



**Cruzeiro do Sul**  
Educaional

# EARNINGS RELEASE

PRESENTATION

## VIDEOCONFERENCE


**April 1<sup>st</sup> 2024, Monday**

10:00 AM (Brasília)

9:00 AM (New York)

2:00 PM (London)

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**4Q  
23**



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## FOUNDATION CONSTRUCTION

**2022:** On-Campus VP + Digital VP

**2023:** Health VP

**Medicine + Dentistry + LLL**

Other health courses

- +50% of the On-campus student base are from health courses
- 68% of On-campus revenue comes from health courses



## STRATEGIC PARTNERSHIPS



**Fúria** (the main eSports team in Brazil) – connecting with young people, digital natives



**Google Cloud:** undergraduate and postgraduate courses in technology



- training health professionals
- practical internship for distance learning students in a hospital environment



## ACADEMIC QUALITY

**MEC Institutional Rating:**

69%<sup>1</sup> of our 13 institutions reached maximum grade of 5 (+46p.p. vs. 2022)

**Times Higher Education:**

Unifran as the best private institution; Ceunsp and Braz Cubas entering the ranking

**Certification of the Medicine course by SAEME-CFM<sup>2</sup>**

UNIFRAN as one of the 26 private institutions recognized, among the 338 that exist

<sup>1</sup> The only university and the only university center that do not have a score of 5 were evaluated in 2014 and 2019, respectively

<sup>2</sup> SAEME-CFM (Sistema de Acreditação de Escolas Médicas) - The label represents a declaration of quality or recognition of the course among the countries of the Mercosur bloc

## 2023 DIGITALIZATION JOURNEY



### DUDA APP

Ratings of 4.8 and 4.9 on Apple Store and Google Play respectively



### Automation back office processes

Reduction of ~48% in human services and ~70% drop in the steps required to complete re-enrollments



### Operational and management platform for the hubs

Better commercial agility at the front and easier management of the student base by the hub



### E-commerce Postgraduate

70% reduction in the number of clicks for hiring



### Dropout Algorithm Development

Prediction model that contributes to reducing dropout (pilot 2024.1)



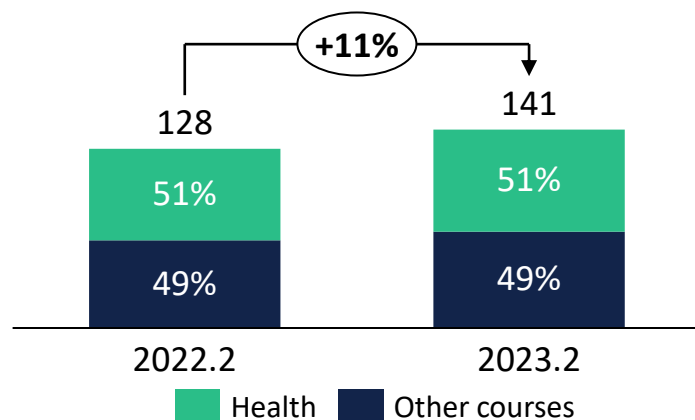
### Improvement dynamic pricing

Maximizing results in a more agile way

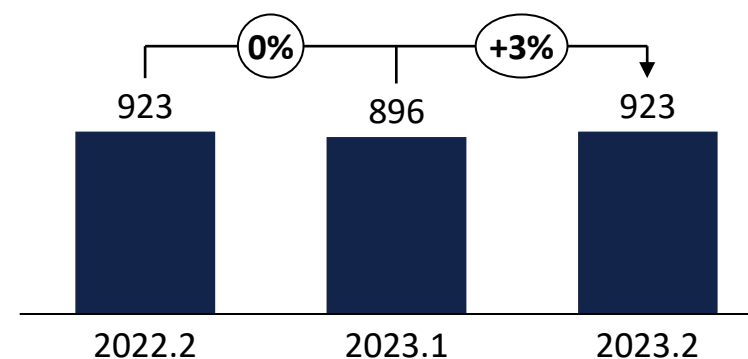
## Expansion in the On-campus student base and improvement of retention KPI




### UNDERGRAD – ON-CAMPUS


#### UNDERGRAD STUDENT BASE



#### ON-CAMPUS TICKET (BRL/MONTH)



-  Student base growth
-  Improvement of 3.8 p.p. in the re-enrollment KPI
-  Penetration of health students relevant in the mix

 Ticket (freshmen + senior) in 1H23 impacted (i) by the crop of pandemic students,, (ii) for the mix of courses and (iii) mix between units. In the 2H23, with the 0.8 p.p. increase in re-enrollment, we recovered the ticket and returned to the levels of the 2H22.

