

YDUQS Participações S.A.

Quarterly Financial Statements - QFS

September 30, 2023

**and the report on the review of
quarterly information**

Report on the review of quarterly information

To the Management and Shareholders
YDUQS Participações S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of YDUQS Participações S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended September 30, 2023, comprising the statements of financial position at that date and the statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of the review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of Value Added

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month period ended September 30, 2023. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Rio de Janeiro, November 13, 2023

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Patricio Marques Roche
Accountant CRC 1RJ081115/O-4

YDUQS Participações S.A.
Statement of financial position
In thousands of Brazilian reais

	Parent company		Consolidated			Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Assets					Liabilities and equity				
Current					Current				
Cash and cash equivalents (Note 3)	13,957	2,265	887,082	401,050	Suppliers	1,982	1,472	229,112	227,561
Securities (Note 3)	11,464	338	294,560	384,781	Loans and financing (Note 11)	699,265	279,726	699,265	279,726
Trade receivables (Note 4)			1,178,695	1,055,886	Leases (Note 12)			233,809	232,020
Related Parties (Note 5)	68	18			Salaries and social charges (Note 13)	577	313	326,466	137,832
Prepaid expenses (Note 6)	1,331	879	20,034	19,394	Tax obligations (Note 14)	1,813	1,492	72,056	69,429
Taxes and contributions recoverable (Note 7)	36,823	64,226	149,821	216,378	Prepaid monthly tuition fees			90,437	76,658
Dividends receivable		219,612			Tax payment in installments (Note 15)			4,530	4,450
Others	869		30,864	22,972	Related parties (Note 5)	83	63		
					Dividends payable (Note 18)	52	58	51	58
	64,512	287,338	2,561,056	2,100,461	Acquisition price payable (Note 16)			14,263	67,292
					Others	3,945	4,930	20,288	12,585
						707,717	288,054	1,690,276	1,107,611
Non-current					Non-current				
Non-current receivables					Long-term liabilities				
Trade receivables (Note 4)			252,077	153,046	Loans and financing (Note 11)	2,995,292	3,249,702	2,995,292	3,249,702
Prepaid expenses (Note 6)	71	90	5,566	6,572	Leases (Note 12)			1,416,263	1,279,049
Legal deposits (Note 17)	155	312	81,956	89,111	Contingencies (Note 17)			222,195	220,419
Deferred taxes (Note 28)	1,493	1,189	474,013	398,086	Tax payment in installments (Note 15)			5,422	7,521
Taxes and contributions recoverable (Note 7)	79,802	36,703	208,415	141,626	Allowance for assets retirement			92,377	92,685
Others			12,581	12,697	Acquisition price payable (Note 16)			39,053	44,188
					Financial liabilities - options			55,917	55,917
					Others	15,566	18,065	28,337	32,056
	81,521	38,294	1,034,609	801,138		3,010,858	3,267,767	4,854,856	4,981,537
Investments					Equity (Note 18)				
In subsidiaries (Note 8)	6,031,511	5,396,371			Share capital	1,139,887	1,139,887	1,139,887	1,139,887
Others			338	338	Expenditure on issuing shares	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	780,065	780,065	3,604,215	3,633,048	Capital reserves	724,684	715,981	724,684	715,981
Property, plant and equipment (Note 10)			2,598,003	2,514,222	Retained earnings	1,528,128	1,528,128	1,528,128	1,528,128
	6,811,577	6,176,436	6,202,556	6,147,608	Treasury shares	(344,193)	(354,980)	(344,193)	(354,980)
					Equity Valuation Adjustment	(55,917)	(55,917)	(55,917)	(55,917)
					Profit or loss for the period	273,295		273,295	
						3,239,033	2,946,247	3,239,033	2,946,247
	6,893,097	6,214,730	7,237,164	6,948,746	Equity interest of non-controlling shareholders			14,055	13,812
						3,239,033	2,946,247	3,253,088	2,960,059
Total assets	6,957,609	6,502,068	9,798,220	9,049,207	Total liabilities and equity	6,957,609	6,502,068	9,798,220	9,049,207

The Management explanatory notes are an integral part of the quarterly financial statements.

YDUQS Participações S.A.
Statement of profit or loss
Nine-month period ended September 30
In thousands of Brazilian reais, except profit per share

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Continued operations				
Net revenue from activities (Note 22)			3,917,876	3,463,318
Costs of the services provided (Note 23)			(1,537,013)	(1,475,808)
Gross income			2,380,863	1,987,510
Operating revenues (expenses)				
Selling expenses (Note 24)			(694,303)	(706,431)
General and administrative expenses (Note 24)	(10,018)	(14,481)	(937,968)	(755,232)
Equity accounting income (Note 8)	696,198	440,825		
Other operating revenues/expenses (Note 25)	2,955	2,266	32,080	17,178
Operating income	<u>689,135</u>	<u>428,610</u>	<u>780,672</u>	<u>543,025</u>
Financial revenues (Note 26)	100,548	25,456	255,236	181,046
Financial expenses (Note 26)	(516,692)	(427,107)	(775,713)	(708,119)
Net financial income	<u>(416,144)</u>	<u>(401,651)</u>	<u>(520,477)</u>	<u>(527,073)</u>
Profit before income tax and social security contribution	272,991	26,959	260,195	15,952
Current and deferred income tax (Note 28)	225	16	11,004	9,745
Current and deferred social security contribution (Note 28)	79	5	3,709	3,150
Net income for the period				
Attributed to shareholders of the parent company	273,295	26,980	273,295	26,980
Attributed to non-controlling shareholders			1,613	1,867
	<u>273,295</u>	<u>26,980</u>	<u>274,908</u>	<u>28,847</u>
Net income per batch of 1000 shares - basic (Note 21)	<u>0.94048</u>	<u>0.09119</u>	<u>0.94048</u>	<u>0.09119</u>
Net income per batch of 1000 shares - diluted (Note 21)	<u>0.94048</u>	<u>0.09119</u>	<u>0.94048</u>	<u>0.09119</u>

The Management explanatory notes are an integral part of the quarterly financial statements.

YDUQS Participações S.A.
Statement of comprehensive income
Nine-month period ended September 30
In thousands of Brazilian reais

	Parent company		Consolidated	
	2023	2022	2023	2022
Net income for the period	273,295	26,980	274,908	28,847
Other comprehensive income				
Total comprehensive income for the period, net of taxes	273,295	26,980	274,908	28,847
Attributable to:				
Parent company's shareholders	273,295	26,980	273,295	26,980
Non-controlling shareholders			1,613	1,867
	<u>273,295</u>	<u>26,980</u>	<u>274,908</u>	<u>28,847</u>

The Management explanatory notes are an integral part of the quarterly financial statements.

YDUQS Participações S.A.
Statement of changes in equity
In thousands of Brazilian reais

	Capital reserves					Retained earnings							
	Share capital	Expenditure with share issuance	Goodwill on shares subscription	Negative goodwill on shares sale	Granted options	Legal	Retained earnings	Treasury shares	Equity valuation adjustment	Profit earnings	Equity Parent Company	Equity interest of non controlling shareholders	Equity Consolidated
As at December 31, 2021	1,139,887	(26,852)	595,464	(12,141)	119,332	191,797	1,394,575	(160,478)			3,241,584		3,241,584
Granted options (Note 21)					26						26		26
Restricted Shares Granting Plan (Note 21)					12,036						12,036		12,036
Payment of Restricted Shares Granting Plan								(200,653)			(200,653)		(200,653)
Payment of Restricted Shares Granting Plan (Note 18 d.3)					(140)			140					
Payment of Stock options								32			32		32
Equity Valuation Adjustment (Call option)									(55,917)		(55,917)		(55,917)
Net income for the period										26,980	26,980		26,980
Non-controlling interests												14,050	14,050
As at September 30, 2022	1,139,887	(26,852)	595,464	(12,141)	131,254	191,797	1,394,575	(360,959)	(55,917)	26,980	3,024,088	14,050	3,038,138
As at January 1, 2023	1,139,887	(26,852)	595,464	(12,141)	132,658	191,797	1,336,331	(354,980)	(55,917)		2,946,247	13,812	2,960,059
Granted Options (Note 20)					1,258						1,258		1,258
Restricted Shares Granting Plan (Note 20)					17,974						17,974		17,974
Payment of Restricted Shares Granting Plan					(10,529)			10,529					
Payment of Stock options (Note 18 d.3)								259			259		259
Dividends paid												(762)	(762)
Net income for the period										273,295	273,295	1,613	274,908
Non-controlling interests												(608)	(608)
As at September 30, 2023	1,139,887	(26,852)	595,464	(12,141)	141,361	191,797	1,336,331	(344,192)	(55,917)	273,295	3,239,033	14,055	3,253,088

The Management explanatory notes are an integral part of the quarterly financial statements.

YDUQS Participações S.A.
Statement of cash flows
Nine-month period ended September 30
In thousands of Brazilian reais

	Parent company		Consolidated	
	2023	2022	2023	2022
Cash flow from operating activities				
Profit before income tax and social security contribution	272,991	26,959	260,195	15,952
Adjustments of profit (loss):				
Depreciation and amortization		2	582,243	526,286
Amortization of loan funding costs	3,043	3,367	3,043	3,367
Allowance for expected loss credit			425,778	423,608
Allowance for loss - Other trade receivables			3,615	3,167
Granted options – Stock options allowance	896	510	28,732	12,003
Allowance for contingencies		(447)	93,469	81,512
Interest on loans and financing	412,306	403,208	412,306	403,208
Interest on leases			112,678	110,109
Adjustment of assets retirement obligation			2,508	6,632
Adjustment of commitments payable			6,663	14,020
(Gain) Loss on disposal of property, plant and equipment and intangible assets			(182)	3,421
Equity accounting method	(696,198)	(440,825)		
Update of trade receivables			(5,778)	10,899
Adjustments to present value – trade receivables			23,521	12,604
Adjustment of tax credits	(7,253)	(5,347)	(14,498)	(11,782)
Others	3,343	(743)	(51,279)	(4,628)
	(10,872)	(13,316)	1,883,014	1,610,378
Variations in assets and liabilities:				
(Increase) in trade receivables			(665,362)	(472,427)
(Increase) Decrease in prepaid expenses	(433)	166	366	(6,877)
(Increase) Decrease in Taxes and contributions recoverable	10,262	18,536	31,340	(34,390)
(Increase) in Legal deposits	157	(82)	7,155	11,013
(Increase) Decrease in other assets	(86)	(183)	(10,688)	3,983
Increase (Decrease) in suppliers	425	(209)	5,323	26,578
Increase (Decrease) in salaries and social charges	1	(584)	180,438	33,157
Increase (Decrease) in tax obligations	321	(12,234)	(17,175)	(35,990)
Increase (Decrease) in monthly tuition fees received in advance			13,779	(3,814)
(Decrease) in Tax installment payment			(2,573)	(2,505)
(Decrease) in Civil / labor / tax awards		(1)	(99,163)	(85,573)
Increase in Allowance for assets retirement obligations			(2,816)	(10,918)
Increase (Decrease) in other liabilities	(862)	267	5,245	(19,555)
	(1,087)	(7,640)	1,328,883	1,013,060
Interest paid on loans	(431,955)	(369,856)	(431,955)	(369,856)
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) Paid			(41,465)	(21,324)
Net cash provided by (used in) operating activities	(433,042)	(377,496)	855,463	621,880
Cash flow from investment activities:				
Acquisition of property, plant and equipment			(90,024)	(91,973)
Acquisition of Intangible assets			(245,375)	(240,756)
Acquisition of subsidiaries, net of cash obtained				(25,757)
Advance for future capital increase		(37,050)		
Investment (redemption) in securities	(11,126)	75,829	90,222	219,602
Dividends received	279,612	183,639		
Acquisition price payable			(24,434)	(46,105)
Net cash provided by (used in) investment activities.	268,486	222,418	(269,611)	(184,989)
Cash flow from financing activities:				
Acquisition of treasury shares	259	(200,620)	259	(200,620)
Dividends paid	(7)	(2)	(770)	(2)
Debt issuance amount		500,000		500,000
Value received from Loans and financing	422,840	233,156	422,840	233,156
Loan funding costs		(2,804)		(2,804)
Amortization of loans and financing	(246,844)	(710,441)	(246,844)	(710,441)
Lease amortization			(275,305)	(267,285)
Net cash provided by (used in) financing activities	176,248	(180,711)	(99,820)	(447,996)
Increase (decrease) in cash and cash equivalents	11,692	(335,789)	486,032	(11,105)
Cash and cash equivalents at the beginning of the period	2,265	485,239	401,050	905,461
Cash and cash equivalents at the end of the period	13,957	149,450	887,082	894,356
Increase (decrease) in cash and cash equivalents	11,692	(335,789)	486,032	(11,105)

The Management explanatory notes are an integral part of the quarterly financial statements.

YDUQS Participações S.A.
Statement of value added
Nine-month period ended September 30
In thousands of Brazilian reais

	Parent company		Consolidated	
	2023	2022	2023	2022
Revenues				
Educational services			4,059,638	3,594,134
Other revenues			1,886	2,710
Allowance for expected credit losses			(425,778)	(423,608)
			<u>3,635,746</u>	<u>3,173,236</u>
Inputs acquired from third parties				
Materials, electric power, and others	(2,635)	(7,769)	(289,397)	(283,142)
Third-parties services	(2,941)	(2,747)	(364,296)	(325,721)
Advertising			(210,383)	(219,623)
Contingencies		284	(58,855)	(51,625)
	<u>(5,576)</u>	<u>(10,232)</u>	<u>(922,931)</u>	<u>(880,111)</u>
Gross value added	<u>(5,576)</u>	<u>(10,232)</u>	<u>2,712,815</u>	<u>2,293,125</u>
Depreciation and amortization		(2)	(582,243)	(526,286)
Net value added produced	<u>(5,576)</u>	<u>(10,234)</u>	<u>2,130,572</u>	<u>1,766,839</u>
Value added received in transfer				
Equity accounting method income	696,199	440,825		
Financial revenue	112,943	40,959	275,953	205,002
Others	3,255	2,497	36,533	39,742
	<u>812,397</u>	<u>484,281</u>	<u>312,486</u>	<u>244,744</u>
Total distributed value added	<u>806,821</u>	<u>474,047</u>	<u>2,443,058</u>	<u>2,011,583</u>
Distribution of value added				
Work compensation				
Direct compensation	3,781	3,367	905,123	816,158
Benefits			67,935	58,994
Government Severance Indemnity Fund for Employees (FGTS)			56,493	58,411
	<u>3,781</u>	<u>3,367</u>	<u>1,029,551</u>	<u>933,563</u>
Taxes, fees, and contributions				
Federal	13,641	17,614	193,792	195,041
Municipal			156,202	134,691
	<u>13,641</u>	<u>17,614</u>	<u>349,994</u>	<u>329,732</u>
Compensation of third-party capital				
Interest	516,104	426,086	772,575	704,864
Rents			16,030	14,577
	<u>516,104</u>	<u>426,086</u>	<u>788,605</u>	<u>719,441</u>
Compensation on equity				
Retained earnings for the period	273,295	26,980	273,295	26,980
Non-controlling shareholders' interest in retained earnings			1,613	1,867
	<u>273,295</u>	<u>26,980</u>	<u>274,908</u>	<u>28,847</u>
Value added distributed	<u>806,821</u>	<u>474,047</u>	<u>2,443,058</u>	<u>2,011,583</u>

The Management explanatory notes are an integral part of the quarterly financial statements.

**Management explanatory notes to the financial statements
as at September 30, 2023**

In thousands of Brazilian reais, except when otherwise indicated

1 General information
1.1 Operating context

YDUQS Participações S.A. ("the Company") and its subsidiaries (jointly, the "the Group") are mainly involved in the development and/or management of activities and/or institutions in the fields of higher education, professional education, and/or other fields related to education, in the management of their own assets and businesses, and the holding of interest, as partner or shareholder, in other partnerships and companies in Brazil.

The Company is a corporation headquartered at Avenida Venezuela, 43, in the City and State of Rio de Janeiro, incorporated by way of a private share subscription on March 31, 2007, and currently listed on *Novo Mercado* (New Market).

The Group has thirty-six (36) companies, including YDUQS Participações S.A, twenty-nine (29) of which are sponsors of a higher education institution, organized as business limited liability companies, and comprises a University, twenty-four (24) University Centers, and forty-three (43) Colleges, accredited and distributed in twenty-five (25) states in Brazil and in the Federal District.

As at January 1, 2022, the Group carried out a corporate restructuring involving the following companies: Idez Empreendimentos Educacionais Ltda ("IDEZ"), Uniuol Gestão de Empreendimentos Educacionais e Participações Ltda ("UNIUL"), ABEP – Academia Baiana de Ensino Pesquisa e Extensão Ltda ("RUY BARBOSA"), ANEC – Sociedade Natalense de Educação e Cultura Ltda ("FAL"), and Yduqs Participações 2 Ltda ("ADTALEM"), which have been acquired by their direct parent companies, according to the chart below:

Acquired company	Acquiring company
Idez Empreendimentos Educacionais Ltda. ("IDEZ")	Sociedade Educacional Atual da Amazônia ("ATUAL")
Uniuol Gestão de Empreendimentos Educacionais e Participações Ltda. ("UNIUL")	Sociedade Educacional Atual da Amazônia ("ATUAL")
ABEP - Academia Baiana de Ensino Pesquisa e Extensão Ltda. ("RUY BARBOSA")	Yduqs Educacional Ltda. ("UNIFANOR")
Anec - Sociedade Natalense de Educação e Cultura Ltda. ("FAL")	Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")
Yduqs Participações 2 Ltda. ("ADTALEM")	Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")

The Company manages its financial operations on a consolidated basis, moving financial resources between the companies with the purpose of meeting short-term commitments or profiting from its financial income. Thus, it is possible to have a temporary effect of negative net working capital in the parent company, which does not occur in the consolidated view.

