



Cruzeiro do Sul
Educatonal

EARNINGS RELEASE

PRESENTATION

VIDEOCONFERENCE

August 13th of 2024, Tuesday

02:00 p.m. (Brasília)

01:00 p.m (New York)

06:00 p.m. (London)

 [Watch the webcast in Português](#)

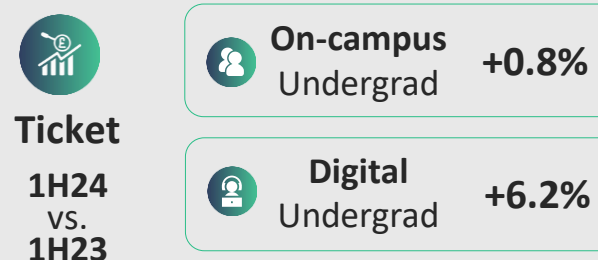
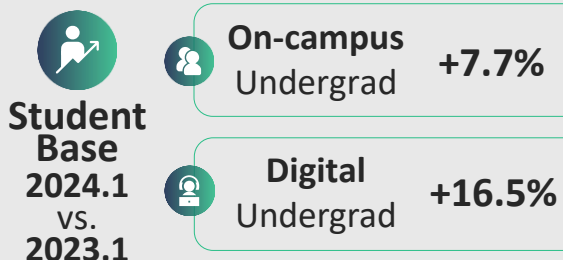
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**2Q
24**

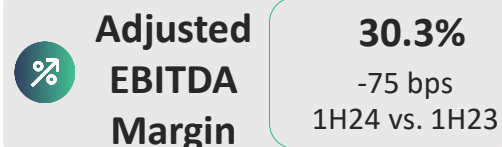
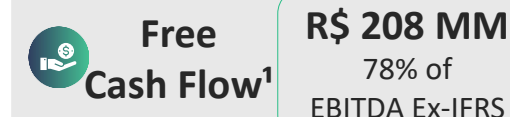
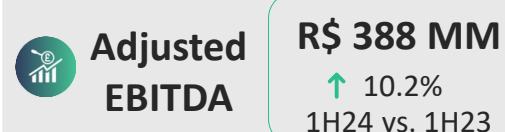
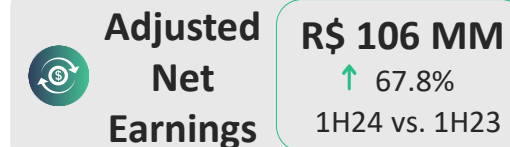


Expansion in Adjusted Net Earnings and Cash Generation. Healthy Capital Structure even after M&A

OPERATIONAL HIGHLIGHTS 1H24



FINANCIAL HIGHLIGHTS 1H24



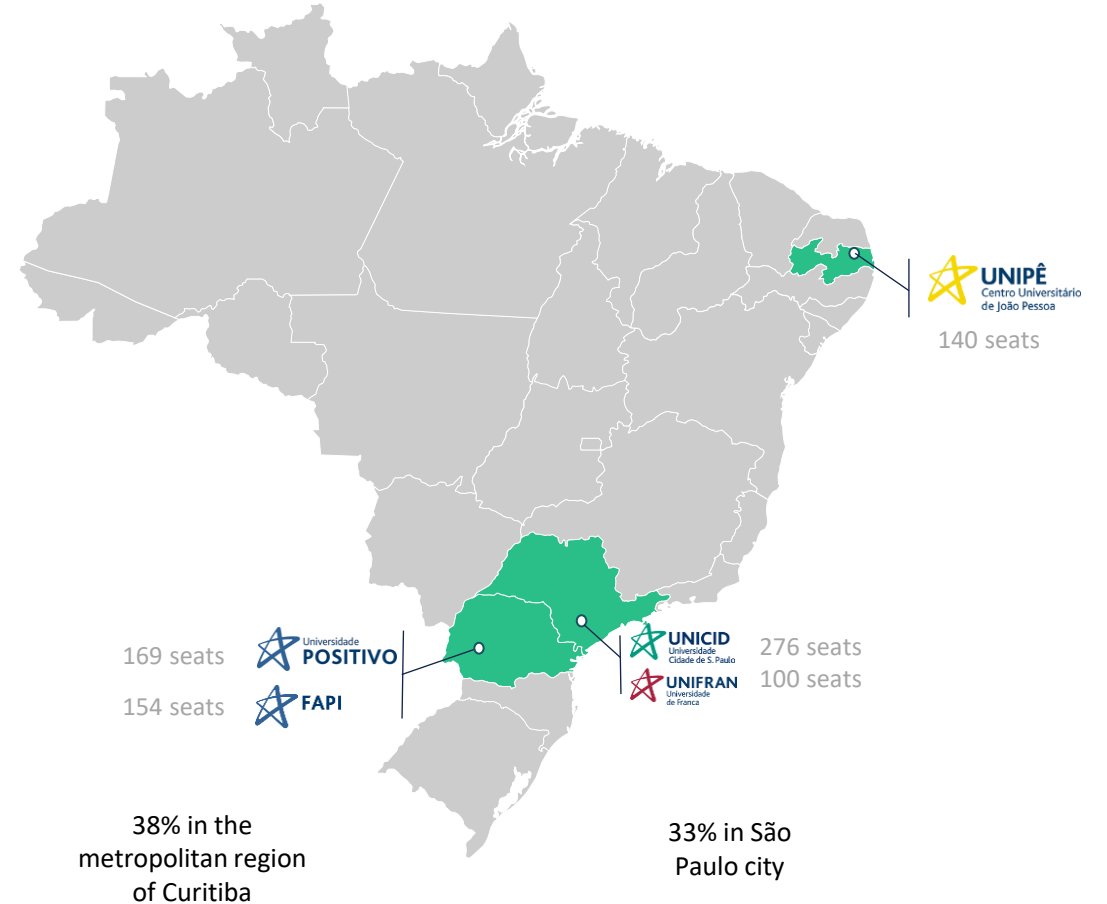
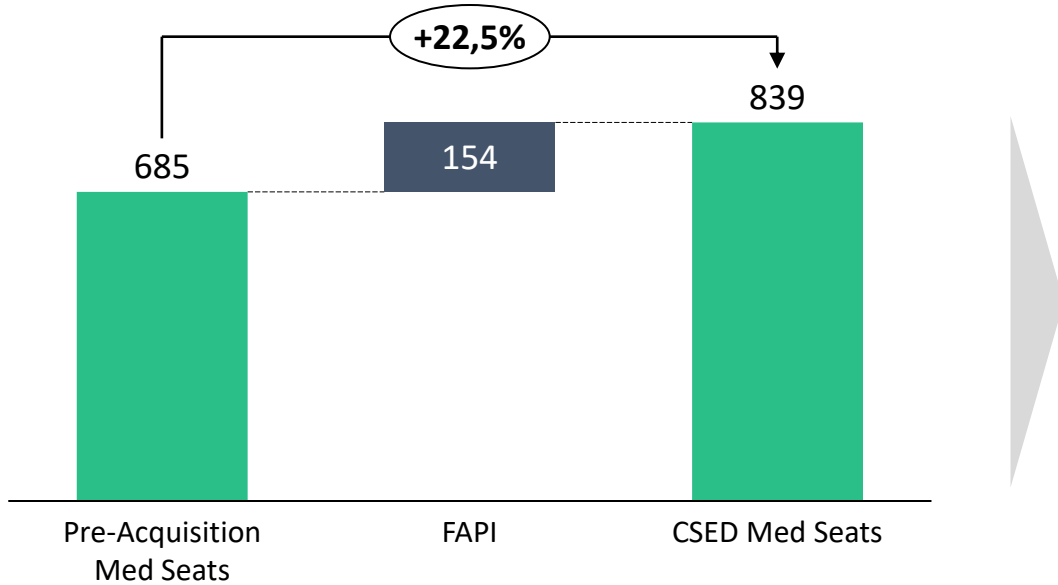
¹ EBITDA Ex-IFRS 16 – Working Capital – Taxes- Capex

