

# EARNINGS RELEASE

## 2Q20

# YDUQS



August 26<sup>th</sup>. 2020



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# YDUQ3 | YDUQY

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Rio de Janeiro, August 26<sup>th</sup>, 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 27<sup>th</sup>, 2020 | 9:00 a.m (EST)**

+55 (11) 3137-8056

[Click here to access the WebCast](#)

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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%
<b>Net Revenues</b>	<b>957.2</b>	<b>991.1</b>	<b>3.5%</b>
<b>Gross Profit</b>	<b>559.3</b>	<b>547.1</b>	<b>-2.2%</b>
Gross Margin	58.4%	55.2%	-3.2 p.p.
<b>EBITDA</b>	<b>342.0</b>	<b>111.2</b>	<b>-67.5%</b>
EBITDA Margin (%)	35.7%	11.2%	-24.5 p.p.
<b>Net Income</b>	<b>194.8</b>	<b>(79.5)</b>	<b>n.a.</b>
Net Margin(%)	20.3%	n.a.	n.a.

<b>Adjusted Net Revenues<sup>(2)</sup></b>	<b>957.2</b>	<b>1,058.0</b>	<b>10.5%</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>342.0</b>	<b>326.6</b>	<b>-4.5%</b>
Adjusted EBITDA Margin <sup>(2)</sup>	35.7%	30.9%	-4.9 p.p.
<b>Adjusted Net Income<sup>(2)</sup></b>	<b>194.8</b>	<b>135.9</b>	<b>-30.2%</b>
Adjusted Net Margin <sup>(2)</sup>	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 <sup>(1)</sup> 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.



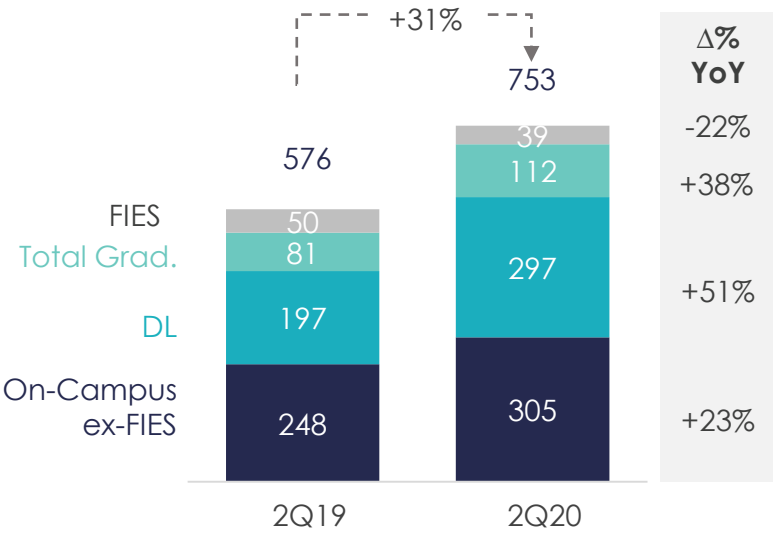
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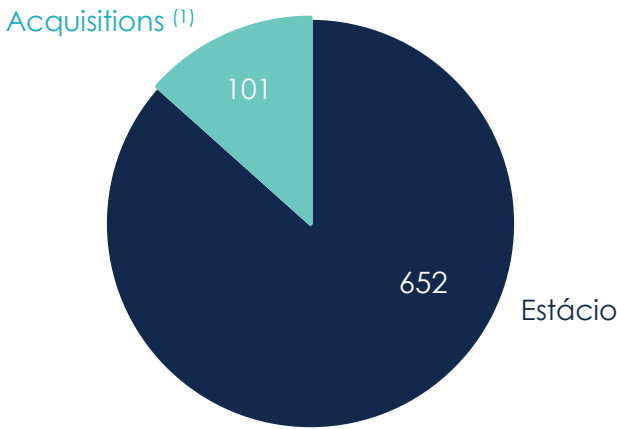


('000)	2Q19	2Q20	Δ%
<b>Undergraduate</b>	<b>462.4</b>	<b>640.7</b>	<b>38.5%</b>
On-Campus	298.0	343.8	15.4%
Acquisitions <sup>(1)</sup>	-	52.4	n.a.
Distance Learning	197.0	296.8	50.7%
Acquisitions <sup>(1)</sup>	-	7.8	n.a.
<b>Graduate</b>	<b>81.4</b>	<b>112.2</b>	<b>37.7%</b>
On-Campus	30.1	28.3	-5.9%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

Detailed Student Base  
(‘000)

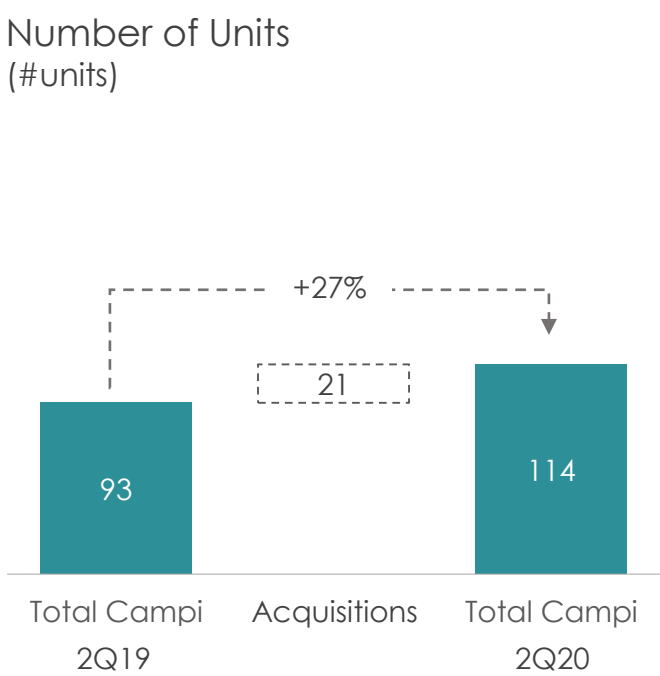
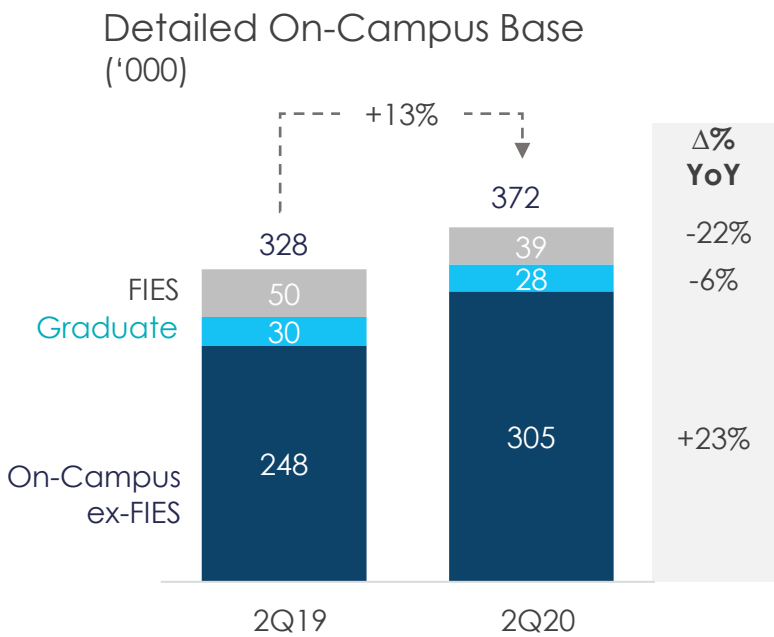


