

First Quarter 2024 Results

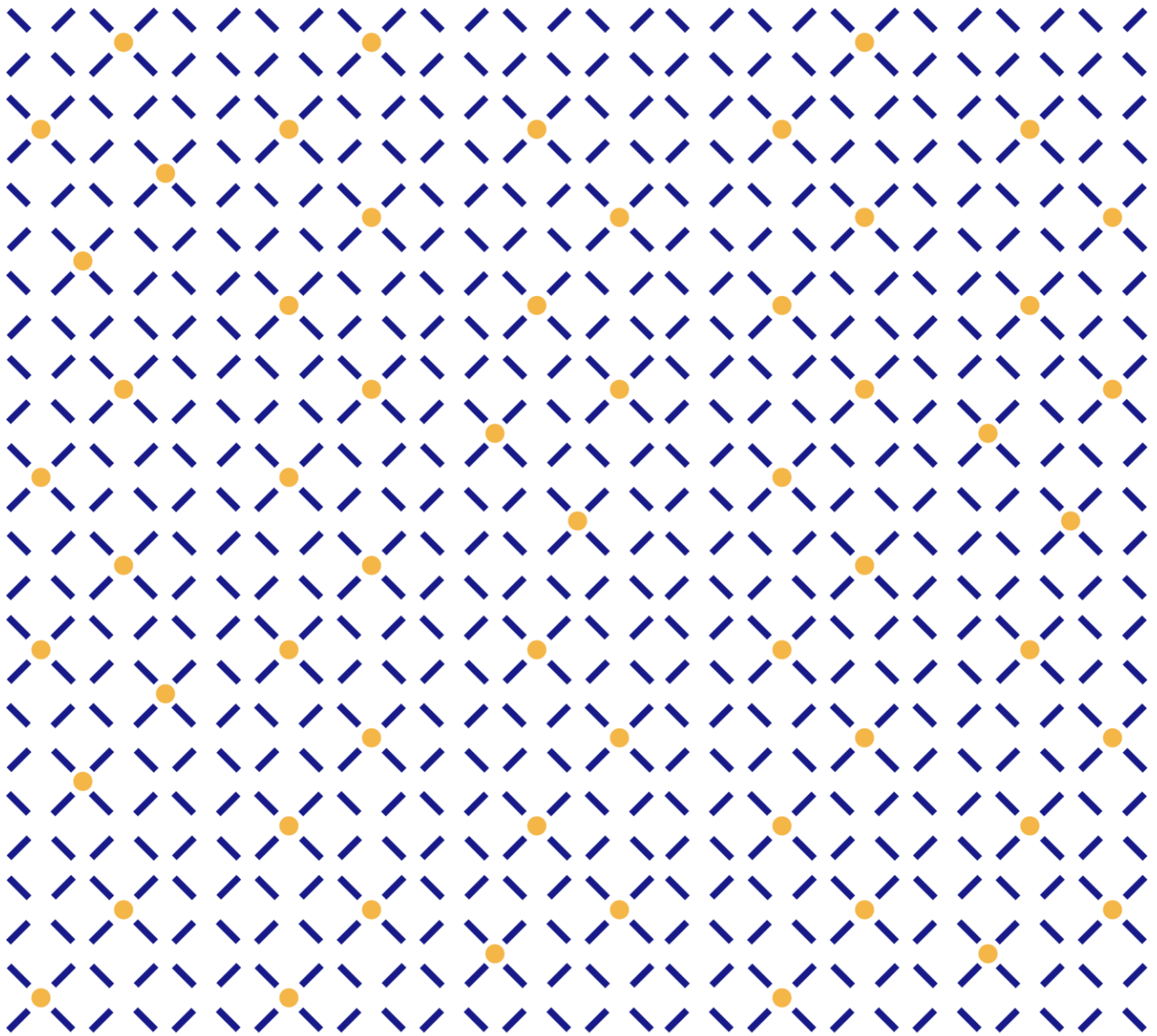
First Quarter 2024 Results

São Paulo, May 8, 2024. Qualicorp Consultoria e Corretora de Seguros S.A. (“Quali” or “Company”) (B3: QUAL3), a leading full-service healthcare benefits broker, administrator, and health management services provider in Brazil, announces its consolidated results for the first quarter of 2024 (1Q24). The operating and financial data are presented on a consolidated basis in Reais (“BRL” or “R\$”), in accordance with Corporate Law and regulations of “Comissão de Valores Mobiliários” – CVM. The figures as well as their historical series are available in MS Excel format on the website ri.qualicorp.com.br.

Highlights:

- **Free Cash Flow:** R\$111.0 million in 1Q24 (+1.5% vs. 4Q23).
- **Lives Portfolio:** 753.4 thousand Affinity Managed Portfolio in 1Q24 (-4.3% vs. 4Q23), with organic gross adds of 49.6k lives (+3.0% vs. 4Q23) and 106.3k cancellations (-21.3% vs. 4Q23), which represented a 1.9 p.p. improvement in the churn rate compared to 4Q23. SME portfolio of 95.8k lives in 1Q24 (+0.6% vs. 4Q23).
- **Net Revenue:** R\$403.7 million in 1Q24 (-2.6% vs. 3Q23), with a slight improvement in the average ticket.
- **Adjusted EBITDA:** R\$188.6 million in 1Q24 (+11.2% vs. 4Q23), 46.7% margin (+5.8 p.p. vs. 4Q23).
- **Adj. EBITDA (-) CAC:** R\$152.9 million in 1Q24 (+11.6% vs. 4Q23), 37.9% margin (+4.8 p.p. vs. 4Q23).
- **Adjusted Net Income:** R\$18.9 million in 1Q24, reversing the previous quarter's loss.
- **Net Debt:** R\$1.15 billion in 1Q24, -5.8% vs. 4Q23, equivalent to 1.53x Adjusted EBITDA LTM, vs. 1.58x in 4Q23. Cash and equivalents of around R\$1,13 billion at the end 1Q24.

Key Indicators (R\$ MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Consolidated Portfolio (thous. lives)	2,059.8	2,103.9	-2.1%	2,337.0	-11.9%
Affinity Managed (thous. lives)	753.4	787.5	-4.3%	961.5	-21.6%
Gross Adds - organic (thous. lives)	49.6	48.2	3.0%	63.6	-22.0%
Churn (thous. lives)	(83.7)	(106.3)	-21.3%	(107.2)	-22.0%
Net Revenue	403.7	414.4	-2.6%	457.3	-11.7%
Adjusted EBITDA	188.6	169.7	11.2%	208.4	-9.5%
Adjusted EBITDA Margin	46.7%	40.9%	5.8 p.p.	45.6%	1.2 p.p.
Adj. EBITDA (-) CAC	152.9	137.0	11.6%	144.2	6.0%
Adj. EBITDA (-) CAC Margin	37.9%	33.0%	4.8 p.p.	31.5%	6.3 p.p.
Net Income	16.9	(58.7)	NM	14.8	14.2%
Adjusted Net Income	18.9	(11.2)	NM	17.9	5.8%
Free Cash Flow	111.0	109.4	1.5%	140.4	-21.0%
Net Debt	1,148.9	1,220.0	-5.8%	1,418.4	-19.0%
Net Debt / Adj. EBITDA LTM	1.53x	1.58x	-0.05x	1.59x	-0.06x



More choices for you.
More Quali for your life.



