

1Q19 Earnings Release

Qualicorp Consultoria e Corretora de Seguros S.A.

B3: QUAL3

**Shares Outstanding
(3/31/2019)**
283,176,825 shares

**Free Float
(3/31/2019)**
224,292,215 shares (79.2%)

**Cash and Cash Equivalents
(3/31/2019)**
R\$682.2 million

Investor Relations

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Conference Calls

May 10th 2019 (Friday)

Portuguese

Time: 11:00 am (EST Brasilia) /
10:00 am (NY)
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English

Time: 11:00 am Brasilia
10:00 EST Simultaneous Translation
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Code: QUALICORP S.A.

São Paulo, May 9th 2019. 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 1Q19 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 1st, 2019 on, the IFRS 16 instruction became effective, reflecting financial statements regarding rental expenses.**

FINANCIAL AND OPERATING HIGHLIGHTS

- ✓ The 1Q19 the Net Revenue reached R\$466.6 million, -2.6% q/q and -2.6% y/y. The decrease is mainly due to lives reduction in the portfolio reflecting lower revenue on the period observed;
- ✓ The Adjusted EBITDA reached R\$238.6 million in 1Q19, flat y/y and q/q, even with lower operational revenue. In the annual comparison, the margin growth is due to cost of services and bad debts improvement;
- ✓ The Company's net income reached R\$96.9 million in 1Q19, flat y/y and lower q/q reflected by amortization increase;
- ✓ We closed 1Q19 with R\$280.5 million operating cash flow. After CAPEX, the cash flow generation reached R\$240.6 million, generating strong cash flow due to the working capital performance. It is important to highlight that the Company will pay dividends related to 2018 on May 10th, 2019.

MAIN INDICATORS (R\$MM)

Consolidated Income Statement - (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Net Revenues	466.6	479.2	-2.6%	479.0	-2.6%
Total Expenses (Ex-Depreciation and amortization)	(206.5)	(225.6)	-8.5%	(221.8)	-6.9%
Adjustments to EBITDA	(21.6)	(15.9)	35.8%	(17.9)	20.6%
Adjusted EBITDA	238.6	237.7	0.4%	239.4	-0.3%
Adjusted EBITDA Margin	51.1%	49.6%	152bps	50.0%	116bps
Net Income (Loss)	96.9	102.1	-5.1%	95.6	1.4%

Balance Sheet	1Q19	2018	Change 1Q19/2018
Equity	2,451.6	2,356.7	4.0%
Net Debt ¹	(20.9)	189.2	-111.1%

Other	1Q19	2018	Change 1Q19/2018
Net Debt / Equity	-0.01x	0.08x	-110.6%
Net Debt / Adjusted EBITDA LTM	-0.02x	0.20x	-111.1%

⁽¹⁾ Includes acquisition payables recognized as "other payables". It does not include the investment retained as a guaranteed asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A., and in the indirect subsidiary Clube de Saúde Administradora de Benefícios Ltda., according to the 33rd normative instruction by the ANS, from October 5, 2009.

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IFRS 16

IFRS 16 instruction were issued by the IASB and became effective on January 1st, 2019, reflecting the financial statements in the current year with opening balance on January 1st, 2019.

The instruction establishes criteria to demonstrate in the balance sheet the commitments assumed in lease contracts in exchange for a right asset corresponding to the leased asset.

The Company evaluated the lease agreements in the amount of R\$ 68 million, which were recognized on January 1st, 2019 using retrospective method with cumulative effect suggested by the standard on the date of initial application, using the balance of remaining payments.

On March 31st, 2019, lease payments reached R\$63.1 million (R\$20.3 million in current and R\$42.8 million in noncurrent) and in the asset allocated to fixed assets, as a right of use, totals the net amount R\$63.7 million.

It is important to highlight that, for comparison purposes, the Company is applying the effects mentioned above in 2018 financial year here presented, differing from the Press Releases previously reported.

Income Statement (R\$ MN)	1Q18	IFRS 16	1Q18 with IFRS	2Q18	IFRS 16	2Q18 with IFRS
Operational Expenses	(112.8)	1.1	(111.7)	(130.7)	1.1	(129.6)
Financial Results	(6.2)	(2.0)	(8.2)	(7.2)	(1.9)	(9.1)
Tax and Contribution	(61.2)	0.3	(60.9)	(50.8)	0.3	(50.6)
Net Income	102.7	(0.6)	102.1	88.6	(0.5)	88.1

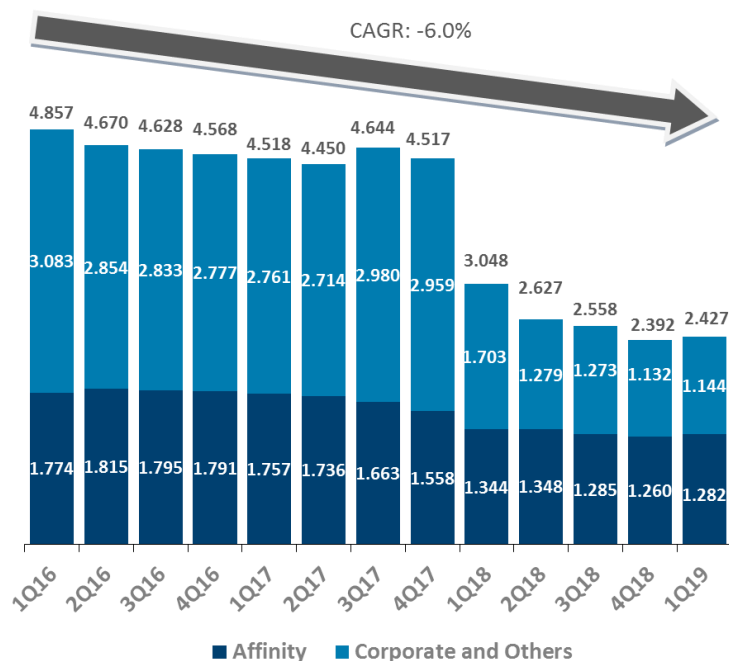
Income Statement (R\$ MN)	3Q18	IFRS 16	3Q18 with IFRS	4Q18	IFRS 16	4Q18 with IFRS
Operational Expenses	(121.7)	1.1	(120.6)	(133.4)	1.1	(132.3)
Financial Results	(6.4)	(1.8)	(8.2)	(8.2)	(1.7)	(10.0)
Tax and Contribution	(58.7)	0.2	(58.5)	(60.3)	0.2	(60.1)
Net Income	109.7	(0.5)	109.3	96.0	(0.4)	95.6

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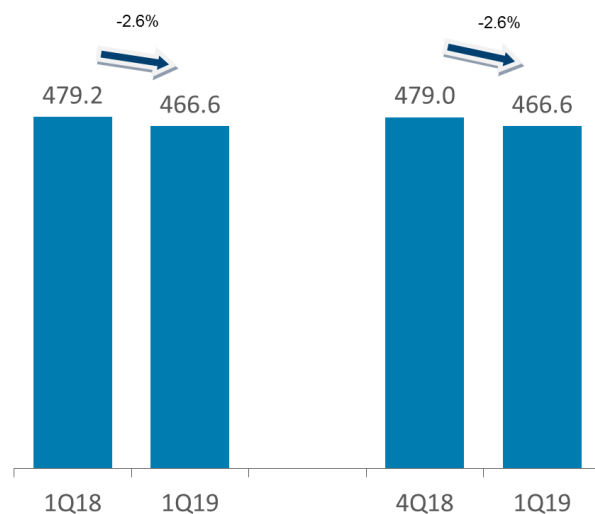


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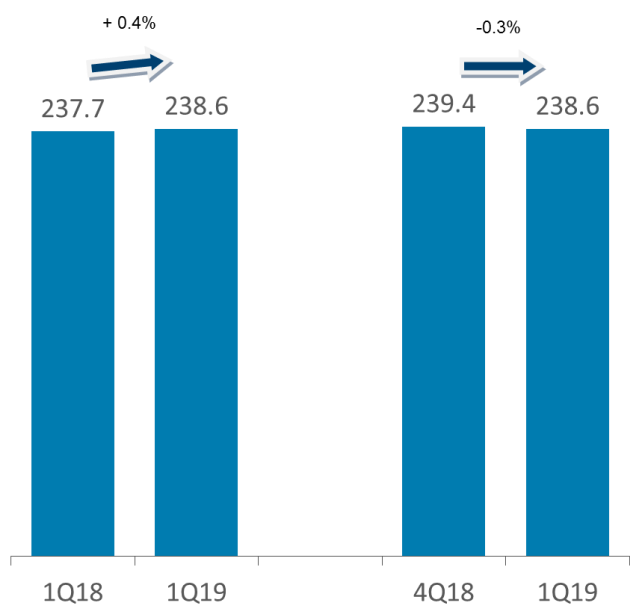
BENEFICIARIES (MM)



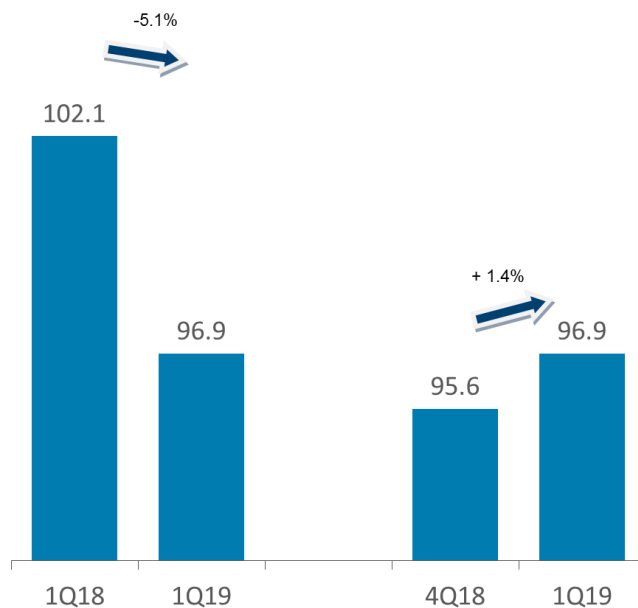
NET REVENUES (R\$ MM)



ADJUSTED EBITDA (R\$ MM)



NET INCOME (R\$ MM)

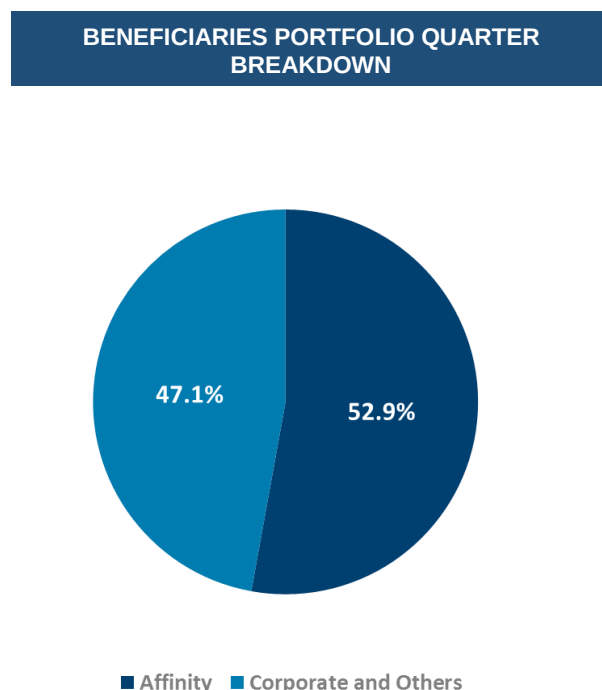
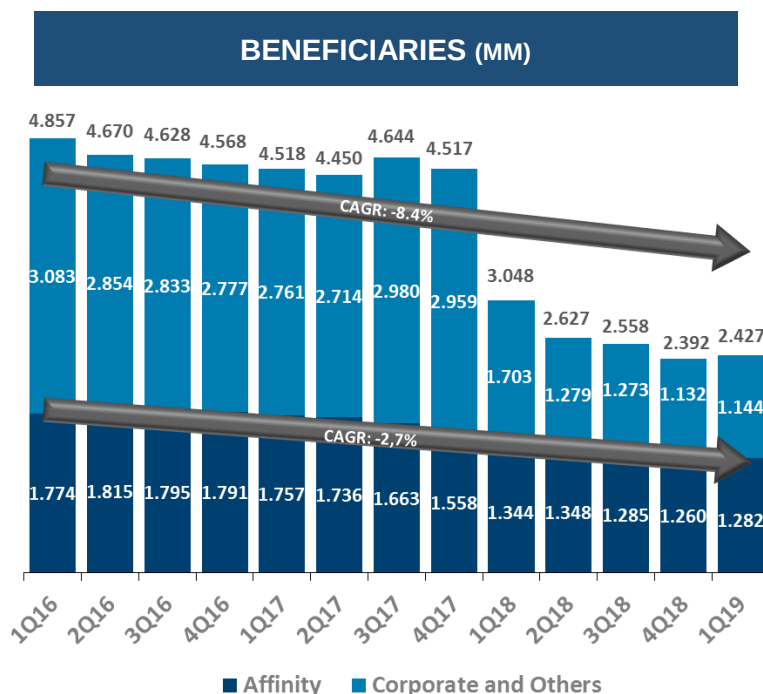


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1 | Beneficiaries



Total Portfolio

The total number of beneficiaries reached 2.4 million lives in the end of the quarter. The reduction regarding y/y is mainly related to lower volume of lives in Corporate and TPA, but with slight impact in financial results. Out of the total beneficiaries, 1.3 million are in the Affinity segment and 1.1 million in the Corporate and Others segment.

Affinity Portfolio

☐ Medical Care

Our Affinity Medical Care portfolio ended with 1.2 million lives in 1Q19 leading to a variation of -2.9% y/y and 2.1% q/q. In the annual comparison, the reduction is due to 2Q18 churn, reflected by annual price readjustments. The q/q increase is due to not only churn but also regarding new portfolio, which will be detailed ahead.

☐ Other products

The Other products portfolio, in the Affinity segment, closed 1Q19 with 95.0 thousand lives, lower y/y and q/q, reflected by the actual economic scenario and products price.

Corporate and Others Total Portfolio

Our total portfolio of beneficiaries in the Corporate and Others segment presented a -32.8% y/y variation in 1Q19, mainly due to lower life members on corporate and TPA contracts. In the sequential comparison, this portfolio increased +1.1%, due corporate contracts.

❑ Corporate

The Corporate segment decreased 59.7% y/y in 1Q19 (5.2% q/q), reaching 307.2 thousand lives. The annual variation, due to the exit of a Company representing 430 thousand lives, was explained in 2Q18. The increase q/q reflects new contracts that are now managed by the Company, increasing lives on the corporate segment.

❑ SME

The SME segment shows an increase of 6% when compared to 1Q18 (5% q/q). It is important to mention that the lives increase had a minor impact on revenues in the quarter.

❑ TPA

The Self-management portfolio, which consolidates Qualicorp TPA and CRC/Gama lives, has reached 0.7 million lives by the end of 1Q19, lower y/y and lower q/q due to contracts termination, with low profitability for the Company.

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1.1 Portfolio of lives evolution

Portfolio	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Affinity Health Lives					
Total Portfolio (BOP)	1,163,291	1,211,591	-4.0%	1,186,331	-1.9%
(+) Gross Adds	115,523	97,805	18.1%	88,628	30.3%
(-) Churn	(91,364)	(97,602)	-6.4%	(111,668)	-18.2%
(+) Portfolio Acquisition	-	10,912	N.A.	-	N.A.
New Lives Added (net)	24,159	11,115	117.4%	(23,040)	-204.9%
Total Portfolio (EOP)	1,187,450	1,222,706	-2.9%	1,163,291	2.1%
Affinity Other Products Lives					
Total Portfolio (BOP)	96,944	346,635	-72.0%	98,179	-1.3%
New Lives Added (net)	(1,939)	(225,028)	-99.1%	(1,235)	57.0%
Total Portfolio (EOP)	95,005	121,607	-21.9%	96,944	-2.0%
Affinity Portfolio	1,282,455	1,344,313	-4.6%	1,260,235	1.8%
Corporate	307,242	762,634	-59.7%	292,070	5.2%
TPA	681,202	793,695	-14.2%	691,661	-1.5%
Small/Medium Enterprises	155,682	146,889	6.0%	148,248	5.0%
Corporate and Others Portfolio	1,144,126	1,703,218	-32.8%	1,131,979	1.1%
Total Portfolio	2,426,581	3,047,531	-20.4%	2,392,214	1.4%

In the Affinity segment, which represents 92.2% of our net revenues in 1Q19 (92.4% in 4Q18 and 91.9% in 1Q18), we reached 115.5k lives in gross additions. The considerable increase compared to previous quarters is due to the entry of two new portfolios, adding approximately 31k lives. The Company continues to work to increase recurring sales performance, with new products and incentives to the commercial channel as of 2Q19.

Concerning the additions made in 1Q19, 16% are related to Clube de Saúde, vs 20% y/y and 22% in q/q. The sequential decrease in Clube de Saúde's participation reflects new portfolios added, in which the ticket is higher than the previous lives.

