

Videoconference transcript

Odontoprev 2Q25 Earnings Results

José Roberto Pacheco

Good morning, everyone. Welcome to this video conference to comment on the results of the first half and mainly focus on the second quarter of 25.

[Slide 3] We have the main metrics that we will address today. Starting off top left, the evolution of net revenue with highlight going to the average ticket not only in the variation of the quarter. Half year and LTM. We have a balanced portfolio, different than the competition, considering all the business segments and achieving 2.4 billion BRL in net revenues. And we'll see that in this presentation. This is much different than the rest of the market. On the top right of the slide, we can see the specific growth of the brand Bradesco Dental. In the SME segment, you can see the word record that was used, which is the case in the growth of 170,000 new SME clients in 12 months and 90,000 new clients for the half year, and for the quarter, 54,000 new clients with a ticket that's higher than corporate, which is our main Portfolio and more competitive DLR. On the bottom part of this slide, the two metrics starting off with the EBITDA in cash growing at 15% in 12 months, 171 million year-to-date June. And the specifically in the second quarter, we had a growth of 29% to 34% and a 27% percent growth in EBITDA. And on the bottom right, net income grew 24% in the quarter and 18% LTM, achieving 569 million in the year-to-date of 12 months, considering June. So, those are the metrics that we will go into details now in the presentation.

[Slide 4] So, this is the data of the national health Agency, the ANS. And you can see 53 million beneficiaries or members in medical plans similar to what we've seen in other months and quarters. And here you can see based on the growth angle, a growing share in Brazilian population limited to 17% of citizens, and there was a relevant growth in the decade of 14,000 members, showing an expressive development that we can see in the dental segment in upcoming years.

[Slide 5] On this next slide, we're showing and selecting some of the main players in dental plans. The company is the leader not only with one, but two portfolios that add to each other. Starting off with corporate with 1.3 billion in net revenue in these past months, and we've developed them, have almost 1 billion in revenue in SME and individual plans. So, those are the two main portfolios in the Brazilian market that total 2.3, 2.4 billion BRL. As you can see from this chart, I'd like to mention the average ticket of the SME and individual plans, which is far from the rest of the industry, as you can see on the chart.

[Slide 6] Now moving on to our next slide. This is specific for the Bradesco Dental Brand and specifically for SME clients. It's worth noting that this is a very relevant addressable market, in our opinion, and even greater than corporate, given the formal jobs in Brazil that are very much connected to small businesses and SMEs. As you can see in Europe and the US, in Brazil it is no different. You can see this share and relevant growth. Starting off with the quarter, 37% more ads compared to 2Q24. And then we have 62% growth. So, the companies achieving traction in a very efficient channel, that not only translates into a higher ticket, lower DLR and even bad debt when we consider the credit filters in the bank channel, which is a clear differential in our P&L.

[Slide 7] On the next slide, we can see the evolution of net revenue, which is very much favored by the average ticket. A year ago, it was approximately 1%. Now a significant relevance of 5% given the discipline of substitution and sales, mix with products that are higher value added, those are the sponsors of the growth of 8% to the revenue in the variation of 2Q25, compared to 2Q24.

[Slide 8] On this slide, we can see the strategy that's being pursued by the company and actually delivered in the past ten years. In the lighter color, we can see the numbers for LTM starting off with the corporate segment, which as we mentioned today, brings on revenues of 1.3 billion, having grown 4% in each of the ten years. This is the more mature segment and higher competition in the commercial segment. We can see the more recent portfolio on the top right and growing 12% per year in the past ten years, achieving almost 1 billion BRL with an average ticket that is approximately double than the corporate market. This is a very important thesis. This is a foundation that the company has in very hard to be replicated by the competitors, given the technological platform and controls that we have with the smaller clients, especially the SMEs and individuals, in addition to exclusive distribution channels of the company that are providing all the support for this expansion and growth.

[Slide 9] Moving on. We have the details or an evolution of the segments. Quarter after quarter, starting with 2Q24. So, the average ticket of 2Q25 was greater in all segments year-over-year. And on the bottom part in the columns, we can see each segment and the evolution per quarter of the cost of services. The cost of services has remained at competitive levels, lower than the IPCA, which reflects the technological tools that the company has quality management and understanding the technical behavior of the accredited network in over 2500 cities across Brazil, enabling the company to deliver differentiated margins at the end of the day. And you'll see this during the presentation.