Total Student Base  
(2Q20; ‘000)



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

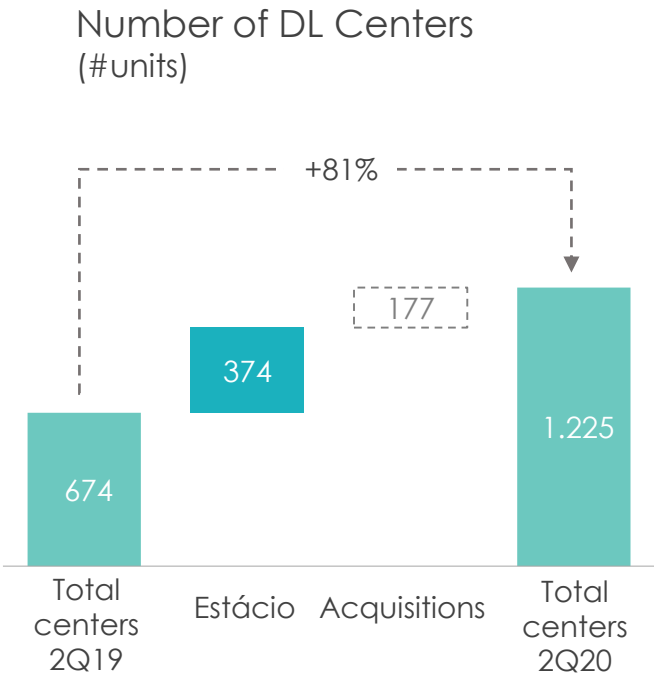
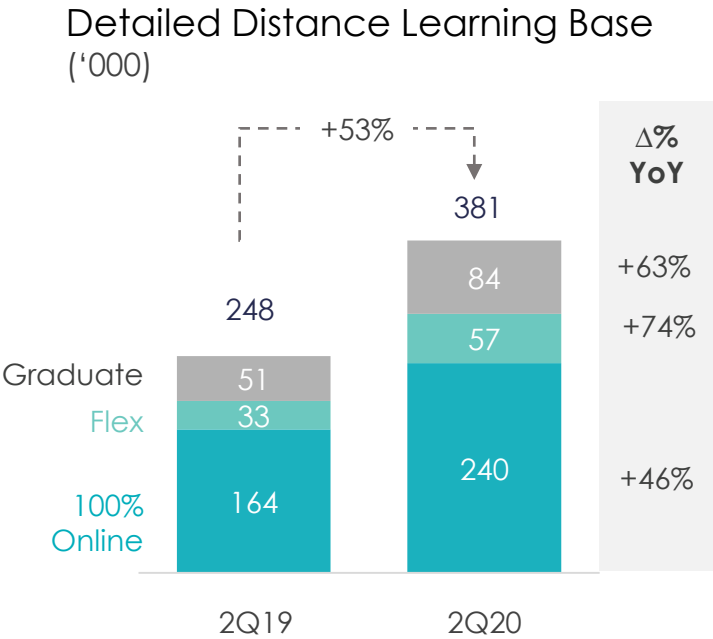
**FIES Impact:** Excluding FIES students, on-campus undergraduate base increased by 23% in 2Q20. The share of FIES students decreased to 11% of on-campus undergraduate base in the quarter (vs. 17% in 1Q19).

**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%
<b>Total Distance-Learning</b>	<b>248.4</b>	<b>380.7</b>	<b>53.3%</b>
<b>Undergraduate</b>	<b>197.0</b>	<b>296.8</b>	<b>50.7%</b>
100% online	164.5	240.3	46.1%
Acquisitions <sup>(1)</sup>	-	7.8	n.a.
Flex	32.6	56.6	73.6%
<b>Graduate</b>	<b>51.3</b>	<b>83.8</b>	<b>63.4%</b>
Own	18.7	55.0	194.5%
Acquisitions <sup>(1)</sup>	-	35.9	n.a.
Partnerships	32.6	28.8	-11.8%
<b>Total DL (ex-acquisitions)</b>	<b>248.4</b>	<b>337.0</b>	<b>35.7%</b>
<b>DIS (DL Undergraduate)</b>	<b>110.3</b>	<b>182.2</b>	<b>65.1%</b>
100% online	88.9	144.2	62.2%
Flex	21.4	38.0	77.4%
<b>Operational Data</b>			
Number of DL Centers	674	1,225	81.8%
Acquisitions <sup>(1)</sup>	-	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:** Totaled 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.

