

20Q21

Results



São Paulo, August 10th, 2021. QUALICORP Consultoria e Corretora de Seguros S.A. (B3: QUAL3) ("Qualicorp", "Quali" or "Company"), a leading full-service healthcare benefits broker, administrator, and health management services provider in Brazil, announces its consolidated 2Q21 and 1H21 results. The operating and financial data are presented on a consolidated basis in Reais ("BRL" or "R\$"), in accordance with Corporate Law and regulations of "Comissão de Valores Mobiliários" – CVM (the Brazilian SEC). The figures as well as their historical series can be obtained in MS Excel format on the website ri.qualicorp.com.br

2Q21 HIGHLIGHTS

- **Affinity Health Lives Portfolio:** +7.3% vs 2Q20 and -0.5% vs. 1Q21, with new record of 132.1 thousand lives (gross adds) in 2Q21, reaching the 40-45k lives monthly sales target.
- **Net Revenue** of R\$517.2 million in 2Q21, +6.9% vs. 2Q20 and -1.1% vs. 1Q21.
- **Adjusted EBITDA** of R\$201.0 million in 2Q21, -13.9% vs. 2Q20 and -16.8% vs. 1Q21, with higher investments in trade marketing, commissions and personnel expenses. Adj. EBITDA Margin of 38.9%.
- **Net Income** of R\$90.3 million, -28.4% vs 2Q20 and -21.1% vs. 1Q20, due to lower EBITDA and higher financial expenses, partially offset by lower tax rates QoQ.
- **Free Cash Flow** of R\$177.6 million before acquisitions in 1H21. 42% ROIC LTM.
- **Net Debt** of R\$926 million, or 1.02x Adjusted EBITDA LTM in 2Q21 (vs. 0.64x in 1Q21), after disbursements with M&As (Escale and MMS).

Key Indicators (R\$ Million)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Affinity Portfolio (thous. lives)	1,632.6	1,318.0	23.9%	1,609.0	1.5%	1,632.6	1,318.0	23.9%
Affinity Health (thous. lives)	1,187.8	1,106.8	7.3%	1,193.3	-0.5%	1,187.8	1,106.8	7.3%
Churn (thous. lives)	(138.3)	(80.8)	71.1%	(150.2)	-7.9%	(288.5)	(172.9)	66.8%
Net Revenue	517.2	483.7	6.9%	523.0	-1.1%	1,040.2	986.3	5.5%
Adjusted EBITDA	201.0	233.5	-13.9%	241.6	-16.8%	442.6	475.7	-7.0%
Adjusted EBITDA Margin	38.9%	48.3%	-940 bps	46.2%	-733 bps	42.6%	48.2%	-568 bps
Net Income	90.3	126.1	-28.4%	114.5	-21.1%	204.8	194.3	5.4%
Net Debt	926.0	594.8	55.7%	603.5	53.4%	926.0	594.8	55.7%
Net Debt / Adj. EBITDA LTM	1.02x	0.70x	46.7%	0.64x	58.9%	1.02x	0.70x	46.7%
Cash Flow Before Acq.	12.4	220.5	-94.4%	165.2	-92.5%	177.6	390.1	-54.5%
ROIC	42.0%	48.0%	-595 bps	48.1%	-609 bps	42.0%	48.0%	-595 bps





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MANAGEMENT HIGHLIGHTS

Our 2Q21 earnings release coincides with the end of Tokyo's Olympics period. And, after following so many achievements, celebrations and challenges being overcome in the world of sports, we here at Quali also have great accomplishments to celebrate. The main highlight is the breaking of a historic sales record in the Affinities segment: 132.1 thousand new customers contracted their health plan through Quali's platform in 2Q21, or 32% more than the also record figure in 1Q21.

This way, we reached average sales of 44 thousand lives per month, close to the upper limit of our target of 40-45 thousand lives that we shared with the market in the last quarter. This goal was achieved ahead of schedule, as result of a collective effort from Quali's team alongside with all partners within our ecosystem: brokers, HMOs, class entities and, of course, with our clients. But that was not our sole victory in the period. We remained focused on our strategic plan and evolved in our 3 pillars: Growth, Client Focus and People & Culture.

In terms of Growth, we have announced several new partnerships over the past months, of which we highlight our new and promising digital sales channel for Affinity plans via app with Inter bank. We also continued to launch new products, such as the Personal plan (for Affinity and SME), a new model based on comprehensive and preventive healthcare in partnership with *Central Nacional Unimed* (CNU), in the great São Paulo region. We also started a partnership with *Leve Saúde* with attractive prices for Affinity plans and focused on clients over 45 years old in Rio de Janeiro. Thus, and through dozens of other product launches in recent months, we surpassed 100 health operators that have partnership with Quali, another mark worthy of Olympics comparison.

In the Client Focus pillar, we started the operations of a new site dedicated to our customers in the city of São Paulo: the *Casa do Cliente* (Client's House), an exclusive place with all the infrastructure and security for in-person customer care, which in its second phase will have an auditorium, meeting rooms and co-working space to be used by Quali's clients, brokers and employees. In order to get even closer to clients, we have followed our regional expansion plan with the opening of 12 new branches since the beginning of 2021, reaching 23 offices throughout the country. We also have expanded our main sales brokerage channel through a strategic partnership with Sincor-SP, which allows brokers associated with the union to sell the entire Qualicorp's portfolio, as well as to contract their own health plans with special conditions.

In our third but not least important pillar, People & Culture, we had a quarter full of important realizations. Special highlight for the first Qualicult, a cultural contest devoted to reward artistic activities in Music, Dance, Theater and Poetry categories. The project received more than 10,000 applications from all regions of Brazil and distributed over R\$500,000 in prizes to the 90 winning artists and groups, with an online broadcasted event. We also completed our hiring process for the Young Talents program, which had an impressive 13,800 applications for 33 trainee and internship positions in a company that has been chosen for the second consecutive year a GPTW – Great Place to Work. Moreover, we have completed 1 year of our *TamoJunto* Solidarity Fund, which allocated around R\$2 million to support nearly 1,500 brokers impacted by the coronavirus and unable to work. In total, we have already invested more than R\$16 million in actions to combat COVID-19 since the beginning of the pandemic, and we will not shy away from our social mission of continuing to help.