In terms of churn level, we had 91 thousand cancellations in 1Q19, volume 6.4% lower y/y and 18.2% lower q/q. Is important to notice that most of the portfolio is impacted by the price readjustments held on the second semester of every year. In 2019, the Company will keep focused in client's retention, adding new products to the portfolio and providing more affordable alternatives according to need. In 1Q19, our retention channel carried out downgrades around 4.9k lives (5k lives in 1Q18), with ticket reduction of around 28%.

Taking into account the performance improvement in sales and churn, the Company held +24.1k of net adds, over twice presented in 1Q18. The Company understands that given the current scenario, still challenging, it is essential develop the lives portfolio before the price readjustments period. Therefore, we are providing more affordable products along 2S19 and enhancing sales campaigns to pursue the results.

The portfolio in Medical Care Affinity segment had 1.2 million lives in the end of 1Q19, -2.9% y/y and +2.1% q/q. Out of this amount, over 143 thousand lives belongs to the Clube de Saúde segment.

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2 | Operating Net Revenues

Net Revenues (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Affinity	430.2	440.4	-2.3%	442.7	-2.8%
% on Total Net Revenues	92.2%	91.9%	28bps	92.4%	-22bps
Corporate and Other	36.4	38.8	-6.0%	36.4	0.2%
% on Total Net Revenues	7.8%	8.1%	-28bps	7.6%	22bps
Total Consolidated	466.6	479.2	-2.6%	479.0	-2.6%

Our total Net Revenues decreased -2.6% y/y in 1Q19, reaching R\$466.6 million. Regarding 4Q18, there was a -2.6% decrease, reflecting the average portfolio reduction in the quarter.

The Affinity segment contributed with R\$430.2 million in 1Q19 (-2.3% y/y and -2.8% q/q). The annual decrease, even with the price readjustments over 17.6%, is due to [i] lives' portfolio reduction, reflected by 2.9% less clients in Affinity Medical Care in the annual comparison; [ii] portfolio mix, considering the new lives added regarding their ticket profile change and downgrades along last twelve months; and [iii] brokerage revenue decrease, due to sales mix and migration to new plans, since new agreements were held aiming products diversity increase.

The Net Revenue from the Corporate and Others Segment reached R\$36.4 million in 1Q19, -6.0% y/y (0.2% q/q). The annual decrease is due to the lives reduction in corporate contracts regarding TPA segment and the sequential variation reflects new corporate contracts, offsetting TPA's revenues losses.

The Group gross revenue tax rate (ISS, PIS and COFINS) reached 8.1% in 1Q19 (versus 8.0% in 1Q18 and 7.8% in 4Q18).

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3 | Operating Expenses

Cost summary (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Cost of Services	(86.3)	(89.8)	-3.8%	(86.8)	-0.5%
Total Costs of Services	(86.3)	(89.8)	-3.8%	(86.8)	-0.5%
Total Adm. Expenses	(131.1)	(115.1)	13.9%	(135.8)	-3.4%
Total Selling Expenses	(64.2)	(63.9)	0.4%	(69.3)	-7.5%
Bad Debt (Uncollectible Receivables)	(22.2)	(34.9)	-36.4%	(23.7)	-6.3%
Other Operating Income (Expenses)	3.7	(4.3)	-185.5%	2.2	64.9%
Total Operating Expenses	(213.8)	(218.2)	-2.0%	(226.6)	-5.6%
Total Consolidated	(300.1)	(308.0)	-2.6%	(313.4)	-4.2%
(+) One Time Expenses (a)	0.1	0.3	-77.5%	0.3	-76.5%
Total Consolidated Recurring	(300.0)	(307.7)	-2.5%	(313.1)	-4.2%

a) Refers to Stock option expenses.

Our consolidated recurring Operating Expenses decreased -2.5%/y/y in 1Q19 (-4.2% q/q). The decrease between quarters is mainly due to [i] lower third party expenses and [ii] bad debts recovery.

Due to IFRS 16, occupancy expenses do not include rental expenses. These expenses are amortized and only carry over administrative expenses.

Regarding selling expenses, the decrease in the sequential comparison is mainly due to lower recurring sales volume. It is important to note that the entry of the new portfolios did not involve payment of commission per sale. In addition, the Company has been making efforts to reduce operational expenses regarding new sales, mainly from the implementation of digital sales.

Concerning bad debts losses, as a percentage of the net revenue, we observed a decrease y/y and in the q/q comparison, remained stable. The improvement reflects the Company's efforts regarding [i] client's retention reflecting lower churn volume related to delinquency; [ii] better performance in bad debts in Aliança's segment, which was considered the main offender on 1S18; and [iii] credits recover related to customers with injunctions with the operators.

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3.1 | Cost of Services

Cost of Services (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Personnel expenses	(33.5)	(30.3)	10.6%	(28.7)	16.6%
Third Party Services	(23.3)	(24.8)	-5.9%	(26.2)	-11.0%
Occupancy expenses	(2.1)	(1.8)	18.9%	(1.9)	15.5%
Royalties (a)	(18.3)	(24.2)	-24.1%	(20.6)	-11.1%
Others (b)	(9.0)	(8.7)	3.6%	(9.3)	-3.6%
Total Consolidated	(86.3)	(89.8)	-3.8%	(86.8)	-0.5%
Gross Margin	81.5%	81.3%	24bps	81.9%	-38bps

- a) Refers to expenses related to financial 'pass through' incurred in agreements signed with professional associations for the contracting and selling of affinity plans (called royalties).
- b) Refers mainly to lawsuits, mailing expenses and annual membership fees paid by the Company to associations, unions and councils on behalf of the beneficiaries / members of the professional associations, paid by the Company for associations, unions and councils to which the beneficiaries are affiliated.

The consolidated Cost of Services reached R\$ 86.3 million in 1Q19 (- 3.8% y/y and - 0.5% q/q). Thus, we achieved 81.5% of gross margin, slightly higher when compared to 1Q18.

Regarding personnel expenses, the increase y/y and q/q, reflects medical care expenses, regarding staff members, as well as one-time resignations.

Regarding Third Party services, the cost decreased 5.9% y/y (11.0% q/q). The Company has been going through a process of digital transformation, which encompasses not only the sales process, but also the service. The client's gradual migration to the online platforms (app, portal, chatbot) will allow not only greater savings with the services provided, but also direct service to what effectively generates customer value.

Rental expenses are no longer appropriated as occupancy expenses to be capitalized. This amortization is segregated into administrative expenses. Other expenses with occupancy such as IPTU (property taxes), telephony and other accounts are allocated in expenses as usual.

The Royalties of Affinity contracts are net of the contract stipulation revenue and were reduced by 24.1% y/y, reaching R\$18.3 million in 1Q19, reflected by the average member's base decrease in the period.

Finally, concerning other's line, which includes legal actions, there was no material variation.

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3.2 | Administrative Expenses

Administrative expenses (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Personnel expenses	(26.4)	(22.7)	16.5%	(26.0)	1.4%
Third Party services	(10.5)	(11.7)	-10.6%	(16.9)	-38.2%
Occupancy expenses	(0.7)	(0.7)	-10.5%	(0.6)	3.3%
Amortization of Tenance expenses	(5.8)	(4.2)	39.6%	(4.2)	39.6%
Depreciation and amortization	(65.8)	(60.1)	9.4%	(67.2)	-2.0%
Others	(21.9)	(15.7)	39.9%	(20.8)	5.4%
Total Consolidated	(131.1)	(115.1)	13.9%	(135.8)	-3.4%
(+) Stock Options Expenses	0.1	0.3	-77.5%	0.3	-76.5%
Total Recurring Adm. Expenses	(131.0)	(114.8)	14.2%	(135.5)	-3.3%
Recurring Adm. Expenses/ Net Revenue %	28.1%	24.0%	413bps	28.3%	-20bps

Our recurring Administrative expenses increased 14.2% y/y (-3.3% q/q), reaching R\$131.0 million in 1Q19. Regarding net revenue, 1Q19 closed at 28.1%, around 413bps higher than 1Q18 and 20bps lower than 4Q18.

In the Personnel line, this quarter, if we were to exclude the Stock Option expenses amortization effect, there was a 17.9% y/y increase (2.4% q/q). Regarding the annual increase, reflects the management compensation increase as approved by the AGM held on April 29th, 2019.

In Third Party expenses, as mentioned before, the annual decrease is due to the operational expenses reduction, held by the Company, result of process improved by technology aid. The sequential decrease is mainly due to higher legal and consulting expenses in 4Q18.

With regard to rent expenses, the increase in the amortized amount is due to the return of the Adjustment to Present Value (AVP), according to the contract timing.

The increase in amortizations is due to the amortization of the non-compete agreement, signed with the Company's founder, with effect as of October 2018.

Lastly, the sequential growth in Other Administrative Expenses line is due to legal actions and infraction notices increase in 1Q19.

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3.3 | Selling Expenses

Selling Expenses (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Personnel expenses	(9.9)	(13.7)	-27.6%	(11.6)	-14.5%
Third Party services	(2.2)	(3.9)	-43.6%	(4.4)	-49.8%
Occupancy expenses	(0.6)	(0.7)	-17.5%	(0.5)	10.5%
Sales campaign	(5.2)	(4.8)	8.8%	(5.7)	-8.7%
Sponsorships	(0.7)	(1.4)	-49.2%	(2.8)	-74.4%
New sales comission amortization	(22.0)	(18.1)	21.4%	(20.2)	8.8%
Third-party commission	(16.8)	(14.5)	15.7%	(17.4)	-3.8%
Publicity and advertising	(3.7)	(4.7)	-21.1%	(4.5)	-17.2%
Others (a)	(3.1)	(2.0)	48.9%	(2.1)	42.2%
Total Consolidated	(64.2)	(63.9)	0.4%	(69.3)	-7.5%
Selling/Net Revenue %	13.8%	13.3%	41bps	14.5%	-72bps

Our consolidated Selling Expenses increased 0.4% y/y in 1Q19 (-7.5% q/q) reaching R\$ 64.2 million.

Regarding personnel expenses, we had a decrease of 27.6% y/y and 14.5% q/q, reflected by staff adjustments on commercial department of the Company.

In the third-party services line, the reduction reflects fewer consulting hiring and also the implementation of digital sales, reducing expenses related to sales. About 35% of the sales made in the quarter were originated from the digital tool, making the process safest and optimized.

Concerning sales campaigns (reported as expenses), there was no material variation. The awards that became effective in 1Q19 represent R\$10.7 million. This capitalized volume, may grow over the year along with the Company's urge for incentives increase.

The recurring third-party commissions, linked to the external channels performance, grew 15.7% y/y in line with the external channel strategy compensation, which assists clients' retention at Qualicorp.

The third-party commissions regarding new sales, for internal and external channel, are capitalized in the Company's intangible assets. The amortization, with minor variations between quarters, reflects the sales performance in the 24 months prior to the end of each period, this assumption also works for amortization. The increase reflects new sales awards, according to the Company concern to compensate the channels in line with their performance.

If we were to spend these commissions (internal and external channel) by competency, these would represent R\$16.0 million in 1Q19 (R\$14.9 million in 1Q18 and R\$18.3 million in 4Q18).

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3.4 | Bad Debt (Uncollectible Receivables)

Bad Debt (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Bad Debt/Uncollectible Receivables	(22.2)	(34.9)	-36.4%	(23.7)	-6.3%
% Net Revenue	4.8%	7.3%	-253bps	4.9%	-19bps

Our Bad Debt expenses, reached R\$ 22.2 million in 1Q19, representing 4.8% of our total net revenue, 7.3%

in 1Q18 and 4.9% in 4Q18. It is important to highlight the work done in credit recovery of customers, as well as the recovery of credit from customers with injunctions with the operators. We highlight the internal work done with Aliança segment, regarding last year. The performance reflects process adjustments in terms of bad debts recovery.

Breakdown	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Bad Debt	(28.0)	(40.2)	-30.3%	(30.9)	-9.3%
Recovering	5.8	5.3	10.0%	7.2	-19.1%

The past due credit recovery contributed positively with R\$ 5.8 million during 1Q19, higher than R\$ 5.3 million in 1Q18 and R\$ 7.2 million lower in 4Q18, reflected by the efforts to recover clients credits after high volume losses in 1H18.

3.5 | Other Operating Income / (Expense)

Other Operating Income/Expenses (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Expenses related to contingencies	1.2	(5.9)	-121.2%	6.3	-80.1%
Impairment	-	0.7	-100.0%	(2.1)	-100.0%
Operational Losses	(2.6)	5.8	-145.4%	(6.2)	-57.5%
Other income (expenses)	5.1	(5.0)	-202.5%	4.3	18.5%
Total Consolidated	3.7	(4.3)	-185.5%	2.2	64.9%
(-) One-time revenues	-	-	N.A.	-	N.A.
(+) One-time expenses	-	-	N.A.	-	N.A.

Other Operating Income/Expenses presented a positive effect of R\$-3.7 million vs. R\$4.3 million negative impact in 1Q18 and R\$-2.2 million impact in 4Q18. Those variations reflects higher contingencies expenses volume, since the Company was able to reverse part of provisions held in prior quarters. Expenses/Revenues related to operating gains/losses, are due to reconciliation of invoices which had a negative effect of R\$2.6 million in 1Q19, vs R\$6.2 million in 4Q18 and positive effect of R\$5.8 million in 1Q18. It is important to highlight the nature of control related to checking account with the operators.

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1Q19 Earnings Release



4 | Financial Income (expenses)

Financial Income (Expenses) (R\$MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Financial income					
Income from short-term investments	9.7	9.2	5.6%	8.1	19.5%
Interest and fine on late payment of health plans	6.2	6.1	1.6%	6.2	-0.2%
Other income	1.0	0.8	24.6%	0.2	349.6%
Total	16.9	16.0	5.0%	14.5	16.2%
Financial expenses					
Debentures Interest	(11.3)	(11.8)	-4.1%	(11.5)	-1.2%
Monetary adjustment from acquisition payables	(1.2)	(2.0)	-37.6%	(1.7)	-28.1%
Other financial expenses	(11.8)	(10.6)	11.9%	(11.2)	5.8%
Total	(24.4)	(24.3)	0.1%	(24.3)	0.1%
Total Consolidated	(7.5)	(8.3)	-9.4%	(9.8)	-23.6%

The Company's Financial Income results comes from two main sources: interest on financial investments, interest, and penalties on late premiums payments from beneficiaries.

The performance of yield on financial investments, is due to higher resources volume (R\$682.2 million in March/19 vs R\$527.5 million in March/18 and R\$435.3 million in December/18).

In compliance with IFRS 16, financial expenses consider the present value adjustment of the Company's rental agreements.

It is worth to mention our debentures costs, whose interests are paid in 2Q and 4Q of each year. The debentures were renewed in 4Q16 considering more attractive taxes for the Company and which updated value decreases due to basic interest rate.

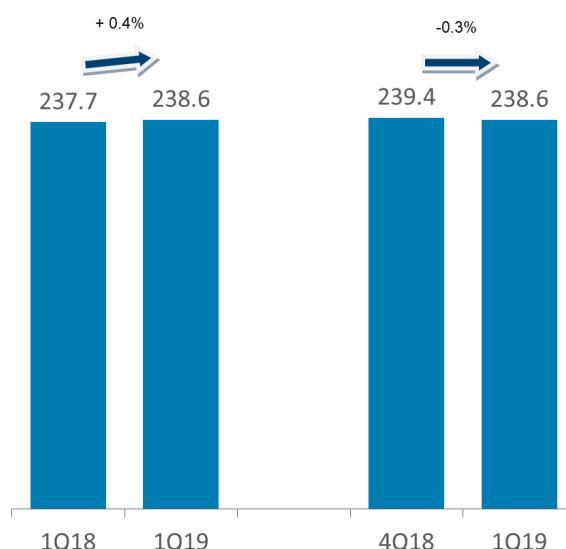
Other financial expenses, which includes financial operations IOF tax, bank expenses, discounts, among others, had immaterial impact y/y and q/q.

5 | Generation of Operating Cash (EBITDA and Adjusted EBITDA) ^{1,2}

EBITDA and Adjusted EBITDA (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Net Income	96.9	102.1	-5.1%	95.6	1.4%
(+) Taxes	62.1	60.9	1.9%	60.1	3.3%
(+) Depreciation and Amortization	93.6	82.4	13.6%	91.6	2.2%
(+) Financial Expense	24.4	22.6	8.0%	22.4	8.7%
(-) Financial Income	(16.9)	(14.4)	17.1%	(12.4)	35.4%
EBITDA	260.1	253.6	2.6%	257.2	1.1%
EBITDA Margin	55.7%	52.9%	283bps	53.7%	205bps
Non-cash Stock Option Plan Expense	0.1	0.3	-77.5%	0.3	-76.5%
Interest and fine on late payment of health plans	6.2	6.1	1.6%	6.2	-0.2%
Amortization of Tenance Expenses	(5.8)	(4.2)	39.6%	(4.2)	39.6%
New sales comission amortization	(22.0)	(18.1)	21.4%	(20.2)	8.8%
Adjusted EBITDA	238.6	237.7	0.4%	239.4	-0.3%
Adjusted EBITDA Margin	51.1%	49.6%	152bps	50.0%	116bps

Our consolidated Adjusted EBITDA reached R\$238.6 million in 1Q19 (- 0.3% q/q and 0.4% y/y). The consolidated Adjusted EBITDA margin reached 51.1% in 1Q19. The 1,5bps margin increase is related to improvement in bad debts and lower third party expenses. It is important to highlight that the Company was able to keep its operating expenses under control and has perfect condition to resume, in the next quarters, the growth of beneficiaries and revenues with operational leverage.