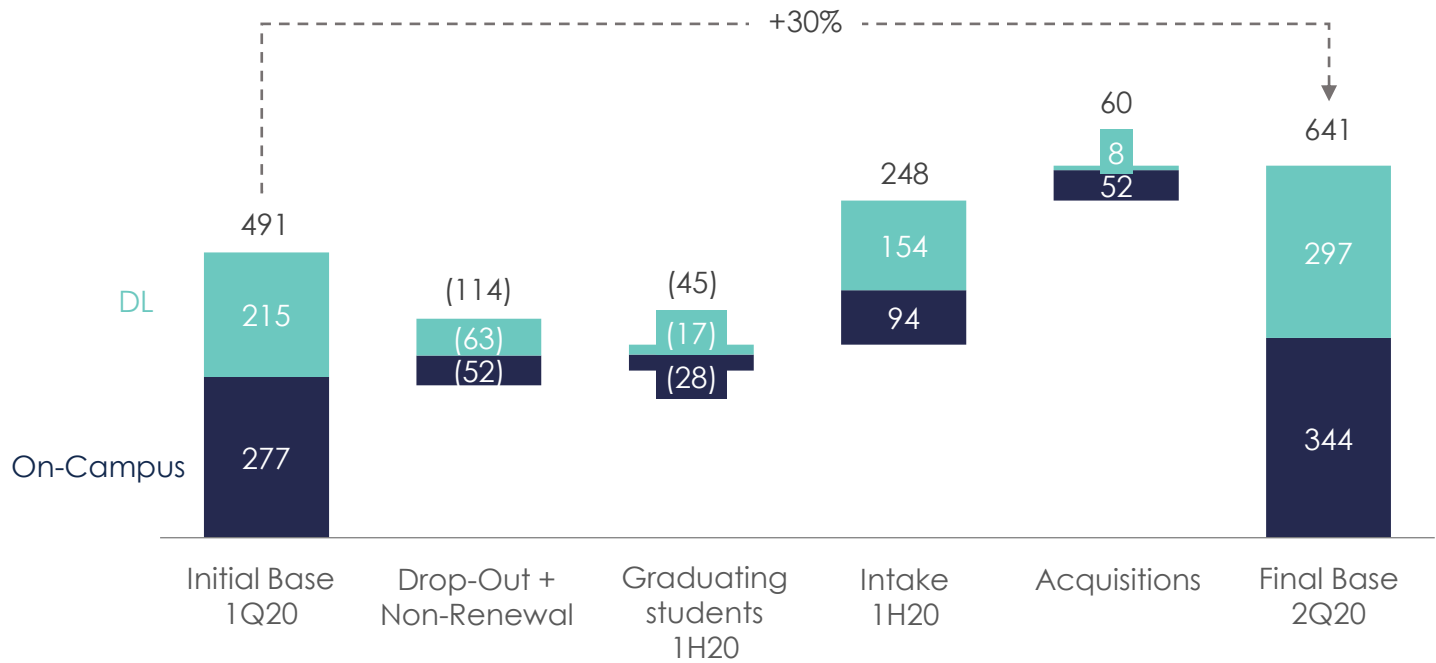
**Financing:** In 2Q20, DIS Distance Learning student base came to 182.2 thousand students (+65.1% YoY).



(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)
<b>Undergraduate</b>	<b>491.3</b>	<b>(45.5)</b>	<b>(114.5)</b>	<b>248.1</b>	<b>60.2</b>	<b>640.7</b>
<b>On-Campus</b>	<b>276.7</b>	<b>(27.7)</b>	<b>(51.6)</b>	<b>93.9</b>	<b>52.4</b>	<b>343.8</b>
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
<b>DL</b>	<b>214.6</b>	<b>(16.8)</b>	<b>(62.9)</b>	<b>154.2</b>	<b>7.8</b>	<b>296.8</b>
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



