	30.4%
Incomplete high school	22	1.2%
Total	1,779	100.0%

December/2023

Turnover

In 2023, our turnover was 20.22%, compared to 33.83% in 2022. In the chart below, we demonstrate the monthly distribution:

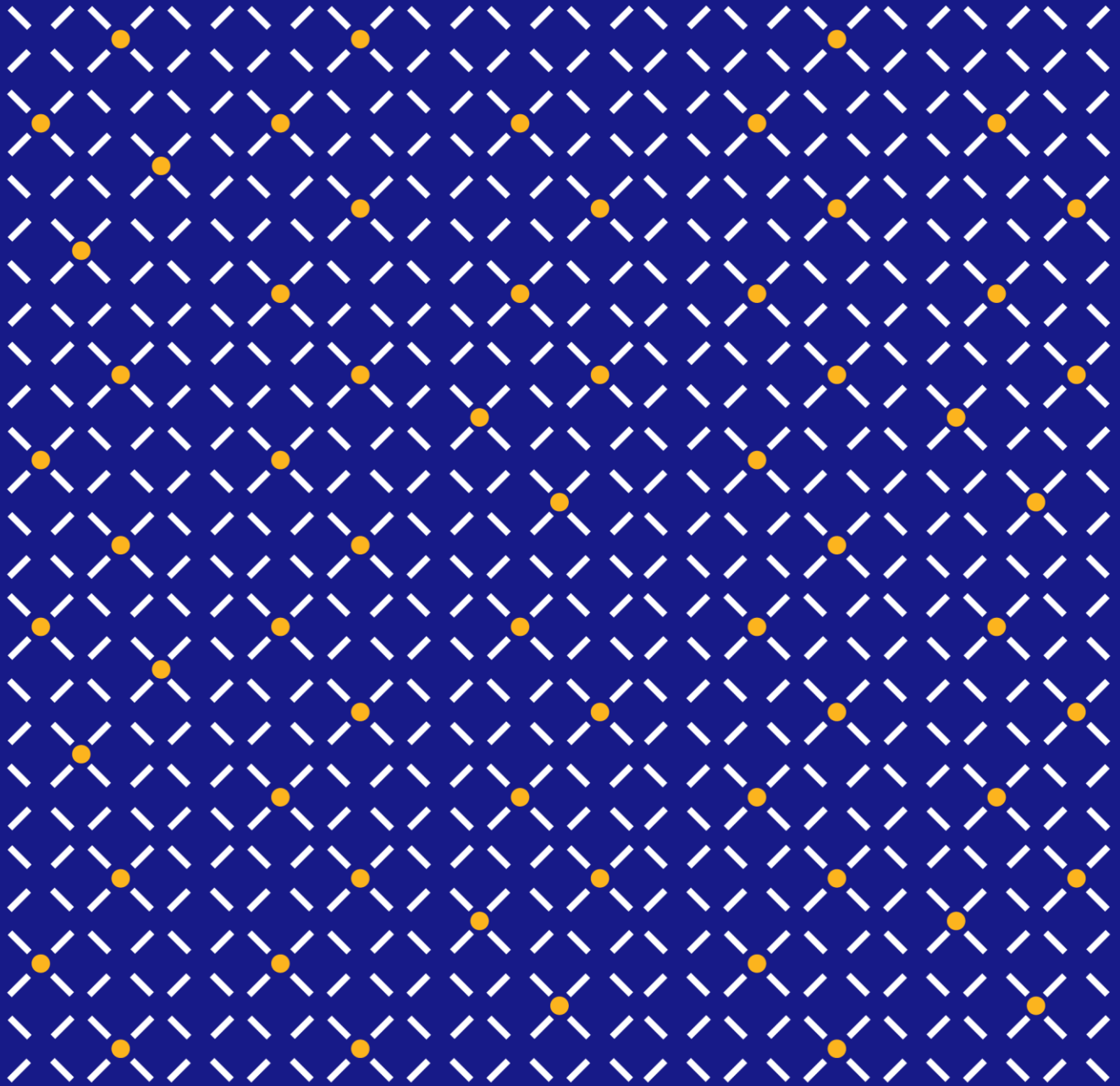


Earnings Distribution

On December 12, 2023, the Company paid R\$22.0 million in earnings to its shareholders, as mandatory minimum dividends (25% of net income) for fiscal year 2022, previously approved at the Ordinary General Meeting held on April 28, 2023.

Thank you

We thank the support and participation of shareholders, board members, employees, customers, beneficiaries, partners, insurers, and HMOs who contributed, directly or indirectly, to the Company's performance in 2023.



More choices for you.
More Quali for your life.



A free translation from Portuguese into English of Independent Auditor's Report on Parent Company and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on parent company and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Qualicorp Consultoria e Corretora de Seguros S.A.
São Paulo - SP

Opinion

We have audited the parent company and consolidated financial statements of Qualicorp Consultoria e Corretora de Seguros S.A.(the "Company"), identified as Parent Company and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2023, and the statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the parent company and consolidated financial position of the Company as at December 31, 2023, its parent company and consolidated financial performance and its parent company and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the parent company and consolidated financial statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the parent company and consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recognition of revenue from administration fee

As mentioned in Note 3.xv, the Company's and its subsidiaries' revenues derive, among others, from administration fees. Revenues from administration fees refers to the monthly compensation for the administration activity and/or stipulation of the health and dental lines of the group membership plans and are recognized monthly, based on the information generated in the internal beneficiary managing system. As a result of the business model, there are temporary differences between the billing for the services provided and the amount payable recognized by the operators, which are monitored through the Company's internal controls.

In our opinion, since the aspects mentioned above may significantly impact the amount of revenue recognition and, as a result, the financial statements as a whole, and due to the materiality of the amounts involved in the transactions, representing a high risk of material misstatement in the individual and consolidated financial statements, volume of transactions and nature of its operations, this issue is considered a key audit matter.

How our audit addressed this matter

Our audit procedures related to revenue recognition included, among others: i) assessment of revenue recognition criteria adopted by management, which support the accounting for administration fees throughout the year; ii) test of reconciliation of balances and adjustments related to the control of temporary differences related to billing for services provided and amounts payable to operators; iii) analysis, on a sample basis, of the composition of temporary differences and documentary support on the amounts recognized.

Based on the result of the audit procedures performed on the recognition of revenue from administration fee, we consider that the revenue recognition criteria and assumptions adopted by the executive board, as well as related disclosures in Note 3.xiv, are acceptable in the context of the individual and consolidated financial statements taken as a whole.

Other matters

Statements of value added

The parent company and consolidated statements of value added (SVA) for the year ended December 31, 2023, prepared under the responsibility of the Company's management and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall parent company and consolidated financial statements.

Other information accompanying the parent company and consolidated financial statements and the auditor's report

The Company's executive board is responsible for such other information, which comprise the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the parent company and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the parent company and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

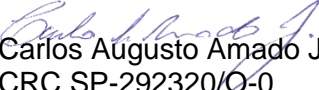
We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 21, 2024.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-034519/O


Carlos Augusto Amado Junior
CRC SP-292320/O-0

BALANCE SHEET AS AT DECEMBER 31, 2023 AND 2022
All amounts in thousands of Brazilian real

ASSETS	Note	Parent company		Consolidated	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
CURRENT ASSETS					
Cash and cash equivalents	7.1	52.532	90.304	394.589	377.129
Financial investments	7.2	218.620	-	592.179	333.143
Amounts receivable from customers	8	47.969	53.360	242.993	232.040
Other assets		41.608	87.872	388.945	255.308
Other financial assets	9	39.064	80.503	383.073	245.267
Other non-financial assets		2.544	7.369	5.872	10.041
Receivables from related parties	11.1	159.141	28.686	-	-
Total current assets		519.870	260.222	1.618.706	1.197.620
NON-CURRENT ASSETS					
Deferred income tax and social contribution	10	197.805	158.741	204.066	161.270
Receivables from related parties	11.1	-	9.504	-	-
Other assets		6.773	15.351	93.337	166.112
Other financial assets	9	6.007	14.084	92.518	163.800
Other non-financial assets		766	1.267	819	2.312
Total long-term receivables		204.578	183.596	297.403	327.382
Investments in subsidiaries and joint venture	12	1.681.448	1.926.509	262	126.433
Property and equipment		27.102	69.983	38.152	85.944
Intangible assets:					
Goodwill	13	673.520	626.653	1.854.712	1.854.712
Other intangible assets	13	516.589	695.650	700.090	919.937
Total non-current assets		3.103.237	3.502.391	2.890.619	3.314.408
TOTAL ASSETS		3.623.107	3.762.613	4.509.325	4.512.028

LIABILITIES AND EQUITY	Note	Parent company		Consolidated	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
CURRENT LIABILITIES					
Interest-bearing loans and borrowings and debentures	14	566.646	20.439	566.646	20.439
Taxes and contributions payable		11.182	14.453	25.916	24.177
Technical reserves for healthcare operations		-	-	27.915	16.923
Premiums to be transferred	16	-	-	358.432	224.137
Financial transfers payable		-	-	61.924	55.935
Payroll and related charges		32.972	48.902	49.507	67.313
Transferable prepayments		-	-	33.224	46.918
Payables to related parties	11.1	-	22.065	-	22.044
Other payables	17	17.757	29.596	166.999	178.493
Lease liabilities	15	8.105	13.067	13.060	17.997
Total current liabilities		636.662	148.522	1.303.623	674.376
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings and debentures	14	1.640.101	2.186.141	1.640.101	2.186.141
Taxes and contributions payable		-	-	1.275	3
Financial transfers payable		-	-	695	878
Working capital deficiency in subsidiary		493	-	-	-
Premiums to be transferred	16	-	-	167	167
Payroll and related charges		-	-	400	400
Deferred income tax and social contribution	10	-	-	67.825	79.658
Call option over non-controlling interests	5	50.155	48.149	106.115	93.780
Provision for contingencies	18	13.289	7.918	86.035	84.535
Other payables	17	-	658	150	2.361
Lease liabilities	15	12.193	24.775	17.406	33.135
Total non-current liabilities		1.716.231	2.267.641	1.920.169	2.481.058
EQUITY					
Share capital	19	875.575	875.575	875.575	875.575
Treasury shares		(97.910)	(114.223)	(97.910)	(114.223)
Capital reserve		116.342	126.456	116.342	126.456
Revenue reserves		376.207	458.642	376.207	458.642
Total equity attributable to equity holders of the parent		1.270.214	1.346.450	1.270.214	1.346.450
Non-controlling interests		-	-	15.319	10.144
Total equity		1.270.214	1.346.450	1.285.533	1.356.594
TOTAL LIABILITIES AND EQUITY		3.623.107	3.762.613	4.509.325	4.512.028

The accompanying notes are an integral part of these parent company and consolidated financial statements.

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A.

STATEMENT OF PROFIT OR LOSS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

All amounts in thousands of Brazilian real, except for earnings (loss) per share

	Note	Parent company		Consolidated	
		January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
NET OPERATING REVENUE	26.d	485.118	609.061	1.749.906	1.951.408
COST OF PROVIDING SERVICES	21	(47.068)	(48.279)	(368.963)	(444.216)
OPERATING INCOME (EXPENSES)					
Administrative expenses	21	(124.871)	(146.320)	(403.832)	(406.338)
Selling expenses	21	(261.962)	(429.044)	(535.195)	(522.439)
Losses on uncollectible receivables	8.1	(753)	(1.085)	(141.972)	(97.746)
Share of net profits of equity-accounted investees	12	68.065	315.275	(510)	(4.892)
Other income (expenses), net	22	(122.746)	(7.174)	(181.941)	(113.488)
OPERATING PROFIT BEFORE FINANCE INCOME AND COSTS		(4.217)	292.434	117.493	362.289
Finance income	23	28.870	364.019	161.823	495.595
Finance costs	23	(146.399)	(658.821)	(390.943)	(711.152)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(121.746)	(2.368)	(111.627)	146.732
INCOME TAX AND SOCIAL CONTRIBUTION	24	39.311	95.186	36.252	(45.254)
Current		-	235	(18.624)	(101.905)
Deferred		39.311	94.951	54.876	56.651
PROFIT (LOSS) FOR THE YEAR		(82.435)	92.818	(75.375)	101.478
ATTRIBUTABLE TO:					
Equity holders of the parent		(82.435)	92.818	(82.435)	92.818
Non-controlling interests		-	-	7.060	8.660
		(82.435)	92.818	(75.375)	101.478
EARNINGS (LOSS) PER SHARE					
Basic (R\$ per share)	28	(0,29520)	0,33333	(0,29520)	0,33333
Diluted (R\$ per share)	28	(0,29484)	0,33315	(0,29484)	0,33315

The accompanying notes are an integral part of these parent company and consolidated financial statements.

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

All amounts in thousands of Brazilian real

	Parent company		Consolidated	
	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023	January 1, 2022 to December 31, 2022
PROFIT (LOSS) FOR THE YEAR	(82.435)	92.818	(75.375)	101.478
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent period				
Cash flow hedges - effective portion of changes in fair value	-	(60.594)	-	(60.594)
Cash flow hedges - reclassification to profit or loss	-	47.996	-	47.996
Cost of hedge reserve - fair value changes	-	15.201	-	15.201
Taxes relating to gains on cash flow hedges	-	(885)	-	(885)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(82.435)	94.536	(75.375)	103.196
ATTRIBUTABLE TO:				
Equity holders of the parent	(82.435)	94.536	(82.435)	94.536
Non-controlling interests	-	-	7.060	8.660

The accompanying notes are an integral part of these parent company and consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

All amounts in thousands of Brazilian real

	Share capital						Non-controlling interests				Total consolidated	
	Note	Paid-up capital	Share issue costs	Treasury shares	Capital reserve	Revenue reserves Legal reserve Other reserves	Retained earnings	Other comprehensive income	Attributable to equity holders of the parent	Non-controlling interests		
AT DECEMBER 31, 2021		896.558	(20.983)	(128.605)	133.299	133.636	254.232	-	(1.718)	1.266.419	8.630	1.275.049
Cash flow hedges - effective portion of changes in fair value		-	-	-	-	-	-	-	(60.594)	(60.594)	-	(60.594)
Cash flow hedges - reclassification to profit or loss		-	-	-	-	-	-	-	47.996	47.996	-	47.996
Cost of hedge reserve - fair value changes		-	-	-	-	-	-	-	15.201	15.201	-	15.201
Taxes relating to gains on cash flow hedges		-	-	-	-	-	-	-	(885)	(885)	-	(885)
Grant of restricted stock		-	-	-	7.539	-	-	-	-	7.539	-	7.539
Exercise of restricted stock		-	-	14.382	(14.382)	-	-	-	-	-	-	-
Transfer to legal reserve		-	-	-	-	4.641	-	(4.641)	-	-	-	-
Transfer to investment reserve		-	-	-	-	-	66.133	(66.133)	-	-	-	-
Mandatory minimum dividends		-	-	-	-	-	-	(22.044)	-	(22.044)	-	(22.044)
Profit for the year		-	-	-	-	-	-	92.818	-	92.818	8.660	101.478
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(7.434)	(7.434)
Disproportional dividends		-	-	-	-	-	-	-	-	-	288	288
AT DECEMBER 31, 2022		896.558	(20.983)	(114.223)	126.456	138.277	320.365	-	-	1.346.450	10.144	1.356.594
Grant of restricted stock	20	-	-	-	6.199	-	-	-	-	6.199	-	6.199
Exercise of restricted stock		-	-	16.313	(16.313)	-	-	-	-	-	-	-
Loss for the year		-	-	-	-	-	-	(82.435)	-	(82.435)	7.060	(75.375)
Absorption of loss for the year		-	-	-	-	-	(82.435)	82.435	-	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(5.256)	(5.256)
Disproportional dividends		-	-	-	-	-	-	-	-	-	367	367
Increase in share capital of subsidiaries by minority shareholders		-	-	-	-	-	-	-	-	-	3.004	3.004
AT DECEMBER 31, 2023		896.558	(20.983)	(97.910)	116.342	138.277	237.930	-	-	1.270.214	15.319	1.285.533

The accompanying notes are an integral part of these parent company and consolidated financial statements.

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A.

