



**Cruzeiro do Sul**  
Educatonal

# EARNINGS RELEASE

PRESENTATION


## VIDEOCONFERENCE


May 16th 2023, Tuesday

02:00 PM (Brasília)

01:00 PM (New York)

06:00 PM (London)

 [Watch the webcast in Portuguese](#)

 [Watch the webcast in English](#)

1Q  
23



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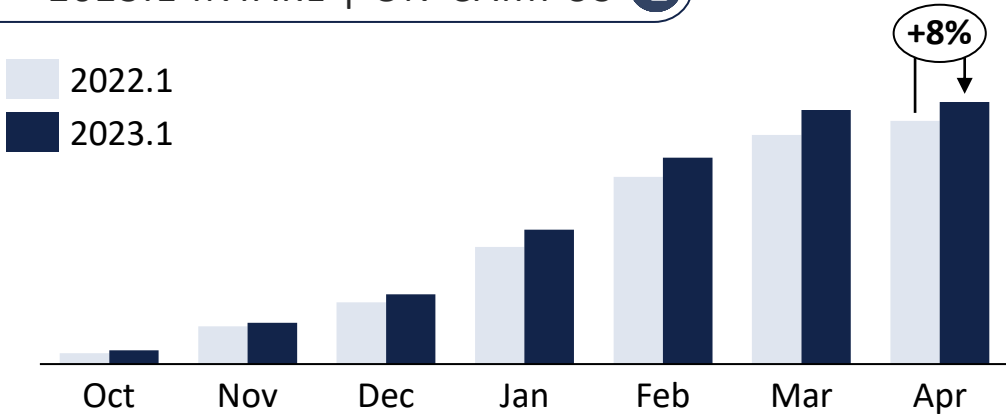
# 1Q Presentation

