



Qualicorp: 1Q22 Results

Public Presentation to Investors on May 11th, 2022



Legal Warning

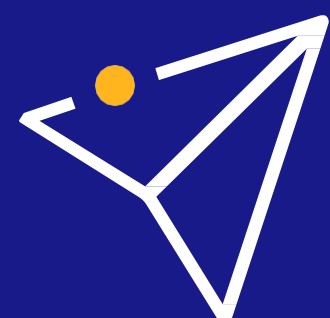
Forward-looking statements

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

Bruno Blatt - CEO



Brokers Event in Bahia



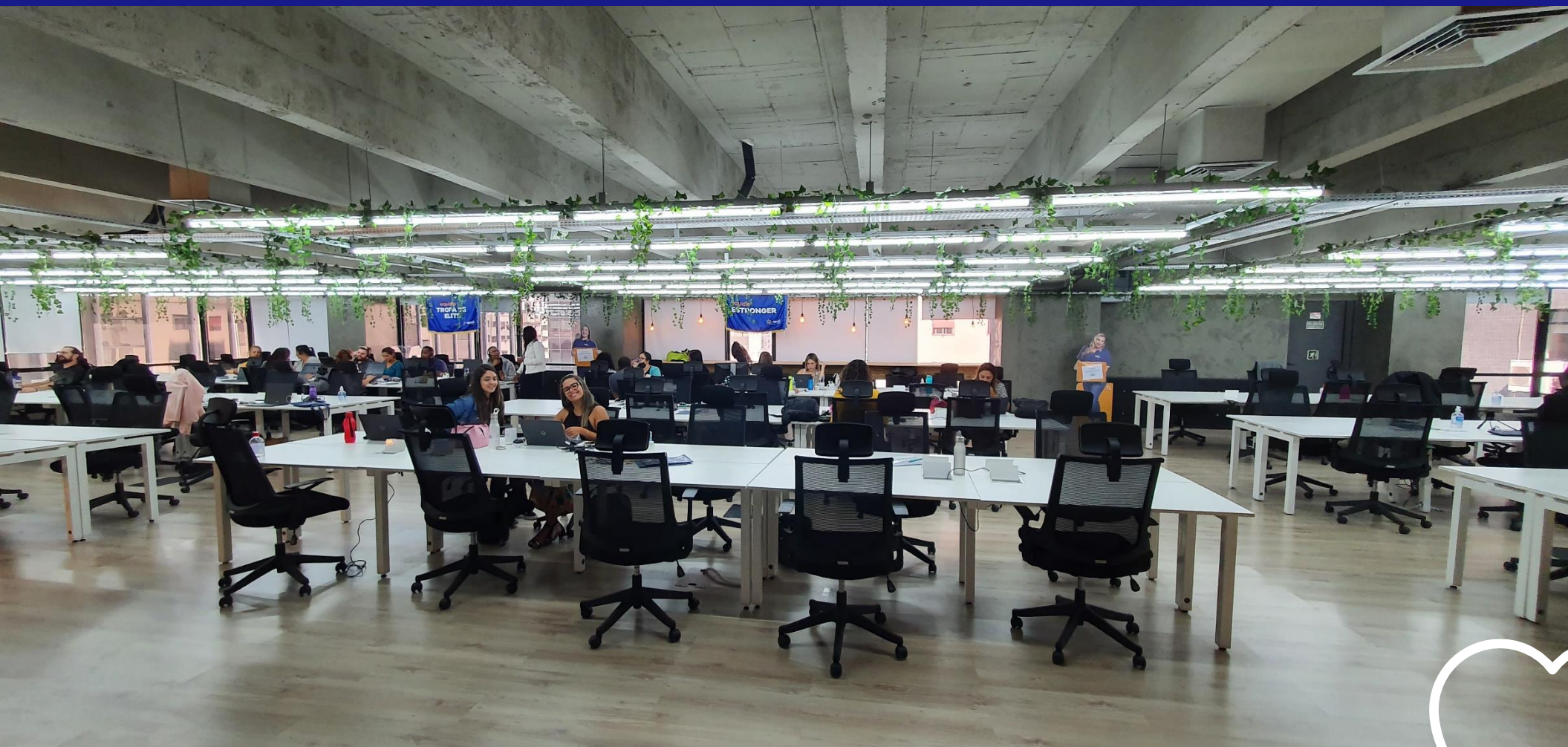
**+ 1,000 brokers and parters
from all over Brazil**