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

All amounts in thousands of Brazilian real

	Note	Parent company		Consolidated	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) before income tax and social contribution		(121.746)	(2.368)	(111.627)	146.732
Adjustments for:					
Depreciation and amortization	21	212.929	318.180	475.317	415.419
Loss on disposal of investments		95.939	-	95.939	-
Provision for loss on other assets		3.132	-	15.661	-
Write-offs of property and equipment, intangible assets and leases		20.745	355	20.181	(712)
Share of net profits of equity-accounted investees	12	(68.065)	(315.275)	510	4.892
Restricted stock		749	(838)	6.856	7.539
Finance costs		317.851	325.617	344.880	338.316
Interest (income) loss on financial investments		(3.620)	184	(41.208)	(35.653)
Loss on disproportionate dividends		367	288	367	288
Provision for contingencies		1.175	369	1.500	5.067
		459.456	326.512	808.376	881.888
Changes in operating assets and liabilities:					
Increase in amounts receivable from customers		6.133	(1.403)	(10.953)	(10.161)
Increase (decrease) in other assets		18.168	16.606	(5.109)	11.504
Increase (decrease) in taxes and contributions payable		(3.410)	(10.565)	31.642	(3.459)
Decrease in taxes recoverable		44.391	(5.010)	38.702	16.131
Increase in premiums to be transferred		-	-	134.295	6.528
Increase in financial transfers payable		-	-	5.806	33.507
Increase in technical reserves for healthcare operations		-	-	10.992	6.791
Decrease (increase) in payroll and related charges		(16.327)	20.059	(18.169)	24.384
Increase (decrease) in other payables		(7.846)	(9.864)	1.837	(11.656)
Decrease in transferable prepayments		-	-	(13.694)	(10.329)
Decrease in amounts payable to / receivable from health plan operators		-	-	(113.814)	(15.633)
Decrease in balances with related parties		30.107	(8.726)	-	-
Cash from operations		530.672	327.609	869.911	929.495
Interest paid on debentures	14	(324.840)	(274.050)	(324.840)	(274.050)
Income tax and social contribution paid		-	-	(47.009)	(120.305)
Net cash flows from operating activities		205.832	53.559	498.062	535.140
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase of share capital of subsidiaries	12	(12.000)	(7.659)	-	-
Dividends and interest on capital received from subsidiaries	12	127.799	245.568	-	-
Proceeds from sale of Escale and 500	1	29.722	-	29.722	-
Cash from acquired subsidiary		10.485	-	-	-
Additional payment for acquisition of Elo		-	-	-	(16.371)
Additions to intangible assets		(146.733)	(337.714)	(244.730)	(419.086)
Purchase of property and equipment		(2.959)	(13.208)	(4.383)	(13.190)
Increase (decrease) in financial investments		(215.000)	2.361	(217.828)	5.585
Additional payment for acquisition of Apm		-	(10.989)	-	(10.989)
Earn-out consideration - Oxcorp		-	(52.710)	-	(52.710)
Net cash flows used in investing activities		(208.686)	(174.351)	(437.219)	(506.761)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of lease liabilities	15	(12.421)	(14.578)	(18.634)	(20.852)
Costs of issue of debentures		-	(19.798)	-	(19.798)
Repayment of debentures		-	(1.300.000)	-	(1.300.000)
Proceeds from issue of debentures		-	2.200.000	-	2.200.000
Other costs of issue of debentures		(453)	(564)	(453)	(544)
Repayment of borrowings and swaps		-	(877.502)	-	(877.502)
Other borrowing costs		-	(3.635)	-	(3.635)
Increase in share capital of subsidiaries by minority shareholders		-	-	3.004	-
Dividends and interest on capital paid		(22.044)	(70.947)	(22.044)	(70.947)
Dividends paid to non-controlling interests		-	-	(5.256)	(7.434)
Net cash flows used in financing activities		(34.918)	(87.024)	(43.383)	(100.712)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(37.772)	(207.816)	17.460	(72.333)
CASH AND CASH EQUIVALENTS AT JANUARY 1		90.304	298.120	377.129	449.462
CASH AND CASH EQUIVALENTS AT DECEMBER 31		52.532	90.304	394.589	377.129

The accompanying notes are an integral part of these parent company and consolidated financial statements

STATEMENT OF VALUE ADDED
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
All amounts in thousands of Brazilian real

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
REVENUE				
Revenue from providing services	535.279	671.930	1.891.526	2.110.695
Other operating income	10.161	11.018	248.737	196.652
Provision for credit losses, cancellations and returns	(1.240)	(2.528)	(146.947)	(102.445)
Total revenue	544.200	680.420	1.993.316	2.204.902
COST OF BOUGHT-IN GOODS AND SERVICES				
Cost of services	(16.261)	(25.960)	(247.999)	(319.082)
Materials, electricity, outsourced services and other	(98.140)	(133.177)	(246.570)	(260.948)
Impairment/recovery of assets	(3.427)	(92)	(3.612)	(141)
Other operating expenses	(136.724)	(402.642)	(466.363)	(734.134)
Total cost of bought-in goods and services	(254.552)	(561.871)	(964.544)	(1.314.305)
GROSS VALUE ADDED	289.648	118.549	1.028.772	890.597
DEPRECIATION, AMORTIZATION AND DEPLETION	(212.929)	(318.180)	(475.317)	(415.419)
NET VALUE ADDED GENERATED BY THE ENTITY	76.719	(199.631)	553.455	475.178
VALUE ADDED RECEIVED THROUGH TRANSFER				
Finance income	28.870	364.019	161.823	495.595
Share of net profits of equity-accounted investees	68.065	315.275	(510)	(4.892)
Total value added received through transfer	96.935	679.294	161.313	490.703
TOTAL VALUE ADDED TO DISTRIBUTE	173.654	479.663	714.768	965.881
DISTRIBUTION OF VALUE ADDED				
To employees (salaries, benefits and social charges)	104.164	138.339	332.980	366.913
To government (taxes and duties)	11.886	(31.614)	106.662	205.445
Federal	(5.356)	(53.471)	61.759	154.350
Municipal	17.242	21.857	44.903	51.095
To providers of capital	140.039	280.120	350.501	292.045
To shareholders (dividends) / value retained in the business	(82.435)	92.818	(75.375)	101.478
Total value added distributed	173.654	479.663	714.768	965.881

The accompanying notes are an integral part of these parent company and consolidated financial statements.

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

All amounts in thousands of Brazilian real unless otherwise stated

1. General information

a) Corporate information

Qualicorp Consultoria e Corretora de Seguros S.A. (the Company or the parent) is a stock corporation incorporated and domiciled in São Paulo, Brazil, on May 19, 2010. The Company commenced its operations on July 1, 2010 and is principally engaged in holding equity interests in other companies and business enterprises of any nature and the provision of insurance brokerage, agency, consulting and management services.

Through its direct and indirect subsidiaries, the Company operates in the following segments: (a) private health plans, whose service providers include group medical organizations, specialized health insurance companies, medical cooperatives, self-managed entities, charitable institutions, dental cooperatives and group dentists ('health plan operators'); (b) sale and management of other health insurance and supplementary services; (c) services rendered for the capture, routing, authorization and billing of medical and hospital services, as well as medical audit services, processing of medical bills, call center, insurance claims and hospital network management system licensing, and other outsourced healthcare support services; (d) insurance brokerage through retail channels, such as life insurance, premium bonds, home insurance, extended warranty, financial protection insurance, among others; (e) authorization of client access to the health plan's network; and (f) specialized care management services.

Private health plans and other insurances and supplementary services are hereinafter collectively referred to as 'benefits'. The Qualicorp Group (the Group, consisting of the Company and its subsidiaries) develops its activities in the market segments known as Affinity, Health and Corporate. The Affinity segment is engaged in the support, management, stipulation, brokerage and/or intermediation of group plans for members of professional associations (unions, associations, regional councils, etc.); the Corporate segment engages in the brokerage and intermediation of corporate plans, and the provision of specialized consulting services, assisting clients in the management of the benefits acquired; and the Health Management segment includes preventive medicine activities, patient management, prior authorization and regulation of medical services, management of medical service provider network and medical information processing.

b) Significant events during 2023

I. Payment of interest on debentures

In 2023, the Company paid a total of R\$ 324,840 of semiannual interest on debentures (Note 14).

II. Write-off due to shutdown of physical stores

Management evaluated its customer relationship and sales channels and decided to shut down the Group's stores called 'Qualistore'. The eight Qualistores were located in shopping malls in the city of São Paulo (Shopping Anália Franco, Shopping Pátio Paulista, Shopping Taboão, and Shopping Vila Olímpia) and in the city of Rio de Janeiro (Carioca Shopping, Botafogo Praia Shopping, Norte Shopping and Plaza Niterói). By April 1, 2023, all these stores were shut down.

III. Corporate restructuring of subsidiaries Elo Administradora de Benefícios Ltda and Apm Assessoria Comercial e Corretora de Seguros Ltda

On January 1, 2023, Elo Administradora de Benefícios Ltda. was merged into Qualicorp Administradora de Benefícios S.A. and Apm Assessoria Comercial e Corretora de Seguros Ltda was merged into the Company and, as a result, the merged entities ceased to exist.

Pursuant to the protocol and justification of merger, the merger will bring administrative and financial benefits to the companies involved and their shareholders by optimizing resources, streamlining the companies' operations and the associated infrastructure required to support them, and lowering costs.

The valuation method for the equity of Elo Administradora de Benefícios Ltda and Apm Assessoria Comercial e Corretora de Seguros Ltda was the carrying amount of their assets and liabilities as per the balance sheet as at September 30, 2022, pursuant to the valuation report.

The merged net equity was as follows:

Merged net equity of Elo Administradora de Benefícios Ltda			
Current assets		Current liabilities	
Cash and cash equivalents	4,838	Lease liabilities	397
Financial investments	1,386	Taxes and contributions payable	1,252
Trade receivables	6,957	Premiums to be transferred	6,060
Other assets	249	Payroll and related charges	183
Total current assets	13,430	Transferable prepayments	2
		Payables to related parties	9
		Other payables	61
		Total current liabilities (B)	7,964
Non-current assets			-
Other assets	543	Non-current liabilities	
Property and equipment	2,371	Lease liabilities	1,807
Intangible assets	111	Provision for contingencies	4,237
Total non-current assets	3,025	Total non-current liabilities (C)	6,044
Total assets (A)	16,455	Net equity (A) - (B) - (C)	2,447
Change in net equity from September 30, 2022 (date of the merger report) to January 1, 2023 (date of merger) (D)			(928)
Accounting effect of the merger at January 1, 2023 (A) – (B) – (C) + (D)			1,519

Merged net equity of Apm Assessoria Comercial e Corretora de Seguros Ltda			
Current assets		Current liabilities	
Cash and cash equivalents	8,635	Taxes and contributions payable	445
Trade receivables	132	Payroll and related charges	56
Other assets	87	Other payables	27
Receivables from related parties	9	Total current liabilities (B)	528
Total current assets	8,863		
Non-current assets		Non-current liabilities	
Other assets	277	Provision for contingencies	2,784
Property and equipment	166	Total non-current liabilities (C)	2,784
Intangible assets	6		
Total non-current assets	449		
Total assets (A)	9,312	Net equity (A) - (B) - (C)	6,000
Change in net equity from September 30, 2022 (date of the merger report) to January 1, 2023 (date of merger) (D)			326
Accounting effect of the merger at January 1, 2023 (A) – (B) – (C) + (D)			6,326

IV. Sale of investments in Escale Health Seguros e Corretagem S.A. and Quinhentos, LLC

On May 13, 2021, the Company entered into agreements for the acquisition of: (i) registered, common shares without par value representing 35% of the total voting capital of Escale Health Seguros e Corretagem S.A. (Escale Health) and (ii) Series C-3 preference units representing 5% of the capital of Quinhentos, LLC. (Quinhentos), a company incorporated under the U.S. laws and which owned 100% of Escale Tecnologia e Marketing Ltda. (Escale Tech), which was then the only shareholder of Escale Health.

The investment in Escale Health was acquired exclusively through subscription of Escale Health's new registered common shares without par value for a cash consideration of R\$ 84,248.

The investment in Quinhentos was acquired exclusively in the Quinhentos' primary issuance of Series C-3 preference units for a cash consideration in US dollars equivalent to R\$ 49,455.

On November 6, 2023, the Company terminated its partnership with Escale Tecnologia e Marketing Ltda. The Company no longer holds any equity interest in Escale Health Seguros e Corretagem S.A. and in Quinhentos, LLC, and the licensing, service and lead generation agreement signed between the Company and Escale Health on March 4, 2022 has been terminated. The total amount of R\$ 29,722 related to the sale of the investments in Escale Health and Quinhentos was received in full upon the signing of the sale agreements.

The loss on disposal of the investments was as follows:

Disposal	Escale Health Seguros e Corretagem S.A.	500 LLC.	Total
Proceeds from disposal	29,216	506	29,722
Write-off of investments	76,206	49,455	125,661
Loss on disposal	46,990	48,949	95,939

2. *Presentation of the parent company and consolidated financial statements*

I. Statement of compliance

The parent company and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and standards of the Brazilian Securities Commission (CVM), and disclose all information significant to the financial statements, which is consistent with that utilized by management in the performance of its duties.

The Company has elected to present the parent company financial statements and the consolidated financial statements within a single set of financial statements as there is no difference between the consolidated equity and the consolidated profit attributable to the equity holders of the parent in the consolidated financial statements prepared in accordance with IFRS and the accounting practices adopted in Brazil, and the parent's equity and profit in the parent company financial statements prepared in accordance with the accounting practices adopted in Brazil.

II. Basis of preparation

The parent company and consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value, as described in the accounting policies below. The main accounting policies adopted by the Company and its subsidiaries are detailed in Note 3.

The preparation of parent company and consolidated financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Management assessed the Company's and its subsidiaries' ability to continue as a going concern and concluded that the Company has the resources needed to continue operating for the foreseeable future. Accordingly, the Company has prepared these financial statements on the basis that it will continue to operate as a going concern.

It is the Company's policy to separately disclose, in the notes to the financial statements, the amounts greater than 10% of the total balance of the account subgroup to which they are assigned unless otherwise determined.

III. Basis of consolidation

At December 31, 2023, the holding company of the Group is Qualicorp Consultoria e Corretora de Seguros S.A. which owns direct and indirect subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company's investments in its subsidiaries and associate are accounted for using the equity method. Under the equity method, the investments in subsidiaries and associate are initially recognized at cost and subsequently, the carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the subsidiary or associate since the acquisition date.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as follows:

Direct subsidiaries	Principal activities	Country of incorporation	% equity interest	
			December 31, 2023	December 31, 2022
Qualicorp Administradora de Benefícios S.A.	Benefits administration and stipulation	Brazil	100%	100%
Clube de Saúde Administradora de Benefícios Ltda	Benefits administration and stipulation	Brazil	98.81%	98.81%
Uniconsult Administradora de Benefícios e Serviços Ltda	Benefits administration and stipulation	Brazil	75%	75%
Gama Saúde Ltda	Health plan administration	Brazil	99.99%	99.99%
Connectmed-CRC Consultoria, Administração e Tecnologia em Saúde Ltda	Services and business intermediation and agency	Brazil	99.99%	99.99%
Qualicorp Administração e Serviços Ltda	Collection services and customer contract information	Brazil	100%	100%
Oxcorp Gestão Consultoria e Corretora Ltda	Health insurance brokerage	Brazil	75%	75%
Apm Assessoria Comercial e Corretora de Seguros Ltda (i)	Health insurance brokerage	Brazil	-	100%
Qualicorp Serviços Financeiros Ltda (ii)	Information technology consultancy	Brazil	-	99.90%
Indirect subsidiaries				
Plural Gestão em Planos de Saúde Ltda	Benefits administration and stipulation	Brazil	75%	75%
Elo Administradora de Benefícios Ltda (i)	Benefits administration and stipulation	Brazil	-	100%
Associate				
Escale Health Seguros e Corretagem S.A. (iii)	Digital marketing services	Brazil	-	35%

i) Subsidiaries merged on January 1, 2023 (Note 1 b) III.

ii) Subsidiary shut down on August 4, 2023.

iii) The Company sold this investment (Note 1 b) IV.

Third parties' interest in the equity and net profit of subsidiaries is presented as a component of the consolidated equity and in the consolidated statement of profit or loss within 'non-controlling interests'.

3. Accounting policies

The Company's material accounting policies were as follows:

General principles:

Assets, liabilities, income and expenses are recognized on an accrual basis. Sales revenue is recognized in the statement of profit or loss when services are effectively rendered.

