

YDUQS

Results Presentation

2Q23 & 1H23

August 10th, 2023

YDUQ
B3 LISTED NM
IBRX100 B3

ITAG B3
IGC B3
ICO2 B3



Rio de Janeiro, August 10th, 2023 - **YDUQS Participações S.A.**, one of the largest private organizations in Brazil's higher education private sector, presents its **results for 2Q23 and 2H23**.

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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Highlights

vs
2Q22

Net Revenue +15%

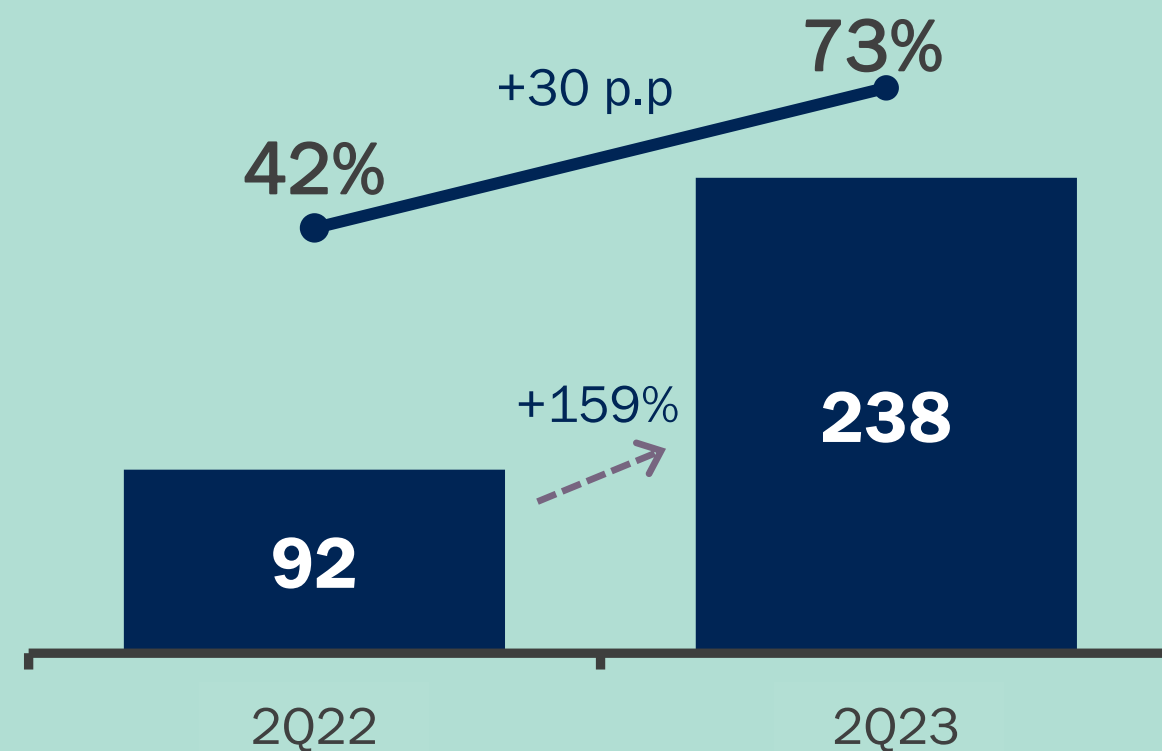
EBITDA +24%

EBITDA Margin +2 p.p.

Net Income +R\$95 MM

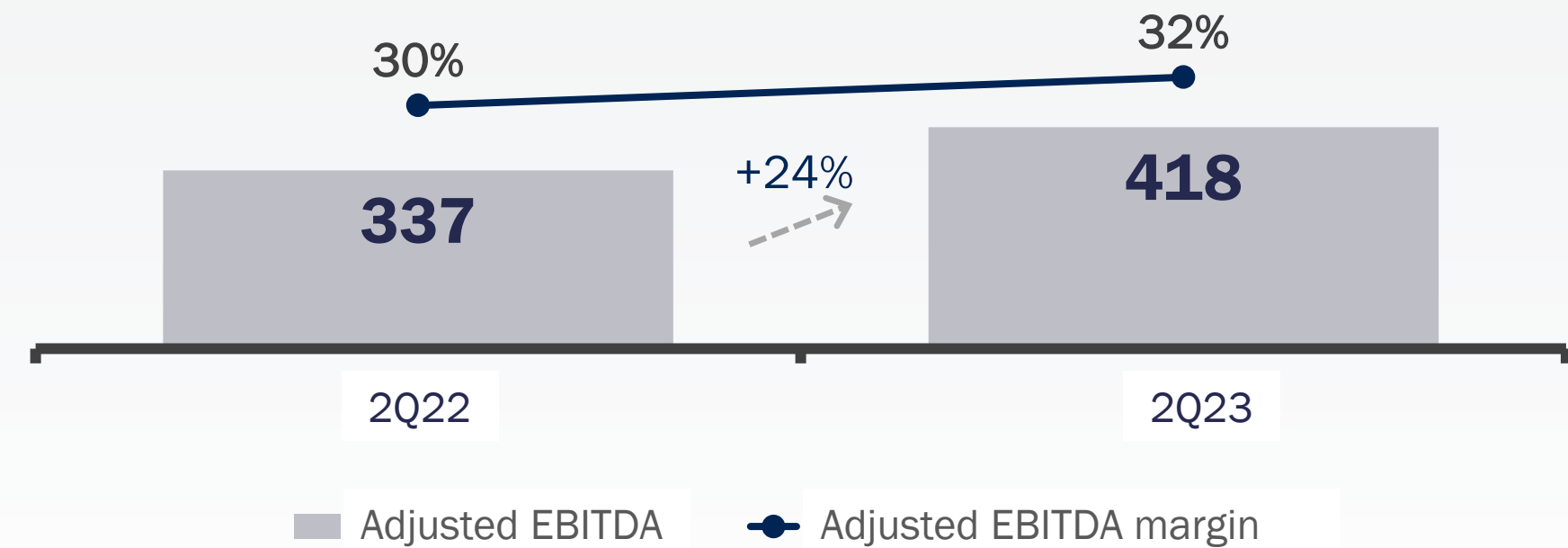
OCF and Cash conversion

(R\$ million; %)



Dividends Payment
R\$80 MM in 2H23

Strong operating leverage led the Company to exceed its guidance for EBITDA and to a constant increase in margin