New office

In Av. Paulista



Return to face-to-face work after 2 years of Pandemic



Inauguration of Qualicity

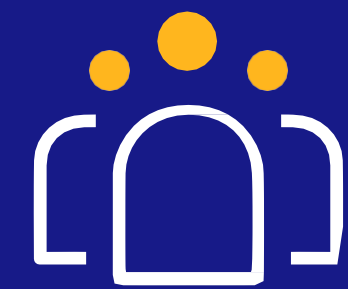


An innovative and
multipurpose space



In São Paulo's
historic center





For employees

For brokers





Cultura também é saúde.

Customer Pillar

Concierge and health attention service

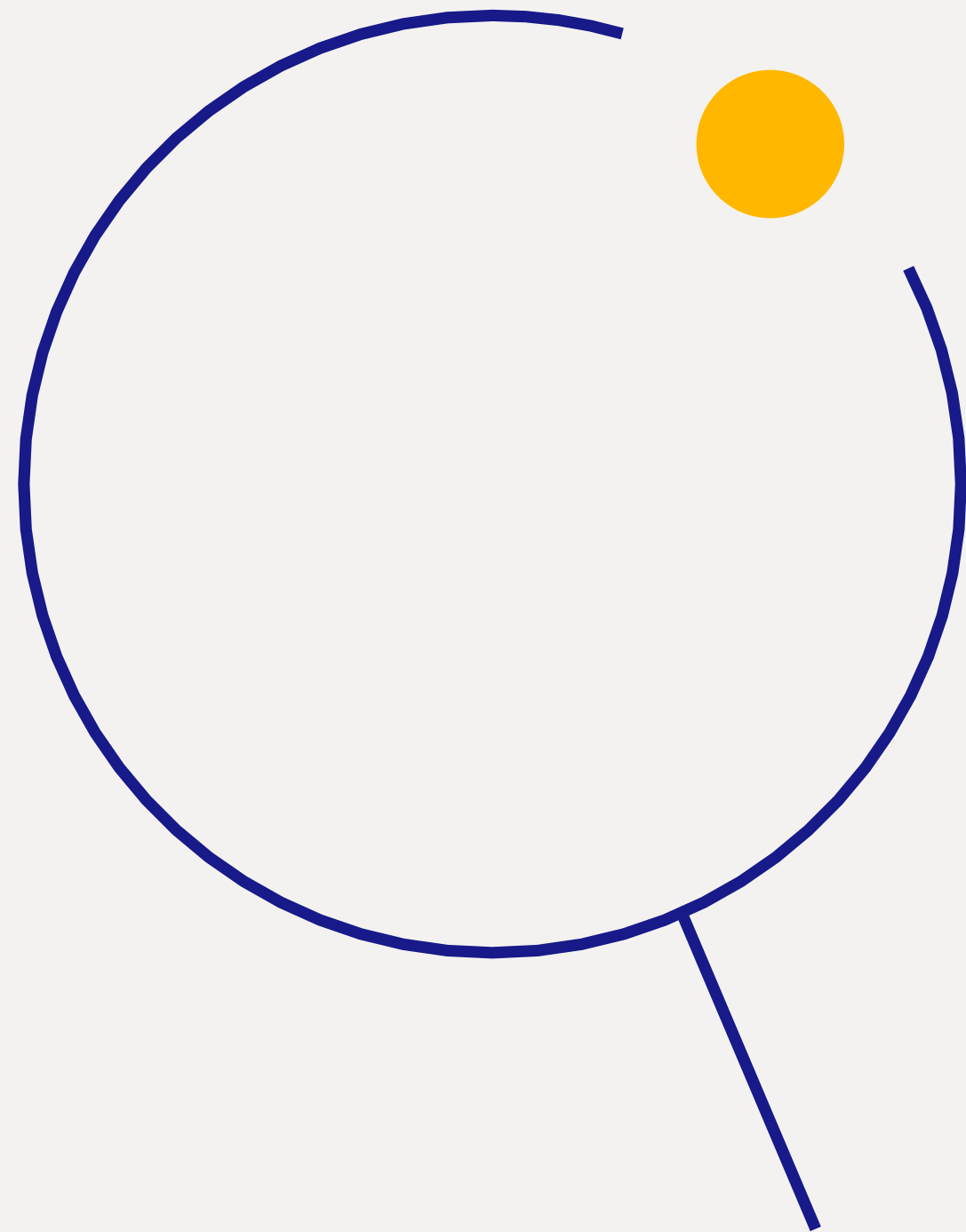
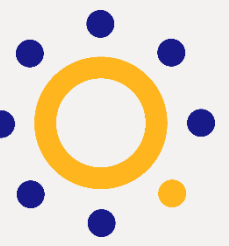
qualiclass

