

# 3Q20

## Results



São Paulo, November 16, 2020. QUALICORP Consultoria e Corretora de Seguros S.A. (B3: QUAL3), one of the leading full-service healthcare benefits trader, administrator and health management services provider in Brazil, announces its consolidated 3Q20 results. 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 Brazilian SEC). From January 1, 2019 on, the IFRS 16 instruction became effective, reflecting financial statements regarding rental expenses. The numbers as well as their historical series can be obtained in excel format on the website [ri.qualicorp.com.br](http://ri.qualicorp.com.br)

## 3Q20 HIGHLIGHTS

- **Affinity Portfolio Growth** +16.5% total and -1.4% in Health Lives segment, compared to 2Q20, with churn reduction and Other Products portfolio increase.
- **Net Revenue** in 3Q20 of R\$ 524.6 million, +8.5% vs. 2Q20 and +1.3% vs. 3Q19, accounting the annual price adjustment that will be charged in 2021, according to ANS guidance.
- **Adjusted EBITDA** of R\$ 272.9 million (+5.4% yoy) – a record for a quarter - and Adjusted EBITDA Margin of 52.0% (+200 bps yoy), showing significant reduction in SG&A expenses, despite the bad debt increased.
- **Net Income** reached R\$ 130.9 million in 3Q20 (+18.1% yoy) due to the good operational performance and lower effective rate of income tax and CSLL.
- **Free Cash Flow to Firm** of R\$ 195.7 million (+106.6% yoy) and ROIC of 45.9% in 3Q20 (LTM).
- **Net Debt** of R\$ 388.2 million, 0.45x Adjusted EBITDA LTM (vs. 0.68x in 2Q20).

Key Indicators (R\$ Million)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
Affinity Portfolio	1,536,045	1,267,037	21.2%	1,318,032	16.5%	1,536,045	1,267,037	21.2%
Affinity Health Lives	1,164,536	1,166,509	-0.2%	1,180,474	-1.4%	1,164,536	1,166,509	-0.2%
Churn	(102,054)	(133,825)	-23.7%	(81,425)	25.3%	(102,054)	(133,825)	-23.7%
Net Revenue	524.6	517.7	1.3%	483.7	8.5%	1,510.9	1,481.8	2.0%
Adjusted EBITDA	272.9	259.0	5.4%	233.5	16.9%	748.6	735.5	1.8%
Adjusted EBITDA Margin	52.0%	50.0%	199bps	48.3%	374bps	49.5%	49.6%	-9bps
Net Income	130.9	110.8	18.1%	126.7	3.3%	326.2	312.1	4.5%
Net Debt	388.2	87.4	344.4%	582.4	-33.3%	388.2	87.4	344.4%
Net Debt / Adj. EBITDA LTM	0.45x	0.09x	400.0%	0.68x	-33.9%	0.45x	0.09x	400.0%
Free Cash Flow to Firm	195.7	94.7	106.6%	214.3	-8.7%	564.9	471.6	19.8%
ROIC	45.9%	41.8%	409bps	42.0%	387bps	45.9%	41.8%	409bps





# NovoJeito  
**QualiDeSer**



## MANAGEMENT HIGHLIGHTS

Due to the Pandemic, we live in challenging times that persists in our country. Qualicorp sympathizes with thousands of families victims affected by the new coronavirus and commends health professionals who are on the front lines of this battle. The impacts caused by the virus are many and the health area has its importance increasingly evidenced, whether in the care of patients who depend exclusively on public health, or in the care of the approximately 47 million beneficiaries of health plans.

Brazilian middle class, one of Qualicorp's main stakeholder, was hardly impacted, including income loss and employment. Company, attentive to the country's scenario, has been seeking to offer new products that are increasingly accessible, so people can maintain their health plans and also obtain other health services.

Despite this adverse situation, Qualicorp again reports solid earnings in the third quarter. These earnings, however, had as main factor the price adjustment suspension announced by ANS, which brought several short-term effects that need to be considered before any inference on longer-lasting trends for the Company. We highlight, among these effects: i) churn reduction in relation to the third quarter usual behavior; ii) asymmetry between the old portfolio (with suspended adjustment) and sales of new plans with adjusted prices; iii) revenue adjustment recognition without its effective collection; and iv) additional bad debt accounting due to the uncertainty of receiving part of the recomposition in 2021.

We also started several new products offer in this quarter, which we can mention our partnership with GNDI, the launch of products and campaigns in the Sulamérica portfolio, and new actions in the SME segment. We also remind that most of these initiatives started only at the end of the quarter, and are still in the ramp-up phase.

Looking forward, our growth strategy remains the same. With a focus on the client, we gradually try to close the plan offering gap. In this way, we have already launched 20 new products in 2020, through agreements with new operators, innovation with traditional operators, regionalization through partnerships and M&A. We also have relevant opportunities on other fronts. Qualicorp has a relationship with almost 500 entities, and there is significant space to increase the penetration of our plans. Another important opportunity is the churn reduction through the diversified products offer and actions focused on retention. More broadly, our long-term goal is transforming Qualicorp into a product and service distribution platform from the Affinities segment ecosystem that trades annually about R\$ 10 billion.

Pandemic will pass, but while it doesn't pass, Qualicorp continues to take care of its employees, who remain in the home office, and contributing to the health of the population, through social responsibility actions aimed at combating Covid-19, which have already totaled more than R\$ 13 million in the year. Company contributed to the construction or renovation of 345 beds for free care to SUS patients and has given more than 110k disposable masks, including 100k masks for public school students in São Paulo, 5k liters of gel alcohol and 30k rapid tests, these to more than 10 hospitals in different country regions. We also allocated R\$ 2 million for the creation of the TamoJunto fund: assistance to brokers diagnosed with the disease, among other initiatives. Social responsibility is one of the Qualicorp's new organizational culture pillars, #NovoJeitoQualiDeSer.

Within the Transparency agenda, we made progress to the investigations through the special committee at the Board of Directors level, and reinforced the corporate governance and management structures. Seeking the excellence and evolution of our team, we have recently had important hires from new leaders in key areas such as People & Culture, Operations, IR and Compliance. Thinking about the constant

development and awareness of our Qualis, we have promoted a series of events and lives focused on diversity and inclusion, in addition to offering internal training and benefits aligned with #NovoJeitoQualiDeSer.

Finally, regardless of the short-term challenges, we remain committed to the project of building a better Quali. A Quali built by people committed to people, ethics and attitude. A Quali that seeks growth without giving up daily care. To always do the right thing and achieve the best results for our shareholders, partners and employees. A company that takes care of lives and offers access to quality health.





