

Operator:

Good morning, ladies and gentlemen, and thank you for holding. We welcome you to the Quali webcast to release results for the 2Q25. With us today are Mr. Mauricio Lopes, the CEO; Mr. Eder Grande, the CFO and IRO; and Mr. Eduardo Garcia, the IR Superintendent.

Some statements in this webcast can be projections or statements regarding future expectations. Such statements are subject to known and unknown risks, uncertainties that can lead such expectations not to materialize or be substantially different from what was expected.

This event is being broadcast simultaneously over the Internet and can be accessed at ri.qualicorp.com.br, where the respective presentation can also be found.

This event is being recorded, and all participants will be in listen-only mode during the Company's presentation. Ensuing this, we will go on to the questions and answer session, when further instructions will be provided.

I would now like to turn the floor over to Mr. Mauricio Lopes, who will begin the presentation. You may proceed, sir.

Mauricio Lopes:

Good morning, everybody. It is a pleasure to be with you once again. Thank you to the community of investors, partners and our Qualis to release results for the 2Q25.

The main highlight is that the context of the sector continues to be challenging. We have claims as do other players. And most of the interactions we have with operators have grown quarter-on-quarter. We have launched several products during the year. At the beginning of the year, in the 1H25, the launches were very similar to what we had last year. And of course, this enables us to balance out the Company, and it has to deal with several new products that are recorded simultaneously. But this shows our capacity of distribution and the plurality that the market requires in that field.

How are we working on this process? Helping with our strength, helping to redesign the sector, launching new products continuously over and beyond that. And besides helping to reconfigure the market, we are working with that turnaround project that is proceeding as planned. We are working very consistently. The restructuring is underway. We are doing very well, proceeding at full steam and the processes, operational subscription and other processes continue on.

We have not taken our hands off the helm at any moment. We are quite well advanced and we are harvesting results quarter-on-quarter. In the last 2 months, regarding the restructuring, we carried out 2 additional deals. One, we have transferred the Corporate portfolio. Secondly, we have the sale of Gama that will restructure our capital structure and require an internal reconfiguration that will impact headcount, and the processes linked to these 2 projects where we are making changes.

Once again, this is part of the turnaround, attempting to eliminate the complexity of the process and the focus on core, the distribution of retail healthcare throughout the country. This is where we have our expertise, and this is where we have diligently and continuously focused our attention.

Our flywheel continues to be untouchable. We control the churn in a very relevant way. The figures for 2025 are lower than 2024 and that were lower than 2023. In 2024, we stood at 23%, and in 2025, without a doubt, we will be below 20%. So year-on-year, we have had a reduction of 3 p.p., a readjustment in line with the control of churn, an enhancement in quality and of course, fixing of these retail portfolios that have a very selective nature.

We have products that have good subscriptions. They have a diligent readjustment. They are geared towards the customer and the customer feels more protected. And this, of course, translates into better profitability.

Our new product portfolio has made great strides. We have launched 84 products, some of which are exclusive, and we continue to work on the enhancement of our product portfolio. Eder is going to refer to this in the presentation.

We have the lowest net portfolio loss of 0.9% since the 4Q21, which means we are returning to levels close to the pre-pandemic level, and the lowest churn since the 4Q20 of 8.3%.

So this is the result of controlling the flywheel. We protect the customer. We offer a greater range of products. Those customers that are not satisfied can be allocated to other products, other operators. And of course, this enables the customer to be linked to the health plan which is of their interest.

So these are the points with which I would like to open the highlights for this quarter. I will now give the floor to Eder to speak in greater detail. And of course, at the end, we will all be at your disposal should you have any question. Eder?

Eder Grande:

Thank you, Mauricio. Good day to all of you. We are going to begin with our managed portfolio. In the 2Q, we had 586,000 lives with additions of 43,500 lives, 33% over the 1Q25. Of course, this is relevant because we are working with better positioned products, and we are strengthening the operators. This is thanks to the exclusive deals that we are closing. This helps us with the addition of lives.

