

# Results for the Second Quarter of 2020



**Recife, August 24, 2020** – Ser Educacional S.A. (B3 SEER3), announces its results for the second quarter of 2020 (2Q20). The information is presented in accordance with international financial reporting standards (IFRS) and consolidated in Reais (R\$). Comparisons refer to the second quarter of 2019 unless otherwise indicated. The 2Q20 results include UNINORTE's results, consolidated as of November 1, 2019. The summary of UNINORTE and distance learning results is available in the "Adjusted EBITDA by Segment" section of this document.

- **Total student base** reached 183,500 students in 1H20, up by 10.9% over 1H19, as a result of increased student base in on-campus undergraduate courses, mainly due to UNINORTE's acquisition and the organic growth of the Distance Learning student base, partially offset by the economic effects from the initiatives to minimize the impacts of the COVID-19 pandemic, which reduced the pace of new enrollments and re-enrollment of students.
- For the same reasons, **net revenue increased by 3.1%** in the quarter, totaling R\$343.0 million.
- In 2Q20, **Adjusted EBITDA reached R\$108.7 million**, up by 22.9% compared to the R\$88.4 million recorded in 2Q19. Adjusted EBITDA margin increased by 5.1 p.p., reaching 31.7%, compared to 26.6% in 2Q19, mainly due to the reduction in costs and expenses, as a result of the slower pace of activities due to the COVID-19 impacts.
- **Adjusted EBITDA from the Distance Learning segment reached R\$7.5 million, with adjusted EBITDA margin of 29.4% in 2Q20**, up by 11.1 p.p. over 2Q19. The higher EBITDA margins and strong operating cash flow are relevant characteristics of this segment in which Ser Educacional is showing its most solid growth rates.
- Due to the factors explained above, **adjusted net income totaled R\$58.3 million, an increase of 8.3% in the quarter.**
- **Net operating cash flow in the first half of 2020 reached R\$72.7 million**, an increase of 278.4% compared to the same period of the previous year.
- The Company ended the quarter with **net cash position totaling R\$ 67.5 million, an increase of 127.0% compared to the 4Q19**, demonstrating the Company's financial strength.

Financial Highlights (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
Net Revenue	343,020	332,605	3.1%	651,546	636,769	2.3%
Adjusted Cash Gross Profit	246,000	217,630	13.0%	440,722	409,258	7.7%
Adjusted Cash Gross Margin	71.7%	65.4%	6.3 p.p.	67.6%	64.3%	3.4 p.p.
Adjusted EBITDA	108,652	88,400	22.9%	186,278	185,467	0.4%
Adjusted EBITDA Margin	31.7%	26.6%	5.1 p.p.	28.6%	29.1%	-0.5 p.p.
Adjusted Net Income	58,261	53,794	8.3%	87,585	117,843	-25.7%
Adjusted Net Margin	17.0%	16.2%	0.8 p.p.	13.4%	18.5%	-5.1 p.p.
Adjusted Net Income per Share	0.45	0.42	8.3%	0.68	0.92	-25.7%

## 2Q20 Conference Call August 25, 2020

### English

10:00 a.m. (Brasília time)  
9:00 a.m. (Nova York time)  
Phone: +1 (844) 274-3686 or  
+1 (412) 317-5601  
Code: Ser Educacional

Replay: +1 (412) 317-0088  
Code: 10146440

### Portuguese

11:30 a.m. (Brasília time)  
10:30 a.m. (Nova York time)  
Phone: +55 (11) 3181-8565  
+55 (11) 4210-1803  
Code: Ser Educacional

Replay: +55 (11) 3193-1012  
Code: 5925463#

### Contacts:

Jânnyo Diniz (CEO)  
João Aguiar (CFO)  
Rodrigo Alves (IRO)  
Geraldo Soares (IRM)

Phone: +55 (11) 2769 3223  
E-mail [ri@sereducacional.com](mailto:ri@sereducacional.com)

Website:  
[www.sereducacional.com/ri](http://www.sereducacional.com/ri)

Media Relations  
Sílvia Fragoço  
Phone: +55 (81) 3413-4643  
E-mail:  
[silvia.fragoso@sereducacional.com](mailto:silvia.fragoso@sereducacional.com)



- **On June 30, 2020, the Company carried out the payment of dividends in the amount of R\$6.1 million, representing R\$0.047102544 per share**, based on the shareholding position of April 30, 2020, as resolved at the Board of Directors' meeting held on March 26, 2020 and approved at the Shareholders' meeting on April 30, 2020.
- During quarantine, due to efforts to contain the spread of COVID-19, **several social and educational activities were carried out by the teaching institutions of the Ser Educacional Group**, with emphasis on more than 300 different types of actions carried out, involving of more than 950 teachers and over 20.2 thousand students in carrying out these actions, which generated the distribution of more than 20 tons of food, 3.1 thousand snacks and lunch boxes, 1,900 liters of hand sanitizers, 70,000 personal protective equipment (PPE), own production of 20 respirators, among others.
- On June 1, **the Company issued a Bank Credit Note with Caixa Econômica Federal, in the amount of R\$200.0 million**, at CDI+0.19% p.m., for a term of 36 months, with a 14-month grace period for the principal and payment in 8 quarterly installments, after the grace period. The contracting of financing with CEF (R\$200.0 million) and the credit operations carried out with Itaú Unibanco (R\$200 million at CDI+3.4% p.a.) and Santander Brasil (R\$100.0 million at CDI+3.1% p.a.), both maturing in 2 years, total R\$500 million, which reinforces the Company's cash position, **as a preventive measure against the financial impacts of COVID-19**.
- On August 7, the Company announced **the acquisition of Faculdade de Ciências Biomédicas de Cacoal (FACIMED)** located in the city of Cacoal, State of Rondônia. In June 2020, the institution had 2,700 (two thousand and seven hundred) undergraduate students, among which 445 were medical students. The institution is recognized in the region for its activities in the health area, and offers 90 annual student vacancies in its medicine course or 75 annual vacancies excluding the ones reserved for PROUNI and FIES students, in addition to other courses such as Veterinary, Nursing, Psychology, Dentistry and Pharmacy. The transaction has a nominal value of R\$150.0 million to be paid R\$100.0 million in cash, plus 4 successive annual installments, in the amount of R\$12.5 million each, with the first installment due on January 31, 2022 and the remaining on the same date of the following 3 years, adjusted by the variation of the IPCA from the closing date until the effective payment date of each installment. The transaction is still subject to CADE's approval.

## Message from Management

Ser Educacional ended the first half of 2020 focused on adapting its activities to the challenges of the COVID-19 outbreak, prioritizing the safety of its students and employees, supporting society in the fight against the pandemic and its side effects, as well as on resuming its cycle of generating value for its shareholders as efficiently and consistently as possible. To this end, the Company relies on its competitive advantages such as: (i) team with extensive experience in the higher education sector and the ability to find consistent solutions to crises and to create alternatives to generate business value, (ii) solid financial position and operating cash generation, (iii) high integration of its back office activities that allows it to quickly adjust its costs and expenses, (iv) brands of strong recognition by the job market in their regions of operation and (v) solid educational concept supported by cutting-edge technology that, when combined, offer a unique and integrated experience to its students in any of its teaching modalities.

During the year, several initiatives were carried out aimed at mitigating the effects of the pandemic for all the Company's stakeholders, including the following highlights:

- 1- Maintenance of theoretical lessons of the on-campus segment, through Sala Ser Digital ([click here to watch the demonstration video](#)), which allowed students to complete the semester's theoretical workload and enabled the maintenance of the day-to-day contact between students and teachers in an environment that had student attendance rates similar to those observed in traditional on-campus classes in previous semesters. Practical classes, on the other hand, were rescheduled to when the campuses are authorized to reopen for face-to-face activities, starting in July 2020.



2- Intensive support activities for the communities involved in the day-to-day activities of the units, which included over 300 different actions, with the participation of more than 950 teachers and more than 20,200 students, aimed at the distribution of more than 20 tons of food, 3.1 thousand snacks and lunch boxes, 1,900 liters of hand sanitizers, 70,000 personal protective equipment (PPE), own production of 20 respirators, among others.

3- Monitoring and protecting the health of employees: practically all the Company's administrative activities were shifted to home office until July, when they were resumed on a rotating basis, and awareness and prevention campaigns were carried out. Intense work by the human resources team in identifying and supporting employees who tested positive for the virus and their families throughout the pandemic.

4- Launch of the "*Digital DL*" segment, a new line of innovative courses for the Brazilian higher education market. The modality is dynamic and meets the main trends in the education market, including an accelerated learning program focused on the content of most interest to students, with no need for vacations or re-enrollment. All stages of the course, from commercialization and enrollment to graduation of students, are 100% online. The *Digital DL* courses started in a beta environment in June and, in July, they were officially launched through the UNINABUCO Digital brands, specialized in technical courses, of the UNINASSAU digital graduate program. During the semester, GoKursos, the beta marketplace for non-regulated courses, was also launched. The *Digital DL* segment marks the Company's entry into the lifelong learning concept, which represents a change in the behavior pattern of students, who are gradually seeking knowledge throughout their careers, either because this period has been extended, given the increase in life expectancy in the population, and also due to the growing need for learning as new techniques and technologies emerge.

5- Cash preservation measures were taken during the pandemic, including reduction of non-essential cost and expenses in the period which had a significant impact, especially in the second quarter results, as well as the contracting of R\$500 million in medium-term working capital in order to provide the Company with greater cash protection in case of further deterioration in the scenario and to support possible acquisitions.

6- Acquisition of FACIMED, enabling the acceleration of the Company's entry into the market in state of Rondônia, which has one of the highest growth rates in Brazil due to the strength of agribusiness in the region, with 2,700 students and offering 90 annual vacancies in its medicine course (including PROUNI and FIES vacancies), in the city of Cacoal.

The Company believes that in challenging periods, successful companies show the strength of their organizational culture to overcome obstacles and resume growth in the future, based on a consistent strategy focused on higher education, capable of creating new sources of revenue through the combination of organic growth activities and acquisitions. With this in mind, Management is grateful for the efforts and support of its employees, teachers and students in this period of such significant challenges for Brazilian society.

## OPERATING PERFORMANCE

The first half of 2020 was marked by the COVID-19 pandemic sweeping across the world and has caused an impact on the economy, escalating the unemployment scenario, which leads to a lower disposable income of students for investment in education, adversely affecting the Company.

Despite the adverse scenario, the Company had already enrolled 64,400 students at the end of 1H20, compared to 60,100 new students in the same period in 2019, an increase of 7.1%.



1H20 Student Enrollment			
In thousands	1H20	1H19	% Chg
Undergraduate Enrollments	64.4	60.1	7.1%
Distance Learning	19.8	17.7	12.0%
On-campus	44.6	42.4	5.0%
Ex-UNINORTE On-campus Enrollments	38.5	42.4	-9.4%

With the resumption of economic activity in its operating markets and strong competition among teaching institutions, the 2020.1 enrollment of students was within the Company's expectations up to March 16, 2020, due to the need to reduce social activities given the COVID-19 pandemic, which led to lower economic activities in the cities where the Company operates, consequently reducing the enrollment pace.