Management Highlights

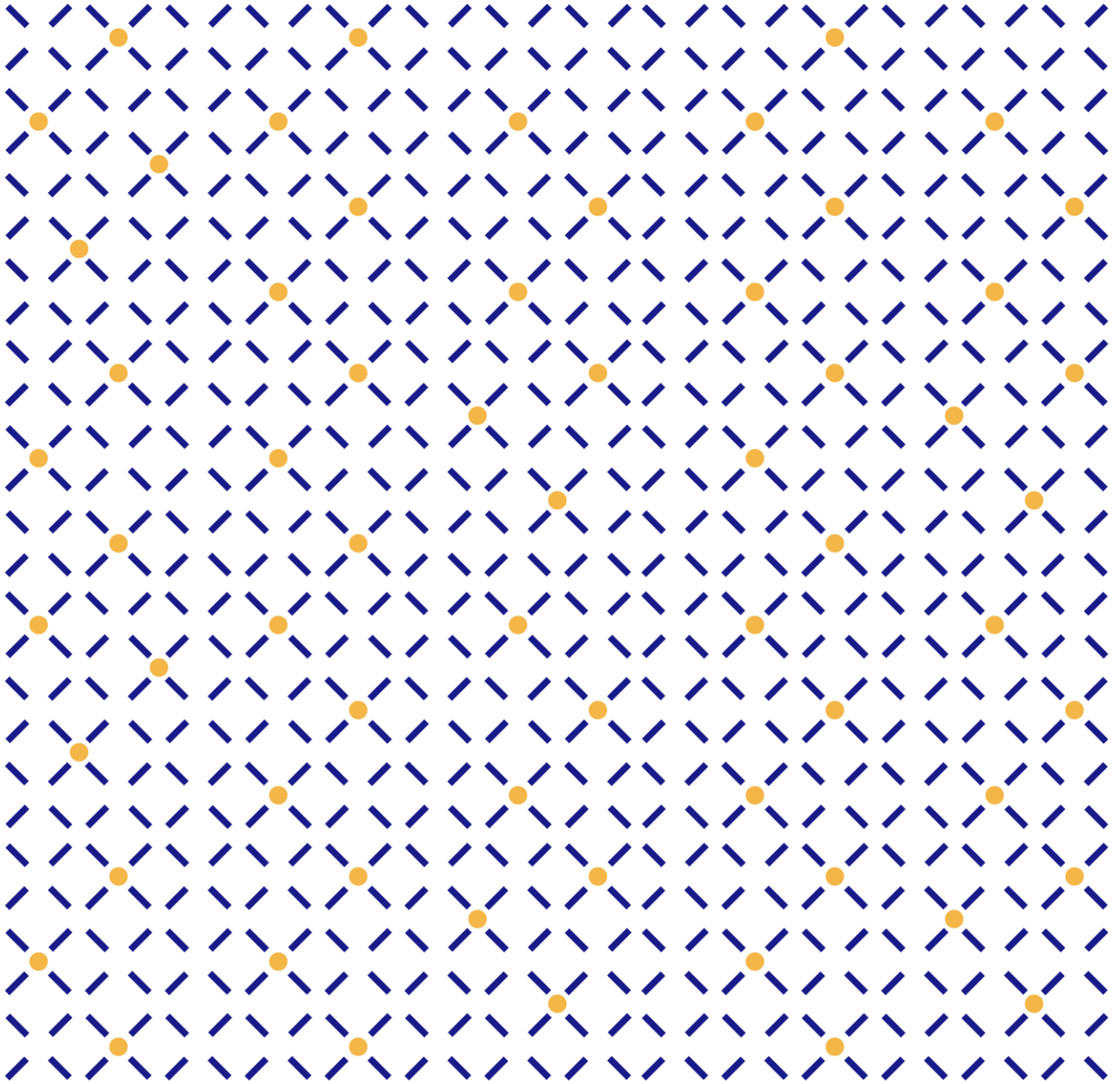
With the publication of the ANS's main data for 2023, after a period of almost three difficult years for the entire healthcare sector, we are beginning to see signs of a turning point when we analyze the data related to MLR. Although the data is still above historical levels, it seems that the trend is showing a downward bias. The sector as a whole has had to reposition itself in the face of this scenario and has strengthened its foundations by rebuilding products, such as a more co-participated portfolio, with restricted networks and limited reimbursements, for example, as well as developing tools aimed at mitigating issues related to possible fraud. These moves reinforce the strategy of organizing a stronger, more sustainable and resilient sector.

In Quali, this movement was similar. In this dynamic, we ended last year making internal adjustments, through 1) organizational restructuring on the fronts of rightsizing structures and teams, reviewing contracts and projects, and re-evaluating the physical structure, 2) reviewing the commercial model to better serve our clients; and we started 2024 accelerating the prospects of 1) rebuilding the complete product portfolio by region, 2) improvements in the acceptance process to help improve the quality of sales and sustainability and 3) the organizational culture program via the launch of "DNAQuali - Diligence, Negotiation and Attitude", which, together, we hope will continue to bear positive and sustainable fruit in our results. In this way, we have gradually rescued our proposal to generate value, in such a way that it benefits all stakeholders: beneficiaries, entities HMOs and distribution channel; relying on a vision of broad positioning in order to meet the needs of each individual, whether via Affinity or SME, and at any time of their life, when it comes to health insurance.

In this first quarter, gross adds totaled 49.6 thousand, but were still lower than the 83.7 thousand cancellations, resulting in a managed portfolio of 753.4 thousand lives, down 4.3% vs. 4Q23, just as the average base churn rate fell 1.9 p.p. to 10.3% in the period. The increase in the average ticket partially offset the drop in the number of lives, which culminated in net revenue of R\$403.7 (-2.6% vs. 4Q23). In this dynamic, we continued throughout the fourth quarter to carry out 1) organizational restructuring on the fronts of rightsizing structures and teams, reviewing contracts and projects, and re-evaluating the physical structure, 2) rebuilding the product portfolio by region, 3) improving the acceptance process, 4) reviewing the commercial model and 5) the organizational culture program, which together we expect to see reflected in the results throughout 2024.

In a different direction to revenue, we began to show in the results the movements related mainly to the first levers in the turnaround process, which is aimed at operational efficiency and better capital allocation. As a result, the company posted an Adjusted EBITDA - CAC of R\$152.9 with a 37.9% margin (+11.6% and +4.8 p.p. vs. 4Q23, respectively). Adjusted net income for the year was R\$18.9 million, reversing the accounting loss from the previous period. As in recent quarters, we also posted strong generation of free operating cash flow, before debt (principal and interest) and dividends, of R\$111.0 million in 1Q24, reinforcing the efforts to optimize the operation. Also within the plan, we launched products and revised prices in different regions of the country.

Furthermore, attentive to the strategy's execution and aware of the challenges that the economic and sectoral scenario imposes on us, we will continue with focus and discipline, seeking to create value for all our stakeholders, in addition to generating adequate returns for our shareholders, supported by renewed pride for the team of employees. With this in mind, we remain confident in maintaining our competitive edge as a leader in the Health Benefits Administration market, capable of reinforcing a more sustainable and perennial Quali.



Lives Portfolio

Lives Portfolio

Portfolio	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Affinity Managed Portfolio					
Total Portfolio (BoP)	787,471	845,577	-6.9%	1,005,090	-21.7%
(+) Gross Adds	49,608	48,181	3.0%	63,606	-22.0%
(-) Churn	(83,689)	(106,287)	-21.3%	(107,228)	-22.0%
(+) Portfolio Acquisition	-	-	NM	-	NM
New Lives Added (Net)	(34,081)	(58,106)	-41.3%	(43,622)	-21.9%
Total Portfolio (EoP)	753,390	787,471	-4.3%	961,468	-21.6%
Affinity Others					
Total Portfolio (BoP)	313,794	351,521	-10.7%	496,423	-36.8%
New Lives Added (Net)	(19,667)	(37,073)	-47.0%	(43,529)	-54.8%
Total Portfolio (EoP)	294,127	314,448	-6.5%	452,894	-35.1%
Affinity Portfolio	1,047,517	1,101,919	-4.9%	1,414,362	-25.9%
Corporate	235,457	240,432	-2.1%	225,981	4.2%
Gama	680,998	666,289	2.2%	608,206	12.0%
SME	95,784	95,244	0.6%	88,420	8.3%
Corp., Gama and SME Portf.	1,012,239	1,001,965	1.0%	922,607	9.7%
Total Portfolio	2,059,756	2,103,884	-2.1%	2,336,969	-11.9%

Quali ended 1Q24 with a portfolio of 2.1 million lives, 2.1% lower than previous quarter, mainly due to the 4.9% QoQ decrease in the Affinity portfolio, which was only partially offset by a 1.0% growth vs. 4Q23 in other segments (Corporate, Gama and SME).

