



**Cruzeiro do Sul**  
Educatonal

# EARNINGS RELEASE

PRESENTATION


## VIDEOCONFERENCE

August 15th 2023, Tuesday

02:00 PM (Brasília)

01:00 PM (New York)

06:00 PM (London)

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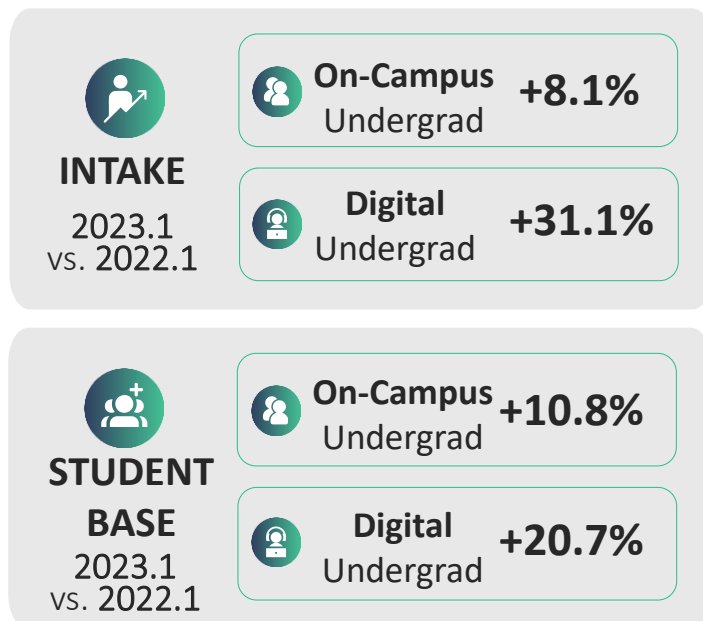


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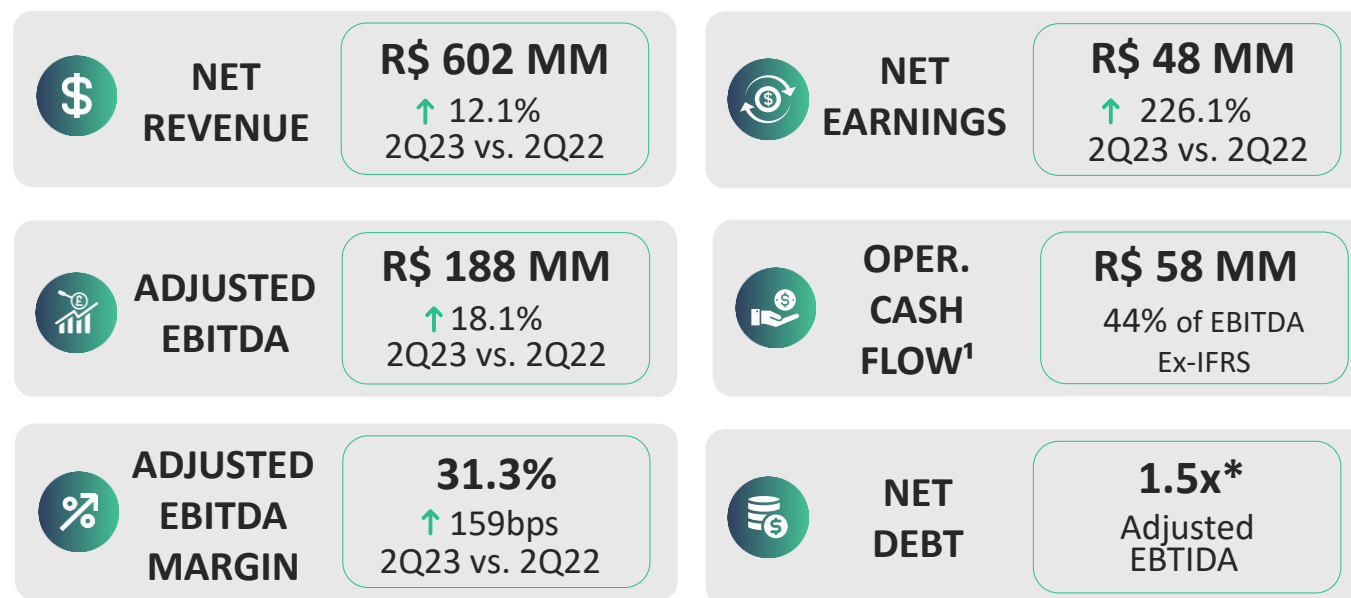
[dri@cruzeirosul.edu.br](mailto:dri@cruzeirosul.edu.br)