Exclusive,
personalized,
humanized care

Access to specialists
in highly complex
medicine

Attention and
proximity in health
monitoring



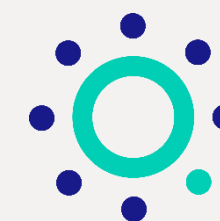


Highlights 1Q22

- Qualicity, Qualistage, Qualiclass, Qualiviva, Qualistore, Qualiseguros, Qualivendas
- Quali as a healthcare distribution channel
- Challenging Macro Scenario
- Reduction in cancellations - lowest churn in the last 5 quarters
- New sales level
- Results converging to long-term strategy

Acquisitions and Partnerships

+100 HMOs





Commercial Strategy

Elton Carluci - Commercial,
Innovation and New Businesses VP

Acquisitions and Partnerships– Quali & Escale

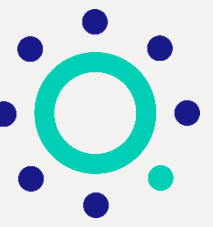


Cost reduction in 2022

- Synergies and cost/CAC reduction
- Increase in the leads quantity to meet the commercial directive and cost reduction;
- Gain in operational efficiency through the consolidation of third-party contracts;
- Lead budget management becomes a result of sales and not by leads generated



Gross adds in Affinity

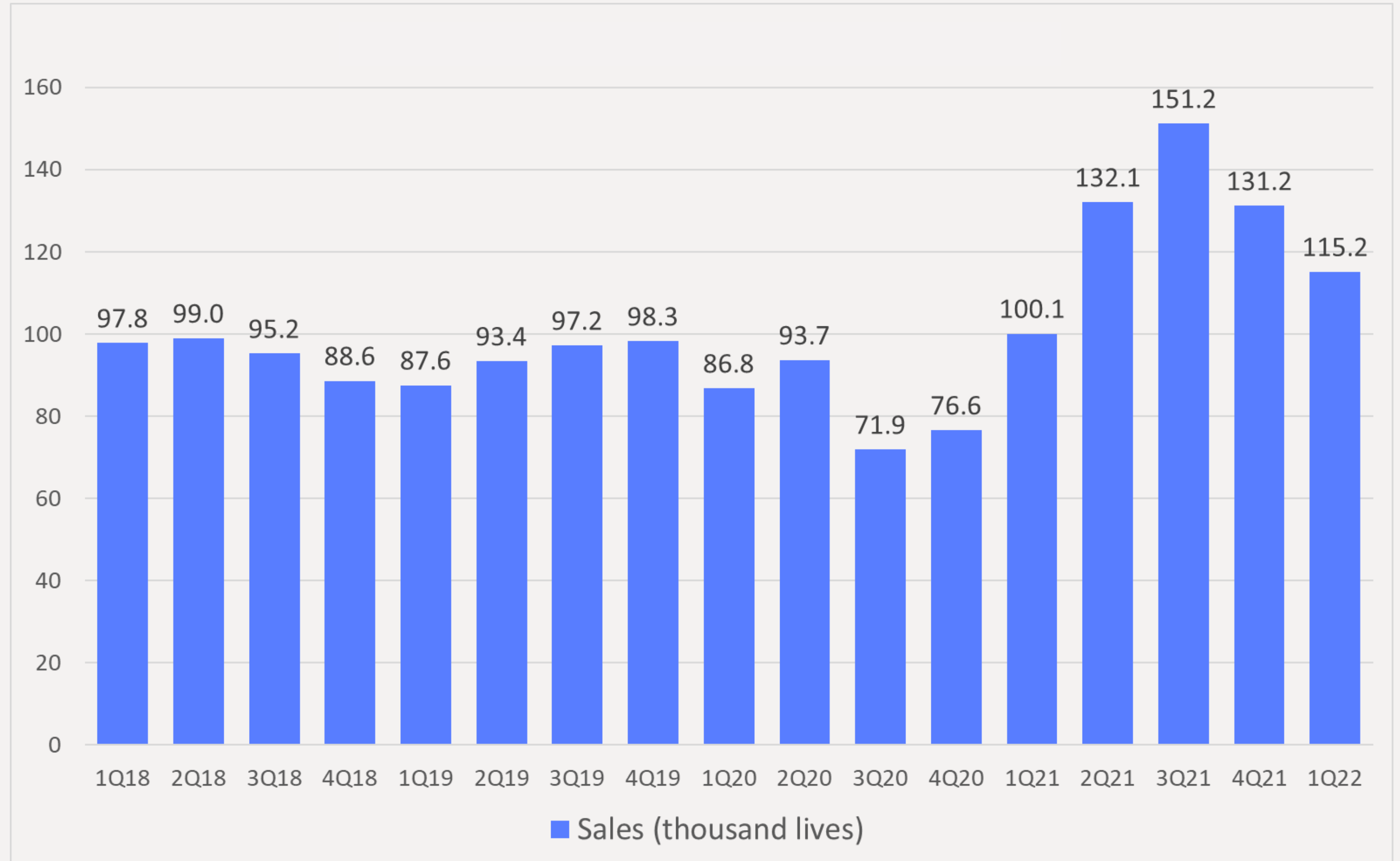


15% growth YoY as result of:

- New partnerships/HMOs
- Products innovation
- Channel incentives
- M&A contribution