## 23 Earnings Release

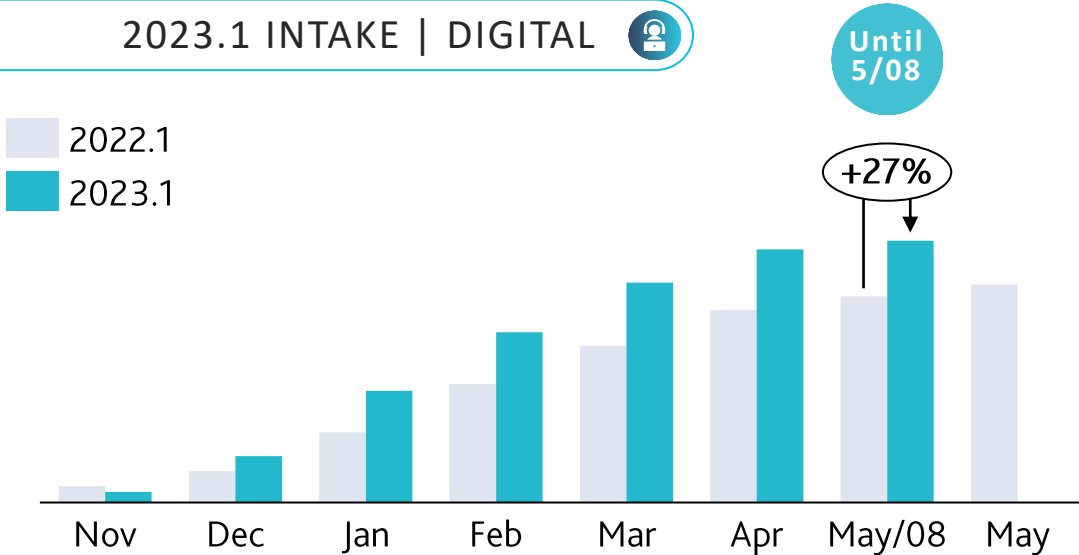
First Quarter of 2023






### Growth in Intake from both segments

#### 2023.1 INTAKE | ON-CAMPUS



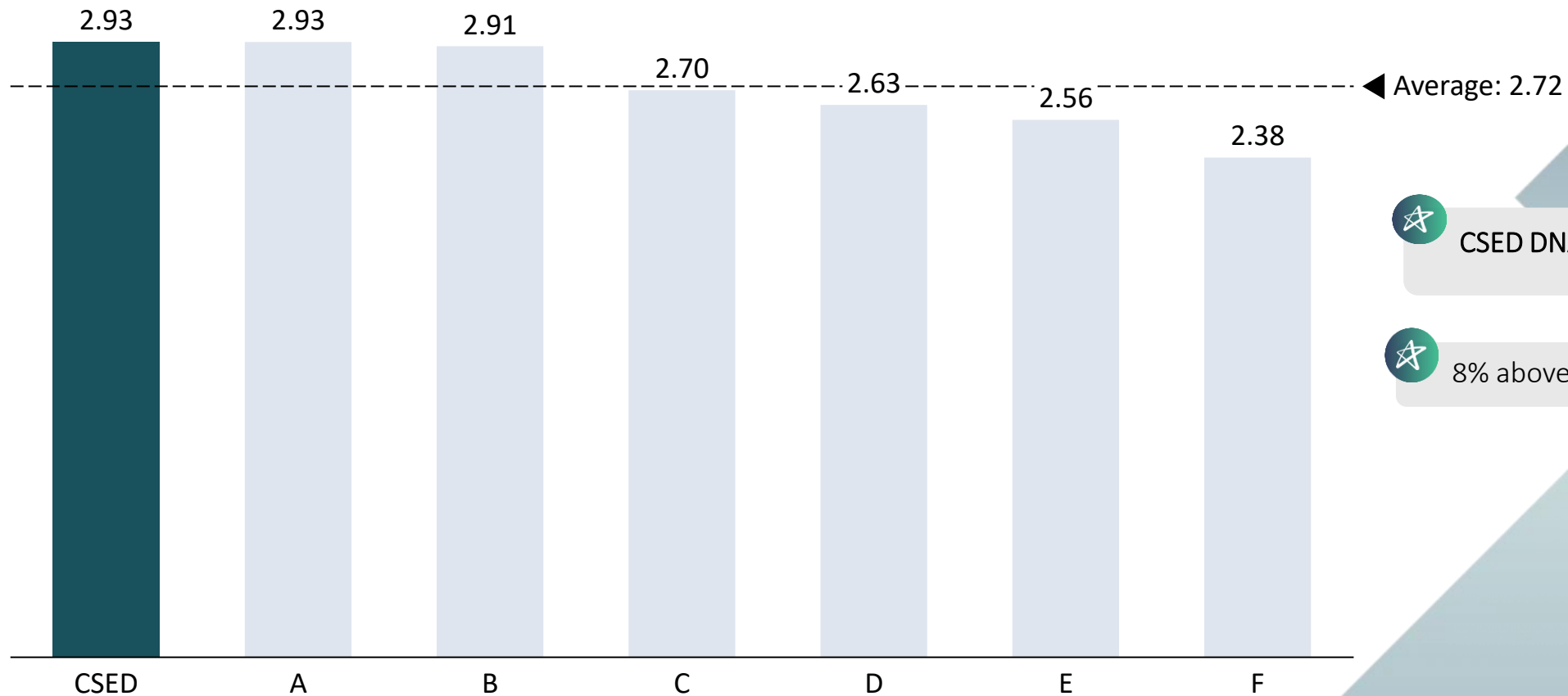
#### 2023.1 INTAKE | DIGITAL





-  Intake ended 15 days before vs. 2022.1
-  Freshman ticket (ex medicine) with a higher trend than last year due to price discipline strategy
-  Intake same date with high double digit growth vs. the cycle 2022.1 as a result of the execution of expansion plan, the hubs maturation and review of the digital intake strategy
-  Competitive pricing environment
-  Hybrid courses gaining share (~+3pp) in the freshman base, mitigating competition in 100% digital courses

## Value proposition based on Quality

Continuous IGC (2021) - Weighted by the number of enrollments

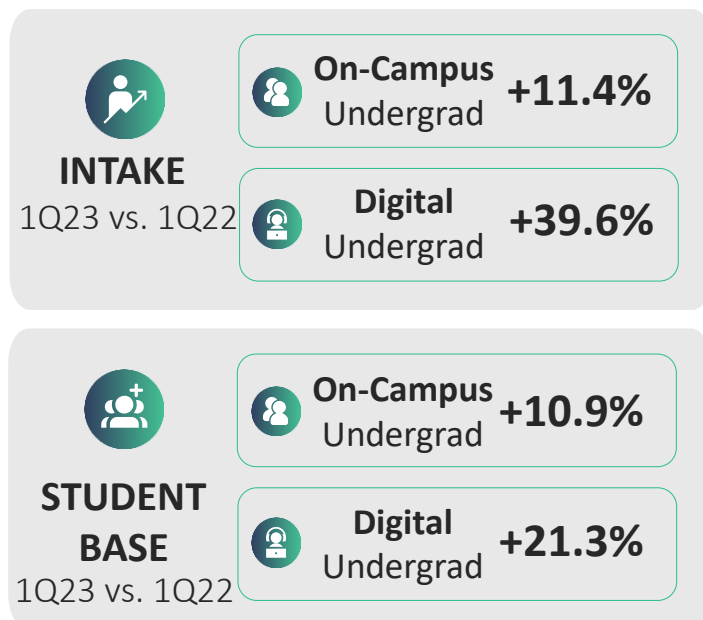


 CSED DNA: guided by Academic Quality

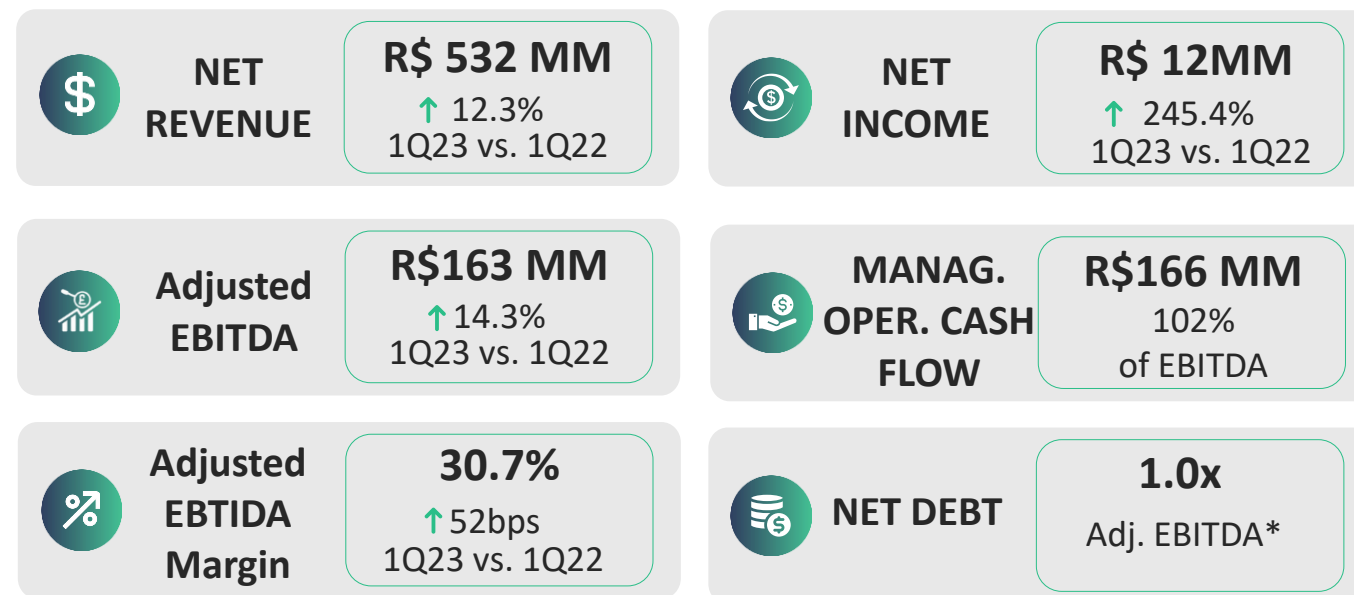
 8% above the average among those listed