# Lives

# Portfolio

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## Lives Portfolio

Portfolio	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>Affinity Health Lives</b>								
Total Portfolio (BOP)	1,180,474	1,191,876	-1.0%	1,168,192	1.1%	1,189,693	1,163,291	2.3%
(+) Gross Adds	71,906	108,316	-33.6%	93,707	-23.3%	252,550	310,470	-18.7%
(-) Churn	(102,054)	(133,825)	-23.7%	(81,425)	25.3%	(291,917)	(314,156)	-7.1%
(+) Portfolio Acquisition	14,210	142	NM	-	NM	14,210	6,904	105.8%
New Lives Added (net)	(15,938)	(25,367)	-37.2%	12,282	-229.8%	(25,157)	3,218	NM
Total Portfolio (EOP)	1,164,536	1,166,509	-0.2%	1,180,474	-1.4%	1,164,536	1,166,509	-0.2%
<b>Affinity Other Products Lives</b>								
Total Portfolio (BOP)	137,558	91,816	49.8%	124,209	10.7%	115,291	96,944	18.9%
New Lives Added (net)	233,951	8,712	NM	13,349	NM	256,218	3,584	NM
Total Portfolio (EOP)	371,509	100,528	269.6%	137,558	170.1%	371,509	100,528	269.6%
<b>Affinity Portfolio</b>	<b>1,536,045</b>	<b>1,267,037</b>	<b>21.2%</b>	<b>1,318,032</b>	<b>16.5%</b>	<b>1,536,045</b>	<b>1,267,037</b>	<b>21.2%</b>
Corporate	308,740	374,523	-17.6%	311,853	-1.0%	308,740	374,523	-17.6%
Gama	603,827	692,449	-12.8%	645,542	-6.5%	603,827	692,449	-12.8%
SME	47,354	40,052	18.2%	44,646	6.1%	47,354	40,052	18.2%
SME Stipulation	-	141,214	NM	-	NM	-	141,214	NM
Corp., Gama and SME Portf.	959,921	1,248,238	-23.1%	1,002,041	-4.2%	959,921	1,248,238	-23.1%
<b>Total Portfolio</b>	<b>2,495,966</b>	<b>2,515,275</b>	<b>-0.8%</b>	<b>2,320,073</b>	<b>7.6%</b>	<b>2,495,966</b>	<b>2,515,275</b>	<b>-0.8%</b>

## Affinity Portfolio

We kept our new strategy during 3Q20, focused on accelerating sales and reducing cancellations in our Affinity segment. We pursued the regional strategy with a focus on the extension of the product offer. However, we had an atypical quarter, strongly impacted by the suspension of the annual price adjustment.

On the one hand, we have in the Affinities Health Lives segment a concentration of annual price adjustments in July, which usually causes an increase in cancellations in the third quarter. This year, the seasonal churn was partially compensated by the suspension of the adjustment announced by the ANS in the end of August. This, together with our retention initiatives, resulted in a churn of 102k lives in 3Q20, a reduction of 24% YoY, to a portfolio churn of 8.6% in 3Q20 from 11.2% in 3Q19.

In addition, due to the portfolio exchange of an operator focused on lower ticket products, we had 45 days without selling a certain product and this impacted sales in 3Q20 and partially in 4Q20. The products have been replaced and from January we should have the whole process 100% reestablished. As a result, we had a gross addition of 71.9k lives in 3Q20 that came below the expected level and 23% lower than in the previous quarter.

Still, we had a net reduction of 15.9k lives in the 3Q20 Health Lives portfolio, which was 37% lower than in 3Q19, helped by the addition of 14.2k lives from the portfolio acquired from Clube Care in the end of June.

Considering the Other Products within our Affinity portfolio, we had a strong growth of 16.5% in the segment. This growth was driven by the significant (net) addition of 234k lives into the portfolio that are mainly related to the entry of dental plans. These products were part of an incentive campaign in the Affinities plans operated by SulAmérica, with no relevant contribution to Qualicorp's revenue. Thus, we present a Net Adds of 218k lives in the Affinity Portfolio in 3Q20, ending the period with more than 1.5 million lives.

It is also important to emphasize that a series of actions are being implemented with a focus on the entire customer journey, particularly on the retention fronts, among which we can mention Clients Segmentation, Personas Model and Predictive Modeling, which helped in the redesign of the Retention cell that has become more effective. The initial results are encouraging and show that we have many opportunities to reduce churn by refining the customer journey. We will invest in improving service channels with investments in technology, analytics, training of customer service teams and focusing on retention offerings.

## ***Corporate, SME and Gama Portfolio***

In our new commercial strategy, the SME offer started to be used as an alternative to Affinity products, increasing the competitiveness of our product offering and generating benefits for our entire stakeholders' chain. SME products will serve both to accelerate lives growth and to retain Affinity customers who are eligible for SME products. Actions to accelerate SME sales are in development and results started showing up in 3Q20, when the SME's Portfolio reached 47.4k lives, an 18.2% growth compared to the previous year, and 6.1% versus 2Q20.

However, it is worth mentioning that we are only at the beginning of the process of leveraging our SME offer. This segment has potentially a greater opportunity than the Affinities segment in terms of total beneficiaries, of which Qualicorp currently accesses only a small fraction. We believe that Qualicorp has the potential to become a major player in the SME market in the medium-to-long term, and we are already looking for ways to foster our organic growth and, in parallel, searching for acquisition opportunities to further accelerate participation in this segment

Gama and Corporate segments presented in 3Q20, as in the previous quarter, a decrease in their portfolios due to the termination of some TPA and health management contracts with unfavorable conditions. Further details can be found in the Explanatory Notes, item 28 (e) - Results by segment. The SME Stipulation segment consisted of only one contract with VisionMed (Golden Cross) and was discontinued in April this year, as explained in the 2Q20 earnings release.







# 3Q20 and Ytd **Results**



## 3Q20 and YTD Results

Income Statement (R\$ MN)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>Net Revenue</b>	<b>524.6</b>	<b>517.7</b>	<b>1.3%</b>	<b>483.7</b>	<b>8.5%</b>	<b>1,510.9</b>	<b>1,481.8</b>	<b>2.0%</b>
(-) COGS	(95.7)	(89.6)	6.8%	(92.7)	3.3%	(275.1)	(269.1)	2.2%
(-) SG&A	(94.8)	(124.5)	-23.8%	(98.9)	-4.1%	(350.3)	(344.7)	1.6%
Bad Debt	(27.5)	(23.3)	18.1%	(16.9)	63.3%	(62.6)	(64.4)	-2.8%
Other Oper. Inc. (Exp.)	(5.0)	2.3	NM	16.9	-129.8%	(4.2)	0.8	NM
<b>EBITDA</b>	<b>301.5</b>	<b>282.6</b>	<b>6.7%</b>	<b>292.1</b>	<b>3.2%</b>	<b>818.7</b>	<b>804.4</b>	<b>1.8%</b>
<b>EBITDA Margin</b>	<b>57.5%</b>	<b>54.6%</b>	<b>288bps</b>	<b>60.4%</b>	<b>-293bps</b>	<b>54.2%</b>	<b>54.3%</b>	<b>-10bps</b>
(-) Commissions	(36.3)	(25.8)	40.7%	(33.4)	8.7%	(99.8)	(71.8)	39.0%
(-) D&A Rent	(4.1)	(5.9)	-31.0%	(7.5)	-30.1%	(17.4)	(17.9)	-2.8%
(+) Interest and fine	6.5	8.0	-18.6%	6.8	-4.1%	20.9	20.7	1.3%
(+/-) Non-recurring effects	5.3	0.1	NM	(26.2)	-120.0%	26.2	0.2	NM
<b>Adjusted EBITDA</b>	<b>272.9</b>	<b>259.0</b>	<b>5.4%</b>	<b>233.5</b>	<b>16.9%</b>	<b>748.6</b>	<b>735.5</b>	<b>1.8%</b>
<b>Adjusted EBITDA Margin</b>	<b>52.0%</b>	<b>50.0%</b>	<b>199bps</b>	<b>48.3%</b>	<b>374bps</b>	<b>49.5%</b>	<b>49.6%</b>	<b>-9bps</b>
(-) D&A	(93.4)	(92.9)	0.5%	(102.4)	-8.9%	(290.4)	(281.0)	3.3%
(+/-) Fin. Inc. (Exp.)	(10.1)	(7.6)	34.0%	(18.6)	-45.6%	(49.9)	(20.9)	139.0%
(-) IR/CSLL	(67.1)	(71.3)	-6.0%	(44.3)	51.3%	(152.2)	(190.5)	-20.1%
<b>Net Income</b>	<b>130.9</b>	<b>110.8</b>	<b>18.1%</b>	<b>126.7</b>	<b>3.3%</b>	<b>326.2</b>	<b>312.1</b>	<b>4.5%</b>
<b>Net Margin</b>	<b>25.0%</b>	<b>21.4%</b>	<b>355bps</b>	<b>26.2%</b>	<b>-125bps</b>	<b>21.6%</b>	<b>21.1%</b>	<b>53bps</b>

