

3Q21 Results

November 2021





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Strategy Adopted in Recent Quarters Brings Solid results



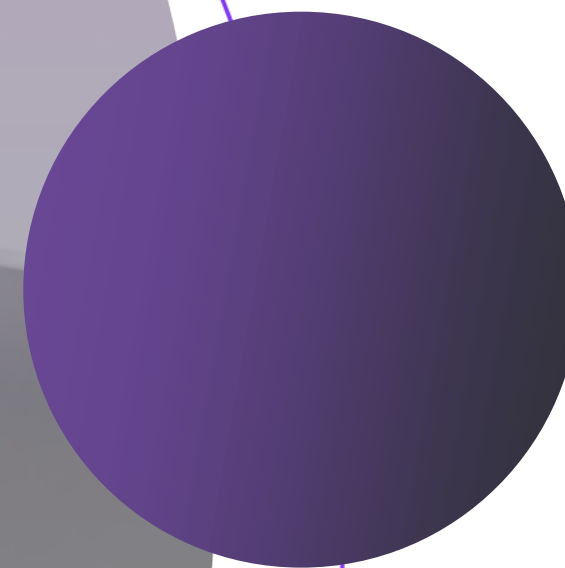
- **Increase in student's intake of 37.8%** in the 2H21 cycle, being **21.9% on-campus** and **40.3% DL (distance learning)**
- **Student base grew 7.8%** in the 2H21 cycle
- **Ampli operation have started off on right foot** and it was responsible, in isolation, for an **8 p.p. growth in digital segment**
- **In 3Q21, the timely payment have shown sequential improvements and have provided 8 p.p. in increase since 1Q20**
- The change in student mix, with bigger share of DL students, combined with timely payments improvement have resulted in an **increase of 620 bps on recurring EBITDA margin, reaching 23.4% in 3Q21 and 30.9% in 9M21**
- Considering that 96% of Plato's revenue is related to Kroton, **we will be reporting Undergraduate and Graduate figures consolidated in Kroton's results as of this quarter**



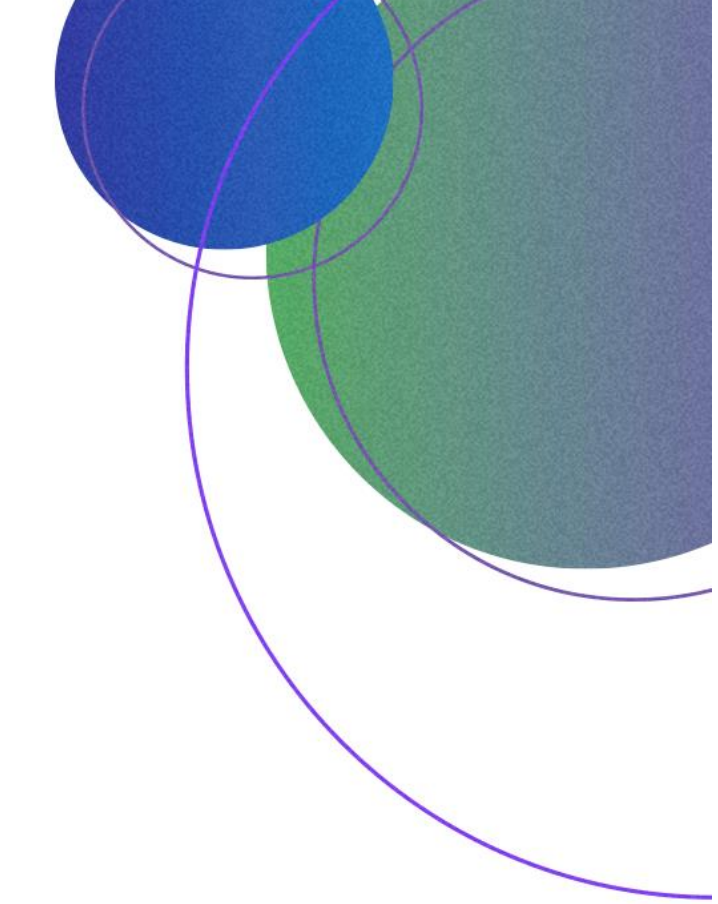
- 2021 has been the most challenging year in the company's history, but this ends now in 3Q21. **4Q21 is the first quarter of the trade cycle 2022 that is expected to have a good result**, as indicates 2022 ACV
- **ACV 2022 registered an increase of 32% versus subscription revenue of 2021 trade cycle**, with an organic growth of 20%. Possibility of additional growth in ACV until the end of trade cycle
- We are expecting a slight decrease in subscription revenue (which has been losing share in Vasta's total revenue over time), but considering its representativeness, it won't pressure the **strong revenue growth expected to 2022 cycle**
- **Completion of the acquisition of Eleva's platform.** Thereby, we have announced **five acquisitions in the past 12 months**, as foreseen in the IPO



- **Operational Cash Generation after capex (OCG) of R\$ 390 million** in 9M21, compared to R\$ 182 million in 9M20
- **Leverage remains under control**, with net debt/adjusted EBITDA ratio of 2.07x, in line with 2Q21
- Completion of extension of the company's short-term liabilities. **The duration of debts went from 22 months to 28 months**
- Completion of the **sale transaction of owned school's operation to Eleva Educação S.A.**
- **ERP SAP Cloud stabilization**, integrating and optimizing the process of Cogna, Kroton and Platos



Kroton



November 2021





Kroton – Highlights

Strong result in student's intake

- **Student's intake grew 37.8% in 2H21 cycle (ex-Prouni):**
 - **21.9% on-campus growth**
 - **40.3% EAD growth**
- **Student's intake revenue grew 27.9%.** Another harvest with positive revenue points out to an improvement in the company's result from 2023
- **The student base grew 7.8% in 2H21 cycle**

Units

- **Growth of 45.5%,** or 706 units, of **DL third-party units** versus 3Q20, reaching 2,259 units

Customer centricity & Product

- Operating model aimed at our students, the focus of our decisions
- Best score among listed companies in segment in *Reclame Aqui* website
- Net Promoter Score (NPS) growth of 14 p.p. over September 2020
- Ambitious optimization project that substitutes out current systems, significantly improving the student's intake, academic, administrative and financial journey (PTK)

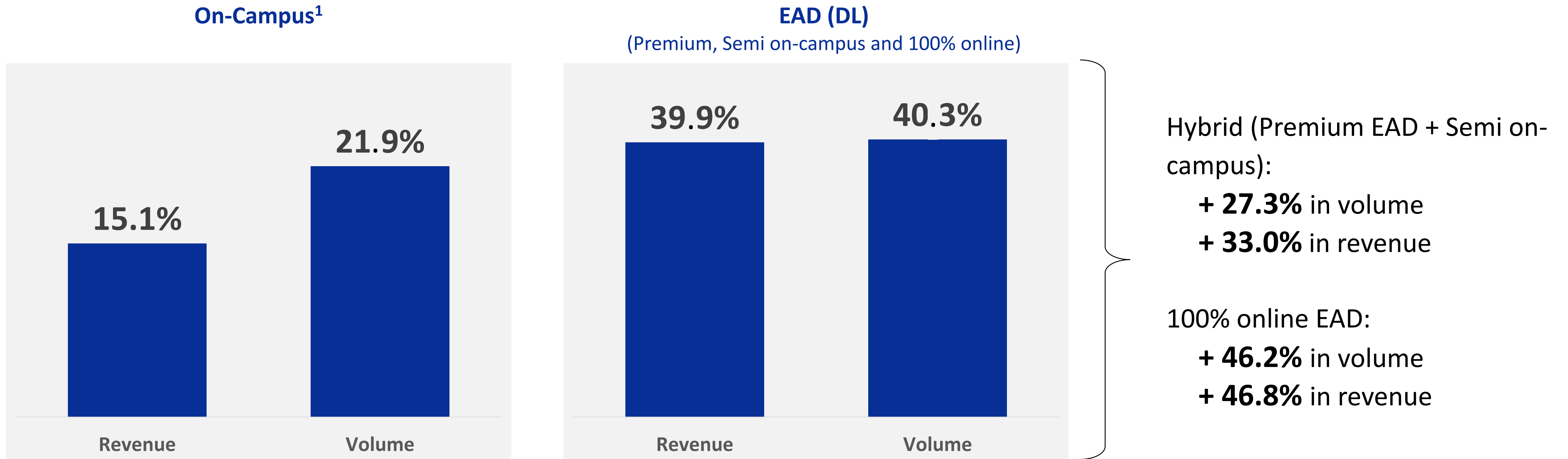
Turnaround in Campus and higher performance

- **Optimization of the portfolio of courses** per unit allowed Digital student's growth both in # of students and revenue, **softening the impact of student base's drop** and On-campus revenue during the pandemic
- **Reduction in the number of units and optimization of the remaining units owned** brought efficiency to payroll, rents and infrastructure expenses
- Out-of-pocket student's credit profile improvements, and internal engagement actions have **increased timely payment (8 p.p.) and reduced PDA in 3Q21**
- All the indicators points out to **accounts receivable quality improvement**
- **Marketing Strategy focused on digital** have decreased significantly the investments, without losing marketing traction and improving efficiency (**CAC reduction**)
- **Recurring EBITDA margin** grew 15,2 p.p. in 9M21 to **30.9%**

Digitization as a structural business model puts the Company back on the path of growth with greater rationality in capital allocation and profitability recovery

Kroton – Student’s Intake 2021.2

- The student’s intake¹ grew 37.8% in volume in the 2H21 cycle, being 21.9% on-campus and 40,3% DL (distance learning)
- The student’s intake ¹ grew 27.9% in revenue in the 2H21 cycle, being 15.1% on-campus and 39.9% DL (distance learning)



¹ Excluding Prouni.

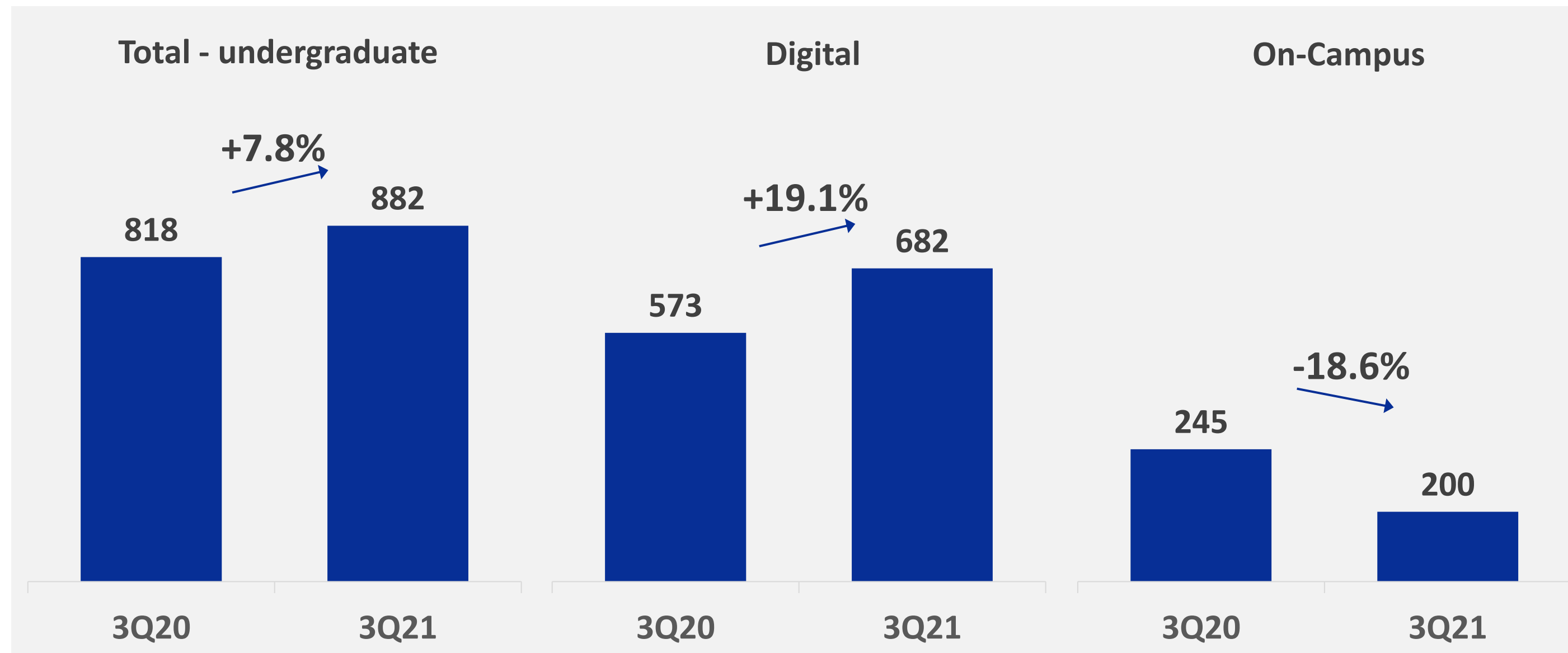
The student’s intake grew strongly in volume and revenue in all segments



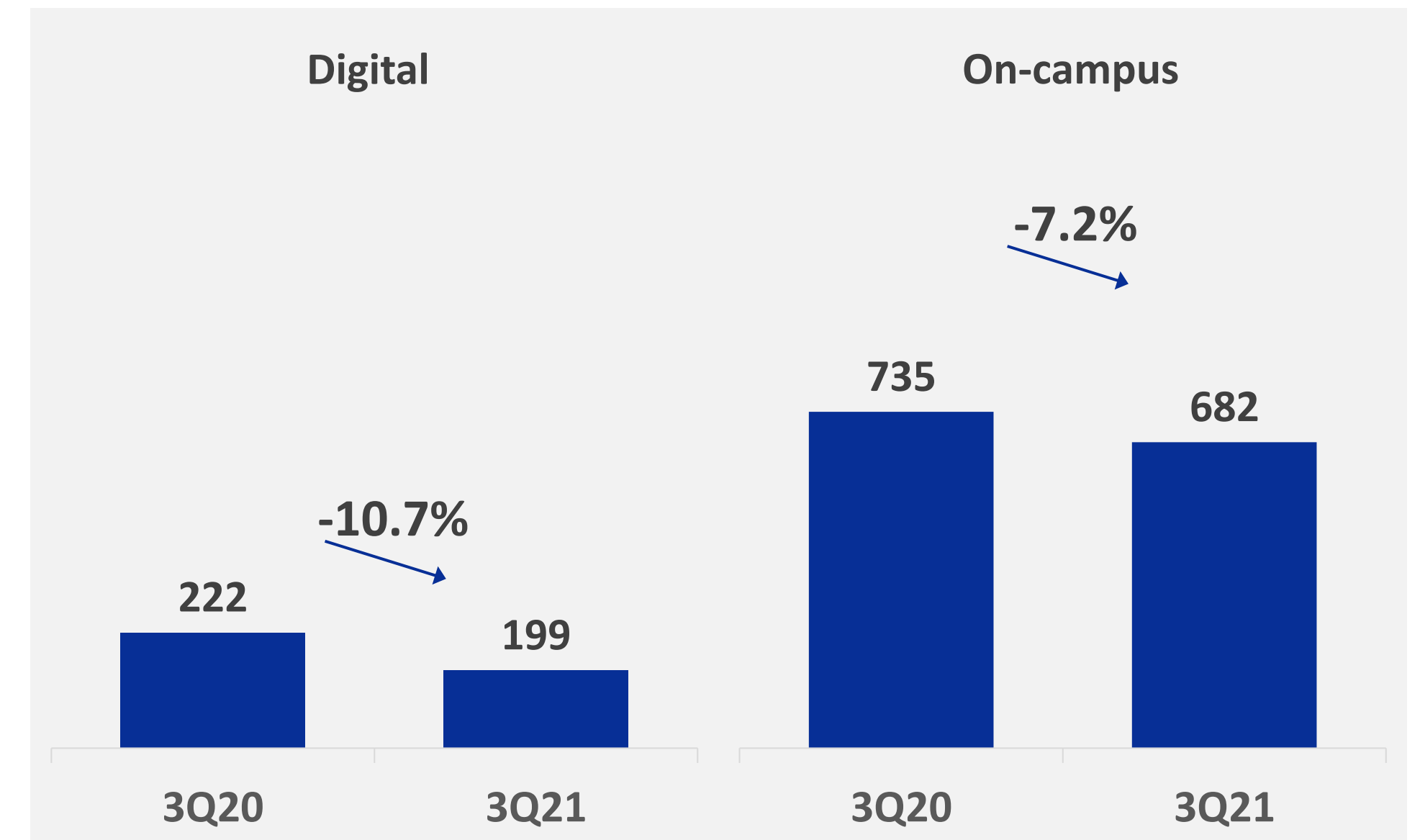
Kroton – Student Base

- Student base increased 7.8%, as a result of 19.1% DL growth

Student Base (x 1,000)



Average Ticket – out-of-pocket student (R\$)