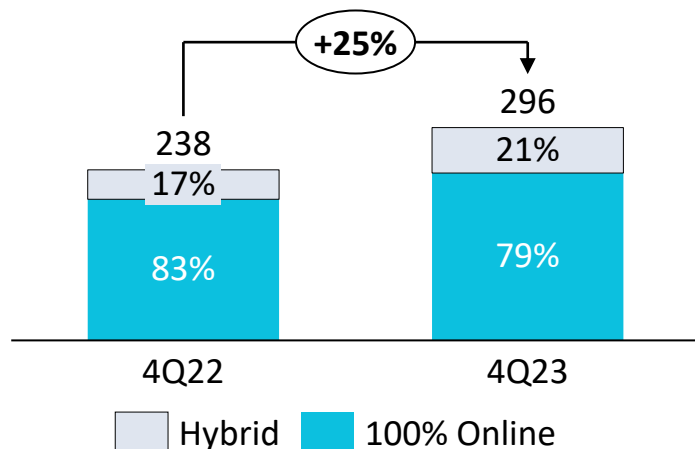
Managerial numbers, unaudited.

<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

## Strong expansion in intake and student base; improvement of student retention

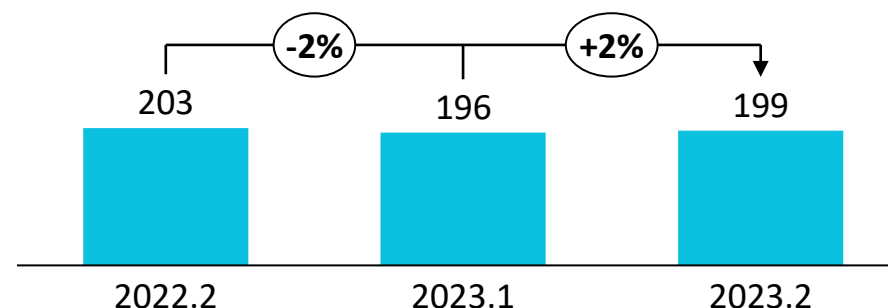
### UNDERGRAD – DIGITAL

#### UNDERGRAD STUDENT BASE



- Student base growth
- Improvement of 1.0 p.p. in the re-enrollment KPI
- Hybrid continues to gain share in the digital student base

#### DIGITAL TICKET (BRL/MONTH)



Ticket (freshmen + senior) impacted by (i) the mix of freshmen in the base, as a result of the strong intake in the periods (+31.1% in the 1<sup>st</sup> semester and +19.8% in 2<sup>nd</sup> semester) and (ii) the more competitive entry price dynamics in 100% Online courses.

Managerial numbers, unaudited.

## Expansion of EBITDA, Margin & Cash Generation

### OPERATIONAL HIGHLIGHTS

**On-Campus Undergrad**

- On-Campus Intake** +5.9%
- On-Campus Student Base** +10.6%
- On-Campus Re-enrollment** +3.8p.p.

2023 vs. 2022

**Digital Undergrad**

- Digital Intake** +25.6%
- Digital Student Base** +24.7%
- Digital Re-enrollment** +0.7p.p.