The Company's Board of Directors, at a meeting held on November 10, 2023, authorized the disclosure of this quarterly information (parent company and consolidated).

1.2 Basis for preparation

The Quarterly Financial Statements (parent company and consolidated) were prepared according to the Technical Pronouncement CPC 21 — Interim Statement and the international accounting standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of such information in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Financial Statements - QFS, and show all relevant information related to the quarterly financial statements (parent company and consolidated), and only these, which are consistent with those used by the management in its activities.

The presentation of the Statement of Value Added (DVA), individual and consolidated, is required by Brazilian corporate legislation and accounting policies adopted in Brazil applicable to publicly-held companies. IFRS does not require the presentation of this statement. As a consequence, under IFRS, this statement is presented as supplementary information, without prejudice to the set of the quarterly financial statements.

**Management explanatory notes to the financial statements
as at September 30, 2023**

In thousands of Brazilian reais, except when otherwise indicated

1.3 Accounting policies

This quarterly information should be read together with the financial statements for the fiscal year ended December 31, 2022, since its purpose is to provide an update of significant activities, events, and circumstances in relation to those financial statements. In the quarterly financial statements, the accounting policies are presented in a manner consistent with the accounting policies adopted in the individual and consolidated financial statements of the fiscal year ended December 31, 2022.

1.4 Changes in accounting policies and disclosures

New standards in force in 2023

- **Amendment to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies:** in February 2021, the IASB issued a new amendment to IAS 1 on the disclosure of "material" accounting policies, instead of "significant" accounting policies. The amendments define what "material accounting policy information" is and explain how to identify it. It also clarifies that immaterial accounting policy information does not need to be disclosed, but if so, it should not obscure the relevant accounting information. To support this change, the IASB also amended the "IFRS Practice Statement 2 Making Materiality Judgments", to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Said amendment is effective as of January 1, 2023.
- **Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:** the amendment issued in February 2021 clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates, as changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events, as well as to the current period. Said amendment is effective as of January 1, 2023.
- **Amendment to IAS 12 - Income Taxes:** the amendment issued in May 2021 requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. This typically applies to lease transactions (right of use assets and lease liabilities) and decommissioning and restoration obligations, as an example, and will require the recognition of additional deferred tax assets and liabilities. Said amendment is effective as of January 1, 2023.

The new IFRS standards or IFRIC interpretations that came into force do not have a significant impact on the Group's quarterly financial statements.

New standards not yet in force in 2023

The following changes were issued by IASB but are not yet in force for the fiscal year of 2023. The early adoption of the standards, although it is encouraged by IASB, is not permitted in Brazil by the Accounting Pronouncement Committee (CPC).

- **Amendment to IAS 1 - Presentation of the Financial Statements:** in accordance with IAS 1 – "Presentation of financial statements", for an entity to classify liabilities as non-current in its financial statements, it must have the right to avoid settling the liabilities for at least 12 months from the balance sheet. In January 2020, the IASB issued an amendment to IAS 1 "Classification of liabilities as current or non-current", whose application date was for fiscal years starting from January 1, 2023, which determined that the entity would not have the right to avoid settlement of liability for at least 12 months, if, on the reporting date, it had not complied with ratios provided for in restrictive clauses (e.g.: covenants), even if the contractual measurement of the covenant was only required after the reporting date within 12 months.

Subsequently, in October 2022, a new amendment was issued to clarify that liabilities that contain restrictive contractual clauses requiring the achievement of ratios under covenants only after the reporting date, do not affect the classification as current or non-current. Only covenants that the entity is required to comply with by the reporting date affect the classification of the liability, even if the measurement only takes place after that date.

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The 2022 amendment introduces additional disclosure requirements that allow users of financial statements to understand the risk of the liability being settled within twelve months after the reporting date. The 2022 amendment changed the application date of the 2020 amendment. Accordingly, both amendments apply for fiscal years beginning on or after January 1, 2024.

These amendments are not expected to have a significant impact on the Group's financial statements.

There are no other IFRS standards or IFRIC interpretations still to come into force that could have a significant impact on the Group's financial statements.

1.5 Consolidation

The Company consolidates all entities over which it holds control, that is, when it is exposed or has rights to variable returns from its involvement with the investee and is able to direct the relevant activities of the investee.

The consolidated quarterly information includes the Company's transactions and the following subsidiaries on September 30, 2023 and December 31, 2022:

	Equity Interest (%)
Direct:	
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	100%
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	100%
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	100%
Ensigne.me Serviços Educacionais Ltda. ("EnsigneMe")	100%
União dos Cursos Superiores SEB Ltda. ("Estácio Ribeirão Preto")	100%
Indirect:	
Sociedade Educacional Atual da Amazônia ("ATUAL")	100%
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	100%
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	100%
União Luís Educacional S.A. ("UNISÃO LUIS")	100%
Sociedade Educacional da Amazônia ("SEAMA")	100%
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	100%
Associação de Ensino de Santa Catarina ("ASSESC")	100%
Instituto de Estudos Superiores da Amazônia ("IESAM")	100%
Centro de Assistência ao Desenvolvimento de formação Profissional Unicel Ltda. ("Estácio Amazonas")	100%
Centro de Ensino Unificado de Teresina ("CEUT")	100%
Faculdade Nossa Cidade ("FNC")	100%
Faculdades Integradas de Castanhal Ltda. ("FCAT")	100%
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFS")	100%
Sociedade de Ensino Superior Toledo Ltda. ("Unitoledo")	100%
Damásio Educacional Ltda. ("DAMÁSIO")	100%
YDUQS Educacional Ltda. ("UNIFANOR")	100%
Instituto de Ensino Superior da Amazonia Ltda. ("FMF")	100%
Sociedade Educacional Ideal Ltda. ("FACI")	100%
IBMEC Educacional Ltda. ("IBMEC")	100%
A. Região Tocantina de Educação e Cultura Ltda. ("FACIMP")	100%
Sociedade de Educação do Vale do Ipojuca Ltda. ("UNIFAVIP")	100%
Athenas Serviços Administrativos Ltda.	100%
Centro de Educação de Rolim De Moura Ltda. ("FSP")	100%
Centro de Educação do Pantanal Ltda. ("FAPAN")	100%
Pimenta Bueno Serviços Educacionais Ltda. ("FAP")	100%
União Educacional Meta Ltda. ("META")	100%
UNIJIPA – União Das Escolas Superiores de Ji-Paraná Ltda. ("UNIJIPA")	100%
QCX Serviços Educacionais Ltda. ("Qconcursos")	100%
Wemed Educação Médica S.A. ("Hardwork") (i)	51%

(i) As mentioned in NE 1.6, for this company the acquisition took place on March 11, 2022.

The period covered by the quarterly financial statements of the subsidiaries included in the consolidation is the

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same as for the parent company and uniform accounting policies were applied in all consolidated companies, and are consistent with those used in the previous fiscal year.

The consolidation process of the balance sheet and income accounts corresponds to the sum of the balances of assets, liabilities, revenues, and expenditure, as appropriate, eliminating transactions between the consolidated companies, as well as the economically unrealized balances and income among said companies.

1.6 Business combination

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred, and equity instruments issued by the Group. The consideration transferred includes the fair value of assets and liabilities resulting from a contingent consideration contract, when applicable. Acquisition-related costs are recorded in the statement of profit or loss of the fiscal year as incurred. Identifiable assets acquired and contingent liabilities assumed in a business combination are initially measured at fair values on the acquisition date.

The excess of the consideration transferred and the fair value as of the acquisition date of any previous equity interest in the company acquired, as compared to the fair value of the Group interest in identifiable net assets, is recorded as goodwill. When the consideration transferred is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized directly in the statement of profit or loss for the fiscal year.

The acquisition made in 2022 is summarized below:

WEMED Educação Médica Ltda. ("Hardwork")

As at March 11, 2022, the Company acquired, through its subsidiary Damásio Educacional Ltda. ("Damásio"), an equity interest of 51% of the units of ownership representing the share capital of Wemed Serviços e Cursos Preparatórios para Concursos S.A. ("HardWork"), an ed-tech company, fully digital and specialized in preparing for residency exam, specialist title, and revalidation of diplomas. It has the common characteristics of a startup.

Structure of purchase price:

- (i) The contract establishes that the acquisition price of the 51% equity interest is in the total value of BRL 52 million, of which BRL 23 million will be paid in cash, and BRL 20 million as investment contribution (of which BRL 10 million have been paid in upon the acquisition and BRL 10 million shall be paid in 12 months) and BRL 9 million payable in a single installment on the first anniversary of the closing date.
- (ii) In addition to the acquisition price, the parties recognize that the sellers will be entitled to receive an additional, conditioned, and uncertain value corresponding to up to BRL 10 million, according to the contractual conditions until the fiscal year ended December 31, 2023.
- (iii) In addition, the contract, signed between the parties, includes a call and put option for the subscribed shares in their entirety and not less than the totality of the shares. The subject matter of the option will be determined in accordance with the calculation methodology established by mutual agreement.

The period foreseen for exercising the option will be after the lapse of 5 years. However, for the call option, it is foreseen to choose, for a postponement of up to 3 consecutive years, after the signature of the contract. Right after the established period, the call option may be freely exercised with the application of the discount rate.

For the purposes of payment of the options, if exercised, it must be made in national currency, in a single installment in cash, subject to the contractual terms.

If the options are not exercised by both parties within the period provided for in the contract, they will be automatically canceled.

The table below summarizes the 51% equity interest consideration paid, the book balances of the assets acquired and liabilities assumed on the acquisition date, and the purchase price allocation determined based on the fair value of the assets acquired and liabilities assumed:

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	Wemed ("Hardwork")
Assets	
Current	25,660
Cash and cash equivalents	12,697
Trade receivables	3,571
Related Parties	9,307
Taxes and contributions	42
Other assets	42
Non-current	681
Property, plant and equipment	681
	26,340
Liabilities	
Current	3,783
Suppliers	99
Leases	159
Salaries and charges	69
Labor obligations	1,878
Prepaid monthly tuition fees	1,578
Non-current	64
Leases	64
	3,847
Net assets acquired	22,493
Non-controlling interests	(11,021)
Surplus - Identifiable assets at fair value	8,113
Goodwill	31,098
Total consideration	50,683
Cash flow at the time of acquisition	
Cash	33,000
Payment in installments	9,000
Investments (Contribution to be paid in)	10,000
AVP - Adjustment to Present Value (i)	(1,317)
Earn-out (ii)	
Net cash flow on acquisition	50,683

(i) Discount rate of 13.14% (DI - Future)

(ii) According to item (ii) of the purchase price structure, there is no expectation of Earn-out payment on this base date.

The following table summarizes the future call and put option on non-controlling interests, based on fair value, discounted at an average rate of 12.97% (DI-Future) equivalent to the period of 2027 to 2030:

Financial Liabilities – Option	55,917
Equity Valuation Adjustment	(55,917)

2 Explanatory Notes that were not presented

The quarterly financial statements are being presented in accordance with Accounting Pronouncements Committee (CPC) 21 (R1), IAS 34, and the rules issued by the Brazilian Securities and Exchange Commission (CVM). Based on this faculty and management's assessment of the relevant impacts of the information to be disclosed, the explanatory notes described below are not being presented. The others are being presented in order to enable a perfect understanding of these quarterly financial statements if read together with the explanatory notes disclosed in the financial statements as at December 31, 2022.

Explanatory Notes that were not presented:

- Summary of significant accounting policies.
- Critical accounting estimates and judgments.
- Assumptions for calculating the fair value of the share option plan and impairment of non-financial assets.
- Insurance coverage.
- Commitments.
- Other information.

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3 Cash and cash equivalents and securities

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Cash and banks	180	1,798	10,437	22,255
Financial Bills (LFs) (Exclusive funds)	11,262	396	432,389	322,599
Bank Deposit Certificate (CDB)	0		214,227	17,766
CDB (Exclusive funds)	156	1	19,402	348
Repurchase	2,359	70	210,627	38,082
Cash and cash equivalents	13,957	2,265	887,082	401,050
Federal Sovereign Debt Securities (Investment Fund)	11,464	338	294,560	384,781
Bonds and Securities	11,464	338	294,560	384,781
Total	25,421	2,603	1,181,642	785,831

The Company has an investment policy that stipulates that investments must be concentrated in low-risk securities and investments at prime financial institutions. As at September 30, 2023, the operations were compensated based on percentages of the variation of the Interbank Deposit Certificate (CDI), with the exception of sovereign debt securities, which are indexed to the Selic rate and fixed rates.

As at September 30, 2023, and December 31, 2022, all of the Company's securities were classified as "fair value through profit or loss."

Investments in exclusive funds are backed by financial allocations in funds quotas, CDBs, Financial Bills (LFs), sovereign debt securities, and repurchase agreements with prime banks and issuers. The average yield of the investment funds as at September 30, 2023, was 103.54% of the CDI rate with an average profitability in 2023 of 102.29% of the CDI rate (average annual profitability as of December 31, 2022 was 105.8% of the CDI rate).

Bank Deposit Certificates - CDBs yield the CDI rate, averaging 93.63% as at September 30, 2023 (99.77% as at December 31, 2022).

4 Trade receivables

	Consolidated	
	September 30, 2023	December 31, 2022
Student fees	1,603,180	1,449,978
FIES (a)	70,406	88,570
Partnership agreements and exchange deals	33,194	44,182
Credit cards receivable (b)	214,707	160,126
Receivable agreements	252,061	194,328
	2,173,548	1,937,184
PCE	(673,150)	(684,326)
Unidentified values	(8,054)	(5,875)
(-) Adjustment to present value (c)	(61,572)	(38,051)
	1,430,772	1,208,932
Current assets	1,178,695	1,055,886
Non-current assets	252,077	153,046
	1,430,772	1,208,932

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- (a) Trade receivables from the FIES (Student Financing Fund) are represented by educational loans raised by students with Caixa Econômica Federal - CEF and National Education Development Fund - FNDE, whereby the financed funds are transferred monthly by CEF and Banco do Brasil to the specific bank checking account. Such an amount has been used to pay social security contributions and federal taxes and converted into cash by means of auctions of National Treasury bonds.

FIES Risk:

Obligations linked to the FIES risk are recognized in other non-current liabilities:

- (i) For FIES students with a guarantor, it was set up allowance for 2.25% of the billing with such characteristic, considering the assumptions of 15% of credit risk exposure over an estimated default rate of 15%.
- (ii) For the uncovered FGEDUC risk, contracted as at March 2012, an allowance was made for 20% of the credits under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 80%), assuming 15% to the credit risk exposure for an estimated default rate of 15%, i.e., 0.45%.
- (iii) For the uncovered FGEDUC risk, contracted as at April 2012, an allowance was made for 10% of the credits under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 90%), assuming 15% credit risk exposure for an estimated default rate of 15%, i.e., 0.225%.
- (b) A substantial part of credit card receivables consists of late monthly tuition fees and agreements and subscription programs.
- (c) As at September 30, 2023, the adjustment to present value amounts to BRL 61,572 (BRL 8,068 related to PAR, BRL 45,979 to DIS, and BRL 7,525 to the Athenas Financing System), and, as at December 31, 2022, BRL 38,051 (BRL 9,153 related to PAR, BRL 25,052 to DIS, and BRL 3,846 to the Athenas Financing System).

The balance of long-term amounts as at September 30, 2023, is related to PAR (Estácio Installment Payment Program), DIS (Dilution of monthly tuition fees), and the Athenas installment payment program. The aging breakdown is as follows:

	Consolidated	
	September 30, 2023	December 31, 2022
2024	67,169	144,529
2025	157,330	60,392
2026	96,027	26,915
2027 to 2028	48,106	4,544
(-) Adjustment to present value	(45,655)	(28,693)
(-) Allowance for expected credit losses	(70,900)	(54,641)
Non-current assets	<u>252,077</u>	<u>153,046</u>

The breakdown of receivables by age is presented below:

	Consolidated			
	September 30, 2023		December 31, 2022	
		%		%
FIES	70,406	3	88,570	5
To become due	1,146,015	53	747,016	39
Overdue up to 30 days	174,947	8	219,886	11
Overdue from 31 to 60 days	110,335	5	143,656	7
Overdue from 61 to 90 days	51,886	2	95,104	5
Overdue for 91 to 180 days	313,937	14	179,785	9
Overdue from 181 to 360 days	306,022	15	463,167	24
	<u>2,173,548</u>	<u>100</u>	<u>1,937,184</u>	<u>100</u>

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The breakdown of receivables by age is presented below:

	Consolidated			
	September 30, 2023	%	December 31, 2022	%
To become due	138,911	56	78,149	40
Overdue up to 30 days	22,198	9	15,011	8
Overdue from 31 to 60 days	13,692	5	15,880	8
Overdue from 61 to 90 days	8,357	3	15,803	8
Overdue for 91 to 180 days	26,238	10	28,718	15
Overdue from 181 to 360 days	42,665	17	40,767	21
	<u>252,061</u>	<u>100</u>	<u>194,328</u>	<u>100</u>

The movement in the allowance for expected credit loss (PCE), in the consolidated, is shown below:

Balance as at December 31, 2021	559,243
Constitution	423,608
Constitution by acquisition	1,534
Write-off of bills (Acquired)	(2,289)
Write-off of invoices overdue for more than 360 days	(352,111)
Balance as at September 30, 2022	<u>629,985</u>
Balance as at December 31, 2022	684,326
Constitution	425,778
Write-off of invoices overdue for more than 360 days	<u>(436,954)</u>
Balance as at September 30, 2023	<u>673,150</u>

5 Related parties

The main balances as at September 30, 2023, and December 31, 2022, as well as the transactions that influenced the profit or loss for the period, related to related-party transactions, derive from transactions between the Company and its subsidiaries. Related-party transactions that do not incur interest and/or adjustment for inflation.

