1Q19

Message from Management

Conference Call:

Portuguese with simultaneous translation into English
May 14, 2019
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MESSAGE FROM MANAGEMENT

2019 marks a new chapter in Ânima's history. The macroeconomic outlook still poses challenges, but we remain strongly committed to our purpose, driven by the Eight Principles agreed with all our employees and stakeholders. Leveraging the lessons learned over the last 16 years, we are looking to the future within a new digital dynamic and investing in our transformation, focused on higher and sustainable profitability in order to continue to transform lives.

The first quarter was the fifth consecutive intake cycle with good results. Although we are facing an increasingly competitive environment, enrollments increased 9.8% over the previous year. It is worth noting that 83.5% of new students do not have any type of financing.

As a result, the student base grew 9.6% year on year, reaching 113.7 thousand students, 4.1 thousand of whom from the acquisitions made in 2018. The increase in the Undergraduate student base (+11.1%) was driven by said acquisitions and the eight new units opened in 2019-1, within the scope of the Organic Expansion Plan - Q2A, which accounted for 2.4 thousand new students, or 7.3% of the total Undergraduate intake.

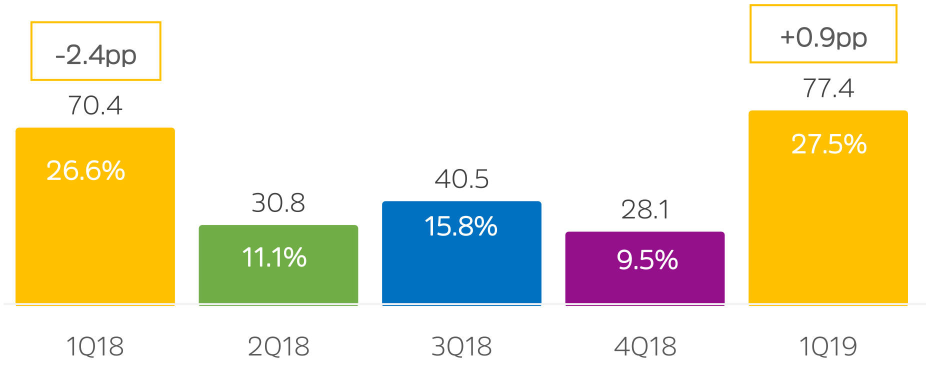
In a still highly competitive industry environment, net revenue has been consistently increasing, albeit lagging our student base, due to the pressure on the net ticket (R$802, -4.1% vs. 1Q18). We closed the first quarter of 2019 with net revenue of R$281.9 million, up 6.43% over 1Q18.

Although the pressure on our average ticket does not negatively affect the upward trend of net revenue, we are focusing on this issue, which is the subject of constant internal discussions. We continue to dedicate our efforts to acting directly on the ticket and, especially, on discounts, minimizing their impact on our results through granular control of costs and expenses.

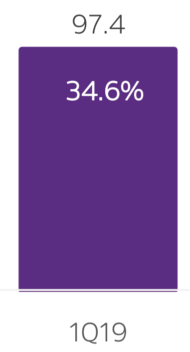
It is important to point out that the new IFRS-16 accounting standard came into effect in 1Q19, requiring the lessee to recognize a right-of-use asset in the balance sheet. This is strictly an accounting change. It has no effect on cash or our business operations. However, the new standard affects EBITDA, as lease expenses are no longer considered in this metric, and net income is now impacted by additional expenses (depreciation/amortization of the right-of-use asset and a financial liability representing the obligation to make future lease payments). In 2019, in order to provide the market with transparent and comparable data, we will disclose our information both with the effect of IFRS-16 and without the effect of IFRS-16.

Excluding the effect of IFRS-16, adjusted EBITDA totaled R$77.4 million in 1Q19 (+9.9% vs. 1Q18), with a margin of 27.5% (+0.9pp vs. 1Q18), consolidating the margin recovery as a consistent trend. Under the new IFRS-16 classification, EBITDA came to R$97.4 million in 1Q19, with an EBITDA margin of 34.6%.

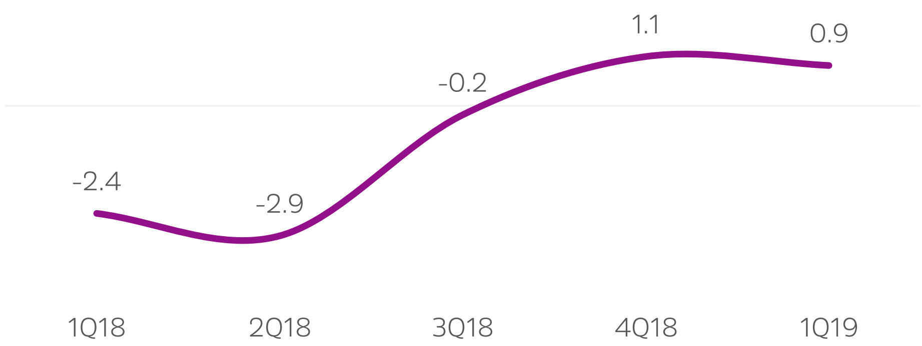
Adjusted EBITDA ex-IFRS-16
(R$ million)



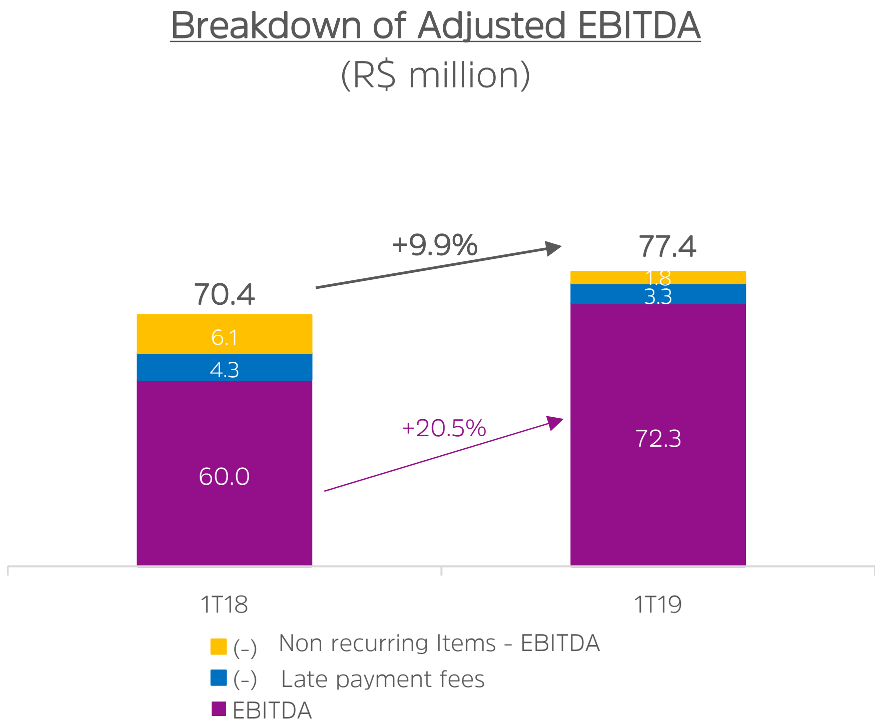
Adjusted EBITDA with IFRS-16
(R$ million)



Adjusted EBITDA Margin ex-IFRS-16
(year on year in pp)



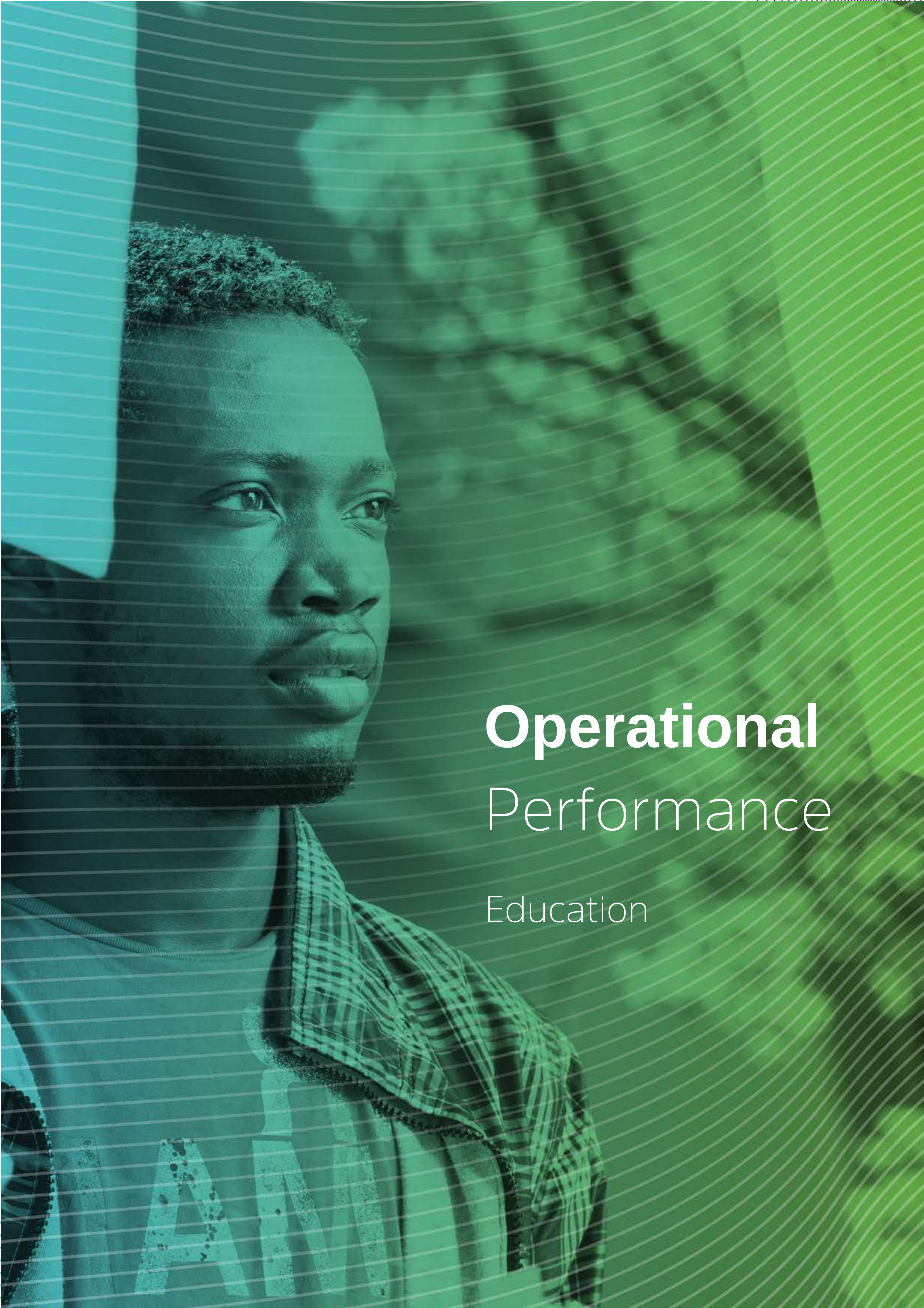
As anticipated, in 1Q19, our non-recurring items (R$1.8 million) were substantially lower than in 2018. As a result, unadjusted EBITDA grew 20.5% over 1Q18, totaling R$72.3 million. We are strict about the calculation and classification of this group, seeking the greatest possible convergence between our managerial and accounting results.



The consistent recovery trend in margins is based on our strategy supported by three main pillars: a high-quality academic model that has large scale and high transformative power (E2A), which was implemented as of 2018 and is progressing at the expected pace; the transformation of the Journey of Ânima Students (J2A), designed to provide students with a service experience in line with our current standards of academic excellence, which is already producing its first results, with higher retention rates; and the organic expansion plan (Q2A), which, although new units consume cash in the first years of operation and we opened eight new units in 1Q19, generated net revenue 99.8% higher than in the same period last year, representing almost 14% of total net revenue in Education segment, showing a positive performance, in line with our business plans.

An inextricable instrument of our pillars, Ânima's Digital Transformation is taking place at an accelerated pace. Our transformation process is supported by a tripod: Student at the Center, Technology as an Organizational Competence and Data-Driven Company. Examples of this new phase include access to diplomas and test apps, which have made students' lives easier, and the 100% online re-enrollment process, which already had a positive impact on the dropout rate. We have decentralized the software development area, building multidisciplinary teams (squads) who work in an agile and integrated way to take on the challenges of each area, in order to develop digital thinking skills among all employees. We have 17 fully operational squads (of which 8 are related to student retention, 3 are focused on the virtual academic experience, 4 are directly related to enrollment processes and 2 are working on structural solutions). The first results already show the relevance of the new digital dynamic.

We remain very excited about pursuing our efforts to build Ânima's history, while aware of our history and achievements in these 16 years. Acknowledging the opportunities and challenges ahead, we are driven by the purpose to Transform the Country through Education, delivering high-quality education to our students, while striving to obtain relevant, increasing and sustainable results for our shareholders in the long term.



Operational Performance

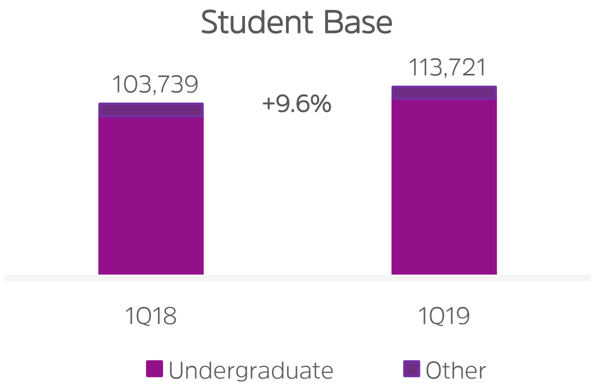
Education

OPERATIONAL PERFORMANCE

EDUCATION

We ended 1Q19 with 113.7 thousand students, 9.6% more than in 1Q18 (+5.7% excluding the acquisitions made in 2018), driven by the excellent results of the intake cycles (+9.8% in 1H19 vs. 1H18 in the undergraduate segment), combined with retention efforts (dropout improved by +1.9pp 1H19 vs. 1H18 in the undergraduate segment), leading to continued and consistent student base growth.