EBITDA AJUSTADO (R\$ MM) ^{1,2}



- (1) EBITDA and Adjusted EBITDA are presented because management believes that they are significant indicators of financial performance. According to the IFRS, EBITDA and Adjusted EBITDA are not indicators of financial performance and shall not be considered as an alternative to net profit, operational performance, operating cash flow, or as a liquidity indicator.
- (2) EBITDA and Adjusted EBITDA consist of net income before income tax and social contribution, financial income, financial expense, and depreciation and amortization. "Other adjustments" include items such as spending on acquisitions and associations; costs of corporate restructuring and operational provisions for stock option plan; interest and penalties on late fees; and other non-cash adjustments.

Qualicorp Consultoria e Corretora de Seguros S.A.

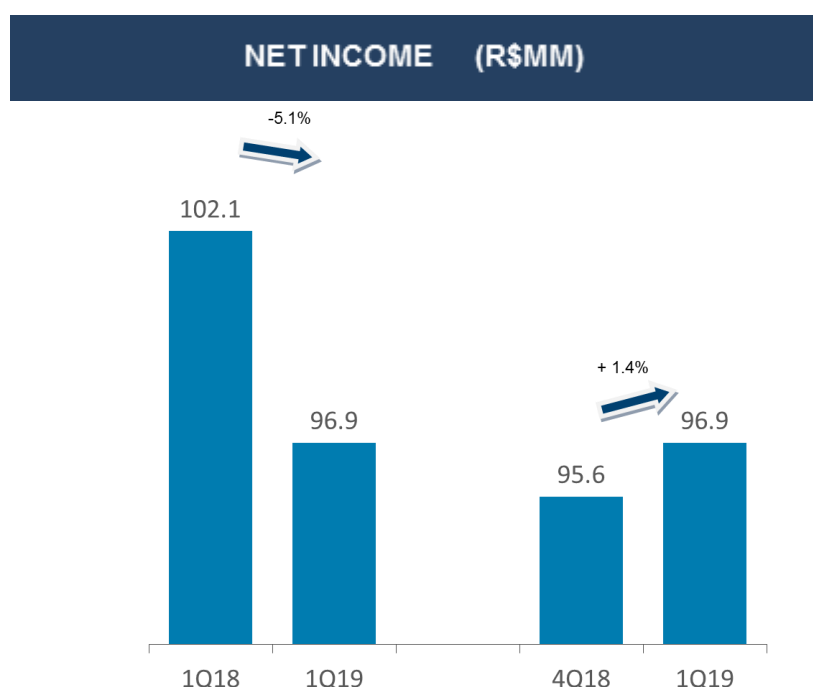


1Q19 Earnings Release

6 | Net Income (Loss)

Net Income (Loss) (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Net Income	96.9	102.1	-5.1%	95.6	1.4%

Our consolidated net income reached R\$96.9 million in 1Q19, lower y/y, due to higher volume of amortizations and worse tax rate. The effective tax rate was 39.0% in 1Q19, against 38.6% in 4Q18 and 37.4% in 1Q18.



7 | Amortization

Amortization	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Amortization Clients Relationship	23.8	23.9	-0.5%	23.8	0.0%
Goodwill Amortization	39.0	92.6	-57.9%	39.0	0.0%
Portfolio Amortization	23.0	18.7	23.0%	24.2	-4.8%

Amortization Summary	Income Statement	Fiscal benefit	Amount 1Q19	Tax	Adjustments to net income
Amortization Clients Relationship	Yes	No	23.8	8.1	15.7
Goodwill amortization	No	Yes	39.0	13.3	13.3
Portfolio Amortization	Yes	Yes	23.0	7.8	15.2

Amortization Schedule	2019	2020	2021	2022	2023	2024
Clients Relationship	90.6	53.1	0.8	0.8	0.8	0.5
Goodwill	154.0	150.8	150.3	3.4	-	-
Portfolio Acquisition	86.0	80.5	55.8	42.6	36.9	25.9

Qualicorp Consultoria e Corretora de Seguros S.A.

1Q19 Earnings Release



8 | Capital Expenditures

Capex (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Capex in IT	7.1	12.5	-43.1%	17.5	-59.2%
Other Capex	0.1	0.3	-81.3%	0.7	-91.9%
Right Assignment Agreement / Exclusivity	-	13.6	-100.0%	-	0.0%
TOTAL	7.2	26.4	-72.8%	18.1	-60.4%

Our total IT Capex reached R\$7.1 million in 1Q19, mainly due to operational systems improvements aiming operational efficiency. It is important to note that the Company is working on constant development of its operating systems, which will optimize processes and provide better customer service, as well as greater efficiency in operating expenses.

9 | Capital Structure

Capital Structure (R\$ MM)	1Q19	4Q18	Var. 3Q18/4Q17
Current Debt	654.9	617.5	6.1%
Long Term Debt ⁽¹⁾	6.4	6.9	-8.1%
TOTAL	661.2	624.4	5.9%
Cash and cash equivalents ⁽²⁾	682.2	435.3	56.7%
TOTAL NET DEBT	(20.9)	189.2	-111.1%

(1) Includes acquisition payables

(2) It does not include the investment retained as a guaranteed asset in the direct subsidiary Qualicorp Administradora de Benefícios S.A., and in the indirect subsidiary Clube de Saúde Administradora de Benefícios Ltda., according to the 33rd normative instruction by the ANS, from October 5, 2009

Our Net Debt increased 20.9% in 1Q19, generating strong cash on the period. It is important to note that as approved by the AGM held on April 29th, 2019, the Company will pay R\$184,962,000.00 (one hundred and eighty-four million, nine hundred and sixty-two thousand BRL) of dividends on May 10th, 2019, related to 2018 and additional to paid in June of the same year.

The short-term debt refers primarily to debentures, which mature in November 2019.

Qualicorp Consultoria e Corretora de Seguros S.A.

1Q19 Earnings Release



10 | Return on Investments

We closed 1Q19 with 41.3% ROIC, decelerating regarding previous year, not only, due to lower operating income in the last 12 months, compared to the 12 months before the end of 1Q18, but also regarding higher capital invested in the Company on the period.

Return on Investment	1Q19	4Q18	3Q18	2Q18	1Q18
Invested Capital					
Fixed Asset	2,468,913	2,521,908	2,569,985	2,398,824	2,436,988
Working Capital	(34,552)	40,841	(221,982)	17,476	(36,912)
TOTAL	2,434,361	2,562,749	2,348,003	2,416,300	2,400,076
(-) Intangible - Goodwill (LBO)	924,767	924,767	924,767	924,767	924,767
(-) Intangible - Client Relationship (LBO)	111,210	130,834	150,460	170,084	189,711
Adjusted Invested Capital	1,398,384	1,507,148	1,272,776	1,321,449	1,285,598
NOPAT					
Adjusted EBITDA	238,593	239,361	243,043	215,534	237,717
EBIT	144,977	147,805	159,968	132,387	155,312
(+) Ammortization	(74,637)	(72,361)	(63,981)	(64,930)	(64,909)
EBIT adjusted	219,614	220,166	223,949	197,318	220,222
(-) taxes (34%)	(74,669)	(74,857)	(76,143)	(67,088)	(74,875)
NOPAT	144,945	145,310	147,806	130,230	145,346
ROIC (12m)	41.3%	42.2%	41.8%	43.8%	46.1%

The operating cash flow reached R\$280.5 million in 1Q19. After Capex, the Company generated R\$240.6 million. This effect was driven by not only strong operational profit, but also by improvement in working capital accounts, with a reduction in the volume of advances to operators.

Cash Flow	1Q19	4Q18	3Q18	2Q18	1Q18
Income adjusted by non-cash effects	264,581	259,797	261,773	241,437	265,388
Working Capital	61,493	(49,739)	27,430	(49,100)	67,827
Interest paid	-	(23,496)	-	(23,740)	-
Dividends received/paid	-	-	-	-	-
Income tax and social contribution paid	(45,544)	(59,447)	(46,629)	(33,111)	(33,744)
Cash Flow from Operating Activities	280,530	127,115	242,574	135,486	299,471
Capex (TI)	(7,399)	(14,446)	(18,229)	(14,837)	(10,644)
PP&E	(329)	(668)	(163)	(196)	(429)
New Sales Comissions	(26,690)	(29,339)	(31,149)	(16,674)	(14,247)
Rental Expenses	(5,278)	(5,279)	(5,279)	(5,279)	(5,278)
Intangible (M&A + Portfolio + Deals)	(188)	(206,993)	(6,993)	(15,706)	(25,340)
Cash Flow from Investment Activities	(39,884)	(256,725)	(61,813)	(52,692)	(55,938)
Cash Flow from Operating Activities (-) Capex	240,646	(129,610)	180,761	82,794	243,533
Cash Flow from Financing Activities	-	(30,596)	-	(192,091)	(233,031)
Other Investments	(115,532)	53,922	(45,523)	39,120	21,434
Total Cash Flow	125,114	(106,284)	135,238	(70,177)	31,936
Cash Flow on the begining of the period	137,446	243,730	108,492	178,669	146,733
Cash Flow on the end of the period	262,560	137,446	243,730	108,492	178,669

Qualicorp Consultoria e Corretora de Seguros S.A.

1Q19 Earnings Release



Forward-looking statements

This release may contain forward-looking statements concerning the business outlook. These statements are based exclusively on the expectations of the management of Qualicorp S.A. 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 S.A., and therefore are subject to change without prior notice

Qualicorp Consultoria e Corretora de Seguros S.A.

1Q19 Earnings Release



Appendix I – Income Statement

INCOME STATEMENT (R\$ MM)	1Q19	1Q18	% Change 1Q19/1Q18	4Q18	% Change 1Q19/4Q18
Net Operating Revenue	466.6	479.2	-2.6%	479.0	-2.6%
Cost of Services	(86.3)	(89.8)	-3.8%	(86.8)	-0.5%
Gross Profit	380.3	389.4	-2.3%	392.3	-3.0%
Operating Income (expenses)	(213.8)	(218.2)	-2.0%	(226.6)	-5.6%
Administrative expenses	(131.1)	(115.1)	13.9%	(135.8)	-3.4%
Selling expenses	(64.2)	(63.9)	0.4%	(69.3)	-7.5%
Losses on uncollectible receivables	(22.2)	(34.9)	-36.4%	(23.7)	-6.3%
Other operating income (expenses), net	3.7	(4.3)	-185.5%	2.2	64.9%
Income From Operations Before Financial Income (Expenses)	166.5	171.2	-2.7%	165.7	0.5%
Financial income	16.9	14.4	17.1%	12.4	35.4%
Financial expenses	(24.4)	(22.6)	8.0%	(22.4)	8.7%
Income Before Income Tax Social Contribution	159.0	163.0	-2.5%	155.7	2.1%
INCOME TAX AND SOCIAL CONTRIBUTION	(62.1)	(60.9)	1.9%	(60.1)	3.3%
Current	(55.2)	(53.5)	8.9%	(58.3)	-5.2%
Deferred	(6.9)	(7.4)	-75.1%	(1.8)	272.3%
NET (LOSS) INCOME FOR PERIOD	96.9	102.1	-5.1%	95.6	1.4%

Qualicorp Consultoria e Corretora de Seguros S.A.

1Q19 Earnings Release



Appendix II – Balance Sheet

ASSETS (R\$ MM)	1Q19	4Q18	% Change. 1Q19/4Q18
CURRENT ASSETS			
Cash and cash equivalents	262.6	137.4	91.0%
Short-term investments	467.6	352.1	32.8%
Trade receivables	177.1	192.4	-7.9%
Other assets	288.3	299.2	-3.6%
Other financial assets	276.2	292.0	-5.4%
Other non-financial assets	12.1	7.2	67.2%
Total current assets	1,195.6	981.1	21.9%
NONCURRENT ASSETS			
Long-term assets			
Income tax and social contribution	72.1	86.1	-16.2%
Other assets	22.2	21.4	3.5%
Other financial assets	13.4	9.5	40.4%
Other non financial assets	8.8	11.9	-26.1%
Total long-term assets	94.3	107.5	-12.3%
Investments	0.3	0.3	0.0%
Property, plant and equipment	114.8	116.3	-1.3%
Intangible assets			
Goodwill	1,624.2	1,624.2	0.0%
Others intangible assets	729.6	781.1	-6.6%
Total noncurrent assets	2,563.3	2,629.4	-2.5%
TOTAL ASSETS	3,758.8	3,610.6	4.1%
LIABILITIES & SHAREHOLDERS EQUITY (R\$ MM)	1Q19	4Q18	% Change. 1Q19/4Q18
CURRENT LIABILITIES			
Debentures	627.7	615.7	1.9%
Taxes payable	41.2	30.7	34.3%
Technical Reserves	15.7	13.2	18.5%
Premiums to be transferred	245.6	202.9	21.1%
Financial transfers payable	15.1	20.0	-24.6%
Payroll and related taxes	47.3	43.8	8.0%
Transferable prepayments	41.3	46.4	-11.0%
Related parties	0.0	0.0	N.A.
Other payables	73.5	73.8	-0.4%
Leases	20.3	20.0	N.A.
Total current liabilities	1,127.6	1,066.5	5.7%
NONCURRENT LIABILITIES			
Income tax and social contribution	4.9	5.1	-4.4%
Deferred income tax and social contribution	65.6	71.0	-7.5%
Provision for risks	53.8	55.0	-2.3%
Other payables	12.6	16.2	-4.1%
Leases	42.8	40.0	N.A.
Total noncurrent liabilities	179.7	187.4	-4.1%
EQUITY			
Capital	1,809.1	1,809.1	0.0%
Capital reserves	1.2	1.1	6.3%
Earnings reserves	399.3	401.5	-0.5%
Asset valuation adjustment	96.9	0.0	N.A.
Asset valuation adjustment	145.0	145.0	0.0%
Total equity	2,451.6	2,356.7	4.0%
TOTAL LIABILITIES AND EQUITY	3,758.8	3,610.6	4.1%

Qualicorp Consultoria e Corretora de Seguros S.A.

1Q19 Earnings Release



Appendix III – Cash Flow Statement

STATEMENTS OF CASH FLOWS (R\$ MM)	1Q19	1Q18	Var. 1Q19 / 1Q18
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (losses) before income tax and social contribution	159.0	163.0	-2.5%
Adjustments	105.6	102.4	3.1%
Depreciation and Amortization	93.6	82.4	13.6%
Impairment	(0.0)	(0.7)	-93.6%
Result from fixed Assets and Intangibles	-	0.3	N.A.
Stock Option Program	0.1	0.3	-77.7%
Financial Expenses	13.2	14.6	-9.8%
Provision for Risks	(1.2)	5.5	-122.7%
Adjusted profit (loss)	264.6	265.4	-0.3%
Origin Cash provided by operating activities	67.8	67.1	1.0%
Cash provided by operating activities	332.4	332.5	0.0%
Income tax and social contribution paid	(45.5)	(33.7)	35.0%
Net cash provided by operating activities	286.8	298.7	-4.0%
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in intangible assets	(34.3)	(50.2)	-31.8%
Purchase of property, plant and equipment	(0.3)	(0.4)	-23.3%
Financial Investments	(121.8)	22.2	-649.3%
Net cash used in investing activities	(156.4)	(28.5)	449.2%
CASH FLOW FROM FINANCING ACTIVITIES			
Buyback - Treasury	-	(94.1)	-100.0%
Dividends paid to Qualicorp S.A. shareholders	-	(150.0)	-96.5%
Rental Expenses	(5.3)	(5.3)	0.0%
Capital Increase	-	11.1	N.A.
Cash provided by (used in) financing activities	(5.3)	(238.3)	-97.8%
INCREASE IN CASH AND CASH EQUIVALENTS, NET	125.1	31.9	291.8%
Cash and cash equivalents at beginning of period	137.4	146.7	-6.3%
Cash and cash equivalents at end of period	262.6	178.7	47.0%

(A free translation of the original in Portuguese)

**Qualicorp Consultoria e
Corretora de Seguros S.A.**
(formerly Qualicorp S.A.)
**Condensed interim financial statements at
March 31, 2019
and report on review**



Report on review of condensed interim financial statements

To the Board of Directors and Stockholders
Qualicorp Consultoria e Corretora
de Seguros S.A. (formerly Qualicorp S.A.)

