



Cruzeiro do Sul
Educaional

EARNINGS RELEASE

PRESENTATION

VIDEOCONFERENCE


November 18th of 2024, Monday

10:00 a.m. (Brasília)

08:00 a.m (New York)

1:00 p.m. (London)

 [Watch the webcast in Português](#)

 [Watch the webcast in English](#)

**3Q
24**



3Q24 with the highest free cash generation in the Company's history and the highest net profit in a quarter since the IPO

OPERATIONAL HIGHLIGHTS 3Q24

Student Base
3Q24 vs. 3Q23

- On-campus Undergrad **+7.2%**
- Digital Undergrad **+16.4%**

Ticket
3Q24 vs. 3Q23

- On-campus Undergrad **+2.3%**
- Digital Undergrad **-1.6%**

FINANCIAL HIGHLIGHTS 3Q24

Net Revenue **R\$ 625 MM**
↑ 10.6%
3Q24 vs. 3Q23

Adjusted Net Earnings **R\$ 64 MM**
↑ 88.5%
3Q24 vs. 3Q23

Adjusted EBITDA **R\$ 216 MM**
↑ 20.5%
3Q24 vs. 3Q23

Free Cash Flow¹ **R\$ 199 MM**
124% of EBITDA Ex-IFRS

Adjusted EBITDA Margin **34.6%**
+284 bps
3Q24 vs. 3Q23

Net Debt **1.4x***
Adj. EBITDA (Ex IFRS-16)

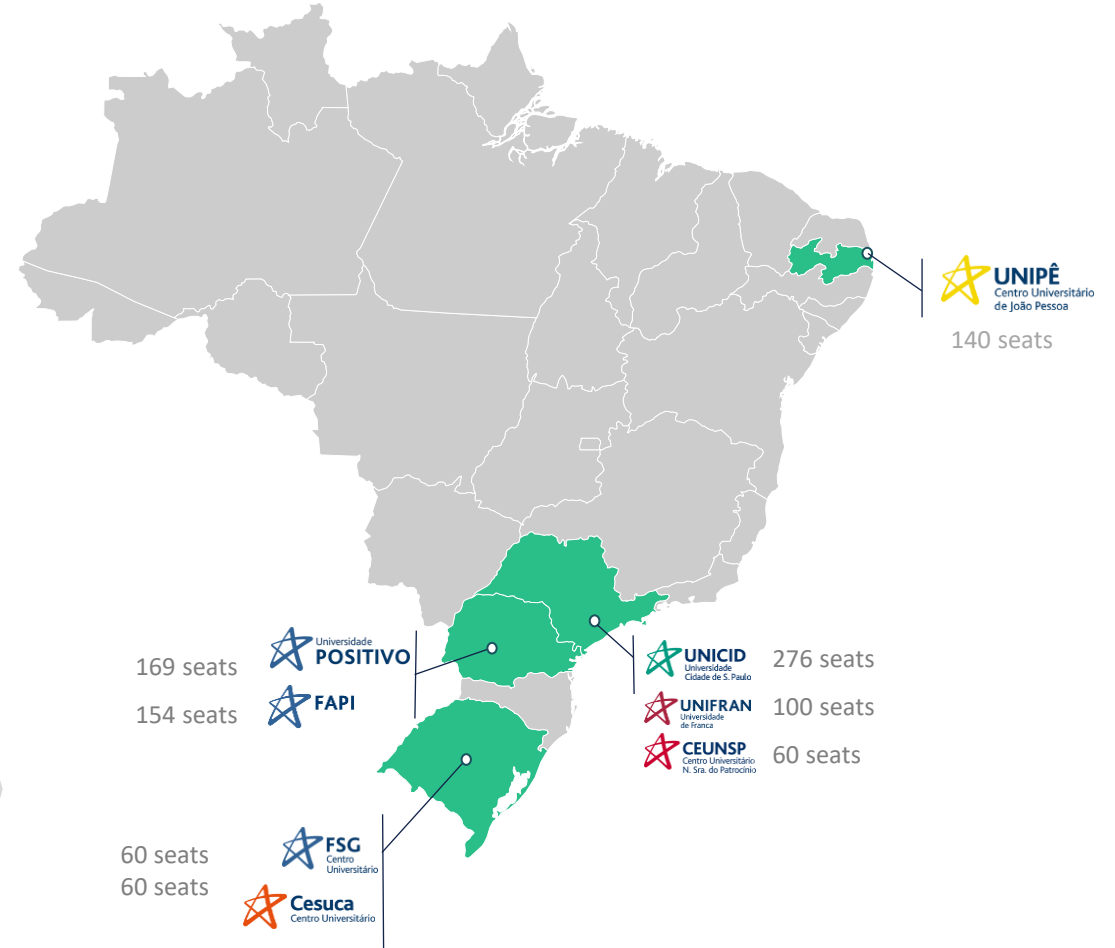
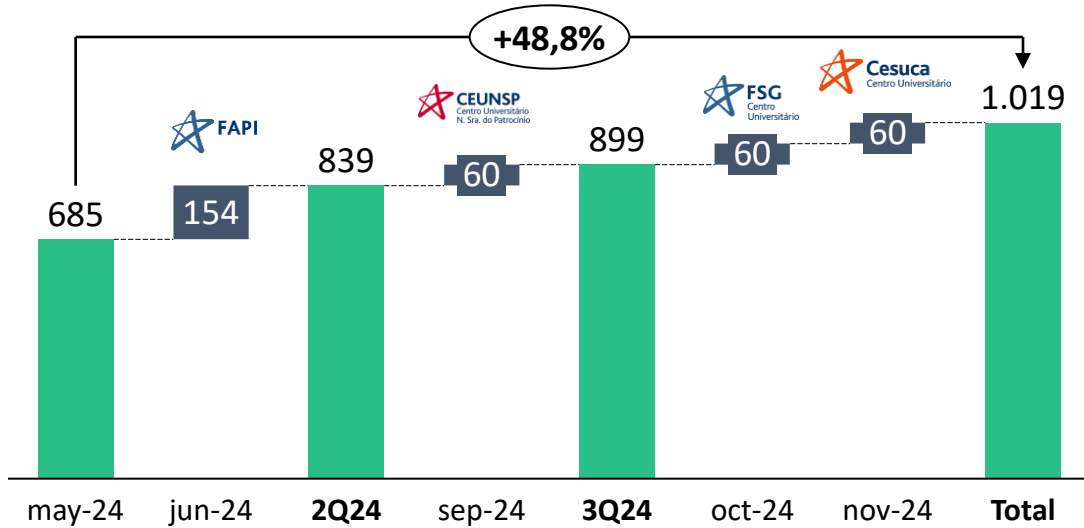
¹ EBITDA Ex-IFRS 16 – Working Capital – Taxes- Capex

* Net Financial Debt/EBITDA LTM Ex-IFRS-16

49% increase in medical school seats in the last 6 months



- Jun/24: FAPI's acquisition - 154 seats in Pinhais (metropolitan region of Curitiba)
- Sep/24: Authorization for 60 seats in Itu, SP (CEUNSP)
- Oct/24: Authorization for 60 seats in Caxias do Sul, RS (FSG)
- Nov/24: Authorization for 60 seats in Cachoeirinha, RS (Cesuca)



9M24 with record net earnings since IPO; Healthy leverage even after acquisition and distribution of dividends

