

# Valid

## Transcript of the Conference Call – 1Q26 Results, Valid (VLID3 BZ), May 7, 2026

### **Lucas Miyasaka:**

Good afternoon, everyone. Welcome to another Valid Earnings Call.

Before the company begins the presentation, I would like to make a few announcements:

This event is being recorded, and all participants will be in listen-only mode during the webcast. For those interested, the presentation is also being made available with simultaneous English translation.

The supporting slides we will present are available on our Investor Relations website. Shortly after the event, the replay will also be available on our website. Once the presentation ends, we will begin the Q&A session. Questions may be submitted starting now and at any time during the broadcast.

It is important to clarify that any statements made during this videoconference regarding the company's business outlook, projections, and operational and financial targets constitute beliefs and assumptions of management, as well as information currently available to the company. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties, and assumptions, as they refer to future events and therefore depend on circumstances that may or may not occur.

Investors should understand that general economic conditions, industry conditions, and other operational factors may also affect the company's future performance and may lead to materially different results from those expressed in such statements.

Presenting today are Ilson Bressan, CEO of Valid, and Olavo Vaz, CFO and IRO.

I now hand it over to begin the presentation. Bressan, Olavo, good afternoon. The floor is yours.

### **Ilson Bressan:**

Good afternoon to everyone joining us for this first quarter 2026 earnings call.

On behalf of the entire executive leadership team and all Valid employees, I would like to thank everyone for participating, especially our shareholder base.

Our first quarter was marked by temporary pressure on revenue, but also by strong operational discipline and the continued development of capabilities that reinforce the company's long-term sustainability. Despite the pressure we faced, this quarter is an

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excellent example of how we are able to combine our capabilities while maintaining capital discipline, preserving cash to finance the digital transformation of our company.

Before discussing our results in detail, which we will cover in the next slides, I would like to revisit a framework that we introduced during our fourth quarter results presentation last year. Going forward, you will hear us refer to this framework consistently, as it explains how each business fits into our overall model, both our more mature businesses and the new digital businesses we are developing.

On one side, we have what we call Engine 1, our foundational revenue source that finances our cash generation. What is the role of Engine 1? It includes businesses such as document issuance, where we are the market leader in Brazil; banking cards, where we are leaders in both Brazil and Argentina; and SIM cards, where we rank among the top four global players. Engine 1, which is the foundation of our cash generation, has the role of sustaining margins and financing growth through Engine 2, which consists of portfolio businesses with digital and high-growth revenue streams.

The three fronts of Engine 2 are represented by digital government, the integrated digital security platform, and digital mobile. What is the role of Engine 2? Its purpose is to increase recurring revenue, shifting the business model from the more transactional revenue base of Engine 1 toward the recurring revenue model of Engine 2. In doing so, we aim to expand the company's valuation multiple over the long term.

That is why, when we look at both the short and long term, balancing investments across these different horizons is a central focus of management.

How do Engine 1 and Engine 2 work together? We believe the combination of these two revenue engines serves a role that goes beyond cash generation and financial performance. Clearly, the financial aspect is important, as it allows us to grow revenue without shareholder dilution. Therefore, Engine 1 remains the primary source funding the growth of Engine 2 and our digital expansion.

But beyond the financial contribution, Engine 1 also transfers a wide range of capabilities, execution know-how, and operational excellence that we have developed over many years. These include biometric expertise through document issuance; hyper-personalization capabilities through credit cards; secure connectivity capabilities through mobile; our geographic presence across 17 countries; our operational scale; and our institutional relationships with banks, telecom companies, governments, retail, and e-commerce players. All of this is supported by a highly rigorous compliance culture that sustains a very high level of operational excellence.

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All of these competencies are transferred into Engine 2, where we already have an established customer base and global geographic presence. Our task now is to adapt the portfolio so that, by combining these capabilities, we can implement a single integrated architecture across our entire portfolio, develop new products that are global by design, and bring significant data intelligence into both products and the platform we are building.

This also enables us to connect the unique position we have in the private market with the capabilities we have built in the public sector. In this way, we can consolidate all of this scalable data within one integrated digital security platform for all our clients.