And, driven by the Olympics spirit, Quali started to support the *Brasileirinhos* project, created in 2015 by former gymnast Daiane dos Santos, which offers free artistic gym classes to 200 low-income students in Paraisópolis, São Paulo, between 6 and 16 years old. In addition, always thinking of expanding healthcare access to more entities, we signed an exclusive partnership with the São Paulo Athletes Union (Sapesp) to make Affinity plans available to affiliated professionals and their families.

However, just like the athletes who face several challenges in their journeys, we also had ours in 2Q21, mainly related to churn and margins. We ended the quarter with 138.3 thousand cancellations in the Affinity segment, an improvement of 7.9% over the previous quarter, but still at a high level and worse than our initial expectations. Our analysis indicates that this high churn is cyclical, still impacted by the readjustment of health plans applied earlier this year after the suspension in 2020, which resulted in an average price increase of 23% for our clients' base. We have been working on several fronts to minimize this impact in the second half, since the regular adjustment that we are applying in 3Q21 is lower, in the low double-digit range. Accordingly, our predictive models in the customer service area already show improvements in the retention indicators. Nevertheless, as already anticipated, the healthcare market will have an atypical year in terms of cancellations due to the unprecedented fact that we have two price readjustments with only 6 months interval between them, and accumulating around 35% price increase to our clients in 2021.

Analyzing the 2Q21 results, we presented a robust growth of 6.9% in net revenue and 11.3% in the Total portfolio compared to the previous year, due to a 7.3% growth in Affinity Health Lives, 26% in the SMEs segment, and the normalization in results from other segments. However, our Adjusted EBITDA decreased 13.9% YoY in the quarter, mainly due to sales acceleration initiatives and investments in innovation and in trade marketing. Our Adjusted EBITDA margin was 38.9% in 2Q21, still quite healthy, though below the profitability level we consider fair for our business in the long term. Therefore, over the next quarters, we will keep working in the fundamentals of our strategy in order to secure the maintenance of strong sales with a gradual recovery in profitability.

Finally, it is worth noticing that we maintain our strategic plan to resume organic growth, driven by the strong acceleration in sales which, as soon as churn normalizes, should lead us to positive levels of net additions. After all, thinking about the Olympics theme, Quali is not disputing a 100-meter dash race, but a long-distance, collective run for which we are properly trained and ready to reach the podium.



Lives Portfolio

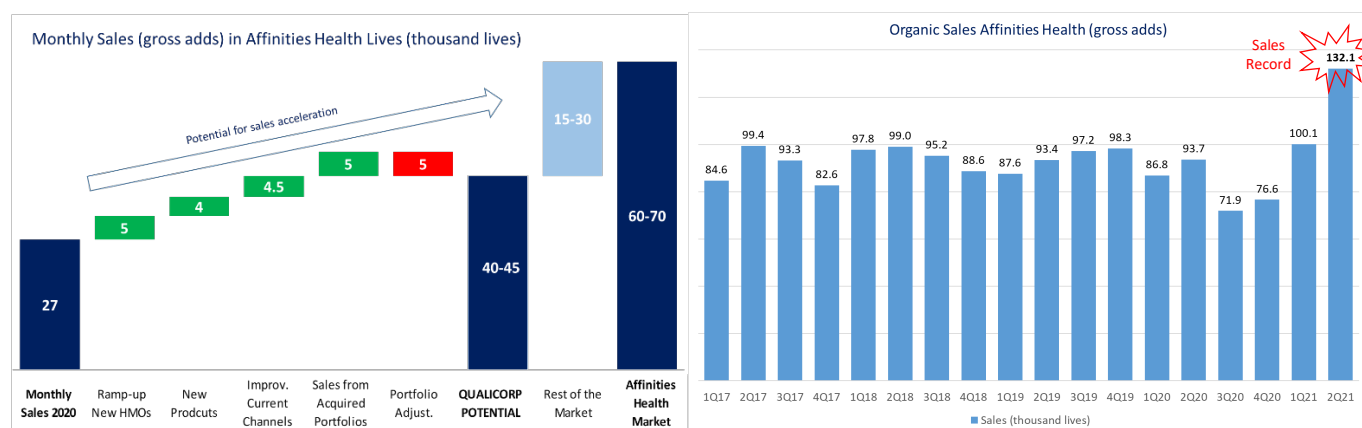


Lives Portfolio

Portfolio	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Affinity Health Lives								
Total Portfolio (BOP)	1,193,304	1,093,916	9.1%	1,190,920	0.2%	1,190,920	1,099,219	8.3%
(+) Gross Adds	132,067	93,668	41.0%	100,107	31.9%	232,174	180,474	28.6%
(-) Churn	(138,287)	(80,818)	71.1%	(150,194)	-7.9%	(288,481)	(172,927)	66.8%
(+) Portfolio Acquisition	678	-	NM	52,471	-98.7%	53,149	-	NM
New Lives Added (net)	(5,542)	12,850	NM	2,384	NM	(3,158)	7,547	NM
Total Portfolio (EOP)	1,187,762	1,106,766	7.3%	1,193,304	-0.5%	1,187,762	1,106,766	7.3%
Affinity Other (Massified)								
Total Portfolio (BOP)	415,673	198,485	109.4%	411,388	1.0%	411,388	205,765	99.9%
New Lives Added (net)	29,146	12,781	128.0%	4,285	NM	33,431	5,501	NM
Total Portfolio (EOP)	444,819	211,266	110.5%	415,673	7.0%	444,819	211,266	110.5%
Affinity Portfolio	1,632,581	1,318,032	23.9%	1,608,977	1.5%	1,632,581	1,318,032	23.9%
Corporate	309,715	311,853	-0.7%	320,023	-3.2%	309,715	311,853	-0.7%
Gama	584,078	645,542	-9.5%	593,058	-1.5%	584,078	645,542	-9.5%
SME	56,261	44,646	26.0%	52,275	7.6%	56,261	44,646	26.0%
Corp., Gama and SME Portf.	950,054	1,002,041	-5.2%	965,356	-1.6%	950,054	1,002,041	-5.2%
Total Portfolio	2,582,635	2,320,073	11.3%	2,574,333	0.3%	2,582,635	2,320,073	11.3%

Qualicorp's portfolio reached around 2.6 million lives in 2Q21, 0.3% higher than 1Q21, with 1.5% QoQ growth in the Affinity segment and 1.6% QoQ decrease in the other segments (including Corporate, SME and Gama). In the YoY comparison, Quali's portfolio grew 11.3%, with 7.3% increase in the Affinity segment and 5.2% decline in other segments.