Seasonality and Ômicron's impacts on internal and external sales teams

Maintain the sales level reached in 2021



Best Churn of the Last 5 Quarters

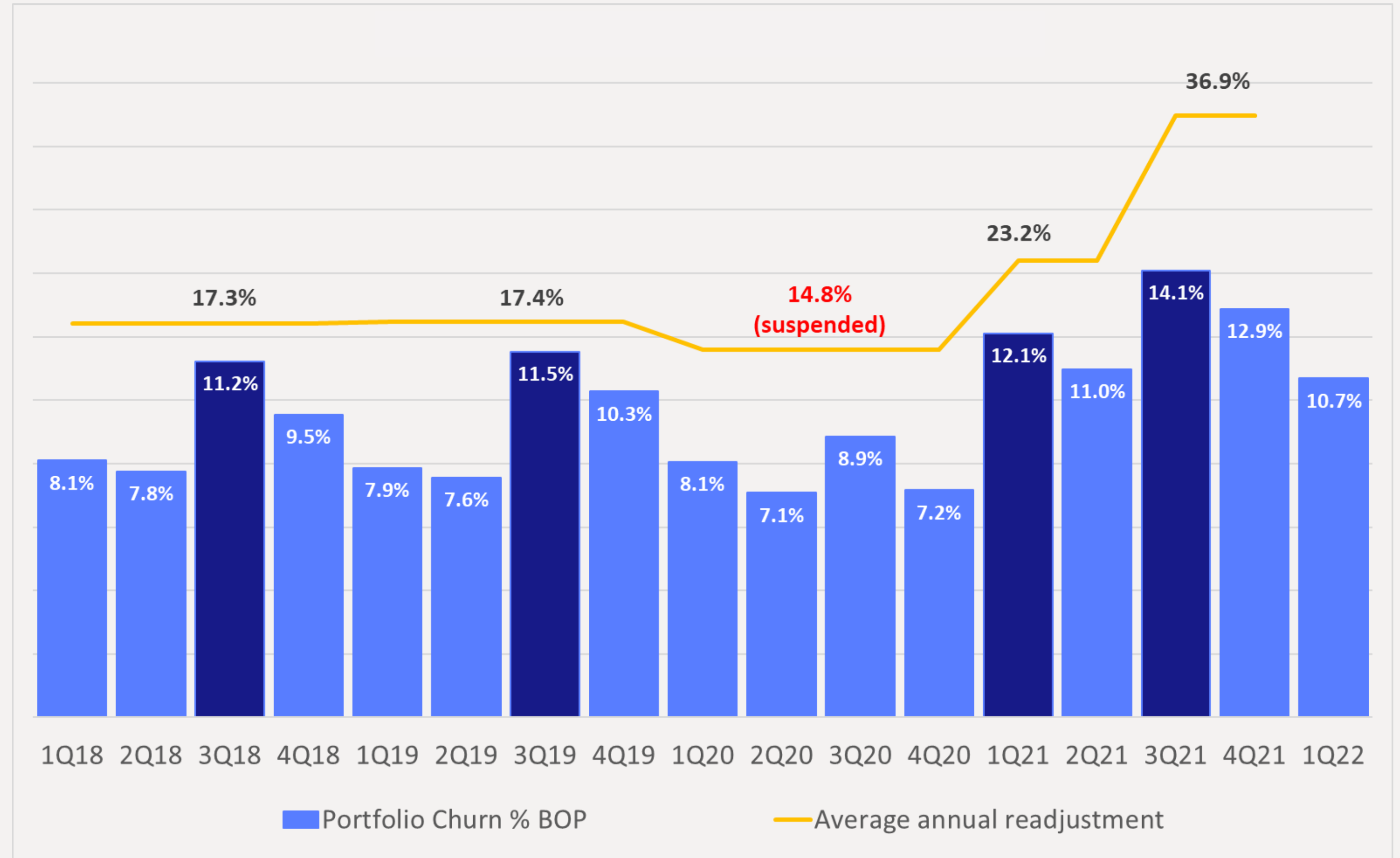


Cancellations: 11% reduction
QoQ

Improvement related to
**normalization of cancellations
on request**

Delinquency still at high levels,
but below 3Q21 peak.

