VITRU BRASIL Announces Second Quarter of 2024 Financial Results

vitru
EDUCAÇÃO

Florianópolis, Brazil, August 27, 2024 – Vitru Brasil or Vitru (B3: VTRU3), the leader in the digital education undergraduate market in Brazil, today reported the financial and operational results for the three and six-month periods ended June 30, 2024 ("**second quarter of 2024**" or "**2Q24**" and "**first half of 2024**" or "**1H24**"). Financial results are expressed in Brazilian reais (R$) and presented in accordance with the technical pronouncement CPC 21 (R1), the International Accounting Standard 34 (IAS 34), and in compliance with the standards issued by the Comissão de Valores Mobiliários. Vitru operates its hubs under the brands **Uniasselvi** and **UniCesumar** with 945.6 thousand students enrolled in undergraduate and graduate courses in digital education and 2,515 hubs distributed throughout Brazil, as of June 30, 2024.

New Level at B3 and Robust Results: Vitru Demonstrates Sustainable Growth and Commitment to Quality Education

Dear valued shareholders,

The first half of 2024 has ended, and we are happy to share with you the important milestones achieved during the past quarter. We proudly announce the successful conclusion of the migration process of Vitru Limited's shares, listed on Nasdaq, to B3's Novo Mercado segment. On June 10, 2024, Vitru Brasil, under the ticker VTRU3, debuted its shares on the Brazilian Stock Exchange, reaching a new level in the stock market.

The first half of 2024 was marked by solid and sustainable growth across all of Vitru's key indicators. The Company's consolidated net revenue increased by 11.9% from the first half of 2023, mainly driven by the 8.8% growth in net revenue in the DE Undergraduate segment, reaching R$768.0 million in the first half of 2024.

This resilient growth is also reflected in the number of students enrolled, reaching a total of 945.6 thousand students in the period, an increase of 2.8% compared to the first half of 2023. We highlight that 97.6% of this amount corresponds to the DE modality, demonstrating the strong adherence of students to our innovative and high-quality teaching model.

We also highlight the Company's operational efficiency in this six-month period. Vitru's Adjusted EBITDA grew 12.7% from the first half of 2023, reaching R$423.6 million, while Adjusted Operating Cash Flow increased by 6.2%, amounting to R$322.7 million.

It is important to highlight that, despite the challenges imposed by Decrees issued by the Ministry of Education (MEC), Vitru remains committed with the development of the education sector in Brazil. We believe that quality education is a fundamental right, and that technology is a powerful tool for democratizing access to education. Through an innovative and student-oriented educational model, we continue to offer high-quality undergraduate and postgraduate courses at affordable prices, positively impacting the lives of thousands of people across the country.

We appreciate the trust of all stakeholders and are eager to continue democratizing access to quality education in Brazil.

Thank you for your continued support.

Sincerely,

William Matos
Vitru Educação CEO

WEBCAST INFORMATION

Vitru will discuss its second quarter 2024 results via live webcast.

When: Wednesday, August 27, 2024, at 6:00 PM Brasília Time (5:00 PM NY Time).

Webcast: https://investors.vitru.com.br/

Replay: available on our IR page

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HIGHLIGHTS OF 2Q24

- Debut on the Novo Mercado segment of B3, under the ticker VTRU3;
- Recognized as one of the three **most innovative** companies in the educational sector at the **2024 Valor Innovation Brazil Awards**;
- We received the **MIT Technology Review | Innovative Workplaces Brasil 2024** certificate, recognizing our **best innovation practices in innovation**, marketing, processes and products;
- **The only Brazilian institution** to win the **International MetaRed TIC 2024 award**, in the "User Experience" category;
- A **total of 945.6 thousand students** in 2Q24, with an increase of **3.0%** in the number of students enrolled in the DE segment;
- The **average ticket** for the **DE Undergraduate segment** increased by 1.9% compared to the first half of 2023;
- **Net revenue** in the **DE Undergraduate** segment increased by **8.0%** in 2Q24 compared to 2Q23, with consolidated net revenue increasing by **10.6%**;
- **Adjusted EBITDA** increased by **22.1%** in 2Q24 from 2Q23, with an **adjusted EBITDA margin** of **43.9%** in the quarter;

Table 1: Key Financial Highlights

R$ million	2Q24	2Q23	% Chg	1H24	1H23	% Chg
Net Revenue	576.7	521.5	10.6%	1,081.0	965.7	11.9%
DE Undergraduate Net Revenue	415.8	385.0	8.0%	768.0	705.6	8.8%
Adjusted EBITDA[1]	253.0	207.1	22.1%	423.6	375.9	12.7%
Adjusted EBITDA Margin	*43.9%*	*39.7%*	*4.2 p.p.*	*39.2%*	*38.9%*	*0.3 p.p.*
Adjusted Net Income[2]	104.3	129.1	(19.2)%	139.5	210.7	(33.8)%
Adjusted Operating Cash Flow[3]	150.3	174.3	(13.7)%	322.7	303.9	6.2%
Adjusted Cash Flow Conversion from Operations[3]	68.2%	91.7%	*(23.6) p.p.*	83.8%	86.7%	*(2.9) p.p.*

(1) For a reconciliation of Adjusted EBITDA, see "—Reconciliations of Non-GAAP Financial Measures—Reconciliation of Adjusted EBITDA" at the end of this document.
(2) For a reconciliation of Adjusted Net Income, see "—Reconciliations of Non-GAAP Financial Measures—Reconciliation of Adjusted Net Income" at the end of this document.
(3) For a reconciliation of Adjusted Cash Flow from Operations and Adjusted Cash Flow Conversion from Operations, see "—Reconciliations of Non-GAAP Financial Measures—Reconciliation of Adjusted Cash Flow Conversion from Operations" at the end of this document.

OPERATING RESULTS

Student Base and Hubs

We consider the number of enrolled students an important operational metric for Vitru. As of June 30, 2024, Vitru had 945.6 thousand students enrolled in the courses it provides, an increase of 2.8% compared to the number of enrolled students at the same period in 2023.

The percentage of digital education students to total enrolled students is also a relevant metric that we believe best demonstrates our focus on digital education (comprising both undergraduate courses and continuing education courses) and its relevance to the services offered. On June 30, 2024, students enrolled in digital education courses represented 97.6% of the total number of enrolled students, slightly higher from the percentage achieved on June 30, 2023.

The number of hubs is one of the main drivers that enables the Company to increase its student base. A material portion of Vitru's growth is driven by the expansion and subsequent maturation of these hubs.

Vitru has expanded its operations and geographic presence throughout Brazil with the opening of hubs in the last years. In fact, 93.3% of the current 2,515 hubs are still ramping up, representing a substantial growth avenue: the current average maturation ratio of hubs in expansion is only 46.4%. The Company estimates that a typical hub reaches its full capacity in terms of the number of students (and hence is deemed to be mature) after around seven years of operations.