## EBITDA Expansion with Cash Generation

### OPERATIONAL HIGHLIGHTS



### FINANCIAL HIGHLIGHTS



\*Debt excluding lease liabilities / Adjusted EBITDA

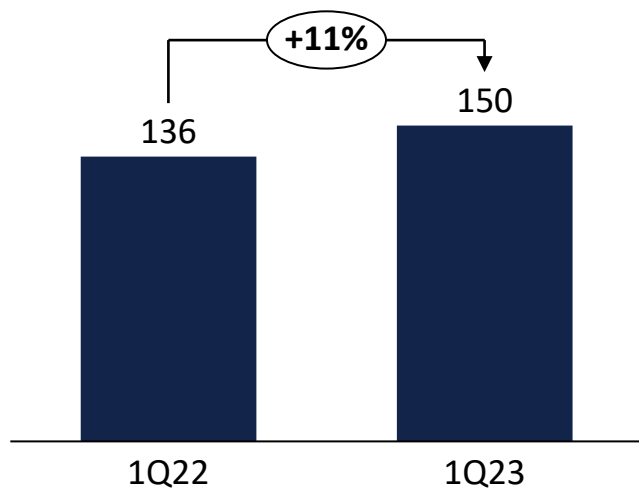


# OPERATIONAL PERFORMANCE

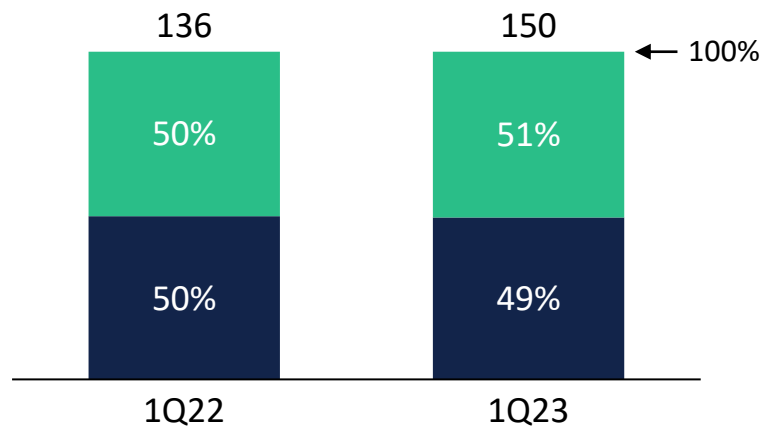
## Health gaining share in the on-campus student base

### UNDERGRAD – ON CAMPUS

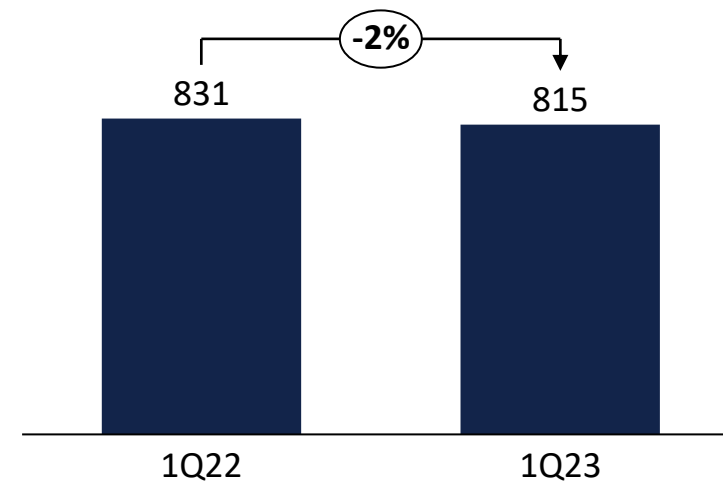
UNDERGRAD STUDENT BASE



HEALTH COURSES



ON-CAMPUS TICKET (BRL/MONTH)



Growth of the final student base

Improvement of 3.2p.p. in the re-enrollment KPI

Health courses continue to gain share in the mix

Mix effect between units

Pre-pandemic crop graduation


Less adherence in Prouni in 2022

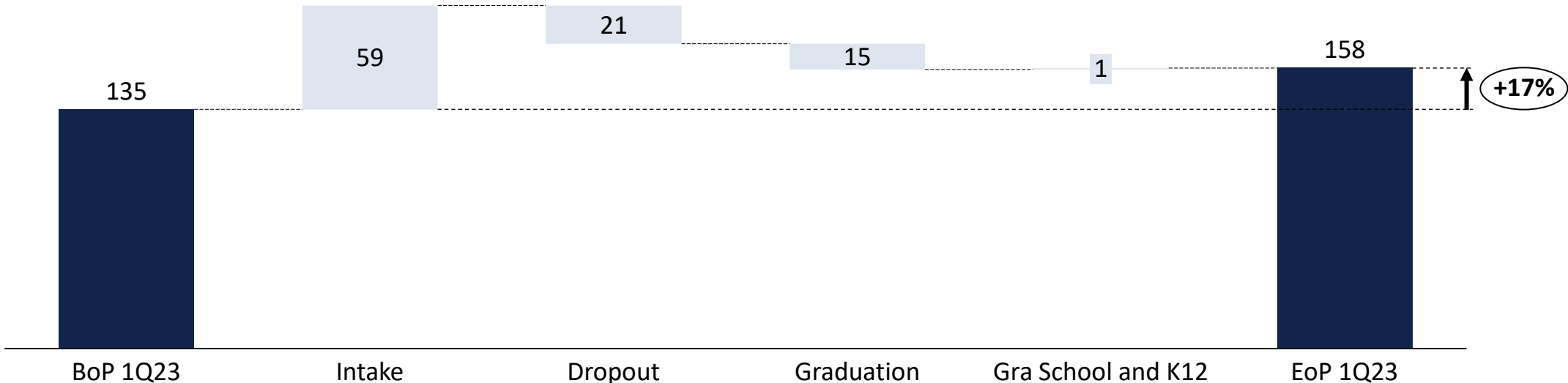
<sup>1</sup> Health: Medicine, Psychology, Biomedicine, Biological Sciences, Ed. Physics, Nursing, Pharmacy, Physiotherapy, Speech Therapy, Hospital Management, Veterinary Medicine, Nutrition, Dentistry, Optometry, Radiology and Occupational Therapy

