



# Qualicorp: 4Q22 Results

Public Presentation to Investors on March 29<sup>th</sup>, 2023



# Disclaimer

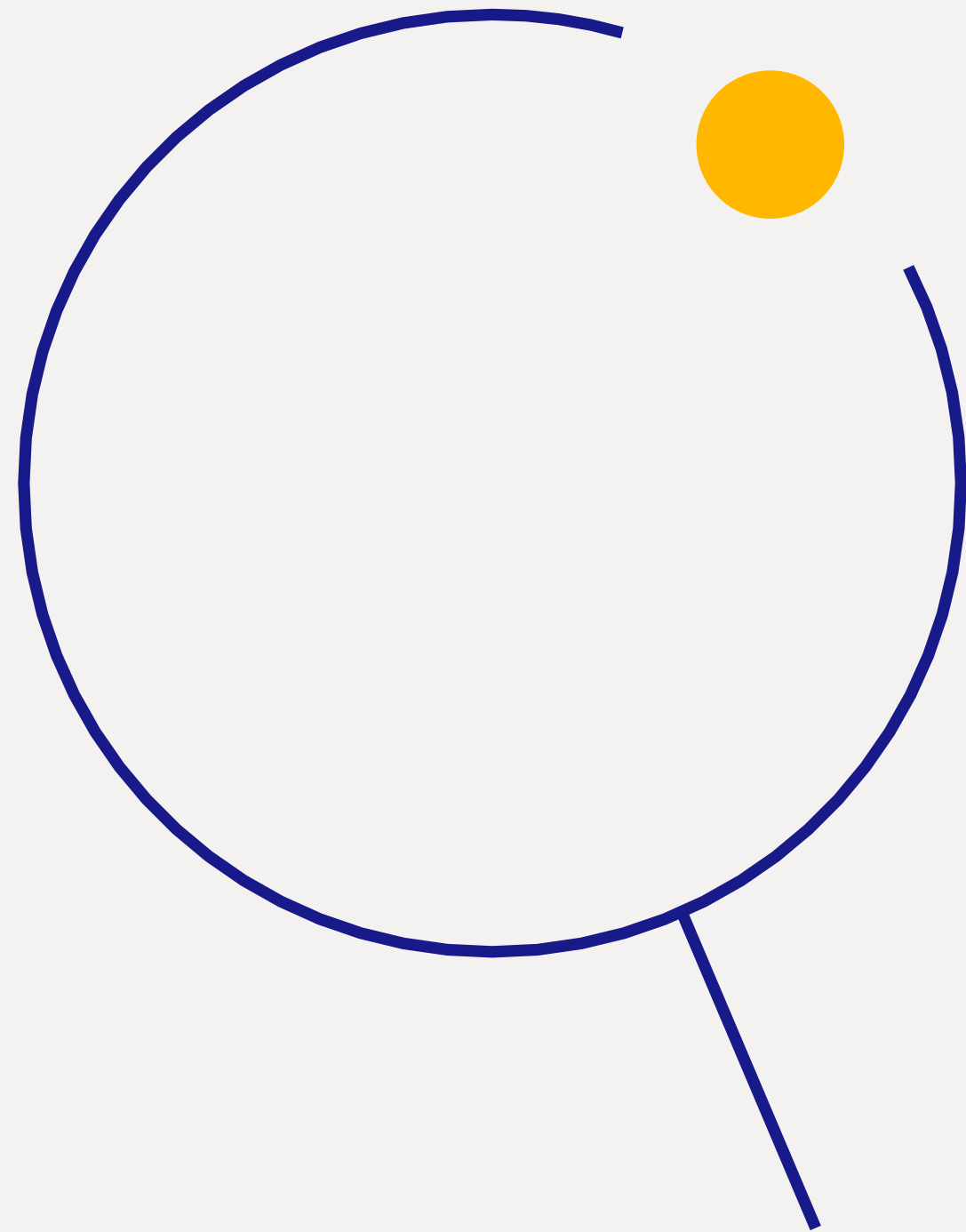
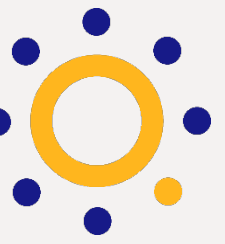
## Forward-looking statements

**This release may contain forward-looking statements concerning the business outlook, estimates of operating and financial results and growth prospects of Qualicorp.** These statements are based exclusively on the expectations of the management of Qualicorp. regarding the prospects of the business and its continued ability to access capital markets to finance its business plan. These forward-looking statements are highly sensitive to changes in the capital markets, government regulations, competitive pressures, the performance of the industry and the Brazilian economy and other factors, as well as to the risk factors highlighted in documents previously filed by Qualicorp, and therefore are subject to change without prior notice.



