

YDUQS Participações S.A.

Quarterly Information – ITR

June 30, 2020 and

Independent Auditors' Report

Independent auditor's review report on interim financial information

The Shareholders and Board of Directors

YDUQS Participações S.A.

Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of YDUQS Participações S.A. ("Company" or "YDUQS") for the quarter ended June 30, 2020, comprising the statement of financial position as of June 30, 2020 and the related statements of profit or loss and of comprehensive income for the three and six months period then ended, of changes in equity and of cash flows for the six month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (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, respectively). 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 auditing standards 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 individual and consolidated interim financial information

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

Other matters

Statements of value added

The abovementioned quarterly information include the individual and consolidated statement of value added (SVA) for the six month period ended June 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Rio de Janeiro, August 26, 2020.

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

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

YDUQS Participações S.A.

Statements of financial position

In thousands of Reais, except when otherwise indicated

	Parent Company		Consolidated			Parent Company		Consolidated	
	June 30, 2020	December 31 2019	June 30, 2020	December 31 2019		June 30, 2020	December 31 2019	June 30, 2020	December 31 2019
Assets					Liabilities and shareholders' equity				
Current					Current				
Cash and cash equivalents (Note 3)	95	74	20,415	12,251	Trade payables	2,406	1,643	226,932	126,651
Securities (note 3)	537,518	208,478	1,886,955	596,861	Loans and financing (Note 11)	896,411	13,586	896,411	13,586
Derivative financial instruments - Swap (Note 19)	43,039		43,039		Leases (Note 12)			204,875	156,468
Accounts receivable (Note 4)			955,828	759,622	Salaries and welfare charges (Note 13)	1,513	651	377,868	136,432
Related parties (Note 5)	592	13			Tax obligations (Note 14)	695	138	101,709	36,038
Prepaid expenses (Note 6)	40	283	15,778	7,034	Prepaid monthly tuition fees			45,458	18,397
Dividends receivable	134,390	263,909			Tax installment payment (Note 15)			3,410	3,729
Taxes and contributions recoverable (Note 7)	3,126	3,840	105,047	80,050	Related parties (Note 5)		42		
Other			20,143	19,866	Dividends payable	153,463	153,463	153,463	153,463
					Acquisition price payable (Note 16)			30,896	19,142
					Other	3,928	4,182	11,384	10,964
	<u>718,800</u>	<u>476,597</u>	<u>3,047,205</u>	<u>1,475,684</u>		<u>1,058,416</u>	<u>173,705</u>	<u>2,052,406</u>	<u>674,870</u>
Non-current					Non-current				
Long-term assets					Long-term liabilities				
Derivative financial instruments - Swap (Note 19)	154,976		154,976		Loans and financing (Note 11)	2,540,424	601,549	2,540,424	601,549
Accounts receivable (Note 4)			237,000	261,600	Leases (Note 12)			1,125,191	880,049
Prepaid expenses (Note 6)			5,947	4,758	Trade payables			43	
Judicial deposits (Note 17)	222	216	96,918	76,090	Contingencies (Note 17)	258	306	210,235	118,416
Deferred taxes (Note 28)	410	308	258,743	163,025	Tax installment payment (Note 15)			10,130	11,019
Taxes and contributions recoverable (Note 7)	39,496	36,552	159,492	176,425	Deferred taxes (Note 28)			4,354	2,889
Other			14,865	11,934	Provision for assets retirement			28,743	27,470
					Acquisition price payable (Note 16)			75,904	44,541
					Other	26,386	28,051	47,729	49,337
	<u>195,104</u>	<u>37,076</u>	<u>927,941</u>	<u>693,832</u>		<u>2,567,068</u>	<u>629,906</u>	<u>4,042,753</u>	<u>1,735,270</u>
Investments					Shareholders' equity (Note 18)				
In subsidiaries (Note 8)	5,130,599	2,612,140			Share Capital	1,139,887	1,139,887	1,139,887	1,139,887
Other			338	338	Expenditure with shares issuance	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	780,118	780,139	2,974,985	1,610,416	Capital reserves	670,720	674,021	670,720	674,021
Property, plant and equipment (Note 10)	8	11	2,343,835	1,732,222	Profits reserve	1,509,327	1,509,327	1,509,327	1,509,327
	<u>5,910,725</u>	<u>3,392,290</u>	<u>5,319,158</u>	<u>3,342,976</u>	Treasury shares	(182,283)	(194,031)	(182,283)	(194,031)
					Income for the period	88,346		88,346	
	<u>6,105,829</u>	<u>3,429,366</u>	<u>6,247,099</u>	<u>4,036,808</u>		<u>3,199,145</u>	<u>3,102,352</u>	<u>3,199,145</u>	<u>3,102,352</u>
Total assets	<u>6,824,629</u>	<u>3,905,963</u>	<u>9,294,304</u>	<u>5,512,492</u>	Total liabilities and shareholders' equity	<u>6,824,629</u>	<u>3,905,963</u>	<u>9,294,304</u>	<u>5,512,492</u>

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.

Statements of income

Six-month period ended on June 30

In thousands of Reais, except when otherwise indicated

	Parent Company		Consolidated	
	2020	2019	2020	2019
Continued operations				
Net revenue from activities (Note 22)			1,914,367	1,889,854
Costs of the services provided (Note 23)			(792,909)	(757,949)
Gross income			1,121,458	1,131,905
Operating revenues (expenses)				
Selling expenses (Note 24)			(477,540)	(332,149)
General and administrative expenses (Note 24)	(9,753)	(9,420)	(410,643)	(266,631)
Equity accounting income (Note 8)	142,599	465,014		
Other operating revenues/expenses (Note 25)	1,511	133	988	6,544
Operating income	134,357	455,727	234,263	539,669
Financial revenues (Note 26)	208,624	7,189	244,045	49,958
Financial expenses (Note 26)	(254,737)	(27,437)	(402,090)	(142,816)
Net financial income	(46,113)	(20,248)	(158,045)	(92,858)
Income before income tax and social contribution	88,244	435,479	76,218	446,811
Current and deferred income tax (Note 28)	75	67	9,032	(7,740)
Current and deferred social contribution (Note 28)	27	24	3,096	(3,501)
Net income for the period attributable to shareholders	88,346	435,570	88,346	435,570
Net earnings per lot of 1000 shares - basic (Note 21)	0.29360	1.45066	0.29360	1.45066
Net earnings per lot of 1000 shares - diluted (Note 21)	0.29170	1.44346	0.29170	1.44346

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.

Statements of comprehensive income
Six-month period ended on June 30
In thousands of Reais, except when otherwise indicated

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net income for the period	88,346	435,570	88,346	435,570
Other comprehensive income				
Total comprehensive income for the period, net of taxes	<u>88,346</u>	<u>435,570</u>	<u>88,346</u>	<u>435,570</u>
Attributable to:				
Controlling shareholders				
Non-controlling shareholders	<u>88,346</u>	<u>435,570</u>	<u>88,346</u>	<u>435,570</u>

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.

Statements of changes in shareholders' equity

In thousands of Reais, except when otherwise indicated

	Capital reserves					Retained earnings				
	Capital stock	Expenditure w / issue of shares	Incentives long term	Discount in disposition of shares	Premium in subscription of shares	Options granted	Legal	Retained retained	Shares treasury	Earnings earnings
										Total
As of January 1, 2019	1,139,887	(26,852)	304	(7,983)	595,464	80,585	146,673	869,972	(206,641)	2,591,409
Granted Options (Note 20)			(304)			(1,573)				(1,877)
Restricted Shares Granting Plan (Note 20)						7,216				7,216
Discount on treasury shares sale (Note 17 d.3)				(1,652)					1,652	
Payment Restricted Shares Granting Plan Payment (Note 17)						(5,515)			3,707	(1,808)
Payment of Stock options (Note 20)									3,220	3,220
Net income for the period										435,570
										435,570
As of June 30, 2019	1,139,887	(26,852)		(9,635)	595,464	80,713	146,673	869,972	(198,062)	3,033,730
Granted Options (Note 20)						612				612
Restricted Shares Granting Plan (Note 20)						8,387				8,387
Discount on treasury shares sale (Note 17 d.3)				(1,203)					1,203	
Payment of Restricted Shares Grant (Note 20)						(317)			317	
Payment of Stock options (Note 20)									2,511	2,511
Net income for the period										210,570
Constitution of reserves							32,307	460,375		(492,682)
Minimum mandatory dividends (R\$ 0.51 per share)										(153,458)
										(153,458)
As of December 31, 2019	1,139,887	(26,852)		(10,838)	595,464	89,395	178,980	1,330,347	(194,031)	3,102,352
Granted Options (Note 19)						(357)				(357)
Restricted Shares Granting Plan (Note 19)						8,127				8,127
Discount on treasury shares sale (Note 17 d.3)				(169)					169	
Payment Restricted Shares Granting Plan Payment (Note 17)						(10,902)			10,902	
Payment of Stock options (Note 19)									677	677
Net income for the period										88,346
										88,346
As of June 30, 2020	1,139,887	(26,852)		(11,007)	595,464	86,263	178,980	1,330,347	(182,283)	3,199,145

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.

Statements of cash flows

Six-month period ended on June 30

In thousands of Reais, except when otherwise indicated

	Parent Company		Consolidated	
	2020	2019	2020	2019
Cash flow from operating activities				
Income before income tax and social contribution	88,244	435,479	76,218	446,811
Adjustments to reconcile the income to cash and cash equivalents generated:				
Depreciation and amortization	24	30	214,672	187,012
Amortization of loan funding costs	1,190	496	1,190	496
Provision for doubtful accounts			300,831	187,167
Provision for loss - Other accounts receivable			4,845	(166)
Granted options - Stock options provision	348	257	16,050	4,368
Provision for contingencies	(48)	10	93,672	57,616
Interest on loans and financing	45,360	25,620	99,794	55,145
Adjustment of assets retirement obligation			1,273	1,091
Adjustment of commitments payable			1,071	1,025
Gain/Loss in write-off of property, plant and equipment and intangible assets			512	1,228
Equity Accounting income (loss)	(142,599)	(465,014)		
Update of accounts receivable - FIES			140	(5,831)
Adjustments to present value - accounts receivable			(2,867)	(4,878)
Adjustment of tax credits	(446)	(723)	7,968	(603)
Other	7,995			
	68	(3,845)	815,369	930,481
Variation in assets and liabilities:				
(Increase) in accounts receivable			(266,659)	(489,960)
Decrease (Increase) in prepaid expenses	243		(429)	(4,924)
Decrease (Increase) in taxes and contributions recoverable	(1,784)	4,584	9,320	(7,770)
(Increase) in judicial deposits	(6)		1,913	1,579
Decrease (Increase) in other assets	(571)	289	1,802	1,159
Increase (Decrease) in trade payables	763	99	81,619	16,192
Increase (Decrease) in salaries and welfare charges	(114)	36	165,071	65,493
Increase (Decrease) in tax obligations	557	(30)	4,966	(1,517)
Increase (Decrease) in monthly tuition fees received in advance			17,852	(5,684)
(Decrease) in tax installment payment			(1,295)	(1,482)
(Decrease) in civil/labor convictions			(35,866)	(39,061)
Increase in Provision for assets retirement Obligations				(164)
Increase (Decrease) in other liabilities	(305)	20,128	(196)	21,260
	(1,149)	21,261	793,467	485,602
Interest paid on loans	(25,978)	(14,031)	(25,978)	(14,031)
IRPJ (Income Tax) and CSLL (Social Contribution on Net Income) Paid			(22,304)	(43,523)
Net cash provided by (used in) operating activities.	(27,127)	7,230	745,185	428,048
Cash flow from investment activities:				
Acquisition of property, plant and equipment			(82,258)	(71,584)
Acquisition of intangible assets			(82,709)	(49,014)
Dividends received	129,519	270,000		
Premium and goodwill from investment in subsidiaries			(184,053)	
Acquisition of subsidiaries, net of cash obtained in the acquisition			(1,553,569)	
Advance for future capital increase	(2,367,460)	(550)		
Acquisition price payable			(3,402)	(16,925)
Net cash provided by (used in) investment activities	(2,237,941)	269,450	(1,905,991)	(137,523)
Cash flow from financing activities:				
Use of treasury shares derived from the exercise of stock options	677	3,220	677	3,220
Dividends paid		(153,160)		(153,160)
Debt issuance amount		600,000		600,000
Amount received from loans and financing	2,599,549		2,599,549	
Loan funding costs	(5,803)	(1,742)	(5,803)	(1,742)
Amortization of loans and financing	(294)	(710,294)	(294)	(710,294)
Lease amortization			(135,065)	(128,319)
Net cash used in financing activities	2,594,129	(261,976)	2,459,064	390,295
Increase in cash and cash equivalents	329,061	14,704	1,298,258	(99,770)
Cash and cash equivalents at the beginning of the period	208,552	239,818	609,112	818,046
Cash and cash equivalents at the end of the period	537,613	254,522	1,907,370	718,276
Variation in cash and cash equivalents balance	329,061	14,704	1,298,258	(99,770)

The Management notes are an integral part of the financial statements.

YDUQS Participações S.A.
Statements of value added
Six-month period ended on June 30
In thousands of Reais, except when otherwise indicated

	Parent Company		Consolidated	
	2020	2019	2020	2019
Revenues				
Educational services			1,989,240	1,962,705
Other revenues			2,781	1,583
Provision for doubtful accounts			(300,831)	(187,167)
			<u>1,691,190</u>	<u>1,777,121</u>
Inputs acquired from third parties				
Materials, electric power and third party services	(6,088)	(6,674)	(392,520)	(310,283)
Contingencies	50		(94,478)	(40,727)
	<u>(6,038)</u>	<u>(6,674)</u>	<u>(486,998)</u>	<u>(351,010)</u>
Gross value added	<u>(6,038)</u>	<u>(6,674)</u>	<u>1,204,192</u>	<u>1,426,111</u>
Depreciation and amortization	(24)	(30)	(214,672)	(187,012)
Net value added produced	<u>(6,062)</u>	<u>(6,704)</u>	<u>989,520</u>	<u>1,239,099</u>
Value added received in transfer				
Income from equity accounting	142,599	465,014		
Financial revenue	209,141	7,189	246,281	49,958
Other	474	(916)	351	7,350
	<u>352,214</u>	<u>471,287</u>	<u>246,632</u>	<u>57,308</u>
Total value added to be distributed	<u><u>346,152</u></u>	<u><u>464,583</u></u>	<u><u>1,236,152</u></u>	<u><u>1,296,407</u></u>
Distribution of value added				
Work compensation				
Direct compensation	2,472	2,284	487,509	446,395
Benefits			26,448	23,038
FGTS (Government Severance Indemnity Fund for Employees)			34,038	33,430
	<u>2,472</u>	<u>2,284</u>	<u>547,995</u>	<u>502,863</u>
Taxes, fees and contributions				
Federal	1,787	688	103,971	128,697
State			4	
Municipal			81,053	78,042
	<u>1,787</u>	<u>688</u>	<u>185,028</u>	<u>206,739</u>
Remuneration of third-party capital				
Interest	253,547	26,041	400,899	139,432
Rents			13,884	11,803
	<u>253,547</u>	<u>26,041</u>	<u>414,783</u>	<u>151,235</u>
Remuneration on equity				
Dividends				
Retained earnings	88,346	435,570	88,346	435,570
	<u>88,346</u>	<u>435,570</u>	<u>88,346</u>	<u>435,570</u>
Distributed value added	<u><u>346,152</u></u>	<u><u>464,583</u></u>	<u><u>1,236,152</u></u>	<u><u>1,296,407</u></u>

The Management notes are an integral part of the financial statements.

1 General information

1.1 Operating context

YDUQS Participações S.A. ("Company" or "Group") and its subsidiaries (jointly, the "Group") are mainly involved in the development and/or management of activities and/or institutions in the fields of higher education, professional education and/or other fields related to education, in the management of their own assets and businesses, and the holding of interests, as partner or shareholder, in other partnerships and companies in Brazil.

The Company is a corporation headquartered at Avenida Venezuela, 43, in the City and State of Rio de Janeiro, incorporated by way of a private share subscription on March 31, 2007, and currently listed on *Novo Mercado* (New Market).

The Group has thirty-two companies, including YDUQS Participações, twenty-eight of which are sponsors of a higher education institution, organized as limited liability business companies, and comprises a University, twenty University Centers and fifty-eight Colleges, accredited and distributed in twenty-three states in the country and in the Federal District.

At a meeting held July 11, 2019, the Board of Directors of YDUQS Participações S.A. resolved on the creation of a new brand for the Company, named **YDUQS**.

Changing the holding company's brand enables it to better use existing resources businesses, and to build different positions through new brands and creating new business units.

The Special General Meeting held on March 24, 2020, approved the change of the Company's corporate name from "Estácio Participações S.A." to "YDUQS Participações S.A.", with the consequent amendment to Article 1, "head provision", of the Articles of Incorporation. The Estácio brand will continue to serve the current operations in the higher education segment. The shares issued by the Company started to be traded on B3 under a new trading code ("YDUQ3"), in replacement of "ESTC3", and a new trading name ("YDUQS PART"). Additionally, the ADRs traded on the North American market started to be traded under the code "YDUQY", in replacement of "ECPCY".

Recent acquisitions

On October 18, 2019, the Company executed the private purchase and sale instrument to acquire all the units of ownership of Adtalem Brasil Holding S.A. ("Adtalem") through its direct subsidiary Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"). On April 13, 2020, the Brazilian Antitrust Authority (CADE) issued a certificate confirming the final and unappealable decision that examined and approved the acquisition without restrictions and settled the transaction on April 24, 2020, for the amount of R\$ 2,206,497, thus the income of the acquired company was consolidated as from May 1, 2020.

On November 14, 2019, the Company acquired the total units of ownership of Sociedade de Ensino Superior Toledo Ltda. ("UniToledo") through its direct subsidiary Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), for the amount of R\$ 112,646, thus the income of the acquired company was consolidated as from November 14, 2019.

On June 4, 2020, the Company signed a private purchase and sale instrument to acquire all the units of ownership ("Transaction") of Athenas Grupo Educacional ("Grupo Athenas") for the amount of R\$ 120 million. The acquisition further provides for an earn-out clause for medical courses at R\$ 600 thousand per authorized slot, totaling a potential amount of R\$ 180 million, to be paid after the 1st enrollment of the respective courses. On July 20, 2020, the Brazilian Antitrust Authority (CADE) issued a certificate a certificate confirming the final decision that examined and approved the acquisition of Athenas Grupo Educacional ("Grupo Athenas") without restrictions, thus the income of the acquired company will be consolidated as from the 3rd quarter of 2020. The Company's Board of Directors approved the disclosure of these interim financial information at a meeting held on August 26, 2020.

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

1.2 Basis for preparation

The individual and consolidated quarterly Information have 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 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 policies are being presented in a manner consistent with the accounting practices adopted in the individual and consolidated financial statements of the fiscal year ended December 31, 2019. Thus, this quarterly information should be read together with the information disclosed in the financial statements for the year ended December 31, 2019.

1.4 Changes in accounting policies and disclosures

New standards effective from 2020

There are no other IFRS standards or IFRIC interpretations still to come into force that could have a significant impact on the Group's financial statements.

1.5 Business combination

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred, and equity instruments issued by the Group. The consideration transferred includes the fair value of assets and liabilities resulting from a contingent consideration agreement, when applicable. Acquisition-related costs are recorded in the income statement of the fiscal year as incurred. Identifiable assets acquired and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

The excess of the consideration transferred and the fair value as of the acquisition date of any previous equity interest in the company acquired, as compared to the fair value of the Group interest in identifiable net assets, is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the income statement for the fiscal year.

Acquisition made in 2020 is summarized below:

Sociedade Ensino Superior Adtalem Brasil Holding Ltda (Adtalem)

On October 21, 2019, Estácio (YDQUS) acquired, through its direct subsidiary Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), the totality of the units of ownership of Adtalem Brasil Holding Ltda ("Adtalem"), for the amount of R\$ 2,206,497. The Company liquidated the transaction on April 24, 2020, thus the income of the acquired company was consolidated as of May 1, 2020.

Currently, Adtalem Educacional do Brasil has 13 higher education institutions distributed throughout the country. In all, it has more than 16 campi across the country, offering undergraduate and graduate courses to more than 110 thousand students.

The table below summarizes the considerations paid, the book balances of the assets acquired and liabilities assumed on the acquisition date and the allocation of the purchase price determined preliminarily based on the fair value of the assets acquired and liabilities assumed. The accounting standard "CPC15 / IFRS 3 - Business Combination" allows the Company to complete this process for allocating the consideration transferred between identified assets and liabilities for up to 12 months from the acquisition date.

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

	<u>Adtalem</u>
Fair value of acquired assets	
Cash and cash equivalents	843
Securities	467,961
Trade accounts receivable	205,918
Taxes and contributions	14,517
Property, plant and equipment (i)	600,217
Intangible assets (ii)	598,966
Judicial deposits	22,741
Deferred taxes	19,595
Other assets	19,243
	<u>1,950,001</u>
Fair value of assumed liabilities	
Trade payables	(18,705)
Leases	(293,458)
Salaries and charges	(68,087)
Tax obligations	(17,403)
Provision for Contingencies	(34,013)
Deferred taxes	(3,076)
Other obligations	(55,328)
	<u>(490,070)</u>
Net assets	<u>1,459,931</u>
Goodwill	746,566
Total value of the transferred consideration	<u>2,206,497</u>

- (i) Fixed assets at fair value are composed of values acquired by Adtalem, plus allocation effects from business combination amounting to R\$76,445.
- (ii) Intangible assets at fair value are composed of values acquired by Adtalem, plus allocation effects from business combination:

<u>Main intangible assets identified</u>	<u>Value</u>	<u>Estimated useful life in years</u>
Clients's portfolio	137,593	1 a 7
Brand	315,654	11 a 16

1.6 Covid-19 Effect

As of March 11, 2020, the World Health Organization (WHO) announced the COVID-19 outbreak pandemics. During March 2020, government authorities in various jurisdictions imposed blockages or other restrictions to contain the virus and several companies suspended or reduced operations.

The Company has implemented measures to keep our provision of services as well as all the support necessary to carry on business. The measures implemented include the use of information technology resources to offer live classes, using systemic platforms for online communication and collaboration, maintaining the quality levels hired by in-class students; normal maintenance of distance learning classes and continuity of our business processes, even at distance, which are operating with reduced loss of efficiency.

In the second quarter of 2020, the effects of the COVID-19 pandemic were noticeable, and the main impacts on the Company's results were:

- (i) The “Estácio com Você” program, which aims to encourage continuity in the studies of Estácio students throughout the country, offers monthly tuition fees exemption and/or flexible payment for eligible students according to the regulations. In addition, judicial decisions with effects on the student community and/or enacted Laws on tuition discounts in the respective states of Alagoas, Ceará, Maranhão, Pará, and Rio de Janeiro. Although the Company disputes the legal grounds of these decisions, the following claims had an impact on its pricing policy, even if for a brief period. Such effects had non-recurring effect on the net revenue of R\$ 66.7 million,

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- (ii) Another major factor was an increase in defaults, with the greatest impact on the monthly in-person segment (year-to-date, including students with student loan), this effect caused an increase in the provision for doubtful accounts (PCLD) of R\$ 24.9 million.
- (iii) The Company maintains a solid cash position that gives us the security to face uncertainties and the confidence to follow our long-term planning. Within the strategic cash plan, we continued funding through credit lines with banks of recognized liquidity. In addition, we decided to postpone some cash outflows such as the distribution of dividends calculated in 2019, pursuant to the Special Shareholders' Meeting (AGE) of April 24, 2020, certain planned investments in the 1st semester (Capex), adherence to MP 927 for the postponement of certain taxes, we adhered for a short period to a 25% reduction in working hours and the suspension of contracts with salary supplementation (application of MP 936), as well as intensified renegotiations with trade payables, mainly lease agreements.
- (iv) In addition, the Company reviewed the projections used to assess and analyze the impairment of the assets, including goodwill, and did not identify changes and/ or circumstances that would indicate a driver for impairment of these assets.

2 Notes that were not presented

The quarterly information is being presented in accordance with CPC 21 (R1), IAS 34 and the rules issued by the CVM. Based on this faculty and management's assessment of the relevant impacts of the information to be disclosed, the notes described below are not being presented. The others are being presented in order to enable a perfect understanding of this quarterly information if read together with the notes disclosed in the financial statements as of December 31, 2019.

