

Stella Hong

And thank you for holding. Welcome to the Odontoprev conference call to discuss the earnings of the first quarter of 2022. I am Stella Hong, IR supervisor, and today we have with us Mr. Jose Roberto Pacheco, CFO and IR officer. This video conference is being recorded and streamed on the web. The link is available at the company IR website at ir.odontoprev.com.br, where the respective presentation is also available or on the company's YouTube channel. This video conference has simultaneous translation. To activate, click on the interpretation button, the Globe icon at the bottom right of your screen, and choose the preferred language, Portuguese or English. You may also click on Mute Original Audio.

Next, we'll start the question and answer session. To enter the queue, enter your name and company via the Q&A button at the bottom of the screen. This questions will be answered in the order they are received and when announced the pop up, turn your microphone will appear on the screen. We suggest that your questions be asked all at once. It is important to note that submitting questions is only allowed for participants on the webcast platform. The aforementioned instructions are also available in the chat, as well as the presentation of this webcast.

Before proceeding, let me mention that statements made during the call relating to the Odontoprev business prospects, projections, operating and financial goals are based on the beliefs and assumptions of company management and on information currently available to Odontoprev. Forward looking statements are not a guarantee of performance, as they involve risks, uncertainties and assumptions, because they relate to future events and therefore depend on circumstances that may or may not occur. Investors and analysts should understand that overall conditions, industry conditions and other operating factors could affect Odontoprev's future results, and therefore could lead to results that materially differ from those expressed in such forward looking statements.

Now, I'll turn the conference over to Jose Roberto Pacheco to begin his presentation. Pacheco, you may begin.

Dr. Jose Roberto Pacheco

Hello. Good morning, everyone. Welcome. And thank you very much for your interest and trust. We are Odontoprev. I would like to thank you for attending this company event to present the performance of the first quarter of 2022. Now to begin the presentation, on slide number 3, we can see data from ANS since 2006, where dental plans on the right side of the screen continue presenting continuous growth regardless of the macroeconomic scenario or job generation. Exceeding 29 million members with net additions of 2.5 million new customers in dental plans compared to 2020. According to our next slide, number 4, we can see the revenues and average ticket of the main dental players in Brazil. We highlight the Odontoprev portfolios in the corporate and non-corporate segments with an expressive leadership in both. On Slide 5, we see the quarterly evolution of revenues with the sequential growth of and in the annual variation, after the harsh impacts of the pandemic during the second and third quarters of 2020, with the net addition of 646,000 members since then.

On our next slide, number 6, we demonstrate the execution of the long term strategy. We can see that the corporate segment revenues has increased 19% since 2014. On the other hand, the revenues of the non-corporate segment meaning SMEs and individual plans with a higher ticket and lower DLR presented a 15% growth per year in the same period. On our next slide, number 7, we can see the net additions by channel in the non-corporate segments, that is SMEs and individual plans, in which the growing banked population has been highlighted in recent quarters. The Bradesco Dental brand, it's worth noting that it's the most sold brand recently, added 56,000 new members in the quarter and 312,000 new members LTM. On slide 8, we see the quarterly consolidated DLR and per segment, in 1Q22 and the DLR in the corporate segment was 43% in line year over year.

In turn, the dental loss ratio of SMEs and individual plans was much lower, at 450 beeps and 1,020 beeps in individual plans, respectively. Moving on to the next slide, number 9, we can see cash generation. We demonstrate that with lower DLR, stabilization of bad debt and efficiency gains in SGA the EBITDA margin maintained the same record level of 32% in the last 12 months. Next, on slide 10, we see the evolution of EBITDA since 2018, with an average annual growth of 11%. On our next slide, number 11, we highlight the new profile of financial revenues benefited by moving part of the current assets portfolio to long term government bonds during 2021, with

higher post and pre fixed interest rates and having the same credit risk profile. The new instruments are accounted for in the curve mitigating the volatility of the consolidated portfolio and will be held until maturity.