* Net Financial Debt/EBITDA LTM Ex-IFRS-16

Acquisition of the Centro Universitário de Pinhais with 154 Medical School Seats



- The first acquisition post-IPO
- Progress of the east side in the metropolitan region of Curitiba
- Universidade Positivo (169 seats) + Fapi (154 seats)

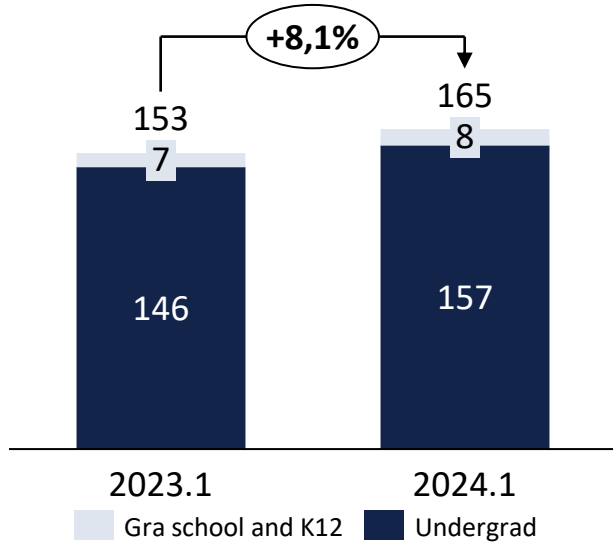


In On-campus, a record intake, expansion of the student base and ticket

ON-CAMPUS



STUDENT BASE

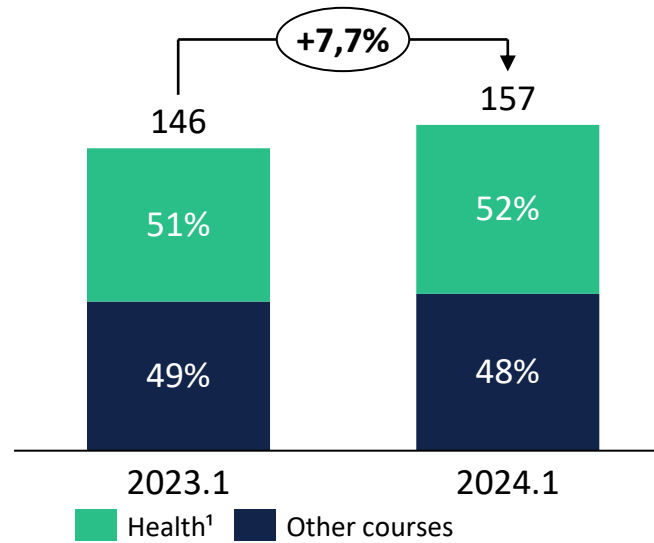


Consistent expansion in the student base



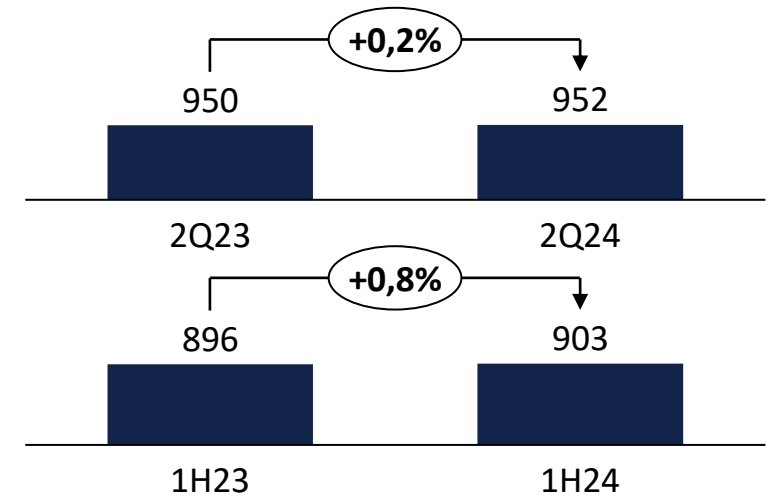
Record intake and re-enrollment at high levels

UNDERGRAD



Increasing the penetration of health courses

ON-CAMPUS UNDERGRAD TICKET* (R\$/MONTH)



Progress on the new pricing strategy starting during 2022



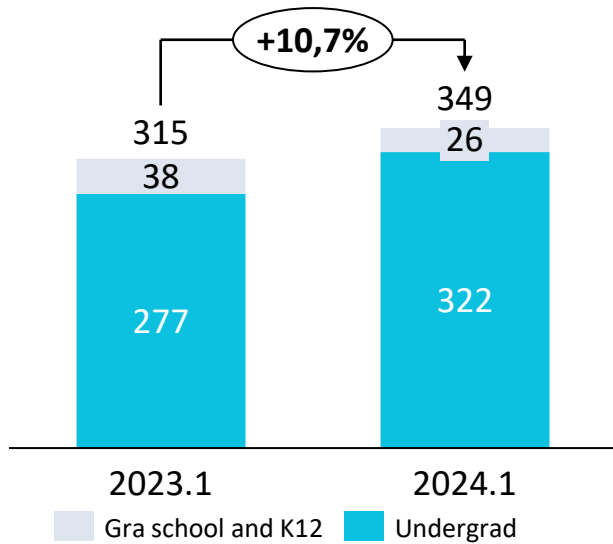
More relevance of health students in the mix

In Digital, consistent expansion of the base, evolution of the re-enrollment KPI and ticket increase