Introduction

We have reviewed the accompanying condensed interim balance sheet of Qualicorp Consultoria e Corretora de Seguros S.A. (formerly Qualicorp S.A.) (the "Company") as at March 31, 2019 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, as well as the accompanying consolidated condensed interim balance sheet of Qualicorp Consultoria e Corretora de Seguros S.A. and its subsidiaries ("Consolidated") as at March 31, 2019 and the related consolidated condensed statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these parent company and consolidated condensed interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - Interim Financial Reporting, of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with CPC 21 and IAS 34.



Qualicorp Consultoria e Corretora
de Seguros S.A. (formerly Qualicorp S.A.)

Other matters

Condensed statements of value added

We have also reviewed the parent company and consolidated condensed statements of value added for the quarter ended March 31, 2019. These statements are the responsibility of the Company's management and are presented as supplementary information. These statements have been subjected to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in a manner consistent with the condensed interim financial statements taken as a whole.

São Paulo, May 9, 2019

A handwritten signature in blue ink that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

A handwritten signature in blue ink, likely belonging to Fábio Cajazeira Mendes.

Fábio Cajazeira Mendes
Contador CRC 1SP196825/O-0

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A. (FORMERLY QUALICORP S.A.) AND SUBSIDIARIES

BALANCE SHEET AT MARCH 31, 2019 AND DECEMBER 31, 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

ASSETS	Note	3/31/2019		12/31/2018	
		Parent company	Consolidated	Parent company	Consolidated
CURRENT ASSETS					
Cash and cash equivalents	7.1	35	262.560	2.238	137.446
Financial investments	7.2	-	467.623	-	352.091
Amounts receivable from customers	8	-	172.752	-	192.355
Other assets		11.416	288.326	11.101	299.774
Other financial assets	9.1	9.981	276.228	10.065	292.538
Other non-financial assets		1.435	12.098	1.036	7.236
Related parties		267	-	-	-
Total current assets		11.718	1.191.261	13.339	981.666
NON-CURRENT ASSETGS					
Deferred income tax and social contribution	10	-	72.289	-	84.346
Amounts receivable from customers	8	-	4.327	-	-
Other assets		245	22.200	2.179	23.163
Other financial assets	9.1	123	13.403	325	11.259
Other non-financial assets		122	8.797	1.854	11.904
Total long-term receivables		245	98.816	2.179	107.509
Investments	12	2.251.015	262	2.141.678	262
Property and equipment		5.662	112.637	-	54.508
Intangible assets:					
Goodwill	13.1	-	1.624.223	-	1.624.223
Other intangible assets	13.2	189.776	729.644	198.396	781.145
Total non-curreint assets		2.446.698	2.565.582	2.342.253	2.567.647
TOTAL ASSETS		2.458.416	3.756.843	2.355.592	3.549.313

The accompanying notes are an integral part of these interim financial statements.

LIABILITIES AND EQUITY	Note	3/31/2019		12/31/2018	
		Parent company	Consolidated	Parent company	Consolidated
CURRENT LIABILITIES					
Debentures	14	-	627.652	-	615.726
Taxes and contributions payable		408	41.219	379	30.695
Technical reserves for healthcare operations		-	15.669	-	13.228
Premiums to be transferred	15	-	245.602	-	202.868
Financial transfers payable		-	15.087	-	20.001
Payroll and related charges		-	47.281	94	43.767
Transferable prepayments		-	41.315	-	46.420
Other payables		2.161	73.507	626	75.180
Related parties		2	-	-	-
Leases	26	1.028	20.118	-	-
Total current liabilities		3.599	1.127.450	1.099	1.047.885
NON-CURRENT LIABILITIES					
Taxes and contributions payable		-	4.857	-	5.083
Deferred income tax and social contribution	10	707	65.774	-	70.568
Provision for contingencies	16	-	53.806	-	55.047
Other payables		-	12.571	-	16.237
Leases	26	2.554	40.829	-	-
Total non-current liabilities		3.261	177.837	-	146.935
EQUITY					
Share capital		1.809.071	1.809.071	1.809.071	1.809.071
Capital reserve		1.193	1.193	1.122	1.122
Revenue reserves		399.310	399.310	399.256	399.256
Carrying value adjustments		145.044	145.044	145.044	145.044
Retained earnings		96.938	96.938	-	-
Total equity attributable to owners of the Parent company		2.451.556	2.451.556	2.354.493	2.354.493
TOTAL LIABILITIES AND EQUITY		2.458.416	3.756.843	2.355.592	3.549.313

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A. (FORMERLY QUALICORP S.A.) AND SUBSIDIARIES

STATEMENT OF INCOME

QUARTERS ENDED MARCH 31, 2019 AND 2018

All amounts in thousands of reais, except earnings per share

(A free translation of the original in Portuguese)

	Note	3/31/2019		3/31/2018	
		Parent company	Consolidated	Parent company	Consolidated
NET OPERATING REVENUE	23.d	-	466.642	-	479.203
COST OF SERVICES	19	-	(86.324)	-	(91.987)
OPERATING INCOME (EXPENSES)					
Administrative expenses	19	(12.875)	(131.116)	(4.234)	(112.810)
Selling expenses	19	-	(64.168)	-	(65.110)
Losses on uncollectible receivables	8.1	-	(22.186)	-	(34.892)
Equity in results of investees	12	109.769	-	106.964	-
Other income (expenses), net		(187)	3.687	-	(4.317)
OPERATING PROFIT BEFORE FINANCE RESULT		96.707	166.535	102.730	170.087
Finance income	20	248	16.852	230	16.380
Finance costs	20	(73)	(24.364)	(257)	(22.555)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		96.882	159.023	102.703	163.912
INCOME TAX AND SOCIAL CONTRIBUTION	21	56	(62.085)	-	(61.209)
Current		-	(55.227)	-	(53.797)
Deferred		56	(6.858)	-	(7.412)
PROFIT FOR THE PERIOD		96.938	96.938	102.703	102.703
ATTRIBUTABLE TO					
Owners of the parent		96.938	96.938	102.703	102.703
		96.938	96.938	102.703	102.703
EARNINGS PER SHARE					
Basic (R\$ per share)	25	0,34232	0,34232	0,35527	0,35527
Diluted (R\$ per share)	25	0,34115	0,34115	0,35245	0,35245

The accompanying notes are an integral part of these interim financial statements.

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A. (FORMERLY QUALICORP S.A.) AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
QUARTERS ENDED MARCH 31, 2019 AND 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	3/31/2019		3/31/2018	
	Parent company	Consolidated	Parent company	Consolidated
PROFIT FOR THE PERIOD	96.938	96.938	102.703	102.703
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	96.938	96.938	102.703	102.703
ATTRIBUTABLE TO				
Owners of the parent	96.938	96.938	102.703	102.703

The accompanying notes are an integral part of these interim financial statements.

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A. (FORMERLY QUALICORP S.A.) AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
 QUARTERS ENDED MARCH 31, 2019 AND 2018
 All amounts in thousands of reais

(A free translation of the original in Portuguese)

Note	Share capital			Capital reserve	Revenue reserves		Carrying value adjustments	Retained earnings	Consolidated total (IFRS and BR GAAP)
	Paid-up capital	Treasury shares	Share issue costs		Legal reserve	Other	Fair value of merged investments		
AT DECEMBER 31, 2017	1.836.751	(65.047)	(20.983)	159.066	56.250	255.814	145.044	-	2.366.895
Adjustment due to the adoption of IFRS 9 and IFRS 15	-	-	-	-	-	45.023	-	-	45.023
AT JANUARY 1, 2018	1.836.751	(65.047)	(20.983)	159.066	56.250	300.837	145.044	-	2.411.918
Increase in share capital due to exercise of options granted	11.116	-	-	-	-	-	-	-	11.116
Options granted	-	-	-	318	-	-	-	-	318
Purchase of treasury shares	-	(94.147)	-	-	-	-	-	-	(94.147)
Profit for the period	-	-	-	-	-	-	-	102.703	102.703
Distribution of interim dividends	-	-	-	-	-	(150.000)	-	-	(150.000)
Cancellation of treasury shares	-	159.194	-	(159.194)	-	-	-	-	-
AT MARCH 31, 2018	1.847.867	-	(20.983)	190	56.250	150.837	145.044	102.703	2.281.908
AT DECEMBER 31, 2018	1.865.657	(35.603)	(20.983)	1.122	76.102	323.154	145.044	-	2.354.493
Adjustment due to the adoption of IFRS 16	2.3 and 20	-	-	-	-	54	-	-	54
AT JANUARY 1, 2019	1.865.657	(35.603)	(20.983)	1.122	76.102	323.208	145.044	-	2.354.547
Options granted	18	-	-	71	-	-	-	-	71
Profit for the period	-	-	-	-	-	-	-	96.938	96.938
AT MARCH 31, 2019	1.865.657	(35.603)	(20.983)	1.193	76.102	323.208	145.044	96.938	2.451.556

The accompanying notes are an integral part of these interim financial statements.

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A. (FORMERLY QUALICORP S.A.) AND SUBSIDIARIES

STATEMENT OF CASH FLOWS
QUARTERS ENDED MARCH 31, 2019 AND 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	3/31/2019		3/31/2018	
		Parent company	Consolidated	Parent company	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax and social contribution		96.882	159.023	102.703	163.912
Adjustments for:					
Depreciation and amortization	19	8.983	93.616	1.666	78.231
Reversal of impairment losses		-	(46)	-	(714)
Equity in results of investees	12	(109.769)	-	(106.964)	-
Loss on disposal of property and equipment		-	-	-	278
Options granted	12 and 18	-	71	-	318
Finance costs		73	13.165	204	12.610
Provision for (reversal of) contingencies		-	(1.248)	-	5.502
		(3.831)	264.581	(2.391)	260.137
Changes in operating assets and liabilities:					
Increase (decrease) in amounts receivable from customers		-	15.276	-	3.090
Increase (decrease) in other assets		(626)	10.166	810	(42.619)
(Decrease) in taxes and contributions payable		29	622	(1.950)	(11.138)
Increase in premiums to be transferred		-	42.734	-	82.144
Increase (decrease) in financial transfers payable		-	(4.914)	-	(878)
Increase (decrease) in technical reserves for healthcare operations		-	2.441	-	(438)
Increase (decrease) in payroll and related charges		(94)	3.514	-	8.342
Increase (decrease) in other payables		1.533	(3.241)	(210)	34.713
(Decrease) in transferable prepayments		-	(5.105)	-	(5.389)
Increase in related parties		(265)	-	15.415	-
Increase (decrease) in financial investments (restricted cash)		-	6.286	-	(743)
Cash from operations		(3.254)	332.360	11.674	327.221
Dividends received from subsidiaries	12	2.011	-	213.273	-
Income tax and social contribution paid		-	(45.544)	-	(33.744)
Net cash provided by (used in) operating activities		(1.243)	286.816	224.947	293.477
CASH FLOWS FROM INVESTING ACTIVITIES					
Share capital increase in subsidiaries	12	(690)	-	(4.175)	-
Additions to intangible assets		-	(34.277)	-	(50.231)
Purchases of property and equipment		-	(329)	-	(456)
Increase (decrease) in financial investments - exclusive investment fund		-	(121.818)	-	22.177
Net cash used in investing activities	7.2 ii)	(690)	(156.424)	(4.175)	(28.510)
CASH FLOWS FROM FINANCING ACTIVITIES					
Lease payments		(270)	(5.278)		
Increase in share capital		-	-	11.116	11.116
Purchase of treasury shares		-	-	(94.147)	(94.147)
Dividends paid		-	-	(150.000)	(150.000)
Net cash used in financing activities		(270)	(5.278)	(233.031)	(233.031)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2.203)	125.114	(12.259)	31.936
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7.1	2.238	137.446	12.293	146.733
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1	35	262.560	34	178.669

The accompanying notes are an integral part of these interim financial statements.

QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A. (FORMERLY QUALICORP S.A.) AND SUBSIDIARIES

STATEMENT OF VALUE ADDED

QUARTERS ENDED MARCH 31, 2019 AND 2018

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	3/31/2019		3/31/2018	
	Parent company	Consolidated	Parent company	Consolidated
REVENUE				
Services revenue	-	508.928	-	521.439
Other operating income	8	5.534	-	7.648
Provision for impairment of trade receivables, cancelations and returns	-	(25.054)	-	(38.781)
Total revenue	8	489.408	-	490.306
INPUTS ACQUIRED FROM THIRD PARTIES				
Cost of services	-	(52.820)	-	(61.686)
Materials, electricity, outsourced services and other	(1.261)	(50.274)	(588)	(43.178)
Impairment/recovery of assets	-	46	-	-
Other operating expenses	(182)	(25.507)	(860)	(34.351)
Total inputs acquired from third parties	(1.443)	(128.555)	(1.448)	(139.215)
GROSS VALUE ADDED	(1.435)	360.853	(1.448)	351.091
DEPRECIATION, AMORTIZATION AND DEPLETION				
Depreciation and amortization	(8.983)	(93.616)	(1.666)	(78.231)
NET VALUE ADDED GENERATED (CONSUMED) BY THE ENTITY	(10.418)	267.237	(3.114)	272.860
VALUE ADDED RECEIVED THROUGH TRANSFER				
Finance income	248	16.852	230	16.380
Share of profit of investees	109.769	-	106.964	-
Other income	56	108	-	-
Total value added received through transfer	110.073	16.960	107.194	16.380
TOTAL VALUE ADDED TO DISTRIBUTE	99.655	284.197	104.080	289.240
DISTRIBUTION OF VALUE ADDED				
Personnel and social charges	2.631	69.748	950	67.255
Taxes and contributions	13	103.832	-	102.895
Creditors and lenders	73	13.679	427	16.387
Shareholders	96.938	96.938	102.703	102.703
Total value added distributed	99.655	284.197	104.080	289.240

The accompanying notes are an integral part of these interim financial statements.



QUALICORP CONSULTORIA E CORRETORA DE SEGUROS S.A. (FORMERLY QUALICORP S.A.) AND SUBSIDIARIES

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2019

All amounts in thousands of reais unless otherwise stated

1. General information

a) Operations

For the interim financial statements at March 31, 2019, there has been no change in Operations as disclosed in Note 1.a to the annual financial statements for the fiscal year ended December 31, 2018.

b) Main events in 2019

i. Q Saúde registered with ANS (Note 12)

Pursuant to their business strategies and market objectives, the Company and its subsidiary Qualicorp Administradora de Benefícios S.A. ("Qualicorp Administradora") formed the subsidiary Q Saúde Operadora de Plano de Saúde Ltda. ("Q Saúde") for the purpose of (i) selling, planning, managing, organizing private healthcare plans of all types with coverage of costs of ambulatory, hospital, medical and laboratory services used by the plan members through management of credentialing and technical consulting for performance of the technical activity (ii) holding shares of other companies whose primary business is related to their business. The subsidiary Q Saúde had its compulsory registration application approved by the National Regulatory Agency for Private Health Plans (ANS) on March 20, 2019 and received registration number 42.166-9, with classification as Group Medicine. Operations have not yet started.

The position of Q Saúde at March 31, 2019 is as follows:

Balance sheet	3/31/2019	12/31/2018
Current assets	6,273	8,600
Cash and cash equivalents	6,273	8,600
Non-current assets	77	-
Property and equipment	50	-
Intangible assets	27	-
Total assets	6,350	8,600
Current liabilities	426	-
Equity	5,924	8,600
Total liabilities and equity	6,350	8,600

Statement of income	Cumulative to 3/31/2019	Cumulative to 3/31/2018
Administrative expenses	(1,671)	-
Selling expenses	(1,057)	-
Other expenses	(10)	-
Finance income (costs), net	62	-
Profit (loss) for the period	(2,676)	-



2. *Presentation of interim financial statements*

I. **Statement of compliance**

The parent company and consolidated interim financial statements have been prepared in accordance with the accounting standard CPC 21 (R1), Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 – Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as according to the standards of the Brazilian Securities Commission (CVM) applicable to quarterly information and technical pronouncements, guidance and interpretations issued by CPC.

Since there is no difference between the consolidated equity and the consolidated profit attributable to the owners of the Parent company in the consolidated interim financial statements prepared in accordance with IFRS and the accounting practices adopted in Brazil, and the parent company's equity and profit in the parent company interim financial statements prepared in accordance with the accounting practices adopted in Brazil, the Company opted to present these parent company and consolidated interim financial statements as a single set of information, side by side.

The information presented in these interim financial statements is the same as that used by management to manage the Company's businesses.

II. **Basis of preparation**

The interim financial statements have been prepared using the same basis of preparation as for the financial statements at December 31, 2018 as described in Note 2.ii, except for the application of IFRS 16 and IFRIC 23, as described below.

For 2019, the Company will continue to use the assumption of disclosing in notes to the financial statements amounts greater than 10% of the subgroup to which they belong, unless it considers that reporting qualitative relevant information about lower amounts is necessary.

III. **Adoption of international standards**

IFRS 16 and IFRIC 23 were issued by the IASB and came into effect on January 1, 2019. The effects of adopting these new standards are reflected in the opening balance and the financial statements for the current year.

IFRS 16 – Leases – Measurement and Recognition (CPC 06 – R2)

The new standard sets out the principles for recognizing lease liabilities and corresponding right-of-use assets on the balance sheet.

