



# Qualicorp: 3Q22 Results

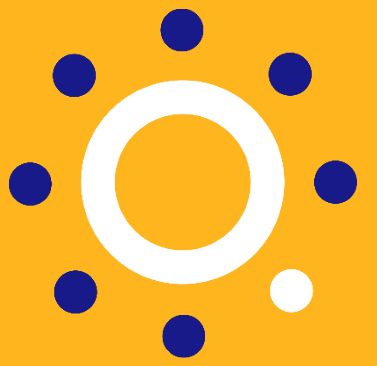
Public Presentation to Investors on November 9<sup>th</sup>, 2022



# Legal Warning

## Forward-looking statements

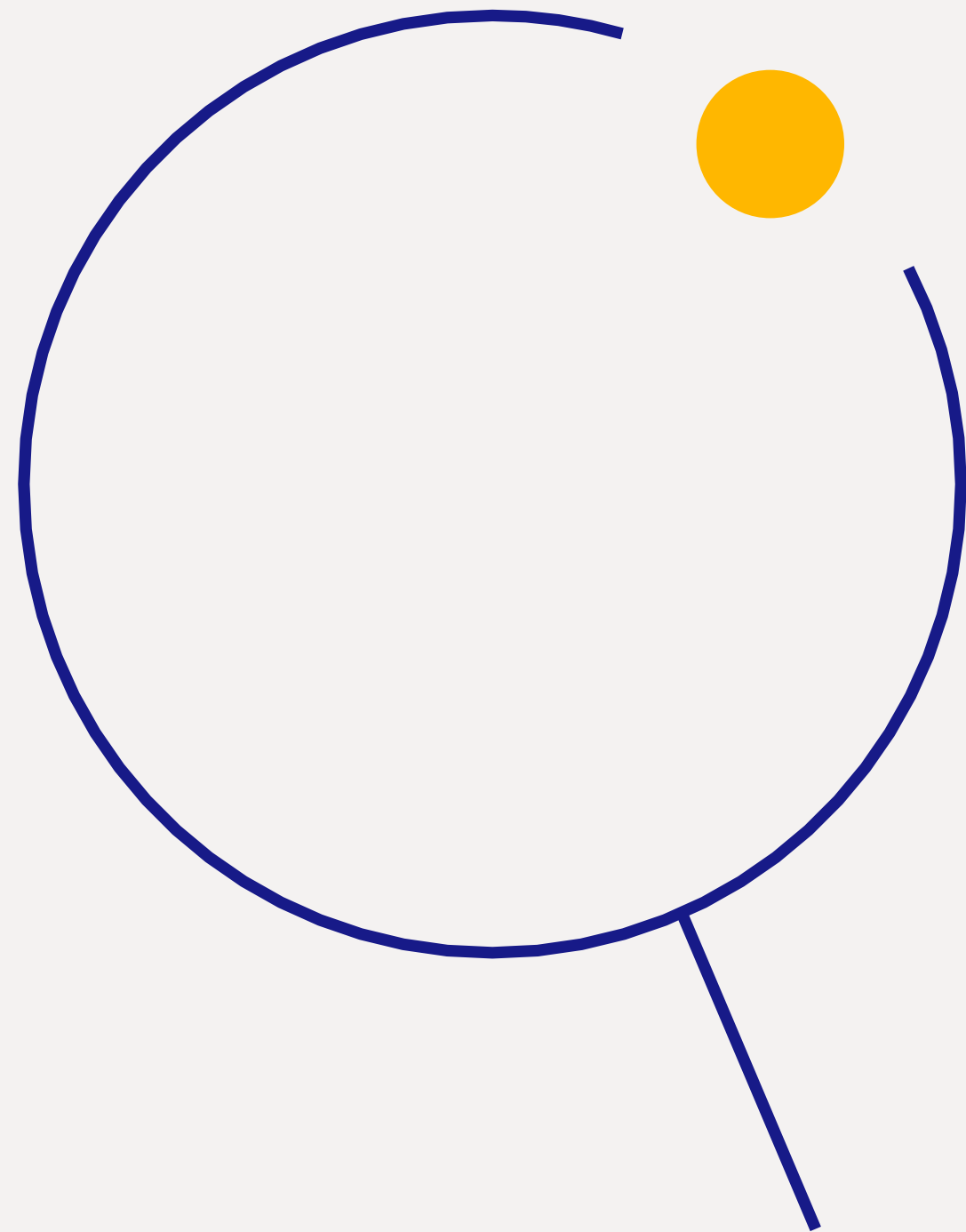
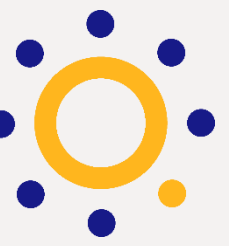
**This release may contain forward-looking statements concerning the business outlook, estimates of operating and financial results and growth prospects of Qualicorp.** These statements are based exclusively on the expectations of the management of Qualicorp, regarding the prospects of the business and 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