Churn, as Mauricio mentioned, ending at 8.3%, the lowest, thanks to softer adjustments and a much more efficient retention period. We are working with a full portfolio with improvements quarter-on-quarter. The end result, of course, is positive.

The revenue. The revenue ended at 3.7% lower vis-à-vis the previous quarter, basically impacted by the loss of the portfolio that we sold off in the 1Q. We spoke about this in our

previous call, and we found that the performance of the portfolio was not satisfactory. Had we included this portfolio, the revenue of the quarter would be similar to that of the 1Q.

Our CAC ended at 8.4% of the revenue, higher than the previous quarter, once again due to our sales volume. On this front, it is very important to reinforce that we are working diligently when it comes to capital allocation. Our background for the last 2 years shows you that we have our hand firmly on the helm not to stray from our direction. Of course, we always have opportunities, for example, exclusivity with some operators.

The EBITDA margin vis-à-vis CAC improved vis-à-vis the previous quarter with a stability of fixed expenses and improvements in PCI and other operational expenses.

When we speak about fixed expenses in absolute values, we ended the quarter at values that are lower than the previous quarter, R\$2.5 billion, R\$2.7 billion approximately. And regarding the same period in 2024, we had R\$18 million, with less in fixed expenses.

The variables enhanced vis-à-vis last year, but they were somewhat higher than those last year because of our expenses with lawsuits and others. Although we have a very high backlog of lawsuits, the number of lawsuits coming in has been reduced, but we continue to be at a very high level. The positive trend will enable us to eventually see the effect of this in the Company results.

We had a recurring cash generation before dividends and interest of approximately R\$2 million. The generation was expressive because of what we mentioned in the release, the payment of the premium of the operator that has taken on our portfolio, causing a slight mismatch in receivables in general, but nothing that will impact coming quarters.

The message here is that during the half of the year, we have a very coherent cash generation, coherent with the size of the Company. If we look at the 1Q and 2Qs, we had expressive generation, and what we have disclosed shows you that we are going strongly towards an even healthier leverage.

With this, you can see the main figures of the Company, and I will now return the floor for the closing.

Mauricio Lopes:

I would like to underscore 2 points. In the year 2024, we had 178 new products. We are at the end of the 1H with 84 new products, and we still have a rather enormous batch that will be launched.

Simply a remark that I think is worthwhile. We have enhanced the operational processes in the Company. These processes have undergone significant changes in the last 15 months. And of course, this translates into internal changes, not only in fixed expenses and others, but enhancements in customer service. The customer feels extremely well-served through all of

the Company processes. And quarter-on-quarter, we improved the visibility of the customer regarding our operation.

Here, you see some examples, and we are going towards an optimal level, which is our goal in the coming quarters to mention some of the procedural changes. This not only translates into changes for the Company but also represents changes in how we service our beneficiaries.

Question-and-answer session

Felipe Amancio, Itaú BBA:

Good morning. We have 2 questions at our end. First of all, about the growth of your portfolio. In this quarter, we already observed a much more stable base because of the churn improvement. Which is the expectation of the Company for the 2H25? Can we think of a stable portfolio or one with the addition of lives?

The second question refers to assets. In the last few months, we have seen several movements in the Company. We have seen 2 significant operations. Is there room for new disinvestments? Thank you very much.

Mauricio Lopes:

Felipe, thank you for the question. What we can say now is that the curve speaks for itself. The curve has been improving quarter-on-quarter, as we had mentioned. The issue is that retail portfolios, whether they are Affinity, SME or whatever, you can choose, but these are portfolios that focus on the customer. What changes is the sales mechanism and the mechanism to lock in customers, but they do depend on some cycles. And as cycles pass because of adjustments, all of these become more stable.

We have closed that loss curve, and we think that we are definitely on the right path. Of course, this requires patience, some resiliency and very transparently, we are showing you that this is what we are doing with the turnaround, but we are on the right path. And I think the coming quarters will speak for themselves. The series are very good. They are good inputs for you to look and see what happens with the processes.