2023 vs. 2022

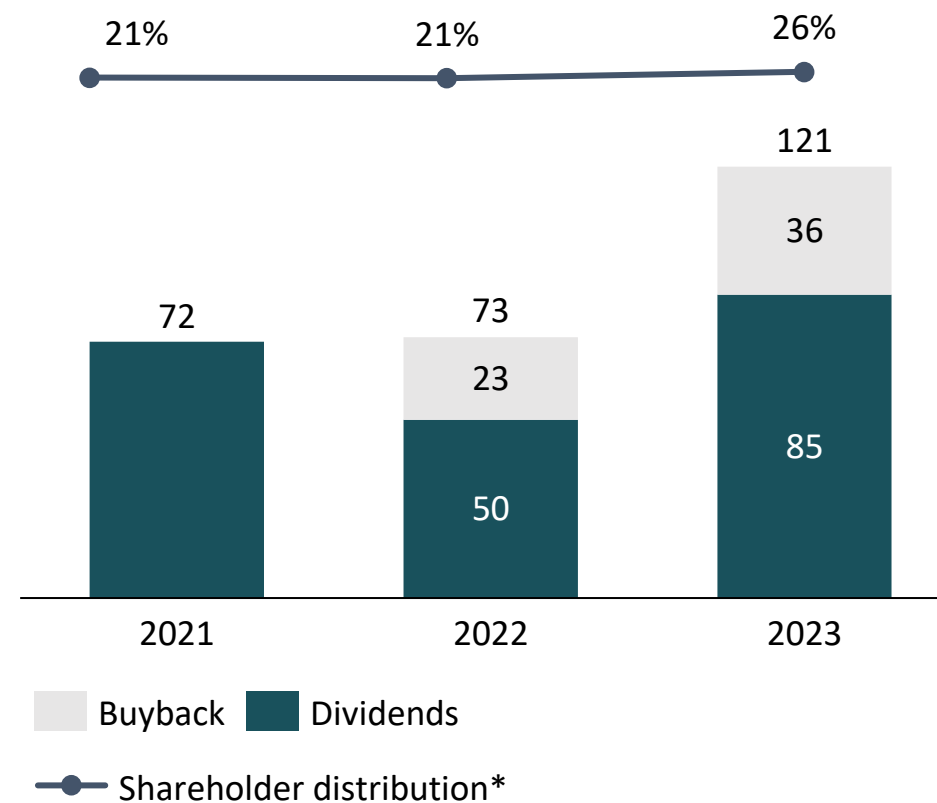
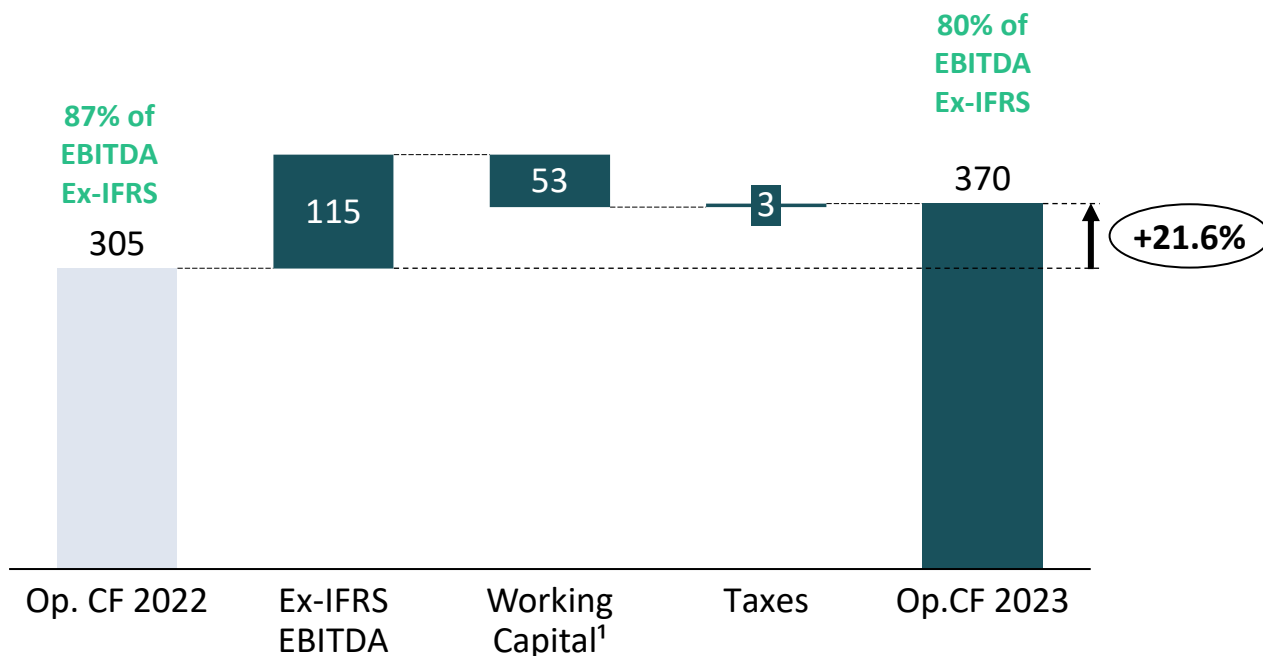
### FINANCIAL HIGHLIGHTS

<b>Net Revenue</b>	<b>R\$ 2.3 BI</b> ↑ 13.3% 2023 vs. 2022	<b>Net Earnings</b>	<b>R\$ 100 MM</b> in 2023, 15x ↑ to 2022
<b>Adjusted EBITDA</b>	<b>R\$ 684 MM</b> ↑ 17.8% 2023 vs. 2022	<b>Oper. Cash Flow<sup>1</sup></b>	<b>R\$ 370 MM</b> 80% of EBITDA Ex-IFRS
<b>Adjusted EBITDA Margin</b>	<b>29.8%</b> ↑115bps 2023 vs. 2022	<b>Net Debt</b>	<b>1.6x*</b> Adj. EBITDA (ex-IFRS 16)

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

# OPERATING CASH FLOW - 2023

Operational improvement ↑ = Cash Generation ↑ = Shareholder distribution



<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)

