

YDUQS Participações S.A.

Quarterly Information (ITR)

on September 30, 2021

**and report on 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, 2021, comprising the balance sheet 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 a summary of significant accounting policies and other explanatory information.

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 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, 2021. 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 interim accounting 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.

Audit and review of comparative year's figures

The Quarterly Information Form (ITR) mentioned in the first paragraph includes accounting information, presented for comparison purposes, related to the statements of income, comprehensive income, changes in equity, cash flows and value added for the nine-month period ended September 30, 2020, obtained from the Quarterly Information Form (ITR) for that quarter, and to the balance sheet as at December 31, 2020, obtained from the financial statements at December 31, 2020. The review of the Quarterly Information (ITR) for the quarter ended September 30, 2020 and the audit of the financial statements for the year ended December 31, 2020, as originally prepared, were conducted by other independent auditors, who issued review and audit reports dated November 09, 2020 and March 16, 2021, respectively, without qualifications.

As part of our review of the interim accounting information for the quarter ended September 30, 2021, we have also reviewed the adjustments described in note 1,6 that were made to restate the quarterly information for the quarter ended September 30, 2020 and the financial statements of the year ended December 31, 2020. In our opinion, these adjustments are appropriate and were correctly recorded. We were not engaged to audit, review or apply any other procedures to the Company's the interim accounting information or financial statements for quarter ended September 30, 2020 or the year ended December 31, 2020 and, therefore, we do not express any opinion or any form of assurance on the interim accounting information and financial statements for 2020 taken as a whole.

Rio de Janeiro, November 08, 2021

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

Patricio Marques Roche
Contador CRC 1RJ081115/O-4

YDUQS Participações S.A.

Statements of financial position In thousands of reais

	Parent Company		Consolidated			Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020		September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Assets					Liabilities and shareholders' equity				
Current					Current				
Cash and cash equivalents (Note 3)	416,355	334,127	1,057,417	925,341	Trade payables	3,324	2,993	247,961	251,229
Securities (Note 3)	10,036	131,524	840,494	707,935	Loans and financing (Note 11)	1,366,969	390,302	1,366,969	390,302
Derivative financial instruments - Swap (Note 19)	31,988	33,312	31,988	33,312	Leases (Note 12)			206,844	199,549
Accounts receivable (Note 4)			939,943	890,151	Salaries and welfare charges (Note 13)	800	599	317,162	202,157
Prepaid expenses (Note 6)	1,033		15,001	8,178	Tax obligations (Note 14)	580	23,475	82,505	106,695
Taxes and contributions recoverable (Note 7)	35,327	32,557	101,867	137,601	Prepaid monthly fees			64,047	44,211
Others			24,152	33,879	Tax payment in installments (Note 15)			3,659	3,543
					Related parties (Note 5)	78	78		
					Dividends payable	141,747	23,355	141,747	23,355
					Acquisition price payable (Note 16)			59,765	57,936
					Others	4,024	4,810	6,911	13,791
	494,739	531,520	3,010,862	2,736,397		1,517,522	445,612	2,497,570	1,292,768
Non-current					Non-current				
Long-term assets					Long-term liabilities				
Derivative financial instruments - Swap (Note 19)		120,787		120,787	Loans and financing (Note 11)	2,341,900	3,113,448	2,341,900	3,113,448
Accounts receivable (Note 4)			337,601	214,160	Leases (Note 12)			1,253,820	1,151,775
Prepaid expenses (Note 6)	2	1	7,898	4,058	Contingencies (Note 17)	145	300	230,819	246,842
Court deposits (Note 17)	243	232	111,790	102,688	Tax payment in installments (Note 15)			6,983	9,190
Deferred taxes (Note 28)	964	3,210	348,309	322,632	Provision for assets retirement			78,455	89,630
Taxes and contributions recoverable (Note 7)	22,264	15,048	126,094	107,726	Acquisition price payable (Note 16)			112,730	89,946
Other			12,434	14,760	Other	22,225	24,722	59,019	62,561
	23,473	139,278	944,126	886,811		2,364,270	3,138,470	4,083,726	4,763,392
Investments					Shareholders' equity (Note 18)				
In subsidiaries (Note 8)	5,930,015	5,338,152			Share capital	1,139,887	1,139,887	1,139,887	1,139,887
Other			338	338	Expenditure on issuing shares	(26,852)	(26,852)	(26,852)	(26,852)
Intangible assets (Note 9)	780,073	780,096	3,454,722	3,186,539	Capital reserves	700,801	687,503	700,801	687,503
Fixed assets (Note 10)	3	5	2,517,759	2,451,044	Retained earnings	1,465,767	1,465,767	1,465,767	1,465,767
	6,710,091	6,118,253	5,972,819	5,637,921	Proposed additional dividend		118,423		118,423
	6,733,564	6,257,531	6,916,945	6,524,732	Treasury shares	(165,613)	(179,759)	(165,613)	(179,759)
					Income for the period	232,521		232,521	
						3,346,511	3,204,969	3,346,511	3,204,969
Total assets	7,228,303	6,789,051	9,927,807	9,261,129	Total liabilities and shareholders' equity	7,228,303	6,789,051	9,927,807	9,261,129

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.

Statements of income Nine-month period ending September 30 In thousands of reais

	Parent Company		Consolidated	
	2021	2020	2021	2020
Continued operations				
Net revenue from activities (Note 22)			3,341,031	2,890,703
Costs of the services provided (Note 23)			(1,459,311)	(1,227,082)
Gross income			1,881,720	1,663,621
Operating revenues (expenses)				
Selling expenses (Note 24)			(674,739)	(638,287)
General and administrative expenses (Note 24)	(17,288)	(14,670)	(704,802)	(605,159)
Equity accounting income (Note 8)	390,641	293,885		
Other operating revenues/expenses (Note 25)	2,266	2,270	16,392	(66)
Operating income	375,619	281,485	518,571	420,109
Financial revenues (Note 26)	110,798	247,414	206,217	316,204
Financial expenses (Note 26)	(253,435)	(328,306)	(492,007)	(561,153)
Net financial income	(142,637)	(80,892)	(285,790)	(244,949)
Profit before income tax and social security contribution	232,982	200,593	232,781	175,160
Current and deferred income tax (Note 28)	(339)	168	780	18,901
Current and deferred social contribution (Note 28)	(122)	61	(1,040)	6,761
Net profit for the period attributable to shareholders	<u>232,521</u>	<u>200,822</u>	<u>232,521</u>	<u>200,822</u>
Net profit per batch of 1000 shares - basic (Note 21)	<u>0.77092</u>	<u>0.66718</u>	<u>0.77092</u>	<u>0.66718</u>
Net profit per batch of 1000 shares - diluted (Note 21)	<u>0.77076</u>	<u>0.66628</u>	<u>0.77076</u>	<u>0.66628</u>

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.

Statements of comprehensive income
Nine-month period ending September 30
In thousands of reais, except profit per share.

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net profit for the period	<u>232,521</u>	<u>200,822</u>	<u>232,521</u>	<u>200,822</u>
Total comprehensive income for the period, net of taxes	<u>232,521</u>	<u>200,822</u>	<u>232,521</u>	<u>200,822</u>
Attributable to:				
Non-controlling shareholders	<u>232,521</u>	<u>200,822</u>	<u>232,521</u>	<u>200,822</u>

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.

Statements of changes in equity In thousands of reais

	Capital reserves				Retained earnings				Additional dividends proposed	Total
	Capital share	Expenditure w / issue of shares	Goodwill on subscription of shares	Negative Goodwill on sale of shares	Options granted	Legal	Retained Earnings	Treasury share	Earnings accumulated	
As at January 1, 2020	1,139,887	(26,852)	595,464	(10,838)	89,395	178,980	1,330,347	(194,031)		3,102,352
Granted Options (Note 21)					(270)					(270)
Restricted Shares Granting Plan (Note 21)					26,045					26,045
Negative goodwill on treasury shares sale (Note 18d.3)				(825)				825		
Payment of Stock options (Note 21)								1,979		1,979
Payment of Restricted Shares Granting Plan (Note 21)					(11,468)			11,468		
Net income for the fiscal year									98,181	98,181
Appropriation of net profit										
Constitution of reserves						4,909			(4,909)	
Minimum mandatory dividends (R\$ 0.08 per share)									(23,318)	(23,318)
Additional proposed dividends							(48,469)		(69,954)	
As at December 31, 2020	1,139,887	(26,852)	595,464	(11,663)	103,702	183,889	1,281,878	(179,759)	118,423	3,204,969
Granted Options (Note 20)					112					112
Restricted Shares Granting Plan (Note 20)					24,909					24,909
Negative goodwill on treasury shares sale (Note 18d.3)				(338)				338		
Cancellation of Treasury Shares (Note 18)								24		24
Payment of Restricted Shares Granting Plan (Note 20)					(11,385)			11,385		
Payment of Stock options (Note 20)								2,399		2,399
Net profit for the period									232,521	232,521
Additional proposed dividends									(118,423)	(118,423)
As at September 30, 2021	1,139,887	(26,852)	595,464	(12,001)	117,338	183,889	1,281,878	(165,613)	232,521	3,346,511

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.
Statements of cash flows
Nine-month period ending September 30
In thousands of reais

	Parent Company		Consolidated	
	2021	2020	2021	2020
		Restated		Restated
Cash flow from operating activities				
Profit before income tax and social contribution	232,982	200,593	232,781	175,160
Adjustments to reconcile the income to cash and cash equivalents generated:				
Depreciation and amortization	25	36	504,726	360,977
Amortization of loan funding costs	7,650	4,191	7,650	4,191
Provision for doubtful debts			344,053	379,280
Provision for loss - Other accounts receivable			2,418	6,397
Granted options - Stock options provision	1,050	698	29,174	28,200
Provision for contingencies	(152)	(28)	77,856	116,838
Interest on loans and financing, not realized	146,914	75,042	240,625	160,352
Adjustment of assets retirement obligation			7,420	3,627
Adjustment of commitments payable			3,200	1,575
Earnings from the write-off of fixed assets and intangible assets			(776)	741
Equity accounting method	(390,641)	(293,885)		
Adjustments to present value - accounts receivable			9,317	(1,793)
Adjustment of tax credits	(562)	(476)	(1,888)	(3,828)
Others	(21,656)	11,474	(59,259)	11,474
	(24,390)	(2,355)	1,397,297	1,243,191
Variation in assets and liabilities:				
(Increase) in accounts receivable			(503,184)	(284,070)
Decrease (Increase) in prepaid expenses	(1,034)	283	(10,498)	4,183
Decrease (Increase) in taxes and contributions recoverable	(9,424)	16,844	20,979	46,888
(Increase) in court deposits	(11)	(7)	(9,102)	7,295
Decrease (Increase) in other assets	(11)	(503)	10,015	1,590
Increase (Decrease) in trade payables	621	758	24,201	73,019
Increase (Decrease) in salaries and welfare charges	64	(171)	108,696	93,442
Increase (Decrease) in tax obligations	(21,110)	269	(40,605)	14,007
Increase (Decrease) in monthly fees received in advance			(14,339)	(3,661)
(Decrease) in tax installment payment			(2,216)	(1,938)
(Decrease) in civil/labor convictions	(3)		(93,879)	(59,026)
Increase in Provision for assets retirement obligations			(18,595)	
Increase (Decrease) in other liabilities	(786)	1,657	(6,657)	2,650
	(56,084)	16,775	862,113	1,137,570
Interest paid on loans	(146,121)	(67,447)	(146,121)	(67,447)
IRPJ (Income Tax) and CSLL (Social Contribution on Net Income)				
Paid			(33,881)	(39,390)
Net cash generated by (used in) operating activities	(202,205)	(50,672)	682,111	1,030,733
Cash flow from investment activities:				
Acquisition of fixed assets			(120,876)	(114,376)
Acquisition of intangible assets			(204,594)	(155,078)
Premium and goodwill from investment in subsidiaries			(4,957)	(256,735)
Acquisition of subsidiaries, net of cash obtained in the acquisition			(186,304)	(1,591,593)
Advance for future capital increase	(177,110)	(2,468,100)		
Application (redemption) of Securities, net	121,488	91,796	(132,559)	(169,395)
Dividends received		129,519		
Acquisition price payable			22,862	11,677
Net cash generated by (used in) investing activities	(55,622)	(2,246,785)	(626,428)	(2,275,500)
Cash flow from financing activities:				
Acquisition of treasury shares	(26)		(26)	
Use of treasury shares derived from the exercise of stock options	2,449	699	2,449	699
Dividends paid	(31)		(31)	
Debenture issuance amount	1,850,000		1,850,000	
Amount received from loans and financing	36,080	3,109,549	36,080	3,109,549
Loan funding costs	(13,309)	(8,679)	(13,309)	(8,679)
Amortization of loans and financing	(1,535,108)	(500,441)	(1,535,108)	(500,441)
Lease amortization			(263,662)	(214,303)
Net cash from (invested in) financing activities	340,055	2,601,128	76,393	2,386,825
Increase in the balance of cash and cash equivalents	82,228	303,671	132,076	1,142,058
Cash and cash equivalents at the beginning of the period	334,127	79,603	925,341	240,520
Cash and cash equivalents at the end of the period	416,355	383,274	1,057,417	1,382,578
Variation in cash and cash equivalents balance	82,228	303,671	132,076	1,142,058

The Management notes are an integral part of the quarterly information.

YDUQS Participações S.A.
Statements of value added
Nine-month period ending September 30
In thousands of reais

	Parent Company		Consolidated	
	2021	2020	2021	2020
Revenue				
Educational services			3,459,714	3,001,990
Other revenues			2,602	3,930
Provision for doubtful accounts			(344,053)	(379,280)
			<u>3,118,263</u>	<u>2,626,640</u>
Inputs acquired from third parties				
Materials, electricity and third-party services	(12,535)	(9,257)	(762,094)	(591,129)
Contingencies	110	50	(51,678)	(112,904)
	<u>(12,425)</u>	<u>(9,207)</u>	<u>(813,772)</u>	<u>(704,033)</u>
Gross value added	<u>(12,425)</u>	<u>(9,207)</u>	<u>2,304,491</u>	<u>1,922,607</u>
Depreciation and amortization	<u>(25)</u>	<u>(36)</u>	<u>(504,726)</u>	<u>(360,977)</u>
Net value added produced	<u>(12,450)</u>	<u>(9,243)</u>	<u>1,799,765</u>	<u>1,561,630</u>
Value added received in transfer				
Equity accounting income	390,641	293,885		
Financial revenue	111,491	248,045	211,769	320,193
Others	(5,155)	(1,688)	9,962	(3,287)
	<u>496,977</u>	<u>540,242</u>	<u>221,730</u>	<u>316,906</u>
Total distributed value added	<u>484,527</u>	<u>530,999</u>	<u>2,021,495</u>	<u>1,878,536</u>
Distribution of value added				
Work compensation				
Direct remuneration	4,082	3,927	839,288	727,127
Benefits			54,067	43,922
Government Severance Indemnity Fund for Employees (FGTS)			57,287	51,066
	<u>4,082</u>	<u>3,927</u>	<u>950,642</u>	<u>822,115</u>
Taxes, fees, and contributions				
Federal	2,139	2,134	198,915	153,249
State				4
Municipal			132,165	120,955
	<u>2,139</u>	<u>2,134</u>	<u>331,080</u>	<u>274,208</u>
Remuneration of third-party capital				
Interest	245,785	324,116	484,356	556,962
Rents			22,896	24,429
	<u>245,785</u>	<u>324,116</u>	<u>507,252</u>	<u>581,391</u>
Remuneration on equity				
Retained earnings	232,521	200,822	232,521	200,822
	<u>232,521</u>	<u>200,822</u>	<u>232,521</u>	<u>200,822</u>
Distributed value added	<u>484,527</u>	<u>530,999</u>	<u>2,021,495</u>	<u>1,878,536</u>

The Management notes are an integral part of the quarterly information.