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

ON-CAMPUS - CONSOLIDATED 

On-Campus	1Q23	1Q22	Y/Y
<b>BoP</b>	<b>135</b>	<b>130</b>	<b>3,9%</b>
Intake	59	53	11,4%
Dropout	(21)	(23)	(6,8%)
Graduation	(15)	(16)	(11,3%)
Gra School and K12	1	1	(8,9%)
<b>EoP</b>	<b>158</b>	<b>144</b>	<b>10,0%</b>

 Final student base expansion in 1Q23; **+10%**

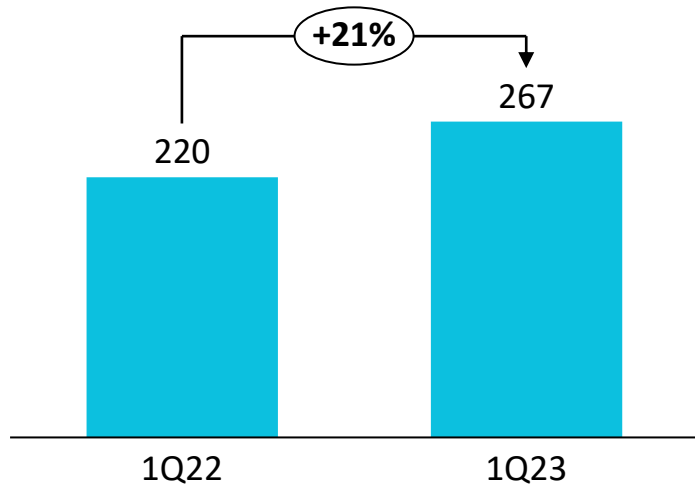




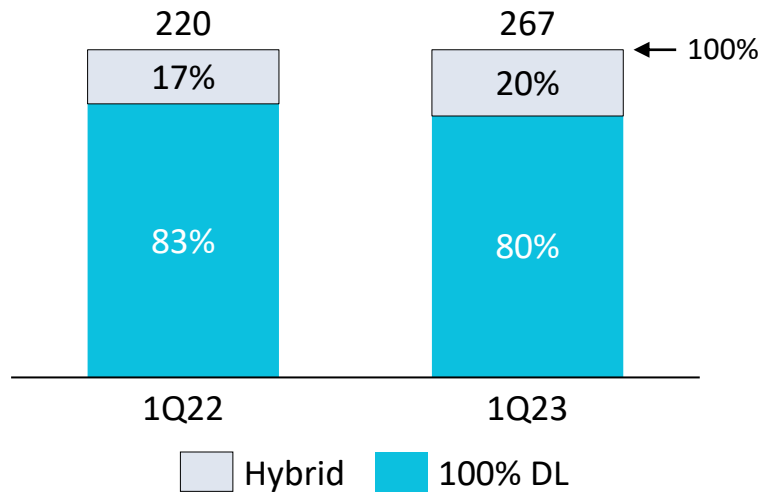
# Hybrid contributing to the expansion of students and mitigating the 100% online ticket

## UNDERGRAD – DIGITAL

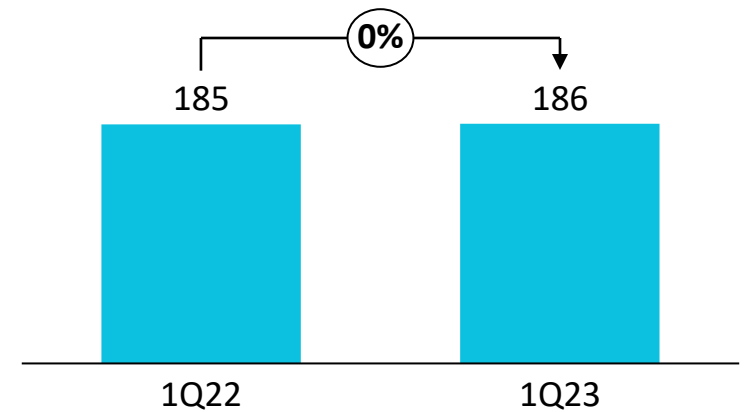
UNDERGRAD STUDENT BASE



HYBRID COURSES



DIGITAL TICKET (BRL/MONTH)



- Student base growth
- Improvement of 2.3p.p. in the re-enrollment KPI

- Hybrid continues to gain share in the 100% online base

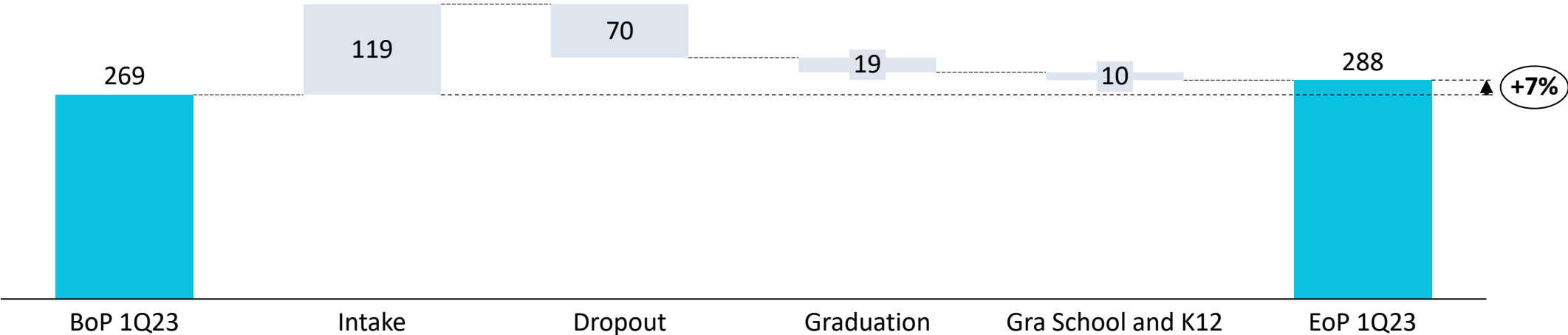
- A/A stable ticket
- Hybrid mitigating price competition