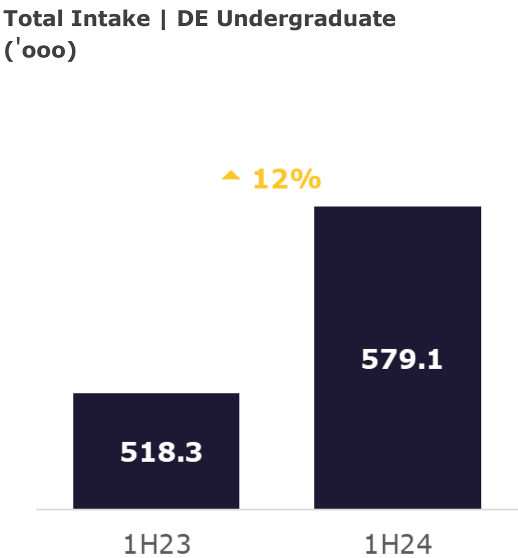
Table 2: Student Base and Hubs

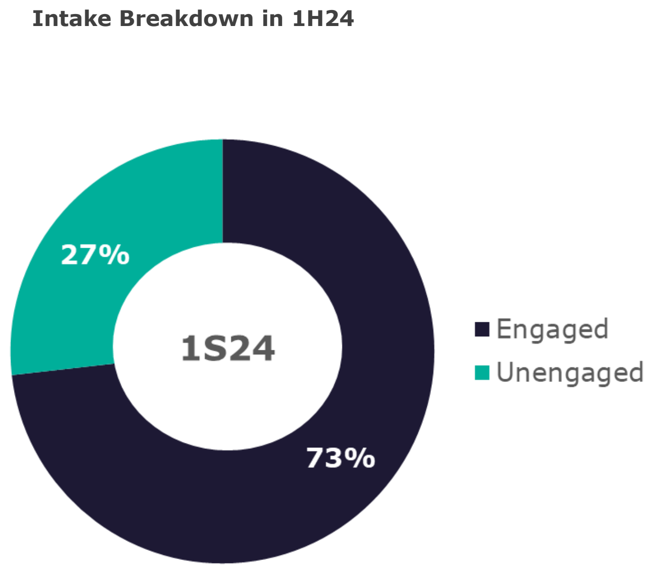
'000	2Q24	2Q23	1Q24	Δ 2Q24 x 2Q23	Δ 2Q24 x 1Q24
Total Enrolled Students	**945.6**	**919.6**	**939.0**	**2.8%**	**0.7%**
% Digital Education to Total Enrolled Students	**97.6%**	**97.5%**	**97.6%**	***0.2 p.p.***	***0.0 p.p.***
Number of Digital Education Students	**923.3**	**896.4**	**916.6**	**3.0%**	**0.7%**
Undergraduate Students	854.8	837.4	844.4	2.1%	1.2%
Graduate Students	68.5	59.0	72.2	16.1%	(5.1)%
Number of On-campus Students	**22.2**	**23.2**	**22.4**	**(4.5)%**	**(0.9)%**
Undergraduate Students	21.9	22.9	22.0	(4.3)%	(0.5)%
Graduate Students	0.319	0.320	0.358	(0.3)%	(10.9)%
Number of Hubs[1]	**2,515**	**2,301**	**2,464**	**9.3%**	**2.1%**
% of Expansion Hubs (i.e., excluding Base hubs)	93.3%	92.7%	93.2%	*0.6 p.p.*	*0.1 p.p.*
Theoretical Maturation Index[2]	46.4%	47.8%	46.7%	*(1.4) p.p.*	*(0.7) p.p.*

(1) Does not include the international hubs of Unicesumar.

(2) The Company calculates the theoretical maturation index as the actual number of students per hub of the Expansion hubs divided by the theoretical number of students it expects to achieve as of the maturity of the same hubs. The index comprises all expansion hubs as of the end of each period, and hence it can actually decrease in a given quarter as new expansion hubs are opened.

Vitru's consolidated intake in the first half of 2024 increased by 11.7% from the same period of the previous year.





In 2024, Uniasselvi implemented an important change, aligning its student activation criteria with the same criteria adopted by Unicesumar, as mentioned during the release of 4Q23 results. This consolidation not only establishes standardization, but also promotes harmonization within the integration project, allowing the exchange of best practices between institutions. One of the measures adopted is the exclusion of students considered "unengaged" from the base as of 1Q24, which initially translates into reduced nominal growth in the student base and revenue throughout 2024. On the other hand, this initiative also brings tangible benefits, including a decrease in the provision for doubtful debts (PDA) throughout 2024 and 2025, an improved retention rate and an optimization of operations, especially in the billing and student management processes. Furthermore, this strategy also results in tax savings, such as reducing the ISS on invoices that were generated for these unengaged students, but not paid. These changes reflect Vitru's commitment to operational excellence and long-term sustainable growth.

Table 3: Key Operational Highlights

'000	2Q24	2Q23	% Chg	1H24	1H23	% Chg
Total DE Undergraduate Intake	**127.3**	**105.6**	**20.5%**	**579.1**	**518.3**	**11.7%**
DE Undergraduate Retention Rate	92.1%	92.5%	(0.4)%	-	-	n.a.

Tuitions and Average Ticket

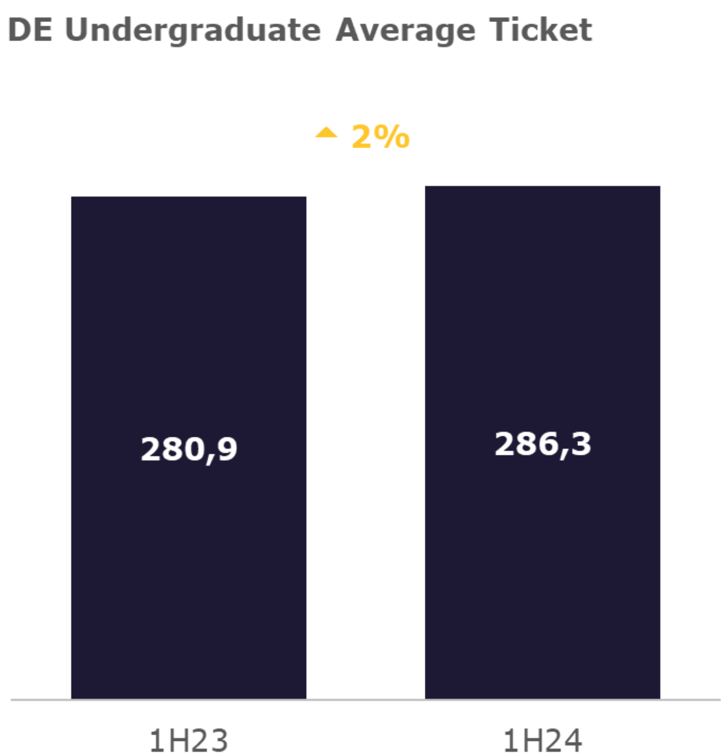
Table 4: Tuitions[1]

R$ million (except otherwise stated)	2Q24	2Q23	% Chg	1H24	1H23	% Chg
DE Undergraduate Tuitions	**657.7**	**602.4**	**9.2%**	**1,255.0**	**1,116.6**	**12.4%**
DE Undergraduate Average Ticket (R$/month)[2]	-	-	n.a.	286.3	280.9	1.9%

(1) Tuition is net of cancellation;
(2) In the second quarter, the Company calculates the "DE Undergraduate Average Ticket (R$/month)" as the sum of monthly tuition net of DE Undergraduate cancellations in the quarter divided by the average number of students between the beginning and the end of the quarter.

We believe that the strength of Vitru's model and the sustainability of its growth can be demonstrated by the total amount charged for tuitions from digital education undergraduate students (which is the sum of gross revenue and the hub partners' portion of the tuitions less other academic revenue and cancellations).

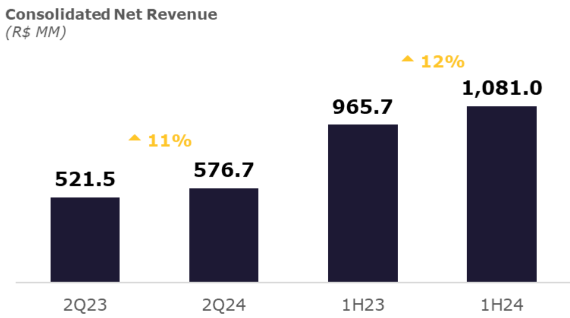
DE Undergraduate tuition, in 2Q24, amounted to R$657.7 million, an increase of 9.2% compared to the R$602.4 million recorded in 2Q23. This growth rate primarily reflects the maturation of expansion hubs (i.e. hubs that are not yet deemed to be mature) through the organic increase in the number of students enrolled in digital education undergraduate courses.

