

(A free translation of the original in Portuguese)

Estácio Participações S.A.

Quarterly Information - ITR

March 31, 2019 and

Independent auditors' report



Building a better
working world

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A free translation from Portuguese into English of Independent Auditor's Review Report on Interim Financial Information prepared in Brazilian currency in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity)

Independent auditor's review report on interim financial information

The Shareholders and Board of Directors

Estácio Participações S.A.

Rio de Janeiro - RJ

We have reviewed the interim financial information individual and consolidated of Estácio Participações S.A. ("Company" or "Estácio") contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2019, comprising the balance sheet at March 31, 2019, and the related statements of operations and statements of comprehensive income for the three month periods then ended and changes in equity and cash flow statement for the three-month period then ended, including the explanatory notes.

Management's responsibility for the interim financial information

Management is responsible for the preparation of the interim financial information individual and consolidated in accordance with CPC 21 (R1) – Interim Financial Statements and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim accounting information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information individual and consolidated included in the interim financial information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to quarterly information.



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Other matters

Statements of value added

We have also reviewed the statements of value added (SVA) individual and consolidated, for the three-month period ended March 31, 2019, prepared under the responsibility of Company management, whose presentation in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR) and as supplementary information under International Financial Reporting Standards (IFRS), which do not require the presentation of the SVA. These statements were subject to the same review procedures previously described above and, based on our review, nothing has come to our attention that causes us to believe that it was not presented fairly, in all material respects, consistently with the overall interim financial information individual and consolidated.

Rio de Janeiro, May 09, 2019.

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP015199/O-6

Fernando A. S. Magalhães
Accountant CRC – 1SP133169/O-0

Estácio Participações S.A.

Statements of financial position

In thousands of Reais, unless stated otherwise

	Parent Company		Consolidated			Parent Company		Consolidated	
	March 31 2019	December 31 2018	March 31 2019	December 31 2018		March 31 2019	December 31 2018	March 31 2019	December 31 2018
Assets					Liabilities and equity				
Current					Current				
Cash and cash equivalents (Note 3)	76	146	8,695	13,686	Suppliers	2,783	2,133	124,685	105,812
Marketable securities (note 3)	230,359	239,672	877,087	804,360	Loans and financing (Note 11)	179,088	773,709	358,317	795,789
Account receivable (Note 4)			712,993	571,854	Payroll and related charges (Note 12)	330	330	187,763	133,654
Related-parties (Note 5)	503	478			Tax liabilities (Note 13)	277	186	49,229	35,588
Prepaid expenses (Note 6)			14,679	6,034	Prepaid monthly tuitions fees			20,812	17,176
Dividends receivable (Note 8)	310,000	310,000			Tax financing (Note 14)			3,297	3,563
Taxes and contributions (Note 7)	2,463	2,145	119,855	135,810	Related-parties (Note 5)				
Other			16,185	18,883	Dividends payable	153,164	153,168	153,164	153,168
					Acquisition price payable (Note 15)			16,508	34,488
					Other	667	1,127	9,494	9,862
	<u>543,401</u>	<u>552,441</u>	<u>1,749,494</u>	<u>1,550,627</u>		<u>336,309</u>	<u>930,653</u>	<u>923,269</u>	<u>1,289,100</u>
Non-current					Non-current				
Long-term					Noncurrent liabilities				
Account receivable (Note 4)			211,065	139,198	Loans and financing (Note 11)	601,975	3,086	1,680,599	21,426
Prepaid expenses (Note 6)			5,361	5,519	Contingencies (Note 16)	294	288	139,260	126,917
Judicial deposits (Note 16)			83,142	81,702	Tax financing (Note 14)			6,245	6,678
Deferred taxes (Note 27)	113	111	172,812	136,576	Deferred taxes (Note 27)			3,803	5,186
Taxes and contributions (Note 7)	40,786	41,210	120,140	102,247	Provision for asset demobilization			27,270	26,951
Other			11,514	11,441	Acquisition price payable (Note 15)			15,350	13,852
					Other	30	30	21,057	20,944
	<u>40,899</u>	<u>41,321</u>	<u>604,034</u>	<u>476,683</u>		<u>602,299</u>	<u>3,404</u>	<u>1,893,584</u>	<u>221,954</u>
Investments					Shareholders' equity (Note 17)				
In subsidiaries (Note 8)	2,410,012	2,151,500			Capital	1,139,887	1,139,887	1,139,887	1,139,887
Other			228	228	Stock issuance expense	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	780,175	780,189	1,414,208	1,413,820	Capital reserves	670,026	668,370	670,026	668,370
Property, Plant and Equipment (Note 10)	14	15	1,884,782	661,105	Revenue reserves	1,016,645	1,016,645	1,016,645	1,016,645
	<u>3,190,201</u>	<u>2,931,704</u>	<u>3,299,218</u>	<u>2,075,153</u>	Treasury shares	(204,610)	(206,641)	(204,610)	(206,641)
	<u>3,231,100</u>	<u>2,973,025</u>	<u>3,903,252</u>	<u>2,551,836</u>	Profit or loss for the period	240,797		240,797	
						<u>2,835,893</u>	<u>2,591,409</u>	<u>2,835,893</u>	<u>2,591,409</u>
Total assets	<u>3,774,501</u>	<u>3,525,466</u>	<u>5,652,746</u>	<u>4,102,463</u>	Total liabilities and equity	<u>3,774,501</u>	<u>3,525,466</u>	<u>5,652,746</u>	<u>4,102,463</u>

See the accompanying Management notes to the financial statements.

Estácio Participações S.A.

Statements of income

Three-month periods ended March 31

In thousands of Reais, unless stated otherwise

	Parent Company		Consolidated	
	2019	2018	2019	2018
Continuing operations				
Net operating revenue (Note 21)			932,626	935,728
Costs of services (Note 22)			(360,069)	(383,392)
Gross profit			572,557	552,336
Operating income (expenses)				
Selling expenses (Note 23)			(156,329)	(124,174)
General and administrative expenses (Note 23)	(4,894)	(7,803)	(128,989)	(148,781)
Equity (Note 8)	256,129	213,368		
Other operating income/expenses (Note 24)		242	3,762	2,185
Operating income	251,235	205,807	291,001	281,566
Financial revenue (Note 25)	3,936	1,194	28,464	27,586
Financial expense (Note 25)	(14,375)	(10,756)	(72,719)	(53,733)
Net finance income	(10,439)	(9,562)	(44,255)	(26,147)
Profit before income and social contribution taxes	240,796	196,245	246,746	255,419
Current and deferred income tax (Note 27)	1	817	(3,994)	(42,454)
Current and deferred social contribution (Note 27)		294	(1,955)	(15,609)
Net income in the period attributable to shareholders	240,797	197,356	240,797	197,356
Basic earnings per thousand shares (Note 20)	0.80222	0.63780	0.80222	0.63780
Diluted earnings per thousand shares (Note 20)	0.80222	0.63780	0.80222	0.63780

See the accompanying Management notes to the financial statements.

Estácio Participações S.A.**Statements of comprehensive income****Three-month periods ended March 31**

In thousands of Reais, unless stated otherwise

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period	240,797	197,356	240,797	197,356
Other comprehensive income				
Total comprehensive income for the period, net of taxes	<u>240,797</u>	<u>197,356</u>	<u>240,797</u>	<u>197,356</u>
Attributable to:				
Owners of the Company				
Non-controlling interests	<u>240,797</u>	<u>197,356</u>	<u>240,797</u>	<u>197,356</u>

See the accompanying Management notes to the financial statements.

Estácio Participações S.A.

Statements of changes in equity In thousands of Reais, unless stated otherwise

	Capital reserves					Profit reserves					
	Share capital	Expenses on plan issuance	Long-term incentives	Negative Goodwill on share sale	Goodwill in share subscription	Options granted	Legal	Profit retention	Treasury shares	Retained earnings	Total
Balance at January 01, 2018	1,130,818	(26,852)	304	(4,694)	595,464	72,907	114,429	1,025,335	(130,454)		2,777,257
Options granted (Note 20)						2,857					2,857
Goodwill on the sale of treasury shares (Note 17 d.3)				24					(24)		58
Sale of treasury shares acquired (Note 18)									58		
Profit for the period										197,356	197,356
Adoption of New Practices IFRS 09 (Note 1.3)								(51,286)			(51,286)
At March 31, 2018	1,130,818	(26,852)	304	(4,670)	595,464	75,764	114,429	974,049	(130,420)	197,356	2,926,242
Stock options exercised	123										123
Options granted (Note 20)						4,821					4,821
Sale of treasury shares acquired (Note 18)									(58)		(58)
Treasury shares acquired (Note 17)									(249,937)		(249,937)
Cancellation of treasury shares (Note 17 c)								(154,603)	154,603		
SOP payment (Note 20)									15,858		15,858
Discount on the sale of treasury shares (Note 17 d.3)				(3,313)					3,313		
Capital Increase (Note 17 a)	8,946							(8,946)			
Interim dividends (R\$ 1.33 per share)								(400,000)			(400,000)
Profit for the period										447,517	447,517
Net income allocation:											
Formation of reserves							32,244	459,472		(491,716)	
Minimum mandatory dividends (R\$ 0.52 per share)										(153,157)	(153,157)
At December 31, 2018	1,139,887	(26,852)	304	(7,983)	595,464	80,585	146,673	869,972	(206,641)		2,591,409
Options granted (Note 20)			(304)			2,487					2,183
Discount on the sale of treasury shares (Note 17 d.3)				(527)					527		
SOP payment (Note 20)									1,504		1,504
Net income for the period										240,797	240,797
At March 31, 2019	1,139,887	(26,852)		(8,510)	595,464	83,072	146,673	869,972	(204,610)	240,797	2,835,893

See the accompanying Management notes to the financial statements.

Estácio Participações S.A.
Statements of cash flows
Three-month periods ended March 31
In thousands of Reais, unless stated otherwise

	Parent Company		Consolidated	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income and social contribution taxes	240,796	196,245	246,746	255,419
Adjustments to reconcile net income to operating cash:				
Depreciation and amortization	15	3,273	93,632	48,555
Amortization of funding costs	215	555	215	555
Allowance for possible loan losses			62,986	43,274
Provision for loss - Other accounts receivable			(468)	
Options granted – stock options provision			2,487	2,857
Provision for contingencies	5	10	29,287	29,565
Restatement of accounts receivable - FIES				(2,817)
Adjustment to present value - accounts receivable			(7,796)	(23,898)
Adjustment to present value - other accounts receivable			149	(5,204)
Restatement of tax credits	(405)	(524)	(995)	(948)
Interest on loans and financing	13,143	10,075	28,048	13,322
Equity income	(256,129)	(213,368)		
Loss on derecognition of PP&E and intangible assets			1,318	268
Restatement of asset retirement obligation			319	187
Restatement of commitments payable			(23)	852
Other			(187)	144
	(2,360)	(3,734)	455,718	362,131
Changes in assets and liabilities:				
(Increase) in accounts receivable			(268,196)	(241,357)
(Increase) decrease in other assets	(25)	14,674	3,020	(4,233)
(Increase) decrease in prepaid expenses		19	(8,645)	(7,075)
(Increase) decrease in recoverable taxes and contributions	511	164	(943)	31,594
Increase (Decrease) in suppliers	650	(801)		34,252
Increase (decrease) in tax liabilities	91	(53)	(1,513)	(22,494)
Increase in payroll and related charges			54,109	40,520
Increase (decrease) in prepaid monthly tuitions fees			3,636	(11,702)
Increase (decrease) in labor/civil convictions			(16,944)	(11,378)
Increase (decrease) in other liabilities	1	3	(255)	(1,237)
(Decrease) in tax financing	(460)	3,172	(816)	(847)
Decrease in noncurrent assets			85	5,074
(Increase) decrease in judicial deposits		(4)	(1,440)	390
	(1,592)	13,440	236,689	173,638
Interest paid on loans and financing	(7,606)	(468)	(7,555)	(468)
Corporate Income Tax (IRPJ) and Social Contribution on Net income (CSLL) paid			(28,415)	(8,398)
Net cash provided by (used in) operating activities.	(9,198)	12,972	200,719	164,772
Cash flows produced by investment activities:				
Acquisition of property, plant and equipment			(28,840)	(22,569)
Acquisition of intangible assets			(21,407)	(14,833)
Dividends Received				
Advance for future capital increase	(200)	(16,295)		
Acquisition price payable			(16,459)	(16,170)
Net cash produced by (used in) investment activities.	(200)	(16,295)	(66,706)	(53,572)
Cash flows from financing activities:				
Use of treasury shares resulting from the exercise of stock options	1,504	58	1,504	58
Dividends paid	(4)		(4)	
New loans and borrowing	600,000		600,000	
Borrowing costs	(1,338)	(183)	(1,338)	(183)
Amortization of loans and borrowings	(600,147)	(1,572)	(669,436)	(8,399)
Net cash used in financing activities	15	(1,697)	(66,277)	(8,524)
Increase in cash and cash equivalents	(9,383)	(5,020)	67,736	102,676
Cash and cash equivalents at beginning of period (Note 3)	239,818	46,061	818,046	524,446
Cash and cash equivalents at end of period (Note 3)	230,435	41,041	885,782	627,122
Change in cash and cash equivalents	(9,383)	(5,020)	67,736	102,676

See the accompanying Management notes to the financial statements.

Statements of value added
Three-month periods ended March 31
In thousands of Reais, unless stated otherwise

	Parent Company		Consolidated	
	2019	2018	2019	2018
Revenue				
Educational services			968,806	983,708
Other income			1,175	3,199
Allowance for possible loan losses			(62,986)	(43,274)
Other commercial expenses				(299)
			<u>906,995</u>	<u>943,334</u>
Inputs purchased from third parties				
Materials, energy and outsourced services	(3,707)	(3,231)	(165,774)	(163,881)
Contingencies		(10)	(21,279)	(25,458)
	<u>(3,707)</u>	<u>(3,241)</u>	<u>(187,053)</u>	<u>(189,339)</u>
Gross value added	<u>(3,707)</u>	<u>(3,241)</u>	<u>719,942</u>	<u>753,995</u>
Depreciation and amortization	<u>(15)</u>	<u>(3,273)</u>	<u>(93,632)</u>	<u>(48,554)</u>
Net value added	<u>(3,722)</u>	<u>(6,514)</u>	<u>626,310</u>	<u>705,441</u>
Transferred added value				
Share of profit (loss) of equity-accounted investees	256,129	213,368		
Financial revenue	3,936	1,194	28,464	27,586
Other	(720)	(285)	2,934	2,256
	<u>259,345</u>	<u>214,277</u>	<u>31,398</u>	<u>29,842</u>
Total value added to distribute	<u>255,623</u>	<u>207,763</u>	<u>657,708</u>	<u>735,283</u>
Distribution of value added				
Employment compensation				
Direct compensation	967	1,044	213,976	231,722
Benefits			11,300	12,533
Government Severance Indemnity Fund for Employees (FGTS)			15,643	15,770
	<u>967</u>	<u>1,044</u>	<u>240,919</u>	<u>260,025</u>
Taxes, charges and contributions				
Federal	387	(782)	61,514	129,848
Municipal			38,858	39,764
	<u>387</u>	<u>(782)</u>	<u>100,372</u>	<u>169,612</u>
Return on debt capital				
Interest	13,472	10,145	70,674	51,893
Rent			4,946	56,397
	<u>13,472</u>	<u>10,145</u>	<u>75,620</u>	<u>108,290</u>
Interest earnings				
Dividends				
Retained earnings	240,797	197,356	240,797	197,356
	<u>240,797</u>	<u>197,356</u>	<u>240,797</u>	<u>197,356</u>
Added value distributed	<u>255,623</u>	<u>207,763</u>	<u>657,708</u>	<u>735,283</u>

See the accompanying Management notes to the financial statements.

1 General information

1.1 Operations

The core activities of Estácio Participações S.A. ("Estácio" or "Company" or "Group") and its subsidiaries (collectively "Group") are the performance and/or administration of activities and/or institutions in the fields of college and professional education and other educational fields, the administration of own assets and businesses and the holding of interests, as partner or shareholder, in other companies or enterprises in Brazil.

The Company is a corporation having its registered office at the address Avenida Venezuela, 43, Rio de Janeiro, Rio de Janeiro state, incorporated by way of a private share subscription on March 31, 2007, and currently listed on *Novo Mercado* (New Market).

The Group comprises twenty-two companies, including Estácio Participações, nineteen of which are sponsors of college institutions, incorporated as limited-liability companies, including a University, ten University Centers and fifty-six colleges, distributed across twenty-three Brazilian states and the Federal District.

The Company's Board of Directors approved the disclosure of these interim financial statements at a meeting held May 9, 2019.

1.2 Basis of preparation

The individual and consolidated quarterly information has been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and evidence all material information of the financial statements (parent company and consolidated), and that alone, which is consistent with that used by Management.

1.3 Accounting policies

In the quarterly information, the accounting practices are being presented consistently with the accounting practices adopted in the individual and consolidated financial statements for the financial year ended December 31, 2018, except for the adoption of IFRS 16/CPC 06 (R2) on January 01, 2019, as mentioned in the paragraph below. This quarterly information should therefore be read in conjunction with the information disclosed in the financial statements for the financial year ended December 31, 2018.

1.4 Changes in accounting policies and disclosures

New standards effective from 2019

IFRS 16/CPC 06 (R2) - "Leases": the new standard requires lessees to recognize the liability of the future payments and the right of use of the leased asset for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts may not fall within the scope of this new standard. The criteria for the recognition and measurement of leases in lessors' financial statements remain substantially unchanged. IFRS 16 is effective for reporting periods commencing on or after January 01, 2019 and replaces IAS 17/CPC 06 (R1) - "Leases" and corresponding interpretations.

The Company has a significant amount of lease contracts in which it appears as lessee, part of which are currently recognized as operating leases, with payments recorded on a straight-line basis over the term of the contract according to its accrual period.

The Company completed a study into the impacts of this new standard on its financial statements, which includes: (i) an estimate of the lease term, including the non-cancellable period and the periods covered if the option to extend the lease is exercised, when the exercise depends only on the Company and is a reasonable certainty; (ii) detailed review of the nature of various lease agreements related to education; (iii) use of certain assumptions to calculate the discount rate, based on the incremental interest rate for the contractual period, amongst others.

Management notes to the interim accounting information**March 31, 2019**

In thousands of Reais, unless stated otherwise

The Company adopted the new practice on January 01, 2019 using the modified retrospective calculation method, calculating the present value at this date. It is not re-presenting the comparative information, as permitted by the standard.

Initial adoption triggered an increase of R\$ 1,268,768 in the item buildings due to the usage right over rented properties and respective lease liability. The increase in the lease liability is due to recognizing the right to use the assets, triggering an addition to the Company's net debt. The depreciation and interest are recognized in profit or loss as a substitution of operational lease expenses ("rental").

Comparative table showing the effects of IFRS 16:

	March 31, 2019	Effects of adopting IFRS 16	March 31, 2019 (without IFRS 16)
Assets			
Property, plant and equipment	1,884,782	(1,222,619)	662,163
Liabilities			
Loans and financing	(2,038,916)	1,228,546	(810,370)
Net income			
Depreciation cost/expense	(93,632)	46,149	(47,483)
Rent cost/expense	(9,197)	(55,042)	(64,239)
Finance expense	(72,719)	14,820	(57,899)

There are no other IFRS standards or IFRIC interpretations that have not yet come into force which could have a significant impact on the Group's financial statements.

2 Notes omitted

The quarterly information is being presented in accordance with CPC 21 (R1), IAS 34 and the standards issued by the CVM. Based on this option and management's assessment of the material impacts on the information to be disclosed, the notes below are not being presented. The others are being presented in order to permit a complete comprehension of the quarterly information if read in conjunction with the notes to the financial statements as of December 31, 2018.

Notes omitted:

- Significant accounting policies.
- Critical accounting estimates and judgments.
- Assumptions for calculating the fair value of the stock option purchase plan and non-financial asset impairment already disclosed in the notes to the financial statements as of December 31, 2018.
- Insurance coverage.
- Further information

3 Cash and cash equivalents and marketable securities

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

	Parent Company		Consolidated	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Cash and banks	76	146	8,695	13,686
Cash and cash equivalents	76	146	8,695	13,686
Federal Government Bonds (Exclusive funds)	197,234	195,159	731,710	636,380
Financial Bills (Exclusive funds)	25,727	30,809	95,442	100,463
CDB	7,351	8,640	48,417	49,630
CDB (Exclusive funds)	16	38	58	125
Repos (Exclusive funds)		4,996		16,290
Government Bonds (Exclusive funds)	31	30	1,423	1,457
Capitalization bond			37	15
Marketable securities	230,359	239,672	877,087	804,360

The Company has an investments policy that stipulates that investments must be concentrated in low-risk securities an investment at tier-one financial institutions. At March 31, 2019, the operations yielded the variance of the Interbank Deposit Certificate (CDI) rate, with the exception of government securities, which are indexed to the Selic base interest rate and fixed rates.

At March 31, 2019 and December 31, 2018 all of the Company's securities are classified as at "fair value through profit or loss".

Financial allocations in fund quotas, CDBs, Financial Bills (LFs), government securities and repurchase agreements with tier-one banks and issuers underlie the exclusive investment funds. At March 31, 2019 the investment funds yielded an average of 99.33% of the CDI rate (98.59% at December 31, 2018).

Bank Deposit Certificates - CDBs yield the CDI rate, averaging 98.59% at March 31, 2019 (98.93% at December 31, 2018).

The Company does not have derecognized financial assets and derivative transactions.

Information on the Company's exposure to liquidity and market risks is included in Note 18.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

	March 31 2019	December 31 2018
Monthly tuition fees received from students	983,397	846,528
FIES (a)	227,567	153,786
Exchange deals	24,316	23,283
Credit cards receivable (b)	106,250	73,769
Renegotiated receivables	82,554	72,689
	<u>1,424,084</u>	<u>1,170,055</u>
Allowance for doubtful accounts	(439,762)	(402,646)
Unidentified amounts	(7,732)	(11,338)
(-) Adjustment to present value (c)	<u>(52,532)</u>	<u>(45,019)</u>
	<u>924,058</u>	<u>711,052</u>
Current assets	712,993	571,854
Non-current assets	<u>211,065</u>	<u>139,198</u>
	<u>924,058</u>	<u>711,052</u>

The balance of noncurrent receivables as of March 31, 2019 is related to PAR (Installment Payment Program) and DIS (Dilution of monthly tuition fees). See the aging list below:

	Consolidated	
	March 31 2019	December 31 2018
2019		3,597
2020	62,585	12,656
2021	82,962	42,997
2022	129,914	146,255
2023 to 2024	91,028	63,869
(-) Adjustment to present value (c)	(52,532)	(45,019)
(-) Allowance for doubtful accounts	<u>(102,892)</u>	<u>(85,157)</u>
Non-current assets	<u>211,065</u>	<u>139,198</u>

PAR is an arrangement Estácio offers its students by which students can finance up to 70% of their monthly tuition fees, with payments commencing one month after they complete the course. This financing incurs IPCA monetary restatement.

DIS is an arrangement by which the student pays R\$ 49.00 for the first monthly payments, and the difference between the amount paid and the full monthly tuition fee (not considering any scholarship and/or benefits) is diluted over the number of monthly tuition payments corresponding to the estimated full term of the minimum regular program, monthly restated by the IPCA price index.

(a) Accounts receivable from the Student Financing Fund (FIES) denote educational loans obtained by students from Caixa Econômica Federal - CEF and the National Education Development Fund FNDE, whereby the financed funds are transferred monthly by CEF and Banco do Brasil to the specified bank account. This amount has been used to pay the social security contributions and federal taxes and converted into cash by means of auctions of National Treasury bonds.

(i) For FIES students with a guarantor, a provision was made for 2.25% of such receivables, assuming 15% exposure to this credit risk for an estimated default rate of 15%.

(ii) For the uncovered FGEDUC risk, with enrollment since April 2012, a provision was made for 10% of the receivables under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 90%), assuming 15% exposure to this credit risk for an estimated default rate of 15%, i.e. 0.225%.

(iii) For the uncovered FGEDUC risk, with enrollment since March 2012, a provision was made for 20% of the receivables under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 80%), assuming 15% exposure to this credit risk for an estimated default rate of 15%, i.e. 0.45%.

(b) A substantial part of credit card receivables consists of monthly tuition fees and late fees be negotiated.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

(c) At March 31, 2019 the adjustment to present value amounts to R\$ 52,532 (R\$ 37,923 related to PAR and R\$ 14,609 to DIS) and at December 31, 2018 R\$ 45,019 (R\$ 36,626 related to PAR, R\$ 8,110 to DIS and R\$ 283 related to the Educar Amazônia program).

