



YDUQS



EARNINGS RELEASE

1Q20

May 7th, 2020

YDUQ3 | YDUQY B3 ADR

Rio de Janeiro, May 7th, 2020 - **YDUQS Participações S.A.**, one of the largest organizations in Brazil's higher education private sector, **presents its results for the first quarter of 2020 (1Q20).**

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

This document may have forward-looking statements that are subject to risks and uncertainties that 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.

EARNINGS CONFERENCE CALL

May 8th, 2020 | 09:00 a.m. (EST)

+55 (11) 3137-8056

[Click here to access the WebCast](#)

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We closed the quarter with the exciting news that our first semester intake cycle remained strong and that we were able to deliver on our expectations despite the impact of COVID-19 at the end of the process.

COVID-19

Since day one, our priority has been to guarantee the health and safety of everyone and maintain the academic activity reducing the impact to our students as much as possible.

With almost 100% of our employees on home-office, we were able to quickly and in a structured manner resume the on-campus operation through live broadcasted classes via digital platforms, thus keeping the routine unchanged for our professors body and students without any disruptive changes in the academy calendar for our more than 300 thousand on-campus students. With more than 15 thousand classes taking place each week, we quickly reached ~80% attendance (considering real time and remote access), with a high level of satisfaction, also above 80%. All of these indicators fill us with pride as they are the result of a strong and dedicated team, capable of achieving great things.

For the society, we extend the care and dedication we have with our students. Among several actions that were taken, I would like to highlight one that made us very proud, the project called Resolve SIM. In partnership with Eleva Educação group, in develop a platform to help public school students to continue studying and prepare for ENEM and other entrance exams. The initiative already impacted up to 100 thousand people. We also need to highlight and congratulate the countless social initiatives at our units spread all over the country, where students, teachers and employees come together to help local communities.

Quarterly results

Among the highlights of the first quarter I would call attention to four points: (i) expansion of our student base, reaching 633 thousand students despite another sharp reduction in FIES; (ii) the 8% YoY increase in net revenues excluding the effect of FIES; (iii) the impact of COVID-19 on EBITDA with consequent reduction of 9% YoY; and (iv) our high liquidity profile and strong cash position.

In the on-campus segment, excluding FIES students our base grew 9% when compared to the same period last year. Exposure to FIES, however, continues to decrease and now accounts for only 9% of our on-campus base (vs 25% in 1Q18). The ex-FIES average ticket ended the quarter at R\$739 per month, 2,5% below 1Q19.

In digital learning, we continue to see expansion on all fronts. On the operational side, student base reached 314 thousand with a solid 31% YoY growth and record intake in the 2020.1 cycle. In the same direction, revenues grew 27% YoY, indicating we are on the right path.

In medicine, we witness the same dynamics as digital learning. Student base continues to expand as new units come on stream and we are granted authorization to expand seats on our Mais Médicos units. As a result, revenues grew 30% when compared to same quarter last year. In all, we have a very favorable scenario for this segment and we expect to reach the mark of 10,000 students by 2024 distributed on our 15 units after the incorporation of 3 Adtalem medical schools.

This quarter, we were able to maintain revenues stability when compared to 1Q19 despite the sharp reduction of FIES program. Once more, digital learning and medicine played an important role and already accounts for 36% of our total revenue.

Costs and expenses showed the effects of the COVID-19 contingency plan while provisions for bad debt were also impacted by the crisis and higher intakes. We also saw the increase of advertising expenditures that allowed us to post record additions of new students. The 6% YoY increase in costs and expenses caused adjusted EBITDA to retract, reaching R\$351 million (-9% YoY). Despite the reduction of EBITDA, we firmly believe business fundamentals remain solid, with student base expansion, stable dropout rates, solid cash position and strong cash generation.

Adtalem

We now begin a new and important chapter of our history. Starting from April, we will have the strength of scale, quality and brand of Adtalem Brasil group. We are adding more than 100 thousand students to our portfolio, distributed in three national institutions: Ibmecc, Wyden and Damásio. Integration in progressing in an agile and efficient way. We will have an excellent administrative and teacher's body helping us on this important phase of our businesses integration. In 2019, Adtalem recorded R\$853 million in revenues and R\$255 million in EBITDA.

In the acquisition announcement, we disclosed cost and expenses synergies would amount approximately R\$80 million. At this phase of the integration process, we identified reasons to believe that synergies could be well above the previous estimates, particularly considering contributions on the revenues side with the integration of courses portfolio, development of premium digital learning, cross-selling opportunities (specially for Law and Medicine) and quality enhancement.

Conclusion

In summary, we ended the quarter with excellent results for intake, reaching almost 250 thousand new students and saw revenues stability despite the impact of COVID-19 on our EBITDA and bad debt expenses. Nevertheless we are confident that business fundamentals remain solid and evolving.

Despite high level of uncertainties and the still unknown effects of COVID-19 pandemic, our solid cash position give us the security to face challenges of the present and confidence to pursuit our long term plan. Even after the acquisition of Adtalem, our cash position remain strong at R\$1.5 billion – with net debt/EBITDA ratio of approximately 1.1x, placing us in a privileged position for consolidation opportunities.

Last but not least, we believe business should continue to grew with the help of our main leverages (DL, medicine and M&A). These fronts will emerge even stronger after the crisis.

Thank you for trust and support.

Eduardo Parente
CEO



STUDENTS

VIRTUAL CLASSES:

- **On-Campus:** The school year for 310,000 on-campus students continued through real-time lessons with the same teachers for the same classes since March 23.
15,000 classes per week
80% of student approval
- **Distance Learning:** Classes continue as normal, with no impact and with a high level of student engagement with the activities.
- **Medicine:** High level of engagement of medicine students with theoretical lessons in the virtual environment, with the use of high technology tools.
>95% of students engaged

STRATEGIC PARTNERSHIPS: In order to provide internet and benefits to Estácio students in the purchase of IT equipment.

ESTÁCIO COM VOCÊ: Up to 20,000 full scholarships or scholarships under especial payment conditions granted to students under vulnerability conditions and experiencing financial distress in the state of Rio de Janeiro.

COMMUNITY

RESOLVE SIM: a digital platform in partnership with Eleva Educação to help prepare high school students in the public segment for the ENEM and university entrance examinations.

RESOLVESIM
+ 100,000 accesses

FORMOU ESPERANÇA: initiative to receive donations in partnership with the Government of the state of Rio de Janeiro.

#ForYou ESPERANÇA

SUPPORT TO THE COMMUNITY: several initiatives at our units throughout the country to receive donations to be sent to people in need and safety equipment for local hospitals.

ONLINE COURSES: several short-term courses, made available for free during the quarantine to over 60,000 users.

YDUQS

FINANCIAL: Solid cash position and reduced debt even after Adtalem's Acquisition.

Cash Position | R\$ 1.5 Billion

HIGH LIQUIDITY: +100 initiatives to improve working capital profile and to mitigate the expected increase in delinquency.

EDUCATION INSURANCE: Estácio's students are insured to cover up to 6 months of tuition in case of unemployment.
100% of the base insured since 2015

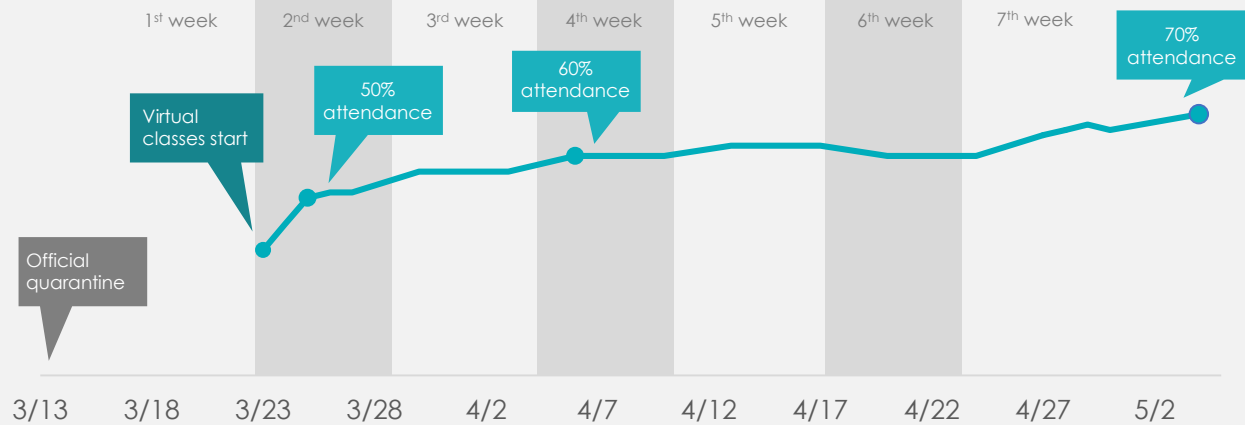
RETENTION: The entire sales team supporting the teams focused on retention initiatives.

SAFETY: 99% of employees working from home.

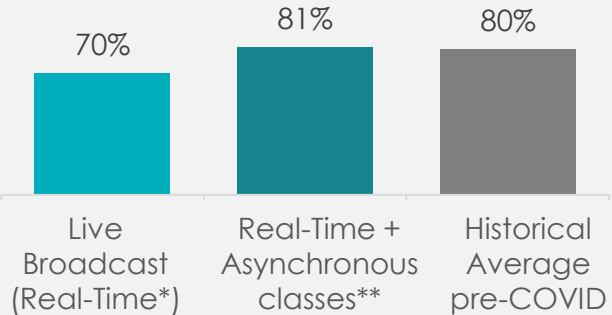


STUDENTS

Evolution of attendance in Real-Time classes* (%)



Student engagement in a superior level than the historical average



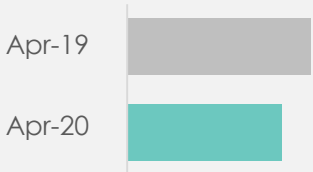
During the COVID-19 pandemic we sought to provide our students with an **agile response** and the best **quality** possible in times of social distancing, searching to keep our commitment to our students, whose **satisfaction level is over 80%**.

During such period, students have greatly **engaged** with the virtual lessons system with a gradual increase in **student attendance** since the beginning of this scenario and reaching **81% in the past week**, surpassing the historical average attendance prior to the pandemic.

Even in this challenging period, we were able to maintain **dropout rate under control**: 3.9% of dropout up rate up to April 2020 (vs. 3.6% in the same period of the previous year)

COMPANY

Low Impact on Revenue (% YoY)



Even though we expect low impact in revenue, as control measures adopted in the period, we have decided to **postpone some cash disbursements** such as the Bonus/Employee Profit Sharing, payment of dividends, capex, in addition to possible renegotiation of some contracts.

Regarding our employees, despite the challenges, we took some measures always focused on the **commitment to maintaining the job positions**:

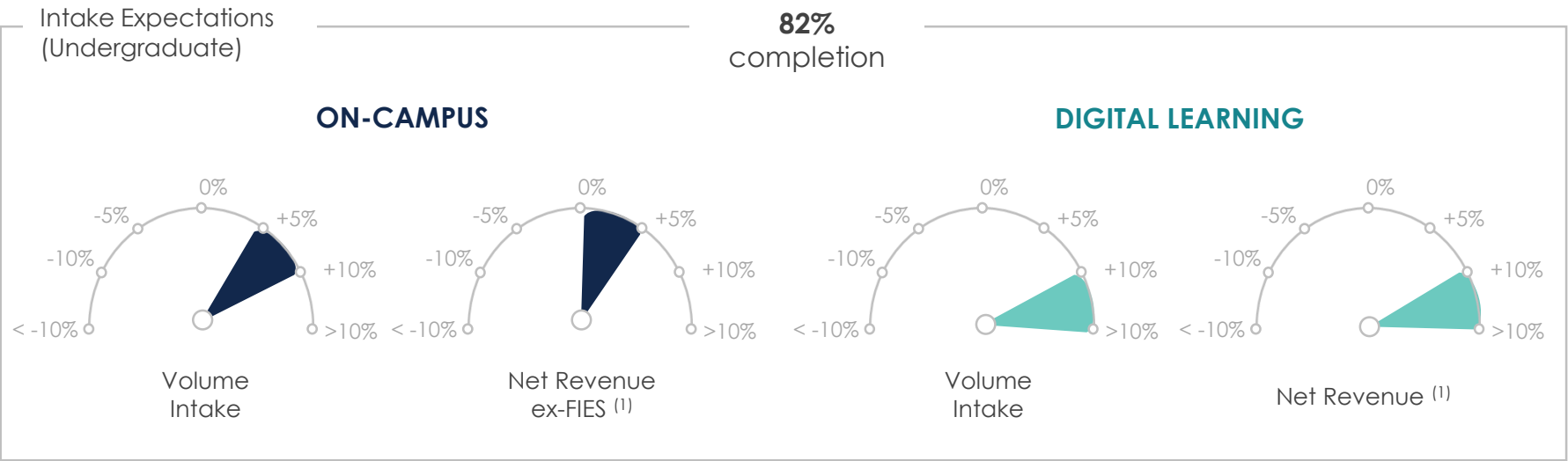
- 99% of the employees are **working from home**
- **25% reduction in work hours** and employment contract suspension with no wage impact for employees (according to Executive Order 936¹)



* Real Time classes: Classes which are broadcasted live, in real-time, with the same classes and time schedule as prior to the quarantine.

