



Cruzeiro do Sul
Educacional

1Q21 RESULTS

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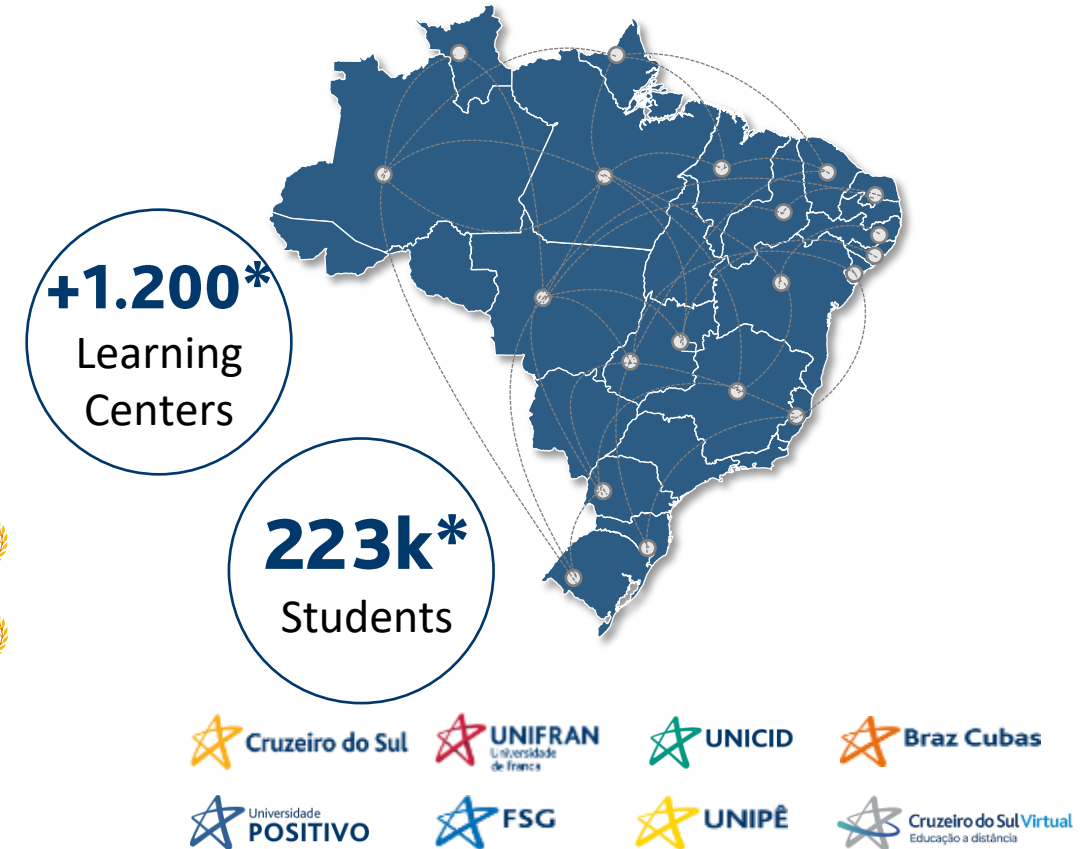
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Cruzeiro do Sul Educacional is one of the largest quality-focused education group in Brazil with more than 358k * students in 27 campuses and more than 1,200 learning centers.

On Campus



Distance Learning



* on Dec, 31st 2020 †Includes ~4k students on basic education

Focus on quality is one of the key strategic pillars and translates into leadership positions when compared to the listed players*

Best weighted avg IGC¹ among the listed players*



Higher number of courses with a 4-5 grade in CPC² vs. listed *



Above-average performance in the indicators that set the CPC

IDD - Performance Variation Index



Enade



Professors with PHD



Recent Achievements

Best two courses in Brazil in the Preliminary Course Concept - CPC (Public + Private Institutions)

- UniFran Med School
- Cesuca Production Engineering

ENADE 2019: Highest Grade (5)

- UniFran Med School (1st among privates in SP state)
- Universidade Positivo Med School (1st in Curitiba and 2nd in Paraná state among public and private)

Three institutions (FSG, Unipê and Braz Cubas) moved to 4-5 grade at IGC 2019

- 71% of our active institutions have a 4-5 grade (vs. 51% previously)

Professors with Masters



Professor's Work Regime



Pedagogical Structure



Infrastructure



Message from the Management

We continue in an atypical scenario that continues to impact people and companies without distinction. At Cruzeiro do Sul Educacional, we remain focused to the well-being of our employees and students and adjusting our operation weekly according to the current health protocols.

The first quarter, so important for the education segment, was a period of great volatility, but it demonstrated that our strategy of working with leading brands with a focus on quality, has proved to be important in adverse periods such as the one we are experiencing. At the beginning, with a potential cooling of the pandemic, we observed a widespread and important expansion in enrollments, including on-campus, which pointed to a clearly positive outlook. However, the upsurge in the pandemic scenario throughout February and early March, precisely in a period of student decision-making, made the enrollment process for freshmen in the on-campus to be exceptionally postponed. For the first time, we observed an intake period with a concentration at the end of March and April, which was also relatively impacted by the late release of ENEM scores (Mar 29th vs. Jan 17th in 2020).

