



**Cruzeiro do Sul**  
Educativo

# 2Q22 RESULTS

**CSED**

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## 2Q22 Conference Call

August 16<sup>th</sup>, 2022 | Tuesday

02 p.m. (Brasilia) / 01 p.m. (New York) / 6 p.m. (London)

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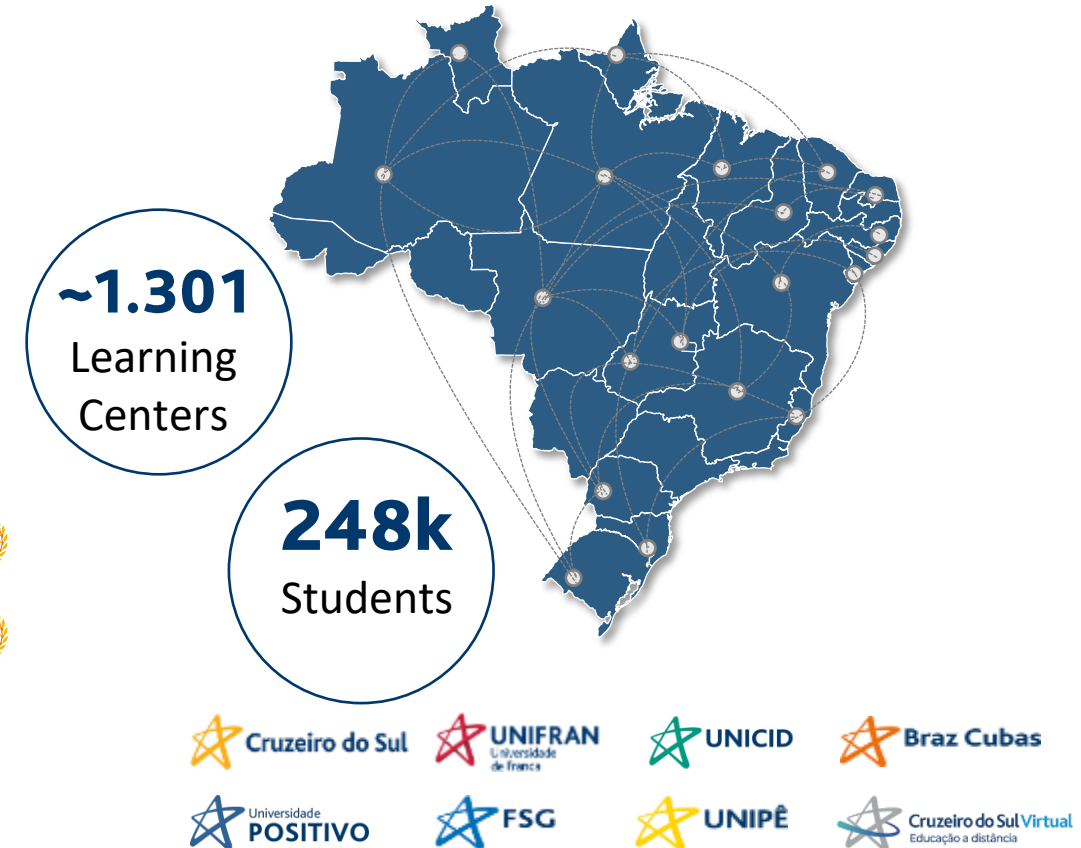


# Cruzeiro do Sul Educacional is one of the largest quality-focused education group in Brazil with more than 388k\* students in 29<sup>1</sup> campuses and more than ~1.301 learning centers.

## On Campus



## Distance Learning



# Message from the Management

We ended the first half of 2022 with important movements for the year and for Cruzeiro do Sul's future.

Starting with governance issues, it is worth remembering that almost a year ago, the founding families decided to act more strategically, through the Board and Committees, and thus, we began the process of transition of management in the Company by hiring a new CEO, Fabio Fossen.

It was an intense year. We took care of the transition concomitantly with the end of the pandemic and the financial and operational health of our core business. We were also dedicated to elaborating the evolution of our corporate strategy. We discussed and decided on a strategy to expand the educational business lines to more decisively expand the possibilities of revenue and value generation for our shareholders, reinforcing the alignment of actions and the organization to focus on Student Success, our reason to exist.

We have been working in this direction since the beginning of the year, with adjustments in the governance of internal processes and reinforcement of some back-office functions. And, at this moment, we launched an organizational realignment with the creation of Business Units dedicated to the development of Learning Verticals.

This change aims to ensure a greater focus of the senior management on identifying trends and opportunities, as well as on competitive movements, ensuring speed in the execution of projects defined to capture opportunities in each of these verticals.

Thus, we created two Business Units: (i) VP On-Campus and (ii) VP Digital Learning and the Academic and Innovation Executive Board that will be important components in the evolution of this new strategy.

In the team, we made some changes in the responsibilities of our internal talents and hired experienced professionals with complementary characteristics to create a winning senior team: (i) Wilson Diniz, who headed the Marketing/Sales department and was a key player in the DL's growth, becomes VP of Digital Education with the mission of accelerating the development of digital businesses in the undergraduate, graduate and non-regulated education business lines; (ii) Eduardo Senise joins Cruzeiro as Director of Postgraduate and Non-Regulated Programs with the mission of accelerating the development of these business lines within the VP of Digital Education. Eduardo brings a background of more than 12 years in this segment; (iii) Luiz Gonzaga Foureaux Neto joins Cruzeiro as Director of Marketing/Sales and brings an important background of knowledge of the sector and a history of relevant achievements in digital education and (iv) Luiz Henrique Amaral becomes VP of On-Campus and will have an important focus on the evolution process of classroom teaching, on operational efficiency and on the management of our brands, which are so important for the success of the business.

In addition to these changes, we also announced the entry of Felipe Negrão to take over the finance directorship, bringing an important background in the area with experience in large publicly traded groups and in the education sector. Felipe will continue the process of transforming the financial area to support the strategic evolution of the group, continuing the work started by Luis Bresaola, who was interim head of the financial department for the last 4 months. In this new phase, Bresaola starts to focus specifically on issues related to Investor Relations and M&A, ensuring speed and senior focus on the Company's inorganic strategic themes.

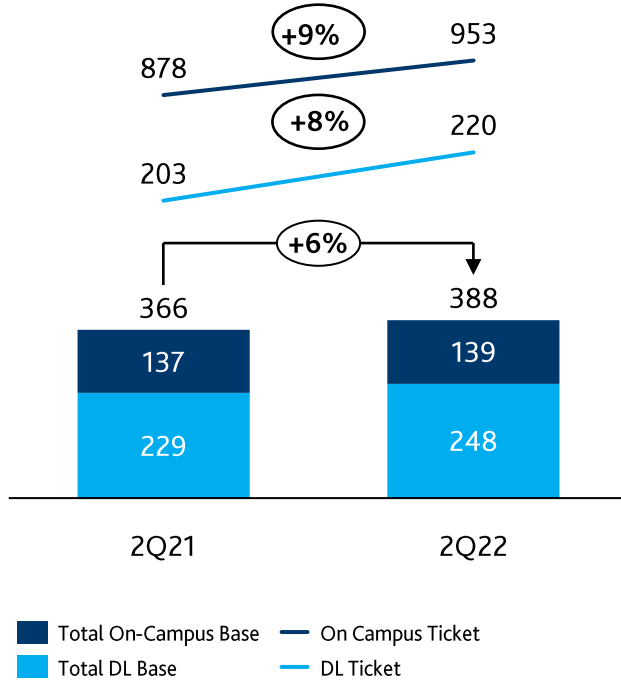
With these moves, we believe that we have the right organizational model and talent for the challenges in this new phase of the company.