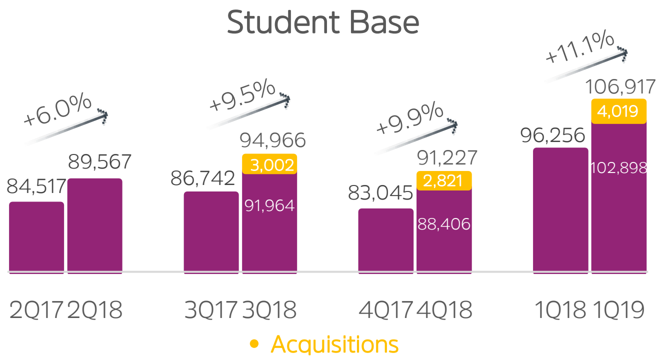
As we have seen in recent cycles, the positive highlight continued to be growth in the undergraduate student base, up 11.1% over the same period last year, with the addition of 10.7 thousand students (+6.9% and +6.6 thousand students, respectively, excluding the acquisitions made in 2018). As expected, consolidated growth was impacted by a reduction in the number of distance learning students, in line with our strategic decision to stop enrolling students in this segment.

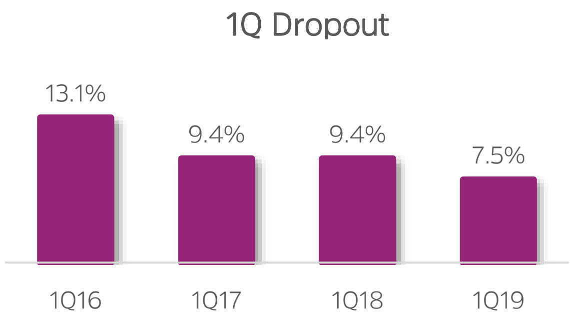


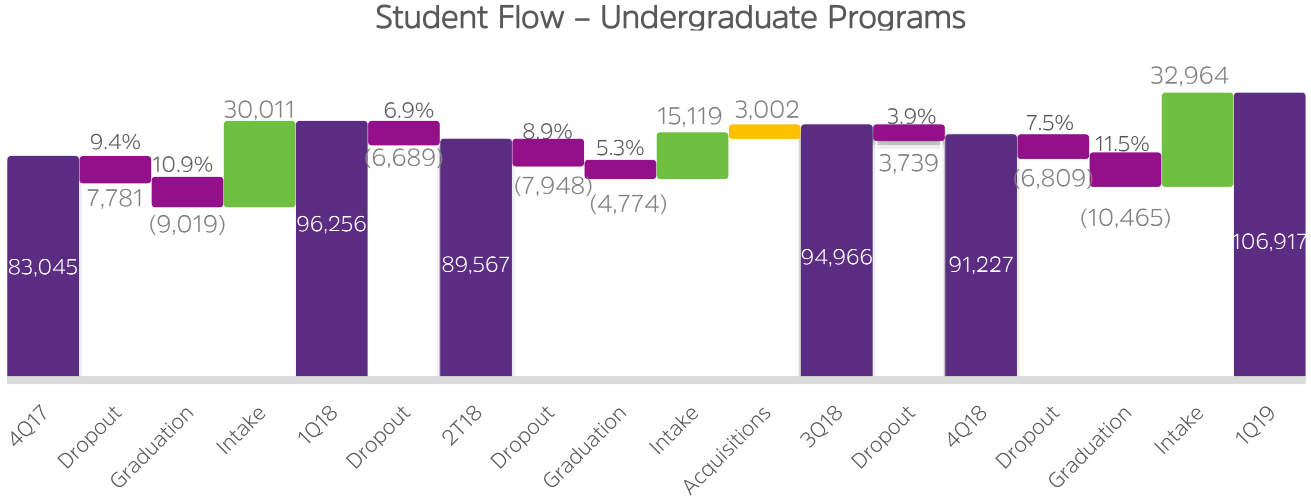
Student Base	1Q18	2Q18	3Q18	4Q18	1Q19	% 1Q19/ 1Q18	% 1Q19/ 4Q18
Undergraduate[1]	96,256	89,567	91,964	88,406	102,898	6.9%	16.4%
Graduate	4,715	5,478	5,227	3,846	4,694	-0.4%	22.0%
Distance Learning	1,750	1,797	1,135	1,153	1,019	-41.8%	-11.6%
Vocational Programs & K12	1,018	1,055	935	922	1,040	2.2%	12.8%
Total	103,739	97,897	99,261	94,327	109,651	5.7%	16.2%
CESUC + Jangada + FACED [2]			3,002	2,872	4,070		41.7%
Total with Acquisitions	103,739	97,897	102,263	97,199	113,721	9.6%	17.0%

[1] Including blended programs.
[2] CESUC and Jangada have been included in the organic expansion block since 3Q18 and Faced was included in the organic expansion block this quarter.

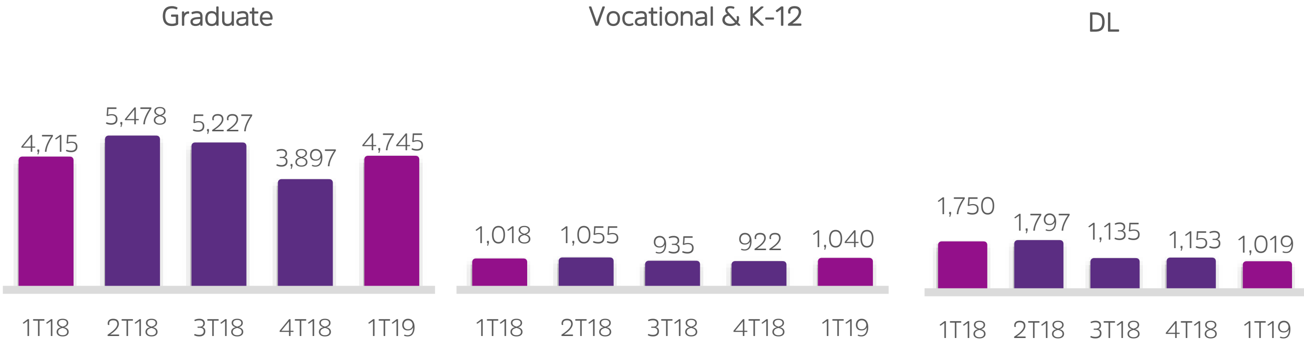
Student Base: Undergraduate Courses







In addition to good intake cycles, dropout rates in undergraduate courses reached 7.5%, improving 1.9pp year on year. This result was driven by the new, 100% online re-enrollment process, one of the first deliveries of the Digital Transformation Plan, which is developing solutions focused on improving the student experience throughout their academic journey (J2A).



Graduate Programs – We closed the first quarter of 2019 with 4.7 thousand graduate students, 0.6% more than in 1Q18, partially reflecting our efforts to improve the results in this segment.

Vocational and K-12 Student Base – We closed the quarter with 1.0 thousand K12 and vocational education students (+2.2% vs. 1Q18), including Florianópolis and Blumenau International Schools, Colégio Tupy (COT) and Escola Técnica Tupy (ETT).

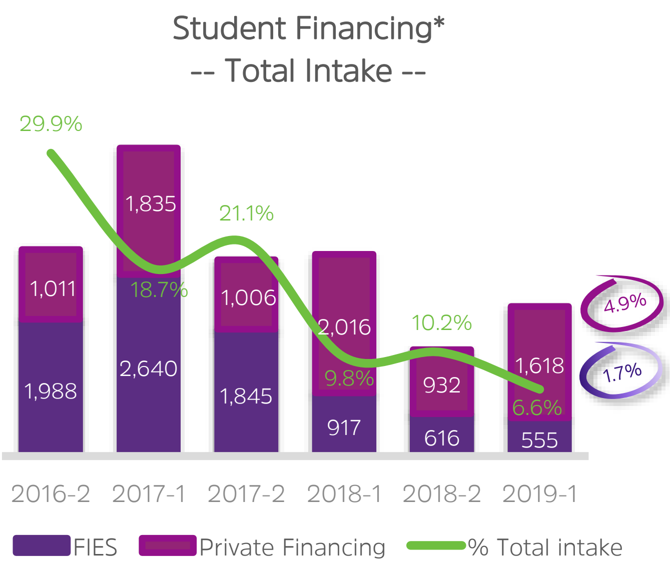
Distance Learning Student Base – We closed 1Q19 with 1.0 thousand distance learning students in undergraduate, graduate and vocational programs, down 41.8% year on year, in line with our strategic decision to stop enrolling students in this segment.

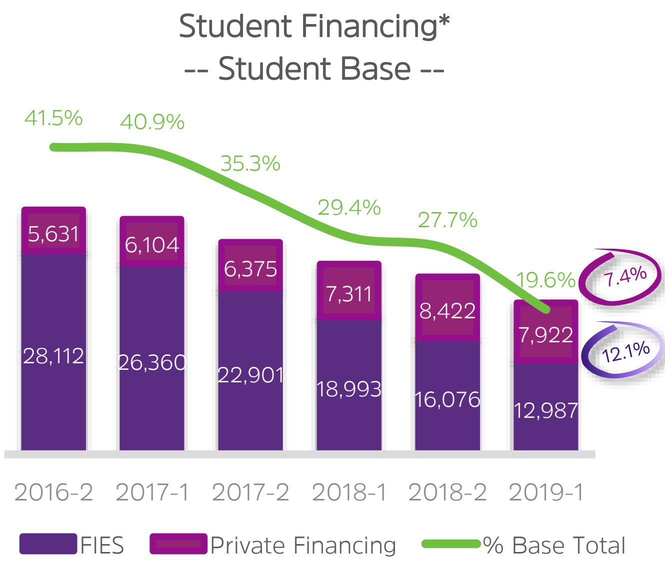
Student Financing

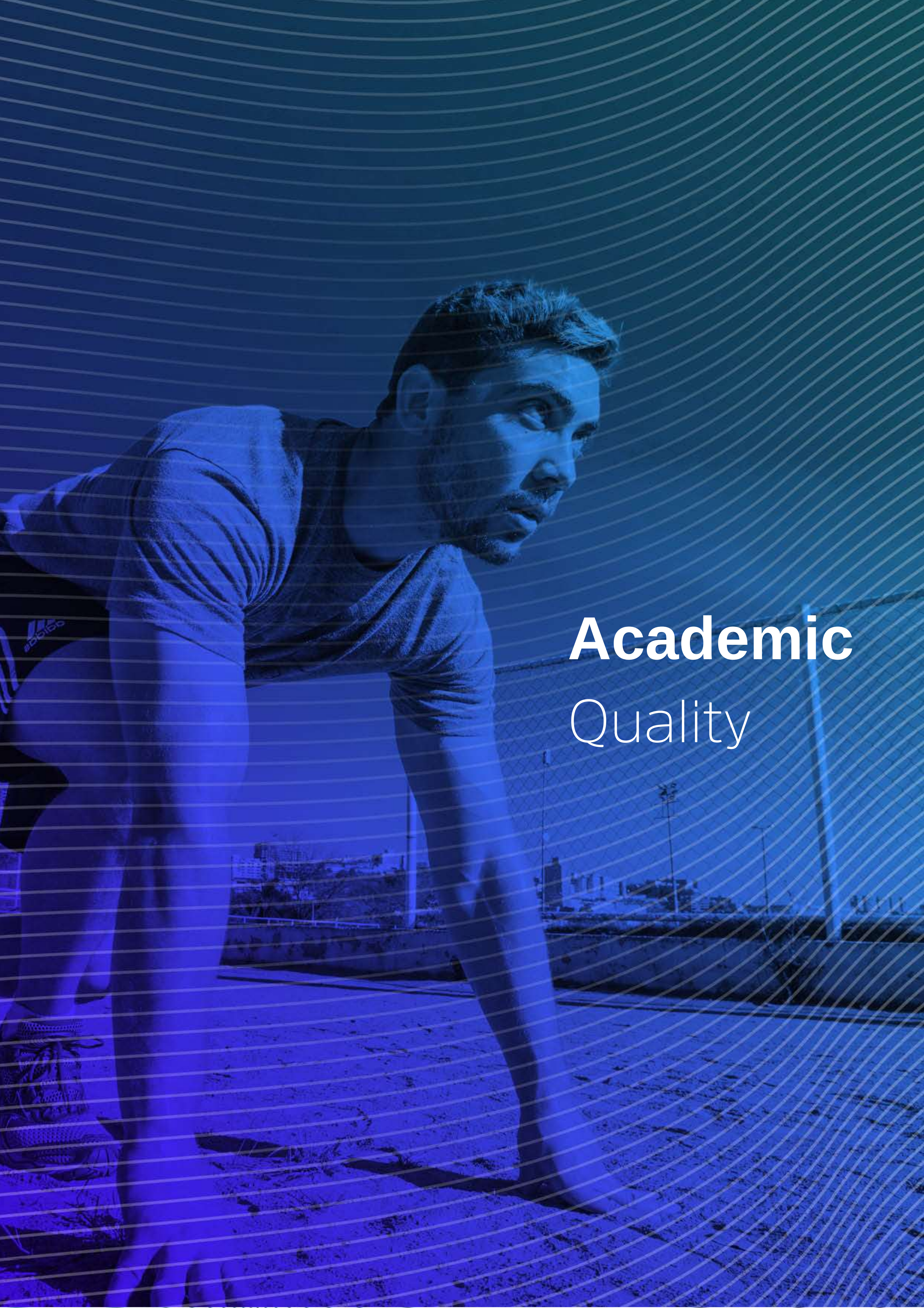
Student Financing

As anticipated, the share of public financing declined once again in the 1Q19 intake cycle. Of the new students who enrolled in our institution, 83.5% do not have any type of financing. Only 0.6 thousand new FIES contracts were signed in 1Q19 (-43.6% vs. 1Q18), accounting for 1.7% of the total intake. As a result, we closed the quarter with around 13.0 thousand FIES students, equivalent to 12.1% of the base.