Managed Portfolio

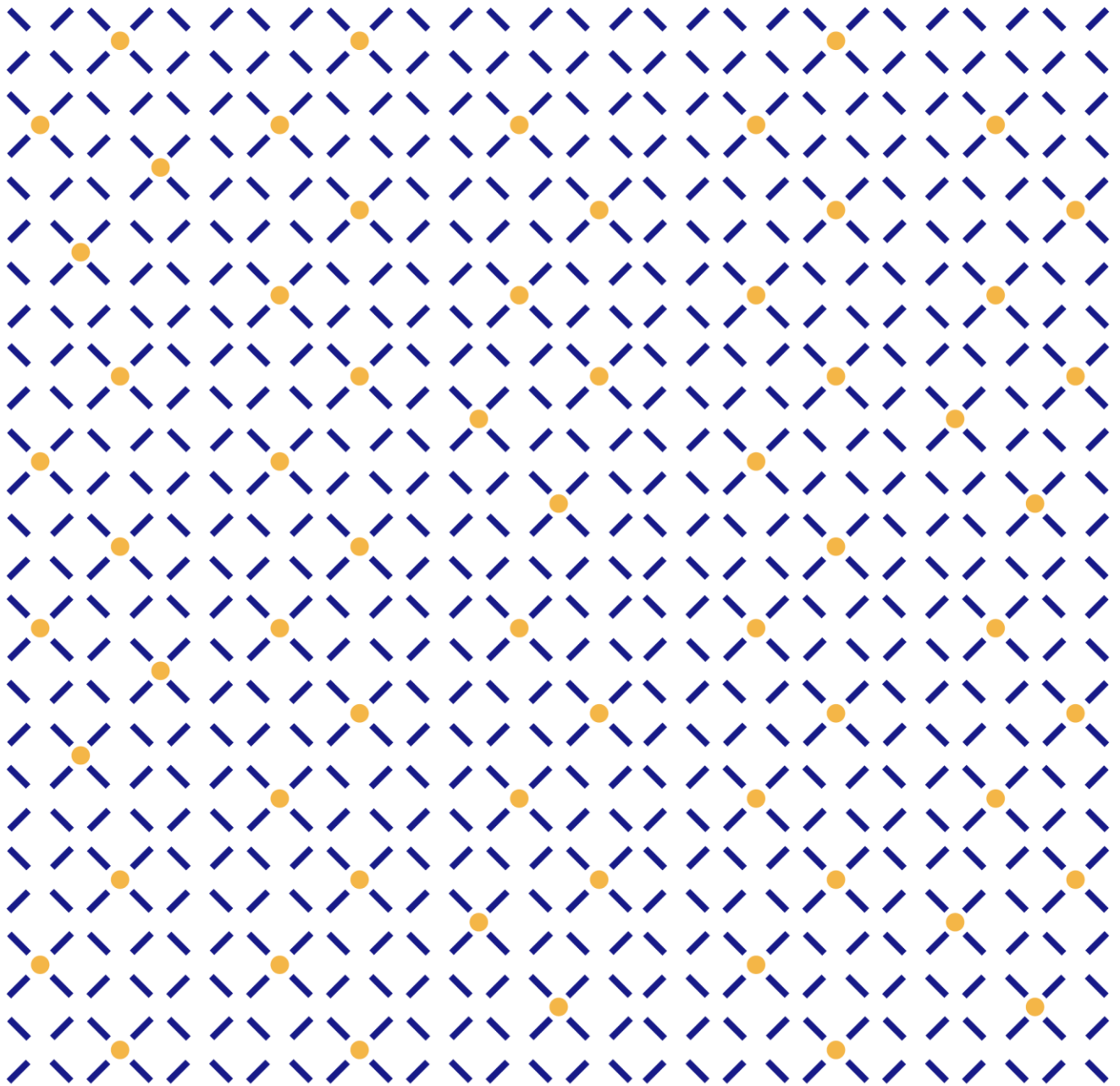
In 4Q23, we reported a drop of 4.3% compared to 4Q23 in our main portfolio, the Affinity Managed Portfolio segment, with net losses of 34.1 thousand lives. There was a slight improvement in gross adds to 49.6 thousand lives in the quarter (+3.0% vs. 4Q23), as well as cancellations of 83.7 thousand lives in 1Q24, a 21.3% reduction compared to 4Q23. We therefore concluded 1Q24 with 753,390 lives, a reduction of 4.3% compared to 4Q23 and a 21.6% drop compared to 1Q23.

We are continuing our restructuring process and advancing our strategy to reposition ourselves and improve our product offering capacity, enabling new retention means. In addition, the more robust risk acceptance process will also contribute to retention in the medium term. As a result, our churn rate in 1Q24 was 10.3%, 1.9 p.p. better than in 4Q23, and still above historical expectations for this indicator.

In the Affinity Others portfolio, which includes massified plans (mainly dental), we had net losses of 19.7 thousand lives in 1Q24 (47.0% lower than 4Q23).

Corporate, Gama and SME

Our conventional Corporate segment portfolio presented a slight reduction of 2.1% compared to 4Q23 and an improvement compared to 1Q23, totaling 235.5 thousand lives. Meanwhile, in 1Q24 our SME plan portfolio increased 0.5 thousand lives compared to the previous quarter (+0.6%). Gama's portfolio, our health management business, in turn, expanded 2.2% over 4Q23 and 12.0% compared to 1Q23, ending the quarter with 681.0 thousand lives, justified by the increase in relationships that has the perspective of impacting the various avenues of the business.



1Q24 Results

1Q24 Results

Income Statement (R\$ MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Net Revenue	403.7	414.4	-2.6%	457.3	-11.7%
(-) COGS and SG&A	(158.2)	(196.2)	-19.3%	(213.2)	-25.8%
(-) Contingencies and Legal Exp.	(15.3)	(10.5)	45.2%	(5.5)	178.0%
(-) Bad Debt Provision	(29.8)	(33.1)	-10.0%	(25.7)	15.9%
(+/-) Other Oper.	(11.7)	(4.9)	139.0%	(4.6)	157.7%
Adjusted EBITDA	188.6	169.7	11.2%	208.4	-9.5%
Adjusted EBITDA Margin	46.7%	40.9%	5.8 p.p.	45.6%	1.2 p.p.
(+/-) Non Recurring	(3.1)	(71.9)	-95.7%	(4.7)	-34.2%
EBITDA	185.5	97.8	89.7%	203.7	-8.9%
EBITDA Margin	46.0%	23.6%	22.4 p.p.	44.5%	1.4 p.p.
(-) D&A	(111.6)	(125.4)	-11.0%	(114.7)	-2.7%
(+/-) Fin. Inc. (Exp.)	(43.8)	(51.4)	-14.8%	(66.9)	-34.5%
(-) Income Tax./Social Contrib.	(11.7)	21.8	NM	(4.9)	138.4%
(-) Minority Interest	(1.6)	(1.4)	10.9%	(2.4)	-35.7%
Net Income Controlling	16.9	(58.7)	NM	14.8	14.2%
Net Margin	4.2%	-14.2%	18.3 p.p.	3.2%	0.9 p.p.
Net adjustments to EBITDA	2.0	47.4	-95.7%	3.1	-34.2%
Adjusted Net Income	18.9	(11.2)	NM	17.9	5.8%
Adjusted Net Margin	4.7%	-2.7%	7.4 p.p.	3.9%	0.8 p.p.

To a better understanding of our results, as well as better basis comparability, as from this quarter we are showing the recurring information in the OpEx accounts, and highlighting what should be considered as non-recurring.