Regarding the operating and financial results for the quarter, we closed the 2022.1 intake cycle with a growth around 15% in on-campus and distance learning undergraduate courses, resulting in a student base growth of 2.4% and 10.8%, respectively. In addition to the growth in the base, better commercial planning and the focus on pricing made the ticket (Net Revenue of quarter/final student base) grow by around 9% in On-Campus and 8% in Distance Learning, maintaining the trend observed in 1Q22.

The Management

# 2Q22 Highlights

Growth of ~6% in total student base, with on-campus and DL tickets growing



**+15.1%**  
Intake of on-campus undergrad 2022.1 vs. 2021.1

**+14.7%**  
Intake of DL undergrad 2022.1 vs. 2021.1

**+12.2%**  
Net Revenue reaching R\$ 537 MM million on 2Q22

**R\$ 159 million**

Adj. Ebitda  
In 2Q22 **+17.3%** higher than 2Q21

**+2.4%**  
Student base vs. 2021.1  
On-campus undergrad

**+10.8%**  
Student base vs. 2021.1  
DL undergrad

**47.8%**  
Adj. Gross Margin  
**+138bps** above in 2Q21

**29.7%**  
Adj. EBITDA Margin  
**+129bps** above in 2Q21

**R\$34 million**  
Manag. Oper. Cash Flow  
**23% of EBITDA**

**1,0x**  
Net Debt/Adj. Ebitda\*



# UNIVERSIDADE CIDADE DE SÃO



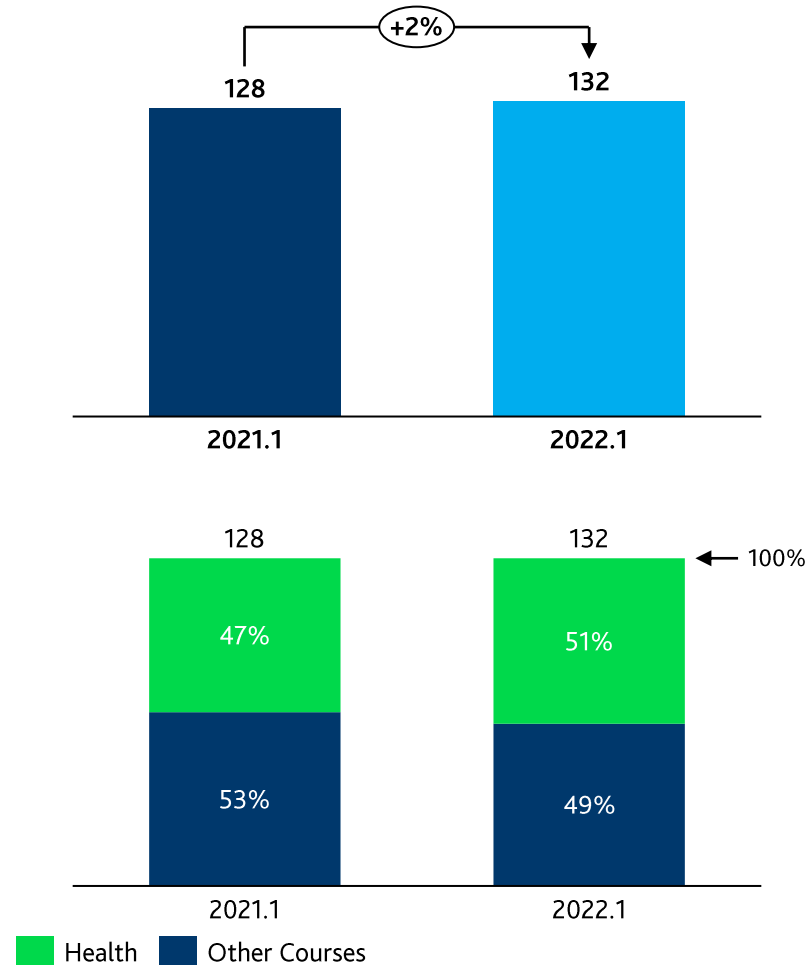
## Operational Performance

# Undergrad student base growth 1H22

## On-campus

Expansion in the student base; Health courses already represents more than 50%

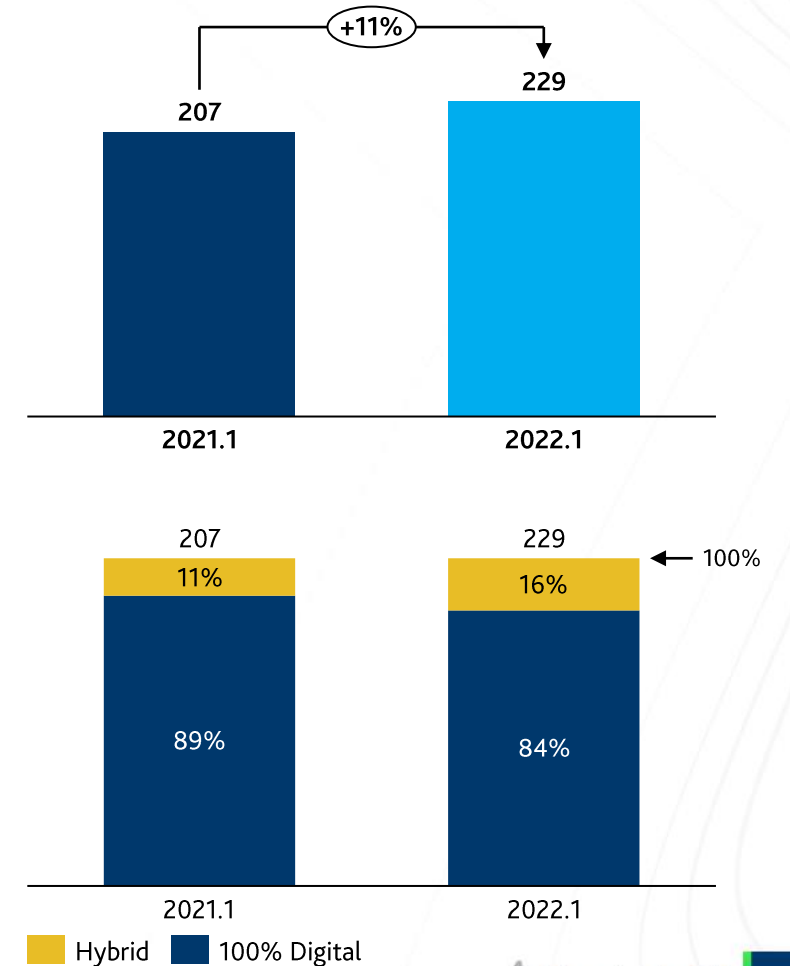
Student base - Undergrad Jun/22



## DL

Expansion of the student base; Hybrid courses gaining relevance at the base;

Student base - Undergrad Jun/22





# Consolidated Student Base Dynamics

## On-Campus

Relevant intake cycle; +15.1%

2022.1 intake cycle expanded by 15.1% (Y/Y), ending the quarter with 139k students, an expansion of 1.5% vs. the 2021.1.