Notes that were not presented:

- Summary of principal accounting policies.
- Critical accounting estimates and judgments.
- Assumptions for calculating the fair value of the share option plan and impairment of non-financial assets already disclosed in the notes to the financial statements as of December 31, 2019.
- Insurance coverage.
- Other information.

3 Cash and cash equivalents and securities

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Cash and banks	95	74	20,415	12,251
Cash and cash equivalents	95	74	20,415	12,251
Federal Government Bonds (Exclusive funds) (1)	52,737	128,912	419,469	366,116
Financial Bills (Exclusive funds) (1)	17,362	62,953	138,101	178,787
CDB (2)	466,408	14,400	1,320,674	43,303
CDB (Exclusive funds)(1)	982	2,176	7,813	6,179
Government Bonds (Exclusive funds)(1)	29	37	898	2,476
Securities	537,518	208,478	1,886,955	596,861

The Company has an investments policy that stipulates that investments must be concentrated in low-risk securities and investment at prime financial institutions. As of June 30, 2020, the operations were remunerated based on percentages of the variation of the Interbank Deposit Certificate (CDI), with the exception of government bonds, which are indexed to the Selic rate and fixed rates.

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As of June 30, 2020 and December 31, 2019, all of the Company's securities were classified as "fair value through profit or loss".

- (1) Investments in exclusive funds are backed by financial allocations in funds quotas, CDBs, LFs (Financial Bills), government bonds, repurchase agreements with prime banks and issuers. The average yield of the investment funds as of June 30, 2020, was 114.29% of the CDI rate with an average yield in 2020 of 86.23% of the CDI rate (average annual yield at December 31, 2019, was 98.55% of the CDI rate).
- (2) Bank Deposit Certificates - CDBs yield the CDI rate, averaging 101.87% as of June 30, 2020, (98.95% as of December 31, 2019).

With the acquisition of Adtalem, other investment funds with an average return on June 30, 2020, of 99.46% of the CDI were included in the portfolio.

The Company does not have derecognized financial assets. The information on the Company's exposure to liquidity and market risks is included in Note 19.

4 Accounts receivable

	Consolidated	
	June 30, 2020	December 31 2019
Monthly tuition fees received from students (a)	1,471,659	1,057,226
FIES (c)	200,656	295,598
Partnership agreements and exchange deals	24,710	11,730
Cards receivable (d)	107,701	91,130
Receivable agreements	102,815	71,554
	<u>1,907,541</u>	<u>1,527,238</u>
PCLD (b)	(664,523)	(471,190)
Unidentified amounts	(22,608)	(7,384)
(-) Adjustment to present value (e)	(27,582)	(27,442)
	<u>1,192,828</u>	<u>1,021,222</u>
Current assets	955,828	759,622
Non-current assets	237,000	261,600
	<u>1,192,828</u>	<u>1,021,222</u>

The balance of long-term amounts as of June 30, 2020, is related to PAR (YDUQS Installment Payment Program) and DIS (Dilution of monthly tuition fees). The aging breakdown is as follows:

	Consolidated	
	June 30, 2020	December 31 2019
2021	71,594	145,489
2022	143,663	129,720
2023 to 2026	163,105	128,304
(-) Adjustment to present value (e)	(27,582)	(27,442)
(-) Provision for doubtful accounts	(113,780)	(114,471)
	<u>237,000</u>	<u>261,600</u>
Non-current assets		

PAR is a type of installment payment that YDUQS offers to 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 is adjusted by IPCA index.

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DIS is a type of installment payment by which the student pays R\$ 49.00 for the first monthly tuition fees, 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 adjusted by the IPCA index.

- (a) In the 2nd quarter, as a result of the adverse impacts of the Covid-19 pandemic, we had an impact on the default and price policy on the monthly tuition fees (Note 1.6).
- (b) In the 2nd quarter, as a result of the adverse impacts of the Covid-19 pandemic, an additional PCLD provision of R\$ 24,931 was set up (Note 1.6).
- (c) Accounts receivable from the FIES (Student Financing Fund) are represented by educational loans raised by students with CEF (Caixa Econômica Federal) and FNDE (National Education Development Fund), whereby the financed funds are transferred monthly by CEF and Banco do Brasil to the specific bank account. Such 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 guarantor, it was set up provision for 2.25% of the income with characteristic, considering the assumptions of 15% of credit risk exposure over an estimate default rate of 15%.
- (ii) For the uncovered FGEDUC risk, contracted as from April 2012, a provision was made for 10% of the credits 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, contracted up to June 2012, a provision was made for 20% of the credits 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%.
- (d) A substantial part of card receivables consists of late monthly tuition fees and agreements.
- (e) As of June 30, 2020, the adjustment to present value amounts to R\$ 27,582 (R\$ 17,933 related to PAR and R\$ 9,649 to DIS) and as of December 31, 2019, R\$ 27,442 (R\$ 20,814 related to PAR and R\$ 6,628 related to DIS).

The breakdown of receivables by age is presented below:

	Consolidated			
	June 30, 2020	%	December 31, 2019	%
FIES	200,656	11	295,598	19
To become overdue	795,049	43	628,569	42
Overdue up to 30 days	274,301	14	134,384	9
Overdue for 31 to 60 days	94,974	5	80,080	5
Overdue for 61 to 90 days	86,013	4	65,201	4
Overdue for 91 to 179 days	160,545	8	111,876	7
Overdue for more than 180 days	296,003	15	211,530	14
	<u>1,907,541</u>	<u>100</u>	<u>1,527,238</u>	<u>100</u>

The breakdown of receivables by age is presented below:

	Consolidated			
	June 30, 2020	%	December 31, 2019	%
To become overdue	30,312	28	24,450	34
Overdue up to 30 days	5,838	6	5,570	8
Overdue for 31 to 60 days	5,689	7	5,018	8
Overdue for 61 to 90 days	5,932	6	5,159	7
Overdue for 91 to 179 days	12,357	12	11,148	15
Overdue for more than 180 days	42,687	41	20,209	28
	<u>102,815</u>	<u>100</u>	<u>71,554</u>	<u>100</u>

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The activity of Provision for doubtful accounts (PCLD), in the consolidated, is as follows:

Balance as of December 31, 2018	402,646
Constitution	187,167
Write-off of bills / checks overdue for more than 360 days	(108,580)
Balance as of June 30, 2019	481,233
Constitution	134,239
Write-off of bills / checks overdue for more than 360 days	(144,282)
Balance as of December 31, 2019	471,190
Constitution by acquisition	67,144
Constitution	300,831
Write-off of bills / checks overdue for more than 360 days	(174,642)
Balance as of June 30, 2020	664,523

For the periods ended June 30, 2020 and 2019, expenses for the provision for doubtful accounts, recognized in the statement of income as selling expenses (Note 24), were as follows:

	Consolidated	
	2020	2019
Net effect of PCLD in the income	300,831	187,167
	300,831	187,167

5 Related parties

The main balances as of June 30, 2020 and December 31, 2019, as well as the transactions that influenced the income for the period, related to related-party transactions derive from transactions between the Company and its subsidiaries. Related-party transactions that do not incur interest and/or monetary adjustment.

The balance of the subsidiaries' accounts receivable relates to the sharing of corporate expenses and are presented below:

	Parent Company	
	June 30, 2020	December 31, 2019
Current assets		
Current account		
Seses	369	
Irep	99	3
Current	6	
Seama	7	
São Luís	9	
FACITEC	8	
Estacio Ribeirão Preto	44	1
UNICEL	7	
IESAN	7	
CEUT	9	
FNC	6	
FCAT	6	
Estácio Editora	6	6
Other	9	3
Subsidiaries	592	13

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	Parent Company	
	June 30, 2020	December 31, 2019
Current liabilities		
Current account		
Seses		42
Subsidiaries		42

6 Prepaid expenses

	Consolidated	
	June 30, 2020	December 31, 2019
Insurance	3,428	3,144
IPTU (Urban Real Estate Property Tax)	10,086	
Teaching material	37	190
Advance of vacations and charges	1,035	4,008
Registration fee - MEC	2,858	1,755
Technical-pedagogical cooperation - Santa Casa	1,690	1,901
Other prepaid expenses	2,591	794
	<u>21,725</u>	<u>11,792</u>
Current assets	15,778	7,034
Non-current assets	5,947	4,758
	<u>21,725</u>	<u>11,792</u>

In the parent company, the amount of R\$ 40 in the period ended June 30, 2020, relates to non-life insurance policies (R\$ 283 as of December 31, 2019).

7 Taxes and contributions recoverable

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
IRRF (Withholding Income Tax)	2,317	2,685	10,865	13,155
IRPJ/CSLL Prepayments			5,081	6,261
IRPJ/CSLL to be offset (i)	40,305	37,707	153,062	151,152
PIS (Employees' Profit Participation Program)			2,651	2,231
COFINS (Social Security Financing Contribution)			9,180	8,018
ISS (Service Tax)			61,901	59,334
INSS (National Institute of Social Security)			21,243	15,767
OTHER			556	557
	<u>42,622</u>	<u>40,392</u>	<u>264,539</u>	<u>256,475</u>
Current assets	3,126	3,840	105,047	80,050
Non-current assets	39,496	36,552	159,492	176,425
	<u>42,622</u>	<u>40,392</u>	<u>264,539</u>	<u>256,475</u>

(i) This amount refers to the excess of IRPJ/CSLL prepayments made in previous years, which is applied to offset government taxes. It is adjusted monthly by the Selic rate.

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8 Investment in subsidiaries

(a) Parent Company YDUQS Participações S.A.

	June 30, 2020		December 31, 2019	
	Investment	Investment Loss	Investment	Investment Loss
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	3,850,750		1,394,421	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,136,441		1,119,135	
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	2,955		3,424	
Estácio Editora e Distribuidora Ltda. ("Editora")		(30)		(30)
Sociedade de Ensino Superior Estacio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	140,453		95,160	
	<u>5,130,599</u>	<u>(30)</u>	<u>2,612,140</u>	<u>(30)</u>

The subsidiaries' information is presented below:

									June 30, 2020
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwi ll	Income tax on goodwill from downstream merger	Total	Net income (loss) for the period
SESES	100%	2,977,837	5,107,677	1,256,927	3,850,750			3,850,750	81,171
IREP	100%	528,492	1,601,979	527,980	1,073,999	62,442		1,136,441	16,932
NACP	100%	16,614	2,156	(799)	2,955			2,955	(769)
Editora (i)	100%	251	32	67	(35)	5		(30)	
Estácio Ribeirão Preto	100%	23,837	239,292	96,609	142,683		(2,230)	140,453	45,265
			<u>6,951,136</u>	<u>1,880,784</u>	<u>5,070,352</u>	<u>62,447</u>	<u>(2,230)</u>	<u>5,130,569</u>	<u>142,599</u>

									December 31, 2019
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwi ll	Income tax on goodwill from downstream merger	Total	Net income (loss) for the year
SESES	100%	610,677	2,376,452	982,031	1,394,421			1,394,421	445,149
IREP	100%	526,272	1,577,310	520,617	1,056,693	62,442		1,119,135	168,616
NACP	100%	16,614	4,284	860	3,424			3,424	(801)
Editora (i)	100%	251	32	67	(35)	5		(30)	
Estácio Ribeirão Preto	100%	23,837	225,094	127,704	97,390		(2,230)	95,160	84,536
			<u>4,183,172</u>	<u>1,631,279</u>	<u>2,551,893</u>	<u>62,447</u>	<u>(2,230)</u>	<u>2,612,110</u>	<u>697,500</u>

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

The table below presents the overall activity in the investments in subsidiaries in the period ended June 30, 2020 and in the fiscal year ended December 31, 2019:

Investments in subsidiaries as of December 31, 2018	2,151,500
Equity Accounting income (loss)	697,500
Advance for future capital increase	14,777
Dividends in 2019	(263,909)
Granted options	(1,265)
Restricted shares plan	13,537
Investments in subsidiaries as of December 31, 2019	<u>2,612,140</u>
Equity Accounting income (loss)	142,599
Advance for future capital increase	2,367,460
Granted options	(357)
Restricted shares plan	8,757
Investments in subsidiaries as of June 30, 2020	<u>5,130,599</u>

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The accounting information of the subsidiaries used to apply the equity accounting method was related to the base date of June 30, 2020.

We present below the information on direct subsidiaries' investments:

(b) Parent Company Sociedade de Ensino Superior Estacio de Sá Ltda. ("SESES")

	2020	2019
Sociedade De Ensino Superior Toledo Ltda. ("UNITOLEDO")	100,953	96,236
Adtalem Educacional do Brasil Ltda. ("ADTALEM")	<u>2,098,892</u>	
	<u>2,199,845</u>	<u>96,236</u>

We present below the information on SESES' subsidiaries:

June 30, 2020								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net income for the period
UNITOLEDO	100%	2,110	45,356	39,114	6,242	94,711	100,953	4,231
ADTALEM	100%	1,014,623	2,535,949	503,206	2,032,743	66,149	2,098,892	9,853
			2,581,305	542,320	2,038,985	160,860	2,199,845	14,084
December 31, 2019								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net income for the fiscal year
UNITOLEDO	100%	2,110	39,577	37,916	1,661	94,575	96,236	860
			39,577	37,916	1,661	94,575	96,236	860

The table below represents the overall activities in the investments of the direct subsidiary SESES in its subsidiaries in the period ended June 30, 2020 and the fiscal year ended December 31, 2019.

Equity accounting income (loss)	860
Advance for future capital increase	1,000
Acquisition of subsidiary	(199)
Goodwill on the acquisition	<u>94,575</u>
Investments in subsidiaries as of December 31, 2019	<u>96,236</u>
Equity accounting income (loss)	14,084
Advance for future capital increase	350
Restricted shares plan	517
Acquisition of Subsidiary	2,022,373
Goodwill on the acquisition	<u>66,285</u>
Investments in subsidiaries as of June 30, 2020	<u>2,199,845</u>

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

	June 30, 2020	December 31 2019
Sociedade Educacional Atual da Amazônia ("ATUAL")	606,529	586,235
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	7,893	8,921
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	<u>27,416</u>	<u>28,646</u>
	<u>641,838</u>	<u>623,802</u>

We present below the information on IREP's subsidiaries:

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June 30, 2020

	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net income (loss) for the period
ATUAL	100%	43,096	712,480	121,454	591,026	15,503	606,529	19,799
FAL	100%	20,031	10,940	11,123	(183)	8,076	7,893	(1,778)
FATERN	100%	9,160	16,851	4,414	12,437	14,979	27,416	(1,230)
			<u>740,271</u>	<u>136,991</u>	<u>603,280</u>	<u>38,558</u>	<u>641,838</u>	<u>16,791</u>

December 31, 2019

	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net income (loss) for the fiscal year
ATUAL	100%	41,927	690,098	119,366	570,732	15,503	586,235	71,588
FAL	100%	20,031	11,621	10,776	845	8,076	8,921	(2,937)
FATERN	100%	9,160	17,980	4,313	13,667	14,979	28,646	(101)
			<u>719,699</u>	<u>134,455</u>	<u>585,244</u>	<u>38,558</u>	<u>623,802</u>	<u>68,550</u>

The table below represents the overall activities in the investments of the direct subsidiary IREP in its subsidiaries in the period ended June 30, 2020 and the fiscal year ended December 31, 2019:

Investments in subsidiaries as of December 31, 2018	579,520
Equity accounting income (loss)	68,550
Advance for future capital increase	28,962
Dividends 2019	(53,498)
Restricted shares plan	268
Investments in subsidiaries as of December 31, 2019	<u>623,802</u>
Equity accounting income (loss)	16,791
Advance for future capital increase	1,150
Restricted shares plan	95
Investments in subsidiaries as of June 30, 2020	<u>641,838</u>

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

	June 30, 2020	December 31, 2019
Sociedade Educacional da Amazônia ("SEAMA")	54,977	49,706
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	2,203	2,785
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	17,455	18,612
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUL")	1,344	1,406
Unisãoluis Educacional S.A. ("SÃO LUIS")	84,791	86,470
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	50,720	48,836
Associação de Ensino de Santa Catarina ("ASSESC")	6,151	6,340
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	53,438	50,724
Instituto de Estudos Superiores da Amazônia ("IESAM")	99,206	94,848
Centro de Ensino Unificado de Teresina ("CEUT")	57,029	48,486
Faculdade Nossa Cidade ("FNC")	93,959	94,155
Faculdades Integradas de Castanhal Ltda. ("FCAT")	42,015	37,526
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFS")	10,710	13,899
	<u>573,998</u>	<u>553,793</u>

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We present below the information on ATUAL's subsidiaries:

June 30, 2020								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwill I	Goodwill	Net income (loss) for the period
SEAMA	100%	4,407	69,448	32,506	36,942	18,035		5,271
IDEZ	100%	8,147	3,832	3,676	156	2,047		(783)
FARGS	100%	8,606	22,629	13,229	9,400	8,055		(1,158)
UNIUL	100%	10,328	1,237	849	388	956		(262)
SÃO LUIS	100%	3,819	99,931	42,508	57,423	27,368		(1,703)
FACITEC	100%	6,051	94,587	70,521	24,066	26,654		1,884
ASDESC	100%	2,615	12,806	11,378	1,428	4,723		(189)
Estácio Amazonas	100%	48,797	62,818	35,594	27,224	26,214		2,666
IESAM	100%	14,980	85,943	25,429	60,514	26,797	11,895	4,468
CEUT	100%	16,938	55,785	26,324	29,461	27,568	-	8,496
FNC	100%	22,328	53,065	32,133	20,932	72,046	981	786
FCAT	100%	12,191	53,326	31,849	21,477	20,121	417	4,990
FUFS	100%	13,593	10,784	6,407	4,377	6,255	78	(3,110)
			<u>626,191</u>	<u>332,403</u>	<u>293,788</u>	<u>266,839</u>	<u>13,371</u>	<u>21,356</u>
December 31, 2019								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwill I	Goodwill	Net income (loss) for the fiscal year
SEAMA	100%	8,606	60,796	29,125	31,671	18,035		18,652
IDEZ	100%	8,147	4,151	3,413	738	2,047		(1,663)
FARGS	100%	9,778	18,084	7,527	10,557	8,055		1,713
UNIUL	100%	10,028	1,223	773	450	956		(897)
SÃO LUIS	100%	3,795	100,513	41,411	59,102	27,368		21,282
FACITEC	100%	6,051	85,039	62,857	22,182	26,654		4,834
ASDESC	100%	2,416	11,755	10,138	1,617	4,723		(1,209)
Estácio Amazonas	100%	14,980	55,960	31,450	24,510	26,214		3,362
IESAM	100%	48,796	76,775	20,729	56,046	26,797	12,005	16,153
CEUT	100%	16,938	46,338	25,420	20,918	27,568		6,541
FNC	100%	22,328	51,551	31,404	20,147	72,046	1,962	2,561
FCAT	100%	12,191	46,182	29,694	16,488	20,121	917	4,649
FUFS	100%	13,593	12,756	5,269	7,487	6,255	157	(2,248)
			<u>571,123</u>	<u>299,210</u>	<u>271,913</u>	<u>266,839</u>	<u>15,041</u>	<u>73,730</u>

The table below represents the overall activities in the investments of the direct subsidiary ATUAL in its subsidiaries in the period ended June 30, 2020 and the fiscal year ended December 31, 2019:

Investments in subsidiaries as of December 31, 2018	535,725
Equity accounting income (loss)	73,730
Advance for future capital increase	2,450
Amortization of goodwill	(4,882)
Dividends 2019	(53,498)
Restricted shares plan	268
Investments in subsidiaries as of December 31, 2019	<u>553,793</u>
Equity accounting income (loss)	21,356
Advance for future capital increase	400
Amortization of goodwill	(1,670)
Capital increase	24
Restricted shares plan	95
Investments in subsidiaries as of June 30, 2020	<u>573,998</u>

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as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

9 Intangible Assets**(a) Intangible Assets - Parent Company**

	December 31, 2019		June 30, 2020
	Cost	Additions	Cost
Cost			
Goodwill on investments' acquisitions (i)	780,065		780,065
Software use rights	99		99
Integration Project	212		212
Goodwill	79,704		79,704
	<u>860,080</u>		<u>860,080</u>
	Amortization rates	Amortization	Additions
Amortization			Amortization
Software use rights	20% p.a.	(99)	(99)
Integration Project	20% p.a.	(138)	(159)
Goodwill	20 to 33% p.a.	(79,704)	(79,704)
		<u>(79,941)</u>	<u>(79,962)</u>
Net residual balance		<u>780,139</u>	<u>780,118</u>
	December 31, 2018		June 30, 2019
	Cost	Additions	Cost
Cost			
Goodwill on investments' acquisitions (i)	780,065		780,065
Software use rights	99		99
Integration Project	212		212
Goodwill	79,704		79,704
	<u>860,080</u>		<u>860,080</u>
	Amortization rates	Amortization	Additions
Amortization			Amortization
Software use rights	20% p.a.	(91)	(8)
Integration Project	20% p.a.	(97)	(21)
Goodwill	20 to 33% p.a.	(79,703)	(79,703)
		<u>(79,891)</u>	<u>(79,920)</u>
Net residual balance		<u>780,189</u>	<u>780,160</u>

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

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

(b) Intangibles assets - Consolidated

		December 31, 2019						June 30, 2020
			Additions by Acquisitio n	Additions	Write- offs	Transf.	Reclass.	Cost
Cost								
Goodwill on Investments' acquisitions		1,276,056	746,566	136				2,022,758
Software use rights		441,660	59,333	43,778	(13,523)	2,442	(65)	533,625
EAD and Integration		18,360						18,360
Learning Center		102,810		8,550		(325)		111,035
IT Architecture		21,664						21,664
Online class material		8,043						8,043
Knowledge Factory - EAD		44,372		4,946				49,318
Questions database		13,122		764				13,886
Goodwill (i)		201,185	601,906		(206)			802,885
Other		70,291	19,485	24,671		(2,117)	85	112,415
		2,197,563	1,427,290	82,845	(13,729)		20	3,693,989
			Additions by Acquisitio n	Additions	Write- offs	Transf.	Reclass.	Amortization
Amortization	Amortization rates	Amortizatio n						
Goodwill on Investments' acquisitions	Undefined	(6,924)						(6,924)
Software use rights	10 to 20% p.a.	(293,265)	(23,545)	(34,038)	12,818	34	1	(337,995)
EAD and Integration	20% p.a.	(17,904)		(153)				(18,057)
Learning Center	10% p.a.	(43,147)		(6,490)				(49,637)
IT Architecture	17 to 20% p.a.	(16,220)		(1,923)				(18,143)
Online class material	20% p.a.	(7,457)		(166)				(7,623)
Knowledge Factory - EAD	10% p.a.	(13,578)		(2,519)				(16,097)
Questions database	20% p.a.	(8,002)		(1,307)				(9,309)
Goodwill (i)	2 to 50% p.a.	(158,462)	(50,869)	(12,025)				(221,356)
Other	20 to 50% p.a.	(22,188)	(7,344)	(4,297)		(34)		(33,863)
		(587,147)	(81,758)	(62,918)	12,818		1	(719,004)
Net residual balance		1,610,416	1,345,532	19,927	(911)		21	2,974,985

(i) Refers to intangible assets allocated in business combination: Client portfolio, Brands and operating license.