Regarding private financing, in addition to the traditional PraValer products, in which it assumes 100% of the receivables' credit risk, we also offer a type of financing in which students go through *PraValer*'s entire credit scoring process, but an additional number of students is approved based on their ENEM score. The credit risk related to these students remains in our balance sheet. These private financing products together reached 1.6 thousand new students in the last intake cycle (+22.4% vs. 1Q18), corresponding to 4.9% of the total intake, 0.5 thousand of whom using our own balance sheet. We closed 1Q19 with 7.9 thousand students with private financing, corresponding to 7.4% of the undergraduate base, 2.5 thousand (2.3% of the base) of whom using our own balance sheet.



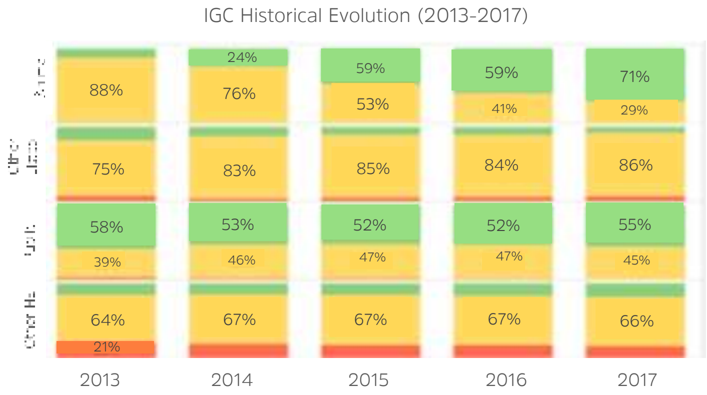


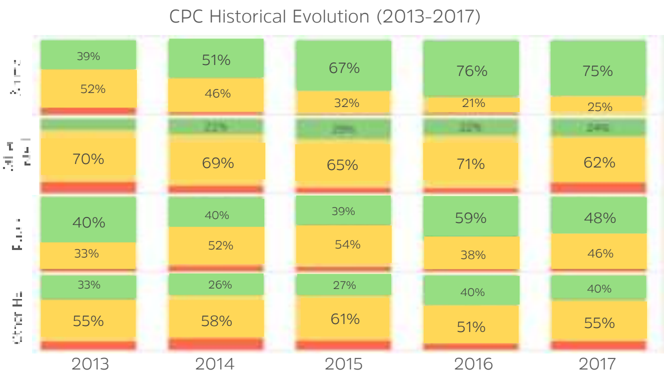


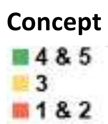
Academic
Quality

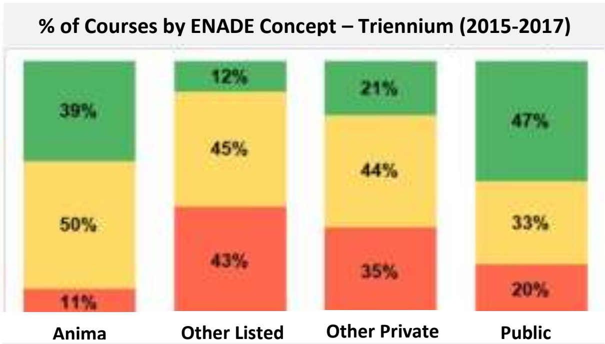
Academic Quality

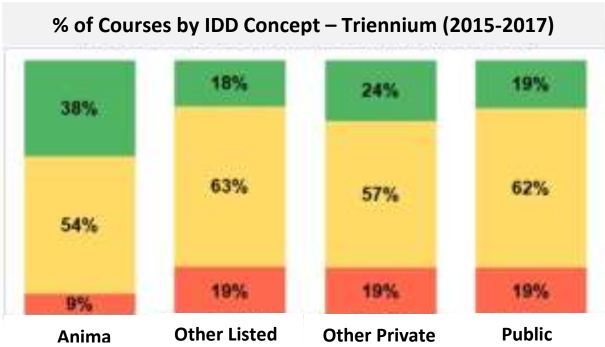
The latest results published by INEP/MEC, still related to 2017, reinforce the academic superiority of our institutions and confirm the effectiveness of our academic model and our commitment to constantly improve the quality of the education we provide. As these results are annual, please refer to the 4Q18 Earnings Release for more details.











Financial Performance

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

i) **Education** – Post-secondary education (undergraduate and graduate), K12 and vocational programs, including Florianópolis and Blumenau International Schools, Colégio Tupy (COT) and Escola Técnica Tupy (ETT).

ii) **Other Businesses** – HSM and Escola Brasileira de Direito (EBRADI).

FINANCIAL PERFORMANCE

IFRS-16 IMPACTS

The new IFRS-16 accounting standard came into effect in 1Q19, changing the criteria for the recognition of contracts involving the right to use assets in the balance sheets. At Ânima, the impact is related to lease contracts, as all our academic and administrative units are leased, being thus subject to the new standard.

As this change in accounting procedures impacts how financial statements are presented, we have hired advisory firm KPMG to measure the effects of the new standard as well as to advise us on certain procedures, such as using nominal rates to determine the present value of contracts.The accounting changes are as follows: we began recognizing the right to use assets for all our lease contracts under assets and the obligation to make future lease payments on a present value basis under liabilities.

It is worth noting that this is a change in strictly accounting classification, with no cash effect, therefore, neutral to the management of our operations.

The new standard affects the calculation of EBITDA, as lease expenses are no longer considered in the calculation of this metric (with a positive impact of R$20 million this quarter). It also had a negative impact of R$9.2 million on net income, as leases are divided into two counter-entries: depreciation of the right-of-use asset and a financial liability representing the obligation to make future lease payments, whose sum totaled R$29.2 million in 1Q19.

We prepared an appendix (Appendix 5) explaining the impacts of IFRS-16 in order to facilitate understanding of the changes introduced by the new standard.

In order to provide the market with transparent and comparable data, in 2019, we will disclose our information excluding the effect of IFRS-16, in addition to figures reflecting the new classification.

1Q19 Income Statement: excluding the effect of IFRS-16

R$ (million)	1Q19 - excl. IFRS-16					
	Consolidated	% Net Revenue	Education	% Net Revenue	Others	% Net Revenue
Gross Revenue	533.4	189.2%	522.6	191.0%	10.8	130.0%
Discounts, Deductions & Scholarships	(243.0)	-86.2%	(240.8)	-88.0%	(2.2)	-26.3%
Taxes	(8.5)	-3.0%	(8.2)	-3.0%	(0.3)	-3.7%
Net Revenue	281.9	100.0%	273.6	100.0%	8.3	100.0%
Cash Cost of Services	(130.2)	-46.2%	(128.3)	-46.9%	(1.9)	-23.3%
- Personnel	(90.7)	-32.2%	(90.5)	-33.1%	(0.2)	-1.8%
- Services from Third Parties	(7.6)	-2.7%	(7.0)	-2.6%	(0.6)	-7.6%
- Rental & Utilities	(24.5)	-8.7%	(24.5)	-8.9%	0.0	0.0%
- Others	(7.5)	-2.7%	(6.3)	-2.3%	(1.1)	-13.8%
Gross Profit (exclud. deprec. /amort.)	151.7	53.8%	145.3	53.1%	6.4	76.7%
Sales Expenses	(24.7)	-8.7%	(22.8)	-8.3%	(1.9)	-22.9%
- Provision for Doubtful Accounts (PDA)	(7.3)	-2.6%	(6.2)	-2.3%	(1.1)	-13.2%
- Marketing	(17.3)	-6.2%	(16.5)	-6.0%	(0.8)	-9.7%
General & Administrative Expenses	(28.6)	-10.2%	(22.9)	-8.4%	(5.8)	-69.5%
- Personnel	(22.7)	-8.1%	(17.8)	-6.5%	(4.9)	-59.0%
- Third Party Services	(2.3)	-0.8%	(1.8)	-0.7%	(0.4)	-5.1%
- Rental & Utilities	(0.3)	-0.1%	(0.0)	0.0%	(0.2)	-2.7%
- Others	(3.4)	-1.2%	(3.2)	-1.2%	(0.2)	-2.7%
Other Operating Revenues (Expenses)	0.4	0.1%	0.6	0.2%	(0.1)	-1.7%
- Provisions	0.1	0.0%	0.1	0.0%	0.0	0.0%
- Taxes	(0.7)	-0.3%	(0.6)	-0.2%	(0.1)	-1.7%
- Other Operating Revenues	1.1	0.4%	1.1	0.4%	0.0	0.0%
Late Payment Fees	3.3	1.2%	3.3	1.2%	0.0	0.0%
Operating Result	102.1	36.2%	103.5	37.8%	(1.4)	-17.3%
- Corporate Expenses	(24.7)	-8.7%				
Adjusted EBITDA	77.4	27.5%				
(-) Late Payment Fees	(3.3)	-1.2%				
(-) Non-Recurring Items - EBITDA	(1.8)	-0.7%				
EBITDA	72.3	25.6%				
Depreciation & Amortization	(15.4)	-5.5%				
Equity Equivalence	(0.5)	-0.2%				
EBIT	56.4	20.0%				
Net Financial Result	(9.2)	-3.3%				
EBT	47.2	16.7%				
Income Tax and Social Contribution	0.1	0.0%				
Net Income	47.3	16.8%				
(-) Non-Recurring Items - EBITDA	1.8	0.7%				
(-) Non-Recurring Items - Net Income	0.0	0.0%				
Adjusted Net Income	49.1	17.4%				

1Q19 Income Statement: including the effect of IFRS-16

R$ (million)	1Q19 - with IFRS-16					
	Consolidated	% Net Revenue	Education	% Net Revenue	Others	% Net Revenue
Gross Revenue	533.4	189.2%	522.6	191.0%	10.8	130.0%
Discounts, Deductions & Scholarships	(243.0)	-86.2%	(240.8)	-88.0%	(2.2)	-26.3%
Taxes	(8.5)	-3.0%	(8.2)	-3.0%	(0.3)	-3.7%
Net Revenue	281.9	100.0%	273.6	100.0%	8.3	100.0%
Cash Cost of Services	(111.4)	-39.5%	(109.5)	-40.0%	(1.9)	-23.3%
- Personnel	(90.7)	-32.2%	(90.5)	-33.1%	(0.2)	-1.8%
- Services from Third Parties	(7.6)	-2.7%	(7.0)	-2.6%	(0.6)	-7.6%
- Rental & Utilities	(5.6)	-2.0%	(5.6)	-2.1%	0.0	0.0%
- Others	(7.5)	-2.7%	(6.3)	-2.3%	(1.1)	-13.8%
Gross Profit (exclud. deprec. /amort.)	170.5	60.5%	164.1	60.0%	6.4	76.7%
Sales Expenses	(24.7)	-8.7%	(22.8)	-8.3%	(1.9)	-22.9%
- Provision for Doubtful Accounts (PDA)	(7.3)	-2.6%	(6.2)	-2.3%	(1.1)	-13.2%
- Marketing	(17.3)	-6.2%	(16.5)	-6.0%	(0.8)	-9.7%
General & Administrative Expenses	(28.5)	-10.1%	(22.9)	-8.4%	(5.6)	-67.5%
- Personnel	(22.7)	-8.1%	(17.8)	-6.5%	(4.9)	-59.0%
- Third Party Services	(2.3)	-0.8%	(1.8)	-0.7%	(0.4)	-5.1%
- Rental & Utilities	(0.1)	0.0%	(0.0)	0.0%	(0.1)	-0.8%
- Others	(3.4)	-1.2%	(3.2)	-1.2%	(0.2)	-2.7%
Other Operating Revenues (Expenses)	0.4	0.1%	0.6	0.2%	(0.1)	-1.7%
- Provisions	0.1	0.0%	0.1	0.0%	0.0	0.0%
- Taxes	(0.7)	-0.3%	(0.6)	-0.2%	(0.1)	-1.7%
- Other Operating Revenues	1.1	0.4%	1.1	0.4%	0.0	0.0%
Late Payment Fees	3.3	1.2%	3.3	1.2%	0.0	0.0%
Operating Result	121.0	42.9%	122.3	44.7%	(1.3)	-15.3%
- Corporate Expenses	(23.6)	-8.4%				
Adjusted EBITDA	97.4	34.6%				
(-) Late Payment Fees	(3.3)	-1.2%				
(-) Non-Recurring Items - EBITDA	(1.8)	-0.7%				
EBITDA	92.3	32.7%				
Depreciation & Amortization	(28.7)	-10.2%				
Equity Equivalence	(0.5)	-0.2%				
EBIT	63.1	22.4%				
Net Financial Result	(25.1)	-8.9%				
EBT	38.0	13.5%				
Income Tax and Social Contribution	0.1	0.0%				
Net Income	38.1	13.5%				
(-) Non-Recurring Items - EBITDA	1.8	0.7%				
(-) Non-Recurring Items - Net Income	0.0	0.0%				
Adjusted Net Income	40.0	14.2%				

