

# **GAEC Educação S.A. and Subsidiaries**

Interim financial information for the three and six-month periods ended June 30, 2017 and  
Report on review of Interim Financial Information

Deloitte Touche Tohmatsu Auditores Independentes

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of  
GAEC Educação S.A.  
São Paulo - SP

### **Introduction**

We have reviewed the parent company and consolidated interim financial information of GAEC Educação S.A. ("Company"), included in the Interim Financial Information Form (ITR), for the quarter ended June 30, 2017, which comprises the statement of financial position as of June 30, 2017 and the related statements of income, comprehensive income, changes in equity and of cash flows for the three and six-month periods then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the parent company and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Information and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

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

### **Conclusion on the interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim financial information included in the ITR referred to previously was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

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## **Restatement of the amounts corresponding to the three and six-month periods ended June 30, 2016**

As mentioned in Note 5 of the interim financial information, due to changes in the accounting policies, the amounts corresponding to the statement of income and the statement of value added referring to the three and six-month periods ended June 30, 2016, presented for comparison purposes, were adjusted and are being restated pursuant to CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26 (R1) - Presentation of Financial Statements, equivalent to IAS 8 and IAS 1, respectively. Our opinion remains unchanged regarding this matter.

### **Other matters**

#### *Statements of value added*

We have also reviewed the parent company and consolidated statements of value added (DVA), for the six-month period ended June 30, 2017, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR) and considered as supplemental information for International Financial Reporting Standards - IFRS, which does not require the presentation of DVA. These statements were subject to the same review procedures described above, and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the interim financial information taken as a whole.

Belo Horizonte, August 7, 2017

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GAEC EDUCAÇÃO S.A. AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2017  
Amounts in thousands of Brazilian reais R\$

| ASSETS                     | Note     | Company          |                  | Consolidated     |                  | LIABILITIES AND EQUITY                       | Note | Company          |                  | Consolidated     |                  |
|----------------------------|----------|------------------|------------------|------------------|------------------|--|------|------------------|------------------|------------------|------------------|
|                            |          | 6/30/2017        | 12/31/2016       | 6/30/2017        | 12/31/2016       |  |      | 6/30/2017        | 12/31/2016       | 6/30/2017        | 12/31/2016       |
| CURRENT ASSETS             |          |                  |                  |                  |                  | CURRENT LIABILITIES                          |      |                  |                  |                  |                  |
| Cash and cash equivalents  | 7        | 2,449            | 8,663            | 30,819           | 39,568           | Trade payables                               | 15   | 3,652            | 4,032            | 23,077           | 23,688           |
| Short-term investments     | 7        | 24               | 7,003            | 108,632          | 141,931          | Borrowings and financing                     | 16   | 99,637           | 99,824           | 121,824          | 124,126          |
| Trade receivables          | 8 and 30 | 8,972            | 12,205           | 251,758          | 195,710          | Labor and related taxes                      | 17   | 9,374            | 6,853            | 74,592           | 58,359           |
| Sundry advances            | 9        | 1,855            | 1,532            | 28,186           | 37,355           | Taxes payable                                | 18   | 892              | 1,058            | 13,517           | 14,772           |
| Dividends receivable       |          | 75,617           | 140,617          | -                | -                | Advances from clients                        | 19   | -                | -                | 20,642           | 19,177           |
| Recoverable taxes          | 10       | 3,376            | 3,630            | 12,066           | 11,154           | Taxes and contributions paid in installments | 20   | -                | -                | 647              | 550              |
| Other current assets       |          | 54               | 56               | 11,113           | 8,324            | Notes payable                                | 21   | -                | -                | 10,754           | 9,133            |
| Total current assets       |          | <u>92,347</u>    | <u>173,706</u>   | <u>442,574</u>   | <u>434,042</u>   | Dividends payable                            |      | 17               | 4,967            | 17               | 4,967            |
|                            |          |                  |                  |                  |                  | Derivatives                                  | 31   | 17,507           | 13,061           | 17,663           | 13,061           |
| NONCURRENT ASSETS          |          |                  |                  |                  |                  | Other current liabilities                    |      | 200              | 202              | 432              | 456              |
| Trade receivables          | 8        | -                | -                | 92,711           | 89,893           | Total current liabilities                    |      | <u>131,279</u>   | <u>-</u>         | <u>283,165</u>   | <u>268,289</u>   |
| Sundry advances            | 9        | -                | -                | 11,489           | 12,449           | NONCURRENT LIABILITIES                       |      |                  |                  |                  |                  |
| Escrow deposits            | 22       | 41               | 34               | 38,539           | 36,292           | Borrowings and financing                     | 16   | 220,783          | 230,301          | 234,717          | 253,506          |
| Loans with related parties | 30       | -                | -                | 154              | 147              | Debts with related parties                   | 30   | 684              | 22               | -                | -                |
| Recoverable taxes          | 10       | 8,679            | 1,279            | 14,308           | 6,001            | Notes payable                                | 21   | -                | -                | 63,678           | 64,551           |
| Other noncurrent assets    |          | 350              | -                | 18,452           | 16,366           | Taxes and contributions paid in installments | 20   | -                | -                | 4,200            | 4,470            |
| Investments                | 12       | 929,845          | 811,261          | 3,131            | -                | Deferred income tax and social contribution  | 11   | -                | -                | 53,744           | 52,180           |
| Property and equipment     | 13       | 6,687            | 5,248            | 230,786          | 223,530          | Provision for labor, tax and civil risks     | 22   | 1,295            | 1,290            | 81,483           | 98,473           |
| Intangible assets          | 14       | 17,743           | 16,132           | 570,993          | 569,132          | Derivatives                                  | 31   | 4,752            | 9,641            | 4,752            | 9,641            |
| Total noncurrent assets    |          | <u>963,345</u>   | <u>833,954</u>   | <u>980,563</u>   | <u>953,810</u>   | Other non-current liabilities                |      | 617              | 717              | 1,116            | 1,050            |
|                            |          |                  |                  |                  |                  | Total noncurrent liabilities                 |      | <u>228,131</u>   | <u>241,971</u>   | <u>443,690</u>   | <u>483,871</u>   |
|                            |          |                  |                  |                  |                  | TOTAL LIABILITIES                            |      | <u>359,410</u>   | <u>-</u>         | <u>726,855</u>   | <u>-</u>         |
|                            |          |                  |                  |                  |                  | EQUITY                                       |      |                  |                  |                  |                  |
|                            |          |                  |                  |                  |                  | Capital stock                                | 23   | 496,411          | 496,411          | 496,411          | 496,411          |
|                            |          |                  |                  |                  |                  | Capital reserve                              | 23   | 6,560            | 6,533            | 6,560            | 6,533            |
|                            |          |                  |                  |                  |                  | Profit reserve                               | 23   | 212,266          | 212,266          | 212,266          | 212,266          |
|                            |          |                  |                  |                  |                  | Treasury shares                              | 23   | (13,634)         | (9,952)          | (13,634)         | (9,952)          |
|                            |          |                  |                  |                  |                  | Goodwill from capital transaction            |      | (69,566)         | (69,566)         | (69,566)         | (69,566)         |
|                            |          |                  |                  |                  |                  | Retained earnings                            |      | 64,245           | -                | 64,245           | -                |
|                            |          |                  |                  |                  |                  | Total equity                                 |      | <u>696,282</u>   | <u>635,692</u>   | <u>696,282</u>   | <u>635,692</u>   |
| TOTAL ASSETS               |          | <u>1,055,692</u> | <u>1,007,660</u> | <u>1,423,137</u> | <u>1,387,852</u> | TOTAL EQUITY AND LIABILITIES                 |      | <u>1,055,692</u> | <u>1,007,660</u> | <u>1,423,137</u> | <u>1,387,852</u> |

The notes are an integral part of the interim financial information.

GAEC EDUCAÇÃO S.A. AND SUBSIDIARIES

STATEMENT OF INCOME FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2017

Amounts in thousands of Brazilian reais - R\$

|   | Note | Company                     |                             |                             |                             | Consolidated                |                             |   |   |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---|---|
|   |      | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016<br>(restated) | 1/1/2016<br>to<br>6/30/2016<br>(restated) |
| NET REVENUE   | 25   | 677                         | 1,354                       | 630                         | 1,259                       | 260,868                     | 516,955                     | 241,120                                   | 470,794                                   |
| COST OF PRODUCTS AND SERVICES                           | 26   | (9,235)                     | (17,960)                    | (4,522)                     | (8,112)                     | (167,801)                   | (299,741)                   | (159,654)                                 | (281,550)                                 |
| GROSS INCOME (LOSS)                                     |      | <u>(8,558)</u>              | <u>(16,606)</u>             | <u>(3,892)</u>              | <u>(6,853)</u>              | <u>93,067</u>               | <u>217,214</u>              | <u>81,466</u>                             | <u>189,244</u>                            |
| OPERATING INCOME (EXPENSES)                             |      |                             |                             |                             |                             |                             |                             |   |   |
| Selling expenses  | 26   | (547)                       | (1,023)                     | (437)                       | (835)                       | (19,965)                    | (36,032)                    | (19,337)                                  | (32,581)                                  |
| General and administrative expenses                     | 26   | (2,669)                     | (4,078)                     | (534)                       | (884)                       | (59,787)                    | (110,097)                   | (47,700)                                  | (86,053)                                  |
| Equity in the earnings (losses) of subsidiaries         | 12   | 23,935                      | 95,417                      | 14,845                      | 76,719                      | (10)                        | (5)                         | -   | -   |
| Other operating income (expenses)                       | 26   | <u>261</u>                  | <u>265</u>                  | <u>603</u>                  | <u>1,303</u>                | <u>(213)</u>                | <u>633</u>                  | <u>(1,983)</u>                            | <u>(4,200)</u>                            |
|   |      | <u>20,980</u>               | <u>90,581</u>               | <u>14,477</u>               | <u>76,303</u>               | <u>(79,975)</u>             | <u>(145,501)</u>            | <u>(69,020)</u>                           | <u>(122,834)</u>                          |
| EARNINGS BEFORE FINANCIAL RESULT                        |      | <u>12,422</u>               | <u>73,975</u>               | <u>10,585</u>               | <u>69,450</u>               | <u>13,092</u>               | <u>71,713</u>               | <u>12,446</u>                             | <u>66,410</u>                             |
| Finance income (expenses)                               | 28   | (12,687)                    | (24,367)                    | (11,621)                    | (17,731)                    | (14,326)                    | (23,390)                    | (13,846)                                  | (15,005)                                  |
| PROFIT (LOSS) BEFORE INCOME TAXES                       |      | <u>(265)</u>                | <u>49,608</u>               | <u>(1,036)</u>              | <u>51,719</u>               | <u>(1,234)</u>              | <u>48,323</u>               | <u>(1,400)</u>                            | <u>51,405</u>                             |
| Current and deferred income tax and social contribution | 11   | 14,637                      | 14,637                      | -                           | -                           | 15,606                      | 15,922                      | 364                                       | 314                                       |
| PROFIT (LOSS) FOR THE PERIOD                            |      | <u><u>14,372</u></u>        | <u><u>64,245</u></u>        | <u><u>(1,036)</u></u>       | <u><u>51,719</u></u>        | <u><u>14,372</u></u>        | <u><u>64,245</u></u>        | <u><u>(1,036)</u></u>                     | <u><u>51,719</u></u>                      |
|   |      |                             |                             |                             |                             |                             |                             |   |   |
| BASIC EARNINGS (LOSS) PER SHARE - R\$                   | 23   | 0.18                        | 0.80                        | (0.01)                      | 0.63                        |                             |                             |   |   |
| DILUTED EARNINGS (LOSS) PER SHARE - R\$                 | 23   | 0.18                        | 0.79                        | (0.01)                      | 0.63                        |                             |                             |   |   |

The notes are an integral part of the interim financial information.

GAEC EDUCAÇÃO S.A. AND SUBSIDIARIES

INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE- AND SIX-MONTH PERIOD ENDED JUNE 30, 2017

Amounts in thousands of Brazilian reais – R\$

|                                 | Note | Capital stock  | Capital reserve | Treasury shares | Profit reserves |                  | Goodwill on capital transactions | Retained earnings | Company's equity |
|---------------------------------|------|----------------|-----------------|-----------------|-----------------|------------------|----------------------------------|-------------------|------------------|
|                                 |      |                |                 |                 | Legal reserve   | Profit retention |                                  |                   |                  |
| BALANCE AS AT DECEMBER 31, 2015 |      | 496,411        | 1,231           | (3,149)         | 13,378          | 203,813          | (69,566)                         | -                 | 642,118          |
| Share-based compensation        |      | -              | 4,625           | -               | -               | -                | -                                | -                 | 4,625            |
| Acquisition of treasury shares  | 23.c | -              | -               | (27,459)        | -               | -                | -                                | -                 | (27,459)         |
| Profit (loss) for the period    |      | -              | -               | -               | -               | -                | -                                | 51,719            | 51,719           |
| BALANCES AS AT JUNE 31, 2016    |      | 496,411        | 5,856           | (30,608)        | 13,378          | 203,813          | (69,566)                         | 51,719            | 671,003          |
| BALANCE AS AT DECEMBER 31, 2016 |      | 496,411        | 6,533           | (9,952)         | 14,420          | 197,846          | (69,566)                         | -                 | 635,692          |
| Share-based compensation        |      | -              | 27              | -               | -               | -                | -                                | -                 | 27               |
| Acquisition of treasury shares  | 23.c | -              | -               | (3,682)         | -               | -                | -                                | -                 | (3,682)          |
| Profit (loss) for the period    |      | -              | -               | -               | -               | -                | -                                | 64,245            | 64,245           |
| BALANCE AS AT JUNE 30, 2017     |      | <u>496,411</u> | <u>6,560</u>    | <u>(13,634)</u> | <u>14,420</u>   | <u>197,846</u>   | <u>(69,566)</u>                  | <u>64,245</u>     | <u>696,282</u>   |

The notes are an integral part of the interim financial information.

GAEC EDUCAÇÃO S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE- AND SIX-MONTH PERIODS ENDED JUNE 30, 2017

Amounts in thousands of Brazilian reais – R\$

|   | Company                     |                             |                             |                             | Consolidated                |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| PROFIT (LOSS) FOR THE PERIOD              | 14,372                      | 64,245                      | (1,036)                     | 51,719                      | 14,372                      | 64,245                      | (1,036)                     | 51,719                      |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>14,372</u>               | <u>64,245</u>               | <u>(1,036)</u>              | <u>51,719</u>               | <u>14,372</u>               | <u>64,245</u>               | <u>(1,036)</u>              | <u>51,719</u>               |

The notes are an integral part of the interim financial information.

## GAEC EDUCAÇÃO S.A. AND SUBSIDIARIES

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017  
Amounts in thousands of Brazilian reais – R\$

|  |          | Company   |           | Consolidated |           |
|--|----------|-----------|-----------|--------------|-----------|
|  | Note     | 6/30/2017 | 6/30/2016 | 6/30/2017    | 6/30/2016 |
| CASH FLOW FROM OPERATING ACTIVITIES  |          |           |           |              |           |
| Profit for the period  |          | 64,245    | 51,719    | 64,245       | 51,719    |
| Adjustments:   |          |           |           |              |           |
| Allowance for doubtful accounts  | 8/26     | -         | -         | 22,026       | 19,589    |
| Restatement (reversal) of escrow deposits  | 22       | (1)       | 4         | (1,021)      | (504)     |
| Depreciation and amortization  | 13/14/26 | 2,958     | 2,234     | 24,500       | 18,717    |
| Write-off of the residual value of property and equipment and intangible assets                | 13/14    | -         | 90        | 50           | 1,726     |
| Equity income  | 12       | (95,417)  | (76,719)  | 5            | -         |
| Investment loss  |          | -         | -         | -            | 36        |
| Expenses with interest from loans, borrowings and tax installments                             |          | 16,393    | 23,900    | 19,222       | 29,035    |
| Recognition and restatement of the provision for labor, tax and civil risks                    | 26       | 5         | (314)     | 2,777        | 6,097     |
| Present value adjustment expenses and restatement of notes                                     | 28       | -         | -         | 4,694        | 3,560     |
| Revenue from adjustment to present value and FIES, Ampliar and Pravalier inflation adjustments |          | -         | -         | (4,026)      | (10,659)  |
| Restatement of loans to third parties  |          | -         | -         | (852)        | -         |
| Share-based compensation   |          | 3         | -         | 27           | 4,625     |
| Write-off of inventory and net assets  |          | -         | -         | 1,194        | -         |
| Current and deferred income tax and social contribution  | 11       | (14,637)  | -         | (15,922)     | (314)     |
|  |          | (26,451)  | 914       | 116,919      | 123,627   |
| Variation in operating assets and liabilities:   |          |           |           |              |           |
| Decrease (increase) in trade receivables   |          | 3,233     | (518)     | (76,866)     | (88,696)  |
| Decrease (increase) in sundry advances   |          | (323)     | 8         | 10,129       | (15,063)  |
| Decrease (increase) in escrow deposits   | 22       | (6)       | 14        | (4,487)      | (4,585)   |
| Decrease (increase) in recoverable taxes and contributions                                     |          | 1,448     | 300       | (640)        | 604       |
| Decrease (increase) in other assets  |          | (347)     | (2)       | (4,389)      | (912)     |
| (Decrease) increase in trade payables  |          | (380)     | (494)     | (540)        | 186       |
| (Decrease) increase in payroll and related taxes   |          | 3,151     | (925)     | 15,775       | 16,056    |
| (Decrease) increase in advances from clients   |          | -         | -         | 1,465        | 1,118     |
| (Decrease) increase of taxes and contributions paid in installments                            |          | -         | -         | (296)        | (192)     |
| (Decrease) increase of provision for tax, civil and labor risks                                | 22       | -         | (422)     | (9,287)      | (10,670)  |
| (Decrease) increase in other liabilities   |          | (106)     | (10)      | 43           | (265)     |
|  |          | 6,670     | (2,049)   | (69,093)     | (102,419) |
| Interest paid  |          | (8,560)   | (9,838)   | (11,320)     | (15,689)  |
| Income tax and social contribution paid  |          | -         | -         | 15           | (298)     |
|  |          | (28,341)  | (10,973)  | 36,521       | 5,221     |
| Net cash (used in) generated by operating activities   |          |           |           |              |           |
| CASH FLOW FROM INVESTING ACTIVITIES  |          |           |           |              |           |
| Concessions  |          | -         | -         | (7)          | -         |
| Capital increase in subsidiary   | 12       | (18,934)  | (101,480) | (3,136)      | -         |
| Acquisition of subsidiaries net of cash acquired   |          | -         | -         | -            | 5,251     |
| Redemption (investment) of financial investments   |          | 7,730     | 34,477    | 42,711       | (10,079)  |
| Yields from financial investments  |          | (751)     | (8,111)   | (9,412)      | (9,943)   |
| Acquisition of property and equipment  | 13       | (2,013)   | (1,458)   | (23,669)     | (19,311)  |
| Acquisition of intangible assets   | 14       | (3,995)   | (3,673)   | (7,898)      | (7,373)   |
| Dividends received   |          | 66,040    | 31,000    | -            | -         |
| Net cash (used in) generated by investing activities   |          | 48,077    | (49,245)  | (1,411)      | (41,455)  |
| CASH FLOW FROM FINANCING ACTIVITIES  |          |           |           |              |           |
| Loans with related parties   |          |           |           |              |           |
| Funding  |          | 11,573    | -         | -            | -         |
| Amortizations  |          | (10,911)  | -         | -            | -         |
| Borrowings and financing   |          |           |           |              |           |
| Funding  |          | 5,351     | 142,978   | 5,351        | 142,978   |
| Amortizations  |          | (17,875)  | (39,685)  | (29,124)     | (66,979)  |
| Gain (loss) on derivatives   | 28       | (5,456)   | -         | (5,456)      | -         |
| Amortization of notes payable in the acquisition of subsidiaries                               |          | -         | -         | (5,998)      | -         |
| Treasury shares  | 23.c     | (3,682)   | (27,459)  | (3,682)      | (27,459)  |
| Dividends paid   |          | (4,950)   | (15,249)  | (4,950)      | (15,249)  |
| Net cash (used in) generated by financing activities   |          | (25,950)  | 60,585    | (43,859)     | 33,291    |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS   |          |           |           |              |           |
|  |          | (6,214)   | 367       | (8,749)      | (2,943)   |
| VARIATION OF CASH AND CASH EQUIVALENTS   |          |           |           |              |           |
| Cash and cash equivalents at the beginning of the period                                       | 7        | 8,663     | 1,411     | 39,568       | 25,480    |
| Cash and cash equivalents at the end of the period   | 7        | 2,449     | 1,778     | 30,819       | 22,537    |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS   |          | (6,214)   | 367       | (8,749)      | (2,943)   |

The notes are an integral part of the interim financial information.

## GAEC EDUCAÇÃO S.A. AND SUBSIDIARIES

## STATEMENT OF VALUE ADDED FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

Amounts in thousands of Brazilian reais – R\$

|   | Note | Company        |                | Consolidated   |                         |
|---|------|----------------|----------------|----------------|-------------------------|
|   |      | 6/30/2017      | 6/30/2016      | 6/30/2017      | 6/30/2016<br>(restated) |
| REVENUE   |      |                |                |                |                         |
| Revenue from products and services                    | 25   | 1,514          | 1,410          | 531,026        | 480,856                 |
| Other revenue   |      | 403            | 48             | 4,858          | 4,040                   |
| Allowance for doubtful accounts                       | 26   | -              | -              | (22,026)       | (19,589)                |
| INPUTS ACQUIRED BY THIRD PARTIES                      |      |                |                |                |                         |
| Cost of products and services                         |      | (68)           | (20)           | (4,897)        | (4,487)                 |
| Materials, electricity, outsourced services and other |      | (7,274)        | (2,180)        | (78,177)       | (70,036)                |
| GROSS VALUE ADDED                                     |      | (5,425)        | (742)          | 430,784        | 390,784                 |
| Depreciation and amortization                         | 26   | (2,958)        | (2,234)        | (24,500)       | (18,717)                |
| NET VALUE ADDED                                       |      | (8,383)        | (2,976)        | 406,284        | 372,067                 |
| VALUE ADDED RECEIVED IN TRANSFER                      |      |                |                |                |                         |
| Equity in the earnings (losses) of subsidiaries       | 12   | 95,417         | 76,719         | (5)            | -                       |
| Financial income                                      | 28   | 17,693         | 60,214         | 37,318         | 79,377                  |
| TOTAL VALUE ADDED TO DISTRIBUTE                       |      | <u>104,727</u> | <u>133,957</u> | <u>443,597</u> | <u>451,444</u>          |
| VALUE ADDED DISTRIBUTION                              |      | <u>104,727</u> | <u>133,957</u> | <u>443,597</u> | <u>451,444</u>          |
| Personnel   |      |                |                |                |                         |
| Direct compensation                                   |      | 8,712          | 1,983          | 201,094        | 187,489                 |
| Share-based compensation                              |      | 3              | -              | 27             | -                       |
| Benefits  |      | 1,152          | 495            | 12,373         | 11,128                  |
| Severance pay fund (FGTS)                             |      | 590            | 227            | 20,071         | 17,303                  |
| Taxes and contributions                               |      |                |                |                |                         |
| Federal   |      | (12,398)       | 1,481          | 34,168         | 46,269                  |
| State   |      | -              | -              | 364            | 257                     |
| Municipal   |      | 52             | 44             | 15,327         | 10,878                  |
| Value distributed to providers of capital             |      |                |                |                |                         |
| Interest  | 28   | 42,060         | 77,946         | 60,708         | 94,383                  |
| Rent  |      | 311            | 62             | 35,220         | 32,018                  |
| Value distributed to shareholders                     |      | <u>64,245</u>  | <u>51,719</u>  | <u>64,245</u>  | <u>51,719</u>           |
| Profit for the period                                 |      | <u>64,245</u>  | <u>51,719</u>  | <u>64,245</u>  | <u>51,719</u>           |

The notes are an integral part of the interim financial information.

## MESSAGE FROM MANAGEMENT

We are experiencing a unique moment in our history. We see opportunities ahead to continue advancing our organic growth and acquisitions, as well as play a leading role in the revolution of education, thus strengthening our position as a benchmark institution in the country's education market.

Education will continue going through dramatic change in the coming years. Changes to the regulatory framework, the advent of new technology and growth opportunities, among others, will require education institutions to work increasingly hard. At the same time, we have to guarantee excellence in execution, combining quality and efficiency, while being obsessed about the front line, agility and transparency.

Following the example of companies with excellent corporate governance and thanks to the development of Anima's management model, on June 19, we announced changes to the Company's management. Balancing an innovative, entrepreneurial spirit and cutting-edge vision with disciplined execution and fast decision making is the way to go. We will be implacably opposed to average results and complacency. All this without giving up on participative management that values people, guided by Anima's values and principles. We are the product of our dreams and achievements and these changes were designed to combine our "Transforme" and "Performe" agendas. Our results point in this direction.

Net revenue totaled R\$515.2 million in the first half of 2017 (+9.9% vs. 1H16), fueled by last year's acquisitions. We have been able to significantly accelerate productivity gains, reaching a gross margin of 45.2% (+2.3pp vs. 1H16) and an EBITDA margin of 21.4% (slightly higher year on year). As a result, we closed the period with adjusted EBITDA of R\$110.2 million and adjusted net income of R\$61.3 million.

| Financial Performance               | Consolidated |       |        |       |       |       |       |       |        |
|-------------------------------------|--------------|-------|--------|-------|-------|-------|-------|-------|--------|
|                                     | 1Q17         | 1Q16  | % YA   | 2Q17  | 2Q16  | % YA  | 1H17  | 1H16  | % YA   |
| Net Revenue                         | 255.2        | 228.7 | 11.6%  | 260.0 | 240.2 | 8.3%  | 515.2 | 468.9 | 9.9%   |
| Gross Profit (exclud. deprec/amort) | 129.9        | 111.9 | 16.1%  | 102.7 | 89.0  | 15.4% | 232.7 | 200.9 | 15.8%  |
| Gross Margin                        | 50.9%        | 48.9% | 2.0pp  | 39.5% | 37.1% | 2.5pp | 45.2% | 42.8% | 2.3pp  |
| Adjusted EBITDA                     | 73.9         | 67.4  | 9.6%   | 36.3  | 32.4  | 12.2% | 110.2 | 99.8  | 10.5%  |
| EBITDA Margin                       | 29.0%        | 29.5% | -0.5pp | 14.0% | 13.5% | 0.5pp | 21.4% | 21.3% | 0.1pp  |
| Adjusted Net Income                 | 50.4         | 53.1  | -5.1%  | 10.9  | 7.3   | 49.0% | 61.3  | 60.4  | 1.5%   |
| Net Margin                          | 19.8%        | 23.2% | -3.5pp | 4.2%  | 3.0%  | 1.1pp | 11.9% | 12.9% | -1.0pp |

These good growth results are the product of the disciplined execution of our strategy, both organically and through good acquisitions. The structural changes implemented with the creation of the commercial area and the centralization of the marketing/communication and student service areas are beginning to show results. Firstly, we would like to highlight the excellent intake cycle in the first quarter (+17.8% vs. 1Q16, or +7.8% excluding the recently acquired Una Bom Despacho and Uberlândia). We continue to see a positive trend in our retention efforts, with a 3.8pp year-on-year reduction in dropout rates on the last full semester, and 0,2pp on the current semester so far.

We continue expanding our geographical presence. The three new campuses of the first phase of expansion into the countryside of Minas Gerais (Sete Lagoas, Pouso Alegre and Divinópolis) are already in operation and will help to gradually increase our student base in the coming semesters. We are expanding the portfolio of blended programs – which combine face-to-face classes with the intensive use of technology – in the second semester, with the expansion of activities in the Nova Serrana (MG) and Itajaí (SC) units. We have also taken important steps toward growth in São Paulo, with the opening of another two São Judas campuses scheduled for the beginning of 2018.

These growth moves are in line with our strategy of offering our quality education proposition to an ever-increasing number of students. In order to achieve this goal, we continue reviewing our academic model, with the implementation of the first programs in the second semester of 2017 and expansion to the balance of our programs portfolio as of 2018.

In light of all this, the first half of this year also marked a moment of margin recovery, especially in Post-secondary Education. Excluding the effects of the new acquisitions, we closed the first half of 2017 with a gross margin of 47.1% (+1.3pp vs. 1H16) and an operating result of R\$144.9 million (+12.2% vs. 1H16), which translates into an operating margin of 35.4% (+3.4pp vs. 1H16), thanks to initiatives focused on faculty productivity gains, better capacity utilization of our campuses and the centralization of activities, leading to gains in scale.

| Education                           | Excl Acquisitions <sup>1</sup> |       |       | Acquisitions <sup>1</sup> |       |          |
|-------------------------------------|--------------------------------|-------|-------|---------------------------|-------|----------|
|                                     | 1H17                           | 1H16  | % YA  | 1H17                      | 1H16  | % YA     |
| Net Revenue                         | 409.8                          | 404.6 | 1.3%  | 89.7                      | 51.5  | 74.3%    |
| Gross Profit (exclud. deprec/amort) | 193.0                          | 185.1 | 4.3%  | 34.4                      | 12.5  | 174.2%   |
| Gross Margin                        | 47.1%                          | 45.8% | 1.3pp | 38.3%                     | 24.4% | 14.0pp   |
| Operating Result                    | 144.9                          | 129.1 | 12.2% | 16.5                      | 3.4   | 12787.1% |
| Operating Margin                    | 35.4%                          | 31.9% | 3.4pp | 18.4%                     | 6.7%  | 11.8pp   |

<sup>1</sup> Acquisitions includes Sociesc Feb-16, Una Bom Despacho Jul-16 and Una Uberlândia Oct-16

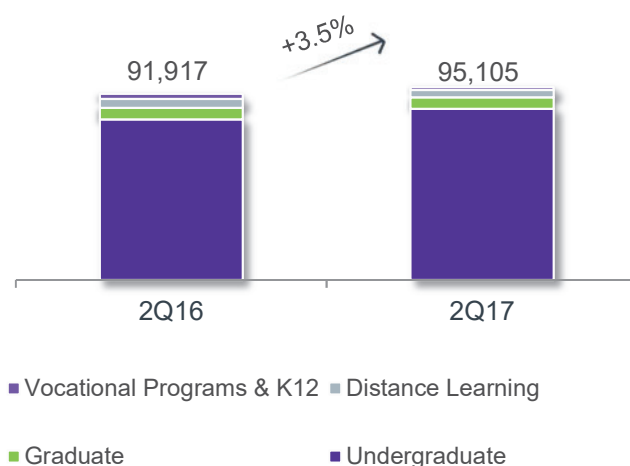
The recent acquisitions also made a positive contribution compared with the same period last year. While last year we started to consolidated Sociesc's results as of February, this year we are reporting the full semester, as well as the results of Una Bom Despacho and Uberlândia. We thus saw an R\$89.7 million net revenue contribution (versus R\$51.5 million in 1H16), combined with an increase of 14,0pp in the gross margin and 11.8pp in the operating margin. We recognize that, in addition to diligent efforts to prospect and acquire new education institutions, we must be disciplined during the integration process in order to truly capture value through an inorganic growth strategy. We are very pleased with the results obtained so far, while being aware that there is still much to be done.

There are, therefore, opportunities and challenges ahead of us that, in one hand, inspire and move us, and on the other demand a reinvention of our “*modus operandi*”. We continue moving forward in our long term strategy, with consistency, increasing our presence into new geografies and consolidating our quality positioning. At the same time, we are mature to understand that changes are part of our DNA, and this is a fundamental item to enable our purpose of Transforming the Country through Education!