### *On-campus undergraduate student intake*

The on-campus undergraduate student intake process ended 1H20 with 44,600 students enrolled, an increase of 5.0% compared to 42,400 students enrolled in 1H19, mainly due to UNINORTE's acquisition. Excluding UNINORTE, enrollment fell by 9.4%, mainly due to the impacts resulting from social distance measures, as of March 16, 2020, given the attempts to mitigate the spread of COVID-19 in the population.

At the end of 1H20, of the total number of new students enrolled, approximately 2,500 students adhered to student loan programs, 200 of which enrolled through PraValer, 1,100 through Educred and 1,300 through FIES. In 1H19, of the 2,700 students who adhered to student loan programs, 300 students enrolled through PraValer 1,100 students enrolled through Educred and 1,300 through FIES. As a result, the percentage of students enrolled through loan programs went from 6.3% in 1H19 to 5.6% in 1H20.

At the end of 1H20, the number of new finalized FIES contracts was 1,700 (1,300 freshmen and 400 upperclassmen) of a total of the 4,300 vacancies allocated to the Company by the Federal Government in 2020.1.

### *Distance Learning undergraduate student intake*

In 1H20, the Distance Learning segment presented a 12.0% growth, reaching 19,800 students enrolled, compared to 17,700 students in 1H19, reinforcing the Company's strategy that prioritizes partner hubs with the best performance, within the established goals, which has been reflected in the segment's enrollment performance. The enrollment of students in this segment was also affected by the economic impacts related to measures to contain the pandemic.



## Student Base Growth

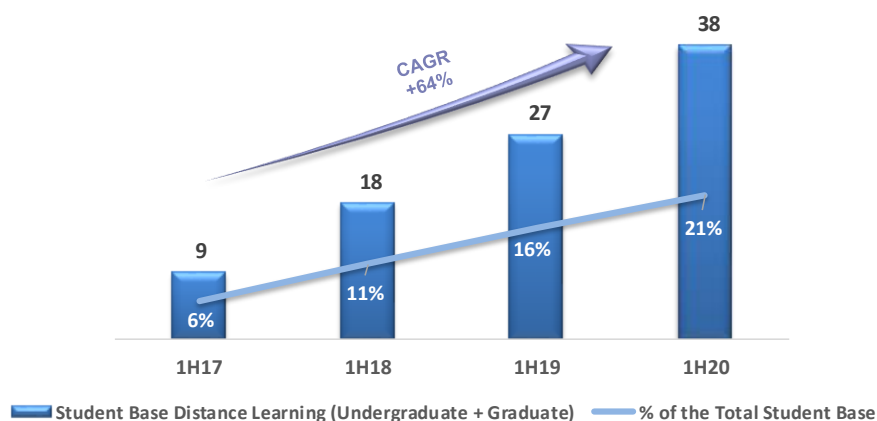
Number of Students	Undergraduate		Graduate		Vocational		Total
	On Campus	Distance Learning	On Campus	Distance Learning	On Campus	Distance Learning	Total
<b>2020.1</b>							
<b>Dec19 Base</b>	<b>145,496</b>	<b>23,470</b>	<b>6,594</b>	<b>8,017</b>	<b>1,169</b>	<b>65</b>	<b>184,811</b>
Enrollments	44,561	19,799	892	2,913	307	8	68,480
Leavers	(15,233)	(528)	(2,293)	(744)	(79)	(44)	(18,921)
Dropouts	(36,112)	(14,398)	(177)	(41)	(106)	-	(50,834)
<b>Jun20 Base</b>	<b>138,712</b>	<b>28,343</b>	<b>5,016</b>	<b>10,145</b>	<b>1,291</b>	<b>29</b>	<b>183,536</b>
% Jun20 Base / Dec19 Base	-4.7%	20.8%	-23.9%	26.5%	10.4%	-55.4%	-0.7%
% Jun20 Base / Jun19 Base	4.7%	39.6%	3.1%	58.0%	0.8%	-52.5%	10.9%
<b>Jun20 Base (EX-UNINORTE)</b>	<b>121,325</b>	<b>26,364</b>	<b>4,525</b>	<b>10,038</b>	<b>1,291</b>	<b>29</b>	<b>163,572</b>
% Jun20 Base / Jun19 Base	-8.5%	29.8%	-7.0%	56.4%	0.8%	-52.5%	-1.2%

As a result of the issues addressed above, the on-campus undergraduate student base totaled 138,700 students, up by 4.7% compared to 132,600 students in 1H19. Excluding UNINORTE, on-campus undergraduate student base fell by 8.5% in 1H20 vs. 1H19.

The Distance Learning student base (which represents the sum of the undergraduate and graduate Distance Learning student base) increased by 44.0%, from 26,700 students in 1H19 to 38,500 students in 1H20. Excluding UNINORTE, the distance learning student base grew by 36.2%.

Due to the increased enrollment in undergraduate courses (on-campus and distance learning), as mentioned above, total student base grew by 10.9% compared to June 30, 2019.

Student Base Growth - Distance Learning ('000)



## Dropout Rate

Given the uncertainties caused by the impact of the COVID-19 pandemic, dropout rate increased by 5.0 p.p., reaching 20.7% in 1H20, against 15.7% in 1H19.



## Average Net Ticket

Average Ticket (R\$)	2Q20	2Q19	% Chg. 2Q20 x 2Q19
<b>On Campus Undergraduate</b>	746.09	769.09	-3.0%
<b>Distance Learning (Undergraduate + graduate)</b>	218.02	235.38	-7.4%
<b>Total Net Average Ticket</b>	621.40	664.90	-6.5%

The average on-campus ticket in 2Q20 was R\$746.09, down by 3.0% year-on-year, due to the consolidation of UNINORTE's results, which has an average ticket lower than the Company's average. Excluding UNINORTE, the average ticket totaled R\$766.39 in the on-campus undergraduate segment, practically stable compared to 2Q19.

The reduction in the average ticket is linked to 3 factors: (i) increase in the distance learning student base and the addition of UNINORTE, which has an average ticket lower than the Company's average (ii) the competitive scenario in the higher education sector, given high unemployment rates in the northeastern and northern regions of Brazil and (iii) the effects of COVID-19, which led the Company to grant discounts in order to enroll and re-enroll students during the semester.

## Student Loan

STUDENT LOANS	Dec/13	Dec/14	Dec/15	Dec/16	Dec/17	Dec/18	2Q19	Dec/19	1Q20	2Q20
<b>On Campus Undergraduate Students</b>	70,255	101,195	123,988	131,092	133,945	127,837	132,546	145,496	140,671	138,712
FIES Students	31,432	48,048	56,089	58,840	55,565	40,427	34,554	34,156	23,419	25,612
% of FIES Students	44.7%	47.5%	45.2%	44.9%	41.5%	31.6%	26.1%	23.5%	16.6%	18.5%
EDUCRED Students			754	1,922	2,390	3,952	4,439	4,464	3,189	4,970
% of EDUCRED Students			0.6%	1.5%	1.8%	3.1%	3.3%	3.1%	2.3%	3.6%
PRAVALER Students			954	1,794	2,873	3,265	1,841	2,168	1,657	1,848
% of PRAVALER Students			0.8%	1.4%	2.1%	2.6%	1.4%	1.5%	1.2%	1.3%
Total Students Loans			57,797	62,556	60,828	47,644	40,834	40,788	28,265	32,430
% of Total Students Loans			46.6%	47.7%	45.4%	37.3%	30.8%	28.0%	20.1%	23.4%

On June 30, 2020, FIES students accounted for 18.5% of the on-campus undergraduate student base, down by 7.6 p.p. compared to the 26.1% recorded at the end of 2Q19. Excluding UNINORTE, the on-campus FIES undergraduate student base was down by 9.1 p.p., representing 16.9% in 2Q20 vs. 2Q19. This decline is due to the Federal Government's decision to reduce the number of vacancies in the FIES program as of 2015, with a further decrease as of 2018.

## Organic Growth

In 2Q20, 33 new courses were authorized, totaling 1,937 courses, while the number of vacancies in some courses also increased. As a result, in June 2020, the Company had approximately 1,165,300 vacancies per year, 731,300 of which in the Distance Learning segment. Ser Educacional continues to develop its organic growth strategy based on the accreditation of new units and Distance Learning centers, as well as the authorization of new courses.



## FINANCIAL PERFORMANCE

### Service Revenue

Gross Revenue - Accounting (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Gross Operating Revenue</b>	<b>621,802</b>	<b>562,017</b>	<b>10.6%</b>	<b>1,223,499</b>	<b>1,058,875</b>	<b>15.5%</b>
Undergraduate Monthly Tuition	563,274	519,025	8.5%	1,104,124	973,835	13.4%
Graduate Monthly Tuition	8,717	7,001	24.5%	17,975	14,585	23.2%
Vocational Courses Monthly Tuition	425	480	-11.5%	929	983	-5.6%
Distance Learning Monthly Tuition	48,462	32,854	47.5%	95,939	62,723	53.0%
Others	924	2,657	-65.2%	4,532	6,749	-32.8%
<b>Deductions from Gross Revenue</b>	<b>(278,782)</b>	<b>(229,412)</b>	<b>21.5%</b>	<b>(571,953)</b>	<b>(422,106)</b>	<b>35.5%</b>
Discounts and Scholarships	(201,709)	(155,769)	29.5%	(425,483)	(287,377)	48.1%
PROUNI	(60,714)	(54,770)	10.9%	(115,908)	(99,308)	16.7%
FGEDUC And FIES charges	(4,429)	(7,929)	-44.1%	(8,247)	(14,553)	-43.3%
Taxes	(11,930)	(10,944)	9.0%	(22,315)	(20,868)	6.9%
% Discounts and Scholarships/ Net Oper. Rev.	32.4%	27.7%	4.7 p.p.	34.8%	27.1%	7.6 p.p.
<b>Net Operating Revenue</b>	<b>343,020</b>	<b>332,605</b>	<b>3.1%</b>	<b>651,546</b>	<b>636,769</b>	<b>2.3%</b>
Undergraduate Monthly Tuition	310,474	306,246	1.4%	585,295	582,989	0.4%
Graduate Monthly Tuition	6,102	4,936	23.6%	11,836	10,304	14.9%
Vocational Courses Revenues	379	448	-15.3%	843	919	-8.3%
Distance Learning Revenues	25,192	18,921	33.1%	49,285	36,581	34.7%
Others	872	2,054	-57.5%	4,287	5,976	-28.3%

In 2Q20, gross revenue totaled R\$621.8 million, up by 10.6% over 2Q19. This increase is due to the consolidation of UNINORTE's revenues, as well as the pass-through of prices of 6% in the comparison between the two periods and the increased volume of students enrolled in the Distance Learning segment.

In 2Q20, net revenue totaled R\$343.0 million, up by 3.1% over 2Q19, mainly due to the consolidation of UNINORTE's revenues, as mentioned in previous sections, and the growth of the distance learning student base (undergraduate + graduate) by 44.0%.