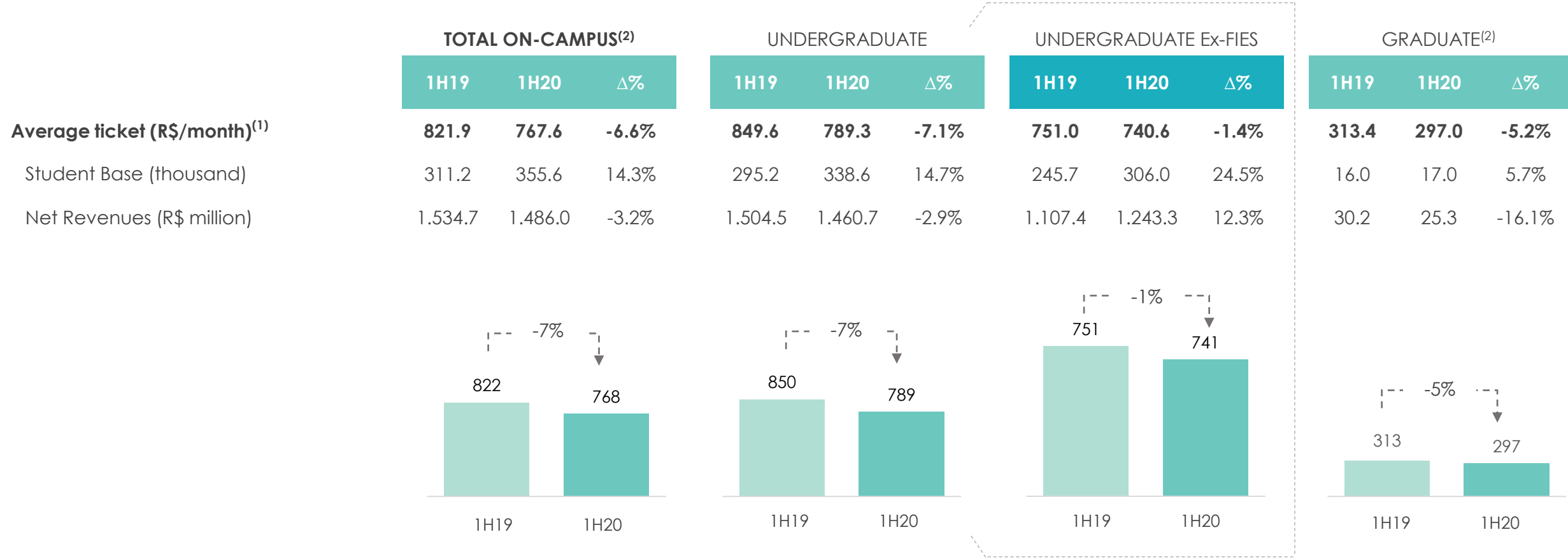
## Retention Rate<sup>(1)</sup>

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

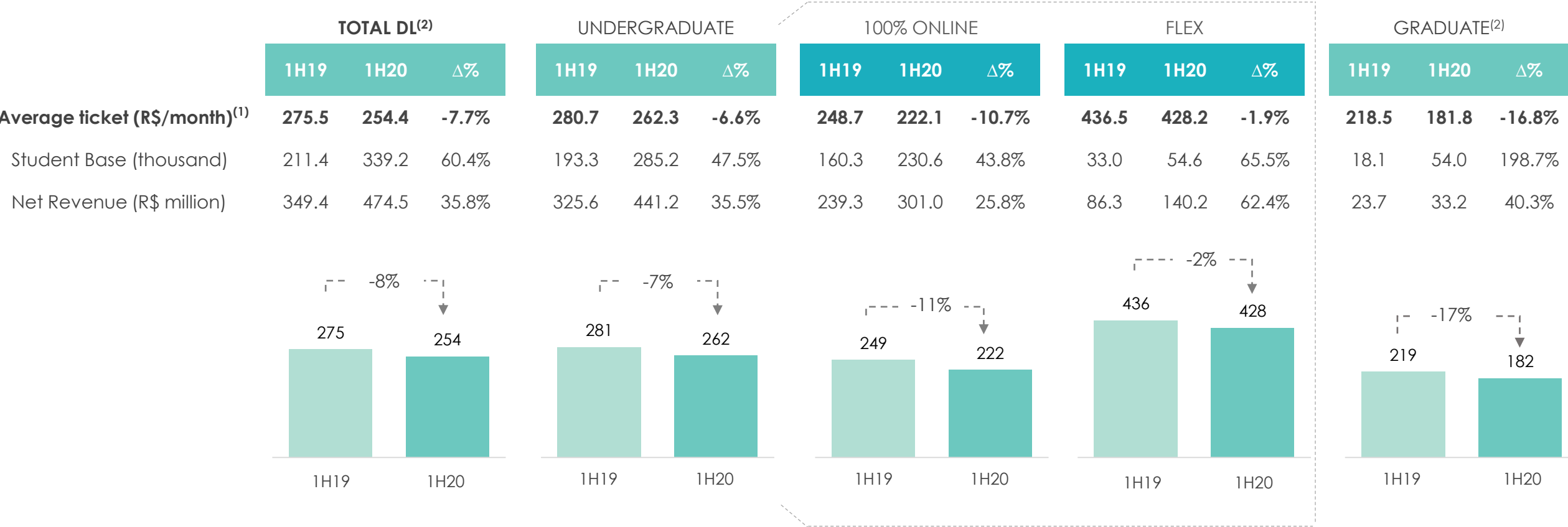


The on-campus average ticket totaled R\$767.6 in the semester, down by 6.6% YoY, mostly due to the FIES impact. Excluding the FIES, on-campus ticket would be stable at R\$741 (-1.4% YoY).

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.

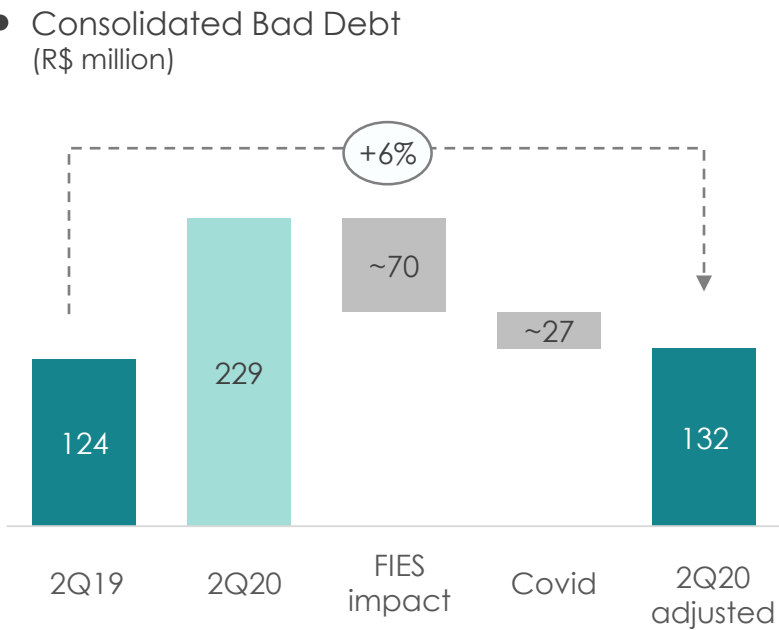
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# NON-RECURRING EFFECTS IMPACTING EBITDA

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 <sup>(1)</sup> 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