		December 31, 2018				June 30, 2019
		Cost	Additions	Write- offs	Transf.	Cost
Cost						
Goodwill on Investments' acquisitions		1,181,481				1,181,481
Software use rights		334,996	32,221	(117)	(742)	366,358
EAD and Integration		18,298	39		23	18,360
Learning Center		86,910	6,773			93,683
IT Architecture		21,664				21,664
Online class material		8,043				8,043
Knowledge Factory - EAD		39,304	2,643			41,947
Questions database		11,636	601			12,237
Goodwill (i)		173,503				173,503
Other		34,231	6,737		719	41,687
		<u>1,910,066</u>	<u>49,014</u>	<u>(117)</u>		<u>1,958,963</u>

**Management notes to the interim financial information
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In thousands of Reais, except when otherwise indicated

	<u>Amortization rates</u>	<u>Amortization</u>	<u>Additions</u>	<u>Write-offs</u>	<u>Transf.</u>	<u>Amortization</u>
Amortization						
Goodwill on Investments' acquisitions	Undefined	(6,924)				(6,924)
Software use rights	20% p.a.	(236,368)	(25,326)	1		(261,693)
EAD and Integration	20% p.a.	(17,216)	(400)			(17,616)
Learning Center	10% p.a.	(31,018)	(6,065)			(37,083)
IT Architecture	17 to 20% p.a.	(12,375)	(1,923)			(14,298)
Online class material	20% p.a.	(7,007)	(227)			(7,234)
Knowledge Factory - EAD	10% p.a.	(8,784)	(2,276)			(11,060)
Questions database	20% p.a.	(5,624)	(1,159)			(6,783)
Goodwill (i)	20 to 50% p.a.	(153,580)	(2,548)			(156,128)
Other	20% p.a.	(17,350)	(2,352)			(19,702)
		<u>(496,246)</u>	<u>(42,276)</u>	<u>1</u>		<u>(538,521)</u>
Net residual balance		<u>1,413,820</u>	<u>6,738</u>	<u>(116)</u>		<u>1,420,442</u>

(i) Refers to intangible assets allocated in business combination: Client portfolio, Brands and operating license.

As of June 30, 2020 and December 31, 2019, net goodwill on acquisitions of investments was represented as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Goodwill on acquisitions of investments net of accumulated amortization				
IREP			89,090	89,090
UNITOLEDO			94,711	94,575
ADTALEM			746,566	
CURRENT			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>2,015,834</u>	<u>1,269,132</u>

The Company carries out annual impairment tests, the last being for the year ended December 31, 2019, related 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. and a single nominal discount rate of 13.7% to discount estimated future cash flows.

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

10 Property, Plant and Equipment**Property, plant and equipment - Consolidated**

		December 31 2019						June 30, 2020
		Cost	Additions by Acquisition	Addition	Write- offs	Transf.	Reclass.	Cost
Cost								
Land		19,787	12,346					32,133
Buildings		241,413	82,544	3,110		7,488	(1,462)	333,093
Third-party buildings		1,134,379	343,732	84,014	(7,897)			1,554,228
Improvement works in third parties' real estate properties		364,147	136,953	5,430		34,933	1,521	542,984
Furniture and fixtures		140,155	41,299	6,102	(1,289)	5	53	186,325
Computers and peripherals		182,156	41,937	4,976	(277)		37	228,829
Machinery and equipment		138,724	44,351	5,659	(42,387)	(36)		146,311
Physical activity equipment		87,887		8,870	(14)	38	16	96,797
Library		171,481	32,916	196	(398)			204,195
Facilities		64,946	9,461	3,726			6	78,139
Tablets		9,309			(9,309)			
Constructions in progress		41,790	6,943	45,441		(42,428)	(191)	51,555
Assets retirement		27,471						27,471
Business combination			76,445					76,445
Other		18,342	2,453	281	(11)			21,065
		2,641,987	831,380	167,805	(61,582)		(20)	3,579,570
	Depreciation rates	Depreciation	Additions by Acquisition	Addition	Write- offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67% to 4% p.a.	(67,310)	(58,434)	(3,368)			247	(128,865)
Third-party buildings	21.60% p.a.	(163,985)	(71,057)	(97,179)	2,295			(329,926)
Improvement works in third parties' real estate properties		(191,733)		(19,349)			(247)	(211,329)
Furniture and fixtures	4% to 11.11% p.a.	(71,906)	(26,118)	(6,657)	1,242			(103,439)
Computers and peripherals	8.33% to 10% p.a.	(145,829)	(34,915)	(7,752)	272	(624)	(1)	(188,849)
Machinery and equipment	20% to 25% p.a.	(94,621)	(11,449)	(4,320)	43,419	624		(66,347)
Physical activity equipment	8.33% to 10% p.a.	(28,005)		(2,880)	8			(30,877)
Library	6.67% p.a.	(84,379)	(20,802)	(4,035)	398			(108,818)
Facilities	5% to 10% p.a.	(25,970)	(6,382)	(2,483)				(34,835)
Tablets	8.33% to 20% p.a.	(8,901)		(408)	9,309			
Assets retirement	20% p.a.	(18,267)		(1,029)				(19,296)
Business combination	2.3% to 33.33% p.a.			(1,166)				(1,166)
Other	14.44% to 20%	(8,859)	(2,007)	(1,128)	6			(11,988)
		(909,765)	(231,164)	(151,754)	56,949		(1)	(1,235,735)
Net residual balance		1,732,222	523,771	92,496	(4,633)		(21)	2,343,835

In the parent company, the amount of R\$ 8 in the period ended June 30, 2020, relates to computers and peripherals (R\$ 11 in the fiscal year ended December 31, 2019).

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	December 31 2018				June 30, 2019	
	Cost	Additions	Write-offs	Transf.	Cost	
Cost						
Land	19,295				19,295	
Buildings (i)	228,384	1,290,511		2,738	1,521,633	
Improvement works in third parties' real estate properties	295,799	16,938	(299)	12,411	324,849	
Furniture and fixtures	109,851	7,827	(2,310)	48	115,416	
Computers and peripherals	163,139	6,534	(6,621)	296	163,348	
Machinery and equipment	132,029	6,416	(8,790)	42	129,697	
Physical activity/hospital equipment	61,854	9,339	(53)	(7)	71,133	
Library	167,613	872	(63)	(47)	168,375	
Facilities	53,920	3,298	(41)	104	57,281	
Tablets	32,442		(14,885)		17,557	
Constructions in progress	14,385	14,214	(60)	(15,388)	13,151	
Assets retirement	26,951	(164)			26,787	
Other	16,595	1,364	(39)	(416)	17,504	
	1,322,257	1,357,149	(33,161)	(219)	2,646,026	
	Depreciation rates	Depreciation	Additions	Write-offs	Transf.	Depreciation
Depreciation						
Buildings	21.50% p.a.	(63,174)	(94,707)			(157,881)
Improvement works in third parties' real estate properties		(158,360)	(16,247)	126	203	(174,278)
Furniture and fixtures	11.11% p.a.					
Computers and peripherals	8.33% p.a.	(58,893)	(4,519)	236	(18)	(63,194)
Machinery and equipment	25% p.a.	(133,827)	(9,053)	6,568	158	(136,154)
	8.33% p.a.	(75,059)	(8,232)	536	(122)	(82,877)
		(22,664)	(2,039)	29	11	(24,663)
Physical activity/hospital equipment	6.67% p.a.					
Library	5% p.a.	(75,523)	(3,705)	63	3	(79,162)
Facilities	8.33% p.a.	(21,854)	(1,946)	15	(29)	(23,814)
Tablets	20% p.a.	(28,510)	(2,145)	14,885		(15,770)
Assets retirement		(16,479)	(1,136)			(17,615)
Other	14.44% p.a.	(6,809)	(1,007)	26	13	(7,777)
		(661,152)	(144,736)	22,484	219	(783,185)
Net residual balance		661,105	1,212,413	(10,677)		1,862,841

(i) Some assets acquired through financing or leasing (Note 11) were given as guarantee in respect to the related agreements. The Company and its subsidiaries did not grant other guarantees for assets owned by them in any transaction carried out.

Machinery and equipment, peripherals, furniture and fixtures and property rental include the following amounts where the Group is a lessee under a finance lease:

	December 31 2019				June 30 2020
	Cost	Additions by Acquisition	Additions	Write-offs	Cost
Cost					
Financial leases capitalized	1,227,630	343,732	85,548	(51,396)	1,605,514
	<u>1,227,630</u>	<u>343,732</u>	<u>85,548</u>	<u>(51,396)</u>	<u>1,605,514</u>

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	Depreciation rate	Depreciation	Additions by Acquisition	Additions	Write-offs	Depreciation
Depreciation						
Financial leases capitalized	21.60% p.a.	(243,938)	(71,057)	(100,389)	46,833	(368,551)
		(243,938)	(71,057)	(100,389)	46,833	(368,551)
Net accounting balance		983,692	272,675	(14,841)	(4,563)	1,236,963

The Group leases a number of rights-of-use assets, such as machinery and equipment, peripherals, furniture and fixtures and properties rental, under non-cancelable lease agreements. The lease terms are according to the contract term. The assets title does not belong to the Group. All the Group's leases are recognized by the operation's net present value.

11 Loans and financing

		Parent Company		Consolidated	
Type	Financial charges	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
In local currency					
Fifth debenture issuance (1st Series)	CDI+0.585% p.a.	253,119	254,968	253,119	254,968
Fifth debenture issuance (2nd Series)	CDI+0.785% p.a.	354,417	357,087	354,417	357,087
Santander loan	CDI +1.10% p.a.	608,129		608,129	
Loans ABC	CDI +3.85% p.a.	50,537		50,537	
Safra Loan	CDI +2.80% p.a.	200,233		200,233	
FINEP loan	6% p.a.	2,777	3,080	2,777	3,080
Bradesco promissory note	CDI +2.7% p.a.	352,652		352,652	
Itaú promissory notes	CDI+2.5% p.a.	503,596		503,596	
Citibank loan	CDI+2.75% p.a.	75,974		75,974	
In foreign currency					
	Libor +0.62, +0.64 and +0.69993% p.a				
Citibank loan		1,035,401		1,035,401	
		3,436,835	615,135	3,436,835	615,135
Current liabilities		896,411	13,586	896,411	13,586
Non-current liabilities		2,540,424	601,549	2,540,424	601,549
		3,436,835	615,135	3,436,835	615,135

The amounts recorded as non-current liabilities as of June 30, 2020 and December 31, 2019, present the following maturity schedule:

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
2021	163,133	137	163,133	137
2022	2,026,226	250,338	2,026,226	250,338
2023	175,378	175,378	175,378	175,378
2024	175,553	175,553	175,553	175,553
As from 2025	134	143	134	143
Non-current liabilities	2,540,424	601,549	2,540,424	601,549

The Company and its subsidiaries do not offer any of their assets as collateral for their loans.

The amounts of the Group loans are mainly in Reais, of which only three are in USD (US dollars).

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In February 2020, the Company concluded the contracting of the 1st loan of a line 4131 with Citibank in the amount of US\$ 125,000 (converted to R\$ 541,675 in equivalent quotation on that date) with single amortization of the principal on February 17, 2022, at the cost of Libor + 0.69993% p.a.

In February 2020, the Company concluded the contracting of the 2nd loan of a line 4131 with Citibank in the amount of US\$ 40,000 (converted to R\$ 173,336 in equivalent quotation on that date) with single amortization of the principal on February 18, 2021 at the cost of Libor + 0.62% p.a.

In February 2020, the Company concluded the contracting of the 2nd loan of a line 4131 with Citibank in the amount of US\$ 25,000 (converted to R\$ 109,537 in equivalent quotation on that date) with single amortization of the principal on February 25, 2022 at the cost of Libor + 0.64% p.a.

In March 2020, the Company concluded the contracting of a CCB with Santander in the amount of R\$ 500,000, with a single amortization of the principal on March 4, 2022 at the cost of 100% of CDI + 1.095% p.a.

In March 2020, the Company completed the third issue of promissory notes in the total amount of R\$ 500,000 in two series, the first series at a cost of 100% of the CDI + 2.5% p.a. in the principal amount of R\$ 350,000 maturing on March 17, 2022 and the 2nd series at a cost of 100% + 2.5% p.a. in the principal amount of R\$ 150,000, maturing on March 29, 2021.

In April 2020, the Company concluded the contracting of a CCB with Citibank in the amount of R\$ 75,000, with a single amortization of the principal on March 4, 2022 at the cost of 100% of CDI + 2.75% p.a.

In April 2020, the Company completed the fourth issue of promissory notes in the total amount of R\$ 350,000 in a single series, at the cost of 100% of the CDI + 2.7% p.a. maturing on April 9, 2021.

In April 2020, the Company concluded the contracting of a CCB with Santander in the amount of R\$ 100,000, with a single amortization of the principal on April 20, 2021 at the cost of 100% of CDI + 3.69% p.a.

In April 2020, the Company concluded the contracting of a CCB with ABC in the amount of R\$ 50,000, with a single amortization of the principal on April 28, 2021 at the cost of 100% of CDI + 3.85% p.a.

In June 2020, the Company concluded the contracting of a CCB with Safra in the amount of R\$ 200,000, with a single amortization of the principal on June 09, 2022 at the cost of 100% of CDI + 2.80% p.a.

The agreements held with several creditors include covenants that require the maintenance of certain financial indexes with previously established parameters. As of June 30, 2020 and December 31, 2019, the subsidiaries and the parent company reached all indices required in the agreements.

12 Leases

The lease liability arises from the recognition of future payments and the right to use the leased asset for practically all lease agreements, including the operational ones, and certain short-term or small amounts agreements may be out of scope.

Lease agreements are secured by the underlying assets.

	Consolidated	
	June 30, 2020	December 31, 2019
Leases payable	1,954,530	1,526,620
Lease interest	(624,464)	(490,103)
	<u>1,330,066</u>	<u>1,036,517</u>
Current liabilities	204,875	156,468
Non-current liabilities	1,125,191	880,049
	<u>1,330,066</u>	<u>1,036,517</u>

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The increase in lease liabilities arises from the Company's net debt addition. Depreciation and interest are recognized in the statement of income as a replacement of operational lease expenses ("rent").

Changes in leasing assets and liabilities in the period:

Right of use asset

	Consolidated		
	Buildings From third parties	Other	Total
Right-of-use asset as of December 31, 2019	970,394	13,298	983,692
Additions by acquisitions	272,675		272,675
Additions	84,014	1,533	85,547
Write-offs	(5,602)	1,039	(4,563)
Depreciation	(97,179)	(3,209)	(100,388)
Right-of-use asset as of June 30, 2020	<u>1,224,302</u>	<u>12,661</u>	<u>1,236,963</u>

Lease liabilities

	Consolidated		
	Buildings From third parties	Other	Total
Right-of-use liability as of December 31, 2019	1,021,766	14,751	1,036,517
Additions by acquisitions	293,459		293,459
Additions	84,025	1,532	85,557
Write-offs	(5,864)	1,039	(4,825)
Interest incurred	53,808	289	54,097
Payment of principal	(131,048)	(3,691)	(134,739)
Right-of-use liability as of June 30, 2020	<u>1,316,146</u>	<u>13,920</u>	<u>1,330,066</u>
Current	199,519	5,356	204,875
Non-current	<u>1,116,627</u>	<u>8,564</u>	<u>1,125,191</u>
	<u>1,316,146</u>	<u>13,920</u>	<u>1,330,066</u>

Right of use asset

	Consolidated		
	Buildings From third parties	Other	Total
Right-of-use asset as of December 31, 2018		34,172	34,172
Additions by acquisitions	1,285,565		1,285,565
Additions		(10,171)	(10,171)
Write-offs	(92,663)	(11,017)	(103,680)
Depreciation			
Right-of-use asset as of June 30, 2019	<u>1,192,902</u>	<u>12,984</u>	<u>1,205,886</u>

Lease liabilities

	Consolidated		
	Buildings From third parties	Other	Total
Right-of-use liability as of December 31, 2018		33,048	33,048
Additions	1,285,565		1,285,565
Write-offs		(9,565)	(9,565)
Interest incurred	29,354	86	29,440
Payment of principal	(109,100)	(11,763)	(120,863)
Right-of-use liability as of June 30, 2019	<u>1,205,819</u>	<u>11,806</u>	<u>1,217,625</u>
Current	165,511	8,428	173,939
Non-current	<u>1,040,308</u>	<u>3,378</u>	<u>1,043,686</u>
	<u>1,205,819</u>	<u>11,806</u>	<u>1,217,625</u>

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13 Salaries and welfare charges

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Salaries, indemnity amounts and welfare charges payable	1,513	651	241,690	103,480
Provision for vacation			89,236	32,952
Provision for 13th Salary			46,942	
	<u>1,513</u>	<u>651</u>	<u>377,868</u>	<u>136,432</u>

14 Tax obligations

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
ISS payable	4	3	27,459	17,317
IRRF payable	168	84	11,294	12,973
PIS and COFINS payable	523	51	9,497	3,723
	<u>695</u>	<u>138</u>	<u>48,250</u>	<u>34,013</u>
IRPJ payable			39,735	1,615
CSLL payable			13,724	410
			<u>53,459</u>	<u>2,025</u>
	<u>695</u>	<u>138</u>	<u>101,709</u>	<u>36,038</u>

15 Tax installment payment

	Consolidated	
	June 30, 2020	December 31, 2019
IRPJ	1,690	1,992
CSLL	21	27
FGTS (Government Severance Indemnity Fund for Employees)	962	1,195
ISS (Service Tax)	1	59
PIS (Employees' Profit Participation Program)	82	85
COFINS (Social Security Financing Contribution)	570	623
INSS (National Institute of Social Security)	10,002	10,546
OTHER	212	221
	<u>13,540</u>	<u>14,748</u>
Current liabilities	3,410	3,729
Non-current liabilities	10,130	11,019
	<u>13,540</u>	<u>14,748</u>

The balance of tax installment payment is monthly adjusted by the Selic rate.

These tax installment payments are related to taxes with Municipal Governments, the Federal Revenue Office and the Social Security, and their long-term maturities are presented below:

	Consolidated	
	June 30, 2020	December 31, 2019
2021	1,521	1,949
2022	2,585	2,538
2023	2,585	2,538
2024	2,050	2,082
2025	370	868
2026 to 2029	1,019	1,044
	<u>10,130</u>	<u>11,019</u>

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16 Acquisition price payable

	Consolidated	
	June 30, 2020	December 31 2019
SÃO LUIS	9,853	9,683
CEUT (i)	2,997	3,375
FUFS	2,274	2,279
UNITOLEDO	48,569	47,693
ADTALEM (ii)	42,421	
	<u>106,114</u>	<u>63,030</u>
Acquisition of real estate (iii)	<u>686</u>	<u>653</u>
	<u>106,800</u>	<u>63,683</u>
Current liabilities	30,896	19,142
Non-current liabilities	<u>75,904</u>	<u>44,541</u>
	<u>106,800</u>	<u>63,683</u>

(i) In January/2020, an advance settlement was made of the share due to the former partner Mr. Honório Bona.

(ii) On October 18, 2019, the Company acquired through the parent company SESES all the units of ownership of Adtalem Brasil Holding S/A, in which we have a balance payable for the companies acquired from the group in the total amount of R\$ 42,421.

(iii) Balance related to the commitment entered into between IREP and União Norte Brasileira de Educação e Cultura - UNBEC concerning various real estate properties located in the City of Fortaleza, State of Ceará.

It basically refers to the amount payable to former owners, related to the acquisition of related companies and real estate properties, being adjusted monthly by one of the following indexes: SELIC, IPCA (General Market Price Index), IGP-M or the variation of CDI, depending on the agreement.

The amounts recorded as non-current liabilities as of June 30, 2020 and December 31, 2019, present the following maturity schedule:

	Consolidated	
	June 30, 2020	December 31 2019
2021	61,034	29,939
2022	<u>14,870</u>	<u>14,602</u>
	<u>75,904</u>	<u>44,541</u>

17 Contingencies

The Company's subsidiaries are party to various civil, labor and tax proceedings at different court levels. Management, based on the opinion of its external legal counsel, made a provision for amounts considered sufficient to cover potential losses from pending litigation.

As of June 30, 2020 and December 31, 2019, the provision for contingencies was comprised as follows:

	Consolidated			
	June 30, 2020		December 31, 2019	
	Contingencies	Judicial deposits	Contingencies	Judicial deposits
Civil	83,831	20,914	24,073	17,904
Labor	109,844	52,224	90,960	42,330
Tax	<u>16,560</u>	<u>23,780</u>	<u>3,383</u>	<u>15,856</u>
	<u>210,235</u>	<u>96,918</u>	<u>118,416</u>	<u>76,090</u>

YDUQS Participações S.A.

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In the period ended June 30, 2020, the amount of R\$ 258 relates to the parent company's contingency, of which R\$ 50 relates to the civil and R\$ 208 to tax contingencies (R\$ 306 in the fiscal year ended December 31, 2019, of which R\$ 107 related to civil and R\$ 199 to tax contingencies) and as of June 30, 2020 the amount of R\$ 222 refers to the parent company's judicial deposits (R\$ 216 in the fiscal year ended December 31, 2019).

The activity in the provision for contingencies is shown below:

	<u>Civil</u>	<u>Labor</u>	<u>Tax</u>	<u>Total</u>
Balances as of December 31, 2018	20,019	98,453	8,445	126,917
Additions	44,389	42,788	5,518	92,695
Reversals	(9,919)	(11,223)	(5,229)	(26,371)
Write-offs for payments	(35,133)	(44,972)	(4,804)	(84,909)
Monetary adjustment	4,717	5,914	(547)	10,084
Balances as of December 31, 2019	24,073	90,960	3,383	118,416
Additions by Acquisition	7,688	14,551	11,774	34,013
Additions	72,450	35,220	5,026	112,696
Reversals	(9,242)	(5,728)	(3,248)	(18,218)
Write-offs for payments	(11,362)	(23,951)	(553)	(35,866)
Monetary adjustment	224	(1,208)	178	(806)
Balances as of June 30, 2020	<u>83,831</u>	<u>109,844</u>	<u>16,560</u>	<u>210,235</u>

In the periods ended June 30, 2020 and 2019, expenses with the provision for contingencies, recognized in the statement of income were as follows:

	<u>2020</u>	<u>2019</u>
Composition of the income		
Additions	112,696	58,020
Reversals	(18,218)	(17,293)
Monetary adjustment	(806)	16,889
Provision for contingencies	<u>93,672</u>	<u>57,616</u>
General and administrative expenses (Note 24)	(94,478)	(40,727)
Financial income (Note 26)	<u>806</u>	<u>(16,889)</u>
	<u>(93,672)</u>	<u>(57,616)</u>

(a) Civil

Most proceedings involve mainly claims for indemnity for moral and property damages arising from incorrect collections and late issue of diplomas, among other matters of 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 matters:

<u>Matter</u>	<u>Amounts</u>
Real estate	48,158
Undue collection	9,021
Success fees	10,086
Accreditation and cancellation of the course/enrollment	5,051
Issue of certificates of completion/diplomas and graduation	2,984
FIES	1,501
PROUNI	507
Other (i)	6,523
	<u>83,831</u>

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

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(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 lawsuits are due to the following matters:

Matter	Amounts
Salary and severance differences + decrease in working hours + FGTS + notice period	45,556
Deviation from agreed position and salary parity	10,076
Overtime + elimination of breaks during and between shifts	9,177
Employer's social security payment	7,794
Fine (under Art. 467 CLT, Art. 477 CLT AND CCT / ACT)	5,701
Success fees	5,006
Pain and suffering / property damage / moral harassment	3,088
Fees	3,071
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	1,414
Vacations	1,093
Income tax / interest and monetary restatement	10,020
Other (i)	7,848
	<u>109,844</u>

(i) 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 No. 11.096/05 and exclusion of scholarships from the ISS calculation basis and fines for alleged non-compliance with ancillary obligations (special regimes of accounting bookkeeping).

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

Matter	Amounts
Success fees	<u>6,827</u>
ISS (Service Tax)	4,209
PIS/COFINS	3,850
Social Security Contributions	1,095
IRPJ / CSLL / IRRF	1,047
Sewage charges / fees	216
Miscellaneous fines	16
	<u>16,560</u>

(d) Possible losses, not provisioned in the statement of financial position

The Company has 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 the accounting practices currently in force.

	Consolidated	
	June 30, 2020	December 31 2019
Civil	318,051	265,875
Labor	437,620	378,533
Tax	531,868	516,177
	<u>1,287,539</u>	<u>1,160,585</u>

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On April 24, 2020, the Company completed the acquisition of Subsidiary Adtalem, which has tax, civil and labor cases involving risks of loss classified by management as possible, based on the opinion of its legal advisors. These proceedings do not have to be provisioned for under the accounting practices currently in force. The approximate amount of the cases is R\$ 39,627 (R\$ 18,326 Tax, R\$ 9,816 Labor and R\$ 11,485 Civil).