** Asynchronous classes: Access to previously recorded classes.

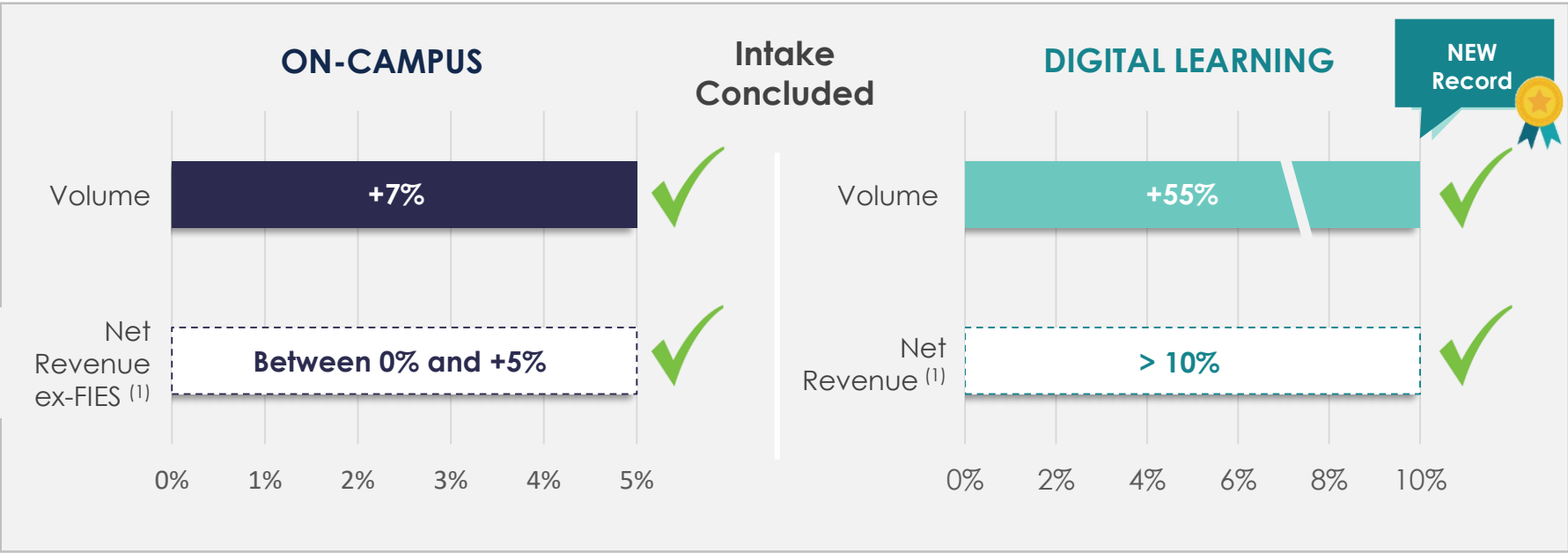
(1) Executive order that allows a temporary flexibilization of labor laws, enacted on April 1st, 2020



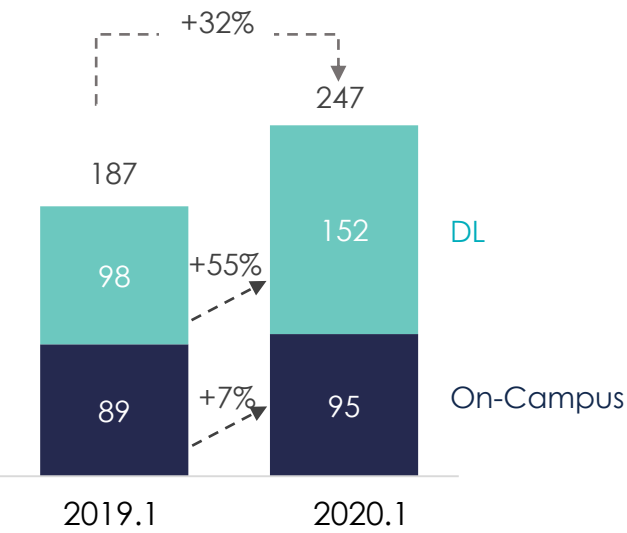
Despite the impacts caused by the Coronavirus, especially in the on-campus segment, the company showed a growth superior to 30% YoY in total intake in the first semester of 2020.

In 2020.1, the performance of the distance learning segment can be highlighted, as its intake totaled 152,000 students in this period, reaching a new record.

Regarding the revenue in the semester, the Company maintains its expectations from the 4Q19 release.



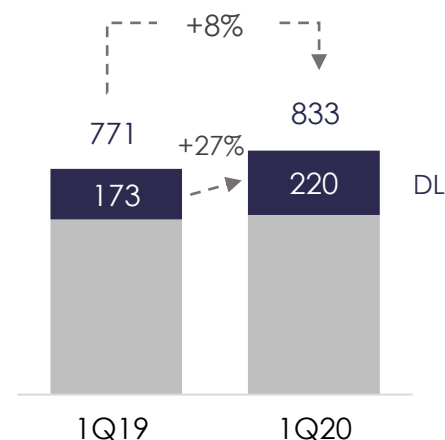
Undergraduate Intake 2020.1
(Thousand students)



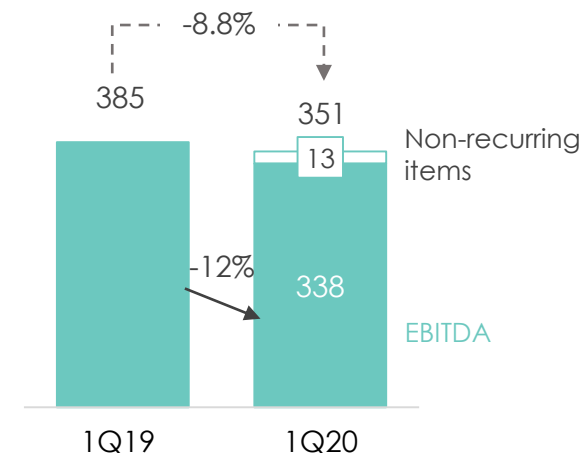
QUARTER HIGHLIGHTS

| (R\$ MM) | 1Q19 | 1Q20 | Δ% |
|--|--------------|--------------|---------------|
| Net Revenues | 932.6 | 923.3 | -1.0% |
| Gross Profit | 572.6 | 574.4 | 0.3% |
| Gross Margin | 61.4% | 62.2% | 0.8 p.p. |
| EBITDA | 384.6 | 337.7 | -12.2% |
| EBITDA Margin | 41.2% | 36.6% | -4.7 p.p. |
| Net Income | 240.8 | 167.9 | -30.3% |
| Net Margin(%) | 25.8% | 18.2% | -7.6 p.p. |
| Adjusted EBITDA⁽¹⁾ | 384.6 | 350.8 | -8.8% |
| Adjusted EBITDA Margin ⁽¹⁾ | 41.2% | 38.0% | -3.2 p.p. |
| Adjusted Net Income⁽¹⁾ | 240.8 | 180.9 | -24.9% |
| Adjusted Net Margin ⁽¹⁾ | 25.8% | 19.6% | -6.2 p.p. |

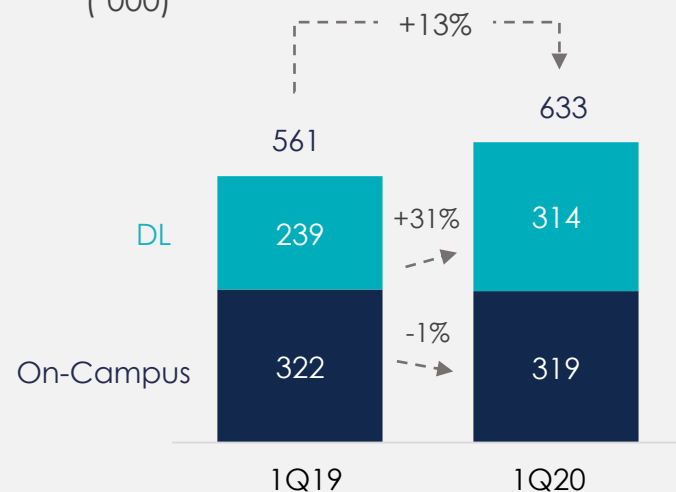
Net Revenue ex-FIES
(R\$ million)



Adjusted EBITDA⁽¹⁾
(R\$ million)



Total Student Base by Segment
(‘000)



+13% YoY
Total Student Base
633 thousand

+9% YoY
On-Campus
Undergraduate
Base (ex-FIES)
266 thousand

+31% YoY
Total DL Base
314 thousand

+32% YoY
Total Intake
2020.1
247 thousand

Strong **CASH** generation
and high liquidity

81%
of cash
conversion ⁽²⁾

R\$1.5 bln
Cash and cash equivalents
after Adtalem

1.1x
Net debt/EBITDA 12M
after Adtalem ⁽³⁾



(1) Non recurring expenses adjustments detailed in EBITDA section.

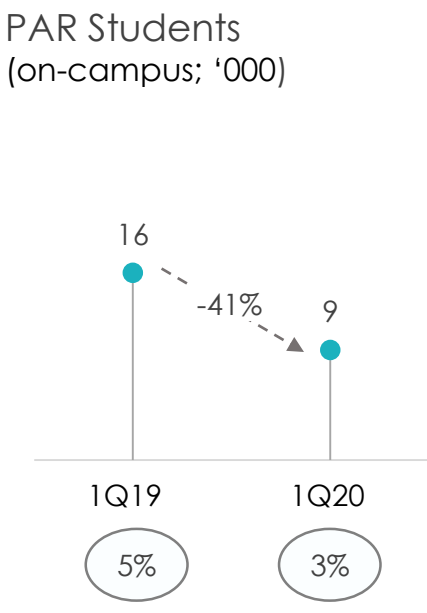
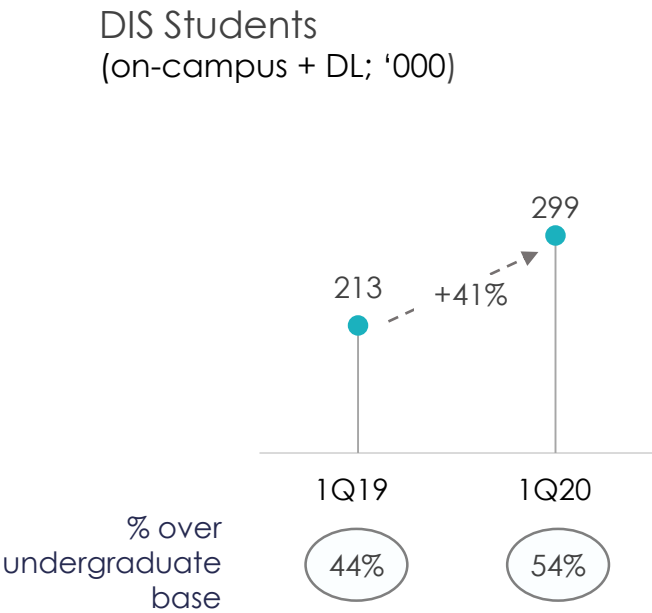
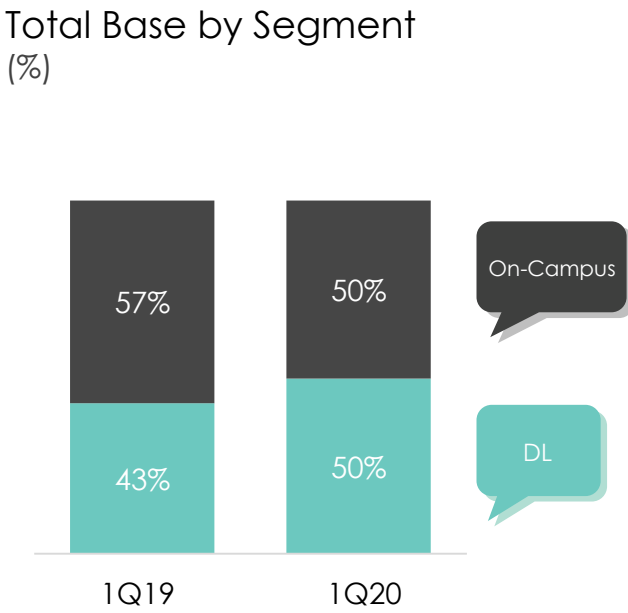
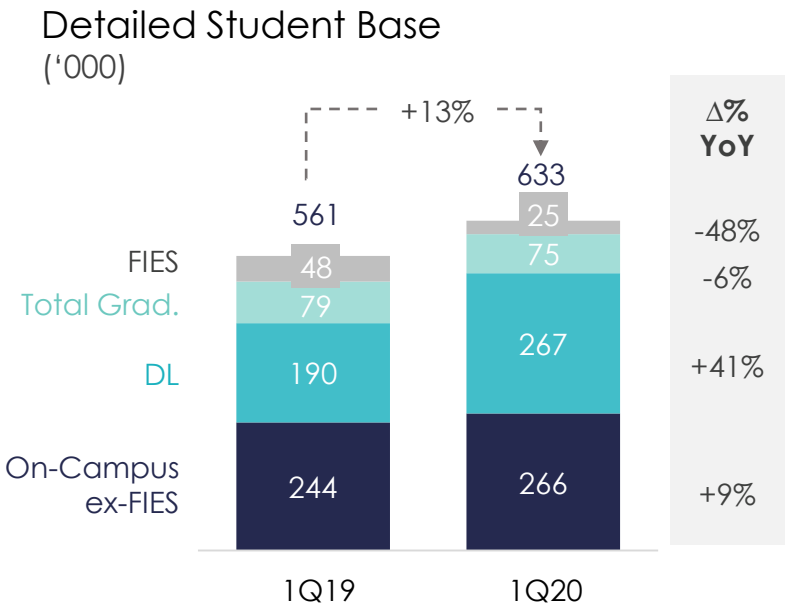
(2) Cash conversion in 121% reported and 81% when adjusted by -R\$136 million due to the delay of FIES transfer in December, 2019 (received in January, 2020). Cash Conversion = Operating Free Cash Flow before Capex divided by reported EBITDA.

