



# Qualicorp: 2Q22 Results

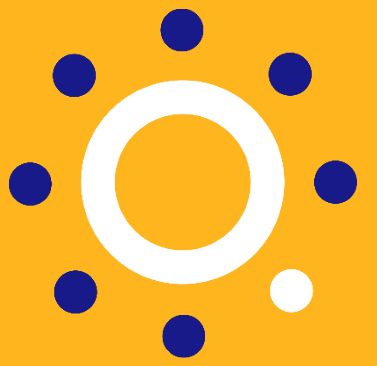
Public Presentation to Investors on August 12<sup>th</sup>, 2022



# 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.



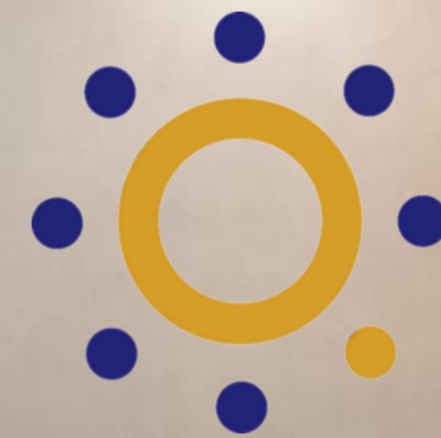
# Opening and Highlights

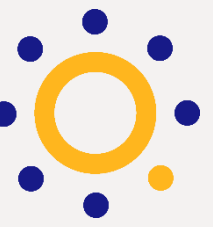
Bruno Blatt - CEO

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# New Customer's House

A more complete, modern,  
and welcoming space.





# New Customer app

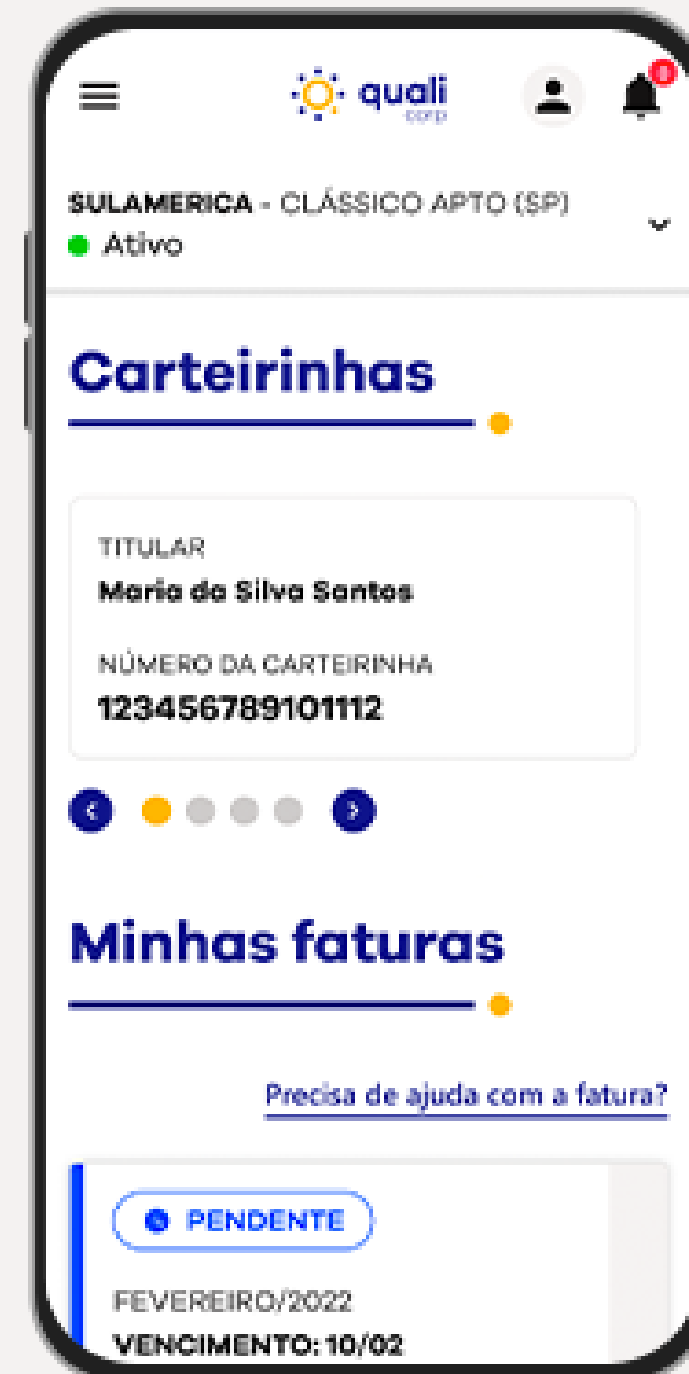
A more innovative design, new features and performance improvements.