\* (Dividends + Buyback)/EBITDA ex IFRS-16

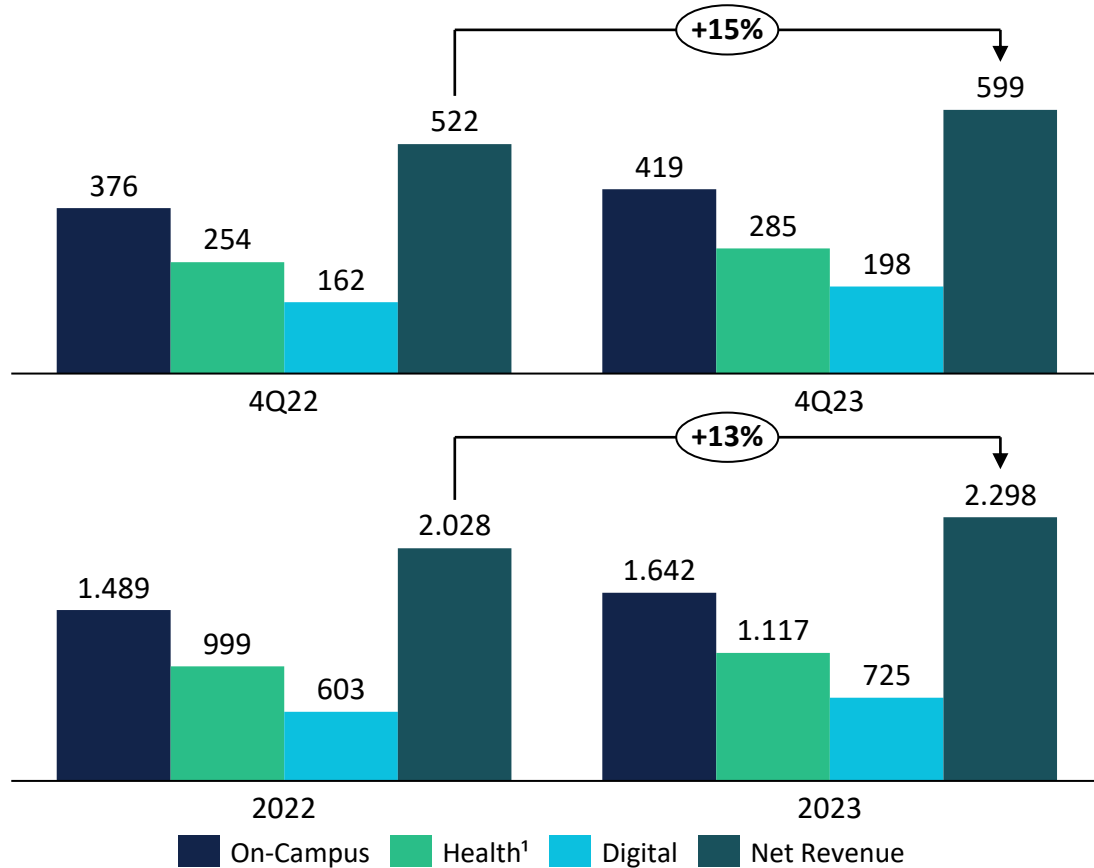


# FINANCIAL PERFORMANCE



# NET REVENUE 4Q23 & 2023

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



**CONSOLIDATED NET REVENUE:** +14.8% vs. 4Q22, reflecting the increase in the consolidated student base (+16.1%). In 2023, net revenue was 13.3% higher than 2022.

**ON-CAMPUS NET REVENUE:** expansion of 11.4% in the quarter, as a result of the larger student base (+10.5%). In 2023 the expansion was 10.2% vs. 2022.

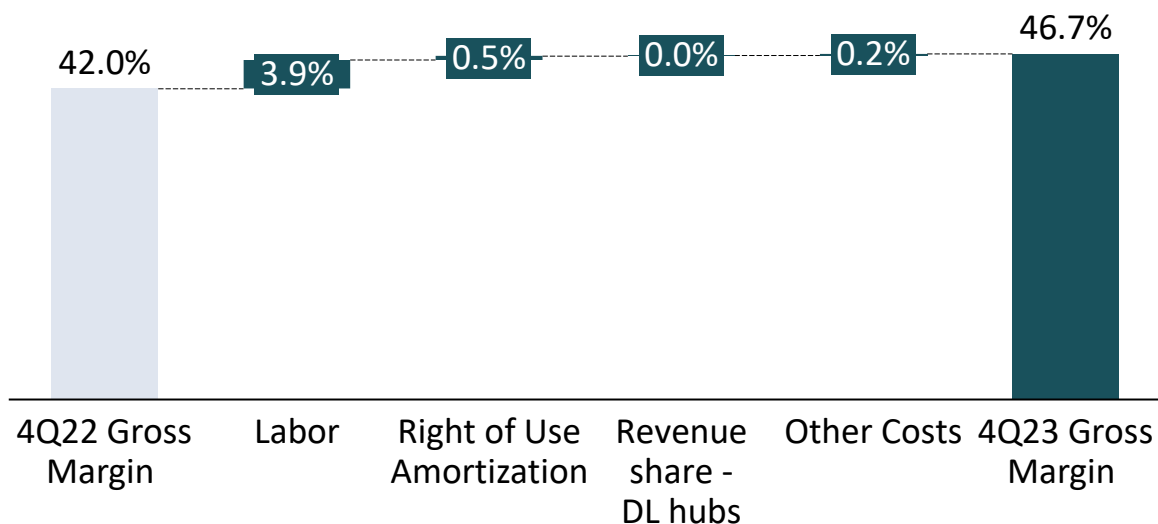
**HEALTH COURSES NET REVENUE:** as an on-campus profile, health courses grew 12.2% in the quarter and 11.8% in 2023. And already represent ~68% of on-campus revenue vs. 67% last year.




**DIGITAL NET REVENUE:** increase of 22.3% in the quarter as a result of the larger student base (+18.9%) and the continued expansion of the hubs (+246; 17.5%). In 2023, revenue expanded by 20.2%.