(3) Net debt excludes leasing (IFRS-16)

STUDENT BASE: OVERVIEW

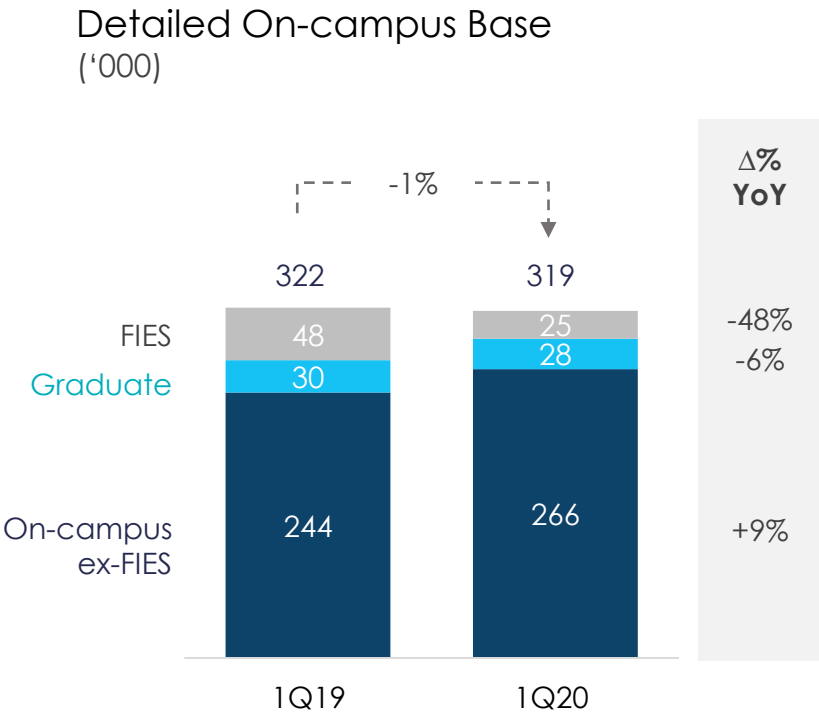
| ('000) | 1Q19 | 1Q20 | Δ% |
|--------------------|-------|-------|-------|
| Base total | 561.2 | 632.5 | 12.7% |
| Undergraduate | 482.0 | 557.9 | 15.8% |
| On-campus | 292.4 | 290.9 | -0.5% |
| Unitoledo | - | 4.5 | N.A. |
| Distance Learning | 189.6 | 267.0 | 40.8% |
| Graduate | 79.2 | 74.6 | -5.9% |
| On-campus | 29.7 | 28.0 | -5.8% |
| Unitoledo | - | 0.6 | N.A. |
| Distance Learning | 49.6 | 46.6 | -5.9% |
| Total Base ex-FIES | 512.7 | 607.2 | 18.4% |

| | | | |
|--------------------------------|-------|-------|-----------|
| Payment Method (Undergraduate) | | | |
| DIS (On-Campus + DL) | 212.6 | 299.3 | 40.8% |
| % of undergraduate base | 44.1% | 53.6% | +9.5 p.p. |
| PAR | 15.6 | 9.2 | -41.2% |
| FIES | 48.5 | 25.4 | -47.6% |



| ('000) | 1Q19 | 1Q20 | Δ% |
|------------------------|--------------|--------------|--------------|
| Total On-campus | 322.0 | 318.9 | -1.0% |
| Undergraduate ex-FIES | 243.9 | 265.5 | 8.9% |
| Undergraduate | 292.4 | 290.9 | -0.5% |
| Out-of-pocket | 228.2 | 256.3 | 12.3% |
| Unitoledo | - | 4.5 | N.A. |
| DIS | 105.6 | 130.9 | 24.0% |
| FIES | 48.5 | 25.4 | -47.6% |
| PAR | 15.6 | 9.2 | -41.2% |
| Graduate | 29.7 | 28.0 | -5.8% |
| Own | 15.9 | 14.9 | -6.2% |
| Unitoledo | - | 0.6 | N.A. |
| Partnerships | 13.7 | 13.0 | -5.3% |

| | | | |
|--------------------------------|-----|-----|-----------|
| % of on-campus base | | | |
| FIES / on-campus undergraduate | 17% | 9% | -7.9 p.p. |
| PAR / on-campus undergraduate | 5% | 3% | -2.2 p.p. |
| DIS / on-campus undergraduate | 36% | 45% | 8.9 p.p. |
| Number of Units | 93 | 93 | n.a. |



On-Campus: the segment ended 1Q20 with 319 thousand students, a slight 1.0% decrease YoY, due to the reduction in the FIES student base, largely offset by the increase in out-of-the-pocket students, that ended the quarter with a 12.3% increase YoY.

FIES Impact: Excluding FIES students, on-campus undergraduate base increased by 8.9% in 1Q20. The share of FIES students decreased to 9% of on-campus undergraduate base in the quarter (vs. 17% in 1Q19).

Financing: DIS student base in 1Q20 increased 24.0% YoY, accounting for 45% of on-campus undergraduate students and illustrating the success of the intake campaign. PAR students accounted for 3% of on-campus undergraduate base due to the Company's conservative approach to the program and the current discount policy.

| ('000) | 1Q19 | 1Q20 | Δ% |
|-------------------------|-------|-------|--------|
| Total Distance-Learning | 239.2 | 313.7 | 31.2% |
| Undergraduate | 189.6 | 267.0 | 40.8% |
| 100% online | 156.2 | 214.4 | 37.3% |
| Flex | 33.4 | 52.6 | 57.7% |
| Graduate | 49.6 | 46.6 | -5.9% |
| Own | 17.5 | 18.2 | 4.5% |
| Partnerships | 32.1 | 28.4 | -11.6% |
| DIS (DL Undergraduate) | 107.0 | 168.4 | 57.4% |
| 100% online | 84.9 | 134.8 | 58.8% |
| Flex | 22.1 | 33.6 | 52.0% |

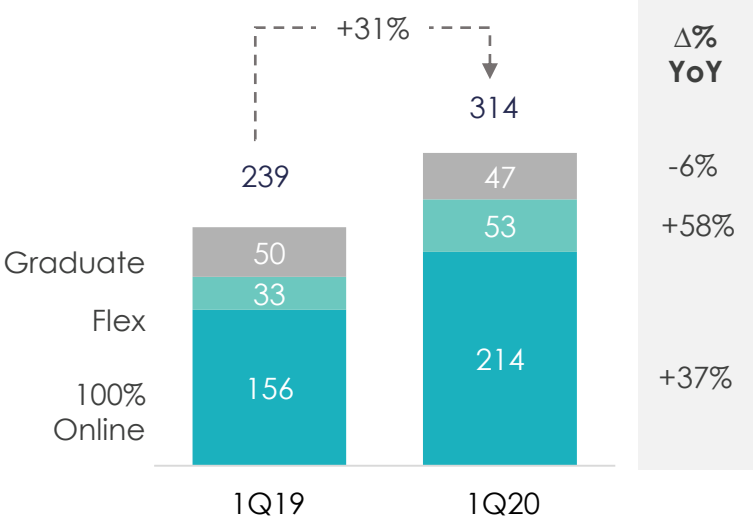
% of undergraduate base

| | | | |
|------------------------|-------|-------|----------|
| DIS / DL undergraduate | 56.4% | 63.0% | 6.6 p.p. |
|------------------------|-------|-------|----------|

Operational Data

| | | | |
|----------------------|-----|-------|-------|
| Number of DL Centers | 635 | 1,015 | 59.8% |
| Covered Cities | 478 | 726 | 51.9% |

Detailed Distance Learning Base
(‘000)



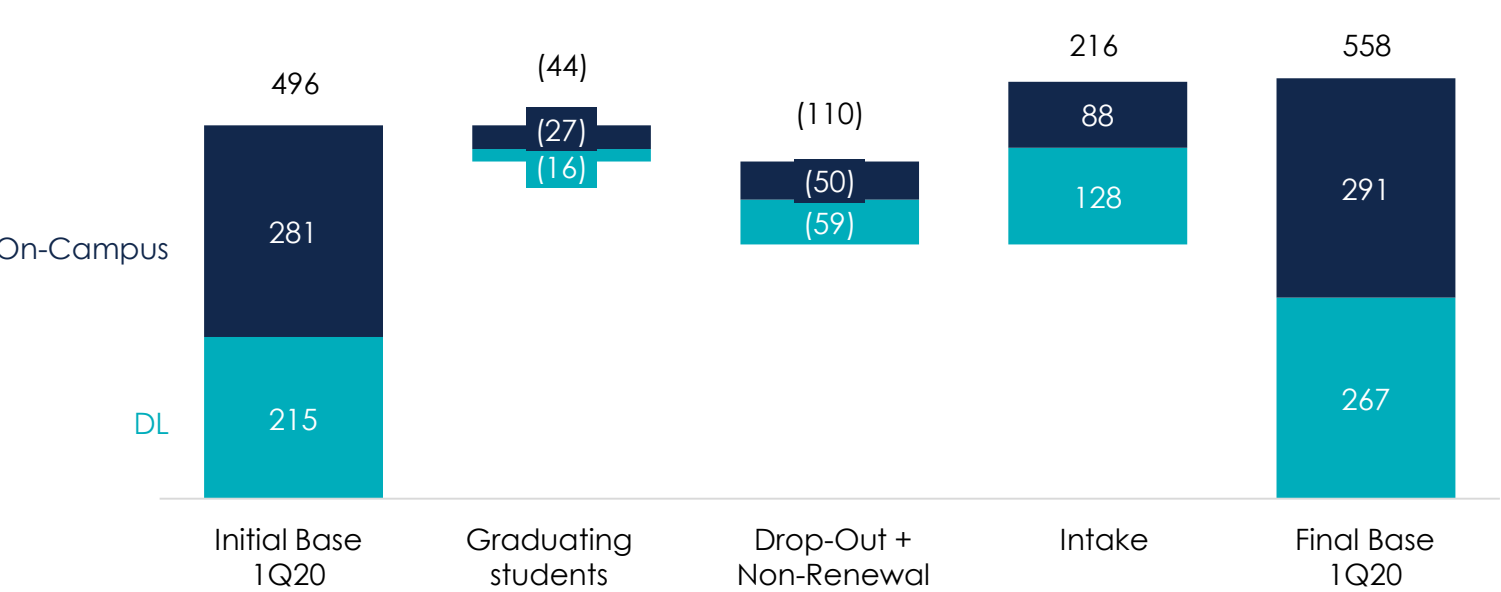
Distance Learning: Distance Learning segment remains at strong expansion pace with over 300 thousand enrolled students in 1Q20, recording growth of 31.2% YoY. In 1Q20, the Company started the distance learning segment at UniToledo.

100% Online: Totaled 214.4 thousand students in 1Q20 with a growth of 37.3% YoY.

Flex: In 2S19, the Company began to offer part of its Flex Courses portfolio in partner centers, contributing to boost growth in student base, and ended 1Q20 with 52.6 thousand students (+57.7% YoY).

Financing: In 1Q20, DIS Distance Learning student base came to 168.4 thousand students, accounting for 63% of Distance Learning undergraduate segment.