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

DIGITAL - CONSOLIDATED

DIGITAL	1Q23	1Q22	Y/Y
<b>BoP</b>	<b>269</b>	<b>244</b>	<b>10,3%</b>
Intake	119	85	39,6%
Dropout	(70)	(65)	7,8%
Graduation	(19)	(19)	2,4%
Gra School and K12	(10)	1	-
<b>EoP</b>	<b>288</b>	<b>246</b>	<b>17,3%</b>

- ★ +40% Strong intake in 1Q23
- ★ +17% Expansion of the final student base
- ★ +21% Continuing the hubs expansion process

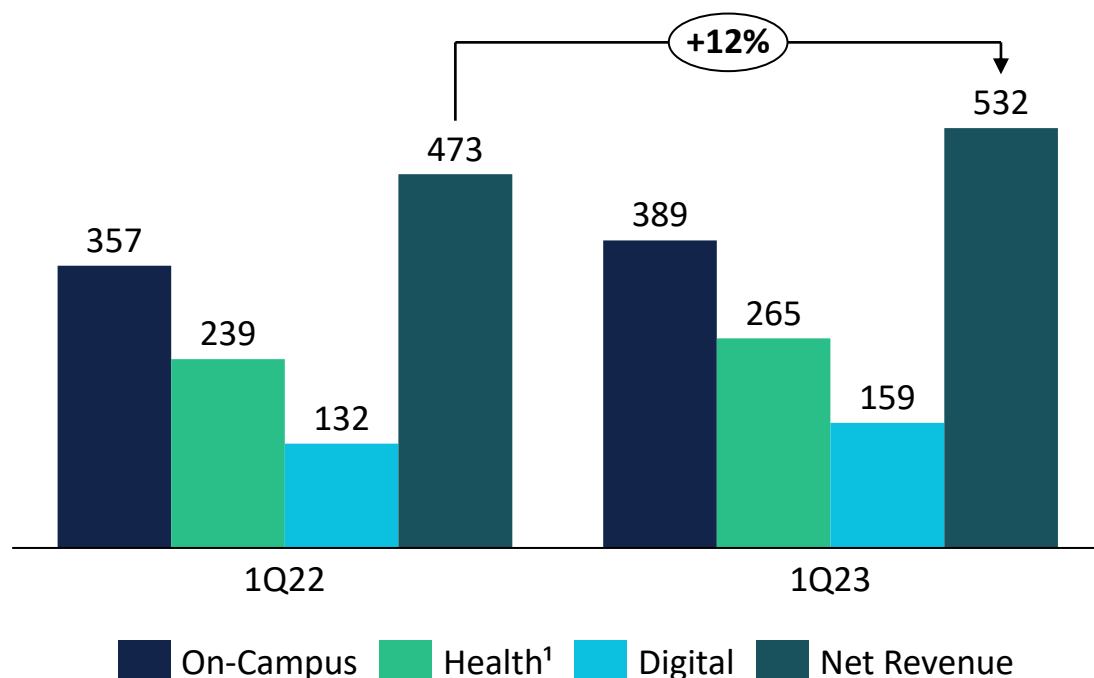


# FINANCIAL PERFORMANCE



## NET REVENUE - 1Q23

Expansion in all segments reflecting growth in the student base



**CONSOLIDATED NET REVENUE:** +12.3% vs. 1Q22 as a reflection of the increase in the consolidated student base (+14.6%)

**ON-CAMPUS NET REVENUE:** +9.0% vs. 1Q22 as a reflection of the larger student base (+10.0%)

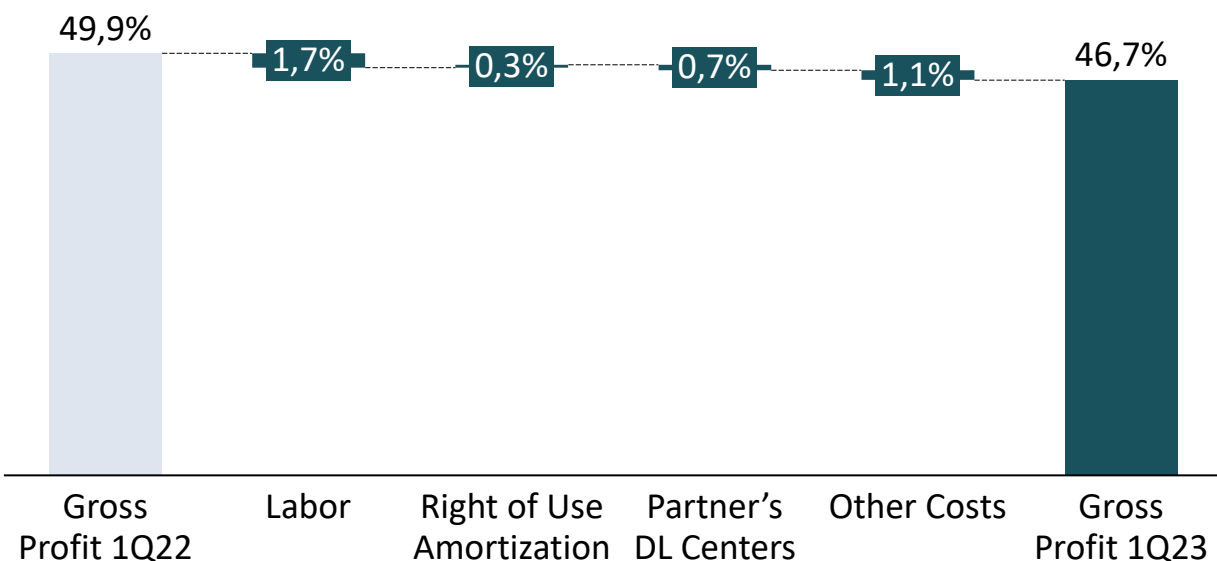
**HEALTH COURSES NET REVENUE:** +10.9% vs. 1Q22; 68% of on-campus revenue vs. 67% last year.

