

**Conference Call Transcript**  
**1Q26 Results**  
**Quali (QUAL3 BZ)**  
**May 14, 2026**



**Operator:**

Good morning, ladies and gentlemen, and thank you for holding. Welcome to Qualicorp's 1Q26 earnings webcast. Joining us today are Mr. Mauricio Lopes, CEO; Mr. Eder Grande, CFO and IRO; and Mr. Eduardo Garcia, Head of Investor Relations.

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We also inform you that this event will be recorded. Participants will listen to the webcast during company's presentation after which will begin the Q&A session when further instructions will be given.

Now I would like to turn the call over to Mr. Mauricio Lopes, who will begin the presentation. Mr. Lopes, please go ahead.

**Mauricio Lopes:**

Good morning, everyone. It's a great pleasure to be with you for our 1Q26 earnings call. And I would like to start with the highlights of our flywheel that you can see on the right-hand side of the slide. It represents the consistency of what we have been trying to build throughout all these quarters of hard work. And part of them are materializing quite well.

When we define a product with the operator and we price it appropriately and the commercial department does the right underwriting, then readjustments are lower as a result. And this is what we saw last year and in early this year. Most of our portfolios have readjustments below the SME readjustment, which is the competitor together with individual to the affinity product.

So if we can keep consistency of this cycle, a lower readjustment will lead to a lower churn, a longer average time of stay and a high LTV, which will translate into shareholders' profit. And so lowering adjustments in a well-designed product will necessarily translate into more stability of our membership base and higher customer satisfaction. Customers want predictability, controlled readjustment and stable network. And this is what we are trying to build quarter after quarter.

Looking at the Company's internal indicators built on this flywheel, what can we see in our operations? The churn has evolved in a sustainable way. This quarter, it's reaching 9.4%, which is much lower than the Company's historical average in recent years. And we can also see that our product mix is quite consistent, a very good mix, and our retention process has been very effective. We have a large hardworking team at the Company to retain customers, offering them the best options to the products they already have.

So this is a well-oiled process now. Healthcare had a mild decrease quarter-on-quarter, but we continue with a consistent operational cash flow generation, just like we did in every quarter of [More choices for you.](#)

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our management. This quarter, we generated R\$126 million in operating cash flow, which lowers our leverage to 1.35x adjusted EBITDA in the last 12 months.

So before I turn the floor over to Eder, I would like to say that we are working consistently on our flywheel. This is a game of patience, but we are very confident about our work.

So we are now going to go into our quarterly performance, and then I will be back for the Q&A session. Eder, over to you.

**Eder Grande:**

Thank you, Mauricio. Starting with the managed portfolio, we closed with 519,000 lives, 14,000 less lives quarter-on-quarter, 10% above the same quarter last year. The relevant point here is that we are improving the quality of our membership base. So the lives that are coming in have higher performance than the lives that are leaving. This leads to a higher average length of stay and higher profit for shareholders.

Churn for the quarter is at 9.4% and in the last 12 months, 39.2%. So this is a consistent drop trajectory, aligned with our value proposition, and this reinforces what Mauricio just talked about, our value generation in our flywheel.

Net revenue is 6% above quarter-on-quarter and 6% above year-on-year. In financial terms, we kept the cost discipline and capital allocation discipline. Fixed and variable expenses reduced almost by 4% quarter-on-quarter and over 9% year-on-year. And CAC accounted for 8.9% of the revenue, in line with our recent history.

Variable expenses increased quarter-on-quarter due to losses to delinquency, but there is also a seasonal effect here because we have a concentration of readjustments in 3Q and the losses come 3 months later, or 6 months later. So part of them we are feeling now. But when it comes to percentage of revenue compared to the same period last year, there has been an important evolution.

In the contingency front, although the entry of new lawsuits is coming down, we still have a high backlog. And if this same pace is kept in the future, we expect that in the medium term, we can see lower expenses in this front as well. The expenses with contingencies for lawsuits is the lowest level in the last 2 quarters.

Adjusted EBITDA minus CAC had a margin of 32.2%, in line with the previous quarters. Cash generation before interest was quite strong, R\$126 million, no one-off effect here, with strong generation that can vary from one quarter to another depending on the date that we close the numbers, whether it's on a weekend or not. So we can have some changes of payment date as a result. So, a very consistent generation.

Net debt reduced almost by 9% at 1.34x adjusted EBITDA right now. And about our debt now, I would like to highlight that in June, we will have an important amortization that is fully addressed, and we are already addressing the amortization timeline for 2027, the last major barrier we have ahead of us. After that, the amortization timeline is quite smooth.

So this concludes my remarks, and I can open now for the Q&A session.

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**Felipe Amancio, Itaú:**

Good morning. I have 2 questions on my side. The first is about your operator base. In the last quarter, we saw an impact in churn of some operators that left your base due to financial difficulties. And in this 1Q, we do not see any similar effect. But do you see other operators going through the same situation in your current base that can impact churn from now on? That's my first question.