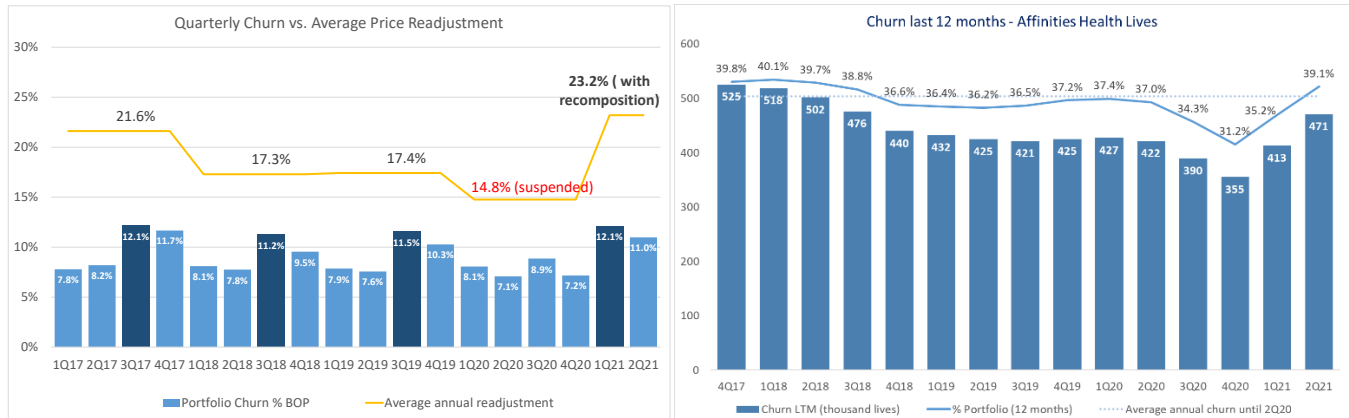
In the Affinity Health Lives segment, we held a strong acceleration in sales levels with gross adds of 132.1 thousand lives in 2Q21. This baseline represents the absolute record of organic sales for Qualicorp's history. This way, we reached average monthly sales of 44 thousand lives in 2Q21, with 32% QoQ and 41% YoY growth, and close to the upper limit of 40-45k target of monthly sales in this segment.



Such positive performance is the result of several initiatives implemented over the last quarters, such as: i) new commercial partnerships, which are still in ramp-up phase; ii) innovation, with the launching of many products and portfolio's extensions, aligned with our customers' needs; iii) higher efficiency and improvements in sales channel relationship, which also include more assertive and aggressive commercial strategy; and iv) M&As (portfolio and companies) that gathered important distribution channels, new regions and strategic HMOs for the Company.



Further, we had 138.3 thousand cancellations in Affinity Health Lives in 2Q21, which was 7.9% lower QoQ, but above the normal levels for this period (71% YoY growth). This is mainly related to the 2020 price adjustment/recomposition that took place in January 2021, which represented a 23% price increase to our customers and had a prolonged impact over the 2Q21.



In a last 12-month view, we note that cancellations in 2Q21 (39.1%) were mostly in-line with the historical average of our portfolio (~38%), despite the record price increase this year.

In terms of inorganic growth, we had in the Affinity Health lives segment the entry of 678 lives, remaining from the portfolio acquired from MMS (Muito Mais Saúde). Hence, we had a negative net variation of 5.5 thousand lives in the 2Q21's portfolio to 1,188 thousand lives, a decrease of 0.5% QoQ and growth of 7.3% YoY.

Regarding the other Affinity portfolio, which includes mass plans (dental and non-stipulation), we had net adds of 29.1 thousand lives in 2Q21. Thus, this portfolio grew 7.0% QoQ and 111% YoY.

Corporate, SME and Gama Portfolio

In line with our strategy to expand product offering, the SME plans have been explored both to accelerate our portfolio growth and to increase retention of Affinity customers who are eligible for corporate plans. During 2Q21, we had a 7.6% increase in our SME portfolio compared to the previous quarter and +26% versus 2Q20, reaching 56.3 thousand lives.

Finally, after more relevant adjustments in previous quarters due to the termination of unfavorable contracts, the portfolios of our Corporate and Gama segments had slight decreases of 3.2% and 1.5% QoQ in 2Q21, respectively.



2Q21 Results



2Q21 Results

Income Statement (R\$ MN)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Net Revenue	517.2	483.7	6.9%	523.0	-1.1%	1,040.2	986.3	5.5%
(-) COGS	(111.3)	(92.7)	20.1%	(109.9)	1.2%	(221.2)	(179.3)	23.4%
(-) SG&A	(148.7)	(98.9)	50.3%	(127.2)	16.9%	(275.9)	(255.5)	8.0%
Bad Debt	(13.9)	(16.9)	-17.5%	(17.9)	-22.4%	(31.8)	(35.1)	-9.2%
Other Oper. Inc. (Exp.)	(9.3)	16.9	NM	3.1	NM	(6.2)	0.8	NM
EBITDA	234.0	292.1	-19.9%	271.0	-13.7%	505.0	517.2	-2.3%
EBITDA Margin	45.2%	60.4%	-15.1 p.p.	51.8%	-658 bps	48.6%	52.4%	-389 bps
(-) D&A Commissions	(46.2)	(33.4)	38.3%	(40.9)	13.1%	(87.1)	(63.5)	37.0%
(-) D&A Rental	(2.7)	(5.8)	-53.5%	(7.5)	-27.8%	(6.5)	(13.4)	-51.6%
(+) Interest and fine	8.1	6.8	19.9%	7.9	2.7%	16.0	14.4	11.1%
(+/-) Other EBITDA Adj.	7.8	(26.2)	NM	7.3	7.3%	15.1	21.0	-28.2%
Adjusted EBITDA	201.0	233.5	-13.9%	241.6	-16.8%	442.6	475.7	-7.0%
Adjusted EBITDA Margin	38.9%	48.3%	-940 bps	46.2%	-733 bps	42.6%	48.2%	-568 bps
(-) D&A	(88.7)	(102.4)	-13.4%	(86.3)	2.8%	(175.1)	(197.1)	-11.2%
(+/-) Fin. Inc. (Exp.)	(13.3)	(18.6)	-28.8%	(9.3)	41.9%	(22.6)	(39.7)	-43.1%
(-) IR/CSLL	(39.4)	(44.3)	-11.1%	(58.2)	-32.3%	(97.6)	(85.1)	14.7%
Net Income	92.6	126.7	-26.9%	117.1	-20.9%	209.7	195.2	7.4%
(-) Part. Minor	(2.3)	(0.6)	267.6%	(2.6)	-13.0%	(4.9)	(0.9)	429.4%
Net Income Controlling	90.3	126.1	-28.4%	114.5	-21.1%	204.8	194.3	5.4%
Net Margin	17.5%	26.1%	-860 bps	21.9%	-443 bps	19.7%	19.7%	-2 bps