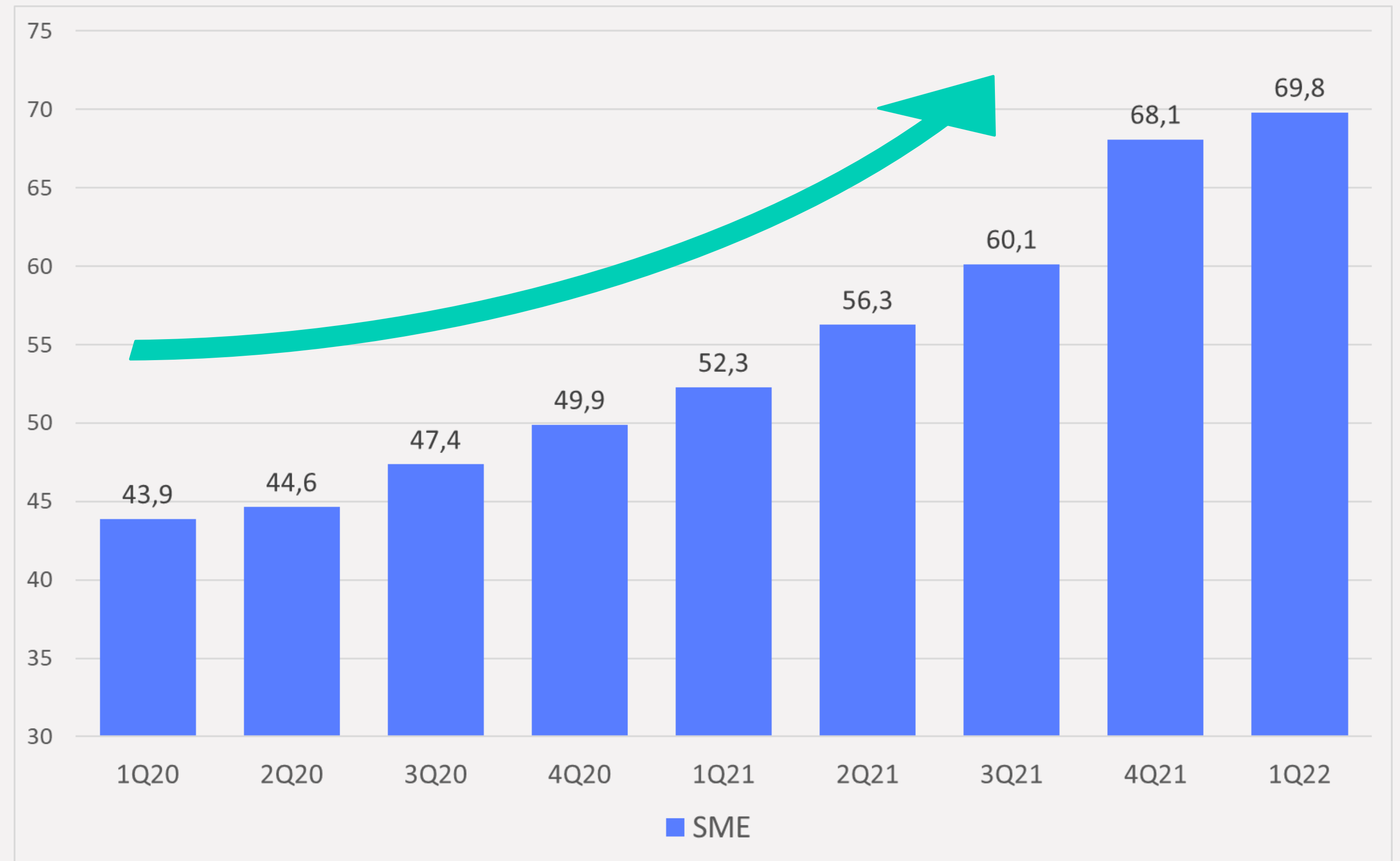
Readjustment negotiations
underway



SME growth



**37% growth YoY, +20
thousand lives in 1Q22.**





1Q22 Performance

Fred Oldani - CFO



1Q22 Results



Highlights

Affinity Health Lives Portfolio: gross additions of 115.2 thousand lives (+15% vs. 1Q21) and 131.2 thousand cancellations (-12.7% vs. 1Q21 and -16.9% vs. 4Q21).

Net Revenue: -3.7% vs. 1Q21 and -4.0% vs. 4Q21.

Adjusted EBITDA: Adjusted EBITDA margin of 50.3% (+30 bps vs. 4Q21).

Net Income: R\$74.1 million in 1Q22 (-35.3% vs. 1Q21 and +46.4% vs. 4Q21).

Free Cash Flow: R\$66.4 million before acquisitions in 1Q22 (-7% QoQ).

Net Debt: R\$1,407 million, or 1.37x LTM Adjusted EBITDA in 1Q22, vs. 1.45x in 4Q21 and 0.56x in 1Q21.

Key Indicators (R\$ MN)	1Q22	1Q21	YoY	4Q21	QoQ
Affinity Portfolio (thous. lives)	1,681.8	1,609.0	4.5%	1,708.0	-1.5%