### Cost of Services Rendered

Breakdown of Cost of Services Rendered <sup>1</sup> Accounting (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Cash Cost of Services Rendered</b>	<b>(97,479)</b>	<b>(116,130)</b>	<b>-16.1%</b>	<b>(212,203)</b>	<b>(231,556)</b>	<b>-8.4%</b>
Payroll and Charges	(92,838)	(94,175)	-1.4%	(189,239)	(183,314)	3.2%
Rent	6,486	2,317	179.9%	4,371	(7,651)	-157.1%
Concessionaires (Electricity, Water and Telephone)	(5,167)	(10,983)	-53.0%	(15,263)	(20,092)	-24.0%
Third-Party Services and Others	(5,960)	(13,289)	-55.2%	(12,072)	(20,499)	-41.1%

<sup>1</sup> Excluding depreciation and amortization.

The cash cost of services (excluding depreciation and amortization) totaled R\$97.5 million in 2Q20, down by 16.1% over 2Q19, due to the following reasons:

a) Personnel costs and charges in 2Q20 decreased by 1.4% over 2Q19. Excluding UNINORTE, personnel costs and charges decreased by 9.4%, ending 2Q20 at R\$85.3 million, still due to the structure optimization, especially in the on-campus higher education segment and the suspension of employment contracts by MP 936/20. In this scenario, the Company incurred non-recurring costs related to the adjustment of its personnel structure in the amount of R\$0.5 million in the quarter, which can be further analyzed in the table presented below.

b) Rental costs were impacted by the lease renegotiations carried out during the quarter due to the effects of COVID-19. Since these rental discounts are not included in IFRS 16, the amounts are recorded in the rental costs line, resulting



in a positive balance in the quarter. In 2Q19, this balance was also positive, but as a result of complementary adjustments in the implementation of IFRS-16 and, in this case, excluding this effect, the rent expense for this quarter would have been R\$4.1 million.

c) The “Concessionaires” line fell by 53.0%, closing 2Q20 at R\$5.2 million vs. R\$11.0 million in 2Q19, due to measures to contain the spread of COVID-19. Excluding UNINORTE, this line would have decreased by 58.1%.

d) Third-party services and others reached R\$6.0 million in 2Q20, compared to R\$13.3 million in 2Q19, down by 55.2%, due to the impacts of COVID-19. Excluding UNINORTE, the third-party services and others line fell by 55.9%.

The table below shows managerial operating costs, which are adjusted for non-recurring effects.

<b>Breakdown of Cost of Services Rendered<sup>1</sup> Adjusted (R\$ '000)</b>	<b>2Q20</b>	<b>2Q19</b>	<b>% Chg. 2Q20 x 2Q19</b>	<b>6M20</b>	<b>6M19</b>	<b>% Chg. 6M20 x 6M19</b>
<b>Cash Cost of Services Rendered</b>	<b>(97,020)</b>	<b>(114,975)</b>	<b>-15.6%</b>	<b>(210,824)</b>	<b>(227,511)</b>	<b>-7.3%</b>
Payroll and Charges	(92,379)	(93,020)	-0.7%	(187,860)	(179,269)	4.8%
Rent	6,486	2,317	179.9%	4,371	(7,651)	-157.1%
Concessionaires (Electricity, Water and Telephone)	(5,167)	(10,983)	-53.0%	(15,263)	(20,092)	-24.0%
Third-Party Services and Others	(5,960)	(13,289)	-55.2%	(12,072)	(20,499)	-41.1%

<sup>1</sup> Excluding depreciation and amortization.

## Gross Profit

<b>Gross Profit - Accounting (R\$ '000)</b>	<b>2Q20</b>	<b>2Q19</b>	<b>% Chg. 2Q20 x 2Q19</b>	<b>6M20</b>	<b>6M19</b>	<b>% Chg. 6M20 x 6M19</b>
<b>Net Operating Revenue</b>	<b>343,020</b>	<b>332,605</b>	<b>3.1%</b>	<b>651,546</b>	<b>636,769</b>	<b>2.3%</b>
Cost of Services Rendered	(138,306)	(146,687)	-5.7%	(293,282)	(284,748)	3.0%
<b>Gross Profit</b>	<b>204,714</b>	<b>185,918</b>	<b>10.1%</b>	<b>358,264</b>	<b>352,021</b>	<b>1.8%</b>
Gross Margin	59.7%	55.9%	3.8 p.p.	55.0%	55.3%	-0.3 p.p.
(-) Depreciation	40,827	30,557	33.6%	81,079	53,192	52.4%
<b>Cash Gross Profit</b>	<b>245,541</b>	<b>216,475</b>	<b>13.4%</b>	<b>439,343</b>	<b>405,213</b>	<b>8.4%</b>
Cash Gross Margin	71.6%	65.1%	6.5 p.p.	67.4%	63.6%	3.8 p.p.

Cash gross profit increased by 13.4%, from R\$216.5 million in 2Q19 to R\$245.5 million in 2Q20. The cash gross margin stood at 71.6% in 2Q20, up by 6.5 p.p. over 2Q19, when it reached 65.1%, due to the increase in net revenues and the reduction in costs, resulting from the measures to combat COVID-19 implemented by the Company, as mentioned in the Cost of Services Rendered, in the comparison between 2Q20 and 2Q19.

Depreciation increased by 33.6%, from R\$30.6 million in 2Q19 to R\$40.8 million in 2Q20, due to the inclusion of depreciation of fixed assets and the right to use and amortization of intangible assets in UNINORTE's anticipated rental agreement.





The table below shows cash gross profit adjusted for the main non-recurring cost effects:

Gross Profit - Adjusted (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Net Operating Revenue</b>	<b>343,020</b>	<b>332,605</b>	<b>3.1%</b>	<b>651,546</b>	<b>636,769</b>	<b>2.3%</b>
Cost of Services Rendered	(137,847)	(145,532)	-5.3%	(291,903)	(280,703)	4.0%
<b>Adjusted Gross Profit</b>	<b>205,173</b>	<b>187,073</b>	<b>9.7%</b>	<b>359,643</b>	<b>356,066</b>	<b>1.0%</b>
Adjusted Gross Margin	59.8%	56.2%	3.6 p.p.	55.2%	55.9%	-0.7 p.p.
(-) Depreciation	40,827	30,557	33.6%	81,079	53,192	52.4%
<b>Adjusted Cash Gross Profit</b>	<b>246,000</b>	<b>217,630</b>	<b>13.0%</b>	<b>440,722</b>	<b>409,258</b>	<b>7.7%</b>
Adjusted Cash Gross Margin	71.7%	65.4%	6.3 p.p.	67.6%	64.3%	3.4 p.p.

## IFRS-16 Depreciation and Amortization Cost

IFRS-16 Depreciation and Amortization (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Depreciation and Amortization</b>	<b>(44,373)</b>	<b>(34,298)</b>	<b>29.4%</b>	<b>(88,270)</b>	<b>(60,786)</b>	<b>45.2%</b>
IFRS-16 Depreciation and Amortization	(20,663)	(16,257)	27.1%	(40,598)	(23,577)	72.2%
Ex-IFRS-16 Depreciation and Amortization	(23,710)	(18,040)	31.4%	(47,672)	(37,209)	28.1%

## Operating Expenses (Selling, General and Administrative)

Operating Expenses - Accounting (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>General and Administrative Expenses</b>	<b>(116,944)</b>	<b>(113,937)</b>	<b>2.6%</b>	<b>(228,466)</b>	<b>(203,060)</b>	<b>12.5%</b>
Payroll and Charges	(33,346)	(35,573)	-6.3%	(73,971)	(70,472)	5.0%
Third-Party Services	(9,152)	(16,651)	-45.0%	(24,084)	(29,436)	-18.2%
Advertising	(15,973)	(22,473)	-28.9%	(41,328)	(42,200)	-2.1%
Materials	(750)	(3,556)	-78.9%	(3,703)	(6,933)	-46.6%
PDA	(47,475)	(22,311)	112.8%	(61,216)	(28,839)	112.3%
Others	(6,702)	(9,632)	-30.4%	(16,973)	(17,586)	-3.5%
Depreciation and Amortization	(3,546)	(3,741)	-5.2%	(7,191)	(7,594)	-5.3%
<b>Operating Income</b>	<b>89,326</b>	<b>88,970</b>	<b>0.4%</b>	<b>129,548</b>	<b>164,448</b>	<b>-21.2%</b>
<b>General and Administrative Expenses (Ex-Depreciation and Amortization)</b>	<b>(113,398)</b>	<b>(110,196)</b>	<b>2.9%</b>	<b>(221,275)</b>	<b>(195,466)</b>	<b>13.2%</b>

General and administrative expenses increased by 2.6%, from R\$113.9 million in 2Q19 to R\$116.9 million in 2Q20, mainly due to:

a) Personnel expenses and charges, which decreased by 6.3% compared to 2Q19, or by 10.8% when excluding UNINORTE. Excluding UNINORTE personnel expenses and charges and the non-recurring effect of R\$0.9 million related to indemnity fines, resulting from the adjustment of the administrative structure to support the current student base of the Company and the integration of UNINORTE, the variation was 13.3%, 2Q20 x 2Q19. This reduction is mainly due to structural changes in order to cope during the COVID-19 pandemic, such as the adoption of MP 936/20, with a special focus on employees whose activities cannot be carried out remotely.



b) Third-party services, which reached R\$9.2 million in 2Q20 (R\$8.3 million when excluding UNINORTE), down by 45.0% compared to the R\$16.7 million registered in 2Q19, mainly due to the reduction in the pace of contracting services and of regulatory activities in the period as a result of the impacts of COVID-19. Therefore, in 2Q20, non-recurring expenses related to these activities totaled approximately R\$1.1 million.

c) Advertising expenses, which decreased by 28.9%, from R\$22.5 million in 2Q19 to R\$16.0 million in 2Q20, representing 4.7% of net revenue (a reduction of 33.3% when excluding UNINORTE), especially in offline activities, due to the measures adopted to mitigate the impacts of COVID-19.

d) The provision for doubtful accounts and effective losses line, which increased by 112.8%, from R\$22.3 million in 2Q19 to R\$47.5 million in 2Q20, mainly due to the impacts of COVID-19, which led to an atypical increase in the dropout rate for the semester. The higher dropout rate results in a lower volume of renegotiated and overdue tuition fees in the previous semester. The calculation of the provision for doubtful accounts is based on the historical loss due to aging of accounts receivable and, since there was an increase in aging accounts receivable, due to student delays due to the country's economic situation, it consequently increased the need for provisioning.

e) Other expenses, which decreased by 30.4%, from R\$9.6 million in 2Q19 to R\$6.7 million in 2Q20, mainly due to the impacts of COVID-19, which reduced the Company's activities in the quarter. In 2Q20, the Company also recorded a non-recurring effect of R\$1.2 million related to retroactive property tax (IPTU).