Regarding the sale of assets, those were the 2 larger assets that we had to be able to focus on the core again. They are very interesting, good assets, but they are not assets that we were able to manage effectively with the entire block of retail products we have simultaneously.

Gama is among the largest accredited networks in the country. It's phenomenal. It works with 26 operators since the IPO, medical revenues, audits and much more. It works for 26 different operators, but it is an asset that has been underexploited as part of the assets of Qualicorp. We cannot focus properly on that asset. And an interesting party appeared. They will focus on this

BPO, this business process outsourcing provider. This is a third-party network working with other operators.

And this is what the entrepreneurial change is about. We create a huge chain, but we cannot simultaneously coordinate the Affinity product, the SME and the Corporate portfolio.

So we are working with another significant partner in the market, and we can regain forces on both sides. We can maximize our Corporate portfolio and they can maximize the portfolio they have just acquired. So we can focus on the core. We disinvest in terms of what is not our core, and this will take us to the end of the process.

Of course, this means a reduction of fixed cost, a reduction of complexity and the operational processes. Those are the benefits we expect from this.

Gustavo Tiseo, Bank of America:

Thank you for taking our 2 questions. Mauricio, you remarked on the growth, and I would like to explore the competition, especially with SME. Some operators have become more aggressive in terms of price. What is the difference between Affinity and SME? If this difference will tend to be nil, or because of the rate you charge above Affinity or if competition is so violent that SME is gaining space in this environment?

The follow-up is a question I posed in the past. We see that operators are in a more positive situation in terms of profit and much more. They pay according to the MLR. I would like to know if there is room to enhance this type of revenues and strengthen your top line. These are my 2 questions. Thank you.

Mauricio Lopes:

Tiseo, thank you. Let me speak about that SME avenue. In thesis, SME was 20% above Affinity and 20% below the individual plans. This is historical until the pandemic. Since the pandemic, of course, everything has been derailed. We have Affinity 100% higher than SME, and this is what is happening at present.

Let me offer 2 figures that I think are worthwhile. The Affinity product is superior when it comes to the SME, when it comes to the alignment of incentives, with the commercial people, with the operator, something that the SME does not have.

The SME focuses on agency fees. It pays off very quickly to the distribution channel and permanence is quite short. So the channel can sell good quality. It can privilege the permanence of the customer with the product and the operator can have the necessary cash flow to have a product with a more acceptable CAC and LPD.

The Affinity aligns all of these incentives and the way that we work with this is through a model with lower agency levels. We have incentives on the third and 15 months. We work between the

distributors, the operator and ourselves when it comes to the remuneration and so on and so forth.

This is not something that is done in the SME. I think Affinity is superior in terms of the alignment of interest for the sale of a good quality product. However, this conversation with the operator has those remains of the past when this was not managed in an efficient way.

And the claims in the portfolio tend to be very high. They are being corrected through time. But I am convinced that we are on the right path. And several operators seem to have understood that the Affinity should come back through time because it is very close to that leverage of 20% over price vis-à-vis the SME.

We have had a reduction of claims in terms of MLR, and we are conversing with the operators. The lack of satisfaction of operators with the previous portfolios reached a very high index. We made agreements with the operators to try to address the imbalance that existed between what the operator was gaining as profitability and our own profitability. In the past, you saw that all of this has changed. We worked on the take rate through time, and nowadays, I think we have a good situation. The Affinity harvest is very good, and we will have a premium through time.

These are the conversations we are holding with the operators continuously, and we can explore this in the other calls so that we can give you more color in terms of this. Thank you for the question. That was excellent.

Joseph Giordano, JPMorgan:

Good morning, and thank you for taking my questions. I would like to explore that strategy to reduce churn. It's the great aggressor. You carry out new sales and you have to maintain that customer. We have seen the Company working ever more on that commercial issue, working more proximity so that you can share the risk. How does that change the economics of the product through time? And here, we speak about 2 different currents, how much you have in "take rate" and "brokerage", and the commissions for the broker per se, if this can become aligned?