## EBITDA Expansion with Cash Generation

### OPERATIONAL HIGHLIGHTS



### FINANCIAL HIGHLIGHTS



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

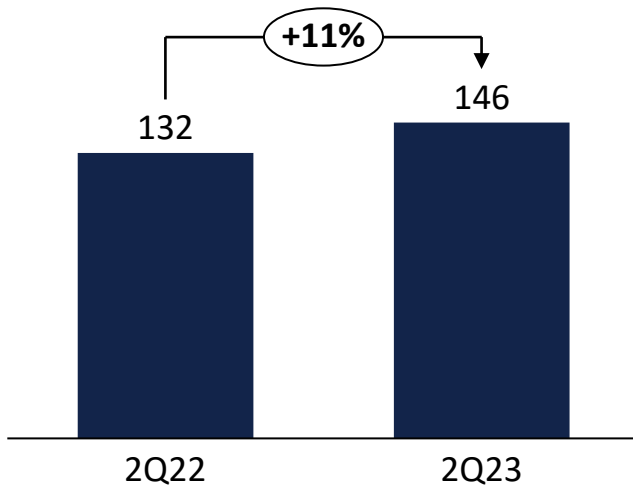


# OPERATIONAL PERFORMANCE

## Penetration of health students stable vs. 2Q22

### UNDERGRAD – ON-CAMPUS

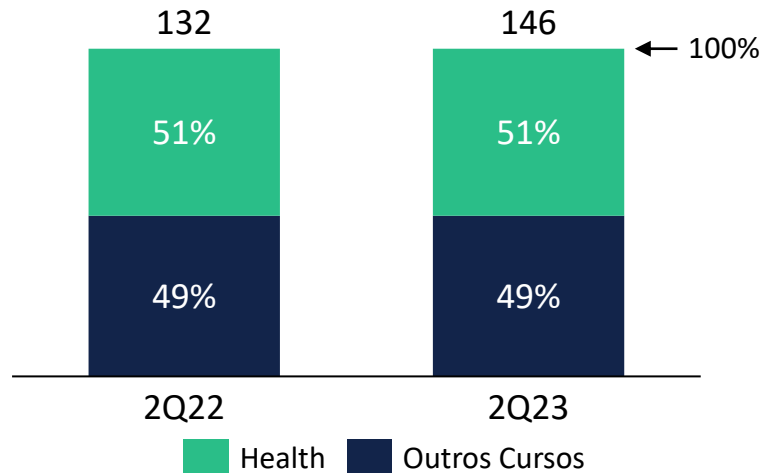
UNDERGRAD STUDENT BASE



Student base growth

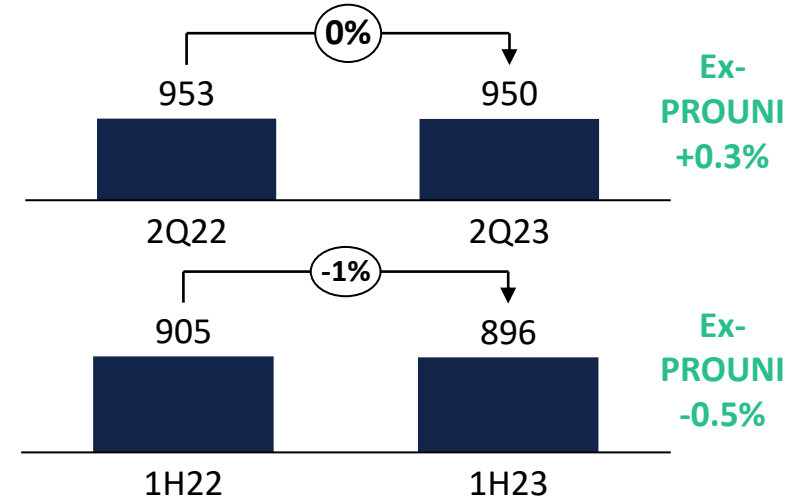
Improvement of 3p.p. in the re-enrollment KPI

HEALTH COURSES



Health courses stable in the student mix

ON-CAMPUS TICKET (BRL/MONTH)



Slight drop in the global ticket (freshmen + senior), excluding Prouni ticket grows

Mix effect between units and courses: important factor in ticket drop

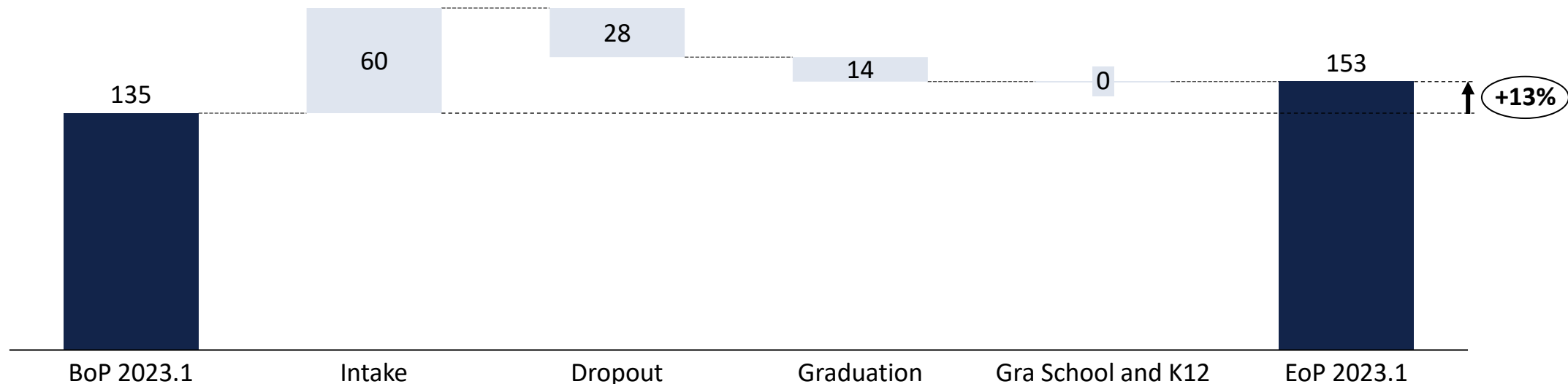
Managerial numbers, unaudited.