1 General information

1.1 Operating context

YDUQS Participações S.A. ("the Company") and its subsidiaries (jointly, "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 interests, 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 39 companies, including YDUQS Participações S.A., 33 of which are sponsors of a higher education institution, organized as limited liability business companies, and these comprises a University, 21 University Centers, and 51 Colleges, accredited and distributed in 25 states in Brazil and in the Federal District.

Recent acquisitions

On June 4, 2020, the Company signed a private purchase and sale instrument to acquire all the units of ownership of Athenas Grupo Educacional ("Grupo Athenas") for the amount of R\$ 120,000. The acquisition further provides for an earn-out clause for medical courses at R\$ 600 per authorized slot, totaling a potential amount of R\$ 180,000, to be paid after the 1st enrollment of the respective courses. On July 20, 2020, the Brazilian Antitrust Authority (CADE) issued a certificate confirming the final decision that examined and approved the acquisition of Grupo Athenas without restrictions, thus the income of the acquired Company was consolidated as from August 1, 2020.

On July 1, 2021 the Company, through its subsidiary Athenas Serviços Administrativos Ltda., acquired the purchase of all the units of ownership representing the share capital of QCX Serviços Educacionais Ltda. ("Qconcursos"), a 100% digital company in the continuing education area that offers preparatory courses, study guides, simulations, and tests for competitions in the most different careers.

The total amount of the transaction was R\$208 million (Note 1.5) with the payment of R\$176.8 million on July 1, 2021, was made and the balance payable in 5 equal annual installments, the first installment on the 1st anniversary of the closing date.

The Company's Board of Directors approved the disclosure of this interim financial information at a meeting held on November 05, 2021.

1.2 Basis for preparation

The quarterly information (parent company and consolidated) was 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 Information - ITR, and show all relevant information related to the financial statements (parent company and consolidated), and only these, which is consistent with the information 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 practices adopted in Brazil applicable to publicly-held companies. The DVA was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". IFRS does not require the presentation of this statement. As a consequence, under IFRS, this statement is presented as supplementary information, without prejudice this quarterly information.

1.3 Accounting policies

This quarterly information should be read together with the financial statements for the fiscal year ended December 31, 2020, since its purpose is to provide for an update of significant activities, events, and circumstances in relation to those financial statements. In the quarterly information, the accounting policies are being presented in a manner consistent with the accounting practices adopted in the individual and consolidated financial statements of the fiscal year ended December 31, 2020.

1.4 Changes to accounting policies and disclosures**New standards effective from 2021**

There are no new CPC, IFRS rules, or IFRIC interpretations that entered into force in 2021 that could have a significant impact on the Group's financial statements.

1.5 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 agreement, when applicable. Acquisition-related costs are recorded in the income statement of the fiscal year as incurred. Identifiable assets acquired and contingent liabilities assumed in a business combination are initially measured at fair value 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 income statement for the fiscal year.

QCX Serviços Educacionais (Qconcursos)

On July 1, 2021 the Company, through its subsidiary Athenas Serviços Administrativos Ltda., acquired the purchase of all the units of ownership representing the share capital of Qconcursos, a 100% digital company in the continuing education area that offers preparatory courses, study guides, simulations, and tests for competitions in the most different careers.

The total amount of the transaction was BRL 208 million with the payment of BRL 176.8 million on July 1, 2021, was made and the balance payable in 5 equal annual installments, the first installment on the 1st anniversary of the closing date.

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

	<u>Qconcursos</u>
Assets	
Cash and cash equivalents	21,156
Trade receivables	23,419
Taxes and contributions	1,725
Intangible Assets	88
Fixed assets	645
Other Assets	339
	<u>47,372</u>

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

Current Liabilities	45,665
Trade Payables	8,998
Labor obligations	2,157
Tax obligations	2,582
Prepaid monthly fees	31,928
Non-current	2,247
Prepaid monthly fees	2,247
Total net assets	(540)
Total net identifiable assets at fair value	39,270
Goodwill	167,820
Total Consideration	206,550
Cash Flow at the time of acquisition	
Cash	176,800
Discounted installments (i)	29,750
Net cash flow on acquisition	206,550

(i) Applied discount rate corresponds to the future DI rate for each period.

1.6 New presentation of comparative figures

In 2021, adjustments from previous fiscal years were identified, related to the correction in the cash and cash equivalents classification. The Company understands that some investments were not characterized as bonds and securities, as previously adopted, and should be classified as cash and cash equivalents in the individual and consolidated balance sheets. As a result, the revised marketable securities were recorded in the individual and consolidated balance sheets under cash and cash equivalents. Additionally, the respective movements in investment activities were recorded in the statement of cash flows, which previously presented the full values of bonds and securities as cash and cash equivalents.

The effects of resubmission are shown below:

As at December 31, 2020	Parent Company			Consolidated		
	Original	Adjusted	Restated	Original	Adjusted	Restated
Assets						
Current						
Cash and cash equivalents (Note 3)	118	334,009	334,127	28,407	896,934	925,341
Securities (note 3)	465,533	(334,009)	131,524	1,604,868	(896,934)	707,935
Current	531,520		531,520	2,736,397		2,736,397
Non-current	6,257,531		6,257,531	6,524,732		6,524,732
Total Assets	6,789,051		6,789,051	9,261,129		9,261,129

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

Nine-month period ended September 30, 2020

	Parent Company			Consolidated		
	Original	Adjusted	Represented	Original	Adjusted	Represented
Statements of cash flows						
Net cash provided by (used in) operating activities.	(50,672)		(50,672)	1,030,733		1,030,733
Application of Securities		91,796	91,796		(169,395)	(169,395)
Net cash provided by (used in) investment activities	(2,338,581)	91,796	(2,246,785)	(2,106,105)	(169,395)	(2,275,500)
Net cash used in financing activities	2,601,128		2,601,128	2,386,825		2,386,825
Increase in the balance of cash and cash equivalents	211,875	91,796	303,671	1,311,453	(169,395)	1,142,058
Cash and cash equivalents at the beginning of the period	208,552	(128,949)	79,603	609,112	(368,592)	240,520
Cash and cash equivalents at the end of the period	420,427	(37,153)	383,274	1,920,565	(537,987)	1,382,578
Variation in the balance of cash and cash equivalents	211,875	91,796	303,671	1,311,453	(169,395)	1,142,058

The adjustments did not impact the previously reported balances of net income for the fiscal year, shareholders' equity, earnings per share, or the basis for distribution of dividends.

1.7 Covid-19 Effect

On March 11, 2020, the World Health Organization (WHO) announced the outbreak of a global pandemic. Since the beginning of the pandemic, the Company has implemented measures to continue our provision of services as well as all the support necessary to carry on business.

The measures implemented include the use of information technology resources to offer live classes, using systemic platforms for online communication and collaboration, maintaining the quality levels expected by in-class students; normal maintenance of distance learning classes and continuity of business processes, even at distance, which are operating with reduced loss of efficiency.

In the third quarter of 2021, the remaining effects of the COVID-19 pandemic were still present and the main aspect which had an impact on the Company's income was court decisions with effect for the students and/or individualized groups on deductions of monthly fees. These effects had a non-recurring impact on net revenue of R\$ 24.2 million (R\$ 8.8 million on September 30, R\$ 7 million on June 30, 2021 and R\$ 8.4 million on March 31, 2021).

Additionally, the Company continues to repond to the impacts of the pandemic, with the main impacts relating to the following:

- 1) Cash position;
- 2) Accounts receivable;
- 3) Assessment of the assets Impairment.

2 Notes that were not presented

The quarterly information is being presented in accordance with CPC 21 (R1), IAS 34 and the rules issued by the CVM. Based on this faculty and management's assessment of the relevant impacts of the information to be disclosed, the notes described below are not being presented. The others are being presented in order to enable a perfect understanding of this quarterly information if read together with the notes disclosed in the financial statements on December 31, 2020.

Notes that were not presented:

- Summary of principal accounting policies.

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

- Critical accounting estimates and judgments.
- Assumptions for calculating the fair value of the share option plan and impairment of non-financial assets already disclosed in the notes to the financial statements on December 31, 2020.
- Insurance coverage.
- Other information.

3 Cash and cash equivalents and securities

	Parent Company		Consolidated	
	September 30, 2021	Restated December 31, 2020	September 30, 2021	Restated December 31, 2020
Cash and banks	294	118	28,836	28,407
Financial Bills (Exclusive funds)	3,994	30,124	335,337	138,739
CDB	411,876	301,836	677,001	709,340
CDB (Exclusive funds)	33	695	2,753	6,297
Repurchase	158	1,354	13,347	33,846
Corporate Credit			143	8,712
Cash and cash equivalents	<u>416,355</u>	<u>334,127</u>	<u>1,057,417</u>	<u>925,341</u>
Federal Government Securities (Investment Fund)	<u>10,036</u>	<u>131,524</u>	<u>840,494</u>	<u>707,935</u>
Securities	<u>10,036</u>	<u>131,524</u>	<u>840,494</u>	<u>707,935</u>

The Company has an investments policy that stipulates that investments must be concentrated in low-risk securities and investments at prime financial institutions. As at September 30, 2021, the operations were remunerated based on percentages of the variation of the Interbank Deposit Certificate (CDI), with the exception of government bonds, which are indexed to the Selic rate and fixed rates.

As at September 30, 2021 and December 31, 2020, all of the Company's financial investments are classified as "fair value through profit or loss".

Investments in exclusive funds are backed by financial allocations in funds quotas, CDBs, LFs (Financial Bills), government bonds, and repurchase agreements with prime banks and issuers. The average yield of the investments funds as at September 30, 2021, was 117.50% of the CDI rate with an average yield in 2021 of 106.52% of the CDI rate (average annual yield on December 31, 2020 was 90.10% of the CDI rate).

Bank Deposit Certificates - CDBs yield the CDI rate, averaging 101.55% as at September 30, 2021 (102.61% as at December 31, 2020)

The Company does not have risky financial assets. The information on the Company's exposure to liquidity and market risks is included in Note 19.

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

4 Accounts receivable

	Consolidated	
	September 30, 2021	December 31, 2020
Monthly tuition fees received from students	1,450,868	1,450,572
FIES (a)	133,328	161,292
Partnership agreements and exchange deals	19,727	13,647
Credit cards receivable (b)	148,398	90,450
Receivable agreements	150,806	125,879
	<u>1,903,127</u>	<u>1,841,840</u>
Provision for doubtful accounts (PCLD)	(578,222)	(694,604)
Unidentified amounts	(15,561)	(23,393)
(-) Adjustment to present value (c)	<u>(31,800)</u>	<u>(19,532)</u>
	<u>1,277,544</u>	<u>1,104,311</u>
Current assets	939,943	890,151
Noncurrent assets	<u>337,601</u>	<u>214,160</u>
	<u>1,277,544</u>	<u>1,104,311</u>

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

(i) For FIES students with a guarantor, a provision for 2.25% of the income was established, considering the assumptions of 15% of credit risk exposure over an estimate default rate of 15%.

(ii) For the uncovered Educational Credit Operations Guarantee Fund (FGEDUC) risk, contracted as from April 2012, a provision 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% exposure to this credit risk for an estimated default rate of 15%, i.e. 0.225%.

(iii) For the uncovered Educational Credit Operations Guarantee Fund (FGEDUC) risk, contracted before June 2012, a provision was made for 20% under the responsibility of the sponsors (where the Guarantor Fund is responsible for the remaining 80%), assuming 15% exposure to this credit risk for an estimated default rate of 15%, i.e. 0.45%.

(b) A substantial part of credit card receivables consists of late monthly tuition fees and agreements.

(c) As at September 30, 2021, the adjustment to present value amounted to R\$31,800 (R\$10,576 related to PAR, R\$18,272 to DIS, and R\$2,951 to Athenas financing), and, as at December 31, 2020, R\$19,532 (R\$12,808 related to PAR and R\$6,724 related to DIS).

The balance of long-term amounts as at September 30, 2021, was related to PAR (Estácio Installment Payment Program), DIS (Dilution of monthly tuition fees) and Athenas installment payment program. The aging breakdown is as follows:

	Consolidated	
	September 30, 2021	December 31, 2020
2021		13,620
2022	151,712	153,434
2023 to 2027	357,331	181,825
(-) Adjustment to present value	(31,800)	(19,532)
(-) Provision for doubtful accounts	<u>(139,642)</u>	<u>(115,187)</u>
Noncurrent assets	<u>337,601</u>	<u>214,160</u>

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

The breakdown of receivables by age is presented below:

	Consolidated			
	September 30, 2021	%	December 31, 2020	%
FIES	133,328	7	161,292	9
Yet to fall due	930,677	49	758,955	41
Overdue up to 30 days	154,970	8	201,029	11
Overdue for 31 to 60 days	64,435	3	122,654	7
Overdue for 61 to 90 days	25,432	1	93,975	5
Overdue for 91 to 179 days	251,500	13	127,735	7
Overdue for 180 to 360 days	342,785	18	376,200	20
	<u>1,903,127</u>	<u>100</u>	<u>1,841,840</u>	<u>100</u>

The breakdown of receivables by age is presented below:

	Consolidated			
	September 30, 2021	%	December 31, 2020	%
Yet to fall due	82,191	55	42,653	34
Overdue up to 30 days	13,285	9	11,394	9
Overdue for 31 to 60 days	7,579	6	8,473	7
Overdue for 61 to 90 days	4,592	3	8,191	6
Overdue for 91 to 179 days	15,685	10	12,731	10
Overdue for 180 to 360 days	27,474	18	42,437	34
	<u>150,806</u>	<u>100</u>	<u>125,879</u>	<u>100</u>

The activity of Provision for doubtful accounts (PCLD), in the consolidated, is as follows:

Balance as at December 31, 2019	471,190
Establishment	535,278
PCLD acquired at the time of acquisition	103,211
Write-off of bills / checks overdue for more than 360 days	<u>(415,075)</u>
Balance as at December 31, 2020	694,604
Establishment	344,053
Write-off of bills / checks overdue for more than 360 days	<u>(460,435)</u>
Balance as at September 30, 2021	<u>578,222</u>

5 Related parties

The main balances as at September 30, 2021, and December 31, 2020, as well as the transactions that influenced the income for the period, related to related-party transactions deriving from transactions between the Company and its subsidiaries. Related-party transactions do not incur interest and/or monetary adjustment.