DIGITAL



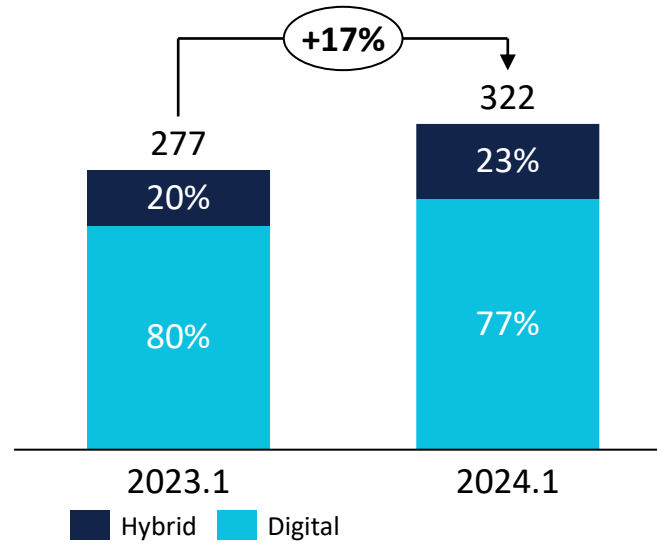
STUDENT BASE



★ Consistent expansion in the student base

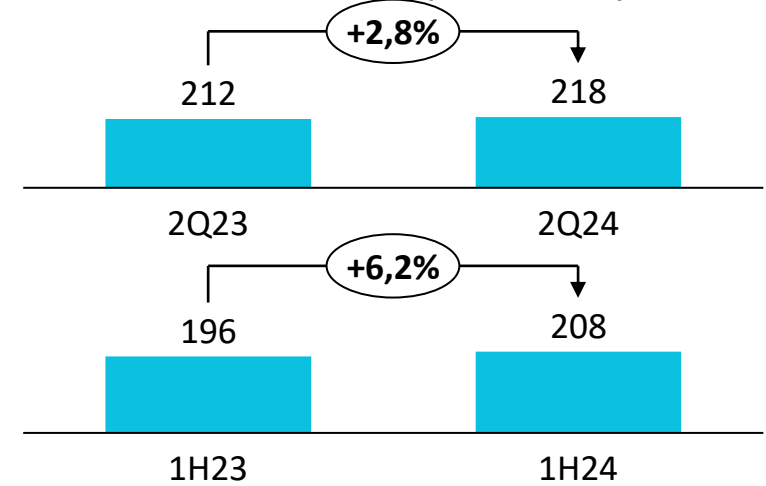
★ Record intake and 1.1 p.p. increase in the re-enrollment KPI

UNDERGRAD



★ Increase of 3.1 p.p. of students in the share of the Hybrid modality

DIGITAL TICKET (R\$/MONTH)



★ Important evolution in the ticket, reflecting the increase of hybrid in the Digital base, added to the progress in student retention (+1.1 p.p. vs. 2Q23)

Managerial numbers, unaudited

2Q24 with 21.1% expansion in adjusted Net Earnings reaching R\$61.9 million

OPERATIONAL HIGHLIGHTS 2Q24

Student Base
2024.1 vs. 2023.1

- On-campus Undergrad** +7.7%
- Digital Undergrad** +16.5%

Ticket
2Q24 vs. 2Q23

- On-campus Undergrad** +0.2%
- Digital Undergrad** +2.8%

FINANCIAL HIGHLIGHTS 2Q24

Net Revenue
R\$ 670 MM
↑ 11.3%
2Q24 vs. 2Q23

Adjusted Net Earnings
R\$ 62 MM
↑ 21.1%
2Q24 vs. 2Q23

Adjusted EBITDA
R\$ 191 MM
↑ 1.7%
2Q24 vs. 2Q23

Free Cash Flow¹
R\$ 73 MM
56% of EBITDA Ex-IFRS

Adjusted EBITDA Margin
28.6%
-269 bps
2Q24 vs. 2Q23

Net Debt
1.7x*
Adj. EBITDA (Ex IFRS-16)

¹ EBITDA Ex-IFRS 16 – Working Capital – Taxes - Capex

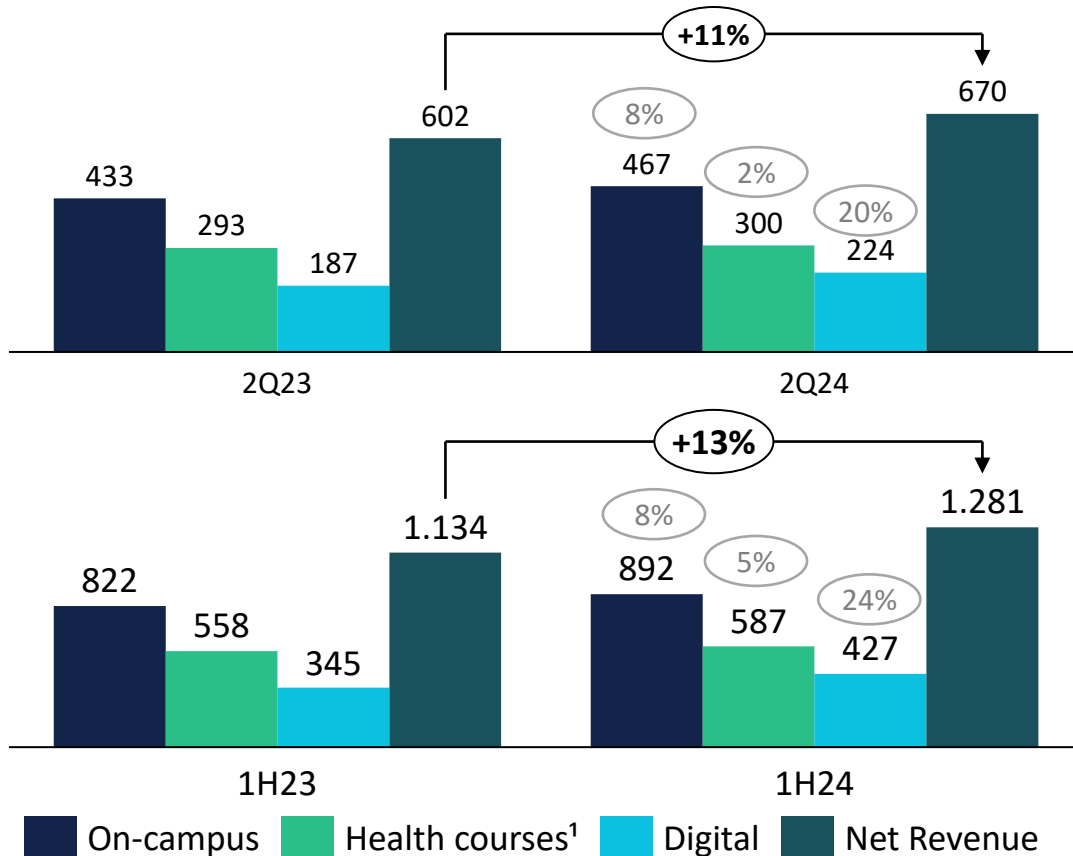
* Net Financial Debt/EBITDA LTM Ex-IFRS-16

FINANCIAL PERFORMANCE



NET REVENUE 2Q24 & 1H24

Expansion in all segments, reflecting improvement in intake and tickets



CONSOLIDATED NET REVENUE: +11.3% vs. 2Q23, reflecting the increase in the consolidated student base (+9.8%). In the semester, revenue reached 13.0% higher than in 1H23.