Keeping Management's renewed focus on accelerating the customer portfolio growth, we continued to work on reallocating resources within the Company. In this way, we favored, throughout the quarter and this year, expenses that could support us on the fronts of growth, innovation, technology and customer retention, while we have sought to finance these new efforts through the strict control of costs and expenses on other fronts, including a thorough review of the management's remuneration model.

An important point to consider in the analysis of the 3Q20 results is the suspension of the annual price adjustment, as defined by ANS. The amount related to this adjustment was booked by competence in our revenue, but its collection will take place in 2021 only. With this, we had relevant impacts in the lives portfolio variation (additions and churn), revenue, provisioning for losses and working capital (Trade Receivable and Premiums to be transferred). We detail each impact in the next sections.

However, despite these impacts, Qualicorp's results remain solid, with high operating margin, profitability and return on invested capital. Thus, we believe in the Company's potential to create value from the lives portfolio growth rather than from the expansion of operating margins, once the operational efficiencies are being reinvested in the acceleration of growth projects.

Qualicorp had net income of R\$ 130.9 million in 3Q20 (+18.1% YoY), as result of a 5.4% YoY growth in Adjusted EBITDA that was further leveraged by a lower effective income tax rate. Contributed to the operational improvement an 11.0% YoY reduction in costs and expenses that compensated for a greater provisioning for losses due to the accounting of revenue with price adjustments to be collected. In the first nine months of 2020, Company's net income reached R\$ 326.2 million, a 4.5% YoY increase, as result of 2.0% YoY revenue growth and a flattish Adjusted EBITDA margin (-10 bps YoY). In addition, a lower effective income tax rate compensated for the non-recurring effects (R\$26.2 million) concentrated in the first half of the year.

## SUSPENSION OF HEALTH PLANS PRICE ADJUSTMENT

On August 21, 2020, at its 16th Extraordinary Board Meeting, the “Agência Nacional de Saúde Suplementar” (ANS) decided to suspend the application of annual and per age group price adjustments to health plan contracts from September to December 2020. On October 8, 2020, ANS published instructions for accounting all effects on the adjustment suspension by competence, which will be passed on to beneficiaries in 2021.

Additionally, in July 2020, by Qualicorp's decision in joint agreement with its main partner operators, annual and per age group price adjustments had been postponed to October 2020, as reported in the 2Q20 financial statements. With ANS resolution, the adjustments will also be passed on to beneficiaries in 2021, and consequently were also treated as suspended.

The suspension measures of price adjustments defined by the ANS had several impacts on the accounting of the 3Q20 results. Below are these impacts:

Direct Impact of Readjustment Suspension on 3Q20		
<i>R\$ million</i>	Adjustment Impact	3Q20 Reported
<b>Earnings Accounts</b>		
Gross Revenue	34.3	572.1
Administration Fees	23.5	
Brokerage	10.8	
COGS	(2.1)	(95.7)
Bad Debt	(17.9)	(27.5)
<b>Balance sheet</b>		
Trade Receivables (Assets)	201.0	353.3
Premiums to be transferred (Liabilities)	167.2	386.3

Thus, following regulatory guidelines, we booked in 3Q20 revenues of administration fees and brokerage taking into account the price adjustment defined for each plan. However, because we have actually collected and received the installments without such adjustment in July (by own decision) and in September (by ANS determination), we booked the amounts related to price adjustments in Trade Receivable and Premiums to be transferred. Furthermore, considering that such amounts are due to be collected only from January 2021 on, we did an extraordinary provision that we considered appropriate to the greater risk of default tied to the operation.