The balance of the subsidiaries' trade receivables relates to the sharing of corporate expenses and are presented below:

	Parent company	
	September 30, 2023	December 31, 2022
Current assets		
SESES	41	6
UNIFANOR	18	
Others	9	12
	<u>68</u>	<u>18</u>
Current liabilities		
SESES	63	53
UNIFANOR	13	
IREP	4	5
Others	3	5
	<u>83</u>	<u>63</u>

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6 Prepaid expenses

	Consolidated	
	September 30, 2023	December 31, 2022
Urban Real Estate Property Tax (IPTU)	5,132	162
Insurance	7,761	7,635
Advance of vacations and charges	4,587	11,428
Digital platform	3,257	1,480
Registration fee - MEC	3,310	3,630
Technical-pedagogical cooperation Santa Casa	317	634
Others	1,236	997
	<u>25,600</u>	<u>25,966</u>
Current assets	20,034	19,394
Non-current assets	<u>5,566</u>	<u>6,572</u>
	<u>25,600</u>	<u>25,966</u>

In the parent company, the amount of BRL 1,402 in the period that ended September 30, 2023, relates to non-life insurance policies (BRL 969 related to non-life insurance policies as at December 31, 2022).

7 Taxes and contributions recoverable

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
IRPJ/CSLL negative balance (i)	95,617	67,947	166,350	128,654
IRPJ/CSLL Prepayments	27	27	3,637	18,406
Tax on Services (ISS)			88,357	86,257
Withholding Income Tax (IRRF)	20,981	32,955	40,336	69,243
PIS (Employees' Profit Participation Program) and COFINS (Social Contribution on Billings)			58,418	51,996
Social Security Contribution (INSS)			644	2,954
Others			494	494
	<u>116,625</u>	<u>100,929</u>	<u>358,236</u>	<u>358,004</u>
Current assets	36,823	64,226	149,821	216,378
Non-current assets	<u>79,802</u>	<u>36,703</u>	<u>208,415</u>	<u>141,626</u>
	<u>116,625</u>	<u>100,929</u>	<u>358,236</u>	<u>358,004</u>

(i) Such values represent the tax credit used in the tax offset in this and in the next fiscal years and are monthly adjusted at the SELIC rate.

8 Investments in subsidiaries**(a) Parent company Yduqs Participações S.A.**

	September 30, 2023		December 31, 2022	
	Investment	Investment Loss	Investment	Investment Loss
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	4,135,866		3,721,707	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,558,473		1,430,549	
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	334,423		241,018	
Other subsidiaries (i)	<u>2,749</u>	<u>(30)</u>	<u>3,097</u>	<u>(30)</u>

YDUQS Participações S.A.

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6,031,511 (30) 5,396,371 (30)

- (i) They refer to the companies Nova Academia do Concurso ("NACP") and EnsineMe.
The subsidiaries' information is presented below:

September 30, 2023

	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill I	Income tax on goodwill from downstream merger	Total	Net income (loss) for the period
SESES	100%	3,437,857	5,413,920	1,278,054	4,135,866			4,135,866	421,458
IREP	100%	916,392	2,042,227	546,196	1,496,031	62,442		1,558,473	119,747
Estácio Ribeirão Preto	100%	74,667	438,981	102,328	336,653		(2,230)	334,423	155,341
Other subsidiaries (i)	100%	19,945	447	(2,267)	2,714	5		2,719	(348)
			7,895,575	1,924,311	5,971,264	62,447	(2,230)	6,031,481	696,198

- (i) They refer to the companies Nova Academia do Concurso ("NACP") and EnsineMe.

December 31, 2022

	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill II	Income tax on goodwill from downstream merger	Total	Net income (loss) for the fiscal year
SESES	100%	3,355,747	5,045,177	1,323,470	3,721,707			3,721,707	326,799
IREP	100%	849,492	1,856,645	488,538	1,368,107	62,442		1,430,549	22,813
Estácio Ribeirão Preto	100%	54,607	329,721	86,473	243,248		(2,230)	241,018	145,581
Other subsidiaries (i)	100%	19,715	779	(2,283)	3,062	5		3,067	(716)
			7,232,322	1,896,198	5,336,124	62,447	(2,230)	5,396,341	494,477

- (i) They refer to the companies Nova Academia do Concurso ("NACP") and EnsineMe.

The table below presents the overall activity in the investments in subsidiaries in the period ended September 30, 2023 and 2022:

Investments in subsidiaries as at December 31, 2021	5,948,507
Equity accounting method	440,825
Dividends (Interest on equity) (i)	(155,000)
Advance for future capital increase	37,053
Capital increase (i)	131,750
Extraordinary Dividends	(183,639)
Equity Valuation Adjustment	(55,917)
Granted options	26
Restricted shares plan	11,666
Investment in subsidiaries as at September 30, 2022	6,175,271
Investments in subsidiaries as at December 31, 2022	5,396,371
Equity accounting method	696,198
Capital increase	105,995
Dividends (Interest on equity) (ii)	(124,700)
Dividends received	(950)
Dividends receivable	(60,000)
Granted options	5,455
Restricted share plan	13,142
Investment in subsidiaries as at September 30, 2023	6,031,511

- (i) Increase of share capital due to the distribution of profits (JCP) on September 30, 2022, among the (direct and indirect) subsidiaries.
(ii) The values related to Interest on equity are distributed through capital increases.

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We present below the information on direct subsidiaries' investments:

(b) Parent company Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")

	September 30, 2023	December 31, 2022
Sociedade De Ensino Superior Toledo Ltda. ("UNITOLEDO")	101,472	104,677
YDUQS Educacional Ltda. ("UNIFANOR")	2,052,732	1,958,680
Damásio Educacional Ltda. ("DAMÁSIO")	402,168	386,369
	<u>2,556,372</u>	<u>2,449,725</u>

We present below the information on SESES' subsidiaries:

September 30, 2023								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the period
UNITOLEDO	100%	4,610	41,243	34,482	6,761	94,711	101,472	(3,204)
UNIFANOR	100%	129,717	1,792,248	217,481	1,574,767	477,965	2,052,732	93,422
DAMÁSIO	100%	348,682	401,837	104,218	297,619	104,549	402,168	(17,511)
			2,235,328	356,181	1,879,147	677,225	2,556,372	72,707
December 31, 2022								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the fiscal year
UNITOLEDO	100%	3,460	46,880	36,915	9,965	94,711	104,677	(801)
UNIFANOR	100%	129,717	1,774,117	293,402	1,480,715	477,965	1,958,680	122,181
DAMÁSIO	100%	323,960	402,106	120,286	281,820	104,549	386,369	(36,451)
			2,223,103	450,603	1,772,500	677,225	2,449,725	84,929

The table below presents the overall activity in the investments of direct subsidiary SESES in subsidiaries in the period ended September 30, 2023 and 2022:

Investments in subsidiaries as at December 31, 2021	<u>2,314,559</u>
Equity accounting method	75,438
Capital increase	54,580
Granted options	910
Extraordinary Dividends	(65,950)
Restricted share plan	(262)
Goodwill by merger (i)	582,514
Write-off of the goodwill upon merger	(82,143)
Equity valuation adjustment	(55,917)
Other merger	451
Investment in subsidiaries as at September 30, 2022	<u>2,824,180</u>
Investments in subsidiaries as at December 31, 2022	2,449,725
Equity accounting method	72,706
Capital increase	33,242
Restricted share plan	(37)
Granted options	736
Investment in subsidiaries as at September 30, 2023	<u>2,556,372</u>

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(c) Subsidiary Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")

	September 30, 2023	December 31, 2022
Sociedade Educacional Atual da Amazônia ("ATUAL")	671,683	628,856
União das Escolas Superiores de JI-PARANA Ltda ("UNIJIPA")	75,199	71,822
União Educacional Meta Ltda ("UNIÃO META")	49,117	46,698
Centro de Educacional do Pantanal Ltda ("CENTRO PANTANAL")	77,163	64,824
Other subsidiaries (i)	249,255	226,501
	<u>1,122,417</u>	<u>1,038,701</u>

(i) They refer to the companies FATERN, ATHENAS, PIMENTA BUENO, and CENTRO ROLIM.

We present below the information on IREP's subsidiaries:

September 30, 2023								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the period
ATUAL	100%	465,112	676,487	20,307	656,180	15,503	671,683	42,347
UNIJIPA	100%	21,508	45,663	25,400	20,263	54,936	75,199	3,376
UNIÃO META	100%	27,173	63,727	47,852	15,875	33,242	49,117	2,420
CENTRO PANTANAL	100%	12,661	59,053	33,630	25,423	51,740	77,163	12,339
Other subsidiaries (i)	100%	227,352	312,056	80,092	231,964	17,291	249,255	106
			1,156,986	207,281	949,705	172,712	1,122,417	60,588

December 31, 2022								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity (unsecured liabilities)	Goodwill	Total	Net income (loss) for the fiscal year
ATUAL	100%	46,501	640,304	26,951	613,353	15,503	628,856	2,299
UNIJIPA	100%	21,508	45,499	28,613	16,886	54,936	71,822	3,425
UNIÃO META	100%	27,173	62,189	48,733	13,456	33,242	46,698	(1,327)
CENTRO PANTANAL	100%	12,661	45,570	32,486	13,084	51,740	64,824	11,803
Other subsidiaries (i)	100%		297,585	88,375	209,210	17,291	226,501	16,316
			1,091,147	225,158	865,989	172,712	1,038,701	32,516

(i) They refer to the companies FATERN, ATHENAS, PIMENTA BUENO, and CENTRO ROLIM.

The table below presents the overall activity in the investments of direct subsidiary IREP in the period ended September 30, 2023 and 2022:

Investments in subsidiaries as at December 31, 2021	1,025,815
Equity accounting method	31,020
Capital increase	207,878
Write-off upon merger	(5,919)
Advance for future capital increase	(183,843)
Granted options	9
Investment in subsidiaries as at September 30, 2022	<u>1,074,960</u>
Investments in subsidiaries as at December 31, 2022	1,038,701
Equity accounting method	60,588
Capital increase	23,713
Advance for future capital increase	(8,408)
Granted options	7,823
Investment in subsidiaries as at September 30, 2023	<u>1,122,417</u>

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Information on the investments of indirect subsidiaries:

(d) Subsidiary Sociedade Atual da Amazônia ("ATUAL")

	September 30, 2023	December 31, 2022
Sociedade Educacional da Amazônia ("SEAMA")	69,929	60,550
União Lúis Educacional S.A ("SÃO LUIS")	96,228	85,741
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	57,481	41,190
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	52,674	48,381
Instituto de Estudos Superiores da Amazônia ("IESAM")	115,871	103,131
Centro de Ensino Unificado de Teresina ("CEUT")	55,261	56,350
Faculdade Nossa Cidade ("FNC")	73,095	76,446
Faculdades Integradas de Castanhal Ltda. ("FCAT")	44,819	44,639
Other subsidiaries (i)	25,387	22,743
	<u>590,745</u>	<u>539,171</u>

(i) Refer to FARGS, ASSESC, and FUFs.

We present below the information on ATUAL'S subsidiaries:

September 30, 2023								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Goodwill	Net income (loss) for the period
SEAMA	100%	6,715	66,750	14,856	51,894	18,035		9,378
SÃO LUIS	100%	4,605	99,456	30,596	68,860	27,368		10,487
FACITEC	100%	9,680	72,597	41,770	30,827	26,654		16,001
Estácio Amazonas	100%	52,357	64,219	37,759	26,460	26,214		2,906
IESAM	100%	15,524	87,226	9,331	77,895	26,797	11,179	12,900
CEUT	100%	17,108	37,992	10,299	27,693	27,568		(1,259)
FNC	100%	22,328	28,871	27,822	1,049	72,046		(3,351)
FCAT	100%	12,191	48,144	23,446	24,698	20,121		181
Other subsidiaries (i)	100%		57,125	50,771	6,354	19,033		(2,544)
			<u>562,380</u>	<u>246,650</u>	<u>315,730</u>	<u>263,836</u>	<u>11,179</u>	<u>44,699</u>

(i) Refer to FARGS, ASSESC, and FUFs.

December 31, 2022								
	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwi ll	Goodwill	Net income (loss) for the fiscal year
SEAMA	100%	6,915	63,334	20,819	42,515	18,035		7,758
SÃO LUIS	100%	5,001	94,635	36,262	58,373	27,368		6,232
FACITEC	100%	8,951	65,232	50,696	14,536	26,654		3,505
Estácio Amazonas	100%	49,187	52,579	30,412	22,167	26,214		(3,384)
IESAM	100%	16,128	86,963	21,973	64,990	26,797	11,344	12,922
CEUT	100%	16,938	41,124	12,342	28,782	27,568		(30)
FNC	100%	22,328	31,425	27,025	4,400	72,046		(8,644)
FCAT	100%	12,191	54,127	29,609	24,518	20,121		1,280
Other subsidiaries (i)	100%		30,740	27,030	3,710	19,033		(7,587)
			<u>520,159</u>	<u>256,168</u>	<u>263,991</u>	<u>263,836</u>	<u>11,344</u>	<u>12,052</u>

(i) Refer to FARGS, ASSESC, and FUFs.

The table below presents the overall activity in the investments of direct subsidiary ATUAL in its subsidiaries in the period ended September 30, 2023 and 2022:

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Investments in subsidiaries as at December 31, 2021	<u>580,851</u>
Equity accounting method	13,867
Advance for future capital increase	(3,205)
Capital increase	5,675
Extraordinary Dividends	(28,453)
Amortization of goodwill	(165)
Write-off upon merger	(3,135)
Granted options	7
Investment in subsidiaries as at September 30, 2022	565,442
Investments in subsidiaries as at December 31, 2022	539,171
Equity accounting method	44,699
Capital increase	7,025
Amortization of goodwill	(165)
Granted options	<u>15</u>
Investment in subsidiaries as at September 30, 2023	<u>590,745</u>

(e) Subsidiary YDUQS Educacional Ltda (“UNIFANOR”)

	September 30, 2023	December 31, 2022
Instituto de Ensino Superior da Amazonia Ltda (“FMF”)	67,783	67,556
Sociedade Educacional Ideal Ltda (“FACI”)	123,685	118,169
IBMEC Educacional Ltda (“IBMEC”)	678,113	639,712
A. Região Tocantina de Educação e Cultura Ltda (“FACIMP”)	63,522	53,655
Sociedade de Educação do Vale do Ipojuca Ltda (“UNIFAVIP”)	<u>175,361</u>	<u>147,967</u>
	<u>1,108,464</u>	<u>1,027,059</u>

We present below the information on UNIFANOR’s subsidiaries:

September 30, 2023

	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income for the period
FMF	100%	31,065	53,939	10,521	43,418	24,365	67,783	227
FACI	100%	42,912	127,683	6,770	120,913	2,772	123,685	5,517
IBMEC	100%	105,891	613,319	335,864	277,455	400,658	678,113	39,745
FACIMP	100%	7,425	88,546	39,220	49,326	14,196	63,522	9,866
UNIFAVIP	100%	15,290	<u>178,226</u>	<u>38,839</u>	<u>139,387</u>	<u>35,974</u>	<u>175,361</u>	<u>27,391</u>
			<u>1,061,713</u>	<u>431,214</u>	<u>630,499</u>	<u>477,965</u>	<u>1,108,464</u>	<u>82,746</u>

December 31, 2022

	Equity Interest	Number of units of ownership	Total assets	Total liabilities	Equity	Goodwill	Total	Net income (loss) for the fiscal year
FMF	100%	31,065	56,045	12,854	43,191	24,365	67,556	(1,264)
FACI	100%	41,127	99,884	(15,513)	115,397	2,772	118,169	9,712
IBMEC	100%	96,669	533,725	294,671	239,054	400,658	639,712	22,307
FACIMP	100%	5,810	84,029	44,570	39,459	14,196	53,655	12,813
UNIFAVIP	100%	12,000	<u>161,628</u>	<u>49,635</u>	<u>111,993</u>	<u>35,974</u>	<u>147,967</u>	<u>49,593</u>
			<u>935,311</u>	<u>386,217</u>	<u>549,094</u>	<u>477,965</u>	<u>1,027,059</u>	<u>93,161</u>

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The table below presents the overall activity in the investments of direct subsidiary UNIFANOR in its subsidiaries in the period ended September 30, 2023 and 2022:

Investments in subsidiaries as at December 31, 2021	1,155,386
Equity accounting method	68,325
Dividends (Interest on equity)	(10,891)
Extraordinary Dividends	(47,381)
Capital increase	9,757
Restricted share plan	(111)
Granted options	76
Write-off upon Merger	(56,748)
Investment in subsidiaries as at September 30, 2022	1,118,413
Investments in subsidiaries as at December 31, 2022	1,027,059
Equity accounting method	82,746
Capital increase	8,075
Interest on equity	(9,500)
Restricted share plan	(9)
Granted Options	93
Investment in subsidiaries as at September 30, 2023	<u>1,108,464</u>

9 Intangibles Assets

(a) Intangible Assets – Parent company

	December 31, 2022				September 30, 2023	
	Cost	Additions	Write-offs	Transfer	Cost	
Cost						
Goodwill on investment acquisitions (i)	780,065				780,065	
Software right of use	90				90	
Surplus value	79,704				79,704	
Others	212				212	
	860,071				860,071	
	Amortization rates	Amortization	Additions	Write-offs	Transfer	Amortization
Amortization						
Software right of use	20% p.a.	(90)				(90)
Surplus value	20 to 33% p.a.	(79,704)				(79,704)
Others	20% p.a.	(212)				(212)
Total		(80,006)				(80,006)
Net residual balance		780,065				780,065
	December 31, 2021				September 30, 2022	
	Cost	Additions	Write-offs	Transfer	Cost	
Cost						
Goodwill on investment acquisitions	780,065				780,065	
Software right of use	99		(9)		90	
Surplus value	79,704				79,704	
Others	212				212	
	860,080		(9)		860,071	

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	Amortization rates	Amortization	Additions	Write-offs	Transfer	Amortization
Amortization						
Software right of use	20% p.a.	(99)		9		(90)
Surplus value	20 to 33% p.a.	(79,704)				(79,704)
Others	20% p.a.	(212)				(212)
Total		(80,015)		9		(80,006)
Net residual balance		780,065				780,065

(i) Goodwill is an integral part of the intangible assets line due to the merger of the Estácio Ribeirão Preto Holding.

