

Videoconference transcript - Odontoprev 3Q25 results

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José Roberto Pacheco

Hello. Good morning, everyone. Once again, welcome to our call. So, we can talk about the third quarter and first nine months of 2025. Let's move on to our first slide.

José Roberto Pacheco

[Slide 3] Here you can see the main metrics. So, specifically on the top left corner you can see net revenue and average ticket achieving 7% in 12 months. On the top right are a very important highlight, something that we've been mentioning in the past quarters and this was no exception. We usually do not use the word record, but it's inevitable, we have to mention the positive movement in the quarter. In nine months and 12 months of the growth in the SME segment, especially through the Bradesco Dental brand. And finally, here on the bottom, we have the return, the profitability measured by the EBITDA margin, with no other in supplemental health in Brazil, we have levels greater than 30%, not only in nine months, but also 12 months and our net income growing two digits in the annual comparison, achieving 556 million BRL. Once again, welcome to our conference call for the third quarter of 25.

[Slide 4] On the next slide, we can see data that was published today by the National Supplementary Health Agency. So, we have 35 million members, that means 17% share in the Brazilian population, so much lower than what we have seen years ago in private health insurance. So, we are very optimistic for the growth potential as it is still in its beginning here in our country.

[Slide 5] On the next slide, we can see the main players, the main participants in the market, the dental market specifically. So Odontoprev has the two main portfolios that are part of dental plans, as we know, corporate with 1.3 billion BRL and SMEs and individuals getting close to the first billion BRL. So, these are the biggest portfolios in the Brazilian market, and other companies are trying to get close to 900 million BRL. We also show the average ticket of the SME and individuals' portfolio, which is practically double of what we can see in the market average, which is close to 20 BRL.

[Slide 6] On the next slide, as we've highlighted before, and we expect to have this slide as a constant slide. So, we have a strategic evolution through the bank channel, through the Bradesco Bank brand, bringing in small and medium sized companies to the company portfolio, 64,000 thousand net adds in this quarter 150 in 9 months, 180 in 12 months. So that's a strategic movement that we are very proud of

and it's very difficult to be replicated by the market and the competition. And lastly, a very relevant potential of increase in the upcoming years.

[Slide 7] On the next slide we can see the breakdown of revenues per segment. Here we can see what we had in 3Q24 for the portfolio and now the evolution of this portfolio in 3Q25. Clear highlight goes to SME where we have 23% compared to 21% in 3Q24, individual and corporate, you see a little drop given the higher exposure of SMEs.

[Slide 8] Now about our dental care ratio. This is a very important slide to show the success of the strategy of the implementation of new products, which are increasingly more important in the company. We'd like to highlight dental care ratio of 40% in 2022. In 2023 and 2024, we can see a continuous improvement in 12 months here, YTD September 2025 we're down to the 33%. In 1Q24, just to remind you, we had the lowest dental care ratio for a third quarter in the company, and naturally this number is higher now a bit higher than 40%, and a little bit lower than 3Q23.

[Slide 9] This is probably one of the most important slides in our presentation. So, this ratifies our strategy of the last decade. We're comparing the figures in 2014 to the 12 month YTD. So once again, the SME plans and individual plans have had a two digit growth in its contribution margin and you can see that for the first time, the non-corporate segments have exceeded the contribution margin compared to the corporate plan's contribution margin is at the level of 60%, which is much higher to the 44% of the contribution margin that we can see in the corporate segment. Once again, this movement is very hard to be replicated by the competition, as this makes our long term strategy very evident, as well as the potential for the company to generate value.

[Slide 10] Moving on. Here we have the breakdown as a percentage of revenues for expenses or G&A and bad debt and selling expenses. So here are the highlights. We have a margin gain with less expenses and lower bad debt because of the bankalization of the portfolio. You see bad debt of 2% in the first quarter, and in the first nine months of 2025 we see 1.5%. And finally, in 12 months, bad debt has become stable at 1.7% of revenue. So that's another very relevant differential for this strategy of reaching new frontiers, new geographies with different products, with the non-corporate products increasing the differentials of the company's portfolio.

[Slide 11] On the next slide, we address EBITDA. We had a very important margin last year. Now we're at the third year of a 30% cycle, or greater than 30% of the beta margin that starts in 2023, increases in 2024. In LTM ending September, we have 32% EBITDA margin. So, I would say it's extremely likely that this year we will have a margin increase year-over-year, because the dynamic that we have just observed in the

dental care ratio, stable expenses, G&A, and selling, and when we add the two, we have balanced results and therefore have a more efficient period. So that's a strategy guided towards value that we've been executing. And in nine months the two digit growth of EBITDA as you can see. So, we're very constructive in what we've been seeing in the potential and return for the company's portfolio.