On-Campus	2Q22	2Q21	Y/Y
<b>BoP</b>	<b>130</b>	<b>136</b>	<b>(4,1%)</b>
Intake	56	49	15,1%
Dropout	(30)	(29)	4,5%
Graduation	(16)	(15)	10,8%
Gra School and K12	0	(3)	(105,1%)
<b>EoP</b>	<b>139</b>	<b>137</b>	<b>1,5%</b>

## DL

Relevant intake cycle; +14.7%

In DL, we had a growth of 14.7% in 2022.1 intake cycle, ending the quarter with 248k students, an expansion of 8.4% vs. the same period of the previous year.

Dropout increased by 0.8pp to 18.0% of the apt base, reflecting the competition in the end of intake cycle.

DL	2Q22	2Q21	Y/Y
<b>BoP</b>	<b>244</b>	<b>217</b>	<b>12,5%</b>
Intake	117	102	14,7%
Dropout	(88)	(68)	29,1%
Graduation	(19)	(15)	26,5%
Gra School and K12	(6)	(6)	(15,2%)
<b>EoP</b>	<b>248</b>	<b>229</b>	<b>8,4%</b>

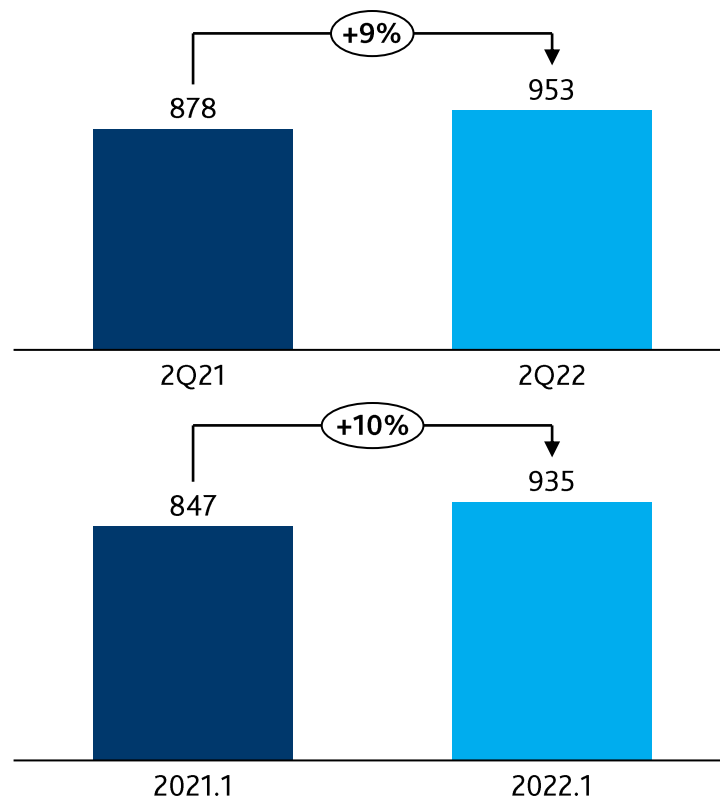


## On-Campus

**Consolidated ticket expanding 9%;  
Commercial strategy reflecting in freshman  
ticket improvement, which expanded ~22%**

The on-campus undergraduate ticket was 9% higher, despite the impact of students' mix at the base with the highest intake (freshmen) in the first quarter (+15.1%).

### On-Campus Ticket (R\$/month)

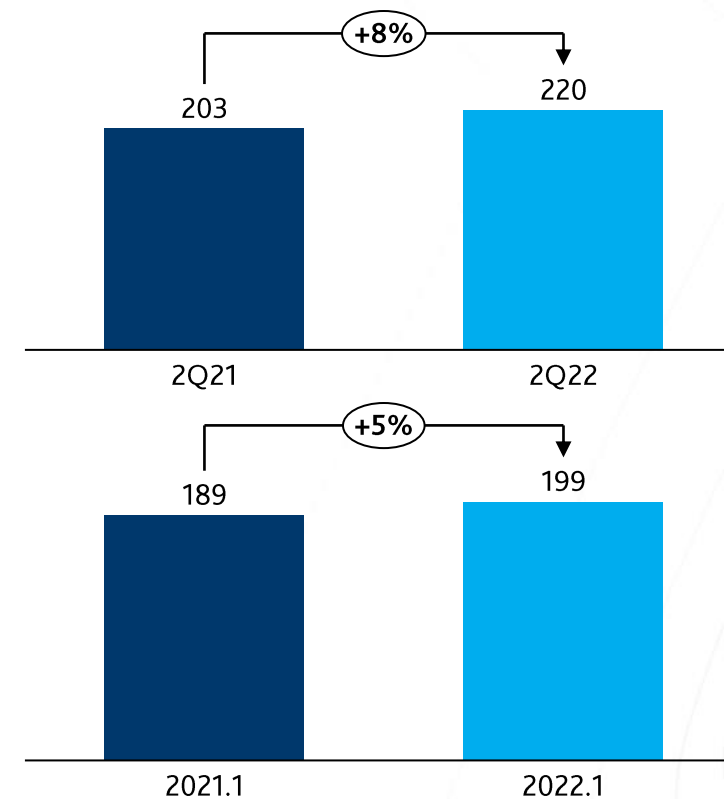


## DL

**Ticket expanding 8%;  
Hybrid mitigating price competition**

The average ticket in DL was 5% higher as a result of a higher penetration of hybrid students of ~16% (+4.6 p.p. vs. 2021.1) which helped to mitigate the impact of the more competitive price environment.

### DL Ticket (R\$/month)



# Ticket Dynamics

(Net Operating Revenue/  
Students in the end of period)



# Academic Quality

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

Best weighted avg IGC<sup>1</sup> among the listed players\*



Higher number of courses with a 4-5 grade in CPC<sup>2</sup> 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
- Cesua Production Engineering

**ENADE 2019: Highest Grade (5)**

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

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

- 71% of our active institutions have a 4 grade (vs. 50% previously)

Professors with Masters



Professor's Work Regime



Pedagogical Structure



Infrastructure







# Financial Performance

# 2Q22 Highlights

## Expansion of: Student base, gross margin and adjusted EBITDA margin

R\$ million	2Q22	2Q21	%
Students - YE '000	387,6	366,3	5,8%
OnCampus '000	139,2	137,1	1,5%
On-Campus ex-Medicine	127,4	124,5	2,3%
Medicine	4,2	3,9	6,9%
Grad School & K12	7,6	8,7	(12,4%)
DL - YE '000	248,5	229,2	8,4%
Revenues	536,9	478,7	12,2%
Gross Margin	47,8%	45,9%	+186bps
Adj. EBITDA	159,2	135,8	17,3%
EBITDA Margin	29,7%	28,4%	+129bps
Adj. Net Earnings	32,3	43,8	(26,4%)
Manag. Oper. Cash Flow	34,2	70,0	(51,2%)
MOCF/EBITDA	22,8%	54,7%	-3.185bps

★ Increase of +5.8% in the total Student Base vs. 2Q21 showing the resumption of on-campus and continuity in the DL expansion.

