



Cruzeiro do Sul
Educatonal

EARNINGS RELEASE

PRESENTATION

VIDEOCONFERENCE


November 10th 2023, Friday

02:00 PM (Brasília)

12:00 PM (New York)

05:00 PM (London)

 [Watch the webcast in Portuguese](#)

 [Watch the webcast in English](#)

**3Q
23**



DISCLAIMER

This presentation may contain forward-looking statements. These forecasts only reflect expectations of the Company's managers regarding future economic conditions, as well as the Company's performance, financial performance and results, among others. The terms "anticipates", "believes", "expects", "predicts", "intends", "plans", "projects", "objective", "should", and similar terms, which, of course, involve risks and uncertainties that may or may not be expected by the Company and therefore are not guarantees of future results of the Company and therefore the future results of the Company's operations may differ from current expectations and the reader should not rely exclusively in the information contained herein.

The Company does not undertake to update the presentations and forecasts in the light of new information or its future developments. The values reported for 2023 onwards are estimates or targets. The financial and operational information set out in this presentation is rounded off. The total amount is presented in the tables and graphs could therefore differ from the direct numerical aggregation of the preceding numbers. Non-financial information contained herein, as well as other operational information, were not audited by independent auditors. No investment decision should be based on validity, accuracy or completeness of the information or opinions contained in this presentation.

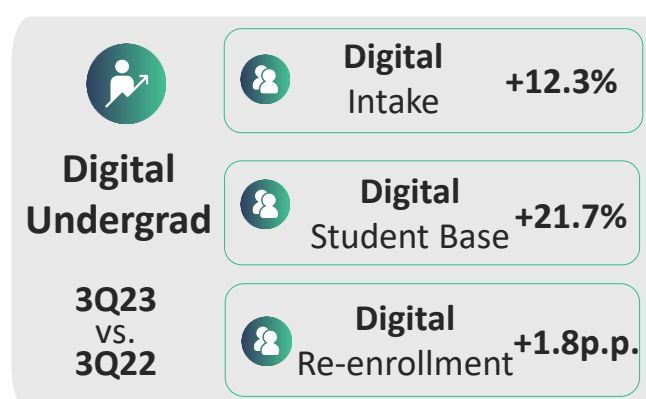
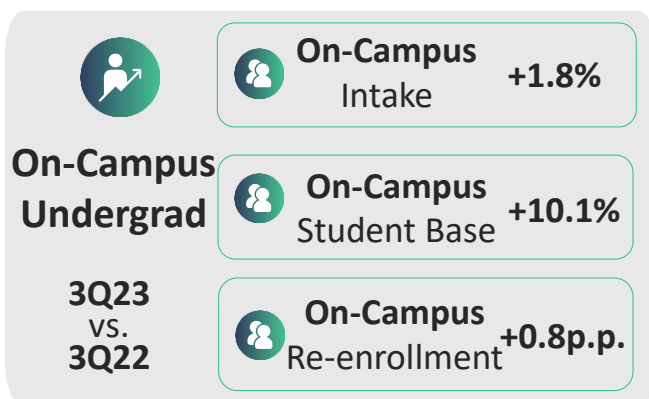


