
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES
EXCHANGE ACT OF 1934

For the month of May 2021
Commission File Number: 001-39519

Vitru Limited

(Exact name of registrant as specified in its charter)
**Rodovia José Carlos Daux, 5500, Torre Jurerê A,
2nd floor, Saco Grande, Florianópolis, State of
Santa Catarina, 88032-005, Brazil**
+55 (47) 3281-9500
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F _____ _____ Form 40-F _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes _____ No _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes _____ No _____

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Exhibit No.	Description
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99.1	Earnings Release dated May 26, 2021 – Vitru Limited First Quarter 2021 Financial Results
99.2	Vitru Limited – Unaudited Interim Condensed Consolidated Financial Statements for the three-month ended March 31, 2021

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Vitru Limited.

By: /s/ Carlos Henrique Boquimpani de Freitas

Name: Carlos Henrique Boquimpani de Freitas

Title: Chief Financial Officer

Date: May 26, 2021

VITRU
LIMITED
Announces
First
Quarter 2021
Financial
Results



Florianopolis, Brazil, May 26, 2021 – Vitru Limited, or Vitru (Nasdaq: VTRU), the leading pure digital education group in the post-secondary digital education market in Brazil, today reported financial and operating results for the three months period ended March 31, 2021 (first quarter 2021 or 1Q21). Financial results are expressed in Brazilian Reais and are presented in accordance with International Financial Reporting Standards (IFRS). Vitru operates its hubs under the **UNIASSELVI** brand with almost 321 thousand students in digital education undergraduate and graduate courses, more than 3.3 thousand tutors and 743 hubs distributed throughout Brazil.

1Q21 Vitru’s results confirming our DNA of accelerated growth combined with value creation

To our shareholders

During the past quarter, we maintained our solid growth trajectory while focusing on operational and quality drivers. Although the challenges and uncertainties of the Covid-19 pandemic are still present, we managed to substantially expand our intake, students base and margins.

The intake process for the first semester of 2021 resulted in a growth of 32% when compared to the same period in 2020. The average ticket for the intake in 1H21 (normalized when taking into account a full semester of revenues contribution after the intake) was virtually stable vs 1H20, which confirms the resilience of our academic model. Meanwhile we reached 743 hubs all over Brazil, almost 90% of them still in maturation, which confirms our ability to quickly expand our presence so more and more students can benefit from our high-satisfaction academic model at an affordable price. Growth was particularly noticeable in the Southeast Region, Brazil’s largest in population, where we increased our students base by 85% in 1Q21 vs 1Q20.

Net Revenue increased 17.2% in 1Q21 vs 1Q20, led by our Digital Education segments (Undergraduate and Graduate). While delivering an attractive service to our students, we also had important improvements in operational leverage. After a successful pilot project developed in 2020, we launched in 1Q21 the Flex Courses concept, a new academic model to offer our class-based, tutor-centric experience in smaller cities in Brazil, and hence serve students that would be reached in our traditional model. With this and other initiatives, in 1Q21 our Adjusted EBITDA margin increased to 26.7%, 4.3p.p higher than in 1Q20, leading to a 39.6% YoY growth in Adjusted EBITDA, to R\$ 40.2 million.

Looking forward, we keep focused on boosting growth both organically and inorganically. Among the organic initiatives, besides the continued expansion and maturation of our hubs base, I would like to highlight the decision to extend the offering of technical courses throughout Brazil, after the success of the pilot project launched earlier this year. Regarding M&A opportunities, we are advancing in the analysis and negotiation of some opportunities which we hope to announce soon, aligned to our digital strategy and to the use of proceeds stated during our IPO process.

We believe that the prospects for the digital education segment are significant, given the changes in studying habits brought by the pandemic. Our numbers and continued growth confirm our positive vision for Vitru and the overall digital education activity. And we will endeavor to fulfil our mission of positively impacting the lives of hundreds of thousands of Brazilians through our high-quality digital education offerings.

Pedro Graça, Vitru’s CEO

1Q21 Results

CONFERENCE CALL AND WEBCAST INFORMATION

Vitru will discuss its first quarter 2021 results via conference call.

When: Wednesday, May 26th, 2021 at 4:30 p.m. ET (5:30 p.m. BR).

Dial-in: +(833) 614-1391 (U.S. Toll-Free); +1 (914) 987-7112 (International).

Conference ID: 2578317.

Webcast: <https://investors.vitru.com.br/>

Replay: available at our website.

Carlos Freitas
Chief Financial and Investor Relations Officer

Maria Carolina de Freitas Gonçalves
Investor Relations Contact

Investor Relations Manager
ir@vitru.com

1Q21 Results

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1Q21 highlights

- **Strong intake** in 1st semester 2021 (**increase of 32%** vs the same period of 2020) even with the delay of the ENEM¹ and the current economic crisis, confirming the **resilience** of our model;
- Nearly **321 thousand** digital education students, with relevant growth in the **Southeastern region**;
- **Net revenue** in the core **DE (Digital Education) Undergraduate** business increasing **19.7%** in 1Q21 vs 1Q20, with Consolidated Net Revenues up 17.2%;
- Consolidated **Adjusted EBITDA** increased **39.6%** in 1Q21 vs 1Q20, with Adjusted EBITDA Margin increasing 4.3 percentage points (p.p.) to **26.7%** in 1Q21;
- **Adjusted Net Income** down **37.5%** in 1Q21 vs 1Q20, due to the recognition in 1Q20 of deferred tax assets (one-off positive event);
- **Adjusted Cash Flow from Operations** increased **54.9%** to R\$ 39.2 million in 1Q21, with a solid improvement in Adjusted Cash Flow Conversion from Operations to **107.1%** (vs 96.6% in 1Q20).

¹ ENEM is a non-mandatory, standardized Brazilian national exam, taken at the end of high school in Brazil.

Table 1: Key financial highlights

R\$ million (except otherwise stated)	1Q20	1Q21	% Chg
Net Revenue	128.6	150.7	17.2%
DE Undergraduate Net Revenue	100.6	120.4	19.7%
Adjusted EBITDA ¹	28.8	40.2	39.6%
Adjusted EBITDA Margin	22.4%	26.7%	4.3pp
Adjusted Net Income ²	25.6	16.0	-37.5%
Cash flow from operations	27.6	45.9	66.3%
Adjusted cash flow conversion from operations ³	96.6%	107.1%	10.5pp

- (1) For a reconciliation of Adjusted EBITDA see “—Reconciliations of Non-GAAP Financial Measures—Reconciliation between Adjusted EBITDA” at the end of this document.
- (2) For a reconciliation of Adjusted Net Income, see “—Reconciliations of Non-GAAP Financial Measures—Reconciliation of Adjusted Net Income” at the end of this document.
- (3) For a reconciliation of Adjusted Cash Flow Conversion from Operations, see “—Reconciliations of Non-GAAP Financial Measures—Reconciliation of Adjusted Cash Flow Conversion from Operations” at the end of this document.

1Q21 Results

Businesses Seasonality

Vitru’s digital education undergraduate courses are structured around separate monthly modules. This enables students to enroll in digital education courses at any time during a semester. Despite this flexibility, Vitru generally experiences a higher number of enrollments in the first semester of each year than in the second semester of each year, due to the high school calendar in Brazil, where classes conclude in December. New enrollments in Digital Education Undergraduate courses are concentrated in the 1st and 3rd quarters (beginning of academic semesters in Brazil).

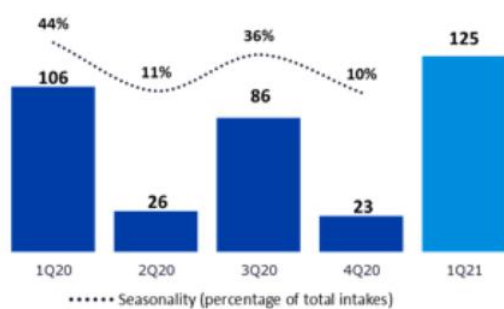
The seasonality in enrollments has a direct impact on revenues. In addition, Vitru generally records higher revenue in the second and fourth quarters of each year reflecting the impact of the dynamics of the intake cycle.

Additionally, a significant portion of expenses are also seasonal. For example, due to the nature of the intake cycle, a relevant amount of selling and marketing expenses are incurred in connection with the first semester intake, particularly in the first quarter of each year.

Below is the breakdown of the consolidated Adjusted EBITDA and the intake of the Digital Education Undergraduate segment over the past four quarters of the financial year ended on December 31, 2020 and the first quarter of 2021:

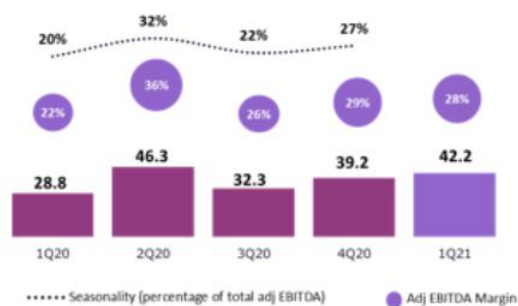
Undergraduate Digital Education Intakes

(# Students '000)



Consolidated Adjusted EBITDA

(R\$ Million)



1Q21 Results

OPERATING RESULTS

Students base and hubs

The number of enrolled students is a relevant operational metric for Vitru. As of March 31, 2021 Vitru had 328.8 thousand students enrolled in the courses provided, an increase of 14.7% over the same period of the prior year.

Another relevant metric is the percentage of digital education students to total enrolled students, which best demonstrates the focus on digital education (comprising both undergraduate courses and continuing education courses) and its relevance to the services offered. As of March 31, 2021 students enrolled in digital education represented 97.5% of the total number of enrolled students, up 0.9 percentage point (pp) from the same period of the prior year.

It is important to highlight that the number of hubs is one of the drivers that enable the Company to increase its enrolled students base. A relevant portion of Vitru's growth is driven by the expansion and subsequent maturation of the hubs.

Vitru has substantially expanded its operations and geographic presence throughout Brazil with the opening of new hubs in the last years. In fact, 88.8% of the current 743 hubs are still ramping up, representing a substantial growth avenue: the current maturation ratio of such hubs is only 32.1%. The Company estimates that a typical hub reaches its full capacity in terms of the number of students (and hence is deemed to be mature) after seven or eight years of operations.