<sup>1</sup> 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 4Q23

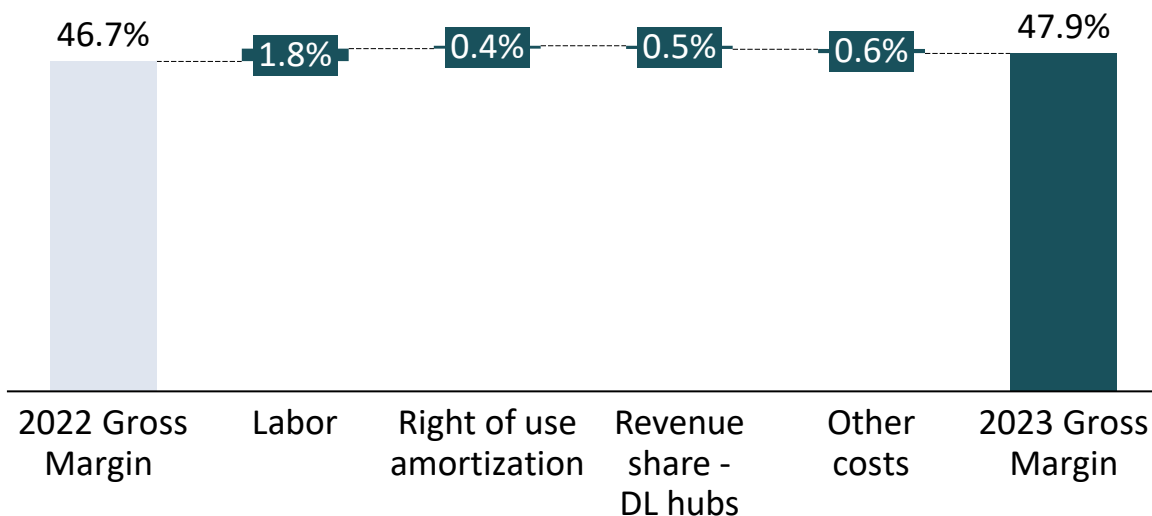
Expansion of 466 bps in the Gross Margin of 4Q23, reflecting cost management discipline



- 
**Gross Profit: +27.2% vs. 4Q22;**
- 
**Increase of 466bps in Gross Margin** as a results of a comparison base in 4Q22 that was impacted by the provision for faculty collective bargaining agreements retroactive to March/22 and by adjustments in the academic matrix. Added to this are efficiency gains in the labor line in 4Q23, as a result of initiatives implemented in the components of the curriculum. It is also important to note that the impact of provisions is normalized in the annual analysis.
- 
 It is worth noting that the cost line was pressured by the increase in the transfer of partner’s hub, as a result of the expansion of Digital revenue (+22.3%) and student base in third-party centers (+26.9%);

# GROSS PROFIT 2023

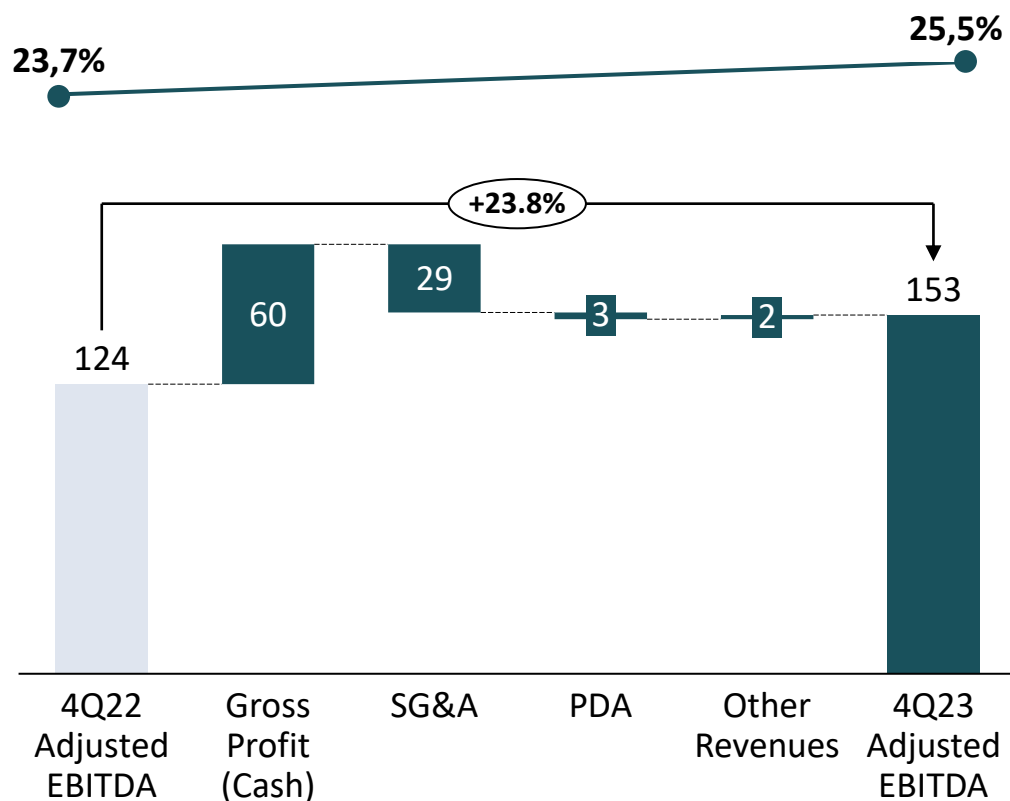
**Expansion of 112 bps in Gross Margin; progression of courses in the health area**