Quali's 2Q21 was marked by an acceleration in net revenue growth (6.9% YoY, vs. 4.1% in 1Q21 and 1.2% in 2020) and by higher expenses related to the growth resumption. As part of our strategic plan, we will continue to prioritize costs and expenses that will support our sales, innovation, technology and customer retention fronts. At the same time, we are looking for means to finance these new efforts through strict cutting of costs and expenses on other areas, mainly in administrative expenses.

Our Adjusted EBITDA margin was 38.9% in 2Q21, declining 940 bps YoY and 730 bps QoQ mainly due to the increase in personnel expenses and higher investments in trade marketing/campaigns (including the purchase of leads), in addition to an increase in amortization of sales commissions linked to sales acceleration and higher compensation paid to brokers. Further, we accounted non-recurring expenses of around R\$9 million in 2Q21 related to management bonus (profit sharing + restricted shares).

We also highlight the controlled level of Other Adjustments to EBITDA (R\$7.8 million in expenses in 2Q21), mainly related to social actions to combat COVID and expenses with the Investigation Committee, in addition to the equity equivalence of the stake acquired in Escala (R\$1.1 million). However, we had a comparison basis in 2Q20 with positive, non-recurring adjustments (R\$26.2 million), mainly related to the QSaúde disposal and the reversal of executive severance expenses, which impact the YoY comparison of both reported EBITDA and net income for 2Q21.

Revenue by Segment

Revenue (R\$ MN)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Affinity	523.4	497.4	5.2%	534.8	-2.1%	1,058.2	997.8	6.1%
Health Lives	517.6	492.3	5.2%	529.5	-2.2%	1,047.1	987.4	6.0%
Administration Tax	341.0	330.3	3.2%	346.1	-1.5%	687.1	660.3	4.0%
Brokerage	144.4	136.7	5.6%	145.4	-0.7%	289.8	268.2	8.1%
Agency	31.8	24.9	27.5%	37.6	-15.6%	69.4	58.1	19.5%
Others	0.5	0.3	31.2%	0.4	16.1%	0.9	0.8	1.9%
Other Affinity (Mass)	5.8	5.1	13.4%	5.2	10.3%	11.0	10.4	6.2%
Corporate	7.1	5.3	35.4%	5.9	21.0%	13.0	17.4	-25.3%
SME total	6.9	3.8	78.3%	5.9	15.2%	12.8	12.8	0.1%
SME	6.9	3.0	132.1%	5.9	15.2%	12.8	6.0	112.9%
SME Stipulation	-	0.9	NM	-	NM	-	6.8	NM
Gama	24.2	25.2	-3.7%	23.1	5.1%	47.3	50.7	-6.6%
Gross Revenue	561.6	531.6	5.6%	569.7	-1.4%	1,131.3	1,078.7	4.9%
Cancellations	(0.3)	(0.1)	259.3%	(0.3)	1.1%	(0.6)	(0.1)	556.2%
Sales taxes	(44.1)	(47.9)	-7.8%	(46.4)	-4.9%	(90.5)	(92.4)	-2.0%
Net Revenue	517.2	483.7	6.9%	523.0	-1.1%	1,040.2	986.3	5.5%

Quali's gross revenue in 2Q21 increased 5.6% in a YoY basis and decreased 1.4% compared to 1Q21. In the Affinity Health Lives segment, considering only recurring/lifetime revenues (administration and brokerage fees), we had 3.9% growth YoY, but 1.2% decrease QoQ.

The QoQ variation of these recurring revenues is explained by the slight drop of 0.5% in the Affinities lives portfolio and average ticket reduction, mainly due to the MMS portfolio incorporation held in March, which has a substantially lower ticket than Qualicorp. Conversely, the YoY growth is a consequence of: i) annual price adjustment; ii) growth in the Affinity Health Lives portfolio (+7.3% YoY); and iii) lower average ticket regarding new sales, plans downgrade, and incorporation of Plural and MMS portfolios.

In agency revenue, we had in 2Q21 a 27.5% increase YoY related to sales acceleration, but a decrease of 15.5% QoQ mainly due to the reversal of provisions (non-recurring) of around R\$6 million. Adjusted for this effect, consolidated net revenue in 2Q21 would have been stable QoQ.

In the Other segments, we had 11.5% growth YoY and 9.5% QoQ, with highlights to: i) SME growth acceleration (+132% YoY and +15.2% QoQ, in comparable basis) and ii) Gama revenue normalization (+5.1% QoQ) and Corporate (+21% QoQ), after portfolio adjustments and non-renewal of some contracts with low profitability.





