



## Conference Call Transcript

### Grupo Salta

### 4Q25 Results

**Mariana Conde:**

Good morning everyone, and welcome to the Salta Custom Group's Q4 2025 earnings call. I am Mariana Conde, our manager. On behalf of Board of Directors and our more than 19,000 employees, I thank you for your participation and interest.

For those who are interested, the presentation is being made available with simultaneous translation into English. The support slides that we will present are available on our IHAR website and shortly after the event, the reply will be on our website.

It's important to clarify that any statements that may be made during this community conference regarding the company's business prospects, projections, operational and financial goals constitute beliefs and assumptions of our executive Board, as well as information that is now available to the company.

Future considerations 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 industry economic conditions, in addition to other operational factors, may also affect the company's future and lead to results that differ materially from those expressed in such considerations.

Feel free to submit questions via the Q&A button during the presentation and we'll answer them at the end.

Today we have Bruno Elias, our CEO, and Marcelo Cintra, our CFO and DRI. I now give the floor to Bruno, who will start the presentation. Good morning, Bruno.

**Bruno Elias:**

Good morning. Thank you, Mari.

It's a pleasure to be here with you. I'd like to thank you for your presence and the interest for the company. Since it's our first earnings call. As a good professor or teacher, I'd like to set the context, so, I'll give you the context before we actually dive into our results.

Salta, when we talk about education, we have several different businesses. We have a school operations business where Salta is. It's B2C basically. And our clients are families. Some students are quite young, so, it's K-12, so, over 12 years with us. And in most cases our clients are the families, the parents that choose the school for their children.

We have another business in education, which is the educational systems. Different business model, more B2B. When companies provide contents that may be both Core math, physics, chemistry and other solutions provided and the schools buy to offer to their product portfolio. So, other companies have that.

And we also have another segment which is higher education, which is yet another business of several public companies. And those are relatively different businesses with assumptions and different dynamics and different business models.

To clarify, we at Salta we only act in this first front of school operations. We do not act in higher education. And the B2B segment. Speaking of this K12 segment of basic education, it is very big industry. We're talking about 43, 44 million students. Reminding that it is an obligation of parents to enroll your kids in a public or private school. Of these 44 million students, 8 million students are in private schools.

The remainder of the students are in the public network with the largest operator. We are actually covering the whole of Versailles in different social classes, at different prices. And we are in 18 states plus the federal district and actually growing to paint the whole map.

Even though we are the largest, with over 230 schools, 164,000 students late 2025, we have a very small market share. I just told you there are 8 million students. When we talk about number of schools, 180,000 schools. From public to private, we have 230.

So, we are the largest with some distance from the others. But we have great room for growth, which is actually our prospect. Doing what we have been doing the past few years to grow. So, giving scale is quite significant, but without quality, you don't guarantee the long term.

We have great focus on academic performance. We have metrics to show this. We well, we have academic results. So, what is shown externally, we have GNA ranks and our schools are doing very well.

We have medals in Olympic Games. We take part in several Olympic Games. We encourage our students. The results are very satisfactory. Very big. At the World Olympics, we have excellent results.

And our units that have bilingual programs provide all certifications and we have very good results. This is a bit how we manage everything. We have several internal processes that to us are very relevant. From teacher assessment, how they are being trained.

Our growth for those that have followed our journey has been very strong since the beginning. And we have had this great opportunity in the market, and our focus is on M&A. I

have two different areas so, of mergers and acquisitions. And we have organic growth area because we open a lot of units. So, we take a smaller school, or you take a school you're interested in in the real stage, and you convert the school into a school that is one of our brands. We have very strong brands locally.

I think our great differential is that we operate the company in a totally integrated way. Our back office, our training processes, our software in their majority are proprietary. But everything that, well, the various layers that we have above that, well, we have our e RP, all the customer relations, so, they're all proprietary and the same for the 230 schools. And this gives scale and also simplifies our operations. And we've done more of the same for a long time. We're able to integrate into a new school in few months. So, this is great value to us and makes us speed up a lot. Our model of acquisition or integration of a school to what we already have.

Well, in terms of governance, we've just listed level two corporate governance. And I'd like to thank our current investors. So, from the building of the company Since 2007, 2013, we have Gera that has been eight years with us. They've just left. So, there's been a great relationship, they contributed greatly. And those that have arrived more recently, Atmos, Mission, GIC and now Opportunity. When Warburg left the beginning as an investor and came directly to our investors list, I'd like to thank you very much who have helped us over these years with strong governance, the committees, the boards, et cetera.