★ On-Campus: +1.5%

★ DL: +8.4%

★ Net Revenue of R\$536.9 million, growth of 12.2% vs. the 2Q21.

★ Gross Margin expanding 186bps Y/Y to 47.8%

★ Adjusted EBITDA of R\$159.2 million, 17.3% higher than the same period of last year

★ EBITDA margin expanding 129bps Y/Y to 29.7%

★ Adjusted Net Income of R\$32.3 vs. R\$ 43.4 million in 2Q21

★ Management Operating Cash Generation of R\$34.2 million, 23% of EBITDA

# 1H22 Highlights

## Expansion of: Student base, gross margin and adjusted EBITDA margin

R\$ million	1H22	1H21	%
Students - YE '000	387,6	366,3	5,8%
OnCampus '000	139,2	137,1	1,5%
On-Campus ex-Medicine	127,4	124,5	2,3%
Medicine	4,2	3,9	6,9%
Grad School & K12	7,6	8,7	(12,4%)
DL - YE '000	248,5	229,2	8,4%
Revenues	1.010,2	900,0	12,2%
Gross Margin	48,8%	47,4%	+135bps
Adj. EBITDA	302,2	262,8	15,0%
EBITDA Margin	29,9%	29,2%	+72bps
Adj. Net Earnings	51,3	75,3	(31,9%)
Manag. Oper. Cash Flow	160,4	251,2	(36,1%)
MOCF/EBITDA	56,2%	101,0%	-4.475bps

★ Increase of +5.8% in the total Student Base vs. 1H21 showing the resumption of on-campus and continuity in the DL expansion.

★ On-Campus: +1.5%

★ DL: +8.4%

★ Net Revenue of R\$1.0 billion, growth of 12.2% vs. the 1H21.

★ Gross Margin expanding 135bps Y/Y to 48.8%

★ Adjusted EBITDA of R\$302.2 million, 15.0% higher than the same period of last year

★ EBITDA margin expanding 72bps Y/Y to 29.9%

★ Adjusted Net Income of R\$51.3 vs. R\$ 75.3 million in 1H21

★ Management Operating Cash Generation of R\$160.4 million, 56% of EBITDA



# Financial Figures – Net Revenue<sup>1</sup> 2Q22 and 1H22

## Revenue expansion in all segments, highlighting DL and health courses (+18.9%; +17.3%)

R\$ million	2Q22	2Q21	%
On Campus	392,7	356,8	10,1%
Health Courses <sup>2</sup>	261,6	222,9	17,3%
Distance Learning	162,1	136,4	18,9%
<b>Revenue net of scholarships, cancellations and discounts</b>	<b>554,8</b>	<b>493,2</b>	<b>12,5%</b>
Other Revenues	2,1	1,3	65,3%
Taxes	(20,0)	(15,8)	27,0%
<b>Net Revenue</b>	<b>536,9</b>	<b>478,7</b>	<b>12,2%</b>

- ★ Consolidated net revenue in the quarter reached R\$536.9 million, 12.2% higher than in 2Q21 as a result of (i) increase in the consolidated student base (+5.8%), (ii) progression of medical seats (UNICID , UNIPÊ and Positivo) and (iii) ticket expansion. Disregarding the negative impact of the mandatory discount injunction at Unipê, which was R\$10.7 million (2.2% of revenue) in 2Q21, revenue would have expanded by 9.7%.
- ★ Net revenue from scholarships, cancellations and discounts in on-campus expanded 10.1%, reaching R\$392.7 million, as a result of the larger student base (+1.5%) and the progression/growth of students in health courses , which already represent 67% of on-campus revenue. Disregarding the negative impact of the mandatory discount injunction at Unipê, which was R\$10.7 million (2.2% of revenue) in 2Q21, revenue would have expanded by 6.8%.
- ★ On-campus courses focused on health area (with on-campus profile) grew 17.3% in the period and already represent ~67% of on-campus revenue vs. 62% last year.
- ★ In DL, the larger student base (+8.4%) and the opening of new DL hubs (+94;8%) contributed to the 18.9% expansion in net revenue from scholarships, cancellations and discounts.

R\$ million	1H22	1H21	%
On Campus	750,1	669,0	12,1%
Health Courses <sup>2</sup>	500,8	421,1	18,9%
Distance Learning	294,0	254,6	15,5%
<b>Revenue net of scholarships, cancellations and discounts</b>	<b>1.044,1</b>	<b>923,6</b>	<b>13,0%</b>
Other Revenues	4,3	6,8	(36,5%)
Taxes	(38,3)	(30,4)	25,8%
<b>Net Revenue</b>	<b>1.010,2</b>	<b>900,0</b>	<b>12,2%</b>

- ★ Consolidated net revenue for the semester reached R\$1.0 billion, 12.2% higher than in 1H21. Disregarding the negative impact of the mandatory discount injunction at Unipê, which was R\$ 20.7 million (2.3% of revenue) in 1H21, revenue would have expanded by 9.7%.
- ★ Net revenue from scholarships, cancellations and discounts in on-campus expanded 12.1%, reaching R\$750.1 million, as a result of the larger student base (+1.5%) and the progression/growth of students in health courses. Disregarding the negative impact of the mandatory discount injunction at Unipê, which was R\$ 20.7 million (2.3% of revenue) in 1H21, revenue would have expanded by 8.8%.
- ★ On-campus courses focused on health area (with on-campus profile) grew 18,9% in the period and already represent ~67% of on-campus revenue vs. 63% last year.
- ★ In DL, the larger student base (+8.4%) and the opening of new DL hubs (+94;8%) contributed to the 15.5% expansion in net revenue from scholarships, cancellations and discounts.

# Financial Results – Gross Profit

## Expansion of 138bps in Adj. Gross Margin 2Q22, reflecting management's discipline

R\$ million	2Q22	2Q21	%
Labor	(169,4)	(165,9)	2,1%
Right of Use Amortization	(29,8)	(24,6)	21,3%
Partners' DL Centers	(34,7)	(29,1)	19,4%
Other Costs	(46,5)	(39,4)	18,2%
<b>Gross Profit</b>	<b>256,5</b>	<b>219,7</b>	<b>16,7%</b>
<b>Gross Margin</b>	<b>47,8%</b>	<b>45,9%</b>	<b>+186bps</b>
Non Recurring	-	2,3	(100,0%)
<b>Adjusted Gross Profit</b>	<b>256,5</b>	<b>222,0</b>	<b>15,5%</b>
<b>Adj. Gross Margin</b>	<b>47,8%</b>	<b>46,4%</b>	<b>+138bps</b>

★ Gross profit in quarter reached R\$ 256.5 million, 1679% higher than in 2Q21, with a margin of 47.8% (+1.9 p.p. y/y) reflecting management initiatives in the search for efficiency that mitigated the impacts of the (i) Salary readjustment of 4% in agreement carried out in 2021, in addition to the collective bargaining agreements already negotiated in K12 and in Brasília (ii) Increase in Right of Use Amortization, which is affected by the monetary restatement of the IGPM inflation index (iii) Increase in the Partners' DL centers, given the expansion of Hubs and student base in DL and (iv) Increase in third-party services and utilities, given the resumption of 100% on-campus classes. Non-recurring costs in 2Q22 were related to M&A expenses and the opening/expansion of DL hub centers.