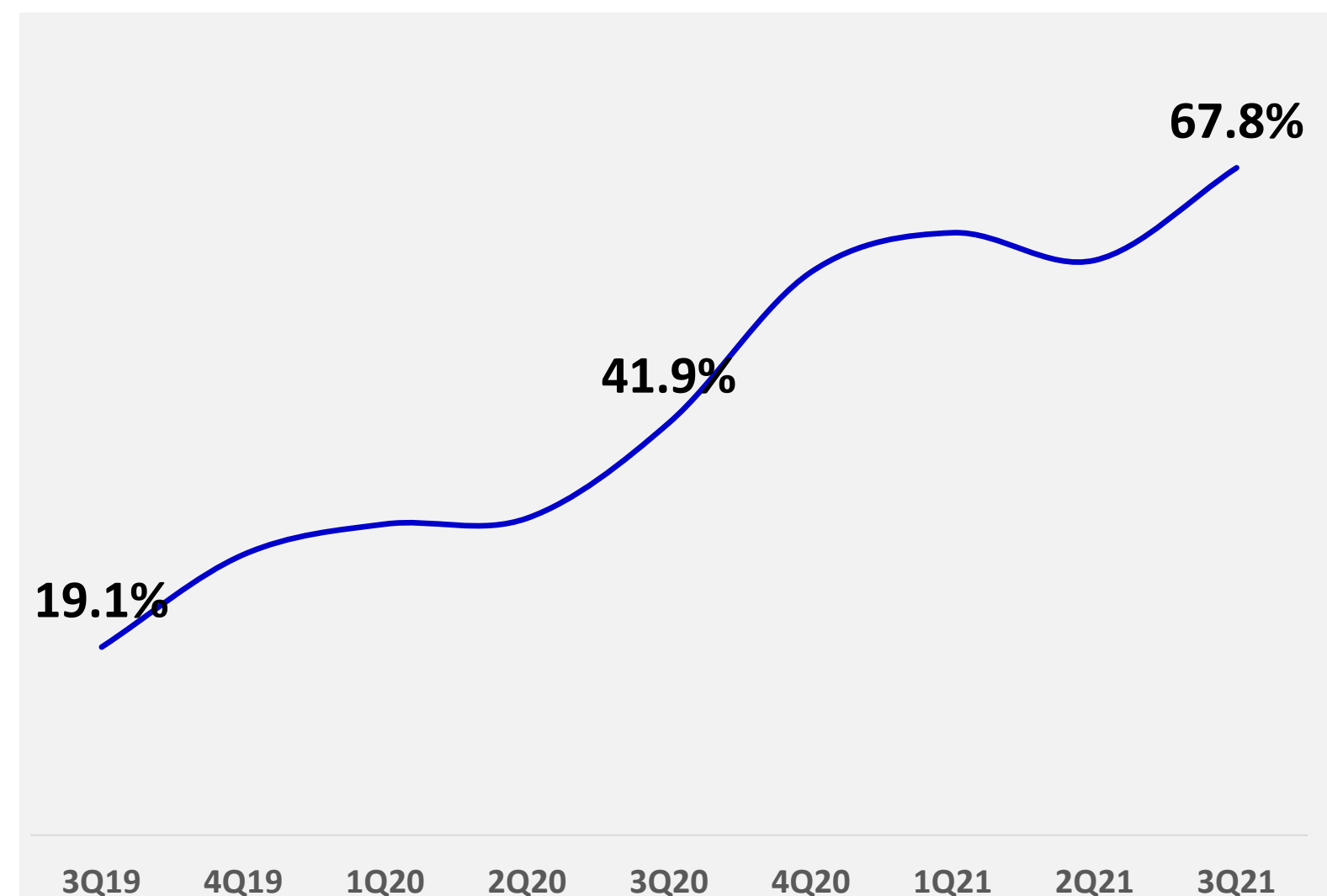


Student base resumes growth

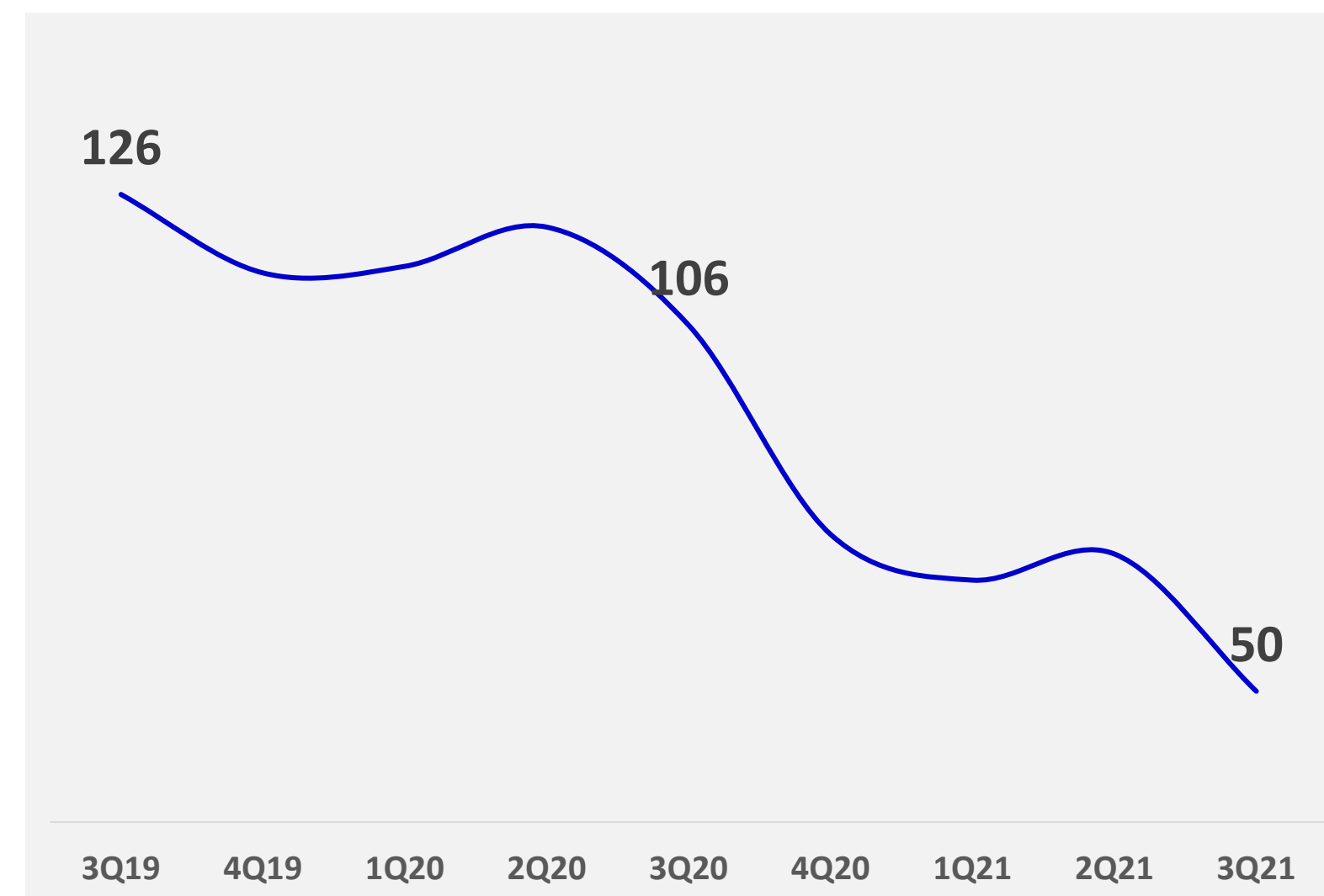
Kroton – Accounts Receivable and Timely Payments (out-of-pocket students - undergraduate)

- The Accounts Receivable Coverage Index reached 67.8% in 3Q21, the highest in the industry
- Average Collection Period (ACP) of out-of-pocket students reached 50 days, 56 better than 3Q21 and 21 days better than 2Q21
- Initiatives that aims to improve timely payments such as adoption of mechanism to improve student’s intake quality, avoid disengagement through the semester and increases the efficiency of payment collection drove to an **increase of 8 p.p. of timely payments since 1Q20**
- The provision for bad debts (PDA) decreased 43.5% in the annual comparison due to the improvement of timely payment mentioned

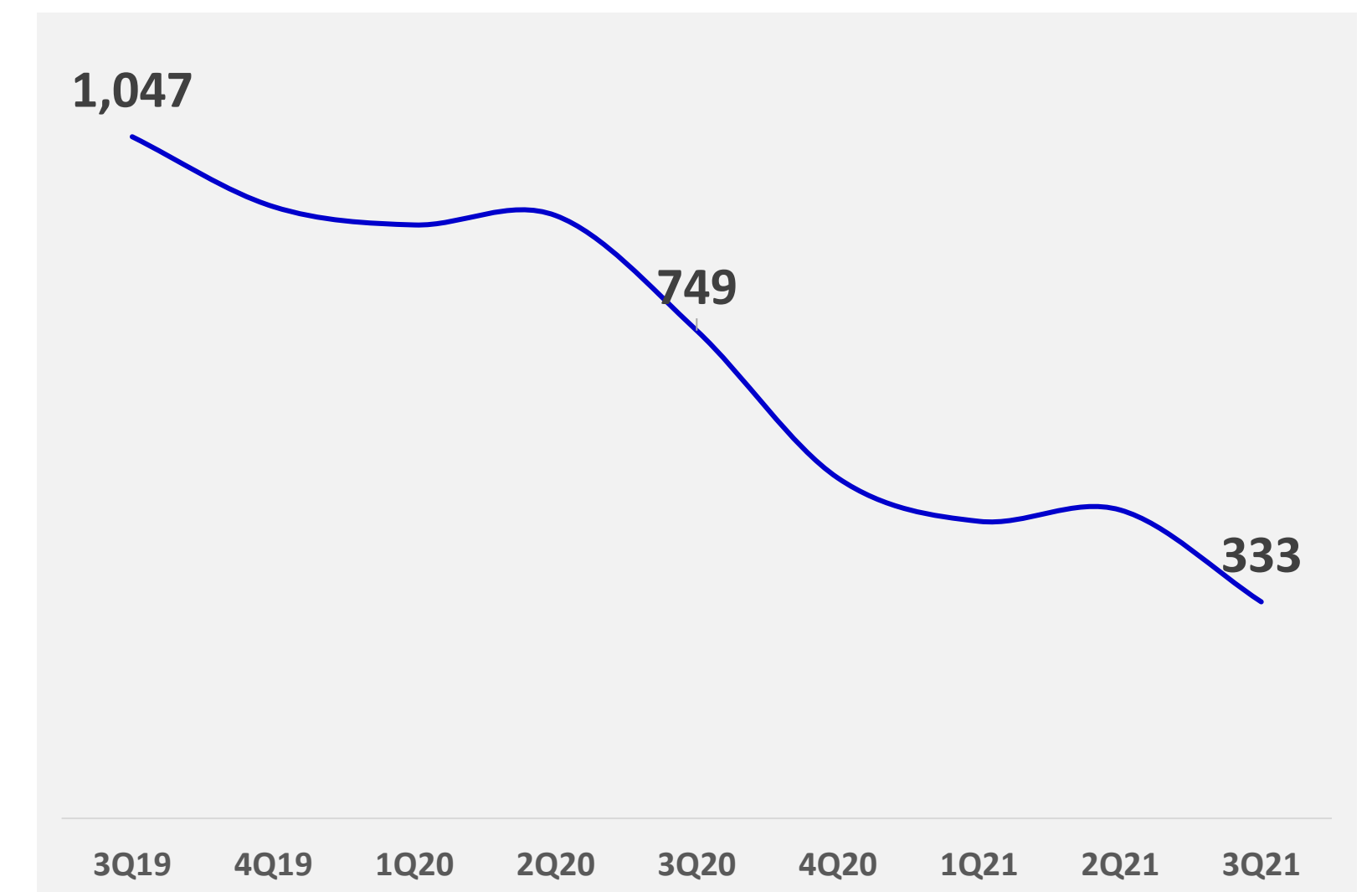
Coverage Ratio¹



Average Collection Period² (ACP)



Accounts Receivable (R\$ million)

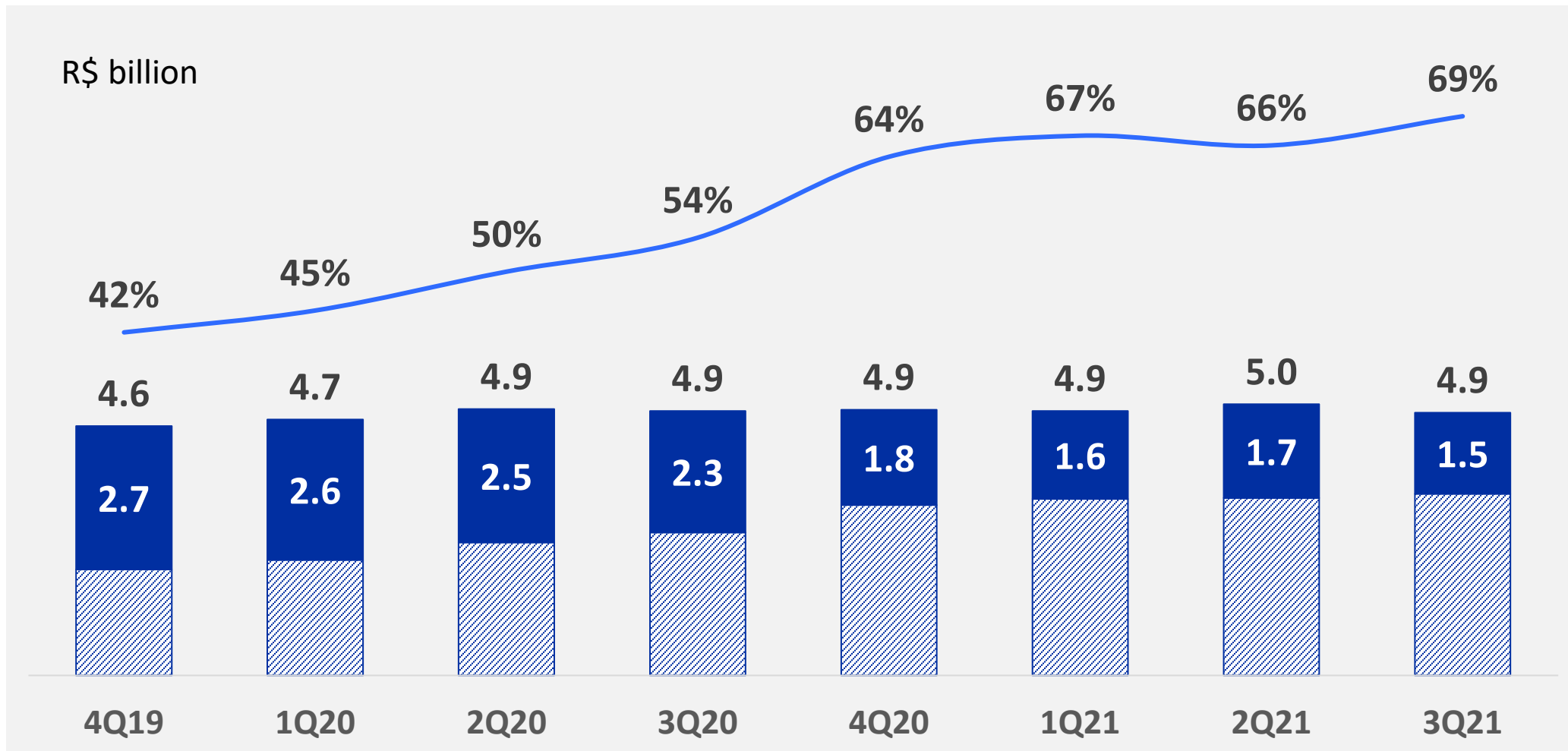


¹ Paying students only. ² PCLD Balance/Accounts Receivable Gross. ³ Balance of Net Accounts receivable on Net Income for the last 12 months

