

YDUQS

Results Presentation

3Q23 & 9M23

November 13th, 2023

YDUQ
B3 LISTED NM
IBRX100 B3

ITAG B3
IGC B3

ICO2 B3
IDIVERSA B3



Produced by MSCI ESG
Research as of October, 2023



Rio de Janeiro, November 13th, 2023 - **YDUQS Participações S.A.**, one of the largest private organizations in Brazil's higher education private sector, presents its **results for 3Q23 and 9M23**.

The Company's financial information is presented based on consolidated numbers, in Brazilian Reais, in accordance with the Brazilian Corporation Law and the accounting practices adopted in Brazil (BRGAAP), already in accordance with the International Financial Reporting Standards (IFRS), including IFRS-16.

This document may have forward looking statements that are subject to risks and uncertainties that may lead such expectations to not materialize or substantially differ from expectations. These forecasts express the opinion only for the date they were made, and the Company does not undertake to update them in the light of new information.

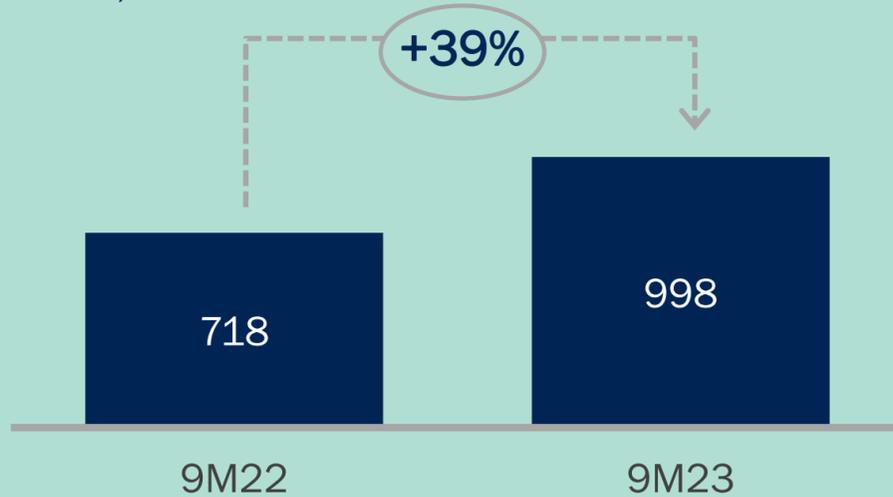


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Strong results leading to **new EBITDA margin level** and **strong cash generation**

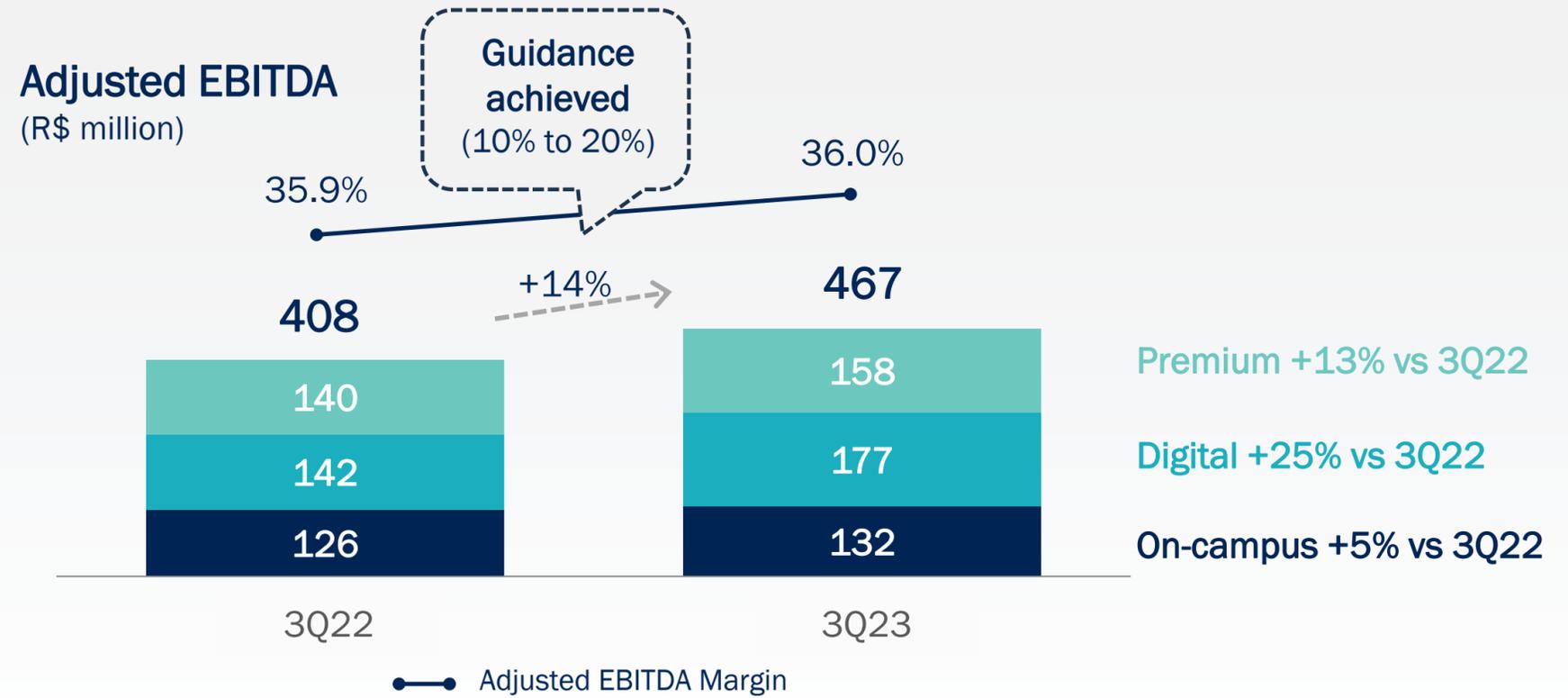
Adjusted Net Income
R\$331 MM + 124% vs 9M22

Operating cash flow (OCF)
 (R\$ million)