R\$ million	1H22	1H21	%
Labor	(312,2)	(295,9)	5,5%
Right of Use Amortization	(59,5)	(48,2)	23,4%
Partners' DL Centers	(64,6)	(56,8)	13,6%
Other Costs	(81,3)	(72,4)	12,3%
<b>Gross Profit</b>	<b>492,5</b>	<b>426,6</b>	<b>15,4%</b>
<b>Gross Margin</b>	<b>48,8%</b>	<b>47,4%</b>	<b>+135bps</b>
Non Recurring	1,3	4,9	(74,2%)
<b>Adjusted Gross Profit</b>	<b>493,8</b>	<b>431,6</b>	<b>14,4%</b>
<b>Adj. Gross Margin</b>	<b>48,9%</b>	<b>48,0%</b>	<b>+93bps</b>

★ Gross profit in semester reached R\$ 492.5 million, 15.4% higher than in 1H21, with a margin of 48.8% (+1.4 p.p. y/y) reflecting management initiatives in the search for efficiency that mitigated the impacts of the 4% salary readjustment in agreement carried out in 2021 and (ii) Increase in the technical staff and preceptors in view of the progression in health courses.

★ In addition, the cost line was impacted by (ii) Increase in Right of Use Amortization, which is affected by the monetary restatement of the IGPM inflation index that is levied on rents and (iii) Increase in third-party services given the resumption of 100 % on-campus classes.

★ Non-recurring costs in 1H22 and 1H21 were related to M&A expenses and the opening/expansion of DL hub centers.

# Financial Results – Adj. EBITDA – 2Q22 and 1H22

## EBITDA expansion and adjusted EBITDA margin

R\$ million	2Q22	2Q21	%
<b>Gross Profit</b>	<b>256,5</b>	<b>219,7</b>	<b>16,7%</b>
<i>Gross Margin</i>	<b>47,8%</b>	<b>45,9%</b>	<b>+186bps</b>
SG&A	(101,2)	(93,1)	8,7%
PDA	(42,6)	(26,4)	61,2%
D&A	(26,2)	(23,0)	13,8%
Other Revenues	7,2	3,1	130,8%
<b>EBIT</b>	<b>93,8</b>	<b>80,4</b>	<b>16,7%</b>
D&A	56,0	47,6	17,7%
<b>EBITDA</b>	<b>149,8</b>	<b>128,0</b>	<b>17,0%</b>
<i>EBITDA Margin</i>	<b>27,9%</b>	<b>26,7%</b>	<b>+116bps</b>
Non Recurring <sup>1</sup>	9,4	7,8	21,1%
<b>Adjusted EBITDA</b>	<b>159,2</b>	<b>135,8</b>	<b>17,3%</b>
<i>Adj. EBITDA Margin</i>	<b>29,7%</b>	<b>28,4%</b>	<b>+129bps</b>

R\$ million	1H22	1H21	%
<b>Gross Profit</b>	<b>492,5</b>	<b>426,6</b>	<b>15,4%</b>
<i>Gross Margin</i>	<b>48,8%</b>	<b>47,4%</b>	<b>+135bps</b>
SG&A	(212,5)	(181,4)	17,2%
PDA	(66,7)	(50,3)	32,6%
D&A	(51,8)	(44,7)	15,9%
Other Revenues	12,5	5,5	125,1%
<b>EBIT</b>	<b>174,0</b>	<b>155,8</b>	<b>11,7%</b>
D&A	111,3	92,9	19,8%
<b>EBITDA</b>	<b>285,3</b>	<b>248,7</b>	<b>14,7%</b>
<i>EBITDA Margin</i>	<b>28,2%</b>	<b>27,6%</b>	<b>+60bps</b>
Non Recurring <sup>1</sup>	16,9	14,0	20,4%
<b>Adjusted EBITDA</b>	<b>302,2</b>	<b>262,8</b>	<b>15,0%</b>
<i>Adj. EBITDA Margin</i>	<b>29,9%</b>	<b>29,2%</b>	<b>+72bps</b>

★ Adjusted EBITDA in 2Q22 reached R\$159.2 million, 17.3% higher than in 2Q21 with a margin of 29.7% (+1.3 p.p Y/Y)

★ Despite higher marketing investments in the quarter, SG&A expenses decreased 1.0 p.p. as a percentage of revenue.

★ The expansion of adjusted EBITDA in 2Q22 is mainly explained of the expansion in gross profit and the SG&A leverage that mitigated the seasonal impact of the PDA of -2.6 p.p. in the period (7.9% of revenue in 2Q22).

★ Adjusted EBITDA in quarter reached R\$302.2 million, 15.0% higher than in 1H21 with a margin of 29.9% (+0.7 p.p Y/Y)

★ The increase in the general and administrative expenses line is basically explained by higher marketing expenses vs. the previous year and by the salary adjustment of 4% in agreement carried out in 2021, in addition to the agreements already negotiated in K12 and in Brasilia.

★ The expansion of adjusted EBITDA in 1H22 is mainly a result of the expansion in the Company's gross profit, which mitigated the negative impact of the PDA of -1.0 p.p. in the period (6.6% of revenue in 2Q22), as a reflection of the macroeconomic scenario in the period.



# Financial Results – Net Earnings 2Q22 and 1H22

## Adjusted net income pressured by the increase in the basic interest rate and inflation index

R\$ million	2Q22	2Q21	%
<b>EBITDA</b>	<b>149,8</b>	<b>128,0</b>	<b>17,0%</b>
D&A	(56,0)	(47,6)	17,7%
Financial Result	(44,0)	(24,3)	81,2%
Lease liability interest	(32,6)	(28,5)	14,6%
Taxes	(2,4)	0,3	(848,8%)
<b>Net Earnings</b>	<b>14,8</b>	<b>28,0</b>	<b>(47,2%)</b>
Intangible Amortization	8,0	8,0	0,0%
Non Recurring Expenses	9,4	7,8	21,1%
<b>Adj. Net Earnings</b>	<b>32,3</b>	<b>43,8</b>	<b>(26,4%)</b>

★ Adjusted net income for the quarter reached R\$32.3 million vs. R\$ 43.8 in 2Q21, as a reflection of the increase in the basic interest rate and inflationary indexes by which debt and lease contracts are financially backed.