Affinity Health (thous. lives)	1,153.1	1,193.3	-3.4%	1,169.1	-1.4%
Gross Adds (organic)	115.2	100.1	15.0%	131.2	-12.2%
Churn (thous. lives)	-131.2	-150.2	-12.7%	-157.9	-16.9%
Net Revenue	502.2	523.0	-4.0%	521.5	-3.7%
Adjusted EBITDA ¹	252.8	278.3	-9.2%	260.9	-3.1%
Adjusted EBITDA Margin	50.3%	53.2%	-288 bps	50.0%	31 bps
Net Income	74.1	114.5	-35.3%	50.6	46.4%
Net Debt	1,407.5	603.5	133.2%	1,525.5	-7.7%
Net Debt / Adj. EBITDA LTM	1.37x	0.56x	145.2%	1.45x	-5.4%
Cash Flow Before Acq.	66.4	165.4	-59.8%	71.4	-7.0%
ROIC	30.8%	48.1%	-17.3 p.p.	33.7%	-289 bps

Income Statement



Highlights

EBITDA: R\$251mi in 1Q22 +11% QoQ (-7.2% YoY).

EBITDA Margin: 50.1% in 1Q22 -1.7 p.p. YoY and -675 bps QoQ.

Adj. EBITDA: R\$252.8 mi in 1Q22 -3.1% QoQ, -9.2% YoY.

Financial Income/Expenses: R\$40.5 mi in 1Q22, with 333% growth YoY and 15,6% reduction QoQ.

Net Income: R\$74.1 mi / 14.7% margin in 1Q22.