## Quali's New App

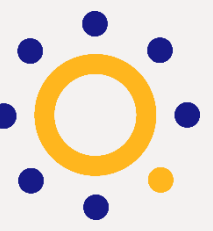
Now, it is much more complete and easier to use.

In just a few clicks, access the main services you use. Download now.



- Bill Bar Codes
- Payment receipts
- Switch to automatic debit
- Files with invoice details
- Registration data modification
- And much more

# New Partnership



Greater São Paulo (SP), in the Distrito Federal, Greater Salvador (BA) and in São Luís (MA)



# Qualiseguros - Digital marketplace for insurance sales



The largest health insurance selection platform in Brazil.



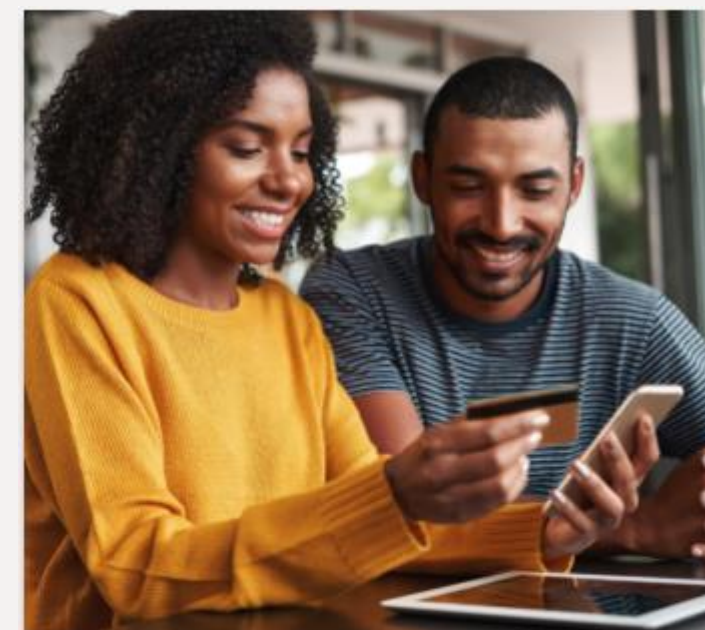
**Pet Assistance**



**Professional Liability**



**Personal Accident Insurance**



**Income Loss Insurance**



**Auto Insurance**



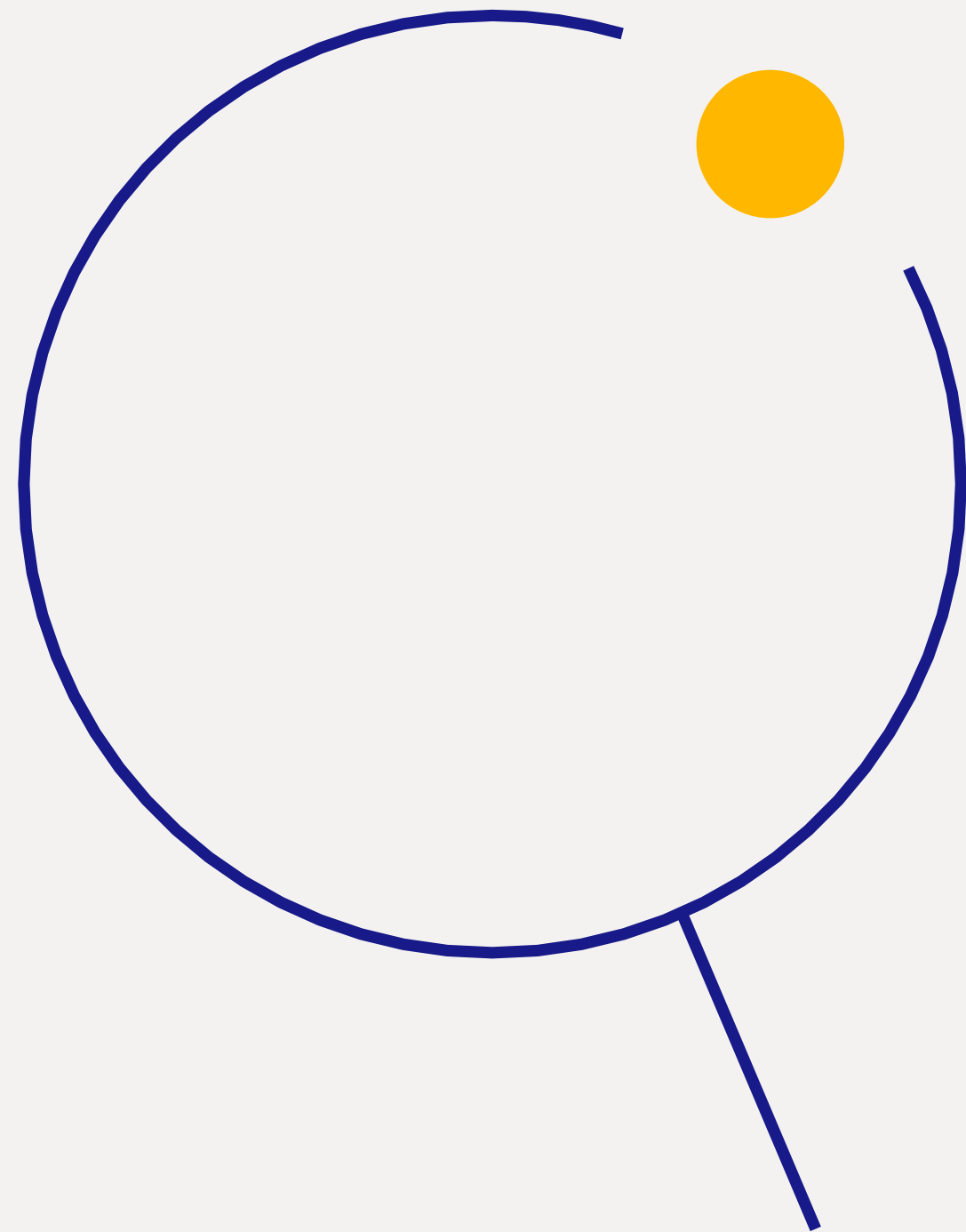
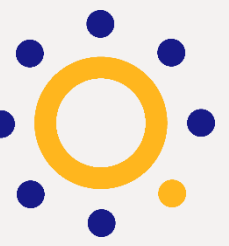
**Cell phone insurance**



**Life insurance**



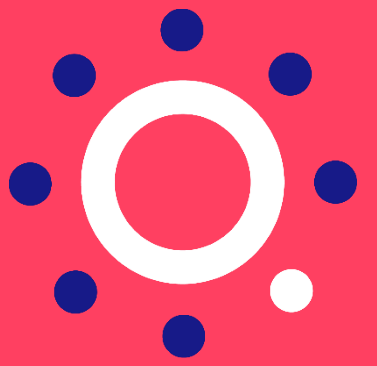
**Home Insurance**



# 2Q22 Highlights

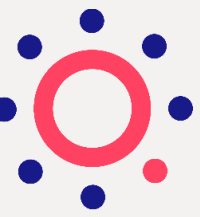
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- Customer's House;
- New client app;
- Sustainability Report and Sustainability Policy;
- Qualiseguros;
- 80 thousand beneficiaries in SME;
- 6<sup>th</sup> Debentures issue;
- Results converging to the long term strategy.



# Corporate Governance

Ana Carracedo – Compliance, Audit and Risk Director



# ESG based on Governance and Transparency

**2019** ● →

Current administration first year.

**2020** ● →

The Compliance, Risks, Audit, and Information Security Office was created, aiming at an increasingly integrated performance among the areas and with actions guided by ethics and transparency.

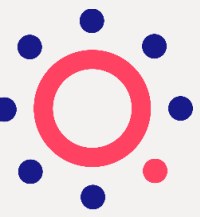
**2021** ● →

ESG department was created, responsible for the constant risks assessment and business opportunities linked to the themes related to Sustainability.

**2022**

We published our Materiality Matrix, our ESG Strategy, and launched our first Annual Sustainability Report.





# Our ESG Strategy

2030 agenda material themes, returning Quali's health in terms of our business, our society and our planet.

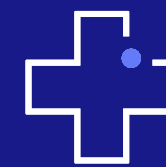


## Positioning

Qualicorp believes that quality healthcare is a fundamental right and that it should be accessible to all people, in their most diverse experiences and individualities. Furthermore, it wants to be recognized and works to do its part for the health of society, business and the planet.