[Slide 10] On this next slide, we can see the evolution in ten years, not a short period, but ten years of our contribution margin. And it's segmented between the corporate plans and on the right side of the slide the growth of the contribution margin in SME and individual plans, very similar to the evolution of the revenue, as we mentioned, 4% per year here. The contribution margin of the corporate segment it's identical 4% per year. But on the right, the more recent and newer segment with which has a clear differential for Odontoprev is growing 15% per year. The contribution margin for the past ten years has achieved 60%, which is much higher, as you can see here, than the contribution margin of 45% in the corporate segment. This cycle of value innovation is not easy to replicate by the closer competitors, and once again makes us very excited to continue to execute our strategy.

[Slide 11] On the next slide, we have the consequence of the positive tickets, maintaining costs and higher efficiency in managing customers with different risk profiles. You can see the annual rate of growth, which is practically 12% of the EBITDA of the company. It's 2022 in the first quarter growing 18% and for the quarter, 27%. As you can see, the margin went from 29% to 34%.

[Slide 12] Our next slide talks about the net income, which has been growing since 2022 at a two-digit rate, going from 470 million BRL to 570. First quarter the increase was approximately 13%. And in the quarter, we have approximated 20% growth in the annual variation. As for the investments in technology, we'd like to highlight that they'd reach the peak in 2023, in 2024, you can see a level that's slightly lower. And now as we've been signaling and we expect a rate that's a bit lower in the upcoming periods. Technology investments are a clear priority at Odontoprev, so, we've invested a lot in the past years in digital processes and a number of risk management tools and behavior tools with admin behavior, and we should collect the benefits across the upcoming quarters.

[Slide 14] Now about the distribution of the quarterly net income and capital allocation. You can see that in LTM ending in June, a profit of 569 million BRL, the payout of 97%, broke down into dividends, interest on capital and also, share buyback programs. Now, specifically in the second quarter, net income of 146 million BRL. We are fully distributing 100%, prioritizing dividends, maximizing interest on capital, and also slowly executing the share buyback program.

[Slide 15] Our next slide is about the company's shares. That has doubled the daily liquidity from the first quarter to the second quarter. Now, in 2025, we're very happy to observe the achievement of new 12,000 new shareholders. A year ago, we had 42,000 individual. And now we have over 52,000 retail investors. So, ADTV of the financial volume of the company was 24 million BRL.

[Slide 16] On the last slide, we can see the geographic distribution of the free float. So, the company has shareholders in approximately 30 countries. Highlight in the US with over half of our free float.

Before I end this introduction, I have to say that we are very happy with this successful conclusion of the company accreditation, where we recently became the first certified and accredited company by the Brazilian National Health Agency as a publicly traded company. So, that's our highlight for 2025. I'd like to end the initial comments and move on to the Q&A session. Thank you very much, everyone.

Q&A Session:

Gustavo Mieli – Goldman Sachs

Hi, everyone. Good morning. Thank you for the presentation. I have two questions. Two about DLR. So first of all, when we look in detail to DLR in Q2, there's a highlight in cost per member in all segments. So, I'd like to hear from you. How much of this is coming from a higher share of new, more efficient products? And how much of that could be a frequency? When we look at the outside of that, which is a bit better compared to other second quarters, we had less business days in the second quarter was that relevant to your performance? So, that's the first question. The second question, we've heard from the company that 2024, now thinking of a full year could be a challenging base for comparison when we consider DLR for 2025. So, considering that, I'd like to hear from you if you believe that there can be any relevant challenges for DLR in the second half because the second quarter had strong performance. So, I'd like to know if that would be offset in the third and fourth quarters. Those are the two questions. Thank you everyone.