Assets expected to be realized and liabilities expected to be settled more than twelve months after the end of the reporting period are classified as non-current assets and non-current liabilities, respectively.

i. Financial instruments

The Company and its subsidiaries recognize a financial asset or a financial liability when they become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognized at nominal amounts, which approximate fair value, considering that transactions generally have maturities of 30 days or less and which, therefore, result in immaterial effects on the financial statements.

Financial liabilities related to acquisitions of assignment of rights and exclusivity rights are recognized and adjusted based on agreements signed, if appropriate.

Other financial liabilities are initially recognized at nominal amounts, which approximate fair value, considering that transactions generally have maturities of 30 days or less and which, therefore, result in immaterial effects on the parent company and consolidated financial statements.

Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities, if applicable, after initial recognition.

Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Under CPC 48/IFRS 9, financial assets are classified, at initial recognition, in the following measurement categories: amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the entity's business model for managing them and the purpose for which the financial assets were acquired. Regular way purchases and sales of financial assets are recognized or derecognized based on the trade date. A regular way purchase or sale refers to a purchase or sale of a financial asset where the terms of the contract require delivery of the asset within a time frame established by regulation or convention in the relevant marketplace.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income

Financial assets are classified and measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss

Any financial assets that do not meet the conditions above are measured at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are remeasured to fair value and any movement in that fair value is taken directly to the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is used to calculate the amortized cost of a financial liability and to allocate the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

Derecognition

A financial asset is derecognized when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset in a transaction in which it has transferred substantially all the risks and rewards of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid or payable is recognized in the statement of profit or loss.

ii. Cash and cash equivalents

The Company's Management defines 'cash and cash equivalents' as cash that is held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents consist of cash on hand, demand deposits with banks and short-term highly liquid investments with a maturity of three months or less, which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. They are stated at cost plus interest income earned through the balance sheet date, which does not exceed market or realizable value.

iii. Financial investments

The Company's Management defines 'financial investments' as investments with a maturity of more than 90 days from the date of purchase. They are stated at cost plus interest income earned through the balance sheet date, which does not exceed market or realizable value.

Financial investments comprise exclusive private credit multi-market investment fund and funds dedicated to the regulatory agency ANS as a guarantee.

iv. Receivables for benefits administration, payments/premiums to be transferred, advance payments/premiums, and payables for benefits administration

In administering group insurance contracts on behalf of third parties and group insurance contracts issued in the name of subsidiaries Qualicorp Benefícios, Clube de Saúde, Uniconsult, Plural, the Group collects the premiums from the beneficiaries and transfers the premiums received to the health plan operators and insurance companies (transactions that transfer the customer credit risk to the Group), unless the credit risk lies with the health plan operator/insurance carrier. These transactions, with and without credit risk, are recorded in assets as 'amounts receivable from customers' with a corresponding entry to 'premiums to be transferred' (amounts owed to health plan operators and insurance companies) and 'financial transfers payable' (amounts owed to the entities) and administration fees and financial transfer fees are recorded in the statement of profit or loss.

Advances from customers are recorded in liabilities as 'transferable prepayments'.

The Group is engaged in the brokerage and intermediation of group health benefits. Additionally, it provides specialized consulting services, assisting clients in the management of the benefits purchased, and develops and distributes group insurance products such as life insurance, personal accident insurance, automobile and home insurance, financial protection insurance, pet insurance, and civil liability insurance for lawyers and healthcare professionals.

v. Allowance for expected credit losses of trade receivables

For trade receivables, the Group's benefits administration companies, which take the credit risk, apply a simplified approach in calculating expected credit losses (ECLs). They recognize a loss allowance based on their customers' historical default rates specified in the Company's internal default study. The study is reviewed annually or sooner if there is any significant change in the mix of plan operators/customers or a significant change in the grace period before termination of coverage due to non-payment of premiums.

The Company also assesses the curve of receipts from customers in calculating ECLs on trade receivables.

vi. Business combination and investments in subsidiaries

Business combination is a transaction where the Company and its subsidiaries acquire control over a new asset (business), regardless of the legal form of the transaction.

Under IFRS 3.B7 / CPC 15 (R1), 'a business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs', i.e., the amended definition of a business has a narrower definition of 'outputs'. In order to be considered a business, an acquired set of activities and assets must include, as a minimum, an input and a substantive process.

The following is a list of direct and indirect subsidiaries:

Direct subsidiaries: Qualicorp Administradora de Benefícios S.A. (Qualicorp Benefícios), Gama Saúde Ltda (Gama), Connectmed-CRC Consultoria, Administração e Tecnologia em Saúde Ltda. (CRC), Qualicorp Administração e Serviços Ltda (Qualicorp Serviços), Clube de Saúde Administradora de Benefícios Ltda. (Clube de Saúde), Uniconsult Administradora de Benefícios e Serviços Ltda. (Uniconsult), Oxcorp Gestão Consultoria e Corretora Ltda. (Oxcorp).

Indirect subsidiary: Plural Gestão em Planos de Saúde Ltda. (Plural).

Consolidated financial statements

Subsidiaries

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed for the acquisition of subsidiaries in a business combination are measured initially at their fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred and the liabilities assumed. Goodwill attributable to future profitability is determined as the difference between the consideration paid to former owners of the acquiree, the equity interests issued by the Company in exchange for control of the acquiree, and the fair value of the assets acquired, net of liabilities assumed.

In the consolidated financial statements, intangible assets acquired in a business combination and recognized separately from goodwill are measured at their fair value at the date of acquisition that is the same as their cost. They are amortized on a straight-line basis over their estimated useful lives.

All intra-group transactions, balances and unrealized gains relating to transactions between members of the Group are eliminated on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of subsidiaries are aligned with those of the Group.

Investment recorded at its historical cost

When the Company does not have significant influence over the investee, it recognizes the investment at historical cost in accordance with item III of article 183 of Law 6,404/76 and article 15 of ICPC 09. Based on guidance in CPC 18 (R2) *Investments in Associates and Joint Ventures*, the Company recognized its investment in Quinhentos at historical cost as the Company did not have a right to appoint Board members that allowed it to influence the operating and financial policies of Quinhentos.

The Company will test the investment for impairment annually, and any resulting impairment loss will be charged against the carrying value of the investment, up to the limit of the carrying value, unless the Group is liable for any debts and liabilities of the investee.

Parent company financial statements

In the parent company financial statements, the Company applies ICPC 09 (R2) *Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Application of the Equity Method*, which requires that any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition be recognized as goodwill. The goodwill is included in the carrying amount of the investment.

The consideration transferred and the net fair value of the assets and liabilities are measured using the same criteria as those applied in the consolidated financial statements as described above. In the parent company financial statements, investments in subsidiaries are accounted for using the equity method.

vii. Statement of value added

The Company prepared the parent company and consolidated statement of value added as an integral part of its financial statements. The statement of value added is required under the Brazilian corporate law and accounting practices adopted in Brazil following the criteria set out in CPC 09 *Statement of Value Added* whereas, under IFRS, it is only considered to be supplementary information. The Company has elected as an accounting policy to present the effect of deferred tax assets within value added for distribution.

viii. Property and equipment

Property and equipment are stated at acquisition cost, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, except for leasehold improvements that are amortized over the period of the lease.

An asset's residual value is immediately written down to its recoverable amount when the residual value exceeds the recoverable amount (Note 3.x).

ix. Intangible assets

Intangible assets comprise mainly: (i) goodwill arising on acquisition of subsidiaries (*); (ii) contractual customer relationships acquired on acquisition of subsidiaries (*); (iii) assignment of rights acquired from third parties; (iv) software licenses and software in use and under development, acquired from third parties; and (v) cost of obtaining new contracts.

These intangible assets are carried at acquisition cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic life (Note 13).

An asset's residual value is immediately written down to its recoverable amount when the residual value exceeds the recoverable amount (Note 3.x).

(* In the parent company financial statements, these amounts are presented under 'Investments', net of amortization and write-offs.

x. Impairment

Property and equipment and intangible assets with finite lives

The Company and its subsidiaries assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. Where it is not possible to estimate the recoverable amount for an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. Such reversal is recognized in the statement of profit or loss.

Goodwill

Goodwill is measured as the excess of the consideration transferred over the net fair value of identifiable assets acquired and liabilities assumed, i.e., a premium paid by the acquiring company based on expectations of future earnings from the acquired business.

The CGUs to which goodwill has been allocated are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. The impairment loss is allocated first, to reduce the carrying amount of the goodwill allocated to the CGU and then, to the other assets included in that unit, pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses relating to goodwill are recognized directly in the statement of profit or loss and cannot be reversed in future periods.

Goodwill arising on acquisitions is allocated to the Affinity CGU and tested for impairment annually (Note 13.II).

xi. Technical reserves for healthcare operations

The direct subsidiary Gama Saúde recognizes technical reserves for healthcare operations in its financial statements, establishing a provision for the full amount informed by the service provider or beneficiary, based on the notices of occurrence of events covered under the insurance contracts in force and which have been received by the date of the financial statements.

xii. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company and its subsidiaries recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted

for any remeasurement of lease liabilities. Lease liabilities are measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments.

xiii. Interest-bearing loans and borrowings and debentures

a) Debentures

Debentures are represented by proceeds from issuance of debentures and are stated at the amount of the debt plus interest and transaction costs.

Transaction costs attributable to the issuance of debentures are accounted for as a reduction of the proceeds and are amortized over the life of the debt instrument until the debt is extinguished.

xiv. Revenue recognition

Revenue is recognized when the performance obligation is satisfied and the amount of revenue can be measured reliably, regardless of when the payment is made.

For the benefits administration companies, the performance obligation is satisfied upon delivery of the bill to the active beneficiaries of the health/dental plans for the relevant month, and revenue is recognized on a pro rata basis from the start of the plan.

For insurance brokerage firms, the performance obligation is satisfied upon acceptance by the health and dental plan operators, and revenue from agency fees relates to new beneficiaries and revenue from brokerage fees relates to beneficiaries that remain active monthly in our system.

Revenue is recognized at the fair value of the consideration received, net of discounts, rebates and taxes on sales.

When the invoices are issued in advance of the period of coverage under the insurance contracts, the value of the contracts with clients is recorded in "Transferable prepayments".

The Company's revenues do not have a variable component.

Furthermore, the Company pays sales commissions to its employees and outside brokers on the sales of health and dental plans. These amounts are recorded as intangible assets as they are considered to be costs of obtaining new contracts under CPC 47/IFRS 15. Refer to Note 13 for more information.

Revenue arising from the intermediation of sales of health and dental plans to beneficiaries is recognized when the sales are closed, which usually occurs by the month following the month in which the amounts owed by the insurance companies and plan operators are settled. The main revenues are as follows:

Revenue from agency fee: refers to a one-time payment for new sales made to the Company and Oxcorp by the insurance companies and plan operators. It also includes the joining fee paid by the beneficiary to the Company at the time of enrolling in the plan (revenue arising from group insurance contracts with members of professional associations) when the sale is made by the Company's in-house sales team.

- a) Revenue from brokerage fee: the Company and Oxcorp are paid fees for acting as an intermediary between companies and insurance companies, helping companies to acquire health and dental plans, life insurance and private pension plans for their employees. As brokers, the Company acts as a link between the insurance company and the client. The insurance company issues a policy or contract for each client detailing the terms and conditions that will apply to the insured employees. Each company, through its human resources policy, determines the

characteristics and coverage of the insurance policy or contract within the range of products the insurance company is able to provide, and may request customized contracts and determine the funding criteria – fully-employer funded or part-funded by both employer and employees.

- b) Revenue from administration fee: monthly remuneration paid for management and/or stipulation of group health and dental plans to the subsidiaries Qualicorp Benefícios, Clube de Saúde, Uniconsult and Plural, and monthly remuneration paid for stipulation of life insurance, personal accident insurance and private pension plan to Qualicorp Administração e Serviços Ltda.

The revenue of the subsidiary Gama Saúde is also recognized in this account. This revenue is derived from earned premiums and is recognized over the coverage period according to the provisions of the contracts, i.e., at the date the entity has an effective right to the amount to be billed, when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the companies. Revenue comprises the fair value of the consideration received or receivable for the sale of medical and hospital plans.

- c) Revenue from benefits management and healthcare consulting: refers to the monthly remuneration for consulting services provided by the Company to its corporate clients.
- d) Revenue from connectivity services: refers to the monthly remuneration for connectivity services provided by the subsidiary Connectmed-CRC to corporate clients.

xv. Taxes

- a) Current income tax and social contribution

For Oxcorp, which pays income tax using the presumed profit method, the provision for income tax is recorded at the rate of 15% on 32% of the revenue from the rendering of services. Social contribution is calculated at the rate of 9% on 32% of the revenue from services and finance income.

For the other companies that pay income tax using the actual profit method, the provision for income tax is recorded at the rate of 15% plus a surcharge of 10% on annual taxable profit exceeding R\$ 240. Social contribution is calculated at the rate of 9% on the adjusted accounting profit.

- b) Deferred income tax and social contribution

The Company and its subsidiaries recognize deferred income tax and social contribution on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized and the liability is settled. Actual taxable profits may be higher or lower than the estimates used to determine the amount of deferred tax assets that can be recognized.

Deferred tax assets are recognized for unused tax losses to the extent it is probable that taxable profit will be available against which the losses can be utilized, based upon technical viability studies that take into account the Company's and its subsidiaries' history of profits and the likely timing and the level of future taxable profits.

Deferred tax assets are recognized for temporary differences, principally provision for tax liabilities and provision for losses, to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized.

xvi. Provision for contingencies

Provisions for tax and labor claims are recognized in the financial statements when Management determines, based on in-house and outside legal advice, that an unfavorable outcome of the litigation, claim, or assessment is probable, it is probable that an outflow of resources will be required to settle the obligation, and the amounts involved can be reliably estimated.

The provisions for legal, tax and social security claims relate to lawsuits that challenge the legality and constitutionality of certain taxes and contributions and are recorded in the financial statements and reassessed in accordance with tax legislation.

The provisions for mass civil litigation (lawsuits considered similar and with an immaterial individual value) are recognized using an objective statistical method that is based on the historical performance of the portfolio of civil lawsuits for 18 months by taking the mean of all lawsuits and loss rates.

xvii. Profit sharing and restricted stock

The remuneration paid to employees, officers and directors that is not proportional to the profits of the Company and its subsidiaries is classified as operating cost or expense. The Company and its subsidiaries adopt the following procedures: (i) classify management and employee profit sharing expenses as administrative expenses; and (ii) develop an estimate of costs of restricted stock under existing share-based payment contracts (Note 20), allocate costs proportionately to each subsidiary and recognize these costs in administrative expenses with a corresponding entry to 'Capital reserve – share options granted'.

Restricted stock plan:

The fair value of the restricted stock plan is recognized in administrative expenses with a corresponding adjustment to equity. Between 25% and 33% of the shares vest on each anniversary of the date of the restricted stock agreement, unless otherwise determined by the Parent's Board of Directors. The total number of shares allocated to the plan may not exceed 4% of the Parent's total shares and may be exercised upon issue of new shares or disposal of the Parent's treasury shares. The shares granted are exercisable for a maximum period of five years from the date of signing of the restricted stock agreement. The shares may be delivered as part of the share of the Parent's profits, and the exercise price of the restricted stock shall be the market value of each restricted share on Brazil's stock exchange (B3 S.A.) on the business day immediately preceding the respective date of grant.

xviii. Basic and diluted earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to common equity holders of the parent by the weighted average number of common shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to common equity holders of the parent by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares. Potential shares are equity instruments or contracts that could potentially be converted into stock, such as convertible bonds and options, including share options.

xix. Dividends

The dividend distribution proposed by Management of the Company and its subsidiaries within the amount of mandatory minimum dividend is recorded in current liabilities (Note 19) as it is considered a legal obligation provided for in the Company's bylaws.

However, any amount greater than the mandatory minimum dividends that is declared by Management after the reporting period to which the financial statements relate but before the date that the financial statements are authorized for issue is recorded in equity within 'Revenue reserve - proposed additional dividends'.

xx. Segment information

Operating segments are reported in a manner consistent with the internal report provided to the Chief Operating Decision Maker (CODM). The CODM, which is the Chief Executive Officer of the Company and its subsidiaries, is responsible for making decisions about resource allocation and performance assessment. Cash management is made for the following segments: Affinity, Corporate and Health, the last two of these do not account for 10% of the Parent's revenue. Refer to Note 26 for details.

4. *Significant accounting judgements, estimates and assumptions*

In applying the Group's accounting policies (Note 3), Management is required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and the future periods if the revision affects both current and future periods.