Income Statement (R\$ MN)	1Q22	Var. YoY	Var. QoQ
Net Revenue	502.2	-4.0%	-3.7%
(-) COGS and SG&A	(221.9)	-1.9%	-10.0%
(-) Contingencies and Legal Exp.	(5.7)	-37.2%	NM
(-) Bad Debt Provision	(24.3)	35.5%	-44.8%
(+/-) Other Oper.	1.2	-6.0%	NM
EBITDA	251.5	-7.2%	11.3%
EBITDA Margin	50.1%	-174 bps	675 bps
(+/-) EBITDA Adj.	1.3	-82.7%	-96.4%
Adjusted EBITDA	252.8	-9.2%	-3.1%
Adjusted EBITDA Margin	50.3%	-288 bps	31 bps
(-) D&A	(97.9)	13.3%	-1.3%
(+/-) Fin. Inc. (Exp.)	(40.5)	332.8%	-15.6%
(-) Income Tax./Social Contrib.	(36.9)	-36.7%	50.5%
(-) Minority Interest	(2.3)	-12.5%	-41.0%
Net Income Controlling	74.1	-35.3%	46.4%
Net Margin	14.7%	-714 bps	504 bps

Cash Flow



Highlights

Free Cash Generation of R\$66.4m (before M&A)

-7% QoQ and -60% YoY in 1Q22. Commissions -36.6% QoQ.

The Board of Directors approved the Company to raise **long-term debt**, in the total amount of up to R\$1.7 billion, to address the Company's short-term maturities and to better match its capital structure and future cash flow. The realization of this Potential Debt is subject to further.

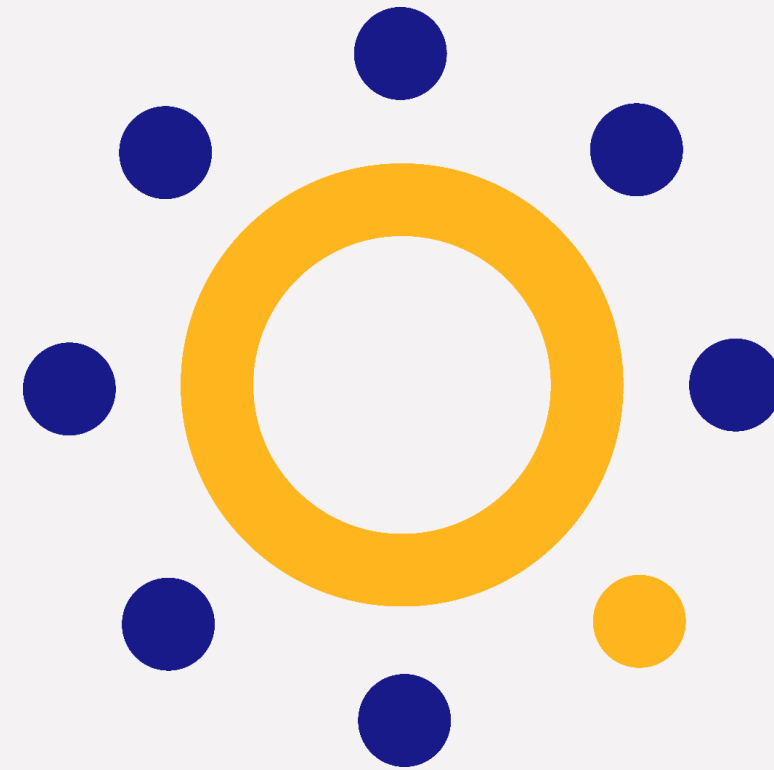
Cash Flow	1Q22	Var. YoY	Var. QoQ
EBITDA	251.5	-7.2%	11.3%
Non cash	2.4	-85.2%	NM
Amount Paid for Leasing	(3.4)	-3.1%	16.8%
Commissions	(64.6)	-10.9%	-36.6%
Interest Paid	(36.8)	-12.5%	NM
Chang. In Working Capital	(67.0)	NM	128.1%
Cash Prov. by Op. Act.	82.2	-54.2%	-7.9%
Capex (Intang. + Imob.)	(15.7)	11.3%	-11.4%
Cash Flow Fin. Activ. After Capex	66.4	-59.8%	-7.0%
Acquisitions portfolio/companhies	(46.3)	356.6%	-55.4%
Free Cash Flow to Firm	20.1	-87.1%	-161.8%
Financial Income	(32.8)	89.5%	NM
Loans and Funding	(52.9)	NM	NM
Financial Investments	(7.8)	NM	21.7%
Dividends Paid	(0.0)	NM	NM
Cash Prov. Financing Activ.	(93.5)	NM	NM
Cash Flow	(73.4)	-157.4%	NM



**Relações com
Investidores**

(11) 3191-3829
RI@qualicorp.com.br
ri.qualicorp.com.br

Q&A



More choices for you.
More Quali for your life.