Costs and Expenses

Costs and Expenses (R\$ MN)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Total COGS e SG&A	(260.0)	(191.6)	35.7%	(237.1)	9.7%	(497.2)	(434.8)	14.3%
COGS	(111.3)	(92.7)	20.1%	(109.9)	1.2%	(221.2)	(179.3)	23.4%
Administrative Exp.	(81.8)	(53.7)	52.5%	(66.9)	22.4%	(148.7)	(167.5)	-11.2%
Comercial Exp.	(66.9)	(45.3)	47.7%	(60.3)	10.9%	(127.2)	(88.0)	44.7%
Total COGS e SG&A	(260.0)	(191.6)	35.7%	(237.1)	9.7%	(497.2)	(434.8)	14.3%
Personnel Exp.	(100.0)	(64.0)	56.2%	(89.3)	12.0%	(189.3)	(188.0)	0.7%
3rd-Services	(57.0)	(38.8)	46.8%	(54.1)	5.3%	(111.0)	(83.1)	33.6%
Occupancy Expenses	(4.7)	(5.5)	-13.5%	(4.8)	-1.5%	(9.6)	(8.8)	8.1%
Campaigns/Sponsorship	(25.8)	(10.2)	152.3%	(19.7)	31.1%	(45.5)	(20.6)	121.3%
Comissions	(19.2)	(17.8)	8.0%	(18.2)	5.3%	(37.5)	(34.5)	8.7%
Others	(21.4)	(28.1)	-23.8%	(23.1)	-7.5%	(44.5)	(47.1)	-5.5%
Pro Labore	(29.7)	(24.9)	19.1%	(25.6)	16.0%	(55.3)	(48.0)	15.3%
Membership fees	(2.2)	(2.3)	-3.4%	(2.3)	-3.2%	(4.5)	(4.8)	-6.3%
Provision for Bad Debt	(13.9)	(16.9)	-17.5%	(17.9)	-22.4%	(31.8)	(35.1)	-9.2%
Other Oper. Inc. (Exp.)	(9.3)	16.9	-155.1%	3.1	-399.8%	(6.2)	0.8	-880.7%
Total Consolidated	(283.2)	(191.6)	47.8%	(252.0)	12.4%	(535.2)	(469.1)	14.1%
(+/-) EBITDA Adj.	7.8	(26.2)	-129.8%	7.3	7.3%	15.1	21.0	-28.2%
Total Recurring	(275.4)	(217.8)	26.4%	(244.7)	12.6%	(520.1)	(448.1)	16.1%

*SG&A without depreciation and amortization.

In 2Q21 we had a 12.4% QoQ and 47.8% YoY growth in the total consolidated costs and expenses, or 12.6% QoQ and 26.4% YoY when we exclude non-recurring adjustments to EBITDA. This increase is the result of a set of actions implemented to accelerate sales, investments in innovation and new businesses structuring.

Analyzing the largest variations by nature, we have: i) personnel expenses (+12.0% QoQ) – mainly due to the non-recurring payment of restricted shares and profit sharing in the amount of R\$9 million, booked within administrative expenses; ii) expenses with campaigns/sponsorships (+31.1% QoQ) – connected to the increase in leads purchasing in Affinity and SME, in addition to other sales and marketing incentive campaigns; iii) third-party services (+5.3% QoQ in total and +25% QoQ in administrative expenses) – related to higher expenses with consulting for M&A and with the Investigation Committee; iv) pro-labore or financial transfers to entities (+16.0% QoQ) – due to the price readjustment in 1Q21 and the migration of a customer's portfolio; and v) Other Operating Inc./Exp. (variation of R\$12.4 million QoQ) – back to a normal level in 2Q21 after reversal of contingencies that helped this line in 1Q21.

In addition, offsetting part of the increase in expenses, in 2Q21 we had 22.4% QoQ reduction in bad debt, due to a reversal of provisions of around R\$4 million (non-recurring), besides a drop of 7.5% QoQ in Others (lower expenses with lawsuits).



EBITDA and Adjusted EBITDA

EBITDA (R\$ MN)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Net Revenue	517.2	483.7	6.9%	523.0	-1.1%	1,040.2	986.3	5.5%
(-) COGS	(111.3)	(92.7)	20.1%	(109.9)	1.2%	(221.2)	(179.3)	23.4%
(-) SG&A	(148.7)	(98.9)	50.3%	(127.2)	16.9%	(275.9)	(255.5)	8.0%
(-) Bad Debt	(13.9)	(16.9)	-17.5%	(17.9)	-22.4%	(31.8)	(35.1)	-9.2%
(-) Other Oper. Inc. (Exp.)	(9.3)	16.9	NM	3.1	NM	(6.2)	0.8	NM
EBITDA	234.0	292.1	-19.9%	271.0	-13.7%	505.0	517.2	-2.3%
EBITDA Margin	45.2%	60.4%	-15 bps	51.8%	-658 bps	48.6%	52.4%	-389 bps
Amort. of Rental Exp.	(2.7)	(5.8)	-53.5%	(3.8)	-27.8%	(6.5)	(13.4)	-51.6%
Sales Commission Amort.	(46.2)	(33.4)	38.3%	(40.9)	13.1%	(87.1)	(63.5)	37.0%
Interest on Late Payments	8.1	6.8	19.9%	7.9	2.7%	16.0	14.4	11.1%
Other Adj. To EBITDA	7.8	(26.2)	NM	7.3	7.3%	15.1	21.0	-28.2%
Qsaúde Write-Off	0.0	(40.8)	NM	(0.0)	NM	-	(29.8)	NM
Severance + Restr. Shares	-	(7.1)	NM	-	NM	-	29.1	NM
Equity Income	1.1	-	NM	-	NM	1.1	-	NM
Other Exp. Non-recurring	6.7	21.7	-69.0%	7.3	-7.6%	14.0	21.7	-35.5%
Adjusted EBITDA	201.0	233.5	-13.9%	241.6	-16.8%	442.6	475.7	-7.0%
Adjusted EBITDA Margin	38.9%	48.3%	-940 bps	46.2%	-733 bps	42.6%	48.2%	-568 bps

Our reported EBITDA declined 13.7% QoQ in 2Q21, as a result of a 1.1% net revenue decrease and an increase of 12.4% in COGS and SG&A expenses, as previously explained. The EBITDA margin was 45.2% in 2Q21, with 6.6 p.p. contraction QoQ. In a YoY basis, EBITDA decreased 19.9% in 2Q21 despite the 6.9% growth in net revenue, impacted by the increase in operating expenses and by the 2Q20 base that had positive non-recurring effects (QSaúde sale and reversal of severance expenses).