## Revenue by Segments

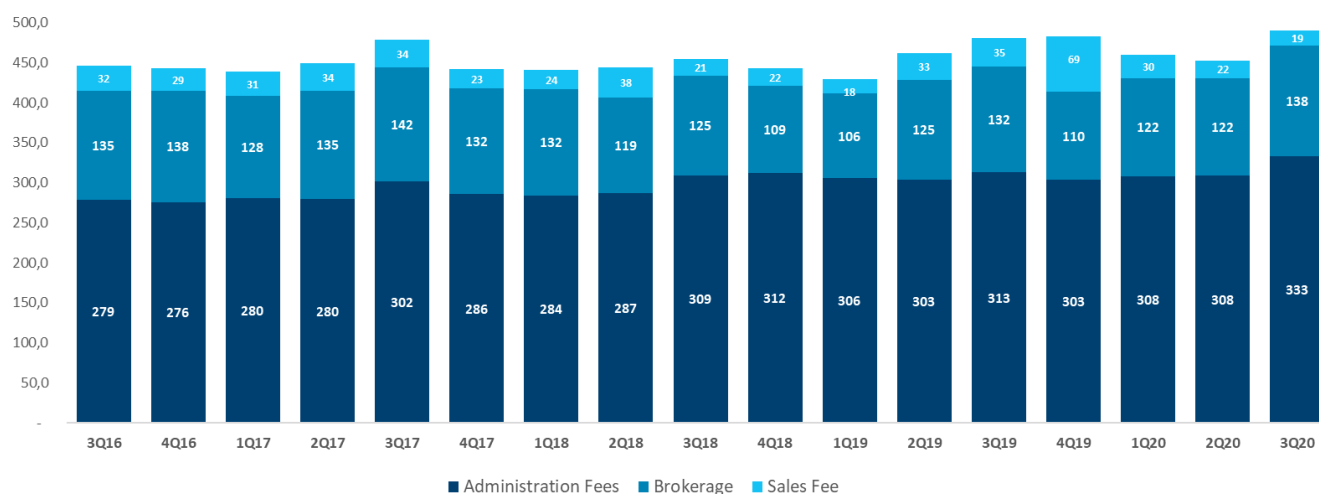
Revenue (R\$ MN)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>Affinities</b>	<b>536.4</b>	<b>518.2</b>	<b>3.5%</b>	<b>497.4</b>	<b>7.8%</b>	<b>1,534.1</b>	<b>1,481.7</b>	<b>3.5%</b>
<b>Health Lives</b>	<b>533.5</b>	<b>517.0</b>	<b>3.2%</b>	<b>496.4</b>	<b>7.5%</b>	<b>1,529.5</b>	<b>1,478.1</b>	<b>3.5%</b>
Administration Tax	357.2	333.7	7.1%	330.4	8.1%	1,017.9	980.8	3.8%
Brokerage	155.1	145.0	7.0%	140.6	10.3%	431.3	402.3	7.2%
Agency	20.7	36.4	-43.0%	24.9	-16.8%	78.8	88.3	-10.7%
Others	0.4	1.9	-78.6%	0.5	-14.3%	1.5	6.7	-77.4%
<b>Massified</b>	<b>2.8</b>	<b>1.2</b>	<b>142.9%</b>	<b>0.9</b>	<b>200.7%</b>	<b>4.7</b>	<b>3.6</b>	<b>29.9%</b>
<b>Corporate</b>	<b>7.7</b>	<b>8.8</b>	<b>-13.2%</b>	<b>5.3</b>	<b>45.5%</b>	<b>25.1</b>	<b>25.1</b>	<b>-0.2%</b>
<b>SME total</b>	<b>4.4</b>	<b>9.4</b>	<b>-53.8%</b>	<b>3.8</b>	<b>13.3%</b>	<b>17.1</b>	<b>27.2</b>	<b>-36.9%</b>
<b>SME</b>	<b>4.4</b>	<b>3.8</b>	<b>15.7%</b>	<b>3.0</b>	<b>47.5%</b>	<b>10.4</b>	<b>11.1</b>	<b>-6.9%</b>
<b>SME Stipulation</b>	<b>-</b>	<b>5.7</b>	<b>NM</b>	<b>0.9</b>	<b>NM</b>	<b>6.8</b>	<b>16.0</b>	<b>-57.7%</b>
<b>Gama</b>	<b>23.8</b>	<b>25.5</b>	<b>-6.9%</b>	<b>25.2</b>	<b>-5.6%</b>	<b>74.5</b>	<b>75.9</b>	<b>-1.9%</b>
<b>Gross Revenue</b>	<b>572.1</b>	<b>562.0</b>	<b>1.8%</b>	<b>531.6</b>	<b>7.6%</b>	<b>1,650.8</b>	<b>1,609.9</b>	<b>2.5%</b>
Cancellations	(0.3)	(0.1)	371.8%	(0.1)	192.7%	(0.4)	(1.7)	-78.4%
Sales taxes	(47.3)	(44.2)	6.9%	(47.9)	-1.2%	(139.6)	(126.5)	10.4%
<b>Net Revenue</b>	<b>524.6</b>	<b>517.7</b>	<b>1.3%</b>	<b>483.7</b>	<b>8.5%</b>	<b>1,510.9</b>	<b>1,481.8</b>	<b>2.0%</b>

Company's gross revenue grew 7.6% in 3Q20 vs. the previous quarter and 1.8% vs. 3Q19. In the Affinities Health Lives segment, our main source of revenue, we grew recurrent revenues (from administration fees and brokerage) by 8.8% QoQ and by 7.0% YoY. This growth reflects the following factors: i) the annual price adjustment, which for the segment is concentrated in 3Q20 and was accounted according to the ANS's guidance, despite the temporary suspension of its charge; ii) natural and expected reduction in average ticket due to the introduction of new products and operators focused on low-cost segments; and iii) slight drop in the lives portfolio (-0.2% YoY and -1.4% QoQ), in a seasonally negative quarter for net adds. In relation to Agency revenue, we had in 3Q20 a retraction due to lower sales, besides incentives renegotiation for some portfolios, as in the previous quarter.

Important within our product diversification strategy, SME revenue (ex-Stipulation) showed double-digit growth in 3Q20 (+15.7% YoY), but its contribution is still very small compared to Qualicorp's total revenue and to the segment potential. The Massified revenue growth reflects mainly the agency of dental plans from an incentive campaign in health plans operated by SulAmérica, with a non-recurring impact of about R\$ 1.2 million. The revenue drop in the other segments is due to the loss of some contracts in the quarter as commented in the portfolio section, mainly the SME stipulation contract with Vision Med (Golden Cross) as well as TPA and health management contracts (Corporate and Gama).



### Net Revenue Affinity - Health lives (R\$ million)



## Costs and Expenses

Costs and Expenses (R\$ MN)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>Total COGS e SG&amp;A</b>	<b>(190.6)</b>	<b>(214.1)</b>	<b>-11.0%</b>	<b>(191.6)</b>	<b>-0.5%</b>	<b>(625.4)</b>	<b>(613.8)</b>	<b>1.9%</b>
COGS	(95.7)	(89.6)	6.8%	(92.7)	3.3%	(275.1)	(269.1)	2.2%
Administrative Exp.	(52.4)	(78.0)	-32.9%	(53.7)	-2.4%	(219.9)	(214.7)	2.4%
Comercial Exp.	(42.5)	(46.5)	-8.7%	(45.3)	-6.2%	(130.4)	(130.0)	0.4%
<b>Total COGS e SG&amp;A</b>	<b>(190.6)</b>	<b>(214.1)</b>	<b>-11.0%</b>	<b>(191.6)</b>	<b>-0.5%</b>	<b>(625.4)</b>	<b>(613.8)</b>	<b>1.9%</b>
Personnal Exp.	(67.6)	(78.4)	-13.8%	(64.0)	5.6%	(255.6)	(233.5)	9.5%
3rd-Services	(41.3)	(50.2)	-17.8%	(38.8)	6.5%	(124.4)	(133.0)	-6.5%
Occupancy Expenses	(2.1)	(2.8)	-23.6%	(5.5)	-60.9%	(11.0)	(9.0)	22.6%
Campaigns/Sponsorship	(11.1)	(11.8)	-5.7%	(10.2)	8.9%	(31.7)	(28.6)	10.8%
Comissions	(15.1)	(16.5)	-8.4%	(17.8)	-15.1%	(49.6)	(50.2)	-1.3%
Others	(24.0)	(30.5)	-21.2%	(28.1)	-14.5%	(71.1)	(90.3)	-21.2%
Pro Labore	(27.1)	(21.6)	25.1%	(24.9)	8.5%	(75.0)	(62.3)	20.4%
Membership fees	(2.2)	(2.2)	-1.3%	(2.3)	-4.0%	(6.9)	(6.9)	-0.1%
<b>Bad Debt</b>	<b>(27.5)</b>	<b>(23.3)</b>	<b>18.1%</b>	<b>(16.9)</b>	<b>63.3%</b>	<b>(62.6)</b>	<b>(64.4)</b>	<b>-2.8%</b>
<b>Other Oper. Inc. (Exp.)</b>	<b>(5.0)</b>	<b>2.3</b>	<b>-320.3%</b>	<b>16.9</b>	<b>-129.8%</b>	<b>(4.2)</b>	<b>0.8</b>	<b>-643.3%</b>
<b>Total Consolidated</b>	<b>(223.1)</b>	<b>(235.1)</b>	<b>-5.1%</b>	<b>(191.6)</b>	<b>16.5%</b>	<b>(692.2)</b>	<b>(677.4)</b>	<b>2.2%</b>
(+/-) Non-recurring effects	5.3	0.1	NM	(26.2)	-120.0%	26.2	0.2	NM
<b>Total Recurring</b>	<b>(217.9)</b>	<b>(235.0)</b>	<b>-7.3%</b>	<b>(217.8)</b>	<b>0.0%</b>	<b>(665.9)</b>	<b>(677.2)</b>	<b>-1.7%</b>

\*SG&A without depreciation and amortization.