Premium

+11% vs 2Q22
Student Base

+10% vs 2Q22
AT Medicine Upperclassmen

+12% vs 2Q22
Net Revenue

Digital

+45% vs 2Q22
Undergraduate Intake

+13% vs 2Q22
AT upperclassmen

+43% vs 2Q22
Adjusted EBITDA

On-campus

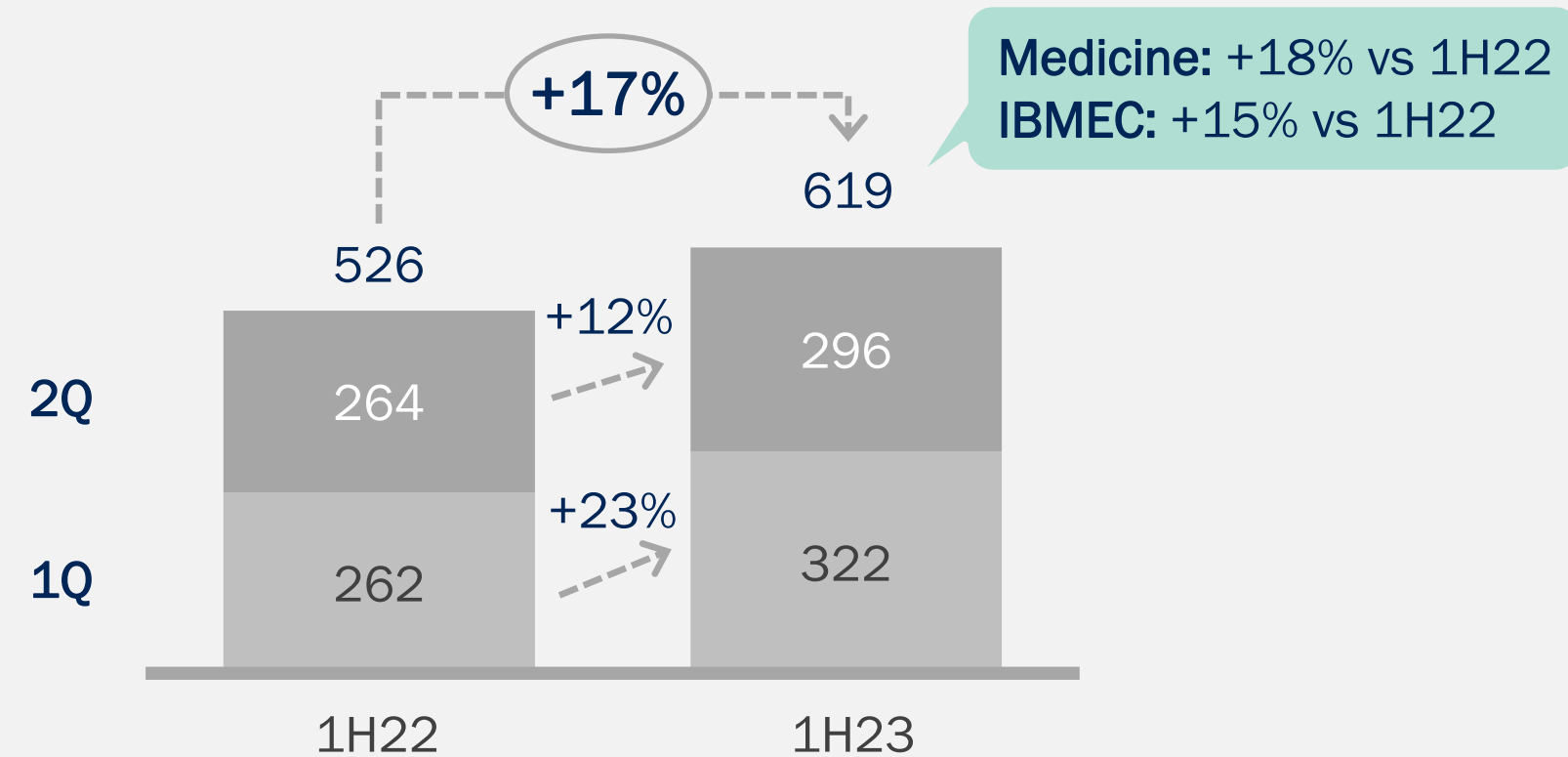
+6% vs 2Q22
Net Revenue

+9% vs 2Q22
AT upperclassmen

+48% vs 2Q22
Adjusted EBITDA

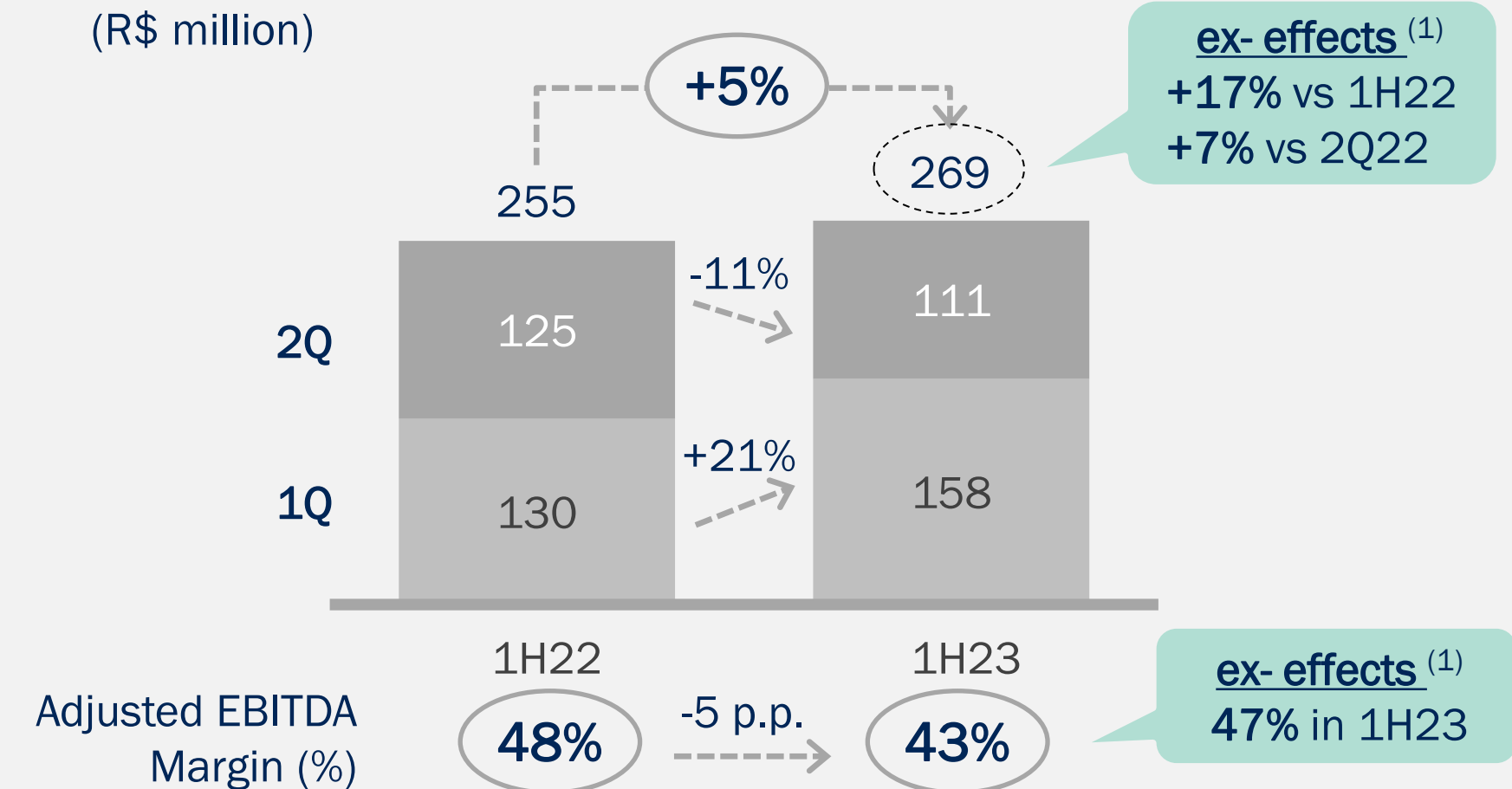
Net Revenue

(R\$ million)

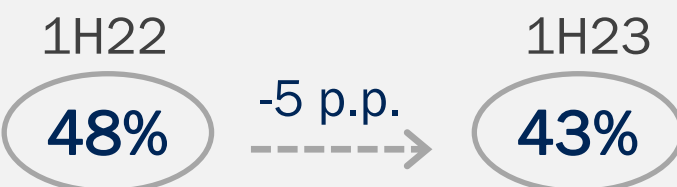


Adjusted EBITDA

(R\$ million)



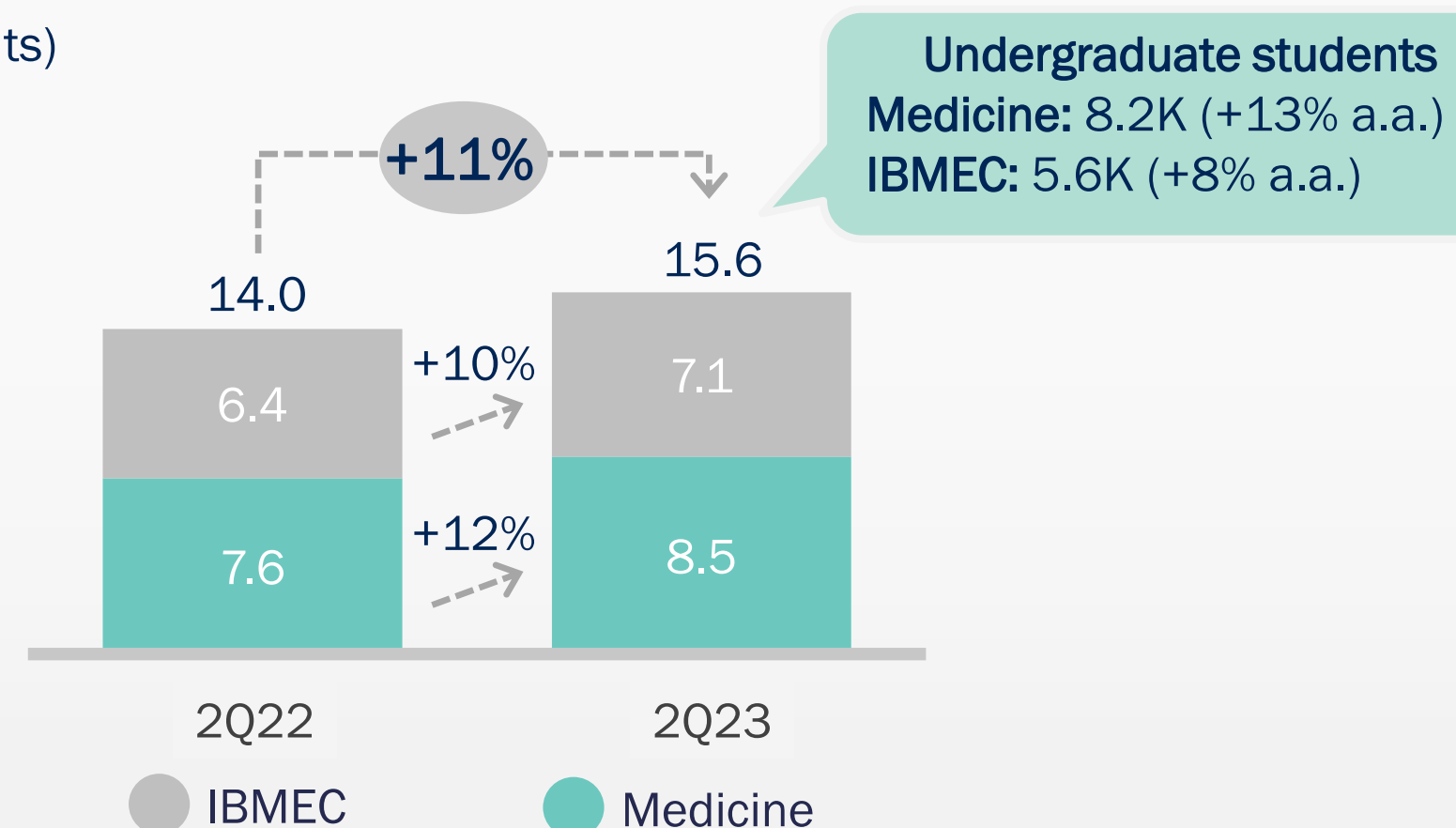
Adjusted EBITDA Margin (%)



Ex-effects ⁽¹⁾
47% in 1H23

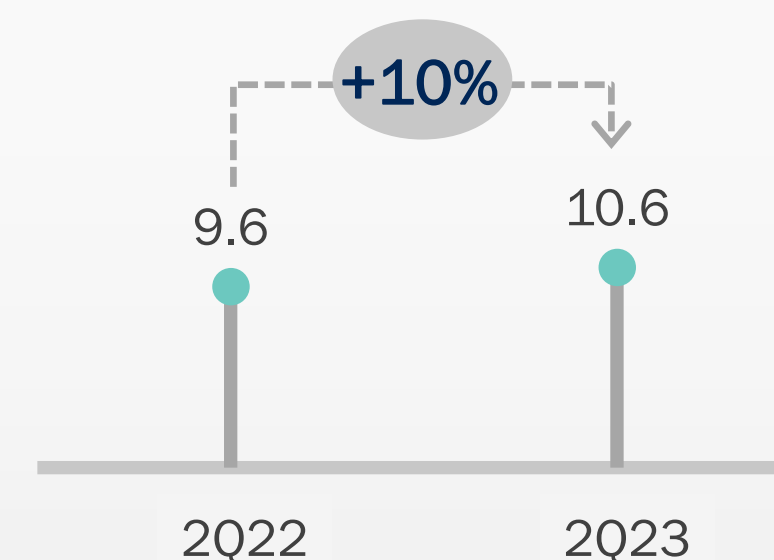
Total student base

(thousand students)