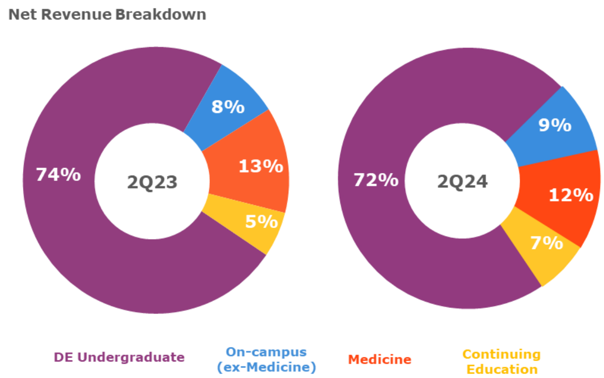


The average monthly ticket for DE undergraduate courses increased by 1.9%, from R$280.9 in the first half of 2023 to R$286.3 in the first half of 2024. This performance can be attributed to the differentiation and quality positioning of Uniasselvi and Unicesumar in the market. Furthermore, we observed a slight change in the mix of courses as of the first quarter of 2024, with an increase in the share of vocational courses, which have a more affordable average ticket. This change came at the expense of premium courses, especially in the health area, which saw significant growth during the pandemic.

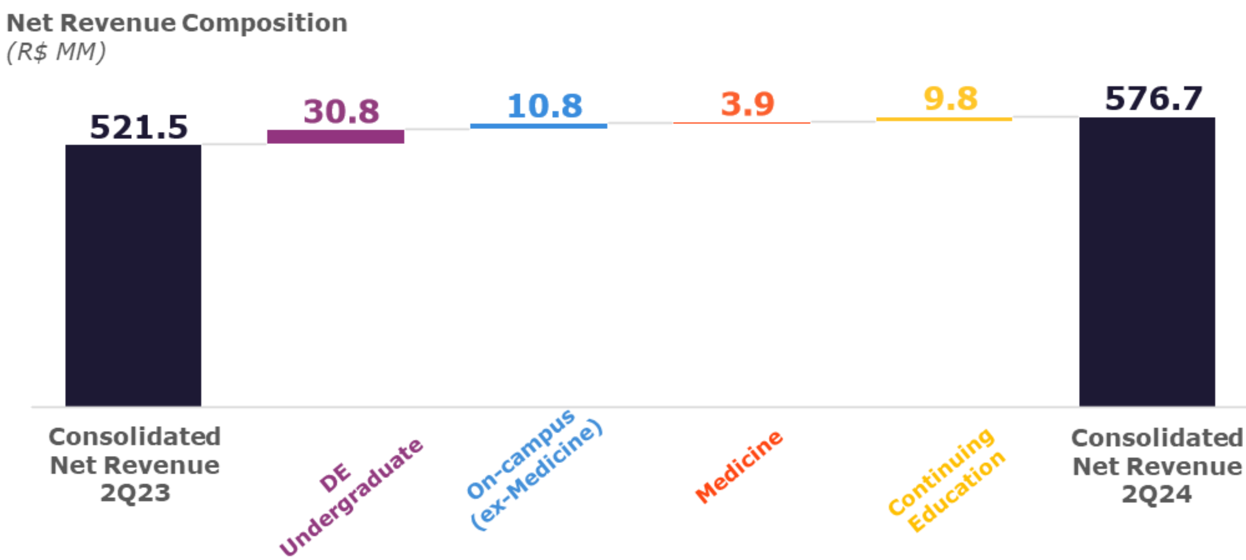
FINANCIAL RESULTS

Net Revenue





Consolidated Net Revenue was R$576.7 million in 2Q24, up by 10.6% from 2Q23. This growth was mainly driven by the increase in the number of enrolled students in the DE Undergraduate segment.



Net revenue from DE Undergraduate courses totaled R$415.8 million in 2Q24, up by 8.0% compared to the same period of the previous year. This achievement was driven by the rise in number of enrolled students in the segment and the maturation of hubs.

Net revenue from On-campus Undergraduate courses (ex-Medicine) was R$51.5 million in 2Q24, 26.4% higher than the R$40.7 million recorded in 2Q23, due to an improved renovation rate. Net revenue from the entire On-Campus Undergraduate segment (including the UniCesumar Medical course) reached R$122.5 million in 2Q24, up by 13.6% compared to R$107.8 million in 2Q23, due to growth of approximately 5.8% in net revenue from the UniCesumar Medicine course, which had an expansion in the student base and average ticket, due to its high quality.

Net revenue from continuing education courses totaled R$38.5 million in 2Q24, growing by 34.1% from R$28.7 million in 2Q23. In addition to postgraduate courses, our continuing education business includes technical courses and professional qualification programs. We believe this segment represents a potential avenue for growth and is part of our strategy to expand complementary offerings throughout our students' lifelong journey.

Table 5: Net Revenue Breakdown

R$ million	2Q24	2Q23	% Chg	1H24	1H23	% Chg
Digital Education Undergraduate	415.8	385.0	8.0%	768.0	705.6	8.8%
On-campus Undergraduate (ex-Medicine)	51.5	40.7	26.4%	98.8	86.3	14.4%
Medicine Undergraduate	71.0	67.1	5.8%	145.2	124.1	17.0%
Continuing Education	38.5	28.7	34.1%	69.1	49.6	39.3%
Consolidated Net Revenue	**576.7**	**521.5**	**10.6%**	**1,081.1**	**965.7**	**11.9%**

Cost of Services

Cost of services totaled R$198.4 million in 2Q24, 13.0% higher than the amount of R$175.6 million recorded in 2Q23. This increase is partly attributable to rising personnel costs, primarily due to the hiring of new tutors and professors to support the growth of our business. We highlight that the cost of services includes certain restructuring costs, totaling R$9.5 million in 2Q24, and R$0.8 million in 2Q23, which include restructuring expenses for the integration of Unicesumar.

Cost of services, as reported in the adjusted EBITDA calculation (excluding restructuring expenses and the mentioned depreciation and amortization expenses), amounted to R$168.6 million in 2Q24, compared to R$155.0 million in 2Q23, reducing by 0.5 p.p. as a percentage of net revenue, primarily due to our ongoing efforts to improve the combined operations of the DE segments and the implementation of best practices from one brand to another.

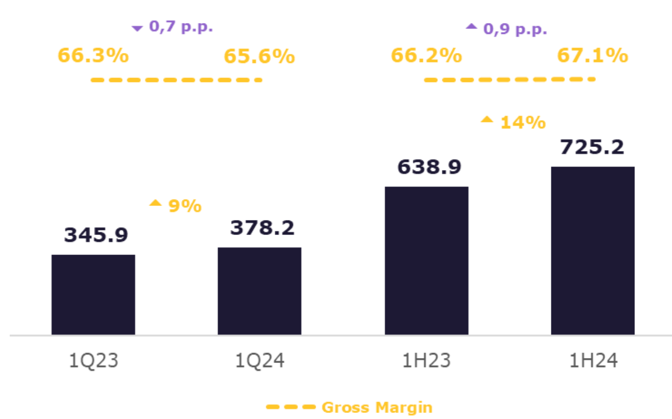
Table 6: Cost of Services

R$ million	2Q24	2Q23	% Chg	1H24	1H23	% Chg
Cost of Services	198.4	175.6	13.0%	355.7	326.9	8.8%
(-) Depreciation and Amortization	(20.3)	(19.7)	2.8%	(39.0)	(39.4)	(1.0)%
(-) Restructuring Expenses	(9.5)	(0.8)	n.a.	(12.3)	(3.0)	309.4%
Cost of Services for the Adusted EBITDA Calculation	**168.6**	**155.0**	**8.8%**	**304.5**	**284.5**	**7.0%**
% of Net Revenue	*29.2%*	*29.7%*	*(0.5) p.p.*	*28.2%*	*29.5%*	*(1.3) p.p.*

Gross Profit and Gross Margin

In 2Q24, we recorded a gross profit of R$378.2 million, increasing by 9.3% from the R$345.9 million reached in the same period of the previous year. This growth is primarily attributed to the consistent expansion of our operations, driven by economies of scale. Gross margin reduced by 0.7 p.p., from 66.3% to 65.6% in 2Q24. The loss in margin is primarily due to the previously mentioned increase in cost of services.