So, we have a capital allocation discipline and also risk in the company that derives from great contribution of all those investors.

Moving on, before we go into the numbers, I'd like to share with you how we can show these things that we're going to show. The figures we're going to show they're very good that we've built over the years. We gained bargaining and have grown a lot. How the wheel turns. I think everything is important here. So, we have people, so, we deal with people and culture.

The great differential here is that great part of the leadership came from the classroom. I've been teaching since 2000, I've been in the company since 2007. We have education in our blood. So, most of us have been in a classroom for a long time. So, this provides comfort and great purpose. We are here because we want to provide financial results. We want to do things with care and great quality to impact people's lives. My life, I came from a simple family and education made the whole difference have opportunity provided to other people in this huge Brazil.

So, if you do this with excellent people, it makes a great difference. So, we have a corporate university almost all. So, we train school principals, we have training programs, co creations. So, we have several training programs. So, it's a corporate university. Basically. It was not easy 10, 15 years ago for you to find people work in the industry. So, we've developed in house a factory of people. So, we train. About 98% of the people in our schools have been trained internally. So, this is great value. And we have brought more people more recently with this fast growth that we the culture already set. If we go from the state of Pará

and to Parana State, we haven't yet got operations in Rio Grande do Sul, so, we'll get there. But we have this great unique and singular culture in the company as a whole. This is the result of our people training program, which is the same throughout Brazil.

Once I have the right people with a great purpose. We've developed administrative tools and pedagogical tools that are very efficient. From enrollment software pieces to our students pricing, how we define pricing for every class, for every unit. Everything is proprietary. Any school that we buy or create, we implement all these training tools and management tools. And we have our pedagogical part that we create them. The social, emotional syllables that we have. We have almost a million students.

We have created from scratch with our people for 2026. We have created over last year a very innovative syllabus or curriculum that I say very few schools in Brazil will have, if any will, which is a curriculum of artificial intelligence from the sixth grade to the second grade of middle school. From digital literacy, several programs applied linked to AI. So, we've developed this syllabus and status. Since we have math, physics, chemistry, geography, they will have emotional intelligence and AI. It's part of our curriculums as important as any other subject. So, every school that is part of the group has the implementation of such tools. Once I have people that are well trained in the mindset, I have management and pedagogical tools that provide differential for the schools and give a difference that is administrative and financial. We are able to scale.

That's why we have our M&A unit to add new units and the integration unit to make it turn. I buy I have the people and the management and pedagogical tools and I buy more. So, the more you do, the better you become. This is our great differential. Perhaps the mistakes and silly things we've done over those. Mine say 20 years in the company, so, you learn from them most of 10, 15 years with us. So, I'd like to set the context to you, give you the backdrop so, that you understand our first call. So, once again, thank you for the interest in the company.

And I'll turn off Marcelo Cintra, our CFO, who will talk about the numbers. Marcelo, it's up to you.

**Marcelo Cintra:**

Thank you, Bruno. Good morning, everyone.

I think before. Well, to start, I'd just like to highlight the great numbers that we have of 2025. To us, it's been another very strong year. Over the next slides, I'm going to go over each line to talk about the information and specific ones of each number.

On the financial side, we close the year with net revenue 2.8 billion reais growth of 25.6 year over year adjusted pro forma EBITDA considering 12 months. The results of the acquisitions we made in the past two years at the Abaco school and Antalya's school in Ceará totals 562 million reais. Very strong growth of 33.5% year over year and the adjusted EBITDA margin growing to 19.7% expansion of 1.1% point regarding 2024 reflecting the operational leverage and the maturation of our schools, which is something we're going to

talk a lot about over the next slides and the last net income has been 121 million very significant growth of 58.4% year over year.

Another important point is the strong cash generation with a conversion of 76% EBITDA to cash conversion at a level that is very healthy for our industry and for our type of business. Regarding our capital structure, we close the year in 2025 with a leverage of 2.2 times net debt over EBITDA. Very healthy level, very comfortable in our covenants and with a very strong cash of 987 million reais.

Move to operate Highlights Bruno mentioned a bit we closed 2025 with 233 schools in operation and a base of students of 164,000 students. We'll talk about them a bit over the next slides.