In 2Q21, we had R\$7.8 million in Other Adjustments to EBITDA, or 7.3% higher QoQ. Such expenses are mainly linked to costs in social actions against COVID-19, expenses regarding the Investigation Committee and the equity income of our stakes at Escal and Escal Health. In addition, there was a 13.1% increase QoQ (38.3% YoY) in sales commissions amortization that are related to sales acceleration and higher investment in our brokerage channel.

As a consequence, Adjusted EBITDA reached R\$201.0 million in 2Q21, with 16.8% QoQ reduction (13.9% YoY). The Adjusted EBITDA margin reached 38.9%, which was 7.3 p.p. lower QoQ and 9.4 p.p. lower YoY. We believe the Adjusted EBITDA margin in 2Q21 does not represent our view of profitability levels for the mid and long terms. On one hand, our sales recovery reflects a successful strategy of innovation investments, partnerships, marketing and commissions. On the other hand, we should be able to gradually reduce expenses in these lines to mitigate margin pressure and still maintain a solid sales growth.

Financial Income (Expenses)

Financial Results (R\$MN)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Financial income	37.3	14.4	158.8%	14.3	159.8%	51.6	27.3	89.3%
Inc. from Short-Term Invest.	7.3	5.0	47.9%	5.3	38.3%	12.6	9.1	38.8%
Int. and Fine on Late Payment	8.1	6.8	19.9%	7.9	2.7%	16.0	14.4	11.1%
Monetary Update	0.8	2.0	-60.7%	0.8	-1.3%	1.5	2.0	-20.8%
FX variation	20.6	-	NM	-	NM	20.6	-	NM
Other Income	0.5	0.7	-33.4%	0.4	34.5%	0.8	1.8	-53.7%
Financial expenses	(50.5)	(33.0)	53.0%	(23.7)	113.3%	(74.2)	(67.0)	10.7%
Debentures Interest	(14.1)	(13.4)	4.9%	(9.9)	42.2%	(24.0)	(30.3)	-20.9%
Mon. Adj. from Acq. Payables	(0.5)	(1.3)	-64.9%	(0.7)	-30.3%	(1.1)	(3.4)	-66.5%
Cash Flow hedging	(20.6)	-	NM	-	NM	(20.6)	-	NM
Other Financial Expenses	(15.4)	(18.3)	-15.8%	(13.1)	17.5%	(28.5)	(33.3)	-14.3%
Total Consolidated	(13.3)	(18.6)	-28.8%	(9.3)	41.9%	(22.6)	(39.7)	-43.1%

Net financial expenses of R\$13.3 million in 2Q21 decreased 29% in the YoY comparison, following the reduction in the CDI (interbank) rate, the index of our debentures, as well as higher indebtedness after M&A disbursements. Compared to the previous quarter, there was a 42% increase mainly due to CDI's variation and higher Other financial expenses.

Net Income

Net Income (R\$ MN)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
EBITDA	234.0	292.1	-19.9%	271.0	-13.7%	505.0	517.2	-2.3%
D&A	(88.7)	(102.4)	-13.4%	(86.3)	2.8%	(175.1)	(197.1)	-11.2%
Inc. From Op. Bef. Fin. Inc.	145.3	189.7	-23.4%	184.7	-21.3%	330.0	320.1	3.1%
Financial income	37.3	14.4	158.8%	14.3	159.8%	51.6	27.3	89.3%
Financial expenses	(50.5)	(33.0)	53.0%	(23.7)	113.3%	(74.2)	(67.0)	10.7%
Income before taxes	132.0	171.0	-22.8%	175.3	-24.7%	307.4	280.4	9.6%
(-) income taxes	(29.4)	(32.6)	-9.9%	(42.4)	-30.7%	(71.7)	(62.5)	14.7%
(-) Social Contribution	(10.1)	(11.8)	-14.5%	(15.9)	-36.5%	(25.9)	(22.6)	14.6%
Net Income Consolidated	92.6	126.7	-26.9%	117.1	-20.9%	209.7	195.2	7.4%
(-) Minority Interest	(2.3)	(0.6)	267.6%	(2.6)	-13.0%	(4.9)	(0.9)	429.4%
Net Income Controlling	90.3	126.1	-28.4%	114.5	-21.1%	204.8	194.3	5.4%

Our net income reached R\$90.3 million in 2Q21, after minority interest, and presented a 28.4% YoY decrease as consequence of the 19.5% EBITDA drop and 29% increase in net financial expenses, partially offset by the 13.4% reduction in depreciation and amortization expenses.





Managerial Cash Flow

Cash Flow	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
EBITDA	234.0	292.1	-19.9%	271.0	-13.7%	505.0	517.2	-2.3%
Non cash	(1.0)	(30.7)	-96.7%	16.3	-106.3%	15.3	27.5	-44.5%
Amount Paid for Leasing	(2.8)	(5.4)	-48.0%	(3.5)	-19.8%	(6.3)	(10.5)	-40.3%
Commissions	(109.1)	(44.5)	145.0%	(72.5)	50.5%	(181.6)	(81.8)	122.0%
Interest Paid	(36.4)	(36.2)	0.5%	(42.1)	-13.5%	(78.4)	(75.9)	3.3%
Chang. In Working Capital	(46.9)	50.6	NM	10.2	NM	(36.7)	33.5	NM
Cash Prov. by Op. Act.	37.8	225.9	-83.3%	179.5	-79.0%	217.3	409.9	-47.0%
Capex (Intang. + Imob.)	(25.4)	(5.3)	376.3%	(14.3)	77.6%	(39.7)	(19.8)	100.1%
Cash Flow Fin. Activ. After Capex	12.4	220.5	-94.4%	165.2	-92.5%	177.6	390.1	-54.5%
Acquisitions portfolio/company	(209.4)	(6.3)	NM	(10.0)	NM	(219.4)	(20.8)	953.0%
Free Cash Flow to Firm	(197.0)	214.3	-191.9%	155.2	NM	(41.8)	369.2	-111.3%
Financial Income	2.7	(5.0)	-155.0%	(17.3)	NM	(14.6)	(44.3)	-67.1%
Financial Investments	4.6	3.2	41.0%	20.8	NM	25.4	(73.6)	NM
Loans	350.0	-	NM	-	NM	350.0	-	NM
Dividends Paid	(202.3)	(0.1)	NM	(30.9)	553.9%	(233.2)	(0.8)	NM
Cash Prov. Financing Activ.	155.0	(1.8)	NM	(27.4)	NM	127.6	(118.7)	NM
Cash Flow	(42.0)	212.5	NM	127.8	NM	85.8	250.5	-65.8%