OPERATIONAL HIGHLIGHTS 9M24

Student Base
3Q24 vs. 3Q23

- On-campus Undergrad +7.2%
- Digital Undergrad +16.4%

Ticket
9M24 vs. 9M23

- On-campus Undergrad +1.4%
- Digital Undergrad +2.8%

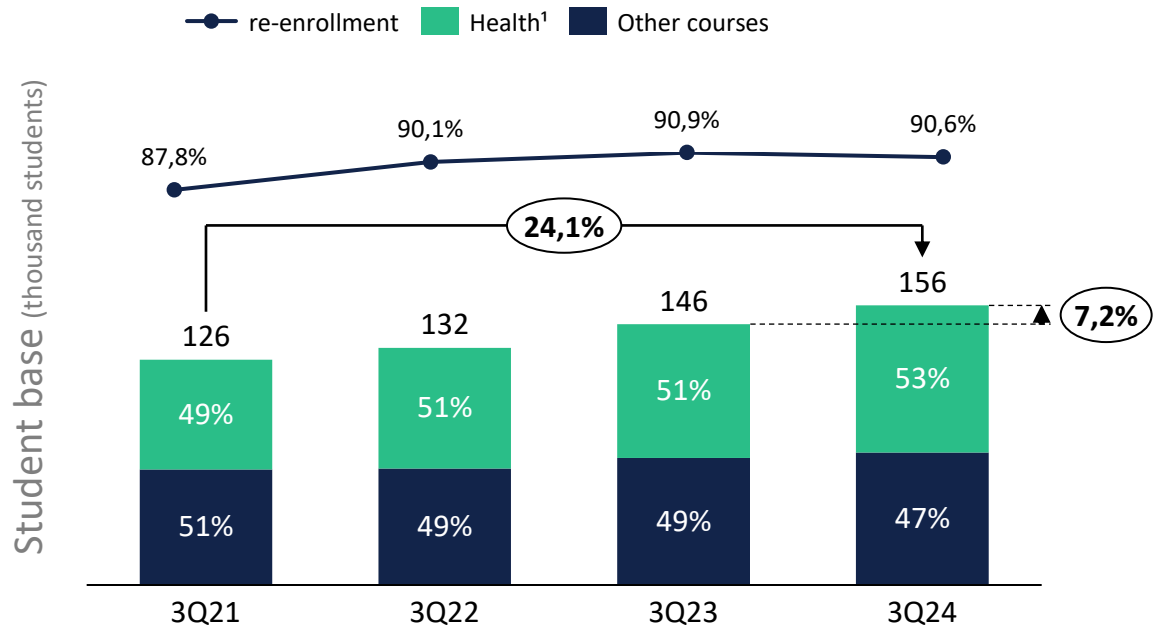
FINANCIAL HIGHLIGHTS 9M24

Net Revenue	R\$ 1,9 bi ↑ 12.2% 9M24 vs. 9M23	Adjusted Net Earnings	R\$ 169 MM ↑ 75.0% 9M24 vs. 9M23
Adjusted EBITDA	R\$ 604 MM ↑ 13.7% 9M24 vs. 9M23	Free Cash Flow¹	R\$ 407 MM 95% of EBITDA Ex-IFRS
Adjusted EBITDA Margin	31.7% +43 bps 9M24 vs. 9M23	Net Debt	1.4x* Adj. EBITDA (Ex IFRS-16)

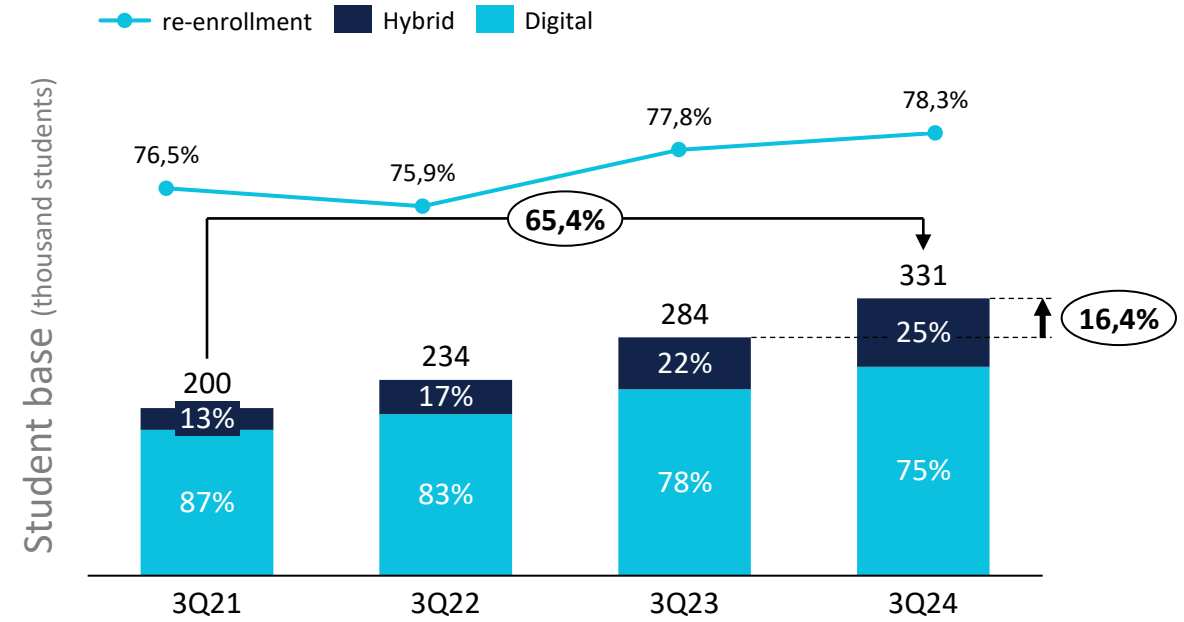
¹ EBITDA Ex-IFRS 16 – Working Capital – Taxes - Capex

* Net Financial Debt/EBITDA LTM Ex-IFRS-16

On-Campus Undergrad



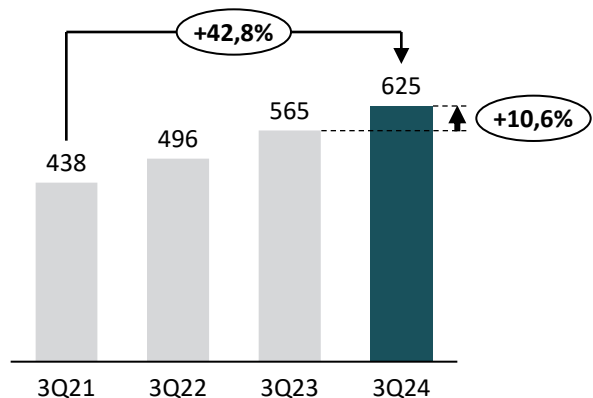
Digital Undergrad



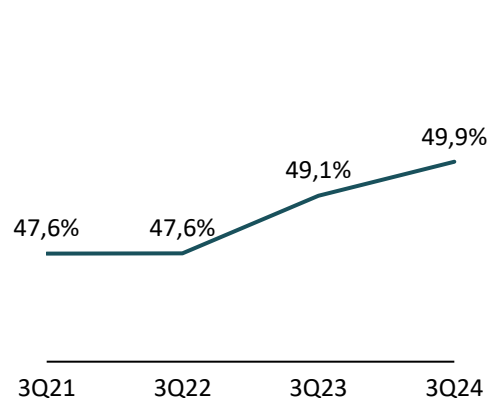
¹ Health: Medicine, Psychology, Biomedicine, Biological Sciences, Physical Education, Nursing, Pharmacy, Physiotherapy, Speech Therapy, Hospital Management, Veterinary Medicine, Nutrition, Dentistry, Optometry, Radiology and Occupational Therapy

*Ticket = Net Rev./Final Student Base (freshmen + senior) - Managerial numbers, unaudited

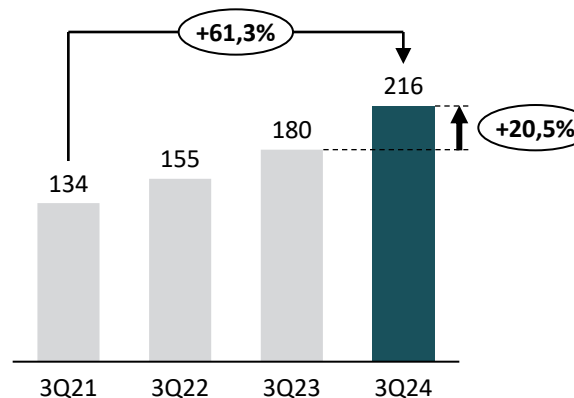
Net Revenue (R\$ mm)