Speaking a bit about the development of number of students per school, as I mentioned, we closed 2025 with 164,000 compared to 129,000 students in 2024 of strong growth of 28% year over year.

The growth is explained by the cooperation of students in some acquisitions we made over the year and also organic expansion. We have the impulse brand to be highlighted public private partnership that we have in the state of Paraná. We started the operations early in 2025 and we exclude the impulse. The growth would have been 8% in our student base reflecting well maturing of our schools, always increasing the number of students in the schools that already operate with us and also organic growth of new units that we add to our portfolio every year and the acquisition of the entire school in Seattle first half of last year.

When we see the quarterly growth, we see the student base is stable with the third and fourth quarter which is expected in terms of seasonality of our business which is very yearly and lastly from the standpoint of the number of schools, we close the year with 233 schools in operation compared to 184 in late last year of 2024, a growth of 27% year over year.

Speaking of net revenue, in the fourth quarter of 2025, net revenue was 608 million reais. A growth of 26% compared to Q4 2024. This growth is basically due to three factors. Increase of the student base over the year, contribution of acquisitions and opening of new schools that we make in a recurring way year over year in our group and the increase that is consistent and healthy of our average ticket.

Looking at the accrued over the year, the pro forma revenue reached 2.8 billion reais in 2025. A growth of 26% year over year. I think this is a very important point. When we analyze the makeup of the net revenue, we note that 45% of the total was generated from mature schools. There are schools that already operate within the group that have been operating for over five years.

Historically, we see that the schools mature over five years in operation within the Selta group. Once year over year we can implement our operational management. Bruno has

highlighted this very well in the beginning of our call. And we can optimize our operations and also our classes. And this maturing of the schools obviously brings revenue growth, but especially growth in EBITDA and margin gain at school levels.

Moving to costs and expenses, we see totally they totaled 577 million growths of 21% year over year. And the accrued of 2025. The costs and expenses of operations added to 23.8% year over year. The total here 2.2 million is related to the operations of our schools. 127 million related to our holding.

Speaking of our holding, the holding had a growth. Well, the expense had a growth of 12,3% point representing strong efficiency growth when we compared to 2024. Our expenses in the holding represent 4.6% of the net revenue in 2025. Leading to a reduction of 0.6% points related to previous year. A point to highlight here in our cost operating costs. Also the dynamics over the cycle. Most of our costs and operating expenses are fixed. This is important to be highlighted once. Payroll and rent account for over 70% of our expenses.

So, this ensures to the group and our industry as a whole predictability of results that is very good over the cycles and quotas. And obviously control that is very strong on expenses. Always reminding you that our revenue is very much analyzed. It's a. It's actually on a yearly basis. So, this brings a dynamic of predictability that is very strong to our business.

And lastly, in 2025, total costs represented 80.3% of net revenue, an increase of 1.2% points year over year because of the efficiency and maturing of our schools.

Speaking of EBITDA and ROIC, adjusted pro forma bidder totaled 562 million reais in 2025, a growth of 33% regarding previous year. And the adjusted margin reached 19.7%. Expansion of 1.1% in 2024.

And as I've mentioned in the beginning, this expansion reflects the maturing that is consistent of the schools in operation in the group. So, we have great focus in efficiency cost control that we can see with the improvement efficiency in our holding expenses and always the maturing of our operations on the day to day of our schools delivering increasingly more results that are not only academic but also financial.

And the adjusted EBITDA was 31 million with a 5% margin. I think it's worth noticing that EBITDA in this fourth quarter accounted for approximately 5% of the yearly EBITDA 2025. And this is very much in line with the estimated and expected in the seasonality of the group. Every fourth quarter of years we concentrate on less revenue, especially revenue from didactic material and in the fourth quarter we have additional costs especially related to campaigns we hold over the enrollment cycle.

On the other hand, it's worth noting that the first quarter of every year historically is the strongest in the year. So, it's worth reminding you that we have seasonality over the quarters that is predefined with the first quarter that is stronger, second and third relatively similar and fourth quarter a bit weaker. This historically is what we have been delivering.

Now moving to return to invested Capital, we reached 22.1% in 2025. An expansion of 3% points regarding previous year. An evolution that is very consistent. We have great discipline that is financial with capital location, always seeking good results and returns in our industry.