On our next slide, number 12, we can see that net income achieved 161 million BRL in the quarter, 49% higher YoY. It is worth noting that in the quarter, there was a reversal of provisions for the lawsuit related to the collection of the supplementary health fee by the National Health Agency (ANS). Excluding this reversal, the 1Q22 recurring net income would have been 132 million BRL. On slide 13 we see that the company's CAPEX achieved 66 million BRL in the last 12 months, with a total of 90% in technology related investments.

On the next slide, number 14, you see that the company ended the period with a net cash position of 809 million BRL with no debt. On the next slide, number 15, we see the update of the share buyback programs. The total buyback was 18 million in March 2022, at an average price of 12.67 BRL representing investment of 228 million BRL. On the next slide, number 16, during the Annual Shareholders Meeting held this month on the fourth, we canceled 14.5 million Treasury shares held as of December 31st, and we also approved the stock split of one new share for every ten existing ones. The Odontoprev's capital increased from 531 million shares to 568 million shares. On slide 17, we see our globalized investor base with an approximate free float of 86%, with investors from over 30 countries. Once again, I would like to thank you all for your interest and trust in Odontoprev. And now I would like to move on to the Q&A session. In our common practice of a 45 minutes earnings conference call. Thank you all.

Stella Hong

Now we will begin the Q&A session. To enter the queue, click on the Q&A button on the bottom of the screen, enter your name and company. When you hear your name, a pop up asking you to unmute your microphone will appear on the screen. We suggest that your questions be asked all at once.

Our first question is from Mr. Pedro Lima from BTG Pactual. You may begin.

Pedro Lima

Good morning, Pacheco. Good morning, Team. We have two questions on our side. The first one is about DLR. We'd like to understand if Omicron had any relevant influence in the lowest DLR that we saw in the quarter, or if it was just a matter of seasonality or structural with the new base of individual coming from the banking channel. And the second is about organic growth. So, we'd like to understand how you see the organic ads for the second quarter, and also if you can give us some flavor on what you expect for the year. Thank you.

Dr. Jose Roberto Pacheco

Good morning, Pedro. Thank you for your question. In fact, in the first quarter, we have two aspects related to DLR and seasonality. That's very interesting. First of all, about growth: the first quarter of the year, the company and the industry historically presents more modest growth, even a slowdown of the portfolio, so to speak. That usually happens particularly in the first quarter and first half of the year and frequency of use. So that's the reason why. We have a lower portfolio and that is normal. It doesn't change the organic growth perspectives for the company in all segments, be it corporate or SMEs or individual plans. And in that specific plan, we'd like to highlight the Bradesco brand growth, even in this quarter over 50 thousand members, so over **309 thousand** new members in the last 12 months. The leadership and the strength of the Bradesco and Odontoprev brands in Odonto System in corporate and, more recently, in individual plans, not to mention BB Dental in Individual plans, give us the optimism and the trust in very interesting commercial operations in 2020. We have over 1 million new members, new customers that we won in last year, in 2021.

About DLR, I believe that that is a very relevant aspect that we should address and leave you with a very clear message relating to the perspectives for 2022. The overall DLR for the company is, at this moment, under historical levels, and will remain like that across 2022, it's important to understand that. First of all, in the corporate segment, we already have a comeback with historical frequency, that's not new. Corporate has been back already with the frequency stand patterns that we have seen before. And you can see that in the public documents of the company when you look at other years. However, the banking of the portfolios that we have first of all for SMEs

and second in Individual plans has allowed the company to achieve sustainable levels of DLR that are different than historical levels. So to give you an average figure of 10% or ten years relating to DLR which usually led to 45, 46%, the company has quarter after quarter becoming closer to 40%. And that's a very important structural change as result of the new customer mix, the new way we distribute products for that customer profile, which has led us to achieve not only lower DLR but also margin increase and cash generation that would be very hard to be copied by or replicated by the market. That's it, Pedro.

Pedro Lima

Thank you, Pacheco.

Stella Hong

Next question is from Vinícius Ribeiro from UBS. Go ahead, please.