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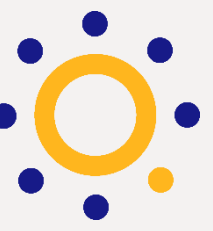


# 3Q22 Highlights

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- Macro and Microeconomic Environment;
- Operational and Financial Highlights;
- Awards and Recognition;
- New Partnerships;
- New Executives;
- Long term vision.

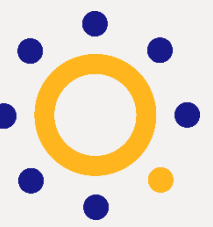
# Awards and Recognition



## Governance and Transparency: ANEFAC Trophy



# Awards and Recognition



Strategic Focus on Growth and Customer services



# Quali's Diversity and Inclusion



Affirmative positions, Gender Equity and new Young Talents 2022 Program



## Vagas afirmativas na Quali...

...são ações cobertas por lei para destinar vagas aos grupos sub-representados como mulheres, Pessoas com deficiência, Pessoas LGBTQIA+ e também **pessoas negras**.

No mês de Outubro, trabalho em conjunto com o time de Atração & Seleção, aceleramos o processo de criação de **vagas afirmativas para pessoas negras**. O mês da consciência, serve como start nesse projeto que tem como objetivo oferecer mais oportunidades a esses grupos que historicamente foram marginalizados.



# New Partnerships



New partnership with Klini Saúde, NDI Sul and Unimed Serrana's products expansion