# Opening and Highlights

Elton Carluci- CEO

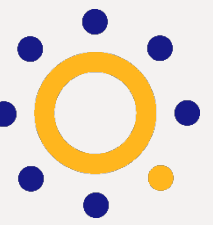


# Highlights

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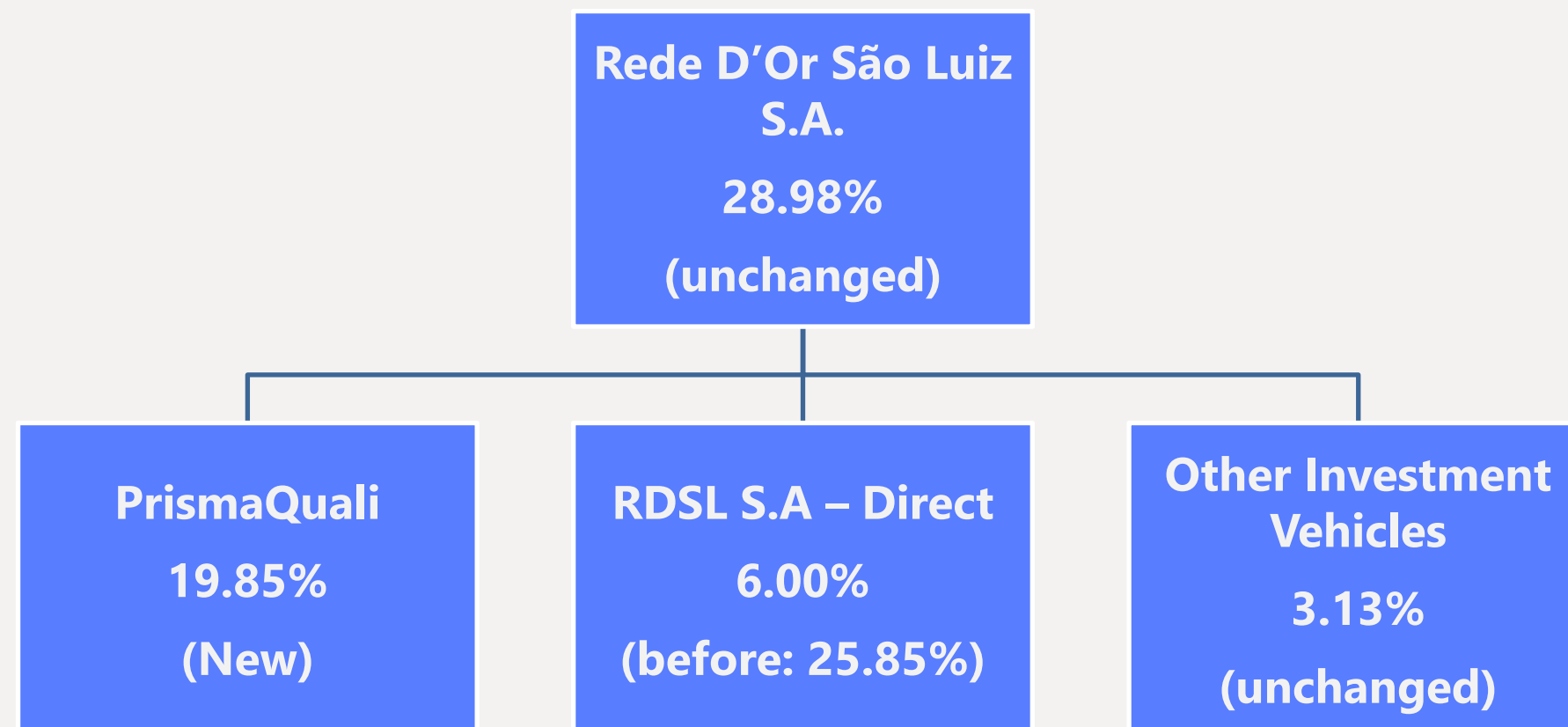
- Changes in Governance, Board and Management;
- Last years legacy;
- 4Q22 and year results;
- Priorities for 2023.