Due to the scenario, we adjusted classes' schedules and decided to include the month of April in the intake process for the on-campus semester, and this strategy proved to be correct, having resulted in a number of students entering the on-campus that reflects stability, despite extremely negative economic scenario. In distance learning, we added 92 new DL centers in the period (vs. 1Q20), with an intake process that grew 24% in 2021.1. It is worth highlighting the progress of courses with a higher hourly load of on-campus and/or remote synchronous content (also known as hybrids), given the changes in market demand and contributing to the support/increase of the average ticket of the modality (penetration of 11,3% in April on the DL student base, twice as high as 2020). This is another indicator of the correctness of the company's strategy in the sense of providing, with flexibility, efficiency, speed and differentiated quality in order to provide all the demand from the target audience. Still in the 1Q21, despite the health and macroeconomic scenario, we continued to adhere to our strategy and opened two new campuses in Greater São Paulo (Guarulhos and Villa Lobos), which had a good instake process. We emphasize that we are attentive to the expansion plan via relevant greenfields and prospecting for new centers, in addition to expansion via acquisitions. Despite the successes and good financial/operational results at the beginning of the year, it is worth mentioning that this is an absolutely atypical exercise, especially with regard to the construction of revenues for the year as a whole. The extension of the deadline for enrollments and renewal processes, added to the high degree of unpredictability of the economy and the sanitary conditions of the pandemic, are factors that may affect the results of the company and the sector as a whole.

Also as a positive highlight, in April we had the satisfaction of maintaining our continuous performance in improving the academic results of our institutions. As an illustration, we mention the progress made by FSG, Unipê and Braz Cubas to the 4th grade of IGC, in addition to the generalized progress in the continuous IGC of the company's institutions. Now 77% of Cruzeiro's active institutions are in bands 4 and 5 of the IGC, against 57% in the previous cycle.

Finally, we note that "Professor Hermes", as he was known, left us on April 26th. Professor Hermes, born in Mirassol in 1938, founded, with 6 other friends who were also teachers, the then Colégio Cruzeiro do Sul in 1965. Since then he has been president and board member of the company, which under his leadership grew exponentially and contributed in an important manner for the history of education in Brazil. Imbued with their spirit of fight and perseverance, as well as their human values, we will dedicate ourselves with even more energy to the continuation of the legacy of the founders, whose central objective has always been to provide young people with professional training and quality citizenship.

The Management Team

Highlights

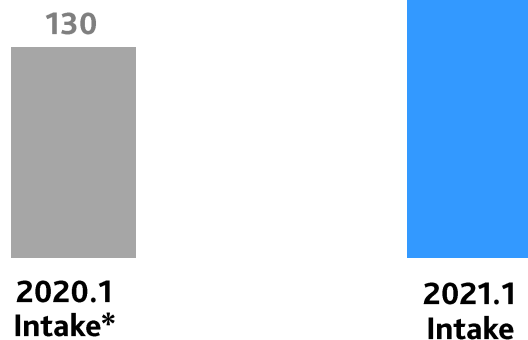
- ★ **2021.1 consolidated intake process grew ~15% vs 2020.1**
- ★ **On-site intake process 2021.1 0.5% higher than last year reaching ~49 thousand students**
- ★ **Distance Learning with 23.9% growth in the intake with a total of ~101 thousand students**
- ★ **We doubled the penetration (yoy) of students in DL with on-site and/or remote synchronous classes (hybrid/semi-onsite) reaching more than 20 thousand**
- ★ **Student base in 1Q21 reached 358 thousand expansion 5.5% above 1Q20**
- ★ **Expansion in the adjusted EBITDA margin of 6.8 p.p. to 29.7% vs last year**
- ★ **Operating Managerial Cash Generation of R\$170 million, 2.6x higher than 1Q20**
- ★ **Opening of 2 new campus for the year 2021 (Guarulhos and Villa Lobos)**
- ★ **3 institutions (FSG, Unipê and Braz Cubas) reached 4-5 grade at IGC 2019, grade of 77% of Cruzeiro do Sul active* institutions**

2021.1 Intake

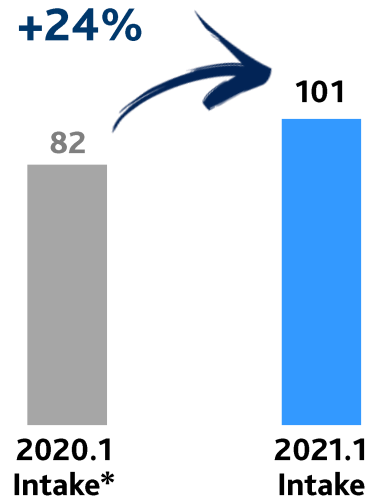


2021.1 intake grew approximately 15% vs last year

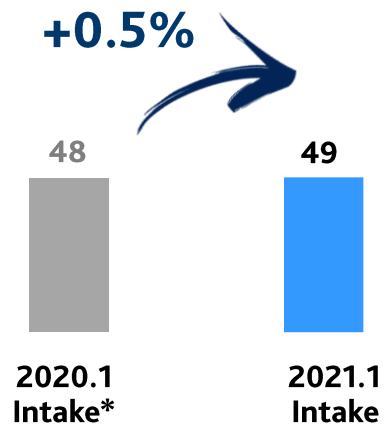
+15%



+24%



+0.5%



Distance Learning

- ☆ 2021.1 intake process closed with an expansion of 23.9% vs 2020.1
- ☆ Intake shows the attractiveness of the modality
- ☆ Re-enrollment slightly below history

On Campus

- ☆ 2021.1 intake process closed with an expansion of 0.5%.
- ☆ The expansion of the process beyond March was important, guaranteeing 13% of the student base captured.
- ☆ Re-enrollment slightly below history