The strong positive timely payment improves all accounts receivable indexes

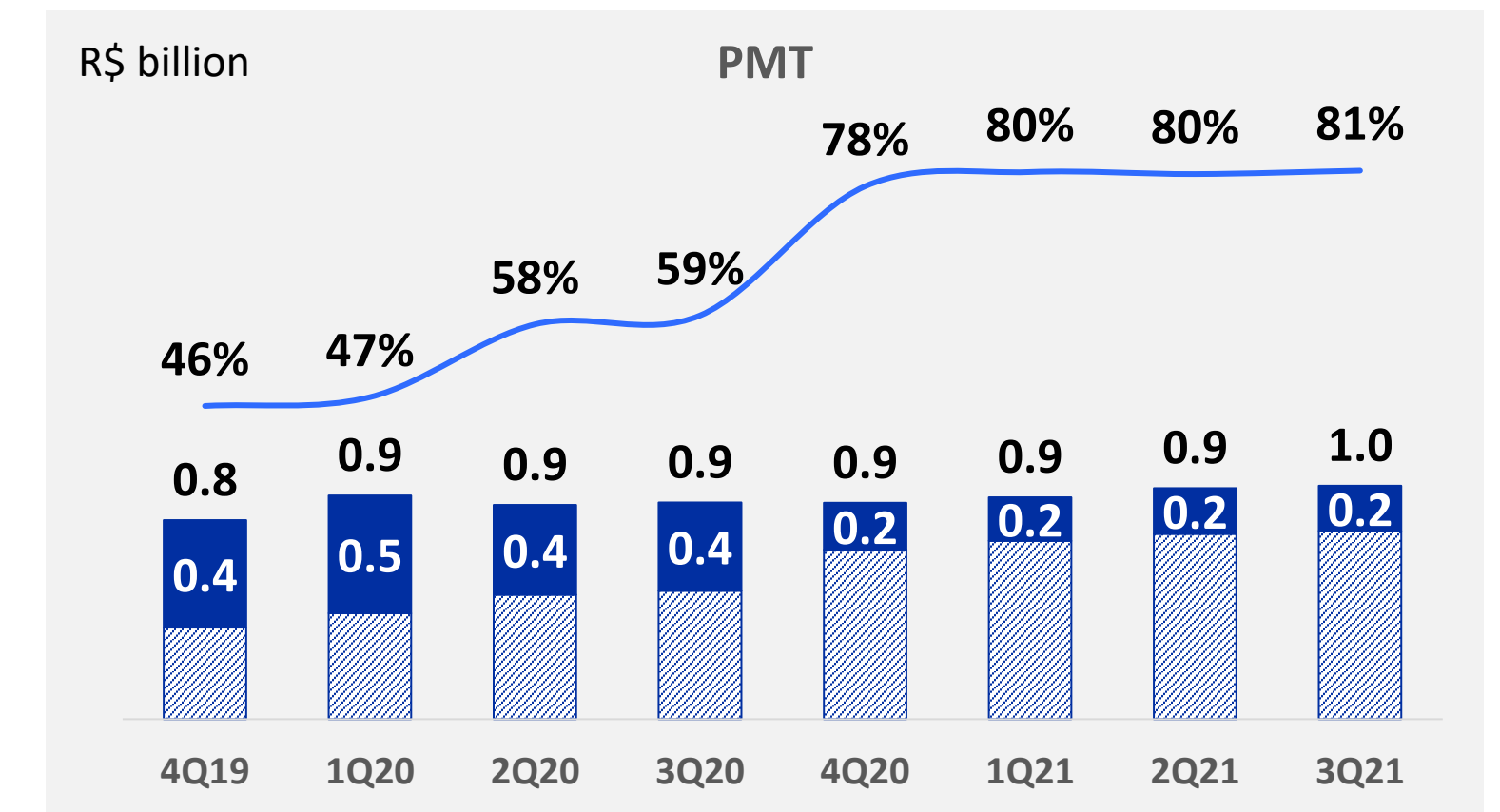
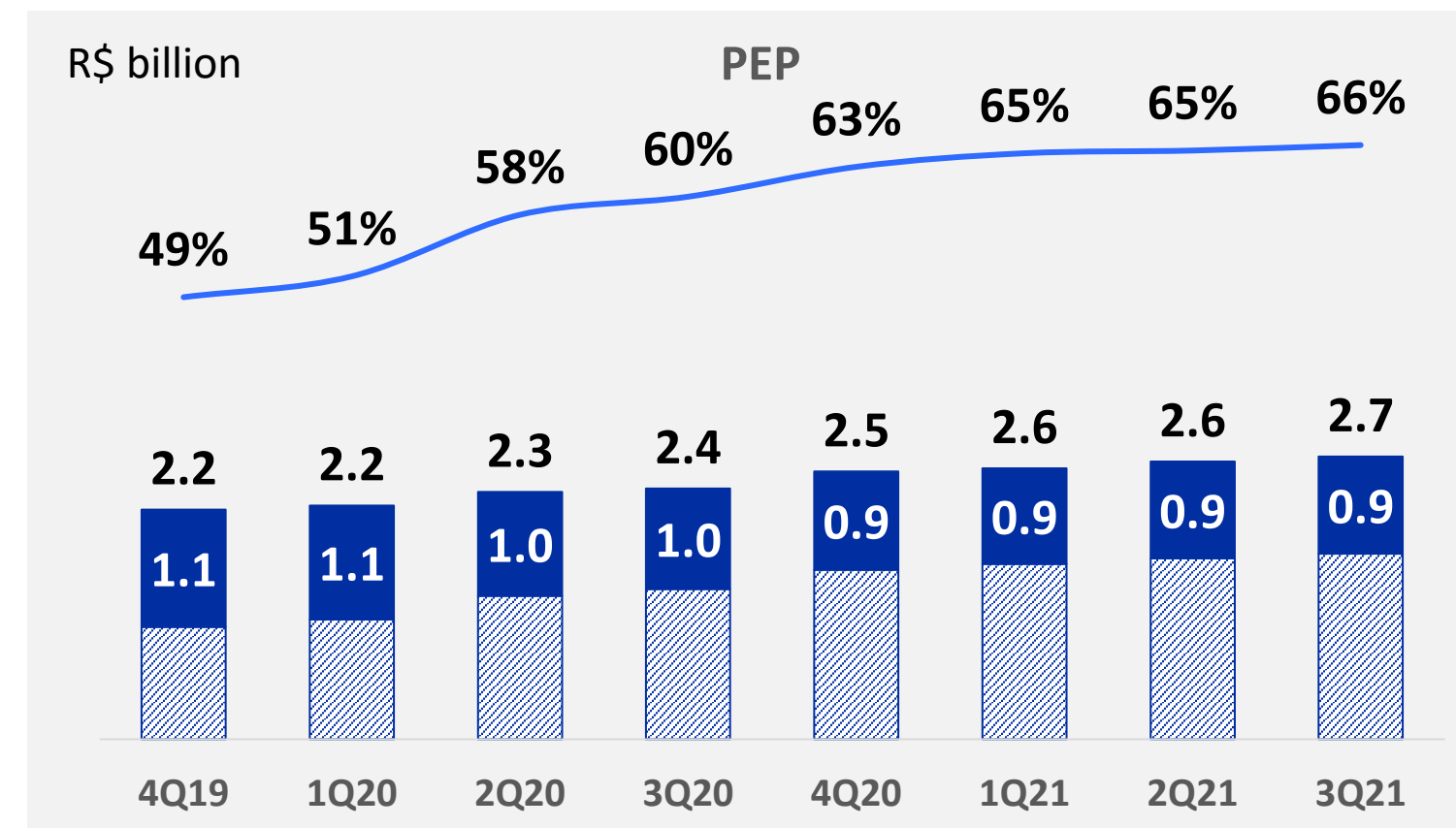
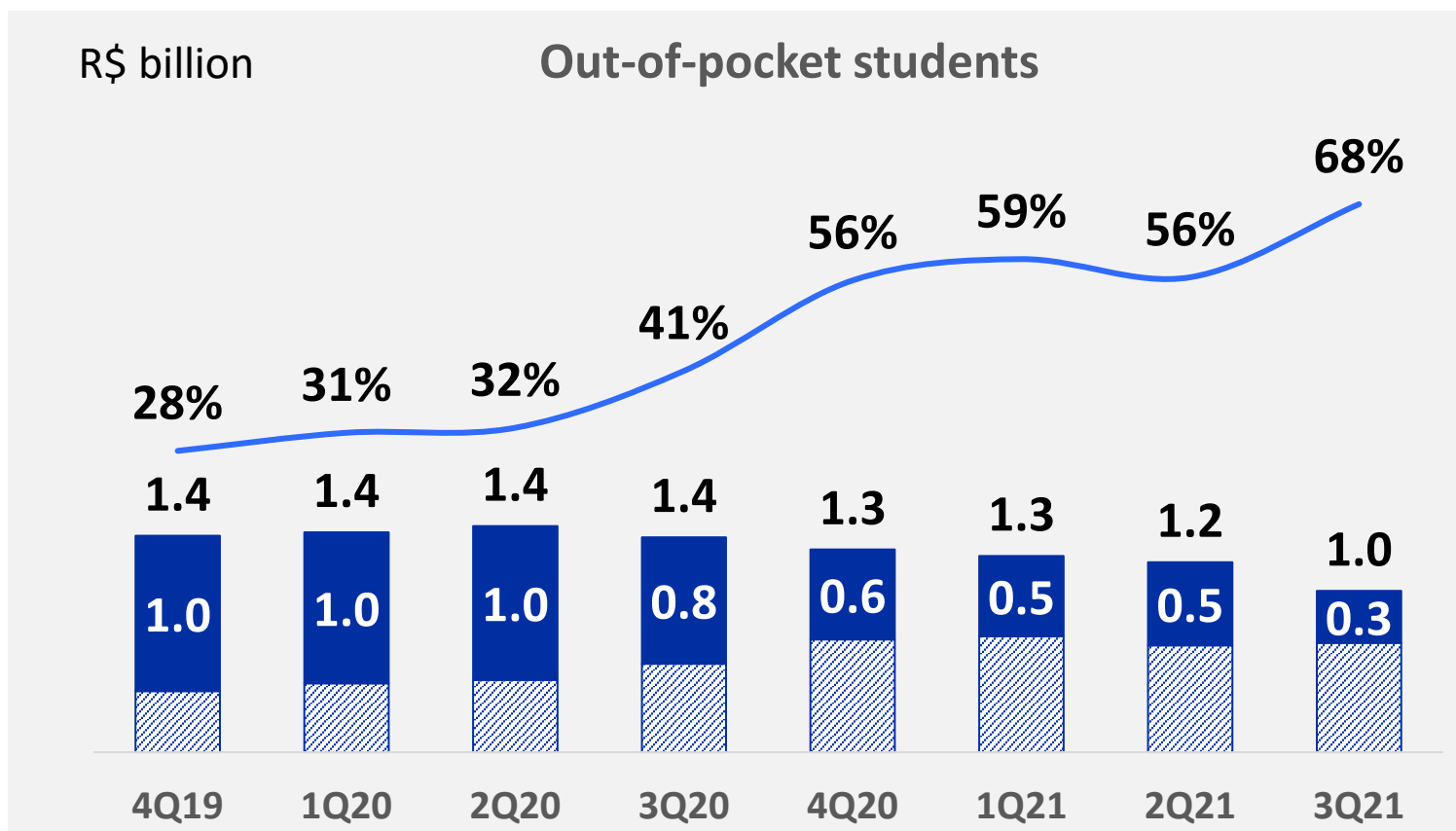
Solid balance sheet and healthy accounts receivable

Kroton – Working capital management and Accounts Receivable (undergraduate)



- Student's engagement monitoring, **preventing dropouts and recognizing it faster during the semester**, avoiding construction of accounts receivable with low quality and unengaged students
- **New predictive provisioning model** improved with an internationally renowned external consultancy with an 88% efficiency
- **On-time payment discount offered** strongly improving timely payments
- **Additional provision in 4Q20**, reflecting the expected pandemic impact
- **Termination of PEP program for new students** as from 21.1
- **Change in PMT program**: payment during the course versus in the end of the course improves the quality of accounts receivable and cash flow expectations

Accounts Receivable opening¹



¹ FIES doesn't included

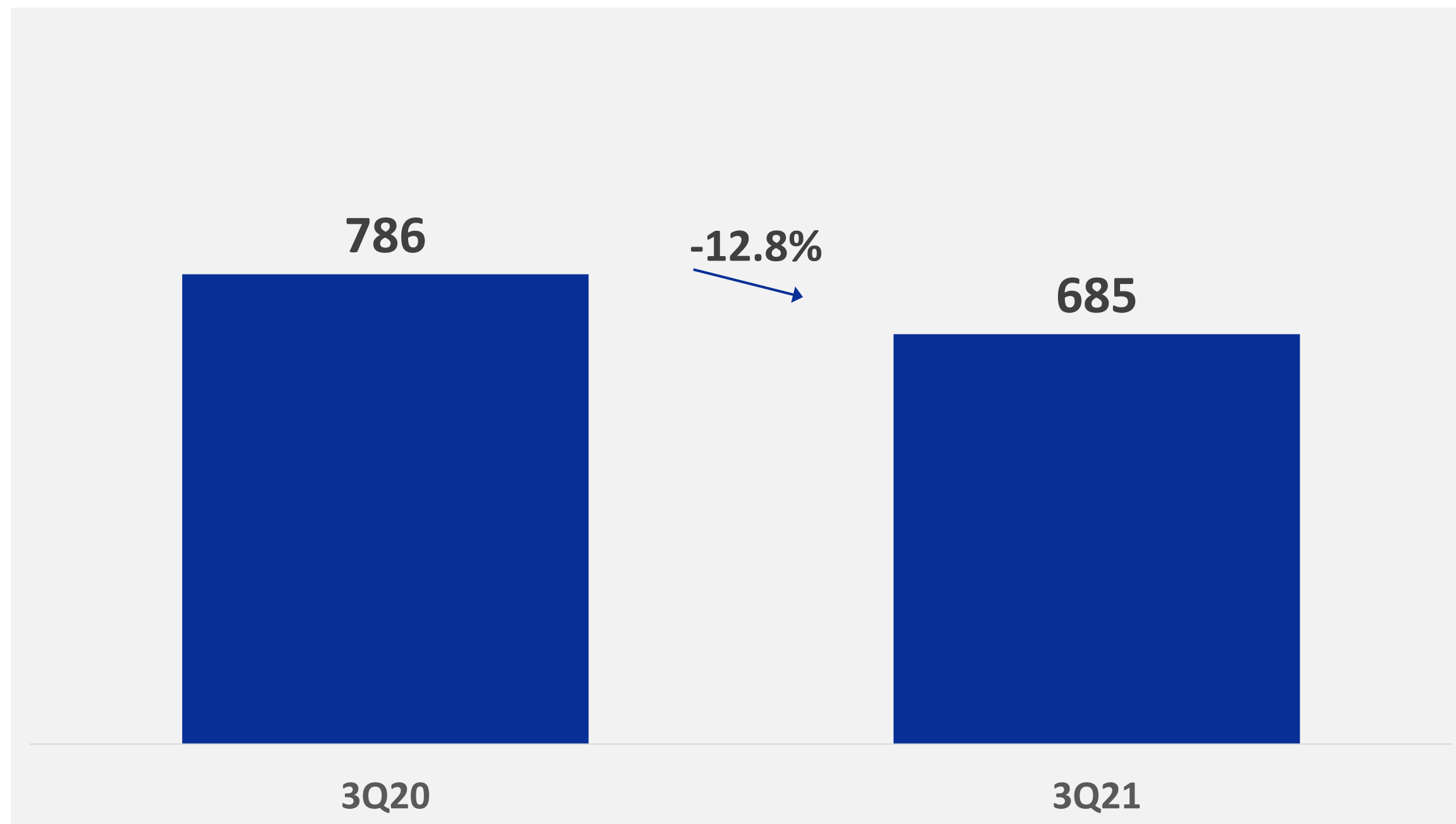
▨ PCLD ▣ Net Accounts Receivable — Coverage ratio

Working capital management measures and timely payments increase generates solid accounts receivable, with high coverage ratio

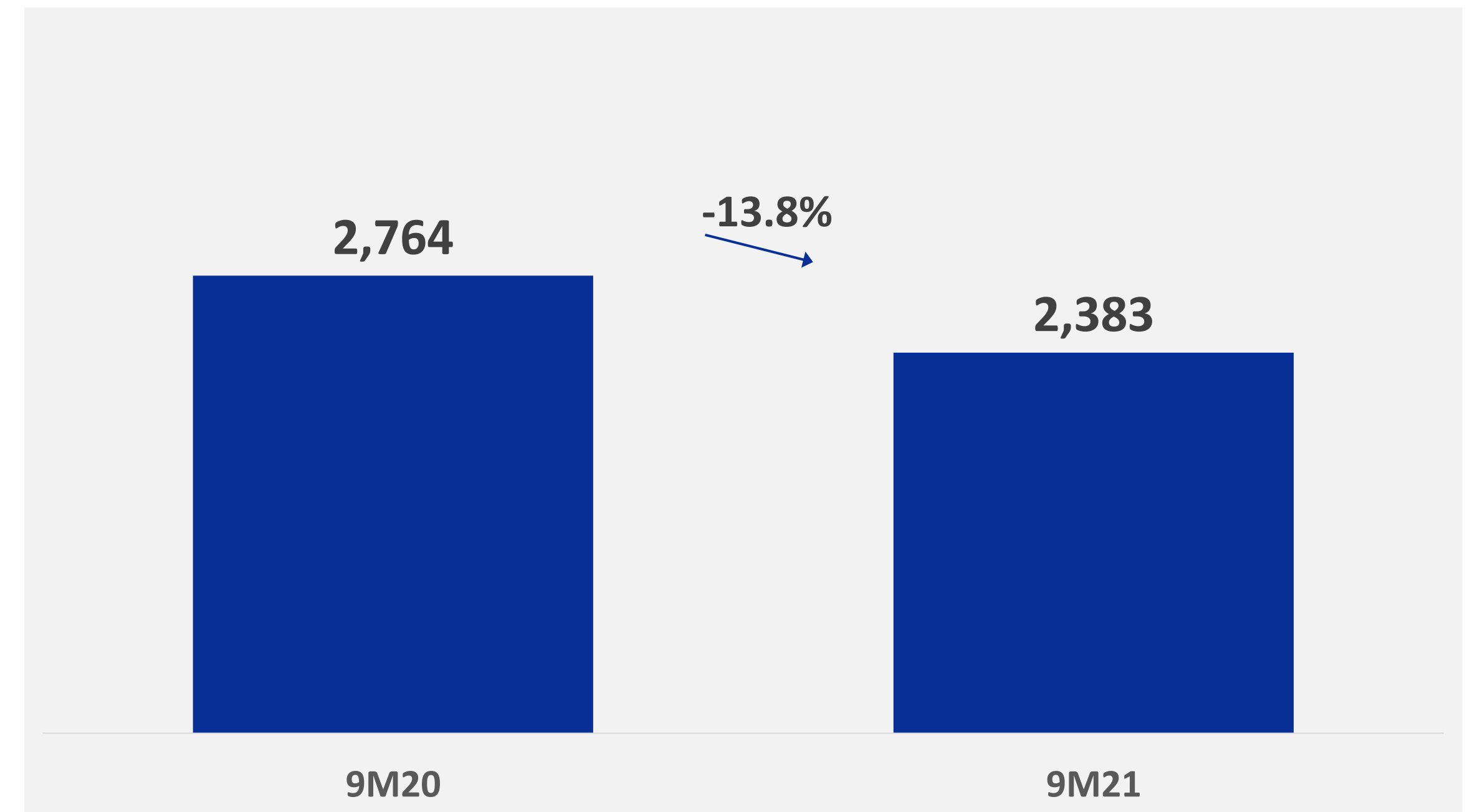
Kroton – Net Revenue

- Net revenue decreased due to the reduction in student base, which has decreased 26.6% in revenue, partially offset by the increase of 17.0% in the Distance Learning revenue, obtained with the **growth of the digital education student base in the period**