An aging list of receivables follows:

	Consolidated			
	March 31 2019	%	December 31, 2018	%
FIES	227,567	16	153,786	13
Neither past due nor impaired	699,592	49	482,732	41
Up to 30 days overdue	98,513	7	99,612	9
31 to 60 days overdue	43,902	3	97,046	8
61 to 90 days overdue	8,838	1	82,811	7
91 to 179 days overdue	171,168	12	87,127	8
More than 180 days overdue	174,504	12	166,941	14
	<u>1,424,084</u>	<u>100</u>	<u>1,170,055</u>	<u>100</u>

An aging list of receivables follows:

	Consolidated			
	March 31 2019	%	December 31 2018	%
Neither past due nor impaired	46,112	56	26,996	37
Up to 30 days overdue	3,883	5	6,662	9
31 to 60 days overdue	4,120	5	5,440	8
61 to 90 days overdue	2,842	3	4,927	7
91 to 179 days overdue	8,533	10	8,231	11
More than 180 days overdue	17,064	21	20,433	28
	<u>82,554</u>	<u>100</u>	<u>72,689</u>	<u>100</u>

The changes in the consolidated allowance for doubtful accounts are as follows:

Balance as of December 31, 2017	205,062
Additions	41,030
Adoption of the new practices entered into equity (Note 1.4)	77,705
Write-off of bills and checks overdue for more than 360 days.	(2,922)
Balance as of March 31, 2018	320,875
Additions	292,136
Write-off of bills and checks overdue for more than 360 days.	(210,365)
Balance as of December 31, 2018	<u>402,646</u>
Additions	62,986
Write-off of bills and checks overdue for more than 360 days	(25,870)
Balance at March 31, 2019	<u>439,762</u>

For the periods ended March 31, 2019 and 2018, expenses on the allowance for doubtful accounts, recognized in profit or loss as selling expenses (Note 23), were as follows:

Consolidated

Estácio Participações S.A.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

	2019	2018
Net effect of the allowance for doubtful accounts on profit or loss	62,986	41,030
Sale of client portfolio		2,244
	<u>62,986</u>	<u>43,274</u>

5 Related parties

The related-party transactions that do not incur interest and/or monetary restatement, and were carried out on an arm's-length basis, in accordance with item 23 of Technical Pronouncement CPC 05 (R1), and are as follows:

	Parent Company	
	March 31 2019	December 31, 2018
Current assets		
Current account		
Seses	28	14
Irep	12	6
São Luís	448	447
Estácio Ribeirão Preto	3	2
Other	12	9
Subsidiaries	<u>503</u>	<u>478</u>

6 Prepaid expenses

	Consolidated	
	March 31 2019	December 31, 2018
Insurance	2,895	2,944
IPTU	9,961	
Teaching materials (i)	754	1,013
Advance of vacations and charges	1,593	2,670
Registration fee - Ministry of Education (MEC)	2,055	2,005
Technical-pedagogical cooperation - Santa Casa	2,157	2,260
Other prepaid expenses	<u>625</u>	<u>661</u>
	<u>20,040</u>	<u>11,553</u>
Current assets	14,679	6,034
Non-current assets	<u>5,361</u>	<u>5,519</u>
	<u>20,040</u>	<u>11,553</u>

(i) Denotes costs incurred for copyright, printing and postage for the production of education material to be used in the subsequent period. They are recorded as prepaid expenses and allocated over the period they are used, after being effectively delivered.

7 Taxes and contributions recoverable

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

	Parent Company		Consolidated	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Withholding Income Tax - IRRF	264	1,402	4,115	10,302
IRPJ/CSLL Prepayments (i)			467	76,907
Recoverable IRPJ and CSLL (ii)	42,982	41,950	161,644	75,257
PIS (iii)			3,165	3,129
COFINS (iii)			8,077	12,605
ISS	3	3	54,804	52,625
INSS			7,166	6,675
OTHER			557	557
	43,249	43,355	239,995	238,057
Current assets	2,463	2,145	119,855	135,810
Non-current assets	40,786	41,210	120,140	102,247
	43,249	43,355	239,995	238,057

(i) The amount presented in this line refers to the IRPJ/CSLL prepayments, made in 2019 and 2018, respectively. In May 2018, PROUNI'S tax incentive calculation was revised due to a temporary disqualification of the subsidiary SESES, which triggered an accumulation of tax credits on the overpayment of income and social contribution taxes.

(ii) This amount denotes the advance overpayments of IRPJ/CSLL in prior years, and has been used to offset federal taxes and is restated monthly by the Selic base interest rate.

(iii) As mentioned in item (i) as a result of a temporary disqualification of the subsidiary SESES, there was an accumulation of tax credits on the overpaid PIS and Cofins taxes, in the amount of R\$ 17,106, where the Company offset the amounts of R\$ 4,725 and R\$ 3,863 over the course of 2019 and 2018 respectively.

8 Investments in subsidiaries

Estácio Participações S.A.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

(a) Parent company Estácio Participações S.A.

	March 31, 2019		December 31, 2018	
	Investment	Investment devaluation	Investment	Investment devaluation
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	1,197,662		1,038,451	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,114,235		1,040,045	
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	2,601		2,860	
Estácio Editora e Distribuidora Ltda. ("Editora")		(30)		(30)
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")				
	<u>95,514</u>		<u>70,144</u>	
	<u>2,410,012</u>	<u>(30)</u>	<u>2,151,500</u>	<u>(30)</u>

Information about the subsidiaries can be seen below:

March 31, 2019								
Interest	Number of quotas	Total assets	Total liabilities	Equity	Goodwill	Deferred income tax on goodwill from downstream merger	Total	Net income (loss) for the period
SESES	100%	610,677	2,441,638	1,243,976	1,197,662		1,197,662	157,028
IREP	100%	515,080	1,710,767	658,974	1,051,793	62,442	1,114,235	74,190
NACP	100%	15,699	3,806	1,205	2,601		2,601	(459)
Editora (i)	100%	251	31	66	(35)	5	(30)	
Estácio Ribeirão Preto	100%	23,837	228,733	130,989	97,744		95,514	25,370
		<u>4,384,975</u>	<u>2,035,210</u>	<u>2,349,765</u>	<u>62,447</u>	<u>(2,230)</u>	<u>2,409,982</u>	<u>256,129</u>

December 31, 2018								
Interest	Number of quotas	Total assets	Total liabilities	Equity	Goodwill	Deferred income tax on goodwill from downstream merger	Total	Net income (loss) for the year
SESES	100%	610,677	1,640,235	601,784	1,038,451		1,038,451	376,058
IREP	100%	515,080	1,205,630	228,027	977,603	62,442	1,040,045	246,018
NACP	100%	15,699	4,030	1,170	2,860		2,860	(1,764)
Editora (i)	100%	251	31	66	(35)	5	(30)	
Estácio Ribeirão Preto	100%	23,837	127,381	55,007	72,374		70,144	80,369
		<u>2,977,307</u>	<u>886,054</u>	<u>2,091,253</u>	<u>62,447</u>	<u>(2,230)</u>	<u>2,151,470</u>	<u>700,681</u>

(i) Provision for unsecured liabilities recorded under "Others" in current liabilities of the parent company.

The table below shows the overall changes in the investments in subsidiaries in the period ended March 31, 2019 and the financial year ended December 31, 2018:

Investments in subsidiaries at December 31, 2017	2,118,132
Equity income	700,681
Advance for future capital increase	16,295
Additional dividends for 2017	(330,000)
Dividends in 2018	(310,000)
Options awarded	7,678
Adoption of new practices IFRS 09	(51,286)
Investments in subsidiaries at December 31, 2018	<u>2,151,500</u>
Equity income	256,129
Advance for future capital increase	200
Options awarded	2,183
Investments in subsidiaries at March 31, 2019	<u>2,410,012</u>

The accounting information of the subsidiaries used to apply the equity accounting method was valid as of March 31, 2019.

Estácio Participações S.A.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

See below information about the direct subsidiaries' investments:

(b) Subsidiary Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")

	March 31 2019	December 31 2018
Sociedade Educacional Atual da Amazônia ("ATUAL")	585,642	538,914
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	11,394	11,859
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	29,448	28,747
	<u>626,484</u>	<u>579,520</u>

Information about IREP's subsidiaries can be seen below:

March 31, 2019							
	Interest	Number of shares	Total assets	Total liabilities	Equity	Goodwill	Net income (loss) for the period
ATUAL	100%	40,512	969,105	398,966	570,139	15,503	32,577
FAL	100%	20,031	15,832	12,514	3,318	8,076	(464)
FATERN	100%	9,160	21,314	6,845	14,469	14,979	701
			<u>1,006,251</u>	<u>418,325</u>	<u>587,926</u>	<u>38,558</u>	<u>32,814</u>
December 31, 2018							
	Interest	Number of shares	Total assets	Total liabilities	Equity	Goodwill	Net income (loss) for the year
ATUAL	100%	40,512	705,689	182,278	523,411	15,503	77,259
FAL	100%	20,031	10,770	6,987	3,783	8,076	(2,798)
FATERN	100%	9,160	17,479	3,711	13,768	14,979	(1,772)
			<u>733,938</u>	<u>192,976</u>	<u>540,962</u>	<u>38,558</u>	<u>72,689</u>

The table below shows the overall changes in the investments of the direct subsidiary IREP in its subsidiaries in the period ended March 31, 2019 and the financial year ended December 31, 2018:

Investments in subsidiaries at December 31, 2017	548,047
Equity income	72,689
Advance for future capital increase	31,151
Additional dividends for 2017	(20,000)
Dividends in 2018	(42,403)
Adoption of new practices IFRS 09	(9,964)
Investments in subsidiaries at December 31, 2018	<u>579,520</u>
Equity income	32,814
Advance for future capital increase	14,150
Investments in subsidiaries at March 31, 2019	<u>626,484</u>

(c) Subsidiary Sociedade Atual da Amazônia ("ATUAL")

March 31 2019	December 31 2018
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Estácio Participações S.A.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUL")	1,680	1,653
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	2,970	3,147
Sociedade Educacional da Amazônia ("SEAMA")	53,118	43,576
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	19,166	18,182
Unisãoluis Educacional S.A. ("SÃO LUIS")	86,578	79,506
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	50,714	47,292
Associação de Ensino de Santa Catarina ("ASSESC")	6,983	7,049
Instituto de Estudos Superiores da Amazônia ("IESAM")	94,580	90,427
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	50,632	48,741
Centro de Ensino Unificado de Teresina ("CEUT")	49,134	47,390
Faculdade Nossa Cidade ("FNC")	95,876	95,322
Faculdades Integradas de Castanhal Ltda. ("FCAT")	37,569	36,999
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFS")	16,085	16,441
	<u>565,085</u>	<u>535,725</u>

Information about ATUAL's subsidiaries can be seen below:

March 31, 2019								
	Interest	Number of shares	Total assets	Total liabilities	Equity	Goodwill	Students portfolio	Net income (loss) for the period
UNIUL	100%	9,478	1,420	696	724	956		(272)
IDEZ	100%	7,297	4,249	3,326	923	2,047		(178)
SEAMA	100%	4,407	58,691	23,608	35,083	18,035		9,543
FARGS	100%	8,606	19,574	8,463	11,111	8,055		984
SÃO LUIS	100%	3,795	106,974	47,764	59,210	27,368		7,072
FACITEC	100%	6,051	74,889	50,829	24,060	26,654		3,423
ASSESC	100%	2,416	15,307	13,047	2,260	4,723		(66)
IESAM	100%	14,980	81,237	26,064	55,173	26,797	12,610	4,354
Estácio Amazonas	100%	47,557	59,414	34,996	24,418	26,214		1,892
CEUT	100%	16,938	49,824	28,853	20,971	27,568	595	1,967
FNC	100%	22,328	64,617	44,220	20,397	72,046	3,433	1,043
FCAT	100%	11,341	48,517	32,737	15,780	20,121	1,668	820
FUFS	100%	13,593	16,484	6,928	9,556	6,255	274	(179)
			<u>601,197</u>	<u>321,531</u>	<u>279,666</u>	<u>266,839</u>	<u>18,580</u>	<u>30,403</u>
December 31, 2018								
	Interest	Number of shares	Total assets	Total liabilities	Equity	Goodwill	Students portfolio	Net income (loss) for the year
UNIUL	100%	9,478	1,402	705	697	956		(2,009)
IDEZ	100%	7,297	2,277	1,177	1,100	2,047		(1,118)
SEAMA	100%	4,407	31,455	5,914	25,541	18,035		5,263
FARGS	100%	8,606	16,256	6,129	10,127	8,055		(893)
SÃO LUIS	100%	3,795	84,529	32,391	52,138	27,368		31,304
FACITEC	100%	6,051	30,368	9,730	20,638	26,654		8,399
ASSESC	100%	2,416	4,286	1,960	2,326	4,723		(1,120)
IESAM	100%	2,810	74,295	23,476	50,819	26,797	12,811	16,965
Estácio Amazonas	100%	46,957	37,572	15,045	22,527	26,214		(5,273)
CEUT	100%	16,938	29,583	10,579	19,004	27,568	818	9,457
FNC	100%	22,328	31,570	12,218	19,352	72,046	3,924	10,999
FCAT	100%	11,341	22,478	7,518	14,960	20,121	1,918	10,977
FUFS	100%	13,593	12,591	2,857	9,734	6,255	452	355
			<u>378,662</u>	<u>129,699</u>	<u>248,963</u>	<u>266,839</u>	<u>19,923</u>	<u>83,306</u>

The table below shows the overall changes in the investments of the direct subsidiary ATUAL in its direct subsidiaries in the period ended March 31, 2019 and the financial year ended December 31, 2018:

Investments in subsidiaries at December 31, 2017

523,352

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Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

Equity income	83,306
Advance for future capital increase	10,028
Additional dividends for 2017	(20,000)
Dividends in 2018	(42,374)
Amortization of goodwill	(9,601)
Adoption of new practices IFRS 09	<u>(8,986)</u>
Investments in subsidiaries at December 31, 2018	<u>535,725</u>
Equity income	30,403
Advance for future capital increase	300
Amortization of goodwill	<u>(1,343)</u>
Investments in subsidiaries at March 31, 2019	<u>565,085</u>

9 Intangible assets

(a) Intangible assets - Parent company

Estácio Participações S.A.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

		31 December 2018		31 March 2019
		Cost	Additions	Cost
Cost				
Goodwill on acquisitions of investments (i)		780,065		780,065
Software licenses		99		99
The Integration Project		212		212
Goodwill		79,704		79,704
		<u>860,080</u>		<u>860,080</u>
	Amortization Rates	Amortization	Additions	Amortization
Amortization				
Software licenses	20% p.a.	(91)	(3)	(94)
The Integration Project	20% p.a.	(97)	(11)	(108)
Goodwill	20 to 33% p.a.	(79,703)		(79,703)
		<u>(79,891)</u>	<u>(14)</u>	<u>(79,905)</u>
Net residual balance		<u>780,189</u>	<u>(14)</u>	<u>780,175</u>

		31 December 2017		31 March 2018
		Cost	Additions	Cost
Cost				
Goodwill on acquisitions of investments (i)		780,065		780,065
Software licenses		99		99
The Integration Project		212		212
Goodwill		79,704		79,704
		<u>860,080</u>		<u>860,080</u>
	Amortization Rates	Amortization	Additions	Amortization
Amortization				
Software licenses	20% p.a.	(77)	(4)	(81)
The Integration Project	20% p.a.	(54)	(11)	(65)
Goodwill	20 to 33% p.a.	(66,669)	(3,258)	(69,927)
		<u>(66,800)</u>	<u>(3,273)</u>	<u>(70,073)</u>
Net residual balance		<u>793,280</u>	<u>(3,273)</u>	<u>790,007</u>

(i) Goodwill is an integral part of investments because of the merger of Estácio Ribeirão Preto Holding.

(b) Intangible assets - Consolidated

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

		December 31, 2018			31 March 2019		
		Cost	Additions	Write- offs	Transf.	Cost	
Cost							
Goodwill on acquisitions of investments		1,181,481				1,181,481	
Software licenses		334,996	14,121	(1)	(742)	348,374	
EAD and Integração		18,298	39		52	18,389	
Learning Center		86,910	3,259			90,169	
IT Architecture		21,664				21,664	
Online class material		8,043				8,043	
Knowledge Factory - EAD		39,304	1,364			40,668	
Questions database		11,636	276			11,912	
Students portfolio		173,503				173,503	
Other		34,231	2,348		629	37,208	
		1,910,066	21,407	(1)	(61)	1,931,411	
		Amortization Rates	Amortization	Additions	Write- offs	Transf.	Amortization
Amortization							
Goodwill on acquisitions of investments		Indefinite	(6,924)				(6,924)
Software licenses		20% p.a.	(236,368)	(12,490)	1		(248,857)
EAD and Integração		20% p.a.	(17,216)	(200)		61	(17,355)
Learning Center		10% p.a.	(31,018)	(3,032)			(34,050)
IT Architecture		17 to 20% p.a.	(12,375)	(962)			(13,337)
Online class material		20% p.a.	(7,007)	(114)			(7,121)
Knowledge Factory - EAD		10% p.a.	(8,784)	(1,138)			(9,922)
Questions database		20% p.a.	(5,624)	(579)			(6,203)
Students portfolio		20 to 50% p.a.	(153,580)	(1,343)			(154,923)
Other		20% p.a.	(17,350)	(1,161)			(18,511)
			(496,246)	(21,019)	1	61	(517,203)
Net residual balance			1,413,820	388			1,414,208

December
31, 2017

31
March
2018

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Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

		<u>Cost</u>	<u>Additions</u>	<u>Cost</u>
Cost				
Goodwill on acquisitions of investments		1,181,481		1,181,481
Software licenses		272,394	10,357	282,751
EAD and Integração		18,298		18,298
Learning Center		76,677	1,710	78,387
IT Architecture		21,664		21,664
Online class material		7,821	14	7,835
Knowledge Factory - EAD		33,868	1,643	35,511
Questions database		10,703	107	10,810
Students portfolio		173,503		173,503
Other		27,394	1,002	28,396
		<u>1,823,803</u>	<u>14,833</u>	<u>1,838,636</u>
	<u>Amortization Rates</u>	<u>Amortization</u>	<u>Additions</u>	<u>Amortization</u>
Amortization				
Goodwill on acquisitions of investments	Indefinite	(6,924)		(6,924)
Software licenses	20% p.a.	(192,746)	(11,490)	(204,236)
EAD and Integração	20% p.a.	(16,408)	(202)	(16,610)
Learning Center	10% p.a.	(19,912)	(2,777)	(22,689)
IT Architecture	20% p.a.	(8,530)	(961)	(9,491)
Online class material	20% p.a.	(6,436)	(198)	(6,634)
Knowledge Factory - EAD	10% p.a.	(4,537)	(986)	(5,523)
Questions database	20% p.a.	(3,442)	(533)	(3,975)
Students portfolio	20 to 50% p.a.	(130,945)	(6,165)	(137,110)
Other	20 to 10% p.a.	(13,715)	(893)	(14,608)
		<u>(403,595)</u>	<u>(24,205)</u>	<u>(427,800)</u>
Net residual balance		<u>1,420,208</u>	<u>(9,372)</u>	<u>1,410,836</u>

At March 31, 2019 and December 31, 2018 net goodwill on acquisitions of investments was comprised as follows:

<u>Parent Company</u>	<u>Consolidated</u>
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Estácio Participações S.A.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

	March 31 2019	December 31, 2018	March 31 2019	December 31, 2018
Goodwill on acquisitions of investments net of accumulated amortization				
IREP			89,090	89,090
ATUAL			15,503	15,503
Seama			18,035	18,035
Idez			2,047	2,047
Uniuol			956	956
Fargs			8,055	8,055
São Luis			27,369	27,369
Facitec			26,654	26,654
Assesc			4,723	4,723
Iesam			26,797	26,797
Estácio Amazonas			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,120	20,120
FUFS			6,255	6,255
FAL			8,076	8,076
FATERN			14,979	14,979
Estácio Editora			5	5
Estácio Ribeirão Preto	9,371	9,371	9,371	9,371
Estácio Ribeirão Preto Holding	<u>770,694</u>	<u>770,694</u>	<u>770,694</u>	<u>770,694</u>
	<u>780,065</u>	<u>780,065</u>	<u>1,174,557</u>	<u>1,174,557</u>

The Company carries out annual impairment tests, the last being for the year ended December 31, 2018, relative to goodwill on investment acquisitions and mergers, based on expected future profitability for projected future earnings over the next 10 years using a nominal perpetuity growth rate of 5.0% p.a. (equivalent to the long-term inflation rate, not considering any real growth) and a single nominal discount rate of 12.4% to discount estimated future cash flows.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

10 Property, plant and equipment

Property, plant and equipment - consolidated

		December 31 2018				31 March 2019
		Cost	Additions	Write-offs	Transf.	Cost
Cost						
Land		19,295				19,295
Buildings (i)		228,384	1,268,944		1,494	1,498,822
Improvements to rented property		295,799	7,087		6,046	308,932
Fixtures and fittings		109,851	2,050	(296)	15	111,620
Computers and peripherals		163,139	3,384	(798)	81	165,806
Plant and equipment		132,029	4,259	(134)	197	136,351
Physical/ hospital activities equipment		61,854	5,172	(235)	(37)	66,754
Library		167,613	377		(47)	167,943
Facilities		53,920	629		105	54,654
Tablets		32,442				32,442
Building work in progress		14,385	5,467		(7,846)	12,006
Demobilization		26,951				26,951
Other		16,595	239	(422)	(7)	16,405
		1,322,257	1,297,608	(1,885)	1	2,617,981
	Depreciation rates	Depreciation	Additions	Write-offs	Transf.	Depreciation
Depreciation						
Buildings	21.79% p.a.	(63,174)	(47,158)			(110,332)
Improvements to rented property	11.11% p.a.	(158,360)	(7,910)		203	(166,067)
Fixtures and fittings	8.33% p.a.	(58,893)	(2,581)	170	(19)	(61,323)
Computers and peripherals	25% p.a.	(133,827)	(4,591)	323	(28)	(138,123)
Plant and equipment	8.33% p.a.	(75,059)	(4,308)	38	(133)	(79,462)
		(22,664)	(978)	21	1	(23,620)
Physical/ hospital activities equipment	6.67% p.a.					
Library	5% p.a.	(75,523)	(1,849)		3	(77,369)
Facilities	8.33% p.a.	(21,854)	(957)		(29)	(22,840)
Tablets	20% p.a.	(28,510)	(1,092)			(29,602)
Demobilization		(16,479)	(696)			(17,175)
Other	14.44% p.a.	(6,809)	(493)	15	1	(7,286)
		(661,152)	(72,613)	567	(1)	(733,199)
Net residual balance		661,105	1,224,995	(1,318)		1,884,782

(i) This item presents the effects of IFRS 16, as described in note 1.3.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

		December 31 2017				March 31 2018	
		Cost	Additions	Write-offs	Transf.	Cost	
Cost							
Land		19,295				19,295	
Buildings		208,737	1,288		66	210,091	
Improvements to rented property		248,758	6,798	(19)	3,478	259,015	
Fixtures and fittings		96,317	1,525	(115)		97,727	
Computers and peripherals		154,408	1,877	(218)		156,067	
Plant and equipment		117,137	3,717	(91)		120,763	
Physical/ hospital activities equipment		48,283	2,890	(10)		51,163	
Library		159,081	1,262	(254)		160,089	
Facilities		51,615	463	(18)	31	52,091	
Tablets		37,974				37,974	
Building work in progress		6,659	2,279		(3,575)	5,363	
Demobilization		22,196				22,196	
Other		10,731	470	(157)		11,044	
		1,181,191	22,569	(882)		1,202,878	
		Depreciation rates	Depreciation	Additions	Write-offs	Transf.	Depreciation
Depreciation							
Buildings	1.67% p.a.	(59,546)	(921)		18	(60,449)	
Improvements to rented property	11.11% p.a.	(134,199)	(6,940)	59	(18)	(141,098)	
Fixtures and fittings	8.33% p.a.	(54,388)	(1,965)	55		(56,298)	
Computers and peripherals	25% p.a.	(118,348)	(4,480)	210		(122,618)	
Plant and equipment	8.33% p.a.	(58,799)	(4,019)	71		(62,747)	
Physical/ hospital activities equipment	6.67% p.a.	(19,740)	(727)	4		(20,463)	
Library	5% p.a.	(69,061)	(1,788)	52		(70,797)	
Facilities	8.33% p.a.	(18,233)	(932)	22		(19,143)	
Tablets	20% p.a.	(27,469)	(1,730)			(29,199)	
Demobilization		(12,204)	(634)			(12,838)	
Other	14.44% p.a.	(6,788)	(214)	141		(6,861)	
		(578,775)	(24,350)	614		(602,511)	
Net residual balance		602,416	(1,781)	(268)		600,367	

Estácio Participações S.A.**Management notes to the interim accounting information****March 31, 2019**

In thousands of Reais, unless stated otherwise

Certain assets acquired through financing or leasing (Note 11) were used as financing security. The Company and its subsidiaries have not pledged any other assets to secure transactions.

Buildings, machinery and IT equipment include the following amounts where the Group is a lessee under a finance lease:

		December 31 2018			March 31 2019
		Cost	Additions	Write-offs	Cost
Cost					
Financial leases capitalized		96,227	1,268,768		1,364,995
		<u>96,227</u>	<u>1,268,768</u>		<u>1,364,995</u>
	Annual depreciation	Depreciation	Additions	Write-offs	Depreciation
Depreciation					
Financial leases capitalized	10 to 33.33% p.a.	(62,055)	(52,293)		(114,348)
		<u>(62,055)</u>	<u>(52,293)</u>		<u>(114,348)</u>
Net balance		<u>34,172</u>	<u>1,216,475</u>		<u>1,250,647</u>

The Group leases various items of plant and equipment, such as air conditioning and IT equipment, under non-cancelable lease agreements. The lease terms vary from contract to contract, and ownership of the assets is held by the Group. All the Group's leases are recognized by the operation's net present value.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

11 Loans and financing

		Parent Company		Consolidated	
Type	Financial charges	March 31 2019	December 31, 2018	March 31 2019	December 31, 2018
Local currency					
Colortel lease contracts	INPC + 0.32% p.a			8,313	11,084
MB lease contracts	IGPM/FGV p.a			10,136	10,412
Lease contracts Right of use (i)	IGP-M			1,231,113	
Other commercial lease contracts	INPC, IGPI-DI / FGV p.a			4,621	5,877
IBM Leasing	CDI Over a.d + 2% p.m			3,670	5,675
Second debenture issuance	CDI + 1.18% p.a	124,036	121,840	124,036	121,840
Fourth debenture issuance	CDI + 1.50% p.a	51,158	50,214	51,158	50,214
Fifth debenture issuance (Series 1)	CDI + +0.585% p.a	251,621		251,621	
Fifth debenture issuance (Series 2)	CDI + +0.785% p.a	352,336		352,336	
Borrowing cost of debentures		(1,619)	(497)	(1,619)	(497)
Banco da Amazônia Loan	9.5% p.a.				7,372
FINEP loan	6% p.a.	3,531	3,674	3,531	3,674
Itaú Promissory notes (Tranche 2)	CDI+1.65% p.a				
Itaú Promissory Notes	CDI+1.25% p.a		601,564		601,564
		<u>781,063</u>	<u>776,795</u>	<u>2,038,916</u>	<u>817,215</u>
Current liabilities		179,088	773,709	358,317	795,789
Non-current liabilities		<u>601,975</u>	<u>3,086</u>	<u>1,680,599</u>	<u>21,426</u>
		781,063	776,795	2,038,916	817,215

(i) This item presents the effects of IFRS 16, as described in note 1.3.