## OPERATIONAL PERFORMANCE

### EDUCATION

In the second quarter of 2017, we had 95.1 thousand students, an increase of 3.5% over 2Q16, already including the consolidation of the recent acquisitions in 2016. Excluding the more recent acquisitions (Una Bom Despacho and Una Uberlândia), our student base totaled 87.8 thousand students, a 4.5% year-on-year decline, mainly due to a reduction of 2.0 thousand undergraduate students, 1.2 thousand Pronatec students and 0.8 thousand distance-learning students.



| Student Base               | 2Q16          | 3Q16          | 4Q16          | 1Q17          | 2Q17          | % 2Q17/2Q16 | % 2Q17/1Q17  |
|----------------------------|---------------|---------------|---------------|---------------|---------------|-------------|--------------|
| Undergraduate <sup>2</sup> | 79,196        | 81,303        | 80,507        | 88,423        | 84,517        | 6.7%        | -4.4%        |
| Graduate                   | 5,698         | 5,954         | 5,508         | 5,321         | 5,596         | -1.8%       | 5.2%         |
| Distance Learning          | 4,443         | 4,241         | 3,949         | 4,164         | 3,651         | -17.8%      | -12.3%       |
| Vocational Programs & K12  | 2,580         | 1,732         | 878           | 1,046         | 1,341         | -48.0%      | 28.2%        |
| <b>Total</b>               | <b>91,917</b> | <b>93,230</b> | <b>90,842</b> | <b>98,954</b> | <b>95,105</b> | <b>3.5%</b> | <b>-3.9%</b> |

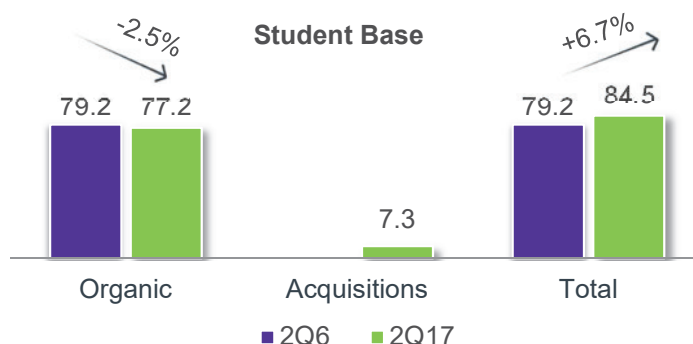
| Student Base (Excl. Acquisitions) <sup>1</sup> | 2Q16          | 3Q16          | 4Q16          | 1Q17          | 2Q17          | % 2Q17/2Q16  | % 2Q17/1Q17  |
|--|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Undergraduate <sup>2</sup>                     | 79,196        | 76,950        | 74,109        | 81,011        | 77,221        | -2.5%        | -4.7%        |
| Graduate                                       | 5,698         | 5,954         | 5,508         | 5,321         | 5,596         | -1.8%        | 5.2%         |
| Distance Learning                              | 4,443         | 4,241         | 3,949         | 4,164         | 3,651         | -17.8%       | -12.3%       |
| Vocational Programs & K12                      | 2,580         | 1,732         | 878           | 1,046         | 1,341         | -48.0%       | 28.2%        |
| <b>Total</b>                                   | <b>91,917</b> | <b>88,877</b> | <b>84,444</b> | <b>91,542</b> | <b>87,809</b> | <b>-4.5%</b> | <b>-4.1%</b> |

<sup>1</sup> Excludes acquisitions of Una Bom Despacho (Jul-16) and Instituto Politécnico (Oct-16)

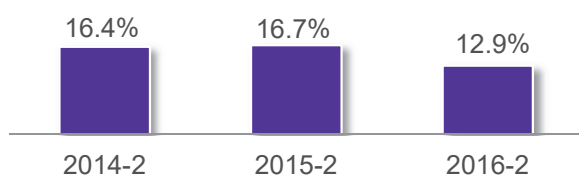
<sup>2</sup> Includes blended programs

## On-campus Undergraduate Student Base

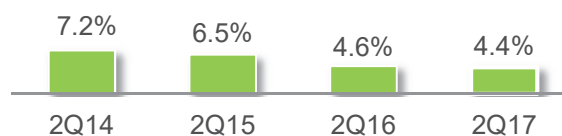
Our undergraduate student base totaled 84.5 thousand students in 2Q17, 6.7% up on 2Q16, including the consolidation of the recent acquisitions. Excluding the acquisitions, our student base would total 77.2 thousand students, 2.5% down year on year.



### Semester Dropout rate<sup>1</sup>



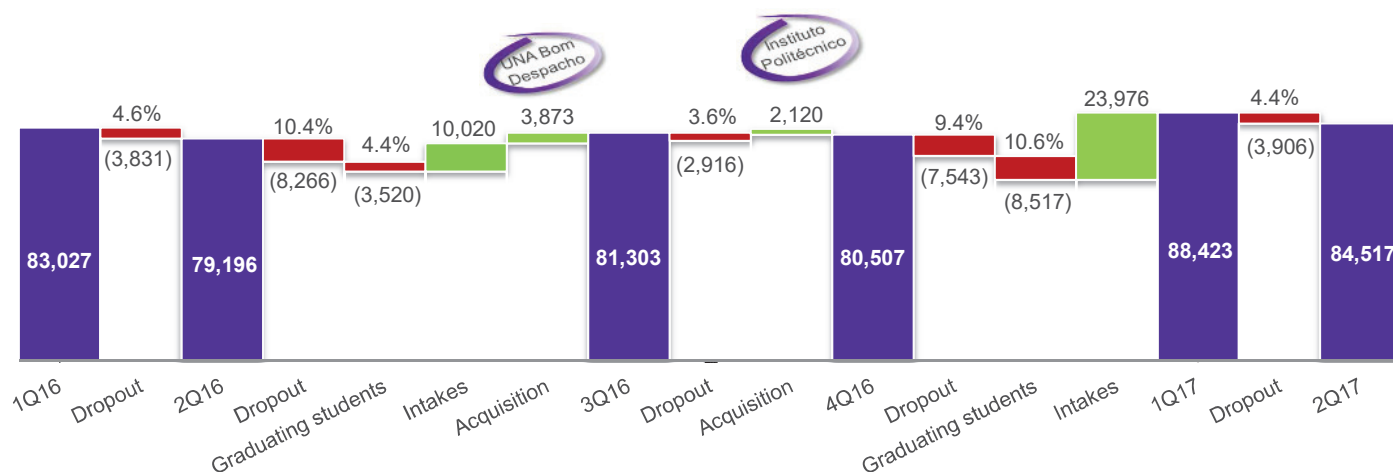
### 2Q Dropout rate

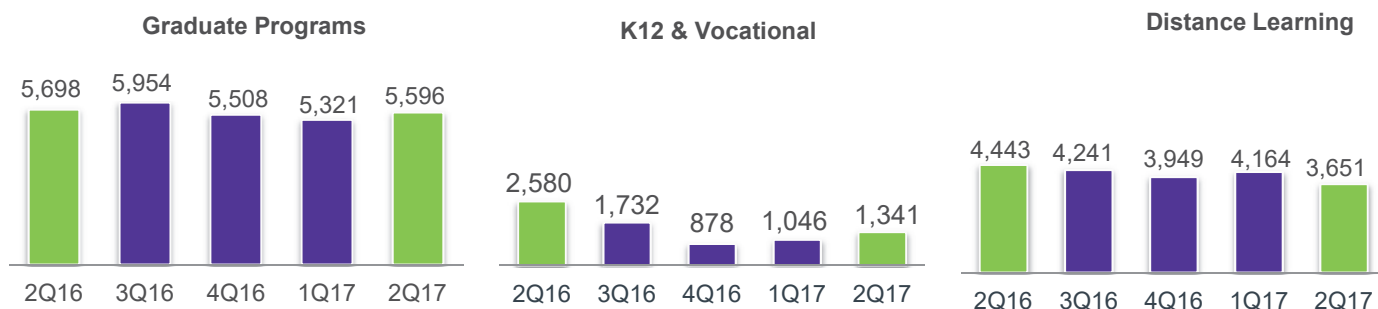


<sup>1</sup> Drop-Out rates of the last full semester, which includes the students that dropped out during the semester (reported in 4Q16) and the ones that did not reenrolled for the following semester (as reported in 1Q17) divided by the 4Q16 beginning of period student base.

In 2Q17, 3.9 thousand students dropped out, corresponding to 4.4% of the base, a slight improvement of 0.2pp over 2Q16. We saw a gradual improvement in semester dropout rates, reinforcing a trend that has been observed since 2014, when we were impacted by a difficult external scenario (2014 to 2017), thus reflecting the efforts and results of the Student Service Executive Area.

### Student Flow - Undergraduate Programs





**Graduate Student Base** – The number of students enrolled in our graduate programs came to 5.6 thousand in 2Q17, edging down 1.8% year on year.

**K12 and Vocational Student Base** – We closed the quarter with 1.3 thousand K12 and vocational education students, including Florianópolis International School, Colégio Tupy (COT) and Escola Técnica Tupy (ETT). The reduction observed throughout 2016 was solely due to the end of Pronatec.

**Distance-Learning Student Base** – We closed 2Q17 with 3.6 thousand distance-learning students in undergraduate, graduate and vocational programs, 17.8% down year on year. It is worth noting that, since the beginning of this year, we have been prioritizing blended programs that are being consolidated into the undergraduate student base for management purposes.

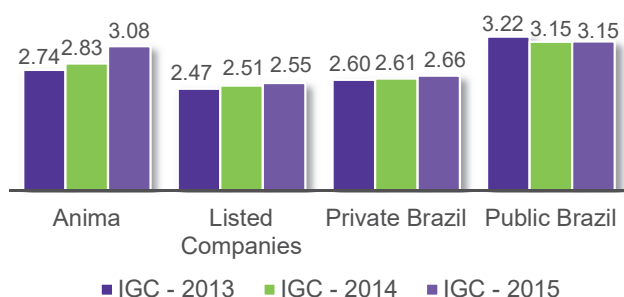


## Academic Quality

As disclosed in 4Q16, our academic indicators disclosed by the Ministry of Education (MEC) confirm Anima's superior quality positioning, as most of its programs and institutions obtained a grade of 4 (scale of 1 to 5), reinforcing the effectiveness of our academic model and our commitment to constantly improve the quality of the education we provide our students.

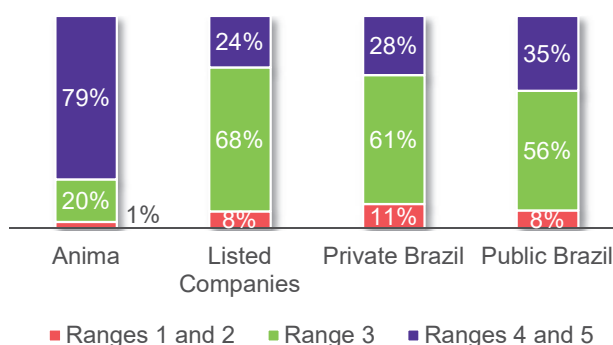
Please see below a summary of the main academic indicators:

**Weighted IGC<sup>1</sup>**

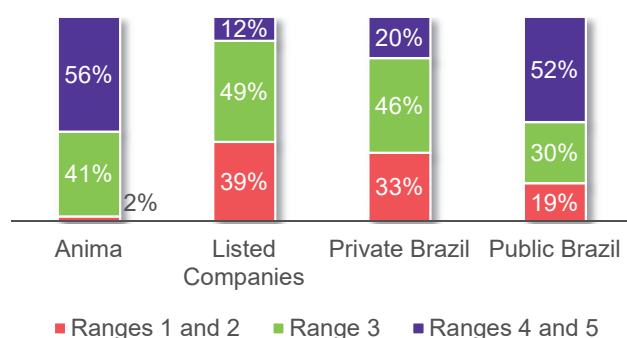


<sup>1</sup> IGC weighted by the number of students.

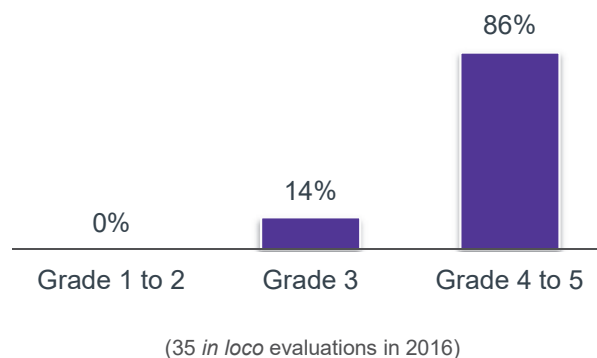
**CPC 2015**



**Enade 2015**



**Anima's Course Concept (CC)**



\* Anima's figures do not include the acquisitions in 2016 (Sociesc - February 2016; Bom Despacho - July 2016; Una Uberlândia - October 2016).

## FINANCIAL PERFORMANCE

The Company's financial results are divided into two segments:

- i) **Education** – which includes, in addition to post-secondary education (undergraduate and graduate), K12 and vocational programs.
- ii) **Other Businesses** – which includes HSM, Sociesc's Management and Technology Innovation (GIT) area and Escola Brasileira de Direito (EBRADI - Brazilian Law School).

The results include important reclassifications between lines of the income statement, already reflected as of the 3Q16 results. Firstly, we began including in our financial statements the effects of Executive Decree 741, which transferred expenses with FIES financial agents to education institutions. This represents 2% of all tuition fees transferred by the government for all FIES contracts as of the second semester of 2016. This amount was included in the Discounts, Deductions & Scholarships line of our income statement. Given their similar nature, we also reclassified as Deductions all the amounts related to FGEDUC and *PraValer* contributions, which used to be classified as Other Operating Expenses. For comparison purposes, all the tables and analyses in this report consider this reclassification retrospectively to 2016. The amounts and impacts on the main lines are shown in the table below:

| R\$ (million)                                 | Education     |                       |               |               |               |               |
|---|---------------|-----------------------|---------------|---------------|---------------|---------------|
|   | 1H16          | Reclass. <sup>1</sup> | 1H16 Adj.     | % Net Revenue | 1H17          | % Net Revenue |
| Discounts, Deductions & Scholarships          | (195.1)       | (12.2)                | (207.3)       | -45.5%        | (275.7)       | -55.2%        |
| <b>Net Revenue</b>                            | <b>468.3</b>  | <b>(12.2)</b>         | <b>456.1</b>  | <b>100.0%</b> | <b>499.6</b>  | <b>100.0%</b> |
| <b>Gross Profit (exclud. deprec. /amort.)</b> | <b>209.9</b>  | <b>(12.2)</b>         | <b>197.7</b>  | <b>43.3%</b>  | <b>227.4</b>  | <b>45.5%</b>  |
| <b>General &amp; Administrative Expenses</b>  | <b>(49.2)</b> | <b>12.2</b>           | <b>(37.0)</b> | <b>-8.1%</b>  | <b>(42.5)</b> | <b>-8.5%</b>  |
| - Others                                      | (17.5)        | 12.2                  | (5.3)         | -1.2%         | (8.1)         | -1.6%         |
| <b>Operating Result</b>                       | <b>132.6</b>  | <b>0.0</b>            | <b>132.6</b>  | <b>29.1%</b>  | <b>161.4</b>  | <b>32.3%</b>  |

| R\$ (million)                                 | Consolidated  |                       |               |               |               |               |
|---|---------------|-----------------------|---------------|---------------|---------------|---------------|
|   | 1H16          | Reclass. <sup>1</sup> | 1H16 Adj.     | % Net Revenue | 1H17          | % Net Revenue |
| Discounts, Deductions & Scholarships          | (195.7)       | (12.2)                | (207.9)       | -44.3%        | (275.9)       | -53.6%        |
| <b>Net Revenue</b>                            | <b>481.1</b>  | <b>(12.2)</b>         | <b>468.9</b>  | <b>100.0%</b> | <b>515.2</b>  | <b>100.0%</b> |
| <b>Gross Profit (exclud. deprec. /amort.)</b> | <b>213.1</b>  | <b>(12.2)</b>         | <b>200.9</b>  | <b>42.8%</b>  | <b>232.7</b>  | <b>45.2%</b>  |
| <b>General &amp; Administrative Expenses</b>  | <b>(55.8)</b> | <b>12.2</b>           | <b>(43.6)</b> | <b>-9.3%</b>  | <b>(55.0)</b> | <b>-10.7%</b> |
| - Others                                      | (18.2)        | 12.2                  | (6.0)         | -1.3%         | (9.4)         | -1.8%         |
| <b>Operating Result</b>                       | <b>127.9</b>  | <b>0.0</b>            | <b>127.9</b>  | <b>27.3%</b>  | <b>151.9</b>  | <b>29.5%</b>  |

<sup>1</sup> Reclassification referring to 1S16. Accounting change from 3Q16.

## 1H17 Results

| R\$ (million)                                     | 1H17           |               |                |               |               |               |
|---|----------------|---------------|----------------|---------------|---------------|---------------|
|   | Consolidated   | % Net Revenue | Education      | % Net Revenue | Others        | % Net Revenue |
| <b>Gross Revenue</b>                              | <b>805.2</b>   | <b>156.3%</b> | <b>787.9</b>   | <b>157.7%</b> | <b>17.4</b>   | <b>110.9%</b> |
| Discounts, Deductions & Scholarships              | (275.9)        | -53.6%        | (275.7)        | -55.2%        | (0.3)         | -1.8%         |
| Taxes   | (14.1)         | -2.7%         | (12.6)         | -2.5%         | (1.4)         | -9.1%         |
| <b>Net Revenue</b>                                | <b>515.2</b>   | <b>100.0%</b> | <b>499.6</b>   | <b>100.0%</b> | <b>15.6</b>   | <b>100.0%</b> |
| <b>Cash Cost of Services</b>                      | <b>(282.5)</b> | <b>-54.8%</b> | <b>(272.2)</b> | <b>-54.5%</b> | <b>(10.4)</b> | <b>-66.3%</b> |
| - Personnel                                       | (205.3)        | -39.8%        | (203.5)        | -40.7%        | (1.8)         | -11.6%        |
| - Services from Third Parties                     | (16.5)         | -3.2%         | (12.6)         | -2.5%         | (3.9)         | -24.9%        |
| - COGS  | (1.9)          | -0.4%         | 0.0            | 0.0%          | (1.9)         | -11.9%        |
| - Rental & Utilities                              | (42.5)         | -8.2%         | (41.7)         | -8.3%         | (0.8)         | -5.2%         |
| - Others  | (16.4)         | -3.2%         | (14.4)         | -2.9%         | (2.0)         | -12.7%        |
| <b>Gross Profit (exclud. deprec. /amort.)</b>     | <b>232.7</b>   | <b>45.2%</b>  | <b>227.4</b>   | <b>45.5%</b>  | <b>5.3</b>    | <b>33.7%</b>  |
| <b>Sales Expenses</b>                             | <b>(35.1)</b>  | <b>-6.8%</b>  | <b>(32.2)</b>  | <b>-6.4%</b>  | <b>(2.9)</b>  | <b>-18.7%</b> |
| - Provision for Doubtful Accounts (PDA)           | (22.0)         | -4.3%         | (21.3)         | -4.3%         | (0.8)         | -4.9%         |
| - Marketing                                       | (13.1)         | -2.5%         | (10.9)         | -2.2%         | (2.2)         | -13.8%        |
| <b>General &amp; Administrative Expenses</b>      | <b>(55.0)</b>  | <b>-10.7%</b> | <b>(42.5)</b>  | <b>-8.5%</b>  | <b>(12.5)</b> | <b>-80.1%</b> |
| - Personnel                                       | (37.0)         | -7.2%         | (27.4)         | -5.5%         | (9.5)         | -60.8%        |
| - Third Party Services                            | (6.6)          | -1.3%         | (5.4)          | -1.1%         | (1.2)         | -7.6%         |
| - Rental & Utilities                              | (2.1)          | -0.4%         | (1.5)          | -0.3%         | (0.6)         | -3.8%         |
| - Others  | (9.4)          | -1.8%         | (8.1)          | -1.6%         | (1.2)         | -7.9%         |
| <b>Other Operating Revenues (Expenses)</b>        | <b>3.5</b>     | <b>0.7%</b>   | <b>2.9</b>     | <b>0.6%</b>   | <b>0.6</b>    | <b>4.0%</b>   |
| - Provisions                                      | (0.2)          | 0.0%          | (0.2)          | 0.0%          | (0.0)         | -0.2%         |
| - Taxes   | (1.2)          | -0.2%         | (1.0)          | -0.2%         | (0.2)         | -1.3%         |
| - Other Operating Revenues                        | 5.0            | 1.0%          | 4.1            | 0.8%          | 0.9           | 5.5%          |
| <b>Late Payment Fees</b>                          | <b>5.8</b>     | <b>1.1%</b>   | <b>5.8</b>     | <b>1.2%</b>   | <b>0.0</b>    | <b>0.0%</b>   |
| <b>Operating Result</b>                           | <b>151.9</b>   | <b>29.5%</b>  | <b>161.4</b>   | <b>32.3%</b>  | <b>(9.6)</b>  | <b>-61.1%</b> |
| - Corporate Expenses                              | (41.6)         | -8.1%         |                |               |               |               |
| <b>Adjusted EBITDA</b>                            | <b>110.2</b>   | <b>21.4%</b>  |                |               |               |               |
| (-) Late Payment Fees                             | (5.8)          | -1.1%         |                |               |               |               |
| (-) Non-Recurring Items - EBITDA                  | (8.5)          | -1.7%         |                |               |               |               |
| <b>EBITDA</b>                                     | <b>95.9</b>    | <b>18.6%</b>  |                |               |               |               |
| Depreciation & Amortization                       | (24.5)         | -4.8%         |                |               |               |               |
| <b>EBIT</b>                                       | <b>71.4</b>    | <b>13.9%</b>  |                |               |               |               |
| Net Financial Result                              | (23.1)         | -4.5%         |                |               |               |               |
| <b>EBT</b>  | <b>48.3</b>    | <b>9.4%</b>   |                |               |               |               |
| Income Tax and Social Contribution                | 15.9           | 3.1%          |                |               |               |               |
| <b>Net Income Before Non-Controlling Interest</b> | <b>64.3</b>    | <b>12.5%</b>  |                |               |               |               |
| Non-Controlling Interest                          | 0.0            | 0.0%          |                |               |               |               |
| <b>Net Income</b>                                 | <b>64.3</b>    | <b>12.5%</b>  |                |               |               |               |
| (-) Non-Recurring Items - EBITDA                  | 8.5            | 1.7%          |                |               |               |               |
| (-) Non-Recurring Items - Net Income              | (11.5)         | -2.2%         |                |               |               |               |
| <b>Adjusted Net Income</b>                        | <b>61.3</b>    | <b>11.9%</b>  |                |               |               |               |

## 2Q17 Results

| R\$ (million)                                     | 2Q17           |               |                |               |              |               |
|---|----------------|---------------|----------------|---------------|--------------|---------------|
|   | Consolidated   | % Net Revenue | Education      | % Net Revenue | Others       | % Net Revenue |
| <b>Gross Revenue</b>                              | <b>408.4</b>   | <b>157.1%</b> | <b>397.8</b>   | <b>158.8%</b> | <b>10.6</b>  | <b>111.2%</b> |
| Discounts, Deductions & Scholarships              | (140.0)        | -53.8%        | (139.7)        | -55.8%        | (0.3)        | -2.9%         |
| Taxes   | (8.4)          | -3.2%         | (7.7)          | -3.1%         | (0.8)        | -8.4%         |
| <b>Net Revenue</b>                                | <b>260.0</b>   | <b>100.0%</b> | <b>250.4</b>   | <b>100.0%</b> | <b>9.6</b>   | <b>100.0%</b> |
| <b>Cash Cost of Services</b>                      | <b>(157.3)</b> | <b>-60.5%</b> | <b>(150.8)</b> | <b>-60.2%</b> | <b>(6.5)</b> | <b>-67.6%</b> |
| - Personnel                                       | (114.8)        | -44.1%        | (113.8)        | -45.5%        | (0.9)        | -9.7%         |
| - Services from Third Parties                     | (8.9)          | -3.4%         | (6.8)          | -2.7%         | (2.2)        | -22.9%        |
| - COGS  | (1.4)          | -0.5%         | 0.0            | 0.0%          | (1.4)        | -14.7%        |
| - Rental & Utilities                              | (21.9)         | -8.4%         | (21.4)         | -8.6%         | (0.5)        | -5.0%         |
| - Others  | (10.3)         | -3.9%         | (8.8)          | -3.5%         | (1.5)        | -15.4%        |
| <b>Gross Profit (exclud. deprec. /amort.)</b>     | <b>102.7</b>   | <b>39.5%</b>  | <b>99.6</b>    | <b>39.8%</b>  | <b>3.1</b>   | <b>32.4%</b>  |
| <b>Sales Expenses</b>                             | <b>(19.5)</b>  | <b>-7.5%</b>  | <b>(17.4)</b>  | <b>-6.9%</b>  | <b>(2.1)</b> | <b>-22.2%</b> |
| - Provision for Doubtful Accounts (PDA)           | (13.2)         | -5.1%         | (12.8)         | -5.1%         | (0.4)        | -3.8%         |
| - Marketing                                       | (6.3)          | -2.4%         | (4.6)          | -1.8%         | (1.8)        | -18.4%        |
| <b>General &amp; Administrative Expenses</b>      | <b>(27.9)</b>  | <b>-10.7%</b> | <b>(21.6)</b>  | <b>-8.6%</b>  | <b>(6.4)</b> | <b>-66.6%</b> |
| - Personnel                                       | (18.8)         | -7.2%         | (13.8)         | -5.5%         | (5.0)        | -52.0%        |
| - Third Party Services                            | (2.9)          | -1.1%         | (2.5)          | -1.0%         | (0.5)        | -4.9%         |
| - Rental & Utilities                              | (1.1)          | -0.4%         | (0.8)          | -0.3%         | (0.3)        | -2.8%         |
| - Others  | (5.2)          | -2.0%         | (4.5)          | -1.8%         | (0.7)        | -6.8%         |
| <b>Other Operating Revenues (Expenses)</b>        | <b>2.5</b>     | <b>1.0%</b>   | <b>2.1</b>     | <b>0.8%</b>   | <b>0.4</b>   | <b>4.5%</b>   |
| - Provisions                                      | 0.5            | 0.2%          | 0.5            | 0.2%          | (0.0)        | -0.1%         |
| - Taxes   | (0.7)          | -0.3%         | (0.5)          | -0.2%         | (0.2)        | -1.6%         |
| - Other Operating Revenues                        | 2.7            | 1.0%          | 2.1            | 0.8%          | 0.6          | 6.1%          |
| <b>Late Payment Fees</b>                          | <b>1.7</b>     | <b>0.6%</b>   | <b>1.7</b>     | <b>0.7%</b>   | <b>0.0</b>   | <b>0.0%</b>   |
| <b>Operating Result</b>                           | <b>59.5</b>    | <b>22.9%</b>  | <b>64.5</b>    | <b>25.8%</b>  | <b>(5.0)</b> | <b>-51.9%</b> |
| - Corporate Expenses                              | (23.2)         | -8.9%         |                |               |              |               |
| <b>Adjusted EBITDA</b>                            | <b>36.3</b>    | <b>14.0%</b>  |                |               |              |               |
| (-) Late Payment Fees                             | (1.7)          | -0.6%         |                |               |              |               |
| (-) Non-Recurring Items - EBITDA                  | (8.0)          | -3.1%         |                |               |              |               |
| <b>EBITDA</b>                                     | <b>26.7</b>    | <b>10.3%</b>  |                |               |              |               |
| Depreciation & Amortization                       | (13.6)         | -5.2%         |                |               |              |               |
| <b>EBIT</b>                                       | <b>13.1</b>    | <b>5.0%</b>   |                |               |              |               |
| Net Financial Result                              | (14.3)         | -5.5%         |                |               |              |               |
| <b>EBT</b>  | <b>(1.2)</b>   | <b>-0.5%</b>  |                |               |              |               |
| Income Tax and Social Contribution                | 15.6           | 6.0%          |                |               |              |               |
| <b>Net Income Before Non-Controlling Interest</b> | <b>14.4</b>    | <b>5.5%</b>   |                |               |              |               |
| Non-Controlling Interest                          | (0.0)          | 0.0%          |                |               |              |               |
| <b>Net Income</b>                                 | <b>14.4</b>    | <b>5.5%</b>   |                |               |              |               |
| (-) Non-Recurring Items - EBITDA                  | 8.0            | 3.1%          |                |               |              |               |
| (-) Non-Recurring Items - Net Income              | (11.5)         | -4.4%         |                |               |              |               |
| <b>Adjusted Net Income</b>                        | <b>10.9</b>    | <b>4.2%</b>   |                |               |              |               |

## FINANCIAL PERFORMANCE – EDUCATION

| R\$ (million)                                 | Education      |               |                |               |                |                |               |                |               |                |
|---|----------------|---------------|----------------|---------------|----------------|----------------|---------------|----------------|---------------|----------------|
|   | 1H17           | % Net Revenue | 1H16           | % Net Revenue | % YA           | 2Q17           | % Net Revenue | 2Q16           | % Net Revenue | % YA           |
| <b>Gross Revenue</b>                          | <b>787.9</b>   | <b>157.7%</b> | <b>672.6</b>   | <b>147.5%</b> | <b>17.1%</b>   | <b>397.8</b>   | <b>158.8%</b> | <b>344.0</b>   | <b>148.1%</b> | <b>15.6%</b>   |
| Discounts, Deductions & Scholarships          | (275.7)        | -55.2%        | (207.3)        | -45.5%        | 32.9%          | (139.7)        | -55.8%        | (106.9)        | -46.0%        | 30.6%          |
| Taxes   | (12.6)         | -2.5%         | (9.2)          | -2.0%         | 37.2%          | (7.7)          | -3.1%         | (4.8)          | -2.1%         | 59.5%          |
| <b>Net Revenue</b>                            | <b>499.6</b>   | <b>100.0%</b> | <b>456.1</b>   | <b>100.0%</b> | <b>9.5%</b>    | <b>250.4</b>   | <b>100.0%</b> | <b>232.3</b>   | <b>100.0%</b> | <b>7.8%</b>    |
| <b>Cash Cost of Services</b>                  | <b>(272.2)</b> | <b>-54.5%</b> | <b>(258.4)</b> | <b>-56.7%</b> | <b>5.3%</b>    | <b>(150.8)</b> | <b>-60.2%</b> | <b>(145.0)</b> | <b>-62.4%</b> | <b>4.0%</b>    |
| - Personnel                                   | (203.5)        | -40.7%        | (193.7)        | -42.5%        | 5.0%           | (113.8)        | -45.5%        | (108.1)        | -46.5%        | 5.3%           |
| - Services from Third Parties                 | (12.6)         | -2.5%         | (13.6)         | -3.0%         | -7.3%          | (6.8)          | -2.7%         | (10.3)         | -4.4%         | -34.4%         |
| - COGS  | 0.0            | 0.0%          | 0.0            | 0.0%          | -100.0%        | 0.0            | 0.0%          | 0.0            | 0.0%          | -100.0%        |
| - Rental & Utilities                          | (41.7)         | -8.3%         | (38.3)         | -8.4%         | 8.7%           | (21.4)         | -8.6%         | (18.9)         | -8.1%         | 13.7%          |
| - Others                                      | (14.4)         | -2.9%         | (12.8)         | -2.8%         | 12.6%          | (8.8)          | -3.5%         | (7.8)          | -3.4%         | 12.6%          |
| <b>Gross Profit (exclud. deprec. /amort.)</b> | <b>227.4</b>   | <b>45.5%</b>  | <b>197.7</b>   | <b>43.3%</b>  | <b>15.0%</b>   | <b>99.6</b>    | <b>39.8%</b>  | <b>87.3</b>    | <b>37.6%</b>  | <b>14.1%</b>   |
| <b>Sales Expenses</b>                         | <b>(32.2)</b>  | <b>-6.4%</b>  | <b>(30.6)</b>  | <b>-6.7%</b>  | <b>5.1%</b>    | <b>(17.4)</b>  | <b>-6.9%</b>  | <b>(18.0)</b>  | <b>-7.7%</b>  | <b>-3.3%</b>   |
| - Provision for Doubtful Accounts (PDA)       | (21.3)         | -4.3%         | (19.3)         | -4.2%         | 10.2%          | (12.8)         | -5.1%         | (12.3)         | -5.3%         | 3.9%           |
| - Marketing                                   | (10.9)         | -2.2%         | (11.3)         | -2.5%         | -3.5%          | (4.6)          | -1.8%         | (5.6)          | -2.4%         | -18.9%         |
| <b>General &amp; Administrative Expenses</b>  | <b>(42.5)</b>  | <b>-8.5%</b>  | <b>(37.0)</b>  | <b>-8.1%</b>  | <b>14.8%</b>   | <b>(21.6)</b>  | <b>-8.6%</b>  | <b>(18.7)</b>  | <b>-8.1%</b>  | <b>15.3%</b>   |
| - Personnel                                   | (27.4)         | -5.5%         | (25.0)         | -5.5%         | 9.8%           | (13.8)         | -5.5%         | (12.2)         | -5.3%         | 12.8%          |
| - Third Party Services                        | (5.4)          | -1.1%         | (4.7)          | -1.0%         | 13.9%          | (2.5)          | -1.0%         | (2.5)          | -1.1%         | -0.9%          |
| - Rental & Utilities                          | (1.5)          | -0.3%         | (2.0)          | -0.4%         | -23.8%         | (0.8)          | -0.3%         | (1.1)          | -0.5%         | -26.4%         |
| - Others                                      | (8.1)          | -1.6%         | (5.3)          | -1.2%         | 53.9%          | (4.5)          | -1.8%         | (2.9)          | -1.3%         | 55.3%          |
| <b>Other Operating Revenues (Expenses)</b>    | <b>2.9</b>     | <b>0.6%</b>   | <b>(3.5)</b>   | <b>-0.8%</b>  | <b>-183.5%</b> | <b>2.1</b>     | <b>0.8%</b>   | <b>(1.5)</b>   | <b>-0.6%</b>  | <b>-241.2%</b> |
| - Provisions                                  | (0.2)          | 0.0%          | (6.4)          | -1.4%         | -96.9%         | 0.5            | 0.2%          | (3.2)          | -1.4%         | -116.7%        |
| - Taxes                                       | (1.0)          | -0.2%         | (0.9)          | -0.2%         | 7.1%           | (0.5)          | -0.2%         | (0.7)          | -0.3%         | -25.6%         |
| - Other Operating Revenues                    | 4.1            | 0.8%          | 3.8            | 0.8%          | 6.6%           | 2.1            | 0.8%          | 2.3            | 1.0%          | -10.9%         |
| <b>Late Payment Fees</b>                      | <b>5.8</b>     | <b>1.2%</b>   | <b>6.0</b>     | <b>1.3%</b>   | <b>-3.5%</b>   | <b>1.7</b>     | <b>0.7%</b>   | <b>1.4</b>     | <b>0.6%</b>   | <b>20.0%</b>   |
| <b>Operating Result</b>                       | <b>161.4</b>   | <b>32.3%</b>  | <b>132.6</b>   | <b>29.1%</b>  | <b>21.8%</b>   | <b>64.5</b>    | <b>25.8%</b>  | <b>50.5</b>    | <b>21.8%</b>  | <b>27.6%</b>   |

| R\$ (million)                          | 1H17         |              |   |              |                           |               |
|--|--------------|--------------|---|--------------|---------------------------|---------------|
|  | Education    | % YA         | Education Ex. Acquisitions <sup>1</sup> | % YA         | Acquisitions <sup>1</sup> | % YA          |
| <b>Net Revenue</b>                     | <b>499.6</b> | <b>9.5%</b>  | <b>409.8</b>                            | <b>1.3%</b>  | <b>89.7</b>               | <b>74.3%</b>  |
| Cash Cost of Services                  | (272.2)      | 5.3%         | (216.8)                                 | -1.2%        | (55.3)                    | 42.1%         |
| Gross Profit (exclud. deprec. /amort.) | 227.4        | 15.0%        | 193.0                                   | 4.3%         | 34.4                      | 174.2%        |
| <b>% Gross Margin</b>                  | <b>45.5%</b> | <b>2.2pp</b> | <b>47.1%</b>                            | <b>1.3pp</b> | <b>38.3%</b>              | <b>14.0pp</b> |
| Operating Result                       | 161.4        | 21.8%        | 144.9                                   | 12.2%        | 16.5                      | 382.7%        |
| <b>% Operating Margin</b>              | <b>32.3%</b> | <b>3.2pp</b> | <b>35.4%</b>                            | <b>3.4pp</b> | <b>18.4%</b>              | <b>11.8pp</b> |

| R\$ (million)                          | 2Q17         |              |   |              |                           |               |
|--|--------------|--------------|---|--------------|---------------------------|---------------|
|  | Education    | % YA         | Education Ex. Acquisitions <sup>1</sup> | % YA         | Acquisitions <sup>1</sup> | % YA          |
| <b>Net Revenue</b>                     | <b>250.4</b> | <b>7.8%</b>  | <b>205.4</b>                            | <b>1.8%</b>  | <b>45.0</b>               | <b>47.7%</b>  |
| Cash Cost of Services                  | (150.8)      | 4.0%         | (120.3)                                 | -0.3%        | (30.5)                    | 25.2%         |
| Gross Profit (exclud. deprec. /amort.) | 99.6         | 14.1%        | 85.1                                    | 4.8%         | 14.6                      | 136.9%        |
| <b>% Gross Margin</b>                  | <b>39.8%</b> | <b>2.2pp</b> | <b>41.4%</b>                            | <b>1.2pp</b> | <b>32.3%</b>              | <b>12.2pp</b> |
| Operating Result                       | 64.5         | 27.6%        | 58.7                                    | 20.3%        | 5.8                       | 234.3%        |
| <b>% Operating Margin</b>              | <b>25.8%</b> | <b>4.0pp</b> | <b>28.6%</b>                            | <b>4.4pp</b> | <b>12.8%</b>              | <b>7.2pp</b>  |

<sup>1</sup> Acquisitions includes Sociesc Feb-16, UNA Bom Despacho Jul-16 and Una Uberlândia Oct-16

## Net Revenue

Net revenue totaled R\$499.6 million in 1H17, R\$43.5 million or 9.5% higher than in 1H16. Excluding the acquisitions, net revenue moved up 1.3%, thanks to the average annual increase in tuition fees (inflation adjustment), in addition to an improvement in our program mix with the expansion of the healthcare portfolio. These effects were partially offset by the decline in the undergraduate (-2.5% versus 2016) and Pronatec student bases (-R\$3.1 million). We also saw an increase in our average discount, chiefly due to the transfer of 2% expenses with FIES financial agents from the government to education institutions and higher early enrollment discounts in the 2017-1 intake.