(b) Intangible Assets – Consolidated

	December 31, 2022					September 30, 2023
	Cost	Additions	Write-offs	Transf.	Reclass.	Cost
Cost						
Goodwill on investment acquisitions	2,377,702	2				2,377,704
Software right of use	1,226,110	148,435	(34)	18,972	2,685	1,396,168
Content production	355,371	4,378		28,578	26,858	415,185
Surplus value	872,473	51	(70)		(16,101)	856,353
Intangible asset in Progress	65,460	92,561		(47,550)	(29,603)	80,868
Others	7,632				(197)	7,435
	4,904,748	245,427	(104)		(16,358)	5,133,713

	Amortization rates	Amortization	Additions	Write-offs	Transf.	Reclass.	Amortization
Amortization							
Goodwill on investment acquisitions	Indefinite	(6,924)					(6,924)
Software right of use	10 to 100% p.a.	(678,359)	(185,952)			16	(864,295)
Content production	10 to 50% p.a.	(189,917)	(27,549)			2	(217,464)
Surplus value	2 to 100% p.a.	(390,114)	(49,061)			5,284	(433,891)
Others	6 to 50% p.a.	(6,386)	(538)				(6,924)
		(1,271,700)	(263,100)			5,302	(1,529,498)
Net residual balance		3,633,048	(17,673)	(104)		(11,056)	3,604,215

	December 31, 2021					September 30, 2022
	Cost	Additions	Write-offs	Transf.	Reclass.	Cost
Cost						
Goodwill on investment acquisitions	2,346,604	29,957				2,376,561
Software right of use	1,011,675	175,709	(68,730)	12,608	(9)	1,131,262
Content production	274,107	5,494		63,750		343,351
Surplus value	854,706	17,768				872,474
Intangible asset in progress	84,204	59,478		(76,550)		67,132
Others	7,421			192	9	7,613
	4,578,717	288,406	(68,730)			4,798,393

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	Amortization rates	Amortization	Additions	Write- offs	Transf.	Reclass.	Amortization
Amortization							
Goodwill on investment acquisitions	Indefinite	(6,924)					(6,924)
Software right of use	10 to 100% p.a.	(576,926)	(119,349)	68,730	(9)		(627,554)
Content production	10 to 50% p.a.	(155,766)	(23,755)				(179,521)
Surplus value	2 to 100% p.a.	(325,317)	(47,137)				(372,454)
Others	6 to 50% p.a.	(5,221)	(920)		9		(6,131)
		<u>(1,070,154)</u>	<u>(191,162)</u>	<u>68,730</u>			<u>(1,192,586)</u>
Net residual balance		<u>3,508,563</u>	<u>97,244</u>				<u>3,605,807</u>

As at September 30, 2023, and December 31, 2022, net goodwill on acquisitions of investments was represented as follows:

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Goodwill on acquisitions of investments net of accumulated amortization:				
ADTALEM			793,615	793,613
ATHENAS			307,897	307,897
UNITOLEDO			94,711	94,711
IREP			89,090	89,090
ATUAL			15,503	15,503
Seama			18,035	18,035
Idez			2,047	2,047
Uniuol			956	956
Fargs			8,055	8,055
São Luis			27,369	27,369
Facitec			26,654	26,654
Assesc			4,723	4,723
Iesam			26,797	26,797
Estácio Amazonas			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,120	20,120
FUFS			6,255	6,255
FAL			8,076	8,076
FATERN			14,979	14,979
EnsineMe			5	5
Estácio Ribeirão Preto	9,371	9,371	9,371	9,371
Estácio Ribeirão Preto Holding	<u>770,694</u>	<u>770,694</u>	<u>770,694</u>	<u>770,694</u>
	<u>780,065</u>	<u>780,065</u>	<u>2,370,780</u>	<u>2,370,778</u>

Annually, the Company performs impairment tests on goodwill calculated on investment acquisitions and arising from the expectation of future profitability, the last assessment being carried out due to the fiscal year ended December 31, 2022.

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10 Property, plant and equipment**Property, plant and equipment – Consolidated**

	December 31, 2022					September 30, 2023	
	Cost	Addition	Write-offs	Transf.	Reclass.	Cost	
Cost							
Lands	68,235					68,235	
Buildings	370,358	410		7,708	(623)	377,853	
Third-party buildings	2,125,774	350,206	(82,802)			2,393,178	
Improvement works in third parties' real estate properties	780,928	13,847	(7,910)	42,026	13,799	842,690	
Fixtures and fittings	227,278	13,332	(867)	(114)	1,944	241,573	
Computers and peripherals	255,869	16,260	(913)	(94)	10	271,132	
Machinery and equipment	230,465	12,269	(334)	35	1,233	243,668	
Physical activity equipment	141,295	6,182	(30)	(19)	79	147,507	
Library	214,078	994	(128)			214,944	
Facilities	83,450	1,571	(458)			84,563	
Constructions in progress	21,879	41,738		(49,734)	(147)	13,736	
Assets retirement	72,039		(2,190)			69,849	
Others	25,789	1,550	(35)	(25)	39	27,318	
	4,617,437	458,359	(95,667)	(217)	16,334	4,996,246	
	Depreciation rates	Depreciation	Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation							
Buildings	1.67 to 4% p.a.	(96,300)	(4,909)		43	(446)	(101,612)
Third-party buildings	21.60% p.a.	(829,154)	(189,279)	18,986			(999,447)
Improvement works in third parties' real estate properties	4 to 11.11% p.a.	(407,976)	(58,694)	6,866	(43)	(3,626)	(463,473)
Fixtures and fittings	8.33 to 10% p.a.	(139,999)	(14,382)	315	82	(1,109)	(155,093)
Computers and peripherals	20 to 25% p.a.	(214,694)	(17,221)	912	97	9	(230,897)
Machinery and equipment	8.33 to 10% p.a.	(125,308)	(11,771)	334	(6)	(106)	(136,857)
Physical activity equipment	6.67% p.a.	(52,872)	(6,684)	23	19		(59,514)
Library	5 to 10% p.a.	(132,723)	(6,035)	126			(138,632)
Facilities	8.33 to 20% p.a.	(49,201)	(4,076)	361			(52,916)
Assets retirement		(37,210)	(4,927)	1,217			(40,920)
Others	14.44 to 20% p.a.	(17,778)	(1,165)	36	25		(18,882)
		(2,103,215)	(319,143)	29,176	217	(5,278)	(2,398,243)
Net residual balance		2,514,222	139,216	(66,491)		11,056	2,598,003

	December 31, 2021						September 30, 2022
	Cost	Additions by Acquisition	Addition	Write- offs	Transf.	Reclass.	Cost
Cost							
Lands	68,235						68,235
Buildings	355,885		500	(12)	21,337	(11,569)	366,141
Third-party buildings	1,919,696	171	333,713	(58,167)			2,195,413
Improvement works in third parties' real estate properties	686,491	353	13,429	(17,874)	62,705	11,569	756,673
Fixtures and fittings	213,910	34	12,275	(803)	(110)	3	225,309
Computers and peripherals	247,851	40	5,888	(1,927)	(931)	(3)	250,918
Machinery and equipment	214,544		11,778	(341)	(296)	9	225,694
Physical activity equipment	129,267	24	9,103	(47)	165	(9)	138,503
Library	213,636		434				214,070
Facilities	86,931	114	2,312	(3,584)	(114)		85,659
Constructions in progress	63,978		41,256		(83,967)		21,267
Assets retirement	77,065			(10,664)			66,401
Others	25,013		1,391	(655)	(48)		25,701
	4,302,502	736	432,079	(94,074)	(1,259)		4,639,984

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	Depreciation rates	Depreciation	Acquisition	Additions by Addition	Write-offs	Transf.	Reclass.	Depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(89,908)		(4,776)				(94,684)
Third-party buildings	21.60% p.a.	(635,366)	(9)	(199,345)	38,315	-		(796,405)
Improvement works in third parties' real estate properties		(355,495)	(13)	(57,318)	17,731	(23)		(395,118)
Fixtures and fittings	4 to 11.11% p.a.							
Computers and peripherals	8.33 to 10% p.a.	(122,081)	(3)	(14,224)	626	141		(135,541)
Machinery and equipment	20 to 25% p.a.	(191,281)	(7)	(19,667)	1,799	932		(208,224)
Physical activity equipment	8.33 to 10% p.a.	(107,381)		(14,045)	299	107		(121,020)
Library	6.67% p.a.	(44,400)	(1)	(6,434)	19	31		(50,785)
Facilities	5 to 10% p.a.	(124,656)		(6,059)	-	-		(130,715)
Assets retirement	8.33 to 20% p.a.	(45,777)	(22)	(8,098)	3,584	23		(50,290)
Others		(35,176)		(3,049)	1,029	-		(37,196)
	14.44 to 20% p.a.	(16,013)		(2,109)	520	48		(17,554)
								(2,037,532)
		(1,767,534)	(55)	(335,124)	63,922	1,259		
Net residual balance		2,534,968	681	96,955	(30,152)			2,602,452

The Group leases a number of rights of use assets, such as machinery and equipment, peripherals, fixtures, and fittings and properties rental, under non-cancelable lease agreements. The lease terms are according to the contract term and the ownership of the assets does not belong to the Group. All the Group's leases are recognized at the transaction's net present value.

11 Loans and financing

		Parent company/Consolidated	
		September 30, 2023	December 31, 2022
Type	Financial charges		
In local currency			
Debentures			
5th debenture issuance (2nd Series)	CDI + 0.785% p.a.	177,820	368,120
6th debenture issuance	CDI + 2.50% p.a.	1,802,660	1,875,496
7th debenture issuance	CDI + 1.65% p.a.	314,462	303,219
8th debenture issuance	CDI + 1.5% p.a.	498,441	516,238
		2,793,383	3,063,073
Loans and financing			
Safra Loan	CDI +2.80% p.a.	217,796	224,791
FINEP loan	6% p.a.	504	745
		218,300	225,536
In foreign currency			
Citibank Loan	1.18*(SOFRUSD + 0.90%(L) and +0.68%(L))	682,874	240,819
		3,694,557	3,529,428
Current liabilities		699,265	279,726
Non-current liabilities		2,995,292	3,249,702
		3,694,557	3,529,428

Activity in loans and debentures presented below comprise the periods ended September 30, 2023 and 2022:

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	Parent company/Consolidated	
	September 30, 2023	September 30, 2022
Initial Balance	3,529,428	4,062,194
Funding	422,840	733,156
Interest, adjustment for inflation	415,349	406,575
Foreign exchange variance (Swap)	5,740	3,149
Interest paid	(431,955)	(369,856)
Principal amortization	(246,844)	(710,441)
Loan funding costs		(2,804)
Final Balance	3,694,557	4,121,973

The amounts recorded as non-current liabilities as at September 30, 2023, and December 31, 2022 present the following maturity schedule:

	Parent company/Consolidated	
	September 30, 2023	December 31, 2022
2024	99,241	704,962
2025	1,161,388	1,021,513
2026	1,435,156	1,223,719
2027	299,507	299,508
Non-current liabilities	2,995,292	3,249,702

The Company and its subsidiaries do not offer any of their assets as collateral for their loans.

The values of the Group loans are mainly in Brazilian reais, with one contract in US dollars (USD).

In 2023:

- January: the Company concluded the contracting of the loan of line 4131 with Citibank in the amount of USD 80 million (converted to BRL 422,840 in the equivalent quotation on that date) with a single amortization of the principal on January 12, 2026, at the cost of USD_SOFR + 0.68% p.a.

In 2022:

- February: The Company concluded the contracting of the 5th loan of line 4131 with Citibank in the amount of USD 44.0 million (converted to BRL 233.2 in the equivalent quotation on that date) with single amortization of the principal on January 2, 2024, and payment of quarterly interest. The transaction was contracted under SWAP at an Active Curve of USD_SOFR + 0.90% p.a. and a Passive Curve of CDI + spread.

The Company settled from the CCB, contracted with Banco do Brasil, with the principal amount of BRL 100 million of Brazilian Reais and maturity date as of February 9, 2022, as well as concluded the single amortization of the principal in the amount of BRL 250 million of the 1st Series of the 5th simple debenture issuance, not convertible into shares, of the unsecured type, in its maturity date, i.e., February 15, 2022.

- March: The Company concluded the renegotiation of CCB with Banco Safra in the principal value of BRL 200 million, which would mature on September 13, 2022. The new transaction started on the same date, with single amortization on May 29, 2024, with annual interest payment, at CDI + spread costs.
- September: The Company completed the 8th debenture issuance in the total value of BRL 500.000, with maturity on September 23, 2027, in a single series, at a cost of 100% of the CDI + 1.50% p.a., with the

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first principal amortization on September 23, 2026, in the value of BRL 200,000, and the second principal amortization on September 23, 2027, in the value of BRL 300,000.

The Company settled the CCB contracted with Banco Bradesco, in the principal value of BRL 360 million Brazilian reais, on its maturity date, i.e., on September 23, 2022.

- December: The Company anticipated the settlement of the 4th loan of line 4131 with Citibank in the value of BRL 454,327.

12 Lease assets and liabilities

The lease liabilities arise from the recognition of future payouts and the right of use of the leased asset for practically all lease contracts, including the operational ones, and certain short-term or small amounts contracts may be out of scope.

The terms of the leases are according to the contractual term, demonstrated below, on an operational basis, the additional rate, in nominal terms, for the terms of contracts:

Contracts	DI X Pre Curve	Risk premium	Yduqs Rate	Month Rate
0 to 5 years	10.40%	105.00%	10.92%	0.91%
5 to 10 years	11.03%	105.00%	11.58%	0.92%
10 to 15 years	11.22%	105.00%	11.78%	0.93%
15 to 30 years	11.30%	105.00%	11.87%	0.94%

Lease contracts are secured by the underlying assets.

	September 30, 2023	Consolidated December 31, 2022
Lease payable	2,413,488	2,231,030
Lease interest	(763,416)	(719,961)
	<u>1,650,072</u>	<u>1,511,069</u>
Current liabilities	233,809	232,020
Non-current liabilities	<u>1,416,263</u>	<u>1,279,049</u>
	<u>1,650,072</u>	<u>1,511,069</u>

The increase in lease liability results from new contracts and contract renewals. Depreciation and interest are recognized in the statement of profit or loss as a replacement of operational lease expenses ("rent").