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

## ↑ Intake + ↑ Re-Enrollment = Expansion of on-campus student base

### ON-CAMPUS - CONSOLIDATED

On-Campus	2023.1	2022.1	Y/Y
<b>BoP</b>	<b>135</b>	<b>130</b>	<b>3,9%</b>
Intake	60	56	8,1%
Dropout	(28)	(30)	(7,8%)
Graduation	(14)	(16)	(12,0%)
Gra School and K12	0	0	(36,1%)
<b>EoP</b>	<b>153</b>	<b>139</b>	<b>10,0%</b>

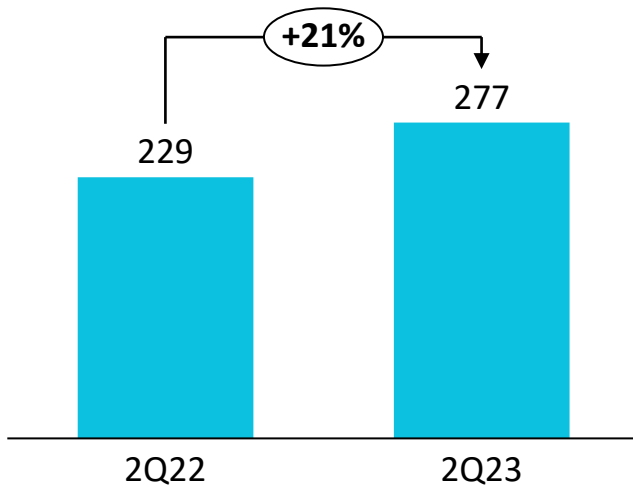


Managerial numbers, unaudited.

Higher concentration of freshmen on the base pressing the ticket, despite the advance of hybrid courses

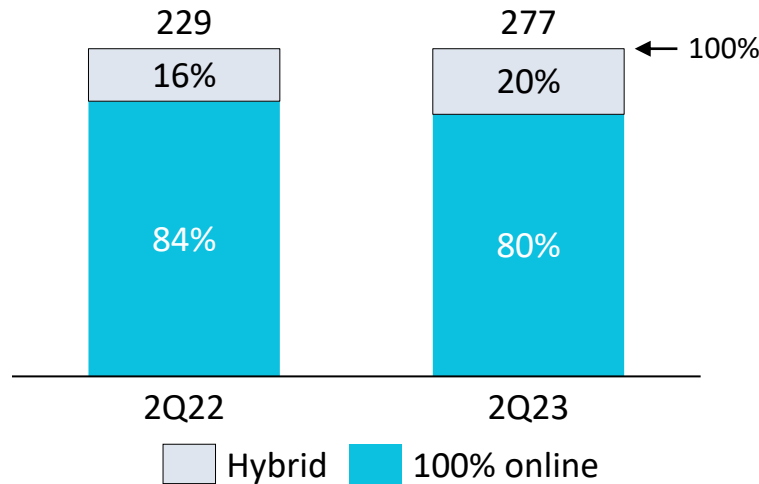
UNDERGRAD – DIGITAL

UNDERGRAD STUDENT BASE



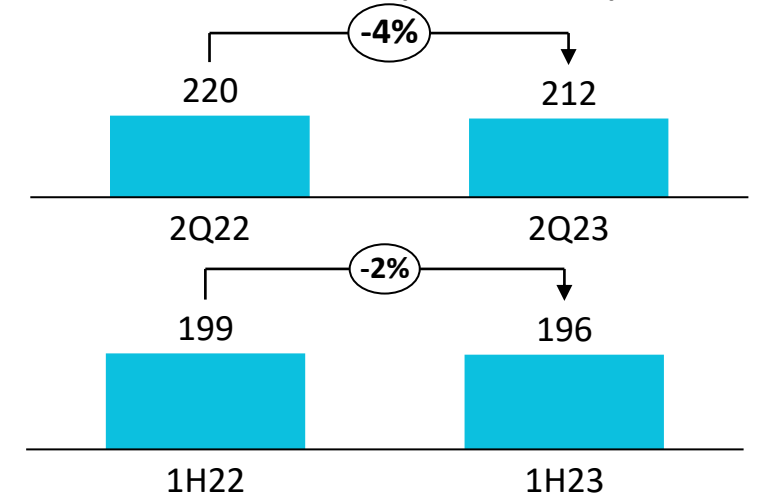
- ★ Student base growth
- ★ Improvement of 1.9p.p. in the re-enrollment KPI

HYBRID COURSES



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

DIGITAL TICKET (BRL/MONTH)



- ★ Impact of the freshman mix on the base (+11.3p.p)
- ★ More challenging pricing scenario in the Hybrid

Managerial numbers, unaudited.

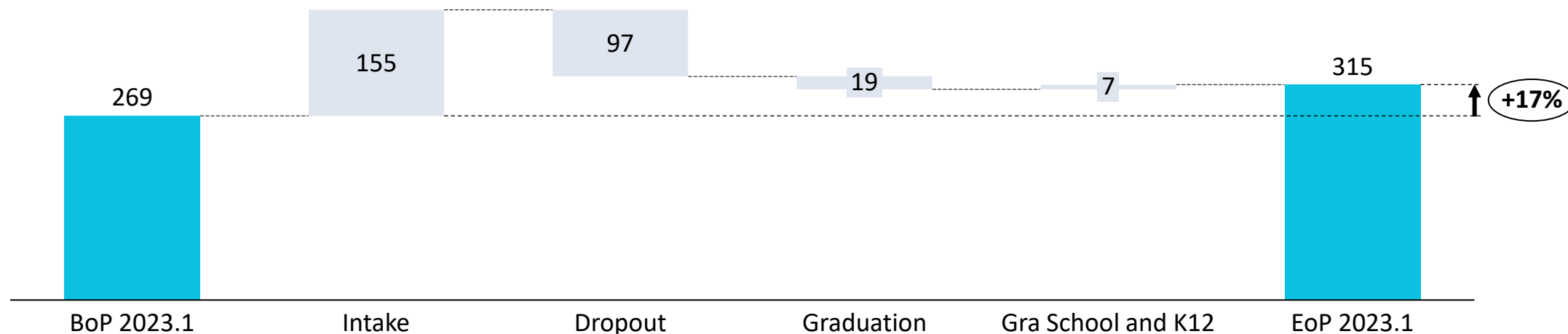
## ↑ Intake + ↑ Re-Enrollment = Expansion of digital student base