When we look at all these capabilities together, no startup, no fintech, and no company starting from scratch can replicate this combination from day one. We have what we call an infinite flywheel, where each cycle continuously strengthens our capabilities, enabling us to operate multiple revenue foundations in a coordinated way and drive future growth for the company.

We will now move on to our results, starting with the main highlights of the first quarter.

An important point to note is that whenever we report results, we will anchor our discussion around this combined functioning of Engine 1 and Engine 2. Each has its own dynamics, but together they form this infinite flywheel, which represents the major defensive moat of our business model and our value proposition to the market.

Now moving to the highlights of the first quarter of 2026.

The first highlight is that the National Identity Card (CIN) continues to accelerate results. As the leading issuer of the CIN across Brazil's most populous states, we have been seeing the positive impact on our quarterly revenue. Comparing volumes in the first quarter of 2026 against the first quarter of 2025, we recorded growth of more than 30% in CIN issuance volumes.

There are two factors that make us confident these results will remain strong in the coming quarters. First, Law 15,077 requires beneficiaries applying for certain government benefits to issue a new identity card and register their biometrics. Second, more than 70% of the Brazilian population has still not issued their document. Therefore, CIN has accelerated results now and should continue to do so in future quarters.

A second highlight of the first quarter of 2026 was the consolidation of our digital seals business, driven by the performance we are seeing in the opening of the São Paulo market. Comparing 2026 versus 2025, revenue from this business unit nearly tripled, and

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we expect this pace to continue in coming years due to the innovation of the Água Digital seal implemented in the state of São Paulo, which has the largest market volume.

A third important highlight was the launch of our integrated digital security platform. In previous calls, we mentioned the need to close a portfolio gap in digital products. This quarter, we moved this concept from PowerPoint into real clients who have already begun generating recurring revenue.

The platform has identity as a core pillar, but it also connects other elements, not only the registration of a person in a digital environment, but also the monitoring of credentials and privileges. It becomes an effective tool for fraud prevention and secure transaction enablement.

The market is beginning to embrace this integrated digital security platform concept, which only Valid can offer with all of these elements combined. This represents a significant competitive differentiator versus other players already established in this market.

Turning directly to the consolidated results for the first quarter of 2026, we reported an 11% year-over-year decline in revenue, mainly reflecting regulatory impacts, certain divestments we carried out, and foreign exchange effects.

The most significant regulatory impact becomes clearer when we break down consolidated revenue across our verticals. Revenue moved from BRL 501 million in the first quarter of 2025 to BRL 447 million in the first quarter of 2026. Across our three ecosystems, the Identity segment increased from BRL 244 million to BRL 249 million, a modest but consistent increase despite meaningful regulatory pressure.

This pressure affected both Engine 1, through driver's license issuance, and Engine 2, through revenues from Vsoft, which are digital revenues. The regulatory impact came from Provisional Measure 1327, which introduced new rules for driver's license issuance. On the digital side, it reduced revenue due to fewer training classes, as our portfolio had been structured around monitoring practical lessons and exams in driver education. The provisional measure fundamentally changed the dynamics of this market.

As a result, Vsoft was materially impacted, and the same regulatory source also affected revenue from driver's license issuance itself, which shifted away from the traditional process under the new model with automatic renewal. Even so, our Digital Government Identity business still grew from BRL 244 million to BRL 249 million year over year.

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Moving to Pay, the largest impact came from the Argentine market. Weaker demand and greater competitive pressure significantly deteriorated pricing and margins. There was also an important FX effect when comparing the BRL/USD exchange rate in 2026 versus the first quarter of 2025.

It is also worth noting that in the first quarter of 2025 we still had revenue from our Colombia operation, representing approximately BRL 11 million. Therefore, the decline in Pay revenue from BRL 131 million to BRL 90 million reflects the combination of these three factors: no Colombia revenue, Argentine FX pressure, and weaker demand with stronger competition in that market.

What we have already done in Argentina is resize the operation, maintaining only the minimum capacity needed to serve the local market. Any additional demand from now on will be supplied through our Brazilian plant.