Accounting estimates and assumptions are continually evaluated by Management and are based on historical experience and other factors, which are believed to be reasonable and relevant.

The Group adopts assumptions and makes estimates concerning the future in order to obtain an understanding of how the Company and its subsidiaries form their judgments about future events, including variables and assumptions used in the estimates, which require the use of judgements as to the effects of relatively uncertain issues about the carrying amounts of assets and liabilities. Actual results will seldom equal the related estimates.

In the process of applying the Group's accounting policies, Management has adopted the following assumptions, which may affect the financial statements. The areas involving a higher degree of judgment or use of estimates that are significant to the financial statements are discussed below:

a) *Impairment of goodwill*

The Company tests goodwill for impairment annually (Note 3.x and Note 13). The recoverable amount of CGUs has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management (Note 13). If the pre-tax discount rate applied to the cash flow projections had been 1% higher than management's estimate (from 14.5% to 15.5%), the Company would continue to have no impairment charge.

b) *Provision for civil lawsuits*

The provisions for civil lawsuits are recognized using an objective statistical model that is based on historical performance of the portfolio of civil lawsuits for a period of 18 months by taking the mean of all lawsuits. The historical performance is linked to ongoing lawsuits and payments made, which can increase or decrease the provision during one particular time of the year. If the change in the average of payments had been 10%, the increase or decrease in the provision would have been R\$ 5,501.

c) *Call option over non-controlling interests*

The Company reviews annually the estimates used to measure the call option over non-controlling interests at fair value based on the cash flow projections discounted to present value using a discount rate. If the cash flow projections had been 10% higher, the liability would have increased by R\$ 5,016 for Parent company and by R\$ 10,612 for Consolidated.

5. Financial instruments

a) Classification and fair value of financial instruments

Set out below is the classification and measurement of financial assets and financial liabilities:

Parent company				
	December 31, 2023		December 31, 2022	
	At fair value through profit or loss	At amortized cost	At fair value through profit or loss	At amortized cost
Financial assets:				
Cash and cash equivalents – short-term highly liquid investments	52,256	-	89,250	-
Financial investments	218,620	-	-	-
Amounts receivable from customers	-	47,969	-	53,360
Other financial assets – current and non-current	-	45,071	-	94,587
Receivables from related parties – current and non-current	-	159,141	-	38,190
Financial liabilities:				
Interest-bearing loans and borrowings and debentures – current and non-current	-	2,206,747	-	2,206,580
Payroll and related charges – current	-	32,972	-	48,902
Other payables – current and non-current	-	17,757	-	30,254
Payables to related parties – current	-	1,853	-	22,065
Call option over non-controlling interests	50,155	-	48,149	-
Lease liabilities – current and non-current	-	20,298	-	37,842

Consolidated				
	December 31, 2023		December 31, 2022	
	At fair value through profit or loss	At amortized cost	At fair value through profit or loss	At amortized cost
Financial assets:				
Cash and cash equivalents – short-term highly liquid investments	362,865	-	235,953	-
Financial investments	592,179	-	333,143	-
Amounts receivable from customers	-	242,993	-	232,040
Other financial assets – current and non-current	-	475,591	-	409,067
Financial liabilities:				
Interest-bearing loans and borrowings and debentures – current and non-current	-	2,206,747	-	2,206,580
Premiums to be transferred – current and non-current	-	358,599	-	224,304
Technical reserves for healthcare operations	-	27,915	-	16,923
Financial transfers payable – current and non-current	-	62,619	-	56,813
Transferable prepayments	-	33,224	-	46,918
Payroll and related charges – current and non-current	-	49,907	-	67,713
Other payables – current and non-current	-	167,149	-	180,854
Payables to related parties – current	-	-	-	22,044
Call option over non-controlling interests	106,115	-	93,780	-
Lease liabilities – current and non-current	-	30,466	-	51,132

Fair value measurements recognized in the balance sheet

The following table provides an analysis of the financial instruments that are measured at fair value after initial recognition and categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities. Active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Inputs other than quoted market prices included within Level 1 that are directly or indirectly observable. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and observable inputs such as interest rate and yield curves.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Unobservable inputs should be developed using the best information available in the circumstances. The Level 3 measurement inputs should include risk inherent in a particular valuation technique used to measure fair value and/or the risk inherent in the inputs to the valuation technique.

Consolidated Description	December 31, 2023		December 31, 2022	
	Level 1	Level 3	Level 1	Level 3
Cash and cash equivalents – short-term highly liquid investments	362,865	-	235,953	-
Financial assets at fair value through profit or loss – financial investments	592,179	-	333,143	-
Call option over non-controlling interests	-	106,115	-	93,780

There were no transfers between Level 1 and Level 3 during the year.

The carrying amounts of other financial assets and financial liabilities approximate their fair values, except for debentures that are classified as non-current liabilities (Note 14).

Reconciliation of fair value measurement of financial liabilities (Level 3)

	Fair value through profit or loss				Total
	Plural	Oxcorp	Uniconsult	Clube de Saúde	Consolidated
As at December 31, 2022	45,631	33,107	13,668	1,374	93,780
Fair value remeasurement	10,328	540	1,319	148	12,335
As at December 31, 2023	55,959	33,647	14,987	1,522	106,115

The Company has call options over non-controlling interests related to the acquisition of Uniconsult Administradora de Benefícios e Serviços Ltda, Oxcorp Gestão Consultoria e Corretora de Seguros Ltda, Plural Gestão em Planos de Saúde Ltda and Clube de Saúde.

The purchase price of non-controlling interests has been determined according to the terms of the acquisition agreements for a period of 12 months prior to the exercise of the option. This liability is measured based on the fair value of non-controlling interests. The determination of the fair value is based on discounted cash flows.

Derivative instruments

At December 31, 2023 and 2022, the Company and its subsidiaries did not enter into derivatives for hedging or speculative purposes.

a) Management of major risks

Through its direct subsidiaries that operate principally in the health insurance, health and dental plan segments, the Company is involved in the benefits stipulation and health plan management, including self-management, brokerage, and consulting.

The Company and its subsidiaries are exposed to credit risk, interest rate risk, liquidity risk and capital risk. These risks are managed by different departments subject to the Group's established policies and resource allocation strategies.

The Company and its subsidiaries have internal controls to ensure that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

Credit risk

The Group is exposed to credit risk from its operating activities (trade receivables). Credit risk is the risk that the beneficiaries will not make the premium payments to health plan operators/insurance companies, leading the Company and its subsidiaries to assume the payment obligations of beneficiaries.

To mitigate credit risk, the Group's policy is to cancel coverage of beneficiaries who are delinquent in paying premiums by the date required by the plan, which is generally 30 days past the payment due date. The method of calculation of loss allowance for trade receivables and write-off of uncollectible receivables is disclosed in Note 3.v.

The Group is also exposed to credit risk from investment balances with banks and financial institutions. Financial investments are considered by Management to have low credit risk as they are made only with reputable banks and financial institutions and within asset allocation limits set by the Group's treasury department. The Group's financial investments comprise fixed-income securities and government securities, which are considered to be low credit risk investments. Investments of surplus funds are made only with approved counterparties with a credit rating of 'AAA' to 'BBB' up to a limit of 100% and of 'BBB' to 'BBB+' up to a limit of 20%.

Interest rate risk

Interest rate risk is the risk that the value of assets and liabilities will fluctuate because of changes in interest rates. Because the average term of receipts/payments of the Company and its subsidiaries is 30 days, Management uses the change in the Interbank Deposit Certificate rate (CDI) as an assumption to analyze changes in interest rates, as shown below:

Line item	Parent company			
	Balance sheet section	Note	December 31, 2023	December 31, 2022
Financial investments classified as cash equivalents (i)	Current assets	7.1	52,256	89,250
Financial investments (i)	Current assets	7.2	218,620	-
Interest-bearing loans and borrowings and debentures (ii)	Current and non-current liabilities	14	(2,206,747)	(2,206,580)
Lease liabilities (iii)	Current and non-current liabilities	15	(20,298)	(37,842)
Total exposure			(1,956,169)	(2,155,172)

Line item	Consolidated			
	Balance sheet section	Note	December 31, 2023	December 31, 2022
Financial investments classified as cash equivalents (i)	Current assets	7.1	362,865	235,953
Financial investments (i)	Current assets	7.2	592,179	333,143
Interest-bearing loans and borrowings and debentures (ii)	Current and non-current liabilities	14	(2,206,747)	(2,206,580)
Lease liabilities s (iii)	Current and non-current liabilities	15	(30,466)	(51,132)
Total exposure			(1,282,169)	(1,688,616)

- i) Highly liquid financial investments accrue interest linked to the CDI interest rate and reflect normal market conditions during the period (Note 7).

The Company's financial investment policy determines the financial institutions with which the Company and its subsidiaries may do business, and the asset allocation limits and objectives (Note 3.iii).

- ii) The debentures issued by the Group accrue interest at a rate of 100% of the accumulated variation of the daily average rates for overnight interbank deposits (DI rate) expressed in percent per annum considering a year of 252 business days (B3) plus a spread of 1.85% per annum for debentures (Note 14).
- iii) Lease liabilities bear interest as specified in the agreement or estimated by market analyses.

Interest rate sensitivity analysis

Changes in interest rates, e.g., CDI, may have a positive or negative effect on the parent company and consolidated financial statements as a result of an increase or decrease in the value of financial investments, cash equivalents, loans and borrowings, and debentures. At December 31, 2023, if the CDI interest rate had been higher/lower by 10% per annum with all other variables held constant, the profit before tax for the year would have higher/lower by R\$ 21,273.

Supplementary sensitivity analysis for financial instruments

Based on the interest rate projections made by the Brazilian Central Bank, Management estimated, for the current period, future interest rates of 9% per annum plus a spread of 1.15% to 1.85% per annum, and the effect on the fair value of financial instruments:

	Scenario			
	December 31, 2023	Probable	Possible	Remote
Assumptions		CDI 9% per annum	CDI 11.25% per annum	CDI 13.50% per annum
Financial investments classified as cash equivalents and financial investments	955,044	1,040,998	1,062,486	1,083,975
Interest-bearing loans and borrowings, debentures and lease liabilities	(2,237,213)	(2,690,586)	(2,781,928)	(2,872,318)
Net exposure	(1,282,169)	(1,649,588)	(1,719,442)	(1,788,343)

	Scenario			
	December 31, 2022	Probable	Possible	Remote
Assumptions		CDI 12.75% per annum	CDI 15.94% per annum	CDI 19.13% per annum
Financial investments classified as cash equivalents and financial investments	569,096	641,656	659,810	677,964
Interest-bearing loans and borrowings, debentures and lease liabilities	(2,257,712)	(3,175,116)	(3,367,739)	(3,557,657)
Net exposure	(1,688,616)	(2,533,460)	(2,707,929)	(2,879,693)

	Assumptions		
	Probable	Possible	Remote
CDI	Brazilian Central Bank's bulletin	+25% from the probable rate	+50% from the probable rate

In the probable scenario, the Company would have a net exposure of R\$ 1,649,588 at December 31, 2023, arising from the differences in the estimates of future CDI interest rates for loans and borrowings, debentures and lease liabilities plus a spread of 1.85% per annum for loans, borrowings and debentures.

The same estimates of future CDI interest rates were considered for the Company's financial investments at December 31, 2023. Under the stressed possible and remote scenarios, using the same assumptions as for the probable scenario, the Company's net exposure would increase by R\$ 69,854 and R\$ 138,755, respectively, compared to the probable scenario.

Capital risk

The primary objectives of the Group's capital management are to safeguard their ability to continue as a going concern while maximizing shareholders' returns and other stakeholders' benefits and to optimize the cost of capital.

The Group monitors capital using a gearing ratio, which is net debt (interest-bearing loans and borrowings and debentures as per Note 14, less cash and cash equivalents as per Note 7) divided by total equity (Note 19).

The Company and its subsidiaries are subject to certain leverage limits (Note 14).

Additionally, the subsidiaries Qualicorp Benefícios, Clube de Saúde, Uniconsult, Plural and Gama Saúde are subject to minimum funding requirements under ANS Normative Resolution 569 of December 19, 2022 which sets the required regulatory capital. Required regulatory capital is the higher of base capital and risk-based capital, both of which must be higher than adjusted equity for economic effects.

Shown below is the adjusted equity by entity at December 31, 2023, which is compliant with the respective Normative Resolution:

Description	December 31, 2023				
	Benefícios	Uniconsult	Clube	Plural	Gama
Adjusted equity	135,198	3,277	62,783	24,956	64,625
Regulatory capital	91,509	1,690	10,497	10,726	12,909

The Company's gearing ratio is as follows:

Description	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Debt (loans and borrowings, debentures, and lease liabilities)	(2,227,045)	(2,244,422)	(2,237,213)	(2,257,712)
Financial investments classified as cash equivalents and financial investments	270,876	89,250	955,044	569,096
Net debt	(1,956,169)	(2,155,172)	(1,282,169)	(1,688,616)
Equity	1,270,214	1,346,450	1,285,533	1,356,594
Net debt to equity ratio	(154.00%)	(160.06%)	(99.74%)	(124.47%)

Liquidity risk

Considering the Group's activities, liquidity risk management implies monitoring the maturities of assets and liabilities to have sufficient cash to meet obligations when they fall due.

The Company and its subsidiaries analyze cash flow projections and periodically review the obligations assumed and financial instruments used. The expected cash outflows for the Group's financial liabilities are as follows:

	Consolidated					Total R\$
	Estimated interest rate per month %	Less than 6 months R\$	6 to 12 months R\$	1 to 2 years R\$	Over 2 years R\$	
	Year ended December 31, 2023					
Interest-bearing loans and borrowings and debentures	CDI + 1.85%	-	798,848	710,929	1,222,444	2,732,221
Premiums to be transferred	-	358,432	-	167	-	358,599
Lease liabilities	CDI + (between 1.15% and 1.85%)	7,986	7,917	14,215	5,122	35,240
Other payables	-	98,050	-	-	-	98,050
Amounts due to health plan operators/insurance companies		60,755	-	-	-	60,755
Payroll and related charges	-	49,507	-	400	-	49,907
Transferable prepayments	-	33,224	-	-	-	33,224
Technical reserves for healthcare operations	-	27,915	-	-	-	27,915
Intangible assets payable	-	5,463	-	150	-	5,613
Financial transfers payable	-	61,924	-	695	-	62,619
Call option over non-controlling interests	-	-	-	-	106,115	106,115
Total	-	703,256	806,765	726,556	1,333,681	3,570,258

6. New and amended standards and interpretations

Currently effective new standards, interpretations and amendments:

The following amendments became effective as at January 1, 2023:

Standards	Summary of amendment
IFRS 17 / CPC 50	<i>Insurance Contract</i> : The standard establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts. Management has assessed that the standard had no impact on the financial statements of the Company as it is not related to the Company's business model.
IAS 1 / CPC 26	<i>Presentation of Financial Statements</i> : The amendments replace the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

Standards	Summary of amendment
IAS 8 / CPC 23	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : The amendments change the definition of 'change in accounting estimates' to 'accounting estimates'. Management has assessed that the amendments had no impact on the Company.
IAS 12 / CPC 32	<i>Income Taxes</i> : The amendments clarify that an entity is required to recognize the related deferred tax asset and liability on initial recognition of an asset and liability in a transaction that affects accounting profit or taxable profit or gives rise to equal taxable and deductible temporary differences. The amendments had no impact on the Company.

Standards and amendments issued but not yet effective:

The following standards and amendments were issued by the IASB and are effective from January 1, 2024:

Standards	Summary of amendment
IAS 1 / CPC 26	<i>Presentation of Financial Statements</i> : The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period and is unaffected by management's intention to settle the liability in the short run. The amendments also clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. A definition of 'settlement' was added to clarify that settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash, goods and services or the entity's own equity instruments.
IFRS 16 / CPC 06	<i>Leases</i> : The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure that the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.
IFRS 7 / CPC 40	<i>Financial Instruments</i> : The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers. The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions, the carrying amounts of supplier finance arrangement financial liabilities as at the beginning and end of the reporting period; and the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities.

There are no other standards, interpretations or amendments that have been issued but are not yet adopted by the Company and which, in the Management's opinion, are expected to have a material impact on the Company's financial position, performance, presentation and/or disclosures.