In 1Q24, net revenue presented an 2.6% decrease vs. 4Q23 due to, mainly, the drop in customer base in the period, reaching R\$403.7 million. Adjusted EBITDA totaled R\$188.6, an expansion of 11.2% compared to 4Q23, with a 5.8 p.p. improvement in margin to 46.7%. Despite the reduction in net revenue explained above, actions were taken to reduce COGS & SG&A in order to contain the impact on Quali's results. We will discuss costs and expenses and their impact on EBITDA in the following sections.

Adjusted net income for 1Q24 was R\$18.9 million with a net margin of 4.7%, reversing an accounting loss in 4Q23 and with a slight improvement in margin compared to the same period last year.

Revenue by Segment

Revenue (R\$ MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Managed Portfolio	400.5	411.0	-2.5%	459.9	-12.9%
Affinity	397.9	408.2	-2.5%	456.4	-12.8%
Agency	14.3	11.4	26.2%	21.0	-31.5%
Administration Fee	295.2	303.2	-2.7%	317.3	-7.0%
Brokerage	88.1	93.3	-5.6%	117.9	-25.3%
Other Income	0.3	0.3	-1.0%	0.3	10.3%
Affinity Others	2.6	2.8	-6.6%	3.5	-24.8%
Corporate	3.9	4.9	-20.4%	5.6	-30.0%
Gama + Intercompany	24.5	23.4	4.8%	20.6	18.9%
SME total	6.7	7.6	-11.3%	9.4	-28.0%
Gross Revenue	435.7	446.9	-2.5%	495.5	-12.1%
Income Taxes	(32.0)	(32.5)	-1.4%	(37.9)	-15.6%
Cancellations and rebates	(0.0)	(0.0)	-28.2%	(0.2)	-86.9%
Net Revenue	403.7	414.4	-2.6%	457.3	-11.7%

Quali's gross revenue reached R\$435.7 million in 1Q24, showing a 2.5% decrease in relation to 4Q23, and a drop of 12.1% compared to 1Q23.

Revenues related to administration fees and brokerage (take-rate) amounted to R\$383.3 million in 1Q24, a reduction of 3.3% vs. 4Q23, due to the reduction of 4.3% in the managed portfolio, partially offset by the increase in the average ticket. Meanwhile, we saw a 26.2% improvement in revenues linked to agency, i.e. the new lives acquired by the company.

In the Affinity Others segment, gross revenue fell to R\$2.6 million (-6.6% vs. 4Q23) following the downward trend in the portfolio.

Combined gross revenues of the other segments presented a decrease of 2.0% compared to 4Q23 and 1.1% against 1Q23. Among the main highlights we had:

- i) Corporate, down 20.4% compared to the previous quarter, mainly due to the drop in brokerage revenues.
- ii) Gama presented an increase of 4.8% compared to the previous quarter. This was due to a recovery in administration fee revenue after adjustments to the costumers portfolio.
- iii) SME, with a 11.3% drop compared to the previous quarter, basically agency, given the current consolidation of the product portfolio.

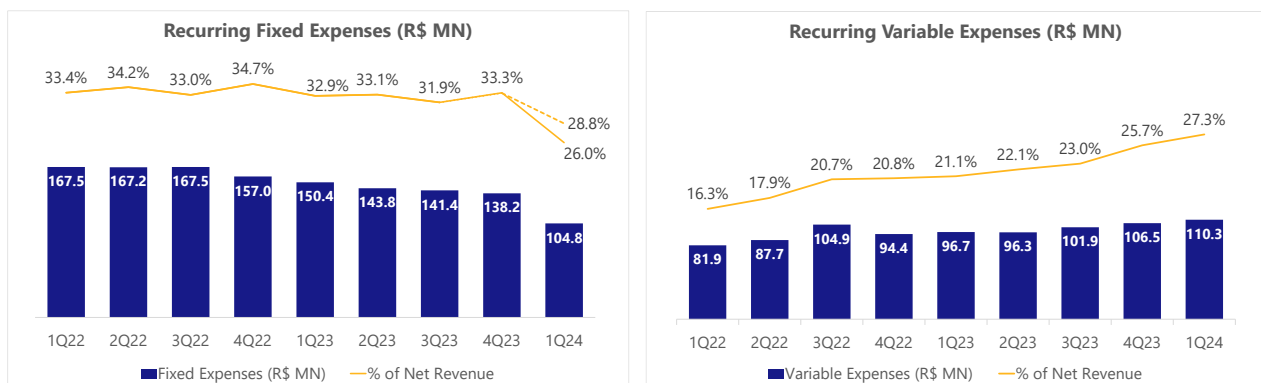
Recurring Costs and Expenses

Costs and Expenses (R\$ MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Total Consolidated	(215.1)	(244.7)	-12.1%	(249.0)	-13.6%
COGS	(74.8)	(96.4)	-22.4%	(93.2)	-19.7%
Administrative Expenses	(39.3)	(51.4)	-23.4%	(55.4)	-28.9%
Commercial Expenses	(44.1)	(48.3)	-8.8%	(64.6)	-31.8%
Contingencies, Bad Debt and Other	(56.8)	(48.6)	17.1%	(35.8)	59.0%
Total Consolidated	(215.1)	(244.7)	-12.1%	(247.1)	-13.0%
Fixed Expenses	(104.8)	(138.2)	-24.2%	(150.4)	-30.3%
Personnel	(54.8)	(69.2)	-20.7%	(86.2)	-36.4%
3rd-party Services	(33.5)	(41.7)	-19.6%	(43.3)	-22.7%
Occupancy	(2.6)	(2.1)	22.0%	(4.1)	-36.3%
Marketing and Trade	(4.9)	(6.3)	-22.0%	(9.6)	-48.4%
Other Costs and SG&A	(8.9)	(18.9)	-52.8%	(7.3)	23.1%
Variable Expenses	(110.3)	(106.5)	3.5%	(96.7)	14.1%
Contingencies and Legal Exp.	(15.3)	(10.5)	45.2%	(5.5)	178.0%
Commissions and Transf.	(53.5)	(58.0)	-7.8%	(60.9)	-12.2%
Bad Debt Provision	(29.8)	(33.1)	-10.0%	(25.7)	15.9%
Other Operating	(11.7)	(4.9)	139.0%	(4.6)	157.7%

Note: SG&A expenses without depreciation and amortization.

In order to facilitate the analysis of variations, in addition to the changes implemented in recent quarters, in which we began to divide Quali's costs and expenses lines into two large groups of fixed expenses (Personnel, Third-party Services, Occupancy, Marketing & Trade and Other SG&A) and variable expenses (Commissions & Transf., Bad Debt Provision and Other Operating), from now on we will also present the comparison of these in recurring mode, i.e. disregarding the issues classified as non-recurring and which, as a result, did not maintain adequate comparable bases for the analysis. However, we will also maintain the traditional breakdown by nature and by accounting group that we have been showing for some time.

Thus, Quali's total consolidated costs and expenses amounted to R\$215.1 million in 1Q24, a reduction of 12.1% in relation to 4Q23 and a reduction of 13.0% in relation to 1Q23, higher in proportion to the falls in net revenue in the same periods.



Obs.: Managerial classification of COGS, SG&A, contingencies, Bad Debt and Others, considering adjust. to EBITDA

In this quarter, fixed expenses accounted for around 50% of the total, down from R\$104.8 million in 1Q24, continuing to fall between quarters and representing 26.0% of net revenue, the lowest level in two years. This reduction, as mentioned, is in line with the first part of Quali's turnaround strategy, where we have already seen gains in practically all the accounts in this group, with the most significant amount being related to Personnel. In this first quarter, it is worth highlighting a one-off impact inherent to the business in the amount of R\$12.0 million related to the non-payment of bonus for 2023, which was reversed in the result. Disregarding this effect, recurring fixed expenses would total R\$116.8 million or 28.8% of net revenue, and we expect to see this level of expenses maintained in the result throughout 2024.