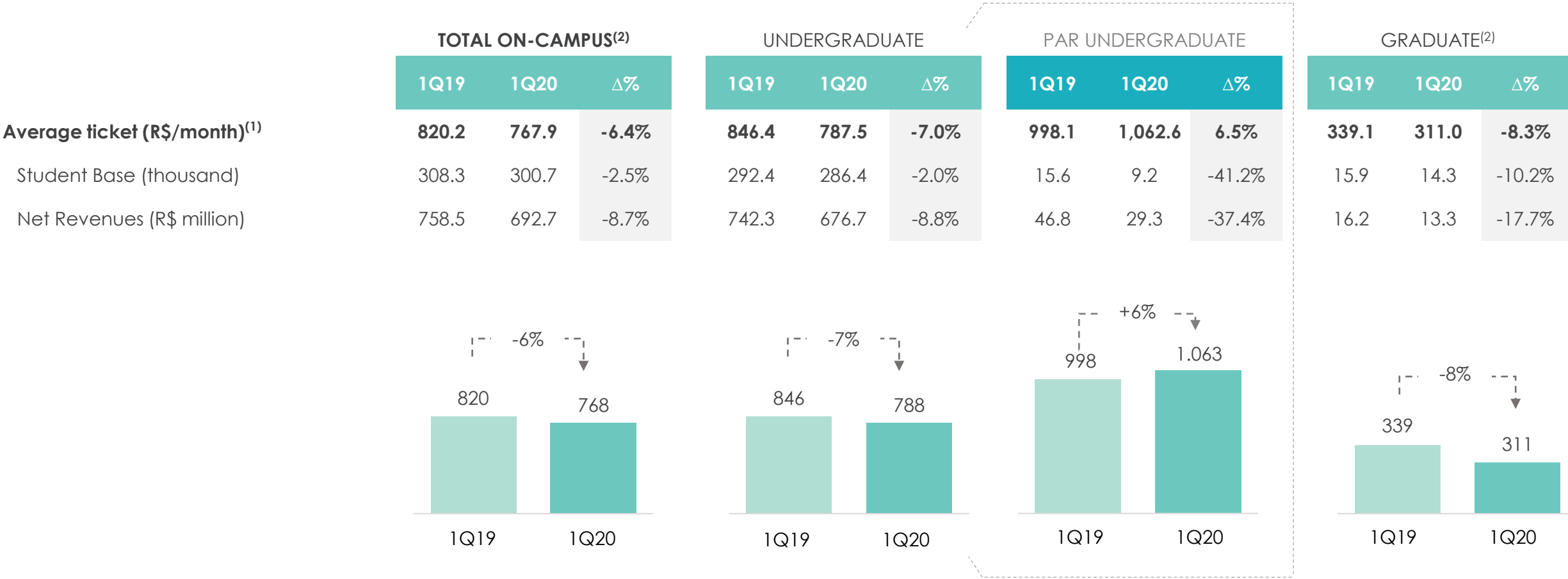
| ('000) | 1Q19 | Initial Base 1Q20 | Graduating students | Drop-out + Non-renewal | Intake | 1Q20 |
|----------------------|--------------|-------------------|---------------------|------------------------|--------------|--------------|
| Undergraduate | 482.0 | 495.5 | (43.8) | (109.8) | 216.1 | 557.9 |
| On-Campus | 292.4 | 280.9 | (27.3) | (50.4) | 87.8 | 290.9 |
| Out-of-pocket | 228.2 | 226.9 | (10.9) | (46.2) | 86.5 | 256.3 |
| FIES | 48.5 | 41.5 | (16.4) | (0.1) | 0.5 | 25.4 |
| PAR | 15.6 | 12.5 | - | (4.1) | 0.8 | 9.2 |
| DL | 189.6 | 214.6 | (16.5) | (59.4) | 128.3 | 267.0 |
| 100% Online | 156.2 | 179.3 | (14.6) | (47.7) | 97.6 | 214.4 |
| Flex | 33.4 | 35.4 | (1.8) | (11.6) | 30.7 | 52.6 |



Retention Rate⁽¹⁾

| Undergraduate | 1Q19 | 1Q20 | Δ% |
|---------------|-------|-------|-----------|
| On-Campus | 85.8% | 85.0% | -0.8 p.p. |
| DL | 82.8% | 81.8% | -1.0 p.p. |

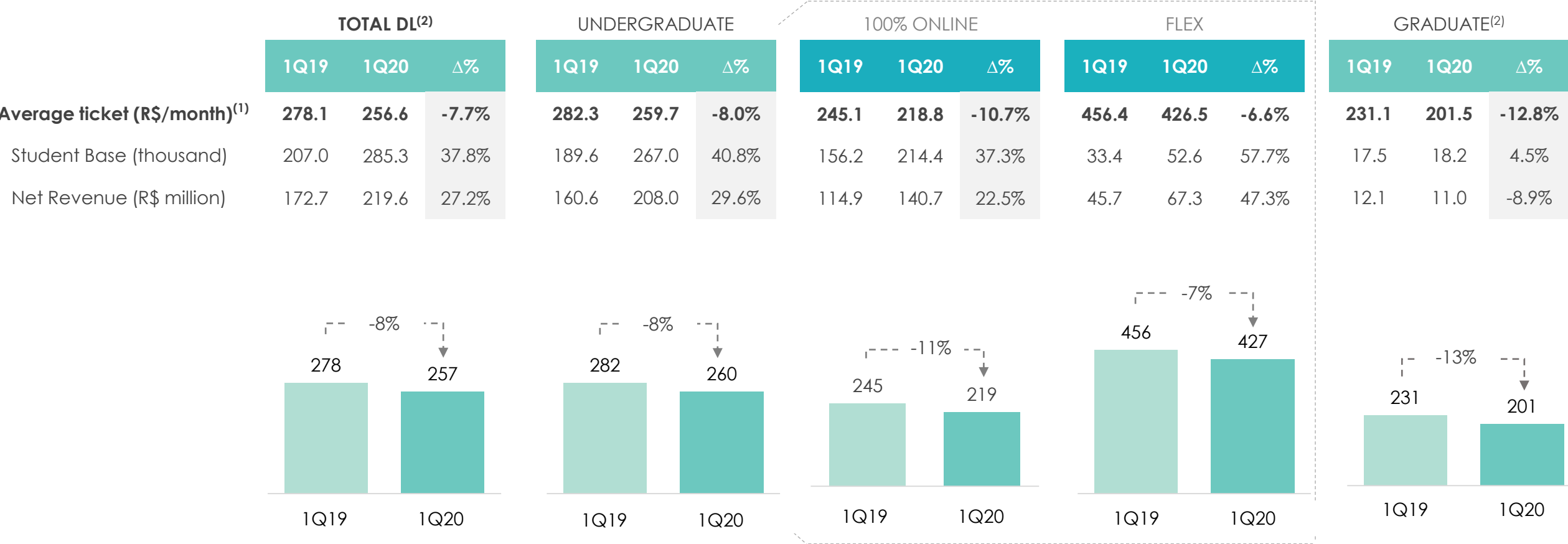
In 1Q20, **retention rate** for **on-campus segment** was 85.0%, while for the **Distance Learning** segment it was 81.8%, down by 0.8 p.p. and by 1.0 p.p. YoY respectively.



Total On-campus: average ticket totaled R\$767.9 in the quarter, a 6.4% decrease YoY. This decrease remains impacted by the higher discounts following an increase in intake initiatives on specific areas.

Undergraduate: In 1Q20, average ticket totaled R\$787.5, down 7% over 1Q19. Excluding FIES, on-campus undergraduate average ticket would have totaled R\$739.1 in the quarter (-2.5% YoY).

Graduate: average ticket totaled R\$311.0 in the period, down by 8.3% YoY.



Distance Learning Undergraduate: Undergraduate average ticket totaled R\$259.7 in the quarter, a decrease of 8.0% versus 1Q19, mainly as a result of the 100% online ticket, partially offset by the lower decrease in Flex ticket.

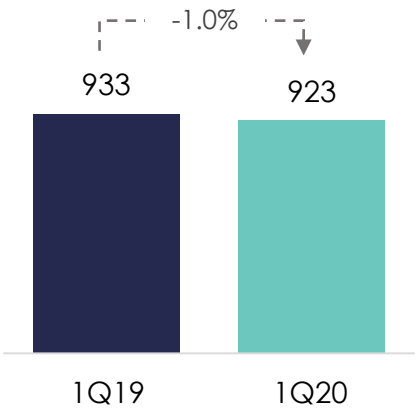
100% Online: Ended the quarter with an average ticket of R\$218.8, down by 10.7% YoY due to greater discounts in certain areas.

Flex: Average ticket was down by 6.6% in the quarter compared to 1Q19. The offer of these courses in partner centers remains a driver for such performance due to the nature of courses available at partner centers compared to those offered at own centers.

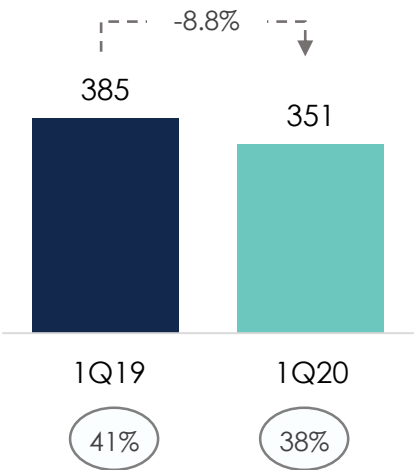
INCOME STATEMENT

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|--|----------------|----------------|---------------|
| Gross Revenue | 1,528.8 | 1,694.2 | 10.8% |
| Monthly tuition fees | 1,517.8 | 1,686.5 | 11.1% |
| Others | 11.1 | 7.7 | -30.1% |
| Deductions from gross revenue | (596.2) | (771.0) | 29.3% |
| Net Revenue | 932.6 | 923.3 | -1.0% |
| Cost of Services | (360.1) | (348.9) | -3.1% |
| Gross Profit | 572.6 | 574.4 | 0.3% |
| Gross Margin | 61.4% | 62.2% | 0.8 p.p. |
| Selling Expenses | (156.3) | (179.6) | 14.9% |
| G&A Expenses | (129.0) | (154.3) | 19.6% |
| Other Revenue/Expenses | 3.8 | 4.0 | 7.5% |
| (+) Depreciation and amortization | 93.6 | 93.2 | -0.5% |
| EBITDA | 384.6 | 337.7 | -12.2% |
| EBITDA Margin (%) | 41.2% | 36.6% | -4.7 p.p. |
| Financial Result | (44.3) | (70.4) | 59.1% |
| Depreciation and amortization | (93.6) | (93.2) | -0.5% |
| Income Tax | (4.0) | (4.5) | 12.6% |
| Social Contribution | (2.0) | (1.8) | -7.6% |
| Net Income | 240.8 | 167.9 | -30.3% |
| Net Margin | 25.8% | 18.2% | -7.6 p.p. |
| Adjusted EBITDA⁽¹⁾ | 384.6 | 350.8 | -8.8% |
| Adjusted EBITDA Margin ⁽¹⁾ | 41.2% | 38.0% | -3.2 p.p. |
| Adjusted Net Income⁽¹⁾ | 240.8 | 180.9 | -24.9% |
| Adjusted Net Margin ⁽¹⁾ | 25.8% | 19.6% | -6.2 p.p. |

Net Revenue
(R\$ million)



Adjusted EBITDA ⁽¹⁾
(R\$ million)



Adjusted EBITDA
margin (%)

(1) Non recurring expenses adjustments detailed in EBITDA section.

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|---------------------------------|----------------|----------------|--------------|
| Gross Operating Revenue | 1,528.8 | 1,694.2 | 10.8% |
| Monthly Tuition Fees | 1,517.8 | 1,686.5 | 11.1% |
| Others | 11.1 | 7.7 | -30.1% |
| Gross Revenue Deductions | (596.2) | (771.0) | 29.3% |
| Discounts and scholarships | (551.0) | (728.4) | 32.2% |
| Taxes | (37.5) | (35.9) | -4.3% |
| AVP and other deductions | (7.8) | (6.8) | -13.2% |
| Net Revenues | 932.6 | 923.3 | -1.0% |
| On-Campus | 759.9 | 703.6 | -7.4% |
| DL | 172.7 | 219.6 | 27.2% |
| Net Revenues (ex-FIES) | 771.4 | 833.4 | 8.0% |
| On-Campus (ex-FIES) | 598.7 | 613.8 | 2.5% |

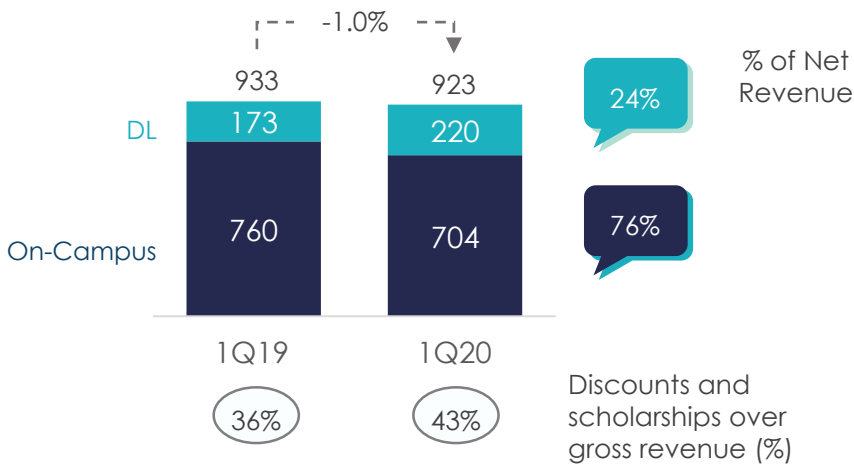
In 1Q20, the negative performance on **net revenue** is mainly due to the reduction of the FIES student base and the intensification of selling strategies in some areas in order to compensate for the loss of FIES students. In addition, the on-campus segment was impacted by the intake slowdown after the quarantine (COVID-19) period began.