In 2Q17, net revenue totaled R\$250.4 million, R\$18.1 million or 7.8% higher than in 2Q16. Excluding the acquisitions, net revenue grew 1.8%.

## Average Ticket

| R\$ (million)   | Education |           |        |
|---|-----------|-----------|--------|
|   | 1H17      | 1H16      | % YA   |
| Average Gross Ticket <sup>1</sup>                     | R\$ 1,426 | R\$ 1,263 | +12.9% |
| Average Net Ticket <sup>1</sup>                       | R\$ 886   | R\$ 836   | +5.9%  |
| Average Net Ticket with new acquisitions <sup>1</sup> | R\$ 850   | -         | -      |

<sup>1</sup> Accumulated Revenue ÷ Average Number of Students

The net ticket averaged R\$886 in 1H17, 5.9% up on the same period last year, in line with our plans. We have increased our average price by 9% given our estimate for 2017 inflation when we made the pricing decision and the expected impacts of the execution of our new commercial strategy. We continued to see an improvement in our program mix, given the expansion of the healthcare portfolio, partially offset by higher discounts. Including the acquisitions, our weighted average net ticket came to R\$850.

## Total Costs and Gross Profit

We closed 1H17 with gross profit of R\$227.4 million and a gross margin of 45.5%, 2.2pp higher than in 1H16.

Excluding the acquisitions, gross profit came to R\$193.0 million in the first half of 2017, with a margin of 47.1% (+1.3pp vs. 1H16). This improvement was directly related to our margin recovery efforts. We saw a 4.7pp improvement driven by academic (average number of students per classroom) and infrastructure efficiency (capacity utilization in our campuses) gains, partially offset by the increase in the average discount (-3.0pp of the gross margin) and the transfer of 2% expenses with FIES financial agents from the government to education institutions (-0.4pp of the gross margin).

## **Operating Result**

We closed 1H17 with an operating result of R\$161.4 million, 21.8% up on 1H16. As a result, the operating margin came to 32.3% of net revenue (+3.2pp vs. 1H16). In addition to the 2.2pp gross margin increase, we recorded another 1.0pp gain in selling, general and administrative expenses, concentrated in the second quarter (+1.8pp in 2Q17 vs. +0.3pp in 1Q17).

### Selling Expenses

Selling expenses totaled R\$32.2 million year to date (+5.1% vs. 1H16, influenced by the acquisitions), or 6.4% of net revenue. The 0.3pp gain was due to an improvement in marketing expenses, while the provision for doubtful accounts (PDA) remained virtually stable as a percentage of net revenue. In 2Q17, selling expenses came to R\$17.4 million (-3.3% vs. 2Q16), or 6.9% of net revenue (+0.8pp vs. 2Q16).

### General and Administrative Expenses

General and administrative expenses totaled R\$42.5 million in 1H17 (+14.8% vs. 1H16, driven by the acquisitions), or 8.5% of net revenue (-0.4pp vs. 1H16). In 2Q17, general and administrative expenses came to R\$21.6 million (+15.3% vs. 2Q16), or 8.6% of net revenue (-0.6pp vs. 2Q16).

### Other Operating Revenues (Expenses)

Other operating revenues (expenses), including late payment fees, came to a positive R\$8.7 million in 1H17, or 1.7% of net revenue. The 1.2pp year-on-year improvement was mainly due to a reduction in the provision for risk. In 2Q17, other operating revenues (expenses) totaled a positive R\$3.8 million, or 1.5% of net revenue, a 1.6pp improvement over 2Q16.

## FINANCIAL PERFORMANCE – Other Businesses

| R\$ (million)                                 | Others        |               |              |               |                |              |               |              |               |                |
|---|---------------|---------------|--------------|---------------|----------------|--------------|---------------|--------------|---------------|----------------|
|   | 1H17          | % Net Revenue | 1H16         | % Net Revenue | % YA           | 2Q17         | % Net Revenue | 2Q16         | % Net Revenue | % YA           |
| <b>Gross Revenue</b>                          | <b>17.4</b>   | <b>110.9%</b> | <b>14.3</b>  | <b>111.2%</b> | <b>21.8%</b>   | <b>10.6</b>  | <b>111.2%</b> | <b>8.6</b>   | <b>109.7%</b> | <b>23.2%</b>   |
| Discounts, Deductions & Scholarships          | (0.3)         | -1.8%         | (0.6)        | -4.6%         | -51.3%         | (0.3)        | -2.9%         | (0.3)        | -4.3%         | -18.4%         |
| Taxes   | (1.4)         | -9.1%         | (0.8)        | -6.6%         | 68.0%          | (0.8)        | -8.4%         | (0.4)        | -5.4%         | 87.0%          |
| <b>Net Revenue</b>                            | <b>15.6</b>   | <b>100.0%</b> | <b>12.8</b>  | <b>100.0%</b> | <b>22.0%</b>   | <b>9.6</b>   | <b>100.0%</b> | <b>7.9</b>   | <b>100.0%</b> | <b>21.5%</b>   |
| <b>Cash Cost of Services</b>                  | <b>(10.4)</b> | <b>-66.3%</b> | <b>(9.6)</b> | <b>-75.0%</b> | <b>7.9%</b>    | <b>(6.5)</b> | <b>-67.6%</b> | <b>(6.2)</b> | <b>-78.3%</b> | <b>4.9%</b>    |
| - Personnel                                   | (1.8)         | -11.6%        | (1.8)        | -14.2%        | -0.5%          | (0.9)        | -9.7%         | (1.1)        | -13.6%        | -13.5%         |
| - Services from Third Parties                 | (3.9)         | -24.9%        | (4.2)        | -32.8%        | -7.5%          | (2.2)        | -22.9%        | (2.7)        | -34.4%        | -19.0%         |
| - COGS  | (1.9)         | -11.9%        | (1.5)        | -11.6%        | 25.3%          | (1.4)        | -14.7%        | (1.0)        | -12.2%        | 46.3%          |
| - Rental & Utilities                          | (0.8)         | -5.2%         | (1.0)        | -7.6%         | -17.6%         | (0.5)        | -5.0%         | (0.7)        | -8.8%         | -31.7%         |
| - Others                                      | (2.0)         | -12.7%        | (1.1)        | -8.6%         | 79.2%          | (1.5)        | -15.4%        | (0.7)        | -9.3%         | 100.6%         |
| <b>Gross Profit (exclud. deprec. /amort.)</b> | <b>5.3</b>    | <b>33.7%</b>  | <b>3.2</b>   | <b>25.0%</b>  | <b>64.4%</b>   | <b>3.1</b>   | <b>32.4%</b>  | <b>1.7</b>   | <b>21.7%</b>  | <b>81.6%</b>   |
| <b>Sales Expenses</b>                         | <b>(2.9)</b>  | <b>-18.7%</b> | <b>(1.2)</b> | <b>-9.0%</b>  | <b>153.6%</b>  | <b>(2.1)</b> | <b>-22.2%</b> | <b>(0.9)</b> | <b>-12.1%</b> | <b>123.9%</b>  |
| - Provision for Doubtful Accounts (PDA)       | (0.8)         | -4.9%         | (0.3)        | -2.2%         | 167.7%         | (0.4)        | -3.8%         | (0.3)        | -3.8%         | 22.0%          |
| - Marketing                                   | (2.2)         | -13.8%        | (0.9)        | -6.8%         | 149.0%         | (1.8)        | -18.4%        | (0.6)        | -8.2%         | 171.1%         |
| <b>General &amp; Administrative Expenses</b>  | <b>(12.5)</b> | <b>-80.1%</b> | <b>(6.6)</b> | <b>-51.8%</b> | <b>88.6%</b>   | <b>(6.4)</b> | <b>-66.6%</b> | <b>(3.5)</b> | <b>-44.8%</b> | <b>80.7%</b>   |
| - Personnel                                   | (9.5)         | -60.8%        | (5.0)        | -38.7%        | 91.7%          | (5.0)        | -52.0%        | (2.6)        | -32.8%        | 92.7%          |
| - Third Party Services                        | (1.2)         | -7.6%         | (0.4)        | -3.3%         | 182.8%         | (0.5)        | -4.9%         | (0.2)        | -2.9%         | 103.1%         |
| - Rental & Utilities                          | (0.6)         | -3.8%         | (0.5)        | -4.1%         | 13.5%          | (0.3)        | -2.8%         | (0.2)        | -3.1%         | 11.4%          |
| - Others                                      | (1.2)         | -7.9%         | (0.7)        | -5.8%         | 66.5%          | (0.7)        | -6.8%         | (0.5)        | -5.9%         | 39.9%          |
| <b>Other Operating Revenues (Expenses)</b>    | <b>0.6</b>    | <b>4.0%</b>   | <b>(0.1)</b> | <b>-0.8%</b>  | <b>-717.3%</b> | <b>0.4</b>   | <b>4.5%</b>   | <b>(0.1)</b> | <b>-1.7%</b>  | <b>-427.3%</b> |
| - Provisions                                  | (0.0)         | -0.2%         | 0.0          | 0.0%          | 0.0%           | (0.0)        | -0.1%         | 0.0          | 0.0%          | 0.0%           |
| - Taxes                                       | (0.2)         | -1.3%         | (0.2)        | -1.9%         | -13.7%         | (0.2)        | -1.6%         | (0.2)        | -2.3%         | -14.8%         |
| - Other Operating Revenues                    | 0.9           | 5.5%          | 0.1          | 1.1%          | 502.1%         | 0.6          | 6.1%          | 0.0          | 0.6%          | 1156.3%        |
| <b>Late Payment Fees</b>                      | <b>0.0</b>    | <b>0.0%</b>   | <b>0.0</b>   | <b>0.0%</b>   | <b>0.0%</b>    | <b>0.0</b>   | <b>0.0%</b>   | <b>0.0</b>   | <b>0.0%</b>   | <b>0.0%</b>    |
| <b>Operating Result</b>                       | <b>(9.6)</b>  | <b>-61.1%</b> | <b>(4.7)</b> | <b>-36.6%</b> | <b>103.8%</b>  | <b>(5.0)</b> | <b>-51.9%</b> | <b>(2.9)</b> | <b>-36.8%</b> | <b>71.4%</b>   |

The other businesses area is composed of HSM, Sociesc's Management and Technological Innovation (GIT) and EBRADI – Escola Brasileira de Direito.

HSM is an integrated educational solution platform that promotes the continuing education and professional development of executives and managers from all over Brazil through customized products that foster learning, the exchange of experience and networking.

GIT provides consulting and business solutions for companies in the engineering field, in addition to a laboratory structure to support the development of technological solutions (foundry, tooling and others).

EBRADI is a new Anima brand launched at the end of last year in order to offer online legal education and training to students from all over the country. Its portfolio includes preparatory programs for the Brazilian Bar exam, as well as graduate and extension programs.

The results for the first six months of 2017 reflect the different stages of each of these business units. HSM results are still impacted by the challenging moment for the corporate training market, as well as event seasonality and its integration with ACAD. The HSM perspectives for the back half of the year is positive, as we should see potential improvements behind the full integration with ACAD, a stronger events' calendar and also an improving pipeline of in-company programs proposals. GIT already showed a year-on-year profitability improvement, although this was more than offset by EBRADI, which is in the first stages of its development cycle.

Net revenue totaled R\$15.6 million in the 1H17, 22.0% more than in 1H16, while gross profit came to R\$5.3 million, with a 33.7% gross margin (+8.7pp vs. 1H16). We closed the 1H17 with a negative operating result of R\$9.6 million (-R\$4.9 million vs. 1H16).

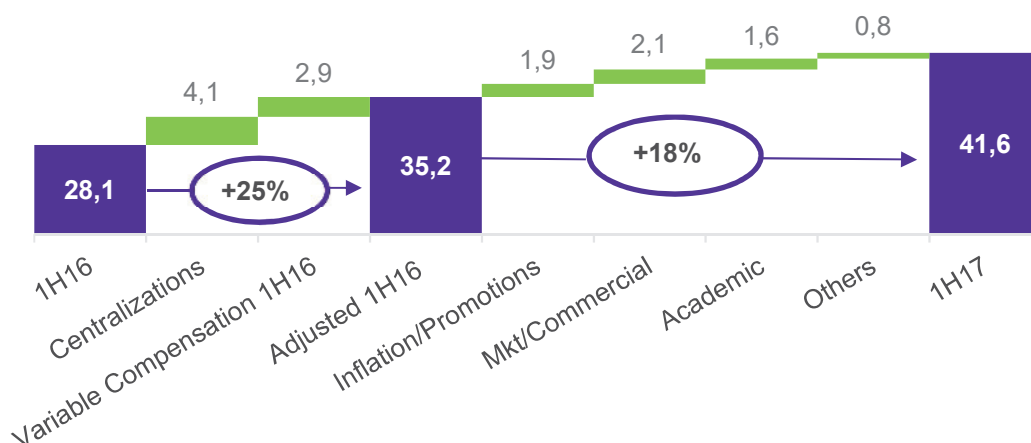
In 2Q17, net revenue totaled R\$9.6 million, 21.5% higher than in the same period in 2016. Our gross profit stood at R\$3.1 million (32.4% of net revenue) and the operating result was a negative R\$5.0 million.

## CONSOLIDATED PERFORMANCE

| R\$ (million)                                     | Consolidated Ânima |               |                |               |                |                |               |                |               |                 |
|---|--------------------|---------------|----------------|---------------|----------------|----------------|---------------|----------------|---------------|-----------------|
|   | 1H17               | % Net Revenue | 1H16           | % Net Revenue | % YA           | 2Q17           | % Net Revenue | 2Q16           | % Net Revenue | % YA            |
| <b>Gross Revenue</b>                              | <b>805.2</b>       | <b>156.3%</b> | <b>686.9</b>   | <b>146.5%</b> | <b>17.2%</b>   | <b>408.4</b>   | <b>157.1%</b> | <b>352.6</b>   | <b>146.8%</b> | <b>15.8%</b>    |
| Discounts, Deductions & Scholarships              | (275.9)            | -53.6%        | (207.9)        | -44.3%        | 32.7%          | (140.0)        | -53.8%        | (107.2)        | -44.7%        | 30.5%           |
| Taxes   | (14.1)             | -2.7%         | (10.1)         | -2.1%         | 39.8%          | (8.4)          | -3.2%         | (5.2)          | -2.2%         | 61.8%           |
| <b>Net Revenue</b>                                | <b>515.2</b>       | <b>100.0%</b> | <b>468.9</b>   | <b>100.0%</b> | <b>9.9%</b>    | <b>260.0</b>   | <b>100.0%</b> | <b>240.2</b>   | <b>100.0%</b> | <b>8.3%</b>     |
| <b>Cash Cost of Services</b>                      | <b>(282.5)</b>     | <b>-54.8%</b> | <b>(268.0)</b> | <b>-57.2%</b> | <b>5.4%</b>    | <b>(157.3)</b> | <b>-60.5%</b> | <b>(151.2)</b> | <b>-62.9%</b> | <b>4.0%</b>     |
| - Personnel                                       | (205.3)            | -39.8%        | (195.5)        | -41.7%        | 5.0%           | (114.8)        | -44.1%        | (109.2)        | -45.4%        | 5.1%            |
| - Services from Third Parties                     | (16.5)             | -3.2%         | (17.8)         | -3.8%         | -7.4%          | (8.9)          | -3.4%         | (13.0)         | -5.4%         | -31.2%          |
| - COGS  | (1.9)              | -0.4%         | (1.5)          | -0.3%         | 26.0%          | (1.4)          | -0.5%         | (1.0)          | -0.4%         | 47.7%           |
| - Rental & Utilities                              | (42.5)             | -8.2%         | (39.3)         | -8.4%         | 8.1%           | (21.9)         | -8.4%         | (19.5)         | -8.1%         | 12.1%           |
| - Others  | (16.4)             | -3.2%         | (13.9)         | -3.0%         | 17.9%          | (10.3)         | -3.9%         | (8.5)          | -3.6%         | 20.1%           |
| <b>Gross Profit (exclud. deprec. /amort.)</b>     | <b>232.7</b>       | <b>45.2%</b>  | <b>200.9</b>   | <b>42.8%</b>  | <b>15.8%</b>   | <b>102.7</b>   | <b>39.5%</b>  | <b>89.0</b>    | <b>37.1%</b>  | <b>15.4%</b>    |
| <b>Sales Expenses</b>                             | <b>(35.1)</b>      | <b>-6.8%</b>  | <b>(31.7)</b>  | <b>-6.8%</b>  | <b>10.5%</b>   | <b>(19.5)</b>  | <b>-7.5%</b>  | <b>(18.9)</b>  | <b>-7.9%</b>  | <b>3.1%</b>     |
| - Provision for Doubtful Accounts (PDA)           | (22.0)             | -4.3%         | (19.6)         | -4.2%         | 12.4%          | (13.2)         | -5.1%         | (12.6)         | -5.3%         | 4.3%            |
| - Marketing                                       | (13.1)             | -2.5%         | (12.2)         | -2.6%         | 7.4%           | (6.3)          | -2.4%         | (6.3)          | -2.6%         | 0.7%            |
| <b>General &amp; Administrative Expenses</b>      | <b>(55.0)</b>      | <b>-10.7%</b> | <b>(43.6)</b>  | <b>-9.3%</b>  | <b>26.1%</b>   | <b>(27.9)</b>  | <b>-10.7%</b> | <b>(22.2)</b>  | <b>-9.3%</b>  | <b>25.6%</b>    |
| - Personnel                                       | (37.0)             | -7.2%         | (30.0)         | -6.4%         | 23.3%          | (18.8)         | -7.2%         | (14.8)         | -6.2%         | 26.7%           |
| - Third Party Services                            | (6.6)              | -1.3%         | (5.1)          | -1.1%         | 27.8%          | (2.9)          | -1.1%         | (2.7)          | -1.1%         | 7.9%            |
| - Rental & Utilities                              | (2.1)              | -0.4%         | (2.5)          | -0.5%         | -16.0%         | (1.1)          | -0.4%         | (1.3)          | -0.6%         | -19.5%          |
| - Others  | (9.4)              | -1.8%         | (6.0)          | -1.3%         | 55.4%          | (5.2)          | -2.0%         | (3.4)          | -1.4%         | 53.1%           |
| <b>Other Operating Revenues (Expenses)</b>        | <b>3.5</b>         | <b>0.7%</b>   | <b>(3.6)</b>   | <b>-0.8%</b>  | <b>-198.4%</b> | <b>2.5</b>     | <b>1.0%</b>   | <b>(1.6)</b>   | <b>-0.7%</b>  | <b>-256.2%</b>  |
| - Provisions                                      | (0.2)              | 0.0%          | (6.4)          | -1.4%         | -96.4%         | 0.5            | 0.2%          | (3.2)          | -1.3%         | -116.5%         |
| - Taxes   | (1.2)              | -0.2%         | (1.2)          | -0.2%         | 2.8%           | (0.7)          | -0.3%         | (0.9)          | -0.4%         | -23.3%          |
| - Other Operating Revenues                        | 5.0                | 1.0%          | 4.0            | 0.9%          | 24.4%          | 2.7            | 1.0%          | 2.4            | 1.0%          | 11.9%           |
| <b>Late Payment Fees</b>                          | <b>5.8</b>         | <b>1.1%</b>   | <b>6.0</b>     | <b>1.3%</b>   | <b>-3.5%</b>   | <b>1.7</b>     | <b>0.6%</b>   | <b>1.4</b>     | <b>0.6%</b>   | <b>20.0%</b>    |
| <b>Operating Result</b>                           | <b>151.9</b>       | <b>29.5%</b>  | <b>127.9</b>   | <b>27.3%</b>  | <b>18.8%</b>   | <b>59.5</b>    | <b>22.9%</b>  | <b>47.6</b>    | <b>19.8%</b>  | <b>25.0%</b>    |
| - Corporate Expenses                              | (41.6)             | -8.1%         | (28.1)         | -6.0%         | 48.3%          | (23.2)         | -8.9%         | (15.3)         | -6.4%         | 51.9%           |
| <b>Adjusted EBITDA</b>                            | <b>110.2</b>       | <b>21.4%</b>  | <b>99.8</b>    | <b>21.3%</b>  | <b>10.5%</b>   | <b>36.3</b>    | <b>14.0%</b>  | <b>32.4</b>    | <b>13.5%</b>  | <b>12.2%</b>    |
| (-) Late Payment Fees                             | (5.8)              | -1.1%         | (6.0)          | -1.3%         | -3.5%          | (1.7)          | -0.6%         | (1.4)          | -0.6%         | 20.0%           |
| (-) Non-Recurring Items - EBITDA                  | (8.5)              | -1.7%         | (8.7)          | -1.9%         | 0.0%           | (8.0)          | -3.1%         | (8.3)          | -3.5%         | 0.0%            |
| <b>EBITDA</b>                                     | <b>95.9</b>        | <b>18.6%</b>  | <b>85.1</b>    | <b>18.2%</b>  | <b>12.7%</b>   | <b>26.7</b>    | <b>10.3%</b>  | <b>22.6</b>    | <b>9.4%</b>   | <b>17.8%</b>    |
| Depreciation & Amortization                       | (24.5)             | -4.8%         | (18.7)         | -4.0%         | 30.9%          | (13.6)         | -5.2%         | (10.2)         | -4.2%         | 33.6%           |
| <b>EBIT</b>                                       | <b>71.4</b>        | <b>13.9%</b>  | <b>66.4</b>    | <b>14.2%</b>  | <b>7.6%</b>    | <b>13.1</b>    | <b>5.0%</b>   | <b>12.4</b>    | <b>5.2%</b>   | <b>4.9%</b>     |
| Net Financial Result                              | (23.1)             | -4.5%         | (15.0)         | -3.2%         | 54.0%          | (14.3)         | -5.5%         | (13.8)         | -5.8%         | 3.2%            |
| <b>EBT</b>  | <b>48.3</b>        | <b>9.4%</b>   | <b>51.4</b>    | <b>11.0%</b>  | <b>-6.0%</b>   | <b>(1.2)</b>   | <b>-0.5%</b>  | <b>(1.4)</b>   | <b>-0.6%</b>  | <b>-11.7%</b>   |
| Income Tax and Social Contribution                | 15.9               | 3.1%          | 0.3            | 0.1%          | 4963.4%        | 15.6           | 6.0%          | 0.4            | 0.2%          | 4181.5%         |
| <b>Net Income Before Non-Controlling Interest</b> | <b>64.3</b>        | <b>12.5%</b>  | <b>51.7</b>    | <b>11.0%</b>  | <b>24.2%</b>   | <b>14.4</b>    | <b>5.5%</b>   | <b>(1.0)</b>   | <b>-0.4%</b>  | <b>-1483.6%</b> |
| Non-Controlling Interest                          | 0.0                | 0.0%          | 0.0            | 0.0%          | 0.0%           | (0.0)          | 0.0%          | 0.0            | 0.0%          |                 |
| <b>Net Income</b>                                 | <b>64.3</b>        | <b>12.5%</b>  | <b>51.7</b>    | <b>11.0%</b>  | <b>24.2%</b>   | <b>14.4</b>    | <b>5.5%</b>   | <b>(1.0)</b>   | <b>-0.4%</b>  | <b>-1484.7%</b> |
| (-) Non-Recurring Items - EBITDA                  | 8.5                | 1.7%          | 8.7            | 1.9%          | 0.0%           | 8.0            | 3.1%          | 8.3            | 3.5%          | 0.0%            |
| (-) Non-Recurring Items - Net Income              | (11.5)             | -2.2%         | 0.0            | 0.0%          | 0.0%           | (11.5)         | -4.4%         | 0.0            | 0.0%          | 0.0%            |
| <b>Adjusted Net Income</b>                        | <b>61.3</b>        | <b>11.9%</b>  | <b>60.4</b>    | <b>12.9%</b>  | <b>1.5%</b>    | <b>10.9</b>    | <b>4.2%</b>   | <b>7.3</b>     | <b>3.0%</b>   | <b>49.0%</b>    |

## Corporate Expenses

Corporate expenses totaled R\$41.6 million, or 8.1% of net revenue, year to date. It's worth noting that we started last year a process to centralize more activities, increasing the scope of our corporate departments and shared service center. This implies on the transferring of personnel and budgets from the business units level to corporate cost centers, always aiming at gains of scale. These transfers accounted for R\$4.1 million of total corporate expenses in 1H17. Besides, the first half of 2016 was also impacted by the reversal of a provision for variable compensation of R\$2.9 million, making the year-on-year comparison harder. These two items caused a 25% increase on our corporate expenses, as shown below:



From this adjusted basis, we see a 18% increase directly related to the priority areas defined by Anima, of which we highlight the recently created commercial department, and the central students' service department. We are already starting to see the early results from these investments, both on intakes and retention numbers. In this period we also see an increase related to personnel and technology services for academic and KPI's / data-science groups. In 2Q17, corporate expenses totaled R\$23.2 million, or 8.9% of net revenue, 2.6pp more than in 2Q16.

## Adjusted EBITDA

Adjusted EBITDA totaled R\$110.2 million in 1H17 (+10.5% vs. 1H16), with a margin of 21.4%, edging up 0.1pp year on year and reversing the downward trend in recent semesters. In 2Q17, adjusted EBITDA came to R\$36.3 million, or 14.0% of net revenue, a 0.5pp improvement over 2Q16.

## Non-Recurring Items

| R\$ (million)                                     | EBITDA       |              | Net Income |            |
|---|--------------|--------------|------------|------------|
|   | 1H17         | 2Q17         | 1H17       | 2Q17       |
| Restructuring Expenses                            | (6.6)        | (5.1)        | (6.6)      | (5.1)      |
| Account Receivables Adjustments - FIES            | 1.7          | 0.9          | 1.7        | 0.9        |
| Provision for inventory losses                    | (1.2)        | (1.2)        | (1.2)      | (1.2)      |
| 2017 Refis Program (Executive Decree 766 - 1,687) | (2.5)        | (2.5)        | 9.0        | 9.0        |
| <b>Total Non Recurring Items</b>                  | <b>(8.5)</b> | <b>(8.0)</b> | <b>2.9</b> | <b>3.5</b> |

**Restructuring Expenses.** Non-recurring restructuring expenses totaled R\$6.6 million in 1H17. This amount includes i) R\$6.2 million in severance pay of professors and administrative staff resulting from the reduction in our student base; and ii) R\$0.4 million in expenses with the integration of the new acquisitions.

**Adjustment of FIES accounts receivable.** As reported in the 4Q15 earnings release, in February 2016, we entered into an agreement with the government establishing that the outstanding FIES tuition fees related to 2015 would be paid in the next three years adjusted for inflation (IPCA). As a result, we adjusted our FIES accounts receivable and gross revenue by R\$7.8 million, reflecting the spread between the SELIC interest rate and inflation (IPCA). This adjustment, which had a negative impact on the 2015 result, has had a positive effect since 2016. In 1H17, we excluded the positive impact of this adjustment, which represented net revenue of R\$1.7 million, also non-cash.

**Provision for inventory losses.** 2Q17 was impacted by a R\$1.2 million inventory write-off related to old issues of HSM's magazine that would no longer be sold.

**2017 Refis Program (Executive Decree 766 - Normative Instruction 1,687).** In January 2017, the federal government issued an executive decree that enabled the prepayment of tax installments through the use of credits arising from tax losses and/or negative social contribution calculation basis (carryforwards) to settle 80% of the debt and payment of the remaining 20% in cash. Thanks to this benefit, Anima settled the balance of existing installment payments at GAEC and Una, generating a net gain of R\$9.0 million, with a negative impact of R\$2.5 million on EBITDA and a credit of R\$11.5 million that impacted the net income, as shown below:

| Impacted by Refis 2017             | 2Q17       |
|------------------------------------|------------|
| Provisions                         | (2.5)      |
| Net Financial Result               | (3.1)      |
| Income Tax and Social Contribution | 14.6       |
| <b>Total</b>                       | <b>9.0</b> |

## Financial Result

| R\$ (million)                                     | Consolidated Ânima |               |               |               |
|---|--------------------|---------------|---------------|---------------|
|   | 1H17               | 1H16          | 2Q17          | 2Q16          |
| <b>(+) Financial Revenue</b>                      | <b>20.5</b>        | <b>26.7</b>   | <b>8.3</b>    | <b>9.9</b>    |
| Late payment fees                                 | 5.8                | 6.0           | 1.7           | 1.4           |
| Interest on financial investments                 | 8.8                | 10.2          | 3.8           | 5.0           |
| Inflation adjustment - PN23 FIES acc. rec.        | 3.9                | 8.8           | 1.7           | 2.0           |
| Other financial revenues                          | 2.0                | 1.7           | 1.1           | 1.5           |
| <b>(-) Financial Expense</b>                      | <b>(43.9)</b>      | <b>(41.7)</b> | <b>(22.6)</b> | <b>(23.8)</b> |
| Financial debt interest expense                   | (24.5)             | (28.9)        | (11.1)        | (16.0)        |
| Tax debt interest expenses                        | (3.4)              | (0.2)         | (3.2)         | (0.1)         |
| PraValer interest expenses                        | (8.8)              | (5.1)         | (5.6)         | (2.7)         |
| Accounts payable interest expenses (acquisitions) | (4.7)              | (3.6)         | (1.6)         | (2.5)         |
| Other financial expenses                          | (2.5)              | (3.9)         | (1.1)         | (2.5)         |
| <b>Financial Result</b>                           | <b>(23.4)</b>      | <b>(15.0)</b> | <b>(14.3)</b> | <b>(13.8)</b> |

In the first semester, the net financial result came to a negative R\$23.4 million against a negative R\$15.0 million in the same period of 2016. Financial revenue came to R\$20.5 million, R\$6.2 million less than in 1H16, mainly due to lower inflation adjustment of the FIES accounts receivable balance related to the PN23 agreement (R\$3.9 million in 1H17 vs. R\$8.8 million in 1H16).