Table 2: Student base and hubs

'000 and %	1Q20	4Q20	1Q21	Δ1Q21 x 1Q20	Δ1Q21 x 4Q20
Total enrolled students	286.5	309.6	328.8	14.7%	6.2%
% Digital education to total enrolled students	96.6%	97.4%	97.5%	0.9 pp	0.1 pp
Number of digital education students	276.9	301.6	320.6	15.8%	6.3%
<i>Undergraduate students</i>	232.9	257.0	272.8	17.1%	6.1%
<i>Graduate students</i>	44.0	44.6	47.8	8.6%	7.2%
Number of hubs	562	709	743	32.2%	4.8%
<i>% of Expansion hubs (i.e. excluding Base hubs)</i>	85.1%	88.3%	88.8%	3.7 pp	0.5 pp
<i>Theoretical maturation index ⁽ⁱ⁾</i>	32.1%	30.1%	32.1%	0.0 pp	2.0 pp

⁽ⁱ⁾ The Company calculates the theoretical maturation index as the actual number of students per hub of the Expansion hubs divided by theoretical number of students it expects to achieve as of the maturity of the same hubs. The index comprises all Expansion hubs as of end of each period, and hence it can actually decrease in a given quarter as new Expansion hubs are opened.

1Q21 Results

Tuition and Ticket

Table 3: Tuitions and ticket

	1Q20	1Q21	% Chg
Digital Education Undergraduate Tuitions (R\$ MM) ⁽ⁱ⁾	162.2	181.9	12.1%
Average Ticket DE undergraduate (R\$/month) ⁽ⁱⁱ⁾	289.4	277.0	-4.3%

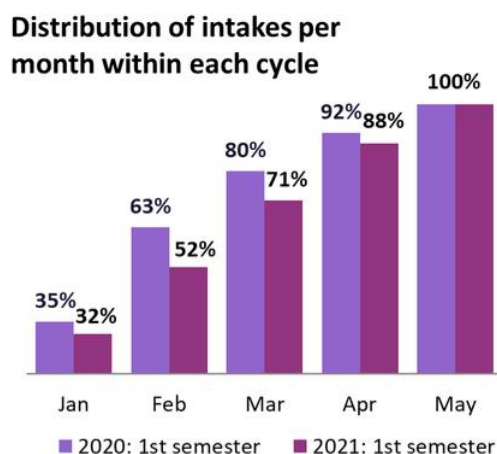
⁽ⁱ⁾ The tuitions are net of cancellations

⁽ⁱⁱ⁾ In the first quarter, the Company calculates the "Average Ticket DE undergraduate (R\$/month)" as the sum of the Digital Education Undergraduate Tuitions net of cancellations of the quarter divided by the average number of students between the beginning and the end of the quarter.

The compelling strength and sustainability of Vitru's growth and the maturation of its hubs can be demonstrated by the total amount charged as courses tuition from digital education undergraduate students (which is the sum of gross revenue and the hub partners' portion of the tuition less other academic revenue and cancellations).

DE Undergraduate tuitions for 1Q21 amounted to R\$181.9 million, 12.1% higher than the R\$162.2 million recorded in 1Q20, reflecting mostly the organic increase in the number of students enrolled in digital education undergraduate courses.

The average monthly ticket of Digital Education Undergraduate courses decreased 4.3%, from R\$289.4 in 1Q20 to R\$ 277.0 in 1Q21. This reduction of average ticket in DE Undergraduate is due to the late arrival of students in 1Q21 compared to the profile observed in 1Q20, mainly as a result of the delay of the ENEM national exam (an important driver of enrollments in the Brazilian higher education sector), as shown in the chart hereunder.

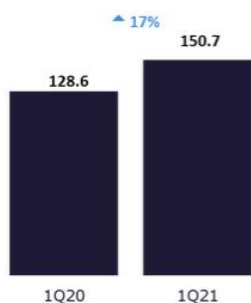


1Q21 Results

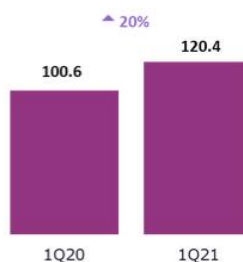
FINANCIAL RESULTS

Net Revenue

Consolidated Net Revenue
(R\$ MM)

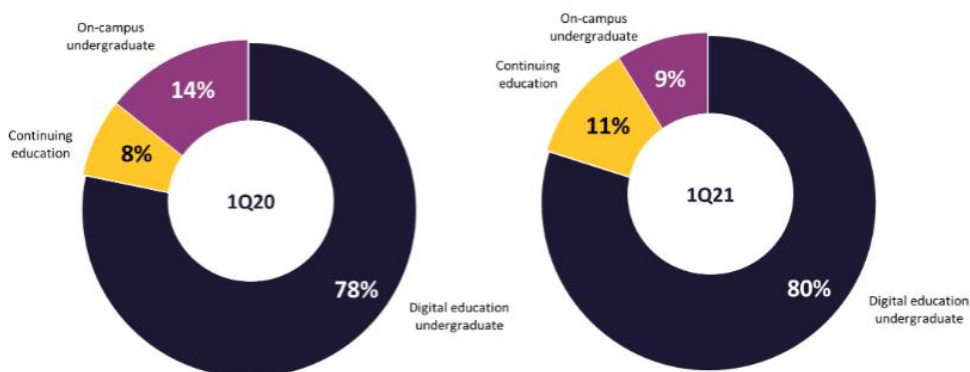


DE Undergraduate Net Revenue
(R\$ MM)



Consolidated Net Revenue in 1Q21 was R\$150.7 million, up 17.2% from 1Q20. This organic growth was driven by the increase in the number of enrolled students in the Digital Education undergraduate segment.

Net Revenue Breakdown (%)



Net Revenue from digital education undergraduate courses in 1Q21 was R\$120.4 million, up 19.7% from R\$100.6 million in 1Q20, solely on an organic basis. This achievement was primarily driven by the 17.1% increase in the student base, as a result of the aforementioned expansion and maturation in operational hubs.

Net Revenue from continuing education courses for 1Q21 was R\$17.0 million, up 77.1% from R\$9.6 million in 1Q20. The intake process of graduate courses was positively impacted by the new digital marketing approach implemented in late 2020.

1Q21 Results

Net Revenue from on-campus undergraduate courses in 1Q21 amounted to R\$13.3 million, a decrease of 27.7% from R\$18.4 million in 1Q20. The decrease was primarily attributable to the ongoing shift to digital education as a whole, as a result of the increased number and attractiveness of digital education undergraduate courses. The decline in the on-campus performance is in line with the Company's expectation that the contribution and relevance of this segment to consolidated results will continue decreasing over time.

Table 4: Net Revenue Breakdown

<i>R\$ million</i>	1Q20	1Q21	% Chg
Digital education undergraduate	100.6	120.4	19.7%
Continuing education	9.6	17.0	77.1%
On-campus undergraduate	18.4	13.3	-27.7%
Net Revenue	128.6	150.7	17.2%

Cost of Services

Cost of services in 1Q21 amounted to R\$53.0 million, 7.3% lower than the R\$57.2 million reported in 1Q20. Cost of services includes certain one-time restructuring costs as well as depreciation and amortization expenses, which were R\$10.9 million in 1Q21 and R\$7.6 million in 1Q20.

Cost of services as reported in the Adjusted EBITDA calculation was R\$39.3 million in 1Q21 and R\$47.0 million in 1Q20, representing a year-over-year decrease of 16.4%, and a decrease of 10.4 p.p. as a percentage of Net Revenue in each period. This substantial decrease was primarily attributable to four factors: (i) optimizations in personnel costs, including as a result of the full implementation of the Flex Course academic model that was launched (as a pilot project) in the second semester of 2020; (ii) overall gains of scale as we grow further the business and dilute fixed costs; (iii) a R\$3.3 million non-recurrent recovery of past costs in our On-campus segment, as the settlement of a dispute with certain providers; and (iv) an important reduction in the cost of the academic material sent to students, not only because of reduced all-in unitary costs of books sent, but also due to a R\$3.0 million provision incurred in 1Q20 for books that were supposed to be sent to students during the first weeks of the Covid-19 pandemic in Brazil (such provision was later reverted in 2Q20, when those books were not actually sent).

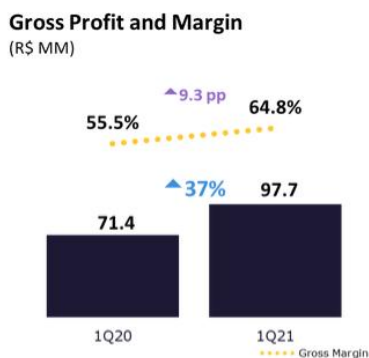
Table 5: Cost of Services

<i>R\$ million</i>	1Q20	1Q21	% Chg
Cost of Services	57.2	53.0	-7.3%
(-) Depreciation and amortization	(7.6)	(10.9)	43.4%
(-) Restructuring expenses	(2.6)	(2.8)	7.7%
Cost of Services for Adj. EBITDA calculation	47.0	39.3	-16.4%
<i>as % of Net Revenue</i>	<i>36.5%</i>	<i>26.1%</i>	<i>-10.4pp</i>

1Q21 Results

Gross Profit and Gross Margin

Gross Profit in 1Q21 was R\$97.7 million, 36.8% higher than the R\$71.4 million in the 1Q20, while Gross Margin increased 9.3 pp to 64.8% from 55.5% 1Q20. This increase was primarily attributable to the aforementioned optimization in personnel costs, reduction in the cost of academic material sent to students as well as overall gains generated from scale.



Operating Expenses

SG&A Expenses

Selling expenses in 1Q21 were R\$38.5 million, an increase of 18.1%, compared to R\$32.6 million in 1Q20.

Selling expenses as reported in the Adjusted EBITDA calculation (i.e. excluding the depreciation and amortization expenses in 1Q20) were R\$38.5 million in 1Q21 and R\$29.3 million in 1Q20 representing a YoY increase of 31.4%.

Table 6: Selling expenses

R\$ million	1Q20	1Q21	% Chg
Selling expenses	32.6	38.5	18.1%
(-) Depreciation and amortization expenses	(3.3)	—	n/a
Selling expenses for Adj. EBITDA calculation	29.3	38.5	31.4%
<i>as % of Net Revenue</i>	<i>22.8%</i>	<i>25.5%</i>	<i>2.7pp</i>

This increase is attributable to the strong growth in Digital Education in 2020 (as most of the Selling Expenses is aimed at attracting new students for the DE Undergraduate segment) as well as higher expenses with online advertising as a response to (i) the challenges related to the COVID-19 pandemic in the enrollment process of 1Q21, when the hubs (an important channel in the Company's sales process) were mostly closed; and (ii) the stronger selling efforts in 1Q21 given the postponement, to late-March 2021, of the release date of the ENEM exam results (as opposed to the typical period of early-January).