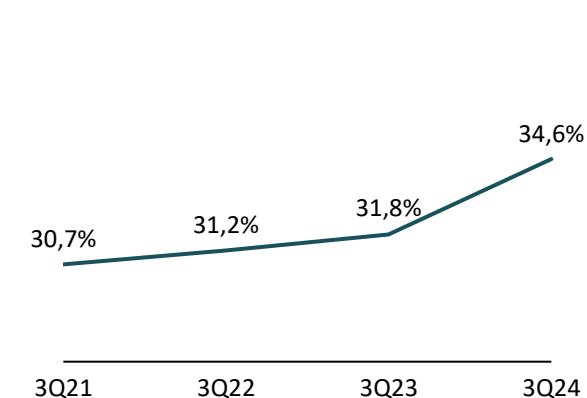
Gross Margin (%)



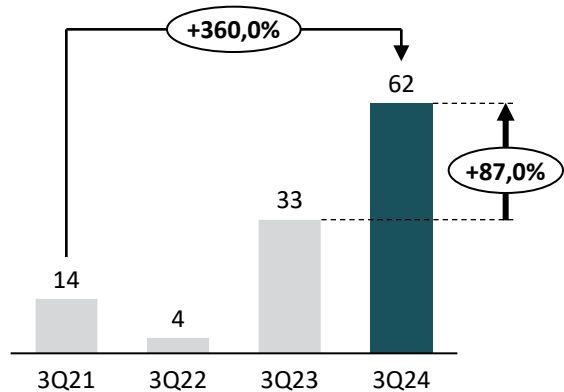
Adjusted EBITDA (R\$ mm)



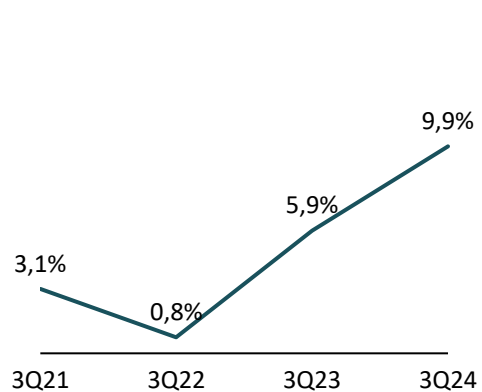
Adjusted EBITDA Margin (%)



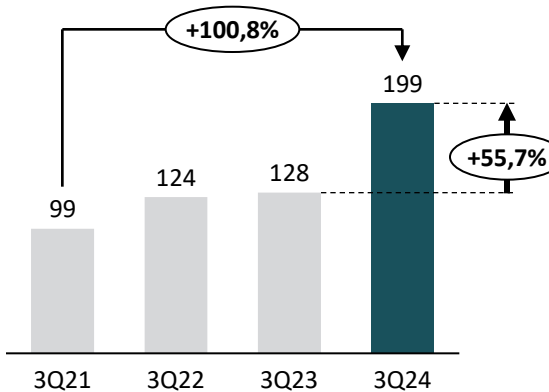
Net Income (R\$ mm)



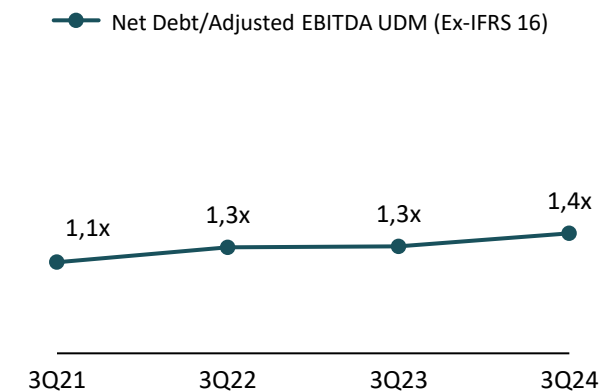
Net Margin (%)



Free Cash Flow (R\$ mm)



Financial Leverage



OPERATIONAL PERFORMANCE 3Q24

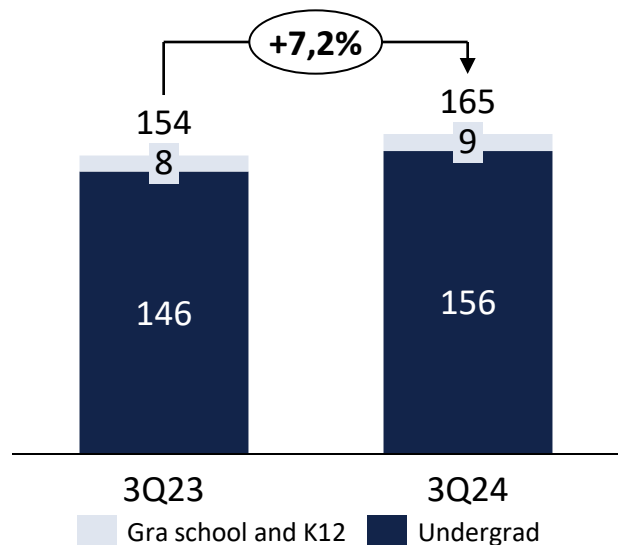


In On-campus, expansion of the student base and ticket

ON-CAMPUS

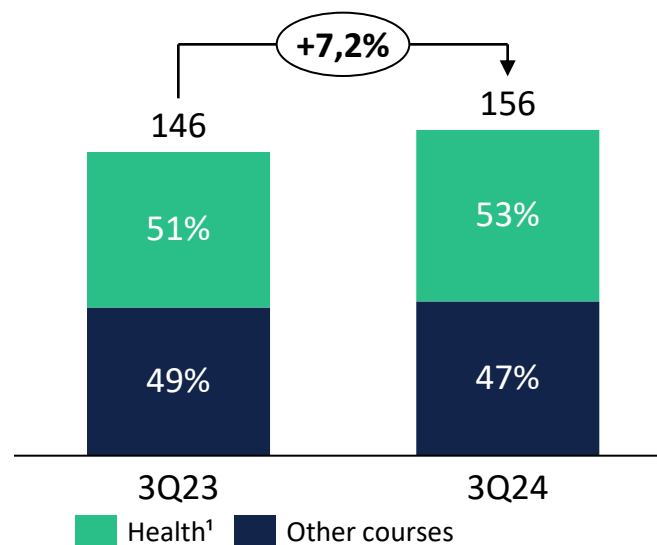


STUDENT BASE



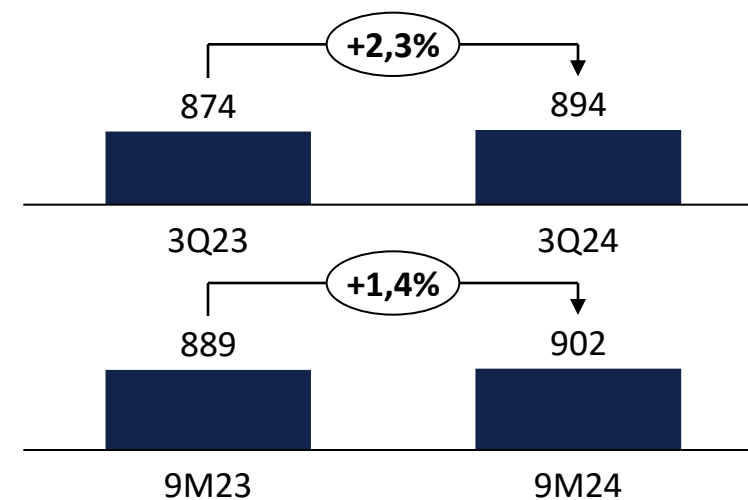
★ Consistent expansion in the On-campus student base as a reflection of the high level of retention

UNDERGRAD



★ Increasing the penetration of health courses

ON-CAMPUS UNDERGRAD TICKET* (R\$/MONTH)