José Roberto Pacheco

Good morning. Thank you for your question. I'll start with the second part. The comparison to 2024 that had a lower DLR of our entire journey into 2025. In the first half, we have some highlights, especially in the cost of services year-over-year, as we've just seen. It's important to give a little bit more depth So, you can understand the dynamics. So, there are three businesses in the Odontoprev portfolio, and they have very different DLRs in corporate close to 50%, in SME, half of that, in individual plans a bit lower than SMEs. So, what actually happened in the first half is that the corporate portfolio shrunk. So, that 50% DLR was less observed. And we have the excitement of the dynamic. And we'll definitely talk during this presentation about the second half. So, we'll probably see new corporate contracts. And therefore, during the second half we'll have a classic DLR of 50% in the bigger corporate contracts. That's what we observe. And specifically in other plans in the non-corporate meaning SME and individual plans, the level of DLR is lower because of conservative pricing. And we also must remember that the company is increasingly more efficient in the electronic tools that manage risk and manage the quality of the services that are provided. So, the company has been more efficient year by year in investigating fraud

and maximizing the quality. So, that's a continuous learning experience and development even of the investments that we mentioned recently. So, that said, there's a possibility of once again in 2025 having costs that are similar to 2024. That game isn't easy. So, the first half was victorious in that. We had a very positive performance. But given that profile of recovering the corporate portfolio across the second half, we expect that 2025 would be similar. But once again, it's not such an obvious game. It's not a given that we would have that margin increase sponsored by lower DLR across the second half of the year.

Gustavo Mieli – Goldman Sachs

Very clear, Pacheco. Thank you very much. Good morning to you.

Raphael Elage – XP

Good morning, Pacheco. Good morning, everyone. Thank you for taking our questions. Actually, we also have two. The first one is about G&A expenses and focusing on SMEs specifically. So, given the growth profile of the company and the focus that you have for upcoming years, should we expect participation of those expenses in revenues similar to the levels that we've recently seen? That's the first one. And the second one is bad debt. Two first quarters of the year we saw lower levels of bad debt compared to company history. So, how does the company see that level of bad debt that's lower? Moving forward what should we expect?

Elsen Carvalho

Great. Good morning, Raphael. I'll take part of that question. And then Pacheco can talk about bad debt. So, what we expect, according to the company growth profile, is that the corporate profile is very big. And we've been able to grow that, even though it's already very big in that. The sales cost is lower and it's more stable when you go into the non-corporate segment. First of all, there's the baseline of commissioning which is higher. But overall, there are channels that have to be constantly encouraged or incentivized. So, you have the market broker, and you have distribution channels such as banks or partnerships. And those are segments that you always have to incentivize that channel. In the brokers channel, you have the challenge of the competition. And when you don't have competition and you're distributing your competing with other products. So, you need to have incentives and campaigns to heat up the sales. So, the level of sales in corporate is higher. Excuse me. In non-corporate it is higher than corporate. So, when you have a bias towards non-corporate, we've been seeing an increase in the past quarters, and we've reached the current level that we believe is a level that's a good reference of what we can observe moving forward. So, we don't expect that to grow. But the current level is already higher than the recent levels. And given the change in the growth or sales profile and growth, we have a strategy with a bias towards non-corporate. And that's led by SME with a strategy that's highly focused

on bank distribution, as it's a possibility that we have and our competition does not have. So, different than corporate that's already mature. We are we continue to lead corporate. That's our biggest portfolio in members. And it alone is bigger than all our competition. But the future of the company goes through the growth of non-corporate, especially SMEs, focusing on distribution in bank channels.

José Roberto Pacheco

Raphael. About bad debt. So, everybody probably remembers we had bad debt of four, 4.5% of revenues. And that's been decreasing three, three and a half, two, two and a half. And now we have a quarter that's a bit higher than one. So, what's happening is the growing bankarization of the portfolio with credit portfolios that are more efficient than the portfolios of previous years. So, that's a factor that does increase the margin. It has a very solid foundation, which is the bankarization process, especially with SMEs. That's very solid. So, we believe that that annualized level of approximately 2%. A little bit more or a little bit less is here to stay, and it is one of the sponsors of that level of return that the company has that's been higher in recent years. We believe that it will stay for a while.

Raphael Elage – XP

Very clear, Elsen and Pacheco, thank you very much.