- Gross Profit: +16.0% vs. 2022**
- Expansion of 112bps in gross margin in 2023**, as a reflection of efficiency initiatives, mainly in the labor line, mitigating the increase in the “Partner’s hubs” line, given the increase in digital revenue and the “Other costs” line”, which was impacted by: **(i)** the increase in third-party services focused on the technology area and **(ii)** the progression of courses in the health area, with greater volume of laboratory classes.

# ADJUSTED EBTIDA 4Q23

Expansion in the EBITDA margin, reflecting improvement in Gross Profit and PDA

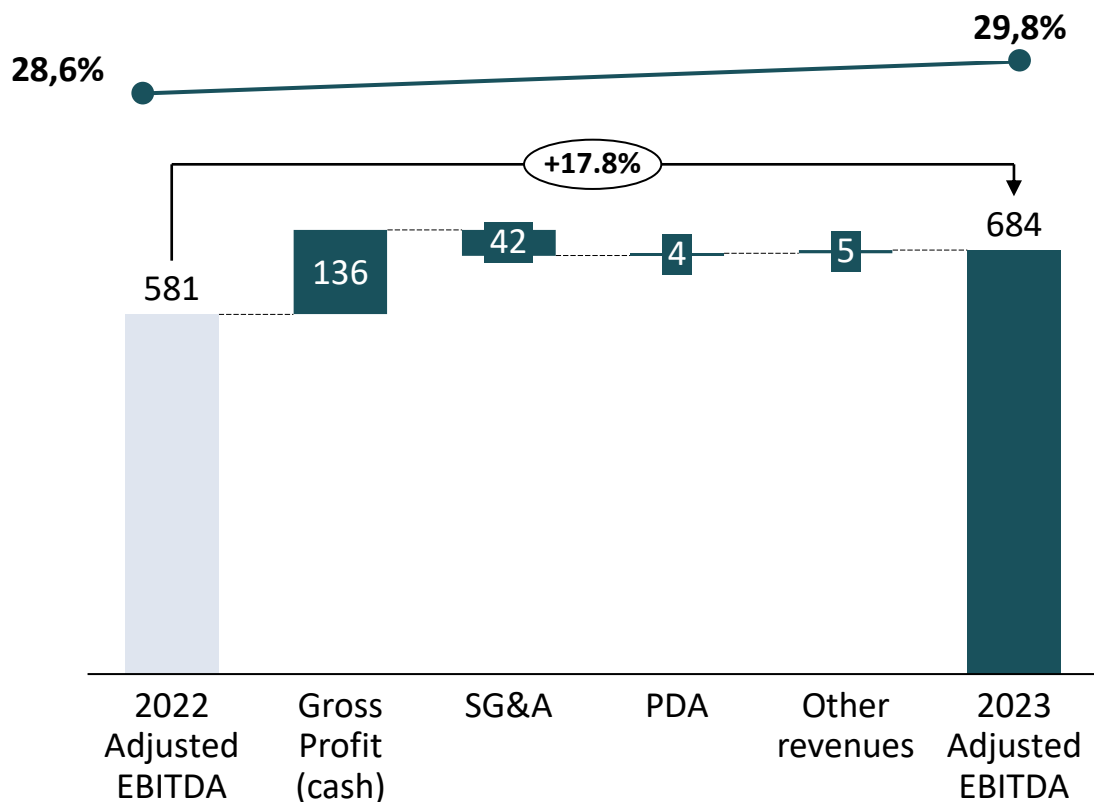


Adjusted EBITDA : +23.8%; +185 bps of margin vs. 4Q22.

Despite the improvement in the Provision for Doubtful Accounts (PDA) line, which went from 7.7% of Net Revenue in 4Q22 to 7.2% in 4Q23, higher marketing expenses put pressure on margin expansion. The improvement in PDA in the quarter is the result of the systematization and change in the collection management model.

## ADJUSTED EBITDA 2023

Expansion of 115 bps in the EBITDA margin, reflecting improvement in gross profit and PDA