General and Administrative (G&A) expenses in 1Q21 were R\$21.8 million, an increase of 45.3%, compared to 1Q20. First quarter 2021 was negatively impacted mostly by expenses related to our share-based compensation plan and one-time restructuring and M&A expenses.

1Q21 Results

G&A expenses as reported in the Adjusted EBITDA calculation were R\$13.0 million in 1Q21 and R\$10.7 million in 1Q20, representing an increase of 21.5%. Regarding Adjusted G&A expenses as a percentage of Net Revenue it was 8.6% in 1Q21, an increase of 0.3 pp compared to 8.3% in 1Q20. This increase is attributable to a slight growth in personnel expenses given our new reality as a listed company.

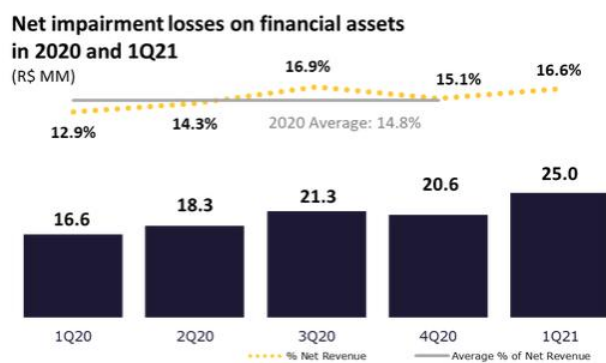
Table 8: G&A expenses

<i>R\$ million</i>	1Q20	1Q21	% Chg
General and Administrative (G&A) expenses	15.0	21.8	45.3%
(-) Depreciation and amortization expenses	(2.9)	(3.0)	3.4%
(-) Share-based compensation plan	(1.4)	(5.0)	257.1%
(-) Restructuring, M&A and pre-offering expenses	—	(0.8)	n/a
G&A expenses for Adj. EBITDA calculation	10.7	13.0	21.5%
<i>as % of Net Revenue</i>	<i>8.3%</i>	<i>8.6%</i>	<i>0.3 pp</i>

Net impairment losses on financial assets

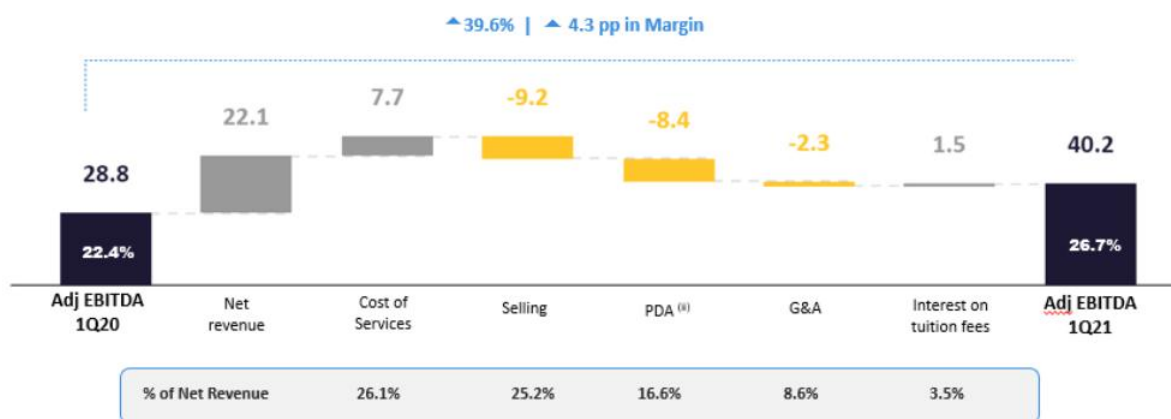
Net impairment losses on financial assets represent the provisions for doubtful accounts, or PDA. In 1Q20, the Company implemented a stricter policy for the calculation of the PDA, which has been in place since then. As a result, a substantially higher PDA charge was reflected in 2020 vs the previous years.

In 1Q21, the PDA impact was R\$25.0 million, which represents 16.6% of the net revenue in the period. In 1Q20, the PDA was R\$16.6 million, equivalent to 12.9% of the net revenue. The year-over-year increase in the annual rate is mainly explained by changes in the mix of students (given the stronger intake of newcomers in the 2H20) as well as the current economic and sanitary crisis, whose effects in the 1Q20 numbers were not as relevant.



Adjusted EBITDA

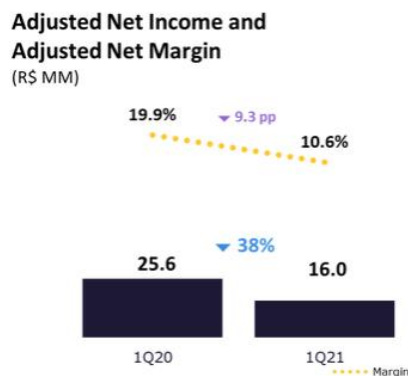
Adjusted EBITDA in 1Q21 totaled R\$40.2 million, up 39.6% from R\$28.8 million in 1Q20. Adjusted EBITDA Margin was 26.7%, a 4.3 pp increase compared to 22.4% for 1Q20. These increases in the Adjusted EBITDA margins were primarily attributable to the improvement of the Gross Margin, for the reasons stated earlier.



Notes: (i) all figures in this slide include the adjustments applied in our definition of Adjusted EBITDA; (ii) PDA is defined as “Net impairment losses on financial and contract assets” in our Financials

Adjusted Net Income

Adjusted Net Income in 1Q21 was R\$16.0 million, down 37.5% from the same period of the prior year. This YoY decrease is due the recognition of deferred taxes assets, in 1Q20, for an amount of R\$17.9 million. Were it not for such one-off event, Adjusted Net Income would have grown 32.4% in 1Q21 vs 1Q20.



Cash Flow and Cash Conversion from Operations

Adjusted Cash Flow from Operations amounted to R\$39.2 million, a substantial increase of 54.9% vs the number presented in 1Q20. Likewise, the Adjusted Cash Flow Conversion from Operations increased to 107.1% in 1Q21 from 96.6% for 1Q20. These increases were primarily attributable to a continued discipline in receivables management.

Table 9: Cash Flow & Cash Conversion

<i>R\$ million</i>	1Q20	1Q21	% Chg
Cash Flow from Operations	27.6	45.9	66.3%
(+) Income Tax Paid	(2.3)	(6.7)	191.3%
Adjusted Cash Flow from Operations	25.3	39.2	54.9%
Adjusted EBITDA	28.8	40.2	39.6%
(-) Non-recurring Expenses	(2.6)	(3.6)	38.5%
Adjusted EBITDA including Non-recurring Expenses	26.2	36.6	39.7%
Adjusted Cash Flow Conversion from Operations¹	96.6%	107.1%	10.5 pp

(1) The Company calculates Adjusted Cash Flow Conversion from Operations as adjusted cash flow from operations (which we calculate as cash from operations plus income tax paid) divided by Adjusted EBITDA (as defined above but without taking non-recurring expenses into consideration). Adjusted Cash Flow Conversion from Operations is a non-GAAP measure. The calculation of Adjusted Cash Flow Conversion from Operations may be different from the calculation used by other companies, including competitors in the industry, and therefore, the Company's measures may not be comparable to those of other companies. For further information see "Non-GAAP Financial Measures".

CAPEX

Capital Expenditures in 1Q21 totaled R\$9.4 million, 56.1% lower than the amount of 1Q20 (R\$21.4 million). This decrease was mainly due to lower investments in property and equipment, given the reduction of own hubs opened in 1Q21 vs 1Q20.

Table 10: CAPEX

<i>R\$ million</i>	1Q20	1Q21	% Chg
Investing activities	21.4	9.4	-56.1%
Property and equipment	10.5	2.3	-78.1%
Intangible assets	10.9	7.1	-34.9%
Investing activities as % of Net Revenue	16.6%	6.2%	-10.4pp

ABOUT VITRU (NASDAQ: VTRU)

VITRU is the leading pure digital education postsecondary group in Brazil based on the number of enrolled undergraduate students as of December 31, 2019 according to the Brazilian Ministry of Education (Ministério da Educação), or the MEC in October 2020, the latest data available.

Vitru is listed on the Nasdaq stock exchange in the United States (ticker symbol: VTRU) since September 18th, 2020 and its mission is to democratize access to education in Brazil through a digital ecosystem and empower every student to create their own successful story.

1Q21 Results

Through its subsidiaries, Vitru provides a complete pedagogical ecosystem focused on a hybrid distance learning experience for undergraduate and continuing education students. All the academic content is delivered in multiple formats (videos, eBooks, podcasts and html text, among others) through its proprietary Virtual Learning Environment, or VLE. The pedagogical model also incorporates in-person weekly meetings hosted by dedicated tutors who are mostly local working professionals in the subject area they teach. The Company believes that this unique tutor-centric learning experience sets it apart, creating a stronger sense of community and belonging and contributing to higher engagement and retention rates of its student base.

The Company's results are based on three operating segments:

- **Digital education undergraduate courses.** What differentiates Vitru's digital education model is its hybrid methodology, which consists of weekly in-person meetings with on-site tutors, alongside the benefit of the virtual learning environment, where students are able to study where and when they prefer. The Company's portfolio of courses is composed mainly of pedagogy, business administration, accounting, physical education, vocational, engineering and health-related courses. This is Vitru's largest business unit, accounting for approximately 80% of net revenue of 1Q21.
- **Continuing education courses.** Vitru offers continuing education and graduate courses predominantly in pedagogy, finance and business, but also in other subjects such as law, engineering, IT and health-related courses. Courses are offered in three different versions, consisting of (i) hybrid model, (ii) 100% online and (iii) on-campus;
- **On-campus undergraduate courses.** Vitru has 14 campuses that offer traditional on-campus undergraduate courses, including engineering, law and health-related courses.