R\$ million	1H22	1H21	%
<b>EBITDA</b>	<b>285,3</b>	<b>248,7</b>	<b>14,7%</b>
D&A	(111,3)	(92,9)	19,8%
Financial Result	(91,1)	(60,1)	51,5%
Lease liability interest	(63,5)	(52,7)	20,5%
Taxes	(1,1)	1,3	(186,1%)
<b>Net Earnings</b>	<b>18,3</b>	<b>44,3</b>	<b>(58,7%)</b>
Intangible Amortization	16,1	16,9	(5,1%)
Non Recurring Expenses	16,9	14,0	20,4%
<b>Adj. Net Earnings</b>	<b>51,3</b>	<b>75,3</b>	<b>(31,9%)</b>

★ Adjusted net income for the semester reached R\$51.3 million vs. R\$ 75.3 in 1H21, as a reflection of the increase in the basic interest rate and inflationary indexes by which debt and lease contracts are financially backed.

# Financial Results – Accounts Receivable

## Days of Receivable in line with historical

R\$ million	2Q22	2Q21	%	4Q21	%
Tuition	362,9	529,6	(31,5%)	346,5	4,7%
Student Financing	67,3	73,1	(8,0%)	59,2	13,8%
Agreements	54,2	36,8	47,4%	47,4	14,2%
Other Receivables	51,6	36,8	40,2%	41,9	23,1%
<b>Gross Receivables</b>	<b>536,0</b>	<b>676,3</b>	<b>(20,8%)</b>	<b>495,0</b>	<b>8,3%</b>
AVP	(11,6)	(2,5)	369,8%	(4,6)	153,3%
PDA	(282,6)	(462,1)	(38,8%)	(278,4)	1,5%
<b>Net Receivables</b>	<b>241,8</b>	<b>211,8</b>	<b>14,2%</b>	<b>212,1</b>	<b>14,0%</b>
<b>Days of Receivables</b>	<b>41</b>	<b>40</b>	<b>+1 day</b>	<b>41</b>	<b>-</b>

★ The days of receivables on 2Q22 was 41 days, an increase of 1 days vs. 2Q21, and in line with semester ended on 12/31/2021 (period corresponding to the end of the academic semester).

R\$ million	06/30/2022	06/30/2021	%	12/31/2021	%
Tuition	362,9	529,6	(31,5%)	347	4,7%
Student Financing	67,3	73,1	(8,0%)	59	13,8%
Agreements	54,2	36,8	47,4%	47	14,2%
Other Receivables	51,6	36,8	40,2%	42	23,1%
<b>Gross Receivables</b>	<b>536,0</b>	<b>676,3</b>	<b>(20,8%)</b>	<b>495</b>	<b>8,3%</b>
AVP	(11,6)	(2,5)	369,8%	(5)	153,3%
PDA	(282,6)	(462,1)	(38,8%)	(278)	1,5%
<b>Net Receivables</b>	<b>241,8</b>	<b>211,8</b>	<b>14,2%</b>	<b>212</b>	<b>14,0%</b>
<b>Days of Receivables</b>	<b>43</b>	<b>42</b>	<b>+1day</b>	<b>42</b>	<b>+1day</b>

★ The days of receivables in Jun/22 was 43 days, an increase of 1 days vs. Jun/21, and with the semester ended on 12/31/2021 (period corresponding to the end of the academic semester).

★ The company follows the strategy of maintaining a low penetration of students in Student Financing programs, 7.6% of the on-campus base undergrad on 06/31/22 and limiting agreements.

Amortization of Intangible Assets includes: Capital gains (Brands, Customer Portfolio, DL Hubs, Customer Relationships and Non-Competition Clauses)

\*Adjusted Net Income: management information

\*PMR Semester: Accounts Receivable/Net Revenue for the semester\*180

<sup>1</sup> FIES, Credsul and Pravalor

# Financial Results – Capex\* 2Q22 and 1H22

## Resumption in CAPEX after pandemic

R\$ million	2Q22	2Q21	%
Maintenance / Technology	(36,7)	(19,0)	92,8%
Expansion	(2,5)	(3,8)	(34,2%)
<b>Capex</b>	<b>(39,2)</b>	<b>(22,9)</b>	<b>71,5%</b>

★ Investments in 2Q22 were approximately R\$39.2 million, an increase of ~71% vs. 2Q21. The increase is basically explained by the resumption of maintenance projects that had been paralyzed in the pandemic added to the return of on-campus classes.

R\$ million	1H22	1H21	%
Maintenance	(55,3)	(26,5)	108,4%
Expansion	(4,7)	(9,2)	(48,8%)
<b>Capex</b>	<b>(60,0)</b>	<b>(35,7)</b>	<b>68,0%</b>

★ Investments in the semester were approximately R\$60.0 million, an increase vs. 1H21 motivated by the resumption of CAPEX projects in maintenance that had been paralyzed due to the pandemic.

★ In addition, CAPEX in expansion in 1H21 largely refer to improvements to the campuses versus the opening of the Guarulhos and Villa Lobos campuses.



# Financial Results – Managerial Operating Cash Flow – 2Q22 and 1H22

## Positive cash generation, despite adverse scenario

R\$ million	2Q22	2Q21	%
<b>EBITDA</b>	<b>149,8</b>	<b>128,0</b>	<b>17,0%</b>
Working Capital <sup>1</sup>	(75,0)	(34,4)	117,8%
Taxes	(1,4)	(0,7)	93,4%
CAPEX	(39,2)	(22,9)	71,5%
<b>Manag. Oper. Cash Flow<sup>2</sup></b>	<b>34,2</b>	<b>70,0</b>	<b>(51,2%)</b>
<b>MOCF/EBITDA</b>	<b>22,8%</b>	<b>54,7%</b>	<b>-3.185bps</b>
Non Recurring	9,4	7,8	21,1%
<b>Adj. Manag. Oper. Cash Flow<sup>2</sup></b>	<b>43,6</b>	<b>77,8</b>	<b>(43,9%)</b>

R\$ million	1H22	1H21	%
<b>EBITDA</b>	<b>285,3</b>	<b>248,7</b>	<b>14,7%</b>
Working Capital <sup>1</sup>	(59,7)	39,9	(249,6%)
Taxes	(5,2)	(1,8)	193,8%
CAPEX	(60,0)	(35,7)	68,0%
<b>Manag. Oper. Cash Flow<sup>2</sup></b>	<b>160,4</b>	<b>251,2</b>	<b>(36,1%)</b>
<b>MOCF/EBITDA</b>	<b>56,2%</b>	<b>101,0%</b>	<b>-4.475bps</b>
Non Recurring	16,9	14,0	20,4%
<b>Adj. Manag. Oper. Cash Flow<sup>2</sup></b>	<b>177,3</b>	<b>265,2</b>	<b>(33,2%)</b>

- ★ The managerial operating cash generation, including non-recurring of R\$ 9.4 million in quarter, reached R\$ 34,2 million, 51.2% lower than 2Q21 and reached 22.8% of EBITDA.
- ★ The drop in operating cash generation is basically explained by (i) the drop in accounts payable that benefited 2021 in view of the adoption of the provisions of MP 139/2020, regarding the postponement of tax collection (INSS and FGTS) and (ii) the resumption of maintenance CAPEX in view of the return of campus classes.
- ★ Excluding the non-recurring impacts, managerial operating cash generation would be close to R\$43.6 million vs. R\$77.8 million last year.
- ★ The managerial operating cash generation, including non-recurring of R\$ 16.9 million in semester, reached R\$ 160,4 million, 36.1% lower than 1H21 and reached 56,2% of EBITDA.
- ★ Excluding the non-recurring impacts, managerial operating cash generation would have been R\$177.3 million vs. R\$265.2 million from last year.