ON-CAMPUS NET REVENUE: expansion of 7.8% in the quarter, while in the semester, the expansion was 8.4%, reflecting the larger student base (+8.1%) and ticket (+0.8%).

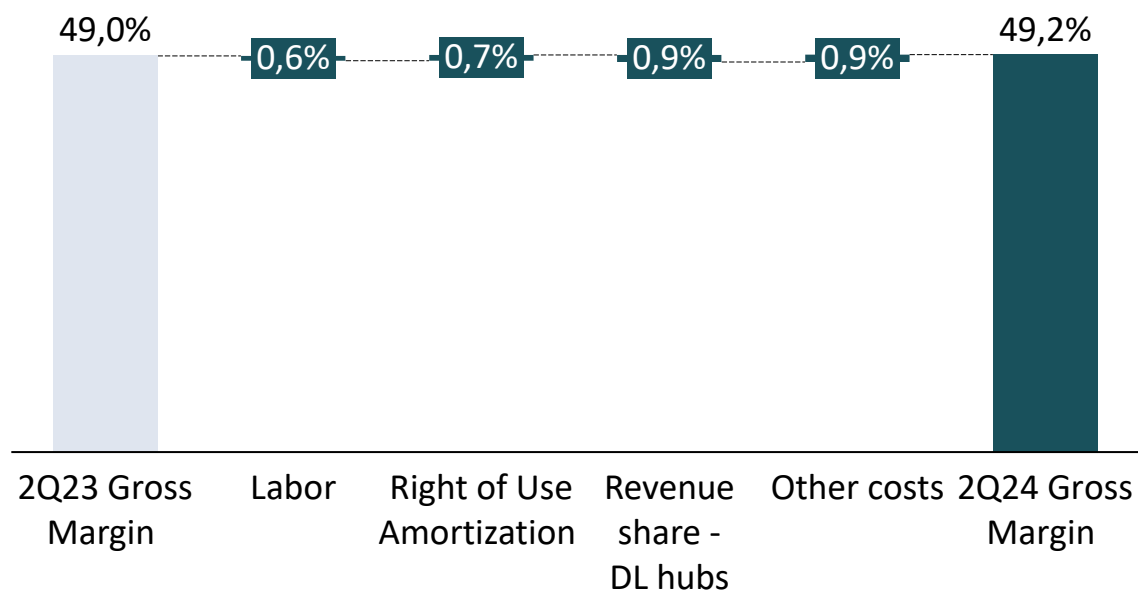
HEALTH COURSES NET REVENUES: as an on-campus profile, health courses revenue grew 2.4% in the quarter and +5.1% in the semester. Representing ~64% on-campus revenue.

DIGITAL NET REVENUE: expanded 19.8% in the quarter, as a result of the larger student base (+10.7%), the expansion of the hubs (+146; 9.2% vs. 2Q23) and the expansion in the ticket (+2.8%). In 1H24, revenue expanded 23.5% vs. 1H23.

¹ Health: Medicine, Psychology, Biomedicine, Biological Sciences, Physical Education, Nursing, Pharmacy, Physiotherapy, Speech Therapy, Hospital Management, Veterinary Medicine, Nutrition, Dentistry, Optometry, Radiology and Occupational Therapy

GROSS PROFIT 2Q24

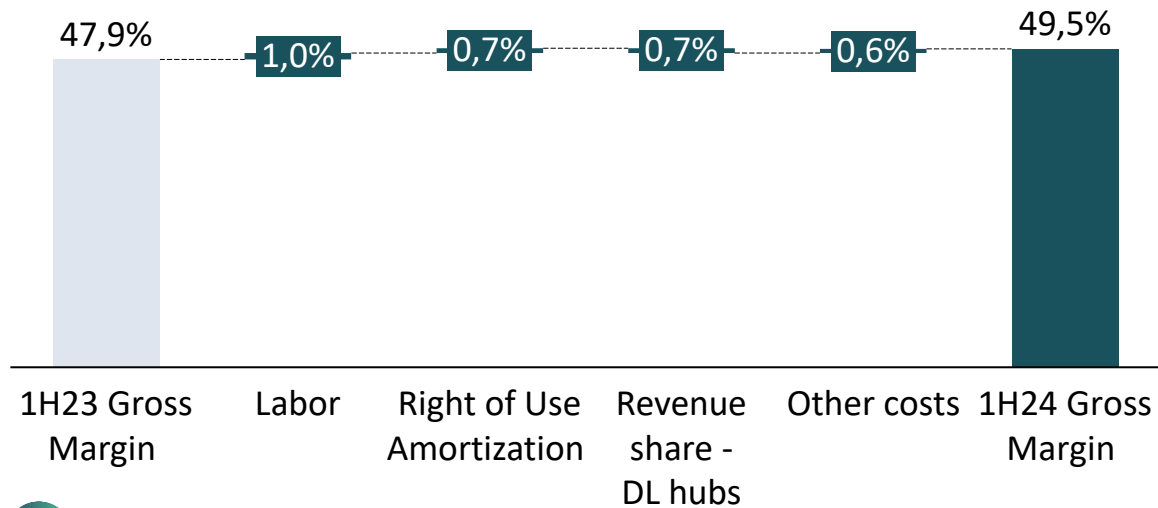
Gross Margin Expansion, even with salary adjustments and advances in classes in the health area



- ★ Gross Profit: +11.7% vs. 2Q23.
- ★ Expansion of 0.2 p.p. in Gross Margin, even with (i) collective bargaining with faculty and an increase in technical and preceptorship staff, given the progression of classes in health area and (ii) an increase in revenue share – DL hubs, as a result of the expansion of Digital revenue (+19.8%) and student base at third-party hubs (+14.6%).