# New Executives

New leaderships to reinforce our strategy



**Carlos Vasques**

Investors Relations Director  
and CFO



**Marcia Wolff**

Digital Transformation, Technology  
and Innovation Director



# Commercial Strategy

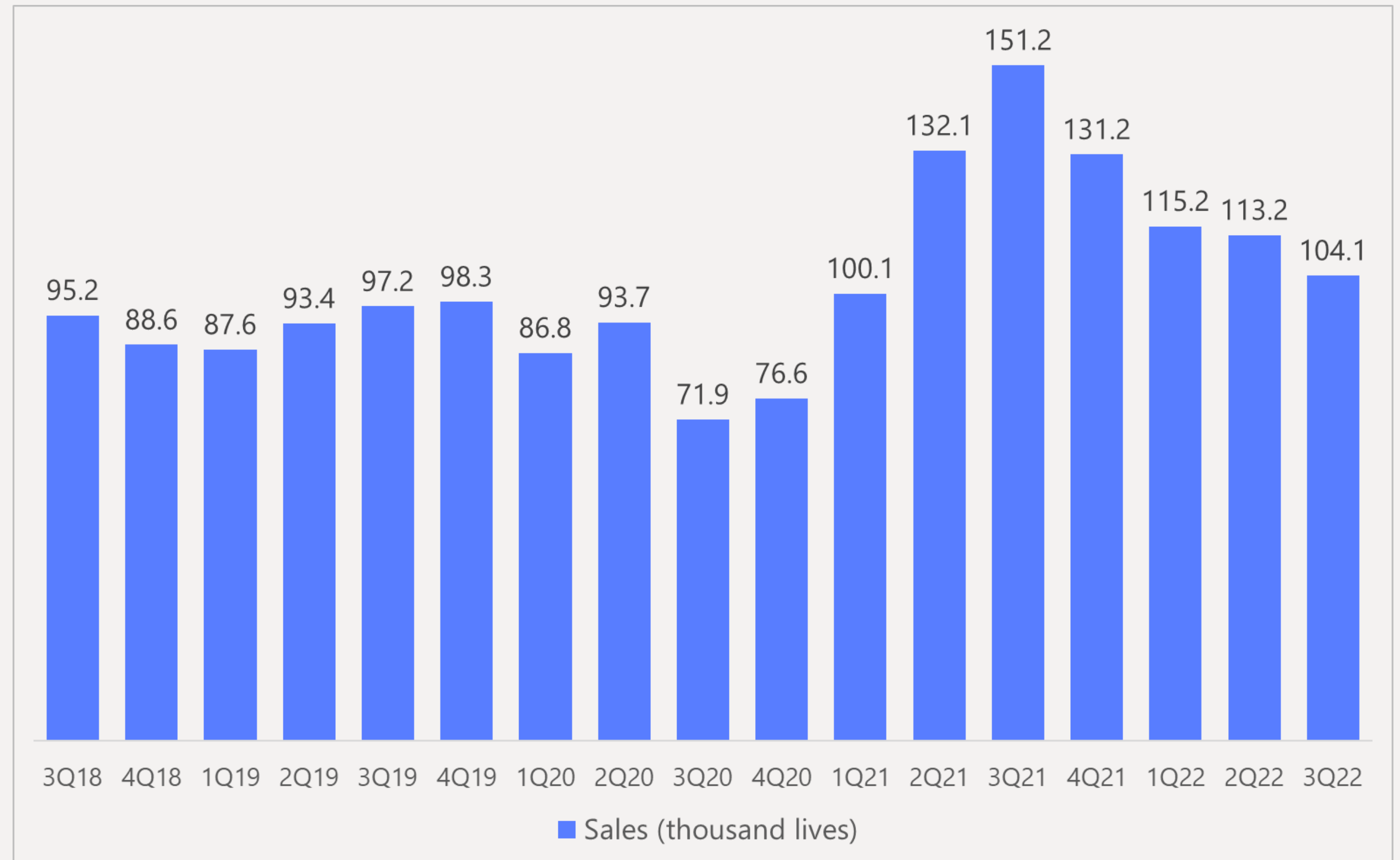
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Elton Carluci - Commercial, Innovation and New Businesses VP