Changes in lease assets and liabilities in the period:

Right of use assets

	Buildings from third parties	Others	Consolidated Total
Right of use assets on 12/31/2022	1,296,620	9,584	1,306,204
Additions	350,206	18,132	368,338
Write-offs	(63,816)	(539)	(64,355)
Depreciation	<u>(189,279)</u>	<u>(6,669)</u>	<u>(195,948)</u>
Right of use assets on 9/30/2023	<u>1,393,731</u>	<u>20,508</u>	<u>1,414,239</u>

Right of use assets

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	Consolidated		
	Buildings from third parties	Others	Total
Right of use assets on 12/31/2021	1,284,329	12,652	1,296,981
Additions	333,713	6,400	340,113
Additions by acquisitions	162		162
Write-offs	(19,852)	(140)	(19,992)
Depreciation	(199,344)	(7,484)	(206,828)
Right of use assets on 9/30/2022	<u>1,399,008</u>	<u>11,428</u>	<u>1,410,436</u>

Lease liabilities

	Consolidated		
	Buildings from third parties	Others	Total
Right of use liabilities on 12/31/2022	1,501,245	9,824	1,511,069
Additions	350,206	18,131	368,337
Write-offs	(66,170)	(535)	(66,705)
Interest incurred	110,181	2,495	112,676
Payments	(266,878)	(8,427)	(275,305)
Right of use liabilities on 9/30/2023	<u>1,628,584</u>	<u>21,488</u>	<u>1,650,072</u>
Current	225,841	7,968	233,809
Non-current	<u>1,402,743</u>	<u>13,520</u>	<u>1,416,263</u>
	<u>1,628,584</u>	<u>21,488</u>	<u>1,650,072</u>

Lease liabilities

	Consolidated		
	Buildings from third parties	Others	Total
Right of use liabilities on 12/31/2021	1,432,270	12,611	1,444,881
Additions	333,999	6,364	340,363
Additions by acquisitions	162		162
Write-offs	(26,638)	(108)	(26,746)
Interest incurred	109,526	583	110,109
Payment of principal	(259,556)	(7,729)	(267,285)
Right of use liabilities on 9/30/2022	<u>1,589,763</u>	<u>11,721</u>	<u>1,601,484</u>
Current	(230,417)	(5,795)	(236,212)
Non-current	<u>(1,359,346)</u>	<u>(5,926)</u>	<u>(1,365,272)</u>
	<u>(1,589,763)</u>	<u>(11,721)</u>	<u>(1,601,484)</u>

13 Salaries and social charges

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Salaries, indemnity amounts, and social charges payable	577	313	177,609	95,517
Allowance for vacation			82,600	42,315
Allowance for 13 th salary			66,257	
	<u>577</u>	<u>313</u>	<u>326,466</u>	<u>137,832</u>

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14 Tax obligations

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Tax on Services (ISS) payable	32	31	35,136	31,035
Withholding Income Tax (IRRF) payable	158	163	20,592	27,846
PIS (Employees' Profit Participation Program) and COFINS (Social Contribution on Billings) payable	1,623	1,298	5,037	5,381
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) payable			11,288	5,159
Other taxes payable			3	8
	<u>1,813</u>	<u>1,492</u>	<u>72,056</u>	<u>69,429</u>

15 Tax payment in installments

	Consolidated	
	September 30, 2023	December 31, 2022
Social Security Contribution (INSS)	4,394	5,482
PIS (Employees' Profit Participation Program) and COFINS (Social Contribution on Billings)	3,737	4,286
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income)	521	804
Government Severance Indemnity Fund for Employees (FGTS)	962	962
Others	338	437
	<u>9,952</u>	<u>11,971</u>
Current liabilities	4,530	4,450
Non-current liabilities	5,422	7,521
	<u>9,952</u>	<u>11,971</u>

The balance of tax payment in installments is adjusted monthly using the Selic rate.

These tax payment in installments are related to taxes with Municipal Governments, the Federal Revenue Office, and Social Security, and their long-term maturities are presented below:

	Consolidated	
	September 30, 2023	December 31, 2022
2024	950	3,534
2025	1,824	1,644
2026 to 2029	2,648	2,343
	<u>5,422</u>	<u>7,521</u>

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16 Acquisition price payable

	September 30, 2023	Consolidated December 31, 2022
FARGS	3,645	4,102
CEUT	3,641	3,586
UNITOLEDO	3,050	2,775
ADTALEM	2,231	16,409
ATHENAS GRUPO EDUCACIONAL	16,571	48,226
QCONCURSOS	23,212	28,125
WEMED ("HARDWORK")		7,241
	<u>52,350</u>	<u>110,464</u>
Acquisition of real estate property (i)	<u>966</u>	<u>1,016</u>
	<u>53,316</u>	<u>111,480</u>
Current liabilities	14,263	67,292
Non-current liabilities	<u>39,053</u>	<u>44,188</u>
	<u>53,316</u>	<u>111,480</u>

(i) Balance referring to the commitment signed between IREP and União Norte Brasileira de Educação e Cultura - UNBEC concerning various real estate properties located in the City of Fortaleza, State of Ceará.

It basically refers to the value payable to former owners, related to the acquisition of related companies and real estate properties, adjusted monthly using one of the following indexes: SELIC, IPCA (General Market Price Index), IGP-M, or the variation of CDI, depending on the contract.

The amounts recorded as non-current liabilities as at September 30, 2023, and December 31, 2022 present the following maturity schedule:

	September 30, 2023	Consolidated December 31, 2022
2024	7,525	14,771
2025 to 2026	<u>31,528</u>	<u>29,417</u>
	<u>39,053</u>	<u>44,188</u>

17 Contingencies

The subsidiaries are party to various civil, labor, and tax proceedings at different court levels. Management, based on the opinion of its external legal counsel, made an allowance for amounts considered sufficient to cover potential losses from pending litigation.

As at September 30, 2023, and December 31, 2022, the allowance for contingencies was comprised as follows:

	September 30, 2023	Consolidated December 31, 2022		Legal deposits
	Contingencies	Contingencies		Legal deposits
Civil	57,658	54,940		27,155
Labor	115,953	111,179		50,884
Taxes	48,584	54,300		11,072
	<u>222,195</u>	<u>220,419</u>		<u>89,111</u>

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In the periods ended September 30, 2023 and December 31, 2022, the parent company has no provisions for contingencies. As at September 30, 2023, the amount of BRL 155 refers to legal deposits from the parent company (BRL 312 for the fiscal year ended December 31, 2022).

The activity in the allowance for contingencies is shown below:

	Civil	Labor	Taxes	Total
Balances as at December 31, 2022	54,940	111,179	54,300	220,419
Additions	34,518	101,106	5,464	141,088
Additions by Acquisition	2,605		4,866	7,471
Reversals	(24,002)	(37,481)	(20,749)	(82,232)
Write-offs for payments	(24,581)	(72,489)	(2,095)	(99,165)
Adjustment for inflation	14,178	13,638	6,798	34,614
Balances as at September 30, 2023	57,658	115,953	48,584	222,195
	Civil	Labor	Taxes	Total
Balances as at December 31, 2021	54,045	129,715	37,714	221,474
Additions	38,537	46,935	10,967	96,439
Reversals	(21,586)	(19,976)	(3,252)	(44,814)
Write-offs for payments	(23,676)	(61,537)	(361)	(85,574)
Adjustment for inflation	9,888	14,096	5,904	29,888
Balances as at September 30, 2022	57,208	109,233	50,972	217,413

On September 30, 2023 and 2022, the expense with allowance for contingencies recognized in the statement of profit or loss was represented as follows:

	September 30, 2023	September 30, 2022
Income breakdown		
Additions	141,088	96,439
Reversals	(82,232)	(44,814)
Adjustment for inflation	34,614	29,888
Allowance for contingencies	93,470	81,513
General and administrative expenses (Note 24)	(58,856)	(51,625)
Financial income (Note 26)	(34,614)	(29,888)
	(93,470)	(81,513)

(a) Civil

Most proceedings involve mainly claims for indemnity for pecuniary and non-pecuniary damage arising from incorrect collections and the late issue of diplomas, among other matters of operational and/or educational nature, as well as a number of claims entailing real estate law.

The provisions recognized for civil lawsuits are due to the following matters:

Subject Matters	Values
Undue Collection	23,540
Success Fees	12,995
FIES	3,913
Real Estate	3,859
Issuance of Certificates of Completion/Diplomas and Graduation	3,763
Enrollment	2,510
Course Accreditation and Cancellation	793
Monthly tuition fee	711

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Pain and Suffering/Pecuniary Damage	615
Internship	543
PROUNI	484
Procon Fine	183
System Access	181
Others (i)	3,568
	57,658

(i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions, and other compensation claims.

(b) Labor

The main requests in labor claims regard overtime, unused vacations, recognition of employment relationships, pay parity, and salary differences arising from the decrease in the working hours of certain teachers.

The provisions recognized for labor lawsuits are due to the following objects:

Subject Matters	Values
Salary and Severance Differences + Decrease in Working Hours + FGTS + Notice Period	51,483
Overtime + Elimination of Breaks During and Between Shifts	14,177
Fees	8,913
Deviation from Agreed Position and Pay Parity	7,816
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	5,185
Employer's Social Security Payment	5,181
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	4,879
Success Fees	4,157
Income tax / Interest and Adjustment for Inflation	3,445
Pain and Suffering/ Pecuniary Damage/ Moral Harassment	2,320
Vacation Pay	1,614
Others (i)	6,783
	115,953

(i) Claims in addition to those listed above (resulting from them) and union fees.

(c) Taxes

The tax proceedings mainly relate to tax immunity, escalation of social security contributions arising from Law No. 11096/05 and exclusion of scholarships from the tax base, and fines for alleged non-compliance with ancillary obligations (special regimes of accounting bookkeeping).

The provisions recognized for tax lawsuits are due to the following matters:

Subject Matters	Values
Tax on Services (ISS)	22,564
Success Fees	14,413
Sewage Charges / Fees	5,069
IRPJ/CSLL/PIS/COFINS	3,883
Social Security Contribution	2,572
Urban Real Estate Property Tax (IPTU) / Jurisdiction / Tax on Vehicles (IPVA)	82
Miscellaneous Fines	1
	48,584

Possible losses, not provisioned in the statement of financial position

The Company has tax, civil, and labor cases involving risks of loss classified by management as possible, based on the opinion of its legal advisers. These proceedings do not have to be allowed for under the accounting policies currently in force.

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	Consolidated	
	September 30, 2023	December 31, 2022
Civil	221,690	248,690
Labor	712,822	649,391
Taxes	1,091,430	922,404
	<u>2,025,942</u>	<u>1,820,485</u>

The main proceedings classified as possible loss can be grouped as follows:

Civil Matters	Values
Real Estate	138,866
Pain and Suffering/ Pecuniary Damage	35,116
Undue Collection	18,641
FIES	4,901
Enrollment	3,583
Course Accreditation and Cancellation	3,350
Issuance of Certificates of Completion/Diplomas and Graduation	3,267
Monthly tuition fee	1,430
Procon fine	708
PROUNI	487
Internship	206
System access	113
Others (i)	11,022
	<u>221,690</u>

(i) These relate to proceedings involving other operating and/or academic issues, public-interest civil actions, and other compensation claims.

Labor	Values
Salary and severance differences + decrease in working hours + FGTS + notice period + compensation	253,660
Overtime + Elimination of Breaks During and Between Shifts	110,681
Reinstatement	170,212
Fees	43,734
Pain and Suffering/ Pecuniary Damage/ Moral Harassment	27,015
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	31,671
Employer's Social Security Payment	12,673
Fines (Article 467 CLT, Article 477 CLT AND CCT/ACT)	13,559
Deviation from Agreed Position and Pay Parity	4,000
Vacation Pay	13,985
Work and Social Security Card (CTPS) Rectification + Indirect Termination + Employment Relationship Recognition	3,386
Others (i)	28,156
	<u>712,822</u>

(i) Claims in addition to those listed above (resulting from them) and union fees.

Tax Matter	Values
Tax on Services (ISS)	922,902
Contribution to the Social security / FGTS	119,950
IRPJ / CSLL / IRRF	24,460
Urban Real Estate Property Tax (IPTU) / Jurisdiction / Tax on Vehicles (IPVA)	9,246
PIS (Employees' Profit Participation Program) and COFINS (Social Contribution on Billings)	6,078
Sewage Charges / Fees	2,193
Miscellaneous Fines	1,568
Others	5,031
	<u>1,091,428</u>

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Among the main lawsuits classified as possible losses that are not provided for in the quarterly financial statements, we highlight the ones that we deem individually relevant, that is, whose results may significantly impact our equity, our financial capacity, or our business, or those of our subsidiaries.

Tax:

Social security contributions:

- (i) Tax assessment notices were received against SESES for alleged non-performance of the principal tax liability for the period from February to December 2007. The Company appealed requesting the cancellation of the tax assessment notice claiming that they were clearly groundless. The appeal was partially accepted and considered the percentage of the employers' contributions at the rate of 20% as of the month in which the Company changed from a non-profit entity to a company. The National Treasury filed a Tax Foreclosure to collect the respective debt. SESES filed a Motion against the Tax Enforcement, the National Treasury filed its contestation and SESES submitted its rebuttal. The expert analysis began and the judgment by the trial court is currently pending. The total amount involved is BRL 29,240, of which BRL 27,839 is classified as possible and BRL 1,401 as probable.

ISS - Tax on services:

- (i) A Tax Foreclosure was received against Sociedade Tecnopolitana da Bahia Ltda. (STB), acquired by IREP in June 2010, due to the lack of payment of ISS during the period of 2007 to February 2011. The assessment resulted from due diligence in connection with the procedures for cancellation of the registration of the activities previously performed at STB's headquarters and branch facilities. In June 2021, an order was issued summoning the parties to specify the evidence they intend to produce. In response, the company specified evidence, while the Municipality stated that it had no interest in the production. Judgment by the lower court is pending. The total amount involved is BRL 31,462.
- (ii) Action for Annulment filed by SESES against the Municipality of Vila Velha, aiming at canceling ISS debits, resulting from the accusation that they have been allegedly paid or retained in lower amounts in the period of 2006 and 2013. The defense is based on the following arguments (i) partial statute of limitation; (ii) material nullity; and (iii) errors in setting the ISS tax base since they were considered values to correspond to scholarships awarded and enrollments canceled. At the moment, we are awaiting the completion of the expert evidence, the purpose of which is to prove item (iii). In February 2021, the expert evidence was completed in favor of SESES. After the summons of the parties, Estácio filed a statement agreeing with the expert report terms. The Municipality requested clarifications. After a favorable supplementary report, SESES presented a statement in agreement with the terms of the report. The completion of the expert work and judgment at the lower court is awaited. The total amount involved is BRL 22,452.
- (iii) Tax Foreclosure filed by the Municipality of Salvador was received referring to alleged ISS credits for the periods of calculation from July 2012 to November 2013, due to differences in the establishment of the tax basis (deductibility of scholarships from the tax base of ISS). A Motion against the Tax Enforcement was filed requesting an expert accounting analysis. After the appointment of the accounting expert and appointment of the respective retained experts. The company is waiting for the expert's opinion. The total amount involved is BRL 18,619.
- (iv) Action for Annulment proposed by SESES against the Municipality of Rio de Janeiro, which seeks to avoid the collection of ISS on higher education services in the period between January 2005 and January 2007, period in which it was immune, as well as ISS on scholarships studies granted under PROUNI, in the period between February 2007 and July 2009, and collection of ISS due as a tax responsible, in the period from January 2005 to May 2009, arising from services provided by guard and surveillance companies and real estate property maintenance and cleaning companies. On June 29, 2021, an injunction was issued to suspend the enforceability of the tax credit, and, as a result, the objection was filed by the Municipality of Rio de Janeiro. After, SESES filed a Rebuttal and, after being subpoenaed, the parties specified evidence, the production of expert evidence was granted and SESES appointed the technical assistant who shall accompany the expert. The start of the expert examination is awaited. The total amount involved is BRL 613,720.

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- (v) A Tax Foreclosure filed by the Municipality of Petrópolis was received referring to alleged ISS credits from the calculation periods from December 2015 to December 2019, presumably due to the non-payment of said tax when transmitting a class in the Distance Learning (DL) modality, as well as the use of the SESES support unit in the municipality. Motion against the Tax Enforcement were filed and, in March 2023, a decision on acceptance of the guarantee presented and suspension of tax enforcement up to the judgment of the motions was issued. Awaiting the Municipality's to file an Answer. The total amount involved is BRL 41,208.

18 Equity
(a) Share Capital

The share capital may be increased by the Board of Directors, regardless of the statutory reform, up to the limit of one billion (1,000,000,000) shares. As at September 30, 2023, the share capital was represented by 309,088,851 common shares.

The shareholding breakdown of the Company on September 30, 2023, and December 31, 2022, is presented below:

Shareholders	Common shares			
	September 30, 2023	%	December 31, 2022	%
Administrators and directors	1,478,287	0.5	1,173,929	0.4
Rose Fundo de Investimento	43,398,873	14.0	43,398,873	14.0
Schroder Investment Management			20,781,076	6.7
Zaher Family	33,342,000	10.8	33,342,000	10.8
Fidelity Investment	15,610,285	5.1		
Treasury	18,028,434	5.8	18,896,806	6.1
Free float	197,230,972	63.8	191,496,167	62.0
	<u>309,088,851</u>	<u>100.0</u>	<u>309,088,851</u>	<u>100.0</u>

(b) Activity of capital shares

There were no changes in the shares during the period ended September 30, 2023.

(c) Treasury shares

On March 21, 2022, the Board of Directors approved the start of 6th program of repurchases, ending on December 21, 2023. The total number of shares repurchased was 12,274,100 common shares, equivalent to 59.87% of the total of shares planned for the program.

	Quantity	Average cost	Balance
Treasury shares on December 31, 2022	18,896,806	18.79	354,980
Payment of SOP, ILP, and cancellation with treasury shares (Note 18 d.3)	(868,373)	12.42	(10,787)
Treasury shares as at September 30, 2023	<u>18,028,433</u>	<u>19.09</u>	<u>344,193</u>

(d) Capital reserves
(d.1) Goodwill on share subscription

The goodwill reserve refers to the difference between the subscription price that the shareholders pay for the shares and their par value. Since this is a capital reserve, it may only be used to increase capital, offset losses, redeem, reimburse or purchase shares or pay cumulative dividends on preference shares.