1Q21 Highlights

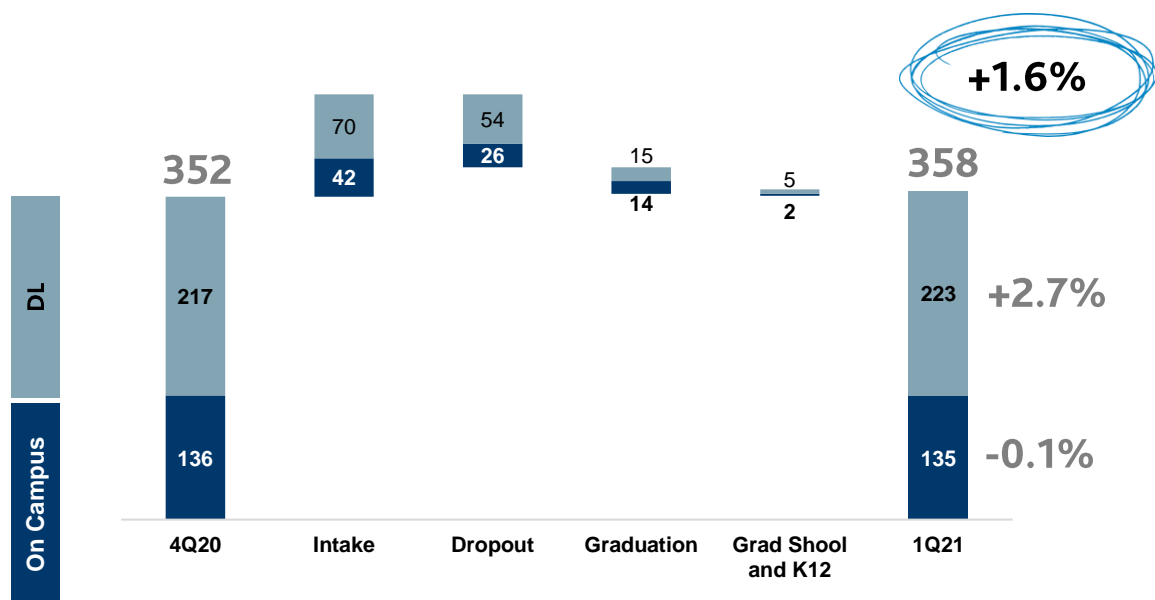
R\$ million	1Q21	1Q20	%
Students - YE '000	358.1	339.4	5.5%
On Campus - YE '000	135.4	153.0	(11.5%)
DL - YE '000	222.7	186.4	19.5%
Revenues	421.1	417.5	0.9%
Gross Margin	47.6%	42.2%	+541bps
Adj. EBITDA	125.1	95.6	30.8%
EBITDA Margin	29.7%	22.9%	+679bps
Adj. Net Earnings	31.5	10.1	210.5%
Manag. Oper. Cash Flow²	169.7	65.9	157.4%
MOCF/EBITDA	142.8%	107.2%	+3,559bps

Adjusted Net Profit = Net Profit – Intangible Amortization and Non Recurring Expenses

²Non audited

- ★ **Increase in the Total Student Base +5.5% vs. 1Q20 with strong expansion in Distance Learning**
 - ★ On-campus -11.5%
 - ★ DL + 19.5%
- ★ **Net Revenue of R\$ 421.1 million, growing 0.9% compared to 1Q20 with the acquisition of Braz Cubas and Universidade Positivo**
- ★ **Adjusted EBITDA of R\$125.1 million 30.8% above the 1Q20**
- ★ **Adjusted EBITDA Mg. of 29.7% expanding 6.8 p.p. vs. 1Q20 with the implementation of the new academic model in all institutions**
- ★ **Adjusted Net Earnings of R\$31.5 million, 3x higher than 1Q20**
- ★ **Managerial Operating Free Cash in the period reached R\$169.7 million, 2.6x higher than 1Q20**

Operating Figures – Students Base ('000)



★ 1Q21 with growth of 1.6% to 358k students, with expansion in the distance learning base

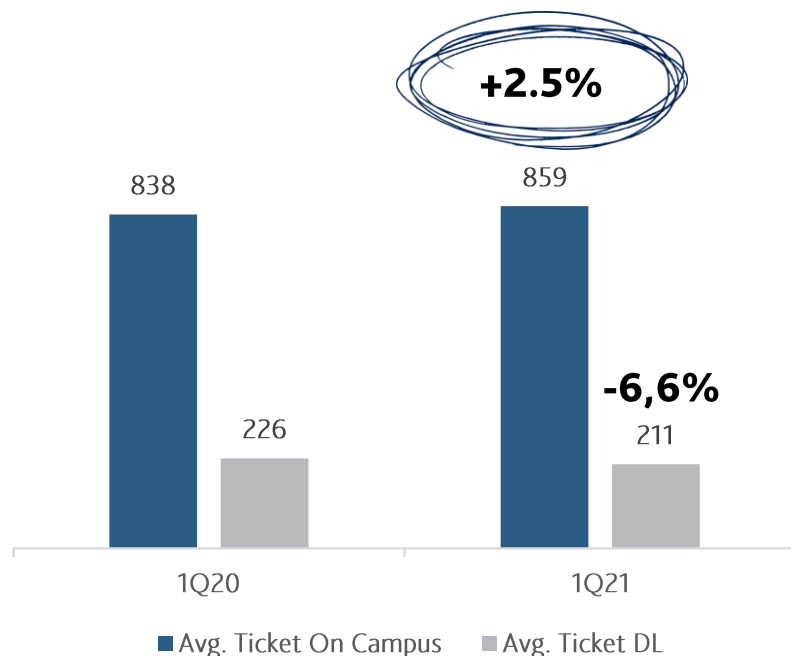
★ On campus, the adverse scenario postponed the intake process beyond March, and the one closed in March was 13.5% lower than in 2020 and impacted the student base in the annual comparison.