[Slide 12] Now on to net income, 12 month YTD, achieves 556 million BRL. The 5% variation with no recurring results. So, recurring results in the past 12 months. And that was the same in the nine months. And now we have a decrease in net income in the third quarter.

[Slide 13] On the next slide, as we've been calling everyone's attention, is the evolution of CapEx, where it achieved its peak in 2023. And in 2024, you can see a slight nominal drop and that continues in 2025. So that's how we interpret the upcoming years. The major investments of the company are focused on technology process improvement, implementation of digital processes, robotization and so on and so forth. And we also have a magnitude of depreciation that's greater than previous years. And certainly, it's the main reason for us to expect a G&A dilution in admin expenses in the long term.

[Slide 14] Now moving on to very important data of today's conversation. It's the cash remuneration to shareholders. We have our history since 2022. In that year 340 million BRL among dividends, interest on capital and share buyback. So, we had 183 million BRL. And since last year, we go into more significant cash events, 612 million BRL, last year. And here we already include the dividends and interest on capital that will be disbursed on December 10th, which was already announced, so practically 1.3 billion BRL. The disbursement in 2024 and 2025 so far. It's important to mention as well that as we traditionally do, the quarterly dividends, we don't have the figure for that yet. We will inform you that in the next month, together with IOC, we do that at the end of the quarter. So, we will do that to maximize the flow of dividends before the new calendar year. In the next month, in December, we will have the announcement of interest on own capital for the fourth quarter and the regular dividends for the third quarter.

[Slide 15] On the next slide, we have the global shareholder base for minority shareholders of the company. North America is an important highlight with almost 47% of the free float. It's also worth noting that we've been seeing a higher flow of the negotiation of company shares and more investors not only individuals, but also institutional investors, investors of approximately 30 countries.

[Slide 16] To conclude the initial remarks, we have to mention the significant recognition for the 12th consecutive year, Odontoprev was voted as the top of mind plan by human resources executives across Brazil. That makes us very proud. We're very happy to share this recognition with everyone, which is a

recognition and acknowledgment from our customers. We do believe in the company's business model and business proposal. Now we are available for the Q&A session. Thank you very much everyone.

Andre Salles – UBS

Good morning, Catarina, Elsen and Pacheco. Thank you for taking my question. Actually, I have two on my side. We can see that the average cost of services per member has increased 10% in this quarter. Could you share with us if that increase was the higher frequency of use or medical inflation, that's higher in this quarter. Are there any other specific factors? Just so we can have a breakdown of what actually led to that increase. And another important point that I'd like some more flavor on is the drop of the individual plan. I'd like to know if it's a one off or a company strategy. And if it's a company strategy, how should we look at the volume and profitability of that specific product? Thank you.

José Roberto Pacheco

Hi, Andre. Great points. So, let's start off with dental care ratio. It's important to observe what happened in the past in 3Q last year, we had the lowest dental care ratio as we mentioned in company history for a third quarter. So, it's natural to have an increase, as you well mentioned, a two digit increase. So, there was a small high in individual plans. And that is desired. It's important for us to have products that are fully used with a regular frequency. Given the dental benefit, it's positive to have our members using it and at the same time, healthy price increases of the tickets and that happened in corporate, that happened in SME. And now about what you mentioned about the individual plans, specifically in this quarter, we have the beginning of a new cycle. So, to your point, that's very timely. It's important for us to mention what already happened and will happen again in the next quarter, which is a cycle for individual plans where the company is increasing its product portfolio, developing new partner channels and large size national company and other regional companies. That's a very important movement in order to balance out the individual plans' portfolio. Again, if you remember, it had a very shy behavior and ads in the recent years, but with very robust margins. So, it's a higher risk product, and it has adverse selection and contract cancellation by consumers and potential behavior of nonpayment bad debt. We can also talk about that. So, the individual plan as a definition, it has a risk component that's much different than the corporate plans, be they for small or large companies. So that's an effort that the company has been developing even in a pioneer movement testing channel, brands, distribution, new sales tickets in order to expand and benefit from a portfolio that's the biggest in Brazil and we have all the risk management tools that's adequate for that product. So that's a movement that should bring in more volume as of mid 26. So, we're talking about a year of transition and once again we would have a different individual plan portfolio know, multi-brand with products that so far haven't existed before. We're the pioneers in bringing that to the market. That's our interpretation of the individual plans.