Q EBITDA ex-IFRS16 grows by +35% vs 9M22, reaching R\$ 1.1 Billion in 9M23

1.53x leverage ratio
 -0.43x vs 4Q22



Guidance for intake achieved

Digital +26% vs 3Q22
 Guidance: between 10% and 20% vs 3Q22

On-campus +32% vs 3Q22
 Guidance: between 25% and 35%

Average Ticket

Upperclassmen of +1 year

Medicine +10% vs 3Q22

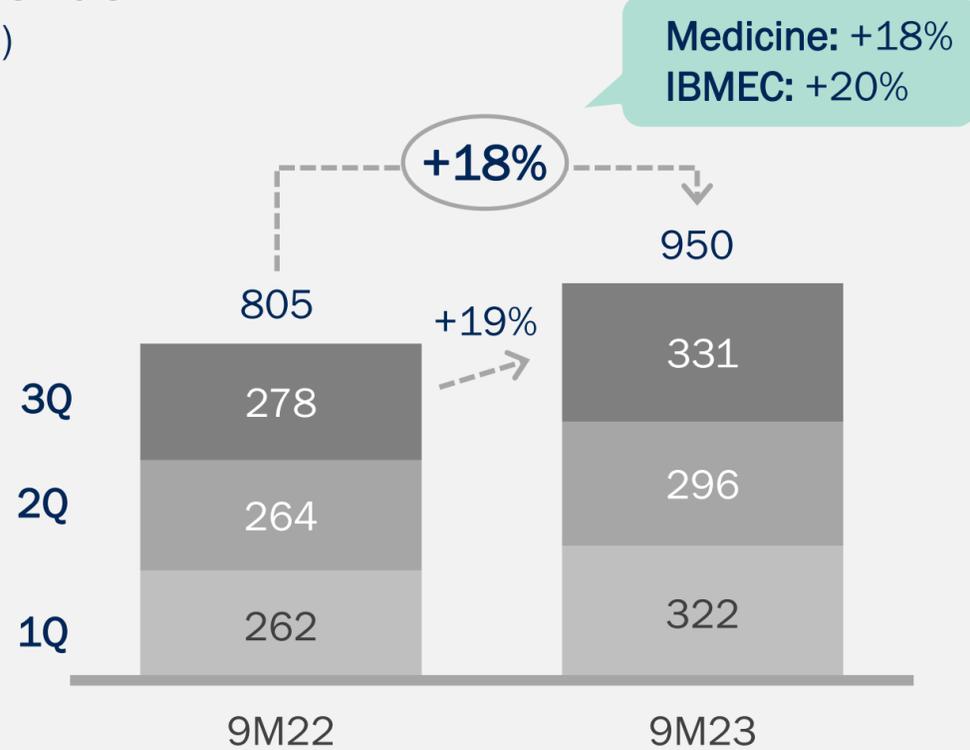
Digital +8% vs 3Q22

On-campus +6% vs 3Q22

Premium | Maintaining strong growth

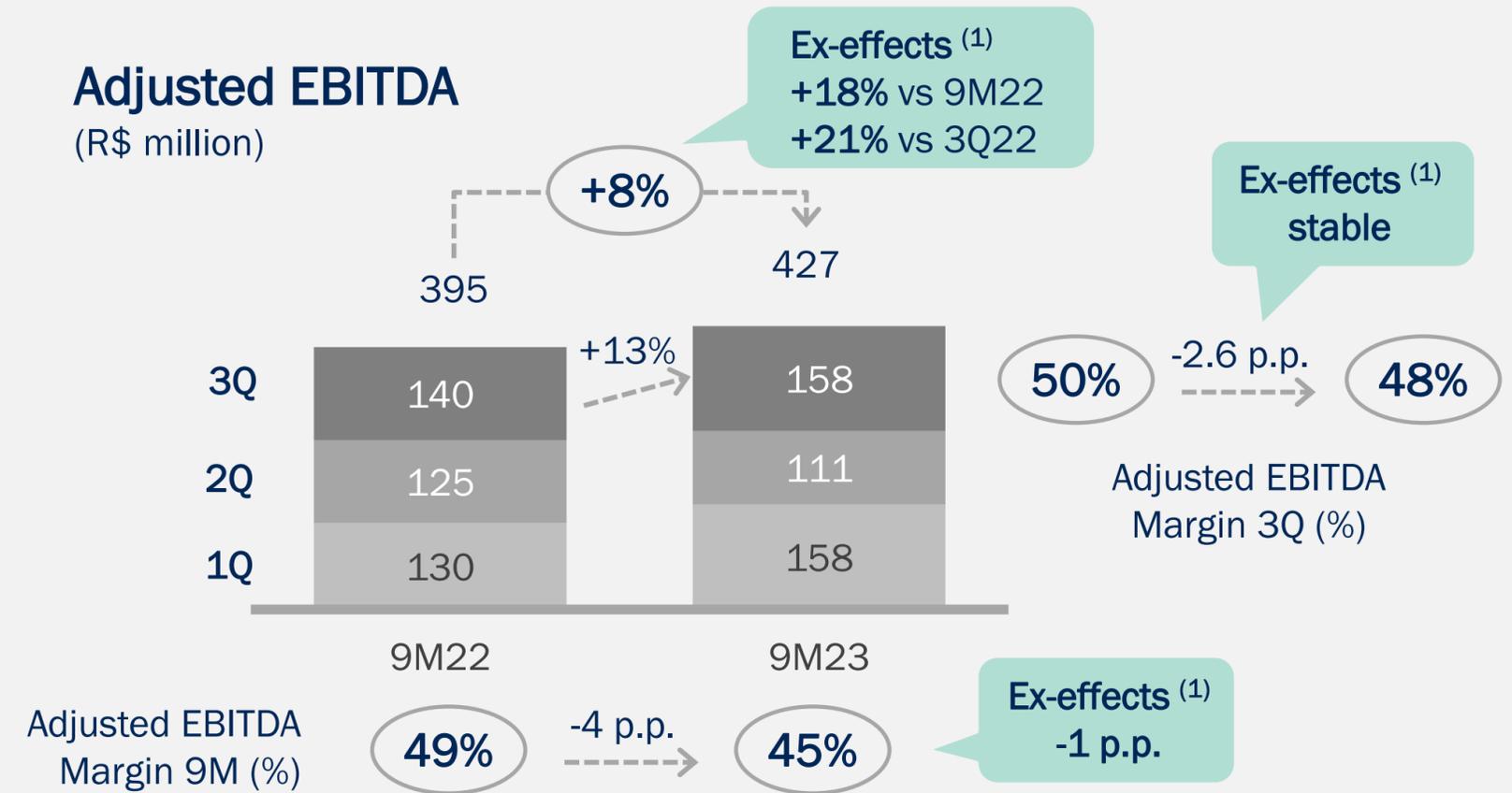
Net Revenue

(R\$ million)



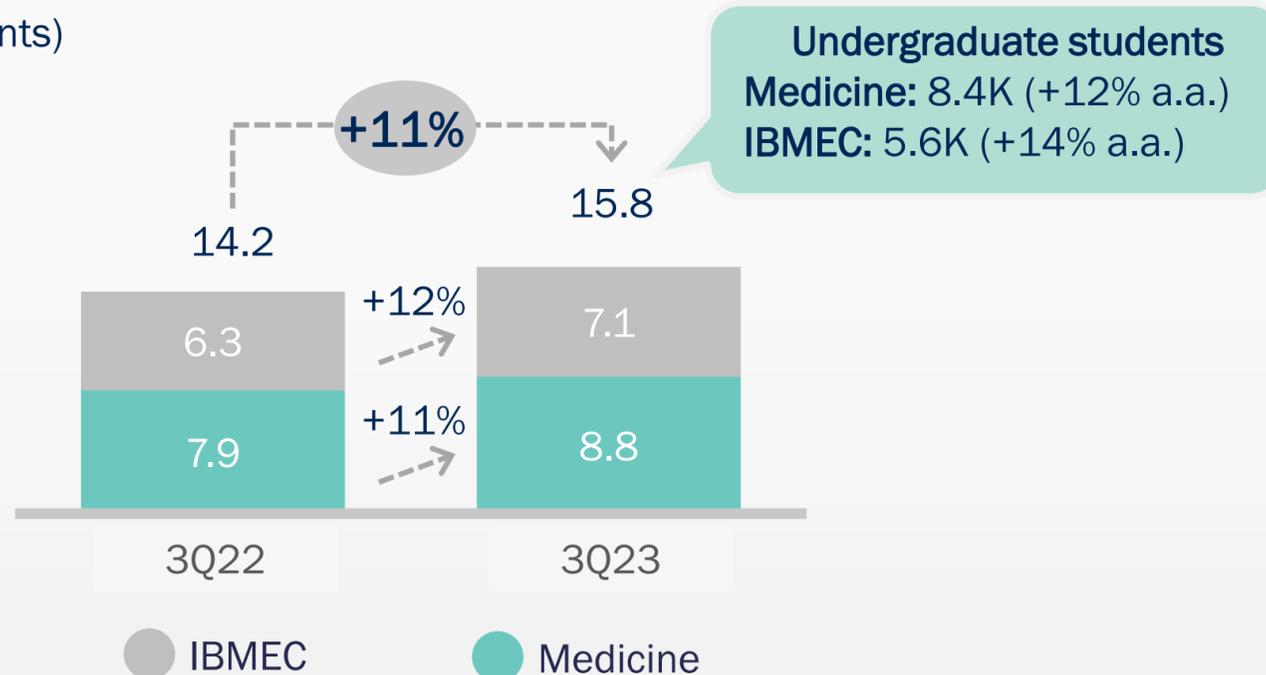
Adjusted EBITDA

(R\$ million)



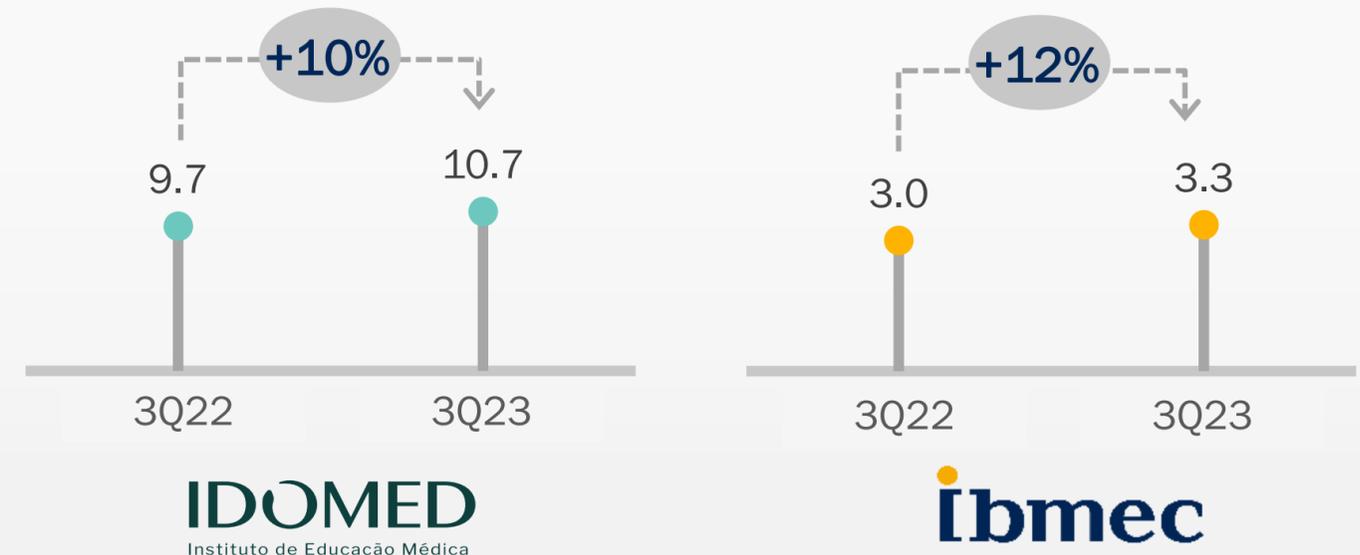
Total student base

(thousand students)



Undergraduate Average Ticket

(R\$ thousand/month; AT of upperclassmen of +1 yr.)



Renewal at 96%

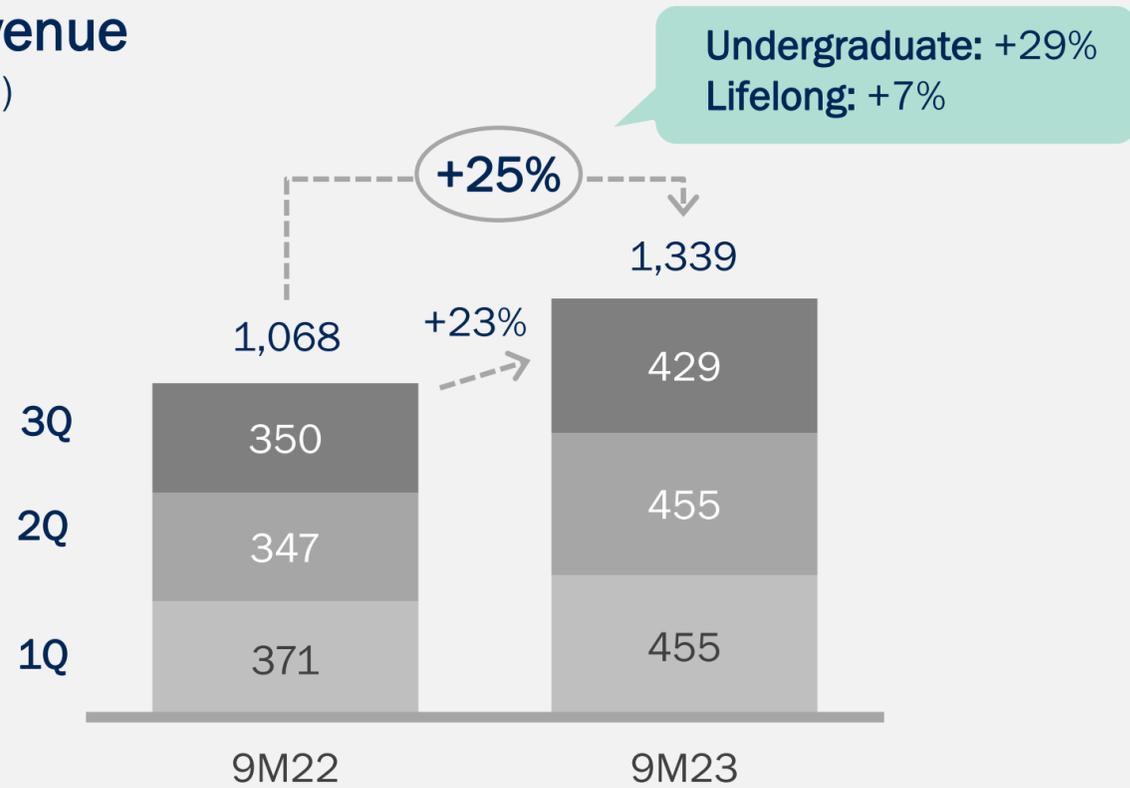
+0.6 p.p. vs 9M22

(1) Excluding the FG-Fies effect on revenue, and variable compensation effect on expenses.