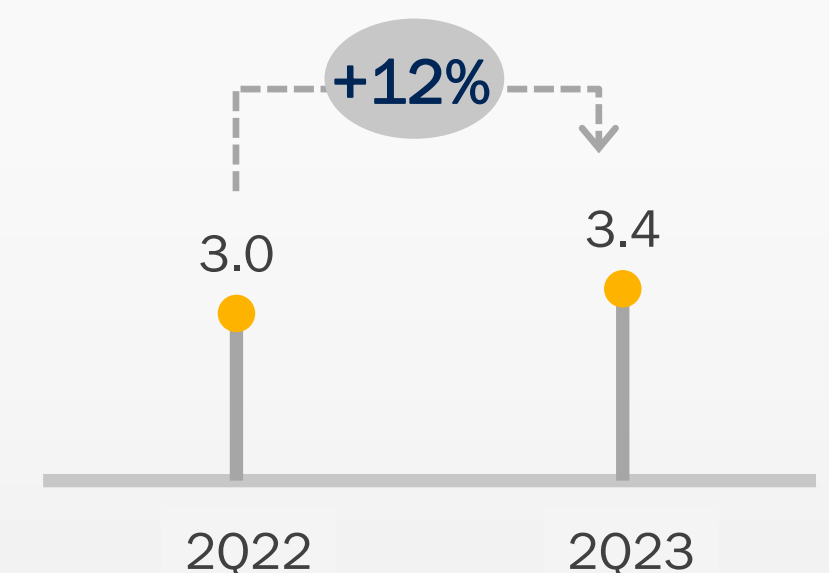
Undergraduate Average Ticket

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



IDOMED
Instituto de Educação Médica

Renewal at 96%
Stable vs 1H22

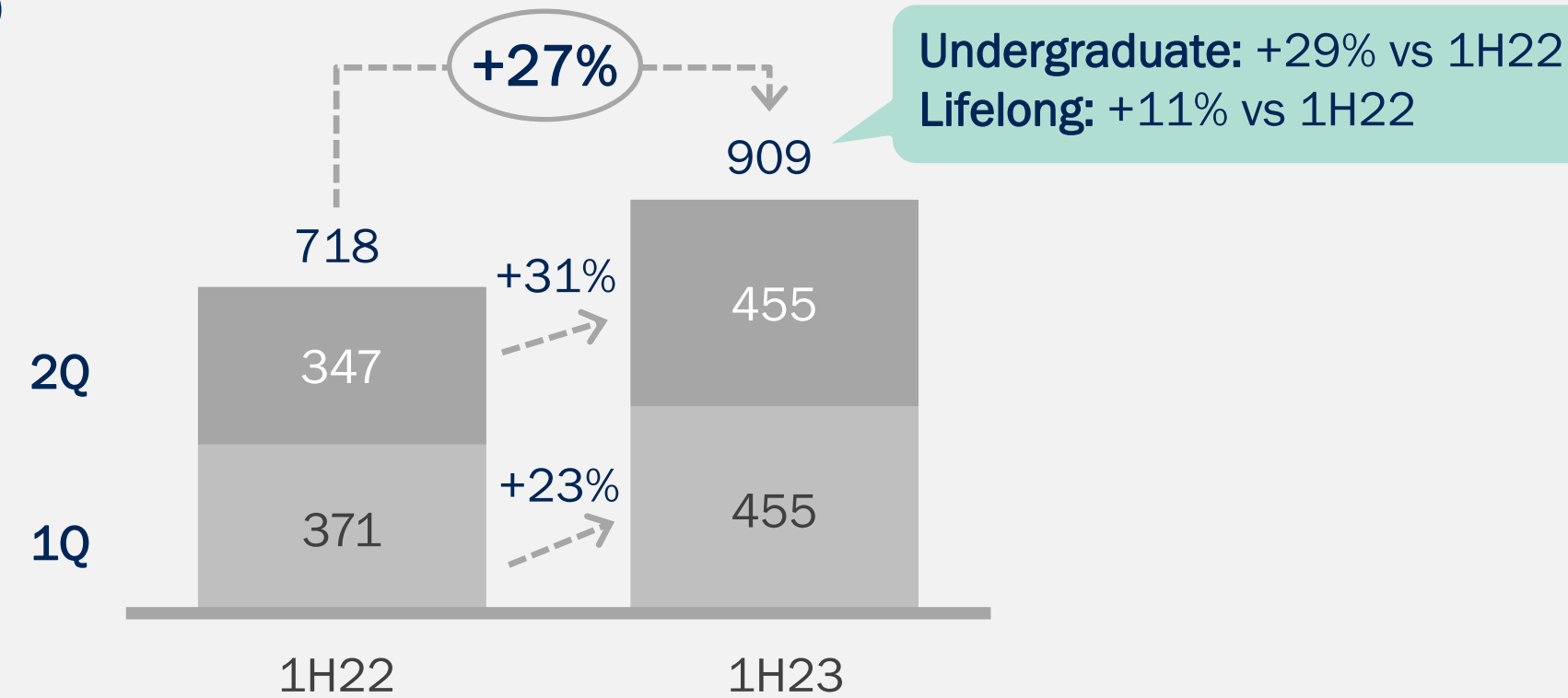


ibmec

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

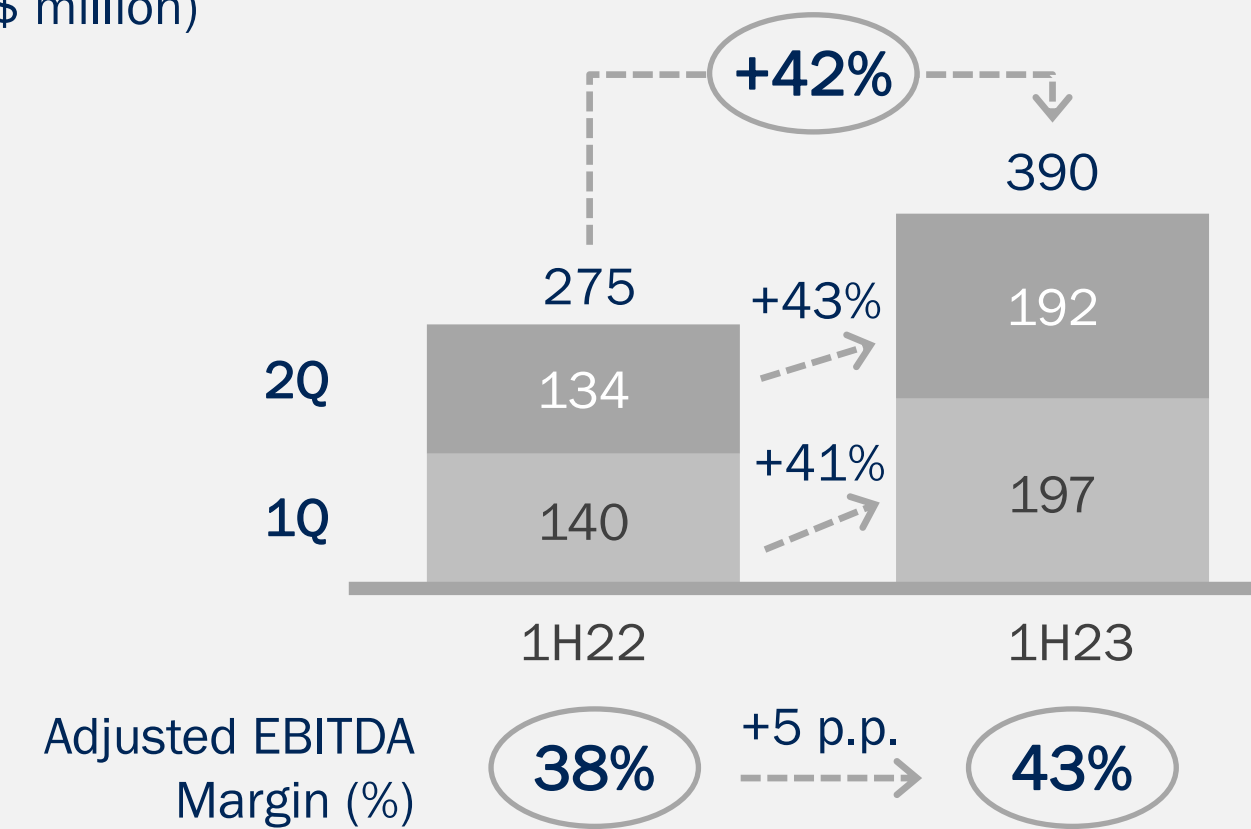
Net Revenue

(R\$ million)



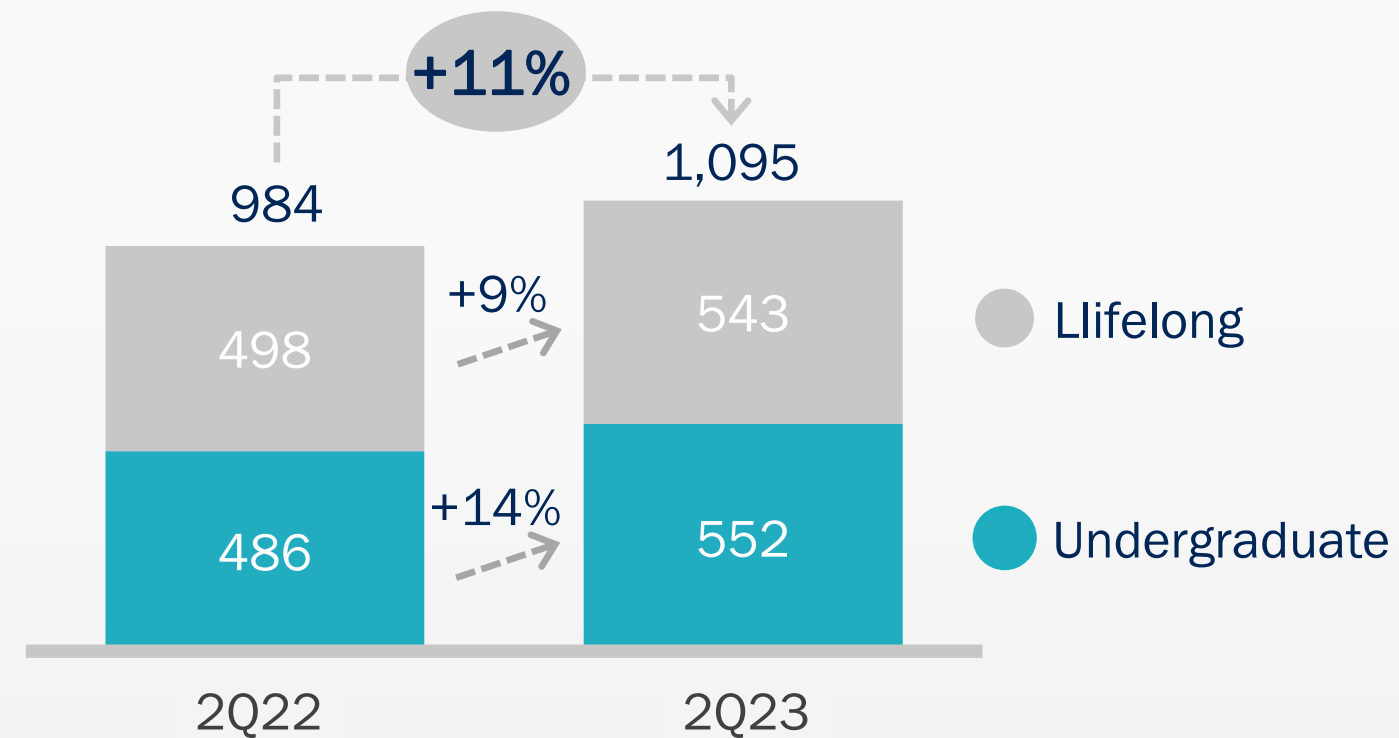
Adjusted EBITDA

(R\$ million)



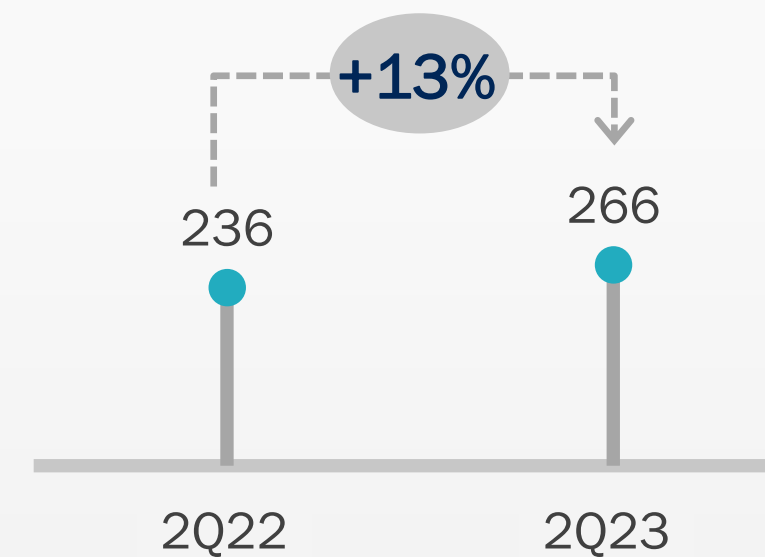
Total student base

(thousand students)



Undergraduate Average Ticket

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



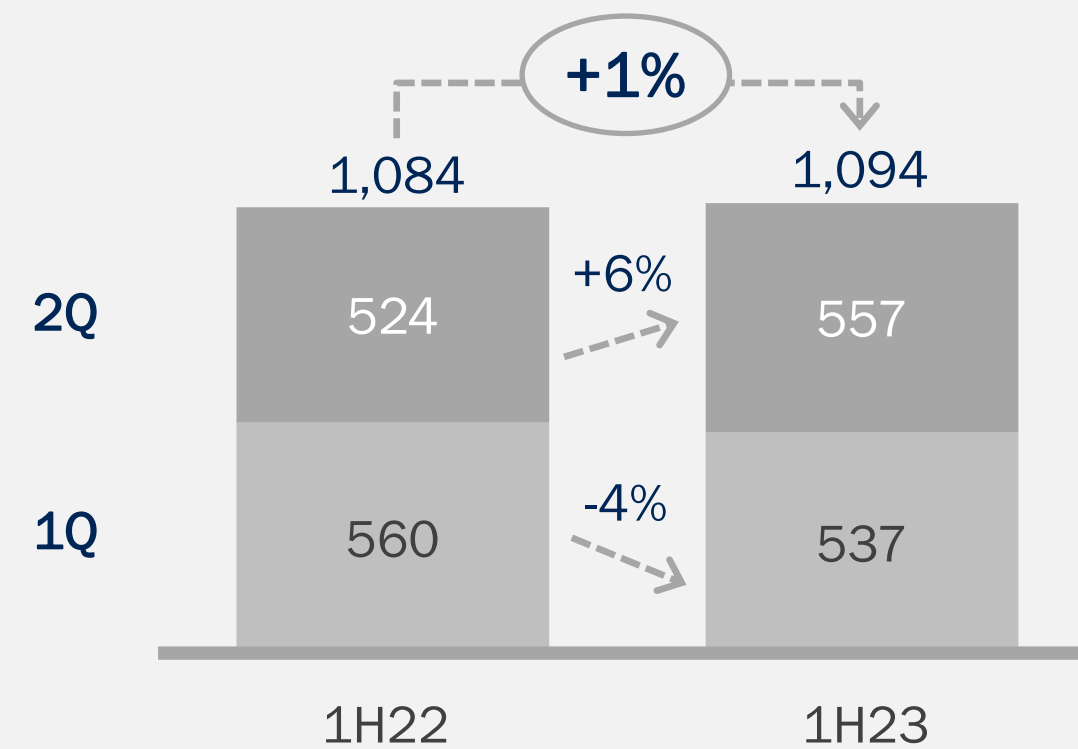
Renewal at 73%
 +5 p.p. vs 2Q22 ⁽¹⁾

Intake 2023
88 thousand students
+45% by 2Q22
 +25 p.p. by guidance
 (guidance from 10% to 20%)