Contact Investor Relations

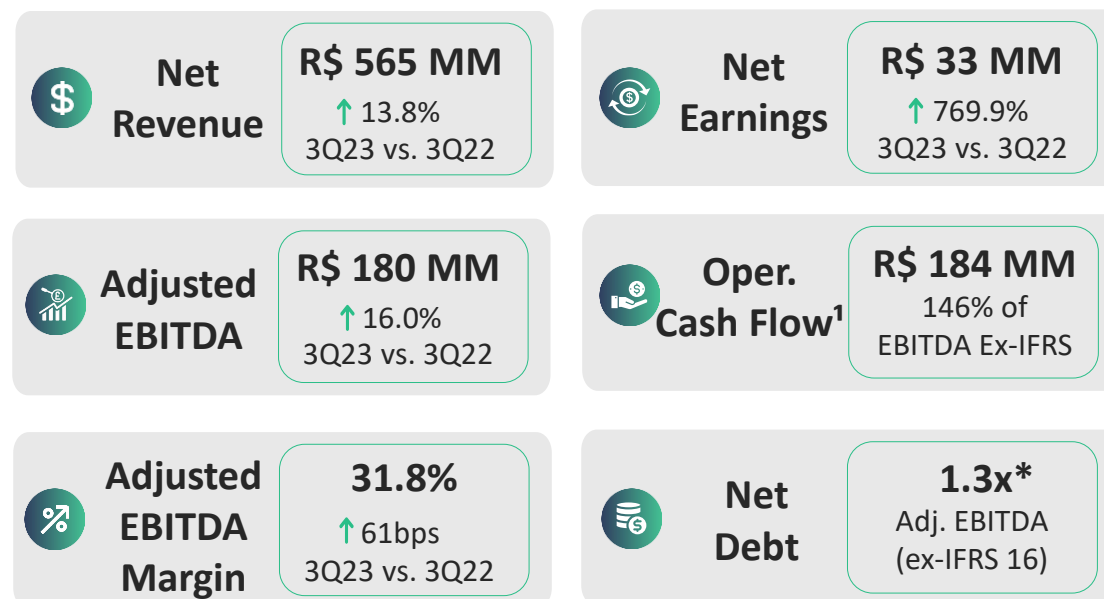
dri@cruzeirosul.edu.br

Expansion of EBITDA, Margin & Cash Generation

OPERATIONAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS



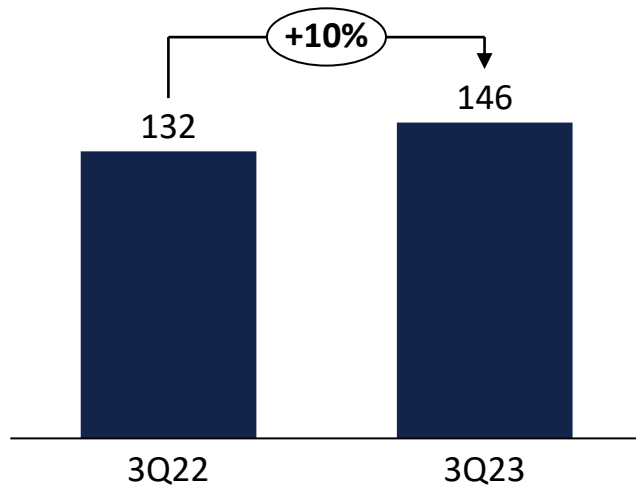
¹ EBITDA Ex-IFRS 16 – Working Capital - Taxes
Net Financial Debt/EBITDA LTM ex-IFRS-16

OPERATIONAL PERFORMANCE

Expansion in the On-Campus student base and improvement of the re-enrollment KPI

UNDERGRAD – ON-CAMPUS

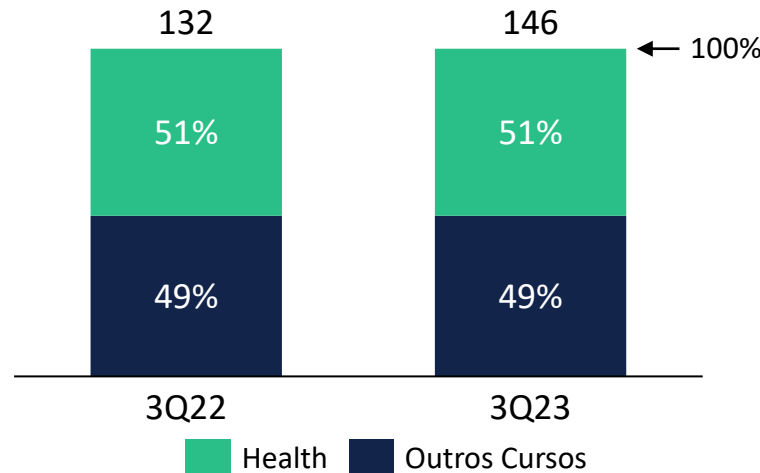
UNDERGRAD STUDENT BASE



Student base growth

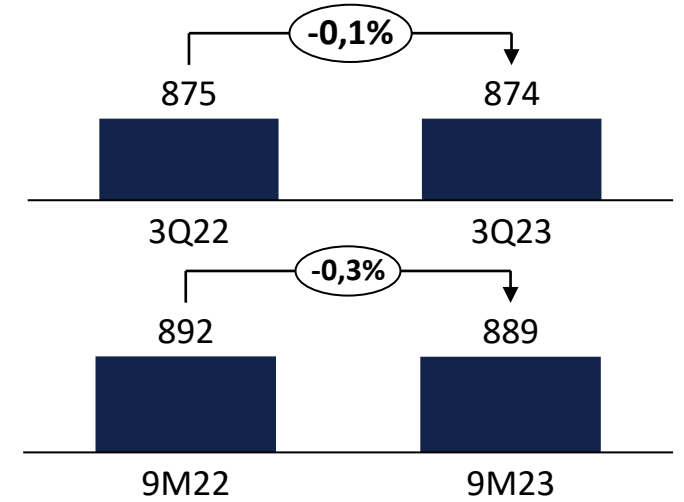
Improvement of 0.8p.p. in the re-enrollment KPI

HEALTH COURSES



Penetration of health students relevant in the mix

ON-CAMPUS TICKET (BRL/MONTH)



The global ticket (freshmen + senior) stable vs. 3Q22.

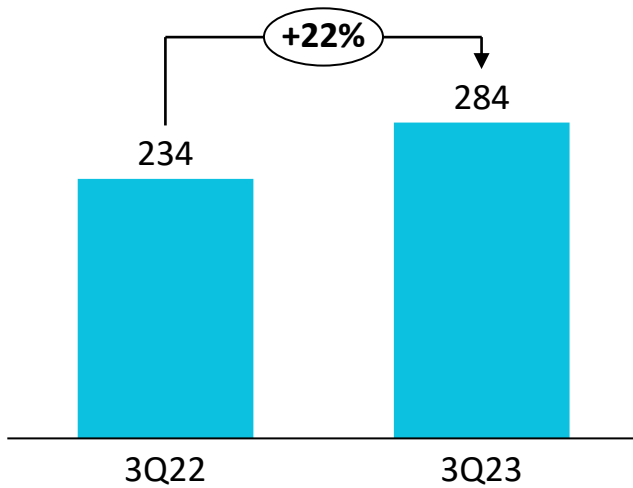
Managerial numbers, unaudited.