The Company has applied IFRS 16 as of January 1, 2019, following the simplified retrospective method or cumulative effect approach for transition and using only information about remaining lease payments at the date of initial application. Comparative information is not restated.

Upon adoption of IFRS 16, the Group recognized lease liabilities for leases previously classified as operating leases under IAS 17.

These lease liabilities were measured at the present value of the remaining lease payments discounted at the incremental borrowing rate at January 1, 2019. The Company has elected to use a single discount rate for leases with similar characteristics based on the lease terms. The annual rates applied by the Group to the lease liabilities range from 7.79% to 9.74%.

In initially applying IFRS 16, the Group used the following practical expedients permitted by the new standard:



- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Account for operating leases with a remaining term of less than 12 months at January 1, 2019 as short-term leases; and
- Use hindsight in determining the lease term when considering options to extend or terminate the lease.

IFRIC 23 – Uncertainty over Income Tax Treatments (CPC 32)

The Interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.
- If this is the case, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings;
- If this is not the case, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Interpretation applies to annual periods beginning on or after January 1, 2019. The Company has applied the Interpretation using the modified retrospective approach without restatement of comparative information. To date management has identified no impact on the Group's consolidated financial statements.

a) **Estimated impacts of applying IFRS 16 and IFRIC 23 on the opening date of the consolidated financial information:**

Balance sheet	Reported at 12/31/2018	IFRS 16	IFRIC 23	Application of standards 1/1/2019
Current assets	981,666	(528)	-	981,138
Other assets (a)	299,774	(528)	-	299,246
Other current assets	681,892	-	-	681,892
Non-current assets	2,567,647	65,811	-	2,633,458
Property and equipment	54,508	66,177	-	120,685
Deferred taxes	84,346	1,351	-	85,697
Other assets (a)	23,163	(1,717)	-	21,446
Other non-current assets	2,405,630	-	-	2,405,630
Total assets	3,549,313	65,283	-	3,614,596
Current liabilities	1,047,885	18,605	-	1,066,490
Leases	-	20,118	-	20,118
Other payables (a)	75,180	(1,513)	-	73,667
Other current liabilities	972,705	-	-	972,705
Non-current liabilities	146,935	46,624	-	193,559
Leases	-	44,868	-	44,868
Deferred taxes	70,568	1,756	-	72,324
Other non-current liabilities	76,367	-	-	76,367
Equity	2,354,493	54	-	2,354,547
Total liabilities and equity	3,549,313	65,283	-	3,614,596

- (a) Upon application of the standard, the balances of advance payments and discounts, which were recognized monthly, were written off and incorporated into right-of-use assets. These amounts were recorded in "other assets" and "other payables".



Additionally, for comparison purposes, we present below the impacts of the adoption of IFRS 16 (CPC 06 – R2) and IFRIC 23 on the consolidated statement of income if the date of initial application of the standards were January 1, 2018.

	March 31, 2018			
	Reported	IFRS 16	IFRIC 23	After adoption of IFRS 16 and IFRIC 23
Statement of income				
Other income	282,897	-	-	282,897
Administrative expenses	(112,810)	1,105	-	(111,705)
Finance costs	(6,175)	(1,986)	-	(8,161)
Income tax and social contribution	(61,209)	300	-	(60,909)
Profit for the period	102,703	(581)	-	102,122

3. Significant accounting principles

The interim financial statements are presented in accordance with the same accounting practices as set out in Note 3 to the financial statements at December 31, 2018, plus the policy described below because of the adoption of IFRS 16/CPC 06 (R2):

i) Leases

As explained in Note 2 III above, the Group has changed the accounting policy for leases. The new policy is described below and the impact of this change is presented in Note 2 III.

Up to fiscal year 2017, leases of property and equipment where the Group as a lessee retained substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalized at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments.

Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of income on a straight-line basis over the period of the lease.

As from January 1, 2019, Qualicorp Group is recording lease contracts at the amount of the future lease payments discounted to present value, with a corresponding right-of-use asset, amortized or depreciated over the lease term. The lease payments are discounted using the Group's incremental borrowing rate (CDI+1.3% p.a.) which, in the opinion of the Company, is the one that better reflects economic reality. The assumptions applied in determining the rate are reviewed at least annually and the amounts are recorded in finance income or costs.

Payments for short-term and low-value leases are recognized on a straight-line basis as an expense in profit or loss. Low-value assets have a carrying value of less than R\$ 20.

The Group has various leases of property and equipment with extension options, most of which can be exercised only by the Group and not by the lessor.

4. Significant estimates and judgments

The main accounting estimates and assumptions adopted in the preparation of the interim financial statements are the same as those adopted in the financial statements at December 31, 2018, as described in Note 4, plus the rate of discount at present value of the lease contracts due to the adoption of IFRS 16/CPC 06 (R2).

- (i) At the inception of the contracts, leases are recognized at the amount of the lease payments discounted to present value. The discount rate is estimated at the rate of interest that the Group would have to pay to



borrow the funds necessary to obtain the leased asset. Thus, the Company understands that the interest rate paid on its debentures (Selic + 1.3% p.a. spread) is the one that better reflects the economic reality for the Group. In addition, a change of 2% in the rate would have an impact of less than R\$ 100, net of taxes, on the interim financial statements at March 31, 2019.

- (ii) The Group tests goodwill for impairment on an annual basis, in accordance with the accounting policy stated in Note 3.ix and assumptions in Note 13.2.xi to the financial statements at December 31, 2018. The recoverable amount of cash-generating units (CGUs) was determined based on estimates as described in Note 13.2.xi to the financial statements at December 31, 2018. If the pre-tax discount rate used in discounting cash flows were 1% higher than that used by management (for example, 18.4% rather than 17.4%), the Group would continue to have no impairment loss to recognize.
- (iii) The provision for impairment of trade receivables is recognized based on the method established in the Company's policies (Note 3.v to the financial statements at December 31, 2018). Estimates were based on the Group's historical default rate, which is subject to changes if conditions change. The Company estimates that a change of 0.5% in the default rate would have an impact of R\$ 50, net of taxes, on the consolidated financial statements of the Company.

5. Financial instruments

a) Classification and fair value of financial instruments

Due to the nature of its operations and of its financial instruments as at March 31, 2019, Management believes that the carrying amounts of the financial assets and financial liabilities stated at amortized cost and recognized in the financial statements approximate their fair values. The financial instruments and their respective classifications are presented below:

	Consolidated			
	3/31/2019		12/31/2018	
	Financial assets measured at fair value through profit or loss	Amortized cost	Financial assets measured at fair value through profit or loss	Amortized cost
Financial assets:				
Cash and cash equivalents - highly liquid financial investments	-	232,823	-	93,354
Financial investments	467,623	-	352,091	-
Amounts receivable from customers	-	177,079	-	192,355
Other financial assets – current	-	276,228	-	292,538
Other financial assets – non-current	-	13,403	-	11,259
Financial liabilities:				
Debentures	-	627,652	-	615,726
Premiums to be transferred	-	245,602	-	202,868
Technical reserves for healthcare operations	-	15,669	-	13,228
Financial transfers payable	-	15,087	-	20,001
Transferable prepayments	-	41,315	-	46,420
Payroll and related charges	-	47,281	-	43,767
Other payables – current	-	73,507	-	75,180
Leases – current	-	20,118	-	-
Other payables – non-current	-	12,571	-	16,237
Leases – non-current	-	20,118	-	-

Measurement of fair value recognized in the balance sheet

The table below provides an analysis of the financial instruments that are measured at fair value after the initial recognition, categorized within Level 1, in which fair value measurements are based on quoted prices (unadjusted) in active markets for identical assets or liabilities.



- The Company's financial instruments refer to Level 1 fair value measurements, which are based on quoted prices (unadjusted) in active markets for identical assets or liabilities, as shown below:

Description	3/31/2019	12/31/2018
	Level 1	Level 1
Financial assets at fair value through profit or loss – financial investments (i)	467,623	352,091

There were no transfers between the Levels during the period.

- i) Includes highly liquid financial investments as per Note 7.1.

The carrying amount of other financial assets and liabilities approximates their fair value.

Additionally, we do not have financial instruments classified in Levels 2 and 3, as per definitions set out in the financial statements at December 31, 2018.

Derivative instruments

At March 31, 2019 and December 31, 2018, the Company and its subsidiaries have no derivative financial instrument contracts for hedging or speculative purposes.

- b) Management of the main risks

For the interim financial statements as of March 31, 2019, there has been no change in the information disclosed in Note 5.b to the annual financial statements at December 31, 2018.

Credit risk

For the interim financial statements as of March 31, 2019, there has been no change in the information disclosed in Note 5.b to the annual financial statements at December 31, 2018.

Interest rate risk of financial instruments

This risk arises from the possibility that the Company may incur losses due to fluctuations in the interest rates applicable to its liabilities and assets raised (invested) in the market.

As the average term of receipts/payments of the Company is 30 days, Management uses the variation in the CDI (Interbank Deposit Certificate) rate as an assumption to analyze fluctuations in the interest rate, as follows:

Account	Asset and liability account	Consolidated		
		Note	3/31/2019	12/31/2018
Cash and cash equivalents (i)	Current assets	7.1	232,823	93,354
Financial investments (i)	Current assets	7.2	467,623	352,091
Debentures (ii)	Current and non-current liabilities	14	(627,652)	(615,726)
Leases (iii)	Current and non-current liabilities	2	(60,947)	-
Total exposure			11,847	(170,281)

- i) Highly liquid financial investments are mainly made based on negotiated yield rates pegged to the CDI rate, and reflect normal market conditions during the period, as described in Note 7.

The policy for financial investments adopted by the Company's Management establishes those financial institutions with which the Company and its subsidiaries may do business, the fund allocation limits and objectives, as stated in Note 3.iii. to the financial statements at December 31, 2018.

- ii) Debentures issued by Qualicorp Group pay interest at 100% of the accumulated variation of the daily average overnight rates of Interbank Deposits (DI), expressed as a percentage rate per year, corresponding to 252 business days (CETIP), plus a spread of 1.30% p.a. For further details refer to Note 14.



iii) Leases are subject to the interest rate specified in the agreement or estimated through market analyses.

Sensitivity analysis of variations in interest rates

Fluctuations in interest rates, e.g. the CDI, can have a positive or adverse impact on the consolidated financial statements due to an increase or decrease in the balances of financial investments and cash equivalents, and payables for debentures and borrowings. At March 31, 2019, had the CDI rate been 10% per year higher/lower with all other variables held constant, profit for the period before taxes would have been R\$ 296 higher/lower.

Supplementary sensitivity analysis of financial instruments (CVM Instruction 475/08)

Management estimated for the current period, based on the quotations contained in the Focus report issued by the Brazilian Central Bank, the future interest rates (8% p.a.) plus a spread on debentures of 1.30% p.a., showing in each scenario the effect of the changes in the fair value, as follows:

	Scenario			
	3/31/2019	Probable	Possible	Remote
Assumptions		CDI 1.66% from 8% p.a.	CDI 2.08% from 8% p.a.	CDI 2.49% from 8% p.a.
Highly liquid financial investments and financial investments	700,446	712,073	714,980	717,887
Debentures and leases	(688,599)	(709,130)	(712,025)	(714,920)
Net exposure	11,847	2,943	2,955	2,967

	Scenario			
	12/31/2018	Probable	Possible	Remote
Assumptions		CDI 1.60% from 8% p.a.	CDI 2.00% from 8% p.a.	CDI 2.40% from 8% p.a.
Highly liquid financial investments and financial investments	445,445	452,572	454,354	456,136
Liabilities - debentures	(615,726)	(633,710)	(636,205)	(638,700)
Net exposure	(170,281)	(181,138)	(181,851)	(182,564)

	Assumptions considered by management		
	Probable	Possible	Remote
CDI	Brazilian Central Bank Focus Report (3/29/2019)	25% on probable rate	50% on probable rate

- Under the probable scenario, the Company would present a net exposure of R\$ 2,943 at March 31, 2019, arising from the difference in the estimated future CDI rates for interest on debentures and leases plus a surcharge of 1.30% p.a.

At March 31, 2019, the same differences in the estimated future CDI rates were considered for the Company's financial investments. For possible and remote scenarios, using the same criteria as for the probable scenario, estimates would give rise to an increase in net exposure of R\$ 12 and R\$ 24, respectively, compared to the probable scenario.

Capital risk

Qualicorp Group manages its capital so as to ensure that both the Company and subsidiaries can continue as going concerns, while maximizing returns for shareholders and stakeholders by optimizing the balance of debt and equity.

Under ANS Normative Resolution (RN) 209, of December 22, 2009, the base capital to be considered by the



subsidiaries at March 31, 2019 is R\$ 170 for benefits management companies (Clube de Saúde and Qualicorp Benefícios), R\$ 8,503 for Gama Saúde, and these amounts must be greater than the adjusted minimum equity.

The adjusted minimum equity represents the equity adjusted for economic effects according to Normative Instruction (IN) 50 of November 30, 2012.

At March 31, 2019, the adjusted minimum equity is R\$ 201,778 (December 31, 2018 - R\$ 78,847) for Qualicorp Benefícios, R\$ 29,518 (December 31, 2018 - R\$ 28,741) for Clube de Saúde and R\$ 69,120 (December 31, 2018 - R\$ 69,171) for Gama Saúde and R\$ 8,573 (December 31, 2018 - R\$ 0) for Q Saúde, all of which comply with the requirements of the Normative Instruction. The solvency margin is R\$ 62,008 (December 31, 2018 - R\$ 62,474) for associate Gama Saúde, and is thus sufficient to maintain the total equity at an amount that is adequate to meeting the legal solvency margin requirements and to cover non-operating liabilities.

The Company's indebtedness ratio is as follows:

Description	Consolidated	
	3/31/2019	12/31/2018
Debt (debentures and leases)	(688,599)	(615,726)
Cash and cash equivalents and financial investments	700,446	445,445
Net debt	11,847	(170,281)
Equity	2,451,556	2,354,493
Net (surplus/deficit) debt to equity ratio	0.48%	(7.23%)

Liquidity risk

At March 31, 2019, there has been no change in the Company's liquidity risk management in relation to that disclosed in Note 5 to the annual financial statements at December 31, 2018.

The expected cash flows for financial liabilities are shown below:

	Consolidated (IFRS and BR GAAP)				
	Estimated interest rate per month	Less than six months	From six months to one year	From one to two years	More than two years
	%	R\$	R\$	R\$	R\$
March 31, 2019:					
Debentures	CDI + 1.30% (a)	26,878	637,878	-	-
Leases	CDI + 1.30% (b)	10,679	10,593	19,020	28,692
Premiums to be transferred	-	245,602	-	-	-
Other payables	-	62,283	-	6,208	-
Transferable prepayments	-	41,315	-	-	-
Payroll and related charges	-	47,281	-	-	-
Financial transfers payable	-	15,087	-	-	-
Technical reserves for healthcare operations	-	15,669	-	-	-
Intangible assets payable	-	3,022	375	6,363	-
Total		467,816	648,846	31,591	28,692

a) Considering the estimated total debt at March 31, 2019 not discounted to present value.

b) Considering the estimated total debt at March 31, 2019 discounted to present value.

6. Adoption of new and revised international financial reporting standards

The Company did not adopt the following new and revised standard that is not yet effective:



IFRS 17

"Insurance Contracts". This new standard establishes the new accounting treatment for insurance contracts covering both measurement of insurance contract liabilities and recognition of profit. IFRS 17 is effective as from January 1, 2021.

To date, ANS has not approved the application of the new accounting standards IFRS 9, IFRS 15, IFRS 16 and IFRIC 23. In this context, the entities regulated by ANS must continue applying the standards in effect until 2018. In the consolidated financial statements, the Company applied IFRS 9 and IFRS 15 as from January 1, 2018 and IFRS 16 and IFRIC 23 as from January 1, 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that, in the opinion of Management, would be expected to have a material impact on the Company's reported profit or equity.

7. Cash and cash equivalents and financial investments

7.1. Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2019	12/31/2018	3/31/2019	12/31/2018
Highly liquid financial investments (i)	-	2,210	232,823	93,354
Bank deposits (ii)	33	26	29,702	44,057
Cash	2	2	35	35
Total	35	2,238	262,560	137,446

- i) Management's strategy is to make investments that can be redeemed before their maturity dates. These investments are the following:

Type of investment

	Parent company		Consolidated	
	12/31/2018	3/31/2019	12/31/2018	
Investments in purchase and sale commitments (a)	-	216,919	82,609	
Certificates of bank deposits (CDBs)(b)	2,210	15,904	10,738	
Other investments	-	-	7	
Total	2,210	232,823	93,354	

- a) Refers to a highly liquid repurchase transaction backed by debentures. The yield is based on the Interbank Deposit (DI) rate of 75%.
- b) These financial instruments pay interest of 87.39% to 99.20% of the CDI and are in custody of CETIP S.A. - Balcão Organizado de Ativos e Derivativos. They are highly liquid and can be redeemed before their maturity date.
- ii) At March 31, 2019 and December 31, 2018, consolidated balances include mainly the receipts from customers that occurred on the last business day of the month.