## Causes



**Democratizing access to health care**



**Diversity, Equity & Inclusion**



**Society and Social Investment**



## Strategic pillars and themes



Health promotion and wellness



Employee and Broker Development



Efficiency, quality, product and service innovation



Responsible marketing and customer satisfaction



Privacy and information security



## Management Topics



Relations with employees and partners



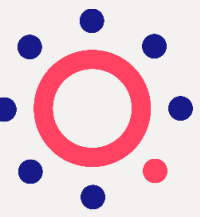
Sustainable Purchasing



Operations Eco-efficiency



Climate change and the impacts on human health



# Annual Report and Sustainability Policy



- First Sustainability Report in the QualiCorp's history;
- Inspired by the GRI - Global Reporting Initiative guidelines and the integrated reporting principles of the IIRC - International Integrated Reporting Council;
- Guided by the 17 SDGs of the UN Global Compact;
- See our **Sustainability Report** at:  
<https://ri.qualicorp.com.br/en/corporate-governance/annual-sustainability-report/>.
- **Sustainability Policy:**  
<https://ri.qualicorp.com.br/en/corporate-governance/policies-and-regiment/>



# Commercial Strategy

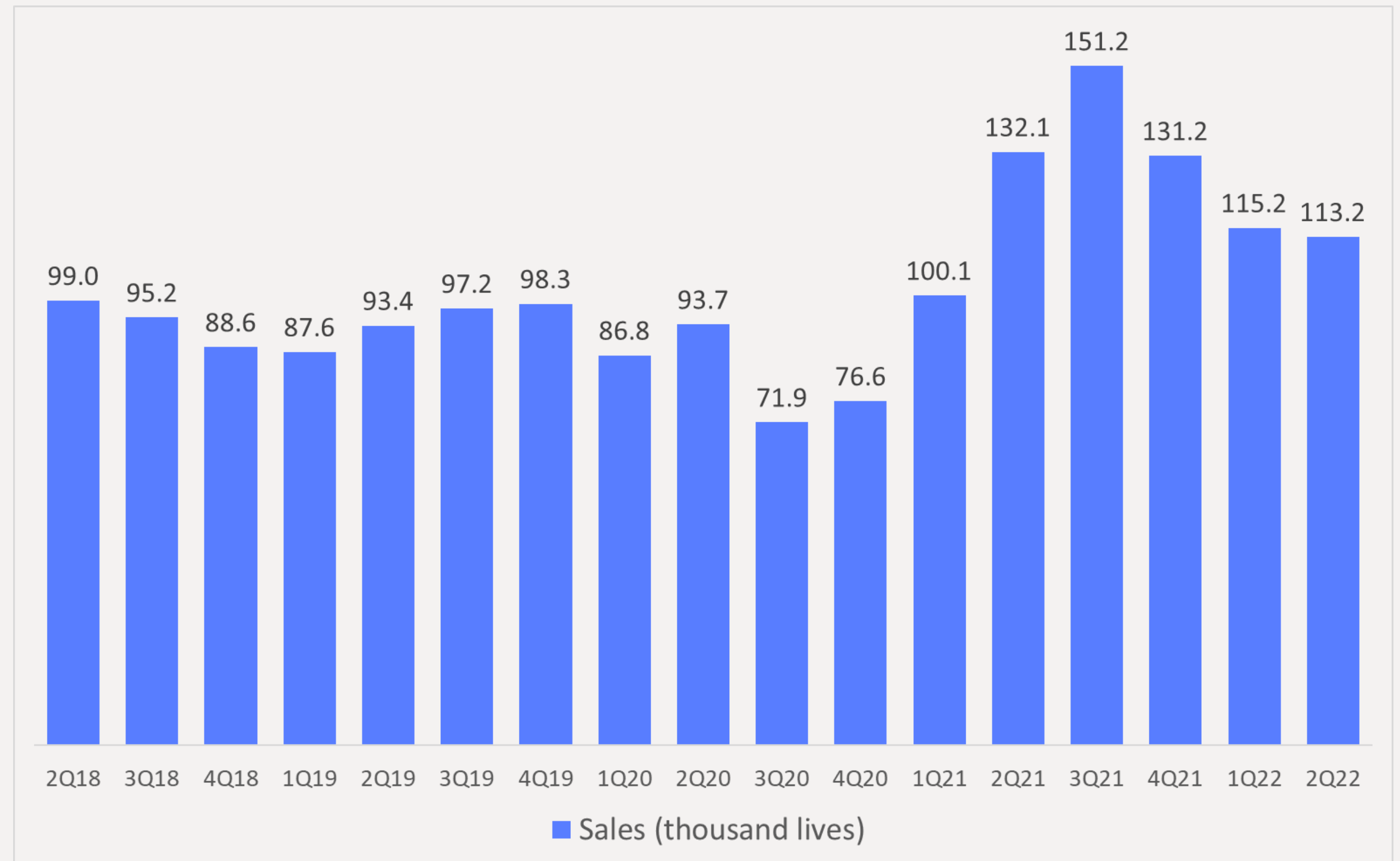
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Elton Carluci - Commercial,  
Innovation and New Businesses VP