# Governance and Board of Directors Changes



Rede D'Or São Luiz transferred the majority of its shareholder position to a professional manager (Prisma) and voluntarily gave up their nominated seats from the Board of Directors.

## RDOR Share as of Jan/2023

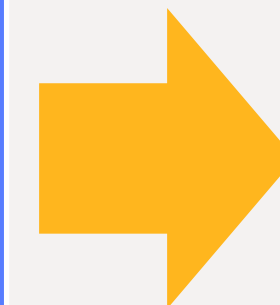


## Board Composition (9 independent members)

### Representatives per shareholder:

#### Until Dec/2022:

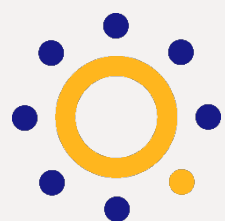
Rede D'Or:	3
Pátria:	2
3G-Radar:	1
Unbound:	3




#### Current (from Jan/2023):

Rede D'Or:	0
Pátria:	2
3G-Radar:	1
Prisma:	2
Unbound:	4


# New Administration




Since January, 2023, Quali's new Executive Board has been led by new CEO Elton Carluci, with Statutory Directors Carlos Vasques (CFO and IRO) and Eduardo Oliveira, as well as an experienced team of Executive Directors.




**ELTON CARLUCI**  
CEO




**EDUARDO OLIVEIRA**  
VP of Marketing, New Business,  
People & Culture, Operations & Legal




**CARLOS VASQUES**  
CFO & IRO




**LILIANE PACE**  
Medical Intelligence Director




**MARCIA WOLFF**  
Digital Transformation & IT Director




**NILVA RAMOS**  
Client & Retention Director



**ALESSANDRO COURBASSIER**  
Commercial & Product Director



**ALESSANDRA BRASIL**  
Compliance Director



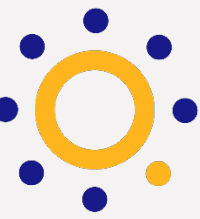
**HÉRCULES SILVA**  
Data Safety and Audit Superintendent

Caption/Positions

Statutory

Non-statutory

# Quali over the last few years



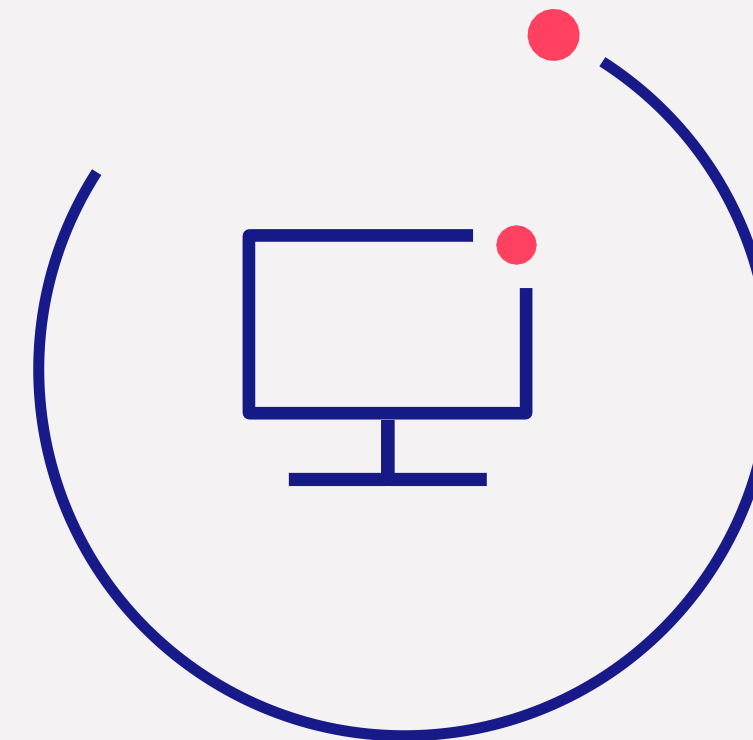
## **Culture** **#NossoJeitoQualiDeSer**

Cultural transformation by the #NossoJeitoQualiDeSer with focus on integrity, diversity and ethical relations.