Gross Profit and Margin
(R$ MM)



Operational Expenses

Selling & Marketing Expenses

In 2Q24, selling and marketing expenses totaled R$ 83.4 million, an increase of 5.9% compared to the R$ 78.7 million recorded in the same period of the previous year. However, it is worth noting that in this quarter, selling and marketing expenses as a percentage of net revenue remained stable compared to the same period last year. The Q2 2024 expenses still reflect the new strategy adopted by the Company at the beginning of 2024, which included hiring new marketing agencies and updating CRM tools, as well as awarding incentives to centers based on achieving recruitment targets.

In the calculation of Adjusted EBITDA, which excludes depreciation and amortization, selling expenses amounted to R$ 70.1 million in the second quarter of 2024, compared to R$ 64.9 million in the second quarter of 2023, indicating an increase of 8.1%. As a percentage of Net Revenue, there was a reduction of 0.3 percentage points, mainly due to the lower impact of depreciation and amortization expenses in the quarter.

Table 7: Selling & Marketing Expenses

R$ million	**2Q24**	**2Q23**	**% Chg**	**1H24**	**1H23**	**% Chg**
Selling & Marketing Expenses	83.4	78.7	5.9%	209.4	168.9	24.0%
(-) Depreciation and Amortization	(13.3)	(13.9)	(4.2)%	(27.0)	(27.5)	(1.8)%
(-) M&A and Pre-offering Expenses	-	-	n.a.	-	-	n.a.
Selling Expenses for the Adjusted EBITDA Calculation	**70.1**	**64.9**	**8.1%**	**182.4**	**141.4**	**29.0%**
% of Net Revenue	*12.2%*	*12.4%*	*(0.3) p.p.*	*16.9%*	*14.6%*	*2.2 p.p.*

General and Administrative Expenses (G&A)

General and administrative expenses in Q2 2024 totaled R$ 71.3 million, an increase of 29.2% compared to Q2 2023. This increase was mainly due to higher payroll expenses, reflecting an increase in staff, as well as certain one-time M&A expenses, such as earn-out payments related to the business combination with UniCesumar, and expenses associated with the migration project to B3.

General and administrative expenses, as reflected in the calculation of adjusted EBITDA, amounted to R$ 28.3 million in Q2 2024, compared to R$ 20.4 million in Q2 2023, representing an increase of 38.8%. As a percentage of Net Revenue, there was an increase of 1 percentage point (p.p.), driven by the rise in payroll expenses, as mentioned earlier.

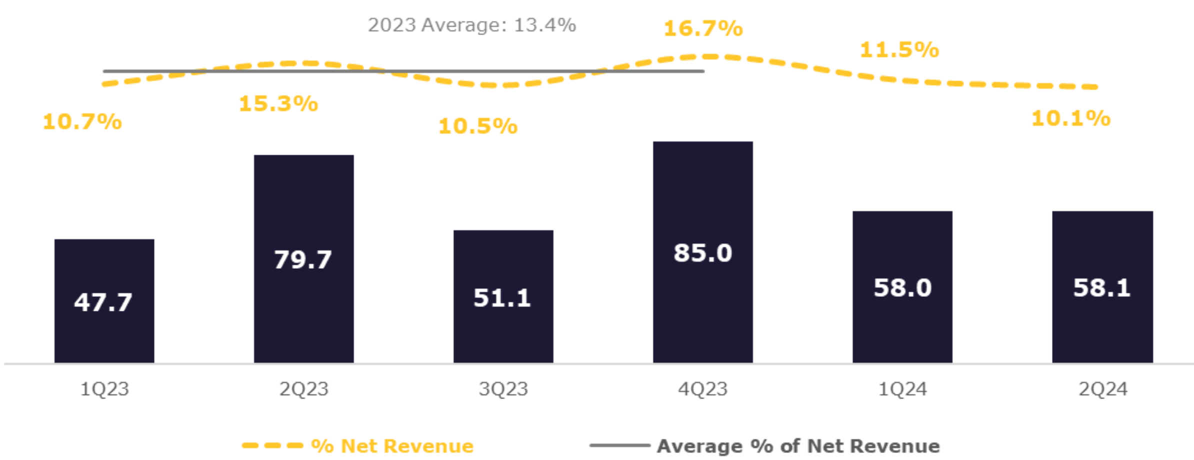
Table 8: G&A Expenses:

R$ million	**2Q24**	**2Q23**	**% Chg**	**1H24**	**1H23**	**% Chg**
General and Administrative Expenses (G&A)	71.3	55.2	29.2%	131.4	109.3	20.3%
(-) Depreciation and Amortization	(20.3)	(20.0)	1.7%	(41.4)	(39.0)	6.2%
(-) Share-based Compensation Plan	0.2	1.5	(86.3)%	(3.5)	1.4	n.a.
(-) M&A, Pre-offering and Restructuring Expenses	(22.9)	(16.3)	40.3%	(26.1)	(22.3)	17.3%
G&A Expenses for the Adjusted EBITDA Calculation	**28.3**	**20.4**	**38.8%**	**60.4**	**49.4**	**22.3%**
% of Net Revenue	*4.9%*	*3.9%*	*1.0 p.p.*	*5.6%*	*5.1%*	*0.5 p.p.*

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets correspond to our provision for doubtful accounts (PDA) which, in 2Q24, totaled R$58.1 million, equivalent to 10.1% of net revenue in the period, while in 2Q23, this line amounted to R$79.7 million, equivalent to 15.3% of net revenue. This reduction can be attributed to an important change implemented as of 2024, when Uniasselvi aligned its student activation criteria with the same criteria adopted by Unicesumar. This change is aimed at consolidating and standardizing the processes within the institutions' integration project, as highlighted in the operational results section.

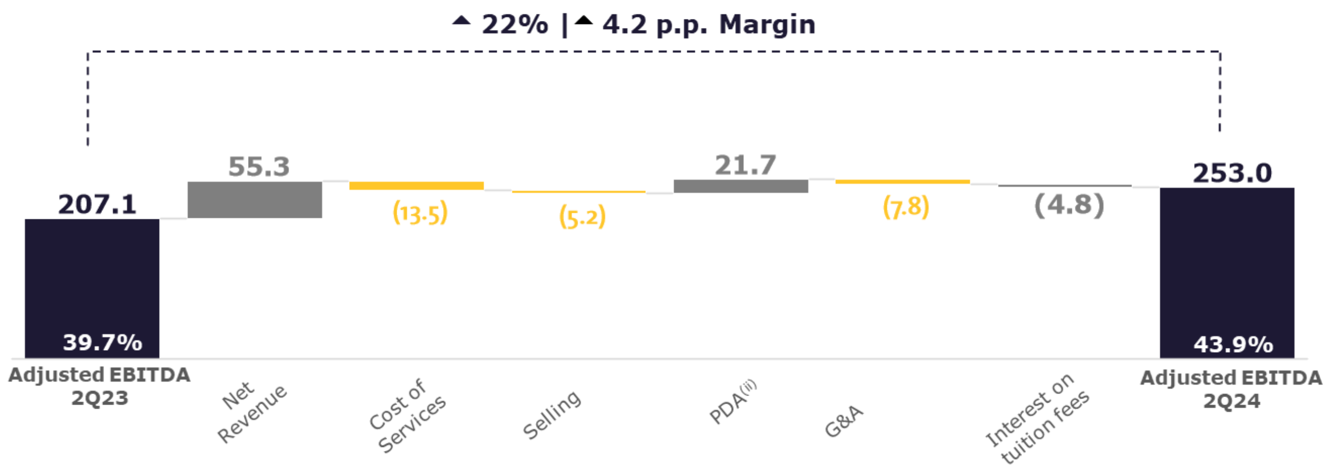
PDA
(R$ MM)