★ Progress on the new pricing strategy starting during 2022

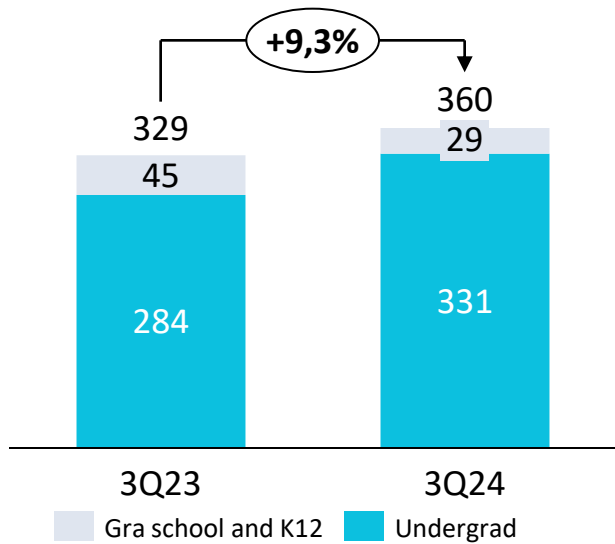
★ More relevance of health students in the mix

In Digital, consistent expansion of the base as reflection of re-enrollment KPI

DIGITAL



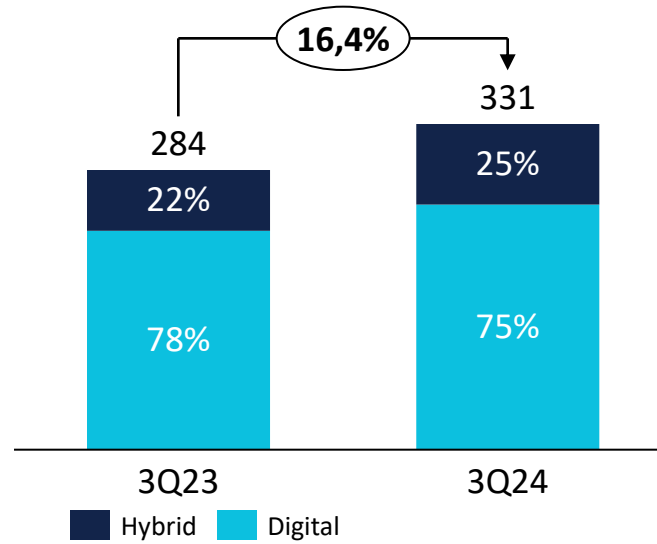
STUDENT BASE



★ Consistent expansion in the student base

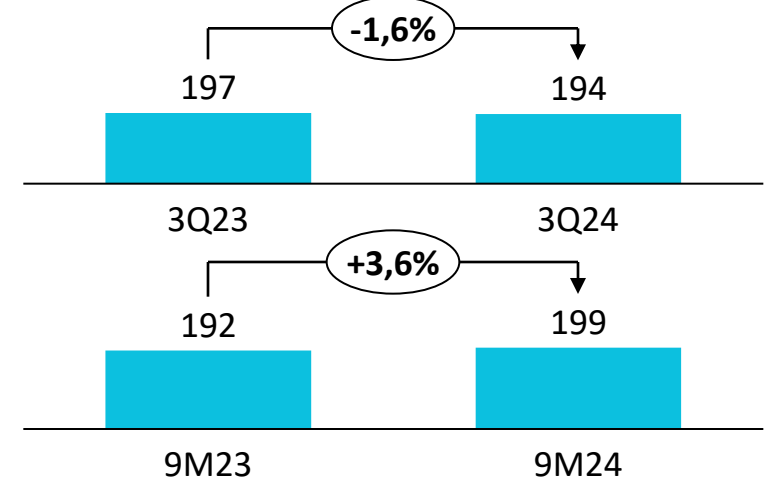
★ 0.5 p.p. increase in the re-enrollment KPI

UNDERGRAD



★ Increase of 2.9 p.p. of students in the share of the Hybrid modality

DIGITAL TICKET (R\$/MONTH)



★ Ticket impacted by the implementation of the new strategy focused on the mix, with the objective of leveraging the participation of hybrid in the mix of Digital students