Secondly, how have you created these products at hand? Are you working more regionally? Are you trying to have a better adherence with the customer? To understand how far you can go and when we should see a growth or at least a greater stabilization of this Affinity base?

Mauricio Lopes:

Good morning, Joseph, and thank you for the question. When it comes to the portfolio, everything is important. We pay the brokerage based on permanence. If they remain for 3 months or 25, that is how we remunerate them. The operator needs this, the broker needs this.

That vertical has been resolved. 100% of the contracts of distribution of Quali were activated throughout the year 2023. The Quali commercial team activated 100% of the contracts until December of 2023. There is no distributor that doesn't have a long-term alignment. Our

remuneration with the operator is linked to retention, to permanence. And they can work with intervention, with promotions, offering more effective health to the customer and much more. That's another vertical.

On the product portfolio, as the product portfolio grows, we have a greater possibility of reallocating the customer to wherever they have that possibility of payment and having the right coverage. In 2023, when we had a very reduced portfolio, we could not reallocate the customer. Now we have several options. We do not have all of the options, but we are working towards increasing them. This decreases churn.

The fourth part of this is technology. We have worked with retention. We have 110 people permanently in our headcount being trained, working on this. The entire technology has been turned around, and as we have several products, several entities and portfolios that we have no visibility of in the training of our retention consultant, we are creating artificial intelligence layers to be able to offer the best option for the customer when we are first servicing them.

This, of course, will enhance the service and enhance the retention. Will they use network A or B? Should the best product be X or Y? This is what we are trying to offer in a more automatic fashion to the consultant because of the number of entities and products connected to this.

We have an increase in portfolio, an increase in operators and an increase in distributors. All of this has led to a lower structural churn.

In some quarters, this will increase or decrease more. It's not a problem. It's simply a matter of readjustment. But structurally, this should decrease continuously, and we are betting our chips on this.

Operator:

The session-and-answer question ends here. We would like to return the floor to Mr. Mauricio Lopes for the Company's closing remarks. Mr. Lopes, you may proceed.

Mauricio Lopes:

Thank you once again for attending our quarterly call. I am going to reiterate what I have said in all of the calls. These closing remarks are important. We want to underscore them. Everybody is working on this turnaround. The Company has not come to a stop. And as happened before, we are not going to change the Company, and we are not going to have other turnarounds until we understand that this one has finished.

Our focus on the customer is almost compulsive. We have insistence on partnerships. We are going to continue to focus on all of these factors, and we are going to generate results in the best way possible, going forward to our shareholders, our managers, they are all aligned with us for the long term. They have a clear understanding of the business we have for the future. We are highly convinced on the route that we have set forth, and we are going to move forward while the market gets organized and reduces the claims.

The fact that we have cash, of course, is always tempting to spend more than we should, but we are not going to do that. We are going to continue with our hands firmly on the helm, with a very responsible action.

The customers do require lower readjustments and stable portfolios. The operator needs a stable portfolio to enhance the offer of products. So we are working towards the protection of the consumer. We are not going to derail from the path we have set forth. We will continue to hold on to that helm, that flywheel. We want to have a high average time of permanence and of course, very good service to the customers.

I would like to thank all of the teams and shareholders who have believed in our thesis. My warm greetings to all of this, and we will speak again in 3 months at our coming call. Thank you very much, and have a good weekend.

Operator:

We would like to thank all of you for your attendance. The earnings release call for the 2Q25 for Quali ends here.

"This document is a transcript produced by MZ. MZ uses its best efforts to guarantee the quality (current, accurate and complete) of the transcript. However, it is not responsible for possible flaws, as outputs depend on the quality of the audio and on the clarity of speech of participants. Therefore, MZ is not responsible or liable, contingent or otherwise, for any injury or damages, arising in connection with the use, access, security, maintenance, distribution or transmission of this transcript. This document is a simple transcript and does not reflect any investment opinion of MZ. The entire content of this document is sole and total responsibility of The Company hosting this event, which was transcribed by MZ. Please, refer to The Company's Investor Relations (and/or institutional) website for further specific and important terms and conditions related to the usage of this transcript"