Adjusted EBITDA

In 2Q24, Adjusted EBITDA totaled R$ 253.0 million, an increase of 22.1% compared to the R$ 207.1 million recorded in Q2 2023. The Adjusted EBITDA Margin was 43.9%, representing an increase of 4.2 percentage points compared to 39.7% in 2Q23. This margin improvement is mainly a reflection of the improvement in the Allowance for Doubtful Accounts (PCLD) as a percentage of net revenue, highlighting the impact of the change in the student activation criteria implemented in 2024. This contributed to greater operational efficiency and improved profitability, along with a continuous focus on more efficient credit portfolio management and a lower incidence of default.

Adjusted EBITDA(i)



Notes: (i) all figures in this graph include the adjustments applied in our definition of Adjusted EBITDA; (ii) PDA is defined as "Net impairment losses on financial assets" in our Financial Statements.

Financial Result

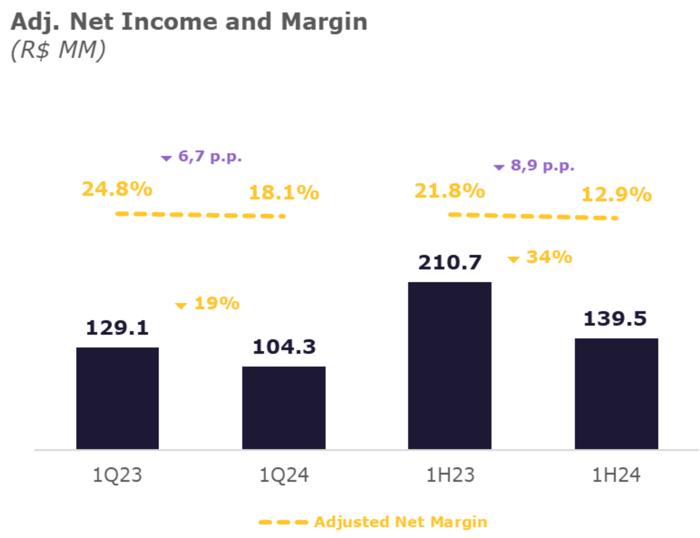
In the second quarter of 2024, we experienced a 38.9% decrease in our financial results compared to the same period in 2023. This reduction was mainly caused by a decrease in Financial Revenue due to a drop in interest on tuition fees, which in turn is explained by the new student recognition criteria implemented at the beginning of 2024, resulting in a lower volume of accounts receivable. Additionally, the increase in financial expenses still reflect the new methodology for recognising interest from the first three debentures issued by the Company.

Table 8: Financial Result

R$ million	2Q24	2Q23	% Chg	1H24	1H23	% Chg
Financial Income	8.5	12.3	(31.1)%	22.4	23.1	(3.2)%
Financial Expenses	(97.3)	(76.2)	27.6%	(208.3)	(161.2)	29.2%
Financial Result	**(88.8)**	**(63.9)**	**38.9%**	**(185.9)**	**(138.1)**	**34.6%**

Adjusted Net Income

Adjusted Net Income in 2Q24 was R$ 104.3 million, 19.2% lower compared to 2Q23, mainly reflecting the increase in Financial Expenses mentioned earlier, as well as a negative impact from deferred income tax of approximately R$13.3 million in 2Q24 compared to a positive impact of R$25.4 million in 2Q23.



Cash Flow and Conversion

In 2Q24, Adjusted Cash Flow from Operations was R$ 150.4 million, a decrease of 13.7% compared to 2Q23. There was an impact related to payments to suppliers associated with the migration project to B3, as well as the postponement of the due dates for tuition fees of students affected by the floods in Rio Grande do Sul during the months of May and June.

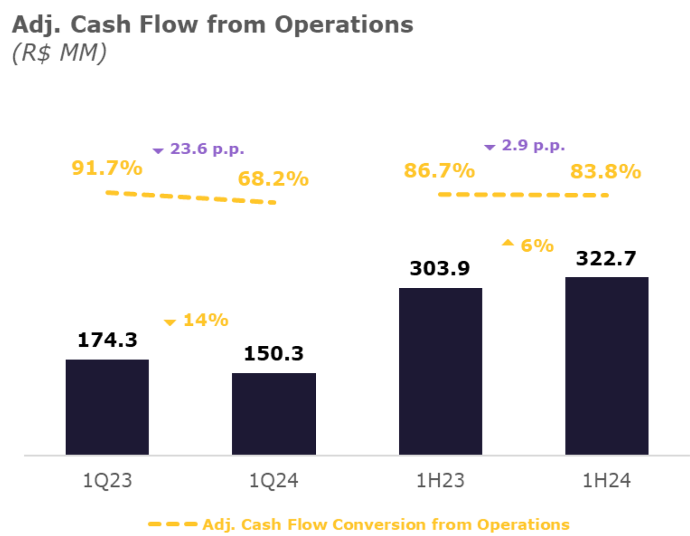


Table 10: Cash Flow and Cash Conversion[1]

R$ million	2Q24	2Q23	% Chg	1H24	1H23	% Chg
Cash Flow from Operations	**170.8**	**191.2**	**(10.7)%**	**348.8**	**323.9**	**7.7%**
(+) Income tax paid	(20.5)	(16.9)	21.2%	(26.1)	(20.0)	30.2%
Adjusted Cash Flow from Operations	**150.3**	**174.3**	**(13.7)%**	**322.7**	**303.9**	**6.2%**
Adjusted EBITDA	253.0	207.1	22.1%	423.6	375.9	12.7%
(-) M&A, Pre-offering and Restructuring Expenses	(32.4)	(17.2)	88.8%	(38.4)	(25.3)	51.9%
Adjusted EBITDA excluding M&A, Pre-offering and Restructuring Expenses	**220.6**	**189.9**	**16.1%**	**385.2**	**350.6**	**9.9%**
Adjusted Cash Flow Conversion from Operations[1]	**68.2%**	**91.7%**	**(23.6) p.p.**	**83.8%**	**86.7%**	**(2.9) p.p.**

(1) The Company calculates Adjusted Cash Flow Conversion from Operations as adjusted cash flow from operations (which we calculate as cash from operations plus income tax paid) divided by Adjusted EBITDA (as defined above but without taking non-recurring expenses, related to M&A, pre-offering and restructuring expenses into consideration). Adjusted Cash Flow Conversion from Operations is a non-GAAP measure. The calculation of Adjusted Cash Flow Conversion from Operations may be different from the calculation used by other companies, including competitors in the industry, and therefore, the Company's measures may not be comparable to those of other companies. For further information see "Reconciliations of Non-GAAP Financial Measures".

Indebtedness

On June 30, 2024, the Company had a cash position of R$1,074.8 million. This amount was reached mainly due to the issuance of its fourth debenture with suretyship guarantee, non-convertible into shares, in the amount of R$850 million. These debentures are indexed to the CDI (Certificado de Depósito Interbancário) plus a spread of 2.00%, with a five-year maturity.

