

Conference Call Transcript
4Q25 Results
Quali (QUAL3 BZ)
February 27, 2026



Operator:

Good morning, ladies and gentlemen, and thank you for standing by. We welcome you to the Qualicorp webcast to release earnings results for the 4Q25 and full year. Today, we have with us Mr. Mauricio Lopes, CEO; Mr. Eder Grande, the CFO and IRO; and Mr. Eduardo Garcia, IR Superintendent.

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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 Q&A session, when further instructions will be provided.

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

Mauricio Lopes:

Good morning, everybody. It's a pleasure to have all of the community of investors, commercial partners, at this call with a full Qualicorp team for the 4Q25.

We are going to refer to the highlights of the quarter. We still are facing a highly competitive quarter, and this is due to something positive, a structural improvement of all operators, consolidators.

This continuous movement brings about greater competitiveness, opening up windows of opportunity for the products that we trade. We have a robust pipeline of distribution. We have brokers, the CLT or company teams that are quite robust. And of course, this is being ever more activated with the teams we work with.

Regarding the highlights, we still have a very strong cash generation and financial discipline. The way we allocate capital continues to be conservative and focused on what will effectively generate results in the medium and short term.

We have a recurring free cash flow of R\$51.7 million in the 4Q25 and almost R\$300 million for the full year 2025. We have a healthy capital structure, net debt decreasing 12% vis-à-vis 2024, ending the quarter with R\$856 million with leverage at 1.45x adjusted EBITDA. There is no difficulty in the Company's capital structure. This is something of the past and no longer for the future.

Regarding our portfolio, it is leaner. We had a slight contraction of lives because of the end of year seasonality, also influenced by the loss of 2 operators that face financial difficulties. We ended the portfolio with 827,700 members. The quality of our portfolio and the quality of retention is at 37%, a significant improvement compared to prior years.

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The complexity of the portfolio when we work efficiently, all of this has proven to be efficient. We still have to gain more efficiency as we automate and bring in more intelligence and more processes with artificial intelligence. This points to the teams, which are the best products for groups A, B or C, taking into account the moment that the customer is undergoing.

What we have found, as we have mentioned before, our margins recovering in the 4Q. We had an adjusted EBITDA reaching R\$149 million with a margin of 41.9%, 3.2 p.p. higher than the 3Q and 5.8 p.p. vis-à-vis the 4Q24. So the cash has been resolved, and we have very good margins vis-à-vis last year.

Finally, to help you have something tangible, we began with a turnaround system where what we wanted was to return to basics. This quarter, we had an operational agreement for the corporate segment made with MDS and the Gama, the health plan that was also sold at the end of October, beginning of November, which means that with this, we sell off the noncore assets of the Company and go back to the more profitable, more important area that will give us power in the distribution market.

We still stand quite a distance from our competitors. To speak about our portfolio somewhat and the capacity of our retention with customers. In 2024, we launched 511 new products vis-à-vis 138 in 2024. We also have interesting exclusivities like the one we closed at the end of 2025 coming into effect in 2026. We have a product with significant penetration in the market of Rio de Janeiro, and we have had interesting sales in January. This came into effect in January 13, 2026, but the cash was disbursed in December of 2025.

Therefore, the product pipeline is in a fast pace, and we have several exclusivities at the beginning of the year following the flywheel that we work with in a very consistent way, helping the operator to develop a quality product more adherent to the customer, commercially aligning the entire distribution chain of the operator until the very last of the producers in the smaller municipalities, but centralizing the prescription process that has more embarked technology and intelligence.

And of course, this means we have a lower churn, lower litigation, an increase in the tenure time and an increase in LTV. This means we have better products, more adequate products. This cycle has proven to be ever more sustainable. Those who receive our products have less complaints. They can distribute and service the population associated to their entities. And what happens at the end of the day is we have a stable and satisfied customer.

We want customers that will remain with our products for longer and not look around in retail portfolios that do compete with us with a very low number of lives. We want to increase the tenure process ever more.

With this, I end the highlights of the quarter, and I will give the floor to Eder to speak about our operational performance.

Eder Grande:

Good morning, everybody. We will begin with the managed portfolio. We ended the year with 533,200 lives, 37,000 vis-à-vis the 3Q enhancement. We have 2 events that explain this [More choices for you.](#)

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downward trend. We had a group of lives with a negative margin, and in the 4Q, we had operators that closed down their activities.