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

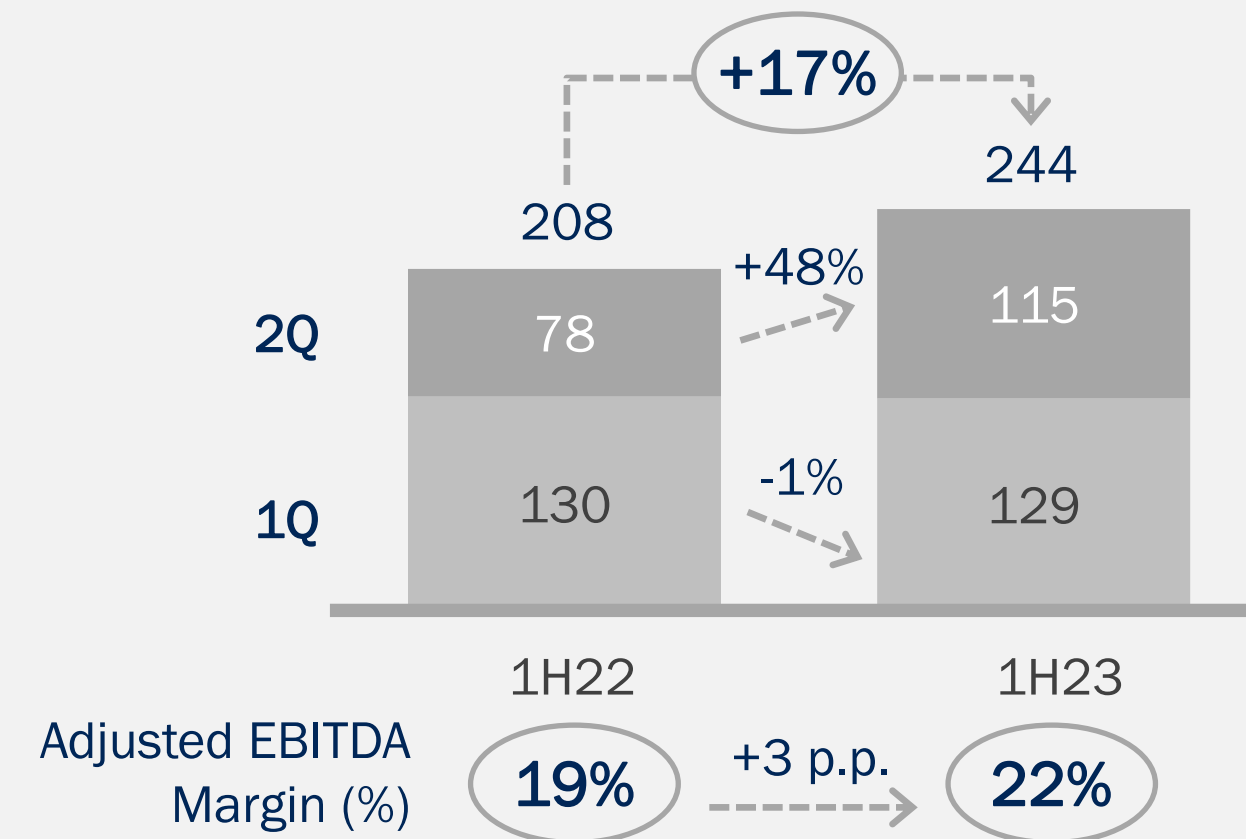
Net Revenue

(R\$ million)



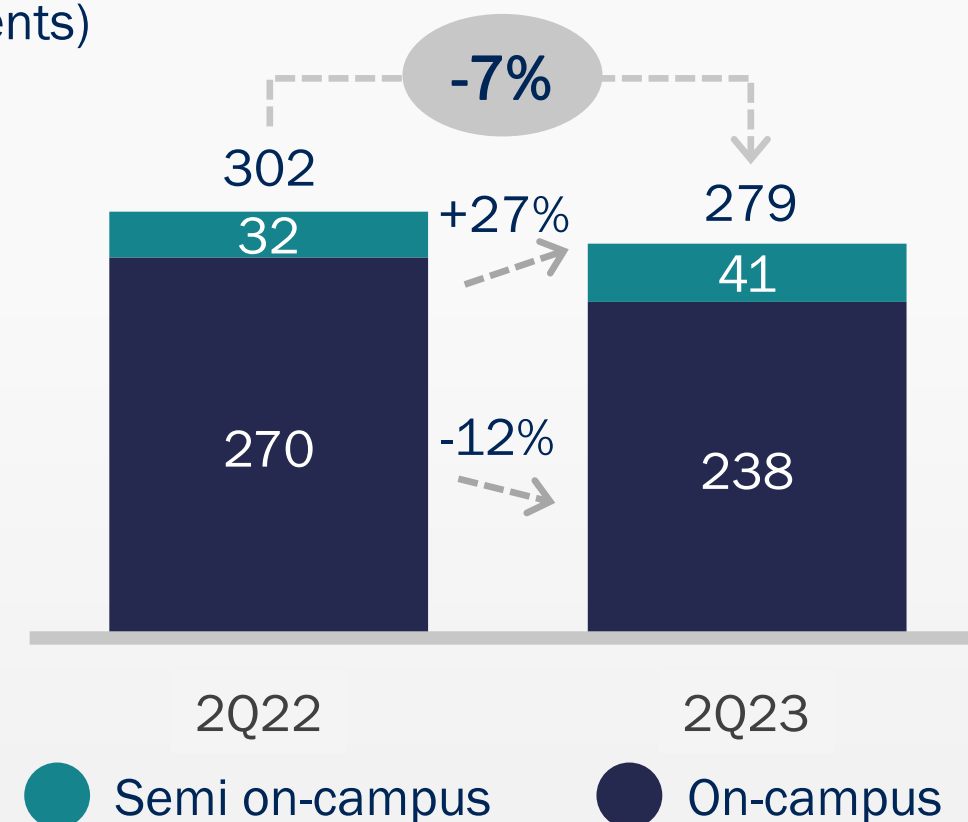
Adjusted EBITDA

(R\$ million)



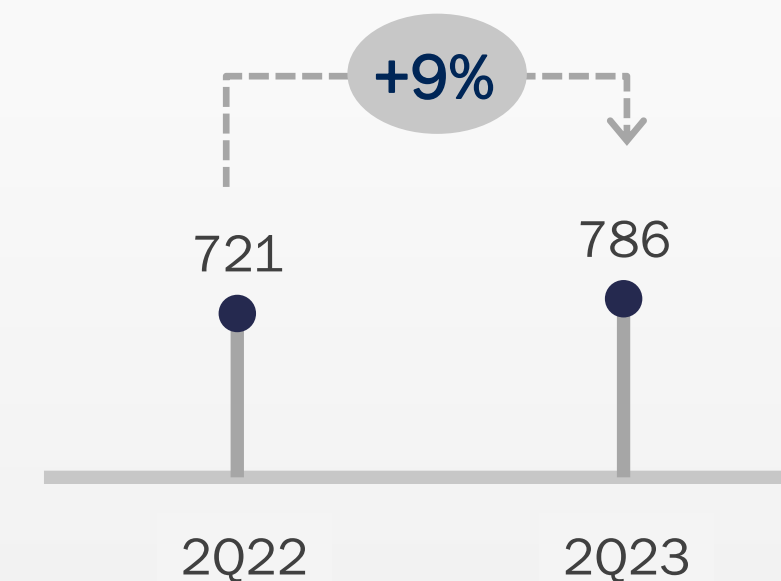
Total student base

(Thousand students)



Undergraduate Average Ticket

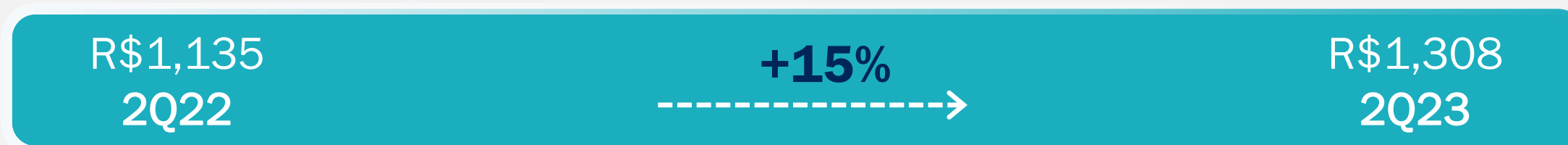
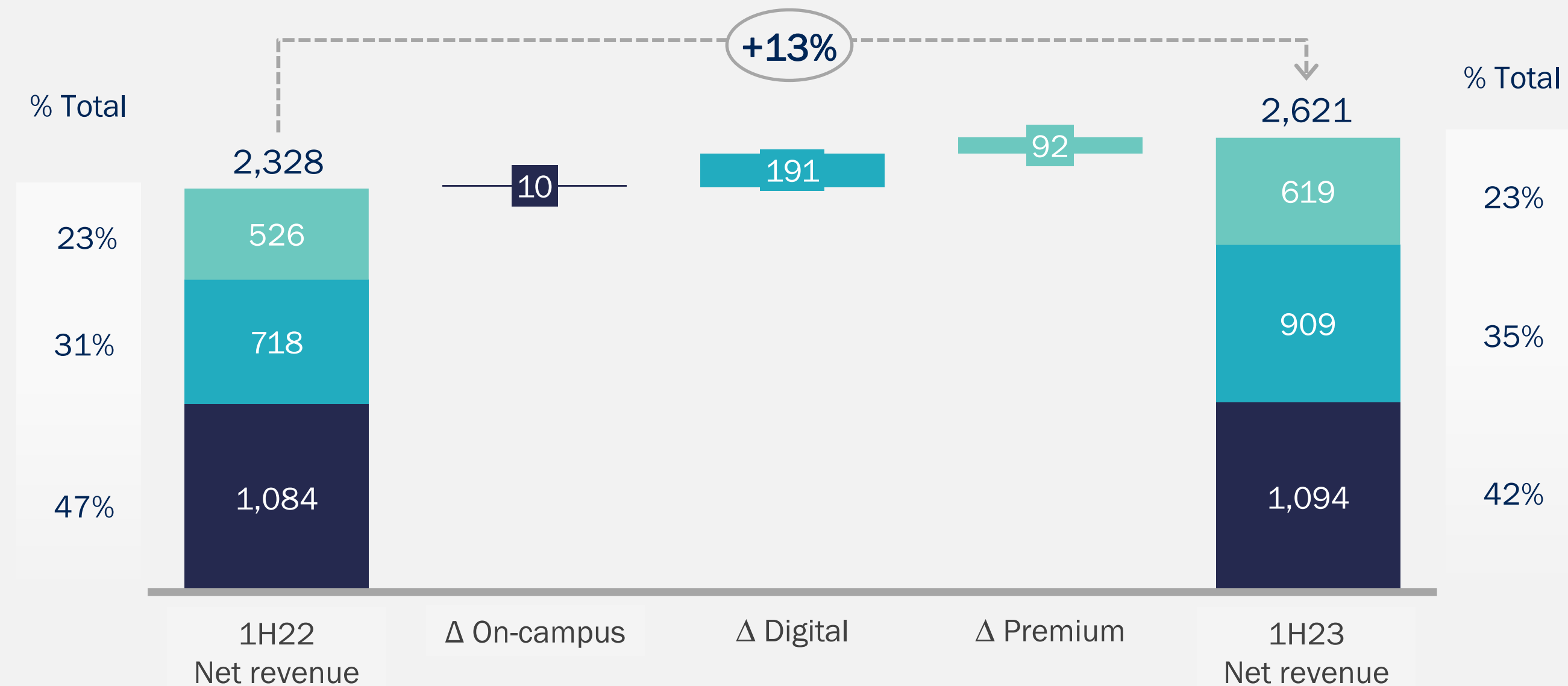
(R\$/month; AT of upperclassmen of +1 yr; ex-semi on-campus)