Net Revenue (R\$ million) – 3Q



Net Revenue (R\$ million) – 9M

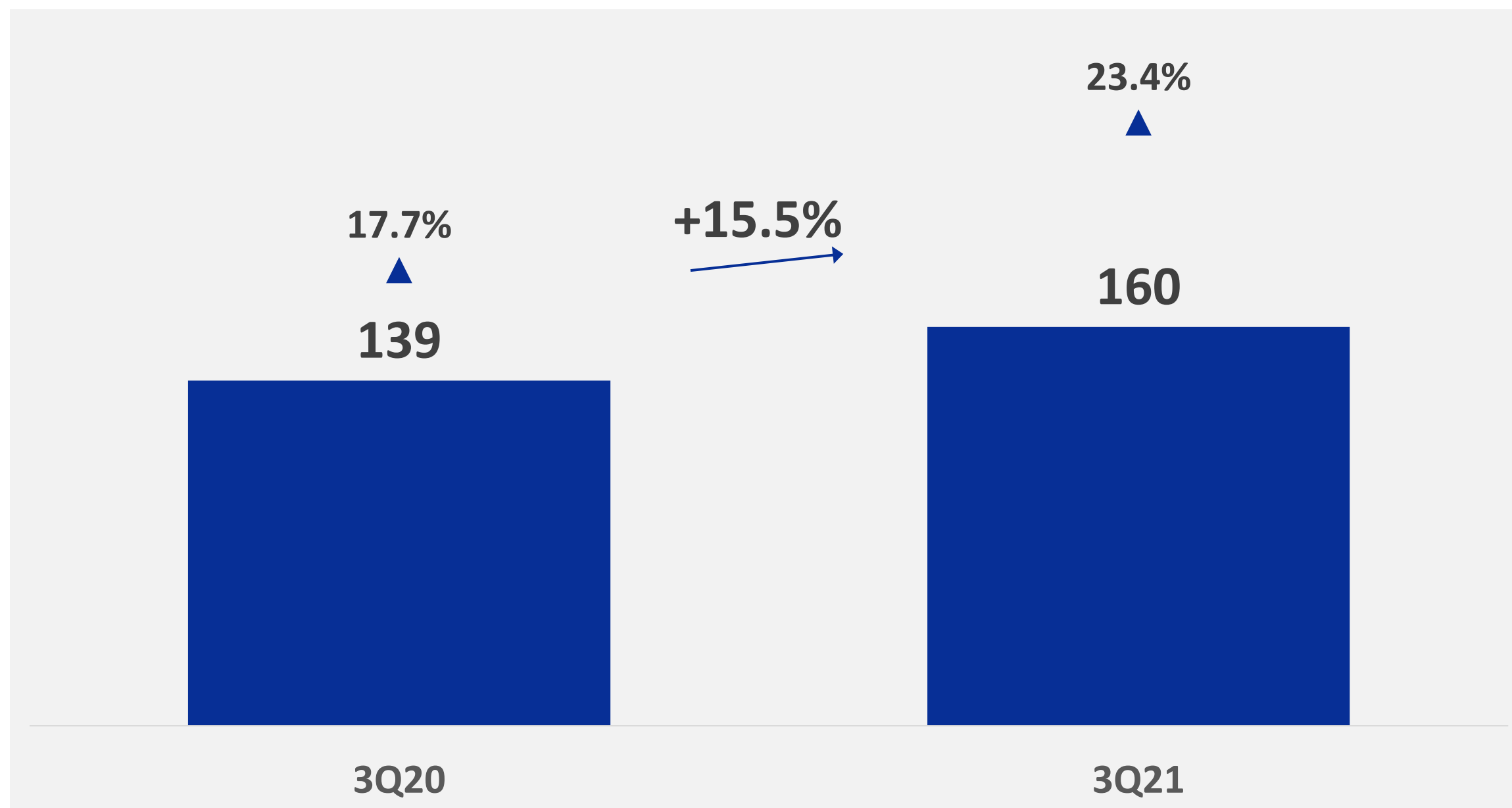


The change in the student mix from On-campus courses to Hybrid/Digital courses decreases total revenues, the change reflects in higher margins and cash generation

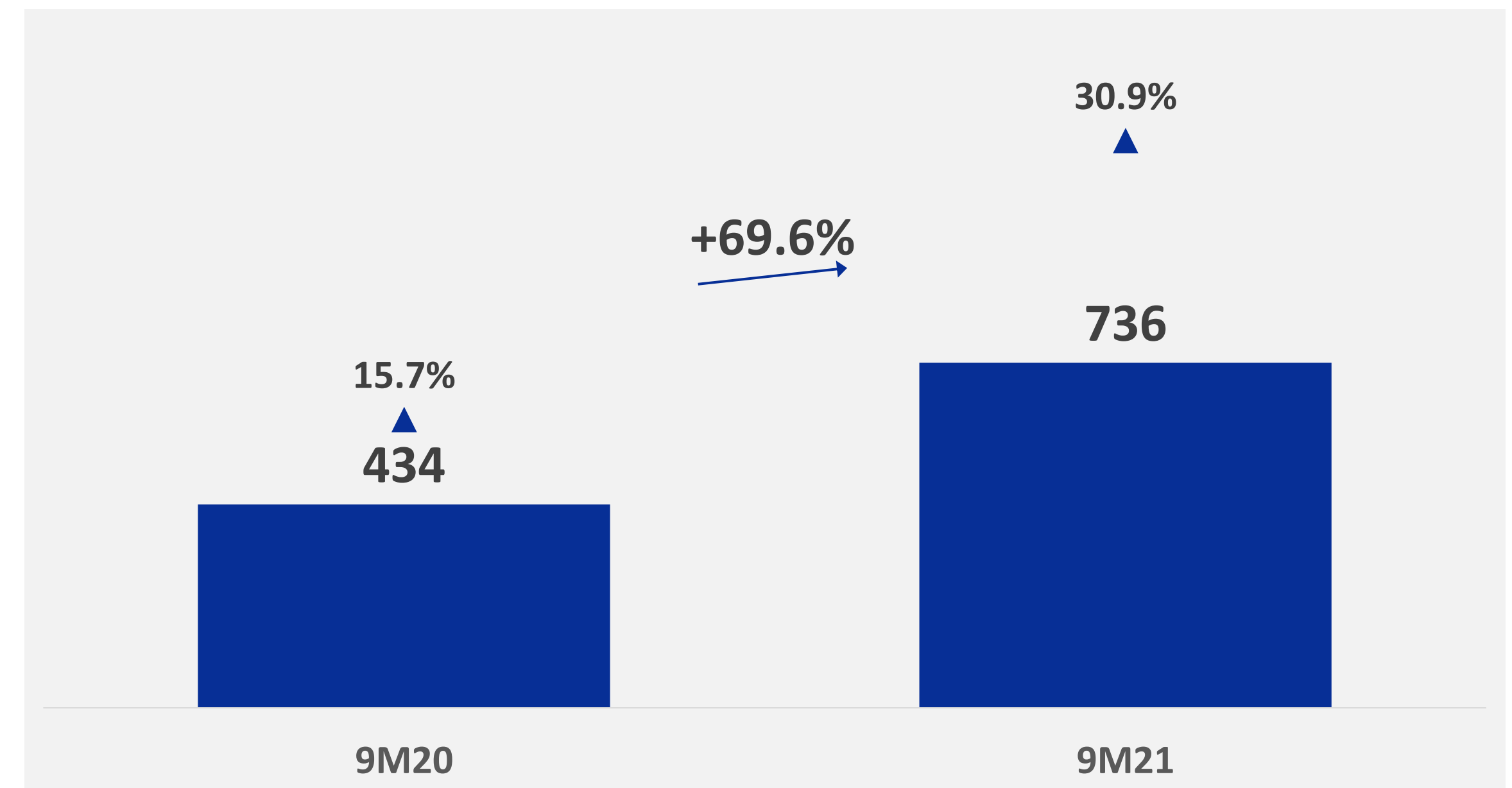
Kroton – Recurring EBITDA

- **Recurring EBITDA increased R\$ 302 million in 9M21** due to the restructuring of operations, improvements in timely payments with consequent reduction of PDA, marketing strategy review and corporative expenses reduction
- **Marketing expenses reduction of 45.7% and corporate expenses of 25.6% in 3Q21**

Recurring EBITDA (R\$ million) and EBITDA Margin



Recurring EBITDA (R\$ million) and EBITDA Margin

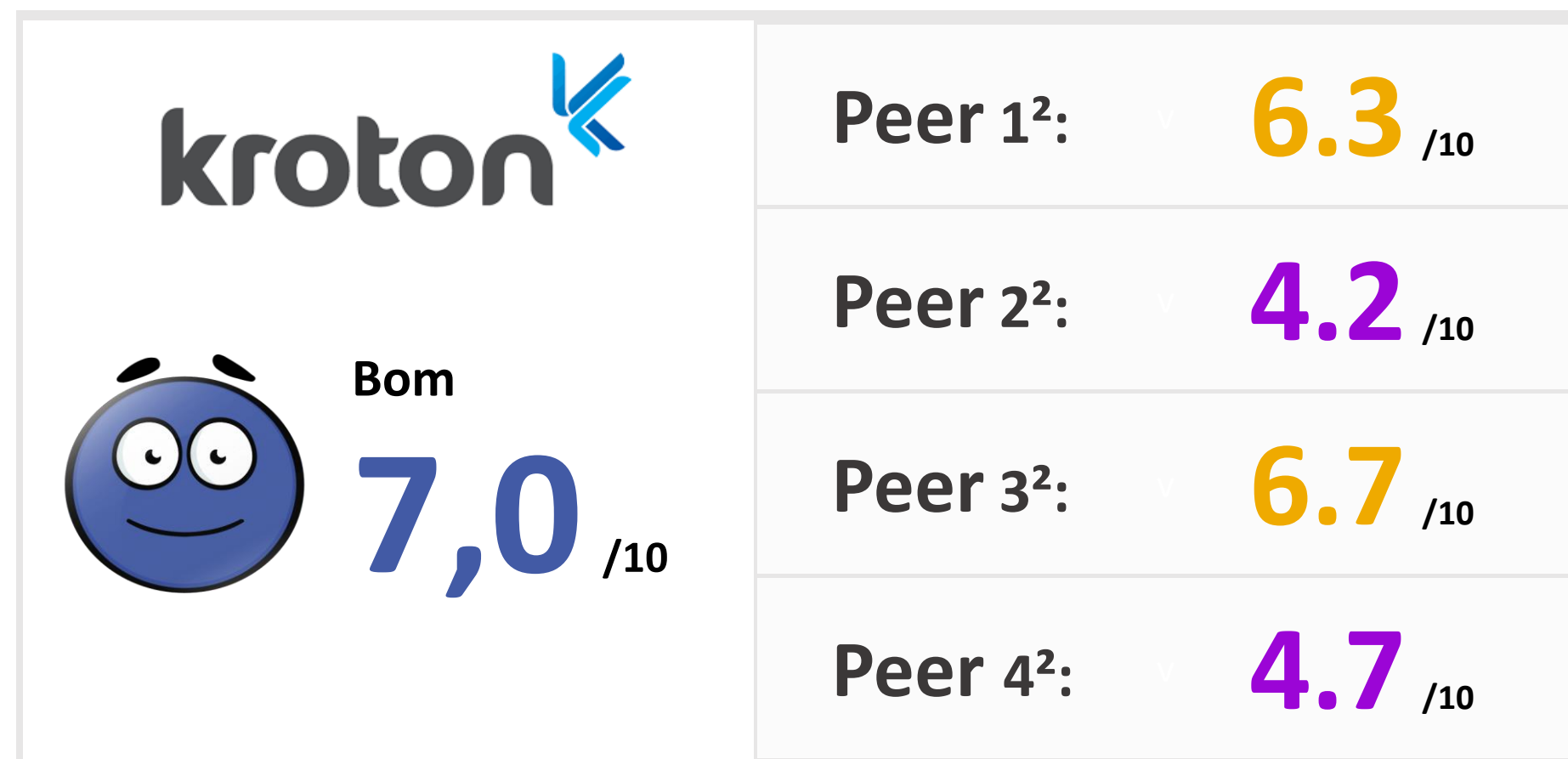


EBITDA increase of 70% in 9M21 showing that the digitalization strategy creates value

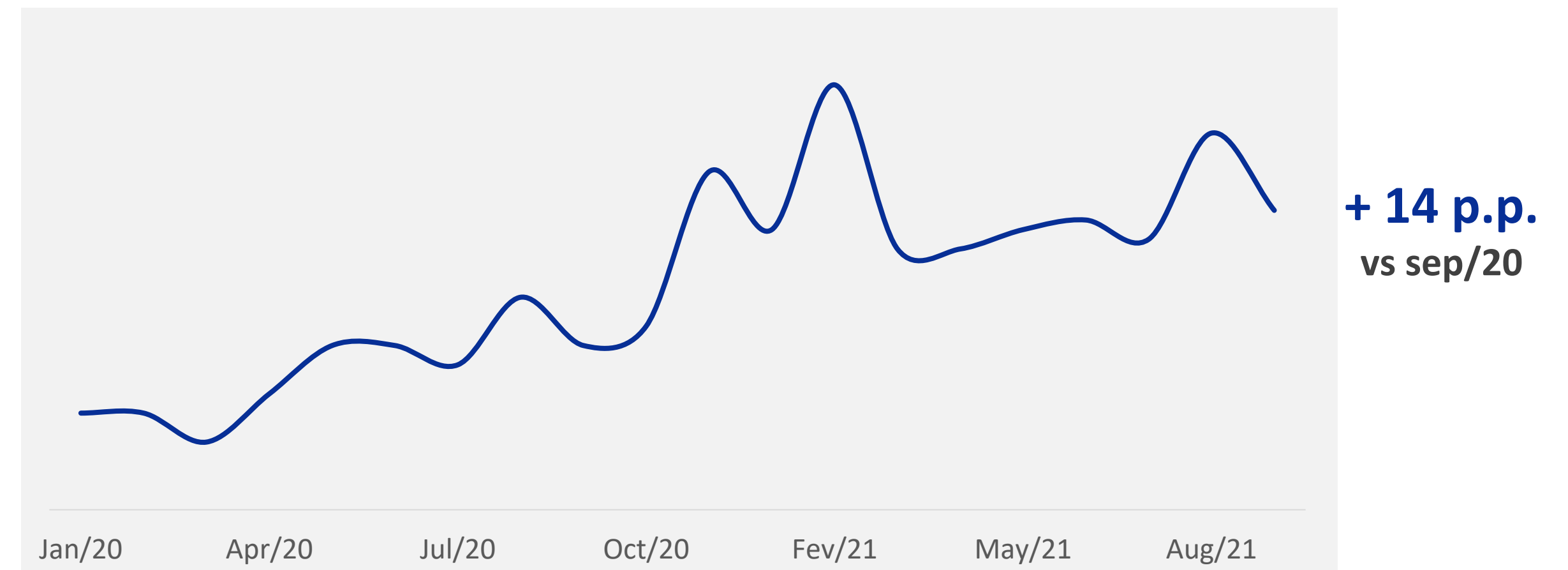
Kroton – Customer Centricity

- Since the beginning of digital transformation process, we’ve adopted an operation model that puts the **student in the center of our decisions**, increasing significantly our customer experience. Two indicators show the improvement in our services:
 - **Increase in Net Promoter Score (NPS) of 14 p.p.** of undergraduate students in the past 12 months
 - **The best score among listed companies** in the higher education segment in *Reclame Aqui* portal (sep/21)
- We are promoting an ambitious technological transformation program (**Kroton transformation Program - PTK**) that will improve significantly the student’s intake, academic, administrative and financial journey

Score on *Reclame Aqui* portal (September/21)



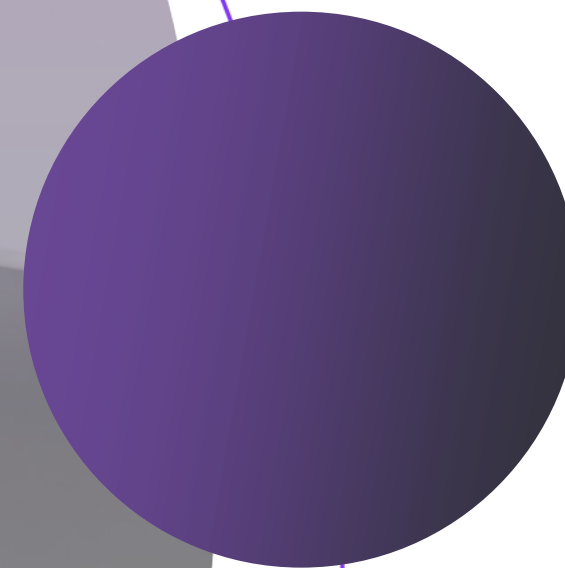
NPS¹ evolution



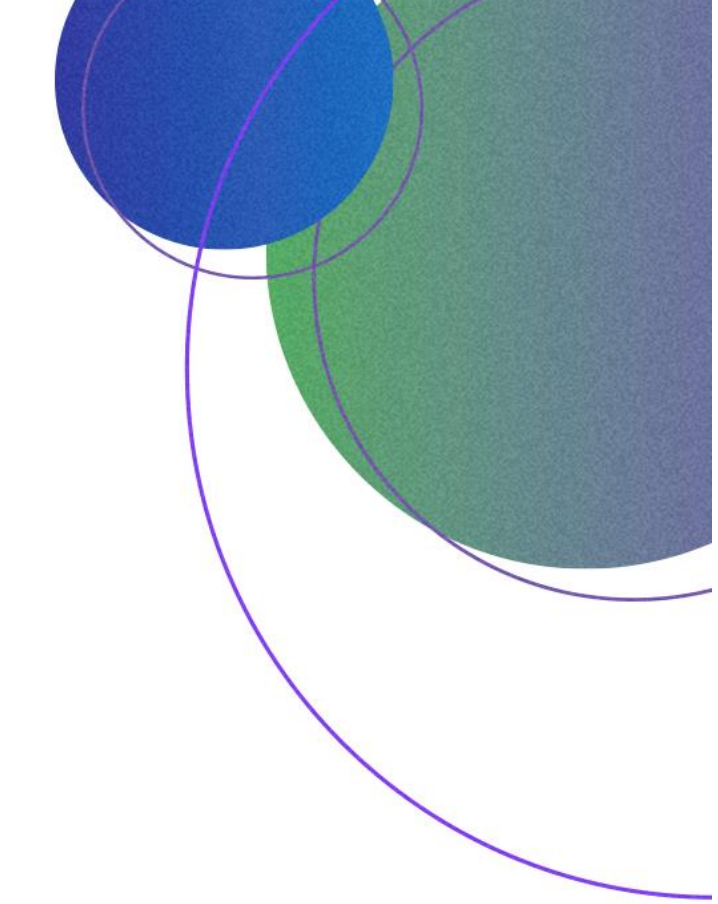
¹ In November 2020, the NPS was not measured due to the prioritization of other metrics in this month

² Listed companies

Increase of NPS and Reclame Aqui score among listed companies in the higher education industry