Gross adds year-on-year represent 47,000 lives less, as you can see in the graph. This volume of lower additions, of course, does have an impact, but it also has an impact related to our more efficient underwriting process. This has brought about positive results, and we can observe this in the evolution of churn. The year-on-year has a reduction, considerable enhancements, and there is still room to be able to continue improving throughout 2026.

Our core growth revenue in comparable basis had a reduction of 1.8% vis-à-vis the last year. We have lost a significant number of lives, but the revenues are relatively stable. Fixed expenses decreased vis-à-vis the last quarter, and this because we are capturing gains, thanks to the investments carried out in the 4Q. We have variable expenses, positively impacted by lower contingency and PCI expenses.

As we mentioned in the last 2 quarters, the contingencies, although they continue to be quite steep, the volume of entry is reduced quarter-on-quarter. This means we need to continue on with this trend. And throughout 2026 we have already observed reductions in expenses with contingencies in January and February, there is a judiciary recess. So we do benefit a bit from these expenses with contingencies.

In the quarter, the investment was 1.4% of revenue, and this does not include the investments carried out in December. And we will also provision for our sales, stabilizing the performance, sales and deliveries, the exclusivity that we closed is already an important part of this quarter.

Perhaps what is more important and the percentage is the message. We had a reduction of not very relevant sales in the 4Q, a low CAC, and this means that we are not going to allocate our capital in any fashion.

We want investments that will definitely bring a return. If we do not remunerate our investment, of course, we will not have sufficient money for EBITDA. Adjusted EBITDA margin closed very similar to last quarter. We had a reduction of fixed expenses, reduction of variable expenses.

Net debt was 12%; vis-à-vis 2024, we had a very relevant reduction of 12% net debt versus EBITDA 1.45% vis-à-vis last year. This is not an important issue. 2 years ago, this tended to be a concern, but during this period, we were able to stabilize, equalize it.

Finally, we have the programs for debt amortization. In 2026, we have a significant schedule. We ended the year with R\$898 million that comes from our cash at the close of the year, more than sufficient to face the 2026 amortization schedule. This is thanks to the capital structure and debt, which is no longer a problem for the Company.

I would like to end the presentation here and once again, we can open the floor for questions and answers.

Felipe Amancio, Itaú:

Good morning. We have 2 questions at our end. The first referring to cash flow. This quarter, the cash flow was impacted by the divestment of Gama, the corporate portfolio. These could be [More choices for you.](#)

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some one-off events. If you could explain to us what was nonrecurrent in terms of cash impact for this quarter so that we can model a more recurring cash flow?

The second question is about churn. Part of the reduction in churn happened because of a discontinuity of the 2 operators that you mentioned. Which part of this is due to an increase of competition in the sector? Thank you very much.

Eder Grande:

Thank you for the questions. We had 3 impacts here. Two of them are nonrecurrent. The other one is nonrecurrent but we dealt with it as it were part of our daily issues. We had the entrance of R\$50 million of the sale of the corporate profile. And due to the divestment of Gama, because of the way we closed this deal, the cash of the Company continued on with this transaction.

So we have a drop of R\$22 million, almost R\$23 million because of the Gama transaction and some of the resources that we burned in October because of the Gama transaction, plus the cash that totaled R\$28 million. So we had a positive impact of R\$50 million, a negative impact of R\$28 million.

And at the end of December, we closed this exclusivity, which is a very important factor, approximately R\$15 million that could also be considered as a nonrecurring effect. This is what impacted our cash flow, and we can deal with them as being nonrecurrent.

The entry of the corporate profile was announced. We had the divestment of Gama and that exclusivity agreement.

Mauricio Lopes:

When it comes to churn, I think we will have an interesting competitive edge here. While we were talking, I was checking at the average readjustment of the 2025 harvest that must have stood at 13% or 12%. The average readjustment of the market at the beginning of the year was very close to 20%, and in the 2H of the year, very close to 15%.

We are going in another direction. The SME has a very low, very competitive price, and we have sold a great deal of this in the Company. It will have to carry out relevant readjustments in the coming cycles. And our 2024 and 2025 harvests are pointing to very low readjustment levels in the readjustment cycle of this year.

We had a readjustment with one operator now that stood at 11.7%, if I am not wrong, around 11%. So we are going against the flow. And this could help us a great deal in capturing customers. If we eliminate those burdens, the churn should remain very low vis-à-vis the churn of competitors that will probably increase.