Net proceeds raised from the issuance were allocated mainly for two purposes: (i) the optional extraordinary amortization, in the amount of R$650.0 millions, referring to the principal and interest of the 2nd series of the 1st debentures issuance; and (ii) to reinforce the Company's cash balance, in the amount of R$200.0 millions.

Table 11: Net Debt

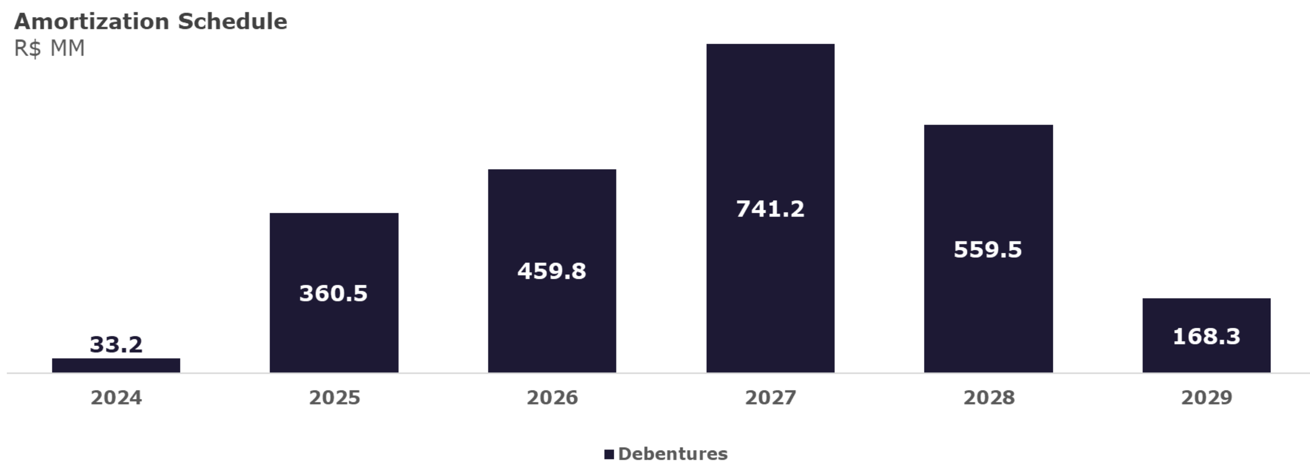
R$ million	June 30, 2024	June 30, 2023	December 31, 2023
Net Debt (ex-IFRS 16)[1]	1,867.7	1,996.5	1,956.7
Lease liabilities	323.0	317.1	327.8
Total Net Debt (IFRS 16)	**2,190.7**	**2,313.7**	**2,284.6**

(1) Includes Loans and Financing and Accounts Payable for the acquisition of subsidiaries. For a reconciliation of Net Debt (ex-IFRS 16), see "—Reconciliations of Non-GAAP Financial Measures—Reconciliation of Net Debt" at the end of this document.

Since its 1st debentures issuance, the Company has been under certain Covenants on its Net Debt/Adjusted EBITDA ratio (excluding the effects of the IFRS-16), being:

- 4.5x in June 2023;
- 4.0x in December 2023;
- 3.5x in June 2024; and
- 3.0x in December 2024.

On June 30, 2024, the Company reached a Net Debt/Adjusted EBITDA ratio (excluding effects of IFRS16) of 2.6x, below the established covenant limit of 3.5x.



As disclosed in Note 29 of our financial statements of 2Q24, in July 2024, the Company was questioned regarding compliance with a restrictive clause in the indenture governing our first debenture issuance. This clause limited the Company's ability to distribute dividends without prior debentureholder approval. The Company subsequently obtained waivers from all debentureholders, both to ratify past dividend distributions and to amend the restrictive covenant, ensuring full compliance with its obligations under the indenture as of August 2024.

While our auditors have requested that we reclassify the first debenture issuance as a short-term obligation in accordance with CPC 26 R1, paragraph 74, it is important to note that the underlying terms of the debentures, including the amortization schedule, remain unchanged and have been approved by the debentureholders.

CAPEX

Capital Expenditures (CAPEX) totaled R$30.2 million in 2Q24, reducing by 12.7% from the amount spent in 2Q23. This reduction occurred as a percentage of net revenue due to the ongoing efforts to obtain gains from synergies and economies of scale, resulting in lower investments in intangible assets. The majority of CAPEX was allocated to investments in content production, IT systems, and technology.

Table 12: CAPEX

R$ million	2Q24	2Q23	% Chg	1H24	1H23	% Chg
Property and equipment	11.9	10.3	15.9%	18.4	15.2	21.0%
Intangible Assets	18.3	24.3	(24.8)%	33.3	39.4	(15.3)%
Investing Activities	**30.2**	**34.6**	**(12.7)%**	**51.7**	**54.5**	**(5.2)%**
% of Net Revenue	5.2%	6.6%	(1.4) p.p.	4.8%	5.6%	(0.9) p.p.

Migration to B3

In September 2023, the Board of Directors of Vitru approved the corporate restructuring proposal by means of the incorporation of Vitru Limited (listed on Nasdaq) by Vitru Brasil, and a migration to B3, in which the shares will be listed in the Novo Mercado segment. The operation was approved by the General Shareholders' Meeting, held on April 19, 2024. On June 10, 2024, Vitru debuted its shares on B3, under the ticker VTRU3.

The listing on B3 is a significant landmark in the Company's trajectory, highlighting its commitment to best corporate governance practices and transparency. The Novo Mercado is recognized as a listing segment that requires the highest standards of corporate governance in Brazil.

Furthermore, this strategic move is aimed at increasing the liquidity of Vitru's shares, expanding its investor base and aligning the Company more closely with the Brazilian market, where its main operations are located. This transition is also an opportunity to attract new investors seeking for companies with good governance practices and solid growth prospects in the digital education sector, in which Vitru is one of the leading players.

These changes reflect Vitru's long-term vision to strengthen its market position and continue offering value to its shareholders, students and stakeholders.

ABOUT VITRU (B3: VTRU3)

Vitru is the leading company in the digital education undergraduate market in Brazil, based on the number of enrolled undergraduate students, according to the most recent INEP census released by the Brazilian Ministry of Education (*Ministério da Educação*), in February 2022.

Vitru has been listed on the Nasdaq Stock Exchange in the United States (ticker: VTRU) since September 18, 2020, and its mission is to democratize access to education in Brazil through a digital ecosystem and empower every student to create their own success story. In September 2023, the Board of Directors of Vitru approved the corporate restructuring proposal by means of the incorporation of Vitru Limited (listed on Nasdaq) by Vitru Brasil, and a migration to B3, in which the shares will be listed in the Novo Mercado segment. The operation was approved by the General Shareholders' Meeting, held on April 19, 2024. On June 10, 2024, Vitru debuted its shares on B3, under the ticker VTRU3.

Through its subsidiaries, Vitru provides a complete pedagogical ecosystem focused on a hybrid digital education experience for undergraduate and continuing education students. All the academic content is delivered in multiple formats (videos, eBooks, podcasts and html text, among others) through its proprietary Virtual Learning Environment, or VLE. The pedagogical model also incorporates in-person weekly meetings hosted by dedicated tutors who are mostly local working professionals in the subject area they teach. The Company believes that this unique tutor-centric learning experience sets it apart, creating a stronger sense of community and belonging and contributing to higher engagement and retention rates of its student base.