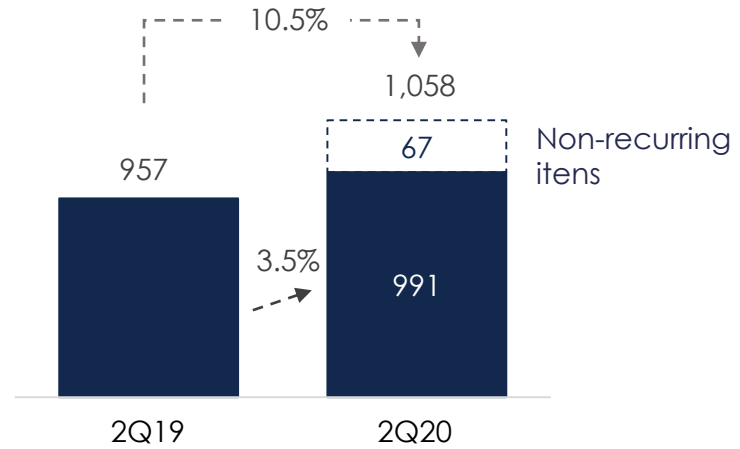
# INCOME STATEMENT

(R\$ million)	2Q19	2Q20	YoY%	Non-recurring items <sup>(1)</sup>	2Q20 Adjusted	YoY%
<b>Gross Revenue</b>	<b>1,654.2</b>	<b>2,021.5</b>	<b>22.2%</b>	-	<b>2,021.5</b>	<b>22.2%</b>
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%
<b>Net Revenue</b>	<b>957.2</b>	<b>991.1</b>	<b>3.5%</b>	<b>67.5</b>	<b>1,058.6</b>	<b>10.6%</b>
Cost of Services	(397.9)	(444.0)	11.6%	(14.7)	(458.7)	15.3%
<b>Gross Profit</b>	<b>559.3</b>	<b>547.1</b>	<b>-2.2%</b>	-	<b>599.9</b>	<b>7.2%</b>
<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%
<b>EBITDA</b>	<b>342.0</b>	<b>111.2</b>	<b>-67.5%</b>	<b>215.5</b>	<b>326.7</b>	<b>-4.5%</b>
EBITDA Margin (%)	35.7%	11.2%	-24.5 p.p.	-	30.9%	-4.9 p.p.
<b>Financial Result</b>	<b>(48.6)</b>	<b>(87.7)</b>	<b>80.3%</b>	-	<b>(87.7)</b>	<b>80.3%</b>
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.
<b>Net Income</b>	<b>194.8</b>	<b>(79.5)</b>	<b>n.a.</b>	<b>215.5</b>	<b>135.9</b>	<b>-30.2%</b>
Net Margin	20.3%	n.a.	n.a.	-	12.8%	-7.5 p.p.

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

(R\$ million)	2Q19	2Q20	Δ%
<b>Gross Operating Revenue</b>	<b>1,654.2</b>	<b>2,021.5</b>	<b>22.2%</b>
Monthly Tuition Fees	1,642.8	2,008.6	22.3%
Others	11.5	12.9	12.7%
<b>Gross Revenue Deductions</b>	<b>(697.0)</b>	<b>(1,030.4)</b>	<b>47.8%</b>
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%
<b>Net Revenues</b>	<b>957.2</b>	<b>991.1</b>	<b>3.5%</b>
On-Campus	779.7	736.0	-5.6%
DL	177.5	255.1	43.7%
<b>Net Revenues (ex-FIES)</b>	<b>762.8</b>	<b>859.9</b>	<b>12.7%</b>
On-Campus (ex-FIES)	585.3	604.8	3.3%
<b>Adjusted Net Revenue <sup>(1)</sup></b>	<b>957.2</b>	<b>1,058.6</b>	<b>10.6%</b>
<b>Net Revenue Proforma (ex-Adtalem)</b>	<b>957.2</b>	<b>867.8</b>	<b>-9.3%</b>

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.



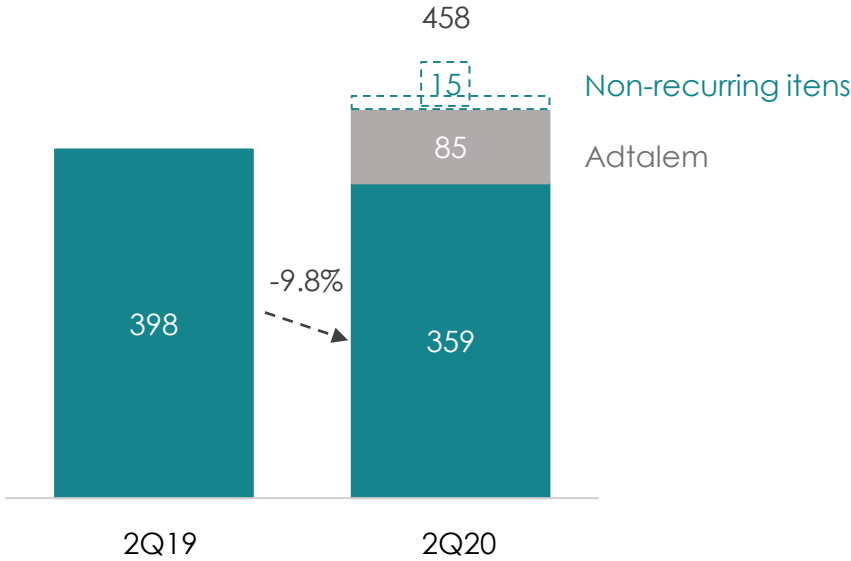
(R\$ million)	2Q19	2Q20	Δ%
<b>Cost of Services</b>	<b>(397.9)</b>	<b>(444.0)</b>	<b>11.6%</b>
Personnel	(279.4)	(306.7)	9.8%
Rent, taxes & other	(9.5)	(9.4)	-1.3%
Transfer of Centers & other	(14.4)	(28.7)	99.8%
Third-party services	(13.5)	(7.6)	-43.3%
Utilities <sup>(1)</sup>	(11.1)	(7.2)	-35.3%
D&A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

Non-recurring costs <sup>(1)</sup>	-	(14.7)	-
<b>Adjusted Cost of Services</b>	<b>(397.9)</b>	<b>(458.7)</b>	<b>15.3%</b>

*Pro-Forma Analysis (ex-Adtalem)*

<b>Cost of Services</b>	<b>(397.9)</b>	<b>(359.1)</b>	<b>-9.8%</b>
<b>Adjusted Cost of Services</b>	<b>(397.9)</b>	<b>(370.6)</b>	<b>-6.9%</b>

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.

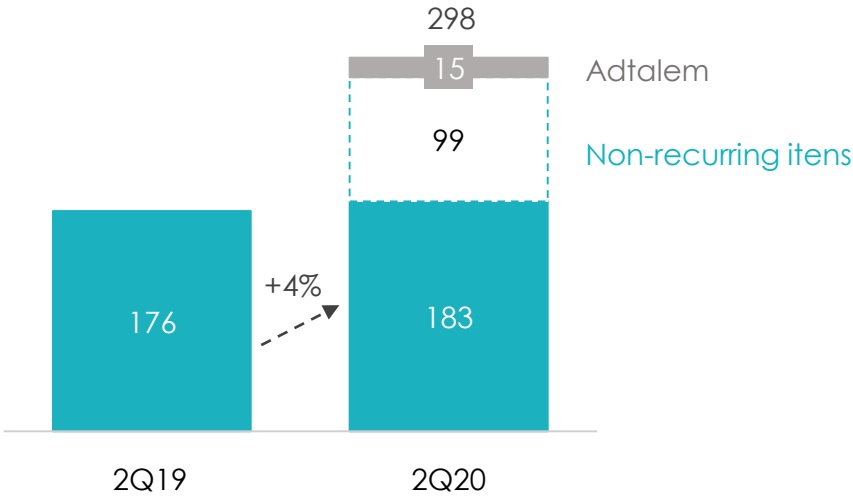
(2) MP 936: Temporary easing measures for labor laws. Published in April/2020.