1Q19 Income Statement: impact of IFRS-16

Consolidated Ânima R$ (million)	1Q19 - Release Income Statement		
	Excl. IFRS-16	With IFRS-16	IFRS-16 Effect
Gross Revenue	533.4	533.4	0.0
Discounts, Deductions & Scholarships	(243.0)	(243.0)	0.0
Taxes	(8.5)	(8.5)	0.0
Net Revenue	281.9	281.9	0.0
Cash Cost of Services	(130.2)	(111.4)	18.8
- Personnel	(90.7)	(90.7)	0.0
- Services from Third Parties	(7.6)	(7.6)	0.0
- COGS	(0.0)	(0.0)	0.0
- Rental & Utilities	(24.5)	(5.6)	18.8
- Others	(7.5)	(7.5)	0.0
Gross Profit (exclud. deprec. /amort.)	151.7	170.5	18.8
Sales Expenses	(24.7)	(24.7)	0.0
- Provision for Doubtful Accounts (PDA)	(7.3)	(7.3)	0.0
- Marketing	(17.3)	(17.3)	0.0
General & Administrative Expenses	(28.6)	(28.5)	0.2
- Personnel	(22.7)	(22.7)	0.0
- Third Party Services	(2.3)	(2.3)	0.0
- Rental & Utilities	(0.3)	(0.1)	0.2
- Others	(3.4)	(3.4)	0.0
Other Operating Revenues (Expenses)	0.4	0.4	0.0
- Provisions	0.1	0.1	0.0
- Taxes	(0.7)	(0.7)	0.0
- Other Operating Revenues	1.1	1.1	0.0
Late Payment Fees	3.3	3.3	0.0
Operating Result	102.1	121.0	19.0
- Corporate Expenses	(24.7)	(23.6)	1.0
Adjusted EBITDA	77.4	97.4	20.0
(-) Late Payment Fees	(3.3)	(3.3)	0.0
(-) Non-Recurring Items - EBITDA	(1.8)	(1.8)	0.0
EBITDA	72.3	92.3	20.0
Depreciation & Amortization	(15.4)	(28.7)	(13.3)
Equity Equivalence	(0.5)	(0.5)	0.0
EBIT	56.4	63.1	6.7
Net Financial Result	(9.2)	(25.1)	(15.9)
EBT	47.2	38.0	(9.2)
Income Tax and Social Contribution	0.1	0.1	0.0
Net Income	47.3	38.1	(9.2)
(-) Non-Recurring Items - EBITDA	1.8	1.8	0.0
(-) Non-Recurring Items - Net Income	0.0	0.0	0.0
Adjusted Net Income	49.1	40.0	(9.2)

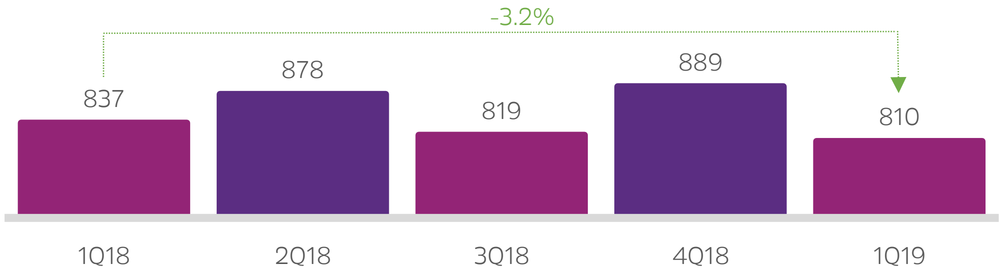
FINANCIAL PERFORMANCE – Education

R$ (million)	Education - with IFRS-16		Education - excl. IFRS-16				
	1Q19	% Net Revenue	1Q19	% Net Revenue	1Q18	% Net Revenue	% YA
Gross Revenue	522.6	191.0%	522.6	191.0%	449.2	172.5%	16.3%
Discounts, Deductions & Scholarships	(240.8)	-88.0%	(240.8)	-88.0%	(181.1)	-69.6%	33.0%
Taxes	(8.2)	-3.0%	(8.2)	-3.0%	(7.7)	-3.0%	5.8%
Net Revenue	273.6	100.0%	273.6	100.0%	260.4	100.0%	5.1%
Cash Cost of Services	(109.5)	-40.0%	(128.3)	-46.9%	(125.3)	-48.1%	2.4%
- Personnel	(90.5)	-33.1%	(90.5)	-33.1%	(90.7)	-34.8%	-0.2%
- Services from Third Parties	(7.0)	-2.6%	(7.0)	-2.6%	(6.3)	-2.4%	10.2%
- Rental & Utilities	(5.6)	-2.1%	(24.5)	-8.9%	(22.2)	-8.5%	10.3%
- Others	(6.3)	-2.3%	(6.3)	-2.3%	(6.1)	-2.3%	3.7%
Gross Profit (exclud. deprec. /amort.)	164.1	60.0%	145.3	53.1%	135.1	51.9%	7.6%
Sales Expenses	(22.8)	-8.3%	(22.8)	-8.3%	(19.4)	-7.4%	17.5%
- Provision for Doubtful Accounts (PDA)	(6.2)	-2.3%	(6.2)	-2.3%	(9.2)	-3.5%	-32.4%
- Marketing	(16.5)	-6.0%	(16.5)	-6.0%	(10.2)	-3.9%	62.8%
General & Administrative Expenses	(22.9)	-8.4%	(22.9)	-8.4%	(21.9)	-8.4%	4.3%
- Personnel	(17.8)	-6.5%	(17.8)	-6.5%	(15.0)	-5.7%	19.1%
- Third Party Services	(1.8)	-0.7%	(1.8)	-0.7%	(2.4)	-0.9%	-23.4%
- Rental & Utilities	(0.0)	0.0%	(0.0)	0.0%	(0.7)	-0.3%	-95.3%
- Others	(3.2)	-1.2%	(3.2)	-1.2%	(3.8)	-1.5%	-16.8%
Other Operating Revenues (Expenses)	0.6	0.2%	0.6	0.2%	0.3	0.1%	101.0%
- Provisions	0.1	0.0%	0.1	0.0%	(1.2)	-0.5%	-107.1%
- Taxes	(0.6)	-0.2%	(0.6)	-0.2%	(0.2)	-0.1%	224.4%
- Other Operating Revenues	1.1	0.4%	1.1	0.4%	1.7	0.6%	-36.9%
Late Payment Fees	3.3	1.2%	3.3	1.2%	4.3	1.7%	-24.0%
Operating Result	122.3	44.7%	103.5	37.8%	98.3	37.8%	5.2%

Net Revenue

We ended 1Q19 with net revenue of R$273.6 million, 5.1% higher than in 1Q18 (+2.4% excluding the acquisitions CESUC, Jangada and FACED).

Net Average ticket (Excl. acquisitions)
(R$/month)



Excluding the acquisitions, our net ticket averaged R$810/month in 1Q19, down 3.2% from the same period last year, influenced by higher scholarships, discounts and taxes (-11.3%) concentrated in the first tuition fees, partially offset by the average increase in tuition fees (+5.0%) and a better program mix (+2.9%). Including the acquisitions made in July 2018, CESUC, Jangada and FACED, whose ticket was lower than that of our brands, our average ticket was R$802/month in 1Q19 (-4.1% vs. 1Q18).

Total Costs and Gross Profit

Excluding the impacts of IFRS-16 for comparison purposes, gross profit came to R$145.3 million in 1Q19, or 53.1% of net revenue (+1.2pp vs. 1Q18). This improvement was mainly due to faculty and academic support productivity gains (+1.7pp in personnel costs), despite the slight increase in rental and utilities (-0.4pp), mainly as a result of the eight new units opened at the beginning of the year.

Selling Expenses

Excluding the effect of IFRS-16, selling expenses totaled R$22.8 million in 1Q19, representing an impact of -0.9pp on the margin compared to 1Q18. Marketing expenses amounted to R$16.5 million (-2.1pp vs. 1Q18), in line with the strategy of strengthening our brands, which involved an increase in the number of units and increased geographic presence as a result of our organic expansion plan, which strongly influenced the result of the intake cycle.

Our provision for doubtful accounts had a positive impact of 1.2pp, mainly due to the reduction in the provision for PraValer students who use the credit risk in our balance sheet, as we adjusted our PDA to the same criteria applied by PraValer to Ânima's student portfolio in 2Q18, as reported in the last three quarters.

General and Administrative Expenses

Excluding the effect of IFRS-16, general and administrative expenses totaled R$22.9 million in 1Q19, representing 8.4% of net revenue, in line with 1Q18. We saw an improvement in third-party services, rental and utilities and other expenses (+0.8pp).

We reclassified personnel expenses into corporate and education expenses in 1Q19. As a result, consolidated personnel expenses remained in line with 4Q18, despite the expansion in units opened in 2018 and the eight new units rolled out in 2019, as shown in the table below. Personnel expenses for these units (2018/2019) totaled R$2.9 million in 1Q19. We continue seeking to preserve the efficiency gains obtained after 2Q18.

R$ (million)	1Q18	2Q18	3Q18	4Q18	1Q19	1Q19 vs. 1Q18	1Q19 vs. 2Q18
Personnel Expenses - Corporate	(20.0)	(22.8)	(17.9)	(20.5)	(15.3)	4.7	7.5
Personnel Expenses - Education	(15.0)	(17.1)	(14.1)	(12.5)	(17.8)	(2.9)	(0.7)
Consolidated Personnel Expenses	(34.9)	(39.9)	(32.0)	(33.0)	(33.1)	1.8	6.7

Other Operating Revenues (Expenses)

Other operating revenues (expenses), including fines and interest on tuition fees, came to a positive R$3.9 million in 1Q19 (-0.4pp vs. 1Q18). The main highlight was the reduction in the provision for risks, thanks to our efforts to streamline administrative processes (+0.5pp vs. 1Q18).

Operating Result

Excluding the effect of IFRS-16, the operating result totaled R$103.5 million in 1Q19, or 37.8% of net revenue, in line with the same period last year.

We continue monitoring the evolution of operating margins in the Education segment; we divided the units into three major blocks based on their respective stage of maturity: Base, Acquisitions and Organic Expansion.

It is worth noting that, as of 1Q19, we are classifying the three acquisitions made in 2018 – CESUC, Faculdade Jangada and FACED – under the Organic Expansion block, given that these operations are integrated into units that already existed in their respective cities and that they were acquired with the purpose of catalyzing organic expansion (Q2A). We believe this criterion is more in line with the strategic rationale of each block[1].

R$ (million)	Base [1] Excl. New Units			Acquisitions [2] Excl. New Units			Organic Exp. [3]			Education		
	1Q19	1Q18	% YA	1Q19	1Q18	% YA	1Q19	1Q18	% YA	1Q19	1Q18	% YA
Net Revenue	190.5	202.1	-5.7%	45.1	39.2	15.2%	38.0	19.0	99.8%	273.6	260.4	5.1%
Gross Profit	103.3	107.7	-4.0%	20.9	17.4	20.0%	21.1	10.0	110.9%	145.3	135.1	7.6%
Gross Margin	*54.2%*	*53.3%*	*0.9pp*	*46.2%*	*44.4%*	*1.8pp*	*55.6%*	*52.6%*	*3.0pp*	*53.1%*	*51.9%*	*1.2pp*
Operating Result	82.1	83.5	-1.6%	13.5	10.8	25.8%	7.8	4.1	90.6%	103.5	98.3	5.2%
Operating Margin	*43.1%*	*41.3%*	*1.8pp*	*30.0%*	*27.4%*	*2.6pp*	*20.7%*	*21.7%*	*-1.0pp*	*37.8%*	*37.8%*	*0.0pp*

[1] Considers Una, UniBH and São Judas (inlcuding the Unimonte campus, but excluding acquisitions and new units opened as of 2016)
[2] Considers acquisitions made throughout 2016 (UniSociesc Feb'16, Una Bom Despacho Jul'16 and Una Uberlândia Oct'16)
[3] Considers organic expansion: Units of Sete Lagoas (Jul'16), Catalão (Oct'16), Divinópolis (Feb'17), Pouso Alegre (Mar'17), Nova Serrana (Apr'17), São Bento do Sul (Jan'17), Itajaí (Jul'17), Itabira (Jan'18), Jataí (Jan'18), Jabaquara (Jan'18), Santo Amaro (Jan'18), Paulista (Jan'18), Palácio Avenida (Jan'18), Jaraguá do Sul (Jan'18), Vila Leopoldina (Jan'19), Santana (Jan'19), São Bernardo do Campo (Jan'19), Guarulhos (Jan'19), Cubatão (Jan'19), Florianópolis Continente (Jan'19), Conselheiro Lafaiete (Jan'19), Itumbiara (Jan'19), and the acquisitions made in 2018 (CESUC, Faculdade Jangada and Faced)

The operating margin of the units that make up the **Base** operation increased 1.8pp in 1Q19 (43.1% vs. 41.3% in 1Q18). This improvement was mainly due to initiatives

[1] For comparison purposes, we will republish, as of 3Q19, the results of the Acquisitions block excluding the effects of CESUC and Jangada (included in this block in 3Q18) in order to reflect this reclassification.

developed to obtain efficiency gains. Net revenue from the units in this block, most of which are located in more mature and more competitive markets, continued to be pressured by the average ticket, falling 5.7% year on year. Thanks to efficiency gains, the impact of the average ticket on gross profit was lower than the one observed in net revenue (-4.0% vs. 1Q18), reaching R$103.3 million, or a margin of 54.2% (+0.9pp vs. 1Q18). We began studies to evaluate opportunities for efficiency gains and portfolio optimization in the units of this block, with possible effects in the second half of 2019.

Regarding the Acquisitions made in 2016 (UniSociesc, Una Bom Despacho and Una Uberlândia), we continued to record positive results, with a trend of consistent growth in the operating margin, which reached R$13.5 million, or a margin of 30.0% (+2.6pp vs. 1Q18), coming progressively closer to the margins in the Base operation.

In the Organic Expansion block, which includes the 14 units opened between July 2016 and January 2018, the acquisitions made in 2018 (CESUC, Faculdade Jangada and Faced) and the 8 new units inaugurated at the beginning of 2019, we recorded net revenue of R$38.0 million and operating income of R$7.8 million (versus net revenue of R$19.0 million and operating income of R$4.1 million in 1Q18).