## **New Partnerships**

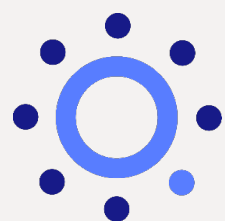
Product portfolio expansion with new HMOs in several regions and in all price points.



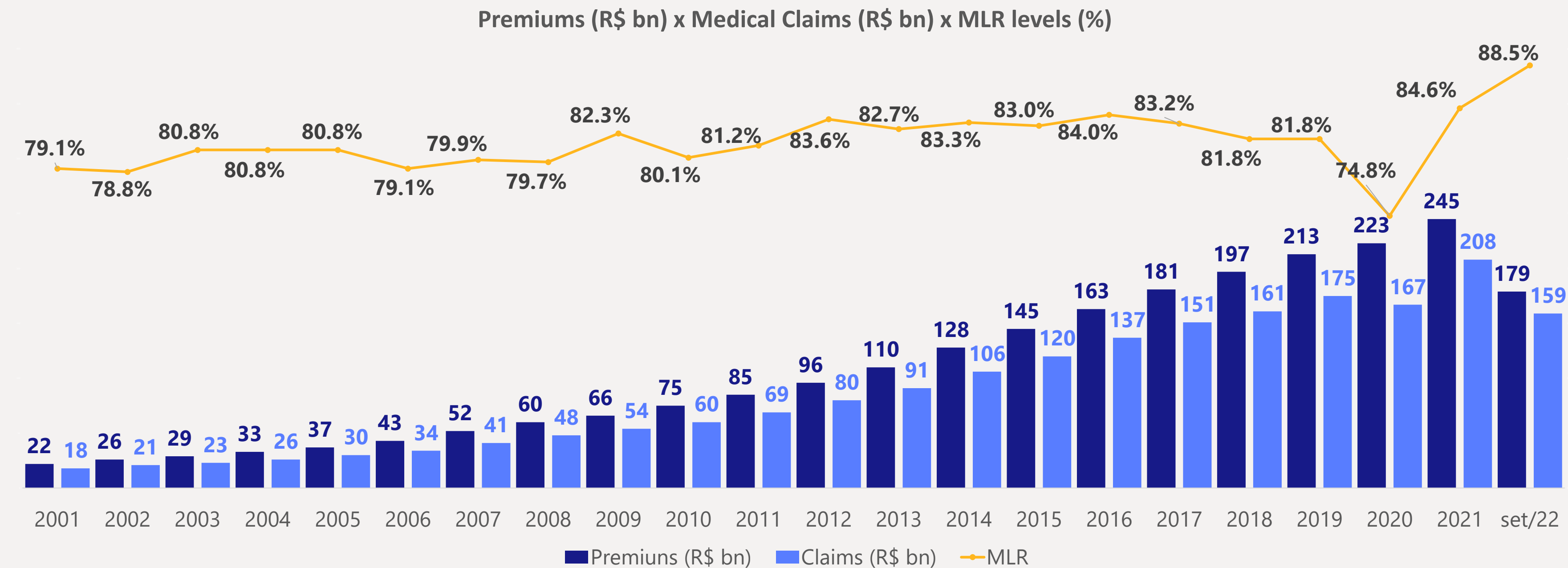
## **Digital Transformation**

Beginning of the digital transformation process, through investments in innovation and operational efficiency, data analysis, with focus on clients.

# Medical Loss Ratio



Frequencies and MLR reached the highest historical level of the century in 2022 (88.5% until Sep/2022).

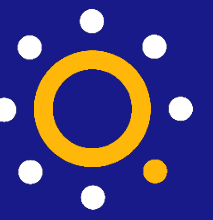


Source: ANS.





# 2023 Strategy



Maximize value by prioritizing capital allocation, including:

- Investments rationalisation and channel incentives;
- Austerity in spending and costs;
- Improvement in working capital;
- Tax structure optimization.