The table below shows managerial general and administrative expenses, adjusted for non-recurring effects:

<b>Operating Expenses - Adjusted (R\$ '000)</b>	<b>2Q20</b>	<b>2Q19</b>	<b>% Chg. 2Q20 x 2Q19</b>	<b>6M20</b>	<b>6M19</b>	<b>% Chg. 6M20 x 6M19</b>
<b>General and Administrative Expenses</b>	<b>(113,686)</b>	<b>(106,795)</b>	<b>6.5%</b>	<b>(213,263)</b>	<b>(190,584)</b>	<b>11.9%</b>
Payroll and Charges	(32,460)	(35,117)	-7.6%	(71,323)	(68,894)	3.5%
Third-Party Services	(8,009)	(9,965)	-19.6%	(18,892)	(18,539)	1.9%
Advertising	(15,973)	(22,473)	-28.9%	(41,328)	(42,200)	-2.1%
Materials	(750)	(3,556)	-78.9%	(3,703)	(6,933)	-46.6%
PDA	(47,475)	(22,311)	112.8%	(61,216)	(28,839)	112.3%
Others	(5,473)	(9,632)	-43.2%	(9,610)	(17,586)	-45.4%
Depreciation and Amortization	(3,546)	(3,741)	-5.2%	(7,191)	(7,594)	-5.3%
<b>Adjusted Operating Income</b>	<b>92,972</b>	<b>83,601</b>	<b>11.2%</b>	<b>146,235</b>	<b>167,302</b>	<b>-12.6%</b>
<b>General and Administrative Expenses (Ex-Depreciation and Amortization)</b>	<b>(110,140)</b>	<b>(103,054)</b>	<b>6.9%</b>	<b>(206,072)</b>	<b>(182,990)</b>	<b>12.6%</b>



## EBITDA and Adjusted EBITDA

EBITDA (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Net Income<sup>1</sup></b>	<b>54,716</b>	<b>59,006</b>	<b>-7.3%</b>	<b>71,482</b>	<b>115,098</b>	<b>-37.9%</b>
(+) Net financial expense <sup>2</sup>	28,754	28,178	2.0%	50,541	44,779	12.9%
(+) Income and social contribution taxes	5,856	1,786	227.9%	7,525	4,571	64.6%
(+) Depreciation and amortization	44,373	34,298	29.4%	88,270	60,786	45.2%
<b>EBITDA<sup>1</sup></b>	<b>133,699</b>	<b>123,268</b>	<b>8.5%</b>	<b>217,818</b>	<b>225,234</b>	<b>-3.3%</b>
EBITDA Margin	39.0%	37.1%	1.9 p.p.	33.4%	35.4%	-1.9 p.p.
(+) Revenue from Interest on Agreements and Others <sup>2</sup>	1,934	1,835	5.4%	9,937	6,936	43.3%
(+) Non-recurring costs and expenses <sup>3</sup>	3,646	(5,369)	-167.9%	16,687	2,854	484.7%
(-) Minimum rent paid <sup>4</sup>	(30,627)	(31,334)	-2.3%	(58,164)	(49,557)	17.4%
<b>Adjusted EBITDA<sup>5</sup></b>	<b>108,652</b>	<b>88,400</b>	<b>22.9%</b>	<b>186,278</b>	<b>185,467</b>	<b>0.4%</b>
Adjusted EBITDA Margin	31.7%	26.6%	5.1 p.p.	28.6%	29.1%	-0.5 p.p.

1. EBITDA is not an official accounting measurement.

2. Revenue from interest on agreements and others comprises our net financial result arising from revenue from interest and fines on tuition fees corresponding to financial charges on renegotiated and overdue tuition fees.

3. Non-recurring costs and expenses are mainly related to costs and expenses from mergers and acquisitions, severance expenses arising from the workforce optimization process, and the Ser Digital project, which would not affect the usual cash flow.

4. Minimum rent refers to rental agreements recorded as financial leasing, according to IFRS 16. The expenses from these leases are not recorded under EBITDA but are part of adjusted EBITDA.

5. Adjusted EBITDA corresponds to EBITDA plus (a) financial revenue from fines and interest on tuition fees, (b) non-recurring costs and expenses, and (c) minimum rent paid.

Cash generation measured by Adjusted EBITDA totaled to R\$108.7 million in 2Q20, up by 22.9% compared to the R\$88.4 million posted in 2Q19. The adjusted EBITDA margin closed 2Q20 at 31.7%, versus 26.6% in 2Q19, an increase of 5.1 p.p. The Adjusted EBITDA growth was mainly due to the cost and expense reduction measures implemented by the Company in order to face the challenges imposed by the COVID-19 pandemic, as well as the quick actions focused on remote teaching students in the on-campus segments, which minimized the impact on the dropout rate.

The statement of non-recurring items is shown below:

SUMMARY OF NON-RECURRING ITEMS (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Non-Recurring Costs and Expenses Impacting Adjusted EBITDA</b>	<b>3,646</b>	<b>(5,369)</b>	<b>-167.9%</b>	<b>16,687</b>	<b>2,854</b>	<b>484.7%</b>
Payroll	1,345	1,611	-16.5%	4,027	5,623	-28.4%
Cost	459	1,155	-60.3%	1,379	4,045	-65.9%
Expense	886	456	94.4%	2,648	1,578	67.8%
Third-Party Services	1,143	6,686	-82.9%	5,192	10,897	-52.4%
Expense	1,143	6,686	-82.9%	5,192	10,897	-52.4%
Other Expenses / Other Net Operating Expenses	1,159	(13,666)	-108.5%	7,469	(13,666)	-154.7%
Sale of property, plant and equipment	-	(6,773)	-100.0%	-	(6,773)	-100.0%
Reversal of lease agreements	-	(6,893)	-100.0%	-	(6,893)	-100.0%
Tax Expenses	1,229	-	N.M.	7,363	-	N.M.
Other Operating Expenses/Revenue	(70)	-	N.M.	106	-	N.M.
<b>Non-Recurring Costs and Expenses that do not Impact Adjusted EBITDA</b>	<b>(101)</b>	<b>158</b>	<b>-164.0%</b>	<b>(585)</b>	<b>(109)</b>	<b>436.2%</b>
Income tax and social contribution - Complementary Tax on Adjusted Net Income	(101)	158	-164.0%	(585)	(109)	436.2%
<b>Total Non Recurring Costs and Expenses</b>	<b>3,545</b>	<b>(5,212)</b>	<b>-168.0%</b>	<b>16,103</b>	<b>2,745</b>	<b>486.6%</b>

\* The same Income Tax (IR) calculation base was used on non-recurring results to better reflect adjusted net income.



## Adjusted EBITDA by segment

Result excluding new units and Distance Learning (R\$ '000))	2Q20					6M20				
	On Campus	New units (1)*	Distance Learning*	UNINORTE**	Consolidated	On Campus	New units (1)*	Distance Learning*	UNINORTE**	Consolidated
Net Revenue	275,393	11,152	25,304	31,171	343,020	521,795	20,751	49,639	59,360	651,546
Adjusted Cash Gross Profit	198,282	7,273	17,835	22,610	246,000	351,984	13,991	37,454	37,292	440,722
Adjusted Cash Gross Margin	72.0%	65.2%	70.5%	72.5%	71.7%	67.5%	67.4%	75.5%	62.8%	67.6%
Adjusted EBITDA	84,788	3,185	7,450	13,227	108,652	150,351	3,107	15,529	17,289	186,278
Adjusted EBITDA Margin	30.8%	28.6%	29.4%	42.4%	31.7%	28.8%	15.0%	31.3%	29.1%	28.6%

(1) Expansion units: Garanhuns, Mossoró, Juazeiro do Norte, Maracanaú, Porto Velho, Arapiraca, Marabá, Boa Vista, Rio Branco, Sobral, Belo Horizonte and Brasília.

\* Result allocations are not audited.

\*\* Considers only the result of the on campus undergraduate.

The table above presents the results excluding on-campus units with two years or less of operation and Distance Learning activities, which have been expanding its Distance Learning center base and launched their brands in this segment.

In 1Q19, the Distance Learning segment started to generate positive Adjusted EBITDA and, with the maintenance of the focus on expansion, which led to the growth of the student base in this segment, and cost control, which is scalable by the number of students, in 2Q20, adjusted EBITDA totaled R\$7.5 million, up by 118.7% compared to 2Q19, with an EBITDA margin of 29.4% in the quarter.

New units generated a positive adjusted EBITDA of R\$3.2 million, as a result of the reduction in costs and expenses due to the actions to combat COVID-19 implemented by the Company.

These two activities had a positive impact of 0.9 p.p. on the Company's consolidated adjusted EBITDA margin in 2Q20 which went from 30.8% to 31.7%.

## Financial Result

Financial Result - Accounting (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>(+) Financial Revenue</b>	<b>5,399</b>	<b>12,625</b>	<b>-57.2%</b>	<b>15,664</b>	<b>30,553</b>	<b>-48.7%</b>
Interest on Agreements and Others	1,934	1,835	5.4%	9,937	6,936	43.3%
Returns on Financial Investments	3,204	11,177	-71.3%	5,601	24,649	-77.3%
Others	261	(387)	-167.4%	126	(1,032)	-112.2%
<b>(-) Financial Expenses</b>	<b>(34,153)</b>	<b>(40,803)</b>	<b>-16.3%</b>	<b>(66,205)</b>	<b>(75,332)</b>	<b>-12.1%</b>
Interest Expenses	(5,829)	(5,280)	10.4%	(9,006)	(10,584)	-14.9%
Interest on Leasing	(17,879)	(21,576)	-17.1%	(35,761)	(35,083)	1.9%
Discounts Granted	(7,414)	(8,621)	-14.0%	(16,444)	(21,188)	-22.4%
Monetary Variation Expenses	-	(1,711)	-100.0%	(1,578)	(3,602)	-56.2%
Others	(3,031)	(3,615)	-16.2%	(3,416)	(4,875)	-29.9%
<b>Financial Result</b>	<b>(28,754)</b>	<b>(28,178)</b>	<b>2.0%</b>	<b>(50,541)</b>	<b>(44,779)</b>	<b>12.9%</b>

Financial revenues decreased by 57.2%, from R\$12.6 million in 2Q19 to R\$5.4 million in 2Q20, due to the following:

- Interest on Agreements and Others, which increased 5.4%, from R\$1.8 million in 2Q19 to R\$1.9 million in 2Q20, due to the increase in recognition of interest on monthly tuition fees.
- Investment income, which decreased 71.3%, from R\$11.2 million in 2Q19 to R\$3.2 million in 2Q20, due to the reduction in the average interest rate and the variation in cash availability between the periods.