7. Cash and cash equivalents and financial investments

7.1. Cash and cash equivalents

Description	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Highly liquid financial investments (i)	52,256	89,250	362,865	235,953
Bank deposits (ii)	271	1,047	31,713	141,166
Cash on hand	5	7	11	10
Total	52,532	90,304	394,589	377,129

- i) Management's strategy is to make investments that can be redeemed at any time before their maturity. These investments comprise the following:

Description	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Reverse repurchase agreements (a)	6,243	83,316	186,186	212,234
Bank certificates of deposit (CDBs) (b)	46,013	5,934	174,097	11,663
Other investments	-	-	2,582	12,056
Total	52,256	89,250	362,865	235,953

- a) These are highly liquid debenture-backed instruments that accrue interest varying between 75% and 90% of the Interbank Deposit (DI) rate.
- b) These financial instruments accrue interest of 92% to 104.25% of the CDI and are held in custody with B3 CETIP.
- ii) Consolidated balances at December 31, 2023 include mainly the receipts from customers that occurred on the last business day of the month.

7.2. Financial investments

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
CDBs (i)	218,620	-	256,587	-
Exclusive financial investment fund (ii)	-	-	310,594	279,490
Non-exclusive financial investment fund (iii)	-	-	24,998	52,102
Other investments	-	-	-	1,551
Total	218,620	-	592,179	333,143

- i) These financial instruments accrue interest of 103.75% to 104.75% of the CDI.
- ii) This is an exclusive investment fund which invests in government bonds, debentures and other securities usually presenting better returns:

Description	Market and carrying value – Exclusive financial investment funds - Consolidated	
	December 31, 2023	December 31, 2022
Financial Bills (Eligible LFS – level II)	250,997	132,342
National Treasury Financial Bills (LTN over)	-	49,779
Financial Bills (LF252)	45,631	50,135
Debentures	12,632	46,066
Other investments and reserve	1,334	1,168
Total	310,594	279,490

- iii) This financial investment is held as a guarantee for the Company's direct subsidiary Gama Saúde. For the other direct subsidiaries Qualicorp Benefícios, Clube de Saúde and Uniconsult, the money was withdrawn in March 2023, and for the indirect subsidiary Plural, in April 2023, pursuant to regulation of the regulatory agency ANS.

There are no material non-cash transactions that would require disclosure.

8. Amounts receivable from customers

Current	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Premiums recoverable with risk of default – Benefits Administrators	-	-	134,772	141,944
Brokerage fee receivable	47,969	53,360	49,525	55,526
Receivables from health plans	-	-	48,226	30,136
Other receivables from customers	-	-	10,470	4,434
Total	47,969	53,360	242,993	232,040

The aging schedule of the consolidated balances of receivables from customers is as follows:

	December 31, 2023		
	Premiums	Brokerage fee	Health plans
Not yet due	91,316	46,935	12,108
1-30 days past due	49,243	1,574	30,139
31-60 days past due	17,861	383	9,899
61-90 days past due	13,125	31	614
91-180 days past due	38,601	602	1,422
(-) Expected credit losses (*)	(75,374)	-	(5,956)
Total	134,772	49,525	48,226

	December 31, 2022		
	Premiums	Brokerage fee	Health plans
Not yet due	79,620	54,662	7,100
1-30 days past due	51,960	538	20,186
31-60 days past due	16,138	326	1,030
61-90 days past due	11,019	-	379
91-180 days past due	31,158	-	1,441
(-) Expected credit losses (*)	(47,951)	-	-
Total	141,944	55,526	30,136

(*) The movement in expected credit losses during the year was as follows:

	Premiums		Health plans
	December 31, 2023	December 31, 2022	December 31, 2023
As at January 1	47,951	48,226	-
Expected credit losses	137,601	111,383	5,956
Reversal of expected credit losses	(110,178)	(111,658)	-
Total	75,374	47,951	5,956

8.1 Losses on uncollectible receivables – statement of profit or losses

	Consolidated	
	Year ended December 31, 2023	Year ended December 31, 2022
Provisions (reversals)	33,379	(275)
Actual losses (recoveries) (*)	108,593	98,021
Balance at the end of the year	141,972	97,746

(*) Refers mainly to losses on past-due receivables from management and stipulation of collective benefits by affinity plans where the Company assumes the risk of default on payments to healthcare and dental plan operators and insurers, net of recoveries.

9. Other financial assets

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<u>Current</u>				
Receivables - Plan operators/insurance companies (i)	-	-	230,627	112,117
Taxes recoverable (iv)	27,211	70,889	78,691	113,295
Advances from transfer of contracts (ii)	-	-	32,088	28
Receivables from sale of Qsaúde (iii)	5,200	605	26,000	3,023
Advances	6,547	9,009	14,351	12,317
Other current financial assets	106	-	1,316	4,487
Total current	39,064	80,503	383,073	245,267
<u>Non-current</u>				
Judicial deposits	2,563	2,476	30,087	20,956
Taxes recoverable (iv)	-	712	28,663	32,761
Receivables - Plan operators/insurance companies (i)	-	-	16,963	25,060
Advances from transfer of contracts (ii)	2,350	2,945	15,293	47,796
Advances	800	800	800	800
Receivables from sale of Qsaúde (iii)	-	7,151	-	35,756
Other non-current financial assets	294	-	712	671
Total non-current	6,007	14,084	92,518	163,800
Total	45,071	94,587	475,591	409,067

- i) Refers mainly to differences because of the timing of the payments to insurers/operators and the input of all related invoices paid into the Company's system. These differences are resolved only after the Company reconciles bill payments and bills due. At December 31, 2023, the Company has a provision for losses of R\$ 37,591 (December 31, 2022: R\$ 47,530) related to premiums transferred to health plan operators and insurance companies.
- ii) Advances made to plan operators.
- iii) On February 27, 2024, the Company entered into an agreement to receive the outstanding receivables related to the sale of Qsaúde and, as a result of this agreement, it recorded a provision for loss of R\$ 15,661 in 'other expenses' (Note 22).

iv) Taxes recoverable are as follows:

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Corporate Income Tax (IRPJ)	25,655	57,511	61,583	88,448
Social Contribution on Net Income (CSLL)	946	5,302	12,264	12,361
Social Contribution on Revenues (COFINS)	381	5,556	1,114	6,639
Other taxes recoverable	229	2,520	3,730	5,847
Total current	27,211	70,889	78,691	113,295
Instituto Nacional do Seguro Social - INSS	-	-	14,142	14,087
Social Contribution on Revenues (COFINS)	-	-	6,320	6,320
Corporate Income Tax (IRPJ)	-	712	4,090	7,950
Social Contribution on Net Income (CSLL)	-	-	349	643
Social Integration Program (PIS)	-	-	3,762	3,761
Total non-current	-	712	28,663	32,761
Total	27,211	71,601	107,354	146,056

10. Deferred income tax and social contribution

In accordance with Technical Pronouncement CPC 32 and Technical Interpretation ICPC 9, deferred tax assets and deferred tax liabilities are presented net, as follows:

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Deferred income tax and social contribution assets	197,805	158,741	204,066	161,270
Deferred income tax and social contribution liabilities	-	-	(67,825)	(79,658)
Deferred tax assets, net	197,805	158,741	136,241	81,612

The consolidated figures are broken down by legal entity without the netting-off effect between deferred tax assets and deferred tax liabilities:

	December 31, 2023								
	Parent company	Qualicorp Serviços	Qualicorp Benefícios	Clube de Saúde	Gama	CRC	Uniconsult	Plural	Consolidated
Deferred income tax and social contribution assets (i)	259,728		1 72,192	7,130	6	704	50	1,313	341,124
Deferred income tax and social contribution liabilities (ii)	(61,923)		- (139,906)	(2,882)	(45)	-	(122)	(5)	(204,883)
Deferred tax assets (liabilities), net	197,805		1 (67,714)	4,248	(39)	704	(72)	1,308	136,241

	December 31, 2022								
	Parent company	Qualicorp Serviços	Qualicorp Benefícios	Clube de Saúde	Gama	CRC	Uniconsult	Plural	Consolidated
Deferred income tax and social contribution assets (i)	222,328		- 53,340	1,978	17	878	45	1,240	279,826
Deferred income tax and social contribution liabilities (ii)	(63,587)		- (132,998)	(1,608)	(7)	-	(2)	(12)	(198,214)
Deferred tax assets (liabilities), net	158,741		- (79,658)	370	10	878	43	1,228	81,612

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. At the Parent company, deferred tax assets are recognized also for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized.

i) Deferred tax assets

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Recognized tax losses - income tax (IRPJ) and social contribution (CSLL)	180,004	145,281	182,755	145,281
Unrecognized tax losses - IRPJ and CSLL (a)	-	-	59,144	54,740
Provision for impairment of goodwill (b)	41,088	41,088	41,088	41,088
Provision for contingencies	4,035	3,808	19,471	17,011
Provision for expected credit losses	-	-	37,588	15,421
Provision for inflation-indexation and interest accruals on acquisitions	13,794	13,190	20,182	14,104
Provision for employee profit sharing plan	7,620	9,838	11,005	11,677
Loss allowance for trade receivables and write-off of uncollectible receivables – current amounts	167	27	2,059	17,961
Other provisions	13,020	9,096	26,976	17,283
Total deferred tax assets	259,728	222,328	400,268	334,566
(-) Unrecognized deferred tax assets (c)	-	-	(59,144)	(54,740)
Total deferred tax assets recognized	259,728	222,328	341,124	279,826

a) The unrecognized income tax (IRPJ) and social contribution (CSLL) losses are as follows:

<u>Companies</u>	Tax base	IRPJ/CSLL tax rate	Tax base	IRPJ/CSLL tax rate
	December 31, 2023	(34%)	December 31, 2022	(34%)
Connectmed-CRC Consultoria, Administração e Tecnologia em Saúde Ltda.	105,760	35,958	100,799	34,272
Qualicorp Administração e Serviços Ltda.	52,826	17,961	50,750	17,254
Qualicorp Administradora de Benefícios S.A.	8,091	2,751		
Gama Saúde Ltda.	7,275	2,474	9,451	3,214
Total	173,952	59,144	161,000	54,740

b) Taxes on goodwill written off in subsidiaries.

c) Certain direct and indirect subsidiaries of the Company have tax losses carried forward but deferred tax assets have not been recognized in respect of these losses as up to the present time it is not probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets will be realized as the associated temporary differences reverse or become deductible. The deferred tax assets will be recovered from probable future taxable profits, as follows:

<u>Year</u>	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
2023	-	22,845	-	80,342
2024	33,716	41,088	105,978	41,088
2025	70,885	27,609	77,270	27,609
2026	22,697	41,825	22,697	41,824
2027	26,360	56,866	26,360	56,863
From 2028 to 2032	106,070	32,094	108,819	32,094
Total	259,728	222,328	341,124	279,826

The present value of deferred tax assets at December 31, 2023 is R\$ 123,552 (Parent company) and R\$ 195,166 (Consolidated), calculated using Brazil's benchmark interest rate (SELIC) based upon the expected timing of realization of deductible temporary differences.

ii) Deferred tax liabilities

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Temporary differences on the portion of goodwill of merged companies amortized during the year, for tax purposes	57,859	57,859	193,649	189,127
On fair value of customer relationship intangible assets acquired in a business combination	4,057	5,723	6,868	6,162
Discount to present value	-	-	2,882	1,608
Other provisions	7	5	1,484	1,317
Total	61,923	63,587	204,883	198,214

11. Related parties

11.1. Balances and transactions with related parties

The Company has been assisting its executives with legal matters in connection with tax assessments on its 2013 share option program.

The amounts owed by/to related parties in current assets and current and non-current liabilities are as follows:

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Accounts receivable				
Intercompany transactions (*)	151,775	28,686	-	-
Dividends receivable	7,366	-	-	-
Current assets	159,141	28,686	-	-
Loans to related parties				
	-	9,504	-	-
Non-current assets	-	9,504	-	-
Total assets	159,141	38,190	-	-
Accounts payable				
Intercompany transactions	-	21	-	-
Dividends payable	-	22,044	-	22,044
Total liabilities	-	22,065	-	22,044

(*) In 2023, the Company began to apportion commissions between the Parent company and subsidiaries since the retention of customers after sales generates economic benefits to administration companies but related costs are borne in full by the Parent company.

The following table presents movements in intercompany revenues and expenses for the years ended December 31, 2023 and 2022:

	December 31, 2023				
	Qualicorp Administradora de Benefícios S.A.	Qualicorp Consultoria Corretora de Seguros S.A.	CRC Connectmed	Gama	Other subsidiaries
Corporate services and apportionment of expenses (i)	(102,951)	118,014	(6,610)	(1,751)	(6,702)
Commissions (ii)	(206,393)	206,393	-	-	-
Interest on debentures (iii)	(192,628)	192,628	-	-	-
Costs of issue of debentures (iii)	(2,376)	2,376	-	-	-
Technical acceptance services	(1,020)	-	1,020	-	-
Interest on loans	457	281	-	-	(738)
Bill issue services	(357)	-	-	-	357

	December 31, 2022				
	Qualicorp Administradora de Benefícios S.A.	Qualicorp Consultoria Corretora de Seguros S.A.	CRC Connectmed	Gama	Other subsidiaries
Corporate services and apportionment of expenses	(99,370)	113,721	(7,277)	(734)	(6,340)
Bill issue services	(14)	-	-	-	14
Interest on loans	-	2,637	-	-	(2,637)
Commissions	(19,598)	19,598	-	-	-

- i) Refers to back-office services (Finance, Controllership, Legal, Administrative, Human Resources and Information Technology) used by the Group companies. The costs incurred in providing the services to the Group companies are apportioned among, and reimbursed by, the Group operating companies.
- ii) Apportionment of commissions agreed upon between the Parent company and its subsidiary Qualicorp Administradora de Benefícios S.A. related to after-sale customer retention whose costs are borne in full by the Parent company.
- iii) Apportionment of costs of issue of debentures and interest on debentures between the Parent company and its subsidiary Qualicorp Administradora de Benefícios S.A.

11.2. Other transactions with related parties

The Company has transactions with the health plan operator SulAmérica Serviços de Saúde S.A. that belongs to the same economic group of Rede D'Or São Luiz S.A., a shareholder of the Company. The consolidated balances of these transactions are as follows:

	Parent company	Consolidated
	December 31, 2023	December 31, 2023
Accounts receivable		
Commissions	20,324	20,324
Total assets	20,324	20,324
Accounts payable		
Payment transfers	-	168,081
Total liabilities	-	168,081
Revenue		
Commissions	314,628	314,628
Officers' remuneration	-	27,230
Total revenue	314,628	341,858

11.3. Compensation of key management personnel

Key management includes members of the Board of Directors, the CEO, the vice-presidents and the statutory and non-statutory officers.

The compensation paid or payable to key management personnel is as follows:

	December 31, 2023			
	Parent company		Consolidated	
	Accounts payable	Expenses	Accounts payable	Expenses
Short-term employee benefits (*)	981	22,832	2,303	56,517
Share-based payments	-	507	-	6,614
Balance at December 31, 2023	981	23,339	2,303	63,131

	December 31, 2022			
	Parent company		Consolidated	
	Accounts payable	Expenses	Accounts payable	Expenses
Short-term employee benefits (*)	619	23,444	2,379	62,842
Share-based payments	-	(961)	-	6,886
Balance at December 31, 2022	619	22,483	2,379	69,728

(*) Compensation to the Board of Directors consists of a fixed pay, and compensation to executive officers and employees consists of a fixed and variable pay based on performance and annual overall goals as approved by the Board.

12. Investments in subsidiaries and joint venture

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Investments in subsidiaries:				
Qualicorp Administradora de Benefícios S.A.	1,357,344	1,403,609	-	-
Gama Saúde e Connectmed CRC	117,284	119,661	-	-
Oxcorp Gestão Consultoria e Corretora Ltda	87,891	88,603	-	-
Clube de Saúde Administradora de Benefícios Ltda	76,606	82,133	-	-
Uniconsult Administradora de Benefícios e Serviços Ltda	20,761	24,649	-	-
Qualicorp Administração e Serviços Ltda	21,388	21,820	-	-
Apm Assessoria Comercial e Corretora de Seguros Ltda (i)	-	59,689	-	-
Total investments in subsidiaries	1,681,274	1,800,164	-	-
Escale Health Seguros e Corretagem S.A. (ii)	-	76,716	-	76,716
Total investment in joint venture	-	76,716	-	76,716
500 LLC (ii)	-	49,455	-	49,455
Total investment accounted for using the cost method	-	49,455	-	49,455
Other investments	174	174	262	262
Total other investments	174	174	262	262
Total investments	1,681,448	1,926,509	262	126,433

i) Subsidiary merged on January 1, 2023 (Note 1 b) III).

ii) Investments sold (Note 1 b) IV).