# Gross adds in Affinity



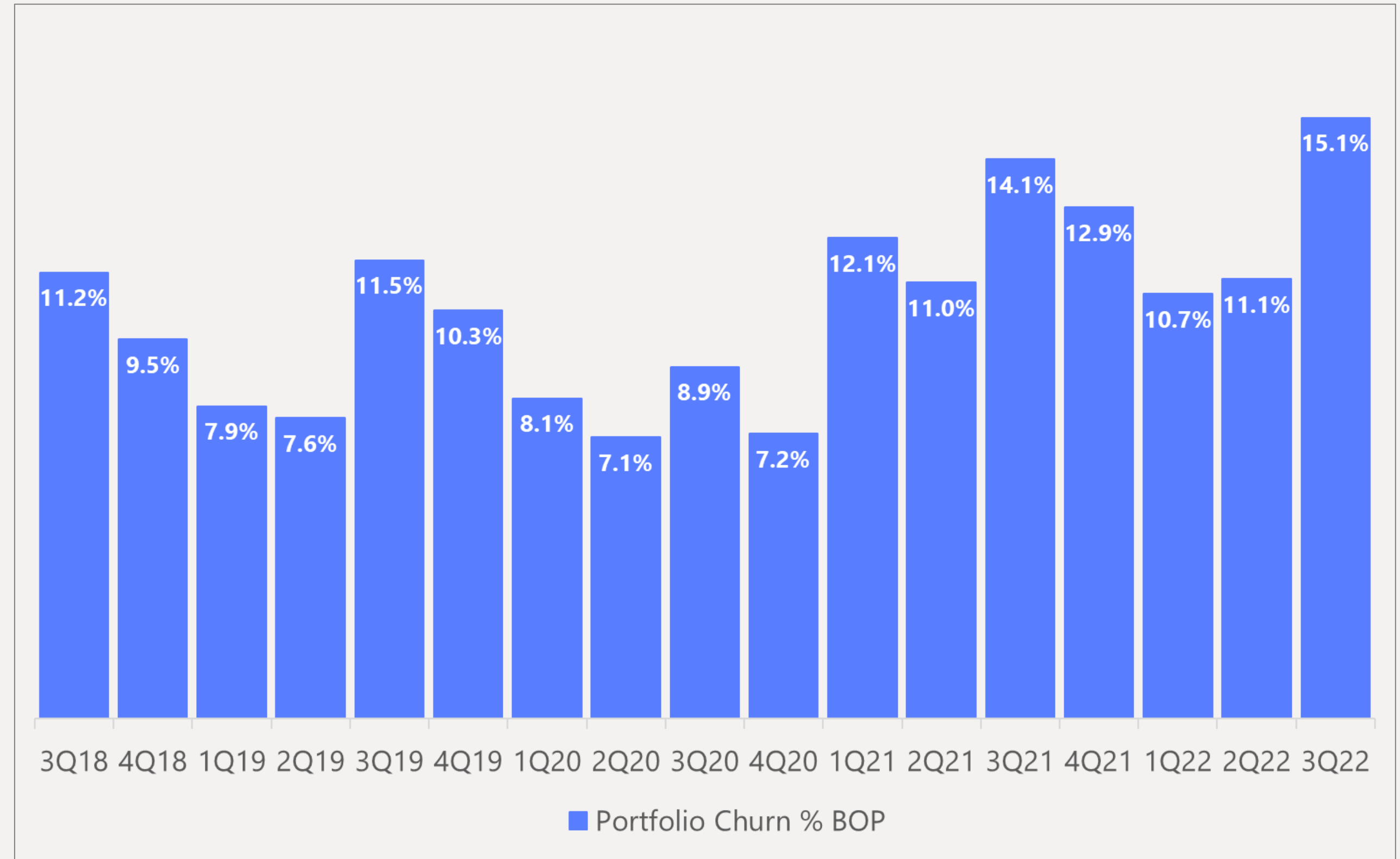
- Affinity Gross Adds -8% QoQ;
- **Period challenges related to:**
  - Health plans sales suspension to students by some HMOs;
  - Portfolio changes/contract repricing;
  - Readjustments in the sales price tables.