Excluding the FIES effect, net revenue would have reached R\$833.4 million, an 8.0% YoY increase, due to the following factors:

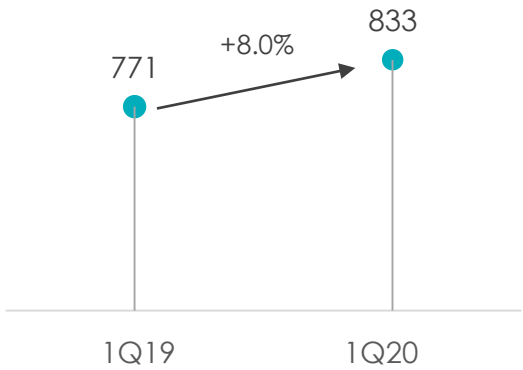
- Maintenance of the accelerated growth pace in the Digital Learning segment (+27% YoY) and in medicine courses (+30.1% YoY), which together now represent 36% of total revenue;
- Resilience of the on-campus segment, excluding FIES and medicine courses, totaling R\$505.8 million (-1.9% YoY).

In 1Q20, there was a significant reduction on **net revenue exposure to FIES**, decreasing to only 10% of total revenue (vs 17% in 1Q19).

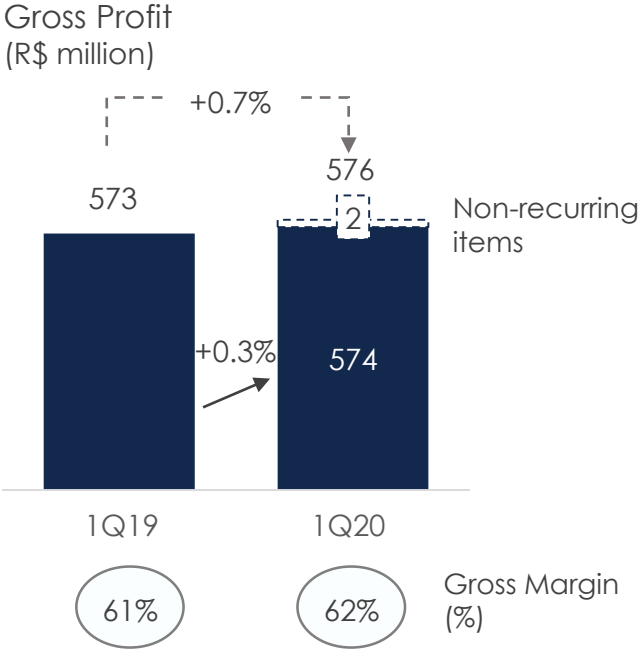
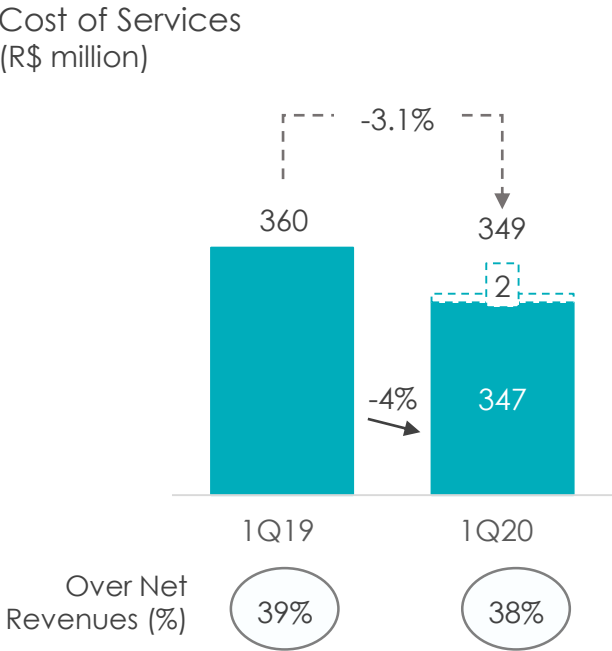
Net Revenue by segment
(R\$ million)



Total Net Revenue ex-FIES
(R\$ million)



| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|--------------------------------|----------------|----------------|--------------|
| Cost of Services | (360.1) | (348.9) | -3.1% |
| Personnel | (249.2) | (229.8) | -7.8% |
| Rent, taxes & other | (9.2) | (11.0) | 20.0% |
| Transfer of Centers & other | (8.8) | (19.0) | 116.2% |
| Third-party services | (13.6) | (14.2) | 5.1% |
| Utilities ⁽¹⁾ | (8.6) | (8.4) | -2.7% |
| D&A | (70.7) | (66.4) | -6.0% |
| Gross Profit | 572.6 | 574.4 | 0.3% |
| Gross Margin | 61.4% | 62.2% | 0.8 p.p. |
| Costs over Net Revenues | | | |
| Cost of Services(%) | 38.6% | 37.8% | -0.8 p.p. |
| Personnel (%) | 26.7% | 24.9% | -1.8 p.p. |



Cost of services decreased by 3.1% in the quarter, year-on-year. Costs with revenue sharing with DL centers doubled in the quarter, due to an increased number of partner centers as a result of the accelerated growth of Distance Learning. On the other hand, this growth was more than offset by a reduction in personnel costs, which have been gaining efficiency, from several operational researches such as faculty restructuring and improvement in student-per-class distribution.

In 1Q20, non-recurring costs with organizational restructuring totaled R\$2.1 million. Excluding such effect, **adjusted cost of services** would have come to R\$346.8 million, a 3.7% drop compared to the previous quarter.

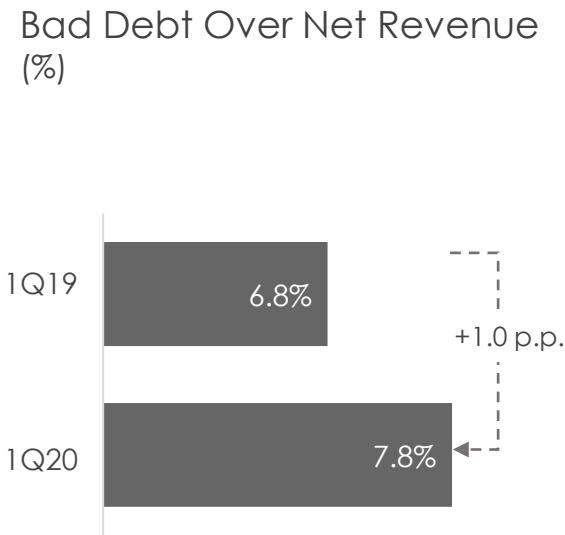
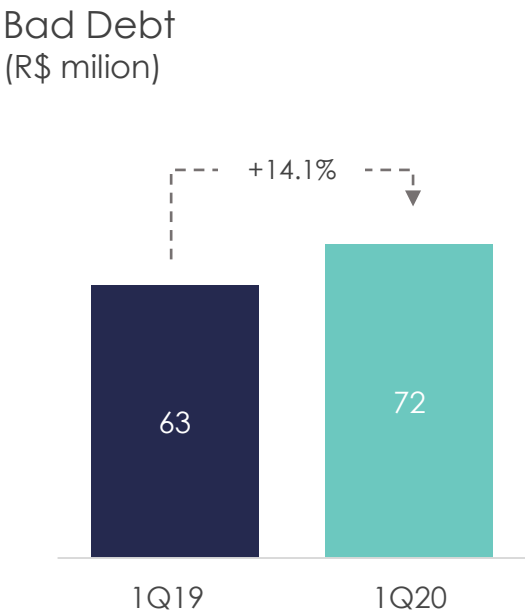
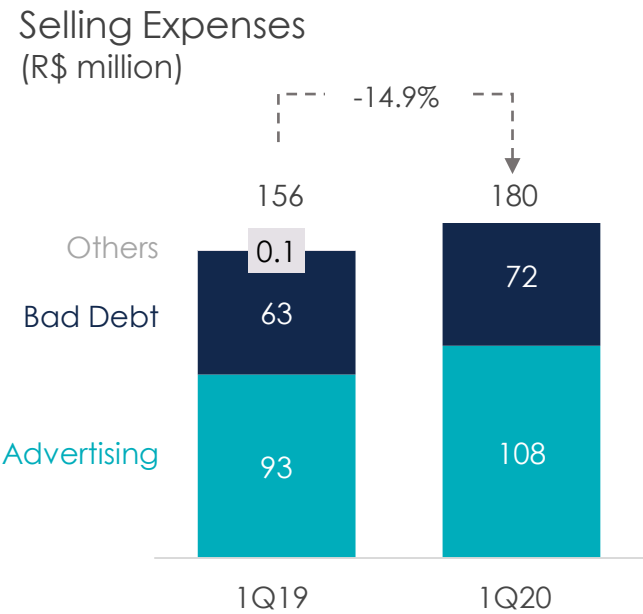
Gross profit remained stable, up 0.3% vs. 1Q19 and gross margin stood at 62.2% (+0.8 p.p. vs. 1Q19).

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|----------------------------------|----------------|----------------|--------------|
| Selling Expenses | (156.3) | (179.5) | 14.9% |
| Bad Debt | (63.0) | (71.8) | 14.1% |
| Out-of-pocket | (34.9) | (59.5) | 70.6% |
| PAR – long term (50%) | (11.9) | (1.9) | -84.4% |
| DIS – long term (15%) | (16.2) | (10.5) | -35.6% |
| Advertising | (93.2) | (107.7) | 15.5% |
| Others | (0.1) | (0.0) | -76.8% |
| Expenses over Net Revenue | | | |
| Selling Expenses (%) | 16.8% | 19.4% | 2.7 p.p. |
| Bad Debt (%) | 6.8% | 7.8% | 1.0 p.p. |
| Advertising (%) | 10.0% | 11.7% | 1.7 p.p. |

In 1Q20, **selling expenses** were up by 14.9% YoY, impacted by an increase in expenses with provisions for doubtful accounts (bad debt) and greater efforts on advertising in order to attract new students.

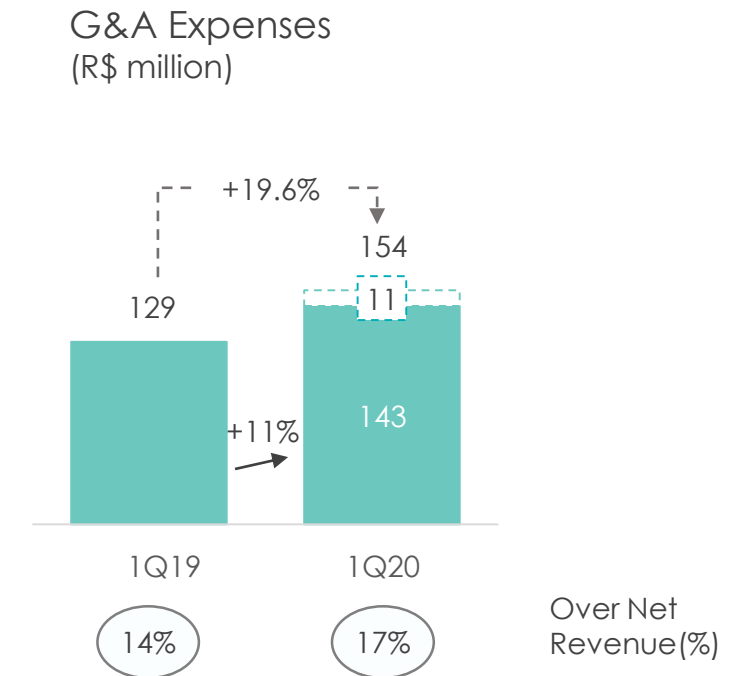
Bad debt expenses follow a trend to be in high levels due to the change in student base mix when compared to the previous year – greater volume of out-of-pocket students and lower amount of FIES students (with lower delinquency). In addition, the result was impacted by COVID-19, especially in out-of-pocket base, which also concentrates bad debt from PAR and DIS dropouts.

The Company ended 1Q20 with a **7.8% of bad debt as a percentage of total net revenue** (+1.0 p.p. vs. 1Q19).