Variable expenses, on the other hand, account for the remaining 50%, so called because they are mostly linked to the premium billed and not directly to our net revenue. We closed 1Q24 with expenses of R\$110.3 million, representing an increase of 1.6 p.p. compared to net revenue, reaching 27.3%. This group is still evolving the levers linked to operational efficiency and the new commercial business model, so we should see improvements in its results, especially during the second half of this year. In addition, we had an effect of an increase in Contingencies and Legal Expenses in the first quarter due to a greater number of lawsuits in the period, mainly related to billing issues whose provisioning was shown in the Bad Debt Provision in the previous quarter, in addition to those related to readjustments determined by HMOs.

Adjusted EBITDA

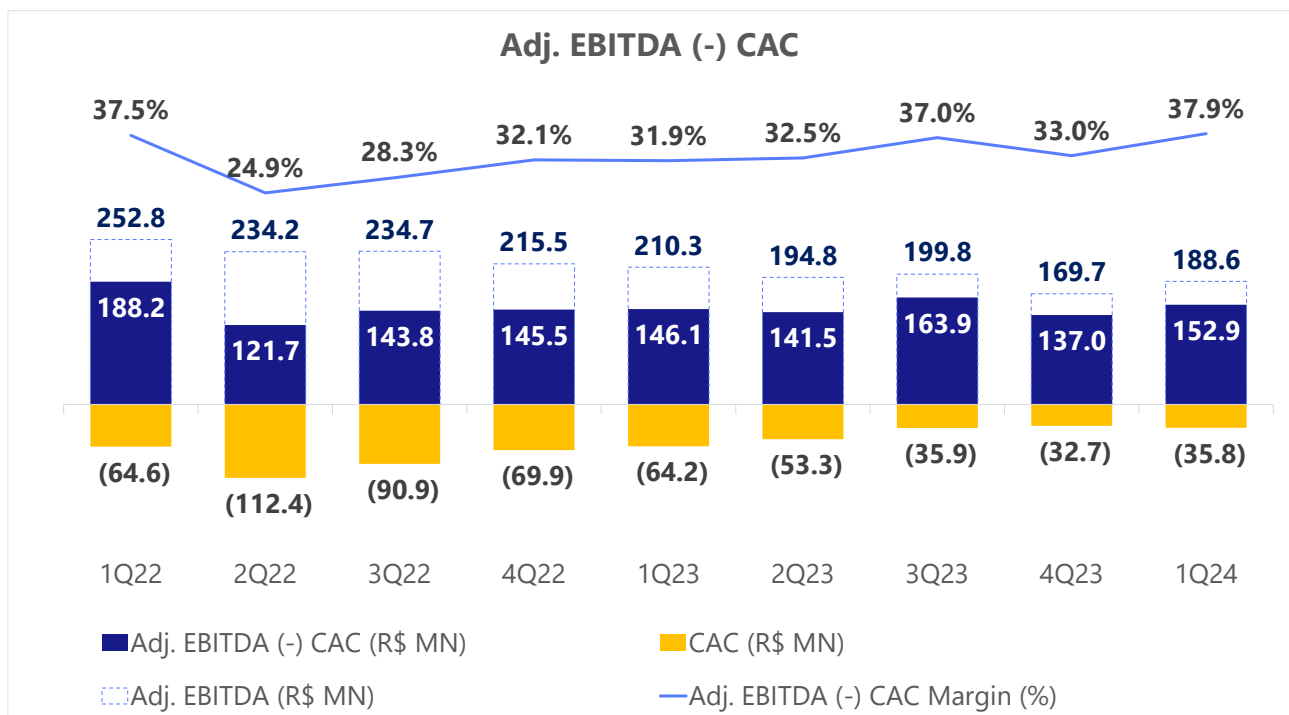
Costs and Expenses (R\$ MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Total Consolidated	(215.1)	(244.7)	-12.1%	(249.0)	-13.6%
COGS	(74.8)	(96.4)	-22.4%	(93.2)	-19.7%
Administrative Expenses	(47.6)	(51.4)	-7.5%	(55.4)	-14.1%
Commercial Expenses	(35.8)	(48.3)	-25.8%	(64.6)	-44.5%
Contingencies, Bad Debt and Other	(56.8)	(48.6)	17.1%	(35.8)	59.0%
Total Consolidated	(215.1)	(244.7)	-12.1%	(247.1)	-13.0%
Fixed Expenses	(104.8)	(138.2)	-24.2%	(150.4)	-30.3%
Personnel	(54.8)	(69.2)	-20.7%	(86.2)	-36.4%
3rd-party Services	(33.5)	(41.7)	-19.6%	(43.3)	-22.7%
Occupancy	(2.6)	(2.1)	22.0%	(4.1)	-36.3%
Marketing and Trade	(4.9)	(6.3)	-22.0%	(9.6)	-48.4%
Other Costs and SG&A	(8.9)	(18.9)	-52.8%	(7.3)	23.1%
Variable Expenses	(110.3)	(106.5)	3.5%	(96.7)	14.1%
Contingencies and Legal Exp.	(15.3)	(10.5)	45.2%	(5.5)	178.0%
Comissions and Transf.	(53.5)	(58.0)	-7.8%	(60.9)	-12.2%
Bad Debt Provision	(29.8)	(33.1)	-10.0%	(25.7)	15.9%
Other Operating	(11.7)	(4.9)	139.0%	(4.6)	157.7%

Adjusted EBITDA was R\$188.6 million in 1Q24, an increase of 11.2% compared to 4Q23, with an Adjusted EBITDA margin in the quarter of 46.7%, an improvement of 5.8 p.p. compared to the previous quarter and 0.7 p.p. compared to the same period last year. In 1Q24, non-recurring items totaled R\$3.1 million and were directly related to the restructuring process that the company has been going through in recent quarters.

Excluding these effects from the result, we achieved an EBITDA of R\$185.5 million in 1Q24, 89.7% better than the previous quarter, due to the major adjustments resulting from the turnaround that impacted the result for that period. The EBITDA margin was 46.0% in the quarter, a gain of 22.4 p.p. compared to 4Q23 and 1.1 p.p. against 1Q23. As highlighted in the previous section, this quarter we have already been able to identify a significant part of the synergies captured in fixed expenses. We continue to negotiate on the costs and expenses front, and hope to capture reductions in variable expenses as well.

We also reinforce the view of Adjusted EBITDA after organic CAC (cash view), which has been used by our Management to better measure the Company's operating result, since it considers the amounts actually disbursed with commission on organic sales in the period (CAC), which are accounted for as an investment (CapEx).

In 1Q24, our EBITDA Aj. - CAC EBITDA was R\$152.9 million, 11.6% higher than in 4Q23 and 4.6% better than in 1Q23, compensating for the drop in the client base in the same periods, and presenting a margin of 37.9%, 4.8 p.p. and 5.9 p.p. higher than the previous quarter and the same period last year, respectively. This factor demonstrates the direct result of a more rational capital allocation and operational efficiency policy implemented over the past year, which should support the Company in its sustainable reacceleration process throughout 2024.



Financial Results

Financial Results (R\$MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Net Debt Income (Exp.)	(42.2)	(46.6)	-9.5%	(60.6)	-30.3%
Financial Investments	26.2	27.9	-5.8%	22.3	17.7%
Interest on Loans and Financing	(68.4)	(74.5)	-8.1%	(82.9)	-17.4%
Interest and Fine on Late Paym.	6.7	6.9	-2.8%	8.1	-18.1%
Interest on Leases	(0.8)	(1.1)	-24.6%	(1.5)	-43.1%
Other Financ. Income (Exp.)	(7.4)	(10.5)	-29.4%	(13.0)	-42.7%
Net Financial Results	(43.8)	(51.4)	-14.8%	(66.9)	-34.5%

Financial results were a R\$43.8 million net expense in 1Q24, with negative variation of 14.8% compared to 4Q23. Net Debt-related expenses, net of financial investments income, were R\$42.2 million in 1Q24 with a 9.5% drop in the period basically due to the effects of the reduction in the indexation of these lines. We also see reductions in interest on leases, due to property returns, as well as in Other Financial Income and Expenses.