Digital learning | Strong growth and margin expansion

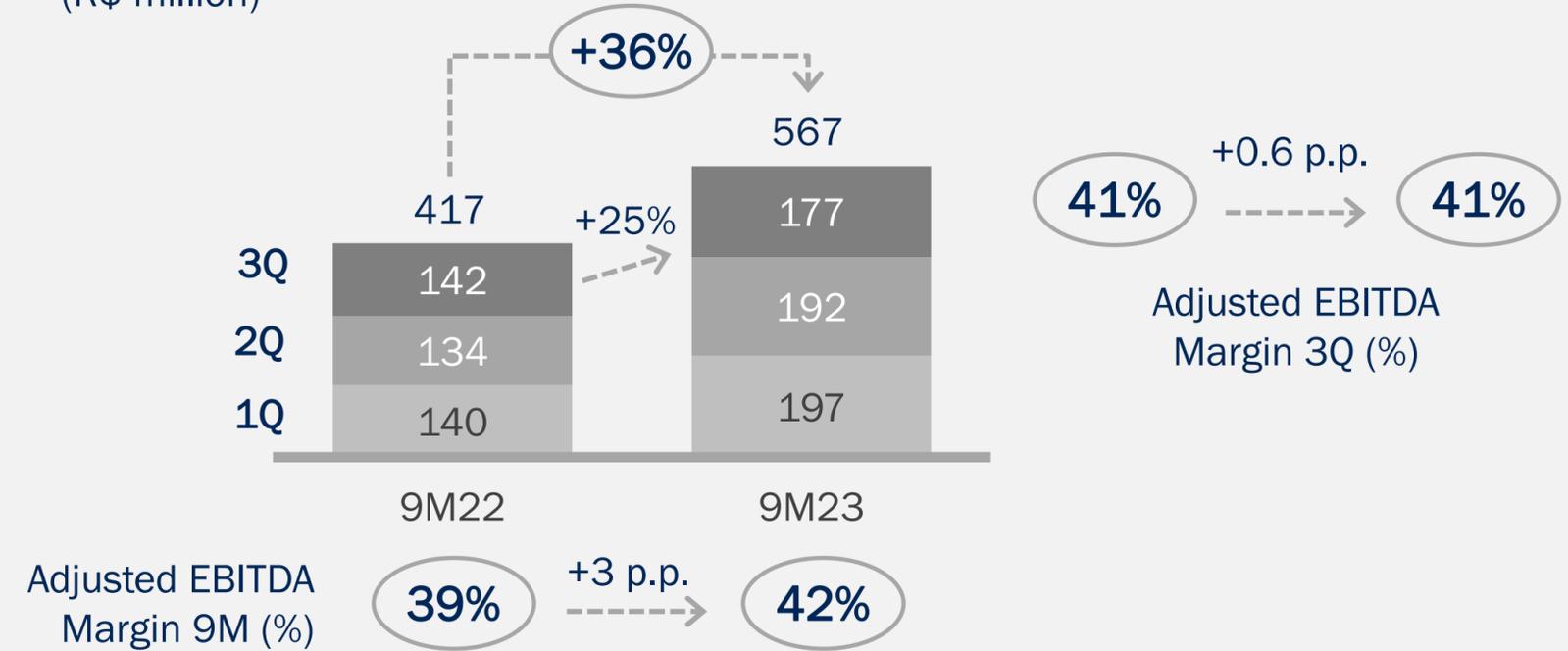
Net Revenue

(R\$ million)



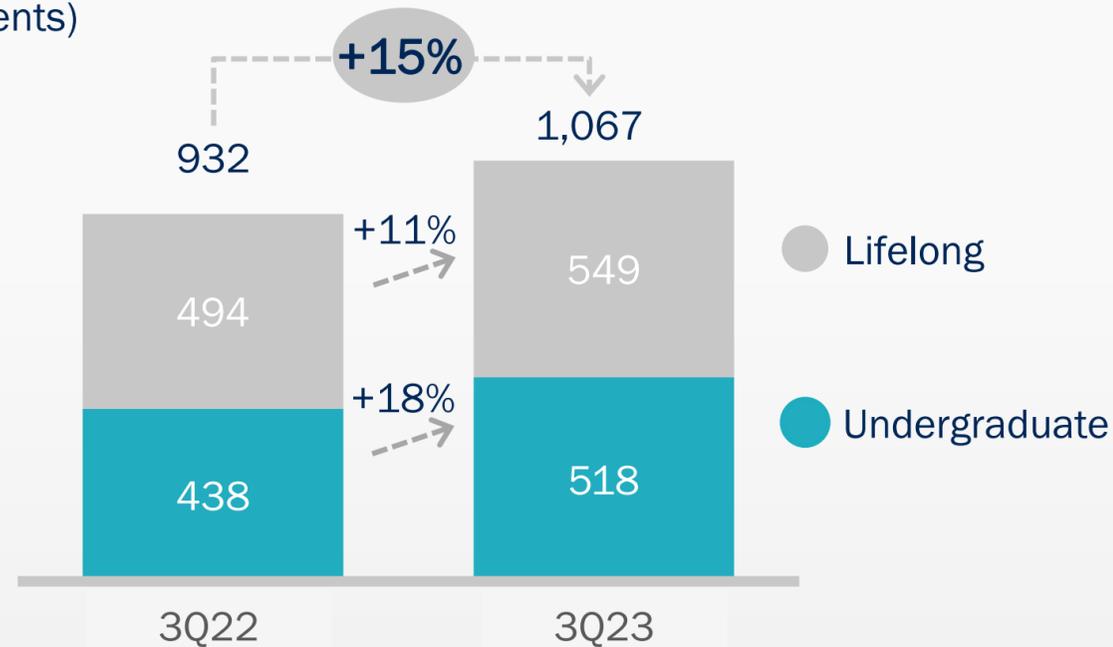
Adjusted EBITDA

(R\$ million)



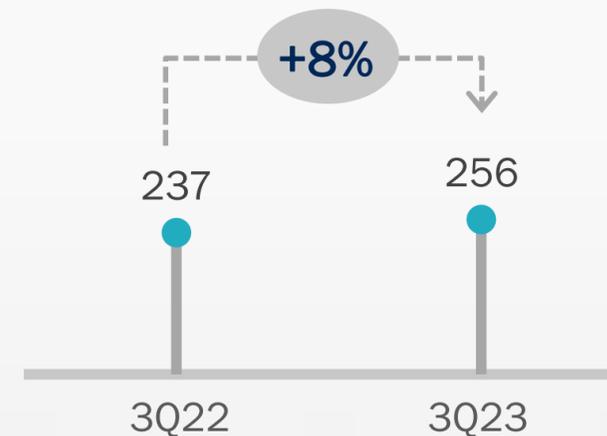
Total student base

(Thousand students)



Undergraduate Average Ticket

(R\$/month; AT of upperclassmen of +1 yr.; consolidated digital)



Renewal at 73%
Stable vs 3Q22 ⁽¹⁾

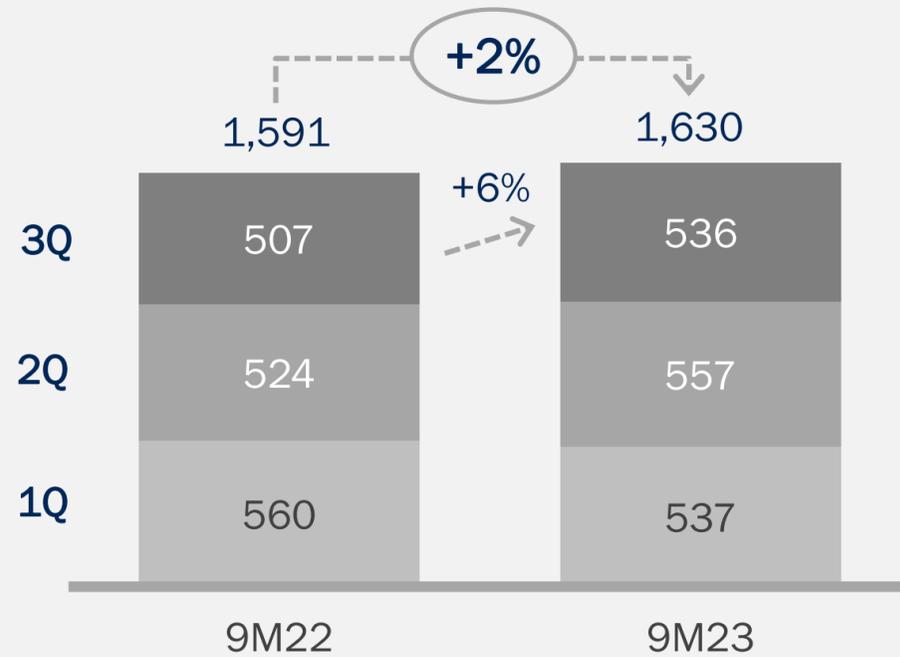
3Q23 Intake
110K students
+26% vs 3Q22
Exceeding the guidance
(Between 10% and 20% vs 3Q22)

(1) This Renewal Rate considers only students who enrolled in odd-numbered quarters.