GENERAL AND ADMINISTRATIVE EXPENSES

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|----------------------------------|----------------|----------------|-----------------|
| G&A Expenses | (129.0) | (154.3) | 19.6% |
| Personnel | (41.8) | (44.4) | 6.2% |
| Third-party services | (19.1) | (32.9) | 72.3% |
| Provision/contingencies | (21.3) | (22.4) | 5.2% |
| Maintenance & repairs | (8.3) | (9.8) | 18.9% |
| Other | (15.6) | (18.0) | 15.7% |
| D&A | (23.0) | (26.7) | 16.3% |
| Other revenue/expenses | 3.8 | 4.0 | 7.5% |
| Expenses over Net Revenue | | | |
| G&A Expenses(%) | 13.8% | 16.7% | 2.9 p.p. |

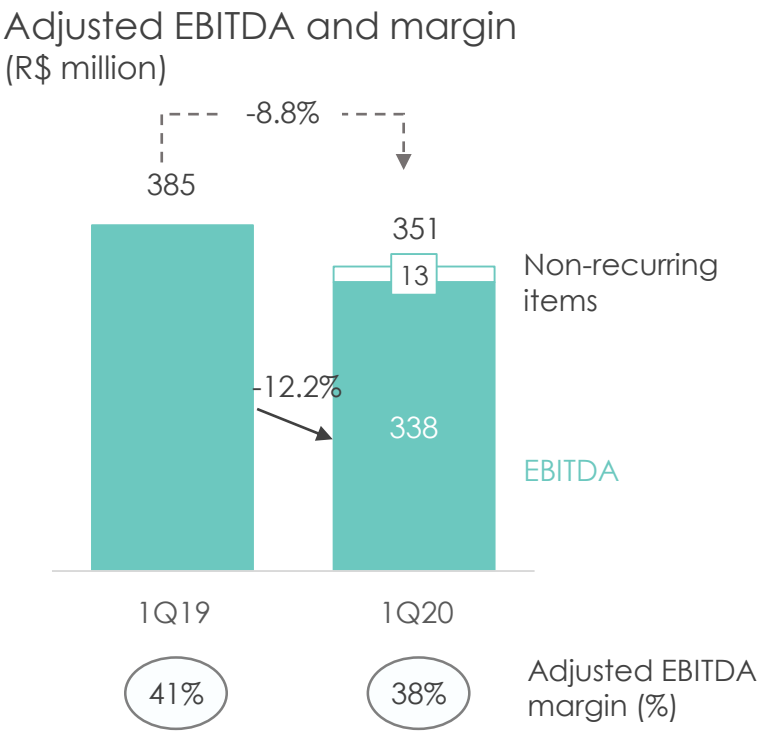


In 1Q20, **general and administrative expenses** were up by 19.6% YoY, mainly as a result of the following:

- New expenses related to the contingency plan for the COVID-19 crisis;
- Increase in third-party service expenses, including consulting services, related to the integration process of recent acquisitions;
- Increased expenses with maintenance and repairs, related to the maintenance of our units and software update.

Non-recurring expenses came to R\$10.9 million in the quarter and are mainly related to personnel restructuring and consulting services related to M&A and integration processes. Excluding these non-recurring amounts, **adjusted general and administrative expenses** would total R\$143 million (+11% vs. 1Q19).

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|-----------------------------------|--------------|--------------|-------------------|
| Net Revenue | 932.6 | 923.3 | -1.0% |
| Costs and Expenses | (641.6) | (678.7) | 5.8% |
| (+) Depreciation and amortization | 93.6 | 93.2 | -0.5% |
| EBITDA | 384.6 | 337.7 | -12.2% |
| <i>EBITDA Margin (%)</i> | <i>41.2%</i> | <i>36.6%</i> | <i>-24.7 p.p.</i> |
| Non recurring items | - | 13.1 | N.A |
| Organizational restructuring | - | 3.8 | N.A |
| Consulting | - | 8.9 | N.A |
| Other | - | 0.4 | N.A |
| Adjusted EBITDA | 384.6 | 350.8 | -8.8% |
| <i>Adjusted EBITDA margin (%)</i> | <i>41.2%</i> | <i>38.0%</i> | <i>-3.2 p.p.</i> |



In 1Q20, the Company's **EBITDA** totaled R\$337.7 million, 12.2% down on 1Q19 figures.

Excluding non-recurring items, **adjusted EBITDA** would have reached R\$350.8 million in the quarter, a decrease of 8.8% versus 1Q19 and **adjusted EBITDA margin** of 38.0% (-3.2 p.p. YoY).

The decrease in FIES revenue remain as one of the main pressures on EBITDA. Furthermore, the increase in costs and expenses, in great part as a result of contingency measures related to COVID-19, the increase in delinquency and greater advertising expenses in line with greater intake efforts, negatively impacted EBITDA’s performance in the first quarter of 2020.

FINANCIAL RESULT AND NET INCOME

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|--------------------------------|---------------|----------------|---------------|
| Financial Result | (44.3) | (70.4) | 59.1% |
| Financial Revenue | 28.5 | 180.2 | 533.1% |
| Fines and interest charged | 10.0 | 10.0 | -0.6% |
| Investment revenue | 12.8 | 10.1 | -20.9% |
| Inflation adjustment & Others | 5.6 | 160.1 | 2753.8% |
| Financial Expenses | (72.7) | (250.6) | 244.6% |
| Interest and financial charges | (23.6) | (20.4) | -13.6% |
| Financial discounts | (12.2) | (39.2) | 222.5% |
| Bank expenses | (10.2) | (3.5) | -65.2% |
| Adj. contingencies & other | (26.8) | (187.5) | 598.8% |

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|---|---------------|---------------|---------------|
| EBITDA | 384.6 | 337.7 | -12.2% |
| Financial Result | (44.3) | (70.4) | 59.1% |
| (+) Depreciation and amortization | (93.6) | (93.2) | -0.5% |
| Profit before tax | 246.7 | 174.2 | -29.4% |
| Income tax | (4.0) | (4.5) | 12.6% |
| Social contribution | (2.0) | (1.8) | -7.6% |
| Net Income | 240.8 | 167.9 | -30.3% |
| Net Margin (%) | 25.8% | 18.2% | -7.6 p.p. |
| Adjusted Net Income⁽¹⁾ | 240.8 | 180.9 | -24.9% |
| Adjusted Net Income Margin ⁽¹⁾ | 25.8% | 19.6% | -6.2 p.p. |

In 1Q20, **financial result** was at a worse level when compared to the same period last year due to an increase in expenses with financial discounts, chiefly related to more aggressive debt renegotiation campaign, and impacted by payment of fees to loans raised in the period.

The significant change in the level of financial revenues and expenses is due to the loans issued to finance Adtalem's acquisition and to strengthen the Company's solid cash position in times of great uncertainties related to the new Coronavirus crisis.

Net income totaled R\$167.9 million in 1Q20, a 30.3% YoY decrease, with a net margin of 18.2%, 7.6 p.p. lower than in the previous year. The drop in net income is due to the reduction in EBITDA and increase in financial discounts.

Excluding non-recurring items in EBITDA, net Income would have reached R\$180.9 million in the quarter, a decrease of 24.9% vs. 1Q19.



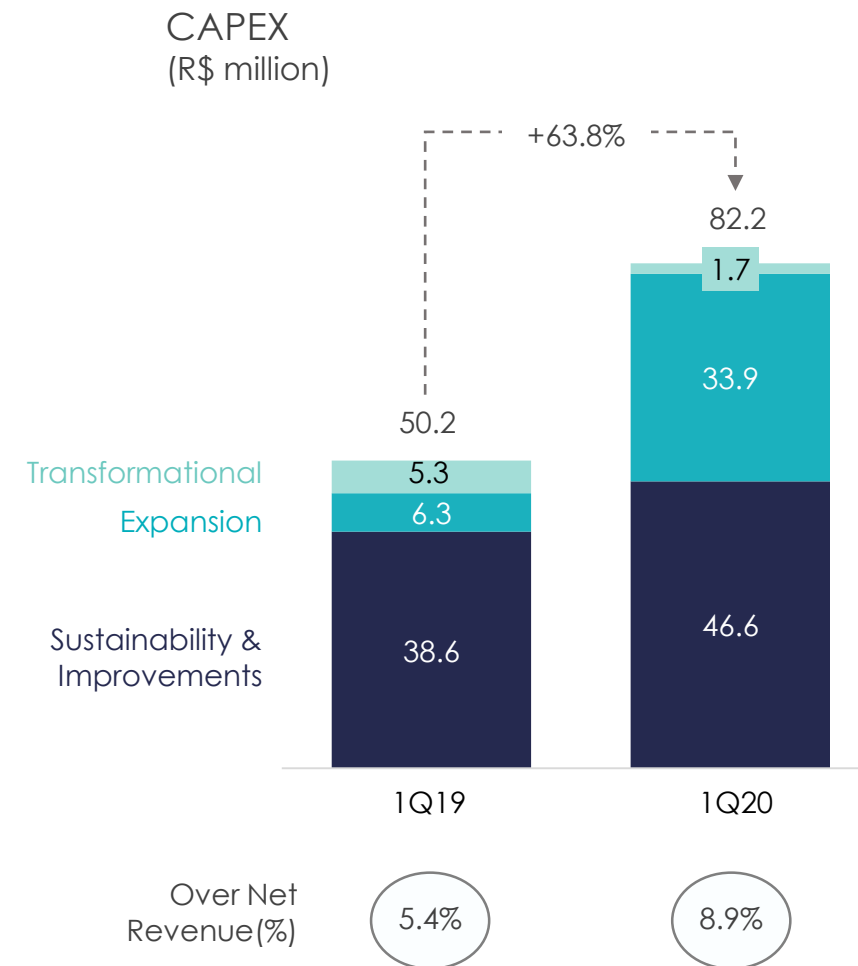
(1) Non recurring expenses adjustments detailed in EBITDA section.

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|-----------------------------------|-------------|-------------|--------------|
| Total Capex | 50.2 | 82.2 | 63.8% |
| Sustainability & Improvements | 38.6 | 46.6 | 20.8% |
| Expansion | 6.3 | 33.9 | 438.1% |
| Transformational | 5.3 | 1.7 | -67.9% |
| Capex over Net Revenue | | | |
| Total Capex (%) | 5.4% | 8.9% | 3.5 p.p. |
| Sustainability & Improvements (%) | 4.1% | 5.1% | 0.9 p.p. |

In 1Q20, total **CAPEX** was R\$82.2 million, an increase of 63.8% versus 1Q19, mainly due to investments in the expansion of our business. Such investments represented over 40% of total CAPEX and are related to the construction of three medicine units, including the newest and most modern campus in Barra da Tijuca, valued at approximately R\$30 million.

CAPEX related to sustainability and improvement totaled R\$46.6 million, up by 20.8% YoY, impacted by the anticipation of investments in software and licenses.

It is important to note that, despite its solid cash position, the Company considers to, and is prepared to, postpone a substantial part of investments budgeted for 2020 in case the COVID-19 crisis continues or worsens far beyond management's expectations.



| (R\$ million) | 1Q19 | 4Q19 | 1Q20 |
|--------------------------------------|----------------|----------------|----------------|
| Monthly tuition fees received | 1,007.7 | 1,069.0 | 1,154.8 |
| Out-of-Pocket | 531.5 | 593.8 | 579.0 |
| Exchange Deals | 24.3 | 11.7 | 12.3 |
| PAR | 198.3 | 206.7 | 211.2 |
| DIS | 253.6 | 256.7 | 352.4 |
| FIES | 227.6 | 295.6 | 178.6 |
| Other | 188.8 | 162.7 | 187.1 |
| Gross Accounts Receivable | 1,424.1 | 1,527.2 | 1,520.5 |

| | | | |
|---|----------------|----------------|----------------|
| Bad Debt | (439.8) | (471.2) | (506.0) |
| Out-of-Pocket ⁽¹⁾ | (323.8) | (340.7) | (363.2) |
| PAR – long term (50%) | (80.2) | (92.9) | (94.8) (a) |
| DIS – long term (15%) | (35.8) | (37.5) | (48.0) (b) |
| Amounts to be identified | (7.7) | (7.4) | (9.3) |
| Adjustment to presente value (APV)⁽²⁾ | (52.5) | (27.4) | (34.2) |
| APV PAR | (37.9) | (20.8) | (21.5) (c) |
| APV DIS | (14.6) | (6.6) | (12.7) (d) |
| Net Accounts Receivable | 924.0 | 1,021.2 | 971.0 |

In 1Q20, **gross receivables** totaled R\$1,520.5 million, up by 6.8% versus 1Q19, mainly as a result of new DIS students.

Net receivables came to R\$971.0 million, up by 5.1% over 1Q19, as a result of the increase in gross receivables, partially offset by higher bad debt related to dropout and the non-renegotiation of students with financing (PAR and DIS).

PAR and DIS Reconciliation

| (R\$ million) | PAR | | DIS | |
|--|-------------|-------------|-------------|-------------|
| | 1Q19 | 1Q20 | 1Q19 | 1Q20 |
| Gross revenue paid in cash | 27.2 | 16.2 | 9.1 | 13.0 |
| Gross revenue paid in installments | 23.3 | 15.1 | 136.1 | 178.4 |
| Taxes – revenue deductions | (2.4) | (1.3) | (5.8) | (6.7) |
| Adjustment to Present Value (APV) ⁽²⁾ | (1.3) | (0.7) Δ(c) | (6.5) | (6.1) Δ(d) |
| Bad Debt – long term (50%) | (11.9) | (1.9) Δ(a) | (16.2) | (10.4) Δ(b) |
| Bad Debt non-renegotiated dropouts | (8.6) | (9.9) | (9.9) | (18.9) |
| Bad Debt of Net Revenue (%) | 1.3% | 0.2% | 1.7% | 1.1% |



(1) Includes short-term DIS and PAR installments and student balance dropout and non-renewal DIS/PAR.
(2) Correction of installments based on IPCA and brought to present value on NTN-2024.