**DIGITAL NET REVENUE:** +20.2%, larger student base (+17.3%) and continued expansion of the hubs base (+267; 21.2%).

<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 - 1Q23

Progression of classes in health courses and salary adjustment putting pressure on costs

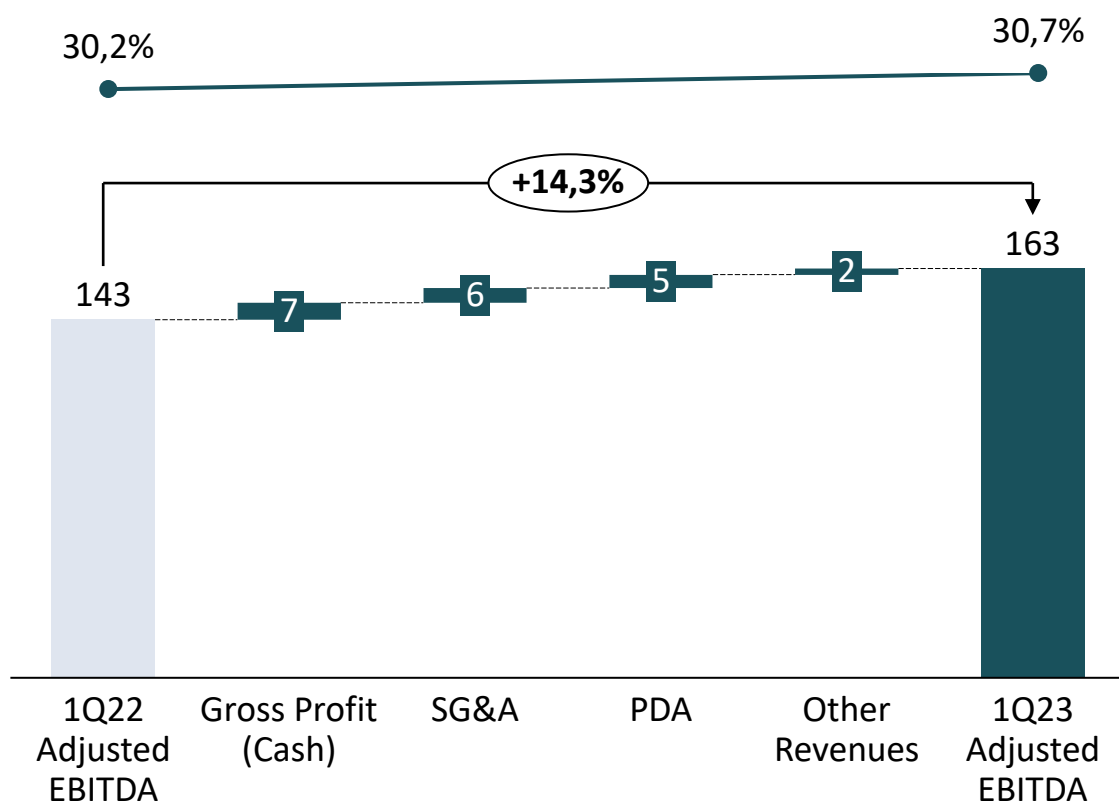


- ★ Gross Profit: +5% vs. 1Q22;
- ★ Gross margin drop of 315bps as a result of the increase in personnel costs, which was impacted by (i) collective bargaining with the teaching staff and 3.6% salary adjustment in Feb/23 and (ii) increase in the technical staff of preceptors given the progression courses in the health field.
- ★ In addition, the cost line was impacted by the increase in transfers from hubs, as a result of the expansion of Digital revenue (+20.2%) and the student base in third-party hubs (+21.2%).
- ★ The “other costs” line was impacted by the resumption of face-to-face activities such as: (i) classes in laboratories and (ii) increase in the number of cleaning and security service providers.



## ADJUSTED EBTIDA - 1Q23

### EBITDA margin expansion reflecting PDA improvement



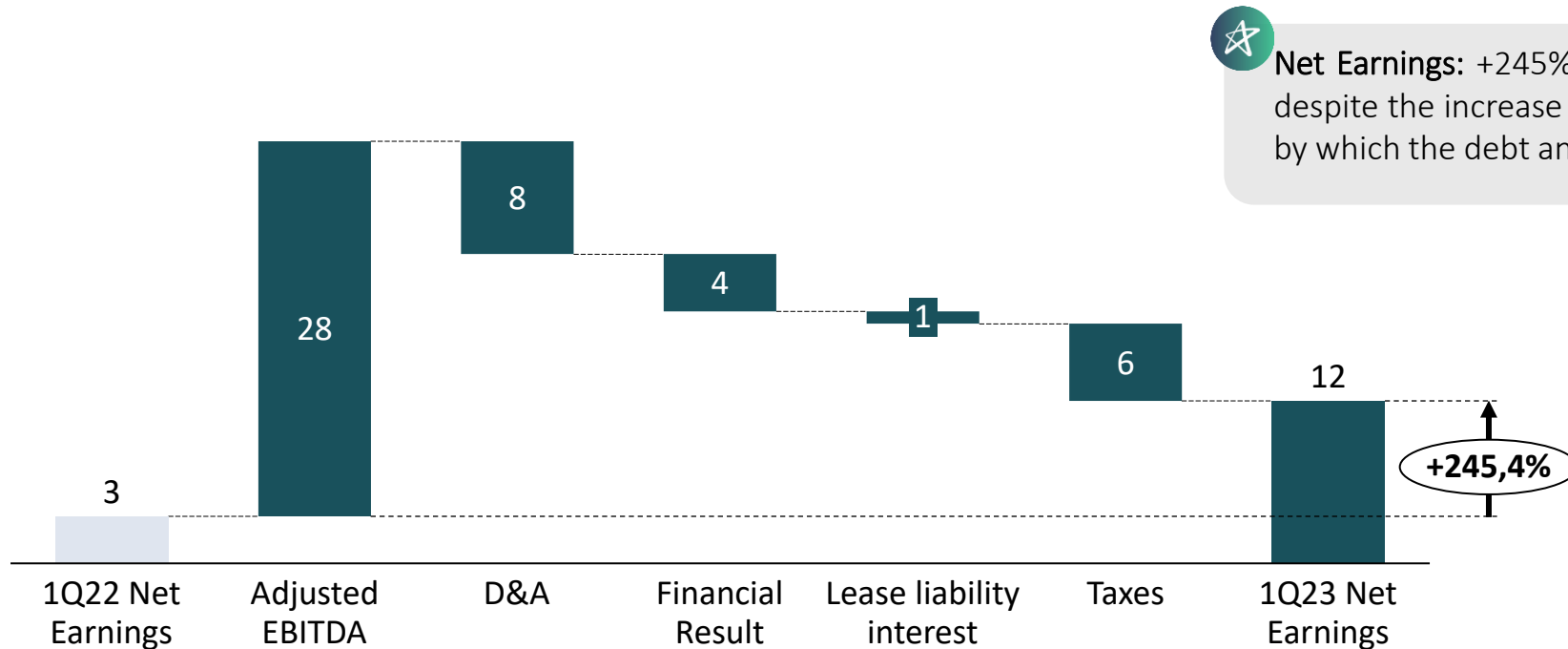
Adjusted EBITDA: +14.3%; +52bps margin vs. 1Q22