### DIGITAL - CONSOLIDATED



DL	2023.1	2022.1	Y/Y
<b>BoP</b>	<b>269</b>	<b>244</b>	<b>10,3%</b>
Intake	155	118	31,1%
Dropout	(97)	(89)	8,9%
Graduation	(19)	(19)	(0,0%)
Gra School and K12	7	(6)	(226,9%)
<b>EoP</b>	<b>315</b>	<b>248</b>	<b>26,7%</b>

- ★ Strong intake in 1H23 **+31%**
- ★ Expansion of the final student base **+27%**
- ★ Continuing the hubs expansion process **+22%**



Managerial numbers, unaudited.

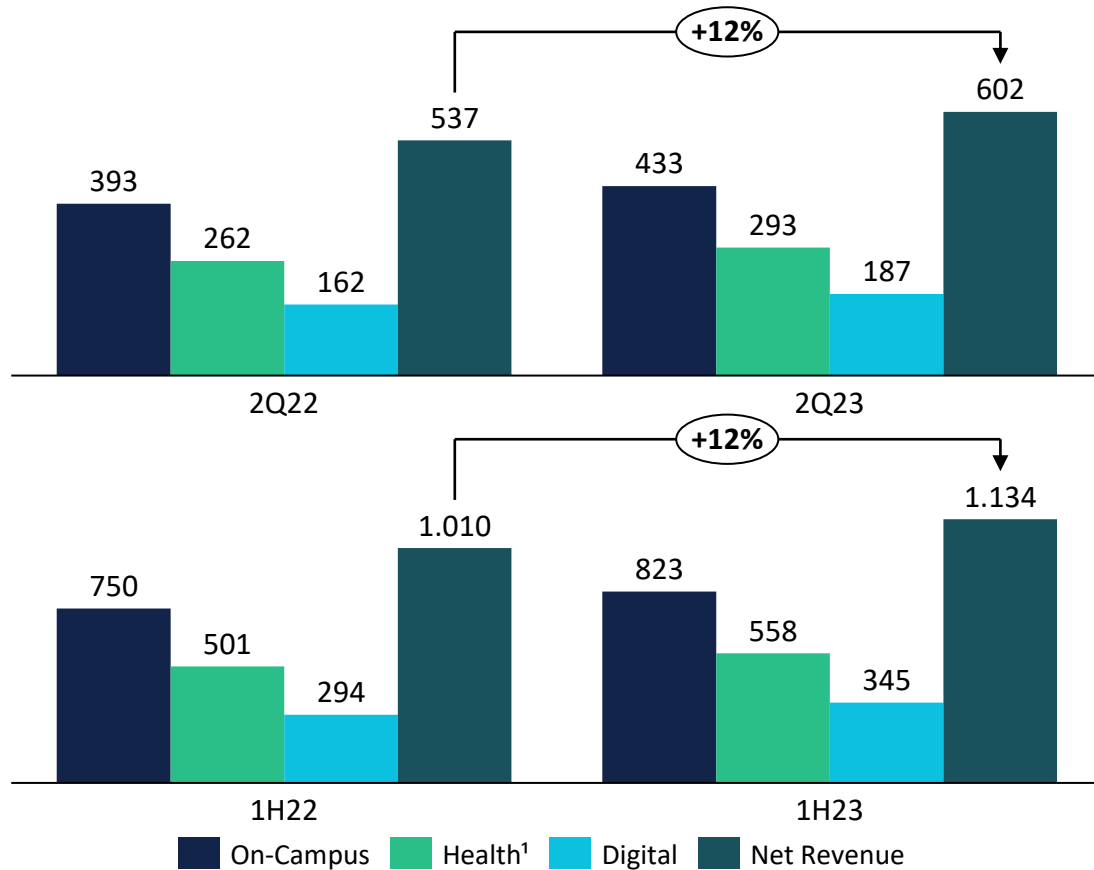


# FINANCIAL PERFORMANCE



# NET REVENUE 2Q23 & 1H23

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



**CONSOLIDATED NET REVENUE:** Increase of 12.1% compared to 2Q22, reflecting the increase in the consolidated student base (+20.7%). While in the semester revenue was 12.2% higher than 1H22.

**ON-CAMPUS NET REVENUE:** Expansion of 10.2% in the quarter, as a result of the larger student base (+10.0%). In the semester, the expansion was 9.7% vs. 1S22.