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Investments in subsidiaries – Parent company

	Qualicorp Administradora de Benefícios S.A	Gama Saúde and Connectmed - CRC	Oxcorp Gestão Consultoria e Corretora Ltda	Clube de Saúde Administradora de Benefícios Ltda	Uniconsult Administradora de Benefícios e Serviços Ltda	Qualicorp Administração e Serviços Ltda	Apm Assessoria Comercial e Corretora de Seguros Ltda	Total
Financial information of subsidiaries at December 31, 2023								
Share capital (i)	314,005	274,047	330	45,133	150	26,663	-	660,328
Equity (ii)	910,447	116,056	3,622	77,529	4,336	(493)	-	1,111,497
Profit (loss) for the year	69,223	(13,601)	9,049	5,130	9,225	(925)	-	78,011
Information on the Parent's investments:								
Number of shares (iii)	728,820,693	27,404,692,914	330,000	45,133,125	150,000	26,662,568	-	-
Ownership interest %	100	99.99	75	98.81	75	100	-	-
Movements in investments:								
Total investments at December 31, 2022	1,403,609	119,661	88,603	82,133	24,649	21,820	59,689	1,800,164
Interest on capital received (*)	(70,734)	-	-	-	-	-	-	(70,734)
Capital reserve – restricted stock plan	5,872	-	-	-	-	-	-	5,872
Advance for future capital increase	-	12,000	-	-	-	-	-	12,000
Adjustments for disproportionate dividends	-	-	-	(476)	109	-	-	(367)
Dividends received (*)	(50,627)	-	(6,218)	(4,466)	(6,364)	-	-	(67,675)
Dividends receivable	-	-	-	(5,653)	(1,713)	-	-	(7,366)
Merger of subsidiary	-	-	-	-	-	-	(59,689)	(59,689)
Net working capital of subsidiary	-	-	-	-	-	493	-	493
Share of net profits of investees accounted for using the equity method	69,223	(14,377)	5,506	5,068	4,080	(925)	-	68,575
Share of results of subsidiaries	69,223	(13,601)	6,788	5,068	6,919	(925)	-	73,472
Amortization of intangible assets (iv)	-	(776)	(1,282)	-	(2,839)	-	-	(4,897)
Total investments at December 31, 2023	1,357,343	117,284	87,891	76,606	22,613	21,388	-	1,681,274

(*) The Company classified dividends and interest on capital received in the statement of cash flows as cash flows from investing activities.

Investment in a joint venture and investment accounted for using the cost method – Parent company and Consolidated

Escale Health Seguros e Corretagem S.A.	500 LLC	Total
-----------------------------------------	---------	-------

Information on investments:

Number of shares	253,095	14,941,640	-
Ownership interest %	35	5	-

Movements in investments:

Total investments at December 31, 2022	76,716	49,455	126,171
Share of results of investee accounted for using the equity method	(510)	-	(510)
Disposal of investments (v)	(76,206)	(49,455)	(125,661)
Total investments at December 31, 2023	-	-	-

- i) The share capital is R\$ 53,873 for Gama Saúde and R\$ 220,174 for Connectmed-CRC.
- ii) The equity of subsidiary Qualicorp Benefícios, presented herein, considers the effects of the consolidation of its investments in subsidiaries. The equity is R\$ 52,325 for Gama Saúde and R\$ 51,731 for Connectmed-CRC.
- iii) The number of shares is 5,387,297,425 for Gama Saúde and 22,017,395,489 for Connectmed-CRC.
- iv) Refers to amortization of intangible assets such as customer relationships, trademarks, non-compete agreement and software, recognized as share of net profit of equity-accounted investees in the statement of profit or loss.
- v) As per Note 1 b) IV.

13. Intangible assets

I. Other intangible assets

	Parent company				Consolidated		
	Annual amortization rate %	Cost	Accumulated amortization	Balance at December 31, 2023	Cost	Accumulated amortization	Balance at December 31, 2023
Acquisition of rights assignment (a)	20	335,354	(274,082)	61,272	694,245	(568,935)	125,310
Software in use and software under development (b)	20	192,738	(130,788)	61,950	605,748	(477,230)	128,518
Exclusivity rights	20	170,795	(158,502)	12,293	239,977	(208,295)	31,682
Trademarks and patents	20	192	(67)	125	1,494	(918)	576
Non-compete agreement	16.5	144,932	(82,517)	62,415	158,756	(95,289)	63,467
Sales commissions (c)	40.8	1,396,796	(1,078,262)	318,534	1,498,203	(1,147,666)	350,537
Total other intangible assets		2,240,807	(1,724,218)	516,589	3,198,423	(2,498,333)	700,090

Parent company	Balance at December 31, 2022	Additions	Amortization	Write-offs	Balance at December 31, 2023
Acquisition of rights assignment (a)	84,610	7,749	(31,087)	-	61,272
Software in use and software under development (b)	65,069	23,477	(22,482)	(4,114)	61,950
Exclusivity rights	17,082	-	(4,789)	-	12,293
Trademarks and patents	186	67	(67)	(61)	125
Non-compete agreement	85,353	131	(23,069)	-	62,415
Sales commissions (c)	443,350	157,321	(282,133)	(4)	318,534
Total other intangible assets	695,650	188,745	(363,627)	(4,179)	516,589

Consolidated	Balance at December 31, 2022	Additions	Amortization	Write-offs	Balance at December 31, 2023
Acquisition of rights assignment	180,889	-	(55,579)	-	125,310
Software in use and software under development (b)	135,971	47,662	(50,300)	(4,815)	128,518
Exclusivity rights	43,015	-	(11,333)	-	31,682
Trademarks and patents	974	-	(337)	(61)	576
Non-compete agreement	86,960	-	(23,493)	-	63,467
Sales commissions (c)	472,128	186,143	(307,730)	(4)	350,537
Total other intangible assets	919,937	233,805	(448,772)	(4,880)	700,090

- a) At the Parent company, the 'Additions' column includes amounts from the merged entity Apm Assessoria Comercial e Corretora de Seguros Ltda.
- b) Refers to costs incurred to acquire licenses of software and operating systems in use.
- c) Refers to the commission for new contracts.

II. Goodwill

In the Parent company and Consolidated at December 31, 2023 is R\$ 1,854,712 and remain unchanged from the prior year.

Consolidated	Cost	
	December 31, 2023	December 31, 2022
Qualicorp Administradora de Benefícios S.A.	446,894	446,894
Qualicorp Corretora de Seguros S.A.	427,098	427,098
Aliança Administradora de Benefícios de Saúde S.A – merged into subsidiary	249,420	249,420
Padrão Group – merged into subsidiary	184,675	184,675
Salutar – merged into subsidiary	52,004	52,004
GA Consultoria, Administração e Serviços S.A – merged into subsidiary	44,075	44,075
Qualicorp Consultoria – merged into subsidiary	29,386	29,386
Athon, Bruder SP and Bruder RJ - merged into subsidiary	4,885	4,885
Qualicorp Administração e Serviços Ltda.	21,388	21,388
Praxisolutions Consultoria de Negócios e Corretora de Seguros Ltda. – merged into subsidiary	21,184	21,184
Uniconsult administradora de Benefícios Ltda	14,510	14,510
Plural Gestão em Planos de Saúde Ltda	168,528	168,528
Oxcorp Gestão Consultoria e Corretora de Seguros Ltda	77,248	77,248
Elo Administradora de Benefícios Ltda - merged into subsidiary	66,550	66,550
Apm Assessoria Comercial e Corretora de Seguros Ltda	46,867	46,867
Total goodwill	1,854,712	1,854,712

In accordance with CPC 01, goodwill on acquisitions of subsidiaries and other intangible assets are tested for impairment at least annually. The Company conducted an impairment test for all investments and intangible assets acquired up to December 31, 2023. The recoverable amount of the cash-generating units of the Group has been determined based on a value in use calculation using cash flow projections from financial budgets approved by Management.

ASSUMPTIONS FOR AFFINITY CGU	
Revenue	For fiscal year 2024, analyses were based mainly on the Company's budgets. For the other fiscal years, macroeconomic and market assumptions were considered according to the Company's long-term plan.
Expenses	For fiscal year 2024, analyses were based mainly on the Company's budgets. For the other years, fixed expenses, such as payroll, outsourced services, rent expenses and others, were adjusted by a projected inflation rate for the period. The Company's long-term strategic plan was also considered for management of expenses.
Discount rate	Cash flows were discounted at a pre-tax rate of 14.5% per annum and a post-tax rate of 11.2% per annum, considering the weighted average cost of capital (WACC).

Perpetuity	The Company applied a nominal perpetual growth rate of 5% per annum for long-term inflation.
Sources	The work was based on economic information published by the Brazilian Central Bank, Institute for Applied Economic Research (IPEA), Bloomberg and banks (Itaú, Bradesco, BTG and Santander), as well as based on operating and financial information of the Company.

14. Interest-bearing loans and borrowings and debentures

On May 31, 2022, the Company approved the sixth issue of a single series of simple, non-convertible, unsecured debentures backed by a personal guarantee.

A total of 2,200,000 (two million and two hundred thousand) debentures were issued on June 10, 2022 at a unit face value of R\$ 1, totaling R\$ 2,200,000.

The main terms of issue are as follows:

Guarantees

Qualicorp Administradora de Benefícios S.A. is the guarantor of the transaction which is secured by a pledge of the Company shares.

Total optional early redemption

It was agreed for this issue that optional early redemption may occur from June 4, 2024 at the discretion of the Company in accordance with the provisions of article 55 of the Brazilian corporate law. The amount payable to the debenture holders for optional early redemption shall be the unit face value of the debentures redeemed plus premium, according to the indenture.

Optional extraordinary amortization

It was agreed for this issue that the Company may at any time, at its discretion, from June 4, 2024, make an extraordinary amortization of the debentures plus premium, according to the indenture.

Accelerated maturity

All obligations arising from this issue may be declared due to require the issuers to immediately pay the balance of the unit face value of the outstanding debentures plus interest thereon on a pro rata basis from the date of issue or the date of maturity of the last interest accrual period, i.e., the immediately preceding date of payment of interest, as applicable, to the effective payment date if any of the following events, among others, occur:

- (a) corporate reorganization: spin-off, merger, consolidation, sale of equity interest or any other corporate restructuring of the Issuer and/or its Parent company(ies), including Public Offering of Stock, except on the conditions specified by the indenture;
- (b) if the current shareholders do not have control of the Issuer through direct or indirect ownership of at least 50% plus one of the outstanding voting shares in the Issuer;
- (c) court-ordered and out-of-court reorganization filed or bankruptcy declared by the Issuer;
- (d) winding-up, liquidation, dissolution, bankruptcy petition;
- (e) failure by the issuer and/or guarantor to perform any financial obligation related to the debentures;

- (f) accelerated maturity of any financial liabilities of the issuer and/or guarantor equal to or higher than, either individually or in aggregate, ten million of Brazilian reais (R\$ 10,000) or its equivalent in other currencies;
- (g) transfer or any form of assignment or promise of assignment by the Issuer and the Guarantor, to any third party, of the obligations assumed in the indenture, observing that the transfer occurring as a result of a permitted merger does not trigger accelerated maturity;
- (h) conversion of the Issuer into another corporate form, in conformity with article 220 of the Brazilian corporate law;
- (i) reduction in the share capital of the Issuer and/or the Guarantor, except on the conditions specified by the indenture;
- (j) non-renewal, cancellation, revocation or suspension of permits and licenses, including environmental licenses, required for the activities of the Issuer and/or the Guarantor, except on the conditions specified by the debenture indenture;
- (k) assignment, sale, disposal and/or any other form of transfer by the Issuer and/or Guarantor by any means, whether free of charge or not, of asset(s) including equity interests, except on the conditions specified by the debenture indenture.

Interest

Interest is paid half-yearly from the date of issue on the unit face value of the debentures at 100% of the daily average rates of the interbank deposit certificate rate (CDI) plus spread of 1.85%.

The balance of the unit face value of the debentures will be amortized in four consecutive annual installments in June of each year, being the first installment due in June 2024 and the last installment due at the maturity date.

Purpose

The proceeds from this issue were used for the early redemption of the third issue of the Company, the fourth issue of Qualicorp Administradora de Benefícios S.A. (merged into the Company during the spin-off in 2021), the fifth issue of Qualicorp Corretora de Seguros S.A. (merged into the Company); for repayment of loans under Law 4,131 by their due dates; and for strengthening the Company's cash position. The other features and conditions were approved by the Board of Directors and are set forth in the indenture.

At December 31, 2023, the Company has complied with the covenants of debentures and paid half-year interest.

Breakdown of the debts

	Consolidated	
	December 31, 2023	December 31, 2022
Debentures	550,000	-
Interest on debentures payable	20,606	24,399
Cost of financial intermediation	(3,960)	(3,960)
Current	566,646	20,439
Debentures	1,650,000	2,200,000
Cost of financial intermediation	(9,899)	(13,859)
Non-current	1,640,101	2,186,141
Total	2,206,747	2,206,580

Movement in debentures

	Consolidated	
	December 31, 2023	December 31, 2022
Balance of debentures at the beginning of the year	2,206,580	1,344,943
Allocation of expenses (issue costs)	3,960	3,582
Interest paid (i)	(324,840)	(274,050)
Allocation of interest	321,047	251,903
Proceeds from issue of debentures	-	2,200,000
Cost of issue of debentures	-	(19,798)
Early settlement of debentures	-	(1,300,000)
Balance at the end of the period	2,206,747	2,206,580

- i) Interest is payable half-yearly as per the annual report on debenture issues.

Fair value of debentures

The carrying amounts and fair values of debentures at December 31, 2023 and 2022 are as follows:

	Parent company and Consolidated			
	December 31, 2023		December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Debentures (*)	2,220,605	2,261,744	2,224,399	2,212,490

(*) The 'Carrying amount' column includes the principal amount and interest.

The fair values of debentures classified as at amortized cost are based on discounted cash flows using risk rates varying between 11.04% and 12.76% per annum (December 31, 2022: 15.40% and 16.55% per annum).

15. Leases

- a) Right-of-use assets

The movements during the period were as follows:

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Opening balance	38,049	17,404	51,020	27,009
Adjustments and renewals of contracts	191	1,894	578	3,370
Additions (new contracts)	-	31,755	-	40,105
Leasing Remeasurement	(2,232)	(440)	(1,243)	(440)
Depreciation expense in the period	(11,126)	(10,068)	(16,121)	(15,726)
Write-off of leases	(7,443)	(2,496)	(7,612)	(3,298)
Balance at the end of the year	17,439	38,049	26,622	51,020

b) Lease liabilities

The movements during the period were as follows:

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Opening balance	37,842	17,009	51,132	26,972
Adjustments and renewals of contracts	191	1,894	578	3,370
Additions (new contracts)	-	31,755	-	40,105
Leasing Remeasurement	(1,804)	(566)	(1,490)	(566)
Accretion of interest	4,522	4,459	7,084	6,089
Write-off of leases	(8,032)	(2,131)	(8,204)	(3,986)
Payments	(12,421)	(14,578)	(18,634)	(20,852)
Balance at the end of the period	20,298	37,842	30,466	51,132
Current	8,105	13,067	13,060	17,997
Non-current	12,193	24,775	17,406	33,135

c) Statement of profit or loss

The following are the amounts recognized in profit or loss:

- i) R\$ 7,084 (December 31, 2022: R\$ 6,089) - Consolidated, and R\$ 4,522 (December 31, 2022: R\$ 4,459) - Parent company, of interest expense on lease liabilities are recorded under 'finance costs' (Note 23).
- ii) R\$ 16,121 (December 31, 2022: R\$ 15,726) - Consolidated, and R\$ 11,126 (December 31, 2022: R\$ 10,068) - Parent company, of depreciation expense of right-of-use assets are recorded within 'administrative expenses' (Note 21).
- iii) Due to the remeasurements and write-offs of lease liabilities and the consequent write-offs of right-of-use assets, the net effect in the statement of profit or loss was R\$ 839 - Consolidated, and R\$ 161 - Parent company.

d) Estimated impact of inflation on lease contracts

In accordance with CVM Circular Letters CVM/SNC/SEP nº 02/19 and CVM/SNC/SEP nº 01/20, the Company estimated the impact of inflation on its lease contracts:

Lease liabilities	2023	2024	2025	After 2025
Carrying amount	30,467	17,408	4,451	2,274
Adjusted for forecast inflation	31,795	18,639	5,101	2,716
Change	4.36%	7.07%	14.60%	19.44%
Right-of-use assets – net	2023	2024	2025	After 2025
Carrying amount	26,621	14,205	3,274	-
Adjusted for forecast inflation	28,143	15,652	4,080	-
Change	5.72%	10.19%	24.62%	-
Interest expense on lease liabilities	2023	2024	2025	After 2025
Carrying amount	5,300	2,845	1,258	317
Adjusted for forecast inflation	5,300	2,872	1,325	415
Change	0.00%	0.95%	5.33%	30.91%
Depreciation	2023	2024	2025	After 2025
Carrying amount	16,119	12,416	10,931	3,274
Adjusted for forecast inflation	16,119	12,491	11,572	4,080
Change	0.00%	0.60%	5.86%	24.62%

e) Potential taxes (PIS/COFINS) recoverable

The table below shows the potential PIS/COFINS recoverable on lease payments according to the payment periods. The amounts are the undiscounted and discounted cash flows, considering the companies that are subject to the non-cumulative tax regime (the Company and CRC Connected):

Cash flows	Consolidated	
	Nominal value	Present value
Lease payments	51,349	37,122
Potential taxes - PIS/COFINS (9.25%)	4,750	3,434

16. Premiums to be transferred

The balance of R\$ 358,599 at December 31, 2023 (December 31, 2022: R\$ 224,304) comprises health insurance premiums payable to the insurance companies/operators by the respective due dates, regardless of whether payments have been received from the plan beneficiaries. Most of the payments were made by October 31, 2023.