In Mobile, we saw a similar FX effect as in Pay. The exchange rate was significantly weaker year over year. In addition, the first quarter is seasonally weaker for Mobile. However, this year we also made a strategic decision, throughout last year, to recover market share.

We wanted to expand our presence in certain markets, and for that reason we adopted more competitive pricing. By selling SIM cards more competitively, we also create future opportunities for digital mobile revenue through eSIM contracts.

These combined factors explain the 11% revenue decline in 2026 compared with 2025.

When we look at our more digital revenue mix, we also saw pressure in new businesses during the first quarter, but this also creates room for new opportunities. As mentioned earlier, the same reason that impacted driver's license revenue also caused a significant decline in Vsoft revenues due to the reduction in training classes, which lowered Digital Government revenues this year.

That said, the nature of Engine 2 and these digital businesses means that some revenue volatility is normal. These products and portfolios still carry startup-like characteristics. At times growth accelerates sharply; at other times there may be setbacks. When that happens, we reassess the causes, reorganize our commercial efforts and product portfolio, and then growth resumes.

So the weaker quarter versus previous quarters was mainly due to MPI327 affecting Vsoft, and also because our largest digital onboarding client saw lower demand for digital

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onboarding and temporarily shifted toward physical onboarding due to issues with another provider in its vendor base, which indirectly affected our business.

We believe that for both businesses—digital onboarding with our largest client and Vsoft—the opportunities now opening up give us greater confidence in rebuilding revenue in the coming quarters.

Turning now to EBITDA, I will hand it over to Olavo so he can provide more context on these effects. Operationally, they were somewhat weaker than last year, but certain non-operational items helped us deliver even higher EBITDA in the first quarter of 2026.

## **Olavo Vaz:**

We closed the first quarter of 2026 with EBITDA of BRL 114 million. This represents a 10% increase compared to the same period last year, with an EBITDA margin of 26%.

As we detailed in our earnings release, we benefited in this first quarter from one-off and non-recurring items totaling BRL 29 million.

This amount was allocated across the business verticals as follows: BRL 13 million in Identity, BRL 12 million in Pay, and BRL 4 million in Mobile. These gains relate to prior years and are associated with the “Sistema S.” We received a favorable court decision in the first quarter, which allowed us to recognize this operational adjustment.

When we exclude these effects and look at comparable bases, much of what drove EBITDA this quarter had already been addressed in Bressan’s remarks.

In Identity, we felt some of the revenue impact from Vsoft and Flex. With lower revenue in those units, there is less fixed-cost dilution, which puts slight pressure on margins. We saw a reduction of around two percentage points year over year, in addition to the operational adjustments required due to lower volumes.

In Pay, we continue to see very weak volumes and very low prices in Argentina, so margins remain under significant pressure. We are continuing to work on right-sizing the Argentine operation, as Bressan mentioned, with Brazil serving as a support base for any excess demand that may arise in the coming months.

In Mobile, as Bressan noted, we adopted a strategy of increasing volumes at lower prices. Naturally, this has some impact on margins, as does the FX effect. When converting results into Brazilian reais, which were weaker versus the prior year, EBITDA becomes somewhat more pressured.

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Looking at net income for the quarter, starting from BRL 114 million in EBITDA, we reached BRL 56 million in net profit.

Breaking down the bridge: we had a positive financial result of BRL 5 million, composed of BRL 11 million in negative cash effects and BRL 16 million in positive non-cash effects. Depreciation and amortization totaled BRL 26 million, broadly in line with the level we have reported in recent quarters.

Then we move to taxes. I believe this is the main difference when comparing the first quarter of this year with the same quarter last year. Throughout last year, including the first quarter, we benefited significantly from JCP (interest on equity). We did not have that benefit this quarter, which resulted in a higher effective tax rate.

As a result, as mentioned, we delivered BRL 56 million in quarterly net income, representing a net margin of approximately 12%, or BRL 0.71 per share.

Together with the release of first-quarter results, we also approved the payment of BRL 14 million in dividends, equivalent to 25% of quarterly earnings. Payment will be made later this month, likely on May 29, if I'm not mistaken, with a record date of May 11.