Financial expense totaled R\$43.9 million, a R\$2.2 million increase, mainly as a result of higher interest rates in *PraValer*, due to the growth of the student base with private financing contracts, most of which entered into in 2Q17. There was also an upturn in interest on taxes related to the prepayment of tax installments mentioned earlier (Refis Program), with an impact of R\$3,1 million (classified as non-recurring). On the flip side, we see a reduction on financial debt interest expenses behind a reduction on our gross debt and also due to the reduction on Brazil's base interest rate (CDI).

In 2Q17, the net financial result came to a negative R\$14.3 million against a negative R\$13.8 million in the same period of 2016.

## Income Tax and Social Contribution

We continue benefiting from Prouni, which guarantees income tax and social contribution exemption for most of our business. In 1H17, income tax and social contribution credits totaled R\$1.3 million. As explained earlier, we also had a R\$14.6 million positive effect related to the 2017 Refis program, classified as non-recurring.

## Adjusted Net Income

Adjusted net income totaled R\$61.3 million in 1H17 (+1.5% vs. 1H16), with a margin of 11.9% (-1.0pp vs. 1H16). In 2Q17, adjusted net income came to R\$10.9 million, with a margin of 4.2%.

## Cash and Net Debt

| R\$ (million)                               | Consolidated Anima |                |                |
|---|--------------------|----------------|----------------|
|   | JUN 17             | JUN 16         | MAR 17         |
| <b>(+) Cash and Cash Equivalents</b>        | <b>139.5</b>       | <b>201.8</b>   | <b>184.4</b>   |
| Cash  | 30.8               | 22.5           | 28.4           |
| Financial Investments                       | 108.6              | 179.3          | 156.1          |
| <b>(-) Loans and Financing <sup>1</sup></b> | <b>379.0</b>       | <b>463.9</b>   | <b>388.1</b>   |
| Short Term                                  | 139.5              | 109.2          | 137.0          |
| Long Term                                   | 239.5              | 354.7          | 251.0          |
| <b>(=) Net (Debt) Cash <sup>2</sup></b>     | <b>(239.5)</b>     | <b>(262.1)</b> | <b>(203.6)</b> |
| (-) Other Short and Long Term Obligations   | 79.3               | 34.3           | 79.7           |
| <b>(=) Net (Debt) Cash <sup>3</sup></b>     | <b>(318.8)</b>     | <b>(296.4)</b> | <b>(283.3)</b> |

<sup>1</sup> Net of swap adjustment

<sup>2</sup> Considering financial debt (bank loans) only.

<sup>3</sup> Including obligations related to tax debt and acquisitions payables.

At the end of 1H17, cash and cash equivalents totaled R\$139.5 million and loans and financing came to R\$379.0 million, while other short and long-term obligations represented by acquisitions and tax installments amounted to R\$79.3 million. As a result, we closed 1H17 with net debt of R\$318.8 million, representing a leverage (net debt ÷ LTM adjusted EBITDA) of 1.9x.

## Accounts Receivable and Days of Sales Outstanding (DSO)

We ended 1H17 with net accounts receivable of R\$344.5 million. For management and DSO calculation purposes, we are adjusting accounts receivable by R\$2.5 million, comprising the R\$7.8 million adjustment recorded in 4Q15 less the R\$5.4 million write-offs since then.

As a result, adjusted accounts receivable totaled R\$346.9 million, a decline of R\$40.9 million compared with 1H16. It is worth noting that in early July and August we have converted R\$130.0 million of FIES receivables in cash. This includes the second PN23 installment, which represented R\$48.5 million of the total amount received.

|   | 1H17         | 1Q17         | 2016         | 9M16         | 1H16         | Δ 1H17 / 1H16 |
|---|--------------|--------------|--------------|--------------|--------------|---------------|
| Net Accounts Receivable                 | 344.5        | 321.0        | 285.6        | 304.0        | 381.9        | (37.4)        |
| Adjusted Accounts Receivable FIES       | (2.5)        | (3.3)        | (4.2)        | (5.1)        | (5.9)        | 3.5           |
| <b>Adjusted Net Accounts Receivable</b> | <b>346.9</b> | <b>324.4</b> | <b>289.8</b> | <b>309.0</b> | <b>387.8</b> | <b>(40.9)</b> |
| to mature                               | 282.5        | 265.7        | 227.7        | 258.5        | 330.5        | (48.0)        |
| until 180 days                          | 51.2         | 45.1         | 45.5         | 37.7         | 43.5         | 7.8           |
| between 180 and 360 days                | 8.5          | 9.1          | 12.4         | 8.7          | 9.7          | (1.2)         |
| between 361 and 720 days                | 4.7          | 4.5          | 4.2          | 4.0          | 4.2          | 0.5           |
| more than 721 days                      | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0           |

We closed 1H17 with DSO (Days of Sales Outstanding) of 121 days, representing a 27-day decline from the same period last year. Breaking down our accounts receivable, we recorded a DSO of 254 days for FIES receivables, an annual reduction of 48 days. For non-FIES receivables, our DSO stood at 56 days in 2Q17, practically in line with the same period last year. In the other businesses line, we closed the quarter with a DSO of 108 days.

| Total                             | 1H17  | 1Q17  | 2016* | 9M16* | 1H16* | Δ 1H17 / 1H16 |
|-----------------------------------|-------|-------|-------|-------|-------|---------------|
| Net Accounts Receivable           | 344.5 | 321.0 | 285.6 | 304.0 | 381.9 | (37.4)        |
| Adjusted Accounts Receivable FIES | (2.5) | (3.3) | (4.2) | (5.1) | (5.9) | 3.5           |
| Adjusted Net Accounts Receivable  | 346.9 | 324.4 | 289.8 | 309.0 | 387.8 | (40.9)        |
| Net Revenue (accumulative)        | 515.2 | 255.2 | 956.8 | 699.2 | 468.9 | 46.3          |
| DSO                               | 121   | 114   | 107   | 118   | 148   | (27)          |

| FIES                              | 1H17  | 1Q17  | 2016* | 9M16* | 1H16* | Δ 1H17 / 1H16 |
|-----------------------------------|-------|-------|-------|-------|-------|---------------|
| Net Accounts Receivable           | 231.4 | 207.1 | 191.7 | 210.4 | 285.4 | (54.0)        |
| Adjusted Accounts Receivable FIES | (2.5) | (3.3) | (4.2) | (5.1) | (5.9) | 3.5           |
| Adjusted Net Accounts Receivable  | 233.9 | 210.5 | 195.9 | 215.5 | 291.3 | (57.4)        |
| Net Revenue (accumulative)        | 165.5 | 79.0  | 336.4 | 254.9 | 172.8 | (7.3)         |
| DSO                               | 254   | 240   | 208   | 227   | 303   | -48           |

| Non FIES                   | 1H17  | 1Q17  | 2016* | 9M16* | 1H16* | Δ 1H17 / 1H16 |
|----------------------------|-------|-------|-------|-------|-------|---------------|
| Net Accounts Receivable    | 103.6 | 103.9 | 83.7  | 85.0  | 84.5  | 19.0          |
| Net Revenue (accumulative) | 333.9 | 170.2 | 567.5 | 419.3 | 277.6 | 56.3          |
| DSO                        | 56    | 55    | 52    | 53    | 55    | 1             |

| Others                     | 1H17 | 1Q17 | 2016* | 9M16* | 1H16* | Δ 1H17 / 1H16 |
|----------------------------|------|------|-------|-------|-------|---------------|
| Net Accounts Receivable    | 9.5  | 10.0 | 10.2  | 8.6   | 12.0  | (2.5)         |
| Net Revenue (accumulative) | 15.8 | 6.0  | 53.0  | 25.0  | 18.5  | (2.7)         |
| DSO                        | 108  | 149  | 61    | 83    | 102   | 6             |

\* Weighted DSO, considering acquisitions of 2016



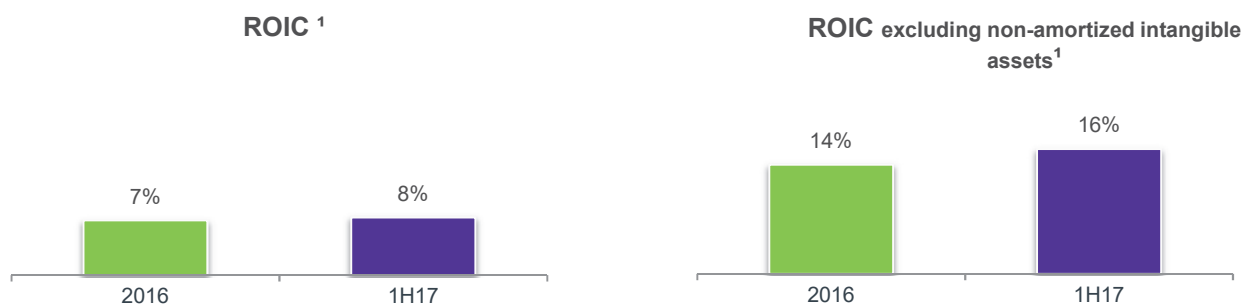
Operating cash flow before working capital and CAPEX came to R\$94.9 million in 1H17. The change in accounts receivable resulted in a cash consumption of R\$54.8 million, mainly due to FIES contracts. As previously mentioned, we have already received R\$130.0 million in July and August. Our working capital was a negative R\$46.8 million, while CAPEX consumed another R\$31.6 million. Still, we had a R\$16.6 million free cash flow generation in the period, versus a R\$5.4 million cash consumption in the same period last year.

Financing activities absorbed R\$40.9 million in 1H17, mainly due to the payment of bank loans and interest. We also executed the share buyback program, which totaled R\$3.7 million year to date, and distributed R\$5.0 million in dividends in May 2017. Accounts payable related to acquisitions (Sociesc, Una Uberlândia and Una Bom Despacho) absorbed R\$6.0 million, which includes the payment of Una Bom Despacho's first earn-out, in the amount of R\$2.0 million, in June 2017, as we are ahead of the agreed targets. Finally, it is worth noting that we stopped consolidating Le Cordon Bleu-Anima (LCB Anima) figures as of 2Q17. Therefore, we are classifying our R\$3.1 million contribution to the joint venture in 1Q17 as an investment.

As a result, we closed the first half with cash and financial investments of R\$139.5 million, i.e. a cash consumption of R\$42.0 million in relation to the position at the beginning of the year.

## Return on Invested Capital (ROIC)

We monitor our financial performance through our return on invested capital (ROIC), among other metrics. At the end of 2Q17, we had a ROIC for the last twelve months of 8%. Although the improvement is still modest compared with our ambitions, we continue improving after an inflection point in our return rate last quarter. We can see the same effect when we analyze our ROIC excluding non-amortized intangible assets, which climbed from 14% in 2016 to 16% in the last twelve months ended 2Q17.



<sup>1</sup> ROIC = LTM EBIT\* (1- effective tax rate) ÷ avg. invested capital.  
Invested Capital = net working capital + long-term FIES accounts receivable + net fixed assets  
2016 EBIT adjusted for the impairment of HSM.

## APPENDIX 1 – Reconciliation of the 1H17 Income Statement

| Consolidated Ânima<br>R\$ (million)               | 1H17                           |                                   |                       |                      |                            |              | IFRS<br>Income<br>Statement |
|---|--------------------------------|-----------------------------------|-----------------------|----------------------|----------------------------|--------------|-----------------------------|
|   | Release<br>Income<br>Statement | Depreciation<br>&<br>Amortization | Corporate<br>Expenses | Late Payment<br>Fees | Non-<br>Recurring<br>Items | HSM Reclass. |                             |
| <b>Gross Revenue</b>                              | <b>805.2</b>                   |                                   |                       |                      |                            |              | <b>805.2</b>                |
| Discounts, Deductions & Scholarships              | (275.9)                        |                                   |                       |                      | 1.7                        |              | (274.2)                     |
| Taxes   | (14.1)                         |                                   |                       |                      |                            |              | (14.1)                      |
| <b>Net Revenue</b>                                | <b>515.2</b>                   |                                   |                       |                      | <b>1.7</b>                 |              | <b>517.0</b>                |
| <b>Cash Cost of Services</b>                      | <b>(282.5)</b>                 | <b>(12.8)</b>                     | <b>0.0</b>            | <b>0.0</b>           | <b>(4.6)</b>               | <b>0.3</b>   | <b>(299.7)</b>              |
| - Personnel                                       | (205.3)                        |                                   |                       |                      | (4.6)                      |              | (209.9)                     |
| - Services from Third Parties                     | (16.5)                         |                                   |                       |                      |                            | 0.3          | (16.2)                      |
| - COGS  | (1.9)                          |                                   |                       |                      |                            |              | (1.9)                       |
| - Rental & Utilities                              | (42.5)                         |                                   |                       |                      |                            |              | (42.5)                      |
| - Others  | (16.4)                         | (12.8)                            |                       |                      |                            |              | (29.2)                      |
| <b>Gross Profit (exclud. deprec. /amort.)</b>     | <b>232.7</b>                   | <b>(12.8)</b>                     | <b>0.0</b>            | <b>0.0</b>           | <b>(2.9)</b>               | <b>0.3</b>   | <b>217.2</b>                |
| <b>Sales Expenses</b>                             | <b>(35.1)</b>                  |                                   | <b>(1.0)</b>          |                      | <b>0.0</b>                 | <b>0.0</b>   | <b>(36.0)</b>               |
| - Provision for Doubtful Accounts (PDA)           | (22.0)                         |                                   | 0.0                   |                      |                            |              | (22.0)                      |
| - Marketing                                       | (13.1)                         |                                   | (1.0)                 |                      |                            |              | (14.0)                      |
| <b>General &amp; Administrative Expenses</b>      | <b>(55.0)</b>                  | <b>(11.7)</b>                     | <b>(40.6)</b>         | <b>0.0</b>           | <b>(2.9)</b>               | <b>0.0</b>   | <b>(110.1)</b>              |
| - Personnel                                       | (37.0)                         |                                   | (29.6)                |                      | (1.7)                      |              | (68.3)                      |
| - Third Party Services                            | (6.6)                          |                                   | (4.6)                 |                      |                            |              | (11.2)                      |
| - Rental & Utilities                              | (2.1)                          |                                   | (0.7)                 |                      |                            |              | (2.7)                       |
| - Others  | (9.4)                          | (11.7)                            | (5.7)                 |                      | (1.2)                      |              | (27.9)                      |
| <b>Other Operating Revenues (Expenses)</b>        | <b>3.5</b>                     | <b>0.0</b>                        | <b>(0.4)</b>          | <b>0.0</b>           | <b>(2.5)</b>               | <b>0.0</b>   | <b>0.6</b>                  |
| - Provisions                                      | (0.2)                          |                                   | (0.0)                 |                      | (2.5)                      |              | (2.8)                       |
| - Taxes   | (1.2)                          |                                   | (0.4)                 |                      |                            |              | (1.6)                       |
| - Other Operating Revenues                        | 5.0                            |                                   | 0.0                   |                      |                            |              | 5.0                         |
| <b>Late Payment Fees</b>                          | <b>5.8</b>                     |                                   |                       | <b>(5.8)</b>         |                            |              | <b>0.0</b>                  |
| <b>Operating Result</b>                           | <b>151.9</b>                   | <b>(24.5)</b>                     | <b>(41.9)</b>         | <b>(5.8)</b>         | <b>(8.3)</b>               | <b>0.3</b>   | <b>71.7</b>                 |
| - Corporate Expenses                              | (41.6)                         |                                   | 41.9                  |                      | (0.3)                      |              | 0.0                         |
| <b>Adjusted EBITDA</b>                            | <b>110.2</b>                   | <b>(24.5)</b>                     | <b>0.0</b>            | <b>(5.8)</b>         | <b>(8.5)</b>               | <b>0.3</b>   | <b>71.7</b>                 |
| (-) Late Payment Fees                             | (5.8)                          |                                   |                       | 5.8                  |                            |              | 0.0                         |
| (-) Non-Recurring Items - EBITDA                  | (8.5)                          |                                   |                       |                      | 8.5                        |              | 0.0                         |
| <b>EBITDA</b>                                     | <b>95.9</b>                    | <b>(24.5)</b>                     | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.3</b>   | <b>71.7</b>                 |
| Depreciation & Amortization                       | (24.5)                         | 24.5                              |                       |                      |                            |              | 0.0                         |
| <b>EBIT</b>                                       | <b>71.4</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.3</b>   | <b>71.7</b>                 |
| Net Financial Result                              | (23.1)                         |                                   |                       |                      |                            | (0.3)        | (23.4)                      |
| <b>EBT</b>  | <b>48.3</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.0</b>   | <b>48.3</b>                 |
| Income Tax and Social Contribution                | 15.9                           |                                   |                       |                      |                            |              | 15.9                        |
| <b>Net Income Before Non-Controlling Interest</b> | <b>64.3</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.0</b>   | <b>64.3</b>                 |
| Non-Controlling Interest                          | 0.0                            |                                   |                       |                      |                            |              | 0.0                         |
| <b>Net Income</b>                                 | <b>64.3</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.0</b>   | <b>64.3</b>                 |
| (-) Non-Recurring Items - EBITDA                  | 8.5                            |                                   |                       |                      | (8.5)                      |              | 0.0                         |
| (-) Non-Recurring Items - Net Income              | (11.5)                         |                                   |                       |                      | 11.5                       |              | 0.0                         |
| <b>Adjusted Net Income</b>                        | <b>61.3</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>2.9</b>                 | <b>0.0</b>   | <b>64.3</b>                 |

## APPENDIX 2 – Reconciliation of the 2Q17 Income Statement

| Ânima Consolidated<br>R\$ (million)                   | 2Q17                           |                                   |                       |                      |                            |             | IFRS<br>Income<br>Statement |
|---|--------------------------------|-----------------------------------|-----------------------|----------------------|----------------------------|-------------|-----------------------------|
|   | Release<br>Income<br>Statement | Depreciation<br>&<br>Amortization | Corporate<br>Expenses | Late Payment<br>Fees | Non-<br>Recurring<br>Items | HSM Reclas. |                             |
| <b>Gross Revenue</b>                                  | <b>408.4</b>                   |                                   |                       |                      |                            |             | <b>408.4</b>                |
| Discounts, Deductions & Scholarships                  | (140.0)                        |                                   |                       |                      | 0.9                        |             | (139.1)                     |
| Taxes   | (8.4)                          |                                   |                       |                      |                            |             | (8.4)                       |
| <b>Net Revenue</b>                                    | <b>260.0</b>                   |                                   |                       |                      | <b>0.9</b>                 |             | <b>260.9</b>                |
| <b>Cash Cost of Services</b>                          | <b>(157.3)</b>                 | <b>(6.8)</b>                      | <b>0.0</b>            | <b>0.0</b>           | <b>(3.8)</b>               | <b>0.1</b>  | <b>(167.8)</b>              |
| - Personnel   | (114.8)                        |                                   |                       |                      | (3.8)                      |             | (118.5)                     |
| - Services from Third Parties                         | (8.9)                          |                                   |                       |                      |                            | 0.1         | (8.9)                       |
| - COGS  | (1.4)                          |                                   |                       |                      |                            |             | (1.4)                       |
| - Rental & Utilities                                  | (21.9)                         |                                   |                       |                      |                            |             | (21.9)                      |
| - Others  | (10.3)                         | (6.8)                             |                       |                      |                            |             | (17.1)                      |
| <b>Gross Profit (exclud. deprec. /amort.)</b>         | <b>102.7</b>                   | <b>(6.8)</b>                      | <b>0.0</b>            | <b>0.0</b>           | <b>(2.9)</b>               | <b>0.1</b>  | <b>93.1</b>                 |
| <b>Sales Expenses</b>                                 | <b>(19.5)</b>                  |                                   | <b>(0.5)</b>          |                      | <b>0.0</b>                 | <b>0.0</b>  | <b>(20.0)</b>               |
| - Provision for Doubtful Accounts (PDA)               | (13.2)                         |                                   | 0.0                   |                      |                            |             | (13.2)                      |
| - Marketing   | (6.3)                          |                                   | (0.5)                 |                      |                            |             | (6.8)                       |
| <b>General &amp; Administrative Expenses</b>          | <b>(27.9)</b>                  | <b>(6.8)</b>                      | <b>(22.5)</b>         | <b>0.0</b>           | <b>(2.5)</b>               | <b>0.0</b>  | <b>(59.8)</b>               |
| - Personnel   | (18.8)                         |                                   | (16.2)                |                      | (1.3)                      |             | (36.3)                      |
| - Third Party Services                                | (2.9)                          |                                   | (2.2)                 |                      |                            |             | (5.1)                       |
| - Rental & Utilities                                  | (1.1)                          |                                   | (0.3)                 |                      |                            |             | (1.4)                       |
| - Others  | (5.2)                          | (6.8)                             | (3.8)                 |                      | (1.2)                      |             | (17.0)                      |
| <b>Other Operating Revenues (Expenses)</b>            | <b>2.5</b>                     | <b>0.0</b>                        | <b>(0.2)</b>          | <b>0.0</b>           | <b>(2.5)</b>               | <b>0.0</b>  | <b>(0.2)</b>                |
| - Provisions  | 0.5                            |                                   | (0.1)                 |                      | (2.5)                      |             | (2.1)                       |
| - Taxes   | (0.7)                          |                                   | (0.1)                 |                      |                            |             | (0.8)                       |
| - Other Operating Revenues                            | 2.7                            |                                   | (0.0)                 |                      |                            |             | 2.6                         |
| <b>Late Payment Fees</b>                              | <b>1.7</b>                     |                                   |                       | <b>(1.7)</b>         |                            |             | <b>0.0</b>                  |
| <b>Operating Result</b>                               | <b>59.5</b>                    | <b>(13.6)</b>                     | <b>(23.2)</b>         | <b>(1.7)</b>         | <b>(8.0)</b>               | <b>0.1</b>  | <b>13.1</b>                 |
| - Corporate Expenses                                  | (23.2)                         |                                   | 23.2                  |                      | 0.0                        |             | 0.0                         |
| <b>Adjusted EBITDA</b>                                | <b>36.3</b>                    | <b>(13.6)</b>                     | <b>0.0</b>            | <b>(1.7)</b>         | <b>(8.0)</b>               | <b>0.1</b>  | <b>13.1</b>                 |
| (-) Late Payment Fees                                 | (1.7)                          |                                   |                       | 1.7                  |                            |             | 0.0                         |
| (-) Non-Recurring Items - EBITDA                      | (8.0)                          |                                   |                       |                      | 8.0                        |             | 0.0                         |
| <b>EBITDA</b>   | <b>26.7</b>                    | <b>(13.6)</b>                     | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.1</b>  | <b>13.1</b>                 |
| Depreciation & Amortization                           | (13.6)                         | 13.6                              |                       |                      |                            |             | 0.0                         |
| <b>EBIT</b>   | <b>13.1</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.1</b>  | <b>13.1</b>                 |
| Net Financial Result                                  | (14.3)                         |                                   |                       |                      |                            | (0.1)       | (14.3)                      |
| <b>EBT</b>  | <b>(1.2)</b>                   | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.0</b>  | <b>(1.2)</b>                |
| Income Tax and Social Contribution                    | 15.6                           |                                   |                       |                      |                            |             | 15.6                        |
| <b>Net Income<br/>Before Non-Controlling Interest</b> | <b>14.4</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.0</b>  | <b>14.4</b>                 |
| Non-Controlling Interest                              | (0.0)                          |                                   |                       |                      |                            |             | (0.0)                       |
| <b>Net Income</b>                                     | <b>14.4</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>0.0</b>                 | <b>0.0</b>  | <b>14.4</b>                 |
| (-) Non-Recurring Items - EBITDA                      | 8.0                            |                                   |                       |                      | (8.0)                      |             | 0.0                         |
| (-) Non-Recurring Items - Net Income                  | (11.5)                         |                                   |                       |                      | 11.5                       |             | 0.0                         |
| <b>Adjusted Net Income</b>                            | <b>10.9</b>                    | <b>0.0</b>                        | <b>0.0</b>            | <b>0.0</b>           | <b>3.5</b>                 | <b>0.0</b>  | <b>14.4</b>                 |

## APPENDIX 3 – Income Statement – IFRS

|   | 1H17         | 1H16         | 2Q17         | 2Q16         |
|---|--------------|--------------|--------------|--------------|
| <b>Net Revenue</b>  | <b>517.0</b> | <b>470.8</b> | <b>260.9</b> | <b>241.1</b> |
| COST OF SERVICES  | (299.7)      | (281.6)      | (167.8)      | (159.7)      |
| <b>Gross (Loss) Profit</b>                                | <b>217.2</b> | <b>189.2</b> | <b>93.1</b>  | <b>81.5</b>  |
| OPERATING (EXPENSES) / INCOME                             | (145.5)      | (122.8)      | (80.0)       | (69.0)       |
| Commercial  | (36.0)       | (32.6)       | (20.0)       | (19.3)       |
| General and administrative                                | (110.1)      | (86.1)       | (59.8)       | (47.7)       |
| Equity income   | (0.0)        | -            | (0.0)        | -            |
| Other operating (expenses) revenues                       | 0.6          | (4.2)        | (0.2)        | (2.0)        |
| <b>Income before Financial Result</b>                     | <b>71.7</b>  | <b>66.4</b>  | <b>13.1</b>  | <b>12.4</b>  |
| Financial interest income                                 | 37.3         | 67.7         | 11.7         | 44.8         |
| Financial interest expenses                               | (60.7)       | (82.7)       | (26.1)       | (58.7)       |
| <b>Net (Loss) Income before Taxes</b>                     | <b>48.3</b>  | <b>51.4</b>  | <b>(1.2)</b> | <b>(1.4)</b> |
| Income tax and social contribution, current and deferred  | 15.9         | 0.3          | 15.6         | 0.4          |
| <b>Net Income or Loss before Non-Controlling Interest</b> | <b>64.2</b>  | <b>51.7</b>  | <b>14.4</b>  | <b>(1.0)</b> |
| Non-Controlling Interest                                  | -            | -            | (0.0)        | -            |
| <b>Net Income or Loss for the Period</b>                  | <b>64.2</b>  | <b>51.7</b>  | <b>14.4</b>  | <b>(1.0)</b> |

## APPENDIX 4 – Balance Sheet - IFRS

| Assets                       | JUN 17         | JUN 16         | MAR 17         | Liabilities                                     | JUN 17         | JUN 16         | MAR 17         |
|------------------------------|----------------|----------------|----------------|---|----------------|----------------|----------------|
| <b>Current Assets</b>        | <b>442.6</b>   | <b>499.3</b>   | <b>462.4</b>   | <b>Current Liabilities</b>                      | <b>283.2</b>   | <b>235.2</b>   | <b>270.3</b>   |
| Cash and cash equivalents    | 30.8           | 22.5           | 28.4           | Supplier  | 23.1           | 21.9           | 21.2           |
| Cash & financial investments | 108.6          | 179.3          | 156.1          | Loans   | 121.8          | 101.0          | 117.0          |
| Accounts receivable          | 251.8          | 250.1          | 229.6          | Personnel                                       | 74.6           | 68.0           | 52.7           |
| Prepaid expenses             | 28.2           | 27.1           | 22.7           | Taxes payable                                   | 13.5           | 8.9            | 11.7           |
| Recoverable taxes            | 12.1           | 9.5            | 11.9           | Advances from clients                           | 20.6           | 23.1           | 28.5           |
| Derivatives                  | -              | -              | -              | Tax debt installments                           | 0.6            | 0.2            | 0.6            |
| Other current assets         | 11.1           | 10.7           | 13.7           | Accounts payables                               | 10.8           | 3.3            | 13.1           |
|                              |                |                |                | Dividends payables                              | 0.0            | 0.0            | 5.0            |
|                              |                |                |                | Derivatives                                     | 17.7           | 8.4            | 20.0           |
|                              |                |                |                | Other current liabilities                       | 0.4            | 0.6            | 0.4            |
| <b>Non-Current Assets</b>    | <b>980.6</b>   | <b>942.9</b>   | <b>954.9</b>   | <b>Non-Current Liabilities</b>                  | <b>443.7</b>   | <b>536.0</b>   | <b>458.3</b>   |
| Accounts receivable          | 92.7           | 131.8          | 91.4           | Loans   | 234.7          | 333.6          | 243.1          |
| Prepaid expenses             | 11.5           | 12.1           | 10.8           | Accounts payables                               | 63.7           | 27.5           | 61.7           |
| Judicial deposits            | 38.5           | 31.7           | 37.3           | Tax debt installments                           | 4.2            | 3.3            | 4.3            |
| Credit with related parties  | 0.2            | 0.0            | 0.1            | Deferred income tax and social contribution     | 53.7           | 53.5           | 52.7           |
| Recoverable taxes            | 14.3           | 6.4            | 4.7            | Provisions for risks                            | 81.5           | 96.6           | 87.7           |
| Derivatives                  | -              | -              | -              | Derivatives                                     | 4.8            | 21.1           | 8.0            |
| Other non-current assets     | 18.5           | 15.4           | 16.4           | Other non-current liabilities                   | 1.1            | 0.4            | 1.0            |
| Investments                  | 3.1            | -              | -              |   |                |                |                |
| Fixed                        | 230.8          | 214.2          | 224.9          |   |                |                |                |
| Intangible                   | 571.0          | 531.3          | 569.1          |   |                |                |                |
|                              |                |                |                | <b>Shareholder Equity</b>                       | <b>696.3</b>   | <b>671.0</b>   | <b>688.6</b>   |
|                              |                |                |                | Capital Stock                                   | 496.4          | 496.4          | 496.4          |
|                              |                |                |                | Capital reserve                                 | 6.6            | 5.9            | 6.5            |
|                              |                |                |                | Earnings reserve                                | 212.3          | 217.2          | 212.3          |
|                              |                |                |                | Shares in treasury                              | (13.6)         | (30.6)         | (10.1)         |
|                              |                |                |                | Asset valuation adjustment                      | (69.6)         | (69.6)         | (69.6)         |
|                              |                |                |                | Retained earnings                               | 64.2           | 51.7           | 49.9           |
|                              |                |                |                |   |                |                |                |
|                              |                |                |                | Minority shareholders interest                  | -              | -              | 3.1            |
| <b>Total Assets</b>          | <b>1,423.1</b> | <b>1,442.2</b> | <b>1,417.2</b> | <b>Total Liabilities and Shareholder Equity</b> | <b>1,423.1</b> | <b>1,442.2</b> | <b>1,417.2</b> |

## APPENDIX 5 – Cash Flow – IFRS

|   | 1H17   | 1H16    | 2Q17   | 2Q16   |
|---|--------|---------|--------|--------|
| <b>Net Income for the period</b>  | 64.2   | 51.7    | 14.4   | (1.0)  |
| Adjustments:  |        |         |        |        |
| Allowance for doubtful accounts   | 22.0   | 19.6    | 13.2   | 12.6   |
| Reversal (restatement) of escrow deposits                                     | (1.0)  | (0.5)   | (0.5)  | 0.3    |
| Depreciation and amortization   | 24.5   | 18.7    | 13.6   | 10.2   |
| Decrease in residual value of fixed and intangible assets                     | 0.1    | 1.7     | 0.0    | 0.3    |
| Equity income   | 0.0    | -       | 0.0    | -      |
| Third party loans update  | (0.9)  |         | (0.4)  |        |
| Interest on loans, financing and tax installments                             | 19.2   | 29.0    | 8.8    | 16.1   |
| Constitution, reversal and update of provision for labor, tax and civil risks | 2.8    | 6.1     | 2.1    | 3.0    |
| Present value adjustments to accounts payable                                 | 4.7    | 3.6     | 1.6    | 2.5    |
| FIES revenues regarding present value adjustments and monetary restatement    | (4.0)  | (10.7)  | (1.6)  | (4.2)  |
| Share repurchase program bonuses  | 0.0    | 4.6     | 0.0    | 4.6    |
| Deferred income tax and social contribution                                   | (15.9) | (0.3)   | (15.6) | (0.4)  |
| Losses with investments   | -      | 0.0     | -      | -      |
| Inventory and net assets write-off  | 1.2    | -       | 1.2    | -      |
| fair value of derivatives   | -      | -       | -      | -      |
|   | 116.9  | 123.6   | 36.7   | 44.1   |
| <b>Change in operating assets and liabilities</b>                             |        |         |        |        |
| Decrease (increase) in trade receivables                                      | (76.9) | (88.7)  | (35.0) | (5.1)  |
| Decrease (increase) in sundry advances  | 10.1   | (15.1)  | (6.2)  | (21.6) |
| Decrease (increase) in escrow deposits  | (4.5)  | (4.6)   | (1.7)  | (2.4)  |
| Decrease (increase) in recoverable taxes and contributions                    | (0.6)  | 0.6     | (1.2)  | (0.7)  |
| Decrease (increase) in other assets   | (4.4)  | (0.9)   | 0.6    | (0.6)  |
| Increase (decrease) in trade payables   | (0.5)  | 0.2     | 1.7    | 2.7    |
| Increase (decrease) in payroll and related taxes                              | 15.8   | 16.1    | 24.5   | 18.4   |
| Increase (decrease) in advances from clients                                  | 1.5    | 1.1     | (7.9)  | 0.5    |
| Increase (decrease) of taxes and contributions paid in installments           | (0.3)  | (0.2)   | (0.1)  | (0.1)  |
| Increase (decrease) of provision for tax, civil and labor risks               | (9.3)  | (10.7)  | (2.8)  | (9.6)  |
| Increase (decrease) in other liabilities                                      | 0.0    | (0.3)   | 0.2    | (0.1)  |
| <b>Cash from operations</b>   | (69.1) | (102.4) | (27.7) | (18.5) |
| Interest paid   | (11.3) | (15.7)  | (0.5)  | (9.4)  |
| Income tax and social contribution paid                                       | 0.0    | (0.3)   | -      | (0.0)  |
|   | 36.5   | 5.2     | 8.5    | 16.1   |
| <b>Net cash flow from operating activities</b>                                |        |         |        |        |
| <b>Cash Flow from Investment Activities</b>                                   |        |         |        |        |
| Loans with related parties  |        |         |        |        |
| Concessions   | (0.0)  | -       | (0.0)  | -      |
| Subsidiary capital increase   | (3.1)  | -       | (6.3)  | -      |
| Acquisitions net of cash and equivalents                                      | -      | 5.3     | -      | -      |
| (Redemption) investment of financial investments                              | 42.7   | (10.1)  | 51.4   | (48.5) |
| Yields from financial investments   | (9.4)  | (9.9)   | (4.0)  | (5.0)  |
| Acquisition of property and equipment   | (23.7) | (19.3)  | (12.8) | (10.1) |
| Acquisition of intangible assets  | (7.9)  | (7.4)   | (4.5)  | (2.6)  |
|   | (1.4)  | (41.5)  | 23.8   | (66.2) |
| <b>Net cash flow (applied) from investment activities</b>                     |        |         |        |        |
| <b>Cash Flow from Financial Activities</b>                                    |        |         |        |        |
| <b>Loans and financing</b>  |        |         |        |        |
| Funding   | 5.4    | 143.0   | -      | 139.4  |
| Amortizations   | (29.1) | (67.0)  | (15.1) | (57.0) |
| Gains (Losses) with Derivatives   | (5.5)  | -       | (2.3)  |        |
| Accounts payable amortization on controlling acquisitions                     | (6.0)  | -       | (4.0)  |        |
| Shares held in treasury   | (3.7)  | (27.5)  | (3.6)  | (19.0) |
| Dividends paid  | (5.0)  | (15.2)  | (5.0)  | (15.2) |
|   | (43.9) | 33.3    | (29.9) | 48.2   |
| <b>Net cash (applied to) flow from financing activities</b>                   |        |         |        |        |
| <b>Cash (Applied) Flow for the Period</b>                                     | (8.7)  | (2.9)   | 2.4    | (1.9)  |
| <b>Change in Cash and Cash Equivalents</b>                                    |        |         |        |        |
| Cash and cash equivalents at the beginning of the period                      | 39.6   | 25.5    | 28.4   | 24.5   |
| Cash and cash equivalents at the end of the period                            | 30.8   | 22.5    | 30.8   | 22.5   |
| <b>Increase (Decrease) of Cash and Cash Equivalents</b>                       | (8.7)  | (2.9)   | 2.4    | (1.9)  |

## GAEC EDUCAÇÃO S.A. AND SUBSIDIARIES

### NOTES TO THE PARENT COMPANY AND CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2017

(In thousands of Brazilian reais - R\$, unless otherwise stated)

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#### 1. GENERAL INFORMATION

GAEC EDUCAÇÃO S.A. ("GAEC" or "Company"), with registered head office in the city of São Paulo, State of São Paulo, is a publicly held corporation registered at the Brazilian Securities, Commodities and Futures Exchange ("BMF&BOVESPA S.A."), under the ticker ANIM3 engaged in providing advisory, consulting and business administration services and holding interests in other entities holding direct and indirect interests in companies engaged in:

- a) Management of education institutions and provision of assistance to education support activities.
- b) Provision of K-12 and post-secondary education services, including free, undergraduate, graduation, masters, doctorate, university extension, specialization, and distance-learning courses, and research.
- c) Organization of congresses, seminars, lectures, cultural events, publishing and printing of books, newspapers and other publications, and the provision of online information services, such as portals, content providers, and other media, video and TV program distribution.
- d) Consultancy services in the area of technological innovation and technical testing and analysis, including calibration laboratory and testing of electrical equipment, measuring equipment, materials, founding and tooling.