This result was in line with the business plans of these units, in addition to having accounted for the largest share of our student base growth. It is important to note that academic units take around five years to reach maturity and that the units in this block were opened, on average, less than one and a half year ago.

FINANCIAL PERFORMANCE – Other Businesses

R$ (million)	Others - with IFRS-16		Others - excl. IFRS-16				
	1Q19	% Net Revenue	1Q19	% Net Revenue	1Q18	% Net Revenue	% YA
Gross Revenue	10.8	130.0%	10.8	130.0%	5.4	114.8%	98.4%
Discounts, Deductions & Scholarships	(2.2)	-26.3%	(2.2)	-26.3%	(0.4)	-9.3%	395.4%
Taxes	(0.3)	-3.7%	(0.3)	-3.7%	(0.3)	-5.5%	18.1%
Net Revenue	8.3	100.0%	8.3	100.0%	4.7	100.0%	75.2%
Cash Cost of Services	(1.9)	-23.3%	(1.9)	-23.3%	(1.7)	-35.6%	14.6%
- Personnel	(0.2)	-1.8%	(0.2)	-1.8%	(0.2)	-3.3%	-4.0%
- Services from Third Parties	(0.6)	-7.6%	(0.6)	-7.6%	(1.3)	-26.7%	-50.0%
- Rental & Utilities	0.0	0.0%	0.0	0.0%	(0.1)	-1.9%	-100.0%
- Others	(1.1)	-13.8%	(1.1)	-13.8%	(0.2)	-3.6%	570.1%
Gross Profit (exclud. deprec. /amort.)	6.4	76.7%	6.4	76.7%	3.0	64.4%	108.6%
Sales Expenses	(1.9)	-22.9%	(1.9)	-22.9%	(1.3)	-26.8%	49.2%
- Provision for Doubtful Accounts (PDA)	(1.1)	-13.2%	(1.1)	-13.2%	(0.4)	-8.6%	167.7%
- Marketing	(0.8)	-9.7%	(0.8)	-9.7%	(0.9)	-18.2%	-6.7%
General & Administrative Expenses	(5.6)	-67.5%	(5.8)	-69.5%	(5.5)	-116.9%	4.1%
- Personnel	(4.9)	-59.0%	(4.9)	-59.0%	(4.9)	-102.7%	0.7%
- Third Party Services	(0.4)	-5.1%	(0.4)	-5.1%	(0.2)	-4.2%	110.0%
- Rental & Utilities	(0.1)	-0.8%	(0.2)	-2.7%	(0.3)	-5.6%	-14.1%
- Others	(0.2)	-2.7%	(0.2)	-2.7%	(0.2)	-4.5%	4.0%
Other Operating Revenues (Expenses)	(0.1)	-1.7%	(0.1)	-1.7%	0.3	6.4%	-146.3%
- Provisions	0.0	0.0%	0.0	0.0%	0.1	1.7%	-100.0%
- Taxes	(0.1)	-1.7%	(0.1)	-1.7%	(0.2)	-3.3%	-8.3%
- Other Operating Revenues	0.0	0.0%	0.0	0.0%	0.4	7.9%	-99.4%
Late Payment Fees	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Operating Result	(1.3)	-15.3%	(1.4)	-17.3%	(3.4)	-73.0%	-58.6%

The Other Businesses area is composed of hsm 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. EBRADI is an Ânima brand launched at the end of 2016 to offer online legal education and training to students from all over the country. Its portfolio includes preparatory courses for the Brazilian Bar exam, as well as graduate and extension Law programs.

In 1Q19, the results of the Other Businesses segment continued to improve significantly, following a consistent and sustainable path, with an operating loss of R$1.4 million, versus a loss of R$3.4 million in 1Q18 (+R$2.0 million), driven by significant growth in net revenue (75.2% vs. 1Q18) to R$8.3 million.

The main highlights were the consolidation of EBRADI, driven by a sales increase of online courses, in line with its business plan; the launch of hsmU (online and graduate business programs; the consolidation of hsm's corporate education arm, hsm Academy; and the excellent performance of HR Conference 2019 (the first event of the year).

CONSOLIDATED PERFORMANCE

R$ (million)	Consolidated Ânima - with IFRS-16		Consolidated Ânima - excl. IFRS-16				
	1Q19	% Net Revenue	1Q19	% Net Revenue	1Q18	% Net Revenue	% YA
Gross Revenue	533.4	189.2%	533.4	189.2%	454.6	171.5%	17.3%
Discounts, Deductions & Scholarships	(243.0)	-86.2%	(243.0)	-86.2%	(181.6)	-68.5%	33.9%
Taxes	(8.5)	-3.0%	(8.5)	-3.0%	(8.0)	-3.0%	6.2%
Net Revenue	281.9	100.0%	281.9	100.0%	265.1	100.0%	6.3%
Cash Cost of Services	(111.4)	-39.5%	(130.2)	-46.2%	(127.0)	-47.9%	2.6%
- Personnel	(90.7)	-32.2%	(90.7)	-32.2%	(90.8)	-34.3%	-0.2%
- Services from Third Parties	(7.6)	-2.7%	(7.6)	-2.7%	(7.6)	-2.9%	0.2%
- Rental & Utilities	(5.6)	-2.0%	(24.5)	-8.7%	(22.3)	-8.4%	9.9%
- Others	(7.5)	-2.7%	(7.5)	-2.7%	(6.3)	-2.4%	19.1%
Gross Profit (exclud. deprec. /amort.)	170.5	60.5%	151.7	53.8%	138.1	52.1%	9.8%
Sales Expenses	(24.7)	-8.7%	(24.7)	-8.7%	(20.6)	-7.8%	19.5%
- Provision for Doubtful Accounts (PDA)	(7.3)	-2.6%	(7.3)	-2.6%	(9.6)	-3.6%	-23.9%
- Marketing	(17.3)	-6.2%	(17.3)	-6.2%	(11.0)	-4.2%	57.4%
General & Administrative Expenses	(28.5)	-10.1%	(28.6)	-10.2%	(27.5)	-10.4%	4.2%
- Personnel	(22.7)	-8.1%	(22.7)	-8.1%	(19.8)	-7.5%	14.6%
- Third Party Services	(2.3)	-0.8%	(2.3)	-0.8%	(2.6)	-1.0%	-13.2%
- Rental & Utilities	(0.1)	0.0%	(0.3)	-0.1%	(1.0)	-0.4%	-74.2%
- Others	(3.4)	-1.2%	(3.4)	-1.2%	(4.0)	-1.5%	-15.7%
Other Operating Revenues (Expenses)	0.4	0.1%	0.4	0.1%	0.6	0.2%	-27.7%
- Provisions	0.1	0.0%	0.1	0.0%	(1.1)	-0.4%	-107.6%
- Taxes	(0.733)	-0.3%	(0.7)	-0.3%	(0.3)	-0.1%	117.8%
- Other Operating Revenues	1.1	0.4%	1.1	0.4%	2.1	0.8%	-48.3%
Late Payment Fees	3.3	1.2%	3.3	1.2%	4.3	1.6%	-24.0%
Operating Result	121.0	42.9%	102.1	36.2%	94.9	35.8%	7.6%
- Corporate Expenses	(23.6)	-8.4%	(24.7)	-8.7%	(24.5)	-9.2%	0.7%
Adjusted EBITDA	97.4	34.6%	77.4	27.5%	70.4	26.6%	9.9%
(-) Late Payment Fees	(3.3)	-1.2%	(3.3)	-1.2%	(4.3)	-1.6%	-24.0%
(-) Non-Recurring Items - EBITDA	(1.8)	-0.7%	(1.8)	-0.7%	(6.1)	-2.3%	-69.7%
EBITDA	92.3	32.7%	72.3	25.6%	60.0	22.6%	20.5%
Depreciation & Amortization	(28.7)	-10.2%	(15.4)	-5.5%	(12.9)	-4.9%	19.7%
Equity Equivalence	(0.5)	-0.2%	(0.5)	-0.2%	(0.3)	-0.1%	55.0%
EBIT	63.1	22.4%	56.4	20.0%	46.8	17.7%	20.4%
Net Financial Result	(25.1)	-8.9%	(9.2)	-3.3%	(5.1)	-1.9%	80.0%
EBT	38.0	13.5%	47.2	16.7%	41.7	15.7%	13.1%
Income Tax and Social Contribution	0.1	0.0%	0.1	0.0%	(1.8)	-0.7%	-107.3%
Net Income	38.1	13.5%	47.3	16.8%	39.9	15.1%	18.4%
(-) Non-Recurring Items - EBITDA	1.8	0.7%	1.8	0.7%	6.1	2.3%	-69.7%
(-) Non-Recurring Items - Net Income	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0%
Adjusted Net Income	40.0	14.2%	49.1	17.4%	46.0	17.4%	6.7%

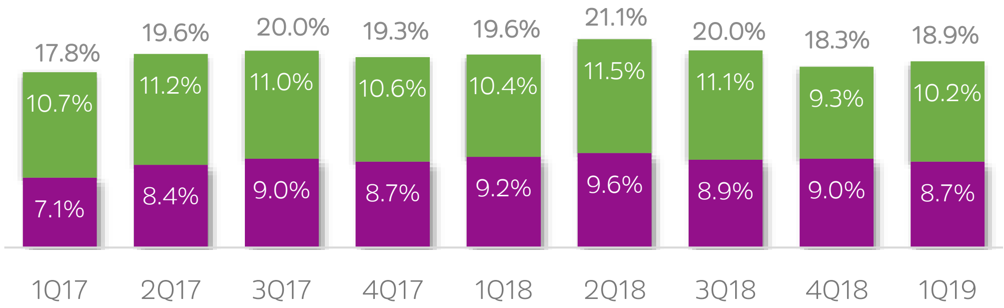
Corporate and G&A Expenses

Excluding the effect of IFRS-16, corporate expenses totaled R$24.7 million in 1Q19, or 8.7% of net revenue, representing a positive impact of 0.5pp on the margin compared to 1Q18. General and administrative expenses amounted to R$28.6 million in 1Q19, or 10.2% of net revenue, with a positive impact of 0.2pp on the margin versus 1Q18.

It is important to mention that we remained focused on reducing the Company's expenses as a whole, seeking new opportunities for greater efficiency gains. The results of these efforts can be clearly seen in the 1Q19 result, when the sum of corporate and G&A expenses of the business units reached 18.9% of net revenue, an improvement of 0.7pp over 1Q18.

Corporate and G&A Expenses

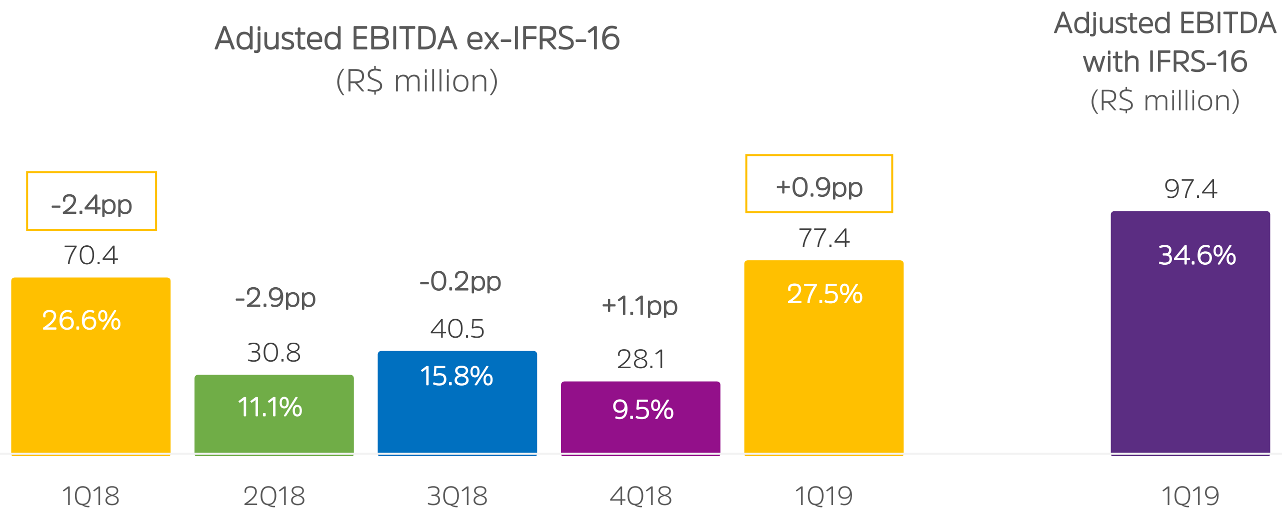
(as a % of Net Revenue)



(R$ million)

Adjusted EBITDA

Excluding the effect of IFRS-16, adjusted EBITDA totaled R$77.4 million in 1Q19 (+9.9% vs. 1Q18), with a margin of 27.5% (+0.9pp vs. 1Q18), in line with 1Q18.



Non-recurring Items

R$ (million)	1Q18	1Q19
Restructuring Expenses	(3.7)	(1.5)
GIT	(3.0)	(0.4)
Adjustment Accounts Receivable FIES	0.6	0.0
Total Non Recurring Items	**(6.1)**	**(1.8)**

Restructuring Expenses. As anticipated, in 1Q19, our non-recurring items were substantially lower than in 2018. The main item in this group was severance packages, which consumed R$1.5 million in 1Q19.

GIT. As we mentioned in recent quarters, in January 2018, we decided to simplify the operations of UniSociesc's Innovation and Management area (GIT) by discontinuing the tooling and laboratory analysis sectors and reducing their respective structures to the minimum necessary for fully carrying out entered into contracts. We continued to eliminate all the effects related to this business unit from the 1Q19 managerial results presented in this report (net revenue of R$0.6 million and an operating loss of R$0.4 million).