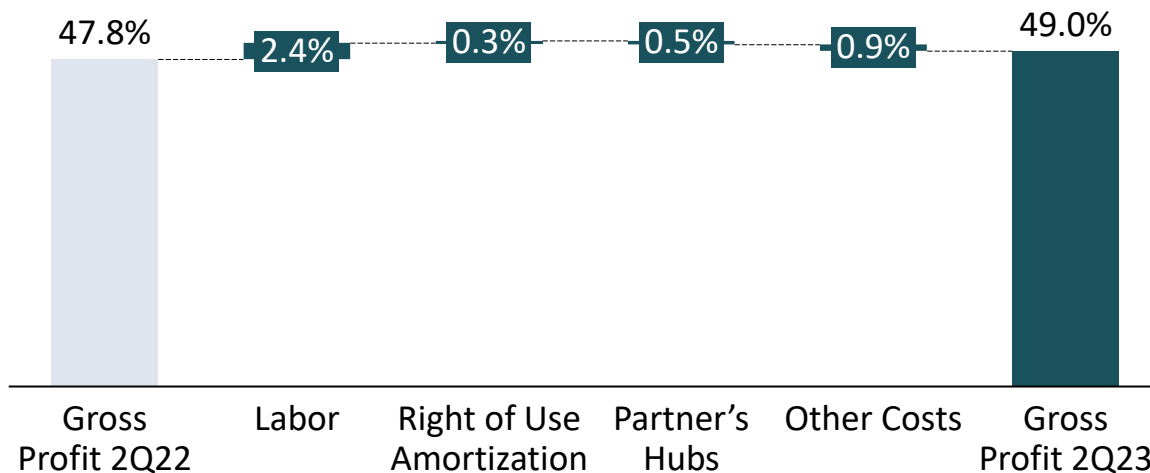
**HEALTH COURSES NET REVENUE:** As an on-campus profile, health courses grew 11.9% in the quarter and 11.4% in the semester. And they already represent ~68% of on-campus revenue vs. 67% last year.

**DIGITAL NET REVENUE:** Increase of 15.2% in the quarter as a result of the larger student base (+26.7%) and the continued expansion of the hubs (+283; 21.8%). In the semester, revenue expanded by 17.4%.

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

## GROSS PROFIT 2Q23

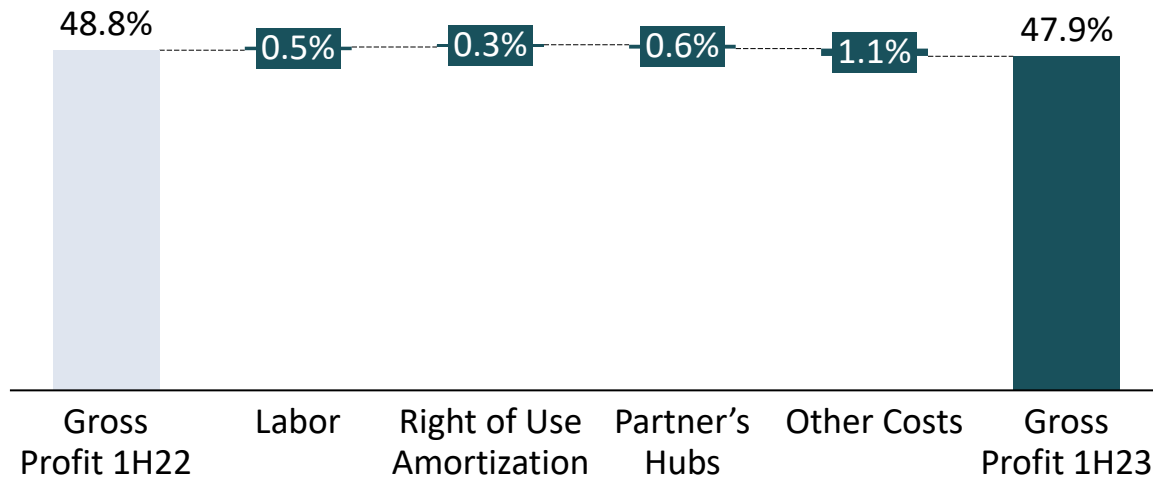
Expansion of 125bps in the adjusted gross margin in 2Q23, reflecting cost management discipline



- ★ Gross Profit: +15.1% vs. 2Q22;
- ★ Increase of 125bps in gross margin as a reflection of efficiency initiatives, in addition the conclusion of negotiations with the union.
- ★ In addition, the cost line was impacted by the increase in the transfer of hubs, as a result of the expansion of Digital revenue (+15.2%) and the student base in third-party hubs (+21.8%).
- ★ The “other costs” line was impacted, mainly by the increase in third-party services focused on the technology area.

# GROSS PROFIT 1H23

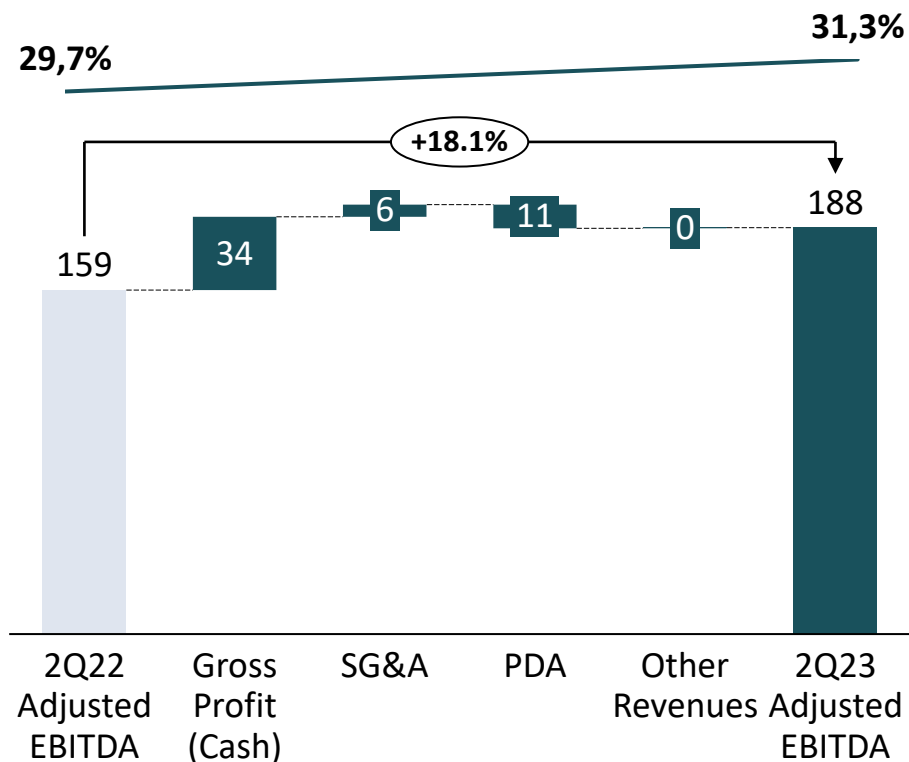
## Gross profit expansion; progression of courses in the health area