FORWARD – LOOKING STATEMENTS

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. All statements other than statements of historical fact, could be deemed forward looking, including risks and uncertainties related to statements about the impact of the COVID-19 outbreak on general economic and business conditions in Brazil and globally and any restrictive measures imposed by governmental authorities in response to the outbreak; our ability to implement, in a timely and efficient manner, any measure necessary to respond to, or reduce the impacts of the COVID-19 outbreak on our business, operations, cash flow, prospects, liquidity and financial condition; our ability to efficiently predict, and react to, temporary or long-lasting changes in consumer behavior resulting from the COVID-19 outbreak, including after the outbreak has been sufficiently controlled; our competition; our ability to implement our business strategy; our ability to adapt to technological changes in the educational sector; the availability of government authorizations on terms and conditions and within periods acceptable to us; our ability to continue attracting and retaining new students; our ability to maintain the academic quality of our programs; our ability to maintain the relationships with our hub partners; our ability to collect tuition fees; the availability of qualified personnel and the ability to retain such personnel; changes in government regulations applicable to the education industry in Brazil; government interventions in education industry programs, that affect the economic or tax regime, the collection of tuition fees or the regulatory framework applicable to educational institutions; a decline in the number of students enrolled in our programs or the amount of tuition we can charge; our ability to compete and conduct our business in the future; the success of operating initiatives, including advertising and promotional efforts and new product, service and concept development by us and our competitors; changes in consumer demands and preferences and technological advances, and our ability to innovate to respond to such changes; changes in labor, distribution and other operating costs; our

compliance with, and changes to, government laws, regulations and tax matters that currently apply to us; general market, political, economic, and business conditions; and our financial targets. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the potential impacts of the COVID-19 pandemic on our business operations, financial results and financial position and on the Brazilian economy.

The forward-looking statements can be identified, in certain cases, through the use of words such as “believe,” “may,” “might,” “can,” “could,” “is designed to,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “forecast”, “plan”, “predict”, “potential”, “aspiration,” “should,” “purpose,” “belief,” and similar, or variations of, or the negative of such words and expressions. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments or to release publicly any revisions to these statements in order to reflect later events or circumstances or to reflect the occurrence of unanticipated events. The achievement or success of the matters covered by such forward-looking statements involves known and unknown risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, our results could differ materially from the results expressed or implied by the forward-looking statements we make. Readers should not rely upon forward-looking statements as predictions of future events. Forward-looking statements represent management’s beliefs and assumptions only as of the date such statements are made. Further information on these and other factors that could affect the Company’s financial results is included in filings made with the United States Securities and Exchange Commission (“SEC”) from time to time, including the section titled “Item 3. Key Information – D. Risk Factors” in the most recent Annual Report on Form 20-F of the Company. These documents are available on the SEC Filings section of the investor relations section of our website at: investors.vitru.com.br.

NON-GAAP FINANCIAL MEASURES

To supplement the Company’s consolidated financial statements, which are prepared and presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board—IASB, VITRU uses Adjusted EBITDA, Adjusted Net Income and Adjusted Cash Flow Conversion from Operations information for the convenience of the investment community, which are non-GAAP financial measures. A non-GAAP financial measure is generally defined as one that purports to measure financial performance but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure.

VITRU calculates Adjusted EBITDA as the net income (loss) for the period plus:

- deferred and current income tax, which is calculated based on income, adjusted based on certain additions and exclusions provided for in applicable legislation. The income taxes in Brazil consist of corporate income tax (*Imposto de Renda Pessoa Jurídica*), or IRPJ, CSLL, which are social contribution taxes;
- financial results, which consists of interest expenses less interest income;
- depreciation and amortization;
- interest on tuition fees paid in arrears, which refers to interest received from students on late payments of monthly tuition fees and which is added back;
- impairment of non-current assets, which consists of impairment charges associated with on-campus undergraduate courses segment, given the deterioration in the prospects of this business;
- share-based compensation plan, which consists of non-cash expenses related to the grant of share-based compensation, as well as fair value adjustments for share-based compensation expenses classified as a liability in the consolidated financial statements;

- other income (expenses), net, which consists of other expenses such as contractual indemnities and deductible donations among others;
- M&A, pre-offering expenses and restructuring expenses, which consists of adjustments that Company believes are appropriate to provide additional information to investors about certain material non-recurring items. Such M&A, pre-offering expenses and restructuring expenses comprise: mergers and acquisitions, or M&A, and pre-offering expenses, which are expenses related to mergers, acquisitions and divestments (including due diligence, transaction and integration costs), as well as the expenses related to the preparation of offerings; and restructuring expenses, which refers to expenses related to employee severance costs in connection with organizational and academic restructurings.

VITRU calculates Adjusted Net Income as net income (loss) for the period plus:

- share-based compensation plan, as defined above;
- M&A, pre-offering expenses and restructuring expenses, as defined above;
- impairment of non-current assets, as defined above;
- amortization of intangible assets recognized as a result of business combinations, which refers to the amortization of the following intangible assets from business combinations: software, trademark, distance learning operation licenses, non-compete agreements, customer relationship and teaching-learning material. For more information, see notes to the unaudited interim condensed consolidated financial statements in the Company's filings with the U.S. Securities and Exchange Commission;
- interest accrued at the original effective interest rate (excluding restatement as a result of inflation) on the accounts payable from the acquisition of subsidiaries, related to the acquisition of our operating units from Kroton in 2016 and 2017. See notes to the unaudited interim condensed consolidated financial statements in the Company's filings with the U.S. Securities and Exchange Commission; and
- corresponding tax effects on adjustments, which represents the tax effect of pre-tax items excluded from adjusted net income (loss). The tax effect of pre-tax items excluded from adjusted net income (loss) is computed using the statutory rate related to the jurisdiction that was impacted by the adjustment after taking into account the impact of permanent differences and valuation allowances.

VITRU calculates Adjusted Cash Flow Conversion from Operations as adjusted cash flow from operations (which is calculated as cash from operations plus income tax paid) divided by Adjusted EBITDA (as defined above but without taking M&A, pre-offering expenses and restructuring expenses into consideration).

Adjusted EBITDA, Adjusted Net Income and Adjusted Cash Flow Conversion from Operations are the key performance indicators used by Vitru to measure the financial performance of its core operations and Vitru believes that these measures facilitate period-to-period comparisons on a consistent basis. As a result, its management believes that these non-GAAP financial measures provide useful information to investment community. These summarized, non-audited or non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with IFRS. Additionally, the calculations of Adjusted EBITDA, Adjusted Net Income and Adjusted Cash Flow Conversion from Operations may be different from the calculations used by other companies, including competitors in the education services industry, and therefore, Vitru's measures may not be comparable to those of other companies. For a reconciliation of Adjusted EBITDA, Adjusted Net Income and Adjusted Cash Flow Conversion from Operations to the most directly comparable IFRS measure, see the tables in the end of this document.

FINANCIAL TABLES

Unaudited Interim condensed consolidated statements of income for the three-months period ended March 31, 2021 and 2020 (in millions of Brazilian Reais, except earnings per share)

	1Q20	1Q21
NET REVENUE	128.6	150.7
Cost of services rendered	(57.2)	(53.0)
GROSS PROFIT	71.4	97.7
General and administrative expenses	(15.0)	(21.8)
Selling expenses	(32.6)	(38.5)
Net impairment losses on financial assets	(16.6)	(25.0)
Other income (expenses), net	0.9	0.3
Operating expenses	(63.3)	(85.0)
OPERATING PROFIT (LOSS)	8.1	12.7
Financial income	4.1	9.2
Financial expenses	(12.5)	(13.5)
Financial results	(8.4)	(4.3)
PROFIT (LOSS) BEFORE TAXES	(0.3)	8.4
Current income taxes	(9.7)	(10.8)
Deferred income taxes	23.8	24.1
Income taxes	14.1	13.3
NET INCOME (LOSS)	13.8	21.7
Other comprehensive income	—	—
TOTAL COMPREHENSIVE PROFIT (LOSS)	13.8	21.7
Basic earnings (loss) per share (R\$)	0.82	0.94
Diluted earnings (loss) per share (R\$)	0.79	0.88

1Q21 Results

Unaudited Interim condensed consolidated Balance Sheets as of March 31, 2021 and 2020 (in millions of Brazilian Reais)

	December 31, 2020	March 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	85.9	95.5
Short-term investments	515.2	517.5
Trade receivables	115.1	125.8
Income taxes recoverable	2.2	—
Prepaid expenses	10.2	12.5
Other current assets	3.1	2.6
	731.7	753.9
Assets classified as held for sale	—	—
TOTAL CURRENT ASSETS	731.7	753.9
NON-CURRENT ASSETS		
Trade receivables	6.9	6.5
Indemnification assets	9.2	9.8
Deferred tax assets	50.8	74.9
Other non-current assets	3.6	0.4
Right-of-use assets	127.9	133.6
Property and equipment	96.7	95.9
Intangible assets	661.0	660.8
TOTAL NON-CURRENT ASSETS	956.1	982.0
TOTAL ASSETS	1,687.8	1,735.9

	December 31, 2020	March 31, 2021
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	32.2	34.8
Loans and financing	151.8	151.7
Lease liabilities	23.4	24.9
Labor and social obligations	26.7	37.1
Income taxes payable	—	2.8
Taxes payables	2.4	2.8
Prepayments from customers	9.7	10.9
Accounts payable from acquisition of subsidiaries	135.0	138.1
Other current liabilities	1.4	2.2
	382.6	405.4
Liabilities directly associated with assets classified as held for sale	—	—
TOTAL CURRENT LIABILITIES	382.6	405.4
NON-CURRENT		
Loans and financing	—	—
Lease liabilities	126.0	131.2
Share-based compensation	46.2	50.0
Accounts payable from acquisition of subsidiaries	139.9	132.0
Provisions for contingencies	14.4	15.7
Deferred tax liabilities	—	—
Other non-current liabilities	0.7	0.7
TOTAL NON-CURRENT LIABILITIES	327.2	329.5
TOTAL LIABILITIES	709.8	734.9
EQUITY		
Share capital	—	—
Capital reserves	1,022.1	1,023.4
Revenue reserves	—	—
Retained earnings (Accumulated losses)	(44.1)	(22.4)
TOTAL EQUITY	978.0	1,001.0
TOTAL LIABILITIES AND EQUITY	1,687.8	1,735.9

Unaudited Interim condensed consolidated statements of cash flows for the three-months period ended March 31, 2021 and 2020 (in millions of Brazilian Reais)