The balance of the subsidiaries' accounts payable relates to the sharing of corporate expenses and is presented below:

	Parent Company	
	September 30, 2021	December 31, 2020
Current liabilities		
Current account		
Seses	<u>78</u>	<u>78</u>
Subsidiaries	<u>78</u>	<u>78</u>

6 Prepaid expenses

YDUQS Participações S.A.

Notes to the financial information for the quarter ended September 30, 2021 In thousands of reais

	Consolidated	
	September 30, 2021	December 31, 2020
Insurances	8,121	2,777
IPTU (Urban Real Estate Property Tax)	5,364	148
Advance of vacations and charges	1,808	2,176
Registration fee - MEC	4,001	2,827
Rents to be distributed	683	1,982
Technical-pedagogical cooperation - Santa Casa	1,162	1,479
Other prepaid expenses	1,760	847
	<u>22,899</u>	<u>12,236</u>
Current assets	15,001	8,178
Noncurrent assets	<u>7,898</u>	<u>4,058</u>
	<u>22,899</u>	<u>12,236</u>

In the parent company, the amount of R\$1,035 in the period ended on September 30, 2021, relates to non-life insurance policies (R\$1 related to non-life insurance policies as at December 31, 2020).

7 Taxes and contributions recoverable

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
IRRF (Withholding Income Tax)	30,780	29,985	40,578	39,088
IRPJ/CSLL Prepayments			2,145	11,335
IRPJ/CSLL to be offset (i)	26,811	17,620	77,043	99,952
PIS (Social Integration Program) and COFINS (Social Security Financing Contribution)			4,269	3,709
ISS			78,047	66,496
National Institute of Social Security (INSS)			25,379	24,247
Other			500	500
	<u>57,591</u>	<u>47,605</u>	<u>227,961</u>	<u>245,327</u>
Current assets	35,327	32,557	101,867	137,601
Noncurrent assets	<u>22,264</u>	<u>15,048</u>	<u>126,094</u>	<u>107,726</u>
	<u>57,591</u>	<u>47,605</u>	<u>227,961</u>	<u>245,327</u>

(i) This amount refers to the excess of IRPJ/CSLL prepayments made in previous years, which is applied to offset government taxes. It is adjusted monthly by the Selic rate.

8 Investment in subsidiaries

(a) Parent Company YDUQS Participações S.A.

	September 30, 2021		December 31, 2020	
	Investment	Investment Loss	Investment	Investment Loss
Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES")	4,233,799		3,923,599	
Sociedade de Ensino Superior, Médio e Fundamental Ltda. ("IREP")	1,405,684		1,226,699	
Nova Academia do Concurso - Cursos Preparatórios Ltda. ("NACP")	2,779		3,244	
Ensine.me Serviços Educacionais Ltda. ("EnsineMe")		(30)		(30)
Sociedade de Ensino Superior Estácio Ribeirão Preto Ltda. ("Estácio Ribeirão Preto")	287,762		184,610	
	<u>5,930,015</u>	<u>(30)</u>	<u>5,338,152</u>	<u>(30)</u>

The subsidiaries' information is presented below:

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

September 30, 2021

	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwi ll	Income tax on goodwill from downstream merger	Total	Net profit (loss) for the period
SESES	100%	3,084,087	5,463,561	1,229,762	4,233,799			4,233,799	287,084
IREP	100%	672,692	1,898,483	555,241	1,343,242	62,442		1,405,684	1,249
NACP	100%	18,204	1,363	(1,407)	2,770			2,770	(784)
EnsineMe (i)	100%	251	32	67	(35)	5		(30)	
Estácio Ribeirão Preto	100%	23,837	404,972	114,980	289,992		(2,230)	287,762	103,091
			<u>7,768,411</u>	<u>1,898,643</u>	<u>5,869,768</u>	<u>62,447</u>	<u>(2,230)</u>	<u>5,929,985</u>	<u>390,640</u>

December 31, 2020

	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwi ll	Income tax on goodwill from downstream merger	Total	Net profit (loss) for the fiscal year
SESES	100%	2,977,837	4,949,627	1,026,028	3,923,599			3,923,599	156,165
IREP	100%	628,492	1,699,071	534,814	1,164,257	62,442		1,226,699	14,328
NACP	100%	17,364	1,572	(1,672)	3,244			3,244	(1,220)
EnsineMe (i)	100%	251	32	67	(35)	5		(30)	
Estácio Ribeirão Preto	100%	23,837	269,831	82,991	186,840		(2,230)	184,610	89,372
			<u>6,920,133</u>	<u>1,642,228</u>	<u>5,277,905</u>	<u>62,447</u>	<u>(2,230)</u>	<u>5,338,122</u>	<u>258,645</u>

(i) Provision for unsecured liabilities recorded under "Other" in current liabilities of the parent company

The table below presents the overall investment activities in subsidiaries in the period ended on September 30, 2021 and in the fiscal year ended on December 31, 2020:

Investments in subsidiaries as at December 31, 2019	2,612,140
Equity accounting	258,645
Advance for future capital increase	2,468,200
Capital increase	(26,550)
Granted options	(270)
Restricted shares plan	25,987
Investments in subsidiaries as at December 31, 2020	<u>5,338,152</u>
Equity accounting	390,640
Advance for future capital increase	177,110
Granted options	112
Restricted shares plan	24,001
Investment in subsidiaries as at September 30, 2021	<u>5,930,015</u>

The accounting information of the subsidiaries used to apply the equity accounting method was related to the base date on September 30, 2021.

We present below the information on direct subsidiaries' investments:

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

	September 30, 2021	December 31, 2020
Sociedade de Ensino Superior Toledo Ltda. ("UNITOLEDO")	105,865	105,077
YDUQS Participações 2. ("ADTALEM")	2,184,544	2,112,675
	<u>2,290,409</u>	<u>2,217,752</u>

We present below the information on SESES' subsidiaries:

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

September 30, 2021

	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net profit for the period
UNITOLEDO	100%	3,460	53,975	42,821	11,154	94,711	105,865	786
ADTALEM	100%	1,029,272	2,103,073	672	2,102,401	82,143	2,184,544	48,431
			<u>2,157,048</u>	<u>43,493</u>	<u>2,113,555</u>	<u>176,854</u>	<u>2,290,409</u>	<u>49,217</u>

December 31, 2020

	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net income for the fiscal year
UNITOLEDO	100%	3,460	49,992	39,626	10,366	94,711	105,077	7,695
ADTALEM	100%	1,014,623	2,030,823	291	2,030,532	82,143	2,112,675	17,381
			<u>2,080,815</u>	<u>39,917</u>	<u>2,040,898</u>	<u>176,854</u>	<u>2,217,752</u>	<u>25,076</u>

The table below represents the overall investment activities of the direct subsidiary SESES in its subsidiaries in the period ended on September 30, 2021, and the fiscal year ended on December 31, 2020.

Investments in subsidiaries as at December 31, 2019	96,236
Equity accounting	25,076
Advance for future capital increase	4,010
Granted options	1,955
Acquisition of Subsidiary	2,008,196
Goodwill on the acquisition	<u>82,279</u>
Investments in subsidiaries as at December 31, 2020	<u>2,217,752</u>
Equity accounting	49,219
Advance for future capital increase	21,610
Restricted shares plan	(308)
Granted options	<u>2,136</u>
Investment in subsidiaries as at September 30, 2021	<u>2,290,409</u>

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

	September 30, 2021	December 31, 2020
Sociedade Educacional Atual da Amazônia ("ATUAL")	618,113	604,267
ANEC - Sociedade Natalense de Educação e Cultura ("FAL")	6,354	7,283
Sociedade Universitária de Excelência Educacional do Rio Grande do Norte ("FATERN")	22,883	25,828
Athenas Serviços Administrativos Ltda ("ATHENAS")	188,161	4,766
União das Escolas Superiores de JI-PARANA Ltda ("UNIJIPA")	46,916	40,424
Pimenta Bueno Serviços Educacionais LTDA ("PIMENTA BUENO")	2,134	1,702
Centro Educacional Rolim de Moura Ltda ("CENTRO ROLIM")	14,401	9,887
União Educacional Meta Ltda ("UNIÃO META")	51,694	48,082
Centro de Educacional do Pantanal Ltda ("CENTRO PANTANAL")	<u>86,429</u>	<u>81,704</u>
	<u>1,037,085</u>	<u>823,943</u>

We present below the information on IREP's subsidiaries:

September 30, 2021

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholders' Equity	Goodwill	Total	Net profit (loss) for the period
ATUAL	100%	440,057	641,336	38,726	602,610	15,503	618,113	6,651
FAL	100%	22,251	6,883	8,605	(1,722)	8,076	6,354	(2,839)
FATERN	100%	9,160	18,609	10,705	7,904	14,979	22,883	(2,945)
ATHENAS	100%	7,416	234,887	52,706	182,181	5,980	188,161	3,365
UNIJIPA	100%	21,118	41,893	21,949	19,944	26,972	46,916	5,142
PIMENTA BUENO	100%	4,937	7,497	4,249	3,248	(1,114)	2,134	132
CENTRO ROLIM	100%	9,807	24,609	13,616	10,993	3,408	14,401	3,423
UNIÃO META	100%	27,033	59,305	40,460	18,845	32,849	51,694	3,037
CENTRO PANTANAL	100%	12,661	31,641	18,844	12,797	73,632	86,429	5,161
			<u>1,066,660</u>	<u>209,860</u>	<u>856,800</u>	<u>180,285</u>	<u>1,037,085</u>	<u>21,127</u>

December 31, 2020

	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwill	Total	Net profit (loss) for the fiscal year
ATUAL	100%	43,478	647,156	58,392	588,764	15,503	604,267	15,236
FAL	100%	20,781	9,158	9,951	(793)	8,076	7,283	(2,488)
FATERN	100%	9,160	13,991	3,142	10,849	14,979	25,828	(2,817)
ATHENAS	100%	4,951	386	1,600	(1,214)	5,980	4,766	(134)
UNIJIPA	100%	20,118	29,417	15,965	13,452	26,972	40,424	(86)
PIMENTA BUENO	100%	3,542	6,633	3,817	2,816	(1,114)	1,703	(556)
CENTRO ROLIM	100%	7,414	17,495	11,016	6,479	3,408	9,887	(132)
UNIÃO META	100%	27,033	51,558	36,325	15,233	32,849	48,082	(118)
CENTRO PANTANAL	100%	12,661	24,435	16,363	8,072	73,630	81,703	1,000
			<u>800,229</u>	<u>156,571</u>	<u>643,658</u>	<u>180,283</u>	<u>823,943</u>	<u>9,905</u>

The table below represents the overall investment activities of the direct subsidiary IREP in its subsidiaries in the period ended on September 30, 2021 and the fiscal year ended on December 31, 2020:

Investments in subsidiaries as at December 31, 2019	623,802
Equity accounting	9,905
Acquisition of Subsidiary	38,029
Goodwill on the acquisition	141,726
Advance for future capital increase	10,386
Granted Options	95
Investments in subsidiaries as at December 31, 2020	<u>823,943</u>
Equity accounting	21,127
Advance for future capital increase	<u>192,015</u>
Investment in subsidiaries as at September 30, 2021	<u>1,037,085</u>

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

	September 30, 2021	December 31, 2020
Sociedade Educacional da Amazônia ("SEAMA")	64,667	58,243
Idez Empreendimentos Educacionais Sociedade Simples Ltda. ("IDEZ")	1,777	1,945
Sociedade Educacional do Rio Grande do Sul S/S Ltda. ("FARGS")	17,523	17,593
Uniuol Gestão de Empreendimentos Educacionais e Participações S.A. ("UNIUL")	1,062	1,244
Unisãoluis Educacional S.A ("SÃO LUIS")	89,689	84,955
Instituto de Ensino Superior Social e Tecnológico Ltda. ("FACITEC")	44,725	47,703
Associação de Ensino de Santa Catarina ("ASSESC")	2,688	5,309
Centro de Assistência ao Desenvolvimento de formação Profissional Unicef Ltda. ("Estácio Amazonas")	51,876	52,022
Instituto de Estudos Superiores da Amazônia ("IESAM")	110,715	103,026
Centro de Ensino Unificado de Teresina ("CEUT")	58,699	56,380
Faculdade Nossa Cidade ("FNC")	87,033	91,033
Faculdades Integradas de Castanhal Ltda. ("FCAT")	47,230	44,639
Sociedade Empresarial de Estudos Superiores e Tecnológicos Sant'Ana Ltda. ("FUFUS")	8,489	9,344
	<u>586,173</u>	<u>573,436</u>

We present below the information on ATUAL's subsidiaries:

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

September 30, 2021								
	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwill I	Goodwill	Net income (loss) for the period
SEAMA	100%	4,407	64,922	18,290	46,632	18,035		6,425
IDEZ	100%	11,117	3,755	4,025	(270)	2,047		(1,618)
FARGS	100%	8,606	26,176	16,708	9,468	8,055		(70)
UNIUOL	100%	10,503	1,123	1,017	106	956		(267)
SÃO LUIS	100%	3,819	94,518	32,197	62,321	27,368		4,735
FACITEC	100%	6,081	83,233	65,162	18,071	26,654		(3,007)
ASSESC	100%	3,686	14,679	16,714	(2,035)	4,723		(3,472)
Estácio Amazonas	100%	48,797	60,985	35,323	25,662	26,214		(146)
IESAM	100%	14,980	86,172	13,873	72,299	26,797	11,619	7,855
CEUT	100%	16,938	50,832	19,701	31,131	27,568		2,318
FNC	100%	22,328	42,979	27,992	14,987	72,046		(4,000)
FCAT	100%	12,191	58,993	31,884	27,109	20,121		2,590
FUFS	100%	14,693	8,929	6,695	2,234	6,255		(2,365)
			<u>597,296</u>	<u>307,715</u>	<u>307,715</u>	<u>266,839</u>	<u>11,619</u>	<u>8,978</u>
December 31, 2020								
	Interest	Number of units of ownership	Total assets	Total liabilities	Shareholder s' Equity	Goodwill I	Goodwill	Net income (loss) for the fiscal year
SEAMA	100%	4,407	56,276	16,068	40,208	18,035		8,536
IDEZ	100%	9,247	3,577	3,679	(102)	2,047		(2,040)
FARGS	100%	8,606	17,954	8,416	9,538	8,055		(1,019)
UNIUOL	100%	10,328	1,168	880	288	956		(462)
SÃO LUIS	100%	3,819	82,678	25,091	57,587	27,368		(1,540)
FACITEC	100%	6,051	84,041	62,992	21,049	26,654		(1,134)
ASSESC	100%	2,916	11,754	11,168	586	4,723		(1,230)
Estácio Amazonas	100%	48,797	56,158	30,350	25,808	26,214		1,250
IESAM	100%	14,980	73,024	8,580	64,444	26,797	11,785	8,398
CEUT	100%	16,938	44,839	16,027	28,812	27,568		7,847
FNC	100%	22,328	44,616	25,629	18,987	72,046		(1,159)
FCAT	100%	12,191	46,764	22,246	24,518	20,121		8,031
FUFS	100%	13,593	9,009	5,920	3,089	6,255		(4,788)
			<u>531,858</u>	<u>237,046</u>	<u>294,812</u>	<u>266,839</u>	<u>11,785</u>	<u>20,690</u>