Ricardo Boiati, Safra:

Good morning. I would like to continue on with this commercial topic. We have spoken about this, every once in a while, the SME grows a bit more. It is incentivized and it gains greater competitiveness. It seems that we are once again getting to that point where affinity seems to be more competitive vis-à-vis the SME that was a segment that disrupted the market. We have [More choices for you.](#)

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a commercial dynamics that seems to be somewhat difficult. We do not seem to be able to count upon a market improvement. But a great deal depends on the Company, as you showed in the Qualicorp flywheel, the improvement of processes harvest that are under better control, less claims and value addition that seems to be improving. We are entering 2026 with a competitive stance that is much higher than what Qualicorp has had in the last few years. Is this reading correct? This would be my first question.

As a second question, we had those 2 minor operators slightly impacting your results. Is there anything else that you have mapped? Are you thinking of any other operator for the Company portfolio that could be facing problems? I do not know if this has already been mapped out. Thank you very much.

Mauricio Lopes:

Thank you for your questions. When it comes to that pendulum, I think your reading is perfectly correct. This whole business is a pendulum. Structurally, affinity is much more efficient for a retail portfolio. Even though the pendulum comes and goes, I think affinity structurally is much better.

I do not think we will have a sales machine as we had last year in the short term. The SME is something permanent. It's not going to disappear. But the SME portfolio, because of the way it has been set up, cannot sustain low readjustments in the very long term, simply because of structure, and we have spoken about this, and you have very deep knowledge on this sector and the dynamics.

This dynamic is going to charge for a price, which is readjustment and they should obtain most of the lives in the coming cycles. We simply cannot take our hands off the flywheel. We have to maintain consistency because this is what will be efficient. And in 2025, for most of the portfolios, they are below the SME. This pendulum is not going to go to the other extreme where you have a dominance of SME, but you will not have a dominant SME vis-à-vis affinity. I think we will have a greater balance this year, and this is a thesis that we have, as most of the operators have.

Regarding operators with difficulties, we have never had so many operators with technical and fiscal directions as we had last year. And this is because of 2 things. One is the following: the health product is ever more incorporating technology, technology with a very steep price. And this will take all of the new incumbents, the non-consolidating incumbents. This will take them to facing a setback differently from the incumbents that have a greater critical mass and they can sustain all of these obstacles along the way.

The incumbents as they have more information, more critical mass, have a better bargaining power with the service renderers. When service renderers find a partner, what they seek is financial solidity and then they speak about price. What you find is that format of consolidation of the sector. What we are seeking now is to have an ever complete portfolio with the consolidators.

And more and more, we seek to buy exclusivity from companies that will consolidate the market. This is what we did in Rio de Janeiro with Assem. This is a leading company for a low-to-average ticket. This for companies that have some fatigue and that want to increase their

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commercialization pipeline with a population that is shockproof. This has been set up. We have been quite diligent in the second half of the year. We have been seeking these exclusivities.

This type of portfolio that is able to go over the obstacles, there are companies, of course, that have financial problems, but we have learned from the last events to maintain a good part of the portfolio with those 2 payers that face administrative and financial problems. with the regulator, we had 40,000, 45,000 lives some time ago. We ended up losing 10,000 to 15,000 lives from those portfolios. The rest we were able to maintain with other products that we have in-house.

Our operation had to learn how to carry out this business at a faster pace and more diligently, and we continue to learn. So with the next operators that begin to face problems, we will have more capacity to have an alternative so that the customer is not left unattended.

I have a more constructive vision with the way we are dealing with this type of problem. And all of this is based on the fact that the market will consolidate, and we are working with those consolidators.

Operator:

As we have no further questions, I will return the floor to Mr. Mauricio Lopes for the closing remarks.

Mauricio Lopes:

Very quickly, once again, the message is a focus on the flywheel. This has to work. It's a series of repeated sequences, and the more sequences we follow, the more efficient the flywheel will be. This is what we foresee for coming cycle.

I would like to thank Quali that is working, that has a great deal of engagement, that understands that long-term customer is a retained customer, that the right product means the customer will remain in the long term to care for their health.

And this is a vision that we have to have. We have to focus on operation and commercial structures to service the customer in a correct way, to service the broker in the right way to ensure that the product that is being sold is the right product throughout the customers' and brokers' lifetime to maintain them satisfied, whether it is an assertive product, an executive product or any other type of product according to their moment in life.

2026 is beginning. We have a great deal to work. Thank you very much.

Operator:

We would like to thank all of you for your attendance. The call for the 4Q25 ends here. Thank you very much.

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