On-Campus | Maintaining Net Revenue and EBITDA growth

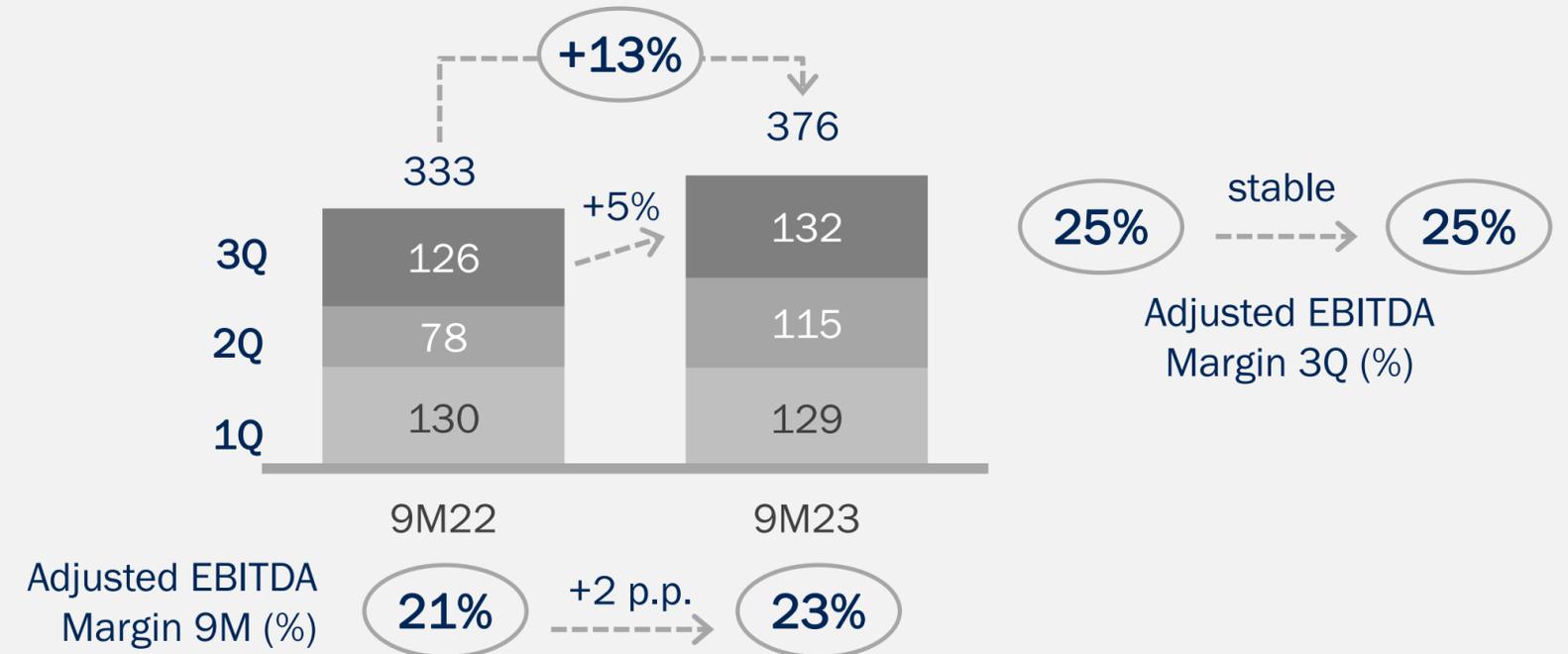
Net Revenue

(R\$ million)



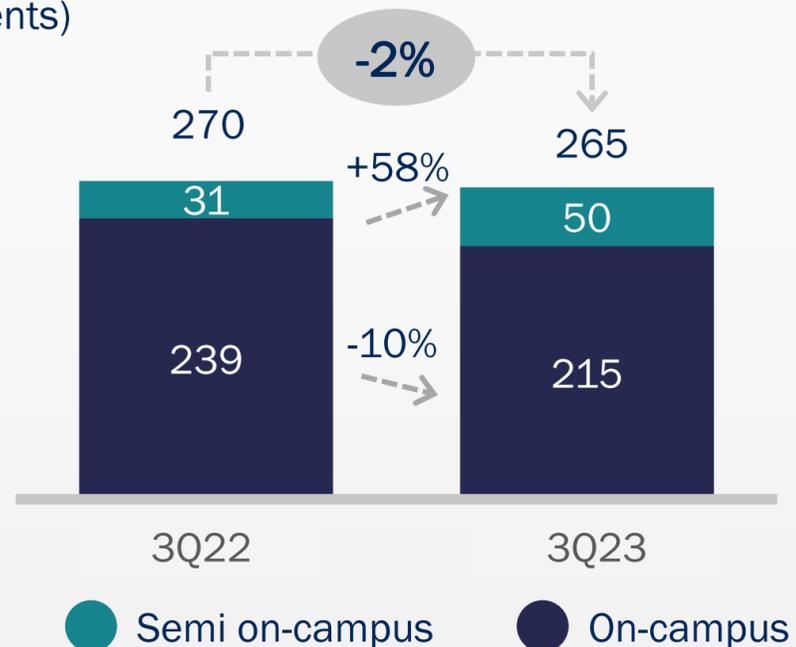
Adjusted EBITDA

(R\$ million)



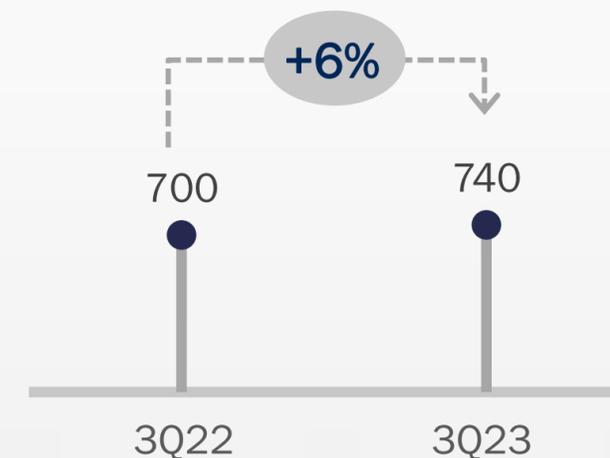
Total student base

(Thousand students)



Undergraduate Average Ticket

(R\$/month; AT of upperclassmen of +1 yr.; ex-semi on-campus)

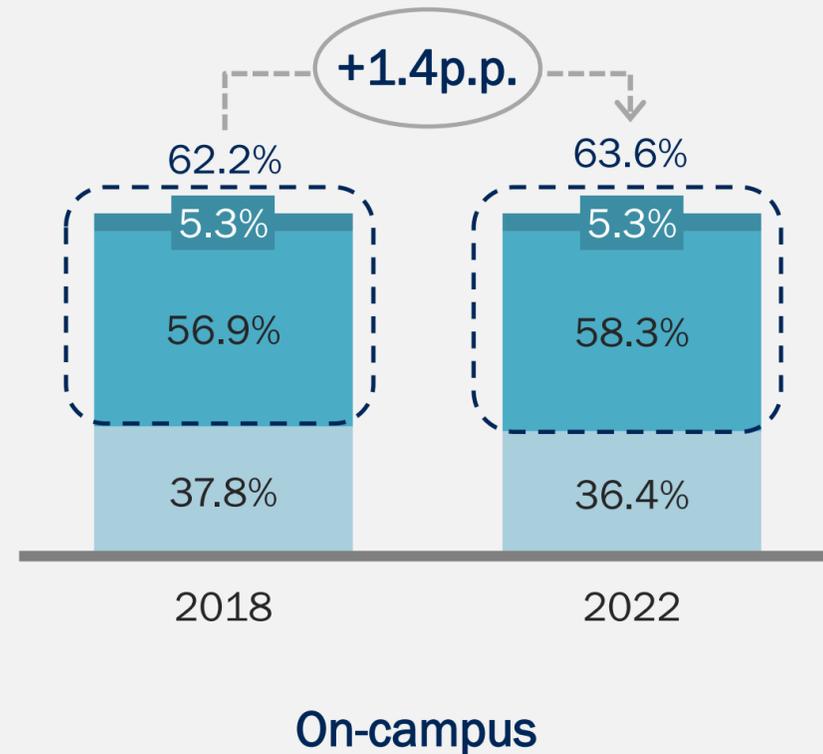


Renewal at 82%
-0.7 p.p. vs 9M22

3Q23 Intake
53K students
+32% vs 3Q22
Guidance achieved
(Between 25% and 35%)

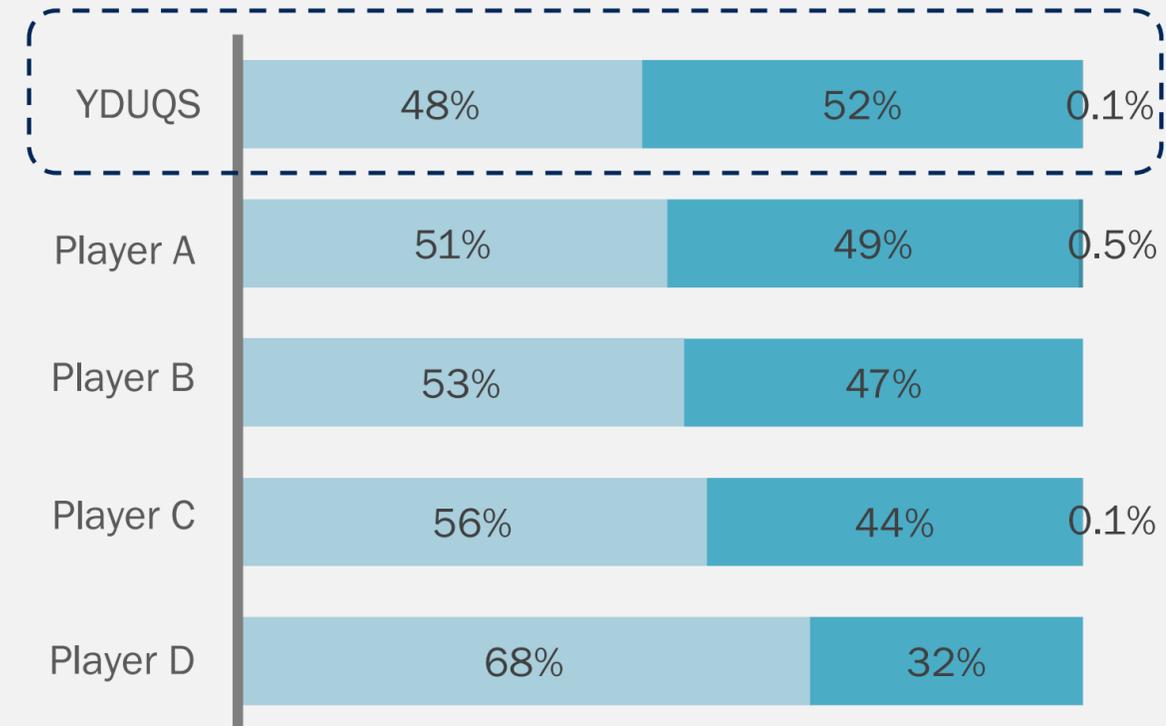
Satisfactory concepts: Score 3 ■ | Scores 4 and 5 ■
 Dissatisfactory concepts: Scores 1 and 2 ■

YDUQS's progress by Enade concept (%)



We had an evolution in the overall results, growing 1.4 p.p. in the satisfactory concepts vs 2018, allowing us to rise from 5th place to 3rd place in the ranking among the listed companies.