Operating cash generation (before investments) was R\$37.7 million in 2Q21, 83% lower QoQ and 79% lower YoY. There was a deterioration in working capital in the quarter due to the normalization of premium paid to operators, on the back of the 2020 price adjustment (which began to be charged from customers this year). We expect a normalization in working capital over the second half, in order to finish with a positive variation this year. Besides, there was an increase in commissions related to the acceleration of sales and increase of incentives to the broker channel.

After Capex, and before acquisitions, our cash flow generation was of R\$12.4 million in 2Q21, with similar variations to the operational cash flow line. In addition, we spent R\$209.4 million with acquisitions in 2Q21 (MMS installment and Escalé acquisition), resulting in a negative free cash flow of R\$197.0 million.

In 2Q21, we paid the first tranche of dividends in the amount of R\$200 million, regarding declared of R\$570 million over 2020 results and 2019 reserves. Furthermore, we announced the payment of Interest on Equity of R\$17.7 million, which were paid in July.

Investments

Capex (R\$ MM)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Capex in IT	21.9	3.8	479.4%	11.4	91.9%	33.2	10.0	233.2%
Other Capex	7.5	0.5	NM	2.4	206.1%	9.9	6.7	48.1%
Right Assign. Agree. / Exclusiv.	15.6	20.0	NM	1.1	NM	16.7	42.2	-60.5%
Total	44.9	24.3	84.7%	14.9	200.9%	59.8	58.9	1.6%

Our CAPEX in 2Q21 was R\$44.9 million, reflecting 85% YoY and 201% QoQ growth concentrated mainly on investments in our technology platform.



Indebtedness

Capital Structure (R\$ MM)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Current Debt ⁽¹⁾	1,389.7	59.3	NM	106.8	NM	1,389.7	59.3	NM
Long Term Debt	291.8	1,300.9	-77.6%	1,301.5	-77.6%	291.8	1,300.9	-77.6%
TOTAL	1,681.6	1,360.2	23.6%	1,408.4	19.4%	1,681.6	1,360.2	23.6%
Cash and cash equivalents ⁽²⁾	755.6	765.4	-1.3%	804.8	-6.1%	755.6	765.4	-1.3%
Net Debt	926.0	594.8	55.7%	603.5	53.4%	926.0	594.8	55.7%
Net Debt / Adj. EBITDA LTM	1.02x	0.70x	32.6%	0.64x	37.9%	1.02x	0.70x	33%

(1) Includes acquisitions debt.

(2) Does not include a financial application as guarantor asset in direct controlled Qualicorp Administradora de Benefícios S.A., and indirect controlled Clube de Saúde Administradora de Benefícios Ltda. and Uniconsult, accordingly with normative instruction # 33, on Oct 5th 2009, from ANS and Gama.

We ended 2Q21 with a net debt position of R\$926.0 million, an increase of 53.4% QoQ and 55.7% YoY, as result of the lower free cash flow generation, payment of M&A, and dividends distribution. As consequence, our leverage was 1.02x Adjusted EBITDA in 2Q21 compared with 0.64x in 1Q21 and 0.7x in 2Q20.

ROIC

Return on Investment	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ
Non Current Assets	2,460	2,252	9.2%	2,321	6.0%
Working Capital	(133)	(7)	NM	(124)	7.6%
Invested Capital	2,327	2,245	3.6%	2,197	5.9%
Adjust. to Invested Cap.	939	964	-2.6%	944	-0.5%
Adj. Invest. Cap. (Average LTM)	1,388	1,282	8.3%	1,253	10.8%
Adj. EBITDA LTM	884	932	-5.1%	914	-3.2%
(-) Taxes (34%)	(301)	(317)	-5.1%	(311)	-3.2%
NOPAT LTM	584	615	-5.1%	603	-3.2%
ROIC	42.0%	48.0%	-595 bps	48.1%	-609 bps



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Attachments

Financial Statements

ATTACHMENTS - Financial Statements

Income Statement - Consolidated

INCOME STATEMENT (R\$ MM)	2Q21	2Q20	Var. YoY	1Q21	Var. QoQ	1H21	1H20	Var. YoY
Net Operating Revenue	517.2	483.7	6.9%	523.0	-1.1%	1,040.2	986.3	5.5%
Cost of Services	(111.3)	(92.7)	20.1%	(109.9)	1.2%	(221.2)	(179.3)	23.4%
Gross Profit	405.9	391.0	3.8%	413.1	-1.7%	819.0	806.9	1.5%
Operating Income (expenses)	(260.6)	(201.3)	29.5%	(228.4)	14.1%	(489.0)	(486.8)	0.5%
Administrative expenses	(124.3)	(122.7)	1.4%	(112.4)	10.7%	(236.7)	(301.0)	-21.4%
Selling expenses	(113.1)	(78.7)	43.7%	(101.2)	11.8%	(214.3)	(151.5)	41.4%
Provisions for Bad Debt	(13.9)	(16.9)	-17.5%	(17.9)	-22.4%	(31.8)	(35.1)	-9.2%
Other operating income (expenses)	(9.3)	16.9	NM	3.1	-399.8%	(6.2)	0.8	NM
Inc. form Op. Before Financial Income	145.3	189.7	-23.4%	184.7	-21.3%	330.0	320.1	3.1%
Financial income	37.3	14.4	158.8%	14.3	159.8%	51.6	27.3	89.3%
Financial expenses	(50.5)	(33.0)	53.0%	(23.7)	113.3%	(74.2)	(67.0)	10.7%
Income Before Income Tax Social Contribution	132.0	171.1	-22.8%	175.3	-24.7%	307.4	280.4	9.6%
Income Tax and Social Contribution	(39.4)	(44.4)	-11.2%	(58.2)	-32.3%	(97.7)	(85.1)	14.7%
Current	(30.4)	(36.1)	-15.7%	(58.2)	-47.7%	(77.8)	(76.9)	1.2%
Deferred	(9.0)	(8.3)	8.4%	-	NM	(19.8)	(8.2)	141.5%
NET (LOSS) INCOME FOR PERIOD	92.6	126.7	-26.9%	117.1	-20.9%	209.7	195.2	7.4%
Attributable to								
Noncontrolling interest	(2.3)	(0.6)	267.6%	(2.6)	-13.0%	(4.9)	(0.9)	429.4%
Controlling interest	90.3	126.1	12.4%	114.5	-21.1%	204.8	196.2	5.3%