AVERAGE TERM OF RECEIVABLES

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|---------------|------|------|----|
|---------------|------|------|----|

Consolidated Average Term of Receivables

| | | | |
|---------------------------------|-----------|-----------|-------------|
| Net Accounts Receivable | 924.0 | 971.0 | 5.1% |
| Net Revenue (LTM) | 3,616.3 | 3,555.7 | -1.7% |
| Average Receivables Days | 92 | 98 | 6.5% |

FIES Average Term of Receivables

| | | | |
|--------------------------------------|-----------|------------|--------------|
| FIES Accounts Receivable | 227.6 | 178.6 | -21.5% |
| FIES Revenue (LTM) | 945.7 | 653.8 | -30.9% |
| FGEDUC deductions (LTM) | (74.6) | (52.5) | -29.7% |
| Taxes (LTM) | (39.0) | (24.1) | -38.2% |
| FIES Net Revenue (LTM) | 832.1 | 577.2 | -30.6% |
| FIES Average Receivables Days | 98 | 111 | 13.3% |

Non-FIES Average Term of Receivables

| | | | |
|--|-----------|-----------|-------------|
| Net Accounts Receivable (ex-APV) | 924.0 | 971.0 | 5.1% |
| Accounts Receivable Non-FIES | 696.5 | 792.4 | 13.8% |
| Net Revenue Non-FIES (LTM) | 2,784.2 | 2,978.4 | 7.0% |
| Non-FIES Average Receivables Days | 90 | 96 | 6.7% |

Consolidated ATR reached 98 days, up by 6.5% over 1Q19, following the increase in net receivables.

FIES ATR totaled 111 days, a 13.3% increase or 13 days over the same period of the previous year.

Ex-FIES ATR in 1Q20 totaled 96 days, up by 6.7% over 1Q19.

AGING AND CHANGES IN ACCOUNTS RECEIVABLE

Aging of Total Gross Accounts Receivable⁽¹⁾

Vertical Analysis

| (R\$ million) | 1Q19 | 1Q20 | Δ% | 1Q19 (%) | 1Q20 (%) |
|----------------------------------|----------------|----------------|-------------|-------------|-------------|
| FIES | 227.6 | 178.6 | -21.5% | 16% | 12% |
| Not yet due | 699.6 | 757.5 | 8.3% | 49% | 50% |
| Overdue up to 30 days | 98.5 | 113.5 | 15.2% | 7% | 7% |
| Overdue from 31 to 60 days | 43.9 | 51.7 | 17.9% | 3% | 3% |
| Overdue from 61 to 90 days | 8.8 | 25.7 | 190.6% | 1% | 2% |
| Overdue from 91 to 179 days | 171.2 | 169.1 | -1.2% | 12% | 11% |
| Overdue more than 180 days | 174.5 | 224.4 | 28.6% | 12% | 15% |
| Gross Accounts Receivable | 1,424.1 | 1,520.5 | 6.8% | 100% | 100% |

Aging of Agreements Receivable⁽²⁾

Vertical Analysis

| (R\$ million) | 1Q19 | 1Q20 | Δ% | 1Q19 (%) | 1Q20 (%) |
|------------------------------|-------------|-------------|--------------|-------------|-------------|
| Not yet due | 46.1 | 37.0 | -19.7% | 56% | 46% |
| Overdue up to 30 days | 3.9 | 6.1 | 55.9% | 5% | 8% |
| Overdue from 31 to 60 days | 4.1 | 3.8 | -7.7% | 5% | 5% |
| Overdue from 61 to 90 days | 2.8 | 2.9 | 3.0% | 3% | 4% |
| Overdue from 91 to 179 days | 8.5 | 9.9 | 16.3% | 10% | 12% |
| Overdue more than 180 days | 17.1 | 20.9 | 22.2% | 21% | 26% |
| Agreements Receivable | 82.6 | 80.6 | -2.4% | 100% | 100% |

FIES: Changes of Accounts Receivable

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|------------------------|--------------|--------------|---------------|
| Opening balance | 153.8 | 159.3 | 3.6% |
| FIES Revenue | 182.4 | 102.9 | -43.5% |
| Transfer | (95.6) | (74.4) | -22.2% |
| Provision for FIES | (14.3) | (9.3) | -34.9% |
| Closing balance | 226.2 | 178.5 | -21.1% |

FIES: Changes of Accounts Receivable

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|------------------------|------------|------------|---------------|
| Opening balance | 0.0 | 136.4 | N.A. |
| Transfer | 95.6 | 74.4 | -22.2% |
| Payment of taxes | (42.9) | (1.9) | -95.6% |
| Buyback in auctions | (51.4) | (208.7) | 305.8% |
| Closing balance | 1.3 | 0.2 | -88.0% |



(1) The amounts overdue more than 360 days are written-off from Accounts Receivable up to the limit of the allowance for doubtful accounts.

(2) Excludes credit card agreements

CASH POSITION

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|--|----------------|------------------|---------------|
| (-) Cash and cash equivalents [a] | (885.8) | (2,545.6) | 187.4% |
| Gross debt [b] | 2,080.3 | 3,415.0 | 64.2% |
| Loans | 810.4 | 2,285.6 | 182.0% |
| Leasing | 1,228.5 | 1,051.3 | -14.4% |
| Commitments payable (M&A) | 31.9 | 64.0 | 100.9% |
| Taxes paid in installments | 9.5 | 14.2 | 48.8% |
| Net Debt [b+a] | 1,194.5 | 869.5 | -27.2% |
| Net Debt/EBITDA (12M)⁽¹⁾ | -0.0x | -0.1x | N.A. |

Cash & cash equivalents totaled R\$2,545.6 million in 1Q20, up by 187.4% YoY, due to new loans issued to finance Adtalem's acquisition and to strengthen the Company solid cash position ahead of uncertainties brought by the new Coronavirus crisis.

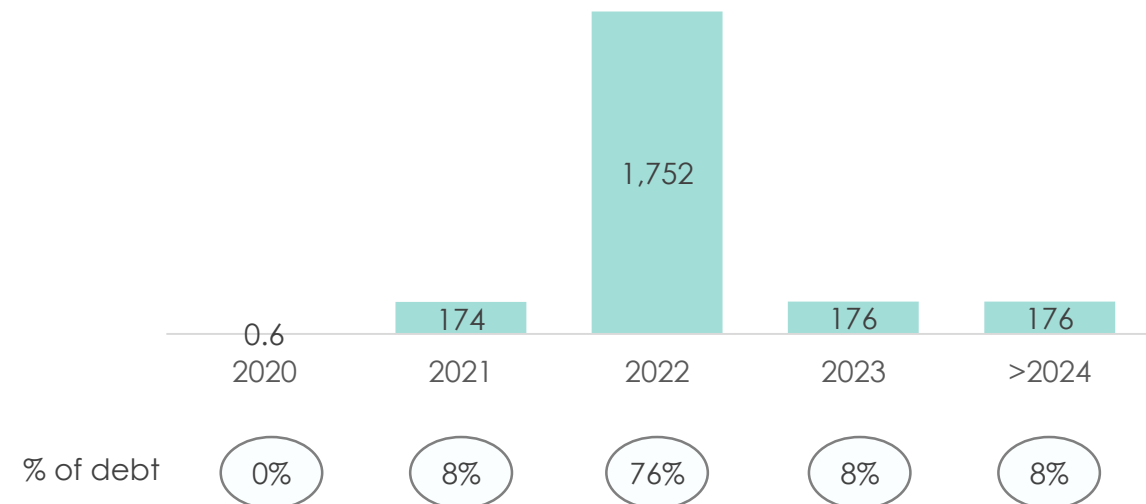
Gross debt (excluding leasing) ended the quarter at R\$2,363.7 million.

In 1Q20, excluding the leasing from gross debt, the **net debt/EBITDA** ratio stood at -0.1x.

DEBT

| Debt Type (R\$ million) | Date of Issue | Due Date | Cost | Balance to pay (principal + interest) | % of total |
|----------------------------------|------------------|-------------|--------------------|---|---------------|
| Bond V (1ª series) | feb-19 | feb-22 | CDI + 0.59% | 251.3 | 11.0% |
| Bond V (2ª series) | feb-19 | feb-24 | CDI + 0.79% | 351.9 | 15.4% |
| Loans Citi (1ª series) | feb-20 | feb-21 | CDI + 0.60% | 174.2 | 7.6% |
| Loans Citi (2ª series) | feb-20 | feb-22 | CDI + 0.70% | 654.5 | 28.6% |
| Loans Santander | mar-20 | mar-22 | CDI + 1.09% | 501.9 | 21.9% |
| Itaú Promissory Note (1ª series) | mar-20 | mar-22 | CDI + 2.50% | 350.2 | 15.3% |
| FINEP | feb-15 | jan-25 | TJLP + 0.5% | 2.9 | 0.1% |
| Loans | - | - | CDI + 1.06% | 2,286.9 | 100.0% |

Timeline of debt amortization
(R\$ million; principal)



(1) Excluding from gross debt leasing amounts referring to IFRS-16; Reported EBITDA (12M).




New Debt issued in April 2020

| Debt Type (in R\$ million) | Issue date | Due Date | Cost | Amount | % of total |
|-------------------------------------|------------|----------|--------------------|----------------|-------------|
| Itaú Promissory Note (2ª series) | apr-20 | mar-21 | CDI + 2.50% | 150 | 21% |
| Loans Citi | apr-20 | apr-22 | CDI + 2.75% | 75 | 10% |
| Bradesco Promissory Note | apr-20 | apr-21 | CDI + 2.70% | 350 | 48% |
| Loans Santander | apr-20 | apr-21 | CDI + 3.69% | 100 | 14% |
| Loans Banco ABC | apr-20 | apr-21 | CDI + 3.85% | 50 | 7% |
| New loans – April/20 | | | | 725 | 100% |
| Debt after new loans (April) | | | CDI + 1.50% | 3,011.9 | |

- In April 2020, the Company's Board of Directors approved the fourth issue of promissory notes, in a single series, in the total amount of R\$350 million, in addition to other Bank Credit Notes, totaling R\$725 million, to be included in the Company's loans with banks.
- Adding the debt issued in April 2020 to the 1Q20 loan position, the Company's gross debt will reach R\$3.01 billion in bank loans at an average cost of debt of CDI +1.50%.

Adtalem Acquisition





- On April 24, 2020, the acquisition of Adtalem Brazil was completed, after CADE (the Brazilian Antitrust Authority) granted the final approval on April 13, 2020.
- The cash disbursement for the acquisition payment was R\$2,206 million. Considering the locked box mechanism between the parties, Adtalem will be incorporated with a net proforma cash position of R\$389 million (on March 31st, 2020), resulting in an Enterprise Value of R\$1,817 million.
- Adtalem Brasil's portfolio comprise the following brands, totaling 102,000 students:

| | | | |
|----------------------------|---|---|---|
| |  |  |  |
| Sludent Base ('000) | 13 thousand | 54 thousand | 35 thousand |
| Undergraduate (%) | 60% | 92% | 2% |
| Graduate (%) | 40% | 8% | 34% |
| Other courses (%) | - | - | 64% |

| Financial performance (Adtalem management, in IFRS-16) | (R\$ million) | 2019 |
|---|---------------|-------|
| | Net revenues | 853.1 |
| | EBITDA | 254.9 |
| | EBITDA margin | 29.9% |
| | Net income | 139.9 |

| 1Q20 | | | | | | | FULL POTENTIAL ⁽¹⁾ 2024e | |
|-------------------|-------|---------|-----------------|-------------------------------------|--|--------------------------------|--|--------------------------------|
| Unit | State | Type | Operation Start | Status | Authorized/ Qualified seats p/y ⁽²⁾ | Student Base ⁽³⁾ | Authorized seats p/y ⁽²⁾ | Student Base ⁽³⁾ |
| Presidente Vargas | RJ | Organic | 1998.2 | Matured | 240 | 1,605 | 240 | 1,728 |
| João Uchôa/Città | RJ | Organic | 2014.1 | Matured | 170 | 847 | 170 | 1,224 |
| Juazeiro do Norte | CE | Organic | 2000.1 | Matured | 100 | 698 | 100 | 720 |
| Ribeirão Preto | SP | Organic | 2015.1 | In maturity | 76 | 491 | 76 | 547 |
| Alagoinhas | BA | MM I | 2017.2 | In maturity | 65 | 149 | 165 | 928 |
| Angra dos Reis | RJ | MM I | 2018.1 | In maturity | 55 | 200 | 155 | 936 |
| Jaraguá do Sul | SC | MM I | 2018.1 | In maturity | 50 | 126 | 150 | 819 |
| Juazeiro | BA | MM I | 2018.1 | In maturity | 155 | 323 | 155 | 1,067 |
| Canindé | CE | MM II | 2020.2 | Implementation phase (qualified) | 50 | - | 150 | 650 |
| Castanhal | PA | MM II | 2020.2 | | 50 | - | 150 | 650 |
| Quixadá | CE | MM II | 2020.2 | | 50 | - | 150 | 650 |
| Iguatu | CE | MM II | 2020.2 | | 50 | - | 150 | 650 |
| Total | | | | | 1,111 | 4,439 | 1,811 | 10,569 |

In 1Q120, the Mais Médicos II units in the cities of Canindé and Castanhal were completed, both with entrance examinations taken in the quarter. The start of classes in those units, however, was postponed due to the quarantine determined as a result of the Coronavirus pandemics. When the **incorporation of Adtalem is completed, 210 medicine seats/year will be added to YDUQS portfolio.** Out of this total, 100 seats will be under the Mais Médicos II program, which is expected to open by the second half of 2020.