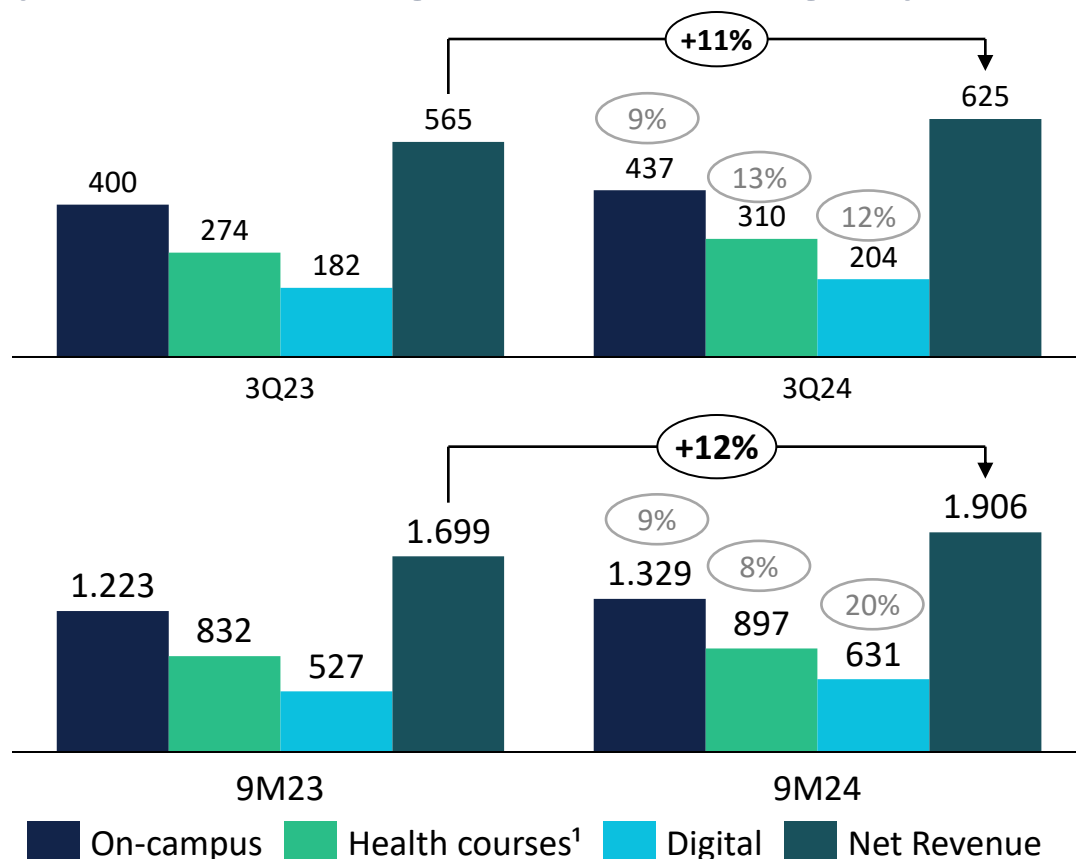
Managerial numbers, unaudited

FINANCIAL PERFORMANCE 3Q24



NET REVENUE 3Q24 & 9M24

Expansion in all segments reflecting improvement in retention rate

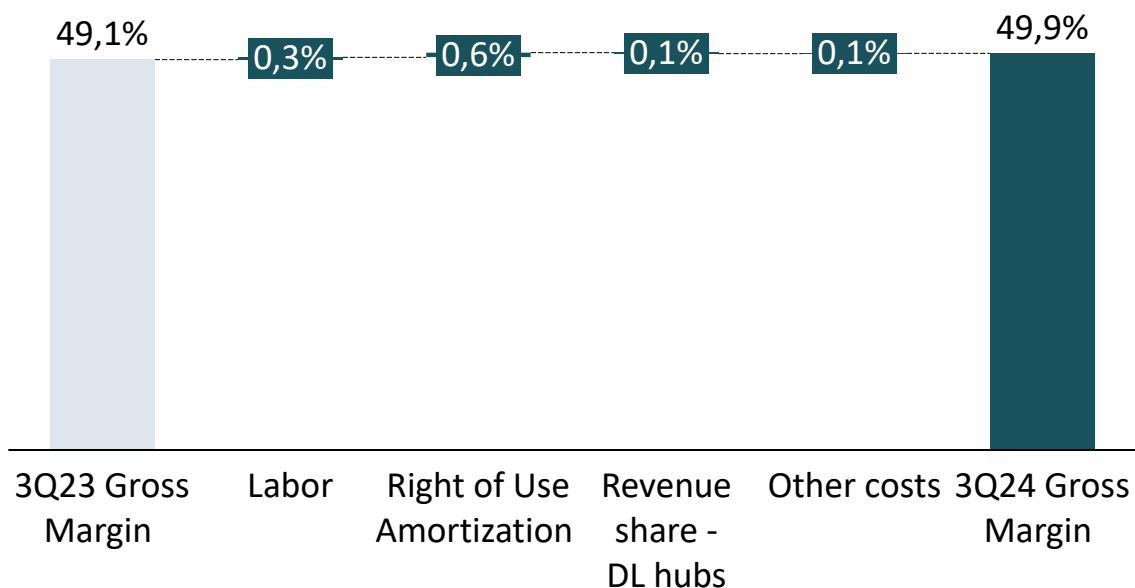


- CONSOLIDATED NET REVENUE:** +10.6% vs. 3Q23, reflecting the increase in the consolidated student base (+8.6%). In the 9M24, revenue reached 12.2% higher than in 9M23.
- ON-CAMPUS NET REVENUE:** expansion of 9.3% in the quarter, while in 9M24 the expansion was 8.7%, reflecting the larger student base (+7.2%) and ticket (+1.4%).
- HEALTH COURSES NET REVENUES:** as an on-campus profile, health courses revenue grew 13.2% in the quarter and +7.8% in the 9M24. Representing ~71% on-campus revenue.
- DIGITAL NET REVENUE:** expanded 12.4% in the quarter, as a result of the larger student base (+9.3%) and the expansion of the hubs (+62; 3.7% vs. 3Q23). In 9M24, revenue expanded 19.7% vs. 9M23.

¹ 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 3Q24

Expansion of 83 bps in Gross Margin as a reflection of efficient cost management

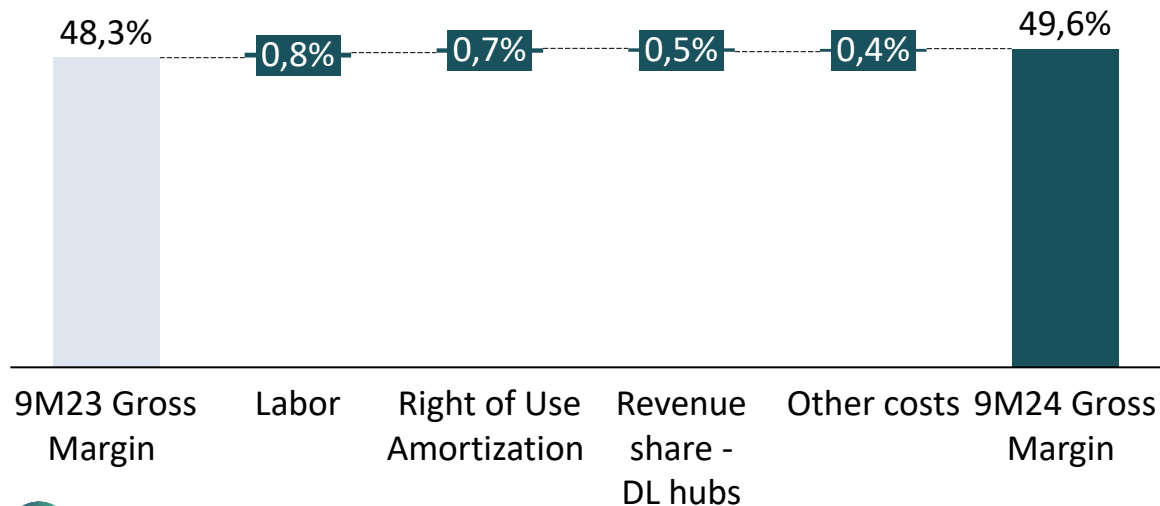


★ Gross Profit: R\$ 311.7 million, +12.5% vs. 3Q23.

★ Expansion of 0.8 p.p. in Gross Margin, The expansion in gross margin in the period is mainly explained by the gain in operational leverage, combined with the efficient management of the Company's main cost lines.

GROSS PROFIT 9M24

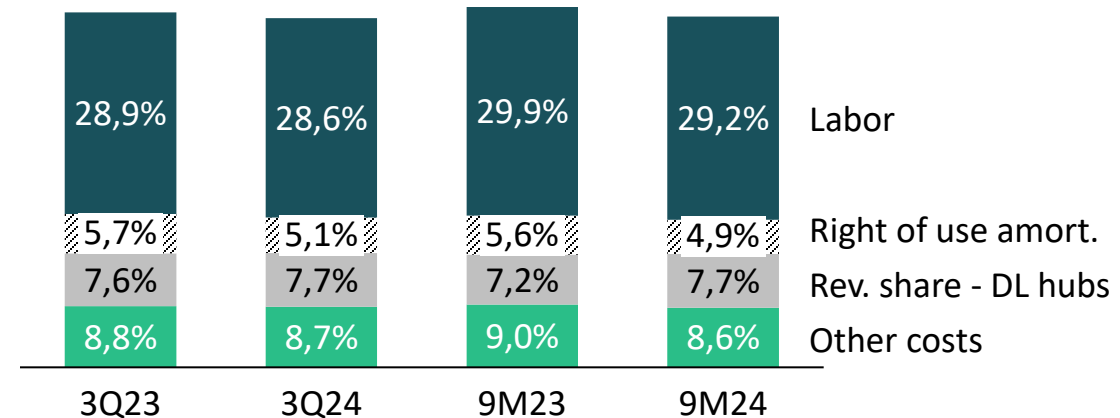
Expansion of 136 bps in Gross Margin of 9M24 as result of gain in operating leverage



Gross Profit: R\$ 946,1 million, +15.4% vs. 9M23.

Gain in operational efficiency of 1.4 p.p.

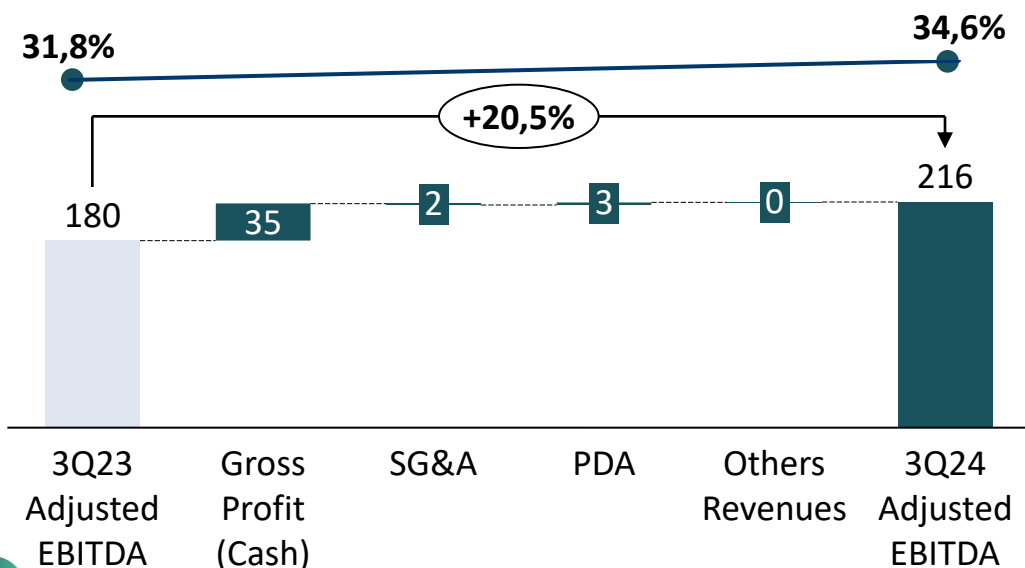
(% of Net Rev.)