	1Q20	1Q21
Cash flows from operating activities		
Income before taxes	2.4	8.4
Adjustments to reconcile income before taxes to cash provided on operating activities		
Depreciation and amortization	16.7	13.8
Impairment of non-current assets	—	—
Net impairment losses on financial assets	16.6	25.0
Provision for revenue cancellation	3.6	0.1
Provision for contingencies	1.1	1.4
Accrued interests	7.0	4.4
Share-based compensation	1.4	5.0
Modification of lease contracts	(3.5)	0.0
Lease discounts	—	(0.1)
Loss on sale or disposal of non-current assets	—	—
Changes in operating assets and liabilities:		
Trade receivables	(29.3)	(29.2)
Prepayments	(2.2)	(2.2)
Other assets	(0.7)	4.0
Trade payables	4.1	2.6
Labor and social obligations	8.3	10.3
Other taxes payable	0.9	0.4
Prepayments from customers	1.0	1.3
Other payables	0.4	0.8
Cash from operations	27.6	45.9
Income tax paid	(2.3)	(6.7)
Interest paid	(3.8)	(6.5)
Contingencies paid	(0.4)	(1.1)
Net cash provided by operating activities	21.1	31.5
Cash flows from investing activities		
Purchase of property and equipment	(10.5)	(2.3)
Purchase and capitalization of intangible assets	(10.9)	(7.1)
Payments for the acquisition of interests in subsidiaries	—	(10.6)
Proceeds from (acquisition of) short-term investments, net	1.7	0.4
Net cash used in investing activities	(19.7)	(19.5)
Cash flows from financing activities		
Payments of lease liabilities	(1.7)	(2.4)
Net cash (used in) provided by financing activities	(1.7)	(2.4)
Net increase in cash and cash equivalents	(0.3)	9.6
Cash and cash equivalents at the beginning of the year	2.5	85.9
Cash and cash equivalents at the end of the year	2.1	95.5

Reconciliation of Adjusted EBITDA

R\$ millions	1Q20	1Q21
Profit (loss) for the year	13.8	21.7
(+) Deferred and current income tax	(14.1)	(13.3)
(+) Financial result	8.4	4.3
(+) Depreciation and amortization	13.8	13.9
(+) Interest on tuition fees paid in arrears	3.8	5.3
(+) Share-based compensation plan	1.4	5.0
(+) Other income (expenses), net	(0.9)	(0.3)
(+) M&A, pre-offering expenses and restructuring expenses	2.6	3.6
Adjusted EBITDA	28.8	40.2

Reconciliation of Adjusted Net Income

R\$ millions	1Q20	1Q21
Profit (loss) for the year	13.8	21.7
(+) M&A, pre-offering expenses and restructuring expenses	2.6	3.6
(+) Share-based compensation plan	1.4	5.0
(+) Amortization of intangible assets from business combinations	6.1	2.8
(+) Interest accrued on accounts payable from the acquisition of subsidiaries	4.4	3.0
(-) Corresponding tax effects on adjustments	(2.7)	(20.1)
Adjusted Net Income	25.6	16.0

Cash Conversion from Operations

R\$ millions	1Q20	1Q21
Cash from Operations	27.6	45.9
(+) Income tax paid	(2.3)	(6.7)
Adjusted Cash from Operations	25.3	39.2
Adjusted EBITDA	28.8	40.2
(-) M&A, pre-offering expenses and restructuring expenses	(2.6)	(3.6)
Adjusted EBITDA including M&A, pre-offering expenses and restructuring expenses	26.2	36.6
Adjusted Cash Flow Conversion from Operations	96.6%	107.1%

1Q21 Results



Vitru Limited.
Unaudited Interim condensed consolidated financial
statements

March 31, 2021

Vitru LimitedUnaudited interim condensed consolidated statements of financial position at
(In thousands of Brazilian Reais)

	<u>Note</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	95,484	85,930
Short-term investments	5	517,453	515,201
Trade receivables	6	125,848	115,115
Income taxes recoverable		-	2,240
Prepaid expenses		12,464	10,223
Other current assets		2,639	3,081
TOTAL CURRENT ASSETS		<u>753,888</u>	<u>731,790</u>
NON-CURRENT ASSETS			
Trade receivables	6	6,532	6,924
Indemnification assets		9,827	9,191
Deferred tax assets	7	74,888	50,775
Other non-current assets		398	3,625
Right-of-use assets	8	133,576	127,921
Property and equipment	9	95,936	96,669
Intangible assets	9	660,835	660,950
TOTAL NON-CURRENT ASSETS		<u>981,992</u>	<u>956,055</u>
TOTAL ASSETS		<u>1,735,880</u>	<u>1,687,845</u>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Vitru LimitedUnaudited interim condensed consolidated statements of financial position at
(In thousands of Brazilian Reais)

	Note	March 31, 2021	December 31, 2020
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		34,824	32,240
Loans and financing	10	151,694	151,757
Lease liabilities	8	24,940	23,365
Labor and social obligations	11	37,097	26,785
Income taxes payable		2,781	-
Taxes payable		2,757	2,404
Prepayments from customers		10,914	9,657
Accounts payable from acquisition of subsidiaries	12	138,113	134,988
Other current liabilities		2,245	1,364
TOTAL CURRENT LIABILITIES		405,365	382,560
NON-CURRENT			
Lease liabilities	8	131,159	125,988
Share-based compensation		49,983	46,260
Accounts payable from acquisition of subsidiaries	12	132,028	139,873
Provisions for contingencies		15,650	14,439
Other non-current liabilities		709	777
TOTAL NON-CURRENT LIABILITIES		329,529	327,337
TOTAL LIABILITIES		734,894	709,897
EQUITY			
Share capital	13	6	6
Capital reserves		1,023,406	1,022,056
Accumulated losses		(22,426)	(44,114)
TOTAL EQUITY		1,000,986	977,948
TOTAL LIABILITIES AND EQUITY		1,735,880	1,687,845

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Vitru Limited

Unaudited interim condensed consolidated statements of profit or loss and other comprehensive income for the three months period ended March 31

(In thousands of Brazilian Reais, except earnings per share)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
NET REVENUE	16	150,694	128,598
Cost of services rendered	17	(52,947)	(57,162)
GROSS PROFIT		97,747	71,436
General and administrative expenses	17	(21,797)	(15,048)
Selling expenses	17	(38,524)	(32,588)
Net impairment losses on financial assets	6	(25,018)	(16,639)
Other income (expenses), net	18	313	960
Operating expenses		(85,026)	(63,315)
OPERATING PROFIT		12,721	8,121
Financial income	19	9,192	4,349
Financial expenses	19	(13,498)	(12,774)
Financial results		(4,306)	(8,425)
PROFIT (LOSS) BEFORE TAXES		8,415	(304)
Current income taxes	7	(10,840)	(9,713)
Deferred income taxes	7	24,113	23,838
Income taxes		13,273	14,125
PROFIT FOR THE PERIOD		21,688	13,821
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		21,688	13,821
Basic earnings per share (R\$) (*)	14	0.94	0.82
Diluted earnings per share (R\$) (*)	14	0.88	0.79

(*) The basic and diluted earnings per common share are in effect with the reverse share split occurred on September 2, 2020.

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Vitru Limited

Unaudited interim condensed consolidated statement of changes in equity for the three months period ended March 31, 2021 and 2020.

(In thousands of Brazilian Reais)

	Share capital	Capital reserves			Revenue reserves	Accumulated losses	Total
		Capital Reserve	Treasury Shares	Share-based compensation			
DECEMBER 31, 2019	548,380	-	(2,238)	990	429	(96,228)	451,333
Profit for the period	-	-	-	-	-	13,821	13,821
MARCH 31, 2020	548,380	-	(2,238)	990	429	(82,407)	465,154
DECEMBER 31, 2020	6	1,020,541	-	1,515	-	(44,114)	977,948
Profit for the period	-	-	-	-	-	21,688	21,688
Employee share program	-	-	-	-	-	-	-
Value of employee services	-	-	-	1,350	-	-	1,350
MARCH 31, 2021	6	1,020,541	-	2,865	-	(22,426)	1,000,986

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Vitru Limited

Unaudited interim condensed consolidated statement of cash flows for the three months period ended March 31,
(In thousands of Brazilian Reais)

	Note	2021	2020
Cash flows from operating activities			
Profit (loss) before taxes		8,415	(304)
Adjustments to reconcile income before taxes to cash provided on operating activities			
Depreciation and amortization	8 / 9	13,837	13,755
Net impairment losses on financial assets	6	25,018	16,639
Provision for revenue cancellation	6	132	3,581
Provision for contingencies		1,391	1,083
Accrued interests		4,366	6,995
Share-based compensation	4	4,979	1,361
Modification of lease contracts	8	37	(804)
Lease discounts	8	(125)	-
Changes in operating assets and liabilities:			
Trade receivables		(29,221)	(29,343)
Prepayments		(2,241)	(2,230)
Other assets		3,990	(687)
Trade payables		2,584	4,084
Labor and social obligations		10,312	8,331
Other taxes payable		353	852
Prepayments from customers		1,257	1,031
Other payables		813	376
Cash from operations		45,897	24,720
Income tax paid		(6,746)	(2,255)
Interest paid	8 / 10 / 12	(6,528)	(3,810)
Contingencies paid		(1,137)	(386)
Net cash provided by operating activities		31,486	18,269
Cash flows from investing activities			
Purchase of property and equipment	9	(2,302)	(10,544)
Purchase and capitalization of intangible assets	9	(7,071)	(8,003)
Payments for the acquisition of interests in subsidiaries	12	(10,557)	-
Withdraw of short-term investments, net		435	1,691
Net cash used in investing activities		(19,495)	(16,856)
Cash flows from financing activities			
Payments of lease liabilities	8	(2,437)	(1,722)
Net cash provided by (used in) financing activities		(2,437)	(1,722)
Net increase in cash and cash equivalents		9,554	(309)
Cash and cash equivalents at the beginning of the period		85,930	2,457
Cash and cash equivalents at the end of the period		95,484	2,148
		9,554	(309)

See Note 20 for the main transactions in investing and financing activities not affecting cash.

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Vitru Limited

Notes to the unaudited interim condensed consolidated financial statements.

March 31, 2021 and 2020.