Vasta



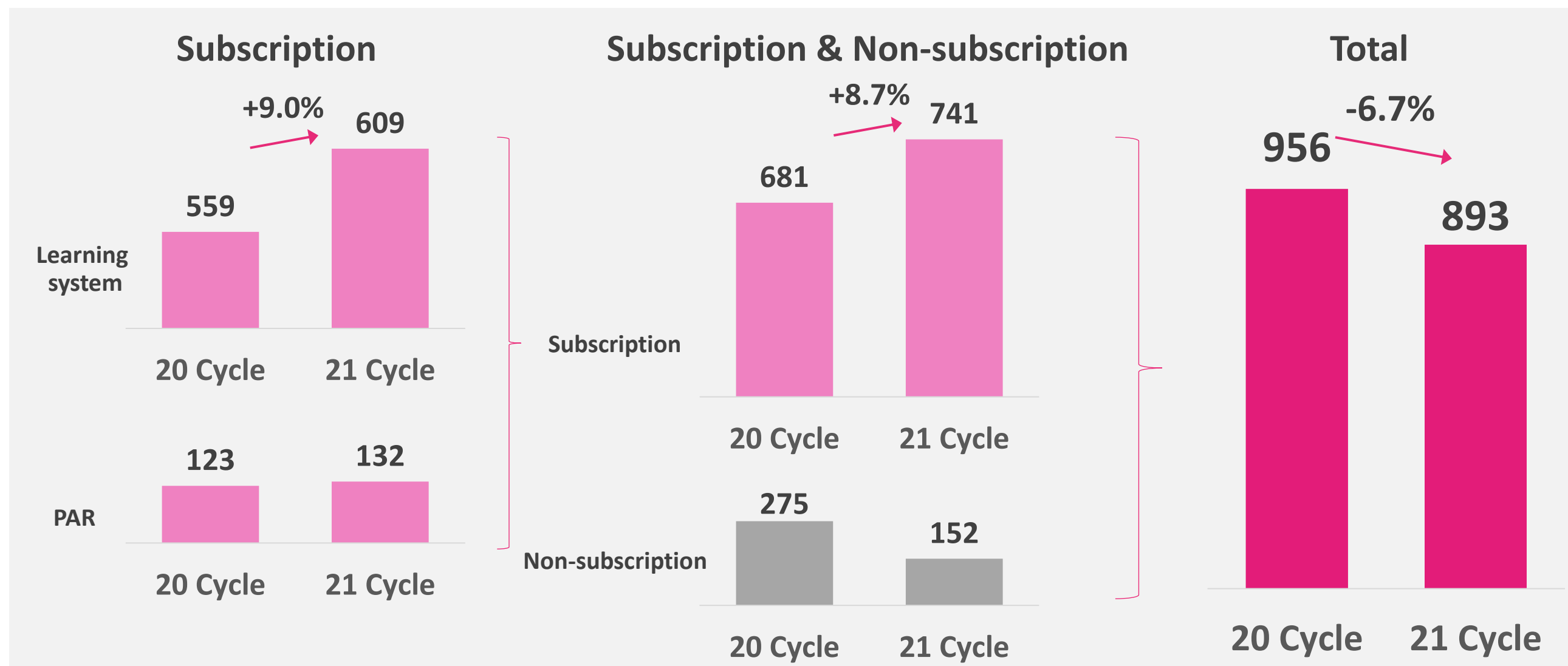
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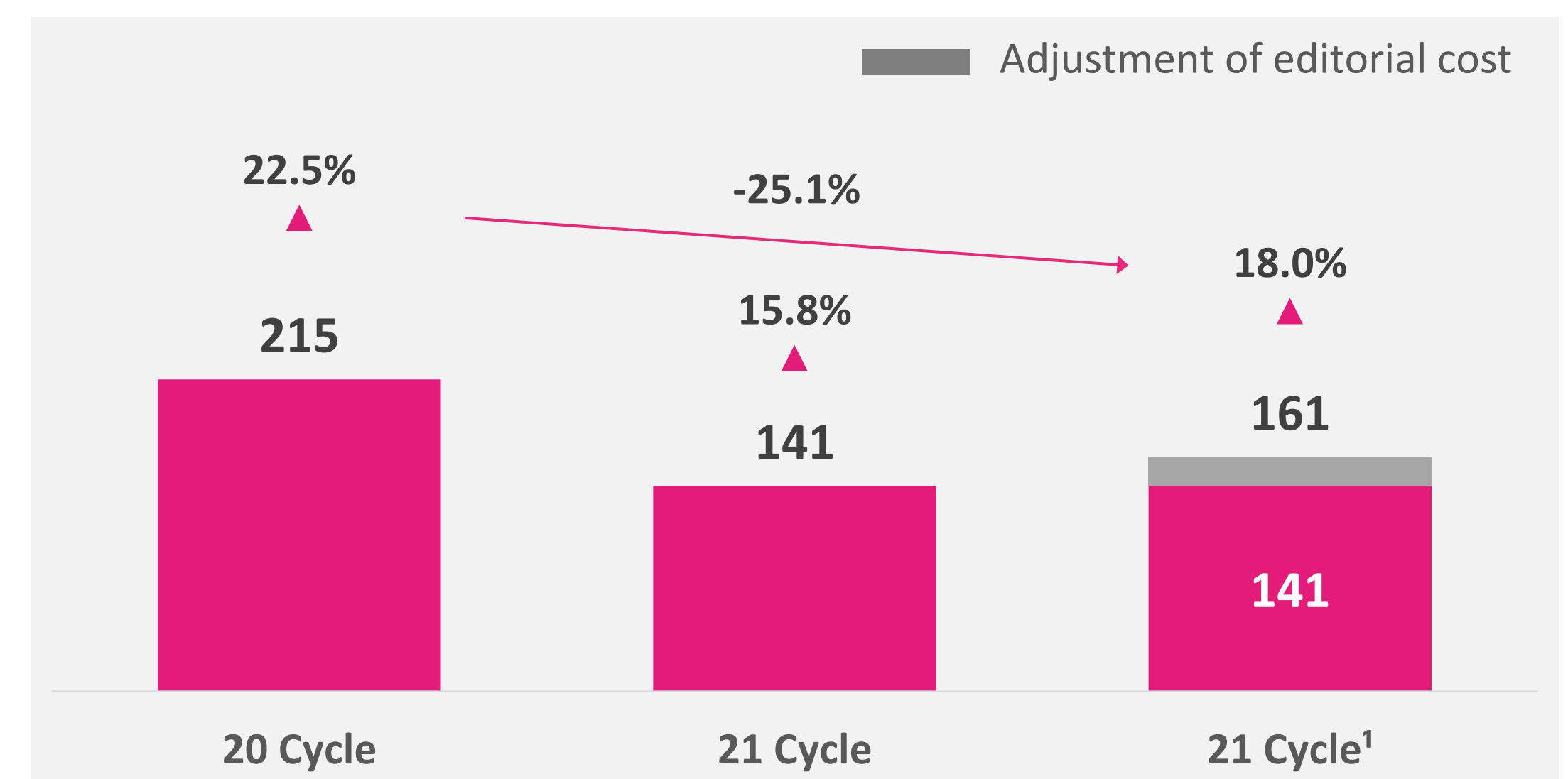
Vasta – Operating Results

- Net revenue decrease of 6.7%, despite **subscription revenue increase (including PAR) of 8.7%**, with subscription ex-PAR (traditional education system and complementary solutions), increasing R\$ 51 million or 9.0%
- Non-subscription more impacted by the reuse of textbooks, leading to a reduction of total revenue
- Disregarding the one-off adjustment of editorial costs of R\$ 20 million in 3Q21, the Recurring EBITDA margin in 2021 cycle reached 18%, 25% worse than 2020 cycle due to the impacts of the pandemic

Net Revenue (R\$ million)



Recurring EBITDA (R\$ million) and EBITDA margin



Despite the strong impact of the pandemic, the commercial cycle of 2021 ends with growth in all subscription products, aligned with the strategy to become the company mostly of subscription

¹ write-off of editorial costs

Vasta – M&A track-record

- Approval, without restrictions, by Administrative Council for Economic Defense (CADE) of the acquisition of Eleva platform on October 22, 2021
- Along with the acquisition both parties signed an exclusivity agreement for Vasta to be the sole provider of learning systems to all K-12 schools held by Eleva¹
- The execution of integration is happening as planned, with all fronts concluded one day ahead of schedule
- Five acquisitions announced since the IPO, in the last 12 months
- M&A Pipeline stills robust. We are engaged in other transactions, in different stages

Five acquisitions in the last 12 months

Nov/21 Mar/21 May/21 Aug/21 Oct/21



SEL



The execution of integration is happening as planned

Integration planning with clean team

Feb – Oct

CADE approval

Oct 22

Closing

Oct 29

Integration

Milestones:

Definition of the new organizational structure ✓

Integration of editorial and digital content teams ✓

Onboarding of Eleva schools and students in Plurall

Integration of front-office teams for 2022 GTM

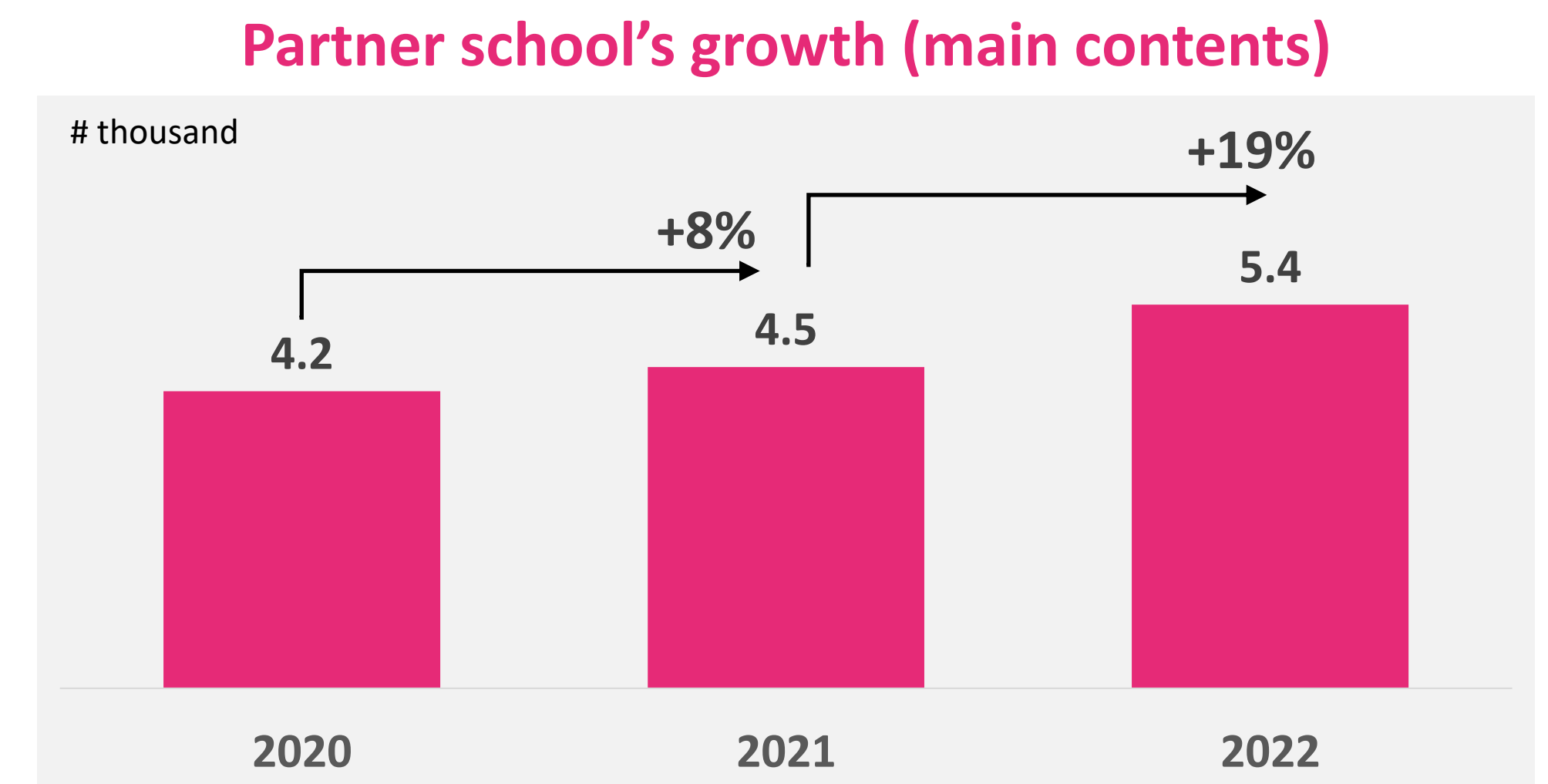
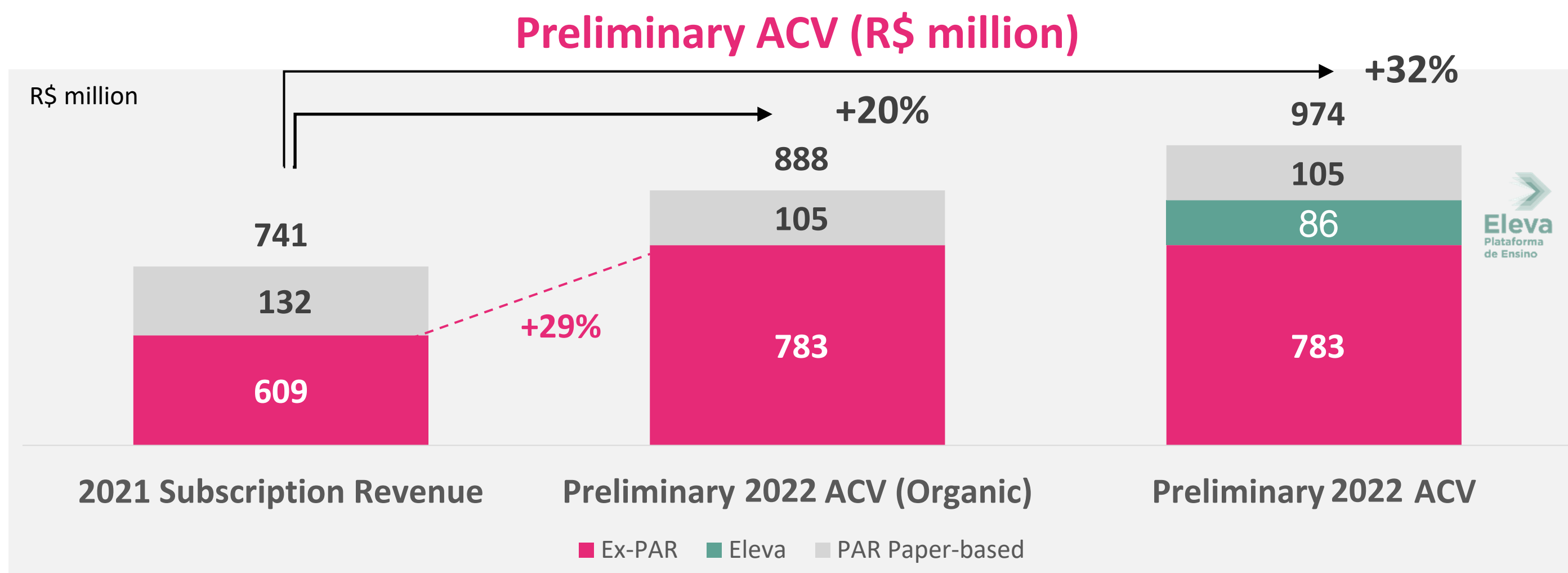
Back-office integration

The acquisitions of the last 12 months are aligned with our IPO commitment

¹ except Globais schools

Vasta – Crescimento de ACV

- **Until 3Q21, ACV increased 32%** (R\$ 974 million), being **20% of organic growth** (R\$ 888 million) and **12% of inorganic growth** (acquisitions)
- **ACV will keep growing** in the next weeks until the end of commercial campaign
- Excluding Paper-based PAR, **organic growth of 29%** with almost 100% of the new revenue coming from traditional learning system, complementary solutions or the new platform for textbooks (PAR as a service)
- On ACV projections, the 2021 dropout students from our partner schools were not considered. If they return, the numbers **might show an upside**
- We are expecting a slight decrease in non-subscription revenue (which has been losing share in Vasta’s total revenue over time), but given its representativeness, it won’t pressure the **strong revenue growth expected to 2022 cycle**