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

Civil	Amounts
Real estate	147,675
Undue collection	60,577
FIES	24,901
Issue of certificates of completion/diplomas and graduation	19,373
Enrollment / Monthly Fees	17,475
Accreditation and cancellation of the course	2,543
Procon Fine	2,260
PROUNI	2,032
Other (i)	41,215
	318,051

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

Labor	Amounts
Salary and severance differences + decrease in working hours + FGTS + notice period + compensation	182,782
Overtime + elimination of breaks during and between shifts	73,907
Reintegration	59,736
Fees	28,148
Pain and suffering / property damage / moral harassment	19,166
Allowances (health hazards/night shift pay/improvement/length of service/risk premium)	16,849
Employer's social security payment	13,311
Fine (under Art. 467 CLT, Art. 477 CLT and CCT / ACT)	11,444
Deviation from agreed position and salary parity	9,949
Vacations	8,333
Other (i)	13,995
	437,620

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

Tax	Amounts
Social security contribution / FGTS	295,871
ISS (Service Tax)	206,027
IRPJ / CSLL / IRRF	24,231
IPTU / FORO / IPVA (Tax on Vehicles)	1,164
ICMS (Electric Power)	948
Miscellaneous fines	3,627
	531,868

Among the main proceedings that were not provisioned in the financial information, we can highlight those involving amounts above R\$ 10,000:

Social security contributions:

- (i) Due to the divergence of understanding regarding the initial date of the rate grading provided for in article 13 of Law No. 11.096/05 ("PROUNI Act"), Tax Enforcements were issued by the National Treasury against SESES to recover debts related to the alleged differences in payments of social security contributions. We submitted the respective motion against these enforcements, in which SESES filed a petition stating the favorable decision had been made final and unappealable in the case records of ordinary proceeding No. 0017945-16.2009.4.02.5101. On August 13, 2019 the Ministry of Finance informed the court that the debts under collection would be rectified to reflect the reasoning forming the final and unappealable decision in favor

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of YDUQS. In October 2019 an official DEMAC notice was attached stating that it had made the rectifications to the DEBCADs, after determining the effects resulting from the final and unappealable decision, by way of the dossier opened at the Federal Revenue Office (RFB). SESES filed a statement requesting release of the proportional amounts deposited at the escrow account. On July 7, 2020, a decision was rendered on one of the Tax Enforcements to grant the request made by SESES for the release of the excess amount deposited in court, of R\$ 5,027. Currently, an official letter to CEF is being awaited. The total amount involved changed to R\$ 87,646.

- (ii) Tax assessment notices against SESES 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 notice 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 was awarded. On February 20, 2018 the Ministry of Finance distributed a Tax Enforcement proceeding to demand the debit and the annulment action was dismissed without prejudice as a result of having its grounds due to the filing of the Tax Enforcement. On May 2, 2018 SESES filed a Motion against the Tax Enforcement, the Ministry of Finance filed its contestation and SESES submitted its rebuttal. The lower-court decision is pending judgment. The total amount involved is R\$ 23,661.
- (iii) The Federal Tax Authorities filed tax 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. The tax assessment notices mainly challenge the fulfilment of legal requirements to classify SESES as a social assistance beneficent entity and its corresponding right to exemption from social security contributions, a condition that it held until February 9, 2007. In August 2012, SESES was notified of the trial court's decision that partially granted the appeal to our respective challenges, to recognize the peremption and exclude the period from 01/2006 to 07/2006 from the entries, with the remainder being maintained inspection arguments. A Voluntary Appeal was filed on September 27, 2012. On September 20, 2016, the tax assessment notices were distributed. On March 4, 2020, the case record was reassigned to the Rapporteur. At the moment, it is awaiting the inclusion of the appeal on the agenda for judgment. The total amount involved is R\$ 133,986.
- (iv) The Federal Revenue Office issued a decision not approving the compensation made by SESES and IREP of social security contributions made in GFIP in the periods from October 2013 to December 2015. The offset credits were calculated on undue payments of social security contributions (lapsed) in Labor Claims, in addition to payments unduly made on amounts that do not have a compensation nature (1/3 of vacation, notice period and justified absences). In both cases, unfavorable decisions were rendered at the 1st administrative level, with the respective Voluntary Appeals being presented and currently awaiting the inclusion of both appeals on the agenda for judgment in the CARF. The total amount involved is R\$ 42,253.

ISS - Tax on services:

- (i) The Tax Enforcement issued by the Municipality of Niterói, in connection with the tax 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 CTN, that is, because the tax/accounting bookkeeping was supposedly not presented for inspection under the terms of the legislation in force. Motions were filed against the enforcement on September 16, 2013. Expert analyses were carried out, with a report favorable to the company. However, the municipality of Niterói contested the export report, contending it should be rejected as it had not been notified of the scheduled date and location. The request was accepted and the second expert analysis conducted on 11/26/2019 concluded once again that SESES' accounting records for the disputed period were in full compliance with legal requirements. SESES filed a new statement regarding the new expert analysis. Judgment by the lower court is pending. The total amount involved is R\$ 67,516.
- (ii) On August 14, 2018, a Tax Enforcement was brought against Sociedade Tecnopolitana da Bahia Ltda. (STB), merged into IREP in June 2010, for failure to pay taxes on services (ISS) in the period 2007 to February 2011. The assessment arose from a due diligence in connection with the procedures for cancellation of the

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registration of the activities previously performed at STB's headquarters and branch facilities. On October 3, 2018, a Motion to Stay Execution was filed. As of December 03, 2019, the Municipality filed its challenge. On March 5, 2020, the case record was held by the judge under advisement and a decision was rendered on June 2, 2020, summoning IREP to make a statement the Municipality's challenge. On June 25, 2020, IREP statement was filed. Judgment by the lower court is pending. The total amount involved is R\$ 21,035.

- (iii) The Municipality of Salvador filed a Tax Enforcement claiming alleged ISS tax liabilities for the period 07/2012 to 11/2013, due to discrepancies regarding the fixing of the tax calculation base (deductibility of study grants from the ISS calculation base). A Motion against the Tax Enforcement was filed requesting an expert accounting analysis. After appointment of the accounting expert and appointment of the respective retained experts. On June 15, 2020, the last installment of expert fees was paid. The company is waiting for the expert's opinion. The total amount involved is R\$ 12,147.

18 Shareholders' Equity
(a) Share Capital

The share capital may be increased by the Board of Directors, irrespective of the statutory reform, up to the limit of one billion (1,000,000,000) shares. As of June 30, 2020, the share capital is represented by 309,088,851 common shares.

The shareholding structure of the Company on June 30, 2020 and December 31, 2019 is presented below:

Shareholders	Common shares			
	June 30, 2020	%	December 31 2020	%
Managers and directors	687,411	0.2	485,994	0.2
Treasury	7,917,865	2.6	8,428,182	2.7
Other (i)	300,483,575	97.2	300,174,675	97.1
	<u>309,088,851</u>	<u>100</u>	<u>309,088,851</u>	<u>100</u>

(i) Free float

(b) Activity of capital shares

There were no changes in the shares during the period ended June 30, 2020.

(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. By the end of the program a total of ten million five hundred and fifteen thousand seven hundred (10,515,700) common shares had been bought back, equal to 66.16% of the total shares targeted by the program.

	Quantity	Average Cost	Balance
Treasury shares as of December 31, 2019	8,428,182	23.02	194,031
SOP payment using treasury shares (Note 18 d.3)	(510,317)	23.02	(11,748)
Treasury shares as of June 30, 2020	<u>7,917,865</u>	<u>23.02</u>	<u>182,283</u>

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(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 June 30, 2020 and December 31, 2019, is as follows:

	Parent Company	
	June 30, 2020	December 31 2019
Taxes reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special goodwill reserve under merger	85	85
Goodwill on shares subscription	<u>498,899</u>	<u>498,899</u>
	<u>595,464</u>	<u>595,464</u>

(i) Profits earned prior to the Company's conversion into a business company

The goodwill on the share issuance is comprised as follows:

	June 30, 2020
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) Granting 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 individual and consolidated quarterly information 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 Discount on the sale of treasury shares is represented as follows as of June 30, 2020 and December 31, 2019:

	Quantity of shares	Sale	Amount paid	Negative goodwill
Negative goodwill as of December 31, 2019	2,603,184	43,709	32,871	10,838
SOP payment in 2020	<u>36,750</u>	<u>846</u>	<u>677</u>	<u>169</u>
Discount as of June 30, 2020	<u>2,639,934</u>	<u>44,555</u>	<u>33,548</u>	<u>11,007</u>

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(e) Profits reserves

As of December 31, 2019, from the income accumulated by the Company, the amount of R\$ 460,375 was allocated to the Profit Retention Reserve referring to potential acquisitions, expansion and improvements in infrastructure, technology and organic expansion, as provided for in the Company's bylaws. This profit retention proposal was approved by the General Meeting held on April 24, 2020.

19 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company's assets and liabilities financial instruments as of June 30, 2020 and December 31, 2019, are recorded in equity accounts in amounts compatible to those practiced in the market.

Information regarding criteria, assumptions and limits used to calculate the market values did not change in relation to the financial statements as of December 31, 2019.

Derivative financial instruments

Although the derivative transaction is intended to protect the Company from fluctuations arising from its exposure to foreign exchange risk, it was decided not to adopt the hedge accounting methodology. Accordingly, the Swap transaction, which on June 30, 2020, presented a positive fair value of R\$ 198,015 as a corresponding entry to the results.

We present below the information related to the derivatives financial instruments held by the Company as of June 30, 2020, recorded at fair value with effect on income:

							Market Value (R\$ M)		
SWAP Agreements	Principal Contracted (US\$)	Principal Contracted	YDUQS Receives	YDUQS Pays	Initial Date	Maturity Date	Assets	Liabilities	Gross income
Citibank	40,000,000	173,336,000	Libor + 0.62% p.a.	CDI + 0.60%	02/18/20	02/18/21	217,972	174,010	43,962
Citibank	125,000,000	541,675,000	Libor + 0.6993% p.a.	CDI + 0.70%	02/18/20	02/17/22	681,237	543,847	137,390
Citibank	25,000,000	109,537,500	Libor + 0.64% p.a.	CDI + 0.70%	02/27/20	02/25/22	136,192	109,868	26,324
Total							1,035,401	827,725	207,676

19.1 Fair value hierarchy

The table below presents the financial instruments recorded at fair value using the measurement method:

		Consolidated	
		June 30, 2020	December 31, 2019
Level 2	Financial assets at the fair value through statement of income		
	Financial investments	1,886,955	596,861
		<u>1,886,955</u>	<u>596,861</u>

The measurement of financial instruments is grouped at levels from 1 to 3, based on the level of quotation of their fair value:

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

Level 2 - other techniques for which all input with significant effect on the fair value is observable, either directly or indirectly; and

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Level 3 – techniques using input with significant effect on the fair value that is not based on observable market input.

During the period ended June 30, 2020, there were no transfers arising from fair value measurements between levels 1 and 2, not inside or outside level 3.

19.2 Financial risk factors

All Group's operations are performed with banks having recognized liquidity, which mitigates their risks. Management records a provision for doubtful accounts in an amount considered sufficient to cover possible risks of realization of accounts receivable; therefore, the risk of incurring losses resulting from the difficulty of receiving billed amounts is measured and recorded in the accounts. The main market risk factors affecting the Group are the following:

(a) Credit risk

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

The Group is also subject to credit risk on its financial investments.

The credit risk related to the provision of services is minimized by a strict control of the student base and by the active management of default levels and the pulverization 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 according to the investments policy approved by the Board of Directors. The balances of cash and cash equivalents, 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 financial investments and debts. In addition, any increase in interest rates could increase the cost of students' loans, including loans under the terms of the FIES program, and decrease the demand for the courses.

(c) Exchange rate risk

The Group's income is susceptible to variations due to exchange rate volatility, since its assets and liabilities are linked to a currency other than its functional currency. However, as the Company has a Swap agreement for lines 4131, exposure to foreign exchange risk does not exist.

(d) Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient cash resources available to meet its commitments due to the different terms of settlement of its rights and obligations.

The control of the Group's liquidity and cash flow is monitored daily by the Group's Management areas, in order to ensure that the operational cash generation and the previous fundraising, when necessary, are sufficient to maintain its commitments' schedule, not posing liquidity risks for the Group.

The table below analyzes the Group's financial liabilities, by maturity ranges, corresponding to the remaining period of the reporting date of the statement of financial position until the contractual maturity date. The amounts presented in the table are the contracted cash flows not discounted.

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

	Consolidated			
	Less than one year	Between one and two years	Between two and five years	More than five years
As of June 30, 2020				
Trade payables	226,932	43		
Loans	896,411	2,121,635	366,960	
Financial lease obligations	204,875	290,342	313,020	929,118
Acquisition price payable	30,896	63,842	16,269	
As of December 31, 2019				
Trade payables	126,651			
Loans	13,586	30,893	644,181	51
Financial lease obligations	156,468	293,331	223,903	526,527
Acquisition price payable	19,142	31,639	16,394	

(e) Sensitivity analysis

The CVM Resolution No. 550 of October 17, 2008 sets forth 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 the statement of financial position.

The Group's financial instruments consist of cash and cash equivalents, accounts receivable and payable, judicial deposits and loans and financing, and are recorded at cost adjusted by revenues or charges incurred, which was close to market value as of June 30, 2020 and December 31, 2019.

The main risks underlying the Group's operations are linked to changes in the CDI (Interbank Certificates of Deposit) rate.

CVM Instruction No. 475 of December 17, 2008, provides that specific information on financial instruments must be shown in a specific note, and that a table must be included with details of a sensitivity analysis.

Loans in Brazilian reais consist of transactions for which the carrying amount is close to the fair value of these financial instruments.

Investments linked to CDI rate are recorded at fair value, according to the 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.

With the purpose to verify the sensitivity of the index for the financial investments to which the Company was exposed on the base date of June 30, 2020, three different scenarios were defined. Based on the CDI rate officially published by CETIP on June 30, 2020 (2.15% p.a.), this rate was used as the probable scenario for the year. After that, rate variations of 25% and 50% were calculated for scenarios II and III, respectively.

For each scenario, "gross financial revenues and financial costs" were calculated, disregarding the levy of taxes on the investments' yields. The base date used for the portfolio was June 30, 2020, projected for one year and verifying the sensitivity of the CDI rate for each scenario.

YDUQS Participações S.A.

Management notes to the interim financial information as of June 30, 2020

In thousands of Reals, except when otherwise indicated

		Scenario for CDI rise		
Operations	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments R\$ 1,886,955	CDI	2.15% 40,570	2.69% 50,712	3.23% 60,854
Debentures V - 1st T R\$ 253,119	CDI+0.59%	2.75% (6,955)	3.29% (8,323)	3.83% (9,692)
Debentures V - 2nd T R\$ 354,417	CDI (Interbank Deposit Certificate) + 0.79%	2.95% (10,462)	3.49% (12,382)	4.04% (14,302)
Citibank (125MM US\$) R\$ 543,847	CDI + 0.70%	2.87% (15,581)	3.41% (18,525)	3.95% (21,469)
Citibank (40MM US\$) R\$ 174,010	CDI + 0.60%	2.76% (4,808)	3.30% (5,749)	3.84% (6,690)
Citibank (25MM US\$) R\$ 109,868	CDI + 0.70%	2.87% (3,148)	3.41% (3,742)	3.95% (4,337)
CCB - Santander 500MM R\$ 506,878	CDI + 1.10%	3.27% (16,568)	3.81% (19,322)	4.36% (22,076)
3rd NP - Itaú - 1st series R\$ 352,645	CDI + 2.50%	4.70% (16,588)	5.25% (18,530)	5.81% (20,473)
3rd NP - Itaú - 2nd series R\$ 150,951	CDI + 2.50%	4.70% (7,100)	5.25% (7,932)	5.81% (8,764)
CCB - Citibank R\$ 75,974	CDI (Interbank Deposit Certificate) + 2.75%	4.96% (3,768)	5.51% (4,187)	6.06% (4,607)
4th NP - Bradesco R\$ 352,652	CDI (Interbank Deposit Certificate) + 2.70%	4.91% (17,308)	5.46% (19,255)	6.01% (21,202)
CCB - Santander 100MM R\$ 101,251	CDI (Interbank Deposit Certificate) + 3.69%	5.92% (5,993)	6.48% (6,558)	7.03% (7,122)
CCB - ABC R\$ 50,537	CDI (Interbank Deposit Certificate) + 3.85%	6.08% (3,074)	6.64% (3,356)	7.20% (3,638)
CCB - Safra R\$ 200,233	CDI (Interbank Deposit Certificate) + 2.80%	5.01% (10,032)	5.56% (11,138)	6.12% (12,245)
Net position		(80,815)	(88,827)	(95,763)

YDUQS Participações S.A.

Management notes to the interim financial information as of June 30, 2020

In thousands of Reais, except when otherwise indicated

		Scenario fall of CDI		
Operations	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments R\$ 1,886,955	CDI	2.15% 40,570	1.61% 30,427	1.08% 20,285
Debentures V - 1st T R\$ 253,119	CDI (Interbank Deposit Certificate) + 0.59%	2.75% (6,955)	2.21% (5,586)	1.67% (4,218)
Debentures V - 2nd T R\$ 354,417	CDI (Interbank Deposit Certificate) + 0.79%	2.95% (10,462)	2.41% (8,542)	1.87% (6,622)
Citibank (125MM US\$) R\$ 543,847	CDI + 0.70%	2.87% (15,581)	2.32% (12,638)	1.78% (9,694)
Citibank (40MM US\$) R\$ 174,010	CDI + 0.60%	2.76% (4,808)	2.22% (3,867)	1.68% (2,926)
Citibank (25MM US\$) R\$ 109,868	CDI + 0.70%	2.87% (3,148)	2.32% (2,553)	1.78% (1,958)
CCB - Santander 500MM R\$ 506,878	CDI + 1.10%	3.27% (16,568)	2.73% (13,813)	2.18% (11,059)
3rd NP - Itaú - 1st series R\$ 352,645	CDI + 2.50%	4.70% (16,588)	4.15% (14,645)	3.60% (12,702)
3rd NP - Itaú - 2nd series R\$ 150,951	CDI + 2.50%	4.70% (7,100)	4.15% (6,269)	3.60% (5,437)
CCB - Citibank R\$ 75,974	CDI + 2.75%	4.96% (3,768)	4.41% (3,348)	3.85% (2,928)
4th NP - Bradesco R\$ 352,652	CDI (Interbank Deposit Certificate) + 2.70%	4.91% (17,308)	4.36% (15,362)	3.80% (13,415)
CCB Santander 100MM R\$ 101,251	CDI + 3.69%	5.92% (5,993)	5.36% (5,429)	4.80% (4,865)
CCB - ABC R\$ 50,537	CDI (Interbank Deposit Certificate) + 3.85%	6.08% (3,074)	5.52% (2,792)	4.97% (2,510)
CCB - Safra R\$ 200,233	CDI + 2.80%	5.01% (10,032)	4.46% (8,926)	3.91% (7,819)
Net position		(80,815)	(73,343)	(65,868)

We present below the Company's variations in assets and liabilities linked at the exchange rate.

The sensitivity analysis related to foreign exchange risk refers to the position on June 30, 2020, and seeks to simulate how an exchange rate stress could affect the Company.

**Management notes to the interim financial information
as of June 30, 2020**

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In addition, three scenarios were outlined, I, II and III, which represent, respectively, the probable scenario and the possible deterioration scenarios of 25% and 50% in the risk variable. To carry out the analysis, the Company uses as a premise of the probable scenario the exchange rate at the end of 2020 disclosed in the last Focus Report - BACEN prior to the close of the period. Based on the probable exchange rate, scenarios of deterioration of 25% and 50% of the risk variable are generated.

The table below represents the sensitivity analysis involving the net effect resulting from these shocks in the exchange rate. We have decided to keep the Swap long leg separate from the short leg in order to make the effect of the derivative more evident.

Operations	Risk	Scenario for dollar rise		
		Scenario (I)	Scenario (II)	Scenario (III)
Swap - Long Leg 1,035,401	Exchange rate	5.30 1,008,458	6.63 1,260,573	7.95 1,512,687
Debt in US\$ 190,000	Exchange rate	5.30 (806,186)	6.63 (1,007,733)	7.95 (1,209,280)
Net position		202,272	252,840	303,407

(f) Capital Management

The Company's debt in relation to Shareholders' Equity for the period ended June 30, 2020, and for the year ended December 31, 2019, is presented below:

	Consolidated	
	June 30, 2020	December 31 2019
Loans and financing (Note 11)	3,436,835	615,135
(-) Cash and cash equivalents (Note 3)	(20,415)	(12,251)
(-) Financial Instruments - SWAP (Note 19)	(207,676)	
Net debt	3,208,744	602,884
Shareholders' equity	3,199,145	3,102,352
Net debt on equity	1.00	0.19

(g) Offsetting of financial instruments

There are no significant assets or liabilities subject to contractual offsetting as of June 30, 2020 and December 31, 2019.

20 Managers' compensation
(a) Compensation

In the periods ended June 30, 2020 and 2019, the total compensation (salaries and profit sharing) of the Company's directors, officers and main executives was R\$ 11,490 and R\$ 12,425, respectively. These compensations are within the limits approved at the corresponding shareholders' meetings.

The Company and its subsidiaries do not grant post-employment benefits, termination benefits or other long-term benefits to Management and their employees, except for the shares option plan described in Note 20 (b).

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

(b) Shares option plan

The history and the details of the shares option plans did not change in relation to the information presented in the financial statements as of December 31, 2019.

As of June 30, 2020, the number of options granted, which were exercised accumulated from all programs, was 13,229,276 shares (R\$ 113,413), of which 11,218,904 shares from closed programs and 2,010,372 shares from active programs. The total number of shares granted, less the forfeited shares is 16,909,402 shares (R\$ 157,027), of which 12,042,223 shares of closed programs and 4,867,179 shares of active programs.