Moving to accounts receivable, we ended 298 million in accounts receivable. The average term was 28 days. And our coverage level considering credit cards is 59.2%. I think those are levels that we consider very healthy for our operations and totally in line with our models of historical losses.

Our account receivable follows model of historical losses that we use based on numbers since 2019 2020.

Speaking of net income and liquidity, the bottom line reached the income of 121 million. Re highs of growth that has been very strong of 58% year over year. Over the quarter we had a loss of 28 million. This reflects seasonality that is natural in the quarter with the relevant improvement when we compare to Q4 for 2024, which we had, in which we had losses of 49 million.

Regarding leverage, the group ended the year with net debt of 1.2 billion and a leverage of 2.2 times of net debt over EBITDA when compared to 2024. 2.3. Very comfortable regarding our covenants and also regarding our expectation and long-term strategy.

We closed last year 20 with a cash position, as I mentioned at the beginning of 987 million reais. This shows the liquidity that is very strong of the balance of the group or the balance is important. To highlight 2025, we made a move that was very interesting of liability management with the issuance of approximately 700 million reais in the third quarter at average rate CDI plus 1 and 10. This issue not only strengthened our cash and our liquidity, but allowed us to make some prepayments of old debts and we gained a duration that is very interesting in our debts at rates that are more attractive than we were able to obtain historically. Overall, we closed 2025 with a balance sheet that is very well and comfortable.

And lastly, to close my part, we should not only talk about the present 2025 with looking how we have evolved up to here. Those historical indicators help us demonstrate a bit the consistency of deliveries of the group over the past few years.

Starting from the operational part, we started 2025 with 116,000 students. We reached 164,000 students in 2025. The number of schools was 173 and it moved up to 133 over the same period, again showing gradual growth year after year.

The scale gain is clearer when we see net income moving from 1.8 billion to 2022 to 2.8 billion in 2025. CAGR that is very healthy of this four-year period as important to growing revenue, is growing with profitability.

Our adjusted EBITDA almost doubled over this period, moving from 235 million in 22 to 562 million last year. CAGR of 24% in the period. This reflects very much our scale, always

with very healthy profitability. We can also see it on the EBITDA margin that has grown from 13.1% four years ago to 19.7% in 2025, an improvement of 6.6% points. Very gradual growth year after year, not only due to our schools, the schools that we acquire, that we open, that we increase over the years, but mostly is the maturing of the schools in operation. In the group, the schools that have attained their maturing over the five-year period and in bringing increasingly more results to the company.

And I think it's worth highlighting that with this cycle of strong growth, we've been able to move very well in terms of leverage. We had a gradual reduction year after year, moving from 3.4 net debt over EBITDA 2.2, showing our strong ability of cash generation with great investment and growth. I think it makes it very clear that we have assumption.

Consistent growth with gain margin, expansion and deleveraging year over year having very healthy results. So, this is it. I'd like to close my presentation and I turn over to Bruno for his final remarks. Bruno?

**Bruno Elias:**

Thank you, Marcelo. I think you've seen that 2025 has been yet another good year for us. It's important to reinstate the building of this number. From the beginning of Salta, we were very concerned about investing in people and processes. We with a very strong discipline of capital allocation.

When we look at our company seven years ago, we vest with small margin and I think again this insisting in creating processes of training people, creating the culture of the company processes, everything we do. So, we are crazy about KPIs. We have numbers for everything, so, we compare everything. It's very important for us to know how to act as we expected. And the most important thing is total integration of the company.

This takes time. We made lots of mistakes over the years, but I think the past few years have shown that well, the initial suffering is actually being shown and yielding results in the roi. You know, we have, you know, ascertained capital allocation. Bring the numbers. You see this relevant margin gain that we'll keep on having over the years.

And that makes us very happy. 2026 has started. As Marcelo said, we have seasonality quarter after quarter because of the business features, but the year is somewhat given, so, we have enrollments until the end of next month. I'm very happy with our performance at our units. We have everything to be an excellent year as we've had in the previous year.

So, I'd like to thank you very much for your presence and we are totally available. Marcelo Mari, anyone? We'd like to open more questions if we have any.

**Mariana Conde:**

Thank you, Marcelo. Thank you, Bruno. Well, we're going to get the questions together and we'll be back in two minutes. Thank you.