Players' ranking by concept in 2022 (%)

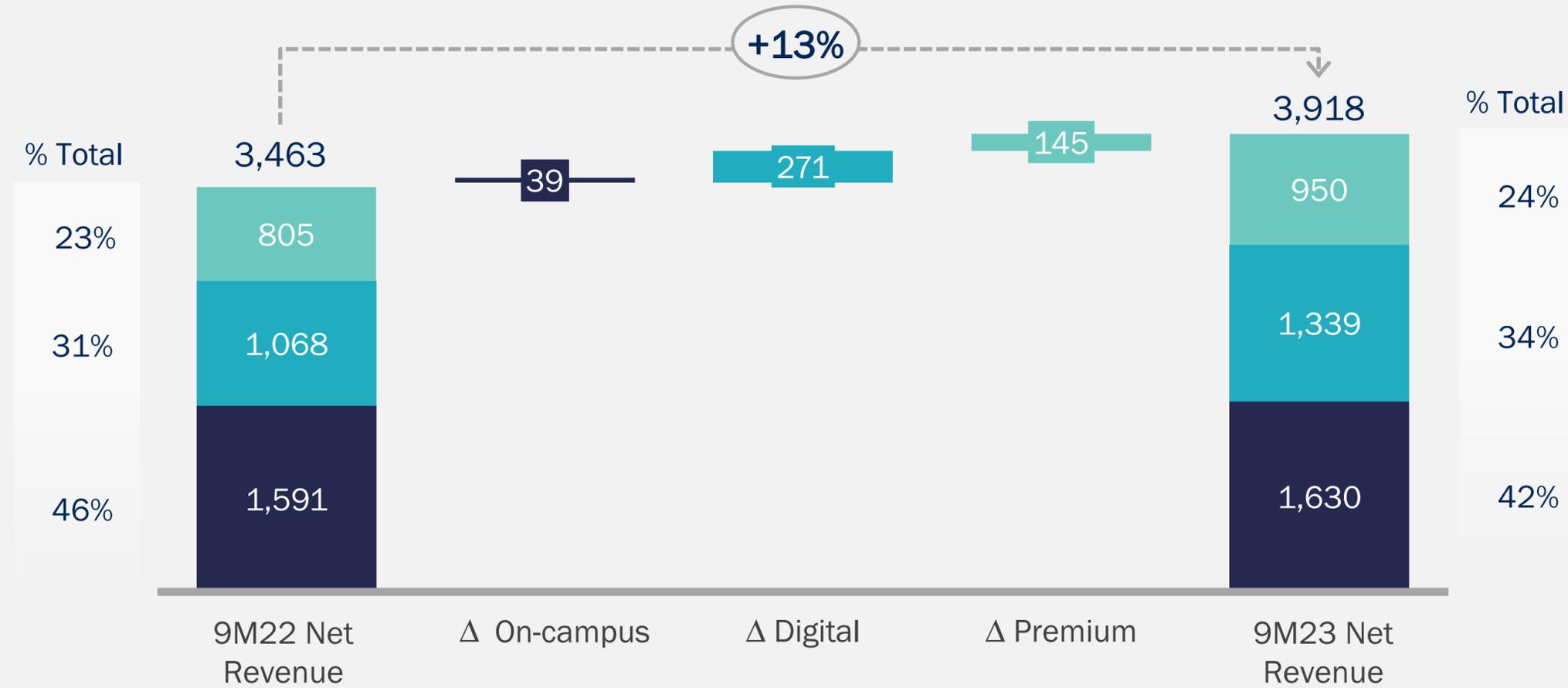


Distance Learning (DL)

Net Revenue | The strength of a diversified portfolio

Total Net Revenue by business unit

(R\$ million)

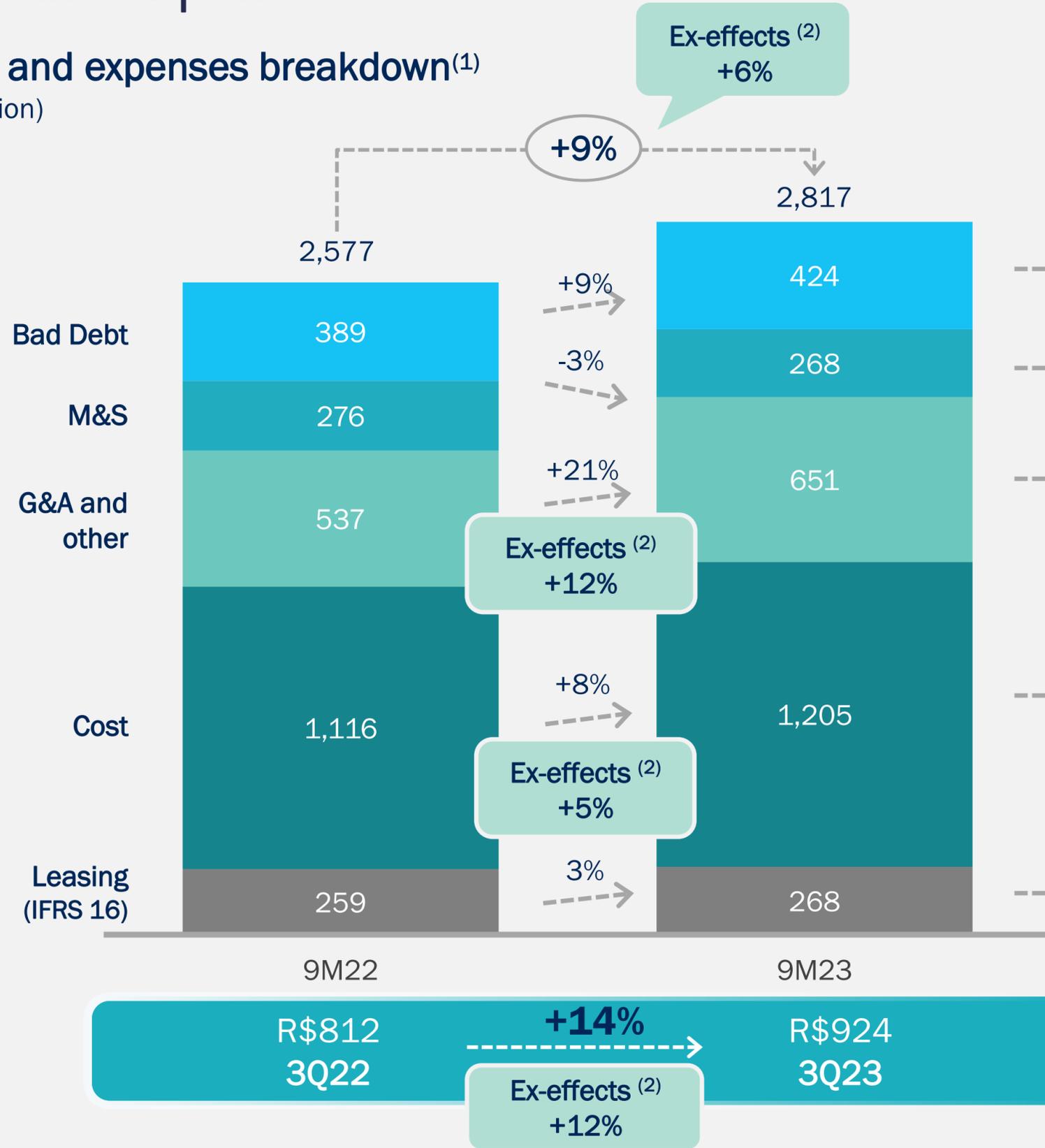


● Premium ● Digital ● On-campus

Premium and Digital
share in Net Operating Revenue
went from
22% (2018) → **58% (LTM 2023)**

Costs and expenses

Costs and expenses breakdown⁽¹⁾
(R\$ million)



	9M22	9M23	Δ%	3Q22	3Q23	Δ%
% of NOR	74%	72%	-2.5 p.p.	72%	71%	-0.3 p.p.
Bad Debt	11%	11%	stable	9%	10%	1 p.p.
M&S	8%	7%	-1 p.p.	7%	6%	-1 p.p.
G&A and other	16%	17%	1 p.p.	17%	18%	1 p.p.
Cost	32%	31%	-1 p.p.	31%	30%	-1 p.p.
Leasing (IFRS 16)	7%	7%	stable	7%	7%	stable