Granted options programs with balance of shares to be exercised:

Programs	Granted	Options Forfeited	Options Abandoned	Exercised	Balance of shares
6P	5,090,000	2,247,000	1,892,504	833,767	116,729
7P	889,000	379,200	331,174	97,526	81,100
8P	983,000	463,400	50,127	437,913	31,560
10P	1,105,779	554,000	107,779	394,000	50,000
11P	991,010	548,010	20,255	247,166	175,579
Overall Total	9,058,789	4,191,610	2,401,839	2,010,372	454,968

The total of granted shares that were exercised in the last quarters is as follows:

	Shares exercised
December 31, 2018	12,842,762
March 31, 2019	12,901,362
June 30, 2019	13,181,276
September 30, 2019	13,203,276
December 31, 2019	13,208,276
March 31, 2020	13,229,276
June 30, 2020	13,229,276

**Management notes to the interim financial information
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In thousands of Reais, except when otherwise indicated

The assumptions used to calculate each granting, based on the Binominal model, are as follows:

Program	End of Grace Period	Maturity Date	Granted Options	Price of Base Asset	Annual Volatility Expectation	Distribution of Dividends	Risk-free Interest Rate	Option Estimated Life (years)	Fair value	Forfeited Quality
11th Program Apr17	04/23/2018	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	6.14	13,500
11th Program Apr17	04/23/2019	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	6.84	86,000
11th Program Apr17	04/23/2020	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	7.41	132,500
11th Program Apr17	04/23/2021	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	7.86	132,500
11th Program Apr17	04/23/2022	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	0	8.26	132,500
11th Program Apr17 Cons.	04/23/2018	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	0	6.14	25,505
11th Program Apr17 Cons.	04/23/2019	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	0	6.84	25,505
10th Program Jul16	04/15/2017	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	6.89	2,000
10th Program Jul16	04/15/2018	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	7.89	33,000
10th Program Jul16	04/15/2019	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	8.61	153,000
10th Program Jul16	04/15/2020	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	9.18	183,000
10th Program Jul16	04/15/2021	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	0	9.64	183,000
10th Program Jul16 Cons.	04/15/2017	07/19/2026	32,890	R\$ 15.12	59.18%	0.00%	12.50%	0	6.89	0
10th Program Jul16 Cons.	04/15/2018	07/19/2026	32,889	R\$ 15.12	59.18%	0.00%	12.50%	0	7.89	0
9th Program Apr16	04/15/2017	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	6.02	20,000
9th Program Apr16	04/15/2018	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	6.66	20,000
9th Program Apr16	04/15/2019	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.14	80,000
9th Program Apr16	04/15/2020	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.52	80,000
9th Program Apr16	04/15/2021	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	0	7.83	80,000
9th Program Apr16 Cons.	04/15/2017	05/01/2019	450,000	R\$ 11.87	54.57%	0.00%	12.93%	0	3.17	100,000
9th Program Apr16 Cons.	04/15/2018	05/01/2020	450,000	R\$ 11.87	54.57%	0.00%	12.93%	0	4.43	100,000
8P Program	04/15/2016	04/15/2026	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	5.45	2,000
8P Program	04/15/2017	04/15/2027	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	6.42	56,800
8P Program	04/15/2018	04/15/2028	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	7.2	81,200
8P Program	04/15/2019	04/15/2029	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	7.88	150,200
8P Program	04/15/2020	04/15/2030	196,600	R\$ 13.15	28.80%	0.00%	11.99%	0	8.47	173,200
7P Program Oct2014	04/15/2015	04/15/2025	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	8.58	16,000
7P Program Oct2014	04/15/2016	04/15/2026	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	9.71	37,000
7P Program Oct2014	04/15/2017	04/15/2027	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	10.64	86,000
7P Program Oct2014	04/15/2018	04/15/2028	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	11.47	104,400
7P Program Oct2014	04/15/2019	04/15/2029	177,800	R\$ 26.83	28.80%	0.00%	11.99%	0	12.24	135,800
6P Program Aug2014	04/15/2015	04/15/2025	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	14.48	0
6P Program Aug2014	04/15/2016	04/15/2026	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	15.1	28,000
6P Program Aug2014	04/15/2017	04/15/2027	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	15.74	28,000
6P Program Aug2014	04/15/2018	04/15/2028	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	16.38	28,000
6P Program Aug2014	04/15/2019	04/15/2029	60,000	R\$ 29.16	26.68%	0.00%	11.99%	0	16.98	44,000
6P Program Aug2014 Cons.	04/15/2015	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	0	14.43	0
6P Program Aug2014 Cons.	04/15/2016	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	0	15.02	0
6P Program Jul2014	04/15/2015	04/15/2025	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	15.13	0
6P Program Jul2014	04/15/2016	04/15/2026	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	15.76	80,000
6P Program Jul2014	04/15/2017	04/15/2027	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	16.41	602,000
6P Program Jul2014	04/15/2018	04/15/2028	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	17.05	608,000
6P Program Jul2014	04/15/2019	04/15/2029	608,000	R\$ 29.94	26.43%	0.00%	11.99%	0	17.65	608,000
6P Program Jul2014 Cons.	04/15/2015	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	0	15.09	0
6P Program Jul2014 Cons.	04/15/2016	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	0	15.69	0
6P Program Oct2013	04/14/2014	04/15/2024	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	5.05	5,000
6P Program Oct2013	04/15/2015	04/15/2025	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	5.79	5,000
6P Program Oct2013	04/15/2016	04/15/2026	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	6.4	19,000
6P Program Oct2013	04/15/2017	04/15/2027	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	6.94	88,000
6P Program Oct2013	04/15/2018	04/15/2028	265,000	R\$ 16.82	28.80%	0.00%	11.99%	0	7.43	104,000
5P 3 Program	04/14/2014	04/15/2024	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	6.37	0
5P 3 Program	04/15/2015	04/15/2025	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	7.02	21,000
5P 3 Program	04/15/2016	04/15/2026	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	7.6	102,000
5P 3 Program	04/15/2017	04/15/2027	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	8.11	102,000
5P 3 Program	04/15/2018	04/15/2028	144,000	R\$ 16.16	39.85%	0.00%	11.02%	0	8.58	123,000
4P Program Jan2013	04/14/2014	04/15/2024	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.23	7,200
4P Program Jan2013	04/15/2015	04/15/2025	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.35	7,200
4P Program Jan2013	04/15/2016	04/15/2026	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.48	7,200
4P Program Jan2013	04/15/2017	04/15/2027	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.62	88,200
4P Program Jan2013	04/15/2018	04/15/2028	160,200	R\$ 14.40	33.47%	0.00%	3.90%	0	8.75	94,200

The Company recognizes the share options granted on a quarterly basis, as a capital reserve with a corresponding counter entry in the statement of income, as general and administrative expenses, in the line item personal and welfare charges. In the period ended June 30, 2020, a reversal of R\$ 357 was recognized (reversal of R\$ 961 in the fiscal year ended December 31, 2019). As of June 30, 2020, the provision amounted R\$ 74,610 (R\$ 74,966 as of December 31, 2019).

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The variations in the number of outstanding share options and their corresponding weighted average prices for the year are presented below:

Executive Board

	June 30, 2020		December 31, 2019	
	Average price for the share exercise	Options - millions	Average price for the share exercise	Options - millions
January 1,	13.88	149,000	13.81	300,000
Exercised	17.82	21,000	14.35	83,000
Forfeited	14.59	64,000	14.35	68,000
	14.50	64,000	13.88	149,000

Board of directors

	June 30, 2020		December 31, 2019	
	Average price for the share exercise	Options - millions	Average price for the share exercise	Options - millions
January 1,	10.13	65,779	10.13	65,779
Abandoned	10.13	65,779	0.00	0.00
	10.13	0	10.13	65,779

(c) Performance Share Program

On October 18, 2018, the special 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 corporate purpose of the Company and 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's 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% 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 thirty (30) trading sessions prior to the date of each Program.

Each Program created by the Board of Directors will have a term of five (5) years, and the restricted shares granted will be divided into five (5) 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 ended on April 15, 2019, with the delivery of the respective restricted shares to the beneficiaries within 30 days of the end of the vesting period, so that the vesting period for each of the other lots of 20% will end on April 15 each year, with the delivery of the respective restricted shares within a maximum of 30 days.

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

For the Restricted Shares Granting Plan, the provision for the program in the fiscal year ended June 30, 2020 is R\$ 8,127 (R\$ 15,603 as of December 31, 2019). The accumulated provision as of June 30, 2020 is R\$ 11,653 (R\$ 14,429 as of December 31, 2019). In the 2nd quarter we reversed R\$ 1,808 of the provision for the payment of labor charges for tranche 1 of the shares vested on April 15, 2019.

As of June 30, 2020, the number of shares granted and delivered was 924,465 shares, and the total shares granted amounted to 5,761,400 shares.

Programs	Granted	Additional shares dividends	Additional shares performance	Shares delivered	Unvested	Cancelled	Forfeited
1P	1,395,500	77,104	40,825	409,712	489,886	46,831	567,000
1P - Cons.	130,000	9,441		139,441			
1P - Esp.	300,000	22,376	16,158	117,812	215,432	5,289	
2P	879,000		41,500	207,500	664,000		49,000
2P - Cons.	98,000				98,000		
2P - Esp.	100,000		5,000	25,000	80,000		
3P	630,000				550,000		80,000
3P - Esp.	200,000				200,000		
4P	100,000		5,000	25,000	80,000		
5P	80,000				80,000		
6P	1,103,900				1,103,900		
7P	285,000				285,000		
8P	460,000				460,000		
Overall Total	5,761,400	108,921	108,483	924,465	4,306,218	52,120	696,000

21 Earnings per share

The table below presents information on the earnings and shares used to calculate basic and diluted earnings per share.

(a) Earnings per share - basic

	<u>2020</u>	<u>2019</u>
Numerator		
Net income for the period	88,346	435,570
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	<u>300,911</u>	<u>300,256</u>
Net earnings per lot of 1000 shares - basic	<u>0.29360</u>	<u>1.45066</u>

(b) Earnings per share - diluted

	<u>2020</u>	<u>2019</u>
Numerator		
Net income for the period	88,346	435,570
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	300,911	300,256
Potential increase in the number of shares due to the stock option plan	<u>1,957</u>	<u>1,499</u>
Weighted average of outstanding shares	<u>302,868</u>	<u>301,755</u>
Net earnings per lot of 1000 shares - diluted	<u>0.29170</u>	<u>1.44346</u>

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reals, except when otherwise indicated

22 Net revenue from services provided

	Consolidated	
	2020	2019
Gross revenues -in-class	2,791,722	2,582,175
Gross revenue - distance learning	924,020	600,914
	<u>3,715,742</u>	<u>3,183,089</u>
Deduction from gross revenue	(1,801,375)	(1,293,235)
Grants - scholarships (i)	(1,655,366)	(1,183,146)
Refund of monthly tuition fees and charges	(10,261)	(9,976)
Discounts granted	(34,683)	(97)
Taxes	(77,654)	(74,682)
Adjustment to present value - PAR	2,881	7,613
Adjustment to present value - DIS	(3,021)	(1,782)
FGEDUC	(18,122)	(22,891)
Other	(5,149)	(8,274)
	<u>1,914,367</u>	<u>1,889,854</u>

(i) It refers to the provision created for "Estácio com Você" program in the amount of R\$ 22,191 and court decisions in the amount of R\$ 44,471 (Note 1.6).

(ii) Refers to the punctuality discount of subsidiary Adtalem.

23 Costs of services provided

	Consolidated	
	2020	2019
Personnel and welfare charges	(536,445)	(528,596)
Electricity, water, gas and telephony	(15,553)	(19,704)
Rental, condominium fees and IPTU (i)	(20,438)	(18,723)
Postage and Mailbags	(549)	(895)
Depreciation and amortization	(150,872)	(140,728)
Teaching material	(2,578)	(3,271)
Third-party services - security and cleaning	(21,896)	(27,040)
Other	(44,578)	(18,992)
	<u>(792,909)</u>	<u>(757,949)</u>

24 Selling, general and administrative expenses

	Parent Company		Consolidated	
	2020	2019	2020	2019
Selling expenses				
Provision for doubtful accounts (Note 4) (i)			(300,831)	(187,167)
Advertising			(142,225)	(114,763)
Sales and marketing			(34,401)	(29,973)
Other			(83)	(246)
			<u>(477,540)</u>	<u>(332,149)</u>
General and administrative expenses				
Personnel and welfare charges	(3,665)	(2,689)	(116,132)	(81,278)
Third-party services	(2,644)	(2,245)	(64,812)	(33,550)
Consumables			(838)	(992)
Maintenance and repairs	(51)	(57)	(21,216)	(20,657)
Depreciation and amortization	(24)	(30)	(63,800)	(46,284)
Educational agreements		(1)	(11,209)	(11,383)
Travel and accommodation	(5)	(27)	(2,264)	(4,311)
Institutional events			(251)	(887)
Provision for contingencies (Note 17)	50		(94,478)	(40,727)
Photocopies and bookbinding			(1,532)	(2,092)
Insurance	(3,265)	(4,222)	(4,692)	(4,822)
Cleaning material			(1,823)	(1,623)
Transportation	(1)	(1)	(1,296)	(2,216)
Vehicle rental			(1,123)	(1,348)
Other	(148)	(148)	(25,177)	(14,461)
	<u>(9,753)</u>	<u>(9,420)</u>	<u>(410,643)</u>	<u>(266,631)</u>

(i) It refers to an additional provision for PCLD of R\$ 24,931 (Note 4).

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

25 Other operating revenues/expenses

	Parent Company		Consolidated	
	2020	2019	2020	2019
Revenues with agreements	1,511	136	1,511	136
Lease revenues			3,198	5,335
Business intermediation revenues			1,187	1,202
Capital gain (loss) with property, plant and equipment			(14)	(447)
Provision for losses other revenue			(4,845)	166
Other operating revenues (expenses)		(3)	(49)	152
	<u>1,511</u>	<u>133</u>	<u>988</u>	<u>6,544</u>

26 Financial income

	Parent Company		Consolidated	
	2020	2019	2020	2019
Financial revenues				
Late payment fines and interest			17,314	13,565
Revenues from financial investments	10,162	6,466	20,870	25,051
Derivatives fair value (SWAP) (ii)	198,016		198,016	
Tax credits adjustment	446	723	2,867	4,878
PAR adjustment			(1,382)	2,442
DIS adjustment			(3,774)	2,836
Other			10,134	1,186
	<u>208,624</u>	<u>7,189</u>	<u>244,045</u>	<u>49,958</u>
Financial expenses				
Bank expenses	(260)	(334)	(6,771)	(20,081)
Interest and financial charges	(33,760)	(25,620)	(48,042)	(42,337)
Adjustment of provision for contingencies (Note 17)	2.)	(10)	806	(16,889)
Financial discounts (i)			(60,958)	(25,201)
Negative exchange variation			(2,462)	(2,304)
Exchange variation on loans in foreign currency (ii)	(219,276)		(219,276)	
Expenses with loans	(1,190)	(1,061)	(1,190)	(1,061)
Lease interest - Right of use			(54,095)	(29,354)
Other	(249)	(412)	(10,102)	(5,589)
	<u>(254,737)</u>	<u>(27,437)</u>	<u>(402,090)</u>	<u>(142,816)</u>

(i) Related to discounts granted upon renegotiation of overdue monthly tuition fees.

(ii) Refers to loans in foreign currency and derivatives contracted to protect the Company from foreign exchange exposure.

27 Income by business segment

	In-class courses		EAD (Distance Learning)		YDUQS	
	2020	2019	2020	2019	2020	2019
Gross operating revenue	2,791,722	2,582,175	924,020	600,914	3,715,742	3,183,089
(-) Gross revenue deductions	(1,352,119)	(1,042,575)	(449,256)	(250,660)	(1,801,375)	(1,293,235)
Net operating revenue	<u>1,439,603</u>	<u>1,539,600</u>	<u>474,764</u>	<u>350,254</u>	<u>1,914,367</u>	<u>1,889,854</u>
Costs of services provided	(721,325)	(716,076)	(71,584)	(41,873)	(792,909)	(757,949)
Personnel	(507,712)	(505,354)	(28,733)	(23,242)	(536,445)	(528,596)
Rental, condominium fees and IPTU (i)	(20,390)	(20,158)	(48)	1,435	(20,438)	(18,723)
Teaching material	(2,985)	(4,008)	(142)	(158)	(3,127)	(4,166)
Third parties' services and other	(40,932)	(47,705)	(41,095)	(18,031)	(82,027)	(65,736)
Depreciation	(149,306)	(138,851)	(1,566)	(1,877)	(150,872)	(140,728)
Gross income	<u>718,278</u>	<u>823,524</u>	<u>403,180</u>	<u>308,381</u>	<u>1,121,458</u>	<u>1,131,905</u>

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

28 Income tax and social contribution

The reconciliation of taxes assessed according to nominal tax rates and the amount of tax recorded for the periods ended June 30, 2020 and 2019 are presented below:

	Parent Company		Consolidated	
	2020	2019	2020	2019
Income before income tax and social contribution	88,244	435,479	76,218	446,811
Nominal rate combined from income tax and social contribution - %	34	34	34	34
Income tax and social contribution at legislation rates	(30,003)	(148,063)	(25,914)	(151,915)
Equity Accounting income (loss)	48,483	158,105		
Goodwill			2,435	
Depreciation (i)			(54)	
Non-deductible expenses (ii)			(529)	(1,527)
Tax loss - not constituted	(18,378)	(9,951)	(18,085)	(10,777)
Other			55	2,201
	102	91	(42,092)	(162,018)
Tax benefits				
Tax incentive - Prouni			54,018	148,837
Tax Incentive - Lei Rouanet			202	1,940
Current income tax and social contribution in the income for the period	102	91	12,128	(11,241)

(i) Depreciation of vehicles used by directors.

(ii) Basically consist of expenses for sponsorships, donations and gift

	Parent Company		Consolidated	
	2020	2019	2020	2019
Current income tax and social contribution			(65,534)	(41,854)
Deferred income tax and social contribution	102	91	77,662	30,613
Income tax and social contribution of previous periods				
	102	91	12,128	(11,241)

As of June 30, 2020, the Company recorded deferred tax credit from the temporary differences in the amount of R\$ 254,389 (R\$ 160,136 as of December 31, 2019). The breakdown of the tax effect on the temporary additions that gave rise to such credit is as follows:

**Management notes to the interim financial information
as of June 30, 2020**

In thousands of Reais, except when otherwise indicated

	Parent Company		Consolidated	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Adjustment to present value			9,634	9,626
Provision for contingencies	88	104	71,480	40,261
Provision for doubtful accounts (PCLD)			89,123	46,995
Monthly tuition fees to be billed / cancelled			44,060	20,390
Provision for retirement			7,013	6,231
Goodwill			(71,034)	(14,526)
Provision for Fies Risk			9,721	7,248
Recognized granted options	309	191	40,110	36,268
Leases			26,474	13,499
Business combination			(3,076)	
Goodwill incorporated			(11,290)	(11,290)
Depreciation	13	13	5,677	4,540
Tax loss			35,711	894
Other assets			786	
	<u>410</u>	<u>308</u>	<u>254,389</u>	<u>160,136</u>
Assets	410	308	258,743	163,025
Liabilities			(4,354)	(2,889)
	<u>410</u>	<u>308</u>	<u>254,389</u>	<u>160,136</u>

The realization of the deferred tax effect on temporary differences recorded at June 30, 2020, 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 retirement.

On June 30, 2020, 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.

As of June 30, 2020, the Company recorded tax credits arising from income tax loss and social contribution negative base amounting to R\$ 156,082 (R\$ 140,988 at December 31, 2019) that were not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

29 Commitments

The table below presents the required and non-cancelable annual minimum future payments related to the contractual obligations undertaken by the Company as of June 30, 2020 and December 31, 2019.

	Consolidated		
	Less than one year	Between one and five years	More than five years
Commitments as of June 30, 2020			
Campus leases / rental agreement	296,153	1,156,327	737,078
Commitments as of December 31, 2019			
Campus leases / rental agreement	208,371	708,406	408,864

* * *

EARNINGS RELEASE

2Q20

YDUQS



August 26th. 2020



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Índice de
Ações com Governança
Corporativa Diferenciada **IGC**

Índice de
Ações com Tag Along
Diferenciado **ITAG**

YDUQ3 | YDUQY

B3 ADR

Rio de Janeiro, August 26th, 2020 - **YDUQS Participações S.A.**, one of the largest one of the largest organizations in Brazil's higher education private sector, **presents its results for the second quarter of 2020 (2Q20).**

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 consolidated results account for the group Adtalem Brasil Holding Ltda referred to the months of May and June of 2020. In order to have a better comparison of the quarterly results, the Company has decided to release operational and financial information under a proforma format, excluding the effects of the acquisition of Adtalem when indicated.

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

EARNINGS CONFERENCE CALL

August 27th, 2020 | 9:00 a.m (EST)

+55 (11) 3137-8056

[Click here to access the WebCast](#)

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Visit our Website: <https://www.yduqs.com.br>



In this unusual quarter we could see how a series of decisions which once seemed conservative in the past now mattered. The path chosen to embrace the new post-FIES reality was also of great impact. Revenue growth in the three levers (DL, medicine and M&A) was double the losses from FIES in the quarter. **All of this took us to a fundamental robustness to make the right decisions thinking about the pandemic and the future of our institution.**

In the beginning of quarantine, we spent a few weeks focused on the short-term horizon, making sure that our community was protected and that our students continue studying. **In one week, we put everyone working from home and made 15,000 lessons a week feasible via Microsoft Teams to more than 300,000 on-campus students.** All professors began to teach classes at the same time they used to start on-campus. 94% of students considered the solution to be good or great, there were a 76% real time attendance, with other 5 to 10% of students watching the recorded lessons.

Once the situation was under control, we began to look at the mid-term horizon. We understand that we have a comfortable cash situation, which allowed us to secure full salaries of all employees, in addition to supporting students whose families were heavily impacted. We waived 29,000 monthly tuitions all over the country as we understood that the impact of helping those in need would be much greater than simply giving general discounts. The low variation of drop-out rate and the strong pace of renewals which we have been having show that the initiative was indeed correct. **In this quarter we reached our largest base in history (753 thousand students), with a 31% growth in student base when compared to the same quarter of the previous year.**

The impact from the pandemic and other non-recurring events was strong in the quarter, (R\$215 million), but looking at the recurring performance we have good figures which reinforce our conviction of a rapid resumption to the planned trajectory:

- Net revenue grew 11% vs 2Q19. The highlights were the DL segment (+44%) and medicine (+35%), as well as the first two months of incorporation of the Adtalem results;
- Adjusted EBITDA margin slightly dropped by 5 p.p, with a cash generation, which increased 48%, reaching R\$ 336 million.

Looking at the future, great FIES revenue reductions cease in 2020, making room for the strong growth which we have been having in the selected levers to have their deserved attention. In the DL segment we keep expanding, around 70% of our centers are still maturing and the pace of opening new ones remains intense – during the pandemic we opened 100! In the medicine segment, only four of our fifteen units are mature – the potential of the current portfolio is to triple the current base of 5,000 students. Not to mention authorizations for new operations. Regarding M&A, we have a solid cash position (R\$ 1.9 billion), low indebtedness 1.45x and a strong cash generation that enables us to evaluate other acquisitions, in line with the plan we have outlined. The three we have done in the last 9 months brought EV/EBITDA of 4-5x, post-synergies.

Our operational discipline and digital learning tools enable us to quickly and efficiently integrate.

The post-FIES and post-Covid world remains encouraging!

Thank you for your trust and support.

Eduardo Parente

CEO



(R\$ MM)	2Q19	2Q20	Δ%
Net Revenues	957.2	991.1	3.5%
Gross Profit	559.3	547.1	-2.2%
Gross Margin	58.4%	55.2%	-3.2 p.p.
EBITDA	342.0	111.2	-67.5%
EBITDA Margin (%)	35.7%	11.2%	-24.5 p.p.
Net Income	194.8	(79.5)	n.a.
Net Margin(%)	20.3%	n.a.	n.a.

Adjusted Net Revenues⁽²⁾	957.2	1,058.0	10.5%
Adjusted EBITDA⁽²⁾	342.0	326.6	-4.5%
Adjusted EBITDA Margin ⁽²⁾	35.7%	30.9%	-4.9 p.p.
Adjusted Net Income⁽²⁾	194.8	135.9	-30.2%
Adjusted Net Margin ⁽²⁾	20.3%	12.8%	-7.5 p.p.

The Company's 2Q20 results were marked by the following factors:

- **Consolidation of Adtalem:** Adtalem's results of two months (May and June) were included in YDUQS' consolidated figures.
- **Material temporary impacts:** The Covid-19 pandemic effects on revenue and costs, as well as on non-recurring items that impacted EBITDA for the quarter in R\$215.5 million.

Throughout the quarter, the Company remained focused on executing its contingency plan in response to the Covid-19 pandemic. The Company spared no efforts to maintain remote live digital classes, delivering the best experience possible for the more than 350 thousand on-campus students.

Regarding short-term challenges posed by the pandemic, the Company developed a series of initiatives and programs to secure student base, preserve financial strength and remain focused on the execution of its strategic plan, achieving significant results in all those fronts, as it can be seen in the highlights below:

Robust growth of the total student base:

+31% YoY

Stability in retention rate:

85% for on-campus

82% for DL

Healthy and positive Cash flow before capex:

R\$336 million

+48% YoY

Continuous expansion of revenue in the pillars of growth:

+44% for digital learning (YoY)

+35% for medicine (YoY)



(1) Adjusted for non-recurring items detailed on page 14.

Program

ESTÁCIO COM VOCÊ

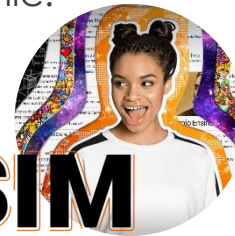
The **Estácio com você** Program is targeted at encouraging Estácio students, who are facing significant income loss due to the new Coronavirus pandemic, to continue studying. The program offers tuition exemption and/or payment flexibilization for eligible students, according to the rules ⁽¹⁾ available on the internet.

So far, the program has benefited **31 thousand students**, with around 29 thousand tuitions fully paid. It is important to highlight that 94% of students receiving the benefit have household income lower than R\$3,000/month.

COURSES AT NO CHARGE

To encourage students throughout Brazil, all YDUQS group's brands made available 100% online free courses. At **Estácio**, 26 courses were offered in the areas of Business and Management, Education, Culinary and Programming. The platform recorded over 1.5 million views throughout the pandemic.

RESOLVESIM



Resolve Sim is a digital learning platform, **100% free of charge**, developed in record timing to help students from public institutions to prepare for the ENEM national examination. The platform offers Ensiname quality and methodology and exclusive content from Eleva Educação. So far, over **700 thousand views** were recorded.