	1Q20*	1Q21	YoY
On-Campus			
BoP	138	136	(1.5%)
Intake	48	42	(13.5%)
Dropout	(23)	(26)	11.8%
Graduation	(16)	(14)	(13.4%)
Gra School and K12	6	(2)	na
EoP	153	135	(11.5%)

★ Distance Learning with a 2.7% increase in the number of enrollments with a intake process that expanded 10.3% in relation to last year.

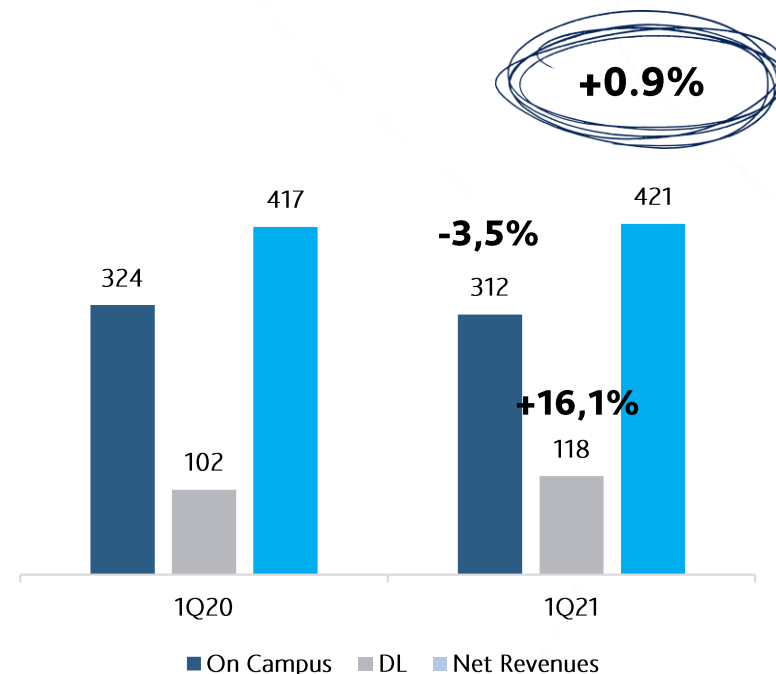
	1Q20*	1Q21	YoY
DL			
BoP	177	217	22.3%
Intake	63	70	10.3%
Dropout	(45)	(54)	20.0%
Graduation	(12)	(15)	20.1%
Gra School and K12	3	5	56.0%
EoP	186	223	19.5%

Operating Figures – Undergrad Average Ticket* and Net Revenues¹



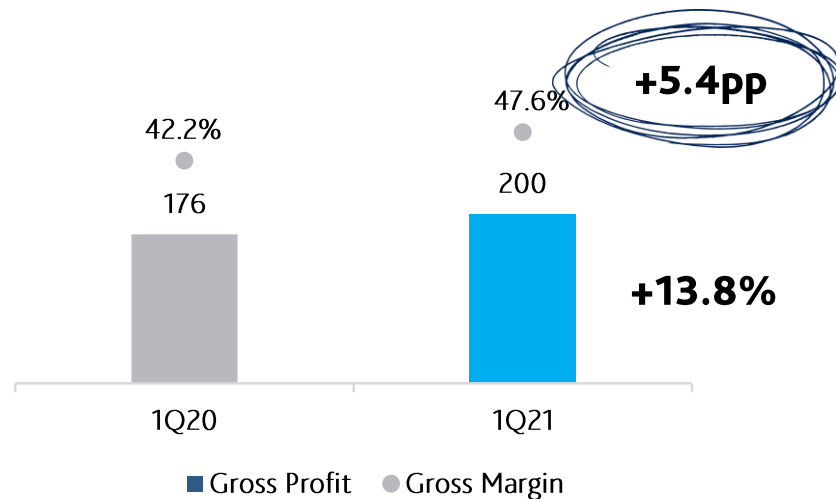
*Average Ticket = Ex-Pronei revenue divided by the number of invoices issued in the periods.

- ★ On campus with growth of 2.5%, reflecting the company's resilience in maintaining its pricing strategy and its student base in premium courses (71% no 1T21), in addition to the impact of acquired companies, such as Positivo, which has a premium position in the region which it operates.
- ★ Distance Learning, a drop of 6.6% was impacted by the higher number of new student within the total students base.