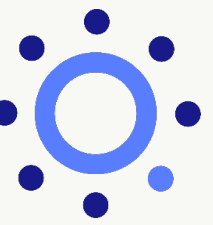


# 4Q22 Performance

Carlos Vasques - CFO



# 4Q22 Results



## Highlights:

**Free Cash Flow:** R\$116.8 MN in 4Q22 (+134% QoQ) and R\$188.9 MN in 2022 (vs. -R\$16.8 MN YoY).

**Lives Portfolio:** 1 million Affinity Health lives in 4Q22 (-5.4% QoQ)

**Net Revenue:** -10.7% QoQ -6.9% YoY in 4Q22, lower take-rate over premium and non-recurring negative effect of R\$13.8 MN.

**COGS + SG&A recurring:** -7.7% QoQ e -1.8% YoY, with savings in Third Party Services, Legal and Bad Debts.

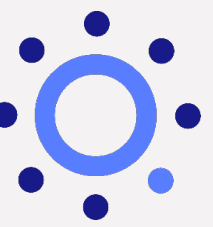
**Adjusted EBITDA:** -8.2% QoQ , 47.6% margin in 4Q22 (+130 bps QoQ) and 48.0% margin in 2022 (-210 bps).

**Adjusted Net Income:** R\$21.9 MN in 4Q22 (or -R\$79.9 MN w/o adj.) and R\$198.0 MN in 2022 (or R\$92.8 MN w/o adj.).

**Net Debt** of R\$1.5 BN (+5.4% YoY) 1.6x Adjusted EBITDA in 4Q22 vs. 1.5x in 3Q22.

Key Indicators (R\$ MN)	4Q22	YoY	QoQ	2022	YoY
Affinity Health (thous. lives)	1,005.1	-14.0%	-5.4%	1,005.1	-14.0%
Gross Adds - organic (thous. lives)	78.2	-40.4%	-24.9%	410.7	-20.2%
Churn (thous. lives)	(135.9)	-13.9%	-24.2%	(580.2)	-7.1%
Net Revenue	453.1	-13.1%	-10.7%	1,951.4	-6.9%
Recurring COGS and SG&A	(279.1)	13.2%	21.1%	(957.6)	-0.1%
Adjusted EBITDA <sup>1</sup>	215.5	-17.4%	-8.2%	937.1	-10.7%
Adjusted EBITDA Margin	47.6%	-247 bps	128 bps	48.0%	-206 bps
Adjusted Net Income	21.9	-70.3%	-56.1%	198.0	-50.4%
Net Debt	1,496.3	5.4%	0.3%	1,496.3	5.4%
Net Debt / Adj. EBITDA LTM	1.6x	0.2x	0.1x	1.6x	0.2x
Free Cash Flow	116.8	NM	133.9%	188.9	NM
ROIC	18.6%	-12 p.p.	-260 bps	18.6%	-260 bps

# EBITDA Adjustments



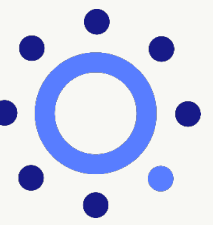
## Summary of adjustments applied to EBITDA in 4Q22 and year:

EBITDA Adjustments (R\$ MN)	4Q22	4Q21	Var. YoY	3Q22	Var. QoQ	2022	2021	Var. YoY
<b>EBITDA</b>	<b>61.3</b>	<b>226.0</b>	<b>-72.9%</b>	<b>233.8</b>	<b>-73.8%</b>	<b>777.7</b>	<b>999.6</b>	<b>-22.2%</b>
<b>EBITDA Margin</b>	<b>13.5%</b>	<b>43.3%</b>	<b>-30 p.p.</b>	<b>46.1%</b>	<b>-33 p.p.</b>	<b>39.9%</b>	<b>47.7%</b>	<b>-783 bps</b>
(+/-) EBITDA Adj.	154.2	34.9	342%	0.9	NM	159.4	50.3	217%
HMOs/Entities Provisions for Losses	97.1	-	NM	-	NM	97.1	-	NM
Write-off Judicial deposits & Others	27.3	-	NM	-	NM	27.3	-	NM
Severance Provision	14.8	7.4	100%	-	NM	15.7	7.4	112%
Revenue Reversal	13.8	-	NM	-	NM	13.8	-	NM
Other Non-Recurring Effects	1.1	27.5	-96%	0.9	19%	5.5	42.9	-87%
<b>Adjusted EBITDA</b>	<b>215.5</b>	<b>260.9</b>	<b>-17.4%</b>	<b>234.7</b>	<b>-8.2%</b>	<b>937.1</b>	<b>1,049.9</b>	<b>-10.7%</b>
<b>Adjusted EBITDA Margin</b>	<b>47.6%</b>	<b>50.0%</b>	<b>-247 bps</b>	<b>46.3%</b>	<b>128 bps</b>	<b>48.0%</b>	<b>50.1%</b>	<b>-206 bps</b>