OUR COMMITMENT

Maintenance of full salaries for all employees. **Student benefits**, strategic partnerships with telecom companies and retailers to facilitate access to digital content

DECISIONS LAWS AND INJUNCTIONS IN COURT

During the pandemic and, particularly in 2Q20, the Company was impacted by a series of court decisions both in state and municipal spheres that resulted in the universal granting of discounts in the tuitions of higher education institutions.



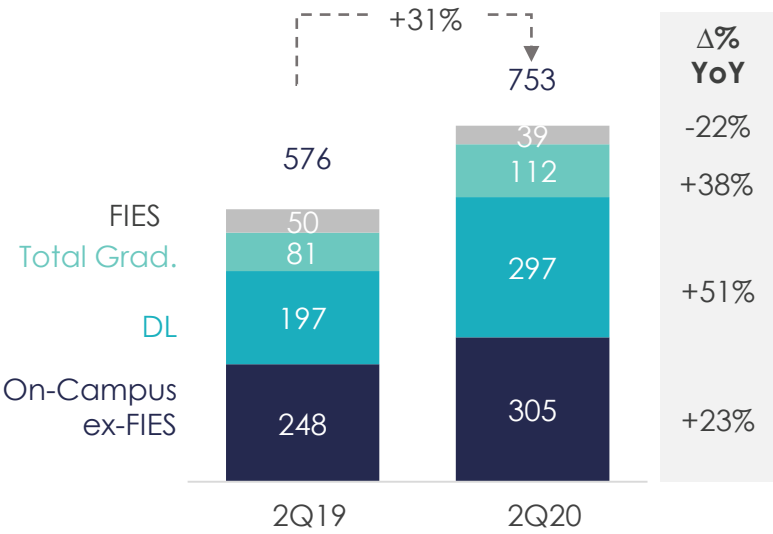
OPERATIONAL
DATA

YDUQS

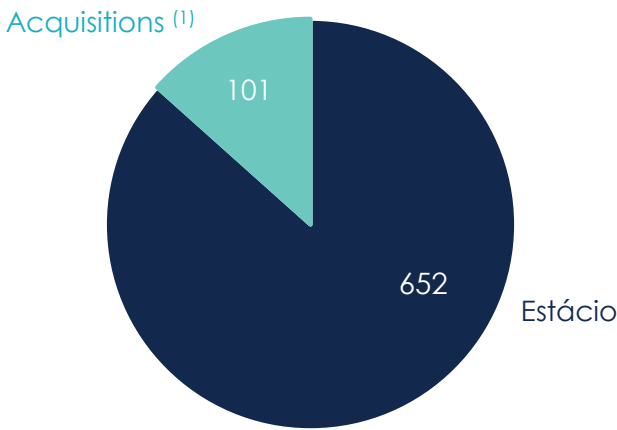


('000)	2Q19	2Q20	Δ%
Undergraduate	462.4	640.7	38.5%
On-Campus	298.0	343.8	15.4%
Acquisitions ⁽¹⁾	-	52.4	n.a.
Distance Learning	197.0	296.8	50.7%
Acquisitions ⁽¹⁾	-	7.8	n.a.
Graduate	81.4	112.2	37.7%
On-Campus	30.1	28.3	-5.9%
Acquisitions ⁽¹⁾	-	4.8	n.a.
Distance Learning	51.3	83.8	63.4%
Acquisitions ⁽¹⁾	-	35.9	n.a.
Total Base	576.4	752.8	30.6%
Total Base (ex-FIES)	526.6	713.9	35.6%
Total Base (ex-acquisitions)	576.4	652.0	13.1%

Detailed Student Base
(‘000)

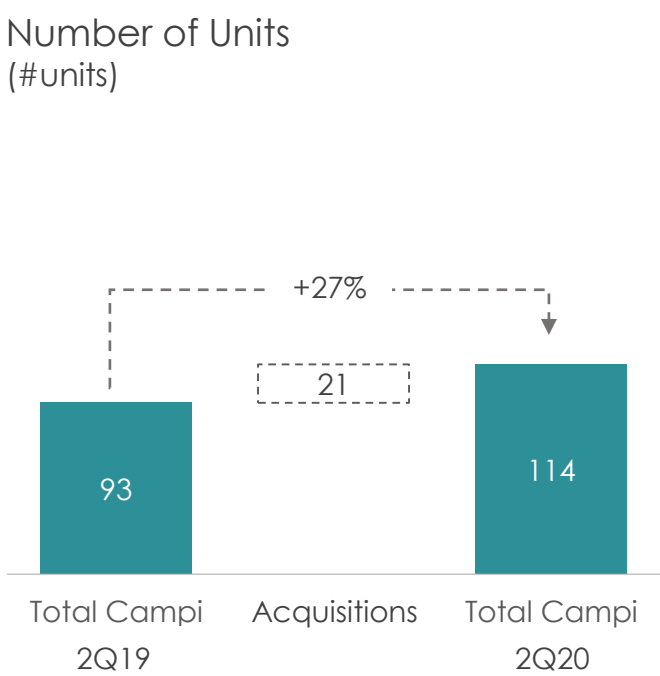
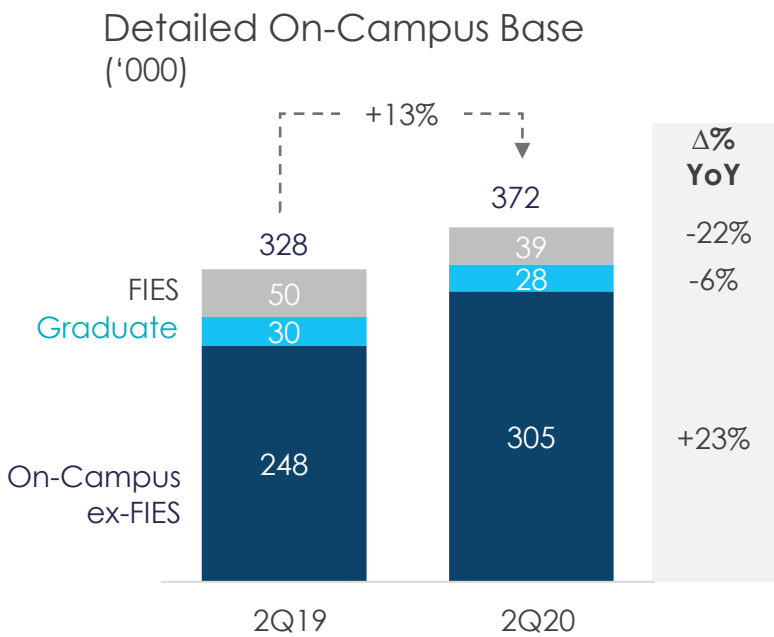


Total Student Base
(2Q20; ‘000)



(1) Refers to the acquisitions of Unitoledo and Adtalem. For more information, go to the student base table in appendix section.

('000)	2Q19	2Q20	Δ%
Total On-campus	328.1	372.2	13.4%
Undergraduate ex-FIES	248.1	304.9	22.9%
Undergraduate	298.0	343.8	15.4%
Out-of-pocket	233.4	295.3	26.5%
Acquisitions ⁽¹⁾	-	40.2	n.a.
DIS	106.6	137.5	29.0%
FIES	49.9	38.9	-22.0%
Acquisitions ⁽¹⁾	-	12.2*	n.a.
PAR	14.7	9.6	-34.7%
Graduate	30.1	28.3	-5.9%
Own	16.2	15.9	-1.5%
Acquisitions ⁽¹⁾	-	4.8	n.a.
Partnerships	14.0	12.4	-11.1%
Total On-Campus (ex-Acquisitions)	328.1	314.9	-4.0%
Number of Units	93	114	22.6%
Acquisitions ⁽¹⁾	-	21	n.a.



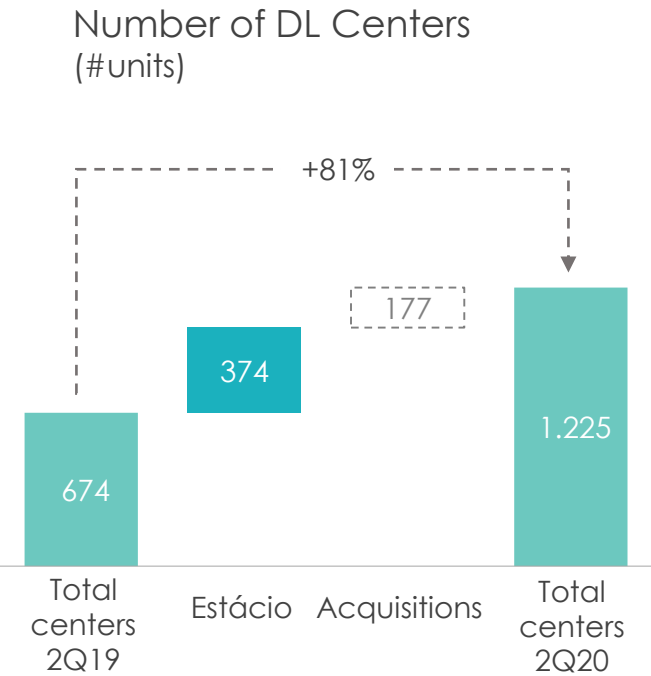
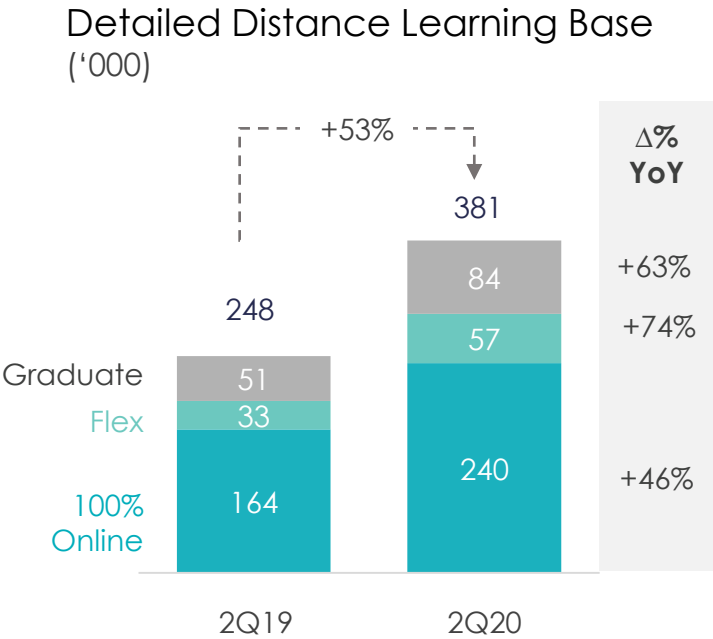
On-Campus: The segment ended 2Q20 with 372.2 thousand students, a 13.4% increase YoY, due to the acquisitions. Excluding the acquisitions effect, student base would have come to 314.9 thousand students, a 4.0% decrease YoY, due to the FIES student base reduction, largely offset by an increase in out-of-the-pocket students (ex-acquisitions), that ended the quarter with a 9.3% increase YoY.

FIES Impact: Excluding FIES students, on-campus undergraduate base increased by 23% in 2Q20. The share of FIES students decreased to 11% of on-campus undergraduate base in the quarter (vs. 17% in 1Q19).

Financing: DIS student base in 2Q20 increased 29.0% YoY, confirming the success of the 1S20 intake campaign. PAR students decreased by 34.7%, totaling 9.6 thousand students at 2Q20 end.

(1) This refers to the acquisitions of Unitoledo and Adtalem. For more information, go to the student base table in the appendix section.
* Including ~7,000 FIES students 50%.

('000)	2Q19	2Q20	Δ%
Total Distance-Learning	248.4	380.7	53.3%
Undergraduate	197.0	296.8	50.7%
100% online	164.5	240.3	46.1%
Acquisitions ⁽¹⁾	-	7.8	n.a.
Flex	32.6	56.6	73.6%
Graduate	51.3	83.8	63.4%
Own	18.7	55.0	194.5%
Acquisitions ⁽¹⁾	-	35.9	n.a.
Partnerships	32.6	28.8	-11.8%
Total DL (ex-acquisitions)	248.4	337.0	35.7%
DIS (DL Undergraduate)	110.3	182.2	65.1%
100% online	88.9	144.2	62.2%
Flex	21.4	38.0	77.4%
Operational Data			
Number of DL Centers	674	1,225	81.8%
Acquisitions ⁽¹⁾	-	177	n.a.
Covered Cities	497	750	50.9%



Distance Learning: Distance Learning segment remains at a strong expansion pace with over 380.7 thousand enrolled students in 2Q20, recording growth of 53.3% YoY as a result of an increase in the number of centers including acquisitions. Excluding the acquisitions effect, Distance Learning student base posted growth of 35.7% YoY, totaling 337 thousand students.

100% Online: Totalled 240.3 thousand students in 2Q20 up by 46.1% YoY. Excluding acquisitions, growth would be 41.4% YoY, totaling 232.5 thousand students.

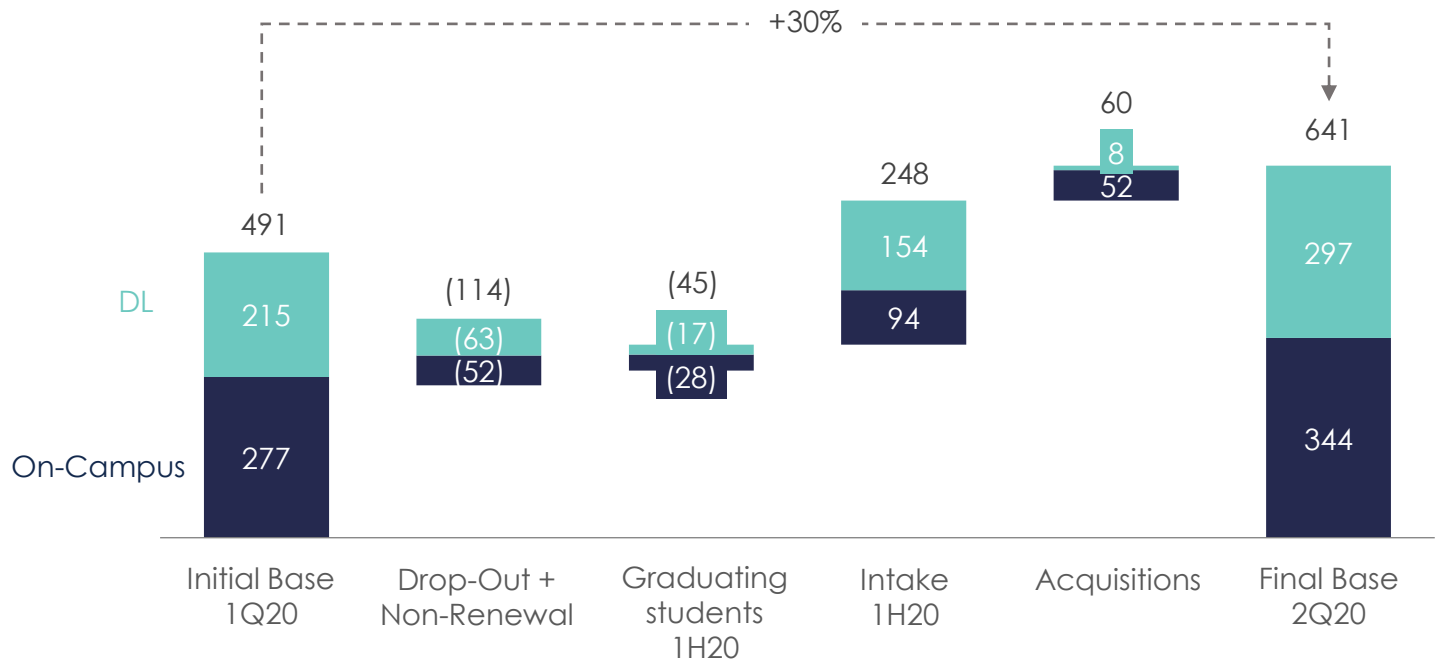
Flex: Flex student base posted a strong 73.6% growth YoY, totaling 56.6 thousand students. In 2S19, the Company began to offer part of its Flex Courses portfolio in partner centers, boosting student base growth.

Financing: In 2Q20, DIS Distance Learning student base came to 182.2 thousand students (+65.1% YoY).

(1) This refers to the acquisitions of Unitoledo and Adtalem. For more information, go to the student base table in the appendix section.

CHANGES IN THE UNDERGRADUATE BASE

Change per semester (ex-aquisitions)	1Q20	1H20	1H20	1H20	2Q20	
('000)	Initial Base	Graduating students	Drop-out + Non-renewal	Intake	Acquisitions	2Q20 (Including acquisitions)
Undergraduate	491.3	(45.5)	(114.5)	248.1	60.2	640.7
On-Campus	276.7	(27.7)	(51.6)	93.9	52.4	343.8
Out-of-pocket	222.2	(11.8)	(47.4)	92.2	40.2	295.3
FIES	42.0	(15.8)	(0.3)	0.8	12.2	38.9
PAR	12.5	-	(3.9)	0.9	-	9.6
DL	214.6	(16.8)	(62.9)	154.2	7.8	296.8
100% Online	179.3	(14.9)	(49.4)	117.6	7.8	240.3
Flex	35.4	(1.9)	(13.5)	36.6	-	56.6



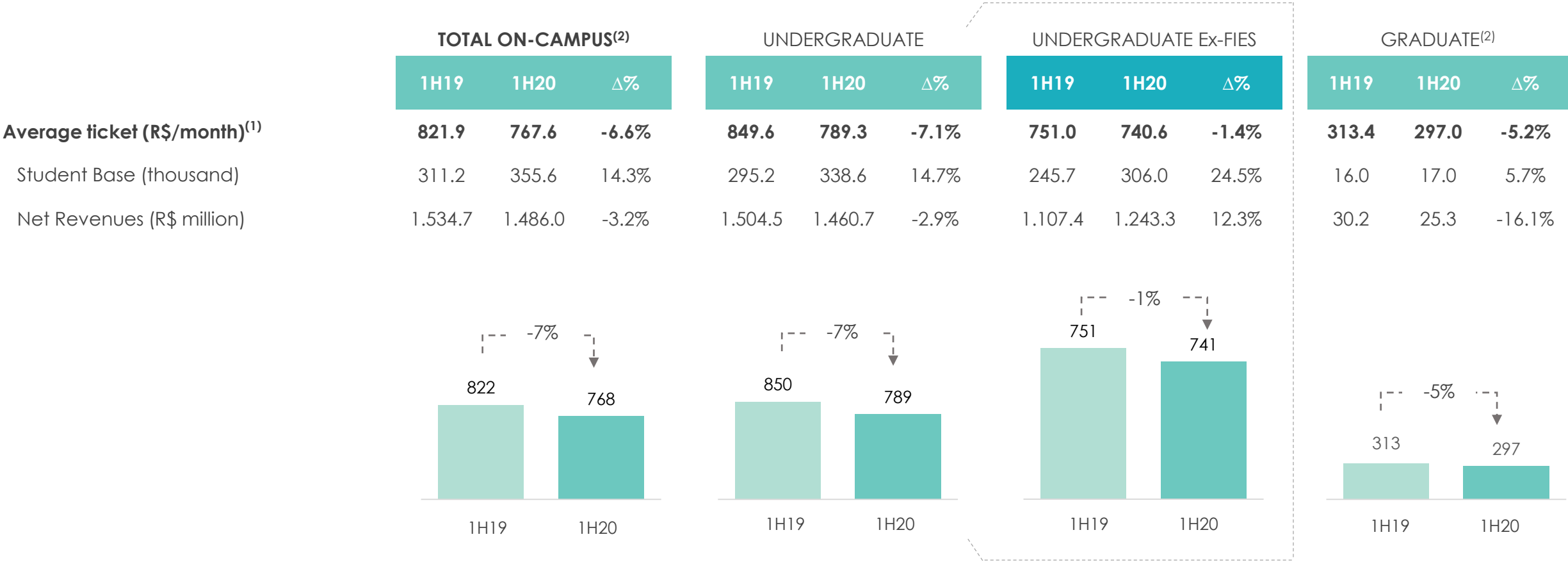
Retention Rate⁽¹⁾

Undergraduate	1H19	1H20	Δ%
On-Campus	86.0%	85.0%	-1.0 p.p.
DL	81.5%	82.1%	0.6 p.p.

In 1S20, **retention rate for on-campus segment** was 85.0%, down by 1 p.p. YoY. The **Distance Learning segment rate** ended the period at 82.1% for a 0.6% increase versus 1S19.

(1) Retention Rate: $[1 - ((\text{dropouts} + \text{non-renewal}) / (\text{renewable student base: initial student base} - \text{students graduating} + \text{intake}))]$. The retention rate calculation doesn't include Unitoledo+Adtalem's student base.

AVERAGE TICKET: ON-CAMPUS

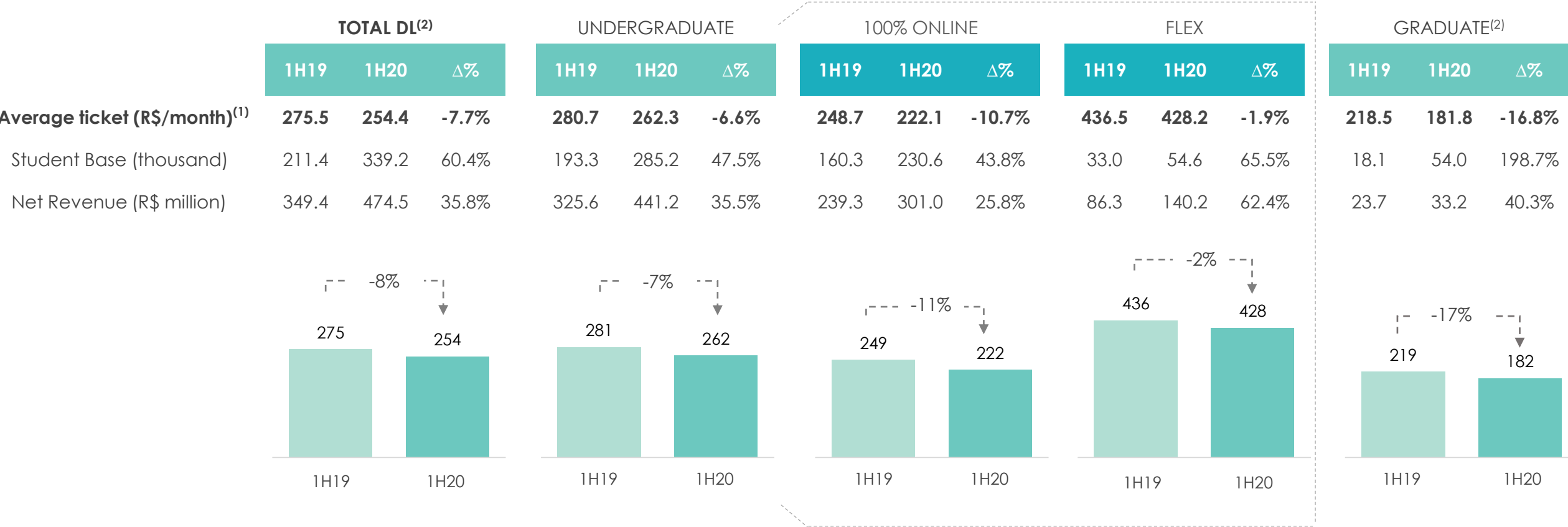


The on-campus average ticket totaled R\$767.6 in the semester, down by 6.6% YoY, mostly due to the FIES impact. Excluding the FIES, on-campus ticket would be stable at R\$741 (-1.4% YoY).

We emphasize that net revenues used to generate average ticket considers recent acquisitions (UniToledo and Adtale) and is adjusted for Covid's non-recurring effect.

(1) Average ticket = Net Revenue of the period x 1,000 / 6 / weighted student base considering acquisitions.
(2) In order not to distort the analysis, graduate student base and revenue from partners are excluded from the ticket calculation.

AVERAGE TICKET: DISTANCE LEARNING



The DL average ticket totaled R\$254.4 in the semester, down 7.7% compared to 1H19, impacted by the 100% online and graduate ticket (due to the incorporation of Damásio’s preparatory courses).

We emphasize that net revenues used to generate average ticket considers recent acquisitions (UniToledo and Adtalem) and is adjusted for Covid's non-recurring effect.