7.2. Financial investments

	Consolidated	
	3/31/2019	12/31/2018
Exclusive financial investment fund (i)	419,617	297,806
Non-exclusive financial investment fund (ii)	48,006	54,285
Total	467,623	352,091

- i) Refers to an exclusive private credit multi-market investment fund (Dourado Fundo de Investimento Mutimercado Crédito Privado), which invests in government debt securities and repurchase transactions seeking the best yield rate. These investments can be redeemed before their maturity dates without penalties. They are composed of the following:



	Market and carrying value – Exclusive investment funds – Consolidated	
	3/31/2019	12/31/2018
Financial bill (LF252)	163,462	139,786
National Treasury Bills (LTN) – over	125,435	12,418
Debentures	65,214	62,449
Financial Bills - Eligible LFS - level II	37,846	55,911
Certificates of deposit (CDB) - floating rate	17,790	17,514
Other investments and reserve	9,933	9,770
Amounts payable	(63)	(42)
Total	419,617	297,806

Refers to a financial investment held as a guarantee asset (ANS restricted cash) in the Company's direct subsidiaries Qualicorp Benefícios and Gama Saúde and indirect subsidiary Clube de Saúde, which are regulated by ANS. The market value of the non-exclusive fixed-income investment fund units is measured based on the unit's value disclosed by the manager of the fund in which the Company invests its money.

There are no significant transactions not involving cash and cash equivalents or financial investments that affect cash flow that the Company should report.

8. Amounts receivable from customers

	Consolidated	
	3/31/2019	12/31/2018
Premiums recoverable with risk of default - benefit management companies (i)	92,644	96,714
Payments receivable - Gama Saúde (ii)	44,171	43,276
Amounts receivable from customers (iii)	25,814	38,868
Benefit management consulting (iv)	8,624	12,968
Other receivables from customers	1,499	529
Total current	172,752	192,355
Amounts receivable from customers (iii)	4,327	-
Total non-current	4,327	-
Total	177,079	192,355

i) The aging of premiums recoverable is as follows:

	Benefit management companies	
	3/31/2019	12/31/2018
Not yet due	41,788	39,597
Past due:		
Up to 30 days	49,673	54,417
31-60 days	13,739	15,323
Over 60 days (*)	1,728	1,713
(-) Expected losses (a)	(14,284)	(14,336)
Total	92,644	96,714

(*) The amounts at March 31, 2019 were received in full up to April 11, 2019 and the amounts at December 31, 2018 were received in full up to January 11, 2019.



a) Change in expected losses – assets

	Consolidated	
	Cumulative to 3/31/2019	Cumulative to 12/31/2018
Balance at the beginning of the year	14,336	-
Expected losses	27,249	113,150
Reversal of expected losses	(27,301)	(98,814)
Balance at the end of the period	14,284	14,336

ii) The aging of payments receivable is as follows:

	Gama	
	3/31/2019	12/31/2018
Not yet due	33,998	34,704
Past due:		
Up to 30 days	5,975	5,866
31-60 days	2,949	1,801
61-90 days	1,249	905
Total	44,171	43,276

iii) Refers basically to amounts receivable for agency and brokerage services. The aging of amounts receivable from customers is as follows:

	Consolidated	
	3/31/2019	12/31/2018
Not yet due – current	29,378	35,998
Past due:		
Up to 30 days	517	2,780
31-60 days	246	90
Over 60 days	-	-
Total	30,141	38,868

iv) Refers to amounts receivable from customers for outsourcing services to support the activities related to the consulting and advice on the management of healthcare plans, connectivity services, benefit management consulting and healthcare consulting. The aging of these receivables is as follows:

	Consolidated	
	3/31/2019	12/31/2018
Not yet due	6,745	12,961
Past due:		
Up to 30 days	927	7
31-60 days	33	-
Over 60 days	919	-
Total	8,624	12,968



8.1 Losses on uncollectible receivables – statement of income

	Consolidated	
	Cumulative to 3/31/2019	Cumulative to 3/31/2018
Balance at the beginning of the year	-	-
Provision (reversal) (i)	(52)	13,581
Actual losses (ii)	22,238	21,311
Balance at the end of the period	22,186	34,892

- i) The Company adopted CPC 48 (IFRS 9) in 2018. Under this new standard, provisions for losses on uncollectible receivables are calculated on an estimated basis as a percentage of sales, defined in an actuarial technical note, and no longer based on accounts over 60 days past due using the incurred loss model.

The change from the prior period is mainly due to two factors: (a) The reversal relating to December 2017 (prior accounting method) had an impact on the balance of the first quarter of 2018 and expected credit loss provisioning is now made at the same time as the sale is recognized and can be reversed only after two months from proper accounting period; and (b) In October 2018, the percentage of expected loss on sales has decreased, impacting this quarter and not the prior quarter.

- ii) Refers mainly to losses on past-due receivables from management and stipulation of membership benefits where the Company assumes the risk of default on payments to healthcare and dental operators and insurers, net of recoveries.

9. Other assets

9.1. Other financial assets

	Parent company		Consolidated	
	3/31/2019	12/31/2018 Restated	3/31/2019	12/31/2018
<u>Current</u>				
Advances from transfer of contracts (i)	2	-	106,191	130,178
Taxes recoverable/to offset (ii)	9,579	9,533	75,459	72,087
Amounts to identify from operators/insurers (iii)	-	-	68,452	64,649
Other current assets	400	532	26,126	25,624
Total current	9,981	10,065	276,228	292,538
<u>Non-current</u>				
Judicial deposits	123	325	8,222	11,259
Other non-current assets	-	-	5,181	-
Total non-current	123	325	13,403	11,259
Total	10,104	10,390	289,631	303,797

- i) Refers to advances to entities and operators, from which the Company has been deducting financial transfers and premiums to be transferred, respectively.



ii) Taxes recoverable/to offset are as follows:

	Consolidated	
	3/31/2019	12/31/2018
Corporate Income Tax (IRPJ)	39,215	33,830
Social Contribution on Revenues (COFINS) and Social Integration Program (PIS)	16,422	16,069
National Institute of Social Security (INSS)	11,711	16,879
Social Contribution on Net Income (CSLL)	7,190	5,026
Other taxes recoverable	921	283
TOTAL	75,459	72,087

iii) Refers mainly to timing differences between the listing of beneficiaries in the Company's system/internal control and the detailed listing of beneficiaries included in the paid and/or payable bills of health and dental plan operators/insurers, which are regularized in subsequent periods, after information sent by the Company is processed.

10. Deferred income tax and social contribution

For the purposes of disclosure under CPC 32 and ICPC 09, the amounts are broken down as follows:

	3/31/2019		12/31/2018	
	Parent company	Consolidated	Parent company	Consolidated
Deferred income tax and social contribution – assets	-	72,289	-	84,346
Deferred income tax and social contribution – liabilities	707	(65,774)	-	(70,568)
Deferred income tax and social contribution, net	707	6,515	-	13,778

	3/31/2019					
	Company	Qualicorp Corretora	Qualicorp Benefícios	Clube de Saúde	Gama	CRC Consolidated
Deferred income tax and social contribution – assets (i)	-	32,617	138,721	-	-	171,338
Deferred income tax and social contribution – liabilities (ii)	(41,099)	(48,572)	(67,594)	4	242	(164,823)
Deferred income tax and social contribution, net	(41,099)	(15,955)	71,127	4	242	6,515

	12/31/2018				
	Company	Qualicorp Corretora	Qualicorp Benefícios	CRC	Consolidated
Deferred income tax and social contribution – assets (i)	-	35,613	147,769	-	183,382
Deferred income tax and social contribution – liabilities (ii)	(47,921)	(50,373)	(63,423)	(7,887)	(169,604)
Deferred income tax and social contribution, net	(47,921)	(14,760)	84,346	(7,887)	13,778

Refers to deferred income tax and social contribution recorded mainly on temporary differences deductible against future taxable profits.



i. Breakdown of income tax and social contribution assets

Item	Consolidated	
	3/31/2019	12/31/2018 Restated
Provision for inflation-indexation and accruals adjustment on the acquisition of Aliança Group (merged)	126,920	134,692
Income tax and social contribution losses (a) and (b)	84,935	77,447
Provision for impairment of trade receivables and write-off of uncollectible amounts – current	16,508	19,388
Provision for profit sharing program	12,720	12,436
Provisions for contingencies - portion related to the companies and/or periods subject to the taxable income system	7,768	8,490
Provision for expected credit losses	4,472	4,489
Other provisions	2,950	3,887
Total deferred tax assets	256,273	260,829
(-) Unrecorded deferred tax assets (b)	(84,935)	(77,447)
Total deferred tax assets recorded	171,338	183,382

a) The unrecorded income tax (IRPJ) and social contribution (CSLL) losses are as follows:

Companies	Base 3/31/2019	IRPJ/CSLL (34%)	Base 12/31/2018 Restated	IRPJ/CSLL (34%) Restated
Company	117,702	40,019	104,622	35,571
Connectmed-CRC Consultoria, Administração e Tecnologia em Saúde Ltda.	77,113	26,218	72,394	24,614
Qualicorp Administração e Serviços Ltda.	40,205	13,670	36,423	12,384
Clube de Saúde Administradora de Benefícios Ltda.	11,661	3,965	12,369	4,205
Gama Saúde Ltda.	3,127	1,063	1,978	673
Total	249,808	84,935	227,786	77,447

b) The Company and certain of its direct and indirect subsidiaries have tax losses carryforward for which no deferred tax assets have been recognized because, to date, they were not in a position to generate taxable profits that would allow them to recognize deferred tax assets.

Estimate of realization and present value of deferred tax assets

Deferred income tax and social contribution assets are realized as the temporary differences reverse or become deductible for tax purposes. Based on expected future taxable profits, deferred tax assets are estimated to be utilized as follows:

Year	Consolidated	
	3/31/2019	12/31/2018
2019	48,186	73,021
2020	38,406	27,240
2021	27,689	29,243
From 2022 to 2023	57,057	53,878
Total	171,338	183,382

The present value of total deferred tax assets at March 31, 2019 is R\$ 144,968, calculated using Brazil's base interest rate (SELIC) and based on the estimated period of realization of temporary differences.



ii. Breakdown of deferred income tax and social contribution liabilities:

	Consolidated	
	3/31/2019	12/31/2018
Temporary differences on the portion of goodwill of merged companies amortized during the year, for tax purposes	119,028	113,525
On fair value of acquisition of investments allocated to intangible assets - customer relationships	46,802	54,839
Adjustment on initial application of new standards (c)	4,008	6,256
Provision for impairment losses on the fair value of acquisition of investments allocated to intangible assets - customer relationships	(5,016)	(5,016)
Total	164,822	169,604

c) Adoption of IFRS 9 (CPC 48), IFRS 15 (CPC 47) and IFRS 16 (Note 2).

11. Related parties

11.1. Balances and transactions with related parties

As described in Note 16, the Company has provided legal aid to the executives involved in the tax delinquency notice related to the share option program of 2013 to help them with the matter.

The related-party balances in current and non-current assets and liabilities and expenses are composed of the following:

Assets	Parent company	
	3/31/2019	
Current	Accounts receivable	Accounts payable
Intercompany services (i)	267	2
Total current	267	2

	Consolidated	
	3/31/2019	3/31/2018
	Expenses	Expenses
Seripatri Participações Ltda.	(2)	(477)
M2 Participações Ltda.	-	(750)
Balance	(2)	(1,227)

- i) In 2019, this refers to corporate services (Finance, Controllershship, Legal, Administrative, Human Resources and Information Technology) used by the Group companies. The expenses/costs of these services are apportioned among, and reimbursed by, the Group companies.

The changes in income and expenses arising from related-party transactions were as follows:

	3/31/2019				
	Qualicorp Administradora de Benefícios S.A.	Qualicorp Corretora de Seguros S.A.	CRC Connectmed	Gama	Other subsidiaries
Corporate services and shared costs (ii)	(10,861)	11,603	(1,115)	294	81
GSP – Health plan (iii)	(2,756)	1,994	(3,434)	4,319	(126)
Invoice issue services	(187)	-	-	-	187



- ii) Refers to all corporate services (Finance, Controllershship, Legal, Administrative, Human Resources and Information Technology) used by the Group companies. The expenses/costs incurred in providing the services to the Group companies are apportioned among, and reimbursed by, the Group operating companies.
- iii) The subsidiary Gama managed the health plan for Qualicorp Group employees and the costs incurred relating to the plan were charged to QC Corretora and shared among and reimbursed by the other operating companies of the Group. This contract ended on December 31, 2018. The expenses incurred in 2019 are costs inherent in terminating the plan such as utilization and claims expenses.

11.2. Key management compensation

Key Management includes members of the Board of Directors, the CEO, and the statutory and non-statutory officers. The compensation paid or payable to key management is as follows:

	Parent company		Consolidated	
	3/31/2019	3/31/2019	3/31/2019	3/31/2019
	Accounts payable	Expenses	Accounts payable	Expenses
Short-term compensation to Management (*)	182	2,292	6,590	12,758
Share-based compensation	-	-	-	71
Total compensation for the period	182	2,292	6,590	12,829

	Parent company		Consolidated	
	3/31/2018	3/31/2018	3/31/2018	3/31/2018
	Expenses	Accounts payable	Expenses	Expenses
Short-term compensation to Management (*)	948	1.781	9.256	
Share-based compensation	-	-	294	
Total compensation for the period	948	1.781	9.550	

(*) The compensation to the Board of Directors consists of a fixed pay, and the compensation to officers and employees consists of a fixed and variable pay based on their performance and annual overall goals, as approved by the Board.

12. Investments

	Parent company		Consolidated	
	3/31/2019	12/31/2018	3/31/2019	12/31/2018
Investments in direct subsidiaries:				
Qualicorp Administradora de Benefícios S.A.	1,237,012	1,134,725	-	-
Qualicorp Corretora de Seguros S.A.	657,420	640,390	-	-
Gama Saúde e Connectmed CRC	314,773	320,238	-	-
Qualicorp Administração e Serviços Ltda.	40,625	44,605	-	-
Q Saúde Operadora de Plano de Saude Ltda.	1,185	1,720	-	-
Total investments in direct subsidiaries	2,251,015	2,141,678	-	-
Other investments	-	-	262	262
Total other investments	2,251,015	2,141,678	262	262



	Qualicorp Administradora de Benefícios S.A.	Qualicorp Administração e Serviços Ltda.	Qualicorp Corretora de Seguros S.A.	Gama Saúde and Connectmed - CRC	Q Saude Operadora de Plano de Saude Ltda.	Total
Information on the investees at March 31, 2019						
Capital (i) and (iii)	276,365	26,663	7,736	257,527	8,600	576,891
Equity (i), (ii)	756,506	17,578	196,155	157,858	8,600	1,136,697
Profit (loss) for the period	109,244	(3,627)	24,351	(4,898)	(2,676)	122,394
Information on investments:						
Number of shares/quotas (v)	496,715,989	26,662,567	287,468,603	25,752,692,914	8,600,000	
Equity interest - %	100	99.99	100	99.99	20	
Changes in investments:						
Total investments at December 31, 2018	1,134,725	44,605	640,390	320,238	1,720	2,141,678
Adjustment on initial application of IFRS 16	-	-	-	819	-	819
Capital increase in subsidiaries (i)	-	-	-	690	-	690
Capital reserve – share option plan	32	-	39	-	-	71
Profit distribution	(680)	-	(1,331)	-	-	(2,011)
Interim dividends						-
Equity in results of investees	102,935	(3,980)	18,322	(6,974)	(535)	109,768
Equity in results of subsidiaries	109,244	(3,627)	24,351	(4,898)	(535)	124,535
Amortization of intangible assets (iv)	(9,559)	(457)	(9,135)	(3,145)	-	(22,296)
Deferred income tax and social contribution on amortization of intangible assets	3,250	104	3,106	1,069	-	7,529
Total investment at March 31, 2019	1,237,012	40,625	657,420	314,773	1,185	2,251,015

- i) The advance for future capital increase of R\$ 690 refers to Connectmed-CRC in 2019.
- ii) The equity of subsidiaries Qualicorp Benefícios and Qualicorp Corretora, presented herein, considers the effects of the consolidation of their investments in subsidiaries. For Gama Saúde and Connectmed-CRC, equity is R\$ 69,896 and R\$ 87,962, respectively.
- iii) For Gama Saúde and Connectmed-CRC, capital is R\$ 68,873 and R\$ 188,654, respectively.
- iv) Refers to the amortization of intangible assets such as customer relationships, trademarks, non-compete agreement and software for the period.
- v) For Gama Saúde and Connectmed-CRC, the number of quotas is 6,887,297,425 and 18,865,395,489, respectively.