Ricardo Boiati – Banco Safra

Hi. Good morning. Catarina. Thank you. Good morning. Elsen, Pacheco and other participants. My question is about portfolio. We've seen solid growth here. So, the question is can you break that down how the growth has been divided. Because we're talking about the corporate segment and SME. How does that growth broken down with new companies, new clients and how does that go? How about the growth in the existing companies, so we can map out the vectors of growth of the portfolio, which is still very solid. Is it like 50/50, 2/3, 1/3? So, any kind of comment on that in that sense would help us to understand the dynamic growth in corporate and especially SMEs. And the second question about ticket. So, specifically, about corporate that have a good level there. So, the ticket has been growing in line with the IPCA, even though there's the cost for beneficiary a lower cost per beneficiary per member. Excuse me. So, is it the current scenario that favors that continuous growth of the ticket in line with the IPCA? Or should that slow down the growth of the ticket, given that the costs are very well behaved? So, those are the two questions we have. Thank you.

Elsen Carvalho

Great. Ricardo, I'll start off by talking about the portfolio. In general terms, you want us to differentiate the corporate and SME portfolios. Let's start off with SME, essentially growth with new contracts, new sales. So, the portfolio grew in a very robust manner in the quarter and year-to-date, especially when

you compare that to 2024. We don't provide guidance. But when you look at all the windows in this six-month window year-to-date, compared to six months, year-to-date, last year or last, or the year 12 month year-to-date compared to last year's year to date, it's we're increasing the speed of growth. That's what we're doing. And my expectation is that when we talk about this in the next call, it'll be even faster. And in closing the year even faster. We have a clear strategy of growth in SME and we almost always comment on that during the calls. And that growth is essentially because of the increase of sales and increase of new clients in the portfolio. And I always like to repeat that the main point of the company's growth strategy, where we're going to explore a market segment that's underserved, reaching new clients with a possibility of share and distribution that our competition does not have because we have access to the bank channel. And usually, our competition only works with brokers, and they don't have capillarity to achieve all the SMEs in the country as a bank does. So, in SME, it's volume, new members and new contracts. In corporate you have both. So, the performance of the economy this year in terms of jobs so far is beneficial. It's positive. So, we don't have the issue of registering new people when the economy is poor that we usually see we had a poor first quarter and the performance of the corporate portfolio. When you look at it in shorter periods, such as quarters, you see some contracts moving in or out, and that strongly interferes in the performance for the period. But when we look at longer periods like 12 months, we're always positive. The last negative bar in member growth in corporate was in 2016. And since then, we've been growing every single year even if you only look at organic does consider M&A. The first quarter was negative. Second quarter was positive. But we have a negative balance of corporate for the year. We don't give guidance. But the second half is already contracted will be very strong. So, it will become positive in the second half and year to date will be positive as well. And all of that is essentially based on new contracts retention and getting new contracts. So, the economy is not affecting us. But the biggest driver in growing the portfolio is our commercial strength, our ability to retain and bring in new contracts. Pacheco, could you talk about the ticket?

José Roberto Pacheco

Revenue is well based. What Elsen mentioned about the members highlighting SMEs, and why is that so important? Because it gives us a much higher premium to the ticket than corporate. So, an average SME ticket of 26 BRL compared to an average ticket of 18 BRL in corporate. And Ricardo brought in the question about the price changes and was more significant in individuals, which was 46 BRL. It used to be 42 BRL. So, the pricing power that the company has on different channels, not only with brokers, but also, in bank channels and different business segments, is very different than the industry. So, in many different companies, even publicly traded companies, we see lower tickets in dental. In the past two years, Odontoprev has been highlighting itself and standing out with growing tickets and much higher than the others. That reflects the discipline in underwriting and bringing in a new risk profile, new

customer profile to the company once again, small and SMEs up to 200 members per taxpayer number is a very relevant addressable market, and the company has been a pioneer, pioneer in that and opening up those doors through a relevant bank channel that acts in the entire country. So, that dynamic in essence and to conclude, for average ticket that's higher and disciplined is a characteristic of our model. And we're very disciplined then in the top line because of that balance of new contracts, meaning new members and pricing in the three business segments.