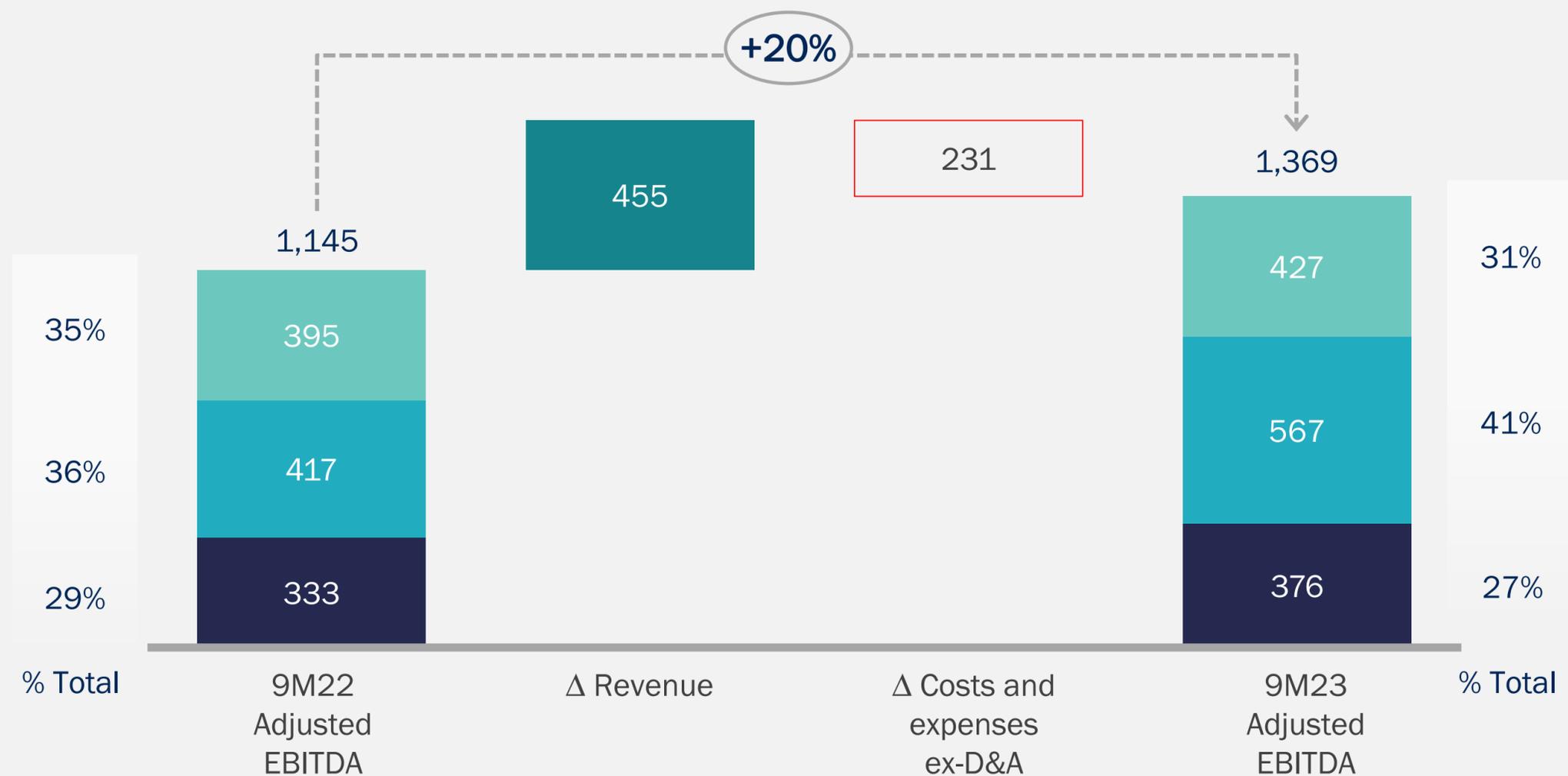
(1) Recurring Costs and Expenses (IFRS 16 and ex-D&A) | For comparison purposes: reclassification of expenses in 9M22 between M&S and G&A expenses lines in the amount of R\$28 million.
(2) Excluding the variable compensation effect.

EBITDA: Strong Operating Leverage leads the Company to achieve the Guidance

Adjusted EBITDA breakdown

(R\$ million)

● Premium ● Digital ● On-campus



Adjusted EBITDA Margin (%)

	9M22	Change	9M23
Premium	33%	+2 p.p.	35%
Digital	49%	-4 p.p.	45%
On-campus	21%	+2 p.p.	23%

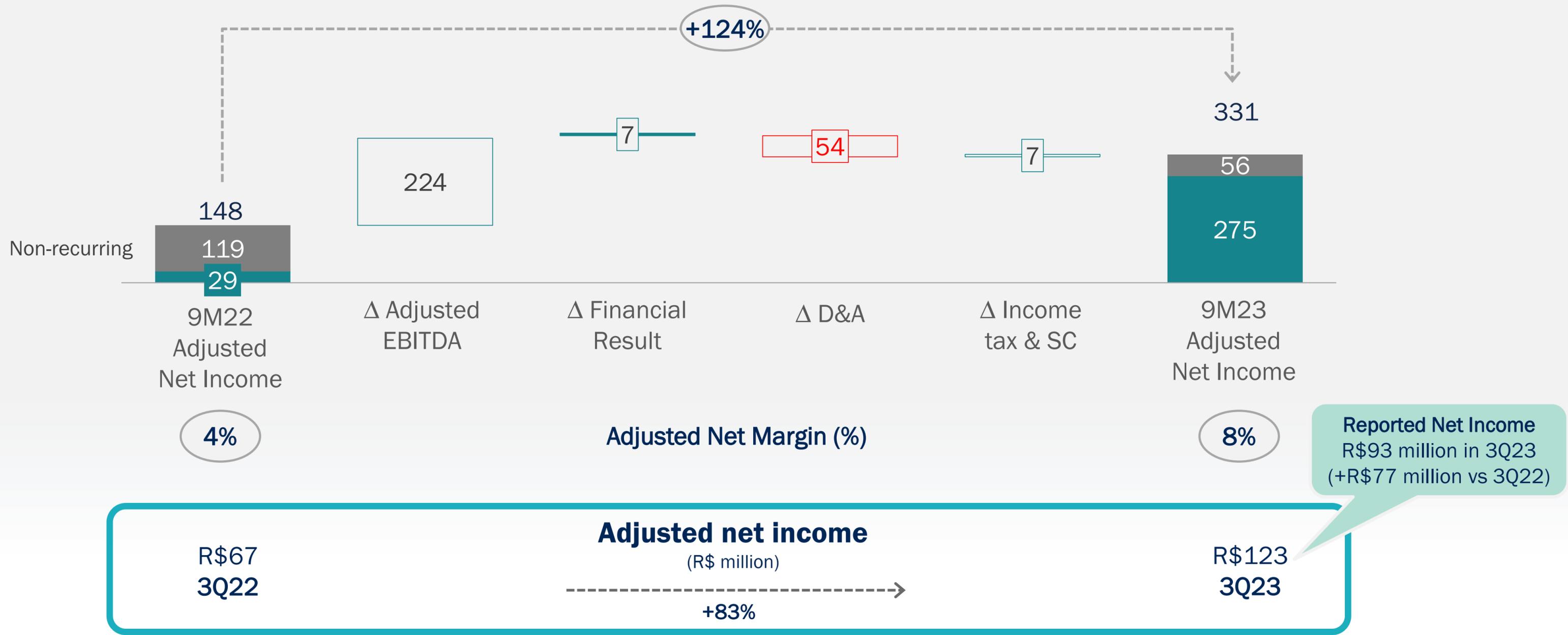


- R\$453 million** reported EBITDA (+23% vs 3Q22)
- 35%** reported EBITDA Margin (+3 p.p vs 3Q22)
- R\$ 359 million** EBITDA ex-IFRS16 (+27% vs. 3Q22)
- 28%** EBITDA ex-IFRS16 Margin (+3 p.p vs. 3Q22)

Adjusted Net Income

Adjusted Net Income breakdown

(R\$ million)

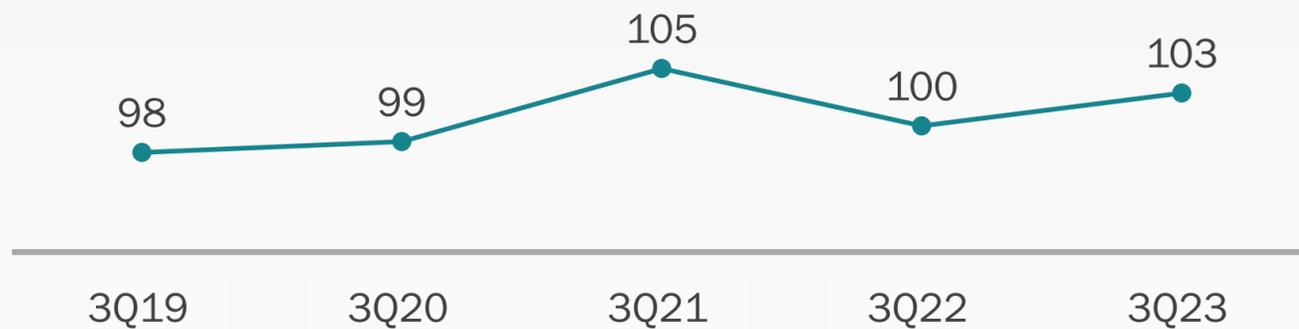


Strong cash generation

in R\$ million	3Q22	3Q23	Δ%	9M22	9M23	Δ%
EBITDA ex-IFRS 16	283	359	27%	810	1,095	35%
Change in Working Capital	71	46	-35%	(71)	(56)	-22%
Taxes (Income Tax/Social Contribution)	(1)	(14)	1,190%	(21)	(41)	94%
Operating Cash Flow	354	392	11%	718	998	39%
Capex	(123)	(117)	-5%	(333)	(335)	1%
(=) Free Cash Flow	230	275	19%	385	663	72%
Interest ex-IFRS 16	(147)	(167)	14%	(363)	(418)	15%
(=) Free Cash Flow to Equity	83	108	30%	22	245	1,019%
Operating Cash Conversion ⁽¹⁾	125%	109%	-16 p.p.	89%	91%	3 p.p.