The table below represents the overall investment activities of the direct subsidiary ATUAL in its subsidiaries in the period ended on September 30, 2021 and the fiscal year ended on December 31, 2020:

Investments in subsidiaries as at December 31, 2019	553,793
Equity accounting method	20,690
Advance for future capital increase	2,090
Amortization of goodwill	(3,256)
Granted options	24
Capital increase	95
Investments in subsidiaries as at December 31, 2020	<u>573,436</u>
Equity accounting method	8,978
Advance for future capital increase	3,925
Amortization of goodwill	(166)
Investment in subsidiaries as at September 30, 2021	<u>568,173</u>

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

9 Intangible assets**(a) Intangible Assets - Parent Company**

		December 31, 2020		September 30, 2021
		Cost	Additions	Cost
Cost				
Goodwill on investment acquisitions (i)		780,065		780,065
Software use rights		99		99
Integration Project		212		212
Goodwill		79,704		79,704
		<u>860,080</u>		<u>860,080</u>
	Amortization rates	Accumulated amortization	Additions	Accumulated amortization
Amortization				
Software use rights	20% p.a.	(99)		(99)
Integration Project	20% p.a.	(181)	(23)	(204)
Goodwill	20 to 33% p.a.	(79,704)		(79,704)
		<u>(79,984)</u>	<u>(23)</u>	<u>(80,007)</u>
Net residual balance		<u>780,096</u>	<u>(23)</u>	<u>780,073</u>
		December 31, 2019		September 30, 2020
		Cost	Additions	Cost
Cost				
Goodwill on investment acquisitions (i)		780,065		780,065
Software use rights		99		99
Integration Project		212		212
Goodwill		79,704		79,704
		<u>860,080</u>		<u>860,080</u>
	Amortization rates	Accumulated amortization	Additions	Accumulated amortization
Amortization				
Software use rights	20% p.a.	(99)		(99)
Integration Project	20% p.a.	(138)	(32)	(170)
Goodwill	20 to 33% p.a.	(79,704)		(79,704)
		<u>(79,941)</u>	<u>(32)</u>	<u>(79,973)</u>
Net residual balance		<u>780,139</u>	<u>(32)</u>	<u>780,107</u>

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

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

(b) Intangibles assets - Consolidated

	December 31, 2020						September 30, 2021
	Cost	Addition Per Acquisitio n	Addition s	Write- offs	Transf.	Reclas. for fixed assets	Cost
Cost							
Goodwill on Investment acquisitions	2,180,477		169,728				2,350,205
Software use rights	650,949	147	154,388	(27)	18,671	(156)	823,972
EAD and Integration	18,360						18,360
Learning Center	115,366		4,097		6,521		125,984
IT Architecture	21,664						21,664
Online class material	8,043						8,043
Knowledge Factory - EAD	56,724		17,077		739		74,540
Questions database	13,886						13,886
Goodwill (i)	798,755		58,499				857,253
Other	161,356		28,638		(25,931)	622	164,685
	<u>4,025,579</u>	<u>147</u>	<u>432,427</u>	<u>(27)</u>		<u>466</u>	<u>4,458,592</u>
		Addition Per Acquisitio n	Addition s	Write- offs	Transf.	Reclas. for fixed assets	Accumulated amortization
Amortization	Amortization rates	Accumulated amortization					
Goodwill on investment acquisitions	Indefinite	(6,924)					(6,924)
Software use rights	10 to 20% p.a.	(396,651)	(59)	(82,108)		2	(478,816)
EAD and Integration	20% p.a.	(18,210)		(100)			(18,310)
Learning Center	10% p.a.	(56,317)		(9,175)			(65,492)
IT Architecture	17 to 20% p.a.	(20,065)		(825)			(20,890)
Online class material	20% p.a.	(7,783)		(121)			(7,904)
Knowledge Factory - EAD	10% p.a.	(18,984)		(4,907)			(23,891)
Questions database	20% p.a.	(10,484)		(1,192)			(11,676)
Goodwill (i)	20 to 50% p.a.	(261,651)		(49,447)			(311,098)
Other	20 to 20% p.a.	(41,972)		(16,897)			(58,869)
		<u>(839,041)</u>		<u>(164,772)</u>		<u>2</u>	<u>(1,003,870)</u>
Net residual balance		<u>3,186,538</u>	<u>88</u>	<u>267,655</u>		<u>468</u>	<u>3,454,722</u>

(i) Refers to intangible assets allocated in business combination: client portfolio, brands and operating license.

	December 31, 2019						September 30, 2020
	Cost	Additions by Acquisitio n	Additions	Write- offs	Transf.	Reclass.	Cost
Cost							
Goodwill on Investment acquisitions	1,276,056	831,066	136				2,107,258
Software use rights	441,660	59,333	89,339	(13,827)	2,492	(202)	578,795
EAD and Integration	18,360						18,360
Learning Center	102,810		10,866		(325)		113,351
IT Architecture	21,664						21,664
Online class material	8,043						8,043
Knowledge Factory - EAD	44,372		8,637				53,009
Questions database	13,122		764				13,886
Goodwill (i)	201,185	590,462		(206)			791,441
Other	70,291	19,485	45,473		(2,167)	260	133,342
	<u>2,197,563</u>	<u>1,500,346</u>	<u>155,215</u>	<u>(14,033)</u>		<u>58</u>	<u>3,839,149</u>

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

	Amortization rates	Accumulated amortization	Additions by Acquisition	Additions	Write-offs	Transf.	Reclass.	Accumulated amortization
Amortization								
Goodwill on Investment acquisitions	Indefinite	(6,924)						(6,924)
Software use rights	10 to 20% p.a.	(293,265)	(23,545)	(60,755)	12,911	34	1	(364,619)
EAD and Integration	20% p.a.	(17,904)		(229)				(18,133)
Learning Center	10% p.a.	(43,147)		(9,757)				(52,904)
IT Architecture	17 to 20% p.a.	(16,220)		(2,884)				(19,104)
Online class material	20% p.a.	(7,457)		(246)				(7,703)
Knowledge Factory - EAD	10% p.a.	(13,578)		(3,901)				(17,479)
Questions database	20% p.a.	(8,002)		(1,895)				(9,897)
Goodwill (i)	2 to 50% p.a.	(158,462)	(57,329)	(27,873)				(243,664)
Other	20 to 50% p.a.	(22,188)	(7,344)	(8,047)		(34)		(37,613)
		(587,147)	(88,218)	(115,587)	12,911		1	(778,040)
Net residual balance		1,610,416	1,412,128	39,628	(1,122)		59	3,061,109

(i) Refers to intangible assets allocated in business combination: Customer portfolios, brands and operating license.

As at September 30, 2021, and December 31, 2020, net goodwill on acquisitions of investments was represented as follows:

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Goodwill on acquisitions of investments net of accumulated amortization				
IREP			89,090	89,090
UNITOLEDO			94,711	94,711
ADTALEM			762,512	762,559
ATHENAS (i)			311,501	141,726
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			4,724	4,723
Iesam			26,797	26,797
Estácio Amazonas			26,214	26,214
Ceut			27,568	27,568
FNC			72,046	72,046
FCAT			20,119	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	770,694	770,694	770,694	770,694
	<u>780,065</u>	<u>780,065</u>	<u>2,343,281</u>	<u>2,173,553</u>

(i) Acquisition of Qconcursos, as per Note 1.5.

The Company carries out annual impairment tests, the last being for the fiscal year ended on December 31, 2020, on goodwill on investment acquisitions and mergers, based on expected future profitability for projected future income over the next 10 years using a nominal perpetuity growth rate of 5.0% p.a. (equivalent to the long-term inflation rate, not considering any actual growth) and a single nominal discount rate of 14.3% to discount estimated future cash flows.

**Notes to the financial information for the
quarter ended September 30, 2021**
In thousands of reais

10 Fixed assets**Fixed Assets - Consolidated**

		December 31, 2020						September 30, 2021
		Additions by						
		Cost	Acquisition	Addition	Write-offs	Transf.	Reclassif.	Cost
Cost								
Land		68,235						68,235
Buildings		349,601	301	1,384		862	235	352,383
Third-party buildings		1,677,964		314,843	(56,194)			1,936,613
Improvement works on third parties' real estate properties		594,863		30,694	(5,064)	58,340	6,790	685,623
Fixtures and fittings		207,299	133	13,771	(1,217)	(8,961)	36	211,061
Computers and peripherals		259,175	677	10,028	(8,044)	(9,754)	1,762	253,844
Machinery and equipment		176,730	68	16,960	(2,545)	18,299	(221)	209,291
Physical activity equipment		111,552		10,217	1,451	(60)	(1,129)	122,031
Library		211,715		1,608	(141)			213,182
Facilities		83,125		2,159	(323)	47	2	85,010
Constructions in progress		61,452		41,559	(479)	(59,143)	(7,944)	35,445
Assets retirement		82,677			(17,406)			65,271
Other		23,627		1,055	(11)	243	3	24,917
		3,908,015	1,179	444,278	(89,973)	(127)	(466)	4,262,906
		Accumulated depreciation	Additions by Acquisition	Addition	Write-offs	Transf.	Reclassif.	Accumulated depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(134,616)	(67)	(4,590)		46,768	4,143	(88,362)
Third-party buildings	21.60% p.a.	(441,625)		(194,659)	20,925			(615,359)
Improvement works on third parties' real estate properties		(238,354)		(71,147)	3,442	(46,767)	(4,143)	(356,969)
Fixtures and fittings	4 to 11.11% p.a.	(114,848)	(69)	(12,606)	1,164	8,529		(117,830)
Computers and peripherals	8.33 to 10% p.a.	(196,514)	(370)	(19,520)	8,036	9,878	(3,187)	(201,677)
Machinery and equipment	20 to 25% p.a.	(79,202)	(27)	(11,778)	2,513	(18,347)	3,185	(103,656)
Physical activity equipment	8.33 to 10% p.a.	(36,837)		(4,235)	(1,462)	95		(42,439)
Library	6.67% p.a.	(116,718)		(6,021)	109			(122,630)
Facilities	5 to 10% p.a.	(38,293)		(6,354)	279			(44,368)
Assets retirement	8.33 to 20% p.a.	(46,590)		(7,094)	17,172	2		(36,510)
Other	14.44 to 20% p.a.	(13,374)		(1,950)	8	(31)		(15,347)
		(1,456,971)	(533)	(339,954)	52,186	127	(2)	(1,745,147)
Net residual balance		2,451,044	646	104,324	(37,787)		(468)	2,517,759

In the parent company, the amount of R\$3 in the period ended on September 30, 2021, relates to computers and peripherals (R\$5 in the fiscal year ended on December 31, 2020).

	December 31, 2019						September 30, 2020
		Additions by					
	Cost	Acquisition	Addition	Write-offs	Transf.	Reclass.	Cost
Cost							
Land	19,787	12,346					32,133
Buildings	241,413	82,544	3,851		7,558	2,941	338,307
Third-party buildings	1,134,379	404,704	94,194	(7,897)			1,625,380
Improvement works on third parties' real estate properties	364,147	136,953	8,081	(449)	56,296	(2,510)	562,518
Fixtures and fittings	140,155	46,700	8,304	(1,323)	53	38	193,927
Computers and peripherals	182,156	45,447	7,140	(525)		36	234,254
Machinery and equipment	138,724	49,444	8,401	(42,432)	(36)	(2)	154,099
Physical activity equipment	87,887	8,501	11,661	(19)	38	19	108,087
Library	171,481	39,133	576	(404)			210,786
Facilities	64,946	9,682	4,784			10	79,422
Tablets	9,309			(9,309)			
Constructions in progress	41,790	6,943	62,933		(63,909)	(590)	47,167
Assets retirement	27,471						27,471
Business combination		76,441					76,441
Other	18,342	2,453	357	(27)			21,125
	2,641,987	921,291	210,282	(62,385)		(58)	3,711,117

**Notes to the financial information for the
quarter ended September 30, 2021**
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	Depreciation rates	Accumulated depreciation	Additions by Acquisition	Addition	Write-offs	Transf.	Reclass.	Accumulated depreciation
Depreciation								
Buildings	1.67 to 4% p.a.	(67,310)	(58,434)	(5,700)			(636)	(132,080)
Third-party buildings	21.60% p.a.	(163,985)	(71,405)	(154,885)	2,296			(387,979)
Improvement works on third parties' real estate properties	4 to 11.11% p.a.	(191,733)		(31,522)	449		636	(222,170)
	8.33 to 10% p.a.	(71,906)	(28,523)	(10,622)	1,272			(109,779)
Fixtures and fittings	p.a.							
Computers and peripherals	20 to 25% p.a.	(145,829)	(37,521)	(12,276)	513	(624)	(1)	(195,738)
	8.33 to 10% p.a.	(94,621)	(13,320)	(7,576)	43,457			(71,436)
Machinery and equipment	p.a.					624		
Physical activity equipment	6.67% p.a.	(28,005)	(2,554)	(4,530)	12			(35,077)
Library	5 to 10% p.a.	(84,379)	(23,543)	(6,590)	404			(114,108)
	8.33 to 20% p.a.	(25,970)	(6,396)	(3,945)				(36,311)
Facilities	p.a.							
Tablets	20% p.a.	(8,901)		(408)	9,309			
Assets retirement		(18,267)		(1,522)				(19,789)
	2.3 to 33.33% p.a.			(4,080)				(4,080)
Business combination	14.44 to 20% p.a.	(8,859)	(2,007)	(1,734)	22			(12,578)
Other								
		(909,765)	(243,703)	(245,390)	57,734		(1)	(1,341,125)
Net residual balance		1,732,222	677,588	(35,108)	(4,651)		(59)	2,369,992