GROSS PROFIT 1H24

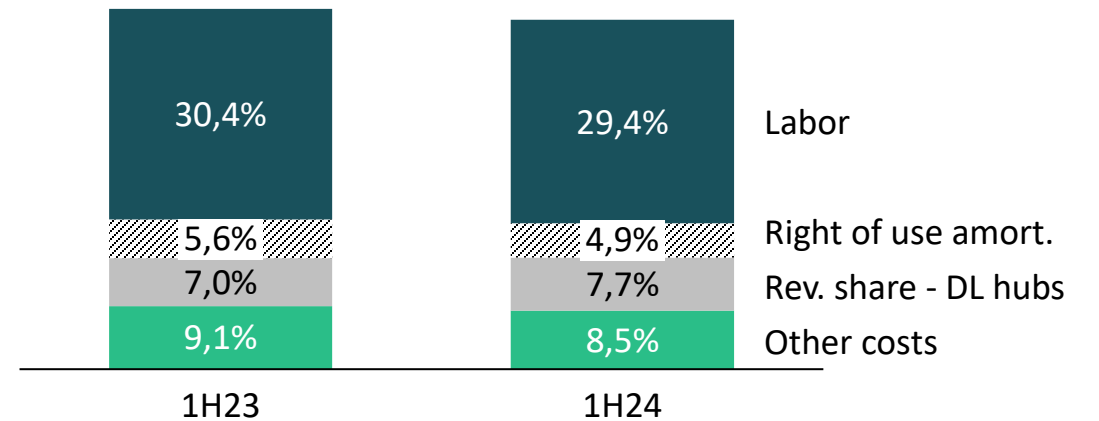
Expansion of 163 bps in Gross Margin of 1H24; gain in operating leverage



Gross Profit: +16.8% vs. 1H23.

Gain in operational efficiency of 1.6 p.p.

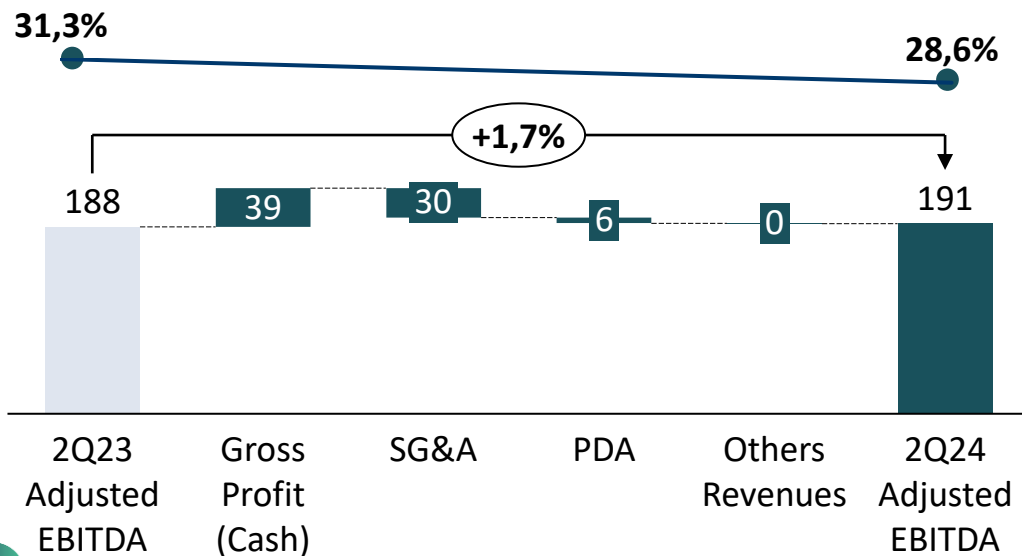
(% of Net Rev.)



The expansion of the Gross Margin in the period reflects the gain in operational leverage, resulting from revenue maximization initiatives, as well as efficiency gains.

ADJUSTED EBITDA 2Q24

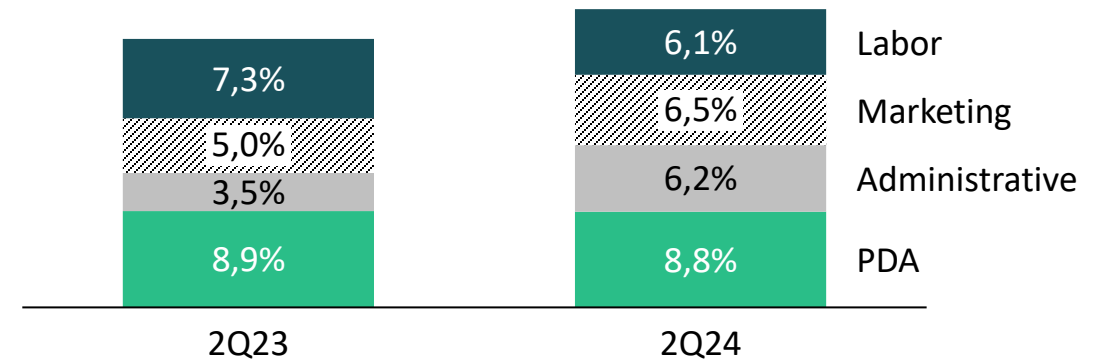
Adjusted EBITDA margin, transitorily, impacted by progress in projects focused on efficiency



The 2Q24 was marked by progress in digital evolution projects in both the front office and back-office areas, with the digitalization and automation of the Company's processes starting in the second half of 2023. It is important to highlight that these projects specifically impact the Company's margin as part the model transition process

Efficiency gains in Labor and PDA

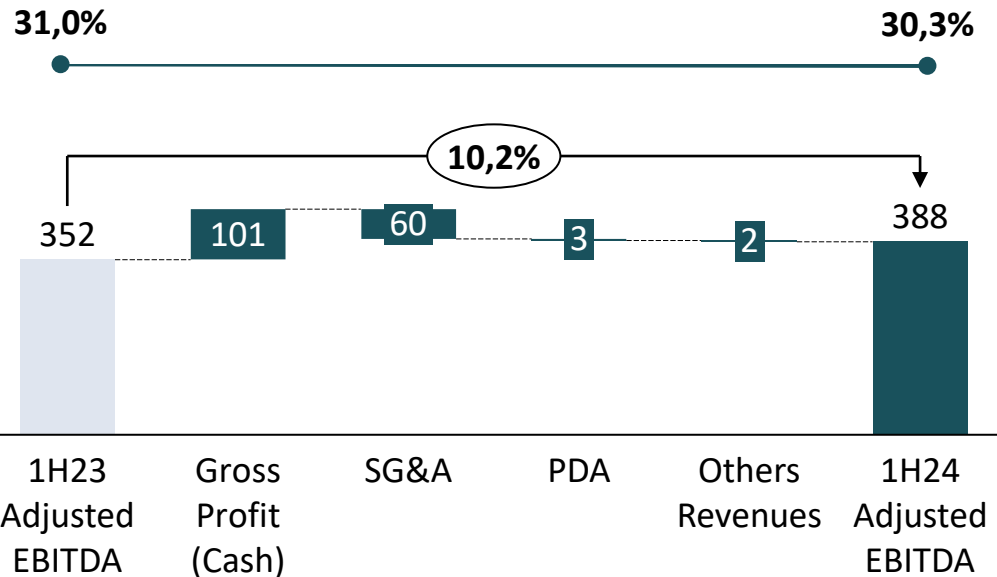
(% of Net Rev.)