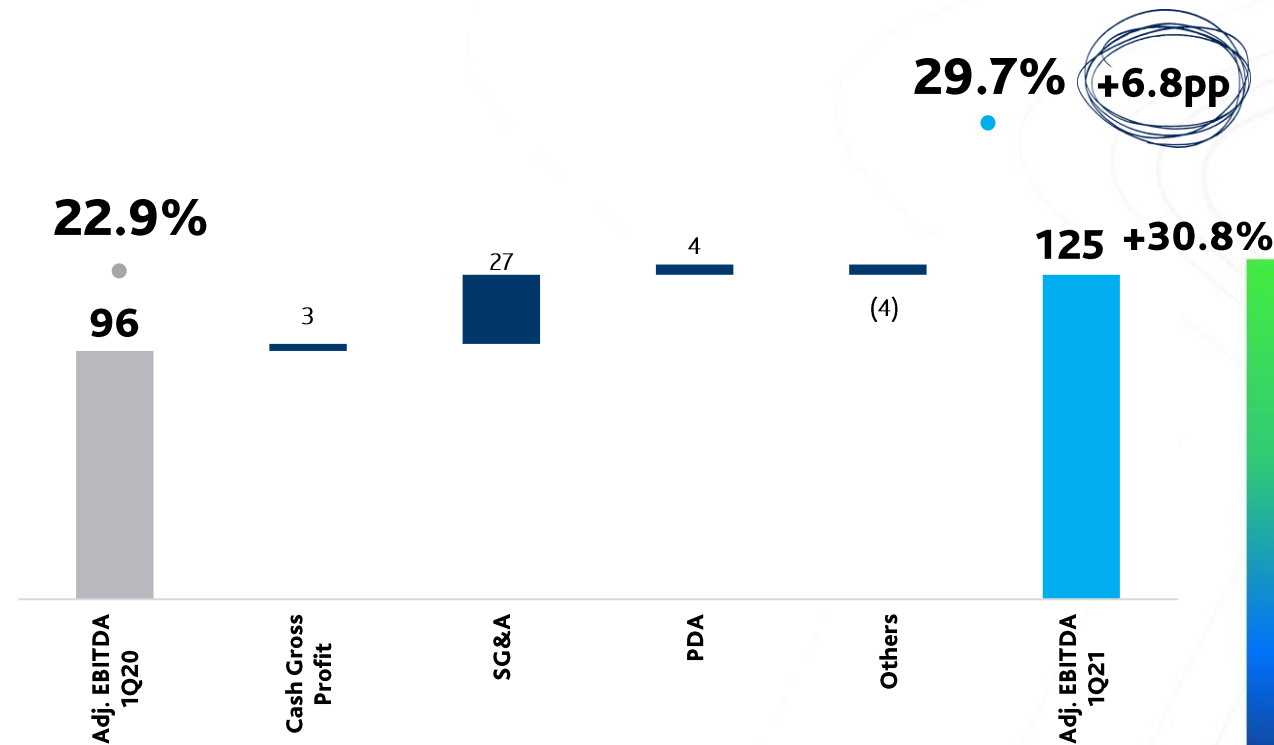
- ★ Net revenue in the quarter reached R\$ 421 million, 0.9% higher than 1Q20, mainly due to the expansion in the Distance Learning business.
- ★ On campus revenue was impacted by the smaller student base, also by a late enrollment process (less invoices issued in the period), in addition to the negative impact of the mandatory discount injunction at Unipê unit of R\$10.0 million (2.4% of revenue).
- ★ Distance Learning, the addition of new centers in the year (+92; +8%), added to maturation of centers and an increase in the student base in premium courses contributed to the expansion of revenue.

Operating Figures – Gross Profit and Adjusted EBITDA



★ Gross profit in the quarter reached R\$ 200.3 million, 13.8% higher than 1Q20 with a margin of 47.6% (5.4 pp YoY).

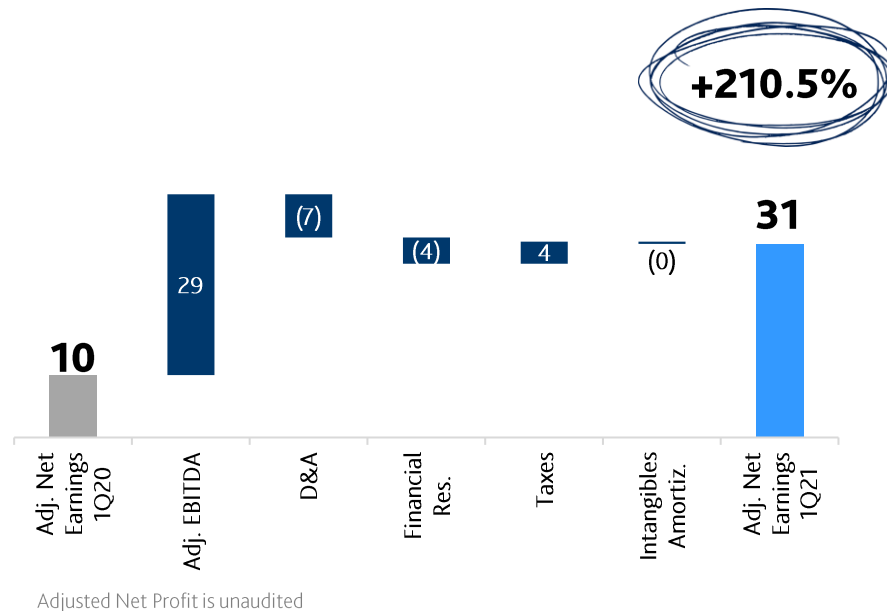
- Greater participation of DL in the operation
- Gains in scale
- New academic model with greater digital content in the on-campus contributed to the expansion of gross margin.



★ Adjusted EBITDA in the quarter reached R\$125.1 milhões, 30.8% higher than 1Q20 with margin of 29.7% (+6.8 p.p. YoY).

- ★ Change in the revenue mix with greater participation of the Distance Learning
- ★ Increase of digital content on the on-campus
- ★ Improve in PDA of 1.0pp (5.7% of revenue)
- ★ Ability to integrate acquisitions while maintaining a focus on quality.

Operating Figures– Adjusted Net Profit and Accounts Receivable



★ Adjusted Net Profit reached R\$31.5 million in the quarter, 210.5% higher than 1Q20.