Renewal at 84%
Stable vs 1H22

Total Net Revenue per business unit

(R\$ million)



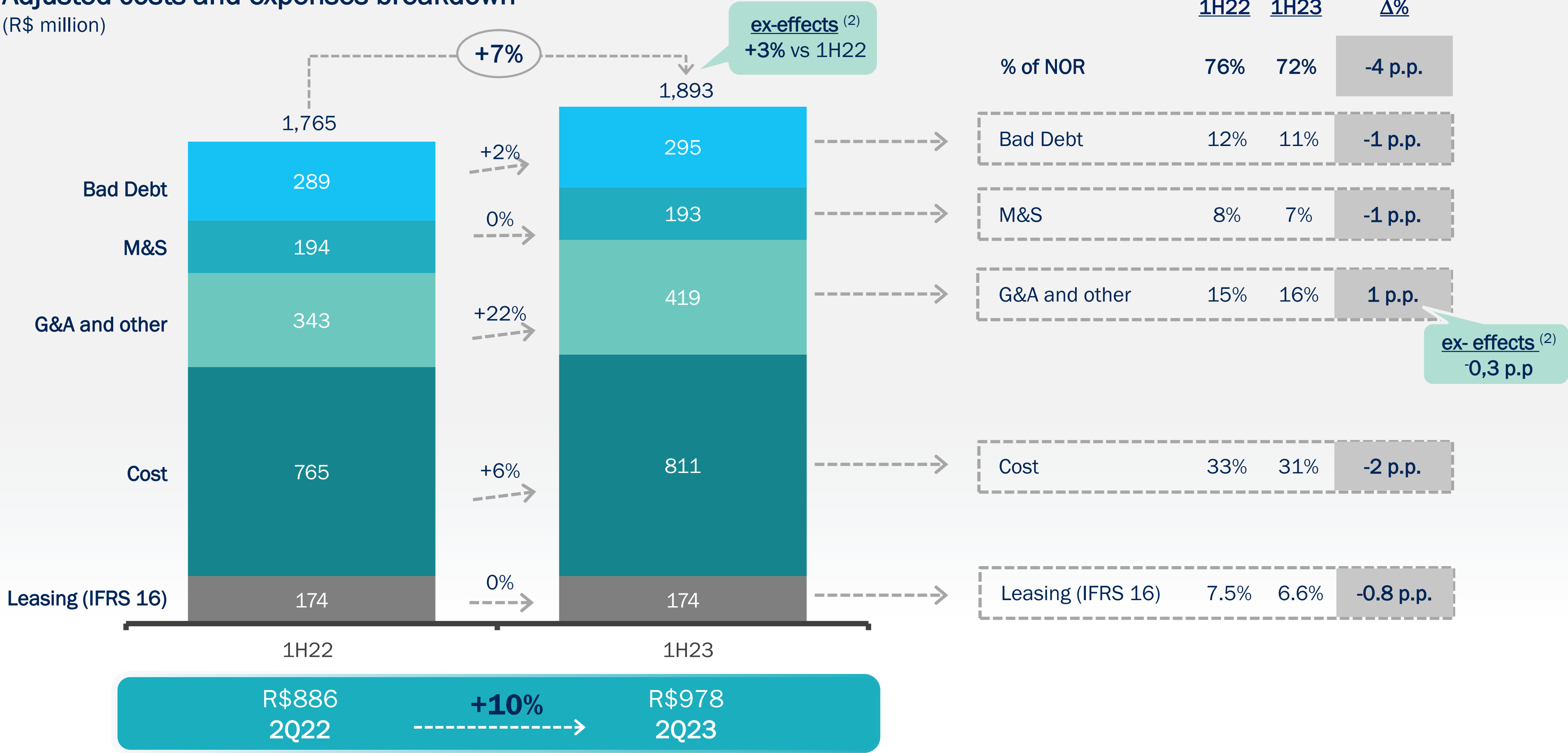
● Premium
 ● Digital
 ● On-campus

Premium and Digital
 share in Net Revenue went from
22% (2018) → **57% (LTM 2023)**
 up by 35 p.p

Costs and expenses

Adjusted costs and expenses breakdown⁽¹⁾

(R\$ million)



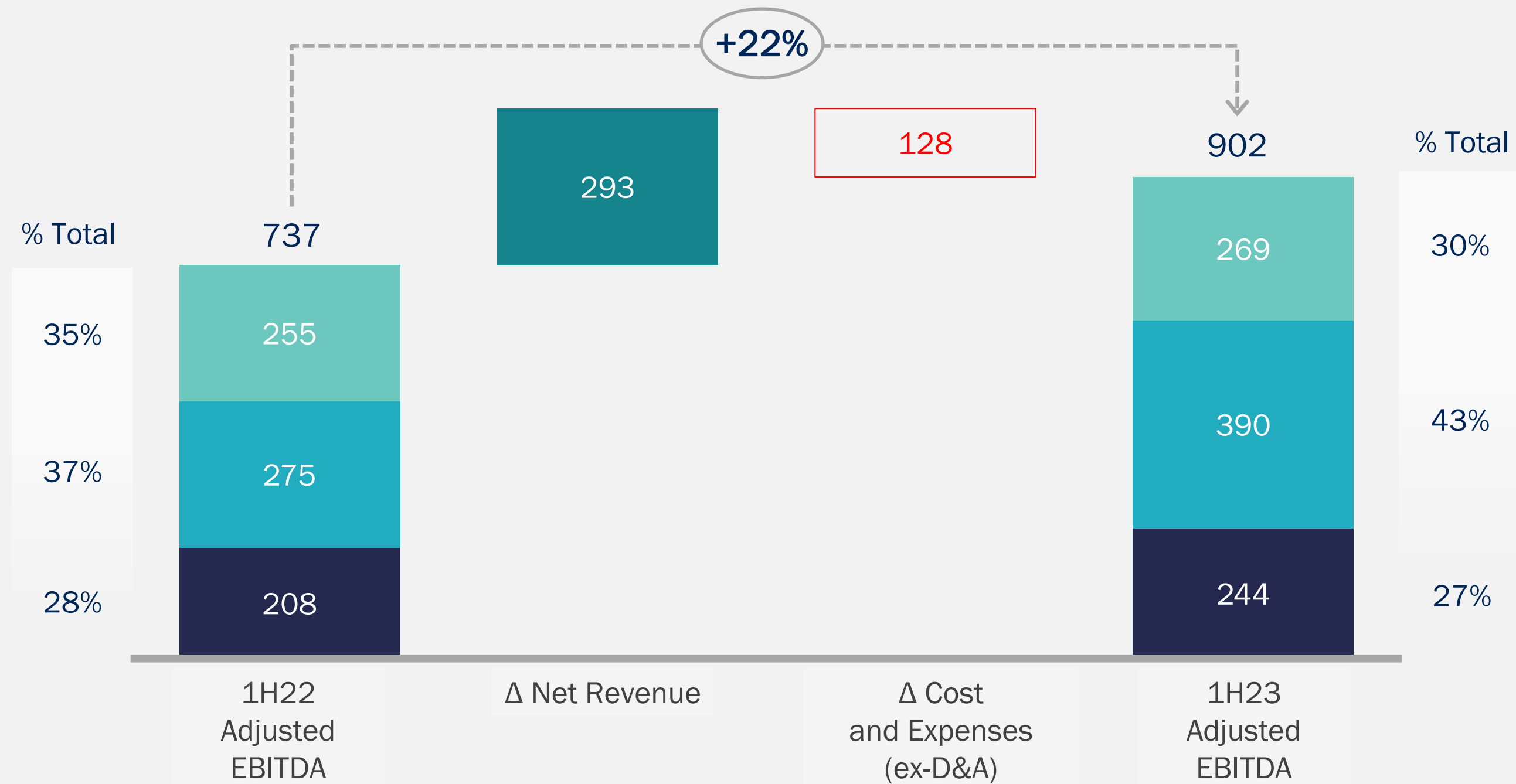
(1) Recurring Costs and Expenses (ex-D&A and IFRS 16) | For comparison purposes: reclassification of expenses in 1H22 between M&S and G&A expenses lines in the total amount of R\$18.6 million.
 (2) Excluding the variable compensation effect.

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

Adjusted EBITDA breakdown

(R\$ million)

● Premium ● Digital ● On-campus



R\$337
2Q22

Exceeding the Guidance

+24%

R\$418
2Q23

Guidance
between 10% to 20%

Adjusted EBITDA Margin (%)

1H22

1H23

32%

+2 p.p.
----->

34%

Premium

48%

-5 p.p.
----->

43%

Digital

38%

+5 p.p.
----->

43%

On-Campus

19%

+3 p.p.
----->

22%



Premium + Digital 73% of total
Adjusted EBITDA



R\$910 million Book EBITDA
(+30% vs 1H22)

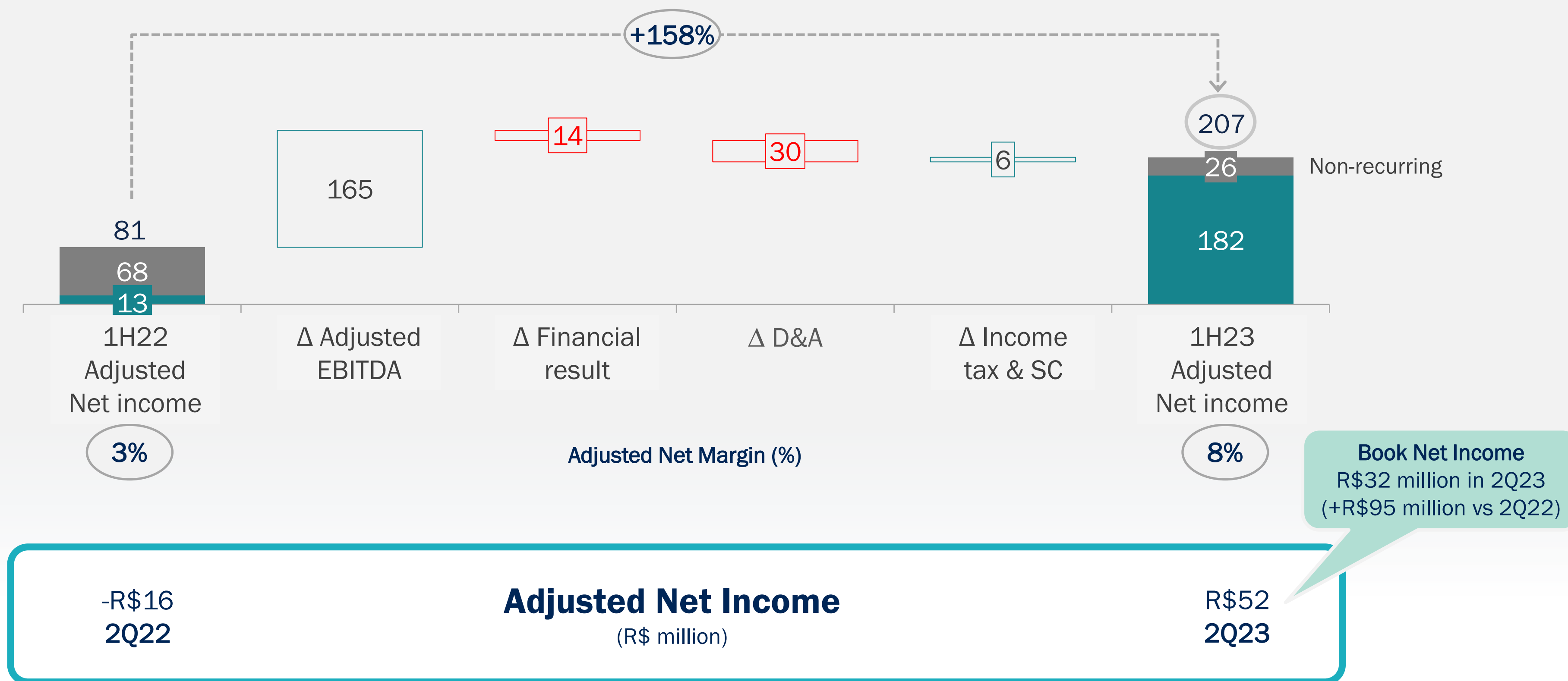


35% Book EBITDA Margin
(+5 p.p vs 1H22)