- ★ Gross Profit: +10.3% vs. 1H22.
- ★ The drop in gross margin in the period is mainly a reflection of the increase in labor costs, which was impacted by (i) collective bargaining with faculty and (ii) increase in the technical staff of preceptors given the progression of courses in the health area.
- ★ In addition, the cost line was impacted by the increase in the transfer of hubs, as a result of the expansion of Digital revenue (+17.4%).
- ★ The “other costs” line was impacted by (i) the progression of courses in the health area, with a higher volume of laboratory classes; (ii) the increase in the number of cleaning and security service providers and (iii) the increase in services from third parties focused on the technology area.

# ADJUSTED EBITDA 2Q23

EBITDA margin expansion reflecting improvement in SG&A, despite higher default



Adjusted EBITDA : +18.1%; +159bps of margin vs. 2Q22.

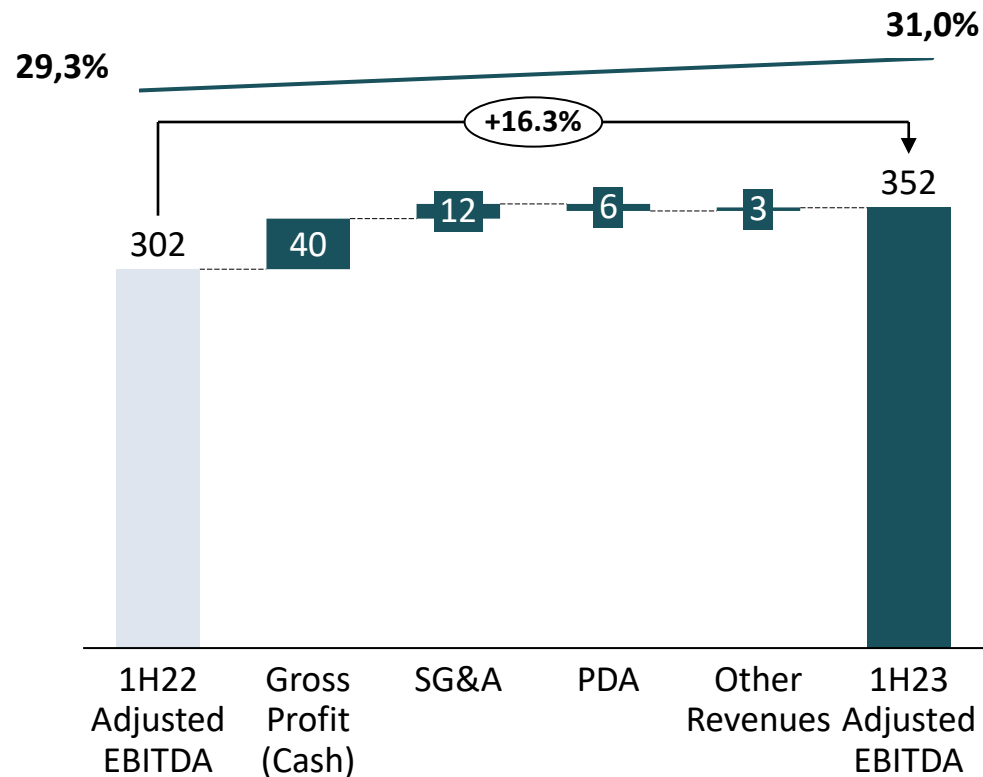


The expansion of adjusted EBITDA in 2Q23 is mainly a reflection of management initiatives in the search for efficiency in general and administrative expenses, which mitigated the impacts of the higher PDA (8.9% of revenue vs. 7.9% in 2Q22), as a reflection of the more challenging macroeconomic scenario of the period, in addition to the expansion of Digital.



# ADJUSTED EBTIDA 1H23

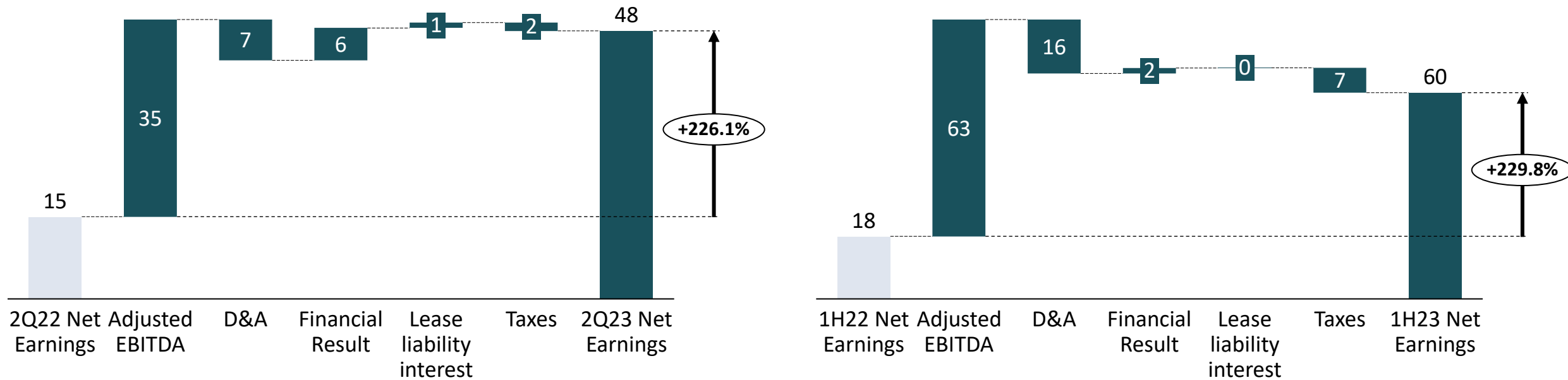
Efficiency gain mitigating the impact of the gross margin retraction in the period