(1) Average ticket = Net Revenue of the period x 1,000 / 6 / weighted student base considering acquisitions.
(2) In order not to distort the analysis, graduate student base and revenue from partners are excluded from the ticket calculation.

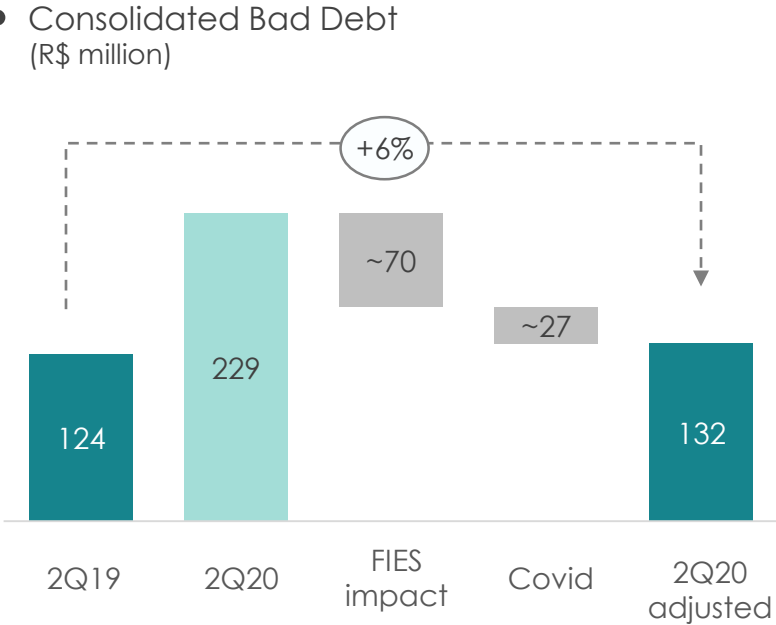
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NON-RECURRING EFFECTS IMPACTING EBITDA

Account	Description	EBITDA effect	Amount R\$ million
Revenue	Scholarships related to Estácio com Você program and discounts granted by laws and court decisions	-	67.5
Costs	Temporary reduction in physical infrastructure costs, MP 936 ⁽¹⁾ effect and organizational restructuring	+	14.7
Commercial	Provisions from past FIES renewals, additional to face Covid-19 and other	-	99.2
Expenses	Revision of judicial processes base with increase in contingencies	-	54.9
Expenses	M&A consulting, attorney's and legal fees and other	-	8.6



R\$215.5 MILLION
IMPACT ON EBITDA IN 2Q20

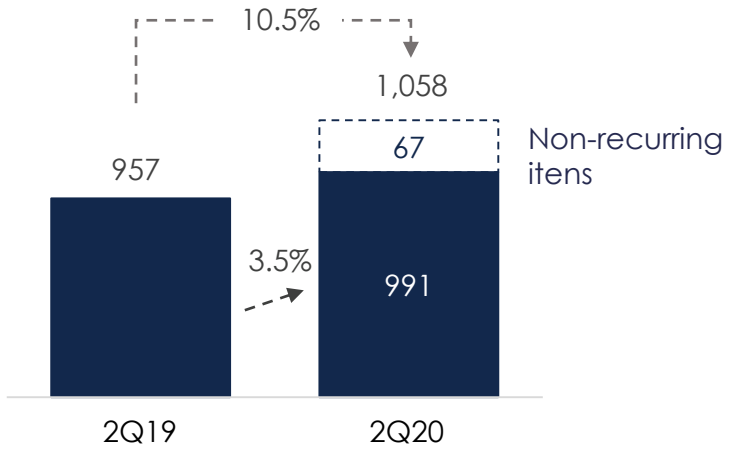
INCOME STATEMENT

(R\$ million)	2Q19	2Q20	YoY%	Non-recurring items ⁽¹⁾	2Q20 Adjusted	YoY%
Gross Revenue	1,654.2	2,021.5	22.2%	-	2,021.5	22.2%
Monthly tuition fees	1,642.8	2,008.6	22.3%	-	2,008.6	22.3%
Others	11.5	12.9	12.7%	-	12.9	12.7%
Deductions from gross revenue	(697.0)	(1,030.4)	47.8%	-	(1,030.4)	47.8%
Net Revenue	957.2	991.1	3.5%	67.5	1,058.6	10.6%
Cost of Services	(397.9)	(444.0)	11.6%	(14.7)	(458.7)	15.3%
Gross Profit	559.3	547.1	-2.2%	-	599.9	7.2%
<i>Gross Margin</i>	<i>58.4%</i>	<i>55.2%</i>	<i>-3.2 p.p.</i>	-	<i>56.7%</i>	<i>-1.8 p.p.</i>
Selling Expenses	(175.8)	(298.0)	69.5%	99.2	(198.8)	13.1%
G&A Expenses	(137.6)	(256.4)	86.3%	63.5	(192.9)	40.1%
Other Revenue/Expenses	2.8	(3.1)	n.a.	-	(3.1)	n.a.
(+) Depreciation and amortization	93.4	121.5	30.1%	-	121.5	30.1%
EBITDA	342.0	111.2	-67.5%	215.5	326.7	-4.5%
EBITDA Margin (%)	35.7%	11.2%	-24.5 p.p.	-	30.9%	-4.9 p.p.
Financial Result	(48.6)	(87.7)	80.3%	-	(87.7)	80.3%
Depreciation and amortization	(93.4)	(121.5)	30.1%	-	(121.5)	30.1%
Income Tax	(3.7)	13.5	n.a.	-	13.5	n.a.
Social Contribution	(1.5)	4.9	n.a.	-	4.9	n.a.
Net Income	194.8	(79.5)	n.a.	215.5	135.9	-30.2%
Net Margin	20.3%	n.a.	n.a.	-	12.8%	-7.5 p.p.

Adtalem Results	May + June R\$ million
Net Revenue	123.3
Costs and Expenses	(111.5)
(+) Depreciation and amortization	18.0
EBITDA	29.8
<i>EBITDA Margin</i>	<i>24.1%</i>

(R\$ million)	2Q19	2Q20	Δ%
Gross Operating Revenue	1,654.2	2,021.5	22.2%
Monthly Tuition Fees	1,642.8	2,008.6	22.3%
Others	11.5	12.9	12.7%
Gross Revenue Deductions	(697.0)	(1,030.4)	47.8%
Discounts and scholarships	(673.4)	(995.2)	47.8%
Taxes	(37.2)	(41.8)	12.3%
AVP and other deductions	13.6	6.6	-51.4%
Net Revenues	957.2	991.1	3.5%
On-Campus	779.7	736.0	-5.6%
DL	177.5	255.1	43.7%
Net Revenues (ex-FIES)	762.8	859.9	12.7%
On-Campus (ex-FIES)	585.3	604.8	3.3%
Adjusted Net Revenue ⁽¹⁾	957.2	1,058.6	10.6%
Net Revenue Proforma (ex-Adtalem)	957.2	867.8	-9.3%

Adjusted Net Revenues
(R\$ million)



In 2Q20, consolidated net revenue was R\$991.1 million, a growth of 3.5% YoY. Excluding the R\$123.3 million related to Adtalem's May and June revenue, proforma net revenue came to R\$867.8 million, a 9.3% decrease YoY, mainly impacted by:

- Granting of discounts in the amount of R\$67.5 million related to the “Estácio com você” scholarship program and laws and court decisions related to Covid-19. Excluding those effects, proforma revenue (ex-Adtalem) would have reached R\$935 million (-2% YoY);
- Reduction in on-campus revenue, severely impacted by the 53% decrease in FIES revenue.

Despite the effects mentioned above, we can see strong revenue performance indicators, such as:

- Maintenance of distance learning (+44% YoY) and medicine (+35% YoY) strong revenue growth;
- Revenue increase in on-campus segment of 3.3% YoY, excluding FIES students.

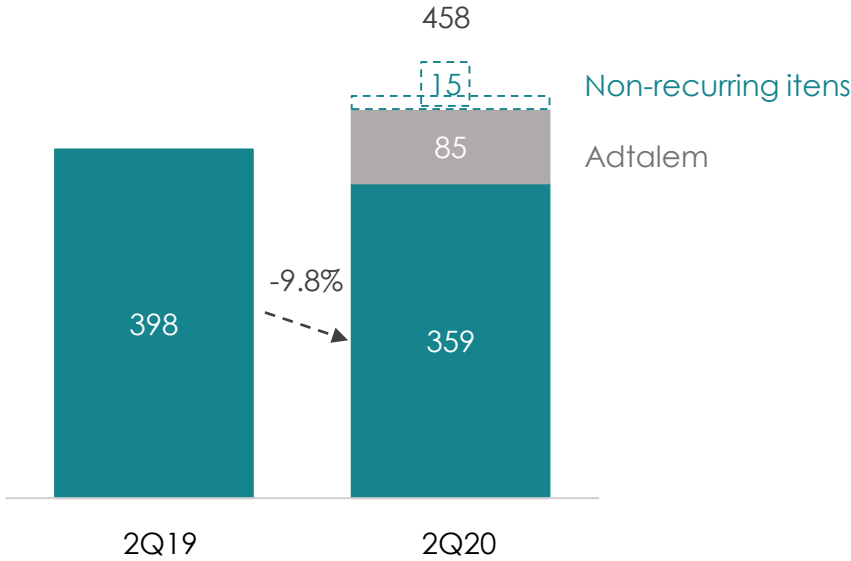
(R\$ million)	2Q19	2Q20	Δ%
Cost of Services	(397.9)	(444.0)	11.6%
Personnel	(279.4)	(306.7)	9.8%
Rent, taxes & other	(9.5)	(9.4)	-1.3%
Transfer of Centers & other	(14.4)	(28.7)	99.8%
Third-party services	(13.5)	(7.6)	-43.3%
Utilities ⁽¹⁾	(11.1)	(7.2)	-35.3%
D&A	(70.1)	(84.4)	20.5%
Gross Profit	559.3	547.1	-2.2%
Gross Margin	58.4%	55.2%	-3.2 p.p.

Non-recurring costs ⁽¹⁾	-	(14.7)	-
Adjusted Cost of Services	(397.9)	(458.7)	15.3%

Pro-Forma Analysis (ex-Adtalem)

Cost of Services	(397.9)	(359.1)	-9.8%
Adjusted Cost of Services	(397.9)	(370.6)	-6.9%

Adjusted Costs of Services
(R\$ million)



Cost of services was up by 11.6% in the quarter, year-on-year, due to a significant increase in costs with revenue sharing with DL centers due to the accelerated growth in distance learning. On the other hand, in proforma figures, cost of services was down by 9.8% YoY boosted by a decrease in personnel costs, an impact of the flexibilization of labor laws (2) due to COVID-19 and a reduction in infrastructure and maintenance costs.

In 2Q20, non-recurring costs positively impacted the results, totaling a savings of R\$14.7 million. Excluding such effect, **adjusted cost of services** would have come to R\$458.7 million, a 15.3% increase compared to the previous year.

Due to increased costs, **gross profit** posted a slight drop of 2.2% vs. 2Q19 and gross margin stood at 55.2% (-3.2 p.p. vs. 2Q19).

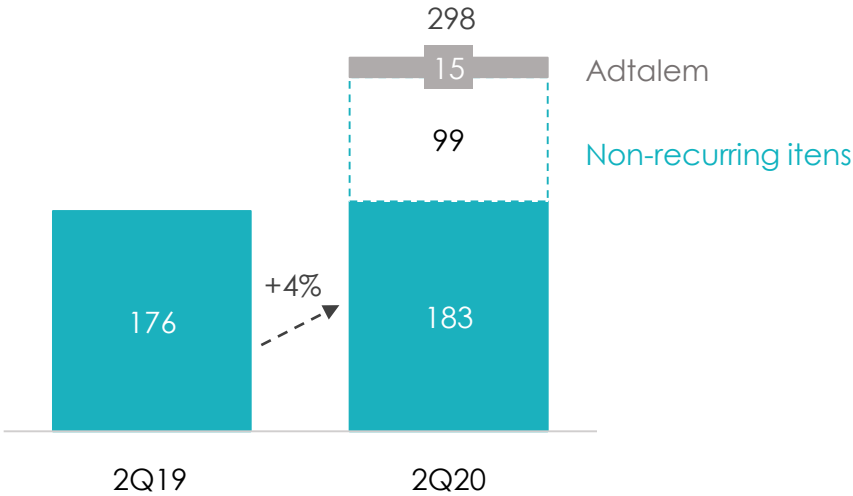
(1) Non-recurring items described on page 14.
(2) MP 936: Temporary easing measures for labor laws. Published in April/2020.

(R\$ million)	2Q19	2Q20	Δ%
Selling Expenses	(175.8)	(298.0)	69.5%
Bad Debt	(124.2)	(229.0)	84.4%
Out-of-pocket	(119.1)	(244.3)	105.0%
PAR – long term (50%)	(6.0)	7.0	n.a.
DIS – long term (15%)	0.9	8.3	n.a.
Advertising	(51.5)	(68.9)	33.9%
Others	(0.1)	(0.1)	-57.6%
Non-recurring selling expenses ⁽¹⁾	-	99.2	-
Adjusted Selling Expenses	(175.8)	(198.8)	13.1%

Pro-Forma Analysis (ex-Adtalem)

Selling Expenses	(175.8)	(282.6)	60.7%
Adjusted Selling Expenses	(175.8)	(183.4)	4.3%

Selling Expenses
(R\$ million)



In 2Q20, **selling expenses were up by 69.5% YoY**, impacted by an increase in expenses with provisions for doubtful accounts (bad debt) and greater advertising efforts to attract new students, especially with the incorporation of Adtalem.

Bad debt expenses increased by 84.4% YoY, due to a provision for losses from past FIES agreement amendments and the direct impact of COVID-19. Additionally, we can note a change in student base mix when compared to the previous year – greater volume of out-of-pocket students. Results were impacted in the out-of-pocket line, which also concentrates bad debt from PAR and DIS dropouts. **Excluding non-recurring impacts**, bad debt would have reached R\$129.8 million (+4.5% vs. 2Q19).

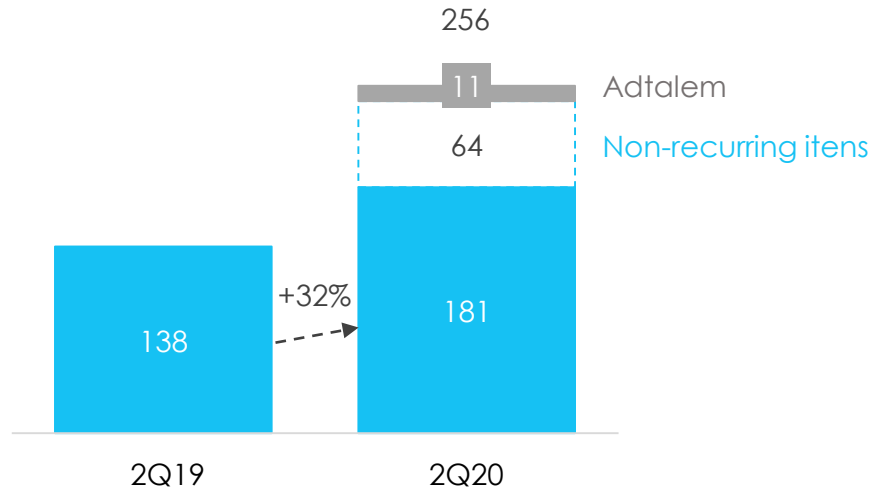
(1) Non-recurring items described on page 14.

(R\$ million)	2Q19	2Q20	Δ%
G&A Expenses	(137.6)	(256.4)	86.3%
Personnel	(39.5)	(71.8)	81.7%
Third-party services	(14.4)	(31.9)	120.9%
Provision/contingencies	(19.4)	(72.1)	270.6%
Maintenance & repairs	(12.4)	(11.4)	-8.1%
Other	(28.6)	(32.2)	12.7%
D&A	(23.3)	(37.1)	59.1%
Other revenue/expenses	2.8	(3.1)	n.a.
Non-recurring G&A Expenses ⁽¹⁾	-	63.5	-
Adjusted G&A Expenses	(137.6)	(192.9)	40.1%

Pro-Forma Analysis (ex-Adtalem)

G&A Expenses	(137.6)	(244.9)	77.9%
Adjusted G&A Expenses ⁽¹⁾	(137.6)	(181.4)	31.8%

G&A Expenses
(R\$ million)



In 2Q20, **general and administrative expenses were up by 86.3% YoY**. In proforma figures, such increase was slightly lower, up by 77.9% YoY. The main drivers of such result are listed below:

- New expenses related to the contingency plan for the COVID-19 crisis;
- Increase in third-party service expenses, including consulting services related to the integration of recent acquisitions;
- Increase in personnel expenses due to seasonality;

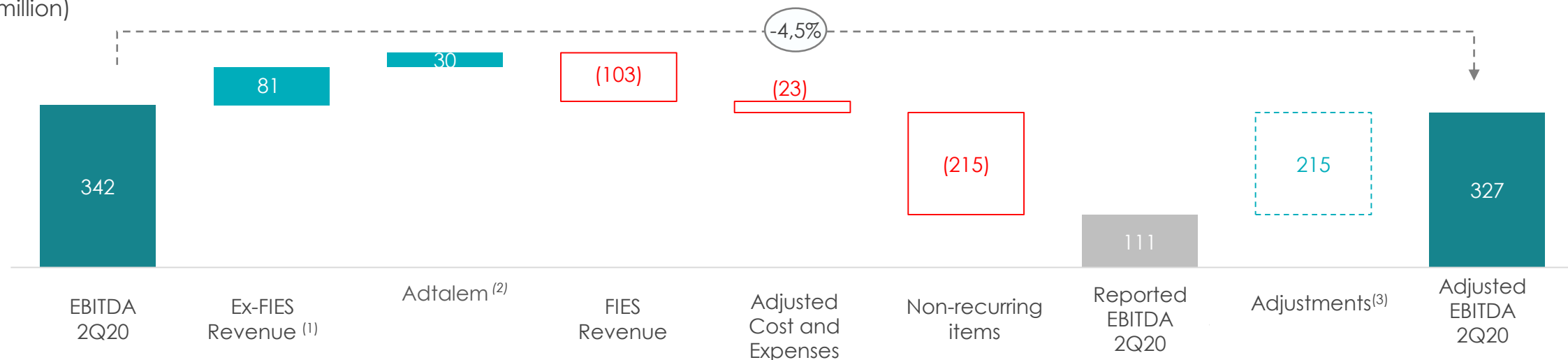
Non-recurring G&A expenses totaled R\$63.5 million in the quarter and are mainly related to the review of the lawsuit base with increased contingencies, M&A consultancies, attorney's fees and others. Excluding those non-recurring amounts, **adjusted general and administrative expenses would total R\$192.9 million** (+40.1% vs. 2Q19).

(R\$ million)	2Q19	2Q20	Δ%
Net Revenue	957.2	991.1	3.5%
Costs and Expenses	(708.6)	(1,001.4)	41.3%
(+) Depreciation and amortization	93.4	121.5	30.1%
EBITDA	342.0	111.2	-67.5%
EBITDA Margin (%)	35.7%	11.2%	-24.5 p.p.
Non-recurring items	-	148.0	n.a.
Temporary cost reduction	-	(14.7)	n.a.
Consulting and others	-	8.6	n.a.
Review of legal proceedings base	-	54.9	n.a.
Bad Debt	-	99.2	n.a.
Non-recurring Net Revenue	-	67.5	-
Adjusted EBITDA	342.0	326.7	-4.5%
Adjusted EBITDA margin (%)	35.7%	30.9%	-4.9 p.p.

In 2Q20, the Company's **EBITDA** totaled R\$111.2 million, 67.5% down on 2Q19 figures. Excluding non-recurring items, **adjusted EBITDA** would have reached R\$326.7 million in the quarter, a slight decrease of 4.5% versus 2Q19 and **adjusted EBITDA margin** of 30.9% (-4.9 p.p. YoY).

The impacts of COVID-19 remain as one of the main pressures on EBITDA. The higher number of discounts and scholarships granted during the pandemic and increased delinquency added to greater general and administrative expenses, mainly due to COVID-19 contingencies negatively impacted EBITDA in the second quarter of 2020.

Adjusted EBITDA and margin reconciliation (R\$ million)



(1) Impact of R\$67,5 million related to Covid.

(2) Adtalem results for the months of May and June/20.

(3) Considers Covid Impact on revenue and non-recurring items on costs and expenses.



(R\$ million)	2Q19	2Q20	Δ%
EBITDA	342.0	111.2	-67.5%
Financial Result	(48.6)	(87.7)	80.3%
Financial Revenue	21.5	63.8	197.0%
Fines and interest charged	3.5	7.1	100.4%
Investment revenue	12.2	10.7	-12.3%
Inflation adjustment & Others	5.7	46.0	702.9%
Financial Expenses	(70.1)	(151.5)	116.1%
Interest and financial charges	(18.8)	(47.6)	153.7%
Financial discounts	(13.0)	(21.7)	66.7%
Bank expenses	(9.9)	(3.2)	-67.4%
Adj. contingencies & other	(28.4)	(78.9)	178.2%
(+) Depreciation and amortization	(93.4)	(121.5)	30.1%
Profit before tax	200.1	(98.0)	n.a.
Income tax	(3.7)	13.5	n.a.
Social contribution	(1.5)	4.9	n.a.
Net Income	194.8	(79.5)	n.a.
Net Margin (%)	20.3%	n.a.	n.a.
Adjusted Net Income⁽¹⁾	194.8	135.9	-30.2%
Adjusted Net Income ⁽¹⁾	20.3%	12.8%	-7.5 p.p.

In 2Q20, **financial result** was at a worse level when compared to the same period the previous year due to a significant increase in expenses with contingencies to face the COVID-19 crisis and also due to an increase in payment of interest and fees of loans raised in past quarters.

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

Net Income totaled a loss of -R\$79.5 million in 2Q20, impacted by the reduction in EBITDA and increase in financial expenses.

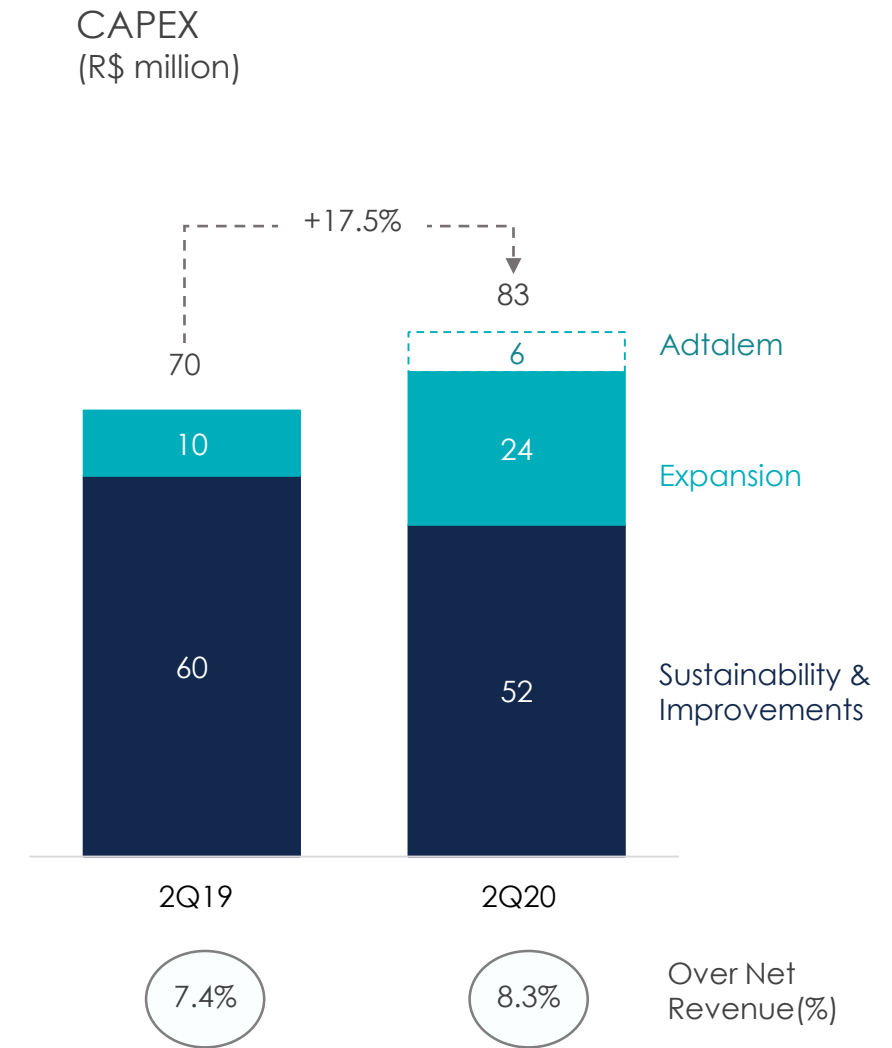
Excluding non-recurring items in EBITDA and Net Revenue, **Net Income** would have reached R\$135.9 million in the quarter, a decrease of 30.2% vs. 2Q19.