Adjusted Net Income

Adj. Net Income (R\$ MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
EBITDA	185.5	97.8	89.7%	203.7	-8.9%
D&A	(111.6)	(125.4)	-11.0%	(114.7)	-2.7%
Intangible/Fixed Assets	(33.0)	(40.4)	-18.1%	(39.6)	-16.6%
Amort. Commissions	(75.5)	(81.8)	-7.8%	(70.2)	7.4%
Amort. Leases	(3.1)	(3.3)	-5.2%	(4.8)	-35.8%
EBIT	73.9	(27.6)	NM	89.0	-16.9%
Fin. Inc. (Exp.)	(43.8)	(51.4)	-14.8%	(66.9)	-34.5%
Earnings before taxes	30.1	(79.0)	NM	22.1	36.3%
Income Tax./Social Contrib.	(11.7)	21.8	NM	(4.9)	138.4%
Net Income Consolidated	18.4	(57.3)	NM	17.2	7.2%
(-) Minority Interest	(1.6)	(1.4)	10.9%	(2.4)	-35.7%
Net Income Parent Co.	16.9	(58.7)	NM	14.8	14.2%
Net adjustments to EBITDA	2.0	47.4	-95.7%	3.1	-34.2%
Adjusted Net Income	18.9	(11.2)	NM	17.9	5.8%

Quali reported a net income of R\$16.9 million in 1Q24, after minority interests, reversing the loss of R\$58.7 million in 4Q23. Adding the adjustments to EBITDA, net of taxes, our adjusted net income was R\$18.9 million in 1Q24, with a drop in depreciation and amortization expenses (mainly sales commissions) and the financial result.

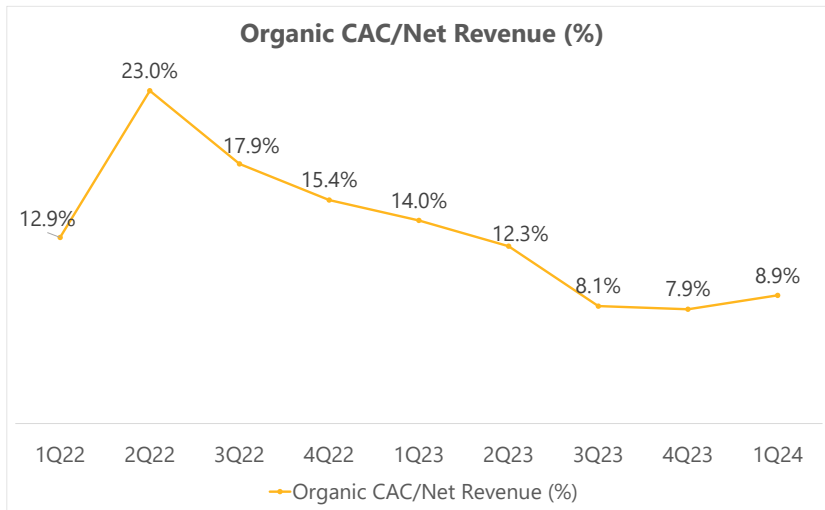
Cash Flow

Managerial Cash Flow	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY	LTM
EBITDA	185.5	97.8	89.7%	205.6	-9.8%	572.8
Non cash adjustments	9.3	39.5	NM	(2.8)	-433.2%	154.9
Leasing payments	(3.9)	(4.2)	-5.5%	(4.9)	-20.6%	(17.6)
Commissions over sales (CAC)	(35.8)	(32.7)	9.3%	(64.2)	-44.3%	(157.7)
Taxes Paid	(9.4)	(14.5)	-35.3%	(5.7)	66.2%	(50.8)
Changes in Working Capital	(25.0)	4.6	NM	28.8	NM	7.3
Cash Provided by Oper. Activities	120.7	90.4	33.5%	156.8	-23.0%	508.8
Capex (Intang. + PP&E)	(7.6)	(8.1)	-6.3%	(13.9)	-44.9%	(46.2)
Operating Cash Flow after Capex	113.1	82.3	37.4%	142.9	-20.9%	462.6
Acquisitions portfolio/companies	(2.1)	27.1	NM	(2.5)	NM	19.5
Free Cash Flow (Operating)	111.0	109.4	1.5%	140.4	-21.0%	482.1
Financial Income/Expenses	29.4	(132.6)	NM	21.3	38.0%	(203.2)
Loans and Funding	-	-	NM	-	NM	-
Financial Investments	-	-	NM	-	NM	-
Capital Increase	-	0.5	NM	-	NM	3.0
Dividends Paid	-	(23.1)	NM	-	NM	(26.8)
Cash Prov. Financing Activ.	29.4	(155.2)	NM	21.3	38.0%	(227.0)
Cash Variation + Financial Investment	140.4	(45.8)	NM	161.7	-13.2%	255.1
Cash + Financial Investments	1,127.1	986.8	14.2%	872.0	29.3%	1,127.1

Free cash flow, before debt (principal and interest) and dividends, was R\$111.0 million in 1Q24, an 1.5% increase on the previous quarter, showing the continuity of our greater discipline in capital allocation and operational efficiency. In the LTM view, cash generation totaled R\$482.1 million.

In 1Q24, CAC remained at low levels as we are still developing the second driver related to the process of rebuilding the portfolio, but already reflecting the fronts of rationalizing commercial incentives for the channel, better capital allocation and quality sales. Our CAC increased slightly compared to last quarter, reaching 8.9% of net revenue vs. 7.9% in 4Q23 and 14.0% in 1Q23.

Below is a look at the last few periods of organic CAC as a % of net revenue, which becomes a better parameter for monitoring the company's investment. In this period, we reached levels above 20% and lows of 7.9%.



CapEx, intangible and fixed asset investments in 1Q24 were R\$7.6 million and 1.9% of net revenue, a variation of -6.3% against 4Q23, showing the efficiency of cash management. When compared to the same period last year, there was a reduction of 44.9% or 1.1 p.p.

No interest was paid on the debt this quarter, so we had a total net increase in cash of R\$140.4 million. As a result, our cash + financial investments position ended 1Q24 at R\$1.13 billion.

As announced in the [Notice to the Market](#) on April 5, the debentures were settled in the amount of R\$200.0 million, which was added to cash in 2Q24 and gives us greater security and flexibility to better manage the company's indebtedness.