- Reflects the expansion in EBITDA
- despite the slight increase in D&A due to the acquisitions

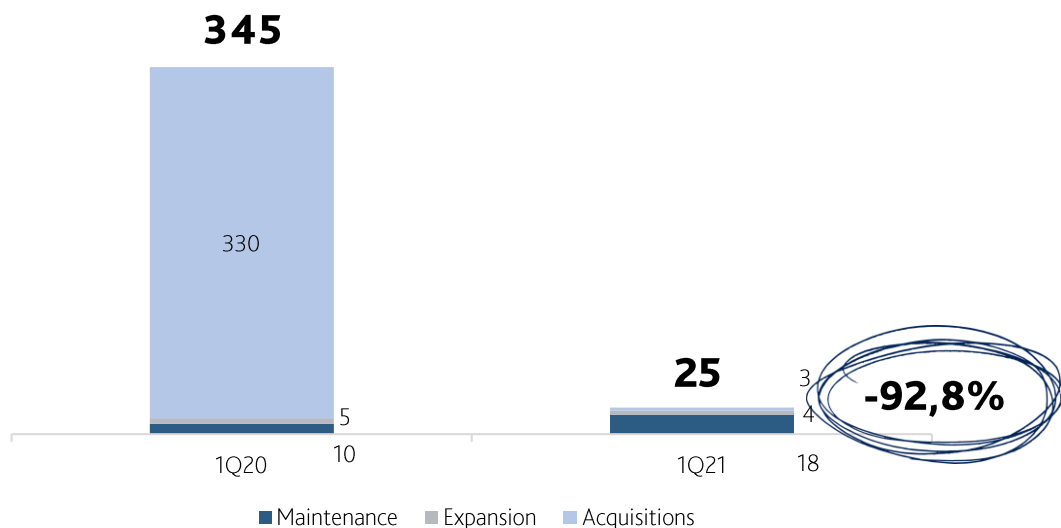
R\$ million	1Q21	1Q20	%	4Q20	%
Tuition	475.7	368.0	29.3%	506	6.4%
Student Financing	64.7	85.0	(23.9%)	63	(2.0%)
Agreements	38.6	31.2	23.5%	39	2.3%
Other Receivables	43.8	27.0	61.9%	34	(22.6%)
Gross Receivables	622.8	511.3	21.8%	643	3.2%
AVP	(1.4)	(2.3)	(40.2%)	(1)	(50.4%)
PDA	(439.9)	(320.7)	37.2%	(428)	(2.8%)
Net Receivables	181.5	188.3	(3.6%)	215	18.3%
Days of Receivables	39	36	+2 days	41	-2 dias

★ The average collection period increased ~2 days, ending the quarter in 39 days, versus 36 days in the 1Q20 and with and with an improvement of ~4 days compared to 4Q20.

★ PDA coverage on gross accounts receivable increased from 62.8% to 70.6% in 1Q21, due to the change in the provision criteria that occurred from 2Q20.

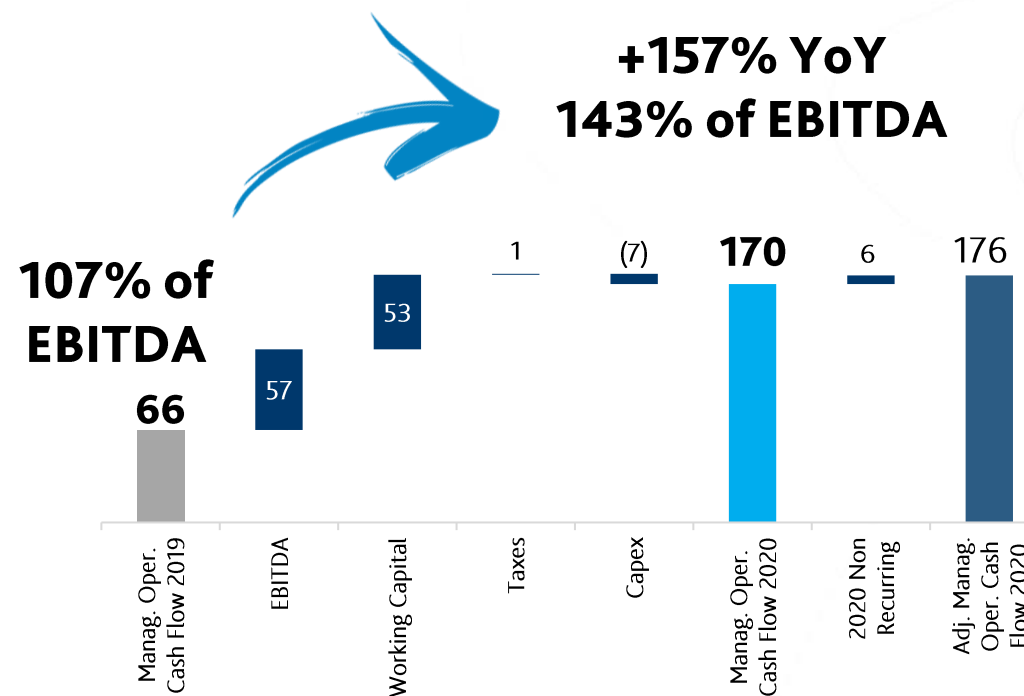
★ The company continues with the strategy of maintaining a low penetration of students with student credit and limiting agreements (5.2% of the in-classroom base in Mar/21).