And the second question is about CAC. CAC went up a few quarters ago, then it went down and now it's going up again. So what can we expect in terms of the CAC trajectory for the coming quarters? And when can we expect it to stabilize? Thank you.

**Mauricio Lopes:**

Felipe, thank you for your question. About the operator base, last year, 2 operators were facing difficulties, and there was one last operator that we knew had difficulties as well and that had been showing higher churn or service difficulties in recent quarters. And that operator received a few weeks ago a notice from the agency asking for compulsory alienation. And so in recent months, we have been trying to offer alternatives for customers to keep their service.

But that's the last operator in our base facing difficulties. All the other operators are quite stable and sustainable, with no problems as far as we can see. They all seem to be relatively okay, except for that one for whose members we are offering a different product right now. So I think that we may have other quarter with some changes in the dynamic of this specific portfolio, but nothing beyond that. The rest is relatively okay.

When it comes to the CAC dynamic, we have been tested a set of different campaigns for this location. Some locations are reacting better to some products with individual campaigns in addition to the national campaigns. But we do not see any relevant changes in the CAC dynamics from now on, especially the premium CAC that we measure here. It's more an issue of trying to place different levers for the same total CAC than an increase in CAC, which does not make sense for us right now.

**Ricardo Boiati, Safra:**

Good morning. Thank you for this opportunity. My first question is about your portfolio. We see a clear evolution in the operational and financial part. I think that many of your indicators have been evolving quite well, and the portfolio is still shrinking, but that's no surprise. It's very consistent with the positioning that you have adopted for some time now. That portfolio was not worrying you. You were actually more worried about performing on the flywheel, like you mentioned in your initial remarks, Mauricio, with better products, a consistent underwriting process, which will make the flywheel spin and will generate value for the Company, and this has been quite consistent.

But moving forward, what is the weight you see on the portfolio? The Company is operationally stable, I believe. Does it make sense to start thinking about growth right now and portfolio expansion? Because in our view, this is going to be important for a more robust and long-term

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value generation. So my question is, how relevant is the portfolio considering the stage you are going through right now and moving forward?

And my second question is related to that. about this pendulum that we talked about in recent calls between affinity and SME. You have data showing that the affinity readjustment is lower than the SME readjustment, and this is in line with that vision that a well-operated SME product can be just as or even more sustainable, or the affinity product can be more sustainable than the SME product. So can this market dynamic help in your target to expand the portfolio of affinity products?

And now going back to that flywheel. Some points here seem to be very well addressed such as underwriting. This was work well done with consistent execution. So I would like to hear your take on this. What is already spinning well and meeting the Company's expectations? And what do you still expect to improve? We know that this is a iterative process, there is always something that can be improved, but what has been meeting your expectations and what has not met your expectations yet and needs a bit more attention? Thank you.

**Mauricio Lopes:**

Boiati, thank you for your questions. About the size of the portfolio, we are working day in, day out to expand our portfolio, and we think we are reaching a stage of stability. We almost reached that stage a few quarters ago, but then we had some hiccups. But when we look at the core operators in our base, we see an increase in the number of lives and the mix is better now. So for the more stable operators, they are performing better now than in the past.

So with patience, we will be able to expand our portfolio, and this is where we are headed. Our Company breathes portfolio expansion today. The internal operating factors have been addressed, our capital structure is now balanced and the flywheel is already spinning. Not as fast as we would like, that's your third question, I will get back to that later, but it's already functional, which is really important.

About SME and affinity, what we have been seeing, and the market has been expressing this quite a lot, is that SME is a bit more competitive than it makes sense from the technical perspective. SME products are very cheap. And when we look at some quotes, we see that it's hard to sustain these prices in the long term. But these lives go into the pool of SME products. So they will have to sustain sales in the coming cycles because there is no other alternative.

So our view is that this is a marathon, not a sprint. And if we consider protecting members diligently with a well-designed product with good underwriting and well aligned with the commercial channel, the affinity product will have a better price than the SME product. And we think that this moment is coming. It's not far away, especially considering the competitiveness of SME in the market.

We are selling a lot of SME at the Company. This portfolio is growing, but our appetite is more in the affinity product because we think it's more sustainable for the retail channel. It's more equalized. It can define more homogeneous eligibility pools with good representation, working in the benefit of themselves, engineers and lawyers. So we think this is a more consistent portfolio for the retail channel. And we think that the SME market competitiveness will go down in the near future.

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And about affinity, we see many opportunities. When we look at the Company's internal structure, however, I think that we can automate a bit more and add other tools for the teams who are working on retention and sales.

So yes, there is a number of support solutions that we can offer to the team so that they can work more precisely, not only focusing on reducing expenses, but also improving customer satisfaction, performance and retail. There is a huge opportunity for that here, and this is what we have been doing in a very proactive manner.