# Gross adds in Affinity



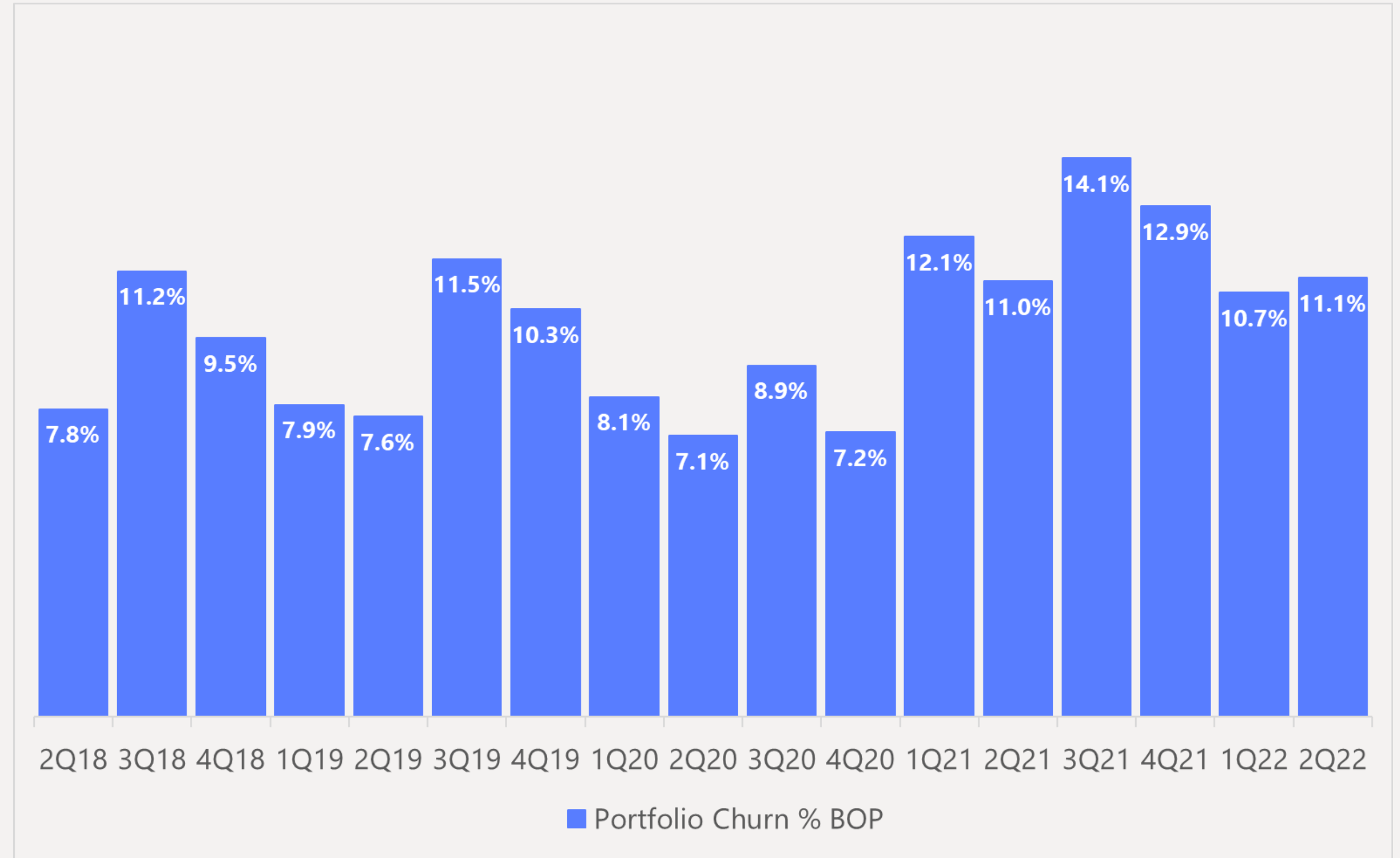
- Affinity Gross Adds -1.7% QoQ;
- **Period challenges related to:**
  - One-off competition issues in a specific square; we expect normalization over the year;
  - New carrier code openings for new regional benefit managers;
  - Switching a HMO portfolio in the Northeast.