11 Loans and financing

		Parent Company / Consolidated	
Type	Financial charges	September 30, 2021	December 31, 2020
In local currency			
Fifth debenture issuance (1st Series)	CDI +0.585% p.a.	251,732	252,028
Fifth debenture issuance (2nd Series)	CDI +0.785% p.a.	352,150	352,833
6th issuance of debentures	CDI +2.50% p.a.	1,855,166	
Santander loan	CDI +1.10% p.a.		605,805
Loan ABC	CDI +3.85% p.a.		50,503
Safra Loan	CDI +2.80% p.a.	204,380	200,258
FINEP loan	6% p.a.	2,020	2,474
Itaú CCB Loan	CDI +2.70% p.a.	154,633	151,695
Bradesco CCB Loan	CDI +2.70% p.a.	359,249	362,347
Banco do Brasil CCB Loan	CDI +1.85% p.a.	100,428	100,089
Itaú promissory notes	CDI +2.5% p.a.		361,309
Citibank loan	CDI+2.75% p.a.	76,390	75,825
In foreign currency			
Citibank loan	Libor +1.46 and +0.64 p.a.	352,721	988,584
		<u>3,708,869</u>	<u>3,503,750</u>
Current liabilities		1,366,969	390,302
Non-current liabilities		<u>2,341,900</u>	<u>3,113,448</u>
		3,708,869	3,503,750

**Notes to the financial information for the
quarter ended September 30, 2021**
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Activity in loans and debentures presented below comprise the periods ended on September 30, 2021, and December 31, 2020:

	Parent Company/Consolidated	
	September 30, 2021	December 31, 2020
Initial Balance	3,503,750	615,135
Fundraising	1,886,080	3,109,548
Interest, monetary variation	154,564	79,233
Exchange variation (Swap)	(130,777)	248,432
Interest paid	(146,121)	(67,447)
Principal amortization	(1,545,318)	(500,441)
Loan funding costs	(13,309)	(8,679)
Closing Balance	3,708,869	3,475,781

The amounts recorded as non-current liabilities as at September 30, 2021, and December 31, 2020 present the following maturity schedule:

	Parent Company/Consolidated	
	September 30, 2021	December 31, 2020
2022		2,612,473
2023	322,003	325,297
2024	172,891	175,553
As from 2025	1,847,006	125
Non-current liabilities	2,341,900	3,113,448

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

The amounts of the Group loans are mainly in Reais, only three are in USD (US dollars).

In January 2021, the Company decided with Citibank to roll the 2nd loan of line 4131 for a total of USD 40,000 (converted to R\$ 210,000 according to the quote equivalent to the date) with a single principal amortization on January 19, 2022, at the cost of Libor + 1.46% p.a.

In February 2021, the Company fully settled the first series of the third issuance of Promissory Notes to Banco Itaú in the amount of R\$364,977

Also in February 2021, the Company fully settled two CCBs contracted with Santander bank in the amount of R\$100,438 and R\$506,706

Finishing the settlements of February 2021, the Company settled the 1st 4131 line loan with Citibank in the amount of R\$545,179

In addition to the February settlements, the Company completed the sixth issuance of debentures in the total amount of R\$ 1,850,000 due on February 18, 2026, in a single series, at a cost of 100% of the CDI + 2.50%

**Notes to the financial information for the
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p.a., with the first principal amortization on February 18, 2025, in the amount of R\$ 925,000, and the second principal amortization on February 18, 2026, in the amount of R\$ 925,000.

In April 2021, the Company fully settled the CCB agreement with Banco ABC in the amount of R\$ 51,475

The agreements held with several creditors include covenants that require the maintenance of certain financial indexes with previously established parameters. As at September 30, 2021 and December 31, 2020, the subsidiaries and the parent company reached all indices required in the agreements.

12 Lease assets and liabilities

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

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

Contracts	DI X Pre Curve	Risk premium	Estácio Rate	Month Rate
0 to 5 years	9.58%	105.00%	10.06%	0.84%
5 to 10 years	10.17%	105.00%	10.68%	0.85%
10 to 15 years	10.49%	105.00%	11.01%	0.87%
15 to 30 years	11.25%	105.00%	11.81%	0.93%

Lease agreements are secured by the underlying assets.

	Consolidated	
	September 30, 2021	December 31, 2020
Leases payable	2,160,361	1,970,971
Lease interest	(699,697)	(619,647)
	1,460,664	1,351,324
Current liabilities	206,844	199,549
Non-current liabilities	1,253,820	1,151,775
	1,460,664	1,351,324

The increase in lease liabilities arises from the Company's net debt addition. Depreciation and interest are recognized in the statement of income as a replacement of operational lease expenses ("rent").

Changes in leasing assets and liabilities in the period:

Right-of-use asset

	Consolidated		
	Third-Party Buildings	Others	Total
Right-of-use asset on 12/31/2020	1,236,339	17,319	1,253,657
Additions	314,843	3,012	317,855
Write-offs	(35,269)	(77)	(35,346)
Depreciation	(194,659)	(5,995)	(200,654)
Right-of-use asset on 09/30/2021	1,321,254	14,259	1,335,513

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Lease liability

	Consolidated		
	Third-Party Buildings	Others	Total
Right-of-use liabilities on 12/31/2020	1,333,325	17,999	1,351,324
Additions	314,844	3,013	317,856
Write-offs	(38,083)	(505)	(38,588)
Interest incurred	92,902	361	93,263
Payment of principal	(256,435)	(6,757)	(263,192)
Right-of-use liabilities on 09/30/2021	1,446,553	14,111	1,460,664
Current	199,593	7,251	206,844
Non-current	1,246,960	6,860	1,253,820
	1,446,553	14,111	1,460,664

Right-of-use asset

	Consolidated		
	Third-Party Buildings	Others	Total
Right-of-use asset on 12/31/2019	970,394	13,298	983,692
Additions by acquisitions	333,299		333,299
Additions	94,193	1,711	95,904
Write-offs	(5,602)	1,039	(4,563)
Depreciation	(154,884)	(4,682)	(159,566)
Right-of-use asset on 09/30/2020	1,237,400	11,366	1,248,766

Lease liability

	Consolidated		
	Third-Party Buildings	Others	Total
Right-of-use liabilities on 12/31/2019	1,021,766	14,750	1,036,516
Additions by acquisitions	354,237		354,237
Additions	94,193	1,711	95,904
Write-offs	(5,865)	1,039	(4,825)
Interest incurred	84,422	416	84,838
Payment of principal	(208,697)	(5,130)	(213,827)
Right-of-use liabilities on 09/30/2020	1,340,056	12,786	1,352,842
Current	202,344	5,121	207,464
Non-current	1,137,713	7,665	1,145,377
	1,340,056	12,786	1,352,842

13 Salaries and social charges

	Parent Company		Consolidated	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Salaries, indemnity amounts and welfare charges payable	800	599	154,440	121,414
Provision for vacation			99,560	80,743
Provision for 13 th salary			63,162	
	800	599	317,162	202,157

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14 Tax obligations

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
ISS (Services Tax) payable	36	11	32,993	26,627
IRRF (Income Tax Withheld at Source) payable	385	102	18,289	41,143
PIS (Employees' Profit Participation Program) and COFINS (Social Contribution on Billings) payable	159	16,469	4,384	23,058
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) payable		6,893	26,747	15,865
IOF (Tax on Financial Transactions) payable			92	2
	<u>580</u>	<u>23,475</u>	<u>82,505</u>	<u>106,695</u>

15 Tax payment in installments

	<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>
National Institute of Social Security (INSS)	7,200	9,380
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income)	1,234	1,298
Government Severance Indemnity Fund for Employees (FGTS)	1,162	962
PIS (Social Integration Program) and COFINS (Social Security Financing Contribution)	564	611
Other	482	482
	<u>10,642</u>	<u>12,733</u>
Current liabilities	3,659	3,543
Non-current liabilities	6,983	9,190
	<u>10,642</u>	<u>12,733</u>

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

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

	<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>
2022	714	2,854
2023	2,555	2,685
2024	1,962	2,119
2025	536	494
2026 to 2029	1,216	1,038
	<u>6,983</u>	<u>9,190</u>

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16 Acquisition price payable

	September 30, 2021	Consolidated December 31, 2020
SÃO LUIS	10,202	9,950
CEUT	3,356	3,135
FUFS (i)		2,379
UNITOLEDO	30,799	30,038
ADTALEM	37,035	44,226
ATHENAS	58,288	57,341
QCONCURSOS (ii)	31,856	
	<u>171,536</u>	<u>147,069</u>
Real estate property acquisition (iii)	959	813
	<u>172,495</u>	<u>147,882</u>
Current liabilities	59,765	57,936
Non-current liabilities	<u>112,730</u>	<u>89,946</u>
	<u>172,495</u>	<u>147,882</u>

(i) In March 2021, the acquisition of FUFS was settled

(ii) Balance referring to the commitment signed between Athenas Serviços and Qconcursos.

(iii) Balance related to the commitment entered into 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.

Acquisition price mainly refers to the amount 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 agreement.

The amounts recorded as non-current liabilities as at September 30, 2021 and December 31, 2020 present the following maturity schedule:

	September 30, 2021	Consolidated December 31, 2021
2021		32,605
2022	35,328	57,341
2023 to 2025	<u>77,402</u>	
	<u>112,730</u>	<u>89,946</u>

17 Contingencies

The Company and its 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 a provision for amounts considered sufficient to cover potential losses from pending litigation.

As at September 30, 2021, and December 31, 2020, the provision for contingencies was comprised as follows:

	September 30, 2021	December 31, 2020
	Court deposits	Court deposits
Civil	64,289	92,453
Labor	130,747	123,456
Tax	35,783	30,933
	<u>230,819</u>	<u>246,842</u>
	<u>111,790</u>	<u>102,688</u>

YDUQS Participações S.A.

Notes to the financial information for the quarter ended September 30, 2021 In thousands of reais

At the Parent Company on September 30, 2021, the amount of R\$145 refers to contingent liabilities and success fees (R\$300 on December 31, 2020, R\$50 being civil and R\$250 tax) and court deposits totaling R\$243 (R\$232 as at December 31, 2020).

The activity in the provision for contingencies (Consolidated) is shown below:

	<u>Civil</u>	<u>Labor</u>	<u>Tax</u>	<u>Total</u>
Balances on December 31, 2019	24,073	90,960	3,383	118,416
Additions by Acquisition	7,895	14,638	15,077	37,610
Additions	97,685	78,691	17,245	193,621
Reversals	(15,543)	(5,368)	(7,001)	(27,912)
Write-offs for payouts	(31,825)	(55,811)	(693)	(88,329)
Monetary adjustment	10,168	346	2,922	13,436
Balances on December 31, 2020	92,453	123,456	30,933	246,842
Additions	18,524	44,379	12,230	75,133
Reversals	(10,036)	(8,741)	(4,678)	(23,455)
Write-offs for payouts	(46,314)	(42,031)	(5,535)	(93,879)
Monetary adjustment	9,662	13,684	2,832	26,178
Balances on September 30, 2021	<u>64,289</u>	<u>130,747</u>	<u>35,782</u>	<u>230,819</u>

On September 30, 2021, and December 31, 2020, expenses with the provision for contingencies, recognized in the statement of income were as follows:

	<u>2021</u>	<u>2020</u>
Income breakdown		
Additions	75,133	140,588
Reversals	(23,455)	(27,684)
Monetary adjustment	26,178	3,934
Provision for contingencies	<u>77,856</u>	<u>116,838</u>
General and administrative expenses (Note 24)	(51,678)	(112,904)
Financial income (Note 26)	<u>(26,178)</u>	<u>(3,934)</u>
	<u>77,856</u>	<u>(116,838)</u>

(a) Civil

Most proceedings involve claims for indemnity for pecuniary and non-pecuniary damages arising from incorrect collections and late issue of diplomas, among other matters of an 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:

<u>Matter</u>	<u>Amounts</u>
Real estate	14,010
Success Fees	13,510
Undue collection	13,388
Non-pecuniary / Pecuniary Damage	10,350
Issuance of Certificates of Completion/Diplomas and Graduation	3,287
Enrollment	1,905
FIES	1,652
Course Accreditation and Cancellation	798
Procon Fine	687
Monthly fee	368
Stage	183
PROUNI	98
System Access	75
Other	3,978
	<u>64,289</u>

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(b) Labor

The main labor claims are seeking overtime, unused vacations, recognition of employment relationship, salary 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 matters:

Matter	Amounts
Salary and Severance Differences + Decrease in Working Hours + FGTS + Notice Period	48,778
Overtime + Elimination of Breaks During and Between Shifts	21,379
Deviation from agreed position and salary parity	11,760
Income tax / Interest and Monetary Adjustment	10,724
Employer's social security payment	10,197
Fees	5,549
Fine (Article 467 CLT, Article 477 CLT AND CCT/ACT)	4,754
Success Fees	4,021
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	3,628
Vacation pay	2,593
Pain and Suffering / Pecuniary Damage / Moral Harassment	1,883
CTPS Rectification + Indirect Termination + Employment Relationship Recognition	357
Stability	107
Other	5,017
	130,747

(c) Tax

The tax proceedings mainly relate to tax immunity, escalation of social security contributions arising from Law No. 11.096/05 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 claims are due to the following matters:

Matter	Amounts
ISS	20,519
Success Fees	7,571
IRPJ / CSLL / IRRF	3,654
Social Security Contributions	2,177
PIS (Social Integration Program /COFINS (Social Contribution on Billings)	1,398
Sewage Charges / Fees	250
Miscellaneous fines	210
IPTU (Urban Real Estate Property Tax) / Jurisdiction / IPVA (Tax on Vehicles)	3
	35,782

(d) 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 provisioned for under the accounting practices currently in force.