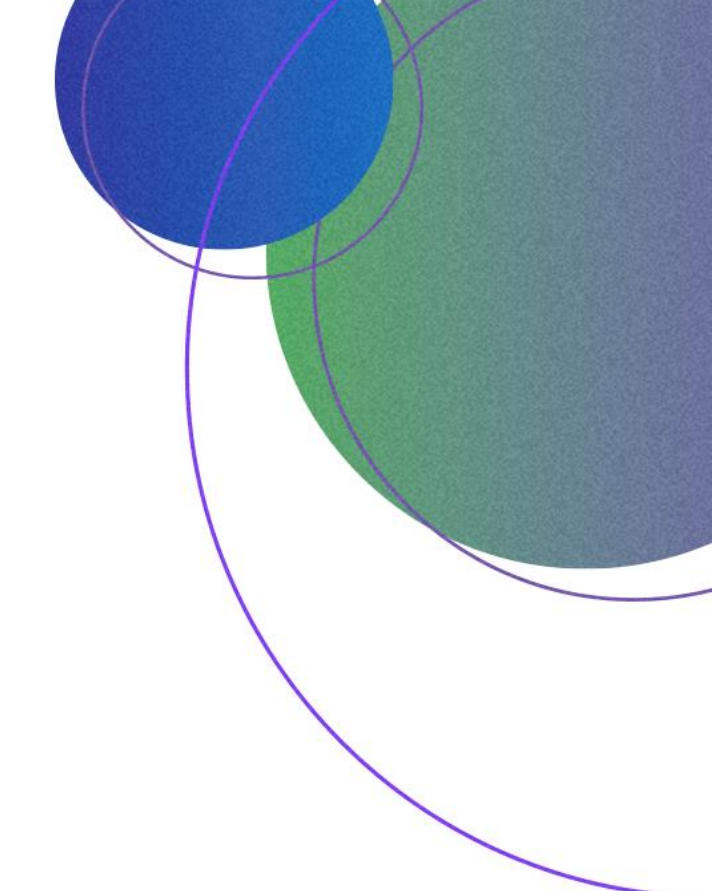


2022 ACV increased 32% versus subscription revenue of the trade cycle 2021, being 20% of organic growth



Saber

November 2021

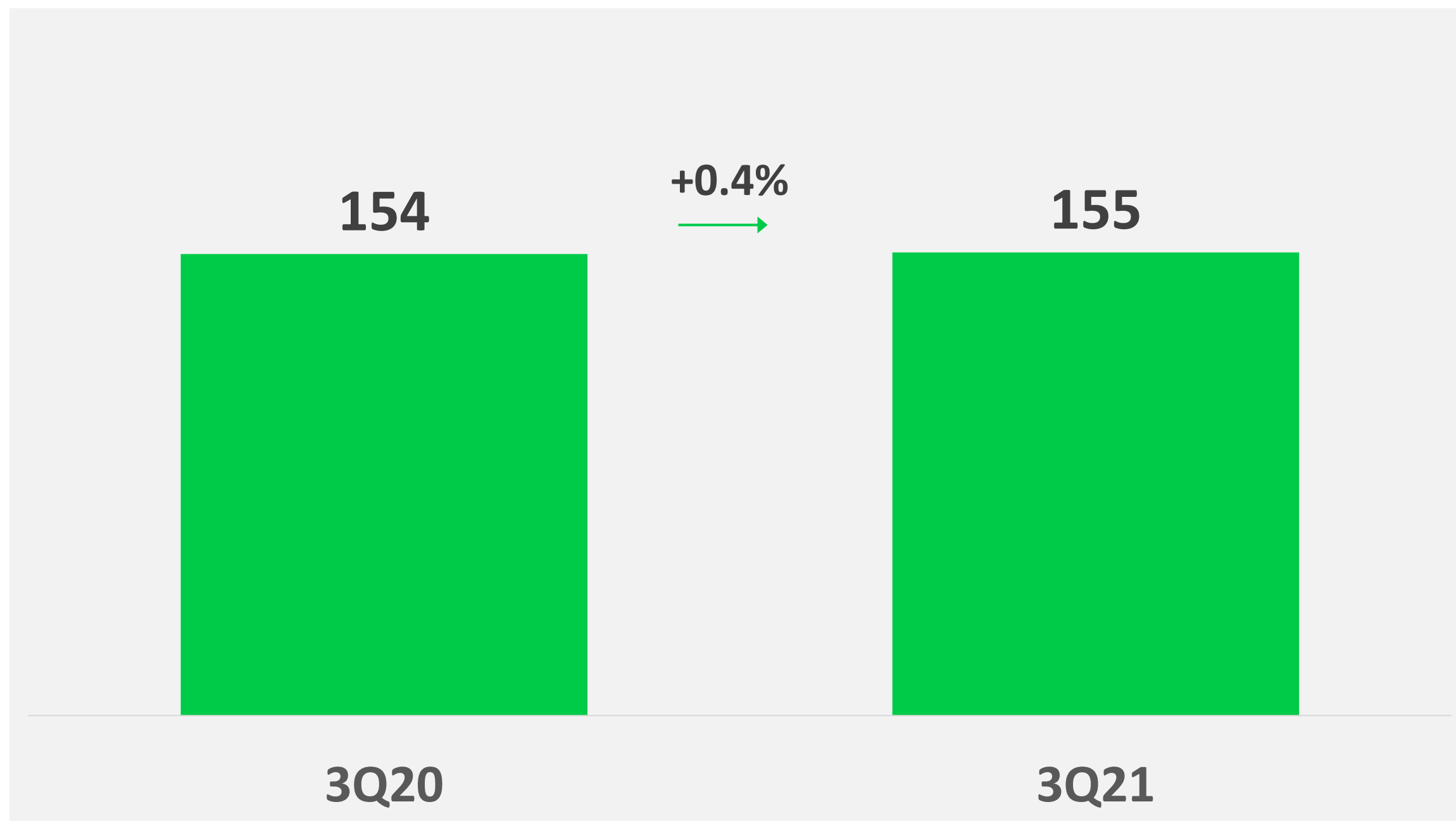




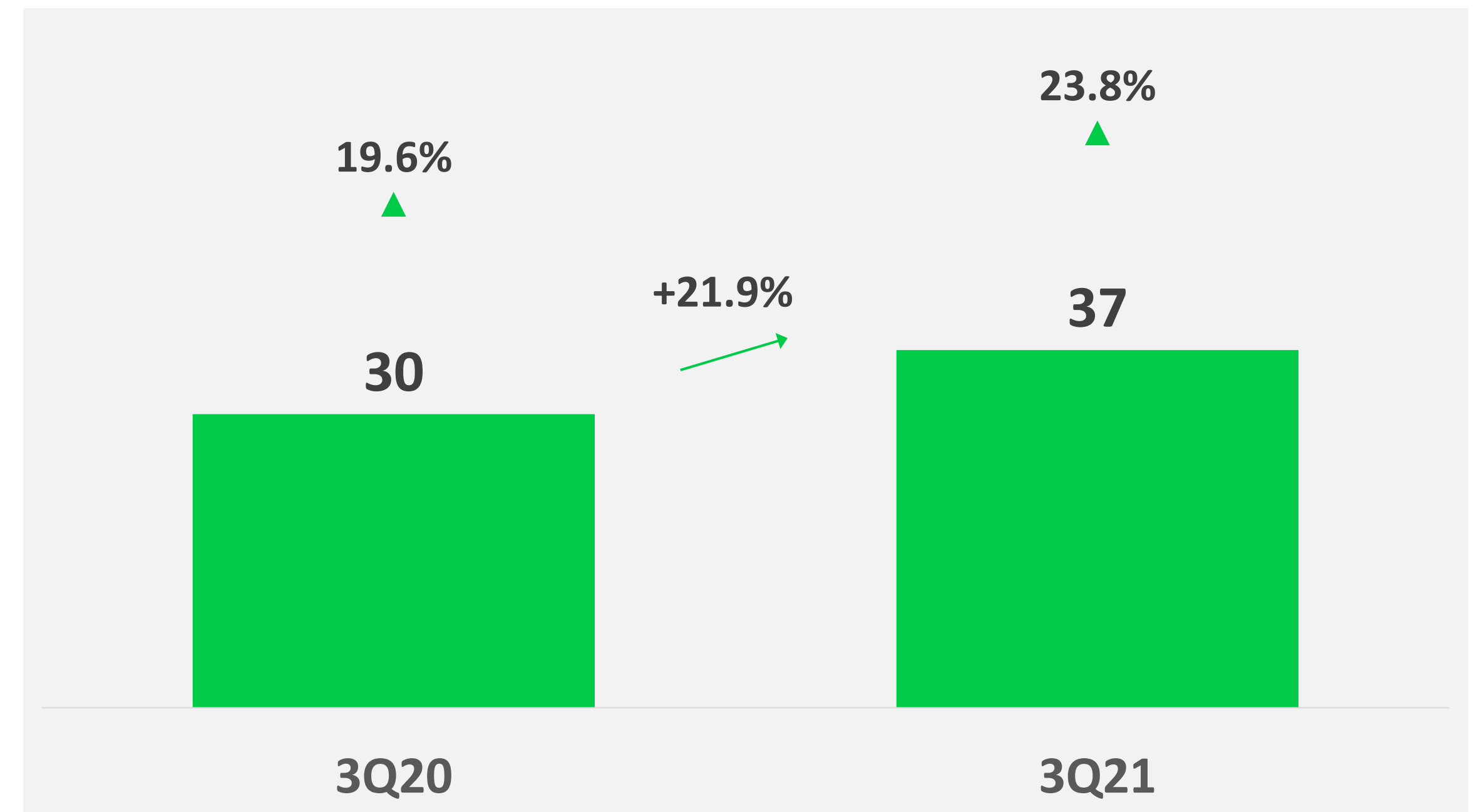
Saber – Operating Results

- Despite the pandemic impact, **net revenue in line with 3Q20**
- **Recurring EBITDA increased R\$ 7 million** due to payroll and pedagogical support costs reduction and better PDA adjustment

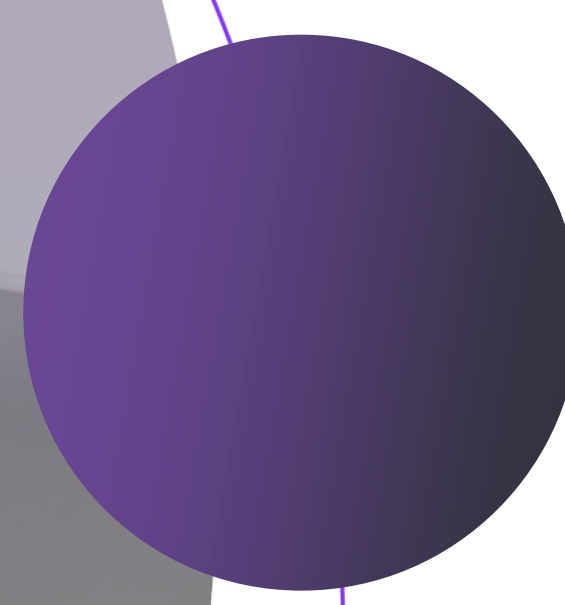
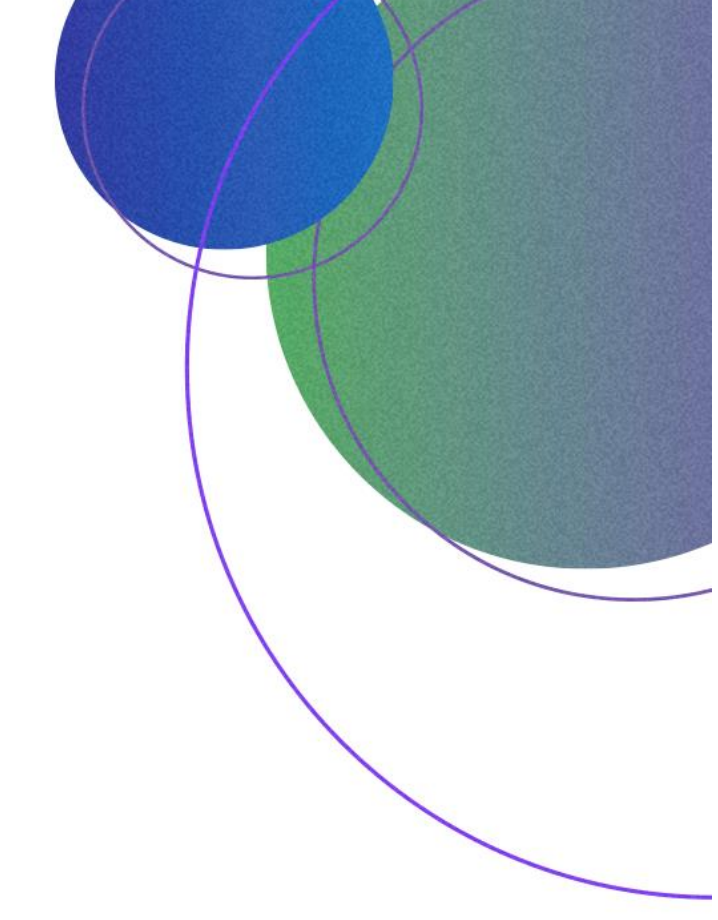
Net Revenue (R\$ million)



Recurring EBITDA (R\$ million) and EBITDA Margin



Performance in line with 3Q21. Completion of selling transaction on 10/29/2021



Other Business

November 2021

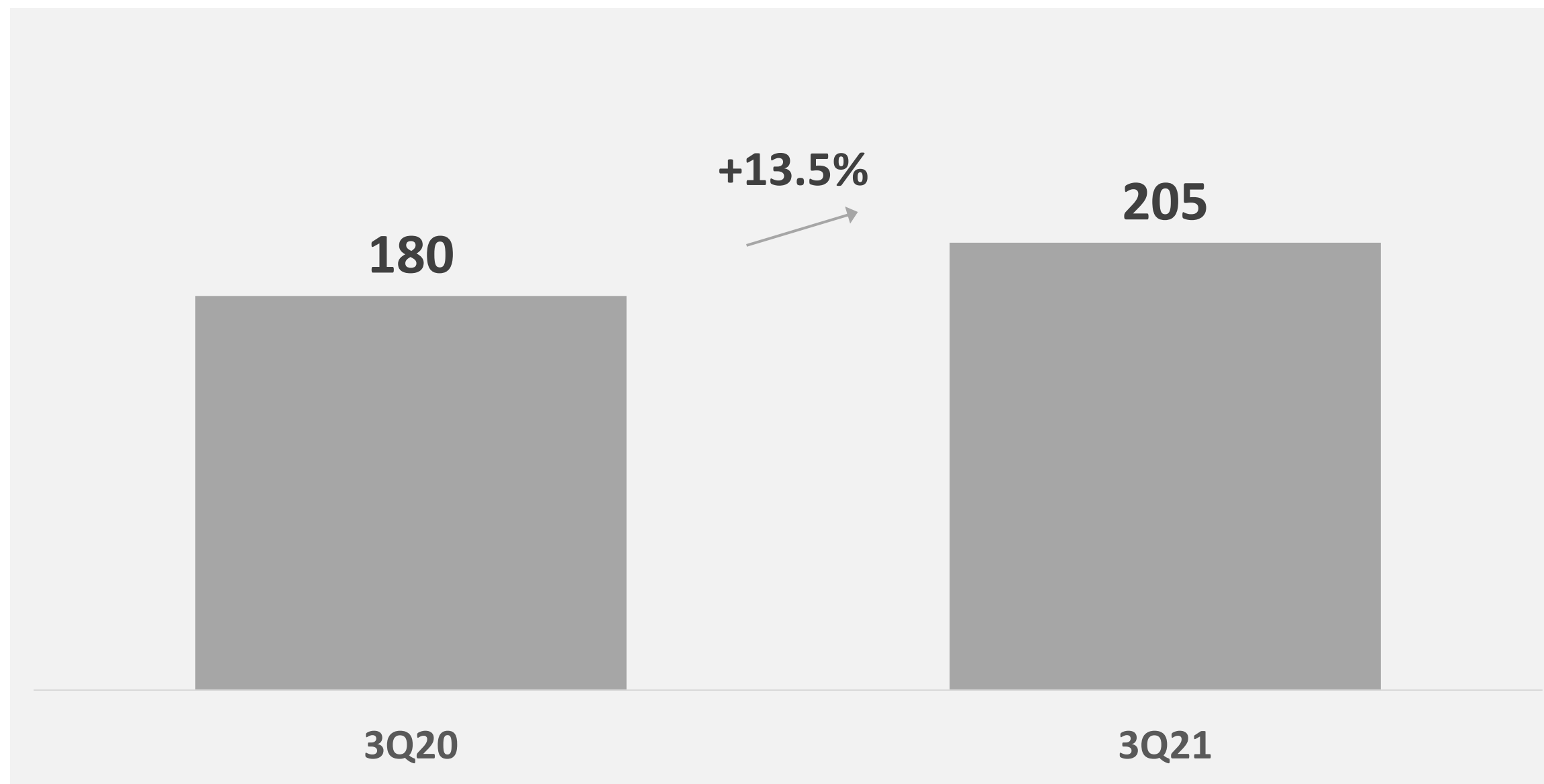




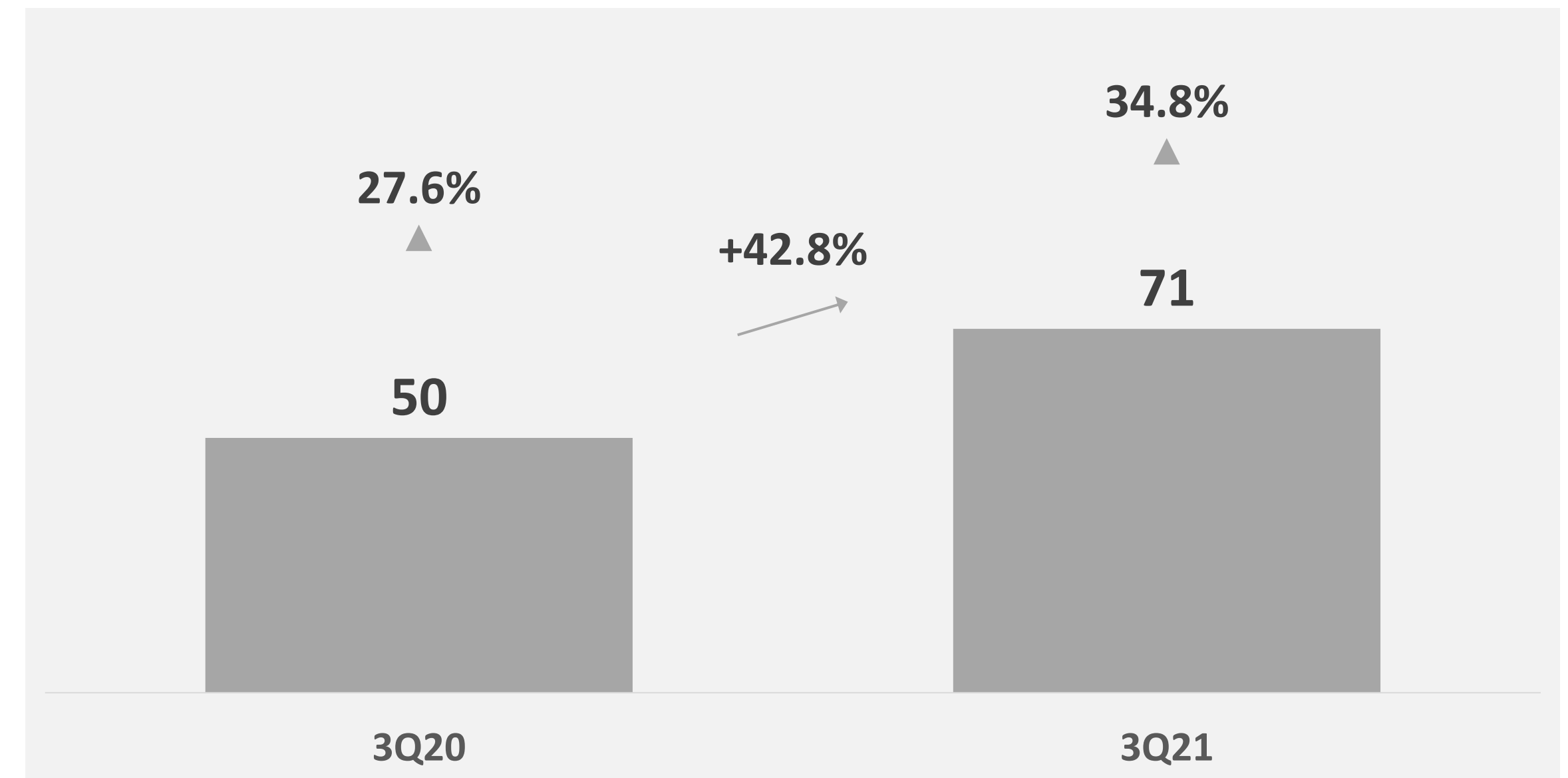
Other Business – Operating Results

- **Net revenue increased R\$25 million (13%)** in 3Q21 led by sales from National Textbook Program (PNLD)
- **Recurring EBITDA reached R\$ 71 million, with a growth of 42.8% versus 3Q20** mainly due to operating leverage and temporary mismatch with cost recording with book marketing materials for schools in 2Q21