Gustavo Miele – Goldman Sachs

Hi, everyone. Good morning. Thank you for your presentation. I also have two questions on my side. The first one is that I'd like to explore the topic of selling expenses. When we get that under a consolidated basis, we've seen a stable level, a stable level in the past quarters. But there's something in between the lines that calls our attention. So, in the increase in selling in SME that are merged by a more efficient individual plan. So, I'd like to zoom into that in the selling expenses for SME. Why do we have that slight increase that calls to my attention when Bradesco channel is getting more traction in company portfolio? So, I'd like to understand if, in fact, that's a change in payment commissioning and sales force, or is there any other one off factor that would justify that increase in SME for selling expenses? And the second point, even as a follow up to Pacheco's last comments about dividends, I'd like to understand, with the strong cash delivery, do you see any return to shareholders greater than the regular payout of the year? I know that there's a restriction of regulatory capital. But I'd like to know if there's any options of over exceeding the net income of the year to return capital to shareholders. How do you see that? So those two points, thank you very much.

José Roberto Pacheco

Hi, Gustavo. I'd like to mention the cost of acquisition, the commissions, they changed levels in SME. SME is more robust. And as you have seen in the Bank Channel, we have an important brand today. It's greater than 80% of what we had already represented by Bradesco Dental. So, what's happening to SME is that it's getting closer to the conditioning levels that already exist in individual plans. Numerically speaking, we're talking about 12%, 13% of commissioning in historical commissioning in SME and by increasing sales a strong rate of getting new customers, it's natural to have campaigns, promotions, and incentives. So now we estimate something like 17%, 18% which is a new level of selling expenses in SMEs. So, two-digit growth in the first line followed by commissioning that's closer to individual plans. That's the new dynamic of SMEs. So, about dividends, Gustavo, another relevant point that you mentioned, we don't have any concerns with cash flow. Cash flow was never really a concern. The company has zero debt. So, the details that we study are the regulatory. So, the solvency leftover and that's regulated by the ANS. So now in the transition of the tax regimen as of 2026, next month, month 12, after having the results for October and November, we'll have a better understanding specifically about the margin and the solvency leftover that's expected for month 12. And then we will deliberate. Gustavo, it's very hard to leave the 100% because the mathematical model from the ANS hinders us from that, but we'll look into that closely to see what we can do. The objective, like mathematically, that model really doesn't give us much flexibility, but we'll put in our maximum efforts into that distribution, not only for interest on own capital. That's a formula we can't really change, but the deliberation of the dividends for the quarter. Thank you. Gustavo.

Lucca Marquezini – Itaú BBA

Good morning, everyone. Thank you for taking our questions. We have two direct questions on our side. First one is about G&A. So, we see it a little higher. And we'd like to understand if that should be a recurring level moving forward. And the second one is about CapEx. We've seen lower CapEx in these earnings. And we'd like to know your mindset for CapEx. And if we're going to see lower levels or if that was just a one off effect for the quarter. Thank you.

José Roberto Pacheco

Hi Lucca, let's start off with CapEx. There is a downwards trend. As we have been pointing out in the past years, there was a higher point approximately two years ago. So, we implemented a major system for the company and also, all the different technological initiatives are a great priority. So that financial amount, we believe it should decrease in non nominal terms in the upcoming years. So, it wasn't a one off, it's part of that annual explanation that we have. So once again we have an understanding that CapEx is lower year-over-year slightly lower moving forward as it has been in the past two years, specifically about G&A. I believe G&A is going to be a consequence of the return of those investments and digital and technological initiatives that the company has. So, we do expect a potential of dilution of G&A, but that's mid term, not short term because these investments have to become more mature. So that's our interpretation.

Gustavo Tiseo – Bank of America

Good morning, everyone. Thank you for taking our questions. We have two on our side. First of all, I would like to explore the ticket part. They asked in the first question, so you consider SME and in corporate they go down. They were very close to inflation and now we see a slowdown. Is that already part of more aggressive competition? And you have a growth strategy? So, you start lowering prices or is there anything about adjusting the price because of the past? We'd like to understand that and see if it's going to get closer to inflation. And the second point about DLR, it was higher in the third quarter. So, first months are equal to last year, but then when you imagine for the fourth quarter, should it go back to a normalized seasonality instead of the peaks that we've seen because of business days? Or do you see any other impacts where the growth is stronger in 3Q. Those two questions. Thank you.