	September 30, 2021	Consolidated December 31, 2020
Civil	234,998	279,487
Labor	538,787	398,831
Tax	984,605	673,390
	1,758,390	1,351,708

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

Civil	Amounts
Real estate	134,910
Non-pecuniary / Pecuniary Damage	38,185
Undue collection	21,639
FIES	6,338
Issuance of Certificates of Completion/Diplomas and Graduation	4,862
Enrollment	3,821
Monthly fee	2,770
Course Accreditation and Cancellation	2,208
Procon Fine	1,550
PROUNI	305
Stage	207
System Access	111
Other (i)	18,092
	234,998

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

Labor	Amounts
Salary and severance differences + decrease in working hours + FGTS + notice period + compensation	180,199
Reintegration	149,134
Overtime + Elimination of Breaks During and Between Shifts	80,548
Fees	34,950
Additional Payments (Premium for Unhealthy/Night/Improvement/Service Time/Dangerous Work)	21,082
Pain and Suffering / Pecuniary Damage / Moral Harassment	20,919
Employer's social security payment	11,181
Vacation pay	9,669
Fine (Article 467 CLT, Article 477 CLT AND CCT/ACT)	9,340
Deviation from agreed position and salary parity	5,578
CTPS Rectification + Indirect Termination + Employment Relationship Recognition	1,442
Stability	899
Other (ii)	13,846
	538,787

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

Tax	Amounts
ISS	674,880
Social security contribution / FGTS	274,794
IRPJ / CSLL / IRRF	19,268
PIS (Social Integration Program /COFINS (Social Contribution on Billings)	5,179
Miscellaneous fines	3,893
Sewage Charges / Fees	1,338
IPU (Urban Real Estate Property Tax) / Jurisdiction / IPVA (Tax on Vehicles)	1,084
Other	4,169
	984,605

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

Labor Lawsuit:

- (i) A Labor lawsuit filed by the Labor Prosecution Office, against Sociedade de Ensino Superior Estácio de Sá Ltda. ("SESES"), concerning the following: (i) nullity of waivers occurring between November 2017 to December 2018; (ii) the reintegration of workers dismissed in the period; (iii) declaration of unconstitutionality of article 477-A of the CLT; (iv) condemnation of the defendants in the obligation not to carry out new collective dismissals without prior collective bargaining; (v) application of a fine; (vi) individual and collective non-pecuniary damage. There was a judgment of partial validity to: (i) declare

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the unconstitutionality of article 477-A, of the CLT; (ii) declare the nullity of the collective dismissal occurred at the end of 2017; and (iii) convict the company of individual and collective non-pecuniary damages. The request for reinstatement of professors dismissed in 2018 was dismissed. The TRT reformed the decision to rule out the unconstitutionality of article 477-A, of the CLT. On the other hand, it increased the amount of the sentence to pay compensation to teachers, which decision was the subject of an appeal pending judgment in the TST. There is no calculation approved by the court, and it is not possible, on this date, to estimate any financial impact. Without prejudice, the amount involved in the action is R\$ 140 million, which is why we consider the process relevant due to the amount and complexity of the matter. Our external advisors understand the chance of loss as possible, due to the possibility of reassessment by the Superior Courts.

Tax Law Actions:

Social security contributions:

- (i) Tax foreclosures were issued by the National Treasury against SESES, due to the divergence of understanding about the initial date of the rate escalation provided for in article 13 of Law No. 11.096/05 ("PROUNI Law"), aiming at the judicial collection of debts related to alleged differences in the payment of social security contributions. Of the three tax foreclosures received, (i) in the first, there was a partially valid judgment for SESES which was awaiting judgment of the appeal at the 2nd Instance, (ii) in the second, there was a fully valid judgment on the appeal of SESES to dismiss the debt charged by the National Treasury, and (iii) in the third, after the presentation of a partially favorable expert report, the case awaits the conclusion of the records for judgment. All three foreclosures are fully guaranteed and the total amount is R\$ 43,041.
- (ii) Tax assessment notices were received against SESES for alleged non-performance of the principal tax liability for the period from February 2007 to December 2007. The Company appealed, requesting 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 from 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 Foreclosure, the National Treasury filed its contestation and SESES submitted its rebuttal. Currently, we are awaiting the accounting expert analysis and trial in the trial court. The total amount involved is R\$ 23,601.

ISS - Tax on services:

- (i) Tax Foreclosure by the Municipality of Niterói was received to charge the ISS for the period between January 2004 and January 2007, in view of the alleged suspension of tax immunity, due to alleged non-compliance with the requirements for the enjoyment of immunity provided for in article 14 of the CTN. An expert report was carried out favorable to the company, however, the Municipality of Niterói answered the report, requesting it be nullified on the grounds of not having been notified about the scheduled date and place for the realization. The request was accepted and the second expert analysis conducted in November 2019, concluded once again that SESES' accounting records for the disputed period were in full compliance with legal requirements. SESES filed a new statement regarding the new expert analysis. Judgment by the lower court is pending. The total amount involved is R\$ 44,035.
- (ii) A tax foreclosure was brought against Sociedade Tecnopolitana da Bahia LTDA (STB), merged into IREP in June 2010, for non-payment of Services Tax (ISS) in the period 2007 to February 2011. The assessment arise 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 R\$ 21,598.
- (iii) Action for Annulment filed by SESES against the Municipality of Vila Velha, aiming at cancelling 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

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limitation; (ii) material nullity; and (iii) error in setting the ISS tax base, since the amounts were considered to correspond to scholarships awarded and enrollments cancelled. 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 a manner favorable to SESES. The subpoena of the parties is awaited for them to express themselves on the report produced by the expert. The total amount involved is R\$ 15,324.

- (iv) Tax foreclosure filed by the Municipality of Salvador was received referring to alleged ISS credits for the periods of calculation from 07/2012 to 11/2013, 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 appointment of the accounting expert and appointment of the respective retained experts. Examination is awaited. The total amount involved is R\$ 13,475
- (v) Tax foreclosure filed by the Municipality of São João de Meriti was received referring to alleged ISS credits for the calculation periods of 2011, 2012, 2013 and 2014, presumably due to the non-inclusion of amounts intended for unconditional discounts arising from scholarships in the tax base. Motions to enforcement were filed with a request for recognition of the statutes of limitations of debts overdue up to 3/2014 and the dissolution of the process due to the payment of debts that occurred before the registration in active debt. In May 2021, an order was issued certifying the absence of a manifestation by the Municipality and the case record was put under advisement. Judgment by the lower court is pending. The total amount involved is R\$ 15,229.
- (vi) Annulment action 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 07/29/2021, 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. A decision at the lower court is awaited. The total amount involved is R\$ 417,408.

18 Shareholders' Equity

(a) Share Capital

The share capital may be increased by the Board of Directors, irrespective of the statutory reform, up to the limit of one billion (1,000,000,000) shares. As at September 30, 2021, the share capital was represented by 309,088,851 common shares.

The shareholding structure of the Company on September 30, 2021, and December 31, 2020, is presented below:

Shareholders	Common shares			
	September 30, 2021	%	December 31, 2020	%
Managers and directors	1,012,230	0.3	819,094	0.3
Rose Fundo de Investimento	33,319,073	10.8	33,319,073	10.8
Zaher family	23,219,500	7.5		
Schroder Investment Management	19,503,153	6.3		
Vontobel	15,923,572	5.2	15,923,572	5.2
Wellington Management	15,525,425	5.0		
Treasury	7,192,643	2.3	7,808,219	2.5
Other (i)	193,393,255	62.6	251,218,893	81.2
	<u>309,088,851</u>	<u>100</u>	<u>309,088,851</u>	<u>100</u>

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(i) Free float

(b) Activity of capital shares

There were no changes in the shares during the period ended on September 30, 2021.

(c) Treasury shares

	<u>Quantity</u>	<u>Average Cost</u>	<u>Accounting</u>
Treasury shares as at December 31, 2020	7,808,219	23.02	179,759
SOP payment using treasury shares (Note 18 d.3)	615,576	22.98	14,146
Treasury shares as at September 30, 2021	<u>7,192,643</u>	<u>23.03</u>	<u>165,613</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 can only be used to increase capital, offset losses, redeem, reimburse or purchase shares or pay cumulative dividends on preferred shares.

The share subscription goodwill in the financial statements as at September 30, 2021, and December 31, 2020, is as follows:

	<u>Parent Company</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Taxes reserve	3	3
Non-distributable profits (i)	96,477	96,477
Special goodwill reserve under merger	85	85
Goodwill on share subscription	<u>498,899</u>	<u>498,899</u>
	<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:

	<u>September 30, 2021</u>
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) Granting options

The Company recorded the capital reserve for stock options granted, as mentioned in Note 20. 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 information 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

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acquisition price that the Company paid for the shares and the sale amount when using the shares to pay for the options granted.

The Negative Goodwill on the sale of treasury shares is represented as follows as at September 30, 2021, and December 31, 2020:

	<u>Quantity of shares</u>	<u>Sale</u>	<u>Amount paid</u>	<u>Negative Goodwill</u>
Negative Goodwill on December 31, 2020	2,724,983	46,513	34,850	11,663
SOP payment in 2021	<u>121,033</u>	<u>2,786</u>	<u>2,448</u>	<u>338</u>
Negative Goodwill on September 30, 2021	<u>2,846,016</u>	<u>49,299</u>	<u>37,298</u>	<u>12,001</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 legal reserve may only be used to increase share capital or to offset accumulated losses.

(e.2) Retained earnings

In accordance with Article 196 of the Corporations Act, where the general meeting may, at the proposal of the boards of directors, decide to retain part of the net income for the fiscal year provided for in the capital budget to meet investment and expansion projects. On April 24, 2020, the retention of profits according to item 7.4 (b.ii) was approved in the Ordinary General Meeting.

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 values 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 amount of the market value.

The Company's assets and liabilities financial instruments as at September 30, 2021, and December 31, 2020, are recorded in equity accounts in amounts comparable to those practiced in the market.

(a) Cash and cash equivalents and securities

The values accounted for are close to market values, considering that financial operations are immediate liquidity.

(b) Loans and financing

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

(c) Accounts receivable

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

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(d) Derivative and 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. The Swap transaction, on September 30, 2021, presented a positive fair value of R\$31,988 as a corresponding entry to the income.

We present below the information related to the derivatives financial instruments held by the Company as at September 30, 2021, recorded at fair value with effect on income:

SWAP Agreements	Principal Contracted (US\$)	Principal Contracted	YDUQS Receives	YDUQS Pays	Initial Date	Maturity Date	Market Value (R\$ M)		
							Assets	Liabilities	Gross income
Citibank	40,000,000	210,000,000	Libor + 1.46% p.a	CDI (Interbank Deposit Certificate) + 1.85%	Jan/18/21	Jan/19/22	217,174	211,760	5,414
Citibank	25,000,000	109,537,500	Libor + 0.64% p.a.	CDI (Interbank Deposit Certificate) + 0.70%	Feb/27/20	Feb/25/22	135,547	110,131	25,416
Total							352,721	321,891	30,830

(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, 2021	December 31, 2020
Level 2 Financial investments	1,869,075	1,604,869
	1,869,075	1,604,869

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 significant effect on the fair value is observable, either directly or indirectly; and

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

During the period ended on September 30, 2021, there were no transfers arising from fair value measurements between levels 1 and 2, not inside or outside level 3.

19.2 Financial risk factors

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

(a) Credit risk

This risk related to difficulties in collecting amounts for services provided.

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

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

With respect to the credit risk associated with financial institutions, the Company and its subsidiaries operate according to the investments policy approved by the Board of Directors. The balances of cash and cash equivalents, securities and court deposits are held at financial institutions with A to AAA credit rating assigned by the credit rating agencies Standard & Poor's, Fitch and Moody's. In the event of two or more ratings, the rating of the majority shall prevail. In the event of different ratings, the Company adopts the higher rating as a basis.

(b) Interest rate risk

The Company 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 Company'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 lines 4131, exposure to foreign exchange risk does not exist.

(d) Liquidity risk

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

The table below analyzes the financial liabilities, by maturity ranges, corresponding to the remaining period of the reporting date of the statement of financial position until the contractual maturity date. The amounts presented in the table are the contracted cash flows not discounted.

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	Consolidated			
	Less than one year	Between one and two years	Between two and five years	More than five years
As at September 30, 2021				
Trade payables	247,961			
Loans	1,336,139	581,475	2,490,642	
Financial lease obligations	206,844	251,901	328,322	949,827
Acquisition price payable	59,765	36,651	83,104	
As at December 31, 2020				
Trade payables	251,229			
Loans	390,302	416,646	2,573,734	514,618
Financial lease obligations	199,549	381,125	293,694	838,813
Acquisition price payable	57,936	34,489	60,550	

(e) Sensitivity analysis

The 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 statement of financial position.

The Company's financial instruments are substantially represented by cash and cash equivalents, marketable securities, accounts receivable and payable, court deposits, loans and financing, and are recorded at cost value, plus income or charges incurred except financial investments are recorded at fair value.

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

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.

Investments linked to 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.

In order to verify the sensitivity of the index on financial investments and on loans and financing to which the Company was exposed on the base date of September 30, 2021, three different scenarios were defined. Based on the CDI rate officially published by CETIP on September 30, 2021 (6.15% 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 costs" were calculated, disregarding the levy of taxes on the investment yields. The base date used for the portfolio was on September 30, 2021, projected for one year and verifying the sensitivity of the CDI rate for each scenario.

Scenario for CDI rise

Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI (Interbank Deposit Certificate)	6.15%	7.69%	9.23%
1,868,961		114,941	143,676	172,412
Debentures V - 1st Q	CDI (Interbank Deposit Certificate) + 0.585%	6.77%	8.32%	9.86%
251,833		17,052	20,946	24,841
Debentures V - 2nd Q	CDI (Interbank Deposit Certificate) + 0.79%	6.98%	8.53%	10.08%

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352,655		24,627	30,092	35,556
Citibank (40MM USD)	CDI (Interbank Deposit Certificate) + 0.60%	6.79%	8.33%	9.88%
211,760		14,372	17,647	20,923
Citibank (25MM US\$)	CDI (Interbank Deposit Certificate) + 0.70%	6.89%	8.44%	9.99%
110,131		7,591	9,297	11,002
CCB - Itaú	CDI (Interbank Deposit Certificate) + 2.70%	9.02%	10.60%	12.17%
155,019		13,977	16,424	18,872
CCB - Citibank	CDI (Interbank Deposit Certificate) + 2.75%	9.07%	10.65%	12.23%
76,389		6,928	8,135	9,341
CCB - Bradesco	CDI (Interbank Deposit Certificate) + 2.70%	9.02%	10.60%	12.17%
360,372		32,491	38,182	43,872
CCB - Safra	CDI (Interbank Deposit Certificate) + 2.80%	9.12%	10.70%	12.28%
204,380		18,644	21,874	25,105
CCB - BB	CDI (Interbank Deposit Certificate) + 1.85%	8.11%	9.68%	11.25%
100,428		8,149	9,721	11,294
Debentures VI	CDI (Interbank Deposit Certificate) + 2.50%	8.80%	10.38%	11.96%
1,866,922		164,359	193,781	223,202
Net position		(193,248)	(222,422)	(251,596)
Scenario fall of CDI				
Transactions	Risk	Probable Scenario (I)	Scenario (II)	Scenario (III)
Financial investments	CDI (Interbank Deposit Certificate)	6.15%	4.61%	3.08%
1,868,961		114,941	86,206	57,471
Debentures V - 1st Q	CDI (Interbank Deposit Certificate) + 0.585%	6.77%	5.22%	3.68%
251,833		17,052	13,157	9,262
Debentures V - 2nd Q	CDI (Interbank Deposit Certificate) + 0.79%	6.98%	5.43%	3.88%
352,655		24,627	19,162	13,698
Citibank (40MM USD)	CDI (Interbank Deposit Certificate) + 0.60%	6.79%	5.24%	3.69%
211,760		14,372	11,097	7,821
Citibank (25MM US\$)	CDI (Interbank Deposit Certificate) + 0.70%	6.89%	5.34%	3.80%

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110,131		7,591	5,886	4,181
	CDI (Interbank Deposit Certificate) + 2.70%			
CCB - Itaú 155,019		9.02% 13,977	7.44% 11,529	5.86% 9,081
	CDI (Interbank Deposit Certificate) + 2.75%			
CCB - Citibank 76,389		9.07% 6,928	7.49% 5,721	5.91% 4,514
	CDI (Interbank Deposit Certificate) + 2.70%			
CCB - Bradesco 360,372		9.02% 32,491	7.44% 26,801	5.86% 21,111
	CDI (Interbank Deposit Certificate) + 2.80%			
CCB - Safra 204,380		9.12% 18,644	7.54% 15,414	5.96% 12,183
	CDI (Interbank Deposit Certificate) + 1.85%			
CCB - BB 100,428		8.11% 8,149	9.68% 9,721	11.25% 11,294
	CDI (Interbank Deposit Certificate) + 2.50%			
Debentures VI 1,866,922		8.80% 164,359	7.23% 134,938	5.65% 105,516
Net position		(193,248)	(167,220)	(141,191)

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

The sensitivity analysis related to foreign exchange risk refers to the position on September 30, 2021, and seeks to simulate how an exchange rate stress could affect the Company.