Vinícius Ribeiro

Good morning, everyone. Thank you for taking my question. Just a follow up about the DLR question. It's clear that Corporate is at levels that are similar to last year. But when we compare that to pre-COVID, it still seems like there's room for recovery. And about your comment, Pacheco, do you expect that at the end of the year we'll have historical level recoveries? Does that mean that the margin of the full year would show that there was an improvement, or is it structural specifically in Corporate that makes you feel more optimistic? And my second question is about ticket. In a higher inflation scenario, I'd like to understand if recovering the ticket is that led to lower frequency in the past years, is that because of the competition to gain market share? I'd like to understand that better. Thank you.

Dr. Jose Roberto Pacheco

Hi, Vinícius, thank you for your question. I'll start off with the second part. I think it will be better for us to understand the price adjustment of the ticket vis-à-vis the company's cost structure. It's very common to see a concern in the market about transferring the inflation to prices. We have two digit inflation, and we've seen modest transfer of that for the company. And then there's the concern if that's relevant or not. So for us, it's not, because at the end of the day, what matters is the company's internal

inflation, and we are in a period of deflation. Our costs have been lower so we've been trying to maintain healthy margins extremely positive in the main company segment, which still is Corporate, and on the other hand, the company is benefiting from a pricing power that has seen higher tickets in SMEs and Individual plans. So in summary, you've seen a stable ticket in the company and modestly growing in some segments. In a scenario where we have negative inflation, our cost of service is lower in BRL than it was in previous periods. So I believe that that's behind the message here. The companies DLR is structurally achieving new levels, more efficient levels, exclusive level, so to speak, of the risk profile and use in the segments that have had a faster expansion or increase of our portfolio. That's an important perception of how the company is building a new portfolio and more profitable and much harder to be replicated by the competition.

Vinícius Ribeiro

So I have a follow up for that. The cost matter is very clear, but what about G&A expenses, what should we consider? You mentioned in the past two years that there were little new levels of G&A, but it's still suffering inflationary pressure. Can you comment on that, please?

Dr. Jose Roberto Pacheco

That's a great point about G&A. The main item that we can highlight there is payroll. Our overhead has been lower. You've been seeing that quarter after quarter, the company has been robotizing and digitizing processes. So we do expect marginal gains in G&A this year and upcoming years, as we've seen in recent years. And now in 2022, we've been implementing ERP in the company with a state of the art platform available in the market. The robotization process continues. The company is building a new framework to act in all different areas. So we believe that there are marginal gains in G&A and to add in selling expenses just to talk about that overall with banking of individual plans where the selling expenses are much higher than other segments, the company has had year after year, a lower rate of expenses in that and in more efficiency and that is why or that's are the takeaways. So the margin increase, it's structural, it's not because of the scenario, it's a consequence of the new product

portfolio distribution channels and risk profiles that we have been seeing and executing according to each market segment.

Vinícius Ribeiro

Perfect, Pacheco, thank you.

Stella Hong

Next question is from Ricardo Boiati from Safra Bank. Go ahead, Ricardo.

Ricardo Boiati

Hi. Good morning, Stella. Good morning, Pacheco. How are you doing? I have three quick questions. Actually, the first one is a follow up once again about DLR. So, Pacheco, my question is DLR in SME and individual plans are under 30%. So wouldn't those products lose appealingness based on the customer point of view? I remember that historically you always had a concern of encouraging use so customers could perceive the value of their plan and remain with the plan for longer. So my question is, is that a concern of yours? Do you believe that at some point you would have to drive service use to increase customer lifetime in-house? That's the first question.

The second question is just to clarify, about the expenses line with third party services that increased in the first quarter, why was there an increase? And is that structural or do you believe you should go back to lower levels moving forward? And the third one is about selling expenses of corporate plans. It was also high in the first quarter. Is there a non-recurring factor there or is that a structural higher level in selling expenses that we should expect? Thank you.