(R\$ million)	2Q19	2Q20	Δ%
<b>Selling Expenses</b>	<b>(175.8)</b>	<b>(298.0)</b>	<b>69.5%</b>
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 <sup>(1)</sup>	-	99.2	-
<b>Adjusted Selling Expenses</b>	<b>(175.8)</b>	<b>(198.8)</b>	<b>13.1%</b>

*Pro-Forma Analysis (ex-Adtalem)*

<b>Selling Expenses</b>	<b>(175.8)</b>	<b>(282.6)</b>	<b>60.7%</b>
<b>Adjusted Selling Expenses</b>	<b>(175.8)</b>	<b>(183.4)</b>	<b>4.3%</b>

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.

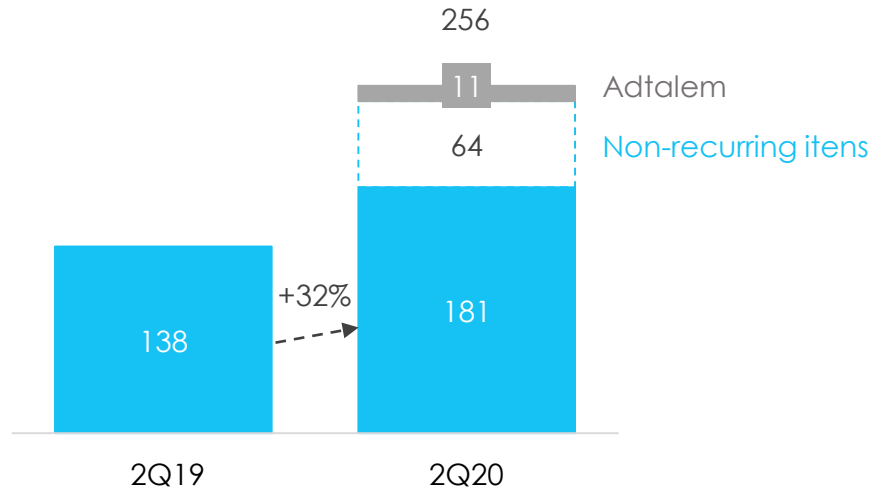
# GENERAL AND ADMINISTRATIVE EXPENSES

(R\$ million)	2Q19	2Q20	Δ%
<b>G&amp;A Expenses</b>	<b>(137.6)</b>	<b>(256.4)</b>	<b>86.3%</b>
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%
<b>Other revenue/expenses</b>	<b>2.8</b>	<b>(3.1)</b>	<b>n.a.</b>
Non-recurring G&A Expenses <sup>(1)</sup>	-	63.5	-
<b>Adjusted G&amp;A Expenses</b>	<b>(137.6)</b>	<b>(192.9)</b>	<b>40.1%</b>

## Pro-Forma Analysis (ex-Adtalem)

<b>G&amp;A Expenses</b>	<b>(137.6)</b>	<b>(244.9)</b>	<b>77.9%</b>
<b>Adjusted G&amp;A Expenses <sup>(1)</sup></b>	<b>(137.6)</b>	<b>(181.4)</b>	<b>31.8%</b>

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;

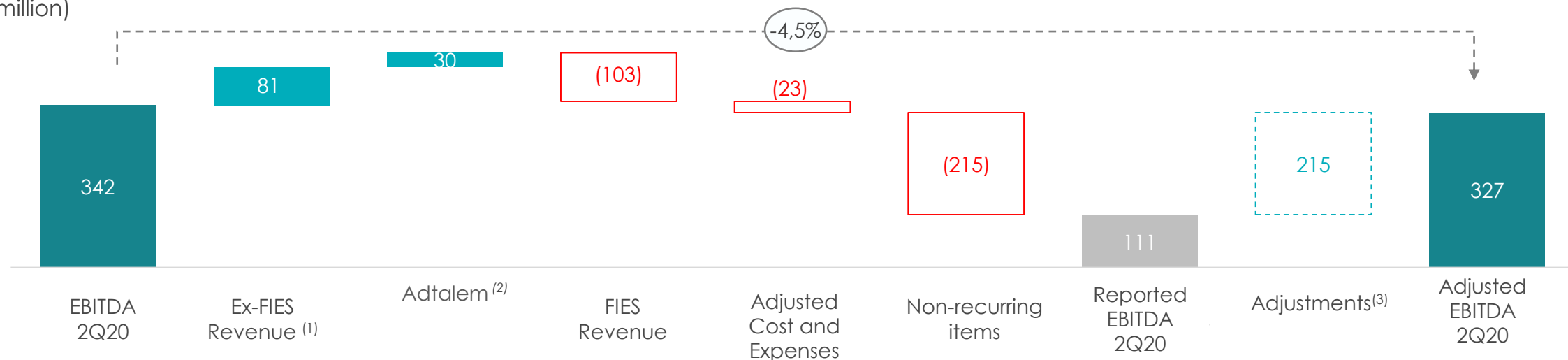
Non-recurring G&A expenses totaled R\$63.5 million in the quarter and are mainly related to the review of the lawsuit base with increased contingencies, M&A consultancies, attorney's fees and others. Excluding those non-recurring amounts, **adjusted general and administrative expenses would total R\$192.9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

(R\$ million)	2Q19	2Q20	Δ%
<b>Net Revenue</b>	<b>957.2</b>	<b>991.1</b>	<b>3.5%</b>
Costs and Expenses	(708.6)	(1,001.4)	41.3%
(+) Depreciation and amortization	93.4	121.5	30.1%
<b>EBITDA</b>	<b>342.0</b>	<b>111.2</b>	<b>-67.5%</b>
EBITDA Margin (%)	35.7%	11.2%	-24.5 p.p.
<b>Non-recurring items</b>	<b>-</b>	<b>148.0</b>	<b>n.a.</b>
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.
<b>Non-recurring Net Revenue</b>	<b>-</b>	<b>67.5</b>	<b>-</b>
<b>Adjusted EBITDA</b>	<b>342.0</b>	<b>326.7</b>	<b>-4.5%</b>
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%
<b>EBITDA</b>	<b>342.0</b>	<b>111.2</b>	<b>-67.5%</b>
<b>Financial Result</b>	<b>(48.6)</b>	<b>(87.7)</b>	<b>80.3%</b>
<b>Financial Revenue</b>	<b>21.5</b>	<b>63.8</b>	<b>197.0%</b>
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%
<b>Financial Expenses</b>	<b>(70.1)</b>	<b>(151.5)</b>	<b>116.1%</b>
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%
<b>Profit before tax</b>	<b>200.1</b>	<b>(98.0)</b>	<b>n.a.</b>
Income tax	(3.7)	13.5	n.a.
Social contribution	(1.5)	4.9	n.a.
<b>Net Income</b>	<b>194.8</b>	<b>(79.5)</b>	<b>n.a.</b>
Net Margin (%)	20.3%	n.a.	n.a.
<b>Adjusted Net Income<sup>(1)</sup></b>	<b>194.8</b>	<b>135.9</b>	<b>-30.2%</b>
Adjusted Net Income <sup>(1)</sup>	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.