Three scenarios were outlined, 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 a premise of the probable scenario the exchange rate at the end of 2021 disclosed in the last Focus Report - BACEN prior to the close of the period. 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 rise		
		Scenario (I)	Scenario (II)	Scenario (III)
Swap - Long Leg 352,722	Exchange rate	5.20 337,198	6.50 421,497	7.80 505,797
Debt in US\$ 321,892	Exchange rate	5.20 307,725	6.50 384,656	7.80 461,587
Net position		<u>29,473</u>	<u>36,841</u>	<u>44,210</u>

(f) Capital Management

The Company's debt in relation to Shareholders' Equity for the period ended on September 30, 2021, and for the fiscal year ended on December 31, 2020, is presented below as consolidated date:

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	Consolidated	
	September 30, 2021	December 31, 2020
Loans and financing (Note 11)	3,708,869	3,503,750
(-) Cash and cash equivalents (Note 3)	(1,057,417)	(925,341)
(-) Financial instruments - swap (Note 19.(d))	<u>(30,830)</u>	<u>(161,599)</u>
Net debt	2,620,622	2,416,810
Shareholders' Equity	<u>3,346,511</u>	<u>3,204,969</u>
Net debt on equity	<u>0.78</u>	<u>0.75</u>

(g) Offsetting of financial instruments

There are no significant assets or liabilities subject to contractual offsetting as at September 30, 2021, and December 31, 2020.

20 Managers' compensation**(a) Compensation**

In accordance with the Corporations Act and the Company's Bylaws, it is the responsibility of the shareholders, at the General Meeting, to set the overall amount of the annual remuneration of managers. It is incumbent upon the Board of Directors to distribute the funds among the managers.

In the periods ended on September 30, 2021 and 2020, the total compensation (salaries and profit sharing) of the Company's directors, officers and main executives was R\$38,702 and R\$33,005, respectively. These compensations are within the limits approved at the corresponding shareholders' meetings.

The Company and its subsidiaries do not grant post-employment benefits, termination benefits or other long-term benefits to Management and employees, except for the shares option plan described in Note 20 (b).

(b) Shares option plan

The history and the details of the shares option plans did not change in relation to the information presented in the financial statements as at December 31, 2020.

On September 30, 2021, the number of options granted, which were exercised and accumulated from all programs, was 13,434,662 shares (R\$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 (R\$ 156,902), of which 12,042,223 were shares of closed programs and 4,859,679 were shares of active programs.

Granted options programs with balance of shares to be exercised:

Programs	Granted	Options Forfeited	Options Abandoned	Issued	Balance of shares
6P	5,090,000	2,247,000	1,919,419	866,714	56,867
7P	889,000	379,200	331,174	97,526	81,100
8P	983,000	463,400	52,127	458,813	8,660
10P	1,105,779	554,000	107,779	442,000	2,000
11P	991,010	555,510	20,255	350,705	64,540
Overall Total	9,058,789	4,199,110	2,430,754	2,215,758	213,167

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The total of granted shares that were exercised in the last quarters is as follows:

	<u>Shares exercised</u>
December 31, 2018	12,842,762
March 31, 2019	12,901,362
June 30, 2019	13,181,276
September 30, 2019	13,203,276
December 31, 2019	13,208,276
March 31, 2020	13,229,276
June 30, 2020	13,229,276
September 30, 2020	13,359,572
December 31, 2020	13,359,572
March 31, 2021	13,359,572
June 30, 2021	13,434,662
September 30, 2021	13,434,662

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

Program	Expiration of Grace Period	Expiration Date	Granted Options	Price of Base Asset	Annual Volatility Expectation	Expected Dividends	Risk-free Interest Rate	Option Estimated Life (years)	Fair Value upon Granting	Prescribed (current base)
11th Program Apr17	04/23/2018	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	11	R\$ 6.14	13,500
11th Program Apr17	04/23/2019	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	11	R\$ 6.84	86,000
11th Program Apr17	04/23/2020	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	11	R\$ 7.41	132,500
11th Program Apr17	04/23/2021	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	11	R\$ 7.86	135,500
11th Program Apr17	04/23/2022	04/23/2028	188,000	R\$ 14.18	46.66%	0.00%	8.94%	11	R\$ 8.26	137,000
11th Program Apr17 Cons.	04/23/2018	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	11	R\$ 6.14	25,505
11th Program Apr17 Cons.	04/23/2019	04/23/2028	25,505	R\$ 14.18	46.66%	0.00%	8.94%	11	R\$ 6.84	25,505
10th Program Jul16	04/15/2017	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	10	R\$ 6.89	2,000
10th Program Jul16	04/15/2018	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	10	R\$ 7.89	33,000
10th Program Jul16	04/15/2019	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	10	R\$ 8.61	153,000
10th Program Jul16	04/15/2020	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	10	R\$ 9.18	183,000
10th Program Jul16	04/15/2021	07/19/2026	208,000	R\$ 15.12	59.18%	0.00%	12.50%	10	R\$ 9.64	183,000
10th Program Jul16 Cons.	04/15/2017	07/19/2026	32,890	R\$ 15.12	59.18%	0.00%	12.50%	10	R\$ 6.89	0
10th Program Jul16 Cons.	04/15/2018	07/19/2026	32,889	R\$ 15.12	59.18%	0.00%	12.50%	10	R\$ 7.89	0
9th Program Apr16	04/15/2017	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	11	R\$ 6.02	20,000
9th Program Apr16	04/15/2018	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	11	R\$ 6.66	20,000
9th Program Apr16	04/15/2019	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	11	R\$ 7.14	80,000
9th Program Apr16	04/15/2020	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	11	R\$ 7.52	80,000
9th Program Apr16	04/15/2021	04/15/2027	80,000	R\$ 11.87	54.57%	0.00%	12.93%	11	R\$ 7.83	80,000
9th Program Apr16 Cons.	04/15/2017	05/01/2019	450,000	R\$ 11.87	54.57%	0.00%	12.93%	1	R\$ 3.17	100,000
9th Program Apr16 Cons.	04/15/2018	05/01/2020	450,000	R\$ 11.87	54.57%	0.00%	12.93%	1	R\$ 4.43	100,000
8P Program	04/15/2016	04/15/2026	196,600	R\$ 13.15	28.80%	0.00%	11.99%	10	R\$ 5.45	2,000
8P Program	04/15/2017	04/15/2027	196,600	R\$ 13.15	28.80%	0.00%	11.99%	10	R\$ 6.42	56,800
8P Program	04/15/2018	04/15/2028	196,600	R\$ 13.15	28.80%	0.00%	11.99%	10	R\$ 7.20	81,200
8P Program	04/15/2019	04/15/2029	196,600	R\$ 13.15	28.80%	0.00%	11.99%	10	R\$ 7.88	150,200
8P Program	04/15/2020	04/15/2030	196,600	R\$ 13.15	28.80%	0.00%	11.99%	10	R\$ 8.47	173,200
7P Program Oct 2014	04/15/2015	02/03/2018	2,400	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 8.58	0
7P Program Oct 2014	04/15/2015	04/15/2025	175,400	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 8.58	16,000
7P Program Oct 2014	04/15/2016	02/03/2018	2,400	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 9.71	0
7P Program Oct 2014	04/15/2016	04/15/2026	175,400	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 9.71	37,000
7P Program Oct 2014	04/15/2017	02/03/2018	2,400	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 10.64	0
7P Program Oct 2014	04/15/2017	04/15/2027	175,400	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 10.64	86,000
7P Program Oct 2014	04/15/2018	04/15/2028	177,800	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 11.47	104,400
7P Program Oct 2014	04/15/2019	01/04/2020	5,000	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 12.24	0
7P Program Oct 2014	04/15/2019	04/15/2029	172,800	R\$ 26.83	28.80%	0.00%	11.99%	11	R\$ 12.24	135,800
6P Program Aug 2014	04/15/2015	04/15/2025	60,000	R\$ 29.16	26.68%	0.00%	11.99%	11	R\$ 14.48	0
6P Program Aug 2014	04/15/2016	04/15/2026	60,000	R\$ 29.16	26.68%	0.00%	11.99%	11	R\$ 15.10	28,000
6P Program Aug 2014	04/15/2017	04/15/2027	60,000	R\$ 29.16	26.68%	0.00%	11.99%	11	R\$ 15.74	28,000
6P Program Aug 2014	04/15/2018	04/15/2028	60,000	R\$ 29.16	26.68%	0.00%	11.99%	11	R\$ 16.38	28,000
6P Program Aug 2014	04/15/2019	04/15/2029	60,000	R\$ 29.16	26.68%	0.00%	11.99%	11	R\$ 16.98	44,000
6P Program Aug 2014 Cons.	04/15/2015	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	10	R\$ 14.43	0
6P Program Aug 2014 Cons.	04/15/2016	08/01/2024	50,000	R\$ 29.16	28.80%	0.00%	11.99%	10	R\$ 15.02	0
6P Program July 2014	04/15/2015	04/15/2025	608,000	R\$ 29.94	26.43%	0.00%	11.99%	11	R\$ 15.13	0
6P Program July 2014	04/15/2016	04/15/2026	608,000	R\$ 29.94	26.43%	0.00%	11.99%	11	R\$ 15.76	80,000
6P Program July 2014	04/15/2017	04/15/2027	608,000	R\$ 29.94	26.43%	0.00%	11.99%	11	R\$ 16.41	602,000
6P Program July 2014	04/15/2018	04/15/2028	608,000	R\$ 29.94	26.43%	0.00%	11.99%	11	R\$ 17.05	608,000
6P Program July 2014	04/15/2019	04/15/2029	608,000	R\$ 29.94	26.43%	0.00%	11.99%	11	R\$ 17.65	608,000
6P Program July 2014 Cons.	04/15/2015	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	10	R\$ 15.09	0
6P Program July 2014 Cons.	04/15/2016	07/04/2024	162,500	R\$ 29.94	28.80%	0.00%	11.99%	10	R\$ 15.69	0
6P Program Oct 2013	04/15/2014	04/15/2024	265,000	R\$ 16.82	28.80%	0.00%	11.99%	11	R\$ 5.05	5,000
6P Program Oct 2013	04/15/2015	04/15/2025	265,000	R\$ 16.82	28.80%	0.00%	11.99%	11	R\$ 5.79	5,000
6P Program Oct 2013	04/15/2016	04/15/2026	265,000	R\$ 16.82	28.80%	0.00%	11.99%	11	R\$ 6.40	19,000
6P Program Oct 2013	04/15/2017	04/15/2027	265,000	R\$ 16.82	28.80%	0.00%	11.99%	11	R\$ 6.94	88,000
6P Program Oct 2013	04/15/2018	04/15/2028	265,000	R\$ 16.82	28.80%	0.00%	11.99%	11	R\$ 7.43	104,000
5P 3 Program	04/15/2014	04/15/2024	144,000	R\$ 16.16	39.85%	0.00%	11.02%	11	R\$ 6.37	0
5P 3 Program	04/15/2015	04/15/2025	144,000	R\$ 16.16	39.85%	0.00%	11.02%	11	R\$ 7.02	21,000
5P 3 Program	04/15/2016	04/15/2026	144,000	R\$ 16.16	39.85%	0.00%	11.02%	11	R\$ 7.60	102,000
5P 3 Program	04/15/2017	04/15/2027	144,000	R\$ 16.16	39.85%	0.00%	11.02%	11	R\$ 8.11	102,000
5P 3 Program	04/15/2018	04/15/2028	144,000	R\$ 16.16	39.85%	0.00%	11.02%	11	R\$ 8.58	123,000
4P Program Jan 2013	04/15/2014	04/15/2024	160,200	R\$ 14.40	33.47%	0.00%	3.90%	11	R\$ 8.23	7,200
4P Program Jan 2013	04/15/2015	04/15/2025	160,200	R\$ 14.40	33.47%	0.00%	3.90%	11	R\$ 8.35	7,200
4P Program Jan 2013	04/15/2016	04/15/2026	160,200	R\$ 14.40	33.47%	0.00%	3.90%	11	R\$ 8.48	7,200
4P Program Jan 2013	04/15/2017	04/15/2027	160,200	R\$ 14.40	33.47%	0.00%	3.90%	11	R\$ 8.62	88,200
4P Program Jan 2013	04/15/2018	04/15/2028	160,200	R\$ 14.40	33.47%	0.00%	3.90%	11	R\$ 8.75	94,200

In compliance with the provisions of the technical pronouncement CPC 10 (R1), the share-based payouts that were open on September 30, 2021, and December 31, 2020, were measured and recognized by the Company.

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The Company recognizes the stock options granted on a quarterly basis, as a capital reserve with a corresponding counter entry in the statement of income, as general and administrative expenses, in the line item personal and welfare charges. In the period ended on September 30, 2021, a provision of R\$22 was recognized (reversal of R\$60 in the fiscal year ended on December 31, 2020). As at September 30, 2021, the provision amounted to R\$111 (R\$270 as at December 31, 2020).

The variations in the number of outstanding share options and their corresponding weighted average prices for the period are presented below:

Executive Board

	September 30, 2021		December 31, 2020	
	Average price for the share exercise	Options - millions	Average price for the share exercise	Options - millions
January 1,	13.88	38,000	13.88	149,000
Granted			17.82	21,000
Exercised	18.63	26,000	15.55	26,000
Forfeited			14.59	64,000
	15.81	12,000	13.10	38,000

Board of directors

	September 30, 2021		December 31, 2020	
	Average price for the share exercise	Options - millions	Average price for the share exercise	Options - millions
January 1,			10.13	65,779
Abandoned			10.13	65,779
			10.13	65,779

(c) Performance Share Program

On October 18, 2018, the special general meeting approved the Company's new Restricted Share Option Plan.