The amounts recorded as non-current liabilities at March 31, 2019 and December 31, 2018 mature as follows:

	Parent Company		Consolidated	
	March 31 2019	December 31, 2018	March 31 2019	December 31, 2018
2020	247	587	126,760	6,829
2021	250,262	587	411,818	4,327
2022	175,429	587	331,831	2,450
2023	175,442	587	312,754	2,007
2024	595	587	88,959	1,875
2025 onwards		151	408,477	3,938
Non-current liabilities	<u>601,975</u>	<u>3,086</u>	<u>1,680,599</u>	<u>21,426</u>

Lease contracts are secured by the underlying assets.

The Group's loans and financing are denominated in Brazilian reais.

In January 2019, the Company settled in advance the loan agreements entered into with Banco da Amazônia "BASA" in the amounts of R\$ 3,072, R\$ 2,418 and R\$ 1,743 financed since the start of the contract in 2009, 2010 and 2016 respectively. The amount settled in advance in January 2019 was R\$ 7,233.

In February 2019, the Company completed its fifth debenture issuance of R\$ 600,000 maturing on February 15, 2024 in two series, with series 1 yielding 100% of the CDI rate + 0.585% p.a. for the principal of R\$ 250,000 maturing on February 15, 2022 and series 2 yielding 100% + 0.785% p.a., with the first principal amortization occurring on February 15, 2023 in the amount of R\$ 175,000 and the second principal amortization on February 15, 2024 in the amount of R\$ 175,000.

In February 2019, the Company settled early the entire second issuance of promissory notes made in December 2018 in the amount of R\$ 607,544.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

The contracts with several creditors include covenants that require the maintenance of certain financial indices with previously established parameters. As of March 31, 2019 and December 31, 2018, the Company and its parent company were in compliance with all covenants.

12 Payroll and related charges

	Parent Company		Consolidated	
	March 31 2019	December 31, 2018	March 31 2019	December 31, 2018
Payroll, severance pay and payroll charges payable	330	330	121,478	102,370
Provision for vacations			48,411	31,284
Provision for 13th month salaries			17,874	
	<u>330</u>	<u>330</u>	<u>187,763</u>	<u>133,654</u>

13 Tax liabilities

	Parent Company		Consolidated	
	March 31 2019	December 31, 2018	March 31 2019	December 31, 2018
ISS payable	32	5	22,178	18,335
IRRF payable	120	88	7,949	13,310
PIS and COFINS payable	125	93	4,671	2,838
IOF payable			1	64
	<u>277</u>	<u>186</u>	<u>34,799</u>	<u>34,547</u>
IRPJ payable			10,601	788
CSLL payable			3,829	253
			<u>14,430</u>	<u>1,041</u>
	<u>277</u>	<u>186</u>	<u>49,229</u>	<u>35,588</u>

14 Financing of taxes

	Consolidated	
	March 31 2019	December 31 2018
IRPJ	472	533
CSLL	47	48
Government Severance Indemnity Fund for Employees (FGTS)	803	810
ISS	672	1,345
PIS	89	91
COFINS	675	704
INSS	6,555	6,490
OTHER	229	220
	<u>9,542</u>	<u>10,241</u>
Current liabilities	3,297	3,563
Non-current liabilities	6,245	6,678
	<u>9,542</u>	<u>10,241</u>

The balance of financed taxes is restated monthly by the Selic base interest rate.

These refer basically to financed taxes owed to the Municipalities, Federal Tax Authorities, Social Security, with the following long-term maturities:

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

	Consolidated	
	March 31 2019	December 31 2018
2020		1,551
2021	2,095	1,130
2022	1,148	1,144
2023	1,148	1,110
2024 to 2029	1,854	1,743
	<u>6,245</u>	<u>6,678</u>

15 Acquisition price payable

	Consolidated	
	March 31 2019	December 31 2018
FACITEC		
SÃO LUIS	9,278	9,140
IESAM	10,743	10,914
Estácio Amazonas	2,862	2,801
CEUT	3,911	3,974
FNC (ii)		13,886
FCAT	1,476	1,499
FUFS	3,241	3,293
	<u>31,511</u>	<u>45,507</u>
Acquisition of property (i)	<u>347</u>	<u>2,833</u>
	<u>31,858</u>	<u>48,340</u>
Current liabilities	16,508	34,488
Non-current liabilities	15,350	13,852
	<u>31,858</u>	<u>48,340</u>

(i) Denotes the commitment between IREP and União Norte Brasileira de Educação e Cultura - UNBEC for several properties, located in Fortaleza, Ceará state.

(ii) In January 2019 the final payment was settled under the acquisition of FNC.

These basically denote the amount payable to the former owners for the acquisition of related companies, and properties, subject to monthly restatement by one of the following indexes: SELIC, IPCA (Broad Consumer Prices Index), IGP-M or variance of the CDI rate, depending on the contract.

The amounts recorded as non-current liabilities at March 31, 2019 and December 31, 2018 mature as follows:

	Consolidated	
	March 31 2019	December 31 2018
2020	13,189	11,657
2021	2,161	2,195
	<u>15,350</u>	<u>13,852</u>

16 Contingencies

The Company's subsidiaries are party to various civil, labor and tax proceedings at different court levels. Based on the opinion of its legal advisors, management recorded a provision for an amount considered sufficient to cover expected losses arising from these cases.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

At March 31, 2019 and December 31, 2018 the provision for contingencies was comprised as follows:

	Consolidated			
	March 31, 2019		December 31, 2018	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
Civil	20,360	16,376	20,019	16,334
Labor	110,390	47,595	98,453	48,310
Tax	8,510	19,171	8,445	17,058
	<u>139,260</u>	<u>83,142</u>	<u>126,917</u>	<u>81,702</u>

In the period ended March 31, 2019, the amount of R\$ 294 relates to the parent company's contingency, with R\$ 104 related to the civil and R\$ 190 related to the tax proceedings (R\$ 288 in the financial year ended December 31, 2018, with R\$ 103 civil and R\$ 185 tax).

The change in the provision for contingencies is as follows:

	Civil	Labor	Tax	Total
Balances at December 31, 2017	15,147	62,712	8,425	86,284
Additions	33,133	78,297	8,740	120,170
Reversals	(2,867)	(6,267)	(7,814)	(16,948)
Write-offs due to payment	(27,078)	(65,912)	(1,163)	(94,153)
Monetary restatement	1,684	29,623	257	31,564
Balances as of December 31, 2018	20,019	98,453	8,445	126,917
Additions	15,597	20,702	7,794	44,093
Reversals	(9,102)	(5,928)	(7,784)	(22,814)
Write-offs due to payment	(9,563)	(7,373)	(8)	(16,944)
Monetary restatement	3,409	4,536	63	8,008
Balances as of March 31, 2019	<u>20,360</u>	<u>110,390</u>	<u>8,510</u>	<u>139,260</u>

For the periods ended March 31, 2019 and 2018, expenses on the provision for contingencies recognized in profit or loss were as follows:

	2019	2018
Breakdown of income/loss		
Additions	44,093	37,973
Reversals	(22,814)	(8,408)
Monetary restatement	8,008	
Provision for contingencies	<u>29,287</u>	<u>29,565</u>
General and administrative expenses (Note 23)	(21,279)	(25,458)
Finance income (expense) (Note 25)	(8,008)	(4,107)
	<u>(29,287)</u>	<u>(29,565)</u>

(a) Civil

Most proceedings involve claims for indemnity for moral and property damages arising from incorrect collections and late issue of diplomas, among other matters of an operational and/or educational nature, as well as a number of claims entailing real estate law.

The provisions recognized for civil lawsuits are due to the following:

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

Matter	Amounts
Incorrect collection	4,046
Real Estate	5,884
Issue of certificates of completion/diplomas and graduation	1,157
Accreditation and cancellation of the course/enrollment	1,925
FIES	2,345
PROUNI	145
Success fees	2,812
Other (i)	2,046
	<u>20,360</u>

(i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions and other compensation claims.

(b) Labor

The main labor claims are seeking overtime, unused vacations, recognition of employment relationship, salary parity and salary differences arising from the decrease in the working hours of certain teachers.

The provisions recognized for labor claims are due to the following:

Matter	Amounts
Salary and severance differences + reduction of working time + FGTS + notice	58,265
Overtime + elimination of breaks during and between shifts	7,953
Moral/property damage/moral harassment	1,869
Employer's social security payment	7,615
Fees	837
Deviation from agreed position and salary parity	8,670
Fines (Article 467 CLT, article 477 CLT and CCT/ACT)	638
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	1,331
Vacations	2,556
Success fees	3,011
Other (i)	17,645
	<u>110,390</u>

(i) Other claims in addition to those listed above (resulting from them) and union fees.

(c) Tax

The tax proceedings mainly relate to tax immunity, escalation of social security contributions arising from the law 11096/05 and exclusion of scholarships from the ISS calculation basis and fines for alleged non-compliance with auxiliary obligations (special accounting arrangements).

The provisions recognized for tax claims are due to the following:

Matter	Amounts
ISS	102
Miscellaneous fines	12
Success fees	8,396
	<u>8,510</u>

(d) Possible losses not provisioned in the balance

The Company has the following tax, civil and labor cases involving risks of loss classified by management as possible, based on the opinion of its legal advisers. These proceedings do not have to be provisioned for under existing accounting practices.

Estácio Participações S.A.**Management notes to the interim accounting information****March 31, 2019**

In thousands of Reals, unless stated otherwise

	Consolidated	
	March 31 2019	December 31 2018
Civil	217,394	219,542
Labor	234,289	201,783
Tax	537,251	599,706
	<u>988,934</u>	<u>1,021,031</u>

The main proceedings classified as possible loss can be summarized as follows:

Civil	Amounts
Incorrect collection	52,414
Real Estate	105,859
FIES	25,302
Record	8,669
Issue of certificates of completion/diplomas and graduation	12,437
PROUNI	1,819
Accreditation and cancellation of course	1,347
Other (i)	9,547
	<u>217,394</u>

- (i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions, Procon (consumer defense) and other compensation claims.

Labor	Amounts
Salary and severance differences + reduction of working time + FGTS + notice	81,484
Overtime + elimination of breaks during and between shifts	57,106
Employer's social security payment	20,966
Deviation from agreed position and salary parity	14,108
Moral/property damage/moral harassment	12,886
Fines (Article 467 CLT, article 477 CLT and CCT/ACT)	6,156
Fees	13,167
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	5,888
Vacations	4,041
Tenure	1,583
Other (i)	16,904
	<u>234,289</u>

- (i) Other claims in addition to those listed above (resulting from them) and union fees.

Tax	Amounts
Social Security Contribution / FGTS	284,407
ISS	204,782
PROUNI / PIS / COFINS	20,293
IRPJ / CSLL / IRRF	14,375
IPTU / FORO / IPVA	3,418
Miscellaneous fines	4,949
Attachment of assets / CND / CEBAS	1,253
ICMS on electricity	997
Other	2,777
	<u>537,251</u>

We summarize below the position of the most significant cases rated as possible losses:

Social security contribution:

- (i) Due to the different interpretation of Article 13 of Law 11096/05 ("PROUNI Act"), Tax Enforcements were issued by the National Treasury to recover debts related to the alleged differences in payments of social security contributions. Motions were filed against these enforcements, which are in progress. The total amount involved is R\$ 135,554.
- (ii) Assessment notices for alleged non-performance of the principal tax liability for the period from February 2007 to December 2007. The Company appealed requesting the cancellation of the tax assessment claiming that they were clearly groundless. The appeal was partially accepted, and considered the percentage of the employers' contributions at the rate of 20% as from the month in which the Company changed from a non-profit entity to a company. On January 16, 2018, the Company filed an annulment action to contest the remaining debt. The interim relief claimed in this proceeding was awarded meaning the substance of the annulment actions are pending judgment by the lower court. The total amount involved is R\$ 22,230.
- (iii) The Federal Tax Authorities filed assessment notices against SESES for alleged social security contribution debts for the period January 2006 to January 2007 and failure to comply with auxiliary obligations. These assessment notices mainly contest the fulfillment of the legal requirements to qualify SESES as a non-profit welfare entity and its related right to exemption from social security contributions, a condition that was met until February 9, 2007. In August 2012, SESES was notified of the decision issued by the 1st administrative court, which partially granted our arguments, to recognize the statute of limitations and exclude from the assessments the amounts related to the period January 2006 to July 2006; the tax authorities' remaining arguments were upheld. A voluntary appeal was filed on September 27, 2012. The case records were assigned on 9/20/2016 and the Company is awaiting the placement of the appeal on docket for judgment. The total amount involved is R\$ 122,615.

ISS - Services tax:

- (i) The Tax Enforcement issued by the Municipality of Niterói, in connection with the assessment notice issued on September 29, 2009, is demanding Services Tax (ISS) from SESES for the period January 2004 to January 2007, considering the suspension of tax immunity by the municipal administration as a result of the alleged non-compliance with requirements for qualifying for the benefits provided by article 14 of the Brazilian Tax Code (CTN), i.e. because it allegedly failed to submit to the tax authorities relevant tax/accounting records in accordance with the existing legislation. Motions were filed against the enforcement on September 16, 2013, which are in progress. The total amount involved is R\$ 35,988.
- (ii) The Municipality of Rio de Janeiro issued an assessment notice against SESES on the grounds that scholarships could not be deducted from the ISS calculation base. The assessment covered the period August 2009 to July 2010, and we contested it on April 12, 2012. On September 12, 2012 the case records were sent to the Coordinating Office for Tax Reviews and Judgments. On April 1, 2014, SESES was notified of the decision that deemed our contestation groundless and upheld the assessment. We filed a voluntary appeal on April 30, 2014. For review of the appeal, the case records were referred to the Taxpayers Council on September 2, 2014. The Company is awaiting the placement of the appeal on docket for judgment. Our legal advisers have rated these cases as a possible risk. The total amount involved is R\$ 54,291.
- (iii) On August 14, 2018 a Tax Enforcement was brought against Sociedade Tecnopolitana da Bahia Ltda. (STB), merged into IREP in June 2010, for non-payment of Services Tax (ISS) in the period 2007 to February 2011. The assessment arose from a due diligence in connection with the procedures for cancellation of the registration of the activities previously performed at STB's headquarters and branch facilities. The related Motion against the Tax Enforcement was filed on October 3, 2018. Pending judgment by the lower court. The total amount involved is R\$ 16,649.

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17 Equity

(a) Share capital

The Board of Directors may increase the share capital up to the limit of 1,000,000,000 (one billion) shares, for which an amendment to the bylaws is not required. As of March 31, 2019 the share capital consists of 309,088,851 common shares.

The Company's ownership structure as of March 31, 2019 and December 31, 2018 is as follows:

Shareholders	Common shares			
	March 31 2019	%	December 31 2018	%
Senior Management	533,843	0.2	601,693	0.2
Treasury	8,887,721	2.9	8,975,936	2.9
Other (i)	299,667,287	96.9	299,511,222	96.9
	<u>309,088,851</u>	<u>100</u>	<u>309,088,851</u>	<u>100</u>

(i) Free float

(b) Changes in shares

The share capital did not change in the period ended March 31, 2019.

(c) Treasury shares

On May 16, 2018, the Board of Directors approved an extension to the 5th buyback program from 12 to 18 months, expiring on December 21, 2018.

	Quantity	Average cost	Balance
Treasury shares at December 31, 2018	8,975,936	23.02	206,641
SOP payment using treasury shares (Note 17 d.3)	<u>(88,215)</u>	<u>23.02</u>	<u>(2,031)</u>
Treasury shares at March 31, 2019	<u>8,887,721</u>	<u>23.02</u>	<u>204,610</u>

(d) Capital reserves

(d.1) Goodwill on share subscription

The goodwill reserve refers to the difference between the subscription price that the shareholders pay for the shares and their par value. Since this is a capital reserve, it can only be used to increase capital, offset losses, redeem, reimburse or purchase shares or pay cumulative dividends on preferred shares.

The share subscription goodwill in the financial statements as of March 31, 2019 and December 31, 2018 is as follows:

	Parent Company	
	March 31 2019	December 31 2018
Tax reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special goodwill reserve under merger	85	85
Goodwill on share subscription	498,899	498,899
	<u>595,464</u>	<u>595,464</u>

(i) Profits earned prior to the Company's conversion into a for-profit company

The goodwill on the share issuance is comprised as follows:

	March 31 2019
Subscription of 17,853,127 shares	(23,305)
Amount paid for the 17,853,127 shares	<u>522,204</u>
Goodwill on share issuance	<u>498,899</u>

(d.2) Stock options

The Company recorded the capital reserve for stock options granted, as mentioned in Note 20. As required by the technical pronouncement, the fair value of the options was determined on the grant date and is being recognized over the vesting period up to this reporting date.

(d.3) Goodwill and negative goodwill on the sale of treasury shares

The goodwill and negative goodwill on the sale of treasury shares refers to the difference between the acquisition price that the Company paid for the shares and the sale amount when using the shares to pay for the options granted.

The negative goodwill on the sale of treasury shares is represented as follows at March 31, 2019 and December 31, 2018:

	Number of shares	Sale	Amount paid	Negative Goodwill
Negative goodwill at December 31, 2018	2,230,255	35,123	27,140	7,983
SOP payment in 2019	<u>88,215</u>	<u>2,031</u>	<u>1,504</u>	<u>527</u>
Negative goodwill at March 31, 2019	<u>2,318,470</u>	<u>37,154</u>	<u>28,644</u>	<u>8,510</u>

(e) Profit reserves

On December 31, 2018, R\$ 459,472 was allocated from the Company's retained earnings to the "Reserve for New Investments" referring to potential acquisitions, expansion and improvements to infrastructure, technology and organic expansion, as provided for in the Company's bylaws. This proposed profit retention was approved at the Annual General Meeting held April 26, 2019.

18 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company's financial instrument assets and liabilities as of March 31, 2019 and December 31, 2018 are recorded in equity accounts at amounts compatible with market practices.

The criteria, assumptions and limitations used in the calculation of market value have not changed in relation to the financial statements as of December 31, 2018.

18.1 Fair value hierarchy

The table below presents financial instruments at fair value according to the measurement method:

	Consolidated	
	March 31 2019	December 31 2019
Level 2		
Financial assets at fair value through profit or loss		
Marketable securities	877,087	804,360
	<u>877,087</u>	<u>804,360</u>

The measurement of the financial instruments is grouped into levels 1 to 3, based on the degree to which its fair value is quoted:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - other methods for which all the data with a significant effect on fair value recorded is observable directly or indirectly; and

Level 3 - methods which use data that has a significant effect on the fair value recorded not based on observable market data.

In the period ended March 31, 2019 there were no transfers arising from fair value classifications between levels 1 and 2, nor into or out of level 3.

18.2 Financial risk factors

All the Group's operations are conducted with banks with recognized liquidity, which mitigates the risk posed by them. Management records an allowance for doubtful accounts at an amount considered sufficient to cover possible losses on the collection of receivables; the risk of incurring losses on billed amounts is duly measured and accounted for. The main market risk factors affecting the Group are as follows:

(a) Credit risk

This risk related to difficulties in collecting amounts for services rendered.

The Group is also subject to credit risk on its marketable securities..

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The credit risk relating to the rendering of services is minimized by a strict control of the student base and active management of default levels and dispersion of balances. In addition, the Company requires the settlement or negotiation of the amounts overdue upon return of the students for classes in the next semester.

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate in accordance with the investments policy approved by the Board of Directors. The balances of cash and cash equivalents, marketable securities and judicial deposits are held at financial institutions with A to AAA credit rating assigned by the credit rating agencies Standard & Poor's, Fitch and Moody's. In the event of two or more ratings, the rating of the majority shall prevail. In the event of different ratings, the Company adopts the higher rating as a basis.

(b) Interest rate risk

The Group is exposed to fluctuations in the Interbank Deposit Certificate (CDI) rate, which is used to adjust its marketable securities and debts. Additionally, any increase in interest rates could drive up the cost of student loans, including loans under the FIES program, and reduce the demand for courses.

(c) Exchange rate risk

As of March 31, 2019 and December 31, 2018 the Company did not have foreign-currency debt.

(d) Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient cash resources available to settle its obligations due to a mismatch between the liquidity of rights and obligations.

The Group's liquidity and cash flow is managed on a daily basis by the Company's management departments to ensure operating cash generation and additional funds obtained in advance, where necessary, are sufficient to maintain its schedule of commitments without creating a liquidity risk for the Group. There was no significant change in the Group's financial instrument liabilities as at March 31, 2019 in relation to December 31, 2018.

The table below presents an analysis of the Group's non-derivative financial liabilities by aging range, for the period remaining between the reporting date and the contractual maturity date. The amounts shown in the table are the non-discounted cash flows contracted.

	Consolidated			
	Less than one year	Between one and two years	Between two and five years	Over five years
At March 31, 2019				
Suppliers	124,685			
Loans and financing	179,088	42,404	681,304	520
Financial lease obligations	179,229	3,226	515,596	807,700
Acquisition price payable	16,508	15,584		
At December 31, 2018				
Suppliers	105,812			
Loans and financing	775,747	3,205	5,605	871
Financial lease obligations	20,042	6,335	2,554	7,572
Acquisition price payable	34,488	12,348	2,363	

(e) Sensitivity analysis

CVM Resolution 550 (October 17, 2008) establishes that publicly-held companies must disclose, in a specific note, qualitative and quantitative information on all their financial instruments, recognized or not as assets or liabilities in their statement of financial position.

The Group's financial instruments mainly consist of by cash and cash equivalents, accounts receivable, accounts payable, judicial deposits and loans and financing and are recorded at cost, plus accrued income or charges, which, at March 31, 2019 and December 31, 2018 closely approximate their market values.

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The main risks posed by the Group's operations are related to changes in the CDI rate (Interbank Deposit Certificate).

CVM Directive 475 (December 17, 2008) requires the presentation of information on financial instruments, in a specific note, as well as disclosure of the sensitivity analysis.

Loans in Brazilian reais consist of transactions for which the carrying amount approximates their fair value.

Investments yielding the CDI rate are recorded at fair value, in accordance with quotations disclosed by the respective financial institutions. Most of the other investments refer to bank deposit certificates and repurchase agreements and, therefore, the value recorded for these securities does not differ from market value.

For purposes of verifying the sensitivity of the index for the financial investments to which the Company was exposed on the base date of March 31, 2019, three different scenarios were defined. Based on the CDI rate officially published by CETIP on March 31, 2019 (6.40% p.a.), this rate was used as the probable scenario for the year. Rate changes of 25% and 50% were then calculated for scenarios II and III, respectively.

For each scenario, the "gross financial revenue and finance expense" were calculated, disregarding the effect of taxes on the investment yields. The base date used for the portfolio was March 31, 2019, projected for one year and verifying the sensitivity of the CDI rate for each scenario.

CDI increase scenario				
Operations	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Marketable securities R\$ 877,087	CDI	6.40% 56,134	8.00% 70,167	9.60% 84,200
Debentures II R\$ 124,036	CDI +1.18%	7.66% (9,496)	9.27% (11,504)	10.89% (13,512)
Debentures IV R\$ 51,158	CDI +1.50%	8.00% (4,091)	9.62% (4,921)	11.24% (5,752)
Debentures V - Q1 R\$ 251,621	CDI +0.585%	7.02% (17,670)	8.63% (21,719)	10.24% (25,769)
Debentures V - Q2 R\$ 352,336	CDI +0.79%	7.24% (25,492)	8.85% (31,174)	10.46% (36,856)
Net position		(615)	849	2,311
CDI decrease scenario				
Operations	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Short-term investments R\$ 877,087	CDI	6.40% 56,134	4.80% 42,100	3.20% 28,067
Debentures II R\$ 124,036	CDI +1.18%	7.66% (9,496)	6.04% (7,488)	4.42% (5,480)
Debentures IV R\$ 51,158	CDI +1.50%	8.00% (4,091)	6.37% (3,260)	4.75% (2,429)
Debentures V - Q1 R\$ 251,621	CDI +0.585%	7.02% (17,670)	5.41% (13,620)	3.80% (9,571)
Debentures V - Q2 R\$ 352,336	CDI +0.79%	7.24% (25,492)	5.62% (19,811)	4.01% (14,129)
Net position		(615)	(2,079)	(3,542)

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(f) Capital Management

The Company's consolidated debt in relation to equity in the period ended March 31, 2019 and the financial year ended December 31, 2018 is presented as follows:

	Consolidated	
	March 31, 2019	December 31, 2018
Loans and financing (Note 11) (i)	807,803	817,215
(-) Cash and cash equivalents (Note 3)	(8,695)	(13,686)
Net debt	799,108	803,529
Equity	2,835,893	2,591,409
Net debt over equity	0.28	0.31

(i) Net loans and financing from effects of IFRS 16.

(g) Offsetting of financial instruments

There were no significant assets or liabilities subject to contractual offsetting as of March 31, 2019 and December 31, 2018.

19 Management compensation

(a) Compensation

In the period ended March 31, 2019 and 2018, total compensation (salaries and profit sharing) paid to the Company's directors, officers and main executives amounted to R\$ 4,234 and R\$ 2,699, respectively. These amounts are within the limits established at the corresponding shareholders' meetings.