\*Managerial Information

<sup>1</sup>Working capital: Assets (Accounts receivable, Taxes recoverable and Other credits) 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

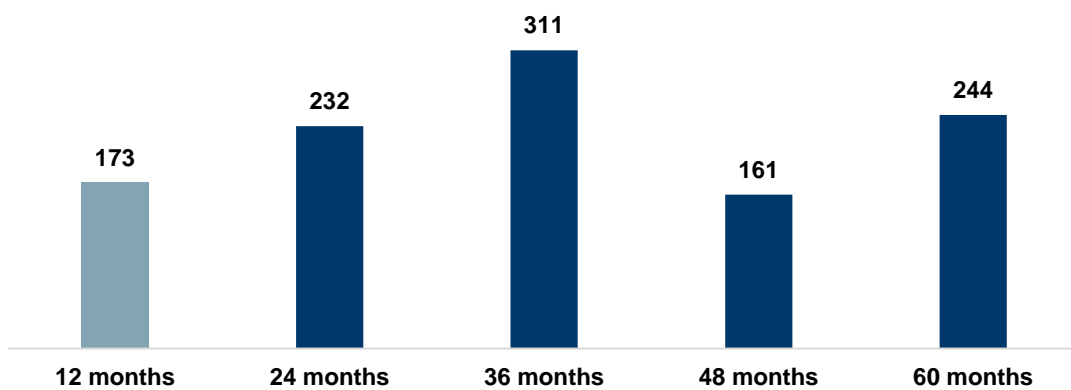
# Financial Results – Net Debt (Cash)

Stable leverage indicator close to 1x

R\$ million	1Q22 (a)	1Q21 (b)	(a)/(b)	1Q22 (c)	(a)/(c)
Cash	(954)	(1.149)	(16,9%)	(1.066)	(10,5%)
Financial Debt	1.132	1.252	(9,6%)	1.124	0,7%
Acquisition	395	385	2,7%	402	(1,8%)
<b>Net Debt (Cash)</b>	<b>572</b>	<b>488</b>	<b>17,3%</b>	<b>460</b>	<b>24,4%</b>
Net Debt/Adj. EBITDA	1,0x	0,8x	21,6%	0,8x	24,2%
Lease	1.320	1.156	14,2%	1.319	0,1%
<b>Net Debt (Cash) after Lease</b>	<b>1.892</b>	<b>1.644</b>	<b>15,1%</b>	<b>1.779</b>	<b>6,4%</b>

★ The Company ended 2Q22 with net debt (ex-lease liabilities) of R\$572 million vs. R\$488 million last year, impacted by (i) the payment of R\$50.0 million in dividends and (ii) the increase in the basic interest rate with an effect on the financial result.

Debentures Amortization Schedule - R\$ million



# APPENDIX





# Appendix – Student base, DL Centers & Campuses

## Student Base - Q/Q Movement

End of Period	Total	On Campus	DL
1Q22	389,6	144,0	245,5
Intake	35,9	3,2	32,7
Dropout	(31,1)	(7,4)	(23,7)
Graduation	0,0	0,0	0,0
Grad School and K12	(6,8)	(0,7)	(6,1)
2Q22	387,6	139,2	248,5

## Students Base - By enrollment type

Students (000)	2Q22	2Q21	YoY
On-Campus Graduation	127,4	124,5	2,3%
Med School	4,2	3,9	6,9%
Gra School and K12	7,6	8,7	(12,4%)
<b>On-Campus</b>	<b>139,2</b>	<b>137,1</b>	<b>1,5%</b>
DL Graduation	229,1	206,8	10,8%
Hybrid	36,7	23,6	55,3%
DL Gra School and K12	19,3	22,4	(13,8%)
<b>DL</b>	<b>248,5</b>	<b>229,2</b>	<b>8,4%</b>
<b>Total</b>	<b>387,6</b>	<b>366,3</b>	<b>5,8%</b>

## Ticket - Revenue/Number of tickets issued

R\$ million	2Q22	2Q21	%	1H22	1H21	%
Adjusted On campus avg Ticket <sup>1</sup>	963	914	5,4%	923	903	2,2%
Distance Learning avg Ticket	226	220	3,0%	217	216	0,6%

## Infrastructure

EoP	2Q22	2Q21	Δ	%
DL	1.301	1.207	+94	7,8%
Campuses	29	29	+0	0,0%

## DL Centers - Maturation

% of matured DL Centers	2Q22	2Q21
Year 1	7,2%	4,2%
Year 2	3,9%	22,9%
Year 3	21,3%	26,9%
Year 4	25,0%	19,2%
<b>Matured</b>	<b>42,6%</b>	<b>26,7%</b>



# Appendix

- IFRS16 EBITDA, Pre-IFRS16 EBITDA
- Non-recurring

## Adjusted EBITDA

R\$ million	2Q22	2Q21	%	1H22	1H21	%
Adjusted EBITDA IFRS-16	159,2	135,8	17,3%	302,2	262,6	15,1%
Rents	(47,9)	(39,5)	21,3%	(98,1)	(84,1)	16,6%
Adjusted EBITDA Pre IFRS-16	111,4	96,3	15,6%	204,1	178,5	14,4%

## Non Recurring

R\$ million	2Q22	2Q21	%	1H22	1H21	%
Openings and Expansions	2,0	1,5	34,2%	13,5	9,9	35,5%
M&A/Projects/Terminations	7,5	6,0	24,4%	3,4	4,1	(16,3%)
Non Recurring	9,4	7,5	26,3%	16,9	14,0	20,4%