Adjusted Net Income

Adjusted Net Income breakdown

(R\$ million)

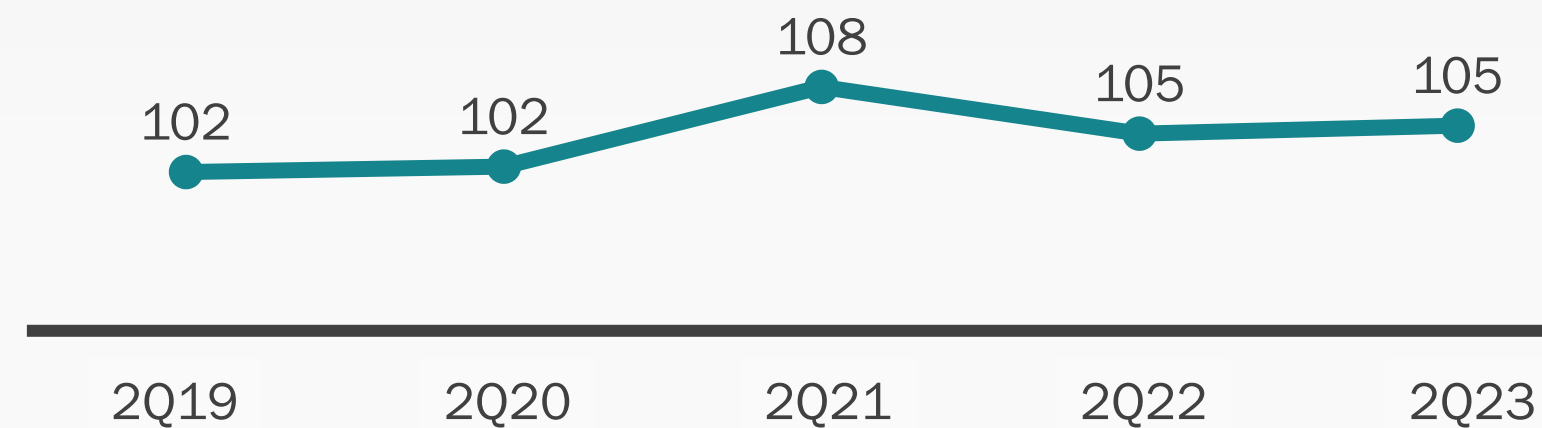


Strong cash generation

in R\$ million	2Q22	2Q23	Δ%	1H22	1H23	Δ%
EBITDA ex-IFRS 16	217	327	51%	527	736	40%
Change in working capital	(113)	(72)	-37%	(143)	(102)	-29%
Taxes (Income Tax/Social Contribution)	(11)	(17)	47%	(20)	(28)	37%
Operating Cash Flow	92	238	159%	364	606	67%
Capex	(123)	(114)	-8%	(210)	(219)	4%
(=) Free Cash Flow	(31)	125	n.a.	155	387	151%
Interest ex-IFRS 16	(109)	(96)	-12%	(216)	(250)	16%
(=) Free Cash Flow to Equity	(140)	28	n.a.	(61)	137	n.a.
Operating Cash Conversion ⁽¹⁾	42%	73%	30 p.p.	69%	82%	13 p.p.

Average Term of Receivables

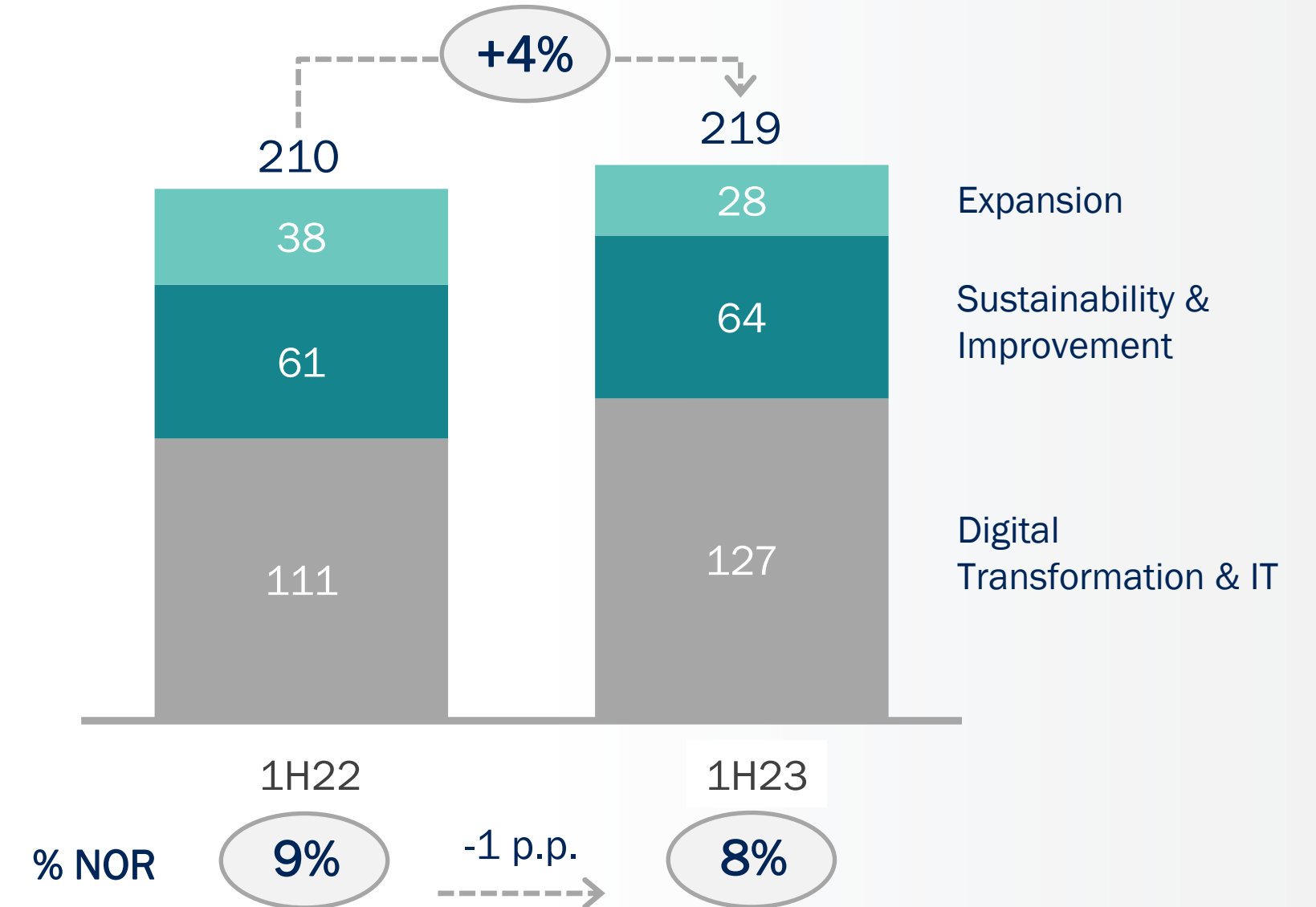
(ATR) (# days)



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

Capex

(R\$ million)



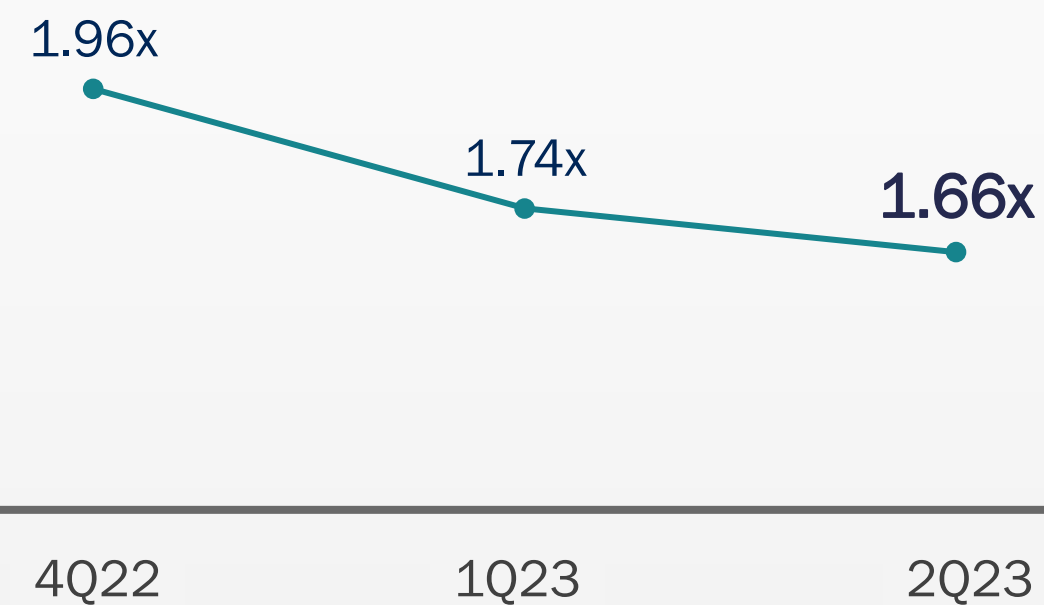
Revision of the 2023 Capex by R\$20 million
 (+4% vs R\$450 MM), after short-term growth opportunities were identified, especially for Semi on-campus, Medicine and Artificial Intelligence (AI).