Financial expenses reached R\$34.2 million in 2Q20, down by 16.3% over 2Q19's financial expenses, which totaled R\$40.8 million, mainly due to:

- a) Interest Expenses, which increased 10.4%, from R\$5.3 million in 2Q19 to R\$5.8 million in 2Q20, due to the contracting of R\$500.0 million in working capital with Itaú-Unibanco, Santander Brasil and Caixa Econômica Federal.
- b) Interest on Leasing, which decreased 17.1%, from R\$21.6 million in 2Q19 to R\$17.9 million in 2Q20, a reduction of 17.1%, basically due to the higher expense in 2Q19 due to the remeasurement of contracts that were included in the adoption of IFRS 16 in that quarter, which offset the increase due to the inclusion of UNINORTE real estate leases, new lease agreements and the remeasurement of old lease agreements, in accordance with the rules of that standard.
- c) Discounts Granted, which fell by 14.0%, from R\$8.6 million in 2Q19 to R\$7.4 million in 2Q20, due to the lower volume of discounts in renegotiation agreements with students for the recovery of tuition credits.
- d) Cash Variation (Expenses), which totaled R\$1.7 million in 1Q19, however, in 2Q20, there was no record in this line due to the settlement of all balances of commitments payable between 1Q20 and 2Q20.

As a result of the factors mentioned above, net financial expense was R\$28.8 million in 2Q20 compared to an expense of R\$28.2 million in 2Q19, an increase of 2.0%.

The table below shows managerial financial revenue, adjusted for non-recurring effects of other financial revenues:

Financial Result - Adjusted (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>(+) Financial Revenue</b>	<b>5,399</b>	<b>12,625</b>	<b>-57.2%</b>	<b>15,664</b>	<b>30,553</b>	<b>-48.7%</b>
Interest on Agreements and Others	1,934	1,835	5.4%	9,937	6,936	43.3%
Returns on Financial Investments	3,204	11,177	-71.3%	5,601	24,649	-77.3%
Others	261	(387)	-167.4%	126	(1,032)	-112.2%
<b>(-) Financial Expenses</b>	<b>(34,153)</b>	<b>(40,803)</b>	<b>-16.3%</b>	<b>(66,205)</b>	<b>(75,332)</b>	<b>-12.1%</b>
Interest Expenses	(5,829)	(5,280)	10.4%	(9,006)	(10,584)	-14.9%
Interest on Leasing	(17,879)	(21,576)	-17.1%	(35,761)	(35,083)	1.9%
Discounts Granted	(7,414)	(8,621)	-14.0%	(16,444)	(21,188)	-22.4%
Monetary Variation Expenses	-	(1,711)	-100.0%	(1,578)	(3,602)	-56.2%
Others	(3,031)	(3,615)	-16.2%	(3,416)	(4,875)	-29.9%
<b>Financial Result</b>	<b>(28,754)</b>	<b>(28,178)</b>	<b>2.0%</b>	<b>(50,541)</b>	<b>(44,779)</b>	<b>12.9%</b>

## Net Income

Net Income - Accounting (R\$ 000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Operating Income</b>	<b>89,326</b>	<b>88,970</b>	<b>0.4%</b>	<b>129,548</b>	<b>164,448</b>	<b>-21.2%</b>
(+) Financial Result	(28,754)	(28,178)	2.0%	(50,541)	(44,779)	12.9%
(+) Income and Soc. Contrib. Taxes	(3,557)	(1,786)	99.2%	(4,909)	(4,571)	7.4%
(+) Deferred Income and Soc. Contrib. Taxes	(2,299)	-	0.0%	(2,616)	-	0.0%
<b>Net Income (Loss)</b>	<b>54,716</b>	<b>59,006</b>	<b>-7.3%</b>	<b>71,482</b>	<b>115,098</b>	<b>-37.9%</b>
Net Margin	16.0%	17.7%	-1.8 p.p.	11.0%	18.1%	-7.1 p.p.

Operating income reached R\$89.3 million in 2Q20, an increase of 0.4% compared to the R\$89.0 million registered in 2Q19. In 2Q20, net income (accounting) totaled R\$54.7 million, compared to R\$59.0 million in 2Q19.



Income tax and social contribution totaled R\$3.6 million in 2Q20, an increase of 99.2% compared to 2Q19, due to the increase of provisions, reduction in the tax loss of its subsidiaries and higher revenue from non-incentive activities. At the end of 2019, the Company opted to record deferred taxes on temporary differences, which impacted the result of 2Q20 by R\$2.3 million, without the respective comparative value in 2019 due to the higher net income in 2Q20.

The decrease in net income was mainly due to the impact of IFRS-16 on depreciation and amortization and income and social contribution taxes that mitigated the increase in adjusted EBITDA in the quarter.

The table below shows managerial net income, adjusted for non-recurring effects. Adjusted net income increased by 8.3%, from R\$53.8 million in 2Q19 to R\$58.3 million in 2Q20.

Net Income - Adjusted (R\$ 000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Adjusted Operating Income</b>	<b>92,972</b>	<b>83,601</b>	<b>11.2%</b>	<b>146,235</b>	<b>167,302</b>	<b>-12.6%</b>
(+) Financial Result	(28,754)	(28,178)	2.0%	(50,541)	(44,779)	12.9%
(+) Income and Soc. Contrib. Taxes	(3,658)	(1,628)	124.7%	(5,494)	(4,680)	17.4%
(+) Deferred Income and Soc. Contrib. Taxes	(2,299)	-	0.0%	(2,616)	-	0.0%
<b>Adjusted Net Income (Loss)</b>	<b>58,261</b>	<b>53,794</b>	<b>8.3%</b>	<b>87,585</b>	<b>117,843</b>	<b>-25.7%</b>
Adjusted Net Margin	17.0%	16.2%	0.8 p.p.	13.4%	18.5%	-5.1 p.p.

## Reconciliation of adjusted net income excluding the effects of IFRS-16

Net Income Adjusted (Ex-IFRS 16) (R\$ ('000))	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Adjusted Net Income (Loss)</b>	<b>58,261</b>	<b>53,794</b>	<b>8.3%</b>	<b>87,585</b>	<b>117,843</b>	<b>-25.7%</b>
Adjusted Net Margin	17.0%	16.2%	0.8 p.p.	13.4%	18.5%	-5.1 p.p.
Rent (IFRS 16)	(22,860)	(24,664)	-7.3%	(42,510)	(33,137)	28.3%
Depreciation and Amortization (IFRS 16)	17,906	16,257	10.1%	35,082	23,577	48.8%
Interest on Leasing (IFRS 16)	11,732	11,155	5.2%	23,418	16,526	41.7%
Income and Social Contribution Taxes (IFRS 16)	(188)	(61)	207.8%	(560)	(261)	114.3%
<b>Adjusted Net Income (Loss) - (Ex-IFRS 16)</b>	<b>64,852</b>	<b>56,481</b>	<b>14.8%</b>	<b>103,015</b>	<b>124,547</b>	<b>-17.3%</b>
Adjusted Net Margin (Ex-IFRS 16)	18.9%	17.0%	1.9 p.p.	15.8%	19.6%	-3.7 p.p.

The table above shows the impact of IFRS-16 on the Company's adjusted net income for the purposes of demonstration and comparability with previous years.

Adjusted net income excluding the impacts of IFRS-16 totaled R\$64.9 million in the quarter, an increase of 14.8% compared to 2Q19, mainly due to the addition of UNINORTE's rent expenses, which was integrated to in the Company's results as of November 2019.



## Accounts Receivable and Average Collection Period

Accounts Receivable and Average Receivable Days (R\$ '000)	2Q19	4Q19	1Q20	2Q20
<b>Gross Accounts Receivable</b>	<b>451,144</b>	<b>447,038</b>	<b>476,635</b>	<b>541,547</b>
Monthly tuition fees	157,174	194,723	193,222	239,892
FIES	159,837	100,509	119,358	138,618
Negotiated agreements receivable	67,948	64,877	70,188	63,634
Education credits receivable	45,552	58,096	72,096	80,863
Credit Card and Others	20,633	28,833	21,771	18,540
PDA balance	(81,230)	(113,149)	(106,564)	(106,489)
<b>Net Accounts Receivable</b>	<b>369,914</b>	<b>333,889</b>	<b>370,071</b>	<b>435,058</b>
<b>Net Revenue (Last 12 Months - FIES+Ex-FIES+Pronatec)</b>	<b>1,242,839</b>	<b>1,275,986</b>	<b>1,280,348</b>	<b>1,290,763</b>
Net Receivable Days (FIES+Ex-FIES+Pronatec)	107	94	104	121
<b>Net Revenue FIES (Last 12 Months)</b>	<b>388,686</b>	<b>343,820</b>	<b>322,225</b>	<b>297,419</b>
Net Receivable Days (FIES)	131	85	111	143
Net Receivable Days (Monthly tuition fees + Negotiated agreements receivable + Education credits receivable)	88	87	94	108

The average net collection period increased from 107 to 121 days due to the following:

a) Increase in the average collection period of monthly tuition fees, agreements receivable and educational credits, from 88 to 108 days is mainly due to the revision of the provisional estimate made in 1Q19 and the longer collection period as a result of the current economic situation. The Company believes that the current average collection period better reflects the cycle of the effective collection in students' contracts, which are renewed every six months, considering the deterioration of the economic scenario due to the Covid-19 pandemic.

b) The increase in the FIES's average collection period from 131 to 143 days was due to the increase in the payment cycle by FNDE started in 2019.

Aging of Monthly tuition fees (R\$ '000)	2Q19	% Chg.	4Q19	% Chg.	2Q20	% Chg.
Overdue by up to 30 day	34,816	22.2%	35,949	18.5%	54,543	22.7%
Overdue from 31 to 60 days	27,894	17.7%	29,565	15.2%	38,114	15.9%
Overdue from 61 to 90 days	26,312	16.7%	27,358	14.0%	36,437	15.2%
Overdue from 91 to 180 days	30,669	19.5%	41,018	21.1%	46,592	19.4%
Overdue from 181 to 360 days	37,483	23.8%	60,833	31.2%	64,206	26.8%
<b>TOTAL</b>	<b>157,174</b>	<b>100.0%</b>	<b>194,723</b>	<b>100.0%</b>	<b>239,892</b>	<b>100.0%</b>
<b>% of Gross Accounts Receivable</b>	<b>34.8%</b>		<b>43.6%</b>		<b>44.3%</b>	

Aging of Negotiated Agreements (R\$ '000)	2Q19	% Chg.	4Q19	% Chg.	2Q20	% Chg.
Not yet due	18,949	27.9%	18,236	28.1%	18,041	28.4%
Overdue by up to 30 day	9,148	13.5%	7,827	12.1%	6,641	10.4%
Overdue from 31 to 60 days	7,616	11.2%	7,260	11.2%	6,655	10.5%
Overdue from 61 to 90 days	6,742	9.9%	6,770	10.4%	6,019	9.5%
Overdue from 91 to 180 days	10,900	16.0%	10,060	15.5%	11,212	17.6%
Overdue from 181 to 360 days	14,593	21.5%	14,724	22.7%	15,066	23.7%
<b>TOTAL</b>	<b>67,948</b>	<b>100.0%</b>	<b>64,877</b>	<b>100.0%</b>	<b>63,634</b>	<b>100.0%</b>
<b>% of Gross Accounts Receivable</b>	<b>15.1%</b>		<b>14.5%</b>		<b>11.8%</b>	

The total increase in monthly tuition fees receivable as a percentage of gross accounts receivable was due to an upturn in net revenue from monthly tuitions, agreements, and Educured, as the FIES student base fell from 26.1% in 2Q19 to



18.5% in 2Q20, already considering UNINORTE's students. Excluding UNINORTE, FIES students represent 16.9% of the on-campus undergraduate student base.