Le Cordon Bleu – Equity Income

The company formed in partnership with Le Cordon Bleu, which we recognize in our results using the equity method, recorded a loss of R$0.5 million in 1Q19, in line with the business plan.

Financial Result

R$ (million)	Consolidated Ânima with IFRS-16	Consolidated Ânima excl. IFRS-16	
	1Q19	1T19	1Q18
(+) Financial Revenue	8.2	8.2	7.2
Late payment fees	4.0	4.0	4.3
Interest on financial investments	2.0	2.0	1.4
Inflation adjustment - PN23 FIES acc. rec.	1.4	1.4	1.3
Other financial revenues	0.8	0.8	0.3
(-) Financial Expense	(33.3)	(17.4)	(12.3)
Financial debt interest expense[1]	(3.8)	(3.8)	(5.4)
Tax debt interest expenses	(0.0)	(0.0)	(0.1)
PraValer interest expenses	(7.3)	(7.3)	(3.7)
Accounts payable interest expenses (acquisitions)	(2.7)	(2.7)	(2.2)
Leasing Financial Expense[2]	(15.9)	0.0	0.0
Other financial expenses	(3.4)	(3.4)	(0.9)
Financial Result	(25.1)	(9.2)	(5.1)

[1]Includes gains and losses on derivatives related to foreign currency loan swap contracts
[2] Impact of the IFRS-16 as of 1Q19

Excluding the impact of IFRS-16, we closed 1Q19 with a net financial expense of R$9.2 million, versus a net financial expense of R$5.1 million in 1Q18. Financial revenue reached R$8.2 million (+R$1.0 million vs. 1Q18), while financial expenses came to R$17.4 million, an increase of R$5.1 million over 1Q18, mostly due to an upturn in PraValer interest expenses following its increased share of the intake and the progress of contracts from previous semesters, which are subject to higher discounts as the grace period increases.

Considering the impact of IFRS-16, our financial result was an expense of R$25.1 million in 1Q19, mainly due to a financial lease expense of R$15.9 million in the quarter, as a result of the new accounting method for rental and utilities.

Income Tax and Social Contribution

We reported a R$0.1 million income tax and social contribution credit in 1Q19, versus an expense of R$1.8 million in 1Q18. The variation was mainly due to the recognition of tax credits in 1Q19 related to the acquisitions made in 2018.

Adjusted Net Income

Excluding the effect of IFRS-16, adjusted net income totaled R$49.1 million in 1Q19 (+6.7% vs. 1Q18), with a margin of 17.4%, in line with 1Q18. Excluding managerial adjustments, net income totaled R$47.3 million in 1Q19, 18.4% higher than in 1Q18, with a margin increase of 1.7pp.

After the IFRS-16 reclassification, adjusted net income came to R$40.0 million, with a margin of 14.2%.

Cash and Net Debt

R$ (million)	Consolidated Ânima with IFRS-16	Consolidated Ânima excl. IFRS-16		
	MAR 19	MAR 19	DEC 18	MAR 18
(+) Cash and Cash Equivalents	136.7	136.7	185.4	100.7
Cash	44.5	44.5	99.5	26.3
Financial Investments	92.2	92.2	85.9	74.3
(-) Loans and Financing [1]	376.0	376.0	399.5	264.6
Short Term	80.0	80.0	82.4	61.9
Long Term	296.0	296.0	317.2	202.7
(-) Liability Lease (IFRS-16)	550.7			
Short Term	27.2			
Long Term	523.5			
(=) Net (Debt) Cash [2]	(790.0)	(239.3)	(214.1)	(163.9)
(-) Other Short and Long Term Obligations	103.2	103.2	101.8	75.2
(=) Net (Debt) Cash [3]	(893.2)	(342.5)	(315.9)	(239.1)

[1] Net of swap adjustment
[2] Considering financial debt (bank loans) only.
[3] Including obligations related to tax debt and acquisitions payables.

At the end of March 2019, cash and cash equivalents totaled R$136.7 million. Loans and financing came to R$376.0 million, a reduction of R$23.5 million since the end of 2018, mainly due to the amortization of credit operations. We stress that the debt maturity profile is diluted over the next five years, with no significant concentration.

Other short- and long-term obligations, mainly represented by accounts payable related to the acquisitions, amounted to R$103.2 million. As a result, excluding the effect of IFRS-16, we ended the quarter with net debt of R$342.5 million, representing leverage (net debt ÷ LTM adjusted EBITDA) of 1.9x.

The effects of the reclassification introduced by IFRS-16 represent a difference of R$550.7 million, related to the present value of rental agreements, which are now classified in liabilities at the same amount attributed to the right-of-use asset.

Accounts Receivable and Days of Sales Outstanding (DSO)

We ended 1Q19 with net accounts receivable of R$210.8 million. As we received the last FIES installment related to PN23 in June, we have not made managerial adjustments to the calculation of days of sales outstanding and accounts receivable since 2Q18.

	1Q19	4Q18	3Q18	2Q18	1Q18	Δ 1Q19 / 1Q18
Net Accounts Receivable	210.8	174.1	203.6	197.7	290.7	(79.9)
Adjusted Accounts Receivable FIES	0.0	0.0	0.0	0.0	(0.6)	0.6
Adjusted Net Accounts Receivable	**210.8**	**174.1**	**203.6**	**197.7**	**291.3**	**(80.5)**
to mature	135.5	94.1	127.6	110.3	225.7	(90.2)
until 180 days	54.2	58.5	57.8	67.8	47.9	6.4
between 180 and 360 days	14.9	15.9	13.0	14.4	12.5	2.4
between 361 and 720 days	6.1	5.6	5.1	5.3	5.2	0.9
more than 721 days	0.0	0.0	0.0	0.0	0.0	0.0

We closed the quarter with DSO (Days of Sales Outstanding) of 67 days, representing a 31-day decline from the same period last year.

Breaking down our accounts receivable, we recorded a DSO of 64 days for FIES receivables, a reduction of 139 days from 1Q18, due to the settlement of amounts related to PN23 that were still recorded in our financial statements at the end of 1Q18.

For non-FIES receivables, our DSO stood at 65 days, a year-on-year increase of 2 days. This was mostly driven by the lower provision for doubtful accounts of *PraValer* students who use the credit risk in our balance sheet, as we adjusted our PDA to the same criteria applied by PraValer to Ânima's student portfolio. In the other businesses line, we closed the quarter with a DSO of 155 days, an increase of 1 day compared to 1Q18.

Total	1Q19	4Q18	3Q18	2Q18	1Q18	Δ 1Q19 / 1Q18
Net Accounts Receivable	210.8	174.1	203.6	197.7	290.7	(79.9)
Adjusted Accounts Receivable FIES	0.0	0.0	0.0	0.0	(0.6)	0.6
Adjusted Net Accounts Receivable	210.8	174.1	203.6	197.7	291.3	(80.5)
Net Revenue (accumulative)	282.5	1,102.5	806.8	548.0	265.1	17.5
DSO	67	57	68	65	99	(31)

FIES	1Q19	4Q18	3Q18	2Q18	1Q18	Δ 1Q19 / 1Q18
Net Accounts Receivable	28.6	9.0	36.5	39.4	145.5	(116.9)
Adjusted Accounts Receivable FIES	0.0	0.0	0.0	0.0	(0.6)	0.6
Adjusted Net Accounts Receivable	28.6	9.0	36.5	39.4	146.1	(117.5)
Net Revenue (accumulative)	40.0	238.0	183.4	124.9	64.5	(24.6)
DSO	64	14	54	57	204	(139)

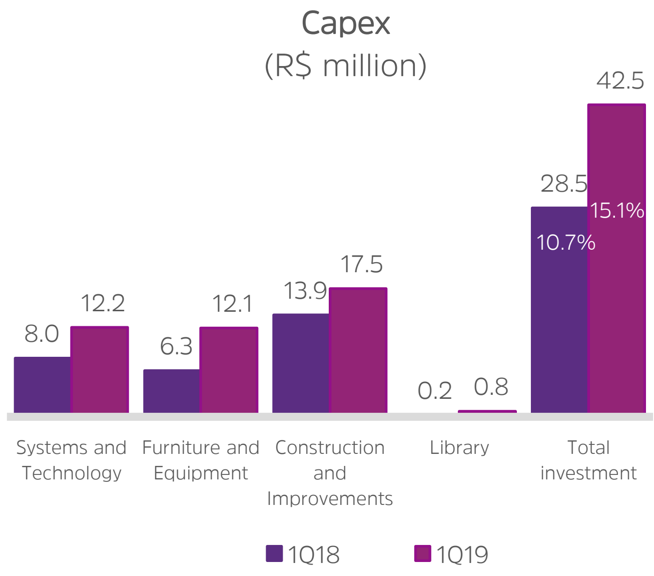
Non FIES	1Q19	4Q18	3Q18	2Q18	1Q18	Δ 1Q19 / 1Q18
Net Accounts Receivable	167.9	148.4	154.5	141.4	135.1	32.8
Net Revenue (accumulative)	233.0	786.0	583.4	393.3	195.8	37.1
DSO	65	68	72	65	63	2

Others	1Q19	4Q18	3Q18	2Q18	1Q18	Δ 1Q19 / 1Q18
Net Accounts Receivable	14.2	16.7	12.5	16.9	12.5	1.7
Net Revenue (accumulative)	8.3	78.5	40.0	29.8	4.7	3.6
DSO	155	76	85	102	154	1

*Weighted average DSO considering aquisitions in the last 12 months

Investments (CAPEX)

In 1Q19, CAPEX totaled R$42.5 million, or 15.1% of net revenue, 4.4pp more than the 10.7% reported in 1Q18. As expected, R$20.8 million (49%) was allocated to the organic expansion units, through increased maturity of the units opened between July 2016 and January 2018 and the opening of eight new units in January 2019.



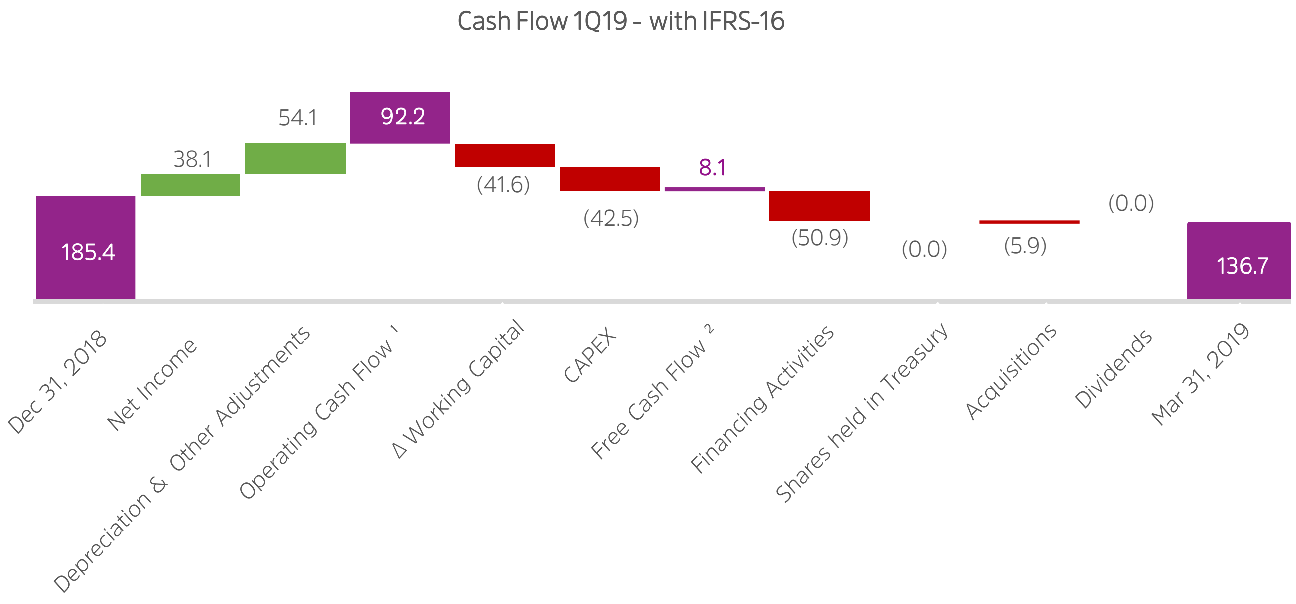
In addition to expansion, we also focused our investments in laboratories in both new and mature units, combined with continuous investment in the development of our educational systems and technological platform and in our digital transformation process.

Cash Flow

R$ (million)	With IFRS-16	Excl. IFRS-16	
	1Q19	1Q19	1Q18
Net Income	38.1	47.3	39.9
Non-Controlling Interest	0.0	0.0	0.0
Net Income before Non-Controlling Interest	38.1	47.3	39.9
Depreciation & Amortization	28.7	15.4	12.9
Interest expenses/revenues	25.3	9.4	5.1
Provisions for labor, tax and civil risks	(0.9)	(0.9)	1.3
Other non-cash adjustments	1.1	0.7	2.6
Operating Cash Flow	92.2	71.8	61.8
Δ Accounts receivable/PDA	(36.6)	(35.6)	(42.0)
Δ Other assets/liabilities	(5.0)	(4.5)	20.2
Working Capital Variance	(41.6)	(40.1)	(21.7)
Free Cash Flow before CAPEX	50.6	31.7	40.1
CAPEX - Fixed and Intangible	(42.5)	(42.5)	(28.5)
Free Cash Flow	8.1	(10.9)	11.6
Financing/Investments activities	(50.9)	(31.5)	(24.6)
Shares held in treasury	0.0	0.0	0.0
Acquisitions	(5.9)	(6.3)	(2.3)
Dividends	0.0	0.0	0.0
Capital Increase LCB - Ânima	0.0	0.0	0.0
Net Cash Flow from Financing Activities	(56.8)	(37.9)	(26.8)
Net Increase (Reduction) of Cash and Cash Equivalents	(48.7)	(48.7)	(15.2)
Cash at the begging of the period	185.4	185.4	115.9
Cash at the end of the period	136.7	136.7	100.7

Excluding the effect of IFRS-16, operating cash flow before working capital and CAPEX came to R$71.8 million in 1Q19 (+R$10.0 million vs. 1Q18). Free cash flow totaled R$31.7 million (-R$8.4 million vs. 1Q18), mainly impacted by changes in judicial deposits (-R$2.5 million vs. +6.5 million in 1Q18) and the reduction in tax, social security and payroll obligations (-R$11.6 million vs. -R$3.5 million in 1Q18).