Elsen Carvalho

Thank you, Gustavo. Good morning, everyone. Let me answer one so Pacheco can have some water. So about selling tickets in our structural vision, we're going to have a ticket in corporate because we have a challenge of a segment that has higher shares and that's why it's more competitive. And we always grow. If you look at 2017 moving forward, we grow every year. This year there was a dynamic in the beginning

of the year that was more complicated. We had the first quarter that was very negative in number of members, but we have already turned things around. That's positive. And we already know that October is very strong. So, it's a year that we recovered. So, for the ticket in that segment, it's connected to the inflation and the capability of adjusting the portfolio. And it's huge, over 6 million members, 6.3 million members. While for new businesses the ticket dynamic is lower because of the competition. So, there is a ticket challenge, yes. About the half year information. When we talk about the corporate segment in the quarterly analysis, it always captures volatility because of the movements of any big contracts that comes in or leaves. So, it's better to look at a 12 month window and then you see us with a capability of transferring. How when you have balanced DLR you don't need technical adjustments. So, we just pass on the inflation and in fighting over contracts, you may have to decrease the price of the average portfolio to be more competitive and gain new accounts. That's the corporate dynamic. In SMEs, based on the legacy, we have a portfolio with a balanced DLR, no technical adjustments. It's about inflation and I don't see that we have to lower prices to be competitive. Pacheco already mentioned that our competitive strategy in SME is actually that it's really related to competition. There's a part of the market that is overcome by market brokers and that yes, the brands do compete, but the differential in terms of strategies that we have a bank channel, and we can get to a customer base that is still a blue ocean. So actually, we don't really need to go into a price for penetrating this area that's still being developed, capillary that we have, the competition doesn't. So, it's not really a game of competition. It's about sharing. So, we see stable or growing tickets in individuals. That's a whole different game. I don't believe that the drop in the quarter reflects what will happen to price across time, but the pricing of the individuals varies from one channel to the other. And what Pacheco mentioned is that we've done at work building brick by brick for of a new portfolio with new partners, and each partner has a specific action in customer profile that requires specific pricing. So, in fact, we have some channels. We have lower prices. And across time we have to see how these portfolios will grow and behave. So, I believe that we will have different channels with different prices. But when we look at the average portfolio overall, I don't think it will reflect in such an expressive drop as we saw in the third quarter. So, I see stability that's very much in line with inflation in SMEs and corporate and in individuals more like stable, where we will have news stories happening, new learnings happening given the new partnerships that we're creating, not with an impact this year, but impacting the individual's results for the company in members and other metrics as of next year.

José Roberto Pacheco

Just to add to that, Gustavo, about DLR, you also brought in that point actually in the past years, in the past decade, for instance, our cost of services per member had a growth under the IPCA Inflation index. Actually, half of it. So, the company doesn't necessarily have the need to charge for the IPCA in most of its contracts. So that's a game that you can gain that you can win in terms of efficiency and not a price increase. In the slide that we showed that slide is very important. After having the most efficient DRL in

2024, in the first nine months of 2025 are identical in DLR as 2024. So, I would say that we're on the right path so that once again in 2025, we will have DLR very much in line and similar to the level of excellence that was delivered last year. That said, we have management tools for DLR that are unique in the market. The behavioral risk of our members is analyzed on a daily basis, in detail by the company, and the competition business model isn't even close to that. So that makes us really trust the metrics of DLR, as it's extremely important in private dental plans in Brazil.

Samuel Alves – BTG

Good morning, Elsen, Pacheco. There are two questions on our side. First one is if you could talk about how you assess what was delivered so far versus company budget. Pacheco was mentioning that the first nine months you had DLR in line year-over-year. So, I'd like to hear from you, what are the segments that have the highest deviations, be it upwards or downwards, versus the expectations that the company had in the beginning of the year? That's the first one. And, about SMEs since Elsen came in, he's been talking a lot about the opportunity of more growth in that segment. How do you assess the performance so far? Is it on budget? Can you expedite that growth? I'd like to explore SME a little more. Thank you.

José Roberto Pacheco

Hi Samuel. Good morning. I'm going to talk about budget. That's usually something that we don't talk about, but I'll give you some flavor. I'll split that into up into two points: What happened in 3Q and what we expect for the next one. What happened in Q1 was atypical. Usually in the past five years we've had over 100,000 members' net and we always talk about net adds, but you saw a timid number, right? Half of that. So, the seasonality of growth this year will be different than what we budgeted, different than our historical numbers for the past years. That's an interesting point. We're already in line with what we expected in net adds in that third quarter and once again, we're very constructive regarding up to the end of the year. That's in the volume dynamic for adds. Obviously, the highlight is about SMEs. And then the next line we should share about DLR. And that's exactly once again in line with what was delivered last year. And that reflects the company portfolio as it becomes more robust in the SMEs in individuals' segment, especially SMEs, as in this case, we have higher hits, we have a higher return. So, DLR from 20 to 30 has been seen in SME, and it should be the reference in individual plans. Once again, products with a higher risk where we demand a higher return. I think we're in line for an interesting budget about what we expect for 2025 and for the first half of the year. It was good, and we're starting to reap the fruits in this second half of the year. That's our best opinion.