17. Other payables

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Current:				
Outstanding amounts due to plan operators/insurance companies (i)	-	-	60,755	64,156
Advance payments received	-	-	28,752	29,902
Refunds to beneficiaries	-	1	17,992	22,694
Sundry suppliers	5,831	8,454	16,428	14,714
Other provisions	2,303	1,252	12,369	5,720
Payables for acquisition of intangible assets	1,706	6,301	5,463	15,217
Commissions payable	3,180	1,607	4,505	2,687
Contingent consideration liability	686	620	2,812	1,300
Advances from customers	2,619	9,009	2,731	10,203
Refundable amounts	3	-	2,242	2,608
Earn-out consideration	-	100	-	692
Others	1,429	2,252	12,950	8,600
Total current	17,757	29,596	166,999	178,493
Non-current:				
Payables for acquisition of intangible assets	-	658	150	2,361
Total non-current	-	658	150	2,361
Total	17,757	30,254	167,149	180,854

- i) Refers mainly to differences because of the timing of the payments to insurers/operators and the input of all related invoices paid into the Company's system. These differences are resolved only after the Company reconciles bill payments and bills due.

18. Provision for contingencies

The Company and its subsidiaries have civil, regulatory (ANS), labor and social security proceedings that have arisen in the ordinary course of business for which provisions were recorded, based on the advice of their in-house and outside legal counsel and on Management's estimates, as shown below:

Parent company	December 31, 2022	Additions	Reversals	December 31, 2023
Labor and social security (i)	2,585	4,971	(422)	7,134
Civil (ii)	3,871	1,030	(976)	3,925
Tax (iii)	1,462	1,774	(1,006)	2,230
Total	7,918	7,775	(2,404)	13,289

Consolidated	December 31, 2022	Additions	Reversals	December 31, 2023
Civil (iv)	48,961	11,974	(5,929)	55,006
Labor and social security (v)	13,377	2,818	(2,692)	13,503
Regulatory (vi)	10,507	778	(1,616)	9,669
Tax (vii)	11,690	937	(4,770)	7,857
Total	84,535	16,507	(15,007)	86,035

Description of the main lawsuits and/or contingencies:

- i) The Company is a defendant in administrative and/or judicial proceedings involving labor and social security matters: (i) payment of commissions to in-house consultants; and (ii) extra pay to call center agents who worked both for the Company and its subsidiaries and who were dismissed after the call center was outsourced. In addition to the labor claims, in 2020 a provision was also made for amounts owed for social security contribution (INSS) and government severance pay fund (FGTS), which were spontaneously paid by the Company in 2021. The provision for labor claims where a loss is considered probable is R\$ 7,134 (2022: R\$ 2,585).

No accrual was made for loss contingencies that are reasonably possible amounting to R\$ 74,395 (2022: R\$ 52,381).

- ii) The Company is a defendant in ongoing civil lawsuits, where R\$ 3,925 (2022: R\$ 3,871) is deemed to be a probable loss and, therefore, a provision has been recognized, and R\$ 3,180 (2022: R\$ 2,311) is deemed to be a possible loss, for which no provision has been recognized. The main matters disputed in the lawsuits include: (i) medical procedures and services not covered by the health plans or not included in the ANS list of procedures, the responsibility for which lies with the health plan operators, pursuant to the prevailing legislation; (ii) health insurance premiums adjusted for age and annual increase of the insured; (iii) administrative and/or judicial proceedings concerning reinstatement of health plans terminated for non-payment; and (iv) annual premium increase; and (v) collection of plan beneficiaries' debt reported to a credit reporting agency.
- iii) The Company is a defendant in ongoing tax proceedings and recognized a provision for estimated probable loss of R\$ 2,230 (2022: R\$ 1,462). This amount refers to a lawsuit to cancel the tax assessments issued against Qualicorp Corretora de Seguros S.A. (which was merged into the Company in 2019) for alleged service tax (ISS) debt relating to calendar years 2011 to 2014.
- iv) The Company and its subsidiaries are defendants in ongoing civil lawsuits, where R\$ 55,006 (2022: R\$ 48,961) is deemed to be a probable loss and, therefore, a provision has been recognized, and R\$ 40,886 (2022: R\$ 45,879) is deemed to be a possible loss, for which no provision has been recognized. The main matters disputed in the lawsuits include: (i) medical procedures and services not covered by the health plans or not included in the ANS list of procedures, the responsibility for which lies with the health plan operators, pursuant to the prevailing

legislation; (ii) health insurance premiums adjusted for age and annual premium increase of the insured; (iii) administrative and/or judicial proceedings concerning reinstatement of health plans terminated for non-payment; and (iv) annual premium increase; and (v) collection of plan beneficiaries' debt reported to a credit reporting agency.

- v) The Company and its subsidiaries are defendants in administrative and/or judicial proceedings involving labor and social security matters: (i) payment of commissions to in-house consultants; and (ii) extra pay to call center agents who worked both for the Company and its subsidiaries and who were dismissed after the call center was outsourced. In addition to the labor claims, in 2021 a provision was also made for amounts owed for social security contribution (INSS) and government severance pay fund (FGTS), which were spontaneously paid by the Company in 2021. The provision for labor claims where a loss is considered probable is R\$ 13,503 (2022: R\$ 13,377). No accrual was made for loss contingencies that are reasonably possible amounting to R\$ 77,888 (2022: R\$ 58,193).
- vi) The subsidiaries are defendants in ongoing regulatory proceedings with ANS, where a provision has been recognized for R\$ 9,669 (2022: R\$ 10,507) because a loss is believed to be probable, and no provision has been made for proceedings amounting to R\$ 5,115 (2022: R\$ 3,780) because a loss is believed only to be possible but not probable.
- vii) The Company and its subsidiaries recognized a provision of R\$ 7,857 (2022: R\$ 11,690) for tax assessments or claims that are probable of formal assertion. This amount refers to contingencies identified in entities merged by the Company (Elo Administradora de Benefícios Ltda., Apm Assessoria Comercial e Corretora de Seguros Ltda. and Uniconsult Administradora de Benefícios e Serviços Ltda.).

Reasonably possible tax contingencies:

The Company has tax contingencies that are classified with a reasonably possible exposure to loss and therefore no accrual was made.

These tax contingencies plus accrued interest total R\$ 2,351,053 at December 31, 2023 (December 31, 2022: R\$ 2,147,188), as detailed below:

- a) At subsidiaries Qualicorp Administradora de Benefícios S.A. and Qualicorp Corretora de Seguros S.A. (merged into the Company in 2019), the total amount of R\$ 1,189,863 (December 31, 2022: R\$1,096,788) refers to tax assessments involving tax amortization of goodwill in the calendar years 2011 to 2014. Those tax assessments are pending analysis at the administrative and judicial level and preliminary court decisions were in favor of the Company.
- b) At subsidiaries Qualicorp Administradora de Benefícios S.A. and Qualicorp Corretora de Seguros S.A. (merged into the Company in 2019), the total amount of R\$ 201,326 (December 31, 2022: R\$ 184,007) refers to tax assessments involving tax amortization of goodwill in the calendar years 2016 to 2018. Those tax assessments are pending analysis at the administrative and judicial level and preliminary court decisions were in favor of the Company.
- c) At subsidiary Qualicorp Administradora de Benefícios S.A., the amount of R\$ 3,363 (December 31, 2022: R\$ 3,100) refers to tax assessment notices demanding social security contributions and other contributions as determined by the tax authorities on profits distributed by the merged entity Aliança Administradora de Benefícios de Saúde S.A. in calendar years 2012 to 2014.
- d) At subsidiary Qualicorp Administradora de Benefícios S.A., the amount of R\$ 8,351 (December 31, 2022: R\$ 7,682) refers to tax assessment notices demanding payment of income tax at source (IRRF) related to the activities developed by the merged entity Aliança Administradora de Benefícios de Saúde S.A. in calendar years 2012 to 2014.
- e) At subsidiary Qualicorp Administradora de Benefícios S.A., the amount of R\$ 92,955 (December 31, 2022: R\$ 85,627) refers to a tax deficiency notice demanding payment of corporate income tax (IRPJ) and social contribution (CSLL) related to the activities developed by the merged entity Aliança Administradora Benefícios de Saúde S.A. in calendar years 2013 and 2014.
- f) The amount of R\$ 37,176 (December 31, 2022: R\$ 33,133) refers to tax assessment notices demanding payment of social security contributions, other contributions and penalty for alleged non-payment of income tax at source (IRRF) on share option plan relating to calendar year 2013. These tax assessments are unresolved at administrative and judicial level.

- g) The amount of R\$ 268,121 (December 31, 2022: R\$ 243,714) refers to tax assessments issued against the Company (administrative proceeding No. 15746.720951/2020-12) related to (i) disallowance of expenses from the calculation of income tax (IRPJ) and social contribution (CSLL) of payments made to companies for brokerage and consulting services relating to calendar years 2014 to 2019, and (ii) payment of income tax at source (IRRF) as the tax authority assumed that the payments were made to those same companies without cause in calendar years 2015 to 2019. The tax assessments include penalty of 150% and interest based on the Brazilian benchmark interest rate (SELIC). At present, the Company is awaiting a decision on the administrative appeal it has filed.
- h) At subsidiary Qualicorp Administradora de Benefícios S.A., the amount of R\$ 5,439 (December 31, 2022: R\$ 5,003) refers to tax assessments demanding social security contributions (employer's share and SAT/RAT), other contributions (SENAC, SESC, SEBRAE, INCRA and Education Salary), relating to the calendar year 2015 and the stock option plan.
- i) The amount of R\$ 517,918 (December 31, 2022: R\$ 415,997) refers to proceedings discussing where the municipal service tax (ISS) is owed by subsidiaries Connectmed-CRC Consultoria, Administração e Tecnologia em Saúde Ltda., Qualicorp Administradora de Benefícios S.A., Qualicorp Administração e Serviços Ltda. and Clube de Saúde Administradora de Benefícios Ltda.
- j) The residual value of R\$ 26,541 consists of several tax assessments: R\$ 2,348 municipal service tax (ISS) debt of subsidiaries Connectmed-CRC Consultoria, Administração e Tecnologia em Saúde Ltda., Gama Saúde Ltda., Clube de Saúde Administradora de Benefícios Ltda., and Plural Gestão em Planos de Saúde Ltda. (whose shares were partially acquired by the Company); R\$ 2,562 related to the non-levy of PIS/COFINS on reimbursement of expenses; R\$ 6,069 related to the non-levy of social security contributions (INSS) on items of payroll that are not considered to be compensatory in nature; R\$ 2,553 of offsetting requests not accepted; and R\$ 13,011 of fine and interest on the income tax assessment issued against the stock option grantees, whose payment will be the responsibility of the Company if the final court decision upholds the tax assessment.

19. Equity

Share capital

At December 31, 2023 and 2022, the Company's capital is R\$ 896,558, comprising 284,014,325 registered common shares with no par value.

As per the Company's bylaws, the Company is authorized to increase its share capital without altering the bylaws but only passing a resolution of the Board of Directors that shall determine the conditions of the issue of new shares, up to the limit of 350,000,000 new common shares.

The shareholders owning more than 5% of the shares of the Company's issued and outstanding common stock are as follows:

Shareholders	Common shares	
	December 31, 2023	December 31, 2022
Rede D'Or São Luiz	82,321,183	82,321,183
PrismaQuali Gestão Ativa de Participações S.A.	56,376,844	-
Rede D'Or São Luiz S.A. (direct)	17,048,539	73,425,383
Other investment vehicles	8,895,800	8,895,800
Pátria Investimentos	50,344,555	54,314,458
3G Radar	23,790,533	37,956,700
BlackRock Inc.	-	28,451,883
Others (i)	122,792,041	75,410,005
Treasury shares (ii)	4,766,013	5,560,096
Total	284,014,325	284,014,325

- i) These are shareholders owning less than 5% of the shares traded on Brazil's stock exchange B3 S.A.
- ii) Set out below are the movements in treasury shares during the period:

	Treasury shares December 31, 2023	
	Number of shares	R\$
Balance at December 31, 2022	5,560,096	114,223
Exercise of restricted stock	(794,083)	(16,313)
Balance at December 31, 2023	4,766,013	97,910

	Treasury shares December 31, 2022	
	Number of shares	R\$
Balance at December 31, 2021	6,260,180	128,605
Exercise of restricted stock	(700,084)	(14,382)
Balance at December 31, 2022	5,560,096	114,223

Distributions to shareholders

Pursuant to the Company's bylaws, the mandatory minimum dividend is 25% of the adjusted profit for the year as prescribed by the Brazilian Corporate Law.

Distribution of dividends – 2023			
Date of payment	Fiscal year	Amount R\$	Account title
December 17, 2023	2022	22,044	Mandatory minimum dividend
Total distributed		22,044	

Distribution of dividends – 2022			
Date of payment	Fiscal year	Amount R\$	Account title
December 12, 2022	2021	70,947	Mandatory minimum dividend
Total distributed		70,947	

Management submitted to the Board of Directors the proposal for allocation of the profit earned in the fiscal year 2023, as follows:

	2023	2022
Profit (loss) for the year	(82,435)	92,818
(-) Transfer to legal reserve	-	(4,641)
Distributable profit	-	88,177
Creation of investment reserve	-	(66,133)
Absorption of loss for the year from revenue reserve	82,435	-
Mandatory minimum dividends	-	(22,044)

20. Restricted stock plan

The Group has a restricted stock plan for directors, officers, employees and service providers. The plan is managed by the Board of Directors that has the power to make amendments subject to the Group's established guidelines.

At December 31, 2023, the number of shares that may be granted under the restricted stock plan is as follows:

	Consolidated	
	December 31, 2023	December 31, 2022
Restricted stock plan	3,000,000	525,291

Under an agreement signed on May 9, 2019, 5,700,000 options were granted under the new plan according to the terms of the restricted stock plan.

The following are the key features of the new plan:

- Restricted stock vest 25% per year on each anniversary date of the agreement unless otherwise determined by the Board of Directors;
- The total shares under the plan cannot exceed 4% of the Company's total shares equivalent to 11,287,073 shares at March 31, 2019, which can be exercised through the issue of new shares or the disposal of treasury shares;
- The maximum exercise period for options granted is five years from the date of signing of the option agreement;
- The exercise price for restricted stock shall be the market price of each restricted share on the Brazilian stock exchange B3 on the business day immediately preceding the respective date of grant.

Under an agreement signed on May 11, 2023, the Company granted 4,700,000 restricted shares to its directors and executives, where 33% of the shares vest each year from the date of signing of the agreement and the exercise price of the restricted stock will be the market price of each restricted share on Brazil's stock exchange, B3, on the business day immediately preceding the respective date of grant.

In May 2023, the Company granted 320,000 restricted shares to certain executives with a lock-up period of one year.

The reference price for each Restricted Share under the Plan was the price per Restricted Share on the stock exchange B3 on the business day immediately preceding the date of grant.