(In thousands of Brazilian Reals, except as otherwise indicated)

1. Corporate information

Vitru Limited ("Vitru") and its subsidiaries (collectively, the "Company") is a holding company incorporated under the laws of the Cayman Islands on March 05, 2020 and whose shares are publicly traded on the National Association of Securities Dealers Automated Quotations Payments exchange (NASDAQ) under the ticker symbol "VTRU".

Vitru is a holding company jointly controlled by Vinci Partners, through the investments funds "Vinci Capital Partners II FIP Multiestratégia", "Agresti Investments LLC", "Botticelli Investments LLC", Raffaello Investments LLC", and the Carlyle Group, through the investment funds "Mundi Holdings I LLC" and "Mundi Holdings II LLC"

The Company is principally engaged in providing educational services in Brazil, mainly undergraduate and continuing education courses, presentially through its eight campuses in two states, or via distance learning, through 743 (December 31, 2020 – 709) learning centers ("hubs") across the country.

These unaudited interim consolidated financial statements were authorized for issue by the Board of Directors on May 14th, 2021.

1.1. Significant events during the period.

a) Operating events

Seasonality:

The distance learning undergraduate courses are structured around separate monthly modules. This enables students to enroll in distance learning courses at any time during a semester. Despite this flexibility, generally a higher number of enrollments in distance learning courses occurs in the first and third quarters of each year. These periods coincide with the beginning of academic semesters in Brazil. Furthermore, there is a higher number of enrollments at the beginning of the first semester of each year than at the beginning of the second semester of each year. In order to attract and encourage potential new students to enroll in undergraduate courses later in the semester, the Group often offers discounts, generally equivalent to the number of months that have passed in the semester. As a result, given revenue from semiannual contracts are recorded over the time in a semester, revenue is generally higher in the second and fourth quarters of each year, as additional students enroll in later in the semester. Revenue is also higher later in the semester due to lower dropout rates during that same period.

Leases (Note 8):

With the opening of new hubs according to the Group's expansion strategy, new lease contracts were signed for the Group's own hubs during the three months ended March 31, 2021. During this period, the Group also concluded renegotiation of terms of a few lease contracts for the extension of lease period at reduced prices. Such new and amended lease contracts resulted in an increment of R\$ 5,998 to both right-of-use assets and lease liabilities.

Accounts payable from acquisition of subsidiaries (Note 12):

The company settled part of the debt that was under discussion with its creditors regarding the December 2019 installment. The amount settled was R\$ 10,557.

b) Coronavirus pandemic

The Company is closely monitoring the situation of the 2019 novel coronavirus, or Covid-19, and taking the necessary measures for the safety and well-being of employees, students, associates and partners. The global impact of the outbreak has been rapidly evolving, and the outbreak presents material uncertainty and risk with respect to the Company's future performance and financial results. In particular and in the interest of public health and safety, state and local governments in Brazil have required mandatory school closures, which has resulted in the closure of on-campus learning facilities and hubs.

In response to the outbreak, the Company has efficiently implemented several measures aimed at safeguarding the health of employees, students and hub partners and the stability of operations, including: (1) creating a crisis management committee and a financial committee to discuss the action plan for the Company to address the challenges posed by the Covid-19 pandemic; (2) temporarily replacing in-person weekly meetings at the hubs with online meetings between students and tutors across all units, as a result of which since March 30, 2020 all students have had real-time meetings with their tutors; (3) training teachers and tutors to support students in this new format; (4) remote support to deliver high-quality content to students and maintain high levels of engagement and a superior learning experience; (5) making no changes to the course schedule or curriculum; (6) putting in place remote emotional and psychological support to students and employees, provided by the Company's psychology department; and (7) making home office available for all the employees.

Vitru Limited

Notes to the unaudited interim condensed consolidated financial statements.

March 31, 2021 and 2020.

(In thousands of Brazilian Reais, except as otherwise indicated)

As of March 31, 2021, there has been no material impact on the Company's operations, as most of the Company's services are already delivered remotely (Distance learning undergraduate courses and most of continuing education courses) or capable of being delivered remotely (some of Continuing education courses and On-campus undergraduate courses). In addition, based on preliminary information available until the approval of these unaudited interim consolidated financial statements:

- There was no relevant impact on net revenue for the three months ended March 31, 2021, which was slightly below the expected for the year but presented a growth 17% when compared to prior year. Student defaults have remained within the expected levels and the engagement of students, compared to 2020, deteriorated very slightly.
- The provision for expected credit losses increased as result of the methodology used which captures the increase in historical losses with receivables during 2020, which, as a consequence, already reflects the incurred impacts of Covid-19 pandemic.
- The Company assessed the existence of potential impairment indicators and the possible impacts on the key assumptions and projections caused by the pandemic on the recoverability of long-lived assets (impairment tests) and concluded that no additional provision for impairment of long-lived assets needed to be recorded in the financial statements.
- The Company has obtained rent concessions on lease contracts due to the temporary suspension of classes in the on-campus learning facilities and hubs caused by the mandatory school closures during the pandemic. A gain of R\$ 125 was recognized as Other income (expenses), net, in the statement of profit and loss. Except for these concessions, there were no changes to contractual obligations regarding leased buildings and there were no changes in the expected useful life and residual amount of properties and equipment as a result of Covid-19.
- No changes in the provision for contingencies against the Company were identified as a result of Covid-19.
- The Company currently has sufficient working capital and other undrawn financing facilities to service its operating activities and ongoing investments.

Due to the ongoing populational inoculation the Company is ready to resume on-campus unit's classes with the necessary measures for the safety and well-being of students as soon as the state and local governments in Brazil authorize the schools reopening.

2. Basis of preparation of the unaudited interim condensed consolidated financial statements

The unaudited interim condensed consolidated financial statements of the Group as of March 31, 2021 and for the three months ended March 31, 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The information does not meet all disclosure requirements for the presentation of full annual consolidated financial statements and thus should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards (“IFRS”).

The accounting policies adopted are consistent with those of the previous fiscal year and corresponding interim reporting period. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The unaudited interim condensed consolidated financial statements are presented in Brazilian reais (“R\$”), and all amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

There were no changes since December 31, 2020 in the accounting practices adopted for consolidation and in the direct and indirect interests of the Company in its subsidiaries for the purposes of these unaudited interim condensed consolidated financial statements.

2.1. Significant accounting estimates and assumptions

The preparation of unaudited interim condensed consolidated financial statements of the Group requires management to make judgments and estimates and to adopt assumptions that affect the amounts presented referring to revenues, expenses, assets and liabilities at the reporting date. Actual results may differ from these estimates.

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that are set the consolidated financial statements for the year ended December 31, 2020.

2.2. Financial instruments risk management objectives and policies

The unaudited interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2020. There have been no changes in the risk management department or in any risk management policies since the year-end.

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3. Segment reporting

Segment information is presented consistently with the internal reports provided to the Senior management team, consisting of the chief executive officer, the chief financial officer and other executives, and which is the Chief Operating Decision Maker (CODM) and is responsible for allocating resources, assessing the performance of the Company's operating segments, and making the Company's strategic decisions.

In reviewing the operational performance of the Company and allocating resources, the CODM reviews selected items of the statement of profit or loss and of comprehensive income, based on relevant financial data for each of the Company's operating segments, represented by the Company's main lines of service from which it generates revenue, as follows:

- Distance learning undergraduate courses
- Continuing education courses
- On-campus undergraduate courses

Segment performance is primarily evaluated based on net revenue and on adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA). The Adjusted EBITDA is calculated as operating profit plus depreciation and amortization plus interest received on late payments of monthly tuition fees and adjusted by the elimination of effects from share-based compensation plus/minus exceptional expenses. General and administrative expenses (except for intangible assets' amortization and impairment expenses), finance results (other than interest on tuition fees paid in arrears) and income taxes are managed on a Company's consolidated basis and are not allocated to operating segments.

There were no inter-segment revenues in the period ended March 31, 2021 and 2020. There were no adjustments or eliminations in the profit or loss between segments.

The CODM do not make strategic decisions or evaluate performance based on geographic regions. Currently, the Company operates solely in Brazil and all the assets, liabilities and results are allocated in Brazil

a) Measures of performance

	Distance learning undergraduate courses	Continuing education courses	On-campus undergraduate courses	Total allocated
2021				
Net revenue	120,365	17,048	13,281	150,694
Adjusted EBITDA	35,887	9,443	9,575	54,905
% Adjusted EBITDA margin	29.82%	55.39%	72.10%	36.43%
2020				
Net revenue	100,605	9,560	18,433	128,598
Adjusted EBITDA	28,408	6,416	5,858	40,682
% Adjusted EBITDA margin	28.24%	67.11%	31.78%	31.64%

The total of the reportable segments' net revenues represents the Company's net revenue. A reconciliation of the Company's loss before taxes to the allocated Adjusted EBITDA is shown below:

	2021	2020
Income before taxes	8,415	(304)
(+) Financial result	4,306	8,425
(+) Depreciation and amortization	13,837	13,755
(+) Interest on tuition fees paid in arrears	5,343	3,789
(+) Share-based compensation plan	4,979	1,361
(+) Other income (expenses), net	(313)	(960)
(+) Restructuring expenses	3,055	2,722
(+) M&A and Offering Expenses	560	-
(+) Other operational expenses unallocated	14,723	11,894
Adjusted EBITDA allocated to segments	54,905	40,682

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b) Other profit and loss disclosure

	Distance learning undergraduate courses	Continuing education courses	On-campus undergraduate courses	Unallocated	Total
2021					
Net impairment losses on financial assets	18,338	5,133	1,547	-	25,018
Depreciation and amortization	9,307	572	2,318	1,640	13,837
Interest on tuition fees paid in arrears	4,272	166	905	-	5,343
2020					
Net impairment losses on financial assets	12,484	1,314	2,841	-	16,639
Depreciation and amortization	8,740	399	2,709	1,907	13,755
Interest on tuition fees paid in arrears	3,524	3	262	-	3,789

4. Fair Value Measurement

As of March 31, 2021, the Company have only Share-based compensation liabilities measured at fair value, in the amount of R\$ 49,983, which are classified in Level 3 of fair value measurement hierarchy given significant unobservable inputs used.

There were no transfers between Levels during the three months ended March 31, 2021.