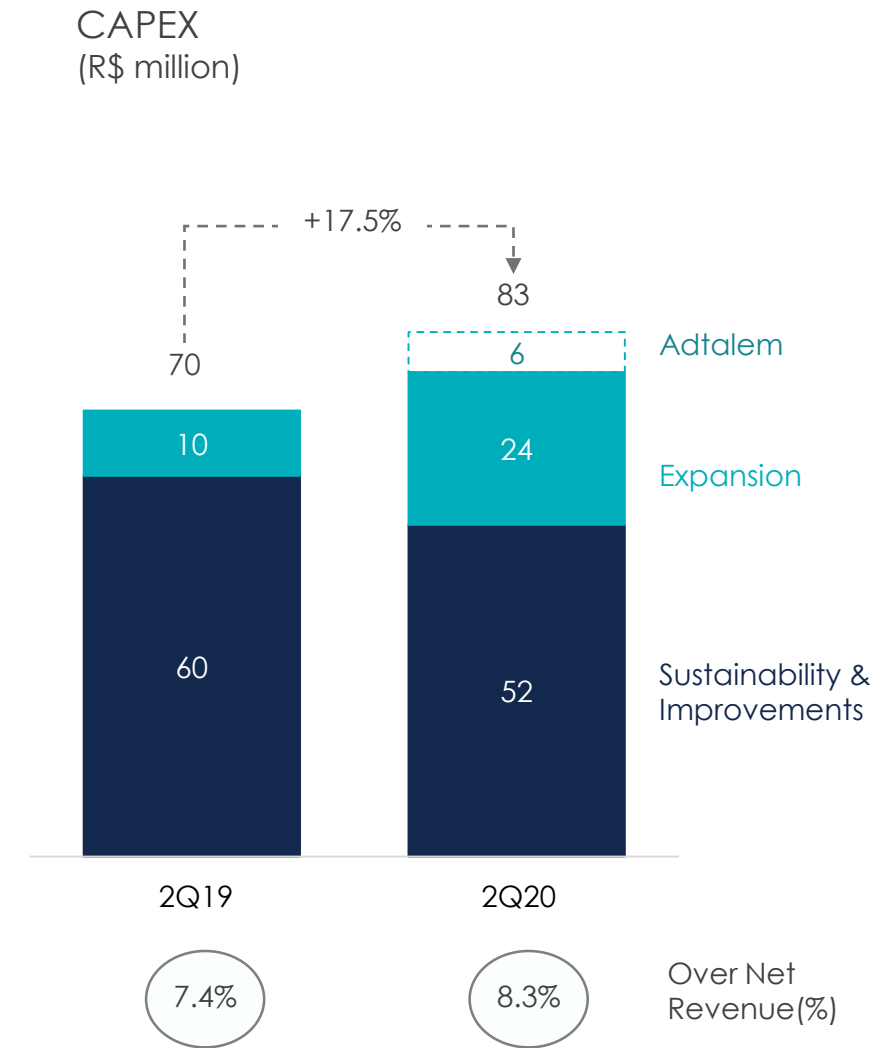
**Excluding non-recurring items** in EBITDA and Net Revenue, **Net Income** would have reached R\$135.9 million in the quarter, a decrease of 30.2% vs. 2Q19.



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

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
<b>Monthly tuition fees received</b>	<b>1,106.7</b>	<b>1,154.8</b>	<b>1,496.4</b>
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
<b>FIES</b>	<b>280.2</b>	<b>178.6</b>	<b>200.7</b>
<b>Other</b>	<b>163.3</b>	<b>187.1</b>	<b>210.5</b>
<b>Gross Accounts Receivable</b>	<b>1,550.2</b>	<b>1,520.5</b>	<b>1,907.5</b>

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

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
<b>Gross revenue paid in cash</b>	22.5	15.9	2.9	4.6
<b>Gross revenue paid in installments</b>	36.8	17.3	36.2	50.2
Taxes – revenue deductions	(2.3)	(1.2)	(1.3)	(1.7)
Adjustment to Present Value (APV) <sup>(2)</sup>	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)
<b>Bad Debt of Net Revenue (%)</b>	<b>0.6%</b>	<b>0.7%</b>	<b>0.1%</b>	<b>0.8%</b>

(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%
<b>Consolidated Average Term of Receivables</b>			
Net Accounts Receivable	1,019.7	969.2	-5.0%
Net Revenue (LTM)	3,609.8	3,466.3	-4.0%
<b>Average Receivables Days</b>	<b>102</b>	<b>101</b>	<b>-1.0%</b>
<b>FIES Average Term of Receivables</b>			
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%
<b>FIES Average Receivables Days</b>	<b>132</b>	<b>108</b>	<b>-18.2%</b>
<b>Non-FIES Average Term of Receivables</b>			
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%
<b>Non-FIES Average Receivables Days</b>	<b>94</b>	<b>99</b>	<b>5.3%</b>

**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<sup>(1)</sup>

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%
<b>Gross Accounts Receivable</b>	<b>1,550.2</b>	<b>1,907.5</b>	<b>23.1%</b>	<b>100%</b>	<b>100%</b>

## Aging of Agreements Receivable<sup>(2)</sup>

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%
<b>Agreements Receivable</b>	<b>71.7</b>	<b>102.8</b>	<b>43.3%</b>	<b>100%</b>	<b>100%</b>