Efficiency gains are already being seen in the labor and PDA lines (-1.3 p.p. as a % of Net Rev. vs. 2Q23). It is also worth mentioning that 2Q24 required higher spending on marketing (+1.5 p.p. as a % of Net Rev. vs. 2Q23), given a more competitive intake scenario.

ADJUSTED EBITDA 1H24

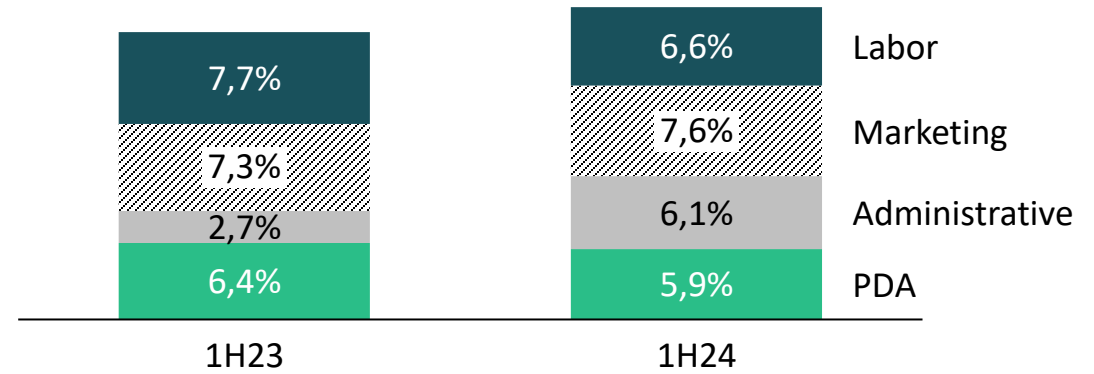
Adjusted EBITDA margin, transitorily, impacted by progress in projects focused on efficiency



Adjusted EBITDA: +10%; margin of 30.3%, close to stability compared to last year

Efficiency gains in Labor and PDA

(% of Net Rev.)



The slight margin retraction in the period is mainly due to the increase in administrative expenses (+3.5 p.p. of Net Rev. vs. 1H23), a consequence of investments in technology started in the second half of 2023, part of the company's digital transformation process, focusing on efficiency.

TOTAL COSTS AND EXPENSES * 2Q24 & 1H24 (% Net Rev.)

Digital Evolution: Investments in the Foundation

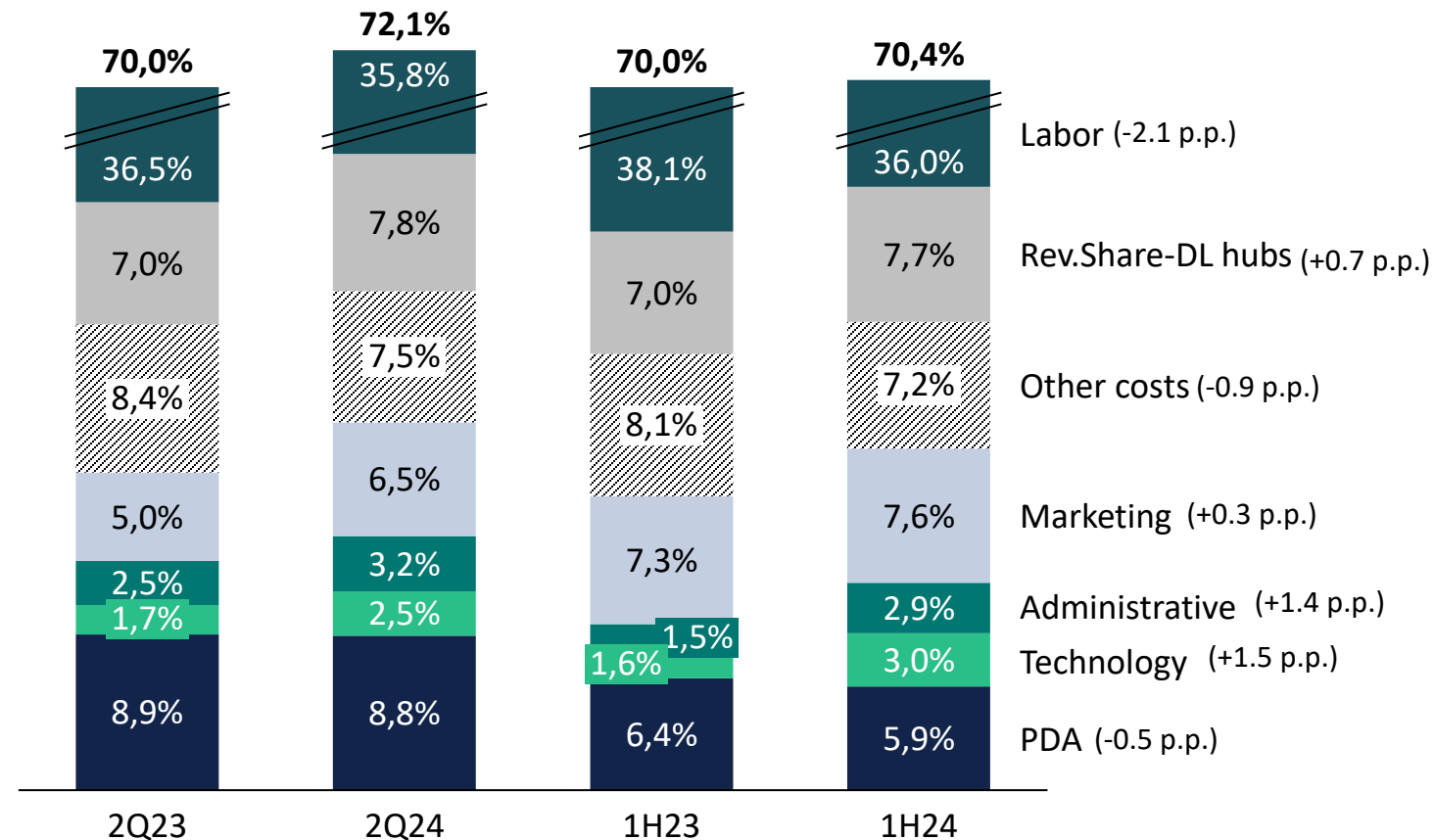


Growth by 2.1 p.p. in the quarter and 0.4 p.p. in the semester. As mentioned previously, since 3Q23, the Company has been focusing on technology projects on two fronts:

- i) providing a better experience for our students and
- ii) seeking to gain operational efficiency by automating processes.