The table below shows the evolution of our PDA from December 31, 2019 to June 30, 2020:

Constitution of Provision for Doubtful Accounts in the Income Statement (R\$ '000)	12/31/2019	Gross Increase in Provision for Doubtful Accounts	Write-off	06/30/2020
Total	113,149	61,216	(67,876)	106,489

## Investments (CAPEX)

CAPEX (R\$ ('000))	6M20	% of Total	6M19	% of Total
<b>CAPEX Total</b>	<b>24,606</b>	<b>100.0%</b>	<b>29,915</b>	<b>100.0%</b>
Property acquisition / Construction / Maintenance of campuses	4,842	19.7%	7,872	26.3%
Equipment / Library / IT	9,419	38.3%	16,980	56.8%
Licenses and Partnerships	3,850	15.6%	2,820	9.4%
Intangibles and Others	6,495	26.4%	2,243	7.5%
<b>Acquisitions Debt Payment</b>	<b>89,049</b>		<b>40,013</b>	
<b>Total CAPEX + Acquisitions Payables</b>	<b>113,655</b>		<b>69,928</b>	

In 6M20, the Company invested a total of R\$24.6 million, however, investments in renovations of campuses, equipment, laboratories and libraries were significantly reduced due to the impacts of COVID-19. On the other hand, there was an increase in investments in licenses and partnerships and intangibles, due to the acquisition of didactic material and software licenses.

## Indebtedness

Indebtedness (R\$ '000)	06/30/2020	12/31/2019	% Chg. Jun20 x Dec19
<b>Total Cash</b>	<b>760,348</b>	<b>358,198</b>	<b>112.3%</b>
Judicial deposits	(48,090)	(42,665)	12.7%
FG-FIES Guarantee Fund	(12,097)	(9,070)	33.4%
<b>Cash, Cash equivalents and Securities</b>	<b>700,161</b>	<b>306,463</b>	<b>128.5%</b>
Cash and cash equivalents	699,537	215,173	225.1%
Securities	624	91,290	-99.3%
<b>Gross debt</b>	<b>(632,619)</b>	<b>(276,715)</b>	<b>128.6%</b>
Loans and financing	(630,678)	(182,178)	246.2%
Short term	(77,635)	(92,137)	-15.7%
Long term	(553,043)	(90,041)	514.2%
Aquisitions Payables*	(1,941)	(94,537)	-97.9%
<b>Net Cash</b>	<b>67,542</b>	<b>29,748</b>	<b>127.0%</b>
Net Cash / Adjusted EBITDA (LTM)	0.20	0.09	

\* Acquisitions payables refer to acquisition scheduled payments

Cash and cash equivalents totaled R\$700.2 million, an increase of 128.5% compared to December 2019. This variation is mainly due to cash preservation measures taken during the pandemic including, among others, the contracting of R\$500 million in medium-term working capital in order to provide the Company with greater cash protection in case of further deterioration in the scenario, as well as to support possible acquisitions, offset by commitments to be paid for





UNG's acquisition, UNINORTE's acquisition and the remaining balance of UNAMA's acquisition, totaling R\$89.0 million in the quarter.

The Company's gross debt mainly reflects commitments related to acquisitions and the issue of two long-term debts with the following characteristics:

- (i) Financing with IFC for the term of 7 years, totaling R\$120.0 million at CDI+2.05% p.a. up to 2018 and CDI+1.65% as of 2019, to be paid semi-annually as of April 15, 2017, and maturing on April 15, 2022, whose balance on June 30, 2020 was R\$43.7 million;
- (ii) Contracting of working capital, as mentioned above, consisting of: R\$200.0 million with Caixa Econômica Federal, at CDI+0.19% p.m., for a term of 36 months, with a 14-month grace period for the principal and payment in 8 quarterly installments, after the grace period, R\$200 million with Itaú Unibanco, at CDI+3.4% p.a. and R\$100.0 million with Santander Brasil, at CDI+3.1% p.a., both maturing in 2 years; and
- (iii) The Company's 2<sup>nd</sup> issue of simple, unsecured debentures not convertible into shares, in 2 series, 100,000 of which are First Series Debentures and 100,000 are Second Series Debentures, with a unit par value of R\$1,000.00 as of the date of issue, totaling R\$200,000,000.00. The First Series Debentures earned interest of 100% of the average daily rate of Interbank Deposits, plus a spread of 0.65% per year, based on 252 Business Days, paid on September 15, 2019. The Second Series Debentures will earn interest of 100% of the average daily rate of Interbank Deposits, plus a spread of 1.35% per year, based on 252 Business Days, maturing on September 15, 2021, whose balance on June 30, 2020 is of R\$75.5 million.

On June 30, 2020, Grupo Ser Educacional's gross debt totaled R\$632.6 million, an increase of 128.6% compared to the R\$276.7 million on December 31, 2019, mainly due to the contracting of working capital, as mentioned above. In 2Q20, the Company's net cash amounted to R\$67.5 million against net cash of R\$29.7 million in 4Q19.

Debt Amortization Schedule (R\$ '000)	Loans and Financing	A.V. (%)	Aquisitions Payables	A.V. (%)	Debentures	A.V. (%)	Total	A.V. (%)
<b>Short Term</b>	27,079	4.9%	1,941	100.0%	50,556	67.0%	79,576	12.6%
<b>Total Long Term</b>	528,146	95.1%	-	0.0%	24,897	33.0%	553,043	87.4%
1-2 years	423,263	76.2%	-	0.0%	24,897	33.0%	448,160	70.8%
2-3 years	101,682	18.3%	-	0.0%	-	0.0%	101,682	16.1%
3-4 years	2,062	0.4%	-	0.0%	-	0.0%	2,062	0.3%
4-5 years	1,139	0.2%	-	0.0%	-	0.0%	1,139	0.2%
After five years	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Loans, Financing and Acquisitions payables</b>	555,225	100.0%	1,941	100.0%	75,453	100.0%	632,619	100.0%

Regarding the debt payment schedule, 12.6% corresponds to short-term debt, showing that the Company has adequate debt amortization terms, as well as a comfortable level of financial leverage.



## Cash Flow

Cash Flow (R\$ '000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Cash flow from operating activities</b>						
Net cash from operating activities	79,392	2,622	2927.9%	72,706	19,212	278.4%
(-) Cash flow allocated to investing activities	(30,965)	(14,260)	117.1%	(113,655)	(69,928)	62.5%
(+)/ (-) Securities	10,732	116,475	-90.8%	90,666	363,182	-75.0%
(+)/ (-) Cash flow allocated to financing activities	469,444	(308,001)	-252.4%	434,647	(313,372)	-238.7%
<b>Increase in cash and cash equivalents</b>	<b>528,603</b>	<b>(203,164)</b>	<b>-360.2%</b>	<b>484,364</b>	<b>(906)</b>	<b>-53561.8%</b>
<b>Net increase in cash and cash equivalents</b>						
Beginning of period	170,934	516,989	-66.9%	215,173	314,731	-31.6%
End of period	699,537	313,825	122.9%	699,537	313,825	122.9%
<b>Increase in cash and cash equivalents</b>	<b>528,603</b>	<b>(203,164)</b>	<b>-360.2%</b>	<b>484,364</b>	<b>(906)</b>	<b>-53561.8%</b>
<b>Cash and Securities changes</b>	<b>517,871</b>	<b>(319,639)</b>	<b>-262.0%</b>	<b>393,698</b>	<b>(364,088)</b>	<b>-208.1%</b>
Beginning of period	182,290	876,449	-79.2%	306,463	920,898	-66.7%
End of period	700,161	556,810	25.7%	700,161	556,810	25.7%

Net operating cash generation increased from R\$2.6 million in 2Q19 to R\$79.4 million in 2Q20, mainly due to the increase in operating cash flow from regular students, reduced operating costs and postponed payments in the quarter, partially offset by the longer FIES payment cycle adopted by the government as of 2019, demonstrating that the Company managed to present solid operating cash generation despite the impact of the COVID-19 pandemic in the quarter.

## ABOUT GRUPO SER EDUCACIONAL

Founded in 2003 and headquartered in Recife, Grupo Ser Educacional (B3 SEER3) is one of the largest private education groups in Brazil and the leader in the Northeast and North regions in terms of number of students enrolled. It offers undergraduate, graduate, vocational and distance learning courses in 26 states and the Federal District, with a consolidated base of approximately 183,600 students. The Company operates under the following brands: UNINASSAU, UNINASSAU – Centro Universitário Maurício de Nassau, UNINABUCO – Centro Universitário Joaquim Nabuco, Faculdades UNINABUCO, Joaquim Nabuco and Maurício de Nassau Vocational Schools, UNIVERITAS/UNG, UNAMA – Universidade da Amazônia and Faculdade da Amazônia and UNIVERITAS – Centro Universitário Universitas Veritas, Faculdades UNIVERITAS and UNINORTE – Centro Universitário do Norte, through which it offers 1,937 courses.

*This earnings release may include forward-looking statements related to business prospects, estimates of operating and financial results, and the growth prospects of Grupo Ser Educacional. These are merely projections and, as such, are solely based on the expectations of the Management of Grupo Ser Educacional. Such forward-looking statements are substantially dependent on external factors, in addition to the risks presented in the disclosure documents filed by Grupo Ser Educacional and are therefore subject to change without prior notice.*