Turning now to our cash position, we ended 2025 with approximately BRL 850 million in cash. That was a very strong position, partly because shortly before year-end we issued debentures. As we had previously mentioned, 2026 would be a year focused on refinancing and repaying more expensive debt, something we already began doing in the first quarter.

When we look at cash declining from BRL 850 million to approximately BRL 750 million—a reduction of around BRL 100 million—and look at the final block on the slide, we can see that during the quarter we amortized around BRL 60 million of higher-cost debt. We also had BRL 38 million related to prior-year JCP payments made this year, as well as BRL 6 million in share buybacks.

Excluding these items, our cash balance after operations would have remained around BRL 850 million, in line with year-end 2025 levels.

Looking at operating cash generation, we generated BRL 40 million in the quarter. This represents a cash conversion rate of 35% of EBITDA.

We always emphasize in these calls that looking at only one quarter does not say much about the company. We prefer to analyze a longer time horizon.

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When we look at cash conversion over the last 12 months, we are above 70%, which is a very strong level, and we believe this level will remain high throughout the year.

We invested BRL 34 million in CAPEX during the quarter, with 60% of that CAPEX allocated to new businesses.

As Bressan mentioned, the company is increasingly shifting toward new businesses and digital growth.

To close, discussing the three major working capital components we monitor: starting with accounts payable, we have maintained a virtually stable level with suppliers over recent quarters, with very little variation.

When we look at inventory, this is a very important item for us. The main component of inventory is chips used in the cards business. Over time, we have been working to optimize this level. Today, inventory stands at BRL 225 million, compared to BRL 260 million last year, reflecting meaningful progress in inventory management.

Finally, accounts receivable. This balance is somewhat higher than in the first quarter of 2025, but significantly lower than in the fourth quarter of 2025.

So again, some quarters will have higher cash conversion and others lower, but our focus is on the long term and maintaining a very high level of cash conversion. We remain a company with net cash, and over the coming months we expect access to lower-cost financing from FINEP and BNDES, which will also be used for the prepayment of more expensive debt.

With that, Bressan, I'll hand it back to you for the closing remarks and outlook.

## **Ilson Bressan:**

Very good, Olavo.

During our previous call covering the close of 2025, we laid out a number of priorities for 2026, and quarter after quarter we will return to those same priorities to provide updates on how each of them is progressing over time.

First, regarding capital allocation: of our total CAPEX in the first quarter, 60% was allocated to expansion CAPEX. This means maintenance CAPEX continues to decline, while expansion CAPEX—specifically intended to finance the growth of Engine 2, our higher-growth digital

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revenue streams—is where we are allocating capital in a disciplined and selective manner through the organic investments we are making to accelerate Engine 2.

The second point is that we maintained a net cash position, and our cash balance remains strong, allowing us to pursue potential acquisitions over the coming quarters, particularly in the areas of fraud prevention, biometric verification, and digital identity. We have a meaningful pipeline, and our cash position strengthens our ability to complete such transactions in the coming quarters.

As Olavo also mentioned, we remain committed to continuing share buybacks and shareholder distributions.

We repurchased 5 million shares because we believe the current market price does not reflect the intrinsic value of the company. We also announced BRL 14 million in dividends to be distributed later this month of May.

Regarding the business and our longer-term growth strategy, on the objective of consolidating Valid as the leading secure identity company in Brazil, the launch of the integrated platform concept—and the fact that it is already generating its first recurring revenues—is a source of pride for us. We believe this will become increasingly significant over the coming quarters as the portfolio matures, and from now on the priority will be expanding it across our entire client base.

On the second objective, accelerating sales to the private sector, we are strengthening our commercial team and specializing our salesforce to sell products under this platform-based concept. These teams will leverage the channels we already have in place and the client relationships already within our installed base. This reinforcement began in the first quarter and will continue along the same lines in the coming quarters.

Finally, we remain in a constant pursuit of efficiency gains across all our businesses, especially those within Engine 1. We implemented important adjustments at Vsoft due to Provisional Measure 1327, also within Flex through the increasing integration of operations across Valid as a whole, and particularly in Argentina through a shift-reduction model and continued right-sizing efforts to reach the ideal scale for that operation, allowing Brazil to serve as a support hub. These efficiency gains remain constantly on our radar.