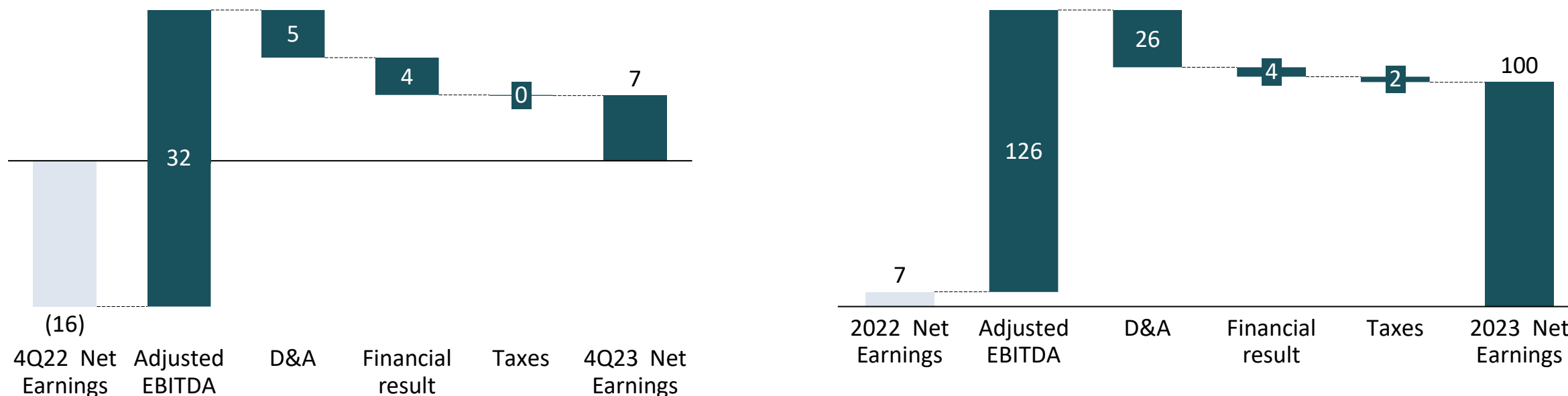
Adjusted EBITDA : +17.8%; +115 bps of margin vs. 2022.



The expansion of gross margin (+1.1 p.p. vs. 2022), added to (i) efficiency gains in general and administrative expenses, (ii) the improvement in PDA (5.7% of Net Revenue vs. 6.7% in 2022), (iii) and the increase in revenue from the rental of spaces for events (+20% vs. 2022), mitigated the impact of higher marketing expenses in the period (+1.1 p.p. vs. 2022).

## NET EARNINGS 4Q23 & 2023

Expansion in Net Earnings, reflecting operational improvement



Net Earnings of R\$ 6.9 million in 4Q23 vs. a net loss of R\$ 15.5 million in 4Q22. In 2023, **Net Earnings** reached R\$100.5 MM, **15.2x higher** than 2022. The increase in net profit is the result of the improvement in EBITDA, coupled with the reduction in gross debt.

## ACCOUNTS RECEIVABLE 4Q23 (LTM)

Increase in DoR due to the greater volume of agreements

R\$ million	4Q23	4Q22	%
<b>Gross Receivables</b>	<b>640,6</b>	<b>541,7</b>	<b>18,3%</b>
PDA	(344,3)	(290,9)	18,4%
<b>Net Receivables</b>	<b>283,4</b>	<b>237,4</b>	<b>19,4%</b>
<b>Days of Receivables LTM*</b>	<b>44</b>	<b>42</b>	<b>+2 days</b>

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

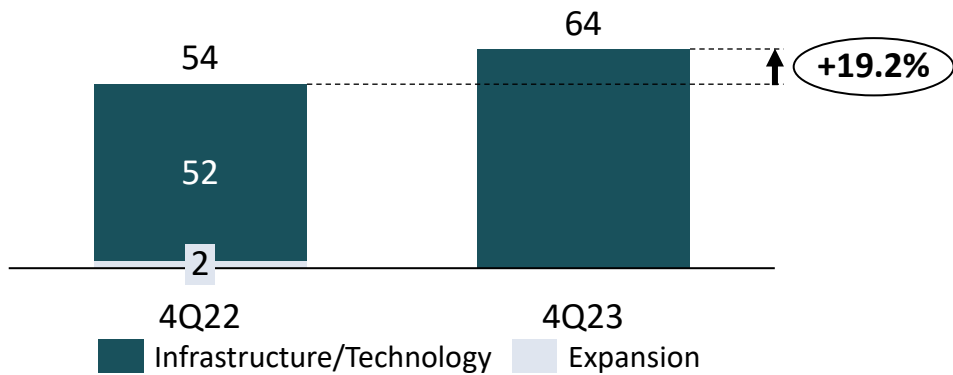


The days of receivables in 4Q23 increased by 2 days vs. o 4Q22, reaching 44 days, mainly due to agreements made.

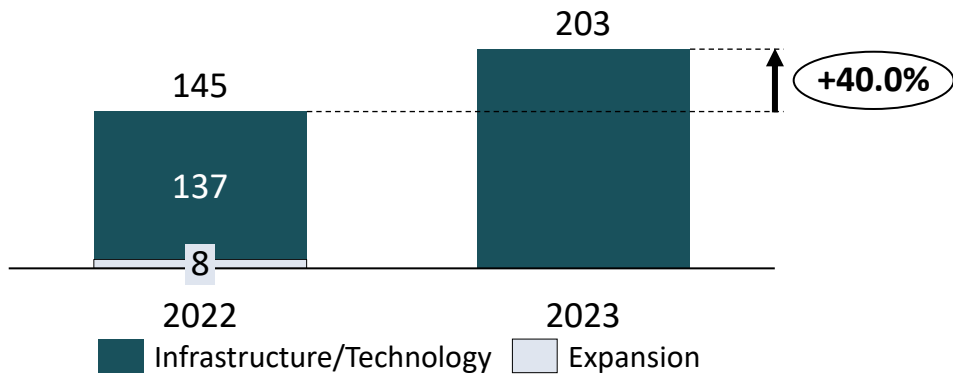


# CAPEX\* 4Q23 & 2023

Investments in infrastructure and technology aiming at the best student experience;



Investments in 4Q23 were approximately R\$64.0 million, an increase of 19.2% vs. 4Q22.