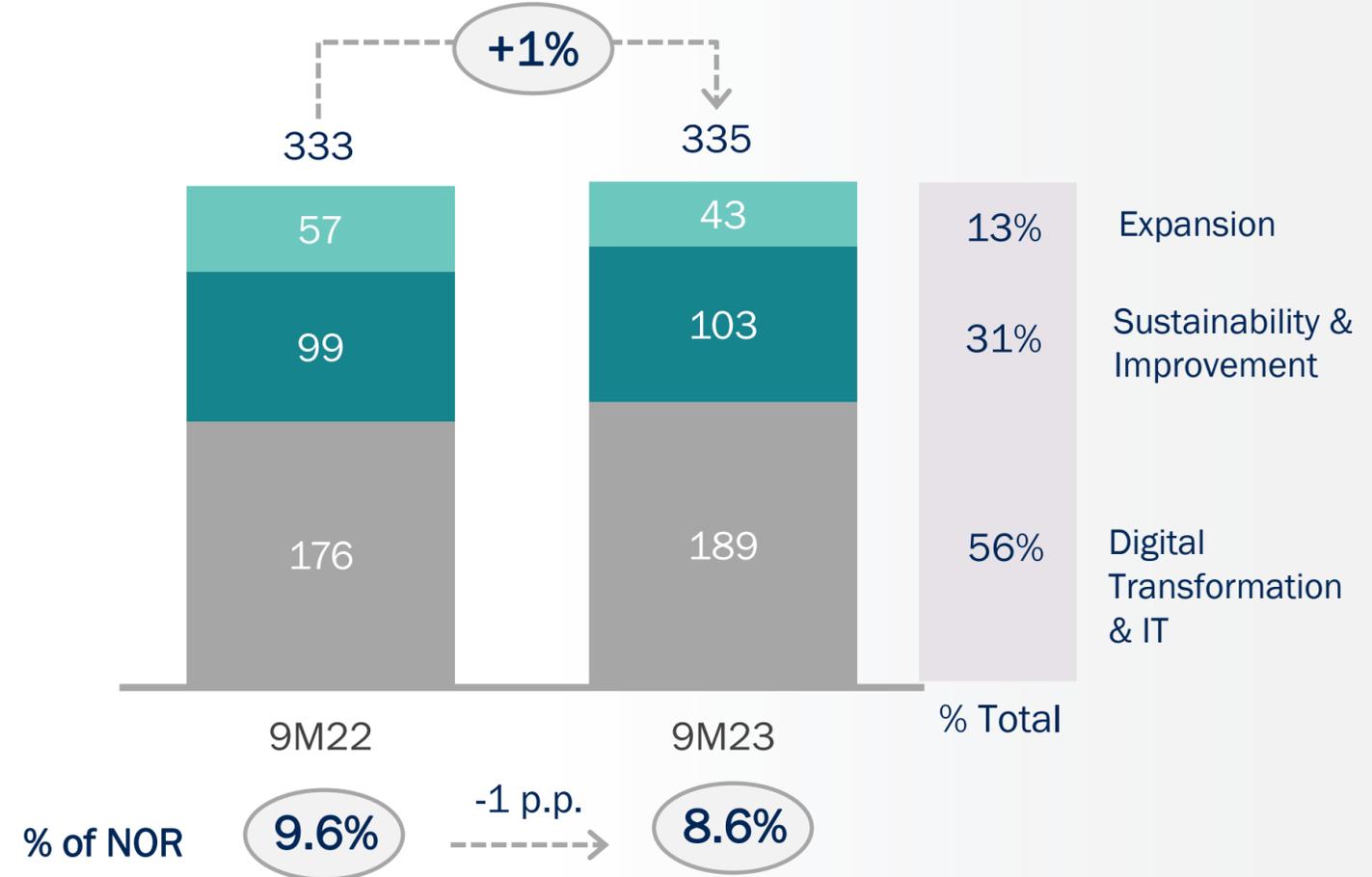
Average Term of Receivables

(ATR) (# days)



(1) Operating Cash Flow/ EBITDA ex-IFRS 16.

Capex (R\$ million)



Capex expected for 2023: R\$470 million

Long-term capex: 7-8% NOR

Leverage reduction and next maturity only in 2024

R\$1.2 billion
Cash and cash equivalents

R\$2.6 billion
Net Debt ex-IFRS 16

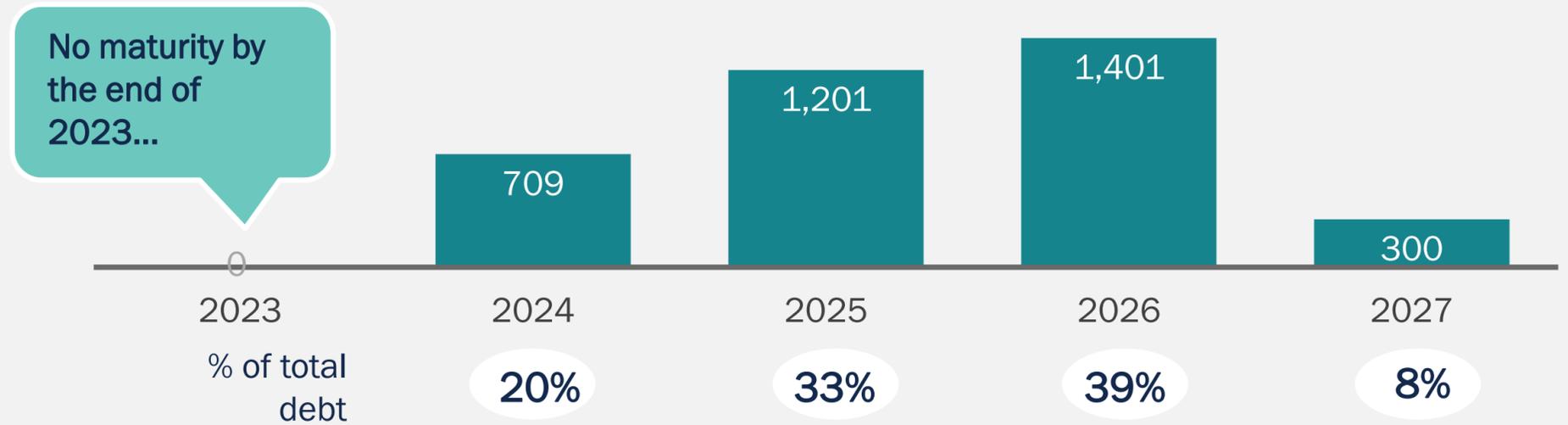
Leverage Ratio⁽¹⁾ Reduction vs 2022



Average Cost of Debt
CDI + 1.96%

Debt amortization schedule

(R\$ million; principal amount only)



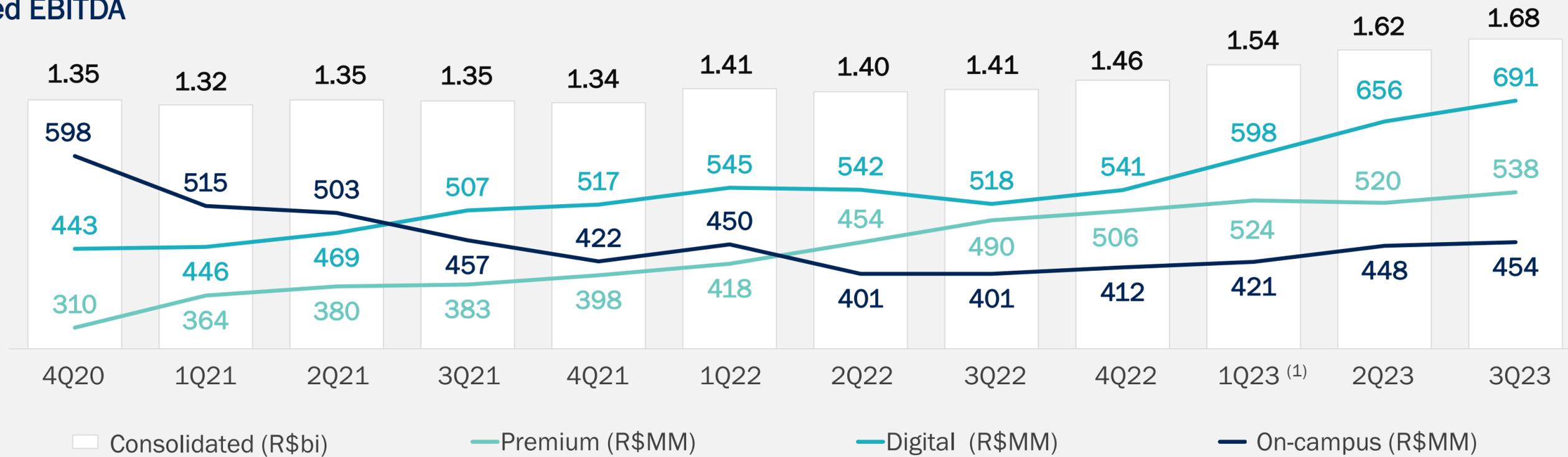
Issue of CRI

Approval of the 9th debenture issue, in the amount of **R\$700 million**, maturing in 5 (1st and 2nd) and 7 years (3rd series), linked to the issue of Certificates of Real Estate Receivables (CRI) to extend and reduce cost of the debt.

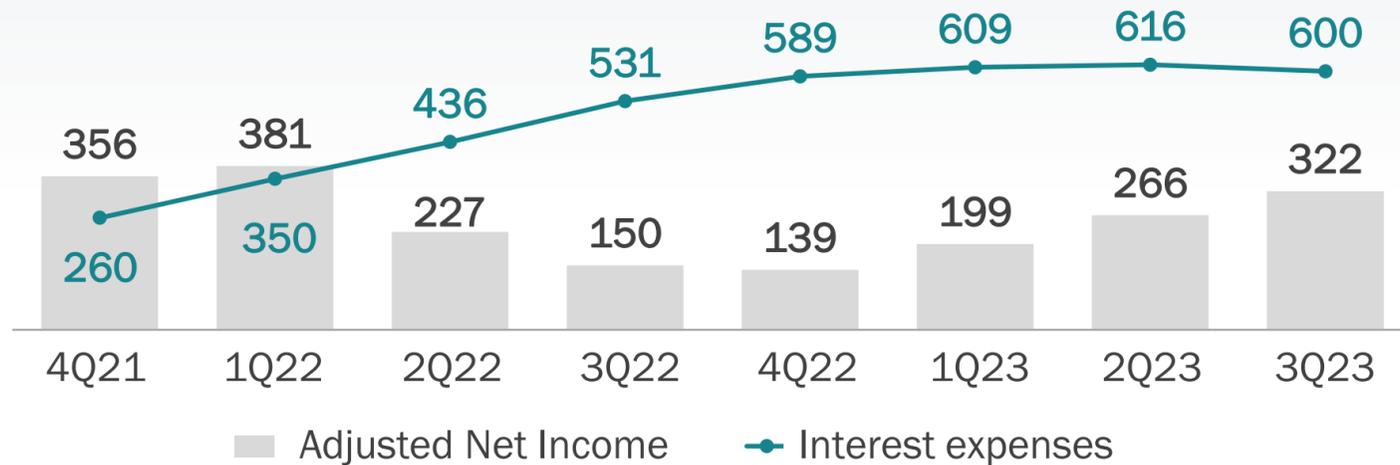
(1) Leverage Ratio = Net Debt ex-IFRS 16/ Adjusted EBITDA (LTM, considering IFRS 16).

After showing resilience through several crisis, the power of operating leverage is evident

LTM Adjusted EBITDA



LTM Adjusted Net Income and Interest expenses⁽²⁾ (R\$ million)



LTM Operating Cash Flow (R\$ million)



(1) Excluding mismatch FG-Fies effect on revenue between Premium and On-campus segments.