To conclude, I would like to reinforce that a quarter in which we face somewhat greater pressure on revenue and margins, as happened this time, is a temporary quarter. It does little to shake our conviction in continuing to build permanent capabilities aimed at the

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company's long-term future and ensuring the durability of our business. We remain firmly committed to executing this strategy.

This strategy is built on conviction, and quarters like this simply remind us that this is not the moment for exaggerated reactions in any direction. Rather, it is the moment to reinforce our strategic clarity regarding the path we are building—focused on recurring revenues, digital revenues, and a long-term vision for the company.

That is where management is focused. That is what we are working on day to day. Managing positive cycles, as well as occasional weaker quarters, is part of our history. It happened in the past, it happened now in the first quarter, but our conviction and clarity of direction give us full confidence that our strategic execution remains firmly on the right path.

With that final message, I thank all of you. Please give us a moment to organize the room for the Q&A session, and we will be back shortly.

Thank you very much.

## **Lucas Miyasaka:**

Good afternoon, everyone. We are back for the Q&A session.

The first question is from Luciana for Bressan:

“Congratulations on the results. CIN posted record revenue of BRL 88 million, and Valid holds approximately 75% of national volume, while penetration across the population is still only 23%. There appears to be a significant runway ahead. Do you believe CIN can continue at this pace? Is there any possibility of losing market share?”

## **Ilson Bressan:**

Thank you for the question, Luciana.

Yes, we do believe CIN will continue at this pace. Within Engine 1, CIN represents a very strong growth accelerator for us. As you mentioned, there are still many documents to be issued, since 75% of the population has not yet obtained the new document.

We also have the important advantage of being the market leader in the most populous states in Brazil, especially now that we have renewed certain contracts under the new public procurement law, which allows contracts to last up to 10 years instead of the previous five years. This gives us longer-term agreements.

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Our current presence as the operator already issuing these documents gives us an advantage whenever contracts come up for renewal or are rebid.

In the two most recent cases—Minas Gerais and São Paulo—we were able to benefit from already being the incumbent operator, since the entry cost is lower for the provider already in place.

So yes, we believe this is an important factor in helping us maintain our market share, and we expect to continue seeing a strong pace of CIN issuance. This also helps offset the negative effects we are seeing in driver's licenses (CNH), which today is already a marginal business within the company and represents much less than it did in the past. Therefore, CIN will undoubtedly be a major growth engine for us.

There is another important point here. Beyond the fact that a large portion of the population still needs to issue the document, there are two additional revenue growth drivers ahead.

The first is renewals. The National Identity Card now has an expiration date. Since issuance began in 2022, renewals will start coming due in 2032 as those first documents expire.

The second factor is that beginning in 2032, paper identity documents are expected to be phased out entirely. The polycarbonate version, which today is optional and carries much higher added value, is expected to become mandatory.

So this is another growth vector for the coming years, and all of these factors combined make CIN a very tangible opportunity and a major turbocharger for our growth engine.

**Lucas Miyasaka:**

Thank you, Bressan.

The next question is from Lúcio:

“Good afternoon. The earnings release mentions the first commercial results in the platform's B2B segment. Which markets are gaining the most traction, and what are the main products being contracted? In addition, Digital Mobile grew strongly, driven by OEM. What were the main drivers behind these results? Do you believe this product should see a ramp-up in the coming quarters?”

**Ilson Bressan:**

Great question. Thank you, Lúcio.

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In B2B, we have a strong presence in telecom, banks, retail, and certain e-commerce clients. We launched the integrated platform concept to the market this year, and the products that have gained the most traction so far are digital onboarding, document verification, document validation, and biometric checks.

These three features are still relatively small compared to the full scope of the platform, but they already represent the first recurring revenue streams within the customer base that Valid has built over many years of operating in this market.

As a result, these products should continue to be contracted and remain an important growth driver going forward.

The platform's initial revenues are still modest, so quarter after quarter, we expect to report significantly larger numbers in upcoming earnings calls.