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The share subscription goodwill in the quarterly financial statements on September 30, 2023, and December 31, 2022, is as follows:

	Parent company	
	September 30, 2023	December 31, 2022
Tax reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special goodwill reserve under the merger	85	85
Goodwill on shares subscription	498,899	498,899
	<u>595,464</u>	<u>595,464</u>

(i) Profits earned prior to the Company's conversion into a business company

The goodwill on the share issuance is comprised as follows:

	September 30, 2023
Subscription of 17,853,127 shares	(23,305)
Amount paid for the 17,853,127 shares	<u>522,204</u>
Goodwill on share issuance	<u>498,899</u>

(d.2) Granted options

The Company recorded the capital reserve for stock options granted, as mentioned in Note 21. As required by the technical pronouncement, the fair value of the options was determined on the grant date and is being recognized over the vesting period up to this individual and consolidated quarterly financial statements date.

(d.3) Goodwill and Negative Goodwill on the sale of treasury shares

The goodwill and negative goodwill on the sale of treasury shares refers to the difference between the acquisition price that the Company paid for the shares and the sale value when using the shares to pay for the granted options.

The negative goodwill on the sale of treasury shares is represented as follows as at September 30, 2023, and December 31, 2022:

	Quantity of shares	Sale	Value paid	Negative Goodwill
Negative Goodwill on December 31, 2022	2,841,580	49,145	36,736	12,141
SOP payment in 2023	<u>13,100</u>	<u>259</u>	<u>259</u>	
Negative Goodwill on September 30, 2023	<u>2,854,680</u>	<u>49,404</u>	<u>36,995</u>	<u>12,141</u>

(e) Retained earnings
(e.1) Legal reserve

It must be established on the basis of 5% of the net income for the fiscal year until it reaches 20% of the paid-up share capital or 30% of the share capital plus capital reserves. After this limit, appropriation is no longer mandatory. The capital reserve may only be used to increase share capital or to offset accumulated losses.

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(e.2) Retained earnings reserve

In accordance with Article 196 of the Corporations Act, where the general meeting may, at the proposal of the bodies of management, decide to retain part of the net income for the fiscal year provided for in the capital budget to meet investment and expansion projects.

(f) Equity valuation adjustment

Referring to the fair value of the Hardwork stock option contract, fully subscribed, which represents the remaining 49%, as detailed in note 1.5 (i).

19 Financial instruments and sensitivity analysis of financial assets and liabilities

Market values of financial assets and liabilities were determined based on available market information and valuation methodologies appropriate for each situation. However, considerable judgment was necessary to interpret market balances in order to produce the most appropriate realizable value estimate. Consequently, the estimates presented herein do not necessarily indicate the amounts that could be realized in the current exchange market. The use of different market information and/or valuation methodologies may have a relevant effect on the value of the market value.

The Company's assets and liabilities financial instruments as at September 30, 2023, are recorded in equity accounts in amounts compatible with those practiced in the market.

(a) Cash and cash equivalents and securities

The values recorded are close to the market values, considering the financial transactions have immediate liquidity.

(b) Loans and financing

They are measured at the amortized cost, using the effective rate method.

(c) Trade receivables

They are classified as receivables and are accounted for by their contractual values, which are close to market value.

(d) Derivative financial instruments

Although the derivative transaction is intended to protect the Company from fluctuations arising from its exposure to foreign exchange risk, it was decided not to adopt the hedge accounting methodology.

We present below the information related to the derivatives financial instruments (swaps) held by the Company as at September 30, 2023, recorded at fair value with effect on income:

							Commercial Contract (Swap)			BRL Thousand	
Swap Contracts	Initial Date	Maturity Date	Principal Contracted (USD)	Principal Contracted	Contracted rate	Swap Rate	Long leg	Short leg	Net exposure	Mark-to- market (MTM)	Fair Value (Accumulate d)
Citibank	02/Feb/22	02/Jan/24	44,000,000	233,156,000	1.18*(SOFRUSD +0.90%)	CDI +1.20%	224,799	238,463	13,665	(14,924)	(1,260)
Citibank	10/Jan/23	12/Jan/26	80,000,000	422,840,000	1.18*(SOFRUSD +0.68%)	CDI +1.25%	410,231	436,373	26,142	(32,918)	(6,776)
Total			124,000,000	655,996,000			635,030	674,836	39,806	(47,842)	(8,036)

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(e) Other financial instruments, assets, and liabilities

The estimated realizable values of the Group's financial assets and liabilities were determined based on information available in the market and appropriate valuation methodologies.

19.1 Fair value hierarchy

The table below presents the financial instruments recorded at fair value using the measurement method:

	Consolidated	
	September 30, 2023	December 31, 2022
Level 2		
Financial instruments at fair value through profit or loss		
Financial investments	1,171,205	763,576
(-) Derivative financial instruments – Swap	(682,874)	(240,819)
	<u>488,331</u>	<u>522,757</u>

The measurement of financial instruments is grouped at levels from 1 to 3, based on the level of quotation of their fair value:

Level 1 - prices quoted in active markets for identical assets and liabilities;

Level 2 - other techniques for which all input with a significant effect on the fair value is observable, either directly or indirectly; and

Level 3 - techniques using input with a significant effect on the fair value that is not based on observable market input.

During the period that ended September 30, 2023, there were no transfers arising from fair value measurements between levels 1 and 2, not inside level 3.

19.2 Financial risk factors

All the Company's transactions are performed with banks having recognized liquidity, which minimizes risks. Management records an allowance for uncollectible accounts in an amount considered sufficient to cover possible risks of realization of trade receivables; therefore, the risk of incurring losses resulting from the difficulty of receiving billed values is measured and recorded in the accounts. The main market risk factors affecting the business are the following:

(a) Credit risk

This risk is related to difficulties in collecting values for services provided.

The Group is also subject to credit risk in its financial investments.

The credit risk related to the service provision is minimized by strict control of the student base and by the active management of default levels and the pulverization of balances. In addition, the Company requires the settlement or negotiation of the amounts overdue upon the return of the students for classes in the next semester.

Concerning the credit risk associated with financial institutions, the Company and its subsidiaries operate according to the Investment Policy approved by the Board of Directors. The balances of cash and cash equivalents, securities, and legal deposits are held at financial institutions with A to AAA credit ratings assigned by the credit

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rating agencies Standard & Poor's, Fitch, and Moody's. In cases where there are two or more ratings, the rating of the majority shall be adopted. In the event of different ratings, the Company adopts the higher rating as a basis.

(b) Interest rate risk

The Group is exposed to fluctuations in the Interbank Deposit Certificate (CDI) rate, which is used to adjust its financial investments and debts. In addition, any increase in interest rates could increase the cost of students' loans, including loans under the terms of the FIES program, and decrease the demand for the courses.

(c) Exchange rate risk

The Group's income is susceptible to variations due to exchange rate volatility since its assets and liabilities are linked to a currency other than its functional currency. However, as the Company has a Swap agreement for line 4131, exposure to foreign exchange risk does not exist.

(d) Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient cash resources available to meet its commitments due to the different terms of settlement of its rights and obligations.

The control of the Group's liquidity and cash flow is monitored daily by the Group's Management areas, in order to ensure that the operational cash generation and the previous fundraising, when necessary, are sufficient to maintain its commitments' schedule, not posing liquidity risks for the Group.

The table below analyzes the Group's financial liabilities, by maturity ranges, corresponding to the remaining period of the reporting date of the balance sheet until the contractual maturity date. The values presented in the table are the contracted cash flows not discounted.

	Consolidated			
	Less than one year	Between one and two years	Between two and five years	More than five years
In 2023				
Suppliers	229,112			
Loans	1,083,233	1,504,550	1,991,499	
Financial lease obligations	233,809	292,394	473,989	1,486,099
Commitments payable	14,263	34,001	8,531	
Financial liabilities – options			55,917	
In 2022				
Suppliers	227,561			
Loans	686,127	1,171,725	2,983,297	
Financial lease obligations	232,020	399,508	393,260	1,242,216
Commitments payable	67,292	15,846	36,114	
Financial liabilities – options			55,917	

(e) Sensitivity analysis

CVM Resolution No. 550, of October 17, 2008, sets forth that publicly-held companies must disclose, in a specific note, qualitative and quantitative information on all their financial instruments, recognized or not as assets or liabilities in the balance sheet.

The Group's financial instruments are represented by cash, trade receivables, trade payables, legal deposits, loans, and financing, which are registered at cost value, plus income or charges incurred and financial investments, that are registered at fair value.

The main risks underlying the Group's operations are linked to changes in the CDI (Interbank Deposit Certificate) rate.

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CVM Instruction No. 607, of July 17, 2019, provides that specific information on financial instruments must be shown in a specific note and that a table must be included with details of a sensitivity analysis.

Loans in Brazilian reais consist of transactions for which the carrying value is close to the fair value of these financial instruments.

Investments linked to the CDI rate are recorded at fair value, according to the quotations disclosed by the respective financial institutions. Most of the other investments refer to bank deposit certificates and repurchase agreements and, therefore, the value recorded for these securities does not differ from market value.

With the purpose of verifying the sensitivity of the index for the financial investments and loans to which the Group was exposed on the base date of September 30, 2023, three different scenarios were defined. Based on the CDI rate officially published by CETIP on September 30, 2023 (12.75% p.a.), this rate was used as the probable scenario for the year. After that, rate variations of 25% and 50% were calculated for scenarios II and III, respectively.

For each scenario, "gross financial revenues and financial expenses" were calculated, disregarding the levy of taxes on the investment yields. The base date used for the portfolio was September 30, 2023, projected for one year and verifying the sensitivity of the CDI rate for each scenario.

Scenario for CDI increase				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI rate	12.75%	15.94%	19.13%
BRL 1,181,642		BRL 150,659	BRL 188,324	BRL 225,989
Debentures V - 2nd Series	CDI + 0.79%	12.84%	16.03%	19.22%
(BRL 177,295)		(BRL 22,843)	(BRL 28,519)	(BRL 34,195)
CCB – Safra	CDI + 2.18%	15.21%	18.46%	21.72%
(BRL 217,681)		(BRL 33,105)	(BRL 40,195)	(BRL 47,284)
4131 - Citi (USD 80MM)	CDI + 1.25%	14.16%	17.39%	20.61%
(BRL 436,375)		(BRL 61,788)	(BRL 75,781)	(BRL 89,955)
4131 - Citi (USD 44MM)	CDI + 1.20%	14.10%	17.33%	20.55%
(BRL 238,463)		(BRL 33,631)	(BRL 41,323)	(BRL 49,015)
Debentures VI	CDI + 2.50%	15.57%	18.84%	22.10%
(BRL 1,808,844)		(BRL 281,614)	(BRL 340,713)	(BRL 399,811)
Debentures VII	CDI + 1.65%	14.61%	17.85%	21.09%
(BRL 315,072)		(BRL 46,033)	(BRL 56,242)	(BRL 66,450)
Debentures VIII	CDI + 1.50%	14.44%	17.68%	20.91%
(BRL 501,065)		(BRL 72,360)	(BRL 88,571)	(BRL 104,782)
Net position		(BRL 400,714)	(BRL 483,109)	(BRL 565,503)

Scenario for CDI decrease				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI rate	12.75%	9.56%	6.38%
BRL 1,181,642		BRL 150,659	BRL 112,995	BRL 75,330
Debentures V - 2nd Series	CDI + 0.79%	12.84%	9.65%	6.46%
(BRL 177,295)		(BRL 22,843)	(BRL 17,167)	(BRL 11,491)
CCB – Safra	CDI + 2.18%	15.21%	11.95%	8.69%
(BRL 217,681)		(BRL 33,105)	(BRL 26,015)	(BRL 18,925)
4131 - Citi (USD 80MM)	CDI + 1.25%	14.16%	10.93%	7.70%
(BRL 436,375)		(BRL 61,788)	(BRL 47,705)	(BRL 33,621)
4131 – Citi (USD 44MM)	CDI + 1.20%	14.10%	10.88%	7.65%
(BRL 238,463)		(BRL 33,631)	(BRL 25,938)	(BRL 18,246)
Debentures VI	CDI + 2.50%	15.57%	12.30%	9.03%
(BRL 1,808,844)		(BRL 281,614)	(BRL 222,516)	(BRL 163,418)
Debentures VII	CDI + 1.65%	14.61%	11.37%	8.13%
(BRL 315,072)		(BRL 46,033)	(BRL 35,825)	(BRL 25,616)
Debentures VIII	CDI + 1.50%	14.44%	11.21%	7.97%
(BRL 501,065)		(BRL 72,360)	(BRL 56,149)	(BRL 39,938)
Net position		(BRL 400,714)	(BRL 318,320)	(BRL 235,926)

We present below the Company's variations in assets and liabilities linked to the exchange rate.

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The sensitivity analysis related to foreign exchange risk refers to the position on September 30, 2023, and seeks to simulate how an exchange rate stress could affect the Company.

In addition, three scenarios were outlined, I, II, and III, which represent, respectively, the probable scenario and the possible deterioration scenarios of 25% and 50% in the risk variable. To carry out the analysis, the Company uses as an assumption of the probable scenario the exchange rate at the end of September 2023 disclosed in the last Focus Report - BACEN prior to the close of the fiscal year. Based on the probable exchange rate, scenarios of deterioration of 25% and 50% of the risk variable are generated.

The table below represents the sensitivity analysis involving the net effect resulting from these shocks in the exchange rate. We have decided to keep the Swap long leg separate from the short leg in order to make the effect of the derivative more evident.

Transactions	Risk	Scenario for dollar increase		
		Scenario (I)	Scenario (II)	Scenario (III)
Swap - Long Leg	FX rate	5.03	6.29	7.55
224,798		224,798	280,998	337,197
410,231		410,231	512,789	615,347
Debt in USD	FX rate	5.03	6.29	7.55
238,463		238,463	298,079	357,695
436,372		436,372	545,465	654,558
Net position		(39,806)	(49,758)	(59,709)

(f) Capital Management

The Company's debt in relation to Equity for the period ended September 30, 2023, and for the fiscal year ended December 31, 2022, is presented below as consolidated data:

	Consolidated	
	September 30, 2023	December 31, 2022
Loans and financing (Note 11)	3,694,557	3,529,428
Leases (Note 12)	1,650,072	1,511,069
Acquisition price payable (Note 16)	53,316	111,480
(-) Cash and cash equivalents and securities (Note 3)	(1,181,642)	(785,831)
Net debt	4,216,303	4,366,146
Equity	3,253,088	2,960,059
Net debt on equity	1.30	1.48

(g) Offsetting of financial instruments

There are no significant financial assets and liabilities subject to contractual offsetting as at September 30, 2023, and December 31, 2022.

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20 Administrators' compensation

(a) Compensation

In accordance with the Corporations Act and the Company's Articles of Incorporation, it is the responsibility of the shareholders, at the General Meeting, to set the overall amount of the administrators' annual compensation. It is incumbent upon the Board of Directors to distribute the funds among the administrators. The Annual and Special General Meeting held on April 27, 2023 established a monthly global compensation limit to the Company's Administrators (Board of Directors, Audit Committee, and Executive Board).

In the periods ended September 30, 2023 and September 30, 2022, the total compensation (fixed, variable, shares, and the respective social charges) of the Company's directors, officers, and main executives was BRL 21,550 and BRL 42,602, respectively. Compensations are within the limits approved at the corresponding shareholders' meetings.

The Company and its subsidiaries do not grant post-employment benefits, contract termination benefits, or other long-term benefits to Management and its employees, except for the share call option plan described in Note 21 (b).

(b) Share call option plan

First Stock Plan

In the Annual General Meeting held on September 12, 2008, the shareholders approved a Company's Share Call Option Plan ("First Plan") to the Company's administrators, employees, and service providers ("beneficiaries"). The First Plan is administrated by the Plan Management Committee, created by the Board of Directors, specifically for this purpose during the meeting held on July 1, 2008. The Committee is responsible for creating an option program ("Program") of acquisition of shares and granting to the Beneficiaries (reviewed from time to time) the options and specific applicable rules, always subjecting them to the general rules of the First Plan.

The volume of stock options is limited to 5% of the shares representing the Company's share capital on the date on which each Program is approved.

Up to June 30, 2023, eleven stock option programs were created, of which six programs do not contain shares to be exercised (programs from the 1st to the 5th and 9th), all other programs (6th to 8th, 10th, and 11th) despite being closed, still contain a stock of shares to be exercised.

As at September 30, 2023, the number of granted options, which were exercised accumulated from all programs, was 13,441,762 shares (BRL 116,870), of which 11,218,904 shares were from closed programs and 2,222,858 shares from active programs. The total number of shares granted, less the forfeited shares is 16,901,902 shares (BRL 156,902), of which 12,042,223 shares of closed programs and 4,859,679 shares of active programs.

As at December 31, 2022, the number of granted options, which were exercised accumulated from all programs, was 13,434,662 shares (BRL 116,870), of which 11,218,904 shares from closed programs and 2,215,758 shares from active programs. The total number of shares granted, less the forfeited shares is 16,901,902 shares (BRL 156,902), of which 12,042,223 shares of closed programs and 4,859,679 shares of active programs.

For the granted options programs described below, with a balance of shares to be consumed, the Company uses the Binomial model and the Black and Scholles model to calculate the fair value of the options for each grant.

Year	Programs	Issue price	Granted	Forfeited Options	Abandoned Options	Issued	Balance of Shares
2013	6P	BRL 15.67	5,090,000	2,247,000	1,947,046	866,714	29,240
2014	7P	BRL 23.60	889,000	379,200	331,174	97,526	81,100
2015	8P	BRL 13.15	983,000	463,400	59,587	458,813	1,200
2016	10P	BRL 15.12	1,105,779	554,000	107,779	442,000	2,000
2017	11P	BRL 14.18	991,010	555,510	71,255	357,805	6,440

YDUQS Participações S.A.