# Churn



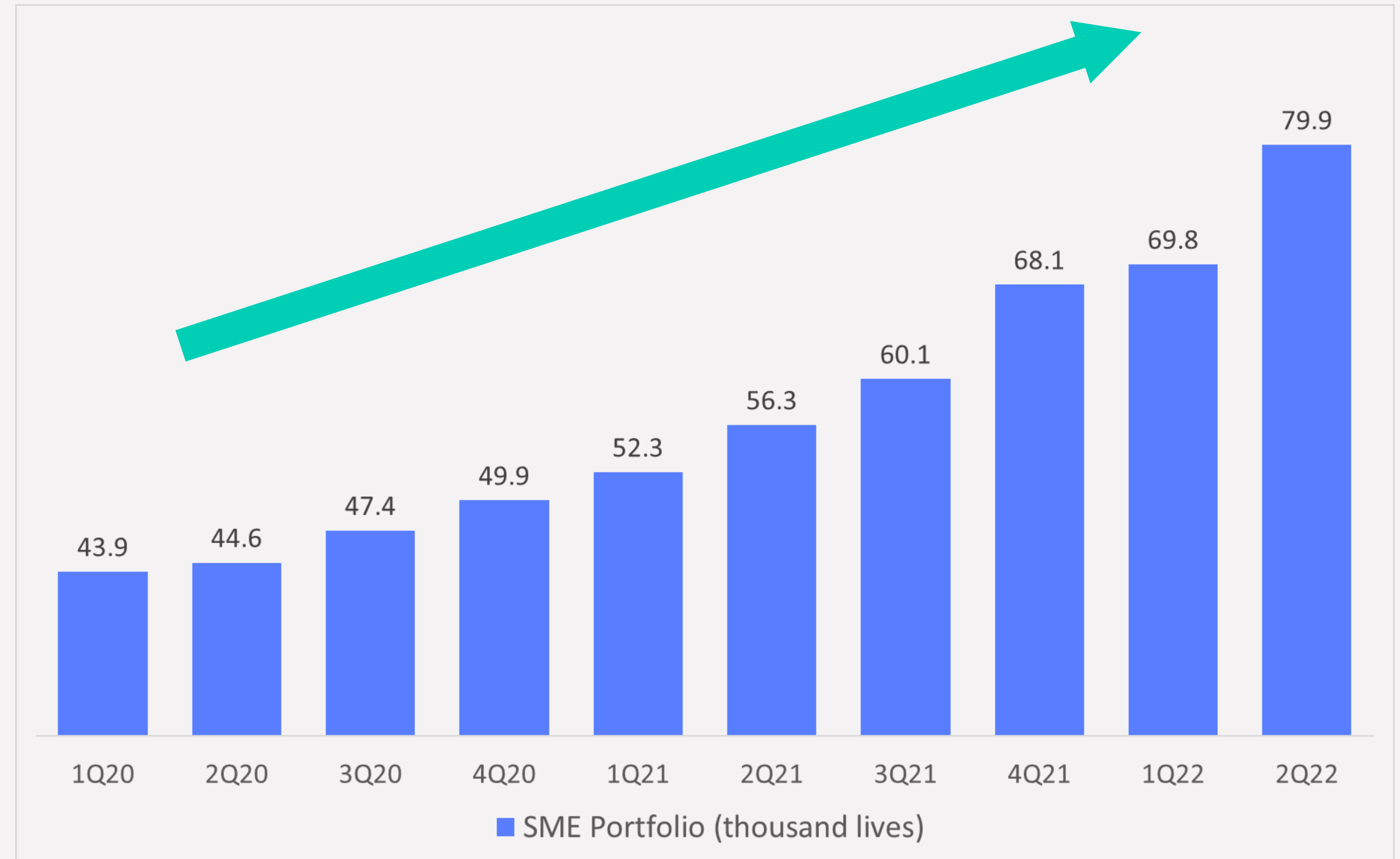
- **Cancellations:** 33.9% QoQ growth in 3Q22 and 4.7% drop in 9M22;
- Readjustments negotiated with HMOs and applied in 3Q22 were around 23%;
- 12.5K lives cancelled from specific portfolios as requested by HMOs/entities, in addition to two specific portfolios that suffered readjustments between 50% and 80%, which punctually increased the churn in the period.



# SME



- **21.9% YoY growth in 9M22 and -11.8% QoQ in 3Q22**
- **82.6K lives in 3Q22, nearly the double in the last 2 years.**



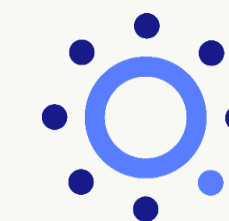


# 3Q22 Performance

Franco Abelardo - IR



# 3Q22 Results



## Highlights

**Affinity Health Lives Portfolio:** 1.06 MN in 3Q22, gross adds +104.1K lives (-8% vs. 2Q22) and 179.3K cancelations (+33.9% vs. 2Q22). SME: +3.4% vs. 2Q22.