We presented a significant reduction of around 11.0% YoY in SG&A costs and expenses in 3Q20, bringing the accumulated growth in the year to 1.9% YoY (practically in line with net revenue growth). The efficiency in the management of these costs and expenses continues as one of the Qualicorp's Management priorities, with the objective of directing a greater volume of resources to fronts associated with our growth agenda.



In the YoY comparison, the main expense reduction effect is associated with Management changes. Unlike the previous quarters, we had no extraordinary expenses with terminations in 3Q20, while the 3Q19 comparison base (restated) accounted for recurring restricted stock expenses of R\$15.4 million. Besides, as already observed in the previous quarter, we had YoY savings in the following lines: i) Occupancy, related to the return of 7 floors at our headquarter (and with another 5 floors to be returned by this year's end); ii) sale of the QSaúde operation, with no expenses accounted for 3Q20; and iii) reduction in ANS infraction notices of R\$6.3 million (other SG&A expenses). In contrast, we keep investing in sales campaigns and digital media, in line with the Company's new business strategy.

Our Bad Debt (including injunctions) was R\$ 27.5 million in 3Q20, with growth of 63% and 18% in quarterly and annual comparisons, respectively. We highlight the additional provision of R\$ 17.9 million related to the price adjustments accounted and not charged, which have a high risk of default since they can only begin to be collected in January 2021. Excluding this additional provision, we would have a 43% reduction in 3Q20 provisioning vs. 2Q20 and -59% vs. 3Q19. Such reduction can be explained by a reversal of losses (R\$6.2 million in September), in addition to the improvement in our collection policies in some portfolios and a positive effect of the pandemic, which causes beneficiaries to worry more about keeping their health plans payments in place.

Finally, 3Q20 was affected by the following extraordinary, positive and negative effects, excluded for the purposes of Adjusted EBITDA: i) Actions to combat COVID-19 of R\$ 5.3 million (SG&A others); and ii) Betterment write-offs of R\$ 1.7 million from the return of real estate (Other Op. Income/Expenses).

## EBITDA and Adjusted EBITDA

EBITDA (R\$ MN)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>Net Revenue</b>	<b>524.6</b>	<b>517.7</b>	<b>1.3%</b>	<b>483.7</b>	<b>8.5%</b>	<b>1,510.9</b>	<b>1,481.8</b>	<b>2.0%</b>
(-) COGS	(95.7)	(89.6)	6.8%	(92.7)	3.3%	(275.1)	(269.1)	2.2%
(-) SG&A	(94.8)	(124.5)	-23.8%	(98.9)	-4.1%	(350.3)	(344.7)	1.6%
(-) Bad Debt	(27.5)	(23.3)	18.1%	(16.9)	63.3%	(62.6)	(64.4)	-2.8%
(-) Other Oper. Inc. (Exp.)	(5.0)	2.3	-320.3%	16.9	-129.8%	(4.2)	0.8	-643.3%
<b>EBITDA</b>	<b>301.5</b>	<b>282.6</b>	<b>6.7%</b>	<b>292.1</b>	<b>3.2%</b>	<b>818.7</b>	<b>804.4</b>	<b>1.8%</b>
<b>EBITDA Margin</b>	<b>57.5%</b>	<b>54.6%</b>	<b>288bps</b>	<b>60.4%</b>	<b>-293bps</b>	<b>54.2%</b>	<b>54.3%</b>	<b>-10bps</b>
Amort. of Tenance. Exp.	(4.1)	(5.9)	-31.0%	(5.8)	-30.1%	(17.4)	(17.9)	-2.8%
New Sales Comm. Amort.	(36.3)	(25.8)	40.7%	(33.4)	8.7%	(99.8)	(71.8)	39.0%
Inter. and Fine on Late Paym.	6.5	8.0	-18.6%	6.8	-4.1%	20.9	20.7	1.3%
<b>Non-recurring effects</b>	<b>5.3</b>	<b>0.1</b>	<b>NM</b>	<b>(26.2)</b>	<b>-120.0%</b>	<b>26.2</b>	<b>0.2</b>	<b>NM</b>
Qsaúde selling	0.0	-	NM	(40.8)	NM	(29.8)	-	NM
Exec. Termin.+ Restr. Shares	-	0.1	NM	(7.1)	NM	29.1	0.2	NM
COVID-19 Company Actions	3.6	-	NM	9.4	-62.4%	13.0	-	NM
Betterment Write-off	1.7	-	NM	12.2	-86.2%	13.9	-	NM
<b>Adjusted EBITDA</b>	<b>272.9</b>	<b>259.0</b>	<b>5.4%</b>	<b>233.5</b>	<b>16.9%</b>	<b>748.6</b>	<b>735.5</b>	<b>1.8%</b>
<b>Adjusted EBITDA Margin</b>	<b>52.0%</b>	<b>50.0%</b>	<b>199bps</b>	<b>48.3%</b>	<b>374bps</b>	<b>49.5%</b>	<b>49.6%</b>	<b>-9bps</b>



Combining a resumption of revenue growth and reducing operating expenses, Qualicorp's EBITDA in 3Q20 grew 6.7% year-over-year and 3.2% quarter-over-quarter, while EBITDA margin reached 57.5% (versus 54.6% in 3Q19 and 60.4% in 2Q20).

Meanwhile, Adjusted EBITDA reached R\$272.9 million in 3Q20, the highest ever reported for a quarter in Qualicorp's history, up 5.4% over 3Q19 and 16.9% over 2Q20. Adjusted EBITDA margin expanded 200 bps year-over-year and 370 bps in the quarterly comparison to 52.0%, mainly due to the reduction in SG&A expenses in a quarter with few non-recurring impacts. We emphasize that in the first nine months of 2020, our Adjusted EBITDA grew 1.7% over the previous year, with practically stable margin (just 10 bps lower YoY), in line with our strategy of reinvesting savings in fixed and administrative expenses on innovation, growth and customer fronts.