The Company and its subsidiaries do not award retirement benefits, severance benefits or other long-term benefits to Management and its employees, except for the stock option plan described in Note 20 (b).

(b) Stock option plan

The history and details of the stock option plans have not changed in relation to the information presented in the financial statements as of December 31, 2018.

At March 31, 2019 the number of options granted which were exercised totaled 12,901,362 shares (R\$ 108,426), and the total shares granted less prescribed shares amounted to 17,131,902 shares (R\$ 160,215).

Programs	Awarded	Options Prescribed	Options Abandoned	Exercised	Share balance
1P	11,910,909	5,067,255	469,539	6,374,115	
2P	1,411,563	798,438	131,835	481,290	
3P	1,805,373	451,929	84,128	1,269,316	
4P	2,736,000	696,000	19,423	2,016,677	3,900
5P	720,000	348,000	118,394	253,606	
6P	5,090,000	2,247,000	1,882,764	720,282	239,954
7P	889,000	379,200	271,819	92,326	145,655
8P	983,000	440,400	43,432	385,114	114,054
9P	1,300,000	480,000		820,000	
10P	1,105,779	494,000	39,000	340,000	232,779
11P	991,010	408,510	16,255	148,636	417,609
Grand Total	28,942,634	11,810,732	3,076,589	12,901,362	1,153,951

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Total options granted which were exercised in recent quarters are as follows:

	<u>Exercised shares</u>
December 31, 2017	11,593,133
March 31, 2018	11,595,333
June 30, 2018	12,772,667
September 30, 2018	12,835,412
December 31, 2018	12,842,762
March 31, 2019	12,901,362

The assumptions used to determine each grant, based on the Black-Scholes model, are as follows:

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Program	End of grace period	Maturity Date	Fair Value	Price of Underlying Asset (i)	Expected Annual Volatility	Expected Dividends	Risk-free interest rate	Estimated Life (years)	Number of Options Granted	Number of Options Expired
1P Program Jul/08	04/15/09	04/15/19	R\$ 2.36	R\$ 8.06	57.49%	0.97%	6.85%	10	703,668	509,100
1P Program Jul/08	04/15/10	04/15/20	R\$ 3.15	R\$ 8.06	57.49%	0.97%	6.85%	10	703,626	538,176
1P Program Jul/08	04/15/11	04/15/21	R\$ 3.69	R\$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
1P Program Jul/08	04/14/12	04/14/22	R\$ 4.37	R\$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
1P Program Jul/08	04/14/13	04/14/23	R\$ 3.71	R\$ 8.06	57.49%	0.97%	6.85%	10	703,626	552,720
1P Program Jul/08	04/15/09	07/11/18	R\$ 2.35	R\$ 8.06	57.49%	0.97%	6.85%	9	60,000	30,000
1P Program Jul/08	04/15/10	07/11/18	R\$ 3.14	R\$ 8.06	57.49%	0.97%	6.85%	8	60,000	30,000
1P Program Sep/08	04/15/09	04/15/19	R\$ 0.47	R\$ 7.93	56.00%	1.62%	8.42%	10	663,645	0
1P Program Sep/08	04/15/10	02/15/20	R\$ 1.12	R\$ 7.93	56.00%	1.62%	8.42%	9	663,633	399,999
1P Program Sep/08	04/15/11	04/15/21	R\$ 1.55	R\$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
1P Program Sep/08	04/14/12	04/14/22	R\$ 1.78	R\$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
1P Program Sep/08	04/14/13	04/14/23	R\$ 2.08	R\$ 7.93	56.00%	1.62%	8.42%	10	663,633	399,999
1P Program Jan/09	04/15/10	04/15/20	R\$ 0.57	R\$ 7.90	63.99%	1.72%	6.83%	10	90,915	18,180
1P Program Jan/09	04/15/11	04/15/21	R\$ 1.21	R\$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
1P Program Jan/09	04/14/12	04/15/22	R\$ 1.62	R\$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
1P Program Jan/09	04/14/13	04/15/23	R\$ 1.92	R\$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
1P Program Jan/09	04/14/14	04/15/24	R\$ 2.11	R\$ 7.90	63.99%	1.72%	6.83%	10	90,909	72,729
1P Program Jan/09	04/15/10	01/13/19	R\$ 0.57	R\$ 7.91	63.99%	1.72%	6.83%	8	1,363,635	0
1P Program Jan/09	04/15/11	01/13/19	R\$ 1.21	R\$ 7.91	63.99%	1.72%	6.83%	7	1,363,635	0
1P Program Sep/09	04/15/10	04/15/20	R\$ 1.78	R\$ 8.02	56.75%	1.13%	5.64%	10	174,582	0
1P Program Sep/09	04/15/11	02/15/21	R\$ 2.51	R\$ 8.02	56.75%	1.13%	5.64%	9	174,537	32,727
1P Program Sep/09	04/14/12	04/14/22	R\$ 3.00	R\$ 8.02	56.75%	1.13%	5.64%	10	174,537	32,727
1P Program Sep/09	04/14/13	04/14/23	R\$ 3.40	R\$ 8.02	56.75%	1.13%	5.64%	10	174,537	32,727
1P Program Sep/09	04/14/14	04/14/24	R\$ 3.62	R\$ 8.02	56.75%	1.13%	5.64%	10	174,537	101,814
1P Program Jan/10	04/15/11	04/15/21	R\$ 2.96	R\$ 8.01	63.15%	0.93%	6.23%	10	89,112	10,914
1P Program Jan/10	04/14/12	04/14/22	R\$ 3.78	R\$ 8.01	63.15%	0.93%	6.23%	10	89,088	38,181
1P Program Jan/10	04/14/13	04/14/23	R\$ 4.34	R\$ 8.01	63.15%	0.93%	6.23%	10	89,088	38,181
1P Program Jan/10	04/14/14	04/14/24	R\$ 4.76	R\$ 8.01	63.15%	0.93%	6.23%	10	89,088	52,728
1P Program Jan/10	04/14/15	04/14/25	R\$ 5.03	R\$ 8.01	63.15%	0.93%	6.23%	10	89,088	52,728
1P Program Mar/10	04/15/11	04/15/21	R\$ 2.43	R\$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
1P Program Mar/10	04/14/12	04/14/22	R\$ 3.23	R\$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
1P Program Mar/10	04/14/13	04/14/23	R\$ 3.77	R\$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
1P Program Mar/10	04/14/14	04/14/24	R\$ 4.18	R\$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
1P Program Mar/10	04/14/15	04/14/25	R\$ 4.43	R\$ 7.88	62.20%	1.01%	6.21%	10	90,909	0
2P Program May/10	04/15/11	04/15/21	R\$ 2.52	R\$ 9.00	60.71%	1.62%	6.30%	10	140,625	0
2P Program May/10	04/15/12	04/15/15	R\$ 2.52	R\$ 9.00	60.71%	1.62%	6.30%	3	140,625	140,625
2P Program May/10	04/14/13	04/14/23	R\$ 2.52	R\$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
2P Program May/10	04/14/14	04/14/24	R\$ 2.52	R\$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
2P Program May/10	04/14/15	04/14/25	R\$ 2.52	R\$ 9.00	60.71%	1.62%	6.30%	10	140,625	140,625
2P Program Jul/10	04/15/11	04/15/21	R\$ 1.37	R\$ 8.83	58.84%	1.52%	6.25%	10	129,702	39,063
2P Program Jul/10	04/14/12	04/14/22	R\$ 2.19	R\$ 8.83	58.84%	1.52%	6.25%	10	129,684	39,063
2P Program Jul/10	04/14/13	04/14/23	R\$ 2.72	R\$ 8.83	58.84%	1.52%	6.25%	10	129,684	48,438
2P Program Jul/10	04/14/14	04/14/24	R\$ 3.12	R\$ 8.83	58.84%	1.52%	6.25%	10	129,684	48,438
2P Program Jul/10	04/14/15	04/14/25	R\$ 3.36	R\$ 8.83	58.84%	1.52%	6.25%	10	129,684	60,936
2P Program Nov/10	04/15/11	11/03/20	R\$ 2.48	R\$ 8.56	57.60%	1.52%	5.88%	9	30,000	0
2P Program Nov/10	04/14/12	11/03/20	R\$ 3.34	R\$ 8.56	57.60%	1.52%	5.88%	8	30,000	0
3P Program Jan/11	04/15/12	04/15/22	R\$ 1.99	R\$ 10.31	56.55%	1.14%	5.79%	10	183,861	10,170
3P Program Jan/11	04/14/13	04/14/23	R\$ 3.02	R\$ 10.31	56.55%	1.14%	5.79%	10	183,807	35,592
3P Program Jan/11	04/14/14	04/14/24	R\$ 3.72	R\$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
3P Program Jan/11	04/14/15	04/14/25	R\$ 4.25	R\$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
3P Program Jan/11	04/14/16	04/14/26	R\$ 4.60	R\$ 10.31	56.55%	1.14%	5.79%	10	183,807	51,072
3P Program Jan/11	04/15/12	01/03/21	R\$ 2.00	R\$ 10.31	56.55%	1.14%	5.79%	8	30,000	0
3P Program Jan/11	04/14/13	01/03/21	R\$ 3.03	R\$ 10.31	56.55%	1.14%	5.79%	7	30,000	0
3P Program Apr/11	04/15/12	04/15/22	R\$ 1.29	R\$ 10.04	54.94%	1.32%	6.20%	10	165,324	12,717
3P Program Apr/11	04/14/13	04/14/23	R\$ 2.27	R\$ 10.04	54.94%	1.32%	6.20%	10	165,240	38,133
3P Program Apr/11	04/14/14	04/14/24	R\$ 2.92	R\$ 10.04	54.94%	1.32%	6.20%	10	165,240	61,011
3P Program Apr/11	04/14/15	04/14/25	R\$ 3.42	R\$ 10.04	54.94%	1.32%	6.20%	10	165,240	61,011
3P Program Apr/11	04/14/16	04/14/26	R\$ 3.74	R\$ 10.04	54.94%	1.32%	6.20%	10	165,240	80,079
4P Program Apr/12	04/15/13	04/15/23	R\$ 1.12	R\$ 7.84	51.66%	1.65%	4.29%	10	234,000	27,000
4P Program Apr/12	04/14/14	04/14/24	R\$ 1.81	R\$ 7.84	51.66%	1.65%	4.29%	10	234,000	42,000
4P Program Apr/12	04/14/15	04/14/25	R\$ 2.26	R\$ 7.84	51.66%	1.65%	4.29%	10	234,000	42,000
4P Program Apr/12	04/14/16	04/14/26	R\$ 2.60	R\$ 7.84	51.66%	1.65%	4.29%	10	234,000	60,000
4P Program Apr/12	04/14/17	04/14/27	R\$ 2.82	R\$ 7.84	51.66%	1.65%	4.29%	10	234,000	138,000
4P Program Apr/12	04/15/13	04/02/22	R\$ 1.09	R\$ 7.84	51.66%	1.65%	4.29%	8	180,000	0
4P Program Apr/12	04/14/14	04/02/22	R\$ 1.78	R\$ 7.84	51.66%	1.65%	4.29%	7	180,000	0
4P Program Jul/12	04/15/13	04/15/23	R\$ 2.23	R\$ 7.65	50.78%	1.23%	4.29%	10	48,000	0
4P Program Jul/12	04/14/14	04/14/24	R\$ 2.96	R\$ 7.65	50.78%	1.23%	4.29%	10	48,000	0
4P Program Jul/12	04/14/15	04/14/25	R\$ 3.46	R\$ 7.65	50.78%	1.23%	4.29%	10	48,000	9,000
4P Program Jul/12	04/14/16	04/14/26	R\$ 3.86	R\$ 7.65	50.78%	1.23%	4.29%	10	48,000	9,000
4P Program Jul/12	04/14/17	04/14/27	R\$ 4.12	R\$ 7.65	50.78%	1.23%	4.29%	10	48,000	48,000
4P Program Aug/12	04/15/13	04/15/23	R\$ 2.64	R\$ 7.54	50.39%	1.15%	4.29%	10	18,000	0
4P Program Aug/12	04/14/14	04/14/24	R\$ 3.37	R\$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
4P Program Aug/12	04/14/15	04/14/25	R\$ 3.88	R\$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
4P Program Aug/12	04/14/16	04/14/26	R\$ 4.29	R\$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
4P Program Aug/12	04/14/17	04/14/27	R\$ 4.55	R\$ 7.54	50.39%	1.15%	4.29%	10	18,000	18,000
4P Program Nov/12	04/15/14	04/15/24	R\$ 6.31	R\$ 7.38	49.44%	0.76%	3.50%	10	15,000	0
4P Program Nov/12	04/15/15	04/15/25	R\$ 6.88	R\$ 7.38	49.44%	0.76%	3.50%	10	15,000	0
4P Program Nov/12	04/15/16	04/15/26	R\$ 7.36	R\$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000
4P Program Nov/12	04/15/17	04/15/27	R\$ 7.79	R\$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000
4P Program Nov/12	04/15/18	04/15/28	R\$ 8.08	R\$ 7.38	49.44%	0.76%	3.50%	10	15,000	15,000

(i) Market price on the respective grant dates.

Management notes to the interim accounting information

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The assumptions used to calculate each grant, based on the Binomial model, are described as follows:

Program	End of grace period	Maturity Date	Fair Value	Price of Underlying Asset (i)	Expected Annual Volatility	Expected Dividends	Risk-free interest rate	Estimated Life (years)	Number of Options Granted	Number of Options Expired
4P Program Jan/13	04/15/14	04/15/24	R\$ 8.23	R\$ 7.32	33.47%	0.00%	3.90%	10	160,200	7,200
4P Program Jan/13	04/15/15	04/15/25	R\$ 8.35	R\$ 7.32	33.47%	0.00%	3.90%	10	160,200	7,200
4P Program Jan/13	04/15/16	04/15/26	R\$ 8.48	R\$ 7.32	33.47%	0.00%	3.90%	10	160,200	7,200
4P Program Jan/13	04/15/17	04/15/27	R\$ 8.62	R\$ 7.32	33.47%	0.00%	3.90%	10	160,200	88,200
4P Program Jan/13	04/15/18	04/15/28	R\$ 8.75	R\$ 7.32	33.47%	0.00%	3.90%	10	160,200	94,200
5P Program 3	04/15/14	04/15/24	R\$ 6.37	R\$ 15.33	39.85%	0.00%	11.02%	10	144,000	0
5P Program 3	04/15/15	04/15/25	R\$ 7.02	R\$ 15.33	39.85%	0.00%	11.02%	10	144,000	21,000
5P Program 3	04/15/16	04/15/26	R\$ 7.60	R\$ 15.33	39.85%	0.00%	11.02%	10	144,000	102,000
5P Program 3	04/15/17	04/15/27	R\$ 8.11	R\$ 15.33	39.85%	0.00%	11.02%	10	144,000	102,000
5P Program 3	04/15/18	04/15/28	R\$ 8.58	R\$ 15.33	39.85%	0.00%	11.02%	10	144,000	123,000
6P Program Oct13	04/15/14	04/15/24	R\$ 5.05	R\$ 17.48	28.80%	0.00%	11.99%	10	265,000	5,000
6P Program Oct13	04/15/15	04/15/25	R\$ 5.79	R\$ 17.48	28.80%	0.00%	11.99%	10	265,000	5,000
6P Program Oct13	04/15/16	04/15/26	R\$ 6.40	R\$ 17.48	28.80%	0.00%	11.99%	10	265,000	19,000
6P Program Oct13	04/15/17	04/15/27	R\$ 6.94	R\$ 17.48	28.80%	0.00%	11.99%	10	265,000	88,000
6P Program Oct13	04/15/18	04/15/28	R\$ 7.43	R\$ 17.48	28.80%	0.00%	11.99%	10	265,000	104,000
6P Program Jul14	04/15/15	04/15/25	R\$ 15.13	R\$ 16.79	26.43%	0.00%	11.99%	10	608,000	0
6P Program Jul14	04/15/16	04/15/26	R\$ 15.76	R\$ 16.79	26.43%	0.00%	11.99%	10	608,000	80,000
6P Program Jul14	04/15/17	04/15/27	R\$ 16.41	R\$ 16.79	26.43%	0.00%	11.99%	10	608,000	602,000
6P Program Jul14	04/15/18	04/15/28	R\$ 17.05	R\$ 16.79	26.43%	0.00%	11.99%	10	608,000	608,000
6P Program Jul14	04/15/19	04/15/29	R\$ 17.65	R\$ 16.79	26.43%	0.00%	11.99%	10	608,000	608,000
6P Program Jul14 Cons.	04/15/15	07/04/24	R\$ 15.09	R\$ 16.79	28.80%	0.00%	11.99%	9	162,500	0
6P Program Jul14 Cons.	04/15/16	07/04/24	R\$ 15.69	R\$ 16.79	28.80%	0.00%	11.99%	8	162,500	0
6P Program Aug14	04/15/15	04/15/25	R\$ 14.48	R\$ 16.88	26.68%	0.00%	11.99%	10	60,000	0
6P Program Aug14	04/15/16	04/15/26	R\$ 15.10	R\$ 16.88	26.68%	0.00%	11.99%	10	60,000	28,000
6P Program Aug14	04/15/17	04/15/27	R\$ 15.74	R\$ 16.88	26.68%	0.00%	11.99%	10	60,000	28,000
6P Program Aug14	04/15/18	04/15/28	R\$ 16.38	R\$ 16.88	26.68%	0.00%	11.99%	10	60,000	28,000
6P Program Aug14	04/15/19	04/15/29	R\$ 16.98	R\$ 16.88	26.68%	0.00%	11.99%	10	60,000	44,000
6P Program Aug14 Cons.	04/15/15	08/01/24	R\$ 14.43	R\$ 16.88	28.80%	0.00%	11.99%	9	50,000	0
6P Program Aug14 Cons.	04/15/16	08/01/24	R\$ 15.02	R\$ 16.88	28.80%	0.00%	11.99%	8	50,000	0
7P Program Oct14	04/15/15	04/15/25	R\$ 8.58	R\$ 25.40	28.80%	0.00%	11.99%	10	177,800	16,000
7P Program Oct14	04/15/16	04/15/26	R\$ 9.71	R\$ 25.40	28.80%	0.00%	11.99%	10	177,800	37,000
7P Program Oct14	04/15/17	04/15/27	R\$ 10.64	R\$ 25.40	28.80%	0.00%	11.99%	10	177,800	86,000
7P Program Oct14	04/15/18	04/15/28	R\$ 11.47	R\$ 25.40	28.80%	0.00%	11.99%	10	177,800	104,400
7P Program Oct14	04/15/19	04/15/29	R\$ 12.24	R\$ 25.40	28.80%	0.00%	11.99%	10	177,800	135,800
8P Program Oct15	04/15/16	04/15/26	R\$ 5.45	R\$ 13.15	28.80%	0.00%	11.99%	10	196,600	2,000
8P Program Oct15	04/15/17	04/15/27	R\$ 6.42	R\$ 13.15	28.80%	0.00%	11.99%	10	196,600	56,800
8P Program Oct15	04/15/18	04/15/28	R\$ 7.20	R\$ 13.15	28.80%	0.00%	11.99%	10	196,600	81,200
8P Program Oct15	04/15/19	04/15/29	R\$ 7.88	R\$ 13.15	28.80%	0.00%	11.99%	10	196,600	150,200
8P Program Oct15	04/15/20	04/15/30	R\$ 8.47	R\$ 13.15	28.80%	0.00%	11.99%	10	196,600	150,200
9 th Program Apr16	04/15/17	04/15/27	R\$ 6.02	R\$ 11.87	54.57%	0.00%	12.93%	10	80,000	20,000
9 th Program Apr16	04/15/18	04/15/27	R\$ 6.66	R\$ 11.87	54.57%	0.00%	12.93%	10	80,000	20,000
9 th Program Apr16	04/15/19	04/15/27	R\$ 7.14	R\$ 11.87	54.57%	0.00%	12.93%	10	80,000	80,000
9 th Program Apr16	04/15/20	04/15/27	R\$ 7.52	R\$ 11.87	54.57%	0.00%	12.93%	10	80,000	80,000
9 th Program Apr16	04/15/21	04/15/27	R\$ 7.83	R\$ 11.87	54.57%	0.00%	12.93%	10	80,000	80,000
9 th Program Apr16 Cons.	04/15/17	04/29/17	R\$ 3.17	R\$ 11.87	54.57%	0.00%	12.93%	2	450,000	100,000
9 th Program Apr16 Cons.	04/15/18	04/29/18	R\$ 4.43	R\$ 11.87	54.57%	0.00%	12.93%	2	450,000	100,000
10 th Program Jul16	04/15/17	04/15/27	R\$ 6.89	R\$ 15.12	59.18%	0.00%	12.50%	10	208,000	2,000
10 th Program Jul16	04/15/18	04/15/27	R\$ 7.89	R\$ 15.12	59.18%	0.00%	12.50%	10	208,000	33,000
10 th Program Jul16	04/15/19	04/15/27	R\$ 8.61	R\$ 15.12	59.18%	0.00%	12.50%	10	208,000	153,000
10 th Program Jul16	04/15/20	04/15/27	R\$ 9.18	R\$ 15.12	59.18%	0.00%	12.50%	10	208,000	153,000
10 th Program Jul16	04/15/21	04/15/27	R\$ 9.64	R\$ 15.12	59.18%	0.00%	12.50%	10	208,000	153,000
10 th Program Jul16 Cons.	04/15/17	04/29/17	R\$ 6.89	R\$ 15.12	59.18%	0.00%	12.50%	2	32,890	0
10 th Program Jul16 Cons.	04/15/18	04/29/18	R\$ 7.89	R\$ 15.12	59.18%	0.00%	12.50%	2	32,890	0
11 th Program Apr17	05/15/18	05/15/28	R\$ 6.14	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	13,500
11 th Program Apr17	05/15/19	05/15/28	R\$ 6.84	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	86,000
11 th Program Apr17	05/15/20	05/15/28	R\$ 7.41	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	86,000
11 th Program Apr17	05/15/21	05/15/28	R\$ 7.86	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	86,000
11 th Program Apr17	05/15/22	05/15/28	R\$ 8.26	R\$ 14.18	46.66%	0.00%	8.94%	10	188,000	86,000
11 th Program Apr17	05/15/18	04/29/18	R\$ 6.14	R\$ 14.18	46.66%	0.00%	8.94%	2	25,505	25,505
11 th Program Apr17	05/15/19	04/29/19	R\$ 6.84	R\$ 14.18	46.66%	0.00%	8.94%	2	25,505	25,505

(i) Market price on the respective grant dates.

The Company recognizes quarterly the share options granted, as a capital reserve account with a corresponding entry in profit or loss, in general and administrative expenses in the item personnel and payroll charges. R\$ 2,487 was recognized in the period ended March 31, 2019 (R\$ 7,678 in the financial year ended December 31, 2018). The provision as of March 31, 2019 is R\$ 83,072 (R\$ 80,585 as of December 31, 2018).

Management notes to the interim accounting information

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The change in the number of share options outstanding and their related weighted average exercise prices is as follows:

Statutory Executive Board

	March 31, 2019		December 31, 2018	
	Average strike price per share	Options - thousands	Average strike price per share	Options - thousands
January 01	13.81	1,011,148	13.62	1,493,472
Exercised	0.00	0.00	13.52	362,069
Abandoned	0.00	0.00	16.97	120,255
	13.81	1,011,148	13.81	1,011,148

Board of Directors

	March 31, 2019		December 31, 2018	
	Average strike price per share	Options - thousands	Average strike price per share	Options - thousands
January 01	10.13	600,779	10.20	950,779
Exercised	0.00	0.00	9.92	350,000
	10.13	600,779	10.13	600,779

(c) Performance Share Program

On October 18, 2018, the extraordinary general meeting approved the Company's new Restricted Share Option Program.

The purpose of the Plan is to allow the grant of Restricted Shares to Beneficiaries selected by the Board of Directors, subject to certain conditions, with the objective of: (a) encouraging the expansion, success and achievement of the core activities of the Company and of the companies under its control; (b) encouraging better management of the Company and the companies under its control, awarding participants the possibility of being Company shareholders, thereby encouraging them to optimize all aspects that could value the company in the long term; (c) aligning the interests of the beneficiaries with the shareholders' interests; and (d) encouraging the retaining of managers and employees at the Company or in the companies under its control.

The managers and employees of the Company or of the company under its control may be elected as Plan Beneficiaries, as defined by the Board of Directors.

The total number of restricted shares that may be granted under the Plan may not exceed, together with the options and/or shares granted under other compensation plans based on the Company's shares (which will be considered in the calculation of the total limit established herein), the total limit of 3% (three percent) of the Company's capital on the date of approval of each Program.

The reference price of each restricted share used to define the number of restricted shares granted to each beneficiary will correspond to the weighted average quote of the Company's shares on B3 S.A. during the 30 (thirty) trading sessions prior to the date of each Program.

Each Program created by the Board of Directors will have a term of 5 (five) years, and the restricted shares granted will be divided into 5 (five) equal annual lots, with the vesting period occurring annually.

Exceptionally, with respect to the 1st Program, approved by the Board of Directors in 2018, the vesting period for the first 20% of restricted shares granted will end on December 31, 2018, with the delivery of the respective restricted shares to the beneficiaries by April 1, 2019, so that the vesting period for each of the other lots of 20% will end on December 31 each year, with the delivery of the respective restricted shares up to April 1 of the subsequent year.

As regards the new Restricted Share Option Plan, the provision for the program at March 31, 2019 is R\$ 3,778 (R\$ 4,658 as of December 31, 2018).

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

20 Earnings per share

The tables below provide data on earnings and the shares used in calculating basic and diluted earnings per share.