13. Intangible assets

Intangible assets are shown in the table below:

13.1. Goodwill

Consolidated	Cost
	at 3/31/2019 and 12/31/2018
Goodwill arising from acquisition of investments based on expected future profitability:	
Affinity segment:	
Qualicorp Administradora de Benefícios S.A. (i)	446,895
Qualicorp Corretora de Seguros S.A. (i)	427,098
Aliança Administradora de Benefícios de Saúde S.A (ii) – merged into subsidiary	249,420
Padrão Group – merged into subsidiary	184,675
Salutar - merged into subsidiary	52,004
GA Consultoria, Administração e Serviços S.A (ii) – merged into subsidiary	44,075
Qualicorp Consultoria – merged into subsidiary (i)	29,386
Athon, Bruder SP and Bruder RJ merged into subsidiary	27,251
Qualicorp Administração e Serviços Ltda. (i)	21,388
Praxisolutions Consul. Neg. Corre. Seg. – merged into subsidiary	21,184
Medlink Conectividade em Saúde Ltda. – merged into subsidiary	12,966
Health segment:	
Connectmed-CRC and Gama Saúde (iii)	107,881
Total goodwill	1,624,223

- i) Amounts arising from the corporate restructuring that occurred on March 31, 2011.
- ii) Amounts arising from the acquisition of Aliança and GA on August 8, 2012, which were both merged on December 31, 2017.
- iii) Amounts arising from the acquisition of CRC and Gama on August 13, 2014.



13.2. Other intangible assets – Consolidated

	Annual amortization rate %	Cost				Amortization			Net balance
		Balance at 12/31/2018	Additions	Transfers	Balance at 3/31/2019	Balance at 12/31/2018	Additions	Balance at 3/31/2019	
Acquisition of rights assignment – Affinity segment (iv)	20	400,272	-	-	400,272	(322,437)	(7,380)	(329,817)	70,455
Software in use (v)	20	398,058	607	26,956	425,621	(239,250)	(16,510)	(255,760)	169,861
Exclusive rights	20	227,059	-	-	227,059	(181,341)	(6,604)	(187,945)	39,114
Software under development	-	58,960	6,514	(26,956)	38,518	-	-	-	38,518
Trademarks and patents	-	132	-	-	132	-	-	-	132
<u>Fair value of intangible assets – customer relationships paid on acquisition of investments:</u>									
Qualicorp Administradora de Benefícios S.A.	10	382,374	-	-	382,374	(318,645)	(9,559)	(328,204)	54,170
Qualicorp Corretora de Seguros S.A.	10	365,418	-	-	365,418	(304,515)	(9,135)	(313,650)	51,768
Salutar	10	53,316	-	-	53,316	(47,985)	(1,333)	(49,318)	3,998
Aliança Administradora de Benefícios de Saúde S.A. (merged)	20	33,598	-	-	33,598	(33,598)	-	(33,598)	-
Qualicorp Consultoria em Saúde Ltda.	10	18,919	-	-	18,919	(15,766)	(473)	(16,239)	2,680
Qualicorp Administração e Serviços Ltda.	10	18,291	-	-	18,291	(15,242)	(457)	(15,699)	2,592
Customer relationships - Padrão Group (merged)	20	13,393	-	-	13,393	(13,393)	-	(13,393)	-
Connectmed-CRC		10,134	-	-	10,134	(8,952)	(507)	(9,459)	675
Athon, Bruder SP and Bruder RJ	10	7,775	-	-	7,775	(7,523)	(153)	(7,676)	99
GA Consultoria, Administração e Serviços S.A. (merged)	20	5,929	-	-	5,929	(5,929)	-	(5,929)	-
<u>Fair value of other intangible assets:</u>									
Non-compete agreement	16.5	224,535	-	-	224,535	(20,272)	(9,064)	(29,336)	195,199
Sales commissions (vi)	50	242,645	26,690	-	269,335	(153,746)	(21,972)	(175,718)	93,617
<u>Fair value of other intangible assets - Connectmed-CRC:</u>									
Software (vii)	10	7,758	-	-	7,758	(3,426)	(194)	(3,620)	4,138
Trademark	25	1,911	-	-	1,911	(1,911)	-	(1,911)	-
Non-compete agreement (vii)	20	39,428	-	-	39,428	(34,829)	(1,971)	(36,800)	2,628
Total other intangible assets		2,509,905	33,811	-	2,543,716	(1,728,760)	(85,312)	(1,814,072)	729,644

iv) Refers to assignment of rights and obligations agreement.

v) Refers to costs incurred to acquire software licenses and software already placed into operation.

vi) Refers to compensation for obtaining new contracts.

vii) Amounts arising from the acquisition of CRC and Gama on August 13, 2014.



Changes in other intangible assets for the period ended March 31, 2018 were as follows:

Consolidated	Annual amortization rate %	Cost					Amortization			Net balance
		Balance at 12/31/2017	Additions	Transfers	Write-offs	Balance at 3/31/2018	Balance at 12/31/2017	Additions	Balance at 3/31/2018	
Acquisition of rights assignment – Affinity segment	20 and 50	387,833	13,564	-	(1,125)	400,272	(289,920)	(8,664)	(298,584)	101,688
Software in use	20	347,618	69	15,337	-	363,024	(179,377)	(14,222)	(193,599)	169,425
Exclusive rights	20	217,019	40	-	-	217,059	(147,669)	(7,685)	(155,354)	61,705
Software under development	-	47,211	12,449	(15,337)	-	44,323	-	-	-	44,323
Trademarks and patents	-	128	8	-	-	136	-	-	-	136
<u>Fair value of intangible assets – customer relationships paid on acquisition of investments:</u>										
Qualicorp Administradora de Benefícios S.A.	10	382,374	-	-	-	382,374	(280,407)	(9,559)	(289,966)	92,408
Qualicorp Corretora de Seguros S.A.	10	365,418	-	-	-	365,418	(267,973)	(9,135)	(277,108)	88,310
Salutar	10	53,316	-	-	-	53,316	(42,653)	(1,333)	(43,986)	9,330
Aliança Administradora de Benefícios de Saúde S.A.	20	33,598	-	-	-	33,598	(33,598)	-	(33,598)	-
Qualicorp Consultoria em Saúde Ltda.	10	18,919	-	-	-	18,919	(13,874)	(473)	(14,347)	4,572
Qualicorp Administração e Serviços Ltda.	10	18,291	-	-	-	18,291	(13,413)	(457)	(13,870)	4,421
Customer relationships – Padrão Group	20	13,393	-	-	-	13,393	(13,393)	-	(13,393)	-
Connectmed-CRC	20	10,134	-	-	-	10,134	(6,925)	(507)	(7,432)	2,702
Athon, Bruder SP and Bruder RJ GA Consultoria, Administração e Serviços S.A.	10	7,775	-	-	-	7,775	(6,915)	(152)	(7,067)	708
	20	5,929	-	-	-	5,929	(5,929)	-	(5,929)	-
Non-compete agreement	20	17,639	-	-	-	17,639	(6,757)	(2,108)	(8,865)	8,774
Sales commissions	50	-	167,147	-	-	167,147	-	(97,271)	(97,270)	69,876
<u>Fair value of other intangible assets - Connectmed-CRC:</u>										
Software	10	7,758	-	-	-	7,758	(2,651)	(194)	(2,845)	4,913
Trademark	25	1,911	-	-	-	1,911	(1,633)	(119)	(1,752)	159
Non-compete agreement	20	39,428	-	-	-	39,428	(26,943)	(1,971)	(28,914)	10,514
Total other intangible assets		1,975,692	193,277	-	(1,125)	2,167,844	(1,340,030)	(153,850)	(1,493,880)	673,964

14. Debentures

Quantity/Type

Issuer	Debentures	Quantity	Unit face value	Effective term	Interest rate
Qualicorp Administradora de Benefícios S.A. (i)	3rd issue	35,000	10,000	11/4/2016 to 11/4/2019	100% of the CDI + spread of 1.30% p.a.
Qualicorp Corretora de Seguros S.A. (i)	4th issue	26,100	10,000	11/4/2016 to 11/4/2019	100% of the CDI + spread of 1.30% p.a.

- i) The details of issues, guarantees, early redemption and accelerated maturity are set out in Note 14 to the financial statements for the full year ended December 31, 2018. The Company is compliant with the required limits as set forth in the indenture.



Schedule of maturities and breakdown of the debt

	Consolidated		Maturity
	3/31/2019	12/31/2018	
Debentures – single payment	611,000	611,000	November 4, 2019
Interest payable	18,266	6,945	Every six months – May and November
Cost of financial intermediation on issue/placement to defer on the maturity date	(1,614)	(2,219)	
Current	627,652	615,726	

Changes in debentures

	Consolidated		
	3/31/2019	3/31/2018	12/31/2018
At the beginning of the period	615,726	613,790	613,790
Allocation of expenses (cost of funding)	605	605	2,421
Payment of interest (i)	-	-	(47,236)
Allocation of interest (Note 20)	11,321	11,801	46,751
At the end of the period	627,652	626,196	615,726

- i) In 2018, the amount of R\$ 47,236 refers to semiannual payments of interest occurred on May 4 and November 5.

15. Premiums to be transferred

For the period ended March 31, 2019, the balance is R\$ 245,602 (December 31, 2018 – R\$ 202,868). These refer to healthcare insurance invoices to be paid to the insurance/healthcare companies on the due date of the invoices, regardless of whether the beneficiaries have paid their invoices. The payments were substantially made up to April 30, 2019 for amounts relating to March 31, 2019 and up to January 31, 2019 for amounts relating to December 31, 2018.

16. Provisions for contingencies

The Company and its subsidiaries are subject to civil, regulatory, labor and social security contingencies arising in the ordinary course of business for which provisions were recorded, based on the positions of their in-house and outside legal counsel and Management's estimates, as shown below:

	12/31/2018	Additions	Reversals	3/31/2019
Civil (i)	28,566	2,336	(3,545)	27,357
Regulatory (ii)	13,910	1,429	(1,383)	13,956
Labor and social security (ii)	12,571	638	(715)	12,493
Total	55,047	4,403	(5,643)	53,806

The table below presents the changes in such provisions for the quarter ended March 31, 2018:

	12/31/2017	Additions	Reversals	Changes in reimbursable contingencies	3/31/2018
Civil (i)	32,207	2,747	(1,554)	(4)	33,396
Regulatory (ii)	13,731	5,102	(1,820)	(215)	16,798
Labor and social security (iii)	7,864	1,460	(214)	-	9,110
Total	53,802	9,309	(3,588)	(219)	59,304



Description of the main lawsuits and/or contingencies:

- i) The Company and its subsidiaries are defendants in ongoing civil lawsuits, where R\$ 27,357 (2018 - R\$ 28,566) is assessed as probable losses, for which a provision for contingencies was recognized, and R\$ 31,875 (2018 - R\$ 35,113) is assessed as possible losses, for which no provisions were recognized. The main lawsuits address the following matters: (i) required coverage for medical procedures not included in the collective healthcare membership contract or in the list of procedures of the ANS, the sole responsibility for which rests with healthcare plan operators, pursuant to the prevailing legislation; (ii) questioning the application of an increase in the healthcare plan's price as a result of age change and also annual price adjustment; (iii) requests for reinstatement of health plans terminated due to non-payment are being discussed at the administrative and/or judicial levels; and (iv) annual price adjustment; and (v) questioning by beneficiaries of the collection of past-due and unpaid monthly fees that had been protested for non-payment by the credit protection agency.

Additions refer mainly to new lawsuits and revision of the likelihood of loss from possible to probable to reflect the current status of the lawsuits

- ii) The Company and its subsidiaries are defendants in ongoing regulatory proceedings with the National Regulatory Agency for Private Health Plans (ANS), in which the amount of R\$ 13,956 (2018 - R\$ 13,910) is assessed as probable loss, for which a provision for contingencies was recognized, and R\$ 40,529 (2018 - R\$ 45,656) is assessed as possible loss, for which no provision was recognized.

Additions refer mainly to changes in estimate and also an increase in administrative contingencies.

- iii) The Company and its subsidiaries are defendants in labor and social security proceedings amounting to R\$ 12,493 (2018 - R\$ 12,571), which are assessed as probable loss, involving mainly: (i) the payment of the variations in the percentage of commissions paid to internal consultants; and (ii) the additional payment for the double role exercised by call center operators who provided services to the Company and its subsidiaries and who were dismissed when these services were outsourced.

Proceedings involving risks of loss classified as possible amount to R\$ 23,683 (2018 - R\$ 32,461), for which no provisions were recognized.

Tax contingencies involving risks of loss classified as possible:

At March 31, 2019, tax contingencies total R\$ 1,102,955 (2018 - R\$ 1,089,454), consisting of the following:

a) In subsidiaries Qualicorp Administradora de Benefícios S.A. and Qualicorp Corretora de Seguros S.A., the total amount of R\$ 930,234 (2018 - R\$ 918,952) refers to an infraction notice for the utilization of tax credit arising from goodwill relating to calendar years 2011 to 2014.

b) In subsidiary Qualicorp Administradora de Benefícios S.A., the amount of R\$ 2,629 refers to a tax delinquency notice demanding payment of social security contributions (INSS) for Aliança Administradora Benefícios de Saúde S.A. (merged) relating to calendar years 2012 to 2014.

c) In subsidiary Qualicorp Administradora de Benefícios S.A., the amount of R\$ 40,331 refers to a tax delinquency notice demanding payment of COFINS and PIS for Aliança Administradora Benefícios de Saúde S.A. (merged) relating to calendar years 2012 to 2014.

d) In subsidiary Qualicorp Administradora de Benefícios S.A., the amount of R\$ 6,485 refers to a tax deficiency notice demanding payment of withholding income tax relating to calendar years 2012 to 2014 of Aliança Administradora Benefícios de Saúde S.A. (merged).

e) In subsidiary Qualicorp Administradora de Benefícios S.A., the amount of R\$ 72,513 refers to tax deficiency notices demanding payment of corporate income tax (IRPJ) and social contribution (CSLL) of Aliança Administradora Benefícios de Saúde S.A. (merged) relating to calendar years 2013 and 2014.

f) The Company received a tax delinquency notice for social security contribution and withholding income tax on



share option plan relating to 2013 in the amount of R\$ 25,214;

g) The residual balance of R\$ 25,549 refers to several tax delinquency notices.

17. Equity

Share capital

At March 31, 2019, capital is R\$ 1,865,657 (December 31, 2018 - R\$ 1,865,657), represented by 283,176,825 (December 31, 2018 – 283,176,825) registered common shares with no par value.

According to the Company's bylaws, the Company is authorized to increase its share capital, irrespective of any amendment to its bylaws, subject to the approval from and the conditions for issue to be determined by the Board of Directors, up to the limit of 350,000,000 new common shares.

The interest of shareholders owning more than 5% of the Company is as follows:

Shareholders	Common shares	
	3/31/2019	12/31/2018
Market (i)	196,946,082	197,389,340
Founder shareholder	56,023,210	54,996,910
XP Gestão de Recursos	27,566,333	28,149,375
Treasury shares (ii)	2,641,200	2,641,200
Total	283,176,825	283,176,825

- i) Refers to shares traded on the Brazilian Stock Exchange (B3 S.A.).
- ii) In the period ended March 31, 2019 there was no change in the balance of treasury shares, as shown below:

	Treasury shares	
	Number of shares	Amount
At December 31, 2018	2,641,200	35,603
At March 31, 2019	2,641,200	35,603

	Treasury shares 3/31/2018	
	Number of shares	Amount
At December 31, 2017	3,455,063	65,047
Purchase of shares in the period	3,985,200	94,147
Cancellation of treasury shares (a)	(7,440,263)	(159,194)
At March 31, 2018	-	-

- a) At the meeting held on March 27, 2018, the Board of Directors approved the cancellation of the shares that the Company kept in its own treasury.

Distribution of dividends to shareholders

Pursuant to the Company's bylaws, the mandatory minimum dividend is 25% of the profit for the year, adjusted as prescribed by the Brazilian Corporate Law.



Adoption of IFRS 16

At January 1, 2019, the Company recorded, in revenue reserves in “Other”, the amount of R\$ 52 relating to the net adjustment to the opening balance due to the initial application of IFRS 16, as stated in Note 2.III.

18. Share option plan

Qualicorp Group offers a share option plan for managers, employees and service providers. The Plan is managed by the Board of Directors, which can make amendments within the approved guidelines.

The shares set aside for the plan equate to 8% of the Company's total shares, equivalent to 21,427,370 shares as approved at the Extraordinary General Meeting held on June 13, 2014, which can be exercised through the issue of new shares or the disposal of treasury shares.

At March 31, 2019, expenses associated with the granting of share options by the Company and/or its subsidiaries were recognized in the amount of R\$ 71 (March 31, 2018 - R\$ 318).