Net Revenue (R\$ million)



Recurring EBITDA (R\$ million) and EBITDA Margin

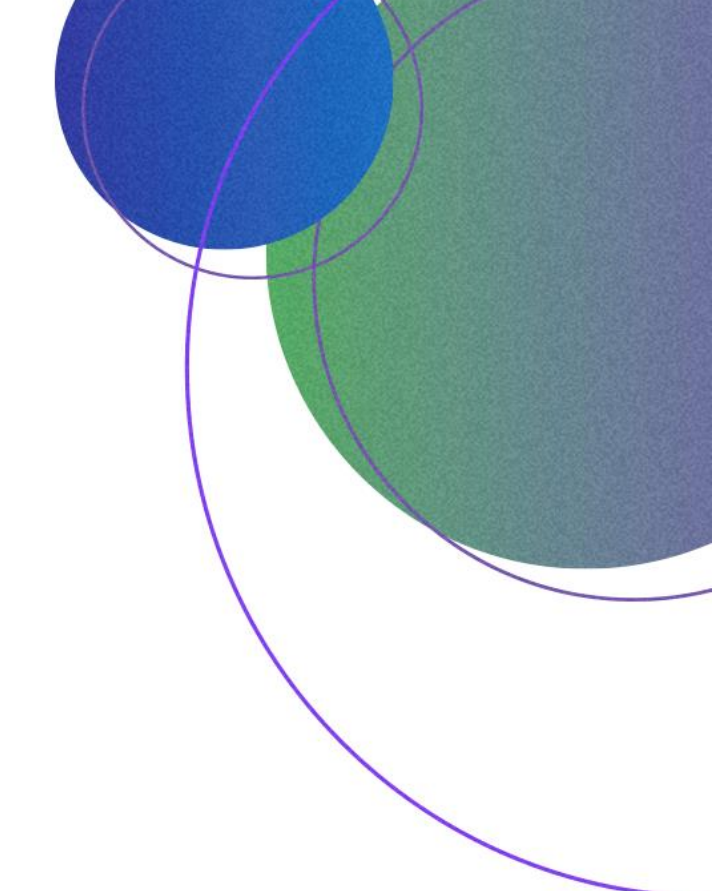


In 2021, PNLD revenue will be concentrated in the second semester (re-purchase of basic education I and II and purchase of basic education and high school)



Cogna

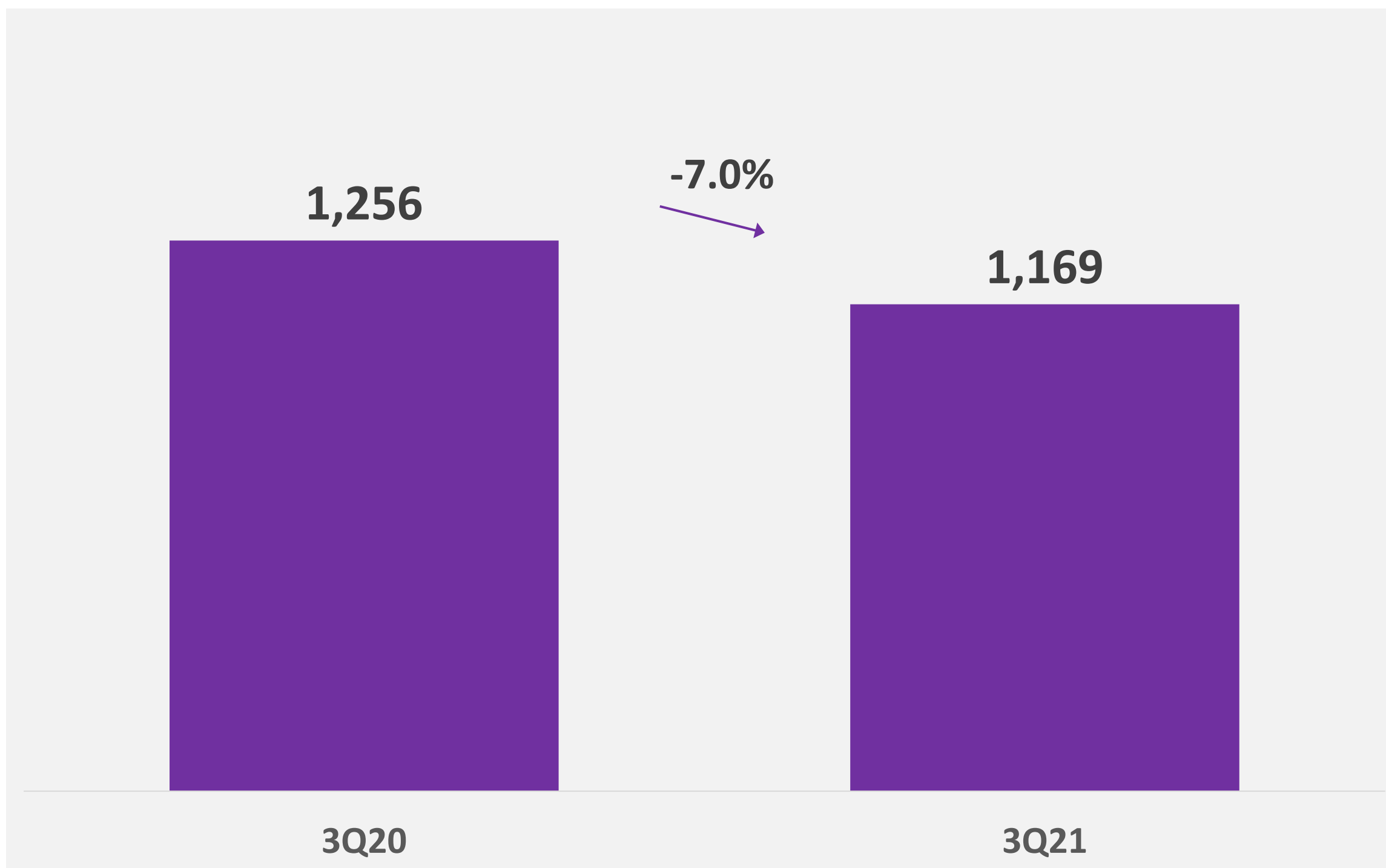
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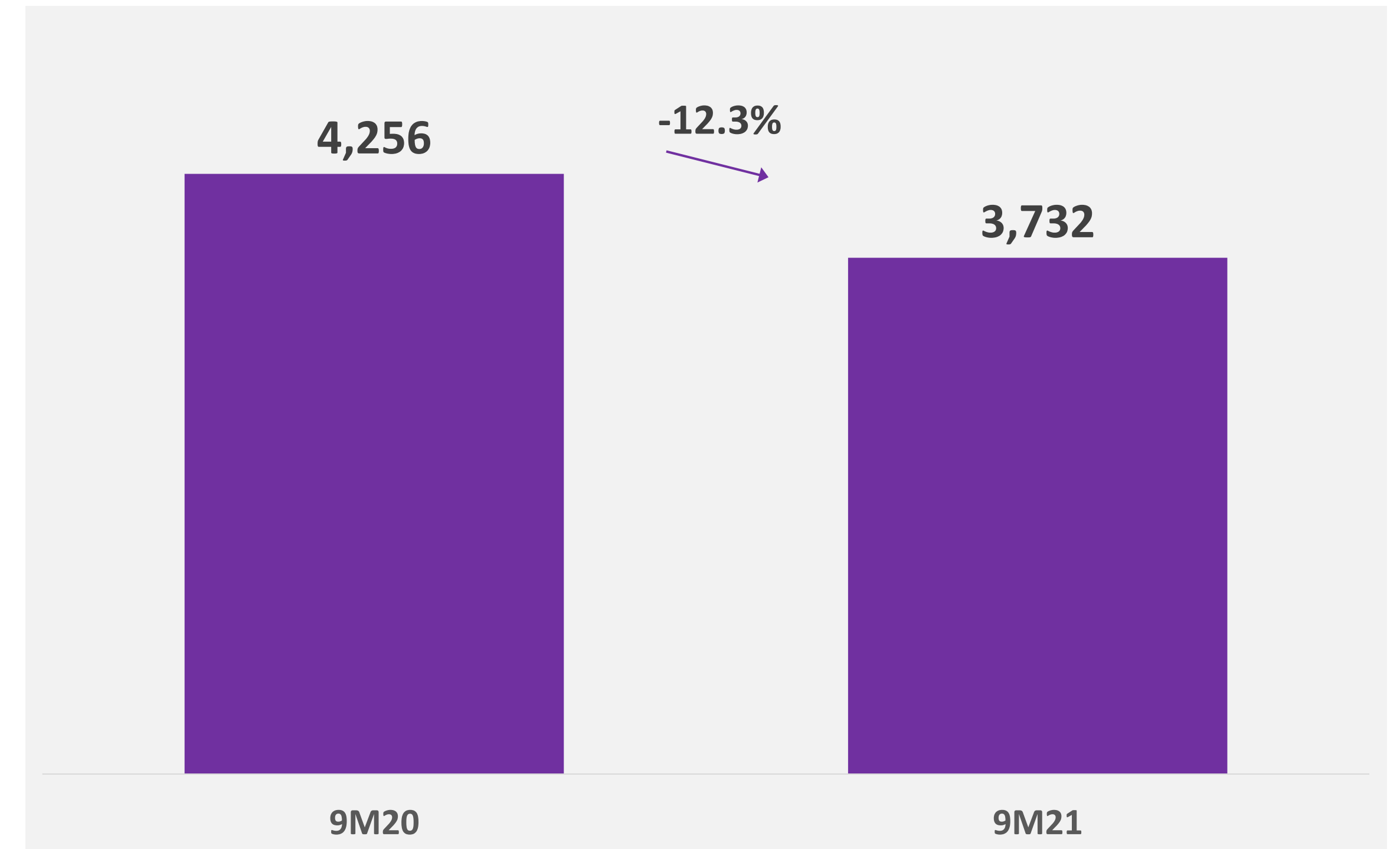
Cogna – Net Revenue

- **Net revenue decreased** due to **change in undergraduate student mix**. EBITDA margin increase more than paid off the decrease on revenue, generating **EBITDA increase in the quarter** which was even **sharper in the full-year**

Net Revenue (R\$ million)



Net Revenue (R\$ million)

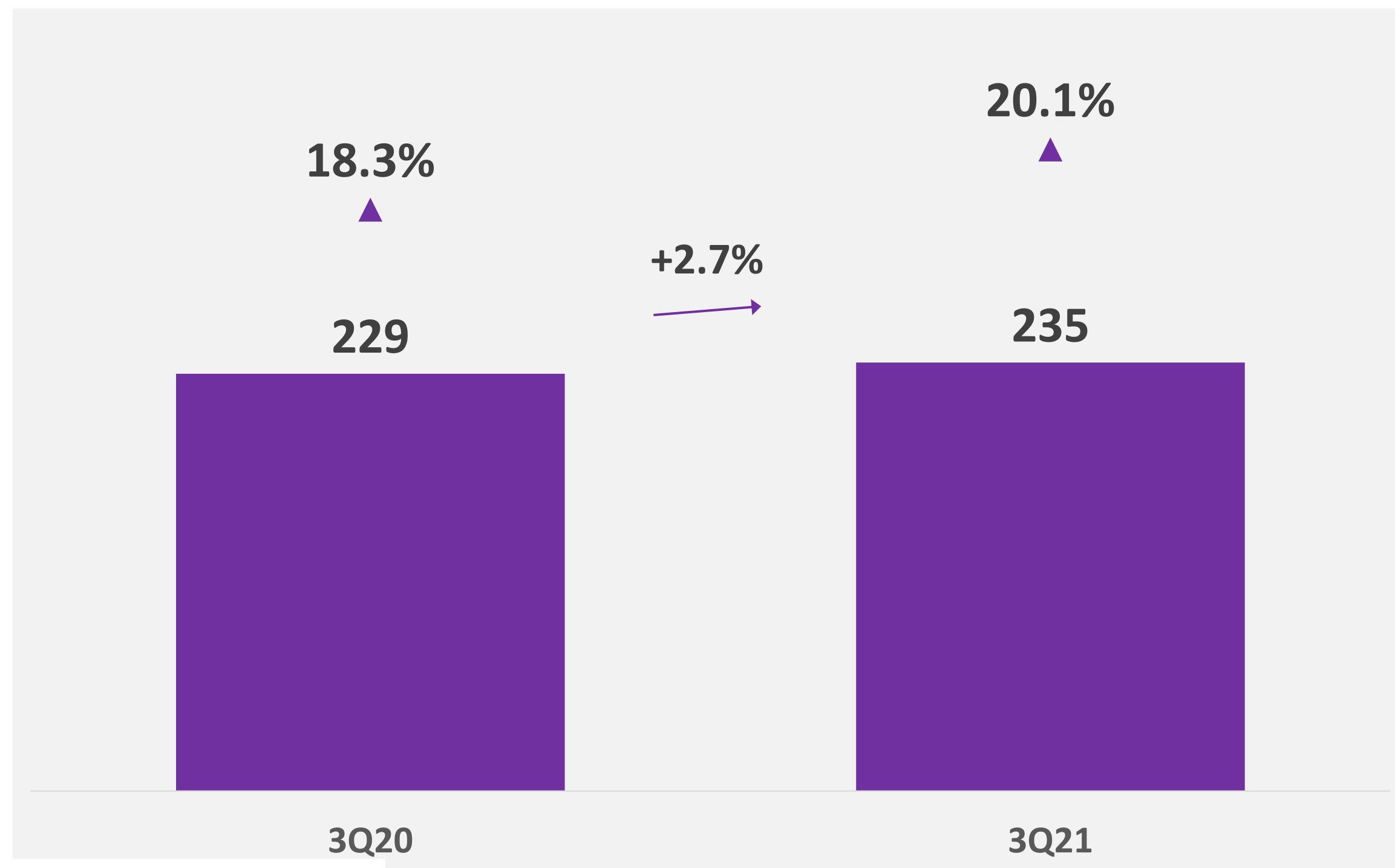


Student's intake cycle with better Kroton's revenue and strong Vasta ACV indicates a return of growth in
Cogna's revenue in 2022

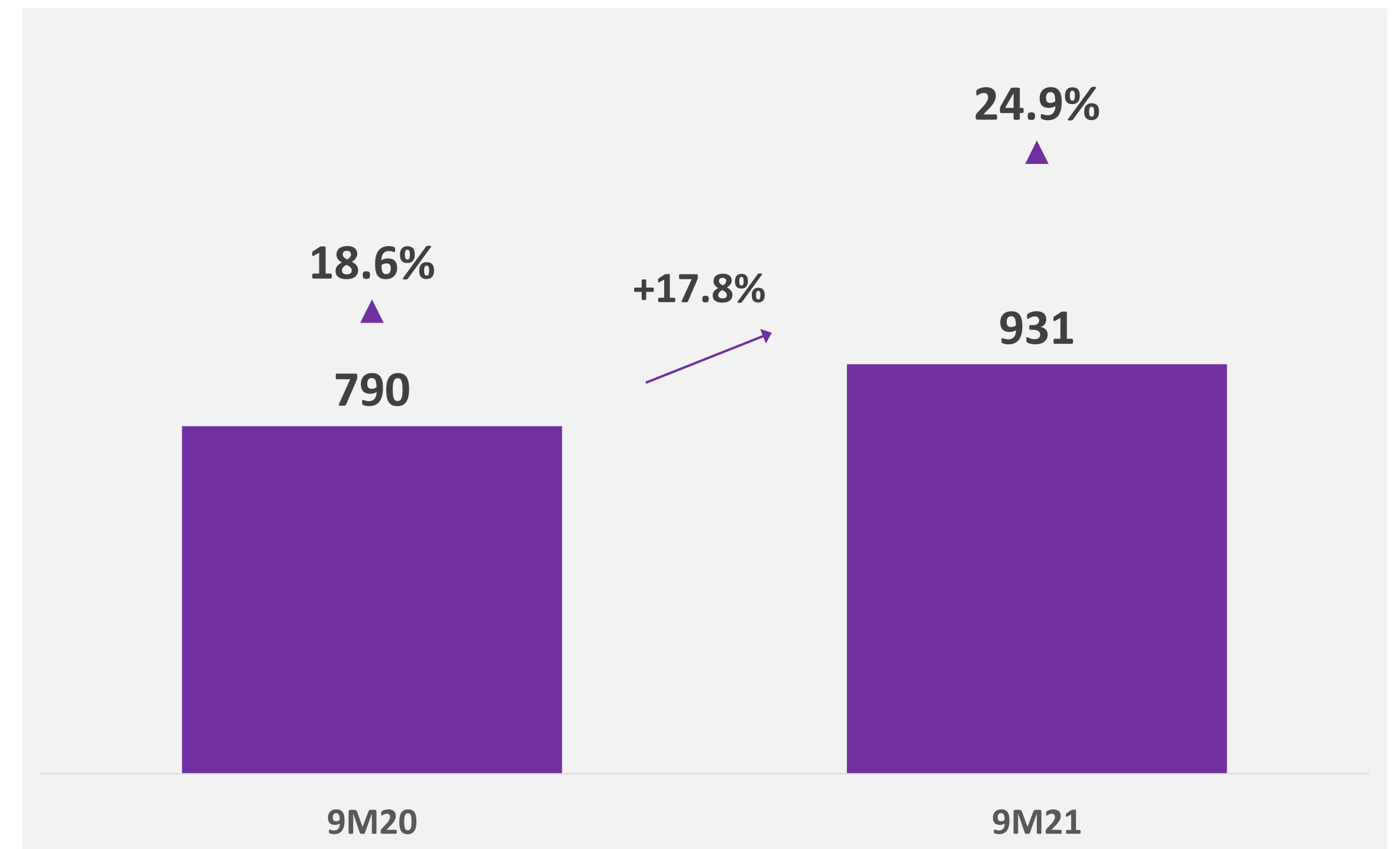
Cogna – Recurring EBITDA

- Mix undergraduate change provides a **significant increase in Kroton's EBITDA margin**, which more than paid off the decrease in Kroton's revenue and Vasta performance
- **EBITDA Margin increased 1,9 p.p. and 6,4 p.p in 3Q21 and 9M21**, respectively