Basic and diluted earnings per share

	<u>2019</u>	<u>2018</u>
Numerator		
Net income for the period	240,797	197,356
Denominator (in thousands of shares)		
Weighted average number of free float	<u>300,163</u>	<u>309,435</u>
Basic and diluted earnings per thousand shares	<u>0.80222</u>	<u>0.63780</u>

21 Net operating revenue

	<u>Consolidated</u>	
	<u>2019</u>	<u>2018</u>
Gross revenue – On campus	1,245,908	1,239,701
Gross revenue – Distance learning	<u>282,937</u>	<u>210,560</u>
	1,528,845	1,450,261
Deductions from gross revenue	(596,219)	(514,533)
Grants - scholarships	(532,170)	(415,432)
Refund of tuition and charges	(4,489)	(2,269)
Discounts awarded	(40)	(33)
Taxes	(37,468)	(51,179)
Adjustment to present value - PAR	(1,297)	(12,275)
Adjustment to present value - DIS	(6,499)	(11,530)
FGEDUC	(10,471)	(15,873)
Other	<u>(3,785)</u>	<u>(5,942)</u>
	<u>932,626</u>	<u>935,728</u>

22 Costs of the services

	<u>Consolidated</u>	
	<u>2019</u>	<u>2018</u>
Personnel and payroll charges	(249,233)	(272,237)
Electricity, water, gas and telephony	(8,625)	(7,828)
Rental, condominium fees and IPTU (i)	(9,197)	(58,378)
Postage and Mailbags	(417)	(413)
Depreciation and amortization (i)	(70,658)	(23,504)
Teaching materials	(1,199)	(1,896)
Outsourced security and cleaning services	(13,556)	(14,677)
Other	<u>(7,184)</u>	<u>(4,459)</u>
	<u>(360,069)</u>	<u>(383,392)</u>

(i) This item presents the effects of IFRS 16, as described in note 1.3.

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

23 Selling, general and administrative expenses

	Parent Company		Consolidated	
	2019	2018	2019	2018
Sales expenses				
Allowance for possible loan losses			(62,986)	(43,274)
Advertising			(78,899)	(68,508)
Sales and marketing			(14,331)	(12,094)
Other			(113)	(298)
			(156,329)	(124,174)
General and administrative expenses				
Personnel and payroll charges	(1,160)	(1,251)	(41,769)	(42,458)
Outsourced services	(1,572)	(1,282)	(19,125)	(29,593)
Consumables			(545)	(472)
Maintenance and repairs	(27)	(18)	(8,276)	(9,421)
Depreciation and amortization	(15)	(3,273)	(22,974)	(25,051)
Educational arrangements			(4,665)	(4,494)
Travel and accommodation	(14)	(24)	(1,074)	(1,447)
Institutional events		(5)	(166)	(336)
Provision for contingencies		(10)	(21,279)	(25,458)
Photocopies and bookbinding			(892)	(922)
Insurance	(1,994)	(1,797)	(2,315)	(1,974)
Cleaning materials			(668)	(599)
Transportation			(1,075)	(1,228)
Car hire			(266)	(797)
Other	(112)	(143)	(3,900)	(4,531)
	(4,894)	(7,803)	(128,989)	(148,781)

24 Other operating income/expense

	Parent Company		Consolidated	
	2019	2018	2019	2018
Income from arrangements		272		439
Rental revenue			2,551	1,836
Capital gain (loss) on property, plant and equipment			(126)	(210)
Business intermediation			737	803
Other operating income (expenses)		(30)	600	(683)
		242	3,762	2,185

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

25 Finance income (expense)

	Parent Company		Consolidated	
	2019	2018	2019	2018
Finance income				
Arrears fines and interest			10,027	9,710
Restatement of accounts receivable - FIES				2,817
Earnings on investments	3,531	670	12,828	8,801
Restatement of tax credits	405	524	995	928
Restatement of PAR			2,018	
Restatement of DIS			2,077	
Restatement of sales portfolio (iii)				5,204
Other			519	126
	<u>3,936</u>	<u>1,194</u>	<u>28,464</u>	<u>27,586</u>
Finance expenses				
Bank expenses	(265)	(40)	(10,160)	(5,296)
Interest and financial charges	(13,143)	(10,092)	(23,571)	(16,664)
Restatement of provision for contingencies	(5)	(2)	(8,008)	(4,107)
Financial discounts (i)			(12,162)	(22,329)
monetary variance liability			(413)	(43)
Loan expenses	(722)	(555)	(722)	(555)
Lease interest - Right of use (ii)			(14,820)	
Other	(240)	(67)	(2,863)	(4,739)
	<u>(14,375)</u>	<u>(10,756)</u>	<u>(72,719)</u>	<u>(53,733)</u>

(i) Denotes discounts granted upon renegotiation of overdue monthly tuition.

(ii) This item presents the effects of IFRS 16, as described in note 1.3.

(iii) The entire portfolio of students sold in prior years was written off on December 31, 2018, for which the Company does not expect to realize amounts.

26 Business segment reporting

	Classroom-based		Distance learning		Total	
	2019	2018	2019	2018	2019	2018
Gross Operating Revenue	1,245,908	1,239,701	282,937	210,560	1,528,845	1,450,261
(-) Deductions from Gross revenue	(485,995)	(440,266)	(110,224)	(74,267)	(596,219)	(514,533)
Net Operating Revenue	<u>759,913</u>	<u>799,435</u>	<u>172,713</u>	<u>136,293</u>	<u>932,626</u>	<u>935,728</u>
Costs of the Services Rendered	(340,467)	(367,867)	(19,602)	(15,525)	(360,069)	(383,392)
Personnel	(237,531)	(260,898)	(11,702)	(11,339)	(249,233)	(272,237)
Rental, condominium fees and IPTU	(9,919)	(58,350)	722	(28)	(9,197)	(58,378)
Teaching materials	(1,557)	(2,259)	(59)	(50)	(1,616)	(2,309)
Outsourced services and other	(21,764)	(23,016)	(7,601)	(3,948)	(29,365)	(26,964)
Depreciation	(69,696)	(23,344)	(962)	(160)	(70,658)	(23,504)
Gross profit	<u>419,446</u>	<u>431,568</u>	<u>153,111</u>	<u>120,768</u>	<u>572,557</u>	<u>552,336</u>

27 Income tax and social contribution

Management notes to the interim accounting information

March 31, 2019

In thousands of Reals, unless stated otherwise

The reconciliation of taxes determined at the statutory rates and the amount of taxes recognized in the periods ended March 31, 2019 and 2018 are shown below:

	Parent Company		Consolidated	
	2019	2018	2019	2018
Profit before income and social contribution taxes	240,796	196,245	246,746	255,419
Combined nominal income and social contribution tax rate - %	34	34	34	34
Income and social contribution taxes calculated at the statutory rates	(81,870)	(66,723)	(83,894)	(86,842)
Equity income	87,084	72,545		
Non-deductible expenses (i)			(693)	(446)
Unrecorded tax loss	(5,213)	(4,711)	(5,603)	(5,169)
Other			654	621
	1	1,111	(89,536)	(91,836)
Tax benefits				
Tax incentives - PROUNI (ii)			82,188	32,900
Lei Rouanet tax incentive			1,399	873
Current income and social contribution taxes on net income for the year	1	1,111	(5,949)	(58,063)

(i) These primarily consist of expenses for sponsorships, donations and gifts.

(ii) This substantial reduction in the PROUNI tax incentive in the period ended March 31, 2018 was due to the temporary non-renewal of one of the Group's 22 sponsors in the student training program for the first semester of 2018. Ministry of Education rules demand submission of a tax clearance certificate (CND) valid until the last day of the previous financial year so that sponsoring entities can secure students through the program in the following semester. Due to bureaucratic issues with the federal tax authorities, the Company was unable to renew said subsidiary's CND for one day. Said subsidiary's CND has now been issued and is valid, and it is acquiring students normally. Nonetheless, the Company recognized the corresponding PIS/Cofins and IR and CSLL tax obligation, without this tax incentive in March 2018 - the start of the benefit related to securing students in the first semester of the year.

	Parent Company		Consolidated	
	2019	2018	2019	2018
Current income and social contribution tax			(43,569)	(77,773)
Deferred income and social contribution tax	1	1,111	37,620	19,710
	1	1,111	(5,949)	(58,063)

As of March 31, 2019 the Company has a deferred tax credit on temporary differences amounting to R\$ 169,009 (R\$ 131,390 as of December 31, 2018). The tax effect on temporary additions that originated the recording of the credit have been summarized below:

Management notes to the interim accounting information

March 31, 2019

In thousands of Reais, unless stated otherwise

	Parent Company		Consolidated	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Adjustment to present value			18,372	15,868
Provision for contingencies	100	98	47,348	43,152
Allowance for doubtful accounts			56,031	31,362
Monthly tuition fees to be canceled			13,557	12,019
Provision for retirement			5,859	5,623
Goodwill			(6,317)	(6,772)
Provision for FIES risk			7,159	7,121
Awarded options recognized			32,572	31,126
Leases			1,584	(376)
Goodwill incorporated			(11,290)	(11,290)
Depreciation	13	13	3,132	2,663
Restatement of retirement			109	
Tax loss			893	894
	<u>113</u>	<u>111</u>	<u>169,009</u>	<u>131,390</u>
Assets	113	111	172,812	136,576
Liabilities			(3,803)	(5,186)
	<u>113</u>	<u>111</u>	<u>169,009</u>	<u>131,390</u>

The realization of the deferred tax effect on temporary differences recorded at March 31, 2019 is linked to the realization of the provision which gave rise to this credit. Consequently, it is not currently possible to present expected annual realization, since the Company's management is not yet able to forecast the timing of the realization of the provision for contingencies and the provision for demobilization.

At March 31, 2019 the subsidiary IREP accounted for a deferred income tax and social contribution liabilities amounting to R\$ 9,060 due to the tax amortization of goodwill generated upon acquisition of the companies merged into it.

At March 31, 2019 the Company had tax credits arising from income tax and social contribution losses amounting to R\$ 128,716 (R\$ 123,656 at December 31, 2018) that are not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

28 Commitments

The table below presents the required and non-cancelable annual minimum future payments related to the contractual obligations undertaken by the Company at March 31, 2019 and December 31, 2018.

	Consolidated		
	Less than one year	Between one and five years	Over five years
Commitments at March 31, 2019			
Leases / campus leases agreements	193,005	719,507	428,041
Commitments at December 31, 2018			
Leases / campus leases agreements	215,493	612,592	433,988



Estácio

EARNINGS RELEASE 1Q19

B3: ESTC3 | ADR: ECPCY

Rio de Janeiro, May 9, 2019 - **A Estácio Participações S.A.**, ., one of the largest private organizations in the Brazilian higher education segment, presents **results for the first quarter of 2019 (1Q19)**.

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). **The comparisons refer to the first quarter of 2018 (1Q18), except stated otherwise** and were not reviewed by the audit.

To preserve the comparability between quarters, the Company also opted for disclosing **the proforma results for 1Q19, excluding the impacts of the adoption of IFRS 16 accounting rules**.

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.

EARNINGS CONFERENCE CALL:

May 10th, 2019 09:00 a.m (BRT) | 08:00 (EST)

+55 (11) 3137-8056

[Click here to access the WebCast](#)

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Visit our Website: www.estacio.br/ri

MESSAGE FROM MANAGEMENT

We started 2019 with the great challenge of neutralizing the impact of FIES graduates in our results, the slower than expected recovery of the economy and the still difficult competitive scenario. These factors required our ability to execute in order to overcome adversity and present solid results in the quarter, showing the resilience of our operation.

Intake

With the **implementation of improvements in the intake process as a whole**, we had a very good result and within our expectation, with a strong growth of Distance Learning by almost 30% year-on-year, in addition to the stability in the on-campus segment. We reached the number of 187.0 thousand students, the highest level ever recorded, up 13% over 2018.

1st Quarter

In addition to the improvement in student Intake, we highlight the stability of the financial results and the improvement of profitability margins, **showing the resilience of our operation.**

On the operating side, the student base closed the quarter at 561.0 thousand students, up 3% year-over-year. The on-campus segment increased 2.1% year-on-year, ex-FIES impact. **There was a strong expansion in undergraduate Distance Learning segment, up by 24% in the annual comparison, our all-time record Intake in this segment.** We expect a decrease of the impact of FIES over the course of the year, reaching low levels by the end of 2019. It should be noted that the retention rates, which are a good thermometer for the operation, remained stable for both on-campus and distance learning segments.

Regarding **the financial results, as expected, the impact of new projects and the mitigation of expenses provided stability in revenues and EBITDA.**

It should be noted the evolution of the gross margin, which reached 60.4% and the highest level ever reported by the company. Net profit reached R\$247 million, up 25% over 2018. In this context, the shareholders' meeting approved the allocation of R\$153 million as dividends, with payment for June 13, 2019.

Quality

Quality indicators continue to evolve. Around 53% of the courses have grades 4 and 5 - an improvement over the 48% in the last measurement. Looking at the 2018/2019 evaluation, 84% of the courses evaluated received grades 4 and 5.

Conclusion & Perspectives

We expect the same challenging first-quarter scenario for the rest of 2019. As priorities, we have two fronts: Operation and Growth.

For the first one, **we'll continue with improvements in the Intake process** and in the students' experience, keeping efficiency levers in costs and expenses and, therefore, in the stability of the results.

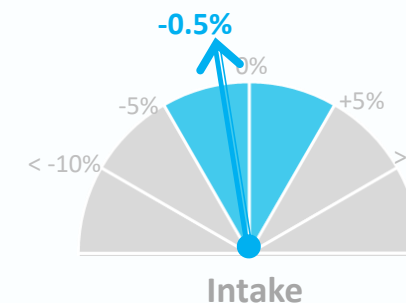
Regarding growth strategy, we'll **expand through health courses and Distance Learning** and will continuously monitor market opportunities to grow through acquisitions.

Intake ('000 Students)	1Q18	April/18	2018.1	1Q19	April/19	2019.1	2019.1 vs 2018.1
On-Campus Undergraduate	79,6	10.0	89.6	81.2	7.9	89.1	-0.5%
Students Base Non-FIES	78.4	9.3	87.7	79.6	7.4	87.0	0.8%
FIES Students	1.2	0.7	1.9	1.6	0.5	2.1	10.5%
Distance-learning Undergraduate	63.9	12.3	76.2	84.9	13.1	98.0	28.6%
100% DL	54.0	11.3	65.3	64.5	12.0	76.5	17.2%
FLEX DL	9.9	1.2	11.1	20.4	1.1	21.5	93.7%
Total Intake	143.5	22.2	165.8	166.1	21.0	187.1	12.8%

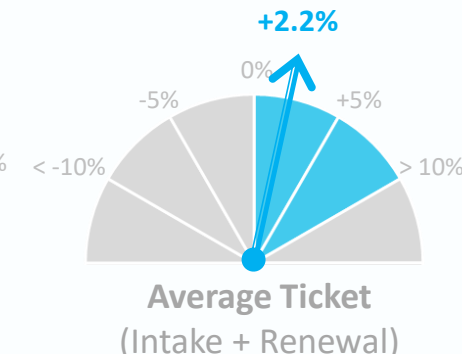
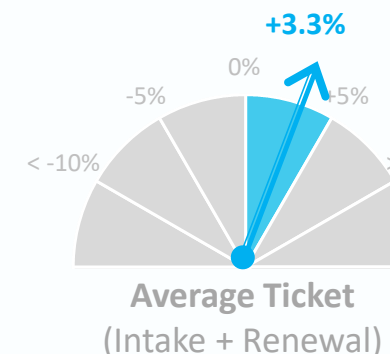
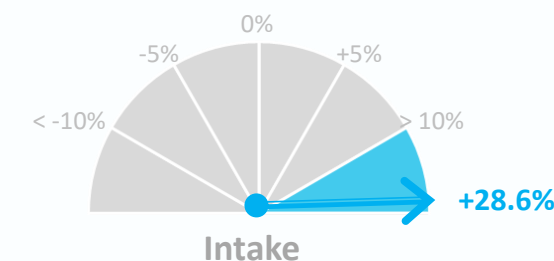
- We closed April with **187.1 thousand students in the 2019.1 intake cycle**, up 12.8% over 1Q18 and within the expectation disclosed by the company at the last results presentation. Despite the still challenging scenario, the company benefited from the strong expansion of the Distance Learning segment and the new pricing intelligence resulting from the implementation of the Pricing project.
- **The Intake of the On-Campus Segment** decreased 0.5% over 1Q18, within the expectations of the company and observing the average ticket maintenance and discipline of discounts concession.
- **Intake in the Distance Learning Segment** grew by 28.6%, driven by the inauguration and maturation of new distance learning segment, as well as the new courses offered at the end of 2018. When we consider the same centers criteria, intake increased by 16.6%. The highlight of this cycle was the FLEX Segment, our hybrid teaching model, which has reached a good acceptance. Flex intake increased by 93.7% in the 2019.1 cycles.

PROSPECTS AND RESULTS OF THE 2019.1 INTAKE

ON-CAMPUS



DISTANCE-LEARNING

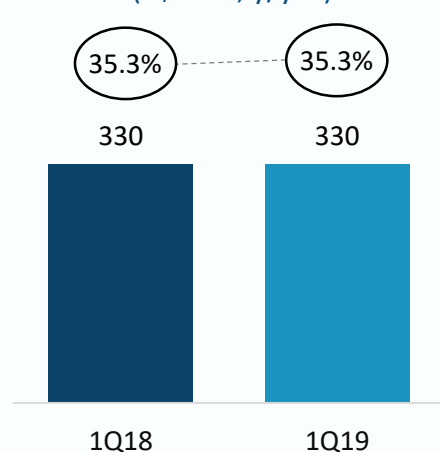


Financial Highlights (R\$MM)	1Q18	1Q19	1Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma
Net Revenues	935.7	932.6	932.6	-0.3%
Gross Revenues	552.3	572.5	563.6	2.0%
Gross Margin	59.0%	61.4%	60.4%	1.4 p.p.
EBITDA	330.1	384.6	329.6	-0.2%
EBITDA Marging	35.3%	41.2%	35.3%	0.1 p.p.
Net Income	197.4	240.8	246.7	25.0%
Net Margin (%)	21.1%	25.8%	26.4%	5.4 p.p.

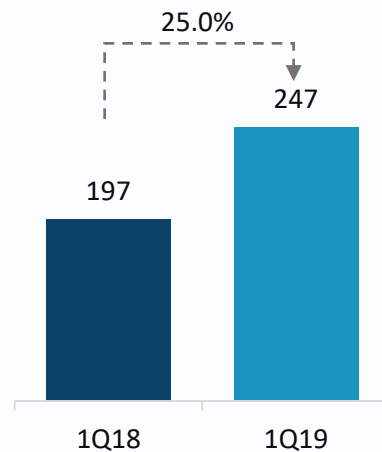
Student Base (thousand)	1Q18	1Q19	Δ%
Total	546.0	561.3	2.8%
Total Non-Fies	468.4	512.8	9.5%
Total On-Campus	346.5	322.1	-7.0%
Non-FIES On-Campus Undegrad	239.1	244.0	2.1%
Total Distance-Learning	199.5	239.2	19.9%

- The **Total Student Base** in 1Q19 was of 561.3 thousand students, **2.8% higher** than in 1Q18. When excluding FIES student base, the growth of the total base was of 9.5%. We highlight **the Distance Learning Base (+20%)** and **the 2.1% increase in the On-Campus Base** when excluding the FIES students.
- The **Average Ticket of the On-Campus Segment** totaled R\$819.9 in 1Q19, up 3.8% over 1Q18. The Average Ticket of the Distance Learning segment increased 4.0% over 1Q18, totaling R\$278.0.
- Net Revenue** totaled **R\$932.6 million** in 1Q19, in line with the revenue presented in 1Q18.
- Gross Profit** reached **R\$563.6 million, up 2.0%** year-over-year, with a **gross margin of 60.4%**, up 1.4 p.p. on the margin presented in the previous year.
- EBITDA** totaled **R\$329.6 million** in 1Q19 with a **Margin of 35.3%**, stable when compared to 1Q18.

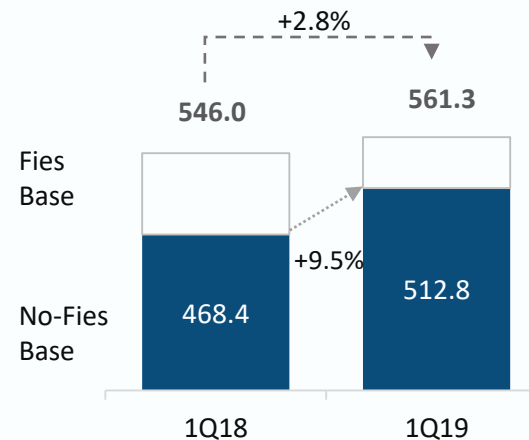
EBITDA⁽¹⁾ and Margem
(R\$ MM; y/y %)



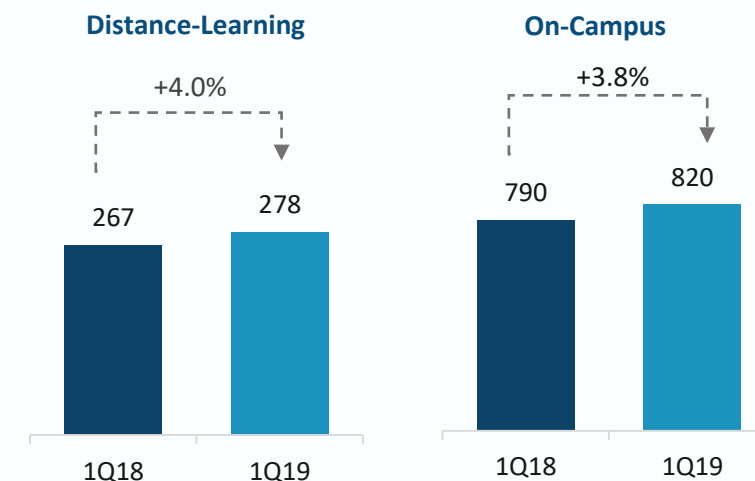
Net Income⁽¹⁾ (R\$MM)



Total Base ('000)



Average Ticket (R\$)

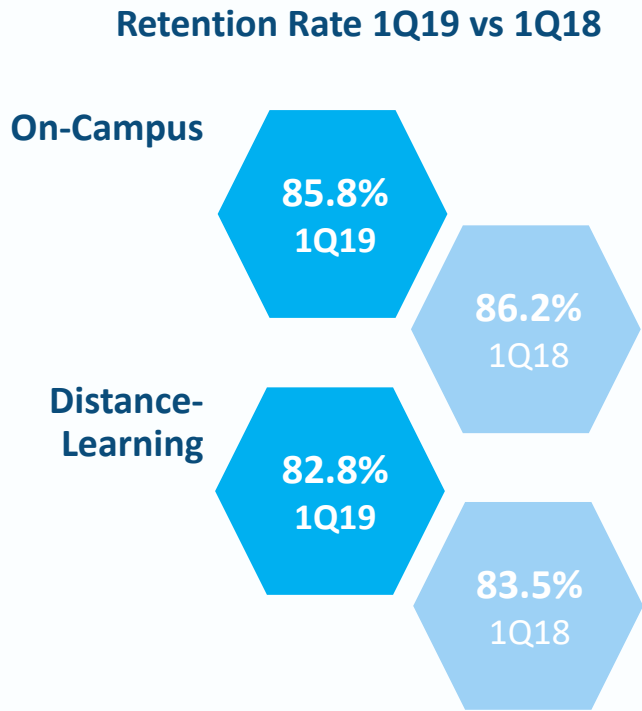
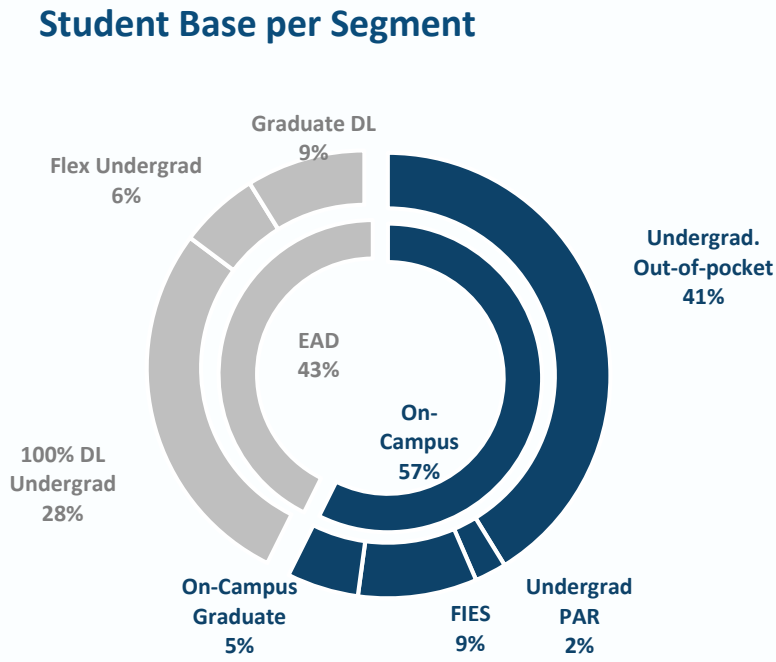
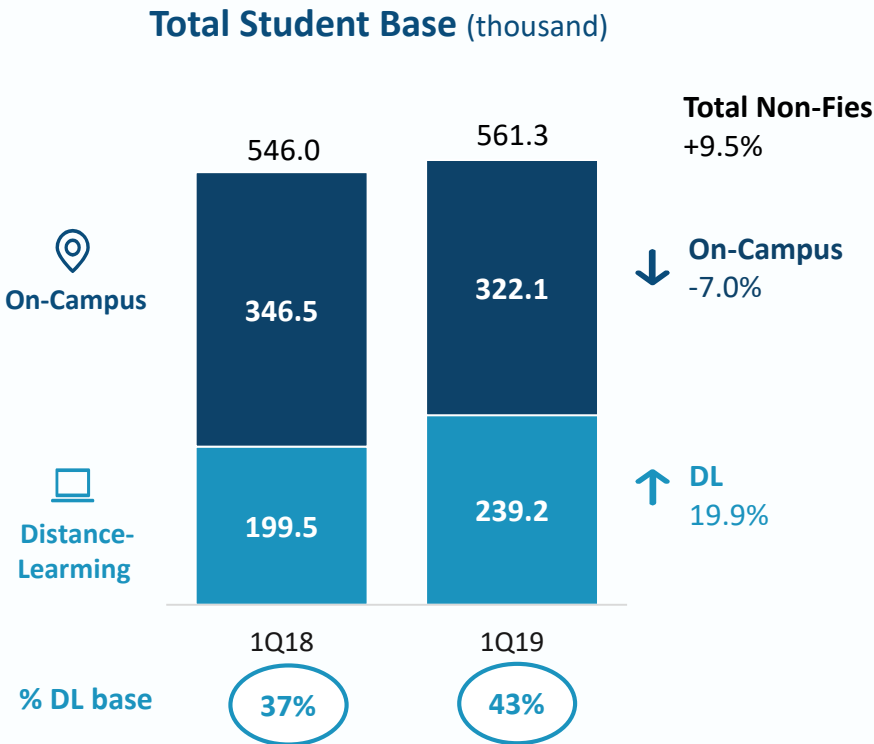


⁽¹⁾ Proforma information excluding the effect of IFRS 16 in 1Q19, for better comparison with 1Q18..