## Financial Income (Expenses)

Financial Income (R\$MN)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>Financial income</b>	<b>12.9</b>	<b>26.5</b>	<b>-51.5%</b>	<b>14.4</b>	<b>-10.7%</b>	<b>40.1</b>	<b>62.4</b>	<b>-35.6%</b>
Inc. from Short-Term Invest.	5.8	16.2	-64.1%	5.0	17.0%	14.9	36.4	-59.1%
Int.and Fine on Late Payment	6.5	8.0	-18.6%	6.8	-4.1%	20.9	20.7	1.3%
Monetary Update	0.4	-	NM	2.0	-80.9%	2.3	-	NM
Other Income	0.2	2.4	-92.0%	0.7	-73.3%	2.0	5.3	-62.6%
<b>Financial expenses</b>	<b>(23.0)</b>	<b>(34.1)</b>	<b>-32.5%</b>	<b>(33.0)</b>	<b>-30.4%</b>	<b>(90.0)</b>	<b>(83.2)</b>	<b>8.2%</b>
Debentures Interest	(10.5)	(19.4)	-45.6%	(13.4)	-21.4%	(40.9)	(42.1)	-3.0%
Mon. Adj. from Acq. Payables	(0.7)	(1.3)	-44.8%	(1.3)	-44.4%	(4.1)	(4.2)	-1.7%
Other Financial Expenses	(11.7)	(13.4)	-12.3%	(18.3)	-35.9%	(45.0)	(36.9)	22.1%
<b>Total Consolidated</b>	<b>(10.1)</b>	<b>(7.6)</b>	<b>34.0%</b>	<b>(18.6)</b>	<b>-45.6%</b>	<b>(49.9)</b>	<b>(20.9)</b>	<b>139.0%</b>

Net financial expenses of R\$10.1 million in 3Q20 increased by 34% yoy, mainly due to the higher indebtedness after the capital reduction in 2019. Compared to 2Q20, there was a significant reduction in financial expenses due to lower interest rate on debentures with a drop in the Selic rate and as well as due to a drop in Other expenses (that had been impacted by mark-to-market expenses from investment funds in 2Q20).





## Net Income

Net Income(R\$ MN)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>EBITDA</b>	<b>301.5</b>	<b>282.6</b>	<b>6.7%</b>	<b>292.1</b>	<b>3.2%</b>	<b>818.7</b>	<b>804.4</b>	<b>1.8%</b>
D&A	(93.4)	(92.9)	0.5%	(102.4)	-8.9%	(290.4)	(281.0)	3.3%
<b>Inc. From Op. Bef. Fin. Inc.</b>	<b>208.1</b>	<b>189.7</b>	<b>9.7%</b>	<b>189.7</b>	<b>9.7%</b>	<b>528.3</b>	<b>523.4</b>	<b>0.9%</b>
Financial income	12.9	26.5	-51.5%	14.4	-10.7%	40.1	62.4	-35.6%
Financial expenses	(23.0)	(34.1)	-32.5%	(33.0)	-30.4%	(90.0)	(83.2)	8.2%
<b>Inc. Bef. IR and SC</b>	<b>198.0</b>	<b>182.1</b>	<b>8.7%</b>	<b>171.1</b>	<b>15.7%</b>	<b>478.4</b>	<b>502.5</b>	<b>-4.8%</b>
(-) IRPJ	(49.2)	(52.3)	-5.9%	(32.6)	51.0%	(111.7)	(139.5)	-20.0%
(-) Social Contribution	(17.9)	(19.1)	-6.1%	(11.8)	52.2%	(40.5)	(50.9)	-20.4%
<b>Net Income Consolidated</b>	<b>130.9</b>	<b>110.8</b>	<b>18.1%</b>	<b>126.7</b>	<b>3.3%</b>	<b>326.2</b>	<b>312.1</b>	<b>4.5%</b>

Our net income reached R\$130.9 million in 3Q20, with an 18.1% YoY growth due to: i) EBITDA growth of 6.7%; ii) depreciation and amortization expenses practically flat with the end of some amortizations from portfolio acquisitions; and iii) lower effective income tax rate, which was 34% in 3Q20 versus 39% in 3Q19 (pre-incorporation of Qualicorp Corretora at the end of 2019). We highlight that income tax rate does not yet reflect the tax benefits from payment of Interest on Equity, done in October 2020.

## Cash Flow

Cash Flow	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>EBITDA</b>	<b>301.5</b>	<b>282.6</b>	<b>6.7%</b>	<b>292.1</b>	<b>3.2%</b>	<b>818.7</b>	<b>804.4</b>	<b>1.8%</b>
Non cash	(10.0)	17.8	-155.9%	(30.7)	-67.6%	17.5	32.0	-45.3%
Amount Paid for Leasing	(3.3)	(5.3)	-37.5%	(5.4)	-38.7%	(13.8)	(16.0)	-13.9%
Commissions	(44.7)	(40.5)	10.5%	(44.5)	0.4%	(126.5)	(101.4)	24.7%
Interest Paid	(44.2)	(69.6)	-36.5%	(36.2)	22.2%	(120.1)	(152.6)	-21.3%
Chang. In Working Capital	16.2	(68.8)	-123.5%	50.6	-68.1%	49.7	(59.2)	-183.9%
<b>Cash Prov. by Op. Act.</b>	<b>212.7</b>	<b>116.3</b>	<b>82.9%</b>	<b>228.7</b>	<b>-7.0%</b>	<b>625.4</b>	<b>507.1</b>	<b>23.3%</b>
Capex	(17.0)	(21.6)	-21.0%	(10.1)	68.6%	(41.6)	(35.5)	17.4%
Acquisitions	-	-	NM	(4.3)	NM	(18.8)	-	NM
<b>Cash Flow Financial Activ.</b>	<b>(17.0)</b>	<b>(21.6)</b>	<b>-21.0%</b>	<b>(14.4)</b>	<b>18.5%</b>	<b>(60.5)</b>	<b>(35.5)</b>	<b>70.5%</b>
<b>Free Cash Flow to Firm</b>	<b>195.7</b>	<b>94.7</b>	<b>106.6%</b>	<b>214.3</b>	<b>-8.7%</b>	<b>564.9</b>	<b>471.6</b>	<b>19.8%</b>
Financial Income	(28.5)	(2.6)	997.2%	(5.0)	475.6%	(72.8)	(11.8)	515.3%
Am. Received upon Iss. of Det	-	689.0	NM	-	NM	-	689.0	NM
Financial Investments	(3.7)	(601.7)	-99.4%	3.2	-215.0%	(77.3)	(737.2)	-89.5%
Capital Increase	-	1.6	NM	-	NM	-	1.6	NM
Dividends Paid	(0.5)	(181.6)	-99.7%	(0.1)	284.9%	(1.2)	(366.6)	-99.7%
<b>Cash Prov. Financing Activ.</b>	<b>(32.7)</b>	<b>(95.4)</b>	<b>-65.7%</b>	<b>(1.8)</b>	<b>NM</b>	<b>(151.4)</b>	<b>(425.1)</b>	<b>-64.4%</b>
<b>Cash Flow</b>	<b>163.0</b>	<b>(0.6)</b>	<b>NM</b>	<b>212.5</b>	<b>-23.3%</b>	<b>413.5</b>	<b>46.6</b>	<b>788.0%</b>

Cash flow from operations reached R\$ 212.7 million in the quarter because of good operational performance combined with improvements in working capital mainly related to lower advances in premiums to some operators. In addition, we highlight two effects on the working capital account: i) suspension of the price adjustment, with a negative net effect of approximately R\$ 34 million; and ii) one-off postponement of





invoice payments to one of our largest operations of R\$ 65 million to October from September (that will have a reverse effect on the working capital in 4Q20).

After capex investments, which dropped 21% YoY in the quarter, but are 17.4% higher at 9M20, our free cash flow generation was R\$ 195.7 million in 3Q20 and R\$ 564.9 million in the YTD. Due to uncertainty regarding the pandemic effects, dividends over 2019 results were retained and have not been distributed yet.