The following table presents the changes in level 3 items for the three months ended March 31, 2021 for recurring fair value measurements:

	Share-based compensation 2021
As of December 31, 2020	46,260
Reclassification from (to) equity	(1,256)
Expenses recognized – general and administrative	4,979
As of March 31, 2021	49,983

The Company assessed that the fair values of financial instruments at amortized cost such as cash and cash equivalents, short-term investments, current trade receivables, trade payables and prepayments from customers approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current trade receivables, lease liabilities, accounts payable from acquisition of subsidiaries and loans and financing have their carrying amount adjusted by their respective effective interest rate in order to be presented as close as possible to its fair value.

The following table summarizes the quantitative information about the significant inputs used in level 3 fair value measurements:

Unobservable inputs	Weighted average inputs 2021	Relationship with of unobservable inputs to fair value
Net operating revenue growth rate (i)	22.5%	Increased growth rate (+200 basis points (bps)) and lower discount rate (-100 bps) would increase FV by R\$ 435; lower growth rate (-200 bps) and higher discount rate (+100 bps) would decrease FV by R\$ 433.
Pre-tax discount rate (ii)	11.4%	Increasing/decreasing the growth rate and the discount rate by +/- 50bps and 100 bps respectively would change the FV by +R\$ 105 / -R\$ 209.

(i) The growth rate of net operating revenue is based on the historical growth of the student base and management's expectations of market development.

(ii) Pre-tax discount rate reflects specific risks relating to the segment and country in which the Company operates.

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5. Cash and cash equivalents and short-term investments

	March 31, 2021	December 31, 2020
Cash equivalents and bank deposits in foreign currency (i)	10,782	10,586
Cash and cash equivalents (ii)	84,702	75,344
	<u>95,484</u>	<u>85,930</u>
Investment funds (iii)	517,453	515,201

(i) Short-term deposits (mainly proceeds from the IPO) maintained in U.S. dollar.

(ii) Cash equivalents are comprised of short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value, readily convertible into cash.

(iii) Short-term investments, increased by the proceeds from the IPO, correspond to financial investments in Investment Funds, with highly rated financial institutions. As of March 31, 2021, the average interest on these Investment Funds are 1,78% p.a., corresponding to 90% of CDI. Despite the fact these investments have high liquidity and have insignificant risk of changes in value, they do not qualify as cash equivalents given the nature of investment portfolio and their maturity. Due to the short-term nature of these investments, their carrying amount is considered to be the same as their fair value.

6. Trade receivables

	March 31, 2021	December 31, 2020
Tuition fees	224,980	206,107
FIES and UNIEDU Guaranteed Credits	4,345	4,041
PEP - Special Installment Payment (i)	17,187	17,155
Provision for revenue cancellation	(3,268)	(3,136)
Allowance for expected credit losses of trade receivables	(110,864)	(102,128)
Total trade receivables	<u>132,380</u>	<u>122,039</u>
Current	125,848	115,115
Non-current	6,532	6,924

(i) In 2015, a special private installment payment program (PEP) was introduced to facilitate the entry of students who could not qualify for FIES, due to changes occurred to the program at the time. These receivables bear interests of 1.34% and, given the long term of the installments, they have been discounted at an interbank rate of 2.76%.

The aging list of trade receivables is as follows:

	March 31, 2021	December 31, 2020
Receivables falling due	86,983	70,216
Receivables past due		
From 1 to 30 days	24,236	24,990
From 31 to 60 days	16,612	21,176
From 61 to 90 days	7,807	17,697
From 91 to 180 days	44,826	30,771
From 181 to 365 days	66,048	62,453
Provision for revenue cancellation	(3,268)	(3,136)
Allowance for estimated credit losses	(110,864)	(102,128)
	<u>132,380</u>	<u>122,039</u>

Cancellations consist of deductions of the revenue to adjust it to the extension it is probable that it will not be reversed, generally related to students that have not attended classes and do not recognize the service provided or are dissatisfied with the services being provided. A provision for cancellation is estimated using the expected value method, which considers accumulated experience and is updated at the end of each period for changes in expectations.

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Changes in the Company's revenue cancellation provision are as follows:

	2021	2020
At the beginning of the year	(3,136)	(5,212)
Additions	(2,733)	(3,581)
Reversals	2,601	2,569
As of March 31	(3,268)	(6,224)

The Company records the allowance for expected credit losses of trade receivables on a monthly basis by analyzing the amounts invoiced in the month, the monthly volume of receivables and the respective outstanding amounts by late payment range, calculating the recovery performance. Under this methodology, the monthly billed amount and each late payment range is assigned a percentage of probability of loss that is accrued for on a recurring basis.

When the delay exceeds 365 days, the receivable is written down. Even for written-off receivables, collection efforts continue, and their receipt is recognized directly in the statement of profit or loss, when incurred, as recovery of losses.

Changes in the Company's allowance for expected credit losses are as follows:

	2021	2020
At the beginning of the year	(102,128)	(79,659)
Write-off of uncollectible receivables	16,282	10,333
Reversal	2,304	7,032
Reclassified to (from) held for sale	-	407
Allowance for expected credit losses	(27,322)	(23,671)
As of March 31	(110,864)	(85,558)

7. Current and deferred income tax

a) Reconciliation of income tax in the statement of profit or loss

Income tax differ from the theoretical amount that would have been obtained by using the nominal income tax rates applicable to the income of the Company entities, as follows:

	Three Months Ended March 31,	
	2021	2020
Earnings (losses) before taxes	8,415	(304)
Statutory combined income tax rate - %	34%	34%
Income tax at statutory rates	(2,861)	103
Income exempt from taxation - ProUni benefit (i)	9	3,200
Unrecognized deferred tax asset on tax losses (ii)	(8)	(227)
Previously unrecognized tax losses used to reduce deferred tax (ii)	6	1,245
Previously unrecognized temporary differences (ii)	-	11,883
Difference on tax rates from offshore companies	17,061	-
Non-deductible expenses	(1,057)	(2,003)
Other	123	(76)
Total income tax and social contribution	13,273	14,125
Effective tax rate - %	(158)%	4646%
Current income tax expense	(10,840)	(9,713)
Deferred income tax income	24,113	23,838

(i) The University for All Program - ProUni, establishes, through Law 11,096, dated January 13, 2005, exemption from certain federal taxes for higher education institutions that provide full and partial scholarships to low-income students enrolled in traditional undergraduate and technological undergraduate programs. The Company's higher education companies are included in this program.

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(ii) The Company has unused tax loss carryforwards and temporary differences previously unrecognized. Given the continuous growth in Continuing Education activities for the last two years and recent changes to the structure of its operations, the Company reviewed previously unrecognized tax losses and temporary differences, determining that it is now probable that taxable profits will be available against which the tax losses can be utilized and temporary differences can be realized, and that are now expected to be used and realized until 2022. During the three months ended March 31, 2021 the Company already used R\$ 5,257 of tax loss carryforwards.

(iii) Considering that the Company is domiciled in Cayman and there is no income tax in that jurisdiction, the combined tax rate of 34% demonstrated above is the current rate applied to all Company's subsidiaries, operating entities in Brazil.

b) Deferred income tax

	Balance sheet		Profit or loss	
	March 31, 2021	December 31, 2020	March 31, 2021	March 31, 2020
Tax loss carryforward	5,375	7,424	(2,049)	-
Intangible assets on business combinations	(19,042)	(20,004)	962	2,067
Allowance for expected credit losses	54,395	48,758	5,637	7,224
Labor provisions	19,324	2,707	16,617	12,575
Lease contracts	7,469	7,088	381	(776)
Provision for revenue cancellation	1,112	1,066	46	344
Provision for contingencies	2,172	1,983	189	237
Other provisions	4,083	1,753	2,330	2,167
Total	74,888	50,775	24,113	23,838
Deferred tax assets	74,888	50,775		
Deferred tax liabilities	-	-		

The above deferred taxes were recorded at the nominal rate of 34%. Under Brazilian tax law, temporary differences and tax losses can be carried forward indefinitely, however tax loss carryforwards can only be used to offset up to 30% of taxable profit for the year.

8. Leases

Set out below, are the carrying amounts of the Company's right-of-use assets related to buildings used as offices and hubs and lease liabilities and the movements during the period:

	Right-of- use assets	Lease Liabilities
As of December 31, 2020	127,921	149,353
New contracts	5,998	5,998
Re-measurement by index (i)	3,310	3,310
Lease modification	(37)	-
Depreciation expense	(3,616)	-
Accrued interest	-	3,945
Payment of principal	-	(2,437)
Rent concession (ii)	-	(125)
Payment of interest	-	(3,945)
As of March 31, 2021	133,576	156,099
Current	-	24,940
Non-current	133,576	131,159

(i) Lease liabilities and right-of-use assets were incremented with respect to variable lease payments that depend on an index or a rate, as a result of annual rental prices contractually adjusted by market inflation rate General Market Price Index (*Índice Geral de Preços do Mercado*), or IGP-M.

(ii) The Company has received Covid-19 related rent concessions and has applied the practical expedient introduced by the amendments made to IFRS 16 in May 2020, applied to all qualifying rent concessions. As a result, losses of R\$ 125 arising from rent concessions were recognized as Other income (expenses), net, in the statement of profit and loss.

The Company recognized rent expense from short-term leases and low-value assets of R\$ 832 for the three months ended March 31, 2021 (2020 - R\$ 524), mainly represented by leased equipment.

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9. Property and equipment and Intangible assets

Changes between March 31, 2021 and December 31, 2020.

	Carrying amount at December 31, 2020	Purchase and capitalization	Depreciation and amortization	Carrying amount at March 31, 2021
Leasehold improvements	54,652	688	(825)	54,515
Furniture, equipment and facilities	27,573	1,163	(879)	27,857
Other property and equipment	14,444	451	(1,331)	13,564
Property and equipment	96,669	2,302	(3,035)	95,936
Software	24,559	2,033	(3,012)	23,580
Internal project development	27,802	5,038	(2,520)	30,320
Other intangible assets	608,589	-	(1,654)	606,935
Intangible assets	660,950	7,071	(7,186)	660,835

The Group performs its annual impairment test in December and when circumstances indicates that the carrying value may be impaired. The Group's impairment tests are based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the cash generating units were disclosed in the annual consolidated financial statements for the year ended December 31, 2020.

As of March 31, 2021, there were no indicators of a potential impairment of goodwill. Additionally, there are no significant changes to the assumptions in the annual consolidated financial statements for the year ended December 31, 2020. Also, there has been no evidence that the carrying amounts of property and equipment and finite-life intangible assets exceed their recoverable amounts as of March 31, 2021.