Total (thousand)	1Q18	1Q19	Δ %
Total Student Base	546.0	561.3	2.8%
Total Non-FIES	468.4	512.8	9.5%
Undergraduate	469.1	482.1	2.8%
Total DIS [a + b]	106.0	212.6	100.5%
Graduate	76.9	79.2	3.0%
Own	35.9	33.4	-7.1%
Partnerships	41.0	45.9	11.9%

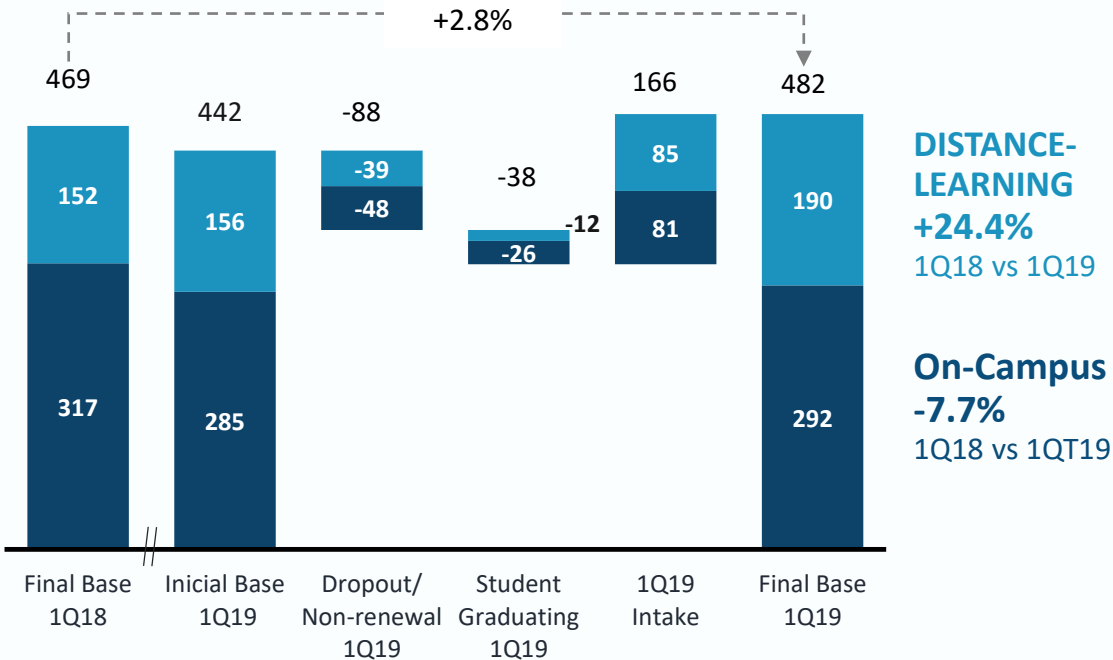
On-campus (thousand)	1Q18	1Q19	Δ %
Total On-Campus	346.5	322.1	-7.0%
Undergraduate non-FIES	239.1	244.0	2.1%
Undergraduate	316.7	292.5	-7.7%
Total On-Campus DIS [a]	58.1	105.6	81.7%
Out-of-pocket	223.2	228.4	2.3%
FIES	77.7	48.5	-37.6%
PAR	15.9	15.6	-1.6%
Graduate	29.8	29.7	-0.4%
Own	18.8	15.9	-15.1%
Partnerships	11.0	13.7	24.5%

Distance-learning (thousand)	1Q18	1Q19	Δ%
Total Distance-Learning	199.5	239.2	19.9%
Undergraduate DL+ Flex	152.4	189.6	24.4%
Total DL DIS [b]	47.9	107.0	123.4%
100% Distance-Learning	132.1	156.2	18.2%
DIS	40.7	84.9	108.6%
Distance-Learning – Flex	20.2	33.4	64.7%
DIS	7.2	22.1	206.5%
Graduate	47.1	49.6	5.2%
Own	17.2	17.5	1.7%
Partnerships	29.9	32.1	7.3%



CHANGES IN THE UNDERGRADUATE BASE (1/2)

In thousands	1Q18 Intake	Final 1Q18	Inicial 1Q19	Dropout/N on-renewal	Student Graduating	1Q19 Intake	Final 1Q19	Intake Y/Y	Base Y/Y
Undergraduate	143.5	469.1	441.6	(87.7)	(37.9)	166.1	482.0	15.7%	2.8%
On-Campus	79.6	316.7	285.4	(48.4)	(25.7)	81.2	292.5	2.0%	-7.7%
FIES	1.2	77.8	64.9	(7.1)	(10.9)	1.6	48.5	30.4%	-37.6%
PAR	8.2	15.9	15.0	(3.9)		4.6	15.6	-44.5%	-1.7%
Out-of-Pocket	70.2	223.1	205.6	(35.9)	(14.9)	75.1	228.3	7.0%	2.3%
DIS	60.4	58.1	67.6	(21.9)		59.9	105.6	-0.9%	81.7%
100% DL + FLEX	63.9	152.4	156.1	(39.3)	(12.1)	84.9	189.6	32.8%	24.4%
100% DL	54.0	132.1	135.6	(32.2)	(11.6)	64.5	156.3	19.4%	18.3%
DIS	42.2	40.7	58.6	(22.9)		49.2	84.9	16.7%	108.6%
FLEX DL	9.9	20.2	20.6	(7.2)	(0.5)	20.4	33.3	106.2%	64.6%
DIS	7.5	7.2	9.8	(4.5)		16.8	22.1	123.4%	206.5%
Total DIS	110.1	106.0	136.0	(49.3)		125.9	212.6	14.3%	100.5%



Retention Rate ⁽¹⁾	1Q18	1Q19
On-campus Undergraduate	86.2%	85.8%
Distance-learning Undergraduate	83.5%	82.8%

The **retention rate of the on-campus segment in 1Q19 was 85.8%**, down 0.4 p.p. over 1Q18. The company started to implement the action plans established by the Loyalty project, which has the purpose to counter the decrease in FIES student base, which have lower dropout rates.

The **retention rate of the Distance Learning** segment decreased 0.7 p.p., at 82.8% in 1Q19.

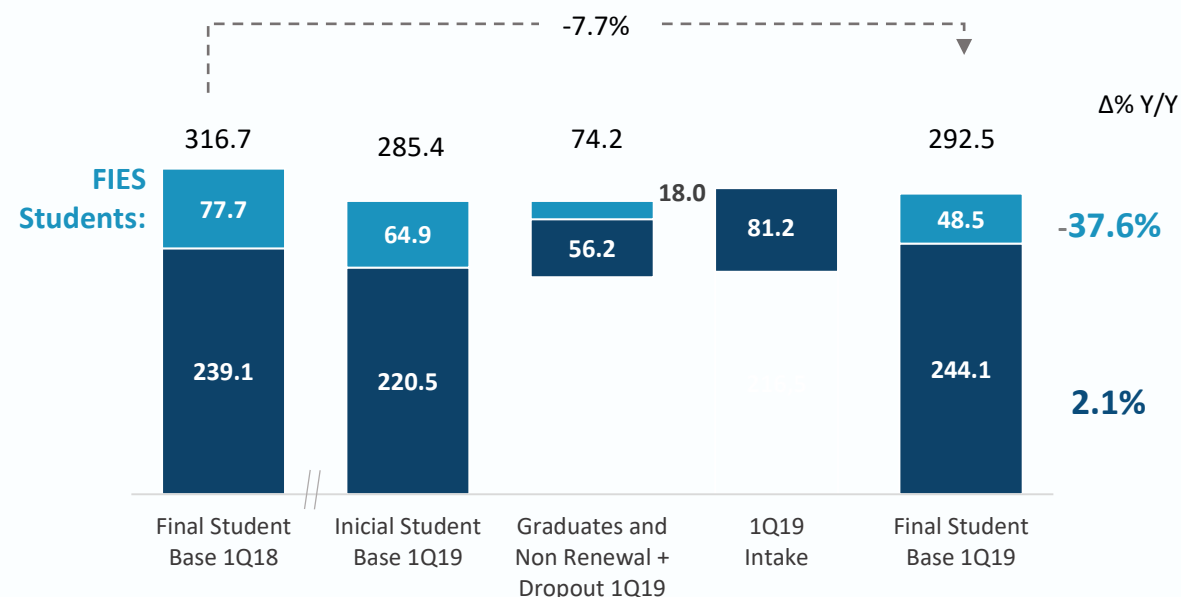
Intake Analysis	1Q18	1Q19
% PAR / On-campus undergrad. Intake	10.4%	5.6%
% FIES / On-campus undergrad. Intake	1.5%	1.9%
% DIS / Total Intake	76.7%	75.8%

When analyzing the funding programs, **PAR** represented 5.6% of the funding of the 1Q19 on-campus market, down over 1Q18, when the product was launched. The decrease can be explained by a lower student interest in funding products.

The intake of students who opted for the **DIS** product represented 75.8% of the total funding.

⁽¹⁾ Retention Rate: [1 – ((dropouts + non-renewal) / (renewable student base: initial student base - students graduating + Intake))].

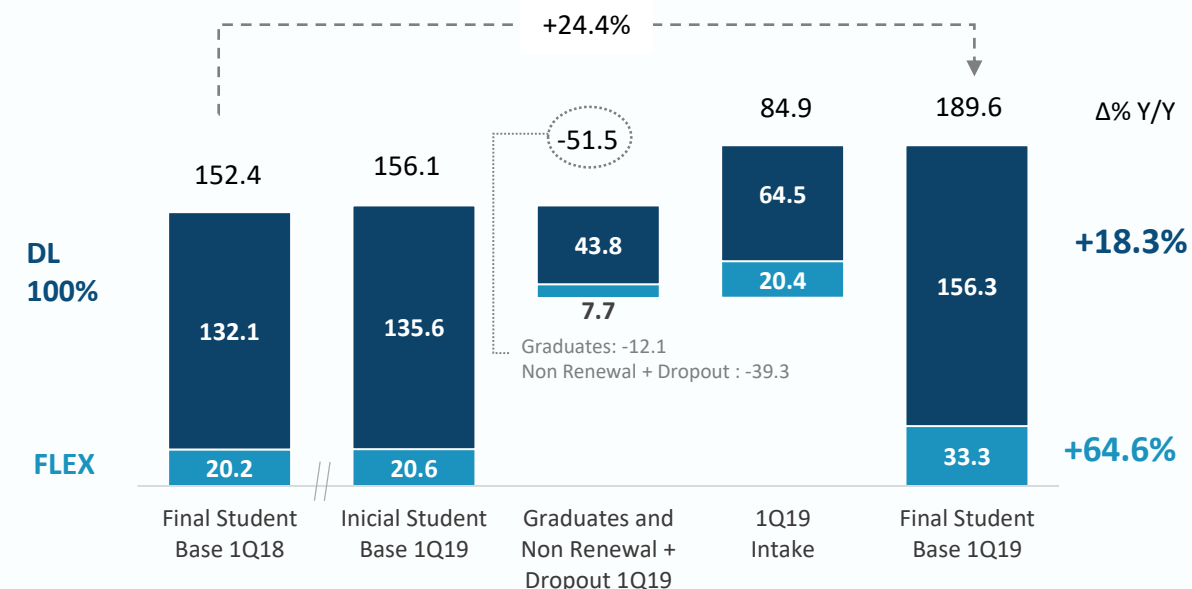
ON-CAMPUS UNDERGRADUATE ('000)



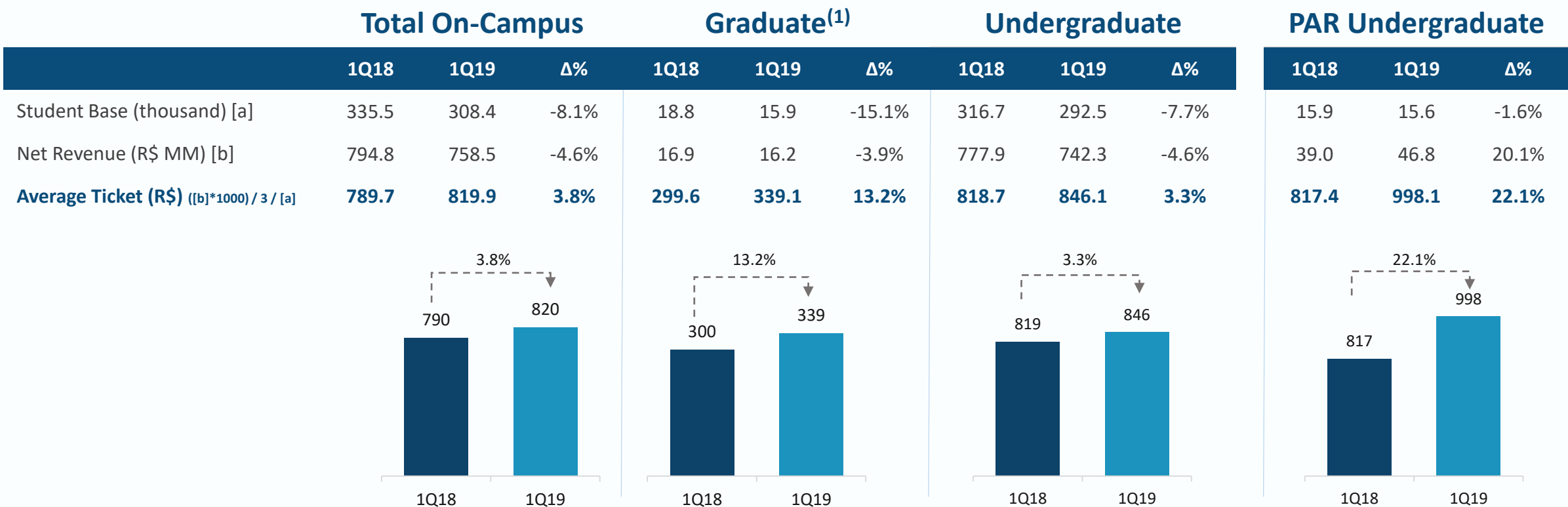
The base of **on-campus undergraduate** students totaled 292.5 thousand at the end of 1Q19, 7.7% less than in 1Q18, mainly due to the 37.6% decrease in the FIES student base.

Excluding the total number of FIES students, the base of on-campus undergraduate students was 2.1% higher than in 1Q18.

DISTANCE-LEARNING UNDERGRADUATE ('000)



The **Distance Learning undergraduate** student base increased by 24.4% over 1Q18, totaling 189.6 thousand students. The highlight of the Distance Learning segment was the **Flex Distance Learning** student base, up 64.6% over 1Q18, totaling 33.3 thousand students. The **100% Distance Learning student base** grew by 18.3% over 1Q18, totaling 156.3 thousand new students. We highlight the strong growth of our student base at partner distance learning centers: 50% above the student base in partner centers in 1Q18.



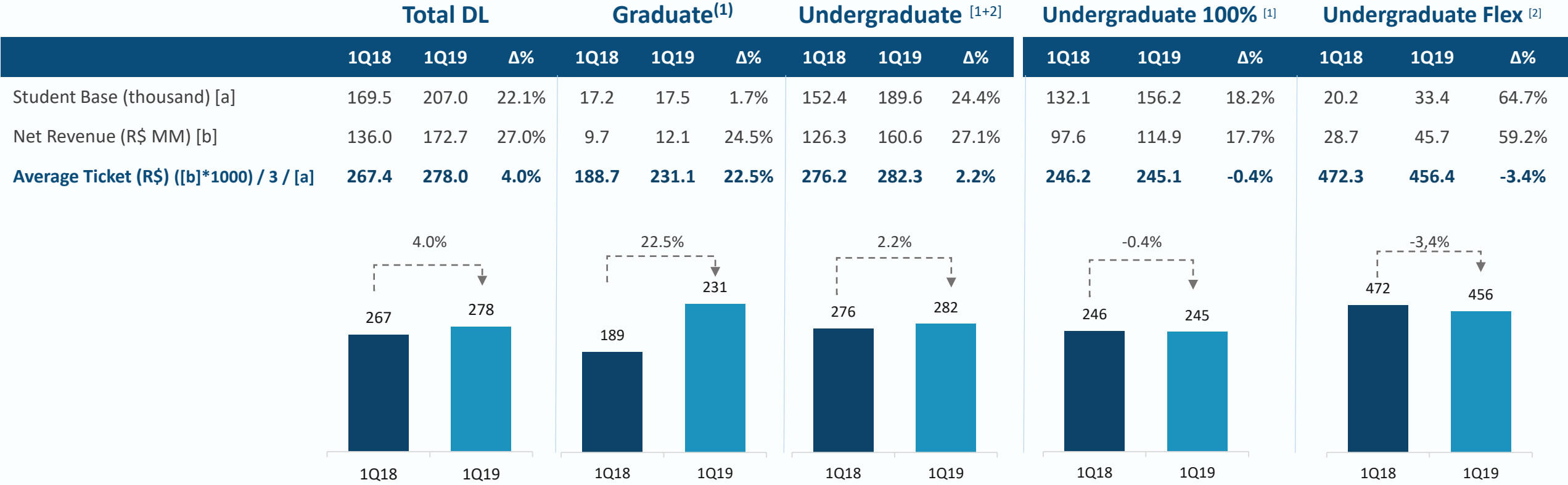
Undergraduate Courses: the average ticket increased by 3.3% over 1Q18, to R\$846.1, mainly due to the mix of courses and the readjustment of veterans' monthly tuitions, in line with the Company's cost inflation. The new offers in the on-campus segment launched throughout 2018 focused mainly on health and engineering courses.

Graduate Courses: the segment had an increase of 13.2% over 1Q18, to R\$339.1.

PAR Undergraduate : showed an increase of 22.1% in 1Q19 vs. 1Q18, due also to the readjustment of monthly tuitions and the course mix.

After concluding the Pricing project, the company gained a greater intelligence and agility to launch campaigns, manage scholarships and the pricing strategy, making the best decisions considering the strengths and weaknesses of each course/unit, as well as the movements of the competition.

⁽¹⁾ Students and revenue from undergraduate courses with partners are excluded from the calculation so to not distort the analysis.



Undergraduate Distance Learning: The ticket increased 2.2% in 1Q19 vs. 1Q18, reaching R\$282.3, driven mainly by the growth of the FLEX segment in the Distance Learning student base.

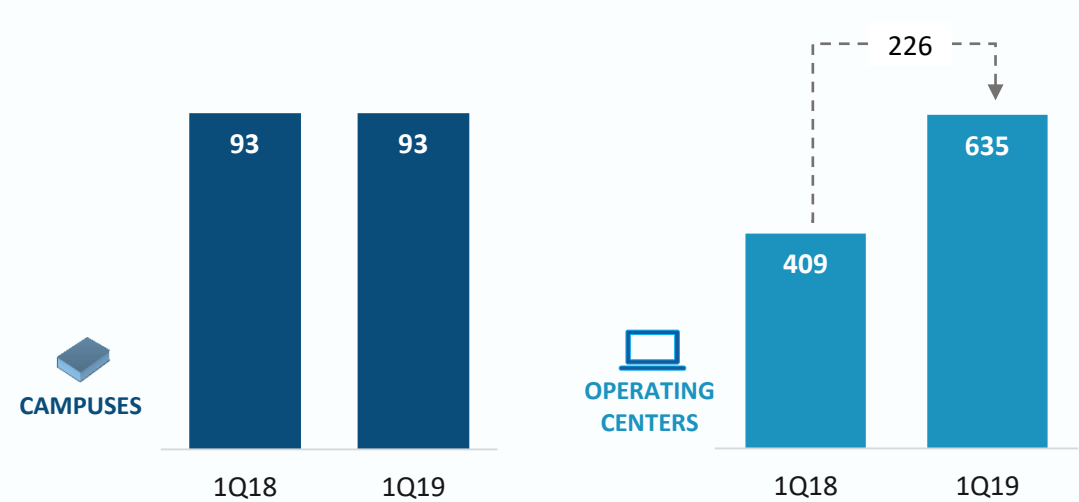
Undergraduate 100% Distance Learning: The average ticket reached R\$245.1. The strategy continues to focus on the expansion of poles and student base, as well as price revision by region, courses and classes and creation of new offers.

Undergraduate Flex: the average ticket decreased by 3.4% over 1Q18, totaling R\$456.4. Flex is a product that brings together in-person classes, use of laboratories and the flexibility of distance learning courses. Flex has been gaining more and more representation in our student base and already benefits from new courses and offers in 2019.

And in the **Graduate Distance Learning**, segment, the increase was of 22.5%, totaling R\$231.1, mainly due to the readjustment of monthly tuitions.

⁽¹⁾ Students and revenue from undergraduate courses with partners are excluded from the calculation so to not distort the analysis..

Total Campuses and Centers

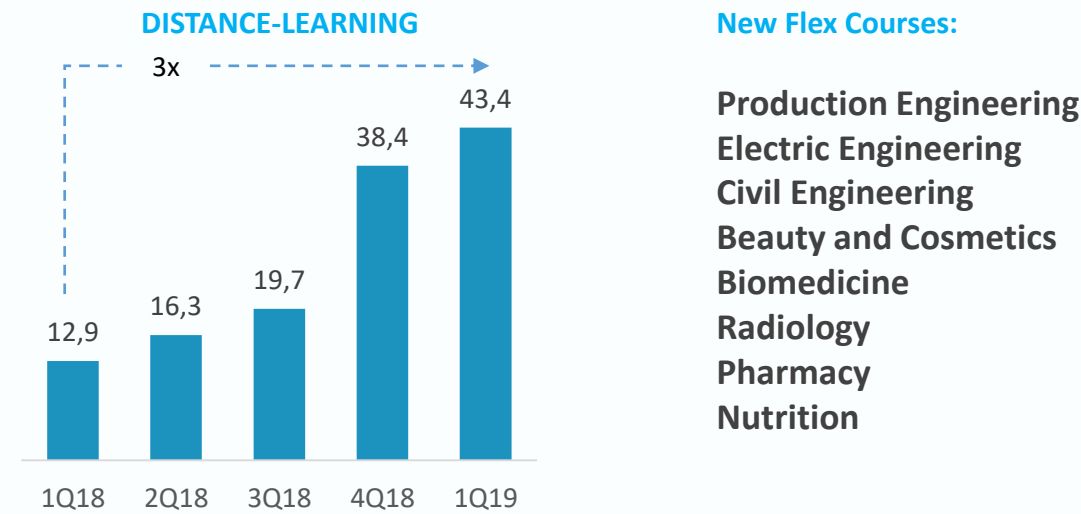


Units: Active Campuses and Centers

We closed the quarter with the same number of units compared to the same period last year.

Referring to the Distance Learning segment, we ended the quarter with 28 poles more over the end of 4Q18. Year-over-year, there was a strong increase of 226 poles, proving the success of the business model and the Company’s solid execution capacity. The company has MEC’s permission to open 350 poles a year. Most of our partner poles are in the process of maturation. The student base at partner poles grew over 50% when compared to 1Q18.

Evolution of Offers by Business Unit ('000)



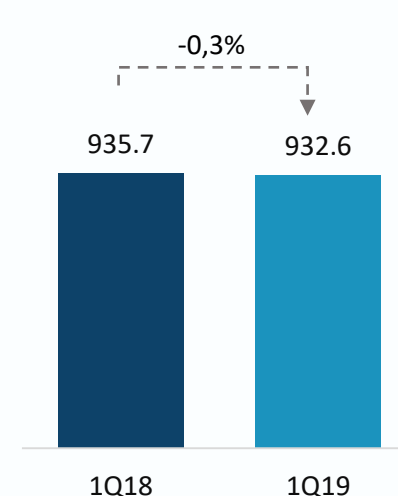
Offers: combination of course/shift/unit

In the on-campus segment, we closed the quarter with a total of 1,684 offers, down 10% over 1Q18 due to the strategic resizing of low-performance offers focused on increasing the operational efficiency of the units.