Improvement in PDA (3.5% of revenue vs. 5.1% in 1Q22) reflecting the period of re-enrollment and internal actions initiated in 2H22 such as “Everybody for the Re-enrollment” and increase in revenues from the leasing of spaces for events (47 % vs. 1Q22) mitigated the impact of the period's gross margin retraction.

# NET EARNINGS - 1Q23

## Expansion in Net Earnings reflecting operational improvement




**Net Earnings: +245%**, as a reflection of the improvement in EBITDA, despite the increase in the basic interest rate and inflationary indexes by which the debt and lease contracts have financial backing.

## ACCOUNTS RECEIVABLE - 1Q23

### Accounts Receivable stable compared to last year

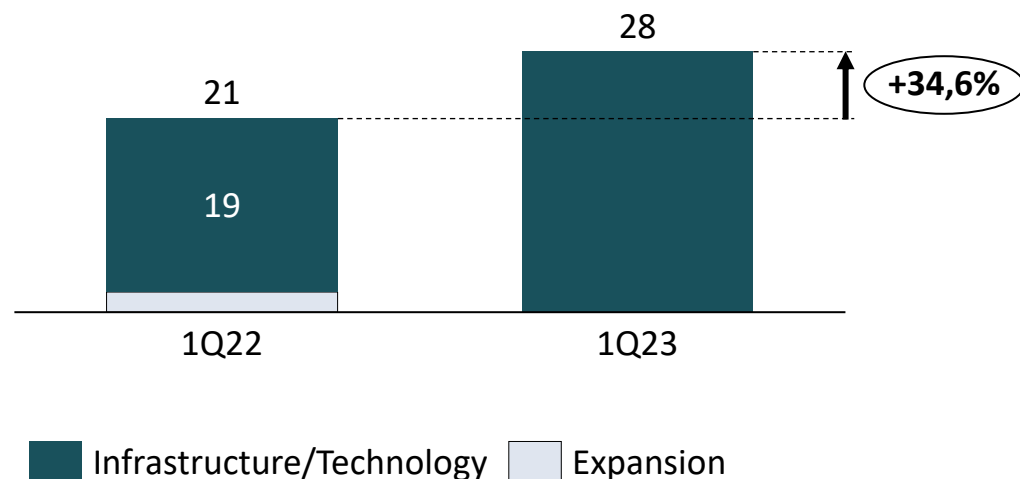
R\$ million	1Q23	1Q22	%	4Q22	%
Tuition	366,0	323,7	13,1%	360,8	1,5%
Student Financing	57,8	57,6	0,4%	62,4	(7,3%)
Agreements	71,6	58,7	21,9%	62,9	13,8%
Other Receivables	69,3	53,5	29,7%	55,6	24,6%
<b>Gross Receivables</b>	<b>564,8</b>	<b>493,5</b>	<b>14,4%</b>	<b>541,7</b>	<b>4,3%</b>
AVP	(13,6)	(7,6)	78,7%	(13,4)	1,8%
PDA	(306,9)	(270,8)	13,3%	(290,9)	5,5%
<b>Net Receivables</b>	<b>244,3</b>	<b>215,1</b>	<b>13,5%</b>	<b>237,4</b>	<b>2,9%</b>
<b>Days of Receivables</b>	<b>41</b>	<b>41</b>	<b>+1 day</b>	<b>42</b>	<b>-2days</b>


 The days of receivables on 1Q23 was stable at 41 days, and an improvement of 1 day in relation to the period ended on 12/31/2022 (period corresponding to the end of the academic semester).

\*Quarter DoR: Accounts Receivable/Net Revenue for the quarter\*90

## INVESTMENTS\* - 1Q23

Investments in infrastructure and technology aimed at the best student experience