- Adjusted EBITDA : +16.3%; +109bps of margin vs. 1H22.
- The efficiency gain in general and administrative expenses, together with the improvement in PDA (6.4% of revenue vs. 6.6% in 1H22) at the beginning of the semester and the increase in revenues from the leasing of spaces for events (22% vs. 2Q22), mitigated the impact of the gross margin retraction in the period.

# NET EARNINGS 2Q23 & 1H23

## Expansion in Net Earnings reflecting operational improvement



**Net Income:** 3.3x higher, reflecting the improvement in EBITDA, in addition to initiatives seeking efficiency in financial management, such as (i) bank fee renegotiations (ii) control of discounts, (iii) shorter duration of accounts receivable and (iv) reduction in gross debt. In the semester, Net Income was R\$ 60.3 million, an improvement of 3.3x when compared to the same period of the previous year.

## ACCOUNTS RECEIVABLE 2Q23 (LTM)

### Accounts Receivable better than last year

R\$ million	2Q23	2Q22	%
Tuition	417,9	362,9	15,2%
Student Financing	55,5	67,3	(17,6%)
Agreements	70,6	54,2	30,4%
Other Receivables	62,5	51,6	21,1%
<b>Gross Receivables</b>	<b>606,5</b>	<b>536,0</b>	<b>13,2%</b>
AVP	(12,8)	(11,6)	11,1%
PDA	(331,3)	(282,6)	17,2%
<b>Net Receivables</b>	<b>262,3</b>	<b>241,8</b>	<b>8,5%</b>
<b>Days of Receivables LTM*</b>	<b>44</b>	<b>45</b>	<b>-1 day</b>

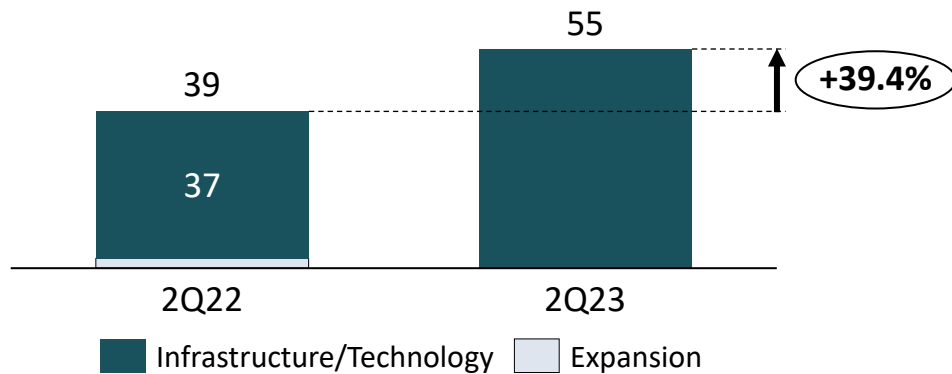


The days of receivables in 2Q23 improved one day vs. last year.

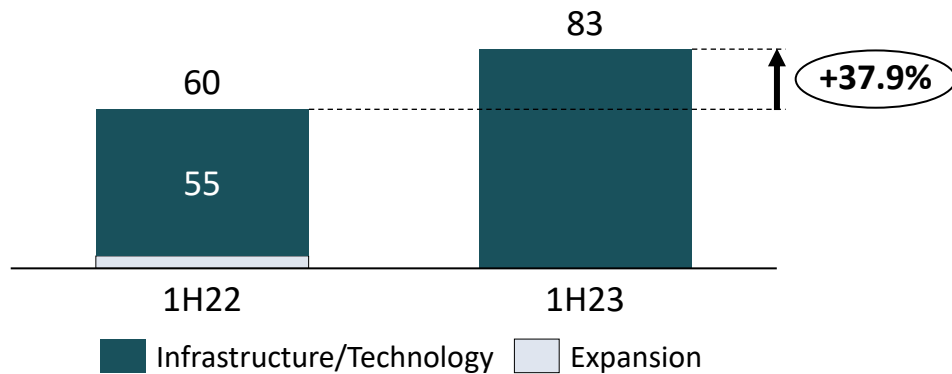
\*Last Twelve Months DoR: Accounts Receivable/Net Revenue for the LTM\*360

## CAPEX\* 2Q23 & 1H23

### Investments in infrastructure and technology focused on a better student experience



Investments in 2Q23 were approximately R\$54.7 million, an increase of 39.4% vs. 2Q22, as a reflection of the resumption of investment projects in infrastructure and technology, mainly focused on improving the student experience.