**Net Revenue:** R\$507MN in 3Q22 (-3.7% vs. 2Q22) and R\$1.5 BN in 9M22.

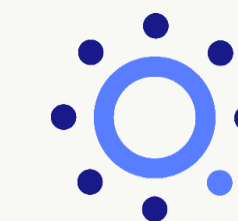
**Adjusted EBITDA:** R\$234.7 MN in 3Q22 (+0.2% vs. 2Q22), 46.3% margin (-160 bps vs. 2Q22); R\$721.7 MN in 9M22, 48.2% margin (-193 bps YoY).

**Net Income:** R\$49.2 MN in 3Q22 and R\$172.7 MN in 9M22.

**Net Debt:** R\$1.6 BN, or 1.6x Adj. EBITDA LTM in 3Q22, vs. 1.5x in 2Q22.

Key Indicators (R\$ MN)	3Q22	YoY	QoQ	9M22	YoY
Affinity Portfolio (thous. lives)	1,573.4	-5.2%	-5.3%	1,573.4	-5.2%
Affinity Health (thous. lives)	1,062.7	-8.5%	-6.1%	1,062.7	-8.5%
Gross Adds - organic (thous. lives)	104.1	-31.1%	-8.0%	332.4	-13.3%
Churn (thous. lives)	-179.3	0.7%	33.9%	-444.3	-4.7%
Net Revenue	507.1	-5.2%	3.7%	1,498.3	-4.9%
Adjusted EBITDA <sup>1</sup>	234.7	-12.7%	0.2%	721.7	-8.5%
<i>Adjusted EBITDA Margin</i>	46.3%	-399 bps	-160 bps	48.2%	-193 bps
Net Income	49.2	-55.4%	-0.3%	172.7	-45.2%
Net Debt	1,560.4	50.2%	-0.2%	1,560.4	50.2%
<i>Net Debt / Adj. EBITDA LTM</i>	1.6x	0.6x	0.1x	1.6x	0.6x
Cash Flow Before Acq.	52.6	-28.2%	-13.7%	179.9	-30.6%
ROIC	28.6%	-5.7 p.p.	-100 bps	28.6%	-5.7 p.p.

# Income Statement



## Highlights

**Costs and Expenses Control:** COGS + SG&A +1.9% QoQ and -1.8% YoY; Personnel, Occupancy and Marketing & Trade expenses reduction.