# Churn



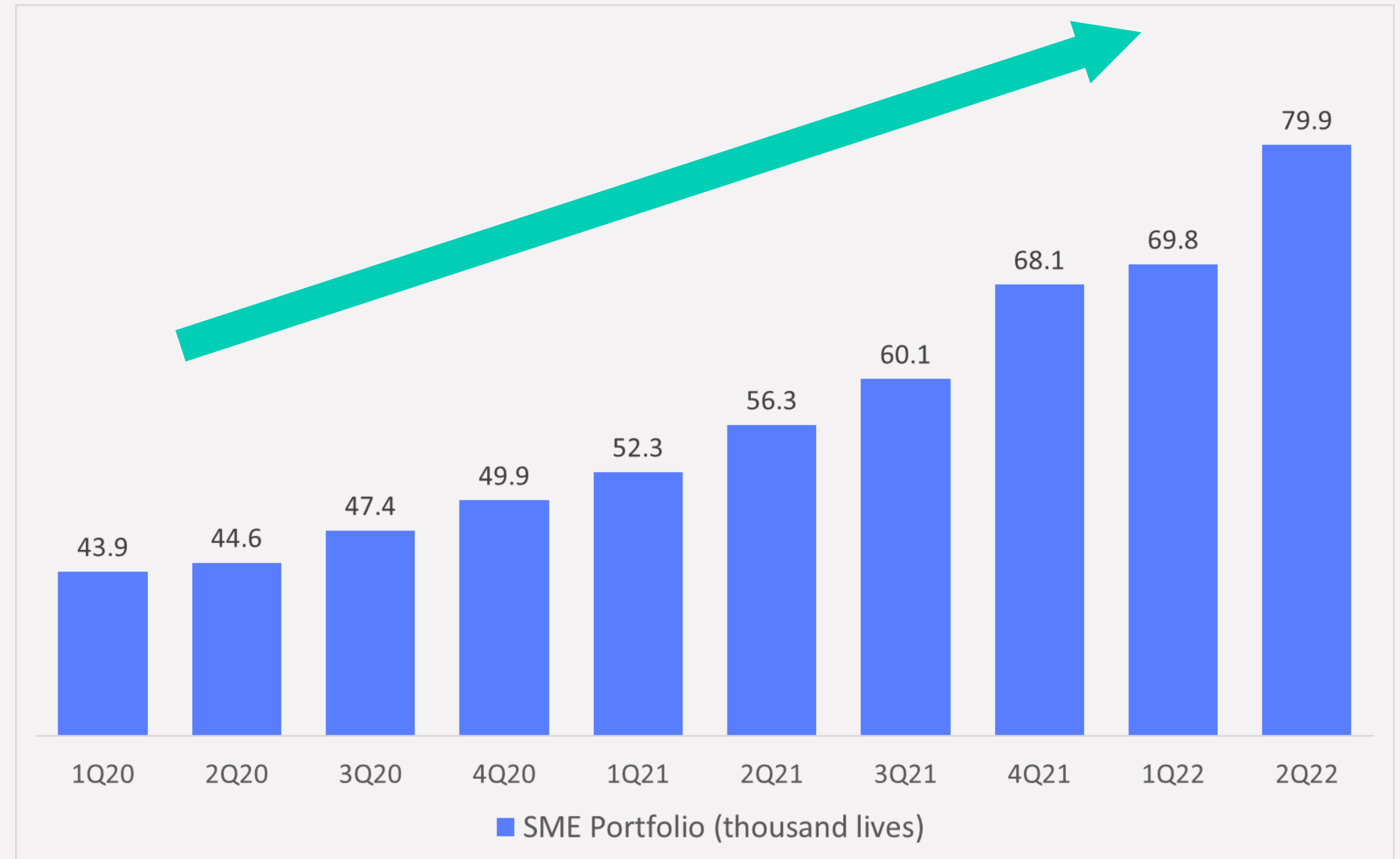
- **Cancellations:** 2.1% growth QoQ and dropped 8.1% in 1H22;
- Increase in churn on request, as a result of high readjustments applied in specific portfolios;
- The readjustments negotiated with HMOs and that are now being applied in 3Q22 are in the range of 20%.