The Company's results are based on three operating segments:

- ***Digital education undergraduate courses.*** What differentiates Vitru's digital education model is its higher quality and hybrid methodology with synchronous learning, consisting of weekly in-person or online meetings with tutors for Uniasselvi, and weekly online classes for UniCesumar students, alongside the benefit of the virtual learning environment, in which students are able to study where and when they prefer. The Company's portfolio of courses is composed mainly of pedagogy, business administration, accounting, physical education, vocational, engineering, and health-related courses.
- ***On-campus undergraduate courses*. ** Vitru (through Uniasselvi and UniCesumar) has several campuses that offer traditional on-campus undergraduate courses, including medicine, engineering, law, and health-related courses. On-campus students experience a complete learning ecosystem, combining theory with practical applications as well as access to sports activities and cultural events.
- ***Continuing education courses*. ** Vitru (through Uniasselvi and UniCesumar) offers continuing education and graduate courses predominantly in pedagogy, finance and business, but also in other subjects such as law, engineering, IT and health-related courses. Courses are offered in three different versions, consisting of (i) hybrid model, (ii) 100% online, and (iii) on-campus. This also includes technical courses and professional qualification courses.

NON-GAAP FINANCIAL MEASURES

To supplement the Company's consolidated financial statements, which are prepared and presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board—IASB, VITRU uses Adjusted EBITDA, Adjusted Net Income, Adjusted Cash Flow Conversion from Operations, and Net Debt information which are non-GAAP financial measures, for the convenience of the investment community. A non-GAAP financial measure is generally defined as one that proposes to measure financial performance but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure.

Vitru calculates Adjusted EBITDA as the net income (loss) for the period plus:

- deferred and current income tax, which is calculated based on income, adjusted based on certain additions and exclusions provided for in applicable legislation. The income taxes in Brazil consist of corporate income tax (Imposto de Renda Pessoa Jurídica), or IRPJ, and CSLL, which are social contribution taxes;
- financial results, which consist of interest expenses less interest income;
- depreciation and amortization;
- interest on tuition fees paid in arrears, which refers to interest received from students on late payments of monthly tuition fees and which is added back;
- impairment losses on non-current assets, which consists of impairment charges associated with the on-campus undergraduate courses segment, given the deterioration in the prospects of this business;
- share-based compensation plan, which consists of non-cash expenses related to the grant of share-based compensation, as well as fair value adjustments for share-based compensation expenses classified as a liability in the consolidated financial statements;
- other income (expenses), net, which consists of other expenses such as contractual indemnities and deductible donations among others; and
- M&A, pre-offering and restructuring expenses, consisting of adjustments that the Company believes are appropriate to provide additional information to investors about certain material non-recurring items. Said M&A, pre-offering and restructuring expenses comprise of: mergers and acquisitions, or M&A, and pre-offering expenses, which are expenses related to mergers, acquisitions and divestments (including due diligence, transaction and integration costs), as well as the expenses related to the preparation of offerings; and restructuring expenses, which refers to expenses related to employee severance costs in connection with organizational and academic restructurings.

Vitru calculates Adjusted Net Income as net income (loss) for the period plus:

- share-based compensation plan, as defined above;
- M&A, pre-offering and restructuring expenses, as defined above;
- impairment losses on non-current assets, as defined above;
- amortization of intangible assets recognized as a result of business combinations, which refers to the amortization of the following intangible assets from business combinations: software, trademark, distance learning operation licenses, non-compete agreements, customer relationship, teaching-learning material, licenses to operate medical courses, and leasing contracts. For more information, see notes to the unaudited interim condensed consolidated financial statements in the Company's filings with the U.S. Securities and Exchange Commission;
- interest accrued at the original effective interest rate (excluding restatement as a result of inflation) on the accounts payable from the acquisition of subsidiaries. See notes to the unaudited interim condensed consolidated financial statements in the Company's filings with the U.S. Securities and Exchange Commission; and
- corresponding tax effects on adjustments, which represents the tax effect of pre-tax items excluded from adjusted net income (loss). The tax effect of pre-tax items excluded from adjusted net income (loss) is computed using the statutory rate related to the jurisdiction that was affected by the adjustment after considering the effect of permanent differences and valuation allowances.

Vitru calculates Adjusted Cash Flow Conversion from Operations as adjusted cash flow from operations (which is calculated as cash from operations plus income tax paid) divided by Adjusted EBITDA (as defined above but without taking M&A, pre-offering and restructuring expenses into consideration).

Vitru calculates Net Debt (ex-IFRS 16) as the sum of loans and financing, payables from acquisition of subsidiaries, and lease liabilities less cash and cash equivalents and short-term investments.

Adjusted EBITDA, Adjusted Net Income, Adjusted Cash Flow Conversion from Operations, and Net Debt are the key performance indicators used by Vitru to measure the financial performance and condition of its core operations, and Vitru believes that these measures facilitate period-to-period comparisons on a consistent basis. As a result, its management believes that these non-GAAP financial measures provide useful information to the investment community. These summarized, non-audited, or non-GAAP financial measures are in addition to, and not a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS. Additionally, the calculations of Adjusted EBITDA, Adjusted Net Income, Adjusted Cash Flow Conversion from Operations, and Net Debt may be different from the calculations used by other companies, including competitors in the education services industry, and therefore, Vitru's measures may not be comparable to those of other companies. For a reconciliation of Adjusted EBITDA, Adjusted Net Income, Adjusted Cash Flow Conversion from Operations, and Net Debt to the most directly comparable IFRS measure, see the tables at the end of this document.

FINANCIAL TABLES

Unaudited interim consolidated statements of profit or loss and other comprehensive income for the three and six-month period ended June 30, 2024 and 2023

	Three months ended June 30,		Six months ended June 30,	
R$ million (except earnings per share)	**2024**	**2023**	**2024**	**2023**
NET REVENUE	**576.7**	**521.5**	**1,081.0**	**965.7**
Cost of services rendered	(198.4)	(175.6)	(355.8)	(326.9)
GROSS PROFIT	**378.2**	**345.9**	**725.2**	**638.9**
General and administrative expenses	(71.3)	(55.2)	(131.4)	(109.3)
Selling expenses	(83.4)	(78.7)	(209.4)	(168.9)
Net impairment losses on financial assets	(58.1)	(79.7)	(116.2)	(127.4)
Other income (expenses), net	(1.0)	(1.0)	(0.7)	(0.7)
Operating expenses	**(213.9)**	**(214.6)**	**(457.7)**	**(406.2)**
OPERATING PROFIT	**164.4**	**131.4**	**267.5**	**232.7**
Financial income	8.5	12.3	22.4	23.1
Financial expenses	(97.3)	(76.2)	(208.3)	(161.2)
Financial result	**(88.8)**	**(63.9)**	**(185.9)**	**(138.1)**
PROFIT BEFORE TAXES	**75.6**	**67.4**	**81.6**	**94.6**
Current income taxes	(14.0)	(13.2)	(28.3)	(17.3)
Deferred income tax	0.6	38.6	16.9	72.3
Income tax	**(13.3)**	**25.4**	**(11.4)**	**55.0**
NET INCOME (LOSS) FOR THE PERIOD	**62.2**	**92.8**	**70.2**	**149.6**
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**62.2**	**92.8**	**70.2**	**149.6**
Basic earnings per share (R$)	**0.46**	**0.69**	**0.52**	**1.12**
Diluted earnings per share (R$)	**0.43**	**0.69**	**0.48**	**1.12**

Unaudited interim consolidated statements of financial position as of June 30, 2024 and December 31, 2023

R$ million	**June 30, 2024**	**December 31, 2023**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	11.2	13.0
Financial investments	1,063.6	220.3
Trade receivables	248.4	253.6
Income tax recoverable	9.4	2.3
Prepaid expenses	33.3	19.7
Receivables from hub partners	44.6	39.4
Other assets	13.8	40.4
TOTAL CURRENT ASSETS	**1,424.4**	**570.6**
NON-CURRENT ASSETS		
Trade receivables	68.4	69.1
Indemnification assets	32.2	28.4
Deferred tax assets	105.7	227.0
Investment in subsidiaries	-	-
Receivables from hub partners	55.9	57.3
Other assets	12.2	11.1
Right-of-use assets	340.4	349.7
Property and equipment	210.0	205.9
Intangible assets	4,296.2	4,342.2
TOTAL NON-CURRENT ASSETS	**5,121.0**	**5,290.6**
TOTAL ASSETS	**6,545.3**	**5,861.2**