The expansion of the Gross Margin in the period reflects the gain in operational leverage, resulting from revenue maximization initiatives, as well as efficiency gains.

ADJUSTED EBITDA 3Q24

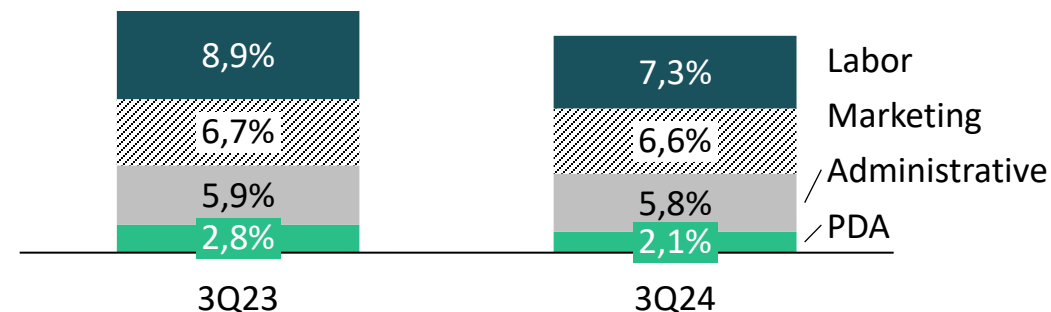
Expansion of 284 bps in Adjusted EBITDA margin as a reflection of the execution of digital transformation projects



The increase in the quarter's margin is mainly the result of the reduction in the provision for doubtful accounts (PDA) lines (-0.7 p.p.) and the labor line (-1.6 p.p. vs. 3Q23).

Efficiency gains across all lines

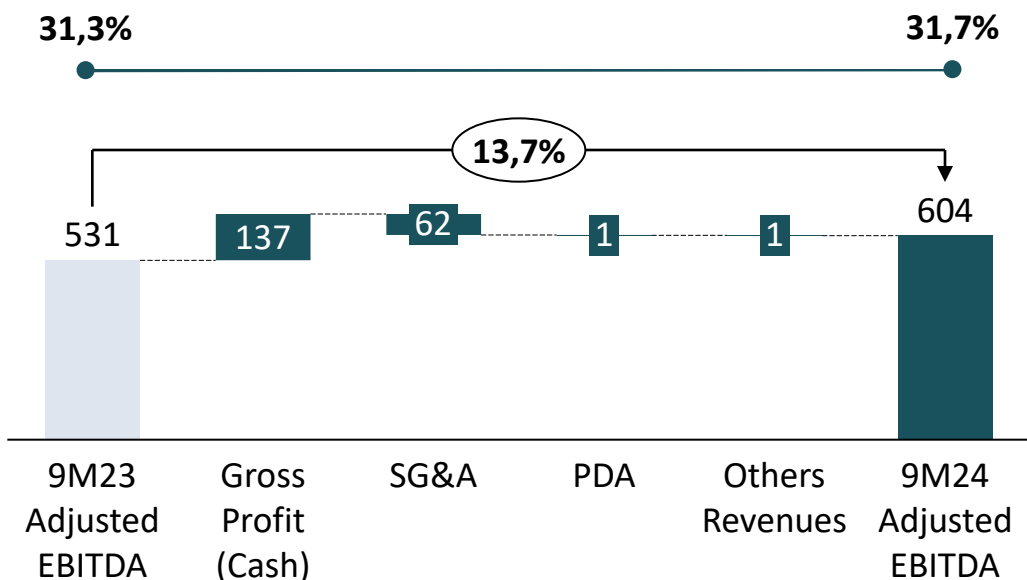
(% of Net Rev.)



The reduction in PDA in the period is a result of the new collection management model (policies, meritocracy, change of collection offices), combined with the new technological collection platform, 100% operational since April/2024. Finally, the gains from the SG&A line come mainly from the labor line that meets the execution of the Company's digital transformation projects started in 3Q23.

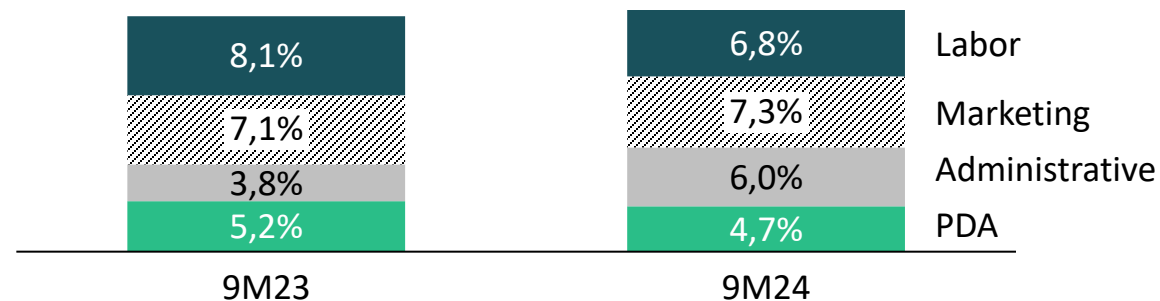
ADJUSTED EBITDA 9M24

Expansion of 43 bps in adjusted EBITDA margin



Efficiency gains in Labor and PDA in the 9M24

(% of Net Rev.)



TOTAL COSTS AND EXPENSES * 3Q24 & 9M24 (% Net Rev.)