Ricardo Boiati – Banco Safra

That's great. Thank you very much, Pacheco and Elsen. If I may, I have a follow up question about SMEs. In the previous quarter, we talked about the potential of the SME portfolio and strong growth, and I asked if it wasn't worth stepping on the gas and investing more to grow faster. That portfolio, specifically, given the market and competitive edge of the distribution channel that the company has and if we combine the discourse that Elsen mentioned of a growing portfolio, and that it moves faster and can move even faster for upcoming quarters, and the previous question about sales expenses that are a bit higher. And the comments you made, would it make sense to consider that the company is deliberately taking the initiative of stepping on the gas and making this portfolio grow even faster? Because if we consider shareholder value, that may make sense. Disregard a higher margin to build a faster portfolio, healthier portfolio with faster growth. Does it make sense to think that? Or am I mistaken?

José Roberto Pacheco

Well, yes, we can do that. And it has been the strategy of the company, but without giving up on margin, quite on the contrary, the differential of pricing and distribution channels and the technology to control quality and the credit filters in the behavioral risk of these clients is new in the market. So, we trust the margin and the return of this type of new client in the dental market. It brings on risks of default, non-payment, cancelling contracts. But once again, the quality of the sales channel and the strength of the brand, especially Bradesco Dental, and the risk management tools make us really excited with the return that the company is building. So, we're very careful. We use a lot of discipline and focus on value. That's the major focus of the company.

Elsen Carvalho

Ricardo, about focus and expediting that. Considering Pacheco's comments. As we grow, we improve profitability as we have a higher average ticket and similar cost of service. This client is more profitable, and we can grow aggressively with good profitability. We have interesting consistency and growth. In the past 32 quarters, 25 were positive. And when we look at the annual figures, except for 2020, which was the pandemic, we grew every year. But the interesting aspect is changing the growth level. When

you look back ten years, we grew 50,000 members a year when we adopted the strategy of the different ranges, where we segmented SME in different in three different sizes, and we're selling to bigger SMEs, over 30 members, for instance, that grew over 100,000 members. And now in six months alone, we've grown 100,000 members. So, we can have a linear projection to see how we can grow up to December. So, we're expediting that. Any comparison that you'll have you'll see that the current growth is greater than the past growth. And we are expediting that. And we'll see that every single call is moving forward. We'll see that topic increasingly more present.

Ricardo Boiati – Banco Safra

Okay. Thank you. Very clear.

Eduardo Resende – UBS

Good morning, Pacheco, Elsen and Catarina. I have two questions on my side. The first one, going back to the corporate portfolio. We've seen a dynamic in the quarter and in LTM with the growth that's mainly coming from the Bradesco channel. So, it was very clear to me about SME, but I'd like to understand the growth in corporate in Bradesco how that dynamic is coming. If it's an increase in share in the Bradesco channel. Some flavor on that. And the second one is competition. We see ANS data some other players reporting net adds that are very solid. So, I'd like to know if you have seen any players that are more aggressive in price. So, about that dynamic in the industry recently, has that been.

Elsen Carvalho

Eduardo, I'll start off with Corporate and Bradesco. Actually, here at Odontoprev we have the privilege of being a multi-brand company. That's a strength at certain points in situations, business situations. The brand that is very strong with HR departments is the best brand. Many times, because it's connected to medical, that would be Bradesco with the bank relationship, Bradesco is stronger. So, we work with what makes more sense in each situation because different than non-corporate and corporate, it's per contract. Each business is a specific business. It's customized and priced for that client and has specific circumstances for them. So, many things are considered. If there's a very strong bank relationship, that would probably help us to sell a product. If they already have Bradesco Medical, then we can do some cross-selling to include Bradesco Dental. So, sometimes it is a package. So, they're buying medical, and they get dental with that. So, there are different circumstances, and I can't really say that there's a trend that one will grow more than the other or vice versa. Each quarter, each year, is different, but our sales with the Bradesco brand and corporate is always very robust. But it's a case-by-case basis. Every year is different. Like this fourth quarter was difficult where we have negative performance. Second quarter was very good. But in for corporate it's still negative. And as I mentioned we'll have a very strong second quarter that will make corporate go positive. And in the contracts that we know that are coming in, in