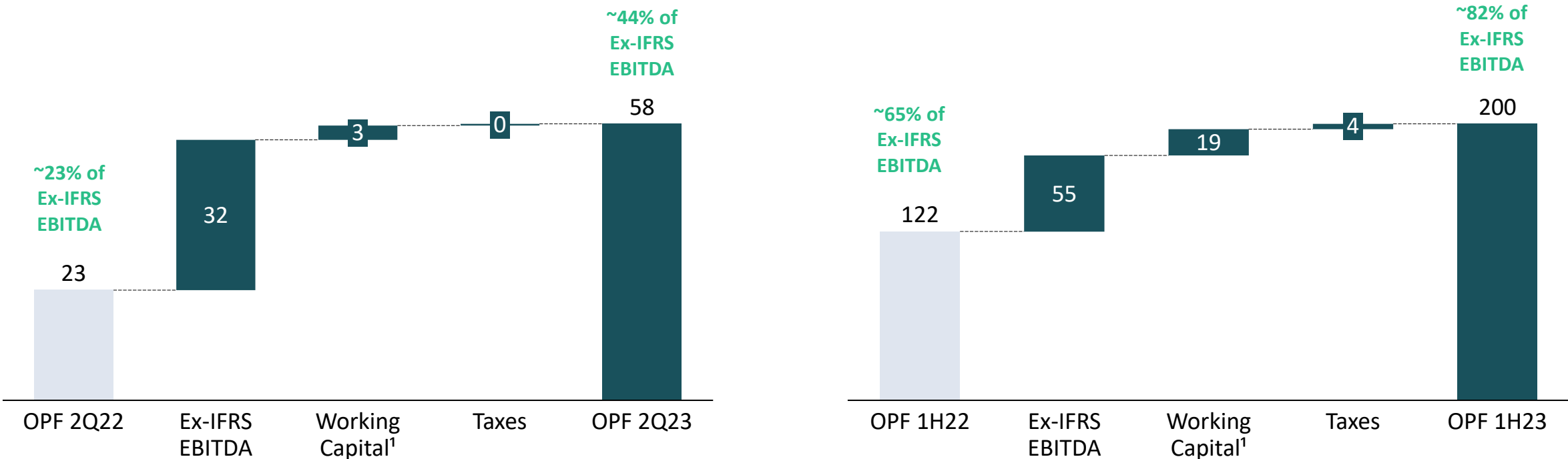


In 1H23, investments were approximately R\$82.7 million, an increase of 37.8% vs. 1H22.

\*Managerial Information

# OPERATING CASH FLOW 2Q23 & 1H23

Operational improvement ↑ = Cash Generation ↑

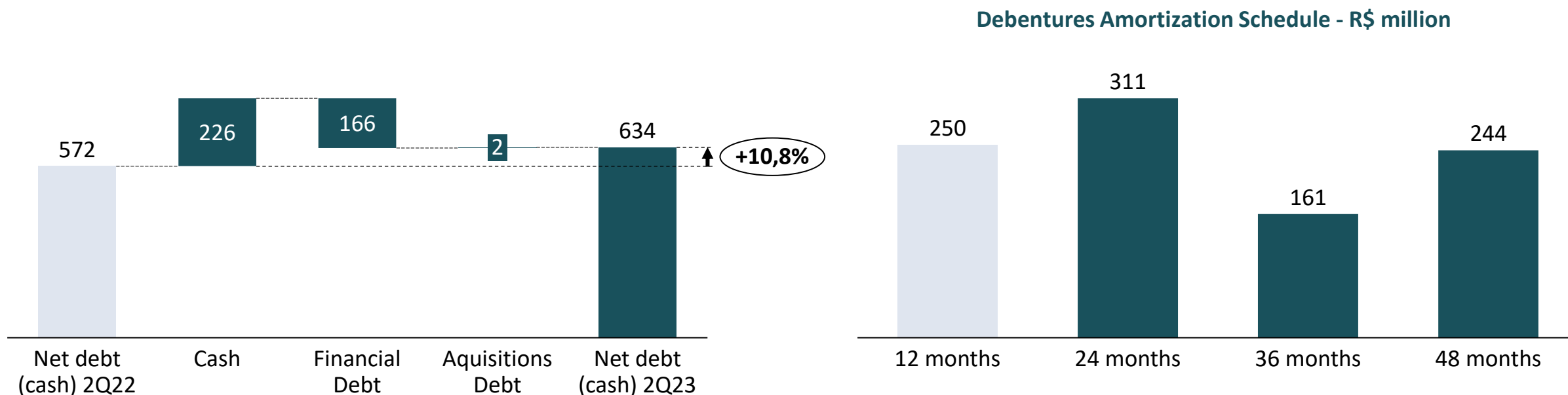


<sup>1</sup>Working capital: Assets (Accounts receivable, Taxes recoverable and Other receivables) and Liabilities (Suppliers, Obligations with related parties, Labor obligations, Tax obligations, Advances from customers, Deferred income, Other accounts payable) || <sup>2</sup>Management information including non-recurring expenses

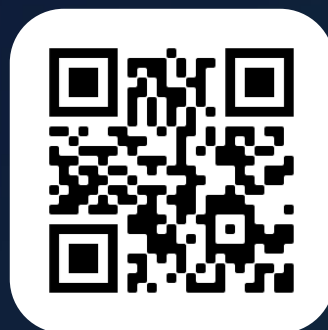


# NET DEBT (CASH)

Stable leverage (Ex-IFRS) indicator at 1.5x\*



**Net Debt (ex-lease liability):** Increase of 10.8% when compared to 2Q22, mainly impacted by (i) execution of the Repurchase Plan in the amount of R\$ 58 million and (ii) Payment of dividends in the amount of BRL 25 million.



**Contact Investor Relations**  
[dri@cruzeirosul.edu.br](mailto:dri@cruzeirosul.edu.br)