## Investments

Capex (R\$ MM)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
Capex in IT	10.4	12.3	-15.9%	3.8	175.4%	20.4	13.4	51.5%
Other Capex	0.1	0.1	-18.1%	0.5	-82.4%	6.8	0.6	NM
Right Assign. Agree. / Exclusiv	-	10.2	NM	20.0	NM	42.2	-	NM
<b>Total</b>	<b>10.5</b>	<b>22.7</b>	<b>-53.8%</b>	<b>24.3</b>	<b>-56.9%</b>	<b>69.3</b>	<b>14.0</b>	<b>394.5%</b>

Our 3Q20 Capex was R\$ 10.5 million, practically all concentrated on IT that are related to investments in systems looking for operational improvements. In the 9M20, in addition to IT, we had investments in Fixed Assets ("Other") mainly related to investments in QSaúde's headquarters as well as acquisitions of portfolios such as Uniconsult and Clube Care. In addition, we announced in October the acquisition of a portfolio of 4,300 lives from Health Administradora de Benefícios Ltda., in the Affinities segment, which are served by GNDI – Grupo Notre Dame Intermédica. This acquisition will enter in 4Q20 capex in the amount of R\$ 7.4 million.

## Indebtedness

Capital Structure (R\$ MM)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
Current Debt <sup>(1)</sup>	18.2	17.1	6.3%	46.9	-61.2%	18.2	17.1	6.3%
Long Term Debt	1,301.5	1,295.7	0.4%	1,300.9	0.0%	1,301.5	1,295.7	0.4%
<b>TOTAL</b>	<b>1,319.7</b>	<b>1,312.8</b>	<b>0.5%</b>	<b>1,347.8</b>	<b>-2.1%</b>	<b>1,319.7</b>	<b>1,312.8</b>	<b>0.5%</b>
Cash and cash equivalents <sup>(2)</sup>	931.4	1,225.4	-24.0%	765.4	21.7%	931.4	1,225.4	-24.0%
<b>Net Debt</b>	<b>388.2</b>	<b>87.4</b>	<b>344.4%</b>	<b>582.4</b>	<b>-33.3%</b>	<b>388.2</b>	<b>87.4</b>	<b>344.4%</b>
Net Debt / Adj. EBITDA LTM	0.45x	0.09x	35.8%	0.68x	-23.0%	0.45x	0.09x	36%

(1) Includes acquisition debt.

(2) It does not include the financial application maintained as a guarantor asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A., and in the indirect subsidiary Clube de Saúde Administradora de Benefícios Ltda., in accordance with Normative Instruction No. 33 of October 5, 2009, of ANS and Gama.

We ended 3Q20 with a net debt position of R\$388.2 million, a decrease of 33% over 2Q20, as a result of strong cash generation and non-distribution of dividends in the quarter. In relation to 3Q19, net indebtedness increased because of the capital reduction in 2019.



## ROIC

Return on Investment	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
Non Current Assets	2,183,403	2,447,566	-10.8%	2,252,132	-3.1%	2,183,403	2,447,566	-10.8%
Working Capital	(41,641)	16,024	-359.9%	(6,699)	521.6%	(41,641)	16,024	-359.9%
<b>Invested Capital</b>	<b>2,141,762</b>	<b>2,463,590</b>	<b>-13.1%</b>	<b>2,245,433</b>	<b>-4.6%</b>	<b>2,141,762</b>	<b>2,463,590</b>	<b>-13.1%</b>
Adjust. above Invest. Cap.	949,298	1,026,202	-7.5%	967,326	-1.9%	949,298	1,026,202	-7.5%
<b>Adj. Invest. Cap. (Average LTI</b>	<b>1,192,464</b>	<b>1,437,388</b>	<b>-17.0%</b>	<b>1,278,107</b>	<b>-6.7%</b>	<b>1,192,464</b>	<b>1,437,388</b>	<b>-17.0%</b>
Adj. EBITDA LTM	828,662	909,688	-8.9%	813,241	1.9%	828,662	909,688	-8.9%
(-) Taxes (34%)	(281,745)	(309,294)	-8.9%	(276,502)	1.9%	(281,745)	(309,294)	-8.9%
<b>NOPAT LTM</b>	<b>546,917</b>	<b>600,394</b>	<b>-8.9%</b>	<b>536,739</b>	<b>1.9%</b>	<b>546,917</b>	<b>600,394</b>	<b>-8.9%</b>
<b>ROIC</b>	<b>45.9%</b>	<b>41.8%</b>	<b>409bps</b>	<b>42.0%</b>	<b>387bps</b>	<b>45.9%</b>	<b>41.8%</b>	<b>409bps</b>



# Attachments

# **Financial Statements**

## Attachments – Financial Statements

### Income Statement

INCOME STATEMENT (R\$ MM)	3Q20	3Q19	Var. YoY	2Q20	Var. QoQ	9M20	9M19	Var. YoY
<b>Net Operating Revenue</b>	<b>524.6</b>	<b>517.7</b>	<b>1.3%</b>	<b>483.7</b>	<b>8.5%</b>	<b>1,510.9</b>	<b>1,481.8</b>	<b>2.0%</b>
Cost of Services	(95.7)	(89.6)	6.8%	(92.7)	3.3%	(275.1)	(269.1)	2.2%
<b>Gross Profit</b>	<b>428.9</b>	<b>428.1</b>	<b>0.2%</b>	<b>391.0</b>	<b>9.7%</b>	<b>1,235.8</b>	<b>1,212.7</b>	<b>1.9%</b>
<b>Operating Income (expenses)</b>	<b>(220.8)</b>	<b>(238.4)</b>	<b>-7.4%</b>	<b>(201.3)</b>	<b>9.6%</b>	<b>(707.5)</b>	<b>(689.3)</b>	<b>2.6%</b>
Administrative expenses	(109.4)	(145.1)	-24.6%	(122.7)	-10.8%	(410.4)	(423.9)	-3.2%
Selling expenses	(78.8)	(72.3)	9.0%	(78.7)	0.1%	(230.3)	(201.8)	14.1%
Bad Debt	(27.5)	(23.3)	18.1%	(16.9)	63.3%	(62.6)	(64.4)	-2.8%
Other operating income (expenses)	(5.0)	2.3	NM	16.9	-129.8%	(4.2)	0.8	NM
<b>Inc. form Op. Before Financial Income</b>	<b>208.1</b>	<b>189.7</b>	<b>9.7%</b>	<b>189.7</b>	<b>9.7%</b>	<b>528.3</b>	<b>523.4</b>	<b>0.9%</b>
Financial income	12.9	26.5	-51.5%	14.4	-10.7%	40.1	62.4	-35.6%
Financial expenses	(23.0)	(34.1)	-32.5%	(33.0)	-30.4%	(90.0)	(83.2)	8.2%
<b>Income Before Income Tax Social Contribution</b>	<b>198.0</b>	<b>182.1</b>	<b>8.7%</b>	<b>171.1</b>	<b>15.7%</b>	<b>478.4</b>	<b>502.5</b>	<b>-4.8%</b>
<b>Income Tax and Social Contribution</b>	<b>(67.1)</b>	<b>(71.3)</b>	<b>-6.0%</b>	<b>(44.4)</b>	<b>51.2%</b>	<b>(152.2)</b>	<b>(190.5)</b>	<b>-20.1%</b>
Current	(60.0)	(67.7)	-11.5%	(36.1)	66.1%	(136.9)	(171.0)	-19.9%
Deferred	(7.1)	(3.6)	97.4%	(8.3)	-13.9%	(15.3)	(19.5)	-21.3%
<b>NET (LOSS) INCOME FOR PERIOD</b>	<b>130.9</b>	<b>110.8</b>	<b>18.2%</b>	<b>126.7</b>	<b>3.3%</b>	<b>326.2</b>	<b>312.1</b>	<b>4.5%</b>
<b>Attributable to</b>								
<b>Controlling interest</b>	<b>130.2</b>	<b>110.8</b>	<b>17.5%</b>	<b>126.1</b>	<b>3.2%</b>	<b>324.5</b>	<b>312.1</b>	<b>4.0%</b>
<b>Noncontrolling interest</b>	<b>0.8</b>	<b>-</b>	<b>NM</b>	<b>0.6</b>	<b>20.9%</b>	<b>1.7</b>	<b>-</b>	<b>NM</b>
<b>Controlling interest</b>	<b>130.9</b>	<b>110.8</b>	<b>18.2%</b>	<b>126.7</b>	<b>3.3%</b>	<b>326.2</b>	<b>312.1</b>	<b>4.5%</b>