The purpose of the Plan is to allow the grant of Restricted Share 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 add value to the company in the long term; (c) aligning the interests of the beneficiaries with the shareholders' interests; and (d) encouraging the retention of managers and employees at the Company or in the companies under its control.

The managers 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 will 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.

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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 Share Option Plan, the provision for the program in the fiscal year ended on September 30, 2021 is R\$13,167 (R\$8,388 as at December 31, 2020). The accumulated provision as at September 30, 2021 is R\$32,875 (R\$31,283 as at December 31, 2020).

As at September 30, 2021, the number of shares granted and delivered was 1,911,340 shares, and the total shares granted amounted to 7,637,900 shares.

Programs	Granted	Additional shares dividends	Additional shares performance	Shares delivered	Unvested	Cancelled	Forfeited
1P	1,395,500	85,724	40,825	567,907	277,561	51,981	624,600
1P - Cons.	130,000	9,441		139,441			
1P - Esp.	300,000	25,963	16,158	183,637	153,194	5,289	
	879,000	10,776	41,500	354,175	418,602	500	158,000
2P - Cons.	98,000	1,813		7,130	85,554	129	7,000
2P - Esp.	100,000	1,480	5,000	45,370	61,110		
3P	630,000	10,175		224,070	336,105		80,000
3P - Esp.	200,000	3,700		81,480	122,220		
4P	100,000	1,480	5,000	45,370	61,110		
5P	80,000	1,480			81,480		
6P	1,389,600	18,211		262,760	941,507	1,464	202,080
7P	445,000	3,515			373,515		75,000
8P	460,000	8,510			468,510		
9P	100,000				100,000		
10P	1,330,800				1,309,800		21,000
11P	60,000				60,000		
Overall Total	7,697,900	182,268	108,483	1,911,340	4,850,268	59,363	1,167,680

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

	2021	2020
Numerator		
Net profit for the period	232,521	200,822
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	301,616	301,001
Net profit per batch of 1000 shares - basic	0.77092	0.66718

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(b) Earnings per share - diluted

	<u>2021</u>	<u>2020</u>
Numerator		
Net profit for the period	232,521	200,822
Denominator (in thousands of shares)		
Weighted average of the number of outstanding shares	301,616	301,001
Potential increase in the number of shares due to the stock option plan	<u>60</u>	<u>408</u>
Weighted average of outstanding shares	<u>301,676</u>	<u>301,409</u>
Net profit per batch of 1000 shares - diluted	<u>0.77076</u>	<u>0.66628</u>

22 Net revenue from services provided

	<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>
Gross revenues -in-class	4,542,151	4,207,618
Gross revenue - distance learning	<u>2,097,132</u>	<u>1,448,565</u>
	6,639,983	5,656,183
Deduction from gross revenue	(3,298,952)	(2,765,480)
Grants - scholarships	(3,057,559)	(2,518,665)
Refund of monthly tuition fees and charges	(25,327)	(18,296)
Discounts granted (i)	(59,360)	(81,223)
Taxes	(121,285)	(115,217)
Adjustment to present value - PAR/DIS	9,317	1,793
FGEDUC	(19,867)	(26,643)
Other	<u>(6,238)</u>	<u>(7,229)</u>
	<u>3,341,031</u>	<u>2,890,703</u>

(i) Refers to the punctuality discount of subsidiary Adtalem.

23 Costs of services provided

	<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>
Personnel and welfare charges	(868,527)	(800,949)
Electricity, water, gas and telephony	(26,623)	(22,780)
Rental, condominium fees and IPTU	(38,510)	(36,503)
Postage and Mailbags	(1,338)	(776)
Depreciation and amortization	(345,398)	(249,963)
Teaching material	(6,133)	(5,953)
Third-party services - security and cleaning	(42,039)	(32,682)
Other	<u>(130,743)</u>	<u>(77,476)</u>
	<u>(1,459,311)</u>	<u>(1,227,082)</u>

**Notes to the financial information for the
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24 Selling, general and administrative expenses

	Parent Company		Consolidated	
	2021	2020	2021	2020
Selling expenses				
Provision for doubtful accounts (Note 4)			(344,053)	(379,280)
Advertising			(255,449)	(209,440)
Sales and marketing			(75,014)	(49,807)
Other			(223)	240
			<u>(674,739)</u>	<u>(638,287)</u>
General and administrative expenses				
Personnel and welfare charges	(4,729)	(5,341)	(260,503)	(180,951)
Third parties' services	(2,991)	(3,832)	(98,927)	(95,081)
Consumables			(1,648)	(1,637)
Maintenance and repairs	(67)	(88)	(60,472)	(37,906)
Depreciation and amortization	(25)	(36)	(159,328)	(111,013)
Educational agreements			(20,206)	(15,773)
Travel and accommodation	(2)	(5)	(4,884)	(3,196)
Institutional events			(442)	(267)
Provision for contingencies (Note 17)	110	50	(51,678)	(112,904)
Photocopies and bookbinding			(3,729)	(2,255)
Insurances	(9,337)	(5,198)	(10,770)	(7,360)
Cleaning material			(2,058)	(3,172)
Transportation	(5)	(2)	(2,961)	(1,935)
Vehicle rental			(3,502)	(1,750)
Other	(242)	(218)	(23,694)	(29,959)
	<u>(17,288)</u>	<u>(14,670)</u>	<u>(704,802)</u>	<u>(605,159)</u>

25 Other operating revenues/expenses

	Parent Company		Consolidated	
	2021	2020	2021	2020
Revenues with agreements	2,266	2,266	3,417	2,266
Lease revenues			3,003	3,426
Business intermediation			673	721
Loss on disposal of fixed assets			9,351	1
Provision for losses other revenue			(2,418)	(6,397)
Other operating revenue (expenses)		4	2,366	(83)
	<u>2,266</u>	<u>2,270</u>	<u>16,392</u>	<u>(66)</u>

26 Financial income

	Parent Company		Consolidated	
	2021	2020	2021	2020
Financial revenues				
Late payment fines and interest			32,976	34,310
Revenues from financial investments	13,639	12,477	44,056	28,682
Derivatives fair value (SWAP) (i)	96,597	234,461	96,597	234,461
Tax credits adjustment	562	476	1,888	3,828
PAR adjustment			8,335	292
DIS adjustment			16,439	(1,568)
Other			5,926	16,199
	<u>110,798</u>	<u>247,414</u>	<u>206,217</u>	<u>316,204</u>
Financial expenses				
Bank expenses	(711)	(370)	(7,414)	(9,270)
Interest and financial charges	(133,673)	(57,739)	(151,519)	(82,511)
Adjustment of provision for contingencies (Note 17)	42	(22)	(26,178)	(3,934)
Financial deductions (ii)			(79,777)	(94,554)
Negative exchange variation			(10,745)	(5,358)

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Interest and exchange variation on loans (SWAP) (i)	(111,390)	(265,735)	(111,390)	(265,735)
Expenses with loans	(7,651)	(4,191)	(7,651)	(4,191)
Lease interest - Right of use			(93,570)	(84,836)
Other	(52)	(249)	(3,763)	(10,764)
	<u>(253,435)</u>	<u>(328,306)</u>	<u>(492,007)</u>	<u>(561,153)</u>

- i. Refers to loans in foreign currency and derivatives contracted to protect the Company from foreign exchange exposure.
ii. Related to discounts granted upon renegotiation of overdue monthly tuition fees.

27 Income by business segment

	In-class courses		EAD (Distance Learning)		Consolidated	
	2021	2020	2021	2020	2021	2020
Gross operating revenue	4,542,852	4,207,618	2,097,131	1,448,565	6,639,983	5,656,183
(-) Gross revenue deductions	<u>(2,234,730)</u>	<u>(2,065,722)</u>	<u>(1,064,222)</u>	<u>(699,758)</u>	<u>(3,298,952)</u>	<u>(2,765,480)</u>
Net operating revenue	<u>2,308,122</u>	<u>2,141,896</u>	<u>1,032,909</u>	<u>748,807</u>	<u>3,341,031</u>	<u>2,890,703</u>
Costs of services provided	<u>(1,276,415)</u>	<u>(1,105,546)</u>	<u>(182,896)</u>	<u>(121,536)</u>	<u>(1,459,311)</u>	<u>(1,227,082)</u>
Personnel	(822,853)	(757,882)	(45,674)	(43,067)	(868,527)	(800,949)
Rental, condominium fees and IPTU	(38,798)	(36,323)	288	(180)	(38,510)	(36,503)
Teaching material	(7,110)	(6,386)	(361)	(343)	(7,471)	(6,729)
Third parties' services and other	(72,472)	(59,451)	(126,933)	(73,487)	(199,405)	(132,938)
Depreciation	<u>(335,182)</u>	<u>(245,504)</u>	<u>(10,216)</u>	<u>(4,459)</u>	<u>(345,398)</u>	<u>(249,963)</u>
Gross income	<u>1,031,707</u>	<u>1,036,350</u>	<u>850,013</u>	<u>627,271</u>	<u>1,881,720</u>	<u>1,663,621</u>

Consolidating the strategy plan with the creation of multi-brands, in 2021, the Company will present the income in three large generating units, being on-site operations, digital education and premium.

	In-class courses	Digital	Premium	Total
Gross Revenue	3,885,245	2,003,719	751,019	6,639,983
Deductions	<u>(2,164,735)</u>	<u>(1,003,372)</u>	<u>(130,845)</u>	<u>(3,298,952)</u>
Net revenue (Note 22)	1,720,510	1,000,347	620,174	3,341,031
Costs of the services provided (Note 23)	(711,156)	(183,915)	(218,842)	(1,113,913)
Personnel and welfare charges	(606,557)	(56,714)	(205,256)	(868,527)
Rental, condominium fees and IPTU	(34,161)	507	(4,856)	(38,510)
Postage and Mailbags	(685)	(541)	(112)	(1,338)
Teaching material	(4,855)	(9)	(1,269)	(6,133)
Third parties' services and other	(63,766)	(128,290)	(7,349)	(199,405)
Depreciation and amortization (Note 23)	<u>(284,572)</u>	<u>(12,597)</u>	<u>(48,229)</u>	<u>(345,398)</u>
Gross income	724,739	803,878	353,103	1,881,720
Selling expenses (Note 24)	(386,212)	(247,963)	(40,564)	(674,739)
General and administrative expenses (Note 24)	(305,303)	(155,273)	(84,898)	(545,474)
Depreciation and amortization (Note 24)	(80,350)	(55,226)	(23,752)	(159,328)
Other Revenue/Expenses (Note 25)	<u>9,399</u>	<u>4,107</u>	<u>2,886</u>	<u>16,392</u>

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Operating income	<u>(37,727)</u>	<u>349,523</u>	<u>206,775</u>	<u>518,571</u>
28 Income tax and social security contribution				

The reconciliation of taxes assessed according to nominal tax rates and the amount of tax recorded for the periods ended on September 30, 2021 and 2020 are presented below:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit before income tax and social contribution	232,982	200,593	232,781	175,160
Nominal rate combined from income tax and social contribution - %	34	34	34	34
Income tax and social contribution at legislation rates	(79,214)	(68,202)	(79,146)	(59,554)
Equity accounting method	132,818	99,921		
Goodwill			11,387	6,088
Non-deductible expenses (ii)	(1)		(1,194)	(586)
Interest on Equity			755	
Tax loss - not constituted	(53,300)	(31,490)	(68,706)	(30,954)
Non-taxable income			1,914	
Other			327	(152)
	<u>303</u>	<u>229</u>	<u>(134,663)</u>	<u>(85,158)</u>
Tax benefits				
Tax incentives - PROUNI			131,566	107,067
Tax Incentive - Lei Rouanet			1,727	234
Current and deferred income tax and social contribution in the income for the period	<u>303</u>	<u>229</u>	<u>(1,370)</u>	<u>22,143</u>

(i) Depreciation of vehicles used by officers.

(ii) Mainly consist of expenses for sponsorships, donations and gifts.

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax and social security contribution			(49,499)	(80,588)
Deferred income tax and social security contribution	303	229	48,129	100,944
Income tax and social contribution of previous periods	(764)		1,110	5,306
	<u>(461)</u>	<u>229</u>	<u>(260)</u>	<u>25,662</u>

As at September 30, 2021, the Company recorded deferred tax credit from the temporary differences in the amount of R\$ 348,309 (R\$ 322,632 as at December 31, 2020). The breakdown of the tax effect on the temporary additions that gave rise to such credit is as follows:

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Adjustment to present value			6,843	5,738
Provision for contingencies	49	102	78,478	83,926
Provision for doubtful accounts (PCLD)			93,317	89,941
Monthly tuition fees to be billed / cancelled			16,077	32,581
Provision for retirement			16,915	14,020
Assets Surplus Value Amortization			(35,019)	(31,191)
Provision for Fies Risk			7,360	7,284
Recognized granted options	901	544	54,610	47,598
Leases			51,629	41,933
Business combination			(31,418)	(33,294)
Goodwill incorporated			(11,290)	(11,290)
Depreciation	14	14	8,539	8,025
Foreign Exchange Variations		2,550		2,550

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Tax loss			88,949	62,573
Other Assets			3,319	2,238
	<u>964</u>	<u>3,210</u>	<u>348,309</u>	<u>322,632</u>
Asset	964	3,210	381,520	326,769
Liability			(33,211)	(4,137)
	<u>964</u>	<u>3,210</u>	<u>348,309</u>	<u>322,632</u>

The realization of the deferred tax effect on temporary differences recorded on September 30, 2021, is linked to the realization of the provision which 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.

The deferred income tax and social contribution - assets will be realized according to the expectations of the Management, as follows:

	<u>2021</u>
	<u>Consolidated</u>
2021	12,315
2022	13,025
2023 to 2026	48,588
2027 to 2030	<u>15,021</u>
	<u>88,949</u>

On September 30, 2021, subsidiary IREP accounted for a deferred income tax and social contribution liabilities amounting to R\$9,060 due to the tax amortization of goodwill generated upon acquisition of the companies merged into it.

As at September 30, 2021, the Company recorded tax credits arising from income tax loss and social contribution negative base amounting to R\$191,323 (R\$138,024 on December 31, 2020) that were not yet accounted for, because it is not possible to state at this time that their realization is considered probable.

29 Commitments

The table below presents the required and non-cancelable annual minimum future payouts related to the contractual obligations undertaken by the Company as at September 30, 2021, and December 31, 2020.

	<u>Consolidated</u>		
	<u>Less than one year</u>	<u>Between one and five years</u>	<u>More than five years</u>
Commitments on September 30, 2021			
Campus rental agreements	80,579	306,229	242,042
Commitments on December 31, 2020			
Campus rental agreements	88,187	265,810	205,865