The Company's direct and indirect subsidiaries are summarized in Note 2.3.

#### Comparability

The income statement for the six-month period ended June 30, 2016 does not include the full results of the investees Sociesc, FACEB, ACAD and Politécnico, which are being consolidated as of February 1, 2016, July 1, 2016, September 1, 2016, October 3, 2016 respectively.

Therefore, the readers of this financial information should take this aspect into consideration.

#### 2. PRESENTATION OF THE INTERIM FINANCIAL INFORMATION

##### 2.1. Statement of compliance (with IFRSs and CPCs)

The parent company and consolidated interim financial information identified as company and consolidated comprise:

- The parent company and consolidated interim financial information prepared and presented in accordance with the Brazilian Technical Pronouncement CPC 21 (R1) – Interim Financial Statement and the International Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, and in conformity with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Information Form - ITR, identified as "Parent Company" and "Consolidated".
- The accounting practices adopted in Brazil comprise the policies set out in Brazilian Corporate Law and the pronouncements, guidance, and interpretations

issued by the Accounting Pronouncements Committee ("CPC"), and approved by the Federal Accounting Council ("CFC") and the Brazilian Securities and Exchange Commission ("CVM").

## 2.2. Basis of preparation

The interim financial information has been prepared based on the historical cost, except for certain financial instruments measured at their fair values. The historical cost is generally based on the fair value of the consideration paid in exchange for an asset on the acquisition date.

The Company's Management declares that all relevant information pertaining to the interim financial information is being addressed, and that it corresponds to the information used in the Company's management.

## 2.3. Basis of consolidation and investments in subsidiaries and joint venture

The consolidated interim financial information includes the interim financial information of the Company and its subsidiaries. The subsidiaries are fully consolidated as of the date when control is transferred to the Group and it is interrupted when control ends.

For the six-month period ended June 30, 2017 and year ended December 31, 2016, the Company held the following direct and indirect subsidiaries and joint venture:

| <u>Subsidiary</u>  | <u>Equity interest %</u> |                   |
|--|--------------------------|-------------------|
|  | <u>6/30/2017</u>         | <u>12/31/2016</u> |
| <u>Direct subsidiaries</u>                                   |                          |                   |
| Minas Gerais Educação S.A. ("MGE")                           | 100                      | 100               |
| Instituto Mineiro de Educação e Cultura Uni-BH S.A. ("IMEC") | 100                      | 100               |
| Instituto de Educação e Cultura Unimonte S.A. ("Unimonte")   | 100                      | 100               |
| VC Network Educação S.A. ("VC Network")                      | 100                      | 100               |
| BR Educação Executiva S.A. ("BR Educação")                   | 100                      | 100               |
| Posse Gestão Patrimonial S.A. ("PGP Gestão")                 | 100                      | 100               |
| <u>Indirect subsidiaries</u>                                 |                          |                   |
| UNA Gestão Patrimonial S.A. ("UNA GP")                       | 100                      | 100               |
| HSM do Brasil S.A. ("HSM Brasil")                            | 100                      | 100               |
| PGP Educação S.A. ("PGP Educação")                           | 100                      | 100               |
| AMC Serviços Educacionais Ltda. ("USJT")                     | 100                      | 100               |
| Sociedade Educacional de Santa Catarina ("Sociesc")          | 100                      | 100               |
| GKT Treinamento, Consultoria e Editora Ltda ("ACAD")         | 100                      | 100               |
| FACEB Educação Ltda ("FACEB")                                | 100                      | 100               |
| Politécnico Participações Ltda ("Politécnico")               | 100                      | 100               |
| Instituto Politécnico Ltda ("Politécnico")                   | 100                      | 100               |
| Instituto Ânima de Extensão Universitária                    | 100                      | -                 |
| <u>Joint venture</u>   |                          |                   |
| Le Cordon Bleu Anima Ltda ("LCB") (*)                        | 50                       | 50                |

(\*) A joint venture is a joint agreement in which the parties that have joint control over the agreement have rights over the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control, applicable only when the decisions on relevant activities require the unanimous consent of the parties sharing the control. The associate's results, assets and liabilities are included in this consolidated interim financial information under the equity method. The Company continues to use the equity method when an investment in an associate becomes an investment in a joint venture or when an investment in a joint venture becomes an investment in an associate.

## 2.4. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Board of Directors, which is also responsible for making Company's strategic decisions.

## 3. SIGNIFICANT ACCOUNTING POLICIES

No changes occurred in the accounting policies of parent company or consolidated interim financial information for the six-month period ended June 30, 2017, as well as in the calculation methods applied in relation to those presented in the financial statements for the year ended December 31, 2016.

This interim financial information should be read jointly with the annual Financial Statements published.

## 4. ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Regarding the new standards and amendments to IFRS or IFRIC interpretations not effective yet, the Company's Management is evaluating possible impacts on the interim financial information of the Company and its subsidiaries.

### 4.1. New and revised standards and interpretations already issued but not yet adopted.

|   |  |
|---|--|
| IFRS 9  | Financial Instruments  |
| IFRS 15   | Revenue from Contracts with Customers                                |
| IFRS 16   | Leases   |
| Amendments to IAS 12  | Recognition of deferred tax assets for unrealized losses             |
| Amendments to IAS 7   | Cash flow  |
| Amendments to IAS 1 / CPC 26 (R1)   | Disclosure Initiative  |
| IAS 38 / CPC 04   | Clarification of Acceptable Methods of Depreciation and Amortization |
| Amendments to IFRS 10 / CPC 36<br>IFRS 12 / CPC 45 and IAS 28 / CPC<br>18 | Investment Entities: Applying the Consolidation Exception            |

## 5. NET REVENUE RESTATEMENT

For a better presentation of our interim financial information for the six-month period ended June 30, 2017 and in order to allow comparison between the periods, we reclassified the amounts of Pravalier and FIES (FGEDUC) student financing commissions to net revenue. We present below the reclassification in the statement of income and statement of value added in the comparative period ended June 30, 2016. This change did not impact equity and other parts of the interim financial information ended June 30, 2016.

In the statement of income, we reclassified this amount from the general and administrative expenses line to net revenue, as shown in the restatement below:

|   | Item | Consolidated                |                             |                             |                             |                             |                             |
|---|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   |      | Previously stated           |                             | Adjustments                 |                             | Restated                    |                             |
|   |      | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| NET REVENUE                                     | 25   | 247,708                     | 482,997                     | (6,588)                     | (12,203)                    | 241,120                     | 470,794                     |
| COST OF SERVICES RENDERED                       |      | (159,654)                   | (281,550)                   | -                           | -                           | (159,654)                   | (281,550)                   |
| GROSS INCOME (LOSS)                             |      | 88,054                      | 201,447                     | (6,588)                     | (12,203)                    | 81,466                      | 189,244                     |
| OPERATING INCOME (EXPENSES)                     |      |                             |                             |                             |                             |                             |                             |
| Selling expenses                                |      | (19,337)                    | (32,581)                    | -                           | -                           | (19,337)                    | (32,581)                    |
| General and administrative expenses             | 26   | (54,288)                    | (98,256)                    | 6,588                       | 12,203                      | (47,700)                    | (86,053)                    |
| Equity in the earnings (losses) of subsidiaries |      | -                           | -                           | -                           | -                           | -                           | -                           |
| Other operating income (expenses)               |      | (1,983)                     | (4,200)                     | -                           | -                           | (1,983)                     | (4,200)                     |
|   |      | (75,608)                    | (135,037)                   | 6,588                       | 12,203                      | (69,020)                    | (122,834)                   |
| EARNINGS BEFORE FINANCIAL RESULT                |      | 12,446                      | 66,410                      | -                           | -                           | 12,446                      | 66,410                      |

In the statement of value added, we reclassified this amount from the materials, electricity, services and others line to revenue from products and services, as shown in the restatement below:

|   | Item | Consolidated                   |                         |                       |
|---|------|--------------------------------|-------------------------|-----------------------|
|   |      | Previously stated<br>6/30/2016 | Adjustment<br>6/30/2016 | Restated<br>6/30/2016 |
| REVENUE   |      |                                |                         |                       |
| Revenue from products and services                    | 25   | 493,059                        | (12,203)                | 480,856               |
| Other revenue   |      | 4,040                          | -                       | 4,040                 |
| Allowance for doubtful accounts                       |      | (19,589)                       | -                       | (19,589)              |
| INPUTS ACQUIRED BY THIRD PARTIES                      |      |                                |                         |                       |
| Cost of products and services                         |      | (4,487)                        | -                       | (4,487)               |
| Materials, electricity, outsourced services and other |      | (82,239)                       | 12,203                  | (70,036)              |
| GROSS VALUE ADDED                                     |      | 390,784                        | -                       | 390,784               |

## 6. BUSINESS COMBINATION

### 6.1. Acquisition of Sociedade Educacional de Santa Catarina (Sociesc)

#### 6.1.1. Consideration transferred

"PGP Educação" will disburse R\$52,500 for the business, to be settled in 180 equal and successive monthly installments, adjusted by the INPC on an annual basis, as of the date when the business was concluded (February 1, 2016), maturing on the 10th of each month. The present value of this transaction was R\$28,727 on the date when it was executed at a discount rate of 17% p.a.

#### 6.1.2. Assets acquired and liabilities recognized on the acquisition date

In the first quarter of 2017, the Company and its consultants reviewed the fair value calculation of the assets and liabilities, and, consequently, goodwill arising from the transaction. These amounts were adjusted in relation to the final amounts that had been recorded in the second quarter of 2016.

|   | Carrying<br>amount | Acquisition<br>adjustments | Goodwill<br>adjustments<br>(i) | Fair<br>value   |
|---|--------------------|----------------------------|--------------------------------|-----------------|
| <u>Assets</u>   |                    |                            |                                |                 |
| Cash and cash equivalents                               | 5,542              | -                          | -                              | 5,542           |
| Other current assets                                    | 17,183             | -                          | (1,525)                        | 15,658          |
| Other non-current assets                                | 12,450             | -                          | -                              | 12,450          |
| Property and equipment                                  | 35,184             | 26,628                     | -                              | 61,812          |
| Intangible assets                                       | 1,890              | 31,558                     | -                              | 33,448          |
| <u>Liabilities</u>                                      |                    |                            |                                |                 |
| Other current liabilities                               | 31,117             | -                          | -                              | 31,117          |
| Other non-current liabilities                           | 21,603             | -                          | -                              | 21,603          |
| Deferred income tax and social contribution liabilities | -                  | 39,370                     | -                              | 39,370          |
| Provision for labor, tax and civil risks                | 106,897            | (57,607)                   | 3,907                          | 53,197          |
| Net assets acquired                                     | <u>(87,368)</u>    | <u>76,423</u>              | <u>(5,432)</u>                 | <u>(16,377)</u> |

(i) Amounts referring to labor and civil contingencies and canceled tuition fees from Pronatec, which had not been recognized in the opening statement of financial position, but were recognized as goodwill adjustments in the period ended June 30, 2016.

### 6.1.3. Goodwill generated in the acquisition

|   | <u>2/1/2016</u><br><u>Acquired<br/>value</u> |
|---|--|
| Consideration to be transferred at the acquisition        | 28,727                                       |
| (-) Fair value of net liabilities / (assets) identifiable | <u>16,377</u>                                |
| Goodwill generated in the acquisition                     | <u>45,104</u>                                |

Sociesc's acquisition generated goodwill resulting from the consideration paid for the transaction, which included amounts related to future synergy gains, future revenue growth, future market development, certificate of technical capacity and workforce. These benefits are not recognized separately from goodwill because they do not meet the criteria for the recognition of identifiable intangible assets.

### 6.1.4. Net cash outflow in the acquisition of subsidiary

|  | <u>2/1/2016</u> |
|--|-----------------|
| Consideration paid in cash                         | 291             |
| (-) Balances of cash and cash equivalents acquired | <u>(5,542)</u>  |
| Net cash disbursement                              | <u>(5,251)</u>  |

The transaction was agreed upon based on an estimated net debt of R\$30,000, which, in fact, totaled R\$37,493 on the closing date. The difference will be reimbursed by the vendors, as agreed in the contract governing the transaction between the parties.

## 6.2. Acquisition of FACEB Educação Ltda. (FACEB)

### 6.2.1. Consideration transferred

"PGP Gestão" will disburse R\$42,245 for the business, adjusted for the net cash position, R\$16,245 of which was settled on the closing date of the transaction, i.e. July 1, 2016, and R\$26,000 payable in 10 annual installments, adjusted for the simple average of the IGPM, IPCA and INPC monetary restatement indices, with the first installment maturing twelve (12) months after the closing date. The Transaction also envisages earn-out payments of up to R\$8,000 between 2018 and 2023, based on the achievement of financial and operating targets. The present value of this transaction is R\$38,998 at the Selic rate.

### 6.2.2. Assets acquired and liabilities recognized on the acquisition date

In the second quarter of 2017, the Company and its consultants completed the fair value calculation of the assets and liabilities and, consequently, the goodwill arising from the transaction.

|  | Carrying<br>amount | Acquisition<br>adjustments | Goodwill<br>adjustments<br>(i) | Fair<br>value |
|--|--------------------|----------------------------|--------------------------------|---------------|
| <u>Assets</u>  |                    |                            |                                |               |
| Cash and cash equivalents                                  | 2,209              | -                          | -                              | 2,209         |
| Other current assets                                       | 3,855              | -                          | (260)                          | 3,595         |
| Other non-current assets                                   | 265                | -                          | -                              | 265           |
| Property and equipment                                     | 3,346              | -                          | -                              | 3,346         |
| Intangible assets  | 7,680              | 5,926                      | -                              | 13,606        |
| <u>Liabilities</u>   |                    |                            |                                |               |
| Other current liabilities                                  | 9,876              | -                          | -                              | 9,876         |
| Other non-current liabilities                              | 473                | -                          | -                              | 473           |
| Deferred income tax and social<br>contribution liabilities | -                  | 2,015                      | -                              | 2,015         |
| Net assets acquired  | <u>7,006</u>       | <u>3,911</u>               | <u>(260)</u>                   | <u>10,657</u> |

(i) Amounts referring to loss of tuition fees from years prior to the acquisition date not recognized in the opening statement of financial position, but recognized as goodwill adjustment in October 2016.

### 6.2.3. Goodwill generated in the acquisition

|   | <u>7/1/2016</u><br>Acquired<br>value |
|---|--------------------------------------|
| Consideration to be transferred at the acquisition              | 38,998                               |
| (-) Equity value of net liabilities / (assets) identifiable     | (10,657)                             |
| (+) Additional consideration transferred due to the acquisition | 380                                  |
| Goodwill generated in the acquisition                           | <u>28,721</u>                        |

Sociesc's acquisition generated goodwill resulting from the consideration paid for the transaction, which includes amounts related to future synergy gains, future revenue growth and workforce. These benefits are not recognized separately from goodwill because they do not meet the criteria for the recognition of identifiable intangible assets.

### 6.2.4. Net cash outflow in the acquisition of subsidiary

|  | <u>7/1/2016</u> |
|--|-----------------|
| Consideration paid in cash                         | 16,245          |
| (-) Balances of cash and cash equivalents acquired | (2,209)         |
| Net cash disbursement                              | <u>14,036</u>   |

## 6.3. Acquisition of GKT Treinamento, Consultoria e Editora Ltda (ACAD)

### 6.3.1. Consideration transferred

"HSM Brasil" disbursed R\$30 for the business and assumed net debt of R\$2,970 on the closing date of the transaction, i.e., September 1, 2016, which totaled R\$3,150. The difference was reimbursed by the vendors on the closing date of the transaction, as agreed in the contract governing the transaction between the parties. The transaction also envisages earn-out payments of up to R\$2,203 between 2018 and 2021, based on the achievement of financial and operating targets. The present value of this

transaction is R\$1,288 at a discount rate of 17% p.a.

6.3.2. Assets acquired and liabilities recognized on the acquisition date

The Company and its consultants have not yet finalized the fair value calculation of all the assets and liabilities, especially intangible assets, and in consequence have not yet determined the final amount of goodwill or discount on the transaction.

6.3.3. Goodwill generated in the acquisition (preliminary estimate)

|   | <u>9/1/2016</u><br>Acquired<br>value |
|---|--------------------------------------|
| Consideration to be transferred at the acquisition          | 1,288                                |
| (-) Equity value of net liabilities / (assets) identifiable | <u>2,335</u>                         |
| Preliminary goodwill generated in the acquisition           | <u>3,623</u>                         |

As mentioned in the previous item, a preliminary amount of goodwill on the acquisition of ACAD has been ascertained for the six-month period ended June 30, 2017. The Company is still calculating possible values for trademarks, licenses, the client portfolio and expected synergies, expected future revenue growth, future market and workforce development, as well as potential tax benefits deriving from the corporate restructuring.

6.3.4. Net cash outflow in the acquisition of subsidiary

|  | <u>9/1/2016</u> |
|--|-----------------|
| Consideration received in cash                     | (150)           |
| (-) Balances of cash and cash equivalents acquired | <u>(579)</u>    |
| Net cash disbursement                              | <u>(729)</u>    |

6.4. Acquisition of Politécnico Participações Ltda and Instituto Politécnico Ltda.

6.4.1. Consideration transferred

"PGP Posse" will disburse R\$19,132 for the business, adjusted for the net cash position on the closing date of the transaction, i.e., October 3, 2016, to be settled in 73 monthly installments, restated at 12% p.a. plus TR. The present value of this transaction is R\$17,671 at a discount rate of 17% p.a.

6.4.2. Assets acquired and liabilities recognized on the acquisition date

The Company and its consultants have not yet finalized the fair value calculation of all the assets and liabilities, especially intangible assets, and in consequence have not yet determined the final amount of goodwill or discount on the transaction.

6.4.3. Goodwill generated in the acquisition (preliminary estimate)

|   | <u>10/3/2016</u><br>Acquired<br>value |
|---|---------------------------------------|
| Consideration to be transferred at the acquisition          | 17,671                                |
| (-) Equity value of net liabilities / (assets) identifiable | <u>(657)</u>                          |
| Preliminary goodwill generated in the acquisition           | <u>17,014</u>                         |

As mentioned in the previous item, a preliminary amount of goodwill on the acquisition of Politécnico has been ascertained for the six-month period ended June 30, 2017. The Company is still calculating possible values for trademarks, licenses, the client portfolio and expected synergies, expected future revenue growth, future market and workforce development, as well as potential tax benefits deriving from the corporate restructuring.

#### 6.4.4. Net cash outflow in the acquisition of subsidiary

|  | <u>10/3/2016</u>   |
|--|--------------------|
| Consideration paid in cash                         | -                  |
| (-) Balances of cash and cash equivalents acquired | <u>(37)</u>        |
| Net cash disbursement (increase)                   | <u><u>(37)</u></u> |

### 7. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

|                                     | <u>Company</u>      |                     | <u>Consolidated</u>   |                       |
|-------------------------------------|---------------------|---------------------|-----------------------|-----------------------|
|                                     | <u>6/30/2017</u>    | <u>12/31/2016</u>   | <u>6/30/2017</u>      | <u>12/31/2016</u>     |
| Cash and banks                      | 102                 | 200                 | 3,117                 | 7,303                 |
| Short-term investments - Operations | <u>2,347</u>        | <u>8,463</u>        | <u>27,702</u>         | <u>32,265</u>         |
| Total cash and cash equivalents     | <u><u>2,449</u></u> | <u><u>8,663</u></u> | <u><u>30,819</u></u>  | <u><u>39,568</u></u>  |
| Short-term investments - Investment | <u>24</u>           | <u>7,003</u>        | <u>108,632</u>        | <u>141,931</u>        |
| Total short-term investments        | <u><u>24</u></u>    | <u><u>7,003</u></u> | <u><u>108,632</u></u> | <u><u>141,931</u></u> |

Short-term investments are classified as loans and receivables in the financial instruments category. These consist of Bank Deposit Certificates (CDBs), which yield between 81.42% and 100.00% of the CDI, and vary according to the amount of time these funds remain in the account and by exclusive investment funds for GAEC's companies, which yielded between 101.07% and 103.13% of the CDI in the last twelve months, all highly liquid.

### 8. TRADE RECEIVABLES

|   | <u>Consolidated</u>     |                         |
|---|-------------------------|-------------------------|
|   | <u>6/30/2017</u>        | <u>12/31/2016</u>       |
| FIES - student loan (a)                                       | 252,201                 | 207,819                 |
| Accounts receivable - tuition fees (b)                        | 190,189                 | 172,502                 |
| Financing (Ampliar and Pravalier) (c)                         | 3,806                   | 1,962                   |
| Events  | 3,324                   | 2,995                   |
| Leases, services and other                                    | <u>11,522</u>           | <u>12,898</u>           |
| Total   | <u><u>461,042</u></u>   | <u><u>398,176</u></u>   |
| Allowance for doubtful accounts - Other trade receivables (b) | (95,820)                | (96,450)                |
| Allowance for doubtful accounts - FIES (e)                    | <u>(20,753)</u>         | <u>(16,123)</u>         |
| Total   | <u><u>(116,573)</u></u> | <u><u>(112,573)</u></u> |
| Overall total trade receivables                               | <u><u>344,469</u></u>   | <u><u>285,603</u></u>   |
| Current assets  | 251,758                 | 195,710                 |
| Non-current assets  | 92,711                  | 89,893                  |

The Company and its subsidiaries have the accounting policy of writing off notes past due for more than two years, even though they maintain their efforts to collect them.

- (a) Refers to monthly tuitions financed under the government program FIES (Student Loan Fund) not yet received, net of the present value adjustment and commissions (FGEDUC and financial agent). The National Education Development Fund (FNDE) transfers these amounts via credits that are offset against federal taxes. These credits can also be repurchased by the Fund. On December 2015, the Company, through the Brazilian Association for the Development of Post-Secondary Education (ABRAES), entered into a judicial agreement in which the Ministry of Education (MEC) and the FNDE committed to transfer 100% of the due remaining balance in three installments adjusted by the inflation index: 25% of the balance until June 30, 2016, 25% until June 30, 2017 and 50% until June 30, 2018. The first installment received comprises the amount of R\$47,880. The present value adjustment was calculated based on trade receivables that comprises the agreement entered into, the coming due amounts of which adjusted to present value at the rate of 3.2% p.a. (free of risk), and is being reversed in proportion to the agreed balances and transfer dates.
- (b) Refers to monthly tuition fees, negotiated amounts payable through payment slips, collection firms, post-dated checks, credit cards and returned checks.
- (c) Refers to tuition fees financed through the Ampliar (directly managed by the Company) and Pravalor (managed by Ideal Invest) programs, net of the present value adjustment, in which students pay between 33% and 65% of the nominal tuition fee amount while they are studying and the remaining amount after graduation in a period of up to twice the time of their courses. Financing rates vary between 0% and 5% p.a., depending on the type of program chosen by the students, plus adjustments for inflation. The present value adjustment is calculated based on trade receivables adjusted to present value at the rate of 14.14% p.a.
- (d) The Company and its subsidiaries recognized an allowance for doubtful accounts after analyzing the balance of trade receivables per portfolio and the aging list, and taking into account the history of default and the negotiations in progress and future estimates of receivables in a conservative scenario. Under such methodology, each default range per portfolio is assigned a percentage of likelihood of loss, which is recurrently accrued. The Company's management continually assesses the need to change the percentages of the allowance for losses in order to reflect the impact caused by Brazil's macroeconomic scenario.
- (e) The Company's subsidiaries recognize an allowance for doubtful accounts for amounts under the FIES according to the likelihood of loss associated with the students included in the Program. Regarding agreements not covered by FGEDUC and the 10% of agreements covered by FGEDUC, we recognized an allowance of 3% over the financed amount, in which we estimate a 20% default rate in relation to the Company's 15% exposure to credit risk. The balances related to FGEDUC are directly deducted from revenue and accounts receivable (R\$8,570 on June 30, 2017 and R\$9,993 on June 30, 2016). In addition to the allowance for loss of FIES receivables, the Company's subsidiaries recognize, on a monthly basis, an allowance for losses on possible agreements not amended by students with the FNDE for the current semester (R\$2,143 on June 30, 2017).

The aging list of trade receivables is as follows, which also includes the average percentages of the portfolios' estimated losses by aging level adopted in the Company's policy:

| Consolidated<br>6/30/2017 |                |  |                                  |                    |             |
|---------------------------|----------------|--|----------------------------------|--------------------|-------------|
|                           | Receivables    | Allowance<br>for<br>doubtful<br>accounts | % Loss<br>per<br>default<br>rate | Net<br>receivables | % (*)       |
| FIES                      |                |  |                                  |                    |             |
| Current                   | 252,201        | (2,143)                                  | 0.85%                            | 250,058            | 72.59%      |
| Loss of FIES credit       | -              | (18,610)                                 | -                                | (18,610)           | (5.40%)     |
| Credit card               | 11,671         | -  | -                                | 11,671             | 3.39%       |
| Current                   | 43,411         | (6,514)                                  | 15.01%                           | 36,897             | 10.71%      |
| Past due:                 |                |  |                                  |                    |             |
| 0 to 90 days              | 49,072         | (9,775)                                  | 19.92%                           | 39,297             | 11.41%      |
| 91 to 180 days            | 20,823         | (8,871)                                  | 42.60%                           | 11,952             | 3.47%       |
| 181 to 360 days           | 24,523         | (15,978)                                 | 65.16%                           | 8,545              | 2.48%       |
| 361 to 720 days           | 59,341         | (54,682)                                 | 92.15%                           | 4,659              | 1.35%       |
| Total                     | <u>461,042</u> | <u>(116,573)</u>                         | <u>25.28%</u>                    | <u>344,469</u>     | <u>100%</u> |

(\*) Refers to the percentage share of total accounts receivable per maturity term.

| Consolidated<br>12/31/2016 |                |  |                                  |                    |             |
|----------------------------|----------------|--|----------------------------------|--------------------|-------------|
|                            | Receivables    | Allowance<br>for<br>doubtful<br>accounts | % Loss<br>per<br>default<br>rate | Net<br>receivables | % (*)       |
| FIES                       |                |  |                                  |                    |             |
| Current                    | 207,819        | -  | -                                | 207,819            | 72.76%      |
| Loss of FIES credit        | -              | (16,123)                                 | -                                | (16,123)           | (5.65%)     |
| Credit card                | 3,463          | -  | -                                | 3,463              | 1.21%       |
| Pronatec                   | 71             | -  | -                                | 71                 | 0.02%       |
| Current                    | 32,193         | (3,949)                                  | 12.27%                           | 28,244             | 9.89%       |
| Past due:                  |                |  |                                  |                    |             |
| 0 to 90 days               | 41,854         | (8,344)                                  | 19.94%                           | 33,510             | 11.73%      |
| 91 to 180 days             | 22,171         | (7,977)                                  | 35.98%                           | 14,194             | 4.97%       |
| 181 to 360 days            | 30,027         | (19,813)                                 | 65.98%                           | 10,214             | 3.59%       |
| 361 to 720 days            | 60,578         | (56,367)                                 | 93.05%                           | 4,211              | 1.48%       |
| Total                      | <u>398,176</u> | <u>(112,573)</u>                         | <u>28.27%</u>                    | <u>285,603</u>     | <u>100%</u> |

(\*) Refers to the percentage share of total accounts receivable per maturity term.

Changes in the allowance for doubtful accounts in the period were as follows:

| Consolidated                                   |                |               |
|--|----------------|---------------|
|  | 6/30/2017      | 6/30/2016     |
| Opening balance                                | 112,573        | 79,398        |
| Allowance for doubtful accounts for the period | 22,026         | 19,589        |
| Business combination - Sociesc                 | -              | 9,840         |
| Notes written off in the period (i)            | (18,026)       | (12,378)      |
| Closing balance                                | <u>116,573</u> | <u>96,449</u> |

(i) Refers to notes written off in the period, past due for more than two years.

## 9. SUNDRY ADVANCES

|                          | Company      |              | Consolidated  |               |
|--------------------------|--------------|--------------|---------------|---------------|
|                          | 6/30/2017    | 12/31/2016   | 6/30/2017     | 12/31/2016    |
| Rent (a)                 | -            | -            | 19,706        | 21,448        |
| Trade payables           | 1,548        | 1,003        | 8,270         | 7,755         |
| Employees - vacations    | 307          | 529          | 8,483         | 15,495        |
| Prepayment - acquisition | -            | -            | 2,829         | 4,576         |
| Other                    | -            | -            | 387           | 530           |
| Total                    | <u>1,855</u> | <u>1,532</u> | <u>39,675</u> | <u>49,804</u> |
| Current assets           | 1,855        | 1,532        | 28,186        | 37,355        |
| Non-current assets       | -            | -            | 11,489        | 12,449        |

(a) Refers to rent advances related to IMEC, Sociesc and Politécnico units.