## EXHIBITS – Income Statement

Income Statement - Accounting R\$ ('000)	2Q20	2Q19	% Chg. 2Q20 x 2Q19	6M20	6M19	% Chg. 6M20 x 6M19
<b>Gross Operating Revenue</b>	<b>621,802</b>	<b>562,017</b>	<b>10.6%</b>	<b>1,223,499</b>	<b>1,058,875</b>	<b>15.5%</b>
Undergraduate Monthly Tuition	563,274	519,025	8.5%	1,104,124	973,835	13.4%
Graduate Monthly Tuition	8,717	7,001	24.5%	17,975	14,585	23.2%
Vocational Courses Monthly Tuition	425	480	-11.5%	929	983	-5.6%
Distance Learning Monthly Tuition	48,462	32,854	47.5%	95,939	62,723	53.0%
Others	924	2,657	-65.2%	4,532	6,749	-32.8%
<b>Deductions from Gross Revenue</b>	<b>(278,782)</b>	<b>(229,412)</b>	<b>21.5%</b>	<b>(571,953)</b>	<b>(422,106)</b>	<b>35.5%</b>
Discounts and Scholarships	(201,709)	(155,769)	29.5%	(425,483)	(287,377)	48.1%
PROUNI	(60,714)	(54,770)	10.9%	(115,908)	(99,308)	16.7%
FGEDUC And FIES charges	(4,429)	(7,929)	-44.1%	(8,247)	(14,553)	-43.3%
Taxes	(11,930)	(10,944)	9.0%	(22,315)	(20,868)	6.9%
<b>Net Operating Revenue</b>	<b>343,020</b>	<b>332,605</b>	<b>3.1%</b>	<b>651,546</b>	<b>636,769</b>	<b>2.3%</b>
<b>Cash Cost of Services Rendered</b>	<b>(138,306)</b>	<b>(146,687)</b>	<b>-5.7%</b>	<b>(293,282)</b>	<b>(284,748)</b>	<b>3.0%</b>
Payroll and Charges	(92,838)	(94,175)	-1.4%	(189,239)	(183,314)	3.2%
Rent	6,486	2,317	179.9%	4,371	(7,651)	-157.1%
Concessionaires (Electricity, Water and Telephone)	(5,167)	(10,983)	-53.0%	(15,263)	(20,092)	-24.0%
Third-Party Services	(5,960)	(13,289)	-55.2%	(12,072)	(20,499)	-41.1%
Depreciation and Amortization	(40,827)	(30,557)	33.6%	(81,079)	(53,192)	52.4%
<b>Managerial Gross Profit</b>	<b>204,714</b>	<b>185,918</b>	<b>10.1%</b>	<b>358,264</b>	<b>352,021</b>	<b>1.8%</b>
<i>Gross Margin</i>	<i>59.7%</i>	<i>55.9%</i>	<i>3.8 p.p.</i>	<i>55.0%</i>	<i>55.3%</i>	<i>-0.3 p.p.</i>
<b>Operating Expenses/Revenue</b>	<b>(115,388)</b>	<b>(96,948)</b>	<b>19.0%</b>	<b>(228,716)</b>	<b>(187,573)</b>	<b>21.9%</b>
General and Administrative Expenses	(116,944)	(113,937)	2.6%	(228,466)	(203,060)	12.5%
Payroll and Charges	(33,346)	(35,573)	-6.3%	(73,971)	(70,472)	5.0%
Third-Party Services	(9,152)	(16,651)	-45.0%	(24,084)	(29,436)	-18.2%
Advertising	(15,973)	(22,473)	-28.9%	(41,328)	(42,200)	-2.1%
Materials	(750)	(3,556)	-78.9%	(3,703)	(6,933)	-46.6%
PDA	(47,475)	(22,311)	112.8%	(61,216)	(28,839)	112.3%
Others	(6,702)	(9,632)	-30.4%	(16,973)	(17,586)	-3.5%
Depreciation and Amortization	(3,546)	(3,741)	-5.2%	(7,191)	(7,594)	-5.3%
Other Operating Expenses/Revenue	1,556	16,989	-90.8%	(250)	15,487	N.M.
<b>Managerial Operating Income</b>	<b>89,326</b>	<b>88,970</b>	<b>0.4%</b>	<b>129,548</b>	<b>164,448</b>	<b>-21.2%</b>
<i>Operating Margin</i>	<i>26.0%</i>	<i>26.7%</i>	<i>-0.7 p.p.</i>	<i>19.9%</i>	<i>25.8%</i>	<i>-5.9 p.p.</i>
(+) Adjusted Depreciation and Amortization	44,373	34,298	29.4%	88,270	60,786	45.2%
<b>EBITDA</b>	<b>133,699</b>	<b>123,268</b>	<b>8.5%</b>	<b>217,818</b>	<b>225,234</b>	<b>-3.3%</b>
<i>EBITDA Margin</i>	<i>39.0%</i>	<i>37.1%</i>	<i>1.9 p.p.</i>	<i>33.4%</i>	<i>35.4%</i>	<i>-1.9 p.p.</i>
(+) Non-recurring costs and expenses	3,646	(5,369)	-167.9%	16,688	2,854	484.7%
(+) Interest on tuition and agreements	1,934	1,835	5.4%	9,937	6,936	43.3%
(-) Minimum rent paid	(30,627)	(31,334)	-2.3%	(58,164)	(49,557)	17.4%
<b>Adjusted EBITDA</b>	<b>108,653</b>	<b>88,400</b>	<b>22.9%</b>	<b>186,279</b>	<b>185,467</b>	<b>0.4%</b>
<i>Adjusted EBITDA Margin</i>	<i>31.7%</i>	<i>26.6%</i>	<i>5.1 p.p.</i>	<i>28.6%</i>	<i>29.1%</i>	<i>-0.5 p.p.</i>
(-) Adjusted Depreciation and Amortization	(44,373)	(34,298)	29.4%	(88,270)	(60,786)	45.2%
<b>Adjusted EBIT</b>	<b>64,280</b>	<b>54,102</b>	<b>18.8%</b>	<b>98,009</b>	<b>124,681</b>	<b>-21.4%</b>
<i>Adjusted EBIT Margin</i>	<i>18.7%</i>	<i>16.3%</i>	<i>2.5 p.p.</i>	<i>15.0%</i>	<i>19.6%</i>	<i>-4.5 p.p.</i>
<b>Financial Result</b>	<b>(28,754)</b>	<b>(28,178)</b>	<b>2.0%</b>	<b>(50,541)</b>	<b>(44,779)</b>	<b>12.9%</b>
(+) Financial Revenue	5,399	12,625	-57.2%	15,664	30,553	-48.7%
Interest on Agreements and Others	1,934	1,835	5.4%	9,937	6,936	43.3%
Returns on Financial Investments	3,204	11,177	-71.3%	5,601	24,649	-77.3%
Others	261	(387)	-167.4%	126	(1,032)	-112.2%
(-) Financial Expenses	(34,153)	(40,803)	-16.3%	(66,205)	(75,332)	-12.1%
Interest Expenses	(5,829)	(5,280)	10.4%	(9,006)	(10,584)	-14.9%
Interest on Leasing	(17,879)	(21,576)	-17.1%	(35,761)	(35,083)	1.9%
Discounts Granted	(7,414)	(8,621)	-14.0%	(16,444)	(21,188)	-22.4%
Monetary Variation Expenses	-	(1,711)	-100.0%	(1,578)	(3,602)	-56.2%
Others	(3,031)	(3,615)	-16.2%	(3,416)	(4,875)	-29.9%
<b>Income Before Income Taxes</b>	<b>60,572</b>	<b>60,792</b>	<b>-0.4%</b>	<b>79,007</b>	<b>119,669</b>	<b>-34.0%</b>
Income and Social Contribution Taxes	(5,856)	(1,786)	227.9%	(7,525)	(4,571)	64.6%
Current	(24,634)	(21,279)	15.8%	(41,675)	(44,909)	-7.2%
Tax Incentive - Proni	21,077	19,493	8.1%	36,766	40,338	-8.9%
Deferred	(2,299)	-	-100.0%	(2,616)	-	-100.0%
<b>Consolidated Net Income/Loss</b>	<b>54,716</b>	<b>59,006</b>	<b>-7.3%</b>	<b>71,482</b>	<b>115,098</b>	<b>-37.9%</b>
<i>Net Margin</i>	<i>16.0%</i>	<i>17.7%</i>	<i>-1.8 p.p.</i>	<i>11.0%</i>	<i>18.1%</i>	<i>-7.1 p.p.</i>