Investments

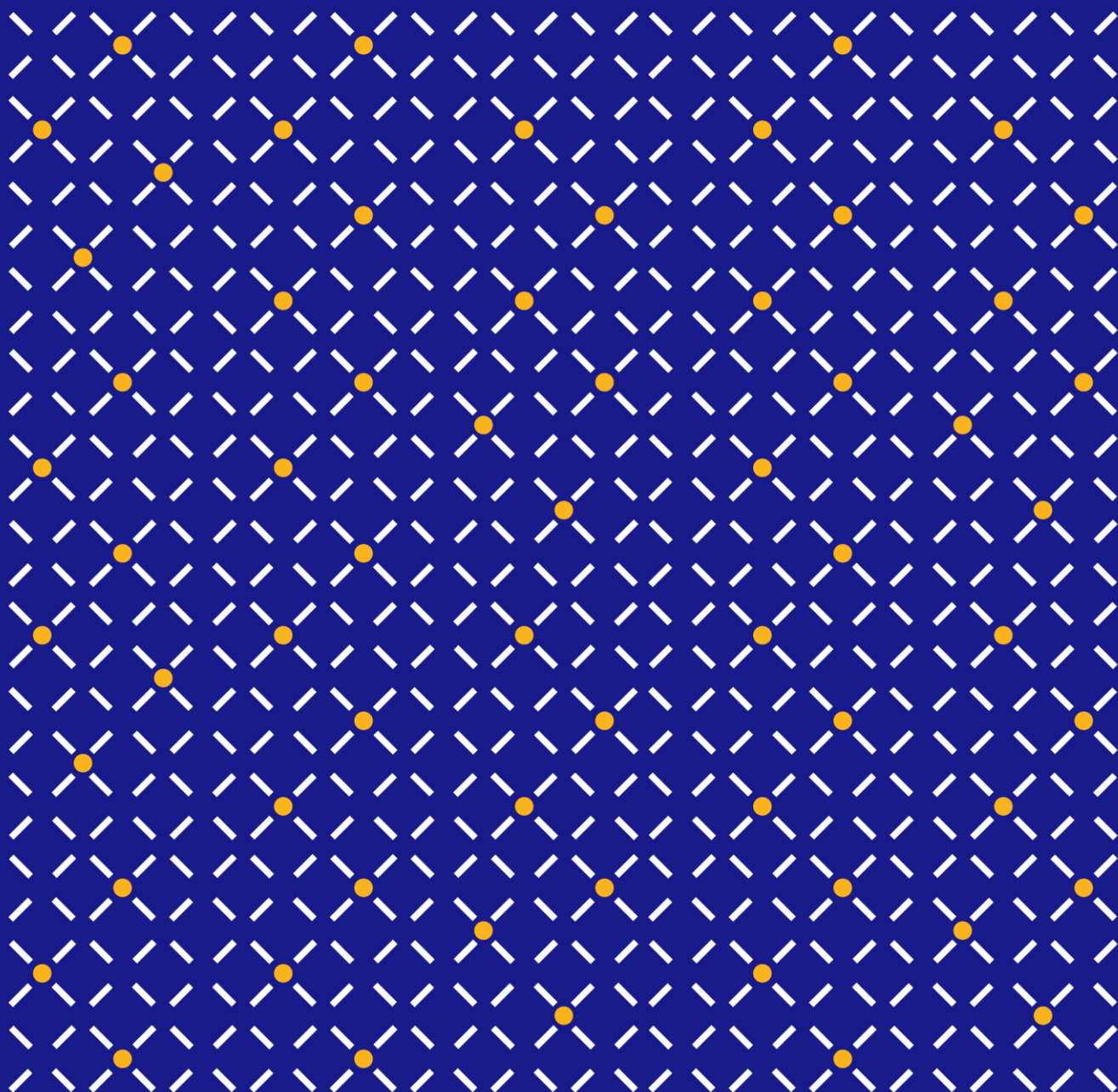
Capex (R\$ MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Acquisitions and Rights	-	-	NM	-	NM
IT Capex	7.0	9.9	-29.7%	11.6	-40.3%
PP&E/Other Capex	0.4	-	NM	1.4	-72.8%
Total	7.3	9.9	-25.8%	13.1	-43.8%

Investments in PP&E, intangibles and acquisitions were R\$7.3 million in 1Q24, representing 1.8% of net revenue, 1.7 p.p. lower vs. 1Q23. Most of the investments were in technology, mainly related to the development and licensing of operational software, continuing the company's digital evolution strategy. This represents a drop of 25.8% vs. 4Q23, reinforcing discipline in cash management and better efficiency in capital allocation given the company's new guidelines.

Indebtedness

Capital Structure (R\$ MN)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Short-term Loans and Financing	635.0	566.6	12.1%	103.3	514.7%
Long-term Loans and Financing	1,641.1	1,640.1	0.1%	2,187.1	-25.0%
TOTAL	2,276.1	2,206.7	3.1%	2,290.4	-0.6%
Cash and cash equivalents	1,127.1	986.8	14.2%	872.0	29.3%
Net Debt	1,148.9	1,220.0	-5.8%	1,418.4	-19.0%
Net Debt / Adj. EBITDA LTM	1.53x	1.58x	-0.05x	1.59x	-0.10x

Quali's net debt ended 1Q24 at R\$1,149 million, a reduction of 5.8% vs. 4Q23, after another quarter with strong operating cash generation. Almost all debt is consolidated and most of it is in the long term, with the first amortization scheduled to June 2024 and annual amortizations until 2027. Our financial leverage ended the 1Q24 at 1.53x Adjusted EBITDA LTM, against 1.58x in 4Q23 and 1.59x in 1Q23.



Attachments: Financial Statements

Income Statement - Consolidated

INCOME STATEMENT (R\$ MM)	1Q24	4Q23	Var. QoQ	1Q23	Var. YoY
Net Revenue	403.7	414.4	-2.6%	457.3	-11.7%
COGS	(75.4)	(96.4)	-21.8%	(93.0)	-18.8%
Gross Profit	328.2	318.0	3.2%	364.4	-9.9%
Operating Income (expenses)	(254.3)	(345.6)	-26.4%	(273.5)	-7.0%
Administrative expenses	(86.2)	(101.3)	-15.0%	(102.6)	-16.0%
Selling expenses	(111.3)	(130.1)	-14.5%	(135.0)	-17.5%
Provisions for Bad Debt	(29.8)	(63.6)	-53.2%	(25.7)	15.9%
Other operating income (expenses)	(27.1)	(50.5)	-46.4%	(10.2)	165.0%
Earnings before Interest and Taxes	73.9	(27.6)	-367.5%	90.9	-18.7%
Financial income (expenses)	(43.8)	(51.4)	-14.8%	(66.9)	-34.5%
Income Before Taxes	30.1	(79.0)	-138.1%	24.0	25.5%
Income Taxes and Social Contribution	(11.7)	21.8	NM	(4.9)	138.4%
NET (LOSS) INCOME FOR PERIOD	18.4	(57.3)	NM	19.1	-3.5%
Attributable to					
Noncontrolling interest	(1.6)	(1.4)	10.9%	(2.4)	-35.7%
Controlling interest	16.9	(58.7)	NM	16.7	1.2%