### Adjustments in 2022:

- i) R\$97.1 MN varied provisions, mainly related to doubtful debts with HMOs and to accounts payable with entities/associations, after reviewing agreements and contracts;
- ii) write-offs of R\$27.3 MN - mostly in judicial deposits, after legal controls review;
- iii) R\$14.8 MN provision and severance payments, after the restructuring carried out during late-2022 and early-2023.
- iv) reversal of agency and brokerage revenues (R\$13.8 MN) - related to commercial revisions; and
- v) other several adjustments of R\$5.5 MN, including Escale's equivalence result.

# Cash Flow



## Highlights

**Taxes:** R\$25.8 MN in 4Q22, -15.4% QoQ and R\$120.3 in 2022, +8.5% YoY.

**Comissions:** R\$69.9 MN in 4Q22, -23.1% QoQ and -31.3% YoY and R\$337.9 MN in 2022, -17,4% YoY.

**Working Capital:** R\$83.4 MN in 4Q22 and –R\$46.7 MN in 2022, -46.2% YoY.

**Free Cash Flow Generation:** R\$116.8 MN in 4Q22, +133.9% QoQ and R\$188.9 in 2022.

Cash Flow	4Q22	Var. YoY	Var. QoQ	2022	Var. YoY
<b>EBITDA</b>	<b>61.3</b>	<b>-72.9%</b>	<b>-73.8%</b>	<b>777.7</b>	<b>-22.2%</b>
Non cash	98.7	NM	NM	111.3	364.9%
Amount Paid for Leasing	(5.1)	76.6%	-46.7%	(20.9)	74.8%
Commisions	(69.9)	-31.3%	-23.1%	(337.9)	-17.4%
Interest Paid	(25.8)	NM	-15.4%	(120.3)	8.5%
Chang. In Working Capital	83.4	NM	NM	(46.7)	-46.2%
<b>Cash Prov. by Op. Act.</b>	<b>142.7</b>	<b>60.0%</b>	<b>110.2%</b>	<b>363.3</b>	<b>-10.3%</b>
Capex (Intang. + Imob.)	(14.2)	-20.0%	-7.1%	(55.0)	-26.0%
<b>Cash Flow Fin. Activ. After Capex</b>	<b>128.5</b>	<b>79.9%</b>	<b>144.4%</b>	<b>308.3</b>	<b>-6.8%</b>
Acquisitions portfolio/companhies	(11.7)	-88.7%	342.0%	(119.4)	-65.6%
<b>Free Cash Flow to Firm</b>	<b>116.8</b>	<b>NM</b>	<b>133.9%</b>	<b>188.9</b>	<b>NM</b>
Financial Income/Expenses	(122.9)	NM	-372.8%	(175.3)	NM
Loans and Funding	-	NM	-100.0%	22.5	-97.2%
Financial Investments	(7.9)	24.1%	-18.8%	(30.1)	-262.5%
Dividends Paid	(72.5)	-80.7%	NM	(78.4)	-87.5%
<b>Cash Prov. Financing Activ.</b>	<b>(203.3)</b>	<b>-45.1%</b>	<b>-50.5%</b>	<b>(261.2)</b>	<b>NM</b>
<b>Cash Flow</b>	<b>(86.5)</b>	<b>-78.5%</b>	<b>-76.0%</b>	<b>(72.3)</b>	<b>-335.7%</b>



# Q&A