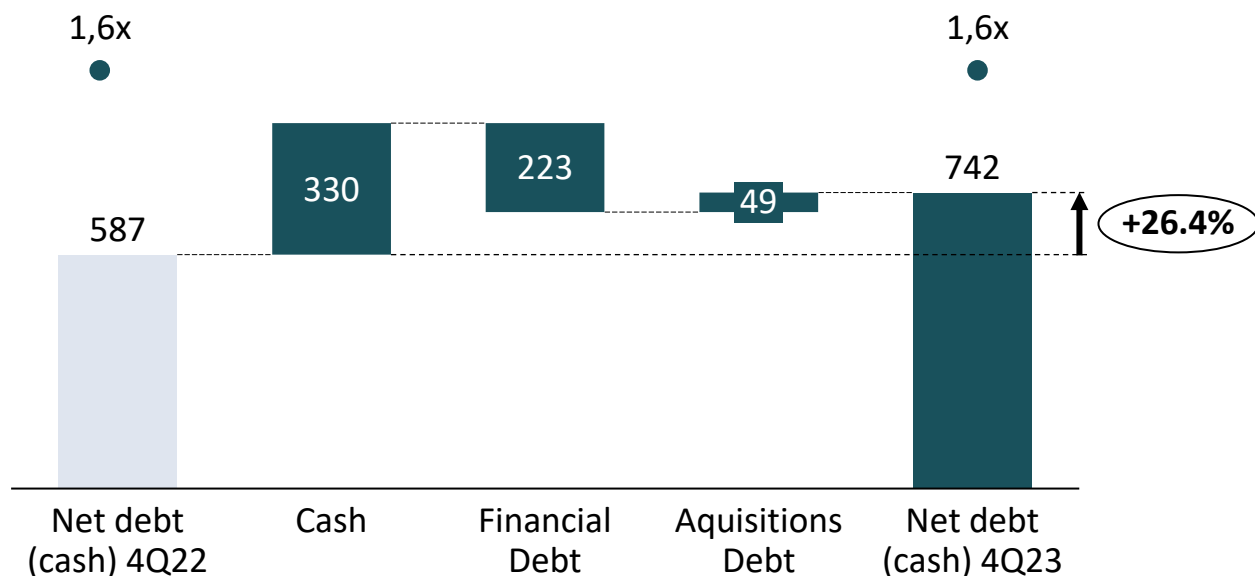


Investments in 2023 were approximately R\$202.9 million, an increase of 40.0% vs. 2022, as a reflection of investments in new laboratories given the progression of classes in health courses.

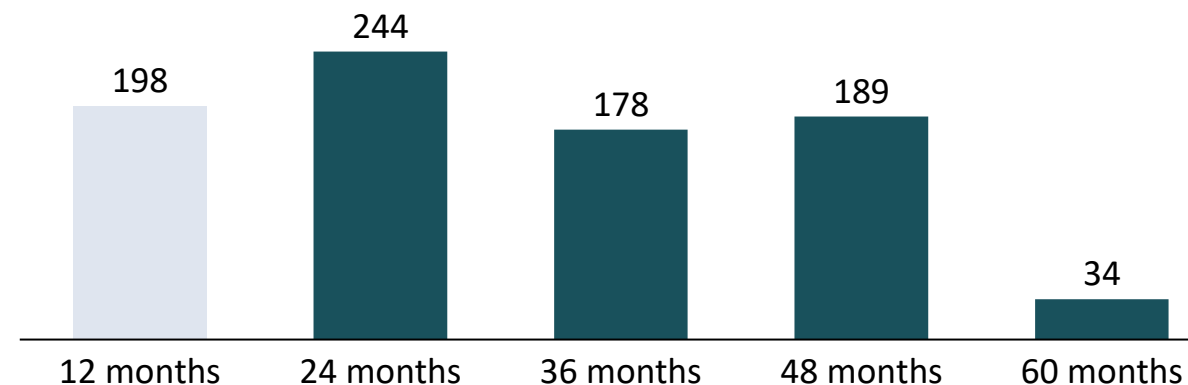
\*Managerial information

# NET DEBT (CASH)

Leverage indicator stable in 1.6x Y/Y



## Debentures Amortization Schedule - R\$ million



**Net Debt** (ex-lease liability): Increase of 26.4% when compared to the same quarter last year. Net Debt was impacted by (i) execution of the Buyback Plan in the amount of R\$ 36 million and (ii) Payment of dividends in the amount of R\$ 85 million.



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