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Overall Total	9,058,789	4,199,110	2,516,841	2,222,858	119,980
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The assumptions used to calculate each grant, based on the Binominal model, are as follows:

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Program	Date of Grant	End of Vesting Period	Maturity Date	Granted Options	Price of Base Asset	Fair value	Quantity Forfeited
11th Program Apr17	04/25/2017	04/23/2018	04/23/2028	188,000	BRL 14.18	BRL 6.14	13,500
11th Program Apr17	04/25/2017	04/23/2019	04/23/2028	188,000	BRL 14.18	BRL 6.84	86,000
11th Program Apr17	04/25/2017	04/23/2020	04/23/2028	188,000	BRL 14.18	BRL 7.41	132,500
11th Program Apr17	04/25/2017	04/23/2021	04/23/2028	188,000	BRL 14.18	BRL 7.86	135,500
11th Program Apr17	04/25/2017	04/23/2022	04/23/2028	188,000	BRL 14.18	BRL 8.26	137,000
11th Program Apr17 Cons.	04/25/2017	04/23/2018	04/23/2028	25,505	BRL 14.18	BRL 6.14	25,505
11th Program Apr17 Cons.	04/25/2017	04/23/2019	04/23/2028	25,505	BRL 14.18	BRL 6.84	25,505
10th Program Jul16	07/19/2016	04/15/2017	07/19/2026	208,000	BRL 15.12	BRL 6.89	2,000
10th Program Jul16	07/19/2016	04/15/2018	07/19/2026	208,000	BRL 15.12	BRL 7.89	33,000
10th Program Jul16	07/19/2016	04/15/2019	07/19/2026	208,000	BRL 15.12	BRL 8.61	153,000
10th Program Jul16	07/19/2016	04/15/2020	07/19/2026	208,000	BRL 15.12	BRL 9.18	183,000
10th Program Jul16	07/19/2016	04/15/2021	07/19/2026	208,000	BRL 15.12	BRL 9.64	183,000
10th Program Jul16 Cons.	07/19/2016	04/15/2017	07/19/2026	32,890	BRL 15.12	BRL 6.89	0
10th Program Jul16 Cons.	07/19/2016	04/15/2018	07/19/2026	32,889	BRL 15.12	BRL 7.89	0
9th Program Apr16	04/29/2016	04/15/2017	04/15/2027	80,000	BRL 11.87	BRL 6.02	20,000
9th Program Apr16	04/29/2016	04/15/2018	04/15/2027	80,000	BRL 11.87	BRL 6.66	20,000
9th Program Apr16	04/29/2016	04/15/2019	04/15/2027	80,000	BRL 11.87	BRL 7.14	80,000
9th Program Apr16	04/29/2016	04/15/2020	04/15/2027	80,000	BRL 11.87	BRL 7.52	80,000
9th Program Apr16	04/29/2016	04/15/2021	04/15/2027	80,000	BRL 11.87	BRL 7.83	80,000
8P Program	10/28/2015	04/15/2016	04/15/2026	196,600	BRL 13.15	BRL 5.45	2,000
8P Program	10/28/2015	04/15/2017	04/15/2027	196,600	BRL 13.15	BRL 6.42	56,800
8P Program	10/28/2015	04/15/2018	04/15/2028	196,600	BRL 13.15	BRL 7.20	81,200
8P Program	10/28/2015	04/15/2019	04/15/2029	196,600	BRL 13.15	BRL 7.88	150,200
8P Program	10/28/2015	04/15/2020	04/15/2030	196,600	BRL 13.15	BRL 8.47	173,200
7P Program Oct14	10/14/2014	04/15/2015	04/15/2025	177,800	BRL 26.83	BRL 8.58	16,000
7P Program Oct14	10/14/2014	04/15/2016	04/15/2026	177,800	BRL 26.83	BRL 9.71	37,000
7P Program Oct14	10/14/2014	04/15/2017	04/15/2027	177,800	BRL 26.83	BRL 10.64	86,000
7P Program Oct14	10/14/2014	04/15/2018	04/15/2028	177,800	BRL 26.83	BRL 11.47	104,400
7P Program Oct14	10/14/2014	04/15/2019	04/15/2029	177,800	BRL 26.83	BRL 12.24	135,800
6P Program Aug14	08/01/2014	04/15/2015	04/15/2025	60,000	BRL 29.16	BRL 14.48	0
6P Program Aug14	08/01/2014	04/15/2016	04/15/2026	60,000	BRL 29.16	BRL 15.10	28,000
6P Program Aug14	08/01/2014	04/15/2017	04/15/2027	60,000	BRL 29.16	BRL 15.74	28,000
6P Program Aug14	08/01/2014	04/15/2018	04/15/2028	60,000	BRL 29.16	BRL 16.38	28,000
6P Program Aug14	08/01/2014	04/15/2019	04/15/2029	60,000	BRL 29.16	BRL 16.98	44,000
6P Program Aug14 Cons.	08/01/2014	04/15/2015	08/01/2024	50,000	BRL 29.16	BRL 14.43	0
6P Program Aug14 Cons.	08/01/2014	04/15/2016	08/01/2024	50,000	BRL 29.16	BRL 15.02	0
6P Program Jul14	07/04/2014	04/15/2015	04/15/2025	608,000	BRL 29.94	BRL 15.13	0
6P Program Jul14	07/04/2014	04/15/2016	04/15/2026	608,000	BRL 29.94	BRL 15.76	80,000
6P Program Jul14	07/04/2014	04/15/2017	04/15/2027	608,000	BRL 29.94	BRL 16.41	602,000
6P Program Jul14	07/04/2014	04/15/2018	04/15/2028	608,000	BRL 29.94	BRL 17.05	608,000
6P Program Jul14	07/04/2014	04/15/2019	04/15/2029	608,000	BRL 29.94	BRL 17.65	608,000
6P Program Jul14 Cons.	07/04/2014	04/15/2015	07/04/2024	162,500	BRL 29.94	BRL 15.09	0
6P Program Jul14 Cons.	07/04/2014	04/15/2016	07/04/2024	162,500	BRL 29.94	BRL 15.69	0
6P Program Oct13	10/02/2013	04/15/2014	04/15/2024	265,000	BRL 16.82	BRL 5.05	5,000
6P Program Oct13	10/02/2013	04/15/2015	04/15/2025	265,000	BRL 16.82	BRL 5.79	5,000
6P Program Oct13	10/02/2013	04/15/2016	04/15/2026	265,000	BRL 16.82	BRL 6.40	19,000
6P Program Oct13	10/02/2013	04/15/2017	04/15/2027	265,000	BRL 16.82	BRL 6.94	88,000
6P Program Oct13	10/02/2013	04/15/2018	04/15/2028	265,000	BRL 16.82	BRL 7.43	104,000
5P 3 Program	03/01/2013	04/15/2014	04/15/2024	144,000	BRL 16.16	BRL 6.37	0
5P 3 Program	03/01/2013	04/15/2015	04/15/2025	144,000	BRL 16.16	BRL 7.02	21,000
5P 3 Program	03/01/2013	04/15/2016	04/15/2026	144,000	BRL 16.16	BRL 7.60	102,000
5P 3 Program	03/01/2013	04/15/2017	04/15/2027	144,000	BRL 16.16	BRL 8.11	102,000
5P 3 Program	03/01/2013	04/15/2018	04/15/2028	144,000	BRL 16.16	BRL 8.58	123,000
4P Program Jan/13	01/10/2013	04/15/2014	04/15/2024	160,200	BRL 14.40	BRL 8.23	7,200
4P Program Jan/13	01/10/2013	04/15/2015	04/15/2025	160,200	BRL 14.40	BRL 8.35	7,200
4P Program Jan/13	01/10/2013	04/15/2016	04/15/2026	160,200	BRL 14.40	BRL 8.48	7,200
4P Program Jan/13	01/10/2013	04/15/2017	04/15/2027	160,200	BRL 14.40	BRL 8.62	88,200
4P Program Jan/13	01/10/2013	04/15/2018	04/15/2028	160,200	BRL 14.40	BRL 8.75	94,200

The assumptions used to calculate each granting, based on the Black and Scholles model, are as follows:

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Program	Date of Grant	End of Vesting Period	Maturity Date	Granted Options	Price of Base Asset	Fair value	Quantity Forfeited
4P Program Nov/2012	11/05/2012	04/15/2014	04/15/2024	15,000	BRL 13.13	BRL 6.31	0
4P Program Nov/2012	11/05/2012	04/15/2015	04/15/2025	15,000	BRL 13.13	BRL 6.88	0
4P Program Nov/2012	11/05/2012	04/15/2016	04/15/2026	15,000	BRL 13.13	BRL 7.36	15,000
4P Program Nov/2012	11/05/2012	04/15/2017	04/15/2027	15,000	BRL 13.13	BRL 7.79	15,000
4P Program Nov/2012	11/05/2012	04/15/2018	04/15/2028	15,000	BRL 13.13	BRL 8.08	15,000
4P Program Aug/12	08/06/2012	04/15/2013	04/15/2023	18,000	BRL 8.66	BRL 2.64	0
4P Program Aug/12	08/06/2012	04/14/2014	04/14/2024	18,000	BRL 8.66	BRL 3.37	18,000
4P Program Aug/12	08/06/2012	04/14/2015	04/14/2025	18,000	BRL 8.66	BRL 3.88	18,000
4P Program Aug/12	08/06/2012	04/14/2016	04/14/2026	18,000	BRL 8.66	BRL 4.29	18,000
4P Program Aug/12	08/06/2012	04/14/2017	04/14/2027	18,000	BRL 8.66	BRL 4.55	18,000
4P Program Jul/12	07/02/2012	04/15/2013	04/15/2023	48,000	BRL 8.10	BRL 2.23	0
4P Program Jul/12	07/02/2012	04/14/2014	04/14/2024	48,000	BRL 8.10	BRL 2.96	0
4P Program Jul/12	07/02/2012	04/14/2015	04/14/2025	48,000	BRL 8.10	BRL 3.46	9,000
4P Program Jul/12	07/02/2012	04/14/2016	04/14/2026	48,000	BRL 8.10	BRL 3.86	9,000
4P Program Jul/12	07/02/2012	04/14/2017	04/14/2027	48,000	BRL 8.10	BRL 4.12	48,000
4P Program Apr/12	04/02/2012	04/15/2013	04/15/2023	234,000	BRL 6.50	BRL 1.12	27,000
4P Program Apr/12	04/02/2012	04/14/2014	04/14/2024	234,000	BRL 6.50	BRL 1.81	42,000
4P Program Apr/12	04/02/2012	04/14/2015	04/14/2025	234,000	BRL 6.50	BRL 2.26	42,000
4P Program Apr/12	04/02/2012	04/14/2016	04/14/2026	234,000	BRL 6.50	BRL 2.60	60,000
4P Program Apr/12	04/02/2012	04/14/2017	04/14/2027	234,000	BRL 6.50	BRL 2.82	138,000
3P Program Apr/11	04/20/2011	04/15/2012	04/15/2022	165,324	BRL 7.80	BRL 1.29	12,717
3P Program Apr/11	04/20/2011	04/14/2013	04/14/2023	165,240	BRL 7.80	BRL 2.27	38,133
3P Program Apr/11	04/20/2011	04/14/2014	04/14/2024	165,240	BRL 7.80	BRL 2.92	61,011
3P Program Apr/11	04/20/2011	04/14/2015	04/14/2025	165,240	BRL 7.80	BRL 3.42	61,011
3P Program Apr/11	04/20/2011	04/14/2016	04/14/2026	165,240	BRL 7.80	BRL 3.74	80,079
3P Program Jan/11	01/03/2011	04/15/2012	04/15/2022	183,861	BRL 9.00	BRL 1.99	10,170
3P Program Jan/11	01/03/2011	04/14/2013	04/14/2023	183,807	BRL 9.00	BRL 3.02	35,592
3P Program Jan/11	01/03/2011	04/14/2014	04/14/2024	183,807	BRL 9.00	BRL 3.72	51,072
3P Program Jan/11	01/03/2011	04/14/2015	04/14/2025	183,807	BRL 9.00	BRL 4.25	51,072
3P Program Jan/11	01/03/2011	04/14/2016	04/14/2026	183,807	BRL 9.00	BRL 4.60	51,072
2P Program Jul/10	07/28/2010	04/15/2011	04/15/2021	129,702	BRL 6.73	BRL 1.37	39,063
2P Program Jul/10	07/28/2010	04/14/2012	04/14/2022	129,684	BRL 6.73	BRL 2.19	39,063
2P Program Jul/10	07/28/2010	04/14/2013	04/14/2023	129,684	BRL 6.73	BRL 2.72	48,438
2P Program Jul/10	07/28/2010	04/14/2014	04/14/2024	129,684	BRL 6.73	BRL 3.12	48,438
2P Program Jul/10	07/28/2010	04/14/2015	04/14/2025	129,684	BRL 6.73	BRL 3.36	60,936
2P Program May/10	05/06/2010	04/15/2011	04/15/2021	140,625	BRL 6.33	BRL 2.52	0
2P Program May/10	05/06/2010	04/15/2012	04/15/2015	140,625	BRL 6.33	BRL 2.52	140,625
2P Program May/10	05/06/2010	04/14/2013	04/14/2023	140,625	BRL 6.33	BRL 2.52	140,625
2P Program May/10	05/06/2010	04/14/2014	04/14/2024	140,625	BRL 6.33	BRL 2.52	140,625
2P Program May/10	05/06/2010	04/14/2015	04/14/2025	140,625	BRL 6.33	BRL 2.52	140,625
1P Program Mar/10	03/01/2010	04/15/2011	04/15/2021	90,909	BRL 7.50	BRL 2.43	0
1P Program Mar/10	03/01/2010	04/14/2012	04/14/2022	90,909	BRL 7.50	BRL 3.23	0
1P Program Mar/10	03/01/2010	04/14/2013	04/14/2023	90,909	BRL 7.50	BRL 3.77	0
1P Program Mar/10	03/01/2010	04/14/2014	04/14/2024	90,909	BRL 7.50	BRL 4.18	0
1P Program Mar/10	03/01/2010	04/14/2015	04/14/2025	90,909	BRL 7.50	BRL 4.43	0
1P Program Jan/10	01/11/2010	04/15/2011	04/15/2021	89,112	BRL 8.17	BRL 2.96	10,914
1P Program Jan/10	01/11/2010	04/14/2012	04/14/2022	89,088	BRL 8.17	BRL 3.78	38,181
1P Program Jan/10	01/11/2010	04/14/2013	04/14/2023	89,088	BRL 8.17	BRL 4.34	38,181
1P Program Jan/10	01/11/2010	04/14/2014	04/14/2024	89,088	BRL 8.17	BRL 4.76	52,728
1P Program Jan/10	01/11/2010	04/14/2015	04/14/2025	89,088	BRL 8.17	BRL 5.03	52,728
1P Program Sep/09	09/29/2009	04/15/2010	04/15/2020	174,582	BRL 6.70	BRL 1.78	0
1P Program Sep/09	09/29/2009	04/15/2011	02/15/2021	174,537	BRL 6.70	BRL 2.51	32,727
1P Program Sep/09	09/29/2009	04/14/2012	04/14/2022	174,537	BRL 6.70	BRL 3.00	32,727
1P Program Sep/09	09/29/2009	04/14/2013	04/14/2023	174,537	BRL 6.70	BRL 3.40	32,727
1P Program Sep/09	09/29/2009	04/14/2014	04/14/2024	174,537	BRL 6.70	BRL 3.62	101,814
1P Program Jan/09	01/13/2009	04/15/2010	04/15/2020	90,915	BRL 4.40	BRL 0.57	18,180
1P Program Jan/09	01/13/2009	04/15/2011	04/15/2021	90,909	BRL 4.40	BRL 1.21	72,729
1P Program Jan/09	01/13/2009	04/14/2012	04/15/2022	90,909	BRL 4.40	BRL 1.62	72,729
1P Program Jan/09	01/13/2009	04/14/2013	04/15/2023	90,909	BRL 4.40	BRL 1.92	72,729
1P Program Jan/09	01/13/2009	04/14/2014	04/15/2024	90,909	BRL 4.40	BRL 2.11	72,729

Second Share Plan

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The Second Stock Option Plan was submitted for approval by the shareholders at the General Meeting held on April 27, 2023, with the Board of Directors being the body responsible for its management.

The maximum amount of shares covered must not exceed the number of five million, six hundred and fifty thousand (5,650,000) shares, subject to any adjustments arising from bonuses, reverse splits, splits, and other events provided for in the plan.

Each Option will entitle the Participant to acquire one (1) share of the number of granted options.

Under the terms of the Plan, the options must be acquired by the Participant upon payment of the acquisition price, which will be defined by the Board of Directors within the scope of the respective programs. Once acquired, the options will become eligible for exercise, to the extent that the Participant remains continuously linked as an officer of the Company until the end of the respective vesting periods below:

(a) Options A and Options B will become Vested Options as of December 1, 2025.

(b) Options C and Options D will become Vested Options as of December 1, 2026.

Strike price per option is fifteen Brazilian reais (BRL 15.00) for Option A; Twenty Brazilian reais (BRL 20.00) for Option B; Twenty-five Brazilian reais (BRL 25.00) for Option C; and thirty Brazilian reais (BRL 30.00) for Option D. The Board of Directors may provide in the respective option program and contract that the strike price will be reduced by the amount per share distributed to its shareholders as of a certain date, either as dividends, interest on equity, redemption, capital reduction, among other theories.