Having said that, we feel very confident, and we are not going to change course right now. Although we see a loss of portfolio quarter after quarter, we are still losing, although less than in the past, but we think that the inflection point will come very soon. So we are very confident about the consistency of our work.

**Gustavo Miele, Goldman Sachs:**

Good morning. I have 2 questions here on my side. The first is about the number of lawsuits in litigation. Eder talked about the volume of lawsuits against the Company during the presentation, but I want to understand your take on the volume of lawsuits against the Company and in the whole market. Have you seen any improvement here, especially in the number of lawsuits filed against Qualicorp? I know that you made efforts in the past to convince the judicial sphere that this is an industry discussion and the Company does not have any actuarial risk. So I would like to understand your internal efforts to mitigate the volume of lawsuits against Qualicorp. That's my first question.

The second question, I would like to go back to the CAC discussion from a qualitative perspective. Mauricio answered a question about that, but I would like to understand where we are in this process of redesigning incentives and compensation for your sales force. I think that's one of your mottos in your management, right? So how has that translated into changes in compensation to your sales team? Thank you.

**Mauricio Lopes:**

Thank you for your question, Miele. About the compensation to our sales force, we have seen a competition in the market with strong SME, and these portfolios turn really fast, and we do not believe in that model. Our model is with lower brokerage at entry and re-agency of the other sellers. And this protects consumers more.

Now producers in the field will offer more brokerage, and this is part of the game. There is no way out. The only way to get away from this is to have price and commercial terms to convince consumers to come to your product, even if the commercial channel will favor an SME product.

So we have been testing some different campaigns with awards to certain types of products. We keep on favoring the products with the highest LTV, CAC. Products with a lower LTV are being compensated less and the other way around.

And I do not think we are going to change this model. This is a hard and complex model, but in the long term, it's going to bring more stability. We will keep on trying a few things here, but less

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brokerage at entry and a longer flow is what we want. So we will continue pursuing that for another quarters to come if we can. And we do not want to increase the CAC level in relation to premium. It does not make sense. We think it's well calibrated here.

About the lawsuits, the numbers in this market are impressive. Yesterday, we saw a report about the complaints dynamics for large operators. Operators are getting 3,000, 4,000, formal complaints a month, the so-called NIPs, and some of them become lawsuits. But our volumes are much lower than that. We are very far from this type of monthly volume. Our volume is much more controlled than that.

On the other hand, we still have that block of lawsuits as a result of the unilateral cancellations that happened last year and the year before that. And so we have obligations to do as a result of those lawsuits, and we are trying to manage all of these judicial demands. But we do not see an increase of this block for the coming cycles, because we are now able to control readjustments better. So we expect to see a lower number of lawsuits coming in.

But operators, if they are too restrictive in their coverage, the number of formal complaints usually go up, which will, in turn, become judicial claims. And that is going to create a liability. And with operators, because we have a joint defense in some of those cases, what we are trying to do is to explain that we are not in charge of approving a procedure or not. But the operator is, and we try to clarify that to the judge, and we get statements from the operator affirming that they are in charge of that as well.

So I do not think that the numbers of complaints are going down on the contrary. But on our side, we are confident that if we continue with a good underwriting process, we should not see a large number of lawsuits due to readjustment, and these are the only lawsuits that are under our responsibility. The rest is the operator's responsibility over which we have no interference.

**Giovanni Bescovi, Morgan Stanley:**

Good morning. I have 2 questions on my side. The first is about Gama's cash flow. Should we expect something in 2Q or only starting in 3Q and beyond?

And do you see any regulatory debate behind the curtains that we cannot see right now?

**Mauricio Lopes:**

Thank you for your question, Giovanni. We only see that starting in 3Q, any flow coming from Gama's sale.

When it comes to the regulatory environment, there is nothing concrete here that we expect. We do not expect any changes in the coming months.

**Operator:**

This concludes the Q&A session. Now I would like to give the floor to the CEO, Mauricio Lopes, for his final remarks.

**Mauricio Lopes:**

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Thank you all for joining us in another earnings conference call. I would like to thank our employees, customers and commercial partners working hard to favor our members. And the Company is very confident about its strategy. We believe we are on the right track, and the more we persist on this strategy as the market reorganizes, the more stability we will have from the technical distribution and results generation perspective.

We will consolidate the sector. This is a long-term game, but we are confident about our role as a consolidator. And we are very well aligned with our shareholders and managers. We are all focusing on the long term with a clear business vision.

We still have room for operational improvement. So this is what we are going after again and again, as the market reorganizes, and we will keep on thriving with balanced offers that will protect consumers more and more.

I want to thank everyone who is working hard to protect consumers and all stakeholders that work with Quali, our operators, our commercial department, and we will keep on working. Thank you so much.

**Operator:**

Thank you all for joining. The 1Q26 earnings webcast of Qualicorp is now closed.

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