# SME



- 42% growth YoY and 11.2% QoQ;
- 79.9 thousand lives total, almost **doubling in the last 2 years.**





# 2Q22 Performance

Fred Oldani - CFO



# 2Q22 Results



## Highlights

**Affinity Health Lives Portfolio:** 1.13 MM in 2Q22, gross adds 113.2 thousand lives (-1.7% vs. 1Q22) and 133.9 thousand cancel. SME: +11.2% vs. 1Q22.

**Net Revenue:** R\$489 MM 2Q22 (-2.6% vs. 1Q22) and R\$991.3 MM 1H22.

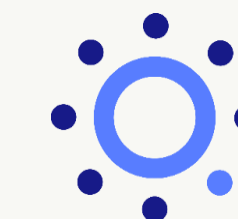
**Adjusted EBITDA:** R\$234.2 MM in 2Q22 (-3.2% vs. 2Q21), margin 47.9% (+113 bps vs. 2Q21) and R\$487 MM in 1H22, margin 49.1% (-88 bps YoY).

**Net Income:** R\$49.4 mi in 2Q22 and R\$123.4 MM in 1H22.

**Net Debt:** R\$1.6 bi, or 1.5x EBITDA Aj. LTM EBITDA in 2Q22, vs. 1.4x in 1Q22.

Key Indicators (R\$ MN)	2Q22	YoY	QoQ	1H22	YoY
Affinity Portfolio (thous. lives)	1,661.5	1.8%	-1.2%	1,661.5	1.8%
Affinity Health (thous. lives)	1,132.4	-4.7%	-1.8%	1,132.4	-4.7%
Gross Adds (organic)	113.2	-14.3%	-1.7%	228.3	-1.7%
Churn (thous. lives)	-133.9	-3.2%	2.1%	-265.0	-8.1%
Net Revenue	489.0	-5.4%	-2.6%	991.3	-4.7%
Adjusted EBITDA <sup>1</sup>	234.2	-3.2%	-7.4%	487.0	-6.4%
<i>Adjusted EBITDA Margin</i>	47.9%	113 bps	-246 bps	49.1%	-88 bps
Net Income	49.4	-45.3%	-33.3%	123.4	-39.7%
Net Debt	1,564.0	65.2%	2.9%	1,564.0	65.2%
<i>Net Debt / Adj. EBITDA LTM</i>	1.5x	0.7x	0.1x	1.5x	0.7x
Cash Flow Before Acq.	60.9	193.7%	-8.3%	127.3	-31.6%
ROIC	29.6%	-12.4 p.p.	-117 bps	29.6%	-12.4 p.p.

# Income Statement



## Highlights

**EBITDA:** R\$231.1 MM in 2Q22 -8.1% QoQ (-1.2% YoY). R\$482.7 MM in 1H22 (-4.4% YoY).

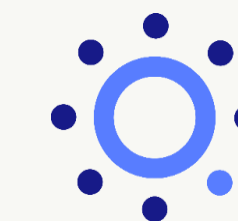
**EBITDA Adj. Margin:** 47.9% in 2Q22 +113 bps YoY and -246 bps QoQ. 49.1% in 1H22 -88 bps YoY.