Dr. Jose Roberto Pacheco

Thank you, Ricardo, for your questions. Let's start off from the last one first. So selling expenses in the corporate segment were one off higher in this quarter because of the specific action of one of the brands or channels that brought in higher levels because of their campaigns. It's not structural. It's a one off. So we believe that in the upcoming quarters, we should go back to selling expenses that we normally see in Corporate, which is one mid digit. It's the cost of acquisition of plans that of SMEs and Individual plans, which is half of the acquisition of the Individual plans. The second

point that you mentioned is an interesting movement that we should highlight. The company has had gains in efficiency. As we mentioned in the previous question relating to G&A, and the process that we concluded was outsourcing the call center operations. So now the company has smaller number of staff and a more streamlined accredited network. So with high monitoring and controls that are state of the art and the expenses with third party services are at another level, but sufficiently attractive still, compared to the previous framework, because we were performing all those services in-house in the past. You also mentioned an interesting aspect that we should talk about, which is DLR and the use patterns in the SME's and Individual plans. Odontoprev provides services. We offer dental benefits for our customers, and those benefits have to be used, the value proposal is very clear. In the national network, we have a proactive actions in attracting beneficiaries and delivering excellent services, and that will not change. We are very comfortable with the pricing and the DLR that as the definition are lower and more attractive, giving a higher risk profile that SMEs have and much higher than Individual plans, which in that case is a relevant risk. So we've been carefully progressing in terms of pricing and consequently the DLR expected in SMEs is lower as the definition compared to the corporate segment. And for many years we have maintained the individual plans DLR lower than SME's on purpose, so the higher the risk. So for both portfolios, SME's and Individual plans, they do bring on a higher risk. We expect a higher return when we price those two market niches. So, to be straightforward here, we do expect adequate use in those two market segments, but at the end of the day, bringing in lower DLR, therefore a more appealing return than the traditional market, which is the corporate market.

Ricardo Boiati

Ok, that's clear. Thank you. It's just that when we look at the ticket dynamic, given that it remained relatively stable in all the main lines, and even in SME, it went up a little, in the last four or five years, it feels like you have lower frequency, especially in SME. Does it make sense to consider it that way, structurally?

Dr. Jose Roberto Pacheco

I would say that in these years during the pandemic and now in 2022, we do see a lower frequency in use. Maybe in the upcoming years when it comes back, it will

gradually come back. But in that case, Ricardo, it would be compared to a higher ticket. So it's natural for a market to expect an increase in the average ticket of Odontoprev in the second quarter in 2023 because of the lower frequency and therefore maintaining attractive DLR. And why not say, a new pattern of EBIDTA margin return that the company has been presenting since mid 2020.

Ricardo Boiati

Okay, 100% clear now. Thank you.

Stella Hong

Next question is from Mauricio Cepeda from Credit Suisse. Go ahead, Mauricio.

Mauricio Cepeda

Hi, Stella. Hi, Pacheco. Thank you for taking my question. Cepeda speaking. Two questions about future strategy. So we can see that you've been growing regardless this quarter, but growing a little less than the market and at the same time, you have much higher profitability than you had in the past. So my question is, do you believe that it may be time to invest more in growth, and that would account for more selling higher selling expenses and even DLR, so you can reverse that top line growth under inflate and or even under the industry, in terms of volume? And second question, following up on the internal negative inflation that you mentioned, is there a risk in lowering appealingness to have less dentists that are accredited because less frequency might not be that interesting for dentists? And would that negative inflation also be related to lower fees for the dentists? Thank you.

Dr. Jose Roberto Pacheco

Cepeda, very relevant points that you touched on. I'll try to address them all. Deep down, the company's capital allocation strategy remains focused on value. And when you talk about return, it's important for us to tell the market that the company is very much aware, not only in the allocation of efficient capital, but also the opportunity of inorganic growth or organic growth, excuse me, and investing in the dental area. So it's natural for the market to expect, first of all, discipline in the capital allocation strategy for the company. And here I'm talking about regular dividend payouts and now increased by total shareholder return through the buyback programs that have been

ongoing since mid 2021. And since then, the attractiveness of the buyback programs has been expressed. But what's worth mentioning here does make a lot of sense for Odontoprev to look into the details in adding value to the dental chain, not only in the traditional analysis of opportunities in smaller players, but also we have a platform to add value to the accredited network. It's a national network, it hasn't been increased in the past years. On the contrary, we've been concentrating activities on some professionals that are strategic for the company in certain cities, given their experience, their technology and their standard of care. And that's monitored down to the detail by the company on a daily basis and electronically. So once again, that's a very difficult differential to be replicated and the company's relationship with the national network is something that's very peculiar. And for the companies that are not focused on dental, they do have some difficulty in replicating that. So that has demonstrated the beauty of cost stability, even in the current scenario, of general two digit inflation. That's what justifies a very predictable internal inflation. And lower variation levels than what we see in the market. So we're very aware of the inorganic opportunities and the commercial opportunities to build channels in-person and digital. That will bring on relevant projects and opportunities this year and in the upcoming years. Thank you, Cepeda.