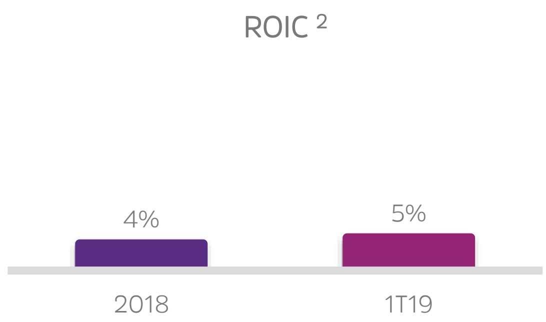
After CAPEX of R$42.5 million, including the acquisitions, free cash flow was negative R$10.9 million. As Q2A receives the highest inflow of CAPEX, with results in line with the business plan, we consider the current cash flow level to be appropriate. As a result, we closed 1Q19 with cash and financial investments of R$136.7 million.

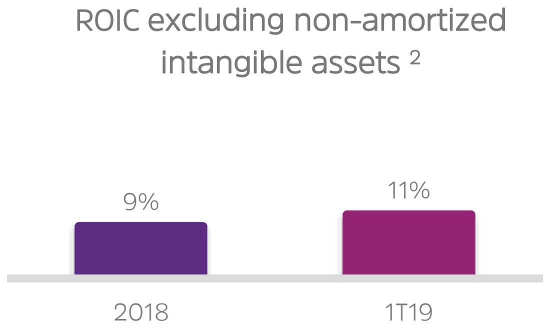


[1] Operating Cash Flow = Net Result + Depreciation & Other Non-Cash Items
[2] Free Cash Flow = Operating Cash Flow – Working Capital – CAPEX

Return on Invested Capital (ROIC)

We monitor our financial performance through our return on invested capital (ROIC) and are working on delivering improvements in this indicator. In 1Q19, excluding the effect of IFRS-16[1], ROIC improved 0.9pp over 1Q18, reaching 5%. Our ROIC excluding non-amortized intangible assets came to 11% in 1Q19, up 1.0pp over 1Q18.





[1] As we adopted the prospective methodology for the accounting reclassification introduced by IFRS-16, the calculation of ROIC, which takes into consideration EBIT in the last 12 months, will be restated considering the effects of IFRS-16 as of 4Q19.

[2] ROIC = LTM EBIT* (1- effective tax rate) ÷ avg. invested capital.
Invested Capital = net working capital + long-term FIES accounts receivable + net fixed assets.

APPENDIX 1 – Reconciliation of the 1Q19 Income Statement and the effect of IFRS-16

Ânima Consolidated R$ (million)	1Q19 - excl. IFRS-16					
	Release Income Statement	Depreciation & Amortization	Corporate Expenses	Late Payment Fees	Non-Recurring Items	IFRS Income Statement
Gross Revenue	533.4		0.0		0.8	534.2
Discounts, Deductions & Scholarships	(243.0)		0.0		(0.0)	(243.0)
Taxes	(8.5)		0.0		(0.2)	(8.6)
Net Revenue	281.9	0.0	0.0	0.0	0.6	282.5
Cash Cost of Services	(130.2)	(9.6)	(0.0)	0.0	(1.1)	(140.9)
- Personnel	(90.7)		0.0		(0.4)	(91.0)
- Services from Third Parties	(7.6)		(0.0)		(0.0)	(7.7)
- COGS	(0.0)		0.0		(0.6)	(0.6)
- Rental & Utilities	(24.5)		(0.0)		0.0	(24.5)
- Others	(7.5)	(9.6)	0.0		(0.0)	(17.1)
Gross Profit (exclud. deprec. /amort.)	151.7	(9.6)	0.0	0.0	(0.4)	141.6
Sales Expenses	(24.7)	0.0	(0.4)	0.0	(0.3)	(25.4)
- Provision for Doubtful Accounts (PDA)	(7.3)		0.0		(0.3)	(7.7)
- Marketing	(17.3)		(0.4)		0.0	(17.7)
General & Administrative Expenses	(28.6)	(5.8)	(26.4)	0.0	(0.7)	(61.5)
- Personnel	(22.7)		(15.7)		(0.7)	(39.1)
- Third Party Services	(2.3)		(5.8)		0.0	(8.1)
- Rental & Utilities	(0.3)		(1.5)		0.0	(1.7)
- Others	(3.4)	(5.8)	(3.4)		0.0	(12.6)
Other Operating Revenues (Expenses)	0.4	0.0	1.7	0.0	0.0	2.2
- Provisions	0.1		(0.2)		0.0	(0.1)
- Taxes	(0.7)		(0.4)		0.0	(1.1)
- Other Operating Revenues	1.1		2.3		0.0	3.3
Late Payment Fees	3.3			(3.3)		0.0
Operating Result	102.1	(15.4)	(25.0)	(3.3)	(1.5)	56.9
- Corporate Expenses	(24.7)		25.0		(0.4)	0.0
Adjusted EBITDA	77.4	(15.4)	0.0	(3.3)	(1.8)	56.9
(-) Late Payment Fees	(3.3)			3.3		0.0
(-) Non-Recurring Items - EBITDA	(1.8)				1.8	0.0
EBITDA	72.3	(15.4)	0.0	0.0	0.0	56.9
Depreciation & Amortization	(15.4)	15.4				0.0
Equity Equivalence	(0.5)					(0.5)
EBIT	56.4	(0.0)	0.0	0.0	0.0	56.4
Net Financial Result	(9.2)					(9.2)
EBT	47.2	(0.0)	0.0	0.0	0.0	47.2
Income Tax and Social Contribution	0.1					0.1
Net Income	47.3	(0.0)	0.0	0.0	0.0	47.3
(-) Non-Recurring Items - EBITDA	1.8				(1.8)	0.0
(-) Non-Recurring Items - Net Income	0.0				0.0	0.0
Adjusted Net Income	49.1	(0.0)	0.0	0.0	(1.8)	47.3

Consolidated Ânima R$ (million)	1Q19 - with IFRS-16					
	Release Income Statement	Depreciation & Amortization	Corporate Expenses	Late Payment Fees	Non-Recurring Items	IFRS Income Statement
Gross Revenue	533.4		0.0		0.8	534.2
Discounts, Deductions & Scholarships	(243.0)		0.0		(0.0)	(243.0)
Taxes	(8.5)		0.0		(0.2)	(8.6)
Net Revenue	281.9	0.0	0.0	0.0	0.6	282.5
Cash Cost of Services	(111.4)	(21.8)	(0.0)	0.0	(1.1)	(134.3)
- Personnel	(90.7)		0.0		(0.4)	(91.0)
- Services from Third Parties	(7.6)		(0.0)		(0.0)	(7.7)
- COGS	(0.0)		0.0		(0.6)	(0.6)
- Rental & Utilities	(5.6)		(0.0)		0.0	(5.6)
- Others	(7.5)	(21.8)	0.0		(0.0)	(29.3)
Gross Profit (exclud. deprec. /amort.)	170.5	(21.8)	0.0	0.0	(0.4)	148.3
Sales Expenses	(24.7)	0.0	(0.4)	0.0	(0.3)	(25.4)
- Provision for Doubtful Accounts (PDA)	(7.3)		0.0		(0.3)	(7.7)
- Marketing	(17.3)		(0.4)		0.0	(17.7)
General & Administrative Expenses	(28.5)	(6.9)	(25.4)	0.0	(0.7)	(61.4)
- Personnel	(22.7)		(15.7)		(0.7)	(39.1)
- Third Party Services	(2.3)		(5.8)		0.0	(8.1)
- Rental & Utilities	(0.1)		(0.4)		0.0	(0.5)
- Others	(3.4)	(6.9)	(3.4)		0.0	(13.7)
Other Operating Revenues (Expenses)	0.4	0.0	1.7	0.0	0.0	2.2
- Provisions	0.1		(0.2)		0.0	(0.1)
- Taxes	(0.7)		(0.4)		0.0	(1.1)
- Other Operating Revenues	1.1		2.3		0.0	3.3
Late Payment Fees	3.3			(3.3)		0.0
Operating Result	121.0	(28.7)	(24.0)	(3.3)	(1.5)	63.6
- Corporate Expenses	(23.6)		24.0		(0.4)	0.0
Adjusted EBITDA	97.4	(28.7)	0.0	(3.3)	(1.8)	63.6
(-) Late Payment Fees	(3.3)			3.3		0.0
(-) Non-Recurring Items - EBITDA	(1.8)				1.8	0.0
EBITDA	92.3	(28.7)	0.0	0.0	0.0	63.6
Depreciation & Amortization	(28.7)	28.7				0.0
Equity Equivalence	(0.5)					(0.5)
EBIT	63.1	(0.0)	0.0	0.0	0.0	63.1
Net Financial Result	(25.1)					(25.1)
EBT	38.0	(0.0)	0.0	0.0	0.0	38.0
Income Tax and Social Contribution	0.1					0.1
Net Income	38.1	(0.0)	0.0	0.0	0.0	38.1
(-) Non-Recurring Items - EBITDA	1.8				(1.8)	0.0
(-) Non-Recurring Items - Net Income	0.0				0.0	0.0
Adjusted Net Income	40.0	(0.0)	0.0	0.0	(1.8)	38.1

Consolidated Ânima R$ (million)	1Q19 - Release Income Statement		
	Excl. IFRS-16	With IFRS-16	IFRS-16 Effect
Gross Revenue	533.4	533.4	0.0
Discounts, Deductions & Scholarships	(243.0)	(243.0)	0.0
Taxes	(8.5)	(8.5)	0.0
Net Revenue	281.9	281.9	0.0
Cash Cost of Services	(130.2)	(111.4)	18.8
- Personnel	(90.7)	(90.7)	0.0
- Services from Third Parties	(7.6)	(7.6)	0.0
- COGS	(0.0)	(0.0)	0.0
- Rental & Utilities	(24.5)	(5.6)	18.8
- Others	(7.5)	(7.5)	0.0
Gross Profit (exclud. deprec. /amort.)	151.7	170.5	18.8
Sales Expenses	(24.7)	(24.7)	0.0
- Provision for Doubtful Accounts (PDA)	(7.3)	(7.3)	0.0
- Marketing	(17.3)	(17.3)	0.0
General & Administrative Expenses	(28.6)	(28.5)	0.2
- Personnel	(22.7)	(22.7)	0.0
- Third Party Services	(2.3)	(2.3)	0.0
- Rental & Utilities	(0.3)	(0.1)	0.2
- Others	(3.4)	(3.4)	0.0
Other Operating Revenues (Expenses)	0.4	0.4	0.0
- Provisions	0.1	0.1	0.0
- Taxes	(0.7)	(0.7)	0.0
- Other Operating Revenues	1.1	1.1	0.0
Late Payment Fees	3.3	3.3	0.0
Operating Result	102.1	121.0	19.0
- Corporate Expenses	(24.7)	(23.6)	1.0
Adjusted EBITDA	77.4	97.4	20.0
(-) Late Payment Fees	(3.3)	(3.3)	0.0
(-) Non-Recurring Items - EBITDA	(1.8)	(1.8)	0.0
EBITDA	72.3	92.3	20.0
Depreciation & Amortization	(15.4)	(28.7)	(13.3)
Equity Equivalence	(0.5)	(0.5)	0.0
EBIT	56.4	63.1	6.7
Net Financial Result	(9.2)	(25.1)	(15.9)
EBT	47.2	38.0	(9.2)
Income Tax and Social Contribution	0.1	0.1	0.0
Net Income	47.3	38.1	(9.2)
(-) Non-Recurring Items - EBITDA	1.8	1.8	0.0
(-) Non-Recurring Items - Net Income	0.0	0.0	0.0
Adjusted Net Income	49.1	40.0	(9.2)

APPENDIX 2 – Income Statement – IFRS

	With IFRS-16	Excl. IFRS-16	
	1Q19	1Q19	1Q18
Net Revenue	282.5	282.5	266.8
COST OF SERVICES	(134.3)	(140.9)	(140.5)
Gross (Loss) Profit	148.3	141.6	126.3
OPERATING (EXPENSES) / INCOME	(85.2)	(85.2)	(79.5)
Commercial	(25.4)	(25.4)	(21.6)
General and administrative	(61.4)	(61.5)	(58.3)
Equity income	(0.5)	(0.5)	(0.3)
Other operating (expenses) revenues	2.2	2.2	0.7
Income before Financial Result	63.1	56.4	46.8
Financial interest income	11.2	11.2	11.0
Financial interest expenses	(36.3)	(20.4)	(16.1)
Net (Loss) Income before Taxes	38.0	47.2	41.7
Income tax and social contribution, current and deferred	0.1	0.1	(1.8)
Net Income or Loss for the Period	38.1	47.3	39.9