## Balance Sheet

ASSETS (R\$ MN)	3Q20	4Q19	Var. %	LIABILITIES & SHAREHOLDERS EQUITY (R\$ MM)	3Q20	4Q19	Var. %
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	614.6	201.1	205.7%	Debentures	7.3	34.3	-78.6%
Short-term investments	370.0	290.8	27.3%	Taxes payable	60.7	38.4	58.0%
Trade receivables	353.3	207.2	70.5%	Technical Reserves	6.8	15.7	-56.6%
Other assets	210.9	193.7	8.9%	Premiums to be transferred	386.3	115.3	235.1%
Other financial assets	199.9	176.0	13.6%	Financial transfers payable	22.7	18.4	23.6%
Other non-financial assets	11.0	17.7	-37.9%	Payroll and related taxes	43.4	41.9	3.6%
Related Parties	-	-	NM	Transferable prepayments	<b>39.0</b>	<b>62.0</b>	-37.1%
<b>Total current assets</b>	<b>1,548.8</b>	<b>892.7</b>	<b>73.5%</b>	Related parties	<b>1.2</b>	<b>1.2</b>	0.0%
<b>NONCURRENT ASSETS</b>			<b>0.0%</b>	Other payables	<b>75.5</b>	<b>87.7</b>	-13.9%
<b>Long-term assets</b>			<b>0.0%</b>	Leases	13.3	24.2	-44.9%
Trade receivables	-	0.4	-100.0%	<b>Total current liabilities</b>	<b>656.3</b>	<b>439.1</b>	<b>49.5%</b>
Income tax and social contribution	82.5	122.6	-32.7%	<b>NONCURRENT LIABILITIES</b>			
Other assets	140.4	65.4	114.7%	Debentures	1,297.8	1,296.1	0.1%
Other financial assets	131.7	51.3	156.7%	Income tax and social contribution	0.8	4.1	-80.0%
Other non financial assets	8.7	14.1	-38.5%	Deferred income tax and social contribution	<b>36.2</b>	<b>48.2</b>	-24.9%
<b>Total long-term assets</b>	<b>222.9</b>	<b>188.4</b>	<b>18.3%</b>	Options for non-controlling interests acquiring	6.1	-	NM
Investments	0.3	0.3	NM	Provision for risks	77.4	54.9	41.0%
Property, plant and equipment	46.8	134.0	-65.1%	Other payables	<b>8.4</b>	<b>6.4</b>	31.0%
<b>Intangible assets</b>				Leases	21.1	72.4	-70.8%
Goodwill	1,530.9	1,516.3	1.0%	<b>Total noncurrent liabilities</b>	<b>1,450.3</b>	<b>1,489.7</b>	<b>-2.6%</b>
Others intangible assets	531.5	624.2	-14.8%	<b>EQUITY</b>			
<b>Total noncurrent assets</b>	<b>2,332.3</b>	<b>2,463.2</b>	<b>-5.3%</b>	Capital	868.5	841.9	3.2%
				Capital reserves	30.5	34.7	-12.1%
				Asset valuation adjustment	145.0	145.0	0.0%
				Accumulated losses	324.5	-	NM
				Noncontrolling interest in subsidiaries	0.6	-	NM
				<b>Total equity</b>	<b>1,774.5</b>	<b>1,427.1</b>	<b>24.3%</b>
<b>TOTAL ASSETS</b>	<b>3,881.2</b>	<b>3,355.9</b>	<b>15.7%</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,881.2</b>	<b>3,355.9</b>	<b>15.7%</b>

## Cash Flow

STATEMENTS OF CASH FLOWS (R\$ MN)	9M20	9M19	Var. %
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit (losses) before income tax and social contribution	478.4	502.5	-4.8%
<b>Adjustments:</b>			
Depreciation and Amortization	290.4	281.1	3.3%
Impairment	16.9	0.2	NM
Equity Accounting	-	-	NM
Result from fixed Assets and Intangibles	(42.5)	-	NM
Stock Option Program	-	0.2	-100.0%
Restrict Shares	34.3	32.5	5.5%
Financial Expenses	45.2	49.4	-8.4%
Losses with disproportionate dividends	0.0	-	NM
Provision for Risks	20.8	(0.9)	NM
<b>Origin Cash provided by operating activities</b>	<b>48.4</b>	<b>(54.5)</b>	<b>-188.9%</b>
<b>Cash provided by operating activities</b>	<b>879.9</b>	<b>810.5</b>	<b>8.6%</b>
Interest paid on debentures	(67.9)	(32.7)	107.8%
Income tax and social contribution paid	(120.1)	(152.6)	-21.3%
<b>Net cash provided by operating activities</b>	<b>691.9</b>	<b>625.2</b>	<b>10.7%</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in intangible assets			
Purchase of property, plant and equipment	(161.8)	(136.6)	18.5%
Financial Investments	(6.3)	(0.3)	NM
Amount paid in acquisition (Uniconsult)	(76.1)	(741.9)	-89.7%
<b>Net cash used in investing activities</b>	<b>(18.8)</b>	<b>-</b>	<b>NM</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(263.1)</b>	<b>(878.8)</b>	<b>-70.1%</b>
Rents Paid	(13.8)	(16.0)	-13.9%
Cost of Raising Debentures	-	(7.6)	NM
Other costs of raising debentures	(0.3)	(0.1)	395.4%
Amount paid upon debentures issued	-	(611.0)	NM
Amount received upon debentures issued	-	1,300.0	NM
Increase in capital	-	1.6	NM
Dividends paid to minorities	(1.2)	-	NM
Dividends paid to Qualicorp S.A. shareholders	-	(366.6)	NM
<b>Cash provided by (used in) financing activities</b>	<b>(15.4)</b>	<b>300.2</b>	<b>-105.1%</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS, NET</b>	<b>413.5</b>	<b>46.6</b>	<b>787.4%</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>201.1</b>	<b>137.4</b>	<b>46.3%</b>
<b>Cash and cash equivalents at end of period</b>	<b>614.6</b>	<b>184.0</b>	<b>233.9%</b>