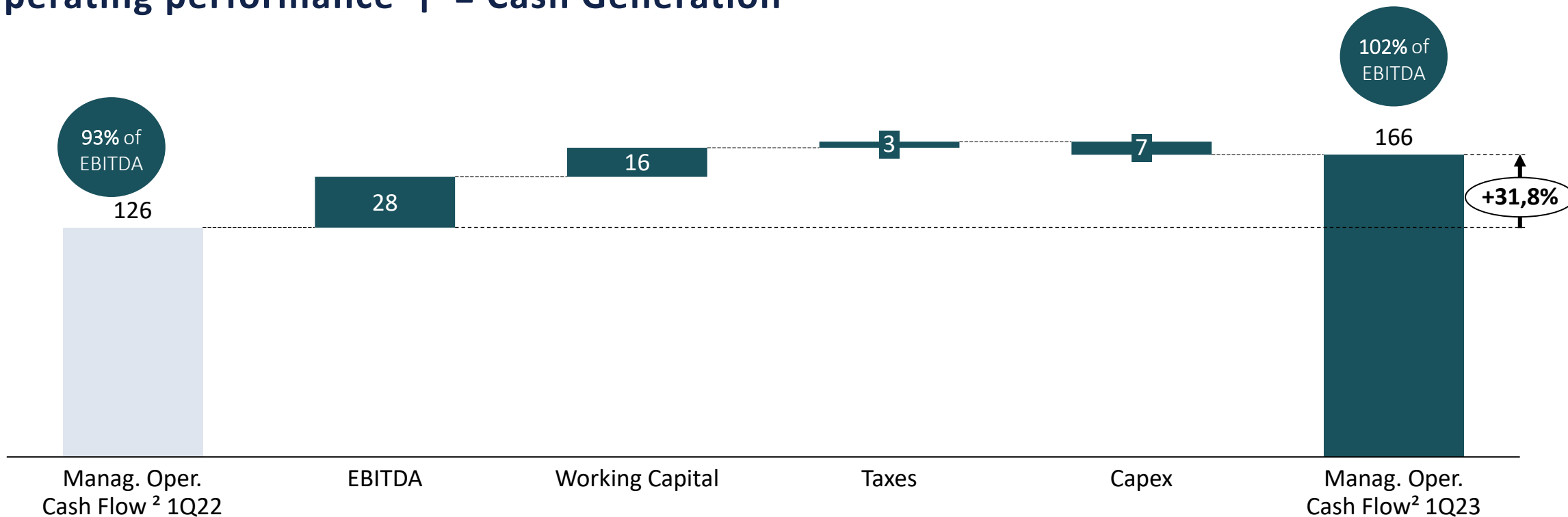


 Investments in 1Q23 were approximately R\$28.0 million, an increase of 34.6% vs. 1Q22 driven by the resumption of investment projects in infrastructure and technology, mainly focused on improving the student experience.

\*Managerial Information

# MANAGERIAL OPERATING CASH FLOW - 1Q23

Operating performance ↑ = Cash Generation



\*Managerial Information

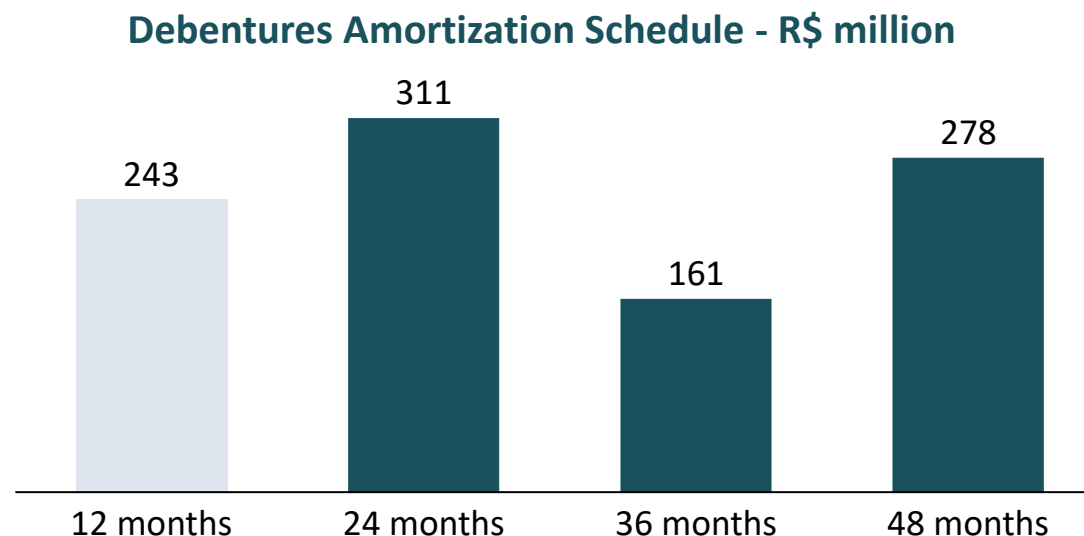
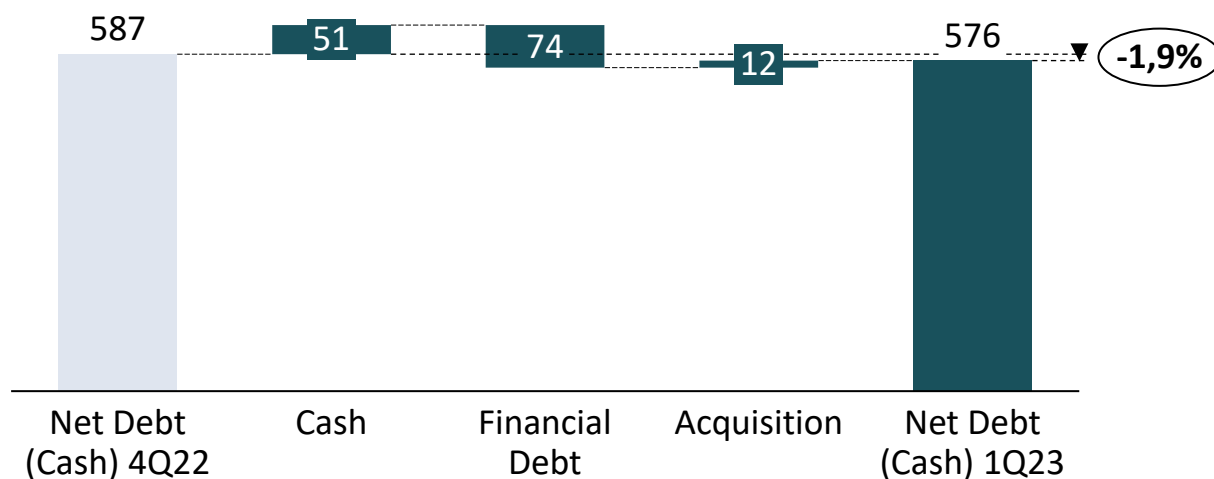
<sup>1</sup>Working capital: Assets (Accounts receivable, Taxes recoverable and Other receivables) and Liabilities (Suppliers, Obligations with related parties, Labor obligations, Tax obligations, Advances from customers, Deferred income, Other accounts payable)

<sup>2</sup>Management information including non-recurring expenses

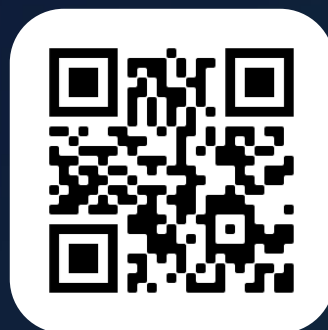


## NET DEBT (CASH)

Reduction in net debt of ~R\$11 million even with the repurchase of R\$32 million



**Net Debt (ex-lease liabilities):** Reduction of 1.9% when compared to the end of 2022, as a reflection of cash generation in the period.



**Contato Relações com Investidores**

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