Balance Sheet - Consolidated

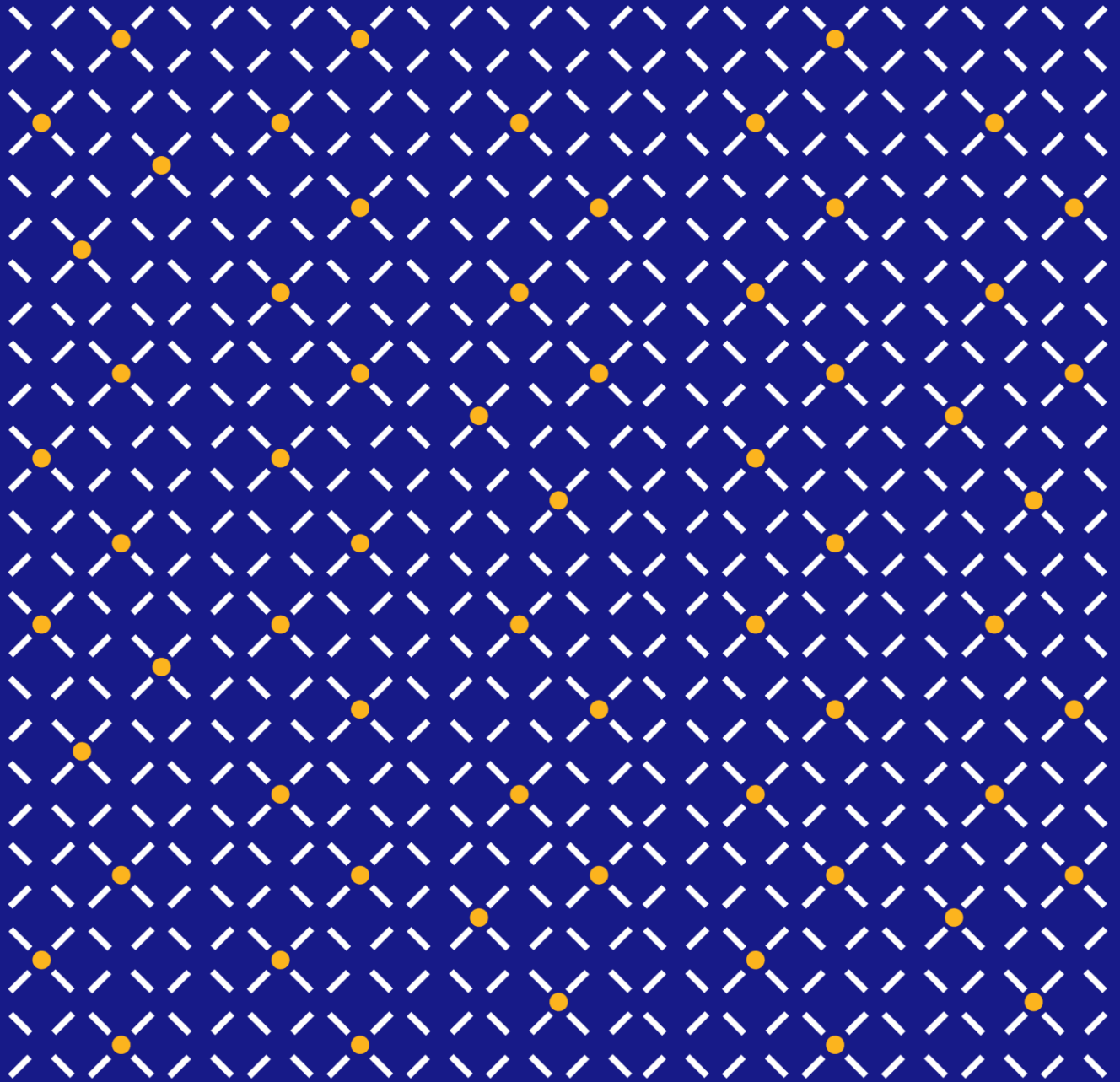
ASSETS (R\$ MN)	Mar/24	Dec/23	Var. %	LIABILITIES & SHAREHOLDERS EQUITY (R\$ MN)	Mar/24	Dec/23	Var. %
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	497.5	394.6	26.1%	Loans, Financing and Debentures	635.0	566.6	12.1%
Short-term investments	629.6	592.2	6.3%	Taxes payable	32.2	25.9	24.1%
Trade receivables	237.1	243.0	-2.4%	Technical Reserves	31.7	27.9	13.6%
Other assets	396.7	388.9	2.0%	Premiums to be transferred	256.7	358.4	-28.4%
Other financial assets	379.7	383.1	-0.9%	Financial transfers payable	58.0	61.9	-6.3%
Assets for sale	-	-	NM	Payroll and related taxes	43.5	49.5	-12.1%
Other non-financial assets	17.0	5.9	189.1%	Transferable prepayments	21.5	33.2	-35.2%
Related Parties	-	-	NM	Other payables	240.7	167.0	44.2%
Total current assets	1,760.9	1,618.7	8.8%	Leases	13.0	13.1	-0.5%
				Options to acquisition of non-controlling interests	13.5	-	NM
					1,346.0	1,303.6	3.2%
NONCURRENT ASSETS				NONCURRENT LIABILITIES			
Long-term assets				Loans, Financing and Debentures	1,641.1	1,640.1	0.1%
Income tax and social contribution	204.0	204.1	0.0%	Income tax and social contribution	1.3	1.3	0.0%
Other assets	79.1	93.3	-15.2%	Financial transfers payable	0.4	0.7	-38.6%
Other financial assets	78.5	92.5	-15.2%	Premiums to be transferred	0.2	-	0.0%
Other non financial assets	0.7	0.8	-20.0%	Payroll and related taxes	-	0.4	-100.0%
Total long-term assets	283.1	297.4	-4.8%	Deferred income tax and social contribution	70.3	67.8	3.7%
				Options for non-controlling interests acquiring	95.6	106.1	-9.9%
Investments	0.3	0.3	0.0%	Provision for risks	92.5	86.0	7.5%
Property, plant and equipment	31.5	38.2	-17.5%	Other payables	0.2	0.2	0.0%
Intangible assets	2,490.0	2,554.8	-2.5%	Leases	13.0	17.4	-25.4%
Goodwill	1,854.7	1,854.7	0.0%	Total noncurrent liabilities	1,914.5	1,920.2	-0.3%
Others intangible assets	635.2	700.1	-9.3%				
Total noncurrent assets	2,804.9	2,890.6	-3.0%	EQUITY			
				Capital	875.6	875.6	0.0%
				Treasury Shares	(97.9)	(97.9)	0.0%
				Capital reserves	117.8	116.3	1.2%
				Profit reserves	376.2	376.2	0.0%
				Earnings (Losses)	16.9	-	NM
				Total Equity of controlling shareholders	1,288.5	1,270.2	1.4%
				Noncontrolling interest in subsidiaries	16.8	15.3	9.6%
				Total equity	1,305.3	1,285.5	1.5%
TOTAL ASSETS	4,565.8	4,509.3	1.3%	TOTAL LIABILITIES AND EQUITY	4,565.8	4,509.3	1.3%

Cash Flow – Consolidated

STATEMENTS OF CASH FLOWS (R\$ MN)	1Q24	1Q23	Var. %
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (losses) before income tax and social contribution	30.1	24.0	NM
Adjustments:			
Depreciation and Amortization	111.6	114.7	-2.7%
Equity Accounting	-	0.1	NM
Asset, Intangible and Leasing Write-offs	0.8	1.4	-42.7%
Restricted Shares	2.1	0.2	NM
Financial Income/Expenses	73.3	88.3	-17.0%
Income on Financial Investments			
Losses with disproportionate dividends	(0.1)	-	NM
Provision for Risks	6.4	(4.5)	-242.8%
Origin Cash provided by operating activities	(25.0)	28.8	-186.9%
Cash provided by operating activities	189.5	249.9	-24.2%
Income tax and social contribution paid	(9.4)	(5.7)	66.2%
Net cash provided by operating activities	180.1	244.3	-26.2%
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in intangible assets	(46.0)	(80.2)	-42.7%
Purchase of property, plant and equipment	0.5	(0.3)	NM
Increase (decrease) in financial investments - exclusive FI fund	(27.7)	22.4	NM
Net cash used in investing activities	(73.2)	(58.2)	25.9%
CASH FLOW FROM FINANCING ACTIVITIES			
Rents Paid	(3.9)	(4.9)	-20.6%
Other costs of raising debentures	(0.1)	(0.1)	-21.6%
Cash provided by (used in) financing activities	(4.0)	(5.0)	-20.6%
INCREASE IN CASH AND CASH EQUIVALENTS, NET	102.9	181.1	NM
Cash and cash equivalents at beginning of period	394.6	377.1	4.6%
Cash and cash equivalents at end of period	497.5	558.2	-10.9%

Income Statement Reconciliation

1Q24			
Income Statement (R\$ MN)	Release Income Statement	Non- Recurring Items	IFRS Income Statement
Net Revenue	403.7		403.7
(-) COGS and SG&A	(158.2)	(3.1)	(161.3)
(-) Contingencies and Legal Exp.	(15.3)		(15.3)
(-) Bad Debt Provision	(29.8)		(29.8)
(+/-) Other Oper.	(11.7)		(11.7)
Adjusted EBITDA	188.6	(3.1)	185.5
Adjusted EBITDA Margin	46.7%		46.0%
(+/-) Non Recurring	(3.1)		(3.1)
EBITDA	185.5		185.5
EBITDA Margin	46.0%		46.0%
(-) D&A	(111.6)		(111.6)
(+/-) Fin. Inc. (Exp.)	(43.8)		(43.8)
(-) Income Tax./Social Contrib.	(11.7)		(11.7)
(-) Minority Interest	(1.6)		(1.6)
Net Income Controlling	16.9		16.9
Net Margin	4.2%		4.2%
Net adjustments to EBITDA	2.0		2.0
Adjusted Net Income	18.9	(2.0)	16.9
Adjusted Net Margin	4.7%		4.2%



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