## 10. RECOVERABLE TAXES AND CONTRIBUTIONS

|   | Company       |              | Consolidated  |               |
|---|---------------|--------------|---------------|---------------|
|   | 6/30/2017     | 12/31/2016   | 6/30/2017     | 12/31/2016    |
| Withholding income tax (IRRF) (a)                 | 3,275         | 4,710        | 11,142        | 10,672        |
| Taxes on revenue (PIS/COFINS)/social contribution | 181           | 194          | 2,932         | 2,672         |
| Prepaid income tax (b)                            | -             | -            | 2,107         | 2,125         |
| Prepaid social contribution (b)                   | -             | -            | 288           | 374           |
| Other (c)   | 8,599         | 5            | 9,905         | 1,312         |
| Total   | <u>12,055</u> | <u>4,909</u> | <u>26,374</u> | <u>17,155</u> |
| Current assets                                    | 3,376         | 3,630        | 12,066        | 11,154        |
| Non-current assets                                | 8,679         | 1,279        | 14,308        | 6,001         |

(a) It mainly refers to withholding income tax on short-term investments.

(b) They mainly refer to amounts for offset related to prepaid 2000 and 2001 income tax and social contribution of UNA subsidiary, for which a tax return request was filed at the Brazilian Internal Revenue Service (IRS).

(c) It refers mainly to credits from negative balance of the 2012 and 2014 income and social contribution taxes recorded due to the cancelation of PERDCOMP for inclusion in the Tax Regularization Program (PRT) – MP 766 – IN 1687. See Note 20).

## 11. CURRENT AND DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

11.1. Deferred income tax and social contribution

Assets - The Company and its subsidiaries hold income tax and social contribution on tax loss carryforwards. Recognition of deferred tax assets only occurs when it is reasonably certain that these credits will be realized. The parent company hold income tax amounting to R\$185,246 (R\$166,545 on December 31, 2016) and R\$312,862 (R\$274,827 on December 31, 2016) in consolidated, which can be carried forward indefinitely, on which no deferred tax assets were recognized. In May 2017, the Company recorded R\$14,637, which was subsequently used to settle the Tax Regularization Program (PRT– MP 766 – IN 1687. See Note 20).

Liabilities - deferred income tax and social contribution refers to:

- (i) Taxes and contributions calculated on the property revaluation made in 2007 and the property surplus value realized in 2009.
- (ii) Taxes and contributions calculated on the difference between the carrying amount and the fair value of assets allocated to the business combination in the acquisition, which generated a deferred tax liability to be settled when the business is sold or in the realization of the allocated assets.

The change of liabilities for the six-month period ended June 30, 2017 was as follows:

|                     | Consolidated       |                         |                            |                    |
|---------------------|--------------------|-------------------------|----------------------------|--------------------|
|                     | Opening<br>balance | Change                  |                            | Closing<br>balance |
|                     | 12/31/2016         | Business<br>combination | Effect on<br>profit (loss) | 6/30/2017          |
| Income tax          | 38,367             | 2,095                   | (944)                      | 39,518             |
| Social contribution | 13,813             | 754                     | (341)                      | 14,226             |
| Total               | 52,180             | 2,849                   | (1,285)                    | 53,744             |

#### 11.2. Effective Rate Reconciliation

Reconciliation of income tax and social contribution statutory and effective tax rates:

|  | Company               |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 4/1/2017 to 6/30/2017 | 1/1/2017 to 6/30/2017 | 4/1/2016 to 6/30/2016 | 1/1/2016 to 6/30/2016 |
|  |                       |                       |                       |                       |
| Income before income tax and social contribution           | (265)                 | 49,608                | (1,036)               | 51,719                |
| Combined tax rate  | 34%                   | 34%                   | 34%                   | 34%                   |
| Income tax and social contribution by combined tax rate    | 90                    | (16,867)              | 352                   | (17,584)              |
| Adjustments to profit or loss:                             |                       |                       |                       |                       |
| Equity income  | 8,139                 | 32,443                | 5,046                 | 26,084                |
| Unrecognized tax credits                                   | (9,028)               | (16,656)              | (4,745)               | (8,444)               |
| Recognition of tax credits from previous years             | 14,637                | 14,637                | -                     | -                     |
| Other additions and exclusions                             | 799                   | 1,080                 | (653)                 | (56)                  |
| Calculated income tax and social contribution              | 14,637                | 14,637                | -                     | -                     |
| Current income tax and social contribution for the period  | -                     | -                     | -                     | -                     |
| Deferred income tax and social contribution for the period | 14,637                | 14,637                | -                     | -                     |
|  | Consolidated          |                       |                       |                       |
|  | 4/1/2017 to 6/30/2017 | 1/1/2017 to 6/30/2017 | 4/1/2016 to 6/30/2016 | 1/1/2016 to 6/30/2016 |
|  |                       |                       |                       |                       |
| Income before income tax and social contribution           | (1,234)               | 48,323                | (1,400)               | 51,405                |
| Combined tax rate  | 34%                   | 34%                   | 34%                   | 34%                   |
| Income tax and social contribution by combined tax rate    | 420                   | (16,430)              | 476                   | (17,478)              |
| Adjustments to profit or loss:                             |                       |                       |                       |                       |
| Tax incentive - PROUNI (a)                                 | 10,690                | 35,438                | 6,870                 | 29,415                |
| Unrecognized tax credits                                   | (10,368)              | (20,148)              | (3,841)               | (9,627)               |
| Other exemptions, additions and exclusions                 | 227                   | 2,425                 | (3,141)               | (1,996)               |
| Recognition of tax credits from previous years             | 14,637                | 14,637                | -                     | -                     |
| Calculated income tax and social contribution              | 15,606                | 15,922                | 364                   | 314                   |

|  |        |        |      |      |
|--|--------|--------|------|------|
| Current income tax and social contribution for the period  | 21     | -      | (10) | (71) |
| Deferred income tax and social contribution for the period | 15,585 | 15,922 | 374  | 385  |

## 12. INVESTMENTS

The investments in subsidiaries and joint venture are measured by the equity method of accounting, as shown below:

### Subsidiaries:

|                      | Company<br>6/30/2017 |               |                 | Company<br>6/30/2016 |               |                 |
|----------------------|----------------------|---------------|-----------------|----------------------|---------------|-----------------|
|                      | Investment           | Equity income | Equity interest | Investment           | Equity income | Equity interest |
| Assets:              |                      |               |                 |                      |               |                 |
| IMEC                 | 153,881              | 57,238        | 100%            | 146,295              | 51,496        | 100%            |
| MGE                  | 535,258              | 45,255        | 100%            | 544,878              | 44,684        | 100%            |
| BR Educação          | 68,794               | (10,529)      | 100%            | 67,757               | (16,486)      | 100%            |
| Unimonte             | 47,019               | 1,634         | 100%            | 43,171               | (2,977)       | 100%            |
| PGP Gestão           | 34,357               | 1,823         | 100%            | 7                    | -             | 100%            |
| VC Network           | 80                   | 3             | 100%            | 74                   | 4             | 100%            |
| Allocated fair value | 52,299               | (2)           |                 | 52,301               | (2)           |                 |
| Goodwill             | 35,026               | -             |                 | 45,326               | -             |                 |
| Total                | <u>926,714</u>       | <u>95,422</u> |                 | <u>899,809</u>       | <u>76,719</u> |                 |

### Joint venture:

|         | Subsidiary and Consolidated<br>6/30/2017 |               |                 | Subsidiary and Consolidated<br>6/30/2016 |               |                 |
|---------|--|---------------|-----------------|--|---------------|-----------------|
|         | Investment                               | Equity income | Equity interest | Investment                               | Equity income | Equity interest |
| Assets: |  |               |                 |  |               |                 |
| LCB     | 3,131                                    | (5)           | 50%             | -  | -             | -               |
| Total   | <u>3,131</u>                             | <u>(5)</u>    |                 | <u>-</u>                                 | <u>-</u>      |                 |

The number of shares/quotas is as follows:

|   | Number of shares/quotas held |             |
|---|------------------------------|-------------|
|   | 6/30/2017                    | 12/31/2016  |
| Direct subsidiaries:                      |                              |             |
| IMEC                                      | 8,789,479                    | 8,789,479   |
| MGE                                       | 4,581,279                    | 4,532,699   |
| VC Network                                | 4,023,145                    | 4,023,145   |
| Unimonte                                  | 91,942,323                   | 91,942,323  |
| BR Educação                               | 125,700,000                  | 125,700,000 |
| PGP Gestão                                | 555,784                      | 555,784     |
| Indirect subsidiaries:                    |                              |             |
| Una Gestão                                | 32,564                       | 32,564      |
| HSM Brasil                                | 2,489,860                    | 2,489,860   |
| PGP Educação                              | 339,260                      | 339,260     |
| USJT                                      | 462,228                      | 462,228     |
| Sociesc                                   | 2                            | 2           |
| (FACEB)                                   | 30,000                       | 30,000      |
| ACAD                                      | 100,000                      | 100,000     |
| Politécnico Participações                 | 10,000,000                   | 10,000,000  |
| Instituto Politécnico                     | 1,098,417                    | 1,098,417   |
| Instituto Anima de Extensão Universitária | 10,000                       | -           |

## Joint venture:

LCB

3,135,800

3,135,800

The interim financial information of the subsidiaries and joint venture are as follows:

|   | 6/30/2017           |           |            |          |            |                 | Joint venture |
|---|---------------------|-----------|------------|----------|------------|-----------------|---------------|
|   | Direct subsidiaries |           |            |          |            |                 |               |
|   | IMEC                | MGE       | VC Network | Unimonte | PGP Gestão | BR Educação (*) | LCB           |
| Statement of financial position                     |                     |           |            |          |            |                 |               |
| Current assets                                      | 117,731             | 245,653   | 80         | 13,788   | 14,262     | 45,898          | 6,398         |
| Non-current assets                                  | 102,942             | 430,027   | -          | 48,436   | 70,219     | 226,415         | -             |
| Current liabilities                                 | 47,377              | 123,509   | -          | 7,404    | 14,724     | 46,061          | 136           |
| Non-current liabilities                             | 19,415              | 16,913    | -          | 7,801    | 35,400     | 136,714         | -             |
| (-) Non-controlling interest                        | -                   | -         | -          | -        | -          | -               | 3,131         |
| Controlling shareholders' equity                    | 153,881             | 535,258   | 80         | 47,019   | 34,357     | 89,538          | 3,131         |
| Profit (loss)                                       |                     |           |            |          |            |                 |               |
| Net revenue   | 123,185             | 262,465   | -          | 26,526   | 30,217     | 74,562          | -             |
| Cost of services                                    | (54,886)            | (160,971) | -          | (16,462) | (14,429)   | (52,993)        | -             |
| Operating expenses                                  | (15,380)            | (61,153)  | -          | (6,895)  | (11,354)   | (29,270)        | (197)         |
| Finance income (expenses)                           | 4,319               | 4,915     | 3          | (1,555)  | (3,130)    | (3,575)         | 187           |
| Deferred/current income tax and social contribution | -                   | -         | -          | 20       | 519        | 746             | -             |
| Non-controlling interest                            | -                   | -         | -          | -        | -          | -               | 5             |

(\*) The equity of BR Educação includes the allocated goodwill amounting to R\$20,744, as shown in the breakdown of the Parent Company's investment table in the columns of allocated fair value.

|   | Company        |                |            |               |               |               |              | Allocated fair value | Goodwill      | Total          |
|---|----------------|----------------|------------|---------------|---------------|---------------|--------------|----------------------|---------------|----------------|
|   | IMEC           | MGE            | VC Network | Unimonte      | PGP Gestão    | BR Educação   | LCB          |                      |               |                |
| Closing balance at December 31, 2015            | 81,199         | 447,822        | 70         | 42,648        | 7             | 47,610        | -            | 52,303               | 45,326        | 716,985        |
| Capital increase                                | 13,600         | 52,370         | -          | 3,500         | -             | 32,010        | -            | -                    | -             | 101,480        |
| Equity in the earnings (losses) of subsidiaries | 51,496         | 44,684         | 4          | (2,977)       | -             | (16,486)      | -            | (2)                  | -             | 76,719         |
| Capital reserve                                 | -              | 2              | -          | -             | -             | 4,623         | -            | -                    | -             | 4,625          |
| Closing balance at June 30, 2016                | 146,295        | 544,878        | 74         | 43,171        | 7             | 67,757        | -            | 52,301               | 45,326        | 899,809        |
| Closing balance at December 31, 2016            | 97,683         | 484,739        | 77         | 40,245        | 25,822        | 75,368        | -            | 52,301               | 35,026        | 811,261        |
| Capital increase                                | -              | 5,247          | -          | 5,140         | 6,712         | 3,949         | 3,136        | -                    | -             | 24,184         |
| Equity in the earnings (losses) of subsidiaries | 57,238         | 45,255         | 3          | 1,634         | 1,823         | (10,529)      | (5)          | (2)                  | -             | 95,417         |
| Capital reserve                                 | -              | 17             | -          | -             | -             | 6             | -            | -                    | -             | 23             |
| Interest on equity                              | (1,040)        | -              | -          | -             | -             | -             | -            | -                    | -             | (1,040)        |
| Closing balance at June 30, 2017                | <u>153,881</u> | <u>535,258</u> | <u>80</u>  | <u>47,019</u> | <u>34,357</u> | <u>68,794</u> | <u>3,131</u> | <u>52,299</u>        | <u>35,026</u> | <u>929,845</u> |

## 13. PROPERTY, PLANT AND EQUIPMENT

|                           | Annual depreciation rates | Company          |                          |              |              |
|---------------------------|---------------------------|------------------|--------------------------|--------------|--------------|
|                           |                           | 6/30/2017        |                          |              | 12/31/2016   |
|                           |                           | Acquisition cost | Accumulated depreciation | Net PP&E     | Net PP&E     |
| Computers and peripherals | 20%                       | 4,305            | (2,147)                  | 2,158        | 2,150        |
| Leasehold improvements    | 10%                       | 3,242            | (428)                    | 2,814        | 1,844        |
| Furniture and fixtures    | 10%                       | 1,235            | (313)                    | 922          | 683          |
| Machinery and equipment   | 10%                       | 494              | (134)                    | 360          | 261          |
| Other                     | 10% and 20%               | 479              | (346)                    | 133          | 161          |
| Construction in progress  | -                         | 300              | -                        | 300          | 149          |
| Total                     |                           | <u>10,055</u>    | <u>(3,368)</u>           | <u>6,687</u> | <u>5,248</u> |
|                           | Annual depreciation rates | Consolidated     |                          |              |              |
|                           |                           | 6/30/2017        |                          |              | 12/31/2016   |
|                           |                           | Acquisition cost | Accumulated depreciation | Net PP&E     | Net PP&E     |
| Leasehold improvements    | 2.86% to 10%              | 101,830          | (31,176)                 | 70,654       | 63,363       |
| Buildings                 | 1.43% to 4%               | 48,735           | (5,391)                  | 43,344       | 46,738       |
| Land                      | -                         | 28,395           | -                        | 28,395       | 28,396       |
| Machinery and equipment   | 10%                       | 71,977           | (50,304)                 | 21,673       | 22,136       |
| Library and video library | 10%                       | 40,572           | (21,092)                 | 19,480       | 19,443       |

|                           |             |        |          |        |        |
|---------------------------|-------------|--------|----------|--------|--------|
| Furniture and fixtures    | 10%         | 46,776 | (30,466) | 16,310 | 15,401 |
| Computers and peripherals | 20%         | 51,457 | (37,947) | 13,510 | 12,887 |
| Other                     | 10% and 20% | 30,639 | (17,007) | 13,632 | 10,976 |
| Construction in progress  | -           | 3,788  | -        | 3,788  | 4,190  |

Total 424,169 (193,383) 230,786 223,530

Below, the changes in property and equipment of the Parent Company and Consolidated:

|                           | Company                         |              |              |                  | Net<br>balance on<br>6/30/2017 |
|---------------------------|---------------------------------|--------------|--------------|------------------|--------------------------------|
|                           | Net<br>balance on<br>12/31/2016 | Additions    | Depreciation | Reclassification |                                |
| Computers and peripherals | 2,150                           | 346          | (338)        | -                | 2,158                          |
| Leasehold improvements    | 1,844                           | -            | (121)        | 1,091            | 2,814                          |
| Furniture and fixtures    | 683                             | 291          | (52)         | -                | 922                            |
| Machinery and equipment   | 261                             | 121          | (22)         | -                | 360                            |
| Other                     | 161                             | 13           | (41)         | -                | 133                            |
| Construction in progress  | 149                             | 1,242        | -            | (1,091)          | 300                            |
| Total                     | <u>5,248</u>                    | <u>2,013</u> | <u>(574)</u> | <u>-</u>         | <u>6,687</u>                   |

|                           | Company                         |              |             |              |              |                  | Net<br>balance on<br>6/30/2016 |
|---------------------------|---------------------------------|--------------|-------------|--------------|--------------|------------------|--------------------------------|
|                           | Net<br>balance on<br>12/31/2015 | Additions    | Write-offs  | Depreciation | Transfer     | Reclassification |                                |
| Computers and peripherals | 1,382                           | 967          | (30)        | (260)        | -            | 104              | 2,163                          |
| Leasehold improvements    | 1,434                           | -            | (52)        | (80)         | 25           | -                | 1,327                          |
| Furniture and fixtures    | 583                             | 38           | -           | (37)         | -            | (45)             | 539                            |
| Machinery and equipment   | 321                             | 8            | -           | (16)         | -            | (98)             | 215                            |
| Other                     | 181                             | -            | -           | (39)         | -            | 39               | 181                            |
| Construction in progress  | -                               | 445          | (8)         | -            | (398)        | -                | 39                             |
| Total                     | <u>3,901</u>                    | <u>1,458</u> | <u>(90)</u> | <u>(432)</u> | <u>(373)</u> | <u>-</u>         | <u>4,464</u>                   |

|                               | Consolidated                    |               |                            |             |                 |             |                  | Net<br>balance on<br>6/30/2017 |
|-------------------------------|---------------------------------|---------------|----------------------------|-------------|-----------------|-------------|------------------|--------------------------------|
|                               | Net<br>balance on<br>12/31/2016 | Additions     | Business combination (iii) | Write-offs  | Depreciations   | Transfers   | Reclassification |                                |
| Leasehold improvements (i)    | 63,363                          | -             | -                          | (5)         | (4,452)         | 804         | 10,944           | 70,654                         |
| Buildings                     | 46,738                          | -             | (2,800)                    | -           | (594)           | -           | -                | 43,344                         |
| Land                          | 28,396                          | -             | -                          | (1)         | -               | -           | -                | 28,395                         |
| Machinery and equipment       | 22,136                          | 1,565         | -                          | (16)        | (2,004)         | -           | (8)              | 21,673                         |
| Library and video library     | 19,443                          | 1,465         | -                          | (12)        | (1,404)         | -           | (12)             | 19,480                         |
| Furniture and fixtures        | 15,401                          | 2,293         | -                          | (14)        | (1,369)         | -           | (1)              | 16,310                         |
| Computers and peripherals     | 12,887                          | 3,076         | -                          | -           | (2,453)         | -           | -                | 13,510                         |
| Other                         | 10,976                          | 3,893         | -                          | (1)         | (1,249)         | 1           | 12               | 13,632                         |
| Construction in progress (ii) | 4,190                           | 11,377        | -                          | (1)         | -               | (843)       | (10,935)         | 3,788                          |
| Total                         | <u>223,530</u>                  | <u>23,669</u> | <u>(2,800)</u>             | <u>(50)</u> | <u>(13,525)</u> | <u>(38)</u> | <u>-</u>         | <u>230,786</u>                 |

|                               | Consolidated                    |               |                            |                |                 |                |                  | Net<br>balance on<br>6/30/2016 |
|-------------------------------|---------------------------------|---------------|----------------------------|----------------|-----------------|----------------|------------------|--------------------------------|
|                               | Net<br>balance on<br>12/31/2015 | Additions     | Business combination (iii) | Write-offs     | Depreciations   | Transfers      | Reclassification |                                |
| Leasehold improvements (i)    | 55,451                          | 28            | 1,355                      | (1,371)        | (3,573)         | (1,505)        | 7,371            | 57,756                         |
| Buildings                     | 12,655                          | -             | 36,618                     | -              | (650)           | -              | -                | 48,623                         |
| Land                          | 13,110                          | -             | 15,282                     | -              | -               | -              | -                | 28,392                         |
| Machinery and equipment       | 20,231                          | 1,273         | 3,371                      | (40)           | (1,882)         | 301            | (1,000)          | 22,254                         |
| Library and video library     | 14,025                          | 2,460         | 2,057                      | -              | (1,145)         | -              | (13)             | 17,384                         |
| Furniture and fixtures        | 13,100                          | 894           | 1,507                      | (2)            | (1,245)         | 44             | -                | 14,298                         |
| Computers and peripherals     | 10,510                          | 1,477         | 2,700                      | (47)           | (2,290)         | 807            | 655              | 13,812                         |
| Other                         | 6,876                           | 1,807         | 1,181                      | (169)          | (994)           | -              | 355              | 9,056                          |
| Construction in progress (ii) | -                               | 11,372        | 541                        | (73)           | -               | (1,814)        | (7,368)          | 2,658                          |
| Total                         | <u>145,958</u>                  | <u>19,311</u> | <u>64,612</u>              | <u>(1,702)</u> | <u>(11,779)</u> | <u>(2,167)</u> | <u>-</u>         | <u>214,233</u>                 |

(i) Expenses with leasehold improvements mainly refer to campus improvements in the Company's subsidiaries in order to expand their facilities and give more comfort to students.

(ii) Construction in progress mainly refers to the disbursements made by the Company's subsidiaries to build and expand its units. The amounts will be transferred to leasehold improvements and start to be depreciated after the completion of the construction works.

(iii) Additions shown in this column refer to additions arising from the adjustment of the business combination from the acquisition of Sociesc.

### 13.1. Assets pledged as collateral

The Company and its subsidiaries have pledged property, plant and equipment items as collateral in lawsuits. The Group's pledged assets amount approximately to R\$71,739 (R\$75,134 on December 31, 2016) in such lawsuits.

## 14. INTANGIBLE ASSETS

|          | Annual amortization rates | Company          |                          |                       |
|----------|---------------------------|------------------|--------------------------|-----------------------|
|          |                           | 6/30/2017        |                          | 12/31/2016            |
|          |                           | Acquisition cost | Accumulated amortization | Net intangible assets |
| Software | 20%                       | 28,920           | (11,177)                 | 17,743                |
| Total    |                           | 28,920           | (11,177)                 | 17,743                |

|                            | Annual amortization rates | Consolidated     |                          |                       |
|----------------------------|---------------------------|------------------|--------------------------|-----------------------|
|                            |                           | 6/30/2017        |                          | 12/31/2016            |
|                            |                           | Acquisition cost | Accumulated amortization | Net intangible assets |
| Goodwill (a)               |                           | 320,103          | -                        | 320,103               |
| Trademarks and patents (b) |                           | 143,116          | -                        | 143,116               |
| Licenses (c)               |                           | 65,642           | -                        | 65,642                |
| Customer portfolio (d)     | 22% to 60%                | 36,648           | (28,250)                 | 8,398                 |
| Non-competition agreement  | 12%                       | 2,098            | (247)                    | 1,851                 |
| Mailing list               | 38%                       | 533              | (533)                    | -                     |
| Total                      |                           | 568,140          | (29,030)                 | 539,110               |
| Software                   | 20%                       | 53,655           | (30,112)                 | 23,543                |
| Other                      | 10% to 33%                | 17,899           | (9,559)                  | 8,340                 |
| Total                      |                           | 71,554           | (39,671)                 | 31,883                |
| Total intangible assets    |                           | 639,694          | (68,701)                 | 570,993               |

- (a) Refers to the goodwill paid upon the acquisition of IMEC, HSM Brasil, PGP Educação, USJT, Sociesc and FACEB, which has not been allocated in identified assets, as per valuation report. This item also includes preliminary goodwill on the acquisitions of ACAD and Politécnico, whose allocation report of acquired assets and assumed liabilities is still being prepared. Pursuant to the criteria set forth by ICPC 09 (R2), goodwill recognized by the Parent Company must be reclassified to intangible assets in the consolidated interim financial information.
- (b) Refers to the amounts paid for the acquisition of the trademarks "UNA", "UNI-BH", "HSM", "USJT" and "SOCIESC", whose Operating License (certificate granted by the Ministry of Education that authorizes higher education institutions to operate) is held by the Company through its investees.
- (c) Refers to a portion of licenses paid in the acquisition of USJT, Sociesc and FACEB, whose Operating License is held by the Company through its investees.
- (d) Refers to the amount of the customer portfolio paid upon to the acquisition of IMEC, HSM, USJT, Socies, FACEB and the acquisition of the Operating License of UNA Betim.

Changes in Parent Company are as follows:

|          | Company                   |           |                          |
|----------|---------------------------|-----------|--------------------------|
|          | Net balance on 12/31/2016 | Additions | Net balance on 6/30/2017 |
| Software | 16,132                    | 3,995     | (2,384)                  |
| Total    | 16,132                    | 3,995     | (2,384)                  |

|          | Company                   |           |              |                          |
|----------|---------------------------|-----------|--------------|--------------------------|
|          | Net balance on 12/31/2015 | Additions | Amortization | Net balance on 6/30/2016 |
| Software | 12,132                    | 3,673     | (1,802)      | 14,376                   |
| Total    | 12,132                    | 3,673     | (1,802)      | 14,376                   |

|                           | Consolidated              |           |               |              |                          |
|---------------------------|---------------------------|-----------|---------------|--------------|--------------------------|
|                           | Net balance on 12/31/2016 | Additions | Transfers (i) | Amortization | Net balance on 6/30/2017 |
| Goodwill                  | 330,844                   | -         | (7,263)       | -            | 320,103                  |
| Trademarks and patents    | 143,116                   | -         | -             | -            | 143,116                  |
| Licenses                  | 55,595                    | -         | 7,263         | -            | 65,642                   |
| Customer portfolio        | 10,450                    | -         | -             | (5,548)      | 8,398                    |
| Non-competition agreement | -                         | -         | -             | (247)        | 1,851                    |
| Software                  | 22,770                    | 4,319     | -             | (3,546)      | 23,543                   |
| Other                     | 6,357                     | 3,579     | 38            | (1,634)      | 8,340                    |
| Total                     | 569,132                   | 7,898     | 38            | (10,975)     | 570,993                  |

|                        | Consolidated              |           |            |               |                  |              |                          |
|------------------------|---------------------------|-----------|------------|---------------|------------------|--------------|--------------------------|
|                        | Net balance on 12/31/2015 | Additions | Write-offs | Transfers (i) | Reclassification | Amortization | Net balance on 6/30/2016 |
| Goodwill               | 244,642                   | -         | -          | -             | -                | -            | 291,363                  |
| Trademarks and patents | 121,956                   | -         | -          | -             | -                | -            | 143,116                  |
| Licenses               | 54,600                    | -         | -          | -             | -                | -            | 55,595                   |
| Customer portfolio     | 12,384                    | -         | -          | -             | -                | (3,213)      | 16,124                   |
| Software               | 16,109                    | 5,276     | -          | 535           | (6)              | (2,794)      | 20,542                   |
| Other                  | 2,913                     | 2,097     | (24)       | -             | 6                | (931)        | 4,529                    |
| Total                  | 452,604                   | 7,373     | (24)       | 535           | -                | (6,938)      | 531,269                  |

(i) Additions shown in this column refer to additions arising from the adjustment of the business combination from the acquisition of Sociosc.

#### 14.1. Intangible assets identified in acquisitions

Part of the goodwill paid on the acquisition of subsidiaries was allocated to identifiable intangible assets with finite and indefinite useful lives, after an analysis of the acquired assets and the calculation of the future earnings projection, as follows:

|                                    | Consolidated 6/30/2017 |         |        |         |         |       |             |         |
|------------------------------------|------------------------|---------|--------|---------|---------|-------|-------------|---------|
|                                    | IMEC                   | USJT    | HSM    | SOCIESC | (FACEB) | ACAD  | Politécnico | Other   |
| Amortizable intangible assets:     |                        |         |        |         |         |       |             |         |
| Customer portfolio                 | -                      | 4,900   | 4      | 937     | 2,557   | -     | -           | -       |
| Non-competition agreement          | -                      | -       | -      | -       | 1,851   | -     | -           | -       |
| Total                              | -                      | 4,900   | 4      | 937     | 4,408   | -     | -           | -       |
| Non-amortizable intangible assets: |                        |         |        |         |         |       |             |         |
| Trademarks and patents             | 24,380                 | 34,900  | 59,872 | 21,160  | -       | -     | -           | 2,804   |
| Licenses                           | -                      | 54,600  | -      | 3,787   | 7,255   | -     | -           | -       |
| Goodwill                           | 29,825                 | 174,445 | 21,370 | 45,104  | 28,721  | 3,623 | 17,014      | 1       |
| Total                              | 54,205                 | 263,945 | 81,242 | 70,051  | 35,976  | 3,623 | 17,014      | 2,805   |
| Overall Total                      | 54,205                 | 268,845 | 81,246 | 70,988  | 40,384  | 3,623 | 17,014      | 539,110 |

#### 14.2. Allocation of non-amortizable intangible assets to the Cash-Generating Units

Goodwill, licenses trademarks and patents were allocated, for impairment-testing purposes, to the cash-generating units ("CGUs"), identified according to the

operating segment, as detailed below:

|                       | Consolidated   |                |
|-----------------------|----------------|----------------|
|                       | 6/30/2017      | 12/31/2016     |
| Higher education (i)  | 443,996        | 444,690        |
| Other businesses (ii) | 84,865         | 84,865         |
|                       | <u>528,861</u> | <u>529,555</u> |

As at December 31, 2016, goodwill, trademarks and licenses were tested for impairment and no need to adjust goodwill and trademarks was identified, except for the need to adjust goodwill related to HSM.

#### 15. TRADE PAYABLES

Consisting basically of leases, payables to IT vendors, services providers, suppliers of consumables, and infrastructure builders. Outstanding balance in the Parent Company and on a consolidated basis for the six-month period ended June 30, 2017 is R\$3,652 (R\$4,032 as at December 31, 2016) and R\$23,077 (R\$23,688 as at December 31, 2016), respectively.

#### 16. BORROWINGS AND FINANCING

|                             | Company        |                |                |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                             | 6/30/2017      |                |                | 12/31/2016     |                |                |
|                             | Current        | Non-current    | Total          | Current        | Non-current    | Total          |
| Local currency              |                |                |                |                |                |                |
| HSBC                        | 3,233          | -              | 3,233          | 4,329          | 1,073          | 5,402          |
| Santander                   | 15,230         | 16,702         | 31,932         | 14,375         | 18,401         | 32,776         |
| Caixa Geral                 | 1,879          | -              | 1,879          | 2,508          | 625            | 3,133          |
| IFC                         | 5,150          | 139,080        | 144,230        | 6,245          | 139,080        | 145,325        |
| Other borrowings            | 354            | 9,245          | 9,599          | 344            | 3,987          | 4,331          |
| Foreign currency            |                |                |                |                |                |                |
| HSBC – Credit Facility 4131 | 48,754         | -              | 48,754         | 47,335         | -              | 47,335         |
| Itaú – Credit Facility 4131 | 25,037         | 55,756         | 80,793         | 24,688         | 67,135         | 91,823         |
| Total                       | <u>99,637</u>  | <u>220,783</u> | <u>320,420</u> | <u>99,824</u>  | <u>230,301</u> | <u>330,125</u> |
|                             | Consolidated   |                |                |                |                |                |
|                             | 6/30/2017      |                |                | 12/31/2016     |                |                |
|                             | Current        | Non-current    | Total          | Current        | Non-current    | Total          |
| Local currency              |                |                |                |                |                |                |
| Banco do Brasil             | 5,773          | 8,182          | 13,955         | 6,090          | 10,909         | 16,999         |
| HSBC                        | 14,349         | 2,454          | 16,803         | 17,178         | 7,560          | 24,738         |
| Santander                   | 19,301         | 18,069         | 37,370         | 18,345         | 21,797         | 40,142         |
| Caixa Geral                 | 1,879          | -              | 1,879          | 2,508          | 625            | 3,133          |
| IFC                         | 5,150          | 139,080        | 144,230        | 6,245          | 139,080        | 145,325        |
| Other borrowings            | 1,581          | 11,176         | 12,757         | 1,737          | 6,400          | 8,137          |
| Foreign currency            |                |                |                |                |                |                |
| HSBC – Credit Facility 4131 | 48,754         | -              | 48,754         | 47,335         | -              | 47,335         |
| Itaú – Credit Facility 4131 | 25,037         | 55,756         | 80,793         | 24,688         | 67,135         | 91,823         |
| Total                       | <u>121,824</u> | <u>234,717</u> | <u>356,541</u> | <u>124,126</u> | <u>253,506</u> | <u>377,632</u> |

The main contractual conditions are as follows:

|                                   | Guarantees   | Consolidated                    |        |            |            |
|-----------------------------------|--|---------------------------------|--------|------------|------------|
|                                   |  | Average interest rates (annual) | Index  | Start date | End date   |
| Working capital domestic currency | 25% to 100% of receivables from students and cross-guarantee with group companies  | 1.80% to 3.59%                  | CDI    | 10/28/2010 | 5/29/2023  |
| Working capital foreign currency  | Promissory notes and cross-guarantee with group companies  | 2.78% to 3.89%                  | USD(*) | 8/26/2015  | 8/26/2020  |
| IFC                               | Fiduciary sale of AMC Serviços' quotas and receivables; guarantees of all subsidiaries; specific permanence commitment of five officers and one shareholder with a minimum interest of 25% of the capital stock on the contracting date. | 1.49%                           | CDI    | 5/12/2016  | 3/15/2024  |
| Other borrowings                  | Bank surety and cross-guarantee with group companies / 100% of the goods acquired through financing / 30% of student receivables   | 7.00% to 22.56%                 | -      | 11/22/2013 | 1/15/2026  |
| Other borrowings                  | 100% of the assets acquired with financing   | 12.00% to 15.90%                | TR     | 10/28/2009 | 10/28/2019 |
| Other borrowings                  | 100% of the assets acquired with financing   | 3.5% to 5.50%                   | TJLP   | 3/23/2011  | 12/15/2023 |

(\*) The Company manages its exchange rate volatility risk through swap instruments, as described in Note 31.1 item (c), which details the rates and indices of borrowings taken out for working capital in foreign currency alleviated by the CDI swap plus fixed rates of 1.0% p.a. and 2.40% p.a.