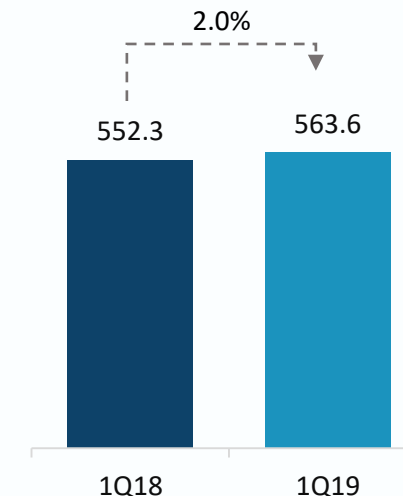
The Distance Learning segment remains with a strong expansion, mainly due to the opening of new courses and the increase of the number of centers. As a result, we closed the quarter with 43.4 thousand offers, more than 3x the number of 1Q18. We highlight the new offers of engineering in the FLEX segment and new courses focused on creative economics, such as: Design of Spaces and Experiences, Creation & Innovation in Design and Digital & Multimedia Content.

R\$ MM	1Q18	1Q19	1Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma
Gross Operating Revenue	1,450.3	1,528.8	1,528.8	5.4%
Monthly Tuition Fees	1,440.0	1,517.8	1,517.8	5.4%
Others	10.2	11.1	11.1	8.1%
Gross Revenue Deductions	(514.5)	(596.2)	(596.2)	15.9%
Net Operating Revenue	935.7	932.6	932.6	-0.3%
Cost of Services	(383.4)	(360.1)	(369.0)	-3.8%
Gross Profit	552.3	572.6	563.6	2.0%
<i>Gross Margin</i>	<i>59.0%</i>	<i>61.4%</i>	<i>60.4%</i>	<i>1.4 p.p.</i>
Selling Expenses	(124.2)	(156.3)	(156.3)	25.9%
General and Administrative Expenses	(148.8)	(128.9)	(128.9)	-13.3%
Other operating revenue/expenses	2.2	3.8	3.8	71.0%
EBIT	281.6	291.0	282.1	0.2%
<i>EBIT Margin</i>	<i>30.1%</i>	<i>31.2%</i>	<i>30.2%</i>	<i>0.2 p.p.</i>
(+) Depreciation and amortization	48.6	93.6	47.5	-2.2%
EBITDA	330.1	384.6	329.6	-0.2%
<i>EBITDA Margin</i>	<i>35.3%</i>	<i>41.2%</i>	<i>35.3%</i>	<i>0.1 p.p.</i>
Net Income	197.4	240.8	246.7	25.0%
<i>Net Margin</i>	<i>21.1%</i>	<i>25.8%</i>	<i>26.4%</i>	<i>5.4 p.p.</i>

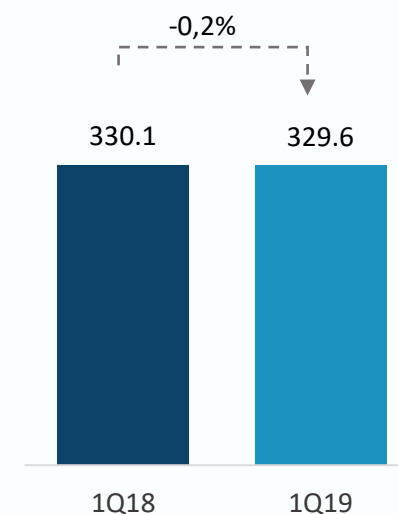
Net Revenue
(R\$MM)



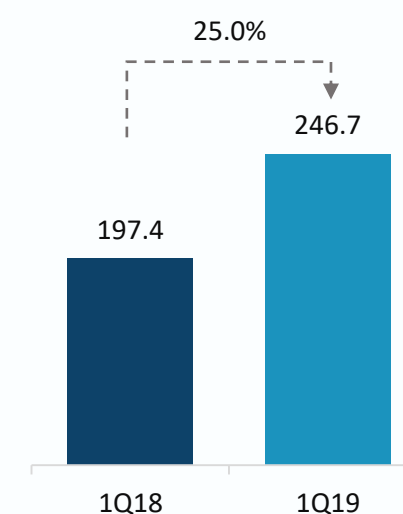
Gross Profit⁽¹⁾
(R\$MM)



EBITDA⁽¹⁾
(R\$MM)

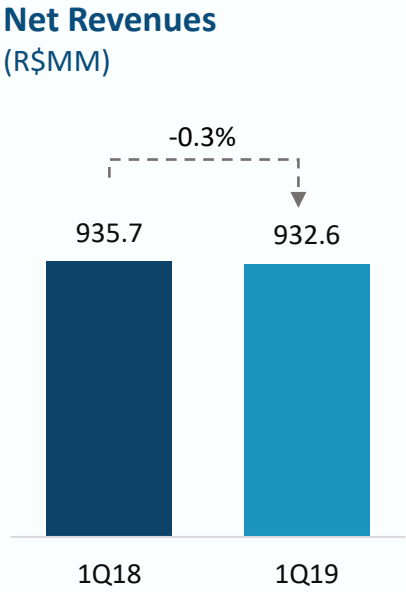


Net Income⁽¹⁾
(R\$MM)



⁽¹⁾ Proforma information excluding the effect of IFRS 16 in 1Q19, for better comparison with 1Q18.

R\$ MM	1Q18	1Q19	Δ%
Gross Revenues	1,450.3	1,528.8	5.4%
Monthly Tuition Fees	1,440.0	1,517.8	5.4%
Others	10.2	11.1	8.1%
Gross Revenues Deductions	(514.5)	(596.2)	15.9%
Discounts and Scholarships	(439.5)	(551.0)	25.4%
Taxes	(51.2)	(37.5)	-26.8%
Other deductions	(23.9)	(7.8)	-67.5%
Net Revenues	935.7	932.6	-0.3%



Net Operating Revenue totaled R\$932.6 million in 1Q19, down 0.3% over 1Q18. This change is explained by the following:

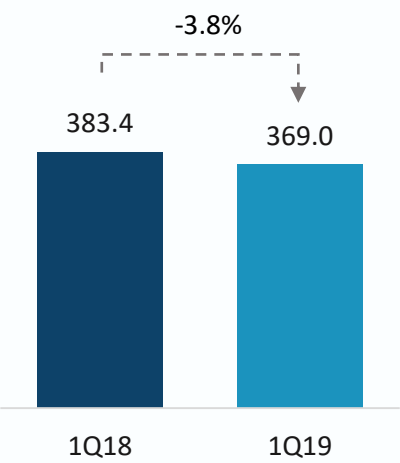
- Change in our student base mix with a higher concentration of students in the Distance Learning segment, due to the strong expansion of this segment in the last 12 months.
- Actions and discounts for new students enrolling to attract new students in this more challenging scenario. It should be noted that the company works with semiannual renewable discounts since.
- Decrease in demand for our PAR financing products, products that benefit the average ticket.

R\$ MM	1Q18	1Q19	1Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma
Net Revenues	935.7	932.6	932.6	-0.3%
Cost of Services	(383.4)	(360.1)	(369.0)	-3.8%
Personnel ¹	(272.2)	(249.2)	(249.2)	-8.4%
Rents, condominiums and municipal property tax	(58.4)	(9.2)	(63.3)	8.4%
Third-party services	(14.7)	(13.6)	(13.6)	-7.6%
Electricity, water, gas and telephone	(7.8)	(8.6)	(8.6)	10.2%
Others	(6.8)	(8.8)	(8.8)	30.0%
Depreciation and amortization	(23.5)	(70.7)	(25.5)	8.6%
Gross Profit	552.3	572.5	563.6	2.0%
Gross Margin	59.0%	61.4%	60.4%	1.4 p.p.
Cost of Services (% of Net Revenues)	41.0%	38.6%	39.6%	-1.4 p.p.
Personnel (% of Net Revenues)	29.1%	26.7%	26.7%	-2.4 p.p.

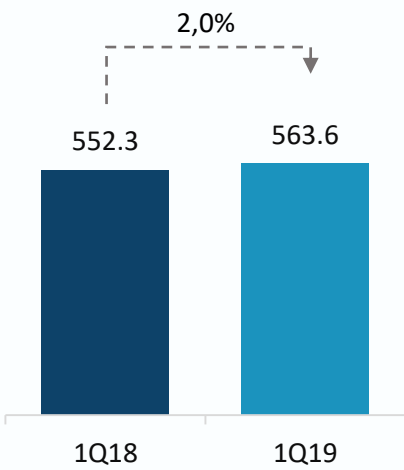
In 1Q19, the **cost of services** represented 39.6% of the net operating revenue, an efficiency improvement of 1.4 p.p. over 1Q18, or R\$14.4 million. The main changes are detailed below:

- Personnel costs decreased by R\$23.0 million in 1Q19, due to the organizational restructuring concluded in 4Q18.
- Third-party services decreased R\$1.1 million in 1Q19 due to the lower cost with consulting services in 2019.
- Gross profit** reached R\$563.6 million in the quarter, growth of 2.0%. We closed the quarter with a **gross margin** of 60.4%, up 1.4 p.p. over 1Q18.

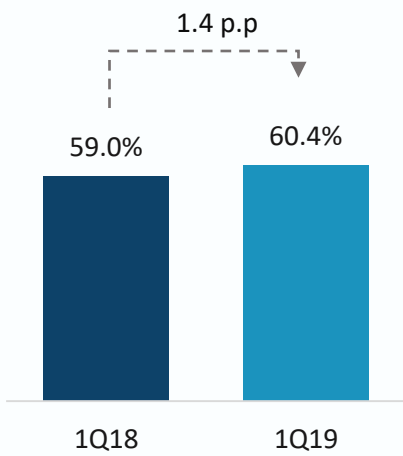
Cost of Services (R\$MM)



Gross Profit (R\$MM)



Gross Margin (%)

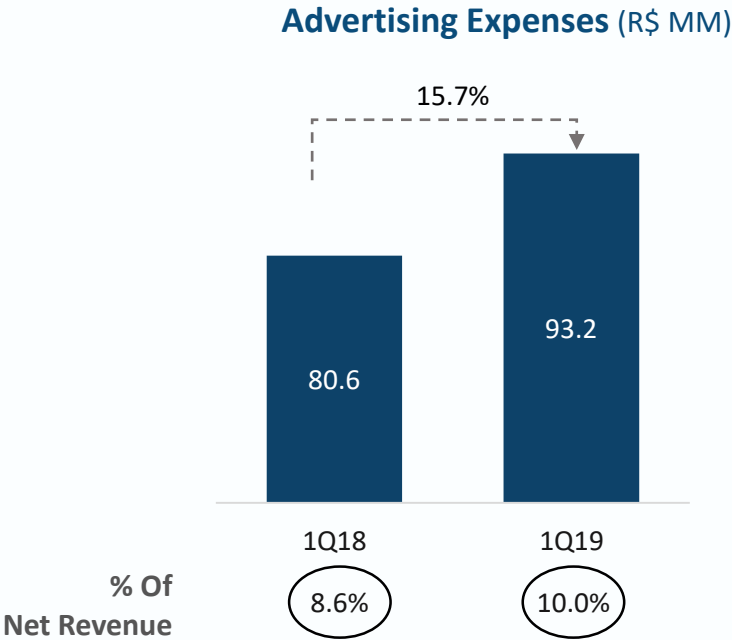
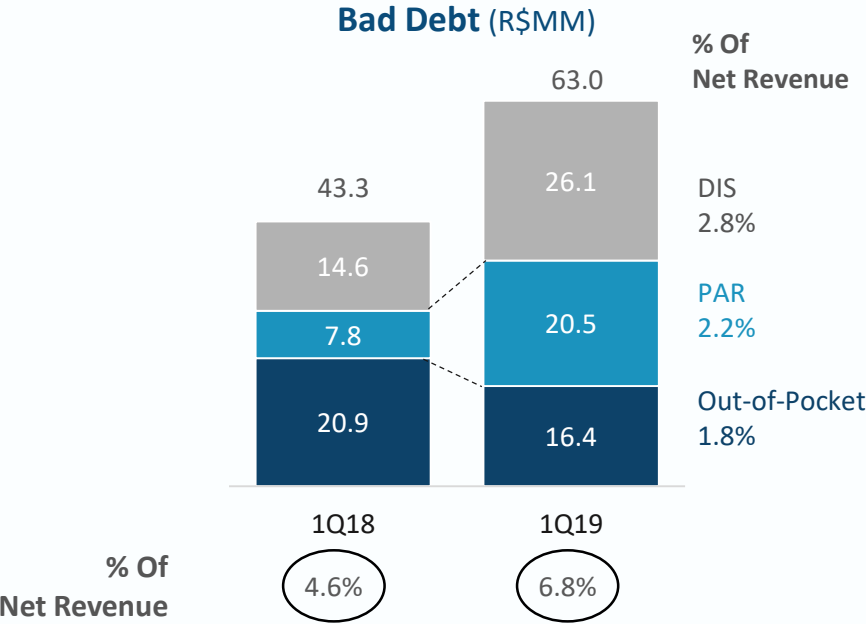


⁽¹⁾ Proforma information excluding the effect of IFRS 16 in 1Q19, for better comparison with 1Q18.

R\$ MM	1Q18	1Q19	Δ%
Selling Expenses	(124.2)	(156.3)	25.9%
Bad debt	(43.3)	(63.0)	45.6%
Out-of-pocket	(20.9)	(16.4)	-21.7%
PAR	(7.8)	(11.9)	53.0%
PAR dropout not renegotiated	-	(8.6)	N.A.
DIS	(14.6)	(16.2)	11.2%
DIS dropout not renegotiated	-	(9.9)	N.A.
Advertising	(80.6)	(93.2)	15.7%
Others	(0.3)	(0.1)	-62.1%
Selling Expenses (% Net Rev.)	13.3%	16.8%	3.5 p.p.
Bad debt (% of Net Rev.)	4.6%	6.8%	2.1 p.p.
Advertising (% Net Rev.)	8.6%	10.0%	1.4 p.p.

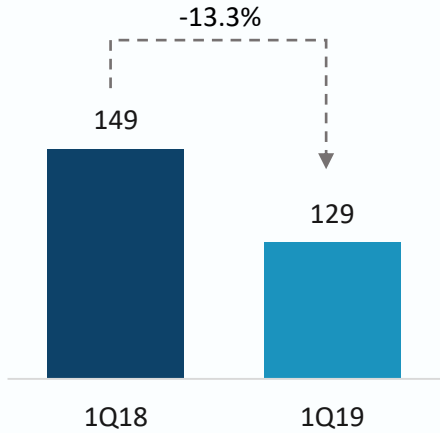
Selling expenses represented 16.8% of net operating revenue in 1Q19, up 3.5 p.p. over 1Q18, mainly due to the 2.1 p.p. increase in the Allowance for Doubtful Debts (PDD), which reached R\$63.0 million. The increase is due to the growth of DIS and PAR products, which have more strict provisioning criteria. It should be noted that the DIS campaign started in 1Q18 and, therefore, we had no impact of PDD DIS (dropout rate) in 1Q18.

Advertising expenses reached 10.0% of the net revenue in the quarter, up R\$12.6 million due to the intensification of campaigns to advertise offers during the intake period. We highlight the intensification in the Open TV campaign, as well as the reinforcement in the Videos and Web Search segments.

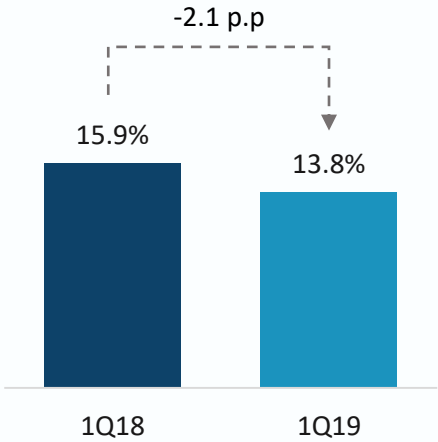


R\$ MM	1Q18	1Q19	1Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma
General and Administrative Expenses	(148.8)	(128.9)	(128.9)	-13.3%
Personnel	(42.5)	(41.8)	(41.8)	-1.6%
Third-party services	(29.6)	(19.1)	(19.1)	-35.4%
Provision for contingencies	(25.5)	(21.3)	(21.3)	-16.4%
Maintenance and repair	(9.4)	(8.3)	(8.3)	-12.2%
Other	(16.8)	(15.6)	(16.5)	-1.5%
Depreciation and amortization	(25.1)	(23.0)	(22.0)	-12.3%
Other operating revenue/expenses	2.2	3.8	3.8	71.0%
G&A Expenses (% Net Rev.)	15.9%	13.8%	13.8%	-2.1 p.p.

G&A Expenses
(R\$ MM)



G&A of Net Revenue
(%)



In 1Q19, **general and administrative expenses** accounted for 13.8% of the net revenue, 2.1 p.p. more efficient than 1Q18. The total reached R\$128.9 million, down 13.3% year-over-year. See the main changes below:

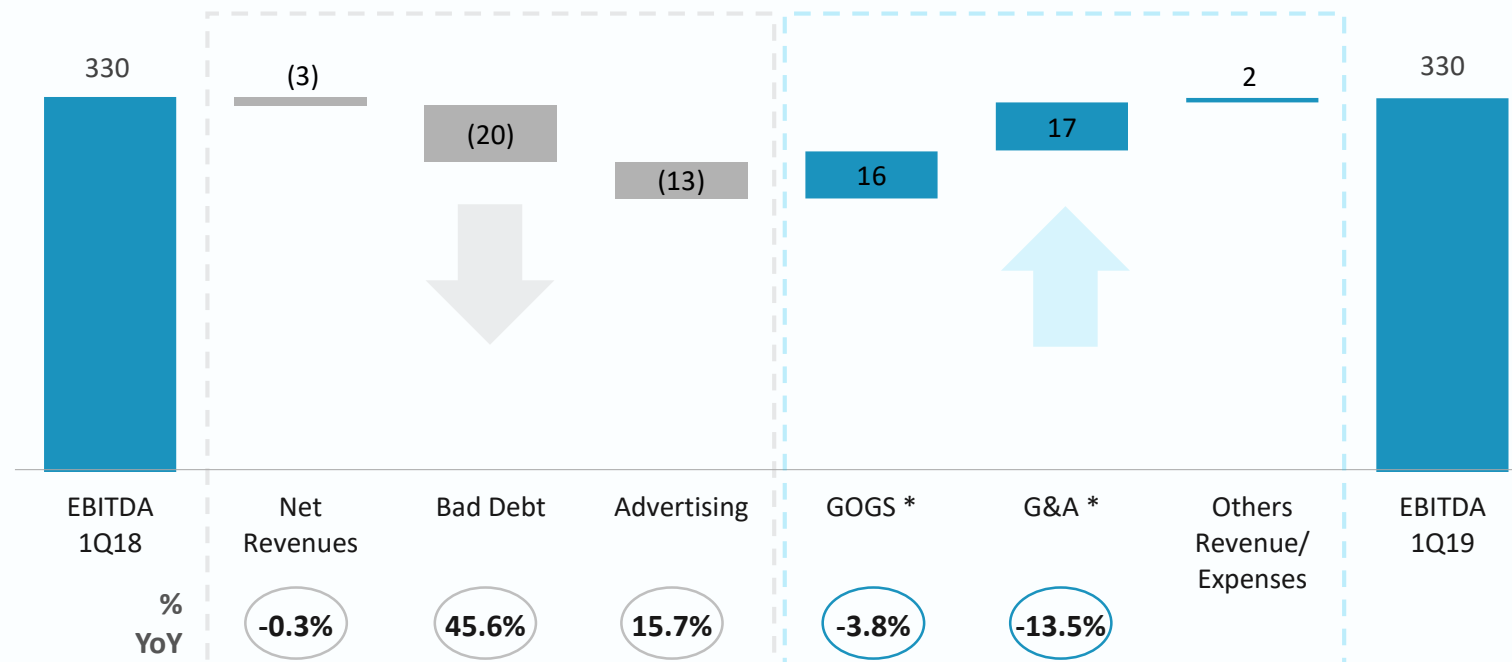
- Expenses with third-party service, down 35.4% due to lower expenses with consultants in 2019. Consultancy expenses in 2018 refer to the *Pricing, Loyalty, Strategic Sourcing and Credit & Collection* projects. At the end of 2018 we concluded the projects and, therefore, the contracts with the consultants who assisted us in the process. The projects will be implemented throughout 2019.

R\$ MM	1Q18	1Q19	1Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma
Net Revenues	935.7	932.6	932.6	-0.3%
Costs and Expenses	(654.2)	(641.6)	(650.5)	-0.6%
(+) Depreciation and amortization	48.6	93.6	47.5	-2.2%
EBITDA	330.1	384.6	329.6	-0.2%
<i>EBITDA Margin</i>	<i>35.3%</i>	<i>41.2%</i>	<i>35.3%</i>	<i>0.0 p.p.</i>

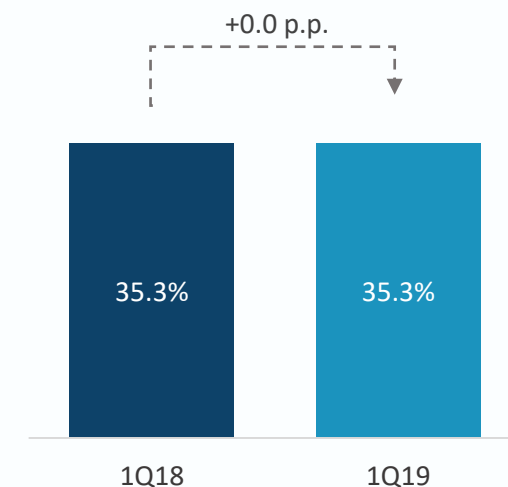
In 1Q19, Estácio's **EBITDA** reached R\$329.6 million, down 0.2% year-over-year.

We have counted with the expansion of the Distance Learning segment and efficiency and costs and G&A to maintain the same level of revenue and margin recorded in 1Q18, despite the challenging scenario with the decrease in the FIES student base (-29,200 students) and an increase in provisioning levels.

EBITDA Reconciliation (R\$ MM; % Y/Y)



EBITDA Margin (%; Δ Y/Y)



(1) Proforma information excluding the effect of IFRS 16 in 1Q19, for better comparison with 1Q18.

*Costs and G & A excluding depreciation and amortization

R\$ MM	1Q18	1Q19	1Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma
Financial Result	(26.1)	(44.3)	(29.4)	12.6%
Financial Revenue	27.6	28.5	28.5	3.2%
Fines and interest charged	9.7	10.0	10.0	3.3%
Investment revenue	8.8	12.8	12.8	45.7%
Inflation adjustment & Others	9.1	5.6	5.6	-38.2%
Financial Expenses	(53.7)	(72.7)	(57.9)	7.8%
Interest and financial charges	(16.7)	(23.6)	(23.6)	41.5%
Financial discounts	(22.3)	(12.2)	(12.2)	-45.5%
Bank expenses	(5.3)	(10.2)	(10.2)	91.9%
Adjustment of contingencies & Others	(9.4)	(26.8)	(12.0)	27.1%

In 1Q19, the **financial result** totaled R\$29.4 million, up 12.6% in the quarter comparison. The increase in Interest and financial charges was due to the increase in the Company's gross debt after issuing Promissory note at the end of 2018 and the due replacement by Debenture V. This effect was offset by the increase in financial investments due to the higher average cash position of the company when compared to 1Q18.

R\$ MM	1Q18	1Q19	1Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma
EBITDA	330.1	384.6	329.6	-0.2%
Financial Result	(26.1)	(44.3)	(29.4)	12.6%
Depreciation and amortization	(48.6)	(93.6)	(47.5)	-2.2%
Profit before income tax and social contribution	255.4	246.7	252.6	-1.1%
Income tax	(42.5)	(4.0)	(4.0)	-90.6%
Social contribution	(15.6)	(2.0)	(2.0)	-87.5%
Net Income	197.4	240.8	246.7	25.0%
<i>Net Margin (%)</i>	<i>21.1%</i>	<i>25.8%</i>	<i>26.4%</i>	<i>5.4 p.p.</i>

In 1Q19, Estácio posted a **net profit** of R\$246.7 million, up 25.0% and with a 5.4 p.p. margin gain year-over-year. The growth is due to a one-off effect in 1Q18 when, for bureaucratic reasons, the company was unable to renew the Negative Certificate of Tax Debits, temporarily impacting the actual tax rate. The distortion was corrected throughout 2018.

⁽¹⁾ Proforma information excluding the effect of IFRS 16 in 1Q19, for better comparison with 1Q18.

R\$ MM	1Q18	4Q18	1Q19
Monthly tuition fees received from students	641.1	869.8	1.007.7
Out-of-Pocket	406.2	577.2	616.9
Exchange Deals	20.7	23.3	24.3
PAR	100.6	173.3	198.3
DIS	108.8	91.3	168.2
Educar Amazônia	4.8	4.8	-
FIES	720.6	153.8	227.6
Others	178.2	146.5	188.8
Gross Accounts Receivable	1.539.9	1.170.1	1.424.1
Bad Debt	(320.9)	(402.6)	(439.8)
Out-of-Pocket	-	(317.5)	(331.1)
PAR (Dropout)	-	(33.5)	(42.1)
DIS (Dropout)	-	(56.0)	(65.9)
PAR (50%)	-	(68.3)	(80.2)
DIS (15%)	-	(12.3)	(28.5)
Educar Amazônia – Long Term	-	(4.6)	-
Amounts to be identified	(0.3)	(11.3)	(7.7)
Adjustment to present value (APV)	(35.3)	(45.0)	(52.5)
APV FIES	-		
APV PAR	(23.5)	(36.6)	(37.9)
APV EDUCAR	(0.3)	(0.3)	
APV DIS	(11.5)	(8.1)	(14.6)
Net Accounts Receivable	1.183.5	711.1	924.1

In this quarter, **gross accounts receivable** totaled R\$1,424.1 million, down 7.5% over 1Q19, mainly affected by the intake cycle and the due increase in Accounts Receivable from PAR and DIS.

Net accounts receivable totaled R\$924.1 million, down over 1Q18, mainly due to the increase in PDD given the more conservative rules regarding the new PAR and DIS products.