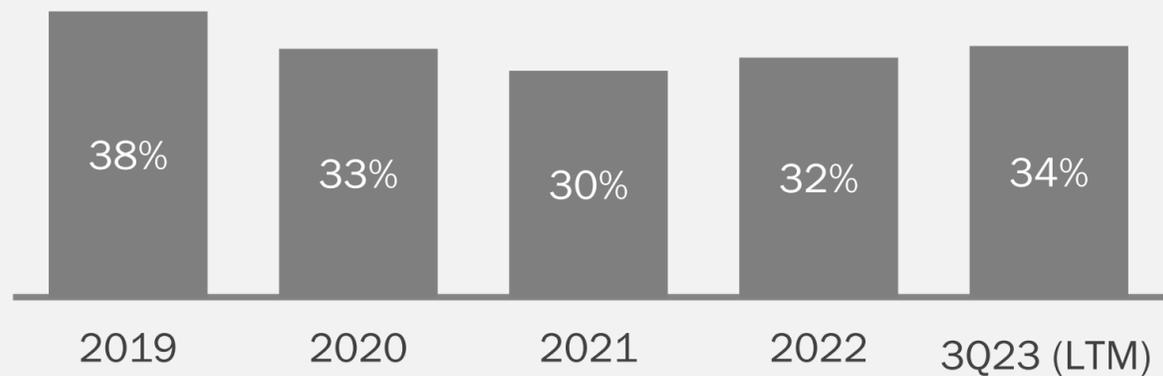
(2) Interest expenses and charges expenses and interest on swap loans.

We have a history of growth, margin and payment of dividends

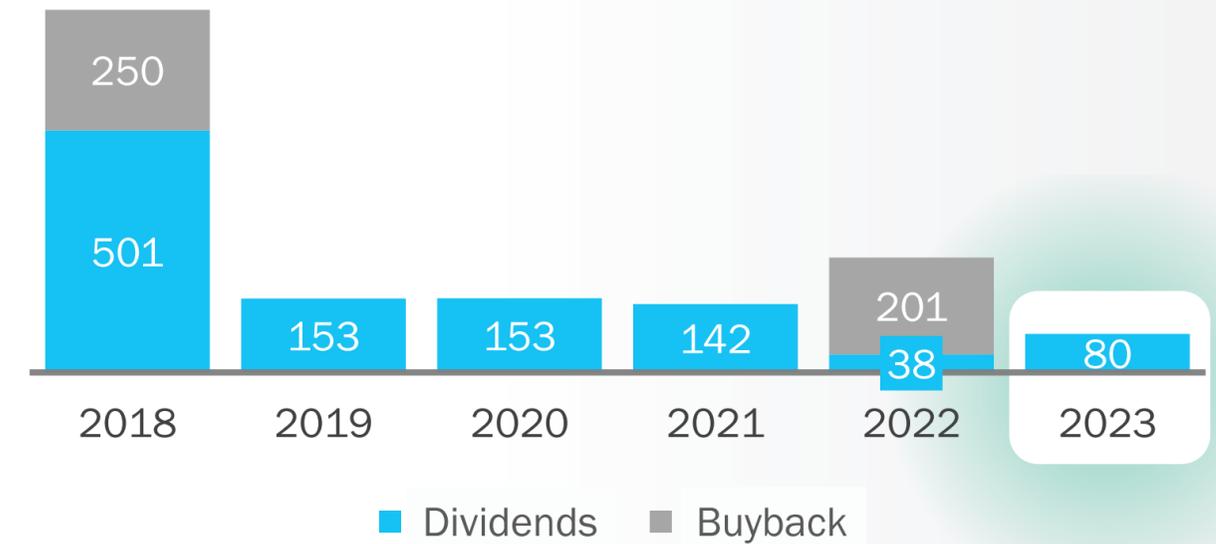
Net Revenue
(R\$ billion)



Adjusted EBITDA Margin
(%)



Dividends and Share Buyback⁽¹⁾
(R\$ million)

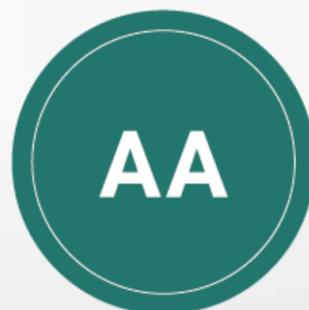


Payment of Dividends every year **since the IPO in 2007**
Next payment in Dec/2023

(1) Dividends and share buyback cash.

Result and commitments

MSCI
ESG RATINGS



Produced by MSCI ESG Research as of October, 2023

Yduqs has just been recognized as a global ESG leader by MSCI

In October 2023, our rating was upgraded from "A" to "AA", and we are the only education company in Latin America ranked as an ESG leader, and the only one in the world focused on Higher Education.

EMPRESA COMPROMETIDA



UMA INICIATIVA DO PACTO GLOBAL DA ONU NO BRASIL E ONU MULHERES

EMPRESA COMPROMETIDA



UMA INICIATIVA DO PACTO GLOBAL DA ONU NO BRASIL

YDUQS officially joins the *Elas Lideram 2030* (Women Lead 2030) and *Raça é Prioridade* (Race is a Priority) movements, linked to UN Global Compact's Human Rights Action Platform.



Pacto Global
Rede Brasil

YDUQS becomes a member of CORB, the local governance body for companies wishing to participate in decision-making for Global Compact's activities in Brazil



YDUQS becomes part of the Public Greenhouse Gas Emissions Registry and have been awarded the Golden Seal of the Brazilian GHG Protocol Program.

ESG score - 94%
advancement to reach the
expected score for 2023

Based on our pricing discipline, a winning portfolio strategy and strong operating leverage,
we maintained **consistent EBITDA growth**



AT of upperclassmen of +1 yr. up vs 3Q22

Medicine: +10% | Ibmec: +12% | Digital: +8% | On-campus: +6%



Digital and On-campus intake increase vs 3Q22

Digital: +26% (guidance exceeded) | On-campus: 32% (guidance achieved)



Quarterly net revenue +14% vs 3Q22

Premium: +19% | Digital: +23% | On-campus: +6%



Guidance for EBITDA between 10% and 20% achieved: +14% vs 3Q22

Adjusted EBITDA margin 36% (stable vs 3Q22)



Net Income: R\$93 million

+478% vs 3Q22 | +R\$77 million



Free Cash Flow to Equity: R\$108 million

+30% vs 3Q22 | +R\$25 million



R\$1.2 billion cash and cash equivalents

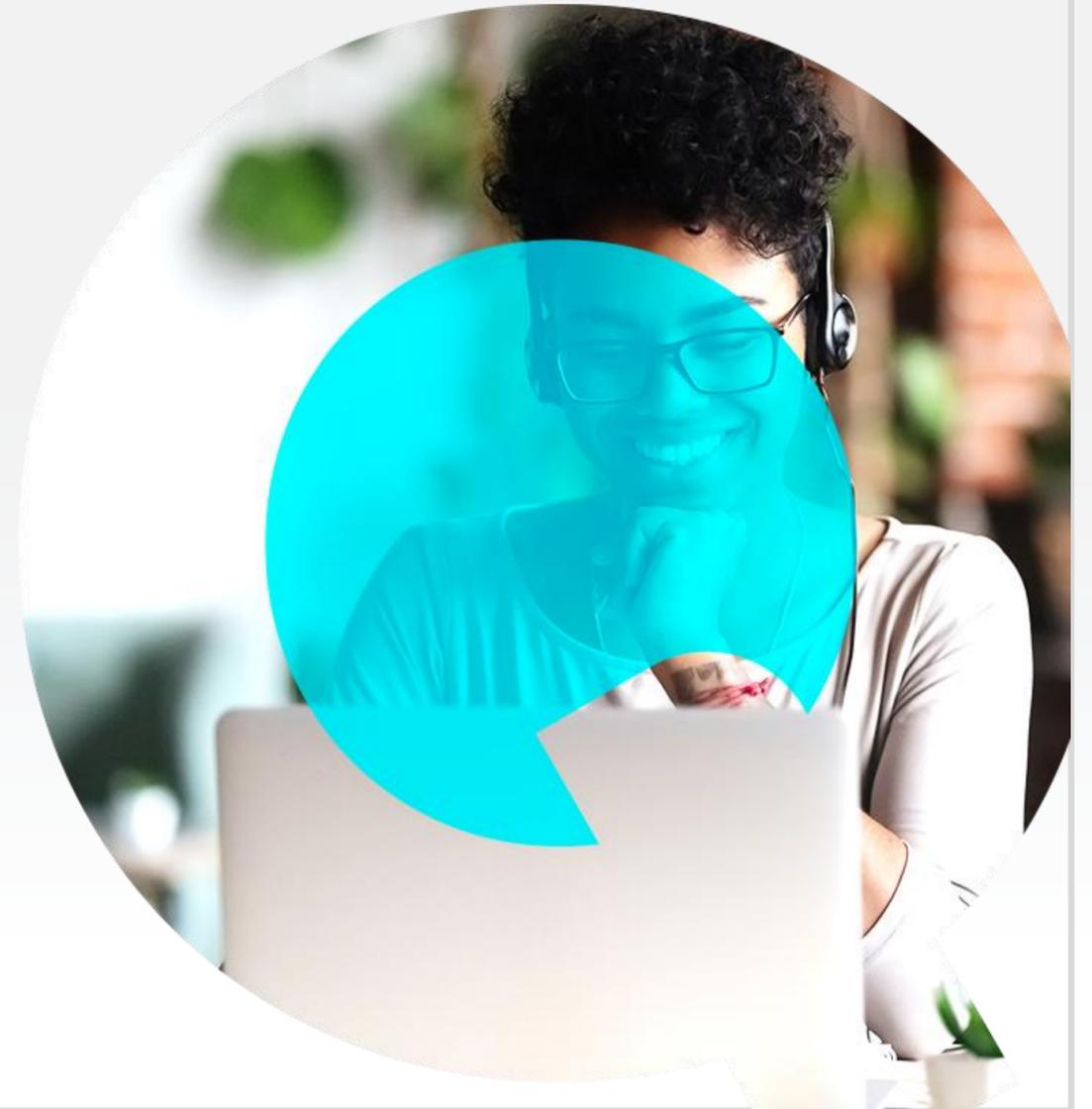
in 3Q23



1.53x leverage ratio

down by 0.43x vs 4Q22

- ✔ **Dividends in 2H23** of R\$80 million – keeping up with the tradition of paying dividend for 16 consecutive years.
- ✔ **Digital Learning intake for 4Q23** growing between 10% and 20% vs 4Q22
- ✔ **4Q23 adjusted EBITDA** increasing between 5% and 15% vs 4Q22
- ✔ **2023 Capex** closing at R\$470MM (down by ~4% vs 2022)
- ✔ +130 to 160 **new medicine seats** approved
+53 already approved in Alagoinhas





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