(R\$ million)	2Q19	2Q20	Δ%
Total Capex	70.4	82.7	17.5%
Sustainability & Improvements ⁽¹⁾	60.1	54.7	-8.9%
Expansion	10.3	28.0	171.8%
Capex over Net Revenue			
Total Capex (%)	7.4%	8.3%	1.0 p.p.
Sustainability & Improvements (%)	6.3%	5.5%	-0.8 p.p.
Total Capex Pro-forma (ex-Adtalem)	70.4	76.5	8.6%

In 2Q20, total **CAPEX** was R\$82.7 million, an increase of 17.5% versus 2Q19, mainly due to investments in the expansion of our business. In proforma figures, growth was smaller (+8.6% YoY) reaching R\$76.5 million in the quarter.

Investments related to expansion accounted for 34% of total CAPEX and are related to the construction of three units, including the newest and most modern medical school campus in Barra da Tijuca, valued at approximately R\$30 million. Despite representing 66% of total CAPEX, maintenance and improvement investments were down by 8.9% YoY.



(R\$ million)	2Q19	1Q20	2Q20
Monthly tuition fees received	1,106.7	1,154.8	1,496.4
Out-of-Pocket	647.6	579.0	1,015.4
Exchange Deals	27.7	12.3	24.7
PAR	195.2	211.2	186.6
DIS	236.2	352.4	269.7
FIES	280.2	178.6	200.7
Other	163.3	187.1	210.5
Gross Accounts Receivable	1,550.2	1,520.5	1,907.5

Bad Debt	(481.2)	(506.0)	(664.5)
Out-of-Pocket ⁽¹⁾	(360.1)	(363.2)	(537.0)
PAR (50%)	(86.2)	(94.8)	(87.8) (a)
DIS (15%)	(34.9)	(48.0)	(39.7) (b)
Amounts to be identified	(10.4)	(9.3)	(22.6)
Adjustment to presente value (AVP)⁽²⁾	(38.9)	(34.2)	(27.6)
APV PAR	(29.0)	(21.5)	(17.9) (c)
APV DIS	(9.9)	(12.7)	(9.6) (d)
Net Accounts Receivable	1,019.7	971.0	1,192.9

In 2Q20, **gross receivables** totaled R\$1,907.5 million, up by 23.1% versus 2Q19, mainly as a result of the 57% increase in out-of-the-pocket receivables.

Net receivables came to R\$1,192.9 million, up by 17.0% over 2Q19, due to the increase in gross receivables, offset by higher bad debt related to dropout and the non-renegotiation of students with financing (PAR and DIS).

PAR and DIS Reconciliation

(R\$ million)	PAR		DIS	
	2Q19	2Q20	2Q19	2Q20
Gross revenue paid in cash	22.5	15.9	2.9	4.6
Gross revenue paid in installments	36.8	17.3	36.2	50.2
Taxes – revenue deductions	(2.3)	(1.2)	(1.3)	(1.7)
Adjustment to Present Value (APV) ⁽²⁾	8.9	3.6 Δ(c)	4.7	3.1 Δ(d)
Bad Debt – long term (50%)	(6.0)	7.0 Δ(a)	0.9	8.3 Δ(b)
Bad Debt non-renegotiated dropouts	(23.0)	(25.9)	(26.7)	(27.9)
Bad Debt of Net Revenue (%)	0.6%	0.7%	0.1%	0.8%

(1) Includes short-term DIS and PAR installments and student balance dropout and non-renewal DIS/PAR.

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



AVERAGE TERM OF RECEIVABLES

Disclaimer: To better understand the results of the quarter, the Company chose to disclose the PMR in a proforma format, excluding the effects of the acquisition of Adtalem.

(R\$ million)	2Q19	2Q20	Δ%
Consolidated Average Term of Receivables			
Net Accounts Receivable	1,019.7	969.2	-5.0%
Net Revenue (LTM)	3,609.8	3,466.3	-4.0%
Average Receivables Days	102	101	-1.0%
FIES Average Term of Receivables			
FIES Accounts Receivable	280.2	146.8	-47.6%
FIES Revenue (LTM)	867.9	555.8	-36.0%
FGEDUC deductions (LTM)	(68.8)	(46.6)	-32.3%
Taxes (LTM)	(33.3)	(20.8)	-37.7%
FIES Net Revenue (LTM)	765.9	488.5	-36.2%
FIES Average Receivables Days	132	108	-18.2%
Non-FIES Average Term of Receivables			
Net Accounts Receivable (ex-APV)	1,019.7	969.2	-5.0%
Accounts Receivable Non-FIES	739.6	822.5	11.2%
Net Revenue Non-FIES (LTM)	2,843.9	2,977.8	4.7%
Non-FIES Average Receivables Days	94	99	5.3%

Consolidated ATR reached 101 days, down one day when compared to 2Q19, following the decrease in net receivables.

FIES ATR totaled 108 days, a 18.2% decrease or 24 days over the same period of the previous year.

Ex-FIES ATR totaled 99 days in 2Q20, up by 5.3% over 2Q19.

Aging of Total Gross Accounts Receivable⁽¹⁾

Vertical Analysis

(R\$ million)	2Q19	2Q20	Δ%	2Q19 (%)	2Q20 (%)
FIES	280.2	200.7	-28.4%	18%	11%
Not yet due	653.7	795.0	21.6%	42%	42%
Overdue up to 30 days	106.9	274.3	156.7%	7%	14%
Overdue from 31 to 60 days	104.1	95.0	-8.7%	7%	5%
Overdue from 61 to 90 days	78.3	86.0	9.9%	5%	5%
Overdue from 91 to 179 days	90.9	160.5	76.6%	6%	8%
Overdue more than 180 days	236.2	296.0	25.3%	15%	16%
Gross Accounts Receivable	1,550.2	1,907.5	23.1%	100%	100%

Aging of Agreements Receivable⁽²⁾

Vertical Analysis

(R\$ million)	2Q19	2Q20	Δ%	2Q19 (%)	2Q20 (%)
Not yet due	28.4	30.3	6.6%	40%	29%
Overdue up to 30 days	7.1	5.8	-17.8%	10%	6%
Overdue from 31 to 60 days	5.1	5.7	11.0%	7%	6%
Overdue from 61 to 90 days	4.6	5.9	28.5%	6%	6%
Overdue from 91 to 179 days	8.6	12.4	44.2%	12%	12%
Overdue more than 180 days	17.9	42.7	138.8%	25%	42%
Agreements Receivable	71.7	102.8	43.3%	100%	100%

FIES: Changes of Accounts Receivable

(R\$ million)	2Q19	2Q20	Δ%
Opening balance	226.2	178.4	-21.1%
FIES Revenue	219.5	172.8	-21.3%
Transfer	(277.9)	(80.6)	-71.0%
Provision for FIES	(16.9)	(11.0)	-35.1%
Loss	-	(69.6)	n.a.
Closing balance	150.9	190.1	25.9%

FIES: Changes of Accounts Receivable

(R\$ million)	2Q19	2Q20	Δ%
Opening balance	1.3	0.2	-86.3%
Transfer	277.9	80.6	-71.0%
Payment of taxes	(24.5)	(18.1)	-26.4%
Buyback in auctions	(125.4)	(54.8)	-56.3%
Acquired	-	2.7	n.a.
Closing balance	129.2	10.5	-91.8%

CASH POSITION

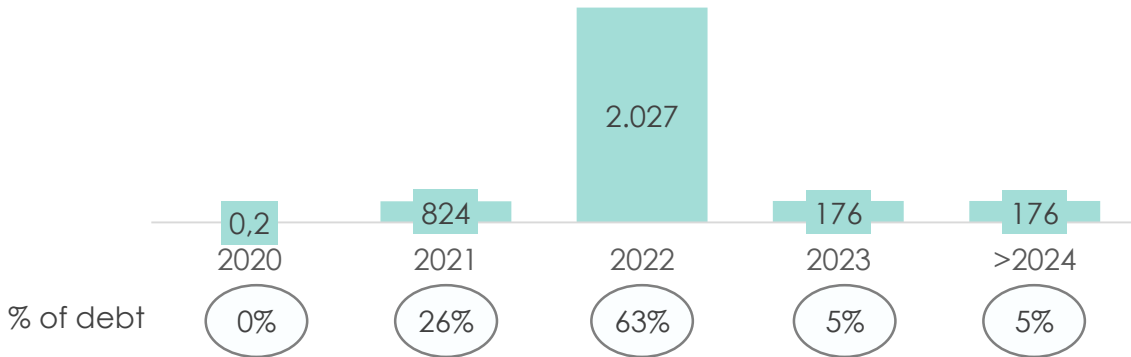
(R\$ million)	2Q19	2Q20	Δ%
(-) Cash and cash equivalents [a]	(718.3)	(1,907.4)	166%
Gross debt [b]	1,926.9	4,666.0	142%
Loans	688.7	3,229.2	369%
Leasing	1,205.8	1,330.1	10%
Commitments payable (M&A)	32.4	106.8	229%
Net Debt [b+a]	1,208.6	2,758.7	128%
Net Debt (excluding leasing)/EBITDA (12M) ⁽¹⁾	0.0x	1.45x	n.a.

- **Cash & cash equivalents** totaled R\$1,907.4 million in 2Q20, up by 166% YoY, due to new loans issued to finance the Company's recent acquisitions and to strengthen the Company solid cash position in a moment of uncertainties brought by the COVID-19 crisis.
- **Gross debt (excluding leasing)** ended the quarter at R\$3,336.0 million.
- In 2Q20, excluding the leasing from gross debt, the net **debt/EBITDA ratio** stood at 1.45x.

DEBT

Debt Type (R\$ million)	Date of Issue	Due Date	Cost	Balance to pay (principal + interest)	% of total
Bond V (1ª series)	feb-19	feb-22	CDI + 0.59%	253.5	8%
Bond V (2ª series)	feb-19	feb-24	CDI + 0.79%	355.2	11%
Loans Citi (1ª series)	feb-20	feb-21	CDI + 0.60%	174.0	5%
Loans Citi (2ª series)	feb-20	feb-22	CDI + 0.70%	653.7	20%
Loans Santander	mar-20	mar-22	CDI + 1.09%	506.9	16%
Itaú Promissory Note (1ª series)	mar-20	mar-22	CDI + 2.50%	354.9	11%
FINEP	feb-15	jan-25	TJLP + 0.50%	2.8	0%
Itaú Promissory Note (2ª series)	apr-20	mar-21	CDI + 2.50%	151.9	5%
Loans Citi	apr-20	apr-22	CDI + 2.75%	76	2%
Bradesco Promissory Note	apr-20	apr-21	CDI + 2.70%	354.3	11%
Loans Santander	apr-20	apr-21	CDI + 3.69%	101.3	3%
Loans Bank ABC	apr-20	apr-21	CDI + 3.85%	50.5	2%
Loans Bank Safra	jun-20	jun-22	CDI + 2.80%	200.2	6%
Loans	-	-	CDI + 1.58%	3,235.2	100%

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



(1) Excluding from gross debt the leasing values for IFRS-16; REPORTED EBITDA, accumulated in the last 12 months.

Athenas Group Acquisition

- On July 27th, 2020, the **acquisition of Athenas Grupo Educacional** was completed, after the CADE (the Brazilian Antitrust Authority) granted final approval on July 20th, 2020.
- The **transaction amounted to R\$120 million**, R\$106 million of which paid in cash and the remaining amount, R\$14 million, will be paid on the 5th anniversary of the closing date. Additionally, the acquisition includes an earn-out clause for medicine courses at R\$600 thousand per authorized seat, totaling a potential amount of R\$180 million, to be paid after the 1st intake cycle of each course.
- The acquisition's **strategic rationale** is to **reach more influence regions (RICs)** identified in our strategic planning, in addition to being located in regions of relevant economic growth, such as the Midwest and North of Brazil.

- Athenas Group has **5 institutions**, with over **9 thousand students** and a portfolio of over **60 undergraduate, technical and graduate courses**.



- In addition to having outstanding academic quality, excellent infrastructure and reach in areas that record high growth in the on-campus segment, Athenas Group presents a significant Distance Learning opportunity and has great potential in the Medicine segment.

Growth Potential

- Distance Learning (DL):** Authorization to open around **300 centers/year**
 - Medicine:** Potential to open **300 seats/year**

APPENDIX

YDUQS



DETAILS ON THE SEATS OFFERING IN MEDICAL SCHOOL

2Q20							Expectation in full potential ⁽¹⁾	
Unit	State	Type	Operation Start	Status	Authorized/Qualified seats p/y ⁽²⁾	Student Base ⁽³⁾	Authorized seats p/y ⁽²⁾	Student Base ⁽³⁾
Presidente Vargas	RJ	Organic	1998.2	Matured	240	1,561	240	1,728
João Uchoa/Città	RJ	Organic	2014.1	Matured	170	864	170	1,224
Juazeiro do Norte	CE	Organic	2000.1	Matured	100	700	100	720
Ribeirão Preto	SP	Organic	2015.1	In maturity	76	498	76	547
Facid	PI	Organic	2001	Matured	110	630	110	792
Alagoinhas	BA	MM I	2017.2	In maturity	65	163	165	1,188
Angra dos Reis	RJ	MM I	2018.1	In maturity	55	210	155	1,116
Jaraguá do Sul	SC	MM I	2018.1	In maturity	50	114	150	1,080
Juazeiro	BA	MM I	2018.1	In maturity	155	329	155	1,116
Canindé	CE	MM II	2020.2	Implementation phase (qualified)	50	-	150	1,080
Castanhal	PA	MM II	2021.1		50	-	150	1,080
Quixadá	CE	MM II	2021.1		50	-	150	1,080
Iguatu	CE	MM II	2021.2		50	-	150	1,080
Açailândia	MA	MM II	2021.1		50	-	150	1,080
Ji-Paraná	RO	MM II	2021.2		50	-	150	1,080
Total					1,321	5,069	2,221	15,991

In 2Q20, Adtalem's incorporation was completed, adding 210 medicine seats/year to YDUQS's portfolio. Out of this total, 100 seats will be under the Mais Médicos II program.

The total medicine base in 2Q20 totaled 5,069 students, a 32% growth versus the same period the previous year. When we exclude the effect of Adtalem's acquisition (Facid Unit), this growth was 16%.

(1) Assuming expansion of maximum capacity of granted seats for each one of the Mais Médicos units.
(2) Authorized seats do not include ProUni (+10%) and FIES (+10%) students.
(3) As for Student base, it considers ProUni, FIES and scholarships for Mais Médicos units.



INCOME STATEMENT BY BUSINESS UNIT: QUARTER

YDUQS

2Q20

In IFRS-16

	On-Campus			Distance-Learning			Corporate			Consolidated		
(R\$ million)	2Q19	2Q20	Δ%	2Q19	2Q20	Δ%	2Q19	2Q20	Δ%	2Q19	2Q20	Δ%
Gross Revenues	1,336.3	1,503.2	12.5%	318.0	518.3	63.0%	-	-	-	1,654.2	2,021.5	22.2%
Deductions from Gross Revenue	(556.6)	(767.2)	37.8%	(140.4)	(263.2)	87.4%	-	-	-	(697.0)	(1,030.4)	47.8%
Net Revenues	779.7	736.0	-5.6%	177.5	255.1	43.7%	-	-	-	957.2	991.1	3.5%
Cost of Services	(375.6)	(399.6)	6.4%	(22.3)	(44.4)	99.6%	-	-	-	(397.9)	(444.0)	11.6%
Personnel	(267.8)	(288.8)	7.8%	(11.5)	(17.8)	54.5%	-	-	-	(279.4)	(306.7)	9.8%
Rents, municipal property tax & other	(10.2)	(9.4)	-8.7%	0.7	(0.0)	n.a.	-	-	-	(9.5)	(9.4)	-1.3%
Third-party services and Others	(28.4)	(18.4)	-35.3%	(10.5)	(25.1)	138.7%	-	-	-	(38.9)	(43.5)	11.7%
Depreciation and amortization	(69.2)	(83.0)	20.0%	(0.9)	(1.4)	57.3%	-	-	-	(70.1)	(84.4)	20.5%
Gross Profit	404.1	336.4	-16.7%	155.3	210.7	35.7%	-	-	-	559.3	547.1	-2.2%
Gross Margin	51.8%	45.7%	-6.1 p.p.	87.5%	82.6%	-4.9 p.p.	-	-	-	58.4%	55.2%	-3.2 p.p.
Selling and G&A Expenses	(151.6)	(302.1)	99.3%	(30.0)	(53.4)	77.9%	(129.1)	(201.9)	56.5%	(310.7)	(557.4)	79.4%
Personnel	(3.2)	(7.6)	137.7%	(3.3)	(4.5)	36.2%	(33.0)	(59.7)	80.7%	(39.5)	(71.8)	81.7%
Advertising	-	-	n.a.	-	-	n.a.	(51.5)	(68.9)	33.9%	(51.5)	(68.9)	33.9%
Bad Debt	(100.9)	(188.6)	86.9%	(23.3)	(40.4)	73.4%	-	-	n.a.	(124.2)	(229.0)	84.4%
Other expenses	(44.3)	(94.1)	112.4%	(2.9)	(7.9)	169.4%	(24.9)	(48.6)	95.0%	(72.2)	(150.6)	108.7%
Depreciation and amortization	(3.2)	(11.8)	267.0%	(0.5)	(0.7)	25.9%	(19.6)	(24.7)	26.0%	(23.3)	(37.1)	59.1%
Operating Profit	252.5	34.3	-86.4%	125.3	157.3	25.6%	(129.1)	(201.9)	56.5%	248.7	(10.3)	n.a.
Operating Margin(%)	32.4%	4.7%	-27.7 p.p.	70.5%	61.7%	-8.9 p.p.	-	-	-	26.0%	n.a.	n.a.
Reported EBITDA	324.8	129.1	-60.3%	126.7	159.4	25.8%	(109.5)	(177.3)	61.9%	342.0	111.2	-67.5%
EBITDA margin (%)	41.7%	17.5%	-24.1 p.p.	71.4%	62.5%	-8.9 p.p.	-	-	-	35.7%	11.2%	-24.5 p.p.
Adjusted EBITDA⁽¹⁾	-	-	-	-	-	-	-	-	-	342.0	326.7	-4.5%
Adjusted EBITDA margin ⁽¹⁾ (%)	-	-	-	-	-	-	-	-	-	35.7%	30.9%	-4.9 p.p.



(1) Adjusted for non-recurring items detailed on page 14.

BALANCE SHEET

(R\$ million)	2Q19	1Q20	2Q20
Current Assets	1,618.9	3,332.0	3,047.2
Cash and cash equivalents	19.4	10.4	20.4
Marketable securities	698.8	2,535.2	1,887.0
Accounts receivable	813.1	641.7	955.8
Stock	-	-	1.3
Advances to employees/third-parties	7.3	12.1	6.1
Prepaid expenses	11.5	16.4	15.8
Taxes and contributions	58.0	68.9	105.0
Swap differential receivable	-	32.8	43.0
Others	10.7	14.5	12.8
Non-Current Assets	3,945.3	4,303.8	6,247.1
Long-Term Assets	661.7	917.5	927.9
Swap differential receivable long term	-	121.9	155.0
Accounts receivable	206.6	329.3	237.0
Prepaid expenses	5.0	4.7	5.9
Judicial deposits	80.1	76.5	96.9
Taxes and contributions	192.7	183.1	159.5
Deferred taxes	165.6	190.3	258.7
Others	11.8	11.8	14.9
Permanent Assets	3,283.5	3,386.3	5,319.2
Investments	0.2	0.3	0.3
Property and equipment	1,862.8	1,764.8	2,343.8
Intangible assets	1,420.4	1,621.2	2,975.0
Total Assets	5,564.2	7,635.8	9,294.3

(R\$ million)	2Q19	1Q20	2Q20
Current Liabilities	650.0	977.7	2,052.4
Loans and financing	83.6	216.3	896.4
Leasing	165.5	146.3	204.9
Suppliers	122.0	170.1	226.9
Salaries and payroll charges	199.7	176.9	377.9
Tax liabilities	32.4	62.0	101.7
Prepaid monthly tuition fees	11.5	15.7	45.5
Advance of the current agreement	1.8	3.3	3.4
Taxes paid in installments	3.0	3.6	3.4
Acquisition price to be paid	17.4	21.7	30.9
Dividends Payable	0.0	153.5	153.5
Others	13.0	8.4	8.0
Long-Term Liabilities	1,880.5	3,382.7	4,042.7
Loans and Financing	605.0	2,227.0	2,540.4
Contingencies	145.5	119.1	210.2
Leasing	1,040.3	905.0	1,125.2
Advance of agreement	16.1	27.2	26.4
Taxes paid in installments	6.0	10.6	10.1
Provision for asset demobilization	27.9	27.8	28.7
Deferred taxes	3.6	2.3	4.4
Acquisition price to be paid	15.0	42.3	75.9
Others	21.2	21.3	21.4
Shareholders' Equity	3,033.7	3,275.4	3,199.1
Capital	1,139.9	1,139.9	1,139.9
Share issue costs	(26.9)	(26.9)	(26.9)
Capital reserves	666.5	678.4	670.7
Earnings reserves	1,016.6	1,509.3	1,509.3
Period result	435.6	167.9	88.3
Treasury shares	(198.1)	(193.2)	(182.3)
Total Liabilities and Shareholders' Equity	5,564.2	7,635.8	9,294.3



CASH FLOW STATEMENT

(R\$ million)	2Q19	2Q20	Δ%
Profit before taxes	200.1	(98.0)	n.a.
Adjustments to reconcile profit	259.1	499.1	92.6%
Result after reconciliation to net cash generated	459.2	401.1	-12.6%
Changes in assets and liabilities	(231.8)	(65.4)	-71.8%
Operating Cash Flow before Capex	227.3	335.8	47.7%
Acquisition of property and equipment	(42.7)	(36.0)	-15.8%
Acquisition of intangible assets	(27.6)	(46.8)	69.3%
Cash flow from investment activities	(0.5)	(1.740.7)	n.a.
Operating Cash Flow after Capex	156.5	(1,487.7)	n.a.
Cash flow from financing activities	(324.0)	849.5	n.a.
Free Cash Flow	(167.5)	(638.2)	281.0%
Cash at the beginning of the year	885.8	2.545.6	187.4%
Increase (decrease) in cash and cash equivalents	(167.5)	(638.2)	281.0%
Cash at the end of the year	718.3	1.907.4	165.6%
Adjusted EBITDA for Non-recurring items	342.0	326.7	-4.5%
Adjusted Operating Cash Flow before Capex /Adjusted EBITDA	66.5%	102.8%	36.3 p.p.

(1) Adjustment of non-recurring expenses, detailed on page 14.

OPERATING DATA– Student base by brand



(‘000)

Total Base – 2Q20	652.0	96.1	4.8	752.8
On-Campus	314.9	52.4	4.8	372.1
Undergraduate	291.4	48.1	4.4	343.8
Out-of-pocket	255.1	36.1	4.1	295.3
FIES	26.7	11.9	0.3	38.9
PAR	9.6	-	-	9.6
Graduate	23.6	4.4	0.4	28.3
Distance-Learning	337.0	43.7	-	380.7
Undergraduate	289.0	7.8	-	296.8
100% online	232.5	7.8	-	240.3
Flex	56.6	-	-	56.6
Graduate	48.0	35.9	-	83.8
DIS	319.7	-	-	319.7
On-Campus	137.5	-	-	137.5
100% online	144.2	-	-	144.2
Flex	38.0	-	-	38.0



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