Elsen Carvalho

And speaking of SME, good morning, Samuel. About SMEs, before the pandemic, we had an ability to grow that portfolio to 45,000 members a year. After the pandemic, when we redesigned our strategy, we changed that. It would be 130,000, 135,000 new members on average, some years better, some years a little lower. This year, in the nine month YTD, we're growing at 170,000. So greater than the previous average in nine month YTD is already greater than any previous year. If we didn't grow anything else in the last quarter, we would already be breaking records, and we will continue to grow in the third quarter or fourth quarter. So, we'll have a stronger year. And you can clearly see that's growing. In 2026, we're going to be talking about growth of 200,000 members would be the basics moving forward from 2026 on. And that already has an impact, as Pacheco mentioned in his initial presentation about the revenue breakdown, the share of SME will be higher in revenues, the revenue where the cost of servicing is the same, but the ticket is higher, so that helps in DLR. So that will redesign the company's results. And it's a topic that we have here that is to make the company more corporate. So, we have individuals. You have SMEs. Individuals are still under construction. But in this case SME is a strategy that's always shown to be successful and growing. So, we'll see more growth moving forward moving forward in that area.

Artur Alves – Morgan Stanley

Good morning. Elsen, Pacheco and other participants. Thank you for taking our question. This is a quick one. A ticket question as well, but a little more structural. So, in our opinion, the cost per member increase is especially driven by use, although it puts pressure on the short term, it could bring in more appealingness to the product in the long term and it'll be more sustainable. So, if the increase in the cost per member will continue to be greater than inflation, and not necessarily at the levels that we saw in 3Q, but higher, how do you think that you can convey that to customers and show them that the product is more appealing, and especially get a higher price increase trying to maintain behaved DLR. Thank you.

José Roberto Pacheco

I'll start, just a comment. Artur. That's a great point that you brought in. I think we have to divide that into two different analyses. A mature market and the corporate market. The SME segment where we have an exclusive path of the company. And finally, a new customer that just came in isn't representative in the market overall, but it's the consumer, the individual plan. The dynamics are very different. So, in the corporate ticket, it does reflect a competitive market, a competition for scale, a competition for technology. And Artur, we've been very efficient in the past 20, ten years, having an EBITDA margin double from the competition. That's because of rational pricing and premium pricing and customers recognizing all of that and setting up an accredited network and guaranteeing services that no other company does. So that's a dynamic of a traditional game in corporate that insists and has a stable 50% DLR with no perspectives of change. So that's a characteristic of the DLR in corporate. In SMEs, elasticity in

price is well balanced. So, you see stability in cost which reflects into a ticket that's close to the inflation levels. That's a segment that really interests us. It really highlighted its strategic side. So, we have that DLR of 25 to 30%. So that's the objective. That's what we're looking to price specifically the SME channel be it through brokers or bank channels. And finally, the individual plan deserves our attention. That's exactly the point. As it's a product of greater risk, we demand higher return. And that many times doesn't lead to the retention of that customer. They're short priced. The churn is higher. So, what's starting now is an effort of diversification, new equations in individual plans in a way to maintain the inefficient acquisition cost. We haven't gotten there yet. Having the right level of bad debt, we're going in the right direction. We already mentioned that and finally started to have more hope in volume. Net adds that doesn't come from the short term. We have a one off number there, but we're more optimistic and some quarters ahead given the movement that's been happening now. So, we have more predictability of the net adds for individual plans. And that's coming from a DLR that can't stick to the 20%, 21%. It should get closer to the SME levels at 27%, 28%. So that's the transition. We see that in a good way. The higher DLR that should be happening in individual plans in the mid-term, so that once again, we can deliver value and have customer recognition. Therefore, a portfolio with a higher, Net present value. That's the vision that we have.

José Roberto Pacheco

Thank you very much, everyone. We'd like to invite you to visit our new IR website. You can see all the material available there, and also all the information that we have as a publicly traded company. Thank you. Have a good day.