## 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.
<b>Closing balance</b>	<b>150.9</b>	<b>190.1</b>	<b>25.9%</b>

## 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.
<b>Closing balance</b>	<b>129.2</b>	<b>10.5</b>	<b>-91.8%</b>

# CASH POSITION

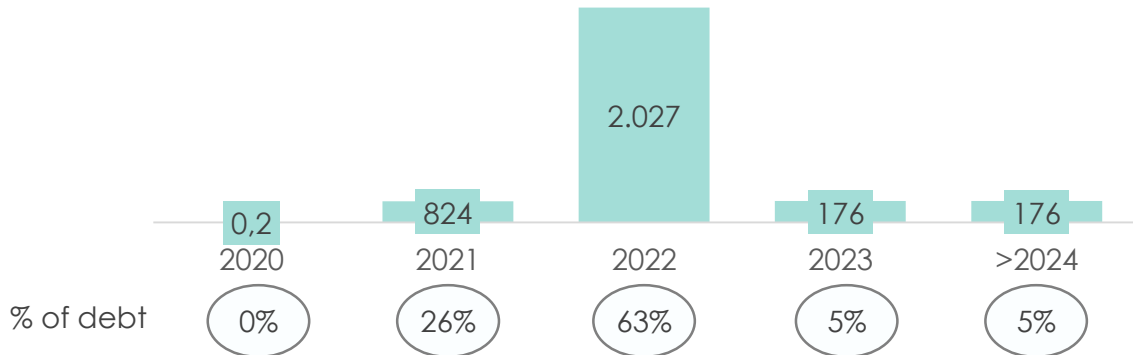
(R\$ million)	2Q19	2Q20	Δ%
<b>(-) Cash and cash equivalents [a]</b>	<b>(718.3)</b>	<b>(1,907.4)</b>	<b>166%</b>
<b>Gross debt [b]</b>	<b>1,926.9</b>	<b>4,666.0</b>	<b>142%</b>
Loans	688.7	3,229.2	369%
Leasing	1,205.8	1,330.1	10%
Commitments payable (M&A)	32.4	106.8	229%
<b>Net Debt [b+a]</b>	<b>1,208.6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

- **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%
<b>Loans</b>	<b>-</b>	<b>-</b>	<b>CDI + 1.58%</b>	<b>3,235.2</b>	<b>100%</b>

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 <sup>(1)</sup>	
Unit	State	Type	Operation Start	Status	Authorized/Qualified seats p/y <sup>(2)</sup>	Student Base <sup>(3)</sup>	Authorized seats p/y <sup>(2)</sup>	Student Base <sup>(3)</sup>
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%
<b>Gross Revenues</b>	<b>1,336.3</b>	<b>1,503.2</b>	<b>12.5%</b>	<b>318.0</b>	<b>518.3</b>	<b>63.0%</b>	-	-	-	<b>1,654.2</b>	<b>2,021.5</b>	<b>22.2%</b>
Deductions from Gross Revenue	(556.6)	(767.2)	37.8%	(140.4)	(263.2)	87.4%	-	-	-	(697.0)	(1,030.4)	47.8%
<b>Net Revenues</b>	<b>779.7</b>	<b>736.0</b>	<b>-5.6%</b>	<b>177.5</b>	<b>255.1</b>	<b>43.7%</b>	-	-	-	<b>957.2</b>	<b>991.1</b>	<b>3.5%</b>
<b>Cost of Services</b>	<b>(375.6)</b>	<b>(399.6)</b>	<b>6.4%</b>	<b>(22.3)</b>	<b>(44.4)</b>	<b>99.6%</b>	-	-	-	<b>(397.9)</b>	<b>(444.0)</b>	<b>11.6%</b>
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%
<b>Gross Profit</b>	<b>404.1</b>	<b>336.4</b>	<b>-16.7%</b>	<b>155.3</b>	<b>210.7</b>	<b>35.7%</b>	-	-	-	<b>559.3</b>	<b>547.1</b>	<b>-2.2%</b>
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.
<b>Selling and G&amp;A Expenses</b>	<b>(151.6)</b>	<b>(302.1)</b>	<b>99.3%</b>	<b>(30.0)</b>	<b>(53.4)</b>	<b>77.9%</b>	<b>(129.1)</b>	<b>(201.9)</b>	<b>56.5%</b>	<b>(310.7)</b>	<b>(557.4)</b>	<b>79.4%</b>
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%
<b>Operating Profit</b>	<b>252.5</b>	<b>34.3</b>	<b>-86.4%</b>	<b>125.3</b>	<b>157.3</b>	<b>25.6%</b>	<b>(129.1)</b>	<b>(201.9)</b>	<b>56.5%</b>	<b>248.7</b>	<b>(10.3)</b>	<b>n.a.</b>
Operating Margin(%)	32.4%	4.7%	-27.7 p.p.	70.5%	61.7%	-8.9 p.p.	-	-	-	26.0%	n.a.	n.a.
<b>Reported EBITDA</b>	<b>324.8</b>	<b>129.1</b>	<b>-60.3%</b>	<b>126.7</b>	<b>159.4</b>	<b>25.8%</b>	<b>(109.5)</b>	<b>(177.3)</b>	<b>61.9%</b>	<b>342.0</b>	<b>111.2</b>	<b>-67.5%</b>
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.
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342.0</b>	<b>326.7</b>	<b>-4.5%</b>
Adjusted EBITDA margin <sup>(1)</sup> (%)	-	-	-	-	-	-	-	-	-	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
<b>Current Assets</b>	<b>1,618.9</b>	<b>3,332.0</b>	<b>3,047.2</b>
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
<b>Non-Current Assets</b>	<b>3,945.3</b>	<b>4,303.8</b>	<b>6,247.1</b>
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
<b>Total Assets</b>	<b>5,564.2</b>	<b>7,635.8</b>	<b>9,294.3</b>

(R\$ million)	2Q19	1Q20	2Q20
<b>Current Liabilities</b>	<b>650.0</b>	<b>977.7</b>	<b>2,052.4</b>
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
<b>Long-Term Liabilities</b>	<b>1,880.5</b>	<b>3,382.7</b>	<b>4,042.7</b>
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
<b>Shareholders' Equity</b>	<b>3,033.7</b>	<b>3,275.4</b>	<b>3,199.1</b>
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)
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,564.2</b>	<b>7,635.8</b>	<b>9,294.3</b>



# CASH FLOW STATEMENT

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

(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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