Leverage reduction and next maturity only in 2024

R\$1.2 billion
Cash and cash equivalents

R\$2.7 billion
Net Debt ex-IFRS 16

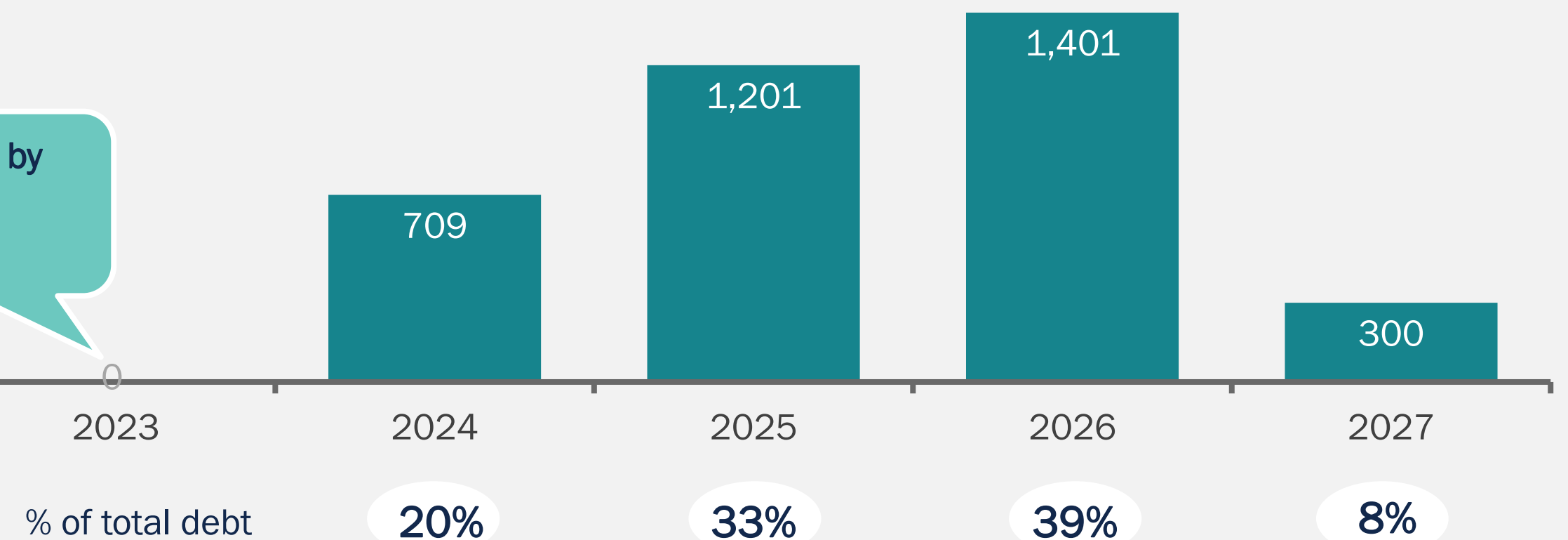
Leverage Ratio ⁽¹⁾ Reduction vs 2022



CDI + 1.97%
2Q23 Average cost

Debt amortization schedule ⁽²⁾ (R\$ million; principal amount only)

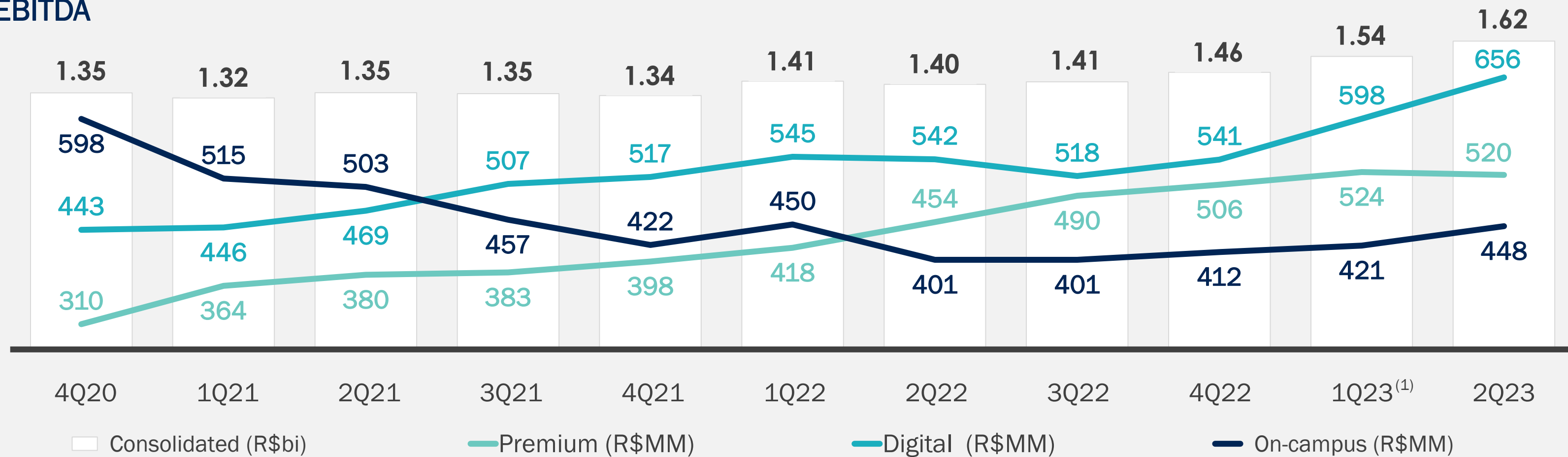
No maturity by
the end of
2023...



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

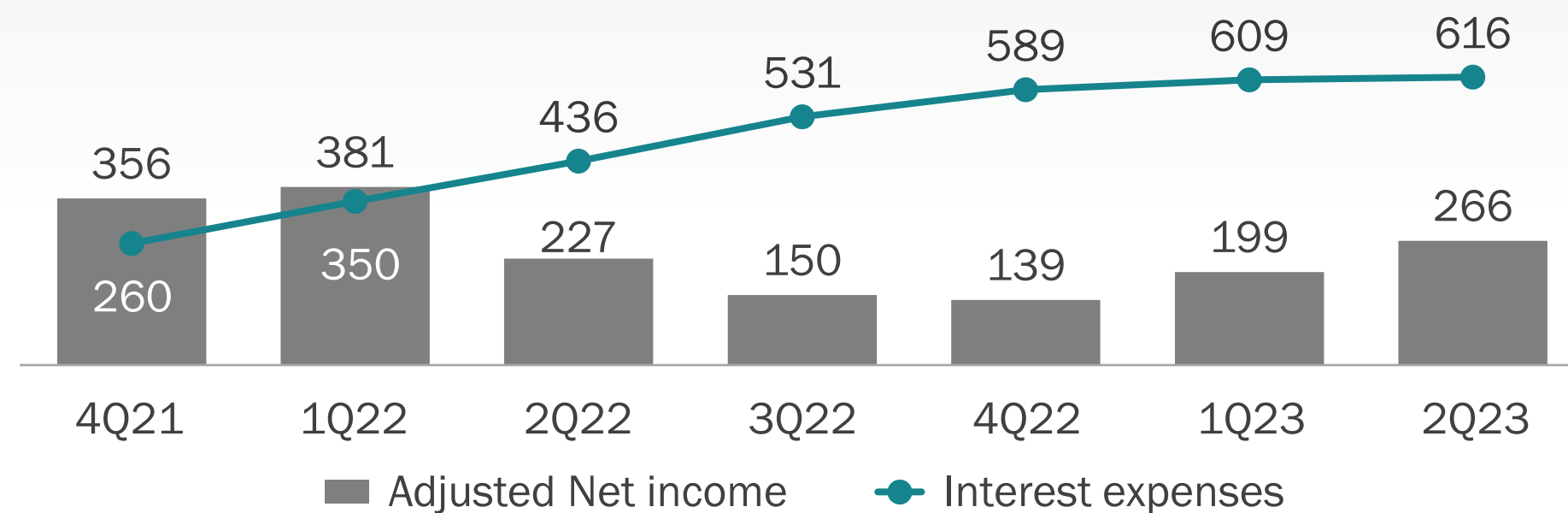
(2) Adjusted schedule, considering the optional acquisition (July/23) of part of the 6th debenture issue in the amount of R\$72 million of principal.

LTM adjusted EBITDA



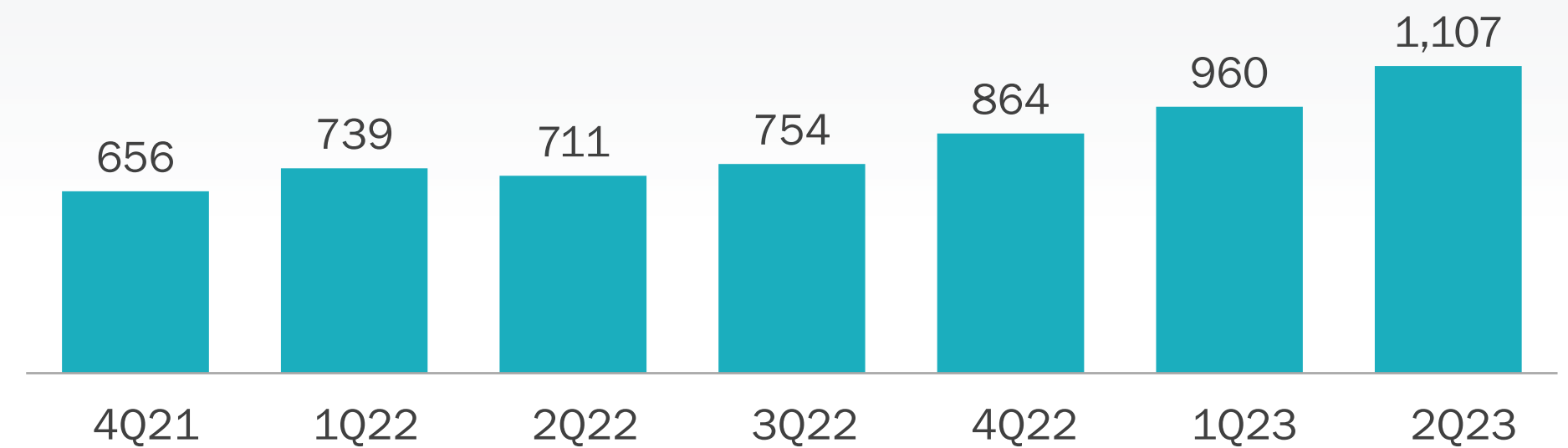
Adjusted Net Income and LTM Interest expenses ⁽²⁾

(R\$ million)



LTM Operating Cash Flow

(R\$ million)



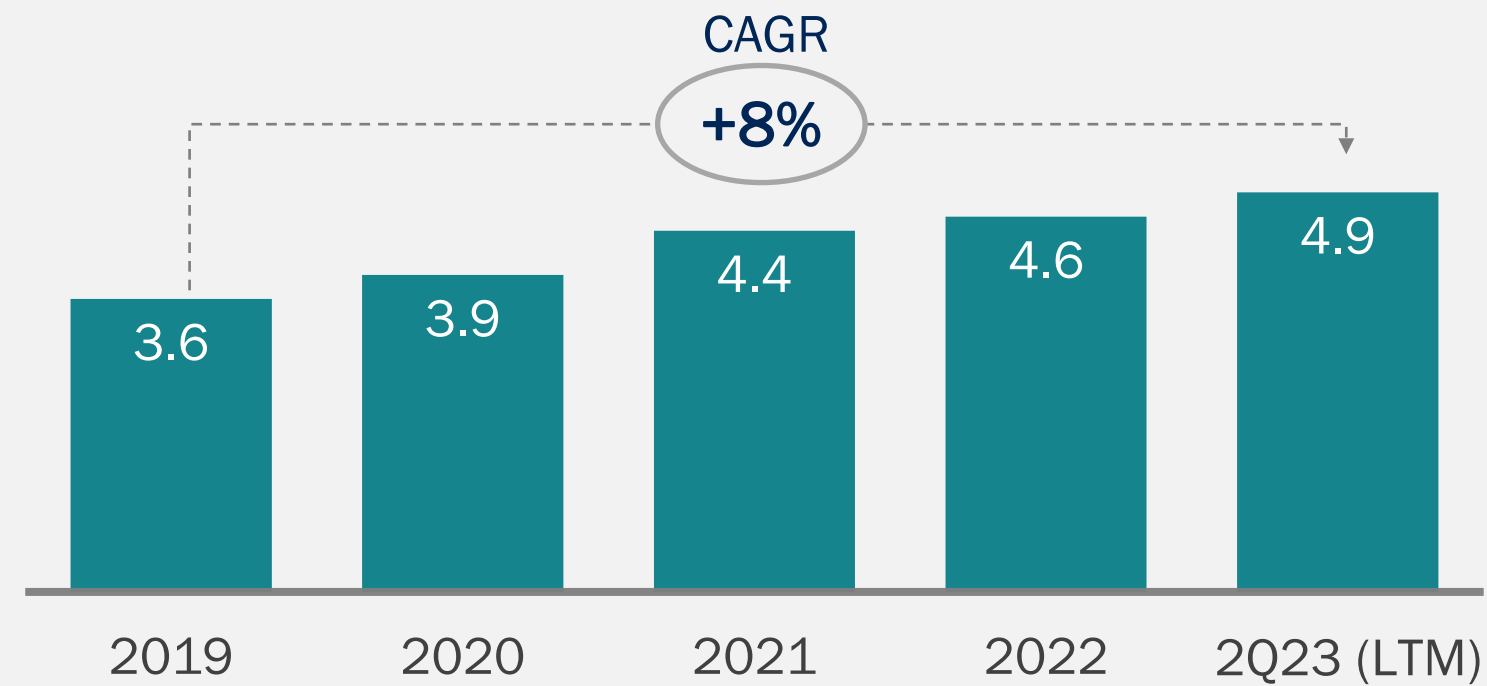
(1) Excluding mismatch FG-Fies effect on revenue between the Premium and on-campus.