APPENDIX 3 – Balance Sheet – IFRS

Assets	MAR 19	MAR 18	DEC 18
Current Assets	389.3	432.9	408.2
Cash and cash equivalents	44.5	26.3	99.5
Cash & financial investments	92.2	74.3	85.9
Accounts receivable	210.8	290.5	174.1
Prepaid expenses	21.3	19.5	31.6
Recoverable taxes	6.2	9.0	9.7
Derivatives	1.6	0.1	1.8
Other current assets	12.6	13.1	5.6
Non-Current Assets	1,614.3	935.7	1,038.3
Accounts receivable	-	0.1	-
Prepaid expenses	6.0	10.6	7.2
Judicial deposits	53.6	40.2	50.3
Credit with related parties	9.7	0.2	9.5
Recoverable taxes	14.1	15.4	12.2
Deferred income tax and social contribution	1.6	1.6	1.6
Derivatives	1.4	-	0.9
Other non-current assets	36.6	31.5	37.3
Investments	-	2.4	0.2
Fixed	846.0	263.1	301.8
Intangible	645.4	570.7	617.1
Total Assets	2,003.5	1,368.6	1,446.5

Liabilities	MAR 19	MAR 18	DEC 18
Current Liabilities	251.2	231.2	231.6
Supplier	27.1	34.0	31.0
Loans	105.5	56.9	80.5
Personnel	62.5	61.3	69.5
Taxes payable	12.9	13.3	18.8
Advances from clients	25.2	29.5	16.9
Tax debt installments	-	0.1	-
Accounts payables	16.3	9.7	13.3
Dividends payables	0.6	20.2	0.6
Derivatives	0.1	5.0	-
Other current liabilities	1.0	1.1	1.0
Non-Current Liabilities	1,049.0	401.0	549.6
Loans	818.1	200.3	316.3
Accounts payables	84.2	62.5	85.7
Debit with related parties	0.0	0.0	0.0
Client advances	-	-	-
Tax debt installments	2.7	2.9	2.7
Deferred income tax and social contribution	44.8	40.0	44.5
Provisions for risks	96.4	89.7	97.9
Derivatives	-	2.3	-
Other non-current liabilities	2.4	3.2	2.5
Provision for investment losses	0.3		
Shareholder Equity	703.4	736.4	665.2
Capital Stock	496.4	496.4	496.4
Capital reserve	5.9	6.6	5.9
Earnings reserve	248.1	277.2	248.1
Shares in treasury	(15.6)	(14.2)	(15.6)
Asset valuation adjustment	(69.6)	(69.6)	(69.6)
Retained earnings	38.1	39.9	0.0
Minority shareholders interest	-	-	-
Total Liabilities and Shareholder Equity	2,003.5	1,368.6	1,446.5

APPENDIX 4 – Cash Flow – IFRS

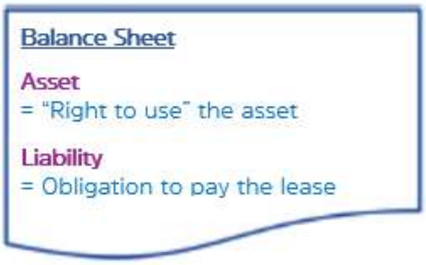
	With IFRS-16	Excl. IFRS-16	
	1Q19	1Q19	1Q18
Net Income for the period	38.1	47.3	39.9
Adjustments:		-	
Allowance for doubtful accounts	7.6	7.7	9.8
Reversal (restatement) of escrow deposits	(1.0)	(1.0)	0.2
Depreciation and amortization	28.7	15.4	12.9
Decrease in residual value of fixed and intangible assets	0.3	0.3	0.0
Equity income	0.5	0.5	0.3
Third party loans update	(0.6)	(0.6)	(0.5)
Losses from Loans with related parties	-	-	-
PUT option premium adjustment	-	-	-
Interest on loans, financing, debenutres and tax installments	6.7	6.7	4.6
Constitution, reversal and update of provision for labor, tax and civil risks	0.1	0.1	1.0
Present value adjustments to accounts payable	18.6	2.7	2.2
FIES revenues regarding present value adjustments and monetary restatement	(0.1)	(0.1)	(1.7)
Share repurchase program bonuses	(0.0)	(0.0)	0.0
Shares granted to employees (Dádiva)	-	-	-
Alienation of treasury shares	-	-	-
Interest on loans with related parties	-	-	-
Deferred income tax and social contribution	0.3	(0.1)	1.8
Losses with investments	-	-	-
Losses with provision for imparment	-	-	-
Losses from the sale of fixed and intangible assets	-	-	-
Interest on tax expenses	-	-	-
Gain on acquisition of investment / installment	-	-	-
Inventory and net assets write-off	-	-	-
Fairvalue ofderivatives	0.6	0.6	1.0
	99.8	79.5	71.6
Change in operating assets and liabilities			
Decrease (increase) in trade receivables	(44.2)	(43.3)	(51.7)
Decrease (increase) in sundry advances	12.1	12.1	12.5
Decrease (increase) in escrow deposits	(2.5)	(2.5)	6.5
Decrease (increase) in recoverable taxes and contributions	1.6	1.6	0.8
Decrease (increase) in other assets	(5.6)	(5.6)	(6.4)
Increase (decrease) in trade payables	(3.9)	(3.3)	0.2
Increase (decrease) in payroll and related taxes	(11.5)	(11.6)	(3.5)
Increase (decrease) in advances from clients	8.3	8.3	12.0
Increase (decrease) of taxes and contributions paid in installments	(0.0)	(0.0)	(0.3)
Increase (decrease) in accounts payable	2.4	(1.3)	0.1
Increase (decrease) of provision for tax, civil and labor risks	(3.4)	(3.5)	(1.6)
Increase (decrease) in other liabilities	(0.2)	(0.2)	(0.3)
Cash from operations	(46.8)	(49.1)	(31.7)
Interest paid	(7.5)	(7.5)	(8.2)
Income tax and social contribution paid	-	-	-
Net cash flow from operating activities	45.5	22.9	31.7
Cash Flow from Investment Activities			
Loans with related parties			
Concessions	(0.2)	(0.2)	-
Receipts	-	-	0.2
Subsidiary capital increase	-	-	-
Acquisitions net of cash and equivalents	(4.7)	(1.4)	-
(Redemption) investment of financial investments	(4.1)	(4.1)	9.2
Yields from financial investments	(2.2)	(2.2)	(1.5)
Acquisition of property and equipment	(35.9)	(35.9)	(24.5)
Acquisition of intangible assets	(6.6)	(6.6)	(4.0)
Net cash flow (applied) from investment activities	(53.7)	(50.4)	(20.7)
Cash Flow from Financial Activities			
Loans with related parties			
Funding	0.0	-	-
Amortizations	(0.0)	-	-
Loans and financing		-	
Funding	0.0	0.0	-
Amortizations	(43.0)	(23.6)	(14.5)
Gains (Losses) with Derivatives	(0.3)	(0.3)	(1.7)
Accounts payable amontization on controlling acquisitions	(3.6)	(3.6)	(2.4)
IPO costs	-	-	-
Acquisition of non-controlling interest	-	-	-
Capital increase	-	-	-
Shares held in treasury	-	-	-
Dividends paid	-	-	-
Net cash (applied to) flow from financing activities	(46.9)	(27.5)	(18.6)
Cash (Applied) Flow for the Period	(55.0)	(55.0)	(7.6)
Change in Cash and Cash Equivalents			
Cash at the begging of the period	99.5	99.5	33.9
Cash at the end of the period	44.5	44.5	26.3
Increase (Decrease) of Cash and Cash Equivalents	(55.0)	(55.0)	(7.6)

APPENDIX 5 – IFRS-16

In January 2019, the new accounting standard IFRS-16 – Leases came into effect (in Brazil, this corresponds to Technical Pronouncement CPC 06 (R2)), changing the criteria whereby contracts encompassing the right to use assets are recognized, with the explicit purpose to include in the balance sheet most leases held by a lessee.

In addition to the effects on the balances and financial statements of the lessee, there are changes in accounting records throughout the lease term. At Ânima, the impact is related to rental agreements, as all our academic and administrative units are leased, most of them at significant amounts, thus falling under the scope of the new standard.

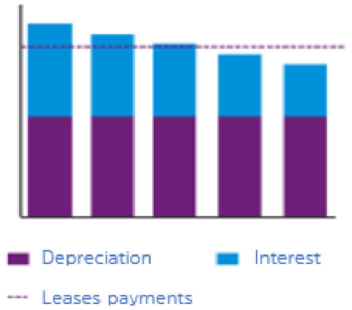
The overall impact estimated on the financial statements of lessees is shown below:

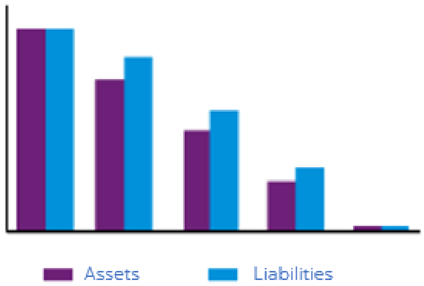


In the balance sheet, the accounting change is the following: under assets, we now recognize the right to use assets for all our rental agreements and, under liabilities, we recognize the obligation related to the present value of such agreements as debt.

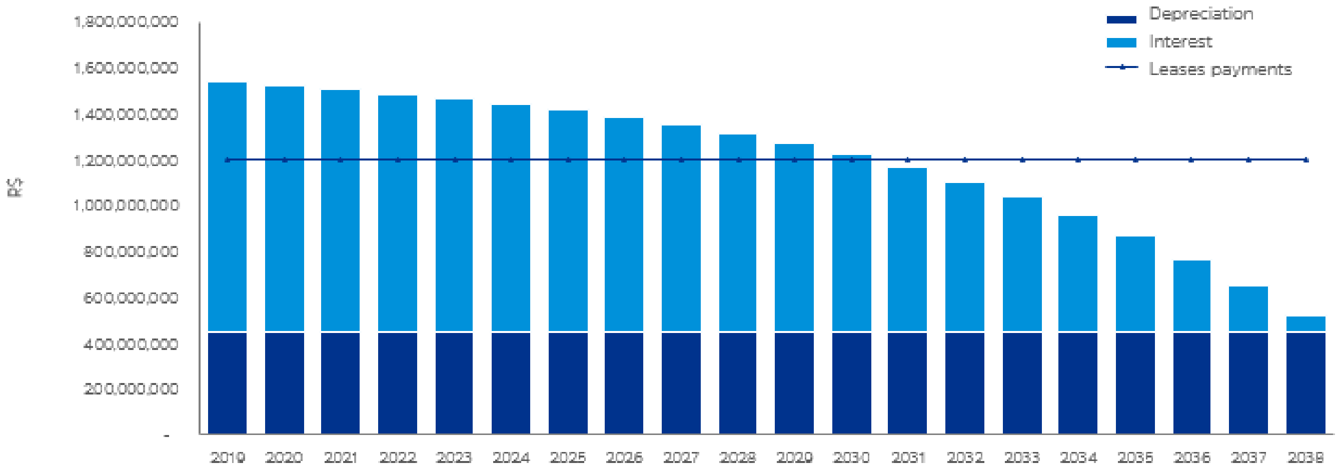
In the income statement, lease expenses are now replaced with expenses related to the depreciation of right-of-use assets, in addition to financial expenses arising from the lease liability cost.

As a result of the financial expenses determined on the liability amortized cost, companies will record larger expenses upon the beginning of the lease term for most contracts, as lease payments and the depreciation of right-of-use assets do not range in value, but interest expenses are higher when contracts enter into effect, as shown below:



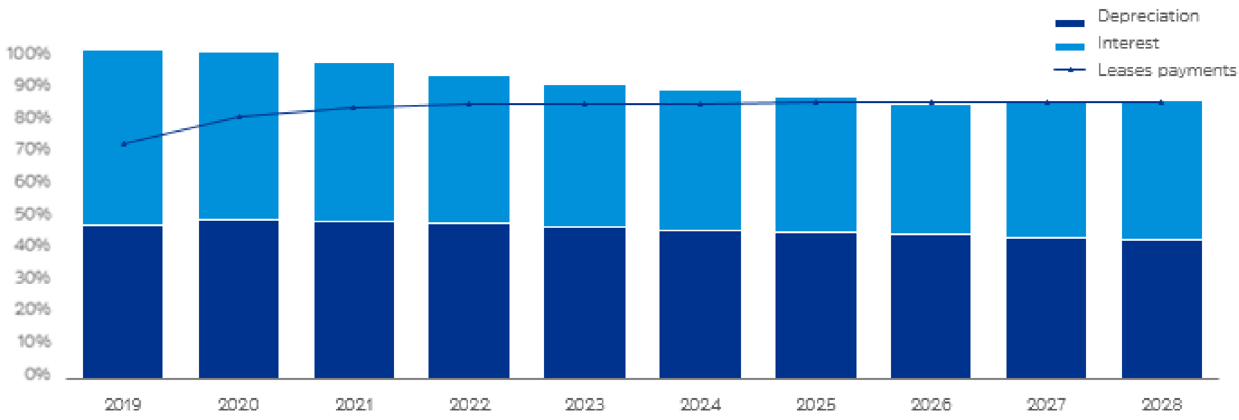


As an illustration, we simulated the case of a single rental agreement with a 20-year term and monthly fee of R$100,000.00. The effect on net result is nonexistent considering the full term of the agreement, as follows:



Accordingly, although this change in classification is strictly accounting in nature, the new standard affects the calculation of EBITDA, as lease expenses are no longer considered (in our case, positive impact of R$20 million this quarter). Net income, in turn, is negatively impacted in the beginning by R$9.2 million, deriving from expenses related to depreciation of right-of-use assets and financial liabilities that combined reach R$29.2 million in 1Q19.

Considering the actual data of the current property portfolio leased by Ânima and simulating the impact on net results under a forward 10-year period, where initial expenses correspond to total asset depreciation + liability interest in 2019 over a 100 base, the result is the following:



Based on the simulation, net results will be affected in first years, due to higher financial expenses upon the beginning of the lease term for most contracts, which will then follow a downward trend in subsequent years, reaching the same level as the leases amount in 2025.

It is worth noting that this is a change in strictly accounting classification, with no cash effect, therefore, neutral to the management of our operations.