**Adj. EBITDA Margin:** 46.3% in 3Q22 and 48.2% in 9M22  
160 bps QoQ decrease due to Other Oper.  
Income/Expenses.

**D&A:** R\$106.3MN +7.4% QoQ and +20% YoY.

**Financial Income:** R\$53.3 MN in 3Q22, +2.1% QoQ and +348% YoY.

Income Statement (R\$ MN)	3Q22	Var. YoY	Var. QoQ	9M22	Var. YoY
<b>Net Revenue</b>	<b>507.1</b>	<b>-5.2%</b>	<b>3.7%</b>	<b>1,498.3</b>	<b>-4.9%</b>
(-) COGS and SG&A	(230.4)	-1.8%	1.9%	(678.5)	-4.7%
(-) Contingencies and Legal Exp.	(6.8)	-22.5%	NM	(23.0)	-18.7%
(-) Bad Debt Provision	(26.2)	60.9%	5.4%	(75.4)	56.7%
(+/-) Other Oper.	(9.9)	48.3%	-369.0%	(5.0)	-61.0%
<b>EBITDA</b>	<b>233.8</b>	<b>-13.0%</b>	<b>1.1%</b>	<b>716.4</b>	<b>-7.4%</b>
<b>EBITDA Margin</b>	<b>46.1%</b>	<b>-412 bps</b>	<b>-116 bps</b>	<b>47.8%</b>	<b>-130 bps</b>
(+/-) EBITDA Adj.	0.9	181.3%	-69.0%	5.3	-65.9%
<b>Adjusted EBITDA</b>	<b>234.7</b>	<b>-12.7%</b>	<b>0.2%</b>	<b>721.7</b>	<b>-8.5%</b>
<b>Adjusted EBITDA Margin</b>	<b>46.3%</b>	<b>-399 bps</b>	<b>-160 bps</b>	<b>48.2%</b>	<b>-193 bps</b>
(-) D&A	(106.3)	19.9%	7.4%	(303.2)	15.0%
(+/-) Fin. Inc. (Exp.)	(53.3)	347.9%	2.1%	(145.9)	322.9%
(-) Income Tax./Social Contrib.	(22.9)	-58.4%	-18.4%	(87.7)	-42.5%
(-) Minority Interest	(2.1)	-23.1%	-19.2%	(6.9)	-9.2%
<b>Net Income Controlling</b>	<b>49.2</b>	<b>-55.4%</b>	<b>-0.3%</b>	<b>172.7</b>	<b>-45.2%</b>
<b>Net Margin</b>	<b>9.7%</b>	<b>-11 bps</b>	<b>-39 bps</b>	<b>11.5%</b>	<b>-849 bps</b>

# Cash Flow



## Highlights

**Comissions:** R\$90.9 MN in 3Q22  
-19.1% QoQ and -27.5% YoY.

**Working Capital:** R\$37.1 MN in 3Q22  
+43% QoQ and +79% YoY.

**Cash Generation:** R\$52.6 MN (before M&A),  
-13.7% QoQ and -28% YoY.

Cash Flow	3Q22	Var. YoY	Var. QoQ	9M22	Var. YoY
<b>EBITDA</b>	<b>233.8</b>	<b>-13.0%</b>	<b>1.1%</b>	<b>716.4</b>	<b>-7.4%</b>
Non cash	2.2	-80.9%	-73.0%	12.6	-52.7%
Amount Paid for Leasing	(9.6)	245.1%	239.4%	(15.8)	74.2%
Commisions	(90.9)	-27.5%	-19.1%	(267.9)	-12.7%
Interest Paid	(30.5)	-6.2%	11.7%	(94.5)	-14.7%
Chang. In Working Capital	(37.1)	79.4%	42.7%	(130.1)	126.7%
<b>Cash Prov. by Op. Act.</b>	<b>67.9</b>	<b>-31.2%</b>	<b>-3.9%</b>	<b>220.7</b>	<b>-30.2%</b>
Capex (Intang. + Imob.)	(15.3)	-39.8%	57.0%	(40.8)	-27.9%
<b>Cash Flow Fin. Activ. After Capex</b>	<b>52.6</b>	<b>-28.2%</b>	<b>-13.7%</b>	<b>179.9</b>	<b>-30.6%</b>
Acquisitions portfolio/companhies	(2.6)	-83.3%	-95.5%	(107.7)	-55.8%
<b>Free Cash Flow to Firm</b>	<b>49.9</b>	<b>-13.1%</b>	<b>NM</b>	<b>72.1</b>	<b>360.9%</b>
Financial Income/Expenses	45.0	-517.2%	-169.7%	(52.4)	106.4%
Loans and Funding	(443.6)	-198.5%	-185.5%	22.5	-97.2%
Financial Investments	(9.7)	NM	108.6%	(22.2)	-189.1%
Dividends Paid	(2.7)	-85.9%	-16.5%	(5.9)	-97.7%
<b>Cash Prov. Financing Activ.</b>	<b>(410.9)</b>	<b>-241.6%</b>	<b>-192.0%</b>	<b>(57.9)</b>	<b>-113.9%</b>
<b>Cash Flow</b>	<b>(361.0)</b>	<b>NM</b>	<b>NM</b>	<b>14.2</b>	<b>-96.7%</b>



**quali**  
corp

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**Investor  
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**Q&A**