Regarding Digital Mobile, this business includes several revenue sources. One of them is the transition to eSIM, which is accelerating globally as devices increasingly come with native eSIM slots, and some are even eliminating the physical SIM card slot entirely.

Beyond that, however, the main growth driver has been OEM, as we mentioned in our earnings release. OEM refers to the capability we have developed over recent years within this ecosystem to offer device manufacturers a connectivity solution that enables the eSIM component to connect to any mobile network, across any carrier, and with any eSIM provider.

Globally, we are seeing stronger presence and traction in OEM particularly in Asia. Over the last few years, we adopted a strategy of becoming a provider to multiple brands.

Today, brands such as Huawei, Xiaomi, OPPO, Vivo, and Motorola are part of our growth strategy.

The year 2026 is a very important one for OEM and for Digital Mobile. The first-quarter results, when compared both to 2025 actuals and to our own forecast versus budget, indicate stronger growth than we had expected in this segment, especially in OEM as well as software and services.

So we see very positive clouds ahead—very encouraging prospects—for both of these fronts: Digital Mobile and the platform business.

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**Lucas Miyasaka:**

Thank you, Bressan.

The next question, from Paulo and João, is very similar, so I'll direct it to Olavo:

"Could you clarify the one-off effect recognized this quarter?"

**Olavo Vaz:**

Of course. For the full details, you can refer to explanatory notes 5 and 18 in our financial statements, where we discuss this matter.

In short, we received a favorable legal decision. Put simply, in prior years we had overpaid contributions to the "Sistema S," above the applicable limit. There is a cap on those payments. Once the favorable ruling was issued, we were able to recognize that benefit in our results.

Part of this was recorded in EBITDA through a reduction in operating costs. Since these relate to prior years, there is also a financial adjustment recorded below EBITDA.

On the asset side, this creates a tax credit that flows through the income statement. We are talking about approximately BRL 69 million in total tax credits.

Our expectation is to utilize around BRL 30 million during 2026 and BRL 40 million in 2027.

And why, when you compare EBITDA to cash generation, does conversion look lower? Because this item affects accounting earnings but does not impact cash immediately.

We will benefit over time through lower tax payments, especially PIS and COFINS, but the cash effect will materialize gradually, as I mentioned—approximately BRL 30 million in 2026 and BRL 40 million in 2027.

**Lucas Miyasaka:**

Thank you, Olavo.

The next question is from Eduardo for Bressan:

"Do you have an M&A pipeline for this year? Is there any specific sector you would like to enter?"

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**Ibson Bressan:**

Hello, Eduardo. Yes, we do have a meaningful pipeline. Naturally, there is confidentiality around specific targets, but they are fully aligned with our platform strategy.

Over the last year, we adopted criteria based both on valuation multiples and on strategic fit within our integrated digital security platform concept.

Our priority targets are mainly in two areas: anti-fraud products and companies focused on fraud prevention, as well as digital identity and biometric verification. These are the two main priorities we are pursuing.

Within the integrated platform, we have four pillars—which we have discussed in previous calls. These include onboarding, anti-fraud transactions, the identity perimeter (with a cybersecurity angle, especially identity governance), and identity/data with decentralized intelligence.

So anything that fits within this concept, aligns culturally with our company and founders, and offers either product or channel synergies is where we are looking to potentially convert one of these opportunities in an upcoming quarter.

**Lucas Miyasaka:**

Thank you, Bressan.

The next question is from Matheus:

“Good afternoon, Bressan and Olavo. What is the company’s strategy in the Pay and Mobile verticals? In Pay, margins have come under pressure again, while in Mobile you chose to gain share at the expense of margins. Could you help us understand what recurring results for the year should look like?”

**Ibson Bressan:**

Matheus, who would like to start?

**Olavo Vaz:**

You can go ahead.

**Ibson Bressan:**

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I'll begin with Pay, where margins in the banking cards market remain under strong pressure. Our strategy there is to maximize cash generation from this business for as long as possible.

If you compare 2025 with 2024, you can see in our prior results the decline we faced, much of it due to the disappointing performance of the Argentine market. But Brazil is also highly competitive, and globally the market is highly competitive as well.

Any Engine 1 business—our foundational businesses—must generate cash and finance the growth of Engine 2.