R$ million	June 30, 2024	December 31, 2023
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	120.9	111.7
Loans and financing	1,450.4	151.1
Lease liabilities	53.9	51.6
Labor and social obligations	108.8	90.4
Taxes payable on profit	7.1	-
Taxes payable	15.7	17.4
Prepayments from customers	31.9	45.3
Dividends payable	-	19.5
Other liabilities	9.5	24.6
TOTAL CURRENT LIABILITIES	**1,798.1**	**511.7**
NON-CURRENT LIABILITIES		
Loans and financing	1,492.1	2,030.7
Lease liabilities	269.1	276.2
Related parties	-	8.2
Taxes payable	-	6.1
Provisions for contingencies	44.2	41.9
Deferred tax liabilities	592.7	730.9
Other liabilities	3.3	5.3
TOTAL NON-CURRENT LIABILITIES	**2,401.5**	**3,099.3**
TOTAL LIABILITIES	**4,199.6**	**3,611.0**
EQUITY		
Share capital	2,196.5	2,031.4
Capital reserves	68.8	43.6
Profit reserves	80.4	175.2
TOTAL EQUITY	**2,345.7**	**2,250.2**
TOTAL LIABILITIES AND EQUITY	**6,545.3**	**5,861.2**

Unaudited interim consolidated statements of cash flows for the six-month period ended June 30, 2024 and 2023

	Six months ended June 30,	
R$ million	**2024**	**2023**
Cash flow from operating activities		
Profit (loss) before tax	81.6	94.6
Adjustments to reconcile income before taxes to cash provided on operating activities		
Depreciation and amortization	107.6	105.9
Net impairment losses on financial assets	116.2	127.4
Provision for revenue cancellation	6.5	0.7
Provision for contingencies	1.9	2.7
Provision for interest, net of income from financial investments	164.6	136.1
Share-based compensation	3.5	(1.4)
Loss on sale or disposal of non-current assets	0.2	0.1
Equity equivalence result	-	-
Changes/write-off of lease contracts	-	-
Variation of operating assets and liabilities:		
Trade receivables	(128.6)	(158.9)
Prepaid expenses	(13.6)	(7.7)
Other assets	9.4	(38.5)
Trade payables	1.8	(4.4)
Labor and social obligations	18.4	34.3
Other taxes payable	(7.8)	1.0
Prepayments from customers	(13.5)	16.0
Other accounts payable	0.8	16.1
Cash (used) from operating activities	**348.8**	**323.9**
Income tax and social contributions paid	(26.1)	(20.0)
Interest paid	(166.2)	(147.1)
Contingencies paid	(5.5)	(3.1)
Net cash (used) from operating activities	**151.0**	**153.7**
Cash flows from investing activities		
Purchase of property and equipment	(18.4)	(15.2)
Purchase and capitalization of intangible assets	(33.3)	(39.4)
Values received from the sale of fixed assets	(0.9)	-
Dividends received / capital increase	-	-
Amounts received (invested) in financial investments, net	(831.6)	(231.1)
Net cash received from the reverse merger	4.2	-
Net cash (used) from investment activities	**(878.2)**	**(285.6)**
Cash flow from financing activities		
Payment of lease liabilities	(13.7)	(12.4)
Proceeds from loans and financing, net of transaction costs	842.4	188.0
Debentures payment	(100.9)	-
Dividends payment	(2.5)	(10.3)
Net cash used in financing activities	**725.4**	**165.2**
Net increase (decrease) in cash and cash equivalents	**(1.8)**	**33.3**
Cash and cash equivalents at the beginning of the period	13.0	35.1
Cash and cash equivalents at end of period	11.2	68.5

Reconciliations of Non-GAAP Financial Measures

Reconciliation of Adjusted Net Income

R$ million	Three months ended June 30, 2024	2023	Six months ended June 30, 2024	2023
Net Income for the Period	**62.2**	**92.8**	**70.2**	**149.6**
(+) M&A, pre-offering and restructuring expenses	32.4	17.2	38.4	25.3
(+) Share-based compensation plan	(0.2)	(1.5)	3.5	(1.4)
(+) Amortization of intangible assets from business combinations	31.6	31.4	63.1	62.6
(+) Interest accrued on accounts payable from the acquisition of subsidiaries	-	5.3	-	4.1
(-) Corresponding tax effects on adjustments	(21.7)	(16.0)	(35.7)	(29.4)
Adjusted Net Income	**104.3**	**129.1**	**139.5**	**210.7**

Reconciliation of Adjusted EBITDA

R$ million	Three months ended June 30, 2024	2023	Six months ended June 30, 2024	2023
Net Income for the Period	**62.2**	**92.8**	**70.2**	**149.6**
(+) Deferred and current income tax	13.4	(25.4)	11.4	(55.0)
(+) Financial result	88.8	63.9	185.9	138.1
(+) Depreciation and amortization	53.9	53.6	107.4	105.9
(+) Interest on tuition fees paid in arrears	1.4	6.3	6.1	13.5
(+) Share-based compensation plan	(0.2)	(1.5)	3.5	(1.4)
(+) Other income (expenses), net	1.0	0.2	0.7	(0.1)
(+) M&A, pre-offering and restructuring expenses	32.4	17.2	38.4	25.3
Adjusted EBITDA	**253.0**	**207.1**	**423.6**	**375.9**

Reconciliation of Adjusted Cash Flow Conversion from Operations

R$ million	Three months ended June 30, 2024	2023	Six months ended June 30, 2024	2023
Cash from Operations	**170.8**	**191.2**	**348.8**	**323.9**
(+) Income tax paid	(20.5)	(16.9)	(26.1)	(20.0)
Adjusted Operating Cash Flow	**150.3**	**174.3**	**322.7**	**303.9**
Adjusted EBITDA	253.0	207.1	423.6	375.9
(+) M&A, pre-offering and restructuring expenses	(32.4)	(17.2)	(38.4)	(25.3)
Adjusted EBITDA excluding M&A, pre-offering and restructuring expenses	**220.6**	**189.9**	**385.2**	**350.6**
Adjusted Cash Flow Conversion from Operations	**68.2%**	**91.7%**	**83.8%**	**86.7%**

Reconciliation of M&A, Pre-offering and Restructuring Expenses

R$ million (except otherwise stated)	**2T24**	**2T23**	**% Var**	**1S24**	**1S23**	**% Var**
Integration UniCesumar (pre- and post-closing)	0.4	3.1	(87.8)%	(0.1)	7.6	n.a.
UniCesumar earn-out payments (accounted as expenses)	4.0	-	n.a.	6.1	-	n.a.
Other M&A expenses (including advisory fees)	17.9	4.4	304.0%	20.1	5.5	261.8%
Others	9.4	9.7	(2.9)%	12.8	12.1	5.2%
Total M&A, Pre-offering and Restructuring Expenses	**31.6**	**17.2**	**84.5%**	**38.8**	**25.3**	**53.6%**

Reconciliation of Net Debt

R$ million	**June 30, 2024**	**December 31, 2023**	**June 30, 2023**
Net Debt (ex-IFRS 16)	1,867.7	1,996.5	1,956.7
Loans and financing	2,942.6	1,792.6	2,181.8
Payables from acquisition of subsidiaries	-	526.8	8.2
(-) Cash and cash equivalents	(11.2)	(68.5)	(13.0)
(-) Financial investments	(1,063.6)	(254.4)	(220.3)
Lease liabilities	323.0	317.1	327.8
Total Net Debt (IFRS 16)	**2,190.7**	**2,313.7**	**2,284.6**