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

Expansion in the Digital student base, result of greater intake and re-enrollment

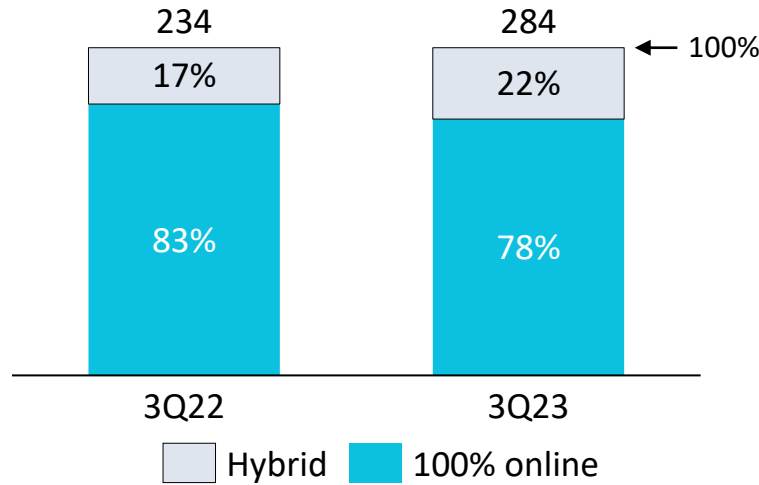
UNDERGRAD – DIGITAL

UNDERGRAD STUDENT BASE



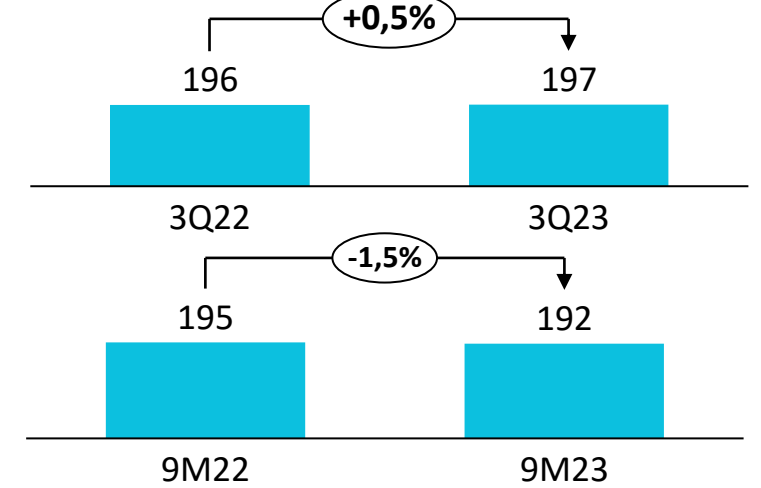
- ★ Student base growth
- ★ Improvement of 1.8p.p. in the re-enrollment KPI

HYBRID COURSES



- ★ Hybrid continues to gain share in the digital student base

DIGITAL TICKET (BRL/MONTH)



- ★ Impact of the mix of students in hybrid courses on the base (+4.3p.p.)

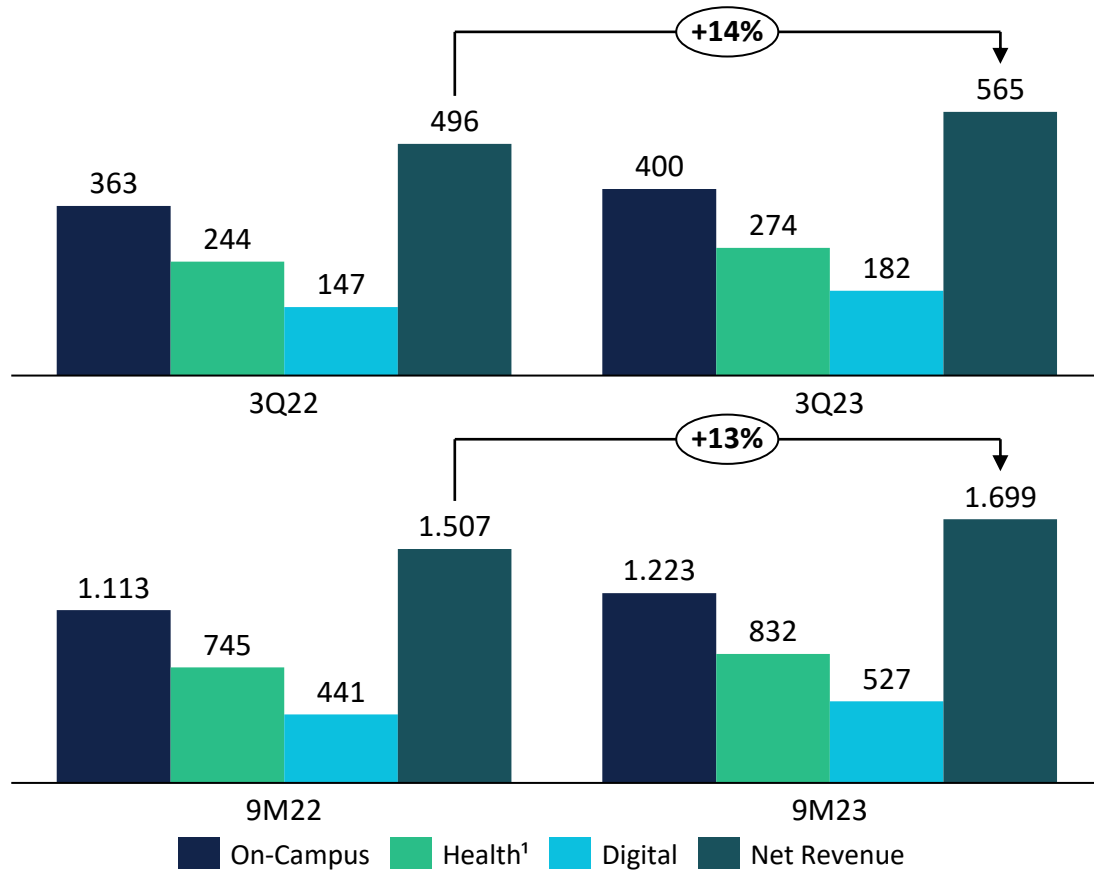
Managerial numbers, unaudited.