Recurring EBITDA (R\$ million) and EBITDA Margin – 3Q



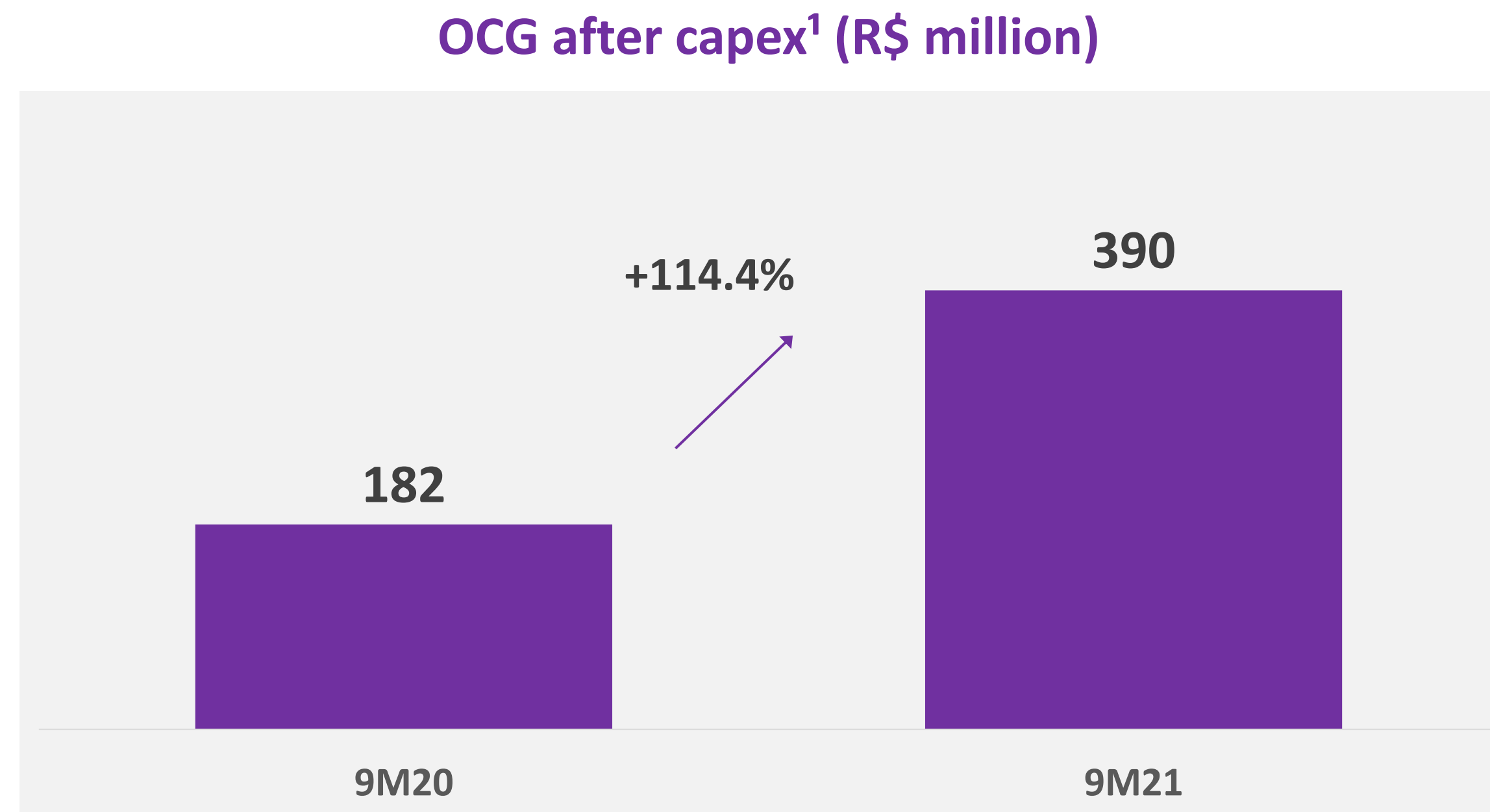
Recurring EBITDA (R\$ million) and EBITDA Margin – 9M



Recurring EBITDA increased 17.8% in full year with good perspectives for 4Q21

Cogna – Operating Cash Generation

- **Positive operating cash generation after capex and investments in expansion (OCG) of R\$390 million (+114%)** in 9M21, showing an evolution in our EBITDA cash conversion capacity, which grew 19 p.p, from 23% in 9M20 to 42% in 9M21
- Due to seasonal curve, we expect cash consumption in 4Q21, but **maintaining an excellent performance year-over-year**



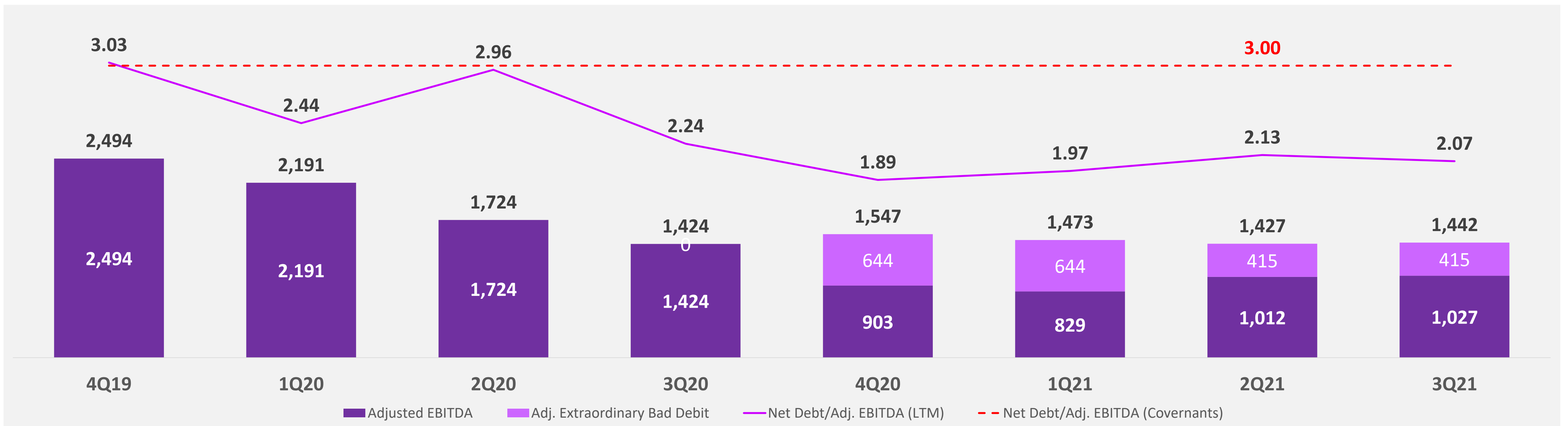
¹ Operating cash flow after capex and investments in expansion (OCG)

An expressive improvement in our EBITDA cash conversion capacity, which reached 42% in 9M21

Cogna – Leverage

- As result of the improvement in timely payment ratio and costs reduction, the company has reported an OCG of R\$ 193 million in 3Q21, this result have contributed to improve the leverage ratio
- Leverage remains under control, **reaching the adjusted net debt/EBITDA ratio of 2.07x**
- Completion of the process of extending the companies short-term liabilities throughout funding in Vasta and extension of issuance of debentures. As a result of the operations, the **duration of debts increased from 22 to 28 months**

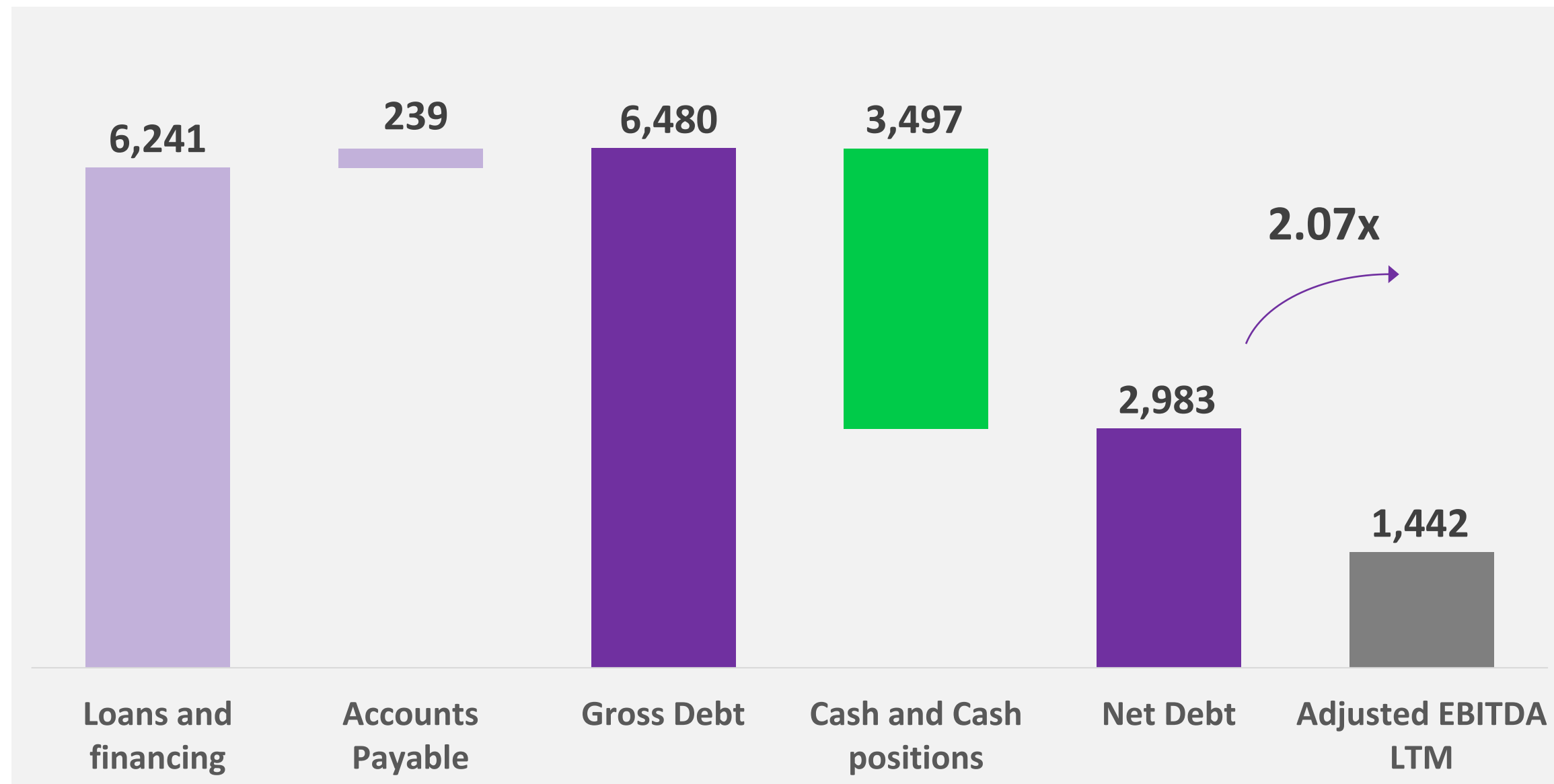
Net Debt / Adjusted EBITDA LTM



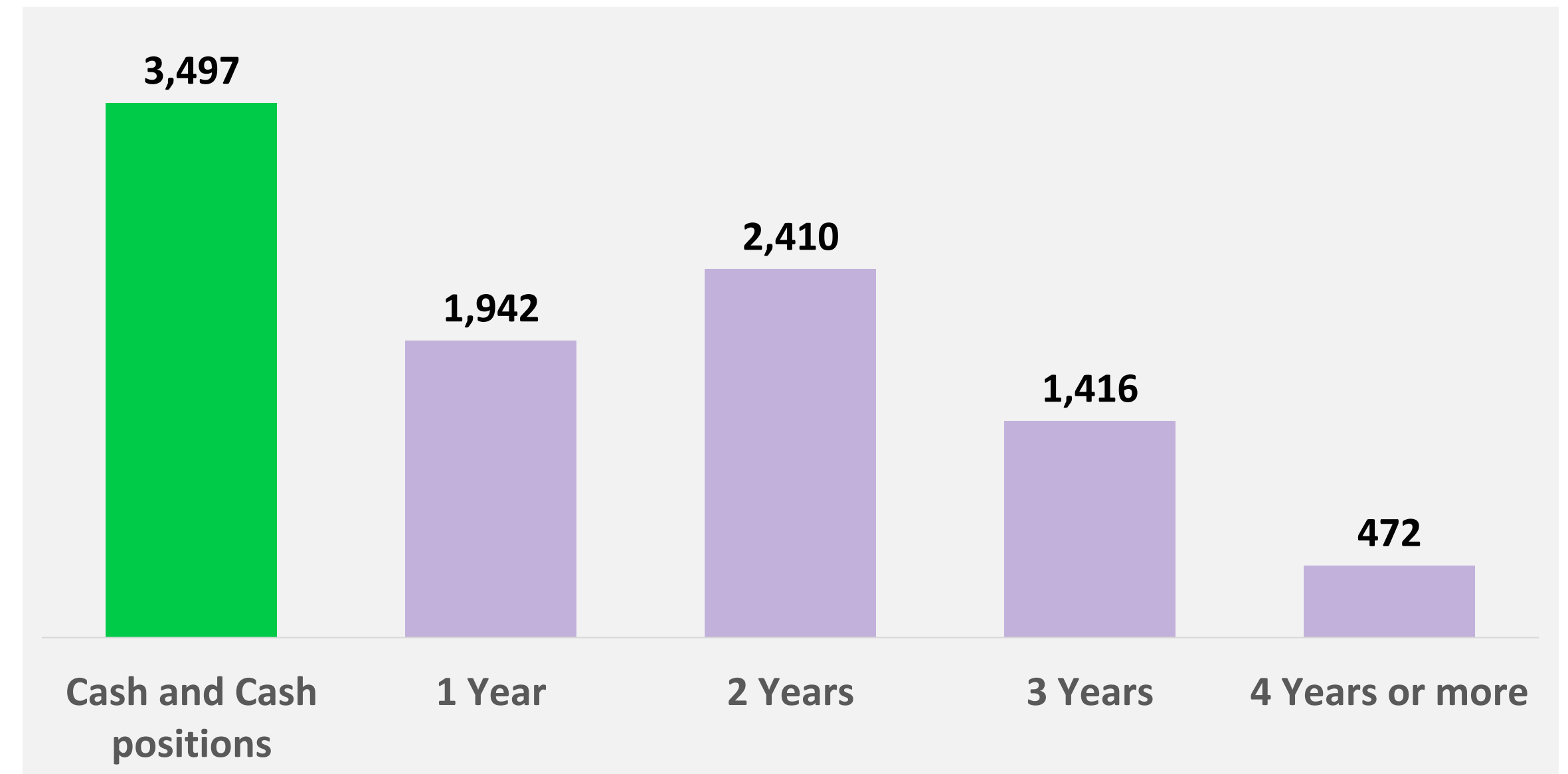
Cogna – Cash flow and Indebtedness

- **Solid cash position of R\$ 3.5 billion**
- Net Debt of R\$ 3.0 billion
- **Net Debt/ adjusted EBITDA of 2.07x**
- Average cost of CDI + 1.61% with duration of 28 months

Net Debt and Adjusted EBITDA¹ (R\$ million)



Debt Amortization Schedule² (R\$ million)



¹ Adjusted EBITDA in line with debentures regimentation. ² Amortization schedule of debentures




Leverage under control, and heading towards an inflection point
Solid cash position and preserved operating cash generation potential

Summary of 9M21 results

Net Revenue:

- 12.3%






From: R\$ 4,256 million
To: R\$ 3,732 million

-  On-Campus
-  Vasta Performance
-  Distance Learning

Recurring EBITDA:

+ 17.8%




From: R\$ 790 million
To: R\$ 931 million

-  DL Students (increased profitability)
-  Timely Payment (lower PDA)
-  Turnaround Campus (lower cost/expenses)
-  Digital Marketing (lower expenditure)
-  Corporative expense (lower expenditure)

OCG after Capex

+ 114%

From: R\$ 182 million
To: R\$ 390 million

-  Positive Impacts on Operating Results
-  Lower Working Capital Consumption and Higher Receipt
-  Lower CAPEX



Perspectives

- Completion of Kroton's owned units turnaround, **with structural profitability's gains**, following the strategy to **grow strongly in digital segment and on-campus courses with high LTV**
- **The change in students mix will continue to pressure Kroton's revenue in 2022**, but margins will not be damaged due our continuous efficiency actions, supported by intake cycles with growing revenues
- Medicine courses with growth opportunity, **opening 3 new colleges (*Mais Médicos*)**, 2 of which in 2022
- **New units** and the recent **digital learning portfolio of courses extension** provided **pre-hired growth opportunities**. Ampli product and the partnership with Tim created an additional growth opportunity
- **The number of units tend to keep growing**, delivering growth opportunities
- Recent digital marketing initiatives and innovations provided efficiency gains and **CAC reductions, with lots of potential opportunities**
- **The ambitious Kroton Transformation Program (PTK) will bring additional improvements in students experience, along with the agility in product innovation**





Perspectives

- **Expectation of strong growth for 2022 revenue, with Preliminary ACV growing 32%:**
 - Organic: trade cycle already brought **an expressive organic growth in 2022 ACV (+20%, with opportunity to grow in the next 2 months)**
 - Inorganic: Eleva (+ **12%**, with opportunity to grow in the next 2 months)
- **Mackenzie** shows the Vasta brand strength in the industry and **opportunities to grow** in a niche segment
- **New go-to-market focused on subscription contracts** turns Vasta into a more resilient company. In 2022, most of the new contracts are for subscription segment and the share of this model in total revenue will increase significantly
- **B2B2C distance learning services**, as tutoring, complements growth to already contracted and opens new path for growth
- **EBITDA and OCG must have strong growth in 2022**, due to revenue increase and efficiency efforts

- **Commitment to good ESG practice.** Social (specially regarding diversity), environmental and governance commitments to short, medium and long term goals already settled will be disclosed by the end of November
- **2022 points out to a return of revenue increase, EBITDA continuous growth**, in addition to strong cash conversion
- **Strong balance sheet: Solid cash flow** and adequate leverage level





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