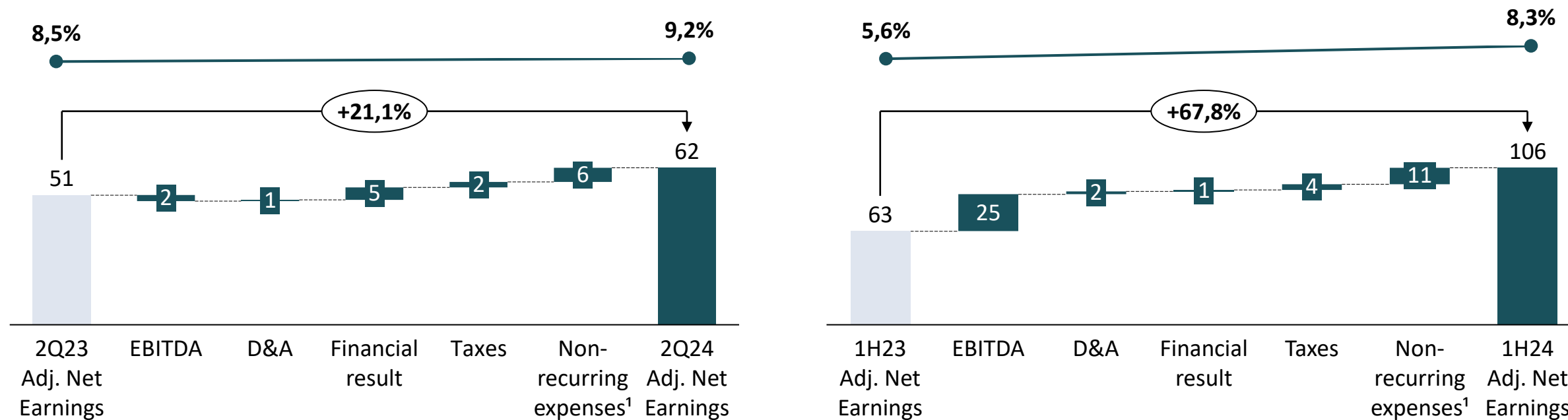
The maturation process of these projects is already beginning to reflect efficiency gains on several fronts, as we can see in the chart on the side



* Excluídos os efeitos não recorrentes

NET EARNINGS 2Q24 & 1H24

Expansion in Adjusted Net Earnings and increase in adjusted net margin



★ **Adjusted Net Earnings** reached R\$ 61.9 million, +21.1% vs. 2Q23. The increase in Net Earnings is the result of the expansion in revenue and improvement in the financial result in the period.
 In 1H24, Adjusted Net Earnings was R\$ 105.9 million, an increase of 67.8% vs. the same period of the previous year.

¹ Non-recurring expenses: M&A/Projects

ACCOUNTS RECEIVABLES 2Q24 (LTM)

Decrease in the Days of Receivables

R\$ million	2Q24	2Q23	%
Gross Receivables	630,6	606,5	4,0%
PDA	(334,0)	(331,3)	0,8%
Net Receivables	284,1	262,3	8,3%
Days of Receivables LTM*	42	44	-2 days

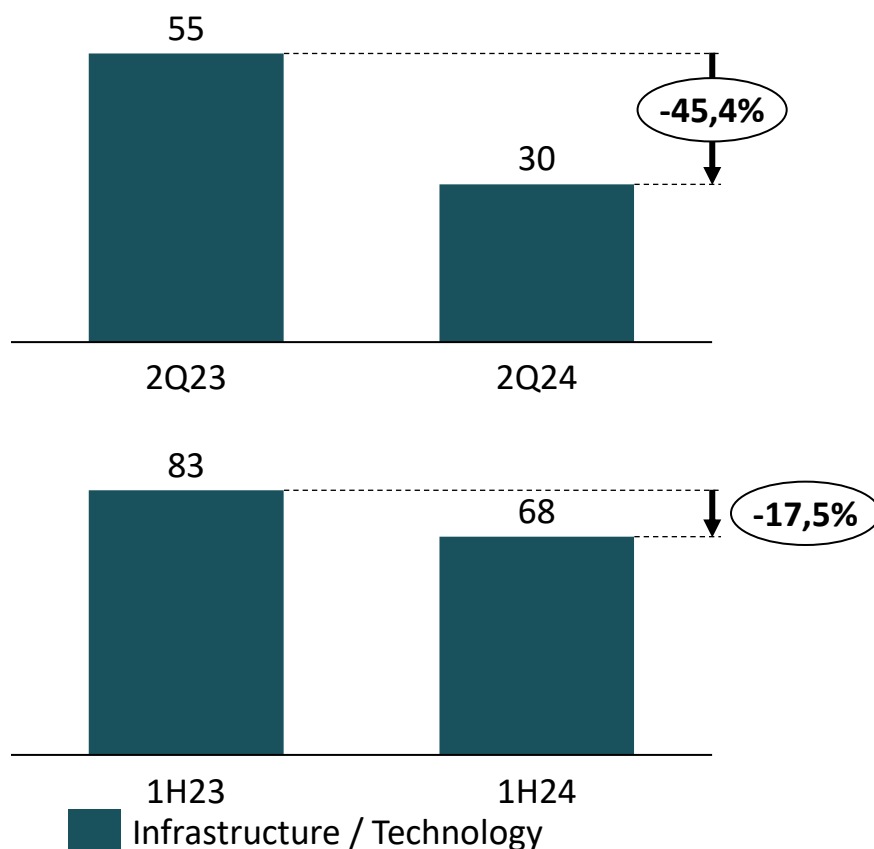


The days of receivables in 2Q24 was 42 days, a decrease of 2 days compared to the same period of the previous year, as a result of investments made in the collection management front since the second half of 2023.