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

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

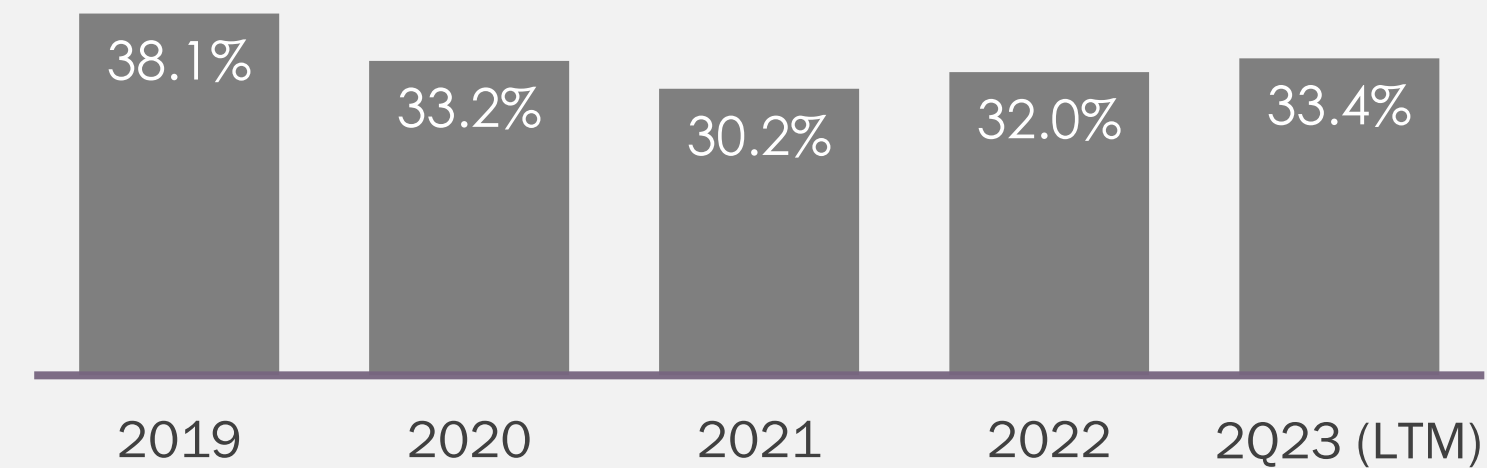
Net Revenue

(R\$ billion)



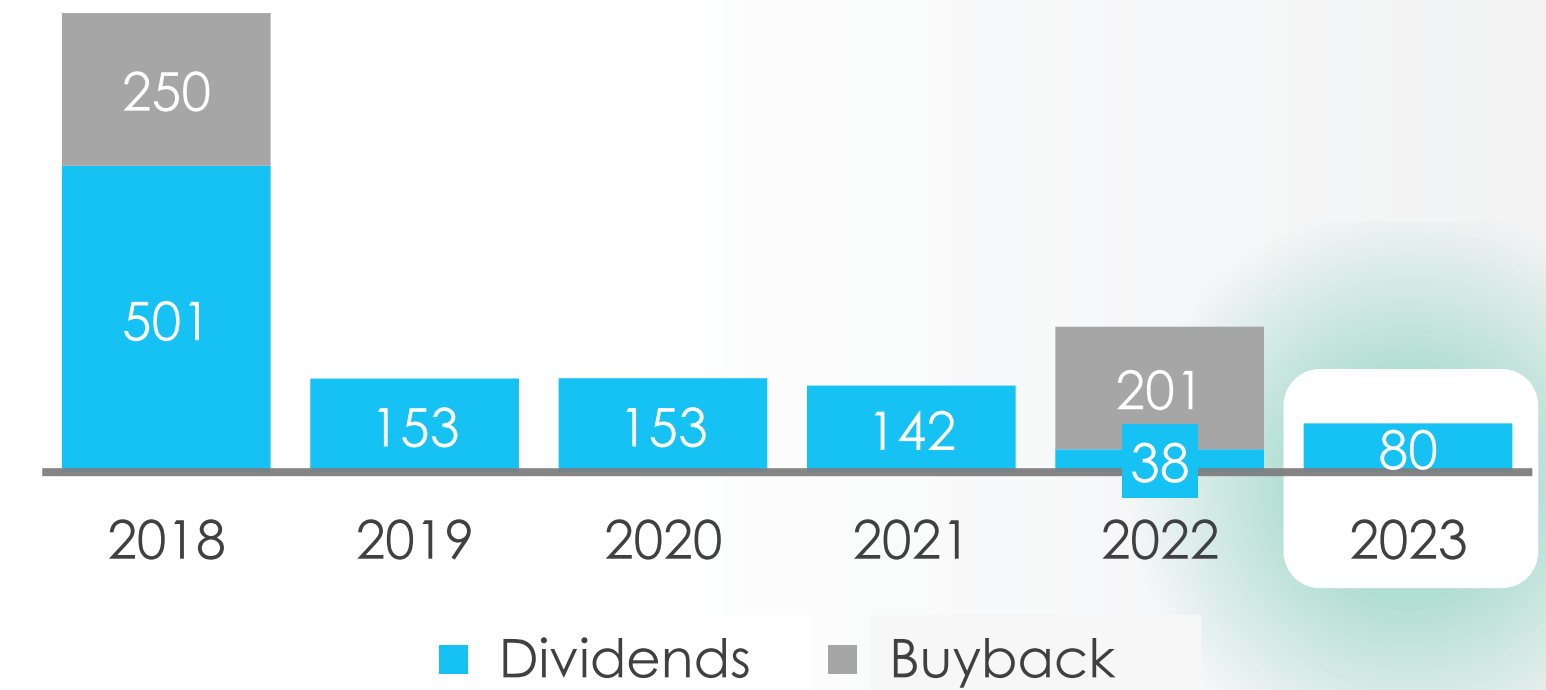
Adjusted EBITDA Margin

(%)



Dividends and Share Buyback ⁽¹⁾

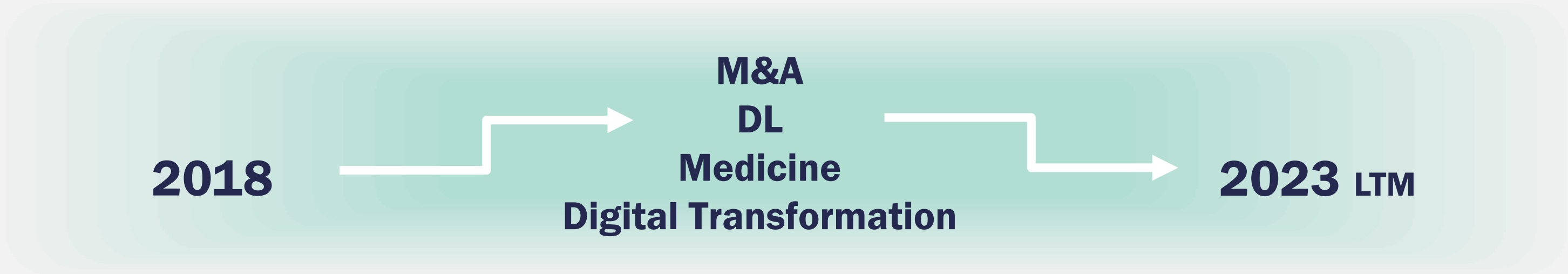
(R\$ million)



**Payment of Dividends
every year
since the IPO in 2007**

(1) Dividends and share buyback cash.

Over the past 5 year we have transformed into a digital institution independent from the Government



Net Revenue R\$3.6 Billion

+6%
CAGR

Net Revenue R\$4.9 Billion

Adjusted EBITDA R\$1.2 Billion

+7%
CAGR

Adjusted EBITDA R\$1.6 Billion

FIES share in Net Revenue 29%

-24 p.p.

FIES share in Net Revenue 5%

Premium + Digital share in
Net Revenue 22%

+35 p.p.

Premium + Digital share in
Net Revenue 57%



200 students graduated in the first semester

13 classes in units across all Brazilian regions.



128 students benefited from scholarships from the *rede de valor* Program.

R\$398.2k* raised in donations in the first semester
*Amount does not consider the amount Yduqs doubles.



Online and **free-of-charge** study platform focused on the Enem examination, developed by Grupo Q.

138k students enrolled in the platform

New ESG Center



- Greater data availability;
- Information is more accessible to investors;
- Policies and relevant documents available for ratings and indexes;
- Exclusive page with targets and their progress can be monitored.



Produced by MSCI ESG
Research as of October,
2022



Environment

- Yduqs joined the Public Emissions Registry – Brazilian GHG Protocol Program
- GHG Inventory completed with scopes 1, 2 and 3

Diversity and Inclusion

- Highlight in the Ethos/Época Diversity Guide - only company in the Education industry
- Registration opened for the 3rd class of Black trainees.

Rating and indexes

- Submission of the Carbon Disclosure Project questionnaire – CDP
- Publication of the Responsible Marketing Policy
- Revision and publication of documents of the Data Privacy and Security management teams

ESG Rating - 68% improvement expected for the 2023 ESG Rating

Based on our pricing discipline and a winning portfolio strategy, we achieved significant EBITDA growth and margin expansion as a result of our **strong operating leverage**.



AT of upperclassmen of +1 yr up vs 2Q22

Medicine: +10% | Ibmec: +12% | Digital: +13% | On-Campus: +9%



Digital Intake +45% vs 2Q22

Exceeded the Guidance by 25 p.p.



Quarterly net revenue +15% vs 2Q22

Premium: +12% | Digital: +31% | On-Campus: +6%



Guidance for EBITDA between 10% and 20% exceeded: +24% vs 2Q22

Adjusted EBITDA Margin 32% (+2 p.p. vs 2Q22)



Net Income +R\$95 million

vs 2Q22



Free Cash Flow to Equity at +R\$169 million

vs 2Q22



R\$1.2 billion cash and cash equivalents

in 2Q23



1.66x leverage

down by 0.29x vs 4Q22

- ✔ **Dividends in 2H23** of R\$80 million – keeping up the tradition of paying dividends for 16 consecutive years.
- ✔ **3Q23 adjusted EBITDA** increasing between 10% and 20% vs 3Q22
- ✔ **On-campus intake for 2S23** increasing between 25% and 35% vs 2S22
- ✔ **Digital Learning intake for 3Q23** increasing between 10% and 20% vs 3Q22
- ✔ **Renewal rate** in line with historical figures (marginal change vs history)
- ✔ **2023 capex revision** by R\$20 million (+4% vs R\$450MM), after identifying short-term growth opportunities
- ✔ +130 to 160 **new medicine seats** expected to be approved in 2023: **+53 already approved in Alagoinhas**
- ✔ **Medicine undergraduate student base** expected for 2023: 8.2–8.3 thousand students



YDUQS



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