Borrowings and financing refer basically to working capital used to finance the operations of the Company and its subsidiaries.

The Company and its subsidiaries have certain borrowings and financing containing restrictive covenants defined contractually on June 30, 2017, as follows:

| Restrictive Covenant              | Required ratio |
|-----------------------------------|----------------|
| Current ratio (i)                 | > 1.2          |
| Net financial debt/EBITDA (ii)    | > 2.75         |
| EBITDA/Net finance expenses (iii) | > 1.3          |

(i) Current ratio = current assets divided by current liabilities.

(ii) Net financial debt = sum of the balances of borrowings and financing less cash and cash equivalents.

- (iii) EBITDA = Earnings before interest, income taxes, depreciation, and amortization. Some agreements provide for specific EBITDA calculation criteria with some variations to this formula.

The above-mentioned analyses are quarterly, and for the six-month period ended June 30, 2017, the Company and its subsidiaries complied with all said restrictive covenants.

The maturities of amounts recognized in non-current liabilities for the six-month period ended June 30, 2017 and for the year ended December 31, 2016 are as follows:

|            | Company<br>6/30/2017 |                | Consolidated<br>6/30/2017 |                |
|------------|----------------------|----------------|---------------------------|----------------|
|            | Payment<br>schedule  | Face<br>value  | Payment<br>schedule       | Face<br>value  |
| 2018       | 14,274               | 29,655         | 20,244                    | 36,282         |
| 2019       | 54,821               | 82,242         | 62,593                    | 89,284         |
| 2020       | 48,533               | 69,262         | 48,592                    | 67,826         |
| After 2020 | 103,155              | 139,209        | 103,288                   | 133,062        |
| Total      | <u>220,783</u>       | <u>320,368</u> | <u>234,717</u>            | <u>326,454</u> |

|            | Company<br>12/31/2016 |                | Consolidated<br>12/31/2016 |                |
|------------|-----------------------|----------------|----------------------------|----------------|
|            | Payment<br>schedule   | Face<br>value  | Payment<br>schedule        | Face<br>value  |
| 2017       | 29,860                | 66,278         | 45,222                     | 86,022         |
| 2018       | 53,690                | 86,035         | 61,342                     | 94,183         |
| 2019       | 47,491                | 72,103         | 47,550                     | 71,445         |
| After 2019 | 99,260                | 142,848        | 99,392                     | 139,996        |
| Total      | <u>230,301</u>        | <u>367,264</u> | <u>253,506</u>             | <u>391,646</u> |

## 17. PAYROLL AND RELATED TAXES

|                            | Company      |              | Consolidated  |               |
|----------------------------|--------------|--------------|---------------|---------------|
|                            | 6/30/2017    | 12/31/2016   | 6/30/2017     | 12/31/2016    |
| Payroll                    | 2,407        | 1,883        | 18,431        | 18,603        |
| Accrued vacation pay       | 4,210        | 3,913        | 25,835        | 25,408        |
| Accrued Christmas bonus    | 1,522        | -            | 17,377        | -             |
| Social security tax (INSS) | 911          | 712          | 9,652         | 10,246        |
| Severance pay fund (FGTS)  | 234          | 262          | 1,897         | 3,363         |
| Other                      | 90           | 83           | 1,400         | 739           |
| Total                      | <u>9,374</u> | <u>6,853</u> | <u>74,592</u> | <u>58,359</u> |

## 18. TAXES PAYABLE

|                                    | Company   |            | Consolidated |            |
|------------------------------------|-----------|------------|--------------|------------|
|                                    | 6/30/2017 | 12/31/2016 | 6/30/2017    | 12/31/2016 |
| Withholding income tax (IRRF)      | 765       | 874        | 7,213        | 11,762     |
| ISS                                | 35        | 49         | 3,984        | 1,895      |
| Taxes on revenues (PIS and COFINS) | 74        | 121        | 493          | 635        |
| Other                              | 18        | 14         | 1,827        | 480        |

|       |            |              |               |               |
|-------|------------|--------------|---------------|---------------|
| Total | <u>892</u> | <u>1,058</u> | <u>13,517</u> | <u>14,772</u> |
|-------|------------|--------------|---------------|---------------|

## 19. ADVANCES FROM CUSTOMERS

|                            | Consolidated     |                   |
|----------------------------|------------------|-------------------|
|                            | <u>6/30/2017</u> | <u>12/31/2016</u> |
| Advances from students (a) | 9,812            | 13,973            |
| Customer prebilling (b)    | 7,932            | 2,644             |
| Research projects (c)      | 2,824            | 2,393             |
| Other                      | <u>74</u>        | <u>167</u>        |
| Total                      | <u>20,642</u>    | <u>19,177</u>     |

- (a) Refer to prepaid enrollment fees and monthly tuitions, which will be recognized in profit or loss on an accrual basis and the Pravalier receivables, student loans awarded entered into between students and financial company Ideal Invest S.A., under terms that stipulate that a student can extend the payment maturity and pay the double amount thus reducing the monthly installment. The loan agreement is renewed semiannually between Ideal Invest S.A. and the student who loses the financial bidding with the school to have a link only with Pravalier. Every time a service is engaged and a loan is renewed, Pravalier prepays approximately 90% of the student's payable financed for the six-month period to the Company's subsidiaries, which record these receipts on an accrual basis as the service is provided.
- (b) Refer to prepayments of services related to the organization of trade shows, congresses, and exhibitions to be provided after receiving. Revenue from this type of payment is recognized when the services are provided.
- (c) Refer to funds from agreements entered into between government companies and MGE, UNIMONTE, IMEC and Politécnico to cover the costs incurred on the performance of research, development, and scientific and technology qualification projects. These advances are recognized as these project costs are incurred and are broken down as follows:

|                 | Consolidated     |                   |
|-----------------|------------------|-------------------|
|                 | <u>6/30/2017</u> | <u>12/31/2016</u> |
| CEMIG           | 1,517            | 1,217             |
| FAPEMIG         | 423              | 394               |
| British embassy | 405              | 405               |
| Petrocoque      | 151              | 151               |
| Apexbrasil      | 256              | 157               |
| Settaport       | 50               | 50                |
| Other           | <u>22</u>        | <u>19</u>         |
| Overall Total   | <u>2,824</u>     | <u>2,393</u>      |

## 20. TAXES IN INSTALLMENTS

|   | Consolidated     |                   |
|---|------------------|-------------------|
|   | <u>6/30/2017</u> | <u>12/31/2016</u> |
| FGTS (a)  | 2,761            | 2,802             |
| ORDINARY - RFB (Brazilian Federal Revenue Office) | 1,629            | 1,607             |
| REFIS IV  | 393              | 367               |
| Other installments                                | <u>64</u>        | <u>244</u>        |
| Total   | <u>4,847</u>     | <u>5,020</u>      |

|                         | Consolidated     |                   |
|-------------------------|------------------|-------------------|
|                         | <u>6/30/2017</u> | <u>12/31/2016</u> |
| Current liabilities     | 647              | 550               |
| Non-current liabilities | 4,200            | 4,470             |

- (a) Severance pay fund (FGTS): Refer to severance pay fund (FGTS) installments of the subsidiaries Unimonte and IMEC with Caixa Econômica Federal. As of July 2015, Unimonte now collects the remaining amounts through escrow deposit, since the subsidiary is awaiting for Caixa Econômica Federal to send the list of employees who still have FGTS amounts to be deposited.

In May 2017, the Company and its subsidiary MGE used debts recovered from the cancelation of PERDCOMP and INSS debts (notified and legally questioned) in the PRT installment plan (Tax Regularization Program – MP 766 – IN 1687), which allowed settling the debt as follows: 80% of the balance was offset with accumulated tax loss carryforwards from the Company or from companies from the same economic group, declared until December 31, 2015, and 20% of the balance was paid in cash. Credits from income and social contribution taxes on tax losses are recorded in the income and social contribution taxes account in the Company's net income.

## 21. NOTES PAYABLE

|                            | Consolidated     |                   |
|----------------------------|------------------|-------------------|
|                            | <u>6/30/2017</u> | <u>12/31/2016</u> |
| Acquisition of Sociesc     | 32,315           | 31,839            |
| Acquisition of FACEB       | 23,596           | 22,653            |
| Acquisition of Politécnico | 16,912           | 17,692            |
| Acquisition of ACAD        | 1,609            | 1,500             |
| Total                      | <u>74,432</u>    | <u>73,684</u>     |
| Current liabilities        | 10,754           | 9,133             |
| Non-current liabilities    | 63,678           | 64,551            |

|            | Consolidated     |                   |
|------------|------------------|-------------------|
|            | <u>6/30/2017</u> | <u>12/31/2016</u> |
| 2018       | 5,364            | 11,556            |
| 2019       | 9,173            | 9,171             |
| 2020       | 9,393            | 9,041             |
| After 2020 | 39,748           | 34,783            |
| Total      | <u>63,678</u>    | <u>64,551</u>     |

## 22. ESCROW DEPOSITS AND PROVISION FOR TAX, CIVIL AND LABOR RISKS

Management monitors the progress of lawsuits and, based on the opinion of its in-house and external legal counsels and in-company policies, a provision is recognized for the lawsuits whose likelihood of loss is considered as probable, including principal and charges.

|           | Escrow deposits |            |              |            |
|-----------|-----------------|------------|--------------|------------|
|           | Company         |            | Consolidated |            |
|           | 6/30/2017       | 12/31/2016 | 6/30/2017    | 12/31/2016 |
| Labor (a) | 41              | 34         | 12,955       | 11,521     |
| Tax (b)   | -               | -          | 19,497       | 16,590     |
| Civil (c) | -               | -          | 6,087        | 8,181      |
| Total     | 41              | 34         | 38,539       | 36,292     |

|                      | Provision for risks |            |              |            |
|----------------------|---------------------|------------|--------------|------------|
|                      | Company             |            | Consolidated |            |
|                      | 6/30/2017           | 12/31/2016 | 6/30/2017    | 12/31/2016 |
| Labor provisions (a) | 1,295               | 1,290      | 29,081       | 31,912     |
| Tax provisions (b)   | -                   | -          | 49,303       | 56,000     |
| Civil provisions (c) | -                   | -          | 3,099        | 10,561     |
| Total                | 1,295               | 1,290      | 81,483       | 98,473     |

The changes in the Parent Company's provisions were as follows:

|           | 12/31/2016 | Reversal | Restatement | 6/30/2017 |
|-----------|------------|----------|-------------|-----------|
| Labor (a) | 1,290      | (50)     | 55          | 1,295     |
| Total     | 1,290      | (50)     | 55          | 1,295     |

|           | 12/31/2015 | Reversal | Payments | Restatement | 6/30/2016 |
|-----------|------------|----------|----------|-------------|-----------|
| Labor (a) | 2,328      | (366)    | (422)    | 52          | 1,592     |
| Total     | 2,328      | (366)    | (422)    | 52          | 1,592     |

The changes in the consolidated provisions were as follows:

|           | 12/31/2016 | Business combination (d) | Addition/Reversal | Payments | Restatement | Reclassification | Offsetting of escrow deposits | Offsetting (e) | 6/30/2017 |
|-----------|------------|--------------------------|-------------------|----------|-------------|------------------|-------------------------------|----------------|-----------|
| Labor (a) | 31,912     | -                        | (529)             | (2,339)  | 285         | 827              | (1,075)                       | -              | 29,081    |
| Tax (b)   | 56,000     | (2,800)                  | 2,661             | (1,312)  | -           | -                | -                             | (5,246)        | 49,303    |
| Civil (c) | 10,561     | -                        | 360               | (5,636)  | -           | -                | (2,186)                       | -              | 3,099     |
| Total     | 98,473     | (2,800)                  | 2,492             | (9,287)  | 285         | 827              | (3,261)                       | (5,246)        | 81,483    |

|           | 12/31/2015 | Business combination (d) | Addition / Reversal | Payments | Restatement | Reclassification | Offsetting of escrow deposits | 6/30/2016 |
|-----------|------------|--------------------------|---------------------|----------|-------------|------------------|-------------------------------|-----------|
| Labor (a) | 43,844     | 2,425                    | 524                 | (9,891)  | 606         | 819              | (1,356)                       | 36,971    |
| Tax (b)   | 200        | 51,900                   | 241                 | (240)    | -           | -                | -                             | 52,101    |
| Civil (c) | 2,048      | 1,672                    | 4,726               | (539)    | -           | -                | (426)                         | 7,481     |
| Total     | 46,092     | 55,997                   | 5,491               | (10,670) | 606         | 819              | (1,782)                       | 96,553    |

- (a) Labor provisions are recognized based on the individual analysis of the lawsuits, of the claims made in each lawsuit, and an updated analysis of the previous court rulings, and refer mainly to claimed overtime, salary equalization, reversal of salary reductions, and payroll taxes, at administrative and court levels, by employees, former employees, service providers or public authorities, and the interpretation of the labor law to discuss whether or not there is an employment relationship with such service providers.
- (b) The provisions for labor litigation risks refer mainly to the risks of lawsuits filed by tax authorities regarding discussions and interpretations of prevailing tax legislation, at the administrative and court levels. In the acquisition of Sociesc, the Company assumed the discussion of tax liabilities arising from the tax authorities' challenge of Sociesc's tax exemption status. In the opinion of the legal advisors, there is a "possible" risk of loss inherent in the case, which under normal circumstances would not require provisioning. However, in accordance with paragraphs 23 and 56 of CPC 15, which govern the assessment of contingencies in business combinations, this claim has been adjusted to fair value, in the amount of R\$49,100, and will be recorded at the same amount, unless in the opinion of the legal advisors the risk of loss increases to "probable" and the estimated amount rises, or unless there is a final and unappealable decision in favor of Sociesc. In these cases, respectively, the provision will be increased or reversed.
- (c) The civil provisions refer mainly to lawsuits filed by former students, in relation to the disagreement with contractual clauses, in relation to collection, indemnities, amongst other issues.
- (d) In the first quarter of 2017, the Company and its advisors reviewed the fair value calculation of the assets and liabilities, generating a R\$2,800 reduction after the valuation was completed.

(e) Offsetting related to the adhesion to the Tax Regularization Program (PRT – MP 766 – IN 1687).

Lawsuits classified as possible losses:

|       | Consolidated   |                |
|-------|----------------|----------------|
|       | 6/30/2017      | 12/31/2016     |
| Labor | 11,705         | 9,015          |
| Tax   | 153,546        | 150,946        |
| Civil | 12,715         | 11,632         |
| Total | <u>177,966</u> | <u>171,593</u> |

The escrow deposits are disclosed in non-current assets and, similarly to the provision for labor, tax, and civil risks, are adjusted by the official indices established for their adjustment.

Changes in the consolidated escrow deposits were as follows:

|       | 12/31/2016    | Additions    | Redemption   | Contingency<br>set-off | Restatement/<br>Reversal | 6/30/2017     |
|-------|---------------|--------------|--------------|------------------------|--------------------------|---------------|
| Labor | 11,521        | 2,340        | (131)        | (1,075)                | 300                      | 12,955        |
| Tax   | 16,590        | 2,067        | -            | -                      | 840                      | 19,497        |
| Civil | 8,181         | 223          | (12)         | (2,186)                | (119)                    | 6,087         |
| Total | <u>36,292</u> | <u>4,630</u> | <u>(143)</u> | <u>(3,261)</u>         | <u>1,021</u>             | <u>38,539</u> |

|       | 12/31/2015    | Additions    | Business<br>combination | Write<br>-offs | Contingency<br>set-off | Restatement | Reallocation | 6/30/2016     |
|-------|---------------|--------------|-------------------------|----------------|------------------------|-------------|--------------|---------------|
| Labor | 10,699        | 1,592        | 496                     | (813)          | (1,369)                | (146)       | 66           | 10,525        |
| Tax   | 10,264        | 1,236        | -                       | (954)          | -                      | 331         | -            | 10,877        |
| Civil | 6,952         | 3,585        | -                       | (61)           | (413)                  | 319         | (66)         | 10,316        |
| Total | <u>27,915</u> | <u>6,413</u> | <u>496</u>              | <u>(1,828)</u> | <u>(1,782)</u>         | <u>504</u>  | <u>-</u>     | <u>31,718</u> |

## 23. EQUITY

a) Capital stock

Subscribed and paid-in capital for the six-month period ended June 30, 2017 is represented by 80,944,571 (80,944,571 in the fiscal year ended December 31, 2016) registered common shares without par value, both corresponding to R\$496,411, which is broken down as follows:

|                          | Common Shares     |                   |
|--------------------------|-------------------|-------------------|
|                          | 6/30/2017         | 12/31/2016        |
| Total outstanding shares | 79,772,582        | 80,027,482        |
| Treasury shares          | 1,171,989         | 917,089           |
| Overall total shares     | <u>80,944,571</u> | <u>80,944,571</u> |

b) Capital reserves

For the six-month period ended June 30, 2017, the capital reserve balance totaled R\$6,560 (R\$6,533 as at December 31, 2016). The balance mainly refers to the constitution of share-based compensation, as described in note 30.2.

c) Treasury shares

From January to June 2017, the Company repurchased 246,600 common shares totaling R\$3,682 (R\$27,459 from January to June) at an average cost of R\$14.93 to maximize the generation of value to shareholders, as approved by the Board of Directors on December 18, 2015.

At June 30, 2017, the balance of treasury shares was 1,171,989 common shares totaling R\$13,634 (917,089 common shares totaling R\$9,952 at December 31, 2016).

d) Profit reserve(i) Legal reserve

The Company must allocate 5% of its annual net income up to the limit of 20% of the capital stock to the legal reserve; this is optional when the sum of the legal reserve and the capital reserve exceed 30% of the capital stock. For the six-month period ended June 30, 2017, the balance of the legal reserve totaled R\$14,420.

(ii) Retained earnings reserve

It is represented by net income not distributed after the constitution of the legal reserve, mandatory minimum dividends and the cancellation of treasury shares, carried out on October 21, 2016. Pursuant to Bylaws, these amounts await authorization of the Shareholders' Meeting to be allocated. For the period ended June 30, 2017, the balance of the retained earnings reserve totaled R\$197,846.

e) Earnings per share

As prescribed by IAS 33 (equivalent to CPC 41), the Company must calculate basic earnings or loss per share attributable to its controlling shareholders and, if disclosed, the profit or loss resulting from continuing operations attributable to these holders of common shares.

(i) Basic earnings per share:

Basic earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average of common shares outstanding during the period, less common shares bought back by the Company and held as treasury shares, if any.

|  | Company                     |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| Profit (Loss) for the period                           | 14,372                      | 64,245                      | (1,036)                     | 51,719                      |
| Weighted average of<br>common<br>shares (in thousands) | 79,988                      | 80,011                      | 80,965                      | 81,577                      |
| Basic earnings (loss)<br>per common share – R\$        | <u>0.18</u>                 | <u>0.80</u>                 | <u>(0.01)</u>               | <u>0.63</u>                 |

(ii) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of outstanding common shares to assume conversion of all potential dilutive common shares. In the six-month period ended June 30, 2017, the Company had only one instrument with dilutive effect, related to the bonus agreement of up to 900,000 Company shares, subject to the achievement of targets, as described in Note 30.2.

|   | Company                     |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| Earnings for the period attributable to the Company's shareholders                  | 14,372                      | 64,245                      | (1,036)                     | 51,719                      |
| Weighted average number of shares   | 80,888                      | 80,911                      | 80,965                      | 81,577                      |
| Weighted average number of shares (in thousands) - diluted                          | <u>900</u>                  | <u>900</u>                  | <u>900</u>                  | <u>750</u>                  |
| Weighted average number of common shares for diluted earnings per share - thousands | <u>81,788</u>               | <u>81,811</u>               | <u>81,865</u>               | <u>82,327</u>               |
| Diluted earnings per share - R\$  | <u>0.18</u>                 | <u>0.79</u>                 | <u>(0.01)</u>               | <u>0.63</u>                 |

## 24. UNIVERSITY FOR ALL PROGRAM (ProUNI)

The Program is focused on granting scholarships to undergraduate and specific graduate students with monthly household income per capita that does not exceed three minimum wages.

Thus, by signing the adhesion agreement and in compliance with Law 11,096, of January 13, 2005 and Decree 5,493, of July 18, 2005, the Company's subsidiaries offer full and partial scholarships according to the selection criteria established by the PROUNI legislation, benefiting from the income tax, social contribution, COFINS and PIS exemptions, as prescribed by Article 8 of Law 11,096/2005. This exemption refers only to taxes levied on profit and revenue earned on higher education activities, namely graduate degrees. This exemption is renewed semiannually through the digital signature of an adhesion agreement entered into with the MEC.

The number of scholarships awarded in the six-month period ended June 30, 2017 and year ended December 31, 2016 is consistent with PROUNI rules related to the minimum number of students per place, as prescribed by Law 12431, of June 24, 2011.

## 25. NET REVENUE FROM PRODUCTS AND SERVICES

|                                      | Company                     |                             |                             |                             |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                      | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| Gross revenue from services provided | 757                         | 1,514                       | 706                         | 1,410                       |
| Taxes on revenue                     | <u>(80)</u>                 | <u>(160)</u>                | <u>(76)</u>                 | <u>(151)</u>                |
| Net revenue                          | <u>677</u>                  | <u>1,354</u>                | <u>630</u>                  | <u>1,259</u>                |

|                                      | Consolidated                |                             |   |   |
|--------------------------------------|-----------------------------|-----------------------------|---|---|
|                                      | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016<br>(restated) | 1/1/2016<br>to<br>6/30/2016<br>(restated) |
| Gross revenue from services provided | 315,896                     | 624,014                     | 256,581                                   | 500,660                                   |
| FIES revenue                         | 92,496                      | 181,205                     | 96,068                                    | 186,237                                   |
| Discounts on monthly tuitions        | (132,634)                   | (261,429)                   | (100,662)                                 | (195,720)                                 |
| Taxes on revenue                     | (8,449)                     | (14,071)                    | (5,223)                                   | (10,062)                                  |
| Commissions (a)                      | (7,079)                     | (14,359)                    | (6,588)                                   | (12,203)                                  |
| Present value adjustment             | 638                         | 1,595                       | 944                                       | 1,882                                     |
| Net revenue                          | <u>260,868</u>              | <u>516,955</u>              | <u>241,120</u>                            | <u>470,794</u>                            |

(a) Refers to FIES (FGEDUC and financial agent), Pravalier and distance-learning financing commissions.

The discounts on monthly tuitions consist mainly of discounts granted by the Company's subsidiaries, as shown below:

|                              | Consolidated                |                             |                             |                             |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                              | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| PROUNI gratuity              | (61,819)                    | (121,965)                   | (53,145)                    | (104,943)                   |
| Scholarships and discounts   | (64,056)                    | (125,957)                   | (37,144)                    | (71,720)                    |
| Graduate degrees             | (890)                       | (1,835)                     | (1,072)                     | (2,398)                     |
| Arrangements with companies  | (1,798)                     | (3,395)                     | (1,465)                     | (2,401)                     |
| Refunding, rebates and other | (4,071)                     | (8,277)                     | (7,836)                     | (14,258)                    |
| Total                        | <u>(132,634)</u>            | <u>(261,429)</u>            | <u>(100,662)</u>            | <u>(195,720)</u>            |

## 26. INCOME AND (EXPENSES) BY NATURE

|   | Company                     |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| Advertising and publicity                           | (547)                       | (1,023)                     | (437)                       | (835)                       |
| Taxes and fees                                      | (114)                       | (415)                       | (415)                       | (732)                       |
| Provision for labor, tax, and civil risks (Note 22) | (80)                        | (5)                         | 128                         | 314                         |
| Other operating income                              | 456                         | 685                         | 892                         | 1,723                       |
| Personnel expenses (a)                              | (6,372)                     | (12,249)                    | (1,614)                     | (3,655)                     |
| Outsourced services expenses (b)                    | (1,180)                     | (2,422)                     | (1,717)                     | (2,133)                     |
| Expenses on leases and occupancy                    | (149)                       | (330)                       | (18)                        | (95)                        |
| Depreciation expenses (Note 13)                     | (301)                       | (574)                       | (233)                       | (432)                       |
| Amortization expenses (Note 14)                     | (1,233)                     | (2,384)                     | (946)                       | (1,802)                     |
| Maintenance   | (1,859)                     | (2,784)                     | (92)                        | (123)                       |
| Commuting   | (515)                       | (766)                       | (261)                       | (485)                       |
| Other costs   | (296)                       | (529)                       | (177)                       | (273)                       |
| Total   | <u>(12,190)</u>             | <u>(22,796)</u>             | <u>(4,890)</u>              | <u>(8,528)</u>              |
| Classified as:                                      |                             |                             |                             |                             |
| Cost  | (9,235)                     | (17,960)                    | (4,522)                     | (8,112)                     |
| Selling expenses                                    | (547)                       | (1,023)                     | (437)                       | (835)                       |
| General and administrative expenses                 | (2,669)                     | (4,078)                     | (534)                       | (884)                       |
| Other operating income, net                         | 261                         | 265                         | 603                         | 1,303                       |
|   | <u>(12,190)</u>             | <u>(22,796)</u>             | <u>(4,890)</u>              | <u>(8,528)</u>              |

|   | Consolidated                |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| Advertising and publicity                           | (6,799)                     | (14,006)                    | (6,718)                     | (12,992)                    |
| Allowance for doubtful accounts (Note 8)            | (13,166)                    | (22,026)                    | (12,619)                    | (19,589)                    |
| Taxes and fees                                      | (757)                       | (1,595)                     | (1,273)                     | (1,990)                     |
| Provision for labor, tax, and civil risks (Note 22) | (2,098)                     | (2,777)                     | (3,030)                     | (6,097)                     |
| Other operating income                              | 1,033                       | 1,894                       | 1,132                       | 2,127                       |
| Revenue from lease of rooms and stores              | 1,608                       | 3,109                       | 1,191                       | 1,763                       |
| Personnel expenses (a)                              | (154,860)                   | (278,182)                   | (142,557)                   | (253,049)                   |
| Outsourced services expenses (b)                    | (14,017)                    | (27,390)                    | (18,115)                    | (26,668)                    |
| Expenses on leases and occupancy                    | (23,290)                    | (45,234)                    | (21,013)                    | (42,188)                    |
| Depreciation expenses (Note 13)                     | (6,915)                     | (13,525)                    | (6,325)                     | (11,779)                    |
| Amortization expenses (Note 14)                     | (6,706)                     | (10,975)                    | (3,877)                     | (6,938)                     |
| Maintenance   | (5,106)                     | (9,067)                     | (3,485)                     | (6,058)                     |
| Commuting   | (4,278)                     | (5,962)                     | (2,661)                     | (4,060)                     |
| Other costs   | (12,415)                    | (19,501)                    | (9,324)                     | (16,866)                    |
| Total   | <u>(247,766)</u>            | <u>(445,237)</u>            | <u>(228,674)</u>            | <u>(404,384)</u>            |
| Classified as:                                      |                             |                             |                             |                             |
| Cost  | (167,801)                   | (299,741)                   | (159,654)                   | (281,550)                   |
| Selling expenses                                    | (19,965)                    | (36,032)                    | (19,337)                    | (32,581)                    |
| General and administrative expenses                 | (59,787)                    | (110,097)                   | (47,700)                    | (86,053)                    |
| Other net operating income (expenses)               | <u>(213)</u>                | <u>633</u>                  | <u>(1,983)</u>              | <u>(4,200)</u>              |
|   | <u>(247,766)</u>            | <u>(445,237)</u>            | <u>(228,674)</u>            | <u>(404,384)</u>            |

(a) The amount recognized as personnel expenses includes payroll and related taxes.

(b) The amount recognized as outside services refers mainly to consulting, information technology, security, and outsourced labor.

The amounts of materials, power, outsourced services and other expenses disclosed in the Statement of Value Added, are stated above in lines: outsourced services, maintenance, commuting, occupancy and other expenses.

## 27. SEGMENT REPORTING

The Company's Management elected to organize the Group based on the two different services provided, as follows:

- Education - Activity performed by the subsidiaries MGE, IMEC, UNA, Unimonte, USJT, PGP Educação, Sociesc, FACEB and Politécnico, which are engaged in the provision of education services by offering elementary school and high school courses, college degrees and professional specialization courses, including undergraduate, graduate, masters, doctorate, and extension degrees, in addition to Pronatec, both formal and distance education.
- Other Businesses - Activity performed by the subsidiaries HSM do Brasil, MGE, Sociesc, ACAD and LCB focused on the development of corporate leaders and companies through congresses, forums, seminars, specialization courses, in-company courses, publishing books and magazines specifically focused on management and business, preparatory courses for the Brazilian Bar exam, gastronomy school, consultancy services in the area of technological innovation and technical testing and analysis, including a calibration laboratory and testing of electrical equipment, measuring equipment, materials, founding and tooling.