# Appendix – P&L

R\$ million	2Q22	2Q21	1H22	1H21
On Campus	392,7	356,8	750,1	669,0
Health	261,6	222,9	500,8	421,1
DL	162,1	136,4	294,0	254,6
<b>Revenue net of scholarships, cancellations and discounts</b>	<b>554,8</b>	<b>493,2</b>	<b>1.044,1</b>	<b>923,6</b>
Other Revenues	2,1	1,3	4,3	6,8
Taxes	(20,0)	(15,8)	(38,3)	(30,4)
<b>Net Revenue</b>	<b>536,9</b>	<b>478,7</b>	<b>1.010,2</b>	<b>900,0</b>
Labor	(169,4)	(165,9)	(312,2)	(295,9)
Right of Use Amortization	(29,8)	(24,6)	(59,5)	(48,2)
Partners' DL Centers	(34,7)	(29,1)	(64,6)	(56,8)
Other Costs	(46,5)	(39,4)	(81,3)	(72,4)
<b>COGS</b>	<b>(280,4)</b>	<b>(258,9)</b>	<b>(517,7)</b>	<b>(473,4)</b>
<b>Gross Profit</b>	<b>256,5</b>	<b>219,7</b>	<b>492,5</b>	<b>426,6</b>
<i>Gross Margin</i>	<b>47,8%</b>	<b>45,9%</b>	<b>48,8%</b>	<b>47,4%</b>
SG&A	(101,2)	(93,1)	(212,5)	(181,4)
D&A	(26,2)	(23,0)	(51,8)	(44,7)
Provision for Doubtful Accounts	(42,6)	(26,4)	(66,7)	(50,3)
Other Revenues	7,2	3,1	12,5	5,5
<b>EBIT</b>	<b>93,8</b>	<b>80,4</b>	<b>174,0</b>	<b>155,8</b>
D&A	56,0	47,6	111,3	92,9
<b>EBITDA</b>	<b>149,8</b>	<b>128,0</b>	<b>285,3</b>	<b>248,7</b>
<i>EBITDA Margin</i>	<b>27,9%</b>	<b>26,7%</b>	<b>28,2%</b>	<b>27,6%</b>
COGS - Non Recurring	-	2,3	1,3	4,9
Expenses - Non Recurring	9,4	5,5	15,6	9,1
<b>Adjusted EBITDA</b>	<b>159,2</b>	<b>135,8</b>	<b>302,2</b>	<b>262,8</b>
<i>Adjusted EBITDA Margin</i>	<b>29,7%</b>	<b>28,4%</b>	<b>29,9%</b>	<b>29,2%</b>
Financial Results	(76,6)	(52,7)	(154,5)	(112,8)
<b>EBT</b>	<b>17,2</b>	<b>27,7</b>	<b>19,4</b>	<b>43,0</b>
Taxes	(2,4)	0,3	(1,1)	1,3
<b>Net Earnings</b>	<b>14,8</b>	<b>28,0</b>	<b>18,3</b>	<b>44,3</b>
Intangible Amortization	8,0	8,0	16,1	16,9
Non Recurring Expenses	9,4	7,8	16,9	14,0
<b>Adjusted Net Earnings</b>	<b>32,3</b>	<b>43,8</b>	<b>51,3</b>	<b>75,3</b>

# Appendix – Balance Sheet

	Jun.22	Jun.21
<b>Total Assets</b>	<b>4.825.912</b>	<b>4.815.749</b>
<b>Current Assets</b>	<b>1.229.342</b>	<b>1.388.322</b>
Cash and Equivalents	954.338	1.148.766
Marketable Securities	-	-
Accounts Receivables	214.933	180.231
Taxes and Contributions	20.804	11.625
Advance to Suppliers	-	-
Related Parties	-	-
Other Assets	39.267	47.700
<b>Non-current Assets</b>	<b>3.596.570</b>	<b>3.427.427</b>
Long Term Assets	207.631	169.119
Accounts Receivables	26.855	31.551
Related Parties	-	-
Advance to Investments	-	-
Judicial Deposits	22.641	16.143
Other Assets	55.621	29.065
Deferred Taxes	102.514	92.360
Investments	146	146
Property and Equipment	505.209	477.648
Right of Use	1.183.979	1.066.865
Intangible	1.699.605	1.713.649
	<b>Jun.22</b>	<b>Jun.21</b>
<b>Total Liabilities</b>	<b>3.384.131</b>	<b>3.380.887</b>
<b>Current Liabilities</b>	<b>620.507</b>	<b>575.861</b>
Financial Debt	11.309	26.290
Bond (Debentures)	173.093	114.541
Suppliers	58.957	53.941
Related Parties	3.016	2.388
Salaries and Payroll Charges	148.421	179.018
Tax Liabilities	51.833	41.672
Dividends	-	24.974
Customer Advance	26.043	33.575
Leasing	95.493	71.181
Acquisitions	45.473	21.098
Deferred Revenues	722	1.332
Others	6.147	5.851
<b>Non-Current Liabilities</b>	<b>2.763.624</b>	<b>2.805.026</b>
Financial Debt	-	11.288
Bond (Debentures)	947.270	1.099.825
Related Parties	-	-
Salaries and Payroll Charges	9.334	22.139
Tax Liabilities	132.853	143.662
Deferred Taxes	16.883	18.012
Judicial Deposits	68.962	50.408
Leasing	1.224.275	1.084.771
Acquisitions	349.631	363.652
Deferred Revenues	9.869	10.591
Others	4.547	678
<b>Shareholder's Equity</b>	<b>1.441.781</b>	<b>1.434.862</b>
Capital	1.203.576	1.203.576
Capital Reserves	161.978	161.978
Earnings Reserves	76.227	69.308
<b>Liabilities + Shareholder's Equity</b>	<b>4.825.912</b>	<b>4.815.749</b>



# Appendix – Cash Flow

	2Q22	2Q21
Profit (Loss) before income taxes	17.236	27.670
Equity Income	-	-
Depreciation and amortization	26.176	23.008
Right of use amortization	29.836	24.600
Amortization of fund raising costs	168	296
Debt Interests	441	625
Acquisitions Interests	11.232	3.011
Bonds (debentures) Interests	35.972	13.732
Lease Interests	32.622	28.476
PV Assets and Liabilities	3.933	1.054
Judicial Deposits Provision	1.997	1.285
Provision for Doubtful Accounts	42.566	26.399
PPE and Intangibles	-	53
Asset Sale Deferred Revenues	(180)	(180)
Lease discontinuation	-	(44)
<b>Adjustements to Profit (Loss) before taxes to reconcile with the cash flow</b>	<b>201.999</b>	<b>149.985</b>
Changes in assets	-	-
Accounts receivable	(73.160)	(57.755)
Judicial Deposits	(3.210)	(2.118)
Taxes Recoverable	(4.227)	(148)
Other Credits	(17.210)	(10.658)
Changes in liabilities	-	-
Suppliers	(3.042)	(5.754)
Salaries and Payroll Charges	1.403	27.941
Taxes	2.594	(1.003)
	158	-
Customer Advance	(33.559)	(17.366)
Others	4.744	(275)
	<b>76.490</b>	<b>82.849</b>
Taxes	(1.439)	(744)
<b>Net cash from operating activities</b>	<b>75.051</b>	<b>82.105</b>
Cash flow from investments		
Acquisitions	(18.377)	-
PPE acquisitions	(24.720)	(15.860)
Intangible acquisitions	(14.504)	(7.016)
<b>Net cash from investing activities</b>	<b>(57.601)</b>	<b>(22.876)</b>
Cash flow from financing activities		
Dividends	(50.000)	(46.881)
Debt downpayments	(4.228)	(10.709)
Bonds (Debentures) downpayments	(24.444)	(7.813)
Lease downpayments	(50.199)	(44.666)
Aumento de capital	-	-
Gastos com emissões de novas ações	-	-
Partes relacionadas	-	-
<b>Net cash from financing activities</b>	<b>(128.871)</b>	<b>(110.069)</b>
<b>Increase (decrease) of cash and equivalents</b>	<b>(111.421)</b>	<b>(50.840)</b>
Cash and Equivalents		
At the beginning	1.065.759	1.199.606
At the end	954.338	1.148.766
<b>Increase (decrease) of cash and equivalents</b>	<b>(111.421)</b>	<b>(50.840)</b>





# Cruzeiro do Sul

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