The cost of these restricted shares of R\$ 1,215 was recognized in equity. Because of the lock-up period of one year, the Company recorded the new Plan initially as a prepaid expense which will be allocated out to other assets over the period of 12 months. For the year ended December 31, 2023, the Company recorded expenses of R\$ 810 within administrative expenses.

In November 2023, the Company made a new grant of 650,000 restricted shares to certain executives with a lock-up period until December 31, 2024.

The reference price for each Restricted Share under the Plan was the price per Restricted Share on the stock exchange B3 on the business day immediately preceding the date of grant.

The cost of these restricted shares of R\$ 1,833 was recognized in equity. Because of the lock-up period, the Company recorded the new Plan initially as a prepaid expense which will be allocated out to other assets over the period of 17 month due to the retroactive effect set forth in the agreement as from July 31, 2023. For the year ended December 31, 2023, the Company recorded expenses of R\$ 539 within administrative expenses.

At December 31, 2023, the cost of restricted stock granted totaling R\$ 6,199 was allocated to equity.

Date of grant	Grant-date fair value	Expiry date	Number of options	Granted	Exercised	Cancelled	Balance
May 9, 2019	17.2	May 9, 2023	5,700,000	809,454	(3,521,646)	(2,987,808)	-
December 26, 2019	38.1	December 26, 2022	516,000	33,107	(549,107)	-	-
April 1, 2021	30.4	April 1, 2022	170,000	-	(170,000)	-	-
April 29, 2022	13.0	April 29, 2024	930,000	-	(530,000)	(400,000)	-
May 4, 2023	3.8	May 4, 2024	320,000	-	(320,000)	-	-
May 11, 2023	4.3	May 11, 2027	4,700,000	-	-	(1,700,000)	3,000,000
May 29, 2023	2.8	December 31, 2024	650,000	-	(650,000)	-	-
			12,986,000	842,561	(5,740,753)	(5,087,808)	3,000,000

At December 31, 2023, the weighted average remaining contractual term is 1,227 days (December 31, 2022: 400).

21. Expenses by nature

	Parent company		Consolidated	
	Year ended	Year ended	Year ended	Year ended
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Cost of providing services				
Commissions and financial transfers	-	-	123,861	163,278
Personnel costs	30,807	22,319	120,964	125,134
Outsourced services	12,253	19,773	81,942	110,033
Membership dues	-	-	6,948	7,297
Occupancy costs	1,028	743	4,864	9,810
Other costs of providing services	2,980	5,444	30,384	28,664
Total cost of providing services	47,068	48,279	368,963	444,216
Administrative expenses				
Depreciation and amortization charges	99,195	94,258	167,746	162,554
Personnel costs	6,766	32,012	142,178	153,056
Outsourced services	16,420	15,831	84,149	75,250
Other administrative expenses	2,490	4,219	9,759	15,478
Total administrative expenses	124,871	146,320	403,832	406,338
Selling expenses				
Depreciation and amortization charges	113,734	223,922	307,571	252,865
Commissions and financial transfers	55,481	72,891	108,243	104,585
Personnel costs	65,162	84,960	70,281	91,101
Advertising and publicity costs	10,438	13,203	20,864	31,217
Other selling expenses	17,147	34,068	28,236	42,671
Total selling expenses	261,962	429,044	535,195	522,439
Total expenses by nature	433,901	623,643	1,307,990	1,372,993

22. Other income and expenses

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Loss on disposal of investments (i)	(95,939)	-	(95,939)	-
Expenses related to provision for contingencies and lawsuits	(3,388)	(10,162)	(38,420)	(46,362)
Operating losses	-	-	(31,701)	(25,377)
Write-off of lease contracts (ii)	(15,807)	-	(15,807)	-
Provision for loss on other assets (iii)	(3,132)	-	(15,661)	-
Reversal (provision for operating losses)	-	-	9,939	(47,530)
Other operating income (expenses), net	(4,480)	2,988	5,648	5,781
Total	(122,746)	(7,174)	(181,941)	(113,488)

- i) As per Note 1 b) IV.
- ii) Write-off of lease contract of the Qualicity unit.
- iii) As per Note 9.

23. Finance income and costs

	Parent company		Consolidated	
	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Finance income:				
Interest income on financial investments	25,180	31,093	108,315	95,946
Interest and penalty on overdue accounts receivable	-	-	30,461	31,882
Inflation indexation related to Golden Cross	-	-	3,338	-
Inflation indexation related to the sale of Qsaúde	576	1,182	2,882	5,909
Foreign exchange gains	-	155,708	-	155,708
Reversal of mark-to-market of swap	-	88,872	-	88,872
Reversal of recycling of cash flow hedge	-	76,755	-	76,755
Other finance income	3,114	10,409	16,827	40,523
Total finance income	28,870	364,019	161,823	495,595
Finance costs:				
Interest on debentures (Note 14) (*)	(128,419)	(251,903)	(321,047)	(251,903)
Discounts granted	-	-	(15,415)	(12,147)
Collection fee	(75)	(98)	(13,084)	(18,561)
Interest on lease liabilities	(4,522)	(4,457)	(7,084)	(6,074)
Recycling of cash flow hedge	-	(154,252)	-	(154,252)
Reversal of foreign exchange losses	-	(90,620)	-	(90,620)
Settlement of derivatives	-	(81,941)	-	(81,941)
Hedge accounting	-	(40,438)	-	(40,438)
Interest on borrowings	-	(6,354)	-	(6,354)
Other finance costs	(13,383)	(28,758)	(34,313)	(48,862)
Total finance costs	(146,399)	(658,821)	(390,943)	(711,152)
Net finance costs	(117,529)	(294,802)	(229,120)	(215,557)

(*) At the Parent company, the interest on debentures is apportioned between the Company and its subsidiary Qualicorp Administradora de Benefícios S.A. (Note 11).

24. Income tax and social contribution

	Parent company		Consolidated	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Profit (loss) before income tax (IRPJ) and social contribution (CSLL) and after profit sharing	(121,746)	(2,368)	(111,627)	146,732
Share of net profits of investees accounted for using the equity method	(68,065)	(315,275)	510	4,892
Subtotal	(189,811)	(317,643)	(111,117)	151,624
Statutory rate of IRPJ and CSLL	34%	34%	34%	34%
Estimate of IRPJ and CSLL expense (benefit) at the statutory tax rate	64,536	107,999	37,780	(51,552)
Non-deductible expenses for tax purposes	(86)	(696)	(2,563)	(4,636)
Tax losses for which no deferred tax asset was recognized (*)	-	-	(4,036)	(2,693)
Interest on capital	(24,050)	(15,257)	-	-
Expenses of companies that pay taxes using the presumed profit method	-	-	2,133	376
Recovery of losses	-	-	4,158	10,464
Others	(1,089)	3,140	(1,220)	2,787
Total IRPJ and CSLL expense reported in the statement of profit or loss	39,311	95,186	36,252	(45,254)
Effective IRPJ and CSLL tax rate	20.71%	29.97%	32.63%	29.85%

(*) Certain direct and indirect subsidiaries of the Company have tax losses carried forward but deferred tax assets have not been recognized in respect of these losses as it is not probable that sufficient taxable profit will be available against which the losses can be utilized (Note 10).

25. Insurance

The Company and its subsidiaries maintain insurance coverage that Management believes is sufficient to cover potential losses, as shown below:

Items	Type of coverage	Sum insured
Guarantee for tax, civil and labor debts	Guarantee insurance for tax, civil and/or labor claims	2,016,671
Civil liability of directors and officers	Directors and Officers (D&O) Liability Insurance	250,000
Buildings, facilities, machinery, furniture and fittings	Loss or damage to buildings, facilities, machinery and equipment and loss of profit by fire, civil liability for operations and employer's liability	28,820
Vehicles	Loss and damage or pecuniary damage	317

26. Descriptive information about reportable segments and net operating revenue

- a) Description of the types of services from which each reportable segment derives its revenue

The Company has only one reportable segment: the Affinity segment. It operates in this segment through its subsidiaries Qualicorp Benefícios, Clube de Saúde, Qualicorp Administração e Serviços, Uniconsult Administradora, Plural Gestão em Plano de Saúde, which provide benefits administration services ('Qualicorp Administração'), and Qualicorp Corretora de Seguros S.A., Oxcorp Gestão Consultoria e Corretora de Seguros, which provide insurance brokerage services ('Qualicorp Corretagem').

The benefits administrators are responsible for directing and managing the group health and dental plans. Their main activities are: (a) partner with professional associations that are eligible to sign affinity contracts; (b) negotiate and contract with plan vendors; (c) offer group plans to the members of the professional associations; (d) provide technical support to resolve operating issues; (e) assist the human resources staff in the management of benefits; (f) outsource administrative services; (g) update and keep records; (h) oversee the processing of monthly billings; (i) coordinate premium collection activities with third-party collection agency; and (j) research benefits plans and vendors to design and recommend benefits plans and plan administration model.

The brokerage firms are responsible for selling the group plans. Their main activities are: (a) identify the target market, i.e., the members of the professional associations; (b) define the marketing strategy and distribution model; (c) offer group plans to potential clients through their own distribution channel or a network of credentialed brokers; and (d) monitoring and revision of client portfolio.

- b) Measurement of operating segment profit or loss, assets and liabilities

The Company assesses the performance of the reportable segment on the basis of profit or loss before interest income and interest expenses, depreciation, amortization and income taxes. The segment's result does not include provisions for contingencies and shared administrative expenses.

- c) Factors that Management used to identify the Company's reportable segments

The Affinity segment is the business unit that accounts for 92.55% of the net operating revenue of the Parent company and its subsidiaries. This business unit is managed separately within the management model used by the Company.

The Affinity segment uses most of the operating and financial resources of the Group, for example, beneficiary files with plan operators/insurance carriers, benefit invoicing and collection, write-off of paid invoices and financial transfers to professional associations.

d) Gross and net revenue by type of service

	Parent company		Consolidated	
	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Administration fee	-	-	1,283,698	1,343,276
Brokerage fee	445,906	533,483	458,523	557,831
Agency fee	84,871	133,640	84,871	136,390
Other revenue	4,502	4,807	64,434	73,198
Total gross operating revenue	535,279	671,930	1,891,526	2,110,695
Deductions from gross operating revenue:				
Taxes on revenue	(49,674)	(61,426)	(141,133)	(157,844)
Returns and cancellations	(487)	(1,443)	(487)	(1,443)
Total deductions from gross operating revenue	(50,161)	(62,869)	(141,620)	(159,287)
Net operating revenue	485,118	609,061	1,749,906	1,951,408

e) Information about reportable segment profit or loss, assets and liabilities

The following table presents the amounts related to the reportable segment. Unallocated expenses and/or revenues are shown in item 'f' below:

Consolidated	December 31, 2023			December 31, 2022		
	Affinity segment	All other segments	Total	Affinity segment	All other segments	Total
Net revenue	1,619,551	130,355	1,749,906	1,815,970	135,438	1,951,408
Cost of providing services	(311,255)	(57,708)	(368,963)	(382,770)	(61,446)	(444,216)
Net income (expenses)	(621,645)	(41,902)	(663,547)	(626,011)	(26,949)	(652,960)
Selling expenses	(498,667)	(31,264)	(529,931)	(487,707)	(26,481)	(514,188)
Losses on uncollectible receivables	(131,508)	(10,464)	(141,972)	(97,067)	(679)	(97,746)
Finance income	29,973	145	30,118	31,836	45	31,881
Other income (expenses), net	(21,443)	(319)	(21,762)	(73,073)	166	(72,907)
Profit before unallocated expenses	686,651	30,745	717,396	807,189	47,043	854,232

Information about profit, assets and liabilities of nonreportable segments is presented under a separate category 'all other segments' and is attributable to two business units which individually do not account for more than 10% of the Parent company's revenue, as follows:

- The Corporate and SME segment, which is involved in all activities related to insurance brokerage or plan intermediation, as well as benefits consulting to large corporate clients or small and medium-sized enterprises (SMEs).
- The Gama segment, which is involved in preventive medicine and patient care management activities, prior authorization and regulation of medical procedures, management of medical service provider network, and medical information processing activities.

f) Reconciliation of revenue, profit, assets and liabilities

	Consolidated	
	Year ended	Year ended
	December 31, 2023	December 31, 2022
Unallocated amounts:		
Administrative expenses	(403,832)	(406,338)
Net finance costs	(259,238)	(247,439)
Loss on investment in startup	(510)	(4,892)
Provisions for contingencies	(1,191)	(2,360)
Selling expenses	(5,264)	(8,251)
Other (expenses) income, net	(158,988)	(38,221)
Total	(829,023)	(707,501)

	Assets		Liabilities	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Total for reportable segment	2,686,337	2,762,476	2,858,660
All other segments	240,194	214,500	27,915	16,923
Unallocated amounts	1,582,794	1,535,052	1,622,750	1,738,720
Total	4,509,325	4,512,028	4,509,325	4,512,028

g) Geographic information for the reportable segment

The Parent company and its subsidiaries conduct all their activities in the domestic market. The following table presents the lives managed by the Affinity segment and its market share:

Geographical region (Consolidated)	December 31, 2023		December 31, 2022	
	Lives	Market share	Lives	Market share
	Southeast	700,124	63.54%	963,496
Northeast	229,298	20.81%	289,242	19.26%
South	53,917	4.89%	81,287	5.41%
Central West	61,694	5.60%	89,562	5.96%
North	56,886	5.16%	77,926	5.19%
Total of the Affinity segment	1,101,919	100.00%	1,501,513	100.00%

Information about major customers

For the year ended December 31, 2023, the Affinity segment's three major customers each provided revenue of R\$ 258,827, R\$ 92,470 and R\$ 72,104, which represent 15.97%, 5.71% and 4.45% of the Affinity segment's revenue and 14.97%, 5.28% and 4.12% of the consolidated revenue.

For the year ended December 31, 2022, the Affinity segment's three major customers each provided revenue of R\$ 184,549, R\$ 90,286 and R\$ 80,530, which represent 10.16%, 4.97% and 4.43% of the Affinity segment's revenue and 9.46%, 4.63% and 4.13% of the consolidated revenue.

27. Commitments

At December 31, 2023, significant commitments of the Company and its subsidiaries are as follows:

Commitments related to call center services of R\$ 14,417 for the fiscal year 2024.

Expenses incurred on call center service agreements for the fiscal year 2023 were R\$ 23,563 (December 31, 2022: R\$ 30,262).

28. Earnings (loss) per share

	Parent company and Consolidated	
	Year ended December 31, 2023	Year ended December 31, 2022
Profit (loss) for the period attributable to equity holders of the parent	(82,435)	92,818
Weighted average number of common shares for the basic earnings (loss) per share calculation	279,248,312	278,454,229
Weighted average number of common shares adjusted for share options for the diluted earnings (loss) per share calculation	279,596,908	278,606,935
Basic earnings (loss) per share - R\$	(0.29520)	0.33333
Diluted earnings (loss) per share - R\$	(0.29484)	0.33315

29. Events after the reporting period

a) Agreement to receive outstanding receivables from sale of Qsaúde

On February 27, 2024, the Company reached an agreement to receive the outstanding amount from the sale of Qsaúde. The outstanding balance was R\$ 41,661, and, as result of the agreement reached, a provision for loss of R\$ 15,661 was recorded within 'other expenses' and the amount of R\$ 26,000 will be recovered (received) on April 16, 2024.

b) Seventh issue of debentures

In accordance with a resolution adopted by the Company's Board of Directors at the meeting held on March 14, 2024, the Company was authorized to make its 7th issue of debentures, comprising 200,000 simple, non-convertible, unsecured debentures of a single series, with a unit face of R\$ 1,000.00, totaling R\$ 200,000,000.00, and a maturity of four years from the date of issue (Debentures). The Debentures will be offered solely for professional investors through public distribution to be registered with the Brazilian Securities Commission (CVM) subject to automatic registration process pursuant to CVM Resolution No. 160 of July 13, 2022 and other applicable legal and regulatory requirements (Offering). The proceeds from this issue will be used to finance the Company's operations as part of an efficient liability management strategy.

30. Approval of the parent company and consolidated financial statements

These parent company and consolidated financial statements were approved by the Board of Directors on March 21, 2024, and disclose all events occurring after the reporting period ended December 31, 2023.

Mauricio da Silva Lopes
Chief Executive Officer

Eduardo de Oliveira
Officer

Carlos de Almeida Vasques
Investor Relations and Financial
Officer

Adriana Ricardo Arrais
Accountant - CRC 1SP213332/O-7