FINANCIAL PERFORMANCE



NET REVENUE 3Q23 & 9M23

Expansion in all segments reflecting improved intake and Y/Y re-enrollment



CONSOLIDATED NET REVENUE: Increase of 13.8% vs. 3Q22, reflecting the increase in the consolidated student base (+18.8%). In 9M23, net revenue was 12.7% higher than 9M22.

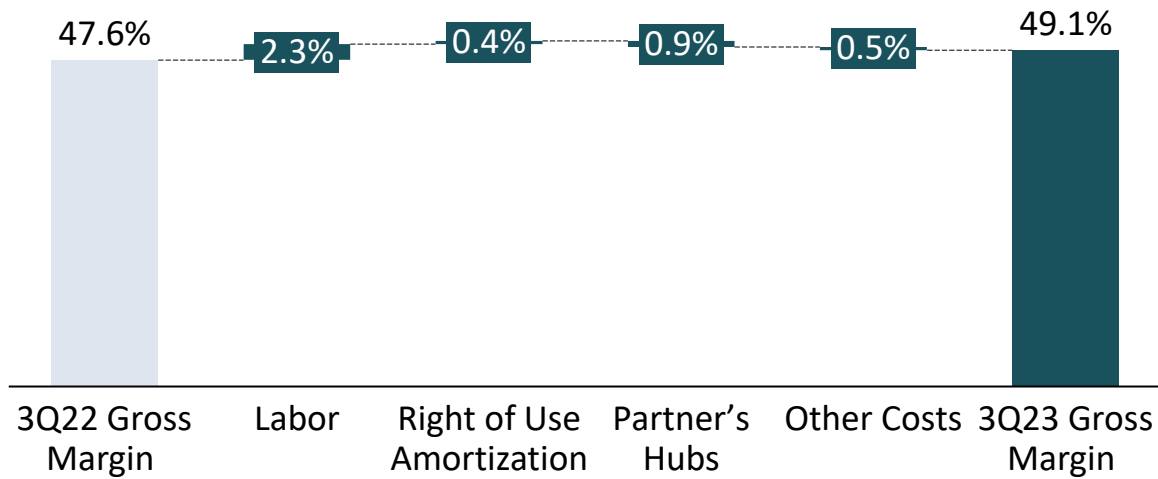
ON-CAMPUS NET REVENUE: Expansion of 10.2% in the quarter, as a result of the larger student base (+10.2%). In 9M23 the expansion was 9.8% vs. 9M22.

HEALTH COURSES NET REVENUE: As an on-campus profile, health courses grew 12.1% in the quarter and 11.7% in the 9M23. And already represent ~68% of on-campus revenue vs. 67% last year.

DIGITAL NET REVENUE: Increase of 23.5% in the quarter as a result of the larger student base (+21.7%) and the continued expansion of the hubs (+309; 22.7%). In the 9M23, revenue expanded by 19.4%.