Operating Figures – Capex* and Managerial Operating Cash Flow²



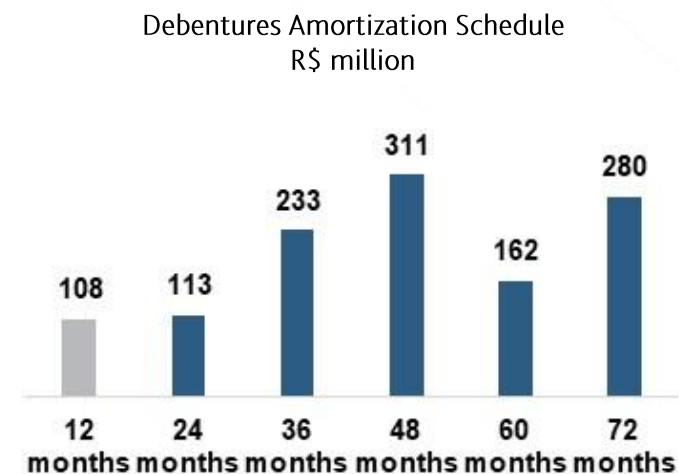
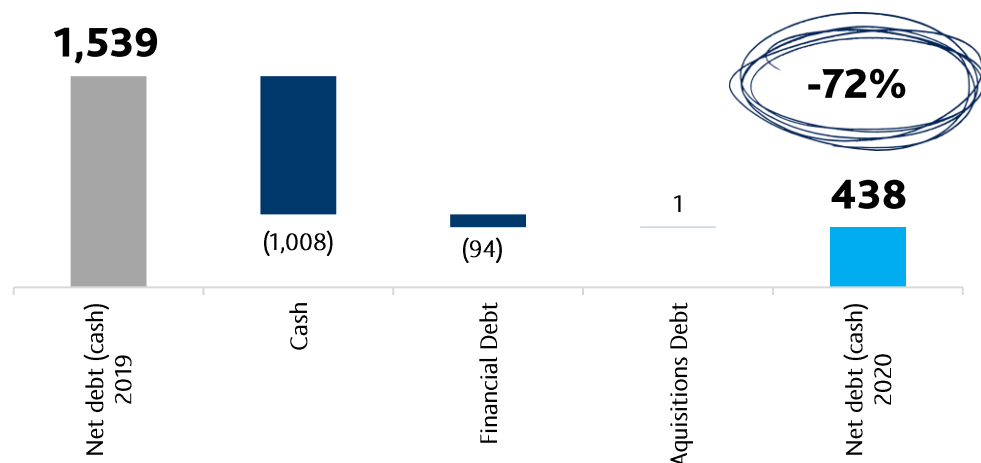
* Managerial figures

- ☆ Capex in 1Q21 were approximately R\$25 million, a high reduction due to the impact of the acquisitions of Braz Cubas and Positivo last year.
- ☆ The increase in maintenance capex reflects the resumption of projects that had been halted in early 2020 due to the pandemic.



- ☆ The managerial operating cash generation including non-recurring items of R\$6.2 million in the quarter reached R\$ 169.7 million, 157.4% of that recorded in 1Q20 and reached 142.8% of EBITDA.
- ☆ The significant increase refers to a reduction in accounts receivable and an increase in advances from students (customers).
- ☆ Excluding the non-recurring impacts, the generation of managerial operating cash would be close to R\$ 176 million.

Operating Figures – Net Debt (Cash)



★ The Company ended 1Q21 with a net debt (ex lease liability) in the amount of R\$ 438 million, benefited from the funding made in February via an Initial Stock Offering (IPO) in the amount of ~ R\$ 1 billion

★ The debt repayment terms remain fixed, with no major disbursements over the next two years

APPENDIX



Appendix – Student base, DL Centers, Cam puses, EBITDA IFRS16, EBITDA Pre- IFRS16 e Non Recurring

Students

EoP	Total	On Campus	DL
4Q20	352.320	135.536	216.784
Intake	111.770	41.750	70.020
Dropout	(79.732)	(25.988)	(53.744)
Graduation	(28.813)	(13.835)	(14.978)
Grad School and K12	2.576	(2.067)	4.643
1Q21	358.121	135.396	222.725

Infrastructure

EoP	1Q21	1Q20	Δ	%
DL	1,202	1,110	+92	8.3%
Campuses	27	25	+2	8.0%

Adjusted EBITDA

R\$ million	1Q21	1Q20	%
Adjusted EBITDA IFRS-16	125.1	95.6	30.8%
Rents	(39.5)	(26.0)	51.8%
Adjusted EBITDA Pre IFRS-16	85.6	69.6	22.9%

Non Recurring

R\$ million	1Q21	1Q20	%
Restructuring	-	2.5	(100.0%)
Openings and Expansions	2.4	1.1	117.8%
M&A/Projects	3.9	30.6	(87.2%)
Non Recurring	6.3	34.1	(81.5%)

Appendix – P&L

R\$ million	1Q21	1Q20	%
On Campus	312.2	323.7	(3.5%)
DL	118.2	101.8	16.1%
Revenue net of scholarships, cancellations and discounts	430.4	425.5	1.2%
Other Revenues	5.5	6.3	(12.0%)
Taxes	(14.8)	(14.3)	4.0%
Net Revenue	421.1	417.5	0.9%
Labor	(95.6)	(119.5)	(20.0%)
Right of Use Amortization	(23.6)	(17.3)	36.8%
Partners' DL Centers	(27.8)	(21.8)	27.2%
Other Costs	(73.8)	(82.8)	(10.9%)
COGS	(220.8)	(241.5)	(8.6%)
Gross Profit	200.3	176.0	13.8%
<i>Gross Margin</i>	47.6%	42.2%	+541bps
SG&A	(83.6)	(110.2)	(24.1%)
D&A	(21.7)	(21.0)	3.1%
Provision for Doubtful Accounts	(23.9)	(27.9)	(14.3%)
Other Revenues	2.4	6.3	(62.0%)
EBIT	73.5	23.2	217.2%
D&A	45.3	38.3	18.3%
EBITDA	118.8	61.5	93.2%
<i>EBITDA Margin</i>	28.2%	14.7%	+1,349bps
COGS - Non Recurring	2.4	3.6	(34.2%)
Expenses - Non Recurring	3.9	30.6	(87.3%)
Adjusted EBITDA	125.1	95.6	30.8%
<i>Adjusted EBITDA Margin</i>	29.7%	22.9%	+679bps
Financial Results	(58.1)	(53.8)	8.0%
EBT	15.3	(30.7)	(150.1%)
Taxes	1.0	(2.6)	(137.2%)
Net Earnings	16.33	(33.3)	(149.0%)
Intangible Amortization	8.9	9.3	0.0%
Non Recurring Expenses	6.2	34.1	(81.7%)
Adjusted Net Earnings	31.5	10.1	210.5%