So the Pay strategy is to ensure it continues generating cash. We operate at an increasingly efficient cost base. Supplier negotiations must reflect market realities. Our operational structure must be aligned with what the market is willing to pay for the product, so that it remains cash generative.

To the extent any Engine 1 business stops generating cash, we naturally begin to scale it down or divest it, as we have done recently with smaller, non-core operations.

So in Pay, particularly banking cards, our strategy is to maintain strong client relationships—because those relationships also open doors for Engine 2 products—while ensuring the business remains competitive and profitable.

Regarding Argentina specifically, as Olavo mentioned, we are right-sizing the operation there. We have already reduced local capacity. If market demand exceeds what our Argentine plant can handle, we will supply that volume from Brazil, just as other global players do through exports into Argentina.

Turning to Mobile, we have strong relationships with important Tier-1 clients across Latin America, Europe, the United States, and Africa. However, we are seeing much stronger competition in Asia.

Our first strategic objective is to defend market share. We currently hold around 10% global share, and we want to maintain that. That is why in the first quarter we were more aggressive, particularly in Asia, on physical SIM cards.

The reason is that eSIM procurement—the digital evolution of the SIM card—typically follows the same purchasing relationship that mobile network operators already have with their SIM or eSIM providers.

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Recently, in Brazil and elsewhere in Latin America, we participated in bids not only for SIM cards but also for eSIM platforms.

We have therefore adopted an aggressive stance to maintain at least around 10% share in physical SIMs, while aiming for even higher share in the digital segment.

In terms of recurring annual results, historically this business has generated around USD 100 million in revenue, with EBITDA in the range of USD 15 million to USD 20 million. Some years it rises to 25, some years it falls to 12 or 14, but our expectation is that structurally it remains a business generating no less than around USD 100 million in revenue and at least USD 15 million to USD 18 million in EBITDA.

And one important point is that, starting this year, the digital adoption curve appears to be accelerating, based on what we are seeing in OEM.

## **Lucas Miyasaka:**

Thank you, Bressan.

The last question to close comes from Nishio:

“What are the main growth levers in the coming quarters without sacrificing margins? Which products have the highest potential?”

## **Ibson Bressan:**

Hello, Nishio. Let me go back to our engine framework.

Within Engine 1, CIN is clearly an important growth lever without margin pressure, because pricing is already contracted and contracts are long-term in nature. So within Engine 1, CIN remains extremely important.

Within Engine 2, a very good example from this quarter is digital seals. Revenue from that business was three times higher than in the first quarter of last year. We expect that trend to continue throughout the year.

The platform is another important growth lever. It was launched in the first quarter, already has its first clients, and we will increasingly expand it across our installed customer base.

There are two challenges with the integrated platform: first, continuing to close the product portfolio gap versus competitors who have been in the market longer; second, deploying the product across our client base.

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Our client base has never been the issue—we already have clients where these products can be sold. What we need now is portfolio adaptation and commercial investment to convert those opportunities.

So digital seals and the platform are both key Engine 2 growth levers.

Digital Mobile should also remain strong, especially through OEM. OEM, along with software and services, should continue performing well this year.

And in Digital Government, although we faced setbacks this quarter—which may continue into the second quarter at Vsoft—there are other products such as benefit cards and traffic solutions. Since there are now fewer classes, there is greater need for stronger controls and higher security in practical and theoretical exams.

So although revenue is pressured in the short term, it also creates an opportunity to sell parts of the portfolio that were previously less relevant in the overall revenue mix.

From now on, we also expect to further leverage the Digital Government segment.

To summarize: Engine 1 remains an important growth lever, and within Engine 2, the platform, digital seals, Digital Government, and OEM give us strong confidence in the company's digital revenue outlook.

That is where we are anchoring our strategy—not only managing short-term pressure like what happened in the first quarter, but especially planting the seeds of long-term changes in how Valid generates revenue and recurring revenue streams.

**Lucas Miyasaka:**

Thank you, Bressan. Thank you, Olavo. This concludes another earnings call.

We thank everyone for participating, and all Investor Relations channels remain available to you.

Thank you and have a good afternoon.