Digital Evolution: Investments in the Foundation

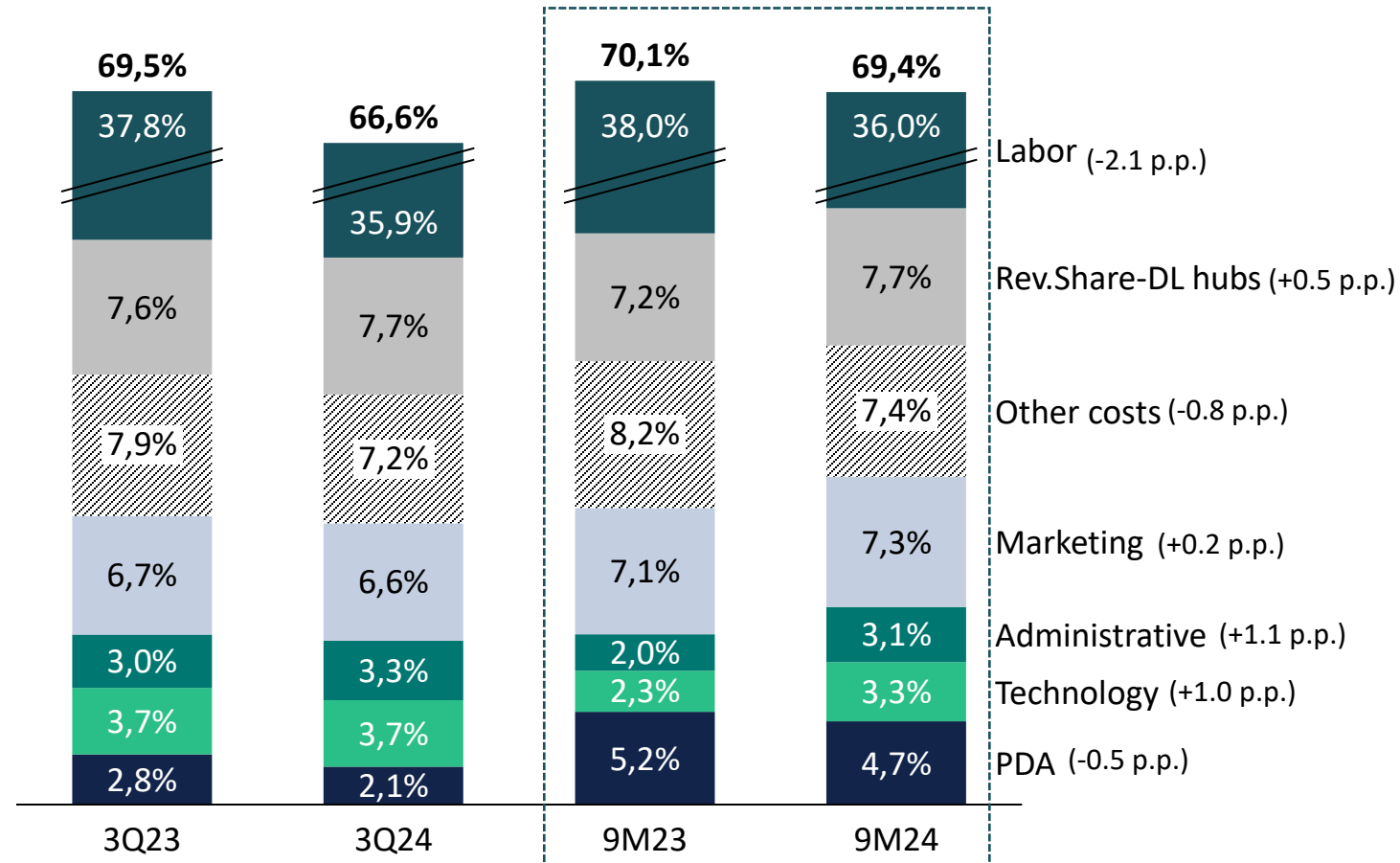


Decreased by 2.9 p.p. in the quarter and 0.6 p.p. in the 9M24. As mentioned previously, since 3Q23, the Company has been focusing on technology projects on two fronts:

- i) providing a better experience for our students and
- ii) seeking to gain operational efficiency by automating processes.



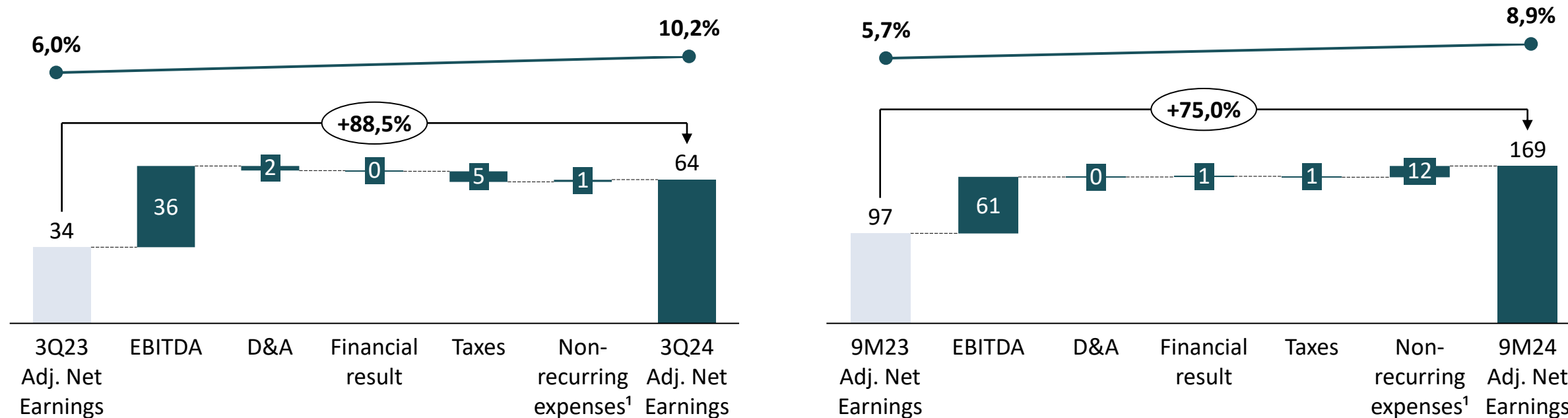
The maturation process of these projects is already beginning to reflect efficiency gains on several fronts, as we can see in the chart on the side



* Excluídos os efeitos não recorrentes

NET EARNINGS 3Q24 & 9M24

Expansion of 420 bps in adjusted net margin as a reflection of the evolution of EBITDA in the period



Adjusted Net Earnings reached R\$ 64.0 million, with net margin of 10.2% (+4.2 p.p vs. 3Q23). The increase in Adjusted Net Earnings is the result of the evolution of EBITDA for the period, combined with a practically stable financial result when compared to the same period of the previous year, reflecting the drop in interest rates during the period. In 9M24, Adjusted Net Earnings was R\$ 169 million, an increase of 75.0% vs. the same period of the previous year.

¹ Non-recurring expenses: M&A/Projects

ACCOUNTS RECEIVABLES 3Q24 (LTM)

Improvement in the Days of Receivables

R\$ million	3Q24	3Q23	%
Gross Receivables	604,4	615,3	(1,8%)
PDA	(347,2)	(326,5)	6,4%
Net Receivables	240,7	273,7	(12,0%)
Days of Receivables LTM*	35	44	-10 days

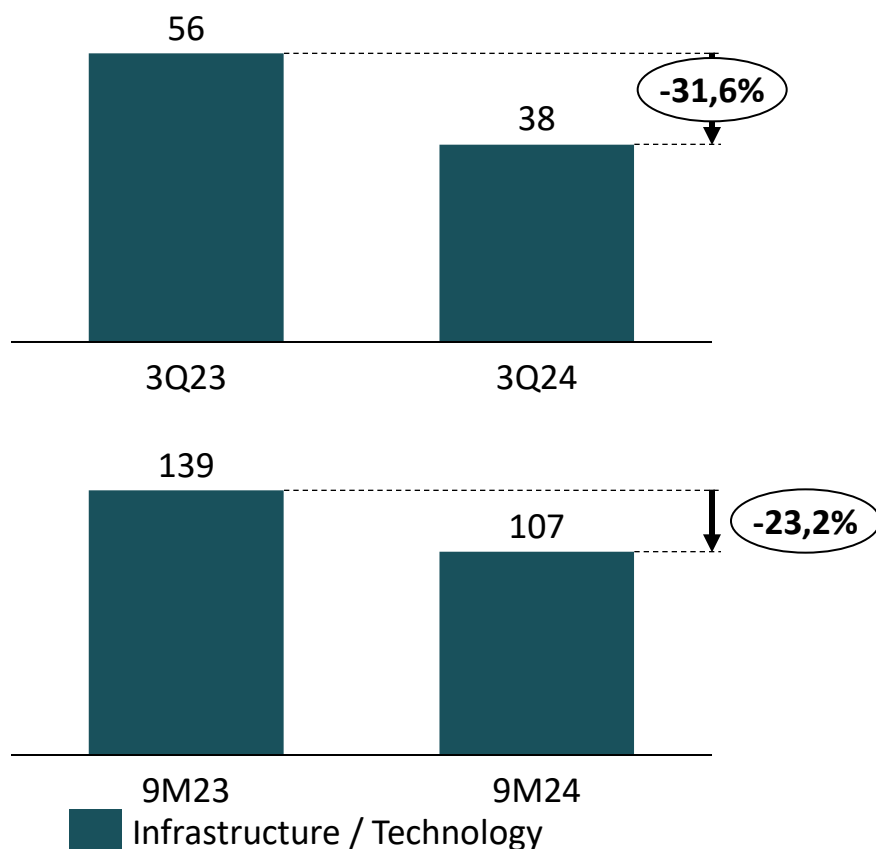
*Last Twelve Months DoR: Accounts Receivable/Net Revenue for the LTM *360



The days of receivables in 3Q24 was 35 days, a reduction compared to the same period of the previous year, reflecting the constant improvements in (i) new collection management model, (ii) implementation of collection policies and management of collection offices, (iii) new collection technology platform and (iv) improvement in the provision criterion.