(1) Assuming expansion of maximum capacity of granted seats for each one of the Mais Médicos units.

(2) Authorized seats do not include ProUni (+10%) and FIES (+10%) students.

(3) As for Student base, it considers ProUni, FIES and scholarships for Mais Médicos units.

BALANCE SHEET

| R\$ million | 1Q19 | 4Q19 | 1Q20 |
|--|----------------|----------------|----------------|
| Current Assets | 1,749.5 | 1,475.7 | 3,332.0 |
| Cash and cash equivalents | 8.7 | 12.3 | 10.4 |
| Marketable securities | 877.1 | 596.9 | 2,535.2 |
| Accounts receivable | 713.0 | 759.6 | 641.7 |
| Advances to employees/third-parties | 6.1 | 6.8 | 12.1 |
| Prepaid expenses | 14.7 | 7.0 | 16.4 |
| Taxes and contributions | 119.9 | 80.1 | 68.9 |
| Swap differential receivable | - | - | 32.8 |
| Others | 10.0 | 13.1 | 14.5 |
| Non-Current Assets | 3,903.3 | 4,036.8 | 4,303.8 |
| Long-Term Assets | 604.0 | 693.8 | 917.5 |
| Swap differential receivable long term | - | - | 121.9 |
| Accounts receivable | 211.1 | 261.6 | 329.3 |
| Prepaid expenses | 5.4 | 4.8 | 4.7 |
| Judicial deposits | 83.1 | 76.1 | 76.5 |
| Taxes and contributions | 120.1 | 176.4 | 183.1 |
| Deferred taxes and others | 184.3 | 175.0 | 202.1 |
| Permanent Assets | 3,299.2 | 3,343.0 | 3,386.3 |
| Investments | 0.2 | 0.3 | 0.3 |
| Property and equipment | 1,884.8 | 1,732.2 | 1,764.8 |
| Intangible assets | 1,414.2 | 1,610.4 | 1,621.2 |
| Total Assets | 5,652.7 | 5,512.5 | 7,635.8 |

| R\$ million | 1Q19 | 4Q19 | 1Q20 |
|---|----------------|----------------|----------------|
| Current Liabilities | 923.3 | 674.9 | 977.7 |
| Loans and financing | 196.5 | 13.6 | 216.3 |
| Leasing | 161.8 | 156.5 | 146.3 |
| Suppliers | 124.7 | 126.7 | 170.1 |
| Salaries and payroll charges | 187.8 | 136.4 | 176.9 |
| Tax liabilities | 49.2 | 36.0 | 62.0 |
| Prepaid monthly tuition fees | 20.8 | 18.4 | 15.7 |
| Advance of the current agreement | - | 3.3 | 3.3 |
| Taxes paid in installments | 3.3 | 3.7 | 3.6 |
| Acquisition price to be paid | 16.5 | 19.1 | 21.7 |
| Dividends Payable | 153.2 | 153.5 | 153.5 |
| Others | 9.5 | 7.6 | 8.4 |
| Long-Term Liabilities | 1,893.6 | 1,735.3 | 3,382.7 |
| Loans and Financing | 613.8 | 601.5 | 2,227.0 |
| Contingencies | 139.3 | 118.4 | 119.1 |
| Leasing | 1,066.8 | 880.0 | 905.0 |
| Advance of agreement | - | 28.0 | 27.2 |
| Taxes paid in installments | 6.2 | 11.0 | 10.6 |
| Provision for asset demobilization | 27.3 | 27.5 | 27.8 |
| Deferred taxes | 3.8 | 2.9 | 2.3 |
| Acquisition price to be paid | 15.3 | 44.5 | 42.3 |
| Others | 21.1 | 21.3 | 21.3 |
| Shareholders' Equity | 2,835.9 | 3,102.4 | 3,275.4 |
| Capital | 1,139.9 | 1,139.9 | 1,139.9 |
| Share issue costs | (26.9) | (26.9) | (26.9) |
| Capital reserves | 670.0 | 674.0 | 678.4 |
| Earnings reserves | 1,016.6 | 863.2 | 1,509.3 |
| Period result | 240.8 | 646.1 | 167.9 |
| Treasury shares | (204.6) | (194.0) | (193.2) |
| Total Liabilities and Shareholders' Equity | 5,652.7 | 5,512.5 | 7,635.8 |



INCOME STATEMENT BY BUSINESS UNIT: QUARTER

| In IFRS-16 | On-Campus | | | Distance Learning | | | Corporate | | | Consolidated | | |
|---------------------------------------|----------------|----------------|---------------|-------------------|---------------|--------------|----------------|----------------|--------------|----------------|----------------|---------------|
| R\$ Milhões | 1Q19 | 1Q20 | Δ% | 1Q19 | 1Q20 | Δ% | 1Q19 | 1Q20 | Δ% | 1Q19 | 1Q20 | Δ% |
| Gross Revenues | 1,245.9 | 1,288.5 | 3.4% | 282.9 | 405.7 | 43.4% | - | - | - | 1,528.8 | 1,694.2 | 10.8% |
| Deductions from Gross Revenue | (486.0) | (584.9) | 20.3% | (110.2) | (186.1) | 68.8% | - | - | - | (596.2) | (771.0) | 29.3% |
| Net Revenues | 759.9 | 703.6 | -7.4% | 172.7 | 219.6 | 27.2% | - | - | - | 932.6 | 923.3 | -1.0% |
| Cost of Services | (340.5) | (321.8) | -5.5% | (19.6) | (27.1) | 38.5% | - | - | - | (360.1) | (348.9) | -3.1% |
| Personnel | (237.5) | (218.9) | -7.9% | (11.7) | (10.9) | -6.8% | - | - | - | (249.2) | (229.8) | -7.8% |
| Rents, municipal property tax & other | (9.9) | (11.0) | 11.3% | 0.7 | 0.0 | N.A | - | - | - | (9.2) | (11.0) | 20.0% |
| Third-party services and Others | (23.3) | (25.5) | 9.6% | (7.7) | (16.1) | 110.3% | - | - | - | (31.0) | (41.7) | 34.5% |
| Depreciation and amortization | (69.7) | (66.3) | -4.9% | (1.0) | (0.1) | -86.9% | - | - | - | (70.7) | (66.4) | -6.0% |
| Gross Profit | 419.4 | 381.9 | -9.0% | 153.1 | 192.5 | 25.7% | - | - | - | 572.6 | 574.4 | 0.3% |
| Gross Margin | 55.2% | 54.3% | -0.9 p.p. | 88.7% | 87.6% | -1.0 p.p. | - | - | - | 61.4% | 62.2% | 0.8 p.p. |
| Selling and G&A Expenses | (91.4) | (106.4) | 16.4% | (18.2) | (17.4) | -4.8% | (172.0) | (206.0) | 19.8% | (281.6) | (329.8) | 17.1% |
| Personnel | (3.2) | (4.9) | 50.2% | (4.4) | (4.0) | -7.8% | (34.1) | (35.4) | 3.8% | (41.8) | (44.4) | 6.2% |
| Advertising | 0.0 | 0.0 | N.A | 0.0 | 0.0 | N.A | (93.2) | (107.7) | 15.5% | (93.2) | (107.7) | 15.5% |
| Bad Debt | (51.9) | (60.5) | 16.8% | (11.1) | (11.3) | 1.4% | 0.0 | 0.0 | N.A | (63.0) | (71.8) | 14.1% |
| Other expenses | (33.6) | (38.1) | 13.3% | (2.2) | (1.4) | -37.3% | (24.7) | (39.7) | 60.4% | (60.6) | (79.2) | 30.7% |
| Depreciation and amortization | (2.6) | (2.8) | 6.9% | (0.5) | (0.6) | 28.3% | (19.8) | (23.2) | 17.1% | (23.0) | (26.7) | 16.3% |
| Operating Profit | 328.1 | 275.5 | -16.0% | 134.9 | 175.1 | 29.8% | (172.0) | (206.0) | 19.8% | 291.0 | 244.6 | -16.0% |
| Operating Margin(%) | 43.2% | 39.2% | -4.0 p.p. | 78.1% | 79.7% | 1.6 p.p. | - | - | - | 31.2% | 26.5% | -4.7 p.p. |
| Reported EBITDA | 400.4 | 344.7 | -13.9% | 136.3 | 175.9 | 29.0% | (152.1) | (182.8) | 20.2% | 384.6 | 337.7 | -12.2% |
| EBITDA margin (%) | 52.7% | 49.0% | -3.7 p.p. | 78.9% | 80.1% | 1.1 p.p. | - | - | - | 41.2% | 36.6% | -4.7 p.p. |



CASH FLOW STATEMENT

| (R\$ million) | 1Q19 | 1Q20 | Δ% |
|--|--------------|----------------|------------------|
| Profit before taxes | 246.7 | 174.2 | -29.4% |
| Adjustments to reconcile profit | 224.6 | 240.0 | 6.9% |
| Result after reconciliation to net cash generated | 471.3 | 414.2 | -12.1% |
| Changes in assets and liabilities | (270.6) | (4.8) | -98.2% |
| Operating Cash Flow before Capex | 200.7 | 409.4 | 104.0% |
| Acquisition of property and equipment | (28.8) | (46.3) | 60.4% |
| Acquisition of intangible assets | (21.4) | (36.0) | 68.0% |
| Cash flow from investment activities | (16.5) | (0.3) | -98.1% |
| Operating Cash Flow after Capex | 134.0 | 326.9 | 143.9% |
| Cash flow from financing activities | (66.3) | 1,609.6 | N.A |
| Free Cash Flow | 67.7 | 1,936.4 | 2,758.8% |
| Cash at the beginning of the year | 818.0 | 609.1 | -25.5% |
| Increase (decrease) in cash and cash equivalents | 67.7 | 1.936.4 | 2758.8% |
| Cash at the end of the year | 885.8 | 2,545.6 | 187.4% |
| Reported EBITDA | 384.6 | 337.7 | -12.2% |
| Operating Cash Flow before Capex/EBITDA | 52.2% | 121.2% | 69.0 p.p. |
| Reported Operating Cash Flow before Capex/EBITDA | 200.7 | 409.5 | 104.0% |
| Delay on FIES receivable | | (136.0) | N.A |
| Adjusted Operating Cash Flow before Capex /EBITDA | 200.7 | 273.5 | 36.3% |
| Adjusted Operating Cash Flow before Capex /EBITDA | 52.2% | 81.0% | 28.8 p.p. |

| | Unit | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | Δ% YoY |
|---------------------------------|--------|--------|--------|--------|--------|--------|-----------|
| Student Base ⁽¹⁾ | '000 | 561.2 | 576.4 | 575.4 | 570.3 | 632.5 | 12.7% |
| On-campus | '000 | 322.0 | 328.1 | 308.4 | 309.5 | 318.9 | -1.0% |
| Undergraduate | '000 | 292.4 | 298.0 | 277.9 | 280.9 | 290.9 | -0.5% |
| Graduate | '000 | 29.7 | 30.1 | 30.5 | 28.6 | 28.0 | -5.8% |
| Distance Learning | '000 | 239.2 | 248.4 | 267.0 | 260.8 | 313.7 | 31.2% |
| Undergraduate | '000 | 189.6 | 197.0 | 217.4 | 214.6 | 267.0 | 40.8% |
| Graduate | '000 | 49.6 | 51.3 | 49.6 | 46.2 | 46.6 | -5.9% |
| Average Ticket ⁽²⁾ | R\$ | | | | | | |
| On-campus | R\$ | 820.2 | 823.7 | 741.3 | 761.7 | 767.9 | -6.4% |
| Undergraduate | R\$ | 846.4 | 852.7 | 765.6 | 787.3 | 787.5 | -7.0% |
| Distance Learning | R\$ | 278.1 | 273.0 | 248.0 | 241.8 | 256.6 | -7.7% |
| 100% online | R\$ | 245.1 | 252.1 | 217.4 | 218.6 | 218.8 | -10.7% |
| Flex | R\$ | 456.4 | 416.1 | 422.4 | 373.3 | 426.5 | -6.6% |
| Retention Rate ⁽²⁾ | % | | | | | | |
| On-campus Undergraduate | % | 85.8% | 86.0% | 85.9% | 85.6% | 85.0% | -0.8 p.p. |
| Distance-Learning Undergraduate | % | 82.8% | 81.5% | 80.9% | 79.3% | 81.8% | -1.0 p.p. |
| Others | | | | | | | |
| Employees (Cost) | Unit | 13.390 | 13.324 | 13.513 | 12.286 | 12.864 | -3.9% |
| Number of DL Centers | Unit | 635 | 674 | 747 | 933 | 1.015 | 59.8% |
| Covered Cities (DL) | cities | 478 | 497 | 542 | 676 | 726 | 51.9% |

(1) The student base includes Unitoledo students.
(2) The retention rate and average ticket calculations don't include Unitoledo's student base.





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