The Company believes that the allocation of expenses through apportionment among the operating segments does not produce any additional benefit to the business analysis and management and, therefore, said expenses are not allocated. The Company does not analyze reports on the equity amounts per segment.

|   | 6/30/2017    |                  |                    |           |
|---|--------------|------------------|--------------------|-----------|
|   | Consolidated |                  |                    |           |
|   | Education    | Other Businesses | Unallocated amount | Total     |
| NET REVENUE   | 501,306      | 15,649           | -                  | 516,955   |
| COST OF PRODUCTS AND SERVICES                           | (289,401)    | (10,340)         | -                  | (299,741) |
| GROSS PROFIT  | 211,905      | 5,309            | -                  | 217,214   |
| OPERATING INCOME (EXPENSES)                             |              |                  |                    |           |
| Selling expenses  | (32,162)     | (2,920)          | -                  | (35,082)  |
| General and administrative expenses                     | (55,052)     | (14,231)         | -                  | (69,283)  |
| Equity in the earnings (losses) of subsidiaries         | -            | (5)              | -                  | (5)       |
| Corporate   | -            | -                | (42,119)           | (42,119)  |
| Other operating income (expenses)                       | 371          | 618              | (1)                | 988       |
| EARNINGS BEFORE FINANCE INCOME (EXPENSES)               | 125,062      | (11,229)         | (42,120)           | 71,713    |
| Finance income (expenses)                               | 6,029        | (2,698)          | (2,354)            | 977       |
| Corporate finance income (expenses)                     | -            | -                | (24,367)           | (24,367)  |
| PROFIT (LOSS) BEFORE INCOME TAXES                       | 131,091      | (13,927)         | (68,841)           | 48,323    |
| Current and deferred income tax and social contribution | 1,284        | 1                | 14,637             | 15,922    |
| PROFIT (LOSS) FOR THE PERIOD                            | 132,375      | (13,926)         | (54,204)           | 64,245    |

|   | 4/1/2017 to 6/30/2017 |                  |                    |           |
|---|-----------------------|------------------|--------------------|-----------|
|   | Consolidated          |                  |                    |           |
|   | Education             | Other Businesses | Unallocated amount | Total     |
| NET REVENUE   | 251,308               | 9,560            | -                  | 260,868   |
| COST OF SERVICES RENDERED                               | (161,258)             | (6,543)          | -                  | (167,801) |
| GROSS PROFIT  | 90,050                | 3,017            | -                  | 93,067    |
| OPERATING INCOME (EXPENSES)                             |                       |                  |                    |           |
| Selling expenses  | (17,368)              | (2,125)          | -                  | (19,493)  |
| General and administrative expenses                     | (29,437)              | (7,758)          | -                  | (37,195)  |
| Equity in the earnings (losses) of subsidiaries         | -                     | (10)             | -                  | (10)      |
| Corporate   | -                     | -                | (23,277)           | (23,277)  |
| Other operating income (expenses)                       | (427)                 | 428              | (1)                | -         |
| EARNINGS BEFORE FINANCE INCOME (EXPENSES)               | 42,818                | (6,448)          | (23,278)           | 13,092    |
| Finance income (expenses)                               | 24                    | (1,008)          | (655)              | (1,639)   |
| Corporate finance income (expenses)                     | -                     | -                | (12,687)           | (12,687)  |
| PROFIT (LOSS) BEFORE INCOME TAXES                       | 42,842                | (7,456)          | (36,620)           | (1,234)   |
| Current and deferred income tax and social contribution | 960                   | 7                | 14,639             | 15,606    |
| PROFIT (LOSS) FOR THE PERIOD                            | 43,802                | (7,449)          | (21,981)           | 14,372    |

|   | 6/30/2016    |                  |                    |           |
|---|--------------|------------------|--------------------|-----------|
|   | Consolidated |                  |                    |           |
|   | (restated)   |                  |                    |           |
|   | Education    | Other Businesses | Unallocated amount | Total     |
| NET REVENUE   | 457,971      | 12,823           | -                  | 470,794   |
| COST OF SERVICES RENDERED                               | (271,751)    | (9,799)          | -                  | (281,550) |
| GROSS PROFIT  | 186,220      | 3,024            | -                  | 189,244   |
| OPERATING INCOME (EXPENSES)                             |              |                  |                    |           |
| Selling expenses  | (30,595)     | (1,151)          | -                  | (31,746)  |
| General and administrative expenses                     | (52,126)     | (6,965)          | -                  | (59,091)  |
| Corporate   | -            | -                | (28,407)           | (28,407)  |
| Other operating income (expenses)                       | (3,489)      | (100)            | (1)                | (3,590)   |
| EARNINGS BEFORE FINANCE INCOME (EXPENSES)               | 100,010      | (5,192)          | (28,408)           | 66,410    |
| Finance income (expenses)                               | 3,379        | (656)            | 4                  | 2,727     |
| Corporate finance income (expenses)                     | -            | -                | (17,732)           | (17,732)  |
| PROFIT (LOSS) BEFORE INCOME TAXES                       | 103,389      | (5,848)          | (46,136)           | 51,405    |
| Current and deferred income tax and social contribution | 313          | 1                | -                  | 314       |
| PROFIT (LOSS) FOR THE PERIOD                            | 103,702      | (5,847)          | (46,136)           | 51,719    |

|   | 4/1/2016 to 6/30/2016 |                  |                    |           |
|---|-----------------------|------------------|--------------------|-----------|
|   | Consolidated          |                  |                    |           |
|   | (restated)            |                  |                    |           |
|   | Education             | Other Businesses | Unallocated amount | Total     |
| NET REVENUE   | 233,255               | 7,865            | -                  | 241,120   |
| COST OF SERVICES RENDERED                               | (153,401)             | (6,253)          | -                  | (159,654) |
| GROSS PROFIT  | 79,854                | 1,612            | -                  | 81,466    |
| OPERATING INCOME (EXPENSES)                             |                       |                  |                    |           |
| Selling expenses  | (17,950)              | (949)            | -                  | (18,899)  |
| General and administrative expenses                     | (29,108)              | (3,679)          | -                  | (32,787)  |
| Corporate   | -                     | -                | (15,709)           | (15,709)  |
| Other operating income (expenses)                       | (1,494)               | (130)            | (1)                | (1,625)   |
| EARNINGS BEFORE FINANCE INCOME (EXPENSES)               | 31,302                | (3,146)          | (15,710)           | 12,446    |
| Finance income (expenses)                               | (2,033)               | (193)            | 2                  | (2,224)   |
| Corporate finance income (expenses)                     | -                     | -                | (11,622)           | (11,622)  |
| PROFIT (LOSS) BEFORE INCOME TAXES                       | 29,269                | (3,339)          | (27,330)           | (1,400)   |
| Current and deferred income tax and social contribution | 363                   | 1                | -                  | 364       |
| PROFIT (LOSS) BEFORE NON-CONTROLLING INTEREST           | 29,632                | (3,338)          | (27,330)           | (1,036)   |

The unallocated amount is basically related to the group's administrative activities performed by GAEC.

## 28. FINANCE INCOME (EXPENSES), NET

|   | Company               |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 4/1/2017 to 6/30/2017 | 1/1/2017 to 6/30/2017 | 4/1/2016 to 6/30/2016 | 1/1/2016 to 6/30/2016 |
| <u>Finance income:</u>                            |                       |                       |                       |                       |
| Income from financial investments                 | 499                   | 621                   | 3,525                 | 7,719                 |
| Exchange gain variation                           | -                     | 1                     | -                     | 8                     |
| Currency variation on loans                       | 3,450                 | 16,838                | 24,207                | 49,717                |
| Realized gains on derivatives                     | -                     | -                     | 2,406                 | 2,406                 |
| Monetary restatement and present value adjustment | 25                    | 220                   | 176                   | 356                   |
| Other   | 3                     | 13                    | 2                     | 8                     |
| Total   | 3,977                 | 17,693                | 30,316                | 60,214                |

|                                | Company                     |                             |                             |                             |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| <u>Finance expenses:</u>       |                             |                             |                             |                             |
| Loan interest expense          | (7,614)                     | (16,393)                    | (13,461)                    | (23,900)                    |
| Expenses with derivatives      | (3,450)                     | (16,838)                    | (26,613)                    | (52,123)                    |
| Realized losses on derivatives | (2,299)                     | (5,456)                     | -                           | -                           |
| Exchange loss variation        | (4)                         | (8)                         | (349)                       | (349)                       |
| IOF                            | (31)                        | (66)                        | (87)                        | (91)                        |
| Taxes interest expenses        | (3,146)                     | (3,146)                     | (2)                         | (2)                         |
| Banking expenses               | (115)                       | (141)                       | (1,425)                     | (1,477)                     |
| Other                          | (5)                         | (12)                        | -                           | (3)                         |
| Total                          | (16,664)                    | (42,060)                    | (41,937)                    | (77,945)                    |
| Finance income (expenses)      | (12,687)                    | (24,367)                    | (11,621)                    | (17,731)                    |

|   | Consolidated                |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 4/1/2017<br>to<br>6/30/2017 | 1/1/2017<br>to<br>6/30/2017 | 4/1/2016<br>to<br>6/30/2016 | 1/1/2016<br>to<br>6/30/2016 |
| <u>Finance income:</u>                            |                             |                             |                             |                             |
| Income from short-term investments                | 3,840                       | 8,801                       | 4,830                       | 10,001                      |
| Income from monthly tuition interest rates        | 1,679                       | 5,756                       | 1,406                       | 5,978                       |
| Exchange gain variation                           | 62                          | 129                         | -                           | 21                          |
| Currency variation on loans                       | 3,450                       | 16,838                      | 24,207                      | 49,717                      |
| Realized gains on derivatives                     | -                           | -                           | 2,406                       | 2,406                       |
| Monetary restatement and present value adjustment | 1,680                       | 3,892                       | 3,139                       | 9,942                       |
| Discounts   | 559                         | 1,047                       | 434                         | 859                         |
| Other   | 440                         | 855                         | 453                         | 453                         |
| Total   | 11,710                      | 37,318                      | 36,875                      | 79,377                      |

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| <u>Finance expenses:</u>                                   |          |          |          |          |
| Loan interest expense                                      | (8,773)  | (19,013) | (16,032) | (28,931) |
| Interest from Pravalier financing                          | (5,552)  | (8,785)  | (2,677)  | (5,051)  |
| Financial discounts granted to students                    | (787)    | (1,571)  | (714)    | (1,438)  |
| Expenses with derivatives                                  | (3,450)  | (16,838) | (26,797) | (52,307) |
| Realized losses on derivatives                             | (2,299)  | (5,456)  | -        | -        |
| Exchange loss variation                                    | (9)      | (324)    | (156)    | (387)    |
| IOF  | (100)    | (265)    | (221)    | (260)    |
| Present value adjustment expenses and restatement of notes | (1,626)  | (4,694)  | (2,489)  | (3,560)  |
| Taxes interest expenses                                    | (3,234)  | (3,433)  | (94)     | (199)    |
| Banking expenses   | (129)    | (163)    | (1,454)  | (1,517)  |
| Other  | (77)     | (166)    | (87)     | (732)    |
| Total  | (26,036) | (60,708) | (50,721) | (94,382) |
| Finance income (expenses)                                  | (14,326) | (23,390) | (13,846) | (15,005) |

## 29. EMPLOYEE BENEFITS

Variable compensation – The Company and its subsidiaries MGE, IMEC, Unimonte and USJT have the Compostella program, designed to offer variable compensation to Management provided that the entity meets its overall goals and each manager achieves his or her individual goals. This benefit was not paid for the six-month period ended June 30, 2017 and June 30, 2016.

Food benefit - The Company and its subsidiaries offer two alternative types of benefit to their employees: a meal card or a food card, except for Unimonte, which only grants food cards, and Sociesc, which only grants meal cards. In the six-month period ended June 30, 2017, the expenses incurred on this benefit came to R\$4,467 (R\$3,955 in the six-month period ended June 30, 2016).

Health and dental insurance plan - The Company and its subsidiaries offer a health and dental insurance plan to its employees with co-payment requirements, according to the criteria established in their policy. In the six-month period ended June 30, 2017, the expenses incurred on this benefit came to R\$4,570 (R\$3,849 in the six-month period ended June 30, 2016).

Scholarships - The Company and its subsidiaries offer to all their employees scholarships ranging from 50% to 100%, depending on the salary bracket, course selected and academic performance and can be transferred to an employee's dependent in turn. In addition, spouses and offspring are entitled to a 50% scholarship and the Anima Community (other employee family members), are entitled to a 30% scholarship. In the six-month period ended June 30, 2017, scholarships totaling R\$7,632 were awarded to employees and their dependents (R\$9,456 in the six-month period ended June 30, 2016).

Day care center benefit - Sociesc offers its employees with children up to one year old, who attend a private day care center, up to 50% of the minimum wage. USJT offers its employees 100% of day care center benefits.

Transportation allowance - Sociesc offers its corporate officers and unit directors monthly transportation allowance and a fuel and toll card.

Funeral assistance - Sociesc offers its employees funeral assistance if a member of the staff dies, in which case children over 14 years old have the right to payment of funeral expenses and indemnity of R\$5,000, while children younger than 14 are entitled to funeral expenses alone, up to a maximum amount of R\$5,000.

Private pension plan - Sociesc provides its employees a private pension plan, contracted with Bradesco, contributing up to 70% of the cost, with a maximum of 10% of the employee's salary in the case of those with salaries exceeding R\$7,000, and 100% for employees earning less than R\$7,000. In the six-month period ended June 30, 2017, the expenses incurred on this benefit came to R\$189 (R\$345 in the six-month period ended June 30, 2016).

Life insurance: HSM Brasil and ACAD offer life insurance to its employees without salary discounts or coinsurance.

### 30. RELATED-PARTY TRANSACTIONS

|             | Company           |                |            |               |                   |                |           |               |
|-------------|-------------------|----------------|------------|---------------|-------------------|----------------|-----------|---------------|
|             | 6/30/2017         |                |            |               | 12/31/2016        |                |           |               |
|             | Assets            | Liabilities    |            | Profit (loss) | Assets            | Liabilities    |           | Profit (loss) |
|             | Trade receivables | Trade payables | Loans      | Revenues      | Trade receivables | Trade payables | Loans     | Revenues      |
| MGE         | 3,164             | 508            | -          | 1,125         | 4,672             | 380            | -         | 2,095         |
| IMEC        | 2,077             | 456            | -          | -             | 3,219             | 292            | -         | -             |
| AMC         | 1,778             | 95             | -          | -             | 2,832             | 91             | -         | 724           |
| Unimonte    | 826               | 271            | 684        | 389           | 1,270             | 258            | 22        | -             |
| FACEB       | 572               | -              | -          | -             | -                 | -              | -         | -             |
| Politécnico | 324               | -              | -          | -             | -                 | -              | -         | -             |
| HSM Brasil  | 165               | -              | -          | -             | 144               | 73             | -         | -             |
| Other       | 66                | 70             | -          | -             | 68                | 70             | -         | -             |
| Total       | <u>8,972</u>      | <u>1,400</u>   | <u>684</u> | <u>1,514</u>  | <u>12,205</u>     | <u>1,164</u>   | <u>22</u> | <u>2,819</u>  |

|  | Consolidated     |       |               |                  |       |               |
|--|------------------|-------|---------------|------------------|-------|---------------|
|  | 6/30/2017        |       |               | 12/31/2016       |       |               |
|  | Assets           |       | Profit (loss) | Assets           |       | Profit (loss) |
|  | Trade receivable | Loans | Expense       | Trade receivable | Loans | Expense       |
|  | s                | n     | s             | s                | n     | s             |
| Santa Antonieta Gestão Patrimonial (a) | -                | -     | 1,822         | -                | -     | 3,482         |
| Instituto UNA                          | 32               | 154   | -             | 32               | 147   | -             |
| Virtual                                | 36               | -     | -             | 36               | -     | -             |
| Total                                  | 68               | 154   | 1,822         | 68               | 147   | 3,482         |

(a) Refers to the rent of the Aimorés Campus used by MGE.

### 30.1. Key management personnel compensation

Key management personnel include the Company's officers and board members.

|                     | Company   |           | Consolidated |           |
|---------------------|-----------|-----------|--------------|-----------|
|                     | 6/30/2017 | 6/30/2016 | 6/30/2017    | 6/30/2016 |
| Short-term benefits | 1,966     | 1,877     | 5,763        | 5,438     |
| Long-term benefits  | -         | -         | -            | 4,622     |

### 30.2. Share-based compensation

In order to maintain Sociesc's main executive, the Company entered into a share bonus agreement subject to the achievement of certain financial, operational, academic performance and people management goals for the next five years as of 2016, which may result in bonuses of up to 900,000 Company shares (ANIM3).

The shares granted will be settled with equity instruments (Company shares) only, and the Company is under no obligation to change settlement to payment in cash.

The fair value of the shares granted was recognized as an expense, in the "personnel expenses" line, with a counter-entry in equity, in the "capital reserve" line.

## 31. FINANCIAL INSTRUMENTS

### 31.1. Financial risk management:

In the normal course of its operations, the Company and its subsidiaries are exposed to the following risks related to their financial instruments:

- (a) Liquidity risk – is the risk that the Company and its subsidiaries are exposed to of lacking the necessary funds to settle their obligations on their respective maturity dates.

The Company and its subsidiaries manage the liquidity risk by maintaining proper reserves, bank and other credit facilities to raise new borrowings that they consider appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and liabilities.

The table below shows the financial liabilities of the Company and its subsidiaries:

|  | Consolidated        |                             |                 | Total   |
|--|---------------------|-----------------------------|-----------------|---------|
|  | Less than<br>1 year | Between<br>1 and 2<br>years | Over<br>2 years |         |
| At June 30, 2017:                      |                     |                             |                 |         |
| Borrowings and financing<br>(Note 16.) | 121,824             | 82,837                      | 151,880         | 356,541 |
| Derivatives (Note 31.1 C)              | 17,663              | 3,168                       | 1,584           | 22,415  |
| Trade payables (Note 15)               | 23,077              | -                           | -               | 23,077  |
| Notes payable (Note 21)                | 10,754              | 14,537                      | 49,141          | 74,432  |
| At December 31, 2016:                  |                     |                             |                 |         |
| Borrowings and financing<br>(Note 16.) | 124,126             | 106,564                     | 146,942         | 377,632 |
| Derivatives (Note 31.1 C)              | 13,061              | -                           | 9,641           | 22,702  |
| Trade payables (Note 15)               | 23,688              | -                           | -               | 23,688  |
| Notes payable (Note 21)                | 9,133               | 20,728                      | 43,823          | 73,684  |

- (b) Credit risk - is the risk that the Company and its subsidiaries are exposed to of non-compliance by their counterparties with an obligation regarding a financial instrument or a customer agreement, thus resulting in financial losses. The Company recognizes an allowance for doubtful accounts considered sufficient by Management to cover possible losses.

- (i) Trade receivables: The Company and its subsidiaries' sales policy is closely related to the level of credit risk that they are willing to assume in the ordinary course of their businesses, limited to Federal Government rules (Law 9,870/99, which provides for total school annual tuitions). Enrollment for the next school year is blocked whenever a student is in default with the institution, encouraging the student to negotiate his or her debt. The diversification of its receivables portfolio and the selectivity of students, as well as monitoring of payment terms, are procedures adopted to minimize any default on the collection of receivables.

In 2016, the Company offered financing through the Ampliar and Pravalier programs (note 8), in which students pay between 33% and 65% of the tuition fee during the course and the remaining amount after graduation in a period of up to twice the time of their courses. For this portfolio, the Company adopted more conservative loss percentages, with a provision of 40% for receivables not yet due and a provision of 100% for receivables 90 days overdue.

- (ii) Financial instruments: The Company restricts its exposure to credit risks related to banks and short-term investments by investing through prime financial institutions, based on the rating awarded by Fitch Ratings, and in accordance with previously established limits.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk on the reporting dates was:

|                                  | Notes | Company       |               | Consolidated   |                |
|----------------------------------|-------|---------------|---------------|----------------|----------------|
|                                  |       | 6/30/2017     | 12/31/2016    | 6/30/2017      | 12/31/2016     |
| Cash and cash equivalents        | 7     | 2,449         | 8,663         | 30,819         | 39,568         |
| Short-term investments           | 7     | 24            | 7,003         | 108,632        | 141,931        |
| Trade receivables                | 8     | 8,972         | 12,205        | 344,469        | 285,603        |
| Sundry advances                  | 9     | 1,855         | 1,532         | 39,675         | 49,804         |
| Receivables from related parties | 30    | -             | -             | 154            | 147            |
| Total                            |       | <u>13,300</u> | <u>29,403</u> | <u>523,749</u> | <u>517,053</u> |

- (c) **Market risk** - it is the risk that the Company and its subsidiaries have that the fair value or future cash flows of a certain financial instrument will fluctuate because of changes in interest rates and inflation adjustment indices.
- (i) **Foreign exchange risk** - The Company and its subsidiaries use derivative financial instruments, recorded in the statement of financial position and in the income statement, in order to manage market risks arising from the mismatch between currencies and indices. Derivative transactions are carried out in accordance with the Company's annual business plan previously approved by the Board of Directors.

The Company took US dollar-denominated loans and contracted a SWAP to ensure the US dollar quote, aiming at mitigating the foreign exchange variation risk. These derivative transactions are recorded in the Company's statement of financial position at their fair value and the respective gains or losses are immediately recognized in the finance income (expenses).

These derivative operations have the following amounts and conditions:

| Company                              |               |                              |                  |                                      |               |                  |
|--------------------------------------|---------------|------------------------------|------------------|--------------------------------------|---------------|------------------|
| Contracting date                     | Maturity date | Pegged amount (USD thousand) | Contracted quote | Fair value adjustment (R\$ thousand) | Closing quote | SWAP Rate        |
| 8/28/2015                            | 8/17/2017     | 13,793                       | 3.6250           | 15,373                               | 3.893% p.a.   | CDI + 1.00% p.a. |
| 8/26/2015                            | 8/26/2020     | 24,345                       | 3.5600           | 6,886                                | 2.788% p.a.   | CDI + 2.40% p.a. |
| Total                                |               | <u>38,138</u>                |                  | <u>22,259</u>                        |               |                  |
| Current liabilities                  |               |                              |                  | 17,507                               |               |                  |
| Non-current liabilities              |               |                              |                  | <u>4,752</u>                         |               |                  |
|                                      |               |                              |                  | <u>22,259</u>                        |               |                  |
| Consolidated                         |               |                              |                  |                                      |               |                  |
| Contracting date                     | Maturity date | Pegged amount (USD thousand) | Contracted quote | Fair value adjustment (R\$ thousand) | Closing quote | SWAP Rate        |
| <b>Forward currency transactions</b> |               |                              |                  |                                      |               |                  |
| 12/23/2016                           | 7/3/2017      | 18                           | 3.4975           | 3                                    | 11.45% p.a.   | -                |
| 12/23/2016                           | 8/1/2017      | 19                           | 3.5268           | 4                                    | 11.38% p.a.   | -                |
| 12/23/2016                           | 9/1/2017      | 25                           | 3.5591           | 5                                    | 11.35% p.a.   | -                |
| 12/23/2016                           | 10/2/2017     | 691                          | 3.5876           | 134                                  | 11.17% p.a.   | -                |
| 12/23/2016                           | 11/1/2017     | 57                           | 3.6139           | 10                                   | 10.98% p.a.   | -                |
| Total                                |               | <u>809</u>                   |                  | <u>156</u>                           |               |                  |
| <b>Swap operations</b>               |               |                              |                  |                                      |               |                  |
| 8/28/2015                            | 8/17/2017     | 13,793                       | 3.6250           | 15,373                               | 3.893% p.a.   | CDI + 1.00% p.a. |
| 8/26/2015                            | 8/26/2020     | 24,345                       | 3.5600           | 6,886                                | 2.788% p.a.   | CDI + 2.40% p.a. |
| Total                                |               | <u>38,138</u>                |                  | <u>22,259</u>                        |               |                  |
| Current liabilities                  |               |                              |                  | 17,663                               |               |                  |
| Non-current liabilities              |               |                              |                  | <u>4,752</u>                         |               |                  |
|                                      |               |                              |                  | <u>22,415</u>                        |               |                  |

For the six-month period ended June 30, 2017, the variation between the reference amounts of derivatives contracted and related calculations of fair value were recorded under "finance expenses" totaling R\$16,838 against "derivatives".

The Company's Management permanently monitors the derivative financial instruments contracted.

- (ii) Interest rate risk - the Company has borrowings and financing denominated in local currency subject to interest rates linked to indices (mainly the CDI). The risk related to these liabilities is linked to the possibility of changes in interest rates.

The Company does not have any contract to hedge against this type of exposure; however, it continually monitors market interest rates to assess the need to enter into hedging transactions against the risk of volatility in these rates.

Interest rates in current and non-current liabilities are as follows:

|                              | Note | Consolidated   |                |
|------------------------------|------|----------------|----------------|
|                              |      | 6/30/2017      | 12/31/2016     |
| Borrowings and financing:    |      |                |                |
| Interbank deposit rate - CDI | 16   | 338,242        | 361,992        |
| Derivatives                  | 31   | 22,415         | 22,702         |
| TJLP and TR                  | 16   | 2,920          | 3,485          |
| Other (i)                    | 16   | 15,379         | 12,155         |
| Notes payable:               |      |                |                |
| INPC                         | 21   | 33,924         | 33,339         |
| INPC/IGPM/IPCA Average       | 21   | 23,596         | 22,653         |
| TR                           | 21   | 16,912         | 17,692         |
| Total                        |      | <u>453,388</u> | <u>474,018</u> |

- (i) Borrowings and financing with no index.

### 31.2. Capital management

The Company and its subsidiaries manage their capital to ensure their going concern and, at the same time, maximize return to all stakeholders or parties involved in their operations, by optimizing the debt and equity balance.

Management reviews the Company's and its subsidiaries' capital structure on a regular basis. Management considers the cost of capital, asset liquidity, the risks associated to each class of equity, and the debt-to-equity ratio in a consolidated way by adopting a financial leverage ratio.

The table below shows the financial leverage ratios:

|                           | Note | Company        |                | Consolidated   |                |
|---------------------------|------|----------------|----------------|----------------|----------------|
|                           |      | 6/30/2017      | 12/31/2016     | 6/30/2017      | 12/31/2016     |
| Borrowings and financing  | 16   | 320,420        | 330,125        | 356,541        | 377,632        |
| Derivatives               | 31.1 | 22,259         | 22,702         | 22,415         | 22,702         |
| Cash and cash equivalents | 7    | (2,449)        | (8,663)        | (30,819)       | (39,568)       |
| Short-term investments    | 7    | (24)           | (7,003)        | (108,632)      | (141,931)      |
| Net debt (cash)           |      | <u>340,206</u> | <u>337,161</u> | <u>239,505</u> | <u>218,835</u> |
| Equity                    | 23   | 696,282        | 635,692        | 696,282        | 635,692        |
| Financial leverage ratio  |      | <u>49%</u>     | <u>53%</u>     | <u>34%</u>     | <u>34%</u>     |

### 31.3. Fair value measurements recognized in the statement of financial position and/or disclosed:

#### (a) Fair value versus carrying amount

It was identified that in the transactions involving financial instruments the carrying amounts and the fair values of borrowings and financing are different because such borrowings and financing have extended maturities.

The fair values of borrowings and financing were calculated by projecting the future cash flows of borrowings and financing using the interest rates agreed for each transaction (Note 16), subsequently discounted to present value using the average funding rates incurred at the end of each period, which are in conformity with the rates used by the market on each date and in each type of funding. The discount rate used in financial liabilities for the six-month period ended June 30, 2017 was 12.16% (15.82% on December 31, 2016).

The estimated fair values are as follows:

|                                  | Note | Company        |                 |                |                 |
|----------------------------------|------|----------------|-----------------|----------------|-----------------|
|                                  |      | 6/30/2017      |                 | 12/31/2016     |                 |
|                                  |      | Fair value     | Carrying amount | Fair value     | Carrying amount |
| <u>Net financial liabilities</u> |      |                |                 |                |                 |
| Borrowings and financing         | 16   | 345,480        | 320,420         | 330,077        | 330,125         |
| Derivatives                      | 31.1 | <u>22,259</u>  | <u>22,259</u>   | <u>22,702</u>  | <u>22,702</u>   |
| Total                            |      | <u>367,739</u> | <u>342,679</u>  | <u>352,779</u> | <u>352,827</u>  |
|                                  | Note | Consolidated   |                 |                |                 |
|                                  |      | 6/30/2017      |                 | 12/31/2016     |                 |
|                                  |      | Fair value     | Carrying amount | Fair value     | Carrying amount |
| <u>Net financial liabilities</u> |      |                |                 |                |                 |
| Borrowings and financing         | 16   | 381,499        | 356,541         | 372,776        | 377,632         |
| Derivatives                      | 31.1 | <u>22,415</u>  | <u>22,415</u>   | <u>22,702</u>  | <u>22,702</u>   |
| Notes payable                    | 21   | <u>74,432</u>  | <u>74,432</u>   | <u>73,684</u>  | <u>73,684</u>   |
| Total                            |      | <u>478,346</u> | <u>453,388</u>  | <u>469,162</u> | <u>474,018</u>  |

#### (b) Fair value hierarchy

For the six-month period ended June 30, 2017 and the fiscal year ended December 31, 2016, the Company and its subsidiaries adopted Level 2 for derivatives and all borrowings and financing and notes payable.

### 31.4. Credit quality of financial assets:

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

|   | Company      |               | Consolidated   |                |
|---|--------------|---------------|----------------|----------------|
|   | 6/30/2017    | 12/31/2016    | 6/30/2017      | 12/31/2016     |
| Trade receivables                                 |              |               |                |                |
| Counterparties without external credit rating     | 8,972        | 12,205        | 344,469        | 285,603        |
|   | <u>8,972</u> | <u>12,205</u> | <u>344,469</u> | <u>285,603</u> |
| Cash at bank and short-term bank deposits (i) AAA | 39           | 77            | 2,120          | 2,300          |
| Financial investments (i) AAA                     | 2,371        | 15,466        | 134,489        | 173,020        |
| Cash at bank and short-term bank deposits (i) AA+ | 54           | 119           | 868            | 4,884          |
| Financial investments (i) AA+                     | -            | -             | 1,845          | 1,176          |
|   | <u>2,464</u> | <u>15,662</u> | <u>139,322</u> | <u>181,380</u> |

(i) "National rating" assigned by risk rating agency Fitch Ratings.

The residual balance of "cash and cash equivalents" of the statement of financial position is cash on hand.

## 32. SENSITIVITY ANALYSIS

The following is the sensitivity analysis table of the financial instruments that might produce material losses for the Company and its subsidiaries, shown in the probable scenario (indices used: CDI – 10.14%, INPC – 2.56%, IPCA – 3.00%, IGPM – (0.78%) and TR – 1.544%), taking into account a 12-month time horizon. Additionally, two other scenarios are provided, therefore showing a 25% and 50% stress at the risk variable considered, respectively.

|   |      |              | Company                 |                         |                       |               |
|---|------|--------------|-------------------------|-------------------------|-----------------------|---------------|
|   |      |              | 6/30/2017               |                         |                       |               |
|   |      |              | Effect on profit (loss) |                         |                       |               |
| Index                                       | Risk | Amount       | Probable scenario       | Possible scenario (25%) | Remote scenario (50%) |               |
| Short-term investments                      | CDI  | CDI increase | (2,371)                 | (240)                   | (301)                 | (361)         |
| Borrowing and financing (domestic currency) | CDI  | CDI increase | 190,873                 | 19,355                  | 24,193                | 29,032        |
| Borrowing and financing (foreign currency)  | CDI  | CDI increase | 129,547                 | 13,136                  | 16,420                | 19,704        |
| Derivatives                                 | CDI  | CDI increase | 22,259                  | 2,257                   | 2,821                 | 3,386         |
| Net exposure - loss                         |      |              | <u>340,308</u>          | <u>34,508</u>           | <u>43,133</u>         | <u>51,761</u> |

|   |                        |                  | Consolidated            |                         |                       |               |
|---|------------------------|------------------|-------------------------|-------------------------|-----------------------|---------------|
|   |                        |                  | 6/30/2017               |                         |                       |               |
|   |                        |                  | Effect on profit (loss) |                         |                       |               |
| Index                                       | Risk                   | Amount           | Probable scenario       | Possible scenario (25%) | Remote scenario (50%) |               |
| Short-term investments                      | CDI                    | CDI increase     | (136,333)               | (13,824)                | (17,280)              | (20,736)      |
| Borrowing and financing (domestic currency) | CDI                    | CDI increase     | 226,994                 | 23,017                  | 28,771                | 34,526        |
| Borrowing and financing (foreign currency)  | CDI                    | CDI increase     | 129,547                 | 13,136                  | 16,420                | 19,704        |
| Derivatives                                 | CDI                    | CDI increase     | 22,415                  | 2,273                   | 2,841                 | 3,409         |
| Notes payable                               | INPC                   | INPC increase    | 33,924                  | 868                     | 1,086                 | 1,303         |
| Notes payable                               | INPC/IGPM/IPCA Average | Average increase | 23,596                  | 376                     | 470                   | 564           |
| Notes payable                               |                        | TR increase      | 16,912                  | 261                     | 326                   | 392           |
| Net exposure - loss                         |                        |                  | <u>317,055</u>          | <u>26,107</u>           | <u>32,634</u>         | <u>39,162</u> |

For the six-month period ended June 30, 2017, we carried out a sensitivity analysis considering the "indices increase" scenario, given that this is the scenario that would most negatively impact the Company in the current period considering that we have more borrowings than investments.

Gains and losses on these transactions are consistent with the policies and strategies designed by the Management of the Company and its subsidiaries.

The rates used for the projections described above were based on the CDI - estimate disclosed by Cetip, INPC, IPCA, IGPM disclosed by the Brazilian Institute of Geography and Statistics (IBGE) and TR disclosed by the Brazilian Central Bank (BACEN), deemed by Management as independent external and reliable sources.

No sensitivity analysis was carried out on the US dollar variation impact, given that the Company's Management contracted hedging instruments in an amount deemed to be sufficient to minimize the impacts from the exchange variation.

### 33. INSURANCE

The Company and its subsidiaries have the policy of obtaining insurance coverage considering the type of its operations, risks involved and advice from insurance brokers. All insurance policies were obtained with Brazilian insurers.

For the six-month period ended June 30, 2017 and the year ended December 31, 2016, the Company had insurance policies, which cover, but not limited to, fire, floods, occupational accidents, electrical damages, riots, window breaking, electronic equipment, robbery, lightening, explosions, windstorms, and vehicle and plane crashes.

### 34. STATEMENTS OF CASH FLOWS - MAIN NON-CASH TRANSACTIONS

For the correct analysis of the statements of cash flows for the six-month period ended June 30, 2017, it is necessary to appraise the transactions below, which did not affect cash:

- a) On January 31, 2017, the Company reviewed the fair value calculation of Sociesc's assets and liabilities, acquired in a business combination, generating a non-cash effect regarding the supplement of this allocation, totaling R\$1,616;
- b) In the six-month ended June 30, 2017, the amount of R\$3,261 was offset from contingency and escrow deposit accounts, thus reducing both balances with no effect on cash;
- c) In May 2017, the Company canceled a number of PERDCOMPs, recovering tax debts that were included in the PRT installment plan, totaling R\$8,594;
- d) In May 2017, the subsidiary MGE included in the PRT installment plan INSS debts that were notified and legally questioned, totaling R\$5,246, for which a provision was created;
- e) The Company recorded tax credit using accumulated tax loss carryforwards declared until December 31, 2015, totaling R\$14,637. The Company used a portion of these credits to increase capital in the subsidiary MGE, in the amount of R\$5,250;
- f) The Company and its subsidiary MGE used the tax credits to settle 80% of the balances paid in installments through the PRT plan, as described in Note 20;
- g) On June 30, 2016, the Company calculated the fair value of Faceb's assets and liabilities, generating a non-cash effect of R\$2,240.

### 35. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The Interim Financial Information was approved and authorized for disclosure by the Board of Directors on August 4, 2017.

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#### BOARD OF EXECUTIVE OFFICERS

DANIEL FACCINI CASTANHO  
Chief Executive Officer

GABRIEL RALSTON CORREA RIBEIRO  
Chief Financial Officer

#### TECHNICAL MANAGER

MARY AFONSO MOUSINHO  
Accountant  
CRC/MG 088.391/O-8