CAPEX* 3Q24 & 9M24

Reduction of investments in infrastructure; greater focus on technology



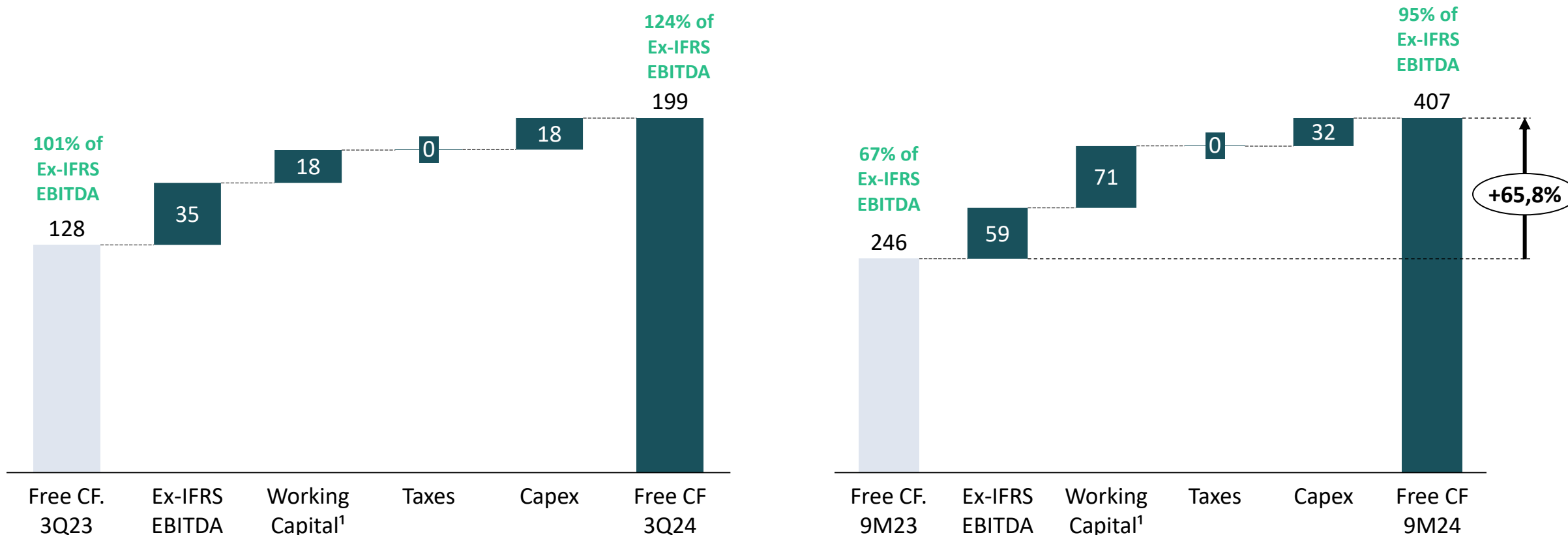
Investments in 3Q24 were approximately R\$ 38.4 million, a decrease of 31.6% vs. 3Q23.

In the 9M24, investments reached R\$ 106.6 million, a reduction of 23.2% vs. the same period of the previous year.

*Managerial Information

FREE CASH FLOW 3Q24 & 9M24

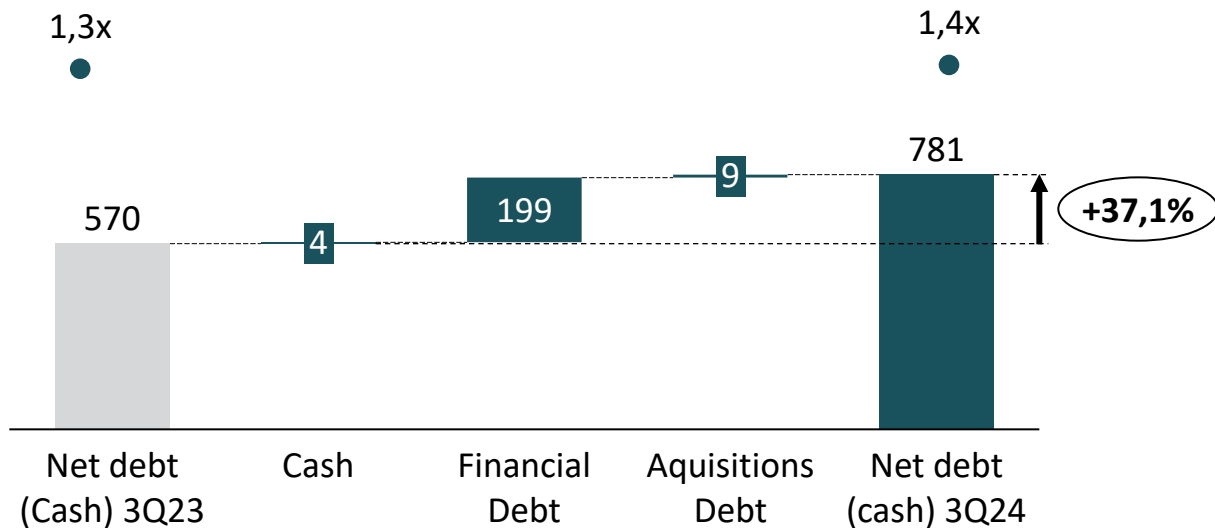
Strong free cash flow generation in the period



¹Working 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)

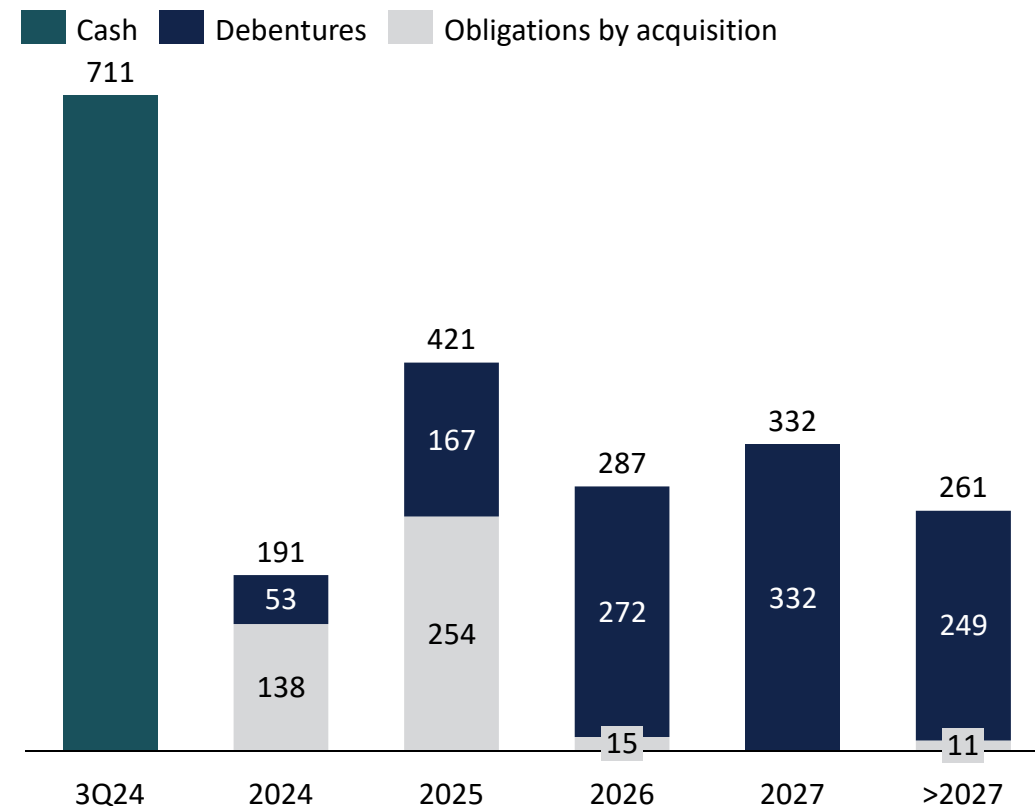
NET DEBT (CASH)

Leverage at a comfortable level



Net Debt (ex-lease liability): an increase of 37.1% when compared to the same quarter last year. This increase was mainly driven by the payment of R\$ 157.9 million for the acquisition of FAPI and the distribution of R\$ 120 million in dividends (R\$ 60.0 million in December 2023 and R\$ 60.0 million in September 2024).

Debt Amortization Schedule (R\$ million)





Q&A



Contact Investor Relations
dri@cruzeirosul.edu.br