GROSS PROFIT 3Q23

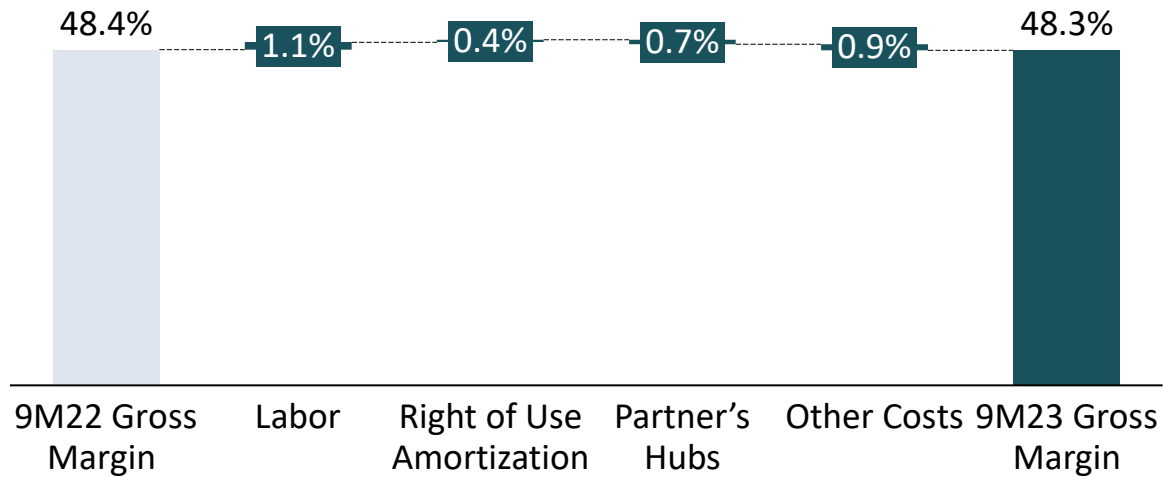
Expansion of 141bps in the adjusted gross margin in 3Q23, reflecting cost management discipline





- ★ Gross Profit: +17.2% vs. 3Q22;
- ★ Increase of 141bps in gross margin as a reflection of management efficiency initiatives.
- ★ In addition, the cost line was impacted by the increase in the transfer of hubs, as a result of the expansion of Digital revenue (+23.5%) and the student base in third-party hubs (+23.4%).
- ★ The “other costs” line was impacted, mainly by the increase in third-party services such as: (i) security, (ii) technology and (iii) laboratory consumables given the maturation of courses in the health area.


GROSS PROFIT 9M23

Gross profit expansion; progression of courses in the health area



- 

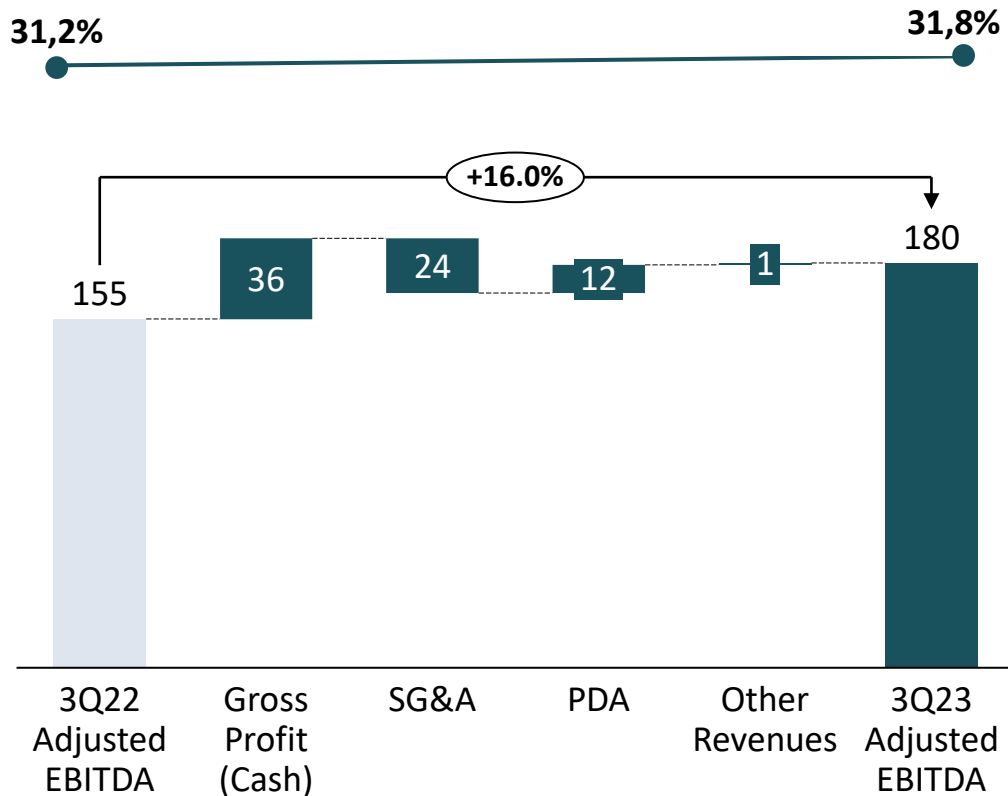
Gross Profit: +12.5% vs. 9M22.
- 

Gross margin in line with the same period of the previous year.
- 

The “other costs” line was impacted by (i) the increase in third-party services focused on the technology area, (ii) the increase in the number of cleaning and security service providers, and (iii) the progression of courses in the health area, with a greater volume of laboratory classes.