*Last Twelve Months DoR: Accounts Receivable/Net Revenue for the LTM *360

CAPEX* 2Q24 & 1H24

Reduction of investments in infrastructure; greater focus on technology



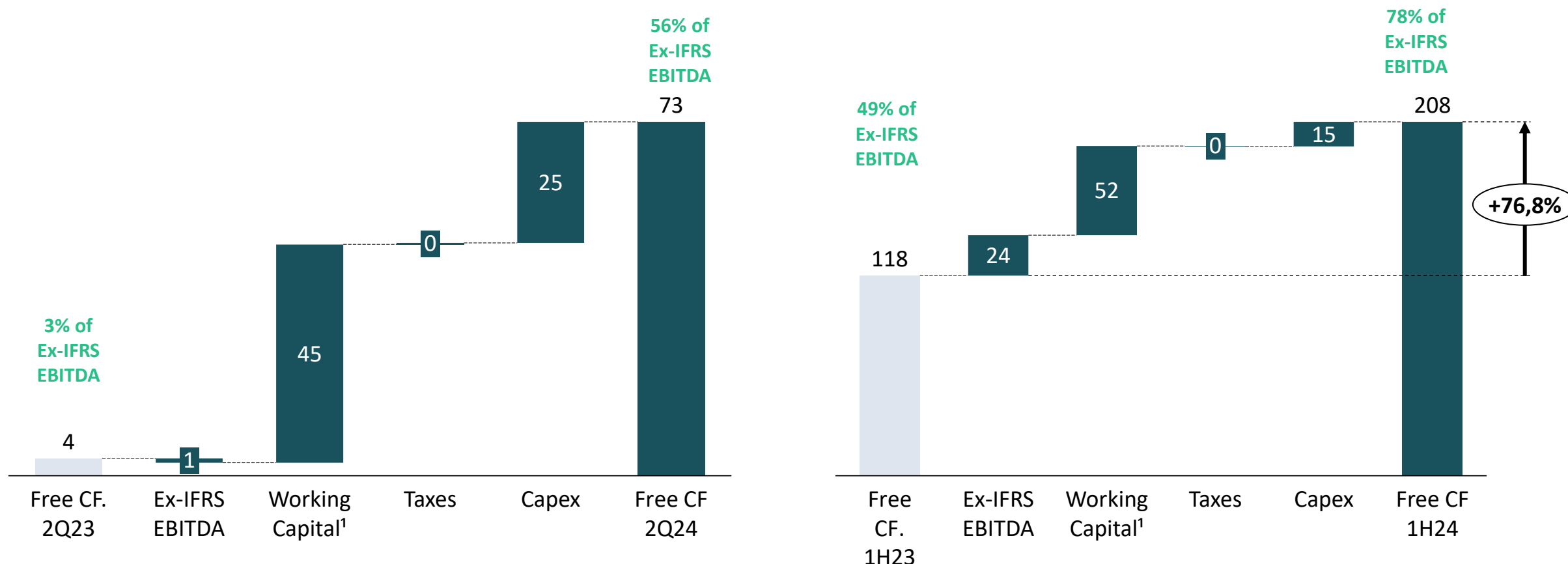
Investments in 2Q24 were approximately R\$ 29.9 million, a decrease of 45.4% vs. 2Q23.

In the semester, investments reached R\$ 68.2 million, a reduction of 17.5% vs. the same period of the previous year.

*Managerial Information

FREE CASH FLOW 2Q24 & 1H24

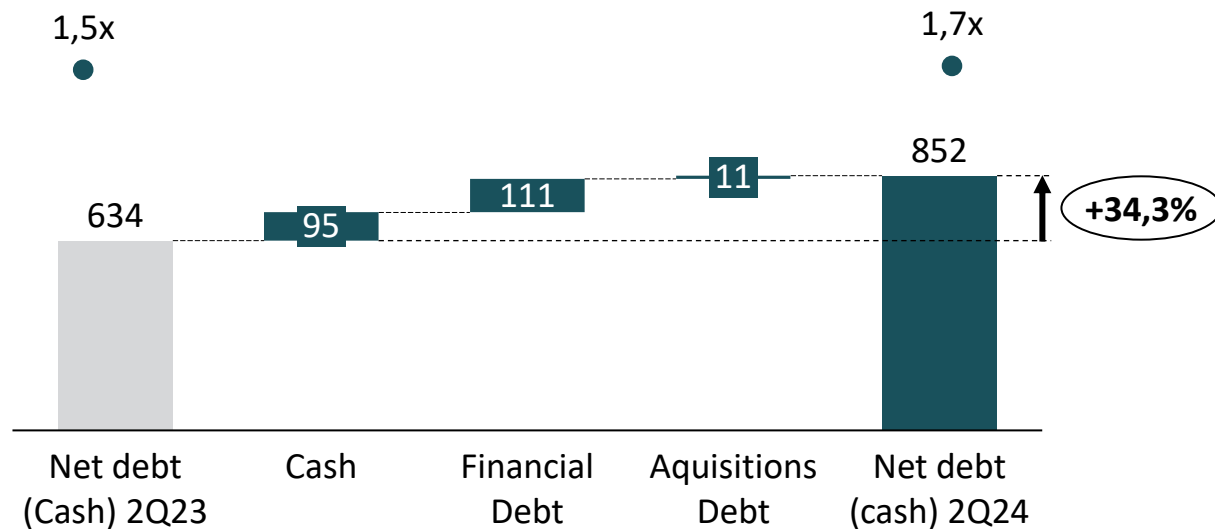
Strong free cash flow generation in the period



¹Working Capital: Assets (Accounts receivable, Taxes recoverable and Other receivables) and Liabilities (Suppliers, Obligations with related parties, Labor obligations, Tax obligations, Advances from customers, Deferred income, Other accounts payable)

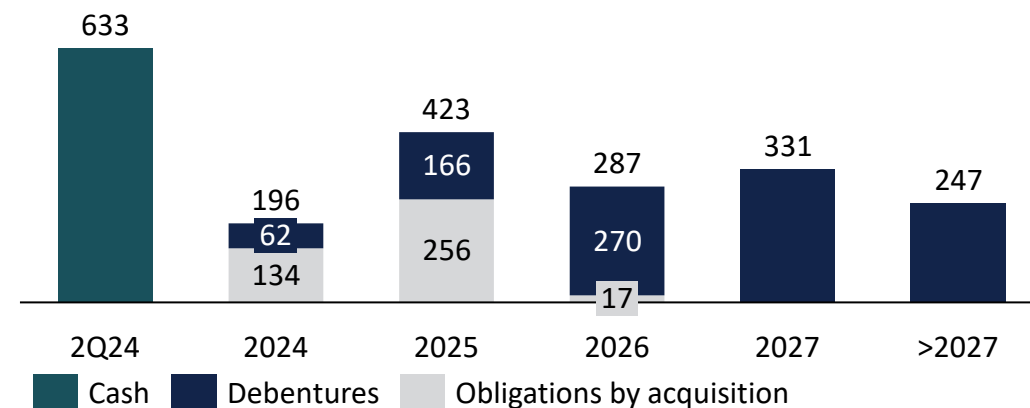
NET DEBT (CASH)

Controlled leverage, despite disbursement for acquisition



Net Debt (ex-lease liability): an increase of 34.3% when compared to the same quarter last year. Net Debt was impacted mainly by the cash disbursement for payment of the acquisition of FAPI, in the amount of R\$ 157.9 million and distribution of R\$ 60 million in dividends at the end of 2023.

Debt Amortization Schedule (R\$ million)



In order to achieve a healthy cash position for the Company, in 2024 we concluded the renegotiations and raising of SECID and ACEF debentures in the amounts of R\$ 173 million and R\$ 300 million. It is important to highlight that, to the benefit of our solid financial position, the average cost of debt (financial + acquisition) was CDI + 1.04% p.y..

It being worth noting that approximately 58% matures as of 2026.



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