At March 31, 2019, the change in the share options granted during the period is as follows:

Grant date	Weighted average exercise price	Estimated weighted average volatility of share price	Expected dividend yield	Fair value at grant date	Risk-free rate of return	Abandonment rate	Expiry date	Quantity of options	Exercised	Canceled	Balance
3/3/2011	7.21	42.91%	0.03%	4.12	11.89%	0%	3/3/2016	3,814,707	(3,028,993)	(785,714)	-
5/31/2011	9.52	43.67%	0.03%	3.84	11.67%	0%	5/31/2016	33,475	-	(33,475)	-
4/30/2012	16.58	39.54%	0.00%	4.91	3.07%	5%	4/30/2017	1,352,663	(1,033,474)	(319,189)	-
10/22/2012	19.2	37.67%	0.00%	4.37	2.34%	35.67%	10/22/2017	142,857	(142,857)	-	-
10/30/2012	2.8	37.55%	0.00%	16.87	3.12%	0%	10/22/2017	1,172,543	(1,172,543)	-	-
11/16/2012	21.3	36.99%	0.00%	4.4	2.34%	35.67%	11/16/2017	350,000	(87,500)	(262,500)	-
10/31/2013	16.79	33.71%	2.37%	8.63	4.51%	23.70%	10/31/2017	10,333,000	(7,183,000)	(3,125,000)	25,000
2/18/2014	16.79	32.81%	0.00%	7.65	5.27%	23.70%	2/18/2017	200,000	(50,000)	(150,000)	-
3/7/2014	18.41	32.64%	2.37%	7.83	5.19%	23.70%	3/31/2018	1,650,000	(662,500)	(987,500)	-
6/13/2014	20	33.00%	2.37%	9.72	5.17%	23.70%	6/13/2018	6,680,000	(4,314,000)	(2,366,000)	-
8/12/2014	26.39	32.70%	2.37%	8.8	5.07%	23.70%	8/12/2018	650,000	(237,500)	(325,000)	87,500
11/4/2014	25.8	32.01%	2.37%	8.23	5.45%	23.70%	11/4/2018	4,000,000	(2,250,000)	(1,000,000)	750,000
12/16/2015	15.95	33.32%	2.37%	3.55	7.05%	23.70%	12/16/2019	750,000	(350,000)	(287,500)	112,500
7/8/2016	16.18	43.98%	2.37%	19.35	5.85%	23.70%	4/30/2017	3,170,000	(3,145,000)	(25,000)	-
1/18/2017	18.81	46.52%	2.37%	19.72	5.67%	32.22%	1/18/2021	1,000,000	(1,000,000)	-	-
Total	16.47							35,299,245	(24,657,367)	(9,666,878)	975,000

At March 31, 2019, the remaining weighted average contractual vesting period is 30 days (March 31, 2018 – 585 days).

Additionally, at the General Shareholders’ Meeting held on April 27, 2018, the shareholders approved a new Restricted Stock Grant Plan. Up to March 31, 2019, no award of restricted stock had been made under the new plan.



19. Expenses by nature

	Parent company		Consolidated	
	Cumulative to 3/31/2019	Cumulative to 3/31/2018	Cumulative to 3/31/2019	Cumulative to 3/31/2018
Cost of services				
Personnel costs	-	-	33,504	30,301
Outsourced services	-	-	23,341	24,816
Financial transfers from membership contracts	-	-	18,326	24,158
Rental expenses (i)	-	-	2,140	4,013
Office supplies (ii)	-	-	1,260	435
Other costs of services	-	-	7,753	8,264
Total cost of services	-	-	86,324	91,987
Administrative expenses				
Depreciation and amortization charges (iii)	8,983	1,666	71,634	60,126
Personnel costs	2,631	950	26,395	22,650
Outsourced services	680	524	10,470	11,717
Infraction notices	-	-	8,074	7,658
Other administrative expenses	581	1,094	14,543	10,659
Total administrative expenses	12,875	4,234	131,116	112,810
Selling expenses				
Depreciation and amortization charges (iii)	-	-	21,982	18,105
Third-party commissions	-	-	16,754	14,483
Personnel costs	-	-	9,933	13,730
Sales campaigns	-	-	5,227	4,802
Advertising and publicity	-	-	3,722	4,720
Outsourced services	-	-	2,216	3,932
Other selling expenses	-	-	4,334	5,338
Total selling expenses	-	-	64,168	65,110
Total expenses	12,875	4,234	281,608	269,907

	Parent company		Consolidated	
	Cumulative to 3/31/2019	Cumulative to 3/31/2018	Cumulative to 3/31/2019	Cumulative to 3/31/2018
As per statement of income:				
Cost of services	-	-	86,324	91,987
Administrative expenses	12,875	4,234	131,116	112,810
Selling expenses	-	-	64,168	65,110
Total	12,875	4,234	281,608	269,907

- i) In 2019, with the adoption of CPC 06 (IFRS 16), rental expenses are no longer recorded as rental expenses but are capitalized as stated in Note 2.iii.
- ii) In 2019, the increase in office supplies was due to the purchase of materials to mail new health plan ID cards to the plan members, totaling 92 thousand lives (this process occurs every two years).
- iii) In 2019, the increase in depreciation and amortization charges was mainly due to the depreciation of the right-of-use assets (Note 2.III) and the amortization of the non-compete agreement entered into with the founder shareholder in the second half of 2018.



20. Finance income and costs

Finance income and costs are composed of the following:

	Parent company		Consolidated	
	Cumulative to 3/31/2019	Cumulative to 3/31/2018	Cumulative to 3/31/2019	Cumulative to 3/31/2018
Finance income:				
Interest income on financial investments	6	115	9,663	9,154
Interest and fine on late payment of healthcare plan and insurance contracts managed by the Company, arising from contracts with risk of default (i)	-	-	6,182	6,083
Other finance income	242	115	1,007	1,143
Total finance income	248	230	16,852	16,380
Finance costs:				
Inflation-indexation and accruals adjustment of debentures (Note 14)	-	-	(11,321)	(11,801)
Collection fee	-	-	(6,064)	(6,358)
Discounts granted	-	-	(4,287)	(2,860)
Interest on leases	(73)	-	(1,239)	-
Inflation-indexation and accruals adjustment of payables for acquisition of investments in subsidiaries	-	(204)	-	(204)
Other finance costs	-	(53)	(1,453)	(1,332)
Total finance costs	(73)	(257)	(24,364)	(22,555)
Finance result	175	(27)	(7,512)	(6,175)

- i) Refers to the interest and penalties received by the subsidiaries Qualicorp Administração e Serviços and Qualicorp Benefícios on the management and stipulation of collective membership benefits and complementary products. These amounts are charged to the plan members who pay their invoices after the original due date.

21. Income tax and social contribution

	Parent company		Consolidated	
	Cumulative to 3/31/2019	Cumulative to 3/31/2018	Cumulative to 3/31/2019	Cumulative to 3/31/2018
Profit before income tax (IRPJ) and social contribution (CSLL)	96,882	102,703	159,023	163,912
Equity in the results of subsidiaries	(109,769)	(106,964)	-	-
Subtotal	(12,887)	(4,261)	159,023	163,912
Statutory rate of IRPJ and CSLL	34%	34%	34%	34%
Expected IRPJ and CSLL expense (credit) at the statutory rate	4,382	1,449	(54,068)	(55,730)
Tax losses without recognition of deferred tax assets (i)	(4,447)	(1,388)	(8,421)	(4,156)
Expenses not deductible for tax purposes – other	-	-	(221)	(361)
Losses on uncollectible receivables	-	-	(51)	(330)
(Recognition) reversal of temporary additions without recognition of deferred tax assets, net	70	(61)	497	(293)
Tax incentive	-	-	75	581
Other	51	-	(104)	(920)
Total IRPJ and CSLL expense	56	-	(62,085)	(61,209)
Effective rate of IRPJ/CSLL	0.43%	-	(39.04%)	(37.34%)

- i) As mentioned in Note 10, the Company and some of its direct and indirect subsidiaries have tax loss carryforwards, for which no deferred tax assets have been recognized because to date they have not been able to generate sufficient taxable profits to allow them to recognize deferred tax assets.



22. Insurance

The Company and its subsidiaries have insurance coverage for their assets. The insured amounts are considered sufficient by management to cover possible losses, as shown below:

Items	Type of coverage	Sum insured
Insurance against administrative proceedings (i)	Insurance covering losses in administrative proceedings filed by government authorities	1,387,729
Buildings, facilities, machinery, furniture and fittings	Any damage to buildings and loss of profits due to fire, facilities, machinery and equipment, civil liability in relation to operations and employer's liability	181,795
Civil liability of directors and officers (after IPO)	D&O liability insurance for publicly traded companies	170,000
Aircraft and vehicles	Loss or damage or pecuniary damage	169,085
Civil liability of directors and officers	Directors and Officers (D&O) and errors and omissions (E&O) insurance	125,000
Construction warranty	Non-structural warranty for construction – new Qualicorp head office building	16,200

- i) The Company and its subsidiaries obtained new insurance which promise payment solely of debts arising from the dispute about the deduction of goodwill expenses relating to the period from 2015 to 2017 from the income tax and social contribution calculation basis.

23. Segment reporting and net operating revenue

- a) Description of services from which the reportable segment derives revenue is set out in Note 26.a to the financial statements for the year ended December 31, 2018.
- b) Measurement of profit, assets and liabilities by operating segment
The accounting policies and practices of the Affinity segment are the same as those described in Note 3 to the financial statements for the year ended December 31, 2018.
- c) Factors used by Management to identify the segment

The Affinity segment is the business unit that accounts for 92.39% of the Company's and its subsidiaries' net operating revenue. This unit is managed separately under the management model used by the Company's officers.

The Affinity segment uses most of the operating and financial resources of the Qualicorp Group, for example, healthcare operator/insurer master files of beneficiaries, billing and collection of benefits, write-off of receipts and payments of invoices, and transfers of funds to professional associations.

In 2019, all direct revenue and expenses of the segments are identified in the ERP SAP system (RM, SAP and Protheus systems in 2018), whose cost center structure is designed for the identification of segments and other unallocated expenses.



d) Gross and net revenue by type of service

	Consolidated	
	Cumulative to 3/31/2019	Cumulative to 3/31/2018
Management service fees	334,960	316,136
Brokerage fees	130,343	153,743
Agency services	22,145	28,322
Other revenue	21,480	23,238
Total gross operating revenue	508,928	521,439
<u>Deductions from gross operating revenue:</u>		
Taxes on revenue	(41,474)	(41,642)
Returns and cancellations	(812)	(594)
Total deductions	(42,286)	(42,236)
Net operating revenue	466,642	479,203

e) Information on profit, assets and liabilities of the reportable segment

The table below presents the breakdown of items related to the reportable segment; unallocated expenses and/or revenue are presented in item (f) below:

Consolidated	1/1/2019 to 3/31/2019			1/1/2018 to 3/31/2018		
	Affinity segment	Other segments	Total	Affinity segment	Other segments	Total
Net revenue	431,151	35,491	466,642	440,444	38,759	479,203
Cost of services	(61,789)	(24,535)	(86,324)	(67,692)	(24,295)	(91,987)
Income (expenses), net	(69,319)	(4,490)	(73,809)	(82,546)	(2,885)	(85,431)
Selling expenses	(56,579)	(3,870)	(60,449)	(57,089)	(5,358)	(62,447)
Losses on uncollectible receivables	(21,575)	(611)	(22,186)	(35,125)	233	(34,892)
Finance result	6,182	-	6,182	6,063	16	6,079
Other operating income (expenses), net	2,653	(9)	2,644	3,605	2,224	5,829
Profit before unallocated expenses	300,043	6,466	306,509	290,206	11,579	301,785

Information on profit, assets and liabilities of segments that are not reportable (other segments) is attributable to two business units, which individually do not account for more than 10% of the Company's revenue:

- Corporate segment: all activities related to the insurance brokerage or plan intermediation, as well as advice on benefits to large corporate clients or small and medium-sized enterprises (SMEs).
- Health Management segment: focus on preventive medicine and patient management activities, prior authorization and regulation of medical events, management of medical service provider network, and medical information processing activities.



f) Reconciliation of revenue, profit, assets and liabilities

	Consolidated	
	01/1/2019 to 3/31/2019	1/1/2018 to 3/31/2018
Unallocated items:		
Administrative expenses	(131,116)	(112,810)
Finance result	(13,694)	(12,254)
Provisions for contingencies	1,248	(5,892)
Selling expenses	(3,719)	(2,663)
Other (expenses) income, net	(205)	(4,254)
Total	(147,486)	(137,873)
Profit before income tax and social contribution	159,023	163,912
(-) Income tax and social contribution	(62,085)	(61,209)
Profit attributable to owners of the parent	96,938	102,703

	3/31/2019	12/31/2018
<u>Assets:</u>		
Total of reportable segment	2,141,161	2,198,069
Other segments	248,459	253,437
Unallocated items	1,367,223	1,097,807
Total	3,756,843	3,549,313

	3/31/2019	12/31/2018
<u>Liabilities:</u>		
Total of reportable segment	1,155,529	952,242
Other segments	15,669	13,228
Unallocated items	2,585,645	2,583,843
Total	3,756,843	3,549,313

g) Geographic information of the reported segment

The Company and its subsidiaries conduct all of their activities in the domestic market and the Affinity segment presents below the lives managed and the market share:

Breakdown by Region (Consolidated)	3/31/2019		3/31/2018	
	Lives	Market share	Lives	Market share
Southeast	878,748	68.52%	932,134	69.34%
Northeast	255,742	19.94%	244,404	18.18%
Central West	86,719	6.76%	105,851	7.87%
South	42,210	3.29%	42,679	3.17%
North	19,036	1.48%	19,244	1.43%
Total – Affinity segment	1,282,455	100.00%	1,344,312	100.00%

Information on main customers

For the period ended March 31, 2019, the three main customers of the Affinity segment provided revenue of R\$ 31,291, R\$ 28,091 and R\$ 23,855, which accounted for 6.67%, 5.99% and 5.09% of the segment's revenue, and 6.15%, 5.52% and 4.69% of the consolidated revenue.



24. Commitments

At March 31, 2019, the Company has the following significant commitments:

- a) The budgeted purchases of intangible assets (software under development) are R\$ 41,050 for 2019, R\$ 36,520 for 2020 and R\$ 33,960 for 2021 (unaudited).
- b) Commitments already assumed related to call center services amount to approximately R\$ 9,500 (2018 - R\$ 40,261).

The expenses incurred on call center agreements for the period ended March 31, 2019 totaled R\$ 8,619 (March 31, 2018 - R\$ 11,019).

- c) On December 28, 2017, the Company signed a service agreement for the implementation of ERP SAP S/4 Hana Hec for a term of 5 years. This agreement has a grace period of 14 months and will start to be paid in May 2019. The related commitments are R\$ 1,040 for 2019, R\$ 2,010 for 2020, and R\$ 5,818 for 2021 (unaudited).

25. Earnings per share

	Parent company and Consolidated	
	3/31/2019	3/31/2018
Profit for the year attributable to owners of the parent	96,938	102,703
Weighted average number of common shares used to calculate basic earnings per share	283,176,825	289,082,575
Weighted average number of common shares adjusted for share options to calculate diluted earnings per share	284,151,825	291,395,075
Basic earnings per share - R\$	0.34232	0.35527
Diluted earnings per share - R\$	0.34115	0.35245

26. Leases

Qualicorp Group has lease contracts solely for commercial property. The lease terms are negotiated individually according to the specifics of each contract.

Leases are recognized as right-of-use assets and corresponding lease liabilities at the date the leased asset is made available for use by the Group. The lease payments are recorded as a liability. The interest expenses are charged to the statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the lease term.

26.1. Right-of-use asset

At March 31, 2019, the right-of-use asset recorded within property and equipment has a net balance of R\$ 61,589, as shown below:



	Consolidated 3/31/2019
Opening balance of leases	-
Initial application – right-of-use assets added	66,177
Depreciation for the period	(4,588)
Balance at the end of the period	61,589

26.2. Lease liabilities

At March 31, 2019, lease liabilities total R\$ 60,947 (R\$ 20,118 current and R\$ 40,829 non-current), as shown below:

	Consolidated 3/31/2019
Opening balance of leases	-
Initial application – Leases	64,986
Interest	1,239
Payments made	(5,278)
Balance at the end of the period	60,947
Current	20,118
Non-current	40,829

There were no additions in the quarter ended March 31, 2019.

26.3. Statement of income

In the period, the following amounts were recorded in the statement of income:

- R\$ 1,239 of interest on lease liabilities is recorded in “finance costs” (Note 20).
- R\$ 4,588 of depreciation of lease assets is recorded in “administrative expenses” (Note 19).
- R\$ 3 of variable lease payments not included in the initial measurement is recorded within “administrative expenses”.

26.4. Lease liability at January 1, 2019

	Consolidated 2018
Operating leases reported at December 31, 2018	61,008
Operating leases after 2021	17,502
Contracts reassessed as service agreements	(629)
Total lease commitments	77,881
Discount using the Group’s incremental borrowing rate (CDI + 1.3%)	(12,895)
Lease liability recognized at January 1, 2019	64,986



27. Events after the reporting period

a) Approval for dividend distribution and creation of investment reserve

At the Ordinary General Meeting held on April 29, 2019, the shareholders approved the distribution of dividends of R\$ 184,962, which translates into R\$0.659317332 dividend per share, with payment due on May 10, 2019. The shareholders also approved the recognition of an investment reserve in the amount of R\$ 89,529.

28. Approval of the interim financial statements

The parent company and consolidated interim financial statements were approved by the Board of Directors on May 9, 2019 and disclose the events occurring after the date of the balance sheet, i.e., March 31, 2019.