## Income Statement – Managerial result

<b>Income Statement - Adjusted</b> R\$ ('000)	<b>2Q20</b>	<b>2Q19</b>	<b>% Chg.</b> <b>2Q20 x 2Q19</b>	<b>6M20</b>	<b>6M19</b>	<b>% Chg.</b> <b>6M20 x 6M19</b>
<b>Gross Operating Revenue</b>	<b>621,802</b>	<b>562,017</b>	<b>10.6%</b>	<b>1,223,499</b>	<b>1,058,875</b>	<b>15.5%</b>
Undergraduate Monthly Tuition	563,274	519,025	8.5%	1,104,124	973,835	13.4%
Graduate Monthly Tuition	8,717	7,001	24.5%	17,975	14,585	23.2%
Vocational Courses Monthly Tuition	425	480	-11.5%	929	983	-5.6%
Distance Learning Monthly Tuition	48,462	32,854	47.5%	95,939	62,723	53.0%
Others	924	2,657	-65.2%	4,532	6,749	-32.8%
<b>Deductions from Gross Revenue</b>	<b>(278,782)</b>	<b>(229,412)</b>	<b>21.5%</b>	<b>(571,953)</b>	<b>(422,106)</b>	<b>35.5%</b>
Discounts and Scholarships	(201,709)	(155,769)	29.5%	(425,483)	(287,377)	48.1%
PROUNI	(60,714)	(54,770)	10.9%	(115,908)	(99,308)	16.7%
FGEDUC And FIES charges	(4,429)	(7,929)	-44.1%	(8,247)	(14,553)	-43.3%
Taxes	(11,930)	(10,944)	9.0%	(22,315)	(20,868)	6.9%
<b>Net Operating Revenue</b>	<b>343,020</b>	<b>332,605</b>	<b>3.1%</b>	<b>651,546</b>	<b>636,769</b>	<b>2.3%</b>
<b>Cash Cost of Services Rendered</b>	<b>(137,847)</b>	<b>(145,532)</b>	<b>-5.3%</b>	<b>(291,903)</b>	<b>(280,703)</b>	<b>4.0%</b>
Payroll and Charges	(92,379)	(93,020)	-0.7%	(187,860)	(179,269)	4.8%
Rent	6,486	2,317	179.9%	4,371	(7,651)	-157.1%
Concessionaires (Electricity, Water and Telephone)	(5,167)	(10,983)	-53.0%	(15,263)	(20,092)	-24.0%
Third-Party Services	(5,960)	(13,289)	-55.2%	(12,072)	(20,499)	-41.1%
Depreciation and Amortization	(40,827)	(30,557)	33.6%	(81,079)	(53,192)	52.4%
<b>Managerial Gross Profit</b>	<b>205,173</b>	<b>187,073</b>	<b>9.7%</b>	<b>359,643</b>	<b>356,066</b>	<b>1.0%</b>
<i>Managerial Gross Margin</i>	<i>59.8%</i>	<i>56.2%</i>	<i>3.6 p.p.</i>	<i>55.2%</i>	<i>55.9%</i>	<i>-0.7 p.p.</i>
<b>Operating Expenses/Revenue</b>	<b>(112,201)</b>	<b>(103,473)</b>	<b>8.4%</b>	<b>(213,408)</b>	<b>(188,764)</b>	<b>13.1%</b>
<b>General and Administrative Expenses</b>	<b>(113,686)</b>	<b>(106,795)</b>	<b>6.5%</b>	<b>(213,263)</b>	<b>(190,584)</b>	<b>11.9%</b>
Payroll and Charges	(32,460)	(35,117)	-7.6%	(71,323)	(68,894)	3.5%
Third-Party Services	(8,009)	(9,965)	-19.6%	(18,892)	(18,539)	1.9%
Advertising	(15,973)	(22,473)	-28.9%	(41,328)	(42,200)	-2.1%
Materials	(750)	(3,556)	-78.9%	(3,703)	(6,933)	-46.6%
PDA	(47,475)	(22,311)	112.8%	(61,216)	(28,839)	112.3%
Others	(5,473)	(9,632)	-43.2%	(9,610)	(17,586)	-45.4%
Depreciation and Amortization	(3,546)	(3,741)	-5.2%	(7,191)	(7,594)	-5.3%
<b>Other Operating Expenses/Revenue</b>	<b>1,486</b>	<b>3,323</b>	<b>-55.3%</b>	<b>(144)</b>	<b>1,821</b>	<b>-107.9%</b>
<b>Managerial Operating Income</b>	<b>92,972</b>	<b>83,601</b>	<b>11.2%</b>	<b>146,235</b>	<b>167,302</b>	<b>-12.6%</b>
<i>Managerial Operating Margin</i>	<i>27.1%</i>	<i>25.1%</i>	<i>2.0 p.p.</i>	<i>22.4%</i>	<i>26.3%</i>	<i>-3.8 p.p.</i>
(+) Depreciation and Amortization	44,373	34,298	29.4%	88,270	60,786	45.2%
(+) Interest on tuition and agreements	1,934	1,835	5.4%	9,937	6,936	43.3%
(-) Minimum rent paid	(30,627)	(31,334)	-2.3%	(58,164)	(49,557)	17.4%
<b>Adjusted EBITDA</b>	<b>108,653</b>	<b>88,400</b>	<b>22.9%</b>	<b>186,278</b>	<b>185,467</b>	<b>0.4%</b>
<i>Adjusted EBITDA Margin</i>	<i>31.7%</i>	<i>26.6%</i>	<i>5.1 p.p.</i>	<i>28.6%</i>	<i>29.1%</i>	<i>-0.5 p.p.</i>
(-) Depreciation and Amortization	(44,373)	(34,298)	29.4%	(88,270)	(60,786)	45.2%
<b>Adjusted EBIT</b>	<b>64,280</b>	<b>54,102</b>	<b>18.8%</b>	<b>98,008</b>	<b>124,681</b>	<b>-21.4%</b>
<i>Adjusted EBIT Margin</i>	<i>18.7%</i>	<i>16.3%</i>	<i>2.5 p.p.</i>	<i>15.0%</i>	<i>19.6%</i>	<i>-4.5 p.p.</i>
<b>Financial Result</b>	<b>(28,754)</b>	<b>(28,178)</b>	<b>2.0%</b>	<b>(50,541)</b>	<b>(44,779)</b>	<b>12.9%</b>
(+) Financial Revenue	5,399	12,625	-57.2%	15,664	30,553	-48.7%
Interest on Agreements and Others	1,934	1,835	5.4%	9,937	6,936	43.3%
Returns on Financial Investments	3,204	11,177	-71.3%	5,601	24,649	-77.3%
Others	261	(387)	-167.4%	126	(1,032)	-112.2%
(-) Financial Expenses	(34,153)	(40,803)	-16.3%	(66,205)	(75,332)	-12.1%
Interest Expenses	(5,829)	(5,280)	10.4%	(9,006)	(10,584)	-14.9%
Interest on Leasing	(17,879)	(21,576)	-17.1%	(35,761)	(35,083)	1.9%
Discounts Granted	(7,414)	(8,621)	-14.0%	(16,444)	(21,188)	-22.4%
Monetary Variation Expenses	-	(1,711)	-100.0%	(1,578)	(3,602)	-56.2%
Others	(3,031)	(3,615)	-16.2%	(3,416)	(4,875)	-29.9%
<b>Income Before Income Taxes</b>	<b>64,218</b>	<b>55,423</b>	<b>15.9%</b>	<b>95,694</b>	<b>122,523</b>	<b>-21.9%</b>
<b>Income and Social Contribution Taxes</b>	<b>(5,957)</b>	<b>(1,628)</b>	<b>265.9%</b>	<b>(8,110)</b>	<b>(4,680)</b>	<b>73.3%</b>
Current	(24,735)	(21,121)	17.1%	(42,260)	(45,018)	-6.1%
Tax Incentive - Prouni	21,077	19,493	8.1%	36,766	40,338	-8.9%
Deferred	(2,299)	-	-100.0%	(2,616)	-	-100.0%
<b>Adjusted Consolidated Net Income/Loss</b>	<b>58,261</b>	<b>53,794</b>	<b>8.3%</b>	<b>87,585</b>	<b>117,843</b>	<b>-25.7%</b>
<i>Adjusted Net Margin</i>	<i>17.0%</i>	<i>16.2%</i>	<i>0.8 p.p.</i>	<i>13.4%</i>	<i>18.5%</i>	<i>-5.1 p.p.</i>



## Balance Sheet

<b>Balance Sheet - ASSETS (R\$ '000)</b>	<b>06/30/2020</b>	<b>12/31/2019</b>	<b>% Chg. Jun20 x Dec19</b>
<b>Total Assets</b>	<b>3,026,129</b>	<b>2,559,156</b>	<b>18.2%</b>
<b>Current Assets</b>	<b>1,133,904</b>	<b>644,545</b>	<b>75.9%</b>
Cash and cash equivalents	699,537	215,173	225.1%
Securities	624	91,290	-99.3%
Accounts receivable	378,562	286,967	31.9%
Taxes recoverable	16,040	13,917	15.3%
Related parties	1,952	1,952	0.0%
Other assets	37,189	35,246	5.5%
<b>Non-Current Assets</b>	<b>1,892,225</b>	<b>1,914,611</b>	<b>-1.2%</b>
<b>Long-Term Assets</b>	<b>246,193</b>	<b>227,438</b>	<b>8.2%</b>
Accounts receivable	56,496	46,922	20.4%
Related parties	6,996	7,972	-12.2%
Other assets	52,159	42,665	22.3%
Indemnifications	112,015	112,015	0.0%
FG-FIES Guarantee Fund	12,097	9,070	33.4%
Other Accounts receivable	6,430	8,794	-26.9%
Intangible assets	551,812	560,646	-1.6%
Right-of-Use Assets	603,422	616,110	-2.1%
Property, plant and equipment	490,798	510,417	-3.8%
<b>Balance Sheet - LIABILITIES (R\$ '000)</b>	<b>06/30/2020</b>	<b>12/31/2019</b>	<b>% Chg. Jun20 x Dec19</b>
<b>Total Liabilities</b>	<b>1,666,531</b>	<b>1,250,668</b>	<b>33.3%</b>
<b>Current Liabilities</b>	<b>362,898</b>	<b>406,439</b>	<b>-10.7%</b>
Suppliers	39,839	32,501	22.6%
Accounts payable	1,941	94,537	-97.9%
Loans and financing	27,079	24,377	11.1%
Debentures	50,556	67,760	-25.4%
Payroll and charges	124,781	82,000	52.2%
Taxes payable	21,132	23,688	-10.8%
Leasing	47,704	43,931	8.6%
Dividends payable	20,372	6,063	236.0%
Other liabilities	29,494	31,582	-6.6%
<b>Non-Current Liabilities</b>	<b>1,303,633</b>	<b>844,229</b>	<b>54.4%</b>
Loans and financing	528,146	40,351	1208.9%
Debentures	24,897	49,690	-49.9%
Leasing	622,866	623,946	-0.2%
Taxes payable	6,101	7,127	-14.4%
Provision for contingencies	121,181	122,111	-0.8%
Other liabilities	442	1,004	-56.0%
<b>Consolidated Shareholders' Equity</b>	<b>1,359,598</b>	<b>1,308,488</b>	<b>3.9%</b>
Capital Realized	987,549	987,549	0.0%
Income Reserve	324,513	320,939	1.1%
Retained income	47,536	-	N.M.
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,026,129</b>	<b>2,559,156</b>	<b>18.2%</b>



## Cash Flow

Cash Flow Statement (R\$ '000)	06/30/2020	06/30/2019	% Chg. Jun20 x Jun19
<b>Consolidated Net Income for the Period before Income Taxes</b>	<b>79,007</b>	<b>119,669</b>	<b>-34.0%</b>
Depreciation and amortization	88,270	60,786	45.2%
Provisions	(930)	(145)	541.4%
Adjustment present value of accounts receivable	4,170	2,490	67.5%
Provision for doubtful accounts	61,216	28,839	112.3%
Sale of Non-Current Assets	(2,551)	6,677	-138.2%
Interest and exchange variation, net	45,653	50,478	-9.6%
<b>Adjusted Net Income</b>	<b>274,835</b>	<b>268,794</b>	<b>2.2%</b>
<b>Changes in Assets and Liabilities</b>	<b>(140,948)</b>	<b>(206,114)</b>	<b>-31.6%</b>
Accounts receivable	(166,555)	(186,816)	-10.8%
Taxes recoverable	(6,192)	(4,884)	26.8%
Related parties	-	(10,901)	-100.0%
Other assets	(8,031)	(21,582)	-62.8%
Suppliers	7,338	1,553	372.5%
Payroll and charges	42,781	18,358	133.0%
Taxes payable	(3,582)	(4,945)	-27.6%
Income and social contribution taxes payable	(4,057)	701	-678.7%
Other liabilities	(2,650)	2,402	-210.3%
<b>Cash generated from operations</b>	<b>133,887</b>	<b>62,680</b>	<b>113.6%</b>
<b>Other</b>	<b>(61,181)</b>	<b>(43,468)</b>	<b>40.7%</b>
Interest on loans and debentures	(21,952)	(3,113)	605.2%
Interest on leases	(35,761)	(35,083)	1.9%
Income and social contribution taxes paid	(3,468)	(5,272)	-34.2%
<b>Net Cash from Operating Activities</b>	<b>72,706</b>	<b>19,212</b>	<b>278.4%</b>
<b>Net Cash from Investing Activities</b>	<b>(22,989)</b>	<b>293,254</b>	<b>-107.8%</b>
Securities	90,666	363,182	-75.0%
Additions to property, plant and equipment	(14,261)	(25,446)	-44.0%
Additions to intangible assets	(10,345)	(4,469)	131.5%
Acquisition of subsidiaries Payments	(89,049)	(40,013)	122.6%
<b>Net Cash from Financing Activities</b>	<b>434,647</b>	<b>(313,372)</b>	<b>-238.7%</b>
Amortization of Debentures	(25,000)	-	N.M.
Loans and financing	499,299	-	N.M.
Amortization of loans and financing	(12,162)	(12,218)	-0.5%
Amortization of leasing	(22,403)	(14,474)	54.8%
Related parties	976	-	N.M.
Dividends	(6,063)	(286,680)	-97.9%
<b>Increase (Reduction) in Cash and Cash Equivalents</b>	<b>484,364</b>	<b>(906)</b>	<b>N.M.</b>
Cash and Cash Equivalents at Beginning of Period	215,173	314,731	-31.6%
Cash and Cash Equivalents at End of Period	699,537	313,825	122.9%
<b>Cash changes and Securities</b>	<b>393,698</b>	<b>(364,088)</b>	<b>-208.1%</b>