ADJUSTED EBTIDA 3Q23

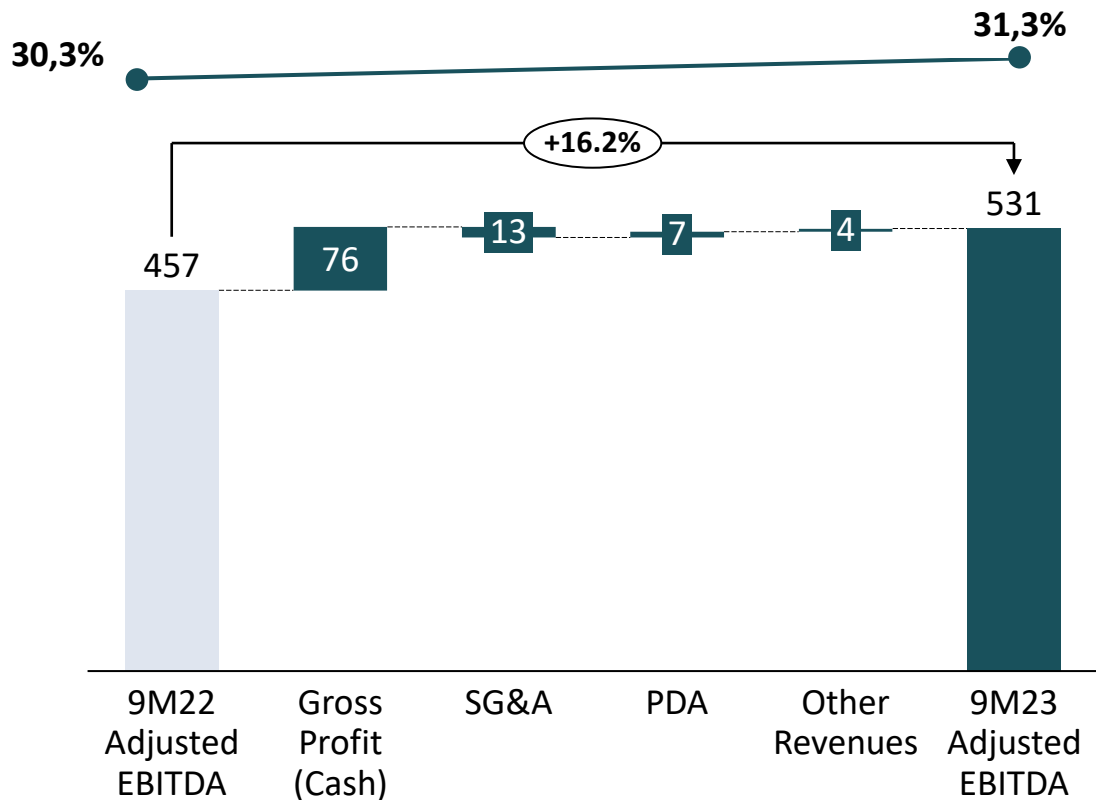
Expansion in the EBITDA margin reflecting improvement in gross profit and PDA



Adjusted EBITDA : +16.0%; +61bps of margin vs. 3Q22.

Despite the improvement in the Provision for Doubtful Account (PDA) line, which went from 5.7% of Net Revenue in 3Q22 to 2.8% in 3Q23, higher marketing expenses put pressure on margin expansion. The improvement in PDA in the quarter is the result of the change in the billing management model with a focus on technology, as well as improving re-enrollment.

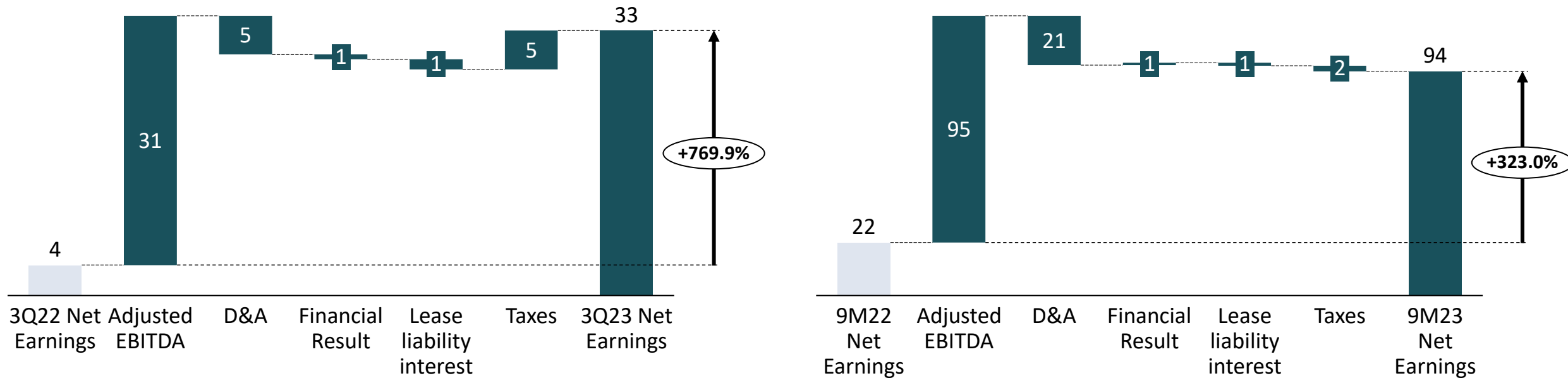
ADJUSTED EBTIDA 9M23



- Adjusted EBITDA : +16.2%; +93bps of margin vs. 9M22.
- The efficiency gain in general and administrative expenses, added to the improvement in PDA (5.2% of Net Revenue vs. 6.3% in 9M22), as well as the increase in revenues from the rental of spaces for events (+19% vs. 3Q22), mitigated the impact of the stable gross margin for the period.