PAR and DIS Reconciliation

PAR

R\$ MM	1Q18	1Q19
Bad Debt	(7.8)	(11.9)
Bad Debt (Dropout)		(8.6)
PDD (% Rec. Líq.)	0.8%	2.2%

DIS

R\$ MM	1Q18	1Q19
Bad Debt	(14.6)	(16.2)
Bad Debt (Dropout)	-	(9.9)
PDD (% Rec. Líq.)	1.6%	2.8%

Coverage Ratio [a/b]	1Q18	1Q19
PAR and DIS	30.5%	29.7%
Total (Bad Debt/Gross Accounts Receivable ²)	34.4%	31.3%
% Financial Products/Gross Accounts Receivable ²	22.6%	25.7%

⁽¹⁾ Correction of installments based on IPCA and brought to present value based on NTN-2024..

Average Receivables Days

R\$ MM	1Q18	1Q19
Net Accounts Receivable	1,183.5	924.1
Annualized Net Revenue	3,495.7	3,616.3
Average Receivables Days	122	92

Non-FIES Average Receivables Days

R\$ MM	1Q18	1Q19
Net Accounts Receivable Ex-APV	1,183.5	924.1
Accounts Receivable Non-FIES	462.9	696.5
Annualized Net Revenue Non-FIES	2,365.1	2,780.8
Non-FIES Average Receivables Days	70	90

FIES Average Receivables Days

R\$ MM	1Q18	1Q19
FIES Accounts Receivable	720.6	227.6
FIES Revenue (LTM)	1,278.6	949.1
FGEDUC deductions (LTM)	(92.4)	(74.6)
Taxes (LTM)	(55.6)	(39.0)
FIES Net Revenue (LTM)	1,130.6	835.4
FIES Average Receivables Days	229	98

Estácio's PMR totaled 92 days, down 30 days over 1Q18. When excluding the effect of FIES, our PMR reaches 90 days, up 20 days over 2018.

PMR FIES also showed a decrease in 1Q19, of 131 days over 1Q18, reaching 98 days.

Aging of Total Gross Accounts Receivable¹

R\$ MM	1Q18	AV	1Q19	AV
FIES	720.6	47%	227.6	16%
PRONATEC	2.6	0%	-	N.A.
Partner Centers	1.7	0%	-	N.A.
Not yet due	394.4	26%	699.6	49%
Overdue up to 30 days	92.4	6%	98.5	7%
Overdue from 31 to 60 days	34.3	2%	43.9	3%
Overdue from 61 to 90 days	6.5	0%	8.8	1%
Overdue from 91 to 179 days	102.3	7%	171.2	12%
Overdue more than 180 days	185.0	12%	174.5	12%
Gross Accounts Receivable	1,539.9	100%	1,424.1	100%

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

Aging of Agreements Receivable²

R\$ MM	1Q18	AV	1Q19	AV
Not yet due	37.0	41%	46.1	56%
Overdue up to 30 days	7.1	8%	3.9	5%
Overdue from 31 to 60 days	4.2	5%	4.1	5%
Overdue from 61 to 90 days	3.7	4%	2.9	3%
Overdue from 91 to 179 days	14.3	16%	8.5	10%
Overdue more than 180 days	22.8	26%	17.1	21%
Agreements Receivable	89.1	100%	82.6	100%
<i>% over non-FIES Gross Accounts Receivable</i>	11%		7%	

² Note: Excludes credit card agreements

FIES: Changes of Accounts Receivable

R\$ MM	1Q18	1Q19	Δ%
Opening balance	600.0	153.8	-74.4%
FIES revenue	283.7	182.4	-35.7%
Transfer	(145.7)	(95.6)	-34.4%
Provision for FIES	(21.7)	(14.3)	-34.1%
Adjustment of accounts receivable	2.8	-	N.A.
Closing Balance	719.1	226.3	-68.5%

FIES: Changes of Accounts Offsetable

R\$ MM	1Q18	1Q19	Δ%
Opening balance	0.7	0.0	-95.8%
Transfer	145.7	95.6	-34.4%
Payment of taxes	(52.2)	(42.9)	-17.8%
Buyback in auctions	(92.7)	(51.4)	-44.5%
Closing balance	1.5	1.3	-13.3%

R\$ MM	1Q18	1Q19	1Q19 ⁽¹⁾ Pro-Forma	Δ% Pro-Forma
Cash and cash equivalents [a]	627.1	885.8	885.8	41.2%
Indebtedness [b]	(657.8)	(2.077.7)	851.8	29.5%
Loans	(572.1)	(2,038.9)	810.4	41.6%
Commitments payable (Acquisitions)	(71.8)	(31.9)	31.9	-55.6%
Taxes paid in installments	(13.9)	(9.5)	9.5	-31.2%
Net Debt [b-a]	(30.7)	(1,192.0)	(34.0)	-210.9%
Net Debt/ EBITDA (Annualized)	0.04x	1.2x	-0.04x	-

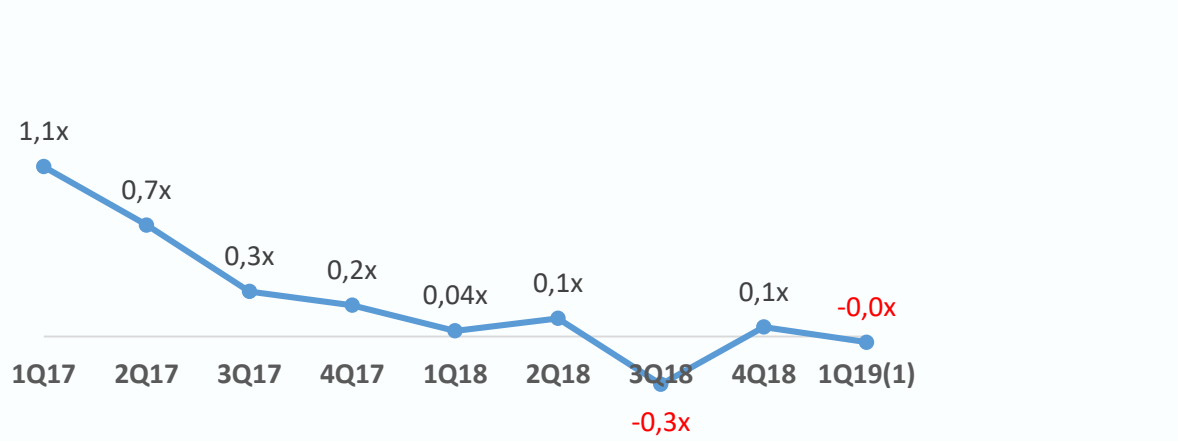
At the end of 1Q19, **cash and cash equivalents totaled R\$885.8 million.**

Gross indebtedness increased by 29.5% when compared to 1Q18. Thus, we have a **net cash of R\$34.0 million.**

In February, the Company concluded the amortization of Promissory Notes in a single series, totaling R\$600.0 million. In the same month, the Company concluded the issue of Debenture V, in the same amount as the promissory note issued in two series with maturity in 3 and 5 years, with a cost of CDI + 0.585% and CDI + 0.785%, respectively.

Type of Debt	Due Date	Cost	Outstanding 1Q19
Debentures II	Oct/19	CDI + 1.2%	124.0
Debentures IV	Jun/19	CDI + 1.5%	51.2
Debentures V (1ª Série)	Feb/22	CDI + 0.6%	251.6
Debentures V (2ª Série)	Feb/24	CDI + 0.8%	352.3
Others			31.3
Total Indebtedness	-	-	810.4

Covenant (Net Debt/ EBITDA LTM < 2,5x)

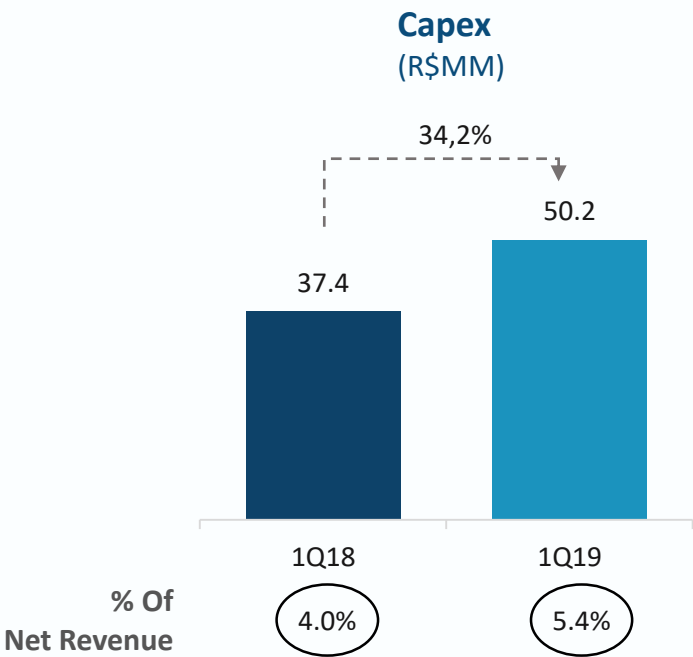


¹⁾ Proforma information excluding the effect of IFRS 16 in 1Q19, for better comparison with 1Q18.

R\$ MM	1Q18	1Q19	Δ%
Total CAPEX	37.4	50.2	34.2%
Support & Improvements	36.7	38.6	5.1%
Expansion	0.7	6.3	-
Transformational	-	5.3	N.A.

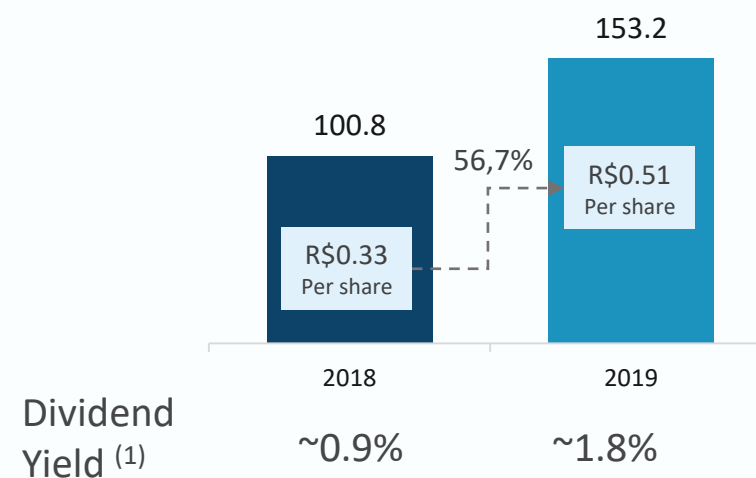
In 1Q19, Estácio’s **CAPEX** totaled R\$50.2 million, up 34.2% over 1Q19. The increase is due to investments in new dentistry laboratories, creation of new courses (mainly on-campus and Flex), as well as construction works and adjustments required to comply with new regulations. This quarter we classified our investments into four groups:

- **Sustainability & Improvements:** recurring investments in order to maitain and improve our business;
- **Expansion:** investments in new units and courses for the expansion of our business;
- **Transformational:** non-recurring projects such as new systems for digitalizing all student documents, cloud servers and new infrastructure (air-conditioning).



The Shareholders' Meeting, held on April 26, 2019, approved the distribution of mandatory dividends, corresponding to 25% of the adjusted net profit, totaling R\$153.2 million, corresponding to R\$0.51 per share. Dividends will be paid in cash on June 13, 2019, without cash correction.

Distribution of Mandatory Dividends (R\$ MM)



⁽¹⁾ Calculated on the share price on the day of the dividend was announced

R\$ MM	1Q18	4Q18	1Q19
Current Assets	1,810.0	1,550.6	1,749.5
Cash and cash equivalents	9.4	13.7	8.7
Marketable securities	617.7	804.4	877.1
Accounts receivable	1,060.7	571.9	713.0
Advances to employees/third-parties	6.1	8.0	6.1
Prepaid expenses	13.6	6.0	14.7
Taxes and contributions	55.3	135.8	119.9
Others	47.1	10.9	10.0
Non-Current Assets	2,480.5	2,551.8	3,903.3
Long-Term Assets	469.1	476.7	604.0
Accounts receivable	122.8	139.2	211.1
Prepaid expenses	5.0	5.5	5.4
Judicial deposits	102.4	81.7	83.1
Taxes and contributions	86.4	102.2	120.1
Deferred taxes and others	152.6	148.0	184.3
Permanent Assets	2,011.4	2,075.2	3,299.2
Investments	0.2	0.2	0.2
Property and equipment	600.4	661.1	1,884.8
Intangible assets	1,410.8	1,413.8	1,414.2
Total Assets	4,290.6	4,102.5	5,652.7

R\$ MM	1Q18	4Q18	1Q19
Current Liabilities	965.4	1,289.1	923.3
Loans and financing	358.9	795.8	358.3
Suppliers	105.2	105.8	124.7
Salaries and payroll charges	199.2	133.7	187.8
Tax liabilities	123.7	35.6	49.2
Prepaid monthly tuition fees	7.7	17.2	20.8
Taxes paid in installments	4.2	3.6	3.3
Acquisition price to be paid	54.6	34.5	16.5
Dividendos payable	100.8	153.2	153.2
Others	11.2	9.9	9.5
Long-Term Liabilities	398.9	222.0	1,893.6
Loans and financing	213.3	21.4	1,680.6
Contingencies	104.5	126.9	139.3
Taxes paid in installments	9.7	6.7	6.2
Provision for asset demobilization	22.4	27.0	27.3
Deferred taxes	11.7	5.2	3.8
Acquisition price to be paid	17.2	13.9	15.3
Others	20.2	20.9	21.1
Shareholders' Equity	2,926.2	2,591.4	2,835.9
Capital	1,130.8	1,139.9	1,139.9
Share issue costs	(26.9)	(26.9)	(26.9)
Capital reserves	666.9	668.4	670.0
Earnings reserves	1,088.5	1,016.6	1,016.6
Period result	197.4	0.0	240.8
Treasury shares	(130.4)	(206.6)	(204.6)
Total Liabilities and Shareholders' Equity	4,290.6	4,102.5	5,652.7

INCOME STATEMENT BY BUSINESS UNIT

OPERATION

FINANCIALS

APPENDIX



1Q19

	On-Campus			Distance-Learning			Corporate			Consolidated		
R\$ MM	1Q18	1Q19	Δ%	1Q18	1Q19	Δ%	1Q18	1Q19	Δ%	1Q18	1Q19	Δ%
Gross Revenues	1,239.7	1,245.9	0.5%	210.6	282.9	34.4%	-	-	-	1,450.3	1,528.8	5.4%
Deductions from Gross Revenue	(440.3)	(486.0)	10.4%	(74.3)	(110.2)	48.4%	-	-	-	(514.5)	(596.2)	15.9%
Net Revenues	799.4	759.9	-4.9%	136.3	172.7	26.7%	-	-	-	935.7	932.6	-0.3%
Cost of Services	(367.9)	(340.5)	-7.4%	(15.5)	(19.6)	26.3%	-	-	-	(383.4)	(360.1)	-6.1%
Personnel	(260.9)	(237.5)	-9.0%	(11.3)	(11.7)	3.2%	-	-	-	(272.2)	(249.2)	-8.4%
Rents, condominiums and municipal property tax	(58.4)	(9.9)	-83.0%	(0.0)	0.7	N.A.	-	-	-	(58.4)	(9.2)	-84.2%
Third-party services and Others	(25.3)	(23.3)	-7.7%	(4.0)	(7.7)	91.6%	-	-	-	(29.3)	(31.0)	5.8%
Depreciation and amortization	(23.3)	(69.7)	198.6%	(0.2)	(1.0)	504.7%	-	-	-	(23.5)	(70.7)	200.6%
Gross Profit	431.6	419.4	-2.8%	120.8	153.1	26.8%	-	-	-	552.3	572.6	3.7%
<i>Gross Margin</i>	<i>54.0%</i>	<i>55.2%</i>	<i>1.2 p.p.</i>	<i>88.6%</i>	<i>88.7%</i>	<i>0.0 p.p.</i>	-	-	-	<i>59.0%</i>	<i>61.4%</i>	<i>2.4 p.p.</i>
Selling and G&A Expenses	(87.4)	(91.4)	4.5%	(14.5)	(18.2)	26.1%	(168.9)	(172.0)	1.8%	(270.8)	(281.6)	4.0%
Personnel	(7.3)	(3.2)	-55.2%	(2.9)	(4.4)	49.7%	(32.3)	(34.1)	5.8%	(42.5)	(41.8)	-1.6%
Advertising	-	-	N.A.	-	-	N.A.	(80.6)	(93.2)	15.7%	(80.6)	(93.2)	15.7%
Bad Debt	(33.8)	(51.9)	53.4%	(9.5)	(11.1)	17.2%	-	-	N.A.	(43.3)	(63.0)	45.5%
Other expenses	(40.5)	(33.6)	-17.0%	(1.7)	(2.2)	31.3%	(37.2)	(24.7)	-33.5%	(79.4)	(60.6)	-23.7%
Depreciation and amortization	(5.9)	(2.6)	-55.0%	(0.3)	(0.5)	45.5%	(18.8)	(19.8)	5.3%	(25.1)	(23.0)	-8.3%
Operating Profit	344.1	328.1	-4.7%	106.3	134.9	26.9%	(168.9)	(172.0)	1.8%	281.5	291.0	3.4%
<i>Operating Margin (%)</i>	<i>43.0%</i>	<i>43.2%</i>	<i>0.1 p.p.</i>	<i>78.0%</i>	<i>78.1%</i>	<i>0.1 p.p.</i>	-	-	-	<i>30.1%</i>	<i>31.2%</i>	<i>1.1 p.p.</i>
EBITDA	373.4	400.4	7.2%	104.4	134.6	29.0%	(228.7)	(189.1)	-17.3%	330.1	384.6	16.5%
<i>EBITDA Margin (%)</i>	<i>46.7%</i>	<i>52.7%</i>	<i>6.0 p.p.</i>	<i>76.6%</i>	<i>78.0%</i>	<i>1.4 p.p.</i>	-	-	-	<i>35.3%</i>	<i>41.2%</i>	<i>6.0 p.p.</i>

R\$ MM	1Q18	1Q19	Adjustment IFRS 16	1Q19 ⁽¹⁾ Pro-Forma
Profit before taxes and after the result of ceased operations	255.4	246.7	5.9	252.6
Adjustments to reconcile profit to net cash generated	106.7	209.0	(61.0)	148.0
Result after reconciliation to net cash generated	362.1	455.7		400.6
Changes in assets and liabilities	(197.5)	(255.0)		(255.0)
Operating Cash Flow before CAPEX	164.6	200.7		145.6
Acquisition of property and equipment	(22.6)	(28.8)		(28.8)
Acquisition of intangible assets	(14.8)	(21.4)		(21.4)
Cash flow from investment activities	(16.2)	(16.5)		(16.5)
Operating Cash Flow after CAPEX	111.0	134.0		78.9
Cash flow from financing activities	(8.3)	(66.3)	55.0	(11.3)
Free Cash Flow	102.7	67.7		67.6
Cash at the beginning of the year	524.4	818.0		818.0
increase (decrease) in cash and cash equivalents	102.7	67.7		67.7
Cash at the end of the year	627.1	885.7		885.7
EBITDA	330.1	384.6		329.6
Operating Cash Flow before CAPEX / EBITDA	49.8%	52.9%		44.2%

In 1Q19, **Operating Cash Flow before CAPEX (FCO)** was positive at R\$145.6 million.

Thus, the FCO/EBITDA ratio was of 44.2% in 1Q19, against 49.8% in 1Q18. The decrease is mainly due to the increase in the representativeness of financing products in the receivables base.

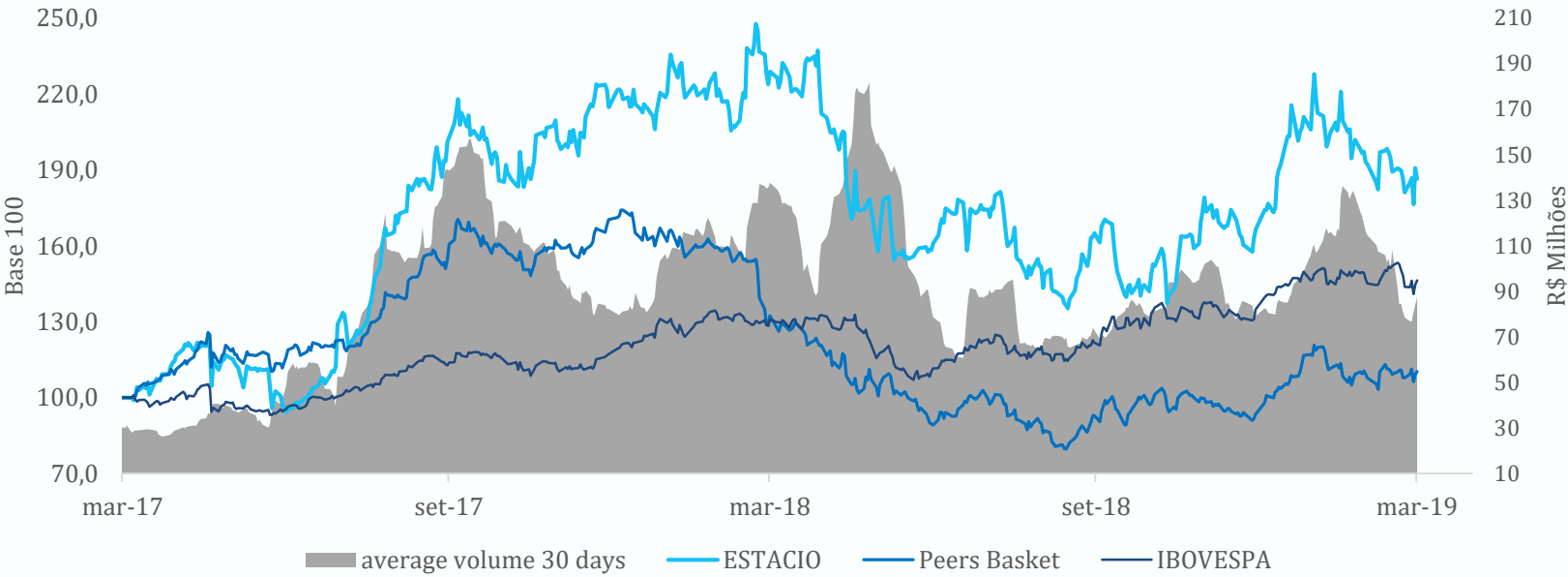
We closed the first quarter of the year with a cash of R\$818.0 million and a net debt/EBITDA ratio of -0.0x.

⁽¹⁾ Proforma information excluding the effect of IFRS 16 in 1Q19, for better comparison with 1Q18

Estácio’s common share is traded on B3’s Novo Mercado under the ticket code **ESTC3**. The company also has a level I ADR program under the code ECPCY. Our share (ESTC3) closed the first quarter of 2019 priced at R\$26.11, a 18.5% devaluation in the last twelve months. In the same period, Ibovespa appreciated 11.8%.

The company has **2.9% of the share capital in treasury**.

	1Q18	1Q19	Δ%
Stock Price	32.05	26.11	-18.5%
Quarter High	34.69	31.91	
Quarter Low	28.80	24.26	
Quarter Average	30.57	27.22	
Market Cap (R\$ ‘000)	11.117	8.222	-26.0%
ADTV (30D)	137.6	87.3	-36.5%
Outstanding Shares	317.9	309.1	-2.8%
Treasury	2.7%	2.9%	
Free Float	97.3%	97.1%	



	1Q19	12M
Estacio	12.0%	-18.5%
Peers Basket*	18.1%	-16.6%
IBOV	8.6%	11.8%

*Peers Basket composed by and average of the performance of Estácio’s first main listed players

- **APV:** discount on future revenue. For Estácio, specifically, mostly revenue from PAR and DIS students, based on a standard discount rate (5-year real interest).
- **DIS:** Solidarity Dilution Campaign (DIS), that gives students the possibility of paying R\$49 in the months when they enroll, diluting the difference in relation to the full monthly tuition fee (i.e. offering no discounts, scholarships or exemptions) to be paid during the course. All undergraduate students can apply to the DIS (including FIES and PAR students).
- **EAD:** “Distance-Learning”.
- **FLEX EAD:** type of distance-learning education with a significant mandatory on-campus hour load. It combines the mobility of distance-learning programs with the experience of being in a campus, as some classes are offered online and others in the units.
- **FGEDUC:** Guarantee Fund for Education Credit (FGEDUC) is another novelty. The fund collateralizes agreements of students with partial scholarships granted by the University to All Program (ProUni) enrolled in teaching degree courses.
- **PAR:** Estácio’s installment payment program launched in January 2017 that allows students to pay 50% of their courses while studying and the other 50% after graduation. Payments are progressive, beginning at 30% of the monthly tuition fees in the first two semesters; 40% in the third semester, 50% in the fourth semester and 60% as of the fifth semester. PAR is offered to all undergraduate students, except for medicine students.
- **PARTNERSHIPS (GRADUATE):** partnerships entered into with other higher education institutions authorized to offer graduate courses at Estácio.
- **PARTNERSHIPS (DISTANCE-LEARNING):** model to expand distance-learning centers where Estácio has partnerships with institutions (with a basic structure to assist students and meet MEC’s requirements) that offer Estácio’s education courses.
- **Rules for the calculation of the Bad Debt:** until December 31, 2017, Estácio accrued 100% of the monthly tuition fees overdue by more than 180 days. As of January 1, 2018, Estácio has been using the new standard on financial instruments (IFRS9 – CPC 48) for students who pay monthly tuition fees, based on the concept of expected loss at the moment of revenue recognition, which increases according to the aging of accounts receivable.
- **DROPOUT RATE:** number of dropout students + non renewals based on the renewable student base (initial student base – graduating students + students enrolled)
- **RETENTION RATE:** $[1 - \text{Dropout Rate}]$