the second quarter it will be very strong. It'll turn things around. We have Bradesco, we have Odontoprev, we have Odonto system and many other things happening. So, in corporate, I think that the game is a mix. It's different in non-corporate, where in that case, Bradesco plays a star role because of the bank channel. So, in corporate, Bradesco is a very strong, important brand. It always has big numbers, but there's no specific trend. Because each period that we analyze will have a story, an important contract. Especially because in corporate, one single deal that's very big interferes with the result on the results in the period. I wouldn't say that there's a trend, I would just highlight the privilege that we are a multi-brand company. Sometimes it's Bradesco, sometimes Odontoprev, Odonto system or Banco do Brasil. So, we can take advantage of that, of the portfolio of brands and products that we have, as well as the channels. In terms of competition, in SME, we sell with brokers, market brokers, and then we have the competition that we already know. We already know how to play that game. But the main strategy of the company isn't about competition. It's execution and its share in a customer base that we are the only ones that have access to a very big customer base, and then we have channels to reach them and the brand to achieve them, and a bank relationship that takes us to that client and we know their credit, and sometimes we offer the payroll for them and offer other services for them. So, that's a possibility that our competition does not have. It's an exclusive strategy about competition. It's about execution and sharing and increasing our share of that customer base. So, the essence in SME is about getting more share in the customer base and distributing with capillarity. In the corporate segment, we always have a competitor. Every time you have that question, you have one that there's a competitor that on average has an established rationality, even though the competition is tough and there's always someone that for some reason is being more aggressive at that point. So, this year we've seen a small competitor, well, not really small order of magnitude 1.2 billion members. That's been more aggressive in corporate pricing. And even some of the customers that we lost in the first half were to this competitor. But then that goes through the 12-24 months. DLR that has to be adjusted and then a need to balance out those contracts. That happens. They come back to the market and eventually they come back to us, which has happened many times to us that that's more sustainable with more sustainable prices. It's no different than what we already know and what we already play. It was always tough, but we know how to play the game, and we have scale for that. So, our corporate portfolio alone, 6.3 billion members bigger than all the competitors together. So, there's a lot of scale to play the game of a more competitive ticket. And in SME it's not a strategy of competition. It's shared in a number of specific customers that we can only reach.

Eduardo Resende – UBS

Perfect, Elsen, thank you. Very clear. Good morning, everyone.

Samuel Alves – BTG Pactual

Thank you, Catarina. Good morning, Elsen, Pacheco and everyone. We have two questions on our side. The first one is a follow-up based on the previous comments about SMEs. I'd like to hear from Elsen, what's the company ambition? If you were to consider the market size and the size of the opportunity, how many corporate taxpayer numbers do you service today or are in Bradesco or the bank channel? Just so, I understand how far you can go thinking of the long-term scenario. And second question is about the reversal provision that we saw in the second half to understand if it's connected to the provisions about the free choice plan, from back in the pandemic, and if there's a remaining balance there that we should consider moving forward.

José Roberto Pacheco

Thank you for your question, Samuel. I'll start off talking about the reversal provision. Yes, it has to do with the 2019 and 2020 free choice plans. They brought in many aspects that made us create provisions and those provisions after years of observing and testing in a very conservative position, we felt comfortable now in 2025 to reverse that, pretty much in full. So, there's nothing more to reverse in future periods. And they have to do with the free choice plans from the past. I'll start off elaborating about the SMEs. In fact, it's an important market and it's the foundation of the more advanced economies, there are more workers. According to IBGE data and public data disclosed by Bradesco, they talk about 1.7 thousand corporate taxpayer numbers. And if you consider the number of members per corporate taxpayer number is very significant. Another metric of 50 million informal jobs in Brazil. Most of them are probably connected to small businesses and not big employees. So, it's a new market. It's a market to win. It's difficult to have efficient distribution because these supplementary health market in Brazil are connected to brokers and in small clients with less members wouldn't be that interesting. So, it's a difficult market, with higher risk, especially credit and behavior of those smaller clients and don't have a pattern of use that's similar to corporate that really know the benefit and know how to use it. They have different type of employee profile. So, that's what we're talking about. It's a blue ocean. It's relevant. And year after year we're learning and understanding this specific segment even more.