Balance Sheet - Consolidated

ASSETS (R\$ MN)	2Q21	2Q20	Var. %	LIABILITIES & SHAREHOLDERS EQUITY (R\$ MM)	2Q21	2Q20	Var. %
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	504.6	418.8	20.5%	Debentures	1,360.6	17.3	NM
Short-term investments	294.9	320.3	-7.9%	Derivative financial instruments	20.8	-	NM
Trade receivables	462.2	711.5	-35.0%	Taxes payable	54.6	59.4	-8.2%
Other assets	236.1	183.3	28.9%	Technical Reserves	11.3	8.7	30.0%
Other financial assets	222.7	177.8	25.3%	Premiums to be transferred	451.5	666.9	-32.3%
Other non-financial assets	13.5	5.5	145.8%	Financial transfers payable	28.8	29.3	-1.9%
Related Parties	-	-	NM	Payroll and related taxes	48.5	41.3	17.4%
Total current assets	1,497.8	1,633.8	-8.3%	Transferable prepayments	37.5	52.6	-28.6%
NONCURRENT ASSETS			0.0%	Related parties	17.7	42.1	-58.0%
Long-term assets			0.0%	Other payables	198.6	210.2	-5.5%
Trade receivables	-	-	NM	Leases	10.0	15.0	-33.4%
Income tax and social contribution	94.0	110.1	-14.6%	Total current liabilities	2,239.8	1,142.8	96.0%
Other assets	136.8	145.3	-5.9%	NONCURRENT LIABILITIES			
Other financial assets	133.5	138.3	-3.5%	Debentures	289.6	1,298.4	-77.7%
Other non financial assets	3.2	7.0	-53.9%	Income tax and social contribution	0.6	0.7	-19.3%
Total long-term assets	230.8	255.4	-9.6%	Deferred income tax and social contribution	45.7	42.0	9.0%
Investments	132.9	0.3	NM	Options for non-controlling interests acquiring	53.1	50.1	6.1%
Property, plant and equipment	45.0	43.9	2.5%	Provision for risks	80.3	93.7	-14.3%
Intangible assets				Other payables	7.9	71.5	-88.9%
Goodwill	1,741.3	1,741.3	0.0%	Leases	16.9	20.3	-16.8%
Others intangible assets	782.5	732.3	6.9%	Total noncurrent liabilities	495.7	1,578.8	-68.6%
Total noncurrent assets	2,932.4	2,773.2	5.7%	EQUITY			
				Capital	875.6	875.6	0.0%
				Treasury Shares	(1.5)	(5.4)	-72.8%
				Capital reserves	131.5	127.6	3.0%
				Profit reserves	496.7	685.5	-27.5%
				Earnings	187.1	-	NM
				Others	0.1	-	NM
				Total Equity of controlling shareholders	1,689.5	1,683.3	0.4%
				Noncontrolling interest in subsidiaries	5.2	2.1	155.7%
				Total equity	1,694.8	1,685.4	0.6%
TOTAL ASSETS	4,430.2	4,407.0	0.5%	TOTAL LIABILITIES AND EQUITY	4,430.2	4,407.0	0.5%

Cash Flow - Consolidated

STATEMENTS OF CASH FLOWS (R\$ MN)	2Q21	2Q20	Var. %
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (losses) before income tax and social contribution	307.4	280.4	9.6%
Adjustments:			
Depreciation and Amortization	175.1	197.1	-11.2%
Impairment	(4.2)	15.2	NM
Result from fixed Assets and Intangibles	-	(42.5)	-100.0%
Restricted Shares	5.4	30.9	-82.7%
Financial Expenses	28.5	33.4	-14.9%
Losses with disproportionate dividends	0.5	-	NM
Readjustments Provision	25.8	-	NM
Provision for Risks	(13.3)	23.8	NM
Origin Cash provided by operating activities	(39.8)	32.9	NM
Cash provided by operating activities	486.4	571.3	-14.9%
Interest paid on debentures	(20.3)	(37.8)	-46.5%
Income tax and social contribution paid	(78.4)	(75.9)	3.3%
Net cash provided by operating activities	387.7	457.5	-15.3%
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in intangible assets	(298.8)	(97.2)	207.3%
Purchase of property, plant and equipment	(8.1)	(6.4)	26.7%
Increase (decrease) in financial investments - exclusive FI fund	28.4	(73.0)	NM
Amount paid in acquisition (Uniconsult)	-	(18.8)	NM
Amount paid in acquisition (500 LLC)	(49.5)	-	NM
Amount paid in acquisition (Escale Health)	(84.2)	-	NM
Net cash used in investing activities	(412.2)	(195.5)	110.9%
CASH FLOW FROM FINANCING ACTIVITIES			
Rents Paid	(6.3)	(10.5)	-40.3%
Cost of Raising Debentures	(0.2)	(0.2)	2.7%
Loans			NM
Dividends paid to minorities	(2.3)	(0.8)	200.0%
Dividends and Interest on equity paid	(230.9)	-	NM
Cash provided by (used in) financing activities	110.3	(11.5)	NM
INCREASE IN CASH AND CASH EQUIVALENTS, NET	85.8	250.5	-65.8%
Cash and cash equivalents at beginning of period	418.8	201.1	108.3%
Cash and cash equivalents at end of period	504.6	451.6	11.7%