10. Loans and financing**a) Breakdown**

Type	Interest rate	Maturity	March 31, 2021	December 31, 2020
Standby Letter of Credit	CDI + 3.6% p.a.	2021	151,694	151,757
Current			151,694	151,757
Non-current			-	-

b) Variation

	Loans and financing
As of December 31, 2020	151,757
Accrued interest	2,016
Payment of interest	(2,079)
As of March 31, 2021	151,694

(i) The Company entered into a loan agreement of R\$ 150,000, with no financial covenants or guarantees anticipating a loan to settle the accounts payable from acquisition of subsidiaries due in December 2020. The loan accrues interest at the Brazilian interbank deposit (*Certificado de Depósito Interbancário*), or CDI rate +3.6% per annum and its interests are repayable in five quarterly installments starting on July 16, 2020 and the principal in one installment on October 18, 2021.

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11. Labor and social obligations

	March 31, 2021	December 31, 2020
Salaries payable	19,682	7,489
Social charges payable (i)	6,726	8,103
Accrued vacation	8,158	3,675
Accrual for bonus	2,413	7,408
Other	118	110
Total	37,097	26,785

(i) Comprised of contributions to Social Security ("INSS") and to Government Severance Indemnity Fund for Employees ("FGTS") as well as withholding income tax ("IRRF") over salaries.

12. Accounts payable from acquisition of subsidiaries

	2021	2020
At the beginning of the year	274,861	379,540
Accrued Interest	6,341	34,809
Payment of principal	(10,557)	(117,248)
Payment of interests	(504)	(22,240)
As of March 31	270,141	274,861
Current	138,113	134,988
Non-current	132,028	139,873

On February 28, 2016, the Company completed the acquisition of 100% of Uniasselvi and the amount of R\$ 400,000 was paid on the act, R\$ 119,159 was paid in December 2018, R\$ 112,301 was paid in December 2019 and R\$ 128,162 was paid in December 2020, and the remaining amounts are payable in two equal installments, payable on December 31, 2021 and December 31, 2022 and adjusted by the IPCA inflation rate.

On August 31, 2016, the Company completed the acquisition of 100% of FAC and FAIR and the amounts of R\$ 10,511 was paid in December 2018, R\$ 10,837 was paid in December 2019 and R\$ 128,162 was paid in December 2020, and the remaining amounts are payable in two equal installments, payable on December 31, 2021 and December 31, 2022 and adjusted by the IPCA inflation rate.

13. Equity

a) Authorized capital

The Company is authorized to increase capital up to the limit of 1 billion shares, subject to approval of the company management.

b) Share capital

As described in Note 1, on September 2, 2020, each of Vitru's shareholders had agreed to contribute their respective shares on Vitru Brazil to Vitru Limited, exchanging thirty-one common shares into one ordinary share of Vitru Limited.

As a consequence of this reverse share split, the share capital previously represented by 522,315,196 common shares, was reduced to 17,058,053 common shares. As a result of the share split, the Company's historical financial statements have been revised to reflect number of shares and per share data as if the share split had been in effect for all periods presented.

Additionally, on September 22, 2020, the share capital of the Company was increased by 6,000,000 Class A shares through the proceeds received as a result of the IPO of US\$ 96,000 thousand (or R\$ 521,558). The net proceeds from the IPO were US\$ 90,672 thousand (or R\$ 492,612), after deducting share issuance costs amounting R\$ 47,582.

As of March 31, 2021, the Company's share capital is represented by 23,058,053 common shares of par value of US\$ 0.00005 each. The Company has issued only common shares, entitled to one vote per share.

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c) Capital reserve

Additional paid-in capital

The additional paid-in capital refers to the difference between the purchase price that the shareholders pay for the shares and their par value. Under Cayman Law, the amount in this type of account may be applied by the Company to pay distributions or dividends to members, pay up unissued shares to be issued as fully paid, for redemptions and repurchases of own shares, for writing off preliminary expenses, recognized expenses, commissions or for other reasons. All distributions are subject to the Cayman Solvency Test which addresses the Company's ability to pay debts as they fall due in the ordinary course of business.

Share based compensation

The capital reserve is represented by reserve for share-based compensation programs classified as equity-settled.

The share-based payments reserve is used to recognize:

- the grant date fair value of options issued to employees but not exercised.
- the grant date fair value of shares issued to employees upon exercise of options.

d) Dividends

The Company currently intend to retain all available funds and any future earnings, if any, to fund the development and expansion of the business and did not pay any cash dividends in the three months ended March 31, 2021, and do not anticipate paying any in the foreseeable future.

14. Earnings per share

14.1. Basic

Basic earnings per share is calculated by dividing the net income attributable to the holders of Company's common shares by the weighted average number of common shares held by stockholders during the year.

The following table contains the earnings (loss) per share of the Company for the three months ended March 31, 2021 and 2020 (in thousands except per share amounts):

Basic earnings per share	Three Months Ended March 31,	
	2021	2020
Net income attributable to the shareholders of the Company	21,688	13,821
Weighted average number of outstanding common shares (thousands)	23,058	16,849
Basic earnings per common share (R\$)	0.94	0.82

14.2. Diluted

As of March 31, 2021, the Company had outstanding and unexercised options to purchase 1,590 thousand (2020 – 733 thousand) common shares which are included in diluted earnings per share calculation.

Diluted earnings per share	Three Months Ended March 31,	
	2021	2020
Net income attributable to the shareholders of the Company	21,688	13,821
Weighted average number of outstanding common shares and potential dilutive instruments (thousands)	24,648	17,582
Diluted earnings per common share (R\$)	0.88	0.79

The number of common shares outstanding was retrospectively adjusted due to the reverse share split of shares occurred in the corporate reorganization, described in Note 1.1.

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15. Related parties

The Company holds quotas of investments funds managed by Vinci Partners, an insurance policy issued by Austral Seguradora S/A and uses the services of the lawyer firm Kloch Advocacia. All the companies are an indirect related party.

	Balance sheet		Profit or loss	
	March 31, 2021	December 31, 2020	March 31, 2021	March 31, 2020
FI Vinci Renda Fixa Credito Privado				
Short-term investments	39,353	39,216		
Financial income			161	368
Austral Seguradora S/A				
Prepaid expenses	379	455		
General and administrative expenses			(76)	(76)
Kloch Advocacia				
General and administrative expenses			(54)	(54)

16. Revenue

	Three Months Ended March 31,	
	2021	2020
Gross revenue	189,583	165,643
(-) Cancellation	(2,601)	(3,581)
(-) Discounts	(5,846)	(5,194)
(-) ProUni scholarships (i)	(25,585)	(24,186)
(-) Taxes and contributions on revenue	(4,857)	(4,084)
Net revenue	150,694	128,598
Timing of revenue recognition		
Transferred over time	146,653	128,598
Transferred at a point in time (ii)	4,041	-
Net revenue	150,694	128,598

(i) Scholarships granted by the federal government to students under the ProUni program are based on a fixed percentage approved by the government upon each student's request and deducted from tuition gross revenue during the entire duration of such student's undergraduate studies (regardless of the tuition fee set out in the service contract) and as long as the student continues to comply with the scholarship requirements imposed by the government for each semester during the undergraduate course. The Group recognizes the economic benefits from the ProUni scholarships as tax deductions, as applicable, following the policies described in Note 7.

(ii) Revenue recognized at a point in time relates to revenue from student fees and certain education-related activities.

The Company's revenues from contracts with customers are all provided in Brazil.

In the three months ended March 31, 2021, the amounts billed to students for the portion to be transferred to the hub partner, in respect to the joint operation, are R\$ 38,216 (2020 R\$ 39,471). As of March 31, 2021, the balance payable to the hub partner is R\$ 22,491 (December 31, 2020 - R\$ 21,881).

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17. Costs and expenses by nature

	Three Months Ended March 31,	
	2021	2020
Payroll (i)	54,408	49,459
Sales and marketing	34,454	25,860
Depreciation and amortization (ii)	13,837	13,755
Consulting and advisory services	3,817	2,526
Material	2,306	6,666
Maintenance	1,756	1,923
Utilities, cleaning and security	1,554	1,677
Other expenses	1,136	2,932
Total	113,268	104,798
Costs of services	52,947	57,162
General and administrative expenses	21,797	15,048
Selling expenses	38,524	32,588
Total	113,268	104,798

(i) Payroll expenses include for the three months ended March 31, 2021 R\$ 49,429 (2020 – R\$ 48,098) related to salaries, bonuses, short-term benefits, related social charges and other employee related expenses, and R\$ 4,979 (2020 R\$ 1,361) related to share-based compensation.

(ii) From the total amount of Depreciation and amortization, R\$ 10,869 (2020 – R\$ 7,634) relate to Cost of services, R\$ 2,968 (2020 – R\$ 2,870) relates to General and administrative expenses and R\$ 1 (2020 – R\$ 3,251) relates to Selling expenses.

18. Other income (expenses), net

	Three Months Ended March 31,	
	2021	2020
Deductible donations	(75)	(75)
Contractual indemnities	-	(162)
Modification of lease contracts	87	803
Other revenues	313	493
Other expenses	(12)	(99)
Total	313	960

19. Financial results

	Three Months Ended March 31,	
	2021	2020
Financial income		
Interest on tuition fees paid in arrears	5,343	3,789
Financial investment yield	2,687	486
Foreign exchange gain	989	-
Other	173	74
Total	9,192	4,349
Financial expenses		
Interest on accounts payable from acquisition of subsidiaries	(6,402)	(7,292)
Interest on lease	(3,945)	(3,810)
Interest on loans and financing	(2,016)	-
Foreign exchange loss	(100)	-
Other	(1,035)	(1,672)
Total	(13,498)	(12,774)
Financial results	(4,306)	(8,425)

Vitru Limited

Notes to the unaudited interim condensed consolidated financial statements.

March 31, 2021 and 2020.

(In thousands of Brazilian Reals, except as otherwise indicated)

20. Other disclosures on cash flows**Non-cash transactions**

In the three months ended March 31, 2021:

- The amount of R\$ 9,308 (2020 - R\$ 15,810) regarding additions on right-of-use assets, was also added in the lease liabilities line item.
- The amount of R\$ 321 (2020 – R\$ 373) regarding provision for contingencies of responsibility of the sellers of subsidiaries acquired in prior years, was reversed to the indemnification assets line item in non-current assets.