NET EARNINGS 3Q23 & 9M23

Expansion in Net Earnings reflecting operational improvement



Net Income: 8.7x higher, reflecting the improvement in EBITDA, combined with the reduction in gross debt.
In 9M23, Net Income was R\$ 93.5 million, an improvement of 4.2x when compared to the same period of the previous year.

ACCOUNTS RECEIVABLE 3Q23 (LTM)

Increase in DoR as a reflection of the greater volume of ongoing agreements in the period

R\$ million	3Q23	3Q22	%
Tuition	390,5	351,2	11,2%
Student Financing	60,4	62,2	(2,9%)
Agreements	91,2	60,1	51,7%
Other Receivables	73,2	62,0	17,9%
Gross Receivables	615,3	535,6	14,9%
AVP	(15,1)	(13,7)	10,8%
PDA	(326,5)	(294,7)	10,8%
Net Receivables	273,7	227,2	20,5%
Days of Receivables LTM*	44	41	+3 days

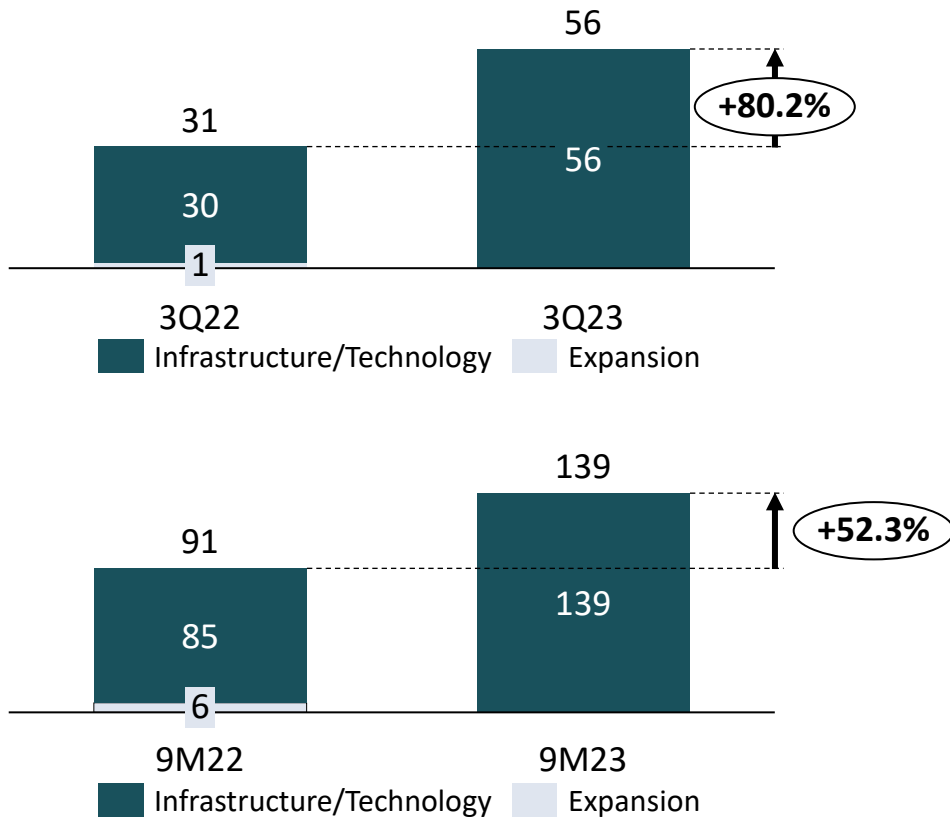


The days of receivables in 3Q23 increased by 3 days vs. o 3Q22, reaching 44 days, due to the greater volume of agreements in progress.

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

CAPEX* 3Q23 & 9M23

Investments in infrastructure and technology aiming at the best student experience