**Financial Income/Expenses:** R\$52.2 MM in 2Q22, up 293.4% YoY and 28.9% QoQ. R\$92.6 MM in 1H22, +309.6% YoY.

**Net Income:** R\$49.4 MM with 10.1% margin in 2Q22. R\$123.4 MM with 12.5% margin in 1H22.

Income Statement (R\$ MN)	2Q22	Var. YoY	Var. QoQ	1H22	Var. YoY
<b>Net Revenue</b>	<b>489.0</b>	<b>-5.4%</b>	<b>-2.6%</b>	<b>991.3</b>	<b>-4.7%</b>
(-) COGS and SG&A	(226.2)	-10.0%	1.9%	(448.1)	-6.2%
(-) Contingencies and Legal Exp.	(10.5)	0.4%	NM	(16.2)	-17.1%
(-) Bad Debt Provision	(24.9)	79.2%	2.6%	(49.2)	54.6%
(+/-) Other Oper.	3.7	-148.8%	NM	4.8	-176.7%
<b>EBITDA</b>	<b>231.1</b>	<b>-1.2%</b>	<b>-8.1%</b>	<b>482.7</b>	<b>-4.4%</b>
<b>EBITDA Margin</b>	<b>47.3%</b>	<b>201 bps</b>	<b>-283 bps</b>	<b>48.7%</b>	<b>14 bps</b>
(+/-) EBITDA Adj.	3.0	-60.9%	141.7%	4.3	-71.4%
<b>Adjusted EBITDA</b>	<b>234.2</b>	<b>-3.2%</b>	<b>-7.4%</b>	<b>487.0</b>	<b>-6.4%</b>
<b>Adjusted EBITDA Margin</b>	<b>47.9%</b>	<b>113 bps</b>	<b>-246 bps</b>	<b>49.1%</b>	<b>-87.6 p.p.</b>
(-) D&A	(99.0)	11.6%	1.2%	(196.9)	12.5%
(+/-) Fin. Inc. (Exp.)	(52.2)	293.4%	28.9%	(92.6)	309.6%
(-) Income Tax./Social Contrib.	(28.0)	-29.0%	-24.1%	(64.9)	-33.6%
(-) Minority Interest	(2.5)	10.9%	10.3%	(4.8)	-1.6%
<b>Net Income Controlling</b>	<b>49.4</b>	<b>-45.3%</b>	<b>-33.3%</b>	<b>123.4</b>	<b>-39.7%</b>
<b>Net Margin</b>	<b>10.1%</b>	<b>-736 bps</b>	<b>-465 bps</b>	<b>12.5%</b>	<b>-723 bps</b>

# Cash Flow



## Highlights

**Free Cash Generation** of R\$60.9 MM (before M&A) in 2Q22 (-8.3% QoQ and +193.7% YoY).

### Commissions:

- Cash view of R\$112.4 MM diverges from the increase in intangibles of the same account, which was R\$106.1 MM, due to temporary differences between accrual and disbursement;
- As of 2Q22, we started to capture part of the sales team's lead capture;
- Investments of R\$6.4 MM related to sales campaigns.

Cash Flow	2Q22	Var. YoY	Var. QoQ	1H22	Var. YoY
<b>EBITDA</b>	<b>231.1</b>	<b>-1.2%</b>	<b>-8.1%</b>	<b>482.7</b>	<b>-4.4%</b>
Non cash	8.0	-882.7%	NM	10.4	-31.6%
Amount Paid for Leasing	(2.8)	0.9%	-16.5%	(6.2)	-1.3%
Commissions	(112.4)	3.1%	74.2%	(177.0)	-2.5%
Interest Paid	(27.3)	-25.0%	NM	(64.1)	-18.3%
Chang. In Working Capital	(26.0)	NM	-61.2%	(93.0)	NM
Decrease (increase) in trade receivables	6.2	-252.5%	NM	(6.5)	NM
Increase (decrease) in taxes payables	(18.7)	NM	256.0%	(24.0)	125.2%
Increase (decrease) in health care operations	(25.2)	NM	-42.6%	(69.2)	751.3%
Increase (decrease) in personnel expenses	15.2	NM	77.7%	23.8	236.0%
(Increase) decrease in other assets	(3.4)	4.7%	-74.7%	(17.0)	-556.6%
<b>Cash Prov. by Op. Act.</b>	<b>70.6</b>	<b>87.0%</b>	<b>-14.0%</b>	<b>152.8</b>	<b>-29.7%</b>
Capex (Intang. + Imob.)	(9.8)	-42.8%	-38.1%	(25.5)	-18.3%
<b>Cash Flow Fin. Activ. After Capex</b>	<b>60.9</b>	<b>193.7%</b>	<b>-8.3%</b>	<b>127.3</b>	<b>-31.6%</b>
Acquisitions portfolio/companies	(58.7)	-73.0%	26.8%	(25.0)	-73.4%
<b>Free Cash Flow to Firm</b>	<b>2.1</b>	<b>-101.1%</b>	<b>-89.4%</b>	<b>22.2</b>	<b>NM</b>
Financial Income	(64.6)	-2472.5%	NM	(97.4)	567.3%
Loans and Funding	518.9	48.3%	-1081.8%	466.1	33.2%
Financial Investments	(4.7)	-202.0%	-39.8%	(12.4)	NM
Dividends Paid	(3.2)	NM	NM	(3.2)	-98.6%
<b>Cash Prov. Financing Activ.</b>	<b>446.5</b>	<b>NM</b>	<b>NM</b>	<b>353.0</b>	<b>NM</b>
<b>Cash Flow</b>	<b>448.6</b>	<b>-1168.4%</b>	<b>NM</b>	<b>375.2</b>	<b>337.4%</b>



**quali**  
corp

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**Q&A**