Elsen Carvalho

To add to Pacheco's comments. There's huge potential, as he mentioned, because there are many members small companies. The access is harder in terms of channel, and our competitor doesn't have access to the bank channel as we do. So, there are many companies that we can still approach, many companies that don't have a plan. They get one. And there's important data because it's about the nature of our benefit. It's a benefit that has a low ticket and the sale is low complexity, and it delivers many services based on the ticket that we charge. So, when a small company has a very different economic reality compared to a large company and consider the benefits that it can give their

employees. They would love to give health insurance to them, but it has a higher ticket. So, when you're going to sell a health plan to or health insurance to an SME. They don't have the financial and economic capability of giving that plan to all employees. So, probably give it to higher managers and others. So, it's for few members. But when you sell dental plans to these companies, as it's a lower ticket, the company could give it to all employees. So, that's why we can have expressive sales in SMEs, over 100 members. So, for 26 BRL and 25 BRL, it makes more sense for that company manager or owner who wants to recognize their employees. Instead of giving them a salary increase of 25 BRL, they can give them the dental plan. Now you can go to the dentist because it's going to be free, it's a bigger impact. So, we're delivering a lot for a low ticket. And it's affordable for a small company. So, when you see that blue ocean of new clients that you can achieve, we have the capillarity to reach them and a product with that kind of characteristic. We have a prospect of growth which is very high. So, the growth in that in terms of members, we don't stop growing the corporate portfolio. We grow SME, but corporate also grows. So, in terms of members across time, I'm not sure if we could really differentiate that number of members from SME and corporate, but corporate brings in less revenue. So, in terms of revenues and contribution margin, they should detach the participation of non-corporate compared to corporate. And that fits with everything that we've talked about in terms of growing the company through non-corporate.

Samuel Alves – BTG Pactual

Okay. Thank you, everyone. Good morning to you all.

Gustavo Tiseo – Bank of America

Good morning, everyone, Pacheco and Elsen. Good morning. We have two on our side. First of all, we'd like to hear about DLR. It's been positive in the past years, and we always have in mind that when you grow a lot, you have 1 or 2 years to mature some products that have strong initial volume and then it gets lower. And in our heads, you've been growing a lot. And every year you were reducing that maturation and then DLR gets better. So, I'd like to understand that at the level that we are today. Since 2021, is that a level that would get lower and even flatten out, or do you see any risks? Or is another situation that's not the maturity that's bringing in DLR at a lower level. And the other point is growth. You mentioned that the first half was a bit lower than the others, especially since the first quarter competition was more aggressive. In the second half of the year, do you see any relief in competition? That's why you're betting more on that or not. Maybe it's just SME that grows a lot. And corporate should remain in a competitive scenario that's a bit tougher. Those are our questions. Thank you.

José Roberto Pacheco

Good morning, Gustavo. That's a good point about DLR. So, the central aspect of that is the customer makes this change. The company portfolio is different year after year. And the marginal DLR, meaning the portfolio that the company has built in the past five years, has lowered DLR than the portfolio we had ten years ago. So, what you're saying is true. For instance, the corporate client, after 4 or 5 years, will have lower DLR than in the first two years. So, what we're seeing now in the dynamic of company growth in the past years is that the faster growth, especially the SME portfolio that the DLR, as a general rule, is half than the corporate portfolio. So, DLR has been more efficient and lower. So, last year it was the most efficient in company history and it runs the risk. But it's not an easy game of having lower DLR in upcoming years because the sales mix is changing with higher tickets and cost of services is more stable. So, the marginal DLR is lower. In addition, the tools we've mentioned in previous questions, the control tools that we have for quality, for technical performance of the dentist's network is also improving. They're becoming more sophisticated. And last, the management of the accredited network of the company across Brazil has been more efficient, bringing on partnerships and added value for those who work with us. So, all of that gives us a positive view of building unique margins compared to the market, and the DLR won't be a surprise if it becomes more efficient across time given the dynamic that we've mentioned. So, that's the point that we wanted to explain.

Elsen Carvalho

And, Gustavo, about your second question about the behavior of the growth of members. In the second half of the year, starting off with SME will grow strong. We have data that shows that in the first half alone we've grown 100,000 members last year 66,000. So, Bradesco is 100 compared to 56. That's a portfolio with all brands in the 12-month period for Bradesco 172, compared to 121. So, we're expediting growth, and we'll have robust growth in the second half and 12 month year-to-date. And for 2025 it will be very strong based on the strategy that we have already mentioned. In corporate, we'll have a very, very strong second half compared to the first one. Competitive scenario is the same, but it's tough. It's a game we know how to play. And in fact, the first quarter was very poor. It brought us down and then we recovered. And in the upcoming quarters and half year, that will turn around the balance of the corporate portfolio. So, competitive scenario, something we already know nothing really knew the prices you already know I mentioned there's one specifically that was more competitive, one competitor that was more competitive at the beginning of the year. But sometimes when you win or lose a very big contract, when you look at it, the quarterly period, the results are volatile. But in a 12-month window, we're always growing, and we've been constantly growing. And this year we will grow as well.