Appendix – Balance Sheet

	1Q21	1Q20	4Q20		1Q21	1Q20	4Q20
Total Assets	4,749,195	3,636,731	3,670,738	Total Liabilities	3,270,474	3,143,154	3,218,734
Current Assets	1,403,431	394,731	446,473	Current Liabilities	539,777	1,645,179	536,469
Cash and Equivalents	1,199,606	191,548	212,905	Financial Debt	32,573	46,716	34,106
Marketable Securities	-	-	-	Bond (Debentures)	108,326	1,254,717	174,093
Accounts Receivables	151,917	171,017	187,301	Suppliers	59,825	52,230	44,039
Taxes and Contributions	11,478	7,820	8,812	Related Parties	2,388	1,981	2,010
Advance to Suppliers	-	-	-	Salaries and Payroll Charges	143,860	130,314	125,870
Related Parties	-	-	-	Tax Liabilities	38,066	37,684	39,700
Other Assets	40,430	24,346	37,455	Dividends	-	30,006	-
Non-current Assets	3,345,764	3,242,000	3,224,265	Customer Advance	50,941	24,116	35,015
Long Term Assets	162,652	133,801	154,697	Leasing	75,887	49,692	72,397
Accounts Receivables	29,563	17,255	27,309	Acquisitions	20,930	14,828	3,724
Related Parties	-	-	-	Deferred Revenues	1,332	722	1,332
Advance to Investments	-	-	-	Others	5,649	2,173	4,183
Judicial Deposits	14,025	11,752	13,254	Non-Current Liabilities	2,730,697	1,497,975	2,682,265
Other Assets	28,216	28,895	24,917	Financial Debt	15,089	48,566	20,074
Deferred Taxes	90,848	75,899	89,217	Bond (Debentures)	1,099,825	-	1,143,790
Investments	146	146	146	Related Parties	-	-	-
Property and Equipment	475,424	484,304	470,250	Salaries and Payroll Charges	29,356	-	29,356
Right of Use	991,025	858,176	877,114	Tax Liabilities	147,708	162,057	151,995
Intangible	1,716,517	1,765,573	1,722,058	Deferred Taxes	18,134	18,612	18,240
				Judicial Deposits	51,991	46,514	50,529
				Leasing	995,859	841,314	877,120
				Acquisitions	360,809	366,046	378,780
				Deferred Revenues	10,771	11,493	10,952
				Others	1,155	3,373	1,429
				Shareholder's Equity	1,478,721	493,577	452,004
				Capital	1,203,576	158,190	193,190
				Capital Reserves	161,978	196,978	161,978
				Earnings Reserves	113,167	138,409	96,836
				Liabilities + Shareholder's Equity	4,749,195	3,636,731	3,670,738

Appendix – Cash Flow

1Q21 RESULTS

	1Q21	1Q20
Profit (Loss) before income taxes	15,349	(30,662)
Depreciation and amortization	21,700	21,038
Right of use amortization	23,633	17,280
Amortization of fund raising costs	370	468
Debt Interests	650	2,512
Acquisitions Interests	1,792	2,000
Bonds (debentures) Interests	11,142	14,046
Lease Interests	24,215	16,495
PV Assets and Liabilities	708	(2,324)
Judicial Deposits Provision	1,990	5,495
Provision for Doubtful Accounts	23,893	27,890
PPE and Intangibles	294	758
Asset Sale Deferred Revenues	(181)	(181)
Lease discontinuation	(61)	(5,613)
Adjustments to Profit (Loss) before taxes to reconcile with the cash flow	125,494	69,202
Accounts receivable	8,529	(14,637)
Judicial Deposits	(771)	942
Taxes Recoverable	(2,665)	1,990
Other Credits	(6,432)	(699)
Changes in liabilities	-	-
Suppliers	6,636	(21,926)
Salaries and Payroll Charges	17,990	38,219
Taxes	(5,647)	(6,423)
Related parties obligations	-	(2,147)
Customer Advance	15,926	(8,027)
Others	1,192	(20,039)
	160,252	36,455
Taxes	(1,030)	(1,700)
Net cash from operating activities	159,222	34,755
Cash flow from investments		
Cash withdraw	-	915
Acquisitions	(2,557)	(2,556)
Braz Cubas acquisition, net cash acquired	-	(22,328)
Positivo acquisition, net cash acquired	-	(305,405)
PPE acquisitions	(8,977)	(12,945)
Intangible acquisitions	(3,870)	(2,068)
Net cash from investing activities	(15,404)	(344,387)
Cash flow from financing activities		
Debt downpayments	(7,168)	(42,885)
New Debt	-	60,000
New debentures	-	621,541
Bonds (Debentures) downpayments	(121,244)	(134,068)
Lease downpayments	(39,469)	(26,131)
Capital increase	1,071,000	-
Expenses with issuance of new shares	(60,614)	-
Related parts	378	-
Net cash from financing activities	842,883	478,457
Increase (decrease) of cash and equivalents	986,701	168,825
Cash and Equivalents		
At the beginning	212,905	22,723
At the end	1,199,606	191,548
Increase (decrease) of cash and equivalents	986,701	168,825



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