The acquisition price of each option will be determined by the Board of Directors within the scope of the respective program.

The strike period of six months provided for in the Plan was established by the Board of Directors and takes into account market practices and the Company's intention that participants exercise their options in a short period of time after becoming vested options.

Year	Program	Granted	Issued	Unvested	Forfeited	Balance
2023	1P	5,650,000	0	5,650,000	0	5,650,000

The assumptions used to calculate each granting, based on the Black and Scholles model, are as follows:

Batch	Batch reference	Pricing model	Date of Grant	Date of vesting period	Maturity date	Price of base asset	Strike price	Volatility	Dividend yield	Interest rate	Expected life of the option (expiration)	Fair Value B&S
1	NEW SOP YDUQS-1	Black & Scholes	05/02/2023	12/01/2025	06/01/2026	BRL 7.81	BRL 15.00	53.65%	0.00%	11.76%	3.08	2.14
2	NEW SOP YDUQS-2	Black & Scholes	05/02/2023	12/01/2025	06/01/2026	BRL 7.81	BRL 20.00	53.65%	0.00%	11.76%	3.08	1.53
3	NEW SOP YDUQS-3	Black & Scholes	05/02/2023	12/01/2026	06/01/2027	BRL 7.81	BRL 25.00	55.77%	0.00%	11.88%	4.08	1.91
4	NEW SOP YDUQS-4	Black & Scholes	05/02/2023	12/01/2026	06/01/2027	BRL 7.81	BRL 30.00	55.77%	0.00%	11.88%	4.08	1.58

In compliance with the provisions of the technical pronouncement CPC 10 (R1), the share-based payouts that were open on September 30, 2023, and December 31, 2022, were measured and recognized by the Company.

The Company recognizes the stock options granted on a quarterly basis, as a capital reserve with a corresponding counter entry in the statement of profit or loss, as general and administrative expenses, in the line item personal and social charges. In the period that ended September 30, 2023, an allowance of BRL 1,258 was recognized (reversal of BRL 26 in the fiscal year ended on December 31, 2022). The accumulated allowance as at September 30, 2023, was BRL 76,113 (BRL 74,855 as at December 31, 2022).

(c) Performance Share Program

The purpose of the Plan is to allow the grant of Restricted Shares to Beneficiaries selected by the Board of Directors, subject to certain conditions, with the objective of: (a) encouraging the expansion, success, and achievement of the corporate purpose of the Company and the companies under its control; (b) encouraging better management of the Company and the companies under its control, awarding participants the possibility of being Company's shareholders, thereby encouraging them to optimize all aspects that could value the company in the

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long term; (c) aligning the interest of the beneficiaries with the shareholders' interest; and (d) encouraging the retaining of administrators and employees at the Company or in the companies under its control.

The administrators and employees of the Company or of the company under its control may be elected as Plan beneficiaries, as defined by the Board of Directors.

The total number of restricted shares that may be granted under the Plan may not exceed, together with the options and/or shares granted under other Share-based compensation plans of the Company (which shall be considered in calculating the total limit established herein), the total limit of 3% of the Company's share capital on the date of approval of each Program.

The reference price of each restricted share used to define the number of restricted shares granted to each beneficiary will correspond to the weighted average quote of the Company's shares on B3 S.A. during the thirty (30) trading sessions prior to the date of each Program.

Each Program created by the Board of Directors will have a term of five years, and the restricted shares granted will be divided into five equal annual lots, with the vesting period occurring annually.

Exceptionally, with respect to the 1st Program, approved by the Board of Directors in 2018, the vesting period for the first 20% of restricted shares granted ended on April 15, 2019, with the delivery of the respective restricted shares to the beneficiaries within 30 days of the end of the vesting period, so that the vesting period for each of the other lots of 20% will end on April 15 each year, with the delivery of the respective restricted shares within a maximum of 30 days.

For the Restricted Shares Granting Plan, the allowance for the program in the fiscal year ended September 30, 2023 was BRL 11,037 (BRL 19,394 as at December 31, 2022). The accumulated allowance as at September 30, 2023 was BRL 32,875 (BRL 31,283 as at December 31, 2022).

As at September 30, 2023, the number of shares granted and delivered was 3,839,463 shares, and the total shares granted amounted to 11,225,900 shares.

Year	Program	Granted	Additional per Dividends	Additional per Performance	Delivered	Unvested	Canceled	Forfeited
2018	1P	1,395,500	90,926	40,825	724,622		147,031	655,600
2018	1P - Cons	130,000	9,441		139,441			
2018	1P - Esp.	300,000	28,680	16,158	322,836		22,001	
2019	2P	879,000	19,000	41,500	510,138	84,942	90,385	254,035
2020	2P - Cons	98,000	3,158		94,028		130	7,000
2019	2P - Esp.	100,000	2,749	5,000	81,732	20,845	5,172	
2019	3P	630,000	15,455		565,455			80,000
2022	3P - Cons	98,000				84,000		14,000
2019	3P - Esp.	200,000	5,620		205,620			
2019	4P	100,000	3,073	5,000	61,046		7,027	40,000
2019	5P	80,000	2,760				2,760	80,000
2020	6P	1,389,600	37,210		535,100	337,402	145,586	408,722
2020	7P	445,000	9,542		94,047	141,709	3,786	215,000
2020	8P	460,000	19,468			416,929	2,539	60,000
2020	9P	100,000	1,846		40,628	30,609	609	30,000
2021	10P	1,330,800	25,572		311,167	547,946	155,578	341,681
2021	11P	85,000	272		15,269	15,114	6,889	48,000
2022	12P	1,350,000	9,925		138,334	872,248	107,443	241,900
2023	13P	735,000				714,000		21,000
2023	13P - Esp.	1,320,000				1,320,000		
Overall Total		11,225,900	284,697	108,483	3,839,463	4,585,744	696,936	2,496,938

21 Earnings per share

The table below presents information on the income and shares used to calculate basic and diluted earnings per share.

(a) Earnings per share – basic

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	<u>2023</u>	<u>2022</u>
Numerator		
Net income for the period	273,295	26,980
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	<u>290,590</u>	<u>295,853</u>
Net income per batch of 1000 shares - basic	<u>0.94048</u>	<u>0.09119</u>

(b) Earnings per share - diluted

	<u>2023</u>	<u>2022</u>
Numerator		
Net income for the period	273,295	26,980
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	290,590	295,853
Potential increase in the number of shares due to the stock option plan	<u> </u>	<u> </u>
Adjusted weighted average of outstanding shares	<u>290,590</u>	<u>295,853</u>
Net income per batch of 1000 shares - diluted	<u>0.94048</u>	<u>0.09119</u>

22 Net revenue from services provided

	<u>2023</u>	<u>Consolidated 2022</u>
Gross revenue	8,225,678	7,404,782
Deduction from gross revenue	(4,307,802)	(3,941,464)
Grants - scholarships	(3,912,263)	(3,713,742)
Refund of monthly tuition fees and charges	(26,489)	(23,055)
Discounts granted	(129,804)	(40,036)
Taxes	(143,648)	(133,526)
Adjustment to present value – PAR/DIS/Credathenas	(23,521)	(12,604)
FIES (i)	<u>(72,077)</u>	<u>(18,501)</u>
	<u>3,917,876</u>	<u>3,463,318</u>

(i) Refers to FGEDUC and management fees.

23 Costs of services provided

	<u>2023</u>	<u>Consolidated 2022</u>
Personnel and social charges	(903,630)	(882,919)
Electricity, water, gas, and telephone	(36,872)	(35,214)
Rental, condominium fees, and IPTU	(31,860)	(21,067)
Mail and Couriers	(1,213)	(1,422)
Depreciation and amortization	(315,845)	(325,744)
Teaching material	(7,843)	(7,524)
Third-party services - security and cleaning	(47,415)	(48,736)
Others	<u>(192,335)</u>	<u>(153,182)</u>
	<u>(1,537,013)</u>	<u>(1,475,808)</u>

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24 Selling, general and administrative expenses

	Parent company		Consolidated	
	2023	2022	2023	2022
Selling expenses				
Allowance for expected credit losses (Note 4)			(425,778)	(423,608)
Advertising			(205,326)	(213,683)
Sales and marketing			(63,152)	(89,946)
Others			(47)	20,806
			<u>(694,303)</u>	<u>(706,431)</u>
General and administrative expenses				
Personnel and social charges	(4,357)	(4,231)	(304,603)	(231,877)
Third-parties services	(2,941)	(2,748)	(125,692)	(119,256)
Maintenance and repairs			(69,046)	(52,756)
Depreciation and amortization		(2)	(266,398)	(200,542)
Educational agreements			(37,876)	(28,507)
Travel and accommodation	(1)	(24)	(13,360)	(6,448)
Allowance for contingencies (Note 17)		284	(58,856)	(51,625)
Insurance	(2,318)	(7,624)	(4,293)	(9,461)
Transportation		(2)	(4,518)	(4,275)
Vehicle rental			(4,565)	(4,457)
Others	(401)	(134)	(48,761)	(46,028)
	<u>(10,018)</u>	<u>(14,481)</u>	<u>(937,968)</u>	<u>(755,232)</u>

25 Other operating revenues/expenses

	Parent company		Consolidated	
	2023	2022	2023	2022
Earn-out (i)			32,923	
Lease revenues			8,171	5,405
Revenues with agreements	2,266	2,266	5,060	5,911
Gain (loss) on disposal of property, plant and equipment			(3,006)	3,216
Other operating revenues (expenses)	689		(11,068)	2,646
	<u>2,955</u>	<u>2,266</u>	<u>32,080</u>	<u>17,178</u>

(i) Write-off of the Earn-out relating to medicine vacancies linked to the acquisition of Athenas Group.

26 Financial income

	Parent company		Consolidated	
	2023	2022	2023	2022
Financial revenues				
Late payment fines and interest			46,650	44,966
Revenues from financial investments	11,244	19,736	107,351	139,244
Derivative fair value (SWAP) (i)	94,443	15,875	94,443	15,875
Adjustment of tax credits and financial products	7,253	5,347	25,379	2,115
Others	2	1	2,176	2,802
(-) PIS and COFINS on financial transactions (ii)	(12,394)	(15,503)	(20,763)	(23,956)
	<u>100,548</u>	<u>25,456</u>	<u>255,236</u>	<u>181,046</u>

Financial expenses

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Bank expenses	(556)	(597)	(7,465)	(9,284)
Interest and financial charges	(344,213)	(339,846)	(379,134)	(372,062)
Adjustment of allowance for contingencies (Note 17)		163	(34,614)	(29,888)
Financial deductions (iii)			(54,605)	(73,939)
Negative exchange variation			(9,725)	(21,298)
Derivatives fair value (SWAP) (i)	(100,183)	(19,024)	(100,183)	(19,024)
Interest on loans (SWAP)	(68,093)	(63,387)	(68,093)	(63,387)
Expenditures with loans	(3,060)	(3,367)	(3,060)	(3,366)
Lease interest - Right of use			(112,678)	(110,109)
Others	(587)	(1,049)	(6,156)	(5,762)
	<u>(516,692)</u>	<u>(427,107)</u>	<u>(775,713)</u>	<u>(708,119)</u>

(i) Refers to loans in foreign currency and derivatives contracted to protect the Company from foreign exchange exposure.

(ii) Refers to charges on financial revenues and JCP (Interest on Equity).

(iii) Related to discounts granted upon renegotiation of overdue monthly tuition fees.

27 Income by business segment

	September 30, 2023			
	On-site	Digital	Premium	Total
Gross Revenue	4,183,388	2,884,804	1,157,488	8,225,680
Deductions	(2,553,795)	(1,546,118)	(207,891)	(4,307,804)
Net revenue (Note 22)	1,629,593	1,338,686	949,597	3,917,876
Costs of the Services Provided (Note 23)	(673,821)	(243,709)	(303,638)	(1,221,168)
Personnel and social charges	(576,622)	(49,136)	(277,872)	(903,630)
Rental, condominium fees, and IPTU	(23,649)	235	(8,446)	(31,860)
Mail and Couriers	(462)	(513)	(238)	(1,213)
Teaching material	(5,733)	(9)	(2,101)	(7,843)
Third parties' services and others	(67,355)	(194,286)	(14,981)	(276,622)
Depreciation and amortization (Note 23)	(224,872)	(20,614)	(70,359)	(315,845)
Gross income	730,900	1,074,363	575,600	2,380,863
Selling expenses (Note 24)	(322,872)	(315,071)	(56,360)	(694,303)
General and administrative expenses (Note 24)	(284,589)	(218,868)	(168,113)	(671,570)
Depreciation and amortization (Note 24)	(122,439)	(86,904)	(57,055)	(266,398)
Other Revenue/Expenses (Note 25)	13,056	11,270	7,754	32,080
Operating income	14,056	464,790	301,826	780,672

	September 30, 2022			
	On-site	Digital	Premium	Consolidated
Gross Revenue	4,015,916	2,443,836	945,030	7,404,782
Deductions	(2,425,241)	(1,376,004)	(140,219)	(3,941,464)
Net revenue (Note 22)	1,590,675	1,067,832	804,811	3,463,318
Costs of the Services Provided (Note 23)	(678,611)	(210,998)	(260,456)	(1,150,065)
Personnel and social charges	(588,636)	(54,628)	(239,654)	(882,918)
Rental, condominium fees, and IPTU	(13,972)	(80)	(7,016)	(21,067)
Mail and Couriers	(246)	(139)	(80)	(466)
Teaching material	(1,829)	(15)	(450)	(2,294)
Third parties' services and others	(73,928)	(156,136)	(13,256)	(243,319)
Depreciation and amortization (Note 23)	(254,446)	(18,013)	(53,284)	(325,743)
Gross income	657,619	838,820	491,071	1,987,510
Selling expenses (Note 24)	(370,529)	(286,181)	(49,721)	(706,431)
General and administrative expenses (Note 24)	(266,902)	(163,381)	(124,407)	(554,690)
Depreciation and amortization (Note 24)	(97,854)	(62,772)	(39,915)	(200,542)
Other Revenue/Expenses (Note 25)	10,540	2,273	4,364	17,178
Operating income	(67,126)	328,759	281,392	543,025

28 Income tax and social security contribution

**Management explanatory notes to the financial statements
as at September 30, 2023**
In thousands of Brazilian reais, except when otherwise indicated

The reconciliation of taxes assessed according to nominal tax rates and the amount of tax recorded for the periods ended September 30, 2023, and 2022, are presented below:

	Parent company		Consolidated	
	2023	2022	2023	2022
Profit before income tax and social security contribution	272,991	26,959	260,195	15,952
Nominal rate combined from income tax and social security contribution - %	34	34	34	34
Income tax and social security contribution at legislation rates	(92,817)	(9,166)	(88,466)	(5,423)
Equity accounting method	236,708	149,881		
Goodwill			6,443	14,824
Non-deductible expenses (i)	2,466	1,818	3,601	3,009
Interest on Equity	(42,398)	(52,700)		
Tax loss - not constituted	(103,655)	(89,812)	(109,917)	(111,939)
Non-taxable income			(798)	4,061
Tax incentives of the PROUNI program			209,130	115,221
Other expenses			(3,629)	
Others			328	310
Current and deferred income tax and social security contribution in the profit or loss for the period	304	21	16,692	20,063
Current IRPJ and CSLL in income			(61,188)	(21,090)
Deferred IRPJ and CSLL in income	304	21	77,880	41,153
IRPJ and CSLL from prior periods			(1,979)	(7,168)
	304	21	14,713	12,895

(i) These refer basically to expenses with sponsorships, donations, and gifts.

As at September 30, 2023, the Company recorded deferred tax credit from the temporary differences and tax loss and negative basis in the amount of BRL 474,012 (BRL 398,086 as at December 31, 2022). The breakdown of the tax effect on the temporary additions that gave rise to such credit is as follows:

	Parent company		Consolidated	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Leases			89,354	78,851
Expected credit loss - PCE			104,773	78,974
Tax loss			78,038	82,608
Allowance for contingencies			75,546	74,942
Recognized granted options	1,480	1,175	69,148	63,047
Monthly tuition fees to be invoiced / canceled			33,292	23,737
Allowance for asset retirement			21,594	19,692
Adjustment to present value			17,504	9,408
Depreciation	13	14	7,570	5,937
Other Assets			3,169	3,655
Allowance for Fies Risk			341	325
Goodwill incorporated			(2,230)	(2,230)
Assets Surplus Value Amortization			2,282	(12,909)
Business Combination			(26,369)	(27,951)
	1,493	1,189	474,012	398,086
Assets	1,493	1,189	474,012	398,086
	1,493	1,189	474,012	398,086

Management explanatory notes to the financial statements
as at September 30, 2023

In thousands of Brazilian reais, except when otherwise indicated

The realization of the deferred tax effect on temporary differences recorded on September 30, 2023, is linked to the realization of the allowance that gave rise to this credit.

The Company has been adopting measures that will allow the consumption of tax loss and negative CSLL basis, with the consequent realization of deferred tax assets on tax loss and negative CSLL basis, such as corporate reorganizations and their consequent operational improvements.

Deferred income tax and social security contribution assets on tax losses will be realized in accordance with Management's expectations, as follows:

	September 30, 2023 <u>Consolidated</u>
2023	6,714
2024 to 2027	60,436
2028 to 2032	<u>10,888</u>
	<u>78,038</u>

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