Mauricio Cepeda

Thank you, Pacheco. Can I follow up on the selling opportunities? Would you see any risk in not having favorable elasticity? Let's say you spend more commercially and you don't have enough additions to maintain your profit pool. What do you think about the risk in increasing selling expenses?

Dr. Jose Roberto Pacheco

Well, traditionally, the company has had very modest selling expenses. Compared to the revenues, we don't see any structural changes there. What we mean by selling or commercial opportunities is that given the company's calling that it's exclusively dental, we've been a natural partner of health care players that are looking for the excellence in the dental model to enchant their final user. So we have partnerships. The most well-known is probably the one with Unimed in Belo Horizonte City, that has been our partner for over a decade, showing that it's an interesting

possibility and having it working together with other health care companies. And we're interested in partnerships and also looking at projects that are related to the dental value chain with a high focus of being the partner of excellence of the accredited network, not just bringing in customers, but also being an excellent element in obtaining materials, access to technology, and even in the access to online training, which is very important for the accredited network during the pandemic. So I believe that that's what make the difference and enables the company to have all these dentists with us in all regions in the country. So I can understand that there's no need to be aggressive in selling. No, it could exist in market segments, in the corporate segment, for instance, where you may have an opportunity to bring scale into the company given the company's capital structure. So it is an option that we can use in the upcoming quarters.

Mauricio Cepeda

Okay. Thank you, Pacheco.

Stella Hong

Next question is from Caio Moscardini from Santander. Go ahead.

Caio Moscardini

Hi, everyone. Hi, Pacheco. Thank you for taking my question. Can you clarify what's in third party services, 17 million in the quarter, and if we can continue to expect that amount in terms of the percentage of revenues?

Dr. Jose Roberto Pacheco

Thank you, Caio. The company call center out sourcing movement is what justifies that increase in third party services, mainly third party services Today, we have a smaller payroll, we have less employees that we had in previous years, in that strategic moment. So that quality outsourcing is what led to a higher expense in third party services, which is, so to speak, a new standard or a new pattern that we should expect in the upcoming quarters and years.

Caio Moscardini

I understand. And even with that, do you still believe you're going to have lower G&A compared to revenues in the upcoming quarters or not? Or G&A dilution?

Dr. Jose Roberto Pacheco

Well, that's a challenge, right? It's not something that easy to deliver. But based on our technology efforts, so once again, robotizing processes, growing digitization, and implementation of large ERP, we see a possibility to dilute the G&A in the upcoming years.

Caio Moscardini

Okay, perfect. Thank you, Pacheco.

Stella Hong

Next question is from Estela Strano from J. P. Morgan. Go ahead, Estela.

Estela Strano

Can you hear me now?

Dr. Jose Roberto Pacheco

Yes, we can.

Estela Strano

OK. Good morning. Thank you for taking my question. About midterm strategy, how do you see M&A opportunities and future strategies to grow the base? Thank you.

Dr. Jose Roberto Pacheco

Hi, Stella. That's a point that's always on company radar. We have a mandate since of our IPO to pursue selective acquisitions in the dental chain, not only small operators, but also commercial partnerships and looking for companies that are similar, part of the dental plan chain or segment. So we're always looking for a way to develop objects and opportunities. And I'd like to say it's in full force. It's natural for the market to expect priority inorganic growth, but also being increased by projects that diversify the company in the dental value chain. So that's an important mandate and we're looking to maximize our value always.

Estela Strano

Okay. Thank you.

Stella Hong

To enter the queue, click on the Q&A icon, your name and company to enter the queue. We have no further questions. The Q&A session is now over. I'd like to hand over to Pacheco for his final remarks.

Dr Jose Roberto Pacheco

I would like to thank everyone for participating today and thank you. See you soon. Have a great weekend. Bye-bye.