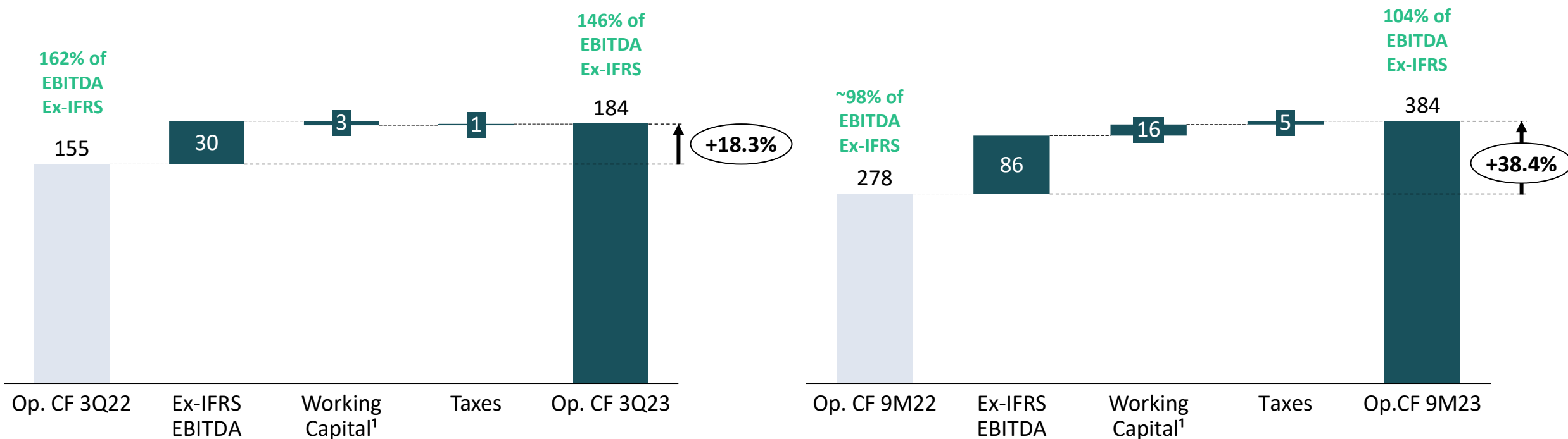
⬆️ Increase of 80.2% vs. 3Q22, as a reflection of the resumption of investment projects in infrastructure and technology focused mainly on the evolution of the student experience.

⬆️ Investments in 9M23 were approximately R\$ 138.9 million, an increase of 52.3%.

*Managerial Information

OPERATING CASH FLOW 3Q23 & 9M23

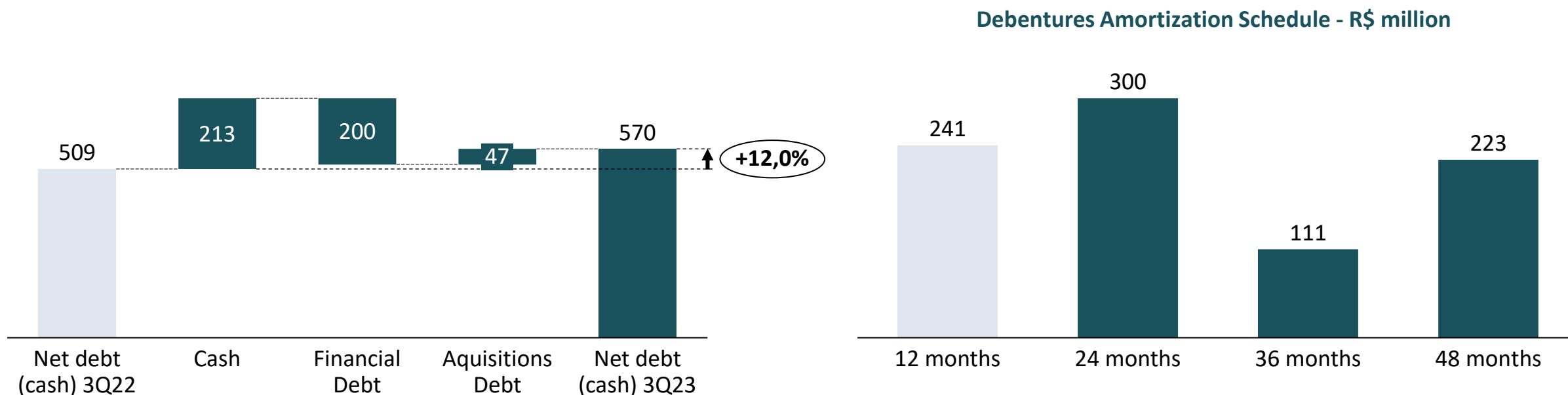
Operational improvement ↑ = Cash Generation ↑



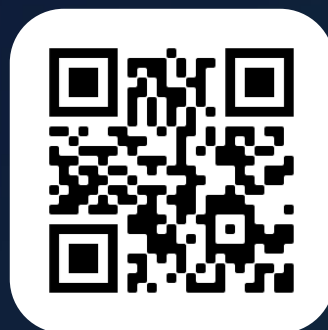
¹Working capital: Assets (Accounts receivable, Taxes recoverable and Other receivables) and Liabilities (Suppliers, Obligations with related parties, Labor obligations, Tax obligations, Advances from customers, Deferred income, Other accounts payable)

NET DEBT (CASH)

1% improvement in the leverage indicator (Ex-IFRS) reaching 1.3x (vs. 2Q23)



Net Debt (ex-lease liability): Increase of 12.0% when compared to the same quarter last year. Despite the positive operational performance, net debt was impacted by (i) execution of the Buyback Plan in the amount of R\$ 46 million and (ii) Payment of dividends in the amount of R\$ 25 million.



Contact Investor Relations
dri@cruzeirosul.edu.br