Gustavo Tiseo – Bank of America

Thank you everyone.

Caio Moscardini – Santander

Hi everyone. Thank you for taking my question. I have two on my side. The first one is for Elsen. Elsen, you're very optimistic with the second half, so, I'd like to understand what, why is the first half weaker in the commercial point of view and what's changing? Are there any specific drivers for you to be that excited about the second half in terms of sales? And the second question is about G&A. There was an important movement in the second quarter. So, what should we expect moving forward based on these two things? Thank you.

Elsen Carvalho

Caio, actually, when you say that the first half was weaker and why we're excited about the second half in SME, the first half was strong, and the second half will be strong. The detractor that we had in the first half was corporate, which we were very slow in Q1 because we lost some big clients in a short period of time, and the contracts that we won in that period weren't that big. So, in terms of contract numbers, we won more than we lost. But the ones that came in, even though they're big, 9,000 or 10,000 members, were smaller than the ones that we lost. So, the balance of members became negative. In the second, things changed quarter-over-quarter. But in six month year-to-date, it was negative. So, partially contracted for the third quarter is the opposite. We don't have any expectation of relevant losses because we can know that in advance, because they give us prior notice when they're going to cancel a contract. So, we have a risk map of contracts. So, on our risk radar we don't have big contracts like the ones that we saw in the first quarter in terms of a loss risk and the number of members. So, in corporate we have comparable wins and loses. But the contracts that we lost were bigger than the ones that we won in the second half. It would be the opposite. We'll have wins and losses, no expectation of big ones, but some of them that we will win are going to be bigger and that's why we'll reverse that. So, that's why the second half will be bigger, better than the first and SME will. We're strong in the first and will continue strong in the second half. That's the reason for us having an optimistic view for that.

José Roberto Pacheco

Caio, what you're talking about, SG&A is really good for us to approach here to mention or to address. And so, there's an opposite dynamic here in SG&A. So, there's the non-corporate acquisition cost is higher. That's why we see growing sales expenses. And that's here to stay, SME and individual with the same level of commissioning at the end of the day. And what about G&A, which is your question. In G&A, the dynamic is different. That doesn't happen every quarter, but the dilution of admin expenses is a company focus. And that's why we've been investing a lot in the past years. You can see that they've more than tripled in the past year. So, we're going to start reaping the benefits step-by-step. As of this

year of 2025, 2026. So, digital processes the number of robots in the company. There are many different initiatives that once again, on a step-by-step basis, will give us a more efficient G&A. We're clearly more constructive in G&A in 1 or 2 years than the current levels. So, that's why we want to. Share that with you and accompany that path with us. That's what we wanted to mention. Thank you.

Evandro Medeiros – Suno

Good morning, Catarina, Elsen and Pacheco. Looking at the average ticket data when you adjust it to inflation, since 2007, the average ticket decreased 30% on average. Is that more because you're being more aggressive? What explains that evolution of the average ticket? Thank you.

José Roberto Pacheco

Hi, Evandro. You always have to look at the perspectives. It's interesting that you mentioned the comparison to 2007. And if I well remember having the privilege of being here at the company before that, the EBITDA margin that we had back then was 24%, 25%. And we just talked about the EBITDA margin of 31%, 32%. So, the ticket has to be efficient, commercially efficient, so we can win new clients and the company back then, once again, as you mentioned, 2007 was 100% focused on the corporate market. And now we have two Odontoprevs, the corporate with over 6 million clients and non-corporate that makes almost half of the contribution margin of the company. So, the data that you're giving us is a fact, its statistics, 30% lower in 2007. But we're commenting on higher margin and much higher than the competition in the almost 20 years of being a listed company. And thank you for your question again.

Evandro Medeiros – Suno

Thank you.